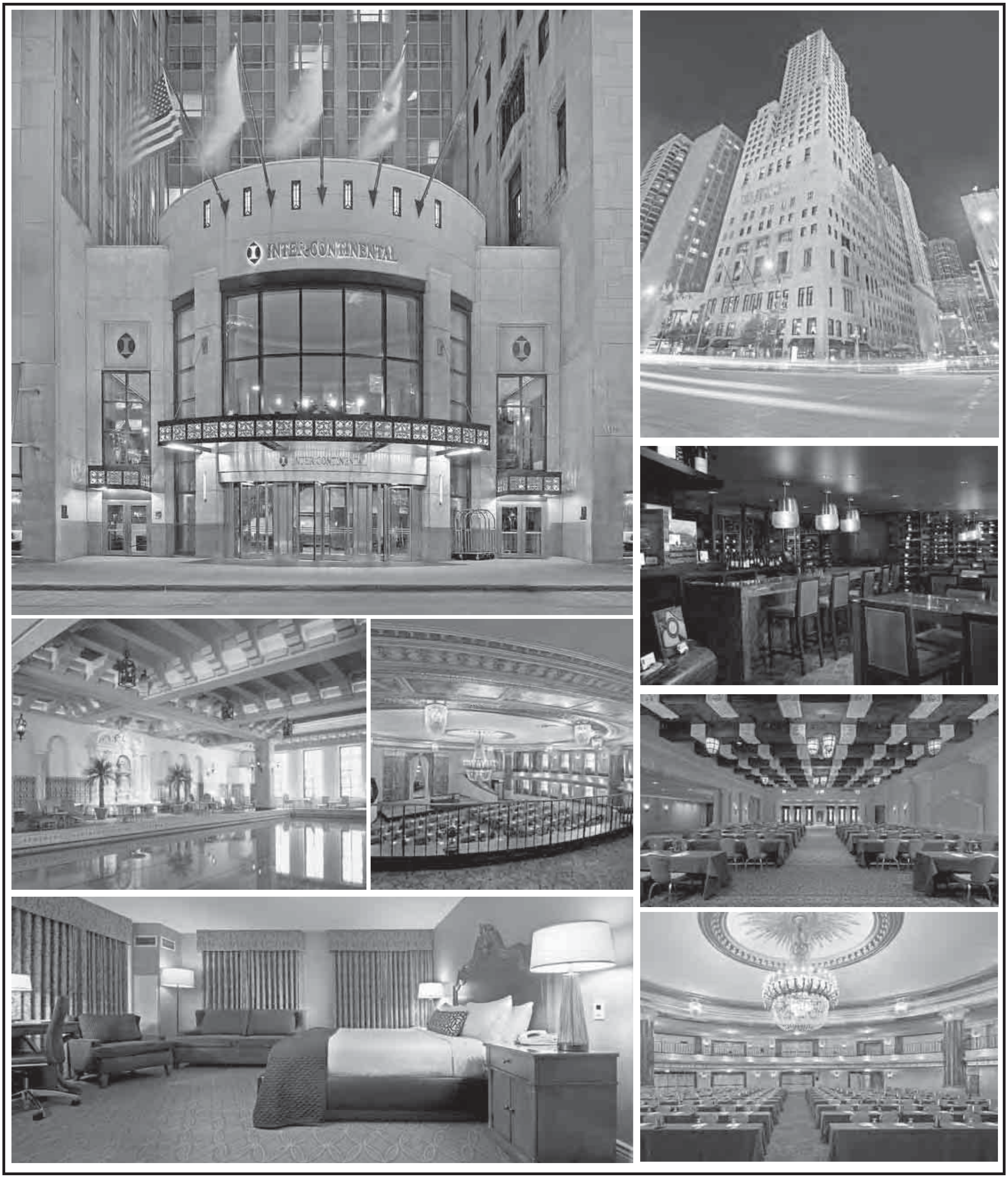
InterContinental Hotel Chicago



InterContinental Hotel Chicago

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Mortgage Loan Information

Mortgage Loan Seller:	JPMCB
Original Principal Balance:	$145,000,000
Cut-off Date Principal Balance:	$145,000,000
% of Pool by IPB:	14.1%
Loan Purpose:	Refinance
Borrower:	SHC Michigan Avenue, LLC, New DTRS Michigan Avenue, LLC
Sponsor:	Strategic Hotel Funding L.L.C.
Interest Rate:	5.61000%
Note Date:	7/28/2011
Maturity Date:	8/1/2021
Interest-only Period:	24 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(25),Grtr1%orYM(92),O(3)
Lock Box:	Hard
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 - Property Subtype:	Hotel – Full Service
Rooms:	792
Location:	Chicago, IL
Year Built/Renovated:	1929 / 2010
Occupancy:	76.8%
Occupancy Date:	6/30/2011
Number of Tenants:	N/A
Historical Net Operating Income	
2008(1):	$22,955,636
2009(1):	$14,967,361
2010(1):	$14,868,502
TTM(1):	$15,921,793
UW Economic Occupancy:	76.8%
UW Revenues:	$65,807,521
UW Expenses:	$50,124,973
UW Net Operating Income(1):	$15,682,548
UW Net Cash Flow:	$15,682,548
Appraised Value:	$289,000,000
Appraisal Date:	7/1/2011

