

Embassy Suites Monterey Bay Seaside

Mortgage Loan Information

Mortgage Loan Seller:	JPMCB
Original Principal Balance:	\$42,160,000
Cut-off Date Principal Balance:	\$42,160,000
% of Pool by IPB:	3.7%
Loan Purpose:	Refinance
Borrower:	Tucson Seaside LLC
Sponsor:	Atrium Leveraged Loan Fund, LLC
Interest Rate:	4.20000%
Note Date:	8/5/2016
Maturity Date:	9/1/2026
Interest-only Period:	36 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(25),Grtr1%orYM(88),O(7)
Lockbox:	Hard
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 - Full Service
Net Rentable Area (Rooms):	225
Location:	Seaside, CA
Year Built / Renovated:	1995 / 2015
Occupancy / ADR / RevPAR:	83.9% / \$202.24 / \$169.60
Occupancy / ADR / RevPAR Date:	6/30/2016
Number of Tenants:	N/A
2013 NOI:	\$2,487,840
2014 NOI:	\$3,448,144
2015 NOI:	\$4,531,556
TTM NOI (as of 6/2016):	\$4,843,520
UW Occupancy / ADR / RevPAR:	83.9% / \$202.24 / \$169.60
UW Revenues:	\$17,237,808
UW Expenses:	\$12,579,694
UW NOI:	\$4,658,114
UW NCF:	\$4,658,114
Appraised Value / Per Room⁽¹⁾:	\$62,000,000 / \$275,556
Appraisal Date:	6/1/2016

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$50,866	\$25,600	N/A
Insurance:	\$0	Springing	N/A
FF&E Reserves:	\$0	4% of Gross Revenues	N/A
TI/LC:	\$0	\$0	N/A
Other⁽²⁾⁽³⁾:	\$6,050,000	Excess Cash	\$9,064,225

Financial Information

Cut-off Date Loan / Room:	\$187,378
Maturity Date Loan / Room:	\$162,874
Cut-off Date LTV⁽¹⁾:	68.0%
Maturity Date LTV⁽¹⁾:	59.1%
UW NCF DSCR:	1.88x
UW NOI Debt Yield:	11.0%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$42,160,000	100.0%	Payoff Existing Debt	\$35,465,590	84.1%
			Upfront Reserves	6,100,866	14.5
			Closing Costs	593,544	1.4
Total Sources	\$42,160,000	100.0%	Total Uses	\$42,160,000	100.0%

(1) The Appraised Value / Per Room, Cut-off Date LTV and Maturity Date LTV are calculated based on the "as complete" hypothetical value, which assumes that \$6.0 million of the proposed renovations to the property related to a property improvement plan ("PIP") required by the franchise agreement have been completed as of June 1, 2016. At origination, \$6.0 million was reserved in connection with such PIP. The full estimated cost to complete the PIP will be reserved for on an ongoing basis through a full excess cash flow sweep (the "PIP FF&E Reserve"). The "as-is" value as of June 1, 2016 is \$55.0 million, which results in a Cut-off Date LTV and Maturity Date LTV of 76.7% and 66.6%, respectively.

(2) Initial Other Escrows and Reserves consist of \$6.0 million for the PIP FF&E Reserve and \$50,000 for ground rent.

(3) Other Monthly Escrows and Reserves includes ongoing deposits to the PIP FF&E Reserve account. The borrower is required to deposit, (i) on a monthly basis, 4.0% of gross revenues to the FF&E reserve account (of which, provided no event of default has occurred and is continuing, 3.0% of gross revenues is to be swept directly into the PIP FF&E Reserve) and (ii) provided no event of default or bankruptcy action of the borrower has occurred and is continuing, on an ongoing basis, all excess cash into the PIP FF&E Reserve account until the earlier to occur of (a) the date on which the PIP work is completed in accordance with the franchise agreement to the franchisor's satisfaction and (b) the date on which total collections for the PIP FF&E Reserve account equal or exceed the Required PIP Amount (as defined below) in the aggregate. Total collections for the PIP FF&E Reserve account are capped at approximately \$9.1 million in the aggregate (the estimated cost to fully complete the PIP) (the "Required PIP Amount"). Atrium Leveraged Loan Fund, LLC, the nonrecourse carve-out guarantor, has delivered a PIP guaranty triggered upon an event of default or an assumption of the loan, for any shortfall, after giving credit for certain excess cash flow amounts, in the Required PIP Amount, including any additional costs as a result of any change in scope of the PIP. Other Monthly Escrows and Reserves also provides for monthly ground rent deposits in the event that the borrower fails to provide evidence reasonably acceptable to the lender that each monthly ground rent payment was paid when due in accordance with the ground lease and no event of default is continuing.

