

Mortgage Loan No. 6 — Mission Ridge

---



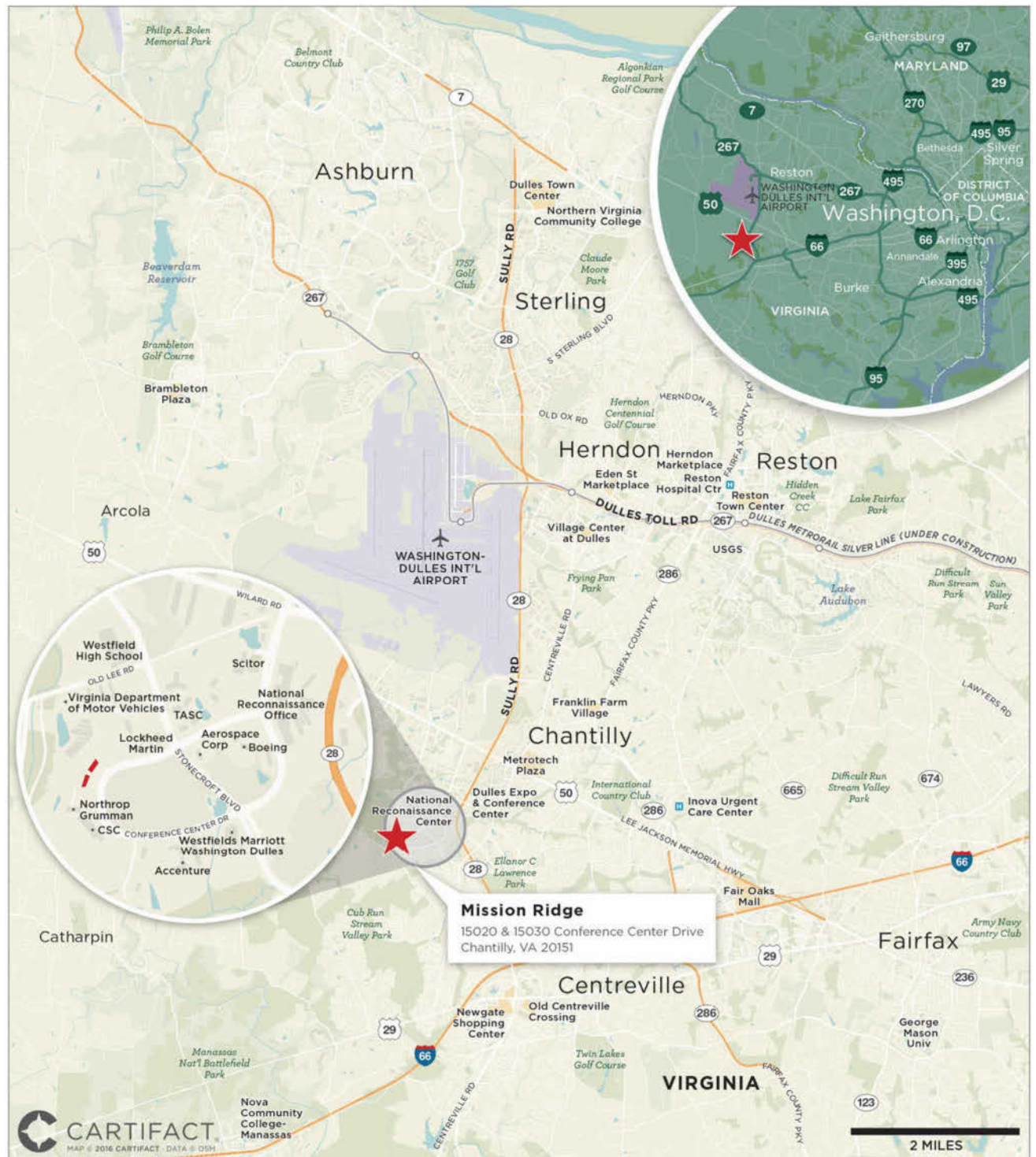
## Mortgage Loan No. 6 — Mission Ridge

MISSION RIDGE I - 15020 CONFERENCE CENTER DRIVE							Leased SF BOMA SF	
Fr								
5	Integrity Applications Incorporated Suite 500   33,289 SF 4/30/2022						33,289	33,289
4	Integrity Applications Incorporated Suite 400   20,949 SF 4/30/2022			Integrity Applications Inc. Suite 425   9,454 SF 4/30/2022		Integrity Applications Inc. Suite 450   3,020 SF 4/30/2022	33,423	33,423
3	Ball Aerospace Suite 300   18,044 SF 6/30/2019			Vacant Suite 350   15,379 SF			33,423	33,423
2	Tecolote Research Suite 200   7,069 SF 8/31/2022	Mgmt. Office Suite 210   2,206 SF 10/31/2017	U.S. Government Tenant Suite 220   18,005 SF (Leased)   19,506 SF (BOMA) 5/15/2023		Vacant Suite 240   2,052 SF	Avanation Suite 250   1,791 SF 12/31/2018	31,250	32,751
1	Integrity Applications Incorporated Suite 100   22,322 SF 4/30/2022						22,322	22,322
							153,707	155,208
MISSION RIDGE II - 15030 CONFERENCE CENTER DRIVE								
Fr							Leased SF BOMA SF	
5	U.S. Government Tenant Suite 500   31,208 SF 5/15/2023						31,399	31,399
4	U.S. Government Tenant Suite 400   31,208 SF 5/15/2023						31,399	31,399
3	U.S. Government Tenant Suite 300   31,208 SF 5/15/2023						31,399	31,399
2	U.S. Government Tenant Suite 200   31,208 SF 5/15/2023						31,399	31,399
1	U.S. Government Tenant Suite 100   31,208 SF 5/15/2023						31,399	31,399
							156,995	156,995
Lease Expirations								
	2017	2018	2019	2022	2023	VACANT		





Mortgage Loan No. 6 — Mission Ridge



