

1417, 1425, 1457, 1469, 1481 8th Avenue
Bethlehem, PA 18018

Collateral Asset Summary – Loan No. 15

Plaza on 8th

Cut-off Date Balance: \$17,000,000
Cut-off Date LTV: 64.6%
U/W NCF DSCR: 1.46x
U/W NOI Debt Yield: 9.5%

Mortgage Loan Information

Loan Seller: UBS AG
Loan Purpose: Refinance
Borrower Sponsor: Dennis E. Benner
Borrower: DB3, LLC
Original Balance: \$17,000,000
Cut-off Date Balance: \$17,000,000
% by Initial UPB: 2.6%
Interest Rate: 4.8100%
Payment Date: 6th of each month
First Payment Date: January 6, 2017
Maturity Date: December 6, 2026
Amortization: Interest only for the first 36 months;
360 months thereafter
Additional Debt: None
Call Protection: L(24), D(92), O(4)
Lockbox / Cash Management⁽¹⁾: Springing Hard / Springing

Reserves

	Initial	Monthly
Taxes⁽²⁾:	\$5,142	\$723
Insurance⁽³⁾:	\$7,321	\$1,294
Replacement⁽³⁾:	\$0	\$835
TI/LC⁽⁴⁾:	\$0	Springing
Condominium Common Charge⁽⁵⁾:	\$0	Springing

Financial Information

Cut-off Date Balance / Sq. Ft.:	\$255
Balloon Balance / Sq. Ft.:	\$225
Cut-off Date LTV:	64.6%
Balloon LTV:	57.0%
Underwritten NOI DSCR⁽⁶⁾:	1.51x
Underwritten NCF DSCR⁽⁶⁾:	1.46x
Underwritten NOI Debt Yield:	9.5%
Underwritten NCF Debt Yield:	9.2%

Property Information

Single Asset / Portfolio: Single Asset
Property Type: Office / Retail
Collateral: Fee Simple
Location: Bethlehem, PA
Year Built / Renovated: 2010-2012 / NAP
Total Sq. Ft.: 66,683
Property Management: Summit Management And Realty
Company d/b/a NAI Summit
Underwritten NOI: \$1,619,014
Underwritten NCF: \$1,565,930
Appraised Value: \$26,300,000
Appraisal Date: October 3, 2016

Historical NOI

Most Recent NOI: \$1,510,779 (T-12 August 31, 2016)
2015 NOI: \$1,471,765 (December 31, 2015)
2014 NOI: \$1,384,075 (December 31, 2014)
2013 NOI: \$1,237,439 (December 31, 2013)

Historical Occupancy

Most Recent Occupancy: 96.8% (September 22, 2016)
2015 Occupancy: 100.0% (December 31, 2015)
2014 Occupancy: 100.0% (December 31, 2014)
2013 Occupancy: 100.0% (December 31, 2013)

- (1) A hard lockbox will be established and in-place cash management will commence upon the occurrence of (i) an event of default, (ii) any bankruptcy or insolvency proceeding of the borrower, guarantor or property manager, (iii) the debt service coverage ratio being less than 1.30x, (iv) any fraud or misappropriations of funds or felony indictment of the guarantor or director or officer of the borrower or guarantor or the property manager or director or officer of the property manager or (v) a material tenant trigger event will have occurred and is continuing, among others. A "Material Tenant" means (i) CVS Pharmacy, (ii) PNC Bank, (iii) St. Luke's Health Network or (iv) any tenant, guarantor, or replacement that together with its affiliates, leases space comprising 20% or more of either (a) the total rentable sq. ft. at the property or (b) the total in-place base rent at the property.
- (2) As it relates to CVS Pharmacy, PNC Bank, and/or St. Luke's as applicable, the borrower will not be required to make monthly real estate tax escrows associated with such tenant so long as (i) the applicable tenant is obligated pursuant to its lease to pay, and is paying, all taxes directly to the applicable governmental authorities and (ii) no material tenant trigger event will have occurred and is continuing, among others.
- (3) As it relates to CVS Pharmacy and/or PNC Bank, as applicable, so long as (i) no material tenant trigger event will have occurred and is continuing, and (ii) (a) the applicable tenant is obligated pursuant to its lease to maintain, and is maintaining, insurance pursuant to the requirements set forth in the loan documents, among others, the borrower will not be required to make monthly insurance escrows associated with such tenant or (b) the applicable tenant is obligated pursuant to its lease to maintain, and is maintaining, its leased space in a condition acceptable to the lender, among others, the borrower will not be required to make monthly replacement escrows associated with such tenant.
- (4) The borrower will not be required to make monthly TI/LC escrows so long as no material tenant trigger event will have occurred and is continuing and each of the leases as applicable to CVS Pharmacy, PNC Bank and St. Luke's are in full force and effect, among others.
- (5) The borrower will not be required to make monthly condominium common charges so long as (i) no event of default has occurred and (ii) the borrower delivers to the lender written evidence that no condominium common charges are due.
- (6) Based on amortizing debt service payments. Based on current interest only payments, the Underwritten NOI DSCR and Underwritten NCF DSCR are 1.95x and 1.89x, respectively.

TRANSACTION HIGHLIGHTS

- Property.** The Plaza on 8th property is an office and retail development located in Bethlehem, Pennsylvania. The development is structured as a condominium association, in which the borrower owns 72.1% of the proportionate interests and maintains control of the condominium association board. Built between 2010 and 2012 by the borrower sponsor, the property consists of five buildings totaling 66,683 sq. ft. St. Luke's Health Network, Inc. (Moody's: A3) occupies two buildings under separate triple net leases. CVS Pharmacy (Moody's/S&P: Baa1/BBB+) and PNC Bank (Moody's/Fitch/S&P: A3/A+/A-) occupy and operate their buildings under ground leases. Etowah Dialysis (DaVita Dialysis) occupies its own building under a triple net lease, which is guaranteed by St. Luke's Health Network, Inc., as assignor, for up to 40% of the rent payable under the lease. The property is currently 96.8% occupied and has weighted average remaining lease term of 15.5 years.
- Borrower Sponsor.** The borrower sponsor and non-recourse carve-out guarantor is Dennis E. Benner. The borrower sponsor has over 30 years of real estate experience including 11 completed developments in the Lehigh Valley region. The borrower sponsor is a partner at Benner & Piperato law firm, specializing in commercial and residential real estate law.
- Market and Demographics.** The property is located approximately one mile north of the Bethlehem central business district and is accessible by US Route 22 (2.0 miles), the primary arterial traveling through the Lehigh Valley and PA Route 378 (0.6 miles from the property). The property is located in the Lehigh/Northampton office submarket of Philadelphia, which demonstrated a submarket occupancy rate of 90.6% with asking rents of \$20.66 per sq. ft. as of the second quarter of 2016. The estimated 2016 population and average household income within a three-mile radius is 98,697 and \$64,883, respectively.