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Presale: Wachovia Bank Commercial Mortgage Trust

\$2.6 Billion Commercial Mortgage Pass-Through Certificates Series 2005-C22

This presale report is based on information as of Dec. 7, 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 Dec. 7, 2005

<i>Class</i>	<i>Preliminary rating*</i>	<i>Preliminary amount (\$)</i>	<i>Recommended credit support (%)</i>
A-1¶	AAA	51,163,000	30.000
A-2¶	AAA	91,861,000	30.000
A-3¶	AAA	157,444,000	30.000
A-PB¶	AAA	204,025,000	30.000
A-4¶	AAA	1,035,637,000	30.000
A-1A¶	AAA	253,981,000	30.000
A-M¶	AAA	256,302,000	20.000
A-J¶	AAA	153,781,000	14.000
B¶	AA+	22,426,000	13.125
C¶	AA	32,038,000	11.875
D¶	AA-	25,630,000	10.875
E¶	A	48,057,000	9.000
F	A-	32,038,000	7.750
G	BBB+	28,834,000	6.625
H	BBB	28,833,000	5.500
J	BBB-	35,242,000	4.125
K	BB+	16,019,000	3.500
L	BB	12,815,000	3.000

Preliminary Ratings As Of Dec. 7, 2005 (cont. 'd)

<i>Class</i>	<i>Preliminary rating*</i>	<i>Preliminary amount (\$)</i>	<i>Recommended credit support (%)</i>
M	BB-	12,815,000	2.500
N	B+	6,408,000	2.250
O	B	6,407,000	2.000
P	B-	9,611,000	1.625
Q	NR	41,649,890	0.000
IO§	AAA	2,563,016,890**	N/A

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

Profile

Expected closing date: Dec. 29, 2005.

Collateral: 130 loans secured by 238 properties.

Underwriters: Wachovia Capital Markets LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., J.P. Morgan Securities Inc., and Nomura Securities International Inc.

Sellers: Wachovia Bank National Association and CWC Capital LLC.

Master servicer: Wachovia Bank National Association

Special servicer: CWC Capital Asset Management LLC.

Depositor: Wachovia Commercial Mortgage Securities Inc.

Trustee: Wells Fargo Bank N.A.

Rationale

The preliminary ratings assigned to Wachovia Bank Commercial Mortgage Trust's \$2.6 billion commercial mortgage pass-through certificates series 2005-C22 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-PB, A-4, A-1A, A-M, A-J, B, C, D, and E are currently being offered publicly. Standard & Poor's Ratings Services' analysis determined that, on a weighted average basis, the pool has a debt service coverage (DSC) of 1.40x, a beginning LTV of 104.1%, and an ending LTV of 95.1%.

Unless otherwise indicated, all calculations in this report, including weighted averages, do not include the pari passu portion of the Hyatt Center loan, or the subordinate nontrust B notes for the Tiffany Building, Lake Sweetwater Apartments, Putnam Place, One Grumman Road West, and Key Plaza loans.

Strengths

The transaction exhibits the following strengths:

- Three of the loans (3.7% of the pool) have trust balances with credit characteristics consistent with a 'AAA' rating by Standard & Poor's: Metro Pointe at South Coast (2.2%), The Shoppes at Eastchase & The Plaza at Eastchase (1.0%), and 1201 Broadway (0.5%);
- All of the loans have borrowing entities that are structured as special-purpose entities (SPEs). Additionally, 24 of these loans (45.4% of the pool) have borrowers that are structured as bankruptcy-remote SPEs with a nonconsolidation opinion and an independent director;
- Ten loans (20.7%) 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 2.81, an above-average score on Standard & Poor's scale of 1 (highest) to 5 (lowest).

Concerns and mitigating factors

This transaction exhibits the following concerns and mitigating factors:

- The pool exhibits geographic concentration, with 53.6% of the mortgaged properties concentrated in five states. The largest concentrations are in California (21.1%; 14.0% in Southern California and 7.1% in Northern California), Illinois (9.4%), Florida (8.9%), Nevada (8.4%), and Pennsylvania (5.8%). The remaining assets are dispersed throughout 32 states, with no other state concentration exceeding 5.3% of the pool balance;
- The pool exhibits loan concentration, as the top 10 loans represent 39.2% of the pool balance. However, four (17.4% of the pool balance) of the top 10 loans are secured by multiple cross-collateralized and cross-defaulted assets and eight of the top 10 loans (34.7% of the pool balance) are structured with bankruptcy-remote SPE borrowers. In addition, one loan (2.2% of the pool balance) has a trust balance with credit characteristics consistent with obligations rated 'AAA' by Standard & Poor's;
- Thirty-two loans (21.6%) are full-term, interest-only (IO) loans and 65 (56.1%) have partial IO terms. Standard & Poor's took the IO structure into account in sizing levels; and
- The collateral related to 17 loans, which represents 23.1% of the pool balance, have secondary financing in place in the form of a subordinate B note (4.6%), mezzanine debt (9.4%), subordinated secured debt (6.7%), and subordinated unsecured debt (2.8%). One of the loans, the Citifront Apartments loan (0.4%), has secondary financing in place in the form of subordinated secured and subordinated unsecured debt. Furthermore, 22 loans, representing 23.0% of the pool balance, permit the borrower to incur future financing in the form of subordinated secured secondary debt, mezzanine debt, and subordinated unsecured debt. The White Stone Center loan (0.4%) has the ability to incur future financing in the form of subordinate secured debt or mezzanine debt. The Eagle Ridge Mall loan (1.9%) and the Knollwood Mall loan (1.6%) have the ability to incur secondary debt in the form of mezzanine debt or subordinate unsecured debt. 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.

Transaction Structure

The certificates issued by the trust represent the beneficial ownership interest in 125 fixed-rate whole loans (95.4%) and the senior interests of five fixed-rate whole loans (4.6%), which are structured as A/B loans. The junior-interest B notes will not be included in the trust.

The pool includes 10 loans (20.7%) 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.

Pool Characteristics***Collateral description***

The pool contains 130 conventional fixed-rate loans secured by liens on 238 properties. By property type, the pool has the following composition: multifamily (23.2%), office (22.5%), retail (20.8%), hotel (11.2%), self-storage (9.9%), mixed use (9.6%), and industrial/warehouse (2.8%).

Hard lockboxes are in place for 17 loans, representing 26.6% of the total pool balance. In addition, four loans (7.3%) have soft lockboxes in place, and 19 (24.8%) 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 101 loans (85.0% of the pool), and monthly insurance premium escrows have been established for 74 loans (57.6% of the pool).

Reserves have been established for the remediation of existing deferred maintenance items for 37 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 22 loans (24.8% of the pool representing office, retail, industrial, and mixed-use properties).

Twenty-eight loans (9.0% of the pool) are secured by 30 properties leased to single tenants that have lease terms that expire after the loan maturity. In addition, 17 properties (6.0%) are leased to investment-grade tenants, including: General Services Administration ('AAA'), AIG ('AA'), Wal-Mart ('AA'), Walgreens ('A+'), CVS ('A-'), Kohl's ('A-'), NCS Pearson Inc. (parent – Pearson PLC; 'BBB+'), and Tiffany & Co.

Geographic diversity

The pool consists of properties in 37 states. The largest concentrations are in California (21.1%; 14.0% in Southern California and 7.1% in Northern California), Illinois (9.4%), Florida (8.9%), and Nevada (8.4%). The remaining assets are dispersed throughout 33 states, with no other state concentration exceeding 5.3% of the pool balance.