## Mortgage Loan No. 6 — Mission Ridge

### Mortgage Loan Information

<b>Mortgage Loan Seller:</b>	Column
<b>Original Principal Balance:</b>	\$37,450,000
<b>Cut-off Date Principal Balance:</b>	\$37,450,000
<b>% of Pool by IPB:</b>	4.9%
<b>Loan Purpose:</b>	Acquisition
<b>Borrowers:</b>	Capstone Mission Ridge, LLC; Salus Mission Ridge, LLC
<b>Sponsor:</b>	James M. Jacobson Jr.
<b>Interest Rate:</b>	5.2000%
<b>Note Date:</b>	2/12/2016
<b>Maturity Date:</b>	3/6/2026
<b>Interest-only Period:</b>	60 months
<b>Original Term:</b>	120 months
<b>Original Amortization:</b>	360 months
<b>Amortization Type:</b>	IO-Balloon
<b>Call Protection:</b>	L(26),Def(90),O(4)
<b>Lockbox<sup>(1)</sup>:</b>	Soft
<b>Additional Debt:</b>	No
<b>Additional Debt Balance:</b>	N/A
<b>Additional Debt Type:</b>	N/A
<b>Additional Future Debt Permitted:</b>	No

### Property Information

<b>Single Asset / Portfolio:</b>	Single Asset
<b>Title:</b>	Leasehold
<b>Property Type - Subtype:</b>	Office – Suburban
<b>Net Rentable Area (SF):</b>	310,702
<b>Location:</b>	Chantilly, VA
<b>Year Built / Renovated:</b>	2007 / N/A
<b>Occupancy:</b>	93.6%
<b>Occupancy Date:</b>	1/26/2016
<b>Number of Tenants:</b>	5
<b>2013 NOI:</b>	\$2,499,843
<b>2014 NOI:</b>	\$4,019,367
<b>2015 NOI<sup>(2)</sup>:</b>	\$7,146,114
<b>TTM NOI:</b>	N/A
<b>UW Economic Occupancy:</b>	94.8%
<b>UW Revenues:</b>	\$11,252,027
<b>UW Expenses:</b>	\$7,014,785
<b>UW NOI<sup>(2)</sup>:</b>	\$4,237,241
<b>UW NCF:</b>	\$3,476,021
<b>Appraised Value / Per SF:</b>	\$67,000,000 / \$216
<b>Appraisal Date:</b>	1/28/2016

