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Presale: Merrill Lynch Mortgage Trust 2006-C1

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Table of Contents

$2.5 Billion Commercial Mortgage Pass-Through Certificates Series 2006-C1	1
Profile	1
Rationale	2
Pool Characteristics	3
Top Seven Loans	7
Credit Evaluation	20

$2.5 Billion Commercial Mortgage Pass-Through Certificates Series 2006-C1

This presale report is based on information as of May. 9, 2006. 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 9, 2006			
Class	**Preliminary rating***	**Preliminary amount ($)**	**Recommended credit support (%)**
A-1¶	AAA	91,545,000	30.000
A-2¶	AAA	380,910,500	30.000
A-3¶	AAA	159,000,000	30.000
A-1A¶	AAA	244,645,000	30.000
A-SB¶	AAA	113,900,000	30.000
A-4¶	AAA	757,147,000	30.000
AM	AAA	249,593,000	20.000
AJ¶	AAA	218,393,000	11.250
B	AA	56,159,000	9.000
C	AA-	28,079,000	7.875
D	A	31,199,000	6.625
E	A-	18,719,000	5.875
F	BBB+	28,079,000	4.750
G	BBB	21,840,000	3.875
H	BBB-	24,959,000	2.875
J	BB+	6,240,000	2.625
K	BB	9,359,000	2.250
L	BB-	6,240,000	2.000
M	B+	6,240,000	1.750
N	B	6,240,000	1.500
P	B-	6,240,000	1.250
Q	NR	31,199,283	0.000
X§	AAA	2,495,925,283**	N/A

*The rating of each class of securities is preliminary and subject to change at any time. ¶Class A-1, A-2, A-2FL, A-3, A-3FL, A-1A, A-SB, and A-4 receive interest and principal before class AJ. Losses are borne by class AJ before class A-1, A-2, A-2FL, A-3,A-3FL, A-1A, A-SB, and A-4, which will be applied pari passu. §Interest-only class. **Notional amount. NR—Not rated.N/A—Not applicable.

Profile

Expected closing date: May 25, 2006.

Collateral: 235 loans secured by 300 properties.

Underwriters: Merrill Lynch, Pierce, Fenner & Smith Inc., PNC Bank N.A, LaSalle Financial Services Inc., Goldman Sachs & Co, and Morgan Stanley & Co. Inc.

Mortgage loan sellers: LaSalle Bank N.A., Merrill Lynch Mortgage Lending Inc., PNC Bank N.A., and Artesia Mortgage Capital Corp.

Depositor: Merrill Lynch Mortgage Investors Inc.

Master servicer: Wells Fargo Bank N.A. and Midland Loan Services Inc.

Special servicer: Midland Loan Services Inc.

Trustee: US Bank N.A.

Certificate administrator: LaSalle Bank N.A.

Rationale

The preliminary ratings assigned to Merrill Lynch Mortgage Trust 2006-C1's $2.5 billion commercial mortgage pass-through certificates series 2006-C1 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-1A, A-SB, A-4, AM, AJ, B, C, and D are currently being offered publicly. The remaining classes will be offered privately. Standard & Poor's Ratings Services' analysis determined that, on a weighted average basis, the pool has a debt service coverage (DSC) of 1.58x, a beginning LTV of 96.3%, and an ending LTV of 85.5%. The rated final maturity date for these certificates is May 2039.

Unless otherwise indicated, all calculations in this report, including weighted averages, include only the senior pooled portions of A/B and participated loans.

For the purpose of calculating the number of loans, Standard & Poor's considers each group of cross-collateralized and cross-defaulted loans to be one loan.

Strengths

The transaction exhibits the following strengths:

- Fourteen loans, representing 14.4% of the pool balance, have trust balances with credit characteristics consistent with obligations rated investment grade by Standard & Poor's: North Point Mall ('AA-', 6.5% of the pool), Mall of Louisiana ('AAA', 4.8%), 633 17th Street ('BBB-', 1.5%), BJ's wholesale Club ('AAA', 0.3%), Sentential Self Storage Portfolio ('AAA', 0.3%), Marriott Courtyard–Farmington ('AAA', 0.2%), 35 Essex Street ('AAA', 0.2%), 325 North Wells Street ('AAA', 0.2%), and Walgreens–Bryan, Texas ('AAA', 0.1%), Lincolnwood Pinetree Apartments ('AAA', 0.1%), Office Town at Village Creek ('AA', 0.1%), Marriott Resident Inn–Durango, Colo. ('AAA', 0.1%), Westwood Village ('AAA', 0.1%), and The Signal Hill Ground Lease ('AAA', 0.1%);
- Loans representing 99.8% of the pool balance have borrowing entities that are structured as special-purpose entities (SPEs). In addition, loans representing 24.8% of the pool have borrowers that are structured as bankruptcy-remote SPEs with a nonconsolidation opinion and an independent director;
- Thirty-three loans, representing 17.0% of the pool, are secured by multiple cross-collateralized and cross-defaulted assets; and
- The average quality score for the properties securing the mortgages in the trust is 2.80, 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 35.3% of the pool balance. However, two of these loans, representing 11.3% of the total pool balance and 32.0% of the top 10 aggregate balance, have trust balances that exhibit credit characteristics consistent with obligations rated investment grade by Standard & Poor's: North Point Mall ('AA-', 6.5% of the pool) and Mall of Louisiana ('AAA', 4.8%). In addition, the economics of the top 10 trust balances are better than those of the overall pool, with a DSC of 1.76x, a weighted average beginning LTV of 88.2%, and a weighted average ending LTV of 82.1. Finally, two of the top 10 loans, representing 7.4% of the pool balance and 21.0%

of the top 10 loan balance, are secured by multiple cross-collateralized and cross-defaulted properties;

- The pool has asset concentration in relatively less stable asset classes, such as office (31.0%; office 29.5% and medical office 1.5%), hotel (12.7%), mixed-use (3.8%). and self-storage (1.7%). Standard & Poor's adjusted default probability and loss severity assumptions to account for volatile assets;
- The pool exhibits geographic concentration, with 56.1% of the pool balance secured by properties in seven states. The largest concentrations are in Texas (11.3% of the pool balance), Georgia (10.2%), California (9.2%; 7.9% in Southern California, and 1.3% in Northern California), Florida (8.6%), Arizona (5.9%), Indiana (5.7%), and Louisiana (5.3%). The remaining assets are dispersed throughout 36 states and the District of Columbia, with no other state concentration exceeding 5.0% of the pool balance;
- Twenty-six loans, representing 27.4% of the pool balance, have existing additional debt or permit the borrower to incur future additional debt. All existing and future additional debt has been factored into the subordination levels. In addition, all future debt is conditional upon meeting specific DSC and LTV hurdles, requires lender consent, and/or is subject to subordination and standstill agreements; and
- The pool has a relatively large portion of interest-only (IO) loans. Fifteen loans (14.3%) provide for IO payments through their respective maturity or anticipated repayment dates. In addition, 71 loans (40.2%) have IO periods. However, Standard & Poor's considered the lack of amortization when determining credit support levels for this transaction.

