# Presale Report
# LCCM 2021-FL3 Trust

**DBRS Morningstar**
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**DBRS Morningstar Viewpoint**
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DBRS Morningstar Viewpoint is an interactive, data-driven, loan and property level platform that provides users with access to DBRS Morningstar presale reports, surveillance updates, transaction information, and contextual comparable data in a user-friendly manner. Complimentary registration and access to the transaction is available.

## Capital Structure

| Description | Rating Action | Balance ($) | Subordination (%) | DBRS Morningstar Rating | Trend |
|---|---|---|---|---|---|
| Class A | New Rating - Provisional | 382,941,000 | 47.500 | AAA (sf) | Stable |
| Class A-S | New Rating - Provisional | 102,117,000 | 33.500 | AAA (sf) | Stable |
| Class B | New Rating - Provisional | 37,383,000 | 28.375 | AA (low) (sf) | Stable |
| Class C | New Rating - Provisional | 43,765,000 | 22.375 | A (low) (sf) | Stable |
| Class D | New Rating - Provisional | 40,117,000 | 16.875 | BBB (sf) | Stable |
| Class E | New Rating - Provisional | 9,118,000 | 15.625 | BBB (low) (sf) | Stable |
| Class F | New Rating - Provisional | 35,559,000 | 10.750 | BB (low) (sf) | Stable |
| Class G | New Rating - Provisional | 24,617,000 | 7.375 | B (low) (sf) | Stable |
| Class H | NR | 53,794,932 | n/a | NR | Stable |

Notes:
1. NR = Not Rated.
2. Classes F, G and H will be privately placed.
3. On and after the Payment Date in September 2027, the interest rate of the Class A Notes will increase by 0.25%. On and after the Payment Date in September 2027, the interest rate of the Class A-S Notes will increase by 0.25%. On and after the Payment Date in September 2027, the interest rate of the Class B Notes will increase by 0.50%. On and after the Payment Date in September 2027, the interest rate of the Class C Notes will increase by 0.50%. On and after the Payment Date in September 2027 the interest rate of the Class D Notes will increase by 0.50%.On and after the Payment Date in September 2027, the interest rate of the Class E Notes will increase by 0.50%.
4. The principal balances set forth in the table are approximate. The actual initial principal balances may be larger or smaller depending on the Aggregate Collateral Interest Cut-off Date Balance of the Collateral Interests to be acquired by the Issuer, which Aggregate Collateral Interest Cut-off Date Balance may be as much as 5% larger or smaller than the amount presented in the Offering Memorandum.
5. Sponsor Retained Classes: Ladder 2021-FL3 Parent LLC (the "Retention Holder"), an indirect, wholly-owned subsidiary of Ladder Corp, will purchase and retain 100% of the Class F Notes, the Class G Notes and the Class H Notes, accounting for approximately 15.625% of the aggregate principal amount of all Notes.

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## Transaction Summary

| Pool Characteristics | | | |
|---|---|---|---|
| **Trust Amount ($)** | 729,411,933 | **Target Pool Balance ($)** | 729,411,933 |
| **Number of Loans** | 35 | **Average Loan Size ($)** | 20,840,341 |
| **Number of Properties** | 48 | **Top Ten Loan Concentration (%)** | 54.4 |
| **Managed/Static** | Managed | **Unfunded Companion Participation Amount ($)** | 0.00 |
| **Preidentified Ramp Loans** | n/a | **Replenishment Allowed** | N |
| **Par Value Ratio Test (%)** | 116.15 | **Reinvestment Period[5]** | 24 months |
| **Initial Par Value Ratio (%)** | 118.15 | **IC Ratio: Trigger (%)** | 120 |
| **Wtd. Avg. As-Is Appraised Issuance LTV (%)** | 67.3 | **Wtd. Avg. DBRS Morningstar As-Is Issuance LTV (%)** | 75.6 |
| **Wtd. Avg. Stabilized Appraised LTV (%)** | 63.1 | **Wtd. Avg. DBRS Morningstar Stabilized Balloon LTV (%)** | 64.4 |
| **Wtd. Avg. Interest Rate Margin (%)** | 4.293 | **DBRS Morningstar Wtd. Avg. Interest Rate[4] (%)** | 5.954 |
| **Wtd. Avg. Remaining Term[1]** | 29 | **Wtd. Avg. Remaining Term - Fully Extended** | 48 |
| **Wtd. Avg. DBRS Morningstar As-Is DSCR[2]** | 0.62 | **Wtd. Avg. Issuer As-Is DSCR (x)[4]** | 1.32 |
| **Wtd. Avg. DBRS Morningstar Stabilized DSCR[3]** | 1.16 | **Wtd. Avg. Issuer Stabilized DSCR (x)[4]** | 1.84 |
| **Avg. DBRS Morningstar As-Is NCF Variance[2] (%)** | -29.2 | **Avg. DBRS Morningstar Stabilized NCF Variance[3] (%)** | -18.1 |

Note: All DBRS Morningstar DSCR and LTV calculations in this table and throughout the report are based on the DBRS Morningstar Stressed Interest Rate and the fully funded and extended mortgage loan commitment. The Wtd. Avg metrics presented in the table and the report exclude DBRS Morningstar Ramp loan assumptions, if applicable.

1. Assumes that the initial term to maturity of each loan is not extended.
2. Based on DBRS Morningstar As-Is NCF excluding outliers.
3. Based on DBRS Morningstar Stabilized NCF.
4. Interest rate assumes 0.250% one-month LIBOR plus the cap strike rate, which is lower than the stressed rate from the DBRS Morningstar Interest Rate Stresses for U.S. Structured Finance Transactions methodology. All DBRS Morningstar DSCR figures are based on this stressed rate.
5. Reinvestment Period begins on the date of the deposit of Permitted Principal Proceeds and ending 24 months thereafter.

| | |
|---|---|
| **Issuer** | LCCM 2021-FL3 Trust |
| **Mortgage Loan Seller** | Ladder CRE Finance REIT Inc |
| **Servicer** | Wells Fargo Bank, National Association |
| **Special Servicer** | Situs Holdings, LLC |
| **Collateral Manager** | Ladder Capital Asset Management LLC |
| **Trustee** | Wilmington Trust, National Association |
| **Placement Agents** | Wells Fargo Securities, LLC |
| | J.P. Morgan Securities LLC |
| | Goldman Sachs & Co. LLC |
| **Structuring Agent** | Wells Fargo Securities, LLC |
| **Advancing Agent** | Ladder CRE Finance REIT Inc |

## Coronavirus Overview

With regard to the Coronavirus Disease (COVID-19) pandemic, the magnitude and extent of performance stress posed to global structured finance transactions remain highly uncertain. This considers the fiscal and monetary policy measures and statutory law changes that have already been implemented or will be implemented to soften the impact of the crisis on global economies. Some regions, jurisdictions, and asset classes are, however, feeling more immediate effects. Accordingly, DBRS Morningstar may apply additional short-term stresses to its rating analysis. For example, DBRS Morningstar may front-load default expectations and/or assess the liquidity position of a structured finance transaction with more stressful operational risk and/or cash flow timing considerations.

The DBRS Morningstar Sovereign group releases baseline macroeconomic scenarios for rated sovereigns. DBRS Morningstar analysis considered impacts consistent with the baseline scenarios as set forth in the following report: https://www.dbrsmorningstar.com/research/384482.

**Transaction Overview**

The initial collateral consists of 35 floating-rate mortgage loans secured by 48 mostly transitional real estate properties with a cut-off balance totaling $729.4 million, excluding $116.3 million of remaining future funding commitments and $209.6 million of pari passu debt. The debt transaction is a managed vehicle, which includes a 24-month reinvestment period. Of the 35 loans, five are unclosed or delayed-close loans with a collective principal balance of $111.5 million representing 15.3% of the initial cut-off date balance, as of November 12, 2021: 48-05 Metropolitan Avenue (Prospectus ID #2), representing 7.5% of the trust balance: Cubix at the Othello (Prospectus ID #15), representing 2.3% of the trust balance; Greenwich & Nassau Portfolio (Prospectus ID #16), representing 2.3% of the trust balance; E 86th & W 57th Portfolio (Prospectus ID #26), representing 1.6% of the trust balance; and Edgewood Terrace (Prospectus ID #27), representing 1.5% of the trust balance. If the delayed close mortgage assets are not acquired within 90 days of the closing date, the unused proceeds will be transferred to the Reinvestment Account to be used to acquire reinvestment collateral interests during the Reinvestment Period ending in December 2023. The eligibility criteria, among other things, have minimum DSCR, LTV, 14.0 Herfindahl score, and property type limitations. Additionally, the aggregate principal balance of the collateral interest secured by multifamily properties is not less than 35% of the aggregate outstanding portfolio balance and the aggregate principal balance of the collateral interest secured by multifamily, industrial and office properties is not less than 60.0% of the aggregate outstanding portfolio balance. The transaction is not structured with a replenishment period. The transaction stipulates that any acquisition of any companion participation or ramp-up mortgage asset will require a rating agency confirmation (RAC) if the balance is greater than $1.0 million.

**Eligibility Criteria Concentration Parameters**

| Issuer Property Type | Issuance (%) | Limit (%) |
|---|---|---|
| Multifamily | 40.9 | 100.0 |
| Office | 18.9 | 50.0 |
| Industrial | 13.2 | 35.0 |
| Mixed-Use | 9.0 | 20.0 |
| Retail | 6.1 | 10.0 |
| Other | 6.0 | n/a |
| Hospitality | 3.7 | 10.0 |
| Manufactured Housing | 2.2 | 10.0 |
| Self-Storage | 0.0 | 10.0 |
| Student Housing | 0.0 | 5.0 |

| State Concentration | Issuance (%) | Limit (%) |
|---|---|---|
| California | 10.9 | 40.0 |
| Florida | 24.5 | 40.0 |
| New York | 29.2 | 40.0 |
| Texas | 7.3 | 40.0 |
| Any Other Individual State | 6.8 | 20.0 |

1. The Issuance (%) of All Other States represents the aggregate total, while the Limit (%) represents no more than 20% of the principal balance for each state. The largest concentration in this category is Pennsylvania at 6.8%.

The loans are mostly secured by cash flowing assets, many of which are in a period of transition with plans to stabilize and improve the asset value. In total, 27 loans, representing 76.2% of the pool, have remaining future funding participations totaling $114.4 million, which the Issuer may acquire in the future. Please see the chart below of the participations that the Issuer will be allowed to acquire.

**Future Funding**

| Loan Name | Cut-Off Date Whole Loan Amount ($) | Future Funding Amount[1] ($) | Whole Loan Amount[2] ($) | Future Funding Uses |
|---|---|---|---|---|
| Citigroup Center | 65,000,000 | 37,275,000 | 251,100,000 | Capex, Leasing Costs |
| 48-05 Metropolitan Ave | 55,000,000 | 4,000,000 | 59,000,000 | Leasing Costs |
| Aventura Corporate Center | 50,000,000 | 2,000,000 | 112,800,000 | Capex, Leasing Costs |
| Campo Felice | 41,890,030 | 5,184,970 | 47,075,000 | Capex, Shortfall Reserve, Insurance Reserve |
| The Washington at Chatham | 37,430,000 | 2,070,000 | 39,500,000 | Capex, Leasing Costs, Shortfall Reserve |
| 2875 Broadway | 29,700,000 | 5,300,000 | 35,000,000 | Capex, Leasing Costs, Shortfall Reserve |
| 315 Meserole | 24,193,910 | 3,806,090 | 28,000,000 | Leasing Costs |
| Oxford Galleria 2 | 22,319,777 | 3,000,223 | 25,320,000 | Leasing Costs |
| Chapman Market | 22,133,640 | 3,366,360 | 25,500,000 | Leasing Costs |
| Williamsburg Square Apartments | 17,550,000 | 2,700,000 | 20,250,000 | Capex |
| Treehouse and Crow MHC Portfolio | 16,325,000 | 2,550,000 | 18,875,000 | Capex |
| 15801 NW 49th Ave | 14,895,000 | 705,000 | 15,600,000 | Capex, Leasing Costs |
| Clifton Colony Apartments | 14,000,000 | 1,750,000 | 15,750,000 | Capex |
| Hillview Hollywood | 13,800,000 | 3,700,000 | 17,500,000 | Capex, Shortfall Reserve |
| Enclave Apartments | 13,000,000 | 1,500,000 | 14,500,000 | Capex |
| Northeast Philly Last Mile Portfolio | 12,460,331 | 2,292,136 | 14,752,467 | Capex, Leasing Costs |
| The Michael | 12,200,000 | 2,000,000 | 14,200,000 | Capex, Shortfall Reserve |
| 519 Uptown | 12,000,000 | 6,400,000 | 18,400,000 | Capex, Leasing Costs |
| E 86th & W 57th Portfolio | 11,550,000 | 3,000,000 | 14,550,000 | Capex, Leasing Costs, Shortfall Reserve |
| Edgewood Terrace | 10,900,000 | 3,100,000 | 14,000,000 | Capex, Shortfall Reserve |
| Renasant Place | 10,495,000 | 11,375,000 | 21,870,000 | Capex, Leasing Costs |
| Montana Agave Apartments | 9,522,706 | 1,927,294 | 11,450,000 | Capex |
| 134 N Mariposa | 8,898,000 | 2,702,000 | 11,600,000 | Capex |
| Towne Oaks Apartments | 8,455,949 | 719,051 | 9,175,000 | Capex |
| Brooklyn Queens Multi Portfolio | 7,575,500 | 2,524,500 | 10,100,000 | Capex |
| 22 Gateway | 7,431,700 | 768,300 | 8,200,000 | Capex, Leasing Costs |
| Hialeah Portfolio | 6,815,000 | 585,000 | 7,400,000 | Capex, Leasing Costs, Shortfall Reserve |

1. Cut-Off date unfunded future funding amount.
2. Whole loan amount including unfunded future funding.

**Future Funding Commitment**

| Loan Name | Total Future Funding ($) | Maximum Future Funding Allowed ($) | Total Future Funding Commitments Allowed (%) | Loan Closed (Y/N) |
|---|---|---|---|---|
| Citigroup Center | 37,275,000 | 37,275,000 | 100.0 | Y |
| 48-05 Metropolitan Ave | 4,000,000 | 4,000,000 | 100.0 | N |
| Aventura Corporate Center | 2,000,000 | 2,000,000 | 100.0 | Y |
| Campo Felice | 5,184,970 | 5,184,970 | 100.0 | Y |
| The Washington at Chatham | 2,070,000 | 2,070,000 | 100.0 | Y |
| 2875 Broadway | 5,300,000 | 5,300,000 | 100.0 | Y |
| 315 Meserole | 3,806,090 | 3,806,090 | 100.0 | Y |
| Oxford Galleria 2 | 3,000,223 | 3,000,223 | 100.0 | Y |
| Chapman Market | 3,366,360 | 3,366,360 | 100.0 | Y |
| Williamsburg Square Apartments | 2,700,000 | 2,700,000 | 100.0 | Y |
| Treehouse and Crow MHC Portfolio | 2,550,000 | 2,550,000 | 100.0 | Y |
| 15801 NW 49th Ave | 705,000 | 705,000 | 100.0 | Y |
| Clifton Colony Apartments | 1,750,000 | 1,750,000 | 100.0 | Y |
| Hillview Hollywood | 3,700,000 | 3,700,000 | 100.0 | Y |
| Enclave Apartments | 1,500,000 | 1,500,000 | 100.0 | Y |
| Northeast Philly Last Mile Portfolio | 2,292,136 | 2,292,136 | 100.0 | Y |
| The Michael | 2,000,000 | 2,000,000 | 100.0 | Y |
| 519 Uptown | 6,400,000 | 6,400,000 | 100.0 | Y |
| E 86th & W 57th Portfolio | 3,000,000 | 3,000,000 | 100.0 | N |
| Edgewood Terrace | 3,100,000 | 3,100,000 | 100.0 | N |
| Renasant Place | 11,375,000 | 11,375,000 | 100.0 | Y |
| Montana Agave Apartments | 1,927,294 | 1,927,294 | 100.0 | Y |
| 134 N Mariposa | 2,702,000 | 2,702,000 | 100.0 | Y |
| Towne Oaks Apartments | 719,051 | 719,051 | 100.0 | Y |
| Brooklyn Queens Multi Portfolio | 2,524,500 | 2,524,500 | 100.0 | Y |
| 22 Gateway | 768,300 | 768,300 | 100.0 | Y |
| Hialeah Portfolio | 585,000 | 585,000 | 100.0 | Y |

For the floating-rate loans, DBRS Morningstar used the one-month Libor index, which is based on the lower of a DBRS Morningstar stressed rate that corresponded to the remaining fully extended term of the loans or the strike price of the interest rate cap with the respective contractual loan spread added to determine a stressed interest rate over the loan term. When the debt service payments were measured against the DBRS Morningstar As-Is NCF, 29 loans, comprising 81.9% of the initial pool balance, had a DBRS Morningstar As-Is DSCR of 1.00x or below, a threshold indicative of default risk. However, the DBRS Morningstar Stabilized DSCR of only eight loans, comprising 31.2% of the initial pool balance, was 1.00x or below, which is indicative of elevated refinance risk. The properties are often transitioning with potential upside in cash flow; however, DBRS Morningstar does not give full credit to the stabilization if there are no holdbacks or if other structural features in place are insufficient to support such treatment. Furthermore, even with the structure provided, DBRS Morningstar generally does not assume the assets to stabilize above market levels.

## Rating Considerations

### Strengths

- **Sponsor Retention**: Ladder 2021-FL3 Parent LLC, an indirect wholly owned subsidiary of Ladder Capital Corp. (Ladder Capital), will acquire the Class F, G, and H notes, representing the most subordinate 15.6% of the transaction by principal balance.
- **Multifamily and Industrial Property Types**: The majority of the pool comprises primarily multifamily (40.9%) and industrial (13.2%) properties. These property types have historically shown lower defaults and losses. Multifamily properties benefit from staggered lease rollover and generally low expense ratios compared with other property types. While revenue is quick to decline in a downturn because of the short-term nature of the leases, it is also quick to respond when the market improves.
- **Dense Urban Markets**: Sixteen loans, representing 54.3% of the cut-off date pool balance, are secured by properties in areas with a DBRS Morningstar Market Rank of 6, 7, or 8, which are characterized as urbanized locations. These markets generally benefit from increased liquidity that is driven by consistently strong investor demand. Such markets therefore tend to benefit from lower default frequencies than less dense suburban, tertiary, or rural markets. Areas with a DBRS Morningstar Market Rank of 7 or 8 are especially densely urbanized and benefit from significantly elevated liquidity. Twelve loans, comprising 37.1% of the cut-off date pool balance, are secured by collateral in such areas. Urban markets represented in the deal include New York, Miami, Pittsburgh, Los Angeles, and Oakland.
- **MSA Strength**: Fifteen loans, representing 42.4% of the pool balance, have collateral in MSA Group 3, which is the best-performing group in terms of historical CMBS default rates among the top 25 MSAs. MSA Group 3 has a historical default rate of 17.2%, which is nearly 10.8 percentage points lower than the overall CMBS historical default rate of 28.0%.
- **Recent Loan Originations**: All loans were originated in June 2021 or later, meaning the loan files are recent, including third-party reports that consider impacts from the coronavirus pandemic.

### Challenges and Considerations

- **Transitional Properties**: DBRS Morningstar has analyzed the loans to a stabilized cash flow that is, in some instances, above the in-place cash flow. It is possible that the sponsors will not successfully execute their business plans and that the higher stabilized cash flow will not materialize during the loan term, particularly with the ongoing coronavirus pandemic and its impact on the overall economy. A sponsor’s failure to execute the business plan could result in a term default or the inability to refinance the fully funded loan balance.
    - *Mitigant: DBRS Morningstar made relatively conservative stabilization assumptions and, in each instance, considered the business plan to be rational and the future funding amounts to be sufficient to execute such plans. In addition, DBRS Morningstar analyzes LGD based on the DBRS Morningstar As-Is LTV, assuming the loan is fully funded.*
    - *Mitigant: Given the nature of the assets, DBRS Morningstar sampled 66.7% of the cut-off date pool balance. While physical site inspections were generally not performed because of health and safety constraints associated with the ongoing coronavirus pandemic, DBRS Morningstar notes that, in the future, when DBRS Morningstar analysts visit the markets, they may actually visit properties more than once to follow the progress (or lack there) toward stabilization. The servicer is also in constant contact with the borrowers to track progress.*

- **Leverage**: Based on the initial pool balances, the overall WA DBRS Morningstar As-Is DSCR of 0.62x and WA As-Is LTV of 75.6% generally reflect high-leverage financing.
    - *Mitigant: Most of the assets are generally well positioned to stabilize, and any realized cash flow growth would help to offset a rise in interest rates and improve the overall debt yield of the loans. DBRS Morningstar associates its LGD based on the assets' as-is LTV, which does not assume that the stabilization plan and cash flow growth will ever materialize.*
    - *Mitigant: The DBRS Morningstar As-Is DSCR at issuance does not consider the sponsor's business plan as the DBRS Morningstar As-Is NCF was generally based on the most recent annualized period. The sponsor's business plan could have an immediate impact on the underlying asset performance that the DBRS Morningstar As-Is NCF does not account for.*
    - *Mitigant: When measured against the DBRS Morningstar Stabilized NCF, the WA DBRS Morningstar DSCR is estimated to improve to 1.16x, suggesting that the properties are likely to have improved NCFs once the sponso*r's business plan has been implemented.
- **Unfavorable Property Types**: Eight loans, representing 34.7% of the initial pool comprise office (24.9%), retail (6.1%), and hospitality (3.7%) properties, which have experienced considerable disruption as a result of the coronavirus pandemic, with mandatory closures, stay-at-home orders, retail bankruptcies, and consumer shifts to online purchasing.
    - *Mitigant: Five of the eight loans, representing 60.7% of the concentration and 21.1% of the initial pool balance, are in areas with DBRS Morningstar Market Ranks of 6, 7, or 8, which are generally characterized as dense urbanized areas that benefit from increased liquidity driven by consistently strong investor demand, even during times of economic distress. Additionally, three of these loans, representing 30.9% of the concentration, have collateral in DBRS Morningstar MSA Group 3, which is the best-performing group in terms of historic CMBS default rates among the top 25 MSAs.*
    - *Mitigant: One loan in the pool is backed by a hotel, which was significantly renovated in 2018–19 and delivered shortly before the onset of the coronavirus pandemic. The property's quality score is Average (+) and the loan has a low initial appraiser LTV of 54.7%, both of which are good characteristics. Still, the loan was modeled with an expected loss above the pool average, which reflects the additional risk of a hotel in the current environment.*
    - *Mitigant: One loan, 17 West 60th Street, is designated as an office property; however, it requires significant construction to convert the property to a private school from a vacant shell. DBRS Morningstar noted that this additional execution risk is a concern and made adjustments that are outlined below to account for the risk.*
- **Managed Transaction**: The transaction is managed and includes five delayed-close loans and a 24-month reinvestment period, which could result in negative credit migration and/or an increased concentration profile over the life of the transaction.
    - *Mitigant: The risk of negative migration is partially offset by eligibility criteria that outline DSCR, LTV, 14.0 Herfindahl score minimum, property type, and loan size limitations for reinvestment assets.*
    - *Mitigant: A No Downgrade Confirmation is required from DBRS Morningstar for all reinvestment loans and companion participations of more than $1.0 million.*

- **Floating-Rate Interest Rates**: All loans have floating interest rates and are IO during their entire initial loan term, creating interest rate risk should interest rates increase.
  - *Mitigant: For the floating-rate loans, DBRS Morningstar used the one-month Libor index, which is based on the lower of a DBRS Morningstar stressed rate that corresponded to the remaining fully extended term of the loans or the strike price of the interest rate cap with the respective contractual loan spread added to determine a stressed interest rate over the loan term. Additionally, all loans have extension options and, in order to quality for these options, the loans must meet minimum DSCR, debt yield, and/or LTV requirements.*
  - *Mitigant: All loans are short-term and, even with extension options, have a fully extended maximum loan term of five years.*
  - *Mitigant: The borrowers for all loans, except one (17 West 60th Street) have purchased Libor cap rates that range from 1.00% to 3.00% to protect against rising interest rates over the term of the loan. 17 West 60th Street, representing 6.0% of the trust balance, is not required to purchase a cap rate at closing; however, once Libor reaches 1.50%, the borrower will be required to obtain an interest rate cap for the remaining initial term and may be extended pursuant to extension options.*
- **Lack of Managed Transactions**: Despite the Issuer having significant experience originating and purchasing more than $42 billion of commercial real estate loans and investments and an approximate $1.5 billion market capitalization on the New York Stock Exchange (as of September 2021), Ladder Capital has executed only one managed commercial real estate collateralized loan obligation (CRE CLO) since October 2017, which was in June 2021 .
- **Lack of Site Inspections**: DBRS Morningstar conducted one management tour and one exterior tour for two loans, representing 11.8% of the pool, because of health and safety constraints associated with the ongoing coronavirus pandemic. As a result, DBRS Morningstar relied more heavily on third-party reports, online data sources, and information provided by the Issuer to determine the overall DBRS Morningstar property quality to be assigned to each loan.
  - *Mitigant: Recent third-party reports were provided for all loans and contained property quality commentary and photos.*
- **Sponsor strength**: DBRS Morningstar made negative adjustments to the sponsor strength on three loans (5.9% of the cut-off date balance). These adjustments account for various factors, including historical credit events.
  - *Mitigant: DBRS Morningstar applied a POD penalty to the loan analyzed with Weak or Bad/Litigious sponsorship strength.*

**Legal and Structural Considerations:**

- **Libor Replacement**: The transaction will likely be subject to a benchmark rate replacement, which will depend on the availability of various alternative benchmarks. The current selected benchmark is the Secured Overnight Financing Rate (SOFR). Term SOFR, which is expected to be a forward-looking term rate similar to Libor, is the first alternative benchmark replacement rate currently being developed. There is no assurance that Term SOFR development will be completed or that it will be widely endorsed and adopted. This could lead to volatility in the interest rate on the mortgage assets and floating-rate notes. The transaction could be exposed to a timing mismatch between the notes and the underlying mortgage assets as a result of the mortgage benchmark rates adjusting on different dates from the benchmark on the notes, or a mismatch between the benchmark and/or the benchmark replacement adjustment on the notes and the benchmark and/or the benchmark replacement adjustment (if any) applicable to the mortgage loans. In order to compensate for differences between the successor benchmark rate and the then-current benchmark rate, a benchmark replacement adjustment has been contemplated in the indenture as a way to compensate for the rate change. Currently, Wells Fargo, National Association, in its capacity as designated transaction representative, will generally be responsible for handling any benchmark rate change and will only be held to a gross negligence standard with regard to any liability for its actions.

