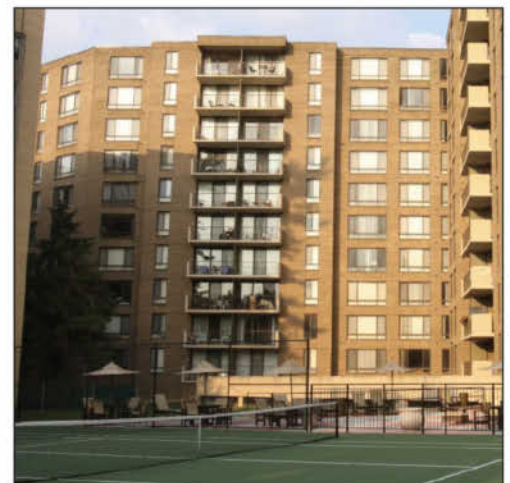
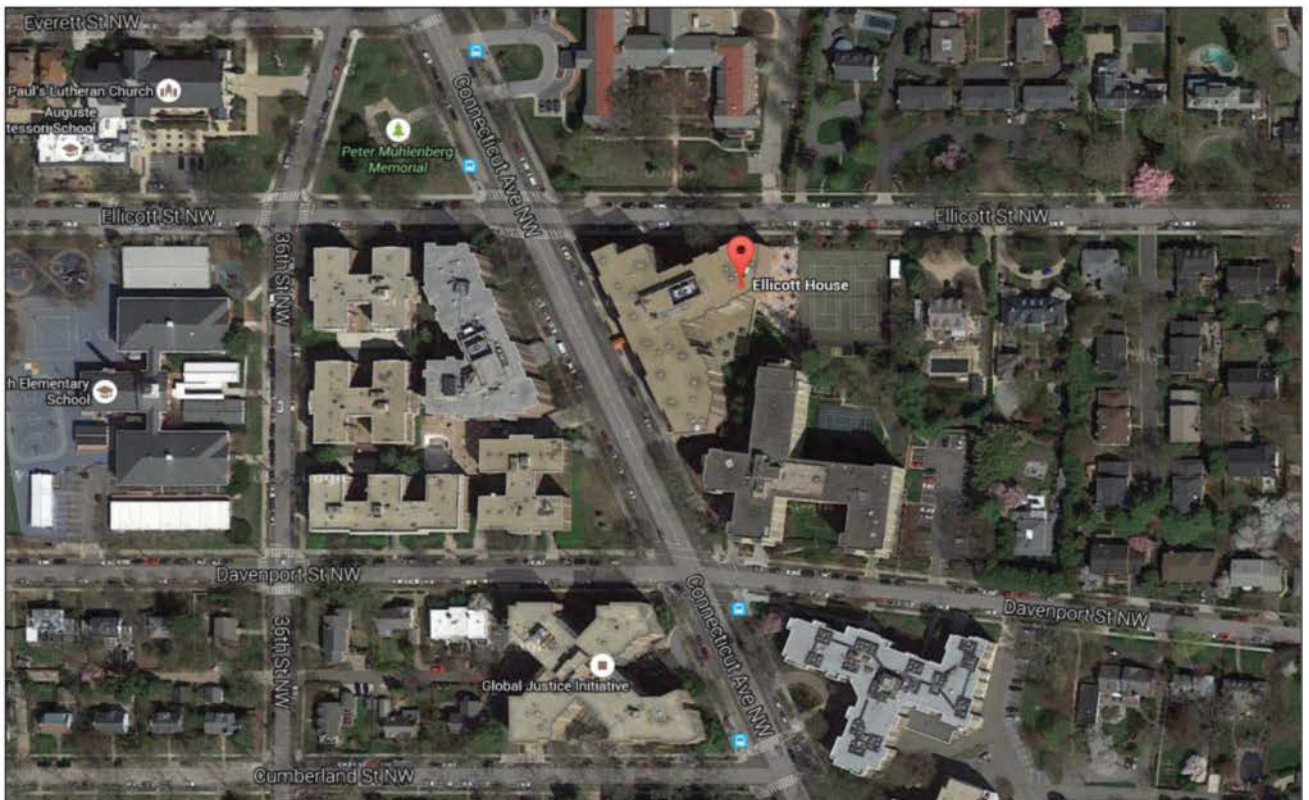


Mortgage Loan No. 4 — Ellicott House



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Mortgage Loan No. 4 — Ellicott House

