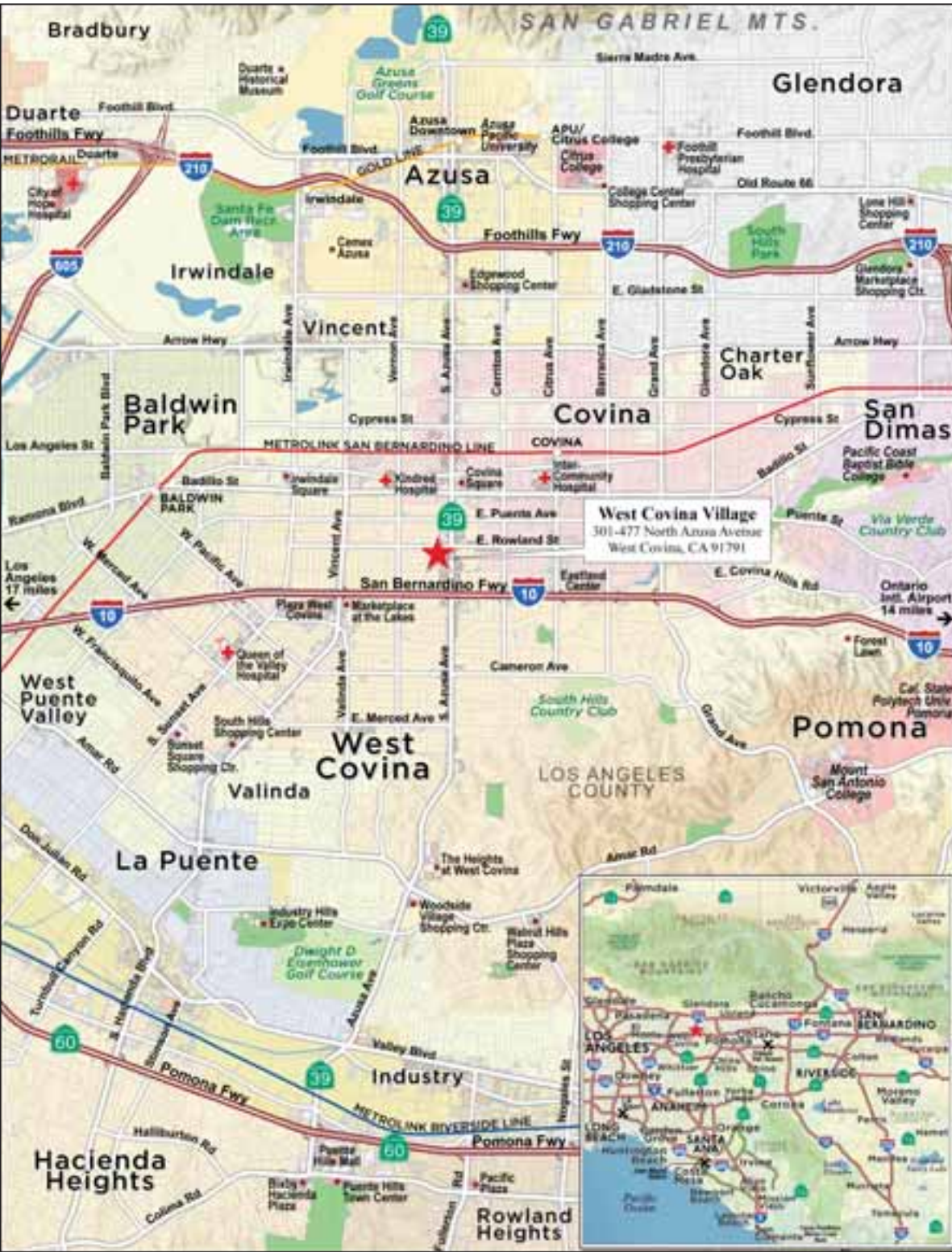


West Covina Village





West Covina Village



## West Covina Village

### Mortgage Loan Information

<b>Mortgage Loan Seller:</b>	SMC
<b>Original Principal Balance:</b>	\$36,000,000
<b>Cut-off Date Principal Balance:</b>	\$36,000,000
<b>% of IPB:</b>	4.0%
<b>Loan Purpose:</b>	Refinance
<b>Borrower:</b>	Azusa Rowland, LLC
<b>Sponsors:</b>	Tarek Alhassen and Dighton America Inc.
<b>Interest Rate:</b>	5.43600%
<b>Note Date:</b>	11/7/2018
<b>Maturity Date:</b>	12/6/2028
<b>Interest-only Period:</b>	48 months
<b>Original Term:</b>	120 months
<b>Original Amortization Term:</b>	360 months
<b>Amortization Type:</b>	IO-Balloon
<b>Call Protection:</b>	L(24),Def(92),O(4)
<b>Lockbox / Cash Management:</b>	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>	Mixed Use – Retail/Office
<b>Net Rentable Area (SF):</b>	220,000
<b>Location:</b>	West Covina, CA
<b>Year Built / Renovated:</b>	1981 / 2017
<b>Occupancy:</b>	89.3%
<b>Occupancy Date:</b>	11/5/2018
<b>4<sup>th</sup> Most Recent NOI (As of):</b>	\$2,577,306 (12/31/2015)
<b>3<sup>rd</sup> Most Recent NOI (As of):</b>	\$2,700,787 (12/31/2016)
<b>2<sup>nd</sup> Most Recent NOI (As of):</b>	\$2,791,622 (12/31/2017)