- **Criteria-Based Modifications**: Consistent with the ongoing evolution of Criteria-Based Modifications, the transaction permits the directing holder to cause the special servicer to effectuate Criteria-Based Modifications subject to certain conditions. The number of Criteria-Based Modifications that can be made is limited to six and the Servicing Standard does not apply to such Criteria-Based Modifications. This transaction allows for five Criteria-Based Modifications, less than the number generally allowed in recent CRE CLO transactions.

## DBRS Morningstar Credit Characteristics

**DBRS Morningstar As-Is DSCR (x)**

| DSCR | % of the Pool (Senior Note Balance[1]) |
|---|---|
| 0.00x-0.50x | 33.6 |
| 0.50x-0.75x | 28.6 |
| 0.75x-1.00x | 19.8 |
| 1.00x-1.25x | 11.4 |
| 1.25x-1.50x | 6.6 |
| 1.50x-1.75x | 0.0 |
| >1.75x | 0.0 |
| Wtd. Avg. (x) | 0.62 |

**DBRS Morningstar Stabilized DSCR (x)**

| DSCR | % of the Pool (Senior Note Balance[1]) |
|---|---|
| 0.00x-0.50x | 0.0 |
| 0.50x-0.75x | 3.1 |
| 0.75x-1.00x | 28.1 |
| 1.00x-1.25x | 33.3 |
| 1.25x-1.50x | 27.2 |
| 1.50x-1.75x | 2.6 |
| >1.75x | 5.7 |
| Wtd. Avg. (x) | 1.16 |

**DBRS Morningstar As-Is Issuance LTV**

| LTV | % of the Pool (Senior Note Balance[1]) |
|---|---|
| 0.0%-50.0% | 0.0 |
| 50.0%-60.0% | 15.4 |
| 60.0%-70.0% | 22.1 |
| 70.0%-80.0% | 30.9 |
| 80.0%-90.0% | 19.3 |
| 90.0%-100.0% | 5.8 |
| 100.0%-110.0% | 5.1 |
| 110.0%-125.0% | 0.0 |
| >125.0% | 1.4 |
| Wtd. Avg. (%) | 75.6 |

**DBRS Morningstar Stabilized Balloon LTV**

| LTV | % of the Pool (Senior Note Balance[1,2]) |
|---|---|
| 0.0%-50.0% | 4.6 |
| 50.0%-60.0% | 32.4 |
| 60.0%-70.0% | 23.9 |
| 70.0%-80.0% | 38.0 |
| 80.0%-90.0% | 1.0 |
| 90.0%-100.0% | 0.0 |
| 100.0%-110.0% | 0.0 |
| 110.0%-125.0% | 0.0 |
| >125.0% | 0.0 |
| Wtd. Avg. (%) | 64.4 |

1. Includes pari passu debt, but excludes subordinate debt.

2. The senior note balloon balance assumes the DBRS Morningstar Stressed Interest Rate and the fully-extended loan term.

## Largest Loan Summary

**Loan Detail**

| Loan Name | Trust Balance ($) | % of Pool | DBRS Morningstar Shadow Rating | DBRS Morningstar As-Is DSCR (x) | DBRS Morningstar Stabilized DSCR (x) | DBRS Morningstar As-Is LTV (%) | DBRS Morningstar Stabilized LTV (%) |
|---|---|---|---|---|---|---|---|
| Citigroup Center | 65,000,000 | 8.9 | n/a | 0.99 | 1.27 | 82.0 | 64.4 |
| 48-05 Metropolitan Ave | 55,000,000 | 7.5 | n/a | 0.19 | 0.94 | 62.1 | 55.1 |
| Aventura Corporate Center | 50,000,000 | 6.9 | n/a | 0.91 | 0.91 | 78.3 | 78.3 |
| 17 West 60th Street | 44,000,000 | 6.0 | n/a | 1.08 | 1.08 | 59.5 | 55.0 |
| Campo Felice | 41,890,030 | 5.7 | n/a | 0.00 | 1.89 | 62.4 | 52.6 |
| The Washington at Chatham | 37,430,000 | 5.1 | n/a | 0.53 | 1.05 | 79.8 | 72.5 |
| 2875 Broadway | 29,700,000 | 4.1 | n/a | 0.00 | 0.77 | 100.0 | 70.0 |
| The Read House | 27,000,000 | 3.7 | n/a | 1.12 | 1.47 | 54.0 | 48.3 |
| 315 Meserole | 24,193,910 | 3.3 | n/a | 0.07 | 1.12 | 69.8 | 56.6 |
| Trailside Oaks Apartments | 22,500,000 | 3.1 | n/a | 0.71 | 0.71 | 76.5 | 76.5 |

| Loan Name | DBRS Morningstar Property Type | City | State | Year Built | SF/Units | Fully Funded Mortgage Loan per SF/Units ($) | Fully Funded Mortgage Maturity Balance per SF/Units ($) |
|---|---|---|---|---|---|---|---|
| Citigroup Center | Office | Miami | FL | 1982 | 809,601 | 310 | 310 |
| 48-05 Metropolitan Ave | Industrial | Ridgewood | NY | 2021 | 162,735 | 363 | 363 |
| Aventura Corporate Center | Office | Aventura | FL | 1986 | 254,975 | 442 | 442 |
| 17 West 60th Street | Office | New York | NY | 1921 | 76,511 | 575 | 575 |
| Campo Felice | Multifamily | Fort Myers | FL | 1986 | 323 | 145,743 | 145,743 |
| The Washington at Chatham | Multifamily | Pittsburgh | PA | 1966 | 174 | 227,011 | 227,011 |
| 2875 Broadway | Mixed Use | New York | NY | 1920 | 31,271 | 1,119 | 1,119 |
| The Read House | Full Service Hotel | Chattanooga | TN | 1926 | 241 | 112,033 | 112,033 |
| 315 Meserole | Mixed Use | Brooklyn | NY | 1920 | 92,665 | 302 | 302 |
| Trailside Oaks Apartments | Multifamily | Leander | TX | 2020 | 105 | 214,286 | 214,286 |

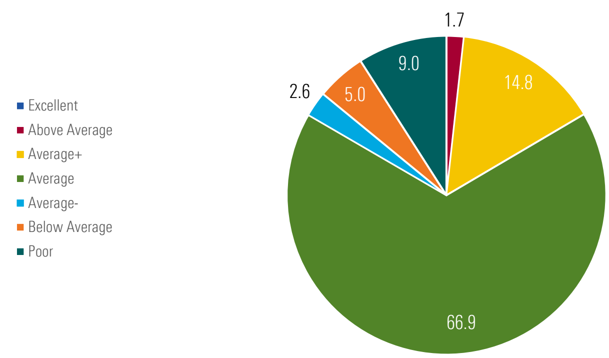
## DBRS Morningstar Sample

| Prospectus ID | Loan Name | % of Pool | DBRS Morningstar Stabilized NCF ($) | DBRS Morningstar Stabilized NCF Variance (%) | DBRS Morningstar Major Variance Drivers | DBRS Morningstar Property Quality |
|---|---|---|---|---|---|---|
| 1 | Citigroup Center | 8.9 | 17,143,706 | -31.8 | Vacancy; Leasing Costs | Average |
| 2 | 48-05 Metropolitan Ave | 7.5 | 4,219,997 | -7.0 | Vacancy | Average |
| 3 | Aventura Corporate Center | 6.9 | 5,709,726 | -23.5 | GPR; Leasing Costs | Average |
| 4 | 17 West 60th Street | 6.0 | 2,691,576 | 0.0 | No Variance | Poor |
| 5 | Campo Felice | 5.7 | 4,360,928 | -17.0 | GPR; Residential Vacancy; Commercial Vacancy | Average |
| 6 | The Washington at Chatham | 5.1 | 2,637,111 | -17.2 | Operating Expenses; Leasing Costs; GPR; Vacancy | Average |
| 7 | 2875 Broadway | 4.1 | 1,897,401 | -21.8 | Leasing Costs; Vacancy | Average |
| 8 | The Read House | 3.7 | 2,701,779 | -24.9 | Other Revenue; F&B Revenue | Average+ |
| 9 | 315 Meserole | 3.3 | 1,907,723 | -11.6 | Leasing Costs; GPR; Real Estate Taxes | Average |
| 10 | Trailside Oaks Apartments | 3.1 | 897,197 | -36.7 | GPR; Other Income; Operating Expenses | Average+ |
| 11 | 3063 Pico | 3.1 | 1,202,933 | -9.4 | Other Income; Economic Vacancy; Real Estate Taxes; Leasing Costs | Average+ |
| 12 | Oxford Galleria 2 | 3.1 | 2,071,968 | -15.8 | GPR; Leasing Costs | Average |
| 14 | Williamsburg Square Apartments | 2.4 | 1,390,761 | -11.1 | Other Income | Below Average |
| 23 | Northeast Philly Last Mile Portfolio | 1.7 | 926,998 | -21.6 | Expense Reimbursements; Vacancy | Average- |
| 31 | 84 2nd | 1.2 | 600,868 | -5.2 | Economic Vacancy; Expenses; Leasing Costs | Above Average |
| 35 | Hialeah Portfolio | 0.9 | 505,793 | -34.3 | GPR; Leasing Costs; Expense Reimbursements | Below Average |

### DBRS Morningstar Site Inspections

DBRS Morningstar sampled 16 of the 35 loans, representing 66.7% of the initial pool by allocated cut-off date loan balance. DBRS Morningstar met with the on-site property manager, leasing agent, or representative of the borrowing entity for one of the 35 loans, representing 5.7% of the initial pool balance. The resulting DBRS Morningstar property quality scores are highlighted in the chart below.

DBRS Morningstar Sampled Property Quality



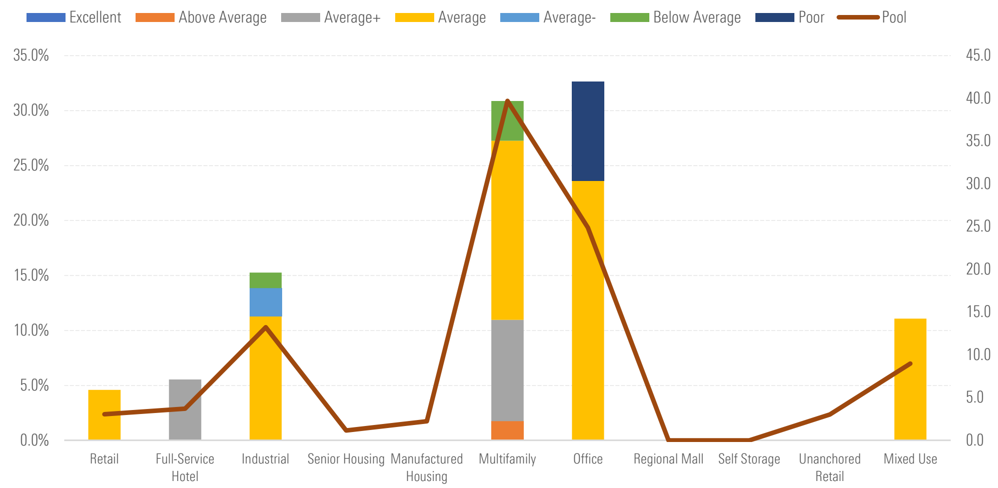

Source: DBRS Morningstar.

### DBRS Morningstar Cash Flow Analysis

DBRS Morningstar completed a cash flow review and a cash flow stability and structural review for 16 of the 35 loans, representing 66.7% of the initial pool by loan balance. For the loans not subject to an NCF review, DBRS Morningstar applied NCF variances of -24.4% and -17.5% to the Issuer's as-is and stabilized NCFs, respectively, which reflect the average sampled NCF variances (excluding certain outliers from the DBRS Morningstar As-Is NCF Analysis). The DBRS Morningstar As-Is NCF was based on the current performance of the properties, without giving any credit to the future upside that may be realized upon the sponsors' completion of their business plans. The DBRS Morningstar As-Is sample had an average in-place NCF variance of -24.4% from the Issuer's NCF and ranged from -100.0% to 17.5%. The DBRS Morningstar As-Is NCFs resulted in higher-than-average haircuts compared with most recent CRE CLO transactions because DBRS Morningstar incorporated the most recent financial performance, which may include disruptions and declines in occupancy and/or collections related to the coronavirus pandemic. Additionally, the Issuer often includes some stabilized line items in its as-is NCF analysis (e.g., occupancy, other income, operating expenses, etc.), resulting in higher-than-normal as-is haircuts.

The DBRS Morningstar Stabilized NCF assumed the properties stabilized at market rent and/or recently executed leases and market expenses that were reasonably achieved based on the sponsor's business plan and structural features of the respective loans. The DBRS Morningstar sample had an average DBRS Morningstar Stabilized NCF of -17.5% from the Issuer's stabilized NCF and ranged from -34.3% to -5.2%.

DBRS Morningstar Sampled Property Type




Source: DBRS Morningstar.

## Model Adjustments

DBRS Morningstar applied upward cap rate adjustments to eight loans—Aventura Corporate Center, The Read House, Trailside Oaks Apartments, 15801 NW 49th Ave, Northeast Philly Last Mile Portfolio, Towne Oaks Apartments, 22 Gateway, and the Hialeah Portfolio—representing 20.5% of the trust balance. DBRS Morningstar adjusted the cap rate for these eight loans to reflects its view of the respective markets and the inherent risk associated with the sponsor's business plan. The downward stabilized value adjustments are highlighted in the DBRS Morningstar Sampled Model Adjustments table below.

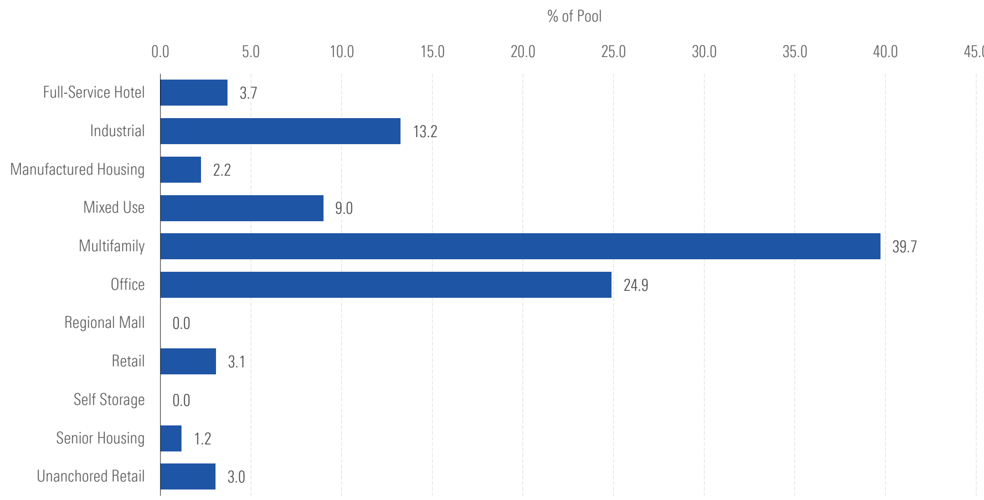
**DBRS Morningstar Model Adjustments**

| Prospectus ID | Loan | Implied Cap Rate (%) | DBRS Morningstar Adjusted Cap Rate (%) | Appraised As-Is LTV (%) | Appraised Stabilized LTV (%) | DBRS Morningstar As-Is LTV (%) | DBRS Morningstar Stabilized LTV (%) |
|---|---|---|---|---|---|---|---|
| 3 | Aventura Corporate Center | 4.6 | 5.2 | 78.3 | 70.1 | 78.3 | 78.3 |
| 8 | The Read House | 6.1 | 6.4 | 54.0 | 45.9 | 54.0 | 48.3 |
| 10 | Trailside Oaks Apartments | 4.6 | 4.8 | 76.5 | 72.6 | 76.5 | 76.5 |
| 19 | 15801 NW 49th Ave | 4.7 | 5.1 | 77.6 | 63.4 | 77.6 | 68.1 |
| 23 | Northeast Philly Last Mile Portfolio | 4.0 | 4.6 | 56.4 | 50.1 | 56.4 | 57.1 |
| 32 | Towne Oaks Apartments | 4.9 | 5.8 | 81.6 | 65.3 | 98.2 | 78.7 |
| 34 | 22 Gateway | 5.1 | 6.4 | 80.4 | 65.6 | 100.9 | 82.3 |
| 35 | Hialeah Portfolio | 4.5 | 5.1 | 56.1 | 43.3 | 56.1 | 49.0 |

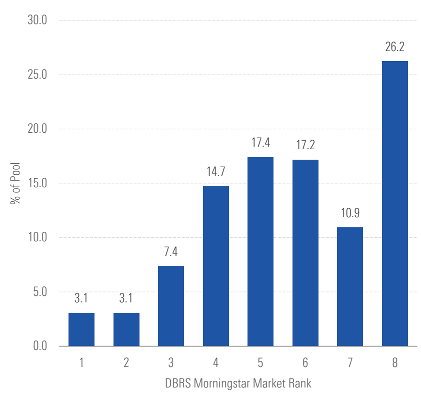
Additionally, DBRS Morningstar applied both POD and LGD adjustments to 17 West 60th Street, representing 6.0% of the initial pool balance, because of the binary risk associated with the long-term viability of a single tenant school and the potential costs associated with converting to an alternative use. For more information on this loan, please see page 34.

## Transaction Concentrations

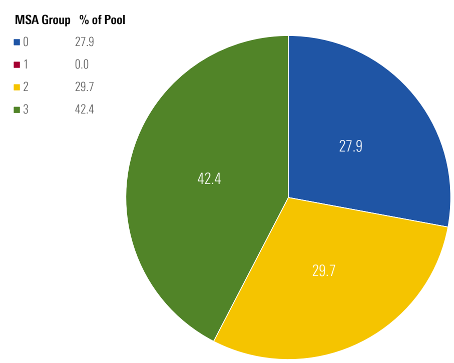
### DBRS Morningstar Property Type




### DBRS Morningstar Market Rank

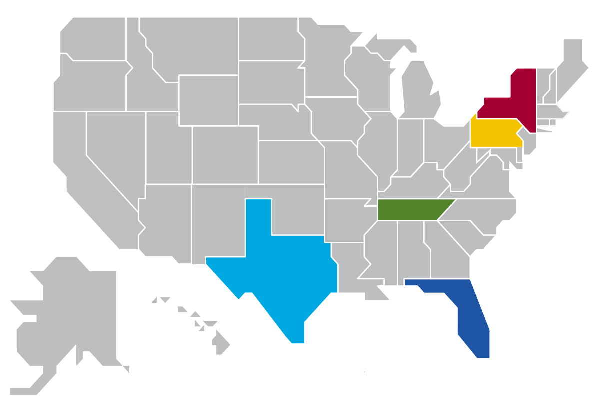



### DBRS Morningstar MSA Group




### Largest Property Location

| Property Name | City | State |
|---|---|---|
| Citigroup Center | Miami | FL |
| 48-05 Metropolitan Ave | Ridgewood | NY |
| Aventura Corporate Center | Aventura | FL |
| 17 West 60th Street | New York | NY |
| Campo Felice | Fort Myers | FL |
| The Washington at Chatham | Pittsburgh | PA |
| 2875 Broadway | New York | NY |
| The Read House | Chattanooga | TN |
| 315 Meserole | Brooklyn | NY |
| Trailside Oaks Apartments | Leander | TX |



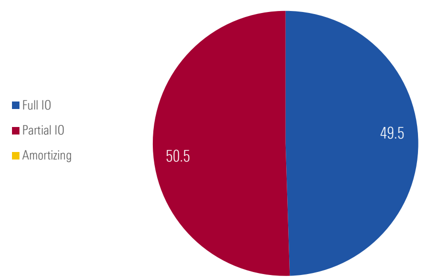
Source: DBRS Morningstar.

