

Northwest Business Center

Mortgage Loan Information

Mortgage Loan Seller:	SMF VI
Original Principal Balance:	\$22,750,000
Cut-off Date Principal Balance:	\$22,750,000
% of Pool by IPB:	3.2%
Loan Purpose:	Acquisition
Borrowers⁽¹⁾:	Various
Sponsors:	Jeffrey J. Katke, Daniel P. Culler and Richard M. Kent
Interest Rate:	5.23000%
Note Date:	4/23/2018
Maturity Date:	5/6/2028
Interest-only Period:	48 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(12),Grtr1%orYM(104),O(4)
Lockbox / Cash Management:	Springing / Springing
Additional Debt:	N/A
Additional Debt Balance:	N/A
Additional Debt Type:	N/A

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Industrial – Flex
Net Rentable Area (SF):	470,971
Location:	Marietta, GA
Year Built / Renovated:	1982-1988 / N/A
Occupancy:	90.6%
Occupancy Date:	4/1/2018
Number of Tenants:	67
2015 NOI⁽²⁾:	\$1,675,710
2016 NOI⁽²⁾:	\$2,057,258
2017 NOI⁽²⁾:	\$2,341,809
TTM NOI (as of 2/2018)⁽²⁾:	\$2,396,519
UW Economic Occupancy:	91.3%
UW Revenues:	\$3,906,890
UW Expenses:	\$1,064,403
UW NOI⁽²⁾:	\$2,842,487
UW NCF:	\$2,489,270
Appraised Value / Per SF⁽³⁾:	\$34,200,000 / \$73
Appraisal Date:	2/7/2018

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$190,192	\$23,774	N/A
Insurance⁽⁴⁾:	\$0	Springing	N/A
Replacement Reserves⁽⁵⁾:	\$533,597	\$3,925	\$141,300
TI/LC⁽⁶⁾:	\$154,677	\$25,510	\$918,396
Other⁽⁷⁾:	\$3,356,073	\$0	N/A

Financial Information

Cut-off Date Loan / SF:	\$48
Maturity Date Loan / SF:	\$44
Cut-off Date LTV:	66.5%
Maturity Date LTV:	60.4%
UW NCF DSCR:	1.65x
UW NOI Debt Yield:	12.5%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$22,750,000	68.0%	Purchase Price	\$28,700,000	85.8%
Sponsor Equity	10,688,339	32.0	Upfront Reserves	4,234,539	12.7
			Closing Costs	503,800	1.5
Total Sources	\$33,438,339	100.0%	Total Uses	\$33,438,339	100.0%

(1) The borrowers under the Northwest Business Center loan are Avistone Northwest H, LLC, Avistone Northwest S, LLC, Northwest 1, LLC, Northwest 2, LLC, Northwest 3, LLC, Northwest 4, LLC, Northwest 5, LLC, Northwest 6, LLC and Northwest 7, LLC.

(2) Since 2015, 36 new leases, lease extensions or expansions have been executed at the property, comprising 27.7% of the net rentable area at the property and accounting for approximately \$1.1 million in rental income (34.6% of underwritten base rent). As such, NOI has grown each year, including new leases that are only partially reflected in the TTM NOI and UW NOI is greater than TTM NOI.

(3) The Appraised Value / Per SF represents the "hypothetical as-is" value of \$34,200,000, which assumes planned renovations and capital expenditures at a cost of \$4,083,000 were completed at the property as of February 7, 2018. At origination, the borrower deposited \$3,889,670 for the planned renovations and capital expenditures as described below. The "as-is" value as of February 7, 2018 is \$30,100,000, which results in a Cut-off Date LTV and Maturity Date LTV of 75.6% and 68.6%, respectively.

(4) The requirement for the borrowers to make deposits to the insurance escrow are waived so long as (i) no sweep event has occurred and is continuing and (ii) the borrowers provide satisfactory evidence that the property is insured as part of a blanket policy in accordance with the loan documents.