Loan sellers

Wachovia Bank N.A. contributed 127 loans (98.0%) and CWC Capital Corp. contributed three loans (2.0%).

Loan origination dates

Of the 130 mortgage loans in the pool, 128 (99.1%) were originated in the past six months and an additional two (0.9%) in the past 12 months.

Agreed-upon procedures

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

Hyperamortizing loans

Sixteen loans (7.6% of the pool) were structured as hyperamortizing loans. All of these loans are structured with some form of cash management.

IO loans

Of the loans in the pool, 32 (21.6% of the pool) are IO for the full term of the loans, and an additional 65 loans (56.1% of the pool) have initial IO periods ranging from 12-84 months.

Collateral quality

Based on Standard & Poor's analysis, the pool has a DSC of 1.40x on a weighted average coupon of 5.38%. Standard & Poor's DSC reflects adjustments made to the net cash flow (NCF) of the properties based on the bankers' underwriting, historical and projected operating statements, and the assets' competitive positions in their respective markets.

Standard & Poor's adjusted the NCF of the portfolio downward by 5.0% 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 104.1%, and the weighted average ending LTV is 95.1%. The weighted average capitalization rate applied to Standard & Poor's NCF is 9.17%. 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 52.9% of the total pool and re-underwrote cash flows and derived asset values for assets representing 61.8% of the pool. The weighted average quality score for the inspected properties is 2.81, an above-average score on Standard & Poor's scale of 1 (highest) to 5 (lowest).

Borrower concentrations

The largest sponsor group is Triple Net Properties LLC (7.7%), the sponsor for six loans, including the sixth largest loan, 300 Four Falls Corporate Center (2.8%). The five largest sponsors represent 32.0% of the pool, and the 10-largest sponsors represent 49.7% of the pool.

The largest loan in the pool is the Hyatt Center loan (6.3% of the pool balance). The top five loans represent 28.0% of the pool balance, and the top 10 loans account for 39.2% of the overall pool balance.

Four of the top 10 loans (17.4% of the pool) are secured by portfolios of multiple cross-collateralized and cross-defaulted loans.

Of the top 10 loans, eight (34.7% of the pool) have bankruptcy-remote SPE borrowers with nonconsolidation opinions and independent directors.

One of the top 10 loans, Metro Pointe at South Coast (2.2% of the pool), has a trust balance with credit characteristics consistent with obligations rated 'AAA' by Standard & Poor's.

Bankruptcy issues

No loans have been made to a borrower with principals that have been involved in prior bankruptcies in the past 10 years.

Leasehold interests

Five loans (9.4% of the pool) are secured either solely or materially by a mortgage lien on the borrower's leasehold interest pursuant to a ground lease. Four of these loans (9.2%) have ultimate lease terms (considering extension options) that extend at least 20 years beyond the loan maturity and one loan (0.2%) has an ultimate lease term (considering extension options) that extends at least 10 years beyond the loan maturity. All the ground leases provide for notice and cure provisions.

Tenancies in common

Of the loans, 18 (14.4%) are owned by individuals or entities as tenants-in-common (TIC). These generally conform to Standard & Poor's criteria.

Pari passu loans

The largest loan in the pool, the Hyatt Center loan, has a trust balance of \$162.5 million (6.3%) and a whole-loan balance of \$325.0 million. The whole loan has been divided into two pari passu pieces: the \$162.5 million A-1 note that is included in this transaction and a \$162.5 million A-2 note to be included in a future transaction. This loan will be serviced pursuant to the pooling and servicing agreement for the WBCMT 2005-C22 transaction.

A/B notes

The mortgaged properties securing five loans, representing 4.6% of the pool balance, are encumbered by additional debt in the form of a subordinate B note.

The Tiffany Building loan (2.3% of the pool balance) is structured with a \$4.5 million subordinate B note, the Lake Sweetwater Apartments loan (0.9%) is structured with a \$1.4 million subordinate B note, the Putnam Place loan (0.6%) is structured with a \$900,000 subordinate B note, the One Grumman Road West loan (0.6%) is structured with

a \$7.5 million B note, and the Key Plaza loan (0.3%) is structured with a \$250,000 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

Four loans (9.4%) have existing mezzanine debt subject to the terms of an intercreditor agreement. Five loans (6.7%) have existing subordinated secured debt. An additional four loans (2.8%) have existing subordinate unsecured debt. One of the loans, the Citifront Apartments loan (0.4%) has secondary financing in place in the form of subordinated secured and subordinated unsecured debt.

Three loans (3.8%) permit the borrower to incur future secondary subordinate secured debt. This future additional debt requires a satisfactory intercreditor agreement and certain performance parameters to be met.

Twenty loans (19.5%) permit the borrower to incur future mezzanine debt subject to a subordination and standstill agreement.

Two loans (3.6%) permit the borrower to incur future subordinate unsecured debt.

The White Stone Center loan (0.4%) has the ability to incur future financing in the form of subordinate secured debt or mezzanine debt. The Eagle Ridge Mall loan (1.9%) and the Knollwood Mall loan (1.6%) have the ability to incur secondary debt in the form of mezzanine debt or subordinate unsecured debt.

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

Terrorism insurance coverage

Loans representing 91.0% 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 39 properties (7.1%), a phase II assessment was performed in connection with origination of the loan, and no further action was deemed necessary for all but two properties.

Putnam Place (0.6%) has an escrow of \$1.0 million for environmental cleanup recommended in a Phase II as a result of a large discharge of kerosene that contaminated the groundwater. The cost of clean-up has been estimated at \$825,000.

Chloe Foods (0.7%) has an escrow of \$500,000 for environmental cleanup and a \$1.0 million Pollution and Remediation Liability Insurance Policy for environmental clean-up recommended in a Phase II as a result of soil and groundwater contamination. The state of New York has approved an initial clean-up plan at a cost of \$102,300.

An escrow totaling \$37,500 has been established for three properties (1.1%) to address minor 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 44 loans (37.3%) were identified as needing immediate repairs, and escrows totaling \$3,983,572 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 100% of the pool balance .

Seismic review

Twenty-one properties, securing 11.7% of the pool, are located in seismic zones 3 or 4. Seismic studies were completed for all of these properties and none had a probable maximum loss exceeding 20%.

Hurricane and flood review

Of the loans, 23 (11.8%) 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.

Top Seven Loans

Hyatt Center

The largest loan in the pool, the Hyatt Center loan, has a trust balance of \$162.5 million (6.3% of the pooled trust balance) and a whole-loan balance of \$325.0 million. The whole loan has been divided into two equal pari passu notes: the \$162.5 million A-1 note that is included in this transaction and a \$162.5 million A-2 note that will be securitized in a future transaction. In addition, there is a \$75.0 million mezzanine loan secured by the equity interests of the borrower. The 10-year, fixed-rate loan bears interest at 5.440%, provides for interest-only payments for the first 60 months of the loan term, amortizes on a 30-year schedule thereafter, and is scheduled to mature in November 2015.

The loan is secured by a first mortgage encumbering the fee interest in Hyatt Center, a 47-story, 1,472,460-sq.-ft. class A office building located in Chicago's West Loop office market. Designed in a uniquely oval shape by Pei, Cobb, Freed & Partners, the property was recently completed in June 2005, and offers highly efficient floor plates averaging 32,000 sq. ft. Amenities include a 300-seat cafeteria, a penthouse dining facility, and a fitness center, all of which are leased and shared by the three largest tenants. There is also an on-site 165-car parking garage.

