

Mortgage Loan No. 12 — Palihouse Santa Monica

Mortgage Loan Information

Mortgage Loan Seller:	Column
Original Principal Balance:	\$19,500,000
Cut-off Date Principal Balance:	\$19,422,501
% of Pool by IPB:	2.5%
Loan Purpose:	Refinance
Borrower:	1001 3 rd Street LLC
Sponsors:	Avi Brosh; Ramin Kolahi
Interest Rate:	5.0598%
Note Date:	12/23/2015
Maturity Date:	1/6/2026
Interest-only Period:	0 months
Original Term:	120 months
Original Amortization⁽¹⁾:	360 months
Amortization Type:	Balloon
Call Protection:	L(35),Def(81),O(4)
Lockbox:	Hard
Additional Debt⁽²⁾:	Yes
Additional Debt Balance⁽²⁾:	\$3,237,083
Additional Debt Type⁽²⁾:	Mezzanine
Additional Future Debt Permitted:	No

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Hotel – Full Service
Net Rentable Area (Rooms):	38
Location:	Santa Monica, CA
Year Built / Renovated:	1927 / 2013
Occupancy / ADR / RevPAR:	88.1% / \$360.59 / \$317.66
Occupancy / ADR / RevPAR Date:	11/2/2015
Number of Tenants:	N/A
2013 NOI⁽³⁾:	N/A
2014 NOI:	\$1,981,972
2015 NOI⁽⁴⁾:	\$2,319,110
TTM NOI:	N/A
UW Occupancy/ ADR / RevPAR:	88.1% / \$360.59 / \$317.68
UW Revenues:	\$4,851,219
UW Expenses:	\$2,702,063
UW NOI:	\$2,149,156
UW NCF:	\$1,955,107
Appraised Value / Per Room⁽⁵⁾:	\$30,600,000 / \$805,263
Appraisal Date⁽⁵⁾:	10/14/2015

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$11,714	\$11,714	N/A
Insurance:	\$4,062	\$4,062	N/A
FF&E Reserve:	\$0	1/12 of 4% of TTM gross revenues	\$582,147

Financial Information

Cut-off Date Loan / Room:	\$511,118
Maturity Date Loan / Room:	\$433,112
Cut-off Date LTV⁽⁵⁾:	63.5%
Maturity Date LTV⁽⁵⁾:	53.8%
UW NCF DSCR:	1.59x
UW NOI Debt Yield:	11.1%

Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan	\$19,500,000	85.7%
Mezzanine Loan	3,250,000	14.3
Total Sources	\$22,750,000	100.0%

Uses	Proceeds	% of Total
Payoff Existing Debt	\$17,003,361	74.7%
Return of Equity	5,004,353	22.0
Upfront Reserves	15,775	0.1
Closing Costs	726,511	3.2
Total Uses	\$22,750,000	100.0%

- (1) The loan amortizes on a fixed amortization schedule. For more information see Annex G to the Prospectus.
- (2) The additional debt consists of a mezzanine loan with an outstanding principal balance of approximately \$3.2 million. For a more detailed description of the additional debt, please refer to "Additional Debt" below.
- (3) 2013 NOI unavailable due to hotel renovations.
- (4) Represents trailing twelve months ending November 2, 2015.
- (5) The appraisal concluded to an as-stabilized value of \$33.5 million as of November 1, 2018, assuming stabilized operations following the repositioning of the property by the borrower. The as-stabilized value would result in a Cut-off Date LTV of 58.0% and Maturity Date LTV of 49.1%.

Mortgage Loan No. 12 — Palihouse Santa Monica

The Loan. The Palihouse Santa Monica loan is an approximately \$19.5 million first mortgage loan secured by the fee interest in a 38-room, boutique hotel located in Santa Monica, California. The loan has a 10-year term and will amortize on a 30-year schedule.

The Borrower. The borrowing entity for the Palihouse Santa Monica loan is 1001 3rd Street LLC, a Delaware limited liability company and special purpose entity.

