



The Return of the Loan: Commercial Mortgage Investing after the 2008 Financial Crisis

“Are you sure this isn’t some kind of joke?” Zoe Greenwood was glancing through the offering memorandum for a new commercial mortgage-backed securities (CMBS) deal on April 1, 2010, a time when the opportunities for commercial mortgage investors had been bleak to the point of comical. Scheduled to be issued in the next week or two, the RBSCF 2010-MB1 securities represented the first opportunity to buy CMBS backed by loans to multiple borrowers since credit markets had shut the securitization pipeline in June 2008.

For Greenwood, a vice president at Foundation Investment Advisors (FIA), this new CMBS deal gave her a new investment opportunity to suggest to the firm’s latest client, United Principal Life (UPL). Like many life insurance companies, UPL had remained a passive investor during the recent financial crisis, which meant it had endured significant losses on its commercial mortgage and commercial mortgage bond portfolios. Believing the worst to be over, UPL was looking to allocate more capital to real estate.

Greenwood had planned to recommend an expansion in UPL’s traditional commercial mortgage business, but these new bonds looked intriguing. She sat down and prepared to analyze whether the new CMBS could offer her client a superior risk-return tradeoff compared with making individual mortgage loans.

Zoe Greenwood

Greenwood had developed an interest in commercial real estate at a young age. Growing up surrounded by wide-open spaces along the English River in her hometown of Riverside, Iowa, she had a natural understanding of the potential in land. Her father, Karl, had harnessed some of that potential by successfully developing a series of retail strip malls in nearby Iowa City. After completing her bachelor’s degree at the University of Iowa, Greenwood worked for a number of years as a financial analyst at Koenig Capital, a private real estate investment trust headquartered in St. Louis, where she was in charge of the financial modeling associated with the firm’s portfolio of office buildings.

Her years in St. Louis taught Greenwood two things. First, she really liked baseball; she was inspired as she watched the St. Louis Cardinals win the 2006 World Series after a mediocre

season, and she took the lesson that possibilities can be endless if you put your mind to something. Second, she discovered that she was more interested in the financing side of commercial real estate than the management side.

To facilitate her career shift, Greenwood decided to go back to school and earn an MBA. She graduated in 2009 from the Kellogg School of Management with majors in real estate and finance. She was thrilled to accept an employment offer from FIA, an investment advisory firm based in Minneapolis. FIA's client base had originally focused on nonprofits such as foundations, endowments, municipalities, and charities, but the firm had begun advising mid-size insurance companies and even a few private high-net-worth clients.

FIA believed in a holistic approach to its advisory work and designed investment recommendations tailored specifically to the needs of the individual client. However, because wealth preservation was important to most of its clients, FIA tended to recommend substantial portfolio allocations to fixed-income products. Beyond government bonds, FIA not only had the expertise to recommend investments in corporate and municipal bonds and residential and commercial mortgage-backed securities, but it also had relationships that would facilitate its clients making direct commercial real estate loans.

United Principal Life

United Principal Life was a mid-size life insurance company that primarily offered whole life policies to its customers, but had recently started adding term insurance, annuities, and other financial products to its mix. As of the end of the first quarter of 2010, its assets totaled \$452 million, primarily allocated to a variety of fixed-income instruments as was typical in the life insurance industry (**Exhibit 1**).

Greenwood had met UPL's managing director of investment strategy, Benjamin Pegg, at a recent conference sponsored by the National Association of Insurance Commissioners. The two quickly realized the potential for FIA to be of use to UPL. As a first step, Pegg agreed to hire FIA for the limited purpose of having Greenwood suggest how best to increase its holdings of real estate debt. In particular, UPL was looking at how to invest the proceeds from a recent maturing of \$5.8 million of treasury bonds. UPL was not interested in owning real estate outright—it was too small to acquire institutional-quality commercial property and it had made the strategic decision to not become a limited partner in real estate private equity funds.

Greenwood understood this to be a test both of her analytical capabilities and her real estate expertise. If sufficiently impressed with her analysis, UPL likely would turn to FIA for a more thorough review of its portfolio. For now, however, UPL simply wanted real estate exposure and had shared with FIA its investment policy (**Exhibit 2**).

In follow-up conversations with Pegg, Greenwood understood that UPL's mortgage loan portfolio was currently invested in a portfolio of sixty-two mortgage loans. These loans had a typical size of between \$2 and \$3 million and were diversified geographically as well as across property types. Greenwood noted that UPL had experience investing in CMBS, with investment-grade bonds in the portfolio spread across fourteen different securitizations brought to market between 2005 and 2007. To support these activities, UPL had a dedicated team of six real estate financial professionals who had the knowledge and experience to make both mortgage and mortgage bond investments.

The Market for Commercial Mortgage Credit

Commercial mortgage credit was provided either by institutions that held those mortgages on their balance sheets or by those that would originate loans with the intention of using the loans as collateral for the issuance of CMBS. Life insurance companies liked lending against commercial property (e.g., office buildings, retail establishments, industrial properties, apartment buildings, and other specialized real estate such as hotels, medical buildings and hospitals, or storage facilities). Such properties generated the cash flow necessary to repay the mortgage loan by collecting rent from tenants. Not only were commercial mortgages implicitly backed by contracted cash flows, but such loans also had features that made them attractive to insurance companies looking to match the maturities of their assets to the maturities of their liabilities. Because commercial mortgage loans typically forbid loan prepayments, either through outright contractual bans, high prepayment penalties, or yield maintenance or defeasance requirements,¹ insurance companies could be reasonably certain that loan maturities could be chosen to match the timing of their expected life insurance claims.

Issuers of CMBS typically amass a pool of commercial mortgage loans—either by originating the loans themselves or by acquiring them from other loan originators—which then serves as collateral for the CMBS. The cash flows promised to the CMBS derive from the interest and principal repayments promised by the pool of underlying commercial mortgages. Realized cash flows on the CMBS, of course, depend on the performance of the underlying loans in the pool.

With restrictions on prepayment on the underlying loans, CMBS deal structuring largely focuses on addressing the allocation of default risk. Default risk on the underlying pool is typically reallocated to CMBS through a sequential ordering of individual bonds. Within a typical deal structure, underwriters create three classes of securities, or tranches. The securities belonging to the largest class are the most senior, attract a AAA bond rating, and are typically marketed to financial institutions and money managers as an alternative to corporate bonds. At the other end of the credit spectrum is the below-investment grade tranche, commonly referred to as the B-piece. These bonds are sold to high-yield investors who have the commercial real estate expertise to understand the risks inherent in the pool of underlying loans. In exchange for buying the riskiest tranche of the securitization structure, the B-piece investor typically controls the workout of loans that become troubled over the life of the pool.² A failure of an underwriter to find a willing B-piece investor typically dooms the securitization, and therefore pools are assembled and tranced in a way that such investors are willing to take part. Between the institutional investors looking for fixed-income securities and the commercial real estate experts who sought high yields in exchange for careful underwriting and analysis is typically a set of mezzanine investors, who were a cross between the investors at either end of the capital structure (**Exhibit 3**).

Greenwood had left Koenig Capital to attend Kellogg just as the first signs of trouble in real estate markets were appearing. At Koenig, she had first-hand experience watching the tremendous growth in commercial real estate lending in the years immediately preceding the financial crisis (**Exhibit 4**). Commercial mortgages held by banks rose by nearly \$800 billion between mid-2004 and late 2008. Similarly, the amount of outstanding CMBS doubled from \$400

¹ Defeasance requires a borrower seeking to prepay a securitized loan to place treasury securities into the pool in an amount that would generate the originally promised principal and interest payments.

² Technically, the pooling and servicing agreement of the securitization would typically grant the “controlling class,” or the security holder in the first-loss position, the right to appoint the special servicer, the institution that controls the workout process.

billion to \$800 billion between mid-2004 and mid-2007. The tremendous growth of commercial mortgage debt was a result of an increased demand fueled by an increase in commercial property prices that was, in part, accommodated by looser underwriting standards by commercial real estate lenders.

The decline in commercial property prices and the tightening of commercial mortgage underwriting standards since late 2007 accompanied a rapid increase in the default rates on previously issued commercial mortgage loans (**Exhibit 5**). As a result, the primary market for new CMBS all but disappeared in 2008 and 2009 and balance sheet lenders retrenched.

Mortgage Lending Opportunities

FIA had established contacts throughout the commercial real estate finance industry, and as a result, Greenwood felt confident that it could place UPL's \$5.8 million by directly lending to property owners. With the banking industry still in retrenchment, most of available capital targeting real estate debt was focused on the highest-quality property in large markets. The size of UPL's investment would require it to focus on the underserved Class-B and Class-C properties and/or secondary and tertiary markets. By making two to three loans, Greenwood was confident that within three months she could lend UPL's \$5.8 million secured against commercial real estate collateral. As part of her responsibilities, she was in constant communication with mortgage brokers and had a good sense where the lending market was at present (**Exhibit 6**). An investment of this kind would require the solicitation of loan applications, property-level underwriting, and the potential to manage a debt renegotiation if the borrower did not repay what was promised. Such was mortgage lending, however, and UPL's significant balance sheet lending experience would be useful.

The pending offering of CMBS offered Greenwood an alternative approach to acquiring exposure to commercial real estate debt.

CMBS 2.0

As Greenwood read through the offering documents, it became clear almost immediately that the bonds being offered by RBSCF 2010-MB1 were fundamentally different than CMBS bonds sold prior to the crisis.

"I suppose that is why they are calling this CMBS 2.0," she mused to herself. The most notable difference between this offering and those prior to the downturn was that there were no bonds rated below investment grade, which avoided the need for the lead underwriter, The Royal Bank of Scotland (RBS), to find a B-piece buyer (**Exhibit 7**). The second obvious difference was that the loan pool consisted of only six loans, with a total outstanding mortgage balance of just under \$310 million. Greenwood's instinct told her that the small loan pool might lack the diversification of earlier deals, although the small number of loans meant that a complete underwriting of the pool's cash flows was feasible.

Later in the week, Greenwood participated in the investor conference call organized by RBS. She was somewhat surprised that more than one hundred different firms were on the call, but it was hard to determine whether this represented true interest in the bonds or whether most of the

participants were real estate professionals simply curious about how new commercial mortgages were being underwritten post-crisis. Questions on the call tended to focus on the assets and loan characteristics rather than on bond specifics, and based on her familiarity with commercial mortgage underwriting prior to the crisis, Greenwood realized that there was only so much one could learn from underwritten loan-to-value (LTV), debt service coverage ratios (DSCR),³ and debt yields.⁴ This made her pause and think back to her real estate finance professor, who often cautioned, “Skilled financial analysts can make a spreadsheet justify anything—so think carefully about your assumptions.” If she planned to recommend an investment in these bonds, she would have to look at the underlying leases, tenants, and economic conditions, among other things. Although the deal documents were extensive, after a few hours Greenwood was able to organize what she thought would be the most relevant information underlying each of the six loans in the deal (**Exhibit 8** through **Exhibit 13**). This information captured details on the loans, properties, leases, tenants, and financials, both historical and underwritten.

Recommendation

UPL was expecting Greenwood’s recommendation very soon. She needed to decide whether to recommend individual mortgage loans or CMBS.

Making individual mortgage loans generated a set of promised cash flows in exchange for a fixed investment. The loans had the potential to generate high coupon-based cash flows and higher expected returns, but only because they were typically higher risk. The typical commercial mortgage was often no better than a BB-rated investment. On the other hand, the bonds in the CMBS offering allowed UPL to target a particular level of risk, and all of the bonds were investment grade. This suggested that loss rates over the five-year investment period would be less than those in a direct mortgage portfolio (**Exhibit 14**).

However, it was impossible to know what return would be realized from a bond investment because the prices on the bonds were not yet known. Although it was true that AAA-rated bonds typically sold at par, the lower-rated tranches would certainly be sold at a discount. If she were to advocate the purchase of any of the lower-rated CMBS, Greenwood would have to determine the price at which the bonds would yield a risk-adjusted return superior to traditional lending.

³ The DSCR measures the ratio of the income generated by the property (through rents collected, etc.) to the debt service required by the loan. Thus, higher values of DSCR, all else being equal, imply a safer loan.

⁴ Debt yields express the ratio of the underlying property income (NOI) divided by the outstanding first mortgage balance.

Exhibit 1: Consolidated Balance Sheet of United Principal Life

	(\$ in thousands)
Cash, cash equivalents, and short-term securities	40,195
Fixed-income securities	224,820
U.S. Treasuries	37,264
Corporate bonds	160,978
RMBS	27,362
CMBS	17,216
Equity securities	20,392
Mortgages secured by income-producing property	123,685
Policy loans	15,561
Other assets	9,158
Total assets	451,811
Insurance contract liabilities	400,382
Other liabilities	19,350
Equity	32,079
Total liabilities and equity	451,811

Note: As of December 31, 2009.

