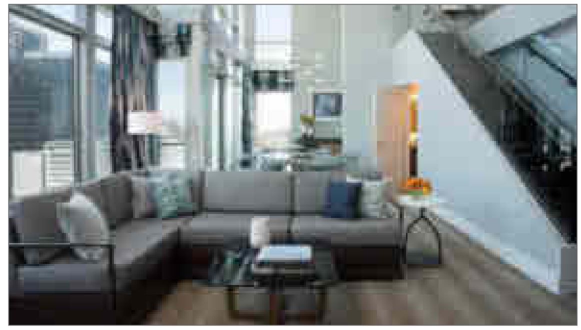
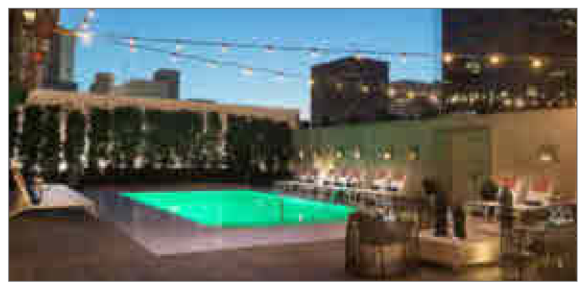
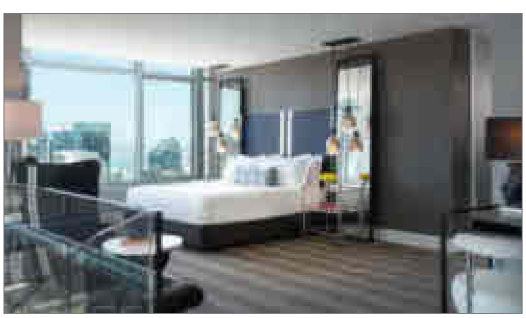
Hotel Palomar San Diego

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Mortgage Loan Information

Mortgage Loan Seller:	JPMCB
Original Principal Balance:	$38,000,000
Cut-off Date Principal Balance:	$38,000,000
% of Pool by IPB:	3.8%
Loan Purpose:	Refinance
Borrower:	KHP II San Diego Hotel LLC
Sponsor:	KHP Fund II, L.P.
Interest Rate:	4.55500%
Note Date:	11/1/2016
Maturity Date:	11/1/2021
Interest-only Period:	60 months
Original Term:	60 months
Original Amortization:	None
Amortization Type:	Interest Only
Call Protection:	L(25),Grtr1%orYM(23),O(12)
Lockbox:	CMA
Additional Debt:	N/A
Additional Debt Balance:	N/A
Additional Debt Type:	N/A

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Hotel - Full Service
Net Rentable Area (Rooms):	211
Location:	San Diego, CA
Year Built / Renovated:	2009 / N/A
Occupancy / ADR / RevPAR:	79.7% / $212.60 / $169.54
Occupancy / ADR / RevPAR Date:	9/30/2016
Number of Tenants:	N/A
2013 NOI(1):	$1,708,507
2014 NOI(1)(2):	$2,453,712
2015 NOI(3):	$3,255,022
TTM NOI (as of 9/2016)(2):	$4,686,615
UW Occupancy / ADR / RevPAR:	79.7% / $212.60 / $169.54
UW Revenues:	$18,242,594
UW Expenses:	$13,758,957
UW NOI:	$4,483,638
UW NCF:	$4,483,638
Appraised Value / Per Room(4):	$80,100,000 / $379,621
Appraisal Date:	11/1/2017

Escrows and Reserves(5)

	Initial	Monthly	Initial Cap
Taxes:	$0	Springing	N/A
Insurance:	$0	Springing	N/A
FF&E	$0	4% of Gross Revenues	N/A
TI/LC:	$0	$0	N/A
Other:	$1,641,974	Springing	N/A

Financial Information

Cut-off Date Loan / Room:	$180,095
Maturity Date Loan / Room:	$180,095
Cut-off Date LTV(4):	47.4%
Maturity Date LTV(4):	47.4%
UW NCF DSCR:	2.55x
UW NOI Debt Yield:	11.8%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	$38,000,000	100.0%	Payoff Existing Debt	$31,974,225	84.1%
			Return of Equity	3,843,839	10.1
			Upfront Reserves	1,641,974	4.3
			Closing Costs	539,962	1.4
Total Sources	**$38,000,000**	**100.0%**	**Total Uses**	**$38,000,000**	**100.0%**

(1) The increase in 2014 NOI from 2013 NOI is primarily due to operational improvements implemented by Kimpton upon acquisition of the property out of bankruptcy in 2011.

