

## Swiss Development Pays \$31.6Mln for Loan Against Ohio Mall

*Commercial Real Estate Direct Staff Report*

An affiliate of Swiss Development Group has paid roughly \$31.6 million for the \$149.6 million of CMBS debt against the Tri-County Mall, a troubled shopping center in suburban Cincinnati.

That's slightly less than the \$33.8 million value the 1.1 million-square-foot mall was appraised at last October. The sale resulted in a loss of \$124 million to the CMBS deal that owned the loan, Credit Suisse First Boston Mortgage Securities Corp., 2005-C2.

The loan was offered by the CMBS deal's special servicer, CWCapital Asset Management, through [Mission Capital Advisors, which entertained offers in late March](#).

The sale resulted in a \$5.7 million principal loss to the CMBS deal's A-J class, which originally was rated AAA by S&P and Aaa by Moody's, according to analysis by Barclays Capital. That amounts to 5.2 percent of the class' original \$110.4 million balance. Bond classes below the A-J class were totally wiped out.

Barclays, citing a report from the CMBS deal's trustee, said the sale resulted in only \$11.5 million of net proceeds to the transaction after servicer advances and interest shortfalls were repaid.

The loan had been in special servicing since August 2009 and hadn't made an interest payment since April 2011. The CMBS deal's master servicer had to advance those payments since then to ensure bondholders wouldn't be short-changed.

CWCapital had filed to foreclose against it, so the thinking is that Swiss Development, which is commonly referred to as SDG, will complete the foreclosure and take over the property.

The property previously had been owned by a venture of DDR Corp. and Coventry Real Estate Fund II which in 2006 acquired it for \$220 million. At one time, it was the area's dominant shopping center, but suffered when new competitors sprung up around it.

The property's inline space was roughly 76 percent leased as of the end of last year, when it generated roughly \$5.6 million of net operating income. It is anchored by Sears, which takes 285,000 sf, Dillard's, in 235,850 sf, and Macy's, which owns the space it occupies. JCPenney had also anchored the property, but it vacated its 160,321 sf in 2004.

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