

Mortgage Loan No. 11 – One Kennedy Square

Mortgage Loan Information

Mortgage Loan Seller:	JPMCB
Original Principal Balance:	\$27,300,000
Cut-off Date Principal Balance:	\$27,255,175
% of Pool by IPB:	2.4%
Loan Purpose:	Refinance
Borrower:	Kennedy Square Office Building LLC
Sponsors⁽¹⁾:	Various
Interest Rate:	5.15000%
Note Date:	8/3/2012
Maturity Date:	9/1/2022
Interest-only Period:	None
Original Term:	120 months
Original Amortization:	300 months
Amortization Type:	Balloon
Call Protection:	L(25),Def(92),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:	Office - CBD
Net Rentable Area (SF):	245,862
Location:	Detroit, MI
Year Built/Renovated:	2006 / N/A
Occupancy:	96.3%
Occupancy Date:	6/8/2012
Number of Tenants:	8
2009 NOI:	\$4,569,020
2010 NOI:	\$4,000,310
2011 NOI:	\$4,402,734
TTM NOI⁽²⁾:	\$4,335,107
UW Economic Occupancy:	85.0%
UW Revenues:	\$6,877,411
UW Expenses:	\$3,883,253
UW NOI:	\$2,994,158
UW NCF:	\$2,601,348
Appraised Value / Per SF:	\$42,000,000 / \$171
Appraisal Date:	6/7/2012

Escrows and Reserves

	Initial	Monthly	Initial Cap
Taxes:	\$206,096	\$22,882	N/A
Insurance:	\$0	Springing	N/A
Replacement Reserves:	\$4,098	\$4,098	\$147,528
TI/LC:	\$62,500	\$62,500	\$4,000,000
Other⁽³⁾:	\$56,375	\$56,375	N/A

Financial Information

Cut-off Date Loan/SF:	\$111
Maturity Date Loan/SF:	\$83
Cut-off Date LTV:	64.9%
Maturity Date LTV:	48.9%
UW NCF DSCR:	1.34x
UW NOI Debt Yield:	11.0%

(1) The sponsors are Watchowski Capital, LLC, Sosnick Family Investment Limited Partnership and REDICO Investments LLC.

(2) TTM NOI represents the trailing twelve month period ending July 31, 2012.

(3) Other Reserves represent the monthly master lease payment on the 460 space parking garage that runs through December 2032.

The Loan. The One Kennedy Square loan has an outstanding principal balance of approximately \$27.3 million and is secured by a first mortgage lien on a ten-story, Class A office building in Detroit, Michigan. The ten-year loan amortizes on a 25-year schedule. The proceeds of the loan along with \$2.9 million of sponsor's equity were used to repay previously existing debt of approximately \$29.2 million and pay closing costs of \$0.7 million and fund upfront reserves of 0.3 million. The sponsor's current basis in the property is approximately \$57.1 million. The sponsor is a joint venture between Watchowski Capital, LLC, Sosnick Family Investment Limited Partnership and REDICO Investments LLC who collectively own over 3.8 million square feet of office, retail, residential, hotel and senior housing properties located primarily in Michigan, North Carolina and Florida.

The Property. One Kennedy Square is a ten-story, 245,862 square foot multi-tenant office building located in Detroit, Michigan. The Class A office building was constructed in 2006 and is the newest office building in Detroit. The loan's collateral also includes a leasehold interest in a 3-level, 460 space, underground parking garage that is owned by the Detroit Downtown Development Authority ("DDA"). The lease commenced in 2007 and expires in December 2032, with two, 5-year renewal options. The property is currently 96.3% physically occupied by 8 tenants and has been over 90.0% occupied since 2009. The largest tenant at the property, Caidan Management Company Inc. ("Caidan") is headquartered at the property and leases 61,628 square feet (25.1% of the net rentable area) through December 2022. In December 2011, Caidan expanded by 10,226 square feet bringing their total occupied square footage up to the current total. Caidan is a privately held firm that provides a range of management services for the health industry including human resources, information systems, claims processing, compliance and health and wellness programs.

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The Market. The property is centrally located within Detroit's central business district across from Campus Martius Park. The property is located directly off of Woodward Avenue which is the primary north-south corridor through downtown and provides access to Detroit's regional highway network including the John C. Lodge Freeway and the Fisher Freeway. The property is located in one of Detroit's sixteen Renaissance Zones. The Renaissance Zone program is a collaborative effort between Detroit, Wayne County and the state of Michigan to give tax incentives to residents and businesses. The property's Renaissance Zone expires in December 2017 at which point operating expenses at the property are expected to increase. All tenants are on NN or NNN leases so the additional expenses are expected to be passed through to the tenants. According to the appraiser, the property is located in the Detroit/central business district submarket, which as of the second quarter of 2012 was comprised of approximately 12.2 million square feet of space of which 4.3 million was considered Class A. The Class A office space reported a vacancy rate of 27.9% with average asking rents of \$23.26 per square foot. The appraiser identified 14 competitive properties ranging from approximately 133,000 to 2.3 million square feet that reported a weighted average occupancy of 83.4%.

