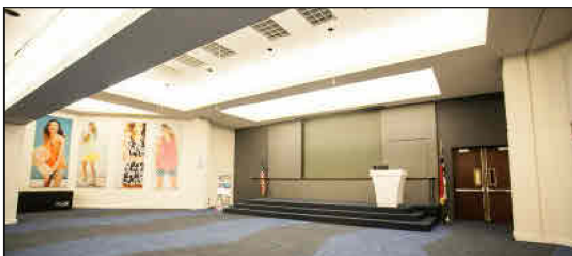
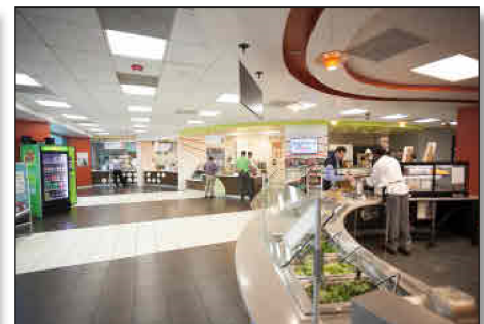
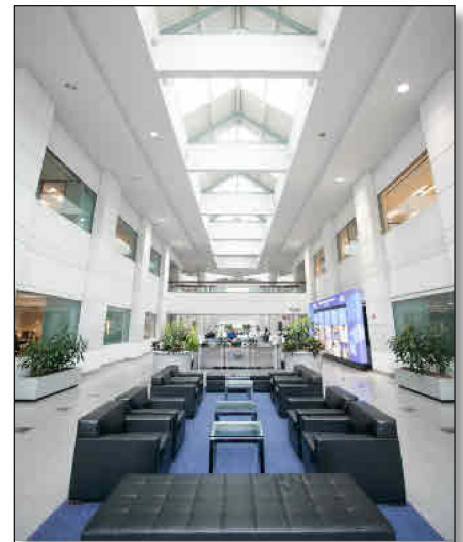
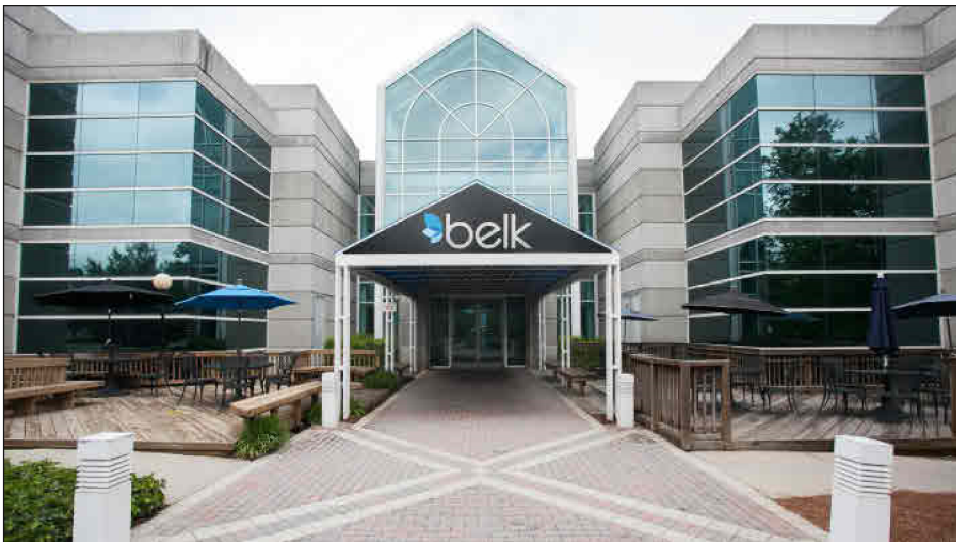
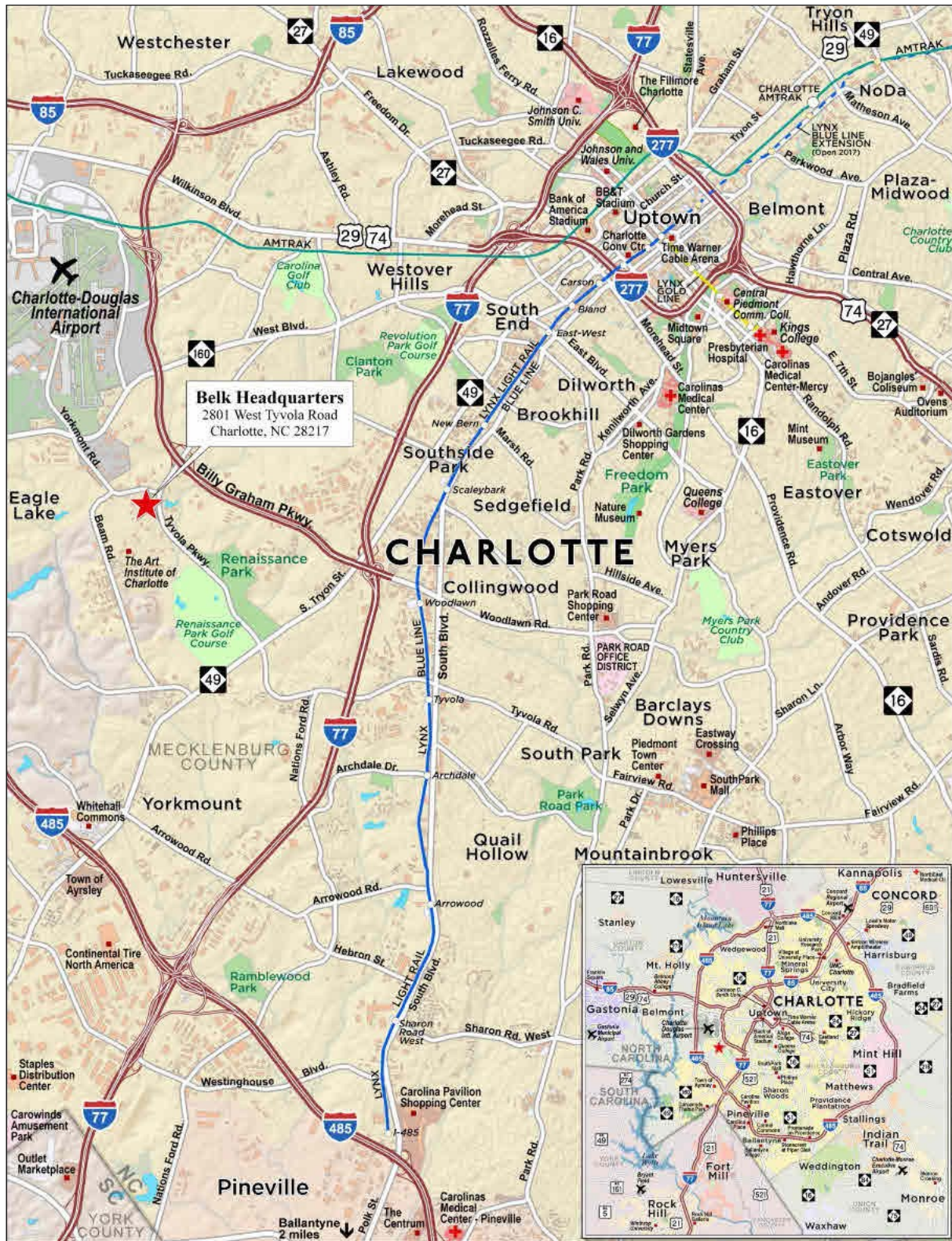