Exhibit 2: Investment Policy Statement of United Principal Life (abridged)

SECTION III: BOND INVESTING

Our strategy is to create a Fixed Income Investment Program to achieve the following three objectives: (a) To reduce the risk of the overall investment portfolio because bonds have lower risk than other major asset classes, (b) to earn an annualized net (after fees and expenses) rate of return that exceeds the Barclays Capital U.S. Universal Bond Index over rolling five- to seven-year periods by 10–20 basis points, with expected tracking error of 0.5 percent to 1 percent, (c) to serve as a source of liquidity for making claims payments and for rebalancing purposes.

Investments in the FIIP may include all sectors of the fixed-income market included in the Barclays Capital U.S. Aggregate Bond Index—a broad measure of the U.S. dollar-denominated, investment-grade, taxable bond market. Also permitted are other investment-grade sectors such as municipal bonds, collateralized mortgage obligations (CMOs) such as RMBS and CMBS, and Rule 144A securities.

FIIP investments are to be diversified so that no more than 15 percent is invested in one industry (does not apply to U.S. government securities). No more than a maximum of 5 percent of the FIIP may be invested in securities of any one corporation.

Securities issued under Rule 144A (nonregistered debt) are limited to 20 percent of the market value of the FIIP portfolio. Private placement securities are limited to 5 percent of the market value of the portfolio.

SECTION VI: DIRECT MORTGAGE INVESTING

Our strategy is to create a Mortgage Investment Program to generate a diversified portfolio of high-quality mortgage investments secured by income-producing property. The returns on these investments are expected to compare favorably to those of alternative fixed-income investments. The MIP shall have a “core” risk/return orientation and, therefore, the program will target loan investments that (1) have creditworthy borrowers and (2) mortgages secured by real property. The primary strategy of the MIP is to make loan originations that are underwritten using the standard loan due diligence process so risks are identified, evaluated, and priced accordingly. Risks may include borrower credit, tenancy, lease-up, rollover, location, property type, market, submarket, and transaction structure. Term, amortization, and rollover risk will be structured to maximize the probability of exit at loan maturity. Additionally, mortgage loans should be structured in an effort to provide limited principal risk and significant call protection. In particular, mortgage loans will be locked to prepayment for a portion of the term then open to prepayment with the payment of a fee, the greater of 1 percent of the loan balance or UST based yield maintenance at like-term UST rates plus 50 basis points.

Preservation of capital is an important objective of the Funds’ Mortgage Participation Program. As such, high-quality, fixed-rate loans generally are preferred. No participating loans, mezzanine debt, or second mortgage loans are permitted under this policy.

Moderate leasing risk is acceptable. Substantial preleasing will be required on forward commitment loans. Loans on operating properties generally require higher, stabilized levels of occupancy of at least 85 percent.

Exhibit 2 (continued)

MIP investments should provide reasonable diversification by geographic location.

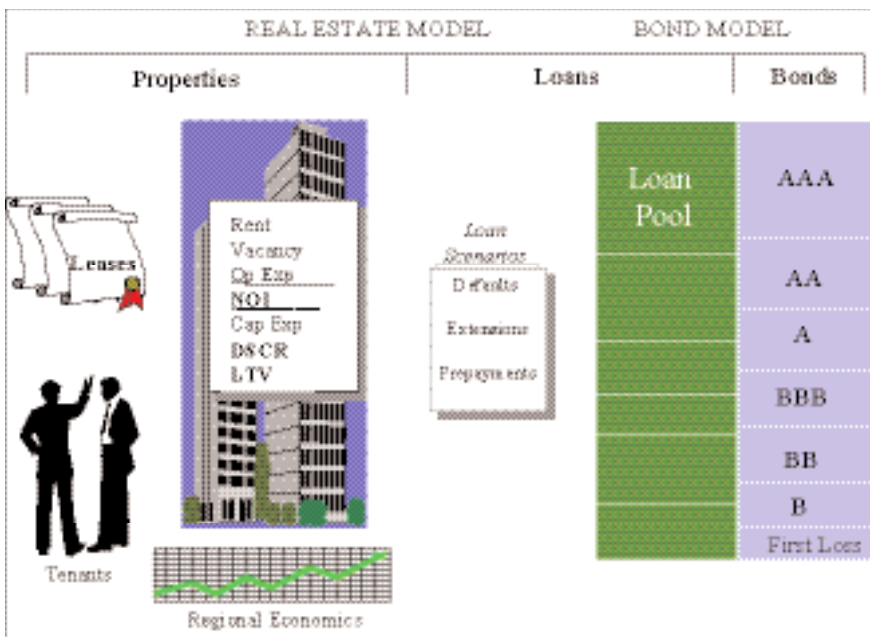
MIP investments are subject to a minimum debt service coverage ratio of 1.25:1.0, a maximum LTV of 70 percent based on the underwritten valuation, and supported by a satisfactory appraisal prepared by an approved MAI.

Loan coupon rates, generally speaking, should generate spreads of 200–400 basis points over common-maturity UST. Given current conditions, spreads are expected to approach the upper boundary of the range.

Mortgage loans will be nonrecourse, except for standard carve-out provisions, such as fraud, misrepresentation, misapplication of funds, and environmental issues, guaranteed by acceptable credits.

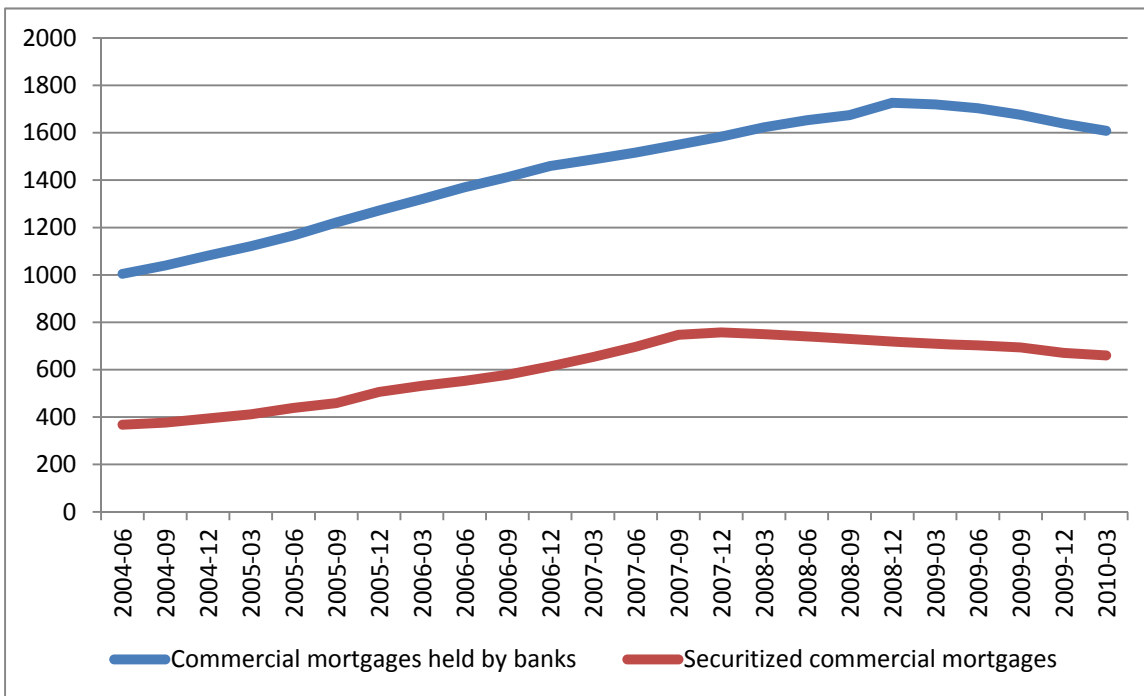
All lending will be subject to an independent appraisal as well as engineering and environmental reviews.

Exhibit 3: The CMBS Process



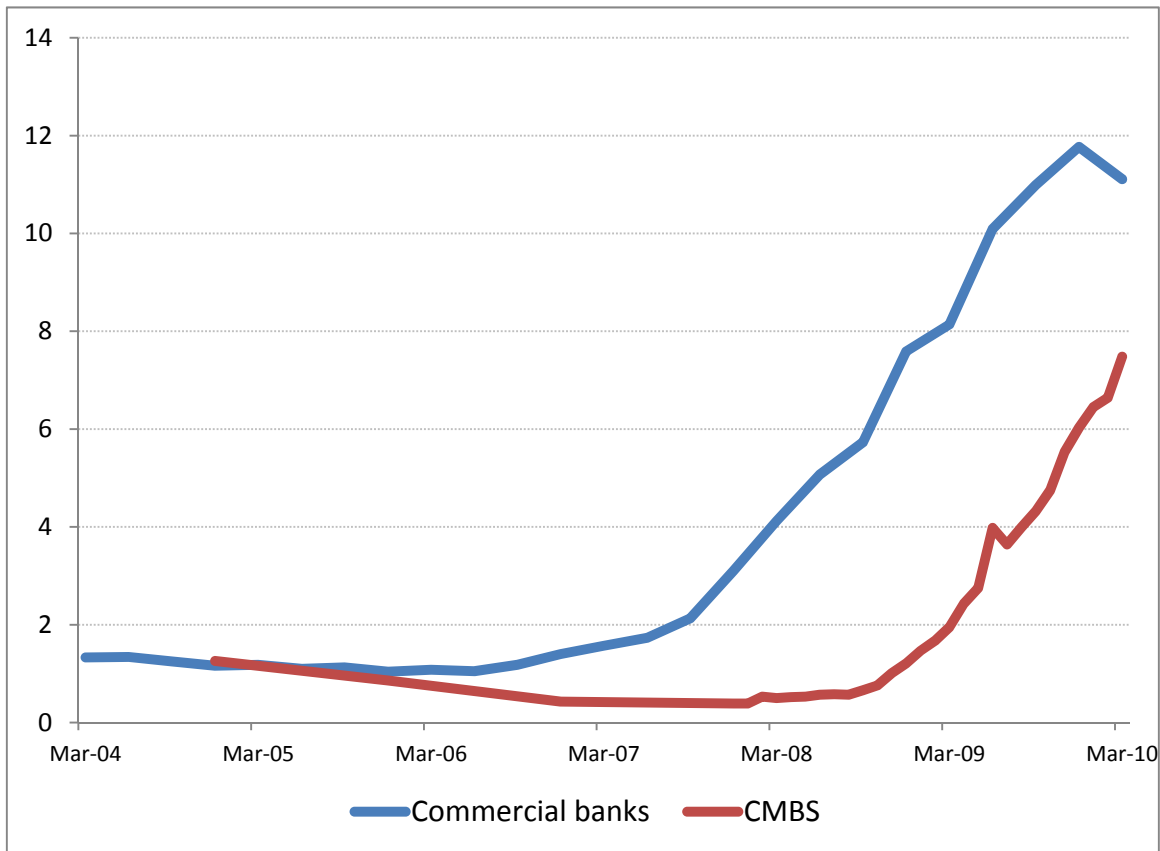
Source: Commercial Real Estate Finance Council.

Exhibit 4: Primary Sources of Commercial Mortgage Credit (\$ in billions)



Source: Federal Reserve.

Exhibit 5: Default Rates of Commercial Mortgage Loans



Source: Federal Reserve, Commercial Real Estate Finance Council.

Exhibit 6: Summary of Prevailing Commercial Mortgage Lending Terms

Collateral:	Stabilized commercial properties
Min. amount:	\$1 million
Max. amount:	\$5 million
Loan term:	5–10 years
Maximum amortization:	30 years
Maximum LTV:	70%
Minimum debt service coverage:	1.25x
Minimum debt yield:	11%–14%
Coupon:	6.5–7.5% for 50–59% LTV; 7.5–8.5% for 60–69% LTV
Origination fee:	100 basis points
Other fees:	\$15,000 application fee plus lender expenses
Assumability:	Subject to lender approval and assumption fee
Prepayment:	After 24th month, with yield maintenance

Exhibit 7: RBSCF 2010-MB1 Deal Structure

Property types: Retail (66.3%), office (32.7%), and industrial (1%).

Concentrations: Texas (37.8%) and New York (23.4%).

Loan contributors: RBS (76.6%) and Natixis (23.4%).

Largest loans: A \$77.7 million loan to Macerich on the 1 million-sf South Plains Mall in Lubbock, Texas; a \$72.6 million loan to Harbor Group Investors on the 1.1 million-sf office building at Four New York Plaza in New York; a \$64.8 million loan to Cole Credit Property on fifty-three single-tenant retail properties, encompassing 827,000 sf, in 20 states; a \$35.6 million loan to Cole Credit Property on twenty-one single-tenant retail properties and an industrial/flex property, encompassing 599,000 sf, in eleven states; a \$30.3 million loan to a Developers Diversified Realty partnership on three shopping centers, encompassing 381,000 sf, in three states; and a \$28.7 million loan to Rao Yalamanchili on the 750,000-sf Bank of America Plaza office building in St. Louis.

Notes: The first multi-borrower CMBS transaction since June 2008.

