# DoubleTree Paradise Valley Resort Scottsdale

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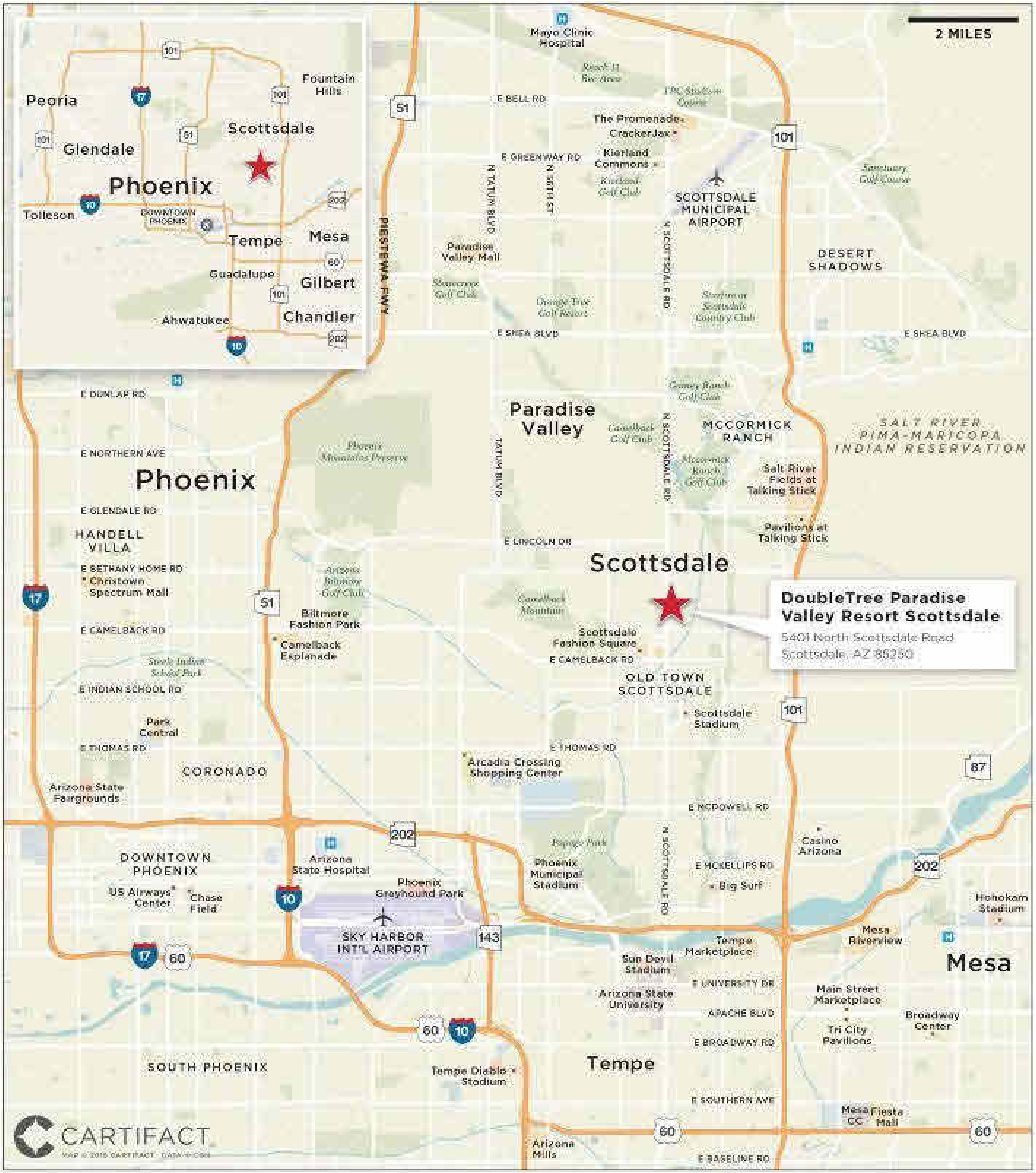