Currently, the property is 78.9% leased by 18 office tenants paying an average in-place triple-net base rent of \$25.52 per sq. ft. The property serves as the North American headquarters for the Hyatt Corp. and Mayer, Brown, Rowe & May LLP (Mayer-Brown). Mayer-Brown is currently ranked ninth in the National Law Journal's annual survey of the nation's 250 largest law firms. Both Hyatt Corp. and Mayer-Brown have expansion options totaling an additional combined 151,852 sq. ft. (10.3% of net rentable area (NRA) that commence in 2010, with the latest occurring in 2016. The borrower is actively leasing this space to tenants with lease terms that expire co-terminus with the extension date of these expansion options.

The largest tenants at the subject are listed in table 1.

Table 1 - Hyatt Center Tenants

<i>Tenant</i>	<i>Standard & Poor's rating</i>	<i>Occupied sq. ft.</i>	<i>% of total NRA</i>	<i>Base rent (% of GPR)</i>	<i>Lease expiration</i>
Mayer, Brown, Rowe & May LLP	NR	392,534	26.7	34.3	June 2020
Hyatt Corp.	BBB+*	292,227	19.8	26.5	January and June 2020
Goldman Sachs	A+	134,049	9.1	10.8	April 2020
IBM	A+	126,607	8.6	10.9	August 2016
Towers, Perrin, Forester & Crosby	NR	61,034	4.1	4.7	September 2016

*Parent rating. NRA—Net rentable area. GPR—Gross potential rent. NR—Not rated.

The borrower will be using a portion of the \$75.0 million mezzanine loan to fund future TI/LC expenses associated with leasing the current vacant space at the property (\$241 per sq. ft. of the current vacant space), subject to a minimum DSC of 1.00x on the total debt outstanding.

The sponsor of the bankruptcy-remote SPE borrower is the Pritzker family, which privately controls an estimated \$15 billion in real estate assets, including the Hyatt Hotel chain. The property manager is a borrower affiliate, who currently has a sub-property management agreement with Jones Lang LaSalle, which expires in 2007. Jones Lang LaSalle is a leading global provider of integrated real estate and money management services that serves clients locally, regionally, and globally from offices in more than 100 markets on five continents. The loan is structured with a hard lockbox for cash management.

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

- Standard & Poor's bifurcated the underwriting analysis because the property is still leasing up and has not yet reached its expected stabilized occupancy level. Cash flow was underwritten and DSC was derived following an as-is approach; however, Standard & Poor's used a stabilized approach to derive the ultimate value of the property;
- For cash flow and DSC purposes, in-place physical vacancy of 21.1% was assumed under the as-is approach; for valuation purposes, a stabilized vacancy of 8% was assumed;
- For cash flow and DSC purposes, the tenants' contractual expense reimbursement income was assumed under the as-is approach; however, for valuation purposes, reimbursement income was based on the appraiser's stabilized estimate;
- Other income was based on the appraiser's estimate and the borrower's pro forma budget;
- For cash flow and DSC purposes, the appraiser's and borrower's estimates of in-place operating expenses, including real estate taxes and insurance premiums, were assumed under the as-is approach. However, for valuation purposes, operating expenses, including real estate taxes and insurance premiums, were based on the appraiser's stabilized estimate;
- A management fee of \$1 million was assumed;
- Replacement reserves were underwritten at \$0.35 per sq. ft.;
- Normalized TI expenses were estimated at \$25.00 per sq. ft. for new leases and \$12.50 per sq. ft. for renewal leases;
- TI expenses for lease up of the vacant space were estimated at \$50.00 per sq. ft. for new leases;
- LC expenses were estimated at 4% for new leases and 2% for renewal leases;
- TI/LC assumptions were based on the overall in-place weighted average lease term of 13.9 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 was 25.2%;

- Standard & Poor's completed a stabilized analysis by grossing up the vacant space at the estimated triple-net market rent of \$26.00 per sq. ft. One and one-half years of downtime net operating income associated with leasing the vacant space and new TI/LC costs were subtracted from the value. These TI/LC costs were offset by a portion of the \$75.0 million mezzanine loan that is reserved for such costs. A capitalization rate of 8.75% was applied to as-is NCF and a capitalization rate of 9.00% was applied to the incremental stabilized NCF assuming a 92.0% stabilized occupancy rate. From this resulting value, Standard & Poor's subtracted out remaining free rent concessions and added to value rent steps for credit tenants. This yielded a value of \$331.1 million, or \$225 per sq. ft.; and
- The quality score for this asset is 2.25, an above-average score.

This loan exhibits the following strengths:

- Tenants rated investment grade by Standard & Poor's occupy 38.2% of the NRA and constitute 38.0% of the GPR;
- The building is the newest class A office building in the Chicago office market, with high-quality construction and a competitive amenity package that includes a fitness center, a cafeteria and a parking garage; and
- The property benefits from an outstanding location in Chicago's West Loop office market, with convenient access to commuter trains and parking.

This loan exhibits the following concerns and mitigating factors:

- The property has not reached its stabilized occupancy, as it was just completed in June 2005. This is mitigated by the property's excellent location, high quality new construction, competitive amenity package, and the fact that it was already pre-leased to high quality tenants before its construction; and
- The borrower has the ability to incur up to \$75 million mezzanine debt secured by a pledge of the equity interests in the borrower, which is subject to an intercreditor agreement. 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.

Westin Casuarina Hotel & Spa

The second-largest loan in the pool, the Westin Casuarina Hotel & Spa, in Las Vegas, has a trust and a whole-loan balance of \$160 million (6.2% of the pooled trust balance). The 10-year, fixed-rate loan bears interest at 5.51%, amortizes on a 30-year schedule, and is scheduled to mature in October 2015.

The loan is secured by the fee interest in an 826-room full-service hotel that is located along the south side of Flamingo Road, across the street from the Bally's Casino, less than one mile east of "The Strip" (Las Vegas Boulevard) in the city of Las Vegas, Nev. The property was built in 1977 and renovated and repositioned, at a cost of \$90 million (\$108,958 per key), in 2002-2003, with an additional ballroom added in 2004-2005. The hotel includes the following amenities: 20,000 sq. ft. of meeting space, a 20,000 sq.-ft. full-service casino (leased and operated by an outside, but related, entity), a Westin Reebok fitness center, a luxury 10,000 sq.-ft. spa, a pool, a business center, a restaurant and bar, a gift shop, and a Starbuck's.

Primary demand generators include numerous gaming and recreational attractions in Las Vegas. The primary competitive set for the Westin consists of the 548-room Renaissance Las Vegas, the 500-room Alexis Park Resort Hotel, the 286-room Embassy Suites Las Vegas Convention Center, the 278-room Marriott Las Vegas Suites, the 201-room Atrium Suites, and the 220-room Embassy Suites Las Vegas Airport. The Westin's current revenue per available room (RevPAR) penetration index is 104.4% according to the most recent Smith Travel Research report. The guest segmentation consists of 11% commercial, 46% leisure, 42% meeting and group, and 1% government. The hotel's historical performance numbers are provided in table 2.

