

Mortgage Loan No. 14 — Courtyard Cromwell

Mortgage Loan Information

Mortgage Loan Seller:	Natixis
Original Principal Balance:	\$14,000,000
Cut-off Date Principal Balance:	\$13,963,233
% of Pool by IPB:	2.3%
Loan Purpose:	Refinance
Borrowers:	IRNM Hotel Cromwell, LLC; IRNM Fee Cromwell, LLC
Sponsors:	Slavik Suites, Inc.; IRNM Hotel Investors, L.L.C.
Interest Rate:	4.2800%
Note Date:	9/26/2016
Maturity Date:	10/5/2026
Interest-only Period:	0 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	Balloon
Call Protection:	L(26), Def(90), O(4)
Lockbox:	Springing
Additional Debt:	No
Additional Debt Balance:	N/A
Additional Debt Type:	N/A
Additional Future Debt Permitted:	No

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$100,422	\$25,105	N/A
Insurance:	\$37,469	\$3,406	N/A
PIP Reserve:	\$3,411,403 ⁽³⁾	N/A	N/A
FF&E Reserve:	\$0	4% of gross monthly revenue	N/A
Seasonality Reserve:	\$90,000	Springing ⁽⁴⁾	N/A
Engineering Reserve:	\$18,750	N/A	N/A

Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan	\$14,000,000	100.0%
Total Sources	\$14,000,000	100.0%

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type – Subtype:	Hotel – Select Service
Net Rentable Area (Rooms):	145
Location:	Cromwell, CT
Year Built / Renovated:	1986 / 2003
Occupancy / ADR / RevPAR⁽¹⁾:	69.5% / \$121.30 / \$84.33
Occupancy / ADR / RevPAR Date⁽¹⁾:	8/31/2016
Number of Tenants:	N/A
2013 NOI:	\$1,574,134
2014 NOI:	\$1,497,074
2015 NOI:	\$1,763,817
TTM NOI⁽¹⁾:	\$1,771,276
UW Occupancy / ADR / RevPAR:	69.5% / \$121.30 / \$84.33
UW Revenues:	\$5,960,437
UW Expenses:	\$4,204,605
UW NOI:	\$1,755,833
UW NCF:	\$1,517,416
Appraised Value / Per Room⁽²⁾:	\$19,100,000 / \$131,724
Appraisal Date:	8/11/2016

Financial Information

Cut-off Date Loan / Room:	\$96,298
Maturity Date Loan / Room:	\$77,459
Cut-off Date LTV⁽²⁾:	73.1%
Maturity Date LTV⁽²⁾:	58.8%
UW NCF DSCR:	1.83x
UW NOI Debt Yield:	12.6%

Uses	Proceeds	% of Total
Payoff Existing Debt	\$8,348,364	59.6%
Upfront Reserves	3,658,044	26.1
Return of Equity	1,853,490	13.2
Closing Costs	140,103	1.0
Total Uses	\$14,000,000	100.0%

(1) Represents the trailing twelve-month period ending August 31, 2016.

(2) The appraiser also concluded an "as-stabilized" appraised value of \$22,700,000 (\$156,552 per room), as of September 1, 2018 after the completion of the PIP, which would indicate a Cut-off Date LTV and Maturity Date LTV of 61.5% and 49.5%, respectively.

(3) The borrower's franchise agreement with Marriott International, Inc. is subject to a PIP for which the borrower has budgeted \$4.5 million. Please refer to "The Property" section below for additional details.

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- (4) On each payment date occurring in June and July, the borrower is required to deposit \$50,000 and \$40,000, respectively, into a seasonality reserve account. However, so long as the borrower maintains a debt service coverage ratio of at least 1.10x for each month for 24 consecutive months, the monthly deposit into the seasonality reserve account is not required. Such deposit will re-commence in the event the borrower maintains a debt service coverage ratio of at least 0.90x or lower for three consecutive months.

The Loan. The Courtyard Cromwell loan is a \$14.0 million first mortgage loan secured by the fee interest in a 145-room select service hotel property and the fee interest in the adjacent Chili's Grill & Bar, located in Cromwell, Connecticut. The loan has a 10-year term and will amortize on a 30-year schedule.