# DoubleTree Paradise Valley Resort Scottsdale

## Mortgage Loan Information

| | |
|---|---|
| **Mortgage Loan Seller:** | JPMCB |
| **Original Principal Balance:** | $48,020,000 |
| **Cut-off Date Principal Balance:** | $47,965,373 |
| **% of Pool by IPB:** | 6.3% |
| **Loan Purpose:** | Refinance |
| **Borrower:** | Procaccianti AZ, L.P. |
| **Sponsor:** | CMS/Procaccianti Hospitality Holdings III, L.P. |
| **Interest Rate:** | 4.70600% |
| **Note Date:** | 9/11/2015 |
| **Maturity Date:** | 10/1/2020 |
| **Interest-only Period:** | None |
| **Original Term:** | 60 months |
| **Original Amortization:** | 360 months |
| **Amortization Type:** | Balloon |
| **Call Protection:** | L(25),Grtr1%orYM(31),O(4) |
| **Lockbox:** | CMA |
| **Additional Debt:** | Yes |
| **Additional Debt Balance[1]:** | $3,000,000 |
| **Additional Debt Type:** | Unsecured |

## Property Information

| | |
|---|---|
| **Single Asset / Portfolio:** | Single Asset |
| **Title:** | Fee |
| **Property Type - Subtype:** | Hotel - Full Service |
| **Net Rentable Area (Rooms):** | 378 |
| **Location:** | Scottsdale, AZ |
| **Year Built / Renovated:** | 1984 / 2011 |
| **Occupancy / ADR / RevPAR:** | 72.4% / $143.70 / $104.01 |
| **Occupancy / ADR / RevPAR Date:** | 7/31/2015 |
| **Number of Tenants[2]:** | 1 |
| **2012 NOI:** | $3,632,691 |
| **2013 NOI:** | $3,971,540 |
| **2014 NOI[3]:** | $4,631,344 |
| **TTM NOI (as of 7/2015)[3]:** | $5,433,531 |
| **UW Occupancy / ADR / RevPAR:** | 70.0% / $141.99 / $99.39 |
| **UW Revenues:** | $20,721,701 |
| **UW Expenses:** | $15,761,709 |
| **UW NOI:** | $4,959,992 |
| **UW NCF:** | $4,959,992 |
| **Appraised Value / Per Room[4]:** | $68,600,000 / $181,481 |
| **Appraisal Date:** | 7/7/2015 |

## Escrows and Reserves[5]

| | Initial | Monthly | Initial Cap |
|---|---|---|---|
| **Taxes:** | $76,885 | $38,443 | N/A |
| **Insurance:** | $6,385 | Springing | N/A |
| **FF&E Reserves[6]:** | $54,214 | 3% of Gross Revenues | N/A |
| **TI/LC:** | $0 | $0 | N/A |
| **Other:** | $9,597,698 | Springing | N/A |

## Financial Information

| | |
|---|---|
| **Cut-off Date Loan / Room:** | $126,893 |
| **Maturity Date Loan / Room:** | $116,647 |
| **Cut-off Date LTV[4]:** | 69.9% |
| **Maturity Date LTV[4]:** | 64.3% |
| **UW NCF DSCR:** | 1.66x |
| **UW NOI Debt Yield:** | 10.3% |

## Sources and Uses

| Sources | Proceeds | % of Total | Uses | Proceeds | % of Total |
|---|---|---|---|---|---|
| Mortgage Loan | $48,020,000 | 88.4% | Payoff Existing Debt | $43,775,818 | 80.6% |
| Sponsor Equity | 6,276,818 | 11.6 | Upfront Reserves | 9,735,182 | 17.9 |
| | | | Closing Costs | 785,819 | 1.5 |
| **Total Sources** | **$54,296,818** | **100.0%** | **Total Uses** | **$54,296,818** | **100.0%** |

