

Salesforce Tower



## Salesforce Tower





## Salesforce Tower

Tower	
48	JP Morgan (Sublease: Thomas Corcoran of Distinctive, Inc.) 16,214 SF 9/2008
47	Salesforce (Phase 6) 17,546 SF 8/2020
46	Vacant 4,214 SF
45	Optivise Desktop 6,923 SF 8/2022
44	Optivise Desktop 6,943 SF 8/2022
43	Optivise Desktop 5,977 SF 8/2022
42	Optivise Desktop 6,943 SF 8/2022
41	Optivise Desktop 6,943 SF 8/2022
40	Optivise Desktop 6,943 SF 8/2022
39	Optivise Desktop 6,943 SF 8/2022
38	Optivise Desktop 6,943 SF 8/2022
37	Optivise Desktop 6,943 SF 8/2022
36	Optivise Desktop 6,943 SF 8/2022
35	Optivise Desktop 6,943 SF 8/2022
34	Optivise Desktop 6,943 SF 8/2022
33	Optivise Desktop 6,943 SF 8/2022
32	Optivise Desktop 6,943 SF 8/2022
31	Optivise Desktop 6,943 SF 8/2022
30	Optivise Desktop 6,943 SF 8/2022
29	Optivise Desktop 6,943 SF 8/2022
28	Optivise Desktop 6,943 SF 8/2022
27	Optivise Desktop 6,943 SF 8/2022
26	Optivise Desktop 6,943 SF 8/2022
25	Optivise Desktop 6,943 SF 8/2022
24	Optivise Desktop 6,943 SF 8/2022
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16	Optivise Desktop 6,943 SF 8/2022
15	Optivise Desktop 6,943 SF 8/2022
14	Optivise Desktop 6,943 SF 8/2022
13	Optivise Desktop 6,943 SF 8/2022
12	Optivise Desktop 6,943 SF 8/2022
11	Optivise Desktop 6,943 SF 8/2022
10	Optivise Desktop 6,943 SF 8/2022
9	Optivise Desktop 6,943 SF 8/2022
8	Optivise Desktop 6,943 SF 8/2022
7	Optivise Desktop 6,943 SF 8/2022
6	Optivise Desktop 6,943 SF 8/2022
5	Optivise Desktop 6,943 SF 8/2022
4	Optivise Desktop 6,943 SF 8/2022
3	Optivise Desktop 6,943 SF 8/2022
2	Optivise Desktop 6,943 SF 8/2022
1	Optivise Desktop 6,943 SF 8/2022

Circle Building	
12	HNW Corporation 12,933 SF 11/2022
11	HNW Corporation 11,487 SF 11/2022
10	HNW Corporation 6,415 SF 11/2022
9	HNW Corporation 6,415 SF 11/2022
8	HNW Corporation 6,415 SF 11/2022
7	HNW Corporation 6,415 SF 11/2022
6	HNW Corporation 6,415 SF 11/2022
5	HNW Corporation 6,415 SF 11/2022
4	HNW Corporation 6,415 SF 11/2022
3	HNW Corporation 6,415 SF 11/2022
2	HNW Corporation 6,415 SF 11/2022
1	HNW Corporation 6,415 SF 11/2022

## Salesforce Tower

## Mortgage Loan Information

<b>Mortgage Loan Seller:</b>	JPMCB
<b>Original Principal Balance<sup>(1)</sup>:</b>	\$60,000,000
<b>Cut-off Date Principal Balance<sup>(1)</sup>:</b>	\$60,000,000
<b>% of Pool by IPB:</b>	4.9%
<b>Loan Purpose:</b>	Acquisition
<b>Borrower:</b>	Hertz Indianapolis 111 Monument, LLC
<b>Sponsors:</b>	William Z. Hertz, Isaac Hertz and Sarah Hertz
<b>Interest Rate:</b>	4.36690%
<b>Note Date:</b>	8/25/2016
<b>Maturity Date:</b>	9/1/2026
<b>Interest-only Period:</b>	120 months
<b>Original Term:</b>	120 months
<b>Original Amortization:</b>	None
<b>Amortization Type:</b>	Interest Only
<b>Call Protection<sup>(2)</sup>:</b>	L(24),Def(93),O(3)
<b>Lockbox:</b>	Hard
<b>Additional Debt:</b>	Yes
<b>Additional Debt Balance:</b>	\$48,000,000 / \$24,500,000
<b>Additional Debt Type:</b>	Pari Passu / Mezzanine Loan

