

Mortgage Loan No. 8 — Melbourne Hotel Portfolio



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Mortgage Loan Information

Mortgage Loan Seller:	Natixis
Original Principal Balance⁽¹⁾:	\$34,000,000
Cut-off Date Principal Balance⁽¹⁾:	\$34,000,000
% of Pool by IPB:	3.6%
Loan Purpose:	Recapitalization
Borrowers:	DW MLB Owner LLC; DW MLB H Owner LLC
Sponsor:	Westplace Modesto Investors, LLC
Interest Rate:	5.0610%
Note Date:	11/30/2017
Maturity Date:	12/5/2027
Interest-only Period:	12 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection⁽²⁾:	L(28), Def(88), O(4)
Lockbox⁽³⁾:	Hard
Additional Debt⁽¹⁾:	Yes
Additional Debt Balance⁽¹⁾:	\$23,000,000
Additional Debt Type⁽¹⁾:	<i>Pari Passu</i>
Additional Future Debt Permitted:	No

Property Information

Single Asset / Portfolio:	Portfolio of 2 properties
Title:	Fee
Property Type - Subtype:	Hotel – Full Service
Net Rentable Area (Rooms):	407
Location:	Melbourne, FL
Year Built / Renovated:	Various
Occupancy / ADR / RevPAR:	83.2% / \$154.03 / \$128.10
Occupancy / ADR / RevPAR Date:	1/31/2018
Number of Tenants:	NAP
2015 NOI:	\$6,645,210
2016 NOI:	\$8,124,579
2017 NOI:	\$8,217,269
TTM NOI⁽⁴⁾:	\$8,404,005
UW Occupancy / ADR / RevPar⁽⁵⁾:	87.9% / \$150.04 / \$131.93
UW Revenues:	\$24,272,623
UW Expenses:	\$16,122,821
UW NOI:	\$8,149,802
UW NCF:	\$7,178,897
Appraised Value / Per Room:	\$84,000,000 / \$206,388
Appraisal Date:	8/2/2017

Escrows and Reserves⁽⁶⁾

	Initial	Monthly	Initial Cap
Taxes:	\$52,759	\$26,379	N/A
Insurance:	\$0	\$116,663	N/A
FF&E Reserve:	\$0	Springing	N/A
Deferred Maintenance:	\$1,256,239	\$0	N/A

Financial Information⁽¹⁾

Cut-off Date Loan / Room:	\$140,049
Maturity Date Loan / Room:	\$118,442
Cut-off Date LTV:	67.9%
Maturity Date LTV:	57.4%
UW NOI DSCR:	2.20x
UW NCF DSCR:	1.94x
UW NOI Debt Yield:	14.3%
UW NCF Debt Yield:	12.6%

Sources and Uses⁽⁷⁾

Sources	Proceeds	% of Total
Whole Loan	\$57,000,000	80.5%
Sponsor Equity	13,824,861	19.5%
Total Sources	\$70,824,861	100.0%

Uses	Proceeds	% of Total
Payoff Existing Debt	\$34,667,313	48.9%
Purchase Price	33,912,722	47.9%
Upfront Reserves	1,308,998	1.8%
Closing Costs	935,828	1.3%
Total Uses	\$70,824,861	100.0%

- (1) The Melbourne Hotel Portfolio loan is a part of a larger split whole loan (the "Melbourne Hotel Portfolio Whole Loan") evidenced by three *pari passu* notes with an aggregate Cut-off Date balance of \$57.0 million. The financial information presented in the chart above and herein and herein is based on the Cut-off Date balance of the Melbourne Hotel Portfolio Whole Loan.

