

Arbor Gate

Mortgage Loan Information

Mortgage Loan Seller:	RCMC
Original Principal Balance:	\$38,100,000
Cut-off Date Principal Balance:	\$38,100,000
% of Pool by IPB:	2.6%
Loan Purpose:	Refinance
Borrower:	Arbor Gate Development, LLC
Sponsors:	Patrick J. Baxter and Bradley L. Hutter
Interest Rate:	4.64000%
Note Date:	11/7/2014
Maturity Date:	12/5/2024
Interest-only Period:	24 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(24),Def(92),O(4)
Lockbox:	CMA
Additional Debt⁽²⁾:	N/A
Additional Debt Balance⁽²⁾:	N/A
Additional Debt Type⁽²⁾:	N/A

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Office - Suburban
Net Rentable Area (SF):	216,612
Location:	Madison, WI
Year Built / Renovated:	2008 / N/A
Occupancy:	95.9%
Occupancy Date:	10/1/2014
Number of Tenants:	20
2011 NOI⁽¹⁾:	\$2,095,415
2012 NOI⁽¹⁾:	\$2,799,918
2013 NOI⁽¹⁾:	\$2,933,963
TTM NOI (as of 8/2014)⁽¹⁾:	\$3,048,491
UW Economic Occupancy:	95.0%
UW Revenues:	\$5,232,445
UW Expenses:	\$1,838,775
UW NOI⁽¹⁾:	\$3,393,669
UW NCF:	\$3,133,735
Appraised Value / Per SF⁽³⁾:	\$52,740,000 / \$243
Appraisal Date:	8/25/2014

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$287,705	\$47,775	N/A
Insurance:	\$0	Springing	N/A
Replacement Reserves:	\$0	\$3,610	N/A
TI/LC:	\$0	\$46,659	\$600,000
Other⁽⁴⁾:	\$100,000	\$0	N/A

Financial Information

Cut-off Date Loan / SF:	\$176
Maturity Date Loan / SF:	\$151
Cut-off Date LTV:	72.2%
Maturity Date LTV:	61.9%
UW NCF DSCR:	1.33x
UW NOI Debt Yield:	8.9%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$38,100,000	95.9%	Payoff Existing Debt	\$38,885,834	97.9%
Sponsor Equity	1,620,986	4.1	Closing Costs	447,447	1.1
			Upfront Reserves	387,705	1.0
Total Sources	\$39,720,986	100.0%	Total Uses	\$39,720,986	100.0%

(1) Increases in historical NOI can be attributed to lease-up at the property, with occupancy increasing from 70.6% in 2010 to 85.8% in 2011, 87.2% in 2012, 94.4% in 2013 and to the current occupancy of 95.9% as of October 1, 2014. In addition, the UW NOI includes approximately \$50,909 of contractual rent bumps occurring through October 1, 2015.

(2) At closing, a TIF Loan secured by the property in the amount of approximately \$900,116 will be outstanding. Please refer to the "Additional Debt" section below for more information.

(3) The Appraised Value includes 24,287 square feet of excess land that is currently being utilized for additional parking and which was valued at \$240,000.

(4) The Initial Other Escrows and Reserves is comprised of a \$100,000 rent concession provided to the tenant Dean Health Systems.

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The Loan. The Arbor Gate loan has an outstanding principal balance of \$38.1 million and is secured by a first mortgage lien on the borrower's fee interest in the Arbor Gate property, which is comprised of two adjacent Class A office buildings, an attached five-story parking structure, a daycare center and an excess land parcel used for overflow parking that are located in Madison, Wisconsin. The loan has a 10-year term and subsequent to a two-year interest only period, will amortize on a 30-year schedule. The loan sponsors and nonrecourse carve-out guarantors are Patrick J. Baxter and Bradley L. Hutter who developed the property in 2008 for a total cost basis of approximately \$53.6 million.