<b>Most Recent NOI (As of)<sup>(2)</sup>:</b>	\$2,769,661 (TTM 8/31/2018)
<b>UW Economic Occupancy:</b>	92.8%
<b>UW Revenues:</b>	\$5,044,678
<b>UW Expenses:</b>	\$1,435,151
<b>UW NOI<sup>(2)</sup>:</b>	\$3,609,527
<b>UW NCF:</b>	\$3,345,527
<b>Appraised Value / Per SF:</b>	\$61,600,000 / \$280
<b>Appraisal Date:</b>	10/8/2018

### Escrows and Reserves<sup>(1)</sup>

	Initial	Monthly	Initial Cap
<b>Taxes:</b>	\$93,324	\$46,662	N/A
<b>Insurance:</b>	\$72,609	\$6,601	N/A
<b>Replacement Reserves:</b>	\$275,000	\$3,667	N/A
<b>TI/LC:</b>	\$0	\$41,250	\$1,500,000
<b>Other:</b>	\$0	\$0	N/A

### Financial Information

<b>Cut-off Date Loan / SF:</b>	\$164
<b>Maturity Date Loan / SF:</b>	\$149
<b>Cut-off Date LTV:</b>	58.4%
<b>Maturity Date LTV:</b>	53.3%
<b>UW NCF DSCR:</b>	1.37x
<b>UW NOI Debt Yield:</b>	10.0%

### Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$36,000,000	100.0%	Payoff Existing Debt	\$34,705,976	96.4%
			Closing Costs	632,267	1.8
			Upfront Reserves	440,934	1.2
			Return of Equity	220,824	0.6
<b>Total Sources</b>	<b>\$36,000,000</b>	<b>100.0%</b>	<b>Total Uses</b>	<b>\$36,000,000</b>	<b>100.0%</b>

(1) For a full description of Escrows and Reserves, please refer to "Escrows and Reserves" below.

