

Commercial Mortgage  
Presale Report

## J.P. Morgan Chase Commercial Mortgage Securities Corp., Series 2004-C2

### \$1,044,969,381 Balance Commercial Mortgage Pass-Through Certificates

	Class	Ratings	Subord- ination (%)
\$92,000,000	A-1	AAA	13.250
\$100,000,000	A-2	AAA	13.250
\$440,063,000	A-3	AAA	13.250
\$274,447,000	A-1A	AAA	13.250
\$1,044,969,381	X*†	AAA	—
\$24,818,000	B	AA	10.875
\$10,450,000	C	AA-	9.875
\$24,818,000	D	A	7.500
\$9,144,000	E	A-	6.625
\$11,756,000	F†	BBB+	5.500
\$7,837,000	G†	BBB	4.750
\$11,756,000	H†	BBB-	3.625
\$6,531,000	J†	BB+	3.000
\$5,225,000	K†	BB	2.500
\$2,612,000	L†	BB-	2.250
\$3,919,000	M†	B+	1.875
\$2,612,000	N†	B	1.625
\$2,613,000	P†	B-	1.375
\$14,368,381	NR†	NR	—
\$5,800,000	RP-1†	A	—
\$4,500,000	RP-2†	A-	—
\$4,750,000	RP-3†	BBB+	—
\$5,150,000	RP-4†	BBB	—
\$7,800,000	RP-5†	BBB-	—

\*Notional amount and interest only. †Privately placed pursuant to Rule 144A. NR – Not rated.

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The preliminary ratings do not reflect final ratings and are based on information provided by issuers as of April 22, 2004. These preliminary ratings are contingent on final documents conforming to information already received. Collateral may be added or dropped from the portfolio. Ratings are not a recommendation to buy, sell, or hold any security. The prospectus and other offering material should be reviewed prior to any purchase.

**See pages 6–16 for Collateral  
Summary Review and page 18 for  
Deal Comparison.**

**May 3, 2004**

### ■ Presale Report

The preliminary ratings listed at left reflect the credit enhancement provided to each class by subordination of classes junior to it, the positive and negative features of the underlying collateral, and the integrity of the legal and financial structures, including advancing for liquidity by the master servicer and the trustee. The preliminary ratings do not address the likelihood or frequency of principal prepayments or the receipt of prepayment premiums, default interest, additional interest, or penalties. The preliminary ratings on the interest-only certificates address only the likelihood of receiving interest payments while principal on the related certificates remains outstanding. All figures and percentages presented in this report are, in the case of loans that have been split into an A/B note structure, based on the balances of the A notes contributed to the pool and may not be reflective of the whole loan amounts (the combined A and B note balances).

### ■ Strengths

- Two loans, representing 22.2% of the pool, have credit characteristics consistent with investment-grade obligations.
- No loans have a Fitch Ratings stressed debt service coverage ratio (DSCR) below 1.0 times (x).
- Fitch considered the overall property quality to be above average, with 75.6% of the collateral inspected receiving a property quality grade of “B+” or better.
- All of the loans in the pool are secured by more traditional property types, with no health care or hotels.

### Transaction Highlights

**Collateral:** 132 fixed rate loans on 149 multifamily and commercial properties

**Fitch Stressed Debt Service Coverage Ratio:** 1.33 times (x)\*

**Issuer Debt Service Coverage Ratio:** 1.91x

**Fitch Stressed Weighted Average Mortgage Rate:** 8.87%

**Issuer Weighted Average Mortgage Rate:** 5.29%

**Fitch Loan-to-Value Ratio:** 82.2%

**Issuer Loan-to-Value Ratio:** 65.4%

**Loan Size Range:** \$1.0 million–\$125.5 million

**Average Loan Size:** \$7.9 million

**Financial Structure:** Sequential pay

\*One mortgage loan, secured by a residential cooperative property, has a Fitch stressed DSCR capped at 2.50x.

## Parties to Transaction

### Underwriters

- J.P. Morgan Securities, Inc.
- ABN AMRO Incorporated
- Nomura Securities International, Inc.
- Wachovia Capital Markets, LLC

### Master Servicer

- GMAC Commercial Mortgage Corporation (rated 'CMS2+' by Fitch Ratings) (see *Fitch Research dated March 19, 2004, available on Fitch's web site at www.fitchratings.com*)

### Special Servicer

- ARCap Servicing, Inc. (rated 'CSS1-' by Fitch) (see *Fitch Research dated March 10, 2004, available on Fitch's web site at www.fitchratings.com*)

### Trustee

- Wells Fargo Bank, N.A. (rated 'AA' by Fitch)

### Paying Agent

- LaSalle Bank National Association

### Depositor

- J.P. Morgan Chase Commercial Mortgage Securities Corp.

### Originators

- J.P. Morgan Chase Bank (42.4% of pool)
- LaSalle Bank National Association (25.9%)
- ABN AMRO Bank N.V., Chicago Branch (12.0%)
- Nomura Credit & Capital, Inc. (11.4%)
- Artesia Mortgage Capital Corporation (8.3%)

## ■ Concerns

- Above-average loan concentration, with the top 10 loans representing 47.0% of the pool.
- Of the pool, 45.9% are partial or full interest-only loans.

## ■ Mitigants

- Of the top 10 loans, the two largest loans, representing 22.2%, have credit characteristics consistent with investment-grade obligations. The top 10 loans have a weighted average stressed DSCR and loan-to-value ratio (LTV) of 1.45x and 72.9%, respectively. In addition, eight of the top 10 loans are considered above average in terms of collateral quality.

## Loan Features

	% of Pool
<b>Escrow Requirements</b>	
Tax	67.0
Insurance	54.8
Capital Expenditures	61.1
Leasing Costs*	
Upfront	7.8
Ongoing	26.1
<b>Nonrecourse Carveouts**</b>	
Environmental	85.5
Fraud	85.0

\*As a percentage of commercial properties. \*\*Either to an individual or a well capitalized entity.

- The presence of interest-only periods is reflected in the credit enhancement levels. In addition, one loan, representing 12.0% of the pool, has credit characteristics consistent with investment-grade obligations.

## ■ Credit Issues

For more details about underwriting, credit issues, and Fitch's rating methodology, see the Rating Methodology Highlights section on page 17.

## Cash Flow Analysis

- Of the pool, 70.4% was reviewed by Fitch.
- Fitch's aggregate cash flow is \$113.9 million.
- The issuer's aggregate cash flow is \$117.5 million.
- The cash flow variance is 3.1%.
- Of the pool, 0% has a Fitch stressed DSCR below 1.0x.
- Of the pool, 15.6% has a Fitch stressed DSCR above 1.5x.
- Of the pool, 38.6% has a Fitch LTV greater than 90%.
- Of the pool, 24.0% has a Fitch LTV less than 65%.

