

Aloft Milwaukee

Mortgage Loan Information

Mortgage Loan Seller:	BSP
Original Principal Balance:	\$20,000,000
Cut-off Date Principal Balance:	\$19,977,568
% of Pool by IPB:	2.1%
Loan Purpose:	Refinance
Borrower:	Milwaukee River Hotel LLC
Sponsors ⁽¹⁾ :	Various
Interest Rate:	5.37000%
Note Date:	5/18/2016
Maturity Date:	6/6/2026
Interest-only Period:	None
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	Balloon
Call Protection:	L(25),Def(91),O(4)
Lockbox:	CMA
Additional Debt:	Yes
Additional Debt Balance:	\$1,500,000
Additional Debt Type:	Unsecured

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Hotel – Select Service
Net Rentable Area (Rooms):	160
Location:	Milwaukee, WI
Year Built / Renovated:	2009 / N/A
Occupancy/ADR/RevPar:	80.0% / \$135.98 / \$108.74
Occupancy / ADR / RevPar Date:	3/31/2016
Number of Tenants:	N/A
2013 NOI:	\$1,795,177
2014 NOI:	\$1,955,295
2015 NOI:	\$2,040,282
TTM NOI (as of 3/2016):	\$2,164,343
UW Occupancy / ADR / RevPar:	80.0% / \$135.98 / \$108.74
UW Revenues:	\$7,883,793
UW Expenses:	\$5,723,317
UW NOI:	\$2,160,476
UW NCF:	\$2,160,476
Appraised Value / Per Room ⁽²⁾ :	\$31,400,000 / \$196,250
Appraisal Date ⁽²⁾ :	3/29/17

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$0	\$52,624	N/A
Insurance:	\$19,055	\$3,811	N/A
FF&E Reserve ⁽³⁾ :	\$0	4% of Gross Revenues	N/A
TI/LC Reserve:	\$0	\$0	N/A
Other ⁽⁴⁾ :	\$1,403,426	Springing	\$148,083

Financial Information

Cut-off Date Loan / Room:	\$124,860
Maturity Date Loan / Room:	\$103,987
Cut-off Date LTV ⁽²⁾ :	63.6%
Maturity Date LTV ⁽²⁾ :	53.0%
UW NCF DSCR:	1.61x
UW NOI Debt Yield:	10.8%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$20,000,000	100.0%	Payoff Existing Debt	\$17,749,789	88.7%
			Upfront Reserves	1,422,481	7.1
			Closing Costs	692,183	3.5
			Return of Equity	135,547	0.7
Total Sources	\$20,000,000	100.0%	Total Uses	\$20,000,000	100.0%

(1) The loan sponsors are Randall G. Erkert, Mark Flaherty, Edward G. Carow, Kyle Strigenz and David Florsheim.

(2) The Appraised Value represents the "upon completion" value of \$31,400,000, which assumes that the property improvement plan ("PIP") outstanding at origination will be completed by March 29, 2017. At origination, the borrower reserved \$1,253,030 for the PIP, which represents approximately 105% of the budgeted remaining cost to complete the PIP. The "as-is" value as of March 29, 2016 was \$29,000,000, which results in a Cut-off Date LTV and Maturity Date LTV of 68.9% and 57.4%, respectively.

(3) The FF&E reserve monthly deposit is currently \$28,279.

(4) At origination, the borrower was required to escrow \$1,253,030, \$148,083 and \$2,313 into a PIP reserve, a seasonality reserve and an environmental reserve respectively. Beginning in calendar year 2017, monthly seasonality reserve payments in the amount of \$37,021 will be collected in the months of July, August, September and October of each year of the loan term, subject to a cap of \$148,083. On the date that any PIP other than the scheduled PIP is imposed by the franchisor pursuant to the franchise agreement, the borrower will be required to deposit an amount equal to 100% of the sum required to pay for such new PIP.