### Loan Structural Features

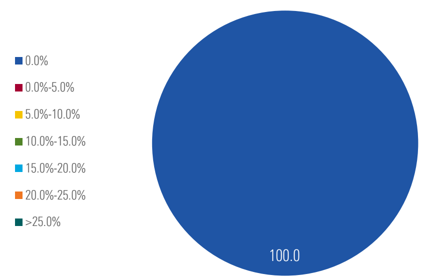
**Loan Terms**: All 35 loans are IO during their initial loan term. Initial loan terms range from 12 months to 48 months. All loans have extension options ranging from one to two 13-month extension options. Seventeen loans, representing 50.5% of the initial pool balance, amortize on 30-year schedules during all or a portion of their extension options.

**Interest Rate**: The interest rate is generally the greater of (1) the floating rate referencing one-month USD Libor as the index plus the margin and (2) the interest rate floor.

Interest Only




DBRS Morningstar Expected Amortization




Note: For certain ARD loans, expected amortization may include amortization expected to occur after the ARD but prior to single/major tenant expiry.

| Reserve Requirement | | | Borrower Structure | | |
|---|---|---|---|---|---|
| Type | # of Loans | % of Pool | Type | # of Loans | % of Pool |
| Tax Ongoing | 30 | 81.0 | SPE with Independent Director and Non-Consolidation Opinion | 10 | 41.9 |
| Insurance Ongoing | 28 | 75.2 | SPE with Independent Director Only | 13 | 32.3 |
| CapEx Ongoing | 27 | 66.4 | SPE with Non-Consolidation Opinion Only | 2 | 2.4 |
| Leasing Costs Ongoing[1] | 8 | 64.6 | SPE Only | 6 | 9.6 |

1. Percent of office, retail, industrial and mixed use assets based on DBRS property types.

**Interest Rate Protections**: All floating-rate loans in the initial pool have purchased interest rate caps to protect against rising interest rates over the term of the loan, except for one loan, 17 West 60th Street, which is required to purchase a cap rate once Libor reaches 1.50%. If the DBRS Morningstar stressed interest rate is less than the interest rate cap purchased by the borrower, DBRS Morningstar would default to the lower of the DBRS Morningstar stressed rate.

**Subordinate Debt**: One loan, 3063 Pico, representing 3.1% of the initial pool balance, is subject to subordinate mezzanine financing. No loans are permitted additional future debt.

**Subordinate Debt**

| Loan Name | Trust Balance ($) | Pari Passu Balance ($) | Future Funding Remaining Balance ($) | Mezz/Unsecured Debt Balance ($) | Future Mezz/Unsecured Debt (Y/N) | Total Debt Balance ($) |
|---|---|---|---|---|---|---|
| Citigroup Center | 65,000,000 | 148,825,000 | 37,275,000 | 0.0 | N | 251,100,000 |
| Aventura Corporate Center | 50,000,000 | 60,800,000 | 2,000,000 | 0.0 | N | 112,800,000 |
| 3063 Pico | 22,365,390 | 0 | 0 | 3,452,610 | N | 25,818,000 |

**Pari Passu Debt**: Two loans, Citigroup Center and Aventura Corporate Center, representing 15.8% of the initial pool balance, have pari passu participation interest totaling $209.6 million.

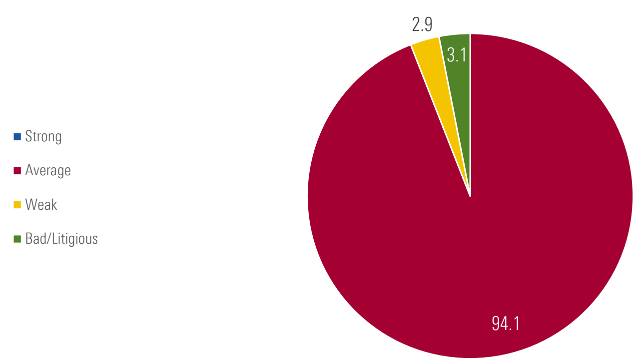
**Future Funding**: Twenty-seven loans, representing 76.2% of the initial pool balance, have a future funding component. The aggregate of future funding is $116.3 million, with future funding amounts per loan ranging from $585,000 to $37.3 million. The proceeds necessary to fulfill the future funding obligations will primarily come from a committed warehouse line and will initially be held outside the trust but will rank pari passu with the trust participations. The future funding is generally for property renovations. Each property has a business plan to execute that the sponsor expects will increase the NCF. DBRS Morningstar believes the business plans are generally achievable, given the market conditions, recent property performance, and adequate available future funding (or upfront reserves) for planned renovations.

**Property Release**: Eleven loans, representing 36.8% of the initial pool balance, allow for the release of one or more properties or a portion of the mortgaged property, subject to release prices above the allocated loan amounts of the respective properties and/or certain leverage tests prescribed in the individual loan agreements.

**Property Substitutions**: No loans in the pool allow for the substitution of properties.

**Terrorism Insurance**: As of the cut-off date, all loans currently carry or, in the case of the delayed-close loans, are expected to carry terrorism insurance.

DBRS Morningstar Sponsor Strength




Source: DBRS Morningstar.

# Citigroup Center

**Loan Snapshot**

| | |
|---|---|
| **Seller** | LCCM |
| **Ownership Interest** | Fee Simple |
| **Trust Balance ($ million)** | 65.0 |
| **Loan PSF/Unit ($)** | 310 |
| **Percentage of the Pool (%)** | 8.9 |
| **Fully Extended Loan Maturity/ARD** | July 2026 |
| **Amortization** | Partial IO |
| **DBRS Morningstar As-Is DSCR (x)** | 0.99 |
| **DBRS Morningstar Stabilized DSCR (x)** | 1.27 |
| **DBRS Morningstar As-Is Issuance LTV (%)** | 82.0 |
| **DBRS Morningstar Stabilized Balloon LTV (%)** | 64.4 |
| **DBRS Morningstar Property Type** | Office |
| **DBRS Morningstar Property Quality** | Average |

**Debt Stack ($ million)**

| | |
|---|---|
| **Trust Balance** | 65.0 |
| **Pari Passu** | 148.8 |
| **Remaining Future Funding** | 37.3 |
| **Mortgage Loan Including Future Funding** | 251.1 |
| **Loan Purpose** | Acquisition |
| **Equity Contribution/(Distribution) ($ million)** | 91.3 |

**Collateral Summary**

| | | | |
|---|---|---|---|
| **DBRS Morningstar Property Type** | Office | **Year Build/Renovated** | 1983/2008 |
| **City, State** | Miami, FL | **Physical Occupancy (%)** | 61.9 |
| **SF** | 809,594 | **Physical Occupancy Date** | May 2021 |

This loan is secured by the borrower's fee simple interest in Citigroup Center, a 809,594 sf Class A office high-rise with an adjacent 918-space parking garage located in the Downtown area of Miami, Florida. The collateral was originally constructed in 1982 and, according to the transaction sponsor, suffered from mismanagement under the prior ownership, which was comprised of four groups that reportedly couldn't come to an agreement on a cohesive leasing, capital improvement, or sales strategy. The new sponsor's business plan is to invest up to $10.9 million ($13.49 psf) in capital improvements and $26.4 million ($32.55 psf) in leasing costs in order to enhance the overall competitiveness of the subject property and increase occupancy to a stabilized level of 95.0%. The property was only 61.9% leased as of May 31, 2021, but faces limited rollover risk through the initial loan term with leases representing just 12.2% of total NRA scheduled to expire between 2021 and 2023. The sponsor believes that the significant amount of capital investment and financing allocated for leasing costs should help retain existing tenants and attract new tenants to the property.

Initial loan proceeds of $213.8 million, in addition to a borrower equity contribution of $93.2 million, financed the sponsor's $292.5 million acquisition of the subject property, covered more than $5.0 million of closing costs associated with the transaction and funded reserves for nearly $2.5 million of outstanding leasing cost obligations of the landlord. The loan permits for up to $37,275,000 in future funding, which is scheduled to provide funding for up to $26.4 million of leasing costs required to stabilize the property and finance $10.9 million of planned capital improvement work at the property. The three-year floating-rate loan is structured with two 12-month extension options. The first extension option does not feature any extension tests, but the second extension option is subject to, among other criteria, the achievement of certain DSCR, and debt-yield targets set forth in the loan agreement. The loan is IO through the initial loan term and first extension option and is scheduled to amortize on a 30-year basis during the second extension period. The loan also permits for the transaction sponsor to release the 918 space parking garage subject to, among other conditions, a release price of 125% of the allocated loan balance of $30.0 million.

**Tenant Summary**

| Tenant | SF | % of Total NRA | DBRS Morningstar Gross Rent PSF ($) | % of Total DBRS Morningstar Base Rent | Lease Expiry | Investment Grade? (Y/N) |
|---|---|---|---|---|---|---|
| Citigroup Technology, Inc. | 123,708 | 15.3 | 55.00 | 27.0 | January 2030 | Y |
| Shook Hardy & Bacon LLP | 54,764 | 6.8 | 52.63 | 11.4 | July 2030 | N |
| Vitas Healthcare Corporation | 43,202 | 5.3 | 35.83 | 6.1 | October 2025 | N |
| Kluger Kaplan Silverman ET | 24,133 | 3.0 | 53.30 | 5.1 | May 2026 | N |
| Hughes Hubbard & Reed LLP | 23,596 | 2.9 | 53.63 | 5.0 | November 2025 | N |
| **Subtotal/WA** | **269,403** | **33.3** | **51.18** | **54.8** | **Various** | **Various** |
| Other Tenants | 231,613 | 28.6 | 49.18 | 45.2 | Various | N |
| Vacant Space | 308,585 | 38.1 | n/a | n/a | n/a | n/a |
| **Total/WA** | **809,601** | **100.0** | **50.25** | **100.0** | **Various** | **Various** |

### Sponsorship

The sponsor for this transaction is a joint venture between Monarch Alternative Capital (Monarch), Tourmaline Capital Partners (Tourmaline), and Crocker Partners. Angelo Bianco and Monarch Alternative Capital are the non-recourse carveout guarantors, with a combined net worth and liquidity of $1.4 billion and $1.4 million, respectively, reported as of loan closing.

Monarch is a private investment firm with offices in New York and London. Monarch was founded in 2002 and reported nearly $9.0 billion in total assets under management as of loan closing, with a primary focus on opportunistic investing across distressed debt, special situation, and real estate. Tourmaline is a real estate investment firm founded in 2021 by Brandon Huffman, Jeff Fronek, and Jonathan Jacobs. All three founders are former executives and principals of Rubenstein Partners. Crocker Partners is a vertically integrated owner, operator, and developer of commercial real estate throughout the southeast and southwest United States. Crocker Partners has executed 157 acquisitions totaling approximately 47.0 million sf, with ownership interests in 10 properties totaling 5.2 million sf in South Florida reported as of loan closing. The collateral is Crocker Partners' second office property in Miami, Florida, and one of the transaction's nonrecourse carveout guarantors, Angelo Bianco, is the current managing partner of the firm. Crocker Partners was also a member of the collateral's prior ownership group, and is continuing to retain ownership in the collateral in order to realize potential upside in the collateral through continued capital investment. Crocker Partners will own less than 1.0% of the borrower and act as the property manager.

## DBRS Morningstar Analysis

### Site Inspection Summary

DBRS Morningstar did not conduct interior or exterior tours of the property due to health and safety constraints associated with the ongoing coronavirus pandemic. Based on photos and assessments from third party reports, DBRS Morningstar determined the property quality to be Average.

### DBRS Morningstar NCF Summary

**NCF Analysis**

| | 2018 | 2019 | 2020 | T-12 April 2021 | Issuer Stabilized NCF | DBRS Morningstar Stabilized NCF | NCF Variance (%) |
|---|---|---|---|---|---|---|---|
| GPR ($) | 21,968,540 | 23,130,125 | 24,698,220 | 25,011,697 | 39,032,157 | 40,364,181 | -0.1 |
| Recoveries ($) | 687,587 | 796,371 | 693,239 | 704,437 | 1,248,697 | 1,722,809 | 38.0 |
| Other Income ($) | 1,946,019 | 1,691,774 | 1,246,460 | 1,014,935 | 1,777,312 | 1,192,549 | -32.9 |
| Vacancy ($) | 0 | 0 | 0 | 0 | -2,019,269 | -7,401,754 | 266.6 |
| **EGI ($)** | **24,602,146** | **25,618,270** | **26,637,918** | **26,731,069** | **40,143,423** | **34,154,977** | **-14.9** |
| Expenses ($) | 11,443,977 | 11,371,461 | 11,446,974 | 11,570,559 | 14,024,658 | 14,426,730 | 2.9 |
| **NOI ($)** | **13,158,169** | **14,246,809** | **15,190,944** | **15,160,510** | **26,118,766** | **19,728,247** | **-24.5** |
| Capex ($) | 0 | 0 | 0 | 0 | 161,920 | 254,532 | 57.2 |
| TI/LC ($) | 0 | 0 | 0 | 0 | 809,601 | 2,330,009 | 187.8 |
| **NCF ($)** | **13,158,169** | **14,246,809** | **15,190,944** | **15,160,510** | **25,147,244** | **17,143,706** | **-31.8** |

The DBRS Morningstar Stabilized NCF is based on the *DBRS Morningstar Commercial Real Property Analysis Criteria*. The resulting DBRS Morningstar Stabilized NCF was $17,143,706, representing a -31.8% variance from the Issuer's Stabilized NCF of $25,147,244. The primary drivers of the variance included vacancy, leasing costs, real estate taxes, insurance, and management fees.

DBRS Morningstar estimated vacancy based on the submarket average of 18.4% reported just prior to loan closing, while the issuer estimated a stabilized vacancy rate of just 5.0%. DBRS Morningstar estimated leasing costs based on the appraisal, resulting in aggregate tenant improvements and leasing commissions of $2.88 psf. By contrast, the issuer estimated aggregate leasing costs of $1.00 psf. DBRS Morningstar inflated both real estate taxes and insurance expenses 10.0% over the 2020 actuals reported. The issuer estimated real estate taxes and insurance based on the borrower's year 4 budget and the actual 2020 premium, respectively. Finally, DBRS Morningstar estimated management fees equal to 4.0% of EGI whereas the issuer estimated management fees equal to 3.0% of EGI.

**DBRS Morningstar Viewpoint**

The collateral is generally well-located along Biscayne Boulevard within the Downtown Miami CBD and benefits from access to a plethora of nearby transit thoroughfares including U.S. I-95, U.S. Route 1 (commonly referred to as Brickell Avenue within proximity of the collateral), and U.S. Route 41. Per walkscore.com, the collateral's location exhibited a Walk Score of 99 and a Transit Score of 97, which combined are generally reflective of the collateral's favorable positioning to surrounding retail and dining amenities and its excellent overall accessibility. The collateral's location also offers water views from the east, north, and south side of the property. The transaction benefits from relatively limited near-term lease rollover with leases representing just 23.5% of total NRA scheduled to roll through the fully extended loan period. Additionally, the collateral's largest tenant, Citigroup Technology, Inc, with a lease extending through January of 2030, is investment-grade credit rated, providing a baseline level of cashflow stability for the property. Unfortunately, the ongoing coronavirus pandemic continues to pose challenges and risks to virtually all major CRE property types, and has created an element of uncertainty around future demand for office space.

The Downtown Miami office submarket has demonstrated considerably weak performance in recent years, with Reis reporting an average overall submarket vacancy rate of 24.5% over the five-year period ending December 31, 2020. Reis reported a 29.9% vacancy rate amongst Class A properties within a 3.0 mile radius of the collateral as of Q1 2021, and the appraiser reported a similarly high average vacancy rate of 24.0% across the appraisal-identified competitive set. Reis forecasts submarket vacancy rates to remain relatively high going forward, projecting an average annual submarket vacancy rate of 28.8% over the five-year period ending December 31, 2026. The collateral's low in-place occupancy rate of just 61.9% reported as of March 31, 2021, may therefore be a function of both mismanagement under the prior ownership and poor overall market performance. Fortunately, the collateral stands to benefit from $10.9 million in capital improvements, which should enhance its overall competitive position within the Downtown Miami submarket. The transaction also permits for up to $26.4 million in future funding to be used for future leasing costs at the property, which DBRS Morningstar believes to be more than sufficient for the sponsor to incentivize occupancy if faced with continually soft submarket performance.

Initial loan proceeds of $213.8 million represent a relatively high loan-to-purchase price ratio of 71.4%. However, the appraiser estimates the collateral's value to improve to more than $386.3 million upon stabilization, representing a slightly improved loan-to-stabilized-value ratio of 65.0% based on the fully funded loan amount of $251.1 million. The DBRS Morningstar Stabilized NCF represents a low stabilized DSCR of 0.99x based on the DBRS Morningstar stressed annual debt service payment, which is a concern. Fortunately, the transaction benefits seasoned and locally experienced sponsorship in both Monarch Alternative Capital and Crocker Partners. Monarch Alternative Capital is well-capitalized with a reported net worth of $1.4 billion, having acquired $5.0 billion in gross assets across 157 acquisitions since inception. Crocker Partner's brings local experience to the sponsorship team ownership interests in 10 properties totaling 5.2 million sf across South Florida reported as of loan closing. Additionally, the transaction represents cash-in acquisition financing with the sponsor contributing nearly $91.3 million of equity at closing, reflective of an enhanced level of commitment to the achievement of the proposed stabilization plan. Overall, the property's DBRS Morningstar Market Rank of 8 along with a moderate DBRS Morningstar stabilized balloon LTV has resulted in an expected loss below the pool average.

# 48-05 Metropolitan Avenue

**Loan Snapshot**

| | |
|---|---|
| **Seller** | LCCM |
| **Ownership Interest** | Fee Simple |
| **Trust Balance ($ million)** | 55.0 |
| **Loan PSF/Unit ($)** | 363 |
| **Percentage of the Pool (%)** | 7.5 |
| **Fully Extended Loan Maturity/ARD** | December 2025 |
| **Amortization** | Full IO |
| **DBRS Morningstar As-Is DSCR (x)** | 0.19 |
| **DBRS Morningstar Stabilized DSCR (x)** | 0.94 |
| **DBRS Morningstar As-Is Issuance LTV (%)** | 62.1 |
| **DBRS Morningstar Stabilized Balloon LTV (%)** | 55.1 |
| **DBRS Morningstar Property Type** | Industrial |
| **DBRS Morningstar Property Quality** | Average |

**Debt Stack ($ million)**

| | |
|---|---|
| **Trust Balance** | 55.0 |
| **Pari Passu** | 0.0 |
| **Remaining Future Funding** | 4.0 |
| **Mortgage Loan Including Future Funding** | 59.0 |
| **Loan Purpose** | Refinance |
| **Equity Contribution/(Distribution) ($ million)** | 6.7 |

Source: Appraisal.

Source: Appraisal.

| Collateral Summary | | | |
|---|---|---|---|
| **DBRS Morningstar Property Type** | Industrial | **Year Built/Renovated** | 2021 |
| **City, State** | Ridgewood, NY | **Physical Occupancy (%)** | 35.0 |
| **Units/sf** | 160,935 | **Physical Occupancy Date** | November 2021 |

This loan is secured by the borrower's fee-simple interest in 48-05 Metropolitan Avenue, a Class A, 160,935-sf mixed-used property in Ridgewood, NY, 6.2 miles east of the New York CBD. Initial loan proceeds of $55.0 million in additional to an initial borrower equity contribution of $6.7 million refinanced existing debt encumbering the property of $55.0 million, funded an interest and operating expense reserve of $3.6 million, and covered closing costs/origination fees of approximately $1.8 million. The loan allows for up to $4.0 million in future funding, which is scheduled to provide financing for the TI/LCs the property will require to reach stabilized occupancy. The collateral is subject to a 25-year PILOT tax abatement through the New York City Industrial Development Agency and as such the property taxes assessed to the property may be 100.0% abated. The benefits shall not phase out at more than 20.0% a year, beginning in year 2039 (the abatement went into effect in 2017 and has approximately 19.5 years remaining).

The borrower purchased the property out of foreclosure in 2016 for $15.8 million ($98.0 psf) and spent over $76.0 million ($474.0 psf) demolishing the existing structure and constructing the subject property, which received its temporary certificate of occupancy in February 2021. The sponsor's fully funded cost basis is approximately $100.8 million, which results in a loan-to-cost ratio of 58.5% based on the fully funded $59.0 million senior loan. The collateral comprises 132,835 sf of creative office/light industrial space, 8,100 sf of grade level retail, and 20,000 sf of basement warehouse space in addition to 160 surface-level parking spaces. The property is currently leased to two tenants and 35.0% occupied per the October 2021 rent roll. The largest tenant, encompassing 52,513 sf (32.1% of the total NRA), is a borrower-affiliated tenant, The Picture Car Services (PCS). PCS is the largest east coast supplier of prop vehicles in the motion picture, television, and commercial production industries. The tenant pays $20.64 psf in rent, which is considerably lower than the appraiser's stabilized rent of $28.00 psf. PCS has a signed lease term expiring on June 30, 2042. The second tenant at the property is Enterprise Rental Car Services (Enterprise), which encompasses 1,850 sf (1.1% of the total NRA) of the 8,100-sf ground-floor retail space. Enterprise currently pays an occupied rent of $32.04 psf, which is also significantly lower than the appraiser's stabilized rent of $55.00 psf. Enterprise has a signed lease term expiring on March 1, 2026. For more information on the property's rent roll, please see the table below.

**Tenant Summary**

| Tenant | sf | % of Total NRA | DBRS Morningstar Base Rent psf ($) | % of Total DBRS Morningstar Base Rent | Lease Expiry | Investment Grade? (Y/N) |
|---|---|---|---|---|---|---|
| PCS | 52,313 | 32.1 | 20.64 | 95.1 | 6/30/2042 | N |
| Enterprise | 1,850 | 1.1 | 32.04 | 4.9 | 3/1/2026 | N |
| **Subtotal/WA** | **54,163** | **33.7** | **26.3** | **100.0** | **Various** | **Various** |
| Other Tenants | 0.0 | 0.0 | n/a | n/a | n/a | n/a |
| Vacant Space | 106,772 | 66.3 | n/a | n/a | n/a | n/a |
| **Total/WA** | **160,935** | **100.0** | **0.00** | **100.0** | **Various** | |

### Sponsorship

The sponsor for this transaction is MULT Lots LLC NYC, a partnership between Robert Mercer, George Wells, and Ryder Washburn. The sponsor has experience performing full gut renovations of old industrial warehouses and converting them to updated factory, studio, and office capabilities. All three guarantors have longtime roots in the New York City metro area and possess over 50 years of combined of real estate market experience within the region.

The property will be managed by a borrower-affiliate property manager accepting a management fee of 4.0% of EGI.

## DBRS Morningstar Analysis

### Site Inspection Summary

Source: Appraisal.

Source: Appraisal.

## DBRS Morningstar NCF Summary

**NCF Analysis**

| | Issuer Stabilized NCF | DBRS Morningstar Stabilized NCF | NCF Variance (%) |
|---|---|---|---|
| GPR ($) | 5,492,443 | 5,394,608 | -1.8 |
| Recoveries ($) | 18,253 | 5,616 | -69.2 |
| Other Income ($) | 142,412 | 105,864 | -25.7 |
| Vacancy ($) | -275,535 | -433,422 | 57.3 |
| **EGI ($)** | **5,377,573** | **5,068,516** | **-5.7** |
| Expenses ($) | 735,739 | 743,911 | 1.1 |
| **NOI ($)** | **4,641,834** | **4,324,605** | **-6.8** |
| Capex ($) | 24,410 | 24,140 | -1.1 |
| TI/LC ($) | 81,368 | 80,468 | -1.1 |
| **NCF ($)** | **4,536,056** | **4,219,997** | **-7.0** |

The DBRS Morningstar Stabilized NCF is based on the *DBRS Morningstar North American Commercial Real Estate Property Analysis Criteria*. The resulting DBRS Morningstar Stabilized NCF is $4,219,997, representing a variance of -7.0% from the Issuer's Stabilized NCF of $4,536,056. The primary driver for the variance was the DBRS Morningstar vacancy assumption. DBRS Morningstar assumed a blended vacancy of -8.0% composed of a -5.0% assumption for the industrial space and a -10.0% assumption for the office space throughout the property.