(5) At origination, the borrowers were required to escrow \$533,597 for planned capital expenditures at the property, which amount does not count against the replacement reserve cap.

(6) At origination, the borrowers were required to deposit into the TI/LC reserve: (i) approximately \$118,027 for outstanding tenant improvements for Beamex, Inc. and (ii) \$36,650 for outstanding tenant improvements for Olight World USA. These amounts do not count against the TI/LC reserve cap.

(7) Other initial reserves represent: (i) \$2,743,895 for deferred maintenance and (ii) \$612,178 for capital improvements and space preparation of vacant suites.

The Loan. The Northwest Business Center loan has an outstanding principal balance as of the Cut-off Date of \$22.75 million and is secured by a first mortgage lien on the borrowers' fee interest in a 470,971 square foot industrial flex property located in Marietta, Georgia. The loan has a 10-year term and, subsequent to a four-year interest-only period, will amortize on a 30-year schedule.

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The borrowing entities for the Northwest Business Center loan are Avistone Northwest H, LLC, Avistone Northwest S, LLC, Northwest 1, LLC, Northwest 2, LLC, Northwest 3, LLC, Northwest 4, LLC, Northwest 5, LLC, Northwest 6, LLC and Northwest 7, LLC, each a Delaware limited liability company and special purpose entity, as tenants-in-common. The loan sponsor and nonrecourse carve-out guarantors are Jeffrey J. Katke, Daniel P. Culler and Richard M. Kent.

Mr. Katke, Mr. Culler and Mr. Kent are principals at Avistone, LLC (“Avistone”). Avistone was founded in 2013 and is an investment management firm that currently owns and operates over 2.5 million square feet of industrial space throughout California, Georgia, Ohio, Texas and Florida.

The Property. The Northwest Business Center property is comprised of 12 industrial buildings located at 1335 & 1337-1351 Capital Circle Southeast and 2130, 2150, 2152, 2242, 2244, 2252, 2256, 2260, 2270 & 2275 Northwest Parkway Southeast in Marietta, Georgia. The property was constructed in phases between 1982 and 1988, and totals 470,971 square feet of net rentable area. The property offers approximately 65.4% office space, while the remaining is warehouse space. The property includes 850 parking spaces, resulting in a parking ratio of approximately 1.80 spaces per 1,000 square feet of net rentable area.

As of April 1, 2018, the property was 90.6% leased by 67 tenants and had an average occupancy level of 86.9% over the past three years. The largest tenant, The Original Mattress Factory, leases 12.0% of the net rentable area and accounts for 10.5% of the underwritten base rent. The Original Mattress Factory’s lease expires in July 2020 and such tenant has occupied the space since 2000. The Original Mattress Factory manufactures and brands mattresses and box springs and has over 100 factory and store locations in Florida, Georgia, Kentucky, Minnesota, North Carolina, Ohio, Pennsylvania, South Carolina and Virginia. The second largest tenant, Commissions, Inc leases 8.1% of the property’s net rentable area under two leases that expire in January 2022 (34,145 square feet) and October 2020 (3,928 square feet). Commissions, Inc has occupied space at the property since 2013 and expanded in 2016. Commissions, Inc is a real estate technology company that develops a conversion engine for real estate agents. Commissions, Inc accounts for approximately 8.8% of the underwritten base rent at the property. The third largest tenant, Engineered Solutions, leases 4.7% of the property’s net rentable area under a lease that expires in April 2023 and has occupied the space since 2011. Engineered Solutions provides foundation repair and waterproofing services. Engineered Solutions accounts for approximately 4.7% of the underwritten base rent at the property.

