Rox San Medical Office







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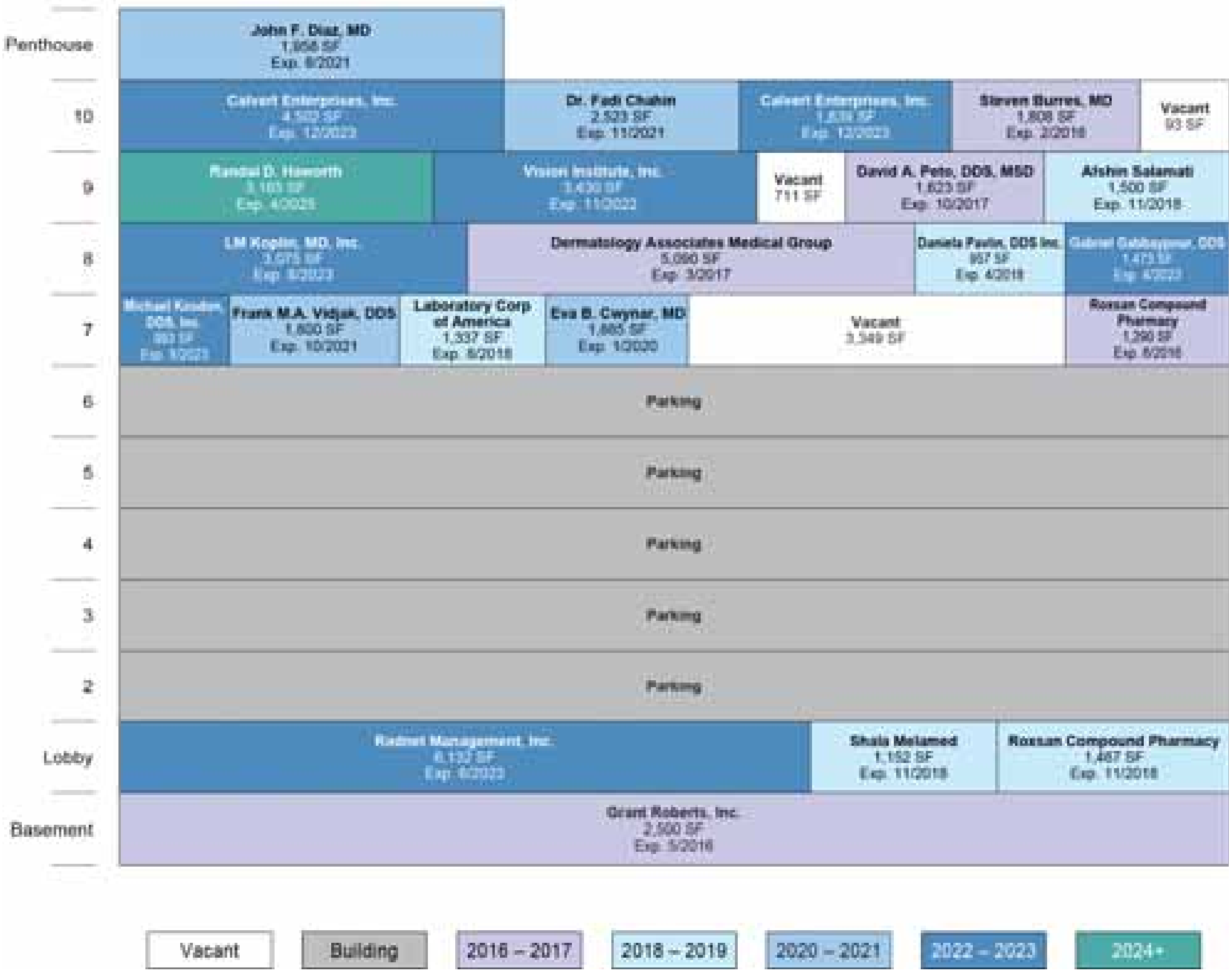

