S&P Global
Ratings

Ratings Evaluation Service (RES)

XYZ CMBS

Rating Evaluation Service (RES) on the indicative ratings is based on the [number] of proposed securitization scenarios for XYZ CMBS. S&P Global Ratings has reviewed specific scenarios provided by the client and the following is a hypothetical summary analysis reflecting the RES committee response.

Scenarios Presented

We understand that [sponsor] propose [number] scenarios regarding a proposed CMBS transaction backed by one loan secured by a portfolio of mixed use assets. More specifically, the portfolio comprises 60 properties in Germany in scenario 1 and 50 properties in scenario 2. Details of the individual scenarios are provided in the table below:

	Description	Debt Structure
Scenario 1	60 mixed use properties in Germany	€600 million senior loan
Scenario 2	50 mixed use properties in Germany	€400 million senior loan

Summary of Indicative Rating Conclusions*

Class	Amount	Scenario 1
A	€400M	AAA (sf)
B	€50M	AA (sf)
C	€50M	A (sf)
D	€50M	BBB (sf)
E	€50M	BB (sf)

Class	Amount	Scenario 2
A	€200M	AAA (sf)
B	€50M	AA (sf)
C	€50M	A (sf)
D	€50M	BBB (sf)
E	€50M	BB (sf)

*Assumes that the hypothetical scenarios submitted to S&P Global Ratings by you are implemented in accordance with information and representations you have provided.

Supporting Rationale

Our indicative ratings follow our review of the credit quality of the proposed hypothetical portfolios which will back the notes, under the application of our criteria for Global Property Evaluation Methodology (see "CMBS Global Property Evaluation Methodology," published on Sept. 5, 2012) and European CMBS transactions (see "European CMBS Methodology And Assumptions," published on Nov. 7, 2012).

Our analysis considered the revenue and expense drivers affecting the properties in forecasting the properties' cash flow in order to make appropriate adjustments. These adjustments are intended to minimize the effects of near-term volatility and ensure that the Net Cash Flow (NCF) figure derived from the analysis represents our view of a long-term sustainable NCF (S&P NCF) for the properties. This S&P NCF was then converted into an expected case value (S&P Value) using a direct capitalization approach. Our capitalization rates are calibrated to our expected case, which is akin to a "B" stress level. The S&P LTVs derived by applying the CMBS Global Property Evaluation Methodology are considered in the transaction-level analysis, in conjunction with stressed recovery parameters and pool diversity metrics, to determine credit risk and ultimately credit enhancement for a CMBS transaction at each rating category in accordance with our European CMBS Methodology And Assumptions.

General Assumptions (for all scenarios)

Key assumptions you have provided to us include:

- Datatape including current property and tenant level data, and current operating performance of the individual assets supporting the proposed scenarios;
- XYZ CMBS Rating Agency' presentation;
- Draft valuation report as of 1 January 2020;

S&P Assumptions	Scenario 1	Scenario 2
S&P NCF (million)	€45.0M	€30.0M
S&P Value (million)	€705.0M	€470M
Haircut to Reported Market Value	30%	30%
S&P Whole Loan LTV	85%	85%

Important Qualifications

The indicative rating is based on preliminary information. Due to the fact that many key points addressed in our traditional credit rating analysis are not known at this time, the final conclusions may differ significantly. For example, the following key areas of analysis have not been presented or fully addressed and many of these key areas could have a significant impact on S&P Global Ratings' conclusions:

- Review of any amended loan and securitization level documentation and legal opinions;
- Counterparty risk analysis; and
- Analysis of operational risks posed by transaction counterparties.
- Site visits.

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This S&P Global Ratings evaluation is both preliminary and confidential. It is preliminary in that it is based on hypothetical information presented to us by you. You understand that S&P Global Ratings will not review, modify or surveil this evaluation. Subsequent information or changes to the information previously provided could result in final conclusions that differ from the preliminary proposed conclusions. Please note the conclusions provided herein are based on assumptions you and your team have provided to us. To the extent that these assumptions, our criteria or other factors change, the rating implications could also change. You understand and agree that we are not financial advisors to you and that in performing the RES, S&P Global Ratings is providing indicative rating opinions on the scenarios presented; it is not endorsing or advocating any particular course of action. Nothing in this report is intended to create, or should be construed as creating, a fiduciary relationship between you and us and recipients of the indicative rating opinions. We have not consented to and will not consent to being named an “expert” under applicable securities laws. Neither S&P Global Ratings’ RES or any indicative rating set out herein is a credit rating, nor is it a recommendation to buy, hold or sell any financial obligation of an issuer. This letter is subject to the Terms and Conditions attached to the Engagement Letter applicable to the RES (the “applicable T&Cs”).

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