### Escrows and Reserves<sup>(3)</sup>

	Initial	Monthly	Initial Cap
<b>Taxes:</b>	\$216,821	\$72,274	N/A
<b>Insurance:</b>	\$14,389	\$7,194	N/A
<b>Replacement Reserves:</b>	\$0	\$5,138	N/A
<b>TI/LC:</b>	\$0	\$8,838	N/A
<b>Ground Lease Reserve:</b>	\$145,833	\$145,833	N/A

### Financial Information

<b>Cut-off Date Loan / SF:</b>	\$121
<b>Maturity Date Loan / SF:</b>	\$111
<b>Cut-off Date LTV:</b>	55.9%
<b>Maturity Date LTV:</b>	51.7%
<b>UW NCF DSCR:</b>	1.41x
<b>UW NOI Debt Yield:</b>	11.3%

### Sources and Uses<sup>(4)</sup>

Sources	Proceeds	% of Total
Mortgage Loan	\$37,450,000	36.0%
Fee Buyer Proceeds	39,414,414	37.9
Borrower Equity	19,203,743	18.5
Seller Obligations and Other	7,909,621	7.6
<b>Total Sources</b>	<b>\$103,977,779</b>	<b>100.0%</b>

Uses	Proceeds	% of Total
Purchase Price	\$96,000,000	92.3%
Upfront Reserves	2,279,460	2.2
Closing Costs	5,698,319	5.5
<b>Total Uses</b>	<b>\$103,977,779</b>	<b>100.0%</b>

- (1) For a more detailed description of lockbox, please refer to "Lockbox / Cash Management" below.
- (2) The UW NOI is lower than the 2015 NOI mainly as a result of the ground lease payments that were previously not applicable due to the sale of the fee interest to an unaffiliated third party at the time of origination and an increase in the management fee.
- (3) For a more detailed description of escrows and reserves, please refer to "Escrows and Reserves" below.
- (4) The purchase included both the fee simple and leasehold portions of the property. The fee simple portion of the property was simultaneously sold to a third-party investor at the time of origination.

## Mortgage Loan No. 6 — Mission Ridge

**The Loan.** The Mission Ridge loan is an approximately \$37.5 million first mortgage loan secured by the leasehold interest in a 310,702 SF Class A office complex located in Chantilly, Virginia. The loan has a 10-year term and will amortize on a 30-year schedule following an initial interest-only period of five years.

**The Borrowers.** The borrowing entities for the loan are Capstone Mission Ridge, LLC and Salus Mission Ridge, LLC, jointly and severally as tenants-in-common, both Delaware limited liability companies and special purpose entities.

**The Sponsor.** The loan's sponsor and nonrecourse carve-out guarantor is James M. Jacobson Jr. Mr. Jacobson Jr. is the current President of SALUS Federal Properties, LLC, a firm which focuses exclusively on acquiring and managing properties leased to federal agencies. Mr. Jacobson Jr. has more than 30 years of experience in the real estate industry.

**The Property.** The property consists of two buildings, Mission Ridge I and Mission Ridge II, totaling 310,702 SF of Class A office space located in Chantilly, Virginia. The buildings, each five stories, were constructed in 2007 and are situated on approximately 16.6 acres in the Northern Virginia office market. The subject consists entirely of office space and provides for 1,085 parking spaces in an open, asphalt-paved lot. The complex meets the Interagency Security Committee's second highest level of security specifications, Level IV, which provides for a "high" level of protection required by government intelligence agencies. The complex also meets the Department of Defense's Unified Facilities Criteria which outlines criteria for the planning, construction, operation and maintenance for government properties. Additionally, 30% of the complex consists of Sensitive Compartmented Information Facility space, in which government and government-related contractors can safely store, discuss and process sensitive information.

