

1949 and 2121 South State Street  
Tacoma, WA 98405

Collateral Asset Summary – Loan No. 7

## Centennial I & II

<b>Cut-off Date Balance:</b>	\$32,700,000
<b>Cut-off Date LTV:</b>	60.7%
<b>U/W NCF DSCR:</b>	2.14x
<b>U/W NOI Debt Yield:</b>	11.8%



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### Centennial I

3	State of Washington - Department of Social and Health Services 50,976 SF Exp. 10/2028
2	State of Washington - Department of Social and Health Services 50,975 SF Exp. 10/2028
1	State of Washington - Department of Social and Health Services 50,975 SF Exp. 10/2028

### Centennial II

4	Econet, Inc. 18,304 SF Exp. 3/2028	Econet, Inc. 450 SF Exp. 3/2028
3	State of Washington Employment Security Department 20,313 SF Exp. 10/2028	
2	State of Washington - Department of Social and Health Services 22,392 SF Exp. 5/2023	
1	Vacant 9,671 SF	State of Washington - Department of Social and Health Services 11,605 SF Exp. 5/2023

Vacant

2021-2023

2024-2026

2027+





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### Mortgage Loan Information

**Loan Seller:** SMF II  
**Loan Purpose:** Acquisition  
**Borrower Sponsors:** Bart C. Warner; BCW-B9, LLC  
**Borrowers:** HCRE Cent12 Owner LLC; Truckpro Cent12 1031 LLC; B.C. Warner Inv. Cent12 1031 LLC  
**Original Balance:** \$32,700,000  
**Cut-off Date Balance:** \$32,700,000  
**% by Initial UPB:** 4.6%  
**Interest Rate:** 5.00000%  
**Payment Date:** 6<sup>th</sup> of each month  
**First Payment Date:** September 6, 2018  
**Maturity Date:** August 6, 2028  
**Amortization:** Interest Only  
**Additional Debt:** None  
**Call Protection:** L(24), D(91), O(5)  
**Lockbox / Cash Management:** Springing Hard / Springing

### Reserves<sup>(1)</sup>

	Initial	Monthly
<b>Taxes:</b>	\$0	\$43,098
<b>Insurance:</b>	\$14,111	\$4,704
<b>Replacement:</b>	\$0	\$1,964
<b>TI/LC:</b>	\$0	\$39,277
<b>Other:</b>	\$10,322,952	\$0

### Financial Information

<b>Cut-off Date Balance / Sq. Ft.:</b>	\$139
<b>Balloon Balance / Sq. Ft.:</b>	\$139
<b>Cut-off Date LTV<sup>(2)</sup>:</b>	60.7%
<b>Balloon LTV<sup>(2)</sup>:</b>	60.7%
<b>Underwritten NOI DSCR:</b>	2.34x
<b>Underwritten NCF DSCR:</b>	2.14x
<b>Underwritten NOI Debt Yield:</b>	11.8%
<b>Underwritten NCF Debt Yield:</b>	10.8%
<b>Underwritten NOI Debt Yield at Balloon:</b>	11.8%
<b>Underwritten NCF Debt Yield at Balloon:</b>	10.8%

### Property Information

**Single Asset / Portfolio:** Single Asset  
**Property Type:** Suburban Office  
**Collateral:** Fee Simple  
**Location:** Tacoma, WA  
**Year Built / Renovated:** 1986 / NAP  
**Total Sq. Ft.:** 235,661  
**Property Management:** Proequity Asset Management Corporation  
**Underwritten NOI<sup>(3)</sup>:** \$3,870,782  
**Underwritten NCF:** \$3,547,926  
**Appraised Value<sup>(2)</sup>:** \$53,870,000  
**Appraisal Date<sup>(2)</sup>:** May 3, 2018

### Historical NOI

**Most Recent NOI<sup>(3)</sup>:** \$2,603,153 (T-12 March 30, 2018)  
**2017 NOI:** \$2,586,719 (December 31, 2017)  
**2016 NOI:** \$2,600,982 (December 31, 2016)  
**2015 NOI<sup>(4)</sup>:** NAV

