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Commercial Mortgage ALERT

THE WEEKLY UPDATE ON REAL ESTATE FINANCE AND SECURITIZATION

FEBRUARY 26, 2010

Brevan Howard Hires Trader for CMBS Push

Brevan Howard Asset Management, one of Europe's largest hedge fund managers, has lured trader **Ahsim Khan** from **Morgan Stanley** to spearhead a big push into commercial MBS investments.

The London firm is mum about how much capital Khan will be putting to work. But the buzz is that the initial allotment will be at least $250 million and could range up to $1 billion.

At Morgan Stanley, Khan was an executive director and co-head of securitized products trading in North America. He left the bank's New York office on Monday, and is expected to join Brevan's London office as a partner in April.

Khan will pursue a relative-value trading strategy encompassing a broad mix of fixed-income products, with a heavy emphasis on CMBS. He will also buy residential mortgage bonds, CDOs and credit-default swaps tracked by **Markit's** CMBX, ABX.HE and ABX.Prime indices. Khan will also invest in distressed bonds.

It's unclear how Khan's jump to Brevan fits with the fund manager's existing

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Startup Taking Aim at Distressed-Debt Plays

Five real estate pros have teamed up to form an investment-management and advisory firm.

The company, **Ocean West Capital** of Santa Monica, Calif., is run by former **Nomura** lender **Troy Miller;** former **Maguire Investment** executives **Russ Allegrette** and **Phil Choi; Ted Bischak,** who previously worked at **Maguire Properties;** and attorney **Peter Swain.**

Ocean West plans to work with special servicers and portfolio lenders to resolve mid-size to large mortgages on West Coast office and multi-family properties that have significant vacancy issues or other problems. It will pump in equity and provide operational help, including leasing and management services.

"The opportunity here is not so much with well-stabilized properties that are 90% occupied," said Miller. "With that situation, the servicer sells the property with a good

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Spring Hill Seeking to Expand Broker Unit

Spring Hill Capital, which received its broker-dealer license from the **Financial Industry Regulatory Authority** on Wednesday, plans to hire up to 10 structured-finance specialists by yearend.

The New York company wants to beef up its 20-member staff so it can take on assignments to distribute new issues of commercial MBS and other structured-finance products as markets revive. The firm, which was formed about a year ago, also wants to step up trading of CMBS, residential mortgage bonds, CDOs and asset-backed securities in the secondary market, where it has been crossing bonds on a borrowed license since last year.

Spring Hill has already started recruiting a structured-product sales chief, said managing partner **Kevin White.** He's also interviewing candidates for the sales and research openings, which range from entry-level to senior posts.

The sales-and-trading desk mostly targets illiquid securities, commercial real

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THE GRAPEVINE

Gary Wong has joined San Francisco fund operator **W3 Capital** as a principal handling acquisitions. He started work last month, reporting to **Susan Sagy,** one of the firm's co-founders. The firm is raising capital for W3 Value Add Fund, a planned $200 million vehicle that would invest in debt and equity of office properties in California and the Pacific Northwest. The vehicle would be the firm's first. Wong spent six years with **Prudential's** San Francisco office before he was let go in July. He also did stints at **CB Richard Ellis** and **AEW Capital.**

Former **Citigroup** research chief **Darrell Wheeler** has brought in his first recruit since joining broker-dealer **Amherst Securities** as head of commercial MBS investment strategy on Feb. 3. **Vivek Tiwari,** who previously worked for Wheeler as a CMBS research associate at Citi, joined Amherst's New York office as a vice president on Monday. After leaving Citi in November, Tiwari worked at

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PCCP Seeks Capital for 2 Debt Funds

Fund operator **PCCP** is hoping by midyear to complete its first rounds of capital raising for two debt vehicles seeking to attract a combined $1 billion of equity.

The El Segundo, Calif., firm believes it is giving itself an opportunity to appeal to investors with different risk profiles by offering two funds at once: PCCP First Mortgage Fund 2 and PCCP Workout and Recapitalization Venture. The origination fund would shoot for a core return of 8-10% and use leverage sparingly, while the more opportunistic vehicle has a high-yield return goal of 15-18%.

PCCP, with some $6 billion under management, is aiming to raise $500 million for each fund — an ambitious goal in the current environment. After suffering heavy losses on real estate investments, most institutional investors are reluctant to make new commitments.

The origination fund would look to write floating-rate loans with terms of up to three years, and investors are hearing it would hold its loans to maturity. The vehicle would write most of its mortgages on office, retail, multi-family and industrial properties. It is the firm's second attempt at an origination fund. In 2008, PCCP scotched a plan to raise money for an entity that would also have originated and held floating-rate loans. At the time, potential limited partners passed on the offering in favor of debt funds shooting for higher, more opportunistic returns.

