

NEW YORK--([BUSINESS WIRE](#))--Fitch Ratings has issued a presale report on the Institutional Mortgage Securities Canada Inc.'s commercial mortgage pass-through certificates, series 2014-5.

Fitch expects to rate the transaction and assign Outlooks as follows:

--\$152,282,000 class A-1 'AAAsf'; Outlook Stable;

--\$119,001,000 class A-2 'AAAsf'; Outlook Stable;

--\$6,236,000 class B 'AAsf'; Outlook Stable;

--\$9,355,000 class C 'Asf'; Outlook Stable;

--\$8,185,000 class D 'BBBsf'; Outlook Stable;

--\$4,677,000 class E 'BBB-sf'; Outlook Stable;

--\$3,118,000 class F 'BBsf'; Outlook Stable;

--\$3,118,000 class G 'Bsf'; Outlook Stable.

All currencies are in Canadian dollars (CAD).

The expected ratings are based on information provided by the issuer as of July 2, 2014. Fitch does not expect to rate the \$311,819,832 (notional balance) interest-only class X or the non-offered \$5,847,832 class H certificate.

The certificates represent the beneficial ownership in the trust, primary assets of which are 41 loans secured by 55 commercial properties having an aggregate principal balance of approximately \$311.8 million as of the cutoff date. The loans were originated or acquired by Institutional Mortgage Capital, LP.

Fitch reviewed a comprehensive sample of the transaction's collateral, including site inspections on 70.2% of the properties by balance, cash flow analysis of 100%, and asset summary reviews on 100% of the pool.

The transaction has a Fitch stressed debt service coverage ratio (DSCR) of 1.16x, a Fitch stressed loan-to-value (LTV) of 98.2%, and a Fitch debt yield of 9.6%. Fitch's aggregate net cash flow represents a variance of 4.2% to issuer cash flows.

KEY RATING DRIVERS

Canadian Loan Attributes and Historical Performance: The ratings reflect strong historical Canadian commercial real estate loan performance, including a low delinquency rate and low historical losses of less than 0.1%, as well as positive loan attributes, including short amortization schedules and recourse to the borrower and additional guarantors. For further information on prior Canadian CMBS securitizations, see 'Canadian CMBS Default and Loss Study,' dated October 2013.

Fitch Leverage: The pool has a Fitch DSCR and LTV of 1.16x and 98.2%, respectively, which represents slightly lower leverage than the IMSCI 2013-4 deal, which had a Fitch DSCR and LTV of 1.16x and 100.2%, respectively. The leverage is also slightly lower than the first quarter 2014 average for US CMBS, which was an LTV of 104.7%.

Amortization: The pool has a weighted average amortization term of 24 years, which represents faster amortization than U.S. conduit loans. There are no partial or full interest-only loans. The pool's maturity balance represents a paydown of 13.4% of the closing balance and 16.3% from the original loan balance.

Seasoning and Loan Term: The pool includes 11 seasoned loans, with seasoning ranging from 12 to 80 months. The pool has a weighted average loan term of 5.3 years, significantly shorter than US fixed-rate transactions. Two of the top 10 loans have scheduled maturity dates within the next two years.

RATING SENSITIVITIES

Fitch performed two model-based break-even analyses to determine the level of cash flow and value deterioration the pool could withstand prior to \$1 of loss being experienced by the 'BBB-sf' and 'AAAsf' rated classes. Fitch found that the IMSCI 2013-4 pool could withstand a 46.9% decline in value (based on appraised values at issuance) and an approximately 13.0% decrease to the most recent actual cash flow prior to experiencing a \$1 of loss to the 'BBB-sf' rated class. Additionally, Fitch found that the pool could withstand a 52.0% decline in value and an approximately 21.3% decrease in the most recent actual cash flow prior to experiencing \$1 of loss to any 'AAAsf' rated class.

Key Rating Drivers and Rating Sensitivities are further described in the accompanying pre-sale report.

The master and special servicer will be Midland Loan Services, a Division of PNC Bank, National Association, rated 'CMS1' and 'CSS1', respectively, by Fitch.

The presale report is available at 'www.fitchratings.com'.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

--'Criteria for Analyzing Multiborrower U.S. Commercial Mortgage Transactions' (June 2014);

--'Global Structured Finance Rating Criteria' (May 2014);

--'U.S. Commercial Mortgage Servicer Rating Criteria' (February 2014);

--'U.S. Fixed-Rate Multiborrower CMBS Surveillance and Re-REMIC Criteria' (December 2013);

--'Counterparty Criteria for Structured Finance Transactions and Covered Bonds' (May 2014).

Applicable Criteria and Related Research: IMSCI 2014-5 (US CMBS)

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=751408

Criteria for Analyzing Multiborrower U.S. Commercial Mortgage Transactions

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=748778

Global Structured Finance Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=748821

U.S. Commercial Mortgage Servicer Rating Criteria -- Effective Feb. 18, 2011 to Feb. 14, 2014

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=584005

U.S. Fixed-Rate Multiborrower CMBS Surveillance and Re-REMIC Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=724961

Additional Disclosure

Solicitation Status

http://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=837694

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