Residence Inn Midtown East

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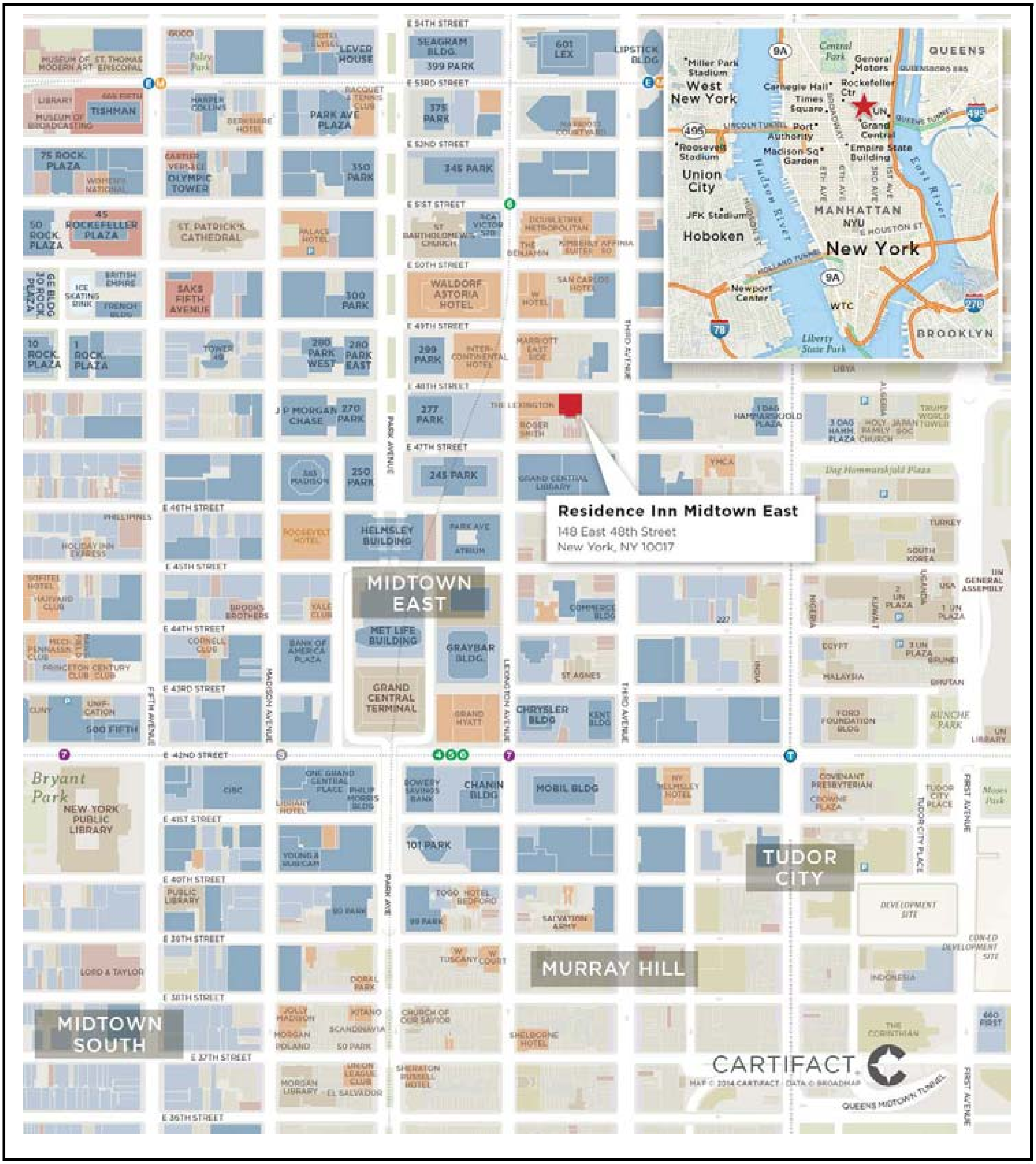

Residence Inn Midtown East

Mortgage Loan Information

Mortgage Loan Seller:	Barclays
Original Principal Balance[(1)]:	$42,000,000
Cut-off Date Principal Balance[(1)]:	$42,000,000
% of Pool by IPB:	3.1%
Loan Purpose:	Acquisition
Borrower:	RIH-SB Property Holding Company, LLC
Sponsor:	Dimond Capital, LLC
Interest Rate:	4.31500%
Note Date:	7/30/2014
Maturity Date:	8/6/2019
Interest-only Period:	60 months
Original Term:	60 months
Original Amortization:	None
Amortization Type:	Interest Only
Call Protection:	L(25),Def(28),O(7)
Lockbox:	CMA
Additional Debt[(2)]:	Yes
Additional Debt Balance[(2)]:	$15,000,000
Additional Debt Type[(2)]:	B-Note