Embassy Suites Monterey Bay Seaside

The Loan. The Embassy Suites Monterey Bay Seaside loan has an outstanding principal balance as of the Cut-off Date of approximately \$42.2 million and is secured by a first mortgage lien on the leasehold interest in the 225-room Embassy Suites Monterey Bay Seaside, a full service hotel located in Seaside, California. The loan has a 10-year term and, subsequent to a three-year interest-only period, will amortize on a 30-year schedule. The property was previously securitized as part of a portfolio in the MLCFC 2006-3 securitization.

The borrowing entity for the Embassy Suites Monterey Bay Seaside loan is Tucson Seaside LLC, a Delaware limited liability company and special purpose entity. The loan sponsor and nonrecourse carve-out guarantor is Atrium Leveraged Loan Fund, LLC, a Delaware limited liability company and affiliate of Atrium Holding Company (“Atrium”). Atrium is a hotel and asset management company headquartered in Alpharetta, Georgia. Atrium owns 51 properties representing 13,876 rooms across 26 states and 13 flags including Hilton, Marriott and Renaissance. Ron Brown, the chief executive officer of Atrium, has over 30 years of experience in the hotel industry. Mr. Brown previously served as Chairman and President of Doubletree Hotels Corporation and subsequently as Chief Financial Officer of Starwood Hotels & Resorts from 1995 to 2003.

The loan sponsor purchased the property in 2005 as part of a broader \$1.3 billion take-private transaction of John Q. Hammons Hotels, LP. From 2007 to 2015, the loan sponsor reportedly invested approximately \$5.0 million (\$22,335 per room) in the property. More recently, in conjunction with the renewal of its franchise agreement with Hilton, Atrium is required to complete an approximately \$9.1 million (\$40,285 per room) PIP, which is scheduled to be completed by December 2017. Renovations include approximately \$4.3 million in upgrades to the hotel and its public areas, approximately \$3.9 million in upgrades to guest rooms, \$387,000 in accessibility and safety upgrades, \$297,000 allocated to the food and beverage outlet improvements and \$167,000 in exterior improvements. The approximately \$9.1 million PIP will be fully reserved for through a \$6.0 million upfront PIP reserve and ongoing excess cash deposits. The loan sponsor projects an additional approximately \$1.1 million (\$4,969 per room) to be spent throughout 2016 as part of regular maintenance and upkeep, separate from the PIP renovation.

The Property. Embassy Suites Monterey Bay Seaside is a 12-story, 225-room, full service hotel located in Seaside, California. The property was originally developed in 1995 and, according to the loan sponsor, has undergone approximately \$5.0 million (\$22,335 per room) in capital expenditures between 2007 and 2015. The Embassy Suites Monterey Bay Seaside property features two food and beverage venues, as well as complimentary breakfast. Pacific Café is an 80-seat restaurant offering American cuisine, open for lunch and dinner. Cypress Lounge is a 52-seat lounge offering cocktails, drinks and appetizers. Additionally, the hotel offers approximately 11,630 square feet of meeting space that can be divided into 11 rooms and includes an approximately 9,100 square foot grand ballroom. Additional amenities at the property include complimentary parking, high-speed internet access, a business center, a fitness center, guest self-service laundry, a sundry shop and an indoor pool. The hotel contains 404 surface parking spaces for a parking ratio of approximately 1.80 spaces per room.

The property has 225 rooms, including 150 king rooms and 75 double-double rooms. All guest rooms feature high-speed internet access, microwave, refrigerator, pull-out sofa, coffee and tea maker, work desk area and a 37-inch high definition television. The guest room suites feature separate work table and living areas with additional amenities including a second television in the living area. As part of the upcoming PIP renovation, approximately \$3.9 million (\$17,468 per room) is anticipated to be spent on general guest room renovations. The renovations are required to be completed by December 2017 pursuant to the franchise agreement.