Pool Characteristics

Collateral description

The pool contains 235 conventional fixed-rate loans secured by liens on 300 properties. By property type, the pool has the following composition: office (31.0%), retail (33.0%, including 21.1% anchored retail, 10.0% shadow anchored or unanchored retail, and 1.4% single-tenant retail), hotel (12.7%), multifamily (10.9%), industrial and warehouse (6.2%), mixed-use (3.8%), self-storage (1.7%), manufactured housing (0.5%), and other (0.2%).

Loans representing 99.8% of the pool balance are made to borrowers structured as SPEs. Of these, loans representing (24.8% of the pool have borrowers that are structured as bankruptcy-remote SPEs with a nonconsolidation opinion and an independent director.

Lockboxes are in place for 50 loans, representing 56.3% of the pool balance. Forty-two loans (50.1% of the pool balance) have hard lockboxes, and eight loans (2.4% of the pool balance) have springing lockboxes that are triggered by an event of default, the anticipated repayment date, DSC conditions, or a specific tenant event.

Upfront and/or ongoing tax escrows have been established for 201 loans (67.8% of the pool balance), upfront and/or ongoing insurance premium escrows have been established for 192 loans (64.4% of the pool balance), and upfront and/or ongoing capital reserves have been established for 195 loans (69.4% of the pool balance). Upfront and/or ongoing tenant improvement allowance and leasing commission (TI/LC) reserves have been established for 91 loans (45.4% of the pool balance representing office, industrial, retail, and mixed-use properties).

Of the properties in the pool, 56 (16.1% of the pool balance) are leased to single tenants. Fourteen of these properties are leased to investment-grade tenants (51.4% of the single

tenant component), and 18 properties (28.1% of the single tenant component) have long-term leases that expire at least five years after the loan maturity.

Geographic diversity

The pool consists of properties located in 43 states and the District of Columbia. The largest concentrations are in Texas (11.3% of the pool balance), Georgia (10.2%), California (9.2%; 7.9% in Southern California, and 1.3% in Northern California), Florida (8.6%), Arizona (5.9%), Indiana (5.7%), and Louisiana (5.3%). The remaining assets are dispersed throughout 36 states, with no other state concentration exceeding 5.0% of the pool balance.

Loan sellers

LaSalle Bank N.A contributed 133 loans, (49.2% of the pool balance), Merrill Lynch Mortgage Lending Inc. contributed 44 loans (33.9%), PNC Bank N.A. contributed 32 loans (11.1% of the pool balance), and Artesia Mortgage Capital Corp. contributed 26 loans (5.8%).

Loan origination dates

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

Agreed-upon procedures

Agreed-upon procedures were performed for 36 loans, representing 14.7% of the pool balance.

Hyperamortizing loans

Four loans, representing 3.4% of the pool balance, are structured as hyperamortizing loans. Two of these loans (2.2%) are structured with a hard lockbox, and two (1.2%) are structured with a springing lockbox.

Interest-only loans

Eleven loans (13.2%) provide for IO payments through their respective maturity. In addition, 71 loans (40.2%) have IO periods.

Collateral quality

Based on Standard & Poor's analysis, the portfolio has a DSC of 1.58x on a weighted average coupon of 5.69%. 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 3.39%. This decrease reflects adjustments to rental rates, occupancy levels, operating expenses, capital expenditure reserves, and TI/LC assumptions.

For the pool, Standard & Poor's weighted average beginning LTV is 96.3%, and the ending LTV is 85.5%. The weighted average capitalization rate applied to Standard & Poor's NCF is 9.27%. 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 54% of the total pool and re-underwrote cash flows and derived asset values for 68% of the total pool. The weighted average quality score for the inspected properties was 2.80, an above-average score on Standard & Poor's scale of 1 (highest) to 5 (lowest).

Borrower/loan concentrations

The largest sponsor concentration is is General Growth Properties Inc. (GGP, 'BBB-'). GGP is engaged in the ownership, operation, management, acquisition, and development of regional malls and community centers in the U.S. GGP acquired the Rouse Co. in November 2004 to position itself as one of the largest mall REITs in the U.S. The combined company has more than 215 retail properties totaling more than 200 million sq. ft. The five-largest sponsors represent 27.1% of the pool balance, and the 10-largest sponsors represent 39.0% of the pool balance.

The largest loan in the pool is the North Point Mall loan, representing 6.5% of the pool balance. The top five loans represent 23.8% of the pool balance, and the top 10 loans account for 35.2% of the overall pool balance. The top 10 loans are all structured with bankruptcy-remote SPE borrowers with nonconsolidation opinions and independent directors. In addition, two of the top 10 loans, representing 11.3% of the pool balance, exhibit investment-grade credit characteristics based on a number of factors, including the property type, loan structure, loan term, coverage, and leverage parameters. In addition, two of the top 10 loans (7.4% of the pool balance and 21.0% of the top 10 loan balance) are secured by multiple cross-collateralized and cross-defaulted properties. Finally, the economics of the top 10 loans are better than the overall pool, with a beginning LTV of 88.2%, an ending LTV of 82.1%, and a DSC of 1.76x.

Bankruptcy issues

Five loans, representing 0.9% of the pool balance, have sponsors that were involved in prior bankruptcies. The borrowers for all of these loans are structured as SPEs, and one of the loans (0.2% of pool) is structured with a springing lockbox for cash management.

Leasehold interests

Fifteen loans (13.6% of the pool balance) are secured in whole or in part by a mortgage lien on the borrower's leasehold interest pursuant to a ground lease. Thirteen of these loans (8.0% of the pool) have ground leases with ultimate lease terms (considering extension options) that extend at least 20 years beyond the loan maturity, and 14 of these loans (12.1% of the pool) offer notice and cure rights.

One loan (4.1% of the pool) is secured by 12 properties, one of which is secured by a leasehold interest pursuant to a ground lease that expires 10 years after loan maturity. In this case, the lender has notice and cure rights and the right to enter into a new ground lease at the same terms and conditions of the subject ground lease.

Tenants in common

Twenty-two loans, representing 16.3% of the pool balance, are owned by individuals or entities as tenants-in-common. These generally conform to Standard & Poor's criteria regarding tenants-in-common.

Additional indebtedness

Nine loans, representing 9.2% of the pool balance, have existing mezzanine debt that is secured by a pledge of equity interest in the related mezzanine borrower.

Twelve loans (14.7% of the pool balance) permit the borrower to incur future mezzanine debt. Any additional indebtedness may only be secured by a pledge of the equity interest in the related borrower. All future mezzanine financing will be subject to several conditions, including rating agency confirmation, certain DSC and LTV tests, and intercreditor and subordination agreements.

One loan, the Celina Plaza Apartments loan (0.4%), has existing secured subordinate

debt in the aggregate amount of $875,000, and is subject to a subordination and standstill agreement.

All additional debt and the ability to incur additional debt have been factored into the subordination levels.