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Leasehold
Property Type - Subtype:	Hotel - Extended Stay
Net Rentable Area (Rooms):	211
Location:	New York, NY
Year Built / Renovated:	1931 / 2013
Occupancy / ADR / RevPAR:	89.3% / $295.57 / $263.90
Occupancy / ADR / RevPAR Date:	7/31/2014
Number of Tenants:	N/A
2011 NOI[(3)]:	N/A
2012 NOI[(3)]:	N/A
2013 NOI[(3)(4)]:	$5,994,861
TTM NOI (as of 7/2014)[(4)]:	$7,590,450
UW Occupancy / ADR / RevPAR:	89.3% / $295.57 / $263.91
UW Revenues:	$20,921,132
UW Expenses:	$15,207,815
UW NOI:	$5,713,317
UW NCF:	$5,713,317
Appraised Value / Per Room:	$90,300,000 / $427,962
Appraisal Date:	6/19/2014

Escrows and Reserves[(5)]

	Initial	Monthly	Initial Cap
Taxes[(6)]:	$414,439	$141,985	N/A
Insurance:	$0	Springing	N/A
FF&E Reserves[(7)]:	$0	2% of Gross Revenues	$2,000,000
TI/LC:	$0	$0	N/A
Other:	$290,417	Springing	N/A

Financial Information

	A-Note[(1)]	Whole Loan
Cut-off Date Loan / Room:	$199,052	$270,142
Maturity Date Loan / Room:	$199,052	$270,142
Cut-off Date LTV:	46.5%	63.1%
Maturity Date LTV:	46.5%	63.1%
UW NCF DSCR:	3.11x	2.29x
UW NOI Debt Yield:	13.6%	10.0%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
A-Note[(1)]	$42,000,000	46.3%	Purchase Price	$89,600,000	98.8%
B-Note[(2)]	15,000,000	16.5	Closing Costs	767,650	0.8
Sponsor Equity	33,658,067	37.1	Upfront Reserves[(6)]	290,417	0.3
Total Sources	**$90,658,067**	**100.0%**	**Total Uses**	**$90,658,067**	**100.0%**

(1) Residence Inn Midtown East is part of a loan evidenced by one senior note ("A-Note") and a subordinate note ("B-Note"), with an aggregate principal balance of $57,000,000. The A-Note Financial Information presented in the chart above reflects the Cut-off Date balance of the $42.0 million senior portion of the Residence Inn Midtown East AB Whole Loan, but not the $15.0 million subordinate B-Note.
(2) Amounts allocated to the B-Note will be payable to the Class RIM Certificates.
(3) The property underwent a complete gut renovation from 2011 to 2013 and re-opened on February 25, 2013; as such, 2011 NOI and 2012 NOI are not available. 2013 NOI is for the approximately 10 month period when the property was open during the 2013 calendar year.
(4) TTM NOI is higher than 2013 NOI due to the full 12 months of operation (which constitutes an addition of 11,605 available room nights relative to 2013 NOI) and an increase in RevPAR from $245.41 in 2013 to $263.90 for the trailing twelve months ending July 31, 2014.
(5) For a full description of Escrows and Reserves, please refer to "*Escrows and Reserves*" below.
(6) Initial Tax Reserve was paid by the seller in conjunction with the acquisition.
(7) Monthly deposits into the FF&E Reserves will be (i) 2.0% of gross revenues from the origination date through August 6, 2015, (ii) 3.0% of gross revenues from September 6, 2015 through August 6, 2016 and (iii) 4.0% of gross revenues thereafter.

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The Loan. The Residence Inn Midtown East loan is secured by a mortgage lien on a leasehold interest in a 211-room extended stay hotel located in Midtown Manhattan, New York, New York. The whole loan has an outstanding principal balance of $57.0 million (the "Residence Inn Midtown East AB Whole Loan"), which consists of a $42.0 million A-Note and a $15.0 million subordinate B-Note. The Residence Inn Midtown East AB Whole Loan has a five-year term and is interest-only for the term of the loan. The A-Note and B-Note both carry an interest rate of 4.31500%. The Residence Inn Midtown East AB Whole Loan is an asset of the Trust; however, amounts allocated to the A-Note will be payable to the Pooled Certificates and amounts allocated to the B-Note will be payable to the Class RIM Certificates, in each case, as reduced as a result of the payment of additional trust fund expenses and certain other fees and expenses payable in accordance with the Pooling and Servicing Agreement. See "*Description of the Mortgage Pool—The Trust AB Whole Loans*" in the Prospectus Supplement.

