

Message

From: Jack Weisselberg [Jack.Weisselberg@laddercapital.com]
Sent: 8/4/2016 4:12:01 PM
To: Allen Weisselberg [weisselberg@trumporg.com]
Subject: Fwd: Here's the note from TREPP & an excerpt from Moody's

Sent from my iPhone

Begin forwarded message:

From: David Henschke <David.Henschke@laddercapital.com>
Date: August 4, 2016 at 12:08:05 PM EDT
To: Jack Weisselberg <Jack.Weisselberg@laddercapital.com>, David Traitel <David.Traitel@laddercapital.com>, "Mark D. Ableman" <Mark.Ableman@laddercapital.com>, Craig Robertson <Craig.Robertson@laddercapital.com>
Cc: Robert Perelman <Robert.Perelman@laddercapital.com>
Subject: RE: Here's the note from TREPP & an excerpt from Moody's

You are exactly right for the reason.

We reached out to the servicer and they won't remove it, but were supposed to say that it's all guaranteed.

Also, it's not a "default watchlist", but rather the servicer watchlist.

From: Jack Weisselberg
Sent: Thursday, August 04, 2016 12:06 PM
To: David Traitel; David Henschke; Mark D. Ableman; Craig Robertson
Subject: Fwd: Here's the note from TREPP & an excerpt from Moody's

See below. Is 40 Wall on the watch list? If so, it is most likely bc of the free rent periods that have not fully burnt off and wells must not be counting on the guarantee for those rents. This could be a very damaging article for them on a low leverage loan that is fine right now. Any thoughts?

Sent from my iPhone

Begin forwarded message:

From: Allen Weisselberg <weisselberg@trumporg.com>
Date: August 4, 2016 at 12:00:31 PM EDT
To: Jack Weisselberg <Jack.Weisselberg@laddercapital.com>
Subject: FW: Here's the note from TREPP & an excerpt from Moody's

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Index No. 452564/2022 (AFE)

From: Emily.Flitter@thomsonreuters.com [mailto:Emily.Flitter@thomsonreuters.com]

Sent: Thursday, August 04, 2016 11:34 AM

To: Allen Weisselberg <weisselberg@trumporg.com>

Subject: Here's the note from TREPP & an excerpt from Moody's

WatchList Commentary As of: 07/2016

Source: Servicer

The property is a 1,165,207 Class A 71-story office building located at 40 Wall Street in Lower Manhattan. At contribution the property was 98% occupied and was underwritten at a 2.13x DSCR NCF.

07/11/2016-Contacted borrower requesting 06/30/16 Operating Statement for review of performance for 2Q 2016. Borrower stated the financials will be ready by the end of 2016.

The property was added to the WL due to DSCR being <1.10x and DSCR < 75% of Underwritten amounts. The property performance is lower than UW with a YE 2015 Operating Income of \$11.91MM, DSCR 1.22x/1.04x, and occupancy at 94.49%. This is due in large part to the Underwritten Potential Gross Income being based on the rent roll, with vacant space grossed up at the Appraiser's concluded market rent. UW Rent is based on: (i) \$3.5 million in new leases signed since April 2015; (ii) the borrower contributed approximately \$6.5 million in free rent; (iii) approximately \$1.0 million in UW Rent Steps; and (iv) \$1.0 million in adjustment for Downtown Revitalization Tax Credit for the benefit of the tenant (not landlord). There are currently three large tenants still within their free rent period. Green Ivy, Elite Brands, and Kelly & Rubin.

The borrower's 2016 budget does not show any decrease in NCF over the period.

From Moody's on July 28:

The top three conduit loans represent 27% of the pool balance. The largest loan is the 40 Wall Street Loan (\$93 million -- 10% of the pool), which is secured by a 63-story Class-A office building located in the Financial District of New York City. The property was built in 1929 and received a designated landmark status by the city. The property includes 1.165 million square feet (SF) of office and retail space, of which 4% is comprised of ground floor retail. As of May 2015, the property was 94.5% leased to a diverse tenant mix. The loan is comprised of three pari passu notes with an aggregate balance of \$160 million. The controlling Note A-1-A and non-controlling Note A-2 have an aggregate balance of \$93 million, which are contributed to the trust. The Moody's LTV and stressed DSCR are 85% and 1.34X, respectively, compared to 87% and 1.32X at securitization.

*Unlike a lot of CMBS borrowers, Trump was made to pay principal and interest on the loan, so the leverage is coming down each month. He also had to provide a rare personal guarantee on the rents, see highlighted below.

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