(2) UW NOI is higher than Most Recent NOI due in part to (i) UEI (as defined below) leasing a previously vacant suite totaling 34,603 square feet with total underwritten rent and reimbursements of approximately \$754,691 that commenced in January 2018, (ii) Turner Outdoorsman expanding into 9,425 square feet (up from 4,780 square feet) and commencing payment of expense reimbursements, which resulted in approximately \$64,467 of additional rental income, and (iii) Cafe Chimichurri taking 9,062 square feet of previously vacant space and paying a total of approximately \$277,297 in underwritten rent and reimbursements

## West Covina Village

**The Loan.** The West Covina Village mortgage loan has an outstanding principal balance as of the Cut-off Date of \$36.0 million (the "**West Covina Village Mortgage Loan**") and is secured by a first mortgage lien on the borrower's fee interest in a 220,000 square foot, grocery-anchored mixed use property located in West Covina, California (the "**West Covina Village Property**"). The West Covina Village Mortgage Loan has a 10-year term and, following a four-year interest-only period, amortizes on a 30-year schedule. The previously existing debt was securitized in 2006 as part of the CSMC 2006-C5 transaction.

**The Property.** The West Covina Village Property is a 220,000 square foot mixed use property anchored by Stater Bros. and is located in West Covina, California. The West Covina Village Property is 89.3% occupied by 31 tenants, of which 20 tenants representing approximately 52.5% of the net rentable area have been in occupancy for at least 10 years or exercised at least one lease renewal option. Additionally, approximately 35.0% of the net rentable area is occupied by tenants that have been in occupancy for more than 20 years. The West Covina Village Property was built in 1981 and most recently renovated in 2017, is situated on approximately 16.9 acres and at the intersection of North Azusa Avenue and Rowland Avenue. Stater Bros. is leasing the 35,232 square foot grocery store space and recently executed a lease renewal option that runs through December 10, 2021. Stater Bros. has been in occupancy at the West Covina Village Property since 1986, has renewed three times and has two, five-year lease renewal options remaining under its lease.

As of the trailing-12 months ending in September 2018, Stater Bros. reported sales of approximately \$31,440,367 which is approximately \$892 per square foot and an approximately 1.6% occupancy cost. Stater Bros. recently completed a renovation of its space at the West Covina Village Property. Renovations included new flooring, energy-efficient LED lighting, and new refrigeration display cases. Other additions included a handcrafted sushi bar, a display case with an assortment of fresh fruit cut in-store each day, a wider selection of premium wines and an expanded section for freshly prepared, grab-and-go food items. The West Covina Village Property also features a variety of national, regional and local in-line tenants such as LA Fitness, Dollar Tree, Wingstop and JP Morgan Chase Bank N.A. Additionally, the West Covina Village Property is home to the United Education Institute ("**UEI**"), which occupies 34,603 square feet of office space and is accredited by the Accrediting Council for Continuous Education and Training ("**ACCET**"). UEI was founded in 1974 for the purpose of improving continuing education and training, ACCET has been officially recognized as a "reliable authority" by the U.S. Department of Education since 1978. UEI's West Covina campus has vocational and trade programs in industries such as business, computer technology, criminal justice, HVAC, and medical/dental. UEI has 13 campuses in California and 15 campuses nationwide. The West Covina Village Property contains 966 parking spaces which equates to a parking ratio of approximately 4.4 spaces per 1,000 square feet of net rentable area.

**Environmental.** According to the Phase I environmental assessment dated October 11, 2018, there was no evidence of any recognized environmental conditions at the West Covina Village Property.

	Historical and Current Occupancy <sup>(1)</sup>			
	12/22/2015	2/22/2017	1/31/2018	Current <sup>(2)</sup>
West Covina Village	70.8%	75.6%	91.9%	89.3%

(1) Historical Occupancies are as of each specified date.

(2) Current Occupancy is as of November 5, 2018.



