

## Mortgage Loan No. 13 — Rancho Santa Margarita Town Center

### Mortgage Loan Information

Mortgage Loan Seller:	The Bancorp Bank
Original Principal Balance:	\$23,870,000
Cut-off Date Principal Balance:	\$23,870,000
% of Pool by IPB:	2.0%
Loan Purpose:	Refinance
Borrowers:	VR RSM ONE LLC; VR RSM TWO LLC
Sponsor:	National Credit Tenant Investments, LLC
Interest Rate:	4.2900%
Note Date:	12/31/2014
Maturity Date:	1/5/2025
Interest-only Period:	60 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(26),Def(90),O(4)
Lockbox:	Springing
Additional Debt:	No
Additional Debt Balance:	N/A
Additional Debt Type:	N/A
Additional Future Debt Permitted:	Yes, Mezzanine

### Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Retail - Anchored
Net Rentable Area (SF):	49,823
Location:	Rancho Santa Margarita, CA
Year Built / Renovated:	1996 / N/A
Occupancy <sup>(1)</sup> :	92.9%
Occupancy Date <sup>(1)</sup> :	10/1/2014
Number of Tenants <sup>(1)</sup> :	18
2011 NOI:	\$1,597,768
2012 NOI:	\$1,505,697
2013 NOI:	\$1,602,102
TTM NOI (as of 9/2014):	\$1,664,565
UW Economic Occupancy <sup>(1)</sup> :	92.9%
UW Revenues <sup>(1)</sup> :	\$2,308,823
UW Expenses:	\$515,527
UW NOI:	\$1,793,296
UW NCF:	\$1,731,515
Appraised Value / PSF:	\$33,000,000 / \$662
Appraisal Date:	10/10/2014

### Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$180,055	\$23,895	N/A
Insurance:	\$8,411	\$1,682	N/A
Replacement Reserves:	\$0	\$996	\$35,873
TI/LC:	\$89,289	\$4,152	\$150,000
Free Rent Reserve <sup>(2)</sup> :	\$116,305	N/A	N/A

### Financial Information

Cut-off Date Loan / SF:	\$479
Maturity Date Loan / SF:	\$437
Cut-off Date LTV:	72.3%
Maturity Date LTV:	66.0%
UW NCF DSCR:	1.22x
UW NOI Debt Yield:	7.5%

### Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan	\$23,870,000	100.0%
<b>Total Sources</b>	<b>\$23,870,000</b>	<b>100.0%</b>

Uses	Proceeds	% of Total
Payoff Existing Debt	\$9,496,022	39.8%
Return of Equity	13,850,874	58.0
Upfront Reserves	394,060	1.7
Closing Costs	129,044	0.5
<b>Total Uses</b>	<b>\$23,870,000</b>	<b>100.0%</b>

- (1) Includes one tenant, Double Infinity Investment LLC ("Lovely Lash"), who executed a lease in December 2014 and is expected to take occupancy in Spring 2015.
- (2) Includes reserves for (i) \$65,280 for a tenant that was month-to-month at origination, but recently signed a three year lease extension, (ii) \$51,025 with respect to the Lovely Lash lease, and (iii) \$11,625 with respect to the SKNB, LLC lease.

## Mortgage Loan No. 13 — Rancho Santa Margarita Town Center

**The Loan.** The Rancho Santa Margarita Town Center loan is secured by a first mortgage lien on a 49,823 SF grocery-anchored retail center located in Rancho Santa Margarita, Orange County, California. The loan has a 10-year term and amortizes on a 30-year schedule following 5 years of interest-only payments.

**The Borrowers.** The borrowing entities for the Rancho Santa Margarita Town Center loan are VR RSM ONE LLC and VR RSM TWO LLC, each of which are Delaware limited liability companies and special purpose entities. The borrowers own the property as tenants-in-common.

**The Sponsor.** The sponsor and the guarantor under the non-recourse carveouts is National Credit Tenant Investments, LLC (“NCTI”), an entity controlled by David Lee. David Lee has a 99.0% economic interest in the borrowers. David Lee is the Founder and Chief Executive Officer of ValueRock Realty Partners.

**The Property.** The property consists of a 49,823 SF portion of the Rancho Santa Margarita Shopping Center (the “Shopping Center”), a larger 200,000+ SF, Class A, multi-tenant community shopping center located on the southeast corner of Santa Margarita Parkway and Avenida De Las Flores. The Shopping Center, which was originally constructed in 1996 and periodically updated, is situated on four separate parcels that total 7.10-acres. As of the cut-off date, the property was 92.9% leased to 18 tenants with two shop spaces available. The property is anchored by Trader Joe’s, and has a mix of regional and national in-line tenants. The Shopping Center’s primary anchors include Ross Dress for Less, Target, Walgreens, Petco and Big 5 Sporting Goods, all of which serve as shadow anchors for the property.