Amount:	\$309.7 million
Seller/borrowers:	RBS, Natixis
Lead managers:	RBS, Natixis
Co-managers:	Bank of America, Barclays, Citigroup
Master servicer:	Wells Fargo
Special servicer:	Wells Fargo
Trustee:	Citigroup
Certificate Admin.:	Wells Fargo
Offering type:	Rule 144A

Class	(\$ in millions)	Rating (Moody's)	Rating (Realpoint)	Initial Pass-Through Rate	Subordination	Maturity Date	Average Life (Years)	Note Type
A-1	20	Aaa	AAA	2.36700%	22.25	4/15/24	2.49	Fixed
A-2	220.791	Aaa	AAA	3.68600%	22.25	4/15/24	4.93	Fixed
B	18.575	Aa2	AA	4.63049%	16.25	4/15/24	4.98	Fixed
C	20.9	Aa2	A	4.66349%	9.5	4/15/24	4.98	Fixed
D	29.434	Baa3	BBB-	4.66349%	0	4/15/24	4.98	Fixed
X(IO)	259.366	Aaa	AAA	1.01156%		4/15/24	4.41	Fixed

Source: Commercial Mortgage Alert, offering circular.

Exhibit 8: South Plains Mall

Loan Information	
Originator:	The Royal Bank of Scotland plc
Cut-Off Date Securitized Principal Balance (\$/NRA):	\$77,700,000 (\$75.98 psf)
Loan Purpose:	Refinance
First Payment Date:	May 11, 2010
Maturity Date:	April 11, 2015
Sponsor(s):	The Macerich Partnership, L.P.
Mortgage Asset Loan Interest Rate:	4.27000000%
Interest Calculation:	Actual/360
Amortization Term:	360 months ⁽¹⁾
Call Protection:	Prepayment locked out through and including the Due Date in April 2011; Prepayment Charge equal to the greater of yield maintenance or 1% from the Due Date in May 2011 through and including Due Date in October 2014; open from the Due Date in November 2014 through the Maturity Date.
Additional Debt	
Mezzanine:	\$27,300,000
Up-Front Reserves:	Deferred Maintenance: Yes ⁽²⁾ Tax and Insurance: Yes ⁽³⁾ TI/LC: Yes ⁽⁴⁾ Capital Expenditures: Yes ⁽⁵⁾
Ongoing Reserves:	Tax and Insurance: Yes ⁽³⁾ TI/LC: Yes ⁽⁴⁾ Capital Expenditures: Yes ⁽⁵⁾ Excess Cash Flow: Springing ⁽⁶⁾
Lockbox:	Hard, Springing Cash Management ⁽⁶⁾

Property Information				
Single Asset/Portfolio:	Single Asset			
Property Type:	Retail – Super Regional Mall			
Location:	Lubbock, Texas			
Year Built/Renovated:	1972 / 2009			
NRA:	1,022,692			
Occupancy (as of):	84.8% (02/28/2010)			
U/W Occupancy:	89.6%			
Fee or Leasehold:	Fee Simple			
	<u>Major Tenants</u>	<u>Ratings (S/M/F)</u>	<u>% of Total NRA</u>	<u>Lease Expiration</u>
	Dillard's	B-/B3/BB-	257,569 25.2%	01/31/2012
	JC Penney	BB/Ba1/BBB-	218,518 21.4%	07/31/2012
	Beall's	-/-	40,000 3.9%	01/31/2017
Property Management:	Macerich Property Management Company LLC			
2007 NOI / DSCR:	\$12,851,347			2.80x
2008 NOI / DSCR:	\$12,713,741			2.77x
2009 NOI / DSCR:	\$13,163,495			2.86x
U/W Net Operating Income:	\$13,015,058			
U/W Net Cash Flow:	\$12,442,443			
Appraised Value:	\$158,000,000			
Appraisal Date:	March 1, 2010			
	<u>Cut-Off Date Securitized Principal Balance</u>	<u>Cut-Off Date Whole Loan Balance</u>	<u>Cut-Off Date Total Debt</u>	
Loan per NRA:	\$75.98	\$75.98	\$102.67	
LTV:	49.2%	49.2%	66.5%	
Debt Yield ⁽⁷⁾:	16.9%	16.9%	12.5%	
U/W NOI DSCR ⁽⁸⁾:	2.83x	2.83x	1.67x	
U/W NCF DSCR ⁽⁸⁾:	2.71x	2.71x	1.60x	

Exhibit 8 (continued)

Summary of Property Financials

	2007 Year End	2008 Year End	2009 Year End	Underwritten
Revenue				
Annual Base Rent	\$9,876,901	\$9,851,584	\$9,748,811	\$10,218,555
Expense Recoveries	7,249,329	8,033,461	7,458,255	7,598,130
Vacancy/Bad Debt	\$68,734	(\$78,221)	(\$63,899)	(\$2,107,360)
Other Income	<u>2,690,432</u>	<u>2,644,316</u>	<u>2,438,969</u>	<u>2,405,497</u>
Effective Gross Income	\$19,885,396	\$20,451,140	\$19,582,136	\$18,114,822
Total Expenses	\$7,034,049	\$7,737,399	\$6,418,611	\$7,207,124
Net Operating Income	\$12,851,347	\$12,713,741	\$13,163,495	\$10,907,698
Capital Expenditures	916,321	595,941	7,145,341	102,269
TI's & LC's	<u>753,079</u>	<u>1,695,505</u>	413,075	<u>470,346</u>
Total Capital Items	\$1,669,400	\$2,291,446	\$7,558,416	\$572,615
Net Cash Flow	<u>\$11,181,947</u>	<u>\$10,422,295</u>	<u>\$5,605,079</u>	<u>\$10,335,083</u>

Lease Expiration Schedule

Year of Expiration	Number of Leases Expiring	Expiring SF	% of Total NRA	Cumulative Expiring SF	Cumulative % of Total NRA
2010	69	77,149	7.5%	77,149	7.5%
2011	23	30,098	2.9	107,247	10.5%
2012	15	511,077	50.0	618,324	60.5%
2013	9	11,703	1.1	630,027	61.6%
2014	10	24,422	2.4	654,449	64.0%
2015	11	44,395	4.3	698,844	68.3%
Thereafter	34	168,848	16.5	867,692	84.8%
Vacant	NAP	155,000	15.2	1,022,692	100.0%
Total	171	1,022,692	100.0%	1,022,692	100.0%

Major Tenant Summary (Collateral Tenants)

Tenant	Ratings ⁽¹⁾ Moody's/S&P/ Fitch	SF	% of Property NRA ⁽²⁾	Underwritten Rent PSF	Underwritten Annual Base Rent	% of Underwritten Rent ⁽²⁾	Lease Expiration
Top 5 Tenants							
Dillard's	B3/B-/BB-	257,569	25.2%	\$2.15	\$553,064	5.0%	January 31, 2012
JC Penney	Ba1/BB/BBB-	218,518	21.4	\$1.85	404,945	3.7	July 31, 2012
Beall's	- / - / -	40,000	3.9	\$3.90	156,060	1.4	January 31, 2017
Barnes & Noble							
Booksellers	- / - / -	34,500	3.4	\$16.96	585,000	5.3	February 1, 2020
Forever 21	- / - / -	15,419	1.5	\$16.47	253,905	2.3	February 28, 2018
Total Top 5 Tenants		566,006	55.3%	\$3.45	\$1,952,974	17.7%	
Non-Top 5 Tenants		301,686	29.5%	\$30.16	\$9,099,766	82.3%	
Occupied Total		867,692	84.8%	\$12.74	\$11,052,740	100.0%	
Vacant Space		155,000	15.2%				
Property Total		1,022,692	100.0%				

(1) Certain ratings are those of the parent company whether or not the parent company guarantees the lease.

(2) May not add to 100% due to rounding.

Exhibit 8 (continued)

The Loan. This Whole Loan (the “**South Plains Mall Whole Loan**”) was originated by The Royal Bank of Scotland plc on March 31, 2010. The South Plains Mall Whole Loan is secured by a first priority mortgage and deed of trust (the “**South Plains Mall Mortgage**”) encumbering the South Plains Mall Borrower’s fee interest in one (1) property, located in Lubbock, Texas (the “**South Plains Mall Property**”). The South Plains Mall Whole Loan matures on April 11, 2015.

The Borrower. The borrower under the South Plains Mall Whole Loan (the “**South Plains Mall Borrower**”) is a special purpose entity, that is (directly or indirectly) owned by separate entities, which are ultimately controlled by The Macerich Partnership, L.P., the sponsor of the South Plains Mall Whole Loan. The Macerich Company operates as a real estate investment trust (REIT) in the United States that owns and operates substantially all of its assets through by The Macerich Partnership L.P. As of December 31, 2009, the company and its affiliates owned or had ownership interests in 72 regional shopping centers and 14 community shopping centers totaling approximately 75 million square feet. The Macerich Partnership L.P. will serve as the non-recourse carve-out guarantor for the South Plains Mall Whole loan.

The Property. The South Plains Mall Property is a two-story, 1,022,692 square foot, Class B+, super regional mall located in Lubbock, Texas which was constructed in 1972 and upgraded since acquisition by affiliates of the sponsor, including over \$7,000,000 of capital investment in 2009 (the majority of which was attributable to the new Barnes & Noble store). As of February 28, 2010, the South Plains Mall Property is approximately 84.8% leased (92.2% excluding the dark Mervyn’s building). Tenants include four anchors comprised of JC Penney, Dillard’s Store for Men and Children, Dillard’s Store for Women and Beall’s (totaling approximately 516,087 square feet). The South Plains Mall Property currently has more than 155 in-line and specialty tenants, kiosk, and temporary tenants (totaling approximately 351,605 square feet). Additionally, Sears anchors the west side of the South Plains Mall Property with a company-owned store, and Home Depot has an outparcel store that is also company-owned, neither of which serve as collateral for the South Plains Mall Whole Loan. At closing, the collateral included a vacant Mervyn’s store. The South Plains Mall Property was acquired by The Macerich Company in 1998 at a cost of \$115.8 million. Proceeds of the South Plains Mall Whole Loan will be used to repay an existing first mortgage loan in the amount of \$51.0 million with excess proceeds applied to the reduction of The Macerich Company’s unsecured credit facilities and the return of equity to investors. The Macerich Company’s cumulative cost basis in the South Plains Mall Property is \$134.0 million and its depreciated basis as of year end 2008 was \$99.0 million. The South Plains Mall Property is currently undergoing a \$1.82 million renovation to the food court area to update it to a more current layout, tenant mix and suite size including adding new permanent national tenants. The Macerich Company has reportedly invested over \$11.0 million in renovation to the South Plains Mall Property over the last 3 years. The lender escrowed approximately \$3,000,000 in cash escrows for roof replacement to be carried out over the next 1 to 4 years.

Property Management. The South Plains Mall Property is managed by Macerich Property Management Company LLC (the “**South Plains Mall Manager**”), an affiliate of the South Plains Mall Borrower, pursuant to a management agreement (the “**South Plains Mall Management Agreement**”). Under the terms of the related loan documents, all fees payable to the South Plains Mall Manager under the South Plains Mall Management Agreement are subordinate to the South Plains Mall Whole Loan. The South Plains Mall Management Agreement has no finite term but is, in addition to other termination events, cancellable upon 30 days’ notice. The lender has the

Exhibit 8 (continued)

right to cause the South Plains Mall Borrower to terminate the South Plains Mall Manager upon the occurrence of certain events, including: (a) the gross negligence, intentional malfeasance or willful misconduct of the South Plains Mall Manager or any event of default by the South Plains Mall Manager under the South Plains Mall Management Agreement; (b) the occurrence and continuation of an event of default under the South Plains Mall Whole Loan, or (c) upon the DSCR for the South Plains Mall Property falling below 1.00x (unless such decline is due to “market conditions”). The South Plains Mall Borrower has the right, without consent or approval from the lender, to cause the South Plains Mall Management Agreement to be assigned by the South Plains Mall Manager to an affiliate of the South Plains Mall Borrower, subject to satisfaction of certain conditions in the loan documents.

Appraisal. In connection with the origination of the South Plains Mall Whole Loan, Cushman & Wakefield performed an appraisal of the South Plains Mall Property on behalf of the Originator. In the resulting narrative report, and subject to the assumptions, limiting conditions, certifications and definitions contained therein, the appraiser concluded that the “as-is” leased-fee value for the South Plains Mall Property as of March 1, 2010 was \$158,000,000. The appraisal states that it was prepared in accordance with the Uniform Standards of Professional Appraisal Practice and FIRREA.

Payment Terms; Interest Rate. The South Plains Mall Whole Loan amortizes over a 30-year term. The Interest Rate on the South Plains Mall Whole Loan is calculated on an Actual/360 Basis and is equal to 4.27000000% per annum. The Due Date under the South Plains Mall Whole Loan is the 11th day of each month, or if such day is not a Business Day, the immediately preceding Business Day.

