

2401 & 2701 Utah Avenue South  
Seattle, WA 98134

Collateral Asset Summary – Loan No. 5

## Starbucks Center

Cut-off Date Balance:	\$40,000,000
Cut-off Date LTV:	30.9%
U/W NCF DSCR:	3.16x
U/W NOI Debt Yield:	12.3%



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### Mortgage Loan Information

**Loan Seller:** GACC  
**Loan Purpose:** Refinance  
**Sponsors<sup>(1)</sup>:** Kevin Daniels; Peter Nitze  
**Borrower:** First and Utah Properties, LLC  
**Original Balance<sup>(2)</sup>:** \$40,000,000  
**Cut-off Date Balance<sup>(2)</sup>:** \$40,000,000  
**% by Initial UPB:** 4.5%  
**Interest Rate:** 3.5240%  
**Payment Date:** 6<sup>th</sup> of each month  
**First Payment Date:** November 6, 2016  
**ARD Date:** October 6, 2026  
**Final Maturity Date:** October 6, 2028  
**Amortization:** Interest only, ARD  
**Additional Debt<sup>(2)</sup>:** \$100,000,000 *Pari Passu* Debt; Future Junior Debt Permitted  
**Call Protection<sup>(3)(4)</sup>:** L(24), D(91), O(5)  
**Lockbox / Cash Management:** Springing Hard / Springing

### Reserves<sup>(5)</sup>

	Initial	Monthly
<b>Taxes:</b>	\$13,389	\$74,381
<b>Insurance:</b>	\$165,278	Springing
<b>Replacement:</b>	\$0	\$25,112
<b>TI/LC:</b>	\$455,670	Springing
<b>Environmental:</b>	\$177,500	Springing
<b>Rent Concession:</b>	\$303,780	NAP
<b>Lease Sweep:</b>	\$0	Springing

### Financial Information<sup>(6)</sup>

<b>Cut-off Date Balance / Sq. Ft.:</b>	\$93
<b>Balloon Balance / Sq. Ft.:</b>	\$93
<b>Cut-off Date LTV:</b>	30.9%
<b>Balloon LTV:</b>	30.9%
<b>Underwritten NOI DSCR:</b>	3.44x
<b>Underwritten NCF DSCR:</b>	3.16x
<b>Underwritten NOI Debt Yield:</b>	12.3%
<b>Underwritten NCF Debt Yield:</b>	11.3%
<b>Underwritten NOI Debt Yield at Balloon:</b>	12.3%
<b>Underwritten NCF Debt Yield at Balloon:</b>	11.3%

### Property Information

**Single Asset / Portfolio:** Single Asset  
**Property Type:** Mixed Use Office / Retail  
**Collateral:** Fee Simple  
**Location:** Seattle, WA  
**Year Built / Renovated:** 1912, 1915, 1993 / 2001  
**Total Sq. Ft.:** 1,506,716  
**Property Management:** Nitze-Stagen & Co., Inc.  
**Underwritten NOI:** \$17,196,971  
**Underwritten NCF:** \$15,789,882  
**Appraised Value<sup>(7)</sup>:** \$453,500,000  
**Appraisal Date:** June 21, 2016

### Historical NOI

<b>Most Recent NOI<sup>(8)</sup>:</b>	\$15,479,016 (T-12 June 30, 2016)
<b>2015 NOI:</b>	\$16,173,241 (December 31, 2015)
<b>2014 NOI:</b>	\$16,524,259 (December 31, 2014)
<b>2013 NOI:</b>	\$15,921,473 (December 31, 2013)

### Historical Occupancy

<b>Most Recent Occupancy<sup>(9)</sup>:</b>	93.0% (August 1, 2016)
<b>2015 Occupancy:</b>	97.7% (December 31, 2015)
<b>2014 Occupancy:</b>	97.5% (December 31, 2014)
<b>2013 Occupancy:</b>	98.6% (December 31, 2013)

- (1) The loan sponsors are not guarantors for the Starbucks Center Loan. See "The Borrower / Sponsors" herein for additional information.
- (2) The Original Balance and Cut-off Date Balance of \$40.0 million represents the non-controlling Note A-1 which, together with the controlling *pari passu* Note A-2 and non-controlling Note A-3, with an aggregate original principal balance of \$100.0 million, comprise the Starbucks Center Whole Loan with an aggregate original principal balance of \$140.0 million. For additional information regarding the *pari passu* notes, see "The Loan" herein.
- (3) The lockout period will be at least 24 payment dates beginning with and including the first payment date of November 6, 2016. Defeasance of the full \$140.0 million Starbucks Center Whole Loan is permitted after the date that is the earlier to occur of (i) two years after the closing date of the securitization that includes the last *pari passu* note to be securitized and (ii) September 14, 2019. The assumed lockout period of 24 payments is based on the expected COMM 2016-COR1 securitization closing date in October 2016. The actual lockout period may be longer.
- (4) Partial release is permitted. See "Partial Release" herein.
- (5) See "Initial Reserves" and "Ongoing Reserves" herein.
- (6) DSCR, LTV, Debt Yield and Balance / Sq. Ft. calculations are based on the aggregate Starbucks Center Whole Loan balance of \$140.0 million.
- (7) The appraiser concluded to a dark value of \$31,100,000 for the Home Depot building and \$360,300,000 for the Starbucks building. The aggregate dark value of \$391,400,000 results in a loan-to-dark value ratio of 35.8%.
- (8) The decrease in Most Recent NOI is due to Office Max vacating the Starbucks Center Property in order to develop the new Starbucks lobby store.
- (9) Most Recent Occupancy represents the physical occupancy as of August 1, 2016, which includes 76,518 sq. ft. (5.1% of NRA) that is on a month-to-month basis and has been underwritten as vacant.