Aloft Milwaukee

The Loan. The Aloft Milwaukee loan has an outstanding principal balance as of the Cut-off Date of approximately \$19.98 million and is secured by a first mortgage lien on the fee interest in a five-story, 160-room, select service hotel located in Milwaukee, Wisconsin. The loan has a 10-year term and will amortize on a 30-year schedule. The borrowing entity for the Aloft Milwaukee loan is Milwaukee River Hotel LLC, a Wisconsin limited liability company and special purpose entity. The loan sponsors and nonrecourse carve-out guarantors are Randall G. Erkert, Mark Flaherty, Edward G. Carow, Kyle Strigenz and David Florsheim. Randall, Mark and Edward are principals of Jackson Street Holdings, LLC, a Milwaukee-based real estate development firm with six hospitality properties in Wisconsin and Colorado. David Florsheim and Kyle Strigenz are both Milwaukee-based real estate professionals with experience developing and managing hospitality projects throughout the United States. The property is managed by Aimbridge Hospitality LLC, who currently manages over 285 hotels and resorts (43,000 guestrooms) throughout North America and the Caribbean, including 17 Starwood branded properties (3,080 guestrooms).

The Property. The Aloft Milwaukee property is a five-story, 160-room select service hotel. The property opened in 2009 and features 5,075 square feet of meeting space, a grab-and-go restaurant and bar (W XYZ Bar & Lounge), fitness center, business center and indoor pool. The property offers 120 king and 36 double/double guestrooms along with four king suites. The property will be undergoing an approximately \$1.2 million PIP (105% of which was reserved at origination or \$7,459 per room) from November 2016 through February 2017, which historically are among the slower months at the property, allowing the hotel to maintain its position in the market. Much of the PIP is for soft goods, which is typical for a property of this age as it is approaching its seventh year of operations. Improvements include new carpeting in the guestrooms and common areas, new window treatments, new soft goods, new wall vinyl and paint and decorative lighting. All mattresses were replaced in January 2016. Exterior improvements include signage and changes to the covered entry.

The property is situated on a 37,437 square foot site in the northern (Park East) section of downtown Milwaukee, close to major companies in the central business district and the 1.2 million square foot Schlitz Park office park along with leisure demand drivers including the RiverWalk, Water Street Entertainment District, BMO Harris Bradley Center, Marcus Center for Performing Arts, Shops of Grand Avenue and the Harley Davidson Museum. Additionally, the hotel is two blocks from the site of the \$500 million arena and adjacent \$500 million entertainment complex that is expected to be the future home of the NBA's Milwaukee Bucks (beginning in the 2018/2019 season), which is anticipated to bring additional interest, traffic and commerce to this area of downtown Milwaukee.

The hotel is accessible from the surrounding area with direct access to Interstate 43, one-half mile west of the hotel and is located approximately ten miles from General Mitchell International Airport. The hotel has frontage on McKinley Avenue, Old World Third Street and the River Walk area of the Milwaukee River. The neighborhood was transformed in the early to mid 2000's with the demolition of the elevated former Park East Freeway spur, and the creation of West McKinley Ave. and E Knapp St. (at grade) directly north of the property. The Park Freeway was supposed to create a loop connecting all of Downtown Milwaukee; however this Park East spur was the only portion that was ever built. Upon demolition, the mostly undeveloped areas that had been cleared for development of the unbuilt portions of the raised freeway were rezoned to spur economic development in the immediate vicinity. Located within the Park East corridor of Downtown Milwaukee, the hotel is located two blocks from the Water Street Entertainment District with over 13 bars and restaurants within a one block radius of the intersection E Juneau Ave. & N Water St. Two blocks north of the property along the Milwaukee River is Schlitz Park, a 1.2 million square foot office park that is home to approximately 4,300 employees and features major tenants including ManPower Group (corporate headquarters), Time Warner Cable, the Milwaukee Bucks (moved their corporate offices here in 2015), US Bank, UMB Fund Services, HSA Bank and Aurora Healthcare. The hotel offers valet parking services with guest vehicles parked in a leased portion of an off-site city-owned garage a block from the property. Public transportation is also available at the property, with bus stops within a five-block radius and the development and opening (in 2018) of the Milwaukee Streetcar system will further improve transportation options. The initial Milwaukee Streetcar line will feature a stop at the Milwaukee Intermodal Station several blocks from the property, and planned future extension lines are to feature a stop at the new Bucks Arena two blocks away. The initial line and future extension lines will reportedly connect (within a quarter of a mile) all of the existing hotels in downtown Milwaukee with downtown Milwaukee's 20 largest employers, 90% of occupied office, retail and major downtown attractions and 77% of current parking and housing.

