

Hampton Inn & Suites Houston Medical Center

Mortgage Loan Information

Mortgage Loan Seller:	Barclays
Original Principal Balance:	\$18,300,000
Cut-off Date Principal Balance:	\$18,300,000
% of Pool by IPB:	2.2%
Loan Purpose:	Refinance
Borrower:	Chatham Houston HAS II LLC
Sponsor:	Chatham Lodging Trust
Interest Rate:	4.25000%
Note Date:	12/17/2014
Maturity Date:	1/6/2025
Interest-only Period:	36 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(25),Def(91),O(4)
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 – Limited Service
Net Rentable Area (Rooms):	120
Location:	Houston, TX
Year Built / Renovated:	1997 / 2012
Occupancy / ADR / RevPAR:	89.7% / \$144.43 / \$129.49
Occupancy / ADR / RevPAR Date:	9/30/2014
Number of Tenants:	N/A
2011 NOI⁽¹⁾:	\$1,217,697
2012 NOI⁽¹⁾:	\$1,355,434
2013 NOI⁽¹⁾:	\$1,934,921
TTM NOI (as of 9/2014)⁽¹⁾:	\$2,364,798
UW Occupancy / ADR / RevPAR:	87.4% / \$144.43 / \$126.23
UW Revenues:	\$5,684,086
UW Expenses:	\$3,519,990
UW NOI:	\$2,164,096
UW NCF:	\$2,164,096
Appraised Value / Per Room:	\$27,500,000 / \$229,167
Appraisal Date:	11/13/2014

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$0	\$30,692	N/A
Insurance:	\$0	Springing	N/A
FF&E Reserves:	\$0	4% of Gross Revenues	N/A
TI/LC:	\$0	\$0	N/A
Other:	\$0	\$0	N/A

Financial Information

Cut-off Date Loan / Room:	\$152,500
Maturity Date Loan / Room:	\$132,708
Cut-off Date LTV:	66.5%
Maturity Date LTV:	57.9%
UW NCF DSCR:	2.00x
UW NOI Debt Yield:	11.8%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$18,300,000	100.0%	Payoff Existing Debt	\$10,065,000	55.0%
			Return of Equity	7,674,527	41.9
			Closing Costs	560,473	3.1
Total Sources	\$18,300,000	100.0%	Total Uses	\$18,300,000	100.0%

(1) The increase in TTM NOI from 2011 NOI is primarily due to increases in occupancy ADR and RevPAR. Please see *Historical Occupancy, ADR, RevPAR* chart below for additional detail.

The Loan. The Hampton Inn & Suites Houston Medical Center loan has an outstanding principal balance of \$18.3 million and is secured by a first mortgage lien on a 120-room limited service hotel in Houston, Texas. The loan has a 10-year term and, subsequent to a 36-month interest-only period, amortizes on a 30-year schedule. The loan sponsor and nonrecourse carve-out guarantor is Chatham Lodging Trust (“Chatham”), a self-advised REIT that was organized to invest in extended stay hotels and premium-branded, select service hotels. As of January 2015, Chatham owned interests in 130 hotels totaling 17,858 rooms/suites, comprised of 34 wholly-owned hotels with an aggregate of 5,115 rooms/suites in 15 states and the District of Columbia and a minority investment in three joint ventures that own 96 hotels with an aggregate of 12,743 rooms/suites. Chatham indirectly acquired the Hampton Inn & Suites Houston Medical Center property in July 2010 for approximately \$16.5 million and invested approximately \$1.7 million into capital improvements.

Hampton Inn & Suites Houston Medical Center

The Property. The Hampton Inn & Suites Houston Medical Center is a 120-room, five-story, limited service hotel located within the Texas Medical Center—the world's largest medical complex. The property was built in 1997 and renovated in 2012 to include a new lobby and breakfast dining area and new furniture, fixtures, equipment, flooring, wallcovering and décor. The property features 378 square feet of meeting space, an outdoor pool, a fitness center, a business center, a guest laundry room and complimentary breakfast. Guestroom configurations at the property are comprised of 43 king-bed rooms, 42 double-bed rooms, 32 one-bedroom suites and three studio suites. All of the suites feature separate living room areas with a sofa bed and recliner or lounge chair. The one-bedroom suites also feature kitchenettes that include a full-size refrigerator, a stove top and a dishwasher.

