

## Mortgage Loan No. 14 — Wal-Mart Central

### Mortgage Loan Information

<b>Mortgage Loan Seller:</b>	Natixis
<b>Original Principal Balance:</b>	\$29,509,750
<b>Cut-off Date Principal Balance:</b>	\$29,473,305
<b>% of Pool by IPB:</b>	3.4%
<b>Loan Purpose:</b>	Acquisition
<b>Borrower:</b>	Nazareth Retail Holdings, LLC
<b>Sponsor:</b>	Mounir Kardosh
<b>Interest Rate:</b>	4.3400%
<b>Note Date:</b>	8/2/2017
<b>Maturity Date:</b>	8/5/2027
<b>Interest-only Period:</b>	None
<b>Original Term:</b>	120 months
<b>Original Amortization:</b>	360 months
<b>Amortization Type:</b>	Balloon
<b>Call Protection:</b>	L(25), Def or YM1(91), O(4)
<b>Lockbox<sup>(1)</sup>:</b>	Springing
<b>Additional Debt:</b>	No
<b>Additional Debt Balance:</b>	N/A
<b>Additional Debt Type:</b>	N/A
<b>Additional Future Debt Permitted:</b>	No

### Property Information

<b>Single Asset / Portfolio:</b>	Single Asset
<b>Title:</b>	Fee
<b>Property Type - Subtype:</b>	Retail – Shadow Anchored
<b>Net Rentable Area (SF):</b>	139,377
<b>Location:</b>	Folsom, CA
<b>Year Built / Renovated:</b>	1992 / N/A
<b>Occupancy:</b>	88.6%
<b>Occupancy Date:</b>	4/7/2017
<b>Number of Tenants:</b>	20
<b>2014 NOI:</b>	\$2,308,856
<b>2015 NOI:</b>	\$2,367,837
<b>2016 NOI:</b>	\$2,628,594
<b>TTM NOI<sup>(2)</sup>:</b>	\$2,617,450
<b>UW Economic Occupancy:</b>	91.5%
<b>UW Revenues:</b>	\$3,855,441
<b>UW Expenses:</b>	\$934,378
<b>UW NOI<sup>(3)</sup>:</b>	\$2,921,062
<b>UW NCF:</b>	\$2,677,153
<b>Appraised Value / Per SF:</b>	\$39,680,000 / \$285
<b>Appraisal Date:</b>	5/18/2017

### Escrows and Reserves

	Initial	Monthly	Initial Cap
<b>Taxes:</b>	\$187,999	\$37,600	N/A
<b>Insurance:</b>	\$9,744	\$3,248	N/A
<b>Replacement Reserves:</b>	\$0	\$2,904	\$104,533
<b>TI/LC:</b>	\$0	17,422	\$627,197
<b>Deferred Maintenance:</b>	\$7,500	\$0	N/A
<b>Outstanding TI Reserve:</b>	\$133,375	\$0	N/A
<b>Free Rent Reserve:</b>	\$30,640	\$0	N/A
<b>Estoppel Payment Reserve:</b>	\$29,727	\$0	N/A
<b>Primary Tenant Reserve:</b>	\$0	Springing	N/A

### Financial Information

<b>Cut-off Date Loan / SF:</b>	\$211
<b>Maturity Date Loan / SF:</b>	\$170
<b>Cut-off Date LTV:</b>	74.3%
<b>Maturity Date LTV:</b>	59.8%
<b>UW NOI DSCR:</b>	1.66x
<b>UW NCF DSCR:</b>	1.52x
<b>UW NOI Debt Yield:</b>	9.9%
<b>UW NCF Debt Yield:</b>	9.1%

### Sources and Uses

Sources	Proceeds	% of Total
<b>Mortgage Loan</b>	\$29,509,750	73.5%
<b>Sponsor Equity</b>	10,657,773	26.5
<b>Total Sources</b>	\$40,167,523	100.0%

Uses	Proceeds	% of Total
<b>Purchase Price</b>	\$39,683,333	98.8%
<b>Upfront Reserves</b>	398,985	1.0
<b>Closing Costs</b>	85,205	0.2
<b>Total Uses</b>	\$40,167,523	100.0%

(1) The loan is structured with a springing lockbox and springing cash management.

