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Presale: Wachovia Bank Commercial Mortgage Trust

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\$3.857 Billion Commercial Mortgage Pass-Through Certificates Series 2007-C32

This presale report is based on information as of June 15, 2007. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings.

Preliminary Ratings As Of June 15, 2007

Class	Preliminary rating*	Preliminary amount (\$)	Recommended credit support (%)
A-1	AAA	25,707,000	30.000
A-2	AAA	946,379,000	30.000
A-PB	AAA	62,827,000	30.000
A-3	AAA	1,073,589,000	30.000
A-4	AAA	125,000,000	30.000
A-1A	AAA	443,196,000	30.000
IO†	AAA	3,823,853,068§	N/A
A-M	AAA	382,385,000	20.000
A-J	AAA	253,330,000	13.375
B	AA+	43,019,000	12.250
C	AA	47,798,000	11.000
D	AA-	28,679,000	10.250
E	A+	28,679,000	9.500
F	A	38,238,000	8.500
A-4FL**	AAA	TBD	N/A
A-MFL**	AAA	TBD	N/A
G	A-	43,018,000	7.375
H	BBB+	47,799,000	6.125

J	BBB	52,578,000	4.750
K	BBB-	33,458,000	3.875
L	BB+	19,120,000	3.375
M	BB	9,559,000	3.125
N	BB-	14,340,000	2.750
O	B+	9,559,000	2.500
P	B	9,560,000	2.250
Q	B-	9,560,000	2.000
S	NR	76,476,068	0.000

*The rating of each class of securities is preliminary and subject to change at any time. ¶Interest-only class. §Notional amount.

**Floating-rate class. NR—Not rated. N/A—Not applicable. TBD—To be determined.

Profile

Expected closing date	June 28, 2007.
Collateral	139 loans secured by 276 properties.
Underwriters	Wachovia Capital Markets LLC, Barclays Capital Inc., and Goldman, Sachs and Co.
Sellers	Wachovia Bank N.A. and Artesia Mortgage Capital Corp.
Master servicer	Wachovia Bank N.A., pursuant to the pooling and service agreement (PSA) for the subject transaction for all loans except the Beacon DC & Seattle whole loan, which will be master serviced by Wells Fargo Bank N.A. under the PSA for the MSCI 2007-IQ14 transaction.
Special servicer	CWCapital Asset Management LLC, pursuant to the PSA for the subject transaction for all loans except the Beacon DC & Seattle Portfolio loan, which will be specially serviced by Morgan Stanley Capital I Trust under the PSA for the MSCI 2007-IQ14 transaction.
Depositor	Wachovia Commercial Mortgage Securities Inc.
Trustee	Wells Fargo Bank N.A.

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Rationale

The preliminary ratings assigned to Wachovia Bank Commercial Mortgage Trust's \$3.857 billion commercial mortgage pass-through certificates series 2007-C32 reflect the credit support provided by the subordinate classes of certificates, the liquidity provided by the trustee, the economics of the underlying loans, and the geographic and property type diversity of the loans. Classes A-1, A-2, A-PB, A-3, A-4, A-1A, IO, A-M, A-J, B, C, D, E, and F 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 1.27x, a beginning LTV of 125.6%, and an ending LTV of 123.2%. The rated final maturity date for these certificates is June 2049.

In addition, unless otherwise indicated, all calculations in this report, including weighted averages, do not include nonpooled subordinate B notes relating to Two Herald Square (5.2%), 17 Battery Park Place South (2.5%), Centerville II (2.3%), La Jolla Centre I (1.6%), La Jolla Centre II (1.2%), Courtyard by Marriott - Philadelphia, Pa. (0.9%), and Bunge North America (0.2%) or the non-trust pari passu components of the Beacon DC & Seattle Pool (10.7%), ING Hospitality Pool (7.4%), and DDR Southeast Pool (5.7%) loans.

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

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Strengths

The transaction exhibits the following strengths:

- Loans representing 96.6% of the pool balance have borrowing entities that are structured as special-purpose entities (SPEs). In addition, loans representing 61.2% of the pool have borrowers that are structured as bankruptcy-remote SPEs with both a nonconsolidation opinion and an independent director, including eight of the top 10 loans.
- Eight of the top 10 loans (39.4%) are structured with bankruptcy-remote SPE borrowers with nonconsolidation opinions and independent directors and five of the top 10 loans (29.4%) are secured by multiple cross-collateralized assets. All of these loans are collateralized by properties in more than one state;
- Two loans representing 2.7% of the pool balance have a pooled trust balance with credit characteristics consistent with obligations rated investment grade by Standard & Poor's: Port Chester Shopping Center ('BBB') and Courtyard by Marriott – Philadelphia, Pa. ('AAA'); and
- The weighted average quality score for the assets securing mortgages in the pool is 2.82, an

above-average score on Standard & Poor's scale of 1 (highest) to 5 (lowest).

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Concerns And Mitigating Factors

This transaction exhibits the following concerns and mitigating factors:

- The pool has asset concentrations in relatively less stable asset classes (62.6% of the pool balance), including office (31.2%), hotel (18.5%), mixed-use (9.6%), single tenant retail (1.5%), unanchored retail (1.3%), special purpose (0.4%), and land (0.1%). The capital structures for these loans take into account the property type, and the credit support levels for the trust pool take into account asset class concentrations;
- The pool exhibits geographic concentration, with 51.0% of the mortgaged properties concentrated in five states. The largest concentrations are in New York (15.5%), California (14.9%; 13.6% in Southern California and 1.3% in Northern California), Florida (9.2%), Georgia (6.2%), and Virginia (5.2%). The remaining assets are dispersed throughout 32 states, the District of Columbia, and the Cayman Islands, with all other state concentrations less than 5.0% of the pool balance;
- Thirteen loans (26.1%) have existing subordinate/mezzanine debt. Forty-two loans (56.9%) permit the borrower to incur future subordinate/mezzanine debt. All future debt is conditional upon meeting specific DSC and LTV hurdles, requires lender consent, and/or is subject to subordination and standstill agreements. In addition, all existing and potential secondary debt has been factored into the subordination levels;
- The pool exhibits loan and sponsor concentration as the top 10 loans represent 45.4% of the pool balance and the top 10 sponsors represent 56.9% of the pool. However, eight of the top 10 loans (39.4%) are structured with bankruptcy-remote SPE borrowers with nonconsolidation opinions and independent directors and five of the top 10 loans (29.4%) are secured by multiple cross-collateralized assets; and
- Of the loans in the pool, 16.4% have partial interest-only (IO) periods during which only interest is due, and 78.9% are IO for their entire term. Standard & Poor's took the IO structure into account when sizing levels.

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Pool Characteristics

The pool characteristics are described below.

Collateral description

The pool contains 139 conventional fixed-rate loans secured by liens on 276 properties. By property type, the pool has the following composition: office (31.2%), retail (26.7%), hotel, (18.5%), multifamily (11.5%), mixed-use (9.6%), industrial (1.4%), special purpose (0.4%), warehouse (0.3%), assisted living (0.3%), and land (0.1%).

Hard lockboxes are in place for loans representing 34.3% of the total pool balance. Loans representing 18.5% have springing lockboxes for cash management that are triggered by certain conditions, including minimum DSC tests or events of default under the loan documents. Finally, loans representing 5.3% of the pool balance have soft lockboxes in place.

Monthly tax escrows have been established for 105 loans (54.3%), and another 34 loans (41.3%) have springing monthly tax escrows. Monthly insurance premium escrows have been established for 79 loans (41.9%), and 60 loans (54.1%) have springing monthly insurance escrows. Monthly capital reserves have been established for 86 loans (47.9%), and 28 loans (39.5%) have springing monthly capital reserves. Springing reserves are generally triggered by a combination or solely by an event of default or violating DSC tests.

Upfront real estate tax reserves have been established for 95 loans (52.1% of the pool balance), upfront insurance reserves have been established for 75 loans (41.5%), and upfront capital expenditure reserves have been established for 12 loans (8.9%).

A reserve for up-front repairs has been established for 24 loans (20.8%), for which remediation of existing deferred maintenance items is necessary.

Monthly leasing reserves have been established for loans representing 37.7% of loans collateralized by office, retail, industrial, mixed-use, and special purpose properties. Up-front leasing reserves have been established for loans representing 31.9% of loans collateralized by office, retail, industrial, mixed-use, and special purpose properties.

Thirty-one properties (4.5%) are leased to single tenants. The tenants occupying 27 of these properties, which secure 2.7% of the pool balance, have leases that expire after the respective loan maturity. In addition, four of these single-tenant properties (29.5% of the single tenant component) are occupied by tenants rated investment grade by Standard & Poor's.

Geographic diversity

The pool consists of properties located in 37 states, the District of Columbia, and the Cayman Islands. The largest concentrations are in New York (15.5%), California (14.9%; 13.6% in Southern California and 1.3% in Northern California), Florida (9.2%), Georgia (6.2%), and Virginia (5.2%). The remaining assets are dispersed throughout 32 states, the District of Columbia, and the Cayman Islands, with all other state concentrations less than 5.0% of the pool balance.

Loan sellers

Wachovia Bank N.A. contributed 122 loans (97.9% of the pool balance) and Artesia Mortgage Capital Corp. contributed 17 loans (2.1%).

Loan origination dates

All of the loans were originated within 12 months of the cutoff date.

Hyperamortizing loans

Five loans (0.6% of the pool balance) were structured as hyperamortizing loans. All of the hyperamortizing loans were structured with some form of cash management.

IO loans

Of the loans in the pool, 16.4% have partial IO periods during which only interest is due, and 78.9% are IO for their entire term.

Collateral quality

The pool has a DSC of 1.27x on a weighted average coupon of 5.77%. 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 pool downward by 12.2% 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 125.6%, and the weighted average ending LTV is 123.2%. The weighted average capitalization rate applied to Standard & Poor's NCF is 9.40%. 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 47.3% of the total pool and re-underwrote cash flows and derived asset values for assets representing 68.0% of the pool. The weighted average quality score for the inspected properties is 2.82, an above-average score on Standard & Poor's scale of 1 (highest) to 5 (lowest).

Borrower loan concentrations

The largest sponsor is Beacon Capital Strategic Partners V L.P. (Beacon), the sponsor of the Beacon DC & Seattle loan (10.7%). The top five sponsors represent 38.9% of the pool, and the top 10 sponsors represent 56.9% of the pool.

The top five loans represent 32.6% of the pool balance, and the top 10 loans account for 45.4% of the pool balance.

