Mortgage Loan No. 5 – Ashford Office Complex

J.P.Morgan

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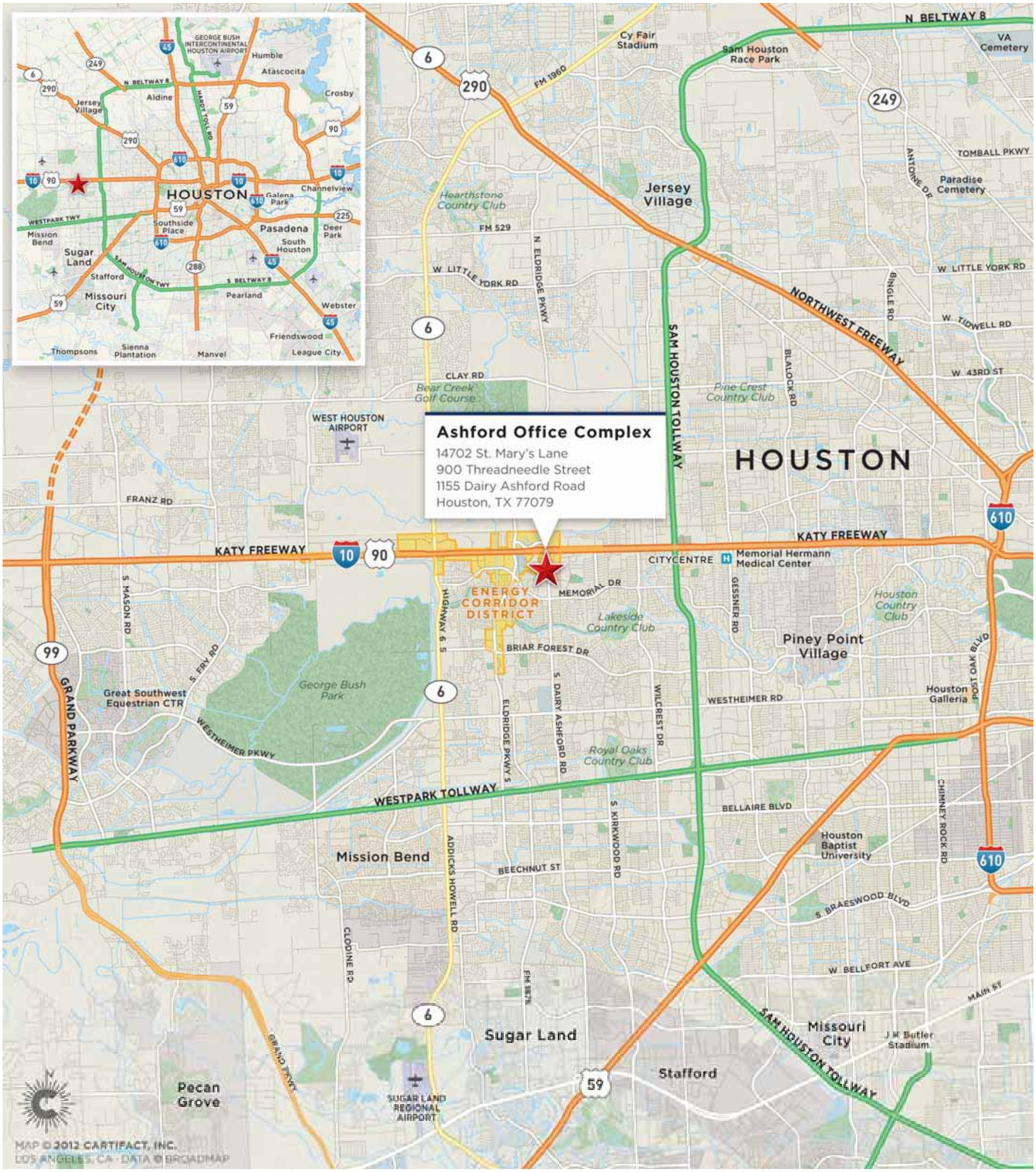

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Mortgage Loan Information

Mortgage Loan Seller:	JPMCB
Original Principal Balance:	$61,125,000
Cut-off Date Principal Balance:	$60,980,771
% of Pool by IPB:	5.4%
Loan Purpose:	Acquisition
Borrower:	BRI 1851 Ashford, LLC
Sponsors:	Dalet Investment Properties, LLLP, Dalet Investment Properties (US), LLLP
Interest Rate:	4.81000%
Note Date:	8/1/2012
Maturity Date:	8/1/2022
Interest-only Period:	None
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	Balloon
Call Protection:	L(25),Grtr1%orYM(92),O(3)
Lockbox:	Hard
Additional Debt:	N/A
Additional Debt Balance:	N/A
Additional Debt Type:	N/A