## Origination

Fitch met with each originator and made an assessment of its origination practices based on interviews with management, as well as an examination of a sample of source documents and credit files. It is Fitch's opinion that the originators have demonstrated good origination, underwriting, and closing practices, which is reflected in the subordination levels.

## Credit-Assessed Loans

Based on Fitch's credit assessment, the following two loans, representing 22.2% of the pool, have credit

characteristics consistent with investment-grade obligations on a stand-alone basis. In the context of the pool, the loans' credit characteristic may be one or more notches better.

The following table summarizes each loan's credit characteristics in the context of the pool.

	%	Pooled
Somerset Collection	12.0	AA-
Republic Plaza	10.2	AAA

For a collateral summary review of these loans, see pages 6-16.

### Fitch Ratings Stressed DSCR and LTV

The following table summarizes the pool's Fitch stressed DSCRs and LTVs.

	%
<b>Fitch Stressed DSCRs</b>	
Greater than 1.74x	12.8
1.50x-1.74x	2.8
1.35x-1.49x	20.3
1.25x-1.34x	7.6
1.15x-1.24x	34.1
1.00x-1.14x	22.5
Less than 1.00x	0
<b>Fitch Stressed LTVs</b>	
Less than 65%	24.0
65%-74%	1.7
75%-80%	5.5
81%-85%	7.9
86%-90%	22.3
91%-100%	36.2
Greater than 100%	2.4

### Loan Diversity

The following represents the pool's loan concentrations:

- Top three loan concentrations: 31.8%.
- Top 10 loan concentrations: 47.0%.
- The pool's Loan Diversity Index is 269, which indicates a more concentrated pool than recent fusion transactions. This can be attributed to several large conduit loans in the top 10. The third largest loan is the Hometown America manufactured housing portfolio, which is secured by 13 geographically diverse properties and has a Fitch stressed DSCR and LTV of 1.21x and 87.8%, respectively (*see page 9 for more details*). The weighted average DSCR and LTV of the top 10 is 1.45x and 72.9%, respectively.

### Sponsor Concentration

The following table represents the pool's sponsor concentrations greater than 5.0%:

	%
The Forbes Co. and Frankel Associates	12.0
Brookfield Properties Corporation	10.2
Hometown America and Washington State Investment Board	9.5

### Geographic Concentration

The following table shows the pool's geographic concentrations greater than 5.0%:

	%
Michigan	16.3
Colorado	15.9
Southern California	15.1
Florida	8.5
Texas	7.0

The first (12.0%) and second (10.2%) largest loans are located in Michigan and Colorado, respectively. The Michigan concentration is primarily represented by the Somerset Collection, while the Colorado concentration is represented by Republic Plaza. Both are credit assessed loans with a property quality of "A" and "A-," respectively. Of the Southern California concentration, approximately 45% of the properties received a collateral quality score of "B+" or better.

### Property Market Metric™

The pool's average Property Market Metric™ (PMM) score is 2.69, which is better than the majority of other recent fixed-rate deals and reflects a lower percentage of property types that historically have exhibited greater market and cash flow volatility. The following table summarizes the pool's PMM scores:

	%
PMM 1	21.0
PMM 2	23.6
PMM 3	30.2
PMM 4	20.1
PMM 5	1.4
PMM 6	3.8

### Property Quality

Fitch inspected a representative sample of the pool by originator, property type, geographic distribution, and loan size. The following summarizes the property inspections performed by Fitch:

## Property Type Summary

Property Type	% of Pool	DSCR (x)		LTV (%)		Loan Per Sq. Ft./Unit (\$)†	Average PMM Score
		Issuer	Stressed*	Issuer	Stressed**		
Retail	37.0	1.89	1.32	64.1	80.7	222	1.90
Office	24.3	2.10	1.49	57.4	73.0	119	3.48
Manufactured Housing	17.0	1.45	1.23	73.2	88.7	23,781	3.19
Multifamily	15.5	2.39	1.24	70.4	89.6	54,206	2.77
Industrial	5.5	1.47	1.21	70.8	92.4	52	2.65
Self Storage	0.7	1.62	1.30	63.1	92.3	4,532	2.65

\*Stressed debt service coverage ratio (DSCR): Average of Fitch Ratings constant DSCR and Fitch term DSCR. \*\*Stressed loan-to-value ratio (LTV): Current loan balance/Fitch value. †Weighted average. Sq. Ft. – Square foot. PMM – Property Market Metric™.

- Fitch-inspected properties: 58.3%.
- Number of top 10 loans inspected: 8.
- Of the inspected properties, Fitch conducted on-site property management interviews: 61.7%.

Fitch considered the collateral quality above average, with eight of the top 10 loans receiving grades of “B+” or better. The results of Fitch’s site inspections are shown in the following table:

	%
“B+” or Higher	75.6
“B” or “B-”	18.2
“C+” or Lower	6.2

## Volatility Assessment

The pool’s weighted average volatility score is 3.07, which is slightly higher than the average of other recent fixed-rate multiborrower transactions. The score represents the relative loan-level risk associated with the pool. Loans with better scores were viewed as more stable because of strong market presence, stable historic performance, and long-term credit tenant leases. Some of the loans with higher than average scores are as a result of new construction and no historical financials, softening market conditions, and properties being repositioned because of new management in place. The following table summarizes the distribution of the volatility scores:

	%
Volatility 1	2.6
Volatility 2	25.4
Volatility 3	49.4
Volatility 4	22.5

## Subordinate and Other Additional Financing

The following represents a summary of loans in the pool with subordinate and other additional financing:

- Loans with pari passu A notes total 12.0%, including:

- Somerset Collection: \$125.5 million A note.
- Loans with B notes total 22.7%, including:
  - Somerset Collection: \$49 million B note.
  - Republic Plaza: \$35 million B note.
  - Walgreens - Riverside: \$571,244 B note.
- Secured debt — two loans (1.9% of pool).
- Unsecured subordinate debt — one loan (0.3% of pool).
- Mezzanine debt — two loans (6.6% of pool).

The holder of the B notes has (four) primary rights with respect to the loans in which they participate: the right to appoint an operating advisor; the right to appoint a special servicer; subject to rating agency affirmation; the right to cure monetary defaults through advances on the senior participation; and the right to purchase the senior participation.

The presence of additional financing is reflected in the credit enhancement levels.

## Encumbered Interests

The following table summarizes the pool by encumbered interest:

	%
Fee	97.8
Leasehold	1.2
Fee and Leasehold	1.0

All leasehold mortgage loans have lender-friendly terms. The credit enhancement levels reflect the additional risk posed by these leasehold mortgages.