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**U/W NOI Debt Yield:** 12.3%

### Tenant Summary

Tenant	Ratings (Fitch/Moody's/S&P) <sup>(1)</sup>	Net Rentable Area (Sq. Ft.)	% of Net Rentable Area	U/W Base Rent PSF	% of Total U/W Base Rent	Lease Expiration
Starbucks <sup>(2)(3)</sup>	A/A2/A-	1,151,196	76.4%	\$9.80	80.1%	9/30/2025
Home Depot <sup>(4)</sup>	A/A2/A	108,000	7.2%	\$16.58	12.7%	1/31/2019
Confidential IG Tenant <sup>(5)</sup>	NR/Baa1/ AA-	45,567	3.0%	\$20.00	6.5%	4/1/2026
<b>Subtotal / Wtd. Avg.</b>		<b>1,304,763</b>	<b>86.6%</b>	<b>\$10.72</b>	<b>99.2%</b>	
Remaining Tenants		20,108	1.3%	\$5.37	0.8%	
MTM Tenants <sup>(6)</sup>		76,518	5.1%	NAP	NAP	
<b>Total Occupied / Wtd. Avg.</b>		<b>1,401,389</b>	<b>93.0%</b>	<b>\$10.64</b>	<b>100.0%</b>	
Vacant		105,327	7.0%			
<b>Total</b>		<b>1,506,716</b>	<b>100.0%</b>			

- (1) Certain ratings are those of the parent company whether or not the parent company guarantees the lease.
- (2) Starbucks Corporation ("Starbucks") has three, five-year extension options at 95.0% of fair market value, with the first extension option to commence on September 2, 2025 with nine months' prior notice. Starbucks does not have any early termination or contraction options.
- (3) The Starbucks lease includes approximately 64,472 sq. ft. for which rent payments commence no later than October 2016, approximately 17,640 sq. ft. for which rent payments commence no later than February 2017 and approximately 62,851 sq. ft. for which rent payments commence no later than October 2017.
- (4) The Home Depot, Inc. ("Home Depot") has three, five-year extension options remaining at fair market value, with the first extension option to commence on February 1, 2019 with six months' notice. Home Depot does not have any early termination or contraction options.
- (5) Confidential IG Tenant began its lease June 1, 2016 and is expected to open and begin paying full rent in December 2016. At loan origination, \$303,780 was deposited into a rent concession reserve to cover rental payments for four months through December 2016. In addition, Confidential IG Tenant has four, 5-year extension options with nine months prior notice and with a rental rate 15.0% higher than the prior term rental rate.
- (6) MTM Tenants have been underwritten as vacant.

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

Year	# of Leases Expiring	Total Expiring Sq. Ft.	% of Total Sq. Ft. Expiring	Cumulative Sq. Ft. Expiring	Cumulative % of Sq. Ft. Expiring	Annual U/W Base Rent PSF	% U/W Base Rent Rolling	Cumulative % of U/W Base Rent
MTM	39	76,518	5.1%	76,518	5.1%	NAP	0.0%	0.0%
2016	0	0	0.0%	76,518	5.1%	\$0.00	0.0%	0.0%
2017	2	7,530	0.5%	84,048	5.6%	\$3.26	0.2%	0.2%
2018	2	11,978	0.8%	96,026	6.4%	\$6.21	0.5%	0.7%
2019	2	108,600	7.2%	204,626	13.6%	\$16.57	12.8%	13.5%
2020	0	0	0.0%	204,626	13.6%	\$0.00	0.0%	13.5%
2021	0	0	0.0%	204,626	13.6%	\$0.00	0.0%	13.5%
2022	0	0	0.0%	204,626	13.6%	\$0.00	0.0%	13.5%
2023	0	0	0.0%	204,626	13.6%	\$0.00	0.0%	13.5%
2024	0	0	0.0%	204,626	13.6%	\$0.00	0.0%	13.5%
2025	20	1,151,196	76.4%	1,355,822	90.0%	\$9.80	80.1%	93.5%
2026	1	45,567	3.0%	1,401,389	93.0%	\$20.00	6.5%	100.0%
Thereafter	0	0	0.0%	1,401,389	93.0%	\$0.00	0.0%	100.0%
Vacant	0	105,327	7.0%	1,506,716	100.0%	NAP	NAP	
<b>Total / Wtd. Avg.</b>	<b>66</b>	<b>1,506,716</b>	<b>100.0%</b>			<b>\$10.64</b>	<b>100.0%</b>	

- (1) Starbucks, Home Depot and Confidential IG Tenant have no early termination or contraction options.

**The Loan.** The Starbucks Center loan (the "Starbucks Center Loan") is a fixed rate loan secured by the borrower's fee simple interest in a 1,506,716 sq. ft. mixed use office and retail property located at 2401 and 2701 Utah Avenue South in Seattle, Washington (the "Starbucks Center Property"). The Starbucks Center Loan is evidenced by the non-controlling Note A-1, with an original principal balance of \$40.0 million, which will be included in the COMM 2016-COR1 Mortgage Trust. The remaining controlling *pari passu* Note A-2, with an original principal balance of \$65.0 million, and non-controlling Note A-3, with an original principal balance of \$35.0 million, will not be included in the COMM 2016-COR1 Mortgage Trust and are each held by Deutsche Bank AG, New York Branch (an affiliate of GACC) or an affiliate, and are anticipated to be contributed to a future securitization. Note A-2 and Note A-3 are *pari passu* companion loans, and together with the Starbucks Center Loan, the "Starbucks Center Whole Loan", with an aggregate original and cut-off date principal balance of \$140.0 million.

