

Mortgage Loan No. 14 — Penn Center West

Mortgage Loan Information

Mortgage Loan Seller:	AREF
Original Principal Balance:	\$22,000,000
Cut-off Date Principal Balance:	\$22,000,000
% of Pool by IPB:	2.3%
Loan Purpose:	Acquisition
Borrowers:	PCW1 Holdings, LLC; PCW6 Holdings, LLC; PCW8 Holdings, LLC
Sponsor:	Avi Mansher
Interest Rate:	4.9100%
Note Date:	1/31/2018
Maturity Date:	2/6/2023
Interest-only Period:	14 months
Original Term:	60 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(26), Def (30), O(4)
Lockbox:	Hard
Additional Debt:	No
Additional Debt Balance:	NAP
Additional Debt Type:	NAP
Additional Future Debt Permitted:	No

Property Information

Single Asset / Portfolio:	Portfolio of 3 Properties
Title:	Fee
Property Type - Subtype:	Office – Suburban
Net Rentable Area (SF) ⁽¹⁾:	213,894
Location:	Robinson, PA
Year Built / Renovated:	Various / 2015
Occupancy:	88.6%
Occupancy Date:	January 1, 2018
Number of Tenants:	20
2014 NOI:	\$2,229,879
2015 NOI:	\$2,572,428
2016 NOI:	\$2,680,208
TTM NOI⁽²⁾:	\$2,913,470
UW Economic Occupancy:	88.6%
UW Revenues:	\$4,210,503
UW Expenses:	\$1,569,128
UW NOI:	\$2,641,375
UW NCF:	\$2,384,301
Appraised Value / Per SF:	\$29,500,000 / \$138
Appraisal Date:	1/11/2018

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$163,440	\$23,349	N/A
Insurance:	\$5,326	\$2,663	N/A
Replacement Reserve:	\$0	\$3,598	N/A
TI/LC⁽³⁾:	\$800,000	\$17,825	N/A
Deferred Maintenance:	\$188,878	\$0	N/A
Special Rollover Reserve⁽⁴⁾:	\$0	Springing	N/A

Financial Information

Cut-off Date Loan / SF:	\$103
Maturity Date Loan / SF:	\$97
Cut-off Date LTV:	74.6%
Maturity Date LTV:	70.2%
UW NOI DSCR:	1.88x
UW NCF DSCR:	1.70x
UW NOI Debt Yield:	12.0%
UW NCF Debt Yield:	10.8%

Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan	\$22,000,000	72.6%
Sponsor Equity	8,282,612	27.4
Total Sources	\$30,282,612	100.0%

Uses	Proceeds	% of Total
Purchase Price⁽⁵⁾	\$27,900,000	92.1%
Upfront Reserves	1,157,643	3.8
Closing Costs	1,224,968	4.0
Total Uses	\$30,282,612	100.0%

- (1) The collateral for the mortgage loan also includes a partially improved vacant parcel which is not included in the calculation of the Net Rentable Area (SF).
- (2) Represents trailing-twelve months ending November 30, 2017.
- (3) The initial TI/LC reserve of \$800,000 must be used for future leasing and is not currently slated for any specific tenant.
- (4) On each payment date occurring during the continuance of a lease sweep period (provided no other cash management period is then continuing), all available cash (or such portion of available cash that is allocated by the lender for deposit into the special rollover reserve subaccount) is required to be paid to the lender.
- (5) The purchase price was utilized to acquire the equity interest in the fee title holders to the property.

Mortgage Loan No. 14 — Penn Center West

The Loan. The Penn Center West mortgage loan is a \$22.0 million first mortgage loan secured by the fee interest in three, Class A, suburban office buildings totaling 213,894 SF and an approximately 30.68-acre, partially improved parcel of land, located in Robinson, Pennsylvania. The Mortgage Loan has a five-year term and will amortize on a 30 year schedule following an initial interest-only period of 14 months.

The Borrowers. The borrowing entities for the mortgage loan consist of PCW1 Holdings, LLC, PCW6 Holdings, LLC and PCW8 Holdings, LLC, each a Delaware limited liability company and a single purpose entity.