(2) The increase in TTM NOI from 2014 NOI is primarily due to the conversion of 22 condominium units into 50 additional guestrooms which were completed during 2015. The 22 condominium units were previously sold as suites and the conversion resulted in a net increase of 28 rooms to the current total of 211 rooms.

(3) The 2015 NOI includes approximately $933,000 of business interruption insurance proceeds which were received as a result of a water sprinkler break during the conversion of the aforementioned condominium units. The water sprinkler break caused approximately 50 rooms to be taken offline during the four months from January 2015 to April 2015. In addition to these 50 rooms, 82 additional rooms (resulting in a total of 132 rooms) were temporarily taken offline in January 2015 due to water damage in the hallways.

(4) The Appraised Value / Per Room, Cut-off Date LTV and Maturity Date LTV are calculated based on the "when complete" hypothetical appraised value, which assumes that the proposed renovations to the property related to the repositioning of the Saltbox Dining & Drinking restaurant have been completed as of November 1, 2017. At origination, the borrower was required to reserve the full estimated cost of the restaurant conversion, which is estimated by the loan sponsor to be approximately $1.6 million. The "as-is" value as of October 4, 2016 is $76.7 million, which results in both a Cut-off Date LTV and a Maturity Date LTV of 49.5%.

(5) For a full description of Escrows and Reserves, please refer to "*Escrows and Reserves*" below.

The Loan. The Hotel Palomar San Diego loan has an outstanding principal balance as of the Cut-off Date of $38.0 million and is secured by a first mortgage lien on the borrower's fee interest in the 211-room Hotel Palomar San Diego, a full service hotel located in downtown San Diego, California, and an adjacent three-story retail and entertainment building totaling 31,300 square feet. The loan has a five-year term and will be interest-only for the entire term.

Hotel Palomar San Diego

The Borrower. The borrowing entity for the Hotel Palomar San Diego loan is KHP II San Diego Hotel LLC, a Delaware limited liability company and special purpose entity.

The Loan Sponsor. The loan sponsor and nonrecourse carve-out guarantor is KHP Fund II, L.P., a California limited partnership ("Fund II"). Fund II is a real estate investment fund founded in 2006 and formerly an affiliate of Kimpton Hotel & Restaurant Group, Inc. ("Kimpton"). Fund II is managed by KHP Capital Partners. Kimpton was founded in 1981 and is headquartered in San Francisco, California. Kimpton currently owns or operates 64 boutique hotels in 33 cities, which includes notable brands such as Hotel Palomar and Hotel Monaco. In December 2014, Kimpton was acquired by InterContinental Hotels Group for $430.0 million. As part of the acquisition by InterContinental Hotels Group, certain former executives of Kimpton were able to retain ownership and control over Fund II and its assets. KHP's portfolio of real estate assets currently includes six hotels totaling 1,161 rooms with an aggregate market value of approximately $384.3 million as of October 2016. The KHP Capital Partners team has overseen five discretionary private equity funds focused on the boutique and independent lodging sectors, totaling over $800 million of equity capital. These funds have been invested or committed to over 40 projects representing over $2 billion in total asset value.

