

Mortgage Loan No. 13 — Albuquerque Hotel Portfolio

Mortgage Loan Information

Mortgage Loan Seller:	RREF
Original Principal Balance:	\$19,250,000
Cut-off Date Principal Balance:	\$19,250,000
% of Pool by IPB:	2.5%
Loan Purpose:	Acquisition
Borrowers:	Waramaug Albuquerque G LLC; Waramaug Albuquerque W LLC
Sponsors:	Paul A. Nussbaum; Leslie Ng
Interest Rate:	5.1500%
Note Date:	8/21/2018
Maturity Date:	9/6/2028
Interest-only Period:	12 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection ⁽¹⁾ :	L(26), Def (90), O(4)
Lockbox:	Hard
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:	\$46,076	\$11,519	N/A
Insurance:	\$0	Springing	N/A
Replacement Reserves ⁽⁴⁾ :	\$0	Springing	N/A
Seasonality Reserve ⁽⁵⁾ :	\$60,000	Springing	\$80,000
PIP Reserve ⁽³⁾ :	\$3,696,859	\$0	N/A
First Payment Reserve:	\$104,134	\$0	N/A

Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan:	\$19,250,000	68.8%
Sponsor Equity:	8,717,824	31.2
Total Sources:	\$27,967,824	100.0%

Property Information

Single Asset / Portfolio:	Portfolio of 2 assets
Title:	Fee
Property Type - Subtype:	Hotel – Various
Net Rentable Area (Rooms):	200
Location:	Albuquerque, NM
Year Built / Renovated:	Various / Various
Occupancy / ADR / RevPAR:	82.2% / \$106.44 / \$87.46
Occupancy / ADR / RevPAR Date:	6/30/2018
Number of Tenants:	NAP
2015 NOI:	\$2,574,949
2016 NOI:	\$2,261,845
2017 NOI:	\$2,284,919
TTM NOI ⁽²⁾ :	\$2,414,457
UW Occupancy / ADR / RevPAR:	82.2% / \$106.44 / \$87.46
UW Revenues:	\$7,032,215
UW Expenses:	\$4,600,788
UW NOI:	\$2,431,427
UW NCF:	\$2,150,138
Appraised Value / Per Room ⁽³⁾ :	\$24,000,000 / \$120,000
Appraisal Date:	6/27/2018

Financial Information

Cut-off Date Loan / Room:	\$96,250
Maturity Date Loan / Room:	\$81,619
Cut-off Date LTV ⁽³⁾ :	80.2%
Maturity Date LTV ⁽³⁾ :	68.0%
UW NOI / UW NCF Amortizing DSCR:	1.93x / 1.70x
UW NOI / UW NCF IO DSCR:	2.42x / 2.14x
UW NOI / UW NCF Debt Yield:	12.6% / 11.2%

- (1) The borrower is permitted to release an individual property two years following securitization if, among other things, (i) it defeases an amount equal to the greater of the (1) net sales proceeds of the individual property and (2) 125% of the allocated loan amount, (ii) the DSCR for the remaining property is no less than the greater of (1) 1.67x and (2) the DSCR immediately prior to the release and (iii) the LTV for the remaining property is no greater than the lesser of (1) 67.5% and (2) the LTV immediately prior to the release.
- (2) Represents the trailing twelve month period ending June 30, 2018.
- (3) The appraiser concluded an "as-complete" value of \$28.5 million as of July 1, 2019 resulting in a Value Per Room of \$142,500 and a Cut-off Date LTV and Maturity Date LTV of 67.5% and 57.3%, respectively. At origination approximately \$3.7 million was reserved for the full balance of the cost of the property

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improvement plans, which are required to be completed by October 21, 2019. See “Description of the Mortgage Pool—Mortgage Pool Characteristics—Redevelopment, Renovation and Expansion” in the Prospectus.

- (4) Replacement reserves will begin collection at 4% of total revenue in October 2020.
 (5) Seasonality reserves will only be collected between the months of April and November.

