

Pinnacle Office & Shops and Parking

Mortgage Loan Information

Mortgage Loan Seller:	JPMCB
Original Principal Balance:	\$24,250,000
Cut-off Date Principal Balance:	\$24,221,581
% of Pool by IPB:	2.1%
Loan Purpose:	Refinance
Borrower:	Hertz Jackson Three, LLC
Sponsors:	William Hertz, Isaac Hertz and Sarah Hertz
Interest Rate:	4.57500%
Note Date:	2/19/2015
Maturity Date:	3/1/2025
Interest-only Period:	None
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	Balloon
Call Protection:	L(24),Grtr1%orYM(93),O(3)
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/Leasehold
Property Type - Subtype:	Mixed Use – Office/Retail/Parking
Net Rentable Area (SF):	249,888
Location:	Jackson, MS
Year Built / Renovated:	1983, 2008 / N/A
Occupancy:	77.6%
Occupancy Date:	1/1/2015
Number of Tenants:	20
2012 NOI:	\$2,429,810
2013 NOI:	\$2,225,423
2014 NOI:	\$2,132,817
UW Economic Occupancy:	79.3%
UW Revenues:	\$4,902,326
UW Expenses:	\$2,619,818
UW NOI:	\$2,282,508
UW NCF:	\$1,985,061
Appraised Value / Per SF:	\$34,500,000 / \$138
Appraisal Date:	11/4/2014

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$42,157	\$28,900	N/A
Insurance:	\$0	Springing	N/A
Replacement Reserve:	\$0	\$4,165	N/A
TI/LC:	\$0	\$20,625	N/A
Other⁽¹⁾:	\$279,802	Springing	N/A

Financial Information

Cut-off Date Loan / SF:	\$97
Maturity Date Loan / SF:	\$79
Cut-off Date LTV:	70.2%
Maturity Date LTV:	57.0%
UW NCF DSCR:	1.33x
UW NOI Debt Yield:	9.4%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan	\$24,250,000	89.5%	Payoff Existing Debt	\$26,525,654	97.9%
Sponsor Equity	2,831,446	10.5	Upfront Reserves	321,959	1.2
			Closing Costs	233,834	0.9
Total Sources	\$27,081,446	100.0%	Total Uses	\$27,081,446	100.0%

(1) Initial Other Escrows and Reserves consist of a free rent reserve in the amount of \$163,627, a deferred maintenance reserve in the amount of \$66,175 and a ground rent reserve in the amount of \$50,000. Monthly Other Escrows and Reserves represent a springing ground rent reserve.

The Loan. The Pinnacle Office & Shops and Parking loan has an outstanding balance of approximately \$24.2 million and is secured by a first mortgage lien on a nine-story, 189,101 square foot, Class A multi-tenant office building and a seven-story parking deck, which includes 60,787 square feet of retail and office space, both located in Jackson, Mississippi. The loan has a 10-year term and amortizes on a 30-year schedule. The loan sponsors and nonrecourse carve-out guarantors are William Hertz, Isaac Hertz and Sarah Hertz. William Hertz, Isaac Hertz and Sarah Hertz are affiliates of the Hertz Investment Group, a fully-integrated national real estate investment company. Hertz Investment Group was founded in 1979 and specializes in the acquisition, marketing and management of high quality assets in secondary central business district's throughout the country. The company currently owns in excess of 12 million square feet across the country, including at least 45 geographically diverse properties in markets such as New Orleans, Louisiana, Pittsburgh, Pennsylvania, Cincinnati, Ohio, St. Louis, Missouri and Jackson, Mississippi. Since their May 2012 acquisition of the property, an LEED Silver certified property considered among the premier office buildings in downtown Jackson, the loan sponsors have consistently demonstrated their commitment to strategic placement of capital in secondary central business district ("CBD") markets.

