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Presale: Wachovia Bank Commercial Mortgage Trust 2004-C12

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\$1.1 Billion Commercial Mortgage Pass-Through Certificates Series 2004-C12

This presale report is based on information as of June 21, 2004. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings.

Preliminary Ratings as of June 21, 2004			
Class	Preliminary rating*	Preliminary amount (\$)	Recommended credit support (%)
A-1	AAA	327,879,000	13.375
A-2	AAA	478,063,000	13.375
B	AA	25,250,000	11.000
C	AA-	9,302,000	10.125
D	A	22,592,000	8.000
E	A-	10,631,000	7.000
A1-A	AAA	115,031,000	13.375
F	BBB+	11,960,000	5.875
G	BBB	11,960,000	4.750
H	BBB-	13,289,000	3.500
J	BB+	3,986,000	3.125
K	BB	2,657,000	2.876
L	BB-	5,315,000	2.376
M	B+	3,986,000	2.001
N	B	2,657,000	1.751
O	B-	2,657,000	1.501
P	N.R.	15,957,325	0.000
MAD	BBB-	13,555,555	N/A
IO†	AAA	1,063,172,325§	N/A

*The rating of each class of securities is preliminary and subject to change at any time.
†Interest-only class. §Notional amount. N/A—Not applicable.

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Profile

Expected closing date: July 7, 2004.

Collateral: 81 loans secured by 97 properties.

Underwriters: Wachovia Capital Markets, LLC, Citigroup Global Markets Inc., J.P. Morgan Securities Inc., and Greenwich Capital Markets Inc.

Sellers: Wachovia Bank N.A., Artesia Mortgage Capital Corp., Eurohypo AG, New York Branch, and Citigroup Global Markets Realty Corp.

Master servicer: Wachovia Bank N.A. (the 11 Madison Avenue loan and its related companion loans will be serviced under the pooling and servicing agreement entered into in connection with the issuance of the Wachovia Bank Commercial Mortgage Trust commercial mortgage pass-through certificates series 2004-C10).

Special servicer: Clarion Partners LLC and Lennar Partners Inc. (for the 11 Madison Avenue loan only).

Depositor: Wachovia Commercial Mortgage Securities Inc.

Trustee: LaSalle Bank N.A.

Fiscal agent: ABN AMRO Bank N.V.

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Rationale

The preliminary ratings assigned to Wachovia Bank Commercial Mortgage Trust's \$1.1 billion commercial mortgage pass-through certificates series 2004-C12 reflect the credit support provided by the subordinate classes of certificates, the liquidity provided by the trustee, the economics of the underlying loans, and the geographic and property type diversity of the loans. Classes A-1, A-2, B, C, D, and E are currently being offered publicly. Standard & Poor's Ratings Services' analysis determined that, on a weighted average basis, the pool has a debt service coverage (DSC) of 1.58x, a beginning LTV of 90.3%, and an ending LTV of 77.6%.

Unless otherwise indicated, all calculations in this report, including weighted averages, do not include the B notes of the three A/B loans: Mountain View Apartments, Fox Valley Apartments, and 11 Madison Avenue, which are not included in the trust, or the junior nonpooled component of the 11 Madison loan. The \$95.6 million 11 Madison Avenue pari passu A note piece that is included in the trust is further divided into an \$82.0 million pooled component that will be included in the report calculations and a \$13.6 million junior nonpooled component that will be excluded from any further report calculations.

Strengths

The transaction exhibits the following strengths:

- Three of the top 10 loans and one additional loan not included in the top 10 (23.7% of the pool balance) have characteristics consistent with obligations rated investment-grade by Standard & Poor's: Ernst & Young Plaza ('A-', 11.2% of the pool balance); 11 Madison

- Avenue ('AAA', 7.7%); Eastdale Mall ('BBB', 3.1%); and Highland Pinetree ('BBB', 1.7%);
- Eighty loans (98.7% of the pool balance), collateralized by 96 properties, have borrowing entities that are structured as special-purpose entities (SPEs). Additionally, 15 of these loans (58.1% of the pool) have borrowers with nonconsolidation opinions, and eight loans (33.9% of the pool) have independent directors;
- The economics of the top 10 loans are better than those of the overall pool, having a weighted average beginning LTV of 86.5%, compared with 90.3% for the pool, and a weighted average DSC of 1.66x, compared with 1.58x for the pool; and
- The weighted average quality score for the assets securing mortgages in the pool is 2.72, an above-average score on Standard & Poor's scale of 1 (highest) to 5 (lowest).

Concerns and Mitigating Factors

This transaction exhibits the following concerns and mitigating factors:

- The pool exhibits geographic concentration, with 58.3% of the mortgaged properties concentrated in five states. The largest concentrations are in California (23.6% of the pool balance; including Southern California (18.3%) and Northern California (5.3%)); New York (14.6%); Florida (8.0%); North Carolina (6.7%); and Washington, D.C. (5.5%). The remaining assets are dispersed throughout 22 states, with no other state concentration exceeding 5.0% of the pool balance;
- The pool exhibits loan concentration, as the top 10 loans represent 48.9% of the pool balance, while the single largest loan exposure represents 11.2% of the pool balance. However, the economics of the top 10 loans are better than those of the overall pool, and three of the top 10 loans (22.0% of the pool balance) have characteristics consistent with obligations rated investment-grade by Standard & Poor's. Additionally, one of the top 10 loans (5.8% of the pool balance) is secured by a portfolio of 11 properties;
- The pool has a concentration in office properties (41.9% of the pool balance). Mitigating this concern, two of these loans (18.9%) have characteristics consistent with obligations rated investment-grade by Standard & Poor's: Ernst & Young Plaza ('A-', 11.2% of the pool balance) and 11 Madison Avenue ('AAA', 7.7% of the pool balance). The capital structure for both of these loans takes into account property type, and the credit support levels for the pool considers asset-class concentrations; and
- Nineteen loans (representing 9.3% of the pool balance) are secured by properties leased to single tenants. Of these loans, 16 (7.0% of the pool balance) have long-term leases that expire after the loan maturity, including 15 (6.8% of the pool balance) that are leased to investment-grade tenants: GSA ('AAA'); Wal Mart ('AA'); Walgreens ('A+', eight properties); Best Buy ('BBB-'); TJX Cos. ('A'); AT&T ('BBB'); and Staples ('BBB-').

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Pool Characteristics

Transaction Structure

The certificates issued by the trust represent the beneficial ownership interest in 81 fixed-rate whole loans, an interest in one of the senior pari passu pieces of one loan (7.7% of the pool balance) that is structured as an A/B loan, and the senior interest in two fixed-rate loans (1.3%), which are structured as A/B loans. The B notes related to the three A/B loans will not be assets of the trust.