The Market. The Northwest Business Center property is located in Marietta, Cobb County, Georgia. The property is located west of Interstate-75, which provides access to the Atlanta central business district as well as to Interstate-85, which connects with most major arterials in the area. According to the appraisal, the 2017 median household income within a one-, three- and five-mile radius of the property was approximately \$36,627, \$48,635 and \$56,624, respectively. In 2017, the estimated total population within a one-, three- and five-mile radius was approximately 17,936, 84,891 and 223,527, respectively.

The Northwest Business Center property is located in the Northwest Atlanta industrial submarket, and according to the appraisal, the 2017 year-end vacancy rate in the submarket was 4.9%, with average asking rents of \$9.67 per square foot. The appraisal identified five properties as directly competitive with the Northwest Business Center property, ranging in size from 72,194 square feet to 300,083 square feet. The competitive properties reported occupancies ranging from 81% to 100%. The competitive properties have average asking rents ranging from \$6.00 to \$9.50 per square foot, versus weighted average in-place rents of \$7.63 per square foot at the Northwest Business Center property.

According to the appraisal, the market rent for less than 4,000 square foot, 4,000 to 10,000 square foot, 10,000 to 40,000 square foot and greater than 40,000 square foot space is \$8.75, \$8.25, \$7.00 and \$6.00 per square foot, respectively.

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Tenant Summary ⁽¹⁾						
Tenant	Ratings Moody's/S&P/Fitch	Net Rentable Area (SF)	% of Total NRA	Base Rent PSF	% of Total Base Rent	Lease Expiration Date
The Original Mattress Factory	NA / NA / NA	56,616	12.0%	\$6.06	10.5%	7/31/2020
Commissions, Inc ⁽²⁾	NA / NA / NA	38,073	8.1%	\$7.52	8.8%	Various
Engineered Solutions	NA / NA / NA	22,320	4.7%	\$6.92	4.7%	4/30/2023
JSJ Partners/Prosource	NA / NA / NA	16,740	3.6%	\$6.72	3.5%	9/30/2023
Sierra Wireless America, Inc.	NA / NA / NA	13,924	3.0%	\$7.56	3.2%	1/31/2022
QuikTrip Corporation ⁽³⁾	NA / NA / NA	13,650	2.9%	\$4.73	2.0%	Various
National Installation Solution	NA / NA / NA	13,318	2.8%	\$8.23	3.4%	2/28/2022
RBJK Marketing	NA / NA / NA	12,446	2.6%	\$9.40	3.6%	12/31/2020
CreaPharm	NA / NA / NA	11,100	2.4%	\$6.75	2.3%	8/31/2022
City Express, Inc.	NA / NA / NA	11,100	2.4%	\$6.00	2.0%	1/31/2020

(1) Based on the underwritten rent roll dated April 1, 2018.

(2) Commissions, Inc leases 34,145 square feet of space with a lease expiration in January 2022 and 3,928 square feet with a lease expiration in October 2020.

(3) QuikTrip Corporation leases 11,100 square feet of space with a lease expiration in November 2021 and 2,550 square feet with a lease expiration in October 2021.

Lease Rollover Schedule ⁽¹⁾									
Year	Number of Leases Expiring	Net Rentable Area Expiring	% of NRA Expiring	Base Rent Expiring	% of Base Rent Expiring	Cumulative Net Rentable Area Expiring	Cumulative % of NRA Expiring	Cumulative Base Rent Expiring	Cumulative % of Base Rent Expiring
Vacant	NAP	44,289	9.4%	NAP	NAP	44,289	9.4%	NAP	NAP
2018 & MTM	9	28,793	6.1	\$217,548	6.7%	73,082	15.5%	\$217,548	6.7%
2019	15	53,980	11.5	412,479	12.7	127,062	27.0%	\$630,026	19.3%
2020	19	145,343	30.9	1,083,201	33.3	272,405	57.8%	\$1,713,227	52.6%
2021	7	40,428	8.6	296,598	9.1	312,833	66.4%	\$2,009,825	61.7%
2022	10	94,222	20.0	741,956	22.8	407,055	86.4%	\$2,751,781	84.5%
2023	6	57,116	12.1	449,757	13.8	464,171	98.6%	\$3,201,538	98.3%
2024	1	6,800	1.4	55,368	1.7	470,971	100.0%	\$3,256,906	100.0%
2025	0	0	0.0	0	0.0	470,971	100.0%	\$3,256,906	100.0%
2026	0	0	0.0	0	0.0	470,971	100.0%	\$3,256,906	100.0%
2027	0	0	0.0	0	0.0	470,971	100.0%	\$3,256,906	100.0%
2028	0	0	0.0	0	0.0	470,971	100.0%	\$3,256,906	100.0%
2029 & Beyond	0	0	0.0	0	0.0	470,971	100.0%	\$3,256,906	100.0%
Total	67	470,971	100.0%	\$3,256,906	100.0%				

