

Mortgage Loan No. 7 — Sheraton Grand Nashville Downtown

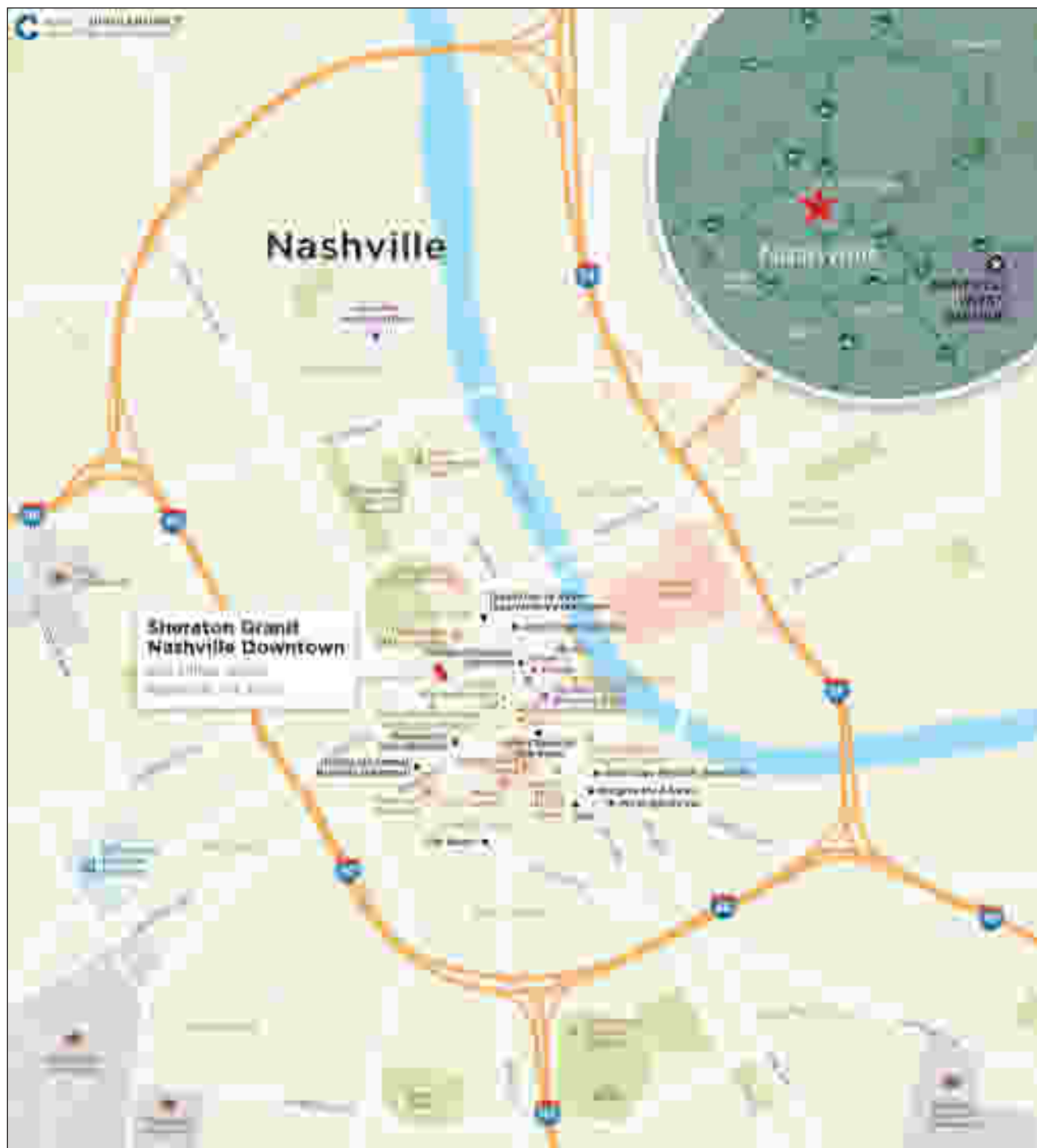
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### Mortgage Loan Information

