

## Springhill Suites Newark Airport

### Mortgage Loan Information

<b>Mortgage Loan Seller:</b>	BSP
<b>Original Principal Balance:</b>	\$19,800,000
<b>Cut-off Date Principal Balance:</b>	\$19,800,000
<b>% of Pool by IPB:</b>	2.4%
<b>Loan Purpose:</b>	Acquisition
<b>Borrower:</b>	Waramaug Newark LLC
<b>Sponsors:</b>	Leslie Ng and Paul A. Nussbaum
<b>Interest Rate:</b>	5.29000%
<b>Note Date:</b>	6/29/2017
<b>Maturity Date:</b>	7/6/2027
<b>Interest-only Period:</b>	None
<b>Original Term:</b>	120 months
<b>Original Amortization:</b>	300 months
<b>Amortization Type:</b>	Balloon
<b>Call Protection:</b>	L(24), Grtr1%orYM(92), O(4)
<b>Lockbox / Cash Management:</b>	Hard / 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>	200
<b>Location:</b>	Newark, NJ
<b>Year Built / Renovated:</b>	2004 / 2013
<b>Occupancy / ADR / RevPAR:</b>	92.9% / \$117.65 / \$109.27
<b>Occupancy / ADR / RevPAR Date:</b>	4/30/2017
<b>Number of Tenants:</b>	N/A
<b>2014 NOI</b>	\$2,559,548
<b>2015 NOI:</b>	\$2,569,906
<b>2016 NOI:</b>	\$2,287,626
<b>TTM NOI (as of 4/2017):</b>	\$2,256,599
<b>UW Occupancy / ADR / RevPAR:</b>	91.1% / \$119.49 / \$108.85
<b>UW Revenues:</b>	\$8,500,969
<b>UW Expenses:</b>	\$6,241,738
<b>UW NOI:</b>	\$2,259,231
<b>UW NCF:</b>	\$2,259,231
<b>Appraised Value / Per Room<sup>(1)</sup>:</b>	\$28,600,000 / \$143,000
<b>Appraisal Date:</b>	5/1/2017

### Escrows and Reserves

	Initial	Monthly	Initial Cap
<b>Taxes:</b>	\$188,971	\$47,243	N/A
<b>Insurance:</b>	\$31,301	\$3,478	N/A
<b>Deferred Maintenance:</b>	\$37,800	NAP	N/A
<b>FF&amp;E Reserves<sup>(2)</sup>:</b>	\$0	2% of Gross Revenues	N/A
<b>Other<sup>(3)(4)(5)</sup>:</b>	\$1,737,500	\$13,068	N/A

### Financial Information

<b>Cut-off Date Loan / Room:</b>	\$99,000
<b>Maturity Date Loan / Room:</b>	\$74,802
<b>Cut-off Date LTV<sup>(1)</sup>:</b>	69.2%
<b>Maturity Date LTV<sup>(1)</sup>:</b>	52.3%
<b>UW NCF DSCR:</b>	1.58x
<b>UW NOI Debt Yield:</b>	11.4%

### Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$19,800,000	67.5%	Purchase Price <sup>(6)</sup>	\$26,000,000	88.6%
Sponsor Equity	9,551,249	32.5	Upfront Reserves	1,995,572	6.8
			Closing Costs	1,355,677	4.6
<b>Total Sources</b>	<b>\$29,351,249</b>	<b>100.0%</b>	<b>Total Uses</b>	<b>\$29,351,249</b>	<b>100.0%</b>

(1) Appraised Value / Per Room, Cut-off Date LTV and Maturity Date LTV are based on the "As Is PIP Complete" hypothetical value, which assumes the proposed PIP required by the franchise agreement has been completed. PIP improvements are expected to be completed in two phases in 2018 and 2020. At origination, the borrower was required to reserve \$1,700,000 for the estimated cost of the PIP with an additional \$11,667 to be deposited monthly during the first 12 months of the mortgage loan term. The "as-is" value as of May 1, 2017 is \$26,800,000 which results in a Cut-off Date LTV and Maturity Date LTV of 73.9% and 55.8%, respectively.

(2) During the first 24 months of the mortgage loan term, the borrower will be required to deposit 2.0% of gross revenues into the FF&E reserve and, commencing on the 25th month of the mortgage loan term, the borrower will be required to deposit 4.0% of gross revenue into the FF&E reserve.

(3) The borrower is required to deposit \$66,000 in August of 2017 and \$40,000 in September, October and December of 2017 into a seasonality reserve. Additionally, commencing in 2018, the borrower is required to deposit \$81,000 each month in June and July of every year for the remaining loan term.

