

Commercial Mortgage
Presale Report

Wachovia Bank Commercial Mortgage Trust, Series 2004-C12

\$1,063,172,325 Commercial Mortgage Pass-Through Certificates

	Class	Ratings	Subord- ination (%)
\$327,879,000	A-1	AAA	13.375
\$115,031,000	A-1A*	AAA	13.375
\$478,063,000	A-2	AAA	13.375
\$1,063,172,325	IO*†	AAA	—
\$25,250,000	B	AA	11.000
\$9,302,000	C	AA-	10.125
\$22,592,000	D	A	8.000
\$10,631,000	E	A-	7.000
\$11,960,000	F*	BBB+	5.875
\$11,960,000	G*	BBB	4.750
\$13,289,000	H*	BBB-	3.500
\$3,986,000	J*	BB+	3.125
\$2,657,000	K*	BB	2.876
\$5,315,000	L*	BB-	2.376
\$3,986,000	M*	B+	2.001
\$2,657,000	N*	B	1.751
\$2,657,000	O*	B-	1.501
\$15,957,325	P*	NR	—
\$13,555,555	MAD*	BBB-	—

*Privately placed pursuant to Rule 144A. †Notional amount and interest only (IO). 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 June 12, 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 6–21 for Collateral
Summary Review and page 23 for
Deal Comparison.**

■ 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 or A/B/C/D 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, B, C, and D note balances).

■ Strengths

- Four loans, representing 23.7% of the pool, have credit characteristics consistent with investment-grade obligations.
- Fitch Ratings considered the overall property quality to be above average, with 69.4% of the collateral inspected receiving a property quality grade of “B+” or better.

■ Concerns

- Of the pool, 50.3% has a Fitch stressed loan-to-value ratio (LTV) greater than 90.0%.
- Of the pool, 41.9% consists of office properties.

Transaction Highlights

Collateral: 96 fixed-rate loans on 97 multifamily and commercial properties.

Fitch Stressed Debt Service Coverage Ratio: 1.30 times (x)

Issuer Debt Service Coverage Ratio: 1.63x

Fitch Stressed Weighted Average Mortgage Rate: 8.73%

Issuer Weighted Average Mortgage Rate: 5.28%

Fitch Loan-to-Value Ratio: 85.0%

Issuer Loan-to-Value Ratio: 70.0%

Loan Size Range: \$1,527,164–\$119,298,859

Average Loan Size: \$11,074,712

Financial Structure: Sequential pay

June 22, 2004

Parties to Transaction

Underwriters

- Wachovia Capital Markets, LLC
- Citigroup Global Markets Inc.
- J.P. Morgan Securities Inc.
- Greenwich Capital Markets, Inc.

Master Servicer

- Wachovia Bank, N.A. (rated 'CMS2' by Fitch Ratings) (see *Fitch Research* dated Dec. 13, 2003, available on Fitch's web site at www.fitchratings.com)

Special Servicer

- Clarion Partners, LLC (rated 'CSS2+' by Fitch) (see *Fitch Research* dated April 1, 2004, available on Fitch's web site at www.fitchratings.com)

Trustee

- LaSalle Bank National Association (rated 'AA-/F1+' by Fitch)

Fiscal Agent

- ABN AMRO Bank N.V. (rated 'AA-' by Fitch)

Depositor

- Wachovia Commercial Mortgage Securities, Inc.

Originators

- Wachovia Bank, N.A. (60.2% of the pool)
- Artesia Mortgage Capital Corporation (14.2%)
- Citigroup Global Markets Realty Corp. (13.1%)
- Eurohypo AG, New York Branch (12.4%)

■ Mitigants

- No loans have a Fitch stressed debt service coverage ratio (DSCR) below 1.0 times (x). Additionally, the presence of higher leveraged loans is reflected in the credit enhancement levels.
- Two loans, representing 45.2% of the office properties, have credit characteristics consistent with investment-grade obligations, and four of the top 10 loans in the pool, representing 65.0% of the office properties, have collateral quality scores of "A-" or better.

■ Credit Issues

For more details about underwriting, credit issues, and Fitch's rating methodology, see the Rating Methodology Highlights section on page 22.

Loan Features

	% of Pool
Escrow Requirements	
Tax	77.7
Insurance	67.4
Capital Expenditures	72.3
Leasing Costs*	
Upfront	13.4
Ongoing	27.2
Nonrecourse Carveouts**	
Environmental	95.6
Fraud	95.6

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

Cash Flow Analysis

- Of the pool, 58.5% was reviewed by Fitch.
- Fitch's aggregate cash flow is \$107.1 million.
- The issuer's aggregate cash flow is \$110.9 million.
- The cash flow variance is 3.37%.
- Of the pool, 0.0% has a Fitch stressed DSCR below 1.0x.
- Of the pool, 27.1% has a Fitch stressed DSCR above 1.5x.
- Of the pool, 50.3% has a Fitch LTV greater than 90%.
- Of the pool, 21.1% 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 four loans, representing 23.7% of the pool, have credit characteristics consistent with investment-grade obligations on a stand alone basis. In the context of the pool, the loan's 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
Ernst & Young Plaza	11.2	"A"
11 Madison Avenue	7.7	"AAA"
Eastdale Mall	3.1	"BBB"
Highland Pinetree Apartments	1.7	"BBB"

Property Type Summary

Property Type	% of Pool	DSCR (x)		LTV (%)		Loan Per Sq. Ft./Unit (\$) [†]	Average PMM Score
		Issuer	Stressed*	Issuer	Stressed**		
Office	41.9	1.61	1.34	69.5	76.4	141	2.67
Retail	27.7	1.52	1.25	71.7	89.0	121	3.43
Multifamily	14.0	1.44	1.10	71.2	98.9	63,129	2.60
Self Storage	6.8	2.11	1.49	79.2	98.1	8,712	3.30
Industrial	5.9	1.64	1.33	66.7	84.7	55	2.16
Lodging	2.1	2.10	1.72	60.5	69.6	51,487	3.73
Manufactured Housing	1.3	1.38	1.12	79.9	97.2	32,115	3.00
Leased Fee	0.2	3.02	2.97	21.8	31.5	20	2.00

*Stressed debt service coverage ratio (DSCR): Average of Fitch 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™.

For a collateral summary review of these loans, see pages 6–21.