### Historical Occupancy

**Most Recent Occupancy<sup>(5)</sup>:** 95.9% (July 2, 2018)  
**2017 Occupancy:** 87.3% (December 31, 2017)  
**2016 Occupancy:** 79.3% (December 31, 2016)  
**2015 Occupancy:** 79.3% (December 31, 2015)

- (1) See "Initial and Ongoing Reserves" herein.
- (2) The Appraised Value of \$53,870,000 represents the "hypothetical as-is" value, which assumes that the outstanding tenant improvements, leasing commissions and planned capital expenditures at a cost of approximately \$9,950,000 have been completed as of May 3, 2018. At origination, the borrowers deposited approximately \$10,322,952 for outstanding tenant improvements, leasing commissions, planned capital expenditures and rent concessions. The "as-is" appraised value as of May 3, 2018 is \$35,000,000, which results in both a Cut-Off Date LTV and Balloon LTV of 93.4%.
- (3) The increase in Most Recent NOI to Underwritten NOI is primarily due to (i) two recently executed leases totaling approximately 16.6% of NRA and \$905,973 of underwritten base rent and (ii) the inclusion of contractual rent steps totaling \$514,579 through September 2018.
- (4) The Centennial I & II Property (as defined below) previously served as collateral to a mortgage loan securitized in the JPMCC 2007-C1 mortgage trust that defaulted after the State of Washington downsized its leased space in the Centennial II building and was transferred to special servicing in February 2014. The special servicer foreclosed on the Centennial I & II Property in September 2015 and the borrowers acquired the Centennial I & II Property in an REO sale. The REO sale resulted in a full payoff to JPMCC 2007-C1. As a result, 2015 NOI is not available.
- (5) Most Recent Occupancy includes 20,313 sq. ft. (8.6% of NRA) that is leased by State of Washington Employment Security Department ("ESD"). ESD is in the process of building out its space and, according to the borrower sponsors, is expected to take occupancy of its space in November 2018. The borrower escrowed \$1,215,760 for tenant improvements and leasing commissions related to the new lease with ESD, as well as \$121,878 for the three months of rent abatement at the beginning of the lease term.

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

Tenant	Ratings (Fitch/Moody's/S&P) <sup>(2)</sup>	Net Rentable Area (Sq. Ft.)	% of Net Rentable Area	U/W Base Rent PSF <sup>(3)</sup>	% of Total U/W Base Rent <sup>(3)</sup>	Lease Expiration
State of Washington - Department of Social and Health Services <sup>(4)</sup>	AA+/Aa1/AA+	186,923	79.3%	\$21.52	81.5%	Various
State of Washington Employment Security Department <sup>(5)</sup>	AA+/Aa1/AA+	20,313	8.6%	\$25.20	10.4%	10/31/2028
Econet, Inc. <sup>(6)</sup>	NR/NR/NR	18,754	8.0%	\$21.53	8.2%	3/31/2028
<b>Total Major Tenants</b>		<b>225,990</b>	<b>95.9%</b>	<b>\$21.85</b>	<b>100.0%</b>	
Remaining Tenants		0	0.0%	\$0.00	0.0%	
<b>Total Occupied Collateral</b>		<b>225,990</b>	<b>95.9%</b>	<b>\$21.85</b>	<b>100.0%</b>	
Vacant		9,671	4.1%			
<b>Total</b>		<b>235,661</b>	<b>100.0%</b>			

(1) Based on the underwritten rent roll dated July 2, 2018.

(2) Certain ratings may be those of the state government whether or not the state government guarantees the lease.

(3) Includes approximately \$514,579 in contractual rent steps through September 2018 and the average rent during the loan term for investment grade tenants.

(4) State of Washington - Department of Social and Health Services ("DSHS") leases 152,926 sq. ft. with a lease expiration date of October 31, 2028 (the "Centennial I DSHS Lease") and leases 33,997 sq. ft. with a lease expiration date of May 31, 2023 (the "Centennial II DSHS Lease"). The DSHS leases each have one, five-year renewal option. DSHS does not have any unilateral right to terminate its lease or downsize its leased space.

(5) ESD recently executed a lease and is expected to take occupancy in the Centennial II building by November 2018. ESD has one, five-year renewal option. ESD may terminate its lease if its state funding is reduced to the extent ongoing operations are not feasible.