A/B loans

Five loans, the North Point Mall loan (6.5% of the pool), the Mall of Louisiana loan (4.8%), the 633 17th Street loan (1.5%), the Suites at Mainsail Village loan (1.1%), and the Capital Hill Project loan (0.3%) are structured as A/B loans. These loans consist of two separate notes, with only the senior note included in 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. The rights of the B note to receive payments of interest, principal, and other amounts are subordinate to the right of the A note in the event of a monetary default. Currently, the master and special servicer of this trust services these A/B loans.

Terrorism insurance coverage

Properties representing 99.6% 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.

Appraisal reports

Appraisal reports, in conformance with USPAP and FIRREA, were prepared for all of the loans. All of the appraisal reports were completed within 12 months of the cutoff date.

Environmental review

Phase I environmental site assessments were prepared for properties securing 100% of the pool balance. All of the reports, but one (0.3% of pool), were prepared in the past 12 months. The remaining report was prepared within the past 24 months.

Escrows totaling $212,244 have been established for six loans representing 5.1% of the pool balance for remediation of minor issues that were noted in the environmental reports.

A phase II assessment was recommended for properties securing seven loans (5.8% of the pool balance). These assessments were completed for two of the properties (1.5% of the pool), and no further action was recommended. For the remaining properties for which a phase II was recommended, but not done, the properties are covered by a blanket insurance policy provided by a carrier rated 'AA+' by Standard & Poor's.

Structural review

Independent, licensed engineers prepared engineering reports for 100% of the collateral properties. These reports identified both deferred maintenance items to be corrected immediately and long-term capital expenditure needs. Thirty-eight properties securing loans representing 16.3% of the total pool balance were identified as needing immediate repairs, and escrows totaling $3,043,846 were established at closing to remediate these items. Generally, the loan sellers' requirements for upfront, deferred maintenance reserves are 100%-125% of the recommended amount indicated in the reports.

Engineering reports for 299 of the properties were prepared in the 12-month period before the cutoff date. The remaining report was completed within 24 months of the cutoff date

Seismic review

Twenty-two properties, securing loans representing 10.8% of the total pool balance, are located in seismic zones 3 or 4. Seismic studies were performed on all of these properties, and none were found to have a probable maximum loss greater than or equal to 20%.

Hurricane and flood review

Generally, the originators require windstorm insurance for all properties located in coastal areas. The loans secured by properties located in Federal Emergency Management Agency-designated flood zones are required to comply with flood insurance regulations. There are 50 properties (26.0% of the pool balance) with windstorm and/or flood insurance in place.

Top Seven Loans

North Point Mall

The largest loan in the pool, the North Point Mall loan, has a trust balance of $161.7 million (6.5% of the pool balance) and a whole-loan balance of $225.0 million. The whole-loan consists of the $161.7 million A note that will be included in the trust and an $63.0 million subordinate B note that will be held outside of the trust. The five-year, fixed-rate loan bears interest at 5.74359%, amortizes on a 30-year schedule, and matures in March 2011.

The loan is secured by a first mortgage encumbering a 1,038,536-sq.-ft. regional mall located in Alpharetta, Fulton County, Ga., 20 miles north of downtown Atlanta. Developed in 1993, the two-story enclosed mall is conveniently located along State Highway 400, a major thoroughfare and retail corridor. The loan collateral includes 630,729 sq. ft. of anchor space and 397,507 sq. ft. of in-line space. The mall also includes two anchor tenants, Parisian and Dillard's, which own their land and improvements. Furthermore, the mall collateral includes a 115,000-sq.-ft. (11.1% of collateral NRA (net rentable area)) vacant anchor store that was previously occupied by Lord & Taylor. Potential future tenants for this space include big-box retailers, such as Dick's Sporting Goods and Steve & Barry's Apparel. The anchor tenants are detailed in table 1.

Table 1. North Point Mall Anchor Tenants

Tenant	Standard & Poor's rating	Collateral occupied sq. ft.	% of collateral NRA	2005 sales per sq. ft. ($)	Lease expiration
Macy's	BBB	240,000	23.1	229	January 2014
Sears	BB+	154,886	14.9	159	October 2013
JCPenney	BBB-	120,843	11.6	135	October 2013
Parisian	Parent, Saks Inc.: B+	N/A	N/A	140	N/A
Dillard's	BB	N/A	N/A	123	N/A
Total	—	515,729	49.8	—	—

NRA—Net rentable area. N/A—Not applicable.

As of April 2006, the subject was 85.4% leased with 90.6% of the in-line space leased. Comparable mall shop sales and occupancy costs for in-line tenants were $565 per sq. ft. and 10.2%, respectively, for the 12 months ended December 2005. A summary of the subject's major in-line tenants is provided in table 2.

Table 2. North Point Mall In-Line Tenants						
Tenant	**Standard & Poor's rating**	**Occupied sq. ft.**	**% of collateral NRA**	**Base rent per sq. ft. ($)**	**TTM December 2005 sales per sq. ft. ($)**	**Lease expiration**
GAP	BBB-	16,042	1.5	55.10	482	2010
Pottery Barn & Pottery Barn Kids	NR	18,631	1.8	%rent	250	2015
The Cheesecake Factory	NR	10,300	1.0	32.3	828	2025
The Limited	BBB	10,114	1.0	21.00	152	2009
Storehouse	NR	11,191	1.1	14.07	98	2007
Express	Parent: Limited Brands, BBB	11,651	1.1	31.00	318	2016
Victoria's Secret	Parent: Limited Brands, BBB	9,550	0.9	32.00	392	2015
NRA—Net rentable area. NR—Not rated. N.A.—Not available.						

The sponsor of the bankruptcy-remote special-purpose entity (SPE) borrower is General Growth Properties Inc. (GGP, 'BBB-'). GGP is engaged in the ownership, operation, management, acquisition, and development of regional malls and community centers in the U.S. GGP acquired the Rouse Co. in November 2004 to position itself as one of the largest mall REITs in the U.S. The combined company has more than 215 retail properties totaling more than 200 million sq. ft. The property is managed by an affiliate of the borrower. The loan is structured with a springing lockbox for cash management.