Fitch Ratings Stressed DSCR and LTV

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

	%
Fitch Stressed DSCRs	
Greater than 1.74x	2.3
1.50x–1.74x	24.8
1.35x–1.49x	11.2
1.25x–1.34x	12.2
1.15x–1.24x	10.6
1.00x–1.14x	38.9
Less than 1.00x	0.0
Fitch Stressed LTVs	
Less than 65%	21.1
65%–74%	8.5
75%–80%	4.9
81%–85%	4.1
86%–90%	11.1
91%–100%	30.7
Greater than 100%	19.6

Loan Diversity

The pool's loan concentrations are as follows:

- Top three: 24.7%
- Top 10: 48.9%.
- The pool's Loan Diversity Index is 233, excluding credit assessed loans. This score indicates a more diverse conduit pool compared to other recent fusion transactions.

Sponsor Concentration

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

	%
Trizec Properties, Inc.	11.2
Tamir Sapir	7.7
Kenneth M. Woolley	5.8
Victor K. Tolkan and Julia Springer Tolkan	5.5
Ronus, Inc.	5.4

Geographic Concentration

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

	%
California	23.6
New York Tri-State Area	18.1
Florida	8.0
North Carolina	6.7
Washington, D.C.	5.5

The California concentration includes eight properties located in Northern California (5.3% of the pool) and 10 properties in Southern California (18.3%). Two properties in Southern California, representing 12.9% of the pool, have credit characteristics consistent with investment-grade obligations within the context of the pool. The New York tri-state area concentration includes nine properties located in New York City, northern New Jersey, and southern Connecticut. Of these, one property, representing 7.7% of the pool, has credit characteristics consistent with investment-grade obligations within the context of the pool.

Property Market Metric™

The pool's average Property Market Metric™ (PMM) score is 2.91, which is slightly higher than the majority of other recent fixed-rate deals and reflects a slightly higher 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	12.7
PMM 2	15.6
PMM 3	50.5
PMM 4	15.1
PMM 5	1.4
PMM 6	4.7

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:

- Fitch-inspected properties: 53.3%.
- Number of top 10 loans inspected: 10.
- Of the inspected properties, Fitch conducted on-site property management interviews: 57.6%.

Fitch considered the overall collateral quality slightly above average, with seven 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	69.4
“B” or “B-”	29.8
“C+” or Lower	0.8

Volatility Assessment

The pool’s weighted average volatility score is 2.82, which is in line with other recent fixed-rate deals. The score represents the relative loan-level risk associated with the pool. The following table summarizes the distribution of the volatility scores:

	%
Volatility 1	0.4
Volatility 2	54.4
Volatility 3	25.9
Volatility 4	19.2
Volatility 5	0.0

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 7.7%, including:
 - 11 Madison Avenue: \$430 million whole A note.
- Loans with B notes total 9.0%, including:
 - 11 Madison Avenue: \$10 million B note.
 - Mountain View Apartments: \$685,000 B note.
 - Fox Valley Apartments: \$153,000 B note.
- Loans with C notes total 7.7%, including:
 - 11 Madison Avenue: \$37.5 million C note.
- Loans with D notes total 7.7%, including:
 - 11 Madison Avenue: \$37.5 million D note.
- In-place secured subordinate financing: 5.5%.
- Allowed future subordinate financing: 19.3%.

The holders of the B, C, and D notes have four primary rights with respect to the 11 Madison Avenue loan — the right to appoint an operating adviser, 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 holders of the B notes for the other loans in the trust have two primary rights with respect to the loans in which they participate — 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	98.1
Leasehold	1.9
Fee and Leasehold	0.0

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, 64.0% 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, 36.0% is secured by properties located in states that require judicial foreclosures. The subordination levels reflect the higher loss severity associated with properties in these states.

Multiple Assets/Cross-Collateralization

Loans secured by multiple assets or those that are cross-collateralized and cross-defaulted represent 7.6% of the pool. These loans are considered to have a lower loss severity.

Terrorism Insurance

Currently, approximately 99.8% 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

Largest Loan Summary

Property Name	Property Type	State	Property Quality	% of Pool	Loan Per Sq. Ft./ Unit (\$)	DSCR (x)		LTV (%)	
						Issuer	Stressed*	Issuer	Stressed**
Ernst & Young Plaza	Office	CA	A-	11.2	96	2.13	1.54	63.8	59.7
11 Madison Avenue	Office	NY	A	7.7	36	1.81†	1.61†	54.7†	47.0†
Extra Space Self Storage Portfolio	Self Storage	Various	B-	5.8	8,222	2.19	1.53	80.0	98.1
1130 Connecticut Avenue	Office	DC	A	5.5	267	1.22	1.02	79.7	99.7
Crossroads Plaza	Retail	NC	B+	5.4	121	1.35	1.10	79.3	102.3
24 West 57th Street	Office	NY	B-	3.3	349	1.23	1.02	79.6	99.3
Eastdale Mall	Retail – Mall	AL	B	3.1	67	1.77	1.34	71.6	68.6
One Riverview Square	Office – ST	FL	A-	2.8	203	1.38	1.21	77.9	87.6
Pointe at Wellington	Retail	FL	A-	2.1	172	1.67	1.46	66.4	72.7
Hampton Bays Town Center	Retail	NY	B+	1.9	199	1.71	1.45	71.9	79.2
Top 10 Subtotal				48.9	—	1.73	1.37	70.6	77.6

*Stressed debt service coverage ratio (DSCR): Average of Fitch constant DSCR and Fitch term DSCR. **Stressed loan-to-value ratio (LTV): Current loan balance/Fitch value. †Based on the \$82.0 million pooled A-3 note. Sq. Ft. – Square foot. ST – Single tenant. Note: Numbers may not add due to rounding.

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 prepared in the past 12 months were available on 99.9% of the loans. Property condition reports prepared in the past 12 months were available on 99.6% 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. In the case of one property, representing 1.6% of the pool, an environmental insurance policy was purchased.

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. Nine loans, representing 17.0% of the pool, have deferred maintenance issues in excess of \$100,000. Of these, six loans (10.0% of the pool) have escrowed 125% or greater of estimated immediate repair costs upfront. One loan (5.4% of

the pool) has escrowed 100% of estimated immediate repair costs upfront, while the other two loans (1.6% of the pool) have minimal immediate repair escrows in place.

Seismic studies were completed on 23 properties representing 26.9% of the pool that were in locations deemed to have seismic risk. No property has a probable maximum loss in excess of 20%. Credit enhancement levels reflect the seismic risk of the pool.

■ 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.

■ Collateral Summary Review

The following pages 6–21 provide a collateral summary review of the top 10 loans and credit assessed loans (if applicable).