**The Market.** The property is located in Rancho Santa Margarita, Orange County, California, approximately 50 miles southeast of Los Angeles. Rancho Santa Margarita is a 5,000-acre master planned community located in southeastern Orange County, between Mission Viejo and Coto de Caza, at the foothills of the Santa Ana Mountains. According to the appraisal, as of 2014, population and median household income were 172,912 and \$100,119, respectively, within a 5-mile radius of the subject property. Access to the property is provided by Foothill Transportation Corridor (Route 241) and Santa Margarita Parkway, both of which intersect just west of the property and have daily traffic counts of 43,354 and 40,879, respectively.

According to the appraisal, the property is situated in the South Orange County submarket of the Orange County retail market. The South Orange County submarket contains 17.9 million SF of gross leasable retail area, and has an average vacancy rate of 3.6%. No new construction is expected within the submarket. The greater Orange County retail market contains over 84.3 million SF of gross leasable retail area and has a vacancy rate of 4.7%.

### Tenant Summary<sup>(1)</sup>

Tenant	Ratings Moody’s/S& P/Fitch <sup>(2)</sup>	Net Rentable Area (SF)	% of NRA	Base Rent PSF	Sales PSF <sup>(3)</sup>	Occupancy Costs <sup>(3)</sup>	Lease Expiration Date
Trader Joe’s	NA / NA / NA	10,826	21.7%	\$33.60	N/A	N/A	1/31/2017
Wells Fargo Bank	A2 / A+ / AA-	5,362	10.8%	\$39.60	N/A	N/A	5/31/2018
Styles For Less	NA / NA / NA	3,250	6.5%	\$33.85	N/A	N/A	10/31/2016
Lindora	NA / NA / NA	3,106	6.2%	\$42.04	N/A	N/A	12/31/2019
Panera Bread	NA / NA / NA	3,100	6.2%	\$48.00	N/A	N/A	4/22/2023
Tutto Fresco	NA / NA / NA	2,604	5.2%	\$49.56	\$795	7.5%	1/31/2016
Hand & Stone Massage	NA / NA / NA	2,450	4.9%	\$36.00	N/A	N/A	6/30/2018
Wan Fu Chinese	NA / NA / NA	2,233	4.5%	\$47.78	\$199	29.8%	1/31/2016
Radio Shack	NA / NA / NA	1,903	3.8%	\$33.60	\$414	10.6%	1/31/2016
K60 Fitness	NA / NA / NA	1,500	3.0%	\$26.50	N/A	N/A	8/31/2023

(1) Top ten tenants based on the underwritten rent roll.

(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) Sales PSF and Occupancy Costs represent sales of the first eight months of 2014, annualized.

## Mortgage Loan No. 13 — Rancho Santa Margarita Town Center

### Operating History and Underwritten Net Cash Flow

	2013	TTM <sup>(1)</sup>	Underwritten	PSF	% <sup>(2)</sup>
Rents in Place	\$1,681,489	\$1,736,583	\$1,811,819 <sup>(3)</sup>	\$36.37	72.9%
Contractual Rent Steps	0	0	40,682	0.82	1.6%
Vacant Income	0	0	176,131	3.54	7.1%
<b>Gross Potential Rent</b>	<b>\$1,681,489</b>	<b>\$1,736,583</b>	<b>\$2,028,632</b>	<b>\$40.72</b>	<b>81.6%</b>
Total Reimbursements	433,423	451,214	456,321	9.16	18.4%
<b>Net Rental Income</b>	<b>\$2,114,912</b>	<b>\$2,187,797</b>	<b>\$2,484,954</b>	<b>\$49.88</b>	<b>100.0%</b>
(Vacancy and Credit Loss)	(0)	(0)	(176,131)	(3.54)	(7.1)%
Other Income	3,834	3,878	0	0	0.0%
<b>Effective Gross Income</b>	<b>\$2,118,746</b>	<b>\$2,191,675</b>	<b>\$2,308,823</b>	<b>\$46.34</b>	<b>92.9%</b>
<b>Total Expenses</b>	<b>\$516,644</b>	<b>\$527,110</b>	<b>\$515,527</b>	<b>\$10.35</b>	<b>22.3%</b>
<b>Net Operating Income</b>	<b>\$1,602,102</b>	<b>\$1,664,565</b>	<b>\$1,793,296</b>	<b>\$35.99</b>	<b>77.7%</b>
Replacement Reserves	0	0	11,958	0.24	0.5%
TI/LC	0	0	49,823	1.00	2.2%
<b>Net Cash Flow</b>	<b>\$1,602,102</b>	<b>\$1,664,565</b>	<b>\$1,731,515</b>	<b>\$34.75</b>	<b>75.0%</b>

(1) TTM column represents the trailing twelve-month period ending on September 30, 2014.

(2) Percentage column represents percent of Net Rental Income for all revenue lines and represents percent of Effective Gross Income for the remainder of fields.

(3) Based on underwritten rent roll.

### Historical and Current Occupancy

	2011	2012	2013	Current <sup>(1)</sup>
Occupancy	91.7%	81.5%	89.3%	92.9%

(1) Based on underwritten rent roll.