The Market. The Embassy Suites Monterey Bay Seaside property is located at the intersection of Del Monte Boulevard and Canyon Del Rey Boulevard and access to the property is provided via both roadways. The property benefits from its proximity to Cabrillo Highway and California State Route One, located one block north. California State Route One provides regional access to the surrounding cities, including Salinas, which is located approximately 16.3 miles northeast of the property and Santa Cruz, located approximately 40.1 miles north. The property is located approximately two blocks from the Monterey beaches and California coastline. The property also benefits from its proximity to several local demand drivers, including Cannery Row, a waterfront tourist destination featuring many restaurants, historic attractions and at times California sea lions, located approximately 3.5 miles west of the property, and Monterey Regional Airport, located approximately 3.0 miles southeast of the property. Additional attractions located nearby the property include the Monterey Bay Aquarium, Monterey Peninsula Recreational Trail and Laguna Seca Raceway, located in Salinas. Additionally, Monterey County is an international golf destination and features over 20 18-hole golf courses, including Pebble Beach, which hosts several major national golf tournaments annually. In late 2015, the City of Monterey announced an approximately \$50.0 million renovation to the Monterey Conference Center, which is expected to be completed in spring of 2017 and further drive business and tourist travel in the immediate area.

According to a third party data provider, the estimated population within a one-, three- and five-mile radius is 15,683, 55,218 and 94,125, respectively. The median income within a one-, three- and five-mile radius is \$50,405, \$59,094 and \$65,669, respectively. According to the appraisal, there are no proposed competitive hotels in the area.

Embassy Suites Monterey Bay Seaside

Historical Occupancy, ADR, RevPAR ⁽¹⁾									
Year	Competitive Set ⁽²⁾			Embassy Suites Monterey Bay Seaside ⁽³⁾			Penetration Factor ⁽⁴⁾		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2013	68.8%	\$166.39	\$114.52	77.0%	\$174.72	\$134.54	111.9%	105.0%	117.5%
2014	72.6%	\$174.16	\$126.44	81.7%	\$185.66	\$151.73	112.5%	106.6%	120.0%
2015	73.0%	\$187.54	\$136.85	84.2%	\$200.36	\$168.72	115.3%	106.8%	123.3%
TTM ⁽⁵⁾	74.4%	\$187.44	\$139.45	83.9%	\$202.24	\$169.60	112.8%	107.9%	121.6%

(1) The minor variances between the underwriting, appraisal and above table with respect to Occupancy, ADR and RevPAR at the Embassy Suites Monterey Bay Seaside property are attributable to variances in reporting methodologies and/or timing differences.

(2) Data provided by a third party data provider. The competitive set contains the following properties: Joie De Vivre Monterey Tides, Marriott Monterey, Holiday Inn Express at Monterey Bay, Portola Hotel & Spa at Monterey and Hilton Garden Inn Monterey.

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

(4) Penetration Factor is calculated based on data provided by a third party data provider. for the competitive set and borrower-provided operating statements for the property.

(5) TTM represents the trailing 12-month period ending on June 30, 2016.

Competitive Hotels Profile⁽¹⁾

Property	Rooms	Year Opened	Meeting Space (SF)	2015 Estimated Market Mix			2015 Estimated Operating Statistics		
				Commercial	Meeting and Group	Leisure	Occupancy	ADR	RevPAR
Embassy Suites Monterey Bay Seaside⁽²⁾	225	1995	11,630	35%	20%	45%	84.2%	\$200.36	\$168.72
Joie De Vivre Monterey Tides	196	1969	9,000	15%	35%	50%	73.0%	\$170.00	\$124.10
Marriott Monterey	341	1984	56,000	25%	30%	45%	72.0%	\$205.00	\$147.60
Holiday Inn Express at Monterey Bay	143	1983	660	20%	10%	70%	68.0%	\$165.00	\$112.20
Portola Hotel & Spa at Monterey	379	1978	50,000	15%	30%	55%	70.0%	\$205.00	\$143.50
Hilton Garden Inn Monterey	204	1971	6,500	30%	25%	45%	83.0%	\$160.00	\$132.80
Total⁽³⁾	1,488								

(1) Based on the appraisal.

(2) 2015 Occupancy, ADR and RevPAR are based on operating statements provided by the borrower.

(3) Excludes the Embassy Suites Monterey Bay Seaside property.