## Mortgage Loan No. 3 – Belk Headquarters





# Mortgage Loan No. 3 – Belk Headquarters



## Mortgage Loan No. 3 – Belk Headquarters

Mortgage Loan Information			
Mortgage Loan Seller:	BANA		
Original Balance:	\$58,000,000		
Cut-off Date Balance:	\$58,000,000		
% of Initial Pool Balance:	6.6%		
Loan Purpose <sup>(1)</sup> :	Acquisition and Refinance		
Sponsor:	Samuel Jacobson		
Mortgage Rate <sup>(2)</sup> :	5.1440%		
Note Date:	3/30/2016		
First Payment Date:	5/1/2016		
Maturity Date <sup>(2)</sup> :	4/1/2026		
Original Term to Maturity <sup>(2)</sup> :	120 months		
Original Amortization Term:	360 months		
IO Period:	24 months		
Seasoning:	2 months		
Prepayment Provisions:	LO (26); DEF (90); O (4)		
Lockbox/Cash Mgmt Status:	Hard/Springing		
Additional Debt Type:	N/A		
Additional Debt Balance:	N/A		
Future Debt Permitted (Type):	No (N/A)		
Reserves <sup>(3)</sup>			
Type	Initial	Monthly	Cap
RE Tax:	\$0	Springing	N/A
Insurance:	\$0	Springing	N/A
Recurring Replacements:	\$0	Springing	N/A
TI/LC:	\$0	\$15,790	N/A

