

Mortgage Loan No. 3 – 360 North Crescent



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Mortgage Loan Information

Mortgage Loan Seller:	JPMCB
Original Principal Balance:	\$65,000,000
Cut-off Date Principal Balance:	\$65,000,000
% of Pool by IPB:	6.1%
Loan Purpose:	Refinance
Borrower:	360 N. Crescent, LLC
Sponsor:	Tom Gores
Interest Rate:	4.07620%
Note Date:	10/23/2012
Maturity Date:	11/1/2022
Interest-only Period:	60 months
Original Term:	120 months
Original Amortization:	360 months
Amortization Type:	IO-Balloon
Call Protection:	L(25),Grtr1%orYM(92),O(3)
Lockbox:	Hard
Additional Debt:	Yes
Additional Debt Balance:	\$8,000,000
Additional Debt Type:	B-Note

Property Information

Single Asset / Portfolio:	Single Asset
Title:	Fee
Property Type - Subtype:	Office - CBD
Net Rentable Area (SF):	123,848
Location:	Beverly Hills, CA
Year Built / Renovated:	1937, 1968 / N/A
Occupancy:	100.0%
Occupancy Date:	12/1/2012
Number of Tenants⁽¹⁾:	1
2009 NOI:	N/A
2010 NOI:	\$6,890,916
2011 NOI⁽²⁾:	\$7,140,913
UW Economic Occupancy:	92.0%
UW Revenues:	\$9,205,144
UW Expenses:	\$3,407,879
UW NOI⁽²⁾:	\$5,797,265
UW NCF:	\$5,673,417
Appraised Value / Per SF⁽³⁾:	\$128,200,000 / \$1,035
Appraisal Date:	9/13/2012

Escrows and Reserves⁽⁴⁾

	Initial	Monthly	Initial Cap
Taxes:	\$222,449	\$57,400	N/A
Insurance:	\$155,512	\$22,217	N/A
Replacement Reserves:	\$2,065	\$2,064	N/A
TI/LC:	\$0	\$0	N/A
Other:	\$142,920	\$0	N/A

Financial Information

	A-Note	AB Whole Loan
Cut-off Date Loan / SF:	\$525	\$589
Maturity Date Loan / SF:	\$477	\$539
Cut-off Date LTV:	50.7%	56.9%
Maturity Date LTV:	46.1%	52.1%
UW NCF DSCR:	1.51x	1.26x
UW NOI Debt Yield:	8.9%	7.9%

(1) Platinum Equity subleases 35,883 square feet to Paradigm Talent Agency at a rate of \$57.48 per square foot. The sublease is co-terminus with Platinum Equity's lease expiration.

(2) UW NOI is lower than 2011 NOI because Platinum Equity's contractual rent of \$51.00 per square foot was marked down to the appraisals concluded market rent.

(3) The appraisal also concluded a "Market Value As-Is Hypothetical Vacant" of \$100.0 million (\$807 per square foot).

(4) For a full description of Escrows and Reserves, please refer to the "Escrows and Reserves" section herein.

The Loan. The 360 North Crescent loan is secured by a first mortgage lien on a 123,848 square foot office property located in the Golden Triangle submarket of Beverly Hills, California. The loan has an outstanding principal balance of approximately \$73.0 million (the "AB Whole Loan"), which consists of a \$65.0 million A-Note and a \$8.0 million B-Note. Only the A-Note is an asset of the Trust. The AB Whole Loan has a 10-year term, and subsequent to an initial 60-month interest-only period, amortizes on a 30-year schedule. Proceeds from the AB Whole Loan were used to repay previously existing debt of approximately \$36.7 million, pay closing costs of \$1.0 million, fund upfront reserves of \$0.5 million, and return \$34.8 million to the sponsor. The previously existing debt was securitized in BSCMS 2003-PWR2.

The Borrower. The borrowing entity for the loan is 360 N. Crescent, LLC, a Delaware limited liability company and special purpose entity.

The Sponsor. The loan's sponsor and non-recourse guarantor is Tom Gores, as an individual and as trustee of the Gores Trust dated January 26, 1999. Tom Gores is the founder of Platinum Equity, LLC ("Platinum Equity"), a Los Angeles based private equity firm founded in 1995 that focuses on acquiring non-core divisions of various Fortune 1000 companies. Platinum Equity has completed over 130 transactions and operates a global portfolio of companies across diverse industries. Platinum Equity has \$3.5 billion in capital commitments in its Platinum Equity Capital Partners Funds I and II, and was ranked 23rd on Forbes' 2011 List of Largest Private Companies. The firm has offices in California, New York, Boston and London.

