

Mortgage Loan No. 12 — Crystal Center

Mortgage Loan Information

Mortgage Loan Seller:	AREF
Original Principal Balance:	\$20,737,500
Cut-off Date Principal Balance:	\$20,737,500
% of Pool by IPB:	2.7%
Loan Purpose:	Acquisition
Borrower:	MN-Crystal Center-HA, LLC
Sponsors:	Stanley Werb; Jonathan Gaines
Interest Rate:	4.9000%
Note Date:	7/30/2018
Maturity Date:	8/6/2028
Interest-only Period:	36 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(27), Def (88), O(5)
Lockbox:	Springing
Additional Debt:	No
Additional Debt Balance:	N/A
Additional Debt Type:	N/A
Additional Future Debt Permitted:	No

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Retail – Anchored
Net Rentable Area (SF):	214,062
Location:	Crystal, MN
Year Built / Renovated:	1954 / 2004
Occupancy:	94.8%
Occupancy Date:	7/1/2018
Number of Tenants:	35
2015 NOI:	\$1,292,588
2016 NOI ⁽¹⁾ :	\$1,174,146
2017 NOI ⁽¹⁾ :	\$2,318,765
TTM NOI ⁽²⁾ :	\$2,519,176
UW Economic Occupancy:	91.9%
UW Revenues:	\$4,049,137
UW Expenses:	\$1,585,781
UW NOI:	\$2,463,356
UW NCF:	\$2,206,482
Appraised Value / Per SF:	\$28,500,000 / \$133
Appraisal Date:	6/29/2018

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$420,340	\$70,057	N/A
Insurance:	\$0	Springing ⁽³⁾	N/A
Replacement Reserves:	\$0	\$3,568	N/A
TI/LC Reserve:	\$0	\$17,839 ⁽⁴⁾	\$428,124

Financial Information

Cut-off Date Loan / SF:	\$97
Maturity Date Loan / SF:	\$86
Cut-off Date LTV:	72.8%
Maturity Date LTV:	64.3%
UW NOI / NCF Amortizing DSCR:	1.87x / 1.67x
UW NOI / NCF IO DSCR:	2.39x / 2.14x
UW NOI / NCF Debt Yield:	11.9% / 10.6%

Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan:	\$20,737,500	73.1%
Sponsor Equity:	7,640,971	26.9
Total Sources:	\$28,378,471	100.0%

Uses	Proceeds	% of Total
Purchase Price:	\$27,650,000	97.4%
Upfront Reserves:	420,340	1.5
Closing Costs:	308,132	1.1
Total Uses:	\$28,378,471	100.0%

- (1) The increase from 2016 NOI to 2017 NOI is attributable to an increase in occupancy from 67.8% to 95.5%.
- (2) Represents the trailing twelve month period ending on May 31, 2018.
- (3) Monthly deposits are required during a trigger period unless a blanket or umbrella insurance policy is in place.
- (4) Monthly deposits in the TI/LC Reserve beyond the cap are required during a trigger period.



Mortgage Loan No. 12 — Crystal Center

The Loan. The Crystal Center loan is an approximately \$20.7 first mortgage loan secured by the fee interest in a 214,062 SF anchored retail center located in Crystal, Minnesota. The loan has a 10-year term and will amortize on a 30-year schedule following a 36-month interest-only period.

The Borrower. The borrowing entity for the loan is MN-Crystal Center-HA, LLC, a Delaware limited liability company and special purpose entity. The borrowing entity is controlled by Jonathan Gaines (0.0%) and Stanley Werb (20.089%).

The Sponsors. The loan's sponsors and nonrecourse carve-out guarantors are Jonathan Gaines and Stanley Werb. The sponsors are the principals of Rivercrest Realty Investors. Founded in 1969 and based in Raleigh, North Carolina, Rivercrest Realty Investors is a privately owned and operated commercial real estate company specializing in the acquisition, long-term ownership and management of shopping centers, office buildings, and apartments throughout the eastern United States. Since the company's inception, Rivercrest Realty Investors has assembled a portfolio of assets from New York to Florida. Jonathan Gaines has a Net Worth of \$26.9 million and liquidity of \$449,223, while Stanley Werb has a Net Worth of \$55.2 million and liquidity of \$3.8 million. See also "*Description of the Mortgage Pool— Default History, Bankruptcy Issues and Other Proceedings*" in the Prospectus.

The Property. The property is a 214,062 SF anchored retail center, located in Crystal, Minnesota. The property was constructed in 1954, is situated on approximately 21.0 acres, is located approximately 7.8 miles northwest of Minneapolis, Minnesota and benefits from its location along Bass Lake Road which, provides good frontage. The property is anchored by Robbinsdale Area School District, Marshall's and Planet Fitness and is also shadow-anchored by a recently remodeled Target. There are 1,008 surface parking spaces at the property that are included in the collateral, resulting in a parking ratio of 4.71 spaces per 1,000 square feet of net rentable area. The property underwent a renovation in 2004, which involved modernizing the facades of the building and creating Marshall's new suite.

