FitchRatings
KNOW YOUR RISK

Structured Finance

Commercial Mortgage
Presale Report

COBALT CMBS Commercial Mortgage Trust, Series 2007-C2

$2,447,766,906 Commercial Mortgage Pass-Through Certificates

	Class	Expected Ratings	Subordination (%)
$38,460,000	A-1*	AAA	30.000
$241,358,000	A-2*	AAA	30.000
$73,929,000	A-AB*	AAA	30.000
$868,862,000	A-3FX*	AAA	30.000
$490,827,000	A-1A*	AAA	30.000
TBD	XP†	AAA	N.A.
$244,777,000	A-MFX**	AAA	20.000
$205,001,000	A-JFX	AAA	11.625
$21,417,000	B	AA+	10.750
$27,538,000	C	AA	9.625
$21,418,000	D	AA–	8.750
$15,298,000	E	A+	8.125
$18,359,000	F	A	7.375
TBD	A-3FL‡*§	AAA	30.000
TBD	A-MFL‡**§	AAA	20.000
TBD	A-JFL‡§	AAA	11.625

*Super-duper senior class. **Super-senior class. †Notional amount and interest only. ‡Privately placed pursuant to Rule 144A. §The assets of the trust fund will include a separate interest swap agreement with TBD relating to class A-3FL, A-MFL, and A-JFL. NR – Not rated. TBD – To be determined.

Analysts

Gregory Sorg
+1 312 368-5432
gregory.sorg@fitchratings.com

Eileen McDonald
+1 212 908-0695
eileen.mcdonald@fitchratings.com

The preliminary ratings do not reflect final ratings and are based on information provided by issuers as of March 22, 2007. These preliminary ratings are contingent on final documents conforming to information already received. Collateral may be added or dropped from the portfolio. Ratings are not a recommendation to buy, sell, or hold any security. The prospectus and other offering material should be reviewed prior to any purchase.

See pages 8–24 for Collateral Summary Review and page 26 for Deal Comparison.

March 27, 2007

Presale Report

The preliminary ratings listed at left reflect the credit enhancement provided to each class by subordination of classes junior to it, the positive and negative features of the underlying collateral, and the integrity of the legal and financial structures, including advancing for liquidity by the master servicer and the trustee. The preliminary ratings do not address the likelihood or frequency of principal prepayments or the receipt of prepayment premiums, default interest, additional interest, or penalties. The preliminary ratings on the interest-only certificates address only the likelihood of receiving interest payments while principal on the related certificates remains outstanding. The preliminary ratings do not address the timely payment of interest if there is a change in payment terms following a swap default, interest shortfalls caused by changes in the coupon on the underlying fixed-rate real estate mortgage investment conduit interest as provided for in the prospectus supplement. All figures and percentages presented in this report are, in the case of loans that have been split into an A/B or A/B/C note structure, based on the balances of the A notes contributed to the pool and may not be reflective of the whole loan amounts (the combined A, B, and C note balances). The ratings on the class A-3FL, A-MFL, and A-JFL certificates only address receipt of the fixed-rate coupon and do not address whether investors will receive a floating-rate coupon. Additionally, the ratings of the class A-3FL, A-MFL, and A-JFL certificates do not address any costs associated with a floating-rate swap.

Strengths

- Seven loans, representing 15.6% of the pool, have credit characteristics consistent with investment-grade obligations.
- The pool is diverse in terms of geography and loan size, with only three loans representing more than 5% of the pool.
- Fitch Ratings considered the overall collateral to be of high quality,

Transaction Highlights

Collateral: 153 fixed-rate loans on 176 multifamily and commercial properties

Fitch Stressed Debt Service Coverage Ratio: 1.08 times (x)

Issuer Debt Service Coverage Ratio: 1.40x

Fitch Stressed Weighted Average Mortgage Rate: 9.190%

Issuer Weighted Average Mortgage Rate: 5.801%

Fitch Stressed Loan-to-Value Ratio: 107.4%

Issuer Loan-to-Value Ratio: 69.6%

Loan Size Range: $1,490,000–$250,000,000

Average Loan Size: $15,998,477

Financial Structure: Sequential pay

$2,447,766,906 Commercial Mortgage Pass-Through Certificates (Continued)

	Class	Expected Ratings	Subordination (%)
$30,597,000	G‡	A	6.125
$24,477,000	H‡	BBB+	5.125
$24,478,000	J‡	BBB	4.125
$30,597,000	K‡	BBB–	2.875
$12,239,000	L‡	BB+	2.375
$3,060,000	M‡	BB	2.250
$9,179,000	N‡	BB–	1.875
$6,119,000	O‡	B+	1.625
$3,060,000	P‡	B	1.500
$6,119,000	Q‡	B–	1.250
$30,597,905	S‡	NR	0.000
TBD	XC†‡	AAA	N.A.
TBD	XW†‡	AAA	N.A.
N.A.	R-I	NR	N.A.
N.A.	R-II	NR	N.A.

*Super-duper senior class. **Super-senior class. †Notional amount and interest only. ‡Privately placed_pursuant to Rule 144A. §The assets of the trust fund will include a separate interest swap agreement with TBD relating to class A-3FL, A-MFL, and A-JFL. N.A. – Not available. NR – Not rated. TBD – To be determined.

- with 64.9% of the pool receiving a property grade of "B+" or better.
- Strong structural features, including cash management agreements, performance-based earnouts, upfront reserves, and ongoing reserves.

Of the pool, 83.7% has a Property Market Metric™ (PMM) score of 3 or better, reflecting traditional property types in less volatile markets.

■ Concerns

- Of the pool, 75.8% has a Fitch stressed loan-to-value ratio (LTV) greater than 90%, and 43.3% of the pool has a debt service coverage ratio (DSCR) less than 1.0x.
- Interest-only loans represent 53.2% of the pool. Additionally, 37.4% of the pool has an interest-only period ranging from 12–84 months.
- Of the pool, 20.2% has in-place additional debt in the form of secured subordinate debt or mezzanine financing.

■ Mitigants

- Credit enhancement levels reflect the loans' leverage. Additionally, the leverage is mitigated by strong structural features and above-average property quality.
- Four loans, representing 28.1% of the interest-only pool and 15.0% of the total deal pool, have credit characteristics consistent with investment-grade obligations. The presence of interest-only periods is reflected in the credit enhancement levels.

Parties to Transaction

Underwriters
- Citigroup Global Markets Inc.
- Wachovia Capital Markets, LLC
- Deutsche Bank Securities Inc.

Master Servicer
- Wachovia Bank, National Association (rated 'CMS2' by Fitch Ratings) *(see Fitch Research dated March 24, 2006, available on Fitch's web site at www.fitchratings.com)*

Special Servicer
- CWCapital Asset Management LLC (rated 'CSS2–' by Fitch) *(see Fitch Research dated Aug. 9, 2006, available on Fitch's web site at www.fitchratings.com)*

Trustee
- Wells Fargo Bank, N.A. (rated 'AA–/F1+' by Fitch)

Depositor
- CWCapital Commercial Funding Corp.

Originators
- CWCapital LLC (36.8% of pool)
- Wachovia Bank, National Association (33.2% of pool)
- Citigroup Global Markets Realty Corp. (16.9% of pool)
- Artesia Mortgage Capital Corporation (13.0% of pool)

- The incurrence of additional debt is generally subject to certain conditions, which may include one or more of the following: consent of the mortgage lender, satisfaction of LTV and DSCR tests, subordination of the additional debt pursuant to a subordination and intercreditor agreement, and rating agency confirmation. Additionally, credit enhancement levels reflect the percentage of properties that have additional debt.

■ Credit Issues

For more details about underwriting, credit issues, and Fitch's rating methodology, see the Rating Methodology Highlights section on page 25.

Cash Flow Analysis

- Of the pool, 64.5% was reviewed by Fitch.
- Fitch's aggregate cash flow is $211,616,031.

Loan Features

	% of Pool
Escrow Requirements	
Tax	74.7
Insurance	63.1
Capital Expenditures	77.2
Leasing Costs*	
Up-Front	27.2
Ongoing	23.0
Nonrecourse Carveouts**	
Environmental	86.6
Fraud	86.6

*As a percentage of commercial properties. **Either to an individual or a well-capitalized entity.

- The issuer's aggregate cash flow is $220,907,583.
- The cash flow variance is 4.2%.
- Of the pool, 43.3% has a Fitch stressed DSCR below 1.0x.
- Of the pool, 2.6% has a Fitch stressed DSCR above 1.5x.
- Of the pool, 75.8% has a Fitch LTV greater than 90%.
- Of the pool, 0.4% has a Fitch LTV less than 65%.

Credit-Assessed Loans

Based on Fitch's credit assessment, the following seven loans, representing 15.6% of the pool, have credit characteristics consistent with investment-grade obligations on a stand-alone basis. In the context of the pool, the loan's credit characteristic may be one or more notches better.

The following table summarizes each loan's credit characteristics in the context of the pool:

	%	Pooled
Peter Cooper Village and Stuyvesant Town	10.2	BBB–
Ala Moana Portfolio	4.1	A–
Shadow Pines Apartments	0.5	BBB–
3505-3521 East Chapman Retail Center	0.3	BBB–
Pathmark Store	0.2	AAA
Highland Orchard Apartments	0.2	BBB–
201 Wilshire	0.1	AAA

For a collateral summary review of two of these loans, see pages 8–9 and 14–15.

Fitch Ratings Stressed DSCR and LTV

The following table summarizes the pool's Fitch stressed DSCRs and LTVs:

	%
Fitch Stressed DSCRs	
Greater than 1.74x	0.3
1.50x–1.74x	2.3
1.35x–1.49x	6.6
1.25x–1.34x	11.9
1.15x–1.24x	7.3
1.00x–1.14x	28.3
Less than 1.00x	43.3
Fitch Stressed LTVs	
Less than 65%	0.4
65%–74%	0.7
75%–80%	11.7
81%–85%	2.3
86%–90%	9.1
91%–100%	7.5
Greater than 100%	68.3

Loan Diversity

The following represents the pool's loan concentrations:

- Top three loan concentrations: 27.2%.
- Top 10 loan concentrations: 42.7%.

Sponsor Concentration

The following table represents the pool's sponsor concentrations greater than 5.0%:

	%
Tishman Speyer and BlackRock Realty Advisors, Inc.	10.2
Joseph Jerome	9.9
Douglas and Norman Jemal	7.6

Fitch has determined that loans representing 7.6% of the pool have borrowers with issues. The credit enhancement levels reflect the additional risk posed by these sponsors.