The Property. The Arbor Gate property is comprised of two Class A, six-story office buildings with 208,812 square feet of net rentable area including ground floor retail, an attached five-story parking garage containing 544 parking spaces, a single-story, 7,800 square foot office building that is used as a daycare facility and an excess land parcel currently utilized for overflow parking with 291 striped spaces. In total, the property contains 835 parking spaces (approximately 4.0 spaces per 1,000 square feet). The office buildings are adjoined by a three-level pedestrian skyway and the upper floors feature views of the University of Wisconsin Arboretum and the capitol building in downtown Madison.

As of October 1, 2014, the property was 95.9% occupied by 20 tenants. The largest tenant, Wipfli, LLP ("Wipfli"), was established in Wausau, Wisconsin in 1930 and since that time the firm has become one of the largest CPA and consulting firms in the United States with 24 offices across Wisconsin, Minnesota, Illinois, Washington and India. The firm is also an integral part of PKF North America, one of the largest global accounting networks in the world. Wipfli's lease commenced in December 2008 and it occupies 40,052 square feet, approximately 18.5% of total net rentable area, through December 2023. The second largest tenant, Navitus Health Solutions ("Navitus"), is a Madison, Wisconsin-based pharmacy benefit management company that was founded in 2003 by Dean Health Plan and its partners. Dean Health Plan is owned by SSM Health Care, a non-profit Catholic health system that includes St. Mary's Hospital in Madison, and Dean Health System, a multi-specialty practice that owns and operates clinics and medical facilities in 22 counties in southern Wisconsin. Navitus' corporate headquarters are located at the property under a lease that expires in September 2018. The third largest tenant, Meriter Wisconsin Heart, was formed in 2011 through Meriter Health Services' acquisition of Wisconsin Heart and Vascular Institute. At the time, Wisconsin Heart and Cardiovascular Institute was a group of 16 cardiologists, vascular surgeons and mid-level providers that had moved to the property from Meriter Hospital in 2008. Meriter Wisconsin Heart occupies 29,000 square feet that expires December 2023.

The Market. Arbor Gate is located in Madison, Wisconsin, the capitol and second largest city within the state, with a 2010 population of 231,453. The property is located within the South Central submarket, approximately four miles south of the Madison central business district. According to the appraisal, the property is prominent asset in this submarket with a recognizable location given its height and construction quality along the Beltline Highway, a major east-west thoroughfare in the southern bounds of the Madison area. Additionally, the property benefits from its proximity to the largest hospital campuses in Madison, including: University of Wisconsin, Meriter Hospital and St. Mary's Hospital.

According to the appraisal, as of the second quarter of 2014, the vacancy rate in the Madison market was 10.2% while the South Central submarket was approximately 4.6% vacant, with an average vacancy rate of 7.4% over the past five years. The property's competitive set for the office space has a vacancy rate of 9.5% and average adjusted lease rate of \$19.51 per square foot. The property's competitive set for retail space has a vacancy rate of 11.4% and an average lease rate of \$21.22 per square foot. According to the appraisal, there has been no new construction in the submarket from 2010 through 2013 and there are few development sites available.

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The property's top 10 tenants account for 184,965 square feet of the total space, or 85.4% of the total net rentable area.

Tenant Summary ⁽¹⁾					
Tenant	Ratings ⁽²⁾ Moody's/S&P/Fitch	Net Rentable Area (SF)	% of Total NRA	UW Base Rent PSF	Lease Expiration Date
Wipfli, LLP	NA / NA / NA	40,052	18.5%	\$19.75	12/1/2023
Navitus Health Solutions	NA / NA / NA	38,717	17.9%	\$23.65	9/30/2018
Meriter Wisconsin Heart	NA / NA / NA	29,000	13.4%	\$17.83	12/1/2023
Dean Heath System ⁽³⁾	NA / NA / NA	18,934	8.7%	\$19.72	4/30/2021
Social Security Administration (ODAR)	Aaa / AA+ / AAA	16,265	7.5%	\$22.53	8/31/2020
Singlewire Software	NA / NA / NA	11,390	5.3%	\$20.40	4/30/2016
Meriter Hospital, Inc.	NA / NA / NA	9,706	4.5%	\$21.46	10/1/2018
Arbor Gate Hospitality ⁽⁴⁾	NA / NA / NA	8,944	4.1%	\$23.73	10/31/2019
Dane County Parent Council	NA / NA / NA	7,800	3.6%	\$10.95	7/31/2024
The Egg & I	NA / NA / NA	4,157	1.9%	\$18.50	7/31/2021