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The Property. The approximately 1.6 acre Neo Georgian office building was designed in 1937 by Paul Williams, a notable architect in Southern California, and originally acted as headquarters for MCA Inc., a music, film, television focused talent agency. The property is situated in a campus format, and features a courtyard with fountains, columned porticos, and cast iron gates at each end of the courtyard. Tom Gores purchased the property in 2003 to house the headquarters of Platinum Equity, the private equity firm he founded in 1995 and relocated from their office space in Century City. 360 North Crescent consists of two non-contiguous parcels located in Beverly Hills, California. The first parcel contains two Class A office buildings: 9370 Santa Monica Boulevard and 360 North Crescent Drive. The 9370 Santa Monica Boulevard building is a two-story, 23,453 square foot office building originally developed in 1937. The 360 North Crescent Drive building is a three-story, 100,395 square foot property, originally developed in 1968. The second parcel is 375 North Crescent Drive, which contains a four-level, 432-space parking structure. There is also underground parking at 360 North Crescent Drive, which provides an additional 100 parking spaces, resulting in an overall parking ratio of approximately 4.3 spaces per 1,000 square feet of net rentable area.

As of December 1, 2012, the property was 100.0% leased by one tenant affiliated with the sponsor, Platinum Equity, through October 2027. The property is Platinum Equity's headquarters. Platinum Equity subleases 35,883 square feet (approximately 29.0% of total net rentable area) to Paradigm Talent Agency ("Paradigm"), which is also affiliated with the sponsor. Paradigm occupies the entire 9370 Santa Monica Boulevard building, as well as a portion of the first floor of the 360 North Crescent Drive building. Paradigm is a national talent agency founded in 1992 by the sponsor's brother, Sam Gores. The firm has offices in Los Angeles, New York, Monterey, and Nashville and provides representation to clients across the entertainment industry. Paradigm's sublease and Platinum Equity's lease are co-terminus.

The property is centrally located in the heart of Beverly Hills, and is located directly across South Santa Monica Boulevard from the Beverly Hills City Hall and the Beverly Hills Courthouse. The property also borders the northeastern edge of the Golden Triangle, which is generally defined by Santa Monica Boulevard to the northwest, Canon Drive to the northeast, and Wilshire Boulevard to the south. The Golden Triangle is a multiple block area of luxury retail shops including Giorgio Armani, Ermenegildo Zegna, Ralph Lauren, Chanel and Louis Vuitton, as well as several restaurants and services catering to Beverly Hills clientele. The area also benefits from a prominent tenant base on Wilshire Boulevard to the south, which includes the Beverly Wilshire Hotel, Barney's New York, Saks Fifth Avenue, and Neiman Marcus. The property is bounded by Santa Monica Boulevard to the north, which provides access to the San Diego Freeway (Interstate 405) approximately two miles to the west of Beverly Hills. The San Diego Freeway is a major north/south freeway through the western portion of Los Angeles County and also connects to Santa Monica Freeway (Interstate 10), which is approximately two miles south of Beverly Hills and is a major east/west freeway through the west Los Angeles area.

According to the appraisal, as of the third quarter of 2012, the Beverly Hills office market is comprised of 52 buildings, with approximately 6.3 million square feet of net rentable area, 3.0 million square feet of which is Class A. The Beverly Hills office market has a vacancy rate of 15.8%, with asking rents ranging from \$41.34 to \$42.62 per square foot. This property is located within the Golden Triangle submarket, which reports a 12.4% vacancy rate with asking rents ranging from \$49.13 to \$51.65 per square foot. The appraisal identified 25 competitive properties ranging from approximately 41,000 to 262,000 square feet that reported a weighted average occupancy of 87.6% and average asking rental rates ranging from \$37.23 to \$51.65 per square foot.

Historical and Current Occupancy ⁽¹⁾			
2009	2010	2011	Current ⁽²⁾
100.0%	100.0%	100.0%	100.0%

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

(2) Current Occupancy is as of December 1, 2012.

Tenant Summary ⁽¹⁾					
Tenant	Ratings Moody's/S&P/Fitch	Net Rentable Area (SF)	% of Total NRA	Base Rent PSF ⁽²⁾	Lease Expiration Date
Platinum Equity ⁽³⁾	NA / NA / NA	123,848	100.0%	\$44.00	10/22/2027

(1) Based on the underwritten rent roll.

(2) Platinum Equity's contractual rent is \$51.00 per square foot and Paradigm Talent Agency's contractual rent is \$57.48 per square foot, but each was marked down to the appraisal's concluded market rent of \$44.00 per square foot.

(3) Platinum Equity is subleasing 35,883 square feet to Paradigm Talent Agency, with a co-terminus lease expiration. Paradigm Talent Agency may terminate its sublease at any time during the term of the sublease with 12 months notice.