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

- Standard & Poor's bifurcated the underwriting analysis to give value credit for future lease-up of the mall's vacant anchor space, which is expected to be redeveloped with the addition of big-box retailers, such as Dick's Sporting Goods and Steve & Barry's Apparel. Cash flow was underwritten following an as-is approach; however, Standard & Poor's used a stabilized approach to derive the ultimate value of the collateral;
- Gross potential rent (GPR) was based on leases in place as of the April 2006 rent roll with vacant space grossed up at weighted average in-place rents;
- For cash flow and DSC purposes, in-place physical occupancy was assumed under the as-is approach; for valuation purposes, a stabilized occupancy of 95% was assumed;
- For the as-is approach, expense reimbursements were underwritten based on the actual lease terms. For the stabilized approach, expense reimbursements were based on leases in place grossed up to a stabilized occupancy;
- Percentage rent and other income were based on historical levels and budget estimates;
- A management fee of $1 million was assumed;
- Operating expenses were based on historical levels, appraisal estimates, and the borrower's budget;
- Tenant improvement allowances (TIs) for anchor tenants were estimated at $3.00 per sq. ft. for new leases and $1.50 per sq. ft. for renewals;
- TI allowances for in-line tenants were estimated at $15.00 per sq. ft. for new leases and $5.00 per sq. ft. for renewals;

- Leasing commissions (LCs) were underwritten at 4.0% for new leases and 2.0% for renewals;
- TI/LC assumptions were based on the in-place weighted average lease term of 20.2 years for anchor tenants and 10.5 years for in-line tenants, with LC expenses capped at 10 years;
- A 65% renewal probability was assumed for all tenants;
- Replacement reserves were estimated at $0.25 per sq. ft. of collateral NRA;
- Based on these assumptions, Standard & Poor's net cash flow (NCF) variance for the property was 0.0%;
- Standard & Poor's completed a stabilized analysis by grossing up the vacant anchor space at the average in-place anchor rent of $4.25 per sq. ft. Twelve months of downtime NOI associated with leasing the vacant space and new TI/LC costs were subtracted from the value. A capitalization rate of 7.75% was applied to as-is NCF, and a capitalization rate of 8.00% was applied to the incremental stabilized NCF. This yielded a value of $245 million, or $240 per sq. ft.; and
- The quality score for this asset is 2.75, an above-average score.

This loan exhibits the following strengths:

- The pooled trust balance has credit characteristics consistent with investment-grade obligations rated 'AA-' by Standard & Poor's;
- The property has demonstrated strong sales performance, with trailing 12 months (TTM) through December 2005 in-line sales of $565 per sq. ft. for stores under 10,000 sq. ft.;
- The property is well located in a major retail corridor of the Atlanta market; and
- The mall benefits from strong sponsorship and management.

This loan exhibits the following concerns and mitigating factors:

- The collateral includes a vacant anchor (11.2% of NRA), formerly occupied by Lord & Taylor. Lord & Taylor vacated in 2004 when May/Federated downsized their stores nationwide. The sponsor, GGP, is one of the largest mall owners/managers in the U.S., and it has successfully managed the subject property since 1995. The sponsor plans to redevelop the vacant anchor space with big-box retailers, such as Dick's Sporting Goods and Steve & Barry's Apparel; and
- There is $63.0 million of subordinate B note debt. The additional financing is subject to intercreditor agreements, and Standard & Poor's took the loan structure and all additional debt into consideration when sizing the transaction.

Mall of Louisiana

The second-largest loan in the pool, the Mall of Louisiana loan, has a trust balance of $120.0 million and a whole-loan balance of $175.0 million. The whole loan consists of a $120.0 million senior component that has been contributed to the trust (4.7% of the pool) and a $55.0 million subordinate B note that is not included in the trust. In addition, there is a $63.0 million mezzanine loan secured by a pledge of equity interests of the borrower. The senior component pooled trust loan bears interest at 5.711%, is interest-only (IO) for two years, amortizes on a 30-year schedule thereafter, and matures in April 2011.

The loan is secured by a first mortgage encumbering 497,120 sq. ft. of a 1,304,602-sq.-ft.

regional mall located in Baton Rouge, La., built in 1997, approximately six miles southeast of the Baton Rouge central business district. The portion of the property that is collateral for the loan consists of 348,093 sq. ft. of in-line space and 149,027 sq. ft. of out-parcel space including a newly-built theater.

The anchor tenant space, which totals 817,482 sq. ft., is not part of the collateral, because the anchor tenants own their land and improvements, except for Foley's which is owned by a third party. Table 3 details the mall's anchor tenants.

Table 3. Mall of Louisiana Anchor Tenants

Tenant	Standard & Poor's rating	Occupied sq. ft.	% of total NRA	2004 sales per sq. ft. ($)*
Dillard's¶	BB	212,507	16.2	208
Foley's§	BBB	204,890	15.6	102
Dillard's¶	BB	160,000	12.2	130
Sears*	BB+	113,517	8.6	174
JCPenney*	BB+	116,568	9.4	130

*2005 sales not available. ¶Owns its own land and improvements. §Land and improvements owned by third party. NRA—Net rentable area.

The major out-parcel and in-line tenants are detailed in table 4.

Table 4. Mall of Louisiana Outparcel And In-Line Tenants

Tenant	Standard & Poor's rating	Occupied sq. ft.	% of collateral NRA	TTM April 2005 sales per sq. ft. ($)	Lease expiration
Rave Theatre	NR	74,700	15.0	N/A	March 2026
CompUSA*	NR	25,600	5.1	N/A	October 2012
Pier 1 Imports*	BB	9,300	1.9	258	March 2009
Abercrombie & Fitch	NR	8,667	1.7	367	January 2008
Express	Parent company: Limited Brands; BBB	7,944	1.6	442	January 2010
Logan's Roadhouse*	BBB-	7,900	1.6	N/A	December 2017
American Eagle	NR	7,528	1.5	N/A	January 2014
Lerner New York	BBB+	6,826	1.6	394	January 2010

*Out parcel tenants that operate under ground leases. NRA—Net rentable area. TTM—Trailing 12 months. NR—Not rated. N/A—Not available.

Comparable in-line sales for the TTM period through December 2005 were $549 per sq. ft. (for in-line tenants with less than 10,000 sq. ft. that had been in occupancy during the applicable TTM period and reported sales). Occupancy costs, as a percentage of sales for the same period, were 8.1%. The nonanchor occupancy, as of February 2006, was 87.7%, with in-line tenants paying an average base rent of $33.92 per sq. ft.

The sponsor of the bankruptcy-remote SPE borrower is General Growth Properties Inc. (GGP, 'BBB-'). GGP is engaged in the ownership, operation, management, acquisition, and development of regional malls and community centers in the U.S. GGP acquired the Rouse Co. in November 2004 to position itself as one of the largest mall REITs in the U.S. The combined company has more than 215 retail properties totaling more than 200 million sq. ft. The property is managed by an affiliate of the borrower. The loan is structured with a springing 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 February 2006;
- Expense reimbursements were based on the tenants' contractual obligations and the property's historical performance;
- Percentage rent and other income were based on historical performance;
- No additional vacancy was taken. The property is currently 90.8% leased (excluding the anchors);
- Operating expenses other than property taxes and insurance premiums were based on the property's historical performance;
- Real estate tax and insurance premium expenses were based on the property's current actual expenses;
- A management fee of 5.0% of effective gross income (EGI) less reimbursements was assumed;
- TI expenses for the theater tenant were assumed to be $6.00 per sq. ft. for new leases and $3.00 per sq. ft. for renewal leases. TI expenses for in-line tenants were assumed to be $12.00 per sq. ft. for new leases and $5.00 per sq. ft. for renewal leases;
- LC expenses were assumed to be 4.00% for new leases and 2.00% for renewal leases;
- TI/LCs assumptions were based on the in-place weighted average lease terms of 19.8 years and 10.5 years for theater and in-line tenants, respectively. For purposes of calculating LCs, lease terms were capped at 10 years;
- A 65.0% renewal probability was assumed for all in-line tenants and a 60% renewal probability was assumed for the theater tenant;
- Replacement reserves were estimated at $0.25 per sq. ft. of collateral NRA;
- Based on these assumptions, Standard & Poor's NCF variance was 0.0%;
- Standard & Poor's capitalized NCF using an 7.75% overall capitalization rate to achieve a value of $195.6 million, or $393 per sq. ft.; and
- The quality score for this asset was 2.75, an above-average score.