The loan sponsor purchased the property out of bankruptcy in May 2011 for approximately $49.0 million and, according to the loan sponsor, has since invested over $13.4 million for a total cost basis of approximately $62.4 million. The hotel was originally developed as a 183-room hotel and included 22 residential condominium units that were intended for sale. The previous owner was unsuccessful in securing the required permits for residential use and, after the sale of the asset to KHP, the 22 condominium units, which were previously sold as suites, were converted to 50 additional guestrooms in 2015 resulting in a net increase of 28 rooms to the current total of 211 rooms. The loan sponsor invested approximately $4.8 million ($172,050 per converted guestroom) to complete the conversion of the 22 condominium units into additional guestrooms. Additional recent renovations include an approximately $1.4 million upgrade to the façade that was completed in 2015. The loan sponsor is currently repositioning the ground floor Saltbox Dining & Drinking restaurant into an upscale restaurant to be called Curradero, which is expected to contain a private dining room and entertainment area. The renovations are expected to be completed in February 2017 and are expected to cost approximately $1.6 million.

The Property. The Hotel Palomar San Diego property is a 20-story, 211-room, full service hotel located in San Diego, California. The hotel was originally developed in 2009 and is situated on an approximately 0.58-acre parcel. The Hotel Palomar San Diego property features two food and beverage venues, Saltbox Dining & Drinking on the ground floor and SummerSalt Pooldeck & Lounge on the roof. Saltbox Dining & Drinking is a 234-seat restaurant offering traditional American dishes and cocktails. The restaurant is currently undergoing an approximately $1.6 million renovation to convert it to an upscale Mexican restaurant, which is expected to be completed in February 2017. The SummerSalt Pooldeck & Lounge is a 366-seat rooftop lounge offering cocktails, drinks and appetizers and is located on the fourth floor pool deck. Additionally, the hotel offers approximately 7,817 square feet of meeting space across nine separate rooms, including an approximately 3,025 square foot ballroom. Additional amenities at the property include a rooftop swimming pool, high-speed internet access, a business center, a fitness center, a full service spa, 24-hour in-room dining and same-day laundry and dry-cleaning services. While the hotel does not contain on-site parking, overnight and hourly valet parking is available to hotel guests in nearby garages through parking agreements with a third party. Additionally, the property features an adjacent three-story retail and entertainment building totaling 31,300 square feet that will serve as additional collateral for the mortgage loan. The adjacent property is currently 100% leased to House of Blues, a live music venue, through May 2020. The lease contains three remaining five-year renewal options.

The property has 211 rooms, including 83 standard rooms, 69 premium rooms, 22 double-double rooms, 18 studio-suite rooms, 17 suites and two penthouse suites. All guestrooms feature high-speed internet access, a refrigerated minibar, 36-inch high definition television, coffee maker and hardwood floors. Guestroom suites feature a larger living space and additional amenities including a balcony, separate bedroom, a kitchenette or a separate dining room.

The Hotel Palomar San Diego property is located along Fifth Avenue near the intersection of Fifth Avenue and Broadway and access to the property is provided via Fifth Avenue. The property benefits from its proximity to Cabrillo Freeway, located approximately 0.7 miles from the property, which provides both regional access and direct access to Interstate 5. Interstate 5 provides regional access to surrounding cities, including Los Angeles, which is located approximately 120 miles north of the property. Additionally, the property is located approximately two miles southeast of San Diego International Airport and one block south of the Fifth Avenue metro rail station. The property benefits from its location at the southern edge of San Diego's Civic Core neighborhood. According to the appraisal, the Civic Core neighborhood is undergoing approximately $6.4 billion in development that includes approximately 8,000 apartment units, 1,100 condominium units, 650,000 square feet of office space and 2.6 million square feet of retail space. A recently completed project includes the $17 million redevelopment of Horton Plaza Park, a 1.9-acre park and amphitheater located across the street from the property.

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The property also benefits from its proximity to several local demand drivers, including the Gaslamp Quarter, San Diego Convention Center, San Diego Zoo, San Diego Sea World, Seaport Village, a waterfront shopping and dining complex adjacent the San Diego Bay, and Petco Park, home of the San Diego Padres Major League Baseball team. The property is located one block north of San Diego's historic Gaslamp Quarter, which is listed on the National Register of Historic Places. The neighborhood is home to several notable entertainment, dining and nightlife venues as well as numerous scheduled events and festivals throughout the year. Additionally, the San Diego Convention Center is located approximately 0.7 miles south of the property and contains 2.6 million gross square feet. A $520 million expansion project to the convention center is currently proposed, but is not projected to be completed until 2020 at the earliest if it is approved.

