

November 12, 2007

**Presale:**

# CD 2007-CD5 Commercial Mortgage Trust

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**Presale:**

# CD 2007-CD5 Commercial Mortgage Trust

## \$2.09 Billion Commercial Mortgage Pass-Through Certificates Series CD 2007-CD5

This presale report is based on information as of Nov. 12, 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 Nov. 12, 2007**

<b>Class</b>	<b>Preliminary rating*</b>	<b>Preliminary amount (\$)</b>	<b>Recommended credit support (%)</b>
A-1	AAA	42,300,000	30.000
A-2	AAA	89,000,000	30.000
A-3	AAA	39,400,000	30.000
A-AB	AAA	51,700,000	30.000
A-4	AAA	958,680,000	30.000
A-1A	AAA	284,848,000	30.000
AM-FX	AAA	167,726,000	20.000
A-MA	AAA	40,693,000	20.000
AJ-FX	AAA	110,780,000	13.375
A-JA	AAA	26,959,000	13.375
B	AA+	20,942,000	12.375
C	AA	20,942,000	11.375
XP¶	AAA	TBD\$	N/A
XS¶	AAA	1,047,091,908\$	N/A
XW¶	AAA	1,047,091,908\$	N/A
AM-FL**	AAA	1,000,000	20.000
AJ-FL**	AAA	1,000,000	13.375
D	AA-	20,942,000	10.375
E	A+	18,324,000	9.500
F	A	18,324,000	8.625
G	A-	20,942,000	7.625
H	BBB+	23,559,000	6.500
J	BBB	23,560,000	5.375
K	BBB-	20,942,000	4.375
L	BB+	26,177,000	3.125
M	BB	7,853,000	2.750
N	BB-	5,236,000	2.500
O	B+	5,235,000	2.250
P	B	5,236,000	2.000
Q	B-	2,617,000	1.875
S	NR	39,266,816	NR

## Preliminary Ratings As Of Nov. 12, 2007(cont.)

\*The rating of each class of securities is preliminary and subject to change at any time. ¶Interest-only class. §Notional amount. \*\*Floating-rate class TBD—To be determined. N/A—Not applicable. NR—Not rated.

### Profile

<b>Expected closing date</b>	Nov. 29, 2007.
Collateral	159 loans secured by 258 properties.
Underwriters	Deutsche Bank Securities Inc., Citigroup Global Markets Inc., SunTrust Robinson Humphrey, and Credit Suisse Securities (USA) LLC.
Mortgage loan sellers	Citigroup Global Markets Realty Corp., German American Capital Corp., Artesia Mortgage Capital Corp., CWCcapital LLC, and SunTrust Bank.
Master servicers	Capmark Finance Inc. will service all of the loans sold by Citigroup Global Markets Realty Corp., CWCcapital LLC, and SunTrust Bank (other than the Charles River Plaza North loan, which will be serviced by Wachovia Bank N.A. pursuant to the COBALT CMT 2007-C3 pooling and service agreement (PSA)). Wachovia Bank N.A. will service all of the loans sold by German American Capital Corp. and Artesia Mortgage Capital Corp. (other than the USFS Industrial Distribution Portfolio loan, the 85 Tenth Avenue loan, and the Georgian Towers loan, which will be serviced by KeyCorp Real Estate Capital Markets Inc. pursuant to the COMM 2007-C9 PSA).
Special servicer	LNR Partners Inc. will specially service all of the loans except for the USFS Industrial Distribution Portfolio loan, the Charles River Plaza North loan, the 85 Tenth Avenue loan and the Georgian Towers loan. The USFS Industrial Distribution Portfolio loan will be specially serviced by LNR Partners Inc. pursuant to the COMM 2007-C9 PSA. The Charles River Plaza North loan will be specially serviced by CWCcapital Asset Management LLC pursuant to the COBALT CMBS 2007-C3 PSA, and the 85 Tenth Avenue loan will be specially serviced by LNR Partners Inc. pursuant to the COMM 2007-C9 PSA. The Georgian Towers loan will also be specially serviced by LNR Partners Inc., but pursuant to the COMM 2007-C9 PSA.
Depositor	Deutsche Mortgage & Asset Receiving Corp.
Trustee	Wells Fargo Bank N.A.

## Rationale

The preliminary ratings assigned to CD 2007-CD5 Commercial Mortgage Trust's \$2.09 billion commercial mortgage pass-through certificates series CD 2007-CD5 reflect the credit support provided by the subordinate classes of certificates, the liquidity provided by the trustee, the economics of the underlying loans, and the geographic and property type diversity of the loans. Class A-1, A-2, A-3, A-AB, A-4, A-1A, AM-FX, A-MA, AJ-FX, A-JA, B, and C are currently being offered publicly, and the remaining classes will be offered privately. Standard & Poor's Ratings Services' analysis determined that, on a weighted average basis, the pool has a debt service coverage (DSC) of 1.21x, a beginning LTV of 109.6%, and an ending LTV of 103.5%.

Unless otherwise indicated, all calculations in this report, including weighted averages, represent only the pooled trust assets, and do not consider nonpooled junior interests held in the trust or nonpooled subordinate interests held outside of the trust.

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

### Strengths

The transaction exhibits the following strengths:

- Six loans representing 7.3% of the pool balance have a pooled trust balance with credit characteristics consistent with obligations rated investment grade: 2 Journal Square ('AAA'), 14144 Ventura Office Building ('AAA'), Georgian Towers ('AA'), Old National Town Center ('A-'), Seattle Space Needle ('BBB-'), and Town Center Self

Storage ('BBB-');

- All of the loans are made to borrowers that are structured as special-purpose entities (SPEs). In addition, 16 of the loans (47.4%) have bankruptcy-remote SPE borrowers with nonconsolidation opinions and independent directors including all of the top 10 loans; and
- The average quality score for the properties securing the mortgages in the trust is 2.76, an above-average score on Standard & Poor's scale of 1 (highest) to 5 (lowest).

### Concerns and mitigating factors

This transaction exhibits the following concerns and mitigating factors:

- Relatively less stable property types account for 56.4% of the pool balance: office (25.9%), medical office (9.7%), hotel (8.4%), mixed-use (6.4%), retail (unanchored; 4.1%), other (1.7%), and self-storage (0.2%). Standard & Poor's adjusted default probability and loss severity assumptions to account for volatile assets;
- The pool exhibits geographic concentration, with 58.0% of the pool balance concentrated in six states and the District of Columbia: New York (14.0%), District of Columbia (10.1%), California (9.4%; 4.9% in Southern California and 4.5% in Northern California), Massachusetts (8.5%), Texas (5.8%), Washington (5.2%), and Georgia (5.0%). However, the remaining assets are dispersed throughout 32 states, with no other state concentration exceeding 5.0% of the pool balance;
- Thirty-five loans (41.6%) have existing subordinate/mezzanine debt or permit the borrower to incur future subordinate/mezzanine debt. Future debt is conditional upon meeting specific DSC and LTV hurdles, requires lender consent, and/or is subject to subordination and standstill agreements. Existing and potential secondary debt has been factored into the subordination levels;
- The pool exhibits loan and sponsor concentration, as the top 10 trust balances represent 39.6% of the pool balance and the top 10 sponsors account for 42.1%. However, three of the top 10 trust balances (6.3%) have credit characteristics consistent with obligations rated investment grade by Standard & Poor's. All of the top 10 trust balances (39.6%) are structured with bankruptcy-remote SPE borrowers. In addition, the economics of the top 10 trust balances are better than those of the overall pool, with a combined DSC of 1.24x, and weighted average beginning and ending LTVs of 111.1% and 109.5%, respectively; and
- Of the loans in the pool, 33 (38.0%) are full-term interest-only (IO) loans, and 74 (41.3%) have IO periods. Standard & Poor's took the IO structure into account when sizing levels.

## Pool Characteristics

### Collateral description

The pool contains 159 conventional fixed-rate loans secured by liens on 258 properties. By property type, the pool has the following composition: office (35.6%, including medical office (9.7%)), retail (17.1%), multifamily (14.3%), industrial (13.7%), hotel (8.4%), mixed-use (6.4%), manufactured housing (2.6%), self-storage (0.2%), and other (1.7%).

Lockboxes are in place for 58 loans (58.4% of the pool balance). Twenty-five loans (43.0%) have hard lockboxes, eight loans (4.4%) have soft lockboxes, and 25 loans (11.0%) have springing lockboxes. The springing lockboxes are generally triggered by an event of default or the occurrence of an anticipated repayment date and specific DSC conditions or tenant events.

Twenty-two mortgaged properties (20.4%) are secured by properties leased to single tenants. Ten of these properties

(3.8%) are leased to investment-grade tenants, and 14 (12.2%) have long-term leases that expire after the loan maturity.

