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Presale: Wachovia Bank Commercial Mortgage Trust

Primary Credit Analyst:
Donna Trisarnsri, New York (1) 212-438-3052;
donna_trisarnsri@standardandpoors.com
Secondary Credit Analyst:
Barbara Duka, New York (1) 212-438-2447;
barbara_duka@standardandpoors.com

Publication date: 05-Oct-05, 18:05:05 EST
Reprinted from RatingsDirect

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This presale report is based on information as of Oct. 5, 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 Oct. 5, 2005

Class	Preliminary rating*	Preliminary amount ($)	Recommended credit support (%)
A-1	AAA	69,560,000	30.000
A-2PFL	AAA	428,194,000	30.000
A-2C	AAA	178,951,000	30.000
A-3	AAA	184,152,000	30.000
A-PB	AAA	148,510,000	30.000
A-4	AAA	892,268,000	30.000
A-1A	AAA	391,296,000	30.000
A-MFL	AAA	100,000,000	20.000
A-MFX	AAA	227,562,000	20.000
A-J	AAA	217,009,000	13.375
B	AA	65,513,000	11.375
C	AA-	32,756,000	10.375
D	A	61,418,000	8.500
E	A-	36,850,000	7.375
F	BBB+	40,945,000	6.125
G	BBB	32,757,000	5.125
H	BBB-	40,945,000	3.875
J	BB+	16,378,000	3.375
K	BB	16,378,000	2.875
L	BB-	16,378,000	2.375
M	B+	8,189,000	2.125
N	B	12,284,000	1.750
O	B-	8,189,000	1.500
P	N.R.	49,134,482	0.000

X-P¶	AAA	3,143,967,000§	N/A
X-C¶	AAA	3,275,616,482§	N/A

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

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Profile

Expected closing date: Oct. 26, 2005.

Collateral: 159 loans secured by 329 properties.

Underwriters: Wachovia Capital Markets LLC, Nomura Securities International Inc., Citigroup Global Markets Inc., Credit Suisse First Boston LLC, Deutsche Bank Securities Inc., and Goldman, Sachs & Co.

Sellers: Wachovia Bank N.A., Nomura Credit & Capital Inc., and Artesia Mortgage Capital Corp.

Master servicer: Wachovia Bank N.A.

Special servicer: LNR Partners Inc. The NGP Rubicon GSA pool and 1000 & 1100 Wilson whole loans will be specially serviced by CWCapital Asset Management LLC, according to the WBCMT 2005-C20 pooling and servicing agreement (PSA).

Depositor: Wachovia Commercial Mortgage Securities Inc.

Trustee: Wells Fargo Bank N.A.

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Rationale

The preliminary ratings assigned to Wachovia Bank Commercial Mortgage Trust's $3.3 billion commercial mortgage pass-through certificates series 2005-C21 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-2PFL, A-2C, A-3, A-PB, A-4, A-1A, A-MFL, A-MFX, A-J, B, C, and D 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 1.45x, a beginning LTV of 103.7%, and an ending LTV of 95.0%.

Unless otherwise indicated, all calculations in this report, including weighted averages, do not include the pari passu portions of the NGP Rubicon GSA Portfolio and 1000 & 1100 Wilson loans, or the subordinate nontrust B notes for the Metropolitan Square, Bryan Tower, FBI Office Building, Abbott Laboratories, Lowe's-Windham, Sonoma Valley Inn, and Holiday Inn Express & Suites-Tampa loans.

For the class A-2PFL and A-MFL certificates, Standard & Poor's rating does not apply to the receipt of interest at the floating rate, but rather, Standard & Poor's rating applies only to the receipt of interest by the trust at the fixed rate payable to the class A-2PFL and A-MFL "regular interest," as more specifically described in the related PSA.

Strengths

The transaction exhibits the following strengths:

- Six of the loans (8.3% of the pool) have trust balances with credit characteristics consistent with obligations rated investment grade by Standard & Poor's: Extra Space Teamsters Pool ('BBB', 2.8%), Extra Space VRS Pool ('AAA', 1.6%), 110 North Wacker Drive ('BBB-', 1.5%), Phillips Lighting ('BBB-', 1.3%), One City Center('AA-', 0.7%), and Presidential Tower ('BBB-', 0.4%);
- Of the loans in the pool, 153 loans (98.1%) have borrowing entities that are structured as special-purpose entities (SPEs). Additionally, 20 of these loans (42.0% of the pool) are structured as bankruptcy-remote SPEs with a nonconsolidation opinion and an independent director;
- Twenty loans (29.5%) are secured by multiple cross-collateralized and cross-defaulted assets; and
- The weighted average quality score for the assets securing mortgages in the pool is 2.77, 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 loan concentration, as the top 10 loans represent 39.6% of the pool balance. However, four (16.6%) of the top 10 loans are secured by multiple cross-collateralized and cross-defaulted assets, and one (2.8% of the pool balance) has a trust balance with credit characteristics consistent with obligations rated investment-grade by Standard & Poor's. Additionally, all of the top 10 loans (39.6% of the pool balance) are structured with bankruptcy-remote SPE borrowers;
- Twenty-nine loans (31.9% of the pool balance) are full-term interest-only (IO) loans and 54 (48.3%) have partial IO terms. Standard & Poor's took the IO structure into account in sizing levels;
- One loan, the Park Place II loan (1.4%), has existing subordinate debt secured by the mortgage property and a pledge of equity interest in the borrower, subject to the terms of a subordination and standstill agreement. Thirteen loans (8.6%) permit the borrower to incur future secured secondary debt. In addition, 21 loans (36.3% of the pool) permit the borrower to incur future mezzanine debt subject to a subordination and standstill agreement. This future additional debt requires a satisfactory intercreditor agreement and certain performance parameters to be met. All existing and potential future additional debt has been taken into account in the credit support levels; and
- The pool exhibits asset type concentration in office properties (45.2% of the pool). Three loans secured by office properties (3.4% of the pool and 7.6% of the office concentration) have trust balances with credit characteristics consistent with obligations rated investment grade by Standard & Poor's. The capital structure takes property type into account and the credit support levels for the pool consider asset class concentrations.

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Transaction Structure

The certificates issued by the trust represent the beneficial ownership interest in 152 fixed-rate whole loans (92.0%) and the senior interests of seven fixed-rate whole loans (8.0%), which are structured as A/B loans. The junior-interest B notes will not be included in the trust.

The pool includes 11 loans (10.7%) that consist of related loans that are cross-defaulted and cross-collateralized with each other. For the purposes of this report, each of these loan groups is considered to be one loan.

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Pool Characteristics

Collateral description

The pool contains 159 conventional fixed-rate loans secured by liens on 329 properties. By property type, the pool has the following composition: office (38.2%), multifamily (17.2%), retail (13.5%), mixed use (12.7%), self-storage (8.3%), hotel (6.9%), and mobile home park (3.1%).

Hard lockboxes are in place for 21 loans, representing 25.6% of the total pool balance. In addition, five loans (12.6%) have soft lockboxes in place, and 46 (16.7%) have springing cash management that is triggered by certain conditions, including minimum DSC tests or events of default under the loan documents.

