

AVR Embassy Suites Fort Worth



The map provides a comprehensive view of Fort Worth, Texas, and its surrounding areas. The inset map in the top left corner shows the regional context, including Dallas, Irving, and Arlington. The main map highlights the Cultural District, Downtown, and Near Southside areas. Key locations marked include Trinity Park, Sundance Square, and various hospitals and schools. Major highways like I-35W, I-30, and I-77 are clearly visible.

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Mortgage Loan Information

Mortgage Loan Seller:	CCRE
Original Principal Balance:	\$35,200,000
Cut-off Date Principal Balance:	\$35,200,000
% of IPB:	3.9%
Loan Purpose:	Acquisition
Borrower:	AVR Fort Worth Hotel LLC
Sponsor:	Allan V. Rose
Interest Rate:	5.57800%
Note Date:	11/8/2018
Maturity Date:	12/1/2028
Interest-only Period:	60 months
Original Term:	120 months
Original Amortization Term:	360 Months
Amortization Type:	IO-Balloon
Call Protection:	L(24),Def(92),O(4)
Lockbox / Cash Management:	Hard / Springing
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 – Full Service
Net Rentable Area (Rooms):	156
Location:	Fort Worth, TX
Year Built / Renovated⁽¹⁾:	2007 / 2018
Occupancy / ADR / RevPAR:	82.4% / \$178.50 / \$147.12
Occupancy / ADR / RevPAR Date:	8/31/2018
4th Most Recent NOI (As of):	\$4,658,642 (12/31/2015)
3rd Most Recent NOI (As of)⁽²⁾:	\$4,681,929 (12/31/2016)
2nd Most Recent NOI (As of)⁽²⁾:	\$4,209,412 (12/31/2017)
Most Recent NOI (As of)⁽²⁾:	\$3,592,739 TTM 8/31/2018
UW Occupancy / ADR / RevPAR:	84.0% / \$194.25 / \$163.17
UW Revenues:	\$11,054,987
UW Expenses:	\$6,507,816
UW NOI:	\$4,547,171
UW NCF:	\$4,104,972
Appraised Value / Per Room⁽³⁾:	\$54,500,000 / \$349,359
Appraisal Date⁽³⁾:	10/1/2018

Escrows and Reserves⁽⁴⁾

	Initial	Monthly	Initial Cap
Taxes:	\$0	Springing	N/A
Insurance:	\$0	Springing	N/A
FF&E Reserves:	\$0	4.0% of Gross Revenues	N/A
TI/LC:	\$0	\$0	N/A
Other⁽⁵⁾:	\$743,070	Springing	\$320,000

Financial Information

Cut-off Date Loan / Room:	\$225,641
Maturity Date Loan / Room:	\$209,895
Cut-off Date LTV⁽³⁾:	64.6%
Maturity Date LTV⁽³⁾:	60.1%
UW NCF DSCR:	1.70x
UW NOI Debt Yield:	12.9%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$35,200,000	66.1%	Purchase Price	\$52,000,000	97.7%
Sponsor Equity	18,045,055	33.9	Upfront Reserves	743,070	1.4
			Closing Costs	501,985	0.9
Total Sources	\$53,245,055	100.0%	Total Uses	\$53,245,055	100.0%

(1) The AVR Embassy Suites Fort Worth property was built in 1975 as a 300+ room Clarion Hotel and was converted to the 156-room Embassy Suites in 2005, with a renovation occurring between late 2017-2018.

(2) The decrease in 2nd Most Recent NOI to Most Recent NOI is primarily a result of an approximately \$5.6 million renovation occurring between late December 2017 and August 2018.

(3) The appraisal also concluded to a "prospective value upon stabilization" appraised value of \$59,500,000 with a valuation date of October 1, 2020, which results in a Cut-off Date LTV and Maturity Date LTV of 59.2% and 55.0%, respectively. The "prospective value upon stabilization" value assumes the hotel achieves a stabilized occupancy of 85.0%, ADR of \$208.08 and RevPAR of \$176.87.

(4) For a full description of Escrows and Reserves, please refer to "Escrows and Reserves" below.

(5) Other reserve is comprised of a \$423,070 PIP reserve and a \$320,000 seasonality reserve.

The Loan. The AVR Embassy Suites Fort Worth loan has an outstanding principal balance as of the Cut-off Date of \$35.2 million and is secured by a first mortgage lien on the borrower's fee interest in a 156-room, full service hotel located in Fort Worth, Texas. The loan has a 10-year term, and subsequent to a five-year interest-only period, will amortize on a 30-year schedule. The previously existing debt was securitized in 2010 as part of the WFCM 2010-C1 transaction.