Loan No. 1 — Ernst & Young Plaza

Fitch Credit Assessment (in the context of the pool): 'A'

Trust Debt Summary

Trust Amount: \$119,298,859
 Maturity Date: 2/1/14
 Interest Rate: 5.068%
 Amortization: 30 years
 Sponsor: Trizec Properties, Inc.

Debt	Amount (\$)	Stressed	
		DSCR (x)	LTV (%)
Whole Loan	119,298,859	1.54	59.7

Property Summary

Property Type: Office
 Collateral: Fee
 Total Size: 1,241,440 sf
 Office: 909,899 sf
 Retail: 331,541 sf
 Location: Los Angeles, CA
 Year Built/Renovated: 1985/2000

DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio.
 sf – square feet.

Tenant/Occupancy Summary

Major Tenants: Ernst & Young (16.3% of office)
 GSA (13.2% of office; rated 'AAA' by Fitch)
 Pillsbury Winthrop (7.7% of office)
 Robinson-May (37.3% of retail)
 Gold's Gym (10.2% of retail)
 Occupancy: Total: 86.7% (as of 5/1/04), comprising 92.4% office and 71.1% retail

Structural Features Summary

Lock Box: Soft
 Ongoing Reserves: Springing for taxes, insurance, leasing costs, and replacement; \$250,000 deposited by the borrower in August, September, and October 2005 for a "refurbishment allowance" for the Ernst & Young space.
 Upfront Reserves: A \$3,611,111 holdback to cover the costs of a mandatory purchase of 1.5 times the unamortized book value of the Robinson-May improvements should Robinson-May legally terminate its lease.

Fitch Commentary

Strengths

- Strong and experienced sponsorship; Trizec Properties, Inc., a self-managed real estate investment trust (REIT), is one of the largest owners and managers of commercial office properties in North America. As of Dec. 31, 2003, Trizec had ownership and management interests in approximately 39.6 million sf of office properties, including many "trophy" assets.
- Diversified rent roll with 108 tenants; except for GSA and Ernst & Young, which account for 18.6% and 12.3% of actual rent, respectively, no other tenant accounts for more than 5.8% of total actual rent.
- Low leverage loan, as evidenced by a high Fitch stressed DSCR of 1.54x and a low Fitch stressed LTV of 59.7%. In addition, the debt per square foot (psf) is low at \$96.10 psf.
- Below market leases; the average market asking rental rate is approximately \$29.27 psf, which compares favorably to the subject's in-place weighted average rent of \$23.39 psf. Ernst & Young's lease is also below market at \$27.51 psf.

Concerns

- The retail portion of the collateral is a subterranean, three-level cylindrical open air mall directly adjacent to the office tower, offering limited visibility from the street. As a result, the retail portion of the collateral has a low occupancy rate of 71.1%.
- Robinson-May lease termination option; when Bullocks vacated in 1997, a co-tenancy provision was triggered in the Robinson-May lease, enabling Robinson-May to close the subject store with 270 days notice and allowing Robinson-May to sell 1.5 times the unamortized book value of its improvements to the borrower.
- Allowed future mezzanine financing.

Mitigants

- A food court in the lowest level serves as the primary draw via the subject office tower and numerous other office towers adjacent to the property. The majority of the vacant space (91.5%) stems from the departure of Bullocks Department store in 1997. Given the style of the retail portion, the vacant Bullocks space does not affect the attractiveness of the retail space, nor does it significantly affect the typical lunch-time customer. Total occupancy of the entire subject (office and retail) is 86.7%.
- Robinson-May has produced approximately \$16.9 million in sales over the past few years, yielding an occupancy cost of approximately 4%. In addition, the mall is well suited for its customer base, with Robinson-May benefiting from being the only major retail store in the center. In the event that the lease is terminated, a \$3.6 million holdback has been created to cover the mandatory improvement repurchase associated with the termination. Lastly, Robinson-May only pays common area maintenance (CAM), which has a negligible effect on the total rent of the subject.
- The additional financing is subject to certain requirements. In addition, credit enhancement levels reflect the possibility of the property incurring future mezzanine debt.

Market Information

- The subject is located in the downtown Los Angeles financial district at the southwestern corner of 7th and Figueroa Street, which is predominately occupied by offices, cultural facilities, and restaurants.
- While the overall vacancy rate for the Los Angeles office market is 16.8%, the overall vacancy rate for the subject's competitive set is 13.4%.

Loan No. 2 — 11 Madison Avenue

Fitch Credit Assessment (in the context of the pool):
'AAA'

Trust Debt Summary

Trust Amount: \$82,000,000
Anticipated
Repayment Date: 1/11/14
Interest Rate: 5.304%
Amortization: Five-year interest only, then
30-year amortization
Sponsor: Tamir Sapir
Purchase Price/Date: \$675,000,000 (12/23/03)

Debt Stack	Amount (\$)	Stressed	
		DSCR (x)	LTV (%)
A-1 Note	143,333,333	1.20	63.1
A-2 Note	95,555,556	1.20	63.1
A-3 Note	95,555,556*	1.20**	63.1**
A-4 Note	95,555,555	1.20	63.1
B Note	10,000,000	1.13	67.0
C Note	37,500,000	1.04	72.7
D Note	37,500,000	0.96	78.4
Total	515,000,000	0.96	78.4

*Only the senior class A-3 note is included in the transaction; all class A notes are pari passu. Of the \$95.6 million A-3 pari passu note, only \$82.0 million will be pooled in this securitization. The remaining \$13.6 million will be in the form of a nonpooled subordinate companion loan. **The coverage on the \$82.0 million 'AAA' rated portion of the A-3 pari passu note in the trust has a Fitch stressed debt service coverage ratio (DSCR) of 1.61x and a Fitch stressed loan-to-value ratio (LTV) of 47.0%. sf – square feet. psf – per square foot.

Property Summary

Property Type: Office
Collateral: Fee
Total Size: 2,256,552 sf
Location: New York, NY
Year Built/Renovated: 1932/1997

Tenant/Occupancy Summary

Major Tenants: CSFB (85.2%; rated 'AA-' by Fitch)
Aon (6.1%; (rated 'A-' by Fitch)
Omnicom (4.2%; rated 'A-' by Fitch)
Occupancy: 98.6% (as of 4/1/04)

Structural Features Summary

Lock Box: Hard
Ongoing Reserves: Taxes, insurance, replacement (\$0.10 psf), and leasing costs (\$0.42 psf).
Servicing: Wachovia Bank N.A. is the master servicer and Lennar Partners, Inc. is the special servicer as part of the Wachovia Bank Commercial Mortgage Trust, commercial mortgage pass-through certificates, series 2004-C10.
D Note Holder: SL Green Realty, Inc.