According to the appraisal, the estimated population within a one-, three- and five-mile radius is 45,183, 183,859 and 482,316, respectively. The median income within a one-, three- and five-mile radius is $53,532, $55,576 and $50,903, respectively. The appraisal identified two properties that are currently under construction, Pendry San Diego and Moxy Hotel, and two properties that are approved for construction, AC Hotel and Carte Hotel & Suites Downtown San Diego, that are expected to compete directly with the Hotel Palomar San Diego property. In total, the hotels are expected to deliver 829 rooms and are expected to be completed between November 2016 and August 2018.

Historical Occupancy, ADR, RevPAR(1)

	Competitive Set(2)			Hotel Palomar San Diego(3)			Penetration Factor(4)		
Year	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2013	77.7%	$180.22	$139.97	79.6%	$184.58	$146.90	102.4%	102.4%	104.9%
2014	79.0%	$189.48	$149.65	79.1%	$186.34	$147.34	100.1%	98.3%	98.5%
2015	77.8%	$207.12	$161.22	68.8%	$203.68	$140.11	88.4%	98.3%	86.9%
TTM(5)	77.7%	$206.43	$160.48	79.7%	$212.60	$169.54	102.6%	103.0%	105.6%

(1) The minor variances between the underwriting, appraisal and above table with respect to Occupancy, ADR and RevPAR at the Hotel Palomar San Diego property are attributable to variances in reporting methodologies and/or timing differences.
(2) Data provided by a third-party information provider. The competitive set contains the following properties: Westgate Hotel, Luxury Collection, The US Grant San Diego, Renaissance San Diego Downtown, Hotel Solamar, Andaz San Diego and Hotel Indigo San Diego Gaslamp Quarter.
(3) Based on operating statements provided by the borrower.
(4) Penetration Factor is calculated based on data provided by a third-party information provider for the competitive set and borrower-provided operating statements for the property.
(5) TTM represents the trailing 12-month period ending on September 30, 2016.

Competitive Hotels Profile(1)

				2015 Estimated Market Mix			2015 Estimated Operating Statistics		
Property	Rooms	Year Opened	Meeting Space (SF)	Commercial	Meeting and Group	Leisure	Occupancy	ADR	RevPAR
Hotel Palomar San Diego(2)	**211**	**2009**	**7,817**	**25%**	**30%**	**45%**	**68.8%**	**$203.68**	**$140.11**
Andaz San Diego	159	2010	20,000	10%	30%	60%	77.5%	$225.00	$175.00
Hotel Indigo San Diego Gaslamp Quarter	210	2009	2,040	45%	25%	30%	82.5%	$195.00	$155.00
Hotel Solamar	235	2005	14,000	30%	20%	50%	82.5%	$215.00	$175.00
Renaissance San Diego Downtown	258	2002	16,000	35%	25%	40%	77.5%	$205.00	$165.00
Total(3)	**862**								

(1) Based on the appraisal.
(2) 2015 Occupancy, ADR and RevPAR are based on operating statements provided by the borrower.
(3) Excludes the Hotel Palomar San Diego property.

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Operating History and Underwritten Net Cash Flow