The Texas Medical Center opened in 1945 and has grown to comprise 21 hospitals, 13 support organizations, eight academic and research institutions, six nursing programs, three public health organizations, three medical schools, two universities, two pharmacy schools and a dental school, with approximately 106,000 total employees. The complex is spread over 1,345 acres and has approximately 18 miles of public and private streets. The Texas Medical Center features 7,000 patient beds and facilitates approximately 7.2 million patient visits per year. The greater Texas Medical Center area continues to grow with the ongoing development of a variety of health- and research-related buildings such as the 30-story Memorial Hermann Medical Plaza at a cost of \$157.5 million, the 477,000-square-foot Rice University Collaborative Research Center, the University of Texas Health Science Center, the Texas Children's Hospital Pavilion for Women and Feigin Center for Pediatric Research expansions and the Methodist Hospital inpatient expansion. According to the appraisal, planned future projects include the \$1.0 billion Baylor Clinic and Hospital, the MD Anderson Cancer Center's \$293 million expansion and the Methodist Hospital's \$300 million patient tower and \$70 million outpatient clinic.

The Market. Hampton Inn & Suites Houston Medical Center is served by a well-developed network of local roadways, highways and interstates. US Highway 90, State Highway 288, State Highway 59 and Interstate 610 facilitate travel between the property and the principal concentrations of business activity and population in the region. Houston's William P. Hobby Airport is approximately eight miles to the southeast of the property while George Bush Intercontinental Airport is approximately 20 miles to the north. The property benefits from a variety of tourism and leisure attractions in the area. NRG Stadium (formerly Reliant Stadium), the first retractable-roof, natural grass stadium in the NFL and anticipated host of the 2017 Super Bowl, is approximately one mile south of the property and home to both the Houston Texans and the Houston Livestock Show and Rodeo. The property is approximately six miles south of Minute Maid Park and the Toyota Center, which host the Houston Astros and Houston Rockets, respectively. The 2.4 million square foot Houston Galleria, the largest shopping mall in Texas and the eighth largest mall in the United States, is located ten miles north of the property and attracts over 24 million visitors annually. The Houston Museum District, located approximately four miles north of the property, is the fourth largest museum district in the United States and features 18 world-class museums.

Historical Occupancy, ADR, RevPAR									
Year	Competitive Set ⁽¹⁾			Hampton Inn & Suites Houston Medical Center ⁽²⁾			Penetration Factor ⁽³⁾		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2011	64.1%	\$95.89	\$61.47	77.3%	\$110.83	\$85.63	120.6%	115.6%	139.3%
2012	72.6%	\$101.83	\$73.92	77.8%	\$120.77	\$85.63	107.2%	118.6%	115.8%
2013	76.1%	\$116.64	\$88.77	85.1%	\$134.63	\$114.52	111.8%	115.4%	129.0%
TTM ⁽⁴⁾	74.1%	\$126.54	\$93.74	89.7%	\$144.43	\$129.49	121.0%	114.1%	138.1%

(1) Data provided by a third party data provider. Competitive set contains the following properties: Residence Inn Houston Medical Center, Holiday Inn Houston Reliant Park Area, Springhill Suites Houston Medical Center, Comfort Suites Medical Center and Holiday Inn Express Houston Medical Center.

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

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

(4) TTM represents the trailing twelve-month period ending September 30, 2014.

Hampton Inn & Suites Houston Medical Center

Competitive Hotels Profile ⁽¹⁾									
Property	Rooms	Year Built	Year Renovated	2013 Estimated Market Mix			2013 Estimated Operating Statistics		
				Commercial	Meeting/Group	Leisure	Occupancy	ADR	RevPAR
Hampton Inn & Suites Houston Medical Center	120	1997	2012	64%	11%	25%	85%	\$134.63	\$114.52
Springhill Suites Houston Medical Center	190	2004	2012	75%	10%	15%	78%	\$112.00	\$87.36
Holiday Inn Express Houston Medical Center	79	2004	2010	70%	10%	20%	74%	\$110.00	\$81.40
Residence Inn Houston Medical Center	143	1982	2011	85%	5%	10%	82%	\$132.00	\$108.24
Courtyard by Marriott Houston Medical Center	197	2010	N/A	65%	20%	15%	76%	\$143.00	\$108.68
Total⁽²⁾	609								

(1) Based on the appraisal.