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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	0	0.0%	NAP	NAP	0	0.0%	NAP	NAP
2012	0	0	0.0	\$0	0.0%	0	0.0%	\$0	0.0%
2013	0	0	0.0	0	0.0	0	0.0%	\$0	0.0%
2014	0	0	0.0	0	0.0	0	0.0%	\$0	0.0%
2015	0	0	0.0	0	0.0	0	0.0%	\$0	0.0%
2016	0	0	0.0	0	0.0	0	0.0%	\$0	0.0%
2017	0	0	0.0	0	0.0	0	0.0%	\$0	0.0%
2018	0	0	0.0	0	0.0	0	0.0%	\$0	0.0%
2019	0	0	0.0	0	0.0	0	0.0%	\$0	0.0%
2020	0	0	0.0	0	0.0	0	0.0%	\$0	0.0%
2021	0	0	0.0	0	0.0	0	0.0%	\$0	0.0%
2022	0	0	0.0	0	0.0	0	0.0%	\$0	0.0%
2023 & Beyond	1	123,848	100.0	\$5,449,312	0.0	123,848	100.0%	\$5,449,312	100.0%
Total	1	123,848	100.0%	\$5,449,312	100.0%				

(1) Based on the underwritten rent roll.

Operating History and Underwritten Net Cash Flow					
	2010	2011	Underwritten	Per Square Foot	% ⁽¹⁾
Rents in Place ⁽²⁾⁽³⁾	\$9,784,180	\$10,163,825	\$5,449,312	\$44.00	54.5%
Vacant Income	0	0	0	0.00	0.0
Gross Potential Rent	\$9,784,180	\$10,163,825	\$5,449,312	\$44.00	54.5%
Total Reimbursements	0	0	3,407,879	27.52	34.1
Parking Income	0	0	1,148,400	9.27	11.5
Net Rental Income	\$9,784,180	\$10,163,825	\$10,005,591	\$80.79	100.0%
(Vacancy/Credit Loss)	0	0	(800,447)	(6.46)	(8.0)
Other Income	0	0	0	0.00	0.0
Effective Gross Income	\$9,784,180	\$10,163,825	\$9,205,144	\$74.33	92.0%
Total Expenses⁽⁴⁾	\$2,893,264	\$3,022,911	\$3,407,879	\$27.52	37.0%
Net Operating Income	\$6,890,916	\$7,140,913	\$5,797,265	\$46.81	63.0%
Total TI/LC, Capex/RR	0	0	\$123,848	1.00	1.3
Net Cash Flow	\$6,890,916	\$7,140,913	\$5,673,417	\$45.81	61.6%

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

(2) Underwritten Rents in Place have been reduced by the lender in order to be in line with the appraisal's concluded market rent.

(3) Historical Rents in Place include parking, reimbursements and other income.

(4) Underwritten Total Expenses are higher than historical levels primarily due to the increased tax expense that would apply if the property was assessed at the loan amount.

Property Management. The property is self managed by the borrower.

Escrows and Reserves. At closing, the borrower deposited \$222,449 for real estate tax reserves, \$155,512 for insurance reserves, \$142,920 for required replacements and \$2,065 for capital expenditures.

Tax Escrows - The borrower is required to escrow 1/12 of the annual estimated tax payments monthly, which currently equates to \$57,400.

Insurance Escrows - The borrower is required to escrow 1/12 of the annual estimated insurance premium payments monthly, which currently equates to \$22,217.

Replacement Reserves - On a monthly basis, the borrower is required to deposit \$2,064 (\$0.20 per square foot annually) to the replacement reserves escrow. The reserve is not subject to a cap.

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Lockbox / Cash Management. The loan is structured with a Hard lockbox and in-place cash management. The borrower was required to send a tenant direction letter to the tenant instructing it 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) an event of default; (ii) any bankruptcy action of borrower or manager; (iii) the DSCR on the Whole Loan, based on the trailing twelve month period immediately preceding the date of such determination, falls below 1.20x; or (iv) a Platinum Trigger Event (herein defined) occurs, all excess cash flow will be deposited into the lockbox and shall be deemed additional collateral for the loan.

A “Platinum Trigger Event” occurs when Platinum Equity ceases to operate, vacates or abandons all or any of its leased space, other than in connection with a restoration due to casualty or condemnation.

Partial Release and Substitution. The borrower is permitted to request that the lender release the parking garage from the lien of the mortgage and substitute additional collateral in lieu of such garage, subject to the satisfaction of certain conditions contained in the mortgage loan documents. In determining whether to grant the request, the lender may consider the debt service coverage ratio and loan-to-value ratio at the time of the requested release and immediately after the release, as well as the parking and access rights of the substituted collateral and may require a rating agency confirmation. The lender may also condition the release of the parking garage upon a partial paydown of the loan pursuant to the related loan documents or upon the receipt of substitute collateral which is acceptable to the lender in its sole discretion.

Additional Debt. The first mortgage lien also includes a subordinate \$8.0 million B-Note. The B-Note has a coterminous maturity with the senior mortgage loan and also amortizes on a 30-year schedule after a 60-month interest only period, with an interest rate of 8.5% per annum. The A-Note and the B-Note together have a combined Cut-off Date LTV equal to 56.9%, a Maturity Date LTV equal to 52.1%, an UW NCF DSCR equal to 1.26x, and an UW NOI Debt Yield equal to 7.9%.