

[Company Header/Logo]

[Date]

[Recipient Name]

[Title]

[Organization Name]

[Address Line 1]

[City, State, Zip Code]

Subject: Annual Commercial Real Estate Portfolio Risk Assessment - [Year]

Dear [Recipient Name],

This letter provides a formal summary of the risk management assessment conducted for the commercial real estate portfolio as of [Date]. Our objective is to identify potential exposures and outline mitigation strategies to preserve asset value and ensure long-term stability.

1. Executive Summary

The portfolio currently maintains an overall risk rating of [Low/Moderate/High]. While performance remains stable, we have identified key areas requiring oversight due to shifting market conditions.

2. Key Risk Indicators

- **Market Risk:** Analysis of vacancy rates and cap rate compression within [Geographic Region/Sector].
- **Financial Risk:** Assessment of Debt Service Coverage Ratios (DSCR) and upcoming interest rate resets.
- **Tenant Risk:** Review of lease expirations, concentration of high-exposure tenants, and creditworthiness.
- **Operational Risk:** Evaluation of deferred maintenance, insurance premiums, and property management performance.

3. Identified Vulnerabilities

[Briefly describe specific risks, e.g., upcoming lease expirations in the retail sector or rising utility costs].

4. Mitigation & Action Plan

To address the aforementioned risks, the following actions are being implemented:

- [Action Item 1: e.g., Early lease renewal negotiations]
- [Action Item 2: e.g., Refinancing of maturing debt]
- [Action Item 3: e.g., Capital improvements to enhance asset competitiveness]

5. Conclusion

We will continue to monitor these variables on a [Monthly/Quarterly] basis. Detailed reporting on individual asset performance is attached for your review.

Sincerely,

[Signature]

[Your Name]

[Your Title]

[Contact Information]