Mezzanine Debt. A \$27,300,000 mezzanine loan (the “**South Plains Mall Mezzanine Loan**”) has been made to Macerich South Plains Mezz LP secured by a pledge of the related mezzanine borrower’s direct and indirect interest in the South Plains Mall Borrower. In the event that the mezzanine borrower prepays the South Plains Mall Mezzanine Loan as a result of the South Plains Mall Mezzanine Lender withholding its consent to certain transfers of the direct and interest in the South Plains Mall Borrower or mezzanine borrower, an affiliate of the South Plains Mall Borrower may incur a replacement mezzanine loan on terms substantially similar to the existing mezzanine loan, *provided* a Rating Agency Confirmation is obtained for such replacement mezzanine loan.

Terms of South Plains Mall Mezzanine Loan. The South Plains Mall Mezzanine Loan matures on the same maturity date as the South Plains Mall Whole Loan. The South Plains Mall Mezzanine Loan requires the South Plains Mall Mezzanine Borrower to make monthly payments of interest during its term, and the applicable amortization payment then due, if any.

Exhibit 9: Four New York Plaza

Loan Information	
Originator:	Natixis Real Estate Capital Inc.
Cut-Off Date Securitized	
Principal Balance (\$/NRA):	\$72,600,000 (\$68.12 psf)
Loan Purpose:	Acquisition
First Payment Date:	March 9, 2010
Maturity Date:	February 9, 2015
Sponsor:	Harbor Group Investors
Mortgage Asset Interest Rate:	6.18068182%
Interest Calculation:	Actual/360
Amortization Term:	Interest Only
Call Protection:	Prepayment locked out until 2 years after the Closing Date; U.S. Treasury defeasance following 2 years after the Closing Date through and including the Due Date in November 2014; open from the Due Date in December 2014 through the Maturity Date ⁽¹⁾
Additional Debt:	
B-Note Principal Balance	\$4,400,000
B-Note Interest Rate	10.5%
Up-Front Reserves:	Tax and Insurance: Yes ⁽²⁾ TI/LC: Yes ⁽³⁾ Capital Expenditures: Yes ⁽⁴⁾
Ongoing Reserves:	Tax and Insurance: Yes ⁽²⁾ Excess Cash Flow: Springing ⁽⁵⁾
Lockbox:	Hard, In-Place Cash Management

Property Information			
Single Asset/Portfolio:	Single Asset		
Property Type:	Office - CBD		
Location:	New York, New York		
Year Built:	1968		
NRA:	1,065,796 ⁽⁶⁾		
Occupancy (as of):	74.9% (4/01/2010)		
U/W Occupancy:	74.9% ⁽⁷⁾		
Fee or Leasehold:	Fee		
Major Tenants	<u>Ratings (S/M/F)</u>	<u>NRA</u>	<u>% of Total NRA</u> <u>Lease Expiration</u>
JPMorgan Chase Bank, National Association	A+/Aa3/AA-	797,949	74.9% 01/31/2025
Property Management:	Harbor Group Management Co.		
2007 NOI/DSCR:	NAV ⁽⁸⁾	NAV ⁽⁸⁾	
2008 NOI/DSCR:	NAV ⁽⁸⁾	NAV ⁽⁸⁾	
2009 NOI/DSCR:	NAV ⁽⁸⁾	NAV ⁽⁸⁾	
U/W Net Operating Income:	\$7,612,930 ⁽¹⁰⁾		
U/W Net Cash Flow:	\$7,346,481 ⁽¹⁰⁾		
Appraised Value:	\$110,000,000		
Appraisal Date:	January 1, 2010		
	<u>Cut-Off Date Securitized</u>	<u>Cut-Off Date</u>	<u>Cut-Off Date</u>
	<u>Principal Balance</u>	<u>Whole Loan Balance</u>	<u>Total Debt</u>
Loan per NRA:	\$68.12	\$72.25	\$72.25
LTV:	66.0%	70.0%	70.0%
Debt Yield⁽⁹⁾:	10.5%	9.9%	9.9%
U/W NOI DSCR⁽¹⁰⁾:	1.67x	1.52x	1.52x
U/W NCF DSCR⁽¹⁰⁾:	1.61x	1.46x	1.46x

Lease Expiration Schedule

Year of Expiration	Number of Leases Expiring	Expiring SF	% of Total NRA	Cumulative Expiring SF	Cumulative % of Total NRA
2025	1	797,949	74.9%	797,949	74.9%
Vacant	NAP	267,847	25.1	1,065,796 ⁽¹⁾	100.00%
Total	1	1,065,796⁽¹⁾	100.0%	1,065,796⁽¹⁾	100.00%

Exhibit 9 (continued)

Major Tenant Summary
(Collateral Tenants)

Tenant	Ratings ⁽¹⁾ Moody's/S&P/Fitch	SF	% of Property NRA	Underwritten Rent PSF	% of Underwritten Rent	Lease Expiration
JPMorgan Chase Bank, National Association	Aa3/A+/AA-	797,949	74.9%	\$28.01	100.00%	January 31, 2025
Occupied Total.....		797,949	74.9%	\$28.01	100.00%	
Vacant Space		267,847	25.1%			
Property Total		1,065,796⁽²⁾	100.0%			

⁽¹⁾ Certain ratings are those of the parent company whether or not the parent company guarantees the lease.

⁽²⁾ Net Rentable Area. Total GLA at the Four New York Plaza Property, including 19,476 square feet of unleaseable space, is 1,085,272 square feet.

Summary of Property Financials

	In-Place Underwritten Net Cash Flow	Stabilized Underwritten Net Cash Flow
Occupancy	74.9%	89.9%
Effective Gross Income	\$26,192,091	\$31,770,232
Expenses	18,579,161	19,678,860
Net Operating Income	\$7,612,930	\$12,091,372
Underwritten Reserves	266,449	1,425,515
Underwritten Net Cash Flow	\$7,346,481	\$10,665,857

The Loan. This Whole Loan (the “**Four New York Plaza Whole Loan**”) was originated by Natixis Real Estate Capital Inc. on January 11, 2010. The Four New York Plaza Whole Loan is secured by a first priority mortgage (the “**Four New York Plaza Mortgage**”) encumbering the fee interest in the property, located in New York, New York (the “**Four New York Plaza Property**”). The Four New York Plaza Whole Loan matures on February 9, 2015.

The Borrower. The borrower under the Four New York Plaza Whole Loan (the “**Four New York Plaza Borrower**”) is a special purpose entity that is directly owned by separate entities, which are ultimately controlled by Harbor Group Investors, the sponsor of the Four New York Plaza Whole Loan. Harbor Group Investors (“**Harbor Group**”) is a private real estate investment and management group, whose owners control a portfolio of 57 office, retail, hotel and multifamily properties encompassing more than 8 million square feet of commercial space and more than 11,000 apartment units in the United States and abroad. Harbor Group’s headquarters are located in Norfolk, Virginia and it employs more than 400 professionals in New York, Chicago, London and Tel Aviv. Certain affiliates of the sponsor will serve as the non-recourse carve-out guarantors for the Four New York Plaza Whole Loan.

The Property. Harbor Group purchased the Four New York Plaza Property for \$107,000,000 in January 2010. The Four New York Plaza Property is a 1,065,796 square foot office property that was constructed in 1968. The Four New York Plaza Property is a 22-story class-A minus office building located at the south east corner of Water Street and Broad Street. Since 2004, the Four New York Plaza Property has undergone more than \$18 million in capital improvements, including a recent \$12 million upgrade of the electrical and HVAC infrastructure, completed in

Exhibit 9 (continued)

November 2009. The Four New York Plaza Property benefits from a state-of-the-art uninterruptible power supply that allows for the installation of reliable datacenters, a highly sought after attribute for financial institutions. Due to this feature, the Four New York Plaza Property was among the few properties that kept running during the 2003 electricity black-out in New York City. The typical floor plates at the Four New York Plaza Property are approximately 48,000 square feet of unobstructed interior space due to the convenient location of the elevators and infrastructure in a side column of the building. JPMorgan Chase Bank, National Association (“**JPMorgan**”) and its predecessor institutions occupied 100% of the Four New York Plaza Property from completion until the sale to Harbor Group in January 2010. Subsequent to the sale and as of April 1, 2010, the Four New York Plaza Property was approximately 74.9% occupied by JPMorgan.

Property Management. The Four New York Plaza Property is managed by Harbor Group Management Co (the “**Four New York Plaza Manager**”) pursuant to a management agreement (the “**Four New York Plaza Management Agreement**”). Under the terms of the related loan documents, all fees payable to the Four New York Plaza Manager under the Four New York Plaza Management Agreement are subordinate to the Four New York Plaza Whole Loan. The lender will have the right to terminate the Four New York Plaza Manager upon the occurrence of certain events, including: (a) the occurrence and continuation of an event of default under the Four New York Plaza Whole Loan, (b) failure, as of the end of any two (2) calendar quarters, of the Four New York Plaza Borrower to maintain a debt service coverage ratio of at least 1.10x, or (c) the occurrence and continuation of an event of default under the Four New York Plaza Management Agreement by the Four New York Plaza Manager.

Appraisal. In connection with the origination of the Four New York Plaza Whole Loan, Cushman & Wakefield, Inc. performed an appraisal of the Four New York Plaza Property on behalf of the originator. In the resulting narrative report, and subject to the assumptions, limiting conditions, certifications and definitions contained in the appraisal, the appraiser concluded that the as-is leased fee value for the Four New York Plaza Property as of January 1, 2010 was \$110,000,000. The appraiser also concluded an as-stabilized property value for the Four New York Plaza Property as of January 1, 2014 of \$160,000,000. The appraisal states that it was prepared in accordance with the Uniform Standards of Professional Appraisal Practice and FIRREA.

Payment Terms; Interest Rate. The Four New York Plaza Whole Loan is an Interest Only Loan. The Interest Rate on the Four New York Plaza Whole Loan is calculated on an Actual/360 Basis and is equal to 6.4275% per annum. The Interest Rate on the \$72,600,000 Mortgage Asset is calculated on an Actual/360 Basis and is equal to 6.18068182% per annum. The Due Date under the Four New York Plaza Whole Loan is the 9th day of each month, or if such day is not a Business Day, the immediately preceding Business Day.

Subordinate Debt. The Note related to the Four New York Whole Loan is split in to an A-Note, which is the Four New York Plaza Mortgage Asset, and a B-Note, which has a principal balance of \$4,400,000.

Exhibit 10 (continued)

Tenant Summary

Property	Location	Square Feet of NRA	Year Built	Percent Leased	Appraised Value	Underwritten Net Cash Flow	% of Total U/W NCF
Lowe's Texas City	Texas City, TX	132,473	1995	100.0%	\$9,350,000	\$750,599	13.1%
Lowe's Jonesboro	Jonesboro, AR	126,405	1993	100.0%	8,100,000	649,835	11.3
Apria Healthcare Indianapolis	Indianapolis, IN	83,610	1994	100.0%	5,940,000	453,430	7.9
Conn's Austin (W. Anderson)	Austin, TX	24,960	2002	100.0%	4,370,000	316,840	5.5
Conn's Austin (Pecan Park)	Cedar Park, TX	24,960	2002	100.0%	4,240,000	307,151	5.4
Best Buy Tupelo	Tupelo, MS	20,045	2005	100.0%	3,700,000	254,172	4.4
Rite Aid Bangor	Bangor, ME	13,100	1998	100.0%	3,700,000	309,753	5.4
CVS Independence	Independence, MO	11,365	2000	100.0%	3,430,000	267,099	4.7
CVS Duncanville	Duncanville, TX	11,332	2000	100.0%	3,200,000	225,591	3.9
Rite Aid Philadelphia	Philadelphia, PA	11,361	1999	100.0%	3,200,000	280,520	4.9
Rite Aid Warren	Warren, OH	11,267	1999	100.0%	3,100,000	265,627	4.6
Walgreens Lawrence	Lawrence, KS	12,885	1992	100.0%	2,640,000	202,842	3.5
Walgreens Houston	Houston, TX	12,851	1993	100.0%	2,280,000	164,116	2.9
Walgreens Cahokia	Cahokia, IL	13,422	1994	100.0%	2,270,000	178,379	3.1
Conn's Hurst	Hurst, TX	25,414	2004	100.0%	2,400,000	163,290	2.8
Rite Aid Murfreesboro	Murfreesboro, TN	11,200	1998	100.0%	2,450,000	239,090	4.2
Rite Aid Buxton	Buxton, ME	11,180	1998	100.0%	2,100,000	175,904	3.1
Walgreens Cleveland	Cleveland, OH	13,380	1994	100.0%	1,950,000	164,545	2.9
Rite Aid Wheelersburg	Wheelersburg, OH	11,227	1998	100.0%	1,800,000	154,207	2.7
Sherwin-Williams Angola	Angola, IN	5,010	2001	100.0%	1,010,000	84,602	1.5
Sherwin-Williams Boardman	Boardman, OH	6,000	2003	100.0%	800,000	69,188	1.2
Sherwin-Williams Ashtabula	Ashtabula, OH	5,400	2003	100.0%	650,000	57,309	1.0
Total/Wtd. Avg.		598,847		100.0%	\$72,680,000	\$5,734,087	100.0%