The relationship between the holders of the Starbucks Center Whole Loan will be governed by a co-lender agreement as described under the "Description of the Mortgage Pool – The Whole Loans – Starbucks Center Whole Loan" in the Prospectus.

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**U/W NOI Debt Yield:** 12.3%

**Whole Loan Summary**

	Original Balance	Cut-off Date Balance	Note Holder	Controlling Piece
Note A-1	\$40,000,000	\$40,000,000	COMM 2016-COR1	No
Note A-2	\$65,000,000	\$65,000,000	DBNY	Yes
Note A-3	\$35,000,000	\$35,000,000	DBNY	No
<b>Total</b>	<b>\$140,000,000</b>	<b>\$140,000,000</b>		

The Starbucks Center Loan pays interest only for the term of the loan. The Starbucks Center Whole Loan has an anticipated repayment date of October 6, 2026 (the “Anticipated Repayment Date” or “ARD”) and a stated maturity date of October 6, 2028. Prior to the Anticipated Repayment Date, the Starbucks Center Loan accrues interest at a fixed rate of 3.5240%. From and after the Anticipated Repayment Date, the Starbucks Center Loan accrues interest at a fixed rate that is equal to the greater of (i) 5.5240% and (ii) the 10-year swap spread as of the Anticipated Repayment Date plus 4.0000% (the “Adjusted Interest Rate”).

Loan proceeds were used to retire existing debt of approximately \$105.2 million, fund reserves of approximately \$1.1 million, pay closing costs of approximately \$1.5 million and return approximately \$32.1 million of equity to the sponsors. Based on the appraised value of \$453.5 million as of June 21, 2016, the cut-off date LTV is 30.9%. The most recent prior financing of the Starbucks Center Property was not included in a securitization.

**Sources and Uses**

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Loan Amount	\$140,000,000	100.0%	Loan Payoff <sup>(1)</sup>	\$105,225,885	75.2%
			Reserves	\$1,115,617	0.8%
			Closing Costs	\$1,523,120	1.1%
			Return of Equity	\$32,135,379	23.0%
<b>Total Sources</b>	<b>\$140,000,000</b>	<b>100.0%</b>	<b>Total Uses</b>	<b>\$140,000,000</b>	<b>100.0%</b>

(1) Includes a \$16.6 million payoff and \$500,000 prepayment fee of the remaining balance on loans related to the sponsors' build out of the originally raw warehouse space pursuant to which the sponsors paid principal and interest on the related loans to Starbucks and Starbucks reimbursed the sponsors in the form of additional rent. These loans were paid off in full in connection with the origination of the Starbucks Center Whole Loan but Starbucks is required to continue to make the additional rental payments under the original terms of the lease.

**The Borrower / Sponsors.** The borrower, First and Utah Properties, LLC, is a single purpose Delaware limited liability company structured to be bankruptcy-remote, with two independent directors in its organizational structure. The sponsors of the borrower are Peter Nitze and Kevin Daniels. There is no separate carve-out guarantor for the Starbucks Center Loan and the Starbucks Center Loan is fully recourse to the borrower. Nitze-Stagen & Co., Inc. agreed to indemnify lender for any loss, up to \$1.0 million, related to the borrower's failure to comply with environmental laws and/or remediation of the Starbucks Center Property (see “Environmental Matters” herein for additional information).

Peter Nitze and Kevin Daniels are Chairman and Vice Chairman, respectively, of Nitze-Stagen, an integrated real estate investment and property management firm founded in 1970 by Peter Nitze and Frank Stagen. Nitze-Stagen & Co., Inc. manages a portfolio of properties in the Seattle market including Union Station Parking, a 1,200 parking stall site and The Ainsworth & Dunn Warehouse.

Kevin Daniels has over 30 years of real estate experience, including leasing, development and property management. Through its affiliate, Daniels Real Estate, of which Kevin Daniels is President, Nitze-Stagen is also involved in commercial development and the redevelopment of historic and landmark buildings throughout the greater Seattle area. Daniels Real Estate recently completed the redevelopment of Merrill Place, a 179,000 sq. ft. creative office project in a historic brick and timber building in Pioneer Square, just one mile north of Starbucks Center. Some of Daniels Real Estate's current projects include a 43-story high rise office and luxury hotel tower in downtown Seattle, a 30-story high-rise luxury condominium tower in downtown Seattle, 107 contemporary condominiums atop a historic masonry building with first floor retail and a mixed use project consisting of 162 apartment units and 120 for-sale condominium units located in downtown Bellevue. In prior years Mr. Daniels has served on the Board of Trustees for the National Trust for Historic Preservation where he is vice-chair of the Audit Committees and is co-chair of the Alliance for Pioneer Square.

