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Presale: J.P. Morgan Chase Commercial Mortgage Securities Corp. 2005-LDP2

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This presale report is based on information as of May 27, 2005. 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 May 27, 2005			
Class	Preliminary rating*	Preliminary amount (\$)	Recommended credit support (%)
A-1	AAA	99,580,000	30.000
A-2	AAA	257,128,000	30.000
A-3	AAA	459,286,000	30.000
A-4	AAA	562,550,000	30.000
A-SB	AAA	155,232,000	30.000
A-1A	AAA	568,407,000	30.000
A-M	AAA	300,311,000	20.000
A-J	AAA	117,726,000	12.750
A-JFL	AAA	100,000,000	12.750
B	AA+	18,769,000	12.125
C	AA	41,292,000	10.750
D	AA-	26,277,000	9.875
E	A+	26,277,000	9.000
F	A	30,031,000	8.000
G	A-	26,277,000	7.125
H	BBB+	45,046,000	5.625
J	BBB	30,031,000	4.625
K	BBB-	37,538,000	3.375
L	BB+	11,261,000	3.000
M	BB	15,015,000	2.500
N	BB-	11,261,000	2.125
O	B+	7,507,000	1.875
P	B	7,507,000	1.625
Q	B-	11,261,000	1.250

N.R.	N.R.	37,548,799	N/A
X-1¶	AAA	3,003,118,799§	N/A
X-2¶	AAA	2,933,023,000§	N/A
*The rating of each class of securities is preliminary and subject to change at any time. ¶Interest-only. §Notional amount. N.R.—Not rated. N/A—Not applicable.			

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Profile

Expected closing date: June 22, 2005.

Collateral: 291 loans secured by 305 properties.

Underwriters: J.P. Morgan Securities Inc., ABN AMRO Inc., Nomura Securities International Inc., and Deutsche Bank Securities Inc.

Mortgage loan sellers: JPMorgan Chase Bank, N.A., Nomura Credit & Capital Inc., Eurohypo AG, New York Branch, LaSalle Bank N.A., and Artesia Mortgage Capital Corp.

Depositor: J.P. Morgan Chase Commercial Mortgage Securities Corp.

Master servicer: Wachovia Bank, N.A.

Special servicer: LNR Partners Inc.

Trustee: Wells Fargo Bank N.A.

Paying agent: LaSalle Bank N.A.

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Rationale

The preliminary ratings assigned to J.P. Morgan Chase Commercial Mortgage Securities Corp.'s \$3.0 billion commercial mortgage pass-through certificates series 2005-LDP2 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. Class A-1, A-2, A-3, A-4, A-SB, A-M, A-J, A-JFL, B, C, D, E, F, and X-2 are currently being offered publicly. Standard & Poor's Ratings Services' analysis of the portfolio determined that, on a weighted average basis, the pool has a debt service coverage (DSC) of 1.51x, a beginning LTV of 97.4%, and an ending LTV of 86.6%. Unless otherwise indicated, pool balances and statistics do not include seven B notes that have not been contributed to the trust, but are related to A/B loans having A notes included in the pool.

Strengths

The transaction exhibits the following strengths:

- Three loans (5.9% of the pool balance) have trust balances with credit characteristics consistent with obligations rated investment-grade by Standard & Poor's: Gateway Plaza I & II ('A-', 3.3%); The Russ Building ('BBB-', 2.0%); and Four Peaks ('BBB-', 0.6%);
- Relatively stable property types make up 28.5% of the pool

- balance: multifamily (21.4%), industrial/warehouse (5.4%), and manufactured housing (1.7%);
- Loans representing 99.0% of the pool balance are made to borrowers structured as special-purpose entities (SPEs). Of these, loans representing 37.0% have a nonconsolidation opinion, and loans representing 29.9% of the pool balance have both a nonconsolidation opinion and an independent director; and
- The weighted average quality score for the inspected properties is 2.77, an above-average score on the Standard & Poor's scale of 1 (highest) to 5 (lowest).

Concerns and mitigating factors

This transaction exhibits the following concerns and mitigating factors:

- Loans representing 18.1% of the pool balance have existing subordinate debt or permit the borrower to incur future subordinate debt. All existing and potential secondary debt has been factored into the subordination levels. Additionally, all future debt is conditional upon meeting specific DSC and LTV hurdles, requires rating agency consent, and/or is subject to subordination and standstill agreements;
- The pool is geographically concentrated, with 38.7% of the mortgage properties concentrated in four states, including Texas (11.7%), California (10.9%), Florida (8.9%), and New York (7.2%). The California assets are regionally distributed across Northern California (2.7%) and Southern California (8.2%). The remaining assets are dispersed throughout 37 states and the District of Columbia, with no other state concentration exceeding 5% of the pool balance. Standard & Poor's considered geographic concentration when determining credit support levels for this transaction; and
- The pool has asset concentrations in retail (34.9%) and office properties (34.7%). Furthermore, Standard & Poor's considers office properties to be a more volatile asset type. The capital structure for these loans takes into account the property type, and the credit support levels for the trust pool take into account asset class concentrations.

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Pool Characteristics

Collateral description

- The pool contains 291 conventional fixed-rate mortgage loans, or loan groups, secured by liens on 305 properties. Standard & Poor's considered groups of cross-collateralized and cross-defaulted loans as one loan. By property type, the pool has the following concentrations: office (34.7%), retail (34.9%), multifamily (21.4%), industrial/warehouse (5.4%), hotel (0.5%), self-storage (1.4%), and manufactured housing (1.7%);
- The pool contains 45 properties leased to single tenants (15.5%). Twenty-seven of these properties (8.4% of the pool) are leased to tenants rated investment-grade ('BBB-' or higher), and 34 single-tenant properties (9.2%) have lease terms that extend beyond the loan term;
- Loans representing 99.0% of the pool balance are made to borrowers structured as SPEs. Of these, loans representing

- 37.0% have a nonconsolidation opinion, and loans representing 29.9% of the pool balance have both a nonconsolidation opinion and an independent director; and
- Lockboxes are in place for 81 loans representing 45.2% of the pool balance. Among these, 20 loans (8.6%) have hard lockboxes, 30 loans (22.4%) have soft lockboxes, and 11 loans (14.2%) have springing lockboxes. Generally, the springing lockboxes are generally triggered by specific DSC conditions or a specific tenant event, in addition to a default or an anticipated repayment date.

Reserves

Loans representing 66.0% of the pool balance require borrowers to fund ongoing real estate tax reserves. Ongoing insurance premium reserves are required for loans representing 62.3% of the pool balance, and ongoing capital expenditure reserves are required for loans representing 50.5% of the pool balance.

Loans representing 38.5% of the pool balance require borrowers to fund up-front deferred maintenance reserves.

Up-front tenant improvement allowances and leasing commission (TI/LC) reserves are required for loans that make up 13.8% of the pool balance representing office, retail, and industrial properties. Ongoing TI/LC reserves are required for loans that make up 27.6% of the pool balance representing office, retail, and industrial properties.