Tenant	Tenant Summary ⁽¹⁾				
	Ratings ⁽²⁾ Moody's/S&P/Fitch	Net Rentable Area (SF)	% of Total NRA	Base Rent PSF	Lease Expiration Date
Caidan Management Company Inc. ⁽³⁾	NA / NA / NA	61,628	25.1%	\$16.00	12/31/2022
Ernst & Young U.S. LLP	NA / NA / NA	51,402	20.9%	\$16.00	12/31/2016
Marketing Associates, L.L.C.	NA / NA / NA	51,402	20.9%	\$16.00	3/31/2016
The Walbridge Group, Inc. ⁽⁴⁾	NA / NA / NA	51,402	20.9%	\$12.75	4/30/2022
Ryan, Inc.	NA / NA / NA	12,280	5.0%	\$18.00	5/31/2013
RBS Citizens, National Association	A3 / A / A-	5,251	2.1%	\$18.00	7/31/2018
Milberg Detroit Leasing Corp	NA / NA / NA	2,409	1.0%	\$18.00	3/31/2015
Redico	NA / NA / NA	878	0.4%	\$18.00	6/30/2024

(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) Caidan Management Company, Inc has the right to terminate its lease in December 2017 subject to a termination fee equal to approximately \$366,204 with a 12-month notice period. In the event Caidan provides notice of non-renewal a full cash flow sweep will be triggered. In December 2011, Caidan expanded by 10,226 square feet bringing their total occupied square footage to 61,628 square feet. The termination fee will be controlled by the lender.

(4) The Walbridge Group, Inc has the right to terminate its lease in May 2017 subject to a termination fee equal of approximately \$454,279 with a nine-month notice period. The Walbridge Group, Inc is headquartered at the property and in December 2011 executed a lease extending its lease term for an additional 10 years through April 2022. The termination fee will be controlled by the lender.

Operating History and Underwritten Net Cash Flow							
	2009	2010	2011	TTM ⁽¹⁾	Underwritten	Per Square Foot	% ⁽²⁾
Rents in Place ⁽³⁾	\$4,432,522	\$4,148,253	\$4,310,937	\$4,452,729	\$3,811,390	\$15.50	47.3%
Vacant Income	0	0	0	0	128,940	0.52	1.6
Gross Potential Rent	\$4,432,522	\$4,148,253	\$4,310,937	\$4,452,729	\$3,940,330	\$16.03	48.9%
Total Reimbursements ⁽⁴⁾	3,369,435	3,258,972	3,483,148	3,578,404	4,117,554	16.75	51.1
Net Rental Income	\$7,801,957	\$7,407,225	\$7,794,085	\$8,031,133	\$8,057,884	\$32.77	100.0%
(Vacancy/Credit Loss) ⁽⁵⁾	0	0	0	(160,631)	(1,208,683)	(4.92)	(15.0)
Other Income	23,555	49,305	49,369	28,210	28,210	0.11	0.4
Effective Gross Income	\$7,825,512	\$7,456,530	\$7,843,454	\$7,898,712	\$6,877,411	\$27.97	85.4%
Total Expenses⁽⁴⁾	\$3,256,492	\$3,456,220	\$3,440,720	\$3,563,605	\$3,883,253	\$15.79	56.5%
Net Operating Income	\$4,569,020	\$4,000,310	\$4,402,734	\$4,335,107	\$2,994,158	\$12.18	43.5%
Total TI/LC, Capex/RR	0	0	0	0	392,810	1.60	5.7
Net Cash Flow	\$4,569,020	\$4,000,310	\$4,402,734	\$4,335,107	\$2,601,348	\$10.58	37.8%
Occupancy⁽⁵⁾	90.1%	92.1%	92.1%	96.3%	85.0%		

(1) TTM column represents the trailing twelve months ending July 31, 2012.

(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) Underwritten Rents in Place are lower than historical as tenants with rents above market were marked down to reflect a market rental rate determined by the appraisal. The adjustment resulted in an approximately \$615,000 haircut to in place cashflow.

(4) Underwritten Total Reimbursements and Underwritten Total Expenses are higher than historical levels primarily due to the lender underwriting higher real estate taxes based on the estimated average over the loan term. The Property is located in one of Detroit's Renaissance Zones and receives a tax abatement that will burn off in 2017. Real estate taxes are fully reimbursable and are a pass through expense to the tenants.

(5) The property is currently 96.3% physically leased however a 15% vacancy rate was utilized in order to be in line with the appraisers competitive set.