

Homewood Suites by Hilton Carlsbad

Mortgage Loan Information

Mortgage Loan Seller:	Barclays
Original Principal Balance:	\$19,950,000
Cut-off Date Principal Balance:	\$19,950,000
% of Pool by IPB:	2.4%
Loan Purpose:	Refinance
Borrower:	Chatham Carlsbad HS LLC
Sponsor:	Chatham Lodging Trust
Interest Rate:	4.32300%
Note Date:	11/25/2014
Maturity Date:	12/6/2024
Interest-only Period:	36 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(26),Def(90),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 - Extended Stay
Net Rentable Area (Rooms):	145
Location:	Carlsbad, CA
Year Built / Renovated:	2008 / 2012
Occupancy / ADR / RevPAR:	87.0% / \$136.60 / \$118.90
Occupancy / ADR / RevPAR Date:	9/30/2014
Number of Tenants:	N/A
2011 NOI:	\$1,970,902
2012 NOI:	\$1,988,782
2013 NOI:	\$2,076,987
TTM NOI (as of 9/2014):	\$2,203,131
UW Occupancy / ADR / RevPAR:	87.0% / \$136.60 / \$118.90
UW Revenues:	\$6,445,325
UW Expenses:	\$4,256,688
UW NOI:	\$2,188,637
UW NCF:	\$2,188,637
Appraised Value / Per Room:	\$32,000,000 / \$220,690
Appraisal Date:	11/3/2014

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$0	\$29,908	N/A
Insurance:	\$0	Springing	N/A
FF&E Reserves:	\$1,000,000	4% of Gross Revenues	N/A
TI/LC:	\$0	\$0	N/A
Other:	\$0	\$0	N/A

Financial Information

Cut-off Date Loan / Room:	\$137,586
Maturity Date Loan / Room:	\$119,941
Cut-off Date LTV:	62.3%
Maturity Date LTV:	54.3%
UW NCF DSCR:	1.84x
UW NOI Debt Yield:	11.0%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$19,950,000	100.0%	Payoff Existing Debt	\$16,830,000	84.4%
			Return of Equity	1,825,787	9.2
			Upfront Reserves	1,000,000	5.0
			Closing Costs	294,213	1.5
Total Sources	\$19,950,000	100.0%	Total Uses	\$19,950,000	100.0%

The Loan. The Homewood Suites by Hilton Carlsbad loan has an outstanding principal balance of \$19.95 million and is secured by a first mortgage lien on a 145-room extended stay hotel in Carlsbad, California. The loan has a 10-year term, and subsequent to a 36-month interest-only period, will amortize 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 acquired the Homewood Suites by Hilton Carlsbad property in November 2010 for approximately \$32.0 million and after accounting for capital expenditures, upfront reserves and closing costs, the borrower has approximately \$13.6 million of equity remaining in the transaction.

Homewood Suites by Hilton Carlsbad

The Property. The Homewood Suites by Hilton Carlsbad is a 145-room, three-story, extended stay hotel located adjacent to the McClellan-Palomar Airport and approximately 25 miles north of the San Diego International Airport. The property was built in 2008 and renovated in 2011 and 2012 and includes more than 3,000 square feet of meeting space, an outdoor pool, an outdoor whirlpool, an outdoor grill and patio area, a fitness center, a business center, a market pantry and a guest laundry room, complimentary breakfast and snacks and beverages and suites fully equipped with standard extended stay features. In 2014, the property received the Certificate of Excellence award from TripAdvisor, an award given to hotels that receive outstanding reviews from guests.

The Market. The property is located in the coastal resort town of Carlsbad, California, approximately 34 miles north of the San Diego central business district. A popular destination in Carlsbad is Legoland, located approximately 2.5 miles away from the property. Other nearby attractions include the Carlsbad Premium Outlets, the Crossings at Carlsbad golf course and the South Carlsbad State Beach, which is located less than five miles away from the property. The market has a high concentration of corporate demand generators, specifically from biotechnology firms. Approximately 40% of the biotechnology employment in San Diego county is located in Carlsbad. Major biotechnology corporations include Life Technologies Corporation, Alphatec Spine, Genoptix Medical Laboratory and Sierra Wireless. Additionally, the US military presence in San Diego county includes 16 major bases located in the area. Primary access through the region is provided by Interstate 5 running north/south near the property, connecting guests to Los Angeles, California to the north and Tijuana, Mexico to the south. The property is also located right off of a well-connected road, S12, which provides east/west access and provides access to the South Carlsbad State Beach.