Property Information

Single Asset/Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Office - Suburban
Net Rentable Area (SF):	569,986
Location:	Houston, TX
Year Built/Renovated:	1980,1982 / 2007
Occupancy(1):	92.8%
Occupancy Date:	8/30/2012
Number of Tenants:	46
2009 NOI:	$5,876,527
2010 NOI:	$6,470,427
2011 NOI:	$5,281,649
TTM NOI(2):	$4,979,235
UW Economic Occupancy:	91.6%
UW Revenues:	$12,197,232
UW Expenses:	$5,638,281
UW NOI(1)(3):	$6,558,951
UW NCF:	$5,696,269
Appraised Value / Per SF(4):	$82,950,000 / $146
Appraisal Date:	6/27/2012

Escrows and Reserves(5)

	Initial	Monthly	Initial Cap
Taxes:	$951,514	$105,724	N/A
Insurance:	$56,668	$28,334	N/A
Replacement Reserves:	$15,350	$15,350	N/A
TI/LC:	$51,042	$51,042	$2,000,000
Other:	$2,709,829	$0	N/A

Financial Information

Cut-off Date Loan/SF:	$107
Maturity Date Loan/SF:	$88
Cut-off Date LTV(4):	73.5%
Maturity Date LTV(4):	60.2%
UW NCF DSCR:	1.48x
UW NOI Debt Yield:	10.8%

(1) Occupancy and UW NOI include 83,692 square feet of space for Mustang Engineering. The tenant currently occupies 23,923 square feet and has executed a lease for an additional 62,769 square feet and is expected to take occupancy and commence paying rent in November 2012.
(2) TTM NOI represents the trailing twelve months ending July 31, 2012.
(3) UW NOI is higher than historical levels primarily due to the additional 62,769 square feet that Mustang Engineering leased in March 2012. Mustang Engineering will begin paying full contractual rent in November 2012.
(4) Based on the appraiser's hypothetical value which is the estimated market value of the properties assuming approximately $2.8 million was escrowed at closing for outstanding tenant improvements and leasing commissions. These funds were escrowed and therefore the hypothetical value was used. The "as-is" value assuming no escrows were taken is approximately $80.2 million.
(5) For a full description of Escrows and Reserves, please refer to the "*Escrows and Reserves"* section herein.

The Loan. The Ashford Office Complex loan has an outstanding principal balance of approximately $61.0 million and is secured by a first mortgage lien on three, multi-tenant office buildings totaling approximately 569,986 square feet that are located in the Energy Corridor of Houston, Texas. The loan has a ten-year term and amortizes on a 30-year schedule. The proceeds of the loan plus sponsor equity of approximately $21.1 million and seller credits of approximately $3.9 million were used to acquire the property from Falcon Southwest Development Company for $81.5 million, fund upfront reserves of $3.8 million and pay closing costs of $0.8 million.

The Borrower. The borrowing entity for the loan is BRI 1851 Ashford, LLC, a Delaware limited liability company and special purpose entity.

The Sponsor. The loan's sponsors and nonrecourse carve-out guarantors are Dalet Investment Properties (US), LLLP and Dalet Investment Properties, LLLP (together, "Dalet"). Dalet is Beacon Investment Properties, LLC's ("Beacon") newest fund and represents the fifth fund sponsored by the company. Founded in 2003, Beacon is a full-service commercial real estate firm headquartered in Hallandale Beach, Florida, with offices in Houston and Dallas, Texas; and Charlotte, North Carolina. Beacon owns or manages over five million square feet of commercial property primarily located in Florida, Texas and the Carolinas.

Mortgage Loan No. 5 – Ashford Office Complex

The Properties. The Ashford Office Complex consists of three, Class B, multi-tenant office buildings totaling approximately 569,986 square feet that are located near the intersection of Interstate 10 (Katy Freeway) and Dairy Ashford Road in Houston, Texas. The properties are readily accessible via Interstate 10, State Highway 6, Eldridge Parkway, Dairy Ashford Road, Memorial Drive and the Sam Houston Tollway. Interstate 10 is the main east/west artery servicing west Houston and connects the western suburbs with the Sam Houston Tollway, Loop 610 and downtown Houston. The portfolio is currently 92.8% leased by 46 tenants and has maintained an occupancy in excess of 90.0% for the past three years. Over the past year a total of 11 new, renewal or expansion leases have been executed totaling approximately 292,000 square feet (51.6% of the net rentable area).