Eight of the top 10 loans (39.4%) have bankruptcy-remote SPE borrowers with nonconsolidation opinions and independent directors.

Five of the top 10 loans (29.4%) are secured by multiple cross-collateralized assets.

Leasehold interests

Fifteen loans (16.2%) are secured in whole or in part by a mortgage lien on the borrower's leasehold

interest pursuant to a ground lease. All of the loans have ground leases with maturities including extension periods that are at least 20 years beyond the maturity date of the related loan, and afford the lender notice and cure rights.

Tenancies-in-common

Of the loans, 15 (6.3%) are owned by individuals or entities as tenants-in-common, which generally conform to Standard & Poor's criteria.

Participations

The Beacon DC & Seattle Pool loan, the largest loan in the pool, has a trust balance of \$414.0 million (10.7% of the pooled trust balance) and a whole-loan balance of \$2.7 billion. The whole loan consists of the \$414.0 million pari passu A-7 note that is included in the subject transaction, a \$414.0 million A-6 note that was included in the WBCMT 2007-C31 transaction, a \$775.0 million A-1 note that was included in the MSCI 2007 IQ14 transaction, a \$394.5 million A-4 note that was included in the BACM 2007-2 transaction, and additional pari passu notes aggregating \$646.5 million that will be included in future transactions. In addition to the first mortgage, there is a \$56.0 million B-1 note that is subordinate only to the A-4 and A-5 notes and a \$205.0 million mezzanine loan secured by a pledge of the equity interests of the borrower and subject to an intercreditor agreement. The loan will be serviced pursuant to the pooling and service agreement (PSA) for the MSCI 2007-IQ14 transaction.

The second-largest loan in the pool, the ING Hospitality Pool loan, has a trust balance of \$283.85 million (7.4% of the pooled trust balance) and a whole-loan balance of \$567.7 million. The whole loan is divided into two pari passu notes: the \$283.85 million A-1 note included in this transaction and a \$283.85 million A-2 note that will be contributed to a future transaction. The loan will be serviced pursuant to the PSA for this transaction.

The third-largest loan in the pool, the DDR Southeast Pool loan, has a trust balance of \$221.25 million (5.7% of the pool balance) and a whole-loan balance of \$885.0 million. The whole loan will be divided into three pari passu notes: a \$221.25 million A-1 note that is being contributed to the subject trust and two pari passu notes totaling \$663.75 million that will be included in future transactions. The loan will be serviced pursuant to the PSA for the CGCMT 2007-C6 transaction.

A/B Loans

Seven loans (13.8% of the pool balance) are structured with one or more subordinate B notes: the Two Herald Square (5.2%), 17 Battery Park Place South (2.5%), Centerside II (2.3%), La Jolla Centre I (1.6%), La Jolla Centre II (1.2%), Courtyard by Marriott - Philadelphia, Pa. (0.9%), and Bunge North America (0.2%) loans.

The B notes are not included in the trust, but will be serviced and administered pursuant to the PSA for this transaction and governed by an intercreditor agreement.

Standard & Poor's believes the relative rights in a bankruptcy are more favorable when a loan is structured as participation rather than with separate notes. These A/B loans are subject to intercreditor agreements that generally conform to Standard & Poor's criteria.

Additional indebtedness

Thirteen loans (26.1%) have existing subordinate/mezzanine debt. Forty-two loans (56.9%) permit the borrower to incur future subordinate/mezzanine debt.

All future debt is conditional upon meeting specific DSC and LTV hurdles, requires lender consent, and/or is subject to subordination and standstill agreements. In addition, all existing and potential secondary debt has been factored into the subordination levels;

Terrorism insurance coverage

Loans representing 99.0% of the pool 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.

Environmental review

Phase I environmental site assessments and/or updates of previous site assessments were prepared for all of the properties during the past 12 months.

Two properties (0.9% of the pool balance) required a phase II assessment. No further action was deemed necessary.

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.

Ninety-eight properties (31.6%) were identified as needing immediate repairs. Escrows totaling \$11.2 million were established at closing for repairs. Generally, the loan sellers' requirements for up-front, deferred maintenance reserves are 125% of the recommended amount as indicated in the reports.

All of the engineering reports were completed within 12 months of the cutoff date.

Seismic review

Thirty-nine properties, securing 24.8% of the pool, are located in seismic zones 3 or 4. Seismic studies were completed for all of these properties. All but five (1.5%) of the inspected properties had a probable maximum loss (PML) less than 20%. Earthquake insurance has been obtained for all five of the properties with a PML exceeding 20%.

Hurricane and flood review

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. There are 188 loans (85.2%) and 113 loans (65.8%) collateralized by properties that have wind damage insurance and flood insurance, respectively.

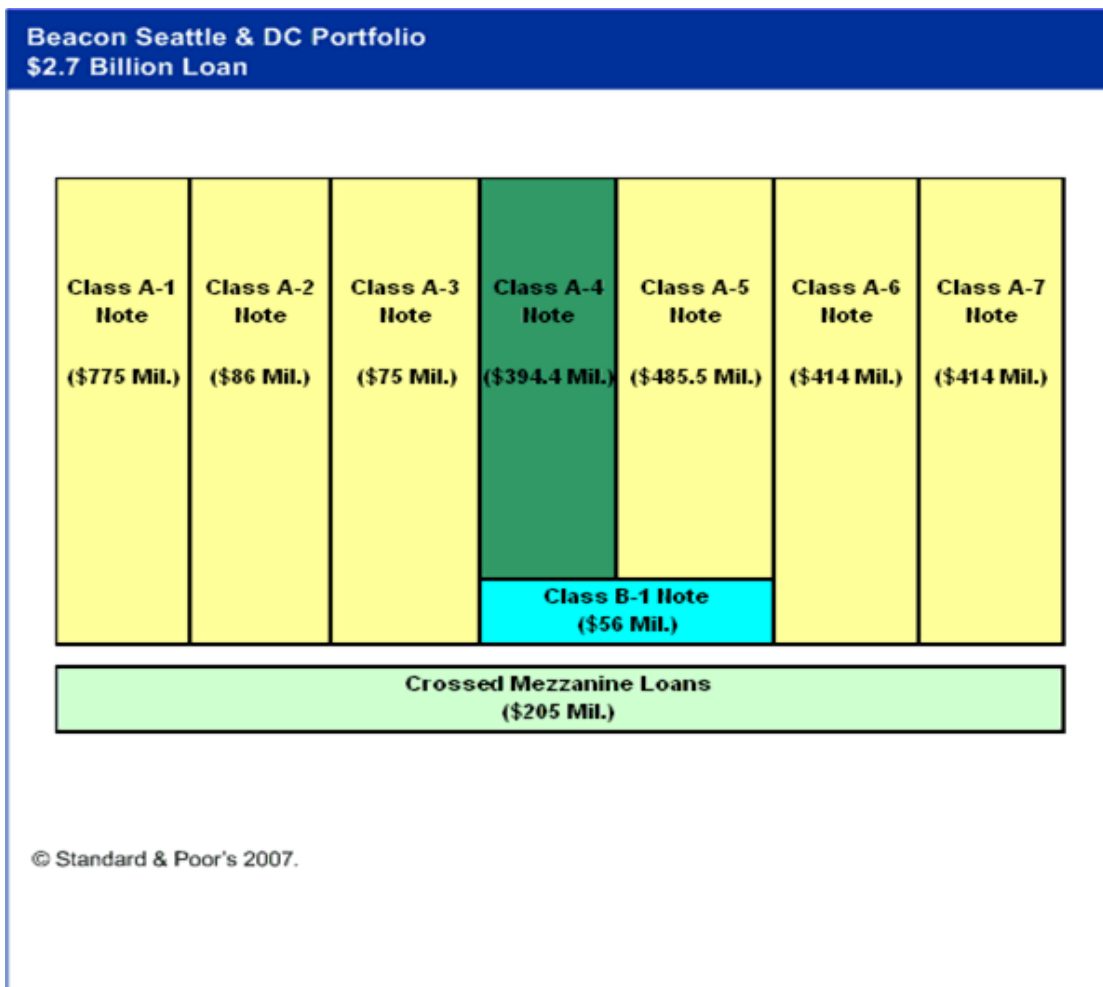
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Top Seven Loans

Beacon DC & Seattle Portfolio

The largest loan in the pool, the Beacon DC & Seattle Portfolio loan, has a trust balance of \$414.0 million (10.7% of the pooled trust balance) and a whole-loan balance of \$2.7 billion. The whole loan consists of the \$414.0 million pari passu A-7 note that is included in the subject transaction, a \$414.0 million A-6 note that was included in the WBCMT 2007-C31 transaction, a \$775.0 million A-1 note that was included in the MSCI 2007 IQ14 transaction, a \$394.5 million A-4 note that was included in the BACM 2007-2 transaction, and additional pari passu notes aggregating \$646.5 million that will be included in future transactions. In addition to the first mortgage, there is a \$56.0 million B-1 note that is subordinate only to the A-4 and A-5 notes and a \$205.0 million mezzanine loan secured by a pledge of the equity interests of the borrower and subject to an intercreditor agreement. The five-year, fixed-rate, IO loan bears interest at 5.797% and matures in May 2012.

The chart details the debt components of the \$2.7 billion whole loan.



The loan is secured by a first mortgage encumbering the fee and leasehold interests in 16 cross-collateralized and cross-defaulted office properties, the pledge of a mortgage and joint venture interests in one office property and the related cash flows, and a covenant to deposit cash flows from three office properties, totaling 9,848,341 sq. ft. of space. The cash flow assets are subject to a contractual obligation to pay down the mezzanine loan with capital proceeds from property sales or refinancing before paying down up to \$100 million of the senior loan.

The properties are located in eight markets in two states and the District of Columbia and are summarized in table 1.

Table 1

Beacon DC & Seattle Portfolio Properties By Geographic Concentration

State	No. of properties	Allocated pooled loan bal. (\$)	% of pooled loan
Washington	9	1,063,569,565	39.4
Virginia	7	820,340,861	30.4
Washington, D.C.	4	816,089,574	30.2
Total	20	2,700,000,000	100.0

Details of the properties are listed in table 2.