Historical Occupancy, ADR, RevPAR									
Year	Competitive Set ⁽¹⁾			Homewood Suites by Hilton Carlsbad ⁽²⁾			Penetration Factor ⁽³⁾		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2011	75.3%	\$128.44	\$96.75	83.4%	\$128.87	\$107.45	110.8%	100.3%	111.1%
2012	74.6%	\$127.57	\$95.18	86.1%	\$130.92	\$112.75	115.4%	102.6%	118.5%
2013	76.7%	\$127.96	\$98.20	85.4%	\$132.31	\$112.95	111.3%	103.4%	115.0%
TTM ⁽⁴⁾	78.9%	\$132.88	\$104.80	87.0%	\$136.60	\$118.90	110.3%	102.8%	113.5%

(1) Data provided by a third party data provider. Competitive set contains the following properties: Carlsbad by the Sea Resort, Residence Inn San Diego Carlsbad, Hilton Garden Inn Carlsbad Beach, Courtyard San Diego Carlsbad, Hampton Inn San Diego San Marcos, Hyatt Summerfield Suites San Diego Carlsbad, Hampton Inn Carlsbad North San Diego County, Residence Inn San Diego Oceanside, Residence Inn San Diego North San Marcos and TownePlace Suites San Diego Carlsbad Vista.

(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.

Competitive Hotels Profile ⁽¹⁾									
Property	Rooms	Year Built	2013 Estimated Market Mix				2013 Estimated Operating Statistics		
			Extended Stay	Leisure	Group	Commercial	Occupancy	ADR	RevPAR
Homewood Suites by Hilton Carlsbad	145	2008	40%	20%	10%	30%	85%	\$132.31	\$112.95
Hampton Inn Carlsbad	94	2007	0%	20%	10%	70%	90%	\$122.00	\$109.80
Residence Inn by Marriott Carlsbad	121	1999	45%	15%	10%	30%	78%	\$132.00	\$102.96
Courtyard by Marriott Carlsbad	145	2000	0%	35%	15%	50%	68%	\$121.00	\$82.28
Hyatt House Carlsbad	97	2012	30%	15%	20%	35%	76%	\$125.00	\$95.00
TownePlace Carlsbad Vista	94	2010	35%	20%	20%	25%	83%	\$102.00	\$84.66
Total⁽²⁾	551								

(1) Based on the appraisal.

(2) Excludes the subject property.

Homewood Suites by Hilton Carlsbad

Operating History and Underwritten Net Cash Flow							
	2011	2012	2013	TTM ⁽¹⁾	Underwritten	Per Room ⁽²⁾	% of Total Revenue ⁽³⁾
Occupancy	83.4%	86.1%	85.4%	87.0%	87.0%		
ADR	\$128.87	\$130.92	\$132.31	\$136.60	\$136.60		
RevPAR	\$107.45	\$112.75	\$112.95	\$118.90	\$118.90		
Room Revenue	\$5,686,874	\$5,983,335	\$5,977,738	\$6,292,753	\$6,292,753	\$43,398	97.6%
Food & Beverage Revenue	0	0	0	180	0	0	0.0
Telephone Revenue	3,134	5,790	2,492	4,038	4,038	28	0.1
Other Departmental Revenues	113,627	160,888	125,590	148,534	148,534	1,024	2.3
Total Revenue	\$5,803,635	\$6,150,013	\$6,105,820	\$6,445,505	\$6,445,325	\$44,451	100.0%
Room Expense	\$1,234,589	\$1,424,264	\$1,384,673	\$1,505,835	\$1,505,649	\$10,384	23.9%
Telephone Expense	34,009	36,123	46,073	42,506	42,506	293	1,052.6
Other Departmental Expenses	68,683	79,029	43,826	53,285	53,285	367	35.9
Departmental Expenses	\$1,337,281	\$1,539,416	\$1,474,572	\$1,601,626	\$1,601,440	\$11,044	24.8%
Departmental Profit	\$4,466,354	\$4,610,597	\$4,631,248	\$4,843,879	\$4,843,885	\$33,406	75.2%
Operating Expenses	\$1,417,679	\$1,474,132	\$1,384,030	\$1,433,633	\$1,433,593	\$9,887	22.2%
Gross Operating Profit	\$3,048,675	\$3,136,465	\$3,247,218	\$3,410,246	\$3,410,292	\$23,519	52.9%
Fixed Expenses	\$444,473	\$477,784	\$503,429	\$503,752	\$518,797	\$3,578	8.0%
Management Fee	174,041	184,500	183,153	193,365	193,335	1,333	3.0
Franchise Fee	227,114	239,398	239,416	252,178	251,710	1,736	3.9
FF&E	232,145	246,001	244,233	257,820	257,813	1,778	4.0
Total Other Expenses	\$1,077,773	\$1,147,683	\$1,170,231	\$1,207,115	\$1,221,655	\$8,425	19.0%
Net Operating Income	\$1,970,902	\$1,988,782	\$2,076,987	\$2,203,131	\$2,188,637	\$15,094	34.0%
Net Cash Flow	\$1,970,902	\$1,988,782	\$2,076,987	\$2,203,131	\$2,188,637	\$15,094	34.0%

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

(2) Per Room values based on 145 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 Homewood Suites by Hilton Carlsbad property has a franchise agreement with Hilton Worldwide for use of the Homewood Suites flag through November 2028 with no extension options. The franchise agreement provides for an aggregate program fee and royalty fee of 8.0% of the hotel's gross room revenues.