

Marriott - Chattanooga

Mortgage Loan Information

Mortgage Loan Seller:	JPMCB
Original Principal Balance:	\$24,100,000
Cut-off Date Principal Balance:	\$24,100,000
% of Pool by IPB:	2.1%
Loan Purpose:	Refinance
Borrower:	Shaner Trade Center Hotel Associates Limited Partnership
Sponsor:	Lance T. Shaner
Interest Rate:	4.52700%
Note Date:	10/31/2014
Maturity Date:	11/1/2024
Interest-only Period:	24 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(29),Def(87),O(4)
Lockbox:	Hard
Additional Debt:	Yes
Additional Debt Balance:	\$3,900,000
Additional Debt Type:	Mezzanine Loan

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Leasehold
Property Type - Subtype:	Hotel - Full Service
Net Rentable Area (Rooms):	342
Location:	Chattanooga, TN
Year Built / Renovated:	1985 / 2009
Occupancy / ADR / RevPAR:	72.2% / \$109.91 / \$79.31
Occupancy / ADR / RevPAR Date:	12/31/2014
Number of Tenants:	N/A
2012 NOI:	\$1,553,014
2013 NOI:	\$2,097,471
2014 NOI:	\$2,561,926
UW Occupancy / ADR / RevPAR:	72.5% / \$111.62 / \$80.96
UW Revenues:	\$12,972,575
UW Expenses:	\$10,327,751
UW NOI:	\$2,644,823
UW NCF:	\$2,644,823
Appraised Value / Per Room:	\$35,000,000 / \$102,339
Appraisal Date:	9/1/2014

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$320,306	\$32,031	N/A
Insurance:	\$65,315	\$10,886	N/A
FF&E Reserves:	\$0	4% of Gross Revenues	N/A
TI/LC:	\$0	\$0	N/A
Other⁽¹⁾:	\$163,490	\$40,388	N/A

Financial Information

Cut-off Date Loan / Room:	\$70,468
Maturity Date Loan / Room:	\$60,223
Cut-off Date LTV:	68.9%
Maturity Date LTV:	58.8%
UW NCF DSCR:	1.80x
UW NOI Debt Yield:	11.0%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$24,100,000	86.1%	Payoff Existing Debt	\$16,255,665	58.1%
Mezzanine Loan	3,900,000	13.9	Return of Equity	10,923,762	39.0
			Upfront Reserves	549,111	2.0
			Closing Costs	271,462	1.0
Total Sources	\$28,000,000	100.0%	Total Uses	\$28,000,000	100.0%

(1) The Initial Other Escrows and Reserves represent a ground rent reserve. The property is subject to a ground lease which commenced in 1982 and will expire on July 14, 2025, with two additional 15-year extensions remaining. The current annual ground rent payment is \$454,434. For additional details please refer to "Risk Factors—Mortgage Loans Secured by Leasehold Interests May Expose Investors to Greater Risks of Default and Loss" in the Prospectus Supplement.

The Loan. The Marriott - Chattanooga loan has an outstanding principal balance of \$24.1 million and is secured by a first mortgage lien on the leasehold interest in a 342-room full service hotel located in Chattanooga, Tennessee. The loan has a 10-year term, and subsequent to a two-year interest-only period, will amortize on a 30-year schedule. The borrowing entity for the loan is Shaner Trade Center Hotel Associates Limited Partnership, a Delaware limited partnership and a special purpose entity. The loan sponsor and nonrecourse carve-out guarantor is Lance T. Shaner, chairman and CEO of Shaner Hotel Group ("Shaner"). Shaner, a leading owner-operator in the hospitality industry, owns or manages 40 hotel properties in 17 states and two countries with gross revenues in excess of \$150.0 million. Shaner's hotels comprise 16 different brands, and Shaner employs approximately 2,700 people. The property is managed by Shaner Hotel Holdings Limited Partnership, an affiliate of the loan sponsor.