### **Reserves**

Monthly tax escrows have been established for 141 loans (71.8%). Monthly insurance premium escrows have been established for 118 loans (63.4%). Monthly capital reserves have been established for 121 loans (57.7%).

A reserve for up-front repairs has been established for 21 loans (11.6%), for which remediation of existing deferred maintenance items is necessary.

Up-front tenant improvement allowance and leasing commission (TI/LC) reserves have been established for 40 loans (15.9% of the office, retail, and industrial portion of the pool balance), while monthly TI/LC reserves have been established for 68 loans (46.4% of the office, retail, and industrial portion of the pool balance).

The pool consists of properties in 38 states and the District of Columbia. The largest concentrations are in New York (14.0%), District of Columbia (10.1%), California (9.4%; 4.9% in Southern California and 4.5% in Northern California), Massachusetts (8.5%), Texas (5.8%), Washington (5.2%), and Georgia (5.0%). The remaining assets are dispersed throughout 32 states, with no other state concentration exceeding 5.0% of the pool balance.

### **Loan sellers**

Citigroup Global Markets Realty Corp. contributed 42 loans (39.5% of the pool balance), German American Capital Corp. contributed 33 loans (38.2%), Artesia Mortgage Capital Corp. contributed 48 loans (12.8%), CWCapital LLC contributed 21 loans (5.5%), and SunTrust Bank contributed 15 loans (4.0%).

### **Loan origination dates**

All but one of the mortgage loans were originated in the past 12 months. The remaining loan (0.1%) was originated within 14 months of the cutoff date.

### **Hyperamortizing loans**

Five loans (8.2% of the pool balance) were structured as hyperamortizing loans. Three of these loans (7.4%) are structured with a hard lockbox for cash management, while the remaining two loans (0.8%) are structured with a springing lockbox for cash management.

### **Interest-only loans**

Thirty-three loans (38.0% of the pool balance) are full-term IO loans, and 74 loans (41.3%) have IO periods. Standard & Poor's took the IO structure into account when sizing levels.

### **Collateral quality**

Based on Standard & Poor's analysis, the portfolio has a DSC of 1.21x on a weighted average coupon of 6.20%. 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, as well as the assets' competitive positions in their respective markets.

On a weighted average basis, Standard & Poor's adjusted the NCF of the portfolio downward by 8.99%, which reflects adjustments to rental rates, occupancy levels, operating expenses, capital expenditure reserves, and TI/LC assumptions.

For the pool, Standard & Poor's weighted average beginning LTV is 109.6%, and the ending LTV is 103.5%. The

weighted average capitalization rate applied to Standard & Poor's NCF is 9.14%. Capitalization rates are a function of asset type, quality, tenancy, position in the competitive set, and current and future market conditions.

### **Properties**

Standard & Poor's inspected assets representing 54% of the total pool re-underwrote cash flows and derived asset values for 77% of the total pool. The weighted average quality score for the inspected properties was 2.76, an above-average score.

### **Borrower/loan concentrations**

The largest sponsors are Jonathan G. Davis and Paul R. Marcus, the sponsors for the Charles River Plaza North loan, the 725 Concord Avenue Medical Office Building loan, and the 53-83 Fourth Avenue loan (7.9% of the pool balance). The five largest sponsors in the pool represent 30.0% of the pool balance, and the 10 largest sponsors represent 42.1% of the pool balance. The top five trust balances represent 29.1% of the pool balance, and the top 10 trust balances account for 39.6% of the pool balance. Three of the top 10 trust balances (6.3%) have credit characteristics consistent with obligations rated investment grade by Standard & Poor's: 2 Journal Square ('AAA'), Georgian Towers ('AA'), and the Seattle Space Needle ('BBB-'). One of the top 10 trust balances (7.5%) is secured by multiple cross-collateralized and cross-defaulted properties. All of the top 10 trust balances (39.6%) are structured with bankruptcy-remote SPE borrowers. In addition, the economics of the top 10 trust balances are better than those of the overall pool, with a combined DSC of 1.24x, and weighted average beginning and ending LTVs of 111.1% and 109.5%, respectively.

### **Bankruptcy issues**

Three loans (1.2% of the pool balance) were made to borrowers with members or affiliates that have previously filed for bankruptcy; each of the bankruptcies has been resolved. All three of these borrowers have been structured as SPEs. Of these three loans, one loan has been structured with a springing lockbox for cash management.

### **Leasehold interests**

Nine properties (6.3% of the pool balance) are secured in whole or in part by a mortgage lien on the borrower's leasehold interest pursuant to a ground lease. Four of these loans (3.3%) have ground leases with maturities, including extension periods, which extend at least 20 years beyond the maturity of the related loan. Of the five remaining loans, the lease for 2 Journal Square (1.9%) expires Aug. 31, 2022, (loan matures July 2012); the lease for Wildwood Communities MHP (1.0%) expires May 31, 2034, (loan matures August 2017); the lease for Red Roof Inn Long Island (0.1%) expires Dec. 31, 2012, (loan matures October 2017); the lease for Red Roof Inn Edison (0.02%) expires Feb. 17, 2028, (loan matures October 2017); the lease for Red Roof Inn Greenville (0.01%) expires Sept. 30, 2033, (loan matures October 2017). With respect to the 2 Journal Square loan, the ground lease is fully subordinate to the mortgage and the sponsor of the mortgage loan controls the ground lessor and ground lessee entities. With respect to the Red Roof Inn Long Island loan, the tenant is under a payment-in-lieu-of-taxes (PILOT) lease and acquires the fee interest without purchase price at the end of the PILOT lease term. All nine loans afford the lender notice and cure rights.

### **Tenancies in common**

Twenty-seven loans (19.9% of the pool balance) are owned by individuals or entities as tenants-in-common (TIC), which generally conform to Standard & Poor's criteria.

### **Participations—A/B loans**

The largest loan in the pool, the Lincoln Square loan, has a trust balance of \$160.0 million (7.6% of the pool balance) and a whole-loan balance of \$285.0 million. The whole loan consists of a \$160.0 million pari passu A-1 note that is included in this transaction, a \$60.0 million pari passu A-2 note that will be held outside of the trust, and a \$65.0 million subordinate B note that will also be held outside of the trust. The Lincoln Square loan will be serviced by Capmark Finance Inc. under the subject PSA.

The second-largest loan in the pool, the USFS Industrial Distribution Portfolio loan, has a trust balance of \$157.46 million (7.5% of the pool balance) and a whole-loan balance of \$472.38 million. The whole loan is divided into six pari passu pieces: an \$89.75 million A-1 note that was contributed to the COMM 2007-C9 transaction, an \$89.75 million A-2 note that is included in this transaction, a \$67.71 million A-3 note that was contributed to the Greenwich Capital 2007-GG11 transaction, a \$67.71 million A-4 note that was contributed to the JPMCC 2007-CIBC20 transaction, an \$89.75 million A-5 note that was contributed to the MSCI 2007-IQ16 transaction, and a \$67.71 million A-6 note that is included in this transaction. The USFS Industrial Distribution Portfolio loan will be serviced by KeyCorp Real Estate Capital Markets Inc. under the COMM 2007-C9 PSA.

The third-largest loan in the pool, the Charles River Plaza North loan, has a trust balance of \$145.0 million (6.9% of the pool balance) and a whole-loan balance of \$310.0 million. The whole loan consists of a \$145.0 million pari passu A-1 note that was contributed to the Cobalt CMT 2007 C-3 transaction, a \$145.0 million pari passu A-2 note that will be included in the trust, and a \$20.0 million subordinate B note that will be held outside of the trust. The Charles River Plaza North loan will be serviced by Wachovia Bank N.A. under the Cobalt CMT 2007-C3 PSA.

The fourth-largest loan in the pool, the 85 10th Avenue loan, has a trust balance of \$76.0 million (3.6% of the pool balance) and a whole-loan balance of \$270.0 million. The whole loan is divided into three pari passu notes: a \$150.0 million A-1 note that was contributed to the COMM 2007-C9 transaction, a \$76.0 million A-2 note that will be included in this transaction, and a \$44.0 million A-2 note that will be securitized in a future transaction. In addition to the first mortgage, there are three mezzanine components to the loan—a senior mezzanine note, a junior mezzanine note 1, and a junior mezzanine note 2—that total \$145.0 million, are secured by pledges of equity interests in the borrower, and are subject to subordination and intercreditor agreements. The 85 Tenth Avenue loan will be serviced by KeyCorp Real Estate Capital Markets Inc. under the COMM 2007-C9 PSA.