## State Foreclosure Laws

- Of the pool, 74.9% is secured by properties located in states that allow for power of sale foreclosures. The subordination levels reflect the lower loss severity associated with properties in these states.
- Of the pool, 25.1% is secured by properties located in states that require judicial foreclosures. The subordination levels reflect the

## Largest Loan Summary

Property Name	Property Type	State	Property Quality	% of Pool	Loan Per Sq. Ft./ Unit (\$)	DSCR (x)		LTV (%)	
						Issuer	Stressed*	Issuer	Stressed**
Somerset Collection	Regional Mall	MI	A	12.0	333	2.63	1.45	48.3	63.2
Republic Plaza	Office	CO	A-	10.2	83	2.92	1.86	41.5	50.9
Hometown America Portfolio VII	MH	Various	B+	9.5	25,515	1.42	1.21	73.3	87.8
Robert Duncan Plaza	Office	OR	A-	4.0	125	1.64	1.35	59.5	80.3
Shoppes at English Village	Retail-1	PA	B+	2.6	262	1.40	1.22	81.2	88.8
Eastlake Village Marketplace	Retail-1	CA	B+	2.2	297	1.65	1.39	68.1	79.4
Gateway Chula Vista	Office	CA	B+	1.8	189	1.40	1.11	71.6	96.4
Employers Reinsurance Corporation II	Office	MO	N.A.	1.7	108	1.26	1.08	67.7	97.6
Amerige Heights Town Center	Retail-1	CA	B+	1.6	171	2.61	1.91	60.0	75.7
Slidell Center	Retail-1	LA	N.A.	1.4	105	1.54	1.27	75.4	89.1
<b>Top 10 Subtotal</b>				<b>47.0</b>	<b>—</b>	<b>2.12</b>	<b>1.45</b>	<b>58.4</b>	<b>72.9</b>

\*Stressed debt service coverage ratio (DSCR): Average of Fitch Ratings constant DSCR and Fitch term DSCR. \*\*Stressed loan-to-value ratio (LTV): Current loan balance/Fitch value. Sq. Ft. – Square foot. MH – Manufactured housing. N.A. – Not available.

higher loss severity associated with properties in these states.

### Multiple Assets/Cross-Collateralization

Loans secured by multiple assets or loans that are cross-collateralized and cross-defaulted represent 12.7% of the pool. These loans are considered to have a lower loss severity.

### Terrorism Insurance

Currently, approximately 95.0% of the pool has insurance policies that do not specifically exclude coverage for acts of terrorism. Generally, the lender has the ability to request (under a catch-all provision in the mortgage documents) that each borrower maintain insurance coverage as stipulated by the lender, as long as such insurance is available at a commercially reasonable rate. However, there can be no guarantee that terrorism insurance will be in place on an ongoing basis.

### Third-Party Reports

Phase I environmental reports and property condition reports prepared in the past 12 months were available on 100% of the loans. In certain cases, Phase II reports were also supplied. Fitch reviewed a summary of the reports. The credit enhancement levels reflect the environmental issues noted. One loan, representing 1.4% of the pool, has estimated remediation costs of \$300,000 to clean up petroleum impacted groundwater beneath the property. Of the estimated costs, 135% has been reserved upfront.

Typically, upfront reserves of 125% of the engineer's recommended amount were required for deferred maintenance issues or the engineer's cost estimate was immaterial. Four properties, representing 13.0% of the pool, have deferred maintenance issues in excess of \$100,000. Of these properties, two (0.66% of pool) have escrowed 125% of the engineer's recommended amount upfront, one (12.0%) has reserved 100% of the recommended amount upfront, and the remaining property (0.47%) has no upfront reserves in place.

Seismic studies were completed on 22 properties representing 20.6% of the pool that were in locations deemed to have seismic risk. No property has a probable maximum loss in excess of 20%.

### Representation and Warranties

Representations and warranties are provided by J.P. Morgan Chase Bank (rated 'A+' by Fitch) and Dexia Bank (rated 'AA+' by Fitch).

### Surveillance

Fitch will review this transaction on an ongoing basis, which includes a committee review at least annually. Information can be found on Fitch's web site at [www.fitchratings.com](http://www.fitchratings.com).

### Collateral Summary Review

The following pages 6–16 provide a collateral summary review of the top 10 loans and credit-assessed loans.

## Loan No. 1 — Somerset Collection

### Fitch Credit Assessment (in the context of the pool): 'AA--'

#### Trust Debt Summary

Trust Amount:	\$125,500,000
Maturity Date:	2/11/14
Interest Rate:	4.829%
Amortization:	Interest only
Sponsor:	Frankel/Forbes/Cohen Partnership
Purchase Price/Date:	Developed by sponsors

Debt Stack	Amount (\$)	Stressed	
		DSCR (x)	LTV (%)
A-1 Note*	125,500,000	1.45	63.2
A-2 Note	125,500,000	1.45	63.2
B Note	49,000,000	1.21	75.6
Total	300,000,000	1.21	75.6

#### Property Summary

Property Type:	Regional mall
Collateral:	Fee
Total Size:	1,443,724 sf (South: 531,352 sf; North: 914,316 sf)
Collateral:	755,804 sf
In-Line:	597,759 sf
Location:	Troy, MI
Year Built/Renovated:	1969/1997

\*Pari passu A-1 note was securitized in the LB-UBS 2004-C2 transaction. Only the A-2 note is included in this transaction. \*\*Tenant owns its improvements. Only the ground is part of the collateral. †Tenant owns its own pad and improvements and is not part of the collateral. DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. sf – Square feet. psf – Per square foot.

### Tenant/Occupancy Summary

Anchors:	Marshall Field's** (291,264 sf) (sales of \$328 psf) Nordstrom** (240,000 sf) (\$327 psf) Saks Fifth Avenue† (158,600 sf) (\$308 psf)
In-Line Tenants:	Neiman-Marcus (143,901 sf) (\$361 psf) Crate & Barrel, Eddie Bauer, Banana Republic, Pottery Barn, Express, Polo Ralph Lauren, Abercrombie & Fitch, Tiffany & Co., Victoria's Secret, Gap
In-Line Sales:	\$600 psf (as of trailing 12 months ended 12/31/03)
Occupancy:	98.8% total and 95.8% in-line (as of 2/9/04)
Occupancy Cost:	12.0% (in-line)

### Structural Features Summary

Lock Box:	Hard.
Ongoing Reserves:	Springing taxes, insurance, leasing costs (\$1.00 psf), and replacement reserves (\$0.20 psf) upon event of default.
B Note Holder:	TIAA
Servicing:	All notes will be serviced pursuant to the LB-UBS 2004-C2 pooling and servicing agreement. The master and special servicer for that transaction is Midland Loan Services, Inc.

## Fitch Commentary

### Strengths

- Strong anchor and in-line sales. Neiman-Marcus, Saks Fifth Avenue, Nordstrom, and Marshall Field's had an aggregate sales total of \$272.4 million for the 12 months ended Oct. 31, 2003. In addition, the property generates the sixth highest sales volume (sales psf) among U.S. malls according to an industry publication, *Dollar and Cents of Shopping Centers*.
- Strong and experienced sponsorship. The Forbes Company, LLC owns, manages, and develops regional shopping centers. Over the past 30 years, it has developed eight regional and super-regional malls encompassing more than 5.85 million square feet and an additional 1.7 million square feet of class A office space. Samuel and Stanley Frankel are the original developers of the property. Their other ownership interests include 2,226 multifamily units and 400,000 square feet of office space adjacent to the property.
- Strong occupancy. The property has been over 98.0% occupied since 2000.