(4) At origination, the borrower was required to reserve \$1,700,000 for the estimated cost of the PIP with an additional \$11,667 to be deposited monthly during the first 12 months of the mortgage loan term. During the first 24 months of the mortgage loan term, 1/12 of 2% of gross revenues will be deposited into the PIP reserve on a monthly basis. An estimated \$2.18 million will be deposited into the PIP reserve by June 2019. The PIP will be completed in two phases, the first phase being completed in 2018 and the second phase being completed in 2020.

(5) An environmental maintenance reserve was escrowed at origination in the amount of \$37,500 and the borrower is required to reserve an additional \$1,401 monthly. The environmental maintenance reserve is held in connection with the property's former use as a landfill and represents 125% of estimated costs over two years associated with environmental maintenance of the property. See "Description of the Mortgage Pool—Environmental Considerations" in the Prospectus for additional information.

(6) At closing, the borrower received approximately \$150,000 in seller credits and is included in the sponsor equity. The Purchase Price represents the gross purchase price prior to the seller credits.

## Springhill Suites Newark Airport

**The Loan.** The Springhill Suites Newark Airport loan is secured by a first mortgage lien on the borrower's fee interest in a six-story, 200-room limited service hotel located in Newark, New Jersey. The loan has a 10-year term and will amortize on a 25-year schedule. The borrowing entity for the loan is Waramaug Newark LLC, a Delaware limited liability company and a special purpose entity.

The loan sponsors and nonrecourse guarantors are Leslie Ng and Paul A. Nussbaum of Waramaug Hospitality. Waramaug Hospitality is a hotel investor that presently maintains a portfolio of 5,955 rooms across 41 hotels the majority of which are limited/select-service properties. Leslie Ng is a founding principal of Waramaug and is presently the Chief Investment Officer of Interstate Hotels and Resorts with approximately 430 hotels, resorts and conference centers worldwide. Prior to joining Interstate Hotels and Resorts, Mr. Ng held senior executive positions at Patriot American Hospitality, (later renamed Wyndham International), the Continental Companies, and Tobishima, a multinational real estate investment subsidiary of a major Tokyo Stock Exchange-listed company.

**The Property.** The Springhill Suites Newark Airport property is a six-story, 200-room, limited service hotel, constructed in 2004 and renovated in 2012 through 2013. The property is located in Newark, New Jersey, in close proximity to Newark Liberty International Airport and enjoys convenient access to New York City across the Hudson River. The property is located at 652 US Highway 1 and 9 South in Newark, Essex County, New Jersey and is approximately 11 miles southwest of Manhattan and adjacent to the Newark Liberty International Airport. The hotel is comprised of 200 guestrooms with 111 king suites and 89 double suites. All guestrooms have a standard suite layout and feature a living room with a sofa bed, a wet bar with refrigerator and microwave, a workstation with complimentary wired internet, soundproof windows, and vaulted ceilings, among other standard amenities. The property also features a breakfast dining area with 175-person capacity, adjacent to the lobby, where a complimentary breakfast is served daily. The hotel offers three meeting rooms on the first floor with a combined square footage of 1,566. Recreational facilities consist of an indoor pool, indoor whirlpool and fitness room. Additional amenities include a business center with two computer workstations, a market pantry, a guest laundry room and five vending areas. The property also offers 194 parking spaces and transportation service to the Newark Liberty International Airport. The property underwent major renovation in 2012 and 2013 around the time of acquisition. The renovation scope includes guestrooms, the lobby, the dining area, the fitness room, the pool area and the property's various meeting spaces. Capital expenditures over the past five years at the property have totaled approximately \$3.38 million.

The Springhill Suites Newark Airport property is located in close proximity to area attractions and landmarks including Downtown Newark (3.8 miles), the New Jersey Performing Arts Center (4.2 miles), Liberty State Park (8.3 miles), Prudential Center (3.5 miles), New York City (11 miles), the Port of New York and New Jersey (5.1 miles), The Rutgers University-Newark Campus (3.4 miles) and New Jersey Institute of Technology (3.2 miles). The Springhill Suites Newark Airport property is primarily served by the Newark Liberty International Airport, which is located less than one mile to the south of the property. According to the FAA, Newark Liberty International Airport is the 15<sup>th</sup> busiest airport in the United States by passenger boardings and the third largest hub for United Airlines. Newark Liberty International Airport has undergone a major expansion of its international air service in the last decade. Additionally, a \$2.4 billion project to upgrade Terminal A was announced in this year.

**The Market.** The Springhill Suites Newark Airport property is located on US Highway 1 and 9, southwest of the intersection between Interstate 78 and US Highway 9. The Springhill Suites Newark Airport property is highly visible to passing traffic with freestanding signage at the front of the property as well as additional signage on the southwestern façade. The surrounding neighborhood is dominated by Newark Liberty International Airport less than a mile away from the property; uses in the area are characterized by industrial and commercial uses including long-term parking facilities, UPS, Avis Rental Car and manufacturing sites.