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The Property. The AVR Embassy Suites Fort Worth property is a 13-story, 156-room full service hotel located in Fort Worth, Texas. The AVR Embassy Suites Fort Worth property was developed in 1975 as a Clarion Hotel and subsequently converted to a 156-room Embassy Suites from 2005-2007. The AVR Embassy Suites Fort Worth property includes 86 king, 62 queen/queen and eight ADA rooms. Guest room amenities include complimentary wireless internet, work desks and flat screen televisions. Amenities at the AVR Embassy Suites Fort Worth property include Market Bistro Coffee Shop, a full-service restaurant, an indoor pool, a fitness center, complimentary breakfast and an evening reception area, guest laundry facilities, a business center, a sundry shop and approximately 10,311 square feet of meeting space. The property also offers 161 parking spaces within a seven-level parking garage.

From 2015 to 2018, approximately \$5.6 million was spent on capital expenditures, which included \$5.1 million spent between December 2017 and August 2018 on architectural design upgrades, replacing the IT systems, relocating the business center, and renovating the exterior public bathrooms, kitchen/dining areas, meeting spaces and pool area, among other things. Since 2015, the AVR Embassy Suites Fort Worth property has had occupancy penetration rates over 109%, ADR penetration rates over 105% and RevPAR penetration rates over 115%.

Environmental. According to a Phase I environmental assessment dated October 3, 2018, there was no evidence of any recognized environmental conditions at the property.

The Market. The AVR Embassy Suites Fort Worth property is located in Downtown Fort Worth, approximately 25 miles southwest of DFW Airport, 35 miles southwest of Love Field and 32 miles west of Downtown Dallas. According to the 2017 Census Bureau, Fort Worth is the 15th largest city in the United States. Major employers in Fort Worth include American Airlines, Lockheed Martin and the NAS Fort Worth Joint Reserve Base. From December 2008 to December 2017, the labor force in Fort Worth grew by approximately 28.5%, which is 7.9 times faster than the national labor force.

The property is located in downtown Fort Worth, within Sundance Square, a 35-block commercial, residential, entertainment and retail district that attracts approximately 10.0 million visitors each year. The Fort Worth Convention Center is located within 0.5 miles of the property and offers more than 250,000 square feet of exhibit space. Texas Christian University is located within 5.0 miles of the property and has a total undergraduate enrollment of approximately 9,000 individuals in 2017. Additional lodging demand generators include the Arts District, Fort Worth Stockyards, Bass Performance Hall, Will Rodgers Memorial Center, Riverside Arts District, Billy Bob's Texas and Texas Motor Speedway.

The primary competitive set for the hotel consists of five hotels, which range in size from 203 to 614 rooms and collectively contain an aggregate of 2,044 rooms. There are currently two hotels under construction totaling 327 rooms. These hotels include an Autograph Collection hotel that is expected to be completed in 2019 followed by a Hilton Garden Inn that is expected to be completed in 2020.

Historical Occupancy, ADR, RevPAR									
Year	Competitive Set ⁽¹⁾			AVR Embassy Suites – Fort Worth, TX ⁽²⁾			Penetration Factor ⁽³⁾		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2015	68.7%	\$173.60	\$119.27	86.1%	\$183.07	\$157.68	125.3%	105.5%	132.2%
2016	68.9%	\$170.36	\$117.34	85.5%	\$187.33	\$160.24	124.1%	110.0%	136.6%
2017	74.0%	\$168.63	\$124.83	84.2%	\$184.05	\$154.95	113.7%	109.1%	124.1%
TTM ⁽⁴⁾	75.2%	\$169.35	\$127.42	82.4%	\$178.50	\$147.12	109.5%	105.4%	115.5%

(1) Data provided by an industry travel research provider. The competitive set contains the following properties: Hilton Fort Worth, Renaissance The Worthington Fort Worth Hotel, Courtyard Fort Worth Downtown Blackstone, Omni Fort Worth Hotel and Sheraton Fort Worth Downtown Hotel.

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

(3) Penetration Factor is calculated based on data provided by an industry travel research provider for the competitive set and the operating statements provided by the borrower for the mortgaged property.

(4) TTM represents the trailing 12-month period ending on August 31, 2018.