The portfolio is located within the Energy Corridor of Houston which spans across Interstate 10 and extends westward to Barker Cypress Road, and is noted for featuring the highest concentration of energy-related businesses in Houston. The area is home to 17 energy-related companies in the Fortune 500 and 13 of the nation's top 20 natural gas transmission companies. According to the appraisal, the portfolio falls within the West/Katy Freeway submarket within the Houston metro area. As of the second quarter of 2012, the submarket was comprised of approximately 18.6 million square feet of which 9.7 million square feet was considered Class A and 8.9 million square feet was considered Class B/C. The Class B/C office space in the submarket reported a vacancy rate of 9.4%, down from 12.0% the prior year, with asking rents of $18.73 per square foot. The appraiser identified five competitive properties ranging from approximately 118,000 to 280,000 square feet that reported a weighted average occupancy of 87.7%.

Ashford V. Ashford V is an eight-story, multi-tenant office building with a total of 195,154 square feet situated on an approximately 5.2 acre site that was constructed in 1980 and renovated in 2007. The building is serviced by a detached parking garage that is connected to the property via an enclosed walkway with 558 parking spaces. Additionally, there are approximately 122 surface parking spaces for a total of 680 spaces which results in a parking ratio of 3.5 spaces per 1,000 square feet. The property is currently 89.9% occupied by 13 tenants. The largest tenant at the property, FloaTEC Solutions, executed a lease for approximately 62,026 square feet (31.8% net rentable area) in 2011 with a lease expiration in March 2017. FloaTEC Solutions is a joint venture company created by McDermott International (NYSE: MDR) of Houston, Texas and Keppel FELS Limited of Singapore to design and deliver proprietary deepwater floating production systems used by the offshore oil and gas industry. The second largest tenant, CH2M Hill leases approximately 57,766 square feet (29.6% of the net rentable area) through May 2014. CH2M Hill, is a global leader in consulting, design, operations and program management for civil engineering projects throughout the world. CH2M Hill has been in occupancy since 2008 and has expanded twice, the first in September 2011 for 8,760 square feet and the second in January 2012 for 8,147 square feet.

Ashford VI. Ashford VI is an eight-story, multi-tenant office building with a total of 186,257 square feet situated on an approximately 4.6 acre site that was constructed in 1980 and renovated in 2007. The building is serviced by a detached parking garage that is connected via enclosed walkway with 589 parking spaces. Additionally, there are approximately 29 surface spaces for a total of 618 spaces which results in a parking ratio of 3.4 spaces per 1,000 square feet. The property is currently 88.5% occupied by 30 tenants. The largest tenant at the property, GL Noble Denton leases approximately 55,066 square feet (29.6% of the net rentable area) through September 2016. GL Noble Denton has been in occupancy since 2002 and has expanded its space multiple times, the most recent of which occurred in 2011 when they leased an additional 25,230 square feet. GL Noble Denton is an independent advisor providing consulting, design and project execution services for offshore, maritime and onshore oil and gas assets. The remainder of the tenants at Ashford VI individually occupy approximately 11,000 square feet or less.

Ashford VII. Ashford VII is an eight-story, multi-tenant office building with a total of 188,575 square feet situated on an approximately 3.3 acre site that was constructed in 1982 and renovated in 2007. The building is serviced by a detached parking garage that is connected via an enclosed walkway with 660 parking spaces. Additionally, there are approximately 14 surface spaces for a total of 674 spaces resulting in a parking ratio of 3.6 spaces per 1,000 square feet. The property is currently 100.0% occupied by 3 tenants. The largest tenant at the property, Sasol North America ("Sasol"), is headquartered at the property and currently leases 83,960 square feet (44.5% of the net rentable area) through January 2017. Sasol expanded by 20,923 square feet in February 2012. Sasol is an integrated producer of commodity and specialty chemicals that is a subsidiary of Sasol Limited. Sasol Limited is an international energy and chemicals company that is traded on the New York Stock Exchange as well as the Johannesburg Stock Exchange. The second largest tenant at the property, Mustang Engineering, recently executed a new lease for 83,692 square feet (44.4% of the net rentable area) through October 2018 and is expected to begin paying full contractual rent in November 2012. Headquartered in Houston, Texas, Mustang Engineering provides engineering, design, project and construction management services for the oil and gas industry.