Table 2 - Westin Casuarina Spa & Resort

	2004	TTM through September 2005
Avg. occupancy (%)	70.80	74.70
ADR (\$)	121.59	129.99
RevPAR (\$)	86.10	96.97

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

The sponsor of the bankruptcy-remote SPE borrower is Columbia Sussex Corp., one of the largest privately held hotel owners in the U.S. Columbia Sussex owns 82 hotels totaling more than 26,000 rooms in 30 states throughout the U.S. and the Cayman Islands. The company also owns and operates nine hotel/casinos, including five in Nevada. Columbia Sussex has experience in both ground-up construction and redevelopment/re-flagging of hotel assets throughout the country, most recently completing the \$1.4 billion, 22 hotel acquisition of the Wyndham Portfolio from the Blackstone Group. The property is managed by an affiliate of the borrower. The loan is structured with a soft lockbox for credit card receipts.

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

- Standard & Poor's underwritten rooms revenue was 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 an occupancy of 75.5% and an ADR of \$135, yielding a RevPAR of \$101.93;
- Departmental revenues were generally underwritten based on historical levels, on a per-occupied-room basis, with greater emphasis on data from the trailing-12-month (TTM) period ending September 2005;
- Departmental expenses were generally underwritten based on the historical departmental profit margin level, with greater emphasis on data from the TTM period ending September 2005;
- Undistributed and fixed expenses are in line with historical expenses on an absolute and percentage basis;
- A furniture, fixtures, & equipment (FF&E) reserve was underwritten at 3.5% of total revenue excluding the casino revenue, for which an FF&E reserve of 1.0% was taken;
- Based on these assumptions, Standard & Poor's NCF variance was 6.5%;
- Standard & Poor's assumed a capitalization rate of 11.00%, and derived a total value of \$139.7 million (\$169,109 per room); and
- The overall quality score for this loan is 2.75, an above-average score.

This loan exhibits the following strengths:

- The hotel is well located less than one-quarter of a mile east of the premiere intersection on Las Vegas Boulevard. It is within a five-minute walk of the Bellagio, Bally's, Caesar's Palace, and Flamingo hotels and casinos. For business travelers, the property neighbors the Bally's monorail stop and is just one mile from the Las Vegas Convention Center; and
- The property benefits from strong sponsorship and management provided by Columbia Sussex.

This loan exhibits the following concern and mitigating factor:

- The property does not have an extensive historical operating history, as the most recent \$90 million renovation and repositioning (\$108,958 per key) to a Starwood Westin branded hotel was not completed until 2004. This is mitigated by the strong upward trends in the TTM operating statements as well as positive RevPar penetration figures over the same time.

Abbey II Portfolio

The third-largest loan in the pool, The Abbey II Portfolio loan, has a trust and whole-loan balance of \$148.9 million (5.8% of the pooled trust balance). In addition, the borrower has the ability to incur future mezzanine financing secured by the equity interests of the borrower. The 10-year, fixed-rate loan bears interest at 5.19%, provides for IO

payments for the first 60 months of the loan term, amortizes on a 30-year schedule thereafter, and is scheduled to mature in October 2015.

The loan is secured by a first mortgage encumbering the fee interest in a portfolio of 16 cross-collateralized and cross-defaulted retail, office, industrial, and mixed-use centers. The properties contain a total of 1,415,100 sq. ft., and are all located in California. As of November 2005, the portfolio was 87.75% occupied. The Airport One Office Park property is completely vacant and the Glendora Commerce Center is 42.5% vacant. However, the Airport One Office Park was 100% occupied by Boeing Co. ('A') until December 2004 when Boeing Co. vacated. The sponsor is in the process of re-letting the space. The property has historically performed well and is located in a stable submarket. The Glendora Commerce Center includes a vacant theater space that is scheduled to be converted into retail space as part of a \$1.1 million renovation to the entire property. With the exception of the theater, the property has historically performed well, and is located in a strong retail submarket. The properties in the portfolio are listed in table 3, and the largest tenant of each property is listed in table 4.

Table 3 - The Abbey II Portfolio

<i>Property name</i>	<i>Property type</i>	<i>Location</i>	<i>Allocated loan amount (\$)</i>	<i>Year built</i>	<i>Sq. ft.</i>	<i>% occupied as of November 2005 (%)</i>
Fletcher Parkway Medical Center	Office	La Mesa, Calif.	17,325,000	1985	82,024	95.69
Upland Freeway Center	Retail	Upland, Calif.	15,675,000	1986	116,029	96.98
Aliso Viejo Commerce Center	Retail	Aliso Viejo, Calif.	15,150,000	1992	64,536	100.00
Wimbledon Village	Mixed use	Victoriaville, Calif.	13,575,000	1987	123,225	97.54
Airport One Office Park	Office	Long Beach, Calif.	12,282,500	1988	88,284	0.00
Cityview Plaza	Office	Garden Grove, Calif.	12,000,000	1982	150,263	94.81
Commerce Corporate Center	Office	Commerce, Calif.	10,125,000	1974	67,314	94.29
Ming Office Park	Office	Bakersfield, Calif.	9,600,000	1981	117,827	97.14
Moreno Valley Commerce Center	Mixed use	Moreno Valley, Calif.	7,987,500	1986	111,060	91.06
Glendora Commerce Center	Retail	Glendora, Calif.	7,770,000	1986	70,180	57.49
La Mirada Commerce Center	Industrial	La Mirada, Calif.	7,312,500	1975	82,011	95.70
Abbey Center	Office	Palm Springs, Calif.	5,962,500	1982	66,448	91.89
Arlington II – Riverside	Industrial	Riverside, Calif.	5,662,500	1976	131,263	100.00
Fresno Airport	Office	Fresno, Calif.	3,525,000	1980	52,050	79.80
Palm Springs Airport	Office	Palm Springs, Calif.	3,112,500	1981	62,986	100.00
Mt. Vernon Commerce Center	Office	Colton, Calif.	1,800,000	1988	29,600	97.30
Totals	—	—	148,865,000	Various	1,415,100	87.75

Table 4 - Major Abbey II Portfolio Tenants

<i>Property</i>	<i>Largest tenant</i>	<i>Standard & Poor's rating</i>	<i>Sq. ft.</i>	<i>Property Base rent per sq. Lease NRA (%)</i>		<i>ft. (\$) expiration</i>
Arlington II – Riverside	Boise Building Solutions	NR	131,263	100.00		February 4.55 2008
Palm Springs Airport	Desert Medical Group Inc.	NR	56,327	89.43		November 12.73-13.11 2011
Ming Office Park	Processes Unlimited International	NR	23,829	20.22	16.20 and 18.01	January 2008
Commerce Corporate Center	Los Angeles Unified School District	NR	22,970	34.12		19.05 August 2012
Mt. Vernon Commerce Center	Colton Unified School System	NR	16,703	56.43		11.40 June 2010
Wimbledon Village	Primecare Medical Group	NR	14,636	11.88		16.32 October 2011
Fletcher Parkway Medical Center	Grossmont Hospital Corp.	NR	13,331	16.25		November 21.12 2005
Upland Freeway Center	Sleep Well Inc.	NR	13,222	11.40		11.40 January 2009
Glendora Commerce Center	Lazer Star	NR	10,951	15.6		13.62 April 2008
Abbey Center	Switzer Inc.	NR	7,748	11.66		December 17.93 2010
Fresno Airport	Univision Radio Fresno Inc.	NR	7,700	14.80	12.36 and 12.81	December 2006
Moreno Valley Commerce Center	Michael & Jeff Leichthy DBA Fun 4 All Parties	NR	6,510	5.86		November 7.63 2007
La Mirada Commerce Center	NL Services Inc.	NR	6,160	7.51		9.36 January 2009
Cityview Plaza	Ask Southern California Inc.	NR	5,872	3.91		21.61 July 2006
Viejo Commerce Center	Lilytok Corp. DBA Sport Tavern	NR	5,427	8.41		September 24.27 2007
Airport One Office Park	N/A	N/A	N/A	0.00		0.00 N/A

