

## Hilton Garden Inn Lake Oswego

### Mortgage Loan Information

<b>Mortgage Loan Seller:</b>	JPMCB
<b>Original Principal Balance:</b>	\$25,125,000
<b>Cut-off Date Principal Balance:</b>	\$25,125,000
<b>% of Pool by IPB:</b>	2.5%
<b>Loan Purpose:</b>	Acquisition
<b>Borrower:</b>	Lake Oswego Hotel LLC
<b>Sponsor:</b>	Shahyar Zayanderoudi
<b>Interest Rate:</b>	5.04600%
<b>Note Date:</b>	12/8/2015
<b>Maturity Date:</b>	1/1/2021
<b>Interest-only Period:</b>	24 months
<b>Original Term:</b>	60 months
<b>Original Amortization:</b>	360 months
<b>Amortization Type:</b>	IO-Balloon
<b>Call Protection:</b>	L(26),Def(31),O(3)
<b>Lockbox:</b>	Springing
<b>Additional Debt:</b>	N/A
<b>Additional Debt Balance:</b>	N/A
<b>Additional Debt Type:</b>	N/A

### Property Information

<b>Single Asset / Portfolio:</b>	Single Asset
<b>Title:</b>	Fee
<b>Property Type - Subtype:</b>	Hotel - Limited Service
<b>Net Rentable Area (Rooms):</b>	179
<b>Location:</b>	Lake Oswego, OR
<b>Year Built / Renovated:</b>	2000 / 2015
<b>Occupancy / ADR / RevPAR:</b>	80.7% / \$134.60 / \$108.60
<b>Occupancy / ADR / RevPAR Date:</b>	8/31/2015
<b>Number of Tenants:</b>	N/A
<b>2012 NOI:</b>	\$1,644,439
<b>2013 NOI:</b>	\$2,015,395
<b>2014 NOI:</b>	\$2,400,034
<b>TTM NOI (as of 8/2015):</b>	\$2,812,086
<b>UW Occupancy / ADR / RevPAR:</b>	80.7% / \$134.60 / \$108.60
<b>UW Revenues:</b>	\$7,543,755
<b>UW Expenses:</b>	\$4,878,051
<b>UW NOI:</b>	\$2,665,704
<b>UW NCF:</b>	\$2,665,704
<b>Appraised Value / Per Room<sup>(1)</sup>:</b>	\$39,400,000 / \$220,112
<b>Appraisal Date:</b>	10/13/2015

### Escrows and Reserves

	Initial	Monthly	Initial Cap
<b>Taxes:</b>	\$61,659	\$20,553	N/A
<b>Insurance:</b>	\$0	Springing	N/A
<b>FF&amp;E Reserves:</b>	\$25,146	4% of Gross Revenues	N/A
<b>TI/LC:</b>	\$0	\$0	N/A
<b>Other<sup>(2)</sup>:</b>	\$3,703,456	Springing	N/A

### Financial Information

<b>Cut-off Date Loan / Room:</b>	\$140,363
<b>Maturity Date Loan / Room:</b>	\$134,206
<b>Cut-off Date LTV<sup>(1)</sup>:</b>	63.8%
<b>Maturity Date LTV<sup>(1)</sup>:</b>	61.0%
<b>UW NCF DSCR:</b>	1.64x
<b>UW NOI Debt Yield:</b>	10.6%

### Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$25,125,000	65.5%	Purchase Price	\$33,525,000	87.4%
Sponsor Equity	13,217,678	34.5	Upfront Reserves	3,790,261	9.9
			Closing Costs	1,027,417	2.7
<b>Total Sources</b>	<b>\$38,342,678</b>	<b>100.0%</b>	<b>Total Uses</b>	<b>\$38,342,678</b>	<b>100.0%</b>

(1) The Appraised Value / Per Room, Cut-off Date LTV and Maturity Date LTV are calculated based on the "hypothetical as-is value assuming completion of renovation", which assumes that the current property improvement plan required by the franchise agreement has been completed. At closing, the borrower reserved \$3,703,456 for the renovations. The "as-is" value as of October 13, 2015 is \$34.2 million, which results in a Cut-off Date LTV and Maturity Date LTV of 73.5% and 70.2%, respectively.

