

MARKET COMMENTARY

• For the past two weeks, the Fed's pending \$7.5B sale of its Maiden Lane assets (the mortgage securities it inherited in the AIG bailout) has pre-occupied the Street. Interest in the portfolio was strong, with several syndicates being formed to bid on the massive portfolio. It was announced yesterday that a syndicate led by Barclays and Deutsche had taken the prize. A similar sale last year added fuel to the CMBS market's summer swoon, so it is encouraging to see that even a volume trade can be absorbed relatively comfortably.

• According to Trepp, loan delinquency rates for securitized loans turned sharply up in March, climbing 31 basis points to 9.68%, after reaching a 12-month low in February. Multi-family continues to be the weakest asset class in terms of loan delinquency: the asset class's delinquency rate spiking 74bps to 15.39%. Retail, office and industrial delinquency also climbed in March, with retail being strongest overall performer at

8.24%, up 24bps from February. Lodging was the one asset class that showed month-over-month improvement, dropping 42bps to 10.63%.

• One metric we have been watching closely is the rate of defaults among 5-year loans. Many of these loans were written at the top of the 2007 peak and are current but are at risk of maturity default. Trepp reported recently that only 48% of five-year loans that matured in Q1 of 2012 were paid off at par or otherwise resolved by the servicers. That means that 52% of those recently maturing loans are currently in maturity default and, among those, roughly 50% by Trepp's reckoning are characterized as "performing balloon" loans. It is these performing balloon loans that are fueling the demand for rescue equity capital and/or loan modifications structured with the goal of giving borrowers a bit more runway to resolve their leverage challenges.

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RECENT DEALS/CLOSINGS/QUOTES – DEBT

Asset Type	Type of Financing	Type of Lender	Rate/Return	Loan-to-Value	Term	Amortization/Comments
Retail - Grocery Anchored	Fixed	Life Company	3.45%	65%	5 years	25 year
Retail - Grocery Anchored	Fixed	Life Company	3.85%	65%	10 years	25 year
Retail - Grocery Anchored	Fixed	CMBS	5.10%	72%	5 years	30 year
Retail - Grocery Anchored	Fixed	CMBS	4.85%	72%	10 years	30 year
Multifamily	Fixed	Agency	4.21%	80%	10 years	30 year, 2 Years IO
Office	Fixed	Life Company	5.00%	50%	20 years	20 year
Office	Fixed	Life Company	4.75%	75%	5 years	25 year
Office	Fixed	Life Company	4.75%	75%	5 years	30 year
Office	Fixed	Life Company	5.35%	60%	10 years	20 year
Hotel	Fixed	CMBS	3.40%	38%	5 years	IO
Multifamily	Fixed	Agency	3.79%	74%	7 years	30 year, 2 Years IO
Office	Floating	Bank	L + 250	50%	3 years plus two 12-month ext.	IO
Multifamily - Vacant	Floating	Bank	L + 275	70%	3 years plus two 12-month ext.	IO, 25% recourse
Office	Floating	Bank	L + 250	65%	3 years plus two 12-month ext.	IO
Office	Fixed	Bank	4.30%	70%	7 years	25 year

RECENT DEALS/CLOSINGS/QUOTES - EQUITY

Asset Type	Type of Financing	Type of Investor	Target Return	Equity Contribution Levels	Comments
Multi-Family Development	JV Equity	Hedge Fund	35%	85%/15%	10% pref, 20% above 10%, 30% above 20%, 40% above 30%
Mixed-Use	Preferred Equity	REIT	11%	100%	Up to 75% LTV
Multi-Family Development	JV Equity	Insurance Company	22%	80%/20%	35% above 10%, 45% above 15%, 50% above 18%
Multi-Family Development	JV Equity	Opportunity Fund	22%	90%/10%	10% above 12%, 20% above 15%, 30% above 18%
Office	Preferred Equity	REIT	8%	100%	Up to 65% LTV

SENIOR & SUBORDINATE LENDING SPREADS

	Maximum Loan-to-Value	DSCR	Spreads
Fixed Rate - 5 Years	65 - 70%	1.30 - 1.50	T + 200 - 400
Fixed Rate - 10 Years	60 - 70%*	1.30 - 1.50	T + 170 - 350
Floating Rate - 5 Years			
Core Asset	<65%*	1.30 - 1.50	L + 200 + 325
Value Add Asset	<65%*	1.25 - 1.40	L + 325 - 500
Mezzanine Moderate Leverage	65 - 80%	1.05 - 1.15	L + 700 + 900
Mezzanine High Leverage	75 - 90%		L + 1000 + 1400

* 65 - 70% for Multi-Family (non-agency); Libor floors at 0-1%

10-YEAR FIXED RATE RANGES BY ASSET CLASS

	Maximum Loan-to-Value	Class A	Class B/C
Anchored Retail	70 - 75%	T + 285	T + 295
Strip Center	65 - 70%	T + 305	T + 320
Multi-Family (non-agency)	70 - 75%	T + 235	T + 240
Multi-Family (agency)	75 - 80%	T + 195	T + 200
Distribution/Warehouse	65 - 70%	T + 290	T + 305
R&D/Flex/Industrial	60 - 65%	T + 300	T + 315
Office	65 - 70%	T + 280	T + 300
Full Service Hotel	55 - 65%	T + 325	T + 350

* DSCR assumed to be greater than 1.35x

BASE RATES

	April 30, 2012	Two Weeks Ago	One Year Ago
30 Day LIBOR	0.24%	0.24%	0.21%
U.S. Treasury			
5 Year	0.82%	0.85%	1.99%
10 Year	1.92%	2.00%	3.33%
Swaps		<u>Current Swap Spreads</u>	
5 Year	1.11%	0.29%	
10 Year	2.05%	0.13%	

Cushman & Wakefield Sonnenblick Goldman has raised approximately \$25 billion of capital from more than 125 capital sources for 270 transactions in the past five years. For more information on this report or on how we can assist your financing needs or hospitality or note sales, please contact any CWSG office or:

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