(2) Excludes the subject property.

Operating History and Underwritten Net Cash Flow							
	2011	2012	2013	TTM ⁽¹⁾	Underwritten	Per Room ⁽²⁾	% of Total Revenue ⁽³⁾
Occupancy	77.3%	77.8%	85.1%	89.7%	87.4%		
ADR	\$110.83	\$120.77	\$134.63	\$144.43	\$144.43		
RevPAR	\$85.63	\$85.63	\$114.52	\$129.49	\$126.23		
Room Revenue	\$3,750,374	\$4,128,808	\$5,016,152	\$5,671,874	\$5,528,954	\$46,075	97.3%
Telephone Revenue	3,363	1,791	63	1,404	1,404	12	0.0
Other Departmental Revenues	106,607	113,531	144,562	153,728	153,728	1,281	2.7
Total Revenue	\$3,860,344	\$4,244,130	\$5,160,777	\$5,827,006	\$5,684,086	\$47,367	100.0%
Room Expense	\$783,656	\$875,874	\$979,750	\$1,096,738	\$1,069,102	\$8,909	19.3%
Telephone Expense	33,953	47,486	50,578	55,851	55,851	465	3,978.0
Other Departmental Expenses	23,506	21,843	29,089	31,456	31,514	263	20.5
Departmental Expenses	\$841,115	\$945,203	\$1,059,417	\$1,184,045	\$1,156,468	\$9,637	20.3%
Departmental Profit	\$3,019,229	\$3,298,927	\$4,101,360	\$4,642,961	\$4,527,618	\$37,730	79.7%
Operating Expenses	\$1,065,805	\$1,092,015	\$1,195,331	\$1,228,302	\$1,198,175	\$9,985	21.1%
Gross Operating Profit	\$1,953,424	\$2,206,912	\$2,906,029	\$3,414,659	\$3,329,443	\$27,745	58.6%
Fixed Expenses	\$277,663	\$347,375	\$357,461	\$356,145	\$432,100	\$3,601	7.6%
Management Fee	115,810	127,282	154,823	174,810	227,363	1,895	4.0
Franchise Fee	187,840	207,044	252,392	285,826	278,520	2,321	4.9
FF&E	154,414	169,777	206,432	233,080	227,363	1,895	4.0
Total Other Expenses	\$735,727	\$851,478	\$971,108	\$1,049,861	\$1,165,347	\$9,711	20.5%
Net Operating Income	\$1,217,697	\$1,355,434	\$1,934,921	\$2,364,798	\$2,164,096	\$18,034	38.1%
Net Cash Flow	\$1,217,697	\$1,355,434	\$1,934,921	\$2,364,798	\$2,164,096	\$18,034	38.1%

(1) TTM column represents the trailing twelve-month period ending September 30, 2014.

(2) Per Room values based on 120 guest rooms.

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

Franchise Agreement. The Hampton Inn & Suites Houston Medical Center property has a franchise agreement with a subsidiary of Hilton Worldwide, Inc. for use of the Hampton Inn & Suites flag through July 2020 with no extension options. The franchise agreement provides for an aggregate franchise fee of 9.0% of the hotel's gross room revenues. If the franchise agreement is not extended or renewed at terms acceptable to the lender on or before the date that is 12 months prior to the expiration of the franchise agreement, then all excess cash flow after payment of debt service, required reserves and expenses will be held as additional collateral for the loan. In addition, if the franchise agreement is terminated or expires and is not replaced within 30 days of such termination or expiration whilst all or any of the loan balance is outstanding and unpaid, then the loan will become full recourse to the loan sponsor.