



CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

Commercial Real Estate and CMBS Expertise

Cornerstone Research provides consulting services and economic analysis for complex litigation matters related to commercial real estate. We leverage our deep experience of commercial real estate markets, structured finance, and valuation to support clients and testifying experts in commercial real estate matters.

Commercial Real Estate Securities Issues

We leverage significant experience in accounting and securities litigation and apply it to commercial real estate issues. In particular, we have deep experience evaluating loss causation and accounting fraud in a variety of contexts. Within commercial real estate, our assignments have included:

- Evaluating alleged misrepresentations in real estate investment offering documents
- Evaluating allegations that a bank and its officers misrepresented the state of the bank's commercial real estate loan portfolio

Commercial Real Estate Contract Disputes

Cornerstone Research has experience calculating damages in a variety of commercial real estate contract disputes. We have supported a range of real estate experts including industry experts, financing experts, and damages experts. Our relevant engagements include:

- A dispute between a bank and a hotel developer over a failed financing arrangement
- A dispute between the owner and manager of several office buildings
- A dispute between a multibillion-dollar commercial project owner and its contractors

Commercial Real Estate Lending

In commercial real estate litigation and regulatory matters, Cornerstone Research has supported real estate experts to evaluate real estate lending issues. Our assignments have included:

- Evaluating the commercial real estate lending practices of a bank being sued by the Federal Deposit Insurance Corporation (FDIC)
- Evaluating a bank's commercial real estate lending practices, including risk management and financial reporting
- Evaluating the market for real estate market financing and lending, including different borrowing options and terms

Commercial Real Estate M&A and Antitrust

We leverage significant experience in M&A and antitrust and apply it to commercial real estate issues. Our assignments have included:

- Valuation of a merger between two real estate investment trusts (REITs)
- Evaluating the tax impact to investors of a vacation ownership business spin-off
- Evaluating competition in real estate broker and property management services
- Antitrust review of a proposed acquisition by commercial real estate servicer firms

We work on matters spanning the spectrum of commercial real estate contract disputes, analyses of lending markets, commercial real estate valuation, and CMBS matters.

Commercial Real Estate Valuation

Cornerstone Research has been retained in litigation to support real estate experts opining on issues of commercial real estate valuation, including valuation of a mall project, master-planned community development, and ground lease.

Commercial Mortgage-Backed Securities (CMBS)

Cornerstone Research has deep and extensive experience in structured finance products, including CMBS, residential mortgage-backed securities (RMBS), and collateralized debt obligations (CDOs). We have experience assessing the market dynamics, information sources, and derivative pricing methods relevant to valuing CMBS. Cornerstone Research has assisted clients in evaluating a wide variety of issues involving CMBS trustees, issuers, servicers, and ratings agencies. Specifically, we have analyzed:

- The value of CMBS
- Whether the servicing of a CMBS loan complied with the servicing standard
- The state of the CMBS lending market in the post-pandemic environment
- Investments in CMBS by CDOs

For more information on Cornerstone Research's commercial real estate and CMBS capabilities and experience, contact:

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Valuing MBS and CDOs

For a number of reasons, MBS, asset-backed CDOs, and other related structured finance securities can be challenging to value:

- They often trade infrequently and privately, and it can be difficult to observe a market price.
- The potential illiquidity of a particular instrument at a given time can have an impact on its value.
- Values vary with the credit risk, prepayment risk, interest rate sensitivity, and optionality of the underlying loans and bonds.
- Values are highly dependent on, and sensitive to, the valuation models and modeling assumptions used.

Cornerstone Research has worked with experts to value residential and commercial MBS using various techniques. We have developed cash flow projections for residential and commercial MBS, and valued MBS using discounted cash flow analysis. In addition, we have used Monte Carlo simulations, a statistical technique that generates expected returns for securities.

We have also worked with experts to assess the pricing of bond and loan assets purchased to create CDO pools, as well as the pricing, hedging, and performance of CDOs.