Escrows and Reserves

	Initial	Monthly
Taxes(2):	$0	Springing
Insurance(3):	$0	Springing
FF&E Reserves(4):	$0	Springing
Other:	$0	$0

Financial Information

Cut-off Date Loan/Room:	$183,081
Cut-off Date LTV:	50.2%
Maturity Date LTV:	44.1%
UW NCF DSCR:	1.57x
UW NOI Debt Yield:	10.8%

(1) Historical and UW Net Operating Income are shown net of a reserve for FF&E of 4% of total gross revenue. TTM represents the trailing twelve month period ending June 30, 2011.
(2) The Monthly Tax Escrow requirement is waived so long as (i) the management agreement continues to be in full force and effect, (ii) the property manager is reserving or setting aside sufficient funds to pay taxes and (iii) the borrower provides evidence of timely payment of taxes that is acceptable to lender.
(3) The Monthly Insurance Escrow requirement is waived so long as (i) the management agreement continues to be in full force and effect, (ii) the property manager is reserving or setting aside funds to maintain insurance coverage and (iii) the borrower provides evidence acceptable to lender that the property is insured per the lender's standard.
(4) The Monthly FF&E Reserve Escrow requirement is waived so long as (i) the management agreement continues to be in full force and effect, (ii) the property manager is reserving or setting aside funds to make adequate repairs and maintenance required during the calendar year and (iii) the borrower provides evidence acceptable to lender that the funds are reserved and that the property is maintained per the lender's standard.

InterContinental Hotel Chicago

The Loan. The InterContinental Hotel Chicago loan is secured by a first mortgage lien on a 792-room full service luxury hotel located in Chicago, Illinois. The loan has an outstanding principal balance of $145.0 million. The sponsor is a subsidiary of Strategic Hotels & Resorts, Inc. ("Strategic"), a publicly traded REIT. Following an initial 24-month interest only period, the ten-year loan amortizes on a 30-year schedule. On June 24, 2011, Strategic acquired the remaining 49% ownership interest from the Government of Singapore Investment Corporation ("GIC") in exchange for a total consideration of cash and stock of approximately $82.0 million, approximately $11.8 million of which was in cash. The proceeds of the first mortgage loan were used to repay existing debt of approximately $121.0 million, pay closing and other costs of $1.1 million and finance the acquisition of the 49% interest from GIC. The debt repaid proceeds of a loan that was originated in 2005 with an original principal balance of $121.0 million, which was securitized as part of a portfolio in COMM 2005-FL1. Strategic has owned the hotel in various joint venture partnerships since 2005 and held 51% ownership in the property prior to June 2011.

The Borrower. The borrowing entities for the loan are SHC Michigan Avenue, LLC and New DTRS Michigan Avenue, LLC, each a Delaware limited liability company and special purpose entity.

The Sponsor. The sponsor of the borrower and nonrecourse carve-out guarantor is Strategic Hotel Funding L.L.C., an affiliate of Strategic Hotels & Resorts, Inc. (NYSE: BEE). Strategic is a publicly traded real estate investment trust (REIT) which owns and manages of hotels and resorts in the United States, Mexico and Europe. As of June 30, 2011, the company had ownership interests in 17 properties with an aggregate of 7,762 rooms. As of June 30, 2011, Strategic had total assets of approximately $2.1 billion and shareholder's equity of approximately $837.3 million.

The Property. The InterContinental Hotel Chicago is a 792-room full service luxury hotel located in Chicago, Illinois. The property is located along North Michigan Avenue between Illinois Street and Grand Avenue, in the Magnificent Mile shopping district in central Chicago. The Chicago central business district, or Loop, is located less than one mile south of the property. The Magnificent Mile (also known as the North Michigan Shopping District) is a wide boulevard of upscale shops, museums, restaurants, and hotels, as well as residential and office skyscrapers.