Geographic diversity

The pool consists of 305 properties in 41 states and the District of Columbia. The highest concentrations are in Texas (11.7%), California (10.9%), Florida (8.9%), and New York (7.2%). The California assets are regionally distributed across Northern California (2.7%) and Southern California (8.2%). The remaining assets are dispersed throughout 37 states and the District of Columbia, with no other state concentration exceeding 5% of the pool balance.

Loan sellers

JPMorgan Chase Bank contributed 92 loans or loan groups (41.9%), Nomura contributed 75 loans (18.5%), Eurohypo contributed 30 loans (17.0%), LaSalle contributed 59 loans (12.5%), and Artesia contributed 35 loans (10.0%).

Loan origination dates

Loans representing 100.0% of the pool balance were originated in the past 12 months.

Hyperamortizing loans

Ten loans (2.4%), including one interest-only (IO) loan (0.3%), were structured as hyperamortizing loans. Seven of these loans (2.1%) are structured with a hard or springing lockbox.

Interest-only loans

Forty-three loans (24.4%) are IO during the life of the loan, and 72 loans (39.5%) have an IO period.

Collateral quality

Based on Standard & Poor's analysis, the pool has a DSC of 1.51x on a weighted average coupon of 5.38%. 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 4.03%. This decrease reflects adjustments to rental rates, occupancy levels, operating expenses, capital expenditure reserves, and TI/LCs.

Standard & Poor's weighted average beginning LTV is 97.4%, and the ending LTV is 86.6%. The weighted average capitalization rate applied to the Standard & Poor's NCF is 8.88%. The capitalization rate is a function of asset type, quality, tenancy, position in the competitive set, and current and future market conditions.

Standard & Poor's inspected assets representing approximately 49% of the overall pool and analyzed and valued properties representing approximately 63% of the overall pool balance. The weighted average quality score assessment for the inspected properties was 2.77, which is an above-average score on Standard & Poor's scale of 1 (highest) to 5 (lowest).

Borrower concentrations

The largest sponsor is the Inland Real Estate Group of Companies, which sponsors 10 properties, including Gateway Plaza I & II (3.3%), in total representing 8.0% of the pool balance. The top five borrower concentrations, including affiliated entities, make up 29.9% of the pool balance, and the top 10 borrower concentrations account for 40.7% of the pool balance. The top 10 borrowers (37.0%) are all structured as bankruptcy-remote SPEs with nonconsolidation opinions and independent directors.

The largest loan in the pool is the City Place loan, which accounts for 4.2% of the pool balance. The top five loans make up 16.1% of the pool balance, and the top 10 loans constitute 25.4% of the pool balance. In addition, two of the top 10 loans have trust balances that show credit characteristics consistent with obligations rated investment-grade ('BBB-' or higher): Gateway – Salt Lake City ('A-', 3.3%) and The Russ Building ('BBB-', 2.0%).

Bankruptcy issues

Eight loans (2.1%) were made to borrowers with members or affiliates that have previously filed for bankruptcy. All of the bankruptcies have been resolved. All of these borrowers have been structured as SPEs, but none of these borrowers is structured as bankruptcy remote with an independent director and a nonconsolidation opinion. Furthermore, one of these loans (0.3%) has been structured with a springing lockbox for cash management.

Leasehold interests

Eleven loans (5.4%) are secured in whole or in part by a leasehold interest in the underlying property. All of the leasehold interests afford the lender notice and cure rights. All of these loans are secured by leases that have ultimate terms that extend at least 20 years beyond the loan maturity.

Tenancies in common

Fifteen loans (4.2%) are owned by individuals or entities as tenants in common (TIC). These generally conform to Standard & Poor's criteria regarding TICs.

Additional indebtedness

Seven loans (1.7%) have existing secured secondary debt in the form of a subordinate B note. The subordinate B notes are held outside of the trust, and each of these loans is subject to an intercreditor agreement. 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.

Sixteen loans, the Milestone Properties (7.6%), have existing mezzanine debt that is secured by a pledge of the equity interest in the related mezzanine borrower. In addition, these loans permit the borrowers to incur secured subordinate second mortgages subject to maximum LTV (80%) and DSC (1.15x) thresholds. Additional secured debt is subject to a subordination and standstill agreement and rating agency confirmation.

Three additional loans (2.6%) have existing mezzanine debt that is secured by a pledge of the equity interest in the related mezzanine borrower.

One loan, Newport Apartments (0.1%), permits the borrower to incur future secured and/or unsecured debt subject to LTV and DSC thresholds equal to the values at closing.

One loan, Palm Brook Corporate Center (0.2%), permits the borrower to incur future secured and/or unsecured debt subject to LTV and DSC thresholds equal to the values at closing.

Eleven loans (5.9%) permit the borrower to incur future mezzanine debt.

All existing and potential future additional debt has been factored into the subordination levels.

Environmental review

Phase I environmental studies for 296 loans (99.6% of the pool balance) were completed in the 12-month period before the cutoff date. One phase I study (0.1%) was completed within 17 months before the cutoff date. For the remaining four properties (0.3%), environmental desktop reviews (Vista Database) were performed in lieu of phase I reports. All of these desktop reviews were completed in the 12-month period before the cutoff date.

A phase II assessment was recommended for eight properties related to loans representing 2.7% of the pool balance. For five of these properties (1.9%), the consultants recommended no further action, or they recommended actions to cure environmental concerns that have already been resolved.

For the Barclay Farms Shopping Center loan (0.3%), the phase II revealed contamination of soil and groundwater due to onsite drycleaner and auto service center activities. The consultant

recommended a remediation plan, for which the lender has escrowed 150% of the estimated cost.

For the Arboretum Court loan (0.3%), the phase II investigation revealed that the soil and groundwater are contaminated with gasoline compounds. The consultant recommended a cleanup plan and presented it to the Washington State Department of Ecology, which deemed the plan acceptable for accomplishing the borrower's objective of obtaining a "no further action" letter. Based on the consultant's recommendations and cost estimates, the lender held back \$135,000 in escrow.

For the Cornerstone Chase Apartments loan (0.2%), the phase I report indicated the presence of leaking transformers, which are assumed to contain PCBs. The consultant recommended a phase II report; however, in lieu of completing a phase II, the borrower has obtained an environmental indemnity policy.

Including the above-mentioned items, escrows totaling \$615,438 have been established for seven properties (1.9%) to address actions that were recommended in the phase I and/or phase II environmental reports.

Property condition/engineering review

Engineering reports were prepared by independent, licensed engineers for all of the properties in the pool. These reports identified both maintenance items to be corrected immediately and long-term capital expenditure needs. A total of \$13 million was reserved up front for deferred maintenance and other necessary capital improvements related to loans securing 38.5% of the pool balance. Generally, the originators' requirement for up-front, deferred maintenance reserves is 125.0% of the recommended amount in the structural reports for immediate repairs if the repairs are not completed before closing.

