KBRA KROLL BOND RATING AGENCY

KBRA Monitoring 600 Broadway ($114.3 million) Due to Special Servicing Transfer

NEW YORK (January 14, 2020) – Kroll Bond Rating Agency (KBRA) is monitoring the 600 Broadway loan ($114.3 million principal balance) following its second transfer to the special servicer on December 24, 2019. According to the master servicer, Wells Fargo Bank, N.A., the borrower has requested a second loan modification in order to terminate the existing 30,279 sf 24 Hour Fitness lease that expires in December 2023. 24 Hour Fitness closed in September 2018 and is subleasing a portion of their space to Trufusion SOHO. The servicer has indicated that the borrower has a prospective replacement tenant interested in backfilling the space in its entirety.

600 Broadway serves as collateral for a participated loan which has been split into three *pari passu* notes securitized in CGCMT 2016-P3 ($47.6 million, 6.6% of the current pool balance), DBJPM 2016-C1 ($38.1 million, 5.0%), and CGCMT 2016-GC37 ($28.6 million, 4.4%). CGCMT 2016-P3 and CGCMT 2016-GC37 are both KBRA rated CMBS conduit transactions.

The loan is collateralized by a 77,280 sf retail building located in the SoHo district of New York City's borough of Manhattan. The collateral is fully leased to Abercrombie & Fitch (A&F) and 24 Hour Fitness. A&F operates pursuant to three separate leases at the subject: Hollister Co. (30,509 sf), A&F (8,246 sf), and Gilly Hicks (8,245 sf). Gilly Hicks and A&F have both been dark since issuance but continue to pay rent. All three leases expire in May 2028, do not contain termination options, and are guaranteed by the parent company, A&F. KBRA is not aware of any current potential tenants for the A&F space.

The subject loan previously transferred to the special servicer on April 8, 2019 when the Borrower failed to fund a $3.5 million go dark reserve for A&F and Gilly Hicks. The loan was subsequently returned to the master servicer in August 2019 after the execution of a loan modification, which required A&F to pay the borrower an $8.0 million rent prepayment in exchange for allowing the A&F retailers (Hollister Co., A&F, and Gilly Hicks) to go dark. With the use of the $8.0 million payment, the Lender, reduced the principal balance by $3.0 million and the remaining $5.0 million was deposited into a tenant improvement and leasing commission (TI/LC) reserve account. Each of the three A&F retailers will continue to be liable for the payment of annual base rent except for the last lease year whereby the three tenants will only be obligated to pay approximately 20% of their original annual rent. The remaining 80% of their original annual rent equated to the $8.0 million rent prepayment amount. A&F, as guarantor, will continue to guaranty the tenant payments and performance obligations of the A&F retailers. In addition, the full-term interest-only loan matures in January 2026 and now amortizes on a 15-year schedule.

As of the nine-month annualized September 2019 servicer net cash flow, the loan reported a DSC of 1.87x, up from 1.75x at Year-End 2018 and from 1.61x at securitization. The property has been 100% leased since securitization.

KBRA will continue to monitor developments surrounding the transfer. Should the performance of the transactions necessitate a Watch placement and/or rating changes, KBRA will issue an updated press release, which will be available on our website.

Access ratings, reports and disclosures for **CGCMT 2016-P3** and **CGCMT 2016-GC37**.

Related Publications: (available at **www.kbra.com**)

- **CGCMT 2016-P3 2019 Surveillance Report**
- **CGCMT 2016-GC37 2019 Surveillance Report**

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