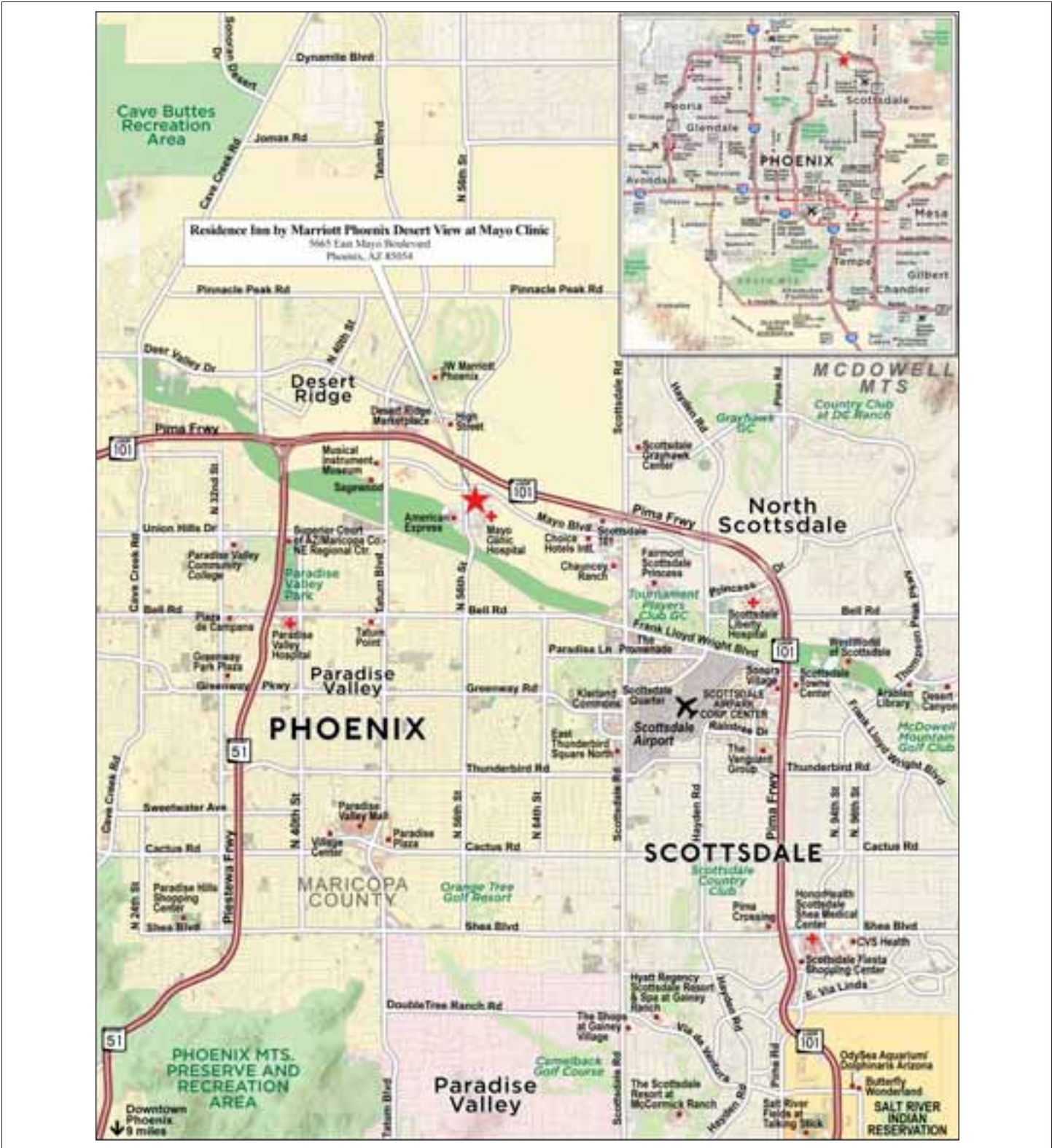


Residence Inn by Marriott Phoenix Desert View at Mayo Clinic



Residence Inn by Marriott Phoenix Desert View at Mayo Clinic



Residence Inn by Marriott Phoenix Desert View at Mayo Clinic

Mortgage Loan Information

Mortgage Loan Seller:	SMC
Original Principal Balance:	\$31,000,000
Cut-off Date Principal Balance:	\$31,000,000
% of IPB:	3.5%
Loan Purpose:	Refinance
Borrower:	Phoenix RI Owner, LLC
Sponsor:	Robert I. Finvarb
Interest Rate:	5.60000%
Note Date:	10/25/2018
Maturity Date:	11/6/2028
Interest-only Period:	24 months
Original Term:	120 months
Original Amortization Term:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(25),Def(90),O(5)
Lockbox / Cash Management:	Soft / Springing
Additional Debt:	N/A
Additional Debt Balance:	N/A
Additional Debt Type:	N/A

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Leasehold
Property Type - Subtype:	Hotel – Extended Stay
Net Rentable Area (Rooms):	208
Location:	Phoenix, AZ
Year Built / Renovated:	2009 / 2017
Occupancy / ADR / RevPAR:	73.0% / \$160.73 / \$117.26
Occupancy / ADR / RevPAR Date:	9/30/2018
4 th Most Recent NOI (As of):	\$3,633,194 (12/31/2015)
3 rd Most Recent NOI (As of):	\$3,591,453 (12/31/2016)
2 nd Most Recent NOI (As of):	\$3,860,467 (12/31/2017)
Most Recent NOI (As of):	\$3,824,715 (TTM 9/30/2018)
UW Occupancy / ADR / RevPAR:	73.0% / \$160.73 / \$117.26
UW Revenues:	\$9,330,088
UW Expenses:	\$5,528,865
UW NOI:	\$3,801,223
UW NCF:	\$3,334,718
Appraised Value / Per Room:	\$52,100,000 / \$250,481
Appraisal Date:	9/18/2018

Escrows and Reserves⁽¹⁾

	Initial	Monthly	Initial Cap
Taxes:	\$0	Springing	N/A
Insurance:	\$0	Springing	N/A
FF&E Reserves:	\$0	Springing	N/A
TI/LC:	\$0	\$0	N/A
Other:	\$301,764	Springing	N/A

Financial Information

Cut-off Date Loan / Room:	\$149,038
Maturity Date Loan / Room:	\$130,853
Cut-off Date LTV:	59.5%
Maturity Date LTV:	52.2%
UW NCF DSCR:	1.56x
UW NOI Debt Yield:	12.3%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$31,000,000	100.0%	Payoff Existing Debt	\$22,814,301	73.6%
			Return of Equity	7,342,095	23.7
			Closing Costs	541,839	1.7
			Upfront Reserves	301,764	1.0
Total Sources	\$31,000,000	100.0%	Total Uses	\$31,000,000	100.0%