(2) Initial Other Escrows and Reserves of \$3,703,456 represent a reserve for a property improvement plan. Monthly Other Escrows and Reserves represents a reserve for any future property improvement plan, with monthly deposits in an amount reasonably estimated by the lender to complete such plan.

**The Loan.** The Hilton Garden Inn Lake Oswego loan has an outstanding principal balance as of the Cut-off Date of approximately \$25.1 million and is secured by a first mortgage lien on the fee interest in a 179-room limited service hotel located in Lake Oswego, Oregon. The loan has a five-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 Lake Oswego Hotel LLC, a Delaware limited liability company and special purpose entity. The loan sponsor and nonrecourse carve-out guarantor is Alex Roudi, whose legal name is Shahyar Zayanderoudi. In 2003, Alex Roudi founded Interwest Capital, a privately-held firm specializing in the acquisition, repositioning and asset management of commercial real estate as well as debt collateralized by real estate. To date, Interwest Capital has completed over \$1.5 billion in transactions and currently manages a portfolio with approximately \$722.1 million in real estate assets.

Under the previous owner, the previously existing debt was securitized in the MLCFC 2007-9 transaction as part of a six-property hotel portfolio with an original principal balance of \$130.1 million. All six of the properties were transferred to special servicing in May 2009 due to an imminent default and ultimately foreclosed upon in 2011. The special servicer subsequently sold all of the properties. The

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loan sponsor acquired the mortgaged property from the special servicer in December 2015 with the proceeds of the Hilton Garden Inn Lake Oswego mortgage loan. Giving effect to all such sales, the MLCFC 2007-9 trust suffered a loss of approximately \$59.9 million upon the final liquidation of all of the related properties (including the mortgaged property). However, the sale price paid by the loan sponsor was approximately \$33.5 million, which was above the allocated loan amount of \$19.32 million for the mortgaged property as part of the portfolio of collateral under the prior defaulted loan.

**The Property.** Hilton Garden Inn Lake Oswego is a six-story, 179-room, limited service hotel located in Lake Oswego, Oregon. Originally developed in 2000, the property was renovated in 2005, the lobby was redone in 2012 and a major renovation began in 2015. At origination, approximately \$3.7 million (\$20,690 per room) was reserved to complete this renovation relating to a property improvement plan ("PIP"). The PIP renovations will address key areas of the hotel including upgrades to guest rooms, guest bathrooms, common corridors, the business center and meeting areas, the exterior façade, landscaping and pool area. The PIP is expected to commence in April 2016.

The Hilton Garden Inn Lake Oswego property features two food and beverage options: the Garden Grille and the Pavilion Pantry. The hotel also provides 177 parking spaces and approximately 1,224 square feet of meeting space, with the largest room being 936 square feet. Additional amenities at the property include a business center, a fitness center, an indoor swimming pool, complimentary surface parking, shuttle service, high-speed Internet, laundry and in-room dining.

The property has 179 rooms, including 108 king rooms, 50 queen-queen rooms and 21 rooms that comply with Americans with Disabilities Act requirements. Each room features high-speed internet access, a flat screen TV, coffee maker, microwave, mini-refrigerator and an iron and ironing board.