Engineering reports for properties representing 99.4% were prepared in the 12-month period before the cutoff date. Three engineering reports (0.8%) were completed within 18 months before the cutoff date.

Appraisal review

Appraisal reports prepared for all of the loans were generally in conformance with USPAP. Appraisal reports for loans representing 100.0% of the pool balance were prepared in the 12-month period before the cutoff date.

Seismic review

Forty-eight properties, related to loans representing 23.1% of the pool, are in seismic zones 3 and 4. Seismic studies were performed for all of these properties, and one of them (0.1%) was found to have a probable maximum loss (PML) greater than 20%. Earthquake insurance was obtained for this one property, which had a PML of 23.0%.

Hurricane and flood review

Seventy properties, related to loans representing 20.6% of the pool, are in Texas or Florida, states that have historically been at greater risk for hurricanes and tornadoes. Generally, the originators require

windstorm 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. Loans representing 53.1% of the pool balance have windstorm insurance in place, and loans representing 11.7% of the pool have flood insurance in place.

Terrorism insurance coverage

Properties representing 99.8% of the pool balance have insurance coverage for acts of terrorism, contain express requirements that terrorism coverage be in place, or have coverage that does not specifically exclude acts of terrorism. The loan documents generally require the related borrower to maintain insurance against damage from terrorism and other acts of sabotage. However, the requirements may contain certain qualifications, such as the availability of insurance at commercially reasonable rates, and the possibility of the expiration of the Terrorism Risk Insurance Act of 2002, which could prevent terrorism-related coverage from being obtained by the applicable borrower. The remaining properties (0.2%) did not have terrorism insurance in place.

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Top Seven Loans

CityPlace Corporate Center

The largest loan in the pool, the CityPlace Corporate Center loan, has a trust and whole-loan balance of \$125.0 million (4.2% of the pool). The seven-year, fixed-rate loan bears interest at a rate of 5.280%, has an initial two-year IO period, amortizes on a 30-year schedule thereafter, and matures in April 2012.

The loan is secured by a first mortgage encumbering an 872,724-sq.-ft. portfolio of seven cross-collateralized and cross-defaulted suburban office and retail buildings, which are in a mixed-use development in the affluent community of Creve Coeur, Mo., 14 miles west of the St. Louis central business district. The subject site is highly visible along Olive Boulevard and is conveniently located just east of the I-270 interchange. The buildings, constructed between 1989 and 2002, range in height from one to eleven stories and are primarily of class A construction, featuring modern glass facades and well-landscaped grounds with ponds and fountains. The largest three tenants, as of the March 2005 rent roll, include Arch Coal (not rated, 10.3% of net rentable area (NRA), lease expiration in 2015), Daugherty Systems (not rated, 4.7% of NRA, lease expiration in 2013), and Lockton Cos. (not rated, 3.6% of NRA, lease expiration in 2012). The six retail tenants represent 5.9% of collateral NRA, generating 4.4% of in-place rents.

As of March 2005, the subject was 89.4% leased to 101 tenants at average rents of \$23.02 per sq. ft. The portfolio is summarized in table 1.

Table 1 – City Place						
Property Name	Property type	Allocated loan amount (\$)	NRA	Year built/renov.	Occupancy (%)	Avg. rent (\$ per sq. ft.)
CityPlace						

Retail	Retail	4,715,000	27,757	1988/N/A	100.0	15.26
CityPlace Mixed Use	Office/retail	10,225,000	49,457	2002/N/A	100.0	21.11
The Oaks	Office	7,680,000	76,420	1984/2000	96.5	17.76
CityPlace 1	Office	39,460,000	287,271	1989/N/A	88.9	20.30
CityPlace 2	Office	15,000,000	117,603	1999/N/A	75.3	18.87
CityPlace 3	Office	34,160,000	211,272	2002/N/A	94.2	23.19
CityPlace 4	Office	13,760,000	102,944	2001/N/A	83.9	20.65
Total	—	125,000,000	872,724	—	89.4	20.52
NRA—Net rentable area. N/A—Net available.						

The sponsor of the bankruptcy-remote SPE borrower is The Korman Group, which developed the subject in 1989. The sponsor has 21 years of commercial real estate experience and has developed over \$300 million of new projects in the St. Louis area. The property is managed by an affiliate of borrower. The loan is structured with a soft lockbox for cash management.

The following section summarizes Standard & Poor's underwriting assumptions for this loan:

- Gross potential rent (GPR) was based on leases in place as of the March 2005 rent roll;
- Expense reimbursements were based on the terms of the leases in place and the property's historical reimbursement income;
- Other income was based on historical levels;
- No additional vacancy was taken because the current occupancy is consistent with the market;
- Operating expenses were based on historical levels;
- A management fee of 4% of effective gross income (EGI) was assumed;
- TI allowances for office tenants were estimated at \$10.00 per sq. ft. for new leases and \$5.00 per sq. ft. for renewal leases;
- TI allowances for retail tenants were estimated at \$5.00 per sq. ft. for new leases and \$2.50 per sq. ft. for renewal leases;
- LCs were estimated at 4.0% for new leases and 2.0% for renewal leases;
- TI/LC assumptions were based on the in-place weighted average lease terms of 7.4 years for office tenants and 9.3 years for retail tenants;
- A 65.0% renewal probability was assumed;
- Replacement reserves were underwritten at \$0.25 per sq. ft.;
- Based on these assumptions, Standard & Poor's overall NCF variance for the property was 7.6%;
- Standard & Poor's applied a 9.00% capitalization rate to NCF, yielding a value of \$116.1 million, or \$134 per sq. ft.; and
- The quality score for this asset was 2.75, an above-average score.

This loan exhibits the following strengths:

- The property benefits from an excellent location on Olive Boulevard, just east of the I-270 interchange, in the affluent community of Creve Coeur;
- The collateral is well maintained and of above-average quality; and
- The property benefits from a diversified tenant base, with the largest tenant occupying 10.3% of NRA.

This loan exhibits the following concern and mitigating factor:

- New office supply comprising 286,000 sq. ft. is being developed in the subject's mixed-use community and is scheduled to come on-line in late 2006. However, the buildings are 70% pre-leased in aggregate, which indicates the strength of the subject's office market.

Gateway Plaza I & II

The second-largest loan in the pool, the Gateway Plaza loan, has a trust and whole-loan balance of \$98.8 million (3.3% of the pool balance). The five-year, fixed-rate IO loan bears interest at a rate of 4.79% through its maturity in June 2010.

The loan is secured by a two first mortgages encumbering the fee interest in a 628,626-sq.-ft. lifestyle center in Salt Lake City, Utah. The two parcels are cross-collateralized and cross-defaulted, and they appear as one contiguous center. The property was constructed between 2001 and 2003 and is anchored by Dick's Sporting Goods ('B+'), MegaPlex 12 at Gateway Theatres (not rated), and Barnes & Noble (not rated). Other notable retail tenants include Abercrombie & Fitch, American Eagle, Ann Taylor ('BB-'), Banana Republic ('BBB-'), Gap ('BBB-'), J Crew, J Jill, Victoria's Secret ('BBB'), and Z Gallerie. As of May 1, 2005, the property was 96.6% leased to over 100 tenants paying average in-line rents of approximately \$22.50 per sq. ft., with average sales of \$327 per sq. ft. and average occupancy costs of 11.3%.