## Property Information

<b>Single Asset / Portfolio:</b>	Single Asset
<b>Title:</b>	Fee
<b>Property Type - Subtype:</b>	Office - CBD
<b>Net Rentable Area (SF):</b>	1,105,117
<b>Location:</b>	Indianapolis, IN
<b>Year Built / Renovated:</b>	1959, 1990 / 1993
<b>Occupancy<sup>(3)</sup>:</b>	86.1%
<b>Occupancy Date:</b>	7/11/2016
<b>Number of Tenants:</b>	39
<b>2013 NOI<sup>(4)</sup>:</b>	\$12,484,414
<b>2014 NOI<sup>(4)(5)</sup>:</b>	\$13,727,155
<b>2015 NOI<sup>(5)</sup>:</b>	\$11,815,107
<b>TTM NOI (as of 6/2016)<sup>(6)</sup>:</b>	\$11,814,676
<b>UW Economic Occupancy:</b>	85.1%
<b>UW Revenues<sup>(3)</sup>:</b>	\$27,585,123
<b>UW Expenses:</b>	\$13,874,433
<b>UW NOI<sup>(3)(6)</sup>:</b>	\$13,710,690
<b>UW NCF<sup>(3)</sup>:</b>	\$11,831,991
<b>Appraised Value / Per SF<sup>(7)</sup>:</b>	\$181,100,000 / \$164
<b>Appraisal Date:</b>	7/21/2016

Escrows and Reserves<sup>(8)</sup>

	Initial	Monthly	Initial Cap
<b>Taxes:</b>	\$2,338,627	\$401,600	N/A
<b>Insurance:</b>	\$0	Springing	N/A
<b>Replacement Reserves:</b>	\$4,250,420	\$18,420	N/A
<b>TI/LC:</b>	\$138,140	\$138,140	N/A
<b>Other:</b>	\$28,978,312	\$0	N/A

Financial Information<sup>(1)</sup>

<b>Cut-off Date Loan / SF:</b>	\$98
<b>Maturity Date Loan / SF:</b>	\$98
<b>Cut-off Date LTV<sup>(7)</sup>:</b>	59.6%
<b>Maturity Date LTV<sup>(7)</sup>:</b>	59.6%
<b>UW NCF DSCR:</b>	2.47x
<b>UW NOI Debt Yield:</b>	12.7%

## Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Mortgage Loan <sup>(1)</sup>	\$108,000,000	64.9%	Purchase Price <sup>(9)</sup>	\$128,254,592	77.1%
Sponsor Equity	33,850,671	20.3	Upfront Reserves	35,705,499	21.5
Mezzanine Loan	24,500,000	14.7	Closing Costs	2,390,580	1.4
<b>Total Sources</b>	<b>\$166,350,671</b>	<b>100.0%</b>	<b>Total Uses</b>	<b>\$166,350,671</b>	<b>100.0%</b>

(1) The Salesforce Tower loan is part of a whole loan evidenced by two *pari passu* notes with an aggregate original principal balance of \$108.0 million. The Financial Information presented in the chart above reflects the Cut-off Date balance of the \$108.0 million Salesforce Tower Whole Loan, as defined in "The Loan" below, but excludes the related mezzanine loan.

(2) The lockout period will be at least 24 payment dates beginning with and including the first payment date on October 1, 2016. Defeasance of the full \$108.0 million Salesforce Tower Whole Loan is permitted after the date that is two years from the closing date of the securitization that includes the last *pari passu* note to be securitized (the "REMIC Prohibition Period"). If the REMIC Prohibition Period has not expired by October 1, 2020, the borrower is permitted to prepay the Salesforce Tower Whole Loan in whole, but not in part, with the payment of the yield maintenance premium.