(1) The Additional Debt Balance refers to the original balance of the unsecured debt provided by the franchisor to complete certain renovations. See "*Additional Debt*" below for additional details.
(2) Represents Caremore Medical Enterprises, which occupies the Office Parcel through June 2021. For a full description of the Office Parcel please refer to "*The Loan*" below. UW Revenues, UW NOI and UW NCF do not include rent from the tenant under the office parcel.
(3) The increase in TTM NOI from 2014 NOI is primarily due to an increase in ADR from $132.60 to $143.70.
(4) The Appraised Value / Per Room, Cut-off Date LTV and Maturity Date LTV are calculated based on the "as complete" hypothetical value, which assumes that the proposed renovations to the property have been completed. At origination, the borrower reserved $9,368,462 for renovations. The "as-is" value as of July 7, 2015 is $59.1 million, which results in a Cut-off Date LTV and Maturity Date LTV of 81.2% and 74.6%, respectively.
(5) For a full description of Escrows and Reserves, please refer to *"Escrows and Reserves"* below.
(6) Monthly FF&E Reserves are in the amount of 3.0% of gross revenues for the first two years after origination and 4.0% of gross revenues thereafter.

***The Loan.*** The DoubleTree Paradise Valley Resort Scottsdale loan has an outstanding principal balance as of the Cut-off Date of approximately $48.0 million and is secured by a first mortgage lien on the fee interest in a 378-room full service hotel located in Scottsdale, Arizona. The loan has a five-year term and will amortize on a 30-year schedule. The previously existing debt was securitized in 2005 as part of the WBCMT 2006-C25 transaction.

## DoubleTree Paradise Valley Resort Scottsdale

At origination, the DoubleTree Paradise Valley Resort Scottsdale loan collateral included an 11,001 square foot office building on an adjacent parcel (the "Office Parcel") located at 5225 North Scottsdale Road. The building is 100% leased through June 30, 2021 to Caremore Medical Enterprises ("Caremore"), which pays $242,022 in contractual base rent with annual escalations. No revenue from the Office Parcel was included in underwritten revenues or underwritten net operating income. Additionally, the appraisal did not attribute any value to the Office Parcel. The borrower is permitted to release the Office Parcel as described in "*Partial Release*" below.

***The Borrower.*** The borrowing entity for the loan is Procaccianti AZ, L.P., a Delaware limited partnership and special purpose entity.

***The Loan Sponsor.*** The loan sponsor and nonrecourse carve-out guarantor is CMS/Procaccianti Hospitality Holdings III, L.P., a joint venture between The Procaccianti Group ("Procaccianti") and CMS Companies ("CMS"). Procaccianti serves as general partner for the loan sponsor. Founded in 1964, The Procaccianti Group is a second generation privately-held real estate investment and management company. Since 1964, The Procaccianti Group has owned or managed real estate assets with more than 50 million square feet with a value exceeding $5 billion. As of September 2015, The Procaccianti Group's portfolio included 63 hotel properties located in 25 different states totaling 17,554 rooms. CMS provides investment advisory and wealth management services. CMS was founded in 1969 and is headquartered in Wynnewood, Pennsylvania.

The DoubleTree Paradise Valley Resort Scottsdale was acquired by the loan sponsor in June 2005 for approximately $63.6 million. In March 2011, Och-Ziff entered into a preferred equity arrangement with the loan sponsor, which was paid off in connection with the origination of the loan. Since acquisition, the loan sponsor has invested over $10.1 million ($26,720 per room) in capital improvements, which includes approximately $5.1 million ($13,450 per room) spent since 2011 for major renovations to the guest rooms, general area, lobby, ballroom and conference rooms. At origination, approximately $9.4 million ($24,784 per room), which represents the full budgeted cost of renovations, was reserved. The renovations are elective and not related to a property improvement plan. The renovations are expected to include renovations to the guestrooms, lobby, food and beverage outlets, function spaces, guest corridors, computer systems and improvements to the site and building exterior. According to the loan sponsor, the work is expected to be completed during the lower occupancy months of June through September.

