

## 350 East 52nd Street

## Mortgage Loan Information

|  |                         |
|--|-------------------------|
| <b>Mortgage Loan Seller:</b>           | Barclays                |
| <b>Original Principal Balance:</b>     | \$27,375,000            |
| <b>Cut-off Date Principal Balance:</b> | \$27,375,000            |
| <b>% of Pool by IPB:</b>               | 2.3%                    |
| <b>Loan Purpose:</b>                   | Refinance               |
| <b>Borrower:</b>                       | Eastgate Whitehouse LLC |
| <b>Sponsor:</b>                        | William W. Koepfel      |
| <b>Interest Rate:</b>                  | 4.28000%                |
| <b>Note Date:</b>                      | 9/9/2014                |
| <b>Maturity Date:</b>                  | 9/6/2024                |
| <b>Interest-only Period:</b>           | 120 months              |
| <b>Original Term:</b>                  | 120 months              |
| <b>Original Amortization:</b>          | None                    |
| <b>Amortization Type:</b>              | Interest Only           |
| <b>Call Protection:</b>                | L(26),Def(90),O(4)      |
| <b>Lockbox:</b>                        | CMA                     |
| <b>Additional Debt:</b>                | N/A                     |
| <b>Additional Debt Balance:</b>        | N/A                     |
| <b>Additional Debt Type:</b>           | N/A                     |

## Property Information

|                                    |                          |
|------------------------------------|--------------------------|
| <b>Single Asset / Portfolio:</b>   | Single Asset             |
| <b>Title:</b>                      | Leasehold                |
| <b>Property Type - Subtype:</b>    | Multifamily - High Rise  |
| <b>Net Rentable Area (Units):</b>  | 137                      |
| <b>Location:</b>                   | New York, NY             |
| <b>Year Built / Renovated:</b>     | 1962 / N/A               |
| <b>Occupancy:</b>                  | 97.8%                    |
| <b>Occupancy Date:</b>             | 6/1/2014                 |
| <b>Number of Tenants:</b>          | N/A                      |
| <b>2011 NOI:</b>                   | \$1,994,635              |
| <b>2012 NOI:</b>                   | \$2,123,147              |
| <b>2013 NOI:</b>                   | \$2,359,206              |
| <b>UW Economic Occupancy:</b>      | 97.0%                    |
| <b>UW Revenues:</b>                | \$4,947,721              |
| <b>UW Expenses:</b>                | \$2,623,366              |
| <b>UW NOI:</b>                     | \$2,324,355              |
| <b>UW NCF:</b>                     | \$2,280,515              |
| <b>Appraised Value / Per Unit:</b> | \$57,400,000 / \$418,978 |
| <b>Appraisal Date:</b>             | 7/1/2014                 |

## Escrows and Reserves

|                              | Initial   | Monthly   | Initial Cap |
|------------------------------|-----------|-----------|-------------|
| <b>Taxes:</b>                | \$355,299 | \$118,433 | N/A         |
| <b>Insurance:</b>            | \$16,876  | \$8,438   | N/A         |
| <b>Replacement Reserves:</b> | \$0       | \$3,722   | N/A         |
| <b>TI/LC:</b>                | \$0       | \$0       | N/A         |
| <b>Other<sup>(1)</sup>:</b>  | \$997,500 | \$0       | N/A         |

## Financial Information

|                                   |           |
|-----------------------------------|-----------|
| <b>Cut-off Date Loan / Unit:</b>  | \$199,818 |
| <b>Maturity Date Loan / Unit:</b> | \$199,818 |
| <b>Cut-off Date LTV:</b>          | 47.7%     |
| <b>Maturity Date LTV:</b>         | 47.7%     |
| <b>UW NCF DSCR:</b>               | 1.92x     |
| <b>UW NOI Debt Yield:</b>         | 8.5%      |

## Sources and Uses

| Sources              | Proceeds            | % of Total    | Uses                                | Proceeds            | % of Total    |
|----------------------|---------------------|---------------|-------------------------------------|---------------------|---------------|
| Mortgage Loan        | \$27,375,000        | 100.0%        | Payoff Existing Debt <sup>(2)</sup> | \$20,407,873        | 74.5%         |
|                      |                     |               | Return of Equity                    | 3,815,115           | 13.9          |
|                      |                     |               | Closing Costs                       | 1,782,337           | 6.5           |
|                      |                     |               | Upfront Reserves                    | 1,369,675           | 5.0           |
| <b>Total Sources</b> | <b>\$27,375,000</b> | <b>100.0%</b> | <b>Total Uses</b>                   | <b>\$27,375,000</b> | <b>100.0%</b> |

(1) The Initial Other Escrows and Reserves include \$500,000 for a J-51 tax abatement reserve, \$375,000 for a ground rent reserve and \$122,500 for deferred maintenance.

(2) "Payoff Existing Debt" consists of a payoff of a first mortgage note of approximately \$2.7 million, subordinate debt of \$2.6 million and an unsecured note of \$15.0 million.