Table 2

Beacon DC & Seattle Portfolio Properties

Property name	Location	Allocated loan bal. (\$)	Year built/renovated	Sq. ft.	Occ. as of April 30, 2007 (%)
Market Square*	Washington, D.C.	417,186,336	1991/N/A	678,348	95.4
Polk & Taylor	Virginia	330,436,815	1970/2003	904,226	100.0
Wells Fargo Center	Washington	310,721,014	1983/N/A	944,141	92.6
Lafayette Center	Washington, D.C.	280,831,861	1980/1993	711,495	91.3

Booz Allen Complex	Virginia	236,826,194	1980/N/A	731,234	99.5
Key Center	Washington	158,278,446	2000/N/A	473,988	97.9
Sunset North	Washington	147,079,871	1999/N/A	463,182	100.0
City Center Bellevue	Washington	146,015,218	1986/N/A	465,765	95.6
Plaza Center	Washington	119,714,340	1978/N/A	466,948	95.7
1616 North Fort Meyer Drive	Virginia	110,408,482	1975/N/A	294,521	97.8
American Center	Virginia	83,594,994	1985/N/A	329,695	94.8
Eastgate Office Park	Washington	73,027,325	1985/N/A	251,088	100.0
Lincoln Executive Center	Washington	67,428,037	1984/N/A	277,672	96.0
Liberty Place	Washington, D.C.	69,399,617	1991/N/A	163,936	99.4
11111 Sunset Hills Road	Virginia	59,305,128	2000/N/A	216,469	100.0
Army and Navy Building	Washington, D.C.	50,078,132	1913/1987	102,822	100.0
Plaza East	Washington, D.C.	39,668,190	1987/N/A	148,952	91.5
Washington Mutual Tower¶	Washington, D.C.	—	1988/N/A	1,079,013	96.5
Reston Town Center¶	Virginia	—	1988/N/A	764,103	98.2
1300 North Seventeenth Street¶	Virginia	—	1980/N/A	380,743	99.0
Total/weighted avg.	—	2,700,000,00	—	9,848,341	—

*Beacon's ownership interest is 70%. However, upon a sale or refinancing, Beacon would receive approximately the first \$358.0 million before a 70%/30% split with its JV partner. ¶Cash flow pledges: Beacon's interest in the Washington Mutual Tower is 62.8% and is 100% in the other two properties. N/A-Not applicable.

The portfolio has a rent roll consisting of more than 598 tenants, with the top 10 tenants representing 31.2% of the total portfolio net rentable area (NRA).

Major tenants of the portfolio are listed in table 3.

Table 3

Beacon DC & Seattle Portfolio Properties Major Tenants

Tenant	Standard & Poor's rating	Sq. ft.	Portfolio NRA (%)	Base rent per sq. ft. (\$)	Base rent (% of GPR)	Lease expiration
Booz Allen Hamilton	NR	714,237	7.3	29.44	7.6	Various
GSA-Department of Defense	AAA	554,294	5.6	32.21	6.5	Various
Polk GS	AAA	354,909	3.6	25.24	3.3	Various
Perkins Coie	NR	285,716	2.9	30.54	3.2	Various
Expedia	BBB-	265,713	2.7	14.90	1.4	September 2009
Wells Fargo Bank N.A.	AA+	214,662	2.2	27.24	2.1	Various
Washington Mutual Bank	A	191,758	1.9	33.28	2.3	Various
Davis Wright Tremaine	NR	169,533	1.7	26.00	1.6	December 2018
XO Communications	NR	167,495	1.7	25.70	1.6	November 2007
Commodity Future	NR	161,785	1.6	42.79	2.5	September 2015
Total	—	3,080,102	31.3	28.70	32.1	N/A

NRA—Net rentable area. GPR—Gross potential rent. NR—Not rated. GSA-General Services Administration. N/A—Not applicable.

Beacon, the sponsor of the bankruptcy-remote SPE borrower, is a fully integrated real estate investment company headquartered in Boston. Beacon was formed in 1998 following the merger of its predecessor public company, Beacon Properties Corp., with Equity Office Properties Trust. Since its establishment, Beacon has sponsored five investment vehicles representing approximately \$6.1 billion of aggregate equity capital from various endowments, foundations, and pension funds, and has invested or committed to invest in more than \$15.4 billion of real estate and related assets. Beacon focuses primarily on office properties in a select number of target markets in the U.S., including Boston; Washington, D.C.; New York; Los Angeles; San Francisco; Seattle, Wash.; Denver; and Chicago. The properties are managed by an affiliate of the sponsor, with the exception of Washington Mutual Tower, which is managed by an affiliate of the JV partner. The loan is structured with a hard lockbox for cash management.

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

- Gross potential rent (GPR) was based on the April 2007 rent roll for each property, with credit given for rent bumps due to occur over the next six months and consideration of the appraiser's analysis of market rents;
- Expense reimbursements, other income, and parking income were based on each property's historical performance;
- Vacancy rates were assumed based on the highest of in-place, market vacancy, or 5% for each property;
- Operating expenses, including property taxes and insurance premiums, were based on each property's historical performance, with emphasis placed on the trailing 12-month (TTM) period through October 2006;
- A weighted average management fee of 3.2% of effective gross income (EGI) was assumed based on a range of 3%-4%;
- TI expenses for office tenants ranged between \$12.00 per sq. ft.-\$24.00 per sq. ft. for new leases and \$6.00 per sq. ft.-\$12.00 per sq. ft. for renewal leases;
- TI expenses for retail tenants ranged between \$5.00 per sq. ft.-\$10.00 per sq. ft. for new leases and \$2.50 per sq. ft.-\$5.00 per sq. ft. for renewal leases;
- LC expenses were assumed to be 4.0% for new leases and 2.0% for renewal leases;
- TI/LC assumptions were based on the weighted average lease terms for office tenants ranging between 7.3 years-16.9 years, and for retail tenants ranging between 8.3 years-17.8 years with the weighted average lease term capped at 10.0 years for the computation of leasing commissions;
- A renewal probability of 65.0% was assumed;
- Replacement reserves ranged between \$0.25 per sq. ft.-\$0.35 per sq. ft. for individual properties;
- Based on these assumptions, Standard & Poor's overall NCF variance was 16.5%;
- Standard & Poor's applied a weighted average capitalization rate of 9.46% (based on a range of 8.50%-9.25%) to the mortgaged properties, a capitalization rate of 12.50% to the property with a mortgage pledge, and for the three cash flow pledged assets, devised annual cash flows and discounted them at 17.0%. Credit was given for rent steps for investment-grade tenants, yielding a final value of \$1.7 billion, or \$174 per sq. ft.; and
- The average quality score for these assets is 2.78, an above-average score, based on individual property scores that ranged from 2.50-3.00.

This loan exhibits the following strengths:

- The loan is secured by mortgages on 16 cross-collateralized and cross-defaulted properties located in eight markets in two states and the District of Columbia;
- The portfolio exhibits a diversified tenant roster, with more than 598 tenants, of which, tenants rated investment grade by Standard & Poor's represent 27.4% of NRA; and
- The property benefits from strong sponsorship and management provided by Beacon.

This loan exhibits the following concern and mitigating factor:

- In addition to the first mortgage, there is mezzanine financing of \$205 million, which enjoys a priority with respect to the three cash flow properties described above. However, this mezzanine financing is subject to a subordination and intercreditor agreement, and Standard & Poor's took the loan structure and all additional debt into consideration when sizing the loan's capital structure and credit support levels for the deal.

ING Hospitality Pool

The second-largest loan in the pool, the ING Hospitality Pool loan, has a trust balance of \$283.85 million (7.4% of the pooled trust balance) and a whole-loan balance of \$567.7 million. The whole loan is divided into two pari passu notes: the \$283.85 million A-1 note included in this transaction, and a \$283.85 million A-2 note that will be contributed to a future transaction. In addition to the first mortgage, the borrower is permitted to incur future mezzanine debt secured by a pledge of equity interests of the borrower up to 80% of the appraised value at the time of such financing. The future mezzanine debt will be subject to an LTV and DSC test and rating agency confirmation. The five-year, fixed-rate, IO loan bears interest at 5.663% and matures in June 2012.

The loan is secured by a first mortgage encumbering the fee interests in 46 cross-collateralized and cross-defaulted extended-stay hotel properties located in 18 states. The portfolio includes 5,796 rooms, and consists of 32 Residence Inns by Marriott (77.9% of the allocated loan amount) and 14 Homewood Suites by Hilton (22.1%). Details of the mortgaged properties are described in tables 4-6.

Table 4

ING Hospitality Portfolio Properties

Property	Location	Allocated loan amount (\$)	Year built/renovated	No. of rooms	Occ. (%)	ADR (\$)	RevPAR (\$)
Residence Inn La Jolla-San Diego	La Jolla, Calif.	28,759,000	1986/2003	288	79.8	147	117
Residence Inn Seattle East/Redmond	Redmond, Wash.	17,819,000	1998	180	66.3	188	125
Residence Inn Long Beach	Long Beach, Calif.	15,324,000	1987/2006	216	74.5	128	95
Residence Inn Costa Mesa-Newport Beach	Costa Mesa, Calif.	13,578,000	1986	144	82	140	115
Residence Inn Pasadena-Arcadia	Arcadia, Calif.	11,760,500	1989	120	80	148	118
Residence Inn Irvine-Spectrum	Irvine, Calif.	10,620,000	1989/2003	112	83.9	139	117
Homewood Suites Dulles International Airport	Herndon, Va.	10,156,500	1998/2006	109	80.5	150	121
Residence Inn Concord-Pleasant Hill	Pleasant Hill, Calif.	9,337,000	1989	126	87	124	108
Residence Inn San Ramon	San Ramon, Calif.	7,982,500	1989	106	82.2	133	109
Homewood Suites Baltimore-BWI Airport	Linthicum, Md.	7,662,000	1998/2006	147	79.3	119	94
Residence Inn St. Louis Galleria	St. Louis, Mo.	6,842,500	1986/2005	152	81.1	108	88
Residence Inn Bakersfield	Bakersfield, Calif.	6,272,000	1990/2004	114	83.8	110	92
Residence Inn Boulder	Boulder, Colo.	6,022,500	1986/2003	128	76.3	117	89
Residence Inn Atlanta Airport-Hapeville	Hapeville, Ga.	5,951,500	1990	126	79.7	112	89
Residence Inn Chicago-Deerfield	Deerfield, Ill.	5,951,500	1989/2004	128	77.4	114	88
Homewood Suites Philadelphia-Great Valley	Malvern, Pa.	5,916,000	1998	123	86.9	107	93
Residence Inn Houston-Clear Lake	Houston, Texas	5,630,500	1989/2003	110	81.2	107	87
Residence Inn Santa Fe	Santa Fe, N.M.	5,559,500	1986/2006	120	68.7	100	69
Residence Inn Placentia-Fullerton/Anaheim	Placentia, Calif.	5,452,500	1988/2003	112	81.6	105	86
Homewood Suites Richmond- West End	Glen Allen, Va.	5,132,000	1998	123	74	99	73
Residence Inn Atlanta-Buckhead	Atlanta, Ga.	5,096,000	1987/2004	136	74.1	109	81
Homewood Suites Portland – Beaverton	Beaverton, Ore.	4,918,000	1998	123	79	89	70
Residence Inn Cincinnati-North/Sharonville	Cincinnati, Ohio	4,739,500	1985	144	78.5	91	71
Residence Inn Chicago-Lombard	Lombard, Ill.	4,561,500	1987/2006	144	76.7	95	73
Residence Inn Jacksonville-Baymeadows	Jacksonville, Fla.	4,526,000	1986/2004	112	77.8	105	82
Homewood Suites Dallas-Irving/Las Colinas	Irving, Texas	4,419,000	1989/2005	136	78.8	95	75
Homewood Suites Clearwater	Clearwater, Fla.	4,383,500	1998/2006	112	77.7	104	81
Residence Inn Dallas-Los Colinas	Irving, Texas	4,383,500	1989/2007	120	72	106	76
Residence Inn Boca Raton	Boca Raton, Fla.	4,027,000	1988/2005	120	70.6	101	71
Residence Inn Clearwater-St. Petersburg	Clearwater, Fla.	3,920,000	1986/2004	88	79.6	113	90
Residence Inn Birmingham-Iverness	Birmingham, Ala.	3,813,000	1986/2004	128	72.7	95	69
Residence Inn Atlanta-Cumberland	Smyrna, Ga.	3,670,500	1986/2006	130	75.4	88	66
Homewood Suites Dallas-Addison	Addison, Texas	3,528,000	1989/2006	120	74.6	92	69
Homewood Suites St. Louis-Chesterfield	Chesterfield, Mo.	3,385,500	2000	145	69.7	84	59
Residence Inn Montgomery	Montgomery, Ala.	3,350,000	1990/2006	94	77.7	94	73
Homewood Suites Atlanta-Buckhead	Atlanta, Ga.	3,314,500	1997/2006	92	75.2	113	85
Residence Inn Cincinnati-Blue Ash	Blue Ash, Ohio	3,029,000	1989/2006	118	73.5	95	70
Residence Inn St. Louis-Chesterfield	Chesterfield, Mo.	3,029,000	1986/2006	104	76.9	94	72
Residence Inn Philadelphia-Valley	Berwyn, Pa.	2,993,500	1988/2003	88	69.1	127	88