(3) Occupancy, UW Revenues, UW NOI and UW NCF include Salesforce (247,099 square feet), which has executed a lease but is not yet in occupancy. Salesforce is expected to take occupancy and, subsequent to any applicable free rent periods, for which the borrower has reserved for at closing, begin paying rent as follows: 123,032 square feet in January 2017, 19,318 square feet on the 25<sup>th</sup> floor in August 2017 and the remaining 104,749 square feet in August 2018.

(4) The increase in 2014 NOI from 2013 NOI is primarily related to (i) two new tenant leases and two expansion leases signed in 2014 totaling \$531,210 in annual underwritten base rent and (ii) the timing of real estate tax reimbursements due to the acquisition of the property.

(5) The decrease in 2015 NOI from 2014 NOI is primarily related to (i) Woodard, Emhardt, Moriarty, McNett & Henry LLP ("Woodard") contracting its space by two floors, (ii) Merrill Lynch terminating its 24,130 square foot lease and (iii) reconciliation of over budgeted CAM and real estate tax collections in 2014 under the previous sponsor.

(6) The increase in UW NOI from TTM NOI is primarily related to the recently executed Salesforce lease, commencing in stages between January 2017 and August 2018. Upon taking occupancy of the full leased space, Salesforce will occupy a total of 247,099 square feet accounting for approximately \$5.9 million in underwritten base rent.

(7) The Appraised Value / Per SF, Cut-off Date LTV and Maturity Date LTV are calculated based on the "hypothetical as-is" value, which assumes that all outstanding tenant improvements, leasing commissions, free rent and capital expenditures have been paid or escrowed at origination. At origination, the borrower reserved approximately \$29.0 million for unfunded obligations (approximately \$20.9 million for outstanding tenant improvements and leasing commissions and approximately \$8.1 million for free rent) as well as approximately \$4.3 million for capital expenditures. The "as-is" value as of July 21, 2016 is \$150.6 million, which results in a Cut-off Date LTV and Maturity Date LTV of 71.7% and 71.7%, respectively.

(8) For a full description of Escrows and Reserves, please refer to "Escrows and Reserves" below.

(9) Purchase Price is net of \$33,645,408 in seller pro-rations for, among other items, tenant inducements, prepaid rent and taxes, deducted from a gross total purchase price of \$161.9 million.

## Salesforce Tower

**The Loan.** The Salesforce Tower loan is secured by a first mortgage lien on the borrower's fee interests in two Class A office buildings and an adjacent parking garage comprised of 1,105,117 square feet and 1,028 parking spaces, respectively, located in Indianapolis, Indiana. The whole loan has an outstanding principal balance as of the Cut-off Date of \$108.0 million (the "Salesforce Tower Whole Loan") and is comprised of two *pari passu* notes, each as described below. Note A-1 is being contributed to the JPMCC 2016-JP3 Trust and is the controlling note under the related intercreditor agreement, the rights of which will be exercised by the trustee under this securitization (or, prior to the occurrence and continuance of a Control Termination Event, by the Directing Certificateholder). However, the holder of Note A-2 (including any related trustee or, prior to the occurrence and continuance of a control termination event under any related pooling and servicing agreement, any related directing certificateholder) will be entitled, under certain circumstances, to be consulted with respect to certain major decisions. The Salesforce Tower Whole Loan has a 10-year term and is interest-only for the full term of the loan.

Whole Loan Summary				
Note	Original Balance	Cut-off Date Balance	Note Holder	Controlling Piece
A-1	\$60,000,000	\$60,000,000	JPMCC 2016-JP3	Yes
A-2	48,000,000	48,000,000	JPMCB	No
<b>Total</b>	<b>\$108,000,000</b>	<b>\$108,000,000</b>		

**The Borrower.** The borrowing entity for the Salesforce Tower Whole Loan is Hertz Indianapolis 111 Monument, LLC, a Delaware limited liability company and special purpose entity.