Monthly real estate tax escrows have been established for 120 loans (77.8% of the pool), and monthly insurance premium escrows have been established for 90 loans (59.7% of the pool).

Reserves have been established for the remediation of existing deferred maintenance items for 47 loans (36.6% of the pool). Generally, the reserve established for each loan equals 125% of the amount recommended in the engineering report.

Monthly leasing and/or up-front leasing reserves have been established for 49 loans (35.1% of the pool representing office, retail, industrial, and mixed-use properties).

Thirty-nine loans (13.8% of the pool) are secured by 57 properties leased to single tenants. Of these properties, 45 (9.0% of the pool) have lease terms that expire after the loan maturity, and 41 (10.5% of the pool) are secured by properties that are leased to investment-grade tenants, including: Walgreens ('A+'), United States of America ('AAA'), CVS ('A-'), Wal-Mart ('AA'), Best Buy ('BBB'), Abbott Laboratories ('AA'), Office Depot ('BBB-'), and Valassis Communications Inc. ('BBB-').

Geographic diversity

The pool consists of properties in 38 states, Puerto Rico, and the District of Columbia. The largest concentrations are in California (19.5%, 14.8% in Southern California and 4.7% in Northern California), New York (11.0%), Texas (10.8%), and Virginia (8.2%). The remaining assets are dispersed throughout 34 states plus Puerto Rico and the District of Columbia, with no other state concentration exceeding 4.4% of the pool balance.

Loan sellers

Wachovia Bank N.A. contributed 100 loans (71.0%), Nomura Credit & Capital Inc. contributed 44 (20.5%), and Artesia Mortgage Capital Corp. contributed 15 (8.5%).

Loan origination dates

All of the mortgage loans in the pool (100%) were originated in the past 12 months.

Agreed-upon procedures

Agreed-upon procedures were not performed for any of the loans in the pool.

Hyperamortizing loans

Twenty-one loans (5.4% of the pool) were structured as hyperamortizing loans. Twelve of these loans (3.7%) are structured with some form of cash management.

Interest-only loans

Of the loans in the pool, 29 (31.8% of the pool) are IO for the full term of the loans, and an additional 54 loans (48.7% of the pool) have initial IO periods ranging from 12-77 months.

Collateral quality

Based on Standard & Poor's analysis, the pool has a DSC of 1.45x on a weighted average coupon of 5.22%. 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.

Standard & Poor's adjusted the NCF of the portfolio downward by 3.5% on a weighted average basis. This decrease reflects adjustments to rental rates, expense reimbursement ratios, parking and other income levels, occupancy levels, operating expenses, capital expenditure reserves, and tenant improvement and leasing commission (TI/LC) assumptions.

Standard & Poor's weighted average beginning LTV for the pool is 103.7%, and the weighted average ending LTV is 95.0%. The weighted average capitalization rate applied to Standard & Poor's NCF is 9.08%. 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 57.6% of the total pool and re-underwrote cash flows and derived asset values for assets representing 70.8% of the pool. The weighted average quality score for the inspected properties is 2.77, an above-average score on Standard & Poor's scale of 1 (highest) to 5 (lowest).

Borrower concentrations

The largest sponsor group is Somerset Partners, the sponsor for the 85 Tenth Avenue loan (6.1%). The five largest sponsors represent 27.3% of the pool, and the 10 largest sponsors represent

45.6% of the pool.

The largest loan in the pool is the 85 Tenth Avenue loan (6.1% of the pool balance). The top five loans represent 25.8% of the pool balance, and the top 10 loans account for 39.6% of the overall pool balance.

One of the top 10 loans has a trust balance that exhibits credit characteristics consistent with investment-grade obligations: Extra Space Teamsters Pool ('BBB', 2.8%).

Four of the top 10 loans (16.6% of the pool) are secured by portfolios of multiple cross-collateralized and cross-defaulted loans.

All of the top 10 loans (39.6% of the pool) have bankruptcy-remote SPE borrowers with nonconsolidation opinions and independent directors.

Bankruptcy issues

Five loans (2.7%) have been made to a borrower with principals that have been involved in prior bankruptcies. Three of these borrowers are structured as SPEs, of which two are structured as bankruptcy-remote SPEs with a nonconsolidation opinion and an independent director. One loan, the Crossings at Corona - Phase III loan (1.9%), is structured with a soft lockbox for cash management, and another loan, the Port of Call MHP loan (0.1%), is structured with a springing lockbox. The remaining three loans (0.7%) have no cash management feature.

Leasehold interests

Thirteen loans (6.7% of the pool) are secured either solely or materially by a mortgage lien on the borrower's leasehold interest pursuant to a ground lease. Eight of these loans (5.9%) have ultimate lease terms (considering extension options) that extend at least 20 years beyond the loan maturity. The ground leases for six loans (1.7% of pool) provide for notice and cure provisions.

Tenancies in common

Of the loans, 17 (11.7%) are owned by individuals or entities as tenants-in-common (TIC). These generally conform to Standard & Poor's criteria.

Pari passu loans

The second-largest loan in the pool, the NGP-Rubicon GSA Office Portfolio loan, has a trust balance of $194.5 million (5.9%) and a whole-loan balance of $389.0 million. The whole loan has been divided into two pari passu pieces: the $194.5 million A-2 note that is included in this transaction, and a $194.5 million A-1 note that was included in the WBCMT 2005-C20 transaction. This loan will be serviced pursuant to the PSA for the WBCMT 2005-C20 transaction.

The third-largest loan in the pool, the 1000 & 1100 Wilson loan, has a trust balance of $182.5 million (5.6%) and a whole-loan balance of $365.0 million. The whole loan has been divided into two pari passu pieces: the $182.5 million A-2 note that is included in this transaction, and a $182.5 million A-1 note that was included in the WBCMT 2005-C20 transaction. This loan will be serviced pursuant to the PSA for the WBCMT 2005-C20 transaction.

A/B notes

The mortgaged properties securing seven loans, representing 7.8% of the pool balance, are encumbered by additional debt in the form of a subordinate B note.

The Metropolitan Square loan (3.8% of the pool balance) is structured with a $25.5 million subordinate B note, the Bryan Tower loan (2.1%) is structured with a $4.8 million subordinate B note, the FBI Office Building loan (0.6%) is structured with a $2.1 million subordinate B note, the Abbott Laboratories loan (0.5%) is structured with a $2.6 million B note, the Lowe's-Windham loan (0.3%) is structured with a $1.1 million subordinate B note, the Sonoma Valley Inn loan (0.3%) is structured with a $660,000 subordinate B note, and the Holiday Inn Express & Suites-Tampa loan (0.2%) is structured with a $425,000 subordinate B note.

Each of these subordinate loans is subject to a subordination agreement and is held outside of the trust.

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 the above-mentioned A/B loans. These A/B loans are subject to intercreditor agreements that generally conform to Standard & Poor's criteria.