The Sponsor. The loan's sponsor and nonrecourse carve-out guarantor is Avi Mansher. Avi Mansher is a real estate professional with over 30 years of real estate experience. He is the founder of Golden East Realty Inc. and has been serving as Principal of Golden East Investors, LLC since 1986. Golden East Investors, LLC is a privately-held New York-based company with activities in commercial real estate investment, management and development.

The Property. The portfolio consists of three Class A, suburban office buildings ("Penn Center West 1", "Penn Center West 6" and "Penn Center West 8") totaling 213,894 SF and one partially improved parcel of land ("Penn Center West 7"), located in Robinson, Pennsylvania. Penn Center West 7 is a vacant parcel of land partially improved with a surface parking lot located between the Penn Center West 6 and Penn Center West 8 properties. The properties were constructed in 1981 and 1999 and were renovated in 2015. Each of the buildings has between two and four floors, with an average floor plate of 27,700 SF. Since acquisition in 2012, the seller has reportedly invested approximately \$7.3 million in capital expenditures and tenant improvements, including \$2.34 million invested in the buildings to upgrade the exteriors, building systems, parking lots and common areas. The properties feature 861 parking spaces, resulting in a parking ratio of approximately 4.0 spaces per 1,000 square feet of rentable area.

Portfolio Summary

#	Property Name	Allocated Cut-off Date Loan Amount	% of Allocated Cut-off Date Loan Amount	Year Built	Total SF	Occupancy	UW NCF	% of UW NCF	Appraised Value	% of Appraised Value
1	Penn Center West 1 ⁽¹⁾	\$11,830,000	53.8%	1981	94,509	97.1%	\$1,307,431	54.8%	14,200,000	48.1%
2	Penn Center West 6	6,400,000	29.1	1999	58,781	100.0	696,970	29.2	7,650,000	25.9
3	Penn Center West 8 ⁽²⁾	3,770,000	17.1	1999	60,604	64.5	379,900	15.9	7,650,000	25.9
Total / Wtd. Avg.⁽³⁾		\$22,000,000	100.0%		213,894	88.6%	\$2,384,301	100.0%	\$29,500,000	100.0%

(1) The occupancy figure excludes tenant Gary and Bettina Radcliff which occupies 1,364 SF (1.4% of the Penn Center West 1 property). Such tenant is currently in technical default of its lease agreement due to outstanding rental payments and therefore the lender has excluded this tenant from the underwriting of the loan. The occupancy figure including this tenant is 98.5%.

(2) The occupancy figure excludes Jacobs Engineering which leases 13,099 SF (21.6% of the Penn Center West 8 property). The tenant is currently dark but paying all rent obligations. The occupancy figure including this tenant is 86.1%.

(3) The Wtd. Avg. Occupancy figure including the two aforementioned tenants is 95.4%.

As of 2018, the properties were 88.6% occupied, leased to 20 tenants and have maintained an average occupancy of 91.9% since 2015. The largest tenant in the portfolio, American International Relocation Solutions LLC ("AiRes"), leases 58,781 SF across six suites (27.5% of the net rentable area of the portfolio and 100% of the Penn Center West 6 property) through April 2022, with one, three-year extension option remaining. AiRes is a technologically advanced global relocation solutions provider of full and partial global relocations and assignment management services for corporations and their transferees. AiRes has been at the property since 2010 and the building currently serves as the company's headquarters. After initially occupying 33,303 SF in 2010, AiRes has renewed its lease and continued to expand. The most recent 14,009 SF expansion extended the lease term through April 2022. The Penn Center West 6 building was formerly occupied by multiple tenants and can be broken up for multi-tenant usage if needed.