Collateral Description

The pool contains 81 conventional fixed-rate loans secured by liens on 97 properties. By property type, the pool has the following composition: office (41.9% of the pool balance); retail (27.7%); multifamily (14.0%); self-storage (6.8%); industrial (5.5%); hotel (2.1%), mobile-home park (1.3%); mixed-use (0.5%); and land (0.2%). The pool includes two multiproperty portfolios (7.7% of the pool). Unless otherwise indicated, Standard & Poor's considered each portfolio to be one loan.

Lockboxes are in place for 48 loans, representing 83.3% of the total pool balance. Five of those loans (19.5% of the pool balance) have hard lockboxes, 37 loans (45.6%) have springing lockboxes that are triggered after certain conditions are met, and six loans (18.1%) have soft lockboxes.

Monthly tax escrows have been established for 63 loans (77.7% of the pool balance), monthly insurance premium escrows have been established for 53 loans (67.4%), and monthly capital reserves have been established for 66 loans (78.0%).

Reserves have been established for the remediation of existing deferred maintenance items for 25 loans (40.2% of the pool balance). Generally, the reserve established for each loan equals 110%-125% of the amount recommended by the engineering report.

Monthly leasing and/or up-front leasing reserves have been established for 14 loans (16.3% of the pool balance representing office, retail, and industrial properties).

Nineteen loans (representing 9.5% of the pool balance) are secured by properties leased to single tenants. Of these loans, 16 (7.0% of the pool balance) have long-term leases that expire after the loan maturity, including 15 (6.8% of the pool balance) that are leased to investment-grade tenants: GSA ('AAA'); Wal Mart ('AA'); Walgreens ('A+'); Best Buy ('BBB-'); TJX Cos. ('A'); AT&T ('BBB'); and Staples ('BBB-').

Geographic Diversity

The pool consists of properties located in 26 states and Washington, D.C. The largest concentrations are in California (23.6% of the pool balance); New York (14.6%); Florida (8.0%); North Carolina (6.7%); and Washington, D.C. (5.5%). The remaining assets are dispersed throughout 22 states, with no other state concentration exceeding 5.0% of the pool balance.

Loan Sellers

Wachovia Bank N.A. contributed 45 loans (60.2% of the pool balance), Artesia Mortgage Capital Corp. contributed 24 loans (14.2%), Citigroup Global Markets Realty Corp. contributed 10 loans (13.1%), and Eurohypo AG; New York Branch contributed two loans (12.4%).

Loan Origination Dates

All of the mortgage loans in the pool were originated in the past 12 months.

Agreed-Upon Procedures

Agreed-upon procedures were performed for 12 (representing 25.6% of the pool balance) of the loans in the pool.

Hyperamortizing Loans

Forty-nine loans (representing 51.2% of the pool balance) were structured as hyperamortizing loans. All of these loans are structured with some form of cash management.

Interest-Only Loans

Nineteen of the loans in the pool (10.6% of the pool balance) are interest-only loans. Additionally, the 11 Madison Avenue loan (7.7% of the pool balance) is interest only for the first five years of the 10-year term, and the 24 West 57th Street loan (3.3% of the pool balance) is interest only for the first two years of the five-year term.

Collateral Quality

Based on Standard & Poor's analysis, the pool has a DSC of 1.58x on a weighted-average coupon of 5.27%. Standard & Poor's DSC reflects adjustments made to the net cash flow (NCF) of the properties based on the bankers' underwriting, historical, and projected operating statements and the assets' competitive positions in their respective markets.

On a weighted average basis, Standard & Poor's adjusted the NCF of the portfolio downward by 2.7%. This decrease reflects adjustments to rental rates, expense reimbursement ratios, occupancy levels, operating expenses, capital expenditure reserves, and tenant improvement and leasing commission (TI/LC) assumptions.

For the pool, Standard & Poor's weighted-average beginning LTV is 90.3% and the ending LTV is 77.6%. The weighted-average capitalization rate applied to Standard & Poor's NCF is 9.06%. Capitalization rates are a function of asset type, quality, tenancy, position in the competitive set, and current and future market conditions.

Properties

Standard & Poor's inspected assets representing 57.3% of the total pool and re-underwrote cash flows and derived asset values for assets representing 61.9% of the pool. The weighted average quality score for the inspected properties was 2.72, an above-average score on Standard & Poor's scale of 1 (highest) to 5 (lowest).

Borrower Concentrations

The largest sponsor is Trizec Properties Inc., the sponsor of Ernst & Young Plaza loan (11.2% of the pool). The five largest sponsors represent 35.6% of the pool balance and the 10 largest sponsors represent 48.9% of the pool balance. Five of the top 10 loans (29.7% of the pool balance) have bankruptcy-remote SPE borrowers with both a nonconsolidation opinion and an independent director. Five of the remaining top 10 loans (19.3% of the pool balance) have an SPE borrower with a nonconsolidation opinion but no provision for an independent director.

The largest loan in the pool is the Ernst & Young Plaza loan, representing 11.2% of the pool balance. The top five loans represent 35.7% of the pool balance and the top 10 loans account for 48.9% of the overall pool balance. The economics of the top 10 loans are better than those of the overall pool. The top 10 loans have a weighted average beginning LTV of 86.5% and a weighted average ending LTV of 78.2%. In addition, three of the top 10 loans (23.7% of the pool balance) have characteristics consistent with obligations rated investment-grade by Standard & Poor's: Ernst & Young Plaza ('A-', 11.2%); 11 Madison Avenue ('AAA', 7.7%); and Eastdale Mall ('BBB', 3.1%). One of the top 10 loans (5.8% of the pool balance) is secured by a portfolio of 11 properties, which are cross-collateralized and cross-defaulted.

Bankruptcy Issues

One of the loans (representing 0.7% of the pool) was made to borrowers with members or affiliates that have previously filed for bankruptcy. The bankruptcy was not filed within the 10-year period preceding June 2004. The borrower of this loan is structured as an SPE; however, the SPE lacks both a nonconsolidation opinion and an independent director. The loan is structured with a hard lockbox for cash management.

Leasehold Interests

Three loans (1.9% of the pool balance) are secured by a mortgage lien on the borrower's leasehold interest pursuant to a ground lease. These ground leases afford the respective lenders notice and cure rights and have ultimate terms that extend at least 20 years beyond the loan maturity.

Additional Indebtedness

The 1130 Connecticut Avenue loan (5.5% of the pool balance) is structured with a separate B note that is secured by the property. The subordinate note is not an asset of the trust. The loan is subject to an intercreditor agreement. It should be noted that Standard & Poor's believes the relative rights in a bankruptcy are more favorable when an A/B loan is structured as a participation rather than with separate notes.

Two loans, the Eastdale Mall loan, representing 3.1% of the pool, and the ConAgra Distribution Facility loan, representing 1.5% of the pool, permit the related borrower to obtain future secondary secured debt. Either a subordination and standstill agreement or an intercreditor agreement is required. In addition, any future secondary debt is subject to lender consent and/or

DSC and LTV tests.