**The Property.** The Starbucks Center Property is a mixed use office and retail property located approximately one mile south of downtown Seattle, Washington. The Starbucks Center Property consists of the Starbucks corporate headquarters building and an adjacent Home Depot store. The Starbucks Center Property totals approximately 1.5 million sq. ft. throughout two buildings, including the 1.4 million sq. ft. Starbucks building and the 108,000 sq. ft. Home Depot building. The Starbucks building consists of three conjoined nine-story office buildings originally built in 1912 with expansions taking place in 1956, 1965, 1974 and 2001. The Home Depot building consists of the single story retail box located on a pad site and was built by the sponsors in 1993. Collateral for the Starbucks Center Loan also includes two seven-story standalone parking structures built in 1976 and 2002, comprising 1,138 parking spaces that serve the Starbucks building. In addition, the Starbucks Center Property has 650 surface spaces for a total parking ratio of 1.19 spaces per 1,000 sq. ft. The Starbucks tenant also owns two additional non-collateral parking lots adjacent to the Home Depot building.

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The Starbucks building is comprised of approximately 1.2 million sq. ft. of office space, approximately 98,055 sq. ft. of warehouse space, approximately 70,917 sq. ft. of retail space and approximately 74,909 sq. ft. of basement storage. The Starbucks tenant leases space throughout all nine floors with the majority of its 1.15 million sq. ft. on floors three through nine and with the remaining space, which includes an innovation lab, a research and development lab, a daycare center and a cafeteria, on the first two floors. Starbucks also leases approximately 2,500 sq. ft. of first floor retail space and is looking to expand into additional space on the same floor. The Confidential IG Tenant leases 45,567 sq. ft. of retail located on the first floor. The remaining 16 tenants, some of which are on month-to-month leases, total approximately 2.1% of NRA and are located throughout the first and second floors. Vacant space at the Starbucks building mostly consists of basement storage and second floor warehouse space.

Since acquiring the property in 1990, the sponsor has worked with Starbucks to invest over \$144.0 million into the Starbucks Center Property. Starbucks first took occupancy in 1993 with a short-term lease for the 8<sup>th</sup> and 9<sup>th</sup> floors and has since expanded over 60 times while directly investing over \$59.0 million into its space. Notable improvements include conversion of 1.0 million sq. ft. of former retail and warehouse space into modernized creative office space, a full seismic upgrade, elevator modernization, energy efficiency upgrades to achieve LEED Gold status, updated lobby, addition of a Starbucks retail store and significant tenant improvements. The Starbucks Center Property accommodates over 4,500 Starbucks employees and offers a full suite of onsite amenities including a full service fitness center, day care facilities, multiple dining and cafeteria options, and space for Starbucks to create full-scale store replicas to test new concepts.

The Home Depot building consists of a 108,000 sq. ft. stand alone Home Depot retail store, which is the only Home Depot in downtown Seattle. The Home Depot store has 264 parking spaces for a ratio of 2.44 spaces per 1,000 sq. ft. Sales at the Home Depot store have been steadily increasing and surpass the nation average, as shown in the following chart.

Home Depot Historical Sales <sup>(1)</sup>						
	2011	2012	2013	2014	2015	National Average <sup>(2)</sup>
Home Depot Sales (\$)	\$37,358,039	\$49,262,658	\$53,893,920	\$57,394,867	\$63,060,032	\$39,000,000
Sales PSF	\$345.91	\$456.14	\$499.02	\$531.43	\$583.89	\$371.00

(1) Sales figures were provided by the borrower.

(2) Home Depot National Average sales are as of June 1, 2016.

**Environmental Matters.** The Phase I environmental report dated June 24, 2016 noted two outstanding recognized environmental conditions (each a “REC”) at the Starbucks Center Property, as described below.

South Loading Dock Site: Groundwater samples taken in 1993 revealed concentrations of diesel fuel which were above the Washington State Department of Ecology’s (“DOE”) cleanup level. In 1995 however, an environmental consultant excavated soil in the area around prior underground storage tanks (“UST”) that caused the diesel concentrations, and these samples indicated that contaminants were then below cleanup levels. While soil conditions were remediated at the Starbucks Center Property in the 1990’s, in 2006, the DOE said that the site is “mostly cleaned up” but declined to issue a no further action (“NFA”) determination due to the remaining concentrations.

Former Sears Automotive Center Site: Soil samples collected in 1994 at the former Sears Automotive Center site where Home Depot is located identified levels of petroleum in the groundwater from prior USTs at the site, none of which reported concentrations above the DOE cleanup levels. In 2006, the DOE stated that the site is mostly cleaned up, but declined to issue a NFA determination due to the lack of comprehensive documentation.

In connection with origination, the environmental consultant concluded that the cost to complete the work necessary to obtain a NFA determination at the Starbucks Center Property is \$142,000. At origination, the borrower reserved \$177,500, which represents 125.0% of the estimated cost. The Starbucks Center Loan is structured with a cash flow sweep if any other environmental matters are discovered in connection with the current RECs or if any unrelated future environmental issues are identified at the Starbucks Center Property, and such cash flow sweep will continue until such time as (i) the borrower has completed, to lender’s satisfaction, any necessary remediation or (ii) 125.0% of estimated costs to complete remediation is deposited in the sweep reserve. Additionally, Nitze-Stagen & Co. agreed to indemnify lender for any loss, up to \$1.0 million, related to the borrower’s failure to comply with environmental laws and/or remediation of the Starbucks Center Property.