**The Loan.** The 350 East 52nd Street loan has an outstanding principal balance of approximately \$27.4 million and is secured by a first mortgage lien on the leasehold interest in a 15-story 137-unit apartment building with four ground floor commercial spaces and an 80-space parking garage located in New York, New York. The loan has a 10-year term and is interest-only for the term of the loan. The loan sponsor and nonrecourse guarantor is William W. Koepfel. William W. Koepfel is president of Whitehouse Estates, Inc., a company that owns and manages real estate in New York City and the surrounding suburban areas. Additionally, Mr. Koepfel owns a 43-unit apartment building in Bay Ridge, Brooklyn. He has acquired and overseen the renovation and conversion of over 2,000 units into luxury apartments in New York City.

## 350 East 52nd Street

**The Property.** 350 East 52nd Street is a 15-story 137-unit apartment building with four ground floor commercial spaces and an 80-space parking garage located in the Midtown East neighborhood of New York, New York. The property is located on the southwest corner of 52<sup>nd</sup> Street and First Avenue in the Midtown East section of New York, New York. It has access to public transportation with the 6 subway line located four blocks southwest at 51<sup>st</sup> Street and Lexington Avenue and the E and M subway lines located three blocks northwest at 53<sup>rd</sup> Street and Third Avenue. 350 East 52nd Street is also located near Grand Central Station, the United Nations building and the Franklin D. Roosevelt East River Drive. As of June 1, 2014, the property was 97.8% occupied. Between 2011 and 2013, occupancy at the property has not fallen below 97.8% and has averaged approximately 98.3% over the same period. The ground lease at the property has a current expiration date of June 2031 (seven years past the loan's maturity date) with one extension option remaining that would extend the ground lease through June 2055. See *"Risk Factors—Mortgage Loans Secured by Leasehold Interests May Expose Investors to Greater Risks of Default and Loss"* and representation No. 36 on Annex D-1 to the Prospectus Supplement and the exceptions to that representation on Annex D-2 to the Prospectus Supplement in the Prospectus Supplement.

**The Market.** According to the appraisal, as of the first quarter of 2014, the overall Manhattan multifamily market had a vacancy rate of 1.5% and the Midtown East multifamily market had a vacancy rate of 1.7%. Additionally, according to the appraisal, the property's 10022 zip code contains 34,089 people as of 2013, with an average household income of \$166,838 versus the New York City average household income of \$78,052. Relative to the first quarter of 2013, average rent has increased by 2.0%, 2.8%, 4.4% and 4.6% for studio, one-bedroom, two-bedroom and three-bedroom apartments, respectively. Average monthly rents, as of first quarter 2014, for the Midtown East multifamily market range from \$2,120 to \$4,930 per unit.

The appraisal has identified five comparable rentals proximate to the 350 East 52nd Street property. Comparable per unit rents averaged \$2,500 for studios, \$3,000 for one-bedroom units and \$4,700 for two-bedroom units. Based on 350 East 52nd Street's in-place per unit rents of \$1,945 for studios, \$2,925 for one-bedroom units and \$3,869 for two-bedroom units, the property's rents are below market, as all the units at the property are rent stabilized.

| Multifamily Unit Mix <sup>(1)</sup> |            |               |                |              |                                 |                             |                                 |   |   |
|-------------------------------------|------------|---------------|----------------|--------------|---------------------------------|-----------------------------|---------------------------------|---|---|
| Unit Type                           | # of Units | % of Total    | Occupied Units | Occupancy    | Average Unit Size (Square Feet) | Average Monthly Rental Rate | Average Monthly Rental Rate PSF | Monthly Market Rental Rate <sup>(2)</sup> | Monthly Market Rental Rate PSF <sup>(2)</sup> |
| Studio                              | 81         | 59.2%         | 79             | 97.5%        | 461                             | \$1,945                     | \$4.22                          | \$2,861                                   | \$6.20  |
| 1 Bedroom                           | 41         | 29.9          | 41             | 100.0%       | 838                             | \$2,925                     | \$3.49                          | \$3,702                                   | \$4.42  |
| 2 Bedroom                           | 15         | 10.9          | 14             | 93.3%        | 1,147                           | \$3,869                     | \$3.37                          | \$5,621                                   | \$4.90  |
| <b>Total / Wtd. Avg.</b>            | <b>137</b> | <b>100.0%</b> | <b>134</b>     | <b>97.8%</b> | <b>649</b>                      | <b>\$2,446</b>              | <b>\$3.77</b>                   | <b>\$3,415</b>                            | <b>\$5.26</b>                                 |

(1) Based on the underwritten rent roll.