Fitch Commentary

Strengths

- The loan is secured by a high quality office property that serves as the world headquarters of CSFB, which is rated 'AA-' by Fitch. Approximately \$700 million has been invested into the property since 1994.
- The property benefits from a high quality rent roll, as 94.4% of rent is generated by investment-grade tenants generally signed to long-term leases at below market rents.
- The borrower contributed approximately \$160 million in cash equity to the transaction (approximately 23.7% of the purchase price).
- The sponsor owns over 7.25 million square feet of comparable office space. The property is managed by Cushman & Wakefield, Inc.

Concerns

- Although 65% of CSFB's leases extend through 2017, it has the option to terminate up to 528,730 sf of its 1,921,459 sf in 2007.
- Whole loan of \$515.0 million has a Fitch stressed DSCR below 1.00x.

Mitigants

- The property is home to all of CSFB's marquee groups (e.g. executives and traders), which lends to the location's operational and logistical benefits. CSFB recently invested approximately \$300 million in improvements to its space. In addition, two years' notice must be given prior to the 2007 expiration date, and CSFB must pay up to \$32 million in termination fees in the event it terminates the entire 528,730 sf. CSFB's rent is significantly below market and contains favorable tenant sublease rights.
- The subject property was purchased in December 2003 for \$675 million, equating to a loan-to-cost ratio of 76.3%. The D note is held by SL Green Realty, Inc, an experienced office landlord in Manhattan.

Market Information

- The subject property is well located within the Flatiron/Madison Square district of the Midtown-South submarket in Manhattan. The submarket occupancy level is one of the strongest in the Midtown-South office district at 97.9%.
- Average asking market office rents are approximately \$38.22 psf. Average in-place rents at the subject are well below market at \$21 psf.

Other Information

- 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 D noteholder. Subsequently, the controlling holder will be the holder of the most subordinate note then outstanding, provided that such note is greater than 25% of its original balance. To the extent realized losses and/or appraisal reductions have shifted control to the A notes, the ability to influence the special servicer requires the consent of the majority of the A noteholders.

Loan No. 3 — Extra Space Self Storage Portfolio

Trust Debt Summary			
Trust Amount:	\$61,770,000		
Anticipated Repayment Date:	6/11/09		
Interest Rate:	4.300%		
Amortization:	Interest only		
Sponsor:	Kenneth M. Woolley		
———Stressed———			
Debt	Amount (\$)	DSCR (x)	LTV (%)
Whole Loan	61,770,000	1.53	98.1
Property Summary			
Property Type:	Self storage		
Collateral:	Fee and leasehold*		
Total Size:	7,513 units		
Location:	(see table below)		
Year Built:	(see table below)		
*Fee interest in each of the mortgaged properties, with the exception of the mortgaged property in Glendale, CA, which is a leasehold interest. DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. psf – per square foot.			

Tenant/Occupancy Summary	
Total Occupancy:	87.4% (as of 5/04)
Structural Features Summary	
Lock Box:	Springing lock box to hard upon event of default or if loans are not repaid in full on or prior to April 11, 2009.
Ongoing Reserves:	Taxes, insurance, and replacement reserves (\$0.19 psf).
Upfront Reserves:	\$95,375 to cure immediate deferred maintenance.

Property Summary						
Property Name	Cutoff Date Balance	% of Pool	Location	Year Built	Size (Units)	Occupancy (%)
Extra Space Self Storage – Lawrenceville, NJ	11,946,000	19.3	Lawrenceville, NJ	1998	924	72.7
Extra Space Self Storage – Hazlet, NJ	10,560,000	17.1	Hazlet, NJ	1987	1,147	89.8
Extra Space Self Storage – Torrance, CA	6,960,000	11.3	Torrance, CA	1976	737	90.0
Extra Space Self Storage – North Miami, FL	5,848,000	9.5	North Miami, FL	1995	796	90.7
Extra Space Self Storage – Livermore, CA	4,920,000	8.0	Livermore, CA	2000	672	88.5
Extra Space Self Storage – Richmond, CA	4,696,000	7.6	Richmond, CA	1984	773	84.5
Extra Space Self Storage – Glendale, CA	4,480,000	7.3	Glendale, CA	1976	429	94.9
Extra Space Self Storage – Hawthorne, CA	3,840,000	6.2	Hawthorne, CA	1992	583	88.5
Extra Space Self Storage – San Bernardino, CA	3,376,000	5.5	San Bernardino, CA	1985	497	91.2
Extra Space Self Storage – Claremont, CA	2,624,000	4.2	Claremont, CA	1983	404	93.6
Extra Space Self Storage – Kearns, UT	<u>2,520,000</u>	4.1	Kearns, UT	1993	<u>551</u>	87.1
Total/Weighted Average	61,770,000				7,513	87.4

Fitch Commentary

Strengths

- The pool consists of 11 cross-collateralized, cross-defaulted properties geographically dispersed across four different states and five different markets. Additionally, no individual loan represents more than 19.3% of the aggregate debt.
- Experienced sponsorship; Kenneth Woolley founded Extra Space Storage, LLC over 25 years ago, a company that specializes in the ownership and management of self storage facilities and currently has a geographically diverse portfolio of approximately 110 facilities in 15 states.

Concerns

- High Fitch stressed LTV of 98.1% and interest-only loan structure.
- The Lawrenceville, NJ property is underperforming its market and is currently only 72.7% occupied.

Mitigants

- The portfolio is seasoned and has exhibited a stable operating performance. The properties are all located in primary markets and are generally well-occupied. Additionally, subordination levels reflect the structure of the loan.
- The borrower, which recently acquired the Lawrenceville property, is implementing new management. The property's competitive set is currently 92.9% occupied. Additionally, no other property in the portfolio is less than 84.5% occupied, and five of the properties are over 90.0% occupied.

Market Information

- The properties are located in five different markets — Los Angeles, San Francisco, New York-Northern New Jersey, Miami, and Salt Lake City. In general, the properties are located along major thoroughfares or have convenient access to freeways.
- Vacancies in the properties' markets range from 0%–66% but are generally between 8%–15%. This is in line with the weighted average portfolio vacancy rate of 12.6%. Average market asking rents for 100 sf of storage space range from \$0.59–\$2.00 psf.
- Four of the properties, representing 46.1% of the portfolio, are highly visible from major thoroughfares. Of these, two also have exposure to multiple freeways. The remaining seven properties have adequate to limited visibility, with little exposure to residential or access streets.