The firm evidently hopes to address that sentiment by pairing its origination strategy with a workout fund. The workout vehicle would be more of a distressed-asset play, providing debt or equity to borrowers in distressed situations. The operator could work with sponsors to complete stalled projects or foreclose and assume control of the underlying real estate. PCCP Workout would likely use leverage amounting to at least 50% of its investments, giving it buying power of more than $1 billion.

PCCP began marketing both funds in October without a placement agent.

At the same time, the firm is managing two **Lehman Brothers** mezzanine funds it assumed control of in December. Those funds are now dubbed PCCP Mezzanine Recovery Partners 1 and 2. The $1.1 billion first fund began raising equity in 2005 and was fully invested by May 2008. Its successor raised $1.3 billion of equity in 2008. It invested $700 million and released its remaining undrawn commitments.

PCCP was founded as Pacific Coast Capital Partners by former real estate attorney **William Lindsay** and three **Wells Fargo** executives: **Nick Colonna, Aaron Giovara** and **Don Kuemmeler.** The firm initially invested in bridge loans and mezzanine debt, but later moved into property-fund management. ❖

PB Finances New Virginia Building

PB Capital has originated a $68.4 million mortgage on a fully leased office building in Richmond, Va., that was completed late last year.

The borrower, **NewMarket Corp.** of Richmond, used the proceeds to help pay off a $99.1 million construction loan from a **SunTrust** syndicate.

NewMarket developed the 311,000-square-foot building on land adjacent to its headquarters for **MeadWestvaco,** a paper and packaging firm. MeadWestvaco signed a 13.5-year lease on the property, at 501 South Fifth Street in Richmond's financial district.

PB's loan has a five-year term, with a 15-year amortization schedule. The loan was pegged to Libor plus 400 bp, with a floor Libor rate of 200 bp. NewMarket used an interest-rate swap to lock in the rate at 6.6%.

NewMarket, the parent of two fuel-related firms, lined up the three-year construction loan from the SunTrust syndicate in August 2007. The rate was Libor plus 140 bp.

In 2007, NewMarket also entered into an arrangement with **Principal Commercial Funding,** which conditionally agreed to fully refinance the construction loan at maturity with a 13.5-year mortgage. Principal planned to syndicate the loan. But when the syndication market dried up, the arrangement was dropped.

NewMarket then turned to PB, a subsidiary of German lender **Deutsche PostBank. Berkadia Commercial Mortgage** brokered the loan, which closed on Jan. 28 and has two 13-month extension options. ❖

Bank Shops Distressed Colo. Loans

A community bank is marketing $73.6 million of distressed loans on a half-dozen parcels and luxury homes in Colorado ski country.

The six loans, which investors can bid on individually, range in size from $5.9 million to $22.3 million. The collateral properties are in Aspen, Beaver Creek and Snowmass Village. Most of the loans carry floating rates and recourse provisions.

Alpine Bank of Glenwood Springs, Colo., has tapped **Mission Capital Advisors** of New York to manage the offering. Indicative bids are due March 9, and the final deadline is March 23, with a closing scheduled for a week later.

The offering includes a $22.3 million note on a 2.4-acre parcel at the base of **Ajax Mountain** in Aspen. The borrower, a subsidiary of **Centurion Partners** of Newport Beach, Calif., filed for bankruptcy protection last fall, apparently to prevent Alpine from selling the mortgage. But a judge dismissed the attempt. A Centurion representative has been quoted in a local newspaper saying that his firm is trying to resolve the loan.

There is also a $15.6 million defaulted loan on 17 finished lots near Snowmass Ski Resort in Snowmass Village, about 10 miles from Aspen. A $7.9 million subperforming mortgage is backed by a partially built, 16,000-square-foot residence, also at the base of Ajax Mountain.

As of Sept. 30, Alpine's parent had $1.2 billion of commercial real estate assets, consisting of $582.6 million of commercial mortgages, $23 million of multi-family loans and $609 million of construction and land loans. Four percent of those loans were nonperforming. ❖

Investors Snap Up Retail REIT Bonds

Federal Realty Investment found strong demand on Wednesday for a $150 million offering of unsecured bonds.

The 10-year securities attracted $800 million of bids, enabling bookrunners **Bank of America** and **Wells Fargo** to price them at 225 bp over Treasurys, down from initial price talk of 237.5 bp. The 5.9% bonds, rated Baa1/BBB+ by **Moody's** and **S&P,** were priced to yield 5.924%.

The offering demonstrates how far the REIT market has rallied since last summer. In August, Federal Realty floated $150 million of five-year bonds at a 338-bp spread. The 5.9% paper yielded 6.15%.