**The Loan Sponsors.** The loan sponsors and nonrecourse carve-out guarantors are William Z. Hertz, Isaac Hertz and Sarah Hertz of the Hertz Investment Group. The Hertz Investment Group is a national real estate investment and management company currently headquartered in Santa Monica, California. The company's business plan focuses its acquisition strategy towards secondary central business districts and state capitals. Since its founding in 1977 by Judah Hertz, the company has grown to own and manage approximately 19.9 million square feet of commercial real estate with an aggregate portfolio market value of approximately \$2.4 billion.

**The Property.** The Salesforce Tower property is comprised of a 48-story, 946,695 square foot Class A office building (the "Tower") and an adjoining 12-story, 158,422 square foot Class A office building (the "Circle Building") located in the central business district of Indianapolis, Indiana. The Tower, formerly known as the Chase Tower, was constructed in 1990, while the Circle Building was built in 1959. The Tower is located along Monument Circle and features uninhibited views and visibility as the tallest building in Indianapolis. The property is located within 1.0 mile of many demand generators, including the Indiana Convention Center, which contains over 1.2 million square feet of convention and meeting space, Lucas Oil Stadium, home to the NFL's Indianapolis Colts, Bankers Life Fieldhouse, home to the NBA's Indiana Pacers, the 825,000 square foot Circle Centre Mall and numerous local and national restaurants. The property also features a total of 1,028 parking spaces in an adjacent nine-story parking garage (approximately 0.93 spaces per 1,000 square feet).

## Salesforce Tower

As of July 11, 2016, the property was 86.1% leased by 39 tenants under 41 individual leases. The largest tenant, Salesforce.com, Inc. ("Salesforce"), leases 22.4% of net rentable area through June 2030 and is a global leader in customer relationship management. Founded in 1999, Salesforce (NYSE: CRM) provides cloud services for sales, service, marketing, community, analytics and apps. Salesforce has been ranked as one of the world's most innovative companies by Forbes for the past five years. Salesforce is headquartered in San Francisco and has approximately 19,000 employees. Salesforce executed its lease in May 2016, which provides that Salesforce will occupy the property in two phases. Phase I commenced with the loan sponsors delivering 58,077 square feet and 38,328 square feet to Salesforce in July 2016 and August 2016, respectively. The loan sponsors are expected to deliver 5,696 square feet on the first floor by December 2016. Phase I will be complete upon the delivery of 20,931 square feet on the 22nd floor in January 2017 and an additional 19,318 square feet on the 25th floor in August 2017. Phase II commences in August 2018, at which point Salesforce is expected to take occupancy of the remaining 104,749 square feet. Salesforce has not yet taken occupancy or commenced paying rent. Under its current lease, Salesforce has the right to tenant signage, as well as naming rights for the property. Salesforce accounts for 28.3% of underwritten base rent and its lease contains two five-year extension options. The second largest tenant, JPMorgan Chase Bank, National Association ("JPMorgan"), a wholly-owned subsidiary of JPMorgan Chase & Co., leases 85,783 square feet through June 2020 and 116,522 square feet through June 2025, for a total of 18.3% of net rentable area. JPMorgan (NYSE: JPM) is a global leader in financial services offering solutions to corporations, governments and institutions in more than 100 countries. JPMorgan has been at the property since 1990. At the property, JPMorgan has a mix of consumer and community banking, training facilities and commercial banking. JPMorgan subleases 19,214 square feet to KPMG, 15,231 to Thomas Caterers of Distinction, Inc., 13,335 square feet to Central Indiana Corporate Partnership, Inc. 12,175 square feet to Greater Indianapolis Chamber of Commerce, Inc. and 6,614 square feet to Indianapolis Downtown, Inc. In order to accommodate the recently executed Salesforce lease, the previous sponsor allowed JPMorgan to vacate a portion of its leased space prior to expiration, downsizing from 342,140 square feet to 202,305 square feet. A majority of the space given back was set to expire in 2020 and now only 85,783 square feet expires in 2020, of which, 66,569 of this space is the subleased space. JPMorgan accounts for 14.4% of underwritten base rent and its lease contains 12 five-year extension options. The third largest tenant, Bose McKinney & Evans, LLP ("Bose McKinney"), leases 90,614 square feet through September 2021, 12,527 square feet through September 2018 and 320 square feet of storage space through September 2018, for a total of 9.4% of net rentable area, and has been at the property since June 2008. Bose McKinney is a business law firm, serving both publicly held and privately held businesses, governmental entities and high-growth industries. Clients include Fortune 100 companies, international manufacturers, national and regional financial institutions, sports teams, media, cities, schools and more. Bose McKinney accounts for 11.4% of underwritten base rent and its lease contains two remaining five-year extension options. Bose McKinney subleases 12,527 square feet to Caldwell Vanriper, LLC. The property has experienced recent leasing momentum, with 18 new and renewal/expansion leases signed since January 2014, comprised of approximately 435,382 square feet (39.4% of net rentable area).