Forge								
Residence Inn Boston-North Shore	Danvers, Mass.	2,922,000	1989/2006	96	79.8	103	82	
Homewood Suites Salt Lake City-Midvale/Sandy	Midvale, Utah	2,886,500	1996	98	75	90	68	
Homewood Suites Dallas – Plano	Plano, Texas	2,744,000	1997/2006	99	78	97	76	
Homewood Suites-Atlanta-Cumberland/Galleria	Atlanta, Ga.	2,530,000	1990/2006	124	67.3	95	64	
Residence Inn Memphis-East	Memphis, Tenn.	2,245,000	1986/2007	105	67.3	95	64	
Residence Inn Atlanta – Dunwoody/Perimeter	Atlanta, Ga.	2,067,000	1984/2002	144	45.4	97	44	
Homewood Suites Atlanta-Peachtree Corners/Norcross	Atlanta, Ga.	1,639,500	1989	92	78.2	80	63	
Totals/avg.	—	283,850,000	—	5,796	76.2	110	84	

ADR-Average daily rate. RevPAR-Revenue per available room.

Table 5

ING Hospitality Pool (Subject Penetration For TTM December 2006)

Property	Occ. (%)	ADR (\$)	RevPAR (\$)
Homewood Suites Atlanta-Buckhead	108.0	103.3	111.6
Homewood Suites-Atlanta-Cumberland/Galleria	106.3	99.6	105.9
Homewood Suites Atlanta-Peachtree Corners/Norcross	146.8	98.7	144.9
Homewood Suites Baltimore-BWI Airport	103.2	112.2	115.8
Homewood Suites Clearwater	114.9	118.5	136.2
Homewood Suites Dallas-Addison	111.0	110.1	122.2
Homewood Suites Dallas-Irving/Las Colinas	118.6	109.3	129.6
Homewood Suites Dallas-Plano	113.5	117.3	133.1
Homewood Suites Dulles International Airport	108.5	112.6	122.2
Homewood Suites Philadelphia-Great Valley	123.6	93.9	116.1
Homewood Suites Portland-Beaverton	112.9	98.9	111.7
Homewood Suites Richmond-West End	103.1	105.1	108.4
Homewood Suites Salt Lake City-Midvale/Sandy	101.0	102.1	103.1
Homewood Suites St. Louis-Chesterfield	101.7	96.4	98.0
Residence Inn Atlanta Airport-Hapeville	107.4	140.2	150.6
Residence Inn Atlanta-Buckhead	108.2	107.6	116.4
Residence Inn Atlanta-Cumberland	126.0	96.3	121.3
Residence Inn Atlanta-Dunwoody/Perimeter	75.1	97.9	73.5
Residence Inn Bakersfield	118.1	121.0	142.9
Residence Inn Birmingham-Iverness	108.1	150.8	163.0
Residence Inn Boca Raton	99.4	88.3	87.8
Residence Inn Boston-North Shore	128.8	118.4	152.5
Residence Inn Boulder	121.1	120.0	145.3
Residence Inn Chicago-Deerfield	110.3	100.6	111.0
Residence Inn Chicago-Lombard	131.7	109.5	144.2
Residence Inn Cincinnati-Blue Ash	114.0	111.8	127.5
Residence Inn Cincinnati-North/Sharonville	122.6	106.4	130.4
Residence Inn Clearwater-St. Petersburg	116.5	137.4	160.1
Residence Inn Concord-Pleasant Hill	138.9	107.9	149.9
Residence Inn Costa Mesa-Newport Beach	108.3	119.9	129.9
Residence Inn Dallas-Los Colinas	100.1	120.6	120.7
Residence Inn Houston-Clear Lake	123.0	114.7	141.1
Residence Inn Irvine-Spectrum	110.3	133.9	147.7
Residence Inn Jacksonville-Baymeadows	113.6	103.5	117.6
Residence Inn La Jolla-San Diego	107.2	106.1	113.7
Residence Inn Long Beach	90.8	118.0	107.1
Residence Inn Memphis-East	104.8	106.9	112.0
Residence Inn Montgomery	113.6	103.7	117.8
Residence Inn Pasadena-Arcadia	109.1	137.4	149.9
Residence Inn Philadelphia-Valley Forge	93.6	125.1	117.1
Residence Inn Placentia-Fullerton/Anaheim	114.3	95.9	109.6

Residence Inn San Ramon	117.7	151.6	178.4
Residence Inn Santa Fe	102.8	94.0	96.6
Residence Inn Seattle East/Redmond	106.3	110.3	117.2
Residence Inn St. Louis-Chesterfield	113.9	107.1	122.0
Residence Inn St. Louis Galleria	125.2	89.4	111.9

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

Table 6

ING Hospitality Pool

Year	Avg. occ. (%)	Avg. ADR (\$)	Avg. RevPAR (\$)
2004	76.1	96.00	73.00
2005	77.7	102.00	80.00
2006	76.2	110.00	84.00

ADR—Average daily rate. RevPAR—Revenue per available room.

The five-largest properties by allocated loan amount are the Residence Inn, La Jolla, Calif. (10.1% of the loan amount); the Residence Inn Redmond, Wash. (6.3%); the Residence Inn Long Beach, Calif. (5.4%); the Residence Inn Costa Mesa, Calif. (4.8%); and the Residence Inn Pasadena-Arcadia, Calif. (4.1%).

The Residence Inn La Jolla, Calif. (10.1% by allocated loan amount) is a two-story, 288-room, extended-stay hotel located in La Jolla, Calif. The property is easily accessible by Interstates 8 and 5, and the San Diego International Airport is located nine miles to the southeast. Demand generators include corporate users from the 1.0 million sq.ft. of office space in La Jolla, airport traffic, visitors to the San Diego Convention Center, and tourism related to SeaWorld San Diego, Qualcomm Stadium, and various other nearby attractions. Market demand segmentation comprises 40% extended-stay, 30% commercial, 15% meeting/group, and 15% leisure. The hotel offers a breakfast dining area, two meeting facilities totaling approximately 950 sq. ft., an outdoor pool and whirlpool, an exercise room, and guest laundry. The property's primary competitors include the 340-room Embassy Suites San Diego-La Jolla, the 150-room Residence Inn Sorrento Mesa, and the 194-room Woodfin Suites Hotel San Diego.

The Residence Inn Seattle East-Redmond, Wash. (6.3% by allocated loan amount) is a six-story, 180-room, extended-stay hotel located in Redmond, Wash. The subject is located in close proximity to Interstates 90 and 5 and Highway 520, and the Seattle-Tacoma International Airport is located 18 miles to the southwest. Demand generators include corporate users from Boeing and other users from the 4 million sq. ft. of office space in Redmond, visitors to the Washington State Convention and Trade Center, and tourism related to Pike Place Market, Pioneer Square, The Seattle Space Needle, and various other attractions. Market demand segmentation comprises 43% extended-stay, 37% commercial, 10% meeting/group, and 10% leisure. The hotel offers a breakfast dining area, two meeting facilities totaling approximately 1,140 sq. ft., an outdoor pool and whirlpool, an exercise room, a business center, and guest laundry. The property's primary competitors include the 179-room Sheraton Hotel Bellevue East, the 353-room Hilton Bellevue, and the 240-room Embassy Suites Bellevue. There is currently a 140-room Residence Inn under construction that is expected to be complete by November 2007. The hotel will target the telecommunications sector that is mostly present south of downtown Bellevue and may provide limited competition to the subject in the future.

The Residence Inn Long Beach, Calif. (5.4% by allocated loan amount) is a two-story, 216-room, extended-stay hotel located in Long Beach, Calif. The subject is located in close proximity to Interstates 10, 5 and 405 and Long Beach Airport is located one mile to the north. Demand generators include corporate users from the 27.5 million sq.-ft. of office space in the South Bay submarket, airport traffic, visitors to the Long Beach Center, and tourism related to various local attractions. Market demand segmentation comprises 65% extended-stay, 20% commercial, 10% meeting/group, and 5% leisure. The hotel offers a breakfast dining area, an 800 sq.-ft. meeting room., two outdoor whirlpools, an exercise room, and guest laundry. The property's primary competitors include the 222-room Holiday Inn Long Beach Airport, the 134-room Extended Stay America Long Beach, and the 140-room GuestHouse Inns Hotel Long Beach. There is currently a 178-room Residence Inn Downtown under construction that is expected open in January 2009 and will target various downtown users. This new hotel may provide competition to the subject in the future.