Investors said the latest offering fared well, considering that it fell below the $250 million threshold for inclusion in the Barclays Corporate Bond Index. Many fund managers invest via the index, creating built-in demand for included bonds. But Federal Realty, a shopping-center REIT in Rockville, Md., usually sells $75 million to $150 million of notes at a time, so the company "doesn't make it on a lot of investors' radar screens," said one bondbuyer.

REITs have floated $10.2 billion of bonds since the market re-opened last August following a long dry spell. The pickup in issuance was accompanied by a rally that ran out of steam in mid-January, when spreads reversed course and started widening. Secondary-market spreads on a pool of 10-year REIT bonds with an average rating of triple-B-plus stood at 250 bp over Treasurys last Friday, up from 248 bp a week earlier and 226 bp a month ago. Those same bonds averaged 380-390 bp in mid-August, according to a weekly index compiled by Wells Fargo.

Federal Realty benefited from the fact that its offering was the first by a REIT since Feb. 4. Also, trading in the secondary market was light this week.

Ten-year bonds floated by Federal Realty in 2007 were changing hands on Wednesday at 205-206 bp over Treasurys — a tighter spread than the new bonds. Investors said the new paper was cheaper because it has a longer term to maturity and bondbuyers often demand a slightly higher return to take down new securities. ❖

Zabik's Loan Fund Ready to Roll

A planned $500 million origination fund led by former **BlackRock** executive **Alex Zabik** is ready to start lending.

The vehicle, WestRiver Real Estate Finance Fund, will focus on originating fixed-rate senior and mezzanine loans with terms of 5-7 years. It can also buy loans in the secondary market. The return goal is 12%.

The fund is operated by **WestRiver Capital,** a joint venture between **Westmont Hospitality** and **RiverStone LLC,** an investment-management firm formed by Zabik, who is the fund manager.

The vehicle held a first close this week, lining up $125 million of commitments, including $75 million from **Wyoming State Loan and Investment Board.** It was the pension system's first pledge to an origination vehicle.

With equity now on hand, WestRiver is expected to close its first loan soon. The operator declined to comment.

The fund will focus on loans of $10 million to $30 million on all property types. Coupons for senior mortgages are likely to hover around 8-10%. B-notes will be priced in the low double digits, while mezzanine loans and preferred equity will carry rates of about 15%.

The fund charges a 1.5% management fee, although it might be lower for large commitments. After investors receive a 9% preferred return, WestRiver is entitled to half of the profits until it amasses 20% of cumulative distributions. It then gets 20% of any additional profits. WestRiver will kick in up to $25 million of the total equity.

Zabik is senior managing director of RiverStone, which he formed in 2008. He previously was portfolio manager of a high-yield-debt fund sponsored by **GSC Partners** of Florham Park, N.J. Before that, he was a senior member of BlackRock's real estate debt group. **Gregory Breskin** is the fund's head of origination and acquisition. He previously worked at **Brookfield Real Estate Financial Partners.**

Westmont, of Mississauga, Ontario, owns or manages more than 400 hotels worldwide. This is the company's first debt fund. ❖

Prime Finance Holds First Close

Fund operator **Prime Finance** has raised $220 million of initial equity for its second high-yield fund, which will have a larger focus on originations than the predecessor vehicle.

The New York shop began its marketing campaign in the fall, seeking to line up $400 million overall. The fund, which held its first close a few weeks ago, is one of the few that has made headway in recent months amid a broad pullback by investors.

The vehicle, Prime Finance Partners 2, will shoot for a return of about 15% by employing the same broad strategy as its $200 million predecessor. It can originate or buy senior or mezzanine debt, and can also invest in preferred equity.

Fund 1, which closed in 2008 and is fully invested, emphasized the acquisition of performing debt. The new vehicle is likely to tilt more toward originations. It has a seven-year hold period, two years longer than its predecessor. That means it will be able to target longer-term investments. Prime Finance can use leverage, but did so sparingly with its first vehicle.

The company is backed by Prime Group, a San Francisco property firm that owns or manages some 20,000 apartments. Prime Finance sources and manages its investments, and Prime Group handles most of the back-office duties.

Prime Finance was founded in 2008 by **Scott Douglass, Steve Gerstung** and **Jon Brayshaw,** all former **Natixis** executives. They had longstanding relationships with Prime Group and its controlling investors, **John Atwater** and **Daniel James.** All five are principals for Prime Finance's fund series. ❖

Canadian Fund Seeks US Investors

Canadian fund operator **Trez Capital** is soliciting capital from U.S. investors for the first time.

