

Mortgage Loan No. 15 — Shoppes at Harmon Square

Mortgage Loan Information

Mortgage Loan Seller:	BSP
Original Principal Balance:	\$18,100,000
Cut-off Date Principal Balance:	\$18,100,000
% of Pool by IPB:	2.2%
Loan Purpose:	Refinance
Borrower:	Harmon Square SPE LLC
Sponsors:	Eli Applebaum; Gerald Barad
Interest Rate:	5.1000%
Note Date:	5/8/2017
Maturity Date:	6/6/2027
Interest-only Period:	0 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	Balloon
Call Protection:	L(24),Def(92),O(4)
Lockbox⁽¹⁾:	Hard
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:	Retail – Unanchored
Net Rentable Area (SF):	31,036
Location:	Las Vegas, NV
Year Built / Renovated:	1987 / 2015 - 2016
Occupancy:	72.5%
Occupancy Date:	4/1/2017
Number of Tenants:	10
2014 NOI:	\$548,235
2015 NOI⁽²⁾:	\$421,547
2016 NOI⁽²⁾:	\$720,548
TTM NOI⁽³⁾:	\$799,715
UW Economic Occupancy:	80.0%
UW Revenues:	\$2,045,525
UW Expenses:	\$316,168
UW NOI:	\$1,729,357
UW NCF:	\$1,706,251
Appraised Value / Per SF:	\$30,370,000 / \$979
Appraisal Date:	3/22/2017

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$16,621	\$3,324	N/A
Insurance:	\$31,655	\$3,957	N/A
Replacement Reserves:	\$27,187	\$388	N/A
TI/LC:	\$250,000	\$3,621	N/A
Deferred Maintenance:	\$13,625	\$0	N/A
Tenant Specific TI/LC:	\$412,652	\$0	N/A
Free Rent Reserve:	\$61,350	\$0	N/A
Lease Sweep Reserve⁽⁴⁾:	\$0	Springing	N/A

Financial Information

Cut-off Date Loan / SF:	\$583
Maturity Date Loan / SF:	\$481
Cut-off Date LTV:	59.6%
Maturity Date LTV:	49.2%
UW NCF DSCR:	1.45x
UW NOI Debt Yield:	9.6%

Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan	\$18,100,000	100.0%
Total Sources	\$18,100,000	100.0%

Uses	Proceeds	% of Total
Payoff Existing Debt	\$12,906,899	71.3%
Return of Equity	3,772,643	20.8
Upfront Reserves	813,090	4.5
Closing Costs	607,367	3.4
Total Uses	\$18,100,000	100.0%

- (1) The loan is structured with a hard lockbox and springing cash management.
- (2) The increase in NOI from 2015 to 2016 is attributable to lease-up and repositioning at the property.
- (3) Represents the trailing twelve month period ending February 28, 2017.
- (4) On each monthly payment date during a cash sweep period that was caused and exists solely due to a specified tenant sweep event (as defined in the loan documents), the borrower is required to deposit all excess cash flow generated by the property, after the payment of debt service, required reserves and operating expenses, among other things, for the immediately preceding interest period into a lease sweep reserve.

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The Loan. The Shoppes at Harmon Square loan is secured by a first mortgage lien on the borrower's fee interest in an unanchored retail strip center, totaling 31,036 SF located in Las Vegas, Nevada. The loan has a 10-year term and will amortize on a 30-year schedule.

The Borrower. The borrowing entity for the Shoppes at Harmon Square is Harmon Square SPE LLC, a Delaware limited liability company and special purpose entity. The borrowing entity is 100.0% owned by HD Harmon Square, LLC, a Nevada limited liability company, which is 25.0% owned by Chris Rokos, 25.0% owned by Andrew Morton, 16.7% owned by Mark Spindel, 16.7% owned by Jason Cummins, 8.3% owned by Jay Moskowitz, 4.2% owned by Eli Applebaum and 4.2% owned by Gerald Barad.

