

Mortgage Loan No. 11 — Great Falls Marketplace

Mortgage Loan Information

Mortgage Loan Seller:	UBS AG
Original Principal Balance:	\$20,750,000
Cut-off Date Principal Balance:	\$20,750,000
% of Pool by IPB:	3.4%
Loan Purpose:	Refinance
Borrower:	Great Falls Marketplace Holdings, LLC
Sponsors:	Kenneth Yaklin; Mark Macek; Richard Sanchez; Martin J. Roe
Interest Rate:	5.9070%
Note Date:	11/18/2016
Maturity Date:	12/6/2026
Interest-only Period:	0 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	Balloon
Call Protection:	L(24),Def(92),O(4)
Lockbox:	Hard
Additional Debt:	No
Additional Debt Balance:	N/A
Additional Debt Type:	N/A
Additional Future Debt Permitted:	No

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Retail – Anchored
Net Rentable Area (SF):	214,951
Location:	Great Falls, MT
Year Built / Renovated:	1997 / N/A
Occupancy:	99.3%
Occupancy Date:	10/31/2016
Number of Tenants:	16
2013 NOI:	\$2,157,370
2014 NOI:	\$2,266,782
2015 NOI:	\$2,155,140
TTM NOI⁽¹⁾:	\$1,987,620
UW Economic Occupancy:	95.0%
UW Revenues:	\$2,985,340
UW Expenses:	\$757,387
UW NOI:	\$2,227,953
UW NCF:	\$2,128,485
Appraised Value / Per SF:	\$33,300,000 / \$155
Appraisal Date:	9/12/2016

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$219,016	\$28,818	N/A
Insurance:	\$11,134	\$2,420	N/A
TI/LC⁽²⁾:	\$750,000	Springing	\$750,000
Immediate Repairs:	\$4,875	N/A	N/A
Replacement Reserves:	\$0	\$3,583	N/A
Structural Reserve:	\$581,875	\$0	N/A
Material Tenant Rollover Reserve:	\$0	Springing ⁽³⁾	N/A

Financial Information

Cut-off Date Loan / SF:	\$97
Maturity Date Loan / SF:	\$82
Cut-off Date LTV:	62.3%
Maturity Date LTV:	52.7%
UW NCF DSCR:	1.44x
UW NOI Debt Yield:	10.7%

Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan	\$20,750,000	98.8%
Borrower Equity	247,975	1.2
Total Sources	\$20,997,975	100.0%

Uses	Proceeds	% of Total
Payoff Existing Debt	\$18,401,680	87.6%
Upfront Reserves	1,566,899	7.5
Closing Costs	1,029,396	4.9
Total Uses	\$20,997,975	100.0%

(1) Represents the trailing twelve-month period ending September 30, 2016.

(2) The borrower is required to make monthly deposits of \$13,434 for tenant improvement and leasing commissions at any time that the balance in the TI/LC Reserve is less than \$250,000 or during the continuance of an event of default, until the balance in such TI/LC Reserve is equal to \$750,000.

(3) During the occurrence and continuation of a Material Tenant Trigger Event, on each monthly payment date, the borrower is required to deposit with the lender all excess cash flow for tenant improvements and leasing commissions related to re-tenanting or extending the applicable Material Tenant space at the property, as particularly set forth in the loan documents. A "Material Tenant Trigger Event" will commence upon the earliest of (i) a Material Tenant giving notice of its intention to terminate, cancel, not extend or renew its lease, (ii) a Material Tenant not extending or renewing its lease on or prior to the date that is (a) six months prior to the then applicable expiration date of its lease or (b) required under its lease to extend or renew such lease, (iii) the occurrence and continuance of an event of default beyond any applicable notice and cure period, (iv) a bankruptcy action against a Material Tenant, (v) a Material Tenant lease is terminated or no longer in full force and effect, (vi) a Material Tenant going dark, vacating, ceasing to occupy or ceasing to