As of January 26, 2016, the complex was 93.6% leased by five tenants. The largest tenant at the complex, the Federal Bureau of Investigation ("FBI"), leases 175,000 SF (56.3% of the net rentable area) of the complex through May 2023. All of the 156,995 SF of Mission Ridge II and 18,005 SF of Mission Ridge I is leased by the FBI. The FBI has invested approximately \$41 million in its space to meet the security and technology requirements needed by the FBI. The US Government is rated Aaa, AA+ and AAA by Moody's, S&P and Fitch, respectively. The second largest tenant at the complex, Integrity Applications Incorporated ("IAI"), leases 89,034 SF (28.7% of the net rentable area) of Mission Ridge I through April 2022. IAI is an engineering and software services and solutions company primarily supporting the intelligence community and other civil, defense and intelligence surveillance and reconnaissance activities. The complex serves as IAI's world headquarters. The third largest tenant at the property, Ball Aerospace Technologies, Corp., leases 18,044 SF (5.8% of the net rentable area) through June 2019 with two, three-year extension options remaining. Employing 15,000 employees and accounting for approximately \$8.0 billion in 2015 annual sales, Ball Aerospace Technologies, Corp. is a provider of aerospace and other technology services to commercial and government customers. The company is listed on the NYSE as ticker "BLL".

The property is located in the Westfields business park which has become a hub for defense and cyber-security intelligence. The subject is currently within line of site of the 2.0 million SF headquarters of the National Reconnaissance Office and a future GSA installation. Primary access to the location is provided by US Route 50 and Virginia State Route 28, which provide access to economic centers in Northern Virginia and Washington, DC.

**The Market.** The complex is located in the Westfields business park located in Chantilly, Virginia within the Washington-Arlington-Alexandria Metropolitan Statistical Area and the Route 28 Corridor South office submarket. The complex is located approximately 29 miles from Washington, DC, 19 miles from Tyson's Corner, Virginia and 9 miles from Dulles International Airport.

According to a market data source, as of January 2016, the Route 28 Corridor South office submarket contained 8.9 million SF of Class A office space with an overall vacancy rate of 20.9%. According to the appraisal, the Westfields Business Park is one of the largest and most prestigious corporate communities in the Washington, DC area. The appraisal concluded market rents of \$31.50 PSF. According to the appraisal, the property's competitive set consists of the five properties detailed in the table below.

## Mortgage Loan No. 6 — Mission Ridge

### Competitive Set Summary<sup>(1)</sup>

Property	Year Built / Renovated	Total GLA (SF)	Est. Occ.	Proximity (miles)
<b>Mission Ridge</b>	<b>2007 / N/A</b>	<b>310,702<sup>(2)</sup></b>	<b>93.6%<sup>(2)</sup></b>	<b>N/A</b>
Trinity Centre 2	2006 / N/A	150,872	96.0%	4.2
Trinity Centre 4	2001 / N/A	92,736	91.0%	4.5
One Monument Place	1990 / N/A	221,538	92.0%	8.1
Centerpointe Two	1989 / 2009	212,932	91.0%	8.2
Greens I	1997 / N/A	152,667	17.0%	0.3

(1) Source: Appraisal.

(2) Based on the January 26, 2016 underwritten rent roll.

### Historical and Current Occupancy

2013 <sup>(1)</sup>	2014 <sup>(1)</sup>	2015 <sup>(1)</sup>	Current <sup>(2)</sup>
62.2%	90.9%	93.9%	93.6%

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

(2) Based on the January 26, 2016 underwritten rent roll.

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

Tenant	Ratings Moody's/S&P/Fitch	Net Rentable Area (SF)	% of Total NRA	% of Rents in Place	Base Rent PSF	Lease Expiration Date
Federal Bureau of Investigation	Aaa / AA+ / AAA <sup>(2)</sup>	175,000	56.3%	60.0%	\$31.50	5/15/2023
Integrity Applications Incorporated	NA / NA / NA	89,034	28.7%	28.9%	\$30.47	4/30/2022
Ball Aerospace Technologies, Corp.	NA / NA / NA	18,044	5.8%	6.1%	\$30.77	6/30/2019
Tecolote Research Inc	NA / NA / NA	7,069	2.3%	2.5%	\$31.69	8/31/2022 <sup>(3)</sup>
Anavation	NA / NA / NA	1,791	0.6%	0.6%	\$30.39	12/31/2018

(1) Based on the underwritten rent roll dated January 26, 2016, including rent increases occurring through February 28, 2017.

(2) Ratings provided are for the US Government.

(3) Tecolote Research Inc has a termination option which can be exercised on August 31, 2019.

