

Various, MI

Collateral Asset Summary – Loan No. 11

Art Van Portfolio

Cut-off Date Balance: \$20,500,000
Cut-off Date LTV: 68.2%
U/W NCF DSCR: 1.47x
U/W NOI Debt Yield: 10.1%

Mortgage Loan Information

Loan Seller:	UBS AG
Loan Purpose:	Acquisition
Borrower Sponsor:	LCN Capital Partners, L.P.
Borrower:	LCN AVF Warren (MI) LLC
Original Balance⁽¹⁾:	\$20,500,000
Cut-off Date Balance⁽¹⁾:	\$20,500,000
% by Initial UPB:	3.2%
Interest Rate:	4.9620%
Payment Date:	6 th of each month
First Payment Date:	April 6, 2017
Maturity Date:	March 6, 2027
Amortization:	Interest Only for the first 24 months, 360 months thereafter
Additional Debt⁽¹⁾:	\$48,250,000 <i>Pari Passu</i> Debt
Call Protection⁽²⁾⁽³⁾:	L(27), D(86), O(7)
Lockbox / Cash Management:	Hard / In Place

Reserves

	Initial	Monthly
Taxes⁽⁴⁾:	\$0	Springing
Insurance⁽⁴⁾:	\$0	Springing
Replacement⁽⁴⁾:	\$0	Springing
Ti/LC⁽⁵⁾:	\$0	Springing
Environmental:	\$82,500	\$0
Condominium Common Charge⁽⁶⁾:	\$0	Springing
Art Van Prepaid Rent⁽⁷⁾:	\$0	Springing

Financial Information⁽⁸⁾

Cut-off Date Balance / Sq. Ft.:	\$49
Balloon Balance / Sq. Ft.:	\$42
Cut-off Date LTV:	68.2%
Balloon LTV:	58.9%
Underwritten NOI DSCR:	1.57x
Underwritten NCF DSCR:	1.47x
Underwritten NOI Debt Yield:	10.1%
Underwritten NCF Debt Yield:	9.4%

(1) The Art Van Portfolio Whole Loan is evidenced by five *pari passu* notes in the aggregate original principal balance of \$68.75 million. The non-controlling Note A-2 and Note A-3, with an aggregate original principal balance of \$20.5 million, will be included in the CFCRE 2017-C8 mortgage trust. The related companion loans have an aggregate original principal balance of \$48.25 million and are evidenced by one controlling note and two non-controlling notes.

(2) The lockout period will be at least 27 payment dates beginning with and including the first payment date of April 6, 2017. Defeasance of the \$68.75 million Art Van Portfolio Whole Loan is permitted in whole or in part (see Footnote 3 below) on any payment date on or after the earlier of (i) July 6, 2019 and (ii) the date that is two years after the closing date of the securitization of the last *pari passu* note. In addition, the Art Van Portfolio Whole Loan is prepayable without penalty on or after September 6, 2026. The assumed lockout period of 27 payments is based on the expected CFCRE 2017-C8 securitization closing date in June 2017.

Property Information

Single Asset / Portfolio:	Portfolio of five properties
Property Type:	Various
Collateral:	Fee Simple
Location:	Various, MI
Year Built / Renovated:	Various / Various
Total Sq. Ft.:	1,407,911
Property Management:	Self-managed
Underwritten NOI:	\$6,920,356
Underwritten NCF:	\$6,491,378
Appraised Value⁽⁹⁾:	\$100,850,000
Appraisal Date:	Various

Historical NOI⁽¹⁰⁾

Most Recent NOI:	NAV
2016 NOI:	NAV
2015 NOI:	NAV
2014 NOI:	NAV

Historical Occupancy

Most Recent Occupancy:	100.0% (May 6, 2017)
2016 Occupancy:	100.0% (December 31, 2016)
2015 Occupancy:	100.0% (December 31, 2015)
2014 Occupancy:	100.0% (December 31, 2014)