Rox San Medical Office

Mortgage Loan Information	
Mortgage Loan Seller:	RCMC
Original Principal Balance:	$37,200,000
Cut-off Date Principal Balance:	$37,200,000
% of Pool by IPB:	3.6%
Loan Purpose:	Refinance
Borrowers(1):	Various
Sponsors(2):	Various
Interest Rate:	4.46000%
Note Date:	6/26/2015
Maturity Date:	7/5/2025
Interest-only Period:	60 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(25),Def(90),O(5)
Lockbox:	CMA
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:	Office - Medical
Net Rentable Area (SF):	55,652
Location:	Beverly Hills, CA
Year Built / Renovated:	1963 / 2012
Occupancy(3):	92.5%
Occupancy Date:	5/18/2015
Number of Tenants:	21
2012 NOI:	$2,155,819
2013 NOI:	$1,969,965
2014 NOI:	$2,097,126
TTM NOI (as of 4/2015)(4):	$2,129,127
UW Economic Occupancy:	93.1%
UW Revenues:	$4,162,168
UW Expenses:	$1,236,489
UW NOI(3)(4):	$2,925,679
UW NCF:	$2,790,566
Appraised Value / Per SF:	$51,420,000 / $924
Appraisal Date:	4/27/2015

Escrows and Reserves(5)	Initial	Monthly	Initial Cap
Taxes:	$158,725	$26,454	N/A
Insurance:	$13,445	$2,689	N/A
Replacement Reserves:	$0	$1,260	N/A
TI/LC:	$0	$10,000	$360,000
Other:	$337,036	$0	N/A

Financial Information	
Cut-off Date Loan / SF:	$668
Maturity Date Loan / SF:	$611
Cut-off Date LTV:	72.3%
Maturity Date LTV:	66.2%
UW NCF DSCR:	1.24x
UW NOI Debt Yield:	7.9%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	$37,200,000	100.0%	Payoff Existing Debt	$29,196,214	78.5%
			Return of Equity	7,187,917	19.3
			Upfront Reserves	509,206	1.4
			Closing Costs	306,662	0.8
Total Sources	**$37,200,000**	**100.0%**	**Total Uses**	**$37,200,000**	**100.0%**

(1) For a full description of the borrowers, please refer to "*The Borrowers*" below.
(2) For a full description of the sponsors, please refer to "*The Sponsors*" below.
(3) Occupancy and UW NOI include Laboratory Corp of America (1,337 square feet), which signed an LOI to renew for 36 months at $70.80 per square foot, expiring on August 31, 2018.
(4) The increase in TTM NOI to UW NOI is primarily due to (i) an increase in parking revenue to $432,000 per year effective on September 1, 2015 pursuant to an executed renewal of the parking lease agreement with parking lot operator United Valet Parking, (ii) recent leasing activity that added $383,155 in annual rent and (iii) $95,612 of rent steps underwritten through July 2016.
(5) For a full description of Escrows and Reserves, please refer to "*Escrows and Reserves"* below.

The Loan. The Rox San Medical Office loan has an outstanding principal balance of $37.2 million and is secured by a first mortgage lien on an 11-story, Class A/B medical office building totaling 55,652 square feet located in Beverly Hills, California. The loan has a 10-year term and, subsequent to a five-year interest-only period, will amortize on a 30-year schedule.

The Borrowers. The borrowing entities for the loan are four tenant-in-common entities: Roxbury Medical Tower, LLC a Delaware limited liability company, Rox-San Investors, LLC a California limited liability company, Roxbury MP, LLC a Delaware limited liability company doing business in California as Delaware Roxbury MP, LLC and RoxSan Optimus, LLC a Delaware limited liability company, each a special purpose entity.

Rox San Medical Office

The Sponsors. The loan sponsors and nonrecourse carve-out guarantors are David Taban, Jerry Illoulian, Michael Pashaie and K. Joseph Shabani. The sponsors often invest together in a wide array of primarily Los Angeles-based real estate assets. Their respective companies have been in the real estate investment and management field for 30 years.