(6) Econet, Inc. has two, five-year renewal options. Econet, Inc. does not have any unilateral right to terminate its lease or downsize its leased space.

### Lease Rollover Schedule<sup>(1)(2)</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 <sup>(3)</sup>	% U/W Base Rent Rolling <sup>(3)</sup>	Cumulative % of U/W Base Rent <sup>(3)</sup>
MTM	0	0	0.0%	0	0.0%	\$0.00	0.0%	0.0%
2018	0	0	0.0%	0	0.0%	\$0.00	0.0%	0.0%
2019	0	0	0.0%	0	0.0%	\$0.00	0.0%	0.0%
2020	0	0	0.0%	0	0.0%	\$0.00	0.0%	0.0%
2021	0	0	0.0%	0	0.0%	\$0.00	0.0%	0.0%
2022	0	0	0.0%	0	0.0%	\$0.00	0.0%	0.0%
2023	1	33,997	14.4%	33,997	14.4%	\$21.00	14.5%	14.5%
2024	0	0	0.0%	33,997	14.4%	\$0.00	0.0%	14.5%
2025	0	0	0.0%	33,997	14.4%	\$0.00	0.0%	14.5%
2026	0	0	0.0%	33,997	14.4%	\$0.00	0.0%	14.5%
2027	0	0	0.0%	33,997	14.4%	\$0.00	0.0%	14.5%
2028	3	191,993	81.5%	225,990	95.9%	\$22.01	85.5%	100.0%
Thereafter	0	0	0.0%	225,990	95.9%	\$0.00	0.0%	100.0%
Vacant	NAP	9,671	4.1%	235,661	100.0%	NAP	NAP	
<b>Total / Wtd. Avg.</b>	<b>4</b>	<b>235,661</b>	<b>100.0%</b>			<b>\$21.85</b>	<b>100.0%</b>	

(1) Based on the underwritten rent rolls dated July 2, 2018.

(2) Certain tenants have lease termination options that may become exercisable prior to the originally stated expiration date of the tenant lease that are not considered in the lease rollover schedule.

(3) Includes approximately \$514,579 in rent steps through September 2018 and the average rent during the loan term for investment grade tenants.

**The Loan.** The Centennial I & II loan (the "Centennial I & II Loan") is a fixed rate loan secured by the borrowers' fee simple interest in a suburban office property located in Tacoma, Washington (the "Centennial I & II Property"). The Centennial I & II Loan, with an original principal balance of \$32.7 million, has a 10-year term and is interest only for the term of the Centennial I & II Loan. The Centennial I & II Loan accrues interest at a fixed rate equal to 5.00000% and has a Cut-off Date Balance of \$32.7 million. The sponsor used the proceeds of the Centennial I & II Loan to acquire the Centennial I & II Property for \$34.5 million, fund upfront reserves of approximately \$10.3 million and pay closing costs of approximately \$1.2 million. The Appraised Value of \$53,870,000 represents the "hypothetical as-is" value, which assumes outstanding tenant improvements, leasing commissions and planned capital expenditures at a cost of approximately \$9,950,000 have been completed as of May 3, 2018. At origination, the borrowers deposited approximately \$10.3 million with the lender for outstanding tenant improvements, leasing commissions, planned capital expenditures and rent concessions. The "as-is" appraised value as of May 3, 2018 is \$35,000,000, which results in both a Cut-Off Date LTV and Balloon LTV of 93.4%. The most recent prior financing of the Centennial I & II Property was included in the JPMCC 2007-C1 mortgage trust.