The Loan. The Albuquerque Hotel Portfolio loan is a \$19.25 million first mortgage loan secured by the fee interest in one select service and one extended stay hotel, comprising a total of 200-rooms, located in Albuquerque, New Mexico. The loan has a 10-year term and will amortize on a 30-year schedule following a 12-month interest only period.

The Borrowers. The borrowing entities for the loan are Waramaug Albuquerque G LLC and Waramaug Albuquerque W LLC, each a bankruptcy remote, Delaware limited liability company and special purpose entity.

The Sponsors. The loan’s sponsors and guarantors are Leslie Ng and Paul A. Nussbaum of Waramaug Hospitality. Waramaug Hospitality is a hotel focused real estate company with a current hotel portfolio of over 30 properties, the majority of which are limited/select-service properties.

The Properties. The following table represents each property comprising the Albuquerque Hotel Portfolio.

Property	Property Sub-Type	Year Built	Rooms	Occupancy ⁽¹⁾	UW NOI	% of UW NOI	Allocated Loan Amount
Hilton Garden Inn Albuquerque Airport	Select Service	2002	107	79.8%	\$1,335,263	54.9%	\$10,469,000
Homewood Suites Albuquerque Airport	Extended Stay	2006	93	84.9%	1,095,125	45.1	8,781,000
Total/Wtd. Avg.:			200	82.2%	\$2,430,388	100.0%	\$19,250,000

- (1) Based on trailing twelve months ending June 30, 2018.

Hilton Garden Inn Albuquerque Airport

The 107-key Hilton Garden Inn opened in 2002 and is located in Albuquerque, New Mexico. Amenities at the property include daily complimentary breakfast and coffee, fitness center, indoor heated pool and hot tub, bar and lounge, meeting and banquet space, complimentary airport shuttle, and business center. Guestrooms offer complimentary Wi-Fi, two phones (each with two lines), data port/voicemail, refrigerator, microwave, coffeemaker and iron/ironing board. The property previously had an approximately \$9.8 million loan securitized in MLMT 2007-C1 (crossed with a \$9.0 million loan on the Homewood Suites) that performed as expected with no issues.

Homewood Suites Albuquerque Airport

The 93-key Homewood Suites opened in 2006 and is located in Albuquerque, NM. Amenities at the property include daily complimentary hot breakfast and evening reception buffet, fitness center, outdoor pool and hot tub, meeting rooms, basketball court, BBQ grills, complimentary airport shuttle, and business center. All guest suites offer complimentary Wi-Fi and full kitchens, which include an apartment-sized refrigerator, electric range, dishwasher, sink with disposal, wood cabinets, microwave and coffee maker. The property previously had a \$9.0 million loan securitized in MLMT 2007-C1 (crossed with an approximately \$9.8 million loan on the Hilton Garden Inn) that performed as expected with no issues.

The sponsors will invest approximately \$3.7 million (\$18,484 per room) into the portfolio as part of planned PIPs. Each property will receive upgrades to their respective common areas, front desk, lobby, exterior, meeting rooms, food and beverage areas, recreational areas and guest rooms. All PIP work must be completed by October 21, 2019 and the sponsors will provide a completion guaranty.

Each property operates as a Hilton brand hotel under a franchise agreement with the related borrower that expires on August 31, 2033. As of year-end 2017 Hilton brands comprised 5,284 properties worldwide in 105 countries and territories. The portfolio will be managed by non-sponsor affiliate, Terrapin Management Corporation.