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

The Abbey Co. is the sponsor of the bankruptcy-remote SPE. The Abbey Co. is a Southern California-based real estate firm founded in 1990 that specializes in retail, office, and industrial properties. The company owns and manages 3.2 million sq. ft. of commercial real estate located in Southern California. An affiliate of the borrower manages the assets. 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 for two of the portfolio assets, which are being repositioned in the market. The sponsors plan to increase the occupancy for these two properties through continued aggressive lease-up and additional renovations. Cash flow was underwritten and DSC was derived following an as-is approach; however, Standard & Poor's used a stabilized approach to derive the ultimate value of the Airport One Office Building property and the Glendora Commerce Center property;
- For cash flow and DSC purposes, gross potential rent (GPR) for each property was based on in-place leases with vacant space grossed up at the weighted average in-place rent for each property as of November 2005;
- GPR was adjusted downward based on the current respective submarket vacancy rate for each property;
- Expense reimbursements were based on the tenants' contractual obligations and each property's respective historical performance;
- Other income was based on each property's historical performance and tenants' contractual obligations;

- Operating expenses were based on each property's historical performance and the appraiser's estimated figures;
- A management fee of 4% of effective gross income (EGI) was assumed for all of the properties in the portfolio;
- TI allowances were estimated at a range between \$5.00-\$8.00 per sq. ft. for new space and \$2.50-\$4.00 per sq. ft. for renewal space for retail tenants based on the in-place weighted average rents for each property;
- TI allowances were estimated at a range between \$6.00-\$10.00 per sq. ft. for new space and \$3.00-\$5.00 per sq. ft. for renewal space for office tenants based on in-place weighted average rents for each property;
- TI allowances were estimated at a range between \$6.00-\$10.00 per sq. ft. for new space and \$3.00-\$5.00 per sq. ft. for renewal space for industrial tenants based on in-place weighted average rents for each property;
- LCs were assumed to be 4.0% for new leases and 2.0% for renewals;
- TI/LC assumptions were based on in-place weighted average lease terms ranging from 4.6-8.4 years;
- A renewal probability of 65% was assumed;
- Replacement reserves ranged between \$0.20 and \$0.25 for each individual property in the portfolio;
- Based on these assumptions, Standard & Poor's NCF variance for the portfolio was 5.3%;
- Standard & Poor's applied capitalization rates ranging between 9.25% and 9.50% for all of the properties in the portfolio resulting in a weighted average capitalization rate of 9.40%. Capitalization rates of 9.50% and 9.75% were applied to the incremental income for the stabilized analyses of the Airport One Office Park and the Glendora Commerce Center, respectively. Costs for downtime for the 12 months associated with re-leasing the vacant space and TI/LCs were subtracted from the value for both properties, yielding a portfolio value of \$143.0 million, or \$101 per sq. ft.; and
- The quality scores for these assets ranged from 3.00-3.25 with an overall weighted average portfolio quality score of 3.06, a slightly below-average score.

This loan exhibits the following strengths:

- The loan is secured by 16 cross-defaulted and cross-collateralized properties; and
- The majority of the properties are located in strong submarkets, in in-fill locations, with low vacancy rates.

This loan exhibits the following concerns and mitigating factors:

- The properties in the portfolio are older, having been built between 1974 and 1988. However, the properties are all located in in-fill locations and have been adequately maintained; and
- The borrower has the ability to incur future mezzanine financing secured by the equity pledges in the borrower. However, the additional financing is subject a minimum DSC of 1.15x, a maximum LTV of 85%, and an intercreditor agreement. Additionally, the future mezzanine financing is subject to rating agency confirmation. Standard & Poor's took the loan structure and all additional debt into consideration when sizing the transaction.

Extra Space PRISA Pool

The fourth-largest loan in the pool, the Extra Space PRISA Pool loan, has a trust and whole-loan balance of \$145.0 million (5.7% of the pool). The seven-year, fixed-rate, IO loan bears interest at 4.97% and is scheduled to mature in August 2012.

The loan is secured by a first mortgage encumbering Extra Space Self-Storage Portfolio-PRISA Pool, a 35-property self-storage portfolio consisting of 22,717 units totaling 2,367,932 sq. ft. located in 18 states. Twenty-six of the 35 properties are located in the following nine states: New York (six properties; 4,817 units; 21.6% of allocated loan balance); California (five properties; 3,563 units; 19.2% of allocated loan balance); Tennessee (three properties; 1,291 units; 2.4% of allocated loan balance); Florida (two properties; 1,688 units; 7.6% of allocated loan balance); Maryland (two properties; 1,363 units; 4.9% of allocated loan balance); New Jersey (two properties; 902 units; 3.9% of allocated loan balance); Texas (two properties; 1,264 units; 4.4% of allocated loan balance); Ohio (two properties; 695 units; 1.5% of allocated loan balance); and Virginia (two properties; 1,528 units; 10.9% of allocated loan balance). The remaining properties are located in nine additional states. The properties were originally built between 1952 and 2000, and one was renovated in 1998. The property sizes range between 242-1,768 units totaling between

27,900 sq. ft. and 135,233 sq. ft., with occupancies ranging from 69.3%-93.6%, for a weighted-average occupancy of 81.0%. 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 5.