### Major Tenants.

**Starbucks** (1,151,196 sq. ft., 76.4% of NRA, 80.1% of U/W Base Rent, rated A/A2/A- by Fitch/Moody’s/S&P). Starbucks Corporation (“Starbucks”)(NASDAQ:SBUX) was founded in 1985 and is headquartered at the Starbucks Center Property. Starbucks operates as a roaster, marketer, and retailer of specialty coffee worldwide. In addition to offering coffee and tea beverages in its stores, Starbucks licenses its trademarks through grocery and national foodservice accounts, including Teavana, Tazo, Seattle’s Best Coffee, Evolution Fresh, La Boulange, Ethos, Starbucks VIA, Seattle’s Best Coffee, Frappuccino, Starbucks Doubleshot, Starbucks Refreshers, and Starbucks Discoveries Iced Café Favorites brand names. As of March 27, 2016, Starbucks operated approximately 23,921 cafes.

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<b>U/W NOI Debt Yield:</b>	12.3%

Starbucks first took occupancy at the Starbucks Center Property in 1993 with a short-term lease for two floors. Since taking occupancy, Starbucks has invested over \$59.0 million directly into its space on upgrades, expansions and conversion of 1.0 million sq. ft. of former retail and warehouse space into modernized creative office space.

The Starbucks lease includes approximately 64,472 sq. ft. for which rent payments commence no later than October 2016, approximately 17,640 sq. ft. for which rent payments commence no later than February 2017 and approximately 62,851 sq. ft. for which rent payments commence no later than October 2017. Starbucks does not have any termination or contraction options. Starbucks has three 5-year extension options remaining at 95.0% of fair market value and nine months prior notice.

*Home Depot (108,000 sq. ft., 7.2% of NRA, 12.7% of U/W Base Rent, rated A/A2/A by Fitch/Moody's/S&P).* Home Depot (NYSE:HD) operates as a home improvement retailer and has been at the Starbucks Center Property since 1993. It operates The Home Depot stores that sell various building materials, home improvement products, and lawn and garden products, as well as provide installation, home maintenance, and professional service programs to do-it-yourself, do-it-for-me (DIFM), and professional customers. It primarily serves home owners, renovators/remodelers, general contractors, repairmen, installers, small business owners, and tradesmen. The company also sells its products online. As of December 31, 2015, the Home Depot has 2,274 stores, including 1,977 in the United States, 182 in Canada and 115 in Mexico. The Home Depot, Inc. was founded in 1978 and is based in Atlanta, Georgia.

Home Depot has three 5-year extension options remaining at fair market value and six months prior notice. Home Depot does not have any termination options.

*Confidential IG Tenant (45,567 sq. ft., 3.0% of NRA, 6.5% of U/W Base Rent, rated NR/Baa1/AA- by Fitch/Moody's/S&P).* The Confidential IG Tenant lease began June 1, 2016 and the tenant is expected to open and begin paying full rent in December 2016. At origination, the borrower deposited \$303,780 into a rent concession reserve to cover rental payments for four months through December 2016. The Confidential IG Tenant does not have any termination or contraction options. Confidential IG Tenant has four, 5-year extension options with nine months prior notice and with a rental rate 15.0% higher than the prior term rental rate.

**The Market.** The Starbucks Center Property is located approximately one mile south of downtown Seattle, Washington within the South-of-Downtown ("SoDo") district with frontage along Utah Avenue South. SoDo is a transitional area between the Pioneer Square and International Districts at the southern end of the Seattle central business district ("CBD") and the South Seattle industrial district. This area includes the Stadium District, which features Safeco Field, home of the Seattle Mariners, and CenturyLink Field, home both of the Seattle Seahawks and Seattle Sounders, as well as the Port of Seattle's Harbor Island facility. The major artery through the Seattle metropolitan area is Interstate 5, which runs from Canada to Mexico and is the primary transportation artery of the west coast of the United States. Interstate 5 defines the eastern boundary of the Seattle CBD and serves to regionally connect the city with Vancouver, British Columbia to the north and Portland, Oregon and San Francisco, California to the south. The Starbucks Center Property is also located less than a mile from the Sound Transit light rail's SoDo station. .

### Office Market

The Starbucks Center Property is located within the South Seattle/Close-In submarket of the Seattle regional office market. The boundaries of this submarket generally correspond to those of the City of Seattle's Duwamish Manufacturing and Industrial Center, encompassing all of the office buildings south of the Seattle CBD and north of the Tukwila submarket. As this area is mostly industrial in nature, and zoning generally does not allow for large office uses, the submarket, as of Q1 2016, has slightly more than 3.7 million sq. ft. of office space including the Starbucks building. Of the approximately 3.7 million sq. ft., approximately 2.7 million sq. ft. (74.7%) is Class A, 598,989 sq. ft. (16.4%) is classified as Class B, and 325,664 sq. ft. (8.9%) is classified as Class C. Total direct vacancy in the submarket is 12.3% including the Starbucks building, with Class A vacant space totaling 149,970 square feet and all encompassed in one building. The appraiser determined a vacancy rate and collection loss of 5.0% for the Starbucks building.

As of Q1 2016, the South Seattle/Close-In submarket has average asking rents of \$32.47 PSF with Class A asking rents at \$40.72 PSF. The overall CBD has average asking rents of \$37.19 PSF with Class A rents at \$41.79 PSF. Based upon recent leasing activity in the Seattle downtown area, the appraiser concluded market rent for the Starbucks building to be \$30.00 per sq. ft., modified gross. Since there are no office buildings in the Starbucks Center Property's immediate SoDo area, other than 2200 1st Avenue South, the appraiser reviewed comparable properties from the Seattle central business district and determined nine comparable leases to the Starbucks lease, as set forth in the subsequent chart.