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

The Loan. The Residence Inn by Marriott Phoenix Desert View at Mayo Clinic mortgage loan has an outstanding principal balance as of the Cut-off Date of \$31.0 million and is secured by a first mortgage lien on the borrower's leasehold interest in a 208-room, extended stay hotel located in Phoenix, Arizona (the "**Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Loan**"). The Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Loan has a 10-year term and, following a two-year interest-only period, amortizes on a 30-year schedule. The previously existing debt was securitized in 2012 as part of the UBSBB 2012-C3 transaction.

The Property. The Residence Inn by Marriott Phoenix Desert View at Mayo Clinic property is a six-story, 208-room extended stay hotel located in Phoenix, Arizona (the "**Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property**"). The Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property opened in 2009 and is located on the campus of the Mayo Clinic Hospital ("**Mayo Clinic**") and directly across the street from an approximately 562,000 square foot corporately-owned American Express ("**Amex**") campus. Of the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property's 208 rooms, 104 are king suites, 52 are one-

Residence Inn by Marriott Phoenix Desert View at Mayo Clinic

bedroom suites, 42 are double queen suites and 10 are two-bedroom suites. Amenities at the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property include free hot breakfast, weekly happy hours, exercise room, outdoor swimming pool with cabanas, business center, market pantry (food, beverages, and sundries), outdoor barbeque and fire-pit area, guest laundry facilities, an outdoor putting green and three meeting rooms totaling approximately 2,400 square feet of meeting space, as well as 208 on-site surface parking spaces. Guest suites feature flat screen televisions, ergonomic workspaces, pullout sofa beds, free Wi-Fi, pillow-top mattresses and separate places to dine, relax and sleep. Suites also offer a full kitchen with microwave, full-sized refrigerator, coffeemaker, two or four burner stove, dishwasher and cooking and dining utensils.

