## 160 Water Street


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## Mortgage Loan Information

| | |
|---|---|
| **Mortgage Loan Seller:** | JPMCB |
| **Original Principal Balance[(1)]:** | $49,000,000 |
| **Cut-off Date Principal Balance[(1)]:** | $49,000,000 |
| **% of Pool by IPB:** | 3.9% |
| **Loan Purpose:** | Acquisition |
| **Borrower:** | EO 160 Water LLC |
| **Sponsor[(2)]:** | EO 160 Water LLC |
| **Interest Rate:** | 4.80200% |
| **Note Date:** | 4/30/2014 |
| **Maturity Date:** | 5/1/2021 |
| **Interest-only Period:** | 84 months |
| **Original Term:** | 84 months |
| **Original Amortization:** | None |
| **Amortization Type:** | Interest Only |
| **Call Protection:** | L(26),Def(55),O(3) |
| **Lockbox:** | Hard |
| **Additional Debt:** | Yes |
| **Additional Debt Balance:** | $50,600,000 |
| **Additional Debt Type:** | Pari Passu |

## Property Information

| | |
|---|---|
| **Single Asset / Portfolio:** | Single Asset |
| **Title:** | Fee |
| **Property Type - Subtype:** | Office - CBD |
| **Net Rentable Area (SF):** | 487,523 |
| **Location:** | New York, NY |
| **Year Built / Renovated:** | 1970 / 1987 |
| **Occupancy:** | 95.9% |
| **Occupancy Date:** | 3/1/2014 |
| **Number of Tenants:** | 5 |
| **2011 NOI:** | $5,519,078 |
| **2012 NOI[(3)]:** | $4,583,216 |
| **2013 NOI[(3)]:** | $3,142,306 |
| **UW Economic Occupancy:** | 91.7% |
| **UW Revenues[(4)]:** | $16,538,258 |
| **UW Expenses:** | $9,274,950 |
| **UW NOI:** | $7,263,308 |
| **UW NCF:** | $6,419,002 |
| **Appraised Value / Per SF:** | $165,000,000 / $338 |
| **Appraisal Date:** | 4/1/2014 |

## Escrows and Reserves[(5)]

| | Initial | Monthly | Initial Cap |
|---|---|---|---|
| **Taxes:** | $1,106,868 | $221,374 | N/A |
| **Insurance:** | $9,699 | $9,699 | N/A |
| **Replacement Reserves:** | $8,125 | $8,125 | N/A |
| **TI/LC:** | $46,721 | $46,721 | N/A |
| **Other:** | $1,015,167 | $0 | N/A |

## Financial Information[(1)]

| | |
|---|---|
| **Cut-off Date Loan / SF:** | $204 |
| **Maturity Date Loan / SF:** | $204 |
| **Cut-off Date LTV:** | 60.4% |
| **Maturity Date LTV:** | 60.4% |
| **UW NCF DSCR:** | 1.32x |
| **UW NOI Debt Yield:** | 7.3% |

## Sources and Uses

| Sources | Proceeds | % of Total | Uses | Proceeds | % of Total |
|---|---|---|---|---|---|
| Mortgage Loan[(1)] | $99,600,000 | 58.7% | Purchase Price | $165,386,969 | 97.5% |
| Sponsor Equity | 70,079,690 | 41.3 | Upfront Reserves | 2,186,580 | 1.3 |
| | | | Closing Costs | 2,106,141 | 1.2 |
| **Total Sources** | **$169,679,690** | **100.0%** | **Total Uses** | **$169,679,690** | **100.0%** |

(1) 160 Water Street is part of a loan evidenced by two *pari passu* notes with an aggregate original principal balance of $99.6 million. The Financial Information presented in the chart above reflects the Cut-off Date balance of the $99.6 million 160 Water Street Whole Loan.
(2) For a full description of the loan sponsor, please refer to "*The Sponsor*" below.
(3) Due to damage caused by Hurricane Sandy in October 2012, the property was closed for renovations from October 29, 2012 to February 15, 2013. The borrower estimates total lost revenue for 2012 amounted to approximately $1.2 million and total lost revenue for 2013 amounted to approximately $2.6 million.
(4) Beth Israel Medical Center's current rent per square foot of $27.00 increases to $31.00 in November 2015 and JPMCB has underwritten the escalated rent. At origination, funds were escrowed to cover the difference between the contract rent and underwritten rent.
(5) For a full description of Escrows and Reserves, please refer to "*Escrows and Reserves*" below.