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conduct business at the property, or (vii) the long term unsecured debt rating of a Material Tenant (or lease guarantor as applicable) being downgraded below investment grade. Such monthly deposits will not be required when (i) such Material Tenant Trigger Event is cured according to the loan documents or (ii) (a) the debt service coverage ratio is at least 1.20x and (b) the funds on deposit in such Material Tenant Rollover Reserve are equal to or greater than the product of \$20.00 and the net rentable area demised under such Material Tenant Trigger Event. A "Material Tenant" is (i) Smith's Food & Drug, (ii) Carmike Cinema, (iii) Office Max, (iv) Michaels Arts & Crafts, (v) Barnes & Noble, or (vi) any tenant, together with its affiliates, (a) leasing 10% or more of the property or (b) pays in-place rent of 10% or more of the in-place rents at the property.

The Loan. The Great Falls Marketplace loan is a \$20.75 million first mortgage loan secured by the fee interest in a 214,951 SF anchored retail shopping center located in Great Falls, Montana. The loan has a 10-year term and a 30-year amortization schedule.

The Borrower. The borrowing entity for the loan is Great Falls Marketplace Holdings, LLC, a Delaware limited liability company and special purpose entity.

The Sponsors. The loan's sponsors and non-recourse carve-out guarantors are Kenneth Yaklin, Mark Macek, Richard Sanchez and Martin J. Roe.

The Property. Located in Great Falls, Montana and built in 1997, the property is a 214,951 SF retail center situated on 33.2 acres with 1,510 parking spaces (7.02 spaces per 1,000 SF). The property is currently 99.3% occupied as of October 31, 2016 and has achieved an average occupancy of 98.9% from 2006 to 2015. Anchored by Smith's Food & Drug ("Smith's") and Carmike Cinema, the property is occupied by a diverse mix of 16 national tenants, including Michaels Arts & Crafts, Barnes & Noble, Old Navy, Petco, Pier 1 Imports, AT&T and Cold Stone Creamery. Six tenants totaling 151,358 SF (70.4% of NRA, 63.2% of UW Base Rent) have been in occupancy at the property since 1998.

The largest tenant, Smith's (51,150 SF, 23.8% of NRA, 20.2% of UW Base Rent) is a subsidiary of Kroger (Moody's/S&P/Fitch: Baa1/BBB/BBB) and has been in occupancy at the property since 1998. The tenant pays current base rent of \$9.50 PSF and additional annual rent of \$35,000 to operate the fuel island at the property. Smith's lease and fuel operating lease are co-terminus and expire on March 31, 2030, with two, 10-year renewal options and no termination options for its leased premises of 51,150 SF and two, five-year renewal options for its fuel island operating lease. Smith's has the right to terminate the fuel island operating lease at any time prior to July 5, 2017. For the year ending December 31, 2015, Smith's achieved gross sales of \$610 PSF, a 4.1% increase over 2014 sales, and operated at an occupancy cost of 2.1%. Carmike Cinema (32,500 SF, 15.1% of NRA, 9.0% of UW Base Rent) has operated a 10-screen movie theater at the property since 1998. Pursuant to its lease, Carmike Cinema constructed its own building and at the end of its lease term, its improvements will be surrendered to the borrower. Carmike Cinema's lease expires on February 28, 2023 and provides for three, five-year renewal options and no termination options.

The Market. The property is located in Great Falls, Cascade County, Montana, approximately 3.2 miles west of the Great Falls central business district. According to a third party market research report, as of the second quarter of 2016, the Cascade County, Montana retail market contains 243 buildings accounting for approximately 4.1 million SF of retail space with an overall vacancy rate of 1.6% and average rental rate of \$8.54 PSF on a triple net basis.

According to a third party market research report, the estimated 2016 population for the one-, three- and five-mile radius of the property is 5,045, 25,460, and 58,830, respectively. The estimated 2016 average household income for the one-, three- and five-mile radius is \$97,907, \$60,013, and \$61,540, respectively. Comparatively, the average household income for Cascade County and the state of Montana are \$62,067 and \$65,529, respectively.