The Vancouver shop is seeking to raise C$200 million ($210 million) of equity for a fund that would originate mortgages on Canadian commercial properties.

Trez has traditionally lined up capital from Canadian investors, especially pension systems. But it now also hopes to lure diversification-minded U.S. institutional investors by playing up the relative stability of the Canadian commercial property market.

Several other Canadian fund shops have broached American equity for the first time in the past year, including **Conundrum Capital** and **GT Canada,** both of Toronto. It's too soon to tell if they are making any headway.

The Trez vehicle, called Trez Capital Finance Fund 2, will shoot for a 10-12% return by writing senior and subordinate loans, including bridge loans. Most of the loans will be backed by properties in the western part of Canada.

Trez, which plans to hold a first equity close in the second quarter, has lined up a C$25 million soft commitment from **Alberta Investment Management,** one of Canada's largest pension systems, with C$69 billion of assets under management.

The fund charges a 1% management fee. After investors receive a 9% preferred return, Trez is entitled to 20% of additional profits. **Robert Perkins** is executive vice president for mortgage funds. Vice president **Mario Abreu** works on raising capital.

Trez, which was founded in 1997 by chief executive **Morley Greene,** has some $500 million of assets under management. Its first closed-end fund, Trez Capital Finance Fund 1, completed raising C$100 million in 2007 and is fully invested. The shop also operates several open-end lending funds. ❖

Fitch Unit Revamps Valuation Model

Algorithmics Credit Advisory, a **Fitch** subsidiary, has retooled its loan-valuation service.

The key change is that users can now create customized valuations for whole loans and commercial MBS based on property-specific data, rather than macroeconomic projections.

Likely clients include community and regional banks, insurance companies and other institutional lenders and investors.

The valuation model was developed by a team led by senior director **Krishnamoorthy Narasimhan.** Algorithmics has tested the revamped product with a few select clients for several weeks and will formally roll it out next week.

The Toronto firm was formed in 1989 and acquired by Fitch in 2005. ❖

Spring ... From Page 1

estate debt and equity. The firm also provides advisory services and is in the process of setting up a commercial-property fund. White said the three-prong strategy differentiates the company from a slew of other broker-dealers that have cropped up during the credit crunch.

Its advisory clients in the commercial real estate sector include insurers, regional U.S. banks and large European banks that need help evaluating and managing their investments in distressed CMBS, CDOs, mortgages and properties. Spring Hill also works with special servicers and CDO managers to restructure or liquidate troubled loans.

On the fund side, Spring Hill expects to start raising $250 million of equity for its debut vehicle in April. With leverage, the fund would have $500 million of buying power. The manager is shooting to close on its first round of equity by September, which would allow it to start putting capital to work by yearend.

The fund would buy full or partial stakes in properties, sometimes with partners. It would also buy commercial mortgages or CMBS with an eye toward taking over the collateral.

Before forming Spring Hill, White was a managing director in the securitization area at **Lehman Brothers** for many years. Many Lehman colleagues have joined him at Spring Hill. In his last role at Lehman, White was responsible for unwinding the investment bank's holdings of commercial properties, CMBS and other structured products. He previously headed the global securitization syndicate desk, including CMBS coverage. ❖

Brevan ... From Page 1

structured-product holdings and its previous efforts to ramp up U.S. investments. The firm hired senior trader **David Warren,** also from Morgan Stanley, in early 2008 to build a U.S. team focusing on similar investments. That unit was spun off last June as **DW Investment Management** of New York.

Khan, 28, rose in the ranks quickly after joining Morgan Stanley's CMBS trading desk in New York in mid-2003. He is best known for CMBX trading, though he handled cash-bond trades as well.

Morgan Stanley promoted Khan to head CMBS trader in the U.S. four years ago. Last June, he was elevated to co-head of structured-product trading. As part of the shift, Khan assumed oversight responsibility for CMBS trading and was replaced as head CMBS trader by **Kevin Ng.** Khan reported to **Steve D'Antonio,** global head of securitized product sales and trading.

It's unknown whether Morgan Stanley plans to name a replacement for Khan. The other co-head of structured-product trading is **Jay Hallik,** who specializes in residential MBS.

The other traders on Ng's team are **Zak Fischer,** who handles senior CMBS; **Dylan Korpita,** who trades subordinate paper; **Andrew Day,** who concentrates on commercial real estate CDOs and interest-only paper; and **Michael Kreicher,** who focuses on CMBX swaps. ❖

'SF' Suffix for Bond Ratings Closer

A separate rating designation for structured bonds — a step many investors fear amounts to a "scarlet letter" for such securities — is moving closer to implementation.