As of July 1, 2018, the property was approximately 94.8% leased by 35 tenants. The property's tenancy caters to mid-price point customers with both national and local tenants that include Marshall's, Planet Fitness, Dollar Tree, Pet Supplies Plus, Sprint, Domino's Pizza, Gamestop, Little Caesars Pizza, T-Mobile, H&R Block, Bank of America and Subway. The largest tenant at the property, Robbinsdale Area School District, leases 43,379 SF (20.3% of NRA) through September 2031. Robbinsdale Area School District is a school district serving 100,000 residents in seven communities within the northwest suburbs of Minneapolis, Minnesota. Robbinsdale Area School District is rated A1/NR/NR by Moody's, S&P and Fitch, respectively. The second largest tenant at the property, Marshall's, leases 33,026 SF (15.4% of NRA) through January 2023. Marshall's is an off-price retailer that sells brand name and designer fashions that are 20%-60% less than department and specialty store regular prices. Marshall's product lines include clothing for men, women, and children as well as beauty products, accessories, shoes, home décor, children's toys, and luggage. Marshall's is rated A2/A+/NR by Moody's, S&P and Fitch, respectively. The third largest tenant at the property, Planet Fitness, leases 23,885 SF (11.2% of NRA) through December 2026. Planet Fitness is an American franchise of fitness centers based in Newington, New Hampshire. Each fitness center features exercise equipment and personal trainers to assist its members. Planet Fitness has more than 10 million members and more than 1,500 locations in all 50 U.S. states, Canada, and Latin America.

The Market. The property is located in the north of Crystal, Minnesota, approximately 7.8 miles from Minneapolis. The property is located in the Minneapolis-St. Paul-Bloomington market that contains approximately 3.64 million people, with a median household income of \$75,900 as of 2018, according to the appraisal. The appraisal concluded per square foot market rents of \$15.00 for in-line space, \$10.75 for anchor space, \$23.00 for end cap (primary) space, \$13.00 for large in-line space, \$13.50 for junior anchors and \$22.00 for end cap (secondary) space. According to the appraisal, the Minneapolis-St. Paul-Bloomington market reported an overall vacancy rate of 7.2% as of the first quarter of 2018. According to the appraisal, the property's competitive set consists of the five properties detailed in the table below.

Mortgage Loan No. 12 — Crystal Center

Competitive Set Summary⁽¹⁾

Property	Year Built / Renovated	Total NRA (SF)	Est. Rent PSF	Est. Occ.	Proximity (miles)	Anchor Tenants
Crystal Center	1954/2004	214,062 ⁽²⁾	\$8.00-\$35.61 ⁽²⁾	95% ⁽²⁾	N/A	Robbinsdale Area School District, Marshall's, Planet Fitness ⁽²⁾
Shingle Creek Crossing	2012/NAP	173,028	\$19.00-\$30.00	83%	2.0	TJ Maxx, Michaels, LA Fitness
The Grove Village	2007/2008	61,773	\$22.00-\$30.00	75%	8.0	Shadow anchored by Super Target and Home Depot
Crystal Town Center	1982/1997	55,532	\$10.00-\$20.00	80%	0.2	Aldi
Winnetka Commons	1990/NAP	42,415	\$11.00-\$14.00	95%	2.0	Formerly anchored by Walgreen's
Brookdale Corner	2000/NAP	115,357	\$18.00-\$23.00	92%	2.0	Cub Foods

(1) Source: Appraisal.

(2) Based on the July 1, 2018 underwritten rent roll.

Historical and Current Occupancy⁽¹⁾

2015	2016	2017	Current ⁽²⁾
80.2%	67.8%	95.5%	94.8%

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

(2) Based on the July 1, 2018 underwritten rent roll.

Top 10 Tenant Summary⁽¹⁾

Tenant	Ratings Moody's/S&P/Fitch ⁽²⁾	NRA (SF)	% of Total NRA	UW Base Rent PSF	% of Total UW Base Rents	Sales PSF ⁽³⁾	Occupancy Costs ⁽³⁾	Lease Expiration Date
Robbinsdale Area School District	A1 / NR / NR	43,379	20.3%	\$15.33	24.2%	NAV	NAV	9/30/2031
Marshall's	A2 / A+ / NR	33,026	15.4	\$10.75	12.9	\$191	9.3%	1/31/2023 ⁽⁴⁾
Planet Fitness	NR / NR / NR	23,885	11.2	\$8.00	7.0	NAV	NAV	12/31/2026
Dollar Tree	Baa3 / BBB- / NR	9,851	4.6	\$9.75	3.5	NAV	NAV	5/31/2026
Pet Supplies Plus	NR / NR / NR	8,400	3.9	\$11.00	3.4	NAV	NAV	11/30/2025
Rainbow Apparel	NR / NR / NR	8,400	3.9	\$10.00	3.1	\$148	11.6%	1/31/2020
Panaderia Lomabonita	NR / NR / NR	7,523	3.5	\$11.14	3.1	NAV	NAV	3/31/2022
Payless Shoes	NR / NR / NR	7,182	3.4	\$12.75	3.3	\$106	18.4%	7/31/2020
Famous Footwear	NR / NR / NR	6,554	3.1	\$13.00	3.1	\$195	10.1%	4/30/2020
Phoenix Salon Suites	NR / NR / NR	5,400	2.5	\$17.00	3.3	NAV	NAV	9/30/2025
Total:		153,600	71.8%		66.9%			

(1) Based on the underwritten rent roll dated July 1, 2018, including rent increases occurring through June 2019 and straight line rent for Robbinsdale Area School District.