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### Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Loan Amount	\$32,700,000	71.0%	Purchase Price	\$34,500,000	74.9%
Borrower Sponsor Equity	\$13,332,471	29.0%	Closing Costs	\$1,195,408	2.6%
			Reserves	\$10,337,063	22.5%
<b>Total Sources</b>	<b>\$46,032,471</b>	<b>100.0%</b>	<b>Total Uses</b>	<b>\$46,032,471</b>	<b>100.0%</b>

**The Borrowers / Borrower Sponsors.** The borrowers, HCRE Cent12 Owner LLC, Truckpro Cent12 1031 LLC and B.C. Warner Inv. Cent12 1031 LLC, as tenants-in-common, are each single purpose Delaware limited liability companies structured to be bankruptcy-remote. An independent director has been included in each borrower's organizational structure. The borrower sponsors non-recourse carve-out guarantors are Bart C. Warner and an affiliated entity, BCW-B9, LLC. Bart C. Warner is the owner of Warner Truck Center, which is a heavy truck dealer. In addition to his primary business, Mr. Warner and his family have been owners of commercial real estate assets throughout the country, with a focus on office and industrial properties. The borrowers are comprised of three closely held tenants-in-common, with the borrower sponsors controlling all three of them.

**The Property.** The Centennial I & II Property is comprised of two class B office buildings located in Tacoma, Washington encompassing a total of 235,661 sq. ft. The Centennial I building has 152,926 sq. ft. and is 100.0% occupied by DSHS (the "Centennial I DSHS Space"). The Centennial II building has 82,735 sq. ft. and is 88.3% occupied by DSHS, ESD and Econet, Inc. Completed in 1986, the Centennial I & II Property's two buildings were initially constructed as a build-to-suit for DSHS, which continues to occupy 79.3% of the sq. ft. at the Centennial I & II Property. At this location, DSHS provides income assistance, children's services, child support, behavioral health and recovery services, juvenile rehabilitation, alcohol and drug rehabilitation, vocational rehabilitation, nursing home regulation, adult protective services, home and community services and other related social service programs.

The Centennial I & II Property is currently 87.3% occupied, with ESD having signed a new lease to take 20,313 sq. ft. in the Centennial II building, which will bring occupancy to 95.9% when its lease commences in November 2018. The borrower escrowed \$1,215,760 for tenant improvements and leasing commissions related to the new lease with ESD, as well as \$121,878 for the three months of rent abatement at the beginning of the lease term.

The largest tenant at the Centennial I & II Property, DSHS, has been in occupancy since the Centennial I & II Property was developed in 1986 and has renewed its lease numerous times. The tenant recently executed a 10-year lease renewal through October 2028 in the Centennial I building and a 5-year lease renewal through May 2023 in the Centennial II building. Under both leases, DSHS does not have an option to downsize or terminate its lease prior to the end of its lease term. The State of Washington holds a credit rating of Aa1, AA+, and AA+ by Moody's, S&P and Fitch, respectively.

At origination, the borrowers escrowed approximately \$6.6 million for capital expenditures that include repairs and replacements to HVAC systems, elevators and general building repairs as detailed below:

Upfront Capital Expenditure Reserves		
Project:	Centennial I & II	PSF
HVAC Repair/Replacement	\$1,920,000	\$8.15
Elevator	\$1,800,000	\$7.64
General Building Repairs	\$2,880,000	\$12.22
<b>Total</b>	<b>\$6,600,000</b>	<b>\$28.01</b>

### Major Tenant.

*State of Washington – Department of Social and Health Services (DSHS) (186,923 sq. ft.; 79.3% of NRA; 81.5% of U/W Base Rent):* DSHS administers a variety of federally and state-funded programs to protect the general public and assist those who are unable to provide for themselves. Programs include income assistance, children's services, child support, behavioral health and recovery services, developmental disabilities, juvenile rehabilitation, alcohol and drug rehabilitation, vocational rehabilitation, nursing home regulation, adult protective services, home and community services, and other related social service programs. The tenant has been in occupancy at the Centennial I & II Property since it was constructed in 1986 and does not have any options to downsize or terminate its lease prior to the end of its existing term. The State of Washington holds a credit rating of Aa1, AA+, and AA+ by Moody's, S&P and Fitch, respectively. DSHS has one, five-year lease renewal option remaining.

**Environmental Matters.** The Phase I environmental report dated May 10, 2018 recommended no further action at the Centennial I & II Property.