Mortgage Loan No. 14 — Penn Center West

The second largest tenant in the portfolio, NVR Inc. (“NVR”), leases 48,669 SF of the Penn Center West 1 building (22.8% of the net rentable area of the portfolio) through May 2024 with one, five-year extension option remaining. NVR is a United States homebuilding and mortgage company. NVR has been a tenant at the property since 2014 and is rated Baa2/BBB+/BBB+ by Moody’s, S&P and Fitch, respectively. The third largest tenant in the portfolio, Ad-Base, leases 15,832 SF of the Penn Center West 8 property (7.4% of the net rentable area of the portfolio) through July 2018 with one, five-year extension option remaining. Ad-Base provides information technology and communications solutions. Ad-Base, through its subsidiaries, offers dial-up internet services; and call center solutions for internet service providers, carriers, and other information technology service providers. Ad-Base has been a tenant at the property since 2007.

The property benefits from its location in proximity to Pittsburgh. The location provides ease of access to Pittsburgh’s central business district (the “Pittsburgh CBD”) and the Pittsburgh International Airport as well as ample nearby amenities including hotels, restaurants and destination shopping at power retail centers of Settler’s Ridge and Robinson Town Square.

The Market. The properties are located in the township of Robinson, Pennsylvania, within Allegheny County in the Pittsburgh market. The Pittsburgh Metropolitan Statistical Area is located in the tri-state region of Pennsylvania, West Virginia and Ohio. Primary access to the properties’ neighborhood is provided by Interstate 376, State Route 60, and Interstate 79. The mortgaged properties have immediate access to Interstate 376 and are approximately two miles from the intersection of Interstate 376 and Interstate 79. The properties are also located along the Parkway West Corridor, which is the primary route connecting the Pittsburgh CBD, ten miles west of the properties, to Pittsburgh International Airport, ten miles east of the properties. According to the appraisal, in 2016, the Pittsburgh International Airport enplaned approximately four million passengers.

The economy of the Pittsburgh metropolitan area focuses on healthcare, higher education, tourism, banking and high technology. According to the appraisal, the 2017 population within a one-, three-, and five-mile radius was 2,201, 32,203 and 128,803, respectively; and the 2017 average household income within the same radii was \$97,359, \$84,462 and \$80,071, respectively.

According to the appraisal, as of the fourth quarter in 2017, the Pittsburgh office market contained approximately 132.3 million SF of office space with an overall vacancy rate of 8.6%. The appraisal concluded per square foot market rents of \$21.20 NNN for office space. According to the appraisal, the properties’ competitive set consists of the six properties detailed in the table below.

Competitive Set Summary⁽¹⁾

Property	Year Built / Renovated	Total NRA (SF)	Est. Rent PSF	Est. Occ.	Proximity (miles)	Anchor Tenants
Penn Center West Portfolio	Various / 2015	213,894	\$22.09	88.6%	N/A	AiRes, NVR, Ad-Base
2000 Park Lane	1994 / NAP	229,110	\$27.00	100.0%	5.2	Cabot Oil & Gas
Penn Center West 5	2004 / NAP	147,120	\$22.50	78.0%	0.3	N/A
Two Marquis Plaza ⁽²⁾	1980 / 2016	71,149	\$23.50	15.0%	2.1	John, Mirmiran, & Thompson
Cherrington Corporate Center	1993 / NAP	120,000	\$22.50	100.0%	7.4	Chevron Corporation
Parkway Center 3	1983 / 1989	55,445	\$20.50	100.0%	6.2	Bethany Hospice
Foster Plaza 9	1989 / NAP	154,470	\$23.50	68.0%	5.4	Stantec

(1) Source: Appraisal.

(2) Two Marquis Plaza was completely renovated in 2016 and is currently in lease-up.

Mortgage Loan No. 14 — Penn Center West

Historical and Current Occupancy⁽¹⁾

2014	2015	2016	TTM ⁽²⁾	Current ⁽³⁾⁽⁴⁾
91.9%	89.2%	91.3%	95.1%	88.6%

(1) Source: Historical Occupancy is provided by the sponsor. Occupancies are as of December 31 of each respective year.

(2) The TTM represents occupancy as of November 2017.

(3) Based on the January 1, 2018 underwritten rent roll.

(4) The occupancy figure excludes tenant Gary and Bettina Radcliff which occupies 1,364 SF. The tenant is currently in technical default of its lease agreement due to outstanding rental payments and therefore AREF has excluded this tenant from the underwriting of the loan. The occupancy figure also excludes Jacobs Engineering which leases 13,099 SF. The tenant is currently dark but paying all rent obligations. The occupancy figure including the two aforementioned tenants is 95.4%.