Five loans, representing 16.93% of the pool, permit the borrower to incur future mezzanine debt subject to DSC and/or LTV tests. In four of the five cases a subordination and standstill agreement is required in connection with any additional mezzanine debt. Any additional indebtedness may only be secured by a pledge of the equity interest in the related mezzanine borrower.

The McLean Commercial Center loan, representing 0.8% of the pool, permits future unsecured debt.

All additional debt was taken into account by Standard & Poor's when determining subordination levels.

A/B Loans: Fox Valley Apartments and Mountain View Apartments

The Fox Valley Apartments loan (0.2% of the pool balance) has a whole-loan balance of \$2.6 million. The whole loan has been split into an A note of \$2.4 million, which will be contributed to the trust, and a nonpooled B note of \$152,550, which will be held outside of the trust.

The Mountain View Apartments loan (1.0% of the pool balance) has a whole-loan balance of \$11.6 million. The whole loan has been split into an A note of \$11.0 million (1.0% of the pool balance), which will be contributed to the trust, and a nonpooled B note of \$685,000, which will be held outside of the trust.

Before an event of default, with respect to both the Fox Valley Apartments loan and the Mountain View Apartments loan, payments and proceeds of accrued and unpaid interest will be paid to the A note, followed by scheduled payments of principal to the A note, then proceeds of accrued and unpaid interest to the subordinate B note, followed by scheduled payments of principal to the subordinate B note.

Following an event of a default, with respect to both the Fox Valley Apartments loan and the Mountain View Apartments loan, the A note will receive all accrued and unpaid interest. Then, the A note will receive all payments of principal until the principal balance has been reduced to zero. The subordinate B note will then receive all accrued and unpaid interest. Finally, the subordinate B note will receive all payments of principal until the principal balance has been reduced to zero.

It should be noted that Standard & Poor's believes the relative rights in a bankruptcy are more favorable when an A/B loan is structured as a participation rather than with separate notes. Currently, the master and special servicer of this trust will service both the A and B notes for both the Fox Valley Apartments loan and the Mountain View Apartments loan.

These A/B loans are subject to an intercreditor agreement, which generally conforms to Standard & Poor's criteria. The A/B loan structure was factored into the sizing of the capital structures of the loans and subordination levels for the

transaction.

Pari Passu and A/B Loan: 11 Madison Avenue Loan

The third-largest loan in the pool, the 11 Madison Avenue loan, has a whole-loan balance of \$515 million. The whole loan consists of a \$430 million A note, with credit characteristics consistent with investment-grade obligations rated 'BBB', which has been divided into four pari passu pieces. The first piece, a \$143.3 million A1 note, was contributed to the Wachovia Bank Commercial Mortgage Trust 2004-C10 transaction. The second, an A2 note sized at \$95.6 million, was contributed to the Wachovia Bank Commercial Mortgage Trust 2004-C11 transaction. The third, an A3 note sized at \$95.6 million, is being contributed to this transaction. The fourth, an A4 note, was also sized at \$95.6 million and is expected to be included in a future transaction. The A3 note has also been further split into a senior \$82.0 million component, which has credit characteristics consistent with investment-grade obligations rated 'AAA' and will be included in the pooled portion of the trust, and a subordinate \$13.6 million component, with credit characteristics consistent with investment-grade obligations rated 'BBB-' that will be included in the nonpooled portion of the trust. In addition to the pari passu A notes, the mortgage is also evidenced by three subordinate loans: a \$10.0 million B note, a \$37.5 million C note, and a \$37.5 million D note. The subordinated notes are not assets of the trust. The servicer for the Wachovia Bank Commercial Mortgage Trust 2004-C10 transaction is responsible for servicing the whole loan and making principal and interest advances with respect to the A1, A2, A3, and A4 pari passu A notes of the loan. The servicers, on behalf of Wachovia Bank Commercial Mortgage Trust 2004-C10 Trust, will not be responsible for making principal and interest advances with respect to the subordinated notes.

Before an event of default, payments and proceeds of accrued and unpaid interest will be paid pro rata to the A1, A2, A3, and A4 notes, followed by scheduled payments of principal to the A1, A2, A3, and A4 notes. Accrued and unpaid interest will then be paid to the subordinate loans, in order of seniority, followed by scheduled payments of principal to the subordinate loans.

Following an event of a default, the A1, A2, A3, and A4 notes will receive pro rata accrued and unpaid interest. Then, the A1, A2, A3, and A4 notes will receive pro rata payments of principal until the principal balance has been reduced to zero. The subordinate loans will then receive accrued and unpaid interest, in order of seniority, until the principal balance has been reduced to zero. Finally, the subordinate loans, in order of seniority, will receive payments of principal until the principal balances of the subordinated loans have been reduced to zero.

Terrorism Insurance Coverage

The lenders' policies on terrorism insurance generally require every property to have terrorism coverage to the extent available at commercially reasonable rates.

Appraisal Reports

Appraisal reports, in conformance with USPAP and FIRREA, were prepared for all of the loans. All such reports were

conducted in the past year, except for one report (0.1% of the pool balance), which was completed in the past 14 months.

Environmental Review

Phase I environmental studies were conducted for assets representing 100% of the pool balance. A phase II assessment was recommended for four properties related to loans representing 6.6% of the pool balance. For one property, the Plaza Del Centro loan (0.5% of the pool balance), the consultant recommended the remediation of contaminated soils. The estimated cost of remediation is \$36,255, for which the lender held back \$100,000. The remaining three phase II reports did not recommend any further required action at the current time.

Escrows totaling \$104,875 have been established for six properties (4.5% of the pool balance) to address actions that were recommended in the environmental reports, such as the establishment of asbestos operations and maintenance programs.

Phase I reports for 80 loans, representing 99.9% of the pool balance, were prepared in the 12-month period before the cutoff date.

Structural Review

Independent, licensed engineers prepared engineering reports for all of the collateral properties except the Wal-Mart Port Jefferson ground lease loan (99.8% of the pool balance). These reports identified both deferred maintenance items to be corrected immediately and long-term capital expenditure needs. Assets securing 51 loans, representing 52.6% of the total pool balance, were identified as needing immediate repairs, and escrows totaling \$3,509,899 were established at closing to remedy these items. Generally, the loan sellers' requirements for up-front, deferred maintenance reserves are 100%-125% of the recommended amount indicated in the reports.

All of the engineering reports were completed in the 12-month period before the cutoff date.

Seismic Review

Sixteen loans, representing 29.0% of the pool balance, are secured by properties located in seismic zones 3 or 4. One of these loans is collateralized by a portfolio of eleven properties, of which eight of the 11 properties are located in seismic zones 3 or 4. Seismic studies were completed for all properties in seismic zones 3 or 4. Of the properties for which seismic studies were conducted, none was determined to have a probable maximum loss (PML) in excess of 20%. Earthquake insurance was obtained for three properties, even though neither has a PML above 20%.