S&P and **Fitch** each said last week that they will add an "SF" suffix to their ratings on structured-finance products issued around the world by September. Moody's made the same announcement four months ago, with a possible midyear implementation.

"I don't see how this could be good," said one commercial MBS trader. "It's either neutral or bad."

The designation could cause logistical problems and hinder trading, according to **Rick Jones,** a partner in the real estate finance practice at **Dechert.** For example, he said, pension funds that are required to buy bonds with certain ratings may shy away from bonds with the suffix. "For many it won't matter," Jones said. "But I guarantee you that some lawyer is going to tell some entity that the 'SF' makes a difference."

Those portfolio managers would have to step away from the market until they can realign their investment parameters to include bonds with that designation. That might be a time-consuming process requiring investor approval.

The S&P and Fitch announcements took some investors by surprise. In November, the **SEC** officially tabled the idea, leading to the perception that the proposal was dead. But sweeping rating-agency reforms adopted last April by the **European Commission,** the executive arm of the European Union, included a provision that requires an additional symbol be attached to ratings on securitized products that might wind up in the hands of European investors. The rating agencies said that has effectively forced them to add the designation to U.S.-issued bonds. S&P is soliciting industry feedback or questions on the issue until March 5. Responses should be e-mailed to questions@standardandpoors.com.

The regulation, coming in the wake of the financial crisis, is intended to warn inexperienced investors away from complex instruments. U.S. traders and investors have scoffed at the idea as unnecessary. The **Commercial Mortgage Securities Association** has strongly opposed differentiations between various types of bond ratings, saying that it would create confusion and unnecessary work for investors. ❖

HUD Dealing $300 Million of Loans

The **U.S. Department of Housing and Urban Development** is offering $306 million of multi-family mortgages.

Bids are due on March 24. The portfolio includes 25 multi-family loans, with collateral scattered across 14 states. The mortgages range in size from $1.6 million to $44.3 million. The offering includes one mortgage on a healthcare facility. Investors can bid on individual loans.

HUD is being advised by **KDX Ventures,** a joint venture between loan-sale advisor **DebtX** of Boston and **KEMA Advisors,** a boutique advisory firm in Hillsborough, N.C. ❖

Startup ... From Page 1

outcome because there are enough people chasing those deals. Our proposition is to work our way into deals and create value. If the servicer takes a property with 50% vacancy and tries to sell it, he might get only 50 cents on the dollar. If he gets it leased up, he can sell it for 80 cents. Then 24 months out, he can sell it for 90 to 100 cents."

The firm will also pursue advisory contracts from lenders and property owners.

Ocean West will seek to raise capital from a range of domestic and foreign investors, including wealthy individuals and pension funds. It would manage the money via separate accounts, rather than by setting up a commingled fund, which would force the firm to lock itself into a specific yield target and deadline for multiple investments.

Miller will focus on loan workouts, sales and restructurings. He had stints at **J.P. Morgan, Merrill Lynch** and Nomura, where he was a managing director and head of West Coast originations. He moved over to **Centerline Capital** in June 2008 as West region head of dispositions when the special servicer acquired part of Nomura's real estate operation.

Allegrette will work on acquisitions, dispositions and capital raising. He was formerly president of Maguire Investments, an investment manager in Santa Monica. Allegrette oversaw a Southern California property portfolio and handled fund raising and loan workouts. He previously was a managing director of **Eastdil Secured.**

Choi's focus is financial analysis, due diligence and analytics. He was a vice president of acquisitions, dispositions and financings at Maguire Investments.

Bischak will work on operations and property management. He was previously a senior vice president of asset management at Maguire Properties, a Los Angeles REIT not affiliated with Maguire Investments. Before that, he worked at **CommonWealth Partners, Tooley & Co.** and **Irvine Co.**

Swain will handle legal due diligence, loan and lease analysis, and loan modifications and foreclosures. He is a real estate and corporate attorney who previously worked at **Gilchrist & Rutter** of Santa Monica. ❖

Correction

A Feb. 19 article, "LoanCore Seeks $500 Million for Loan Fund," incorrectly said that **Gary Berkman,** chief credit officer of **LoanCore Capital,** previously had the same title at **RBS.** He was a senior credit officer at RBS. ❖