### DBRS Morningstar Viewpoint

The collateral is in what is generally considered to be the Queens borough of New York. The collateral's generally urban location is denoted in the appraisal and further evidenced by being in an area with a DBRS Morningstar MSA Group of 3 and a DBRS Morningstar Market Rank of 6. Loans secured by properties in such areas have historically demonstrated lower elevated losses compared with loans secured by less densely populated and less financially liquid markets. The property is off of Metropolitan Avenue, a major thoroughfare that provides access to I-278, which provides direct access to the New York City CBD. The Central Queens Industrial market has a vacancy of 4.3% among 21.7 million sf of inventory with average asking rents of $26.3 psf. The Central Queens Office market has a vacancy of 4.9% across 77.4 million sf of inventory with average asking rents of $40.3 psf.

The transaction represents cash-in refinancing on an mixed-use property built by the sponsor and delivered in 2021. The sponsor's business plan is to lease-up the property to stabilization as demonstrated by the loan's upfront TI/LC reserve of $4.0 million ($25.0 psf) as well as engaging Cushman and Wakefield brokerage services to aid in the leasing up of the property. As of August 2021, the sponsor has reported that there are eight prospective tenants interested in leasing space at the property as well as an additional 25 prospective tenants that they are in contact with. DBRS Morningstar is projecting a stabilized occupancy of 92.0%, directly in line with the submarket's current vacancy rates for both office and industrial spaces for the Central Queens submarket. The sponsor's TI/LC reserve should facilitate leasing momentum at the property and further enhance the property's competitive position, driving rents to market through stabilization. DBRS Morningstar has reviewed the sponsor's business plan and has deemed it both realistic and achievable given the upfront TI/LC reserve structured into the loan as well as the borrower's previous experience with metro New York City industrial space.

Fully funded proceeds of $59.0 million will bring the sponsor's fully funded cost basis to approximately $100.8 million, resulting in a loan-to-cost ratio of 58.5%. The appraiser estimates the value of the collateral to improve to $107.0 million through stabilization from the as-is valuation of $95.0, representing an improved LTV ratio of 55.1% based on the fully funded loan amount of $59.0 million. The loan additionally features a $3.0 million interest carry reserve (approximately 10 months of borrower-projected debt service) to aid the collateral in making its borrowing obligations as it leases through stabilization. Overall, the subject's designation in a DBRS Morningstar MSA Group of 3 and DBRS Morningstar Market Rank of 6 along with a DBRS Morningstar property type designation of Industrial has resulted in an expected loss well below the pool average.

# Aventura Corporate Center

**Loan Snapshot**

| | |
|---|---|
| **Seller** | LCCM |
| **Ownership Interest** | Fee Simple |
| **Trust Balance ($ million)** | 50.0 |
| **Loan PSF/Unit ($)** | 442 |
| **Percentage of the Pool (%)** | 6.9 |
| **Fully Extended Loan Maturity/ARD** | August 2026 |
| **Amortization** | Partial IO |
| **DBRS Morningstar As-Is DSCR (x)** | 0.91 |
| **DBRS Morningstar Stabilized DSCR (x)** | 0.91 |
| **DBRS Morningstar As-Is Issuance LTV (%)** | 78.3 |
| **DBRS Morningstar Stabilized Balloon LTV (%)** | 78.3 |
| **DBRS Morningstar Property Type** | Office |
| **DBRS Morningstar Property Quality** | Average |

**Debt Stack ($ million)**

| | |
|---|---|
| **Trust Balance** | 50.0 |
| **Pari Passu** | 60.8 |
| **Remaining Future Funding** | 2.0 |
| **Mortgage Loan Including Future Funding** | 112.8 |
| **Loan Purpose** | Acquisition |
| **Equity Contribution/(Distribution) ($ million)** | 37.0 |

Source: Appraisal.


Source: Appraisal.

| Collateral Summary | | | |
|---|---|---|---|
| **DBRS Morningstar Property Type** | Office | **Year Built/Renovated** | 1986/2005 |
| **City, State** | Aventura, FL | **Physical Occupancy (%)** | 95.1 |
| **SF** | 254,975 | **Physical Occupancy Date** | June 2021 |

This loan is secured by the borrower's fee-simple interest in Aventura Corporate Center, a 254,975-sf Class A suburban office park located halfway between Miami and Fort Lauderdale in Aventura, Florida. Property improvements consist of two five-story office buildings constructed in 1986 and 1989, a six-story office building constructed in 2007, two two-story parking garages, and one five-story parking garage. The three garages collectively offer 930 parking spaces. The sponsor is entitled to build an additional 236,185 sf of office or hotel space as of right, and has identified one of the three parking garages it intends to demolish to make way for the addition. The sponsor has also begun working with the municipality to seek approval to increase the developable office space, add 48,600 sf of retail space, and add 211 residential units, bringing the total additional permissible building area to 515,985 sf. In the event the sponsor moves forward with either development during the course of the loan term, the loan is structured with a Release Provision for the Northwest Parcel Parking Garage, subject to a release price equal to the greater of (1) 125.0% of the loan amount allocated to the Release Parcel and (2) 100.0% of the net sales proceeds after deducting the closing costs.

Initial loan proceeds of $110.8 million in addition to a borrower equity contribution of nearly $37.0 million financed the borrower's $140.0 million acquisition of the collateral; covered nearly $6.2 million of closing costs, origination fees, and broker fees associated with the transaction; and funded nearly $2.4 million of upfront reserves. The loan permits for up to $2.0 million in additional future funding, which is intended to provide financing for ongoing leasing costs associated with lease rollover scheduled through the fully extended loan maturity. The three-year loan is structured with two one-year extension options, which are exercisable subject to, among other criteria, the achievement of certain minimum NCF Debt

Yield criteria set forth in the loan agreement. The loan is IO through the initial loan term and first extension option but is scheduled to amortize on a 30-year basis through the remaining term if the borrower elects to use the second one-year extension option. The initial loan amount represents 78.3% of the appraiser's $144.0 million as-is value estimate (includes $13.0 million of market value of excess-by-far-right floor area ratio) . The appraiser projects the value of the collateral to improve to $160.9 million through stabilization, representing an improved LTV ratio of 70.1% based on the $112.8 million fully funded loan amount.

The property has been traded several times since its initial construction and was previously securitized in 2002 by CS FB 2002-CKN2 as collateral for an $18.3 million mortgage loan ($111 psf). Prior to this transaction, the collateral was most recently traded as part of a 1031 exchange in May 2016 for a reported purchase price of $105.3 million ($413 psf). Following the 2016 acquisition, the collateral benefited from more than $6.9 million ($27 psf) in capital investment, which included improvements and upgrades to the lobbies, elevators, vacant spaces, fixtures, tenant spaces, and exterior. The collateral has also benefited from a flood of recent leasing activity, with 34 new and renewal leases executed over the 24 months prior to securitization. The collateral was 95.1% occupied per the June 2021 rent roll, though the sponsor intends to take advantage of the 72.2% of total NRA rolling through the fully extended loan term as an opportunity to re-sign tenants at rental rates more closely in line with the market.

**Sponsorship**

The sponsor for this transaction is a joint venture between Stonecutter Capital and Bear Development. Stonecutter Capital was founded in 2012 by Scott Zucker and Robert Kunzweiler in 2012 and has made over 50 real estate investments totaling more than $700.0 million of invested capital. As of loan closing Stonecutter Capital's investment portfolio included 24,436 multifamily units primarily located throughout high-growth southern and sunbelt U.S. states. Bear Development is a real estate development firm founded by Jeffrey Davis, whose expertise stems from two decades of working through pre-entitlement and entitlement phases of large-scale construction projects. Davis's prior experience includes the ground-up development, marketing, leasing, and financing of a 1.2 million-sf mixed-use project on the Upper West Side of New York. Davis also worked on the repositioning of 1.6 million sf of residential properties and has overseen the renovation of hundreds of apartments at various properties throughout Manhattan and Queens. Stonecutter Opportunity Fund LP and Stonecutter Opportunity Fund-A LP will serve as the guarantors for the loan, with a combined net worth and liquidity of $73.0 million and $1.8 million, respectively, reported as of loan closing.

Blanca Property Management LLC (part of Blanca Commercial Real Estate), a third-party property manager, provides property management services for a contractual rate equal to 2.0% of gross revenues. Blanca Commercial Real Estate has advised clients and executed the leasing and sale of approximately 12.0 million sf, including more than 8.0 million sf of office space. Past clients of Blanca Commercial Real Estate include such firms as Related, Blackstone, Mass Mutual, and The Miami Herald.

## DBRS Morningstar Analysis

### Site Inspection Summary

Source: Appraisal.

Source: Appraisal.

DBRS Morningstar did not conduct a site inspection of the property because of the health and safety constraints associated with the ongoing coronavirus pandemic. Based on photos and assessments from the Issuer and third parties, DBRS Morningstar determined the property quality to be Average.

### DBRS Morningstar NCF Summary

| NCF Analysis | | | | | |
|---|---|---|---|---|---|
| | 2020 | T-12 May 2021 | Issuer Stabilized NCF | DBRS Morningstar Stabilized NCF | NCF Variance |
| GPR | 7,913,923 | 7,879,686 | 10,855,179 | 9,958,816 | -10.0 |
| Recoveries | 1,624,180 | 1,601,670 | 2,792,258 | 2,703,789 | -3.2 |
| Other Income | 219,388 | 204,376 | 254,616 | 204,376 | -19.7 |
| Vacancy | - | - | (682,372) | (599,034) | -12.2 |
| **EGI** | **9,757,491** | **9,685,732** | **13,219,681** | **12,079,834** | **-8.6** |
| Expenses | 4,215,415 | 4,348,562 | 5,449,090 | 5,554,982 | 1.9 |
| **NOI** | **5,542,076** | **5,337,171** | **7,770,591** | **6,524,852** | **-16.0** |
| Capex | - | - | 50,995 | 86,829 | 70.3 |
| TI/LC | - | - | 256,232 | 728,298 | 184.2 |
| **NCF** | **5,542,076** | **5,337,171** | **7,463,364** | **5,709,726** | **-23.5** |

The DBRS Morningstar Stabilized NCF is based on the *DBRS Morningstar North American Commercial Real Estate Property Analysis Criteria*. The resulting DBRS Morningstar Stabilized NCF was $5,709,726, representing a -23.5% variance to the Issuer's Stabilized NCF of $7,463,364. The primary drivers of the variance included GPR, Other Income, management fees, leasing costs, and replacement reserves.

DBRS Morningstar generally estimated GPR based on the rent roll dated June 9, 2021, with vacant space generally grossed up to market rent estimates of $40.50 psf base and $50.00 psf gross. The resulting DBRS Morningstar stabilized gross rent estimate was approximately $50.00 psf compared with the Issuer's stabilized gross rent estimate of approximately $53.50 psf. DBRS Morningstar did not give credit for potential increases in rent through stabilization because leases rolling through the initial loan term exhibited an average base rent (approximately $39 psf) that was already generally in line with the

DBRS Morningstar stabilized base rent estimate of $40.50 psf. DBRS Morningstar also applied a rent markdown of approximately $188,000 to account for tenants paying rents that were generally considered to be above market. DBRS Morningstar estimated Other Income based on the T-12 period ended May 31, 2021, while the Issuer generally estimated Other Income based on the appraiser's year three estimate. DBRS Morningstar estimated fees equal to 4.0% of EGI based on internal minimum thresholds, while the Issuer estimated management fees equal to 3.0% of EGI. The collateral is managed by a borrower-affiliate for a contractual rate equal to 2.0% of gross revenues. DBRS Morningstar generally estimated leasing costs based on the appraisal, with new/renewal tenant allowances of $30.00/$10.00 on a seven-year lease term and new/renewal LCs of 6.0%/3.0%. DBRS Morningstar also applied a $200,000 leasing cost credit to account for the $2.0 million future leasing reserve. The resulting DBRS Morningstar stabilized leasing cost estimate was $2.86 psf compared with the Issuer's stabilized leasing cost estimate of $1.00. DBRS Morningstar estimated replacement reserves of $0.34 psf based on the engineer's inflated estimate compared with the Issuer's estimated replacement reserves of $0.20 psf.

**DBRS Morningstar Viewpoint**

The collateral is well located along the well-trafficked U.S. Route 1 (commonly referred to as Biscayne Boulevard), which provides convenient connection between Fort Lauderdale to the north and Miami to the south. The property is across from the Aventura Hospital and Medical Center and is less than a mile from Aventura Mall, which is the largest mall in Florida and the second-largest shopping center in the United States with approximately 2.4 million sf of space. The surrounding area is predominantly commercial in nature but also features an abundance of relatively new vintage multifamily developments, evidencing generally favorable market growth trends. By classification, the collateral is considered to be a suburban office property, which DBRS Morningstar tends to view less favorably given the elevated POD and default losses demonstrated by such asset class historically. However, the collateral is in an area with a DBRS Morningstar Market Rank of 5 and a DBRS Morningstar MSA Group of 2, evidencing relatively favorable commercial density as well as generally favorable market liquidity.

The borrower's business plan has two distinct strategies. First, the borrower intends to manage the current rent roll in which about 72.2% of the space is expected to roll over the next five years and increase the rents of the market. The loan provides for up to $2.0 million of additional future funding, which is intended to provide financing for ongoing leasing costs associated with the rollover. The property is almost fully occupied, and the market is stable. Reis reported an average vacancy rate of 11.0% across the six Class A comparable office properties within a one-mile radius of the collateral, with submarket vacancy projected to average 13.3% through the fully extended loan period. By contrast, the appraiser's competitive set exhibited an average vacancy rate of 12.6%. The identified vacancy trends are not exceptional, but the collateral has demonstrated relatively stable occupancy historically with a 91.0% average occupancy achieved since 2015. Because the property is largely stabilized, no additional revenue credit was granted, especially because much of the roll is beyond 2023. While the market is strong and the property enjoys high occupancy, which are factors that limit the downside risk, the loan-to-purchase price ratio is 79.1%.

Furthermore, the DBRS Morningstar Stabilized NCF represents a concerningly low stabilized DSCR of just 0.91x based on the DBRS Morningstar stressed annual debt service payment. Additionally, the DBRS Morningstar Stabilized NCF represents a stabilized debt yield of just 5.1% on the fully funded loan amount compared with the 9.5% average debt yield exhibited by office properties in the Miami-Fort Lauderdale-Pompano Beach MSA that have served as collateral for loans securitized in conduit transactions since 2019, representing a reasonable challenge to refinancing at maturity.

The second part of the business plan is to upsize the allowable density and permitted uses at the site and, upon doing so, release the garage from the collateral and begin demolition for redevelopment. For the purposes of this analysis, the redevelopment scenario is largely not accretive to the property in the near term and is dependent upon the consent of municipal authorities, which can be hard to predict; therefore, DBRS Morningstar is not assigning additional value based on that component of the plan and concluded to a DBRS Morningstar Stabilized LTV of 78.3% in assessing the expected loss of the loan. One mitigating factor is that the loan sponsor also contributed almost $37.0 million of cash equity to facilitate the acquisition, representing a considerable cash investment and evidencing favorable alignment of incentives. When combining all the risk factors into the DBRS Morningstar model, the loan has an expected loss over twice the pool average.

# 17 West 60th Street

**Loan Snapshot**

| | |
|---|---|
| **Seller** | LCCM |
| **Ownership Interest** | Leased Fee |
| **Trust Balance ($ million)** | 44.0 |
| **Loan PSF/Unit ($)** | 575 |
| **Percentage of the Pool (%)** | 6.0 |
| **Fully Extended Loan Maturity/ARD** | November 2025 |
| **Amortization** | Partial IO |
| **DBRS Morningstar As-Is DSCR (x)** | 1.08 |
| **DBRS Morningstar Stabilized DSCR (x)** | 1.08 |
| **DBRS Morningstar As-Is Issuance LTV (%)** | 59.5 |
| **DBRS Morningstar Stabilized Balloon LTV (%)** | 55.0 |
| **DBRS Morningstar Property Type** | Leased Fee |
| **DBRS Morningstar Property Quality** | Poor |

**Debt Stack ($ million)**

| | |
|---|---|
| **Trust Balance** | 44.0 |
| **Pari Passu** | 0.0 |
| **Remaining Future Funding** | 0.0 |
| **Mortgage Loan Including Future Funding** | 44.0 |
| **Loan Purpose** | Refinance |
| **Equity Contribution/(Distribution) ($ million)** | 6.0 |

Source: Appraisal.

Source: Appraisal.

**Collateral Summary**

| | | | |
|---|---|---|---|
| **DBRS Morningstar Property Type** | Leased Fee | **Year Built/Renovated** | 1921 |
| **City, State** | New York, NY | **Physical Occupancy (%)** | 100.0 |
| **Units/SF** | 76,511 | **Physical Occupancy Date** | September 2021 |

This loan is secured by the borrower's leased-fee interest in a 7,330-sf land parcel under a 76,511-sf, 11-story building at 17 W 60th Street in Midtown Manhattan. The borrower has owned the land and its improvements since 2014. Improvements have been vacant since 2011, and the borrower recently executed a ground lease with the Shefa School that expires on August 15, 2121. The ground lessee will pay $2.6 million per year, with an annual escalation of the greater of 1.5% or CPI. In lieu of paying rent out of pocket, the tenant paid the borrower $5.0 million to partially fund the loan's $6.6 million shortfall reserve until the tenant starts paying rent annually in December 2024. The $44.0 million loan will refinance existing debt of $40.3 million, fund a $6.6 million shortfall reserve, and cover leasing costs and transaction fees. The 38-month loan term is IO throughout and has one 10-month extension option that is exercisable subject to the collateral's achievement of a 6.2% debt yield hurdle, among other criteria, set forth in the loan agreement.

The building's improvements were originally constructed in 1921 and renovated in 1983; however, the building has been reported as vacant for the past 10 years. As such, the collateral is in unusable condition and in need of the extensive renovation plan the ground lessee has proposed. The lessee, Shefa School, has a $66.4 million renovation plan that will transform the building from its current condition into the school's main campus. Shefa has effectively raised $76.5 million in relation to the planned renovation, $65.7 million coming from NYC Govt Bonds and $10.8 million in Shefa equity. As of August 2021, the Shefa School has obtained the funds to finance the proposed renovation plan. The Shefa School currently functions as the only private Jewish day school focused on students with language-based learning disabilities and operates out of a building in Chelsea. Shefa opened in 2014 with 24 students and has grown to serve 172 students as of the 2020–21 school year. The lessee is 100% responsible for all expenses related to the property and the full execution of the proposed renovation.

**Tenant Summary (Ground Lease)**

| Tenant | SF | % of Total NRA | DBRS Morningstar Base Rent PSF ($) | % of Total DBRS Morningstar Base Rent | Lease Expiry | Investment Grade? (Y/N) |
|---|---|---|---|---|---|---|
| The Shefa School | 76,511 | 100.0 | 2,600,000 | 100.0 | August 2121 | N |

### Sponsorship

The sponsor for this transaction is Extell Development. Extell was founded in 1989 by Gary Barnett, the full recourse guarantor on the loan. Extell is a full-service development company that has closed more than 275 loans, totaling more than $18.6 billion since 2000. The firm has extensive experience in developing urban office space, especially in Manhattan. Prior to engaging in the lease agreement with the Shefa School, Extell had plans to develop the collateral into a luxury condominium project.

## DBRS Morningstar Analysis

### Site Inspection Summary

Source: Appraisal.

Source: Appraisal.

DBRS Morningstar toured the exterior of the property on Friday, November 5, 2021, at 5:00 p.m. Based on the site inspection, DBRS Morningstar found the property quality to be Poor.

The property benefits from its central location within Midtown Manhattan on W 60th Street just west of Broadway and Columbus Circle. The subject sits on the north side of W 60th facing the Mandarin Oriental Hotel, which is part of the larger Related Companies development that includes the Shops at Columbus Circle, Deutsche Bank Center, and a luxury condominium tower. Columbus Circle is a major midtown subway station where the A,C,B,D and 1 trains converge. Recently the building adjacent to the subject was razed that sat at the intersection of Broadway and 60th Street. In its place will be a 27-story condominium building being developed by Global Holdings Management Group. The subject property was primarily leased to the New York Institute of Technology (NYIT) before it vacated 10 years ago. However, NYIT occupies the group of buildings behind the subject to the north. There is a similar vintage multi-tenanted office building adjacent to the subject to the west that has a ground floor post office. The Fordham College at Lincoln Center is just west of the property, along with Lincoln Center itself to the northwest. Extell originally purchased the subject property as part of a larger proposed condominium development but later abandoned the plan, later choosing to sign the 99-year ground lease with the Shefa School, who plans to move from its current location in the Chelsea area of Manhattan. The nearest competing Jewish school is The Heschel School located at W 60th and West End Avenue about a half a mile west of the subject property. The school was founded in 1983 and offers early childhood education all the way up to high school.

**DBRS Morningstar NCF Summary**

| **NCF Analysis** | | | |
|---|---|---|---|
| | Issuer Stabilized NCF | DBRS Morningstar Stabilized NCF | NCF Variance (%) |
| GPR ($) | 2,718,764 | 2,718,764 | 0.0 |
| Recoveries ($) | 0 | 0 | 0.0 |
| Other Income ($) | 0 | 0 | 0.0 |
| Vacancy ($) | 0 | 0 | 0.0 |
| **EGI ($)** | **2,718,764** | **2,718,764** | **0.0** |
| Expenses ($) | 27,188 | 27,188 | 0.0 |
| **NOI ($)** | **2,691,576** | **2,691,576** | **0.0** |
| Capex ($) | 0 | 0 | 0.0 |
| TI/LC ($) | 0 | 0 | 0.0 |
| **NCF ($)** | **2,691,576** | **2,691,576** | **0.0** |

The DBRS Morningstar NCF is based on the *DBRS Morningstar North American Commercial Real Estate Property Analysis Criteria*. The resulting DBRS Morningstar Stabilized NCF for the subject was $2,691,576, representing a 0.0% variance from the Issuer's figure. The DBRS Morningstar NCF is based on the presumed ground rent payment at loan maturity on November 6, 2025, which is directly in line with the Issuer's cash flow. DBRS Morningstar also conducted a look-through NCF analysis generally based on the assumption that the collateral would function as an office if it was not leased to Shefa. As such, DBRS Morningstar concluded to rent, expense, and leasing costs based on DBRS Morningstar comps, which resulted in ground rent coverage of 1.08x.