The Sponsors. The loan's sponsors and nonrecourse carve-out guarantors are Eli Applebaum and Gerald Barad. Eli Applebaum is the President of High Desert Investment Group and Manager of NYLV Investors, and has over 30 years of experience in commercial real estate. High Desert Investment Group focuses on acquiring and developing properties with an emphasis on retail properties in southwestern United States and primarily in the Las Vegas Market. Previously, Mr. Applebaum was Executive Vice President of Executive Home Builders where he was head of its commercial division. Under Mr. Applebaum, EHB was involved in the design, leasing and financing of Tivoli Village, a 1.4 million SF mixed-use development in Las Vegas. The total project cost was approximately \$850.0 million. Additionally, he was part of EHB's senior management team whose responsibilities included the overall strategic and tactical planning and operation of the business. Earlier in his career, Mr. Applebaum was one of the most active build-to-suit developers on the west coast with single tenants ranging from fast food chains, convenience and gas stations to health clubs that included Jack In The Box, Exxon, Turtle Stop, and 24 Hour Fitness. Mr. Applebaum has also developed and operated affiliated companies involved in various businesses including Esmor, which operated one of the nation's largest groups of private correctional facilities. Gerald Barad is a second-generation hotelier and has been an active investor in commercial and multi-family residential real estate (largely in New York City) for over 20 years, maintaining interests in over 25 hotels and 12,000 apartments. In February 2014, with his business partner Shimmie Horn, Mr. Barad united six boutique properties to form the Triumph Hotels brand. Mr. Barad is also part of the Triumph executive team.

The Property. The Shoppes at Harmon Square property is a 31,036 SF unanchored retail strip center located in Las Vegas, Nevada, approximately 1.5 miles southeast of the Las Vegas Strip and 0.9 miles north of the McCarran International Airport. The property was originally constructed in 1987 and renovated in 2015 and 2016. The property consists of four buildings located at the intersection of Paradise Road, averaging 43,800 vehicles per day, and Harmon Avenue averaging 28,000 vehicles per day. The property is located across the street from the Hard Rock Hotel and Casino, and the University of Nevada, Las Vegas lies a quarter mile east of the property. The property sits across the street from Paradise Esplanade, a CVS anchored retail center, positioned in front of Eller Media Softball Stadium. Additionally, the property contains 200 parking spaces, resulting in a parking ratio of approximately 6.4 spaces per 1,000 SF.

As of April 1, 2017, the Shoppes at Harmon Square property was 72.5% leased to a mix of national and local restaurant tenants, a liquor store and a convenience store. The largest tenant, Liquor World (5,408 SF; 17.4% of net rentable area), has been at the center since January 2016. The triple-net lease prescribes the tenant an initial 10-year term with three, five-year options to renew. Liquor World reported year-end 2016 sales of \$735 PSF, which increased by 8.1% to \$795 PSF for the TTM March 2017 gross sales. The second largest tenant, Checkers (2,470 SF; 8.0% of net rentable area) has been at the property since December 2015. Checkers has a drive-thru window that is directly accessible via the first curb cut along Paradise Road. Checkers reported sales in the first year of operations at the property with year-end 2016 sales of \$575 PSF. Checkers was founded in 1986 in Mobile, Alabama. Checkers Restaurants and Rally's Hamburgers, Inc. are drive-thru restaurant chains in the US with over 800 locations. The lease prescribes Checkers an initial 10-year term with two, five-year options to renew. The third largest tenant, 7-Eleven (2,417 SF; 7.8% of net rentable area), executed a 10-year triple net lease in November 2016. 7-Eleven's lease commenced on March 20, 2017, while the rent commencement date was June 20, 2017. 7-Eleven was in the process of building out their space at closing and is expected to open in August 2017. The lease prescribes 7-Eleven one, ten-year option to renew. 7-Eleven is an international convenience store founded in 1927. 7-Eleven has 56,600 locations in 18 countries and is known for the Slurpee and Big Gulp beverages.

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The Market. The Shoppes at Harmon Square property is located in Clark county, which is known as Paradise Township. A large portion of the property's neighborhood is improved with large resort and casino projects situated within the Las Vegas Strip resort corridor. According to the appraisal, the 2016 populations within a one-, three- and five-mile radius of the property are 15,408, 118,691 and 391,486, respectively. The average household incomes within a one-, three- and five-mile radius of the property are \$39,996, \$46,171 and \$52,220, respectively. According to a third-party data provider, the property is located in the Las Vegas retail market. As of year-end 2016, the Las Vegas retail market maintains an inventory of approximately 29.6 million SF, a vacancy rate of 13.2% and an average rental rate of \$21.87 PSF. The average vacancy over the past 10 years was 11.6%. Additionally, over the past 10 years approximately 3.2 million SF of completions have been added to the market while approximately 665,000 SF represents net absorption.