The Property. Rox San Medical Office property is an 11-story, Class A/B medical office building totaling 55,652 square feet located in Beverly Hills, California. The property is comprised of two lobby-level medical office suites, a ground floor retail pharmacy, medical office suites located on floors 7-11, which offer views of the surrounding Beverly Hills and the Santa Monica Mountains, subterranean parking with 218 parking spaces that is partially improved with a 2,500 square foot private fitness center, and a five-level above ground parking structure that offers dedicated tenant parking areas and valet service. The property is located on the southwest corner of South Santa Monica Boulevard and North Roxbury Drive within the "Golden Triangle" area of Beverly Hills, which is bordered by Wilshire Boulevard, Santa Monica Boulevard and Rexford Drive. The Golden Triangle is home to Rodeo Drive and consists primarily of storefront luxury boutique retail buildings along with low-rise professional and medical office properties along the small feeder streets and high-rise Class A and B office buildings along primary connector streets.

As of May 2015, Rox San Medical Office was 92.5% occupied by 21 tenants paying a weighted average of $67.64 per square foot. On average, tenants have been in occupancy for approximately 6.8 years and have an average remaining lease term of 5.2 years. Tenants at the property are primarily concentrated in cosmetic surgery and cosmetic dental surgery.

The property was originally constructed in 1963 and acquired by the sponsors in August 2008. Since that time, the sponsors completed extensive renovations at a total cost of approximately $11.6 million. The renovations included a voluntary seismic retrofit program at a cost of approximately $8.6 million, which included installing 12" thick shear panels that were added to the north and south side of the building and carbon fiber wrapping of all structural concrete beams and columns. Additional improvements included a new architectural façade and exterior painting, lobby renovations, new elevators, upgraded common areas and hallways, new tenant and shared restrooms throughout the building, re-glazed windows, an upgraded electrical and HVAC system, low voltage LED lighting and the sponsors are currently installing a new card-activated entry system. In total, the sponsors' estimated cost basis in the asset is approximately $52.9 million.

The Rox San Medical Office property is located in the West Los Angeles/Beverly Hills Triangle submarket. The driving force for the medical office market within this area is due to its proximity to two primary medical centers in the region: the Cedars-Sinai Medical Center is located approximately two miles east of Beverly Hills and the UCLA Medical Center is located approximately three miles west of Beverly Hills and is part of the University of California Health System, comprised of five academic medical centers. According to the appraisal, access to the property is considered good, with primary access to the neighborhood provided by Interstate 405 and Interstate 10. The major north-south arterial in the area is Beverly Drive and the east-west arterial is Wilshire Boulevard, just south of the property. The surrounding area consists primarily of office, retail and residential development that are fully built out with relatively limited vacant land available. Development outside of the Golden Triangle consists of luxury single-family and multifamily residential properties. According to the appraisal, the one-, three- and five-mile 2015 population is 20,644, 263,451 and 669,073, respectively, while the average household income is $125,579, $105,009 and $95,978.

Existing medical office product in the Golden Triangle benefits from restrictions imposed by the City of Beverly Hills (the "City"). Most recently in February 2011, the City implemented an ordinance which placed additional restrictions on new and expanded medical uses in the Golden Triangle. The ordinance created a new medical use overlay zone to restrict further intensification of medical uses within the City. Building owners are required to register existing medical office buildings with the City, and the ordinance prohibits expansion or relocation of existing medical uses within buildings unless the use was registered with the City. Therefore, buildings with a certificate of occupancy prior to February 2011 can maintain the amount of medical use in the given building and add up to a maximum of 6,000 square feet, but new development is prohibited. A conditional use permit is required for new medical office development; such permit requires the developer to show that the project would not create "adverse impacts" to parking, traffic or pedestrians; would not result in an overconcentration of medical offices in the vicinity; and would leave room for retail or other commercial growth in the area. The zoning requires certain parking criteria be met and include prohibitions and restrictions on ground floor medical use.

According to the appraisal, as of the fourth quarter 2014, the West Los Angeles medical office market comprises approximately 6.3 million square feet with an average $42.36 per square foot asking rent and reports a 7.7% vacancy rate. Currently, 32,450 square feet is under construction. The Beverly Hills medical office submarket comprises 1.7 million square feet across 29 buildings and reports a 4.1% vacancy rate with an average $54.96 per square foot asking rent. The appraisal provided five comparable medical office properties situated in Beverly Hills constructed from 1972 and 1989 and ranging from 47,267 square feet to 77,613 square feet. Vacancy rates ranged from 0.0% to 19.0% with a weighted average of 5.8%. Annual rental rates ranged from $52.20 to $74.40 per square foot.