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The Property. The Marriott - Chattanooga is a 342-room, 15-story, full service hotel located in Chattanooga, Tennessee. The property was built in 1985 and renovated in 2009. It features several food and beverage options, an indoor pool, an outdoor pool and approximately 10,212 square feet of dedicated meeting space. Food and beverage options at the property consist of Terrace Grill, Kicks' Sports Lounge and the Lookout Café. The Terrace Grill serves three meals a day and provides room services; Kicks' Sports Lounge is a sports bar that opens nightly and serves dinner; Lookout Café is a small outlet that serves Starbucks coffee. From 2008 to 2013 there had been approximately \$7.5 million (approximately \$21,962 per room) spent on capital expenditures. The property is also undergoing an approximately \$1.5 million elevator modernization program that is expected to be completed in May 2015. The property has a franchise agreement with Marriott International, Inc., which is set to expire on April 1, 2018 with no extension options. The loan is structured with a cash flow sweep that would begin 18 months in advance of the franchise expiration. The agreement provides for a contractual monthly program fee equal to 6.0% of gross room revenue and 3.0% of gross food and beverage sales.

The property is located in Chattanooga, within Hamilton County, Tennessee in the heart of Chattanooga's downtown area. The property is located just off of Route 27 and within close proximity to Interstate 75, Interstate 24 and Interstate 59 and is approximately 8.8 miles west of the Chattanooga Metropolitan Airport. Interstate 75 provides access from Atlanta to the southeast and Knoxville to the northeast; Interstate 24 provides access from Nashville to the northwest and Interstate 59 provides access from Birmingham to the southwest. Adjacent to the property is the Chattanooga Convention Center, which offers 185,000 square feet of flexible exhibit and meeting space. Near the property is also the headquarters of BlueCross BlueShield of Tennessee, which employs approximately 4,200 people. Located within a mile from the property are the Tennessee Aquarium and the University of Tennessee at Chattanooga, which has a student population of approximately 12,800 students.

The appraisal identified two new hotel developments planned for the Chattanooga market. There is a 140-room full service Holiday Inn that is expected to open in June 2015 and a 90-room independent hotel that is still in the early planning stages and that will be located in the downtown Arts District.

Historical Occupancy, ADR, RevPAR									
Year	Competitive Set ⁽¹⁾			Marriott - Chattanooga ⁽²⁾			Penetration Factor ⁽³⁾		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2011	72.3%	\$112.40	\$81.31	64.8%	\$106.64	\$69.12	89.6%	94.9%	85.0%
2012	70.2%	\$116.10	\$81.54	63.5%	\$108.86	\$69.12	90.5%	93.8%	84.8%
2013	67.8%	\$115.04	\$78.03	74.3%	\$104.47	\$77.64	109.6%	90.8%	99.5%
2014	71.7%	\$110.29	\$79.08	72.2%	\$109.91	\$79.31	100.7%	99.7%	100.3%

(1) Data provided by a third party provider. The competitive set contains the following properties: Doubletree Hotel Chattanooga, The Sheraton Read House Hotel, Courtyard Chattanooga Downtown, The Chattanooga and Staybridge Suites Chattanooga Downtown Convention Center.

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

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

Competitive Hotels Profile ⁽¹⁾									
Property	Rooms	Year Built	Meeting Space (SF)	2013 Market Mix		2013 Estimated Operating Statistics			
				Commercial	Meeting & Group	Leisure	Occupancy	ADR	RevPAR
Marriott - Chattanooga	342	1985	10,212	40%	40%	20%	74%	\$104.47	\$77.64
Staybridge Suites Chattanooga Dwtn Conv Cntr	124	2003	240	50%	15%	35%	78%	\$112.00	\$87.36
The Chattanooga	199	2001	25,000	20%	40%	40%	71%	\$140.00	\$99.40
Doubletree Hotel Chattanooga	186	1972	11,000	55%	20%	25%	67%	\$110.00	\$73.70
Hampton Inn & Suites Chattanooga	134	2011	400	55%	15%	30%	75%	\$125.00	\$93.75
Hilton Garden Inn Chattanooga	94	2001	1,274	60%	25%	15%	72%	\$120.00	\$86.40
Courtyard Chattanooga Downtown	128	2001	728	60%	20%	20%	71%	\$125.00	\$88.75
The Sheraton Read House Hotel	241	1926	15,713	55%	25%	20%	58%	\$100.00	\$58.00
Total⁽²⁾	1,106								