## West Covina Village

Top Ten Tenant Summary<sup>(1)</sup>

Tenant	Ratings <sup>(2)</sup> Moody's/S&P/Fitch	Lease Type	Net Rentable Area (SF)	% of Total NRA	Base Rent PSF	Base Rent	% of Total Base Rent	Sales PSF	Occ. Costs	Lease Exp. Date
Stater Bros. <sup>(3)</sup>	NR / NR / NR	Retail	35,232	16.0%	\$9.92	\$349,492	8.9%	\$892	1.6%	12/10/2021
UEI	NR / NR / NR	Office	34,603	15.7	\$15.45	534,616	13.7	NAV	NAV	1/31/2028
LA Fitness <sup>(4)</sup>	NR / NR / NR	Retail	28,300	12.9	\$32.77	927,381	23.7	NAV	NAV	11/30/2026
Dollar Tree	Baa3 / BBB- / NR	Retail	10,234	4.7	\$13.20	135,089	3.5	NAV	NAV	3/31/2022
Turner's Outdoorsman	NR / NR / NR	Retail	9,425	4.3	\$11.52	108,576	2.8	NAV	NAV	12/31/2028
Café Chimichurri	NR / NR / NR	Retail	9,062	4.1	\$24.00	217,488	5.6	NAV	NAV	11/30/2028
CareMore Medical Enterprises	NR / NR / NR	Office	8,663	3.9	\$29.94	259,371	6.6	NAV	NAV	8/31/2021
Automobile Club of Southern CA	NR / NR / NR	Retail	6,380	2.9	\$19.80	126,324	3.2	NAV	NAV	12/31/2020
Tasty Goody Food Group	NR / NR / NR	Retail	4,950	2.3	\$21.43	106,102	2.7	NAV	NAV	5/1/2028
JP Morgan Chase Bank N.A.	A2 / A- / AA-	Retail	4,500	2.0	\$31.33	141,000	3.6	NAV	NAV	12/31/2031
<b>Top Ten Tenants</b>			<b>151,349</b>	<b>68.8%</b>	<b>\$19.20</b>	<b>\$2,905,440</b>	<b>74.3%</b>			
<b>Non Top Ten Tenants</b>			<b>45,079</b>	<b>20.5%</b>	<b>\$22.27</b>	<b>\$1,003,924</b>	<b>25.7%</b>			
<b>Occupied Collateral Total</b>			<b>196,428</b>	<b>89.3%</b>	<b>\$19.90</b>	<b>\$3,909,364</b>	<b>100.0%</b>			
<b>Vacant Space</b>			<b>23,572</b>	<b>10.7%</b>						
<b>Collateral Total</b>			<b>220,000</b>	<b>100.0%</b>						

(1) Based on the underwritten rent roll dated November 5, 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) Sales PSF and Occ. Costs for Stater Bros. represent the trailing 12-months ending September 30, 2018 sales.

(4) LA Fitness has the one time right to terminate its lease effective November 30, 2021 with six months' notice.

Lease Rollover Schedule<sup>(1)(2)</sup>

Year	Number of Leases Expiring	Net Rentable Area Expiring	% of NRA Expiring	Base Rent Expiring	% of Base Rent Expiring	Cumulative Net Rentable Area Expiring	Cumulative % of NRA Expiring	Cumulative Base Rent Expiring	Cumulative % of Base Rent Expiring
Vacant	NAP	23,572	10.7%	NAP	NAP	23,572	10.7%	NAP	NAP
2018 & MTM	2	3,050	1.4	\$50,274	1.3%	26,622	12.1%	\$50,274	1.3%
2019	6	16,050	7.3	395,027	10.1	42,672	19.4%	\$445,301	11.4%
2020	3	10,380	4.7	197,619	5.1	53,052	24.1%	\$642,920	16.4%
2021	4	46,795	21.3	668,983	17.1	99,847	45.4%	\$1,311,903	33.6%
2022	5	14,629	6.6	261,012	6.7	114,476	52.0%	\$1,572,915	40.2%
2023	2	6,700	3.0	158,820	4.1	121,176	55.1%	\$1,731,735	44.3%
2024	1	3,404	1.5	58,681	1.5	124,580	56.6%	\$1,790,416	45.8%
2025	1	3,080	1.4	57,684	1.5	127,660	58.0%	\$1,848,100	47.3%
2026	1	28,300	12.9	927,381	23.7	155,960	70.9%	\$2,775,482	71.0%
2027	0	0	0.0	0	0.0	155,960	70.9%	\$2,775,482	71.0%
2028	5	59,540	27.1	992,882	25.4	215,500	98.0%	\$3,768,364	96.4%
2029 & Beyond	1	4,500	2.0	141,000	3.6	220,000	100.0%	\$3,909,364	100.0%
<b>Total</b>	<b>31</b>	<b>220,000</b>	<b>100.0%</b>	<b>\$3,909,364</b>	<b>100.0%</b>				