Mortgage Loan Information

Mortgage Loan Seller:	SPREF
Original Principal Balance:	\$57,500,000
Cut-off Date Principal Balance:	\$57,500,000
% of Pool by IPB:	6.1 %
Loan Purpose:	Acquisition
Borrower:	Ellicott Owner LLC
Sponsor:	ACREG Investment Holdings LLC
Interest Rate:	4.2280%
Note Date:	10/20/2015
Maturity Date:	11/6/2025
Interest-only Period:	120 months
Original Term:	120 months
Original Amortization:	None
Amortization Type:	Interest Only
Call Protection:	L(27),Def(89),O(4)
Lockbox⁽¹⁾:	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:	Multifamily – High Rise
Net Rentable Area (Units):	327
Location:	Washington, DC
Year Built / Renovated:	1974 / 2007-2015
Occupancy:	97.6%
Occupancy Date:	10/7/2015
Number of Tenants:	N/A
2012 NOI:	\$4,147,566
2013 NOI:	\$4,395,383
2014 NOI:	\$3,950,970
TTM NOI⁽²⁾:	\$4,106,968
UW Economic Occupancy:	94.0%
UW Revenues:	\$6,640,892
UW Expenses:	\$2,509,511
UW NOI:	\$4,131,381
UW NCF:	\$4,032,670
Appraised Value / Per Unit:	\$81,500,000 / \$249,235
Appraisal Date:	8/31/2015

Escrows and Reserves⁽³⁾

	Initial	Monthly	Initial Cap
Taxes:	\$219,523	\$54,881	N/A
Insurance:	\$40,726	\$4,525	N/A
Replacement Reserves:	\$0	Springing	\$196,200

Financial Information

Cut-off Date Loan / Unit:	\$175,841
Maturity Date Loan / Unit:	\$175,841
Cut-off Date LTV:	70.6%
Maturity Date LTV:	70.6%
UW NCF DSCR:	1.64x
UW NOI Debt Yield:	7.2%

Sources and Uses

Sources	Proceeds	% of Total
Mortgage Loan	\$57,500,000	73.3%
Sponsor Equity	20,946,861	26.7
Total Sources	\$78,446,861	100.0%

Uses	Proceeds	% of Total
Purchase Price	\$75,000,000	95.6%
Closing Costs	3,186,612	4.1
Upfront Reserves	260,249	0.3
Total Uses	\$78,446,861	100.0%

- (1) For a more detailed description of Lockbox, please refer to "Lockbox / Cash Management" below.
- (2) Represents trailing twelve months ending August 31, 2015.
- (3) For a more detailed description of Escrows and Reserves, please refer to "Escrows and Reserves" below.

Mortgage Loan No. 4 — Ellicott House

The Loan. The Ellicott House loan is a \$57.5 million first mortgage loan secured by the fee interest in a 327-unit high rise style multifamily property located in Washington, D.C. The loan has a 10-year term and is interest-only for the term of the loan.

The Borrower. The borrowing entity for the loan is Ellicott Owner LLC, a Delaware limited liability company and special purpose entity.

The Sponsor. The loan's sponsor and nonrecourse carveout guarantor is ACREG Investment Holdings LLC.

ACREG Investment Holdings LLC is a wholly owned subsidiary of Annaly Capital Management, Inc. (NYSE: NLY). It was acquired by Annaly Capital Management, Inc. during the second quarter of 2013 and specializes in acquiring, financing, and managing commercial mortgage loans and other commercial real estate debt, commercial property and other commercial real estate-related assets.

The Property. The property is a 327-unit high rise multifamily property located in Washington, D.C. that was built in 1974 and renovated between 2007 and 2015. The property consists of one ten-story building located on approximately 1.43 acres. The property provides covered parking and has a total of 146 parking spaces, or 0.45 parking spaces per unit. As of October 7, 2015, the property was 97.6% leased.

The property contains 149 studio units (45.6%), 158 one-bedroom units (48.3%) and 20 two-bedroom units (6.1%). Studio units range from approximately 470 SF to 675 SF, one bedroom units range from 570 SF to 750 SF, and two bedrooms units range from 950 SF to 975 SF, with an overall average unit size of 669 SF.

Property amenities include an indoor swimming pool, fitness center, business center, tennis courts, outdoor seating areas, 24-hour front desk/concierge, laundry facilities and storage. Unit kitchens feature a refrigerator, electric range/oven, dishwasher, built-in microwave and garbage disposal. Most of the appliances are stainless steel. Interior amenities include laminate flooring in the kitchen and bathrooms feature ceramic tile flooring. Each unit includes a patio or balcony.