In addition to the Newark Liberty International Airport, local attractions in the area include: the New Jersey Performing Arts Center, which hosts plays, musicals, concerts, ballets and other entertainment productions; Liberty State Park, which provides waterfront access to the New York Harbor, 1,212 acres of public land and 300 acres of open space for recreation and the Liberty Science Center. The Prudential Center is also in close proximity and is the first new entertainment arena built in the New York City-Newark metropolitan area in more than 25 years and home to the New Jersey Devils, New Jersey Ironmen and the Seton Hall Pirates basketball teams. Under construction in the area is the \$3.8 billion American Dream Meadowlands megamall. The proposed project will feature a five-story entertainment and retail complex with 3,000,000 square feet of leasable space and will include an amusement park, an indoor ski slope and a skydiving simulator. The property's proximity to New York City and Newark's function as a major public transportation hub to the city drives transient commercial and leisure demand to the property.

Major employers in the property's market include Prudential Financial, United Airlines, and Rutgers University, which respectively employ more than 5,000 employees each. The Newark Office Market has observed increased interest in the area, with financial tech company Broadridge Financial Solutions, Software House International plans to expand in Somerset and Prudential Financial, one of Newark's largest employers, will continue to expand in Newark. According to the appraisal, the 2017 estimated population within a one-, three- and five- mile radius is 9,956, 222,506 and 804,150 and average household income in a one-, three- and five- mile radius is \$57,521, \$54,048 and \$62,661 respectively.

## Springhill Suites Newark Airport

Year	Competitive Set <sup>(2)</sup>			Springhill Suites Newark Airport <sup>(3)</sup>			Penetration Factor <sup>(4)</sup>		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2014	79.0%	\$106.66	\$84.25	90.3%	\$122.30	\$110.47	114.3%	114.7%	131.1%
2015	78.7%	\$105.85	\$83.26	89.6%	\$120.96	\$108.34	113.9%	114.3%	130.1%
2016	74.5%	\$107.02	\$79.77	91.6%	\$117.06	\$107.22	123.0%	109.4%	134.4%
TTM <sup>(5)</sup>	76.9%	\$106.81	\$82.15	92.9%	\$117.65	\$109.27	120.8%	110.1%	133.0%

- (1) The minor variances between the underwriting, the appraisal and the above table with respect to Occupancy, ADR and RevPAR at the Springhill Suites Newark Airport property are attributable to variances in reporting methodologies and/or timing differences.
- (2) Data provided by a third party information provider. The competitive set contains the following properties: Fairfield Inn & Suites by Marriott Newark Liberty International Airport, Courtyard by Marriott Newark Airport, Wyndham Garden Newark Airport, Hampton Inn Newark Airport, Courtyard by Marriott Newark Elizabeth, Residence Inn by Marriott Newark Elizabeth and Country Inn & Suites Newark Airport.
- (3) Based on operating statements provided by the borrower.
- (4) Penetration Factor is calculated based on data provided by a third party information provider for the competitive set and borrower-provided operating statements for the property.
- (5) TTM represents the trailing 12-month period ending on April 30, 2017.

Competitive Hotels Profile <sup>(1)</sup>									
Property	Rooms	Year Opened	Meeting Space (SF)	2016 Estimated Market Mix			2016 Estimated Operating Statistics		
				Commercial	Group	Leisure	Occupancy <sup>(2)</sup>	ADR <sup>(2)</sup>	RevPAR <sup>(2)</sup>
<b>Springhill Suites Newark Airport<sup>(3)</sup></b>	<b>200</b>	<b>2004</b>	<b>1,566</b>	<b>40%</b>	<b>10%</b>	<b>50%</b>	<b>91.6%</b>	<b>\$117.06</b>	<b>\$107.22</b>
Fairfield Inn & Suites by Marriott Newark Liberty International Airport	163	2002	1,000	65%	10%	20%	72.5%	\$112.50	\$77.50
Courtyard by Marriott Newark Airport	146	1989	1,200	65%	10%	20%	72.5%	\$127.50	\$92.50
Wyndham Garden Newark Airport	349	1968	10,000	25%	10%	30%	67.5%	\$92.50	\$57.50
Hampton Inn Newark Airport	151	1991	400	70%	5%	20%	82.5%	\$117.50	\$102.50
Courtyard by Marriott Newark Elizabeth	203	2002	1,600	65%	10%	20%	77.5%	\$112.50	\$87.50
Residence Inn by Marriott Newark Elizabeth	198	2002	500	45%	5%	50%	72.5%	\$122.50	\$87.50
Country Inn & Suites Newark Airport	210	2003	800	45%	5%	40%	82.5%	\$92.50	\$72.50
<b>Total<sup>(4)</sup></b>	<b>1,420</b>								

- (1) Based on the appraisal.
- (2) 2016 Estimated Operating Statistics for Occupancy, ADR and RevPAR represent a midpoint in each respective data set.
- (3) 2016 Occupancy, ADR and RevPAR are based on operating statements provided by the borrower.
- (4) Average/Total excludes the Springhill Suites Newark Airport property.