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Competitive Hotels Profile ⁽¹⁾									
Property	Rooms	Year Opened	Meeting Space (SF)	2017 Estimated Market Mix			2017 Estimated Operating Statistics		
				Commercial	Leisure	Meeting & Group	Occ.	ADR	RevPAR
AVR Embassy Suites Fort Worth	156	2007	10,311	52%	20%	28%	84.2%	\$184.05	\$154.95
Hilton Fort Worth	294	2007	25,000	50%	11%	39%	75-80%	\$165-\$170	\$125-\$130
Renaissance The Worthington Fort Worth	504	1981	53,172	40%	15%	45%	75-80%	\$195-\$200	\$145-\$150
Courtyard Fort Worth Downtown Blackstone	203	1999	1,442	65%	15%	20%	85-90%	\$155-\$160	\$130-\$135
Omni Fort Worth Hotel	614	2009	68,000	35%	20%	45%	70-75%	\$165-\$170	\$115-\$120
Sheraton Fort Worth Downtown	429	2008	22,000	35%	20%	45%	75-80%	\$155-\$170	\$115-\$120
Total⁽²⁾	2,044			41%	17%	42%	75.3%	\$170.95	\$128.75

(1) Based on the appraisal, except for the "2017 Estimated Operating Statistics" for AVR Embassy Suites Fort Worth, which are based on the operating statements provided by the borrower.

(2) Excludes the AVR Embassy Suites Fort Worth property.

Operating History and Underwritten Net Cash Flow							
	2015	2016	2017	TTM ⁽¹⁾	Underwritten ⁽²⁾	Per Room ⁽³⁾	% of Total Revenue ⁽⁴⁾
Occupancy	86.1%	85.5%	84.2%	82.4%	84.0%		
ADR	\$183.07	\$187.33	\$184.05	\$178.50	\$194.25		
RevPAR	\$157.68	\$160.24	\$154.95	\$147.12	\$163.17		
Room Revenue	\$8,978,306	\$9,149,103	\$8,822,915	\$8,399,953	\$9,290,900	\$59,557	84.0%
Food & Beverage Revenue	1,030,434	982,075	988,916	993,513	992,808	6,364	9.0
Other Departmental Revenue	758,507	811,822	793,272	780,417	771,279	4,944	7.0
Total Revenue	\$10,767,247	\$10,943,000	\$10,605,103	\$10,173,883	\$11,054,987	\$70,865	100.0%
Room Expense	\$1,635,482	\$1,650,914	\$1,683,905	\$1,772,535	\$1,731,150	\$11,097	18.6%
Food & Beverage Expense	466,430	446,575	513,535	533,347	519,639	3,331	52.3
Other Departmental Expenses	253,664	253,649	250,723	247,257	240,598	1,542	31.2
Departmental Expenses	\$2,355,576	\$2,351,138	\$2,448,163	\$2,553,139	\$2,491,387	\$15,970	22.5%
Departmental Profit	\$8,411,671	\$8,591,862	\$8,156,940	\$7,620,744	\$8,563,600	\$54,895	77.5%
Operating Expenses	\$2,911,622	\$3,009,070	\$2,988,174	\$3,063,365	\$3,084,240	\$19,771	27.9%
Gross Operating Profit	\$5,500,049	\$5,582,792	\$5,168,766	\$4,557,379	\$5,479,360	\$35,124	49.6%
Management Fees	\$323,016	\$328,290	\$318,152	\$305,216	\$331,650	\$2,126	3.0%
Property Taxes	427,364	461,170	532,457	513,653	545,495	3,497	4.9
Property Insurance	91,027	111,403	108,745	145,771	55,044	353	0.5
Total Other Expenses	\$841,407	\$900,863	\$959,354	\$964,640	\$932,189	\$5,976	8.4%
Net Operating Income	\$4,658,642	\$4,681,929	\$4,209,412	\$3,592,739	\$4,547,171	\$29,149	41.1%
FF&E	430,688	437,722	424,205	406,954	442,199	2,835	4.0%
Net Cash Flow⁽⁵⁾	\$4,227,954	\$4,244,207	\$3,785,207	\$3,185,785	\$4,104,972	\$26,314	37.1%

(1) TTM reflects the trailing 12 month period ending August 31, 2018.

(2) Due to the renovation in 2017-2018, the Underwritten Net Cash Flow is primarily based on the appraiser's conclusions.

(3) Per Room values are based on 156 guest rooms.

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

(5) The decrease in Net Cash Flow from 2017 to TTM is primarily a result of a \$5.6 million renovation occurring between late December 2017 and August 2018.

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The Borrower. The borrowing entity for the AVR Embassy Suites Fort Worth loan is AVR Fort Worth Hotel LLC, a Delaware limited liability company and special purpose entity with one independent director. Legal counsel to the borrower delivered a non-consolidation opinion in connection with the origination of the AVR Embassy Suites Fort Worth loan. Allan V. Rose is the guarantor of certain nonrecourse carve-outs under the AVR Embassy Suites Fort Worth loan.