Mortgage Loan Seller:	AREF
Original Principal Balance <sup>(1)</sup> :	\$30,000,000
Cut-off Date Principal Balance <sup>(1)</sup> :	\$30,000,000
% of Pool by IPB:	3.9%
Loan Purpose:	Refinance
Borrower:	Nashville Hospitality, LLC
Sponsor:	James M. Lippman
Interest Rate:	5.0350%
Note Date:	10/4/2018
Maturity Date:	10/6/2028
Interest-only Period:	120 months
Original Term:	120 months
Original Amortization:	None
Amortization Type:	Interest Only
Call Protection:	L(25), Def(89), O(6)
Lockbox <sup>(2)</sup> :	Hard
Additional Debt <sup>(1)</sup> :	Yes
Additional Debt Balance <sup>(1)</sup> :	\$130,000,000
Additional Debt Type <sup>(1)</sup> :	<i>Pari Passu</i>
Additional Future Debt Permitted:	No

### Escrows and Reserves<sup>(6)</sup>

	Initial	Monthly	Initial Cap
Taxes:	\$1,166,485	\$129,609	N/A
Insurance:	\$0	Springing	N/A
FF&E Reserve:	\$1,000,000	\$164,042	N/A

### Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan:	\$160,000,000	100.0%
Total Sources:	\$160,000,000	100.0%

### Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Hotel – Full Service
Net Rentable Area (Rooms):	482
Location:	Nashville, TN
Year Built / Renovated:	1975 / 2014 & 2017
Occupancy / ADR / RevPAR:	79.8% / \$236.45 / \$188.58
Occupancy / ADR / RevPAR Date:	8/31/2018
Number of Tenants:	NAP
2015 NOI <sup>(3)</sup> :	\$17,997,162
2016 NOI <sup>(3)</sup> :	\$19,940,428
2017 NOI <sup>(3)</sup> :	\$21,577,133
TTM NOI <sup>(3)(4)</sup> :	\$22,384,613
UW Occupancy / ADR / RevPAR:	79.8% / \$236.45 / \$188.58
UW Revenues:	\$49,212,571
UW Expenses:	\$27,006,315
UW NOI <sup>(3)</sup> :	\$22,206,255
UW NCF:	\$20,237,752
Appraised Value / Per Room <sup>(5)</sup> :	\$276,500,000 / \$573,651
Appraisal Date:	9/13/2018

### Financial Information<sup>(1)</sup>

Cut-off Date Loan / Room:	\$331,950
Maturity Date Loan / Room:	\$331,950
Cut-off Date LTV:	57.9%
Maturity Date LTV:	57.9%
UW NOI / UW NCF DSCR:	2.72x / 2.48x
UW NOI / UW NCF Debt Yield:	13.9% / 12.6%

Uses	Proceeds	% of Total
Payoff Existing Debt:	\$58,467,202	36.5%
Return of Equity <sup>(3)</sup> :	98,529,336	61.6
Upfront Reserves:	2,166,485	1.4
Closing Costs:	836,977	0.5
Total Uses:	\$160,000,000	100.0%

- (1) Sheraton Grand Nashville Downtown loan is part of a larger split whole loan evidenced by eight *pari passu* notes with an aggregate Cut-off Date balance of \$160.0 million (collectively, the “Whole Loan”). The financial information presented in the chart above and herein reflects the balance of the Whole Loan.
- (2) For a more detailed description of lockbox, please refer to “Lockbox / Cash Management” below.
- (3) The sponsor has owned the property since 2012 and invested approximately \$36.2 million since acquisition in upgrades to the property. Since acquisition, the net cash flow at the property increased from approximately \$7.2 million to \$20.2 million as of TTM August 2018.
- (4) Represents trailing twelve months ending August 31, 2018.

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(5) The appraised value represents the aggregate value of the hotel and parking garage which individually are \$253.5 million and \$23.1 million respectively.

(6) For a more detailed description of Escrows and Reserves, please refer to “*Escrows and Reserves*” below.

**The Loan.** The Sheraton Grand Nashville Downtown Whole Loan is a \$160.0 million first mortgage loan secured by the borrower’s fee interest in a 482-room, full-service hotel property and adjacent parking garage located in Nashville, Tennessee. The loan has a 10-year term and is interest-only for the entire term.

The Whole Loan is comprised of eight *pari passu* notes. The non-controlling Note A-1 is being contributed to the CSAIL 2018-C14 Commercial Mortgage Trust. The Whole Loan is expected to be serviced under the CSAIL 2018-C14 pooling and servicing agreement until the securitization of the related controlling Note A-2, 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	\$30,000,000	\$30,000,000	CSAIL 2018-C14	N	N
Note A-2, A-3, A-4, A-5, A-6, A-7, A-8 <sup>(1)</sup>	130,000,000	130,000,000	AREF	Y	Y
<b>Total</b>	<b>\$160,000,000</b>	<b>\$160,000,000</b>			

(1) Notes are expected to be contributed to one or more future securitizations.