The property has frontage along Connecticut Avenue. Connecticut and Wisconsin Avenues are the primary roadways through the property's local area. These thoroughfares connect the D.C. central business district to Chevy Chase in the south and to Kensington in the north, as well as to the Capital Beltway (I-495). The Van Ness-UDC Metrorail station is located approximately seven blocks south of the property at the intersection of Connecticut Avenue and Van Ness Street NW. Bus service (Metrobus) is also available throughout the area along the major roadways. There is a bus stop directly in front of the property on Connecticut Avenue.

The property is approximately 1.1 miles west of Rock Creek Park, a 1754-acre urban park which also contains the National Zoological Park, one of the oldest zoos in the United States which is operated by the Smithsonian Institution. The property is also near local retail and restaurant districts including the Shops at Wisconsin Place, approximately 1.6 miles from the property. The entrance to the property is located at the intersection of Ellicott Street NW and Connecticut Avenue NW. Regional access to the neighborhood is provided by Connecticut Avenue.

Mortgage Loan No. 4 — Ellicott House

Multifamily Unit Mix ⁽¹⁾

Unit Type	No. of Units	% of Total	Occupied Units	Occupancy	Average Unit Size (SF)	Average Monthly Rental Rate ⁽²⁾	Average Monthly Rental Rate PSF ⁽²⁾	Monthly Market Rental Rate	Monthly Market Rental Rate PSF
Studio	149	45.6%	147	98.7%	593	\$1,507	\$2.54	\$1,693	\$2.85
One Bedroom, One Bathroom	158	48.3	153	96.8%	704	\$1,747	\$2.48	\$1,971	\$2.80
Two Bedroom, Two Bath	20	6.1	19	95.0%	963	\$2,546	\$2.64	\$2,780	\$2.89
Total/Wtd. Avg.	327	100.0%	319	97.6%	669	\$1,684	\$2.52	\$1,894	\$2.83

(1) Based on the underwritten rent roll dated October 7, 2015.

(2) The Ellicott House is subject to certain rental restrictions. The rent restrictions at the property limit the annual rent increases of tenants who were in occupancy in 2007 to increases in the Consumer Price Index (the "CPI") plus 2% subject to a maximum of 10%, or increases in the CPI subject to a maximum of 5% for qualified occupants 62 years of age or older or disabled. Once those restricted units are vacated, rents may be increased to a pre-determined monthly rental level based on unit type and thereafter to annual increases based upon changes in the consumer price index plus 2% subject to a maximum of 10%, or increases in the CPI subject to a maximum of 5% for qualified occupants 62 years of age or older or disabled. As of October 2015, the in-place weighted average monthly rental amount was approximately 55% below the pre-determined monthly rental level and 11% below market.

The Market. The property is located at the southeast corner of Connecticut Avenue NW and Ellicott Street NW in the Forest Hills area of the District of Columbia. The general area is located in the northern portion of the District of Columbia within the Northwest quadrant. Northwest Washington includes the city's major commercial office corridors in the Central Business District, the East End, West End, and Uptown. Georgetown University, George Washington University, American University, Howard University Law School, and the University of the District of Columbia are located in this area. The Mall, the National Zoo and Rock Creek Park are among the local recreational amenities. This Northwest section is also the home for the Washington Wizards professional basketball team and the Washington Capitals professional hockey team.

The appraiser identified five comparable rental properties, ranging from 119 units to 510 units, with average unit sizes ranging from 322 SF to 1,949 SF. The competitive set reported a weighted average occupancy of approximately 95%, with average rents ranging from \$1,115 to \$4,060 per unit. Average rents at the property are in line with the competitive set.

Competitive Set Summary⁽¹⁾

Property	Year Built / Renovated	No. of Units	Avg. Unit Size (SF)	Avg. \$/ Unit	Occupancy	Distance from Property
Ellicott House	1974 / 2007-2015	327⁽²⁾	470-975⁽²⁾	\$1,429-\$2,583⁽²⁾	98%⁽²⁾	
Connecticut Heights	1925 & 1974 / 2013	510	396-1,083	\$1,375-\$2,660	95%	Adjacent
The Brandywine	1954 / 1999-2012	305	771-1,550	\$1,844-\$4,060	98%	0.3 miles
Connecticut House	1958 / On-going	119	350-1,500	\$1,400-\$3,000	94%	0.3 miles
The Chesapeake	1941 / 2001	184	322-965	\$1,115-\$2,500	94%	0.2 miles
Albemarle	1958 / 2010	235	602-1,949	\$1,519-\$3,949	94%	0.3 miles
Total/Wtd. Avg.⁽³⁾		1,353	322-1,949	\$1,115-\$4,060	95%	

(1) Source: Appraisal.