(1) Based on the underwritten rent roll dated November 5, 2018.

(2) Certain tenants may have lease termination options that are exercisable prior to the originally stated expiration date of the subject lease that are not considered in the lease rollover schedule.

## West Covina Village

### Operating History and Underwritten Net Cash Flow

	2015	2016	2017	TTM <sup>(1)</sup>	Underwritten	Per Square Foot	% <sup>(2)</sup>
Rents in Place	\$3,435,049	\$3,226,444	\$3,263,850	\$3,302,087	\$3,909,364	\$17.77	71.9%
Vacant Income	0	0	0	0	391,680	1.78	7.2
<b>Gross Potential Rent</b>	<b>\$3,435,049</b>	<b>\$3,226,444</b>	<b>\$3,263,850</b>	<b>\$3,302,087</b>	<b>\$4,301,044</b>	<b>\$19.55</b>	<b>79.1%</b>
Total Reimbursements	442,391	835,121	867,483	867,484	1,135,314	5.16	20.9
<b>Net Rental Income</b>	<b>\$3,877,440</b>	<b>\$4,061,565</b>	<b>\$4,131,333</b>	<b>\$4,169,571</b>	<b>\$5,436,358</b>	<b>\$24.71</b>	<b>100.0%</b>
(Vacancy/Credit Loss)	0	0	0	0	(391,680)	(1.78)	(7.2)
Other Income	0	3,513	0	0	0	0.00	0.0
<b>Effective Gross Income</b>	<b>\$3,877,440</b>	<b>\$4,065,078</b>	<b>\$4,131,333</b>	<b>\$4,169,571</b>	<b>\$5,044,678</b>	<b>\$22.93</b>	<b>92.8%</b>
<b>Total Expenses</b>	<b>\$1,300,134</b>	<b>\$1,364,291</b>	<b>\$1,339,711</b>	<b>\$1,399,910</b>	<b>\$1,435,151</b>	<b>\$6.52</b>	<b>28.4%</b>
<b>Net Operating Income<sup>(3)</sup></b>	<b>\$2,577,306</b>	<b>\$2,700,787</b>	<b>\$2,791,622</b>	<b>\$2,769,661</b>	<b>\$3,609,527</b>	<b>\$16.41</b>	<b>71.6%</b>
Total TI/LC, Capex/RR	0	0	0	0	264,000	1.20	5.2
<b>Net Cash Flow</b>	<b>\$2,577,306</b>	<b>\$2,700,787</b>	<b>\$2,791,622</b>	<b>\$2,769,661</b>	<b>\$3,345,527</b>	<b>\$15.21</b>	<b>66.3%</b>

(1) TTM represents the trailing 12-month period ending August 31, 2018.

(2) Percentage column represents percent of Net Rental Income for all revenue lines and represents percent of Effective Gross Income for the remainder of fields.

(3) Underwritten Net Operating Income is higher than TTM Net Operating Income due in part to (i) UEI leasing a previously vacant suite totaling 34,603 square feet with total underwritten rent and reimbursements of approximately \$754,691 that commenced January 2018, (ii) Turner Outdoorsman expanding into 9,425 square feet (up from 4,780 square feet) and commencing payment of expense reimbursements, which resulted in approximately \$64,467 of additional rental income, and (iii) Cafe Chimichurri taking 9,062 square feet of previously vacant space and paying a total of approximately \$277,297 in underwritten rent and reimbursements.