## Mortgage Loan No. 6 — Mission Ridge

### Lease Rollover Schedule<sup>(1)</sup>

Year	Number of Leases Expiring <sup>(2)</sup>	NRA Expiring	% of NRA Expiring	Base Rent Expiring	% of Base Rent Expiring	Cumulative NRA Expiring	Cumulative % of NRA Expiring	Cumulative Base Rent Expiring	Cumulative % of Base Rent Expiring
Vacant	NAP	19,764	6.4%	NAP	NAP	19,764	6.4%	NAP	NAP
MTM	0	0	0.0	\$0	0.0%	19,764	6.4%	\$0	0.0%
2016	0	0	0.0	0	0.0	19,764	6.4%	\$0	0.0%
2017	0	0	0.0	0	0.0	19,764	6.4%	\$0	0.0%
2018	1	1,791	0.6	54,428	0.6	21,555	6.9%	\$54,428	0.6%
2019	1	18,044	5.8	555,214	6.1	39,599	12.7%	\$609,642	6.7%
2020	0	0	0.0	0	0.0	39,599	12.7%	\$609,642	6.7%
2021	0	0	0.0	0	0.0	39,599	12.7%	\$609,642	6.7%
2022	6	96,103	30.9	2,937,157	32.4	135,702	43.7%	\$3,546,799	39.2%
2023	2	175,000	56.3	5,512,500	60.8	310,702	100.0%	\$9,059,299	100.0%
2024	0	0	0.0	0	0.0	310,702	100.0%	\$9,059,299	100.0%
2025	0	0	0.0	0	0.0	310,702	100.0%	\$9,059,299	100.0%
2026 & Beyond	0	0	0.0	0	0.0	310,702	100.0%	\$9,059,299	100.0%
<b>Total</b>	<b>10</b>	<b>310,702</b>	<b>100.0%</b>	<b>\$9,059,299</b>	<b>100.0%</b>				

(1) Based on the underwritten rent roll dated January 26, 2016 and includes rent steps occurring through February 28, 2017.

(2) Certain tenants have more than one lease.

### Operating History and Underwritten Net Cash Flow

	2013	2014 <sup>(1)</sup>	2015 <sup>(1)(2)</sup>	Underwritten <sup>(2)(3)(4)</sup>	PSF	% <sup>(5)</sup>
Rents in Place <sup>(1)(4)</sup>	\$4,728,631	\$6,786,477	\$10,812,173	\$9,059,299	\$29.16	92.1%
Vacant Income	0	0	0	622,566	2.00	6.3%
<b>Gross Potential Rent</b>	<b>\$4,728,631</b>	<b>\$6,786,477</b>	<b>\$10,812,173</b>	<b>\$9,681,865</b>	<b>\$31.16</b>	<b>98.4%</b>
Total Reimbursements	100,782	140,890	155,971	154,035	0.50	1.6%
Free Rent Adjustment	(277,179)	(87,213)	(8,072)	0	0.00	0.0%
<b>Net Rental Income</b>	<b>\$4,552,234</b>	<b>\$6,840,154</b>	<b>\$10,960,072</b>	<b>\$9,835,900</b>	<b>\$31.66</b>	<b>100.0%</b>
(Vacancy/Collection Loss)	0	0	0	(622,566)	(2.00)	(6.3%)
Other Income <sup>(4)</sup>	24,410	24,975	0	2,038,693	6.56	20.7%
<b>Effective Gross Income</b>	<b>\$4,576,644</b>	<b>\$6,865,129</b>	<b>\$10,960,072</b>	<b>\$11,252,027</b>	<b>\$36.21</b>	<b>100.0%</b>
<b>Total Expenses</b>	<b>\$2,076,801</b>	<b>\$2,845,762</b>	<b>\$3,813,958</b>	<b>\$7,014,785</b>	<b>\$22.58</b>	<b>62.3%</b>
<b>Net Operating Income</b>	<b>\$2,499,843</b>	<b>\$4,019,367</b>	<b>\$7,146,114</b>	<b>\$4,237,241</b>	<b>\$13.64</b>	<b>37.6%</b>
Total TI/LC, Capex/RR	0	0	0	761,220	2.45	6.8%
<b>Net Cash Flow</b>	<b>\$2,499,843</b>	<b>\$4,019,367</b>	<b>\$7,146,114</b>	<b>\$3,476,022</b>	<b>\$11.19</b>	<b>31.8%</b>

(1) In October 2014, the Federal Bureau of Investigation lease was amended to increase base rent by approximately \$2.4 million.