The Loan Sponsor. The loan sponsor is Allan V. Rose. Allan V. Rose, is the owner and chief executive officer of AVR Realty ("**AVR**"), a privately held real estate development and management company. AVR was founded over 45 years ago and has built, acquired and developed more than 30 million square feet of commercial and residential space. AVR's portfolio includes office complexes, shopping centers, corporate and industrial parks, apartment complexes, residential communities and hotels.

Property Management. The property is managed by Dimension Development Two, LLC ("**Dimension**"), a Louisiana limited liability company. The current management agreement is dated October 2, 2018 and has an expiration date three years from the opening of the hotel with automatic two-year extension options unless either party gives written notice 120 days prior to the expiration of the term.

Franchise Agreement. The borrower entered into a franchise agreement for this property with Hilton Franchise Holding LLC, a Delaware limited liability company. The current franchise agreement is effective as of November 8, 2018 for a term of approximately 19 years, with an expiration date of November 30, 2037. Among other fees, the franchise agreement requires payment of a program fee equal to 4.0% of gross rooms revenue and a royalty fee equal to 4.5% of gross rooms revenue for year 1, 5.0% for year 2 and 5.5% thereafter. As part of the new franchise agreement, the borrower is required to complete a PIP that is estimated to cost \$423,070, which amount was escrowed at loan origination.

Escrows and Reserves. At origination, the borrower deposited into escrow \$423,070 for a PIP reserve and \$320,000 for a seasonality reserve.

Tax Escrows – The borrower is required to make monthly payments into the tax reserve, *provided that* this requirement is waived so long as (i) no event of default and/or Cash Trap Period (as defined below) has occurred and is continuing and (ii) the borrower has paid all taxes directly to the appropriate governmental taxing authority and the borrower provides evidence to the lender.

Insurance Escrows - The borrower is required to make monthly payments into the insurance reserve, *provided that* this requirement is waived so long as no event of default has occurred and is continuing and the property is insured under a blanket insurance policy in accordance with the mortgage loan documents.

FF&E Reserves - On a monthly basis, the borrower is required to deposit an amount equal to 1/12 of 4.0% of gross revenues for the hotel related operations at the property for the immediately preceding calendar year as determined by the lender.

Seasonality Reserves – The borrower is required to make seasonality reserve payments in the amount of approximately \$35,556 in the months of January, February, April, May, June, August, September, October and November, subject to a cap of \$320,000.

Lockbox / Cash Management. The loan is structured with a hard lockbox and springing cash management. At loan origination, the borrower sent direction letters to all tenants and credit card companies instructing them to deposit all rents and revenues received into a clearing account controlled by the lender. During a Cash Trap Period, all funds on deposit in the clearing account will be swept on a daily basis into a cash management account controlled by the lender and disbursed during each interest period of the term of the loan in accordance with the loan documents. Additionally, all excess cash flow after payment of the mortgage debt service, required reserves and customary expenses in accordance with the loan documents will be held as additional collateral for the AVR Embassy Suites Fort Worth loan.

A "**Cash Trap Period**" commences upon (i) the occurrence of an event of default, (ii) any bankruptcy action of borrower, guarantor or property manager, (iii) the debt service coverage ratio (as calculated in accordance with the loan documents) based on the trailing 12-month period immediately preceding the date of determination is less than 1.30x (1.20x during the continuance of a PIP Period) after the end of two consecutive calendar quarters or (iv) 12 months prior to the expiration of the franchise agreement or such time the borrower receives notice from the franchisor of termination of the franchise agreement, and terminates upon, (w) with regard to clause (i), a cure of the event of default, (x) in the case of a bankruptcy action only with respect to the property manager, the borrower replaces the manager with a qualified manager, (y) with regard to clause (iii), the debt service coverage ratio is greater than or equal to 1.35x (1.25x during the continuance of a PIP Period) after the end of two consecutive calendar quarters or (z) with regard to clause (iv), the franchise agreement is replaced or renewed with a term of not less than three years past the maturity date of the AVR Embassy Suites Fort Worth loan, among other things.

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A "**PIP Period**" commenced upon the closing of the AVR Embassy Suites Fort Worth loan and will terminate upon the earlier to occur of (i) the date the borrower is required to complete the PIP work pursuant to the PIP or (ii) the date the borrower actually completes the PIP work.

Subordinate and Mezzanine Debt. None.

Partial Release. Not Permitted.

Ground Lease. None.