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- (2) The lockout period will be at least 28 payments beginning with and including the first payment date of January 5, 2018. Defeasance of the Melbourne Hotel Portfolio Whole Loan is permitted at any time after the earlier to occur of (i) November 30, 2021 or (ii) the date that is two years after the closing date of the securitization that includes the last note to be securitized.
- (3) For a more detailed description of lockbox, please refer to "*Lockbox / Cash Management*" below.
- (4) Represents trailing twelve months ending January 31, 2018.
- (5) UW Occupancy, ADR and RevPAR reflect the Adjusted TTM; please refer to "*Operating History and Underwritten Net Cash Flow*" below.
- (6) For a more detailed description of Escrows and Reserves, please refer to "*Escrows and Reserves*" below.
- (7) At origination of the Melbourne Hotel Portfolio Whole Loan, the sponsor bought out its partners who had a 90% equity stake in the portfolio, which increased the sponsor's ownership from 10% to 100%. The partnership buyout amount of approximately \$33.9 million excludes previous investments made by the sponsor.

The Loan. The Melbourne Hotel Portfolio loan, which is part of a larger split whole loan, is a first mortgage loan secured by the borrowers' fee interest in a portfolio of two full-service hotels, consisting of 407 rooms, located in Melbourne, Florida. The loan has a 10-year term and will amortize on a 30-year schedule after a one-year interest only period.

The Melbourne Hotel Portfolio Whole Loan has an aggregate Cut-off Date balance of \$57.0 million, which is comprised of three *pari passu* notes identified as Note A-1, Note A-2 and Note A-3. Note A-2 and Note A-3 are being contributed to the CSAIL 2018-CX11 Commercial Mortgage Trust. The controlling Note A-1 is currently held by Natixis and is expected to be contributed to one or more future securitizations. The Melbourne Hotel Portfolio Whole Loan is expected to be serviced under the CSAIL 2018-CX11 pooling and servicing agreement until the securitization of the related Note A-1, at which point it will be serviced under the related servicing shift PSA. After such subsequent securitization, the directing certificateholder for this securitization will nonetheless have the right to be consulted on a non-binding basis with respect to certain major servicing decisions.

Whole Loan Note Summary

	Original Balance	Cut-off Date Balance	Note Holder	Lead Servicer for Whole Loan (Y/N)	Controlling Piece (Y/N)
Note A-1	\$23,000,000	\$23,000,000	Natixis	Y	Y
Note A-2	17,000,000	17,000,000	CSAIL 2018-CX11	N	N
Note A-3	17,000,000	17,000,000	CSAIL 2018-CX11	N	N
Total	\$57,000,000	\$57,000,000			

The Borrowers. The borrowing entities for the loan are DW MLB Owner LLC and DW MLB H Owner LLC. Each borrower is a Delaware limited liability company and special-purpose entity.

The Sponsor. The loan's sponsor and nonrecourse carve-out guarantor is Westplace Modesto Investors, LLC. The borrowers are 100% owned by Melbourne Hotel Investors LLC, which is owned by Westmont Investments LLC. Westmont Hospitality Group controls Westmont Investments LLC. Formed in 1975, Westmont Hospitality Group ("Westmont") has grown to become one of the largest privately held hospitality organizations in the world. Currently, Westmont has an ownership interest in 500 hotels across three continents. Westmont has developed well established partnerships with recognized institutional names in the financing and real estate investment industry such as SITQ (a subsidiary of Caisse de dépôt et placement du Québec), Goldman Sachs, Citigroup, KIMCO, Baupost, Dune Real Estate Capital, Mount Kellett Capital Management, Värde Partners, Five Mile Capital, Cerberus and Bestford Hospitality Group. Westmont is one of the largest franchisees and co-owners of InterContinental Hotel Group hotel and Hilton hotels worldwide. Westmont has a diversified portfolio ranging from budget to mid-market business and large conference hotels to boutique hotels and luxury resorts. Well-known hotels in Westmont's Portfolio include the Battery Wharf Hotel Boston Waterfront, Park Hyatt Washington, Hyatt Regency Clearwater Beach, Manhattan Beach Marriott, Hotel Icon in Houston, Threadneedles Hotel London, Hotel Des Indes The Hague, and the Hotel Royal Riviera, among others.

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The Properties. The following table represents each property comprising the Melbourne Hotel Portfolio.