Additional indebtedness

One loan (representing 1.4% of the pool) has existing subordinate debt secured by the mortgage property and a pledge of equity interest in the borrower, subject to the terms of a subordination and standstill agreement.

Thirteen loans (8.6%) permit the borrower to incur future secured secondary debt. This future additional debt requires a satisfactory intercreditor agreement and certain performance parameters to be met.

Of the loans, 21 (36.3% of the pool) permit the borrower to incur future mezzanine debt subject to a subordination and standstill agreement.

All existing and potential future additional debt has been taken into account in the credit support levels.

Terrorism insurance coverage

Loans representing 79.6% 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.

Appraisal reports

Appraisal reports, in conformance with USPAP and FIRREA, were prepared for 100% of the pool balance in the past 12 months.

Environmental review

Phase I environmental site assessments and/or updates of prior site assessments were prepared for all of the properties in the 12-month period before the cutoff date.

For four loans (2.5% of pool balance), a phase II assessment was performed in connection with origination of the loan, and no further action was deemed necessary.

Escrows totaling $256,875 have been established for three properties (0.5%) to address actions that were recommended in the phase I environmental reports.

Structural review

Independent, licensed engineers prepared engineering reports for all of the properties in the pool. The reports identified both deferred maintenance items to be corrected immediately and long-term capital expenditure needs. Assets securing 47 loans (36.6%) were identified as needing immediate repairs, and escrows totaling $8,961,764 were established at closing to remedy these items and perform planned, near-term capital improvements. Generally, the loan sellers' requirements for up-front, deferred maintenance reserves are 100%-125% of the recommended amount indicated in the reports.

Engineering reports were completed within 12 months of the cutoff date for 156 loans (97.3%). Engineering reports for the remaining three loans (2.7%) were completed within 16 months of the cutoff date.

Seismic review

One-hundred four properties, securing 23.5% of the pool, are located in seismic zones 3 or 4. Seismic studies were completed for all of these properties. Three properties (0.3%) had probable maximum losses (PMLs) greater than 20%, and insurance coverage was obtained for all three of these loans.

Hurricane and flood review

Of the loans, 50 (15.2%) have properties that are in Florida or Texas, states that have historically been at greater risk for 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

85 Tenth Avenue

The largest loan in the pool, the 85 Tenth Avenue loan, has a trust and whole-loan balance of $200.0 million (6.1% of the pool balance). The 10-year, fixed rate, IO loan bears interest at 5.26%

and matures in August 2015.

The loan is collateralized by a first mortgage encumbering an 11-story, class A office building totaling 597,953 sq. ft. located on 10th Avenue between 15th and 16th Streets in Manhattan's Chelsea office submarket. The subject was built in 1913 and underwent an extensive state-of-the-art renovation to its interior and mechanical systems from 1999-2001. The General Services Administration (GSA) occupies 225,000 sq. ft. ('AAA', 37.6% of net rentable area (NRA), leases expire in 2012, 2013, 2014, and 2015); Level 3 occupies 112,000 sq. ft. ('CCC', 18.7% of NRA, lease expires in 2017); and Lehman Brothers occupies 58,168 sq. ft. ('A+', 9.7% of NRA, lease expires in 2017). As of April 2005, the property was 99.2% leased by six office tenants and two retail tenants paying average rents of $37.70 per sq. ft. and $20.40 per sq. ft., respectively. Table 1 lists the major office tenants at the property, and table 2 lists the retail tenants at the property.

Table 1 – 85 Tenth Avenue Major Office Tenants

Tenant	Rating	Sq. ft.	Property NRA (%)	Base rent per sq. ft. ($)	Lease expiration
General Services Administration	AAA	225,000	37.6	43.39	November 2012, November 2013, December 2014, and April 2015
Level 3	CCC	112,000	18.7	30.00	December 2017
Lehman Brothers	A+	58,168	9.7	45.04	February 2017
New York State Police	AAA	56,000	9.4	38.97	March 2014
Schieffelin & Co.	N.R.	56,000	9.4	31.00	February 2021
NRA—Net rentable area. N.R.—Not rated.					

Table 2 – 85 Tenth Avenue Retail Tenants

Tenant	Rating	Sq. ft.	Property NRA (%)	Base rent per sq. ft. ($)	Lease expiration
Craft	N.R.	11,088	1.8	45.17	December 2020
Il Posto	N.R.	19,835	3.1	6.55	January 2030
NRA—Net rentable area. N.R.—Not rated.					

The sponsor of the bankruptcy-remote SPE borrower is Somerset Partners (Somerset), a New York investment firm led by Marshall Allan and Philip Welch, two former executives of Donaldson, Lufkin & Jenrette's real estate operation, and Keith Rubenstein, a real estate attorney. Somerset was founded in 1987 with a senior management team averaging more than 25 years of asset management, legal, and hands-on real estate management experience. The property is managed by Williams U.S.A. Realty Services Inc., which was founded in 1926 and currently has more than 23 million sq. ft. of commercial space under management. The loan is structured with a hard lockbox for cash management.

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

- Gross potential rent (GPR) was based on leases in place as of April 2005, with vacant space grossed up at in-place weighted average rents;
- Vacancy was underwritten at 3.6%, representing weighted average vacancy assumptions of 2.0% for income associated with the GSA and New York State Police spaces, 3.0% for income associated with the Lehman Brothers space, 6.3% for income associated with all other office space, and 5.0% for income associated with the two retail tenants;
- Expense reimbursements were underwritten based on the actual lease terms;
- Other income was based on historical performance;
- Operating expenses were based on the property's 2005 budgeted expenses;
- A management fee of 4% of effective gross income (EGI) was assumed;
- Replacement reserves were underwritten at $0.30 per sq. ft. for the office space and $0.20 per sq. ft. for the retail space;
- TI expenses for office space were estimated at $18.00 per sq. ft. for new leases and $9.00 per sq. ft. for renewal leases. TI expenses for retail space were estimated at $10.00 per sq. ft. for new leases and $5.00 per sq. ft. for renewal leases;
- LC expenses were estimated at 4.0% for new space and 2.0% for renewal space;
- TI/LC assumptions were based on weighted average in-place lease terms of 12 years and 21 years for office and retail tenants, respectively, with LC expenses capped at 10 years;
- A renewal probability of 65% was assumed;
- Based on these assumptions, Standard & Poor's overall NCF variance for the property was 3.35%;
- Standard & Poor's applied a capitalization rate of 8.50% to NCF, yielding a value of $172.1 million, or $288 per sq. ft.; and
- The quality score for this asset was 2.50, an above-average score.

This loan exhibits the following strength:

- Investment-grade tenants account for 56.2% of the NRA at the property.

This loan exhibits the following concern and mitigating factor:

- Built in 1913, the property is of older construction. However, from 1999-2001, the property underwent an extensive state-of-the-art renovation, and tenants have made significant investments in their space.