Tenant Summary⁽¹⁾

Tenant	Ratings Moody's/S&P/Fitch ⁽²⁾	Property	Net Rentable Area (SF)	% of Total NRA	Base Rent PSF	% of Total Base Rents	Lease Expiration Date
AiRes ⁽³⁾	NA / NA / NA	Penn Center West 6	58,781	27.5%	\$20.81	30.0%	4/30/2022
NVR ⁽⁴⁾	Baa2 / BBB+ / BBB+	Penn Center West 1	48,669	22.8	\$21.11	25.2	5/31/2024
Ad-Base	NA / NA / NA	Penn Center West 8	15,832	7.4	\$21.99	8.5	7/31/2018
Club Com, Inc.	NA / NA / NA	Penn Center West 8	13,085	6.1	\$22.00	7.1	9/30/2021
TEKSystems, Inc. ⁽⁵⁾	NA / NA / NA	Penn Center West 8	10,168	4.8	\$23.93	6.0	7/31/2022
DV Sport ⁽⁶⁾	NA / NA / NA	Penn Center West 1	8,055	3.8	\$17.11	3.4	8/31/2018
Etimine USA	NA / NA / NA	Penn Center West 1	6,283	2.9	\$21.53	3.3	10/31/2019
Hospice and Palliative Nursing	NA / NA / NA	Penn Center West 1	5,133	2.4	\$23.07	2.9	12/31/2020
Xerox Corporation	Baa3 / BBB- / BBB-	Penn Center West 1	4,508	2.1	\$21.65	2.4	10/31/2019
Sorenson Consultants	NA / NA / NA	Penn Center West 1	4,171	2.0	\$23.07	2.4	6/30/2020
Total:			174,685	81.7%		91.0%	

(1) Based on the January 1, 2018 underwritten rent roll, including rent increases occurring through January 2019.

(2) Ratings provided are for the parent company of the entity listed in the "Tenant" field whether or not the parent company guarantees the lease.

(3) AiRes has the right to terminate its lease effective April 30, 2020, provided written notice is delivered to the landlord at least 12 months in advance. In the event the tenant elects to terminate the lease, a termination fee is due equal to the unamortized sum of costs incurred by the landlord in connection with the lease.

(4) NVR has the one-time right to terminate its lease for its entire premises effective May 2021. The termination fee will be equal to six months of the then-current rent in effect, plus the unamortized portion of the costs of landlord's work, the costs of the tenant improvement allowance, the landlord's cost of relocating tenants who were occupying space in the premises prior to the tenant's occupancy and all of the landlord's out of pocket costs and expenses incurred in connection with the lease, including, but not limited to brokerage commissions and legal fees.

(5) TEKSystems, Inc., has a one-time option to terminate its related lease effective as of August 2020 upon 12 months' prior written notice to the related borrower. The related lease agreement provides that in the event that TEKSystems, Inc. terminates its lease, TEKSystems, Inc. is required to pay to the related borrower a termination fee in an amount equal to (i) the unamortized portion of (a) the total amount of the abatement of TEKSystems, Inc.'s rental obligations, (b) the costs of the related borrower's work and (c) all of the related borrower's out of pocket expenses incurred in connection with the lease plus (ii) a marketing fee equal to one months' rent.

(6) DV Sport's Net Rentable Area sf includes 1,526 SF of storage space.