RECENT CMBS RATING CHANGES

Feb. 18 - Feb. 24

S&P

	Class	Current Balance ($Mil.)	Orig. Rating	Most Recent Rating	New Rating
Banc of America Comm. Mortgage Inc., 2005-5	A-M	196.2	AAA	AAA	AA-
	A-J	120.2	AAA	AAA	BBB+
	B	41.7	AA	AA	BBB
	C	19.6	AA-	AA-	BBB-
	D	36.8	A	A	BB+
	E	19.6	A-	A-	BB
	F	24.5	BBB+	BBB+	BB-
	G	27.0	BBB	BBB	B
	H	24.5	BBB-	BB+	CCC+
	J	12.3	BB+	BB	CCC
	K	12.3	BB	B+	CCC-
	L	4.9	BB-	B	CCC-
	M	2.5	B+	B-	CCC-
	N	2.5	B	CCC+	CCC-
	O	7.4	B-	CCC	CCC-
CAM Commercial Mortgage, 2002-CAM2	H	5.2	BB+	BB+	BB+
	J	1.0	BB	BB	BB
	K	1.0	BB-	BB-	BB-
	L	1.6	B+	B+	B+
	M	1.0	B	B	B
	N	1.0	B-	B-	B-
	X(IO)	86.6	AAA	AAA	AAA
Merrill Lynch Mortgage Trust, 2005-CKI1	A-M	307.4	AAA	AAA	AA-
	A-J	234.4	AAA	AAA	A-
	B	53.8	AA	AA	BBB+
	C	26.9	AA-	AA-	BBB
	D	53.8	A	A	BBB-
	E	30.7	A-	A-	BB+
	F	53.8	BBB+	BBB+	BB-
	G	30.7	BBB	BBB	B+
	H	34.6	BBB-	BBB-	B
	J	7.7	BB+	BB+	B
	K	11.5	BB	BB	B-
	L	11.5	BB-	BB-	CCC+
	M	3.8	B+	B+	CCC+
	N	7.7	B	B	CCC
	P	11.5	B-	B-	CCC-
TW Hotel, 2005-LUX	A-2	36.0	AAA	AAA	A
	B	18.0	AA+	AA+	BBB+
	C	21.0	AA	AA	BBB-
	D	10.3	AA-	AA-	BB+
	E	13.8	A+	A+	BB
	F	14.0	A	A	B
	G	10.3	A-	A-	B-
	H	20.3	BBB+	BBB+	CCC+
	J	15.7	BBB	BBB	CCC
	K	21.9	BBB-	BBB-	CCC-
	L	14.6	BB+	BB+	CCC-
	M	24.2	BB	BB	CCC-
	N	16.4	BB-	BB-	CCC-

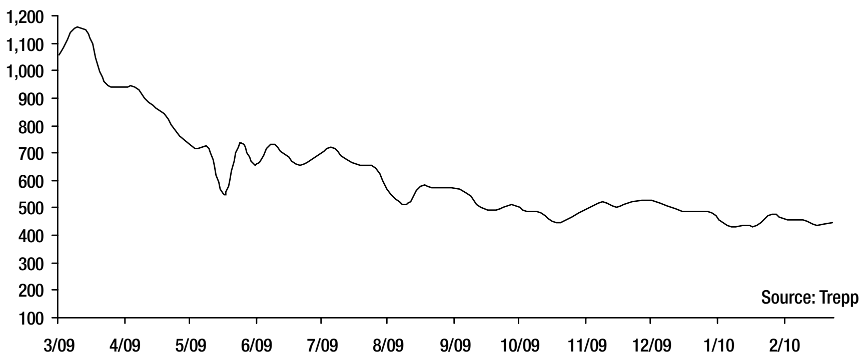
Fitch

	Class	Current Balance ($Mil.)	Orig. Rating	Most Recent Rating	New Rating
CBRE Realty Finance CDO Ltd., 2007-1	A-1	410.6	AAA	AA	CCC
	A-1R	45.6	AAA	AA	CCC
	A-2	125.0	AAA	A	CCC
	A-2R	8.2	AAA	A	CCC
	B	86.5	AA	BBB-	CCC
	C	48.4	A+	B	CC
	D	19.2	A	B	CC
	E	15.1	A-	B	CC
	F	22.9	BBB+	CCC	C
	G	15.3	BBB	CCC	C
	H	24.5	BBB-	CCC	C
	J	17.5	BB+	CCC	C
	K	16.0	BB	CCC	C
	L	9.9	BB-	CCC	C
GE Commercial Mortgage, 2005-C2	A-J	149.1	AAA	AAA	AA
	B	14.0	AA+	AAA	AA
	C	30.3	AA	AA	A
	D	16.3	AA-	AA-	BBB
	E	25.6	A	A	BB
	F	16.3	A-	A-	BB
	G	21.0	BBB+	BBB+	B
	H	16.3	BBB	BBB	B-
	J	21.0	BBB-	BBB-	B-
	K	9.3	BB+	BB+	B-
	L	7.0	BB	BB	B-
Prima Capital CRE Securitization, 2006-1	A-1	241.5	AAA	AAA	BBB
	A-2	64.0	AAA	AAA	BB
	B	27.8	AA	AA+	BB
	C	22.3	A+	A+	B
	D	16.7	A-	A-	B
	E	18.1	BBB+	BBB+	CCC
	F	12.5	BBB	BBB	CCC
	G	9.7	BBB-	B	CCC
	H	13.9	BB	B	CCC
	J	15.3	B	B	CCC
	K	5.6	B-	B-	CCC