(2) Represents trailing twelve months ending April 30, 2017.

(3) UW NOI is higher than TTM NOI due to one additional tenant being signed at the property, The Threading Place. In addition, UW NOI includes rent steps through August 2017.

## Mortgage Loan No. 14 — Wal-Mart Central

**The Loan.** The Wal-Mart Central loan, is an approximately \$29.5 million first mortgage loan secured by the fee interest in a 139,377 SF shadow-anchored retail center located in Folsom, California. The loan has a 10-year term and will amortize on a 30-year schedule.

**The Borrower.** The borrowing entity for the loan is Nazareth Retail Holdings, LLC, a California limited liability company and special purpose entity. The borrowing entity is 100.0% owned by Mounir Kardosh.

**The Sponsor.** The loan's sponsor and nonrecourse carve-out guarantor is Mounir Kardosh. Mounir Kardosh is the founder and CEO of Nazareth Enterprises and began his career in real estate in the 1970s. Nazareth Enterprises is a real estate firm which focuses on commercial and residential real estate acquisitions and development.

**The Property.** The property is a 139,377 SF shadow-anchored retail center located in Folsom, California. The property was constructed in 1992 and is situated on approximately 12.1 acres, approximately 23 miles northwest of Sacramento. The property is anchored by 24 Hour Fitness and 99 Cents Only, in addition to 43,687 SF of smaller anchors and inline tenants. The property is also anchored by Wal-Mart. There are 753 surface parking spaces at the property which are included in the collateral, resulting in a parking ratio of 5.4 spaces per 1,000 SF of net rentable area.

As of April 7, 2017, the property was approximately 88.6% leased by 20 tenants. The property's tenancy caters to mid-price point customers with both national and local tenants that include 24 Hour Fitness, 99 Cents Only, Chase Bank and Lab. Corp of America. The largest tenant at the property, 24 Hour Fitness, leases 56,200 SF (40.3% of the net rentable area) through November 2027. 24 Hour Fitness is a leading fitness industry pioneer headquartered in San Ramon, California. 24 Hour Fitness has nearly four million members in more than 400 clubs across the U.S. 24 Hour Fitness has been an anchor at the property since 2007. 24 Hour Fitness is rated B2/B/NR by Moodys, S&P and Fitch, respectively. The second-largest tenant at the property, 99 Cents Only, leases 23,560 SF (16.9% of the net rentable area) through January 2026. 99 Cents Only is a value retail store chain based in Commerce, CA with locations in the southwestern U.S. As of January 27, 2017, 99 Cents operated 390 stores located in the states of California (283 stores), Texas (48 stores), Arizona (38 stores), and Nevada (21 stores). As of the most recent 10-K for 99 Cents Only for the fiscal year ended January 27, 2017, 99 Cents Only reported average annual net sales of \$5.2 million per store, representing a 3.2% increase from fiscal year 2016 and 4.2% increase from fiscal year 2015. 99 Cents Only reported gross profit of \$601.0 million in fiscal year 2017, compared to \$562.0 million in fiscal year 2016 and \$618.0 million in fiscal year 2015. 99 Cents Only is rated Caa1/CCC+/NR by Moodys, S&P and Fitch, respectively. The third-largest tenant at the property, Western Dental Services, leases 5,000 SF (3.6% of the net rentable area) through March 2018. Western Dental Services is the number one provider of orthodontic care in California and Arizona, leading in the number of offices and providers as well as the number of patients treated. The company was founded over 100 years ago and has since grown to become one of the largest dental practice management companies in the western United States, with over 200 offices.

The property is located on the southwest corner of Riley Street and Glenn Drive which provides good frontage and access to primary roadways. Primary access to the location is provided by Lincoln Highway, which bisects the southern portion of Folsom, California and provides direct access to and from Sacramento.

**The Market.** The property is located in the center of Folsom, California in the Folsom/El Dorado Hills submarket in the greater Sacramento market. The city of Folsom has technological and medical presence with employers including, Agilent Technologies, California ISO, Intel, Kaiser Permanente, Mercy Hospital, Micron, Toshiba, and VSP. Professional, management and business, and sales are the main professional sectors for the city. The immediate area surrounding the property is a newer area of development, consisting primarily of small lot single-family developments built during 1995-2000s. Retail and shopping center developments are situated directly east of the property and include big box retail tenants such as Wal-Mart, Target, Lowes, Kohl's, and anchor tenants such as Trader Joe's, Starbucks and Bank of America.