The Market. The property is located in downtown Milwaukee, the largest city and main cultural and economic center in the state of Wisconsin, which is located on the southwest shore of Lake Michigan. The area features numerous leisure and cultural attractions including the Milwaukee Art Museum, Discovery World and Marcus Center for the Performing Arts and is home to numerous corporate headquarters and regional offices. Milwaukee's location and access to international transportation make it a hub for domestic and international business. Known as the "City of Festivals," Milwaukee is located in the heart of the Upper Midwest. Situated on the western shores of Lake Michigan, one of the five Great Lakes, it is a 90-minute drive from downtown Chicago, a five-hour drive from Minneapolis-St. Paul and Indianapolis, and approximately an hour from Madison, the capital of Wisconsin. Wisconsin's North Woods and Michigan's Upper Peninsula are located three hours away. Employment in the Milwaukee metropolitan statistical area increased by 1.2% from 2011 to 2015, with most growth in the mining, logging and construction sectors. Milwaukee is a regional center for government services, professional and technical services, finance, insurance, hospitality, and information / media services.

Aloft Milwaukee

The property's market area can be defined by its metropolitan statistical area: Milwaukee – Waukesha – West Allis, Wisconsin. According to the appraisal, the metropolitan statistical area has a 2016 estimated population of approximately 1.58 million people with an estimated median household income of \$55,179, which is in-line with the national median household income of \$55,551.

The appraisal identified new supply coming online in downtown Milwaukee in the next 24 months, only one of which is expected to compete directly with the property. Incoming supply includes the 155-room SpringHill Suites (0.5 miles from the property, was expected to open in May 2016), a 158-room full service boutique Kimpton Journeyman hotel (1.2 miles from the property expected to open in July 2016), and the 220-room Westin downtown (1.0 miles from the property, slated to open in June 2017), all of which are being developed by various members of the sponsorship. The Kimpton is a boutique hotel with a higher price point, while the Westin will be a full service hotel with a much higher price point, catering more to convention and central business district business demand. Only the SpringHill Suites is expected to compete with the Aloft Milwaukee, which was taken into account in the appraisal.

Year	Historical Occupancy, ADR, RevPAR								
	Competitive Set ⁽¹⁾			Aloft Milwaukee ⁽²⁾			Penetration Factor ⁽³⁾		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
2013	74.4%	\$134.92	\$100.36	80.0%	\$121.68	\$97.33	107.5%	90.2%	97.0%
2014	72.4%	\$133.84	\$96.95	79.0%	\$126.79	\$100.10	109.1%	94.7%	103.2%
2015	73.4%	\$140.97	\$103.40	78.5%	\$135.91	\$106.67	106.9%	96.4%	103.2%
TTM ⁽⁴⁾	73.0%	\$143.03	\$104.48	80.0%	\$135.98	\$108.74	109.6%	95.1%	104.1%

(1) Data provided by a third-party data provider. The competitive set consists of Hotel Metro, Courtyard Milwaukee Downtown, Hampton Inn Suites Milwaukee Downtown and Residence Inn Milwaukee Downtown.

(2) Based on the operating statements provided by the loan sponsor.

(3) Penetration Factor is calculated based on data provided by a third-party data provider for the competitive set and borrower-provided operating statements for the property.

(4) TTM represents the trailing 12-month period ending on March 31, 2016.

Competitive Hotels Profile ⁽¹⁾			
Property	Rooms	Year Opened	Meeting Space(SF)
Aloft Milwaukee	160	2009	5,075
Hotel Metro	63	1998	2,300
Courtyard Milwaukee Downtown	169	1999	2,650
Hampton Inn Suites Milwaukee Downtown	138	2000	6,000
Residence Inn & Suites Downtown	131	2001	1,900

(1) Based on the Appraisal.