This loan exhibits the following strengths:

- Mall of Louisiana is the dominant regional mall in the trade area, and its only competitor, Mall at Cortana, was built in 1976 and is located at an inferior site;
- The mall is well located along I-10, the major east-west freeway serving the region; and
- The mall benefits from strong sponsorship and management.

This loan exhibits the following concern and mitigating factor:

- There is significant lease expiration in 2007, with in-line tenants representing 33.1% of base rent up for renewal because 2007 represents the 10th anniversary of the mall's opening. However, the subject had comparable in-line sales of $549 per sq. ft. and occupancy costs of 8.1% for the 12-month period ended December 2005. In addition, GGP's strong relationships with national tenants and its strategy of signing lease extensions before expiration, combined with the fact that there is only one other regional mall in the trade area that is older and in a less desirable location, should enable the property to maintain a high level of occupancy.

Chase Center

The third-largest loan in the pool, the Chase Center loan, has a trust and whole-loan balance of $116.0 million (4.5% of the pool). The 10-year, fixed-rate IO loan, bears interest at 5.235%, and matures in March 2016.

The loan is secured by a first mortgage encumbering the fee and leasehold interest in Chase Center, a 1,057,852-sq.-ft., class A, multi-tenanted office building in downtown Indianapolis, Ind. Chase Center contains Chase Tower, a 905,525-sq.-ft., 48-story office building which was built in 1989; Circle Building, a 152,327-sq.-ft. office building built in 1959 and renovated in 1989; and a nine-story parking garage. As of December 2005, the subject was 91.2% occupied by 88 tenants paying an average rent of $15.82 per sq. ft. More than 48% of the space is occupied by tenants with a credit rating of 'A' or higher by Standard & Poor's, with the largest tenant being Bank One Indianapolis, a subsidiary of JP Morgan Chase ('A+'), which leases 376,597 sq. ft. (35.6% of NRA) through April 2012 (17,790 sq. ft.) and June 2020 (349,835 sq. ft.) at a weighted average rent of $13.33 per sq. ft. However, JP Morgan Chase has subleased 49,008 sq. ft. of this space. JP Morgan Chase is a leading global financial services firm with assets more than $1.2 trillion and operations in more than 50 countries. Table 5 lists major office tenants at the property.

Table 5. Chase Center Major Office Tenants

Tenant	Standard & Poor's rating	Occupied sq. ft.	% of Office NRA	Rent per sq. ft. ($)	Lease expiration
Bank One Indianapolis (parent company: JP Morgan Chase)	A+	376,597*	35.6	13.30	2012 and 2020
Guidant Corp.	A	69,512	6.6	21.13	2007
Ernst & Young	NR	58,728	5.6	22.96	2013
Woodward, Emhardt, Moriarty & Henry LLP	NR	55,597	5.3	19.00	2020
Deloitte & Touche	NR	24,677	2.3	22.60	2009
Merrill Lynch	A+	24,130	2.3	20.00	2009

*49,008 has been subleased to other tenants. NR—Not rated.

The sponsor of the two tenant-in-common, bankruptcy-remote SPE borrowers is Macquarie Office No 2 Corp., the U.S. operation of Macquarie Office Trust, which is part of Macquarie Bank Ltd. (Macquarie). Headquartered in Australia, Macquarie Bank Ltd. is a global investment, advisory and financial services firm, which has been active in the U.S. for more than 10 years and manages (in joint ventures with its partners) more than $10 billion worth of real estate asset in Australia and North America. Macquarie's portfolio includes 77.8 million sq. ft. of space in 367 properties in 33 U.S. states and Mexico. The property will be managed by Equity Office Properties (EOP). EOP is the largest publicly held office building owner and manager in the U.S., with a portfolio of 620 properties and 110 million sq. ft. of space located throughout the U.S. 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 leases in place as of March 2006;
- 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 performance;
- No additional vacancy was taken. The property is currently 90.2% occupied;
- Operating expenses other than property taxes and insurance premiums were

based on historical levels;

- Property taxes were based on the actual tax bill;
- The insurance premium was based on the actual expense;
- The management fee of 4% of EGI was assumed;
- Replacement reserves were underwritten at $0.35 per sq. ft.;
- Average TI allowances for office tenants 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 the in-place weighted average lease term of 13.0 years, with LC expenses capped at 10 years;
- A 65.0% renewal probability was assumed;
- Based on these assumptions, Standard & Poor's overall NCF variance for the property was 4.7%;
- Standard & Poor's applied a 9.00% capitalization rate to NCF, and gave credit for rent steps for investment-grade tenants, yielding a value of $143.5 million, or $136 per sq. ft.; and
- The quality score for this asset was 2.75, an above-average score.

This loan exhibits the following strength:

- More than 48% of the property's NRA is leased to tenants that are rated 'A+' or higher by Standard & Poor's; and
- The property benefits from strong sponsorship and management.

This loan exhibits the following concern and mitigating factor:

- The borrower structure consists of two tenant-in-common entities, each structured as a single member bankruptcy-remote limited liability company. In the event of a bankruptcy proceeding of an individual tenant-in-common, the actions a lender may take against a debtor's property are automatically stayed, effectively delaying a foreclosure proceeding. There is a risk that upon relief of the stay, a second tenant-in-common borrower could file for bankruptcy protection, thus reinstating the stay. In addition, due to there being two distinct borrowing entities, it is likely that a foreclosure proceeding would be more costly and time consuming than with a typical SPE borrower structure. The risk is mitigated because once a tenant-in-common borrower has filed for bankruptcy, the lender can preempt the ability of the other tenant-in-common entities to file by beginning involuntary bankruptcy proceedings against all other tenant-in-common entities subject to certain legal tests, after which the lender can move to consolidate all of the bankruptcy cases. In addition, if a tenant-in-common borrower files for bankruptcy or a motion against the lender contesting an involuntary proceeding brought against it by the lender, the portion of the loan attributable to its interest becomes fully recourse to that tenant-in-common. In addition, Standard & Poor's has accounted for the borrower structure by assuming a greater loss severity for the loan.

Galileo NXL Retail Portfolio 4

The fourth-largest loan in the pool, the Galileo NXL Retail Portfolio 4 loan, has a trust and whole-loan balance of $102.0 million (4.0% of the pool). The seven-year, fixed-rate, IO

loan, bears interest at 5.150%, and matures in August 2012.