The sponsor completed a soft-goods guestroom renovation in the second and third quarters of 2016 and public space renovation in the second and third quarters of 2017 at a total cost of approximately \$2.6 million (approximately \$12,500 per room). The management agreement with Residence Inn by Marriott, LLC runs through 2039, more than 10 years past the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Loan's maturity. Based on information provided by the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic borrower and a September 2018 travel research report, the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property had a 106.6% occupancy penetration rate, a 100.0% ADR penetration rate and a 106.5% RevPAR penetration rate, as compared to its competitive set. The Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property's RevPAR performance increased by approximately 11.4% based on the trailing 12-month period ending September 2016 through the trailing-12 month period ending September 2018 as compared to an approximate 5.1% increase for the comp set.

Environmental. According to a Phase I environmental assessment dated September 28, 2018, there was no evidence of any recognized environmental conditions at the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property.

The Market. The Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property is located in the Desert Ridge area of North Phoenix, in the southeast quadrant of the intersection formed by 56th Street and Mayo Boulevard. Primary regional access through the area is provided by Interstate 10 and Interstate 17. The Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property is uniquely situated on the Mayo Clinic campus. Additionally, it is located across 56th street from a 562,000 square foot corporate campus for Amex. Both have recently announced and broken ground on significant expansion. In February 2016, the Mayo Clinic opened a proton beam cancer therapy center at a cost of approximately \$180 million. The facility has been increasing productivity with just two rooms on line in 2016 and all six rooms now in operation with discussions to operate the facility seven days a week. Further, Arizona State University and the Mayo Clinic are developing a new 150,000 square foot Health Solutions Innovation Center that is expected to cost upwards of \$200 million and open in the next two years to the east of the existing Mayo Clinic site. The Mayo Clinic recently announced another major expansion which would see the hospital's footprint grow by approximately 1.4 million square feet (to a total of approximately 3.1 million square feet). The expansion is anticipated to be delivered in stages beginning in 2020 with the full expansion completed by 2023. Initial site work for the parking has already commenced. The \$648 million expansion is expected to add 94 new inpatient beds and expand the emergency room as well as surgical, clinic and laboratory facilities, as well as creating approximately 2,000 jobs, including 200 physicians. Mayo Clinic was recently ranked No. 1 in Arizona and the Phoenix metro area, and No. 11 nationally in a magazine ranking. Additionally, Amex's corporately-owned 90-acre campus totals 562,000 square feet and is home to approximately 3,000 employees. In 2017, Amex announced it will be closing another Phoenix area office and expanding this campus to accommodate an additional 3,000 employees, doubling its workforce on-site.

Historical Occupancy, ADR, RevPAR									
Competitive Set ⁽¹⁾				Residence Inn by Marriott Phoenix Desert View at Mayo Clinic ⁽²⁾			Penetration Factor ⁽³⁾		
Year	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2015	67.7%	\$147.96	\$100.16	67.3%	\$155.64	\$104.78	99.4%	105.2%	104.6%
2016	70.6%	\$151.54	\$106.93	68.9%	\$156.50	\$107.78	97.7%	103.3%	100.8%
2017	68.1%	\$157.64	\$107.30	73.4%	\$158.63	\$116.49	107.8%	100.6%	108.6%
TTM ⁽⁴⁾	68.5%	\$160.74	\$110.10	73.0%	\$160.73	\$117.26	106.6%	100.0%	106.5%

(1) Data provided by a travel research report. The competitive set contains the following properties: Hampton Inn & Suites Phoenix Scottsdale, Homewood Suites Phoenix Scottsdale, Gainey Suites, Holiday Inn Scottsdale North Airport and Hilton Garden Inn Scottsdale North Perimeter Center.

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

(3) Penetration Factor is calculated based on data provided by a travel research report for the competitive set and the operating statements provided by the borrower for the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property.

(4) TTM represents the trailing 12-month period ending September 30, 2018.