### Concerns

- Neiman-Marcus's lease expires in 2012. In addition, its sales are lower than the chain national average of \$475.
- Five other regional malls within a 20-mile radius of the property including Oakland Mall, Lakeside Mall, Twelve Oaks Mall, Great Lakes Crossing, and Village of Rochester Hills.

### Mitigants

- The Neiman-Marcus at the property is the chain's only Michigan location. Although sales are below the chain's national average, the store's aggregate sales volume for the 12 months ended Oct. 31, 2003 was \$50.8 million. Furthermore, it has a low occupancy cost of 1.45%.
- Somerset Collection is the dominant mall in its trade region. The property is considered the only trophy-caliber super-regional mall in the area as its tenants and overall aesthetics are superior to any of the competing malls. Additionally, the property contains the only Neiman-Marcus, Saks Fifth Avenue, and Nordstrom locations in Michigan.

**Market Information**

- The property is located in the Detroit metropolitan statistical area, approximately 15 miles north of the Detroit central business district. The property is located in an affluent neighborhood. Its primary trade area encompasses 315,163 people in 122,717 households with an average household income of \$155,841.

**Other Information**

- The construction of Somerset North's parking structure was financed through a \$17.1 million Downtown Development Authority (DDA) bond in 1995. The developer, an affiliate of the borrower, owns the land and is responsible for the insurance, maintenance, and operations of the structure. The developer is scheduled to buy back the parking structure in 2032 upon expiration of the current ground lease with the DDA.
- Eddie Bauer's parent company, Speigel, filed a voluntary petition for reorganization under Chapter 11 of the federal bankruptcy code on March 17, 2003. A bankruptcy plan has not been established and it is uncertain if the company will reject this lease. Eddie Bauer leases approximately 1.5% of the net rentable area at the property.
- The loan's pari passu participations are governed by an intercreditor agreement that provides the controlling holders with the ability to influence certain actions of the special servicer. Initially, the controlling holder is the B noteholder. To the extent realized losses and/or appraisal reductions have shifted control to the A notes, the ability to influence the special servicer is vested in the A-1 noteholder.

## Loan No. 2 — Republic Plaza

<b>Fitch Credit Assessment</b> (in the context of the pool): 'AAA'				<b>Tenant/Occupancy Summary</b>	
<b>Trust Debt Summary</b>				Major Tenants: TIAA (25.0% of NRA) Duke Energy (9.2% of NRA)	
Trust Amount:	\$107,000,000			Occupancy:	79.9% (as of 3/29/04)
Maturity Date:	4/1/14			<b>Structural Features Summary</b>	
Interest Rate:	4.25%			Lock Box:	Springing to hard upon an event of default.
Amortization:	30 years			Ongoing Reserves:	Springing for taxes and insurance and capital expenditures.
Sponsor:	Brookfield Properties Corporation			Upfront Reserves:	\$3.5 million was deposited into an unfunded tenant obligation fund to cover leasing costs due to tenants.
		<b>Stressed</b>		Other Features:	Commencing in June 2007, the borrower will deposit \$361,111 per month into a TIAA Reserve Fund should TIAA not renew its lease
<b>Debt Stack</b>	<b>Amount (\$)</b>	<b>DSCR (x)</b>	<b>LTV (%)</b>		
A Note (Pooled)	107,000,000	1.76	50.7		
A-Note (Nonpooled)	28,000,000	1.43	64.3		
B Note	35,000,000	1.17	80.9		
Total	170,000,000	1.17	80.9		
<b>Property Summary</b>					
Property Type:	Office				
Collateral:	Fee				
Total Size:	1,292,123 sf				
Location:	Denver, CO				
Year Built/Renovated:	1984/2001				
DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. sf – Square feet. psf – Per square foot, NRA – net rentable area.					

### Fitch Commentary

#### Strengths

- Strong and experienced sponsor. Brookfield owns and manages 50 commercial properties and development sites totaling 46 million square feet.
- Low LTV and high DSCR for trust amount of \$107 million. The total A note is also considered to have investment-grade credit characteristics.
- High quality asset with 42.4% of the net rentable area (NRA) leased to Fitch-rated investment-grade tenants. The property, offering a diverse outdoor food court, has benefited from its location by attracting shoppers in addition to office workers.

#### Concerns

- According to Torto Wheaton Research, the fourth-quarter 2003 vacancy in the Denver office market was approximately 21.7% including sublease vacancy. The central business district (CBD) vacancy rate including sublease space was 18.1%.
- TIAA, representing 25% of the NRA and contributing 22.9% of the gross rents, has a lease expiration within the loan term (December 2008).

#### Mitigants

- Despite high vacancy rates and negative net absorption in recent years, the property generated approximately 380,000 sf of leasing activity in 2002 and 2003. The property is performing at market and is expected to remain stable. Fitch underwrote to current occupancy in place. In addition, the property has generally outperformed the market for the last several years.
- A cash sweep representing \$20 psf on the TIAA space will be put into place starting in June 2007. The funds will be available to cover any future leasing costs should TIAA not execute a new lease.

#### Market Information

- The property is located in the Downtown Core of the Denver CBD, between 16th and 17th streets. A majority of the major financial institutions and most of the larger downtown hotels are in the Core area. Retail development has been concentrated along the 16th Street Mall. There are several major revitalization projects, including the expansion of the Colorado Convention Center, underway in the CDB which are anticipated to attract new businesses into the CBD.
- The slowdown in the national economy, which began in 2001, especially within the high-tech and telecommunications sectors, significantly impacted demand for office space throughout the Denver metropolitan area. The Denver office market will continue to face uncertainty going forward, as any turnaround in the telecom and technology sectors is not yet apparent.
- The CBD submarket has a vacancy rate of 18.1% with an average rent of approximately \$19.00 psf. The property has a slightly higher vacancy with average rents slightly below market.

## Loan No. 3 — Hometown America Portfolio VII

<b>Trust Debt Summary</b> Trust Amount: \$99,381,552 Maturity Date: 11/1/13 Interest Rate: 5.49% Amortization: 27.5 years Sponsor: Hometown America and Washington State Investment Board Purchase Price/Date: Various, 10/16/03		<table border="1"> <thead> <tr> <th rowspan="2">Debt</th> <th rowspan="2">Amount (\$)</th> <th colspan="2">—Stressed—</th> </tr> <tr> <th>DSCR (x)</th> <th>LTV (%)</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>99,381,552</td> <td>1.21</td> <td>87.8</td> </tr> </tbody> </table>		Debt	Amount (\$)	—Stressed—		DSCR (x)	LTV (%)	Total	99,381,552	1.21	87.8
Debt	Amount (\$)	—Stressed—											
		DSCR (x)	LTV (%)										
Total	99,381,552	1.21	87.8										
<b>Property Summary</b> Property Type: 13 manufactured housing communities Collateral: Fee  DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio.		<b>Structural Features Summary</b> Lock Box: Springing upon an event of default. Ongoing Reserves: Taxes and capital expenditures (\$34 per pad). Upfront Reserves: \$94,606 for immediate repairs and \$845,178 for taxes.											