Lease Expiration Schedule

Year of Expiration	Number of Leases Expiring	Expiring SF	% of Total NRA	Cumulative Expiring SF	Cumulative % of Total NRA
MTM	0	0	0.0%	0	0.0%
2010	0	0	0.0	0	0.0%
2011	0	0	0.0	0	0.0%
2012	0	0	0.0	0	0.0%
2013	1	12,885	2.2	12,885	2.2%
2014	6	177,458	29.6	190,343	31.8%
2015	3	221,093	36.9	411,436	68.7%
Thereafter	12	187,411	31.3	598,847	100.0%
Vacant	NAP	0	0.0	598,847	100.0%
Total	22	598,847	100.0%	598,847	100.0%

Summary of Property Financials

	2007 Year End	2008 Year End	2009	Underwritten
Revenue				
Annual Base Rent	\$6,455,882	\$6,477,963	\$6,749,303	\$6,570,289
Expense Recoveries	(13,436)	26,770	34,762	0
Vacancy/Bad Debt	0	0	0	(257,570)
Other Income	44,506	666	1,286	0
Effective Gross Income	\$6,486,952	\$6,505,399	\$6,785,351	\$6,312,720
Total Expenses	\$58,566	\$116,691	\$303,005	\$189,382
Net Operating Income	\$6,428,386	\$6,388,708	\$6,482,346	\$6,123,338
Capital Expenditures	0	0	0	89,827
TI's & LC's	0	0	0	299,424
Total Capital Items	\$0	\$0	\$0	\$389,251
Net Cash Flow	\$6,428,386	\$6,388,708	\$6,482,346	\$5,734,087

Exhibit 10 (continued)

The Loan. This Whole Loan (the “**CCPT Retail Portfolio I Whole Loan**”) was originated by The Royal Bank of Scotland plc on April 1, 2010. The CCPT Retail Portfolio I Whole Loan is secured by first priority mortgages (collectively, the “**CCPT Retail Portfolio I Mortgage**”) encumbering the fee interests in 22 properties, located in 11 states (each, a “**CCPT Retail Portfolio I Individual Property**” and collectively, the “**CCPT Retail Portfolio I Property**”). The CCPT Retail Portfolio I Whole Loan matures on April 11, 2015.

The Borrower. The borrowers under the CCPT Retail Portfolio I Whole Loan (the “**CCPT Retail Portfolio I Borrower**”) are 22 special purpose entities, which are ultimately controlled by Cole Credit Property Trust, Inc. (“**CCPT I**”), the sponsor of the CCPT Retail Portfolio I Whole Loan. For 30 years, Cole Real Estate Investments (“**Cole**”), parent company to CCPT I, has partnered with thousands of investors in the ownership of various types of commercial real estate. Since 1979, Cole has introduced over 100 real estate investment programs and manages a portfolio of properties valued at approximately \$4.0 million across 45 states and the U.S. Virgin Islands. CCPT I currently maintains a portfolio of 42 fully occupied properties in 19 states with a weighted average remaining lease term of more than ten years. As of December 31, 2009, CCPT I had total stockholders’ equity of \$64.0 million and total liquidity of \$1.9 million. CCPT I will serve as the non-recourse guarantor for the CCPT Retail Portfolio I Whole Loan.

The Properties. The CCPT Retail Portfolio I Properties consist of twenty-one (21) single-tenant retail properties and one single-tenant industrial property (combined totaling 598,847 square feet) and located in 11 states. The CCPT Retail Portfolio I Properties were acquired by Cole Credit Properties Trust, Inc. between August 2004 and September 2005 and the Sponsor’s current cost basis in the CCPT Retail Portfolio I Properties is \$84.2 million, which includes the acquisition costs for the CCPT Retail Portfolio I Properties as well as \$318,750 in capital improvements. Proceeds of the CCPT Retail Portfolio I Whole Loan will be used to refinance existing acquisition debt. Cole Credit Properties Trust, Inc. will have \$32.6 million of remaining cash equity in the transaction based upon its \$84.2 million cost basis of the acquisition of the CCPT Retail Portfolio I Properties. The CCPT Retail Portfolio I Properties were built from 1992 through 2005, are 100% leased to 8 unique tenants. The CCPT Retail Portfolio I Properties are approximately 48% leased to investment-grade rated tenants (Lowe’s, Walgreens, CVS and Sherwin-Williams).

Property Management. The CCPT Retail Portfolio I Property is managed by Cole Realty Advisors, Inc., an Arizona corporation (f/k/a Fund Realty Advisors, Inc.) (the “**CCPT Retail Portfolio I Manager**”), an affiliate of the sponsor, pursuant to a management agreement (the “**CCPT Retail Portfolio I Management Agreement**”). Under the terms of the related loan documents, all fees payable to the CCPT Retail Portfolio I Manager under the CCPT Retail Portfolio I Management Agreement in connection with the CCPT Retail Portfolio I Property are subordinate to the CCPT Retail Portfolio I Whole Loan. The CCPT Retail Portfolio I Management Agreement expires on April 6, 2010, with one automatic renewal for another three-year period. The lender will have the right to cause the CCPT Retail Portfolio I Borrower to terminate the CCPT Retail Portfolio I Manager upon the occurrence of certain events, including: (a) the occurrence and continuation of a material default under the CCPT Retail Portfolio I Whole Loan, (b) the CCPT Retail Portfolio I Manager’s gross negligence, malfeasance or willful misconduct, (c) the occurrence and continuation of an event of default under the CCPT Retail Portfolio I Management Agreement, (d) the debt service coverage ratio of the CCPT Retail Portfolio I Property falling to less than 1.10x (unless such fall is due to “market conditions”) or (e) the bankruptcy or insolvency of the CCPT Retail Portfolio I Manager.

Exhibit 10 (continued)

Appraisal. In connection with the origination of the CCPT Retail Portfolio I Loan, CB Richard Ellis performed appraisals dated between February 12, 2010 to February 20, 2010 of each of the CCPT Retail Portfolio I Properties on behalf of the Originator. In the resulting narrative report, and subject to the assumptions, limiting conditions, certifications and definitions contained therein, the appraiser concluded that the as-is leased fee value for the CCPT Retail Portfolio I Properties was \$72,680,000. The appraisal states that it was prepared in accordance with the Uniform Standards of Professional Appraisal Practice and FIRREA.

Payment Terms; Interest Rate. The CCPT Retail Portfolio I Whole Loan is an Amortizing Loan. The Interest Rate on the CCPT Retail Portfolio I Whole Loan is calculated on an Actual/360 Basis and is equal to 4.23600000% per annum. The Due Date under the CCPT Retail Portfolio I Whole Loan is the 11th day of each month, or if such day is not a Business Day, the immediately preceding Business Day.

Mezzanine Debt. A \$16,025,000 mezzanine loan (the “**CCPT Retail Portfolio I Mezzanine Loan**”) has been made to Cole MezzCo CCPT I, LLC, secured by a pledge of the related mezzanine borrower’s direct and indirect equity interests in the CCPT Retail Portfolio I Borrower.

Terms of CCPT Retail Portfolio I Mezzanine Loan. The CCPT Retail Portfolio I Mezzanine Loan matures on the same maturity date as the CCPT Retail Portfolio I Whole Loan. The CCPT Retail Portfolio I Mezzanine Loan requires the CCPT Retail Portfolio I Mezzanine Borrower to make monthly payments of interest during its term, and the applicable amortization payment then due, if any.

Exhibit 11: Cole Credit Property Trust Retail Portfolio III

Loan Information	
Originator:	The Royal Bank of Scotland plc
Cut-Off Date Securitized	
Principal Balance (\$/NRA):	\$64,800,000 (\$78.33 psf)
Loan Purpose:	Acquisition
First Payment Date:	May 11, 2010
Maturity Date:	April 11, 2015
Sponsor(s):	Cole Credit Property Trust III, Inc.
Mortgage Asset Interest Rate:	4.20900000%
Interest Calculation:	Actual/360
Amortization Term:	360 months ⁽¹⁾
Call Protection:	Prepayment locked out through and including the Due Date in April 2011; Prepayment Charge equal to the greater of yield maintenance or 1% from the Due Date in May 2011 through and including the Due Date in October 2014; open from the Due Date in November 2014 through the Maturity Date.
Additional Debt:	
Mezzanine:	\$10,100,000
Up-Front Reserves:	Deferred Maintenance: Yes ⁽²⁾ Tax and Insurance: Yes ⁽³⁾ Capital Expenditures: Yes ⁽⁴⁾ TI/LC: Yes ⁽⁵⁾
Ongoing Reserves:	Tax and Insurance: Springing ⁽³⁾ Capital Expenditures: Yes ⁽⁴⁾ TI/LC: Yes ⁽⁵⁾ Excess Cash Flow: Springing ⁽⁶⁾
Lockbox:	Hard, Springing Cash Management ⁽⁶⁾

Property Information			
Single Asset/Portfolio:	Portfolio		
Property Type:	Retail – Single Buildings		
Location:	Various		
Year Built/Renovated:	Various / Various		
NRA:	827,316		
Occupancy (as of):	100.0% (04/01/2010)		
U/W Occupancy:	96.4%		
Fee or Leasehold:	Fee Simple		
Major Tenants:	See "Tenant Summary" below.		
Property Management:	Cole Realty Advisors, Inc.		
2007 NOI/DSCR:	NAV ⁽⁷⁾	NAV ⁽⁷⁾	
2008 NOI/DSCR:	NAV ⁽⁷⁾	NAV ⁽⁷⁾	
2009 NOI/DSCR:	NAV ⁽⁷⁾	NAV ⁽⁷⁾	
U/W Net Operating Income:	\$10,536,738		
U/W Net Cash Flow:	\$10,329,344		
Appraised Value:	\$139,015,000		
Appraisal Date:	Various ⁽⁸⁾		
	<u>Cut-Off Date</u> <u>Securitized</u> <u>Principal</u> <u>Balance</u>	<u>Cut-Off Date</u> <u>Whole Loan</u> <u>Balance</u>	<u>Cut-Off Date</u> <u>Total Debt</u>
Loan per NRA:	\$78.33	\$78.33	\$90.53
LTV:	46.6%	46.6%	53.9%
Debt Yield⁽⁹⁾:	16.3%	16.3%	14.1%
U/W NOI DSCR:⁽¹⁰⁾	2.77x	2.77x	2.07x
U/W NCF DSCR:⁽¹⁰⁾	2.71x	2.71x	2.03x

Exhibit 11 (continued)