Residence Inn by Marriott Phoenix Desert View at Mayo Clinic

Competitive Hotels Profile ⁽¹⁾									
Property	Rooms	Year Opened	Extended-Stay	Estimated Market Mix			2017 Estimated Operating Statistics		
				Commercial	Leisure	Meeting & Group	Occ.	ADR	RevPAR
Residence Inn by Marriott Phoenix Desert View at Mayo Clinic	208	2009	30%	35%	20%	15%	73.0%	\$160.73	\$117.26
Cambria Hotel North Scottsdale Desert Ridge	130	2017	15%	55%	20%	10%	35%-40%	\$160-\$170	\$55-\$60
Holiday Inn Express & Suites Phoenix North Scottsdale	104	2013	15%	55%	20%	10%	40%-45%	\$150-\$160	\$60-\$65
Residence Inn by Marriott Scottsdale North	120	2002	25%	45%	25%	5%	65%-70%	\$150-\$160	\$105-\$110
Secondary Competitors	519	Various	7%	63%	25%	5%	70.9%	\$152.61	\$108.18
Total⁽²⁾	873								

(1) Based on the appraisal, except for the "2017 Estimated Operating Statistics" for Residence Inn by Marriott Phoenix Desert View at Mayo Clinic, which are based on the operating statements for the trailing 12-month period ending September 30, 2018 provided by the borrower.

(2) Excludes the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property.

Operating History and Underwritten Net Cash Flow							
	2015	2016	2017	TTM ⁽¹⁾	Underwritten	Per Room ⁽²⁾	% of Total Revenue ⁽³⁾
Occupancy	67.3%	68.9%	73.4%	73.0%	73.0%		
ADR	\$155.64	\$156.50	\$158.63	\$160.73	\$160.73		
RevPAR	\$104.78	\$107.78	\$116.49	\$117.26	\$117.26		
Room Revenue	\$7,955,148	\$8,205,023	\$8,843,595	\$8,902,215	\$8,902,215	\$42,799	95.4%
Food & Beverage Revenue	241,831	204,235	178,133	212,872	212,872	1,023	2.3
Other Revenue	247,049	235,078	234,091	215,001	215,001	1,034	2.3
Total Revenue	\$8,444,028	\$8,644,336	\$9,255,820	\$9,330,088	\$9,330,088	\$44,856	100.0%
Room Expense	\$1,551,241	\$1,643,326	\$1,813,776	\$1,876,637	\$1,876,637	\$9,022	21.1%
Food & Beverage Expense	66,275	53,329	56,284	60,000	60,000	288	28.2
Other Departmental Expenses	82,901	50,397	50,230	51,538	51,538	248	24.0
Departmental Expenses	\$1,700,417	\$1,747,051	\$1,920,290	\$1,988,174	\$1,988,174	\$9,559	21.3%
Departmental Profit	\$6,743,611	\$6,897,285	\$7,335,530	\$7,341,914	\$7,341,914	\$35,298	78.7%
Operating Expenses	\$1,648,693	\$1,801,492	\$1,882,808	\$1,907,898	\$1,907,898	\$9,173	20.4%
Gross Operating Profit	\$5,094,918	\$5,095,793	\$5,452,721	\$5,434,016	\$5,434,016	\$26,125	58.2%
Management Fees	\$591,082	\$605,104	\$647,907	\$653,106	\$653,106	\$3,140	7.0%
Ground Rent	421,638	434,849	467,515	470,953	471,989	2,269	5.1
Property Taxes	404,288	419,275	422,450	425,844	441,609	2,123	4.7
Property Insurance	44,716	45,113	54,382	59,398	66,090	318	0.7
Total Other Expenses	\$1,461,724	\$1,504,340	\$1,592,254	\$1,609,302	\$1,632,793	\$7,850	17.5%
Net Operating Income	\$3,633,194	\$3,591,453	\$3,860,467	\$3,824,715	\$3,801,223	\$18,275	40.7%
FF&E	337,761	379,192	462,791	466,504	466,504	2,243	5.0
Net Cash Flow	\$3,295,433	\$3,212,261	\$3,397,676	\$3,358,210	\$3,334,718	\$16,032	35.7%

(1) TTM represents the trailing 12-month period ending September 30, 2018.