**DBRS Morningstar Viewpoint**

The loan is secured by the borrower's leased-fee interest in a 7,330-sf land parcel under a 76,511-sf building in Midtown Manhattan. The building has been vacant for the last 10 years and was last occupied by the New York Institute of Technology. The borrower recently executed a 99-year NNN ground lease with the Shefa School that expires on August 15, 2121. While the lease commenced August 15, 2021, the tenant will not start paying rent until December 2024. The loan is structured with a $6.6 million shortfall reserve to cover rent payments until December 2024, and the tenant paid the borrower $5.0 million to partially fund the reserve. As part of its lease agreement, Shefa has a $66.4 million renovation plan to convert the current improvements into its school's flagship location. Shefa reported that it has 172 students enrolled for the 2020–21 school year with plans to expand to 230 students when the 17 W 60th Street location opens for the 2023–24 school year. Additionally, annual tuition for the school is $68,300 for the 2020–21 school year and Shefa reported 98% tuition collection. As of August 2021, the Shefa School has obtained $76.5 million for the renovations. It is expected to begin construction in December 2021 and take occupancy for the 2023–024 school year. Additionally, there are no lease termination options.

The borrower stands to benefit from the tenant's hefty investment in the improvements and potential long-term revenue stream given the school's 99-year lease. The loan has low default risk as the upfront reserves are able to cover debt service payments throughout the loan term; however, there is a higher potential LGD at maturity. While there appears to be demand in the school's services given the increased enrollment and the large New York Jewish population, the school's proof on concept has yet to be determined given the school was established only in 2014 and has elevated tuition costs, which limits its potential client pool to individuals or families with an abundance of disposable income. In the event the school fails and the sponsor takes ownership of the building, the building will be untenantable to another user given its built-to-suit specifications and will require ample capital expenditures to transform the property into an alternative use. Given the binary risk related to the success and long-term viability of the school and potential costs associated converting the asset to an alternative use, DBRS Morningstar increased the POD and LGD of the loan, respectively, when modeling the loan. Even then, the loan has an expected loss below the pool average as the property benefits from a DBRS Morningstar Market Rank of 8 and DBRS Morningstar MSA Group of 3.

# Campo Felice

Loan Snapshot

| Seller |
|---|
| LCCM |
| **Ownership Interest** |
| Fee Simple |
| **Trust Balance ($ million)** |
| 41.9 |
| **Loan PSF/Unit ($)** |
| 145,743 |
| **Percentage of the Pool (%)** |
| 5.7 |
| **Fully Extended Loan Maturity/ARD** |
| October 2026 |
| **Amortization** |
| Full IO |
| **DBRS Morningstar As-Is DSCR (x)** |
| 0.00 |
| **DBRS Morningstar Stabilized DSCR (x)** |
| 1.89 |
| **DBRS Morningstar As-Is Issuance LTV (%)** |
| 62.4 |
| **DBRS Morningstar Stabilized Balloon LTV (%)** |
| 52.6 |
| **DBRS Morningstar Property Type** |
| Multifamily |
| **DBRS Morningstar Property Quality** |
| Average |

Debt Stack ($ million)

| Trust Balance |
|---|
| 41.9 |
| **Pari Passu** |
| 0.0 |
| **Remaining Future Funding** |
| 5.2 |
| **Mortgage Loan Including Future Funding** |
| 47.1 |
| **Loan Purpose** |
| Acquisition |
| **Equity Contribution/(Distribution) ($ million)** |
| 22.2 |

| Collateral Summary | | | |
|---|---|---|---|
| **DBRS Morningstar Property Type** | Multifamily | **Year Built/Renovated** | 1986/2017 |
| **City, State** | Fort Myers, FL | **Physical Occupancy (%)** | 42.7 |
| **Units/SF** | 323 | **Physical Occupancy Date** | August 2021 |

The loan is secured by the borrower's fee-simple interest in Campo Felice, a 323-unit multifamily property in Fort Myers, Florida. The borrower is acquiring the property for a purchase price of $53.2 million and converting the age-restricted apartment building into a traditional multifamily property. Initial loan proceeds of $41.9 million and $22.2 million of borrower equity will fund the purchase price, cover closing costs, and establish a $1.8 million interest shortfall reserve. The loan includes a $5.2 million future funding component, $4.7 million of which is designated for future capex and $500,000 of which will be used for potential costs to restore the property in the event of flooding. The loan is IO throughout with a four-year initial term and one one-year extension option. The loan has a soft lockbox with springing cash management.

Originally constructed in 1986 as a hotel, the collateral consists of a 24-story, 323-unit apartment building blocks away from downtown Fort Myers. The building operated as a hotel for more than 20 years through 2008 then sat vacant for seven years before being purchased for $12.6 million ($39,000 per unit) in 2015 and converted to an age-restricted independent living facility. Leasing commenced in 2019, but the property never achieved an occupancy higher than 50.0% due to challenges from the pandemic and significantly above market rents that had services priced in such as meals and cleaning. The previous owner eventually defaulted on the loan in 2020, and the subject acquisition for $55.0 million reflects a 48.7% discount to the previous owner's cost basis of $107.3 million. The borrower will also benefit from a redevelopment agreement with a tax abatement equal to 95.0% of incremental revenue for 19 years or until the abatement credits equal $9.7 million, whichever happens first. To receive the tax abatement, the borrower must make the initial tax payment, complete the redevelopment, and obtain a certificate of occupancy. A completion guaranty is in place to mitigate the risk of fulfilling these obligations, and the project must be substantially completed no later than 48 months from the loan closing date.

**Unit Mix and Rents - Campo Felice**

| Unit Type | Units | Avg. Unit Size (sf) | Avg. Rent ($/unit) |
|---|---|---|---|
| One Bed | 279 | 595 | 1,600 |
| Two Bed | 44 | 933 | 1,749 |
| **Total/WA** | **323** | **641** | **1,620** |

Avg. rent is based on the appraiser's estimates.

The building consists of predominantly one-bedroom units, which make up 86.4% of the total units and result in a small WA unit size of 641 sf. Given the previous owner priced services into rent, the building had a markedly high average rent at upward of $2,500 per unit. However, the sponsor is eliminating these services and marketing the 279 one-bedroom units for $1,600 per month and the 44 two-bedroom units for $1,999 per month. Units were renovated by the previous owner in 2017 and generally came equipped with vinyl wood flooring in the common living spaces, carpet flooring in the bedrooms, stainless-steel appliances, granite countertops, updated cabinetry, and floor-to-ceiling windows. Common amenities include a resort-style pool, fitness center, yoga studio, movie theater, game room, and ballroom, among others. The building also features 13,827 sf of commercial space including two restaurant spaces and a bar on the mezzanine level as well as a cafe and spa/salon in the lobby area. However, the commercial space is currently 100.0% vacant.

**Competitive Set**

| Property | City, State | Distance To Subject (mi) | Units | Year Built/Renovated | Avg. Unit Size (sf) | Avg. Rental Rate ($/unit) | Occupancy |
|---|---|---|---|---|---|---|---|
| Legacy Gateway Apts. | Fort Myers, FL | 9.0 | 142 | 2019 | 1,129 | 1,964 | 95.0 |
| Sanibel Straits | Fort Myers, FL | 11.0 | 224 | 2018 | 1,013 | 1,532 | 96.0 |
| The Edison | Fort Myers, FL | 4.0 | 327 | 2020 | 1,043 | 1,680 | 95.0 |
| Oasis Tower II | Fort Myers, FL | 1.0 | 240 | 2008 | 1,483 | 1,695 | 100.0 |
| Channelside | Fort Myers, FL | 10.0 | 325 | 2015 | 1,070 | 1,683 | 99.0 |
| Decorum | Fort Myers, FL | 5.0 | 435 | 2020 | 985 | 1,774 | 98.0 |
| Town Village Walk | Fort Myers, FL | 5.0 | 384 | 2021 | 972 | 1,969 | 36.0 |
| Lago | Naples, FL | 35.0 | 320 | 2021 | 1,054 | 2,248 | 77.0 |
| **Total/WA Comp. Set** | **Fort Myers, FL** | **Various** | **2,397** | **Various** | **1,073** | **1,824** | **84.8** |
| **Campo Felice** | **Fort Myers, FL** | **n/a** | **323** | **1986/2017** | **641** | **1,620** | **42.7** |

Source: Appraisal, except the subject's occupancy figure is based on the August 11, 2021, rent roll.

The appraiser identified eight properties in the surrounding area that will compete with the subject as conventional multifamily once the property fully transitions away from age-restricted senior living. All of the competitive properties are more recently built with construction years ranging from 2008 to 2021. Largely because of the subject's original use as a hotel resulting in a heavy concentration of one-bedroom units, the collateral's average unit size of 641 sf is significantly smaller than its competitors, which have a WA unit size of 1,073 sf. While its older vintage and smaller unit offerings naturally result in a lower achievable rent compared with the competitors' WA rent of $1,824 per unit, the gap is only approximately $200 per unit because the subject is the only waterfront property among the set of properties. The subject's current occupancy is expectedly low as it is going through a state of transition with heavy rollover of legacy tenants, but it is encouraging that the six stabilized properties in the competitive set are all at least 95.0% occupied.

### Sponsorship

The sponsor for the loan is a joint venture between Westside Capital Group and Georgica Capital Partners. Westside Capital Group is a Miami-based company founded in 2016 with ownership interests in nine multifamily assets totaling more than 2,000 units throughout Florida and Alabama. Georgica Capital Partners was founded in 2018 and has ownership interests in 16 multifamily and commercial properties valued at more than $1.0 billion throughout the mid-Atlantic and Southeast regions. The founding individuals of each firm will serve as the guarantors for the loan and collectively demonstrate substantial net worth and liquidity relative to the loan size. The property manager is a borrower-affiliate for a contractual fee of 3.0% of EGI.

## DBRS Morningstar Analysis

### Site Inspection Summary

DBRS Morningstar toured the interior and exterior of the property on Thursday, October 14, 2021, at 10:00 a.m. Based on the site inspection and management tour, DBRS Morningstar found the property quality to be Average.

The collateral is along the waterfront of the Caloosahatchee River and approximately four blocks from the core of downtown Fort Myers. Because the subject is at the northeast corner of the downtown district bounded by the Caloosahatchee River and the Edison Bridge, there is limited foot traffic along the front of the building given commercial use in the surrounding area is concentrated a few blocks inland rather than along the waterfront. The 24-story building is the closest residential high-rise building to the downtown area, providing it good visibility and allowing for unimpeded views in most units. The exterior was in average condition and could use a new coat of paint. However, the property generally showed well with a concrete frame and floor-to-ceiling windows, while other mid-rise buildings within the immediate surrounding area had small windows that contributed to a less appealing aesthetic.

Given the property's former use as a hotel and age-restricted independent living facility, the common areas very much felt fit for a hotel. Common amenities were all on the first floor and were in good condition. Specifically, the building offered a pool that was redone in the past five years, a fitness center with new equipment and a yoga studio, a movie theater with ample seating, and a ballroom that was more so fitting for the previous property uses rather than a traditional multifamily property. The building also offered various commercial spaces that contributed to a hotel-like feel including a lobby cafe, spa/salon, two restaurant spaces, and a bar, all of which were vacant. The restaurant and bar spaces were on the mezzanine level above the lobby. There is one large 7,055-sf restaurant space suitable for a traditional restaurant kitchen, while the smaller 2,975-sf restaurant space only has access to a kitchen with a brick pizza oven. The restaurants are separated by the bar space, although there are no walls that physically separate the three spaces. None of the commercial spaces have exterior entrances, allowing for limited visibility and posing a potential challenge for filling the spaces.

The property had several dated aspects such as the hallways and elevators, two of which need to be replaced in order for the property to obtain full certificate of occupancy. However, the units showed well as they were recently renovated when the property was converted to an age-restricted independent living facility from a vacant hotel. Unit features such as vinyl wood flooring in the living room, granite countertops, updated cabinetry, and stainless-steel appliances contributed to a modern aesthetic. Further, all units are along the exterior with floor-to-ceiling windows that provide good natural light for all units and views of the Caloosahatchee River for more than half of the units. The one downside is that the units are a bit small as evidenced by an average unit size of 641 sf. A handful of units on the third floor have private outdoor terraces, but there are no private unit balconies or patios on the higher floors. Overall, the units showed well with modern finishes, but certain aspects of the building need to be updated and the property as a whole will need to be rebranded for the business plan to succeed.

Because of its proximity to the coastline, the property lies within Flood Zone AE. According to the Federal Emergency Management Agency, AE flood zones are areas that present a 1% annual chance of flooding and a 26% chance over the life of a 30-year mortgage. Therefore, the borrower is likely to purchase flood insurance through the National Flood Insurance Program (NFIP), and up to $500,000 will be escrowed for this purpose. Should flooding cause a casualty event, after all net proceeds payable pursuant to the NFIP coverage have been used, the servicer can disburse the Flood Insurance Reserve Funds.

**DBRS Morningstar NCF Summary**

| NCF Analysis | | | | |
|---|---|---|---|---|
| | T-12 June 2021 | Issuer Stabilized NCF | DBRS Morningstar Stabilized NCF | NCF Variance (%) |
| GPR ($) | 11,146,130 | 6,280,272 | 6,184,272 | -1.5 |
| Other Income ($) | 257,737 | 1,146,328 | 727,748 | -36.5 |
| Vacancy & Concessions ($) | -7,119,970 | -314,014 | -556,585 | 77.2 |
| **EGI ($)** | **4,283,897** | **7,112,586** | **6,355,435** | **-10.6** |
| Expenses ($) | 5,230,145 | 1,778,904 | 1,886,651 | 6.1 |
| **NOI ($)** | **-946,249** | **5,333,682** | **4,468,785** | **-16.2** |
| Capex ($) | 0 | 80,750 | 107,856 | 33.6 |
| **NCF ($)** | **-946,249** | **5,252,932** | **4,360,928** | **-17.0** |

The DBRS Morningstar NCF is based on the *DBRS Morningstar North American Commercial Real Estate Property Analysis Criteria*. The resulting DBRS Morningstar Stabilized NCF was $4,360,928, representing a -17.0% variance from the Issuer's stabilized NCF of $5,252,932. The primary drivers of variance were economic vacancy, commercial income, and other income. DBRS Morningstar assumed an economic vacancy of 9.0% for the residential component including a 6.0% physical vacancy, 1.0% of GPR for collection loss based on the appraiser's estimate, and 2.0% of GPR for concessions based on the most comparable stabilized property in the appraiser's competitive set offering $1,000 off for new leases. The Issuer assumed a residential vacancy of 5.0% with no collection loss or concessions. DBRS Morningstar assumed a vacancy of 20.0% for the commercial component and based the remaining other income on the appraiser's stabilized estimates, resulting in total commercial and other income of $727,748. The Issuer based its commercial and other income assumptions on the sponsor's projected total of $1.1 million.

### DBRS Morningstar Viewpoint

Originally constructed as a hotel and most recently operated as an age-restricted independent living facility, the collateral will be converted to a traditional multifamily property in hopes of halting the property's history of failed business plans. The previous owner acquired the property in 2015 for a purchase price of $12.6 million and converted the property to an age-restricted apartment community after it sat vacant for nearly seven years. Leasing for the independent living facility commenced in 2019, but the property was never able to achieve an occupancy greater than 50.0% because of challenges from the pandemic and considerably above-market rents with services priced in. According to market participants, the previous owner attempted to pass the high project costs onto tenants resulting in above-market rents. Also, the property had too many amenities and was not cost-effective. The previous owner had a total cost basis of $107.3 million ($332,198 per unit) when the property was recently foreclosed on, and the sponsor will be acquiring the asset for $55.0 million, representing a discount of approximately 48.7%. DBRS Morningstar anticipates that the significantly lower cost basis, $4.7 million of future funding for capex, and plan to convert the property into a less risky traditional multifamily property will aid the property's prospects in the future.

As already noted, the property is at higher-than-average risk of flooding and must obtain flood insurance equal to the maximum amount of such insurance available under the National Flood Insurance Reform Act of 1994. However, in the event of significant flood damage, the property's flood insurance coverage may not be adequate to fully cover the cost to restore the entire building. However, the $500,000 upfront reserve is meant to cover any additional restoration costs not paid by the policy. DBRS Morningstar considers the reserve amount to cover additional costs a reasonable amount.

The main premise of the sponsor's business plan is to significantly lower rents from the previous average of $2,500 per unit per month, to rents that are more in line with conventional apartment rents in the market. Given the property was originally constructed as a hotel, the unit mix has a heavy concentration of one-bedroom units, which make up 86.4% of total units and will be marketed for $1,600 per month, according to management. The business plan should benefit from units already being recently renovated with vinyl wood flooring, granite countertops, and stainless-steel appliances. Other features that will aid leasing efforts are floor-to-ceiling windows in all units, the lack of waterfront multifamily supply in the downtown Fort Myers market, and the building being the closest high-rise tower to downtown Fort Myers. However, DBRS Morningstar recognizes that it is necessary for the sponsor to rebrand the property to attract a younger targeted tenant base. The building also has 13,827 sf of commercial space including two restaurant spaces, a bar, a cafe, and a spa/salon. The spaces are currently 100.0% vacant and lack visibility because they do not have exterior entrances. Still, it is encouraging that the Fort Myers retail market has a vacancy of 11.2% as of Q2 2021, according to Reis. DBRS Morningstar assumed a stabilized vacancy of 20.0% for the commercial space to account for the lack of visibility.

The previous owner's recent foreclosure is allowing the borrower to acquire the property for a considerable discount ($55.0 million) to the appraiser's estimated as-is value of $75.5 million. As a result, the loan benefits from moderate leverage as exhibited by DBRS Morningstar Issuance and Balloon LTVs of 62.4% and 52.6%, respectively. The sponsor's business plan requires rolling legacy tenants before being able to focus on stabilizing the property's occupancy with its new targeted tenant base, meaning it is likely that the property will not generate positive cash flow until the latter half of the first year of the loan term. These anticipated shortfalls are partially mitigated by a $1.8 million upfront shortfall reserve, which is sufficient to cover approximately nine months of debt service payments under DBRS Morningstar's stressed scenario. Based on the DBRS Morningstar Stabilized NCF, the will have strong coverage once the property is stabilized as demonstrated by a DBRS Morningstar Stabilized DSCR of 1.89x. However, DBRS Morningstar believes there is elevated risk associated with the sponsor's business plan and analyzed the loan with a higher-than-average business plan score in the model because of the amount of necessary cash flow, increased business plan complexity inherent of a conversion, and the fact the property only has a temporary certificate of occupancy. Lastly, the property is in a DBRS Morningstar Market Rank of 4 and MSA Group 0, indicating markets with higher historical default rates. Overall, these risk factors combined to generate an expected loss at around the pool average in the DBRS Morningstar model.

# The Washington at Chatham

**Loan Snapshot**

| | |
|---|---|
| **Seller** | LCCM |
| **Ownership Interest** | Fee Simple |
| **Trust Balance ($ million)** | 37.4 |
| **Loan PSF/Unit ($)** | 227,011 |
| **Percentage of the Pool (%)** | 5.1 |
| **Fully Extended Loan Maturity/ARD** | October 2024 |
| **Amortization** | Full IO |
| **DBRS Morningstar As-Is DSCR (x)** | 0.53 |
| **DBRS Morningstar Stabilized DSCR (x)** | 1.05 |
| **DBRS Morningstar As-Is Issuance LTV (%)** | 79.8 |
| **DBRS Morningstar Stabilized Balloon LTV (%)** | 72.5 |
| **DBRS Morningstar Property Type** | Multifamily |
| **DBRS Morningstar Property Quality** | Average |

**Debt Stack ($ million)**

| | |
|---|---|
| **Trust Balance** | 37.4 |
| **Pari Passu** | 0.0 |
| **Remaining Future Funding** | 2.1 |
| **Mortgage Loan Including Future Funding** | 39.5 |
| **Loan Purpose** | Refinance |
| **Equity Contribution/(Distribution) ($ million)** | 4.1 |

| Collateral Summary | | | |
|---|---|---|---|
| **DBRS Morningstar Property Type** | Multifamily | **Year Built/Renovated** | 1966/2020 |
| **City, State** | Pittsburg, PA | **Physical Occupancy (%)** | 82.2 |
| **Units/SF** | 174 | **Physical Occupancy Date** | September, 2021 |

This loan is secured by the borrower's fee-simple interest in Washington at Chatham, a 174-unit, Class A high-rise apartment complex with 72,345 sf of Class B office space in Pittsburgh, Pennsylvania. The property was developed in 1966 as an office building. The current sponsor acquired the asset out of foreclosure in 2017 and completed a $40.8 million renovation to convert 119,850 sf of office space into 174 multifamily units on floors 4 through 8. Initial loan proceeds of $37.2 million, $2.3 million in future fundings, and $4.1 million in sponsor equity will facilitate the $37.4 million refinance, fund a $2.0 million reserve for TI/LC, pay outstanding invoices, fund interest shortfall reserve, and cover closing costs as well as reserves for an immediate boiler replacement and lobby renovation. The one-year floating-rate loan is structured full IO with two 12-month extension options.

The collateral is located near the eastern boundary of the Pittsburgh CBD at One Chatham Center and is part of a mixed-use commercial and residential complex consisting of three buildings. One Chatham Center is a 20-story tower that, in addition to the collateral, includes a 402-key Marriott hotel owned by the Shaner Hotel Group. The hotel occupies part of the first and second floors as well as floors 10-21. The collateral for this transaction includes part of the first floor and floors three through nine. Additionally, One Chatham Center sits atop a multilevel parking garage containing 2,271 parking spaces. The parking garage is not part of this collateral and is owned by the owner of Two Chatham Center, which is an adjacent 17-story office tower and parking garage. The third building within the mixed-use development is the Tower A Condominium at Chatham Center, a 19-story residential tower, which sits atop of another parking garage and is not collateral for this transaction. All buildings in the complex share an outdoor common area. Given the collateral is constructed on top of the parking structure owned by Two Chatham Center, the subject consists of an air rights parcel, and thus, there is no underlying land area as part of the subject collateral and access throughout the building is governed by reciprocal easement agreements. The subject's unit mix is shown below:

| **Unit Mix and Rents - Washington at Chatham** | | | |
|---|---|---|---|
| Unit Type | Units | Avg. Unit Size (sf) | Rent/Month ($) |
| Studio | 20 | 523 | 1,368 |
| 1 Bedroom | 134 | 667 | 1,622 |
| 2 Bedroom | 20 | 1,000 | 2,190 |
| **Total/WA** | **174** | **689** | **1,658** |

Sources: Rent roll dated September 15, 2021, and appraisal.

The subject's multifamily component was 82.2% occupied as of the September 15, 2021, multifamily rent roll. The office component was 45.7% occupied as of the September 1, 2021, office rent roll. The subject's average in-place rent per unit of $1,658 is well above the appraiser's competitive set average of $1,428 per unit, shown below:

| **Competitive Set** | | | | | | |
|---|---|---|---|---|---|---|
| Property | Location | Units | Year Built/ Renovated | Occupancy (%) | Avg. Rental Rate Per Unit ($) | Avg. Unit Size (sf) |
| Terminal 21 | Pittsburgh | 205 | 1900/2020 | 61.0 | 1,504 | 410 |
| Eighth and Penn Apartments | Pittsburgh | 136 | 1900/2020 | 89.0 | 1,585 | 534 |
| River Vue | Pittsburgh | 218 | 1957/2012 | 82.0 | 1,488 | 609 |
| City View | Pittsburgh | 391 | 1964/2015 | 97.0 | 1,288 | 467 |
| The Commonwealth | Pittsburgh | 140 | 2021 | 0.0 | 1,465 | 492 |
| **Total/WA** | **Pittsburgh** | **1,090** | **Various** | **73.8** | **1,428** | **496** |
| **Washington at Chatham** | **Pittsburgh** | **174** | **1966/2020** | **82.2** | **1,658** | **689** |

Source: Appraisal, except the subject figures are based on the rent roll dated September 15, 2021.