Property Summary						
Property Name	City	State	Pads	% of Pool	Year Built	Occupancy (%)
Shady Lane	Clearwater	FL	108	2.8	1960	91.7
Shady Village	Clearwater	FL	156	4.0	1975	96.2
Science City	Midland	MI	171	4.4	1968	84.8
Old Orchard	Davision	MI	200	5.1	1972	94.5
Leisurewoods-Taunton	Taunton	MA	222	5.7	1986/1988	99.5
Lake in the Hills	Auburn Hills	MI	238	6.1	1980	91.2
Lakeside Terrace	Fruitland Park	FL	241	6.2	1984	96.7
Shady Oak	Clearwater	FL	250	6.4	1983	95.2
Berrymans Branch	Vineland	NJ	257	6.6	1974	98.1
Maple Valley	Manteno	IL	276	7.1	1990/1993	98.9
Cranberry Lake	White Lake	MI	328	8.4	1967/2000	83.8
Parkwood Communities	Wildwood	FL	695	17.8	1984	95.8
Redwood Estates	Thornton	CO	753	19.3	1973	88.2
Total			3,895	100.0		93.0

### Fitch Commentary

#### Strengths

- The loan is secured by 13 manufactured housing communities located in 10 metropolitan statistical areas.
- Strong sponsorship with Hometown America and Washington State Investment Board.
- The properties have maintained occupancies in excess of 92% for the past several years, with the exception of Science City and Cranberry Lake. Occupancy at Cranberry Lake has been increasing over the last few years from 76% in 2000 to its current occupancy of 84%. Although the occupancy for Science City declined from 95% in 2000 to 85%, EGI has remained stable.

#### Concerns

- Old Orchard, Cranberry Lake, and Berrysman Branch have private, on-site water systems, and there are no plans to connect to the local municipal water system.
- All the properties were built before 1990, with six built prior to 1975.

#### Mitigants

- The water distribution system is considered to be in good to fair condition and tested on a monthly basis. Credit enhancement levels reflect the additional risk.
- Properties are considered to be in good condition. Borrower is required to make monthly escrow payments for capital expenditures and has escrowed 125% of identified immediate repairs.

#### Market Information

- All properties have rents in-line with the market. Property occupancies are in-line with the submarket occupancies, which average in the low 90% range.
- The properties are generally located near major highway systems. The properties range between three and four stars and include some of the following amenities: clubhouse, swimming pool, heated spa, playground, shuffleboard, laundry facilities, picnic area, and tennis court.

## Loan No. 4 — Robert Duncan Plaza

<b>Trust Debt Summary</b>				<b>Tenant/Occupancy Summary</b>			
Trust Amount:	\$41,500,000			Anchors:	U.S. Government (96.6% of NRA): U.S. Army Corps of Engineers, U.S. Dept of Agriculture's Forest Service, U.S. Dept of Interior's Bureau of Land Management		
Maturity Date:	5/11/14			Occupancy:	98.4% (as of 3/1/04)		
Interest Rate:	5.04%			<b>Structural Features Summary</b>			
Amortization:	30 years			Lock Box:	Hard.		
Sponsor:	NGP Capital Partners III, LLC			Upfront Reserves:	Taxes and insurance.		
Purchase Price/Date:	\$69,750,000 – 4/1/04			Ongoing Reserves:	Taxes, insurance, and capital expenditures (\$0.20 psf). In addition, a reserve for the Business Property Management License will be collected monthly.		
		<b>Stressed</b>		Other Features:	Borrower must post a \$1.8 million letter of credit (LOC) in years 5 and 6 and a \$900,000 LOC in year 7 (LOCs must total \$4.5 million by year 7). LOCs will remain in-place until the U.S. Government renews or extends its lease. In the event that the U.S. Government does not renew or extend, the LOCs will be used for retreating costs.		
<b>Debt Stack</b>	<b>Amount (\$)</b>	<b>DSCR (x)</b>	<b>LTV (%)</b>				
A Note	41,500,000	1.35	80.3				
Mezzanine	15,000,000	0.82	109.0				
Total	56,500,000	0.82	109.0				
<b>Property Summary</b>							
Property Type:	Office						
Collateral:	Fee						
Total Size:	332,608 sf						
Location:	Portland, OR						
Year Built/Renovated:	1991/2002						
DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. sf – Square feet. psf – Per square foot.							

## Fitch Commentary

### Strengths

- The property is substantially leased to the U.S. government. The U.S. government has been in occupancy since the building's completion in 1991. The lease does not have any termination or appropriation clauses. The property is used as the regional headquarters for the U.S. Army Corps of Engineers, the Bureau of Land Management, and the U.S. Forest Service.
- Strong and experienced borrower. National Government Properties, LLC (NGP) is a specialized, privately held real estate investment company focused on the acquisition, development, ownership, and management of real estate leased to the U.S. government, selected state and local governments, and other investment-grade tenants. NGP is part of the BV Group, an international merchant banking and asset management firm with 32 office properties totaling 3.5 million square feet of space in 17 states.
- The property is a well located, attractive office building in downtown Portland, with good accessibility and visibility. In 2002, the property underwent a \$6.6 million renovation, which included a complete remodeling of four floors, as well as upgrades to computer rooms, HVAC data, and electrical systems.

### Concerns

- U.S. government lease expires in December 2011.

### Mitigants

- The borrower is required to fund three letters of credit, starting in year 5 totaling \$4.5 million (\$13.50 psf) to be used toward future leasing costs should the U.S. government vacate its space.

### Market Information

- The property is located in the downtown Portland submarket. As of fourth-quarter 2003, the downtown class A vacancy was 6.82%, down from 7.27% a year ago. Average lease rates for class A space were \$22.91 psf for the fourth quarter, down from \$23.07 psf a year ago. Rates have remained fairly steady since 1997, with slight increases in 2000 and 2001. Net absorption in the class A office market had positive absorption for fourth-quarter 2003.
- The downtown Portland submarket has seen significant development over the last few years with the building of Fox Tower (22 floors of office space and three floors of retail) and the ODS Tower (24 floors of office space, two floors of retail, and six levels of parking). Fox Tower is 98% leased with average rents of \$27.00 psf, and ODS Tower is 92% leased with with average rents of \$20.50 psf.