(1) Based on the appraisal.

(2) Excludes the subject property.

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Operating History and Underwritten Net Cash Flow ⁽¹⁾						
	2012	2013	2014	Underwritten	Per Room ⁽²⁾	% of Total Revenue ⁽³⁾
Occupancy	63.5%	74.3%	72.2%	72.5%		
ADR	\$108.86	\$104.47	\$109.91	\$111.62		
RevPAR	\$69.12	\$77.64	\$79.31	\$80.96		
Room Revenue	\$8,652,410	\$9,691,542	\$9,900,337	\$10,106,389	\$29,551	77.9%
Food and Beverage	1,878,537	2,023,096	2,032,737	2,032,737	5,944	15.7
Other Department Revenues	671,718	844,456	833,448	833,448	2,437	6.4
Total Revenue	\$11,202,665	\$12,559,094	\$12,766,522	\$12,972,575	\$37,932	100.0%
Room Expense	\$2,431,812	\$2,760,084	\$2,717,843	\$2,774,408	\$8,112	27.5%
Food and Beverage Expense	1,448,135	1,578,171	1,428,367	1,428,367	4,177	70.3
Other Departmental Expenses	374,388	377,954	376,792	376,792	1,102	45.2
Departmental Expenses	\$4,254,335	\$4,716,209	\$4,523,002	\$4,579,568	\$13,391	35.3%
Departmental Profit	\$6,948,330	\$7,842,885	\$8,243,520	\$8,393,007	\$24,541	64.7%
Operating Expenses	\$3,596,156	\$3,756,626	\$3,612,378	\$3,612,378	\$10,563	27.8%
Gross Operating Profit	\$3,352,174	\$4,086,259	\$4,631,142	\$4,780,629	\$13,978	36.9%
Management Fee	\$336,080	\$376,773	\$382,996	\$389,177	\$1,138	3.0%
Fixed Expenses	902,947	984,061	1,047,894	1,098,000	3,211	8.5
FF&E	560,133	627,955	638,326	648,629	1,897	5.0
Total Other Expenses	\$1,799,160	\$1,988,788	\$2,069,216	\$2,135,806	\$6,245	16.5%
Net Operating Income	\$1,553,014	\$2,097,471	\$2,561,926	\$2,644,823	\$7,733	20.4%
Net Cash Flow	\$1,553,014	\$2,097,471	\$2,561,926	\$2,644,823	\$7,733	20.4%

(1) The information provided in the table reflects the cash flow from operations of the hotel.

(2) Per Room values are based on 342 guest rooms.

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

Additional Debt. The \$3.9 million mezzanine loan is secured by the direct equity interests in the borrower and is coterminous with the mortgage loan. The mezzanine loan is interest-only for the term of the loan and has a 10.00000% coupon. Including the mezzanine loan, the Cut-off Date LTV is 80.0%, the UW NCF DSCR is 1.42x and the UW NOI Debt Yield is 9.4%. The lenders have entered into an intercreditor agreement. The mezzanine loan is cross-defaulted with three other mezzanine loans related to mortgage loans, one of which, the Shaner Hotels Portfolio mortgage loan, is included in the pool, through guaranties signed by the various mezzanine loan borrowers. The total amount of mezzanine debt including the cross-collateralized and cross-defaulted loans is approximately \$31.6 million.