**The Borrower.** The borrowing entity for the loan is Nashville Hospitality, LLC, a Delaware limited liability company and special purpose entity. The borrowing entity is 99.99%-owned by individual investor members and no single individual investor member directly or indirectly owns 20% or more of the interests. The remaining 0.01% interest is primarily owned by James M. Lippman.

**The Sponsor.** The loan’s sponsor is James M. Lippman, the Chairman and Chief Executive Officer at JRK Property Holdings (“JRK”) which he founded in 1991. JRK currently owns and operates over \$6.0 billion in real estate and has been recognized by both the National Multi-Housing Council and Multifamily Executive Magazine as one of the largest multifamily owners and managers in the United States. In addition to JRK’s presence in the multifamily sector, JRK Hotel Group is involved in the hospitality market as well, with a portfolio of luxury boutiques and flag hotels in Manhattan, Santa Monica, San Francisco, Portland and Nashville. In addition to the Sheraton Grand Nashville Downtown property, the sponsor also owns the 287-room Holiday Inn Express Nashville which is located in downtown Nashville. See also “*Description of the Mortgage Pool— Default History, Bankruptcy Issues and Other Proceedings*” in the Prospectus.

**The Property.** The property is a 482-key, Sheraton Grand, full-service hotel property and adjacent parking garage located in downtown Nashville, Tennessee on a 1.1-acre site. The property was originally constructed in 1975 as a Hyatt hotel and reportedly operated as a Crowne Plaza hotel prior to its conversion to a Sheraton flagged hotel in 1999/2000. The property was subsequently renovated between 2014 and 2017. In 2014, all guestrooms and most public areas were completely renovated. The Skye meeting room and ballroom, located on the top floor and offering a 360-degree view of Nashville, were added in early 2017. The total cost of the renovations was \$36.2 million or \$75,149 per room. Following such renovations in 2017 the property received the Sheraton Grand designation, an elite classification for full service hotels in the Sheraton brand, and is one of six Sheraton Grand hotels in the United States. The hotel offers 482 guestrooms, a restaurant, lounge, indoor pool, fitness center, business center, sundry shop, and approximately 23,554 SF of dedicated meeting space. The 482 guestrooms are located on floors 3 through 25 and include 475 standard king or double-double rooms, six executive or one-bedroom suites, and a presidential suite. All rooms feature Sheraton’s Sweet Sleeper Bed, wired and wireless high speed Internet access, oversized work desks, LCD televisions, and in-room movies. The 24th floor contains a two-bay Sheraton Club lounge.



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The top floor of the hotel was formerly a revolving restaurant that has been converted to a bar and meeting room called Skye which conversion was completed in 2017. Skye is open nightly for cocktails. The 23,554 SF meeting space is spread amongst 10 rooms, the largest of which is 10,680 SF. A 455-space, eight-level parking garage is located adjacent to and attached to the hotel. Parking is operated under a short term parking agreement with a local parking/valet company. Currently, parking rates for guests are \$39.00 for overnight valet or self-parking. As of trailing twelve months ending August 31, 2018, parking revenue totaled \$2.3 million.

The property's main entrance is along Union Street, with primary entrance to the parking structure along 7th Avenue North across a large park (Legislative Plaza) from the state capitol. The neighborhood is dominated by government buildings, most notably the state capitol. The surrounding buildings include the Military Branch Museum, Tennessee Performing Arts Center, Nashville Public Library, and a number of office buildings.

### Historical Occupancy, ADR, RevPAR

Year	Competitive Set <sup>(1)</sup>			Sheraton Grand Nashville Downtown <sup>(2)</sup>			Penetration Factor		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2015	82.5%	\$224.16	\$185.03	77.8%	\$211.27	\$164.36	94.3%	94.2%	88.8%
2016	84.3%	\$239.33	\$201.82	77.9%	\$241.40	\$188.15	92.4%	100.9%	93.2%
2017	85.5%	\$245.05	\$209.44	79.5%	\$240.40	\$191.12	93.0%	98.1%	91.2%
TTM <sup>(3)</sup>	86.1%	\$243.89	\$209.89	79.8%	\$236.45	\$188.58	92.7%	96.9%	89.8%

(1) Source: Third party report. Competitive set includes Renaissance Nashville Hotel, Holiday Inn Express Nashville Downtown Conference Center, Hilton Nashville Downtown, Hotel Indigo Nashville and Hyatt Place Nashville Downtown.