(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 tenants with 12 months reported sales and occupancy costs for the twelve-month period ending on February 28, 2018 and the twelve-month period ending on January 31, 2018 for Rainbow Apparel.

(4) Marshall's has the right to terminate its lease if at any time during the lease term 40% or more of the shopping center is operated for other than retail and service purposes and must provide written notice to the landlord 90 days prior.

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Lease Rollover Schedule⁽¹⁾⁽²⁾

Year	Number of Leases Expiring	NRA Expiring	% of NRA Expiring	UW Base Rent Expiring	% of UW Base Rent Expiring	Cumulative NRA Expiring	Cumulative % of NRA Expiring	Cumulative UW Base Rent Expiring	Cumulative % of UW Base Rent Expiring
MTM	0	0	0.0%	\$0	0.0%	0	0.0%	\$0	0.0%
2018	0	0	0.0	0	0.0	0	0.0%	\$0	0.0%
2019	7	11,127	5.2	216,705	7.9	11,127	5.2%	\$216,705	7.9%
2020	9	35,244	16.5	441,449	16.1	46,371	21.7%	\$658,154	24.0%
2021	3	5,037	2.4	78,234	2.9	51,408	24.0%	\$736,388	26.8%
2022	4	18,179	8.5	303,613	11.1	69,587	32.5%	\$1,040,001	37.9%
2023	3	37,521	17.5	465,376	17.0	107,108	50.0%	\$1,505,377	54.9%
2024	0	0	0.0	0	0.0	107,108	50.0%	\$1,505,377	54.9%
2025	2	13,800	6.4	184,200	6.7	120,908	56.5%	\$1,689,577	61.6%
2026	2	33,736	15.8	287,127	10.5	154,644	72.2%	\$1,976,705	72.1%
2027	2	2,724	1.3	51,273	1.9	157,368	73.5%	\$2,027,978	73.9%
2028	2	2,248	1.1	50,236	1.8	159,616	74.6%	\$2,078,214	75.8%
2029 & Beyond	1	43,379	20.3	664,869	24.2	202,995	94.8%	\$2,743,082	100.0%
Vacant	NAP	11,067	5.2	NAP	NAP	214,062	100.0%	NAP	NAP
Total	35	214,062	100.0%	\$2,743,082	100.0%				

- (1) Based on the underwritten rent roll dated July 1, 2018. Rent includes base rent and rent increases occurring through June 2019 and straight line rent for Robbinsdale Area School District.
- (2) Certain tenants may have lease termination options that are exercisable prior to the originally stated expiration date of the subject lease and that are not considered in the Lease Rollover Schedule.

Operating History and Underwritten Net Cash Flow

	2015	2016 ⁽¹⁾	2017 ⁽¹⁾	TTM ⁽²⁾	Underwritten ⁽³⁾	PSF	% ⁽⁴⁾
Base Rent	\$1,863,452	\$1,730,668	\$2,571,111	\$2,731,452	\$2,743,082	\$12.81	62.3%
Recovery Income	941,846	796,922	1,199,676	1,270,361	1,453,592	\$6.79	33.0%
Vacant Space	0	0	0	0	207,285	\$0.97	4.7%
Gross Potential Income	\$2,805,298	\$2,527,590	\$3,770,787	\$4,001,813	\$4,403,959	\$20.57	100.0%
Vacancy	0	0	0	0	(358,537)	(\$1.67)	(8.9%)
Other Income	0	(919)	3,476	3,715	3,715	\$0.02	0.1%
Effective Gross Income	\$2,805,298	\$2,526,672	\$3,774,263	\$4,005,528	\$4,049,137	\$18.92	100.0%
Total Expenses	\$1,512,710	\$1,352,526	\$1,455,498	\$1,486,352	\$1,585,781	\$7.41	39.2%
Net Operating Income	\$1,292,588	\$1,174,146	\$2,318,765	\$2,519,176	\$2,463,356	\$11.51	60.8%
Total TI/LC, Capex/RR	0	0	0	0	256,874	\$1.20	6.3%
Net Cash Flow	\$1,292,588	\$1,174,146	\$2,318,765	\$2,519,176	\$2,206,482	\$10.31	54.5%

- (1) The increase from 2016 NOI to 2017 NOI is attributable to an increase in occupancy from 67.8% to 95.5%.
- (2) Represents trailing twelve months ending May 31, 2018.
- (3) Rent includes Base Rent, Rent Increases occurring through June 2019 and straight line rent for Robbinsdale Area School District.
- (4) % column represents percent of Net Rental Income for all revenue lines and represents percent of Effective Gross Income for the remainder of fields.