Tenant Summary

Property	Location	Square Feet of NRA	Year Built	Percent Leased	Appraised Value	Under-written Net Cash Flow	% of Total U/W NCF
Academy Sports Laredo	Laredo, TX	86,000	2008	100.0%	\$8,900,000	\$716,622	6.9%
Academy Sports Bossier City	Bossier City, LA	88,365	2009	100.0%	8,550,000	682,856	6.6
LA Fitness Carmel	Carmel, IN	45,000	2008	100.0%	8,190,000	709,466	6.9
Academy Sports Fort Worth	Fort Worth, TX	83,741	2009	100.0%	7,670,000	608,806	5.9
CVS SLB Sparks	Sparks, NV	13,625	2009	100.0%	6,090,000	471,034	4.6
Walgreens Janesville	Janesville, WI	14,490	2008	100.0%	5,930,000	456,873	4.4
Walgreens Spearfish	Spearfish, SD	14,820	2008	100.0%	5,450,000	379,479	3.7
Walgreens North Platte	North Platte, NE	14,820	2009	100.0%	5,230,000	389,187	3.8
Walgreens Brooklyn Park	Brooklyn, MD	14,560	2008	100.0%	5,000,000	374,660	3.6
CVS S/L Edinburg	Edinburg, TX	13,204	2008	100.0%	4,500,000	314,393	3.0
Walgreens Papillion	Papillion, NE	14,820	2009	100.0%	4,420,000	309,295	3.0
Walgreens Chickasha	Chickasha, OK	14,820	2007	100.0%	4,200,000	313,485	3.0
Walgreens Machesney Park	Machesney Park, IL	14,490	2008	100.0%	4,200,000	322,298	3.1
Walgreens Loves Park	Loves Park, IL	14,490	2008	100.0%	3,970,000	304,086	2.9
Aarons Pool 2 Killeen TX	Killeen, TX	37,500	1981	100.0%	3,500,000	234,585	2.3
Tractor Supply Edinburg	Edinburg, TX	18,800	2009	100.0%	3,260,000	232,174	2.2
Tractor Supply Roswell	Roswell, NM	19,097	2009	100.0%	2,650,000	194,684	1.9
Tractor Supply Del Rio	Del Rio, TX	19,097	2009	100.0%	2,500,000	176,470	1.7
Aarons Pool 3 Texas City TX	Texas City, TX	11,943	1991	100.0%	2,010,000	145,794	1.4
Aarons Pool 3 Richmond VA	Richmond, VA	11,616	1988	100.0%	1,740,000	125,869	1.2
Advance Auto Webster	Webster, TX	7,000	2008	100.0%	1,700,000	116,064	1.1
Advance Auto Humble	Humble, TX	7,000	2007	100.0%	1,700,000	115,693	1.1
Advance Auto Houston (Wallisville)	Houston, TX	7,000	2008	100.0%	1,700,000	116,789	1.1
Aarons Pool 3 Haltom City TX	Haltom City, TX	10,000	2008	100.0%	1,690,000	118,510	1.1
Advance Auto Kingwood	Kingwood, TX	6,000	2009	100.0%	1,670,000	114,711	1.1
Advance Auto Deer Park	Deer Park, TX	6,000	2008	100.0%	1,660,000	114,169	1.1
Advance Auto Houston	Houston, TX	7,000	2006	100.0%	1,550,000	105,920	1.0
Aarons Pool 3 Copperas Cove TX	Copperas Cove, TX	11,387	2007	100.0%	1,500,000	103,086	1.0
Aarons Pool 1 Humble TX	Humble, TX	8,000	2008	100.0%	1,490,000	101,392	1.0
Aarons Pool 2 Pasadena TX	Pasadena, TX	8,000	2008	100.0%	1,480,000	101,243	1.0
Aarons Pool 2 Livingston TX	Livingston, TX	10,000	2008	100.0%	1,450,000	100,071	1.0
Aarons Pool 1 Minden LA	Minden, LA	8,000	2008	100.0%	1,450,000	98,779	1.0
Advance Auto Houston (Imperial)	Houston, TX	7,872	2008	100.0%	1,400,000	94,519	0.9
Advance Auto Huntsville	Huntsville, TX	6,000	2008	100.0%	1,390,000	101,335	1.0
Aarons Pool 1 Shawnee OK	Shawnee, OK	8,000	2008	100.0%	1,320,000	89,522	0.9
Aarons Pool 2 Statesboro GA	Statesboro, GA	8,050	2008	100.0%	1,300,000	89,361	0.9
Advance Auto Lubbock	Lubbock, TX	6,000	2008	100.0%	1,300,000	94,653	0.9
Aarons Pool 2 Columbia SC	Columbia, SC	12,516	1977	100.0%	1,250,000	85,258	0.8
Aarons Pool 3 Port Lavaca TX	Port Lavaca, TX	8,000	2007	100.0%	1,200,000	87,208	0.8
Aarons Pool 1 Meadville PA	Meadville, PA	11,988	1994	100.0%	1,150,000	81,807	0.8
O'Reilly Auto Parts LaPlace	LaPlace, LA	7,000	2008	100.0%	1,140,000	79,972	0.8
Aarons Pool 1 Mexia TX	Mexia, TX	8,000	2007	100.0%	1,100,000	78,250	0.8
Aarons Pool 2 Chattanooga TN	Chattanooga, TN	11,368	1989	100.0%	1,100,000	74,198	0.7
Aarons Pool 1 Indianapolis IN	Indianapolis, IN	7,667	1998	100.0%	980,000	71,167	0.7
O'Reilly Auto Parts New Roads	New Roads, LA	6,800	2008	100.0%	920,000	63,979	0.6
Aarons Pool 2 Battle Creek MI	Battle Creek, MI	8,400	1956	100.0%	915,000	67,774	0.7
Aarons Pool 3 Benton Harbor MI	Benton Harbor, MI	6,745	1973	100.0%	900,000	70,576	0.7
O'Reilly Auto Parts Breaux Bridge	Breaux Bridge, LA	6,800	2009	100.0%	900,000	62,902	0.6
Aarons Pool 1 Oxford AL	Oxford, AL	7,480	1989	100.0%	800,000	53,670	0.5
Aarons Pool 3 El Dorado AR	El Dorado, AR	6,100	2000	100.0%	800,000	64,243	0.6
Aarons Pool 1 Odessa TX	Odessa, TX	6,240	2006	100.0%	800,000	53,234	0.5
Aarons Pool 3 Pensacola FL	Pensacola, FL	8,398	1979	100.0%	780,000	59,488	0.6
Aarons Pool 2 Mansura LA	Mansura, LA	7,207	2000	100.0%	570,000	37,689	0.4
Total/Wtd. Avg.		827,316		100.0%	\$139,015,000	\$10,329,344	100.0%

Exhibit 11 (continued)

Lease Expiration Schedule

Year of Expiration	Number of Leases Expiring	Expiring SF	% of Total NRA	Cumulative Expiring SF	Cumulative % of Total NRA
MTM.....	0	0	0.0%	0	0.0%
2010	0	0	0.0	0	0.0%
2011	0	0	0.0	0	0.0%
2012	0	0	0.0	0	0.0%
2013	0	0	0.0	0	0.0%
2014	0	0	0.0	0	0.0%
2015	0	0	0.0	0	0.0%
Thereafter	53	827,316	100.0	827,316	100.0%
Vacant	0	0	0.0	827,316	100.0%
Total	53	827,316	100.0%	827,316	100.0%

	Underwritten
Revenue	
Annual Base Rent	\$11,263,218
Expense Recoveries	
Vacancy & Collection Loss	400,602
Other Income	
Effective Gross Income	\$10,862,616
Total Expenses	\$325,878
Net Operating Income	\$10,536,738
Capital Expenditures	
Replacements	82,958
TI's & LC's	124,436
Total Capital Items	\$207,394
Net Cash Flow	\$10,329,344

The Loan. This Whole Loan (the “**CCPT Retail Portfolio III Whole Loan**”) was originated by The Royal Bank of Scotland plc on April 1, 2010. The CCPT Retail Portfolio III Whole Loan is secured by first priority mortgages (collectively, the “**CCPT Retail Portfolio III Mortgage**”) encumbering the fee interests in 53 properties, located in 20 states (each, a “**CCPT Retail Portfolio III Individual Property**”) and collectively, the “**CCPT Retail Portfolio III Property**”). The CCPT Retail Portfolio III Whole Loan matures on April 11, 2015.

The Borrower. The borrowers under the CCPT Retail Portfolio III Whole Loan (the “**CCPT Retail Portfolio III Borrower**”) are 32 special purpose entities, which are ultimately controlled by Cole Credit Property Trust III, Inc. (“**CCPT III**”), the sponsor of the CCPT Retail Portfolio III Whole Loan. Three of these special purpose entities collectively own 24 of the 53 properties—each of these special purpose entities owns eight properties and those eight properties are leased to a single tenant under a master lease. For 30 years, Cole Real Estate Investments (“**Cole**”), parent company to CCPT III, has partnered with thousands of investors in the ownership of various types of commercial real estate. Since 1979, Cole has introduced over 100 real estate investment programs and manages a portfolio of properties valued at approximately \$4.0 billion

Exhibit 11 (continued)

across 45 states and the U.S. Virgin Islands. During the third quarter 2009, CCPT III acquired over \$172.0 million of retail properties. As of December 31, 2009, CCPT III had total stockholders' equity of \$832.1 million and total liquidity of \$278.7 million. CCPT III will serve as the non-recourse carve-out guarantor for the loan.

The Properties. The CCPT Retail Portfolio III Properties consist of fifty-three (53) single-tenant retail properties located in 20 states and identified in the table below. The CCPT Retail Portfolio III Properties were acquired by Cole Credit Property Trust III, Inc. between June 2009 and March 2010 for \$133.4 million. The CCPT Retail Portfolio III Whole Loan represents 48.6% of Cole Credit Property Trust III, Inc.'s acquisition cost and 46.6% of the CCPT Retail Portfolio III Properties' appraised value of approximately \$139.0 million. Proceeds of the CCPT Retail Portfolio III Whole Loan will be used to refinance the CCPT Retail Portfolio III Properties acquired with 100% cash and to acquire additional properties. Based upon the Sponsor's current cost basis in the CCPT Retail Portfolio III Properties, it has \$58.5 million of remaining cash equity in the transaction. The CCPT Retail Portfolio III Properties were built from 1956 through 2009 and are 100% leased to 8 unique tenants. The CCPT Retail Portfolio III Properties are approximately 52.6% leased to investment-grade rated tenants (Walgreens, CVS and Academy Sports).

Property Management. The CCPT Retail Portfolio III Property is managed by Cole Realty Advisors, Inc., an Arizona corporation (the "**CCPT Retail Portfolio III Manager**") and an affiliate of the sponsor pursuant to a management agreement (the "**CCPT Retail Portfolio III Management Agreement**"). Under the terms of the related loan documents, all fees payable to the CCPT Retail Portfolio III Manager under the CCPT Retail Portfolio III Management Agreement in connection with the CCPT Retail Portfolio III Property are subordinate to the CCPT Retail Portfolio III Whole Loan. The CCPT Retail Portfolio III Management Agreement expires on October 9, 2010. The CCPT Retail Portfolio III Management Agreement can be renewed for an unlimited number of successive one-year terms upon the mutual consent of the parties. The lender will have the right to cause the CCPT Retail Portfolio III Borrower to terminate the CCPT Retail Portfolio III Manager upon the occurrence of certain events, including: (a) the occurrence and continuation of an event of default under the CCPT Retail Portfolio III Whole Loan, (b) the CCPT Retail Portfolio III Manager's gross negligence, malfeasance or willful misconduct, (c) the occurrence and continuation of a material default under the CCPT Retail Portfolio III Management Agreement, (d) the debt service coverage ratio of the CCPT Retail Portfolio III Property falling to less than 1.10x (unless such fall is due to "market conditions") or (e) the bankruptcy or insolvency of the CCPT Retail Portfolio III Manager.

Appraisal. In connection with the origination of the CCPT Retail Portfolio III Loan, CB Richard Ellis performed appraisal of each of the CCPT Retail Portfolio III Properties on behalf of the Originator. In the resulting narrative report, and subject to the assumptions, limiting conditions, certifications and definitions contained therein, the appraiser concluded that the "as-is" leased-fee value for the CCPT Retail Portfolio III Property based upon appraisals conducted between February 22, 2009 and February 25, 2010 was \$139,015,000. The appraisal states that it was prepared in accordance with the Uniform Standards of Professional Appraisal Practice and FIRREA.

Exhibit 11 *(continued)*

Payment Terms; Interest Rate. The CCPT Retail Portfolio III Whole Loan is an Amortizing Loan. The Interest Rate on the CCPT Retail Portfolio III Whole Loan is calculated on an Actual/360 Basis and is equal to 4.20900000% per annum. The Due Date under the CCPT Retail Portfolio III Whole Loan is the 11th day of each month, or if such day is not a Business Day, the immediately preceding Business Day.

Mezzanine Debt. A \$10,100,000 mezzanine loan (the “**CCPT Retail Portfolio III Mezzanine Loan**”) has been made to Cole MezzCo CCPT III, LLC, secured by a pledge of the related mezzanine borrower’s direct and indirect equity interests in the CCPT Retail Portfolio III Borrower.

Terms of CCPT Retail Portfolio III Mezzanine Loan. The CCPT Retail Portfolio III Mezzanine Loan matures on the same maturity date as the CCPT Retail Portfolio III Whole Loan. The CCPT Retail Portfolio III Mezzanine Loan requires the CCPT Retail Portfolio III Mezzanine Borrower to make monthly payments of interest during its term, and the applicable amortization payment then due, if any.

Exhibit 12: Developers Diversified Realty Retail Portfolio

Loan Information	
Originator:	The Royal Bank of Scotland plc
Cut-Off Date Securitized	
Principal Balance (\$/NRA):	\$30,300,000 (\$79.55 psf)
Loan Purpose:	Refinance
First Payment Date:	May 11, 2010
Maturity Date:	April 11, 2015
Sponsor(s):	DDRM Properties LLC
Mortgage Asset Interest Rate:	4.21400000%
Interest Calculation:	Actual/360
Amortization Term:	360 months ⁽¹⁾
Call Protection:	Prepayment locked out through and including the Due Date in April 2011; Prepayment Charge equal to the greater of yield maintenance or 1% from the Due Date in May 2011 through and including the Due Date in October 2014; open from the Due Date in November 2014 through the Maturity Date.
Additional Debt:	None
Up-Front Reserves:	Deferred Maintenance: Yes ⁽²⁾ Tax Reserve: Yes ⁽³⁾ Capital Expenditures: Yes ⁽⁴⁾ TI/LC: Yes ⁽⁵⁾
Ongoing Reserves:	Tax Reserve: Yes ⁽³⁾ Capital Expenditures: Yes ⁽⁴⁾ TI/LC: Yes ⁽⁵⁾ Excess Cash Flow: Springing ⁽⁶⁾
Lockbox:	Hard, Springing Cash Management ⁽⁶⁾