***The Property.*** DoubleTree Paradise Valley Resort Scottsdale is a two-story, 378-room, full service hotel located in Scottsdale, Arizona. The property was originally developed in 1984 as a Loews Hotel. It was subsequently converted to a Wyndham Hotel and then converted to a DoubleTree by Hilton in 1995. The DoubleTree Paradise Valley Resort Scottsdale property features a restaurant, a lobby lounge, a grab-and-go counter and a poolside lounge. The restaurant, enFuego, provides seating capacity for 125 guests while the Loggia Lounge and the Cabana Bar offer seating capacities for 50 and 25 guests, respectively. The hotel contains 549 parking spaces which provides for a parking ratio of approximately 1.45 spaces per room. Additionally, the hotel offers 30,053 square feet of meeting space, which includes a 12,960 square foot conference room, an 8,640 square foot grand ballroom and eight smaller meeting rooms. Additional amenities at the property include three outdoor swimming pools with three outdoor whirlpools, a fitness center, business center, spa treatment room, children's play area, tennis court, basketball court, putting green and gift shop.

The property has 378 rooms, including 136 king rooms, 230 double-queen rooms, 11 king executive suites and one presidential suite. All suites feature high-speed internet access, two-line telephones, in-room complimentary coffee/tea, microwave, mini-refrigerator, sleeper sofa and a 37-inch high definition television. Additionally, as part of the planned renovations, all guestrooms and suites are anticipated to be upgraded to a 42-inch high definition television. The presidential suite features a private and resident-style accommodation including a separate dining room area, kitchen and additional bedrooms.

The property is located in Scottsdale, Arizona, approximately 1.9 miles north of downtown Scottsdale. The hotel is approximately one mile south of the Borgata Shops, an Italian-style shopping village, and the Scottsdale Fashion Square, Arizona's largest shopping mall in terms of square feet. Scottsdale Fashion Square has approximately 1.7 million square feet of retail space and features many brand names such as Prada, Nordstrom and Tiffany & Co. Additionally, a free shuttle is offered from the hotel to Old Town Scottsdale, a historic area of town with an old west atmosphere that features restaurants and souvenir shops. The city of Scottsdale is home to almost 200 golf courses including Troon North and AK-Chin Southern Dunes Golf Club, and some of these golf courses are located within 10 miles of the hotel. Also located nearby are tourist attractions like Camelback Mountain, situated approximately two miles west of the property. The hotel lies approximately seven miles away from Sun Devil Stadium, Arizona State University's football stadium which seats 71,706 people and is undergoing a $256 million renovation expected to be completed by 2017. Additionally, the property is situated approximately eight miles from Arizona State University Tempe Campus and approximately 12 miles from the Phoenix Sky Harbor International Airport. GoDaddy, Taser and Fender Guitar have their corporate headquarters in Scottsdale. Additionally, Scottsdale attracts approximately 9.1 million visitors annually according to 2013 data. According to the appraisal, as of 2014, the estimated population within a three-mile and five-mile radius contained 72,651 and 172,273 people, respectively, with an estimated average household income of $76,929 and $73,964, respectively.

## DoubleTree Paradise Valley Resort Scottsdale

The appraisal identified one hotel under construction and one proposed hotel as competitive with the DoubleTree Paradise Valley Resort Scottsdale. A 311-room Embassy Suites hotel is expected to open in January 2016 and a 175-room boutique hotel is projected to open in 2017. According to the appraisal, the Embassy Suites hotel, which historically operated as the Chaparral Suites Resort Scottsdale, is currently being converted and is expected to directly compete with the DoubleTree Paradise Valley Resort Scottsdale upon completion, while the boutique Mountain Shadows Resort hotel is projected to operate at a higher price point and therefore is considered a secondary competitor.