The property is located in the Indianapolis central business district office submarket. In addition to being in close proximity to numerous demand generators, the property is located approximately 1.0 mile from Interstate 65 and Interstate 70. These major thoroughways connect to Interstate 465, which circles Indianapolis. As of the first quarter of 2016, the downtown submarket consisted of approximately 12.0 million square feet of office space with an overall vacancy rate of 17.5%. The estimated 2016 population within a one-, three- and five-mile radius of the property is approximately 13,496, 98,575 and 241,688, respectively, with median household income of \$40,234, \$26,711 and \$30,019, respectively. The appraisal identified six comparable properties built between 1970 and 1988 and ranging in size from approximately 428,028 to 691,796 square feet. Average asking rents for the comparable properties range from \$18.23 to \$25.25 per square foot, with a weighted average of \$20.07 and an average vacancy of 23.8%. The appraisal concluded an office market rent of \$23.50 per square foot for the Circle Building, \$23.50 per square foot for the Tower's low-rise floors (1 through 15), \$24.00 per square foot for the mid-rise floors (16 through 34) and \$26.00 per square foot for the high-rise floors (35 through 48), each in excess of the underwritten rent per square foot for the respective rental category. Additionally, the appraisal's concluded market rent for the property is in excess of Indianapolis downtown office submarket rent of \$18.94 per square foot. The selected comparable properties have not experienced recent renovations consistent with tenant demand and only one is located in Monument Circle, which according to the appraisal, is a highly desirable location for office tenants.

Historical and Current Occupancy <sup>(1)</sup>				
	2013 <sup>(2)</sup>	2014	2015	Current <sup>(3)</sup>
Tower	N/A	77.0%	79.9%	86.0%
Circle Building	N/A	94.9%	94.1%	86.4%
<b>Wtd. Avg.</b>	<b>N/A</b>	<b>79.6%</b>	<b>81.9%</b>	<b>86.1%</b>

(1) Historical Occupancies are as of December 31 of each respective year.

(2) 2013 Occupancy unavailable was not provided by the loan sponsors due to timing of the acquisition.

(3) Current Occupancy is as of July 11, 2016. Current Occupancy includes Salesforce (247,099 square feet), which has executed a lease but is not yet in occupancy or paying rent. Salesforce is expected to take occupancy and begin paying rent as follows: 123,032 square feet in January 2017, 19,318 square feet on the 25th floor in August 2017 and the remaining 104,749 square feet in August 2018.

## Salesforce Tower

Tenant Summary <sup>(1)</sup>						
Tenant	Ratings <sup>(2)</sup> Moody's/S&P/Fitch	Net Rentable Area (SF)	% of Total NRA	Base Rent PSF	% of Total Base Rent	Lease Expiration Date
Salesforce <sup>(3)</sup>	NA / NA / NA	247,099	22.4%	\$23.84	28.3%	6/30/2030
JPMorgan <sup>(4)</sup>	A3 / A- / A+	202,305	18.3%	\$14.84	14.4%	Various
Bose McKinney <sup>(5)</sup>	NA / NA / NA	103,461	9.4%	\$23.02	11.4%	Various
Ernst & Young U.S. LLP <sup>(6)</sup>	NA / NA / NA	37,487	3.4%	\$27.30	4.9%	9/30/2023
Ogletree, Deakins, Nash, Smoak & Stewart, P.C. <sup>(7)</sup>	NA / NA / NA	36,573	3.3%	\$25.20	4.4%	6/30/2022
HNTB Corporation	NA / NA / NA	31,686	2.9%	\$22.00	3.3%	11/30/2022
Milliman, Inc.	NA / NA / NA	26,179	2.4%	\$24.07	3.0%	10/31/2017
Washington Prime Group <sup>(8)(9)</sup>	NA / BBB- / NA	21,628	2.0%	\$20.36	2.1%	Various
Woodard, Emhardt, Moriarty, McNett & Henry LLP	NA / NA / NA	20,420	1.8%	\$24.50	2.4%	10/31/2026
Deloitte LLP	NA / NA / NA	20,419	1.8%	\$26.25	2.6%	2/28/2026