Loan No. 4 — 1130 Connecticut Avenue

Trust Debt Summary Trust Amount: \$58,500,000 Anticipated Repayment Date: 5/11/11 Interest Rate: 5.290% Amortization: Two-year interest only, then 30-year amortization Sponsor: Victor K. Tolkan and Julia Springer Tolkan Purchase Price/Date: \$73,125,000 (4/21/04)				Tenant/Occupancy Summary Major Tenants: American Insurance Association, Inc. (20.4%) Starpower Communications (5.5%) Nichols-Dezenhall Communications (5.2%) Occupancy: 86.1% (as of 3/31/04)																							
Debt Stack <table border="1"> <thead> <tr> <th></th> <th>Amount (\$)</th> <th colspan="2">Stressed</th> </tr> <tr> <th></th> <th></th> <th>DSCR (x)</th> <th>LTV (%)</th> </tr> </thead> <tbody> <tr> <td>First Mortgage</td> <td>58,500,000</td> <td>1.02</td> <td>99.7</td> </tr> <tr> <td>Mezzanine</td> <td>7,000,000</td> <td>0.87</td> <td>111.6</td> </tr> <tr> <td>Total</td> <td>65,500,000</td> <td>0.87</td> <td>111.6</td> </tr> </tbody> </table>					Amount (\$)	Stressed				DSCR (x)	LTV (%)	First Mortgage	58,500,000	1.02	99.7	Mezzanine	7,000,000	0.87	111.6	Total	65,500,000	0.87	111.6	Structural Features Summary Lock Box: Springing lock box to hard upon an even of default or at the anticipated repayment date. Ongoing Reserves: Taxes, insurance, and replacement reserves. Upfront Reserves: \$3.37 million for leasing costs (\$1.17 million for current tenants [\$5.34 psf] and \$2.2 million for future tenants [\$10.06 psf]) and a \$250,000 replacement reserve (\$1.14 psf). Other Features: \$7.0 million holdback in place, including \$3.0 million to be released upon lease execution (with minimum rent payments of \$56 psf and 10-year lease term) for 8,030 sf of vacant space and an additional \$1.0 million to be released when the new tenant occupies space and commences paying full rent. The remaining \$3.0 million will be released when Global Industries, Inc. takes occupancy and commences paying full rent. Mezzanine Holder: Wachovia			
	Amount (\$)	Stressed																									
		DSCR (x)	LTV (%)																								
First Mortgage	58,500,000	1.02	99.7																								
Mezzanine	7,000,000	0.87	111.6																								
Total	65,500,000	0.87	111.6																								
Property Summary Property Type: Office Collateral: Fee Total Size: 218,738 sf Location: Washington, D.C. Year Built/Renovated: 1986/1996 DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. sf – square feet. psf – per square foot.																											

Fitch Commentary

Strengths

- High-quality office building with excellent location in a strong office submarket.
- Sponsor has approximately \$14.6 million of cash equity invested (20.0% of the purchase price). Victor and Julia Tolkan founded Penzance Properties in the mid-1990s, a company that has since been active in the ownership, development, and management of office, retail, and industrial properties in the Washington, D.C. metropolitan service area (MSA).
- Aside from the largest tenant, which occupies 20.4% of the net rentable area (NRA), no single tenant represents greater than 5.5% of the NRA. In addition, tenant rollover is relatively stable over the loan term, with no more than 22.5% of the space rolling in any one year and 8.2% on average. The average lease term is approximately 12 years.

Concerns

- The property is highly leveraged, as evidenced by a Fitch stressed DSCR of 0.87x and a Fitch stressed LTV of 111.6%.
- Global Industries, Inc., representing 3.1% of total NRA, is not currently in place or paying rent.

Mitigants

- The in-place mezzanine financing is a one-year, interest-only loan that will be repaid when the \$7.0 million first mortgage holdback is released. In addition, the property is a class A office building with an above-average location in the Washington, D.C. central business district (CBD). Finally, credit enhancement levels reflect the high leverage of the loan.
- The borrower currently has a signed lease with Global Industries, Inc., which intends to occupy its space and commence paying rent by August 2004. At closing, the lender established a holdback reserve of \$7.0 million, \$4.0 million of which is to be released when Global Industries, Inc. takes occupancy and commences paying full rent.

Market Information

- The property is located in the Washington, D.C. office market, two blocks north of the heart of the CBD in the downtown submarket. It has frontage along both Connecticut Avenue and 18th Street and is located one block north of The Farruget North Metro Station.
- According to Grubb & Ellis, as of fourth-quarter 2003, the submarket contained 35.4 million sf of office space and reported a vacancy rate of 5.5%. Average asking rents for class A office space in the submarket were \$41.56 psf. In-place rents at the property range from \$29.22–\$56.00 psf, with an average in-place rent of \$32.98 psf.

Other Information

- Partial release of collateral is permitted. REI, a tenant at the property, may have the right to purchase its 21,000 sf of leased premises for \$1.7 million, in which case the collateral would be released from the lender's deed of trust and the proceeds placed in an escrow to be held as additional collateral for the remainder of the loan term or disbursed to the borrower if the borrower partially defeases the loan in the amount of the purchase price proceeds.

Loan No. 6 — 24 West 57th Street

Trust Debt Summary			
Trust Amount:	\$35,000,000		
Maturity Date:	6/11/09		
Interest Rate:	5.660%		
Amortization:	Two-year interest only, then 30-year amortization		
Sponsor:	Ralph Sitt		
Purchase Price/Date:	\$42,600,000 (5/21/04)		
		Stressed	
Debt	Amount (\$)	DSCR (x)	LTV (%)
Whole Loan	35,000,000	1.02	99.3
Property Summary			
Property Type:	Office		
Collateral:	Fee		
Total Size:	100,334 sf		
Location:	New York, NY		
Year Built/Renovated:	1920/2002		
DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. sf – square feet. psf – per square foot.			
Tenant/Occupancy Summary			
Major Tenants:	B.E. West 56th Street, LLC – Beacon Restaurant (13.5%) The Timberland Company (11.4%) Multiples, Inc. – Marion Goodman Gallery (9.8%)		
Occupancy:	97.5% (as of 6/1/04)		
Structural Features Summary			
Lock Box:	Soft lock box in place springs to hard upon event of default or if DSCR falls below 1.15x for 12 consecutive months.		
Ongoing Reserves:	Taxes, insurance, and replacement reserves (\$0.15 psf).		
Upfront Reserves:	Taxes and insurance; \$126,250 for immediate repairs and renovations.		