The InterContinental Hotel Chicago is a historic property that consists of two multi-story buildings. The historic tower, or "South Tower", is a 471 foot, 42-story building that was completed in 1929 and was the tallest building in Chicago at the time. It originally opened as the Medinah Athletic Club, an exclusive men's club. The main tower, or "North Tower", is a 295 foot, 25-story addition, which was completed in 1961. The property began operations as a hotel in 1944 and operated under the Radisson and Sheraton hotel chains. In 1988, InterContinental Hotels and Resorts ("InterContinental") purchased the property outright and completed the first phase of renovations prior to its re-opening in 1990. A $83.5 million renovation of the hotel was completed between 2000 and 2005 that encompassed renovations of guest rooms, corridors, meeting space, fire safety systems, elevator control system, major building systems, and a new lobby, which includes a four-story rotunda entrance. In 2005, the sponsor acquired an ownership interest in the property from InterContinental. Since 2006, the sponsor has invested approximately $16.3 million ($20,600 per room) in the hotel to upgrade guest rooms, meeting space, food and beverage facilities and retail outlets, and façade and building improvements, among other items. The borrower-provided five-year capital plan from 2011-2015 estimates approximately $18.9 million ($23,912 per room) of investments to upgrade guest bedrooms, public areas, the hotel exterior and other back of the house infrastructure. The source of financing for these capital improvements may be from any source available to the borrower or sponsor that is not in contradiction to the terms of the loan documents.

The 792 guest rooms include 76 suites that are located throughout two buildings, the South Tower and the North Tower. The North Tower décor features a contemporary boutique style with rich colors and mahogany furnishings. The South Tower is finished in a European design with russet and gold tones highlighted with honey-toned woods. Rooms in both towers offer city and lake views. The hotel offers four food and beverage facilities and 45,277 square feet of flexible meeting and banquet space, including the 5,800 square foot elliptical-shaped Grand Ballroom which features 37 hand-painted murals and a 12,000 pound Baccarat crystal chandelier. Additional amenities include an ENO wine room, Michael Jordan's Steakhouse, Starbucks outlet, 138-space valet-only parking facility, business center, fitness facility, gift shop, and an indoor swimming pool located on the 14th floor of the South Tower.

The North Michigan Avenue locale provides visibility and access to several of Chicago's demand generators and visitor attractions, including McCormick Place, Magnificent Mile shopping district, Navy Pier, Millennium Park, Wrigley Field, Water Tower Place, and the corporate employment concentration within the Loop. The hotel is accessible from a variety of public and private transportation points. Access to Chicago Transit Authority ("CTA") train lines is available near the property's location and the CTA bus service can be accessed at the corner location. In addition, I-90/I-94 is approximately one mile southwest of the property, and the hotel is within 16 miles of both O'Hare and Midway Airports.

The InterContinental Hotel Chicago's competitive set consists of six hotels totaling 5,729 rooms, including the subject hotel. Key details of the competitive set including market mix and 2010 performance are shown in the chart on the subsequent page.

InterContinental Hotel Chicago

Competitive Hotels Profile(1)											
				2010 Estimated Market Mix				2010 Estimated Operating Statistics		
Property	Rooms	Year Built	Meeting Space (SF)	Commercial	Meeting & Group	Leisure	Extended Stay	Occupancy	ADR	RevPAR
InterContinental Hotel Chicago	**792**	**1929**	**42,000**	**35%**	**30%**	**30%**	**5%**	**73.4%**	**$178.19**	**$130.74**
Marriott Chicago Magnificent Mile	1,198	1978	90,000	30%	35%	30%	5%	71.0%	$178.00	$126.38
Hilton The Palmer House	1,639	1925	125,000	35%	30%	30%	5%	74.0%	$169.00	$125.06
Westin Michigan Avenue Chicago	752	1963	37,000	40%	20%	35%	5%	71.0%	$192.00	$136.32
Swissotel Chicago	661	1988	65,000	35%	35%	25%	5%	62.0%	$180.00	$111.60
Fairmont Chicago	687	1987	16,000	40%	30%	25%	5%	60.0%	$204.00	$122.40
Total	**5,729**									

(1) Per the appraisal. Operating statistics for the InterContinental Chicago are per the borrower provided operating statements.

Historical Occupancy, ADR, RevPAR									
	Competitive Set			InterContinental Hotel Chicago(1)			Penetration Factor		
Year	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2006	78.7%	$196.08	$154.22	79.9%	$205.40	$164.16	101.5%	104.8%	106.4%
2007	77.2%	$203.66	$157.23	83.1%	$212.56	$176.61	107.6%	104.4%	112.3%
2008	74.3%	$205.27	$152.44	81.0%	$210.44	$170.45	109.0%	102.5%	111.8%
2009	69.5%	$173.84	$120.76	76.1%	$175.83	$133.84	109.5%	101.1%	110.8%
2010	69.7%	$180.30	$125.65	73.4%	$178.19	$130.74	105.3%	98.8%	104.1%
TTM 6/11	71.0%	$183.92	$130.53	76.8%	$180.19	$138.30	108.2%	98.0%	106.0%

(1) Based on operating statements provided by the borrower.