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Historical Occupancy, ADR, RevPAR

Hilton Garden Inn Albuquerque Airport

Year	Competitive Set ⁽¹⁾			Hilton Garden Inn Albuquerque Airport ⁽²⁾			Penetration Factor		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2015	75.4%	\$88.97	\$67.06	79.1%	\$109.03	\$86.26	105.0%	122.5%	128.6%
2016	75.5%	\$91.00	\$68.74	78.3%	\$108.80	\$85.15	103.6%	119.6%	123.9%
2017	78.0%	\$92.50	\$72.13	79.0%	\$107.61	\$84.99	101.3%	116.3%	117.8%
TTM ⁽⁴⁾	78.3%	\$93.97	\$73.54	79.8%	\$108.73	\$86.73	101.9%	115.7%	117.9%

Homewood Suites Albuquerque Airport

Year	Competitive Set ⁽²⁾			Homewood Suites Albuquerque Airport ⁽³⁾			Penetration Factor		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2015	77.4%	\$87.41	\$67.68	81.7%	\$102.94	\$84.10	105.5%	117.8%	124.3%
2016	73.1%	\$90.06	\$65.86	81.9%	\$100.93	\$82.63	112.0%	112.1%	125.5%
2017	78.3%	\$92.94	\$72.81	84.0%	\$102.14	\$85.82	107.3%	109.9%	117.9%
TTM ⁽⁴⁾	78.7%	\$93.06	\$73.27	84.9%	\$103.96	\$88.30	107.9%	111.7%	120.5%

- (1) Source: Third Party Data Provider. The competitive set consists of the following hotels: Courtyard Albuquerque Airport, Hyatt Place Albuquerque Airport, Holiday Inn & Suites Albuquerque Airport University Area, Holiday Inn Express & Suites Albuquerque Airport, and Hampton Inn & Suites Albuquerque Airport.
- (2) Source: Third Party Data Provider. The competitive set consists of the following hotels: Hyatt Place Albuquerque Airport, TownePlace Suites Albuquerque Airport, Residence Inn Albuquerque Airport, and Staybridge Suites Albuquerque Airport.
- (3) Source: Borrower provided financials.
- (4) Represents the trailing twelve-month period ending June 30, 2018.

The Market. The properties are located adjacent to Albuquerque International Sunport ("ABQ"), which serviced approximately 5 million passengers in 2017. ABQ is served by eight major commercial carriers: Alaska, Allegiant, American, Delta, Frontier, JetBlue, Southwest and United and also receives regular service from commuter airline Boutique Air. Air Cargo service is provided by FedEx and UPS. Through April 2018, year-to-date airport traffic was up 13.2% year-over-year.

The hotels are both located less than 3 miles from the University of New Mexico, which has a total enrollment of over 23,000, and Kirtland Air Force Base, which spans over 50,000 acres and employs approximately 10,000 people full-time. Both Hotels are easily accessible from Interstate 25 via the Sunport Boulevard exit. The Properties are strategically located next to the entrance to the airport, providing great access and visibility.

With approximately 900,000 residents, the Albuquerque area is home to headquarters and regional offices of various national and international companies such as Fidelity Investments, Facebook, T-Mobile, Kirtland Air Force Base, Presbyterian Healthcare, Lovelace Health Systems and University of New Mexico Hospital. Albuquerque is a registered U.S. Port of Entry with its own customs facility, enabling freight cargo to be shipped directly and duty paid locally. In addition, Albuquerque has a designated Foreign Trade Zone, allowing goods to be stored or manufactured in the zone by foreign or domestic business without the imposition of U.S. customs duties.

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Competitive Hotels Profile⁽¹⁾

Hilton Garden Inn Albuquerque Airport

Property	Rooms	Year Built	Meeting Space (SF)	Estimated Market Mix			2017 Estimated Operating Statistics		
				Commercial	Meeting & Group	Leisure	Occupancy	ADR	RevPAR
Hilton Garden Inn Albuquerque Airport	107	2002	1,488	65%	10%	25%	79.0%⁽²⁾	\$107.61⁽²⁾	\$84.99⁽²⁾
Courtyard Albuquerque Airport	150	1989	2,500	65%	10%	25%	75% - 80%	\$105 - \$110	\$80 - \$85
Hyatt Place Albuquerque Airport	127	1998	960	60%	15%	25%	75% - 80%	\$95 - \$100	\$70 - \$75
Holiday Inn & Suites Albuquerque Airport University Area	121	2005	3,000	50%	20%	30%	75% - 80%	\$85 - \$90	\$60 - \$65
Holiday Inn Express & Suites Albuquerque Airport	100	2009	1,500	50%	20%	30%	80% - 85%	\$80 - \$85	\$60 - \$65
Hampton Inn & Suites Albuquerque Airport	91	2016	912	60%	15%	25%	85% - 90%	\$90 - \$95	\$75 - \$80
Total⁽³⁾	589								