***The Loan.*** The 160 Water Street loan is secured by a first mortgage lien on a 24-story, 487,523 square foot office building located in New York, New York. The whole loan has an outstanding principal balance of $99.6 million (the "160 Water Street Whole Loan"), which is comprised of two pari passu notes, Note A-1 and Note A-2. Note A-2 has an outstanding principal balance as of the Cut-off Date of $49.0 million and is being contributed to the JPMBB 2014-C21 Trust. Note A-1, with an outstanding principal balance as of the Cut-off Date of $50.6 million, was securitized in the JPMCC 2014-C20 Trust. The holder of Note A-1 (the "Controlling Noteholder") will be the trustee of the JPMCC 2014-C20 Trust. The trustee of the JPMCC 2014-C20 Trust (or, prior to the occurrence and continuance of a control event, the directing certificateholder for that securitization) will be entitled to exercise all of the rights of the Controlling Noteholder with respect to the 160 Water Street Whole Loan; however, the holder of the Note A-2 will be entitled, under certain circumstances, to consult with respect to certain major decisions. The 160 Water Street Whole Loan has a seven-year term and is interest-only for the entire term of the loan.

## 160 Water Street

***The Borrower.*** The borrowing entity for the 160 Water Street Whole Loan is EO 160 Water LLC, a Delaware limited liability company and special purpose entity.

***The Sponsor.*** The loan sponsor is a joint venture between affiliates of Emmes Asset Management Company LLC and a state pension fund with approximately $89 billion of assets under management as of year-end 2013. Due to the fund requirements of the state pension fund providing the equity for the transaction, the loan's nonrecourse carve-outs apply only to the borrowing entity. This may decrease the effectiveness of the nonrecourse carve-outs as a method to deter certain actions by the borrower that may be adverse to the interest of the lender, including, among other actions, filing bankruptcy or causing a bankruptcy proceeding to be filed, violating the borrower equity and/or mortgaged property transfer restrictions, or misapplying insurance proceeds, condemnation awards or income from the mortgaged property, in the event the mortgaged property becomes distressed. See "*Risk Factors—Mortgage Loans Are Nonrecourse and Are Not Insured or Guaranteed*" and "*Description of the Mortgage Pool – Additional Considerations*" in the Prospectus Supplement.

Emmes Asset Management Company LLC is an affiliate of The Emmes Group of Companies ("Emmes"), which is a privately-owned national real estate investment advisory firm with corporate offices in New York and California. Founded in 1992, Emmes is a Registered Investment Advisor and a fully integrated commercial real estate investment owner. Emmes had approximately $1.6 billion in assets under management as of March 31, 2014, including over 9.5 million square feet across 58 office, retail and multifamily properties in 19 states. The borrower acquired 160 Water Street from Oestretcher Properties for approximately $165.4 million. The loan sponsor also purchased 180 Water Street, the adjacent office property, in July 2013, resulting in the consolidated ownership of the majority of the block on which both assets lie.

***The Property.*** 160 Water Street is a Class B office building located on Water Street between John Street and Fletcher Street in downtown Manhattan. The property was constructed in 1970 and renovated in 1987. The 24-story property totals 487,523 square feet and consists of primarily office space with a small retail component. 160 Water Street has floor plates of approximately 21,000 square feet.