## Loan No. 5 — Shoppes at English Village

<b>Trust Debt Summary</b> Trust Amount: \$27,269,383 Maturity Date: 2/1/14 Interest Rate: 5.48% Amortization: 30 years Sponsor: Paul Jon Meyer & Mark A. Pottschmidt				<b>Tenant/Occupancy Summary</b> Anchors: Talbots (10.5% of NRA) Major Tenants: BombayKIDS (8.6% of NRA) Domain (8.3% of NRA) Banana Republic (6.75% of NRA) In-Line Tenants: Ann Taylor, Coldwater Creek, Jos. A. Banks Occupancy: 96.2% (as of 4/12/04)			
<b>Debt Stack</b>				<b>Structural Features Summary</b>			
		<b>Stressed</b>					
	<b>Amount (\$)</b>	<b>DSCR (x)</b>	<b>LTV (%)</b>				
A-Note	27,269,383	1.22	88.8	Lock Box:	Hard.		
Mezzanine	2,322,113	0.97	94.7	Ongoing Reserves:	Taxes, insurance, replacement reserves (\$0.15 psf), and leasing costs (\$0.50 psf).		
Total	29,591,496	0.97	94.7				
<b>Property Summary</b> Property Type: Anchored retail Collateral: Fee Total Size: 104,014 Collateral: 103,816 Location: North Wales, PA Year Built/Renovated: 2003							
DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. sf – Square feet. psf – Per square foot. NRA – Net rentable area.							

### Fitch Commentary

#### Strengths

- An attractive and well occupied lifestyle center located directly off of an exit on the Bethlehem Turnpike in an affluent northern suburb of Philadelphia. The average household income in the trade area is over \$100,000 with approximately 800,000 people. The subject has excellent visibility and access from the highway and surrounding thoroughfares.
- Diversified rent roll with no tenant representing more than 10% of the gross potential rent or occupying more than 10.5% of the space.

#### Concerns

- Leases representing 83.1% of space roll during 2013 and 2014.
- Six tenants (23% net rentable area) have one-time termination options exercisable if sales do not achieve predetermined breakpoints. There is no sales history as this is a new center.

#### Mitigants

- A leasing reserve will be collected and maintained throughout the term of the loan, capped at \$250,000 (\$2.40 psf).
- The breakpoint level identified is below average sales per square foot for each of the chains.

#### Market Information

- The subject is located approximately 30 miles north of the Philadelphia central business district. The surrounding area includes a mixture of retail, office, and light industrial parks, as well as the Montgomery Mall (anchored by Macy's, Strawbridges, J.C. Penney's, and Sears) two miles north and the Willow Grove Park Mall (Bloomingdale's, Macy's, Sears, and Strawbridges) seven miles south.
- Reis reported vacancy for the entire submarket was 5% while the vacancy for centers constructed after 1994 is 3%. Rental rates at this property are equal to the market at approximately \$29 psf.



## Loan No. 7 — Gateway Chula Vista

<b>Trust Debt Summary</b> Trust Amount: \$18,980,350 Maturity Date: 4/1/14 Interest Rate: 5.80% Amortization: 30 years Sponsor: Vera S. Guerin Purchase Price/Date: \$14,250,000/2000				<b>Tenant/Occupancy Summary</b> Major Tenants: Executive Suites (17.5% of NRA) US Attorney's Office (15.3% of NRA) American Water Works (9.3% of NRA) Occupancy: 95.9% (as of 3/18/04)			
<b>Property Summary</b> Property Type: Office Collateral: Fee Total Size: 113,400 sf Collateral: 100,321 sf Location: Chula Vista, CA Year Built/Renovated: 2002				<b>Structural Features Summary</b> Lock Box: Springing upon an event of default. Ongoing Reserves: Taxes, insurance, replacement (\$0.15 psf), and leasing costs (\$1.00 psf). Replacement reserves and leasing costs will be capped at \$45,000 (\$0.45 psf) and \$390,000 (\$3.89 psf), respectively. Upfront Reserves: Taxes (\$21,609).			
DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. sf – Square feet. psf – Per square foot. NRA – Net rentable area.							

  

Debt Stack	Amount (\$)	Stressed	
		DSCR (x)	LTV (%)
Total	18,980,350	1.11	96.4

### Fitch Commentary

#### Strengths

- Newly constructed property benefits from strong curb appeal, frontage on two major roads, and an on-site parking garage.
- Experienced sponsorship and management. The sponsor has over 30 years of experience and owns over 10 million square feet of office and retail space and several thousand apartment units in California. The management company currently manages five office buildings in the submarket and has maintained an occupancy rate of 98% or better for the past six years.

#### Concerns

- 17.5% of the net rentable area (NRA) is master leased to the management company as executive suites through July 2009.
- Of the tenancy, 90% rolls during the term and leasing cost reserves are capped at \$390,000.
- US Attorney's Office, 15.3% of NRA, has the option to terminate its lease at anytime with 90 days notice.

#### Mitigants

- There are 75 executive suites, which are 95% subleased. The original lease rate is \$23.50 psf, and the suites are subleased at an average rate of \$72.76 psf.
- The management company leased the subject to a 96% occupancy level in less than one year of operation, as well as maintained an average occupancy rate of 98% for the five office buildings managed in the submarket over the past six years. The sponsor has demonstrated its ability to attract and retain tenants.
- Termination rights are commonly found in U.S. government office leases. If they choose to exercise their right to terminate, the property will maintain a term debt service coverage ratio above 1.0x.

#### Market Information

- Located in the business district of Chula Vista, one mile west of Interstate 805, one mile east of Interstate 5, and 12 miles south of San Diego. Chula Vista Center, a 925,000-square foot regional mall anchored by Sears, Macy's, and Mervyn's, is located 0.5 miles west of the subject.
- The San Diego office market has a vacancy rate of 14.1% with the Chula Vista submarket at 7.4%. Both the market and submarket have experienced positive absorption over the past year. Comparable rents are approximately \$29.84 psf, while rental rates at the subject average \$27.65 psf.

## Loan No. 8 — Employers Reinsurance Corporation II

<b>Trust Debt Summary</b> Trust Amount: \$17,950,000 Maturity Date: 5/1/19 Interest Rate: 5.83% Amortization: 30 years Sponsor: Lexington Corporate Properties Trust Purchase Price/Date: \$25,637,077/2003				<b>Tenant/Occupancy Summary</b> Major Tenants: Employers Reinsurance Corporation (ERC) (100% of NRA) Occupancy: 100% (as of 3/9/04)			
<b>Property Summary</b> Property Type: Single-tenant office Collateral: Fee Total Size: 166,641 sf Location: Kansas City, MO Year Built/Renovated: 1963/2004				<b>Structural Features Summary</b> Lock Box: Hard. Reserves: JPMCC has waived the collections of taxes, insurance, replacement reserves, and leasing costs based on the long-term lease in place. ERC is responsible for all operational costs at the property, including management. Leasing cost reserves will commence if tenant's rating falls below investment grade.			
DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. sf – Square feet. psf – Per square foot. NRA – Net rentable area.							