(2) Based on the underwritten rent roll dated October 7, 2015.

(3) Excludes the subject property.

Mortgage Loan No. 4 — Ellicott House

Historical and Current Occupancy⁽¹⁾

2012	2013	2014	Current ⁽²⁾
96.3%	95.6%	93.7%	97.6%

(1) Historical Occupancy reflects the average for each indicated year as provided by the sponsor.

(2) Based on the underwritten rent roll dated October 7, 2015.

Operating History and Underwritten Net Cash Flow

	2012	2013	2014	TTM ⁽¹⁾	Underwritten ⁽²⁾	Per Unit	% ⁽³⁾
Rents in Place ⁽²⁾	\$6,539,512	\$6,691,235	\$6,583,757	\$6,584,922	\$6,613,332	\$20,224	100.0%
Vacant Income	0	0	0	0	0	0	0.0%
Gross Potential Rent	\$6,539,512	\$6,691,235	\$6,583,757	\$6,584,922	\$6,613,332	\$20,224	100.0%
Total Reimbursements	0	0	0	0	0	0	0.0%
Net Rental Income	\$6,539,512	\$6,691,235	\$6,583,757	\$6,584,922	\$6,613,332	\$20,224	100.0%
(Vacancy/Collection Loss)	(407,257)	(436,250)	(456,937)	(355,672)	(397,566)	(1,216)	(6.0%)
Other Income	426,167	414,711	399,616	425,126	425,126	1,300	6.4%
Effective Gross Income	\$6,558,422	\$6,669,696	\$6,526,436	\$6,654,376	\$6,640,892	\$20,309	100.4%
Total Expenses	\$2,410,856	\$2,274,313	\$2,575,466	\$2,547,408	\$2,509,511	\$7,674	37.8%
Net Operating Income	\$4,147,566	\$4,395,383	\$3,950,970	\$4,106,968	\$4,131,381	\$12,634	62.2%
Replacement Reserves	0	0	0	0	98,711	302	1.5%
Net Cash Flow	\$4,147,566	\$4,395,383	\$3,950,970	\$4,106,968	\$4,032,670	\$12,332	60.7%

(1) The TTM column represents the trailing twelve months ending August 31, 2015.

(2) Underwritten Rents in Place are based on the trailing three months operating statements ending August 31, 2015.

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

Property Management. The property is managed by Milestone Management TRS, Inc. ("Milestone Management"). Milestone Management is a nationwide residential property management firm. Currently, it manages approximately 35,000 units, including the property.

Escrows and Reserves. At origination, the borrower deposited into escrow \$219,523 for real estate taxes and \$40,726 for insurance.

Tax Escrows – On a monthly basis, the borrower is required to escrow 1/12th of the annual estimated tax payments, currently equal to \$54,881.

Insurance Escrows – On a monthly basis, the borrower is required to escrow 1/12th of the annual estimated insurance premiums, currently equal to \$4,525.

Replacement Reserves – The monthly replacement reserve is waived for the first 24 months, however the lender required an additional recourse carveout for the borrower's failure to (i) pay any capital expense incurred by the borrower or (ii) perform any required repairs. Commencing on December 6, 2017 and monthly thereafter, the borrower is required to escrow 1/12th of the product of \$300 per unit and the aggregate number of units at the property (currently equal to \$8,175), subject to a cap of \$196,200.

Lockbox / Cash Management. The loan is structured with a springing lockbox and springing cash management. During a Cash Management Period (defined below), the borrower is required to promptly establish and maintain a lockbox account (the "Lockbox Account") with the lockbox bank in trust for the benefit of the lender into which rents are required to be deposited by the borrower and/or property manager. The related loan documents require the lender to have a first priority security interest in the Lockbox Account and the cash management account (the "Cash Management Account"). Upon the occurrence and during the continuance of a Cash Management Period, the borrower and the property manager are required to hold rents and other income from the property in trust for lender and deposit such amounts in the Lockbox Account within two business days of receipt. All funds deposited into the Lockbox Account will be swept daily into the Cash Management Account and so long as no event of default is

Mortgage Loan No. 4 — Ellicott House

continuing will be applied by the lender to the payment of tax and insurance (if applicable) escrows, debt service, replacement reserves, any other amounts then due to the lender and monthly cash expenses and extraordinary expenses. Any excess funds after deductions for these items are required to be deposited into the excess cash flow reserve account.

“Cash Management Period” means the period commencing on the earlier to occur of: (i) the stated maturity date of the loan or (ii) an event of default.