	2013	2014	2015	TTM(1)	Underwritten	Per Room(2)	% of Total Revenue(3)
Occupancy	79.6%	79.1%	68.8%	79.7%	79.7%		
ADR	$184.58	$186.34	$203.68	$212.60	$212.60		
RevPAR(4)	$146.90	$147.34	$140.11	$169.54	$169.54		
Room Revenue	$9,812,282	$9,841,388	$10,319,689	$13,093,060	$13,057,287	$61,883	71.6%
Food and Beverage Revenue	3,812,454	3,367,971	3,655,558	3,998,469	3,987,544	18,898	21.9
Other Departmental Revenue	1,273,053	1,232,809	1,693,735	850,426	848,102	4,019	4.6
Retail – House of Blues	337,784	385,649	342,735	349,661	349,661	1,657	1.9
Total Revenue	**$15,235,573**	**$14,827,817**	**$16,011,717**	**$18,291,616**	**$18,242,594**	**$86,458**	**100.0%**
Room Expense	$2,706,843	$2,549,037	2,613,090	$3,004,989	$2,996,779	$14,203	23.0%
Food and Beverage Expense	3,199,706	2,653,441	3,036,878	3,083,136	3,074,712	14,572	77.1
Other Departmental Expenses	818,097	825,387	377,985	399,141	398,050	1,886	46.9
Departmental Expenses	**$6,724,646**	**$6,027,865**	**$6,027,953**	**$6,487,266**	**$6,469,541**	**$30,661**	**35.5%**
Departmental Profit	**$8,510,927**	**$8,799,952**	**$9,983,764**	**$11,804,350**	**$11,773,053**	**$55,796**	**64.5%**
Operating Expenses	**$4,772,958**	**$4,443,748**	**$4,745,396**	**$5,090,506**	**$5,272,704**	**$24,989**	**28.9%**
Gross Operating Profit	**$3,737,969**	**$4,356,204**	**$5,238,368**	**$6,713,844**	**$6,500,349**	**$30,807**	**35.6%**
Management Fees	$495,156	$481,904	520,381	$594,478	$592,884	$2,810	3.3%
Property Taxes	486,394	491,697	561,023	470,624	487,439	2,310	2.7
Property Insurance	331,991	267,863	184,128	179,779	154,841	734	0.8
Other Expenses	106,498	67,915	77,346	51,843	51,843	246	0.3
FF&E	609,423	593,113	640,469	730,505	729,704	3,458	4.0
Total Other Expenses	**$2,029,462**	**$1,902,492**	**$1,983,346**	**$2,027,229**	**$2,016,711**	**$9,558**	**11.1%**
Net Operating Income(5)(6)(7)	**$1,708,507**	**$2,453,712**	**$3,255,022**	**$4,686,615**	**$4,483,638**	**$21,249**	**24.6%**
Net Cash Flow(4)	**$1,708,507**	**$2,453,712**	**$3,255,022**	**$4,686,615**	**$4,483,638**	**$21,249**	**24.6%**

(1) TTM column represents the trailing 12-month period ending on September 30, 2016.
(2) Per Room values based on 211 guest rooms.
(3) % of Total Revenue for Room Expense, Food and Beverage Expense and Other Departmental Expenses is based on their corresponding revenue line items.
(4) Historical RevPAR for 2011 and 2012 was $102.33 and $131.54, respectively, and Net Cash Flow was approximately ($1.6 million) and $1.2 million. The loan sponsor purchased the property out of bankruptcy in May 2011 and has invested approximately $13.4 million in the property, which includes the conversion of 22 condominium units into 28 additional hotel guestrooms, resulting in a net increase of 50 guestrooms at the property.
(5) The increase in 2014 Net Operating Income from 2013 Net Operating Income is primarily due to operational improvements implemented by Kimpton upon acquisition of the property out of bankruptcy in 2011.
(6) The increase in TTM Net Operating Income from 2014 Net Operating Income is primarily due to the conversion of 22 condominium units into 50 additional guestrooms which were completed during 2015. The 22 condominium units were previously sold as suites and the conversion resulted in a net increase of 28 rooms to the current total of 211 rooms.
(7) The 2015 Net Operating Income includes approximately $933,000 of business interruption insurance proceeds which were received as a result of a water sprinkler break during the conversion of the aforementioned condominium units. The water sprinkler break caused approximately 50 rooms to be taken offline during the four months from January 2015 to April 2015. In addition to these 50 rooms, 82 additional rooms (resulting in a total of 132 rooms) were temporarily taken offline in January 2015 due to water damage in the hallways.

Property Management. The property is managed by Kimpton Hotel & Restaurant Group, LLC, a Delaware limited liability company.

Franchise Agreement. The property is not subject to a franchise agreement.

Escrows and Reserves. At origination, the borrower deposited into escrow $1,641,974 for reserves related to the repositioning of the Saltbox Dining & Drinking restaurant at the Hotel Palomar San Diego property.