(2) Per Room values are based on 208 guest rooms.

(3) % of Total Revenue for Room Expense, Food & Beverage Expense and Other Departmental Expenses is based on their corresponding revenue line item.

Residence Inn by Marriott Phoenix Desert View at Mayo Clinic

The Borrower. The borrowing entity for the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Loan is Phoenix RI Owner, LLC, a Delaware limited liability company and special purpose entity with one independent director.

The Loan Sponsor. The sponsor and nonrecourse carve-out guarantor is Robert I. Finvarb. The Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Loan sponsor founded the Robert Finvarb Companies ("**RFC**") in 2002 to develop Marriott branded hotels. Since its formation, RFC has developed projects containing over 3,000 guestrooms that are affiliated with Marriott, Hyatt and Choice International in seven states and the District of Columbia. Robert I. Finvarb has an ownership interest in 14 operating hotels totaling over 2,200 rooms, 12 of which are Marriott flagged.

Property Management. The Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property is managed by Residence Inn by Marriott, LLC, a Delaware limited liability company. The current management agreement commenced on January 31, 2007 and was most recently amended on October 5, 2015 and has an expiration date on December 30, 2039 with two 10-year extension options.

Escrows and Reserves. At origination, the borrower deposited into escrow approximately \$177,964 for a debt service reserve and \$123,800 for a ground rent reserve.

Tax Escrows - The lender will not require the borrower to make monthly deposits for taxes, provided that, among other conditions, no event of default has occurred and the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property manager is paying such taxes.

Insurance Escrows – The lender will not require the borrower to make monthly deposits for insurance premiums, provided that, among other conditions, no event of default has occurred and the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property manager is paying such insurance premiums.

FF&E Reserves - The lender will not require the borrower to make monthly deposits into the FF&E reserve, provided that, among other conditions, no event of default has occurred and the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property borrower is paying the FF&E reserve as required under the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Loan documents.

Ground Rent Reserves - From and after (i) the commencement of a Sweep Event (as defined below) or (ii) the borrower's failure to pay any ground rent pursuant to the terms of the ground lease, the borrower will be required to deposit with the lender on each monthly payment date, an amount equal to one-third of the ground rent payable under the ground lease for the next quarterly payment due thereunder, which amounts will be required to be transferred into an account established by or on behalf of the lender to hold such funds.

Debt Service Reserves – At origination, the borrower deposited with the lender an amount equal \$177,964.48 for debt service. On each monthly payment date, the borrower is required to deposit with the lender an amount, if any, required to make the amount of debt service reserve equal to \$177,964.48, which amounts will be transferred into an account established by or on behalf of the lender to hold such funds. The Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property is affected by seasonality in the months of June, July, August and September.

Lockbox / Cash Management. The Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Loan is structured with a soft lockbox and springing cash management. The borrower or Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property manager must cause all rents to be deposited directly into a lockbox account. Upon the occurrence of a Sweep Event, all funds on deposit in the lockbox account are swept on a daily basis into a cash management account controlled by the lender and in accordance with the related loan documents.

A "**Sweep Event**" means (i) the occurrence of an event of default under the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Loan, (ii) the debt service coverage ratio (as calculated in accordance with the loan documents) based on the trailing 12-month period immediately preceding the date of determination is less than 1.15x or (iii) the termination of the Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property management agreement.

Subordinate and Mezzanine Debt. None.

Partial Release. Not Permitted.

Residence Inn by Marriott Phoenix Desert View at Mayo Clinic

Ground Lease. The Residence Inn by Marriott Phoenix Desert View at Mayo Clinic Property is subject to a ground lease with Mayo Clinic Arizona. The lease commenced on April 18, 2007, was amended February 25, 2008 and expires April 17, 2077. The ground lease provides for one 15-year extension option and one 14-year extension option with a fully extended ground lease expiration date of April 17, 2106. The ground lease payments are structured with two parts: (1) a fixed use fee which increases by 3% annually (approximately \$26,095 for 2018) and (2) the greater of (a) a fixed base rent (approximately \$331,963 in 2018) which increases by 7.5% every five years or (b) percentage rent of 5% of gross room revenue (approximately \$445,111 based on the trailing 12 months ending September 30, 2018 and as underwritten).