(2) Source: Borrower Financials.

(3) Represents the trailing twelve month period ending July 31, 2018 for the competitive set and the trailing twelve month period ending August 31, 2018 for Sheraton Grand Nashville Downtown.

**The Market.** The property is located in Nashville, Tennessee in the downtown Nashville area. Nashville is home to a variety of industries and companies, making for a relatively diverse economy. According to the appraisal, leading employment sectors in the Nashville metropolitan statistical area include professional and business services (16.3% of total employment), education and health services (15.3%), government (11.9%), leisure and hospitality services (11.3%), and retail trade (10.1%). Furthermore, according to the Nashville Convention & Visitors Corp, Nashville welcomed an estimated 14.5 million visitors in 2017, a 4.6% increase over 2016's record of 13.9 million visitors. This represented the ninth consecutive year of positive year-over-year growth in visitor volume since 2008, at a compound growth rate of 5.8%.

Furthermore, according to a third party report, the population in the Nashville-Davidson-Murfreesboro-Franklin MSA increased by a compound annual rate of 2.0% from 2012 through 2017. As of February 2018, Nashville had an unemployment rate of 2.7%, the U.S.'s lowest unemployment rate for cities greater than 1 million people according to the Bureau of Labor Statistics.

The Sheraton Grand Nashville Downtown property offers a convenient location in downtown Nashville, proximate to the State Capitol and numerous government office buildings as well as a short walk to the Nashville Music City Center (city convention center), Country Music Hall of Fame and Museum, Bridgestone Arena and Broadway, the main thoroughfare through downtown Nashville. The property is across the street from the Tennessee State Capitol including Legislative Plaza and the Tennessee Performing Arts Center. Additionally, a new \$195 million federal courthouse is currently under construction one block south of the property (south of Church Street). The hotel is also proximate to Capitol View which is a 32-acre mixed-use development located in the North Gulch area of downtown just west of the Tennessee State Capitol downtown and will include 1.1 million SF of office space, 130,000 SF of specialty retail and restaurants, a 169-room Hampton Inn & Suites, 378 upscale multi-family apartment units, a 2.5-acre urban activity park and community space and jogging and bike trails connected to the Nashville Greenway system.

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According to a third party report, the downtown submarket (where the property is located) has over 9.4 million SF of office space as of Q2 2018 with a total vacancy rate of 8.9% and approximately 1.0 million SF under construction. Recent major employment announcements for Nashville include AllianceBernstein Holding LP, which announced in May 2018 that it will be relocating its headquarters to the central business district in Nashville with a total expected headcount of 1,050 in total by 2022. Additionally, Cherry Bekaert, which in 2017 bought Frazier Dean & Howard to enter the Nashville market, signed a long-term lease to take a section of the 12th floor at 222 2nd Avenue South. The firm plans to relocate all employees from the current West End Avenue location in October 2018. In early 2018, global technology company, Asurion announced it would create 400 information technology jobs as it consolidates operations into a new corporate headquarters in downtown Nashville, with construction of the new office to begin in the first quarter of 2019 and open in the third quarter of 2021.

The hotel's demand segmentation is 47.0% meeting & group, 25.0% commercial, and 28.0% leisure versus market demand segmentation of 41.6% meeting & group, 31.1% commercial, and 27.3% leisure. Meeting and group demand is primarily generated by corporate groups that visit the area business and meetings. Additional demand is generated by youth sports teams that travel to the area for various tournaments and sports fields. Commercial demand is generated by headquarters and large regional offices especially in the professional & business services and health care industries in the area. Additionally, the property currently accommodates airline crew business from United Airlines and British Airlines. Other top accounts include Deloitte, PricewaterhouseCoopers, KPMG, Accenture, Ernst & Young, Google, and Bank of America. Leisure demand is generated by leisure attractions in the immediate downtown area including the Country Music Hall of Fame & Museum, Bridgestone Arena, Ryman Auditorium and The Johnny Cash Museum & Café, among others.

The hotel competes predominantly with other hotels in the immediate downtown Nashville market to varying degrees and for various market segments. Below are the profiles of the hotels in a third party research provider's competitive set. The competitive hotels range in size from 161 to 673 rooms, and collectively contain an aggregate of 1,706 rooms.