  

Debt Stack	Amount (\$)	Stressed	
		DSCR (x)	LTV (%)
Total	17,950,000	1.08	97.6

### Fitch Commentary

#### Strengths

- The property is in good condition and is currently undergoing \$10 million in renovations in two phases to the interior spaces, including upgrades to plumbing, HVAC, electrical, elevator cabs, restrooms, kitchen facility, and interior finishes. ERC is funding the renovation, which is expected to be completed in May 2004.
- The building is well located on a major roadway near expressway access. The property is approximately six miles south of the Kansas City central business district and is accessible by way of State Line Road and 92nd street. The property is two miles north of Interstate 495.
- Sponsor's total acquisition cost implies a cash equity of \$7.69 million and a loan-to-cost ratio of 70%.

#### Concerns

- The property is occupied by a single-tenant office user providing significant rollover risk and refinance risk, as the lease expires within four months of the loan maturity date.
- The Kansas City office market is currently 17% vacant.
- No upfront or ongoing reserve requirements.

#### Mitigants

- ERC, owned by GE, has two 10-year lease extensions requiring 18 months notice. JPMCC has a cash flow sweep in place in case the tenant goes dark (last two years, capped at \$1.4 million) or does not renew (18 months notice, estimated at \$2.2 million). The property will house ERC's executive offices and support staff. ERC is spending \$10 million on renovations to the property (\$60 psf).
- The Kansas City office market has shown signs of improvement in the last year with vacancy rates falling and 576 million sf of office space absorbed.
- The tenant is on a triple net lease, which obligates it to pay taxes, insurance, and capital expenditures.

#### Market Information

- The property is located in the North Johnson submarket of Kansas City. According to Reis, the fourth-quarter 2003 submarket vacancy was 17%, with an overall market average of 17.5%. Although still above the five-year average, overall vacancy has fallen throughout 2003 and is expected back to historical levels within the next 24 months. Net rents range from \$15 psf–\$23 psf, with older buildings at the lower end of the range.
- After experiencing no growth in rents in the past three years, Kansas City rents increased 1% in fourth-quarter 2003, to an overall average of \$18.22 psf. There are 523 office properties totaling 42.7 million sf in Kansas City, a majority of which were built in the 1980s. Due to a limited amount of new construction, 576 million sf of office space was absorbed in 2003, which is a turnaround after averaging negative absorption of 400 million sf over the past three years, mainly due to digesting new inventory in 2000–2001.



## Loan No. 10 — Slidell Center

<b>Trust Debt Summary</b>				<b>Tenant/Occupancy Summary</b>			
Trust Amount:	\$14,582,942			Major Tenants:	Circuit City (34,548 sf) (24.8% of NRA)		
Maturity Date:	4/1/14				Ross Dress for Less (30,186 sf) (21.6% of NRA)		
Interest Rate:	5.15%				PETsMART (18,900 sf) (13.5% of NRA)		
Amortization:	30 years				David's Bridal (10,000 sf) (7.2% of NRA)		
Sponsor:	Lewis Stirling, Gerald E. Songy Jr., James E. Maurin			Occupancy:	93.5% (as of 4/1/04)		
Construction Cost:	\$15.2 million			<b>Structural Features Summary</b>			
				Lock Box:	None.		
				Ongoing Reserves:	Tax, insurance, leasing costs (\$0.56 psf) and replacement reserves (\$0.15 psf).		
				Upfront Reserves:	\$275,000 available to pay debt service. \$2.1 million will be released once Circuit City has taken occupancy. Engineering (\$1,188), taxes (\$14,722), and insurance (\$22,841).		
				<b>Debt Stack</b>			
	<b>Amount (\$)</b>	<b>DSCR (x)</b>	<b>LTV (%)</b>				
Total	14,582,942	1.27	89.1				
				<b>Property Summary</b>			
Property Type:	Anchored retail						
Collateral:	Fee						
Total Size:	165,000 sf						
Net Rentable Area:	139,534 sf						
Location:	Slidell, LA						
Year Built/Renovated:	2003						
DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. sf – Square feet. psf – Per square foot. NRA – Net rentable area.							

## Fitch Commentary

### Strengths

- Experienced sponsorship — Stirling Properties has developed, owned, and managed a full range of commercial properties in the Gulf South Region since its inception in 1981. It currently manages 7.6 million square feet of commercial space.
- Newly constructed, attractive regional shopping center that contains nationally recognized tenants including Target (shadow anchor), Circuit City, Ross Dress for Less, and David's Bridal.
- The property is well located within the major retail corridor of the largest growth area in the New Orleans metropolitan statistical area (MSA).

### Concerns

- Circuit City and Brooks May were scheduled to take occupancy May 1, 2004 and will not commence paying rent until the borrower reimburses tenant improvement costs.

### Mitigants

- Both tenants funded their own improvements and opened for business ahead of schedule. The borrower has reimbursed tenant costs and the tenants will begin paying rent next month.

### Market Information

- The New Orleans MSA consists of eight parishes. The subject is located in the St. Tammany parish. The population for the New Orleans MSA and St. Tammany as of 2001 was 1.3 million and 192,000, respectively, with increases of 4.5% expected through 2007 in St. Tammany.
- Due to its abundance of dry, developable land and proximity to New Orleans, Slidell has become a bedroom community to New Orleans that is highly sought after by people who work in the city but seek a suburban lifestyle. Over the past several years, there has been considerable development of high-end, single-family housing in the subject area. According to the UNO Real Estate Market Analysis dated January 2004, the average home value in the submarket was estimated to be \$179,300.
- The property exhibits a rental rate range of \$9.95 psf–\$23.00 psf with an average rental rate of \$12.98 psf. The comparable properties exhibit rental rates that range from \$6.80 psf–\$22.00 psf with an average rental rate of \$14.88 psf. The appraiser concluded a vacancy rate of 5% for the property's location and competitive set.

### Rating Methodology Highlights

The ratings reflect the credit enhancement provided to each class by the subordination of classes junior to it. Fitch Ratings evaluates the credit enhancement based on stressed debt service coverage ratios (DSCRs) and loan-to-value ratios (LTVs), various pool and loan composition factors, parties to the transaction, and the transaction's financial structure. Some highlights of the methodology are discussed below.

#### Stressed DSCR and LTV

Fitch stressed DSCRs and LTVs are based on an adjusted net cash flow (NCF). The Fitch stressed DSCR is the average of the Fitch constant DSCR, to reflect balloon risk, and the Fitch term DSCR, to reflect term risk. Both DSCR calculations use the Fitch NCF. The Fitch constant DSCR is based on a debt service equal to the greater of the actual constant or an assumed property-specific refinance rate combined with an assumed amortization schedule, while the Fitch term DSCR is based on actual debt service. The Fitch stressed LTVs are calculated by applying property-specific capitalization rates to the adjusted NCF to determine a Fitch stressed value and then dividing this Fitch value into the current loan balance. Both these ratios are used to calculate the base credit enhancement level.