Hurricane and Flood Review

Fourteen of the mortgaged properties, securing 10.8% of the mortgage pool balance, are located in Florida or Texas, states that have historically been at greater risk than other states regarding acts of nature, such as hurricanes and tornadoes. Generally, the originators require wind insurance for all

properties in coastal areas. The loans secured by properties in Federal Emergency Management Agency-designated flood zones are required to comply with flood insurance regulations.

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Top Seven Loans

Ernst & Young Plaza

The largest loan in the pool, the Ernst & Young Plaza loan, has a cutoff balance of \$119.2 million (11.2% of the pool balance). The 10-year, fixed-rate loan bears an interest rate of 5.068%, amortizes on a 30-year schedule, and matures in February 2014. The loan is collateralized by a first mortgage lien on a 909,899 million-sq. ft., 41-story, class A office tower and a 311,541-sq. ft., three-level retail center, which also contains 1,596 parking spaces, in the Los Angeles financial district.

The property, designed by Skidmore, Owings & Merrill, was constructed in 1985 (office) and 1986 (retail), and renovated in 2000. The office portion is currently 92.4% occupied by multiple tenants at a weighted average rent of \$18.71 per sq. ft. Prominent tenants include Ernst & Young ('N.R.', 16.3% of the net rentable area (NRA), lease expiration in 2014); GSA ('AAA', 13.1% of NRA, lease expiration in 2012); and Pillsbury Winthrop (N.R., 7.7% of NRA, lease expiration in 2010). The retail portion is currently 71.1% occupied, with most of the vacancy attributable to an 87,588-sq. ft. Bullocks Department store, which has been vacant since 1997. The retail portion of the property is currently 96.7% occupied, excluding the Bullocks Department store space.

The borrower is a bankruptcy-remote SPE. The sponsor of the borrower is Trizec Holdings Inc., which is the operating partnership for Trizec Properties Inc, a public REIT. Trizec Properties Inc. is one of the largest owners and managers of commercial office properties in North America, with interests in 64 office properties totaling approximately 42.5 million sq. ft. The property is managed by an affiliate of the borrower. The loan is structured with a hard lockbox for cash management.

The following points summarize Standard & Poor's cash flow analysis assumptions for this loan:

- Underwritten rents were based on leases in place as of March 2004;
- Reimbursements were underwritten based on the trailing-12-months recovery rate;
- No additional vacancy was taken;
- Operating expenses were based on historical levels;
- A management fee of \$1 million was assumed;
- Replacement reserves were underwritten at \$0.35 per sq. ft. for the office space and \$0.25 per sq. ft. for the retail space;
- TI allowances were estimated at \$10.00 per sq. ft. for new space and \$5.00 per sq. ft. per sq. ft. for renewal space for both the office and retail space. The weighted average in-place rent was \$18.71 per sq. ft. and \$22.38 per sq. ft. for the office and retail space, respectively;
- LCs were estimated at 4% for new space and 2% for

- renewal space;
- A weighted average lease term of 10.5 years and 7.1 years for office and retail space, respectively, was assumed based on leases in place;
- Given the tenant composition and leases in place, a renewal probability of 65% was assumed;
- Based on these assumptions, Standard & Poor's overall NCF variance was 8.4%;
- Standard & Poor's applied a capitalization rate of 9.00% to NCF, yielding a value of \$169.0 million, or \$146 per sq. ft.; and
- The quality score for this asset is 2.50, an above-average score.

This loan exhibits the following strengths:

- Leases in place are currently more than 15% below current market levels, providing for significant upside in cash flow upon rollover;
- The loan exhibits credit characteristics consistent with an 'A-' rated obligation;
- The property is class A, with superior finishes and high quality amenities;
- The property is well located on the city's primary north/south artery, Figueroa Street, in the heart Los Angeles's central business district (CBD) and is easily accessible from the Harbor Freeway and the Metro Rail 7th Street subway station on the building's northeast corner; and
- The subject benefits from well-capitalized sponsorship and experienced management.

This loan exhibits the following concerns and mitigating factors:

- Robinson-May had a cotenancy provision, which was triggered when Bullocks department store vacated in 1997. Such provision allows for Robinson-May to close its store with 270 days written notice. If it departs, the borrower must purchase the Robinson-May improvements. This concern is mitigated by Robinson-May having chosen not to exercise this right over the past seven years, having strong sales, and having a low occupancy cost. There is also a \$3.6 million holdback in place covering the estimated cost of the Robinson-May improvements; and
- Upon meeting certain conditions, the borrower may release the portion of the property consisting of the space formerly occupied by Bullocks from the mortgage lien. However, no value was attributed to this space in Standard & Poor's underwriting analysis.

11 Madison Avenue

The second-largest loan in the pool is the 11 Madison Avenue loan, with a trust balance of \$95.6 million, including a \$82.0 million pooled component ('AAA', 7.7% of the pool balance) and a \$13.6 million subordinate nonpooled component ('BBB-') that will be sold as a separate rake bond. The whole loan consists of a \$430 million A note, which has been divided into four pari passu pieces. The first piece, a \$143.3 million A1 note, was

contributed to the Wachovia Bank Commercial Mortgage Trust 2004-C10 transaction. The second piece, A2, sized at \$95.6 million, was contributed to the Wachovia Bank Commercial Mortgage Trust 2004-C11 transaction. The third piece, A3, sized at \$95.6 million, is being contributed to the trust, and the fourth piece, the A4 note, sized at \$95.6 million, is expected to be contributed to a future transaction. In addition to the pari passu A notes, the mortgage is also evidenced by three subordinate pieces: a \$10.0 million B note, a \$37.5 million C note, and a \$37.5 million D note, which are not assets of the trust. The total debt balance of the 11 Madison Avenue loan is \$515 million. The 5.3043% fixed-rate A note, which is scheduled to mature Jan. 11, 2014, has a 10-year term and amortizes on a 30-year schedule. The loan is secured by a first mortgage on 11 Madison Avenue, located on Madison Avenue between 24th and 25th Streets in Manhattan, N.Y. The property is a class A office building containing a total of 2,256,552 sq. ft. of space. The property was constructed in 1932 and substantially renovated in 1997. For the renovation, the former owner, MetLife, spent more than \$400 million (\$177 per sq. ft.), replacing the mechanical, electrical, and plumbing systems and all of the windows and the roof. The property offers floor plates ranging from 45,000 sq. ft. to 100,000 sq. ft.

The property serves as the world headquarters of Credit Suisse First Boston (CSFB, 'A+'). CSFB occupies 85.2% of the NRA and has leases for 64.2% of the NRA extending to 2017. CSFB began occupying 11 Madison Avenue in 1995 and invested \$300 million (\$133 per sq. ft.) in the property. The property's tower space consists of CSFB executive suites, including the office of the CEO. Other prominent tenants included IBM ('A+', 138,072 sq. ft., sublet from Aon); Omnicom ('A-', 95,557 sq. ft.); and Gould Paper ('N.R.', 46,318 sq. ft.). The property is currently 98.6% occupied, with tenants paying an average in-place rent of \$21.33 per sq. ft.