### Competitive Hotels Profile<sup>(1)</sup>

Property	Rooms	Year Built	Meeting Space (SF)	Estimated Market Mix			2017 Estimated Operating Statistics		
				Commercial	Meeting & Group	Leisure	Occupancy	ADR	RevPAR
<b>Sheraton Grand Nashville Downtown</b>	<b>482</b>	<b>1975</b>	<b>23,554</b>	<b>25%</b>	<b>47%</b>	<b>28%</b>	<b>79.5%<sup>(2)</sup></b>	<b>\$240.40<sup>(2)</sup></b>	<b>\$191.12<sup>(2)</sup></b>
Hotel Indigo Nashville	161	2010	6,500	40%	20%	40%	85% - 90%	\$215 - \$220	\$185 - \$190
Renaissance Nashville Hotel	673	1987	69,408	20%	65%	15%	85% - 90%	\$235 - \$240	\$205 - \$210
Holiday Inn Express Nashville Downtown	287	1989	9,980	45%	25%	30%	75% - 80%	\$225 - \$230	\$170 - \$175
Hilton Nashville Downtown	330	2000	13,487	30%	50%	20%	85% - 90%	\$280 - \$285	\$245 - \$250
Hyatt Place Nashville Downtown	255	2013	3,386	35%	20%	45%	80% - 85%	\$260 - \$265	\$205 - \$210
<b>Total<sup>(3)</sup></b>	<b>1,706</b>								

(1) Source: Appraisal.

(2) Source: Borrower Financials.

(3) Excludes subject property.

According to the appraisal, supply in the subject market has fluctuated since 2013 with the additions of the 800-room Omni in September 2013, the 255-room Hyatt Place in November 2013, and the 214-room Hilton Garden Inn in June 2015. Further, the Hampton Inn & Suites Nashville Downtown added 53 guestrooms beginning in March 2018. Occupancy growth has occurred in the subject market since 2013 with demand outpacing supply in every year except 2013. According to the appraisal, approximately 3,847 rooms were under construction and expected to open between October 2018 and February 2021. The appraiser identified seven hotels which recently opened or expected to be opened in the next three years which have some degree of competitiveness to the Sheraton Grand Nashville Downtown property.

## Mortgage Loan No. 7 — Sheraton Grand Nashville Downtown

### Competitive New Supply<sup>(1)</sup>

Property	Address	Number of Rooms	Percent Competitive	Opening Date
Hyatt Regency	1010 Broadway, Nashville, TN	591	75%	October 2020
Hampton Inn & Suites Capitol View	530 11th Avenue North, Nashville, TN	169	40%	January 2020
Holiday Inn & Suites	415 4th Avenue South, Nashville, TN	230	35%	February 2019
AC Hotel by Marriott	410 5th Avenue South, Nashville, TN	209	30%	December 2018
JW Marriott Nashville	201 8th Avenue South, Nashville, TN	533	25%	July 2018
Drury Plaza	315 3rd Avenue South, Nashville, TN	390	25%	January 2020
Hyatt Centric	222 2nd Avenue South, Nashville, TN	252	25%	February 2021

(1) Source: Appraisal.