The property is in the Central East submarket and is considered a Class A neighborhood retail center. The submarket reports an average occupancy of 87.1%, net absorption of 92,718 SF and an average asking rent of \$1.30 PSF as of the fourth quarter of 2016. The appraisal identified four most relevant comparable office rentals ranging in size from 42,025 and 904,444 SF and reported quoted average asking rents ranging from \$30.00 to \$92.00 PSF.

Competitive Set Summary⁽¹⁾

Property	Year Built / Renovated	Total GLA (SF)	Est. Rent PSF	Est. Occ.	Proximity (miles)
Shoppes at Harmon Square	1987 / 2015 - 2016	31,036	\$62.30⁽²⁾	72.5%⁽³⁾	N/A
Paradise Esplanade	2005	56,811	\$54.00	92%	0.2
Showcase Island Plaza	2001	42,025	\$92.00	100%	1.8
Gold Key Shops Strip Center	1961	45,081	\$54.00	100%	2.8
Town Square	2007	904,444	\$30.00	92%	4.0

(1) Source: Appraisal.

(2) Based on current in-place rent.

(3) Based on the April 1, 2017 underwritten rent roll.

Historical and Current Occupancy⁽¹⁾

2013	2014	2015	2016	Current ⁽²⁾
N/A	N/A	N/A	59.0%	72.5%

(1) Source: Historical Occupancy is provided by the sponsor. Occupancies are as of December 31 of each respective year. 2013, 2014 and 2015 occupancies are not applicable due to lease-up and repositioning at the property.

(2) Based on the April 1, 2017 underwritten rent roll.

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Tenant Summary⁽¹⁾

Tenant	Ratings Moody's/S&P/Fitch ⁽²⁾	Net Rentable Area (SF)	% of Total NRA	Base Rent PSF	Lease Expiration Date
Liquor World ⁽³⁾	NR / NR / NR	5,408	17.4%	\$32.29	1/31/2026
Checkers ⁽⁴⁾	NR / B- / NR	2,470	8.0%	\$98.18	12/31/2025
7-Eleven ⁽⁵⁾	Baa1 / AA- / NR	2,417	7.8%	\$90.00	6/30/2027
Roberto's Taco Shop	NR / NR / NR	2,001	6.4%	\$53.04	3/31/2026
Dunkin Donuts ⁽⁶⁾	NR / NR / NR	2,000	6.4%	\$50.00	2/28/2021
Teriyaki Madness	NR / NR / NR	1,806	5.8%	\$48.00	1/31/2027
H2O Poke& Fish Grill	NR / NR / NR	1,755	5.7%	\$61.80	2/28/2027
Tropical Smoothie	NR / NR / NR	1,702	5.5%	\$50.94	4/30/2027
Papaya King	NR / NR / NR	1,558	5.0%	\$60.00	5/31/2029
Subway ⁽⁷⁾	NR / NR / NR	1,376	4.4%	\$69.99	2/28/2026

- (1) Based on the underwritten rent roll dated April 1, 2017, including rent increases occurring through April 2018.
- (2) Ratings provided are for the parent company of the entity listed in the "Tenant" field whether or not the parent company guarantees the lease.
- (3) Liquor World has three, five-year options to renew. The initial base rent of \$269,800 (\$49.89 PSF), will be reduced once 7-Eleven takes occupancy. Liquor World's percentage rent breakpoint will then decline accordingly and overall based on TTM sales, the tenant will be paying a slightly higher rent overall rent. Liquor World has expressed interest in expanding at the property and absorbing vacant space adjacent to it.
- (4) Checkers has two, five-year options to renew its lease.
- (5) 7-Eleven has one, ten-year option to renew its lease.
- (6) Dunkin Donuts has three, five-year options to renew. Dunkin Donuts does not pay base rent and is on a percentage only lease.
- (7) Subway has two, five-year options to renew its lease and received \$55,040 (\$40.00 PSF) in tenant improvement allowance.