Fitch Commentary

Strengths

- Well located in Midtown Manhattan's Plaza District on 57th Street between 5th and 6th Avenues, a high foot traffic area three blocks from Central Park and a half block from Fifth Avenue's premier retail corridor.
- Property is leased to 39 different tenants. Excluding B.E. West 56th Street, LLC – Beacon Restaurant and The Timberland Company, no other tenant occupies more than 10% of the NRA.
- Sponsors have invested approximately \$7.6 million of cash equity (17.8% of the purchase price).

Concerns

- Industry concentration exposure; many suites in the property are occupied by gallery/art dealer and fashion/showroom tenants.
- The property is highly leveraged, as evidenced by a Fitch stressed LTV of 99.3% and a loan psf of \$349 psf.

Mitigants

- Steady demand for space, as evidenced by the property's current 97% occupancy.
- Established sponsor with \$7.6 million of hard equity in the subject property, implying a loan-to-purchase cost of 82%. Additionally, the borrower owns and manages nearly 1.5 million sf of commercial space throughout the country. Credit enhancement levels reflect the loan's high leverage.

Market Information

- The subject is located in the Plaza District, one of the most desirable office submarkets in Manhattan. In addition to prime office properties, there are a variety of upscale department stores, boutiques, jewelers, art galleries, and specialty retailers, making the subject's locale one of the world's most renowned high-end shopping destinations.
- The subject predominately competes with class B buildings. According to Torto Wheaton, as of first-quarter 2004, the Plaza District reports a Class B office vacancy rate of 3.1%.
- In place rents at the property average approximately \$42.08 psf, well below the average asking submarket rents of approximately \$69.49 psf. Recent leases in the building were approximately \$45.00 psf.

Loan No. 7 — Eastdale Mall

Fitch Credit Assessment <i>(in the context of the pool):</i> 'BBB'			
Trust Debt Summary Trust Amount: \$32,563,845 Anticipated Repayment Date: 6/11/14 Interest Rate: 5.430% Amortization: 30 years Sponsor: The Aronov Company Purchase Date: Built by sponsor in 1977			
———— Stressed ———			
Debt	Amount (\$)	DSCR (x)	LTV (%)
Whole Loan	32,563,845	1.34	68.6
Property Summary Property Type: Regional mall Collateral: Fee Total Size: 663,199 sf Collateral: 485,772 sf In-Line: 214,330 sf Location: Montgomery, AL Year Built/Renovated: 1977/2001 DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. sf – square feet. psf – per square foot.			
Tenant/Occupancy Summary Anchors: Dillard's (177,427 sf) (not part of collateral) Sears (143,504 sf) (rated 'BBB+' by Fitch) (2003 sales of \$234 psf) Parisian (127,938 sf) (rated 'BB-' by Fitch) (\$149 psf) Major Tenants: Eastdale Cinemas 8 (6.0%) Gap/Gap Kids (1.9%) (rated 'BB+' by Fitch) In-Line Tenants: Casual/Petite/August Max, Lenscrafters, Lerner New York, fye Music & Movies In-Line Sales: \$286 psf (as of 3/4/04) Occupancy: 96.5% total and 89.1% in-line (as of 5/7/04) Occupancy Cost: 9.59% (in-line)			
Structural Features Summary Lock Box: Springing to hard at anticipated repayment date. Ongoing Reserves: Taxes, insurance, and replacement reserves (\$0.15 psf). Upfront Reserves: \$906,839 holdback for roof replacement and repaving of the parking lot within the next 18 months. Other Features: Future secured debt and mezzanine financing allowed.			

Fitch Commentary

Strengths

- Strong and experienced sponsorship: The Aronov Company, which is based in Montgomery, AL, has been in business for 50 years. Aronov, the largest privately owned, full-service real estate company in the Southeast, has owned, managed, and developed over 100 properties in 14 states. The retail portion of its portfolio totals approximately 14.8 million sf.
- Eastdale Mall is the dominant mall in its trade area, as evidenced by the limited competition in the area and the recent signing of JC Penney, which is leaving Montgomery Mall (the closest competitor). Although the new 95,027-sf JC Penney pad will be owned by JC Penney, another 30,345 sf of owned in-line space will be added and will serve as an additional draw to the mall. Construction, which has already begun, is scheduled to be completed in 2005.
- Low loan psf is \$67 psf.

Concerns

- The subject property was built in 1977 and has a somewhat dated exterior.
- Future subordinate debt is permitted.

Mitigants

- Though Eastdale Mall is an older property, it is in good condition and has low occupancy costs. In 2001, \$5.5 million was spent on interior improvements, including the addition of a new ice skating rink and other amenities such as additional interior landscaping, a larger center court for performances and events, an expanded food court, new flooring, a fountain, and additional seating for the Sears and Dillard's courts. In addition, there is a \$906,839 holdback upfront for roof replacement and repaving of the parking lot, both of which are scheduled to be completed within the next 18 months.
- The additional financing is subject to certain LTV and DSCR requirements. Moreover, credit enhancement levels reflect the possibility of the property incurring future subordinate debt.

Market Information

- The subject is located at the northeaster corner of US 231 and 80 (Atlanta Highway) in eastern Montgomery. The Montgomery MSA has a population of 336,416, and Eastdale Mall draws from a 35-mile trade area with a population of 616,145. The only competition to the subject is Montgomery Mall, a 726,068-sf regional mall also anchored by a Parisian, located just five miles southwest. With the exception of Montgomery Mall, there is no other primary competition in any direction for 85 miles.

Loan No. 8 — One Riverview Square

Trust Debt Summary Trust Amount: \$30,000,000 Anticipated Repayment Date: 5/11/11 Interest Rate: 5.805% Amortization: Two-year interest only, then 30-year amortization Sponsor: NGP Capital Partners III, LLC Purchase Price/Date: \$35,875,000 (5/7/04)				Tenant/Occupancy Summary Major Tenants: Federal government (U.S. Citizenship and Immigration Services and the U.S. Equal Employment Opportunity Commission) (86.0%) Occupancy: 86.0% (as of 4/29/04)													
Property Summary Property Type: Office Collateral: Fee Total Size: 147,917 sf Location: Miami, FL Year Built: 2004 DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. sf – square feet. psf – per square foot.				Structural Features Summary Lock Box: Hard Ongoing Reserves: Taxes, insurance, and replacement reserves (\$0.21 psf). Upfront Reserves: \$5.2 million for leasing costs associated with the eighth floor of the subject. The reserve will be released once the space is leased with terms acceptable to lender (10-year minimum term, \$32 psf of rent, and tenant in-place and paying rent). City approving \$1.85 million for expected tax abatements. The reserve will be released upon approval of the tax abatements by the city and county.													
<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>Whole Loan</td> <td>30,000,000</td> <td>1.21</td> <td>87.6</td> </tr> </tbody> </table>				Debt	Amount (\$)	Stressed		DSCR (x)	LTV (%)	Whole Loan	30,000,000	1.21	87.6				
Debt	Amount (\$)	Stressed															
		DSCR (x)	LTV (%)														
Whole Loan	30,000,000	1.21	87.6														

Fitch Commentary

Strengths

- Leased to the federal government through 2018 with no early termination options.
- New construction with attractive finishes and on-site parking.
- Well located along the Miami River, adjacent to the local mass transit rail system and with convenient highway access.
- Experienced sponsorship, with 1,285,565 sf of comparable government leased properties under management.