### Operating History and Underwritten Net Cash Flow

	2015 <sup>(1)</sup>	2016 <sup>(1)</sup>	2017 <sup>(1)</sup>	TTM <sup>(1)(2)</sup>	Underwritten	Per Room	% <sup>(3)</sup>
Occupancy	77.8%	77.9%	79.5%	79.8%	79.8%		
ADR	\$211.27	\$241.40	\$240.40	\$236.45	\$236.45		
RevPAR	\$164.36	\$188.15	\$191.12	\$188.58	\$188.58		
Room Revenue	\$28,916,672	\$33,191,112	\$33,622,909	\$33,176,739	\$33,176,739	\$68,831	67.4%
Food and Beverage	7,433,620	8,487,011	10,505,293	11,426,423	11,426,423	\$23,706	23.2%
Parking Revenues	2,263,076	2,275,618	2,267,665	2,285,149	2,285,149	\$4,741	4.6%
Other Departmental Revenues	1,651,253	1,395,596	1,994,595	2,324,260	2,324,260	\$4,822	4.7%
<b>Total Revenue</b>	<b>\$40,264,621</b>	<b>\$45,349,337</b>	<b>\$48,390,462</b>	<b>\$49,212,571</b>	<b>\$49,212,571</b>	<b>\$102,101</b>	<b>100.0%</b>
Room Expense	5,239,682	6,617,650	6,514,242	6,384,237	6,384,237	\$13,245	19.2%
Food and Beverage Expense	4,199,211	4,631,835	5,345,352	5,587,191	5,587,191	\$11,592	48.9%
Parking Expense	798,097	779,063	799,254	762,512	762,512	\$1,582	33.4%
Other Departmental Expenses	165,628	186,387	321,464	280,737	280,737	\$582	12.1%
<b>Departmental Expenses</b>	<b>\$10,402,618</b>	<b>\$12,214,935</b>	<b>\$12,980,312</b>	<b>\$13,014,677</b>	<b>\$13,014,677</b>	<b>\$27,001</b>	<b>26.4%</b>
<b>Departmental Profit</b>	<b>\$29,862,003</b>	<b>\$33,134,402</b>	<b>\$35,410,150</b>	<b>\$36,197,894</b>	<b>\$36,197,894</b>	<b>\$75,099</b>	<b>73.6%</b>
Operating Expenses	10,782,355	12,057,580	12,139,625	11,977,935	12,082,854	\$25,068	24.6%
<b>Gross Operating Profit</b>	<b>\$19,079,648</b>	<b>\$21,076,822</b>	<b>\$23,270,525</b>	<b>\$24,219,959</b>	<b>\$24,115,040</b>	<b>\$50,031</b>	<b>49.0%</b>
Fixed Expenses	1,082,486	1,136,394	1,693,392	1,835,346	1,908,785	\$3,960	3.9%
<b>Net Operating Income</b>	<b>\$17,997,162</b>	<b>\$19,940,428</b>	<b>\$21,577,133</b>	<b>\$22,384,613</b>	<b>\$22,206,255</b>	<b>\$46,071</b>	<b>45.1%</b>
FF&E	1,610,585	1,813,973	1,935,618	1,968,503	1,968,503	\$4,084	4.0%
<b>Net Cash Flow</b>	<b>\$16,386,577</b>	<b>\$18,126,455</b>	<b>\$19,641,515</b>	<b>\$20,416,110</b>	<b>\$20,237,752</b>	<b>\$41,987</b>	<b>41.1%</b>

(1) The sponsor has owned the property since 2012 and invested approximately \$36.2 million since acquisition in upgrades to the property. Since acquisition, the net cash flow at the property increased from approximately \$7.2 million to \$20.2 million as of TTM August 2018.

(2) Represent the trailing twelve-month period ending August 31, 2018.

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





## Mortgage Loan No. 7 — Sheraton Grand Nashville Downtown

**Property Management.** The property is managed by JRK Residential Group, Inc., an affiliate of the sponsors.

**Franchise Agreement.** The property operates as a Sheraton Grand hotel under a franchise agreement with the owner that expires in August 2032. The Sheraton brand operates 441 hotels worldwide, totaling 155,750 rooms.

**Escrows and Reserves.** At origination, the borrower deposited into escrow \$1,166,485 for real estate taxes and \$1,000,000 for FF&E.

*Tax Escrow* – On a monthly basis, the borrower is required to escrow one-twelfth of the annual estimated tax payments, which currently equals \$129,609.

*Insurance Escrow* – The requirement of the borrowers to make monthly deposits to the insurance reserve account is waived so long as an acceptable blanket policy is in place. If an acceptable blanket policy is no longer in effect, on a monthly basis, the borrower is required to escrow one-twelfth of the annual estimated insurance payments, which currently equals \$28,989.

*FF&E Escrow* – On a monthly basis, the borrower is required to escrow the greater of (i) 4.0% of operating income, which currently equals \$164,042 or (ii) the amount required to be reserved pursuant to the franchise agreement.

**Lockbox / Cash Management.** The loan is structured with a hard lockbox and springing cash management. The borrower is 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 the loan documents; or (ii) the failure by the borrower, as of the end of two consecutive calendar quarters, to maintain a DSCR of at least 1.50x; and will end provided that with respect to clause (i) once the event of default has been cured and with respect to clause (ii) once the DSCR is at least 1.50x for at least two consecutive calendar quarters. The borrower has the right at any time to deliver to the lender either cash or an acceptable letter of credit in an amount that, when applied to reduce the then-outstanding principal, would cause the DSCR to be at least equal to 1.50x (“Minimum DSCR Maintenance Amount”) in order to avoid or end a Cash Management Period.

The borrower has the right, three times during the loan term, to request that the lender apply funds in the cash collateral account (other than any Minimum DSCR Maintenance Amount then on deposit) to any debt service shortfall.