Geographic Concentration

The following table shows the pool's geographic concentrations greater than 5.0%:

	%
New York	27.4
California	11.1
District of Columbia	10.2
Florida	7.6

Property Type Summary

	% of	DSCR (x)		LTV (%)		Loan Per	Average
Property Type	Pool	Issuer	Stressed*	Issuer	Stressed**	Sq. Ft./Unit ($)†	PMM Score
Office	33.4	1.32	1.06	72.8	113.9	244	2.5
Retail	18.3	1.44	1.08	68.6	107.5	320	2.9
Multifamily	19.2	1.56	1.17	64.5	92.3	176,351	2.1
Mixed Use	10.0	1.17	0.94	67.8	112.8	294	1.7
Hospitality	9.9	1.66	1.22	68.6	107.4	132,309	4.5
Industrial	5.3	1.22	1.01	73.0	107.2	85	2.1
Self Storage	2.5	1.29	1.01	75.7	116.0	61	2.1
Land	1.0	1.13	0.96	70.8	112.1	123	5.4

*Stressed debt service coverage ratio (DSCR): Average of Fitch constant DSCR and Fitch term DSCR. **Stressed loan-to-value ratio (LTV): Current loan balance/Fitch value. †Weighted average. Sq. Ft. – Square foot. PMM – Property Market Metric™.

The New York concentration includes three of the top 10 loans: Peter Cooper Village and Stuyvesant Town (10.2% of the pool), which has credit characteristics consistent with investment-grade obligations; 75 Broad Street (10.0% of the pool); and 90 Merrick Avenue (1.6% of the pool). The California concentration comprises 18 properties in Southern California and nine properties in Northern California, including a top 10 loan, the Argonaut Hotel. None of the properties in the pool are located in cities that were affected by Hurricane Katrina.

Property Market Metric™

The pool's average PMM score is 2.61, which is better than scores for the majority of other recent fixed-rate deals, and reflects a lower percentage of property types that historically have exhibited greater market and cash flow volatility. The following table summarizes the pool's PMM scores:

	%
PMM 1	16.0
PMM 2	34.2
PMM 3	33.5
PMM 4	6.7
PMM 5	7.9
PMM 6	1.7

Property Quality

Fitch inspected a representative sample of the pool by originator, property type, geographic distribution, and loan size. The following summarizes the property inspections performed by Fitch:

- Fitch-inspected properties: 62.9%.
- Number of top 10 loans inspected: 10.
- Of the inspected properties, Fitch conducted on-site property management interviews: 73.8%.

Fitch considered the overall collateral quality above average, with eight of the top 10 loans receiving grades of "B+" or better. The results of Fitch's site inspections are shown in the following table:

	%
"B+" or Higher	64.9
"B" or "B–"	34.7
"C+" or Lower	0.4

Volatility Assessment

The pool's weighted average volatility score is 3.1, which is in line in relation to recent fixed-rate deals. The score represents the relative loan-level risk associated with the pool. The following table summarizes the distribution of the volatility scores:

	%
Volatility 2	8.0
Volatility 3	74.2
Volatility 4	17.8

Subordinate and Other Additional Financing

The following represents a summary of loans in the pool with subordinate and other additional financing:

- Two loans (14.3% of the pool) also secure pari passu companion loans.
- Three loans (5.6% of the pool) have junior participation interests held outside the trust.
- One loan (0.4% of the pool) is structured with multiple junior participation interests held outside the trust.
- Seven loans (14.2% of the pool) have existing mezzanine debt that is secured by a pledge of equity interest in the borrower.
- Thirty loans (49.1% of the pool) allow for additional future mezzanine debt.
- Three loans (1.8% of the pool) allow for future unsecured subordinate debt.

Largest Loan Summary

Property Name	Property Type	State	Property Quality	% of Pool	Loan Per Sq. Ft./ Unit ($)	DSCR (x) Issuer	DSCR (x) Stressed*	LTV (%) Issuer	LTV (%) Stressed**
Peter Cooper Village and Stuyvesant Town	Multifamily	NY	B	10.2	267,213	1.74	1.25	55.6	73.0
75 Broad Street	Office	NY	B+	9.9	376	1.26	0.99	79.8	126.5
The Woodies Building	Mixed Use	DC	A–	7.0	355	1.10	0.87	69.5	115.8
Ala Moana Portfolio	Various	HI	A–	4.1	603	1.81	1.29	51.5	70.5
One Summer Street	Office	MA	A–	3.4	211	1.63	1.37	46.1	88.2
Argonaut Hotel	Hotel	CA	A–	1.7	166,667	2.39	1.64	62.2	84.8
The Westin – Ft. Lauderdale	Hotel	FL	B	1.7	143,345	1.22	0.96	67.7	125.2
90 Merrick Avenue	Office	NY	B+	1.6	157	1.29	1.00	80.0	123.6
One and Three Long Wharf Drive	Office	CT	B+	1.5	127	1.18	1.03	78.1	101.4
1515 Flagler Waterview	Office	FL	B+	1.5	229	1.20	1.04	78.9	100.6
Top 10 Subtotal				**42.7**	—	**1.47**	**1.14**	**64.2**	**101.0**

*Stressed debt service coverage ratio (DSCR): Average of Fitch constant DSCR and Fitch term DSCR. **Stressed loan-to-value ratio (LTV): Current loan balance/Fitch value. Note: Numbers may not add due to rounding.

The holders of the junior participation interests have the following primary rights:

- To appoint an operating adviser.
- To appoint a special servicer, subject to rating agency confirmation.
- To cure monetary defaults through advances on the senior participation.
- To purchase the senior participation.

The holders of the mezzanine interests have the following primary rights:

- To approve the property operating budget.
- To terminate, under certain conditions, property management.
- To cure monetary defaults through advances on the first mortgage.
- To purchase the first mortgage loan.

The presence of additional financing is reflected in the credit enhancement levels.

Loans with Interest-Only Periods

The following table summarizes the loans in the pool that provide for payments of interest only for either the entire loan term or a portion of the loan term:

	%
Interest-Only Loans	53.2
Partial Interest-Only Loans	37.4

The credit enhancement levels reflect the additional risk posed by loans that provide for payments of interest only for either the entire loan term or a portion of the loan term.

Subordinate and Other Additional Financing

Property Name	Senior Interest Trust Balance ($)	% of Pool	Junior Interest Nontrust Balance [1] ($)	Junior Interest Nontrust Balance [2] ($)	Mezzanine Balance ($)	Total Debt ($)
Peter Cooper Village and Stuyvesant Town*	250,000,000	10.2	—	—	1,400,000,000	4,400,000,000
Ala Moana Portfolio**	100,000,000	4.1	300,000,000	—	—	1,500,000,000
Storage Xxtra Portfolio	33,088,000	1.4	—	—	4,136,000	37,224,000
Palisades Village Center	29,200,000	1.2	3,650,000	—	—	32,850,000
Summit at Southpoint	23,700,000	1.0	—	—	6,700,000	30,400,000
Shadow Pines Apartments	10,985,000	0.5	—	—	7,315,000	18,300,000
Riverwind at Alafaya Trail Apartments	15,500,000	0.6	—	—	1,000,000	16,500,000
Park Centre VI	11,350,000	0.5	—	—	5,500,000	16,850,000
General Services Building – Woodland, CA	10,332,000	0.4	1,312,000	1,551,491	—	13,195,491
475 Bedford Street	7,665,000	0.3	345,000	—	—	8,010,000
Highland Orchard Apartments	4,106,000	0.2	—	—	2,594,000	6,700,000
Total	**495,926,000**	**20.3**				

*The property also secures additional pari passu companion loans totaling $2,750,000,000 that are not assets of the trust. **The property also secures additional pari passu companion loans totaling $1,100,000,000 that are not assets of the trust. Note: Numbers may not add due to rounding.

Definitions

ADR – Average daily rate. CBD – Central business district. CBRE – CB Richard Ellis. CEO – Chief executive officer. CFO – Chief financial officer. CMBS – Commercial mortgage-backed securities. COO – Chief operating officer. CTL – Credit tenant lease. dba – Doing business as. DSCR – Debt service coverage ratio. FF&E – Furniture, fixtures, and equipment. GLA – Gross leasable area. IO – Interest only. LIBOR – London Interbank Offered Rate. LOC – Letter of credit. LTV – Loan-to-value ratio. MH – Manufactured housing. MSA – Metropolitan statistical area. NCF – Net cash flow. N.A. – Not available/applicable. NNN – Triple net. NOR – Net of revenues. NR – Not rated. NRA – Net rentable area. Occ. – Occupancy. PILOT – Payment in lieu of taxes. PPM – Property Market Metric™. PPR – Property & Portfolio Research. psf – Per square foot. REIT – Real estate investment trust. RevPAR – Revenue per available room. sf – Square feet. Sq. Ft. – Square foot. TBD – To be determined. TIC – Tenants in common. TTM – Trailing 12 months. TWR – Torto Wheaton Research. WA – Weighted average. WAC – Weighted average coupon. x – Times.

Encumbered Interest

The following table summarizes the pool by encumbered interest:

	%
Fee	86.9
Leasehold	5.8
Fee and Leasehold	7.3

All leasehold mortgage loans have lender-friendly terms. The credit enhancement levels reflect the additional risk posed by these leasehold mortgages.

Tenants-in-Common Loans

The borrowers of 20 loans, representing 10.3% of the pool, own their related mortgage properties as tenants in common (TIC), which is a form of property ownership under which multiple parties, each being referred to as a TIC, own a direct, undivided interest in a property. However, in the case of 18 loans, representing 8.3% of the pool, the TIC is not structured as a bankruptcy-remote special purpose entity (SPE). The loans generally conform to Fitch's criteria regarding TICs. The presence of TIC structures is reflected in the credit enhancement levels.

State Foreclosure Laws

- Of the pool, 50.2% is secured by properties located in states that allow for power of sale foreclosures. The subordination levels reflect the lower loss severity associated with properties in these states.
- Of the pool, 49.8% is secured by properties located in states that require judicial foreclosures. The subordination levels reflect the higher loss severity associated with properties in these states.

Multiple Assets/Cross-Collateralization

Loans secured by multiple assets or loans that are cross-collateralized and cross-defaulted represent 1.4% of the pool. These loans are considered to have a lower loss severity.

Terrorism Insurance

Currently, approximately 94.8% of the pool have insurance policies that do not specifically exclude coverage for acts of terrorism. Generally, the lender has the ability to request (under a catch-all provision in the mortgage documents) that each borrower maintain insurance coverage as stipulated by the lender, as long as such insurance is available at a commercially reasonable rate. However, there can be no guarantee that terrorism insurance will be in place on an ongoing basis.