Homewood Suites Albuquerque Airport

Property	Rooms	Year Built	Meeting Space (SF)	Estimated Market Mix			2017 Estimated Operating Statistics		
				Commercial	Meeting & Group	Leisure	Occupancy	ADR	RevPAR
Homewood Suites Albuquerque Airport	93	2006	2,025	65%	10%	25%	84.0%⁽²⁾	\$102.14⁽²⁾	\$85.82⁽²⁾
Hyatt Place Albuquerque Airport	127	1998	960	60%	15%	25%	75% - 80%	\$95 - \$100	\$70 - \$75
TownePlace Suites Albuquerque Airport	107	2003	N/A	65%	10%	25%	75% - 80%	\$85 - \$90	\$60 - \$65
Residence Inn Albuquerque Airport	110	2008	619	65%	10%	25%	85% - 90%	\$105 - \$110	\$85 - \$90
Staybridge Suites Albuquerque Airport	100	2008	500	65%	10%	25%	75% - 80%	\$80 - \$85	\$60 - \$65
Total⁽³⁾	444								

(1) Source: Appraisal.

(2) Source: Borrower provided financials.

(3) Excludes the subject property.

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Portfolio Operating History and Underwritten Net Cash Flow

	2015	2016	2017	TTM ⁽¹⁾	Underwritten	Per Room	% ⁽²⁾
Occupancy	80.3%	79.9%	81.3%	82.2%	82.2%		
ADR	\$106.15	\$105.05	\$104.98	\$106.44	\$106.44		
RevPAR	\$85.26	\$83.98	\$85.38	\$87.46	\$87.46		
Room Revenue	\$6,223,791	\$6,130,558	\$6,232,450	\$6,384,588	\$6,384,588	\$31,923	90.79%
Food and Beverage	475,926	464,516	492,260	516,591	516,591	\$2,583	7.35%
Other Departmental Revenues	303,214	126,225	122,905	131,036	131,036	\$655	1.86%
Total Revenue	\$7,002,931	\$6,721,299	\$6,847,615	\$7,032,215	\$7,032,215	\$35,161	100%
Room Expense	1,709,503	1,725,169	1,784,845	1,805,648	1,805,648	\$9,028	28.3%
Food and Beverage Expense	325,068	311,406	331,517	336,247	336,247	\$1,681	65.1%
Other Departmental Expenses	38,969	36,380	32,211	27,055	27,055	\$135	20.6%
Departmental Expenses	\$2,073,540	\$2,072,955	\$2,148,573	\$2,168,950	\$2,168,950	\$10,845	30.8%
Departmental Profit	\$4,929,391	\$4,648,344	\$4,699,042	\$4,863,265	\$4,863,265	\$24,316	69.2%
Operating Expenses	\$2,172,874	\$2,152,170	\$2,204,382	\$2,248,889	\$2,232,958	\$11,165	31.8%
Gross Operating Profit	\$2,756,517	\$2,496,174	\$2,494,660	\$2,614,376	\$2,630,307	\$13,152	37.4%
Fixed Expenses	181,568	234,329	209,741	199,919	198,880	\$994	2.8%
Net Operating Income	\$2,574,949	\$2,261,845	\$2,284,919	\$2,414,457	\$2,431,427	\$12,157	34.6%
FF&E	280,117	268,852	273,905	281,289	281,289	\$1,406	4.0%
Net Cash Flow	\$2,294,832	\$1,992,993	\$2,011,014	\$2,133,168	\$2,150,138	\$10,751	30.6%

(1) TTM represents the trailing twelve-month period ending June 30, 2018.

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