The Residence Inn Costa Mesa-Newport Beach, Calif. (4.8% by allocated loan amount) is a two-story, 144-room, extended-stay hotel located in Costa Mesa, Calif. Access to the property is provided by Interstate 405 South and State Highway 73. The property is well-served by the John Wayne Airport, which is approximately two miles to the southeast of the subject. Demand generators include corporate users from the 44.2 million sq. ft. of office space in the Greater Airport submarket, airport

traffic, and some tourism related to The Ayn Rand Institute, Orange County Zoo, and various other nearby attractions. Market demand segmentation comprises 65% extended-stay, 20% commercial, 10% meeting/group, and 5% leisure. The hotel offers a breakfast dining area, a 650-sq.-ft. meeting room, an outdoor pool and whirlpool, an exercise room, and guest laundry. The property's primary competitors include the 486-room Hilton Costa Mesa, the 293-room Embassy Suites Irvine, the 300-room Embassy Suites Santa Ana, and the 253-room Marriott Costa Mesa.

The Residence Inn Pasadena-Arcadia, Calif. (4.1% by allocated loan amount) is a two-story, 120-room, extended-stay hotel located in Arcadia, Calif. The subject is accessible via State Highway 134 and Interstate 210, and the Bob Hope Airport is located 19 miles to the northwest. Demand generators include corporate users from Kaiser Permanente, Northrop Grumman, and other users from the 25.1 million sq.-ft. of office space in the Tri-Cities Glendale market, visitors to the Los Angeles Convention Center, and visitors to the Santa Monica Pier, various Los Angeles beaches, and other local attractions. Market demand segmentation comprises 50% extended-stay, 30% commercial, 15% leisure, and 5% meeting/group. The hotel offers a breakfast dining area, a 400 sq.-ft. meeting room, an outdoor pool and whirlpool, an exercise room, and guest laundry. The property's primary competitors include the 190-room Embassy Suites Arcadia and the 124-room Hilton Garden Arcadia.

The sponsors of the bankruptcy-remote SPE borrower are one or more subsidiaries of Lion ES Hotels, an entity wholly owned by ING Clarion Partners. ING Clarion was founded in 1982 and is the publicly traded, U.S. investment arm of ING Real Estate. As of March 31, 2007, ING Clarion had more than \$48.3 billion total assets under management in the private equity, public equity, and public debt sectors of the real estate market. The Residence Inn properties are managed by Marriott International ('BBB+'). Marriott operates or franchises 2,868 hotels and resorts totaling 517,202 rooms in the U.S. and 67 other countries and territories. Its portfolio of lodging brands includes (but is not limited to) Marriott Hotels & Resorts, The Ritz Carlton Hotels, Bulgari, Renaissance Hotels & Resorts, Courtyard, Residence Inn, Fairfield Inn, SpringHill Suites, TownePlace Suites, ExecuStay by Marriott, and others. The Homewood Suites properties will be managed by Hilton Hotels Corp. ('BB+'). Hilton operates in more than 500 cities all over the world. Its portfolio of lodging brands includes Conrad Hotels, Doubletree, Embassy Suites Hotels, Hampton Inn and Suites, Hilton Hotels, Hilton Garden Inn, and Homewood Suites by Hilton. The loan has a springing lockbox for credit card receivables cash management.

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 rate (ADR), the penetration yields, and the subjects' general market position relative to the competitive sets;
- Departmental revenues were generally underwritten based on historical levels, on a per-occupied-room basis, with greater emphasis on data from the TTM period through December 2006;
- Departmental expenses were generally underwritten based on the historical departmental profit margin level, with greater emphasis on data from the TTM period through December 2006;
- Undistributed and fixed expenses are in line with historical expenses on an absolute and percentage basis;
- Real estate tax and insurance premium expenses were based on the portfolio's current actual expenses;
- A furniture, fixtures, and equipment (FF&E) reserve was underwritten at 5.0% of total revenue;
- Based on these assumptions, Standard & Poor's NCF variance was 8.53%;
- Standard & Poor's capitalized NCF using a capitalization of 11.50%, resulting in a value of \$547.1 million (\$94,396 per room); and
- The overall quality score for this loan is 2.74, an above-average score, based upon individual property quality scores that ranged from 2.71 to 2.86.

This loan exhibits the following strengths:

- The loan is secured by 46 properties located across 18 states that are cross-collateralized and cross-defaulted;
- The portfolio benefits from brand and franchise diversity, and has good brand and franchise recognition; and
- The properties benefit from strong sponsorship and management.

This loan exhibits the following concerns and mitigating factors:

- Standard & Poor's views hotels as more volatile assets compared with other property types. Underwriting and credit support levels for this portfolio reflect these concerns; and
- This loan permits future mezzanine debt up 80% of the appraised value at the time of such financing. The additional debt is subject to LTV and DSC tests and requires rating agency confirmation. In addition, the loan permits future unsecured FF&E debt equal to 3% of the loan amount and capital expenditures debt equal to 3% of the loan. However, combined, the unsecured FF&E, capital improvements, and trade payables debt may not exceed 5% of the loan amount. Standard & Poor's took the loan structure and all additional debt into consideration when sizing the loan's capital structure and credit support levels for the deal.

DDR Southeast Pool

The third-largest loan in the pool, the DDR Southeast Pool loan, has a trust balance of \$221.25 million and a whole-loan balance of \$885.0 million (5.7% of the pool balance). The whole loan will be divided into three pari passu notes: a \$221.25 million A-1 note that is being contributed to the subject trust, and two pari passu notes totaling \$663.75 million that will be included in future transactions. In addition to the first mortgage, the borrower has the ability to incur future mezzanine financing secured by a pledge of its equity interests. However, any future mezzanine debt will be subject to LTV and DSC tests, subordination and intercreditor agreements, and rating agency confirmation. The 10-year, fixed-rate, IO loan bears interest at 5.60% and matures in June 2017.

The DDR Southeast Pool loan is secured by first mortgages encumbering 52 cross-collateralized and cross-defaulted anchored retail shopping centers with a total of 7,297,943 net rentable sq. ft. located in 10 states. The top five geographic concentrations are in Florida (29 properties, 50.9% of allocated loan balance), North Carolina (six, 10.5%), Georgia (eight, 10.9%), Maryland (2, 7.0%), and California (one, 4.4%). As of May 2007, the weighted average occupancy for the portfolio was 95.9%, and individual property occupancy levels ranged from 68.55%-100%. The properties included in the portfolio are summarized in table 7.

Table 7

DDR Southeast Pool Properties

Property	Location	Allocated loan bal. (\$)	Year built	GLA	Current occ. (%)
Hilltop Plaza	Richmond, Calif.	9,527,500	1997	245,774	97.7
Largo Town Center	Upper Marlboro, Md.	9,067,500	1991	260,797	96.2
Midway Plaza	Tamarac, Fla.	8,652,500	1990	227,209	97.7
Riverstone Plaza	Canton, Ga.	8,495,000	1998	307,716	94.2
Highland Grove	Highland, Ill.	8,382,500	1996	312,546	98.8
Riverdale Shops	West Springfield, Mass.	8,082,500	1985	273,307	90.7
Skyview Plaza	Orlando, Fla.	7,382,500	1994	281,244	98.7
Apple Blossom Corners	Winchester, Va.	7,305,000	1999	240,560	99.5
Fayetteville Pavilion	Fayetteville, N.C.	7,000,000	1998	272,385	100.0
Creekwood Crossing	Bradenton, Fla.	6,667,500	2001	227,085	100.0
Flamingo Falls	Pembroke Pines, Fla.	6,272,500	2001	108,565	98.6
Harundale Plaza	Glen Burnie, Md.	6,177,500	1999	217,619	100.0
Meadowmont Village Center	Chapel Hill, N.C.	6,132,500	2002	132,745	92.8
Springfield Commons	Toledo, OH	6,017,500	1999	271,729	99.3
Northlake Commons	Palm Beach Gardens, Fla.	5,275,000	1987	149,658	72.7
Village Square at Golf	Boynton Beach, Fla.	4,937,500	1983	126,486	92.3
Oviedo Park Crossing	Oviedo, Fla.	4,922,500	1999	186,212	100.0
Shoppes of Golden Acres	New Port Richey, Fla.	4,787,500	2002	130,609	89.8
Bardmoor Shopping Center	Largo, Fla.	4,762,500	1981	152,667	98.5
Rosedale Shopping Center	Huntersville, N.C.	4,382,500	2000	119,197	98.3
Casselberry Commons	Casselberry, Fla.	4,325,000	1973	243,176	84.7
Shoppes at New Tampa	Wesley Chapel, Fla.	4,200,000	2002	158,222	93.7
Crossroads Plaza	Lumberton, N.J.	3,762,500	2003	89,627	100.0
Plaza Del Paraiso	Miami, Fla.	3,360,000	2003	82,441	100.0
Melbourne Shopping Center	Melbourne, Fla.	3,335,000	1959	204,216	98.5
North Pointe Plaza	Tampa, Fla.	3,335,000	1990	104,460	96.2
Market Square (DDR)	Douglasville, Ga.	3,175,000	1974	121,766	89.3
Shoppes of Lithia	Valrico, Fla.	3,150,000	2003	71,430	100.0
West Oaks Towne Center	Ocoee, Fla.	3,095,000	2001	66,539	95.2

Sharon Greens	Cumming, Ga.	3,017,500	2001	98,317	96.3
Lakewood Ranch	Bradenton, Fla.	3,000,000	2001	69,471	96.7
Cofer Crossing	Tucker, Ga.	2,985,000	1999	137,757	96.4
Clayton Corners	Clayton, N.C.	2,937,500	1999	125,653	92.3
Clearwater Crossing	Flowery Branch, Ga.	2,875,000	2003	90,566	96.9
Shops at Paradise Pointe	Fort Walton Beach, Fla.	2,765,000	1987	83,929	96.8
Killearn Center	Tallahassee, Fla.	2,762,500	1980	95,229	97.8
Conway Plaza	Orlando, Fla.	2,700,000	1985	117,723	100.0
River Run Shopping Center	Miramar, Fla.	2,652,500	1989	93,643	97.9
Aberdeen Square	Boynton Beach, Fla.	2,540,000	1990	70,555	97.3
Chickasaw Trails Shopping Center	Orlando, Fla.	2,477,500	1994	75,492	93.3
Derby Square	Grove City, Ohio	2,477,500	1999	128,210	87.1
Shoppes at Lake Dow	Mc Donough, Ga.	2,342,500	2002	73,271	88.8
Shoppes of Ellenwood	Ellenwood, Ga.	2,230,000	2003	67,721	94.3
Shops at Oliver's Crossing	Winston Salem, N.C.	2,142,500	2002	76,512	96.3
Southwood Village Shopping Center	Tallahassee, Fla.	2,127,500	2003	62,840	98.1
Paraiso Plaza	Hialeah, Fla.	2,117,500	1997	60,712	100.0
Sheridan Sqaure	Dania, Fla.	2,062,500	1991	67,475	96.2
Countryside Shopping Center	Naples, Fla.	1,905,000	1997	73,986	100.0
Shoppes of Citrus Hills	Hernando, Fla.	1,905,000	1994	68,927	100.0
Crystal Springs Shopping Center	Crystal River, Fla.	1,872,500	1994	66,986	100.0
Sexton Commons	Fuquay Varina, N.C.	1,785,000	2002	49,097	100.0
Hairston Crossing	Decatur, Ga.	1,602,500	2002	57,884	95.6
Totals/weighted avg.		\$221,250,000	—	7,297,943	95.9

GLA—Gross leasable area. N/A—Not applicable.