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**The Market.** The Centennial I & II Property is located at 1949 and 2121 South State Street in Tacoma, Washington, approximately one mile west of downtown Tacoma and approximately 0.3 miles from both Interstate-5 and Highway 16, both major thoroughfares in the area. The Centennial I & II Property is also served by Pierce County Bus Transit which includes a bus stop at the property. Tacoma is located on Washington's Puget Sound, 30 miles southwest of Seattle and 30 miles northeast of Olympia, the state capital. Tacoma is the second largest city in the Puget Sound area and the third largest in the state, serving as a regional center of business activity. Tacoma's Commencement Bay serves the Port of Tacoma, Washington's largest port. The city is home to the University of Washington Tacoma, the University of Puget Sound and nearby Pacific Lutheran University. Tacoma is located 20 miles south of the Seattle-Tacoma International Airport, and has access to downtown Seattle. According to the appraisal, the estimated population as of year-end 2017 within a one-, three- and five-mile radius of the Centennial I & II Property was 14,572, 125,694 and 264,622, respectively, with estimated average household income of \$59,257, \$66,560 and \$70,579, respectively.

According to the appraisal, as of the first quarter of 2018, the Seattle/Puget Sound office market consisted of approximately 201.2 million sq. ft. of office space with an overall vacancy rate of 7.2% and an average asking rent of \$32.08 PSF. As of the same period, the Tacoma Suburban office submarket consisted of approximately 5.6 million sq. ft. of office space with an overall vacancy rate of 5.6% and an average asking rent of \$22.95 PSF. The appraisal identified five directly comparable office properties built between 1906 and 2009 ranging in size from 5,000 to 234,264 sq. ft. Recently quoted rental rates for the comparable office properties ranged from \$18.00 PSF to \$23.00 PSF, with a weighted average of approximately \$21.40 PSF. The appraisal concluded a vacancy rate for the Centennial I & II Property of approximately 5.0%, which is higher than the current vacancy rate of 4.1%. The appraisal's concluded market rent is \$21.00 PSF, which is in-line with the underwritten rent at the Centennial I & II Property of \$21.85 PSF.

### Cash Flow Analysis.

Cash Flow Analysis <sup>(1)</sup>					
	2016	2017	T-12 3/31/2018	U/W	U/W PSF
Rents in Place <sup>(2)</sup>	\$3,517,570	\$3,517,570	\$3,530,275	\$4,938,993	\$20.96
Vacant Income	0	0	0	203,091	\$0.86
<b>Gross Potential Rent</b>	<b>\$3,517,570</b>	<b>\$3,517,570</b>	<b>\$3,530,275</b>	<b>\$5,142,084</b>	<b>\$21.82</b>
Total Reimbursements	0	14,506	25,090	25,090	\$0.11
<b>Net Rental Income</b>	<b>\$3,517,570</b>	<b>\$3,532,076</b>	<b>\$3,555,364</b>	<b>\$5,167,174</b>	<b>\$21.93</b>
Less: Vacancy	0	0	0	(304,863)	(\$1.29)
<b>Effective Gross Income</b>	<b>\$3,517,570</b>	<b>3,532,076</b>	<b>\$3,555,364</b>	<b>\$4,862,311</b>	<b>\$20.63</b>
Total Operating Expenses	916,588	945,357	952,211	991,529	\$4.21
<b>Net Operating Income<sup>(3)</sup></b>	<b>\$2,600,982</b>	<b>\$2,586,719</b>	<b>\$2,603,153</b>	<b>\$3,870,782</b>	<b>\$16.43</b>
TI/LC	0	0	0	299,289	\$1.27
Replacement Reserves	0	0	0	23,566	\$0.10
<b>Net Cash Flow</b>	<b>\$2,600,982</b>	<b>\$2,586,719</b>	<b>\$2,603,153</b>	<b>\$3,547,926</b>	<b>\$15.06</b>

(1) Based on the underwritten rent roll dated July 2, 2018.

(2) U/W Rents in Place includes approximately \$514,579 in rent steps through September 2018 and the present value of rent steps for investment grade tenants.

(3) The increase in T-12 3/31/2018 Net Operating Income to U/W Net Operating Income is primarily due to (i) two recently executed leases totaling approximately 16.6% of NRA and \$905,973 of U/W base rent and (ii) the inclusion of contractual rent steps totaling \$514,579 through September 2018.

**Property Management.** The Centennial I & II Property is managed by Proequity Asset Management Corporation, a California corporation.