(1) Based on the underwritten rent roll dated April 1, 2018.

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Operating History and Underwritten Net Cash Flow

	2015	2016	2017	TTM ⁽¹⁾	Underwritten	Per Square Foot	% ⁽²⁾
Rents in Place ⁽³⁾	\$2,256,439	\$2,546,208	\$2,798,506	\$2,846,677	\$3,256,906	\$6.92	76.3%
Vacant Income	0	0	0	0	373,331	0.79	8.7
Gross Potential Rent	\$2,256,439	\$2,546,208	\$2,798,506	\$2,846,677	\$3,630,237	\$7.71	85.1%
Total Reimbursements	510,963	541,651	606,740	613,625	636,884	1.35	14.9
Net Rental Income	\$2,767,402	\$3,087,859	\$3,405,246	\$3,460,302	\$4,267,121	\$9.06	100.0%
Other Income	17,135	9,581	13,950	13,100	13,100	0.03	0.3
(Vacancy/Credit Loss)	0	0	0	0	(373,331)	(0.79)	(8.7)
Effective Gross Income	\$2,784,537	\$3,097,440	\$3,419,196	\$3,473,402	\$3,906,890	\$8.30	91.6%
Total Expenses	\$1,108,827	\$1,040,182	\$1,077,387	\$1,076,883	\$1,064,403	\$2.26	27.2%
Net Operating Income	\$1,675,710	\$2,057,258	\$2,341,809	\$2,396,519	\$2,842,487	\$6.04	72.8%
Total TI/LC, Capex/RR	0	0	0	0	353,217	0.75	9.0
Net Cash Flow	\$1,675,710	\$2,057,258	\$2,341,809	\$2,396,519	\$2,489,270	\$5.29	63.7%
Occupancy⁽⁴⁾	81.2%	89.9%	89.7%	90.6%	91.3%		

(1) TTM represents the trailing 12-month period ending in February 28, 2018.

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

(3) Since 2015, 36 new leases, lease extensions or expansions have been executed at the property, comprising 27.7% of the net rentable area at the property and accounting for approximately \$1.1 million in rental income (34.6% of underwritten base rent). As such, NOI has grown each year, including new leases that are only partially reflected in the TTM Rents in Place and Underwritten Rents in Place is greater than TTM Rents in Place.

(4) Historical Occupancies are as of December 31 of each respective year. TTM Occupancy is as of April 1, 2018. Underwritten Occupancy represents economic occupancy.

Partial Release. Following a lockout period, the borrowers are permitted to release the building located at 1335 Capital Circle Southeast from the lien of the mortgage subject to the prepayment of the loan in an amount equal to the greatest of (a) 120% of the allocated loan amount, (b) an amount that would result in a maximum loan-to-value ratio (as calculated in the loan documents) of the remaining collateral of 66.5%, (c) an amount that would result in minimum debt service coverage ratio (as calculated in the loan documents) immediately following such release of 1.55x and (d) an amount that would result in a minimum debt yield immediately following such release of 11.5%, and the satisfaction of other conditions.