Concern

- Occupied by a single tenant.

Mitigant

- Federal government is considered an 'AAA' rated tenant. Furthermore, the lease extends eight years beyond the loan term and is structured with no early termination options.

Market Information

- The subject is located in the Miami downtown submarket, which is predominately occupied by a mix of old and new office properties. The area recently underwent a revitalization, including redevelopment of its shoreline with new office, retail, and residential properties.
- According to Torto Wheaton, the downtown office submarket has a class A inventory of 3.8 million sf, with a first-quarter 2004 vacancy rate of 12.2%. The average asking rental rate is approximately \$29 psf, in line with the subject.

Loan No. 9 —Pointe at Wellington

Trust Debt Summary Trust Amount: \$22,856,383 Anticipated Repayment Date: 12/11/13 Interest Rate: 6.230% Amortization: 30 years Sponsor: Richard Gertz				Tenant/Occupancy Summary Anchor: LA Fitness (41,000 sf) Major Tenants: Thomasville Furniture (12,000 sf) Olive Garden (7,405 sf) (ground lease) Blackwelder's Furniture (7,015 sf) Smokey Bones (6,887 sf) (ground lease) In-Line Tenants: Cold Stone Creamery, Sprint, and Jamba Juice Leased: 100% (as of 4/28/04) Occupancy: 92.6% (as of 4/28/04)			
Stressed							
Debt	Amount (\$)	DSCR (x)	LTV (%)				
Whole Loan	22,856,383	1.46	72.7				
Property Summary Property Type: Retail Collateral: Fee Total Size: 133,089 sf Location: Wellington, FL Year Built: 2003				Structural Features Summary Lock Box: Springing lock box to hard at anticipated repayment date. Ongoing Reserves: Taxes, insurance, replacement (\$0.10 psf), and leasing costs (\$0.34 psf, capped at \$225,000). Upfront Reserves: \$423,948 debt service reserve; a \$1.9 million letter of credit (LOC) to be released primarily upon the completion of Phase II of the property; a \$3.45 million LOC to be released once 90% of the Phase I tenants are in occupancy and paying rent; a \$1.6 million LOC to be released once all of the Phase I tenants are in occupancy and paying rent and all of the Phase I tenant improvements have been paid; and two \$430,500 LOCs related to LA Fitness, with key release conditions consisting of operating performance hurdles and the commencement of full rent payments.			
DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. sf – square feet. psf – per square foot.							

Fitch Commentary

Strengths

- New construction with attractive finishes and high overall property quality.
- Well located at a prime retail intersection, adjacent to the 1.3 million sf Mall at Wellington Green (anchored by Lord & Taylor, Dillard's, Burdines, Nordstrom, and JC Penney).
- Well occupied by a diverse mix of 31 national and local tenants, with no one tenant representing more than 8.2% of the rental income.
- Experienced local sponsorship: Richard Gertz's development company concentrates on assets primarily in Palm Beach and Broward counties and currently owns/operates a portfolio of approximately 14 office, anchored retail, multifamily, and hotel properties.

Concerns

- The subject property was recently constructed and has limited operating history.
- Although the property is fully leased, it is only 92.6% occupied.
- Five additional shopping center projects are under construction.

Mitigants

- Fully leased to a diverse tenant roster that caters to the growing area population. Additionally, the subject benefits from its location at the premier retail intersection in the submarket.
- There are several LOCs in place that are available to pay down debt in the event of a default. Additionally, \$423,948 has been reserved upfront to cover debt service.
- The projects are approximately 97.9% pre-leased.

Market Information

- The subject property is located in the Wellington/West Palm Beach retail submarket of the West Palm Beach/Boca Raton MSA, approximately eight miles southwest of the West Palm Beach CBD. Wellington is a rapidly growing, affluent community with average household incomes within a one- and five-mile radius of the subject of \$113,076 and \$75,360, respectively. The immediate neighborhood is surrounded by upscale single-family residential developments and significant retail development, including the Mall at Wellington Green and a Wal-Mart Super Center, both adjacent to the subject. The subject has good visibility and access from State Route 7 and Forest Hill Boulevard.
- According to Cushman & Wakefield, Inc., the subject's market vacancy is 6.8%, with a low submarket vacancy of 3.2%, in line with the 3.0% vacancy reported by the subject's competitive set. Five shopping center projects are under construction, 97.9% of which is pre-leased. Asking rents in the submarket range from \$15-\$33 psf, in line with the subject's average of approximately \$25 psf.

Loan No. 10 — Hampton Bays Town Center

Trust Debt Summary Trust Amount: \$20,500,000 Maturity Date: 6/11/14 Interest Rate: 5.050% Amortization: Two-year interest only, then 30-year amortization Sponsor: Robert Morrow and Richard Goldberg				Tenant/Occupancy Summary Anchors: King Kullen (40,000 sf) Major Tenants: Eckerd Drug (9.4%) Town of Southampton (8.9%) Hudson City Savings Bank (4.4%) Washington Mutual Bank (3.9%) Occupancy*: 95.5% (as of 5/17/04)													
Property Summary Property Type: Anchored retail Collateral: Fee Total Size: 102,956 sf Location: Hampton Bays, NY Year Built: 2004 <small>*Does not include eight multifamily units. DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio. sf – square feet. psf – per square foot.</small>				Structural Features Summary Lock box: None Ongoing Reserves: Taxes and replacement reserves (\$0.11 psf). Upfront Reserves: Taxes; \$2.5 million estoppel escrow held pending the receipt of clean estoppels by both the Town of Southampton and Eckerd Drug tenants.													
<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>Whole Loan</td> <td>20,500,000</td> <td>1.45</td> <td>79.2</td> </tr> </tbody> </table>				Debt	Amount (\$)	Stressed		DSCR (x)	LTV (%)	Whole Loan	20,500,000	1.45	79.2				
Debt	Amount (\$)	Stressed															
		DSCR (x)	LTV (%)														
Whole Loan	20,500,000	1.45	79.2														

Fitch Commentary

Strengths

- Limited tenant rollover during the loan term; approximately 56.7% of the net rental income (66% NRA) is derived from King Kullen, Hudson City Savings Bank, Eckerd Drug, and the Town of Southampton, all with leases that expire after the loan term.
- Strong location on Long Island, NY; the subject is located in the Hamptons on Route 27A (Montauk Highway), one mile away from the major east-west arterial Route 27 (Sunrise Highway).