(2) UW Total Expenses exceed the 2015 Total Expenses mainly due to the inclusion of the \$1.75 million ground lease payment, that was not applicable in historical financials, an approximately \$1.0 million budgeted increase in utilities and underwriting a 4.0% management fee when historically it's been approximately 1.4%.

(3) Underwritten Rents in Place includes base rent and rent increases occurring through February 2017.

(4) Underwritten Other Income reflects a utility reimbursement under the FBI lease which was shown in Rents in Place for historic financials.

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



## Mortgage Loan No. 6 — Mission Ridge

**Property Management.** The property is managed by CB Richard Ellis of Virginia, Inc., an independent third party property manager.

**Escrows and Reserves.** At origination, the borrowers deposited into escrow \$216,821 for real estate taxes, \$145,833 for the ground lease reserve and \$14,389 for insurance.

*Tax Escrows* - On a monthly basis, the borrowers are required to escrow 1/12<sup>th</sup> of the estimated tax payments, currently equal to \$72,274.

*Insurance Escrows* - On a monthly basis, the borrowers are required to escrow 1/12<sup>th</sup> of the estimated insurance payments, currently equal to \$7,194.

*Replacement Reserves* - On a monthly basis, the borrowers are required to deposit \$5,138 to a replacement reserve.

*TI/LC Reserves* - On a monthly basis, the borrowers are required to deposit \$38,838 to a TI/LC reserve.

*Ground Lease Reserves* - On a monthly basis, the borrowers are required to deposit 1/12<sup>th</sup> of the then current annual ground lease payment, currently equal to \$145,833.

*FBI and IAI Maturity Reserve* - On or before the date which is twelve months prior to the both the FBI and IAI lease expirations, the borrowers will be required to provide a \$2,500,000 letter of credit for the re-tenanting of the spaces. The respective letters of credit will be returned to the borrowers if the FBI or IAI leases are extended or if the borrowers lease the spaces to a tenant with an initial term of at least five years.

**Lockbox / Cash Management.** The loan is structured with a soft, springing hard lockbox and springing cash management. Upon the occurrence of a Cash Sweep Event (as defined below), tenants will remit monthly rent payments directly to the lockbox which is under the sole dominion and control of the lender. During the continuance of a Cash Sweep Event, all funds received into the lockbox account will be swept immediately into the cash management account and used to pay monthly reserve balances, debt service payments and outstanding expense balances. Any remaining funds are required to be held in the excess cash flow reserve account until a cash sweep cure event occurs at which time the remaining funds are required to be returned to the borrowers.

“Cash Sweep Event” means the occurrence of (i) an event of default, (ii) a bankruptcy action of borrowers or IAI, (iii) the debt service coverage ratio for the calendar quarter immediately preceding the date of determination being less than 1.25x, (iv) the FBI going dark or ceasing operations in the FBI space, (v) the FBI not renewing and extending the FBI lease, (vi) IAI going dark or ceasing operations in the IAI space, (vii) IAI not renewing and extending the IAI lease, (viii) any failure of the borrowers to pay or cause to be paid any shortfall of taxes to the lender at least ten days prior to the date such taxes are due, or (ix) the borrowers' failure to deliver a satisfactory commitment to refinance the loan on or before the date which is three months prior to the maturity date.

**Ground Lease.** The borrowers hold a leasehold interest in the property pursuant to a ground lease executed in February 2016 that has an expiration date in February 2115. Rent under the ground lease is \$1,750,000 in year one and grows at 2.0% per year until each rent reset date occurring every 10 years. On each rent reset date, rent is calculated as the greater of (i) 102% of the prior year's fixed rent and (ii) the decade-to-date Consumer Price Index (“CPI”) adjustment, as calculated per the ground lease, but capped at 3% annually for the period. Should either the lessee or lessor sell their respective interest, the other party has the right of first refusal at the terms being offered to third parties. Additionally, the lessee has the right to purchase the fee estate generally once every ten years.