Third-Party Reports

Phase I environmental reports and property condition reports prepared in the past 12 months were available on 99.1% of the loans. In certain cases, phase II reports were also supplied. Fitch reviewed a summary of the reports. The credit enhancement levels reflect the environmental issues noted.

Typically, up-front reserves of 125% of the engineer's recommended amount were required for deferred maintenance issues or the engineer's cost estimate was immaterial. In addition, 13 properties, representing 8.7% of the pool, have deferred maintenance issues in excess of $100,000; three of these loans (1.9% of the pool) escrowed 125% of the engineer's recommended amount to cure the deferred maintenance, one of these loans (0.9% of the pool) escrowed 100% of the engineer's recommended amount to cure the deferred maintenance, and nine of these loans (4.3% of the pool), escrowed less than

100% of the engineer's recommended amount to cure the deferred maintenance.

Seismic studies were completed on 45 properties representing 22.3% of the pool that were in locations deemed to have seismic risk. Two properties, representing 2.0% of the pool, have a probable maximum loss in excess of 20%. Earthquake insurance is in place for these properties. Credit enhancement levels reflect the seismic risk of the pool.

Surveillance

Fitch will review this transaction on an ongoing basis, which includes a committee review at least annually. Information can be found on Fitch's web site at www.fitchratings.com.

Collateral Summary Review

The following pages 8–24 provide a collateral summary review of the top 10 loans and credit-assessed loans.

Loan No. 1 — Peter Cooper Village and Stuyvesant Town

Fitch Credit Assessment *(in the context of the pool)*: **'BBB–'**

Trust Debt Summary

Trust Amount:	$250,000,000
Maturity Date:	12/8/16
Interest Rate:	6.434%
Amortization:	Interest only
Fitch Cap Rate:	7.37%
Fitch Constant:	8.08%
Sponsors:	Tishman Speyer and BlackRock Realty Advisors, Inc.
Purchase Price – Date:	$5.4 billion – 11/17/06

			Stressed	
Debt Stack	**Amt. ($ Mil.)**	**Amt. per Unit ($)**	**DSCR (x)**	**LTV (%)**
A Note*	3,000.0	267,213	1.25	73.0
Mezzanine	1,400.0	391,912	0.85	107.0
Total	**4,400.0**			

*The trust portion represents an $250.0 million pari-passu piece of the entire $3.0 billion A-note.

Property Summary

Property Type:	Multifamily
Total Buildings:	56 apartment buildings
Collateral:	Fee

Structural Features Summary

Lock Box:	Hard
Ongoing Reserves:	Monthly for taxes and insurance.
Up-Front Reserves:	$400.0 million debt service reserve, $190.0 million general reserve, $60.0 million capital expenditure reserve, $3.5 million tax reserve, and $0.5 million insurance reserve.
Property Release:	The borrower may release up to 10 buildings or parcels through defeasance of 110% of the allocated loan balance. The resulting LTV must not exceed 70%, and the DSCR must not drop below 1.00x.
Reserve Release:	If at any time the DSCR is 1.20x or greater for two consecutive quarters, the balance of the funds on deposit in the general reserve shall be released to the borrower.
Cash Sweep:	All excess cash is trapped in the general reserve until such time that the DSCR is 1.20x or higher for two consecutive quarters and no mezzanine accrual period exists at the most junior level.

Property Summary

Property	Location	Year Built	Trust Loan Amt. (%)	No. of Units	Occ. (%)	No. of Market Units	No. of Rent Stabilized Units
Stuyvesant Town	New York, NY	1945	77.4	8,746	98.5	2,330	6,287
Peter Cooper Village	New York, NY	1945	22.6	2,481	97.7	673	1,751
Total/Weighted Average			**100.0**	**11,227**	**98.3**	**3,003**	**8,038**

Note: Occupancies are as of 11/30/06.

Fitch Commentary

Subject Description

- Peter Cooper Village and Stuyvesant Town (PCV/ST), well known as a "City within an City," was built for MetLife in 1945 and is considered Manhattan's largest apartment complex. PCV/ST is comprised of 56 multistory buildings with 110 different addresses, situated on 80 acres, and includes a total of 11,227 residential apartments. In addition to the residential component, the complex contains approximately 100,000 sf of retail space, 20,000 sf of professional office space, and six parking garages with 2,260 licensed spaces. Currently, approximately 73% of the apartments at PCV/ST are rent stabilized. Rent stabilized leases can be one or two years in length at the option of the tenant. The rental rate that may be charged for a particular rent stabilized apartment is determined by criteria established by the State of New York. An apartment may become deregulated (or destabilized) if it becomes vacant, or if criteria involving the legal rental rate level and occupant income levels are met.

Strengths

- Strong sponsorship in Tishman Speyer and BlackRock Realty Advisors, Inc (BlackRock Realty). Tishman Speyer is one of the leading owners, developers, fund managers, and operators of institutional-quality real estate in the world. Tishman Speyer's property portfolio totals more than 77 million sf and includes such signature properties as Rockefeller Center, 200 Park Avenue, 300 Park Avenue, the Lipstick Building, and the Chrysler Building. BlackRock Realty is a leading private real estate equity investment manager with $9.6 billion in real estate equity assets under management.
- Unit renovations. The borrower is expected to spend approximately $125 million in capital expenditures at PCV/ST, financed through amounts on deposit in the general reserve. Individual apartments are extensively renovated on an ongoing basis as they move to deregulated status. Under past ownership, renovated units were updated with substantially renovated kitchens and bathrooms. It is expected that the new ownership will continue the high-quality, intensive renovation program.

- Cash equity. The sponsors purchased the property for an all-in capitalization of $6.29 billion and contributed total cash equity of $1.89 billion. The cash equity represents $1.0 billion in cash, $650.0 million of reserves, and $240.0 million in acquisition costs and fees.
- Strong occupancy. The subject has a current occupancy rate of 98.3% (as of November 2006) and has had consistent occupancy of approximately 98% over the past five years.
- Strong residential market. The subject is located on the lower east side of Manhattan in the Stuyvesant/Turtle Bay submarket. According to REIS Reports Inc., New York City's vacancy rate of 2.5% was the lowest in the country during third-quarter 2006. Furthermore, the net vacancy for units available for rent in New York City was 3.09% according to the 2005 New York City Housing and Vacancy Survey.
- Property amenities. The subject grounds include open landscaped areas, 15 playgrounds, designated sports areas, and the signature Stuyvesant Oval fountain. On-site retailers offer such neighborhood conveniences as grocery stores, restaurants, banking centers, dry cleaning, movie rentals, and apparel outlets.

Concerns

- Low in-place cash flow. Current in-place cash flow is only sufficient to provide a 0.58x DSCR (based on weighted average coupon on entire debt stack) on the $3.0 billion A-note and 0.40x DSCR on the entire $4.4 billion debt.
- Property age and curb appeal. PCV/ST was built in 1945 and the long-term, stabilized nature of the tenancy has caused many of the units to go unrenovated. Furthermore, the facades of the buildings have limited curb appeal.
- A lawsuit has been filed on behalf of a group of PCV/ST tenants against both MetLife (former owner) and Tishman Speyer Properties in the amount of $320 million. The premise of the litigation is that MetLife took advantage of the J-51 tax abatement, which in turn, precluded them from destabilizing rents in any units at PCV/ST.

Mitigants

- Currently, only 27% of the units are deregulated; this is projected by the appraiser to grow to 57% in the fifth year. As stabilized units become deregulated, the residential rents will increase significantly. The previous owner of PCV/ST did not aggressively pursue illegal sublets or tenants that did not meet rent regulation guidelines. The sponsors anticipate that the conversion percentage of stabilized units to market rate units will increase significantly. In addition, the lenders have reserved $650 million to cover debt service shortfalls, conversion costs, capital expenditures, and operating expenses during the term of the loan.
- As the rent-stabilized units vacate, the sponsors have enacted a major renovation program resulting in a significant improvement in quality and aesthetics. Further, the previous owner (MetLife) of PCV/ST has spent more than $320 million in capital improvements since 2002, consisting primarily of new elevators, renovated corridors, landscaping, and apartment renovations.
- Councils from both Tishman Speyer and MetLife have done extensive research on the J-51 tax abatement laws. Both parties are very confident that this lawsuit does not hold any merit, and the J-51 program does not in anyway limit their ability to turn stabilized units into market rent units.

Market Information

- PCV/ST occupies approximately 80 acres below midtown on the east side of Manhattan. The site occupies the area bounded by East 14th and 23rd Streets and First Avenue and Avenue C. The surrounding neighborhoods consist of Murray Hill and Kips Bay to the north, Gramercy Park to the west, and the East Village and Lower East Side to the south. These neighborhoods are predominantly residential with retail use along the avenues.
- The Manhattan residential market has 737,768 housing units according to the 2005 Housing and Vacancy Survey. Net vacancy for Manhattan in 2005 was 3.79%. Between 1995 and 2005, the number of new housing unit permits averaged 4,549. Approximately 2,400 apartment units are scheduled for delivery in 2007 and 2008 in Manhattan. According to the appraisal, rents for buildings comparable to PCV/ST are $40.67 per sf for one-bedroom apartments, $41.46 per sf for two-bedroom apartments, $58.83 per sf for three-bedroom apartments, and $48.85 per sf for four-bedroom apartments. Current deregulated (market rent) units at the subject average $38.73 per sf for one-bedroom apartments, $38.01 per sf for two-bedroom apartments, $41.81 per sf for three-bedroom apartments, and $33.88 per sf for four-bedroom apartments.

Other Information

- The loan's pari passu participations are governed by an intercreditor agreement that provides the controlling holders with the ability to influence certain actions of the special servicer. The PCV/ST pari passu notes will be held outside of the trust and are expected to be securitized in various transactions. The pooling and servicing agreement for Wachovia Bank Commercial Mortgage Trust, Commercial Mortgage Pass-Through Certificates, Series 2007-C30 securitization will govern the servicing of the PCV/ST loan combination.
- The borrower is permitted to obtain up to $300.0 million of pari passu mortgage debt or subordinate mezzanine debt at any time between November 2011 and May 2013 provided that such additional financing will not result in a DSCR of less than 1.30x or an LTV greater than 70.0%. The borrower shall also be required to obtain rating agency confirmation.

