

MSDWCI 2001-IQ

Lincoln / Allmerica / Nationwide / MONY / TIAA / AEGON

Another first for Morgan Stanley

- Morgan Stanley reopens U.S. CMBS new issue market after September 11th attacks with first IQ securitization.

- On October 17th, Morgan Stanley reopened the U.S. CMBS new issue market with the pricing of the first pooled securitization of commercial real estate loans since the events of September 11th. Morgan Stanley was sole book-runner and lead underwriter.
- The landmark \$713 million MSDWCI 2001-IQ transaction established the Morgan Stanley IQ (“Institutional Quality”) brand which will facilitate the securitization of commercial mortgage loans from insurance companies.
- The deal stabilized the CMBS market with strong pricing and a large universe of investors.
- This is the first time six unaffiliated sellers (Lincoln National, Allmerica, Nationwide, MONY, TIAA, and AEGON) have combined their mortgage loans in a single CMBS securitization. Five of the six sellers were first time CMBS issuers and the majority of them are expected to return to the market (through Morgan Stanley).
- This is the first time that the below investment grade bonds have been sold in a securitization of seasoned commercial mortgage loans.
- The transaction carries strategic importance for many of the sellers, as participation in the transaction demonstrates portfolio liquidity, reduces real estate exposure, reduces risk based capital requirements, creates an arbitrage gain and launches capital markets lending initiatives.
- This deal is expected to spur other financial institutions (predominately insurance companies) to seek use of the IQ platform for future Morgan Stanley-led CMBS transactions.

MSDWCI 2001-IQ

Case Study

MSDWCI 2001-IQ

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- Unprecedented transaction in its establishment of the Morgan Stanley IQ (“Institutional Quality”) brand which will facilitate the securitization of loans from insurance companies
- Benchmarked the post September 11 CMBS market with offered side pricing and breadth of distribution (35 investors)
- Received the best capital structure of any multi-seller CMBS transaction with 14% subordination to AAA
- Five of the six sellers were first time CMBS issuers

Summary of Terms

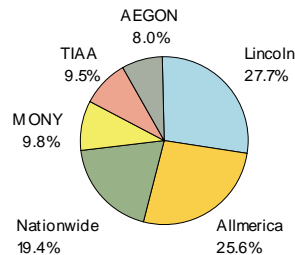
Tranche	Fitch/Moody's Rating	Size (\$)	Subordination Level (%)	Average Life (yrs)	Spread Over Swaps/UST (bps)
A1	AAA/Aaa	200,500,000	14.000	3.40	48
A2	AAA/ Aaa	151,700,000	14.000	5.70	57
A3	AAA/ Aaa	261,000,000	14.000	7.89	64
B	AA/Aa2	22,282,000	10.875	9.23	83
C	A/A2	18,717,000	8.250	9.33	100 ⁽¹⁾
D	A-/A3	5,348,000	7.500	9.48	110 ⁽¹⁾
E	BBB+/Baa1	5,348,000	6.750	9.55	140 ⁽¹⁾
F	BBB/Baa2	8,913,000	5.500	9.69	150 ⁽¹⁾
G	BBB-/ Baa3	5,347,000	4.750	10.20	190 ⁽¹⁾
H	BB+/Ba1	5,348,000	4.000	10.66	⁽¹⁾
J	BB/Ba2	10,695,000	2.500	11.41	⁽¹⁾
K	BB-/Ba3	3,565,000	2.000	12.16	⁽¹⁾
L	B+/B1	1,783,000	1.750	12.68	⁽¹⁾
M	B/B2	5,348,000	1.000	13.45	⁽¹⁾
N	B-/B3	1,782,000	0.750	14.28	⁽¹⁾
O	NR/NR	5,348,371		16.28	⁽¹⁾
X1	AAA/Aaa	713,024,371 ⁽²⁾		6.17	⁽¹⁾
X2	AAA/Aaa	218,599,000 ⁽²⁾		6.98	⁽¹⁾

Transaction Overview

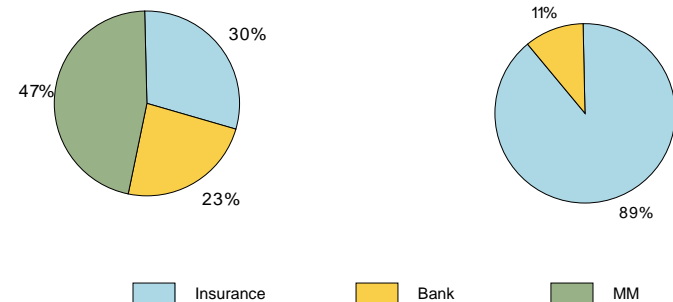
Lead Manager:	Morgan Stanley
Co-managers:	Goldman Sachs, Salomon Smith Barney
Transaction Size:	\$713.0MM / 91 loans
Average Loan Balance:	\$7.8MM
Pricing Date:	October 17, 2001
Settlement Date:	October 24, 2001
Weighted Avg. DSCR:	1.50x
Weighted Avg. Implied DSCR: ⁽³⁾	1.64x
Weighted Avg. LTV:	59.3%
Traditional Properties: (Retail, Office, Indust., MFamily)	100%
Geographical Concentration:	CA (29.8%), KS (8.2%), NJ (5.9%)
B-piece Buyer:	GMAC Commercial Mortgage

Source Morgan Stanley

2001-IQ Collateral Contributors



Distribution by Investor Type



Notes
 1. Privately offered
 2. IO Notional
 3. @ 9% constant