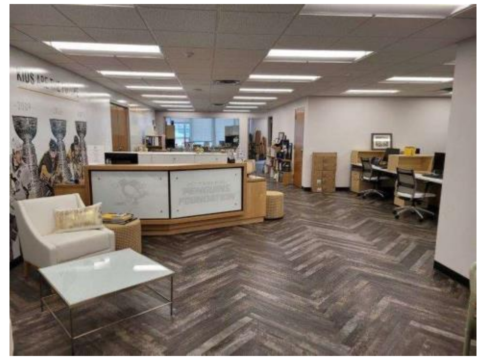
### Sponsorship

The sponsor for this transaction is Core Realty Inc. The firm specializes in the ground up construction and redevelopment of urban assets within the Philadelphia, Pittsburgh, New Jersey, and Georgia markets. Since the firm's founding in 1998, Core Realty have developed or acquired multifamily, office, retail, industrial, and mixed-use assets with a heavy focus on up-and-coming neighborhoods.

The guarantor for this transaction is Michael Samschick, Core Realty's founder, president, and CEO. Samschick has more than 40 years of experience in commercial real estate and excellent working relationships with city officials. He has invested his own capital and has raised eight investment funds composed of high-net-worth individuals from across the United States. Samschick reported a net worth and liquidity of $49.6 million and $4.3 million, respectively. Property management will be provided by an affiliate of the sponsor, SVN Commercial, for a contractual rate of 4% of EGI.

## DBRS Morningstar Analysis

### Site Inspection Summary



DBRS Morningstar did not conduct a site inspection of the property because of the health and safety constraints associated with the ongoing coronavirus pandemic. Based on photos and assessments from the Issuer and third parties, DBRS Morningstar determined the property quality to be Average.

### DBRS Morningstar NCF Summary

**NCF Analysis**

| | T-12 June 2021 | Issuer Stabilized NCF | DBRS Morningstar Stabilized NCF | NCF Variance (%) |
|---|---|---|---|---|
| GPR ($) | 1,497,063 | 5,093,329 | 4,991,332 | -2.0 |
| Other Income ($) | 143,616 | 37,193 | 37,193 | 0.0 |
| Vacancy & Concessions ($) | -184,150 | -496,303 | -605,663 | 22.0 |
| **EGI ($)** | **1,456,530** | **4,634,219** | **4,422,862** | **-4.6** |
| Expenses ($) | 2,047,637 | 1,320,786 | 1,621,804 | 22.8 |
| **NOI ($)** | **-591,107** | **3,313,433** | **2,801,058** | **-15.5** |
| Capex ($) | 0 | 130,314 | 163,947 | 25.8 |
| **NCF ($)** | **-591,107** | **3,183,119** | **2,637,111** | **-17.2** |

The DBRS Morningstar Stabilized NCF is based on the *DBRS Morningstar North American Commercial Real Estate Property Analysis Criteria*. The resulting DBRS Morningstar Stabilized NCF was $2,637,111, representing a -17.2% variance to the Issuer's Stabilized NCF of $3,183,119. The primary drivers of the variance included residential GPR, operating expenses, and vacancy.

DBRS Morningstar generally estimated GPR based on the rent roll dated September 15, 2021, with vacant space grossed up to in-place averages per unit type. By contrast, the Issuer concluded residential GPR to the appraiser's stabilized estimate. DBRS Morningstar estimated operating expenses based on a blend of the borrower's Year 3 budget and the appraiser's stabilized expenses, inclusive of a 3% inflation factor. DBRS Morningstar also included an expense plug to a 36.7% expense ratio based off of the appraiser's expense comps and an internal competitive set. DBRS Morningstar concluded to a 8.4% residential economic vacancy factor and a 20.7% office vacancy factor; both figures were generally based on Reis submarket estimates for the Bellefield/Shadyside submarket. By contrast, the Issuer concluded to a 7.5% stabilized residential vacancy rate and a 15.0% office vacancy rate.

**DBRS Morningstar Viewpoint**

Developed in 1966 as an office property, the current sponsor recently completed a $40.8 million renovation converting 119,850 sf of office space into 174 multifamily units. The multifamily portion received its certificate of occupancy in July 2020 and has leased up to an 82.2% occupancy level as of the September 2021 rent roll. The property is located on the eastern edge of the Pittsburgh CBD, which traditionally has not been as desirable of a location; however, there are ongoing revitalization efforts by the city that could increase the demand for multifamily units in the area.

The sponsor's business plan is to continue the lease up of the residential and office portions of the asset. Given the September 2021 occupancy of 82.2%, the property has only about 22 units remaining to lease to achieve 95% occupancy, which is readily achievable. Leasing the office space may take more time, given the effects of the coronavirus; however, as the area redevelops, there may be opportunities to bring in new tenants. The East Liberty neighborhood, about four miles east, has seen a very strong trend of companies moving to the area, and, with Carnegie Mellon University and the University of Pittsburgh two miles east, Uptown could see interest from companies seeking to tap into the two schools. The subject's in-place multifamily occupancy of 82.2% is below the Reis defined Bellefield/Shadyside submarket occupancy rate of 92.2% as of Q2 2021; however, the lease-up to this level during the coronavirus shutdowns at the state and local level are encouraging.

With regard to redevelopment, the city has initiated a large-scale mixed-use redevelopment of the former Civic Arena site. The first phase of the redevelopment broke ground on September 1, 2021, and will initially consist of the 26-story FNB Financial center office building. The tower will contain upwards of 475,000 sf of Class A office space, 41% leased to First National Bank, and is considered the first step in an estimated $1 billion redevelopment of the 28-acre site. The re-development of the cite is being led by the Buccini/Pollin Group and the Pittsburgh Penguins NHL team whose home area, the PPG Paints Arena, is adjacent to the subject property and the re-development site. Later phases of the development could include a music venue operated by Live Nation, an 850-space parking garage, another office building, and could include up to 300 apartment units. Currently, there is no timeline regarding additional phases of the development.

Further evidence of the area's revitalization, Reis has forecast occupancy to increase through the loan's fully extended maturity to 95.5% in 2025 and has forecast average annual rental rate increases of 3.4% through the loan's fully extended maturity. The subject's office component will not benefit from as strong of an office submarket as the multifamily portion will. Reis has forecast the Pittsburgh office CBD submarket occupancy to stay below 80% through the loan's term. The adjacent re-development will likely compete with the asset for office tenants, Reis has forecast a low, 79.2% office occupancy rate in 2026.

The loan is structured with a $2.0 million future funding component allocated to accretive TI and LC costs associated with the office lease up. Primarily, the sponsor hopes to renew its largest tenant at 33.4% of NRA, The County of Allegheny. Despite this, the office sector remains challenges and DBRS Morningstar believes the business plan represents a slightly elevated level of risk given the mixed-use nature of the asset resulting in an elevated DBRS Morningstar Business Plan Score. DBRS Morningstar has leased up the multifamily portion of the asset to 92.2% occupancy in its stabilized analysis and the office portion to a 79.3% occupancy in the DBRS Morningstar Stabilized NCF analysis; both figures are in line with Reis forecasts.

The loan is structured with a high 79.8% LTV at issuance and a low 1.05x DBRS Morningstar Stabilized DSCR which is based on the DBRS Morningstar Stressed Interest Rate. Both metrics represent an elevated level of leverage associated with above average default rates. Additionally, the mixed-use nature of the asset and limited control of the building's systems and common space will shrink the pool of potential buyers given many investors prefer to own single-use assets, putting upwards pressure on the applicable cap rate. The loan is located in a DBRS Morningstar Market Rank of 6 and a DBRS Morningstar MSA Group Ranking of 2. Both market rankings are associated with densely populated urban areas, which generally exhibit lower-than-average default rates. Despite the beneficial location, the loan's elevated leverage has the modeled expected loss coming in slightly above the pool average expected loss.

# 2875 Broadway

**Loan Snapshot**

| | |
|---|---|
| **Seller** | LCCM |
| **Ownership Interest** | Fee Simple |
| **Trust Balance ($ million)** | 29.7 |
| **Loan PSF/Unit ($)** | 1,119 |
| **Percentage of the Pool (%)** | 4.1 |
| **Fully Extended Loan Maturity/ARD** | November 2025 |
| **Amortization** | Partial IO |
| **DBRS Morningstar As-Is DSCR (x)** | 0.00 |
| **DBRS Morningstar Stabilized DSCR (x)** | 0.77 |
| **DBRS Morningstar As-Is Issuance LTV (%)** | 100.0 |
| **DBRS Morningstar Stabilized Balloon LTV (%)** | 70.0 |
| **DBRS Morningstar Property Type** | Mixed Use |
| **DBRS Morningstar Property Quality** | Average |

**Debt Stack ($ million)**

| | |
|---|---|
| **Trust Balance** | 29.7 |
| **Pari Passu** | 0.0 |
| **Remaining Future Funding** | 5.3 |
| **Mortgage Loan Including Future Funding** | 35.0 |
| **Loan Purpose** | Acquisition |
| **Equity Contribution/(Distribution) ($ million)** | 11.2 |

**Collateral Summary**

| | | | |
|---|---|---|---|
| **DBRS Morningstar Property Type** | Office | **Year Built/Renovated** | 1920 |
| **City, State** | New York, NY | **Physical Occupancy (%)** | 0.0 |
| **Units/SF** | 31,271 | **Physical Occupancy Date** | October 2021 |

The loan is secured by the borrower's fee simple interest in 2875 Broadway, a 31,271-sf office property in New York's Morningside Heights neighborhood. The sponsor acquired the property in 2021 for a purchase price of $35.0 million ($1,119 psf). At closing, the borrower will possess a cost basis of $40.9 million with $29.7 million in initial funding and $11.2 million of equity. The loan includes $5.3 million in future funding, which will be used for TI/LCs of $2.6 million ($83 psf) to lease up vacant space. There will be an additional $2.9 million of interest shortfall reserve. Finally, the loan will cover $2.8 million of closing costs. The loan is IO throughout the initial three-year term with one 12-month extension option. Based on the whole loan amount, the as-is and stabilized appraised values of $35.0 million and $50.0 million equate to an as-is and stabilized LTV of 84.9% and 70.0%, respectively. A lockbox account must be established no later than 30 days prior to the earliest of the rent commencement date under any new lease or the loan closing date. The borrower can cure a cash sweep event if the lender accepts a cure of an EOD, if the property achieves an underwritten NCF debt yield of at least 6.25% for two consecutive calendar quarters, and at such time that a significant tenant resumes business in substantially all of its leased space or one or more replacement tenants execute one or more new leases acceptable to the lender.

Built in 1920 and renovated in 1988, the three-story office building is located two blocks south of Columbia University. The building's 31,271 sf includes the 7,680 sf leasable basement space. The property is currently 0.0% occupied, but the sponsor has received interest from several companies who are hoping to lease the property on a long-term basis. The sponsor intends to implement a $2.7 million renovation program in order to bring the property up to market standards. Furthermore, the sponsor plans to lease the entire property at market rents using $2.6 million in TI/LC reserves ($83 psf). For more information on the subject's space breakdown, please see the below table.

**Tenant Summary**

| Tenant | SF | % of Total NRA | DBRS Morningstar Base Rent PSF ($) | % of Total DBRS Morningstar Base Rent | Lease Expiry | Investment Grade? (Y/N) |
|---|---|---|---|---|---|---|
| Vacant (Ground Floor) | 5,539 | 17.7 | 20.0 | 36.1 | N/A | N |
| Vacant (Corner) | 2,000 | 6.4 | 300.0 | 19.5 | N/A | N |
| Vacant (Floor 2) | 8,026 | 25.7 | 85.0 | 22.2 | N/A | N |
| Vacant (Floor 3) | 8,026 | 25.7 | 85.0 | 22.2 | N/A | N |
| Vacant (Basement) | 7,680 | 24.6 | 0.0 | 0.0 | N/A | N |
| **Total/Wtd. Avg.** | **31,271** | **100** | **130.23** | **100%** | **Various** | **N** |

**Comparable Sales**

| Property Name | City | Submarket | Type | Built | Occupancy | NRA (SF) | Price | Price/SF |
|---|---|---|---|---|---|---|---|---|
| 576 Fifth Avenue | New York, NY | Plaza District | Office/Retail | 1907 | 74.0 | 71,332 | $101,000,000 | $1,416 |
| 635 Avenue of the Americas | New York, NY | Flation/Union Sq. | Office/Retail | 1902 | 84.0 | 267,000 | $325,000,000 | $1,217 |
| 520-524 Broadway | New York, NY | NoHo/SoHo | Office/Retail | 1901 | 93.0 | 251,000 | $323,500,000 | $1,289 |
| 546 Broadway | New York, NY | NoHo/SoHo | Office/Retail/Res. | 1900 | 100.0 | 93,600 | $160,000,000 | $1,709 |
| 132 East 125th Street | New York, NY | Harlem | Retail | 1910 | 100.0 | 6,594 | $10,750,000 | $1,630 |
| 164 Fifth Avenue | New York, NY | Flatiron | Office/Retail | 1910 | 100.0 | 17,600 | $40,000,000 | $2,273 |
| 434 Broadway | New York, NY | SoHo | Office/Retail | 1910 | 100.0 | 61,882 | $130,500,000 | $1,673 |
| **Total/Average** | | | | **1906** | **93.0** | **109,858** | **$155,821,429** | **$1,601** |

## Sponsorship

The sponsor for this transaction is a joint venture between Angelo Gordon and Premier Equities. Premier Equities is a real estate investment and management firm founded in 2009 that focuses on purchasing retail and commercial office properties in the New York City. Premier currently has 59 properties, all within Manhattan, half of which are located in SoHo. The other properties are located on the Upper East side, Chelsea, and the East Village. The company is led by Yaron Jacobi and Uzi Ben Abraham, each of whom are the co-founders of Premier Equities.

Premier Equites manages its properties in-house, which allows them to control all aspects of acquisitions, finance, construction, development, marketing, and leasing.

The recourse carve-out guarantors are four Angelo Gordon sponsored funds. The borrower and guarantors will execute a separate indemnity relating to the existence of hazardous or toxic substances or the failure of the project to comply with environmental laws or the Americans with Disabilities Act, and a guaranty for recourse obligations that include the on-time, lien-free completion of all renovation work and any landlord work with dollar amounts required to pay under accretive leases. The guarantors will be required to maintain a net worth and liquidity in excess of $50 million (excluding the value of the property) and $5 million (including uncalled capital commitments net of amounts outstanding under subscription lines).

## DBRS Morningstar Analysis

### Site Inspection Summary

DBRS Morningstar performed an external site inspection for 2875 Broadway on Thursday, October 7, 2021, at 1:00 p.m. Based on the site inspection, DBRS Morningstar found the property quality to be Average. The property is a seven-story, midrise office building comprising 31,271 sf and located in the Upper West Side neighborhood of New York City. The property also has a ground-floor retail component with 100 feet of frontage along Broadway and 75 feet on W 112nd Street. Broadway is an arterial roadway lined with first-floor retail and restaurants while 112th Street is mainly residential. The property is well located, with access to the local 1 Train two blocks south at the 110th Street stop and two blocks south of Columbia University, providing easy access to the property for both customers and employees. The property was 100% vacant at the time of the site inspection.

### DBRS Morningstar NCF Summary

**NCF Analysis**

| | Issuer Stabilized NCF | DBRS Morningstar Stabilized NCF | NCF Variance (%) |
|---|---|---|---|
| GPR ($) | 3,362,147 | 3,264,220 | -2.9 |
| Recoveries ($) | 0 | 0 | 0.0 |
| Other Income ($) | 0 | 0 | 0.0 |
| Vacancy ($) | -168,107 | -326,422 | 94.2 |
| **EGI ($)** | **3,194,039** | **2,937,798** | **-8.0** |
| Expenses ($) | 738,434 | 768,912 | 4.1 |
| **NOI ($)** | **2,455,605** | **2,168,886** | **-11.7** |
| Capex ($) | 5,898 | 8,756 | 48.5 |
| TI/LC ($) | 23,591 | 262,729 | 1013.7 |
| **NCF ($)** | **2,426,117** | **1,897,401** | **-21.8** |

The DBRS Morningstar Stabilized NCF is based on the *DBRS Morningstar North American Commercial Real Estate Property Analysis Criteria*. The resulting DBRS Morningstar Stabilized NCF was $1,897,401, representing a -21.8% variance from the Issuer's Stabilized NCF.

The primary drivers of this variance were vacancy, real estate taxes, and TI/LC. DBRS Morningstar concluded to a stabilized vacancy figure of -10.0% based on its standard approach to retail/office properties as the property is currently 100% vacant, while the Issuer assumed a vacancy of 5.0%.

Stabilized real estate taxes were set to the appraiser's 2024/2025 unabated tax estimates to account for the initial maturity date of the loan. DBRS Morningstar assumed TI/LC costs based on the appraisal's estimates, which come out to TIs of $100 psf for new/renewal leases on a 10-year term, and LCs of 4% and 2% for new leases and renewal leases, respectively. The Issuer assumed $1.00 psf per year.

**DBRS Morningstar Viewpoint**

The collateral for the loan is a mixed-use office/retail building in New York City. The office space on the second and third floors of the subject property has historically been leased to Columbia University and/or entities with a related use, but was vacated prior to the closing because the University finished its new Manhattanville campus. Pinkberry was a retail tenant since 2007 but also vacated prior to the loan closing. The corner retail portion (partial first and second floors) was leased by a local bookstore through 2014, and more recently occupied by the sales office for Savanna Fund's Vandewater, a 33-story 183-unit condominium development at 543 West 122nd Street, from 2018 to 2020. Another portion of the retail space was leased to Washington Mutual through 2009 and then Chase Bank through 2016. The appraiser highlights that the overall rent and occupancy trends for Manhattan office and retail space have continued to decline since the pandemic. Furthermore, retail vacancies were already at an all-time high prior to the pandemic-driven shutdown.

While the subject was 0.0% occupied as of October 2021, it should benefit from the unique location and proximity to Columbia University. Just two blocks south of Columbia and two blocks north of the 110th Street subway station, this closeness to campus and public transit allows for the property to attract national retail tenants. The loan was modeled with a DBRS Morningstar Market Rank and MSA Group of 8 and 3, both of which are indicative of areas with historically low default rates.

Although, location should be an important aspect of the leasing plan, 2875 Broadway is in a residential neighborhood and therefore may not attract traditional office tenants. The sponsor plans to market this space as a hybrid retail/office property that will be suited for medical related tenants that may not require a ground floor presence. The strength of the collateral's location should offset the current vacancy risk. Moreover, the property's location and zoning contribute to its high appraised land value of $28 million (80% of the loan amount). The current zoning allows for a maximum buildable area of 53,355 sf, meaning that the property has 28,955 sf of available air rights or allows for the opportunity to build a larger structure in the future.

The outstanding fully funded loan amount of $35.0 million represents a relatively high LTV of 84.9% based on the as-is appraised value estimate of $35.0 million. The appraiser estimates the collateral's value to improve to $50.0 million through stabilization, representing an improved LTV of 70.0%. While the success of the borrower's lease-up and stabilization plan is inherently uncertain, the transaction sponsors have demonstrated progress toward the completion of the proposed business plan as they have received two LOIs from a dental office and a national retail chain interested in leasing the property and in active discussions with a third company to lease portions of the lobby and entire second and third floors. Additionally, the transaction benefits from well-capitalized and locally experienced sponsorship in Premier Equities.

Overall, the current vacancy status and retail/office property type are cause for concern. However, the loan benefits from a strong DBRS Morningstar market rank of 8 and moderate stabilized LTV, which lower the loan’s expected loss below pool average.

# The Read House

**Loan Snapshot**

| |
|---|
| **Seller** |
| LCCM |
| **Ownership Interest** |
| Fee Simple |
| **Trust Balance ($ million)** |
| 27.0 |
| **Loan PSF/Unit ($)** |
| 112,033 |
| **Percentage of the Pool (%)** |
| 3.7 |
| **Fully Extended Loan Maturity/ARD** |
| September 2025 |
| **Amortization** |
| Full IO |
| **DBRS Morningstar As-Is DSCR (x)** |
| 1.12 |
| **DBRS Morningstar Stabilized DSCR (x)** |
| 1.47 |
| **DBRS Morningstar As-Is Issuance LTV (%)** |
| 54.0 |
| **DBRS Morningstar Stabilized Balloon LTV (%)** |
| 48.3 |
| **DBRS Morningstar Property Type** |
| Full Service Hotel |
| **DBRS Morningstar Property Quality** |
| Average (+) |

**Debt Stack ($ million)**

| |
|---|
| **Trust Balance** |
| 27.0 |
| **Pari Passu** |
| 0.0 |
| **Remaining Future Funding** |
| 0.0 |
| **Mortgage Loan Including Future Funding** |
| 27.0 |
| **Loan Purpose** |
| Recapitalization |
| **Equity Contribution/(Distribution) ($ million)** |
| (25.3) |

| Collateral Summary | | | |
|---|---|---|---|
| **DBRS Morningstar Property Type** | Full Service Hotel | **Year Built/Renovated** | 1926/2017-2019 |
| **City, State** | Chattanooga, TN | **T-12 RevPAR ($)** | 89.25 |
| **Keys** | 241 | **T-12 RevPAR Date** | August 2021 |

The loan is secured by the borrower's fee simple interest in The Read House, a 241-key full-service hotel in Chattanooga, Tennessee. The borrower acquired the property in 2016 for $18.6 million with all cash and carried out a $27.2 million ($113,020 per key) renovation that was completed in 2019. The hotel was in the process of being removed from the Sheraton system due to disrepair at the time of acquisition and is currently unflagged following the renovation. Loan proceeds of $27.0 million will return $25.3 million of equity to the borrower, establish a $260,000 shortfall reserve, escrow $170,000 for environmental costs, and cover closing costs and loan fees. The site previously had a drycleaner and printing operation, and the environmental reserve was established to cover 125.0% of the estimated remedial costs from the lender's environmental consultant. The loan is IO throughout with an initial two-year term and two one-year extension options. The borrower also disclosed that the property received two rounds of Paycheck Protection Program funding during the coronavirus pandemic totaling $2.0 million.

The 241-key full-service hotel consists of a 10-story, 140-key Historic Tower constructed in 1926 and a six-story, 101-key Manor Building constructed in 1962. Buildouts vary between the two buildings with rooms in the Historic Tower commanding a premium estimated between $50 to $100 per night. Amenities include an indoor pool, fitness center, library, and 17,250 sf of meeting and event space. The property also features several F&B options including a steakhouse, a bar that also serves food, and a Starbucks. The property underwent a $27.2 million renovation ($113,020 per key) that was completed in two phases. Phase I included gut renovations of all rooms, the ballroom, the bar, and the steakhouse in the Historic Tower, which was completely shut down in May 2018 and brought back online in April 2019.

Phase II commenced in November 2018 and focused on the Manor Building, including replacement of case/soft goods in guest rooms, new bathroom fixtures, and overhaul of the pool and fitness center.