The sixth-largest loan in the pool, the Georgian Towers loan, has a trust balance of \$58.0 million (2.8% of the pool balance) and a whole-loan balance of \$185.0 million. The whole loan has been divided into a \$125.0 million senior A note, part of which is included in this transaction, and a \$60.0 million subordinate B note that will be held outside of the trust. The \$125.0 million A note has been split into two pari passu pieces: a \$58.0 million A-2 piece that is being contributed to the subject transaction and a \$67.0 million A-1 piece that was contributed to the COMM 2007-C9 transaction. In addition to the first mortgage, there is a \$30.0 million mezzanine loan secured by a pledge of equity interests of the borrower. The Georgian Towers loan will be serviced by KeyCorp Real Estate Capital Markets Inc. under the COMM 2007-C9 PSA.

The 10th-largest loan in the pool, the Seattle Space Needle loan, has a trust balance of \$35.0 million (1.7% of the pool balance) and a whole-loan balance of \$49.5 million. The whole loan consists of the \$35.0 million pari passu note that will be contributed to the subject transaction and a \$14.5 million pari passu note that will be contributed to a future transaction. The Seattle Space Needle loan will be serviced by Capmark Finance Inc. under the subject PSA.

The 11th-largest loan in the pool, the RRI Hotel Portfolio loan, has a trust balance of \$35.0 million (1.7% of the pool balance) and a whole-loan balance of \$310.00 million. The whole loan consists of a \$35.0 million pari passu A-1 note that is included in this transaction and multiple pari passu notes totaling \$275.0 million that will be contributed to future transactions. In addition to the first mortgage, the borrower has incurred approximately \$164 million in mezzanine financing secured by a pledge of equity interests in the borrower and is permitted to incur additional future mezzanine debt up to 85% LTV inclusive of the existing mezzanine debt. The RRI Hotel Portfolio loan will be serviced by Capmark Finance Inc. under the subject PSA.

### **A/B loans**

Three loans (17.3% of the pool balance) have subordinate B notes. The Lincoln Square loan (7.6%) is structured with a \$65.0 million subordinate B note that will be held outside of the trust. The Charles River Plaza North loan (6.9%) is structured with a \$20.0 million subordinate B note that will be held outside of the trust. The Georgian Towers loan (2.8%) is structured with a \$60.0 million subordinate B note that will be held outside of the trust. These subordinate notes are subject to an intercreditor agreement.

Standard & Poor's believes the relative rights in a bankruptcy are more favorable when a loan is structured as a participation rather than with separate notes.

### **Additional indebtedness**

Eleven loans (11.7%) have existing mezzanine debt secured by a pledge of equity interests of the borrower. All of these loans are subject to intercreditor agreements.

Sixteen loans (12.0%) permit the borrower to incur future mezzanine debt. In all but one case (1.6%), the future debt will be limited by performance constraints, including total indebtedness LTV caps between 60.0% and 92.0% and DSC minimums between 1.00x and 1.50x. Eleven loans (6.7%) permit future unsecured debt. In nine cases (5.4%), the amount of debt is capped. In the other two cases (1.3%), the future debt will be subject to meeting specific performance tests, including LTV caps and DSC minimums. Two loans (1.0%) permit future secured subordinate debt. In one case (0.5%), the future debt will be subject to meeting specific performance tests, including LTV caps and DSC minimums. One loan (0.8%) permits future unsecured line of credit subject to a cap. All additional debt has been factored into the subordination levels.

### **Terrorism insurance coverage**

All 159 loans have insurance coverage for acts of terrorism, contain express requirements that terrorism coverage be in place, or have coverage that does not specifically exclude acts of terrorism. The loan documents generally require the related borrower to maintain insurance against damage from terrorism and other acts of sabotage. However, the requirements may contain certain qualifications, such as the availability of insurance at commercially reasonable rates and the possibility of the expiration of the Terrorism Risk Insurance Act of 2002, which could prevent terrorism-related coverage from being obtained by the applicable borrower.

### **Appraisal reports**

Appraisal reports, in conformance with USPAP, were prepared for the loans. Valuations for all but two of the 258 of the mortgaged properties (99.6% of the pool balance) were conducted in the past 12 months. Valuations for the other two mortgaged properties (0.4%) were conducted in the past 18 months.

### **Environmental review**

Phase I environmental studies were conducted for the mortgaged properties. Environmental reports for loans representing 98.8% of the pool balance were completed in the 12-month period before the cutoff date, and the remaining reports were prepared within 18 months of the cutoff date.

Phase II environmental reports were recommended and completed for 10 properties securing 1.2% of the pool balance. These reports recommended no further action or actions to cure minor environmental concerns that have already been implemented.

### **Structural review**

Independent, licensed engineers prepared engineering reports for the mortgaged properties. Engineering reports for loans representing 99.1% of the pool balance were completed in the 12-month period before the cutoff date, and the remaining reports were prepared within 18 months of the cutoff date.

These reports identified both deferred maintenance items to be corrected immediately and long-term capital expenditure needs. Of the mortgaged properties, 136 (24.4%) were identified as needing immediate repairs, and escrows totaling \$8.4 million were established at closing to remediate these items. Generally, the loan sellers' requirements for up-front, deferred maintenance reserves are 100%-125% of the recommended amount indicated in the reports.

### **Seismic review**

A seismic study was completed for all 32 properties located in seismic zones 3 or 4 (16.0%). One of the properties (0.3%) has a probable maximum loss greater than 20% and is part of the 38 properties that secure the USFS Industrial Distribution Portfolio loan (7.5%). Earthquake insurance was obtained for 157 properties (50.2%), including 10 of the properties located in seismic zones 3 or 4 (5.3%) as well as the one property cited above.

### **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 254 properties (99.0%) and 190 properties (70.7%) that have wind and flood insurance in place, respectively.

## **Top Seven Loans**

### **Lincoln Square**

The largest loan in the pool, the Lincoln Square loan, has a trust balance of \$160.0 million (7.6% of the pool balance) and a whole-loan balance of \$285.0 million. The whole loan consists of a \$160.0 million pari passu A-1 note that is included in this transaction, a \$60.0 million pari passu A-2 note that will be held outside of the trust, and a \$65.0 million subordinate B note that will also be held outside of the trust. The 10-year, fixed-rate, IO loan bears interest at 6.0152% and matures in July 2017.

The loan is secured by a first mortgage encumbering the fee interest in Lincoln Square, a 14-story, 405,978-sq.-ft., class A office property located in Washington, D.C., comprised of 349,298 sq. ft. (86% of net rentable area (NRA)) of office space and 56,680 sq. ft. (14% of NRA) of retail space. Built in 2001, the subject is within walking distance of the Capitol Building and White House, near the J. Edgar Hoover FBI Building, the Internal Revenue Service, the Department of Commerce, and the Ronald Reagan Building, and within two blocks of the Metrorail, Washington's

mass transportation system. The property offers a below-grade, eight-screen cinema and a three-level, 320-space parking garage.

As of June 2007, the subject was 100% occupied by four office and seven retail tenants paying weighted average in-place rents of \$48.98 per sq. ft. and \$24.52 per sq. ft., respectively. The property's largest tenant, Latham and Watkins LLP (not rated; 57.7% of NRA, leases expire in January 2011 and January 2016), is one of the world's largest and most prestigious international law firms, employing more than 2,100 attorneys in 24 offices worldwide. The subject reported strong historical occupancy levels of 98%, 100%, and 100% for 2004, 2005, and 2006, respectively. Table 1 lists the property's major tenants.

**Table 1**

<b>Lincoln Square Major Tenants</b>						
<b>Tenant</b>	<b>S&amp;P rating</b>	<b>Sq. ft.</b>	<b>Property NRA (%)</b>	<b>Rent per sq. ft. (\$)</b>	<b>Lease expiration</b>	
Latham & Watkins LLP	NR	234,217	57.7	49.83	January 2011 and January 2016	
U.S. Government (GSA)	AAA	47,991	10.8	44.70	July 2011	
Landmark Theatres	NR	40,000	9.9	11.25	January 2019	
CB Richard Ellis	NR	36,335	9.5	47.09	March 2011	
Baker, Donelson, Bearman, Caldwell & Berkowitz	NR	30,755	8.7	51.41	May 2011	

NRA—Net rentable area. GSA-General Services Administration. NR—Not rated.

The sponsor of the bankruptcy-remote SPE borrower is Ralph S. Dweck, a full-time real estate developer since 1972 who, during the past 33 years, has developed or acquired a variety of properties throughout the Washington, D.C., metropolitan area, including more than 3.0 million sq. ft. of office space, 1.5 million sq. ft. of warehouse space, 300,000 sq. ft. of retail space, and 3,500 apartment units. Mr. Dweck owns numerous buildings in the vicinity of Lincoln Square, including Republic Place, 1990 M Street, and 2001 L Street. The property is managed by Lincoln Square Management LLC, a borrower affiliate. The loan is structured with a hard lockbox for cash management.