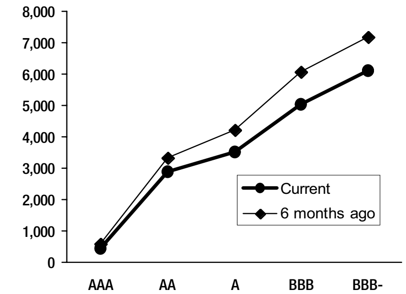
MARKET MONITOR

CMBS SPREADS

10YR, AAA SPREAD OVER SWAPS



CMBS SPREADS OVER SWAPS



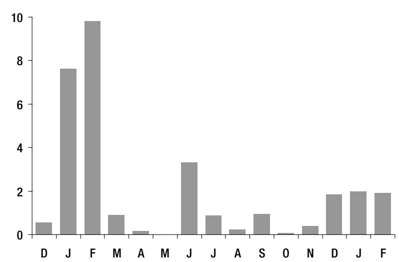
Fixed Rate (Conduit)	Avg. Life	Spread (bp) 2/24	Week Earlier	52-wk Avg.
AAA	5.0	S+202	S+204	+387
	10.0	S+441	S+437	+633
AA	10.0	S+2,903	S+2,899	+3,434
A	10.0	S+3,508	S+3,505	+4,220
BBB	10.0	T+5,041	T+5,040	+5,923

Markit CMBX 05-1	Dollar Price 2/24	Week Earlier	26-wk Avg.
AAA	83.5	84.2	81.2
AA	30.9	32.0	33.1
A	25.9	26.6	26.2
BBB	16.4	16.5	18.2
BB	5.0	5.0	5.6

Sources: Trepp, Markit

WORLDWIDE CMBS

MONTHLY ISSUANCE ($Bil.)



Category	YTD 2010	YTD 2009	2009
US (TALF)	0.0	0.0	0.4
US (Other)	2.2	0.0	2.6
US Total	**2.2**	**0.0**	**3.0**
Non-US (Central bank facility)	1.7	17.0	18.6
Non-US (Other)	0.0	0.3	4.6
Non-US Total	**1.7**	**10.0**	**23.2**
TOTAL	**3.9**	**17.3**	**26.2**

LOAN SPREADS

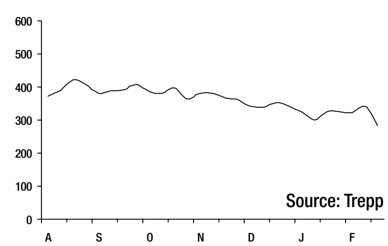
ASKING SPREADS OVER TREASURYS

10-year loans with 50-59% LTV

	2/19	Month Earlier
Office	283	324
Retail	284	326
Multi-family	266	281
Industrial	271	312

Source: Trepp

ASKING OFFICE SPREADS



CMBS TOTAL RETURNS

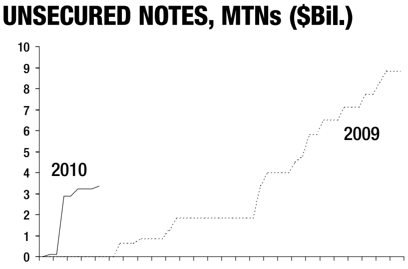
CMBS INDEX

As of 2/24	Avg. Life	Total Return (%) Month to Date	Year to Date	Since 1/1/97
Inv.-grade	4.7	1.4	5.9	119.6
AAA	4.2	1.2	5.0	126.9
AA	5.7	1.9	6.7	23.9
A	6.2	2.0	8.8	9.0
BBB	6.2	2.1	10.6	-5.9

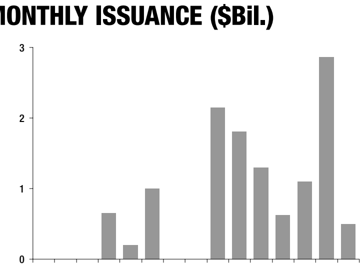
Source: Barclays

REIT BOND ISSUANCE

UNSECURED NOTES, MTNs ($Bil.)



MONTHLY ISSUANCE ($Bil.)