Loan No. 2 — 75 Broad Street

Trust Debt Summary

Trust Amount:	$243,500,000
Maturity Date:	4/1/17
Interest Rate:	5.531%
Amortization:	Interest only
Fitch Constant:	9.23%
Sponsor(s):	Joseph Jerome

			Stressed	
Debt	**Amt. ($ Mil.)**	**Amt. psf ($)**	**DSCR (x)**	**LTV (%)**
Whole Loan	243.5	376	0.99	126.5

Property Summary

Property Type:	Office — CBD
Collateral:	Fee
Total sf:	647,924
Location:	New York, NY
Year Built/Renovated:	1928/2002

Tenant/Occupancy Summary

Major Tenants:	Internap Network Services Corporation (Internap; 12.5% of NRA) New York City Board Of Education (12.3% of NRA) Rated 'A+' by Fitch Ratings. Reliance Insurance Co. (7.3% of NRA)
Occupancy:	85.4% physical, 94.1% economic as of 2/8/07

Structural Features Summary

Lock Box:	Hard.
Ongoing Reserves:	Real estate taxes, insurance, and capital expenditures ($0.20 psf).
Up-Front Reserves:	$548,643 ($0.85 psf) for real estate taxes, $42,334 ($0.07 psf) for insurance, and 10,799 ($0.02 psf) for capital expenditures. $312,909 (0.48 psf) for remaining free rent periods for News Broadcast Network (1.6% of NRA) and Marco Polo (2.41% of NRA). $975,825 ($1.51 psf) rent reserve for 30,000 sf of Internap space that is leased but not expected to be occupied until December 2007.
Triggering Leasing Reserve:	If Internap does not renew its lease at market terms at least 12 months prior to lease expiration, the borrower will be required to make monthly deposits of $350,000 into a leasing reserve for six months. In lieu of monthly deposits, borrower may post a $2.1 million letter of credit ($3.24 psf). The borrower is permitted to accept a termination payment from Internap for a portion of its space up to 30,000 sf, which would reduce the required escrow payments proportionately.

Fitch Commentary

Strengths

- Strong tenant diversification. The property is leased to 65 tenants ranging in size from 385 sf to 80,974 sf and includes 50% telecom, 48% office, and 2% retail space. The largest tenant, Internap Network Services Corporation (Internap), accounts for only 12.5% of the NRA. With the exception of the three largest tenants, no telecom tenant comprises more than 4.5% of the total NRA.
- Good location. The property is located in the Financial District of New York City, just two blocks from the New York Stock Exchange and is proximate to several lines of public transportation. The property sits atop one of the city's three Atlantic Crossing (AC-1) connector sites, which link the U.S. and three European countries via high-speed fiber-optic cable.
- Strong and experienced sponsorship and management. JEMB Realty Corporation (JEMB) was founded in 1990 by Joseph Jerome. JEMB's portfolio consists of 3.3 million sf of commercial properties in the U.S. and 2 million sf in Canada.

Concerns

- Tenant rollover. Approximately 87.5% of the total NRA is either vacant or expires during the loan term, including the property's largest tenant, Internap (80,974 sf – 12.5% of NRA), which expires in December 2016.
- Limited cash equity in the property with $80 million being taken out of the transaction.
- The borrower is allowed to place future mezzanine debt on the property.

Mitigants

- Loan is structured with a triggering cash flow sweep to collect up to six months rent, or an equivalent letter of credit ($2.1 million, $3.24 psf) for the Internap space if the tenant does not renew its lease at least 12 months prior to expiration. Additionally, Internap has spent approximately $9 million to build out its own space since taking occupancy in April 2005 and is currently building out 30,000 sf of its leased space that had not been previously occupied on the sixth floor.
- The borrower purchased the property when it was vacant and put more than $40 million ($61.73 psf) into general renovations and for telecom conversion expenses.
- The placement of mezzanine debt is conditioned upon an aggregate minimum DSCR of 1.00x and a maximum LTV of 90%.

Market Information

- The property is located in the Financial District area of the Downtown submarket of New York City. The district includes the area south of Liberty Street/Maiden Lane between Broadway and the East River and is widely considered to be the international capital for finance.
- According to CoStar Group (CoStar), Class B office vacancy rates in the Financial District submarket declined from 10.0% in 2005 to 4.8% in 2006. Rental rates increased over the same period from $30.64 psf to $33.89 psf. Total Class B office absorption in 2006 was 940,546 sf. CoStar reports that Manhattan has approximately 5.9 million sf of telecom space, of which 95.3% was leased as of fourth-quarter 2006 with rents ranging from $30 to $65 psf. Average in-place rent at the property is $37.22 with a vacancy rate of 5.9%. The property is considered to be one of three premiere telecom buildings in New York City, with 111 Eight Avenue and 60 Hudson Street, being the other two. The property’s telecom space (50% of NRA) is 99% leased at an average rate of $43.09 psf versus market rents for similar space which range from $40 to $45 psf.

Loan No. 3 — The Woodies Building

Trust Debt Summary

Trust Amount:	$172,100,000
Maturity Date:	3/7/17
Interest Rate:	5.865%
Amortization:	Five years interest only followed by a 30-year amortization
Fitch Constant:	9.00%
Sponsor(s):	Douglas Jemal and Norman Jemal

Debt	Amt. ($ Mil.)	Amt. psf ($)	Stressed DSCR (x)	Stressed LTV (%)
Whole Loan	172.1	355.5	0.87	115.8

Property Summary

Property Type:	Mixed Use – Office / Retail
Collateral:	Fee and Leasehold
Total sf:	484,180
Location:	Washington, D.C.
Buildings:	Two
Year Built/Renovated:	1902/2004

Tenant/Occupancy Summary

Major Tenants:	General Services Administration (41.2% of NRA) Rated 'AAA' by Fitch Ratings. National Endowment For Democracy (10.2% of NRA). The Tribune Company (8.5% of NRA) Rated 'BB+' by Fitch.
Occupancy:	78.4% physical, 95.5% economic (as of 1/1/07).

Structural Features Summary

Lock Box:	Hard.
Ongoing Reserves:	Real estate taxes, insurance, and capital expenditures ($0.15 psf). Beginning in year two, funds for a leasing reserve will accrue according to the following schedule: 50% of excess CF in years two and three, 75% of excess CF in years four and five, and 100% excess CF in years six and seven, capped at $15,000,000.
Letter Of Credit:	On the first day of the eighth year of the loan term, borrower shall post an evergreen LOC in an amount such that the balance of the leasing cost reserve plus the LOC shall equal $15,000,000 ($30.98 psf).
Up-Front Reserves:	$1,489,121 ($3.08 psf) for real estate taxes and insurance, $3,669,242 ($7.58 psf) for leasing costs, $1,000,000 ($2.07 psf) for deferred maintenance, $1,461,542 ($3.02 psf) for ground rent and free rent.
Pew Sweep Reserve:	If Pew Charitable Trust provides notice of its intent to terminate its lease, all excess cash flow will be swept into a reserve account to a cap of $2.2 million.
Ground Lease Holdback:	$2,100,000 was held back at closing to exercise the option to buy out the ground lease on the 1001 F Street building for $2,100,000 by October 2007.
Lease Guarantee:	If the ground lease is not bought out, the Madame Tussauds lease would be nullified. The sponsor has executed a master lease for the space.

Fitch Commentary

Strengths

- Strong location. The property is located in Washington D.C.'s northwest quadrant, which is home to a large concentration of retail space, theaters, art galleries, hotels, and restaurants. The property is one-half block from the Metro Center rail station, a major transfer station for the transit system, two blocks from the Verizon Center, and about one-half mile from the Washington Monument and other notable destinations.
- High quality asset. The property is a completely rehabbed vintage turn of the century department store converted into Class A office and retail space. Since 1999, the borrower has invested $78.8 million ($162.75 psf) to convert and upgrade all facets of the property, including interiors, roofing, HVAC systems, elevators, and all associated equipment, as well as fund the construction of two additional floors on top of the building. The building retained its historic architectural details and has all the amenities of a new Class A building, such as marble lobby floors, reception/security desk, framed photographs throughout, and superior finishes throughout. The top two floors have a balcony that surrounds the perimeter of the building providing excellent views of the Capitol Building and the Washington Monument.
- Good loan structure. In addition to upfront and ongoing reserves for taxes and insurance, there is a hard lockbox and upfront reserves for leasing costs, deferred maintenance, and ground rent/free rent totaling more than $6.1 million ($12.66 psf). Additionally, beginning in year two and continuing through year seven, a portion of excess cash flow will be trapped in order to fund a leasing reserve. At the start of year eight the borrower will be required to post an LOC to bring total leasing cost reserves to $15,000,000 ($30.98 psf).

Concerns

- One of the sponsors was found to be guilty of wire fraud by a federal court.
- Approximately 38.5% of the NRA rolls in 2015 and 19.2% rolls in 2016. In addition, five tenants, representing 32.6% of the NRA have early termination or go-dark options in their leases. Of the space, 16.6% is leased by tenants that have not yet taken occupancy. Madame Tussauds' occupancy is contingent upon the ground lessor not terminating the ground lease.
- The borrower is allowed to place future mezzanine debt on the property.

Mitigants

- Douglas Jemal, the nonmanaging member of the borrowing entity, was cleared of the more serious charges of bribery and conspiracy, and Norman Jemal was cleared of all charges. The convictions were not related to Douglas Development Corporation (DDC) or any of the sponsors' LLCs. The limited liability companies are bankruptcy remote single-purpose entities.
- Excess cash flow will be reserved up to $15,000,000 ($30.98 psf) for leasing costs. Beginning on the first day of the eighth year of the loan term, the borrower must post an evergreen LOC to bring the balance of the leasing reserve up to the $15,000,000 cap. Two of the tenants, representing 12.7% of the NRA, must pay termination fees and provide 12 months notice before terminating, providing ample time to re-lease the space. The three tenants that have not yet taken occupancy have executed leases and are due to take occupancy and begin paying rent as follows: Williams Sonoma Stores' (7.8% of NRA) and Zaras' (2.63% of NRA) rent commences on April 1, 2007, and Madame Tussauds' (6.2% of NRA) rent is scheduled to begin on March 1, 2008. A reserve of $2.1 million is in place to facilitate the buy out and subsequent elimination of the ground lease in March 2008, upon which the Madame Tussauds space will be built out for occupancy. In addition, the Tussauds' rent obligation is recourse to Douglas Jemal. The property's rents are currently below market with its in-place office space averaging $43 psf and its retail space leasing at $26.5 psf, as compared to the market rental rates averaging $45.23 psf and $37.61 psf respectively, according to CBRE (office) and Report Wizard (retail).
- The placement of mezzanine debt is conditioned upon an aggregate minimum DSCR of 1.00x and a maximum LTV of 85%.