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

- Revenues were based on leases in place as of April 2007, including rent bumps through April 2008;
- Expense reimbursements were based on the appraiser's reimbursement ratio;
- A 5.0% vacancy was assumed;
- Operating expenses, other than real estate taxes, insurance premiums, and utilities, were based on historical levels;
- Real estate taxes and insurance premium expenses were based on the property's current actual expenses;
- Utilities were based on the appraiser's estimate;
- A management fee of 4% of effective gross income (EGI) was assumed;
- Replacement reserves were underwritten at \$0.29 per sq. ft., representing \$0.30 per sq. ft. assumed for office space, \$0.25 per sq. ft. assumed for retail space, and \$0.10 per sq. ft. assumed for storage space;
- For office tenants, TI allowances were estimated at \$30.00 per sq. ft. for new leases and \$15.00 per sq. ft. for renewal leases;
- For retail tenants, TI allowances were estimated at \$9.00 per sq. ft. for new leases and \$4.50 per sq. ft. for renewal leases;
- LC expenses were estimated at 4.0% for new leases and 2.0% for renewal leases;
- TI/LC assumptions were based on the weighted average in-place lease terms of 12.4 years and 14.2 years for

office and retail tenants, respectively, with LC expenses capped at 10 years;

A 65% renewal probability was assumed for all tenants;

- Based on these assumptions, Standard & Poor's NCF variance was 12.7%;
- Standard & Poor's applied an 8.25% capitalization rate to NCF and gave credit for some scheduled rent steps, yielding a final value of \$175.4 million (\$432 per sq. ft.); and
- The quality score for this asset was 2.75, an above-average score.

This loan exhibits the following strengths:

- The subject is a class A office property well located within walking distance of the Capitol Building and White House, near the J. Edgar Hoover FBI Building, Internal Revenue Service, Department of Commerce, and the Ronald Reagan Building, and within two blocks of the Metrorail; and
- The property benefits from experienced local management.

This loan exhibits the following concern and mitigating factor:

- In addition to the pari passu A notes, the property is encumbered by a \$65.0 million subordinate B note that will be held outside of the trust. The additional debt is subject to a subordination and intercreditor agreement. Standard & Poor's took the loan structure and all additional debt into consideration when sizing the loan's capital structure and the deal's subordination levels.

## USFS Industrial Distribution Portfolio

The second-largest loan in the pool, the USFS Industrial Distribution Portfolio loan, has a trust balance of \$157.46 million (7.5% of the pool balance) and a whole-loan balance of \$472.39 million. The whole loan is divided into six pari passu pieces: an \$89.75 million A-1 note that was contributed to the COMM 2007-C9 transaction; an \$89.75 million A-2 note that is included in this transaction; a \$67.71 million A-3 note that was contributed to the Greenwich Capital 2007-GG11 transaction; a \$67.71 million A-4 note that was contributed to the JPMCC 2007-CIBC20 transaction; an \$89.75 million A-5 note that was contributed to the MSCI 2007-IQ16 transaction; and a \$67.71 million A-6 note that is included in this transaction. The 10-year, fixed-rate, IO loan bears interest at 6.383% and matures in August 2017.

The loan is secured by a first mortgage encumbering the USFS Industrial Distribution Portfolio consisting of 37 warehouse distribution centers and one office building, all of which are cross-collateralized and cross-defaulted. The portfolio consists of approximately 9.0 million sq. ft. located in 25 states. The properties range in size from 19,346 sq. ft.-504,627 sq. ft., with an average size of approximately 237,950 sq. ft. About 62% of the NRA is utilized for dry storage, 17% of the NRA is utilized for warehouse cooler storage, and 21% of the NRA is utilized for warehouse freezer storage. One tenant, U.S. Foodservice, leases 100% of the space on an absolute triple-net basis until June 30, 2027, with a weighted average in-place rent of \$5.82 per sq. ft. U.S. Foodservice is the second-largest food service distributor in the U.S., with \$19.2 billion in net sales for 2006. The tenant operates more than 70 facilities with 27,000 employees and serves geographical areas representing more than 90% of the U.S. population.

Table 2 summarizes the properties.

Table 2

USFS Industrial Distribution Portfolio							
Location	Allocated loan amount (\$)	% allocated loan amount	Base rent per sq. ft. (\$)	% dry storage	% cold storage	Sq. ft. (000s)	Year built/renovated
La Mirada, Calif.	45,375,000	9.6	10.20	57	43	436,739	1995/2000-2005
Lexington, S.C.	27,750,000	5.9	6.00	50	50	504,627	1988/1992,2004
Tampa, Fla.	23,700,000	5.0	7.25	53	47	336,634	1989/2006
North Las Vegas, Nev.	23,250,000	4.9	6.03	65	35	307,790	1997
Charlotte, N.C.	22,672,500	4.8	6.00	55	45	427,894	1992/1997
Livermore, Calif.	21,525,000	4.6	6.17	62	38	330,250	1992/2002
Phoenix, Ariz.	20,865,000	4.4	6.60	58	42	313,900	1989/1998
Severn, Md.	19,800,000	4.2	6.75	59	41	346,271	1989/1998
Oklahoma City, Okla.	19,575,000	4.1	9.00	63	37	321,769	1999/2007
Boca Raton, Fla.	18,750,000	4.0	10.00	59	41	172,200	1993
Manassas, Va.	17,925,000	3.8	7.00	59	41	287,080	1985/1995,1998,2007
Zebulon, N.C.	16,762,500	3.6	5.50	64	36	394,065	1996/2007
Wixom, Mich.	13,500,000	2.9	5.75	59	41	286,800	1999
Centennial, Colo.	12,825,000	2.7	4.00	70	30	381,032	1987/1998
Fishers, Ind.	12,375,000	2.6	6.55	65	35	229,062	1998
Ormond Beach, Fla.	11,625,000	2.5	6.00	51	49	202,143	1986-1998/NR
Yantic (Norwich), Conn.	11,250,000	2.4	5.50	81	19	240,609	1950,1995/1999
Plymouth, Minn.	11,250,000	2.4	5.65	70	30	219,530	1986/1997
Menomonee Falls, Wis.	10,650,000	2.3	6.50	57	43	172,826	1982/1988
Garland, Texas	10,125,000	2.1	4.59	59	41	357,370	1989/2007
Houston, Texas	9,900,000	2.1	6.50	54	46	167,939	2001
Salem, Va.	8,850,000	1.9	2.75	47	53	356,178	1972/2002
Clifton Park, N.Y.	8,850,000	1.9	7.50	60	40	150,000	1986/1996
Twinsburg, Ohio	8,287,500	1.8	5.50	46	54	167,575	1991/2005
Phoenix, Ariz.	7,620,000	1.6	13.00	0*	0	62,388	1985/NR
Streator, Ill.	7,275,000	1.5	6.00	46	54	155,100	1978/1995
Montgomery, Ala.	6,892,500	1.5	2.50	62	38	304,112	1965/1999
Cincinnati, Ohio	5,947,500	1.3	3.25	58	42	203,958	1988/NR
Paducah, Ky.	5,568,750	1.2	4.00	63	37	155,994	1976/1998
Greensburg, Pa.	5,445,000	1.2	2.25	81	19	323,900	1956/2006
Grand Forks, N.D.	5,306,250	1.1	5.39	22	88	119,220	1994/2004
Plymouth, Minn.	4,181,250	0.9	5.55	100	0	79,855	1990/2007
Cheektowaga, N.Y.	3,975,000	0.8	3.50	67	33	150,104	1969-1988/2007
Omaha, Neb.	3,225,000	0.7	4.15	63	37	107,000	1990/2003
Bismarck, N.D.	2,887,500	0.6	5.27	64	36	65,800	1996/2005,2006
Hurricane, W. Va.	2,700,000	0.6	2.25	70	30	137,337	1969/1977, 1980, 1981, 1988,1997-2001

**Table 2**

USFS Industrial Distribution Portfolio(cont.)							
Chicago, Ill.	2,700,000	0.6	6.50	40	60	47,700	1960/NR
Tucson, Ariz.	1,230,000	0.3	6.56	54	46	19,346	1960/2001
Totals	472,391,250	100	5.82	62	38	9,042,097	-

\*Property is 100% office. NR-Not renovated.