Aloft Milwaukee

Operating History and Underwritten Net Cash Flow							
	2013	2014	2015	TTM ⁽¹⁾	Underwritten	Per Room ⁽²⁾	% of Total Revenue ⁽³⁾
Occupancy ⁽⁴⁾	80.0%	79.0%	78.5%	80.0%	80.0%		
ADR	\$121.68	\$126.79	\$135.91	\$135.98	\$135.98		
RevPAR	\$97.33	\$100.10	\$106.67	\$108.74	\$108.74		
Room Revenue	\$5,684,311	\$5,845,928	\$6,229,727	\$6,368,017	\$6,368,017	\$39,800	80.8%
Food & Beverage Revenue	721,092	774,965	813,359	797,797	797,797	4,986	10.1
Other Departmental Revenue	581,062	668,544	702,080	717,979	717,979	4,487	9.1
Total Revenue	\$6,986,465	\$7,289,437	\$7,745,166	\$7,883,793	\$7,883,793	\$49,274	100.0%
Room Expense	\$1,281,930	\$1,245,657	\$1,329,926	\$1,349,870	\$1,349,870	\$8,437	21.2%
Food & Beverage Expense	328,088	339,205	397,539	381,728	381,728	2,386	47.8
Other Departmental Expense	340,703	340,773	404,698	395,442	395,442	2,472	55.1
Departmental Expenses	\$1,950,721	\$1,925,635	\$2,132,163	\$2,127,040	\$2,127,040	\$13,294	27.0%
Departmental Profit	\$5,035,744	\$5,363,802	\$5,613,003	\$5,756,753	\$5,756,753	\$35,980	73.0%
Operating Expenses	\$2,145,710	\$2,299,036	\$2,364,233	\$2,374,545	\$2,385,589	\$14,910	30.3%
Gross Operating Profit	\$2,890,034	\$3,064,766	\$3,248,770	\$3,382,208	\$3,371,164	\$21,070	42.8%
Management Fees	\$209,589	\$218,669	\$231,206	\$235,441	\$236,514	\$1,478	3.0%
Property Taxes	563,368	551,305	613,092	613,092	613,092	3,832	7.8
Property Insurance	42,441	47,940	54,383	53,975	45,731	286	0.6
FF&E	279,459	291,557	309,807	315,357	315,352	1,971	4.0
Total Other Expenses	\$1,094,857	\$1,109,471	\$1,208,488	\$1,217,865	\$1,210,688	\$7,567	15.4%
Net Operating Income	\$1,795,177	\$1,955,295	\$2,040,282	\$2,164,343	\$2,160,476	\$13,503	27.4%
Net Cash Flow	\$1,795,177	\$1,955,295	\$2,040,282	\$2,164,343	\$2,160,476	\$13,503	27.4%

(1) TTM column represents the trailing 12-month period ending on March 31, 2016.

(2) Per Room values are based on 160 guestrooms as of March 31, 2016.

(3) % of Total Revenue for Room Expense, Food & Beverage Expense and Other Departmental Expenses are based on their corresponding revenue line items.

(4) Historical Occupancies are as of December 31 of each respective year. TTM Occupancy is as of March 31, 2016. Underwritten Occupancy represents economic occupancy.

Additional Unsecured Debt. The borrower has \$1,500,000 of borrower affiliated debt as a result of tax credits associated with the property. The affiliated debt is unsecured and is subject to a full subordination and standstill agreement among the lender, borrower and the holder of the unsecured debt so that no payments will be due, and the unsecured affiliated lender is prohibited from exercising any remedies in connection with the debt until one year and one day after the repayment in full of the loan. The loan is recourse to the guarantors (i) for any losses suffered in connection with the existence of the unsecured loan and (ii) fully, in the event of any violation of the subordination and standstill agreement by the borrower or the holder of the unsecured note.