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### Summary of Comparable Office Leases<sup>(1)</sup>

Property	Size	Year Built	Tenant Name	Lease Date	NRA	Term (yrs.)	Rent PSF	Lease Type
<b>Starbucks Building</b>	1,398,716 <sup>(2)</sup>	1912, 1915, 1993	Various	Various	Various	Various	\$9.78	Various
Exchange Building	314,705	1929	Deloitte	2Q16	29,235	10	\$38.00	Modified
Exchange Building	314,705	1929	Nuance	1Q16	49,640	10	\$32.00	Modified
Dexter Horton Building	336,355	1922	City of Seattle	2Q16	4,792	3.3	\$35.00	Modified
Dexter Horton Building	336,355	1922	Just Enough	1Q16	1,713	3.4	\$35.00	Modified
Pacific Building	200,000	1971	EMC Research	2Q16	42,480	4.3	\$35.00	Modified
Pacific Building	200,000	1971	ClearSlide	2Q16	3,568	3.2	\$38.00	Modified
Home Plate Center - South Bldg	189,602	2013	Seattle Metro Credit Union	4Q15	43,000	10.3	\$32.00	Net
200 Occidental	320,000	2015	Weyerhaeuser	3Q14	175,000	15	\$30.00	Net
Seattle Trade & Technology Center	339,515	1917, 1925	Zulily	4Q13	303,804	121	\$23.50	Net
<b>Avg. / Wtd. Avg.<sup>(3)</sup></b>	<b>283,471</b>				<b>72,581</b>		<b>\$28.04</b>	

(1) Source: Appraisal.

(2) Represents the total space at the Starbucks building per the August 1, 2016 underwritten rent roll.

(3) Avg. / Wtd. Avg. does not include the Starbucks Center building.

### Retail Market

The Home Depot building is located in the Northgate/Central submarket of Seattle. The Seattle retail market contains 27.1 million sq. ft. of space. Eastside/Bellevue is the largest submarket, comprising 33.6% of the area's total inventory and Northgate/Central is the smallest submarket with 12.8% of total inventory. The submarket contains 3.5 million square feet of inventory with a Q1 2016 vacancy rate of 2.8%. Average asking rents in the Northgate/Central submarket increased from \$22.93 PSF in 2011 to \$24.01 PSF in 2015. As of Q1 2016, the average rent in the submarket is \$24.36 PSF.

The Seattle retail market has experienced decreased vacancy levels since 2011. Over the near term, new construction activity is expected to be fairly balanced with absorption. As a result, over the next five years vacancy is projected to remain fairly stable around 7.0%. Over the same period, however, average asking rental rates are expected to increase from \$22.09 PSF to \$25.49 PSF NNN.

Since there are no similar retail properties in the SoDo area, the appraiser relied primarily upon the recent Confidential IG Tenant lease and the Starbucks lease as indications of market rent. The base rates of these recent leases are significantly less than what retail spaces are leasing for in the Financial District or South Lake Union. Base rental rates for retail spaces in these areas are currently between \$35.00 and \$45.00 PSF NNN. The appraiser concluded that market rent for the Starbucks building's retail space is \$20.00 PSF NNN.

Additionally, the appraiser compared the Home Depot lease to 10 similar recent leases in the Puget Sound area, which have lease rental rates ranging from \$12.00 PSF to \$27.72 PSF, with an average of \$18.17 PSF. The appraiser employed a market rent health ratio calculation to compare the Home Depot lease to other market leases in the wider Puget Sound area, and concluded a market rent of \$20.00 PSF NNN.

### Market Rent Conclusions<sup>(1)</sup>

Space Category	Starbucks	Home Depot	Small Office	1st Floor Retail	1st Floor Warehouse	2nd Floor Warehouse	Basement Storage
Contract Rent (PSF)	\$9.80 <sup>(2)</sup>	\$16.58 <sup>(2)</sup>	\$24.93	\$17.07	\$10.34	\$6.07	UAV
Annual Market Rent (PSF)	\$30.00	\$20.00	\$30.00	\$20.00	\$12.00	\$6.00	\$3.00
Lease Term (Yrs)	10	20	7	10	5	5	5
Lease Type	Modified	Net	Modified	Net	Net	Net	Gross
Annual Rent Increase Projection	\$1.00 PSF	10% (every 5 yrs)	\$1.00 PSF	3%	2.50%	2.50%	None

(1) Source: Appraisal.

(2) Based on the August 1, 2016 underwritten rent roll.



2401 & 2701 Utah Avenue South  
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Collateral Asset Summary – Loan No. 5

## Starbucks Center

**Cut-off Date Balance:** \$40,000,000  
**Cut-off Date LTV:** 30.9%  
**U/W NCF DSCR:** 3.16x  
**U/W NOI Debt Yield:** 12.3%