The sponsor of the bankruptcy-remote SPE borrower is a joint venture between Kohlberg Kravis Roberts (KKR) and Clayton, Dubilier & Rice (CD&R). KKR is a private equity firm founded in 1976 that specializes in management buyouts. KKR focuses on acquiring business franchises and implementing value-creating strategies. Since its founding, KKR has completed more than 150 transactions, with an aggregate enterprise value of more than \$318 billion. CD&R is a private equity firm founded in 1978, with offices in New York City and London. Founded in 1978, CD&R has managed equity capital of more than \$10 billion and has invested in 40 U.S. and European businesses, mostly subsidiaries or divisions of large multi-business corporations, representing a broad range of industries with an aggregate transaction value of approximately \$50 billion and revenues of more than \$60 billion. The company manages a pool of equity capital, including its most recent \$4 billion fund, on behalf of major pension funds, university endowments, and other leading financial institutions. CD&R has direct experience in the food-service distribution industry, having managed funds that owned Alliant Foodservice Inc., a \$7 billion food service distributor, and Brakes, Europe's largest broadline food distributor. The properties are managed by the tenant, U.S. Foodservice. The loan is structured with a hard lockbox for cash management.

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

- GPR was based on the current rent roll;
- Expense reimbursements were based on the tenant's contractual obligations;
- An 8.0% vacancy rate was underwritten based on market vacancy levels;
- A management fee of 3.0% of EGI was assumed;
- Replacement reserves were assumed to be \$0.10 per sq. ft.
- TI expenses were assumed at \$4.00 per sq. ft. for new space and \$2.00 per sq. ft. for renewal space;
- LC expenses were estimated at 4.0% for new space and 2.0% for renewal space;
- TI/LC assumptions were based on an average lease term of 20.0 years, with LCs capped at 10 years;
- A 65% renewal probability was assumed;
- Based on these assumptions, Standard & Poor's NCF variance was 7.0%;
- Standard & Poor's capitalized NCF of the mortgaged properties using capitalization rates ranging from 9.75%-10.50%, resulting in a weighted average cap rate of 10.16% and deriving a total value of \$448.7 million (\$50 per sq. ft.); and
- The quality score for these assets is 2.75, an above-average score.

This loan exhibits the following strengths:

- The portfolio consists of 38 cross-collateralized and cross-defaulted, well-diversified facilities located in 25 states; and
- The loan benefits from strong sponsorship.

This loan exhibits the following concern and mitigating factor:

- Due to its specialized nature, the property securing this loan is more volatile than certain other property types. The unique characteristics of the asset were taken into consideration through more conservative capitalization rates and capital structure assumptions.

### Charles River Plaza North

The third-largest loan in the pool, the Charles River Plaza North loan, has a trust balance of \$145.0 million (6.9% of the pool balance) and a whole-loan balance of \$310.0 million. The whole loan consists of a \$145.0 million pari passu A-1 note that was contributed to the Cobalt CMT 2007 C-3 transaction, a \$145.0 million pari passu A-2 note that will be included in the trust, and a \$20.0 million subordinate B note that will be held outside of the trust. The 10-year, fixed-rate, hyperamortizing, IO loan bears interest at 5.606%, has an anticipated repayment date in June 2017, and has a final maturity date in July 2037.

The loan is secured by a first mortgage encumbering a 354,594-sq.-ft. medical office building built in 2005 and located in Boston. The subject is the north building of the Charles River Plaza Complex, a five-building, 650,000-sq.-ft., mixed-use development that contains office, laboratory, and retail space, along with a garage. The subject, located at 185 Cambridge Street, is known as the Richard M. Sinches Research Center of Massachusetts General Hospital and contains office and laboratory space. The Charles River Plaza Complex is located in the Beacon Hill section of Boston, which is known as one of the country's super clusters for biomedical and life science research and development.

As of May 2007, the property was 100% occupied by Massachusetts General Hospital ('AA') at a net rent of \$57.32 per sq. ft. Table 3 lists the tenant at the property.

**Table 3**

Charles River Plaza North Major Tenant					
Tenant	S&P rating	Sq. ft.	Property NRA (%)	Base rent per sq. ft. (\$)	Lease expiration
Massachusetts General Hospital*	AA	354,594	100.0	57.32	May 2029

\*Lease is guaranteed by Partners Healthcare Systems ('AA'). NRA—Net rentable area.

The sponsors of the bankruptcy-remote SPE borrower are Mr. Jonathan G. Davis and Mr. Paul R. Marcus. Mr. Davis is the founder and CEO of the Davis Marcus Co., established in 1975, one of the largest privately held real estate investment, development, and management firms in New England. The company has had acquisitions and developments of more than \$1 billion of real estate. Developments over the past five years have totaled \$100 million in five projects, with \$350 million in development currently underway. Affiliates of the Davis Cos. have developed and/or owned nearly 8 million sq. ft. of commercial, industrial, and residential properties in Massachusetts, Connecticut, New Hampshire, Pennsylvania, New York, and Texas. Mr. Marcus is president and co-owner of the Davis Marcus Co., where he directs the firm's acquisitions and development activities. He has been in real estate since 1975, involved with the acquisition, planning, design, and construction of more than 8 million sq. ft. of office, research, and development space, medical projects, 2,000 hotel rooms, and numerous mixed-use developments. Previously, Mr. Marcus worked with the Chiofaro Co., the Hyatt Development Corp., and The Beacon Cos. The property is managed by an affiliate of the borrower. The loan is structured with a hard lockbox for cash management.

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

- GPR was based on in-place rent as of June 2007;

- Reimbursement and parking income were based on historical performance and the tenant's contractual obligation;
- A vacancy rate of 2.0% was assumed, based on the investment-grade rating and long-term lease of the tenant, Massachusetts General Hospital ('AA');
- Operating expenses, other than property taxes and insurance premiums, were based on historical levels and budget estimates;
- Property taxes and insurance premiums were based on the property's current actual expenses;
- A management fee of 3% of EGI was assumed;
- Replacement reserves were underwritten at \$0.35 per sq. ft.;
- No TI allowances or LC expenses were estimated, as the investment-grade tenant's lease expiration extends more than five years beyond the anticipated repayment date;
- Based on these assumptions, Standard & Poor's NCF variance was 13.6%;
- Standard & Poor's capitalized the NCF using a 9.00% capitalization rate. In addition, Standard & Poor's gave credit for future rent bumps, which resulted in a value of \$238.9 million, or \$674 per sq. ft.; and
- The quality score for this asset was 2.75, an above-average score.

This loan exhibits the following strengths:

- The subject is 100.0% occupied by Massachusetts General Hospital ('AA') until May 2029, 12 years beyond the loan's anticipated repayment date; and
- The property is well located in the Charles River Plaza Complex, in Beacon Hill, Boston, adjacent to Massachusetts General Hospital, known as one of the country's super clusters for biomedical and life science research and development.

This loan exhibits the following concern and mitigating factor:

- In addition to the two pari passu A notes, the property is encumbered by a \$20.0 million subordinate B note that will be held outside of the trust. Standard & Poor's believes that the A/B loan structure poses a greater risk of a prolonged bankruptcy proceeding should one occur, due to the existence of multiple creditors. Standard & Poor's took the loan structure and all additional debt into consideration when sizing the loan's capital structure and subordination levels for the deal.

### 85 Tenth Avenue

The fourth-largest loan in the pool, the 85 Tenth Avenue loan, has a trust balance of \$76.0 million (3.6% of the pool balance) and a whole-loan balance of \$270.0 million. The whole loan is divided into three pari passu notes: a \$150.0 million A-1 note that was contributed to the COMM 2007-C9 transaction, a \$76.0 million A-2A1 note that will be included in this transaction, and a \$44.0 million A-2A2 note that will be securitized in a future transaction. In addition to the first mortgage, there are three mezzanine components to the loan totaling \$145.0 million, secured by pledges of equity interests in the borrower, and subject to subordination and intercreditor agreements: a senior mezzanine note, a junior mezzanine note 1, and a junior mezzanine note 2. The 10-year, fixed-rate, IO loan bears interest at 5.616% and matures in June 2017.