Table 2 summarizes the major tenants at the property.

Tenant	Rating	Occupied sq. ft.	% of total property NRA	Base rent per sq. ft. (\$)	Lease expiration
Dick's Sporting Goods	B+	91,000	14.5	6.92	2016
MegaPlex 12 Theater	N.R.	73,997	11.8	14.34	2016
Barnes & Noble	N.R.	25,873	4.1	\$10.00	2012
The Sky Box	N.R.	18,661	3.0	12.86	2012
Virgin Megastore	N.R.	15,299	2.4	9.80	2017
N.R.—Not rated.					

The borrower, Inland Western Salt Lake City LLC, is structured as

a bankruptcy-remote SPE with an independent director and a nonconsolidation opinion. The sponsor of the borrower is Inland Western Retail Real Estate Trust Inc. (Inland Western), a REIT formed in March 2003 to manage and acquire a diversified portfolio of real estate, primarily multitenant shopping centers in the western U.S. Inland Western's portfolio includes 111 properties comprising over 20 million sq. ft. of gross leasable area in 28 states. Inland Western is part of the Inland Real Estate Group of Companies, which is the fifth-largest shopping center owner in the U.S. The loan is not structured with a cash management feature.

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

- GPR was based on the current rent roll with vacant space grossed up at weighted average in-place rents as of March 2005;
- Expense reimbursements were based on the tenants' contractual obligations;
- A 5.0% vacancy was taken;
- Other income includes percentage rent, parking income, and income from the central plant (a profit center that provides heating and cooling services to the entire Gateway property) and is calculated using historical data and sales;
- A management fee of 4% of EGI was assumed;
- Real estate taxes were based on the actual bill;
- Insurance expense was based on the actual premium;
- Other operating expenses were based on the appraisal estimates;
- TI expenses for new spaces were estimated at \$4.00 per sq. ft., \$8.00 per sq. ft., and \$6.00 per sq. ft. for anchor, in-line, and theater tenants, respectively. TI expenses for renewal spaces were estimated at \$2.00 per sq. ft., \$4.00 per sq. ft., and \$3.00 per sq. ft. for anchor, in-line, and theater tenants, respectively;
- LC expenses were assumed to be 4.0% for new leases and 2.0% for renewals, and were capped at 10 years;
- TI/LC assumptions were based on the weighted average in-place lease terms of 13.8 years, 9.2 years, and 15.0 years for anchor, in-line, and theater tenant spaces, respectively;
- A renewal probability of 65.0% was assumed;
- Replacement reserves were estimated at \$0.15 per sq. ft.;
- Based on these assumptions, Standard & Poor's NCF variance was 2.7%;
- Standard & Poor's applied a capitalization rate of 8.50% to NCF to yield a value of \$139.2 million (\$220 per sq. ft.); and
- The quality score for this asset was 2.5, an above-average score.

This loan exhibits the following strengths:

- The loan exhibits credit characteristics consistent with an obligation rated 'A-';
- The subject property benefits from its proximity to a number of Salt Lake's main buildings/attractions, including the Delta Center, Triad Center, Pioneer Park, Salt Palace Convention Center, Crossroads Plaza, TRAX light rail system, and the Utah State Capitol;
- The property is new and in excellent condition; and

- The property benefits from experienced management and sponsorship.

This loan exhibits the following concern and mitigating factor:

- Because the property was recently constructed, it lacks the stabilized operating history needed to provide a reliable indication of performance. However, as of May 2005, the property was 96.6% leased and 92.0% occupied with average in-line sales of \$327 per sq. ft. and occupancy costs of 11.3%.

Shops at Canal Place

The third-largest loan in the pool, the Shops at Canal Place loan, has a trust and whole-loan balance of \$90 million (3.0% of the pool). The fixed-rate, IO, 10-year loan bears interest at a rate of 5.265% and matures in June 2015.

The loan is secured by a first mortgage encumbering 214,443-sq. ft. of a 269,298-sq.-ft. retail shopping center and seven-story 1,650-stall parking garage in downtown New Orleans. This collateral is part of the 2,150,000-sq.-ft., mixed-use Canal Place property, which includes a 438-unit Wyndham Hotel and a 32-story 641,415-sq.-ft. office building. The property occupies nearly an entire city block, bounded by Canal, Wells, Iberville, and North Peters Streets. The subject area is next to the French Quarter and the Mississippi River, and in walking distance of the Aquarium of the Americas, Morial Convention Center, Riverwalk, Louisiana Superdome, Harrah's Casino, the Cruise Ship terminal, and many tourist hotels.

The three-level retail portion of the collateral is anchored by a 106,682-sq.-ft. Saks Fifth Avenue ('B+'), which generated sales of roughly \$530 per sq. ft. in 2004. Other retail tenants include Banana Republic ('BBB-'), Anthropologie, Ann Taylor ('BB-'), and Brooks Brothers. The retail portion is currently 99.7% leased, which is fairly consistent with historical levels. Given the high-quality nature of the property and strong tenant mix, sales productivity has been solid at nearly \$660 per sq. ft. in 2004. Additional tenants in the collateral portion of the property include a conference center for the Wyndham hotel, a 9,814-sq.-ft. Landmark Cinema, and the 4,975-sq.-ft. Southern Repertory Theatre. Table 4 lists the major retail tenants at the property.

Tenant	Rating	Sq. ft.	Property NRA (%)	Base rent per sq. ft. (\$)	Base rent (% of GPR)	Lease expiration
Saks Fifth Avenue	B+	106,682	49.7	37.2	30.0	2009
Pottery Barn	N.R.	15,723	7.3	45.0	6.7	2010*
Banana Republic	BBB-	13,560	6.3	24.0	9.2	2006, 2008
Ann Taylor	BB-	5,700	2.7	29.0	4.7	2006
Williams Sonoma	N.R.	3,948	1.8	23.4	2.6	2006

*Tenant is currently seeking an early termination, pending identification of a replacement. NRA—Net rentable area. GPR—Gross potential rent. N.R.—Not rated.

There is an additional 55,042-sq.-ft. of space that is co-owned by the borrower and the owner of the office tower. Of this space, 34,878 sq. ft. is allocated to retail use and runs contiguous with the collateral space, and is visually part of the retail center. The balance is used as office lobby space. Since this space is divided between two owners, the cash flow from these retail leases, which is written between the two landlords and the individual tenants, is assigned pro rata, based on the owners' respective share of the leased square footage. Table 5 lists the crossover retail tenants at the property.