The Sponsors. The loan's sponsors and nonrecourse carve-out guarantors are Ramin Kolahi and Avi Brosh. Ramin Kolahi is the founder of Lighthouse Investments, LLC, a privately held, national real estate investment and development firm. Mr. Kolahi has over 15 years of real estate experience in investment, development, construction, lending and consulting. Mr. Kolahi has worked on over \$400.0 million of real estate transactions, of which \$250.0 million was in a principal capacity. Mr. Brosh is the founder, Chief Executive Officer and President of Paligroup, a development and hospitality operating company which acquires, owns and operates hotels and residences. Mr. Brosh has been actively involved in the real estate development and hospitality industry for over 20 years and has overseen the development of over 30 residential, mixed-use and hospitality properties comprising in excess of 2.0 million SF.

The Property. The property is a 38-room, independent luxury boutique hotel located on 0.43 acres in Santa Monica, California. The property was constructed in 1927 and has a historic landmark designation with the city of Santa Monica and the state of California. The property was operated as a mixed-use hotel and residential apartment building until the current borrower acquired the property in 2012. According to the sponsors, the borrower conducted an extensive \$2.4 million (approximately \$64,000 per room) renovation and repositioning between January and May 2013 and re-opened as a 36-room hotel with two remaining apartment units unfinished. Renovations consisted of modifying room configurations, constructing the courtyard and back patio, upgrading common areas and fixtures and adding the lobby café and lounge. The renovation of the final two rooms was completed in November 2015.

The unit mix at the property consists of five king bedrooms, five queen bedrooms, 17 studio suites, nine one-bedroom suites and two penthouse suites. All guestrooms, and with the exception of the ten queen bedrooms and king bedrooms, contain fridges, stove ranges and kitchen appliances. Suites include a larger living area, a fully equipped kitchen and a separate vanity area. The penthouse floor features a private lobby area and an outdoor seating area. Amenities at the property include a café and lounge, a courtyard with outdoor seating and a bocce ball court. The property offers valet parking (operated by a third party) with 35 leased spaces located in an off-site garage and 38 complimentary residential parking passes which guests can use to self-park on the streets.

The Market. The property is located in Santa Monica, California in the greater Los Angeles market. Located along the Pacific Ocean, Santa Monica contains over three miles of beaches, with various lodging facilities, restaurants, shopping venues, and entertainment options and has become home to various industries such as entertainment, advertising, real estate, finance, healthcare and technology. Santa Monica has become home to major employers such as MTV Networks, Universal Music Group, Lionsgate and Sony Computers. In recent years, Santa Monica has become known as "Silicon Beach" due to the local, fast-growing technology scene.

The property is located on 3rd Street and Washington Avenue, within close proximity to several well-known demand drivers including the 3rd Street Promenade (0.3 miles) a pedestrian shopping and restaurant district, Santa Monica Beach (0.5 miles), Santa Monica Place Mall (0.6 miles), the Santa Monica Pier (1.0 miles), and Los Angeles International Airport (11.5 miles). Third Street runs parallel to Santa Monica Beach and is accessed by numerous east/west connectors. Supply of new construction in the area is limited due to Proposition S, a local ordinance passed in 1990 which limits new constructions along the Beach Overlay District, the area along the Pacific Ocean in Santa Monica. In 2015, the property received 90.0% of demand from transient guests, 4.0% from meeting and group guests and 6.0% from extended-stay guests.

Mortgage Loan No. 12 — Palihouse Santa Monica

Historical Occupancy, ADR, RevPAR⁽¹⁾⁽²⁾

Competitive Set				Palihouse Santa Monica			Penetration Factor		
Year	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2014	81.2%	\$380.19	\$308.74	86.1%	\$341.31	\$293.82	106.0%	89.8%	95.2%
2015	80.7%	\$401.64	\$324.29	87.1%	\$361.51	\$314.71	107.8%	90.0%	97.0%

- (1) Source: Third party data provider. The competitive set consists of the following hotels: Fairmont Miramar, Huntley Santa Monica Beach, Viceroy Santa Monica, Georgian Hotel, Hotel Oceana Santa Monica, Casa Del Mar.
- (2) The hotel opened in 2013 and thus full year 2013 information was not available.