SPREADS

2/19	Maturity	Rating (M/S)	Amount ($Mil.)	Spread (bp)	CDS (bp)
Kimco	10/19	Baa1/BBB+	300	T+255	210
Simon Property	2/20	A3/A-	1,250	T+230	165
Equity Residential	6/17	Baa1/BBB+	650	T+165	140
Prologis	10/19	Baa2/BBB-	600	T+340	238
AvalonBay	3/20	Baa1/BBB+	250	T+185	127
Duke Realty	8/19	Baa2/BBB-	250	T+335	228
Boston Properties	10/19	Baa2/A-	700	T+185	155
Health Care Property	1/18	Baa3/BBB	600	T+315	200
Regency Centers	6/17	Baa2/BBB	400	T+240	
Liquid REIT Average		Baa2/BBB+	556	T+250	183

Source: Wells Fargo

Data points for all charts can be found in The Marketplace section of CMAlert.com

THE GRAPEVINE

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Barclays briefly before reuniting with Wheeler. Amherst president **Joseph Walsh** hired Wheeler to spearhead a move by the Austin, Texas, firm into CMBS sales and trading.

RAIT Financial is looking to hire its first trader dealing only in CMBS. The REIT, which operates on several fronts in real estate finance, already had the capacity to take CMBS positions, but demand for the product has picked up enough to warrant a full-time trader. The firm is looking for recruits with experience trading bonds and whole loans, and it is willing to station that staffer in New York or Charlotte.

Special servicer **TriMont Real Estate Advisors** plans next week to advise commercial MBS holders on the possible ramifications of a reorganization plan filed by the owner of **Extended Stay Hotels. Lightstone Group** financed half of its $8 billion acquisition of the hotel chain by issuing $4.1 billion of CMBS in August 2007. The Extended Stay plan was filed this week under Chapter 11 of the U.S. Bankruptcy Code. TriMont has scheduled a March 4 webcast to brief bondholders on the terms of reorganization plan. To participate in the webcast, call TriMont's **Kate Floyd** at 404-581-7593.

MetLife is looking to hire an associate director in its CMBS group. The recruit, based in Morristown, N.J., would help make bond-trade recommendations. Applicants should have at least five years of investment experience, preferably with a background in structured finance.

The regulatory-reform bill expected to be introduced in the next week or so by **Senate Banking Committee** chairman **Christopher Dodd** (D-Conn.) would require lenders to retain stakes in loans they originate for securitization. The **Commercial Mortgage Securities Association** wants the measure to reflect revisions made by the House before it adopted companion legislation in December. One CMSA-backed provision in the final House bill would require lenders to retain a 5% stake, down from 10%. The House legislation also allows CMBS lenders to fulfill the requirement by selling stakes to B-piece buyers.

Mary Beth Shanahan McCormick joined fund operator **Rothschild Realty Managers** this week as a senior advisor. She is responsible for identifying, reviewing and analyzing real estate investment opportunities. McCormick previously directed real estate investments for **Ohio Public Employees.** Rothschild is a New York fund operator that invests in both debt and equity.

Gary Newman will join **Holliday Fenoglio Fowler's** Manhattan office Monday as a director focused on placing debt. He reports to senior managing director **Mike Tepedino.** Newman previously worked at **Hypo Real Estate** and has done stints at **Barclays, GMAC Commercial Mortgage** and **Lehman Brothers.**

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Telephone: 201-659-1700 **Fax:** 201-659-4141 **E-mail:** info@hspnews.com

Donna Knipp	Managing Editor	201-234-3967	dknipp@hspnews.com
Bob Mura	Senior Writer	201-234-3978	bmura@hspnews.com
Richard Quinn	Senior Writer	201-234-3997	rquinn@hspnews.com
Andrew Albert	Publisher	201-234-3960	andy@hspnews.com
Daniel Cowles	General Manager	201-234-3963	dcowles@hspnews.com
Thomas J. Ferris	Editor	201-234-3972	tferris@hspnews.com
T.J. Foderaro	Deputy Editor	201-234-3979	tjfoderaro@hspnews.com
Ben Lebowitz	Deputy Editor	201-234-3961	blebowitz@hspnews.com
Michelle Lebowitz	Operations Director	201-234-3977	mlebowitz@hspnews.com
Evan Grauer	Database Manager	201-234-3987	egrauer@hspnews.com
Kevin Pugliese	Database Assistant	201-234-3983	kpugliese@hspnews.com
Mary E. Romano	Advertising	201-234-3968	mromano@hspnews.com
Joy Renee Selnick	Layout Editor	201-234-3962	jselnick@hspnews.com
Barbara Eannace	Marketing Director	201-234-3981	barbara@hspnews.com
JoAnn Tassie	Customer Service	201-659-1700	jtassie@hspnews.com