Table 4 – Crossover Tenants				
Tenant	Owned sq. ft.	Nonowned sq. ft.	Total sq. ft.	Rent as % of GPR allocated to subject
Brooks Brothers	1,064	11,651	12,715	0.75
Kenneth Cole	261	2,837	3,098	0.26
Casual Corner	2,922	2,483	5,405	1.32
Saks Expansion	2,527	1,778	4,305	2.49
Blue	122	1,461	1,583	0.12
Francesca's Collections	349	1,409	1,758	0.29
White House/Black Market	349	1,320	1,669	0.31
Betsey Johnson	251	826	1,077	0.30
Johnston & Murphy	322	785	1,107	0.41
Mignon Faget	105	562	667	0.22
L'Occitane	140	536	676	0.29
Watch Station	261	262	523	0.40
Worlds Best Toys	264	31	295	0.30
Total	8,937	25,941	34,878	7.47

The sponsors of the bankruptcy-remote SPE borrower are Darryl Berger Companies Inc. (DBCI) and Stirling Properties. DBCI is a diversified real estate investment and development firm based in New Orleans. The company has developed dozens of major real estate projects over the past 30 years. Stirling Properties is a shopping center developer based in New Orleans, and the firm has 30 years of experience in the Gulf South region.

The retail component is managed by Madison Marquette, a full-service real estate firm that owns and/or manages 25 million sq. ft. of retail space, including regional malls and shopping centers. The parking garage is managed by Central Parking Corp., the world's largest parking operator with over 3,400 parking facilities under management. The loan is structured with a soft lockbox for cash management.

The following section summarizes Standard & Poor's underwriting assumptions for this loan:

- GPR was based on leases in place as of the February 2005 rent roll;
- Expense reimbursements were based on the terms of the leases in place and the property's historical reimbursement

- income;
- Other income was based on the borrower's budget;
- A vacancy of 5% was taken on in-line space. No additional vacancy was taken on Saks due to its strong sales performance;
- Operating expenses, other than property taxes and insurance premiums, were based on appraisal figures and the borrower's budget;
- Property taxes and insurance premiums were based on the property's current actual expenses;
- A management fee of 5% of EGI was assumed;
- TI expenses for the in-line tenants were assumed to be \$10.00 per sq. ft. for new leases and \$5.00 per sq. ft. for renewal leases. TI expenses for the Landmark Cinema were assumed to be \$3.00 per sq. ft. for a new lease and \$1.00 per sq. ft. for a renewal lease. TI expenses for the Southern Repertory Theatre were assumed to be \$1.00 per sq. ft. for a new lease and \$0.50 for a renewal lease;
- LCs were estimated at 4.0% for new leases and 2.0% for renewal leases;
- TI/LC assumptions were based on the in-place weighted-average lease term of 10.5 years for in-line tenants, 20.6 years for the cinema, and 8.1 years for the Southern Repertory Theatre, with LCs capped at 10 years;
- A renewal probability of 65.0% was assumed for the in-line tenants, and 60% was assumed for the cinema and the theater;
- Replacement reserves were underwritten at \$0.25 per sq. ft.;
- Based on these assumptions, Standard & Poor's overall NCF variance for the property was 5.2%;
- Standard & Poor's applied a capitalization rate of 8.00% to NCF, yielding a value of \$85.5 million, or \$399 per sq. ft.; and
- The quality score for this asset was 2.50, an above-average score.

This loan exhibits the following strengths:

- The property benefits from its outstanding location, central to many tourist-related venues, including Riverwalk and the French Quarter;
- The property's solid occupancy and sales productivity are indicative of its high-end tenant mix and central location; and
- The property benefits from seasoned, third-party management.

This loan exhibits the following concern and mitigating factor:

- Tenant leases accounting for 43.8% of the property's income expire in 2009, 75% of which is from Saks Fifth Avenue. However, Saks has been at this location since 1982, generates very solid sales (\$535 per sq. ft), and is currently negotiating to expand into another 20,000 sq. ft. of space; and
- The collateral includes 8,937 (4.2% of gross leasable area (GLA)), which is jointly owned by the borrower and the owner of the adjacent office building. The cash flow from this space contributes only 7.5% to the subject's GPR. Furthermore, there is a cash management agreement in

place that specifically allocates this cash flow among the two co-owners.

Hutchinson Metro Center

The fourth-largest loan in the pool, the Hutchinson Metro Center loan, has a trust and whole-loan balance of \$90 million (3.0% of the pool), which includes a \$23 million leasing-related earn-out. The fixed-rate, 10-year loan bears interest at a rate of 5.83%, requires IO payments for the first two years, amortizes on a 30-year schedule thereafter, and matures in May 2015.

The loan is secured by a first mortgage encumbering a 423,915-sq.-ft., three- and four-story, class A office building in The Bronx, N.Y. The property was originally built in 1976 and served as a psychiatric hospital until the current owner redeveloped the site from 2002-2005, investing approximately \$73 million (\$172 per sq. ft.) on capital improvements. The property is directly off of the Hutchinson River Parkway in the Pelham Bay section of The Bronx with nearby bus and subway service to New York City. Given the property's previous use and proximity to various medical institutions, a high percentage of the tenants are medical related. The property completed its renovations in early 2005, and it is still leasing up space. As of April 2005, the subject was 59.3% occupied and 79.3% leased to 20 tenants, including Mercy College, New York City Housing Authority, and the Visiting Nurse Service of New York. The city's lease commences Nov. 1, 2005, thus accounting for most of the differential between percent leased and percent occupied. Table 3 lists major tenants at the property.

Tenant	Rating	Sq. ft.	Property NRA (%)	Base rent per sq. ft. (\$)	Base rent (% of GPR)	Lease expiration
Mercy College	N.R.	125,522	29.6	23.75	32.64	2024
New York City Housing Authority	A	62,977	14.9	26.00	17.93	2027
Visiting Nurse Service of New York	N.R.	53,100	12.5	27.10	15.76	2015
U.S. GSA (IRS)	AAA	22,270	5.3	36.79	8.97	2014
University Diagnostic Medical Imaging	N.R.	20,000	4.7	31.00	6.79	2025

NRA—Net rentable area. GPR—Gross potential rent. N.R.—Not rated.

The property includes a number of amenities, including a teleconferencing center, an onsite cafeteria, a fitness center, 24-hour security, an onsite generator to ensure uninterrupted power service, convenience retail shops, and a shuttle bus to public transportation.

The sponsor of the bankruptcy-remote SPE borrower is Joseph Simone. Mr. Simone is the president of Simone Development Co. with ownership interests in 100 properties and over 4 million sq. ft. of office, retail, and industrial space. The property is managed by an affiliate of borrower. The loan is structured with a springing lockbox for cash management.

The property operates under a 25-year real estate tax abatement program, the Industrial and Commercial Incentive Program (ICIP). During the first 16 years, which began in 2003, the abatement is 100% of the increase in taxes. During the final nine years of the ICIP, the abatement is phased out at the rate of 10% per year. Since the loan term is less than the initial abatement period and tenants will likely be responsible for unabated increases (as an expense pass-through), no adjustments were made to the current actual tax expense to underwrite this loan.