**Lockbox / Cash Management.** The Centennial I & II Loan is structured with a springing hard lockbox and springing cash management. The Centennial I & II Loan requires that after the occurrence of Trigger Period (as defined below) the borrowers or property manager, as applicable, (i) deposit into the lockbox account, immediately after receipt, all rents and other revenue of any kind received by the borrowers or the property manager with respect to the Centennial I & II Property and (ii) deliver tenant direction letters to the tenants directing such tenants to pay all rents into the lockbox account. Upon the occurrence and during the continuance of a Trigger Period, all funds in the lockbox account are required to be swept daily to a cash management account under the control of the lender to be applied and disbursed in accordance with the Centennial I & II Loan documents and all excess cash flow funds remaining in the cash management account after the application of such funds in accordance with the Centennial I & II Loan documents are required to be held by the lender in an excess cash flow reserve account as additional collateral for the Centennial I & II Loan. To the extent that no Trigger Period is continuing, all excess cash flow funds are required to be disbursed to the borrowers.

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A “Trigger Period” means a period (A) commencing upon the earliest of (i) the occurrence and continuance of an event of default under the Centennial I & II Loan documents, (ii) the debt service coverage ratio falling below 1.40x and (iii) the occurrence of a Centennial I DSHS Trigger Event (as defined below); and (B) expiring upon (w) with regard to any Trigger Period commenced in connection with clause (A)(i) above, the cure of such event of default, (x) with regard to any Trigger Period commenced in connection with clause (A)(ii) above, the debt service coverage ratio being equal to or greater than 1.55x for two consecutive calendar quarters and (y) with regard to any Trigger Period commenced in connection with clause (A)(iii) above, a Centennial I DSHS Trigger Event Cure (as defined below).

A “Centennial I DSHS Trigger Event” commences upon the earliest of DSHS (i) defaulting under the Centennial I DSHS Lease, (ii) terminating the Centennial I DSHS Lease, (iii) giving its notice of intent to vacate, or vacating more than 15% percent of the Centennial I DSHS Space, (iv) going dark in the Centennial I DSHS Space or failing to occupy at least 85% of the Centennial I DSHS Space, (v) filing bankruptcy or other similar insolvency proceeding, (vi) subletting more than 15% of the Centennial I DSHS Space to a non-state tenant(s) and the debt service coverage ratio being less than 1.40x or (vii) failing to renew or extend the Centennial I DSHS Lease at least 12 months prior to the current lease expiration date of the Centennial I DSHS Lease (a) for at least 85% of the Centennial I DSHS Space and (b) with rent of at least \$18.00 PSF.