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The Property. The Pinnacle Office & Shops and Parking property consists of a nine-story, CBD office building with 189,101 square feet of Class A office space and a seven-story parking deck, including 1,791 parking spaces and 60,787 square feet of retail and office space, both located in the Jackson, Mississippi. The parking and retail structure was constructed in 1983, while the larger office building was constructed in 2008. The property is well located in downtown Jackson at the corner of East Capitol and North Lamar Street. The property is strategically located in the heart of Jackson's CBD and is at the center of the Capitol Street Renaissance Project. The approximately \$16.0 million municipal project will revamp the surrounding streets, providing for two way traffic and a complete overhaul of pedestrian walkways. Upon completion, the project is expected to enhance storefront appeal and improve retail leasing on Capital Street, where the property is located. The project has been underway since July 2013 and has reported steady progress, though there can be no guarantee of a specific completion date. As of January 1, 2015, the property was 77.6% occupied.

The largest tenant, Jones Walker LLP, is a law firm which serves local, regional, national and international business interests in a wide range of markets with approximately 390 attorneys across locations in Alabama, Arizona, California, the District of Columbia, Florida, Georgia, Louisiana, Mississippi, New York, Ohio and Texas. Jones Walker LLP's lease commenced in December 2008 for an initial term of 15 years and encompasses 57,697 square feet (23.1% of the net rentable area). Jones Walker LLP currently has two five-year extension options remaining, no right of early termination and a right of first offer should any adjacent spaces become available. The second largest tenant, Brunini Grantham Grower Hewes, is among Mississippi's largest law firms. Brunini Grantham Grower Hewes' most recent lease commenced in December 2013 for a term of approximately 10 years and encompasses 47,502 square feet (19.0% of the net rentable area). The third largest tenant, Courthouse Fitness Downtown, is a full service fitness center offering a wide range of amenities. Courthouse Fitness Downtown opened in December 2008 with an initial lease term of seven years and occupies 17,183 square feet (6.9% of the net rentable area).

The Market. The Pinnacle Office & Shops and Parking property is located in the downtown Jackson office submarket which, according to the appraisal, had an overall vacancy rate of 27.2% as of the third quarter of 2014 for Class A office properties. The downtown Jackson office submarket contained approximately 1.7 million square feet of Class A office space as of the third quarter of 2014. 2014 estimated population within a one-, three and five- mile radius of the property is 4,658, 39,971 and 118,098, respectively. 2014 median household income within a one-, three- and five- mile radius of the property is \$27,322, 25,919 and \$30,282, respectively. The appraisal report concluded market rent for the property of \$23.00 per square foot. The in-place rent at the property is \$20.30 per square foot, which is below the appraisal's market rent conclusion.

Tenant Summary ⁽¹⁾					
Tenant	Ratings Moody's/S&P/Fitch	Net Rentable Area (SF)	% of Total NRA	Base Rent PSF	Lease Expiration Date
Jones Walker LLP	NA / NA / NA	57,697	23.1%	\$23.85	12/14/2023
Brunini Grantham Grower Hewes ⁽²⁾	NA / NA / NA	47,502	19.0%	\$23.00	12/7/2023
Courthouse Fitness Downtown ⁽³⁾	NA / NA / NA	17,183	6.9%	\$0.70	12/31/2015
BKD, LLP ⁽⁴⁾	NA / NA / NA	17,084	6.8%	\$26.00	1/4/2021
Eastgroup Properties ⁽⁵⁾	NA / NA / NA	13,347	5.3%	\$20.00	12/31/2018
Office Environments, Inc.	NA / NA / NA	6,370	2.5%	\$7.03	10/31/2015
Platinum Cleaning	NA / NA / NA	5,381	2.2%	\$22.50	1/1/2018
Lina Lynn (DBA Wasabi) ⁽⁶⁾	NA / NA / NA	5,137	2.1%	\$13.28	12/31/2026
Trustmark National Bank	NA / NA / NA	4,837	1.9%	\$25.00	12/7/2018
Bennett Lotterhos Sulser & Wislon	NA / NA / NA	4,124	1.7%	\$25.18	9/9/2021

(1) Based on the underwritten rent roll.

(2) Brunini Grantham Grower Hewes has an option to contract its space by up to 10% on December 8, 2018, with a payment of a termination fee.