The following section summarizes Standard & Poor's underwriting assumptions for this loan:

- GPR was based on leases in place as of the April 2005 rent roll;
- Expense reimbursements were based on the terms of the leases in place;
- Other income was based on the borrower's budget;
- No additional vacancy was taken, as the property is currently in its initial lease-up phase, with an as-leased occupancy of 79.3%, which is well below current market occupancy;
- Operating expenses, other than property taxes and insurance premiums, were based on appraisal figures and the borrower's budget;
- Property taxes and insurance premiums were based on the property's current actual expenses;
- A management fee of 4% of EGI was assumed;
- TI allowances were estimated at \$15.00 per sq. ft. for new leases and \$7.50 per sq. ft. for renewal leases;
- LCs were estimated at 4.0% for new leases and 2.0% for renewal leases;
- TI/LC assumptions were based on the in-place weighted-average lease term of 17.3 years, with LCs capped at 10 years;
- Renewal probabilities of 65% to 70.0% were assumed;
- Replacement reserves were underwritten at \$0.25 per sq. ft.;
- Based on these assumptions, Standard & Poor's overall NCF variance for the property was 12.6%;
- Standard & Poor's assumed a 9.25% capitalization rate for medical office tenants and 9.00% for all other tenants. Applying a weighted average capitalization rate of 9.10% to NCF, including \$2.36 million for the present value of future rent bumps for the long-term investment-grade tenants, and accounting for the earn-out provision, yields a value of \$84.0 million, or \$198 per sq. ft.; and
- The quality score for this asset was 2.75, an above-average score.

This loan exhibits the following strengths:

- The property benefits from its relatively high quality compared with other properties in the Pelham Bay area; and
- The property's rent roll benefits from a relatively long lease term, with an in-place weighted average lease term of 17.3 years.

This loan exhibits the following concern and mitigating factor:

- The property was recently redeveloped, and thus, it is

currently just 59% physically occupied and 79.3% leased. However, the loan is structured with a \$23 million earn-out that provides additional collateral for the loan. Furthermore, the subject continues to attract new tenants at a steady pace, and it remains well below stabilized occupancy relative to market levels.

LXP – Bank of America

The fifth-largest loan in the pool, the LXP – Bank of America loan, has a trust and whole-loan balance of \$80.18 million (2.7% of the pool). The fixed-rate, eight-year loan bears interest at a rate of 5.33%, requires IO payments for the first two years, amortizes on a 30-year schedule thereafter, and matures in May 2013.

The loan is secured by a first mortgage encumbering a 637,503-sq.-ft. class-B office complex in Brea (Orange County), Calif., approximately 0.5 miles north of Imperial Highway. The property was constructed in 1981 and is 100% leased to Bank of America ('AA'), which houses 1,400 employees focused on operations and call center activities. Bank of America has been at the property since 1997 and currently pays rent of \$11.88 per sq. ft. While its lease expires in June 2009, there is a landlord extension option in place through June 2012 and a rent bump in August 2007 to \$13.66 per sq. ft.

The property consists of two three-story buildings connected by a 12,400-sq.-ft atrium. Amenities include a cafeteria, a gymnasium, a common area with music and video monitors, an advanced security system, and 2,200 parking spaces.

The sponsor of the bankruptcy-remote SPE borrower is Lexington Corporate Properties, a publicly traded REIT that owns and manages net-leased office and industrial properties. The company currently owns and/or manages 141 properties in 34 states totaling approximately 30.3 million sq. ft. The tenant, Bank of America, self-manages the property, but has contracted out the management responsibility to Jones Lang LaSalle. Jones Lang LaSalle is a global provider of real estate and investment management services with approximately 17,300 employees and approximately \$23 billion of assets under management. The loan is structured with a soft lockbox for cash management.

The following section summarizes Standard & Poor's underwriting assumptions for this loan:

- GPR was based on leases in place as of the December 2004 rent roll;
- Expense reimbursements were based on the contractual terms of the net lease in place with Bank of America;
- A vacancy factor of 5% was assumed based on the current market occupancy;
- Operating expenses are the obligation of the tenant;
- Property taxes and insurance premiums are the obligation of the tenant;
- A management fee of 3% of EGI was assumed;
- TI allowances were estimated at \$6.00 per sq. ft. for new leases and \$3.00 per sq. ft. for renewal leases;
- LCs were estimated at 4.0% for new leases and 2.0% for

- renewal leases;
- TI/LC assumptions were based on the in-place weighted average lease term of 7.0 years;
 - A renewal probability of 65.0% was assumed;
 - Replacement reserves were underwritten at \$0.25 per sq. ft.;
 - Based on these assumptions, Standard & Poor's overall NCF variance for the property was 4.2%;
 - Standard & Poor's applied a capitalization rate of 9.00% to NCF and gave credit of \$10.6 million for the present value of future rent bumps for the long-term investment-grade tenant, yielding a value of \$79.99 million, or \$125 per sq. ft.; and
 - The quality score for this asset was 3.00, an average score.

This loan exhibits the following strengths:

- The property is 100% net-leased to Bank of America ('AA');
- The property is well-located in north Orange County, Calif., which maintains one of the stronger office markets in the country; and
- The property benefits from strong sponsorship and experienced management.

This loan exhibits the following concern and mitigating factor:

- The lease expires in June 2009 while the loan matures in June 2013. However, the landlord has the option to extend the lease term by three years through June 2012, with two years prior notice to the tenant. Bank of America has been at the property since 1997, and the loan requires a reserve equal to one year's debt service to be funded by June 2009 through 32 months of collections or by posting a \$3.35 million guaranty and 12 months of collections. Furthermore, the tenant is significantly below market rents for comparable buildings in the subject's submarket.

Millennium Place

The sixth-largest loan in the pool, the Millennium Place loan, has a trust and whole-loan balance of \$70.72 million (2.4% of the pool). The 10-year, fixed-rate loan bears interest at a rate of 5.55%, amortizes on a 30-year schedule, and matures in June 2015.

The loan is secured by a first mortgage encumbering four condominium units at Millennium Place, a mixed-use retail center in Boston, Mass. The four condominium components include a sports club, a theater, multitenanted retail and storage space, and a parking garage. The collateral square footage totals 287,379 sq. ft. of rentable area in addition to the 1,080 parking spaces.

Built in 2001, the property borders Boston Common between the Financial District and the Back Bay and Beacon Hill neighborhoods, occupying portions of two blocks bounded by Washington, Tremont, and Boylston streets. The collateral consists of a 19-screen Loews Cineplex, The Sports Club/LA, CVS, Cathay Bank, a parking garage, and storage. Table 6 details the property's major tenants. The commercial condominiums that make up the collateral are part of a larger mixed-use project of approximately 1.5 million sq. ft. The larger project includes 309 luxury residential condominium units, 63 residential suites, and a 154-room Ritz

Carlton.