The sponsor of the bankruptcy-remote SPE borrower is Tamir Sapir, the owner of ZAR Realty Management Corp., which owns 4.0 million sq. ft. of New York properties. The property is managed by Cushman & Wakefield Inc. The loan has a hard lockbox for cash management.

The following points summarize Standard & Poor's underwriting assumptions for this loan:

- The analysis was bifurcated into a real estate component based on the value of the building at loan maturity and a credit-tenant component;
- Underwritten revenues in the real estate analysis were based on leases in place per the rent roll dated December 2003;
- Reimbursements in the real estate analysis were based on the tenant's contractual obligations;
- In the real estate analysis, percentage rent and other income were based on historical performance and the 2003 budget; the vacancy rate applied to the gross potential income for all tenants other than CSFB and Omnicom was 5.0%. A 1.0% vacancy rate was applied to the CSFB and Omnicom space. The property is currently

- 98.6% occupied;
- Reimbursement income was based on contractual obligations including parking rental income;
- A management fee of \$1.0 million was assumed;
- Underwritten operating expenses were based on the historical numbers;
- Additional underwritten operating expenses were based on the appraiser's estimate of real estate tax and insurance expenses;
- TI expenses were assumed to range from \$7.00-\$10.00 per sq. ft. for new leases and \$3.50-\$5.00 per sq. ft. for renewal leases in the real estate analysis. The CSFB space, leased until 2017, was excluded from the roll;
- LCs were assumed to be 4.0% for new leases and 2.0% for renewals;
- The average lease terms were assumed to range from 11.0-20.0 years based on the actual in-place lease terms in the real estate analysis;
- In the real estate analysis, a 65.0% renewal probability was assumed for non-CSFB tenants. A 80.0% renewal probability was assumed for 389,344 sq. ft. of CSFB space that expires in 2007;
- Capital reserves were assumed to be \$0.35 per sq. ft. in the real estate analysis;
- Based on these assumptions Standard & Poor's stabilized NCF variance was 0.0%;
- Standard & Poor's capitalized stabilized NCF using an 8.00% overall capitalization rate to achieve a value of \$611.2 million (\$271 per sq. ft.);
- The difference between the original loan amount and the balloon balance due at maturity was analyzed as a credit-tenant loan using Standard & Poor's credit-tenant model. This analysis was combined with the analysis for the real estate component to determine the capital structure for the whole loan; and
- The quality score for this asset was 2.0, an above-average score.

This loan exhibits the following strengths:

- The pooled component of the trust balance exhibits credit characteristics consistent with an 'AAA' rated obligation, while the nonpooled component of the trust balance exhibits credit characteristics consistent with a 'BBB-' rated obligation. However, the credit characteristics of the loan are dependent on the rating of CSFB ('A+'), the major tenant. Any changes to the rating of the tenant will affect the credit characteristics of the loan;
- The property has 64.2% of its space leased through 2017 to CSFB, a tenant rated 'A+' by Standard & Poor's;
- The property's in-place average rents of \$21.33 are significantly below market, as REIS Reports Inc.'s 2003 fourth-quarter submarket report stated asking rents of \$37.48;
- The property has benefited from extensive renovation, as \$700 million (\$310 per sq. ft.) has been spent by former owner MetLife and its main tenant, CSFB, during the past nine years; and
- The property benefits from a strong sponsorship and

experienced management.

This loan exhibits the following concern and mitigating factor:

- CSFB has a termination clause that allows it to release 528,730 sq. ft. of space in 2007. However, this risk is mitigated, as CSFB will have to pay a termination fee of \$32.0 million (\$14.18 per sq. ft.) if it terminates that space. In addition, CSFB invested \$133 per sq. ft. (equivalent to \$70.3 million for the cancelable space) to renovate the entire property in 1995. CSFB must give two years of notice prior to the termination date, and if it elects to terminate the space, the lender will begin to trap 100% of cash flow until the space is re-leased. The current in-place rent of the terminated space is significantly below market.

Extra Space Self Storage Portfolio

The third-largest loan in the pool, the Extra Space Self Storage Portfolio, has a whole-loan balance of \$61.8 million (5.8% of the pool balance). The interest-only, hyperamortizing loan has an anticipated repayment date in June 2009, is structured with a fixed interest rate of 4.30%, and matures in June 2014.

The portfolio consists of 11 cross-collateralized and cross-defaulted self-storage facilities, for an aggregate of approximately 784,929 sq. ft. of NRA and 7,513 units. Each facility contains regular storage and/or climate-controlled units, which are secured by a computerized access system. As of March 1, 2004, the occupancy rate for the portfolio was 87.4%.

Property	Location	Year built	Sq. ft.	Current occupancy (%)	Allocated loan balance (\$)
2870 Brunswick Pike	Lawrenceville, N.J.	1998	105,858	72.7	11,946,000
1110 Route 36	Hazlet, N.J.	1987	114,025	89.8	10,560,000
17575 South Western Avenue	Torrance, Calif.	1976	80,051	90.0	6,960,000
13050 & 13101 Northeast 16th Avenue	North Miami, Fla.	1995	73,747	90.7	5,848,000
5888 Northfront Road	Livermore, Calif.	2000	76,823	88.5	4,920,000
5120 San Fernando Road	Glendale, Calif.	1976	42,200	94.9	4,480,000
12830 Roselle Avenue	Hawthorne, Calif.	1992	47,915	88.5	3,840,000
155 West Club Center Drive	San Bernadino, Calif.	1985	61,585	91.2	3,376,000
775 South Mills Avenue	Claremont, Calif.	1983	47,760	93.6	2,624,000

5520 S 3915 W	Kearns, Utah	1993	72,750	87.1	2,520,000
TOTAL	--	--	784,929	87.4	61,770,000

The properties are located in California (seven properties, 50.0% of the NRA); New Jersey (two properties, 36.4% of NRA); Florida (one property, 9.5% of NRA); and Utah (one property, 4.1% of NRA).

The borrower for nine of the Extra Space Self Storage Portfolio loans is Extra Space Properties Twelve LLC. The borrowers for the remaining two loans are Extra Space of Lawrenceville LLC and Extra Space of Hazlet LLC. Each of the borrowers is structured as an SPE with a nonconsolidation opinion but without an independent director. The sponsor of each of the borrowers is Kenneth M. Woolley and Extra Space Storage LLC. Extra Space Storage LLC is a privately held self-storage operator with a geographically diverse portfolio of approximately 110 facilities in 15 states. The loan is structured with a springing lockbox for cash management.

The following points summarize Standard & Poor's underwriting assumptions for this loan:

- Effective gross income (EGI) for the properties was based on the lesser of in-place occupancy and the market occupancy;
- Operating expenses were based on historical averages;
- Management fees were underwritten at between 5% and 6% of EGI;
- Replacement reserves were estimated at between \$0.15 and \$0.45 per sq. ft.;
- This resulted in a NCF variance for the portfolio of mortgaged properties of 0.4%;
- The portfolio was valued by direct capitalization of NCF using cap rates ranging between 10.25% and 10.5%, with an overall portfolio weighted average capitalization rate of 10.37%. This resulted in an aggregate value of \$54.0 million (\$7,181 per unit, \$69 per sq. ft.); and
- The weighted average quality score for these assets is 3.00, an average score.