The loan is secured by a first mortgage encumbering 12 anchored community shopping centers in eight states. Overall, the portfolio includes 1.40 million sq. ft. which is 96.5% occupied, with in-line tenants paying average rents of $11.78 per sq. ft., and anchor tenants paying average rents of $6.19 per sq. ft. The properties in the pool are listed in table 6.

Table 6. Galileo NXL Retail Portfolio 4 Properties

Property name	City, state	Year built/ renovated	Sq. ft.*	Occupancy (%)	Primary tenant	S&P rating
Aurora Plaza	Aurora, Colo.	1967	157,786	99.6	King Soopers	NR
Beltway South	Houston, Texas	1998	37,075	98.3	Albertson's Inc.	BBB-
Glendale Galleria	Glendale, Ariz.	1989	119,461	91.0	Food 4 Less	NR
Hornell Plaza	Hornell, N.Y.	1995/ 2004	253,813	95.2	Wal-Mart	AA
Inwood Forest	Houston, Texas	1985/ 1997	77,553	88.7	Randall's	NR
Johnstown Galleria Outparcel	Johnstown, Pa.	1993/ 2003	61,968	100.0	Dunham's Sports	NR
Market Street Square	Elizabethtown, Pa.	1993	169,481	100.0	K-Mart	BB+
Morse Shores	Ft. Myers, Fla.	1983	169,545	96.8	Publix	NR
Napoleon Center	Napoleon, Ohio	1990	60,795	100.0	Chief's / Roundy's	B+
Orange Grove	Houston, Texas	1970/ 2004	142,996	94.6	Floor & Décor	NR
Remount Village	North Charleston, S.C.	1996	60,238	100.0	Bi-Lo	B
Riverwood Port	Orange, Fla.	1990/ 1996	93,506	95.3	Winn-Dixie	NR
Totals	—	—	1,403,989	94.5	—	—

*Does not include ground leased tenants. NR—Not rated.

The sponsor of the bankruptcy-remote SPE borrower is Galileo Shopping Center Trust (GSA). GSA was created in 2003 in conjunction with its purchase of a portfolio of 51 community center assets from CBL & Associates Properties. GSA is publicly traded on the Australian Stock Exchange with an equity market capitalization of approximately $836 million, as of April 20, 2006. The subject properties are managed by an affiliate of New Plan Excel Realty Trust Inc. (NXL), which retains a 5% ownership position in the collateral. As of June 30, 2005, NXL owned or managed 441 retail shopping centers, with approximately 63.1 million sq. ft. of gross leaseable area. 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 October 2005;
- Vacancy was underwritten to the greatest of actual in-place, market levels, or 5%;
- 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 $0.20 per sq. ft.;
- TI expenses for all tenants were estimated at $3.00 per sq. ft. for new space and $1.50 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 of 12.6 years for anchor tenants and 5.7 years for in-line tenants, with LCs capped at 10 years;
- A renewal probability of 65% was assumed for all tenants;
- Based on these assumptions, Standard & Poor's NCF variance for the pool was 0.0%;
- Standard & Poor's applied capitalization rates ranging from 8.75%-9.50%, with a weighted average overall rate of 9.02%, to derive a total value of $105.3 million, or $75 per sq. ft.; and
- The quality scores for the assets ranged from 2.75-3.25, with a weighted average quality score for the portfolio of 2.97, an average score.

This loan exhibits the following strengths:

- The loan is secured by 12 cross-collateralized and cross-defaulted properties located across eight states; and
- The properties benefit from experienced sponsorship and management.

This loan exhibits the following concern and mitigating factors:

- The properties are generally older, ranging from eight to 39 years old, with an average age of 19 years. However, five of the properties have been renovated since 1996. In addition, on a portfolio basis, the properties are 96.5% occupied and are primarily anchored by national tenants, such as Wal-Mart ('AA'), Kmart (Parent, Sears: 'BB+'), and Albertson's ('BBB-').

Cerritos Corporate Center

The fifth-largest loan in the pool, the Cerritos Corporate Center loan, has a trust and whole-loan balance of $95.0 million (3.7% of the pool balance). The 10-year, fixed-rate loan bears interest at 5.540%, is IO for the first five years, amortizes on a 30-year schedule thereafter, and matures in October 2015.

The loan is secured by a first mortgage encumbering two class A, seven-story office buildings, located in Cerritos, Calif. The office buildings were built to suit for AT&T Wireless in two phases, with phase I (221,968 sq. ft) built in 1999, followed by phase II (104,567 sq. ft.) in 2001. Following the merger of AT&T Wireless with Cingular, the combined entity made the subject property its Los Angeles regional headquarters.

Cingular Wireless ('A') is the largest wireless phone operator in the U.S. with more than 50 million subscribers. Phase I of the property serves as Cingular's western headquarters, housing human resources, business training, sales and engineering services, as well as executive offices for the region. Phase II of the subject property serves as Cingular's primary call center in the country, handling the majority of the company's calls related to credit, activation, fraud, and general account management. Cingular Wireless leases 100% of the property at a weighted average rental rate of $24.75 per sq. ft., with two leases ending in September 2014 and May 2011.

The sponsor of the bankruptcy-remote SPE borrower is Maguire Properties Inc. and

Macquarie Office Trust LLC. The property was developed by Maguire Properties, one of the leading developers, owners, operators, and managers of institutional quality office properties in the U.S. Since founding Macguire Partners in 1965, Robert F. Macguire and the Macguire organization have developed a series of landmark, large-scale class-A office properties and master-planned, mixed-use suburban campuses. The firm currently owns a portfolio totaling more than 10 million sq. ft. in Southern California, as well as a 350 room hotel, and parking garages and lots encompassing 10,814 parking spaces. Macquarie Office Trust is publicly traded on the Australian Stock Exchange, and as of Dec. 31, 2005, Macquarie Office Trust had approximately $3.7 billion of total assets, including joint venture properties, which represent a portfolio of commercial office properties across Australia and the U.S. 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 March 2006;
- Reimbursement income was based on historical performance and tenants' contractual obligations;
- A vacancy rate of 5.0% was assumed;
- Operating expenses were based on the actual real estate tax and insurance premiums, and the property's historical performance;
- A management fee of 3% of EGI was assumed;
- Replacement reserves were underwritten at $0.30 per sq. ft.;
- TI allowances were estimated at $15.00 per sq. ft. for new space and $7.50 per sq. ft. for renewal space, based on a weighted average rent of $24.75 per sq. ft.;
- LC expenses were assumed to be 4.00% for new tenants and 2.00% for renewals;
- TI and LC expenses were based on the in-place weighted average lease terms of 13.0 years, with LC expenses capped at 10 years;
- A renewal probability of 65% was assumed;
- Based on these assumptions, Standard & Poor's NCF variance was 11.1%;
- Standard & Poor's capitalized the NCF using a 9.00% overall capitalization rate. In addition, Standard & Poor's gave credit of $6.4 million for the value of future rent bumps for the long-term investment-grade tenant. This resulted in a value of $84.6 million, or $259 per sq. ft.; and
- The quality score for this asset was 2.75 an average score.