Concerns

- Limited operating history.
- Due to the recent construction of the property, a few of the tenants have signed leases but are not yet in occupancy.

Mitigants

- Subject is currently 95.5% leased, and its competitive set is approximately 98.2% occupied. King Kullen has a long-term lease through June 2027.
- An upfront reserve of \$2.5 million is in place until the Town of Southampton and Eckerd Drug both deliver clean estoppels and Eckerd is open for business. Eckerd Drug is scheduled to open in July 2004, with rent commencing the earlier of the store opening or Aug. 15, 2004, pending completion of the space. Washington Mutual and Hudson City Savings Bank are scheduled to open on July 19, 2004 and June 30, 2004, respectively, at which time they will begin paying rent.

Market Information

- The subject property is located in the Suffolk County retail submarket in Long Island. The subject's new construction and design can better accommodate parking and pedestrian traffic versus the more typical local competition. In-place rents range from \$20–\$32.50 psf, which is in-line with the market.
- The subject is located in one of the country's more affluent areas, with an average household income of \$95,357.

Other Information

- The loan agreement calls for a \$2.5 million escrow until the Town of Southampton (8.9%) and Eckerd (9.4%) both deliver clean estoppels and Eckerd is open for business.

Loan No. 12 — Highland Pinetree Apartments

Fitch Credit Assessment <i>(in the context of the pool):</i> 'BBB'				Tenant/Occupancy Summary Occupancy: 97.8% (as of 4/19/04)	
Trust Debt Summary Trust Amount: \$18,200,000 Anticipated repayment date: 5/11/14 Interest Rate: 4.560% Amortization: Interest only Sponsor: Dell Dohrman				Structural Features Summary Lock Box: Springing to hard at the anticipated repayment date or if DSCR falls below 1.15x. Ongoing Reserves: Replacement reserves (\$256 per unit). Upfront Reserves: \$253,125 to cure immediate deferred maintenance.	
				Stressed	
Debt Stack	Amount (\$)	DSCR (x)	LTV (%)		
Whole Loan	18,200,000	1.31	70.0		
Property Summary Property Type: Multifamily Collateral: Fee Total Size: 320 units Location: Fullerton, CA Year Built/Renovated: 1972/2004					
DSCR – Debt service coverage ratio. LTV – Loan-to-value ratio.					

Fitch Commentary

Strengths

- Well-occupied property benefits from a strong amenity package consisting of a fitness center, three swimming pools, multiple laundry facilities, a recreation room, clubhouse, and volleyball court.
- The property has had a stable operating history with a steadily improving net operating income (NOI). Since 2001, occupancy has been above 96%.

Concerns

- The property is older, having been built in 1972.
- Interest-only loan structure.

Mitigants

- Though the subject is over 30 years old, the property is in good physical condition. Current renovations, totaling approximately \$1 million, include the replacement of all of the kitchens at the subject. There is an upfront reserve to cover the balance of the renovation cost, and capital expenditure reserves equal to \$256 per unit.
- Strong Fitch stressed DSCR and LTV of 1.31x and 70.0%, respectively. Additionally, subordination levels reflect the structure of the loan.

Market Information

- The subject is located in the Fullerton submarket of Orange County; market vacancy is currently 2.2%. South Highland Avenue provides north/south access through the subject's immediate neighborhood and is near to all of the major freeways that serve Orange County. Orange County is a mature multifamily market with limited space available for development.

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

	Wachovia 2004-C12	Oct. 14, 2003 – June 15, 2004	
		Average	Range
Pool Balance (\$ Mil.)	1,063	1,194	721–2,602
Number of Properties	97	162	105–293
Number of Loans	96	117	63–175
% of Pool 10 Largest Loans or Borrower Concentrations	48.89	43.17	32.70–58.91
Loan Diversity Index*	233	237	134–344
% of Pool with Investment-Grade Credit Assessments	23.71	22.26	10.40–36.48
Issuer Weighted Average DSCR	1.63	1.78	1.41–2.82
Fitch Stressed Weighted Average DSCR**	1.30	1.37	1.20–2.22
% Below 1.0x	0.00	1.25	0.00–6.20
% Above 1.5x	27.07	20.62	7.66–42.45
Fitch Constant Weighted Average DSCR	1.06	1.21	1.01–2.05
Fitch Term Weighted Average DSCR**	1.55	1.65	1.29–2.51
Fitch Stressed Weighted Average LTV (%)**	85.02	82.65	69.90–90.40
% Above 90%	50.31	40.97	8.23–67.00
% Below 65%	21.07	17.77	2.07–37.17
Total Cash Flow Variance (%)	3.37	3.82	1.46–7.68
Actual Weighted Average Constant (%)	6.58	6.79	5.57–7.27
Collateral Quality Score†	8.60	8.46	7.92–9.11
Property Market Metric™ Score*	2.91	2.75	2.40–3.02
% of Pool Having or Allowing Subordinate Debt	19.27	23.71	7.55–42.80
Subordination (%)			
'AAA'	13.38	14.40	12.00–17.75
'AA'	11.00	11.63	8.63–14.38
'A'	8.00	8.36	6.00–10.50
'BBB'	4.75	5.02	3.50–6.50
'BB'	2.88	2.81	1.88–3.50
'B'	1.75	1.62	1.13–2.13

*See Rating Methodology Highlights, page 22.

**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 22.

†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 22.

N.A. – Not available. 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–June 15, 2004. The current sample includes 18 transactions with an aggregate balance of \$21.485 billion, consisting of 2,099 loans secured by 2,909 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; BACM 2004-1; BSCMI 2004-PWR3; GMAC 2004-C1; GSCM 2004-C1; GE 2004-C2; MLMT 2004-MKB1; GCCFC 2004-GG1; JPMCC 2004-C2; MSCI 2004-IQ7; and CSFB 2004-C2. The current deal is not included in the sample.

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