The loan is secured by a first mortgage encumbering the fee interest in 85 Tenth Avenue, an 11-story, 602,584-sq.-ft., class A office building comprised of 393,000 sq. ft. of office space (65.2% of NRA), 168,000 sq. ft. of telecom space (27.9% of NRA), 24,118 sq. ft. of ground floor retail space (4.0% of NRA), and 17,466 sq. ft. of storage and other space (2.9% of NRA). The property is located on 85 10th Avenue in the heart of Chelsea, a

dynamic mixed-use neighborhood connecting Midtown and Downtown Manhattan. The subject is also conveniently situated adjacent to the West Side Highway, near the A, C, E, L, 1, 2, and 3 subway lines, and offers views of the Midtown Manhattan skyline, the Hudson River, the harbor and banks of New Jersey's Hudson Waterfront, and the Statue of Liberty. Originally constructed in 1913 as an Oreo cookie factory and part of the expansion of the Nabisco campus (which has since been redeveloped into renowned Chelsea Market and to which the subject is connected via skywalk), the property was redeveloped in 1996 into a mixed-use facility. In 1999, the building was converted into a telecom facility after being purchased by Level 3 Communications, which spent more than \$150 million (\$248 per sq. ft.) on the installation of state-of-the-art mechanical, backup power, and cooling systems to support its mission-critical network. Level 3 also added a story to the building along with several new elevator shafts. Since 2005, the property has benefited from an additional \$45 million (\$75 per sq. ft.) in capital improvements, including new oversized windows, a unique entranceway and lobby filled with modern art, new elevators and heating systems, and electrical upgrades, which transformed the subject into a state-of-the-art, first-class office building. The property also features the high-end restaurants Del Posto (not rated; 3.6% of NRA, lease expires in 2030) and Craftsteak (not rated, 1.9% of NRA, lease expires in 2021).

As of May 10, 2007, the subject was 99.0% occupied by eight tenants paying weighted average, below-market office, telecom, and retail rents of \$39.32 per sq. ft., \$39.56 per sq. ft., and \$51.69 per sq. ft., respectively. Of the property's NRA, 75% (or 451,026 sq. ft.) is occupied by tenants rated investment grade by Standard & Poor's. Table 4 lists the subject's largest tenants.

**Table 4**

85 Tenth Avenue Major Tenants					
Tenant	S&P rating	Sq. ft.	Property NRA (%)	Rent per sq. ft. (\$)	Lease expiration
GSA	AAA	225,000	37.4	43.49	November 2013
Level 3 Communications Inc.	B-	112,000	18.6	34.00	December 2017
Lehman Brothers	A+	57,168	9.5	50.45	February 2017
Moet Hennessy	Parent rated A-	56,000	9.3	31.62	March 2021
National College Sports Network	Parent rated BBB	56,000	9.3	31.62	August 2015

NRA—Net rentable area. GSA-General Services Administration.

The sponsor of the bankruptcy-remote SPE borrower is The Related Cos., one of the nation's leading real estate companies, with expertise in development, acquisitions, management, sales, and finance. Founded in 1972, The Related Cos. has completed 33 Manhattan development properties representing more than 6,200 apartment homes and 3 million sq. ft. of commercial space, including the world-renowned Time Warner Center. Currently, the company owns and/or manages real estate assets valued at more than \$15 billion, with another \$9 billion currently in development. The property is managed by an affiliate of the borrower. The loan is structured with a hard lockbox for cash management.

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

- Revenues were based on in-place rents, with vacant retail space grossed up at the retail market rent per sq. ft.;
- Expense reimbursements were based on the tenants' contractual obligations and the property's historical performance;
- A 4.8% blended vacancy was underwritten, representing vacancy assumptions ranging between 3%-6%, depending on the credit rating and lease term of each tenant;

- Signage income was based on historical levels;
- Other income was based on the appraiser's estimate;
- Operating expenses, other than real estate taxes, were based on historical levels and the appraiser's estimates;
- Real estate taxes were based on the current actual expense;
- A management fee of \$1.0 million was assumed;
- Replacement reserves were underwritten at \$0.34 per sq. ft., representing \$0.35 per sq. ft. assumed for office and telecom space and \$0.25 per sq. ft. assumed for retail space;
- For office and retail tenants, TI allowances were estimated at \$25.00 per sq. ft. for new leases and \$12.50 per sq. ft. for renewal leases;
- For telecom tenants, TI allowances were estimated at \$20.00 per sq. ft. for new leases and \$10.00 per sq. ft. for renewal leases;
- A 65% renewal probability was assumed for all tenants except the General Services Administration, for which a 70% probability was assumed;
- Based on these assumptions, Standard & Poor's NCF variance was 16.6%;
- Standard & Poor's applied an 8.50% capitalization rate to NCF, gave credit for rent steps related to investment-grade tenants, and completed a net present value mark-to-market analysis, yielding a final value of \$225.0 million (\$374 per sq. ft.); and
- The quality score for this asset was 2.50, an above-average score.

This loan exhibits the following strengths:

- Since its construction, the class A subject property has benefited from heavy upgrades and offers such amenities as prime Manhattan views and on-site, upscale eateries;
- The property is well occupied at 99.0%, with investment-grade tenants comprising 75.0% of NRA and 79.3% of GPR; and
- The property benefits from strong sponsorship and management.

This loan exhibits the following concern and mitigating factor:

- In addition to the first mortgage, there are three levels of mezzanine debt totaling \$145.0 million and secured by pledges of equity interests in the borrower and subject to subordination and intercreditor agreements. Standard & Poor's took the loan structure and the additional debt into consideration when sizing the loan's capital structure and the subordination levels for the deal.

### **130 Prince Street**

The fifth-largest loan in the pool, the 130 Prince Street loan, has a trust and whole-loan balance of \$70.0 million (3.3% of the pool balance). The five-year, fixed-rate, IO loan bears interest at 6.2553% and matures in July 2012.

The loan is secured by a first mortgage encumbering the fee interest in 130 Prince Street, a five-story, 77,378-sq.-ft. mixed-use property comprising 64,878 sq. ft. (83.8% of NRA) of office space and 12,500 sq. ft. (16.2% of NRA) of ground floor retail space located within the renowned SoHo neighborhood of Manhattan. Situated on the corner of Prince and Wooster Streets, the subject boasts a premier location within one of the strongest performing shopping districts in the world, near the B, C, D, F, N, R, and 6 subway lines. The property was built in 1925 and completely renovated in 1989.

As of November 2007, the subject was 100% leased and 97.4% occupied by two office tenants and five retail

tenants paying weighted average in place rents of \$43.65 per sq. ft. and \$240.75 per sq. ft., respectively. The property's two office tenants are Arnell Group LLC (not rated; 42.1% of NRA, lease expires in June 2008) and Estee Lauder ('A'; 41.7% of NRA, current lease expires in October 2008). Estee Lauder recently signed a renewal of its lease for 64,878 sq. ft. (83.8% of NRA), which includes the 19,900 sq. ft. (25.7% of NRA) of space it currently leases, the 32,600 sq. ft. (42.1% of NRA) of space currently leased to Arnell Group LLC, and an additional 12,378 sq. ft. (16.0% of NRA), at a rate of \$59.03 per sq. ft. The Estee Lauder renewal and expansion is scheduled to commence in November 2008 and will expire in October 2018. Finally, one retail tenant, Melru (not rated; 2.6% of NRA, lease expires in June 2011), is currently dark. Table 5 lists the subject's retail tenants.

**Table 5**

130 Prince Street Retail Tenants					
Tenant	S&P rating	Sq. ft.	Property NRA (%)	Rent per sq. ft. (\$)	Lease expiration
Swiss Army	NR	3,525	4.6	292.93	June 2011
Stuart Moore	NR	2,049	2.6	192.89	June 2009
True Religion	NR	2,004	2.6	231.29	June 2016
Melru*	NR	1,993	2.6	234.17	June 2011
Devenlay	NR	1,479	1.9	200.85	January 2015
Georg Jensen	NR	1,450	1.9	176.69	January 2009

\*Subleases space to Arche, which does not physically occupy the space. NRA—Net rentable area. NR—Not rated.

The sponsors of the bankruptcy remote SPE borrower are Excelsior II LLC and Waterman Interests LLC. Formed in 2005, Excelsior II is a fund that focuses on value-added real estate in the New York City metropolitan area and is managed by JP Morgan Investment Management, a leading global investment manager with more than \$30 billion in assets under management. The fund is managed on behalf of the N.Y. Common Retirement Fund, New York State Teachers Retirement System, and the State of Wisconsin Retirement Board, each of which has committed \$150 million to the Excelsior II fund for investment in real estate located throughout the New York City metropolitan area. Waterman Interests LLC is owned by Phillip Waterman, who has 20 years of real estate experience and for eight years was the managing director of the New York office of Reckson Associates Realty Corp. when the company was acquired by SL Green in January 2007. The property is managed by an affiliate of the sponsor. The loan is structured with a hard lockbox for cash management.