Property name	Year built/renovated	Occupancy (%)	Units	Sq. ft.	Allocated loan amount (\$)
Extra Space PRISA-Brooklyn, N.Y.	1989	77.6	1,768	111,658	12,709,204
Extra Space PRISA-Alexandria, Va.	1988	86.0	849	68,465	10,464,339
Extra Space PRISA-Hawaiian Gardens, Calif.	1985	81.0	1,147	135,233	9,239,863
Extra Space PRISA-Miami, Fla. (Coral Way)	1992	85.4	792	75,389	7,425,942
Extra Space PRISA-Hicksville, N.Y.	1998	80.4	794	81,985	6,856,837
Extra Space PRISA-Los Angeles, Calif.	1989	89.3	739	46,776	6,641,102
Extra Space PRISA-Santa Cruz, Calif.	2000	90.7	681	66,571	5,917,259
Extra Space PRISA-Fredricksburg, Va.	1996	82.0	679	71,775	5,341,072
Extra Space PRISA-Santa Fe, N.M.	1990	88.1	606	83,773	5,261,170
Extra Space PRISA-Birmingham, Ala.	1999	86.5	558	60,775	4,884,407
Extra Space PRISA-Kingston, N.Y.	1986	80.1	727	78,900	4,647,884
Extra Space PRISA-Ridge, N.Y.	1985	78.2	627	71,200	4,507,660
Extra Space PRISA-Skokie, Ill.	1952/1998	70.6	625	60,522	4,346,838
Extra Space PRISA-Gambrills, Md.	1985	83.5	568	55,975	4,327,957
Extra Space PRISA-Tyngsboro, Mass.	1983	77.6	563	79,200	3,892,778
Extra Space PRISA-Brookfield, Conn.	1988	81.6	685	79,665	3,885,450
Extra Space PRISA-Miami, Fla. (NW 2nd Avenue)	1988	72.2	896	80,707	3,637,121
Extra Space PRISA-Alpha, Ore.	1987	88.2	617	71,310	3,572,843
Extra Space PRISA-Belleville, Mich.	1987	70.0	636	85,550	3,563,872
Extra Space PRISA-Los Angeles, Calif. (Fountain Avenue)	1989	93.6	511	31,069	3,502,582
Extra Space PRISA-Dallas, Texas	1996	83.7	671	75,316	3,389,363
Extra Space PRISA-Mount Laurel, N.J.	1987	85.0	367	46,340	3,099,924
Extra Space PRISA-Spring, Texas	1983	84.3	593	70,340	2,964,797
Extra Space PRISA-Towson, Md.	1966	69.3	795	82,875	2,759,044
Extra Space PRISA-Vancouver, Wash.	1988	85.0	551	62,730	2,701,296
Extra Space PRISA-Moreno Valley, Calif.	1990	85.9	485	44,736	2,554,983
Extra Space PRISA-Harrison, N.J.	1986	83.5	535	29,866	2,502,073
Extra Space PRISA-Mesa, Ariz.	1987	81.9	765	79,558	2,201,648
Extra Space PRISA-Bartlett, Tenn.	1997	82.8	485	69,745	1,776,173
Extra Space PRISA-Hauppauge, N.Y.	1995	74.2	659	57,030	1,759,398
Extra Space PRISA-Willoughby, Ohio	1996	85.7	287	46,800	1,083,548
Extra Space PRISA-Mentor, Ohio	1989	75.7	408	75,800	1,027,484
Extra Space PRISA-Memphis, Tenn. (Covington Way)	1984	73.4	491	65,454	935,385
Extra Space PRISA-Amersterdam, N.Y.	1987	80.6	242	27,900	863,581
Extra Space PRISA-Memphis, Tenn. (Raleigh-LaGrange Road)	1984	77.8	315	36,944	755,125
Total/weighted average	—	81.0	22,717	2,367,932	145,000,000

The sponsors of the bankruptcy-remote SPE borrower are Prudential Property Investment Separate Account III Fund (PRISA III) and Extra Space Storage Inc. (Extra Space), a publicly traded REIT (NYSE: EXR) with a market capitalization of \$465 million as of June 2005. Extra Space was founded in 1977 and specializes in the ownership and management of self-storage properties. Extra Space is the no. 2 self-storage operator in the U.S. with a total of 630 owned, managed, and franchised properties totaling approximately 43 million sq. ft. in 32 states. PRISA III is an investment vehicle for Prudential Insurance Co. of America ('AA-'). 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, other than insurance premiums, were based on the historical performance of the properties;
- Insurance premium expense was based on the actual premium;
- A management fee of 5.0% of EGI was assumed;
- Capital reserves were underwritten at \$0.33 per sq. ft.;
- Based on these assumptions, Standard & Poor's NCF variance for the portfolio was 1.0%;
- Standard & Poor's applied a capitalization rate of 10.25% to NCF, yielding a value of \$145.4 million, or \$62 per sq. ft.; and
- Quality scores for these assets range from 2.5 to 3.25, resulting in a blended portfolio quality score of 2.84, an above-average score.

This loan exhibits the following strengths:

- The loan is secured by 35 cross-collateralized and cross-defaulted properties located in 18 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 through more conservative capitalization rates and capital structure assumptions.

Extra Space Self Storage Portfolio #6

The fifth-largest loan in the pool, the Extra Space Self Storage Portfolio #6 loan, has a trust and whole-loan balance of \$101.0 million (3.9% of the pooled trust balance). The 10-year, fixed-rate loan bears interest at 5.29%, provides for IO payments for the first 60 months of the loan term, amortizes on a 30-year schedule thereafter, and is scheduled to mature in August 2015.

The loan is secured by the fee interest in 19 self-storage properties encompassing 13,741 units totaling 1,428,594 sq. ft. located in 10 states: California (four properties, 3,246 units, 24.6% of allocated loan balance); Texas (four properties, 2,151 units, 18.1% of allocated loan balance); Tennessee (three properties, 2,076 units, 16.9% of allocated loan balance); Florida (three properties, 2,197 units, 14.8% of allocated loan balance); Ohio (two properties, 845 units, 7.8% of allocated loan balance); Pennsylvania (one property, 1,687 units, 7.3% of allocated loan balance); Virginia (one property, 730 units, 5.3% of allocated loan balance); and Nevada (one property, 809 units, 5.2% of allocated loan balance). The properties were built between 1902 and 2001 and renovated between 1947 and 2003, with a majority of the properties built in the late 1990s. The property sizes range from 403-1,687 units, totaling between 49,775 sq. ft. and 113,706 sq. ft. Property occupancies range from 58.8%-94.9%, with a weighted average occupancy of 81.1%.

These 19 properties are part of a recently acquired 458 Storage USA portfolio that is a joint venture between Extra Space and Prudential Real Estate Investors. The properties in the portfolio are listed in table 6.

<i>Property name</i>	<i>Year built/renovated</i>	<i>Occupancy (%)</i>	<i>Units</i>	<i>Sq. ft.</i>	<i>Allocated loan amount (\$)</i>
Extra Space - Marina Del Ray, Calif.	1987	91.69	1260	113,706	18,400,000
Extra Space - Chatsworth, Calif.	1974	80.48	832	103,213	11,200,000
Extra Space - Philadelphia, Pa.	1902/1999	67.46	1687	104,472	9,000,000
Extra Space - Cordova, Tenn.	1998	93.06	735	89,315	6,900,000
Extra Space - Long Beach, Calif.	1986	81.72	610	68,355	6,200,000
Extra Space - Miami, Fla.	1988	80.20	974	77,346	6,100,000
Extra Space - Naples, Fla.	1986	94.91	666	81,640	5,400,000
Extra Space - Burke, Va.	1997	58.76	730	75,525	5,100,000
Extra Space - Dallas, Texas	1997	79.96	543	65,500	4,400,000
Extra Space - Las Vegas, Nev.	2001	87.00	809	74,625	3,900,000
Extra Space - Columbus, Ohio (Kenny Road)	1997	80.85	442	62,308	3,800,000
Extra Space - Houston, Texas	1996	75.97	499	56,965	3,400,000
Extra Space - Plano, Texas	1995	79.70	626	77,900	3,300,000
Extra Space - Memphis Tenn. (Winchester Road)	1997	82.60	648	78,724	3,100,000
Extra Space - West Palm Beach, Fla.	1987	93.92	557	51,755	2,600,000
Extra Space - Austin, Texas	1997	81.85	483	57,450	2,400,000
Extra Space - North Highlands, Calif.	1986	76.64	544	66,250	2,200,000
Extra Space - Memphis Tenn. (Mount Moriah Terrace)	1982	75.81	693	73,770	2,100,000
Extra Space - Columbus, Ohio (Schofield Drive)	1995	74.38	403	49,775	1,500,000
Total /weighted average	—	81.1	13,741	1,428,594	101,000,000

The borrowers, Extra Space Properties Fifty One LLC and Extra Space of Texas Eleven, are bankruptcy-remote SPEs sponsored by Extra Space, a publicly traded REIT (NYSE: EXR) with a market capitalization of \$465 million as of June 2005. Extra Space was founded in 1977 and specializes in the ownership and management of self-storage properties. Extra Space is the no. 2 self-storage operator in the U.S. with a total of 630 owned, managed, and franchised properties totaling approximately 43 million sq. ft. in 32 states. The properties are 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:

- Underwritten revenues were based on in-place leases as of April 2005;
- No additional vacancy was assumed because the current in-place occupancy is 81.1%, which is below market occupancy;
- Other income was underwritten based on historical levels, with a greater emphasis on the TTM;
- Operating expenses were based on historical levels;
- A management fee of 5.0% of EGI was assumed;
- Capital reserves were underwritten to the greater of \$0.10 or the engineer recommended amount per sq. ft. and resulted in a weighted average of \$0.24 per sq. ft.;
- Based on these assumptions, Standard & Poor's NCF variance for the portfolio was 0.0%;
- Standard & Poor's applied a capitalization rate of 10.25% to NCF, yielding a value of \$82.6 million, or \$58 per sq. ft.; and

- Quality scores for these assets range from 2.75-3.25, resulting in a blended portfolio quality score of 3.05, a slightly below-average score.