Tax Escrows - The requirement for the borrower to make deposits to the tax escrow is waived so long as (i) no event of default has occurred and is continuing, (ii) the debt service coverage ratio (as calculated in the loan documents) based on the trailing 12 months of operations is equal to or greater than 1.50x and (iii) the borrower has provided satisfactory evidence that all taxes and other charges have been paid prior to the date on which such taxes or other charges would be delinquent in accordance with the loan documents.

Insurance Escrows - The requirement for the borrower to make deposits to the insurance escrow is waived so long as (i) no event of default has occurred and is continuing and (ii) the borrower provides satisfactory evidence that the property is insured as part of an acceptable blanket policy in accordance with the loan documents covering all or substantially all real property owned by affiliates of the borrower.

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FF&E Reserves - The requirement for the borrower to make deposits to the FF&E escrow is waived so long as (i) no event of default has occurred and is continuing, (ii) no Cash Sweep Event (as defined below) is existing and (iii) the borrower has provided satisfactory evidence that the property manager is reserving at least 4.0% of gross income from operations for the calendar month two months prior to such payment date in an FF&E reserve account held by the property manager and the property manager provides a monthly statement to the lender confirming the amount of such FF&E reserve. The borrower is also required to reserve an amount required for any property improvement plan required by any franchise agreement.

Lockbox / Cash Management. The loan is structured with a CMA lockbox. At origination, the borrower and property manager were required to deliver written instructions to credit card companies to deposit all revenues into a lockbox account controlled by the lender. All funds in the lockbox account are returned to an account controlled by the borrower until the occurrence of a Cash Sweep Event. Within three business days following the occurrence and during the continuance of a Cash Sweep Event caused solely by a DSCR Trigger Event (as defined below), all funds are required to be swept on the 24th day of each calendar month to a segregated cash management account under the control of the lender and disbursed on each payment date in accordance with the loan documents. Upon the occurrence and during the continuance of a Cash Sweep Event, other than one caused solely by a DSCR Trigger Event, all funds are required to be swept on each business day to a segregated cash management account under the control of the lender and disbursed on each payment date in accordance with the loan documents. To the extent a Cash Sweep Event (as defined below) is continuing, all excess cash flow on deposit in the cash management account will be held in the excess cash flow subaccount. The lender has a first priority security interest in the cash management account.

A "Cash Sweep Event" means (i) the occurrence of an event of default, (ii) the bankruptcy or insolvency action of a borrower or property manager (unless the property manager is not an affiliate of the borrower and is replaced within 30 days following the occurrence of such action) or (iii) the date that the debt service coverage ratio based on the trailing 12-month period is less than 1.25x (a "DSCR Trigger Event").

Any Cash Sweep Event will end (a) with respect to clause (i), upon the acceptance by the lender of a cure of the related event of default, (b) with respect to clause (ii), if the property manager is replaced with a qualified property manager in accordance with the loan documents, (c) with respect to an involuntary bankruptcy filing against the borrower (solely to the extent the borrower, guarantor or their affiliates do not collude with, or otherwise assist or solicit or cause to be solicited petitioning creditors for any insolvency petition against the borrower), if such petition is discharged or dismissed without any adverse consequences to the loan or the property and (d) with respect to a DSCR Trigger Event, if the debt service coverage ratio is 1.25x or greater for two consecutive calendar quarters.

Permitted Mezzanine Debt. The loan agreement permits future mezzanine financing in connection with a permitted transfer to a third party and assumption of the loan in accordance with the loan documents secured by the ownership interests in the transferee upon satisfaction of certain terms and conditions which include, without limitation: (i) no event of default has occurred and is continuing, (ii) the combined loan-to-value ratio does not exceed 65.0%, (iii) the combined projected debt service coverage ratio, (as calculated in the loan documents) for the 12-month period following the origination of the mezzanine loan, is not less than 1.40x, (iv) the execution of an intercreditor agreement in form and substance acceptable to the lender in its sole discretion and (v) delivery of a rating agency confirmation.