**Historical Occupancy, ADR, RevPAR**

| | Competitive Set(1) | | | DoubleTree Paradise Valley Resort Scottsdale(2) | | | Penetration Factor(3) | | |
|---|---|---|---|---|---|---|---|---|---|
| Year | Occupancy | ADR | RevPAR | Occupancy | ADR | RevPAR | Occupancy | ADR | RevPAR |
| 2012 | 63.2% | $134.07 | $84.78 | 71.9% | $115.60 | $83.09 | 113.8% | 86.2% | 98.0% |
| 2013 | 62.4% | $139.48 | $87.00 | 72.0% | $121.14 | $87.23 | 115.4% | 86.9% | 100.3% |
| 2014 | 63.9% | $146.28 | $93.44 | 72.1% | $132.60 | $95.62 | 112.8% | 90.6% | 102.3% |
| TTM(4) | 64.4% | $157.56 | $101.51 | 72.4% | $143.70 | $104.01 | 112.4% | 91.2% | 102.5% |

(1) Data provided by a third party data provider. The competitive set contains the following properties: The Scottsdale Plaza Resort, Chaparral Suites Hotel, Hilton Scottsdale Resort & Villas, Kimpton FireSky Resort & Spa and The Scottsdale Resort at McCormick Ranch.
(2) Based on operating statements provided by the borrower.
(3) Penetration Factor is calculated based on data provided by a third party data proivder for the competitive set and borrower-provided operating statements for the mortgaged property.
(4) TTM represents the trailing 12-month period ending on August 31, 2015 for the competitive set and the trailing 12-month period ending on July 31, 2015 for the DoubleTree Paradise Valley Resort Scottsdale property.

**Competitive Hotels Profile(1)**

| | | | | 2014 Estimated Market Mix | | 2014 Estimated Operating Statistics | | |
|---|---|---|---|---|---|---|---|---|
| Property | Rooms | Year Opened | Meeting Space (SF) | Transient | Meeting and Group | Occupancy | ADR | RevPAR |
| **DoubleTree Paradise Valley Resort Scottsdale** | **378** | **1984** | **30,053** | **63%** | **37%** | **72.1%** | **$132.60** | **$95.62** |
| The Scottsdale Resort at McCormick Ranch | 326 | 1976 | 50,000 | 55% | 45% | 62.0% | $127.00 | $78.74 |
| The Scottsdale Plaza Resort | 404 | 1972 | 19,983 | 36% | 64% | 54.0% | $133.00 | $71.82 |
| **Total(2)** | **730** | | | | | | | |

(1) Based on the appraisal.
(2) Excludes the DoubleTree Paradise Valley Resort Scottsdale property.