The Borrowers. The borrowing entities for the loan are IRNM Hotel Cromwell, LLC and IRNM Fee Cromwell, LLC, both Delaware limited liability companies and special purpose entities.

The Sponsors. The loan's sponsors and non-recourse carveout guarantors are Slavik Suites, Inc. and IRNM Hotel Investors, L.L.C., both affiliates of Waterford Hotel Group ("Waterford"). For more than 25 years, Waterford has established itself in the hospitality industry through steady growth and adherence to industry fundamentals. Waterford is involved in developing and operating hotel, gaming and venue properties totaling more than \$3.0 billion. Waterford has developed and acquired many hospitality projects, some of which were ground-up development projects that included land acquisition, entitlement securing, architectural and interior design, construction and operations. In addition many franchise companies, including Marriott, Hilton, Starwood, Choice, and IHG have employed Waterford as an approved operator

Affiliates of the sponsor have been involved in two foreclosures and one deed in lieu of foreclosure. Please see "*Description of the Mortgage Pool—Mortgage Pool Characteristics—Litigation and Other Considerations*" in the Prospectus.

The Property. The Courtyard Cromwell property is a three-story, 145-room select service hotel property located on 5.65 acres in Cromwell, Connecticut. The property was built in 1986 as a Quality Inn and was converted to a Courtyard by Marriott in September 2003. Since 2009, the sponsors have spent approximately \$3.7 million (\$25,597 per room) on capital improvements. On October 11, 2016, the sponsors entered into a new 20-year franchise agreement with Marriott International, Inc. that expires in 2036. The new agreement is subject to a PIP to be completed in phases from 2018 to 2021. The sponsors have budgeted approximately \$4.5 million (\$30,878 per room) to complete the franchisor-mandated PIP, allocating \$1.0 million to upgrade the exterior to comply with a new Courtyard by Marriott exterior refresh program, to be completed in 2018, and approximately \$2.7 million (\$18,425 per room) to renovate the guestrooms, guestroom baths and corridors, to be completed in 2021. The guestroom renovation will include replacement of case and soft goods to comply with the then-current Courtyard by Marriott guestroom package. At closing, the borrower deposited \$3,411,403 in a PIP reserve and expects to accumulate approximately \$1.0 million in the FF&E reserve by January 2021.

The property's guestroom mix includes 73 king guestrooms, 70 double-queen guestrooms and two suites. Amenities at the property include 7,378 SF of meeting space consisting of a 3,364 SF ballroom and seven additional meeting rooms, the Bistro (a fast casual restaurant), an indoor pool, a fitness room with locker rooms and saunas, a business center area, a market pantry and an outdoor courtyard patio with fire pits. The property provides surface level parking and has a total of 252 surface parking spaces (1.74 parking spaces per room).

One of the borrowing entities also owns the fee interest in the adjacent Chili's Grill & Bar located on 1.3 acres in the parking lot of the hotel. The Chili's Grill & Bar lease was originally signed in 2006 and was extended to February 28, 2022, with three optional five-year extensions remaining. The annual ground rent is the sum of (a) base rent of \$121,000, (b) the excess of 3% of the restaurant's gross receipts over \$4.033 million, and (c) the restaurant's proportionate share of real estate taxes. Actual ground rent was \$172,817 in 2015 including the real estate taxes.

The Market. The property is located in Cromwell, Connecticut, 15 miles south of downtown Hartford and approximately 30 miles south of Bradley International Airport. The property is part of the larger Hartford metropolitan statistical area ("MSA"), which has a population of approximately 1.2 million as of 2015. The appraiser estimates that the property's demand segmentation is 55.0%, 25.0% and 20.0% across commercial, group meeting and leisure, respectively. Corporate demand generators include United Technologies, Aetna, Henkel, Hartford Healthcare, EverSource, and United Healthcare as well as consultants from tax and accounting firms servicing these accounts. Group meeting demand is generated by the same firms

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and supplemented by weekend demand from SMERFE (social, military, ethnic, religious, fraternal, and educational) groups and nearby universities including Wesleyan University, Central Connecticut State University and the University of Connecticut. Leisure demand is largely transient demand seeking lower-priced accommodations with free parking within a short drive of downtown Hartford or nearby universities.