**The Market.** The West Covina Village Property is located in West Covina, Los Angeles County, California. The West Covina Village Property is situated approximately 20 miles east of the Los Angeles central business district in the San Gabriel Valley retail market. As of the third quarter of 2018, the San Gabriel Valley retail market contains approximately 62.6 million square feet, vacancy rate of 3.5% and asking rent of \$21.84 per square foot. The West Covina Village Property is located within the Covina/West Covina retail submarket. As of the third quarter of 2018, the Covina/West Covina retail submarket contains approximately 11.1 million square feet, vacancy rate of 2.3% and asking rent of \$18.56 per square foot. The appraisal determined market rent of \$18.00 per square foot for supermarket space, \$12.00 per square foot for junior anchor space, \$18.00 per square foot for office space, \$21.00 per square foot for inline space, \$27.00 per square foot for pad retail space, \$21.00 per square foot for inline restaurant space, \$24.00 per square foot for pad restaurant space, \$27.00 per square foot for pad bank space and \$21.00 per square foot for the health club space. The estimated 2017 population within a five-, ten- and 15-minute radius of the West Covina Village Property was 41,548, 297,882 and 719,540, respectively. The estimated 2017 average household income within a five-, ten- and 15-minute radius of the West Covina Village Property was \$85,341, \$79,651 and \$77,607, respectively.

## West Covina Village

The following table presents junior anchor, office, inline and pad rental data with respect to comparable retail properties with respect to the West Covina Village Property as identified in the appraisal:

Comparable Junior Anchor, Office, Inline and Pad Rental Summary <sup>(1)</sup>									
Property Name/Location	Year Built	Occ.	Size (SF)	Tenant	Suite Size (SF)	Rent PSF <sup>(2)</sup>	Adjusted Rent PSF <sup>(3)</sup>	Commencement	Lease Term (Years)
<b>West Covina Village</b> <b>301-477 North Azusa Avenue</b> <b>West Covina, CA</b>	<b>1981</b>	<b>89.3%</b>	<b>220,000</b>	<b>-</b>	<b>-</b>	<b>\$22.08</b>	<b>-</b>	<b>-</b>	<b>-</b>
Covina Marketplace 1405-1453 North Azusa Avenue Covina, CA	1989	100.0%	95,495	Western Dental	3,500	\$27.00	\$23.64	Dec-17	5
Arrow Center 412 West Arrow Highway Covina, CA	1960	77.0%	80,750	A-J Auto Paint	1,745	\$13.56	\$20.16	Nov-17	3
Covina Plaza 543-621 North Azusa Avenue Covina, CA	1982	93.0%	125,673	Global Security	1,224	\$22.20	\$26.40	Dec-17	3
Covina Square 100-428 North Azusa Avenue Covina, CA	1974	96.0%	124,820	Mathnasium	1,350	\$20.40	\$22.68	Jul-18	5
West Covina Parkway Plaza 1000 West West Covina Parkway West Covina, CA	1990	95.0%	87,379	Petco	13,880	\$24.00	\$24.36	Jul-16	6

(1) Source: *Appraisal*.

(2) For the West Covina Village Property, represents weighted average underwritten rent per square foot for junior anchor, office, inline and pad spaces.

(3) As adjusted by the appraiser after taking location, quality, condition, exposure, parking ratio, age and anchor into account.

