

## Mortgage Loan No. 13 — Hilton Cincinnati Airport

### Mortgage Loan Information

Mortgage Loan Seller:	BNYM
Original Principal Balance:	\$16,000,000
Cut-off Date Principal Balance:	\$15,967,930
% of Pool by IPB:	2.1%
Loan Purpose:	Acquisition
Borrower:	WHG Turfway LLC
Sponsor:	R-Roof Assets, LLC
Interest Rate:	5.5830%
Note Date:	2/17/2016
Maturity Date:	3/6/2021
Interest-only Period:	0 months
Original Term:	60 months
Original Amortization:	360 months
Amortization Type:	Balloon
Call Protection:	L(26),Def(30),O(4)
Lockbox:	Springing
Additional Debt:	No
Additional Debt Balance:	N/A
Additional Debt Type:	N/A
Additional Future Debt Permitted:	No

### Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type – Subtype:	Hotel – Full Service
Net Rentable Area (Rooms):	306
Location:	Florence, KY
Year Built / Renovated:	1987 / 2008
Occupancy / ADR / RevPAR:	78.3% / \$91.24 / \$71.48
Occupancy / ADR / RevPAR Date:	12/31/2015
Number of Tenants:	N/A
2013 NOI:	\$2,170,598
2014 NOI:	\$2,160,632
2015 NOI:	\$2,588,771
UW Occupancy / ADR / RevPAR:	78.3% / \$91.24 / \$71.48
UW Revenues:	\$9,487,825
UW Expenses:	\$6,716,659
UW NOI:	\$2,771,166
UW NCF:	\$2,391,653
Appraised Value / Per Room <sup>(1)</sup> :	\$23, 250,000 / \$75,980
Appraisal Date <sup>(1)</sup> :	1/1/2018

### Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$63,333	\$15,833	N/A
Insurance:	\$0	Springing <sup>(2)</sup>	N/A
PIP Reserve:	\$4,000,000	N/A	N/A
FF&E Reserve:	\$0	Springing <sup>(3)</sup>	N/A

### Financial Information

Cut-off Date Loan / Room:	\$52,183
Maturity Date Loan / Room:	\$48,636
Cut-off Date LTV <sup>(1)</sup> :	68.7%
Maturity Date LTV <sup>(1)</sup> :	64.0%
UW NCF DSCR:	2.17x
UW NOI Debt Yield:	17.4%

### Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan	\$16,000,000	75.3%
Borrower Equity	5,261,295	24.7
<b>Total Sources</b>	<b>\$21,261,295</b>	<b>100.0%</b>

Uses	Proceeds	% of Total
Purchase Price	\$16,000,000	75.3%
Upfront Reserves	4,063,333	19.1
Closing Costs	1,197,962	5.6
<b>Total Uses</b>	<b>\$21,261,295</b>	<b>100.0%</b>

- (1) The value references the appraiser's "Prospective Value Upon Stabilization" of \$23.25 million as of January 1, 2018. The appraiser also determined a "Prospective Market Value Upon Completion of the Renovation" based on the Appraised Value of \$23,000,000, which assumes that the property is renovated by January 1, 2017, the Cut-Off Date LTV Ratio and Maturity Date/LTV Ratio are 69.4% and 64.7%, respectively. At origination, \$4.0 million was reserved to cover capital expenditures related to renovations at the property. Based on the appraiser's "as-is" Appraised Value of \$17,000,000, the Cut-Off Date LTV Ratio and Maturity Date/ARD LTV Ratio are 93.9% and 87.5%, respectively.
- (2) Insurance escrows are not required so long as the property is covered under a lender-approved blanket or umbrella policy, provided that (i) no event of default is continuing and (ii) the borrower provides the lender with satisfactory evidence that the property is insured in accordance with loan documents pursuant to policies acceptable to the lender.
- (3) Beginning on April 6, 2017, FF&E escrows will be collected in an amount equal to the greater of (i) 4% of underwritten revenues for the second calendar month immediately prior to the applicable monthly payment date, (ii) the deposit required by the franchisor under the franchise agreement (if any), and (iii) \$31,625.

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**The Loan.** The Hilton Cincinnati Airport loan is a \$16.0 million first mortgage loan secured by the fee interest in a 306-room full service hotel property located in Florence, Kentucky. The loan has a five-year term and will amortize on a 30-year schedule.

**The Borrower.** The borrowing entity for the loan is WHG Turfway LLC, a Delaware limited liability company and a special purpose entity with one independent director. The borrowing entity is 100% indirectly owned by Westmont Investments, LLC.