**The Market.** The Hilton Garden Inn Lake Oswego property is located in Lake Oswego, a suburb of Portland. The property benefits from its proximity to Interstate 5, which provides visitors access to downtown Portland and the Washington state border. According to the appraisal, the property is situated just off the region's busiest office market on Kruse Way, which contains approximately 2.3 million square feet of office space. There are two major retail centers within an approximately 3.0-mile radius of the property. These are the Bridgeport Village, a 500,000 square foot shopping complex and Washington Square Mall, one of the top grossing malls per square foot in the country. The property is also a short distance from many national corporations such as Kaiser, Navex, Cisco and Holiday Retirement. Other major demand generators located less than 10.5 miles from the property include the approximately 1.0 million square foot Oregon Convention Center, the Oregon Zoo and the Moda Center, which is home to the National Basketball Association's Portland Trail Blazers. According to the appraisal, the estimated population in the greater Portland area was approximately 2.3 million as of 2014.

The appraisal did not identify any new construction that will be competitive with the Hilton Garden Inn Lake Oswego property. However, there are numerous proposed hotel developments in the greater Portland area, with the majority being further north in Beaverton, Hillsboro and downtown Portland.

Historical Occupancy, ADR, RevPAR									
Year	Competitive Set <sup>(1)</sup>			Hilton Garden Inn Lake Oswego <sup>(2)</sup>			Penetration Factor <sup>(3)</sup>		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2012	67.5%	\$106.18	\$71.71	75.6%	\$108.30	\$81.86	112.0%	102.0%	114.2%
2013	69.8%	\$112.53	\$78.54	76.0%	\$118.96	\$90.42	108.9%	105.7%	115.1%
2014	70.7%	\$118.50	\$83.82	79.8%	\$124.94	\$99.73	112.9%	105.4%	119.0%
TTM <sup>(4)</sup>	70.4%	\$123.49	\$86.99	80.7%	\$134.60	\$108.60	114.6%	109.0%	124.8%

(1) Data provided by Smith Travel Research. The competitive set contains the following properties: Holiday Inn Portland I-5 South Wilsonville, Embassy Suites Portland Washington Square, Crowne Plaza Portland Lake Oswego, Courtyard Portland Tigard and Fairfield Inn & Suites Portland South Lake Oswego.

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

(3) Penetration Factor is calculated based on data provided by Smith Travel Research 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.

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Competitive Hotels Profile <sup>(1)</sup>									
Property	2014 Estimated Market Mix			2014 Estimated Operating Statistics					
	Rooms	Year Opened	Meeting Space (SF)	Commercial	Meeting and Group	Leisure	Occupancy	ADR	RevPAR
<b>Hilton Garden Inn Lake Oswego</b>	<b>179</b>	<b>2000</b>	<b>1,224</b>	<b>65%</b>	<b>15%</b>	<b>20%</b>	<b>80%</b>	<b>\$124.94</b>	<b>\$99.72</b>
Holiday Inn Wilsonville	169	1978	6,720	55%	25%	20%	65%	\$100.00	\$65.00
Embassy Suites Portland-Washington Square	356	1987	24,000	60%	20%	20%	72%	\$132.00	\$95.04
Crowne Plaza Portland-Lake Oswego	161	1989	3,120	60%	20%	20%	68%	\$107.00	\$72.76
Courtyard Tigard	110	1996	880	65%	15%	20%	77%	\$129.00	\$99.33
Fairfield Lake Oswego	124	1999	1,375	65%	15%	20%	73%	\$110.00	\$80.30
<b>Total<sup>(2)</sup></b>	<b>920</b>								

(1) Based on the appraisal.

(2) Excludes the Hilton Garden Inn Lake Oswego property.