## DoubleTree Paradise Valley Resort Scottsdale

**Operating History and Underwritten Net Cash Flow**

| | 2012 | 2013 | 2014 | TTM(1) | Underwritten | Per Room(2) | % of Total Revenue(3) |
|---|---|---|---|---|---|---|---|
| Occupancy | 71.9% | 72.0% | 72.1% | 72.4% | 70.0% | | |
| ADR | $115.60 | $121.14 | $132.60 | $143.70 | $141.99 | | |
| RevPAR(4) | $83.09 | $87.23 | $95.62 | $104.01 | $99.39 | | |
| Room Revenue | $11,463,651 | $12,034,658 | $13,193,091 | $14,350,699 | $13,712,838 | $36,277 | 66.2% |
| Food and Beverage Revenue | 7,118,333 | 6,873,541 | 7,201,071 | 6,980,190 | 6,669,934 | 17,645 | 32.2 |
| Other Departmental Revenue | 403,237 | 607,893 | 265,438 | 354,694 | 338,929 | 897 | 1.6 |
| **Total Revenue** | **$18,985,221** | **$19,516,092** | **$20,659,600** | **$21,685,583** | **$20,721,701** | **$54,819** | **100.0%** |
| Room Expense | $2,907,282 | $2,983,130 | $2,988,881 | $3,188,022 | $3,046,321 | $8,059 | 22.2% |
| Food and Beverage Expense | 4,528,736 | 4,446,204 | 4,453,087 | 4,235,476 | 4,047,217 | 10,707 | 60.7 |
| Other Departmental Expenses | 168,848 | 177,611 | 13,118 | 13,370 | 12,776 | 34 | 3.8 |
| **Departmental Expenses** | **$7,604,866** | **$7,606,945** | **$7,455,086** | **$7,436,868** | **$7,106,314** | **$18,800** | **34.3%** |
| **Departmental Profit** | **$11,380,355** | **$11,909,147** | **$13,204,514** | **$14,248,715** | **$13,615,387** | **$36,020** | **65.7%** |
| **Operating Expenses** | **$5,700,207** | **$5,870,100** | **$6,479,877** | **$6,725,996** | **$6,507,690** | **$17,216** | **31.4%** |
| **Gross Operating Profit** | **$5,680,148** | **$6,039,047** | **$6,724,637** | **$7,522,719** | **$7,107,697** | **$18,803** | **34.3%** |
| Management Fees | $564,665 | $581,801 | $627,397 | $658,883 | $621,651 | $1,645 | 3.0% |
| Property Taxes(5) | 569,298 | 546,059 | 466,841 | 389,575 | 530,814 | 1,404 | 2.6 |
| Property Insurance | 133,860 | 143,371 | 146,483 | 147,232 | 140,297 | 371 | 0.7 |
| Other Expenses | 20,225 | 15,633 | 26,188 | 26,075 | 26,075 | 69 | 0.1 |
| FF&E | 759,409 | 780,644 | 826,384 | 867,423 | 828,868 | 2,193 | 4.0 |
| **Total Other Expenses** | **$2,047,457** | **$2,067,507** | **$2,093,293** | **$2,089,188** | **$2,147,705** | **$5,682** | **10.4%** |
| **Net Operating Income(4)** | **$3,632,691** | **$3,971,540** | **$4,631,344** | **$5,433,531** | **$4,959,992** | **$13,122** | **23.9%** |
| **Net Cash Flow(5)(6)** | **$3,632,691** | **$3,971,540** | **$4,631,344** | **$5,433,531** | **$4,959,992** | **$13,122** | **23.9%** |

(1) TTM column represents the trailing 12-month period ending on July 31, 2015.
(2) Per Room values based on 378 guest rooms.
(3) % of Total Revenue for Room Expense, Food and Beverage Expense and Other Departmental Expenses is based on their corresponding revenue line items.
(4) The increase in TTM Net Operating Income from 2014 Net Operating Income is primarily due to the increase in ADR as reflected above.
(5) Historical RevPar for 2007, 2008, 2009, 2010 and 2011 was $93.03, $92.14, $71.90, $73.79 and $78.87, respectively, and Net Cash Flow was approximately $5.6 million, $4.9 million, $3.9 million, $3.1 million and $3.8 million, respectively.
(6) Property Taxes include taxes associated with the office parcel. 2015 property taxes for this parcel are $24,873.

***Property Management.*** The property is managed by TPG Hospitality, Inc. ("TPG"), which is an affiliate of the borrower and Procaccianti. Procaccianti and its principals have over 25 years of experience managing hotels. TPG has managed over 100 hotels with more than 20,000 guest rooms throughout major and sub markets within 25 states since 1964. The senior management team at TPG has an average of 25 years of experience in all aspects of hotel operations. The current management agreement commenced on June 30, 2005 and was amended and extended on September 11, 2015 with an updated expiration date of December 30, 2025 and provides for a contractual management fee of 3.0% of gross revenues and other amounts collected from tenants plus an incentive management fee of 1.0% of gross revenues if the return on equity has equaled or exceeded 10.0%. The management fees are subordinate to the liens and interests of the loan.

***Franchise Agreement.*** The property has a franchise agreement with HLT Existing Franchise Holding LLC, which is an affiliate of Hilton Worldwide. The current franchise agreement commenced on June 30, 2005 for a term of 20 years and provides for a 4.0% program fee based on room revenue on a monthly basis and a 4.0% royalty fee based on room revenue on a monthly basis.