The 10-largest tenants in the portfolio are summarized in table 8.

Table 8

DDR Southeast Pool Largest Tenants

Tenant	Standard & Poor's rating	Total tenant sq. ft.	% Of total sq. ft.	Rent per sq. ft. (\$)	Lease expiration
Publix	NR	1,250,475	17.1	8.37	Various from 2008 through 2023
Kohl's	A-	354,613	4.8	7.94	2016, 2018, 2019, and 2024
Beall's	NR	217,669	3.0	7.60	2008, 2010, 2011, 2012, 2014, 2016, and 2017
Ross Dress for Less	BBB	189,234	2.6	9.08	2010,2013, and 2014
Kroger	BBB-	173,210	2.4	6.30	2019, 2021, and 2023
Harris Teeter	NR	127,676	1.7	12.86	2020, 2021, and 2022
Circuit City	NR	99,993	1.4	12.90	2008, 2016, and 2017
K-Mart	BB+	95,810	1.3	2.83	2009
Office Max	B+	93,995	1.3	11.52	2011, 2012, and 2014
Michael's	B-	92,642	1.3	10.07	2009, 2010, and 2012
Total	—	2,695,317	36.9	—	—

NR—Not rated.

Developers Diversified Realty Corp. (DDR; 'BBB') is the sponsor of the bankruptcy-remote SPE borrower. DDR is a publicly traded REIT that engages in acquiring, developing, owning, leasing, and managing shopping centers. As of Dec. 31, 2006, DDR owned and/or managed 800 retail properties totaling 162 million sq. ft. located in 44 states and Puerto Rico. An affiliate of the sponsor manages the properties. The loan is not structured with a cash management feature.

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

- Underwritten revenues were based on the leases in place as of May 2007;
- A vacancy rate of 5.0% was assumed;
- Expense reimbursements were based on the tenants' contractual obligations and historical performance;
- Percentage rent and other income were based on historical performance;

- A management fee of 4% of EGI was assumed for the entire portfolio;
- Operating expenses were based on the historical performance and appraisal estimates;
- TI allowances for anchor tenants were assumed to be \$4.00 per sq. ft. for new leases and \$2.00 per sq. ft. for renewal leases;
- TI allowances for in-line tenants were assumed to be \$6.00 per sq. ft. for new leases and \$3.00 per sq. ft. for renewal leases;
- LCs were estimated at 4.0% and 2.0% for new tenants and renewals, respectively;
- TI/LC assumptions were based on the properties' in-place weighted average lease terms, which averaged 16.9 years for anchor tenants and 9.6 years for in-line tenants, with LCs capped at 10.0 years;
- A 65% renewal probability was assumed for all tenants;
- Replacement reserves were underwritten at \$0.21 per sq. ft. of collateral NRA, per the engineer's estimate;
- Based on these assumptions, Standard & Poor's NCF variance was 3.99%;
- Standard & Poor's applied a cap rate of 8.75% to the NCF and gave credit for rent steps attributed to investment-grade tenants, resulting in a value of \$847.65 million, or \$116 per sq. ft.; and
- Quality scores for these assets range from 2.75 to 3.00, resulting in a blended portfolio quality score of 2.88, an above-average score.

This loan exhibits the following strengths:

- The loan is secured by 52 cross-collateralized and cross-defaulted properties located in 10 states; and
- The portfolio benefits from strong sponsorship and management.

This loan exhibits the following concern and mitigating factors:

- The loan permits future mezzanine financing secured by a pledge of the owners' equity interest upon satisfaction of a minimum DSC of 1.10x and a maximum LTV of 75%. However, any future mezzanine debt will be subject to subordination and intercreditor agreements and rating agency confirmation. Standard & Poor's factored all potential future allowable mezzanine debt into the capital structure for this loan and the subordination levels for the transaction.

Two Herald Square

The fourth-largest loan in the pool, the Two Herald Square loan, has a trust balance of \$200.0 million (5.2% of the pool balance) and a whole-loan balance of \$250.0 million. The whole loan consists of a \$200.0 million A note that is included in the subject transaction and a \$50.0 million subordinate B note that will be held outside of the trust. The 10-year, fixed-rate, IO loan bears interest at 5.92% and matures in April 2017.

The loan is secured by the leasehold interest in Two Herald Square, New York City, an 11-story building containing 267,023 sq. ft. of class B office space and 91,900 sq. ft. of retail space. The property, constructed in 1909 and most recently renovated in 2005, is located in the Penn Plaza/Garment District submarket of the Midtown Office Market in New York's central business district (CBD). As of March 2007, the property was 100.0% leased by tenants paying an average rent of \$71.36 per sq. ft.

Table 9 lists the major tenants at the property.

Table 9

Major Two Herald Square Tenants

Tenant	Standard & Poor's rating	Sq. ft.	Property NRA (%)	Lease expiration
Publicis	BBB+	119,502	33.3	August 2016
H&M Hennes & Mauritz	NR	71,000	19.8	January 2016
Mercy College	NR	55,000	15.3	May 2022

NRA—Net rentable area. NR—Not rated

The sponsor of the bankruptcy-remote SPE borrower is 1328 Broadway Owners LLC, which is 100% owned by the Sitt Asset Management, a New York-based investment and development company. Founded by Ralph Tawil more than a decade ago, The Sitt Family firm is now managed by Ralph Tawil's grandsons: Eddie, Ralph, David, and Jack Sitt. The Sitt Asset Management is a well

established, family-owned real estate firm, which has a large portfolio of office buildings, shopping centers, strip malls, and residential developments. These commercial sites are located in New York, Pennsylvania, Maine, Florida, New Jersey, and Tennessee, with a strong concentration in midtown Manhattan. The Sitt Family is also involved in all aspects of real estate such as owning, managing, leasing, acquiring, repositioning, and selling office and retail properties. An affiliate of the borrower manages the property. The loan has a hard lockbox in place 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 2007;
- A vacancy of 5% was assumed;
- Expense reimbursements were based on the tenants' contractual obligations and the property's historical performance;
- Other income was based on historical performance;
- Operating expenses other than property taxes and insurance premiums were based on the property's historical performance;
- A management fee of \$1.0 million was assumed;
- TI expenses for office tenants were assumed to be \$24.00 per sq. ft. for new leases and \$12.00 for renewal leases;
- TI expenses for retail tenants were assumed to be \$50.00 per sq. ft. for new leases and \$25.00 for renewal leases;
- LC expenses were assumed to be 4.00% for new leases and 2.00% for renewals;
- TI/LCs assumptions were based on the in-place weighted average lease term of 14.2 years for office tenants and 16.0 years for retail tenants, with LCs capped at 10 years;
- A 65% renewal probability was assumed;
- Replacement reserves were assumed to be \$0.35 per sq. ft. of collateral NRA;
- Based on these assumptions, Standard & Poor's NCF variance was 16.6%;
- Standard & Poor's applied a capitalization rate of 8.50% to the office NCF, gave credit for a TI/LC rollover reserve of \$3.0 million, present value of the difference between in-place and market rents once current leases roll, and deducted DSC shortfalls from value, yielding a total value of \$169.2 million, or \$471 per sq. ft.; and
- The quality score for this asset is 2.75, a better than average score.

This loan exhibits the following strengths:

- The property is well-located, between Penn Station and Times Square, with excellent access to all modes of transportation, and is well-occupied, exceeding the market occupancy of 92.6%.

This loan exhibits the following concern and mitigating factors:

- In addition to the A note, the property is encumbered by a \$50 million subordinate B note that will be held outside of the trust. Standard & Poor's took the loan structure and all additional debt into consideration when sizing the loan's capital structure and deriving subordination levels for the deal.

Westin Casuarina Resort & Spa

The fifth-largest loan in the pool, the Westin Casuarina Resort & Spa – Grand Cayman Islands loan, has a trust and whole-loan balance of \$140.0 million (3.6% of the pooled trust balance). The 10-year, fixed-rate loan bears interest at 6.38%, is IO for the first 1.5 years, amortizes on a 30-year schedule thereafter, and matures in June 2017.

The loan is secured by a first mortgage encumbering the leasehold interest in a 343-room full-service hotel located on the western side of West Bay Road in Georgetown, Grand Cayman. The property is located along Seven Mile Beach between the town of West Bay in the north and the city of Georgetown in the south. The subject property is located three miles north of the Georgetown CBD. The property, constructed in 1994 and renovated in 2005 at a cost of \$3.2 million (\$9,300 per room), has a full offering of amenities, including 8,863 sq. ft. of meeting space, a swimming pool, three restaurants, a private beach with water sports equipment, a spa, an exercise room, and a sundry shop.

Demand generators for the property include tourism and banking sectors, which has experienced healthy growth during the past two decades. The competitive set for the Westin Casuarina Resort &

Spa – Grand Cayman consists of the 305-room Marriott Grand Cayman Beach Resort, and the 53-room Hyatt Regency Grand Cayman Beach Suites. For the calendar year ending 2006, the subject's estimated revenue per available room (penetration index was 122.6%. The hotel's historical performance numbers are provided in table 10.