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According to the appraisal, the estimated 2016 population within a one-, three- and five-mile radius of the property is 11,374, 83,077 and 150,435, respectively. The radii have shown moderate growth since 2010 and are projected to grow at average annual rates of 1.1%, 1.0% and 1.0%, respectively, through 2021. The estimated 2016 average household income within a one-, three- and five-mile radius of the property is \$85,186, \$107,372 and \$117,348, respectively. The appraisal concluded market rents of \$24.00 - \$33.00 PSF for in-line spaces, \$36.00 PSF for outparcel spaces and \$12.00-\$21.00 PSF for anchor spaces. According to the appraisal, the Folsom / El Dorado submarket reported an overall vacancy rate of 8.7%. According to the appraisal, the property's competitive set consists of the five properties detailed in the table below.

### Competitive Set Summary<sup>(1)</sup>

Property	Year Built / Renovated	Total NRA (SF)	Est. Rent PSF	Est. Occ.	Proximity (miles)	Anchor Tenants
Trail Creek Crossing	2005 / N/A	25,396	\$25.20	71.7%	1.5	Peet's Coffee, T-Mobile, Wayback Burgers
Briggs Ranch Plaza	1994 / N/A	94,000	\$22.20	100.0%	3.6	Encare, Inc., 99 Rancho Market, Dollar Tree
Folsom Corners	2006 / N/A	18,500	\$23.41	100.0%	1.6	Inchin's Bamboo Garden
Raley's at the Parkway	2006 / N/A	66,258	\$27.00	96.4%	3.6	Fit236, Verizon, Starbucks
Broadstone Plaza II	2001 / N/A	122,608	\$36.96	100.0%	3.5	Costa Vida, Ashley Furniture, Babies R Us

(1) Source: Appraisal.

### Historical and Current Occupancy<sup>(1)</sup>

2013	2014	2015	2016	Current <sup>(2)</sup>
74.2%	74.2%	83.4%	85.9%	88.6%

(1) Source: Historical Occupancy is provided by the sponsor. Occupancies are as of December 31 of each respective year.

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

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

Tenant	Ratings Moody's/S&P/Fitch <sup>(2)</sup>	Net Rentable Area (SF)	% of Total NRA	Base Rent PSF	% of Total Base Rents	Sales PSF <sup>(3)</sup>	Occupancy Costs <sup>(3)</sup>	Lease Expiration Date
24 Hour Fitness	B2 / B / NR	56,200	40.3%	\$26.58	48.5%	NAV	NAV	11/30/2027
99 Cents Only	Caa1 / CCC+/ NR	23,560	16.9%	\$11.00	8.4%	NAV	NAV	1/31/2026
Western Dental Services	NA / NA / NA	5,000	3.6%	\$38.28	6.2%	NAV	NAV	3/31/2018
Chase Bank	NA / NA / NA	4,900	3.5%	\$27.37	4.4%	NAV	NAV	12/31/2018
Waffle Barn	NA / NA / NA	3,400	2.4%	\$48.00	5.3%	\$243	19.8%	11/30/2022
Rock-n-Fire Pizza, Burger and Wings	NA / NA / NA	3,064	2.2%	\$30.75	3.1%	NAV	NAV	1/31/2027
Schools Financial CU	NA / NA / NA	3,000	2.2%	\$31.20	3.0%	NAV	NAV	2/29/2020
Payless Shoe Source	NA / NA / NA	3,000	2.2%	\$24.00	2.3%	\$161	14.9%	12/31/2018
Happy Day Spa	NA / NA / NA	2,580	1.9%	\$24.29	2.0%	\$180	13.5%	12/31/2019
Lab. Corp of America	NA / NA / NA	2,572	1.8%	\$23.52	2.0%	NAV	NAV	4/30/2022

(1) Based on the underwritten rent roll, including rent increases occurring through August 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 Occupancy Costs represent tenants with 12 months reported sales and occupancy costs for the twelve-month period ending in February 2017 for Waffle Barn and Payless Shoe Source, and March 2017 for Happy Day Spa, as provided by the sponsors.