Market Information

- The properties are located at 1025 and 1001 F Street in the CBD of Washington, D.C. and are part of the East End submarket of the D.C. metro area. The surrounding neighborhood is known as Metro Center within the East End, and is part of the Old Downtown area. The East End submarket is the largest of the seven D.C. office submarkets. According to CBRE, this submarket contained an inventory of approximately 39 million sf with 2.3 million sf under construction at the end of 2006.
- Net absorption in the East End submarket through fourth-quarter 2006 was 1.2 million sf for all office space. Per CBRE, as of fourth-quarter 2006 this submarket had an overall vacancy level of 5.6% and a Class A vacancy of 5.5% along with average lease rates of $45.23 psf and $48.79, respectively. This compares to an average lease rate for the property of $36.64 psf and a 95.5% economic occupancy. Recent sale price comps from September 2006 through December 2006 ranged between $515 and $765 psf versus the current loan basis of $355 psf.

Loan No. 4 — Ala Moana Portfolio

Fitch Credit Assessment *(in the context of the pool)*: **'A–'**

Trust Debt Summary

Trust Amount:	$100,000,000
Maturity Date:	9/1/11
Interest Rate:	5.60275%
Amortization:	Interest-only
Fitch Constant:	8.00%
Sponsor(s):	GGP Limited Partnership

Debt Stack	Amt. ($ Mil.)	Amt. psf ($)	Stressed DSCR (x)	Stressed LTV (%)
A-1	96.0	603	1.29	70.5
A-2	50.0	603	1.29	70.5
A-3	300.0	603	1.29	70.5
A-4	50.0	603	1.29	70.5
A-5	200.0	603	1.29	70.5
A-6	204.0	603	1.29	70.5
A-7	200.0	603	1.29	70.5
A-8*	100.0	603	1.29	70.5
B-Note	115.0	661	1.17	77.3
C-Note	35.0	678	1.14	79.3
D-Note	50.0	704	1.10	82.3
E-Note	50.0	729	1.06	85.2
F-Note	50.0	754	1.03	88.1
Total	**1,500.0**			

Property Summary

Property Type:	Retail and office
Collateral:	Fee and leasehold
Total Size:	1,989,759 sf
Collateral:	1,989,759 sf
In-Line Retail:	1,019,759 sf
Location:	Honolulu, HI
Year Built/Renovated:	1959/1961/1983/1989/2004/2006

*The A notes are pari-passu. The A-8 note is included in this transaction with the remainder of A-note securitized in various transactions or anticipated to be securitized in future transactions. All A-notes are governed by the CD 2006-CD3 pooling and servicing agreement.

Tenant/Occupancy Summary

Anchors:	Sears (341,199 sf) Macy's (326,860 sf) Nordstrom's (220,000 sf under construction)
Major Tenants:	Shirokiya (2.6% of NRA) Barnes & Noble (1.5% of GLA) Longs Drugs (1.1% of GLA) Kaiser Foundation (1.1% of GLA) Gap (1.0% of GLA)
In-Line Tenants:	Tiffany, Cartier, Louis Vuitton, Chanel, Dior, Banana Republic, Prada, Williams Sonoma, Apple, Disney.
In-Line Sales:	$1,262 psf (as of 5/2006)
Occupancy:	100% total and 100% in-line (as of 7/13/06)
Occupancy Cost:	3.5% (in-line)

Structural Features Summary

Lock Box:	Hard.
Ongoing Reserves:	Monthly escrows for taxes, insurance, ground rent, replacement costs, and leasing costs.

Fitch Commentary

Strengths

- High quality asset. Ala Moana Center is one of the most productive retail assets in the nation, with sales for in-line tenants averaging $1,262 psf as of May 2006. Sales at the Macy's and Sears place these sites within the top five performers in their respective chains.
- Diverse tenant base and demand generators. The retail portion of the collateral is occupied by nearly 275 tenants, while the office portion is occupied by 184 tenants. Demand is generated by a mix of local residents, which account for approximately 50% of the mall's sales, and tourists, which are evenly divided between U.S. and Asian residents.
- Experienced sponsorship and management. General Growth Properties (GGP) has been in the shopping center business for more than 50 years and currently owns/manages a portfolio of 200 regional malls totaling 200 million sf.

Concerns

- Property is highly leveraged with debt of $754 psf.
- Construction risk. An expansion scheduled for completion in early 2008 will add Nordstrom's and 70,000 sf of in-line space. The $10 million in base rent from the additional in-line space was guaranteed by GGP and included in Fitch's calculation of underwritten net cash flow.
- Tourists generate approximately 50% of demand at Ala Moana Center, and this segment of demand at the center remains vulnerable to fluctuations in international travel.
- Several of the high-end retailers (Tiffany, Gucci, Cartier, Ferragamo) have outlets both in the mall and in Waikiki.

Mitigants

- Stressed DSCR and LTV indicators on the trust amount are 1.29x and 70.5%, respectively. Ala Moana Center has consistently been among the best-performing retail centers in the country, with sales of $1,262 psf.
- GGP has provided a completion guaranty for the expansion, as well as a guaranty for the estimated $10 million in additional revenue that will be generated by the new space. GGP has expanded the center several times since purchasing it in 1999, and Ala Moana Center represents its single biggest asset. GGP is rated 'BB+' by Fitch and has market equity of an estimated $14 billion.
- Hawaii remains one of the most sought-after vacation locales in the world.
- Honolulu has supported two locations for these retailers for nearly 20 years. The mall locations are supported by both local residents and tourists, whereas the Waikiki locations are dependent on the tourist trade exclusively.

Market Information

- The Ala Moana Center was originally opened in 1959 and encompassed 680,000 sf. It has been expanded and reconfigured on numerous occasions, including a 2003 reconfiguration which converted the former JC Penney space into two levels of in-line space, a 31,000 sf Barnes & Noble, and an expansion of the fourth floor food court. The fourth floor food court offers an excellent view of the ocean and is the site of several casual dining options.
- The property anchors the Kapiolani district of Honolulu. This location places the center between the CBD and Waikiki, enabling the center to draw from both office workers and tourists staying in the numerous hotels in Waikiki. The convention center is across the street. Ala Moana Center is a transit hub for local city buses, so thousands of commuters come through the site every day. Designated buses also run from the mall to the hotel district in Waikiki, about one mile away. Access to the center for private vehicular traffic is afforded by numerous access points, and parking is deemed adequate.
- Demand is driven by a mix of local residents and tourists. Local residents, who account for approximately 50% of the demand at the center, drive demand at Macy's and Sears, while tourists, who are evenly split between residents of the U.S. and Asia, drive demand for the higher-end goods. As a result of this mix of demand, Ala Moana Center is a favorite location for retailers testing new strategies and products and is an incubator of retailing ideas that can appeal to both U.S. and Asian residents.

Loan No. 5 — One Summer Street

Trust Debt Summary

Trust Amount:	$82,000,000
Maturity Date:	1/6/17
Interest Rate:	5.815%
Amortization:	Two years interest only, followed by a 30-year schedule
Fitch Constant:	10.09%
Sponsor:	Jeffrey D. Markley

			Stressed	
Debt	**Amt. ($ Mil.)**	**Amt. psf ($)**	**DSCR (x)**	**LTV (%)**
Whole Loan	82.0	211.4	1.37	88.2

Property Summary

Property Type:	Office , Telecom/Data Center
Collateral:	Leasehold*
Total sf:	387,826**
Location:	Boston, MA
Year Built/Renovated:	1949/1998

*Ground lessor is part of the borrowing entity, effectively merging the fee and leasehold interests. **400,000 sf of space on term lease with Macy's with free rent through the 2068 expiration, 5,448 sf of neutral co-location space, and 800 sf of management office space are not included in the sf for analysis purposes.

Tenant/Occupancy Summary

Major Tenants:	WilTel Communications (29.7% of NRA), Rated 'CCC–' by Fitch Ratings. Qwest Communications Corp (17.3% of NRA), Rated 'BB+' by Fitch. XO Communications (3.7% of NRA).
Occupancy:	54.7% physical, 69.8% economic (as of December 2006).

Structural Features Summary

Lock Box:	Springing to hard upon an event of default.
Ongoing Reserves:	Real estate taxes, insurance, capital expenditures ($0.20 psf), and leasing costs of $1 million ($2.58 psf) per year through 2/6/09 and $500,000 ($1.29) thereafter capped at $5 million ($12.89 psf).
Up-Front Reserves:	Real estate taxes, insurance, and leasing costs of $2.5 million ($6.45 psf).

Fitch Commentary

Strengths

- High quality asset. Upon acquisition of the property in 1997, the borrower invested $46,000,000 ($119 psf) to develop the building into a master-planned, carrier neutral data center and telecom facility. The property is considered to be one of the premiere telecommunication facilities in the northeast based on its location, infrastructure, and service provided by more than 35 domestic and international telecom carriers. The building has a wide variety of amenities and features to support the facility, as well as a full range of managed services offered by the borrower, including bandwidth connectivity through selected carriers, managed-move migration plans, operational collocation services, Operational Support System electronic services, and physical collocation services. The borrower provides tenants with on-call technical services and "Remote Hands" for small physical changes that can be made via remote control.
- Strong location. The property is located within the Downtown Crossing area of Boston. It is adjacent to a major convergence of subway lines, which serve as the intersection of all major fiber loops in the Boston area. The property has good access to Interstates 90, 93, 95, and Route 128.
- Strong Fitch stressed LTV and DSCR ratios of 88.2% and 1.37x, respectively.

Concerns

- The sponsor has been involved in previous and ongoing litigation and was a guarantor on a loan returned to a lender.
- Low occupancy. The property is currently 69.8% leased and 54.7% physically occupied when including 56,669 sf of the WilTel space, which is dark.
- The borrower is allowed to place future mezzanine debt on the property.

Mitigants

- All but two instances of litigation have been settled or dismissed. The remaining claims are reported by the sponsor's attorney as not having the potential for material effect on the sponsor. The property returned to the lender was done on "amicable terms" with cooperation from the borrower, according to the lender.
- Occupancy is trending upward. The sponsor was in the midst of partnership disputes and not in control of the property during 2004 and 2005. Over this period, no leases were signed and some tenants vacated the property. Since the borrower has regained control of the property, he has signed five leases for 5.1% of the NRA. The loan is structured with a $2.5 million ($6.45 psf) upfront leasing cost reserve and an ongoing reserve of $1 million per year through Feb. 6, 2009 and $500,000 per year thereafter (capped at $5 million). WilTel reaffirmed its lease in 2002 in conjunction with Level 3 Communication's purchase of the company out of bankruptcy, and continues to pay rent. It intends to use the space for expansion purposes.