**The Sponsor.** The loan's sponsor and non-recourse carveout guarantor is R-Roof Assets, LLC, an affiliate of Westmont Hospitality Group ("Westmont"). Westmont is one of the largest privately-held hospitality organizations in the world and currently operates over 500 hotels across three continents and has ownership interests in excess of 400 hotels across North America, consisting of approximately 85,000 rooms. The non-recourse carveout guarantor is the sole owner of nine Red Roof Inn flagged hotels which are all held with no mortgage debt and has an estimated market value of approximately \$31 million.

**The Property.** The Hilton Cincinnati Airport property is a 5-story, 306-room full service hotel property located in Florence, Kentucky that was built in 1987 with an expansion completed in 1998. The property was renovated in 2008 and is situated on an 8.18 acre lot that totals 181,245 SF. The property provides surface level parking and has a total of 410 outdoor parking spaces, or 1.34 parking spaces per room.

The property features ten conference rooms totaling 9,345 SF of meeting space and a grand ballroom that can accommodate up to 400 guests. The property also includes a heated indoor pool, a fitness room, a business center, and a sundry shop. The property includes one full service restaurant, Bistro 737, which serves three meals daily and has a seating capacity of 150. Bistro 737 also offers guests and patrons a lounge with a seating capacity of 40 located adjacent to the restaurant on the ground floor. Located approximately 2 miles from the Cincinnati/Northern Kentucky International Airport ("CVG"), the property offers complimentary shuttle service to and from CVG.

The property is currently undergoing a franchisor-mandated PIP as a condition to the renewal of the franchise agreement with Hilton Franchise Holding LLC, which such renewal occurred on February 17, 2016. At origination \$4.0 million was escrowed and the PIP work is required to be completed by February 2017. The current franchise agreement expires in February 2031. The Hilton franchisor-mandated PIP of \$1.72 million will focus on upgrades in guestrooms (\$1.22 million) and elevator lobbies and corridors (\$333,186). In addition to the franchisor-mandated PIP, an additional \$2.28 million was escrowed at origination for elective capital improvements to the property.

The property has contracts with six airlines which allow for discounted rates in exchange for rooms the businesses reserve throughout the year. The contracts guarantee 36,800 occupied rooms per year and four of the six contracts have over 24 months remaining. The largest accounts are Atlas Air (16,000 annual room nights), Air Wisconsin (6,200 annual room nights), and Southern Air (6,300 annual room nights). Atlas Air executed a contract with DHL, which established one of its three super-global hubs at CVG, to operate a total of 17 freighters to transport shipments across the globe from CVG. DHL recently completed a \$105 million expansion to boost infrastructure at CVG in 2013 and announced an additional \$108 million expansion in 2015 with the expectations to double their current cargo operations, demonstrating their commitment to CVG. CVG is the eighth largest cargo hub in North America and increased the total amount of cargo landed by 6.48% in 2014 from 2013.

**The Market.** The property is located in Florence, Kentucky, which is part of the larger Cincinnati-Middletown metropolitan statistical area ("MSA"). Since the recession, the Cincinnati-Middletown MSA has experienced growth in gross metropolitan product, total employment, personal income growth and median household income as the population has increased each year since 2009. Major headquarters located in the MSA include Procter & Gamble, Fifth Third Bank, The Kroger Company and Macy's Inc. Companies with regional headquarters in the Cincinnati-Middletown MSA include Citigroup, PNC Bank, US Bank, Fidelity Investments, DHL, and Duke Energy. Cincinnati's economy has historically benefited from manufacturing but recently is experiencing a shift to professional and business services positions as consulting, tech companies, and financial services firms are accelerating their hiring. Cincinnati is home to the University of Cincinnati and Xavier. The property is situated off of Interstate 71/75 approximately two miles from the CVG airport and ten miles southwest of downtown Cincinnati. The immediate neighborhood consists of a mixture of commercial, retail, and residential uses and the St. Elizabeth Florence Hospital is across the street. Two retail centers are located within walking distance of the property, one anchored by a Sam's Club and the other

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anchored by a Target. The appraiser estimates that the property's demand segmentation is 45%, 10%, 10% and 35% across commercial, meeting and group, leisure and airline crew, respectively. Cincinnati hosts several large events annually, including Oktoberfest Zinzinnati, a celebration of the German heritage of the city, Taste of Cincinnati, a culinary arts festival, and many theatre and musical performances are performed at the several venues throughout the city. Leisure demand is driven by two professional sports teams, the Cincinnati Bengals and Cincinnati Reds, Turfway Park, a horse racing track located within a mile of the property, and the Horseshoe Casino, located approximately eleven miles from the property.