The following table presents supermarket rental data with respect to comparable retail properties with respect to the West Covina Village Property as identified in the appraisal:

Comparable Supermarket Summary <sup>(1)</sup>									
Property Name/Location	Year Built	Occ.	Size (SF)	Tenant	Suite Size (SF)	Rent PSF <sup>(2)</sup>	Adjusted Rent PSF <sup>(3)</sup>	Commencement	Lease Term (Years)
<b>West Covina Village</b> <b>301-477 North Azusa Avenue</b> <b>West Covina, CA</b>	<b>1981</b>	<b>89.3%</b>	<b>220,000</b>	<b>Stater Bros.</b>	<b>35,232</b>	<b>\$9.92</b>	<b>-</b>	<b>Jan-16</b>	<b>5</b>
El Super 16420 Parthenia Street Panorama City, CA	1960	100.0%	48,264	El Super	48,264	\$16.92	\$21.96	Oct-18	29
Winco 3400 East South Street Lakewood, CA	1992	100.0%	96,849	Winco	96,849	\$8.76	\$11.52	Apr-18	10
Vons 600 East Broadway Long Beach, CA	2010	100.0%	47,570	Vons	47,570	\$30.12	\$24.84	Nov-17	20
Stater Bros. 2314 River Road Corona, CA	2017	100.0%	53,772	Stater Bros.	53,772	\$31.80	\$23.16	Jul-17	10

(1) Source: *Appraisal*.

(2) For the West Covina Village Property, represents underwritten rent per square foot for the Stater Bros. space.

(3) As adjusted by the appraiser after taking size, quality, condition, access, parking ratio and age into account.

**The Borrower.** The borrowing entity for the West Covina Village Mortgage Loan is Azusa Rowland, LLC, a Delaware limited liability company and special purpose entity with one independent director. Legal counsel to the borrower delivered a non-consolidation opinion in connection with the origination of the West Covina Village Mortgage Loan. Tarek Alhassen and Dighton America Inc. are the guarantors of certain nonrecourse carve-outs under the West Covina Village Mortgage Loan.

## West Covina Village

**The Loan Sponsors.** The West Covina Village Mortgage Loan sponsors are Tarek Alhassen and Dighton America Inc. Tarek Alhassen is a Los Angeles area commercial and residential real estate developer who has been operating in the area since the early 1980's. Mr. Alhassen's sole outside investor in the West Covina Village Property is Sheikh Khalifa Bin Hamdan Al-Nahyan. Sheikh Khalifa Bin Hamdan Al-Nahyan is a member of one of the six ruling families in the United Arab Emirates and is based in Abu Dhabi. His U.S. real estate investments are made through the Dighton America Inc. entity. A prior loan secured by the West Covina Village Property went through a workout which included the appointment of a receiver. The borrower under the prior loan was controlled by Tarek Alhassen's brother. See "Description of the Mortgage Pool—Loan Purpose; Default History, Bankruptcy Issues and Other Proceedings" in the Prospectus.

**Property Management.** The West Covina Village Property is managed by Brenton Development Corporation, an affiliate of the borrower.

**Escrows and Reserves.** At origination, the borrower was required to deposit into escrow approximately \$275,000 for capital expenditures, approximately \$93,324 for real estate taxes and approximately \$72,609 for insurance premiums.

**Tax Escrows** – On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated tax payments, which currently equates to approximately \$46,662.

**Insurance Escrows** - On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated insurance payments, which currently equates to approximately \$6,601.

**Replacement Reserves** - On a monthly basis, the borrower is required to escrow approximately \$3,667 for replacement reserves (approximately \$0.20 per square foot annually).

**TI/LC Reserves** - The borrower is required to escrow \$41,250 (approximately \$2.25 per square foot annually) on a monthly basis for tenant improvement and leasing commission reserves occurring on the payment date in January 2019 and for each payment date occurring thereafter up to and including the payment date in December 2021. Beginning on the payment date in January 2022, the borrower is required to escrow \$18,333 (approximately \$1.00 per square foot annually) on a monthly basis for tenant improvement and leasing commission reserves. The reserve is subject to a cap of \$1,500,000 (approximately \$6.82 per square foot annually).