This loan exhibits the following strength:

- The collateral consists of 11 cross-collateralized properties spread over several different markets.

This loan exhibits the following concern and mitigating factor:

- Standard & Poor's considers self-storage facilities a relatively less stable property type because of the limited barriers to entry in the market and a disproportionate share of income derived from ancillary sources such as sales of packing material and boxes. The volatility of the asset was taken into consideration via more conservative capitalization rates and capital structure assumptions.

1130 Connecticut Avenue

The fourth-largest loan in the pool, the 1130 Connecticut Avenue loan, has a cutoff balance of \$58.5 million (5.5% of the pool balance). The hyperamortizing loan has an anticipated repayment date in May 2011, is structured with a fixed interest rate of 5.29%, and matures in May 2024. The loan is interest only for the first 24 months of the term.

The loan is collateralized by a first mortgage lien on a 218,738-sq. ft. office property located in Washington, D.C. The subject office property was constructed in 1986 and was substantially renovated in 1996. The property is 86.1% leased by multiple tenants (at an average rent of \$38.86 per sq. ft. on a gross basis). The largest tenant, American Insurance Association Inc., occupies 20.4% of the space and contributes 21.1% of the gross potential rent (GPR) and recently extended its lease, which runs through December 2008.

The lender held back \$7.0 million until two tenants, Global Industries and an investment-grade ground floor retail tenant, have signed leases and/or moved in, accepted their space, and/or begun paying rent. Recently, Global Industries has signed its lease and is subsequently now expected to move in and begin paying rent by the end of August 2004. The lender made a \$7.0 million subordinate interest-only loan with a term of one year and a 12% interest rate. The subordinate debt will be repaid as the \$7.0 holdback is released. If the tenants do not move in within 12 months of closing, the reserve amount will be held as additional collateral for the first mortgage.

The borrower is a bankruptcy-remote SPE with a nonconsolidation opinion and an independent director. The sponsor of the borrower is Penzance Properties, a Washington, D.C.-based real estate firm that owns, develops, and manages office, industrial, and retail properties. Victor and Julia Tolkan established the firm in the mid 1990s. An affiliated entity manages the property. The loan is not structured with a cash management agreement.

The following points summarize Standard & Poor's cash flow analysis assumptions for this loan:

- Underwritten rents were based on the leases in place as of March 2004, with the vacant space grossed up at the weighted average in-place rent per sq. ft. The subject property is currently 86.1% leased;
- Expenses reimbursement income was based on historical performance and the tenants' in-place contractual obligations;
- Operating expenses were based on historical levels;
- A management fee of 4% of EGI was assumed;
- Replacement reserves were underwritten at \$0.35 per sq. ft.;
- TI allowances were estimated at \$15.00 per sq. ft. for new space and \$5.00 per sq. ft. for renewal space. Weighted-average in-place rent was \$36.72 per sq. ft.;
- LCs were estimated at 4% for new space and 2% for renewal space;
- A weighted-average lease term of 12.0 years was

assumed based on in-place leases;

- A 65.0% renewal probability was assumed for all tenants;
- Based on these assumptions, Standard & Poor's overall NCF variance was 5.6%;
- Standard & Poor's applied a capitalization rate of 8.75% to NCF and added a \$2.2 million up-front TI/LC reserve and \$4.0 million available for leasing up vacant space, yielding a value of \$54.8 million, or \$251 per sq. ft.; and
- The quality score for this asset is 2.75, an above-average score.

This loan exhibits the following strengths:

- The property is well located on Connecticut Avenue in the Washington, D.C. CBD; and
- The property has been well maintained and is in very good condition.

This loan exhibits the following concern and mitigating factor:

- There is \$7 million subordinate debt secured by the property. The subordinate debt was taken into consideration when sizing the capital structure for the loan.

Crossroads Plaza

The fifth-largest loan in the pool, the Crossroads Plaza loan, has a cutoff balance of \$57.5 million (5.4% of the pool balance). The whole loan bears interest at a fixed rate of 4.92% and matures in May 2014. The loan is secured by a 476,150-sq. ft. power center located in Cary, N.C., approximately eight miles southwest of the Raleigh, N.C. CBD. A majority of the subject was developed in 1991 by a joint venture between New Market Development and New York Life Insurance, with the final construction completed in 1998. Major tenants at the center include Best Buy ('BBB', lease expires in 2006, 10.8% of NRA); Steinmart ('N.R.', lease expires in 2006, 7.6% of NRA); Office Max ('N.R.', lease expires in 2007, 5.9% of NRA); Marshall's ('A', lease expires in 2008, 5.7% of NRA); Michael's ('BB+', lease expires in 2010, 5.6% of NRA); and Old Navy ('BB+', lease expires in 2006, 5.6% of NRA). The center was 99.4% leased as of March 2004 by 72 tenants paying a weighted average base rent of \$13.02 per sq. ft. Center sales were not available; however, individual tenant sales as of 2003 were provided, including Steinmart, with sales of \$150 per sq. ft.; Old Navy, with sales of \$467 per sq. ft.; and Best Buy, with sales of \$830 per sq. ft. National in-line tenants include Linens 'N Things ('N.R.');

Bath & Body Works ('N.R.');

Dress Barn ('N.R.');

GNC ('N.R.').

The borrower is a bankruptcy-remote SPE with a nonconsolidation opinion and independent director and is controlled by Ronald deWaal and Ronus Inc., Mr. DeWaal's U.S. real estate arm of his European investment group. Ronus is a full-service real estate firm with significant real estate experience in asset management, property management, leasing, marketing, and construction management. Ronus has a real estate portfolio totaling more than 4 million sq. ft. of retail space and 254,000 sq. ft. of office space. The property is

managed by an affiliate of the borrower. The loan is structured with a hard lockbox for cash management.

The following points summarize Standard & Poor's underwriting assumptions for this loan:

- Underwritten revenues were based on leases in place per the March 2004 rent roll, with vacant space grossed up at the weighted average in place rent;
- Common area maintenance, real estate tax, and insurance reimbursements were based on historical recovery percentages and occupancy levels;
- Vacancy was underwritten at 5.0%, which is greater than the Cary submarket vacancy rate of 3.0%;
- Operating expenses were based on historical results;
- A management fee of 5.0% of EGI was assumed;
- TI allowances were estimated to be \$3.00 per sq. ft. for new space and \$1.50 per sq. ft. for renewal space for anchor tenants, and \$6.00 per sq. ft. for new space and \$3.00 per sq. ft. for renewal space for in-line tenants;
- LCs were estimated at 4.0% for new space and 2.0% for renewal space;
- A renewal probability of 65.0% was assumed;
- A lease term of 6.3 years was assumed for anchor tenants and 7.7 years were assumed for in-line tenants;
- Replacement reserves were underwritten at \$0.15 per sq. ft.;
- Based on these assumptions, Standard & Poor's overall NCF variance for the center was 0%;
- Standard & Poor's applied a capitalization rate of 9.00% to NCF, yielding a value of \$55.9 million or \$117 per sq. ft.; and
- The quality score for this asset was 3.00, an average score.