As of March 1, 2014, the property was 95.9% leased by five tenants. The largest tenant at the property, New York City Health and Hospital Corporation ("NYCHHC"), leases 59.5% of the net rentable area through December 2023 with one, five-year extension option remaining and 4.2% of the net rentable area through December 2015 with one, three-year and one, five-year extension options remaining. NYCHHC is rated Aa2/AA/AA by Moody's, S&P and Fitch, respectively. NYCHHC has been a tenant at the property since 2002, when it originally occupied approximately 126,000 square feet, and subsequently expanded in 2003, 2004, 2005, 2008 and 2012 to its current 310,841 square feet. NYCHHC operates the public hospitals and clinics in New York City and is the largest municipal healthcare system in the United States. NYCHHC provides medical and wellness services through its 70 community-based clinics, 11 acute care hospitals, six large diagnostic and treatment centers and five skilled nursing facilities. The second largest tenant, Beth Israel Medical Center, leases 22.1% of the net rentable area through October 2025 and has one, five-year extension option remaining. Beth Israel Medical Center is an 856-bed teaching hospital on Manhattan's Lower East Side operating as a member of the Mount Sinai Health System. In total, the Mount Sinai Health System includes approximately 2,700 full and part-time physicians, 3,750 voluntary physicians and 12 freestanding ambulatory surgery centers. The space at 160 Water Street is used for administrative purposes that support the Mount Sinai Health System. The third largest tenant, Seneca Insurance Company ("Seneca"), leases 8.8% of the net rentable area through September 2020 and has three, five-year extension options remaining. Seneca is a specialty property and casualty insurance company headquartered at 160 Water Street. Seneca is a wholly owned subsidiary of Crum & Forster and is part of Fairfax Financial Holdings Limited, which is a publicly traded financing services holding company (Nasdaq: FRFHF).

Due to damage caused by Hurricane Sandy in October 2012, the property was closed for renovations from October 29, 2012 to February 15, 2013. The total losses as a result of Hurricane Sandy were approximately $7.4 million, which includes $3.6 million of repairs and $3.8 million of lost revenue. In addition to the property's all risk insurance policy, 160 Water Street has flood insurance for $15.5 million which includes $500,000 from the National Flood Insurance Program and $15.0 million of excess coverage, including business interruption coverage.

160 Water Street has approximately 20,023 square feet of ground floor, basement and mezzanine retail space that is currently vacant, following the departure of the previous user (New York Sports Club) after damage was sustained to its space by Hurricane Sandy. The borrower is currently working to identify a replacement tenant for the space. At origination, the borrower deposited into escrow $400,000 to cover future tenant improvement, leasing commissions and capital expenditures incurred by the borrower for the space. The appraisal concluded a weighted average market rent of approximately $75 per square foot for the vacant retail space ($125 per square foot for the 7,471 square feet of ground floor space, $70 per square foot for the 3,608 square feet of mezzanine space and $35 per square foot for the 8,944 square feet of basement space).

# 160 Water Street

The property is located on Water Street between John Street and Fletcher Street in the Insurance office submarket of downtown Manhattan. The property is located a few blocks from the New York Stock Exchange and is close to several local restaurants and amenities. The property is also within a few blocks of several subway lines including the 2, 3, 4, 5, A, C, J and R lines. According to the appraisal, despite the increase in supply coming to the market, downtown Manhattan has benefited from the conversion of office space to residential units. This resulted in an increased residential population, which is, in turn, driving demand for new restaurants, shops, and additional retail development. In addition to the residential development, downtown's office space continues to be priced lower than the Midtown market where average asking rents are $69.52 per square foot compared to downtown office space of $48.26 per square foot.

According to the appraisal, the Downtown office market totals approximately 72.8 million square feet with an overall vacancy rate of 12.2% and average rents of $48.26 per square foot as of the fourth quarter of 2013. The Insurance submarket totals approximately 13.9 million square feet and reported an overall vacancy rate of 14.6% with average Class B rents of $33.88 per square foot. The appraisal identified eight directly competitive properties built between 1958 and 1972 and ranging in size from approximately 335,364 to 1,043,007 square feet. The comparable properties reported occupancies ranging from 85.0% to 100.0% with a weighted average of 94.1%. Asking rents for the comparable properties range from $36.00 to $48.00 per square foot. The appraisal also identified 10 comparable leases within the competitive set with adjusted rental rates ranging from $39.75 to $45.61 with an average of $42.38 per square foot. According to the appraisal approximately 3.0 million square feet of office space has become available at several buildings in the Brookfield Place complex and the newly completed Four World Trade Center. The majority of the new space coming online has larger floor plates with asking rents of $55.00 to $70.00 per square foot and caters to a different tenant profile than 160 Water Street which has smaller floor plates.

**Historical and Current Occupancy[(1)]**

| 2010 | 2011 | 2012 | 2013 | Current[(2)] |
|---|---|---|---|---|
| 86.8% | 86.8% | 93.2% | 95.5% | 95.9% |

(1) Historical Occupancies are as of December 31 of each respective year.
(2) Current Occupancy is as of March 1, 2014.

