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Commercial Mortgage ALERT

THE WEEKLY UPDATE ON REAL ESTATE FINANCE AND SECURITIZATION

M&I Markets $500 Million Portfolio

M&I Bank is offering a $500.4 million portfolio almost entirely made up of commercial real estate loans and foreclosed properties.

All but a handful of the roughly 100 assets are in various stages of distress. Four loans have balances exceeding $25 million, and the 15 largest assets account for 55% of the portfolio. Some of the loans were previously marketed by the bank.

Investors can bid on any of 11 pools, divided by geography, or on the entire portfolio. Bids are due May 27. Milwaukee-based M&I wants to close sales by the end of the second quarter. **Mission Capital Advisors** of New York is handling the auction.

A breakdown of the portfolio by property type wasn't provided in marketing materials. The assets are in 17 states, with concentrations in Florida (29%), Illinois (16%), Wisconsin (14.5%) and Colorado (10%).

The largest asset is a nonperforming $36.6 million construction loan on a student-housing property next to the University of Denver. M&I originated the three-year loan in 2008 and sold a participation interest to **First National Bank of Colorado**. Both pieces are being offered. The borrower, local developer **MacKenzie House,** defaulted in the past six months. The 355-bed property, called Asbury Green, was only 32% occupied in the fall semester. Spring occupancy figures were not available. The loan had an original balance of $40.1 million. M&I included it in a large offering in November, but didn't strike a deal.

In addition to the real estate assets, the portfolio includes $14.4 million of stock in banks in California and Illinois. Those assets make up one of the pools.

M&I is a unit of **Marshall & Isley,** one of the most aggressive sellers on the secondary market over the past couple of years. At yearend, the parent held $17.4 billion of commercial real estate assets, consisting of $9.3 billion of commercial mortgages, $2.6 billion of multi-family loans and $5.5 billion of construction and land loans. Seven percent of the assets were nonperforming. ❖

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THE GRAPEVINE

Situs Cos. is seeking a veteran asset manager to oversee a portfolio of nonperforming commercial real estate assets for its special-servicing unit. The recruit would be based in the Houston headquarters of Situs, which is looking for someone with at least 10 years experience, preferably in securitized loans or other structured debt.

MetLife Real Estate Investments has hired **Glen Malcolm** to originate and invest in mortgages secured by commercial properties in Canada. He started Monday as a director in Toronto, reporting to regional director **Betsy Clark** in Chicago. Malcolm previously spent 10 years in the Canadian division of **GMAC Commercial Mortgage** and its successor,

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Buyer of Microsoft-Leased Tower Seeks Loan

Cole Real Estate is seeking up to $180 million of mortgage financing for its pending acquisition of a suburban Seattle office building that is fully leased to **Microsoft.**

A nontraded REIT operated by Phoenix-based Cole has agreed to buy the 574,000-square-foot City Center Plaza in Bellevue, Wash., from **Beacon Capital Partners** for $310 million, or $540/sf. **Eastdil Secured,** which is brokering the sale, is also advising Cole on the loan.

Cole is soliciting proposals for a five-year mortgage of $150 million to $180 million, which would put the loan-to-value ratio at just 48-58%. Given the low leverage and the stellar tenant, the battle for the assignment is likely to center around foreign and domestic banks. Such institutions would probably be more willing to offer a lower rate than insurance companies, which typically set floor coupons on their loans. Securitization shops are likely out of the picture.

Microsoft has a 15-year lease on all of the office space at the building, which

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Pyramid Near Deal to Modify Big Mall Loan

Pyramid Cos. is close to securing an extension of up to two years for a matured $550 million mortgage on Palisades Center, a step that would solidify its control of the trophy mall in suburban New York.

Pyramid has been facing the potential risk of being squeezed out of the 2.3 million-square-foot Rockland County property because vulture investors were attempting to buy the junior debt in order to call the shots in any workout.

But now Pyramid is poised to gain more breathing room. The company and special servicer **Helios AMC** of San Francisco have agreed in principle to the terms of a loan modification and extension, and are working out the final details, according to market players. A **Deutsche Bank** CDO that controls the junior debt appears to be on board. While a final agreement on the extension is not certain, all signs are now pointing that way.

To get the reprieve, Pyramid would likely have to put up some capital. And

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Wells Lends $135 Million on Macerich Mall

Macerich has taken cash out of a mall in Modesto, Calif., by lining up a $135 million floating-rate loan from **Wells Fargo.**

The five-year loan, pegged to Libor plus 300 bp, is backed by the 1.1 million-square-foot Vintage Faire mall.

Macerich, a mall operator based in Santa Monica, Calif., used less than half of the proceeds to retire a $61.4 million mortgage that **TIAA-CREF** originated in 2000. That 7.9% loan, which had an original balance of $70 million, was scheduled to mature in September.

Macerich and Wells, which have a long relationship, began discussing the loan last year, according to Macerich chief financial officer **Thomas O'Hern,** who spoke to analysts last week about the REIT's first-quarter earnings. O'Hern praised the flexibility provided by the Wells loan. The bank "came in with a deal that looked almost like a life-company deal," O'Hern told the analysts. "The difference was that

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