(2) Based on the appraisal.

| Commercial Tenant Summary <sup>(1)</sup> |                              |                           |                  |                          |
|--|------------------------------|---------------------------|------------------|--------------------------|
| Tenant                                   | Ratings<br>Moody's/S&P/Fitch | Net Rentable<br>Area (SF) | Base Rent<br>PSF | Lease<br>Expiration Date |
| Hag Wines & Liquors Inc.                 | NA / NA / NA                 | 1,300                     | \$88.81          | 2/28/2018                |
| Domino's Pizza                           | NA / NA / NA                 | 1,200                     | \$130.00         | 3/31/2024                |
| Ashiya Sushi                             | NA / NA / NA                 | 1,200                     | \$79.57          | 2/28/2021                |
| Mira's Nails and Spa, Inc.               | NA / NA / NA                 | 1,000                     | \$89.36          | 6/30/2018                |
| Support Parking Corp. <sup>(2)(3)</sup>  | NA / NA / NA                 | 80                        | \$5,625          | 6/30/2016                |

(1) Based on the appraisal.

(2) Net Rentable Area (SF) for Support Parking Corp. reflects the amount of parking spaces available.

(3) Base Rent PSF reflects rent per parking space for Support Parking Corp. Base rent per parking space is based on a total of 80 spaces.

## 350 East 52nd Street

| Operating History and Underwritten Net Cash Flow |                    |                    |                    |                    |                 |                  |
|--|--------------------|--------------------|--------------------|--------------------|-----------------|------------------|
|  | 2011               | 2012               | 2013               | Underwritten       | Per Unit        | % <sup>(1)</sup> |
| Rents in Place (Residential)                     | \$3,469,243        | \$3,649,458        | \$3,716,852        | \$4,035,988        | \$29,460        | 79.1%            |
| Rents in Place (Commercial)                      | 1,063,502          | 982,288            | 987,727            | 987,727            | 7,210           | 19.4             |
| <b>Gross Potential Rent</b>                      | <b>\$4,532,745</b> | <b>\$4,631,746</b> | <b>\$4,704,579</b> | <b>\$5,023,715</b> | <b>\$36,669</b> | <b>98.5%</b>     |
| Other Income                                     | 49,481             | 36,158             | 77,028             | 77,028             | 562             | 1.5              |
| <b>Net Rental Income</b>                         | <b>\$4,582,226</b> | <b>\$4,667,904</b> | <b>\$4,781,607</b> | <b>\$5,100,743</b> | <b>\$37,232</b> | <b>100.0%</b>    |
| (Vacancy/Credit Loss)                            | 0                  | 0                  | 0                  | (153,022)          | (1,117)         | (3.0)            |
| <b>Effective Gross Income</b>                    | <b>\$4,582,226</b> | <b>\$4,667,904</b> | <b>\$4,781,607</b> | <b>\$4,947,721</b> | <b>\$36,115</b> | <b>97.0%</b>     |
| <b>Total Expenses</b>                            | <b>\$2,587,591</b> | <b>\$2,544,757</b> | <b>\$2,422,401</b> | <b>\$2,623,366</b> | <b>\$19,149</b> | <b>53.0%</b>     |
| <b>Net Operating Income</b>                      | <b>\$1,994,635</b> | <b>\$2,123,147</b> | <b>\$2,359,206</b> | <b>\$2,324,355</b> | <b>\$16,966</b> | <b>47.0%</b>     |
| Total TI/LC, Capex/RR                            | 0                  | 0                  | 0                  | 43,840             | 320             | 0.9              |
| <b>Net Cash Flow</b>                             | <b>\$1,994,635</b> | <b>\$2,123,147</b> | <b>\$2,359,206</b> | <b>\$2,280,515</b> | <b>\$16,646</b> | <b>46.1%</b>     |
| <b>Occupancy<sup>(2)</sup></b>                   | <b>97.8%</b>       | <b>99.3%</b>       | <b>97.8%</b>       | <b>97.0%</b>       |                 |                  |

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

(2) Historical Occupancies are as of December 31 of each respective year and are for the residential portion of the property. The commercial portion of the property was 100.0% occupied for the same periods. As of June 1, 2014 the residential portion of the property was 97.8% occupied and the commercial portion of the property was 100.0% occupied.

**J-51 Tax Abatement.** The loan sponsor reported that a group of tenants at the property filed a class action lawsuit in 2011 claiming that the loan sponsor charged rents in excess of legal limits on rent-stabilized units during a period in which the loan sponsor was receiving tax benefits under a J-51 tax abatement program. The property no longer benefits from the J-51 tax abatement program. A third-party expert in the field of rent regulation estimated that, in the aggregate, tenants may have been over-charged approximately \$50,000. The borrower escrowed \$500,000 at origination to cover any potential damages resulting from such lawsuit. The loan is recourse to the guarantor for any J-51 tax abatement program related claim but only to the extent such loss exceeds any unused amounts in the J-51 tax abatement reserve. See “Description of the Mortgage Pool—Mortgaged Property Considerations—Litigation Considerations; Bankruptcy Issues and Other Proceedings” in the Prospectus Supplement.