**Tenant Summary[(1)]**

| Tenant | Ratings[(2)] Moody's/S&P/Fitch | Net Rentable Area (SF) | % of Total NRA | Base Rent PSF | Lease Expiration Date |
|---|---|---|---|---|---|
| New York City Health and Hospital Corporation[(3)(4)] | Aa2 / AA / AA | 310,841 | 63.8% | $31.76 | 12/31/2023 |
| Beth Israel Medical Center | NA / NA / NA | 107,500 | 22.1% | $31.00 | 10/31/2025 |
| Seneca Insurance Company[(5)] | NA / NA / A | 43,000 | 8.8% | $23.75 | 9/30/2020 |
| Oestreicher Construction Corp[(6)] | NA / NA / NA | 5,259 | 1.1% | $35.00 | 4/30/2018 |
| Pratiza Oza & Panna Patel[(7)] | NA / NA / NA | 900 | 0.2% | $16.67 | 10/31/2016 |

(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) New York City Health and Hospital Corporation has multiple leases at the property and the expiration date listed above reflects the expiration date of the largest space that New York City Health and Hospital Corporation occupies. In total, New York City Health and Hospital Corporation has 20,600 square feet expiring in December 2015 and 290,241 square feet expiring in December 2023.
(4) The New York City Health and Hospital Corporation has the right to terminate its lease in July 2019 with 18 months' notice and payment of a termination fee.
(5) Seneca Insurance Company has the right to contract its space by one floor (21,500 square feet) starting on September 30, 2015, with nine months' notice and the payment of a contraction fee.
(6) Oestreicher Construction Corp has the right to terminate its lease at any time with 180 days' notice.
(7) Pratiza Oza & Panna Patel has the right to terminate its lease at any time with 90 days' notice.

# 160 Water Street

| 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 | 20,023 | 4.1% | NAP | NAP | 20,023 | 4.1% | NAP | NAP |
| 2014 & MTM | 0 | 0 | 0.0 | $0 | 0.0% | 20,023 | 4.1% | $0 | 0.0% |
| 2015 | 1 | 20,600 | 4.2 | 545,900 | 3.8 | 40,623 | 8.3% | $545,900 | 3.8% |
| 2016 | 1 | 900 | 0.2 | 15,000 | 0.1 | 41,523 | 8.5% | $560,900 | 3.9% |
| 2017 | 0 | 0 | 0.0 | 0 | 0.0 | 41,523 | 8.5% | $560,900 | 3.9% |
| 2018 | 1 | 5,259 | 1.1 | 184,065 | 1.3 | 46,782 | 9.6% | $744,965 | 5.2% |
| 2019 | 0 | 0 | 0.0 | 0 | 0.0 | 46,782 | 9.6% | $744,965 | 5.2% |
| 2020 | 1 | 43,000 | 8.8 | 1,021,250 | 7.1 | 89,782 | 18.4% | $1,766,215 | 12.2% |
| 2021 | 0 | 0 | 0.0 | 0 | 0.0 | 89,782 | 18.4% | $1,766,215 | 12.2% |
| 2022 | 0 | 0 | 0.0 | 0 | 0.0 | 89,782 | 18.4% | $1,766,215 | 12.2% |
| 2023 | 1 | 290,241 | 59.5 | 9,326,743 | 64.7 | 380,023 | 77.9% | $11,092,958 | 76.9% |
| 2024 | 0 | 0 | 0.0 | 0 | 0.0 | 380,023 | 77.9% | $11,092,958 | 76.9% |
| 2025 & Beyond | 1 | 107,500 | 22.1 | 3,332,500 | 23.1 | 487,523 | 100.0% | $14,425,458 | 100.0% |
| **Total** | **6** | **487,523** | **100.0%** | **$14,425,458** | **100.0%** | | | | |

(1) Based on the underwritten rent roll.