Table 10

Westin Casuarina Resort & Spa – Grand Cayman

	2005	2006	TTM ending March 2007
Avg. occupancy (%)	47.9	57.1	57.5
ADR (\$)	276.11	281.34	281.79
RevPAR (\$)	132.26	160.65	162.03

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

The sponsor of the bankruptcy-remote SPE borrower is Columbia Sussex Corp., a Kentucky-based hospitality investment corporation that currently owns and operates 81 hotels totaling 27,000 rooms in more than 30 different states and the Cayman Islands. Franchises include 41 Marriott branded hotels and eight Starwood branded hotels as well as an assortment of other high-end flags and boutique hotels, such as Hilton and Wyndham. Columbia Sussex is currently the single largest Marriott franchisor in the world. Galleon Beach Resort Ltd., an affiliate of the sponsor, manages the property.

The loan is structured with a hard lockbox for credit card receipts. Credit card proceeds originated in the U.S. are deposited to a U.S.-based cash management account. Credit card proceeds originated in Grand Cayman are deposited into a Grand Cayman-based lockbox account, with sweeps occurring twice a week into the U.S.-based cash management account.

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 ADRs; the penetration yields; and the subject's general market position relative to the competitive set;
- Departmental revenues were generally underwritten based on the property's historical performance, on a per-occupied-room basis;
- Departmental expenses were generally underwritten based on the historical departmental profit margin levels;
- Undistributed and fixed expenses are in line with historical expenses on an absolute and percentage basis;
- An FF&E reserve was underwritten at 4.0% of total revenue;
- Based on these assumptions, Standard & Poor's NCF variance was 2.0%;
- Standard & Poor's assumed a capitalization rate of 11.00%, and derived a total value of \$116.8 million (\$340,488 per room); and
- The overall quality score for this loan is 2.75, an above average score.

This loan exhibits the following strengths:

- The property is well-located on the western side of West Bay Road in Georgetown, Grand Cayman, along the Seven Mile Beach and three miles north of the Georgetown CBD; and
- The property benefits from experienced sponsorship and management.

This loan exhibits the following concern and mitigating factor:

- Hotels are volatile assets compared with other property-types. However, Standard & Poor's underwriting and subordination levels reflect these concerns.

DDR-TRT Portfolio

The sixth-largest loan in the pool, the DDR-TRT Portfolio loan, has a trust and whole-loan balance of \$110.0 million (2.9% of the pool balance). In addition to the first mortgage, the borrower is permitted to incur future mezzanine debt secured by a pledge of partnership interests in the borrowing entity, subject to LTV and DSC tests, intercreditor agreements, and rating agency confirmation. The 10-year, fixed-rate, IO loan bears interest at 5.51%, and matures in June 2017.

The DDR-TRT Portfolio loan is secured by three cross-collateralized and cross-defaulted anchored retail properties with a total of 674,443 net rentable sq. ft. located in three states. As of March 2007,

the weighted average occupancy for the portfolio was 95.4%, and individual property occupancy levels ranged from 69.8%-100%, with anchor tenants paying a weighted average rent of \$14.16 per sq. ft. and in-line tenants paying a weighted average rent of \$23.64 per sq. ft. The properties included in the portfolio are summarized in table 11.

Table 11

DDR-TRT Portfolio Properties

Property	Location	NRA	Year built	Allocated loan bal. (\$)	Current occ. (%)
Centerton Square	Mount Laurel, N.J.	428,217	2005	67,800,000	100.0
Beaver Creek	Apex, N.C.	143,129	2005	26,200,000	100.0
Mount Nebo Pointe	Ohio Township, Pa.	103,097	2005	16,000,000	69.8
Total	N/A	674,443	N/A	110,000,000	95.4

NRA—Net Rentable Area N/A—Not applicable.

The largest tenants in the portfolio are summarized in table 12.

Table 12

DDR-TRT Portfolio Largest Tenants

Tenant	Standar & Poor's rating	Total tenant sq. ft.	% of total sq. ft.	Rent per sq. ft. (\$)	Lease expiration
Wegman's Food – Ground Lease	A-	130,000	19.3	7.75	August 2024
Sportsman's Warehouse	NR	48,251	7.2	12.85	November 2020
Sports Authority	B	40,000	5.9	16.25	July 2015
PetSmart	BB	39,194	5.8	15.29	January 2020 & October 2015
Jo-Ann Stores	B-	35,350	5.2	14.50	January 2015
Total	—	292,795	43.4	11.58	—

NR—Not rated.

DDR is the sponsor of the bankruptcy-remote SPE borrower. DDR is a publicly traded REIT that engages in acquiring, developing, owning, leasing, and managing shopping centers. As of Dec. 31, 2006, DDR owned and/or managed 800 retail properties totaling 162 million sq. ft. located in 44 states and Puerto Rico. An affiliate of the sponsor manages the properties. The loan is not structured with a cash management feature.

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

- GPR was based on leases in place as of March 2007;
- Expense reimbursements were based on historical amounts and the tenants' contractual obligations;
- A market vacancy of 7.0% was assumed;
- Other income was based on historical amounts;
- A management fee of 4% of EGI was assumed;
- Additional operating expenses, including real estate tax and insurance premium expenses, were based on the borrower's budget;
- TI expenses for the anchor tenants were assumed to be \$5.00 per sq. ft. for new leases and \$2.50 per sq. ft. for renewal leases;
- TI expenses for the in-line tenants were assumed to be \$8.00 per sq. ft. for new leases and \$4.00 per sq. ft. for renewal leases;
- LC expenses were assumed to be 4.0% for new leases and 2.0% for renewal leases for all tenants;
- TI/LC assumptions were based on the weighted average in-place lease terms of 11.1 years and 8.7 years for the anchor and in-line tenants, respectively, with LC's capped at 10 years;
- A 65.0% renewal probability was assumed for all tenants;
- Replacement reserves were estimated at \$0.15 per sq. ft. of collateral NRA;
- Based on these assumptions, Standard & Poor's overall NCF variance for the property's in-place NCF is 6.3%;
- Standard & Poor's derived a value of \$97.3 million (\$144 per sq. ft.) by applying a capitalization rate of 8.75% to NCF; and
- The quality score for these assets were 2.75, an above average score.

This loan exhibits the following strengths:

- The loan is secured by three cross-collateralized and cross-defaulted properties located in three states; and
- The portfolio benefits from strong sponsorship and management.

This loan exhibits the following concerns and mitigating factors:

- The borrower is permitted to incur future mezzanine debt secured by a pledge of partnership interests in the borrowing entity. However, this debt is subject to LTV and DSC tests, a subordination agreement, and rating agency confirmation. Further, Standard & Poor's took the loan structure and the additional debt into consideration when sizing the loan's capital structure.

Ashford Pool 4

The seventh-largest loan in the pool, the Ashford Pool 4 loan, has a trust and a whole-loan balance of \$103.9 million (2.7% of the pool). The 10-year, fixed-rate loan bears interest at 5.95%, is IO for the first five years, amortizes on a 30-year schedule thereafter, and matures in April 2017.

The loan is secured by a first mortgage encumbering the fee interests in five cross-collateralized and cross-defaulted limited-service hotel properties located in Florida (three properties), Georgia (one property), and New Jersey (one property). The portfolio includes 1,396 rooms, and consists of two Courtyards, one Spring Hill Suites, one Residence Inn, and one Fairfield Inn. Details of the mortgaged properties are described in tables 13-15.

Table 13

Ashford Pool 4 Properties

Property	Location	Allocated loan bal. (\$)	Year built/renovated	No. of rooms	ADR (\$) *	Occ. (%)*	RevPAR (\$)*
Spring Hill Suites Orlando at Marriott Village	Orlando, Fla.	30,213,037	2000	400	90.50	78.0	70.63
Courtyard by Marriott Orlando at Marriott Village	Orlando, Fla.	29,189,965	2000	312	96.08	80.7	77.51
Residence Inn Atlanta Buckhead-Lenox Park	Atlanta, Ga.	15,932,504	1997	150	108.77	72.0	78.30
Fairfield Inn Orlando at Marriott Village	Orlando, Fla.	15,930,493	2000	388	73.25	77.2	56.53
Courtyard by Marriott at Edison	Edison, N.J.	12,640,000	2002	146	104.09	68.6	71.36
Totals/avg.		103,906,000000	—	1,396	94.54	75.3	70.87

*For the trailing 12 months through February 2007. ADR—Average daily rate. RevPAR—Revenue per available room.

Table 14

Ashford Pool 4 (Subject Penetration*)

Property	Occ. (%)	ADR (\$)	RevPAR (\$)
Spring Hill Suites Orlando at Marriott Village	111.1	105.1	117.4
Courtyard by Marriott Orlando at Marriott Village	121.6	105.7	128.8
Residence Inn Atlanta Buckhead-Lenox Park	100.6	98.7	99.2
Fairfield Inn Orlando at Marriott Village	106.2	93.7	98.9
Courtyard by Marriott at Edison	109.4	109.7	120.0
Total	110.8	101.8	113.1

*Based on HVS International appraisals dated March 2007. ADR—Average daily rate. RevPAR—Revenue per available room.

Table 15

Ashford Pool 4

Year	Avg. occupancy (%)	Avg. ADR (\$)	Avg. RevPAR (\$)
2005	78.2	83.13	64.71
2006	76.7	87.81	67.22
TTM February 2007	76.8	90.34	69.16

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

The Spring Hill Suites Orlando at Marriott Village (29.1% of the loan amount), constructed in 2000, is

a five-story limited service hotel containing 400 rooms situated on approximately 8.9 acres. The property is located in Orlando, Fla. along Interstate 4, and is one of three hotels that comprise the 1,100-room Marriott Village at Lake Buena Vista. (Courtyard by Marriott Orlando and Fairfield Inn Orlando, which are also included in this pool, are the other two hotels in the Marriott Village.) Demand generators include Walt Disney World, Universal Studios, and Sea World. Market demand segmentation comprises 74% transient, 25% group, and 1% contract. The hotel offers an outdoor swimming pool and whirlpool, a pool bar, an exercise room, a breakfast dining area, and a guest market. The property's primary competitors include the 312-room Courtyard by Marriott Orlando at Marriott Village, the 388-room Fairfield Inn Marriott Village, the 151-room AmeriSuites South, the 507-room Holiday Inn Sunspree Lake Buena Vista, the 246-room Orlando Vista, the 147-room Hampton Inn Lake Buena Vista, and the 308-room Courtyard LBV Palm Parkway.