(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) If the borrower fails to deliver possession for any portion of the 22nd floor by March 1, 2017, Salesforce has the right to terminate its lease solely with respect to such portion of the 22nd floor with written notice at any time prior to the date that such portion is actually delivered to the tenant. The annual underwritten rent associated with the 22nd floor is \$495,437.

(4) JPMorgan leases multiple spaces with 85,783 square feet expiring in June 2020 and 116,522 square feet expiring in June 2025. Base Rent PSF represents the weighted average underwritten base rent across all JPMorgan leased space. JPMorgan occupies 186,054 square feet of office space at \$14.75 per square foot, 15,231 square feet of office space at \$15.75 and 1,020 square feet of storage space at \$17.25 per square foot. Additionally, JPMorgan subleases 19,214 square feet to KPMG, 15,231 to Thomas Caterers of Distinction, Inc., 13,335 square feet to Central Indiana Corporate Partnership Inc., 12,175 square feet to Greater Indianapolis Chamber of Commerce Inc. and 6,614 square feet to Indianapolis Downtown, Inc.

(5) Bose McKinney leases multiple spaces with 12,527 square feet expiring as of September 30, 2018, 320 square feet expiring as of September 30, 2018 and 90,614 square feet expiring as of September 30, 2021. Base Rent PSF represents the weighted average underwritten base rent across all Bose McKinney leased space. Bose McKinney occupies 103,141 square feet of office space at \$23.05 per square foot and 320 square feet of storage space at \$13.75 per square foot. Additionally, Bose McKinney subleases 12,527 square feet to Caldwell Vanriper, LLC.

(6) Ernst & Young U.S. LLP has the right to terminate its lease on September 30, 2020 with 12 months' notice and the payment of a termination fee equal to unamortized leasing costs plus three months of gross rent.

(7) Base Rent PSF represents the weighted average underwritten base rent across all Ogletree, Deakins, Nash, Smoak & Stewart, P.C. ("Ogletree Deakins") leased space. Ogletree Deakins occupies 8,923 square feet of office space at \$28.50 per square foot, 6,643 square feet of office space at \$26.15 per square foot and 21,007 square feet of office space at \$23.50 per square foot.

(8) Base Rent PSF represents the weighted average underwritten base rent across all Washington Prime Group leased space. Washington Prime Group occupies 19,628 square feet of office space expiring June 30, 2026 at \$20.91 per square foot and 2,000 square feet of storage space expiring December 31, 2016 at \$15.00 per square foot.

(9) Washington Prime Group has the right to terminate its lease as of December 31, 2022 with 12 months' notice and the payment of a termination fee equal to unamortized leasing costs.