Embassy Suites Monterey Bay Seaside

Operating History and Underwritten Net Cash Flow

	2013	2014	2015	TTM ⁽¹⁾	Underwritten	Per Room ⁽²⁾	% of Total Revenue ⁽³⁾
Occupancy	77.0%	81.7%	84.2%	83.9%	83.9%		
ADR	\$174.72	\$185.66	\$200.36	\$202.24	\$202.24		
RevPAR ⁽⁵⁾	\$134.54	\$151.73	\$168.72	\$169.60	\$169.60		
Room Revenue	\$11,230,509	\$12,426,339	\$13,780,444	\$13,966,546	\$13,928,322	\$61,904	80.8%
Food and Beverage Revenue	2,060,039	2,335,857	2,347,068	2,684,041	2,676,695	11,896	15.5
Other Departmental Revenue	493,592	490,266	528,295	634,527	632,790	2,812	3.7
Total Revenue	\$13,784,140	\$15,252,462	\$16,655,807	\$17,285,114	\$17,237,808	\$76,612	100.0%
Room Expense	\$3,103,718	\$3,574,257	\$3,661,309	\$3,630,315	\$3,620,379	\$16,091	26.0%
Food and Beverage Expense	1,730,079	1,832,360	1,869,779	2,085,612	2,079,904	9,244	77.7
Other Departmental Expenses	216,578	40,380	52,688	137,564	137,188	610	21.7
Departmental Expenses	\$5,050,375	\$5,446,997	\$5,583,776	\$5,853,491	\$5,837,471	\$25,944	33.9%
Departmental Profit	\$8,733,765	\$9,805,465	\$11,072,031	\$11,431,623	\$11,400,337	\$50,668	66.1%
Operating Expenses	\$4,778,445	\$4,772,209	\$4,855,172	\$4,831,145	\$4,817,924	\$21,413	27.9%
Gross Operating Profit	\$3,955,321	\$5,033,257	\$6,216,859	\$6,600,478	\$6,582,414	\$29,255	38.2%
Management Fees	\$413,524	\$457,574	\$499,674	\$518,553	\$517,134	\$2,298	3.0%
Property Taxes	326,889	323,099	320,376	353,276	326,990	1,453	1.9
Property Insurance	134,527	134,082	122,613	131,478	205,734	914	1.2
Ground Lease	217,842	220,239	237,857	199,639	103,000	458	0.6
Other Expenses ⁽⁴⁾	(176,667)	(159,980)	(161,449)	(137,393)	81,928	364	0.5
FF&E	551,366	610,098	666,232	691,405	689,512	3,064	4.0
Total Other Expenses	\$1,467,481	\$1,585,112	\$1,685,303	\$1,756,958	\$1,924,299	\$8,552	11.2%
Net Operating Income	\$2,487,840	\$3,448,144	\$4,531,556	\$4,843,520	\$4,658,114	\$20,703	27.0%
Net Cash Flow⁽⁵⁾	\$2,487,840	\$3,448,144	\$4,531,556	\$4,843,520	\$4,658,114	\$20,703	27.0%

(1) TTM column represents the trailing 12-month period ending on June 30, 2016.

(2) Per Room values based on 225 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) The negative Other Expenses refers to the reallocation of antenna revenue from Other Departmental Revenue.

(5) Historical RevPAR for 2008, 2009, 2010, 2011 and 2012 was \$141.93, \$126.12, \$131.48, \$126.29 and \$129.74, respectively, and Net Cash Flow was approximately \$3.6 million, \$2.8 million, \$2.9 million, \$2.1 million and \$2.4 million, respectively.

Property Management. The property is managed by Atrium Hospitality LP, a Delaware limited partnership and an affiliate of the borrower.

Franchise Agreement. The property has a franchise agreement with Hilton Franchise Holding LLC, a Delaware limited liability company. The current franchise agreement is effective as of August 5, 2016 for a term of approximately 19 years, with an expiration date of September 30, 2035. The franchise agreement provides for a monthly program fee of 4.0% of gross room revenues for the preceding calendar month and a monthly royalty fee of 4.5% of gross room revenues for the preceding calendar month, which royalty fee is subject to 0.5% increases on December 1, 2016 and December 1, 2021.

Ground Lease. The Embassy Suites Monterey Bay Seaside property is subject to a long-term ground lease with the Redevelopment Agency of the City of Seaside, which commenced on September 8, 1989 and has a 99-year term that expires on September 8, 2088. Base rent under the ground lease is due in one annual payment on March 1 of each year, but the borrower may pay the base rent in monthly installments on the first of each month. The fixed annual ground rent is equal to \$100,000 per year for the first 28 annual payments and will increase to \$250,000 per year thereafter. The ground lease also required percentage rent in an amount equal to the base rent multiplied by the increase in the San Francisco/Oakland metropolitan consumer price index for the preceding 12 month period. The base rent, inclusive of percentage rent, as of July 2016 was \$102,600 per year.