The subject loan permits the borrower to obtain a free release of 30,897 sq. ft. of currently vacant retail and storage space that is part of the collateral. In addition, the loan permits the borrower to obtain a free release of 50 parking spaces and to convey an easement for use of another 50 parking spaces, reducing the parking spaces serving as collateral from 1,080 to 980. Currently, the subject is 87.1% occupied. The occupancy without 30,897 sq. ft. of space that can be released is 97.6%. Sales for the 19-screen Loews Cineplex were \$717,532 per screen for the period ending October 2004.

Tenant	Rating	Sq. ft.	% of NRA	Base rent per sq. ft. (\$)	Lease expiration
Loews Cineplex	N.R.	136,011	47.3	27.64	July 2021
The Sports Club/LA	N.R.	95,496	33.2	28.80	September 2021
CVS	A-	12,779	4.4	35.00	June 2023
Cathay Bank	N.R.	6,000	2.1	35.00	July 2014

NRA—Net rentable area. N.R. —Not rated.

The borrower is a bankruptcy-remote SPE sponsored by Millennium Partners LLC. Millennium Partners was founded in 1990 and is a preeminent developer of mixed-use urban residential and entertainment complexes in the U.S., with a portfolio valued in excess of \$4 billion. The group is led by Christopher Jeffries, with a team of more than 50 real estate professionals. Millennium is capitalized by strong U.S. and German investors, including Goldman Sachs' Whitehall Funds, George Soros and related entities, ERGO, and Provincial. Millennium has a geographically diverse portfolio in major U.S. cities such as New York, Washington, D.C., Boston, San Francisco, and Miami. The property is managed by Millennium Partners Massachusetts Property Management LLC, an affiliate of the borrower. The loan is structured with a soft lockbox for cash management.

With respect to cash management, Klik Technologies, a collection agent, has been hired by the borrower to collect rents generated by the property. Klik, has been directed by irrevocable notice to deposit all amounts into a lender-designated account; unlike a hard lockbox, the borrower has immediate access to the funds before a trigger event. Klik is not an affiliate of borrower.

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

- GPR was based on leases in place as of March 2005;
- Expense reimbursements were based on the tenants' contractual obligations, the property's historical performance, and the appraiser's estimate;
- A vacancy rate of 6.4% was assumed, which is in line with the market. In calculating vacancy, Standard & Poor's excluded the 30,897-sq.-ft. space that is subject to future release. The subject's reduced area is currently 97.6% occupied;

- A management fee of 4.0% of EGI was assumed;
- Operating expenses were based on the property's historical performance;
- Real estate tax expense was based on the actual tax bill;
- Insurance premium expense was based on the actual premium;
- TIs for both the theater and retail tenants were estimated at \$10.00 per sq. ft. for new leases and \$5.00 per sq. ft. for renewal leases based on weighted average rents of \$28.64 per sq. ft.;
- LCs were estimated at 4.0% for new space and 2.0% for renewal space;
- TI/LC assumptions were based on the in-place weighted average lease terms of 20 years for both the theater and retail tenants with LCs capped at 10 years;
- A 65.0% renewal probability was assumed;
- Replacement reserves were estimated at \$0.25 per sq. ft. of collateral NRA;
- Based on these assumptions, Standard & Poor's NCF variance for the property was 0.6%;
- Standard & Poor's applied a capitalization rate of 9.64% (parking 10.0% and retail 9.50%) to the property's NCF, resulting in a value of \$80.5 million (\$280 per sq. ft.); and
- The quality score for this asset is 2.50, an above-average score.

This loan exhibits the following strengths:

- The subject property benefits from its excellent location in downtown Boston, Mass. The property borders Boston Commons (Boston's Central Park) between the Financial District and the Back Bay and Beacon Hill neighborhoods. In addition, it is a recently developed, upscale mixed-use project connected to a Ritz Carlton hotel;
- The property benefits from strong sponsorship and experienced management; and
- The property has strong theater sales of \$717,532 per screen.

This loan exhibits the following concern and mitigating factor:

- The property is highly dependent on one tenant, Loews Cineplex Theaters, which occupies 47.3% of the property's NRA and pays 52.5% of the property's GPR. The Loews Cineplex generated gross revenue of approximately \$13.6 million or \$717,532 per screen for the fiscal year ending October 2004. The theater ranks in the top 10 in the nation for the Loews chain by gross revenue.

The Russ Building

The seventh-largest loan in the pool, the Russ Building loan, has a trust and whole-loan balance of \$60.0 million (2.0% of the pool). The IO, fixed-rate, 10-year loan bears interest at a rate of 5.310% and matures in May 2015.

The loan is secured by a first mortgage encumbering the fee interest in a 509,368-sq.-ft., 31-story, class B office building in San Francisco, Calif. that includes 26,556 sq. ft. of retail space and a four-level 363-space parking garage. The property was built in

1927, renovated in 2000, and is in the North of Market Street submarket of the San Francisco Financial District. The interior of the Russ Building still has much of the original neo-Gothic architectural design, including cathedral ceilings in the main lobby, original carved-wood elevator doors, original marble floors and walls in the elevator lobbies of the office floors, and decorative stone columns throughout the building. As of June 2005, the subject was 87.4% leased to 119 office and retail tenants paying an average rent of \$30.41 per sq. ft. Table 7 lists major office tenants at the property.

Tenant	Rating	Sq. ft.	Property NRA (%)	Base rent per sq. ft. (\$)	Base rent (% of GPR)	Lease expiration
Farella, Braun, and Martel LLP	N.R.	116,984	23.0	33.00	27.9	June 2013
Bea Systems Inc.	N.R.	77,785	15.3	35.00	21.6	May 2007
San Francisco Chamber of Commerce	N.R.	16,361	3.2	31.50	3.8	March 2014
Evant Inc.	N.R.	14,939	2.9	41.78	4.6	April 2008

NRA—Net rentable area. GPR—Gross potential rent. N.R.—Not rated.

The sponsor of the bankruptcy-remote SPE borrower is the Shorenstein Co. Shorenstein is one of the country's oldest and largest real estate organizations and is active nationally in all aspects of ownership, management, leasing, and development of high-quality office properties. The company, headquartered in San Francisco, is privately owned and controls a portfolio of more than 14 million sq. ft. of office space around the country. The property is managed by an affiliate of borrower. The loan is structured with a soft lockbox for cash management.