NGP-Rubicon GSA Pool (pari passu, WBCMT 2005-C20)

The second-largest loan in the pool (5.9% of the pool balance), the NGP-Rubicon GSA Pool loan, has a trust balance of $194.5 million and a whole-loan balance of $389.0 million. The whole loan is split into two pari passu notes: the $194.5 million A-2 note to be included in this transaction and a $194.5 million A-1 that was included in the WBCMT 2005-C20 transaction. Up to $24 million in future mezzanine debt is allowed, subject to LTV tests and lender approval of the mezzanine lender. The 10-year, fixed-rate loan amortizes on a 30-year schedule following an initial five-year IO period, bears interest at 5.46%, and matures in June 2015.

The loan is secured by a first mortgage encumbering the fee interest in a portfolio of 13 suburban office buildings and one distribution center located in 10 states and the District of Columbia and totaling 2,990,570 sq. ft. The weighted average occupancy for the portfolio was 98.6% as of May 2005. Table 3 gives details of each property securing the loan.

Table 3 – NGP-Rubicon GSA Pool

Property name	Allocated loan amount ($)	Sq. ft.	Year built	Occupancy as of May 2004 (%)
NGP-Burlington, N.J.	41,006,000	1,048,631	1990	100.0
NGP-Sacramento, Calif.	28,736,000	326,306	1989	90.5
NGP-Suffolk, Va.	27,811,000	351,075	1993	100.0
NGP-Washington, D.C.	24,030,200	146,365	1931	100.0
NGP-Kansas City, Kan.	18,000,000	182,554	1999	100.0
NGP-San Diego, Calif.	10,759,000	131,891	1988	100.0
NGP-Concord, Mass.	10,240,000	97,256	1962	100.0
NGP-Philadelphia, Pa.	7,000,000	88,717	1911	100.0
NGP-Huntsville, Ala.	6,983,200	118,040	1994	100.0
NGP-Houston, Texas	6,130,600	138,020	1972	99.6
NGP-Providence, R.I.	6,090,000	130,600	1982	100.0
NGP-Aurora, Colo.	3,248,000	103,000	1998	100.0
NGP-Lakewood, Colo.	2,720,200	74,285	1974	85.0
NGP-Norfolk, Va.	1,745,800	53,830	1994	100.0
Total/weighted avg.	194,500,000	2,990,570	—	98.6

The largest single component of the portfolio is the NGP-Burlington, N.J. property, which represents 35.1% of the total NRA and 20.9% of the overall GPR. The property is one of only two warehouses in the U.S. that handles virtually every supply needed and used by all U.S. federal agencies, and it fulfills approximately 60% of all GSA warehouse functions in the world. The 20-year lease is set to expire in December 2010, but the property is well located to provide all U.S. federal agency supply needs east of the Mississippi River and west of the Ganges River. GSA is expected to renew the lease for another 20 years upon expiration.

The sponsor of the bankruptcy-remote SPE borrower is a joint venture between Rubicon US REIT Inc. (80.1%) and NGP Capital Partners III LLC (NGP; 19.9%). Rubicon US REIT is a subsidiary of Rubicon America Trust, which is incorporated in Australia and traded on the Australian Stock Exchange. Rubicon America Trust's strategy is to invest in stable income-producing properties located in the U.S. NGP focuses on acquiring and operating properties leased to the GSA. The principals of NGP have been involved in the acquisition or development and management of more than 16 million sq. ft. of government-occupied space. Total assets for NGP totaled $508.5 million in March 2005, with real estate assets of $466 million. The properties will be managed by CB Richard Ellis for the first year after the closing of the loan, at which point NGP will take over management of the portfolio. The loan is structured with a hard lockbox for cash management.

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

- GPR was based on the rents in place as of May 2005, with vacant space grossed up at each property's weighted average in-place rent;
- Expense reimbursements were based on contractual obligations and historical reimbursement ratios;
- An overall vacancy of 5.0% was assumed for the portfolio;
- Parking income was based on historical levels;
- A management fee of 3.0% of EGI was assumed for each property excluding the NGP-Sacramento, Calif. property, for which a management fee of 3.5% of EGI was assumed;
- Additional operating expenses were based on historical levels;
- Table 4 details the TI, average lease term, and average in-place rent assumptions for each property in the portfolio;
- LC expenses were assumed to be 4.0% for new leases and 2.0% for renewals;
- LC expenses were capped at 10 years for each property;
- A 75.0% renewal probability was assumed for all space occupied by the GSA, while a 65% renewal probability was assumed for all other space;
- Replacement reserves were estimated at $0.25 per sq. ft. for all properties excluding the NGP-Burlington, N.J. property, for which replacement reserves were estimated at $0.10 per sq. ft.;
- Based on these assumptions, Standard & Poor's NCF variance was 1.7%;
- Standard & Poor's applied an overall capitalization rate of 9.00% to the NCF, resulting in a portfolio value of $367.8 million, or $123 per sq. ft.; and
- The quality scores for the properties ranged from 2.75-3.25, with a pool average of 3.05, an average score.

This loan exhibits the following strengths:

- The loan is secured by 14 geographically diverse, cross-collateralized properties located in 10 states and the District of Columbia;
- The portfolio is 95.0% leased to GSA tenants; and
- The properties benefit from strong sponsorship and management provided by NGP, the principals of which have extensive experience in operating GSA-occupied buildings.

This loan exhibits the following concern and mitigating factor:

- The borrower has the ability to incur up to $24 million in future mezzanine debt secured by equity pledges in the borrower. The future mezzanine debt is allowed subject to certain LTV tests and lender approval of the mezzanine borrower. Furthermore, the future mezzanine lender will be required to execute a standstill agreement precluding them from exercising any remedies. Standard & Poor's factored current and future allowable mezzanine debt amounts into the capital structure for this loan and the subordination levels for the transaction.

Table 4 – NGP-Rubicon GSA Office Portfolio Assumptions

Property name	Avg. lease term	Avg. rent per sq. ft. ($)	New TIs ($)	Renewal TIs ($)
NGP-Burlington, N.J.	20.0	10.32	5.00	2.50
NGP-Sacramento, Calif.	16.9	24.76	15.00	7.50
NGP-Suffolk, Va.	17.7	18.68	12.00	6.00
NGP-Washington, D.C.	10.6	31.82	15.00	7.50
NGP-Kansas City, Kan.	10.0	22.00	10.00	5.00
NGP-San Diego, Calif.	14.1	26.06	15.00	7.50
NGP-Concord, Mass.	20.0	23.25	15.00	7.50
NGP-Philadelphia, Pa.	18.0	22.59	12.00	6.00
NGP-Huntsville, Ala.	10.0	16.10	8.00	4.00
NGP-Houston, Texas	14.8	14.05	10.00	5.00
NGP-Providence, R.I.	25.0	24.22	12.00	6.00
NGP-Aurora, Colo.	15.0	17.68	10.00	5.00
NGP-Lakewood, Colo.	5.2	16.40	8.00	4.00
NGP-Norfolk, Va.	15.0	14.06	8.00	4.00
Total/weighted avg.	—	—	—	—

TI—Tenant improvement allowances.