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

- Revenues were based on leases in place as of November 2007;
- Expense reimbursements were based on the tenants' contractual obligations and the property's historical performance;
- A 4.4% blended vacancy was underwritten, representing 4% assumed for the Estee Lauder space and 5% assumed for all other spaces;
- Operating expenses, other than real estate taxes and insurance premiums, were based on historical levels;
- Real estate tax and insurance premium expenses were based on the property's current actual expenses;
- A management fee of 4% of EGI was assumed;
- Replacement reserves were underwritten at \$0.29 per sq. ft., representing \$0.30 per sq. ft. assumed for office space and \$0.25 per sq. ft. assumed for retail space;
- For office tenants, TI allowances were estimated at \$30.00 per sq. ft. for new leases and \$15.00 per sq. ft. for renewal leases;

- For retail tenants, TI allowances were estimated at \$40.00 per sq. ft. for new leases and \$20.00 per sq. ft. for renewal leases;
- A 65% renewal probability was assumed for all tenants except Estee Lauder, for which a 70% probability was assumed;
- LC expenses were estimated at 4.0% for new leases and 2.0% for renewal leases;
- TI/LC assumptions were based on the weighted average in-place lease terms of 10.0 years and 10.1 years for office and retail tenants, respectively, with LC expenses capped at 10 years;
- Based on these assumptions, Standard & Poor's NCF variance was 9.7%; Standard & Poor's applied a blended 8.53% capitalization rate to NCF (representing 8.75% assumed for office rents and 8.25% assumed for retail rents) and gave credit for the executed Estee Lauder lease and related rent steps, yielding a final value of \$55.3 million (\$714 per sq. ft.); and
- The quality score for this asset was 2.75, an above-average score.

This loan exhibits the following strength:

- Situated on the corner of Prince and Wooster Streets in Manhattan's premier Soho neighborhood, the subject is well located within one of the strongest-performing shopping districts in the world, near the B, C, D, F, N, R, and 6 subway lines.

This loan exhibits the following concern and mitigating factor:

- There is tenant concentration, as the property is currently 25.7% occupied by Estee Lauder, and will be 83.8% occupied by the tenant as of November 2008. However, Estee Lauder (newly signed lease expires in October 2018) is rated 'A' by Standard & Poor's.

### **Georgian Towers**

The sixth-largest loan in the pool, the Georgian Towers loan, has a trust balance of \$58.0 million (2.8% of the pool balance) and a whole-loan balance of \$185.0 million. The whole loan has been divided into a \$125.0 million senior A note, part of which is included in this transaction, and a \$60.0 million subordinate B note that will be held outside of the trust. The \$125.0 million A note has been split into two pari passu pieces: a \$58.0 million A-2 piece that is being contributed to the subject transaction, and a \$67.0 million A-1 piece that was contributed to the COMM 2007-C9 transaction. In addition to the first mortgage, there is a \$30.0 million mezzanine loan secured by a pledge of equity interests of the borrower. The five-year, fixed-rate, IO loan bears interest at 6.14% and matures in March 2012.

The loan is secured by a first mortgage encumbering an 890-unit, class B apartment complex situated in Silver Spring, Md., approximately six miles north of downtown Washington, D.C. The subject is conveniently located within one mile of the I-495 beltway and four blocks from the Silver Spring Metrorail Station, the second-busiest in the Washington, D.C., MSA, providing direct access to downtown Washington. Constructed in 1968 and configured on a 3.25-acre site, the property consists of two 14-story towers in a mirror-image configuration above a four-story base with an internal courtyard at the plaza level. Providing 718,454 sq. ft. of apartment space, the subject also includes 28,668 sq. ft. of retail space at the base of the two buildings. Apartment units are available in one-, two-, and three-bedroom sizes. Amenities include a rooftop deck, fitness center, business center, community room, and laundry facilities. The site features a total of 596 parking spaces within a four-level parking deck, with two levels at grade and two levels below grade. As of September 2007, the residential component was 89.6% occupied, with a weighted average rent of \$1,311 per unit per month. Table 6 summarizes the property's unit mix.

Table 6

Georgian Towers Unit Summary				
Unit type	No. of units	% of no. of units	Avg. unit size (sq. ft.)	\$ per sq. ft.
Studio	220	24.7	480	26.92
One bedroom	500	56.2	819	18.84
Two bedroom	168	18.9	1,203	16.80
Three bedroom	2	0.2	1,850	12.70
Total	890	100.0	810	19.42

After acquiring the property in April 2004, the sponsor spent \$11.25 million (\$12,640 per unit) on capital improvements that were completed in 2006. The common areas were upgraded and light renovation of the rooms occurred, improving the property from class C status to class B status. The property will undergo further renovation beginning in November 2007, with \$20.8 million (\$23,371 per unit) budgeted for base building improvements and \$14.3 million (\$16,067 per unit) for further unit renovations, all to be completed by November 2009.

Upon completion of the renovations, the property will be repositioned to the upper tier of the local apartment market, making it one of a handful of luxury high-rise assets in the Silver Spring market. The individual unit renovations will include newly renovated kitchens with tile floors and stone counter tops. In addition, each apartment will receive a new washer/dryer and renovated bathrooms. Enhancements to the physical plant (including some amenities which will benefit individual units) will encompass the replacement of all windows and balcony doors, installation of new apartment fan coil units, signage replacement, and the renovation of the corridors/common areas. To further improve the amenity package, the sponsor is planning a \$2.0 million roof top renovation that includes a swimming pool and landscaped sundeck, a newly renovated 3,000-sq.-ft. fitness center, an upgraded and fully equipped business center with high-speed Internet access, and a large community room.

A \$34.3 million reserve was established to cover renovation costs, and a \$14.65 million reserve was established for debt service shortfalls during the term of the loan.

The sponsor of the bankruptcy-remote SPE borrower is Stellar Management (Stellar), which owns and operates more than 18,000 apartment units and 3 million sq. ft. of office space in the metropolitan New York City, Washington, D.C., San Francisco, and South Florida markets. Stellar has purchased more than \$3.0 billion in residential and commercial real estate in the past four years, and has experience owning and repositioning value-added assets, such as Georgian Towers. The property is managed by Riverstone Residential, a firm created out of a management buyout of Trammell Crow Residential Services. Riverstone Residential currently manages more than 180 apartment communities in 19 states. The loan is structured with a soft lockbox for cash management.

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

- Standard & Poor's bifurcated the underwriting analysis due to the renovation. Cash flow was underwritten and DSC calculated following an as-is approach, However, we utilized a stabilized approach to derive the ultimate value of the property;
- For the as-is approach, underwritten apartment and commercial rents were based on the in-place leases as of June 2007. For the stabilized approach, vacated apartment units were assumed to roll to estimated rents of \$27.50 per sq. ft.;
- Other income and parking income were based on historical levels;

- For both the as-is and stabilized approach, a 5% vacancy rate was assumed for apartment units available for occupancy;
- Operating expenses were based on historical levels, and were grown by 3% per year;
- A management fee of 3.5% of EGI was assumed;
- Capital reserves were assumed to be \$250 per unit;
- Standard & Poor's stabilized NCF assuming that an average of 320 units would be renovated per year until completion in 2009, and that an average of 96 units per year would be off-line due to renovations;
- Standard & Poor's applied an 8.50% discount rate over an assumed 10-year holding period to its annual NCF assumptions, arriving at a value of \$183.9 million (\$206,692 per unit); and
- The quality score for this asset is 3.00, an average score.

This loan exhibits the following strengths:

- The pooled trust balance has credit characteristics consistent with investment-grade obligations rated 'AA' by Standard & Poor's;
- The property is well located near Washington, D.C., major freeways, and mass transit;
- As a result of the prospective \$39,438-per-unit renovations, the property will be able to compete in the upper tier of its market; and
- The property benefits from strong sponsorship with experience in owning and repositioning multifamily properties.

This loan exhibits the following concern and mitigating factor:

- In addition to the A note, the loan is encumbered by a \$60.0 million subordinate B note that will be held outside of the trust and \$30.0 million of mezzanine debt secured by a pledge of the equity interests of the borrower. We believe that the A/B loan structure poses a greater risk of a prolonged bankruptcy proceeding, should one occur, due to the existence of multiple creditors. Standard & Poor's took the loan structure and all additional debt into consideration when sizing the loan's capital structure and subordination levels for the deal.

### **1150 18th Street**

The seventh-largest loan in the pool, the 1150 18th Street loan, has a trust and whole-loan balance of \$47.0 million (2.2% of the pooled trust balance). The 10-year, fixed-rate loan bears interest at 7.00%, has an initial five-year IO period, amortizes on a 30-year schedule thereafter, and matures in September 2017.

The loan is secured by a first mortgage encumbering the leasehold interest in 1150 18th Street, a 10-story, 166,518-sq.-ft., class A office building located in downtown Washington, D.C. Constructed in 1990 and renovated in 2004, the property contains 155,944 sq. ft. of office space, 10,574 sq. ft. of retail space, and a two-level subterranean parking garage providing 104 spaces. The subject is situated five blocks north of the White House, within one block from the Metrorail system.