(3) Courthouse Fitness Downtown is leased significantly below market rent on a short term lease as a result of the construction surrounding the property (the Capital Street Renaissance Project) and the resulting reduction in foot traffic. Additionally, the Courthouse Fitness Downtown provides an added amenity to existing tenants.

(4) BKD, LLP has the one-time right to terminate its lease on January 4, 2019, with nine months' written notice and a payment of a termination fee of \$150,000.

(5) Eastgroup Properties has the one-time right to terminate its lease on December 31, 2016, with six months' written notice.

(6) Lina Lynn (DBA Wasabi) has a right to terminate her lease as of December 31, 2021, with 12 months' written notice and payment of a termination fee.

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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	56,054	22.4%	NAP	NAP	56,054	22.4%	NAP	NAP
2015 & MTM	3	24,053	9.6	\$66,816	1.7%	80,107	32.1%	\$66,816	1.7%
2016	2	2,232	0.9	58,438	1.5	82,339	33.0%	\$125,254	3.1%
2017	1	533	0.2	10,735	0.3	82,872	33.2%	\$135,988	3.4%
2018	6	27,281	10.9	590,541	14.7	110,153	44.1%	\$726,529	18.0%
2019	0	0	0.0	0	0.0	110,153	44.1%	\$726,529	18.0%
2020	1	3,014	1.2	100,999	2.5	113,167	45.3%	\$827,528	20.6%
2021	4	26,385	10.6	661,704	16.4	139,552	55.8%	\$1,489,232	37.0%
2022	0	0	0.0	0	0.0	139,552	55.8%	\$1,489,232	37.0%
2023	2	105,199	42.1	2,468,619	61.3	244,751	97.9%	\$3,957,851	98.3%
2024	0	0	0.0	0	0.0	244,751	97.9%	\$3,957,851	98.3%
2025	0	0	0.0	0	0.0	244,751	97.9%	\$3,957,851	98.3%
2026 & Beyond	1	5,137	2.1	68,219	1.7	249,888	100.0%	\$4,026,071	100.0%
Total	20	249,888	100.0%	\$4,026,071	100.0%				

(1) Based on the underwritten rent roll.

Operating History and Underwritten Net Cash Flow						
	2012	2013	2014	Underwritten	Per Square Foot	% ⁽¹⁾
Rents in Place	\$4,071,447	\$4,061,076	\$3,937,945	\$4,026,071	\$16.11	79.0%
Vacant Income	0	0	0	1,053,629	4.22	20.7
Gross Potential Rent	\$4,071,447	\$4,061,076	\$3,937,945	\$5,079,700	\$20.33	99.7%
Total Reimbursements	0	184	16,030	14,626	0.06	0.3
Net Rental Income	\$4,071,447	\$4,061,260	\$3,953,975	\$5,094,326	\$20.39	100.0%
(Vacancy/Credit Loss)	(43,215)	(16,192)	(38,861)	(1,053,629)	(4.22)	(20.7)
Other Income	865,924	886,491	866,447	861,630	3.45	16.9
Effective Gross Income	\$4,894,156	\$4,931,559	\$4,781,561	\$4,902,326	\$19.62	96.2%
Total Expenses	\$2,464,346	\$2,706,136	\$2,648,744	\$2,619,818	\$10.48	53.4%
Net Operating Income	\$2,429,810	\$2,225,423	\$2,132,817	\$2,282,508	\$9.13	46.6%
Total TI/LC, Capex/RR	29,635	26,561	0	297,448	1.19	6.1
Net Cash Flow	\$2,400,175	\$2,198,862	\$2,132,817	\$1,985,061	\$7.94	40.5%
Occupancy⁽²⁾	78.8%	79.3%	77.2%	79.3%		

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

(2) Historical Occupancy as of December 31 of each respective year. Underwritten occupancy represents economic occupancy.

Ground Lease. The parking garage and related tenant spaces are subject to a ground lease which commenced on June 1, 2007 and will expire on May 31, 2067, with one 30-year extension option remaining. The current ground rent payment is \$25,000 monthly. For additional details, please refer to “Risk Factors—Mortgage Loans Secured by Leasehold Interests May Expose Investors to Greater Risks of Default and Loss” in the Prospectus Supplement.