1000 – 1100 Wilson (pari passu, WBCMT 2005-C20)

The third-largest loan in the pool, 1000-1100 Wilson Boulevard, has a trust balance of $182.5 million (5.6% of the pool) and a whole-loan balance of $365.0 million. The whole loan has been divided into two pari passu notes: the $182.5 million A-2 note that is included in this transaction and a $182.5 million A-1 note that was included in the WBCMT 2005-C20 transaction. The five-year, fixed-rate, IO loan bears interest at 4.97% and matures in July 2010.

The loan is collateralized by a first mortgage encumbering two 31-story, class A office buildings totaling 1,069,563 sq. ft. in Arlington, Va., in the Rosslyn-Ballston Corridor. Rosslyn is located across the Potomac River from Georgetown and within five miles of downtown Washington, D.C. The subject buildings were built in 1980 and 1982 and are the tallest and most recognizable buildings in Northern Virginia. They are connected by a two-story mall that includes a CVS ('A'), a health club, a salon, convenience retail stores, and several restaurants. In addition, each building has a four- to five-level, below-grade parking structure. As of June 2005, the property was 100% leased by 39 office tenants and 16 retail tenants paying average rents of $35.88 per sq. ft. and $37.20 per sq. ft., respectively. Table 5 lists the major office tenants at the property, and table 6 lists the major retail tenants at the property.

Table 5 – 1000-1100 Wilson Boulevard Major Office Tenants						
Tenant	**Rating**	**Sq. ft.**	**Property NRA (%)**	**Base rent per sq. ft. ($)**	**Base rent (% of GPR)**	**Lease expiration**
General Services Administration	AAA	191,909	17.9	32.26	16.1	June 2007, April 2012, November 2012, and December 2012
Northrop Grumman Systems Corp.	BBB	130,419	12.2	39.74	13.5	December 2012
Raytheon Co.	BBB	116,128	10.9	34.04	10.3	August 2013
WJLA-TV	N.R.	84,423	7.9	31.63	7.0	June 2017
SRI International Inc.	N.R.	59,361	5.6	34.42	5.3	June 2017
NRA—Net rentable area. GPR—Gross potential rent. N.R.—Not rated.						

Table 6 – 1000-1100 Wilson Boulevard Major Retail Tenants						
Tenant	**Rating**	**Sq. ft.**	**Property NRA (%)**	**Base rent per sq. ft. ($)**	**Base rent (% of GPR)**	**Lease expiration**
Applied Career Training Inc.	N.R.	17,671	1.7	39.60	1.8	2014
China Garden	N.R.	10,000	0.9	29.20	0.8	2007
CVS	A-	9,722	0.9	50.65	1.3	2010
Verve Health & Fitness	N.R.	6,206	0.6	21.22	0.3	2009
The Great Eatery	N.R.	5,171	0.5	34.13	0.5	2011
NRA—Net rentable area. GPR—Gross potential rent. N.R.—Not rated.						

The sponsor of the bankruptcy-remote SPE borrower is Beacon Capital Strategic Partners III L.P. (Beacon), a real estate investment firm headquartered in Boston, Mass. Beacon and its predecessors have been actively involved in developing, owning, and operating commercial real estate across the U.S. for the past 58 years. 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:

- GPR was based on leases in place as of June 2005;
- A 5% vacancy rate was assumed, which is in line with the property's submarket;
- Expense reimbursements were underwritten based on the actual lease terms and historical recovery performance;
- Parking and other income were based on historical performance;
- Operating expenses were based on the property's average historical levels and 2005 budgeted expenses;
- The management fee was capped at $1.0 million;
- Replacement reserves were underwritten at $0.35 per sq. ft.;
- TI expenses for office space were estimated at $15.00 per sq. ft. for new leases and $7.50 per sq. ft. for renewal leases. TI expenses for retail space were estimated at $12.00 per sq.

ft. for new leases and $6.00 per sq. ft. for renewal leases;
- LC expenses were estimated at 4.0% for new space and 2.0% for renewal space;
- TI/LC assumptions were based on weighted average in-place lease terms of 14 years and 19 years for office and retail tenants, respectively, with LC expenses capped at 10 years;
- A renewal probability of 75% was assumed for the GSA, and 65% was assumed for all other tenants;
- Based on these assumptions, Standard & Poor's overall NCF variance for the property was 4.4%;
- Standard & Poor's applied a capitalization rate of 8.75% to NCF and gave credit for the present value of rent steps for Standard & Poor's rated tenants, yielding a value of $307.8 million, or $288 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 is well located in Rosslyn-Ballston corridor of Arlington, Va., with a strong submarket occupancy of 95%; and
- Investment-grade tenants account for 47.1% of the NRA and 46.1% of GPR.

This loan exhibits the following concern and mitigating factor:

- The Base Realignment and Closure Initiative, which is currently 85% approved, calls for the GSA Department of Defense tenants to be relocated to government-owned buildings. Even though the GSA occupies nearly 18% of NRA of the property, the Department of Defense occupies only 6,184 sq. ft. (0.6%) in one building. In addition, due to the subject's unmatched location, 360-degree views, and amenities, it continues to outperform the market in occupancy and rental rates.

Abbey Pool

The fourth-largest loan in the pool, the Abbey Pool loan, has a trust and whole-loan balance of $142.6 million (4.4% of the pool). The 10-year, fixed-rate loan amortizes on a 30-year schedule following an initial five-year IO period, bears interest at 5.190%, and matures in October 2015.

The loan is secured by a first mortgage encumbering a pool of 20 cross-collateralized and cross-defaulted retail, office, industrial, or mixed-use properties located in southern California in the Los Angeles and San Diego metropolitan markets. The properties in the pool are listed in table 7.

Table 7 – Abbey Pool

Property name	City	Property Type	Year built/renovated	Sq. ft.	Occupancy (%)	Allocated loan amount ($)
Transpark Office Complex	Ontario	Office	1984	208,975	91.9	20,175,000
Colton						

Commerce Center	Colton	Retail	1989	122,082	99.2	14,100,000
Sierra Gateway	Palmdale	Office	1991	131,917	93.8	13,950,000
10th Street Commerce Center	Lancaster	Retail	1980	96,567	68.9	10,275,000
Transpark Industrial Complex	Ontario	Industrial	1981	218,261	100.0	10,275,000
Palmdale Place Commerce Center	Palmdale	Retail	1985	85,152	100.0	10,125,000
Fresno Industrial Center	Fresno	Industrial	1989	265,085	100.0	7,875,000
Nevada Street Plaza	Redlands	Retail	1985	126,292	95.9	7,725,000
Tozai Plaza	Gardena	Retail	1987	39,349	92.4	7,275,000
Upland Commerce Center	Upland	Retail	1987	47,545	93.7	5,880,000
Rancho Carmel Commerce Center	San Diego	Retail	1988	26,978	100.0	5,400,000
Braden Court	Orange	Office	1984	29,987	100.0	4,425,000
Arlington Airpark	Riverside	Industrial	1989	86,334	64.1	4,370,000
30th Street Commerce Center	Palmdale	Retail	1987	33,022	100.0	3,900,000
Atlantic Plaza	Long Beach	Retail	1942	31,281	65.6	3,600,000
Diamond Bar Commerce Center	Diamond Bar	Retail	1980	20,528	100.0	3,375,000
Goodrich Office Park - Commerce	Los Angeles	Office	1948	26,200	100.0	2,700,000
Garden Grove Town Center	Garden Grove	Retail	1981	12,560	100.0	2,625,000
Anaheim Stadium Industrial Park	Anaheim	Industrial	1981	89,616	100.0	2,400,000
25th Street Commerce Center	Palmdale	Retail	1989	17,488	100.0	2,175,000
Total	—	—	—	1,715,219	93.6	142,625,000

The sponsor of the bankruptcy-remote SPE borrowers is The Abbey Co., a real estate investment firm based in southern California and founded in 1990. The Abbey Co. and its affiliates currently own and manage 3.2 million sq. ft. of real estate in southern California. The property is managed by an affiliate of the sponsor. The loan is structured with a soft lockbox for cash management.