- The placement of mezzanine debt is conditioned upon a minimum aggregate DSCR of 1.25x and maximum LTV of 85%, as well as an intercreditor agreement acceptable to the lender.

Market Information

- The property is located in the CBD submarket, which consists of approximately 58,874,632 sf of office space. The property is adjacent to a major convergence of subway lines, which serve as the intersection of all major fiber loops in the Boston area, making it an ideal location for a telecom service provider that needs proximate access to the fiber loops. The neighborhood is surrounded by commercial office districts, including the Financial District, Boston Common, the Theater District, Midtown, and the South Station regions.
- Corporate data center demand has continued to grow, fueled in part, by regulatory drivers in the health care and financial services industries, technological advances, and by a generally increased corporate awareness of the necessity to secure information assets accordingly. Three other data centers in the greater Boston area were identified by the appraiser containing a total of 347,655 sf with 75,000 sf (21.6%) vacant.

Other Information

- Approximately 400,000 sf of space leased to Macy’s with free rent until the May 2097 final expiration was excluded from the analysis; however, Macy’s does reimburse the borrower for its share of the urban excise tax of $787,000 annually.

Loan No. 6 — Argonaut Hotel

Trust Debt Summary

Trust Amount:	$42,000,000
Maturity Date:	3/11/12
Interest Rate:	5.670%
Amortization:	Interest only
Fitch Constant:	11.33%
Sponsor:	Kimpton Development Opportunity Fund, L.P.

			Stressed	
Debt	Amt. ($ Mil.)	Amt. per Room ($)	DSCR (x)	LTV (%)
Whole Note	42.0	166,667	1.64	84.8

Property Summary

Property Type:	Hotel – Full service
Collateral:	Leasehold
Total Rooms:	252
Location:	San Francisco, CA
Year Built/Renovated:	1907/2003

Occupancy/Revenue Summary

As of date:	12/31/06
TTM Occupancy:	84.2%
TTM ADR:	$191.50
TTM RevPAR:	$161.19

Historical RevPar Summary

2005 RevPar:	$137.95
2004 RevPar:	$111.05

Structural Features Summary

Lock Box:	Springing to hard upon event of default.
Ongoing Reserves:	Real estate taxes, insurance, and FF&E (4% of gross revenue).

Fitch Commentary

Strengths

- High-quality asset. Converted in 2003 from a historic warehouse at a cost of $41.5 million ($164,682 per room), the Argonaut Hotel is a high-quality, full-service boutique hotel with amenities including 7,050 sf of meeting and banquet space, a restaurant, a guest business center, a bicycle rental center, and a fitness center. The property overlooks the San Francisco Bay and other local landmarks, including the Golden Gate Bridge, Coit Tower, and the Transamerica Pyramid. Some guestrooms incorporate unique features from the original property including exposed brick walls, large timbers, or waterhouse steel doors.
- Strong location. The Argonaut Hotel is situated in Fisherman's Wharf on the corner of Jefferson Street and Hyde Street adjacent to the waterfront. The property benefits from its proximity to the Moscone Convention Center, Piers 30 and 32, Chinatown, Ghirardelli Square, and San Francisco Maritime National Historic Park.
- Improving operating performance. The property has experienced upward trending operating performance over the past few years, as demonstrated by an ADR of $152.13, $169.15, and $191.50 for 2004, 2005, and 2006, respectively. Rev PAR increased more than 45% from $111.05 to $161.19 over the same period.
- Strong sponsor and experienced management. Kimpton Hotel & Restaurant Group was founded in 1981 and owns and operates 70 boutique hotels throughout the U.S. and Canada.

Concerns

- The loan is interest only throughout the term.
- The property is subject to a ground lease.

Mitigants

- Credit enhancement levels reflect the loan structure. Additionally, the loan is conservatively leveraged, with a Fitch-stressed DSCR of 1.64x and LTV of 84.8%.
- The ground lease term extends through December 2059.

Market Information

- The property is located in the Fisherman's Wharf hotel submarket of San Francisco, on the southeast corner of Jefferson Street and Hyde Street one block from the waterfront adjacent to the historic Del Monte Square and Cannery. Land uses within the submarket consist of a mix of retail, hotel, and office developments. New supply to the neighborhood is limited due to a lack of undeveloped land.
- Smith Travel Research Reports lists seven competitive properties totaling 2,511 rooms. As of year-end 2006, its competitive set achieved overall occupancy of 79.5%, ADR of $145.62, and RevPAR of $115.50, compared with the property's 84.2%, $191.50, and $161.24, respectively. The property's year-end 2006 RevPAR penetration was 139.6%. The business mix is 31% commercial, 26% meeting and group, and 43% leisure.

Loan No. 7 — Westin — Fort Lauderdale

Trust Debt Summary

Trust Amount:	$42,000,000
Maturity Date:	4/11/17
Interest Rate:	5.910%
Amortization:	Five years interest-only followed by a 30-year amortization
Fitch Constant:	11.33%
Sponsor(s):	The Procaccianti Group
Purchase Price – Date:	$41,750,000 – 3/13/07

Debt	Amt. ($ Mil.)	Amt. per Room ($)	Stressed DSCR (x)	Stressed LTV (%)
Whole Loan	42.0	143,345	0.96	125.2

Property Summary

Property Type:	Hotel – Full Service
Collateral:	Fee
Total Rooms:	293
Location:	Fort Lauderdale, FL
Year Built/Renovated:	1986/2006

PIP – Property improvement plan.

Occupancy/Revenue Summary

As of date:	12/31/06
TTM Occupancy:	72.7%
TTM ADR:	$136.45
TTM RevPAR:	$99.23

Historical RevPar Summary

2006 RevPar:	$99.23
2005 RevPar:	$85.62
2004 RevPar:	$76.18

Structural Features Summary

Lock Box:	None.
Ongoing Reserves:	Real estate taxes, insurance, and replacement ($2,630 per room).
Up-Front Reserves:	$13,000,000 ($44,369 per room) for capital improvements.

Fitch Commentary

Strengths

- Strong brand recognition. The property benefits from the Westin franchise, part of Starwood Hotels & Resorts (Starwood). Approximately 845 properties throughout the world operate under various Starwood brands, which include Sheraton, Westin, W, Le Meridien, Four Points by Sheraton, and Aloft.
- Upcoming renovations. The borrower has reserved $13 million ($44,369 per room) to be used for capital improvements, which will include extensive guestroom, guest bathroom, and public space renovations.
- Stable performance. Between 2004 and 2006, occupancy increased from 69.5% to 72.7%, and ADR increased from $109.66 to $136.45. Overall, RevPAR increased from $76.18 to $99.23, reflecting a compound annual growth of 14.1%. As of year-end 2006, the property's RevPAR penetration was 118.8% in the competitive set.
- Experienced sponsorship and management. Since inception in 1964, The Procaccianti Group has owned, managed, or developed more than $3 billion of real estate assets. The company currently has 42 hotels under management (through its wholly owned subsidiary, Lenox Hotels, Inc.) with more than 10,000 rooms and 700,000 sf of meeting space throughout the U.S.

Concerns

- The borrower is allowed to place future mezzanine debt on the property. The borrower is also permitted to add future unsecured debt up to 5% of the outstanding principal balance of the loan.
- Low Fitch stressed DSCR of 0.96x and a high Fitch stressed LTV of 125.2%.
- The loan is interest only for the first five years of the loan term.

Mitigants

- The placement of mezzanine debt is conditioned upon an aggregate minimum DSCR of 1.15x and a maximum LTV of 85%.
- The property will be benefiting from more than $44,000 per room in upgrades, which will improve collateral value. In addition, the NCF at the property has increased by 92% since 2004 to approximately $3.2 million and is expected to continue to increase due to continued market and collateral improvements.
- Credit enhancement levels reflect the loan structure.

Market Information

- Westin — Fort Lauderdale is located in the city of Fort Lauderdale, off of Interstate 95, approximately 30 miles north of Miami. Between 2000 and 2006, the Miami-Fort Lauderdale-Miami Beach MSA experienced population growth at a compound annual rate of 1.6%, significantly higher than the national average of 1.0%. Population growth for the MSA is expected to continue at a slightly higher rate of 1.8%.
- Smith Travel Research lists four competitive properties totaling 925 rooms. As of year-end 2006, the property's competitive set achieved overall occupancy of 71.2%, ADR of $117.61, and RevPAR of $83.51, compared with the property's 72.7%, $136.45, and $99.23, respectively. The property's year-end 2006 RevPAR penetration was 118.8%.

Loan No. 8 — 90 Merrick Avenue

Trust Debt Summary

Trust Amount:	$38,000,000
Maturity Date:	2/11/17
Interest Rate:	5.670%
Amortization:	Interest only
Fitch Constant:	10.09%
Sponsors:	Houlihan-Parnes and CLK Properties
Purchase Price – Date:	$45,000,000 – 1/25/07

Debt	Amt. ($ Mil.)	Amt. psf ($)	Stressed DSCR (x)	Stressed LTV (%)
Whole Loan	38.0	157	1.00	123.6

Property Summary

Property Type:	Office
Collateral:	Leasehold
Total sf:	242,659
Location:	East Meadow, NY
Year Built/Renovated:	1985/N.A.

Tenant/Occupancy Summary

Major Tenants:	MCI Telecom (23.6% of NRA) (Verizon Subsidiary – Rated 'A+ ' by Fitch) Certilman Balin Adler & Hyman, LLP (18.7% of NRA) Medical Liability Mutual Insurance Company (17.0% of NRA)
Occupancy:	92.1% as of 1/16/07

Structural Features Summary

Lock Box:	Hard.
Ongoing Reserves:	Real estate taxes, capital expenditures ($0.17 psf), ground rent ($1.08), and beginning in July 2009 leasing costs ($0.96 psf) capped at $350,000 ($1.44 psf).
Up-Front Reserves:	Replacement reserve ($750,000), real estate taxes ($375,420), insurance ($17,433), and $3 million LOC for leasing costs.
Early Termination Reserve:	Upon early termination of any leases in excess of $50,000 in annual base rent, the borrower is permitted to substitute a letter of credit for the amounts related to such termination payments.

Fitch Commentary

Strengths

- Low leverage. The loan psf is low at $157 psf, versus sales comparables ranging from $207–$324 psf.
- Experienced sponsorship. Howard Parnes (Houlihan-Parnes) is a member of the Parnes family, which has been investing and managing commercial real estate since the late 19th century. Craig Koenigsbeg is a principal of CLK Properties, which currently owns and manages 135 assets totaling 24,000 multifamily units and 2.5 million sf of commercial space.
- Cash equity. The sponsor has approximately $8.3 million of cash equity in the property based on the January 2007 acquisition price, which implies an 82% loan-to-purchase price ratio.