According to the appraisal, the South/Airport upper tier hotel submarket was comprised of 2,804 rooms in 2015 with a demand of 2,010 rooms (71.7% occupancy). The local primary competitive set, including the Hilton Cincinnati Airport, contains 1,135 rooms across five hotels. According to the appraisal, there are currently no hotels under construction nor are proposed hotels anticipated to enter the immediate market in the near future. After the completion of the mandated PIP and the sponsor's capital improvements the appraisal state the view that the property will be able to steadily increase ADR which is currently 13% lower than its competitive set.

### Historical Occupancy, ADR, RevPAR <sup>(1)</sup>

Year	Competitive Set			Hilton Cincinnati Airport <sup>(2)</sup>			Penetration Factor		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2013	58.8%	\$107.38	\$63.18	75.1%	\$84.42	\$63.38	129.0%	79.5%	102.5%
2014	65.1%	\$105.07	\$68.44	76.0%	\$87.01	\$66.10	118.2%	83.3%	98.4%
2015 <sup>(3)</sup>	70.2%	\$108.83	\$76.44	78.3%	\$91.24	\$71.48	112.6%	84.6%	95.2%

(1) Source: Third Party Data Provider. The competitive set consists of the following properties: DoubleTree by Hilton Cincinnati Airport, Holiday Inn Cincinnati Airport, Courtyard Cincinnati Airport, and Marriott Cincinnati Airport.

(2) Source: Borrowers underwritten rent roll.

(3) Competitive set 2015 represents the trailing year to date period ending November 30, 2015.

### Operating History and Underwritten Net Cash Flow

	2012	2013	2014	2015	Underwritten	Per Room <sup>(1)</sup>	% <sup>(2)</sup>
Occupancy	71.9%	75.1%	76.0%	78.3%	78.3%		
ADR	\$86.37	\$84.42	\$87.01	\$91.24	\$91.24		
RevPAR	\$62.09	\$63.38	\$66.10	\$71.48	\$71.48		
Room Revenue	\$6,555,067	\$7,079,170	\$7,382,621	\$7,983,053	\$7,983,053	\$26,088	84.1%
Food and Beverage	1,038,491	1,504,129	1,235,504	1,334,004	1,334,004	4,359	14.1
Other Department Revenues	122,156	127,402	133,506	170,768	170,768	558	1.8
<b>Total Revenue</b>	<b>\$7,715,714</b>	<b>\$8,710,701</b>	<b>\$8,751,631</b>	<b>\$9,487,825</b>	<b>\$9,487,825</b>	<b>\$31,006</b>	<b>100.0%</b>
Room Expense	1,624,499	1,842,901	1,975,743	2,035,896	2,035,896	6,653	25.5%
Food and Beverage Expense	957,240	1,039,626	923,277	1,052,431	1,052,431	3,439	78.9%
Other Departmental Expenses	156,213	154,121	142,657	131,805	131,805	431	77.2%
<b>Departmental Expenses</b>	<b>\$2,737,952</b>	<b>\$3,036,648</b>	<b>\$3,041,677</b>	<b>\$3,220,132</b>	<b>\$3,220,132</b>	<b>\$10,523</b>	<b>33.9%</b>
<b>Departmental Profit</b>	<b>\$4,977,762</b>	<b>\$5,674,053</b>	<b>\$5,709,954</b>	<b>\$6,267,693</b>	<b>\$6,267,693</b>	<b>\$20,483</b>	<b>66.1%</b>
<b>Operating Expenses</b>	<b>\$3,004,306</b>	<b>\$3,186,901</b>	<b>\$3,261,503</b>	<b>\$3,406,797</b>	<b>\$3,213,436</b>	<b>\$10,501</b>	<b>33.9%</b>
<b>Gross Operating Profit</b>	<b>\$1,973,456</b>	<b>\$2,487,153</b>	<b>\$2,448,451</b>	<b>\$2,860,896</b>	<b>\$3,054,257</b>	<b>\$9,981</b>	<b>32.2%</b>
Fixed Expenses	257,801	316,555	287,819	272,125	283,091	925	3.0%
<b>Net Operating Income</b>	<b>\$1,715,655</b>	<b>\$2,170,598</b>	<b>\$2,160,632</b>	<b>\$2,588,771</b>	<b>\$2,771,166</b>	<b>\$9,056</b>	<b>29.2%</b>
FF&E <sup>(3)</sup>	308,629	348,428	350,065	379,513	379,513	1,240	4.0%
<b>Net Cash Flow</b>	<b>\$1,407,026</b>	<b>\$1,822,170</b>	<b>\$1,810,567</b>	<b>\$2,209,258</b>	<b>\$2,391,653</b>	<b>\$7,816</b>	<b>25.2%</b>

(1) Per Room values based on 306 rooms.

(2) % column for Room Expense, Food and Beverage Expense and Other Departmental Expenses is based on their corresponding revenue line item.

(3) FF&E is underwritten at 4.0% of Total Revenue.