This loan exhibits the following strengths:

- The subject is located within a strong retail market with a submarket vacancy of 3%;
- The property is well located at the intersection of I-40/440 and U.S. Routes 1 and 64 and benefits from good visibility;
- The subject benefits from a low in-line occupancy cost of 9.30%; and
- The loan benefits from strong sponsorship and management.

This loan exhibits the following concern and mitigating factor:

- Three major tenants (Best Buy, Steinmart, and Old Navy), representing 23.7% of the NRA and 15.8% of the GPR, will roll in 2006. However, each of these tenants has remaining renewal options in its lease and experiences low occupancy costs and strong sales: Best Buy has 2003 sales of \$830 per sq. ft. and an occupancy cost of 1.1%; Steinmart has 2003 sales of \$150 per sq. ft. and an occupancy cost of 5.3%; and Old Navy has 2003 sales of \$467 per sq. ft. and an occupancy cost of 3.6%.

24 West 57th Street

The sixth-largest loan in the pool, the 24 West 57th Street loan, has a cutoff balance of \$35.0 million (3.3% of the pool balance). The five-year, fixed-rate loan requires payments of interest only for the first two years, amortizes thereafter on a 30-year schedule, and matures in June 2009. The loan is collateralized by a first mortgage lien on a 100,334-sq. ft. office property, known as the Gallery Building, located in New York City. The subject property was constructed in 1920 and renovated in 2002. The building has frontage and separate lobbies on both West 56th and 57th Streets. The West 57th Street frontage has a multilevel restaurant with ground, mezzanine, lower level, and basement space. The second through ninth floors serve as space for art galleries, which account for approximately 60% of the NRA, fashion-related tenants (30.0%), and medically related tenants (60.0%). As of May 2004, the property was 95.3% occupied by multiple tenants at an average rent of \$41.96 per sq. ft. The three largest tenants are B.E. West 56th Street LLC (doing business as Beacon Restaurant, 'N.R.', 13.5% of NRA, lease expires in 2018); The Timberland Co. ('N.R.', 11.4% of NRA, lease expires in 2011); and Multiples Inc. ('N.R.', 9.8% of NRA, lease expires in 2008).

The borrower is an SPE, but is not bankruptcy remote. The sponsors of the borrower are Ralph and Marilyn Sitt and Sharon Sutton. Sitt Asset Management LLC owns and manages approximately 1.5 million sq. ft. of commercial space throughout the U.S. Most notably, it manages 469 7th Avenue, 240 W. 40th, 1369 Broadway, and 1370 Broadway, all office buildings in New York City. An affiliate of the borrower manages the property. The loan is structured with a soft lockbox for cash management.

The following points summarize Standard & Poor's cash flow analysis assumptions for this loan:

- Underwritten rents were based on leases in place as of May 2004;
- Reimbursements were underwritten based on the appraiser's estimates;
- Given the tenant composition, leases in place, and location, a vacancy of 5.0% of EGI was assumed;
- Operating expenses were based on historical levels;
- A management fee of 4% of EGI was assumed;
- Replacement reserves were underwritten at \$0.35 per sq. ft.;
- TI allowances were estimated at \$12.00 per sq. ft. for new space and \$6.00 per sq. ft. for renewal space for office tenants, and \$10.00 per sq. ft. for new space and \$5.00 per sq. ft. for renewal space for retail tenants. Weighted average in-place rent was \$37.56 per sq. ft. for office tenants and \$78.77 for retail tenants;
- LCs were estimated at 4% for new space and 2% for renewal space;
- A lease term of 12 years was assumed for office tenants and seven years was assumed for retail tenants;
- A renewal probability of 65% was assumed;
- Based on these assumptions, Standard & Poor's overall

NCF variance was 5.6%;

- Standard & Poor's applied a capitalization rate of 8.75% to NCF, yielding a value of \$32.1 million, or \$320 per sq. ft.; and
- The quality score for this asset is 2.75, an above-average score.

This loan exhibits the following strengths:

- The property is well located on the south side of West 57th Street between Fifth Avenue and Avenue of the Americas in the Plaza District of New York City; and
- The property benefits from excellent access through an integrated public transportation system, with three subway lines within a few blocks and within walking distance of Grand Central Terminal.

This loan exhibits the following concern and mitigating factor:

- The subject property was built in 1920 and is nearly 85 years old. However, the subject was renovated in 2002, is well maintained, and competes effectively with other properties, as evidenced by its current occupancy of 95%.

Eastdale Mall

The seventh-largest loan in the pool, the Eastdale Mall loan, has a cutoff balance of \$32.6 million (3.1% of the pool). The 10-year, fixed-rate loan amortizes on a 30-year schedule and matures in March 2014. The loan is secured by a first mortgage on 485,772 sq. ft. of a 663,199-sq. ft. regional mall located in Montgomery, Ala. The center was built in 1977 and renovated in 2001 at a cost of \$5.5 million (\$11.32 per sq. ft.). The mall is anchored by Sears ('BBB', lease expires in 2009, 29.5% of NRA, sales of \$234 per sq. ft. in 2003); Parisian Women's ('BB', lease expires in 2015, 14.2% of NRA, sales of \$176 per sq. ft. in 2003); Parisian Men's ('BB', lease expires in 2015, 12.1% of NRA, sales of \$118 per sq. ft. in 2003); and Dillard's ('BB', anchor owned). The mall contains 185,385 sq. ft. of in-line retail space and an eight-screen movie theater. The current in-line occupancy is 91.3% as of May 2003, and national in-line tenants include The Gap/Gap Kids ('BB+'), Lerner New York, Express, The Shoe Dept, and Victoria's Secret ('BBB+'). Construction of a 95,027-sq. ft. J.C. Penney and an additional 35,345 sq. ft. of in-line space that will not be collateral for the loan is in progress at the subject, with completion expected in 2005. Comparable in-line sales for 2002 were \$286 per sq. ft., with occupancy costs of 6.2%.

The borrower, Eastdale Mall LLC, is structured as an SPE with a nonconsolidation opinion but no independent director. The sponsor of the borrower, Aronov Inc., owns, manages, and has developed more than 100 properties in the southeastern U.S., including 13 shopping centers. The loan is structured with a springing lockbox for cash management.