Access to the Marketplace area and Great Falls Marketplace property is afforded by 10th Avenue, which provides local access from the Great Falls central business district, and Interstate 15, which provides regional access from Helena, Montana and the Canadian border. According to the appraisal, there are four major retail concentrations in the Great Falls market: Marketplace, 10th Avenue, Downtown and Northend. None of the competitive set properties are located in the Marketplace area, according to the appraisal.

The property benefits from its national tenant mix, many of which represent the only stores for each retailer in the market. Michaels Arts & Crafts and Petco's nearest location are approximately 86 miles south of the property in Helena, Montana. Smith's and Office Max's nearest locations are approximately 180 miles south of the property in Bozeman, Montana. Old Navy's

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nearest location is approximately 220 miles southeast of the property in Billings, Montana. Carmike Cinema's nearest location is approximately 180 miles south of the property in Butte, Montana, and according to the appraisal, Carmike Cinema is the only movie theater in the Great Falls market.

Competitive Set Summary⁽¹⁾

Property	Year Built/ Renovated	Net Rentable Area (SF)	Tenants	Occupancy (%)	Distance (miles)
Great Falls Marketplace	1997/N/A	214,951⁽²⁾	Smith's Food & Drug, Carmike Cinema, Office Max, Michaels Arts & Crafts⁽²⁾	99.3%⁽²⁾	-
Holiday Village Mall	1959/2008	556,622	JCPenney, Scheels, Herbergers, Bed, Bath & Beyond, Ross	86.0%	2.5
University Square	1986/N/A	161,417	Target	100.0%	3.4
Agri Village	1976/N/A	102,480	Liquidation World	100.0%	5.3
Northside	1952/1989	100,000	IGA	100.0%	4.0
Westwood Mall	1979/2013	447,135	ShopKo, Staples, Sam's Club, TJ Maxx, Ace Hardware, Kmart	95.0%	2.5

(1) Source: Appraisal.

(2) Based on the underwritten rent roll dated October 31, 2016.

Historical and Current Occupancy⁽¹⁾

2012	2013	2014	2015	Current ⁽²⁾
100.0%	99.3%	99.3%	99.3%	99.3%

(1) The historical occupancies, provided by the sponsor, are as of December 31 of each respective year.

(2) As of the October 31, 2016 underwritten rent roll.

Tenant Summary⁽¹⁾

Tenant	Ratings Moody's/S&P/Fitch ⁽²⁾	Net Rentable Area (SF)	% of Total NRA	UW Base Rent PSF	TTM Sales PSF ⁽³⁾	Lease Expiration Date
Smith's Food & Drug	Baa1/BBB/BBB	51,150	23.8%	\$9.50	\$610	3/31/2030
Carmike Cinema	NR/NR/NR	32,500	15.1%	\$6.66	\$345,741	2/28/2023
Office Max	NR/NR/NR	23,688	11.0%	\$10.50	N/A	12/31/2017
Michaels Arts & Crafts	NR/NR/NR	20,454	9.5%	\$12.32	\$170	2/28/2021
Barnes & Noble	NR/NR/NR	20,020	9.3%	\$12.50	\$129	1/31/2018

(1) Based on the underwritten rent roll dated October 31, 2016.

(2) Ratings provided are for the parent company of the entity listed in the "Tenant" field whether or not the parent company guarantees the lease.

(3) Based on the most recent trailing twelve-month period, except for Smith's Food & Drug which is as of December 31, 2015, as reported by the sponsor. TTM Sales PSF for Carmike Cinema is based on 10 screens.