Reunderwriting is used to determine a sustainable cash flow for a representative sample of loans. When assessing sustainable property income, Fitch looks for trends in historical operating statements and considers property and market rent and occupancy levels. Common adjustments to net operating income include raising vacancy and collection loss, reducing revenue to current market levels, and increasing management fees. Typically, for properties with short-term leases, the underwritten NCF is based on the most recent 12 months of information available. For properties with longer term leases, consideration is given to leases in place and current expenses are adjusted upward. Fitch adjusts NCF for recent events such as new construction, expected store closures, or hotel performance at historical highs. Fitch deducts capital expenditure reserves from each property's cash flow, as well as tenant improvements and leasing commissions for retail, office, and industrial property types. The result is a Fitch NCF for each property reviewed. The aggregate banker-provided NCF for the sample is compared with the aggregate Fitch NCF, resulting in a variance, or haircut, that is extrapolated to the rest of the pool.

#### Loan and Pool Issues

**Property Type:** Certain types of properties have historically exhibited more cash flow volatility, which can lead to difficulty in making debt service payments or in obtaining a refinancing. Riskier property types to which Fitch attributes an increased refinance constant include: weak retail; self-storage; health care; hotels; theaters; and operating businesses, among others.

**Property Market Metric™:** Fitch uses Property Market Metric™ (PMM) to expand property type risk analysis and consider market conditions. The PMM score combines historical property type income volatility with growth forecasts into a single risk measure for five property types in each of more than 300 metropolitan statistical areas. Each PMM corresponds to a specific volatility group from 1 to 5, with higher numbers indicating more risk. Group 6 contains other property types and locations. Default probability adjustments are made to each loan according to its volatility group score.

**Volatility Assessment:** Fitch reviews asset summaries to assess volatility risks such as loan per square foot, tenant quality, management/sponsor experience, and lack of operating history, among other items. A sample of asset summaries is scored from 1 to 5, with higher numbers indicating more risk. Default probability adjustments are made according to the volatility score and extrapolated to the pool.

**Loan Diversity:** To measure loan diversity, Fitch calculates a loan diversity index (LDI), which is the sum of the squares of each loan's percentage of the pool excluding investment-grade rated loans. Credit enhancement for the pool is increased as the LDI score for the pool rises. Other concentrations, such as borrower, manager, and operator, are measured against the pool's LDI score and, to the extent there are differences, credit enhancement may be increased.

**Geographic Diversity:** Fitch credit enhancement levels reflect the assumption of a higher probability of default of those loans secured by properties in the state or region with the highest concentration. For purposes of analysis, Northern and Southern California are treated as two regions, and the metropolitan area of New York City is treated as one. Levels also reflect the risks of geographically concentrated natural disasters, such as earthquakes in California and hurricanes in certain coastal areas.

#### Site Inspections

Site inspections are performed to determine the quality of the properties securing the loans and to verify the integrity of data in the asset files. Factors assessed include access, visibility, property condition, level of amenities, strength of the immediate submarket, new construction, and the property's competitive position. Fitch assigns property quality grades on a scale from "A" to "D". A lower probability of default is attributed to loans secured by properties considered "B+" or better. Higher probability of default is attributed to loans secured by below-average quality ("C+" or worse properties).

## Deal Comparison

	JPMCC 2004-C2	—Oct. 14, 2003—April 22, 2004— Average	Range
Pool Balance (\$ Mil.)	1,045	1,180	721–1,678
Number of Properties	149	167	105–293
Number of Loans	132	116	63–175
% of Pool 10 Largest Loans or Borrower Concentrations	47.00	42.95	32.70–58.91
Loan Diversity Index*	269	231	134–344
% of Pool with Investment-Grade Credit Assessments	22.20	21.84	10.40–36.48
Issuer Weighted Average DSCR (x)	1.91	1.73	1.47–2.12
Fitch Stressed Weighted Average DSCR (x)**	1.33	1.33	1.20–1.62
% Below 1.0x	0.00	1.40	0.00–6.20
% Above 1.5x	15.60	21.52	7.66–42.45
Fitch Constant Weighted Average DSCR (x)	1.15	1.18	1.01–2.05
Fitch Term Weighted Average DSCR (x)**	1.70	1.60	1.29–1.96
Fitch Stressed Weighted Average LTV (%)**	82.20	83.13	70.89–90.40
% Above 90%	38.60	42.38	8.23–67.00
% Below 65%	24.00	17.78	2.07–33.49
Total Cash Flow Variance (%)	3.09	3.76	1.46–7.68
Actual Weighted Average Constant (%)	6.58	6.80	5.57–7.27
Collateral Quality Score†	8.40	8.41	7.92–8.77
Property Market Metric™ Score*	2.69	2.76	2.40–3.02
% of Pool Having or Allowing Subordinate Debt	31.50	24.16	7.55–49.30
<b>Subordination (%)</b>			
'AAA'	13.25	14.69	12.00–17.75
'AA'	10.88	11.93	9.38–14.38
'A'	7.50	8.62	6.50–10.50
'BBB'	4.75	5.19	3.63–6.50
'BB'	2.50	2.88	2.00–3.50
'B'	1.63	1.65	1.25–2.13

\*See Rating Methodology Highlights, page 17.

\*\*The Fitch stressed debt service coverage ratio (DSCR) equals the average of the Fitch constant DSCR and Fitch term DSCR. The Fitch term DSCR equals Fitch net cash flow/actual debt service. See Stressed DSCR and LTV section in Rating Methodology Highlights, page 17.

†Score is based on a scale of 1–10, where a 10 represents a pool that consists entirely of properties of above-average collateral quality and a 1 represents a pool that consists entirely of properties of below-average collateral quality. The scores are the result of site inspections that Fitch performs on a representative sample of the pool. For more information on Fitch's methodology for grading collateral quality, see the Site Inspections section in Rating Methodology Highlights, page 17.

LTV – Loan-to-value ratio.

Note: Averages and ranges are based on fixed-rate multiborrower conduit and fusion transactions rated by Fitch from Oct. 14, 2003–April 22, 2004. The current sample includes 14 transactions with an aggregate balance of \$13.516 billion, consisting of 1,378 loans secured by 1,720 commercial properties. The transactions included in the sample are BSCMI 2003-TOP12; BACM 2003-2; MLMT 2003-KEY1; CSFBMSC 2003-C5; WBCMT 2003-C9; MSCI 2003-TOP 13; JPMCC 2004-C1; COMM 2004-LNB2; MSCI 2004-HQ3; BACM 2004-1; BSCMI 2004-PWR3; GMAC 2004-C1; GSCM 2004-C1; GE 2004-C2. The current deal is not included in the sample.

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