Lease Rollover Schedule <sup>(1)</sup>									
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	154,136	13.9%	NAP	NAP	154,136	13.9%	NAP	NAP
2016 & MTM	3	23,158	2.1	\$353,383	1.7%	177,294	16.0%	\$353,383	1.7%
2017	8	65,589	5.9	1,669,897	8.0	242,883	22.0%	\$2,023,280	9.7%
2018	3	14,939	1.4	328,001	1.6	257,822	23.3%	\$2,351,281	11.3%
2019	2	17,869	1.6	460,045	2.2	275,691	24.9%	\$2,811,326	13.5%
2020	4	117,323	10.6	2,084,094	10.0	393,014	35.6%	\$4,895,420	23.5%
2021	5	121,522	11.0	2,802,619	13.5	514,536	46.6%	\$7,698,039	36.9%
2022	4	72,739	6.6	1,728,774	8.3	587,275	53.1%	\$9,426,813	45.2%
2023	2	49,837	4.5	1,313,441	6.3	637,112	57.7%	\$10,740,255	51.5%
2024	1	13,189	1.2	310,601	1.5	650,301	58.8%	\$11,050,856	53.0%
2025	4	139,961	12.7	2,296,147	11.0	790,262	71.5%	\$13,347,003	64.1%
2026	3	60,467	5.5	1,446,710	6.9	850,729	77.0%	\$14,793,713	71.0%
2027 & Beyond	2	254,388	23.0	6,042,927	29.0	1,105,117	100.0%	\$20,836,640	100.0%
<b>Total</b>	<b>41</b>	<b>1,105,117</b>	<b>100.0%</b>	<b>\$20,836,640</b>	<b>100.0%</b>				

(1) Based on the underwritten rent roll.



## Salesforce Tower

Operating History and Underwritten Net Cash Flow							
	2013	2014	2015	TTM <sup>(1)</sup>	Underwritten	Per Square Foot	% <sup>(2)</sup>
Rents in Place <sup>(3)</sup>	\$16,927,714	\$18,077,902	\$16,918,016	\$17,178,878	\$20,836,640	\$18.85	64.5%
Vacant Income	0	0	0	0	3,662,364	3.31	11.3
<b>Gross Potential Rent</b>	<b>\$16,927,714</b>	<b>\$18,077,902</b>	<b>\$16,918,016</b>	<b>\$17,178,878</b>	<b>\$24,499,004</b>	<b>\$22.17</b>	<b>75.9%</b>
Parking Income	2,302,317	2,483,188	2,553,231	2,695,191	3,052,643	2.76	9.5
Other Reimbursements	6,235,199	6,680,856	5,557,146	5,468,405	4,728,492	4.28	14.6
<b>Net Rental Income</b>	<b>\$25,465,230</b>	<b>\$27,241,946</b>	<b>\$25,028,393</b>	<b>\$25,342,474</b>	<b>\$32,280,138</b>	<b>\$29.21</b>	<b>100.0%</b>
(Vacancy/Credit Loss)	0	0	0	0	(4,825,568)	(4.37)	(14.9)
Other Income	180,045	190,508	166,905	173,177	130,553	0.12	0.4
<b>Effective Gross Income</b>	<b>\$25,645,275</b>	<b>\$27,432,454</b>	<b>\$25,195,298</b>	<b>\$25,515,651</b>	<b>\$27,585,123</b>	<b>\$24.96</b>	<b>85.5%</b>
<b>Total Expenses</b>	<b>\$13,160,861</b>	<b>\$13,705,299</b>	<b>\$13,380,191</b>	<b>\$13,700,975</b>	<b>\$13,874,433</b>	<b>\$12.55</b>	<b>50.3%</b>
<b>Net Operating Income<sup>(4)(5)(6)</sup></b>	<b>\$12,484,414</b>	<b>\$13,727,155</b>	<b>\$11,815,107</b>	<b>\$11,814,676</b>	<b>\$13,710,690</b>	<b>\$12.41</b>	<b>49.7%</b>
Total TI/LC, Capex/RR	0	0	0	0	1,878,699	1.70	6.8
<b>Net Cash Flow</b>	<b>\$12,484,414</b>	<b>\$13,727,155</b>	<b>\$11,815,107</b>	<b>\$11,814,676</b>	<b>\$11,831,991</b>	<b>\$10.71</b>	<b>42.9%</b>

(1) TTM represents the trailing 12-month period ending June 30, 2016.

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

(3) Rents in Place includes Salesforce (247,099 square feet), which has executed a lease but is not yet in occupancy or paying rent. Salesforce is expected to take occupancy and subsequent to any applicable free rent periods, for which the borrower has reserved for at closing, begin paying rent as follows: 123,032 square feet in January 2017, 19,318 square feet on the 25th floor in August 2017 and the remaining 104,749 square feet in August 2018.