Property	Year Built/ Renovated	Rooms	Occupancy ⁽¹⁾	UW NOI	% of UW NOI	Allocated Loan Amount ⁽²⁾	% of Allocated Loan Amount	Appraised Value
Hilton Melbourne Beach Oceanfront	1986, 2009/2015	200	81.1%	\$4,259,032	52.3%	\$18,214,286	53.6%	\$45,000,000
Doubletree Suites Melbourne Beach	1986/2006, 2014-2015	207	85.3	3,890,770	47.7	15,785,714	46.4	39,000,000
Total/Wtd Avg.:		407	83.2%	\$8,149,802	100.0%	\$34,000,000	100.0%	\$84,000,000

(1) Based on trailing twelve months ending January 31, 2018.

(2) Based on the Melbourne Hotel Portfolio Whole Loan allocated to the properties based on appraised value.

Hilton Melbourne Beach Oceanfront Property (the "Hilton Hotel"). The Hilton Hotel is a 200-room full-service hotel situated on a 7.0-acre beachfront site at 3003 North Highway A1A in Melbourne, Florida. The Hilton Hotel has an air-conditioned lobby with four passenger elevators that provides access to the guestroom hallways. The 200 rooms are split amongst two towers, the 11-story, 118-room North Tower and the 7-story, 82-room South Tower. The ground level of the South Tower offers structured/covered parking, with guestrooms located on floors two through seven. The North Tower contains guestrooms on floors one through 11. The two buildings are connected by a central one-story pedestal structure that contains the Hilton Hotel lobby, the Ocean Grille restaurant, the lounge, meeting space and administrative offices. The Hilton Hotel contains 6,621 SF of meeting space and also offers an additional outdoor oceanfront pavilion/deck. Other amenities include two food and beverage outlets, an oceanfront heated pool and spa, an oceanfront fitness center, direct beach access and beach service. The Hilton Hotel site is improved with 253 surface and garage parking spaces.

The majority of the rooms at the Hilton Hotel offer ocean views. Over 40% of the guestrooms feature a full-size balcony, while the remaining rooms offer a partial walkout balcony. All guestrooms offer suite-style accommodations featuring one king or two queen beds with separate living and sleeping areas, inclusive of a sleeper sofa in the living area. Each of the guestrooms feature a flat-screen television with premium channels, a telephone, a desk with chair, a dresser, nightstands, lamps, and a lounge chair. Additionally, all guestrooms provide a mini-fridge, microwave, and private balcony.

Doubletree Suites Melbourne Beach Property (the "Doubletree Suites"). The Doubletree Suites is situated on a 5.16-acre site and features a central three-story structure with two attached nine-story guestroom towers comprised of 207 guestrooms. Amenities at the Doubletree Suites include two food and beverage outlets, 2,730 SF of meeting space, an outdoor pool and whirlpool, direct beach access, a fitness room, and a 24-hour Pavilion Pantry Market. The restaurant, lounge, hotel lobby, meeting space, and administrative office are located in the three-story central structure. The Doubletree Suites site is improved with 291 parking spaces.

All guestrooms at the Doubletree Suites offer suite-style accommodations featuring one king bed, one queen bed, or two queen beds with separate living and sleeping areas, inclusive of a sleeper sofa in the living area. Each of the guestrooms feature a flat-screen television with premium channels, a telephone, a desk with chair, a dresser, nightstands, lamps, and a lounge chair. Additionally, all guestrooms provide a mini-fridge, microwave, and private balcony.

Both properties benefit from strong Hilton Worldwide Holdings Inc. ("Hilton Worldwide") affiliation and reservation systems with over 50% brand contribution. Hilton Worldwide is one of the largest and fastest growing hospitality companies in the world, with more than 5,200 properties comprising more than 856,000 rooms in 105 countries and territories as of December 31, 2017. The Hilton Hotel operates under the flagship Hilton brand, which comprises 26% of Hilton Worldwide's portfolio. Hilton ranks number one for global awareness in the hospitality industry. DoubleTree is the third largest brand in Hilton Worldwide's portfolio, comprising 14.6% of the portfolio.