Rox San Medical Office

Historical and Current Occupancy[1]			
2012	2013	2014	Current[2]
87.2%	92.8%	92.8%	92.5%

(1) Historical Occupancies are as of December 31 of each respective year.
(2) Current Occupancy is as of May 18, 2015 and includes the tenant Laboratory Corp of America, who is currently in-place and occupying 1,337 square feet (2.4% of net rentable area) pursuant to a signed LOI to renew their lease for 36 months, expiring on August 31, 2018.

Tenant Summary[1]

Tenant	Ratings Moody's/S&P/Fitch	Net Rentable Area (SF)	% of Total NRA	Base Rent PSF	Lease Expiration Date
Calvert Enterprises, Inc.	NA / NA / NA	6,341	11.4%	$79.74	12/31/2023
Radnet Management, Inc.	NA / NA / NA	6,132	11.0%	$67.98	6/30/2023
Dermatology Associates Medical Group	NA / NA / NA	5,090	9.1%	$67.56	3/31/2017
Vision Institute, Inc.	NA / NA / NA	3,430	6.2%	$66.74	11/30/2022
Randal D. Haworth	NA / NA / NA	3,165	5.7%	$67.36	4/30/2025
LM Koplin, MD, Inc.	NA / NA / NA	3,075	5.5%	$69.34	8/31/2023
Roxsan Compound Pharmacy[2]	NA / NA / NA	2,757	5.0%	$78.18	Various
Dr. Fadi Chahin	NA / NA / NA	2,523	4.5%	$67.36	11/30/2021
Grant Roberts, Inc.	NA / NA / NA	2,500	4.5%	$44.40	5/14/2016
John F. Diaz, MD	NA / NA / NA	1,958	3.5%	$76.71	8/31/2021

(1) Based on the underwritten rent roll.
(2) Roxsan Compound Pharmacy leases 1,467 square feet of ground floor space ($83.61 UW Base Rent PSF) expiring on November 30, 2018 and 1,290 square feet of office space ($72.00 UW Base Rent PSF), expiring on June 30, 2016.

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	4,153	7.5%	NAP	NAP	4,153	7.5%	NAP	NAP
2015 & MTM	0	0	0.0	$0	0.0%	4,153	7.5%	$0	0.0%
2016	3	5,598	10.1	330,368	9.1	9,751	17.5%	$330,368	9.1%
2017	2	6,713	12.1	460,012	12.7	16,464	29.6%	$790,380	21.8%
2018	5	6,413	11.5	514,671	14.2	22,877	41.1%	$1,305,051	35.9%
2019	0	0	0.0	0	0.0	22,877	41.1%	$1,305,051	35.9%
2020	1	1,885	3.4	136,127	3.7	24,762	44.5%	$1,441,178	39.7%
2021	3	6,281	11.3	435,629	12.0	31,043	55.8%	$1,876,806	51.7%
2022	1	3,430	6.2	228,932	6.3	34,473	61.9%	$2,105,738	58.0%
2023	5	18,014	32.4	1,312,184	36.1	52,487	94.3%	$3,417,923	94.1%
2024	0	0	0.0	0	0.0	52,487	94.3%	$3,417,923	94.1%
2025	1	3,165	5.7	213,201	5.9	55,652	100.0%	$3,631,123	100.0%
2026 & Beyond	0	0	0.0	0	0.0	55,652	100.0%	$3,631,123	100 0%
Total	**21**	**55,652**	**100.0%**	**$3,631,123**	**100.0%**				

(1) Based on the underwritten rent roll.