Competitive Hotels Profile⁽¹⁾

Property	Estimated Market Mix						2014 Estimated Operating Statistics		
	Rooms	Year Built	Meeting Space (SF)	Transient	Meeting & Group	Extended Stay	Occupancy	ADR	RevPAR
Palihouse Santa Monica	38	1927	N/A	90%	4%	6%	84%	\$341.86	\$288.45
Ambrose Hotel	77	N/A	N/A	75%	20%	5%	79%	\$360.00	\$284.40
Georgian Hotel	84	1933	1,000	80%	20%	0%	78%	\$320.00	\$249.60
Hotel Shangri-La	70	1939	N/A	92%	5%	3%	88%	\$357.00	\$314.16
Oceana Santa Monica	204	1957	N/A	85%	15%	0%	79%	\$275.00	\$217.25
Total⁽²⁾	435								

- (1) Source: Appraisal and borrower financials.
- (2) Excludes the subject property.

Operating History and Underwritten Net Cash Flow

	2014	2015 ⁽¹⁾	Underwritten	Per Room ⁽²⁾	% ⁽³⁾
Occupancy	84.4%	88.1%	88.1%		
ADR	\$341.86	\$360.59	\$360.59		
RevPAR	\$288.45	\$317.66	\$317.68		
Room Revenue ⁽⁴⁾	\$3,790,188	\$4,174,107	\$4,406,219	\$115,953	90.8%
Food and Beverage	171,389	183,219	195,000	5,132	4.0%
Other Departmental Revenues	244,294	250,786	250,000	6,579	5.2%
Total Revenue	\$4,205,871	\$4,608,112	\$4,851,219	\$127,664	100.0%
Room Expense	711,915	748,943	793,119	20,872	18.0%
Food and Beverage Expense	244,606	240,465	255,840	6,733	131.2%
Other Departmental Expenses	246,554	247,287	246,500	6,487	98.6%
Departmental Expenses	\$1,203,075	\$1,236,695	\$1,295,459	\$34,091	26.7%
Departmental Profit	\$3,002,796	\$3,371,417	\$3,555,759	\$93,573	73.3%
Operating Expenses	\$741,645	\$774,968	\$993,603	\$26,147	20.5%
Gross Operating Profit	\$2,261,151	\$2,596,449	\$2,562,156	\$87,425	52.8%
Fixed Expenses	279,179	277,339	413,000	10,868	8.5%
Net Operating Income	\$1,981,972	\$2,319,110	\$2,149,156	\$56,557	44.3%
FF&E	0	0	194,049	5,107	4.0%
Net Cash Flow	\$1,981,972	\$2,319,110	\$1,955,107	\$51,450	40.3%

- (1) The 2015 column represents the trailing twelve month period ending November 2, 2015.
- (2) Per Room values are based on 38 rooms.
- (3) % column represents percent of Total Revenue except for Room Expense, Food and Beverage Expense and Other Department Expenses, which is based on their corresponding revenue line items.
- (4) Underwritten Room Revenue exceeds 2015 due to two additional rooms coming online in November 2015.

Mortgage Loan No. 12 — Palihouse Santa Monica

Additional Debt. An approximately \$3.3 million mezzanine loan was provided in connection with the financing of the property that is secured by the mezzanine borrower's equity interest in the borrower and is coterminous with the mortgage loan. The mezzanine loan has a coupon of 10.5000%. Including the mezzanine loan, the Cut-off Date LTV is 74.1%, the UW NCF DSCR is 1.22x and the UW NOI Debt Yield is 9.5%. The mezzanine loan lender is GCCP: P-H, LLC, an entity controlled by John Grossman of the Grossman Company Properties.