Lease Rollover Schedule⁽¹⁾

Year	Number of Leases Expiring ⁽²⁾	NRA Expiring	% of NRA Expiring	Base Rent Expiring	% of Base Rent Expiring	Cumulative NRA Expiring	Cumulative % of NRA Expiring	Cumulative Base Rent Expiring	Cumulative % of Base Rent Expiring
Vacant	NAP	8,543	27.5%	NAP	NAP	8,543	27.5%	NAP	NAP
MTM	0	0	0.0	\$0	0.0%	8,543	27.5%	\$0	0.0%
2017	0	0	0.0	0	0.0	8,543	27.5%	\$0	0.0%
2018	0	0	0.0	0	0.0	8,543	27.5%	\$0	0.0%
2019	0	0	0.0	0	0.0	8,543	27.5%	\$0	0.0%
2020	0	0	0.0	0	0.0	8,543	27.5%	\$0	0.0%
2021	1	2,000	6.4	100,000	7.6	10,543	34.0%	\$100,000	7.6%
2022	0	0	0.0	0	0.0	10,543	34.0%	\$100,000	7.6%
2023	0	0	0.0	0	0.0	10,543	34.0%	\$100,000	7.6%
2024	0	0	0.0	0	0.0	10,543	34.0%	\$100,000	7.6%
2025	1	2,470	8.0	242,498	18.5	13,013	41.9%	\$342,498	26.1%
2026	3	8,785	28.3	377,067	28.7	21,798	70.2%	\$719,565	54.8%
2027 & Beyond	5	9,238	29.8	592,863	45.2	31,036	100.0%	\$1,312,428	100.0%
Total	10	31,036	100.0%	\$1,312,428	100.0%				

- (1) Based on the underwritten rent roll dated April 1, 2017. Rent includes base rent and rent increases occurring through April 2018.
- (2) Certain tenants have more than one lease.

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Operating History and Underwritten Net Cash Flow

	2014	2015 ⁽¹⁾	2016 ⁽¹⁾	TTM ⁽¹⁾⁽²⁾	Underwritten ⁽³⁾	PSF	% ⁽⁴⁾
Rents in Place	\$595,108	\$474,086	\$730,301	\$822,129	\$1,426,090	\$45.95	65.5%
Vacant Income	0	0	0	0	512,580	16.52	23.5
Gross Potential Rent	\$595,108	\$474,086	\$730,301	\$822,129	\$1,938,670	\$62.47	89.1%
Total Reimbursements	0	0	43,648	43,648	238,135	7.67	10.9
Net Rental Income	\$595,108	\$474,086	\$773,949	\$865,777	\$2,176,805	\$70.14	100.0%
(Vacancy/Collection Loss)	0	0	0	0	(512,580)	(16.52)	(23.5)
Other Income	177,491	165,300	202,069	197,284	381,300	12.29	17.5
Effective Gross Income	\$772,599	\$639,386	\$976,018	\$1,063,061	\$2,045,525	\$65.91	94.0%
Total Expenses	\$224,364	\$217,839	\$255,470	\$263,346	\$316,168	\$10.19	15.5%
Net Operating Income	\$548,235	\$421,547	\$720,548	\$799,715	\$1,729,357	\$55.72	84.5%
Total TI/LC, Capex/RR	0	0	0	0	23,106	0.74	1.1
Net Cash Flow	\$548,235	\$421,547	\$720,548	\$799,715	\$1,706,251	\$54.98	83.4%

- (1) The increase in Net Operating Income from 2015 to 2016 is attributable to lease-up and repositioning at the property. The Increase in Underwritten Net Operating Income from previous years is attributable to the newly executed leases and vacant units grossed-up at market rent.
- (2) TTM column represents the trailing 12-month period ending February 28, 2017.
- (3) Underwritten Rent in Place includes the \$113,662 percentage rent in regards to Liquor World which is based on underwritten 90% of the TTM March 2017 sales and rent increases through April 2018.
- (4) Percentage column represents percent of Net Rental Income for all revenue lines and represents percent of Effective Gross Income for the remainder of fields.