This loan exhibits the following strengths:

- The property is well located in the City of Cerritos, Mid-Cities office market which benefits from quick and easy access to four highways (US-91, I-106, I-5, and I-105), the Los Angeles International Airport, and the Post of Los Angeles. In addition, the property is part of the master-planned Cerritos Towne Center, which integrates office, retail, and hotel facilities, and a world class performing arts center and has become a key crossroads in Southern California;
- The buildings are occupied, on a long-term lease by a credit tenant rated 'A' by Standard & Poor's; and
- The property benefits from experienced management and sponsorship from Macquire Properties and Macquarie Bank.

This loan exhibits the following concern and mitigating factors:

- The subject property is 100% leased to a single tenant. This risk is mitigated by the fact that the space is leased to Cingular Wireless ('A'), and it serves as their Los Angeles regional headquarters. In addition, Cingular has made a commitment to the property and is in the process of building out more office space at the subject at its own expense (in excess of $1.0 million) to accommodate an additional 100 employees at the site.

Ashford Hotel Portfolio 7

The sixth-largest loan in the pool, the Ashford Hotel Portfolio 7, has a trust and whole-loan balance of $83.08 million (3.2% of the pool). The 10-year, fixed-rate loan bears interest at 5.531%, amortizes on a 25-year schedule following an initial four and a half year IO period, and matures in February 2016.

The loan is secured by first mortgages encumbering the fee interests in five cross-collateralized and cross-defaulted, full-service and limited-service hotel properties located in three states. The portfolio is diversely flagged by well-recognized national brands: Residence Inn by Marriott (two properties, 54.4% of the loan balance), Courtyard by Marriott (two properties, 29.9%), and Embassy Suites (one property, 15.7%). The portfolio includes 769 rooms in five hotels, which range in size from 150-159 rooms. Occupancy rates across the portfolio range from 64.4%-87.4% with a weighted average occupancy of 78.1%, as of the TTM ending December 2006. Typical amenities at the properties include business centers, conference and meeting spaces, laundry facilities, swimming pools, fitness centers, restaurants, and sundry shops. Table 7 lists the properties.

Table 7. The Ashford Hotel Portfolio Properties

Property	Location	Year built/ renovated	No. of rooms	TTM occupancy (%)	TTM ADR ($)	TTM RevPAR ($)	TTM RevPAR penetration indices
Embassy Suites Houston	Houston, Texas	1998	150	70.1	148.74	104.30	111.6
Residence Inn Sorrento Mesa	San Diego, Calif.	1999	150	81.5	127.28	103.69	143.6
Residence Inn Fairfax	Falls Church, Va.	2000	159	87.4	143.45	125.43	136.8
Courtyard Irvine Spectrum	Foothill Ranch, Calif.	2004	156	75.2	104.09	78.32	122.5
Courtyard Alpharetta	Alpharetta, Ga.	2000	154	64.4	95.56	61.53	123.9
Total/ weighted avg. based on allocated loan amount.	—	—	154	78.1	127.26	100.27	130.5

TTM—Trailing 12 months. ADR—Average daily rate. RevPAR—Revenue per available room

The sponsor of the five bankruptcy-remote SPE borrowers is Ashford Hospitality Trust Inc. (AHT). As of June 2005, AHT owned 79 hotels in 25 states with 12,868 rooms. The top three franchisers associated with AHT are Hilton (42%), Wyndham (25%), and Marriott (8%). The Marriott-flagged properties continue to be managed by Marriott International Inc., a worldwide operator and franchisor of hotels with more than 2,600

properties in the U.S. and 66 other countries and territories. Host Marriott Corp. has 13 separate brand names, including Courtyard by Marriott, and currently owns or holds controlling investments in 107 properties located in 26 states, Canada, and Mexico. The remainder of the hotels are managed by Remington Management Co., an affiliate of the sponsor. The loan is structured with a hard lockbox for credit card receivables.

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

- Standard & Poor's underwritten room revenues were based on actual, historical, and projected occupancies and average daily rates (ADRs); the penetration yields; and the subject's general market position relative to the competitive set. Standard & Poor's concluded a weighted average occupancy of 78.3% and an ADR of $128.16, yielding a revenue per available room of $101.14;
- Departmental revenues were generally underwritten based on historical levels, on a per-occupied-room basis, with greater emphasis on data from the TTM through December 2005;
- Departmental expenses were generally underwritten based on the historical departmental profit margin level;
- Undistributed and fixed expenses are in line with historical expenses on an absolute and percentage basis;
- A furniture, fixtures, and equipment reserve was underwritten at 4.0% of total revenue;
- Based on these assumptions, Standard & Poor's NCF variance was 0.0%;
- Standard & Poor's capitalized NCF at capitalization rates ranging from 11.50%-11.75%, for an overall weighted average rate of 11.67%, yielding a value of $96.2 million ($125,029 per room); and
- The quality scores for the assets ranged from 2.50-3.00, with a weighted average score for the portfolio of 2.75, a slightly above-average score.

This loan exhibits the following strengths:

- The loan is secured by five cross-collateralized and cross-defaulted properties in three states;
- The properties have strong brand and franchise recognition with the Marriott and Hilton brands; and
- The properties benefit from strong sponsorship and management.

This loan exhibits the following concern and mitigating factor:

- Standard & Poor's views hotels as a more volatile asset type compared with other property types. However, Standard & Poor's default thresholds and loss severities are more conservative to account for this volatility.

Raintree Corporate Center I & II

The seventh-largest loan in the pool, the Raintree Corporate Center I & II loan, has a trust and whole-loan balance of $59.0 million (2.3% of the pooled trust balance). The 10-year, fixed-rate loan bears interest at 5.955%, amortizes on a 30-year schedule, and matures in June 2016.

The loan is secured by a first mortgage encumbering the fee interest in two three-story,

class A, multitenanted office buildings totaling 298,865 sq. ft in Scottsdale, Ariz. The properties were constructed in 2002 and 2004, and each building is served by a four-level parking structure. The property is located along the Pima Freeway (Loop 101) with convenient freeway access and good visibility.

As of April 2006, the subject was 100% leased to 26 tenants paying an average rent of $25.65 per sq. ft. Approximately 50% of the total NRA and one full building is occupied by Pulte Homes, a tenant rated investment-grade by Standard & Poor's, which accounts for 49.0% of in-place rents. Table 8 lists major tenants at the property.

Table 8. Raintree Corporate Center I & II Major Tenants

Tenant	Standard & Poor's rating	Occupied sq. ft.	% of NRA	Rent per sq. ft.	Lease expiration
Pulte Homes	BBB-	149,992	50.2	25.03	July 2012
Alliance Defense Fund	NR	22,516	7.5	26.67	November 2006
Superior Home Services	NR	14,413	4.8	25.50	November 2009
NR-Not rated.					

The sponsor of the bankruptcy-remote SPE borrower is Cavan Management Services LLC. Cavan Management Services has been involved in the development and ownership of real estate for more than 30 years, and has developed more than five million sq. ft. of commercial office and retail space throughout the southwest valued at more than $1.0 billion. The property is managed by an affiliate of the borrower. The loan is structured with a hard lockbox for cash management.