**Lockbox / Cash Management.** The West Covina Village Mortgage Loan is structured with a springing lockbox and springing cash management. The West Covina Village Mortgage Loan requires that during the continuance of a Sweep Event Period (as defined below), the borrower deliver tenant direction letters to the tenants directing such tenants to pay all rents into the lockbox account. Upon the occurrence and during the continuance of a Sweep Event Period, all funds in the lockbox account are required to be swept daily to a cash management account under the control of the lender to be applied and disbursed in accordance with the West Covina Village Mortgage Loan documents and all excess cash flow funds remaining in the cash management account after the application of such funds in accordance with the West Covina Village Mortgage Loan documents are required to be held by the lender in an excess cash flow reserve account as additional collateral for the West Covina Village Mortgage Loan. To the extent that no Sweep Event Period is continuing, all excess cash flow funds are required to be disbursed to the West Covina Village Mortgage Loan borrower.

A "**Sweep Event Period**" will commence upon the earliest of the following: (i) the occurrence of an event of default, (ii) the date on which the debt service coverage ratio (commencing on the payment date occurring six months from the closing date based on the trailing 12-month period) is less than 1.20x or (iii) a Key Tenant Trigger Event (as defined below).

A Sweep Event Period will end: with regard to clause (i), upon the cure of such event of default and the lender's acceptance of such cure in its sole and absolute discretion, with regard to clause (ii), upon the debt service coverage ratio based on the trailing 12-month period being at least 1.30x for two consecutive calendar quarters and with regard to clause (iii), the Key Tenant Trigger Event is cured in accordance with the West Covina Village Loan documents.

A "**Key Tenant Trigger Event**" means that either UEI, LA Fitness or a replacement tenant (i) defaults under its lease, (ii) goes dark or gives notice of its intention to do the foregoing, (iii) gives notice to vacate or vacates its leased space at the West Covina Village Property, (iv) becomes a debtor in any bankruptcy or other insolvency proceeding, (v) terminates its lease, (vi) sublets 20% or more of its respective space or gives notice of its intention to do the foregoing or (vii) with regard to UEI, fails to renew or extend the term of its lease pursuant to the terms set forth in its lease on or before the date required under its lease by which UEI is required to give notice of its exercise of its renewal option thereunder; and with regard to LA Fitness, fails to renew or extend the term of its lease for a period of five years with a rental rate of at least \$18.00 per square foot and on terms reasonably satisfactory to the lender at least nine months prior to its lease expiration.



**West Covina Village**

Such Key Tenant Trigger Event will terminate: with regard to clause (i), upon the related tenant curing such default; with regard to clauses (ii), (iii) and (v), the related tenant has rescinded such notice and/or resumed its customary business operations at its leased space for at least two consecutive calendar quarters; with regard to clause (iv), the lease for the related tenant is assumed or affirmed in such proceeding and the related tenant, among other things, is discharged from bankruptcy such that no proceedings are ongoing; with regard to clause (vi), the related tenant is no longer subletting 20% or more of its respective space and such tenant is occupying no less than 80% of its space and has resumed normal business operations; with regard to clause (vii), the related tenant, exercises the applicable extension option or enters into a new lease on terms and conditions satisfactory to the lender and as described above; and with regard to clauses (i) through (vii) above, the lender has received a certain related estoppel certificate. In addition, a Key Tenant Trigger Event will terminate in the event that a Key Tenant Re-Tenancing Event (as defined below) has occurred.

A "**Key Tenant Re-Tenancing Event**" means that: (i) the UEI space or LA Fitness space, as applicable, is leased pursuant to a replacement lease having a term of at least five years for the related space, as applicable, (ii) such lease has commenced, (iii) UEI, LA Fitness or a replacement tenant has taken occupancy of the entire leased premises and is paying full unabated rent and all tenant improvements costs and leasing commissions have been paid by the borrower and (iv) such replacement tenant has delivered a signed estoppel certificate reasonably satisfactory to the lender.

**Subordinate and Mezzanine Debt.** None.

**Partial Release.** Not Permitted.

**Ground Lease.** None.