Property Information			
Single Asset/Portfolio:	Single Asset		
Location:	Charlotte, NC 28217		
General Property Type:	Office		
Detailed Property Type:	Suburban		
Title Vesting:	Fee		
Year Built/Renovated:	1987/2016		
Size:	473,698 SF		
Cut-off Date Balance per Unit:	\$122		
Maturity Date Balance per Unit:	\$107		
Property Manager:	Self-managed		
Underwriting and Financial Information			
UW NOI:	\$5,077,269		
UW NOI Debt Yield:	8.8%		
UW NOI Debt Yield at Maturity:	10.1%		
UW NCF DSCR:	1.59x (IO)	1.27x (P&I)	
Most Recent NOI <sup>(1)</sup> :	N/A		
2nd Most Recent NOI <sup>(1)</sup> :	N/A		
3rd Most Recent NOI <sup>(1)</sup> :	N/A		
Most Recent Occupancy:	100.0% (6/1/2016)		
2nd Most Recent Occupancy <sup>(1)</sup> :	N/A		
3rd Most Recent Occupancy <sup>(1)</sup> :	N/A		
Appraised Value (as of) <sup>(4)</sup> :	\$96,990,000 (4/1/2016)		
Cut-off Date LTV Ratio:	59.8%		
Maturity Date LTV Ratio:	52.0%		

Sources and Uses					
Sources			Uses		
Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Loan Amount:	\$58,000,000	82.4%	Purchase Price:	\$37,959,165	53.9%
Borrower Equity:	\$12,399,249	17.6%	Loan Payoff:	\$17,982,318	25.5%
			Tenant Allowance:	\$11,000,000	15.6%
			Closing Costs:	\$3,457,765	4.9%
Total Sources:	\$70,399,249	100.0%	Total Uses:	\$70,399,249	100.0%

- (1) The Belk Headquarters Mortgage Loan together with a \$12,399,249 cash contribution by the Belk Headquarters Mortgage Loan sponsor is being used to refinance existing debt encumbering the West Unit and finance the acquisition of the East Unit (see “*The Property*” below). As a result of this collateral acquisition, historical operating and occupancy information relating to the East Unit are not available.
- (2) The Belk Headquarters Mortgage Loan has an anticipated repayment date of April 1, 2026 with a maturity date of April 1, 2046. Beginning on the anticipated repayment date through the maturity date the Belk Headquarters Mortgage Loan will accrue interest at a note rate equal to the sum of 2.0% and the greater of (a) the initial note rate of 5.144% and (b) the sum of the treasury rate plus 5.0%.
- (3) See “*Escrows and Reserves*” below for further discussion of reserve requirements.
- (4) The Belk Headquarters Property was given a “stabilized” value of \$96,990,000 as of April 1, 2016, which assumed (i) the Belk lease amendments being signed, (ii) rent commencement, and (iii) tenant allowances being released to Belk by April 1, 2016. All such events have occurred as of the closing date of the Belk Headquarters Mortgage Loan. The Belk Headquarters Property has been given a “dark” value as of March 1, 2016 of \$45,870,000 (\$97 PSF).

**The Mortgage Loan.** The third largest mortgage loan (the “Belk Headquarters Mortgage Loan”) is evidenced by a promissory note in the original principal amount of \$58,000,000 and secured by a first priority fee mortgage encumbering the two condominium units (the “East Unit” and the “West Unit”) within a single-tenant office building known as the Belk Headquarters building (the “Belk Headquarters Property”) located in Charlotte, North Carolina. Proceeds from the Belk Headquarters Mortgage Loan, together with an equity contribution of \$12,466,749 from the Belk Headquarters Mortgage Loan sponsor, were used to purchase the East Unit of the Belk Headquarters Property, defease an existing loan secured by the West Unit of the Belk Headquarters Property (which loan was securitized in the BACM 2007-3 transaction), contribute \$11 million toward tenant improvements and pay closing costs.