The following points summarize Standard & Poor's underwriting assumptions for the retail component of this loan:

- GPR was based on leases in place as of August 2005;
- Vacancy was based on the highest of 5%, actual, or market vacancy at each property;
- Expense reimbursements were underwritten based on the actual lease terms and historical recovery performance;
- Other income was based on historical performance;
- Operating expenses were based on historical levels;
- Management fees of 4% of EGI were assumed;
- Replacement reserves were underwritten at $0.10 per sq. ft., $0.20 per sq. ft., and $0.25 per sq. ft. for industrial, retail, and office properties, respectively;
- TI expenses for industrial tenants were estimated to range from $1.50.-$2.50 per sq. ft. for new space and $0.75-$1.25 per sq. ft. for renewal space. TI expenses for retail tenants were estimated to range from $2.50-$6.00 per sq. ft. for new space and $1.25-$3.00 per sq. ft. for renewal space. TI expenses for office tenants were estimated to range from $6.00 $8.00 per sq. ft. for new space and $3.00-$4.00 per sq. ft. for renewal space;
- LC expenses were estimated at 4.0% for new space and 2.0% for renewal space;
- TI/LC assumptions were based on in-place weighted average lease terms ranging from 5.0–6.5 years;
- A renewal probability of 65% was assumed;
- Based on these assumptions, Standard & Poor's NCF variance for the pool was 4.2%; and
- Standard & Poor's applied capitalization rates ranging from 9.25%-9.50% and gave credit for reserves to derive a total value of $128.5 million, or $74.91 per sq. ft.

This loan exhibits the following strengths:

- The properties are located within strong markets in the two largest metropolitan areas of southern California; and
- The loan is secured by a diverse mixture of retail, industrial, and office properties, with no individual property representing more than 14.15% of the overall loan balance.

This loan exhibits the following concern and mitigating factor:

- The properties are generally at least 16 years old. Despite their older construction, however, the properties remain in good condition according to the property condition reports.

Metropolitan Square

The fifth-largest loan in the pool, the Metropolitan Square loan, has a trust balance of $125.5 million (3.8% of the pool) and a whole-loan balance of $151.0 million. In addition to the A note, the property is encumbered by a $25.5 million B note that will be held outside the trust. The 10-year, fixed-rate loan bears interest at 5.320%, amortizes on a 30-year schedule, and matures in August 2015.

The loan is collateralized by a first mortgage encumbering a 987,300-sq.-ft., 42-story office building located in Saint Louis, Mo. Built in 1989, the property also has two parking garages that can accommodate 483 vehicles below grade and 517 vehicles above grade. The property has 235 feet of primary frontage along the west side of North Broadway and 275 feet of secondary frontage along Pine Street in the heart of the St. Louis central business district (CBD). It is located near the newly developed Thomas F. Eagleton Federal Court House, the largest federal courthouse in the nation. As of July 2005, the subject was 84.6% leased to 103 office tenants paying a weighted average rent of $19.43 per sq. ft. Table 8 lists major office tenants at the property.

Table 8 – Metropolitan Square Major Office Tenants

Tenant	Standard & Poor's Rating	Sq. ft.	Property NRA (%)	Base rent per sq. ft. ($)	Base rent (% of GPR)	Lease expiration
Bryan Cave LLP	N.R	222,194	22.5	17.09	19.8	June 2022
Armstrong Teasdale LLP	N.R	134,947	13.7	22.52	15.8	June 2010
HOK Group Inc.	N.R	56,874	5.8	17.00	5.0	December 2014
Senniger, Powers, Leavitt & Roedel	N.R	45,973	4.7	26.76	6.4	August 2008

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

The sponsor of the bankruptcy-remote SPE is Mark Karasick. Mr. Karasick has been actively involved in real estate investment, ownership, and management for nearly 25 years, primarily in New York and New Jersey. His acquisitions over the past five years total more than 10 million sq. ft. and have a collective value in excess of $2.0 billion. The property is managed by Jones Lang LaSalle Americas Inc., which provides a range of integrated property management and transaction services globally and currently has approximately 535 million sq. ft. under management. The loan is structured with a hard lockbox for cash management.

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

- GPR was based on leases in place as of July 2005;
- No additional vacancy was assumed given that the in-place occupancy is in line with the market;
- Expense reimbursements were underwritten based on the actual lease terms and historical recovery performance;
- Parking and other income were based on historical performance;
- Operating expenses, other than property taxes and insurance premiums, were based on historical levels;
- Property taxes and insurance premiums were based on the property's current actual expenses;
- A management fee of 4% of EGI was assumed;
- Replacement reserves were underwritten at $0.25 per sq. ft.;
- TI expenses were estimated at $11.00 per sq. ft. for new leases and $5.50 per sq. ft. for renewal leases;

- LC expenses were estimated at 4.0% for new space and 2.0% for renewal space;
- TI/LC assumptions were based on the weighted average in-place lease term of 11.7 years, with LC expenses capped at 10 years;
- A renewal probability of 65% was assumed;
- Based on these assumptions, Standard & Poor's overall NCF variance for the property was 3.7%; and
- Standard & Poor's applied a capitalization rate of 9.00% to NCF and adjusted the value to account for a $5.0 million up-front leasing reserve, yielding a value of $129.1 million, or $131 per sq. ft.

This loan exhibits the following strengths:

- The property is a well-located class A building regarded as one of the premier office buildings in the Saint Louis CBD;
- As approximately 47% of the property's tenants are involved in legal work, the property benefits from its close proximity to the newly developed Thomas F. Eagleton Federal Court House, the largest federal courthouse in the nation; and
- The property benefits from strong sponsorship and management.

This loan exhibits the following concern and mitigating factor:

- While in line with the overall market, the property's 84.6% occupancy is lower than several of its competitors. However, the property's vacancy level is artificially inflated and does not accurately reflect the building's desirability; the landlord is obligated to keep the entire sixth floor (57,951 sq. ft. or 5.9% of NRA) vacant and available for use by Bryan Cave LLP through June 2007 for use as swing space as the tenant builds out its premises. This space is considered highly desirable, as there are few large blocks of space available in class A buildings in downtown St. Louis.