## DoubleTree Paradise Valley Resort Scottsdale

***Escrows and Reserves.*** At origination, the borrower deposited into escrow $9,368,462 for renovation reserves, $229,236 for seasonality reserves, $76,885 for real estate taxes, $54,214 for FF&E reserves and $6,385 for insurance premiums.

*Tax Escrows* – On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated tax payments, which currently equates to $38,443.

*Insurance Escrows* – The requirement for the borrower to make monthly deposits to the insurance escrow is waived as long as (i) no event of default has occurred and is continuing and the borrower provides satisfactory evidence that the property is insured as part of a blanket policy in accordance with the loan documents, or (ii) no event of default has occurred and is continuing and the borrower, if financing insurance premiums pursuant to a premium financing agreement through a third party premium financing company in accordance with the loan documents, deposits into escrow an amount equal to 115% of a regularly scheduled monthly installment due under the premium financing agreement.

*FF&E Reserves* – On a monthly basis, the borrower is required to deposit an amount equal to (i) 3.0% of gross revenues from the origination date to the payment date prior to the second anniversary of the origination date and (ii) 4.0% of gross revenues from operations thereafter, in each case for the two calendar months prior to such payment date for FF&E. The reserve is not subject to a cap.

*Seasonality Reserve* – On the payment dates in January, February, March and April of each calendar year, commencing on the payment date in January 2016, the borrower is required to deposit an amount equal to 1/4th of the amount which, when added to net operating income, would cause the debt service coverage ratio as calculated in the loan documents for the immediately preceding disbursement period (the months of June through December, excluding October) to equal 1.00x. The amount of the deposit for each year is determined by the lender in October of the preceding year, commencing in January 2017. At origination, the amount of the deposit for the January through April 2016 period was established at $358,000.

***Lockbox / Cash Management.*** The loan is structured with a CMA lockbox. The borrower was required to deliver tenant direction letters and written instructions to credit card companies to deposit all revenues and receipts payable into a restricted account controlled by the lender. The funds are then returned to an account controlled by the borrower until the commencement of a Trigger Event. During the continuance of a Trigger Event, all funds in the lockbox account are swept on each business day to a segregated cash management account under the control of the lender. To the extent there is a Trigger Event continuing, all excess cash flow after payment of the mortgage debt service, required reserves and operating expenses will be held as additional collateral for the loan. The lender has a first priority security interest in the cash management account.

A "Trigger Event" means the occurrence of (i) an event of default, (ii) the bankruptcy or insolvency action of the borrower or property manager and (iii) the debt service coverage ratio (as calculated in the loan documents) based on the trailing 12-month period being less than 1.25x (tested quarterly).

***Additional Debt.*** The borrower entered into an agreement with the franchisor, HLT Existing Franchise Holding LLC, to receive $3.0 million for renovations of the DoubleTree Paradise Valley Resort Scottsdale property. The franchisor will provide the renovation funds incrementally as requested. For each requested incremental advance of funds, the borrower is required to deliver a disbursement request to the franchisor. There is no obligation to repay this amount unless the franchise agreement is terminated prior to its stated expiration date or the borrower fails to complete the renovation work on the terms set forth in the franchise agreement. The borrower's obligations to repay these funds, if any, are unsecured. If the franchise agreement is terminated prior to the expiration date, the unamortized portion of this key money financing will be payable to the franchisor. The amortization is calculated on a straight line basis over the 20-year term of the franchise agreement. The loan documents include a nonrecourse carve-out against the borrower and guarantor for any losses associated with this financing.

***Partial Release.*** The borrower is permitted to release the Office Parcel from the lien of the mortgage at any time during the term of the mortgage loan if, among other conditions, (a) no event of default has occurred and is continuing, and (b) the borrower delivers an opinion that the trust will not fail to maintain its status as REMIC Trust. No income from the office parcel has been included in underwritten revenues or underwritten net operating income.