## Springhill Suites Newark Airport

### Operating History and Underwritten Net Cash Flow

	2014	2015	2016	TTM <sup>(1)</sup>	Underwritten	Per Room <sup>(2)</sup>	% of Total Revenue <sup>(3)</sup>
Occupancy	90.3%	89.6%	91.6%	92.9%	91.1%		
ADR	\$122.30	\$120.96	\$117.06	\$117.65	\$119.49		
RevPAR	\$110.47	\$108.34	\$107.22	\$109.27	\$108.85		
Room Revenue	\$8,064,274	\$7,908,778	\$7,848,726	\$7,976,973	\$7,945,957	\$39,730	93.5%
Food and Beverage Revenue	69,736	70,383	52,455	56,147	55,065	275	0.6
Other Departmental Revenue	346,761	521,704	522,060	509,772	499,947	2,500	5.9
<b>Total Revenue</b>	<b>\$8,480,771</b>	<b>\$8,500,865</b>	<b>\$8,423,241</b>	<b>\$8,542,892</b>	<b>\$8,500,969</b>	<b>\$42,505</b>	<b>100.0%</b>
Room Expense	\$2,248,247	\$2,405,491	\$2,620,296	\$2,682,292	\$2,630,595	\$13,153	33.1
Food and Beverage Expense	12,360	265	5,199	7,284	7,144	36	13.0
Other Departmental Expense	132,329	141,660	133,408	138,399	135,732	679	27.1
<b>Departmental Expenses</b>	<b>\$2,392,936</b>	<b>\$2,547,416</b>	<b>\$2,758,903</b>	<b>\$2,827,975</b>	<b>\$2,773,470</b>	<b>\$13,867</b>	<b>32.6%</b>
<b>Departmental Profit</b>	<b>\$6,087,835</b>	<b>\$5,953,449</b>	<b>\$5,664,338</b>	<b>\$5,714,917</b>	<b>\$5,727,498</b>	<b>\$28,637</b>	<b>67.4%</b>
<b>Operating Expenses</b>	<b>\$2,395,519</b>	<b>\$2,213,140</b>	<b>\$2,191,919</b>	<b>\$2,254,906</b>	<b>\$2,260,492</b>	<b>\$11,302</b>	<b>26.6%</b>
<b>Gross Operating Profit</b>	<b>\$3,692,316</b>	<b>\$3,740,309</b>	<b>\$3,472,419</b>	<b>\$3,460,011</b>	<b>\$3,467,006</b>	<b>\$17,335</b>	<b>40.8%</b>
Management Fees	\$254,423	\$255,105	\$252,699	\$256,288	\$255,029	\$1,275	3.0
Property Taxes	496,160	531,148	550,400	559,613	566,912	2,835	6.7
Property Insurance	39,758	39,854	41,050	42,149	42,149	211	0.5
Other Expenses	3,196	4,261	3,714	3,646	3,646	18	0.0
FF&E	339,231	340,035	336,930	341,716	340,039	1,700	4.0
<b>Total Other Expenses</b>	<b>\$1,132,768</b>	<b>\$1,170,403</b>	<b>\$1,184,793</b>	<b>\$1,203,412</b>	<b>\$1,207,775</b>	<b>\$6,039</b>	<b>14.2%</b>
<b>Net Operating Income</b>	<b>\$2,559,548</b>	<b>\$2,569,906</b>	<b>\$2,287,626</b>	<b>\$2,256,599</b>	<b>\$2,259,231</b>	<b>\$11,296</b>	<b>26.6%</b>
<b>Net Cash Flow</b>	<b>\$2,559,548</b>	<b>\$2,569,906</b>	<b>\$2,287,626</b>	<b>\$2,256,599</b>	<b>\$2,259,231</b>	<b>\$11,296</b>	<b>26.6%</b>

(1) TTM Column represents the trailing 12-month period ending April 30, 2017.

(2) Per Room values based on 200 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.

**Property Management.** The property is managed by Interstate Management Company, LLC, a Delaware limited liability company and an affiliate of the borrower.

**Franchise Agreement.** The property has a franchise agreement with Marriott International, Inc., a Delaware limited liability company. The current franchise agreement is effective as of June 29, 2017 for a term of approximately 12 years, expiring on June 29, 2029, approximately two years beyond maturity of the Springhill Suites Newark Airport loan. The franchise agreement provides for a monthly license fee of 5.5% of gross room revenues and a monthly marketing fund fee of 2.5% of gross room revenues.