### Cash Flow Analysis.

Cash Flow Analysis						
	2013	2014	2015	T-12 6/30/2016	U/W	U/W PSF
Base Rent <sup>(1)</sup>	\$12,655,230	\$12,947,877	\$12,950,347	\$12,564,519	\$14,094,275	\$9.35
IG Rent Credit	0	0	0	0	1,376,849	0.91
Rent Steps <sup>(2)</sup>	0	0	0	0	547	0.00
Value of Vacant Space	0	0	0	0	1,609,113	1.07
<b>Gross Potential Rent</b>	<b>\$12,655,230</b>	<b>\$12,947,877</b>	<b>\$12,950,347</b>	<b>\$12,564,519</b>	<b>\$17,080,784</b>	<b>\$11.34</b>
Total Recoveries	4,526,773	4,847,069	4,780,899	4,572,733	4,953,739	3.29
Total Other Income	1,333,308	1,350,874	1,405,242	1,469,308	1,461,446	0.97
System Improvements <sup>(3)</sup>	4,389,511	4,298,617	4,121,114	3,966,913	2,585,680	1.72
Less: Vacancy <sup>(4)</sup>	0	0	0	0	(1,609,113)	(1.07)
<b>Effective Gross Income</b>	<b>\$22,904,823</b>	<b>\$23,444,437</b>	<b>\$23,257,602</b>	<b>\$22,573,473</b>	<b>\$24,472,536</b>	<b>\$16.24</b>
Total Variable Expenses	5,462,651	5,365,830	5,635,506	5,651,241	5,788,453	3.84
Total Fixed Expenses	1,520,699	1,554,348	1,448,856	1,443,216	1,487,112	0.99
<b>Net Operating Income</b>	<b>\$15,921,473</b>	<b>\$16,524,259</b>	<b>\$16,173,241</b>	<b>\$15,479,016</b>	<b>\$17,196,971</b>	<b>\$11.41</b>
TI/LC	0	0	0	0	1,105,746	0.73
Capital Expenditures	0	0	0	0	301,343	0.20
<b>Net Cash Flow</b>	<b>\$15,921,473</b>	<b>\$16,524,259</b>	<b>\$16,173,241</b>	<b>\$15,479,016</b>	<b>\$15,789,882</b>	<b>\$10.48</b>

(1) U/W Base Rent is based on the August 1, 2016 rent roll and includes approximately 144,963 sq. ft. of space with lease commencements in 2016 and 2017.

(2) Rent Steps are taken through August 2017.

(3) System Improvements was underwritten based on the straight-line average of the remaining additional rent payments from Starbucks through the term of the Starbucks Center Loan. In relation to the sponsors' build out of the originally raw warehouse space, pursuant to which the sponsors paid principal and interest on related loans to Starbucks, Starbucks reimbursed the sponsors in the form of additional rent. The related loans were paid off in full in connection with the origination of the Starbucks Center Loan but Starbucks is required to continue to make the additional rental payments under the original terms of the lease.

(4) Vacancy represents 9.4% of Gross Potential Rent and is underwritten based on the physical vacancy as of August 2016, with all month-to-month leases marked as vacant. The appraiser determined a vacancy rate and collection loss of 5.0% for the Starbucks building and 0.0% for the Home Depot building, for a blended rate of 4.6%.

**Property Management.** The Starbucks Center Property is managed by Nitz-Stagen & Co., Inc., an affiliate of the borrower.

**Lockbox / Cash Management.** The Starbucks Center Loan is structured with a springing hard lockbox and springing cash management. Following the occurrence of a Lockbox Commencement Event (as defined below) the borrower is required to deliver tenant direction letters instructing each tenant to deliver rents directly into a lender controlled account and, during the continuance of a Trigger Period (as defined below), funds in such account will be transferred on a daily basis to a cash management account controlled by the lender. During the continuance of a Trigger Period, all funds in the cash management account will be applied by the lender to payments of debt service, required reserves, and other items required under the Starbucks Center Loan documents and remaining cash flow will be held by the lender as additional collateral for the Starbucks Center Loan (except during a Trigger Period caused by a Lease Sweep Period, in which case, all excess cash will be transferred to the lease sweep reserve account, subject to an aggregate cap of \$15,067,160 when combined with the rollover reserve, or during a Trigger Period caused by an Environmental Sweep Period (as defined below), in which case, all excess cash will be transferred to the environmental reserve account.

A "Lockbox Commencement Event" will commence (i) upon an event of default, (ii) on the date that is six months prior to the Anticipated Repayment Date, (iii) on the date that is 18 months prior to the earliest stated expiration of the Starbucks Lease (or any replacement lease), or (iv) the commencement of a Trigger Period (as defined below).

A "Trigger Period" will commence upon the occurrence of (i) an event of default, (ii) the Anticipated Repayment Date, (iii) a Low Debt Service Period (as defined below), (iv) an Environmental Sweep Period (as defined below), (v) a Lease Sweep Period (as defined below), or (vi) a default under an approved mezzanine loan or an approved preferred equity investment. A Trigger Period will continue until such time as (a) with respect to clause (i) above, such event of default has been cured, (b) with respect to clause (ii) above, the debt and all obligations have been repaid in full, (c) with respect to clause (iii) above, the Low Debt Service Period has ended, (d) with respect to clause (iv) above, the Environmental Sweep Period has ended, (e) with respect to clause (v) above, the Lease Sweep Period has ended and (f) with respect to clause (vi) above, such default has been cured and an approved default revocation notice (related to the mezzanine loan or preferred equity) has been delivered to lender.

A "Low Debt Service Period" will commence upon the debt service coverage ratio falling below 1.20x on the last day of any calendar quarter and will end upon the Starbucks Center Property achieving a debt service coverage ratio of at least 1.25x for two consecutive calendar quarters.