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Historical Occupancy, ADR, RevPAR

Year	Competitive Set ⁽¹⁾			Melbourne Hotel Portfolio ⁽²⁾			Penetration Factor		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2015	74.2%	\$109.74	\$81.29	85.5%	\$134.14	\$114.64	115.2%	122.2%	141.0%
2016	78.7%	\$120.52	\$94.76	86.1%	\$145.50	\$125.30	109.4%	120.7%	132.2%
TTM ⁽³⁾	NAV	NAV	NAV	83.2%	\$154.03	\$128.10	NAV	NAV	NAV

(1) Source: Appraisals. The competitive set consists of the following hotels: Hilton Melbourne Rialto Place, Residence Inn Melbourne, Crowne Plaza Melbourne Oceanfront, Radisson Suite Hotel Oceanfront and Courtyard Melbourne West.

(2) Source: Borrowers' Financials.

(3) Based on trailing twelve months ending January 31, 2018.

The Market. The properties are located in Melbourne, Brevard County, Florida. Brevard County is part of the Palm Bay-Melbourne-Titusville, Florida Metropolitan Statistical Area and is located along the east coast of Florida along the Atlantic Ocean, halfway between Jacksonville and Miami. Brevard County is also known as the Space Coast, and it anchors the eastern-end of Florida's high-tech corridor. This region is the most concentrated high-tech economy in Florida and has the largest share of science, technology, engineering and math-related jobs in the state.

Brevard County is the only "quadromodal" hub in the world with space, air, sea, and ground transportation. Brevard County is home to the world's second-busiest cruise port in Port Canaveral. Port Canaveral is East Central Florida's only large deep water port. Approximately 80% of the Port Canaveral's revenue is generated from cruise business. Brevard County is also home to a large concentration of advanced technology companies. The advanced technology companies located in Brevard County have positioned Brevard County as the 7th largest metro area in the United States in terms of advanced industries employment.

The properties are located in the Melbourne/Palm Bay, Florida submarket. As of August 2017, this submarket contained a total of 35 hotels with a lodging inventory of 3,520 rooms. Over the 12-month period ending August 2017, the submarket achieved an aggregate occupancy of 73.9% with an ADR of \$102.78, reflecting a RevPAR of \$75.93. The hotels are also located in the upscale chains class within the Melbourne/Palm Bay, Florida submarket. As of August 2017, the upscale chains class contained seven hotels with a lodging inventory of 1,381 rooms. Over the 12-month period ending August 2017, the upscale chains class within the Melbourne/Titusville, Florida submarket achieved an aggregate occupancy of 80.4% with an ADR of \$133.17, reflecting a RevPAR of \$107.13.

Competitive Hotels Profile⁽¹⁾

Property	Rooms	Meeting Space (SF)	Estimated Market Mix		2016 Estimated Operating Statistics		
			Meeting & Group	Transient	Occupancy	ADR	RevPAR
Hilton Melbourne Beach Oceanfront	200	6,621	12%	88%	86.9% ⁽²⁾	\$150.58 ⁽²⁾	\$130.78 ⁽²⁾
Doubletree Suites Melbourne Beach	207	2,730	10%	90%	85.3% ⁽²⁾	\$140.60 ⁽²⁾	\$120.00 ⁽²⁾
Hilton Melbourne Rialto Place	235	12,100	30%	70%	77.0%	\$117.00	\$90.09
Residence Inn Melbourne	133	350	10%	90%	88.0%	\$119.00	\$104.72
Crowne Plaza Melbourne Oceanfront	290	8,100	30%	70%	78.0%	\$128.00	\$99.84
Radisson Suite Hotel Oceanfront	167	4,400	25%	75%	72.0%	\$122.00	\$87.84
Courtyard Melbourne West	146	1,300	15%	85%	82.0%	\$111.00	\$91.02
Total⁽³⁾	971						

(1) Source: Appraisals.

(2) Source: Borrowers' Financials.

(3) Excludes the subject properties.