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

- Underwritten revenues were based on the leases in place as of April 2006;
- Expense reimbursements were based on the terms of the leases in place and the property's historical reimbursement income;
- Parking income was based on leases in place;
- Other income was based on historical performance;
- A 5% vacancy was taken based on the average vacancy rate for the Scottsdale submarket;
- Operating expenses, including property taxes and insurance premiums, were based on historical levels;
- A management fee of 4% of EGI was assumed;
- Replacement reserves were underwritten at $0.25 per sq. ft.;
- Average 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;
- LC expenses 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 term of 6.2 years;
- A 65.0% renewal probability was assumed;
- Based on these assumptions, Standard & Poor's overall NCF variance for the property was 2.1%;
- Standard & Poor's applied a 9.25% capitalization rate to NCF, yielding a value of $53.0 million, or $177 per sq. ft.; and

- The quality score for this asset was 2.50, an above-average score.

This loan exhibits the following strengths:

- Approximately 50% of the total NRA (49% of GPR) is occupied by Pulte Homes ('BBB-'); and
- The property benefits from a strong location in Scottsdale, providing convenient access to major transportation routes and good visibility. The property also benefits from its high quality construction.

This loan exhibits the following concern and mitigating factors:

- Approximately 1.6 million sq. ft. of new office space is under construction or planned for development for delivery through 2008 in the submarket. However, approximately 350,000 of this new space is pre-leased, and the submarket has absorbed more than 450,000 sq. ft. of new space annually since 2000. At this rate of leasing, the new space will be absorbed as it comes on line. In addition, the subject property's location and high quality building finishes have historically enabled it to outperform the market at 100% occupancy, and Standard & Poor's took the new space into consideration when determining an appropriate vacancy rate for the subject property.

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 ratio and LTV stratification ranges.

Table 9. 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	33.0	1.66	1.6	8.5	87.0	79.4	232
Office	31.0	1.49	5.0	9.1	101.9	92.4	156
Hotel	12.7	1.79	3.2	11.6	101.5	83.3	109,759
Multifamily	10.9	1.47	1.9	9.1	97.1	85.4	110,987
Industrial	6.2	1.37	5.0	9.1	101.7	87.7	83
Mixed	3.8	1.57	7.2	9.5	99.1	88.0	122
Self-storage	1.7	1.53	0.5	10.3	98.8	81.7	1,020
Mobile home park	0.5	1.40	2.1	8.5	89.1	76.3	33,577
Other	0.2	1.83	2.2	11.8	88.7	75.5	17,046
Total	100.0	1.58	3.4	9.3	96.3	85.5	—

*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 10. Top 10 Loans

Property name	Property type	% of pool	DSC (x)	% NCF diff.*	Cap rate (%)	Beg. LTV (%)	End. LTV (%)	Value per unit/sq. ft. ($)
North Point Mall	Retail/ anchored	6.5	1.62	0.00	7.75	66.68	62.06	240
Mall of Louisiana	Retail/ anchored	4.8	2.32	0.00	7.75	61.36	58.88	393
Chase Tower	Office/ CBD	4.6	1.99	4.71	9.00	80.81	80.81	136

Table 10. Top 10 Loans								
Property name	**Property type**	**% of pool**	**DSC (x)**	**% NCF diff.***	**Cap rate (%)**	**Beg. LTV (%)**	**End. LTV (%)**	**Value per unit/sq. ft. ($)**
Galileo NXL Retail Portfolio 4	Retail/ anchored	4.1	1.78	0.00	9.02	96.92	96.92	75
Cerritos Corporate Center	Office/ suburban	3.8	1.32	11.14	9.00	112.25	104.33	259
Ashford Hotel Portfolio 7	Hospitality/various	3.3	2.40	0.00	11.67	86.40	76.37	125,040
Raintree Corporate Center 1 and 2	Office/ suburban	2.4	1.22	2.09	9.25	111.19	99.64	177
Copperwood Plaza	Retail/ shadow anchored	2.1	1.37	6.37	8.75	111.43	98.01	137
Gateway One	Office/ CBD	2.0	1.45	6.70	9.25	114.49	106.38	107
Four Points Sheraton-Chelsea	Hospitality/full service	1.6	1.42	3.96	11.25	104.43	80.60	241,294
Weighted avg.	—	35.3	1.76	2.91	8.97	88.23	82.11	—
*Difference between Standard & Poor's estimated NCF and underwriter's estimated NCF as a percentage of underwriter's estimated NCF. only. DSC—Debt service coverage ratio. NCF—Net cash flow. CBD—Central business district. N/A—Not applicable.								

Table 11. Standard & Poor's DSC Range			
DSC range (x)	**No. of loans**	**Loan balance ($)**	**% of pool**
>1.65	45	801,838,461	32.1
1.55 to 1.65	14	252,516,601	10.1
1.50 to 1.54	14	67,561,851	2.7
1.45 to 1.49	13	135,476,998	5.4
1.40 to 1.44	23	226,507,371	9.1
1.35 to 1.39	20	211,151,441	8.5
1.30 to 1.34	16	148,585,680	6.0
1.25 to 1.29	31	169,095,989	6.8
1.20 to 1.24	27	199,653,770	8.0
1.15 to 1.19	23	127,024,948	5.1
1.10 to 1.14	8	129,012,173	5.2
1.05 to 1.09	0	0	0.0
1.00 to 1.04	1	27,500,000	1.1
<1.00	0	0	0.0
Total	235	2,495,925,284	100.0
DSC—Debt service coverage.			

Table 12. Standard & Poor's Beginning LTV Ratios			
Beginning LTV range (%)	**No. of loans**	**Loan balance ($)**	**% of pool**
<50	2	3,946,801	0.2
51 to 60	3	13,487,845	0.5
61 to 70	11	350,193,785	14.0
71 to 75	3	18,968,004	0.8
76 to 80	10	34,959,681	1.4
81 to 85	15	204,575,091	8.2
86 to 90	22	219,526,470	8.8

Table 12. Standard & Poor's Beginning LTV Ratios			
Beginning LTV range (%)	**No. of loans**	**Loan balance ($)**	**% of pool**
91 to 95	27	169,177,368	6.8
96 to 100	30	332,644,386	13.3
>100	112	1,148,445,853	46.0
Total	235	2,495,925,284	100.0

Table 13. Standard & Poor's Ending LTV Ratios			
Ending LTV range (%)	**No. of loans**	**Loan balance ($)**	**% of pool**
Fully amortizing	1	1,359,924	0.1
0 to 50	9	35,973,080	1.4
51 to 60	12	185,515,424	7.4
61 to 70	21	276,555,625	11.1
71 to 75	16	63,160,554	2.5
76 to 80	37	267,243,908	10.7
81 to 85	25	346,339,968	13.9
86 to 90	31	222,751,505	8.9
91 to 95	32	262,298,803	10.5
96 to 100	27	442,331,492	17.7
>100	24	392,395,000	15.7
Total	235	2,495,925,284	100.0

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