Operating History and Underwritten Net Cash Flow							
	2008	2009	2010	TTM(1)(2)	Underwritten	Per Room	% of Total Revenue
Occupancy	81.0%	76.1%	73.4%	76.8%	76.8%		
ADR	$210.44	$175.83	$178.19	$180.19	$180.19		
RevPar	$170.45	$133.84	$130.74	$138.30	$138.30		
Room Revenue	$ 49,409,896	$38,691,425	$37,793,651	$39,981,144	$39,981,144	$50,481	60.8%
Other Revenue	29,277,214	25,022,326	24,974,009	25,439,878	25,826,377	32,609	39.2
Total Revenue	**$78,687,110**	**$63,713,751**	**$62,767,661**	**$65,421,022**	**$65,807,521**	**$83,090**	**100.0%**
Departmental Expenses	29,980,175	25,828,708	26,183,555	27,471,326	27,719,646	35,000	42.1
Departmental Profit	**$48,706,935**	**$37,885,043**	**$36,584,106**	**$37,949,696**	**$38,087,875**	**$48,091**	**57.9%**
Operating Expenses	14,084,554	13,295,216	13,425,821	13,860,864	13,548,164	17,106	20.6
Gross Operating Profit	**$34,622,381**	**$24,589,827**	**$23,158,285**	**$24,088,832**	**$24,539,711**	**$30,984**	**37.3%**
Fixed Expenses	4,880,064	5,262,686	4,038,180	3,736,057	4,250,636	5,367	6.5
Management Fee	3,750,042	1,902,296	1,829,975	1,906,852	1,974,226	2,493	3.0
FF&E	3,036,639	2,457,484	2,421,628	2,524,130	2,632,301	3,324	4.0
Total Other Expenses	**$11,666,745**	**$9,622,466**	**$8,289,783**	**$8,167,039**	**$8,857,163**	**$11,183**	**13.5%**
Net Operating Income	**$22,955,636**	**$14,967,361**	**$14,868,502**	**$15,921,793**	**$15,682,548**	**$19,801**	**23.8%**
Net Cash Flow	**$22,955,636**	**$14,967,361**	**$14,868,502**	**$15,921,793**	**$15,682,548**	**$19,801**	**23.8%**

(1) TTM column represents the trailing twelve month period ending June 30, 2011.
(2) For the six month period from January 1, 2011 to June 30, 2011, the Net Operating Income for the property is $5,528,909.

InterContinental Hotel Chicago

Property Management. The InterContinental Hotel Chicago is managed by IHG Management (Maryland) LLC ("IHG Management"), an affiliate of the InterContinental Hotels Group. The InterContinental Hotels Group ("IHG") (NYSE: IHG) is a global company operating seven hotel brands including InterContinental® Hotels & Resorts, Hotel Indigo®, Crowne Plaza® Hotels & Resorts, Holiday Inn® Hotels and Resorts, Holiday Inn Express®, Staybridge Suites® and Candlewood Suites®. IHG also manages Priority Club® Rewards, a loyalty program with almost 60 million members worldwide. IHG is one of the world's largest hotel groups by number of rooms and IHG franchises, leases, manages or owns, through various subsidiaries, a portfolio of over 4,400 hotels and more than 656,000 guest rooms in 100 countries and territories around the world.

The management agreement permits the manager to receive and manage cash and credit-card revenues from the mortgaged property, establish and maintain reserves for taxes, insurance and FF&E replacements, pay operating expenses, and remit remaining sums directly to the lender's cash management account.

The management agreement contains a right of first offer ("ROFO") to purchase the property in the event of a sale by the owner. IHG Management agreed in a subordination and non-disturbance agreement (the "SNDA") that (i) simultaneously with commencing a foreclosure action, the lender must give IHG Management the right to purchase the loan at the price at which the borrower could prepay the loan at that time, (ii) other than the right to buy the loan set forth in subclause (i), the ROFO would not apply in a foreclosure of the loan, but would survive the foreclosure and apply to a subsequent sale of the property by a successful bidder at the foreclosure sale, and (iii) the ROFO would apply to a deed in lieu of foreclosure with an expedited time frame as set forth in the SNDA. See "*Risk Factors – Options and Other Purchase Rights May Affect Value or Hinder Recovery With Respect to the Properties*" in the prospectus supplement.