**The Borrower and the Sponsor.** The borrowers are Jacobson Charlotte West, LLC and Jacobson Charlotte East, LLC, each a Delaware limited liability company with at least two independent directors (collectively, the “Belk Headquarters Borrower”). Equity ownership in the Belk Headquarters Borrower is held by Samuel Jacobson (93%) and Randi Jacobson (7%). Samuel Jacobson is the sponsor and non-recourse carve-out guarantor. Mr. Jacobson is a real estate investor focused on acquiring, owning, leasing and managing primarily triple-net leased buildings. His current portfolio includes fourteen commercial properties across Arkansas, California, Florida, Illinois, Indiana, Minnesota, New York, North Carolina and Wisconsin.

**The Property.** The Belk Headquarters Property is located at 2801 West Tyvola Road, and is fully leased to Belk, Inc. ("Belk"). Belk is a regional department store retailer operating 297 stores in 16 southeastern states with a growing e-commerce business. Belk offers national name brand merchandise and private label apparel, shoes and accessories along with cosmetics, wedding registry and home merchandise. Belk's current CEO is Tim Belk, who represents the third generation of the Belk family to run the company since its founding in 1888. For its 2015 fiscal year, Belk earned approximately \$4.11 billion in sales and contributed over \$21.5 million to charities in the communities it serves. Belk has been headquartered at the Belk Headquarters Property for over 27 years. In December 2015, Sycamore Partners purchased Belk for a reported \$3 billion. Sycamore Partners is a private equity firm with over \$3.5 billion in capital under management, specializing in retail and consumer investments. Sycamore Partners' investment portfolio currently includes Belk, Coldwater Creek, Dollar Express, Hot Topic, the Kasper Group, Nine West Holdings and Talbots.

The Belk Headquarters Property is located approximately six miles from the Charlotte central business district in the LakePointe Corporate Center, a 175-acre Class "A" office park which also contains hotels, bank branches, restaurants and a 3.1 mile jogging trail. The Belk Headquarters Property consists of one building divided into two condominium units: the East Unit consists of 292,098 SF and the West Unit consists of 181,600 SF. Both condominium units are included in the collateral for a total of 473,698 SF of net rentable area. The Belk Headquarters Property also includes 1,528 surface parking spaces and 500 spaces in a parking garage. Belk was the original owner of the Belk Headquarters Property when built in 1987, and in 2005 and 2006 created the condominium structure and closed on a sale-leaseback transaction in conjunction with the sale of its credit card business to GE Consumer Finance, predecessor to Synchrony Financial. Synchrony Financial sublet approximately 66,000 SF in the West Unit from Belk. Belk also sublet approximately 75,000 SF in the East Unit to iQor, a call center operator. Both subleases have been terminated in order to accommodate Belk's need for additional space as it moves employees from the neighboring Three Coliseum Centre building to the Belk Headquarters Property.

In connection with the Belk Headquarters Mortgage Loan, the Belk Headquarters Borrower purchased the East Unit, refinanced the West Unit and contributed \$10 million to Belk for Belk's use to improve the space, which plans include furniture purchases, IT wiring, security updates, elevator renovations, the addition of a fitness facility and general upfit. Also in connection with the Belk Headquarters Mortgage Loan, Belk signed lease amendments for the East Unit and the West Unit extending its leases to March 31, 2031 and providing for five additional five-year renewal options. The leases require annual base rent of \$11.30 PSF, increasing to \$12.15 PSF beginning March 2021. Belk's lease is triple-net, with Belk responsible for payment of all property repairs and maintenance, any condominium assessments, utilities, office park assessments, taxes and property insurance premiums. Belk has a right of first refusal to purchase the Belk Headquarters Property. The Belk Headquarters Borrower owns 100% of the condominium interests, however, pursuant to a proxy has granted Belk full control of the condominium association that governs the East Unit and the West Unit, provided Belk cannot exercise any vote without the consent of the Belk Headquarters Borrower which would lessen the Belk Headquarters Borrower's voting rights, create or alter easements or other property rights, terminate the condominium or amend the condominium declaration, or impose additional obligations on or otherwise materially adversely affect the Belk Headquarters Property or Belk Headquarters Borrower.