Extra Space Self Storage Portfolio #5

The sixth-largest loan in the pool, the Extra Space Self Storage Portfolio #5 loan, has a trust and whole-loan balance of $112.0 million (3.4% of the pool). The 10-year, fixed-rate loan amortizes on a 30-year schedule following an initial five-year IO period, bears interest at 5.285%, and matures in August 2015.

The loan is secured by a first mortgage encumbering the fee and leasehold interests in 23 Storage USA self-storage properties consisting of 16,245 units totaling 1,639,569 sq. ft. and located in 12 states. Seventeen of the 23 properties are located in the following six states: Maryland (four properties, 3,629 units, and 31.1% of allocated loan balance), California (four properties, 3,126 units, and 20.1% of allocated loan balance), Illinois (three properties, 2,149 units, and 9.4% of allocated loan balance), Florida (two properties, 1,237 units, and 7.5% of allocated loan balance), Ohio (two properties, 1,229 units, and 3.9% of allocated loan balance), and Michigan (two properties, 1,053 units, and 3.4% of allocated loan balance). The remaining properties are located in six additional states. The properties were originally built between 1889 and 1999, but most have been renovated within the past five years. The property sizes range between 309 units to 1,504 units totaling between 33,142 sq. ft. and 125,548 sq. ft, with occupancies ranging from 56.6%-95.7%, for a weighted average occupancy of 79.9%. Approximately 25% of the self-storage units are climate controlled. In addition to self-storage uses, the properties generally offer retail sales of moving-related items including boxes, locks, tape, trailer hitch installations, and truck/trailer rentals. The properties in the portfolio are listed in table 9.

Table 9 – Extra Space Self-Storage Portfolio #5

Property name	Year built/renovated	Occupancy (%)	Units	Sq. ft.	Allocated loan amount ($)
Extra Space – Arnold, Md.	1988	79.2	614	70,430	9,500,000
Extra Space – Bethesda, Md.	1958	77.9	1,404	120,872	12,800,000
Extra Space – Chicago (South Wabash Avenue), Ill.	1915/1997	82.8	712	64,901	4,400,000
Extra Space – Chicago (West Addison Street), Ill.	1936	77.1	876	71,610	3,200,000
Extra Space – Chicago (West Harrison Street), Ill.	1889/1996	83.9	561	48,768	2,900,000
Extra Space – Columbia, Md.	1991	85.4	709	71,285	8,400,000
Extra Space – Columbus, Ohio	1987	69.9	803	89,250	2,900,000
Extra Space – Cordova, Tenn.	1990	78.3	600	72,685	2,700,000
Extra Space – Falls Church, Va.	1960	72.3	683	52,744	6,200,000
Extra Space – Fort Myers, Fla.	1989	92.2	569	70,775	4,400,000
Extra Space – Grandview, Mo.	1986	70.7	522	61,780	1,100,000
Extra Space – Grandville, Mich.	1987	65.9	583	59,716	1,700,000
Extra Space – Hemet, Calif.	1990	88.8	679	78,632	5,300,000
Extra Space – Johnston, R.I.	1997	77.5	726	75,811	7,100,000
Extra Space – Kent, Ohio	1988	81.4	426	59,829	1,500,000
Extra Space – Louisville, Ky.	1996	80.3	456	61,090	3,000,000
Extra Space – Mount Clemens, Mich.	1977	74.5	470	44,500	2,100,000
Extra Space – Oceanside, Calif.	1985	87.4	1,504	125,548	9,700,000
Extra Space – Phoenix, Ariz.	1995	95.7	835	78,765	7,400,000
Extra Space – Sacramento, Calif.	1975	78.9	634	72,437	4,200,000
Extra Space –	1999	56.6	902	84,802	4,100,000

Towson, Md.					
Extra Space – Watsonville, Calif.	1987	91.8	309	33,142	3,400,000
Extra Space – West Palm Beach, Fla.	1986	90.0	668	70,197	4,000,000
Total	—	—	—	1,715,219	142,625,000

The sponsor of the bankruptcy-remote SPE borrower is Extra Space Storage LLC, a publicly traded REIT (NYSE: EXR). As of June 2005, EXR had a market capitalization of $465 million. Extra Space was founded in 1977 and specializes in the ownership and management of self-storage properties. Extra Space is the second-largest self-storage operator in the U.S. with a total of 630 owned, managed, and franchised properties totaling approximately 43 million sq. ft. in 34 states. The properties are managed by an affiliate of the sponsor. There is no cash management feature in place for this loan.

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

- GPR was based on leases in place as of April 2005;
- No additional vacancy was assumed given that the in-place occupancy is below market;
- Other income was underwritten based on historical performance;
- Operating expenses were based on historical levels;
- A management fee of 6.0% of EGI was assumed;
- Capital reserves were underwritten at the engineer's recommendation of $0.34 per sq. ft.;
- Based on these assumptions, Standard & Poor's NCF variance for the portfolio was 3.4%;
- Standard & Poor's applied a capitalization rate of 10.25% to NCF, yielding a value of $87.7 million, or $53 per sq. ft.; and
- Quality scores for these assets range from 2.75-3.25, resulting in a blended portfolio quality score of 3.02, an average score.

This loan exhibits the following strengths:

- The loan is secured by 23 cross-collateralized and cross-defaulted properties located in 12 states;
- The properties are predominantly well-located in high-visibility, in-fill locations; and
- The properties benefit from strong sponsorship and management.

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.

San Felipe Plaza

The seventh-largest loan in the pool, San Felipe Plaza loan, has a trust and whole-loan balance of $101.5 million (3.1% of the pool). The five-year, fixed-rate, IO loan bears interest at 5.28% and matures in August 2010. In addition to the first mortgage financing, the borrower can incur up to $16.2 million of debt in the form a subordinate B note, which is subject to an intercreditor agreement. The loan also allows for up to $23.5 million in future mezzanine financing secured by equity pledges in the borrower, subject to rating agency confirmation, certain LTV tests, and subordination and standstill agreements.

The loan is collateralized by a first mortgage encumbering a 45-story, class A office building totaling 959,466 sq. ft. in Houston, Texas. Built in 1984 and renovated in 1996, the subject is widely acknowledged as the premiere landmark office tower in the Houston submarket of West Loop/Galleria. The 1996 BOMA Building of the Year Award Winner, the property features a nationally acclaimed design, high quality institutional finishes, and immediate access to an array of building and area amenities. As of August 2005, the property was 85.6% leased by 79 tenants paying a weighted average rent of $20.21 per sq. ft. Table 10 lists the major office tenants at the property.