The Borrower. The borrowing entity for the loan is RIH-SB Property Holding Company, LLC, a Delaware limited liability company and special purpose entity.

The Sponsor. The loan sponsor and non-recourse carve-out guarantor is Dimond Capital, LLC. In order to comply with Islamic law (Shari'ah) the borrower master leases the property to RIH-SB Operating Company, LLC (the "Purchaser" or "Master Tenant"), an entity owned by a joint venture between affiliates of Stonebridge Companies, LLC (5.0%) and affiliates of Gatehouse Bank plc (95.0%). See "*Risk Factors— Shari'ah Compliance Loans*" in the Prospectus Supplement.

Stonebridge Companies, LLC ("Stonebridge"), headquartered near Denver, Colorado, was founded in 1991 by Navin Dimond, the managing member of the loan sponsor. Stonebridge operates over 40 hospitality properties comprising over 6,500 guest rooms. Stonebridge holds franchise licenses with Hilton Hotels, Marriott International, Inc., Starwood Hotels and Resorts and InterContinental Hotel Group. Its portfolio brands include aloft, Courtyard, Doubletree Hotel, Embassy Suites, Fairfield Inn and Suites, Hampton Inn, Hampton Inn & Suites, Hilton Garden Inn, Holiday Inn Express, Homewood Suites, Residence Inn, Sheraton Hotel and SpringHill Suites. In 2013, Stonebridge was honored by Marriott International, Inc. with its prestigious Development Partner of the Year award.

Gatehouse Bank plc ("Gatehouse") is a wholesale Shari'ah-compliant investment bank based in London that manages approximately $2.0 billion of assets in the United States, United Kingdom and Europe. Gatehouse is majority owned by The Securities House K.S.C.C., a publicly-traded Shari'ah-compliant investment company listed on the Kuwait Stock Exchange. Gatehouse provides Gulf-based family offices and financial institutions with access to the global capital markets as well as Shari'ah-compliant investment vehicles for Islamic investors in Europe, North America and Asia and select emerging markets.

The Property. The Residence Inn Midtown East loan is secured by the leasehold interest in a 17-story, 211-guestroom, extended stay hotel located in Midtown Manhattan, New York, New York. The property is situated on East 48th Street, between Lexington and Third Avenues, proximate to Grand Central Terminal and the United Nations Headquarters. The property was originally constructed in 1931 and operated as the Helmsley Middletowne Hotel until 2010. A joint-venture between affiliates of Stonebridge and affiliates of AEW Capital Management acquired the leasehold interest in the property in 2011 and subsequently began a gut-renovation program. The property opened as the Residence Inn Midtown East on February 25, 2013. The Purchaser acquired the property on July 30, 2014 for $89.6 million. Stonebridge maintained a 5.0% interest in the property through the closing of the acquisition.

Amenities at the property include a breakfast dining/evening reception area, 1,320 square feet of meeting space, a fitness center, a business center, a market pantry and a guest laundry facility. The property's guest suites range in size from 238 square feet to 640 square feet and have extended stay features which include a kitchen with refrigerator, microwave, one- to two-burner stovetop, sink, dishwasher, coffeemaker, toaster and cooking and dining utensils. In addition to the standard furnishings, in-room amenities include complimentary high-speed internet access, a 37-inch flat-panel television with complimentary movie channels, an iPod dock, an iron and ironing board and a telephone with personalized voicemail and data ports.

The property is located in the Midtown East neighborhood of Manhattan, in close proximity to numerous tourist attractions such as Grand Central Terminal, Central Park, Rockefeller Center and the Museum of Modern Art. In addition, the property is within walking distance of the iconic flagships of luxury retailers such as Tiffany & Co., Cartier, Armani, Burberry, Saint Laurent, Chanel, Louis Vuitton and Dolce & Gabbana as well as the flagship locations of the Bloomingdale's, Saks Fifth Avenue, Barney's and Bergdorf Goodman department stores. The area is also home to the headquarters or major offices of financial services firms including JPMorgan Chase & Co., Citigroup, KPMG, UBS, Wells Fargo and Bloomberg. Midtown East hosts the United Nations Headquarters as well as many of the Permanent Missions and Consulate Generals of member nations. According to the appraisal, the property generated approximately 65.0% of its room nights from commercial business, 30.0% from leisure business and 5.0% from meeting and group business. According to the appraisal, a recently opened property, the 206-guestroom Hilton Garden Inn Midtown East, is expected to be directly competitive with the property.