Concerns

- Rollover risk. Approximately 26.1% of leases expire by 2008, with an additional 46.4% expiring in 2009.
- The borrower is allowed to place future mezzanine debt on the property.

Mitigants

- The sponsor has posted a $3 million LOC ($12.36 psf) to cover leasing of current vacant space and all space expiring by year-end 2009. The LOC cannot be released until the property achieves 92% occupancy for the portion of the space that rolls before year-end 2009. In addition, the top three tenants in the building that roll during the term of the loan have been in occupancy at the property for an average of 15 years.
- The placement of mezzanine debt is conditioned upon an aggregate minimum DSCR of 1.10x and a maximum LTV of 85%.

Market Information

- The property is located within the Long Island office market and the Central Nassau submarket. According to TWR, as of fourth-quarter 2006 the Long Island office market had a vacancy rate of 10.0%, an average asking rent of $27.13 psf (gross), and positive net absorption. The Central Nassau submarket exhibited a 7.9% vacancy rate, $28.94 psf (gross) average asking rent, and positive net absorption. There is no significant construction planned or coming on line in the near future to compete with the subject property.
- The property is currently 92.1% occupied, with an average in-place rental rate of $29.89 psf. The property's lease rate is higher than the overall market due to its Class A–/B+ status and its superior location with excellent access. The property's average lease rate is considered to be at market for a property with similar amenities.

Other Information

- The property is subject to a ground lease with Nassau County. The current lease term ends in April 2020 (three years beyond the end of the loan term), with five 10-year extension options. The borrower pays $263,860 per year until the next rent step in 2011.

Loan No. 9— One and Three Long Wharf Drive

Trust Debt Summary

Trust Amount:	$37,500,000
Maturity Date:	2/6/17
Interest Rate:	5.695%
Amortization:	Five years interest only followed by a 30-year schedule.
Fitch Constant:	9.23%
Sponsors:	Jeffrey Gural and RREEF Global Opportunities Fund II, LLC

			Stressed	
Debt	Amt. ($ Mil.)	Amt. psf ($)	DSCR (x)	LTV (%)
Whole Loan	37.5	126.7	1.03	101.4

Property Summary

Property Type:	Office/Suburban
Collateral:	Fee
Total sf:	296,102
Location:	New Haven, CT
Buildings:	1
Year Built/Renovated:	1920/1998

Tenant/Occupancy Summary

Major Tenants:	State of Connecticut Department of Children and Families (23.2% of NRA) rated 'AA–' by Fitch Ratings. Visiting Nurse Association (9.3% of NRA). Yale University (8.1% of NRA).
Occupancy:	81.7% (as of 2/27/07).

Structural Features Summary

Lock Box:	None
Ongoing Reserves:	Real estate taxes, insurance, and capital expenditures ($0.15 psf). If leasing costs reserve drops below $750,000, borrower shall make monthly payments of $12,500 until leasing reserve equals or exceeds $750,000.
Up-Front Reserves:	$45,011 for real estate taxes, $76,867 for insurance, $1,000,000 ($3.38 psf) for leasing costs, and $54,875 ($0.19 psf) for deferred maintenance.
Construction Holdback:	$600,000 was held back at closing as a reserve against construction taking place on the right atrium. The holdback funds will be released upon: no event of default; and satisfaction of certain thresholds for construction completion.

Fitch Commentary

Strengths

- Strong and experienced sponsor. Jeffrey Gural has more than 30 years of commercial real estate experience and is the chairman of Newmark Frank Knight, a commercial real estate company with more than 140 offices on six continents. He currently maintains a real estate investment portfolio consisting of more than 40 commercial properties, most of which are office buildings. RREEF, founded in 1975, is a subsidiary of Deutsche Bank. RREEF manages more than 750 properties totaling 205 million sf.
- Excellent location. The property, located in New Haven, CT, has close access to both I-95 and I-91 and is situated one mile away from both the New Haven CBD and Yale University. The property is also located along both the Metro-North and Amtrak railway lines.
- Cash equity. The sponsor has $7.1 million of cash equity in the property based on the 2007 purchase price, which implies an 84% loan-to-purchase ratio.

Concerns

- Ground lease. Part of the collateral known as Three Long Wharf Drive, a three-acre lot, is subject to a ground lease that expires in 2054.
- Rollover risk. Leases totaling 21.3% of the NRA expire in 2011, and 17.1% expire in 2014.
- Construction exposure. Portions of the second and third floors of the right atrium, comprising 30,000 sf , are vacant and unfinished.

Mitigants

- The land under the ground lease is improved with a 112-room Residence Inn by Marriott (not part of the collateral). The borrower is the lessor and the ground lessee, Credit Suisse First Boston, holds an option to purchase the land after May 2012 at 10 times the then current annual rent, but not less than $1.5 million. Upon satisfaction of certain debt service and loan-to-value covenants, the borrower may partially release Three Long Wharf Drive in 2012. If these conditions are not met, the borrower may also partially defease the loan up to $1.5 million. The ground rent on this parcel is $121,000, which is less than 2% of the gross potential rent for the property.
- The loan is structured with an upfront leasing cost reserve of $1 million ($3.38 psf), which can be used for any future tenants. If the leasing cost reserve falls below $750,000, monthly payments of $12,500 ($0.51 psf) must be made until the account has been replenished to $750,000. Additionally, Gural executed a master lease for the Children's Center space (5.3% of NRA) for five years from the October 2007 lease expiration. The master lease can be released upon; renewal of the Children's Center lease; re-letting of the space to acceptable tenants for at least five years; or evidence of property NOI equal to or exceeding $3,350,000 (excluding master lease income) for at least three consecutive calendar months. Gural also executed a rent payment guarantee for 4.1% of the NRA currently occupied by the state of Connecticut on a month-to-month basis. The guarantee may be released upon criteria similar to the master lease listed above.

- The borrower intends to build out the atrium spaces for future tenant space and has posted a $600,000 construction escrow to be used for the conversion of between 20,000 and 30,000 sf of atrium space into individual tenant space. The escrow will be released contingent upon the loan remaining current and verification of construction completion.

Market Information

- The property is located directly off I-95, along Long Wharf Drive in New Haven. New Haven is situated 75 miles northeast of New York City and 125 miles southwest of Boston. More than 250 businesses operate in New Haven, including Yale University. The primary factors behind economic growth in New Haven are education and health care.
- The overall New Haven office market consists of roughly 11.5 million sf, with the New Haven CBD submarket representing 3.55 million sf. In the first half of 2006, net absorption in the New Haven office market was a positive 101,524 sf. In fourth-quarter 2006, the overall New Haven office market reported a 15.6% vacancy rate with asking rents of $19.37, compared with a 9% vacancy rate, with asking rents of $20.70 in the New Haven CBD market. The property is 81.7% occupied and has average in-place rents of $18.92 psf. While the property's vacancy is higher than both the market and submarket, roughly 30,000 sf of the current vacant space is unfinished atrium space that is being built out into finished space, which should help overall occupancy levels.

Loan No. 10 — 1515 Flagler Waterview

Trust Debt Summary

Trust Amount:	$37,500,000
ARD Date:	2/1/17
Interest Rate:	5.651%
Amortization:	Five years interest only followed by a 30-year schedule
Fitch Constant:	9.23%
Sponsor:	Ivor Braka
Purchase Price – Date:	$24,000,000 – 2/24/04

Debt	Amt. ($ Mil.)	Amt. psf ($)	Stressed DSCR (x)	Stressed LTV (%)
Whole loan	37.5	229	1.04	100.6

Property Summary

Property Type:	Office
Collateral:	Fee
Total sf:	163,487
Location:	West Palm Beach, FL
Year Built/Renovated:	1998/N.A.

ARD – Anticipated repayment date.

Tenant/Occupancy Summary

Major Tenants:	Fairbanks Communications (20.7% of NRA) (subleased to state of Florida [26,212 sf] and OB/GYN Specialists [3,570]). GSA-Bankruptcy (16.5% of NRA), rated 'AAA' by Fitch Ratings. OB/GYN Specialists (11.9% of NRA does not include subleased space listed above).
Occupancy:	100% (as of 1/16/07)

Structural Features Summary

Lock Box:	Springing to hard upon an event of default.
Ongoing Reserves:	Real estate taxes, insurance, leasing costs ($0.99 psf per year with a cap of $450,000), and capital expenditures ($0.20 psf).
Up-Front Reserves:	$206,668 for real estate taxes, $90,417 for insurance, $2,725 for capital expenditures, $13,433 for leasing costs.

Fitch Commentary

Strengths

- Strong occupancy. The subject is currently 100% leased to 23 tenants with an average remaining lease term of approximately 10 years.
- Good location. The property is located adjacent to the Good Samaritan Hospital, a premier medical center in West Palm Beach and is along a major arterial with excellent access and water views of Lake Worth.
- Experienced sponsor and management. Ivor Braka has more than 30 years of experience in real estate investment and management and is the president of U.S. Realty & Investment Company, which owns and operates approximately 7.8 million sf in 42 properties within the U.S. and Canada.

Concerns

- Cash-out. The borrower is taking $19.1 million in cash out of the property.
- Fairbanks Communications (Fairbanks) sublease. Fairbanks no longer occupies its leased space (20.7% of NRA).
- Custom build-outs. The GSA-Bankruptcy space has been built out as courtrooms, and the tenant does not have a restoration clause in its lease.

Mitigants

- The borrower purchased the property in 2004 when it was 70% occupied. Since acquisition, the borrower has spent $2.8 million ($17.13 psf) to bring the property to 100% occupancy. In addition, the cash flow at the property has increased significantly from approximately $1.5 million in 2004 to a trailing 12-month cash flow as of Oct. 31, 2006 of approximately $2.3 million—an increase of more than 50% over the period.
- Fairbanks, whose lease expires in June 2023, has successfully subleased its space to two tenants, the state of Florida (26,212 sf) and OB/GYN Specialists of Palm Beaches, Inc. (3,570 sf). Sublessees pay their rent directly to the landlord. The subleases were signed at rates of $26.02 and $22.00 psf with Fairbanks continuing to pay common area maintenance, which results in a sublease shortfall payable from Fairbanks of approximately $282,000 annually. The borrower is required to post an LOC equal to the differential between Fairbanks' original total lease commitment over the preceding consecutive 12-month period less the total lease commitment of the state's sublet space aggregate rental commitment over the prior consecutive 12-month period.
- If the GSA-Bankruptcy does not renew the space six months prior to expiration (1/1/2017), excess cash flow of up to $50,000 per month capped at $300,000 ($21 psf) will be escrowed. The courtroom space is contained within a traditional office building and does not include any multiple story space with high ceilings. Additionally, the prior tenant for this space, Tenet Good Samaritan, Inc. (Tenet), remains obligated for the differential in aggregate lease income from the original Tenet lease for the previous 12 months less the aggregate lease income from the GSA. If Tenet defaults on its obligation to cover such differential, the borrower is obligated to post an LOC equal to the differential amount.