**The Market.** The Belk Headquarters Property is located in Charlotte, Mecklenburg County, North Carolina. Mecklenburg County had an estimated unemployment rate of 5.1% as of November 2015. Its major employers include Charlotte Mecklenburg Hospital, Wells Fargo Bank, Charlotte-Mecklenburg Board of Education, Bank of America, and US Air. Mecklenburg County's estimated 2016 median household income was \$57,792 with 41% of its residents being college graduates.

According to its Chamber of Commerce, Charlotte is home to seven Fortune 500 companies and an additional ten Fortune 1000 companies. 34.7% of the regional Charlotte economy is supported by headquarters operations, including Delhaize America – Food Lion, Compass Group USA, Ingersoll Rand, Harris Teeter Supermarkets, Hendrick Automotive Group and Coca-Cola Bottling Co. Consolidated, each with over 1,100 employees. Headquarter operations in the Charlotte area employ approximately 248,547 people.

According to the appraisal, estimated 2016 population within a three- and five-mile radius of the Belk Headquarters Property was 35,105 and 140,028, respectively, each having grown at a compound annual rate of 2.1% over the last five years, and estimated 2016 median income within a three- and five-mile radius of the Belk Headquarters Property was \$39,468 and \$48,830, respectively.

According to the appraisal, the Belk Headquarters Property is located within the Airport/Parkway office submarket within the Charlotte metropolitan area market, which had 2015 inventory of 13,051,000 SF (362 buildings) with a 12.9% vacancy rate and gross asking rents of \$17.77 PSF. Properties within the submarket within the Belk Headquarters Property's same "4 and 5 Star" category comprise 6,473,000 SF with an 11.5% vacancy rate and gross asking rents of \$21.51 PSF. The Belk Headquarters Property is the largest single-tenant office building in the Charlotte metropolitan area market. Within the entire Charlotte metropolitan area market, only ten other buildings contain more than 100,000 SF of contiguous space, and only three other buildings contain more than 400,000 SF of contiguous space.



The following table presents competitive office rental properties to the Belk Headquarters Property:

Competitive Office Lease Summary							
Property Name/Location	Year Built / Renov	Total GLA (SF)	Tenant Name	Lease Date/ Term	Lease Area (SF)	Base Rent PSF	TI Allowance PSF
Wal-Mart Building 2118 Water Ridge Pky Charlotte, NC	1991/ N/A	107,545	Wal-Mart Stores, Inc	May-16 / 12 Yr	107,545	\$19.73 NNN	\$40.00
Proposed Movement Hwy 160 & Calvin Hall Rd Indian Land, SC	2016/ N/A	104,000	Movement Mortgage, Inc.	Mar-16 / 11.9 Yr	104,000	\$14.23 NNN	\$40.00
LakePointe Corporate 2320 Cascade Pointe Blvd Charlotte, NC	1999/ N/A	331,611	AT&T	May-15 / 5 Yr	52,236	\$18.00 FSG	\$0.00
Kingsley Park VI 234 Kingsley Park Dr Fort Mill, SC	2014/ N/A	53,362	Domtar	Feb-15 / 10 Yr	59,362	\$17.50 NNN	\$30.00
<b>Belk Headquarters Property</b>	<b>1987/2016</b>	<b>473,698</b>	<b>Belk</b>	<b>Mar-16 / 15 Yr</b>	<b>473,698</b>	<b>\$11.30 NNN</b>	<b>\$21.11</b>

Source: Appraisal

**Underwritten Net Cash Flow.** The following table presents certain information relating to the underwritten net cash flow at the Belk Headquarters Property:

Cash Flow Analysis <sup>(1)</sup>						
	2012	2013	2014	2015	UW	UW PSF
Base Rent	N/A	N/A	N/A	N/A	\$5,352,787	\$11.30
Total Recoveries <sup>(2)</sup>	N/A	N/A	N/A	N/A	\$157,000	\$0.33
Less Vacancy & Credit Loss	N/A	N/A	N/A	N/A	(\$275,489)	-5.0%
Effective Gross Income	N/A	N/A	N/A	N/A	\$5,234,298	\$11.05
Total Operating Expenses <sup>(2)</sup>	N/A	N/A	N/A	N/A	\$157,029	\$0.33
<b>Net Operating Income</b>	N/A	N/A	N/A	N/A	<b>\$5,077,269</b>	<b>\$10.72</b>
Capital Expenditures <sup>(2)</sup>	N/A	N/A	N/A	N/A	\$71,055	\$0.15
TI/LC	N/A	N/A	N/A	N/A	\$189,480	\$0.40
<b>Net Cash Flow</b>	N/A	N/A	N/A	N/A	<b>\$4,816,734</b>	<b>\$10.17</b>
<b>Occupancy %</b>	N/A	N/A	N/A	N/A	<b>95.0%</b>	
<b>NOI DSCR</b>	N/A	N/A	N/A	N/A	<b>1.34x</b>	
<b>NCF DSCR</b>	N/A	N/A	N/A	N/A	<b>1.27x</b>	
<b>NOI Debt Yield</b>	N/A	N/A	N/A	N/A	<b>8.8%</b>	
<b>NCF Debt Yield</b>	N/A	N/A	N/A	N/A	<b>8.3%</b>	

(1) Additional collateral was acquired in connection with the Belk Headquarters Mortgage Loan. Historical operating and occupancy information are not available.

(2) All expenses are the responsibility of the tenant. A 3% management fee was underwritten though the property is self-managed.

**Escrows and Reserves.** Pursuant to its leases, Belk is responsible for payment of property taxes and insurance, capital repairs, replacements and improvements necessary for the maintenance of the Belk Headquarters Property. During a Belk Sweep Period (as defined below), the Belk Headquarters Borrower is required to make monthly deposits for taxes, insurance premiums and a monthly deposit of \$5,921 for replacement reserves. The Belk Headquarters Borrower is required to make a monthly deposit of \$15,790 to a leasing reserve, which is scheduled to accrue to a total of \$1,894,800 (\$4 PSF) by the anticipated maturity date of the Belk Headquarters Mortgage Loan.

A "Belk Sweep Period" will commence upon the earliest of (i) Belk being in default for nonpayment of rent, (ii) Belk failing to be in possession of or operating in its leased space, (iii) Belk giving notice of termination for all or a portion of its leased space, terminating or cancelling its lease(s), (iv) Belk being subject to bankruptcy or insolvency, and (v) Belk's credit rating dropping to CCC+ or lower, and will end upon the earliest of (A) as applicable, (i) Belk curing a default for nonpayment of rent, (ii) Belk being in possession of and operating in its leased space, (iii) Belk revoking any termination or cancellation notice and re-affirming its lease(s) being in full force and effect, (iv) Belk no longer being subject to bankruptcy or insolvency and having affirmed its lease(s), and (v) Belk's credit rating being upgraded above CCC+ or (B) the entire Belk leased space being leased to a replacement tenant being in physical occupancy, operating and paying full rent.

**Lockbox and Cash Management.** The Belk Headquarters Mortgage Loan has a hard lockbox with springing cash management upon the commencement of a Cash Sweep Period (as defined below). Also during the continuance of a Cash Sweep Period (i) prior to the anticipated repayment date of the Belk Headquarters Mortgage Loan, the Belk Headquarters Borrower will be required to deposit all excess cash into an excess cash reserve

account, and (ii) after the anticipated repayment date, all excess cash will be applied to any accrued interest and the outstanding principal balance of the Belk Headquarters Mortgage Loan.

A "Cash Sweep Period" will exist during (i) the occurrence and continuance of an event of default, (ii) a DSCR Sweep Period (as defined below), (iii) a Belk Sweep Period, or (iv) the period commencing upon the anticipated repayment date until the full repayment of the Belk Headquarters Mortgage Loan.

A "DSCR Sweep Period" will commence upon the debt service coverage being less than 1.15x for two consecutive quarters and will end upon the debt service coverage being equal to or exceeding 1.20x for two consecutive quarters.

***Additional Secured Indebtedness (not including trade debts).*** Not permitted.

***Mezzanine Loan and Preferred Equity.*** Not permitted.

***Release of Property.*** Not permitted.

***Terrorism Insurance.*** The Belk Headquarters Borrower is required to obtain and maintain property insurance, public liability insurance and rental loss and/or business interruption insurance that covers perils of terrorism and acts of terrorism.