A “Centennial I DSHS Trigger Event Cure” means the occurrence of one or more of the following (i) with respect to a Centennial I DSHS Trigger Event described in clause (i) of the definition of Centennial I DSHS Trigger Event, (A) DSHS has cured all defaults under the Centennial I DSHS Lease or (B) the Centennial I Replacement Tenant Conditions (defined below) have been satisfied, (ii) with respect to a Centennial I DSHS Trigger Event described in clause (ii) of the definition of Centennial I DSHS Trigger Event, (A) (x) DSHS delivers written notice to the borrowers revoking its notice of intent to terminate or termination of the Centennial I DSHS Lease, as applicable, (y) DSHS has occupied the Centennial I DSHS Space, resumed its normal business operations, and paid full, unabated rent under the Centennial I DSHS Lease, in each case, for at least two consecutive quarters, and (z) the borrowers have delivered to the lender an estoppel from DSHS acceptable to the lender or (B) the Centennial I Replacement Tenant Conditions have been satisfied, (iii) with respect to a Centennial I DSHS Trigger Event described in clause (iii) of the definition of Centennial I DSHS Trigger Event, (A) (x) DSHS delivers written notice to the borrowers revoking its notice of intent to vacate, (y) DSHS has occupied at least 85% of the Centennial I DSHS Space, resumed its normal business operations, and paid full, unabated rent under the Centennial I DSHS Lease, in each case, for at least two consecutive quarters, and (z) the borrowers have delivered to the lender an estoppel from DSHS acceptable to the lender or (B) the Centennial I Replacement Tenant Conditions have been satisfied, (iv) with respect to a Centennial I DSHS Trigger Event described in clause (iv) of the definition of Centennial I DSHS Trigger Event, (A) (y) DSHS has occupied at least 85% of the Centennial I DSHS Space, resumed its normal business operations, and paid full, unabated rent under the Centennial I DSHS Lease, in each case, for at least two consecutive quarters, and (z) the borrowers have delivered to the lender an estoppel from DSHS acceptable to the lender or (B) the Centennial I Replacement Tenant Conditions have been satisfied, (v) with respect to a Centennial I DSHS Trigger Event described in clause (v) of the definition of Centennial I DSHS Trigger Event, (A) the Centennial I DSHS Lease has been assumed by DSHS in accordance with applicable law, such assumption has been approved by the appropriate bankruptcy court having jurisdiction over such matter, and DSHS is no longer involved in any bankruptcy or insolvency proceeding or (B) the Centennial I Replacement Tenant Conditions have been satisfied, (vi) with respect to a Centennial I DSHS Trigger Event described in clause (vi) of the definition of Centennial I DSHS Trigger Event, DSHS sublets no more than 15% of the Centennial I DSHS Space to a subtenant(s) that is not owned and operated by the State of Washington and (vii) with respect to a Centennial I DSHS Trigger Event described in clause (vii) of the definition of Centennial I DSHS Trigger Event, (A) DSHS renews or extends the Centennial I DSHS Lease for a term of at least five years, for at least 85% of the Centennial I DSHS Space, and with rent of at least \$18.00 PSF or more or (B) the Centennial I Replacement Tenant Conditions have been satisfied.

“Centennial I Replacement Tenant Conditions” means (i) the full execution, delivery and commencement of a replacement lease for at least 85% of the Centennial I DSHS Space with rent of at least \$18.00 PSF or more, (ii) the term of such replacement lease has commenced and such replacement tenant has commenced its normal operations and is paying full, unabated rent, and (iii) the borrowers have paid in full any outstanding landlord obligations for tenant improvements, leasing expenses, or otherwise.

**Initial and Ongoing Reserves.** At loan origination, the borrowers deposited (i) \$14,111 into an insurance reserve account, (ii) \$1,940,000 into an account for planned capital expenditures for the Centennial I building, (iii) \$1,920,000 into an account for HVAC repairs, (iv) \$1,800,000 into an account for planned elevator upgrades, (v) approximately \$1,499,547 into an account for outstanding tenant improvements and leasing commissions owed to DSHS for the Centennial I DSHS Lease, (vi) approximately \$1,215,760 into an account for outstanding tenant improvements and leasing commissions owed to ESD, (vii) \$940,000 into an account for planned capital expenditures for the Centennial II building, (viii) \$707,283 into an account for rent concessions related to the Centennial I DSHS Lease, (ix) approximately \$178,484 into an account for outstanding tenant improvements and leasing commissions owe to DSHS for the Centennial II DSHS Lease and (x) \$121,878 into an account for rent concessions related to ESD’s lease.



1949 and 2121 South State Street  
Tacoma, WA 98405

Collateral Asset Summary – Loan No. 7

## Centennial I & II

<b>Cut-off Date Balance:</b>	\$32,700,000
<b>Cut-off Date LTV:</b>	60.7%
<b>U/W NCF DSCR:</b>	2.14x
<b>U/W NOI Debt Yield:</b>	11.8%

**Tax Reserve.** The borrower is required to make monthly deposits into the real estate tax reserve in the amount of 1/12 of annual estimated real estate taxes, which currently equates to \$43,098.

**Insurance Reserve.** The borrower is required to make monthly deposits into the insurance reserve in the amount of 1/12 of annual estimated insurance premiums, which currently equates to \$4,704.

**Replacement Reserve.** The borrower is required to make monthly deposits equal to \$1,964 into a replacement reserve account.

**TI/LC Reserve.** The borrower is required to make monthly deposits equal to \$39,277 into a tenant improvements and leasing commissions account, subject to a \$3,000,000 cap.

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

**Future Mezzanine or Subordinate Indebtedness Permitted.** None.

**Partial Release.** None.