The following points summarize Standard & Poor's underwriting assumptions for this loan:

- Underwritten revenues were based on leases in place per the rent roll dated May 2004, with vacant space grossed up at the weighted average in-place rents;
- Reimbursements were based on the historical recovery percentages;
- Percentage rent was based on historical levels;
- A 10% vacancy was assumed against all in-line tenants;
- Operating expenses were based on historical levels;
- A management fee of 5.0% of EGI less reimbursements was assumed;
- TI allowances were estimated to be \$2.00 per sq. ft. for new space and \$1.00 per sq. ft. for renewal space for anchor tenants, \$8.00 per sq. ft. for new space and \$4.00 per sq. ft. for renewal space for in-line space, and \$2.00 per sq. ft. for new space and \$1.00 per sq. ft. for renewal space for theater space;
- LCs were estimated at 4% for new space and 2% for renewal space;
- A renewal probability of 65.0% was assumed for anchor and in-line tenants, and 60% was assumed for the theater tenant;
- A lease term of 30.5 years was assumed for anchor tenants, 8.6 years for in-line tenants, and 8.0 years for the theater tenant;
- Replacement reserves were underwritten at \$0.25 per sq. ft. of collateral GLA;
- Based on these assumptions, Standard & Poor's overall NCF variance for the center was 0.0%;
- Standard & Poor's applied a capitalization rate of 8.75% to NCF, yielding a value of \$44.8 million (\$92 per sq. ft.); and
- The quality score for this asset was 3.0, an average score.

This loan exhibits the following strengths:

- The loan exhibits credit characteristics consistent with a 'BBB' rated obligation;
- Eastdale Mall is considered the dominant shopping center within an 85-mile radius; and
- The mall benefits from strong sponsorship and management.

This loan exhibits the following concern and mitigating factor:

- Eastdale Mall, built in 1977, is an older property. However, the property is outperforming its competition and is considered the dominant retail location in Montgomery. In addition, the subject underwent a \$5.5 million renovation in 2002 to upgrade the floors, ceilings, lighting, and restrooms.

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Credit Evaluation

The following tables provide further analysis of the cash flow and valuation of the various property types, the top 10 loan characteristics, and Standard & Poor's DSC and LTV stratification ranges.

Table 2 - Cash Flow Analysis and Valuation							
Property type	% of pool	DSC (x)	% NCF difference*	Capitalization rate (%)	Beginning LTV (%)	Ending LTV (%)	Value per unit/sq. ft. (\$)
Multifamily	14.0	1.43	0.3	8.67	98.1	87.7	64,266
Retail	27.7	1.51	1.8	9.14	91.2	71.2	131
Office	41.9	1.58	4.4	8.77	83.9	74.6	193
Hotel	2.1	2.10	0.0	12.0	79.4	60.5	68,914
Industrial	5.5	1.32	4.6	9.25	104.3	87.0	45
Mobile-home park	1.3	1.35	1.9	9.00	100.7	83.1	31,883
Self-storage	6.8	2.03	0.4	10.37	111.6	109.2	7,326
Mixed-use	0.5	1.58	4.4	8.77	83.9	74.6	193
Land	0.2	3.02	0.2	9.00	31.1	0.3	65
Total	100.0	1.58	2.7	9.06	90.3	77.6	--

*Difference between Standard & Poor's estimated NCF and underwriter's estimated NCF as a percentage of underwriter's estimated NCF. DSC—Debt service coverage ratio. NCF—Net cash flow.

Table 3 - Top 10 Loans								
Property name	Property type	% of pool	DSC (x)	% NCF diff.*	Cap rate (%)	Beg. LTV (%)	End. LTV (%)	Value per unit/sq. ft. (\$)
Ernst & Young Plaza	Office (retail)	11.2	1.95	8.43	9.00	70.60	58.51	146
11 Madison Avenue	Office (CBD)	7.7	1.81	0.00	8.00	60.41	55.96	271
Extra Space Self Storage Portfolio	Self-storage	5.8	2.11	0.37	10.37	114.49	114.49	7,181
1130 Connecticut Avenue	Office (CBD)	5.5	1.15	5.64	8.75	106.74	98.87	251
Crossroads Plaza	Retail (anchored)	5.4	1.35	0.00	9.00	102.82	88.80	117
24 West 57th Street	Office (CBD)	3.3	1.16	5.57	8.75	108.89	104.66	320
Eastdale Mall	Regional mall	3.1	1.77	0.00	8.75	72.71	60.67	92
One Riverview Square	Office (CBD)	2.8	1.38	0.00	9.25	84.55	78.89	240
Pointe at Wellington	Retail (shadow anchored)	2.1	1.60	3.86	9.75	82.00	70.46	209
Hampton Bays Town Center	Retail (anchored)	1.9	1.62	5.06	9.01	85.95	74.47	232
Weighted avg.	--	48.9	1.66	3.36	8.99	86.46	78.22	0

*Difference between Standard & Poor's estimated NCF and underwriter's estimated NCF as a percentage of underwriter's estimated NCF. DSC—Debt service coverage ratio. NCF—Net cash flow. CBD—Central business district.

Table 4 - Standard & Poor's DSC Range

DSC range (x)	No. of loans	Loan balance (\$)	% of pool
>1.65	14	393,882,417	37.0
1.55 to 1.65	6	68,679,285	6.5
1.50 to 1.54	5	39,375,882	3.7
1.45 to 1.49	4	28,754,396	2.7
1.40 to 1.44	11	72,746,599	6.8
1.35 to 1.39	4	41,631,478	3.9
1.30 to 1.34	9	110,299,838	10.4
1.25 to 1.29	7	45,324,885	4.3
1.20 to 1.24	14	123,946,927	11.7
1.15 to 1.19	5	76,020,219	7.2
1.10 to 1.14	2	62,485,457	5.9
1.05 to 1.09	0	0	0.0
1.04 to 1.00	0	0	0.0
0.00 to 1.00	0	0	0.0
Total	81	1,063,147,382	100.0

DSC—Debt service coverage ratio.

Beginning LTV range (%)	No. of loans	Loan balance (\$)	% of pool
<50	1	2,590,240	0.2
50 to 60	1	8,000,000	0.8
61 to 70	3	94,178,052	8.9
71 to 75	4	171,994,596	16.2
76 to 80	4	28,654,474	2.7
81 to 85	7	82,880,680	7.8
86 to 90	10	92,023,008	8.7
91 to 95	13	86,432,477	8.1
96 to 100	16	106,629,596	10.0
>100	22	389,764,260	36.7
Total	81	1,063,147,382	100.0

Ending LTV range (%)	No. of loans	Loan balance (\$)	% of pool
Fully amortizing loans	6	32,501,121	3.1
0 to 50	3	14,768,292	1.4
51 to 60	6	214,053,874	20.1
61 to 70	7	81,582,833	7.7
71 to 75	9	93,588,086	8.8
76 to 80	12	99,621,576	9.4
81 to 85	16	115,252,819	10.8
86 to 90	8	119,538,382	11.2
91 to 95	6	62,815,400	5.9
96 to 100	3	84,225,000	7.9
>100	5	145,200,000	13.7
Total	81	1,063,147,382	100.0

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