| Operating History and Underwritten Net Cash Flow | | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | Underwritten | Per Square Foot | %[(1)] |
| Rents in Place[(2)(3)] | $13,264,205 | $11,335,958 | $11,104,000 | $14,425,458 | $29.59 | 80.0% |
| Vacant Income | 0 | 0 | 0 | 1,499,475 | 3.08 | 8.3 |
| **Gross Potential Rent** | **$13,264,205** | **$11,335,958** | **$11,104,000** | **$15,924,933** | **$32.66** | **88.3%** |
| Total Reimbursements | 1,841,089 | 1,840,597 | 1,262,493 | 2,112,800 | 4.33 | 11.7 |
| **Net Rental Income** | **$15,105,294** | **$13,176,555** | **$12,366,493** | **$18,037,733** | **$37.00** | **100.0%** |
| (Vacancy/Credit Loss) | 0 | 0 | 0 | (1,499,475) | (3.08) | (8.3) |
| Other Income | 156,841 | 137,582 | 150,424 | 0 | 0.00 | 0.0 |
| **Effective Gross Income** | **$15,262,135** | **$13,314,137** | **$12,516,917** | **$16,538,258** | **$33.92** | **91.7%** |
| **Total Expenses** | **$9,743,057** | **$8,730,921** | **$9,374,611** | **$9,274,950** | **$19.02** | **56.1%** |
| **Net Operating Income** | **$5,519,078** | **$4,583,216** | **$3,142,306** | **$7,263,308** | **$14.90** | **43.9%** |
| Total TI/LC, Capex/RR | 0 | 0 | 0 | 844,306 | 1.73 | 5.1 |
| **Net Cash Flow** | **$5,519,078** | **$4,583,216** | **$3,142,306** | **$6,419,002** | **$13.17** | **38.8%** |

(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) Due to damage caused by Hurricane Sandy in October 2012 the property was closed for renovations from October 29, 2012 to February 15, 2013. The borrower estimates total lost revenue for 2012 amounted to approximately $1.2 million and total lost revenue for 2013 amounted to approximately $2.6 million.
(3) Beth Israel Medical Center's current rent per square foot of $27.00 increases to $31.00 in November 2015 and JPMCB has underwritten the escalated rent. At origination, funds were escrowed to cover the difference between the contract rent and underwritten rent.

## 160 Water Street

***Property Management.*** The property is managed by Emmes Realty Services LLC, an affiliate of the borrower.

***Escrows and Reserves.*** At origination, the borrower deposited into escrow approximately $1.1 million for real estate taxes, $609,167 to cover the difference between Beth Israel Medical Center's current contract rent and underwritten rent, $400,000 for the development of the currently vacant retail space, $46,721 for tenant improvement and leasing commissions, $9,699 for insurance premiums, $8,125 for replacement reserve and $6,000 for deferred maintenance.

*Tax Escrows* - On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated tax payments, which currently equates to $221,374.

*Insurance Escrows* - On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated insurance premiums, which currently equates to $9,699.

*Replacement Reserves* - On a monthly basis, the borrower is required to escrow $8,125 (approximately $0.20 per square foot annually) for replacement reserves.

*TI/LC Reserves* - On a monthly basis, the borrower is required to deposit $46,721 (approximately $1.15 per square foot annually) into the TI/LC escrow.

*Vacant Retail Reserve* - At origination, the borrower deposited into escrow $400,000 (approximately $19.97 per square foot of vacant retail space) to cover future tenant improvements, leasing commissions and capital expenditures incurred by the borrower with respect to the approximately 20,023 square feet of vacant retail space at the property.

***Lockbox / Cash Management.*** The loan is structured with a hard lockbox and in-place cash management. The borrower was required to send tenant direction letters to tenants instructing them to deposit all rents and payments into the lockbox account controlled by the lender. All funds in the lockbox account are swept daily to a cash management account under the control of the lender and disbursed during each interest period of the term of the loan in accordance with the loan documents. To the extent that (i) the DSCR (as calculated in the loan documents) based on the immediately preceding trailing three-month period falls below 1.15x, (ii) there is an event of default under the loan documents, (iii) the borrower or the property manager becomes the subject of a bankruptcy, insolvency or similar action or (iv) a NYCHHC Trigger Event occurs, then all excess cash flow after payment of debt service, required reserves and operating expenses will be held as additional collateral for the loan.

An "*NYCHHC Trigger Event*" means the occurrence of any of the following by NYCHHC: (i) any bankruptcy action, (ii) NYCHHC gives notice that it is terminating its lease with respect to all or any portion of its space, (iii) any termination or cancellation of the NYCHHC lease, (iv) NYCHHC is not in occupancy and open for business (and does not intend to re-occupy for business) in more than 30% of its space or (v) NYCHHC exercises its termination option.