According to the appraisal, the submarket was comprised of 1,172 rooms including the subject property in 2015, located across four communities, Cromwell (Courtyard, Radisson), Rocky Hill (Sheraton, Hampton Inn), Newington (Holiday Inn Express Newington) and Meriden (Four Points, Hampton Inn, Holiday Inn Express), located along a 15-mile corridor of Interstate 91. All of the competitive hotels are limited-service, select-service, or full-service hotels affiliated with national brands. The hotels range from 91 to 251 rooms in size and from 4 to 32 years in age.

Historical Occupancy, ADR, RevPAR⁽¹⁾

Year	Competitive Set ⁽²⁾			Courtyard Cromwell			Penetration Factor		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2014	53.8%	\$117.25	\$63.07	68.5%	\$112.26	\$76.94	127.4%	95.7%	122.0%
2015	57.0%	\$118.03	\$67.22	71.5%	\$117.28	\$83.89	125.6%	99.4%	124.8%
2016 ⁽³⁾	57.7%	\$119.16	\$68.80	67.8%	\$123.73	\$83.89	117.4%	103.8%	121.9%

(1) Source: Third party data provider.

(2) Historical property financial statements are from a third party data provider for each respective year. The competitive set contains the following properties: Courtyard Hartford Cromwell, Radisson Hotel Cromwell, Quality Inn Cromwell, Four Points by Sheraton Meriden, Sheraton Hartford South Hotel, Hilton Garden Inn Hartford South Glastonbury and Inn at Middletown.

(3) Represents the trailing year-to-date period ending October 31, 2016.

Operating History and Underwritten Net Cash Flow

	2013	2014	2015	TTM ⁽¹⁾	Underwritten	Per Room ⁽²⁾	% ⁽³⁾
Occupancy	70.8%	69.3%	72.3%	69.5%	69.5%		
ADR	\$110.80	\$111.15	\$115.79	\$121.30	\$121.30		
RevPAR	\$77.96	\$77.05	\$83.71	\$84.33	\$84.33		
Room Revenue	\$4,125,785	\$4,078,053	\$4,430,331	\$4,475,131	\$4,462,904	\$ 30,779	74.9%
Food and Beverage	1,160,763	1,042,245	1,262,792	1,261,756	1,258,309	8,678	21.1%
Other Department Revenues	231,599	230,835	243,359	239,880	239,224	1,650	4.0%
Total Revenue	\$5,518,147	\$5,351,133	\$5,936,482	\$5,976,767	\$5,960,437	\$41,106	100.0%
Room Expense	922,011	946,605	977,704	971,286	969,263	6,685	21.7%
Food and Beverage Expense	739,978	688,385	749,699	784,291	782,148	5,394	62.2%
Other Departmental Expenses	63,918	75,103	74,546	69,949	69,758	481	29.2%
Departmental Expenses	\$1,725,907	\$1,710,093	\$1,801,949	\$1,825,526	\$1,821,169	\$12,560	30.6%
Departmental Profit	\$3,792,240	\$3,641,040	\$4,134,533	\$4,151,241	\$4,139,268	\$28,547	69.4%
Operating Expenses	\$1,926,174	\$1,843,927	\$2,059,289	\$2,058,484	\$2,052,017	\$14,152	34.4%
Gross Operating Profit	\$1,866,066	\$1,797,113	\$2,075,244	\$2,092,757	\$2,087,252	\$14,395	35.0%
Fixed Expenses	291,932	300,039	311,427	321,481	331,419	2,286	5.6%
Net Operating Income	\$1,574,134	\$1,497,074	\$1,763,817	\$1,771,276	\$1,755,833	\$12,109	29.5%
FF&E ⁽⁴⁾	0	0	0	0	238,417	1,644	4.0%
Net Cash Flow	\$1,574,134	\$1,497,074	\$1,763,817	\$1,771,276	\$1,517,416	\$10,465	25.5%

(1) Represents the trailing twelve-month period ending as of August 31, 2016.

(2) Per Room values based on 145 rooms.

(3) % column represents percent of Total Revenue except for Room Expense, Food and Beverage Expense and Other Departmental Expenses, which are based on their corresponding revenue line item.

(4) FF&E is underwritten at 4.0% of Total Revenue.