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Operating History and Underwritten Net Cash Flow

	2014	2015	2016	2017	TTM ⁽¹⁾	Adjusted TTM ⁽¹⁾⁽²⁾	Underwritten	Per Room ⁽³⁾	% ⁽⁴⁾
Occupancy	85.4%	85.5%	86.1%	82.1%	83.2%	87.9%	87.9%		
ADR	\$124.40	\$134.14	\$145.50	\$153.65	\$154.03	\$150.04	\$150.04		
RevPAR	\$106.22	\$114.64	\$125.30	\$126.15	\$128.10	\$131.93	\$131.93		
Room Revenue	\$15,779,566	\$17,029,834	\$18,664,587	\$18,739,971	\$19,030,608	\$19,598,572	\$19,598,572	\$48,154	80.7%
Food and Beverage	3,248,528	3,359,474	3,854,521	3,894,652	3,915,553	3,915,553	3,915,553	\$9,621	16.1%
Other Departmental Revenues	89,158	475,873	669,526	744,510	758,498	758,498	758,498	\$1,864	3.1%
Total Revenue	\$19,117,252	\$20,865,181	\$23,188,634	\$23,379,133	\$23,704,659	\$24,272,623	\$24,272,623	\$59,638	100.0%
Room Expense	3,207,887	3,531,109	3,636,270	3,567,906	3,587,215	3,587,215	3,690,787	\$9,068	18.8%
Food and Beverage Expense	2,186,972	2,346,969	2,699,483	2,647,020	2,679,678	2,679,678	2,679,678	\$6,584	68.4%
Other Departmental Expenses	54,908	76,334	100,046	90,498	90,284	90,284	90,284	\$222	11.9%
Departmental Expenses	\$5,449,767	\$5,954,412	\$6,435,799	\$6,305,424	\$6,357,177	\$6,357,177	\$6,460,749	\$15,874	26.6%
Departmental Profit	\$13,667,485	\$14,910,769	\$16,752,835	\$17,073,709	\$17,347,482	\$17,915,446	\$17,811,874	\$43,764	73.4%
Operating Expenses	\$6,786,308	\$7,247,170	\$7,650,769	\$7,892,316	\$7,976,893	\$7,976,893	\$8,123,357	\$19,959	33.5%
Gross Operating Profit	\$6,881,177	\$7,663,599	\$9,102,066	\$9,181,393	\$9,370,589	\$9,938,553	\$9,688,517	\$23,805	39.9%
Fixed Expenses	1,020,377	1,018,389	977,487	964,124	966,584	966,584	1,538,715	\$3,781	6.3%
Net Operating Income	\$5,860,800	\$6,645,210	\$8,124,579	\$8,217,269	\$8,404,005	\$8,971,969	\$8,149,802	\$20,024	33.6%
FF&E	0	0	0	0	0	0	970,905	\$2,386	4.0%
Net Cash Flow	\$5,860,800	\$6,645,210	\$8,124,579	\$8,217,269	\$8,404,005	\$8,971,969	\$7,178,897	\$17,639	29.6%

(1) The TTM and Adjusted TTM columns represent the trailing twelve month period ending January 31, 2018.

(2) Both the Hilton Hotel and the Doubletree Suites were closed for mandatory evacuation on September 8, 2017 due to Hurricane Irma. Following the hurricane, both hotels were temporarily closed while damage from the hurricane was repaired. The Doubletree Suites was fully operational by October 2, 2017 while the Hilton Hotel property was fully operational by November 4, 2017. Adjusted TTM replaces September and October 2017 room revenue with September and October 2016 room revenue to account the impact from hurricane.

(3) Per Room values are based on 407 rooms.

(4) % column represents percent of Total Revenue except for Room Expense, Food and Beverage and Other Department Expenses, which is based on their corresponding revenue line items.

Property Management. Each of the properties is managed by Boston Management LLC, an affiliate of the sponsor.

Franchise Agreement. Both the Hilton Hotel and the Doubletree Suites have franchise agreements with Hilton Worldwide running through May 2028, approximately seven months past the loan term. Since 2014, approximately \$5.89 million has been spent in capital expenditures at the properties, equal to approximately \$14,462 per room per year.

Escrows and Reserves. At origination, the borrowers deposited into escrow \$1,256,239 for deferred maintenance and \$52,759 for real estate taxes.