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Lease Rollover Schedule⁽¹⁾

Year	Number of Leases Expiring	NRA Expiring (SF)	% of NRA Expiring	UW Base Rent Expiring	% of UW Base Rent Expiring	Cumulative NRA Expiring (SF)	Cumulative % of NRA Expiring	Cumulative UW Base Rent Expiring	Cumulative % of UW Base Rent Expiring
Vacant	NAP	1,500	0.7%	NAP	NAP	1,500	0.7%	NAP	NAP
MTM	0	0	0.0	\$0	0.0%	1,500	0.7%	\$0	0.0%
2016	0	0	0.0	0	0.0	1,500	0.7%	\$0	0.0%
2017	1	23,688	11.0	248,724	10.3	25,188	11.7%	\$248,724	10.3%
2018	5	33,032	15.4	433,848	18.0	58,220	27.1%	\$682,572	28.3%
2019	4	41,237	19.2	578,056	24.0	99,457	46.3%	\$1,260,628	52.3%
2020	0	0	0.0	0	0.0	99,457	46.3%	\$1,260,628	52.3%
2021	3	23,844	11.1	313,084	13.0	123,301	57.4%	\$1,573,713	65.3%
2022	1	8,000	3.7	133,439	5.5	131,301	61.1%	\$1,707,152	70.9%
2023	1	32,500	15.1	216,450	9.0	163,801	76.2%	\$1,923,602	79.8%
2024	0	0	0.0	0	0.0	163,801	76.2%	\$1,923,602	79.8%
2025	0	0	0.0	0	0.0	163,801	76.2%	\$1,923,602	79.8%
2026 & Beyond	1	51,150	23.8	485,925	20.2	214,951	100.0%	\$2,409,527	100.0%
Total	16	214,951	100.0%	\$2,409,527	100.0%				

(1) Based on the underwritten rent roll dated October 31, 2016.

Operating History and Underwritten Net Cash Flow

	2013	2014	2015	TTM ⁽¹⁾	Underwritten	PSF	% ⁽²⁾
Rents in Place ⁽³⁾	\$2,317,552	\$2,354,374	\$2,373,805	\$2,395,754	\$2,409,527	\$11.21	77.6%
Vacancy Gross Up	0	0	0	0	30,000	0.14	1.0
Gross Potential Rent	\$2,317,552	\$2,354,374	\$2,373,805	\$2,395,754	\$2,439,527	\$11.35	78.6%
Total Reimbursements	570,961	642,466	607,827	641,060	664,252	3.09	21.4
Net Rental Income	\$2,888,513	\$2,996,840	\$2,981,631	\$3,036,814	\$3,103,779	\$14.44	100.0%
(Vacancy/Collection Loss) ⁽⁴⁾	0	0	0	0	(155,189)	(0.72)	(5.0)
Other Income ⁽⁵⁾	40,750	40,750	40,750	40,750	36,750	0.17	1.2
Effective Gross Income	\$2,929,263	\$3,037,590	\$3,022,381	\$3,077,564	\$2,985,340	\$13.89	96.2%
Total Expenses	\$771,893	\$770,807	\$867,241	\$1,089,944	\$757,387	\$3.52	25.4%
Net Operating Income	\$2,157,370	\$2,266,782	\$2,155,140	\$1,987,620	\$2,227,953	\$10.36	74.6%
Total TI/LC, Capex/RR	0	0	0	0	99,467	0.46	3.3
Net Cash Flow	\$2,157,370	\$2,266,782	\$2,155,140	\$1,987,620	\$2,128,485	\$9.90	71.3%

(1) The TTM column represents the trailing twelve-month period ending September 30, 2016.

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

(3) Underwritten Rents in Place are based on the October 31, 2016 underwritten rent roll and include base rent and contractual rent increases of \$1,732 occurring through October 31, 2017.

(4) Vacancy/Collection Loss includes an underwriting adjustment of 3.9% bringing underwritten occupancy down to 95.0%. As of the underwritten rent roll dated October 31, 2016, the property was 99.3% occupied.

(5) Other Income includes annual rent of \$35,000 from Smith's to operate the fuel island base on the property, which increases to \$40,000 on April 20, 2020. Smith's has the right to terminate the operating lease at any time prior to July 5, 2017.