According to the appraisal, the subject's demand composition is 40.0% commercial, 25.0% group, and 35.0% leisure. The commercial demand is driven by nearby generators such as the Chattanooga Convention Center two blocks to the south, the Tennessee Valley Authority headquarters four blocks to the south, and the Volkswagen plant 12 miles to the east. The property also has several corporate accounts including Volkswagen, Tennessee Department of Education, Dempsey Lord Smith, and Tennessee Valley Authority, among others. Primary leisure demand generators include the University of Tennessee at Chattanooga less than a mile to the south, Tennessee Aquarium four blocks to the south, The Riverfront District seven blocks to the south, and many others given the subject's proximity to downtown Chattanooga. Please see the table below and the DBRS Morningstar Viewpoint section for a breakdown of the property's recent performance compared with the competitive set outlined in the STR, Inc. report:

| **STR Report Summary** | | | |
|---|---|---|---|
| | Occupancy (%) | ADR ($) | RevPAR ($) |
| **Subject** | 50.8 | 181.70 | 92.38 |
| **Competitive Set** | 49.0 | 145.63 | 71.40 |
| **Index (%)** | 103.7 | 124.8 | 129.4 |

Note: For the running 12 month period ended September 30, 2021.

### Sponsorship

Founded in 2006, the sponsor is a Charleston-based real estate investment and management company with a focus on hospitality properties. The sponsor has ownership interests in two other hotels in South Carolina with a collective market value of $135.0 million, both of which underwent renovations totaling approximately $40.0 million. One of the sponsor's founding individuals will serve as the guarantor for the loan, and the property is managed by the sponsor for a contractual fee of 3.0% of adjusted gross revenue.

## DBRS Morningstar Analysis

### Site Inspection Summary

DBRS Morningstar did not conduct a site inspection of the property because of health and safety constraints associated with the ongoing coronavirus pandemic. Based on a review of third-party reports, documents provided by the Issuer, and online information, DBRS Morningstar found the property quality to be Average (+).

## DBRS Morningstar NCF Summary

| NCF Analysis | 2018 | 2019 | 2020 | T-12 August 2021 | Issuer Stabilized NCF | DBRS Morningstar Stabilized NCF | NCF Variance (%) |
|---|---|---|---|---|---|---|---|
| Occupancy (%) | 57 | 48 | 33 | 49 | 68 | 58 | -14.5 |
| ADR ($) | 128 | 166 | 163 | 181 | 188 | 181 | -4.0 |
| RevPAR ($) | 73 | 79 | 53 | 89 | 128 | 105 | -17.8 |
| Total Departmental Revenue ($) | 4,614,791 | 10,851,632 | 8,418,075 | 13,008,119 | 17,138,479 | 14,781,500 | -13.8 |
| **Total Deparmental Expense ($)** | **3,248,555** | **6,671,977** | **4,742,714** | **6,245,048** | **7,390,118** | **6,675,534** | **-9.7** |
| Total Departmental Profit ($) | 1,366,236 | 4,179,655 | 3,675,361 | 6,763,071 | 9,748,360 | 8,105,966 | -16.8 |
| Total Undistributed Expense ($) | 2,020,083 | 3,119,171 | 2,355,119 | 2,885,530 | 4,532,053 | 3,873,188 | -14.5 |
| Total Fixed Expense ($) | 326,754 | 372,634 | 909,922 | 886,546 | 933,950 | 939,739 | 0.6 |
| **NOI ($)** | **-980,601** | **687,850** | **410,320** | **2,990,995** | **4,282,357** | **3,293,039** | **-23.1** |
| FF&E ($) | 184,592 | 0 | 0 | 0 | 685,539 | 591,260 | -13.8 |
| **NCF ($)** | **-1,165,193** | **687,850** | **410,320** | **2,990,995** | **3,596,818** | **2,701,779** | **-24.9** |

The DBRS Morningstar NCF is based on the *DBRS Morningstar North American Commercial Real Estate Property Analysis Criteria*. The resulting DBRS Morningstar Stabilized NCF was $2,701,779, representing a -24.9% variance from the Issuer's stabilized NCF of $3,596,818. The primary drivers of variance were Occupancy, ADR, and the resulting RevPAR. DBRS Morningstar assumed an occupancy of 58.1% and an ADR of $180.74. These figures are in line with the subject's T-6 September 2021 occupancy of 58.9% and T-12 September 2021 ADR of $181.70, according to the STR, Inc. report. The DBRS Morningstar occupancy and ADR assumptions result in a RevPAR of $105.00, which is roughly 13.7% greater than the subject's T-12 September 2021 RevPAR of $92.38, but is supported by the appraiser's competitive set 2018 RevPAR of $105.00. The Issuer assumed an occupancy of 67.9% and an ADR of $188.19, resulting in a RevPAR of $127.73.

### DBRS Morningstar Viewpoint

Acquired by the sponsor in 2016 as the property was being removed from the Sheraton system due to disrepair, the collateral is an unflagged full-service hotel totaling 241 keys that recently underwent a $27.2 million ($113,020 per key) renovation. The renovations were substantially completed by the summer of 2019 and included gut renovations of 140 rooms, replacement of case/soft goods in 101 rooms, and gut renovations of the hotel's amenities and commercial spaces. As a result of the substantial capital invested in the property and high asset quality, DBRS Morningstar modeled the loan with Average (+) property quality. The full-service hotel is also substantially equipped with attractive F&B components for both guests and others in the downtown Chattanooga area, including a high-end steakhouse, bar, and Starbucks. DBRS Morningstar recognized the value that these F&B components add to the property by basing its F&B Revenue assumption on the appraiser's stabilized estimate of 33.2% of total revenue.

As expected due to challenges from the pandemic, the property suffered in 2020 with an average RevPAR of $53.15. However, the property has shown encouraging recovery with an average RevPAR of $92.38 over the T-12 period and $115.47 over the T-3 period, according to the September 2021 STR, Inc. report, translating to RevPAR penetrations of 129.4% and 116.5% over those periods, respectively. Additionally, the STR, Inc. report estimates that the subject had an average RevPAR penetration of 116.3% in 2020. However, the STR, Inc. report competitive set did not include The Edwin Hotel, a 90-key Marriott-flagged hotel that opened in 2018 around when the subject was undergoing renovation. The appraiser included The Edwin in its competitive set, bringing the collateral's 2020 RevPAR penetration down to 98.5%. While the collateral's recent performance has been encouraging, DBRS Morningstar has concerns with the hotel being unflagged in a secondary market and managed by a borrower-affiliate that only has two other hotels under management. As a result, DBRS Morningstar assumed a stabilized RevPAR of $105.00, which represents a stabilized RevPAR reduction of -17.8% and -17.3% to the Issuer and Appraisal estimates, respectively.

The sponsor acquired the property with all cash in 2016 for a purchase price of $18.6 million and subsequently funded a $27.2 million ($113,020 per key) renovation on its own capital. The loan's purpose is to recapitalize the sponsor by returning $25.3 million of equity and implies $20.5 million of equity remaining in the deal based on the sponsor's cost basis of $47.2 million. The $27.0 million loan demonstrates a healthy loan-to-cost ratio of 57.2% and an even more favorable DBRS Morningstar As-Is LTV of 54.0% based on the appraiser's as-is value estimate of $50.0 million, which is approximately $2.8 million higher than the sponsor's cost basis. The appraiser estimates the stabilized value at $58.8 million, implying an LTV of 45.9% at stabilization. However, DBRS Morningstar applied an upward cap-rate adjustment to the loan based on comparable properties in the market, resulting in a DBRS Morningstar Balloon LTV of 48.3%. Based on the DBRS Morningstar cash flow analysis and stressed debt service, the loan is already covering at a DBRS Morningstar As-Is DSCR of 1.12x. The loan also benefits from some additional buffer as it is structured with a $260,000 upfront shortfall reserve. Lastly, the debt service coverage is expected to improve to a DBRS Morningstar Stabilized DSCR of 1.47x. The loan's expected loss in the DBRS Morningstar model is nearly twice the pool average.

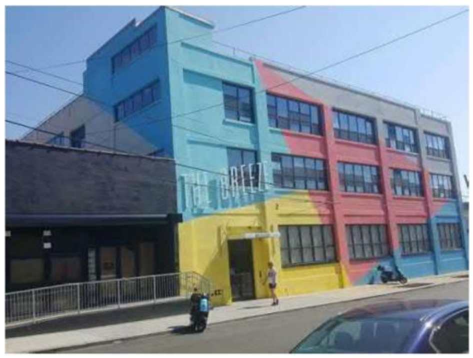
# 315 Meserole Street

**Loan Snapshot**

| | |
|---|---|
| **Seller** | LCCM |
| **Ownership Interest** | Fee Simple |
| **Trust Balance ($ million)** | 24.2 |
| **Loan PSF/Unit ($)** | 302 |
| **Percentage of the Pool (%)** | 3.3 |
| **Fully Extended Loan Maturity/ARD** | August 2025 |
| **Amortization** | Full IO |
| **DBRS Morningstar As-Is DSCR (x)** | 0.07 |
| **DBRS Morningstar Stabilized DSCR (x)** | 1.12 |
| **DBRS Morningstar As-Is Issuance LTV (%)** | 69.8 |
| **DBRS Morningstar Stabilized Balloon LTV (%)** | 56.6 |
| **DBRS Morningstar Property Type** | Mixed Use |
| **DBRS Morningstar Property Quality** | Average |

**Debt Stack ($ million)**

| | |
|---|---|
| **Trust Balance** | 24.2 |
| **Pari Passu** | 0.0 |
| **Remaining Future Funding** | 3.8 |
| **Mortgage Loan Including Future Funding** | 28.0 |
| **Loan Purpose** | Refinance |
| **Equity Contribution/(Distribution) ($ million)** | 1.2 |



| Collateral Summary | | | |
|---|---|---|---|
| **DBRS Morningstar Property Type** | Mixed Use | **Year Built/Renovated** | 1920/2019 to 2020 |
| **City, State** | Brooklyn, NY | **Physical Occupancy (%)** | 28.8 |
| **Units/SF** | 92,665 | **Physical Occupancy Date** | July 2021 |

This loan is secured by the borrower's fee-simple interest in 315 Meserole Street, a 92,665-sf mixed-use retail/office property in Brooklyn, New York. The initial loan proceeds of $24.2 million will be used to refinance the in-place $22.7 million loan, fund $1.4 million of interest/operating shortfall reserves, and cover $1.2 million in closing costs. Additionally, there will be $3.8 million in accretive TI/LC reserves, $1.0 million of which will allow the sponsor to build out space prior to a lease being signed. The fully extended loan has an initial term of 1.9 years with two 13-month extension options, and the loan is IO for the full term. After all proceeds have been funded, the borrower's cost basis will be $60.5 million with the sponsor receiving $31.5 million of equity in the property. Based on the whole loan amount, the as-is and stabilized appraised values of $40.1 million and $49.5 million equate to as-is and stabilized LTVs of 69.8% and 56.6%, respectively.

Built in 1920 and renovated between 2019 and 2020, the three-story office building is in Brooklyn's Williamsburg neighborhood. The subject provides 72,828 sf of office space, 17,837 sf of retail space, and 2,000 sf of rooftop space. Although the property was built more than 100 years ago, the sponsor has invested a significant amount of capital into the property. The property features a large facade graphic, a breezeway that connects two parts of the complex, a unique 6,000-sf outdoor space/landscaped courtyard, high ceilings, redundant fiber-optic internet service, a secure bike room, 24/7 access/security, and a rooftop bar and restaurant. The rooftop has 2,000 enclosed sf and a 4,116-sf deck used primarily for seating. Additionally, the sponsor has invested more than $24.3 million to convert the property from a vacant warehouse into a loft-style office facility with ground-floor retail and restaurants.

As of July 2021, the property was 28.8% occupied. The office space is currently 12.0% occupied across two tenants and the retail/rooftop space is currently 89.7% occupied across five tenants. Even though the property is currently poorly occupied, the rent roll dated July 2021 is somewhat granular as no tenant makes up more than 8.0% of the NRA. Additionally, there is not a significant amount of rollover throughout the course of the loan as only one lease expires before the fully extended loan term in 2023. The sponsor will have access to $3.8 million in leasing costs, which will be necessary to lease-up a significant portion of space that is currently vacant. For more information on the rent roll, please see the table below.

**Tenant Summary**

| Tenant | SF | % of Total NRA | DBRS Morningstar Base Rent PSF ($) | % of Total DBRS Morningstar Base Rent | Lease Expiry | Investment Grade? (Y/N) |
|---|---|---|---|---|---|---|
| Ernst & Young U.S. LLP | 6,890 | 7.4 | 40.00 | 7.8 | 11/30/2022 | N |
| Substance Skatepark LLC | 4,937 | 5.3 | 31.97 | 4.4 | 12/31/2030 | N |
| The Wandering Barman LLC | 4,620 | 4.9 | 32.96 | 4.3 | 2/28/2031 | N |
| Aura Cocina & Bar, Inc. | 3,575 | 3.8 | 45.00 | 4.5 | 10/31/2029 | N |
| Shellco Inc. (dba Native Bread) | 2,663 | 2.8 | 37.08 | 2.8 | 4/30/2030 | N |
| Moving Image & Content, Inc. | 2,004 | 2.1 | 36.00 | 2.0 | 12/31/2026 | N |
| 315 Meserole Restaurant LLC (dba LLoHi Roof Bar) | 2,000 | 2.1 | 52.50 | 3.0 | 2/28/2035 | N |
| **Subtotal/WA** | **26,689** | **28.4** | **38.30** | **28.8** | **Various** | **Various** |
| Other Tenants | 0 | 0.0 | 0.00 | 0.0 | n/a | n/a |
| Vacant Space | 65,976 | 0.0 | n/a | n/a | n/a | n/a |
| **Total/WA** | **92,665** | **100.0** | **38.30** | **100.0** | **Various** | **N** |

## Sponsorship

The sponsor for this transaction, Hudson Companies, is a New York-based firm that focuses on the commercial development of multifamily, condominium, retail, and office properties. Hudson Companies has control of approximately $2.0 billion of developed properties equating to more than 6,600 sf of residential space and 320,000 sf of commercial space that spans New York's five boroughs. The guarantors for the loan are David Kramer, president of Hudson Companies, and Mark Reed, principal and co-founder of Hudson Companies; they have reported a combined net worth of $131 million and liquidity of $28.5 million.

The subject is managed by a borrower affiliate for a contractual fee of 3.0% of EGI or $5,000 per month.

## DBRS Morningstar Analysis

### Site Inspection Summary

DBRS Morningstar did not conduct a site inspection of the property because of health and safety constraints associated with the ongoing coronavirus pandemic. Based on photos and assessments from the Issuer and third parties, DBRS Morningstar determined the property quality to be Average.

### DBRS Morningstar NCF Summary

**NCF Analysis**

| | 2020 | T-12 May 2021 | Issuer Stabilized NCF | DBRS Morningstar Stabilized NCF | NCF Variance (%) |
|---|---|---|---|---|---|
| GPR ($) | 631,545 | 720,443 | 3,606,284 | 3,530,060 | -2.1 |
| Recoveries ($) | 33,532 | 45,529 | 132,927 | 172,743 | 30.0 |
| Other Income ($) | 0 | 0 | 0 | 0 | 0.0 |
| Vacancy ($) | 0 | 0 | -373,921 | -354,343 | -5.2 |
| **EGI ($)** | **665,077** | **765,972** | **3,365,290** | **3,348,460** | **-0.5** |
| Expenses ($) | 362,763 | 571,439 | 1,100,065 | 1,167,638 | 6.1 |
| **NOI ($)** | **302,314** | **194,533** | **2,265,225** | **2,180,822** | **-3.7** |
| Capex ($) | 0 | 0 | 13,900 | 22,174 | 59.5 |
| TI/LC ($) | 0 | 0 | 92,665 | 250,925 | 170.8 |
| **NCF ($)** | **302,314** | **194,533** | **2,158,660** | **1,907,723** | **-11.6** |

The DBRS Morningstar Stabilized NCF is based on the *DBRS Morningstar North American Commercial Real Estate Property Analysis Criteria*. The resulting DBRS Morningstar Stabilized NCF was $1,907,723, representing a variance of -11.6% from the Issuer's stabilized NCF of $2,158,660.

The primary drivers of the variance included GPR and TI/LCs. DBRS Morningstar based the stabilized GPR on the appraiser's market rent estimates, while the Issuer included rent steps through March 1, 2022. TI/LC costs were generally based on the appraisal's estimates, while the Issuer assumed $1.00 psf per year.

### DBRS Morningstar Viewpoint

The collateral for the loan is a mixed-use retail and office building in Brooklyn. The property was 28.8% occupied as of July 2021, with most of the vacant space being office. The sponsor acquired the property for $27.8 million in 2016 and invested $24.4 million to convert the property from a warehouse to an office complex. Since renovations in 2019 and 2020, the sponsor was able to quickly lease the retail units, and the retail and rooftop space is currently 89.7% occupied.

The sponsor's business plan is to continue to lease-up the property to a stabilized level, hoping to achieve $40/sf for retail spaces and $38/sf for office spaces. The sponsor's lease-up strategy involves using $1.0 million in future funding to build out space prior to leases being signed. This includes leasing up the two retail spaces, the smaller prebuilt office spaces on the first floor and second floor, and the unbuilt third-floor office space. Some prebuilt suites were previously constructed at the property, which quickly leased-up after the property was delivered. Adding more prebuilt suites may help with leasing the remainder of the property.

The property delivered shortly before the pandemic, and leasing has been slow as a result of the shutdowns in New York; for example, one prospective tenant was looking at a 15,000-sf space but withdrew its interest at the start of the pandemic. There has been interest in the property, but the city's post-pandemic recovery may take some time as companies decide how to use office space going forward. Additionally, there is potential risk associated with the Ernst & Young U.S. LLP (E&Y) lease, which expires in 2022. The original tenant, Doberman, signed a lease in 2019 but was subsequently acquired by E&Y in 2020. This presents a concern that the unit could be consolidated into E&Y's existing office going forward. In the short term, however, the tenant may elect to renew in order to allow it to run autonomously from the parent company.

The property benefits from its location in Brooklyn: it is two blocks east of the Montrose Avenue subway station, and the sponsor's significant investment in the space has made it a functional and attractive building in a growing Brooklyn neighborhood. With $3.8 million of future leasing costs, there are sufficient funds for additional leasing. Additionally, the property is surrounded by numerous restaurant, nightlife, and entertainment venues. The loan was modeled with a DBRS Morningstar Market Rank of 7 and a DBRS Morningstar MSA Group of 1, which is indicative of a dense, urban market that has historically shown lower default rates and losses.

The stabilized appraised value of $49.5 million reflects a stabilized LTV of 56.6%, which is relatively low compared with other CRE CLO loans. The low stabilized LTV would reduce refinance risk and also decrease POD. However, the stabilized appraised value represents a 44.1% increase from the purchase price of $27.8 million. The weak leasing activity in recent months will make this business plan, and ultimate stabilized appraised value, somewhat difficult.

Overall, the loan benefits from a favorable market rank, low stabilized LTV, and a substantial renovation by the sponsor. For these reasons, DBRS Morningstar is comfortable with the loan-level expected loss which is around the pool average.

# Trailside Oaks Apartments

**Loan Snapshot**

| | |
|---|---|
| **Seller** | LCCM |
| **Ownership Interest** | Fee Simple |
| **Trust Balance ($ million)** | 22.5 |
| **Loan PSF/Unit ($)** | 214,286 |
| **Percentage of the Pool (%)** | 3.1 |
| **Fully Extended Loan Maturity/ARD** | September 2024 |
| **Amortization** | Partial IO |
| **DBRS Morningstar As-Is DSCR (x)** | 0.71 |
| **DBRS Morningstar Stabilized DSCR (x)** | 0.71 |
| **DBRS Morningstar As-Is Issuance LTV (%)** | 76.5 |
| **DBRS Morningstar Stabilized Balloon LTV (%)** | 76.5 |
| **DBRS Morningstar Property Type** | Multifamily |
| **DBRS Morningstar Property Quality** | Average (+) |

**Debt Stack ($ million)**

| | |
|---|---|
| **Trust Balance** | 22.5 |
| **Pari Passu** | 0.0 |
| **Remaining Future Funding** | 0.0 |
| **Mortgage Loan Including Future Funding** | 22.5 |
| **Loan Purpose** | Acquisition |
| **Equity Contribution/(Distribution) ($ million)** | 7.8 |


Source: Appraisal.

Source: Appraisal.

**Collateral Summary**

| | | | |
|---|---|---|---|
| **DBRS Morningstar Property Type** | Multifamily | **Year Built/Renovated** | 2020 |
| **City, State** | Leander, TX | **Physical Occupancy (%)** | 95.3 |
| **Units/SF** | 105 | **Physical Occupancy Date** | September 2021 |

This loan is secured by the borrower's fee-simple interest in Trailside Oaks Apartments, a Class A, garden-style, 105-unit multifamily property approximately 25 miles north of the Austin CBD. Initial loan proceeds of $22.5 million, along with approximately $7.7 million of sponsor equity, were used to acquire the property for a purchase price of $29.0 million and fund $151,751 in capital expenditures. Based on the fully funded loan amount, the as-is and stabilized values both of $22.5 million reflect an as-is and stabilized DBRS Morningstar LTV of 76.5% and 76.5%, respectively. The floating-rate loan has an initial term of two years with two one-year extension options. The loan is IO for the initial term and then amortizes on a 30-year schedule thereafter.

**Unit Mix and Rents -Trailside Oaks Apartments**

| Unit Type | Units | Avg. Unit Size (sf) | Avg. Rent ($/unit) |
|---|---|---|---|
| One Bed | 54 | 779 | 1,236 |
| Three Bed | 51 | 1,788 | 2,296 |
| **Total/WA** | **105** | **1,269** | **1,751** |

Based on the September 22, 2021, rent roll.

Built in 2020, the subject collateral consists of 15 buildings ranging from three to four stories. Common-area amenities include outdoor exercising spaces, grilling stations, a coffee bar, and a dog walk. Additionally, the property features 182 parking spaces, with a parking ratio of 1.7 spaces per unit. Unit finishes include stainless-steel appliances, granite countertops, wood plank vinyl flooring, and washer/dryer connections. As of the September 22, 2021, rent roll the property was 95.3% occupied with an average rent of $1,751 per unit. The unit mix consists of one-bedroom and three-bedroom units. The sponsor is budgeting $151,751 in capital expenditure reserves in order to install smart technology systems, such as smart locks, in each unit.

**Competitive Set**

| Property | Distance from Subject (Miles) | Units | Year Built | Occupancy (%) | Avg. Unit Size (SF) |
|---|---|---|---|---|---|
| Park at Crystal Falls Phase 1 | 2.0 | 242 | 2016 | 99.8 | 862 |
| Park at Crystal Falls Phase 2 | 2.0 | 238 | 2018 | 98.7 | 960 |
| 22 North Apartment Homes | 2.0 | 240 | 2018 | 95.4 | 1,092 |
| The Standard At Leander Station | 0.3 | 225 | 2016 | 95.1 | 858 |
| Hermosa Village Apartmnets | 3.0 | 238 | 2020 | 100.0 | 986 |
| The Sarah | 3.2 | 270 | 2018 | 94.4 | 926 |
| **Total/Wtd. Avg. Comp. Set** | **Various** | **1,453** | **Various** | **97.2** | **948** |
| **Trailside Oaks Apartments** | **n/a** | **105** | **2020** | **95.3** | **1,269** |

Source: Appraisal, except the subject figures are based on the rent roll dated September 22, 2021.