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Collateral Asset Summary – Loan No. 5

## Starbucks Center

<b>Cut-off Date Balance:</b>	\$40,000,000
<b>Cut-off Date LTV:</b>	30.9%
<b>U/W NCF DSCR:</b>	3.16x
<b>U/W NOI Debt Yield:</b>	12.3%

An “Environmental Sweep Period” will commence if (a) any response, remedial, removal or corrective action not already identified in the loan agreement by the environmental consultant is required in order to obtain closure of the environmental matters as described in “Environmental Matters” herein, or one or more additional matters are discovered at the Starbucks Center Property that require any response, remedial, removal or corrective action, and (b) will end upon the earlier to occur of (x) the borrower’s completion, to lender’s satisfaction, of any remediation or response work or (y) the date funds in the environmental reserve account (excluding the upfront \$177,500 environmental reserve deposit) are equal to 125% of the estimated costs and expenses associated with the action that caused such Environmental Sweep to occur.

A “Lease Sweep Period” will commence upon (i) the date that is 12 months prior to the earliest stated expiration of a Lease Sweep Lease (as defined below) or the date the tenant under a Lease Sweep Lease is required to give notice of renewal (if longer than 12 months prior to the expiration); (ii) the date that the Lease Sweep Lease is surrendered, cancelled or terminated prior to its then current expiration date or receipt by the borrower of notice from any tenant under a Lease Sweep Lease that it intends to surrender, cancel or terminate its lease, (iii) a monetary or material non-monetary default under a Lease Sweep Lease, or (iv) a decline in the credit rating of the Lease Sweep Lease tenant (or its parent entity) below “BB” or the equivalent by any rating agency, and will end once (a) the entire space demised under the Lease Sweep Lease in question is either irrevocably renewed or is leased pursuant to qualified leases, as defined in the loan documents, and sufficient funds have accumulated in the lease sweep account to cover all anticipated TILCs and free rent periods set forth in such qualified lease, (b) the date the Starbucks Center Property has achieved a debt service coverage ratio of 1.65x and debt yield of 10.5%, (c) if such Lease Sweep Period commenced as described in clause (iii) above, the subject default has been cured and no other monetary or material non-monetary default occurs for a period of two consecutive months thereafter, (d) if such Lease Sweep Period commenced as described in clause (iv) above, the credit rating has been restored to at least “BB” or the equivalent, or (e) when funds in the lease sweep reserve account is equal to or greater than the Lease Sweep Deposit Amount (defined below).

A “Lease Sweep Lease” means (i) the Starbucks lease or (ii) any replacement lease that, either individually, or when taken together with any other lease covers the majority of the space demised under the Starbucks lease.

“Lease Sweep Deposit Amount” means an amount equal to the total rentable square feet of the applicable Lease Sweep lease multiplied by \$10.00.

**Initial Reserves.** At loan origination, the borrower deposited (i) \$13,389 into a tax reserve account, (ii) \$165,278 into an insurance reserve account, (iii) \$455,670 into a TI/LC reserve account to be used for outstanding approved leasing expenses in relation to Confidential IG Tenant, (iv) \$177,500 into an environmental reserve account and (v) \$303,780 into a rent concession reserve account in relation to the Confidential IG Tenant lease.

**Ongoing Reserves.** On a monthly basis, the borrower is required to deposit monthly reserves of (i) 1/12 of the estimated annual real estate taxes, which currently equates to \$74,381, into a tax reserve account and (ii) \$25,112 into a replacement reserve account subject to a replacement reserve cap of \$602,686. In addition, if an acceptable blanket insurance policy is no longer in place or if borrower stops making payments under its insurance premium finance agreement, borrower is required to deposit 1/12 of the annual insurance premiums into the insurance account. If (a) the Starbucks lease is no longer in effect or (b) Starbucks credit rating falls below BBB or equivalent, the borrower will be required to make monthly deposits of \$188,340 into a rollover reserve account subject to an aggregate rollover reserve and lease sweep reserve cap of \$15,067,160.

**Current Mezzanine or Subordinate Indebtedness.** None.

**Future Mezzanine or Subordinate Indebtedness Permitted.** Provided the Anticipated Repayment Date has not yet occurred, the Starbucks Center Loan permits either future mezzanine debt (to an affiliate of the borrower) or a future preferred equity investment (in the borrower) provided, among other things, (i) the combined (A) LTV is no more than 48.5%, (B) DSCR is no less than 1.65x and (C) debt yield is no less than 10.5%, (ii) such future indebtedness is (A) coterminous with the Starbucks Center Loan and (B) is conditioned on lender receiving rating agency approval, (iii) with respect to a preferred equity investment, such investment is not secured by any collateral and creates no obligations or liabilities on the part of the borrower and (iv) such junior lender enters into either an intercreditor or recognition agreement, as applicable, with lender.

**Partial Release.** From and after the defeasance lockout expiration date (but prior to the ARD), the borrower may release the parcel where the building leased to Home Depot is located (the “Home Depot Parcel”) provided, among other things, (i) the borrower defeases the loan in an amount equal to \$10,960,000 plus accrued and unpaid interest on the portion of the principal being defeased, (ii) the conveyance of the Home Depot Parcel does not adversely affect the remaining portion of the Starbucks Center Property, (iii) after giving effect to the release, taking into account the Starbucks Center Whole Loan and any existing mezzanine debt or preferred equity interest, the DSCR is at least equal to the greater of (x) 2.02x and (y) the DSCR immediately prior to such release and (iv) the LTV ratio, based on the Starbucks Center Whole Loan and the remaining property, is not greater than the lesser of (x) 45.0% and (y) the LTV ratio immediately prior to such release.

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## Starbucks Center

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<b>U/W NOI Debt Yield:</b>	12.3%