The following section summarizes Standard & Poor's underwriting assumptions for this loan:

- Standard & Poor's bifurcated its underwriting analysis because a large tenant, AutoDesk Inc., vacated all of its space at the property (44,525 sq. ft., 8.7% of the NRA) in April 2005, reducing the then-in-place occupancy to 84.4%. The property has maintained occupancy rates of 87% or better for the past five years, including average rates of 94.0% and 92.0% for 2003 and 2004, respectively. While some of the AutoDesk space has since been re-leased, the property is not yet considered to be stabilized. Cash flow was underwritten using an as-is approach, and a stabilized approach was used to derive the ultimate value of the building;
- GPR was based on leases in place as of June 2005, with vacant space grossed up at the weighted average in-place rents;
- Expense reimbursements were based on the terms of the leases in place and the property's historical reimbursement income;
- Parking income was based on historical levels;
- For cash flow and DSC purposes no additional vacancy was

- taken, as the current occupancy of 87.4% is lower than the property's historical occupancy levels. A stabilized occupancy of 90% was assumed for valuation purposes;
- Both as-is and stabilized operating expenses, other than property taxes and the management fee, were based on historical levels;
 - Property taxes were based on a 2% increase over 2004 taxes;
 - The management fee was underwritten at 4.0% of EGI;
 - TI allowances for all tenants were estimated at \$15.00 per sq. ft. for new leases and \$7.00 per sq. ft. for renewal leases;
 - LCs were estimated at 4.0% for new leases and 2.0% for renewal leases;
 - TI/LC assumptions were based on the in-place weighted average lease terms of 8.1 years;
 - A renewal probability of 65.0% was assumed;
 - Replacement reserves were underwritten at \$0.35 per sq. ft.;
 - Based on these assumptions, Standard & Poor's overall NCF variance for the property was 5.0% based on in-place cash flows;
 - Standard & Poor's applied capitalization rates of 9.00% to the in-place NCF and 9.25% to the additional cash flow realized from the stabilization analysis, resulting in a weighted average rate of 9.02% and yielding a value of \$80.4 million, or \$158 per sq. ft.; and
 - The quality score for this asset was 2.50, an above-average score.

This loan exhibits the following strengths:

- The trust balance has credit characteristics consistent with obligations rated 'BBB-'; and
- The property benefits from strong sponsorship and experienced management.

This loan exhibits the following concerns and mitigating factors:

- The building is older, having been originally constructed in 1927. However, the original architectural features and finishes have been very well maintained and periodically refurbished. Moreover, the subject has maintained a strong competitive position relative to the market, averaging over 90% occupancy for the past five years; and
- The property exhibits tenant concentration risk, with the two largest tenants, Farella, Braun, and Martel LLP and Bea Systems Inc., occupying a combined 38.2% of the NRA and accounting for 49.5% of the GPR. However, Farella, Braun, and Martel has been occupants at the property since 1970 and spent over \$5.0 million (\$40 per sq. ft.) to expand and refinish their spaces in 2002. In addition, the property contains an additional 117 tenants, none of which occupies more than 3.2% of the NRA or accounts for more than 4.6% of the GPR.

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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 8 - Cash Flow Analysis And Valuation							
Property type	% of pool	DSC (x)	% NCF diff.*	Cap rate (%)	Beg. LTV (%)	End. LTV (%)	Value per unit/sq. ft. (\$)
Retail	34.9	1.59	4.0	8.9	94.1	81.8	191
Office	34.7	1.35	5.4	9.1	98.4	87.4	148
Multifamily	21.4	1.70	2.8	8.3	101.6	95.3	59,032
Industrial/warehouse	5.4	1.42	2.7	9.2	98.9	85.3	55
Manufactured-housing community	1.7	1.36	0.0	8.5	94.1	80.2	24,937
Hotel	0.5	1.64	0.0	11.9	91.9	68.4	52,006
Self-storage	1.4	1.43	2.6	10.1	94.7	73.4	4,070
Total/weighted avg.	100.0	1.51	4.0	8.9	97.4	86.6	N/A

*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. N/A—Not applicable.

Table 9 - Top 10 Loans								
Property name	Property type	% of pool	DSC (x)	% NCF diff.*	Cap rate (%)	Beg. LTV (%)	End. LTV (%)	Value per unit/sq. ft. (\$)
CityPlace	Office	4.2	1.26	7.58	9.00	107.65	99.87	134
Gateway Plaza I & II	Retail/anchored	3.3	2.50	2.68	8.50	70.97	70.97	220
Shops at Canal Place	Retail/anchored	3.0	1.41	5.16	8.00	105.30	105.30	399
Hutchinson Metro Center	Office/suburban	3.0	0.83	16.41	9.10	107.13	94.59	198
LXP-Bank of America	Office/suburban	2.7	1.16	4.24	9.00	100.25	91.20	125
Millennium Place	Retail/anchored	2.4	1.60	0.64	9.64	87.89	73.53	280
The Russ Building	Office/CBD	2.0	2.13	5.02	9.02	74.58	74.58	158
Stafford Place II	Office/CBD	1.9	1.12	7.14	8.75	115.93	107.60	277
Cross Creek Shopping Center	Retail/anchored	1.5	1.12	7.13	8.75	114.24	105.86	111
Bentley Green/Sandpiper - Milestone	Multifamily/garden	1.5	1.57	0.00	8.50	100.32	100.32	54,701
Weighted avg.	—	25.4	1.48	6.00	8.83	97.92	91.75	N/A

*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 10 - Standard & Poor's DSC Range			
DSC range (x)	No. of loans	Loan balance (\$)	% of pool
>1.65	42	452,885,887	15.1
1.65 to 1.55	17	214,815,081	7.2
1.54 to 1.50	16	113,262,669	3.8
1.49 to 1.45	15	121,621,342	4.0
1.44 to 1.40	26	293,857,738	9.8

1.39 to 1.35	21	122,260,567	4.1
1.34 to 1.30	31	228,888,126	7.6
1.29 to 1.25	43	467,378,147	15.6
1.24 to 1.20	44	416,684,985	13.9
1.19 to 1.15	23	234,003,400	7.8
1.14 to 1.10	8	164,367,132	5.5
1.09 to 1.05	1	34,437,725	1.1
1.04 to 1.00	2	23,456,000	0.8
< 1.00	2	115,200,000	3.8
Total	291	3,003,118,799	100.0

DSC—Debt service coverage ratio.

Beginning LTV range	No. of loans	Loan balance (\$)	% of pool
<50	4	14,143,594	0.5
50 to 60	8	26,417,050	0.9
61 to 70	8	41,092,961	1.4
71 to 75	13	226,835,724	7.6
76 to 80	5	53,927,130	1.8
81 to 85	22	175,689,511	5.9
86 to 90	32	279,485,222	9.3
91 to 95	29	160,520,584	5.3
96 to 100	56	400,805,284	13.3
>100	114	1,624,201,741	54.1
Total	291	3,003,118,799	100.0

Ending LTV range	No. of loans	Loan balance (\$)	% of pool
Fully amortizing	6	14,964,705	0.5
0 to 50	14	48,616,549	1.6
51 to 60	16	88,023,943	2.9
61 to 70	27	162,890,523	5.4
71 to 75	28	356,571,786	11.9
76 to 80	34	231,806,577	7.7
81 to 85	49	420,114,597	14.0
86 to 90	41	354,083,697	11.8
91 to 95	27	442,745,929	14.7
96 to 100	13	203,539,000	6.8
>100	36	679,761,492	22.6
Total	291	3,003,118,799	100.0

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