The appraiser identified five properties in the surrounding area that compete with the subject. The collateral's occupancy of 95.3% is slightly below the competitive set's WA occupancy of 97.2%. The competitor's WA unit size is 34.9% smaller than the subject.

### Sponsorship

The sponsor for the transaction is a joint venture between a Dallas-based multifamily investor and a Houston commercial real estate investor. The sponsors have a combined total of $431 million in assets under management across property types such as multifamily, office, hotel, industrial, assisted living, and student housing. Of those, more than 5,000 are multifamily units.

An Austin-based property management company manages the collateral for a contractual rate of 2.75%. With 10-plus years of experience, the company serves eight metro areas across Texas and Florida and manages more than 7,000 units worth over $2 billion in appraised value.

## DBRS Morningstar Analysis

### Site Inspection Summary

Source: Appraisal.

Source: Appraisal.

DBRS Morningstar did not conduct interior or exterior tours of the property because of health and safety constraints associated with the ongoing coronavirus pandemic. Based on photos and assessments from third-party reports, DBRS Morningstar determined the property quality to be Average (+).

**DBRS Morningstar NCF Summary**

| NCF Analysis | | | | |
|---|---|---|---|---|
| | T-12 June 2021 | Issuer Stabilized NCF | DBRS Morningstar Stabilized NCF | NCF Variance (%) |
| GPR ($) | 2,049,748 | 2,553,148 | 2,060,401 | -19.3 |
| Other Income ($) | 120,853 | 222,789 | 210,000 | -5.7 |
| Vacancy & Concessions ($) | -664,145 | -127,657 | -103,020 | -19.3 |
| **EGI ($)** | **1,506,456** | **2,648,279** | **2,167,381** | **-18.2** |
| Expenses ($) | 948,212 | 1,210,118 | 1,243,934 | 2.8 |
| **NOI ($)** | **558,244** | **1,438,162** | **923,447** | **-35.8** |
| Capex ($) | 0 | 21,000 | 26,250 | 25.0 |
| **NCF ($)** | **558,244** | **1,417,162** | **897,197** | **-36.7** |

The DBRS Morningstar Stabilized NCF is based on the *DBRS Morningstar North American Commercial Real Estate Property Analysis Criteria*. The resulting DBRS Morningstar Stabilized NCF is 897,197, representing a -36.7% variance from the Issuer's Stabilized NCF of $1,417,162. DBRS Morningstar views the subject as stabilized as there has already been a significant amount of lease up at the property resulting in a current occupancy of 95.3% and average asking rent of $1,635 per unit per month according to the August 2021 rent roll.

**DBRS Morningstar Viewpoint**

The collateral is in an upcoming tertiary market in the Austin MSA in northern Austin. The collateral's tertiary location is denoted in the appraisal and further evidenced by the collateral being in an area with a DBRS Morningstar MSA Group of 1 and a DBRS Morningstar Market Rank of 1. Loans secured by properties in such areas have historically demonstrated elevated losses compared with loans secured by assets in more densely populated and more financially liquid markets. Despite the collateral's Market Rank 1 designation, the property is in the Austin, Texas, MSA, which has seen an abundance of growth in the past few years according to Reis, which reports that 3,801 units of new market rate apartment inventory will be introduced to the metro by the end of the year and will result in a net total absorption of 875 units. This increase in supply is expected to continue during 2022 and 2023, when an additional 9,000 units are projected to be introduced to the market. The subject's Hwy 183/Cedar Park/Leander submarket is expected to deliver a total of 866 units of market rate rental apartments amounting to 9.6% of the new construction introduced to the Austin metro market, per Reis. The submarket vacancy rate is expected to finish 2022 at 6.3% and 2023 at 5.2%. On an annualized basis through 2023, the effective rent is expected to reach $1,244 per unit, considerably lower than the current in-place rents at the subject of $1,553 per unit.

The sponsor's business plan after the acquisition of the property is to capitalize on Austin's growth and implement a capital improvement plan to install smart locks for all units. Austin's growth is evidenced by the property's T-12, T-6, and T-3 annualized occupancies, which stand at 67.6%, 87.0%, and 95.5%, respectively. Because the property has exhibited higher than submarket in-place rents, DBRS Morningstar has concluded the property's status quo performance to be its stabilized performance going forward compared with the sponsor's assumed aggressive rent growth of 45.0% over the next three years. The collateral also benefits from favorable new-build asset quality and has a DBRS Morningstar property quality score of Average (+).

The loan represents a moderate loan-to-purchase ratio of 77.6%. The appraiser estimated the value of the collateral to improve to $31.0 million from $29.4 million once stabilization is achieved. The DBRS Morningstar As-Is and Stabilized LTVs are 76.5% and 76.5%, respectively. The DBRS Morningstar Stabilized NCF represents a below 1.0x stabilized DSCR of 0.71x based on the DBRS Morningstar stressed annual debt service payment. The transaction represents cash-in acquisition financing and the property manager will be a locally experienced, third-party management company with reported management interests in 7,000 units located throughout nine metro areas across Texas and Florida. The loan's expected loss is below the pool average in the DBRS Morningstar model.

**Transaction Structural Features**

**Credit Risk Retention**: Under U.S. credit risk retention rules, Ladder Capital Finance LLC, the securitization sponsor, will be responsible for compliance with the U.S. credit risk retention requirements and intends to satisfy such criteria through the purchase and retention of a majority-owned affiliate of an eligible horizontal residual interest. As of the closing date, the eligible horizontal residual interest will be held by Ladder 2021-FL3 Parent LLC (the Retention Holder), a direct wholly owned subsidiary of Ladder CRE REIT. The sponsor and the Retention Holder also will agree and undertake in the EU/UK Risk Retention Letter Agreement to retain a material net economic interest in the securitization for the purposes of the EU Securitization Laws and the UK Securitization Laws.

**Collateral Manager**: Ladder Capital Management LLC, an affiliate of the sponsor, will serve as the Collateral Manager and provide certain advisory and administrative functions with respect to the collateral. The Collateral Manager is obligated to perform its duties according to the Collateral Management Standard. The special servicer may be removed with or without cause or a successor special servicer may be appointed with respect to any Serviced Mortgage Loan, in each cause at any time and at the direction of the Collateral Manager.

**Future Funding Companion Participants**: With respect to each Future Funding Companion Participation, the holder thereof will have the sole obligation under the related Future Funding Participation Agreement to make future advances. Once funded, such Future Funding Companion Participation (or a portion thereof) may be transferred in accordance with the terms of the related Future Funding Participation Agreement and the Issuer may, but is not obligated to, acquire such funded Future Funding Companion Participation (or a portion thereof) as a Ramp-Up Collateral Interest or Reinvestment Collateral Interest. Pursuant to each Future Funding Participation Agreement, the holder of the related Future Funding Companion Participation (or a qualified transferee) and Ladder CRE REIT (or such qualified transferee) will be required to indemnify the Issuer, as the holder of the related Collateral Interest, against any losses, claims, damages, costs, expense, and liabilities in connection with, arising out of, or as a result of the failure of the holder of such Future Funding Companion Participation to make future advances when required under the related Participated Loan.

**Reinvestment Period**: During the Reinvestment Period, the Collateral Manager may, but is not required to, direct the reinvestment of Principal Proceeds and any cash contributed by the holder of the Class H Notes to the Issuer in Reinvestment Collateral Interests meeting the Eligibility Criteria and the Acquisition Criteria. The Reinvestment Period is 24 months in length, and, assuming no EOD has occurred, terminates on the Determination date in December 2023.

The Eligibility Criteria provides that a No Downgrade Confirmation must be received from DBRS Morningstar with respect to the acquisition of Collateral Interests, except that confirmation will not be required with respect to the acquisition of a Participation if (1) the Issuer already owns a Participation in the same underlying Partitioned Loan and (2) the principal balance of the Participation being acquired is less than $1,000,000.

**No Downgrade Confirmations**: Certain events within the transaction require the Issuer to obtain a No Downgrade Confirmation from the rating agencies regarding such action. DBRS Morningstar will confirm that a proposed action or failure to act or other specified event will not, in and of itself, result in the downgrade or withdrawal of the current rating. The Issuer is not required to obtain a No Downgrade Confirmation for acquisitions of companion participations less than $1,000,000.

**Administrative Modifications and Criteria-Based Modifications**: The Collateral Manager may, but is not required to, direct and require the special servicer to administratively process any Administrative Modification or, subject to satisfaction of the Criteria-Based Modification Conditions, any Criteria-Based Modification in accordance with the Collateral Management Standard.

**Administrative Modification** means any modification, waiver, or amendment directed by the Collateral Manager that relates exclusively to (i) with respect to any Serviced Commercial Real Estate Loan, Loan-Level Benchmark Replacement Conforming Changes or (ii) with respect to any Serviced Commercial Real Estate Loan that is not a Credit Risk Commercial Real Estate Loan, Specially Serviced Loan, or Defaulted Commercial Real Estate Loan, (a) exit fees, extension fees, default interest, prepayment fees, or yield or spread maintenance provisions, (b) financial covenants (including in connection with extensions and cash management requirements) relating to debt yield, debt service coverage, or LTV requirements, (c) reserve account purposes, minimum balance amounts, release conditions, or other reserve requirements (other than for taxes or insurance), including requirements to fund reserves in connection with extensions, (d) waivers or reductions of a Libor floor or other benchmark floor (which reductions may not be to floor rates below zero) or waivers, reductions, or deferrals of interest rate step-ups, provided (in each case) that after giving effect to such waiver, reduction, or deferral, the Note Protection Tests are satisfied, (e) any requirement to obtain an interest rate cap agreement in connection with an extension, (f) the timing of, or conditions to, the funding of any Future Funding Participation, (g) sponsor or guarantor financial covenants relating to net worth, liquidity, or other financial matters, (h) Mortgaged Property lease approvals or modifications or leasing parameters (including in connection with releasing reserves or future funding amounts relating to leasing), or (i) conditions precedent to extending the term of the Commercial Real Estate Loan, notwithstanding that any such modification, waiver, or amendment referred to in this definition may have the effect of delaying or deferring principal payments that would otherwise occur on the Commercial Real Estate Loan prior to its fully extended maturity date.

**Criteria-Based Modification** means a modification, waiver, or amendment to a Commercial Real Estate Loan that is not a Credit Risk Commercial Real Estate Loan, a Specially Serviced Loan, or a Defaulted Commercial Real Estate Loan that would result in (i) a change in interest rate (other than as a result of any modification in accordance with clause (i) of the definition of Administrative Modification), (ii) a delay in the required timing of any payment of principal, (iii) an increase in the principal balance of such Commercial Real Estate Loan that will be allocated solely to the related Companion Participation, (iv) the indirect owners of the related borrower incurring additional indebtedness in the form of a mezzanine loan or preferred equity, or (v) a change of maturity date or extended maturity date of such Commercial Real Estate Loan.

The Criteria-Based Modification Conditions will be satisfied only if, immediately after giving effect to a Criteria-Based Modification: (1) the cumulative Principal Balance of all Collateral Interests subjected to Criteria-Based Modifications after the Reinvestment Period does not exceed 10% of the Aggregate Collateral Interest Cut-off Date Balance or (2) (i) the Acquisition Criteria are satisfied; (ii) the related Collateral Interest complies with the Eligibility Criteria (for this purpose, assuming the related Collateral Interest was treated as a Reinvestment Collateral Interest acquired on the date of the modification), as adjusted by the EC Modification Adjustments (as defined below); and (iii) an Updated Appraisal is obtained with respect to the Collateral Interest (if an appraisal was not otherwise already obtained in connection with such modification). Multiple simultaneous modifications to a single Collateral Interest will be treated as a single Criteria-Based Modification.

The Special Servicer's processing and effectuation of any Administrative Modification or Criteria-Based Modification will not be subject to the Servicing Standard; however, the Collateral Manager's decision to direct any Administrative Modification or Criteria-Based Modification will be subject to the Collateral Management Standard. The EC Modification Adjustments include a provision that if such Criteria-Based Modification does not involve an increase in the principal balance of the related Commercial Real Estate Loan or the indirect owners of the related borrower incurring additional indebtedness in the form of a mezzanine loan or preferred equity, there is no requirements to obtain a No Downgrade Confirmation from DBRS Morningstar.

**Note Protection Tests**: Like most commercial real estate collateralized loan obligation (CRE CLO) transactions, the subject transaction features senior Note Protection Tests in the form of an interest coverage (IC) test and a par value or overcollateralization (OC) test. If either of the IC or OC tests is not satisfied on any measurement date, interest proceeds that would otherwise be used to pay interest on to the Class F Notes, the Class G Notes, and the Class H Notes must instead be used to pay principal of first, the Class A Notes; second, the Class A-S Notes; third, the Class B Notes; fourth, the Class C Notes; fifth, the Class D Notes; and sixth, the Class E Notes, in each case, to the extent necessary to cause the Note Protection Tests to be satisfied. To the extent that any Note Protection Test is not satisfied following the application of interest proceeds in the manner described above, Principal Proceeds also will be applied in the order of priority described above, to the extent necessary to cause each of the Note Protection Tests to be satisfied. The Par Value Test will be satisfied if the Par Value Ratio is equal to or greater than 116.15%, which is 2.0% lower than the initial Par Value Ratio. The Interest Coverage Test will be satisfied if the Interest Coverage Ratio is equal to or great than 120.0%.

**Advancing Agent and Backup Advancing Agent**: Ladder CRE REIT will serve as Advancing Agent with respect to certain interest shortfalls on the Class A Notes, the Class A-S Notes, and the Class B Notes, subject to a recoverability analysis. If the Advancing Agent fails to make such payments, the Note Administrator, Wells Fargo Bank, National Association, will serve as Backup Advancing Agent and be required to advance certain delinquent scheduled interest payments if deemed recoverable.

**Controlling Class**: The Class A Notes are the Controlling Class, so long as any Class A Notes are outstanding; then the Class B Notes, so long as any Class B Notes are outstanding; then the Class C

Notes, so long as any Class C Notes are outstanding; then the Class D Notes, so long as any Class D Notes are outstanding; then the Class E Notes, so long as any Class E Notes are outstanding; then the Class F Notes, so long as any Class F Notes are outstanding; then the Class G Notes, so long as any Class G Notes are outstanding. If an EOD under the Indenture has occurred and is continuing, the holders of the Controlling Class will be entitled to determine the remedies to be exercised under the Indenture and, in certain circumstances, without regard to whether there are sufficient proceeds to pay in full the amounts then due and unpaid on the Notes. The Controlling Class will be the most senior Class of Notes outstanding. Any remedies pursued by the holders of the Controlling Class upon an EOD could be adverse to the interests of the holders of more subordinated Classes of Notes.

**Deferred Interest**: The Class C, D, E, F, and G Notes (deferrable notes) allow for deferred interest on the deferrable notes. To the extent that interest proceeds are not sufficient on a given payment date to pay accrued interest, interest will not be due and payable on the payment date and will instead be deferred. The deferred interest will be added to the principal amount of the respective deferrable note and bear interest at the same rate as the reference deferrable note and will be payable on the first payment date on which funds are available in the priority of payments. The ratings assigned by DBRS Morningstar contemplate the timely payments of distributable interest and, in the case of the deferred interest, the ultimate recovery of deferred interest (inclusive of interest payable thereon at the applicable rate to the extent permitted by law). Thus, DBRS Morningstar will assign its Interest in Arrears designation to the deferred interest classes in months when classes are subject to deferred interest.

**Step-Up Coupon**: On and after the Payment Date in September 2027, the interest rate of the Class A Notes will increase by 0.25%. On and after the Payment Date in September 2027, the interest rate of the Class A-S Notes will increase by 0.25%. On and after the Payment Date in September 2027, the interest rate of the Class B Notes will increase by 0.50%. On and after the Payment Date in September 2027, the interest rate of the Class C Notes will increase by 0.50%. On and after the Payment Date in September 2027 the interest rate of the Class D Notes will increase by 0.50%.On and after the Payment Date in September 2027, the interest rate of the Class E Notes will increase by 0.50%

**Benchmark Index**: Once a Benchmark Transition Event occurs, Libor or the then-current reference index rate will be replaced by a Benchmark Replacement as of the Benchmark Replacement Date for all purposes under the Indenture and the Notes. The Collateral Manager will be required to determine the applicable Benchmark Replacement and the related Benchmark Replacement Rate as described in the Offering Memorandum.

Any determination, decision, or election that the Collateral Manager makes with respect to a Benchmark Transition Event, Benchmark Replacement Date, or Benchmark Replacement, including determinations with respect to a tenor, rate, or adjustment or of the occurrence or nonoccurrence of an event, will be conclusive and binding absent manifest error, and may be made in the sole discretion of the Collateral Manager without consent from any noteholder or other party. The Benchmark Replacement is the first alternative set forth in the order below that can be determined by the Collateral Manager as of the Benchmark Replacement Date: (i) the sum of (a) Term Secured Overnight Financing Rate (SOFR) and (b) the Benchmark Replacement Adjustment; (ii) the sum of (a) Compounded SOFR and (b) the applicable Benchmark Replacement Adjustment; (iii) the sum of (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment; (iv) the sum of (a) the International Swaps and Derivatives Association (ISDA) Fallback Rate and (b) the Benchmark Replacement Adjustment; and (v) the sum of (a) the alternate rate of interest that has been selected by the Collateral Manager as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated securitizations at such time and (b) the Benchmark Replacement Adjustment. The Benchmark Replacement Adjustment will be the first alternative set forth in the order below that can be determined by the Collateral Manager as of the Benchmark Replacement Date: (i) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected, endorsed, or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement; (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment; and (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Collateral Manager giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated securitization transactions at such time.

**Methodologies**

The following are the methodologies DBRS Morningstar applied to assign ratings to this transaction. These methodologies can be found on www.dbrsmorningstar.com under the heading Methodologies & Criteria. Alternatively, please contact info@dbrsmorningstar.com or contact the primary analysts whose information is listed in this report.

- *North American CMBS Multi-Borrower Rating Methodology*
- *DBRS Morningstar North American Commercial Real Estate Property Analysis Criteria*
- *Rating North American CMBS Interest-Only Certificates*
- *Interest Rate Stresses for U.S. Structured Finance Transactions*

**Surveillance**

DBRS Morningstar will perform surveillance subject to *North American CMBS Surveillance Methodology*.

Notes:
All figures are in U.S. dollars unless otherwise noted.

This report is based on information as of November 12, 2021. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

# Glossary

| | | | |
|---|---|---|---|
| **ADR** | average daily rate | **MSA** | metropolitan statistical area |
| **ARA** | appraisal-reduction amount | **n.a.** | not available |
| **ASER** | appraisal subordinate entitlement reduction | **n/a** | not applicable |
| **BOV** | broker's opinion of value | **NCF** | net cash flow |
| **CAM** | common area maintenance | **NNN** | triple net |
| **capex** | capital expenditures | **NOI** | net operating income |
| **CBD** | central business district | **NRA** | net rentable area |
| **CBRE** | CB Richard Ellis | **NRI** | net rental income |
| **CMBS** | commercial mortgage-backed securities | **NR – PIF** | not rated – paid in full |
| **CoStar** | CoStar Group, Inc. | **OSAR** | operating statement analysis report |
| **CREFC** | CRE Finance Council | **PCR** | property condition report |
| **DPO** | discounted payoff | **P&I** | principal and interest |
| **DSCR** | debt service coverage ratio | **POD** | probability of default |
| **EGI** | effective gross income | **PIP** | property improvement plan |
| **EOD** | event of default | **PILOT** | property in lieu of taxes |
| **F&B** | food & beverage | **PSA** | pooling and servicing agreement |
| **FF&E** | furniture, fixtures and equipment | **psf** | per square foot |
| **FS Hotel** | full-service hotel | **R&M** | repairs and maintenance |
| **G&A** | general and administrative | **REIT** | real estate investment trust |
| **GLA** | gross leasable area | **REO** | real estate owned |
| **GPR** | gross potential rent | **RevPAR** | revenue per available room |
| **HVAC** | heating, ventilation and air conditioning | **sf** | square foot/square feet |
| **IO** | interest only | **STR** | Smith Travel Research |
| **LC** | leasing commission | **SPE** | special-purpose entity |
| **LGD** | loss severity given default | **TI** | tenant improvement |
| **LOC** | letter of credit | **TIC** | tenants in common |
| **LOI** | letter of intent | **T-12** | trailing 12 months |
| **LS Hotel** | limited-service hotel | **UW** | underwriting |
| **LTC** | loan-to-cost | **WA** | weighted average |
| **LTCT** | long-term credit tenant | **WAC** | weighted-average coupon |
| **LTV** | loan-to-value | **x** | times |
| **MHC** | manufactured housing community | **YE** | year end |
| **MTM** | month to month | **YTD** | year to date |

# Definitions

| | |
|---|---|
| **Capital Expenditure (Capex)**<br>Costs incurred in the improvement of a property that will have a life of more than one year. | |
| **DBRS Morningstar Refi DSCR**<br>A measure that divides the DBRS Morningstar stabilized NCF by the product of the loan's maturity balance and a stressed refinance debt constant. | |
| **DBRS Morningstar Term DSCR**<br>A measure that divides the DBRS Morningstar stabilized NCF by the actual debt service payment | |
| **Debt Service Coverage Ratio (DSCR)**<br>A measure of a mortgaged property's ability to cover monthly debt service payments, defined as the ratio of net operating income or net cash flow to the debt service payments. | |
| **Effective Gross Income (EGI)**<br>Rental revenue minus vacancies plus miscellaneous income. | |
| **Issuer UW**<br>Issuer underwritten from Annex A or servicer reports. | |
| **Loan-to-Value (LTV)**<br>The ratio between the principal amount of the mortgage balance, at origination or thereafter, and the most recent appraised value of the underlying real estate collateral, generally from origination. | |
| **Net Cash Flow (NCF)**<br>The revenues earned by a property's ongoing operations less the expenses associated with such operations and the capital costs of tenant improvements, leasing commissions and capital expenditures (or reserves). Moreover, NCF is net operating income less tenant improvements, leasing commissions and capital expenditures. | |
| **NNN (Triple Net)**<br>A lease that requires the tenant to pay operating expenses such as property taxes, insurance and maintenance, in addition to the rent. | |
| **Net Operating Income (NOI)**<br>The revenues earned by a property's ongoing operations less the expenses associated with such operations but before mortgage payments, tenant improvements, replacement reserves and leasing commissions. | |
| **Net Rentable Area (NRA)**<br>The area (sf) for which rent can be charged. NRA includes the tenant's premises plus an allocation of the common area directly benefiting the tenant, such as common corridors and restrooms. | |
| **Revenue Per Available Room (RevPAR)**<br>A measure that divides revenue by the number of available rooms, not the number of occupied rooms. It is a measure of how well the hotel has been able to fill rooms in the off-season, when demand is low even if rates are also low, and how well it fills the rooms and maximizes the rate in the high season, when there is high demand for hotel rooms. | |
| **Tenant Improvements (TIs)**<br>The expense to physically improve the property or space, such as new improvements or remodeling, paid by the borrower. | |
| **Weighted Average (WA)**<br>Calculation is weighted by the size of each mortgage in the pool. | |
| **Weighted-Average Coupon (WAC)**<br>The average coupon or interest payment on a set of mortgages, weighted by the size of each mortgage in the pool. | |

**About DBRS Morningstar**

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