Historical and Current Occupancy(1)					
Property	**Square Feet**	**2009**	**2010**	**2011**	**Current(2)**
Ashford V	195,154	91.0%	99.8%	97.5%	89.9%
Ashford VI	186,257	85.3%	93.4%	91.8%	88.5%
Ashford VII(3)	188,575	100.0%	99.3%	87.2%	100.0%
Weighted Average	**569,986**	**92.1%**	**97.5%**	**92.2%**	**92.8%**

(1) Historical Occupancy based on average of each respective year.
(2) Current Occupancy is as of August 30, 2012.
(3) Current Occupancy includes 83,692 square feet of space for Mustang Engineering. The tenant currently occupies 23,923 square feet and has executed a lease for an additional 62,769 square feet and is expected to take occupancy in November 2012.

Mortgage Loan No. 5 – Ashford Office Complex

Tenant	Ratings[2] Moody's/S&P/Fitch	Net Rentable Area (SF)	% of Total NRA	Base Rent PSF	Lease Expiration Date
Tenant Summary[1]					
Sasol North America[3]	Baa1 / NA / NA	83,960	14.7%	$21.60	1/31/2017
Mustang Engineering	NA / NA / NA	83,692	14.7%	$24.50	10/31/2018
FloaTEC Solutions[4]	NA / NA / NA	62,026	10.9%	$22.00	3/31/2017
CH2M Hill	NA / NA / NA	57,766	10.1%	$24.77	5/31/2014
GL Noble Denton	NA / NA / NA	55,066	9.7%	$20.25	9/30/2016
Intermoor	NA / NA / NA	20,923	3.7%	$20.25	6/30/2017
Entrust	NA / NA / NA	18,684	3.3%	$23.69	3/31/2013
Arthur J. Gallagher	NA / NA / NA	10,961	1.9%	$21.50	2/29/2016
OSIsoft	NA / NA / NA	10,345	1.8%	$25.00	3/7/2013
Flexpipe Systems US, Inc.	NA / NA / NA	10,284	1.8%	$23.00	8/31/2017

(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) Sasol North America has the right to terminate its lease with respect to 20,923 square feet of space as of February 2015, subject to a termination fee equal to two months of base rent and reimbursements and any unamortized landlord costs with 180 days' notice. The termination fee will be controlled by the lender.
(4) FloaTEC Solutions has the right to terminate its lease with respect to 19,811 square feet of space as of April 2013, subject to a termination fee equal to any unamortized landlord costs with 180 days' notice. The termination fee will be controlled by the lender.

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	41,021	7.2%	NAP	NAP	41,021	7.2%	NAP	NAP
2012 & MTM	2	1,452	0.3	$0	0.0%	42,473	7.5%	$0	0.0%
2013	10	50,796	8.9	1,235,336	10.3	93,269	16.4%	$1,235,336	10.3%
2014	11	87,157	15.3	2,128,593	17.7	180,426	31.7%	$3,363,929	28.0%
2015	5	20,218	3.5	459,602	3.8	200,644	35.2%	$3,823,531	31.9%
2016	7	86,291	15.1	1,800,408	15.0	286,935	50.3%	$5,623,939	46.9%
2017	9	194,996	34.2	4,233,382	35.3	481,931	84.6%	$9,857,321	82.1%
2018	2	88,055	15.4	2,144,259	17.9	569,986	100.0%	$12,001,580	100.0%
2019	0	0	0.0	0	0.0	569,986	100.0%	$12,001,580	100.0%
2020	0	0	0.0	0	0.0	569,986	100.0%	$12,001,580	100.0%
2021	0	0	0.0	0	0.0	569,986	100.0%	$12,001,580	100.0%
2022	0	0	0.0	0	0.0	569,986	100.0%	$12,001,580	100.0%
2023 & Beyond	0	0	0.0	0	0.0	569,986	100.0%	$12,001,580	100.0%
Total	**46**	**569,986**	**100.0%**	**$12,001,580**	**100.0%**				

(1) Based on the underwritten rent roll.