As of July 2007, the subject was 98.9% leased to 23 tenants, including 20 office tenants and three retail tenants, paying weighted average rents of \$41.35 per sq. ft. for office space and \$38.71 per sq. ft. for retail space. Table 7 lists the major tenants at the subject.

Table 7

1150 18th Street Major Tenants				
Tenant	S&P rating	Sq. ft.	Property NRA (%)	Lease expiration
Reed Elsevier	A-	37,184	22.3	July 2010 and July 2012
Stinson Morrison Hecker LLP	NR	16,845	10.1	December 2009
Miller & Chevalier	NR	16,080	9.7	February 2008

NRA—Net rentable area. NR—Not rated.

The sponsor of the bankruptcy-remote SPE borrower is JOSS Realty Partners LLC, a New York City-based private real estate and investment management firm that targets investment opportunities in major U.S. metropolitan markets, including New York City, Philadelphia, and southeast Florida. JOSS has acquired, or is in contract on, more than 1.9 million sq. ft of properties. The subject is managed by a borrower affiliate. The loan is not structured with a cash management feature.

The following points summarize Standard & Poor's cash flow analysis and assumptions for this loan:

- GPR was based on leases in place as of the July 2007 rent roll including rent steps through August 2008;
- A 5% vacancy rate was underwritten, which is greater than in-place and market levels;
- Expense reimbursements were based on the tenants' contractual obligations;
- Parking income was based on an in-place lease to a third party;
- Other income was based on the property's historical performance;
- Operating expenses, other than property taxes, were based on the property's historical performance;
- Property taxes were underwritten to reflect the actual bill;
- A management fee of 4% of EGI was assumed;
- Replacement reserves were underwritten at \$0.35 per sq. ft.;
- TI expenses were estimated at \$20.00 per sq. ft. for new leases and \$10.00 per sq. ft. for renewal leases;
- LC expenses were estimated at 4.0% for new leases and 2.0% for renewal leases;
- TI/LC assumptions were based on the weighted average in-place lease term of 8.6 years;
- A 65% renewal probability was assumed for all tenants;
- Based on these assumptions, Standard & Poor's NCF variance was 10.0%;
- Standard & Poor's applied an 8.50% capitalization rate to NCF and gave credit for a \$2.0 million TI/LC reserve, resulting in a final value of \$38.4 million, or \$231 per sq. ft.; and
- The quality score for this asset is 2.75, an above-average score.

This loan exhibits the following strength:

- The subject benefits from a prime downtown Washington, D.C., address, five blocks north of the White House within one block from the Metrorail system.

This loan exhibits the following concern and mitigating factor:

- The subject property has small floor plates compared with its competitors in the submarket. However, the property is architecturally unique and in good condition, as it was constructed in 1990 and renovated in 2004. In addition, the subject benefits from its convenient location within five blocks of the White House, near the Metrorail. Finally, the property has performed better than its submarket.

## Credit Evaluation

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

**Table 8**

Cash Flow Analysis And Valuation									
Property type	% of pool	DSC (x)	NCF diff.* (%)	Cap rate (%)	Beginning LTV (%)	Ending LTV (%)	Rank	Value per unit/sq. ft. (\$)	
Multifamily	14.3	1.16	11.2	8.37	95.7	90.7	3.21	113,688	
Retail - anchored	13.0	1.24	4.5	8.64	103.6	98.5	2.83	260	
Office	25.9	1.14	12.8	8.68	114.4	109.2	2.69	263	
Industrial	3.1	1.13	6.4	9.13	113.0	105.6	-	83	
Mobile home park	2.6	1.06	4.0	8.36	111.1	106.8	-	46,401	
Self-storage	0.2	1.72	4.1	10.25	79.4	74.7	-	85	
Hotel	8.4	1.25	8.7	11.75	119.4	100.7	2.82	86,968	
Malls	0.0	0.00	0.0	0.00	0.0	0.0	0.00	-	
Mixed-use	6.4	1.14	7.3	8.79	116.1	111.7	2.75	464	
Warehouse	10.6	1.41	5.6	9.87	102.9	98.7	2.70	56	
Congregate care	0.0	0.00	0.0	0.00	0.0	0.0	0.00	-	
Medical office	9.7	1.11	10.6	9.08	126.0	123.7	2.75	531	
Retail - unanchored	4.1	1.18	5.6	9.25	108.8	98.3	2.75	252	
Unassigned	0.0	0.00	0.0	0.00	0.0	0.0	0.00	-	
Other - observation	1.7	2.23	7.0	11.42	73.7	68.7	2.75	1,873	
Total	100.0	1.21	9.0	9.14	109.6	103.5	2.76	-	

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

**Table 9**

Top 10 Loans									
Property name	Property type	% of pool	DSC (x)	NCF diff.* (%)	Cap rate (%)	Beginning LTV	Ending LTV	Value per unit/sq. ft. (\$)	
Lincoln Square	Office - CBD	7.6	1.13	12.72	8.25	125.45	125.45	432	
USFS Industrial Distribution Portfolio	Various	7.5	1.49	7.04	10.16	105.29	105.29	50	
Charles River Plaza North	Office - lab/medical	6.9	1.08	13.57	9.00	129.72	129.72	674	
85 Tenth Avenue	Office - CBD	3.6	1.06	16.78	8.50	119.98	119.98	374	
130 Prince Street	Mixed-use office/retail	3.3	1.08	9.73	8.53	126.64	126.64	714	
Georgian Towers	Multifamily conventional	2.8	1.02	44.25	8.25	67.95	67.95	206,692	
1150 18th Street, NW	Office - CBD	2.2	0.88	9.96	8.50	122.39	115.93	231	
Quality King	Industrial warehouse/distribution	1.9	1.24	1.22	9.00	91.04	79.40	77	
2 Journal Square	Office - CBD	1.9	1.84	6.98	9.00	67.40	57.39	214	
Seattle Space Needle	Other - observation tower, retail	1.7	2.23	7.04	11.42	73.75	68.70	1,873	
Weighted avg.		39.6	1.24	12.88	9.01	111.12	109.49	0	

**Table 9**

**Top 10 Loans(cont.)**

\*Difference between Standard & Poor's estimated NCF and underwriter's estimated NCF as a percent of underwriter's estimated DSC—Debt service coverage ratio. NCF. NCF—Net cash flow. CBD—Central business district.

**Table 10**

**Standard & Poor's DSC Range**

DSC range (x)	No. of loans	Loan balance (\$)	% of pool
>1.65	10	115,458,009	5.5
1.55 to 1.65	1	21,350,000	1.0
1.50 to 1.54	6	26,492,381	1.3
1.45 to 1.49	4	171,818,751	8.2
1.40 to 1.44	2	32,996,585	1.6
1.35 to 1.39	8	36,800,685	1.8
1.30 to 1.34	5	45,753,255	2.2
1.25 to 1.29	8	60,900,302	2.9
1.20 to 1.24	21	244,037,809	11.7
1.15 to 1.19	29	187,657,142	9.0
1.10 to 1.14	26	377,921,003	18.0
1.05 to 1.09	23	481,778,681	23.0
1.00 to 1.04	6	113,375,000	5.4
<1.00	10	177,844,215	8.5
Total	159	2,094,183,817	100.0

DSC—Debt service coverage.

**Table 11**

**Standard & Poor's Beginning LTV Ratios**

Beginning LTV range (%)	No. of loans	Loan balance (\$)	% of pool
<50	1	1,000,000	0.0
50 to 60	2	10,230,000	0.5
61 to 70	2	97,894,331	4.7
71 to 75	2	45,849,137	2.2
76 to 80	3	17,250,000	0.8
81 to 85	2	5,534,541	0.3
86 to 90	7	38,870,868	1.9
91 to 95	12	86,893,256	4.1
96 to 100	17	150,497,676	7.2
>100	111	1,640,164,008	78.3
Total	159	2,094,183,817	100.0

**Table 12**

**Standard & Poor's Ending LTV Ratios**

Ending LTV range (%)	No. of loans	Loan balance (\$)	% of pool
Fully amortizing	0	0	0.0
1 to 50	2	5,300,000	0.3

**Table 12**

<b>Standard &amp; Poor's Ending LTV Ratios(cont.)</b>			
51 to 60	3	50,124,331	2.4
61 to 70	3	97,167,441	4.6
71 to 75	5	24,248,926	1.2
76 to 80	5	67,499,157	3.2
81 to 85	14	104,327,415	5.0
86 to 90	22	116,495,385	5.6
91 to 95	18	94,554,842	4.5
96 to 100	28	221,585,480	10.6
>100	59	1,312,880,840	62.7
Total	159	2,094,183,817	100.0

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