Mortgage Loan No. 14 — Penn Center West

Lease Rollover Schedule⁽¹⁾

Year	Number of Leases Expiring ⁽²⁾	NRA Expiring	% of NRA Expiring	Base Rent Expiring	% of Base Rent Expiring	Cumulative NRA Expiring ⁽²⁾	Cumulative % of NRA Expiring	Cumulative Base Rent Expiring	Cumulative % of Base Rent Expiring
Vacant ⁽³⁾	NAP	24,302	11.4%	NAP	NAP	24,302	11.4%	NAP	NAP
MTM	0	0	0.0	\$0	0.0%	24,302	11.4%	\$0	0%
2018	5	26,343	12.3	542,461	13.3	50,645	23.7%	\$542,461	13.3%
2019	4	13,197	6.2	290,616	7.1	63,842	29.8%	\$833,077	20.4%
2020	7	19,339	9.0	458,341	11.2	83,181	38.9%	\$1,291,418	31.6%
2021	2	13,095	6.1	296,870	7.3	96,276	45.0%	\$1,588,288	38.9%
2022	7	68,949	32.2	1,466,553	35.9	165,225	77.2%	\$3,054,841	74.8%
2023	0	0	0.0	0	0.0	165,225	77.2%	\$3,054,841	74.8%
2024	1	48,669	22.8	1,027,403	25.2	213,894	100.0%	\$4,082,244	100.0%
2025	0	0	0.0	0	0.0	213,894	100.0%	\$4,082,244	100.0%
2026	0	0	0.0	0	0.0	213,894	100.0%	\$4,082,244	100.0%
2027	0	0	0.0	0	0.0	213,894	100.0%	\$4,082,244	100.0%
2028 & Beyond	0	0	0.0	0	0.0	213,894	100.0%	\$4,082,244	100.0%
Total	26	213,894	100.0%	\$4,082,244	100.0%				

- (1) Based on the January 1, 2018 underwritten rent roll. Rent includes base rent and rent increases occurring through January 2019.
- (2) Certain tenants have more than one lease.
- (3) Includes Gary and Bettina Radcliff and Jacobs Engineering as vacant. Gary and Bettina Radcliff are currently in technical default of their lease agreement due to outstanding rental payments and therefore AREF has excluded this tenant from the underwriting of the loan. Jacobs Engineering leases 13,099 SF and is currently dark but paying all rent obligations. The occupancy figure including the two aforementioned tenants is 95.4%.

Operating History and Underwritten Net Cash Flow

	2014	2015	2016	TTM ⁽¹⁾	Underwritten ⁽²⁾	PSF	% ⁽³⁾
Rents in Place	\$3,440,280	\$3,822,050	\$3,958,537	\$4,209,577	\$4,082,244	\$19.09	86.4%
Vacant Income	0	0	0	0	540,356	\$2.53	11.4%
Gross Potential Rent	\$3,440,280	\$3,822,050	\$3,958,537	\$4,209,577	\$4,622,600	\$21.61	97.8%
Total Reimbursements	\$62,495	\$133,656	\$131,730	\$123,455	\$102,117	\$0.48	2.2%
Net Rental Income	\$3,502,775	\$3,955,706	\$4,090,267	\$4,333,032	\$4,724,717	\$22.09	100.0%
(Vacancy/Collection Loss) ⁽⁴⁾	0	0	0	0	(540,356)	(\$2.53)	(11.4%)
Other Income ⁽⁵⁾	47,478	3,292	8,964	26,142	26,142	\$0.12	0.6%
Effective Gross Income	\$3,550,253	\$3,958,998	\$4,099,231	\$4,359,174	\$4,210,503	\$19.68	89.1%
Total Expenses	\$1,320,374	\$1,386,570	\$1,419,023	\$1,445,704	\$1,569,128	\$7.34	37.3%
Net Operating Income	\$2,229,879	\$2,572,428	\$2,680,208	\$2,913,470	\$2,641,375	\$12.35	62.7%
Total TI/LC, Capex/RR	0	0	0	0	257,074	\$1.20	6.1%
Net Cash Flow	\$2,229,879	\$2,572,428	\$2,680,208	\$2,913,470	\$2,384,301	\$11.15	56.6%

- (1) Represents the trailing 12 month period through November 30, 2017.
- (2) Rent includes base rent and rent increases occurring through January 2019.
- (3) Percentage column represents percent of Net Rental Income for all revenue lines and represents percent of Effective Gross Income for the remainder of fields.
- (4) Based on the actual economic vacancy of 11.4%.
- (5) Other income consists of vending machine and trash removal income as well as tenant services income, which represents reimbursement for 100% of tenant repairs/services performed by the landlord.