The Courtyard by Marriott Orlando at Marriott Village (28.1% of the loan amount), constructed in 2000 and renovated in 2007, is a five-story limited service hotel containing 312 rooms situated on approximately 7.4 acres. The property is located in Orlando, Fla. along Interstate 4, and is one of three hotels that comprise the 1,100-room Marriott Village at Lake Buena Vista. Demand generators include Walt Disney World, Universal Studios, and Sea World. Market demand segmentation comprises 78% transient, 21% meeting/group, and 1% contract. The hotel offers an indoor/outdoor swimming pool and whirlpool, an exercise room, a game room, and a gift shop. The property's primary competitors include the 400-room Springhill Suites at Marriott Village, the 507-room Holiday Inn Sunspree Lake Buena Vista, the 246-room Orlando Vista, the 200-room Holiday Inn Express, and the 308-room Courtyard LBV Palm Parkway.

The Residence Inn Atlanta Buckhead-Lenox Park (15.3% of the loan amount), constructed in 1997, is a four-story extended-stay hotel containing 150 rooms situated on approximately 1.8 acres. The property is located in Buckhead, an upscale enclave of corporate, residential, and retail developments in Atlanta. Buckhead is a popular travel destination and as such, is a demand generator for local hotels. Market demand segmentation comprises 36.0% corporate, 14.0% meeting/group, and 15.0% leisure. The hotel offers an outdoor swimming pool and whirlpool, an exercise room, a business center, and a breakfast dining area. The property's primary competitors include the 136-room Residence Inn Buckhead (not the same as the subject but shares the same brand), the 92-room Homewood Suites Buckhead, and the 83-room Staybridge Buckhead.

The Fairfield Inn Orlando at Marriott Village (15.3% of the loan amount), constructed in 2000 and renovated in 2006, is a five-story limited service hotel containing 388 rooms situated on approximately 6.4 acres. The property is located in Orlando, Fla. along Interstate 4, and is one of three hotels that comprise the 1,100-room Marriott Village at Lake Buena Vista. Demand generators include Walt Disney World, Universal Studios, and Sea World. Market demand segmentation comprises 73% transient, 26% group, and 1% contract. The hotel offers an outdoor swimming pool and whirlpool, a pool bar, an exercise room, a business center, and a breakfast dining area. The property's primary competitors include the 400-room The Spring Hill Suites Orlando at Marriott Village, the 148-room La Quinta Inn & Suites Orlando Maingate, the 162-room Country Inn & Suites Universal, the 219-room Days Inn Orlando, and the 147-room Hampton Inn Orlando Lake Buena Vista.

The Courtyard by Marriott at Edison (12.2% by allocated loan amount), constructed in 2002, is a four-story limited service hotel containing 146 rooms situated on approximately 2.6 acres. The property is located in the commercial area of Edison, N.J. along Interstate 95. Demand generators include several major companies, including Johnson & Johnson, Amerada Hess, Fuji Film, and Prudential. Market demand segmentation comprises 75% corporate, 5% group, and 20% leisure. The hotel offers an indoor pool and whirlpool, a breakfast area, an exercise room, and a business center. The property's primary competitors include the 132-room Hilton Garden Inn Raritan Center, the 276-room Sheraton Raritan Center, and the 184-room Holiday Inn Raritan Center.

The sponsor of the bankruptcy-remote SPE borrower is Ashford Hospitality Trust Inc. a self-advised REIT, which, as of December 2006, owned an office building and 81 hotel properties in 26 states with 15,492 rooms. On April 11, 2007, Ashford completed the acquisition of a 51-hotel, 13,640-room hotel portfolio from CNL Hotels and Resorts. The 51-hotel portfolio consists of 24 full-service, upper-upscale hotels and 27 premium select-service hotels in 31 markets across 18 states, the District of Columbia, and Canada. The subject properties are managed by various affiliates of Marriott International Inc. Established in 1971 and headquartered in Washington, D.C., Marriott International Inc. engages in the operation and franchising of hotels and related lodging facilities worldwide. It operates in full service lodging, select service lodging, extended-stay lodging, timeshare, and synthetic fuel industry segments. As of Jan. 3, 2007, the company operated or franchised approximately 2,800 lodging properties. The loan has a soft lockbox for credit card receivables for cash management.

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 ADR, the penetration yields, and the subjects' general market position relative to the competitive sets;
- Departmental revenues were generally underwritten based on historical levels, on a per-occupied-room basis, with greater emphasis on data from the TTM period through February 2007;
- Departmental expenses were generally underwritten based on the historical departmental profit margin level, with greater emphasis on data from the TTM period through February 2007;
- Undistributed and fixed expenses are in line with historical expenses on an absolute and percentage basis;
- Real estate tax and insurance premium expenses were based on the portfolio's current actual expenses;
- An FF&E reserve was underwritten at 5.0% of total revenue;
- Based on these assumptions, Standard & Poor's NCF variance was 4.2%;
- Standard & Poor's capitalized NCF using capitalization rates ranging from 11.50%-11.75%, resulting in an overall weighted average capitalization rate of 11.61%, and a value of \$83.6 million (\$60,323 per room); and
- The overall quality score for this loan is 2.79, an above-average score, based upon individual property quality scores that ranged from 2.75 to 3.0.

This loan exhibits the following strengths:

- The loan is secured by five properties located across three states that are cross-collateralized and cross-defaulted; and
- The properties benefit from strong sponsorship and management.

This loan exhibits the following concern and mitigating factor:

- Hotels are volatile assets compared with other property-types. However, Standard & Poor's underwriting and subordination levels reflect these concerns.

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Credit Evaluation

Tables 16-20 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 16

Cash Flow Analysis And Valuations

Property type	% of pool	DSC (x)	NCF diff. (%)	Cap rate (%)	Beginning LTV (%)	Ending LTV (%)	Value per unit/sq. ft. (\$)
Office	30.10	1.03	24.50	9.13	151.30	150.90	173
Retail - anchored	19.50	1.40	5.80	8.80	110.60	109.50	123
Hotel	18.50	1.61	5.20	11.37	113.40	107.70	141,943
Multifamily	11.50	1.21	8.40	8.40	118.80	117.40	62,804
Mixed	9.60	1.14	10.20	8.66	118.80	118.00	413
Retail outlet	2.40	1.33	3.40	10.25	128.20	128.20	134
Malls	1.90	1.08	11.90	8.75	109.60	91.10	231
Retail - single tenant	1.50	1.25	5.30	9.25	121.60	114.60	1,294
Industrial	1.40	1.38	3.00	9.06	107.90	106.00	36
Retail - unanchored	1.40	1.32	1.00	9.25	109.20	106.90	179
Medical office	1.10	1.41	1.50	9.50	98.70	87.50	154
Other: ground lease, Marina Park	0.50	1.26	17.00	11.56	104.70	98.90	10,058
Assisted living	0.30	1.37	0.50	11.00	111.50	106.00	83,862
Warehouse	0.30	1.29	0.40	9.25	91.90	70.70	45
Total/weighted avg.	100.00	1.27	12.00	9.40	125.40	123.00	N/A

*All statistics for this property type except for % of pool exclude Peter Cooper Village and Stuyvesant Town, since this asset was not valued using Standard & Poor's typical income capitalization approach. DSC—Debt service coverage. NCF—Net cash flow. N/A—Not applicable.

Table 17

Top 10 Loans

Property name	Property type	% of pool	DSC (x)	NCF diff. (%)	Cap rate (%)	Beginning LTV (%)	Ending LTV (%)	Value per unit/sq. ft. (\$)
Beacon DC & Seattle Pool	Office	10.70	1.06	16.51	9.46	157.40	157.40	174
ING Hospitality Pool	Hospitality extended stay	7.40	1.96	8.53	11.50	103.76	103.76	94,396
DDR Southeast Pool	Retail anchored	5.70	1.45	3.99	8.75	104.41	104.41	116
Two Herald Square	Mixed-use office/retail	5.20	1.04	16.59	8.50	118.23	118.23	471
Westin Casuarina Resort & Spa - Cayman Islands	Hospitality full service	3.60	1.23	2.04	11.00	119.88	106.08	340,488
DDR-TRT Pool	Retail anchored	2.90	1.41	6.30	8.75	112.99	112.99	144
Ashford Hospitality Pool 4	Hospitality various	2.70	1.31	4.23	11.61	124.28	116.18	60,323
17 Battery Place South	Office CBD	2.50	1.14	26.17	8.50	123.09	123.09	187
Rockvale Square	Retail outlet	2.40	1.33	3.37	10.25	128.19	128.19	133
Centerside II	Office suburban	2.30	0.88	47.32	9.00	195.65	195.65	159

DSC—Debt service coverage ratio. NCF—Net cash flow. CBD—Central business district.

Table 18

Standard & Poor's DSC Range (x)

	No. of loans	Loan bal. (\$)	% of total
>1.65	13	425,230,000	11.0
1.55 to 1.65	2	18,450,000	0.5
1.50 to 1.54	3	35,144,335	0.9
1.45 to 1.49	2	231,800,000	6.0
1.40 to 1.44	3	127,240,000	3.3
1.35 to 1.39	9	182,120,000	4.7
1.30 to 1.34	14	401,017,718	10.4
1.25 to 1.29	13	180,809,974	4.7
1.20 to 1.24	14	277,927,709	7.2
1.15 to 1.19	19	296,332,688	7.7
1.10 to 1.14	19	391,704,766	10.2
1.05 to 1.09	11	635,925,879	16.5
1.04 to 1.00	5	257,950,000	6.7
0.00 to 1.00	12	395,500,000	10.3
Total	139	3,857,153,069	100.0

Table 19

Standard & Poor's Beginning LTV Range

	No. of loans	Loan bal. (\$)	% of pool
<50	0	0	0.0
50 to 60	0	0	0.0
61 to 70	3	37,200,000	1.0
71 to 75	1	1,000,000	0.0
76 to 80	2	73,400,000	1.9
81 to 85	4	23,482,424	0.6
86 to 90	1	3,500,000	0.1
91 to 95	4	34,616,774	0.9
96 to 100	6	37,249,000	1.0
>100	118	3,646,704,872	94.5
Total	139	3,857,153,069	100.0

Table 20

Standard & Poor's Ending LTV Range

	No. of loans	Loan bal. (\$)	% of total
Fully amortizing loans	0	0	0.0
0 to 50	0	0	0.0

51 to 60	3	41,963,424	1.1
61 to 70	3	5,600,000	0.1
71 to 75	2	26,466,479	0.7
76 to 80	3	84,678,294	2.2
81 to 85	2	4,089,000	0.1
86 to 90	9	48,903,809	1.3
91 to 95	12	139,299,183	3.6
96 to 100	14	170,867,379	4.4
>100	91	3,335,285,500	86.5
Total	139	3,857,153,069	100.0

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