- (3) Following the lockout period, the borrower is permitted to partially release any of the Properties (other than the Warren Distribution Center property), subject to certain conditions, including (i) no event of default has occurred, (ii) partial defeasance of 115% of the released property's allocated loan balance, (iii) the LTV ratio with respect to the remaining Property(ies) is no greater than the lesser of (a) 68.2% and (b) the LTV ratio immediately prior to the release, (iv) the DSCR with respect to the remaining Property(ies) is no less than the greater of (a) 1.47x and (b) the DSCR immediately prior to the release and (v) the debt yield with respect to the remaining Property(ies) is no less than the greater of (a) 9.4% and (b) the debt yield immediately prior to the release.
- (4) Monthly taxes, insurance and replacement reserves will be waived, as long as (a) no event of default exists, (b) all of the Properties are demised pursuant to the Art Van Furniture, Inc. ("Art Van") lease (subject to the borrower's right to release the individual properties as detailed in the Footnote 3 above), (c) the Art Van lease is in full force and effect, (d) no material tenant trigger event exists and (e) Art Van (x) pays all taxes directly to applicable government authorities, (y) performs its obligations to maintain insurance and (z) performs its maintenance obligations, pursuant to the Art Van lease.
- (5) Monthly Ti/LC reserve will be waived, as long as (i) no event of default then exists under the Art Van lease and (ii) the Art Van lease is in full force and effect.
- (6) Monthly condominium common charges will be waived, as long as (i) no event of default exists, (ii) the Comstock Park Retail property is demised pursuant to the Art Van lease, (iii) the Art Van lease is in full force and effect, (iv) no material tenant trigger event exists and (v) Art Van performs its obligations to pay all condominium common charges directly to the condominium association.
- (7) On each date that the quarterly rent is due or the date that the quarterly rent is paid (the "Art Van Rent Payment Date"), the borrower will deposit the rent due by Art Van on such Art Van Rent Payment Date into the Art Van prepaid rent reserve. Provided no event of default is continuing, on each monthly payment date in January, April, July and October, the lender will disburse from the Art Van prepaid rent reserve, the Quarterly Prepaid Rent Amount into the cash management account. The "Quarterly Prepaid Rent Amount" means the lesser of (i) the quarterly rent related to the quarter commencing with the month the disbursement is being made and (ii) the balance of the Art Van prepaid rent reserve. The Quarterly Prepaid Rent Amount cannot exceed one-quarter of the annual rent due for the related quarter.
- (8) DSCR, LTV, Debt Yield, and Balance / Sq. Ft. calculations are based on the aggregate Art Van Portfolio Whole Loan.
- (9) The appraisals concluded a hypothetical "dark value" of \$87,840,000 for the Properties. The Cut-off Date LTV based on the hypothetical "dark value" is 78.3%.
- (10) Historical financials are not available as the Properties were acquired in a sale leaseback transaction. The Properties were previously owner occupied. The lease is structured as a triple net lease where all of the operating management expenses are paid directly by Art Van, including capital expenditures.

TRANSACTION HIGHLIGHTS

- The Properties.** The Art Van Portfolio properties (the "**Properties**") consist of two distribution centers and three retail properties located in Michigan. The Properties are 100.0% occupied as of May 6, 2017 by Art Van under a 20-year triple net master lease that commenced in March 2017 and will expire in February 2037 with two 10-year renewal options. Art Van is a major furniture and mattress retailer in the Midwest. As of the fiscal year ending September 2016, Art Van reported net revenue of approximately \$794.0 million, compared to net revenue of approximately \$721.7 million as of the fiscal year ending September 2015. Weighted average sales per sq. ft. on selling space across all the retail space at the Properties was approximately \$416 per sq. ft. in 2016, up from \$407 per sq. ft. in 2015. Thomas H. Lee Partners, L.P. ("THL") acquired Art Van for \$636.4 million at the origination of the Art Van Portfolio Whole Loan. THL utilized the sale of the real estate assets through several sale-leaseback transactions totaling \$436.4 million, which includes approximately \$98.3 million used to finance the acquisition of the Properties, in addition to \$100.0 million of cash equity from THL and a \$100.0 million GSO Capital Partners term loan.
- Borrower Sponsor.** The non-recourse carve-out guarantor is LCN North American Fund II REIT, a Maryland real estate investment trust, which is managed by LCN Capital Partners, L.P. ("LCN"), the borrower sponsor. LCN is a private equity firm with offices in New York, London and Luxembourg. LCN acquired the Properties from THL as part of a sale-leaseback for approximately \$98.3 million. The borrower sponsor contributed approximately \$30.6 million in equity to acquire the Properties.
- Market and Demographics.** The Properties are located in (i) industrial submarkets, with submarket vacancy rates ranging from 0.8% to 1.7% and (ii) retail submarkets, with submarket vacancy rates ranging from 3.6% to 5.5%.