Rox San Medical Office

Operating History and Underwritten Net Cash Flow	2012	2013	2014	TTM[1]	Underwritten	Per Square Foot	%[2]
Rents in Place[3][4]	$2,857,133	$2,791,880	$3,038,232	$3,138,871	$3,631,123	$65.25	81.3%
Vacant Income	0	0	0	0	275,268	4.95	6.2
Free Rent Adjustment	(55,226)	(110,054)	(79,063)	(104,590)	0	0.00	0.0
Gross Potential Rent	**$2,801,907**	**$2,681,827**	**$2,959,169**	**$3,034,280**	**$3,906,391**	**$70.19**	**87.4%**
Total Reimbursements	260,097	155,115	47,613	76,997	130,145	2.34	2.9
Other Recurring Income[5]	312,000	312,000	312,000	312,000	432,000	7.76	9.7
Net Rental Income	**$3,374,004**	**$3,148,942**	**$3,318,782**	**$3,423,278**	**$4,468,536**	**$80.29**	**100.0%**
(Vacancy/Credit Loss)	0	0	0	0	(306,369)	(5.51)	(6.9)
Effective Gross Income	**$3,374,004**	**$3,148,942**	**$3,318,782**	**$3,423,278**	**$4,162,168**	**$74.79**	**93.1%**
Total Expenses	**$1,218,185**	**$1,178,977**	**$1,221,657**	**$1,294,150**	**$1,236,489**	**$22.22**	**29.7%**
Net Operating Income	**$2,155,819**	**$1,969,965**	**$2,097,126**	**$2,129,127**	**$2,925,679**	**$52.57**	**70.3%**
Total TI/LC, Capex/RR	138,851	194,386	2,254	1,204	135,113	2.43	3.2
Net Cash Flow	**$2,016,968**	**$1,775,580**	**$2,094,871**	**$2,127,923**	**$2,790,566**	**$50.14**	**67.0%**

(1) TTM column represents the trailing 12-month period ending in April 2015.
(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) The increase in TTM Rents in Place to Underwritten Rents in Place is primarily due to (i) recent leasing activity that added $383,155 of base rental income and (ii) $95,612 of rent steps taken through July 1, 2016.
(4) Underwritten Rents in Place includes income from the tenant Laboratory Corp of America (1,337 square feet) which signed an LOI to renew for 36 months at $70.80 per square foot.
(5) The increase in TTM Other Recurring Income to Underwritten Other Recurring Income is due to an increase in parking revenue to $432,000 per year effective on September 1, 2015 pursuant to a renewal of the parking lease agreement with parking lot operator United Valet Parking.

Property Management. The property is managed by Morlin Asset Management, LP.

Escrows and Reserves. At origination, the borrowers deposited into escrow $308,536 for rent concessions related to 10 tenants, $158,725 for real estate taxes, $28,500 for required repairs and $13,445 for insurance reserves.

Tax Escrows - The borrowers are required to escrow 1/12 of the annual estimated tax payments monthly, which currently equates to a monthly payment of $26,454.

Insurance Escrows - The borrowers are required to escrow 1/12 of the annual estimated insurance payments monthly, which currently equates to a monthly payment of $2,689.

Replacement Reserves - On a monthly basis, the borrowers are required to escrow $1,260 (approximately $0.27 per square foot annually) for replacement reserves.

TI/LC Reserves - On a monthly basis, the borrowers are required to escrow $10,000 (approximately $2.16 per square foot annually) for future tenant improvements and leasing commissions, subject to a cap of $360,000 (approximately $6.47 per square foot) provided the property maintains a minimum occupancy of 90%.

Lockbox / Cash Management. The loan is structured with a CMA lockbox. Borrowers are required to deposit all rents into a restricted account controlled by the lender. The funds are then returned to an account controlled by the borrowers until the occurrence of a Trigger Event (as defined below). After the occurrence of a Trigger Event, all funds in the lockbox account are swept to a segregated cash management account under the control of the lender. To the extent there is a Trigger Event continuing, all excess cash flow after payment of the mortgage debt service, required reserves and operating expenses will be held as additional collateral for the loan. The lender has a first priority security interest in the cash management account.

"Trigger Event" means a period commencing upon the earliest of (i) the occurrence of an event of default, and (ii) the debt service coverage ratio being less than 1.10x (tested quarterly).