

## Commerical Mortgages Returns Lower in First Quarter 2012

BOSTON, June 22, 2012 /PRNewswire/ -- Private commercial mortgage loans held by life insurance companies posted a 1.56 percent total return in first quarter 2012, down from fourth quarter 2011's return of 2.33 percent, according to the LifeComps Commercial Mortgage Performance Index.

Despite the lower performance, price return remained positive at 0.18 percent as mortgage spread tightening outweighed a rise in treasury yields. The 10-year treasury yield rose from 1.89 percent at year-end to 2.23 percent as of first quarter. Income return for first quarter was 1.39 percent.

The annual return also fell, declining from 9.90 percent last quarter to 9.72 percent for first quarter. Income contributed 5.88 percent and appreciation 3.84 percent with performance benefiting from markedly lower treasury yields from a year ago. Treasury yields for 10-year maturities fell 124 basis points from 3.34 percent as of first quarter 2011.

Of the four major property types, apartments performed best over 12 months with a total return of 10.26 percent compared with 9.95 percent for retail, 9.22 percent for industrial and 8.96 percent for office.

<b>Commercial Mortgage Loan Total Return by Property Type as of 3/31/12</b>		
	Quarter	12 months
Apartment	1.58%	10.26%
Office	1.51%	8.96%
Retail	1.25%	9.95%
Industrial	1.69%	9.22%
<b>All*</b>	<b>1.56%</b>	<b>9.72%</b>

\*includes hotel, mixed use, and other commercial

### About LifeComps

The LifeComps Commercial Mortgage Loan Index is the only published benchmark for the private commercial mortgage market based on actual mortgage loan cash flow and performance data, which has been collected quarterly from participating life insurance companies since 1996. Active loans in the LifeComps Index number over 5,000 with an aggregate principal balance of approximately \$91.9 billion and market value of \$98.7 billion. The weighted average duration is 4.3 years and average reported loan-to-value is 58 percent.

Since its inception, the LifeComps database has tracked individual cash flows on more than 18,000 loans with principal balances totaling in excess of \$221 billion. More than 3,800 loans totaling \$54 billion have been tracked from origination to disposition.

Participating life insurers include Allstate Life Insurance Company, CIGNA Investment Management, AXA Equitable, John Hancock, Northwestern Mutual, Principal Financial, Prudential Insurance Company of America, and TIAA. For more information, visit [www.lifecomps.com](http://www.lifecomps.com).

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