Deferred Maintenance Reserve – Both the Hilton Hotel and the Doubletree Suites were impacted by Hurricane Irma in September 2017, which resulted in damage to guestrooms and physical plant at both properties. 120 rooms at the Hilton Hotel and 193 rooms at the Doubletree Suites were offline after Hurricane Irma. The Doubletree Suites was fully operational by October 2, 2017 and the Hilton Hotel was fully operational by November 4, 2017. The \$1,256,239 upfront deferred maintenance reserve is related to the incomplete repairs for both properties.

Tax Escrows – On a monthly basis, the borrowers are required to escrow 1/12th of the annual estimated tax payments, which currently equates to \$26,379.

Insurance Escrow – On a monthly basis, the borrowers are required to escrow 1/12th of the annual estimated insurance payments. However, for the payment dates occurring in January, February, March, April, May and June 2018, the borrowers are required to deposit, on each such payment date, 1/6th of the insurance premiums that will be payable for the renewal of the coverage afforded by the policies as so estimated by the borrowers, which currently equates to \$116,663.

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FF&E Reserve – On a monthly basis, the borrowers are required to escrow an amount equal to 4.0% of actual rents for the second prior month; provided, however, until such time as the lender confirms that Doubletree Suites has received a quality assurance report from the franchisor that reflects a passing grade, the foregoing percentage will be increased to 8.0% of actual rents for such period.

Lockbox / Cash Management. The Melbourne Hotel Portfolio Whole Loan is structured with a hard lockbox and springing cash management. The borrowers are required to cause all rents including, without limitation, all credit card company payments to be transmitted directly into the applicable lockbox account. During the continuance of a Cash Management Period (as defined below), all funds in the lockbox account are required to be swept daily to a cash management account under the control of the lender and disbursed during each interest period of the term of the loan in accordance with the loan documents.

A “Cash Management Period” will commence upon: (i) an event of default under Melbourne Hotel Portfolio Whole Loan documents; (ii) a DSCR less than 1.25x as of the end of a calendar quarter; (iii) a Franchise Expiration Trigger Event (as defined below); or (iv) Doubletree Suites fails all four of the next quality assurance reports issued following the date hereof (August 2018, February 2019, August 2019 and February 2020); and will end provided that (1) the Melbourne Hotel Portfolio Whole Loan and all other obligations under the loan documents have been repaid in full; (2) there has been a full defeasance of the Melbourne Hotel Portfolio Whole Loan; (3) with respect to clause (i) above, if such event of default has been cured or waived by the lender; (4) with respect to clause (ii) above, for two consecutive calendar quarters since the commencement of the existing Cash Management Period (A) no event of default under Melbourne Hotel Portfolio Whole Loan documents has occurred, (B) no event that would trigger another Cash Management Period has occurred, and (C) the DSCR at least 1.30x as of the end of each such calendar quarter; (5) with respect to clause (iii) above, a Franchise Expiration Trigger Cure (as defined below) has occurred and no event that would trigger another Cash Management Period has occurred; or (6) with respect to clause (iv) above, Doubletree Suites obtains a quality assurance report with a passing grade.

A “Franchise Expiration Trigger Event” means the date that is 18 months prior to the expiration of the Hilton Hotel franchise agreement and the Doubletree Suites franchise agreement, or any replacement franchise agreement.

A “Franchise Expiration Trigger Cure” means following a Franchise Expiration Trigger Event, provided (a) no event of default under Melbourne Hotel Portfolio Whole Loan documents has occurred or is continuing, (b) the borrowers have entered into a replacement franchise agreement, or have extended the existing franchise agreement, in each case, subject to the lender's reasonable approval, (c) all capital improvements required pursuant to, and in accordance with the terms of any property improvement plan imposed in connection with such replacement franchise agreement have been completed, (d) the borrowers have delivered to lender a comfort letter, duly executed by the franchisor or replacement franchisor, as applicable, and acknowledging that all such capital improvements have been completed, and (e) the borrowers have delivered to the lender a certificate acknowledging that all such capital improvements have been paid in full as of the date of such certificate.