

2 Portola Plaza
Monterey, CA 93940

Collateral Asset Summary – Loan No. 12

Portola Hotel & Spa

Cut-off Date Balance: \$35,000,000
Cut-off Date LTV: 34.5%
U/W NCF DSCR: 3.92x
U/W NOI Debt Yield: 16.1%

Mortgage Loan Information

Loan Seller: JPMCB
Loan Purpose: Refinance
Borrower Sponsor: James E. Grier
Borrower: Custom House Hotel, L.P.
Original Balance: \$35,000,000
Cut-off Date Balance: \$35,000,000
% by Initial UPB: 3.1%
Interest Rate: 4.0630%
Payment Date: 1st of each month
First Payment Date: June 1, 2017
Maturity Date: May 1, 2027
Amortization: Interest Only
Additional Debt: None
Call Protection: L(25), YM1(92), O(3)
Lockbox / Cash Management⁽¹⁾: Hard / Springing

Reserves

	Initial	Monthly
Taxes⁽²⁾:	\$0	Springing
Insurance⁽²⁾:	\$0	Springing
FF&E:	\$112,764	4% of gross revenues for the calendar month which occurred two months prior
Space Rent⁽³⁾:	\$119,477	\$17,069

Financial Information

Cut-off Date Balance / Room:	\$92,348
Balloon Balance / Room:	\$92,348
Cut-off Date LTV:	34.5%
Balloon LTV:	34.5%
Underwritten NOI DSCR:	3.92x
Underwritten NCF DSCR:	3.92x
Underwritten NOI Debt Yield:	16.1%
Underwritten NCF Debt Yield:	16.1%

Property Information

Single Asset / Portfolio: Single Asset
Property Type: Full Service Hospitality
Collateral: Fee Simple
Location: Monterey, CA
Year Built / Renovated: 1978 / 2017
Total Rooms: 379
Property Management: CH Monterey, LLC
Underwritten NOI: \$5,648,116
Underwritten NCF: \$5,648,116
Appraised Value: \$101,400,000
Appraisal Date: March 21, 2017

Historical NOI

Most Recent NOI: \$4,106,042 (T-12 January 31, 2017)
2016 NOI: \$4,186,143 (December 31, 2016)
2015 NOI: \$5,943,571 (December 31, 2015)
2014 NOI: \$5,364,905 (December 31, 2014)

Historical Occupancy

Most Recent Occupancy: 64.8% (January 31, 2017)
2016 Occupancy: 64.4% (December 31, 2016)
2015 Occupancy: 67.9% (December 31, 2015)
2014 Occupancy: 65.2% (December 31, 2014)

- (1) In place cash management will be triggered when (i) an event of default has occurred, (ii) a bankruptcy action by the borrower or manager has occurred or (iii) the DSCR falls below 1.40x based on a trailing 12 month period.
- (2) The borrower will be required to deposit 1/12 of annual taxes into the tax reserve account on a monthly basis when (i) an event of default has occurred, (ii) the DSCR falls below 1.65x based on a trailing 12 month period or (iii) borrower fails to provide satisfactory evidence that all taxes have been paid on or prior to the date when due (subject to the borrower's right to contest payment under the loan documents). Additionally, the borrower will be required to deposit 1/12 of the annual insurance premiums into the insurance reserve account (i) upon the occurrence of an event of default or (ii) if an acceptable blanket insurance policy is no longer in place.
- (3) The Space Rent reserve covers unpaid rent or other charges related to the ballroom lease. Monthly deposits are required for so long as the borrower does not make its rental payments in accordance with the ballroom lease, in an amount equal to the greater of (i) \$17,069 and (ii) the sum of the minimum annual rental and additional rent required under the ballroom lease.

TRANSACTION HIGHLIGHTS

- **Property.** The property was built in 1978 and consists of a 379-room, full service, LEED-certified hotel with a 31,354 sq. ft. retail component located in downtown Monterey, California. The property is adjacent and connected to the Monterey Conference Center. The property features three food and beverage outlets, 21,756 sq. ft. of meeting space, a full-service spa, an outdoor pool with a jacuzzi, a fitness center and a 421-car parking garage.
- **Location.** The property is located in downtown Monterey and is connected to the Monterey Conference Center, which is a major demand driver for the property. The City of Monterey is gut renovating the conference center and has budgeted approximately \$60.0 million to create a more flexible and functional space with advanced technology and a Silver LEED designation. The property is also located near demand generators including Fisherman's Wharf, Cannery Row, the Monterey Bay Aquarium, the Pebble Beach golf courses and Carmel-by-the-Sea, a popular beach village destination. The Monterey Peninsula hosts several major events including the Pebble Beach Concours d'Elegance, the Monterey Jazz Festival, the Monterey Blues Festival and the AT&T Pebble Beach Pro-Am golf tournament.
- **Major Renovation.** The property underwent an approximately \$10.8 million (\$28,496 per room) renovation, which was completed in May 2017. The upgrades consist of a complete renovation of the lobby and the lobby bar and restaurant, renovation of all public bathrooms, new hallway carpets throughout the hotel and room upgrades including walk-in showers, new windows and new air conditioning units. In addition, the borrower sponsor has invested approximately \$20.0 million between 2008 and 2015 for a total capital investment of \$30.8 million (\$81,309 per room) since 2008.
- **Borrower Sponsor.** The developer of the property, James E. Grier is the managing member and only partner directly or indirectly owning an interest of more than 10% in the borrower. James E. Grier began his career as a real estate attorney and started developing hotels in 1974 when he served as Managing Partner of the borrower. He previously served as President, Chairman and Co-COO of DoubleTree Hotels Corporation, where he was responsible for 100 hotels across the country, from 1989 through his resignation in 1995. He is a director on the board of Mercy Healthcare Arizona, Inc. Homeward Bound, Inc. and the Iowa Law School Foundation.
- **DeAnza Ballroom.** The borrower leases a 10,655 sq. ft. ballroom space, located in the conjoined Monterey Conference Center, from the City of Monterey. There is ongoing litigation between the borrower and the city related to the party responsible for the cost of improvements to the Portola Hotel & Spa lobby, resulting from the Monterey Conference Center's renovation (both share a common entrance). As a result, the borrower has not been paying the rental payments due under its lease to the city. The DeAnza Ballroom is not part of the collateral, but the loan documents provide that in the event the borrower or an affiliate obtains fee simple title to the leased space, the borrower will (or will cause the affiliate) grant a security interest in the fee estate to the lender. The ongoing litigation has not affected operations at the property.