Operating History and Underwritten Net Cash Flow

	2009	2010	2011	TTM[1]	Underwritten	Per Square Foot	%[2]
Rents in Place[3]	$10,355,047	$11,624,812	$10,424,874	$10,104,503	$12,001,580	$21.06	90.6%
Vacant Income	0	0	0	0	930,766	1.63	7.0
Gross Potential Rent	**$10,355,047**	**$11,624,812**	**$10,424,874**	**$10,104,503**	**$12,932,346**	**$22.69**	**97.7%**
Total Reimbursements	857,927	139,624	118,912	268,603	309,730	0.54	2.3
Net Rental Income	**$11,212,974**	**$11,764,436**	**$10,543,786**	**$10,373,106**	**$13,242,076**	**$23.23**	**100.0%**
(Vacancy/Credit Loss)	0	0	0	0	(1,112,334)	(1.95)	(8.4)
Other Income	127,798	30,622	38,506	67,490	67,490	0.12	0.5
Effective Gross Income	**$11,340,772**	**$11,795,058**	**$10,582,292**	**$10,440,596**	**$12,197,232**	**$21.40**	**92.1%**
Total Expenses	**$5,464,245**	**$5,324,631**	**$5,300,643**	**$5,461,361**	**$5,638,281**	**$9.89**	**46.2%**
Net Operating Income	**$5,876,527**	**$6,470,427**	**$5,281,649**	**$4,979,235**	**$6,558,951**	**$11.51**	**53.8%**
Total TI/LC, Capex/RR	0	0	0	0	862,681	1.51	7.1
Net Cash Flow	**$5,876,527**	**$6,470,427**	**$5,281,649**	**$4,979,235**	**$5,696,269**	**$9.99**	**46.7%**

(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 higher than the historical primarily due to the additional 62,769 square feet that Mustang Engineering leased in March 2012. Mustang Engineering will begin paying full contractual rent in November 2012.

Mortgage Loan No. 5 – Ashford Office Complex

Property Management. The property is managed by Beacon Real Estate Services, LLC, an affiliate of the sponsors.

Escrows and Reserves. At closing, the borrower deposited into escrow $2,298,272 for outstanding tenant improvement and leasing commissions, $951,514 for real estate taxes, $256,307 for abated rent associated with Mustang Engineering, $155,250 for deferred maintenance, $56,668 for insurance, $51,042 for ongoing tenant improvement and leasing commissions and $15,350 for ongoing replacement reserves.

*Tax Escr*ows - The borrower is required to escrow 1/12 of the annual estimated tax payments monthly, which currently equates to $105,724.

Insurance Escrows - The borrower is required to escrow 1/12 of the annual estimated insurance payments monthly, which currently equates to $28,334.

Replacement Reserves - On a monthly basis, the borrower is required to escrow $15,350 (approximately $0.33 per square foot annually) for replacement reserves. The reserve is not subject to a cap.

TI/LC Reserves - On a monthly basis, the borrower is required to escrow $51,042 (approximately $1.08 per square foot annually) for tenant improvement and leasing commissions. The reserve is capped at $2,000,000 ($3.51 per square foot).

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 all 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 loan term in accordance with the loan documents. To the extent (i) the DSCR based on the immediately preceding trailing three month period falls below 1.10x, (ii) there is an event of default under the loan documents (iii) the borrower or property manager becomes the subject of a bankruptcy, insolvency or similar action or (iv) a Sasol Trigger Event (as defined below) occurs, all excess cash flow will be deposited into the lockbox and shall be deemed additional collateral for the loan.

A “Sasol Trigger Event” shall occur if either (i) Sasol North America Inc., gives notice that it intends to vacate its leased premises or (ii) Sasol vacates or abandons the leased premises covered by its lease. The excess cash flow sweep will cease when the borrower satisfies certain conditions set forth in the loan documents, including, without limitations, entry into a replacement lease with a new tenant at terms acceptable to the lender.

Release Provisions. The loan does not allow for the individual release of any of the properties during the loan term.

Future Additional Debt. In connection with the sale of the property to a third party, a mezzanine loan, secured by a pledge of the ownership interests in the third party acquiring the property may be obtained provided that, among other things; (i) the mezzanine loan must have a maturity date that is not earlier than the maturity date of the mortgage loan, (ii) including the mezzanine loan, the combined LTV shall not exceed 72.5%, (iii) the DSCR taking into account the mortgage and mezzanine loans must be no less than 1.45x and (iv) the mezzanine lender shall enter into an intercreditor agreement acceptable to the lender in its sole discretion.