Property Information				
Single Asset/Portfolio:	Portfolio			
Property Type:	Retail-Anchored			
Location:	Various			
Year Built/Renovated:	Various/Variou			
NRA:	380,874			
Occupancy (as of):	95.7% (02/17/2010)			
U/W Occupancy:	91.2%			
Fee or Leaschold:	Fee Simple			
	<u>Ratings</u>		<u>% of Total</u>	<u>Lease</u>
<u>Major Tenants</u>	<u>(S/M/F)</u>	<u>NRA</u>	<u>NRA</u>	<u>Expiration</u>
Kohl's	BBB+/Baa1/BBB+	106,424	27.9%	1/31/2023
A&P	B-/Caa1/-	64,761	17.0%	11/30/2021
Jewel	-/-/-	57,560	15.1%	10/10/2022
Property Management:	Developers Diversified Realty Corporation			
2007 NOI /DSCR:	\$3,102,735	1.74x		
2008 NOI / DSCR:	\$4,759,783	2.67x		
2009 NOI / DSCR:	\$4,529,953	2.54x		
U/W Net Operating Income:	\$4,263,412			
U/W Net Cash Flow:	\$4,171,615			
Appraised Value:	\$50,700,000			
Appraisal Date:	Various ⁽⁷⁾			
	<u>Cut-Off Date Securitized</u>	<u>Cut-Off Date</u>	<u>Cut-Off Date</u>	
	<u>Principal</u>	<u>Whole Loan</u>	<u>Total Debt</u>	
	<u>Balance</u>	<u>Balance</u>	<u>Total Debt</u>	
Loan per NRA:	\$79.55	\$79.55	\$79.55	
LTV:	59.8%	59.8%	59.8%	
Debt Yield ⁽⁸⁾ :	15.0%	15.0%	15.0%	
U/W NOI DSCR ⁽⁹⁾ :	2.39x	2.39x	2.39x	
U/W NCF DSCR ⁽⁹⁾ :	2.34x	2.34x	2.34x	

Property	Location	Square Feet of NRA	Year Built	Percent Leased	Appraised Value	Under-written Net Cash Flow	% of Total U/W NCF
Village Center I	Racine, WI	217,468	2003	97.6%	\$20,400,000	\$1,821,713	43.7%
West Falls Plaza	Woodland Park, NJ	88,913	1995	100.0%	19,800,000	1,531,932	36.7
Paradise Promenade	Davie, FL	74,493	2003	84.8%	10,500,000	817,970	19.6
Total/Wtd. Avg.		380,874		95.7%	\$50,700,000	\$4,171,615	100.0%

Lease Expiration Schedule

Year of Expiration	Number of Leases Expiring	Expiring SF	% of Total NRA	Cumulative Expiring SF	Cumulative % of Total NRA
2010	3	12,068	3.2%	12,068	3.2%
2011	1	16,500	4.3%	28,568	7.5%
2012	6	20,963	5.5%	49,531	13.0%
2013	10	25,260	6.6%	74,791	19.6%
2014	2	3,600	0.9%	78,391	20.6%
2015	2	4,785	1.3%	83,176	21.8%
Thereafter	6	281,238	73.8%	364,414	95.7%
Vacant	NAP	16,460	4.3%	380,874	100.0%
Total	30	380,874	100.0%	380,874	100.0%

Exhibit 12 (continued)

Major Tenant Summary
(Collateral Tenants)

Tenant	Ratings ⁽¹⁾ Moody's/S&P/Fitch	SF	% of Property NRA ⁽²⁾	Underwritten Rent PSF	Underwritten Annual Base Rent	% of Underwritten Rent ⁽²⁾	Lease Expiration
Top 5 Tenants							
Kohl's	Baa1 / BBB+ / BBB+	106,424	27.9%	\$6.03	\$642,000	13.0%	January 31, 2023
A&P	Caa1 / B- / -	64,761	17.0	\$21.90	1,418,266	28.7	November 30, 2021
Jewel	- / - / -	57,560	15.1	\$11.85	682,000	13.8	October 10, 2022
Publix Supermarket	- / - / -	44,271	11.6	\$10.00	442,710	9.0	June 30, 2023
Computer City	- / - / -	16,500	4.3	\$21.17	349,305	7.1	October 31, 2011
Total Top 5 Tenants		289,516	76.0%	\$12.21	\$3,534,281	71.6%	
Non-Top 5 Tenants		74,898	19.7%	\$18.74	\$1,403,597	28.4%	
Occupied Total		364,414	95.7%	\$13.55	\$4,937,878	100.0%	
Vacant Space		16,460	4.3%				
Property Total		380,874	100.0%				

(1) Certain ratings are those of the parent company whether or not the parent company guarantees the lease.

(2) May not add to 100% due to rounding.

Summary of Property Financials

	2007 Year End	2008 Year End	2009	Underwritten
Revenue				
Annual Base Rent	\$3,232,048	\$5,201,282	\$5,060,364	\$5,256,661
Expense Recoveries	1,128,345	1,821,544	1,738,314	1,848,729
Vacancy/Bad Debt	(42,668)	(162,099)	(187,025)	(624,405)
Other Income	90	18,848	115,621	1,100
Effective Gross Income	\$4,317,815	\$6,879,575	\$6,727,274	\$6,482,086
Total Expenses	\$1,215,080	\$2,119,792	\$2,197,321	\$2,218,674
Net Operating Income	\$3,102,735	\$4,759,783	\$4,529,953	\$4,263,412
Capital Expenditures Replacements ...	0	0	0	38,050
TP's & LC's	0	0	0	53,747
Total Capital Items	\$0	\$0	\$0	\$91,797
Net Cash Flow	\$3,102,735	\$4,759,783	\$4,529,953	\$4,171,615

The Loan. This Whole Loan (the “**DDRM Retail Portfolio Whole Loan**”) was originated by the Royal Bank of Scotland plc on April 1, 2010. The DDRM Retail Portfolio Whole Loan is secured by first priority mortgages (collectively, the “**DDRM Retail Portfolio Mortgage**”) encumbering the fee interests in three (3) properties, located in three (3) states (each, a “**DDRM Retail Portfolio Individual Property**”) and collectively, the “**DDRM Retail Portfolio Property**”). The DDRM Retail Portfolio Whole Loan matures on April 11, 2015.

The Borrowers. There are three (3) borrowers who are jointly and severally liable under the DDRM Retail Portfolio Whole Loan (collectively the “**DDRM Retail Portfolio Borrower**”). Each DDRM Retail Portfolio Borrower is an existing special purpose entity, that is (directly or

Exhibit 12 (continued)

indirectly) owned by separate entities, which are ultimately controlled by DDRM Properties LLC (“**DDRM**”), the sponsor of the DDRM Retail Portfolio Whole Loan. DDRM was formed by Developers Diversified Realty Corporation (“**DDR**”) and six institutional investors in 2007. DDRM currently owns 63 properties in 12 states. DDR leases and manages 100% of the properties. Gross book value of DDRM’s portfolio is approximately \$1.46 billion with outstanding mortgage debt of \$966 million. As of December 31, 2009, DDRM had a net worth of approximately \$466 million and liquidity of approximately \$12.7 million. DDRM will serve as the non-recourse carve-out guarantor for the loan.

The Properties. The DDRM Retail Portfolio Properties consist of (a) Village Center I, a 217,468 square foot center located at 5500-5740 Washington Avenue in Racine, Wisconsin; (b) West Falls Plaza, a 88,913 square foot center located at 1730 US Highway 46 in Woodland Park, New Jersey; and (c) Paradise Promenade, a 74,493 square foot center located at 5949-6029 Stirling Road in Davie, Florida. The DDRM Retail Portfolio Properties were acquired by a joint venture between Developers Diversified Realty Corporation and DDR Manatee Master REIT, Inc. in 2007 for a total of \$73,300,000 with approximately \$42,600,000 of cash equity. The DDRM Retail Portfolio Properties were originally developed between 1995 and 2003 and contain approximately 380,509 square feet of retail space.

Village Center I is a 217,468 square foot community shopping center built in 2003 that was purchased by Developers Diversified Realty Corporation from Inland Real Estate in February 2007 as part of a portfolio transaction with an allocated purchase price of \$36,893,882. Village Center I is situated on 28.3 acres. Based upon the rent roll dated February 17, 2010, Village Center I is currently 97.6% occupied by 14 tenants and is anchored by Kohl’s and Jewel. Other major tenants include Shoe Carnival, Dress Barn and Hallmark. Average sales figures for inline tenants which report sales figures were \$112.52 per square foot for the trailing 12-months reported March 2010.

West Falls Plaza is an 88,913 square foot community shopping center built in 1995. The West Falls Plaza was purchased by Developers Diversified Realty Corporation from Inland Real Estate in February 2007 as part of a portfolio transaction with an allocated purchase price of \$30,028,539. West Falls Plaza is situated on 9.4 acres and is 100.0% leased to three tenants: A&P, Computer City (6th Avenue Electronics) and On the Border. Non-owned outparcels in the plaza include: Golfsmith, Pizza Hut and Party City. A&P and On the Border reported trailing 12-month sales per square foot through November 2009 and June 2009, respectively, of \$408 and \$322 per square foot, respectively, and have occupancy costs of 6% and 7%, respectively. Computer City (6th Avenue Electronics) does not report sales.

Paradise Promenade is a 74,493 square foot community shopping center built in 2003. Paradise Promenade was purchased by Developers Diversified Realty Corporation from Inland Real Estate in February 2007 as part of a portfolio transaction with an allocated purchase price of \$6,400,000. Paradise Promenade is situated on 14.4 acres. Based upon the rent roll dated February 17, 2010, Paradise Promenade is 84.8% occupied by 13 tenants and is anchored by a Publix grocery store. Other major tenants include Commerce Bank, Little Caesar’s and H&R Block. Publix is the only tenant that provides sales data. Based upon 2009 year-end sales of \$570 per square foot, Publix has an occupancy cost of 2.3%.

Exhibit 12 (continued)

Property Management. The DDRM Retail Portfolio Property is managed by Developers Diversified Realty Corporation (the “**DDRM Retail Portfolio Manager**”), an affiliate of the DDRM Retail Portfolio Borrower, pursuant to three (3) separate management agreements (collectively, the “**DDRM Retail Portfolio Management Agreements**”). Under the terms of the related loan documents, all fees payable to the DDRM Retail Portfolio Manager under the DDRM Retail Portfolio Manager Agreement are subordinate to the DDRM Retail Portfolio Whole Loan. The DDRM Retail Portfolio Management Agreements expire on June 2017 with two (2) automatic renewal periods of five (5) years each at the DDRM Retail Portfolio Manager’s option. The lender will have the right to cause the DDRM Retail Portfolio Borrower to terminate the DDRM Retail Portfolio Manager upon the occurrence of certain events, including: (a) the DDRM Retail Portfolio Manager’s acts constitute gross negligence, malfeasance or willful misconduct, (b) an event of default occurs under the DDRM Retail Portfolio Management Agreement beyond any applicable notice and grace periods, (c) the occurrence and continuation of a monetary event of default under the DDRM Retail Portfolio Whole Loan, (d) the occurrence and continuation of a non-monetary event of default under the DDRM Retail Portfolio Whole Loan accompanied by acceleration by the lender of the DDRM Retail Portfolio Whole Loan or commencement of the exercise of remedies under the related loan documents, or (e) if the debt service coverage ratio for the Mortgaged Property for the immediately preceding twelve (12) month period is less than 1.00x unless such fall is due to “general market conditions”.

Appraisal. In connection with the origination of the DDRM Retail Portfolio Whole Loan, Cushman & Wakefield and CB Richard Ellis performed appraisals on each of the DDRM Retail Portfolio Properties, dated between February 23, 2010 and March 2, 2010, on behalf of the Originator. In the resulting narrative report, and subject to the assumptions, limiting conditions, certifications and definitions contained therein, the appraiser concluded that the “as-is” leased fee value for the Mortgaged Property was \$50,700,000. The appraisal states that it was prepared in accordance with the Uniform Standards of Professional Appraisal Practice and FIRREA.

Payment Terms; Interest Rate. The DDRM Retail Portfolio Whole Loan amortizes over a 30-year term. The Interest Rate on the DDRM Retail Portfolio Whole Loan is calculated on an Actual/360 Basis and is equal to 4.21400000% per annum. The Due Date under the DDRM Retail Portfolio Whole Loan is the 11th day of each month, or if such day is not a Business Day, the immediately preceding Business Day.

Subordinate Debt. None.