This loan exhibits the following strengths:

- The loan is secured by 19 cross-collateralized and cross-defaulted properties located in eight states with no release provisions;
- The properties are predominantly located in high-visibility, in-fill locations and often near interstate access ramps; 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. The volatility of the asset was taken into consideration through more conservative capitalization rates and capital structure assumptions.

300 Four Falls Office Building

The sixth-largest loan in the pool, the 300 Four Falls Office Building loan, has a trust and whole-loan balance of \$72.0 million (2.8% of the pooled trust balance). In addition to the first-mortgage debt, there is up to a \$17 million subordinate secured loan. The 10-year, fixed-rate loan bears interest at 5.710%, provides for IO payments for the first 36 months of the loan term, amortizes on a 30-year schedule thereafter, and is scheduled to mature in January 2016.

The loan is secured by a first mortgage encumbering the 300 Four Falls Office Building, a 292,575-sq.-ft., class A, seven-story, multitenant office building in West Conshohocken, Pa., approximately 15 miles northwest of downtown Philadelphia. The property was built in 2003, and is located above a six-story parking deck on a 4.5-acre site with views of the Schuylkill River. Amenities include a fully staffed fitness center, concierge services, dry cleaning service, and a deli. The property is also within walking distance of a Marriott Hotel.

As of November 2005, the subject was 85.0% leased to 20 tenants paying an average rent of \$29.24 per sq. ft. Approximately 13.3% of the NRA is occupied by EMC Corp., a tenant rated investment-grade by Standard & Poor’s, which accounts for 15.3% of in-place rents. Table 7 lists major office tenants at the property.

Table 7 – 300 Four Falls Office Building Major Tenants

<i>Tenant</i>	<i>Standard & Poor’s rating</i>	<i>Occupied sq. ft.</i>	<i>% of NRA</i>	<i>Rent per sq. ft. (\$)</i>	<i>Lease expiration</i>
John Templeton Foundation	NR	43,711	14.9	28.04	October 2015
EMC Corp.	BBB	38,962	13.3	28.50	June 2010
The Judge Group Inc.	NR	31,103	10.6	28.70	October 2014
GCalif. Services Inc.	NR	26,105	8.9	34.46	January 2016
Trammell Crow Services Inc.	NR	25,924	8.9	28.65	June 2010

NRA—Net rentable area. NR—Not rated.

The bankruptcy-remote SPE borrower will be a series of up to 35 TIC interests managed by Triple Net Properties LLC. Triple Net Properties is a nationally active syndicator of TIC real estate investment structures. Since 1998, Triple Net Properties has specialized in providing TIC property solutions and currently has more than 21,845 investors who own 119 properties in 21 states with a market value in excess of \$2.9 billion. The property is managed by BPG Management, 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:

- Underwritten revenues were based on the leases in place as of November 2005;
- 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;
- 15% vacancy was taken based on the property's historical performance and the average vacancy rate for the submarket and the competitive set;
- 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 all tenants were estimated at \$14.00 per sq. ft. for new leases and \$7.00 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 terms of 8.4 years;
- A 65.0% renewal probability was assumed;
- Based on these assumptions, Standard & Poor's overall NCF variance for the property was 18.9%;
- Standard & Poor's applied a 9.25% capitalization rate to NCF, and added \$1 million to value for the up-front TI/LC reserve, yielding a value of \$56.3 million, or \$193 per sq. ft.; and
- The quality score for this asset was 2.50, an above-average score.

This loan exhibits the following strengths:

- Built in 2003, the property is above average in quality and location. West Conshohocken is approximately 15 miles north of downtown Philadelphia, and adjacent to Philadelphia's wealthy Main Line suburbs. The property's location also affords it views of the Schuylkill River and convenient access to both I-76 and I-476, which provide easy access to the rest of the Philadelphia metro area; and
- Tenants rated 'BBB' or higher by Standard & Poor's occupy 22.5% of the NRA and account for 22.0% of the GPR.

This loan exhibits the following concerns and mitigating factors:

- There is a subordinate secured loan of up to \$17 million. The additional debt is subject to an intercreditor agreement, and was taken into consideration when sizing the capital structure for the loan. In addition, if the subordinate secured loan remains outstanding 90 days post closing, the lender may require the borrower to enter into hard lockbox cash management; and
- The borrower structure will consist of up to 35 various bankruptcy-remote TIC entities. In the event of a bankruptcy proceeding of an individual TIC, 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 TIC borrower could file for bankruptcy protection, thus reinstating the stay. In addition, because there are 35 distinct borrowing entities, it is likely that a foreclosure proceeding would be more costly and time-consuming than with a typical SPE borrower structure. This risk is mitigated because once a TIC has filed for bankruptcy, the lender can preempt the ability of other TICs to file by beginning involuntary bankruptcy proceedings against all other TICs, subject to certain legal tests, after which the lender can move to consolidate all of the bankruptcy cases. Furthermore, if a TIC files for either 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 TIC.

Tiffany's Building

The seventh-largest loan in the pool, the Tiffany Building loan, has a trust balance of \$58.4 million (2.3% of the pooled trust balance) and a whole-loan balance of \$63 million. The whole loan consists of a \$58.4 million A note that is included in the trust and a \$4.6 million B note that will be held outside of the trust. The 10-year, fixed-rate loan bears interest at 5.330%, provides for IO payments for the first 60 months of the loan term, amortizes on a 30-year schedule thereafter, and is scheduled to mature in November 2015.

The loan is secured by a first mortgage encumbering the fee interest in the Tiffany Building, a 367,740-sq.-ft. office and industrial facility situated on approximately 40.7 acres located in Parsippany, New Jersey. The property was constructed in 1996 and expanded and renovated in 2002. The property consists of four connected buildings, including a one-story, 172,160-sq.-ft. warehouse/distribution building with a 10,134-sq.-ft. mezzanine, a two-story office building of 96,396 sq. ft., a three-story 89,050-sq.-ft. office building, and a four-story parking garage.

As of September 2005, the property was 100% occupied by Tiffany & Co. paying an average rent of \$13.04 sq. ft. Tiffany & Co. is the primary operating subsidiary of Tiffany & Co. Inc. (NYSE: TIF) and engages in the design, manufacture, and retailing of fine jewelry, timepieces, sterling silverware, china, stationery, fragrances, and personal accessories. The Tiffany & Co. lease expires in September 2025.