Table 10 – San Felipe Plaza Major Tenants

Tenant	Rating	Sq. ft.	Property NRA (%)	Base rent per sq. ft. ($)	Base rent (% of GPR)	Lease expiration
Pride International	BB	110,966	11.6	19.94	14.2	December 2005, November 2015, and December 2025
Jardine Lloyd Thompson	N.R.	49,529	5.2	2.77	0.9	March 2007 and February 2015
J. Walter Thompson USA	BBB+	41,975	4.4	21.00	5.6	December 2006
Raymond James & Associates	N.R.	36,297	3.8	20.00	4.6	February 2008
Hanover Co.	N.R.	36,615	3.8	20.51	4.8	June 2007 and December 2025

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

The sponsors of the bankruptcy-remote SPE borrower are Thomas Properties Group (TPG) and California State Teachers Retirement System (CalSTRS). TPG owns interests in and manages 10 operating properties totaling 5.6 million rentable sq. ft., and provides asset and/or property management services for an additional five operating properties encompassing 2.6 million sq. ft. CalSTRS is the largest teacher's retirement fund in the U.S. and had assets of $116.2 billion as of June 2004. The property is managed by an affiliate of TPG. The loan is structured with a hard lockbox for cash management.

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

- GPR was based on leases in place as of August 2005;
- No additional vacancy was assumed;
- Expense reimbursements were underwritten based on the actual lease terms and historical recovery performance;
- Parking and other income were based on historical performance;
- Operating expenses were based on the property's historical performance;
- A management fee of 4% EGI was assumed;
- Replacement reserves were underwritten at $0.35 per sq. ft.;
- TI expenses for office space were estimated at $10.00 per sq. ft. for new leases and $5.00 per sq. ft. for renewal leases;
- LC expenses were estimated at 4.0% for new space and 2.0% for renewal space;
- TI/LC assumptions were based on the weighted average in-place lease term of 10 years;
- A renewal probability of 65% was assumed for all tenants;
- Based on these assumptions, Standard & Poor's overall NCF variance for the property was 5.2%;
- Standard & Poor's applied a capitalization rate of 9.25% to NCF, yielding a value of $101.6 million, or $106 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 is of superior asset quality and is situated close to downtown Houston, next to the Houston Galleria; and
- The property benefits from experienced management and strong sponsorship.

This loan exhibits the following concern and mitigating factor:

- The borrower has the ability to incur up to $16.2 million of debt in the form of a subordinate B note and up to $23.5 million in future mezzanine financing secured by equity pledges in the borrower. The potential subordinate B note is subject to an intercreditor agreement, and the potential mezzanine debt is required to be governed by subordination and standstill agreements, requires rating agency confirmation, and is subject to certain LTV tests. Furthermore, the additional mezzanine debt is permitted only after the B note loan is repaid. All future subordinate debt was considered when sizing the capital structure attributed to this loan.

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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 11 - Cash Flow Analysis And Valuation

Property type	% of pool	DSC (x)	NCF diff.* (%)	Cap rate (%)	Beg. LTV (%)	End. LTV (%)	Value per unit/sq. ft. ($)
Office	38.2	1.37	5.4	8.90	109.0	104.0	196

Multifamily	17.2	1.38	0.7	8.32	97.4	87.3	59,629
Retail	13.5	1.37	4.1	8.85	103.7	90.5	193
Mixed use	12.7	1.27	3.2	9.07	107.6	99.4	95
Self-storage	8.3	2.33	2.6	10.25	92.6	87.4	60
Hotel	6.9	1.59	2.0	11.31	99.3	79.6	131,445
Mobile home park	3.1	1.28	1.9	8.37	98.8	84.3	31,962
Total	100.0	1.45	3.5	9.08	103.7	95.0	196

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

Table 12 - Top 10 Loans

Property name	Property type	% of pool	DSC (x)	% NCF diff.*	Cap rate (%)	Beg. LTV (%)	End. LTV (%)	Value per unit/sq. ft. ($)
85 Tenth Avenue	Office/CBD	6.1	1.39	3.35	8.50	116.19	116.19	288
NGP Rubicon GSA Pool	Various	5.9	1.25	1.70	9.00	105.78	98.21	123
1000 & 1100 Wilson	Office/suburban	5.6	1.42	4.44	8.75	118.56	118.56	288
Abbey Pool	Various	4.4	1.28	4.18	9.15	110.99	102.65	75
Metropolitan Square	Office/CBD	3.8	1.31	3.66	9.00	97.24	98.57	131
Extra Space Portfolio #5	Self-storage	3.4	1.23	3.40	10.25	127.70	118.27	53
San Felipe Plaza	Office/suburban	3.1	1.73	5.15	9.25	99.89	99.89	106
Extra Space Teamsters Pool	Self-storage	2.8	3.04	0.00	10.25	70.64	70.64	67
180 Madison Avenue	Office/CBD	2.3	1.18	2.01	8.75	109.83	98.21	270
2500 City West	Office/suburban	2.1	1.47	7.20	9.00	110.56	110.56	110
Total/weighted average	—	39.6	1.48	3.41	9.11	108.33	104.92	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. NCF—Net cash flow. CBD—Central business district. N/A—Not applicable.

Table 13 - Standard & Poor's DSC Range (x)

	No. of loans	Loan balance ($)	% of pool
>1.65	38	507,024,936	15.5
1.55 to 1.65	8	85,530,805	2.6
1.50 to 1.54	3	25,893,446	0.8
1.45 to 1.49	6	142,013,358	4.3
1.40 to 1.44	13	352,557,880	10.8
1.35 to 1.39	7	411,973,774	12.6
1.30 to 1.34	10	213,633,043	6.5
1.25 to 1.29	22	428,809,153	13.1
1.20 to 1.24	28	687,126,067	21.0
1.15 to 1.19	21	291,678,805	8.9

1.10 to 1.14	1	4,187,615	0.1
1.05 to 1.09	0	0	0.0
1.04 to 1.00	2	125,188,000	3.8
0.00 to 1.00	0	0	0.0
Total	159	3,275,616,882	100.0
DSC—Debt service coverage.			

Table 14 - Standard & Poor's Beginning LTV Range (%)

	No. of loans	Loan balance ($)	% of pool
<50	3	17,419,845	0.5
50 to 60	4	18,667,867	0.6
61 to 70	6	67,051,517	2.0
71 to 75	7	179,325,353	5.5
76 to 80	9	44,403,232	1.4
81 to 85	4	23,361,000	0.7
86 to 90	10	40,736,820	1.2
91 to 95	17	113,189,431	3.5
96 to 100	21	445,820,635	13.6
>100	78	2,325,641,183	71.0
Total	159	3,275,616,882	100.0

Table 15 - Standard & Poor's Ending LTV Range (%)

	No. of loans	Loan balance ($)	% of pool
Fully amortizing loans	5	22,288,441	0.7
0 to 50	10	58,744,109	1.8
51 to 60	6	38,259,251	1.2
61 to 70	12	140,060,833	4.3
71 to 75	6	107,299,395	3.3
76 to 80	10	43,169,165	1.3
81 to 85	22	224,378,694	6.8
86 to 90	26	295,085,649	9.0
91 to 95	22	355,618,546	10.9
96 to 100	22	813,785,298	24.8
>100	18	1,176,927,500	35.9
Total	159	3,275,616,882	100.0

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