(1) 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) Dean Health System has the right to terminate the lease with said termination effective on April 30, 2018 with six months' notice at any time during the month of October 2017.

(4) Arbor Gate Hospitality occupies 8,944 square feet at the property of which 7,637 square feet expires on October 31, 2019 and 1,307 square feet expires on December 31, 2019.

Operating History and Underwritten Net Cash Flow							
	2011	2012	2013	TTM ⁽¹⁾	Underwritten	Per Square Foot	% ⁽²⁾
Rents In Place	\$3,276,759	\$3,667,267	\$3,777,160	\$4,022,369	\$4,205,240	\$19.41	76.6%
Vacant Income	0	0	0	0	167,941	0.78	3.1
Gross Potential Rent	\$3,276,759	\$3,667,267	\$3,777,160	\$4,022,369	\$4,373,181	\$20.19	79.6%
Total Reimbursements	844,283	1,031,803	1,035,504	1,011,168	1,119,268	5.17	20.4
Concessions	(393,163)	(208,989)	(162,284)	(176,826)	0	0.00	0.0
Net Rental Income	\$3,727,879	\$4,490,081	\$4,650,380	\$4,856,711	5,492,449	\$25.36	100.0%
(Vacancy/Credit Loss)	0	0	0	0	(274,622)	(1.27)	(5.0)
Other Income	4,105	1,760	2,933	8,918	14,618	0.07	0.3
Effective Gross Income	\$3,731,983	\$4,491,841	\$4,653,313	\$4,865,629	\$5,232,445	\$24.16	95.3%
Total Expenses	\$1,636,568	\$1,691,924	\$1,719,350	\$1,817,138	\$1,838,775	\$8.49	35.1%
Net Operating Income⁽³⁾	\$2,095,415	\$2,799,918	\$2,933,963	\$3,048,491	\$3,393,669	\$15.67	64.9%
Total TI/LC, Capex/RR	0	0	0	0	259,934	1.20	5.0
Net Cash Flow	\$2,095,415	\$2,799,918	\$2,933,963	\$3,048,491	\$3,133,735	\$14.47	59.9%
Occupancy⁽⁴⁾	85.8%	87.2%	94.4%	95.9%	95.0%		

(1) TTM column represents the trailing twelve month period ending on August 31, 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) Increases in historical Net Operating Income can be attributed to lease-up at the property, with occupancy increasing from 70.6% in 2010 to 85.8% in 2011, 87.2% in 2012, 94.4% in 2013 and to the current occupancy of 95.9% as of October 1, 2014. In addition, the UW NOI includes approximately \$50,909 of contractual rent bumps occurring through October 1, 2015.

(4) Historical Occupancies are as of December 31 of each respective year. TTM Occupancy is as of October 1, 2014.

Additional Debt. The property is subject to a subordinate mortgage in the original principal amount of \$2,700,000 (the "TIF Loan"), which loan was originated in connection with a tax increment financing arrangement. In connection with the tax increment financing arrangement, the TIF Loan is to be repaid by increased property tax revenues resulting from improvements financed by the TIF Loan. The TIF Loan requires a minimum pay down of \$400,000 per year; however, the incremental taxes paid currently exceed this threshold. The current loan balance of the TIF Loan is approximately \$900,116.