The borrower, CLF Sylvan Way LLC, a bankruptcy-remote SPE is sponsored by Capital Lease Funding Inc. (CapLease), a publicly traded real estate investment trust (REIT) (NYSE: CSE) with a reported net worth and liquidity of \$253.3 million and \$30.7 million, respectively, as of December 2004 and a market cap of approximately \$303 million as of April 2005. CapLease, the sponsor, owns and finances commercial properties leased to high credit quality tenants and has structured and closed approximately \$2.5 billion in credit-tenant lease transactions. The property is managed by the tenant. 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 lease in place as of November 2005;
- Expense reimbursements were based on the terms of the lease in place;
- 3% vacancy was taken based on the property's historical performance and the tenant's credit profile;
- Operating expenses, including property taxes and insurance premiums, were based on market levels;
- A management fee of 3% of EGI was assumed;
- Replacement reserves were underwritten at \$0.15 per sq. ft.;
- Average TI allowances for all tenants were estimated at \$6.00 per sq. ft. for new leases and \$3.00 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 average lease term of 20.0 years, with LCs capped at 10 years;
- A 70.0% renewal probability was assumed;
- Based on these assumptions, Standard & Poor's overall NCF variance for the property was 5.1%;
- Standard & Poor's applied a 9.00% capitalization rate to NCF yielding a value of \$49.9 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 strengths:

- The property is well located in the northern New Jersey suburbs with convenient access to Manhattan and Newark Liberty International Airport through interstates 80, 287, and 280; and
- The property benefits from strong sponsorship.

This loan exhibits the following concerns and mitigating factors:

- The entire building is leased to a single tenant. The single-tenant risk is mitigated, however, because this space is leased to Tiffany & Co. Inc., which has credit characteristics consistent with an investment-grade rated company under a long-term lease. The property is the worldwide distribution headquarters for Tiffany; and
- The loan is encumbered by an additional subordinate \$4.6 million B note. Standard & Poor's believes that the A/B loan structure poses a greater risk of a prolonged bankruptcy proceeding should one occur, owing to the existence of multiple creditors. Standard & Poor's took the loan structure and all additional debt into consideration when sizing the loan's capital structure.

Credit Evaluation

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

Table 8 - Cash Flow Analysis And Valuation

<i>Property type</i>	<i>% of pool</i>	<i>DSC (x)</i>	<i>NCF diff.* (%)</i>	<i>Cap rate (%)</i>	<i>Beg. LTV (%)</i>	<i>End. LTV (%)</i>	<i>Value per unit/sq. ft. (\$)</i>
Multifamily	23.2	1.32	2.3	8.22	100.1	93.2	63,933
Office	22.5	1.22	10.6	9.06	111.8	102.2	161
Retail	20.8	1.61	3.9	8.76	94.8	87.0	147
Hotel	11.2	1.42	4.9	11.13	109.5	91.1	136,916
Self-storage	9.9	1.73	0.6	10.25	108.8	104.7	60
Mixed use	9.6	1.19	5.7	9.29	108.6	99.6	115
Industrial/warehouse	2.8	1.55	2.8	9.00	90.16	80.77	61.29
Total	100.0	1.40	5.0	9.17	104.1	95.1	-

*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 9 - Top 10 Loans

<i>Property name</i>	<i>Property type</i>	<i>% of pool</i>	<i>DSC (x)</i>	<i>% NCF diff.*</i>	<i>Cap rate (%)</i>	<i>Beg. LTV (%)</i>	<i>End. LTV (%)</i>	<i>Value per unit/sq. ft. (\$)</i>
Hyatt Center	Office CBD	6.3	1.18	21.60	8.75	108.66	100.86	203
Westin Casuarina Hotel & Spa	Hospitality full service	6.2	1.41	6.50	11.00	114.31	95.71	169,109
Abbey II Pool	Various	5.8	1.22	5.26	9.40	104.13	96.31	101
Extra Space PRISA Pool	Self storage	5.7	2.07	1.05	10.25	99.75	99.75	61
Extra Space Portfolio #6	Self storage	3.9	1.25	0.00	10.25	122.25	113.22	58
300 Four Falls Corporate Center	Office suburban	2.8	1.00	18.86	9.25	127.81	114.81	193
Tiffany Building	Mixed use office/industrial	2.3	1.14	5.08	9.00	117.14	108.31	136
Metro Pointe at South Coast	Retail anchored	2.2	2.04	21.32	8.75	60.30	49.49	245
Birtcher Portfolio	Office suburban	2.0	1.17	5.73	9.25	114.90	106.85	118
Eagle Ridge Mall	Retail anchored	1.9	1.18	2.50	8.75	109.32	91.25	90
Total/weighted average	—	39.2	1.39	8.72	9.65	108.44	98.80	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 10 - Standard & Poor's DSC Range (x)

	<i>No. of loans</i>	<i>Loan balance (\$)</i>	<i>% of pool</i>
>1.65	26	436,881,132	17.0
1.55 to 1.65	5	46,155,000	1.8
1.50 to 1.54	7	124,700,000	4.9
1.45 to 1.49	9	123,820,000	4.8

Table 10 - Standard & Poor's DSC Range (x) (cont. 'd)

	<i>No. of loans</i>	<i>Loan balance (\$)</i>	<i>% of pool</i>
1.40 to 1.44	3	175,270,487	6.8
1.35 to 1.39	4	53,598,703	2.1
1.30 to 1.34	5	43,975,989	1.7
1.25 to 1.29	10	223,417,767	8.7
1.20 to 1.24	22	427,373,652	16.7
1.15 to 1.19	34	722,114,159	28.2
1.10 to 1.14	2	67,650,000	2.6
1.05 to 1.09	1	42,720,000	1.7
1.04 to 1.00	0	0	0.0
0.00 to 1.00	2	75,340,000	2.9
Total	130	2,563,016,891	100.0

DSC—Debt service coverage.

Table 11 - Standard & Poor's Beginning LTV Range (%)

	<i>No. of loans</i>	<i>Loan balance (\$)</i>	<i>% of pool</i>
<50	1	26,300,000	1.0
50 to 60	1	11,971,510	0.5
61 to 70	2	72,500,000	2.8
71 to 75	1	14,040,000	0.5
76 to 80	7	44,710,622	1.7
81 to 85	8	39,032,989	1.5
86 to 90	5	51,766,288	2.0
91 to 95	12	128,710,703	5.0
96 to 100	17	327,637,008	12.8
>100	76	1,846,347,769	72.0
Total	130	2,563,016,891	100.0

Table 12 - Standard & Poor's Ending LTV Range (%)

	<i>No. of loans</i>	<i>Loan balance (\$)</i>	<i>% of pool</i>
Fully amortizing loans	0	0	0.0
0 to 50	3	95,271,510	3.7
51 to 60	4	36,675,989	1.4
61 to 70	2	11,474,622	0.4
71 to 75	3	28,736,288	1.1
76 to 80	11	88,462,703	3.5
81 to 85	15	120,858,326	4.7
86 to 90	20	195,037,544	7.6
91 to 95	27	350,667,369	13.7
96 to 100	19	712,872,538	27.8

Table 12 - Standard & Poor's Ending LTV Range (%) (cont. 'd)

	<i>No. of loans</i>	<i>Loan balance (\$)</i>	<i>% of pool</i>
>100	26	922,960,000	36.0
Total	130	2,563,016,891	100.0

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