Risk Integrated

Risk Integrated Introduces New Investment Analysis Tool to Boost Investor Confidence

Equity Analysis Module Addresses Need for Transparency and Basel II Compliance in Commercial Real Estate

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New York / London – 08 May 2008 - Risk Integrated, a consulting and technology firm focusing on risk management for specialized finance, today announced it has added an equity analysis module to its Specialized Finance System (SFS) for Commercial Real Estate (CRE). The addition offers property investors, portfolio and asset managers the ability to analyze debt and equity investments in a single coherent framework. The new module is designed to address investor demand for transparency at a time when lenders and asset managers are looking to stabilize investor confidence in CRE assets. In addition, it will provide banks with the framework to meet Basel II Advanced compliance for entire portfolios or for individual deals.

As the effects of the current market crisis permeate into the CRE sector, investors are demanding more understanding of the risk exposures and market stresses on their portfolios. Risk Integrated's equity analysis module enables those structuring CRE deals to address investors' concerns over equity exposures on any deal or portfolio. The new analysis tools provide a consolidated portfolio view of these exposures, as well as the ability to drill down into individual assets - ensuring volatile deals can be restructured if necessary. The enhancement of the SFS will bring clarity to the stresses on deal values, at a time when mangers, board members, regulators and investors all need reassurance as to the quality of the assets on balance sheets.

Dr. Chris Marrison, CEO of Risk Integrated comments, "Increasingly, our clients are demanding more transparency into their CRE portfolios - both from a debt and equity perspective. The current market sentiment is to be very apprehensive about risks where there is any lack of transparency. Property investments in the CRE sector have been hit heavily due to lack of confidence caused by the complexity of these transactions. Third parties are calling for a deeper insight into the values and risks of portfolios they have interests in. This, along with Basel II, has driven the need to demonstrate solid internal risk measurement and prove the quality of deals. To meet this demand, the capability of the SFS has been extended to offer equity analysis as well as debt analysis. The tool allows users to assess and report how instruments such as interest rate and property derivatives can be used to effectively hedge and assess the risk-return profile – which is critical to maintaining profitability during the current credit crisis."

To guide the portfolio manager in restructuring risks, the SFS analysis can also simulate the effects of the sale of individual properties, reserve accounts, sweeps and sinking funds. Using advanced quantitative techniques and cashflow simulation the distribution of outcomes in thousands of possible scenarios can be tested.

The SFS equity module is unique in offering this capability for global portfolios of thousands of deals. This capability comes in part from the analytics and in part from the data integration tools that create a centralized data repository for commercial real estate assets.

Dr. Yusuf Jafry, Risk Integrated's CTO, remarks, "In order to have a cohesive and comprehensive overview across the portfolio banks have to pull together and consolidate disparate data sources, such as the banking systems, Excel and paper sources. We have developed these capabilities for commercial real estate lending and now, the addition of the equity analysis module extends the capability to be used by investors such as asset managers, insurance companies and pension funds."

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About Risk Integrated

Risk Integrated is a consulting and software firm focusing on risk measurement for specialized lending such as commercial real estate, project finance, object finance, commodities, and asset-backed securities. We create tools, policies and training to assist financial institutions to quantify, manage, and report their risks. These tools assess the assets of banks, insurance companies, asset managers, governments, and industrial companies. Our objective is to give each client a clear view of their current risk on outstanding loans, to properly assess the "riskiness" of new deals in the pipeline, and to show how the risks can be profitably mitigated.

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