Market Information

- The property is located adjacent to Good Samaritan Hospital in the West Palm Beach submarket. It sits along Flagler Drive a four-lane major arterial that runs parallel to Lake Worth with sweeping water views and access to several major arterials such as Palm Beach and Okeechobee Roads. The property resides three miles from I-95 and six miles from the Florida Turnpike.
- According to CoStar, as of fourth-quarter 2006, the West Palm Beach office submarket had a total vacancy rate and average asking rate of 9.2% and $28.87 psf, respectively. The competitive set of 12 medical office properties within one mile of the subject had an average vacancy rate of 3.5%. The property is currently 100% occupied, with average rents ranging from $18.45–$29.45 psf, with an average of $21.87 psf.

Other Information

- Fairbanks rental differential LOC. The borrower is required to post an LOC in an amount equal to the aggregate amount of all rents and reimbursements due from Fairbanks under the lease over the prior consecutive 12 months less the aggregate of all rents and reimbursements due from the state of Florida subleases over the prior consecutive 12 months.
- Tenet rental differential LOC. If Tenet defaults on its obligation to pay the rent differential between its lease and the space that was re-let to the GSA, the borrower is required to post an LOC in an amount equal to the aggregate amount of all rents and reimbursements due from Tenet under the original lease over the prior consecutive 12 months less the aggregate of all rents and reimbursements due from the GSA re-let space over the prior consecutive 12 months.
- Palm Beach EFL Imaging Center, LLC leasing costs LOC. LOC for leasing costs of $422,927 due but not yet paid for Palm Beach EFL Imaging Center.
- GSA reserve. If the GSA-Bankruptcy does not renew its lease six months prior to expiration, excess cash flow up to $50,000 per month capped at $300,000 ($21 psf) will be reserved for leasing costs.

Rating Methodology Highlights

The ratings reflect the credit enhancement provided to each class by the subordination of classes junior to it. Fitch Ratings evaluates the credit enhancement based on stressed debt service coverage ratios (DSCRs) and loan-to-value ratios (LTVs), various pool and loan composition factors, parties to the transaction, and the transaction's financial structure. Some highlights of the methodology are discussed below.

Stressed DSCR and LTV

Fitch stressed DSCRs and LTVs are based on an adjusted net cash flow (NCF). The Fitch stressed DSCR is the average of the Fitch constant DSCR, to reflect balloon risk, and the Fitch term DSCR, to reflect term risk. Both DSCR calculations use the Fitch NCF. The Fitch constant DSCR is based on a debt service equal to the greater of the actual constant or an assumed property-specific refinance rate combined with an assumed amortization schedule, while the Fitch term DSCR is based on actual debt service. The Fitch stressed LTVs are calculated by applying property-specific capitalization rates to the adjusted NCF to determine a Fitch stressed value and then dividing this Fitch value into the current loan balance. Both these ratios are used to calculate the base credit enhancement level.

Reunderwriting is used to determine a sustainable cash flow for a representative sample of loans. When assessing sustainable property income, Fitch looks for trends in historical operating statements and considers property and market rent and occupancy levels. Common adjustments to net operating income include raising vacancy and collection loss, reducing revenue to current market levels, and increasing management fees. Typically, for properties with short-term leases, the underwritten NCF is based on the most recent 12 months of information available. For properties with longer term leases, consideration is given to leases in place and current expenses are adjusted upward. Fitch adjusts NCF for recent events such as new construction, expected store closures, or hotel performance at historical highs. Fitch deducts capital expenditure reserves from each property's cash flow, as well as tenant improvements and leasing commissions for retail, office, and industrial property types. The result is a Fitch NCF for each property reviewed. The aggregate banker-provided NCF for the sample is compared with the aggregate Fitch NCF, resulting in a variance, or haircut, that is extrapolated to the rest of the pool.

Loan and Pool Issues

Property Type: Certain types of properties have historically exhibited more cash flow volatility, which can lead to difficulty in making debt service payments or in obtaining a refinancing. Riskier property types to which Fitch attributes an increased refinance constant include: weak retail; self-storage; heath care; hotels; theaters; and operating businesses, among others.

Property Market Metric™: Fitch uses Property Market Metric™ (PMM) to expand property type risk analysis and consider market conditions. The PMM score combines historical property type income volatility with growth forecasts into a single risk measure for five property types in each of more than 300 metropolitan statistical areas. Each PMM corresponds to a specific volatility group from 1 to 5, with higher numbers indicating more risk. Group 6 contains other property types and locations. Default probability adjustments are made to each loan according to its volatility group score.

Volatility Assessment: Fitch reviews asset summaries to assess volatility risks such as loan per square foot, tenant quality, management/sponsor experience, and lack of operating history, among other items. A sample of asset summaries is scored from 1 to 5, with higher numbers indicating more risk. Default probability adjustments are made according to the volatility score and extrapolated to the pool.

Loan Diversity: To measure loan diversity, Fitch calculates a loan diversity index (LDI), which is the sum of the squares of each loan's percentage of the pool excluding investment-grade rated loans. Credit enhancement for the pool is increased as the LDI score for the pool rises. Other concentrations, such as borrower, manager, and operator, are measured against the pool's LDI score and, to the extent there are differences, credit enhancement may be increased.

Geographic Diversity: Fitch credit enhancement levels reflect the assumption of a higher probability of default of those loans secured by properties in the state or region with the highest concentration. For purposes of analysis, Northern and Southern California are treated as two regions, and the metropolitan area of New York City is treated as one. Levels also reflect the risks of geographically concentrated natural disasters, such as earthquakes in California and hurricanes in certain coastal areas.

Site Inspections

Site inspections are performed to determine the quality of the properties securing the loans and to verify the integrity of data in the asset files. Factors assessed include access, visibility, property condition, level of amenities, strength of the immediate submarket, new construction, and the property's competitive position. Fitch assigns property quality grades on a scale from "A" to "D". A lower probability of default is attributed to loans secured by properties considered "B+" or better. Higher probability of default is attributed to loans secured by below-average quality ("C+" or worse properties).

Deal Comparison

	Cobalt CMBS Commercial Mortgage Trust 2007-C2	Sept. 27, 2006–March 16, 2007 Average	Range
Pool Balance ($ Mil.)	2,448.000	3,294	1,491.00–6,576.00
Number of Properties	176.000	310	131.00–570.00
Number of Loans	153.000	222	124.00–360.00
% of Pool 10 Largest Loans	42.700	39.62	24.50–53.70
Loan Diversity Index*	N.A.	N.A.	N.A.
% of Pool with Investment-Grade Credit Assessments	15.600	11.13	0.00–36.80
Issuer Weighted Average DSCR	1.400	1.45	1.28–1.87
Fitch Stressed Weighted Average DSCR**	1.080	1.13	1.00–1.34
% Below 1.0x	43.300	24.53	1.40–57.40
% Above 1.5x	2.600	5.68	0.30–19.20
Fitch Constant Weighted Average DSCR	0.900	0.96	0.88–1.10
Fitch Term Weighted Average DSCR**	1.350	1.39	1.25–1.81
Fitch Stressed Weighted Average LTV (%)**	107.400	98.68	90.80–106.90
% Above 90%	75.800	75.58	57.80–88.10
% Below 65%	0.400	5.97	0.00–15.00
Total Cash Flow Variance (%)	4.200	3.91	2.26–9.40
Actual Weighted Average Constant (%)	6.410	6.71	6.29–7.23
Collateral Quality Score†	7.960	8.76	7.55–9.24
Property Market Metric™ Score*	2.610	2.68	2.35–3.09
% of Pool Having or Allowing Subordinate Debt	45.800	32.37	13.10–52.30
% of Pool with Interest-Only Loans	53.200	43.91	11.57–76.50
% of Pool with Partial Interest-Only Loans	37.400	34.61	18.00–61.16
Subordination (%)			
‘AAA’	11.125	11.52	9.88–12.88
‘AA’	9.500	9.54	8.13–11.00
‘A’	7.125	7.14	5.75–8.25
‘BBB’	4.000	3.91	3.00–4.63
‘BB’	2.250	2.17	1.75–2.63
‘B’	1.500	1.42	1.13–1.75

*See Rating Methodology Highlights, page 25.

**In general, the Fitch stressed debt service coverage ratio (DSCR) equals the weighted average of: Fitch’s stressed DSCR for any credit assessed loans, if applicable; and the average of Fitch’s constant DSCR and Fitch’s term DSCR for any conduit loans, if applicable. The Fitch term DSCR equals Fitch net cash flow/actual debt service. See Stressed DSCR and LTV section in Rating Methodology Highlights, page 25.

†Score is based on a scale of 1–10, where a 10 represents a pool that consists entirely of properties of above-average collateral quality and a 1 represents a pool that consists entirely of properties of below-average collateral quality. The scores are the result of site inspections that Fitch performs on a representative sample of the pool. For more information on Fitch’s methodology for grading collateral quality, see the Site Inspections section in Rating Methodology Highlights, page 25.

N.A. – Not available. LTV – Loan-to-value ratio.

Note: Averages and ranges are based on fixed-rate multiborrower conduit and fusion transactions rated by Fitch from Sept. 27, 2006–March 16, 2007. The current sample includes 21 transactions with an aggregate balance of $69.177 billion, consisting of 4,664 loans secured by 6,519 commercial properties. The transactions included in the sample are: BSCMSI 2006-PWR13; CSMC 2006-C4; MLCFC 2006-3; GSMS 2006-GG8; WBCMT 2006-C28; BSCMSI 2006-TOP24; MSCI 2006-HQ10, CGCMT 2006-C5; JPMCC 2006-CIBC17; BSCMSI 2006-PWR14; COBALT 2006-C1; COMM 2006-C8; JPMCC 2006-LDP9; LB-UBS 2006-C7; MSCI 2006-IQ12; MSCI 2007-TOP25; BACM 2007-1; LB-UBS 2007-C1; GCCFC 2007-GG9; ML-CFC 2007-5; CSMC 2007-C1. The current deal is not included in the sample.