Operating History and Underwritten Net Cash Flow							
	2012	2013	2014	TTM <sup>(1)</sup>	Underwritten	Per Room <sup>(2)</sup>	% of Total Revenue <sup>(3)</sup>
Occupancy	75.6%	76.0%	79.8%	80.7%	80.7%		
ADR	\$108.30	\$118.96	\$124.94	\$134.60	\$134.60		
RevPAR	\$81.86	\$90.42	\$99.73	\$108.60	\$108.60		
Room Revenue	\$5,363,287	\$5,907,752	\$6,515,504	\$7,095,344	\$7,095,344	\$39,639	94.1%
Food and Beverage Revenue	266,769	236,325	304,601	323,059	323,059	1,805	4.3
Parking/Other Rental Revenue	80,288	108,117	125,234	125,352	125,352	700	1.7
<b>Total Revenue</b>	<b>\$5,710,344</b>	<b>\$6,252,194</b>	<b>\$6,945,339</b>	<b>\$7,543,755</b>	<b>\$7,543,755</b>	<b>\$42,144</b>	<b>100.0%</b>
Room Expense	\$1,142,938	\$1,305,301	\$1,394,828	\$1,276,274	\$1,454,546	\$8,126	20.5%
Food and Beverage Expense	295,969	298,791	333,197	362,835	362,835	2,027	112.3
Other Departmental Expenses	37,395	32,350	42,196	40,302	40,302	225	32.2
<b>Departmental Expenses</b>	<b>\$1,476,302</b>	<b>\$1,636,442</b>	<b>\$1,770,221</b>	<b>\$1,679,411</b>	<b>\$1,857,683</b>	<b>\$10,378</b>	<b>24.6%</b>
<b>Departmental Profit</b>	<b>\$4,234,042</b>	<b>\$4,615,752</b>	<b>\$5,175,118</b>	<b>\$5,864,344</b>	<b>\$5,686,072</b>	<b>\$31,766</b>	<b>75.4%</b>
<b>Operating Expenses</b>	<b>\$1,725,851</b>	<b>\$1,899,021</b>	<b>\$2,008,599</b>	<b>\$2,172,765</b>	<b>\$2,172,765</b>	<b>\$12,138</b>	<b>28.8%</b>
<b>Gross Operating Profit</b>	<b>\$2,508,191</b>	<b>\$2,716,731</b>	<b>\$3,166,519</b>	<b>\$3,691,579</b>	<b>\$3,513,307</b>	<b>\$19,627</b>	<b>46.6%</b>
Management Fees	\$171,319	\$187,566	\$208,360	\$267,219	\$226,313	\$1,264	3.0%
Property Taxes	428,375	233,189	240,635	249,894	239,454	1,338	3.2
Property Insurance	35,644	30,493	39,676	28,645	48,102	269	0.6
Other Expenses	0	0	0	31,985	31,985	179	0.4
FF&E	228,414	250,088	277,814	301,750	301,750	1,686	4.0
<b>Total Other Expenses</b>	<b>\$863,752</b>	<b>\$701,336</b>	<b>\$766,485</b>	<b>\$879,493</b>	<b>\$847,604</b>	<b>\$4,735</b>	<b>11.2%</b>
<b>Net Operating Income</b>	<b>\$1,644,439</b>	<b>\$2,015,395</b>	<b>\$2,400,034</b>	<b>\$2,812,086</b>	<b>\$2,665,704</b>	<b>\$14,892</b>	<b>35.3%</b>
<b>Net Cash Flow</b>	<b>\$1,644,439</b>	<b>\$2,015,395</b>	<b>\$2,400,034</b>	<b>\$2,812,086</b>	<b>\$2,665,704</b>	<b>\$14,892</b>	<b>35.3%</b>

(1) TTM column represents the trailing 12-month period ending on August 31, 2015.

(2) Per Room values based on 179 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.

**Permitted Mezzanine Debt.** The loan agreement permits future mezzanine financing in connection with a transfer of the property and assumption of the Hilton Garden Inn Lake Oswego loan in accordance with the loan documents, which is contingent upon satisfaction of certain terms and conditions including, without limitation, (i) no event of default has occurred and is continuing, (ii) the combined loan-to-value ratio does not exceed 66.35%, (iii) the debt service coverage ratio, as calculated in the loan documents and including the mezzanine loan, is not less than 1.40x and (iv) an acceptable intercreditor agreement has been executed.