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Historical Occupancy, ADR, RevPAR									
	Competitive Set[1]			Residence Inn Midtown East[2]			Penetration Factor[3]		
Year	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2013[4]	90.0%	$269.55	$242.48	81.7%	$300.50	$245.41	90.8%	111.5%	101.2%
TTM[5]	90.8%	$270.78	$245.98	89.3%	$295.57	$263.90	98.3%	109.2%	107.3%

(1) Data provided by industry research specialists. Competitive set contains the following properties: Affinia 50, DoubleTree Metropolitan, Hilton Manhattan East, Residence Inn Times Square, Wyndham Midtown 45, Hyatt 48 LEX and Kimberly Hotel.
(2) Based on operating statements provided by the borrower. The property underwent a complete gut renovation from 2011 to 2013 and re-opened on February 25, 2013; as such, 2011 and 2012 Occupancy, ADR and RevPAR are not available.
(3) Penetration Factor is calculated based on data provided by industry research specialists for the competitive set and based on operating statements provided by the borrower for the property.
(4) 2013 Occupancy, ADR and RevPAR for the property are for the approximately 10 month period when the property was open during the 2013 calendar year and for the full 2013 calendar year for the competitive set.
(5) TTM represents the trailing twelve-month period ending July 31, 2014.

Competitive Hotels Profile[1]								
			2013 Estimated Market Mix			2013 Estimated Operating Statistics		
Property	Rooms	Year Built	Commercial	Meeting & Group	Leisure	Occupancy	ADR	RevPAR
Residence Inn Midtown East	**211**	**1931**	**65%**	**5%**	**30%**	**82%**	**$300.50**	**$245.41**
Affinia 50	210	1964	55%	10%	35%	65%	$270.00	$175.50
Courtyard by Marriott Midtown East	317	1998	60%	10%	30%	82%	$276.00	$226.32
DoubleTree Metropolitan	764	1962	45%	20%	35%	97%	$244.00	$236.68
Hilton Manhattan East	300	1931	55%	15%	30%	88%	$253.00	$222.64
Residence Inn Times Square	357	2005	65%	5%	30%	93%	$298.00	$277.14
Wyndham Midtown 45	151	2003	50%	10%	40%	81%	$261.00	$211.41
Total[2]	**2,099**							

(1) Based on the appraisal.
(2) Excludes the subject property.

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Operating History and Underwritten Net Cash Flow					
	2013	TTM(1)	Underwritten	Per Room(2)	% of Total Revenue(3)
Occupancy	81.7%	89.3%	89.3%		
ADR	$300.50	$295.57	$295.57		
RevPAR	$245.41	$263.90	$263.91		
Room Revenue	$16,052,096	$20,324,262	$20,325,055	$96,327	97.2%
Telephone Revenue	16,567	33,690	33,690	160	0.2
Other Departmental Revenues	491,393	562,387	562,387	2,665	2.7
Total Revenue	**$16,560,056**	**$20,920,339**	**$20,921,132**	**$99,152**	**100.0%**
Room Expense	$2,938,257	$3,809,691	$3,809,691	$18,055	18.7%
Telephone Expense	13,560	15,712	15,712	74	46.6
Other Departmental Expenses	46,998	66,305	66,305	314	11.8
Departmental Expenses	**$2,998,815**	**$3,891,708**	**$3,891,708**	**$18,444**	**18.6%**
Departmental Profit	**$13,561,241**	**$17,028,631**	**$17,029,424**	**$80,708**	**81.4%**
Operating Expenses	**$2,689,576**	**$3,480,882**	**$3,480,882**	**$16,497**	**16.6%**
Gross Operating Profit	**$10,871,665**	**$13,547,749**	**$13,548,542**	**$64,211**	**64.8%**
Management Fees	$496,802	$627,653	$627,634	$2,975	3.0%
Franchise Fees	713,561	984,701	1,077,228	5,105	5.1
Property Taxes(4)	1,727,026	2,122,924	1,487,891	7,052	7.1
Property Insurance	43,582	72,017	300,591	1,425	1.4
Ground Rent(5)	1,895,833	2,150,004	3,505,036	16,612	16.8
FF&E	0	0	836,845	3,966	4.0
Total Other Expenses	**$4,876,804**	**$5,957,299**	**$7,835,225**	**$37,134**	**37.5%**
Net Operating Income	**$5,994,861**	**$7,590,450**	**$5,713,317**	**$27,077**	**27.3%**
Net Cash Flow	**$5,994,861**	**$7,590,450**	**$5,713,317**	**$27,077**	**27.3%**