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

Year	Number of Leases Expiring	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	15,930	11.4%	NAP	NAP	15,930	11.4%	NAP	NAP
MTM	1	3,000	2.2	\$72,000	2.3%	18,930	13.6%	\$72,000	2.3%
2017	1	2,572	1.8	60,493	2.0	21,502	15.4%	\$132,493	4.3%
2018	4	12,990	9.3	413,082	13.4	34,492	24.7%	\$545,576	17.7%
2019	2	4,480	3.2	115,560	3.8	38,972	28.0%	\$661,136	21.5%
2020	4	8,716	6.3	240,324	7.8	47,688	34.2%	\$901,460	29.3%
2021	3	3,265	2.3	108,864	3.5	50,953	36.6%	\$1,010,324	32.8%
2022	1	3,400	2.4	163,200	5.3	54,353	39.0%	\$1,173,524	38.1%
2023	0	0	0.0	0	0.0	54,353	39.0%	\$1,173,524	38.1%
2024	0	0	0.0	0	0.0	54,353	39.0%	\$1,173,524	38.1%
2025	0	0	0.0	0	0.0	54,353	39.0%	\$1,173,524	38.1%
2026	1	23,560	16.9	259,160	8.4	77,913	55.9%	\$1,432,684	46.5%
2027 & Beyond	3	61,464	44.1	1,648,891	53.5	139,377	100.0%	\$3,081,576	100.0%
<b>Total</b>	<b>20</b>	<b>139,377</b>	<b>100.0%</b>	<b>\$3,081,576</b>	<b>100.0%</b>				

(1) Based on the underwritten rent roll. Rent includes base rent and rent increases occurring through August 2018.

### Operating History and Underwritten Net Cash Flow

	2014	2015	2016	TTM <sup>(1)</sup>	Underwritten <sup>(2)</sup>	PSF	% <sup>(3)</sup>
Rents in Place	\$2,545,763	\$2,566,573	\$2,743,964	\$2,754,750	\$3,081,576	\$22.11	73.3%
Vacant Income	0	0	0	0	358,577	\$2.57	8.5%
<b>Gross Potential Rent</b>	<b>\$2,545,763</b>	<b>\$2,566,573</b>	<b>\$2,743,964</b>	<b>\$2,754,750</b>	<b>\$3,440,152</b>	<b>\$24.68</b>	<b>81.8%</b>
Total Reimbursements	455,121	493,161	581,143	585,853	764,663	\$5.49	18.2%
<b>Net Rental Income</b>	<b>\$3,000,884</b>	<b>\$3,059,734</b>	<b>\$3,325,107</b>	<b>\$3,340,603</b>	<b>\$4,204,815</b>	<b>\$30.17</b>	<b>100.0%</b>
(Vacancy/Collection Loss)	0	0	0	0	(358,575)	\$(2.57)	(8.5%)
Other Income	751	0	9,200	9,200	9,200	\$0.07	0.2%
<b>Effective Gross Income</b>	<b>\$3,001,635</b>	<b>\$3,059,734</b>	<b>\$3,334,306</b>	<b>\$3,349,803</b>	<b>\$3,855,440</b>	<b>\$27.66</b>	<b>91.7%</b>
<b>Total Expenses</b>	<b>\$692,779</b>	<b>\$691,897</b>	<b>\$705,712</b>	<b>\$732,353</b>	<b>\$934,378</b>	<b>\$6.70</b>	<b>24.2%</b>
<b>Net Operating Income</b>	<b>\$2,308,856</b>	<b>\$2,367,837</b>	<b>\$2,628,594</b>	<b>\$2,617,450</b>	<b>\$2,921,062</b>	<b>\$20.96</b>	<b>75.8%</b>
Total TI/LC, Capex/RR	0	0	0	0	243,910	\$1.75	6.3%
<b>Net Cash Flow</b>	<b>\$2,308,856</b>	<b>\$2,367,837</b>	<b>\$2,628,594</b>	<b>\$2,617,450</b>	<b>\$2,677,152</b>	<b>\$19.21</b>	<b>69.4%</b>

(1) The TTM column represents the trailing twelve month period ending April 30, 2017.

(2) Underwritten Rents in Place includes base rent and rent steps occurring through August 2018.

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