Exhibit 13: Bank of America Plaza

Loan Information															
Originator:	The Royal Bank of Scotland plc														
Cut-Off Date Securitized															
Principal Balance (\$/NRA):	\$28,700,000 (\$38.27/psf)														
Loan Purpose:	Acquisition														
First Payment Date:	May 11, 2010														
Maturity Date:	April 11, 2015														
Sponsor:	Rao Yalamanchili														
Mortgage Asset Interest Rate:	4.2780000%														
Interest Calculation:	Actual/360														
Amortization Term:	360 months ⁽¹⁾														
Call Protection:	Prepayment locked out through and including the Due Date in April 2011; Prepayment Charge equal to the greater of yield maintenance or 1% from the Due Date in May 2011 through and including the Due Date in October 2014; open from the Due Date in November 2014 through the Maturity Date.														
Additional Debt:	None														
Up-Front Reserves:	<table border="0"> <tr> <td>Tax and Insurance:</td> <td>Yes⁽²⁾</td> </tr> <tr> <td>Capital Expenditures:</td> <td>Yes⁽³⁾</td> </tr> <tr> <td>TI/LC:</td> <td>Yes⁽⁴⁾</td> </tr> <tr> <td>BofA 2012 Reserve:</td> <td>Yes⁽⁵⁾</td> </tr> <tr> <td>Debt Service Reserve:</td> <td>Yes⁽⁶⁾</td> </tr> <tr> <td>Temporary Reserve:</td> <td>Yes⁽⁷⁾</td> </tr> <tr> <td>BofA Operating Expense Reserve:</td> <td>Yes⁽⁸⁾</td> </tr> </table>	Tax and Insurance:	Yes ⁽²⁾	Capital Expenditures:	Yes ⁽³⁾	TI/LC:	Yes ⁽⁴⁾	BofA 2012 Reserve:	Yes ⁽⁵⁾	Debt Service Reserve:	Yes ⁽⁶⁾	Temporary Reserve:	Yes ⁽⁷⁾	BofA Operating Expense Reserve:	Yes ⁽⁸⁾
Tax and Insurance:	Yes ⁽²⁾														
Capital Expenditures:	Yes ⁽³⁾														
TI/LC:	Yes ⁽⁴⁾														
BofA 2012 Reserve:	Yes ⁽⁵⁾														
Debt Service Reserve:	Yes ⁽⁶⁾														
Temporary Reserve:	Yes ⁽⁷⁾														
BofA Operating Expense Reserve:	Yes ⁽⁸⁾														
Ongoing Reserves:	<table border="0"> <tr> <td>Tax and Insurance:</td> <td>Yes⁽⁹⁾</td> </tr> <tr> <td>Capital Expenditures:</td> <td>Yes⁽¹⁰⁾</td> </tr> <tr> <td>TI/LC:</td> <td>Yes⁽¹¹⁾</td> </tr> <tr> <td>Excess Cash Reserve:</td> <td>Springing⁽¹²⁾</td> </tr> </table>	Tax and Insurance:	Yes ⁽⁹⁾	Capital Expenditures:	Yes ⁽¹⁰⁾	TI/LC:	Yes ⁽¹¹⁾	Excess Cash Reserve:	Springing ⁽¹²⁾						
Tax and Insurance:	Yes ⁽⁹⁾														
Capital Expenditures:	Yes ⁽¹⁰⁾														
TI/LC:	Yes ⁽¹¹⁾														
Excess Cash Reserve:	Springing ⁽¹²⁾														
Lockbox:	Hard, Springing Cash Management ⁽¹²⁾														

Property Information				
Single Asset/Portfolio:	Single Asset			
Property Type:	Office - CBD			
Location:	St. Louis, MO			
Year Built/Renovated:	1982 / 2007			
NRA:	750,000 sq. ft.			
Occupancy (as of):	93.8% (04/01/2010)			
U/W Occupancy:	92.1%			
Fee or Leasehold:	Fee Simple			
Major Tenants	<u>Ratings (S/M/F)</u>	<u>NRA</u>	<u>% of Total NRA</u>	<u>Lease Expiration</u>
Bank of America	A/A2/A+	380,689	50.8%	06/30/2023
International Business Machines	A+/A1/A+	154,017	20.5%	07/31/2012
Pricewaterhouse Coopers LLP	- / - / -	49,762	6.6%	07/31/2017
Property Management:	Jones Lang LaSalle Americas, Inc.			
2007 NOI/DSCR:	\$6,392,837		3.76x	
2008 NOI/DSCR:	\$6,689,345		3.94x	
2009 NOI/DSCR:	\$6,658,046		3.92x	
U/W Net Operating Income/DSCR:	\$6,440,154			
U/W Net Cash Flow:	\$5,780,154			
Appraised Value:	\$50,000,000			
Appraisal Date:	February 19, 2010			
	<u>Cut-Off Date Securitized Principal Balance</u>	<u>Cut-Off Date Whole Loan Balance</u>	<u>Cut-Off Date Total Debt</u>	
Loan per NRA:	\$38.27	\$38.27	\$38.27	
LTV:	57.4%	57.4%	57.4%	
Debt Yield⁽¹³⁾:	23.2%	23.2%	23.2%	
U/W NOI DSCR⁽¹⁴⁾:	3.79x	3.79x	3.79x	
U/W NCF DSCR⁽¹⁴⁾:	3.40x	3.40x	3.40x	

Lease Expiration Schedule

Year of Expiration	Number of Leases Expiring	Total SF Expiring	% of Total NRA	Cumulative Expiring SF	Cumulative % of Total NRA
2010.....	7	47,019	6.3%	47,019	6.3%
2011.....	1	14,858	2.0	61,877	8.3%
2012.....	12	158,261	21.1	220,138	29.4%
2013.....	1	4,861	0.6	224,999	30.0%
2014.....	0	0	0.0	224,999	30.0%
2015.....	1	1,382	0.2	226,381	30.2%
Thereafter	22	477,001	63.6	703,382	93.8%
Vacant.....	NAP	46,618	6.2	750,000	100.0%
Total.....	44	750,000	100.0%	750,000	100.0%

Exhibit 13 (continued)

Major Tenant Summary
(Collateral Tenants)

Tenant	Ratings ⁽¹⁾ M/S&P/F	SF	% of Property NRA ⁽²⁾	Underwritten Rent PSF	Underwritten Annual Base Rent	% of Underwritten Rent ⁽²⁾	Lease Expiration
Top 5 Tenants							
Bank of America	A2 / A / A+	380,689	50.8%	12.20	\$4,645,172	52.5%	June 30, 2023
International Business Machines ⁽³⁾	A1 / A+ / A+	154,017	20.5	10.25	1,578,675	17.8	July 31, 2012
Pricewaterhouse Coopers	- / - / -	49,762	6.6	19.50	970,360	11.0	July 31, 2017
Anheuser-Busch ⁽³⁾	Baa2 / BBB+ / NR	45,052	6.0	17.25	777,147	8.8	August 31, 2010
C.J. Thomas Insurance	- / - / -	19,307	2.6	19.00	366,833	4.1	November 30, 2018
Total Top 5 Tenants		648,827	86.5%	12.85	\$8,338,187	94.2%	
Non-Top 5 Tenants⁽⁴⁾⁽⁵⁾		54,555	7.3%	9.41	\$ 513,404	5.8%	
Occupied Total		703,382	93.8%	12.58	\$8,851,591	100.0%	
Vacant Space		46,618	6.2%				
Property Total		750,000	100.0%				

Summary of Property Financials

	2007 Year End	2008 Year End	2009 Year End	Underwritten
Revenue				
Annual Base Rent	\$8,348,662	\$8,460,174	\$8,752,052	\$9,027,885
Expense Recoveries	5,450,509	5,576,223	5,026,432	5,025,000
Vacancy/Bad Debt	0	0	0	(1,053,966)
Other Income	327,535	308,022	340,588	340,934
Effective Gross Income	\$14,126,706	\$14,344,419	\$14,119,072	\$13,339,853
Total Expenses	\$7,733,869	\$7,655,074	\$7,461,026	\$6,899,699
Net Operating Income	\$6,392,837	\$6,689,345	\$6,658,046	\$6,440,154
Capital Expenditures	0	0	0	135,000
TI's & LC's	2,652	0	0	525,000
Total Capital Items	\$2,652	\$0	\$0	\$660,000
Net Cash Flow	\$6,390,185	\$6,689,345	\$6,658,046	\$5,780,154

The Loan. This Whole Loan (the “**Bank of America Plaza Whole Loan**”) was originated by The Royal Bank of Scotland plc on April 1, 2010. The Bank of America Plaza Whole Loan is secured by a first priority deed of trust (the “**Bank of America Plaza Mortgage**”) encumbering the Bank of America Plaza Borrower’s fee interest in an office property located in St. Louis, Missouri (the “**Bank of America Plaza Property**”). The Bank of America Plaza Whole Loan matures on April 11, 2015.

The Borrower. The borrower under the Bank of America Plaza Whole Loan (the “**Bank of America Plaza Borrower**”) is a special purpose bankruptcy remote entity, that is owned and controlled by Rao Yalamanchili, the sponsor of the Bank of America Plaza Whole Loan. In 1984, Rao Yalamanchili formed Positive Investments, Inc., his real estate investment and property management company that specializes in brokerage, investment and property management for his own account as well as the investments of other domestic and international clients with a focus on Southern California. Positive Investments, Inc. offers commercial property management and

Exhibit 13 (continued)

investment services for multifamily, industrial, hospitality, office, and retail properties. Rao Yalamanchili owns, either in partnership or individually, over 900 units, four commercial properties, one limited-service hotel with a self-assessed value of \$103 million, and in March 2010 reported a net worth of \$97 million of which approximately \$38 million is cash and liquid securities. Rao Yalamanchili will serve as the non-recourse carve-out guarantor for the loan.

The Property. The Bank of America Plaza Property is a 30-story, 750,000 sq. ft. Class-A office building in St. Louis, Missouri located in the heart of the St. Louis central business district. The Bank of America Plaza Property's largest tenants are Bank of America (380,689-SF or 50.8% of the NRA) and Ralcorp Holdings (136,802-SF or 18.2% of the NRA; a sub-tenant to IBM and Anheuser-Busch). The Bank of America Plaza Property was built in 1982 and offers unobstructed panoramic views of Busch Stadium, the Gateway Arch, the Mississippi River and the St. Louis skyline. The Bank of America Plaza Property won local and regional BOMA Office Building of the Year (TONY) awards for the years 1996 through 1999 and was again nominated for an award in 2008. The Bank of America Plaza Property is the fourth largest office building in downtown St. Louis (based on total NRA). Many of its tenants have been at the Bank of America Plaza Property for over 20 years and over 77% of the NRA is leased to investment grade-rated tenants. The Bank of America Plaza Borrower purchased the Bank of America Plaza Property in December 2009 for approximately \$47.85 million. Additionally, the Bank of America Plaza Borrower deposited \$3.4 million into a Bank of America tenant improvement allowance reserve for a total cost basis of \$51.25 million.

Property Management. The Bank of America Plaza Property is managed by Jones Lang LaSalle Americas, Inc. (the "**Bank of America Plaza Manager**"), pursuant to a management agreement (the "**Bank of America Plaza Management Agreement**"). Under the terms of the related loan documents, all fees payable to the Bank of America Plaza Manager under the Bank of America Plaza Management Agreement are subordinate to the Bank of America Plaza Whole Loan. The Bank of America Plaza Management Agreement expires on December 31, 2010, and is automatically renewed for additional successive one (1) year terms unless terminated by either party thereunder upon written notice not less than sixty (60) days prior to the end of the term. With respect to leasing responsibilities only, the Bank of America Plaza Management Agreement will continue on a month-to-month basis beginning December 29, 2009, terminable upon 30 days written notice by Bank of America Plaza Borrower. The lender has the right to cause the Bank of America Plaza Borrower to terminate the Bank of America Plaza Manager upon the occurrence of certain events, including: (a) the Bank of America Plaza Manager becomes bankrupt or insolvent or any other material event of default by the Bank of America Plaza Manager under the Bank of America Plaza Management Agreement occurs beyond any applicable grace and cure periods; (b) the occurrence and continuation of an event of default under the Bank of America Plaza Whole Loan, or (c) upon the DSCR for the Bank of America Plaza Property (as determined by lender) for the immediately preceding twelve (12) month period is less than 1.10x other than solely as a result of market conditions.

Appraisal. In connection with the origination of the Bank of America Plaza Whole Loan, Cushman & Wakefield performed an appraisal of the Bank of America Plaza Property on behalf of the Originator. In the resulting narrative report, and subject to the assumptions, limiting conditions, certifications and definitions contained therein, the appraiser concluded that the "as-is" fee value for the Bank of America Plaza Property as of February 19, 2010 was \$50,000,000.

Exhibit 13 (continued)

The appraisal states that it was prepared in accordance with the Uniform Standards of Professional Appraisal Practice and FIRREA.

Payment Terms; Interest Rate. The Bank of America Plaza Whole Loan amortizes over a 30-year term. The Interest Rate on the Bank of America Plaza Whole Loan is calculated on an Actual/360 Basis and is equal to 4.27800000% per annum. The Due Date under the Bank of America Plaza Whole Loan is the 11th day of each month, or if such day is not a Business Day, the immediately preceding Business Day.

Subordinate Debt. None.

Exhibit 14: Historical Losses on Senior Unsecured Corporate Bonds, 1982–2009

	Year 1	Year 2	Year 3	Year 4	Year 5
Aaa	0.00%	0.01%	n.a.	0.00%	0.02%
Aa	0.02%	0.04%	0.06%	0.07%	0.14%
A	0.04%	0.10%	0.21%	0.35%	0.47%
Baa	0.11%	0.30%	0.55%	0.82%	1.16%
Ba	0.66%	1.93%	3.58%	5.45%	7.02%
B	2.86%	6.76%	10.43%	13.46%	15.51%
Caa-C	11.53%	19.12%	25.61%	29.58%	33.77%
Investment Grade	0.06%	0.14%	0.27%	0.41%	0.57%
Speculative Grade	3.04%	6.30%	9.40%	11.95%	13.84%
All Rated	1.11%	2.25%	3.30%	4.13%	4.75%

Source: Excerpted from Exhibit 23 in Moody's (2010), "Corporate Default and Recovery Rates, 1920–2009."