(1) TTM column represents the trailing twelve-month period ending July 31, 2014.
(2) Per Room values based on 211 guest rooms.
(3) % of Total Revenue column for Room Expense, Telephone Expense and Other Departmental Expenses is based on their corresponding revenue line item.
(4) The property is subject to a 10-year ICAP property tax abatement that commences in the 2014/2015 tax year. For a full description, please see "*Tax Abatement*" below.
(5) 2013 and TTM Ground Rent are subject to a 24-month rent abatement. Commencing in the fourth lease year, percentage rent is also due under the ground lease, if applicable, and is calculated as 12.0% of the excess of (i) Total Revenue for each lease year over (ii) the greater of (x) the product of 5.5 multiplied by the base rent payable in such lease year and (y) $20.4 million. Underwritten Ground Rent is the average of the unabated 2014 and 2015 payments and includes the applicable percentage rent.

Property Management. The property is managed by 365 Management Company, LLC, an affiliate of the Master Tenant.

Franchise Agreement. The Residence Inn Midtown East property has a 34-year franchise agreement with Marriott International, Inc. for use of the Residence Inn flag through February 25, 2038 with no extension options. The agreement provides for a contractual franchise fee equal to 4.5% of room revenue for the first and second years, 5.0% for the third year and 5.5% thereafter. The franchise agreement also provides for a marketing fee equal to 2.5% of room revenue.

Ground Lease. Residence Inn Midtown East is encumbered by a ground lease. The land is owned by Townan Realty LLC. The ground lease commenced in February 2011 and expires in February 2086, representing a term of 75 years. The current annual ground lease payment is $3.4 million and is subject to scheduled increases until 2040. Commencing in 2041 and through the term of the ground lease, payments increase in accordance with the Consumer Price Index. Ground lease payments are also subject to fair market value resets in 2036, 2051 and 2066. In addition, commencing in the fourth ground lease year, percentage rent is also due under the ground lease, if applicable, and is calculated as 12.0% of the excess of (i) total revenue at the property for each lease year over (ii) the greater of (x) the product of 5.5 multiplied by the base rent payable in such lease year and (y) $20.4 million.

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Tax Abatement. The property currently benefits from an Industrial and Commercial Abatement Program ("ICAP") property tax exemption. Under this program, increases in assessed value resulting from a commercial property renovation are phased in over a period of 10 years. For years one through five after completion, 100.0% of the projected assessed value less the assessed value prior to renovation is exempt. The exemption declines by 20.0% every year thereafter. The tax exemption commences in the 2014/2015 tax year with an $812,114 abatement and begins to decline in the 2019/2020 tax year. The abatement fully expires by the end of the 2022/2023 tax year. The underwritten real estate taxes reflect the actual abated taxes for the 2014/2015 tax year.

Escrows and Reserves. At origination, the borrower was required to deposit into escrow $414,439 for real estate taxes and $290,417 for ground rent. In conjunction with the acquisition, the seller paid the amounts required for real estate taxes.

Tax Escrows - On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated tax payments, which currently equates to $141,985.

Insurance Escrows - The requirement that the borrower make monthly deposits to the insurance escrow is waived so long as no event of default exists and the borrower provides satisfactory evidence that the property is insured as part of a blanket policy in accordance with the loan documents.

FF&E Reserves - On a monthly basis, the borrower is required to deposit (i) 2.0% of gross revenues from the property from the origination date through August 6, 2015, (ii) 3.0% of gross revenues of the property from September 6, 2015 through August 6, 2016 and (iii) 4.0% of gross revenues from the property thereafter. The reserve is subject to a cap of $2,000,000 (approximately $9,479 per room).

Ground Lease Escrow - On a monthly basis, during a Triggering Event Period (as defined below), the borrower is required to escrow 1/12 of the annual ground rent payment due under the ground lease.

Lockbox / Cash Management. The loan is structured with a CMA lockbox. The borrower, the master lessee and the manager are required to immediately deposit all gross income from operations and all other revenue of any kind into the lockbox account. In addition, the borrower, the master lessee and the manager are required to direct all credit card companies to send all revenues directly to the lockbox account. The funds are then returned to an account controlled by the borrower until the occurrence of a Triggering Event Period. During the continuance of a Triggering Event Period, all rents will be swept to a segregated cash management account and held in trust and for the benefit of the lender. The lender will have a first priority security interest in the cash management account. Upon the occurrence and during the continuance of a Triggering Event Period, all funds deposited into the cash management account after payment of debt service, required reserves and budgeted operating expenses will be held as additional security for the loan.

A "Triggering Event Period" commences upon the earlier of (i) an event of default under the loan documents or (ii) the DSCR, as calculated in the loan documents, falls below 1.40x.