(4) The increase in 2014 Net Operating Income from 2013 Net Operating Income is primarily related to (i) two new tenant leases and two expansion leases signed in 2014 totaling \$531,210 in annual underwritten rent and (ii) the timing of real estate tax reimbursements due to the acquisition of the property.

(5) The decrease in 2015 Net Operating Income from 2014 Net Operating Income is primarily related to (i) Woodard contracting its space by two floors, (ii) Merrill Lynch terminating its 24,130 square foot lease and (iii) reconciliation of over budgeted CAM and real estate tax collection in 2014 under the previous sponsor.

(6) The increase in UW Net Operating Income from TTM Net Operating Income is primarily related to the recently executed Salesforce lease, commencing in stages between January 2017 and August 2018. Upon taking occupancy of the full leased space, Salesforce will occupy a total of 247,099 square feet accounting for approximately \$5.9 million in underwritten base rent.

**Property Management.** The property is subject to a management agreement with Hertz Management Group, LLC, an affiliate of the loan sponsors.

**Escrows and Reserves.** At origination, the borrower deposited into escrow approximately \$29.0 million for unfunded obligations (which included approximately \$20.9 million for outstanding tenant improvements and leasing commissions relating to nine tenants at the property and approximately \$8.1 million for free rent reserves related to six tenants at the property), approximately \$4.3 million for replacement reserves, approximately \$2.3 million for tax reserves, and \$138,140 for future tenant improvement and leasing commission obligations.

**Tax Escrows** - On a monthly basis, the borrower is required to escrow 1/12 of the annual estimated tax payments, which currently equates to \$401,600.

**Insurance Escrows** - The requirement for the borrower to make monthly deposits to the insurance escrow is waived so long as (i) no event of default exists and (ii) the borrower provides satisfactory evidence that the property is insured under an acceptable blanket policy in accordance with the loan documents.

**Replacement Reserves** - On a monthly basis, the borrower is required to escrow \$18,420 (approximately \$0.20 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 deposit \$138,140 (approximately \$1.50 per square foot annually) for tenant improvements and leasing commission reserves. The reserve is not subject to a cap.

**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 upon the origination of the loan instructing them to deposit all rents and payments directly into the lockbox account controlled by the lender. All funds in the lockbox account are swept each business day to a segregated cash management account under the control of the lender and disbursed on each payment date during the term of the loan in accordance with the loan documents. During a Cash Sweep Period (as defined below), all excess cash flow after payment of the mortgage debt service, required reserves and operating expenses will be held as additional collateral for the loan. The lender has a first priority security interest in the cash management account.



**Salesforce Tower**

A "Cash Sweep Period" means the occurrence of (i) an event of default, (ii) the date on which the debt service coverage ratio (as calculated in the loan documents), based on trailing three-months annualized, is less than 1.10x or (iii) any bankruptcy or insolvency action of the borrower or property manager. A Cash Sweep Period may be terminated by (a) with respect to clause (i) above, a cure of the related event of default, (b) with respect to clause (ii) above, the achievement of a debt service coverage ratio equal to or greater than 1.10x for two consecutive calendar quarters, (c) with respect to clause (iii) above only with respect to the property manager, the borrower replacing the property manager with a qualified manager under a new management agreement within 60 days after such bankruptcy action. A Cash Sweep Period cure may occur no more than four times during the term of the loan (except with respect to a clause (b) above, for which an unlimited amount of cures are permitted).

**Additional Debt.** The \$24.5 million mezzanine loan is secured by direct equity interests in the borrower and is coterminous with the Salesforce Tower loan. The mezzanine debt is expected to be sold to a third party investor. The mezzanine loan has a 7.25% coupon and will fully amortize over the term of the loan based on a planned amortization schedule as outlined in the mezzanine loan agreement. Including the mezzanine loan, the cumulative Cut-off Date LTV, cumulative UW NCF DSCR and cumulative UW NOI Debt Yield are 73.2%, 1.41x and 10.3%, respectively. The mortgage and mezzanine lenders have entered into an intercreditor agreement. On each payment date, the mezzanine borrower is required to make monthly payments of principal and interest in the amounts set forth in the related mezzanine loan agreement.