MORNINGSTAR

Motel 6 Trust 2012-MTL6
Commercial Mortgage Pass-Through Certificates, Series 2012-MTL6

Presale Report

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PRELIMINARY RATINGS (AS OF: 10/19/12)

CLASS	BALANCE/ NOTIONAL AMT	PRELIMINARY RATINGS	MORNINGSTAR DSC	MORNINGSTAR BLTV	CREDIT SUPPORT LEVELS
Class A-1	$105,000,000	AAA	6.28 x	33.0%	51.48%
Class A-2	404,500,000	AAA	6.28 x	33.0%	51.48%
Class XA-1	509,500,000	AAA	6.28 x	33.0%	51.48%
Class XA-2	509,500,000	AAA	6.28 x	33.0%	51.48%
Class XB-1	540,500,000	AAA	6.28 x	33.0%	51.48%
Class XB-2	540,500,000	AAA	6.28 x	33.0%	51.48%
Class B	189,900,000	AA-	4.58 x	45.3%	33.39%
Class C	145,100,000	A-	3.79 x	54.7%	19.57%
Class D	185,500,000	BBB-	3.11 x	61.3%	1.90%
Class E	20,000,000	BBB-	3.05 x	62.8%	0.00%
Class R	n/a		n/a	n/a	n/a

In determining the preliminary ratings on each class of securities issued by the Trust, Morningstar analyzed the properties securing each loan as enumerated herein to determine their stabilized as-is net cash flow (NCF) and values based primarily on the direct capitalization approach. The loans along with their corresponding as-is NCF and property values were then subjected to a series of economic and lending environment stresses in our proprietary CMBS Subordination Model to estimate their expected loss at each rating category. A description of this model is attached as Appendix A to this report. Note (1): The Class XA-1, Class XA-2, Class XB-1, and Class XB-2 certificates are notional amount certificates and will not be entitled to receive distributions of principal. Interest will accrue at the respective pass-through rates based upon the corresponding Notional Amount. NR – Not Rated; N/A – Not applicable; PR – Private Rating Issued.

Estimated Closing Date: November 13, 2012.
Solely to the extent and subject to the scope of review enumerated herein, this report and the preliminary ratings noted above address certain credit risks and the extent to which the payment stream of the collateral is adequate to make payments required under the certificates based on information identified as subject to review herein and to the extent provided to Morningstar Credit Ratings, LLC ("Morningstar") on the arranger's website for this transaction as of October 19, 2012. The below analysis, as well as Morningstar's ratings characteristics as described in Appendix C, further reflect the ratings analysis related to these preliminary ratings. Investors should be aware that the proposed transaction and certain documents related thereto are not finalized. Following Morningstar's receipt of final information and documentation, and the completion of Morningstar's review of such information and documentation, Morningstar may issue final ratings to certain subscribers. Such final ratings may differ from the preliminary ratings enumerated herein. Any final ratings will solely be available to Morningstar subscribers on a subscription basis. The preliminary ratings are provided on an arranger pay basis while any related surveillance and analysis is provided to subscribers on a subscription pay basis. For the avoidance of doubt, your receipt of this report does not, in and of itself, make recipient a subscriber of Morningstar. For further information on Morningstar's subscription service, please contact Joe Petro pursuant to the contact information above.

Ongoing Surveillance Statement
Morningstar will monitor the ratings assigned to each Class of certificates on an on-going basis and publish monthly surveillance reports, Morningstar Dealviews, with respect to the trust on a subscription basis solely for subscribers. In addition, changes to ratings and related analysis with respect to each Class of certificates will be provided to subscribers on a subscription basis. Appendix B to this report provides details on our surveillance approach. Morningstar's ability to continually monitor this transaction is contingent on Morningstar's continued timely receipt of certain information and data regarding the collateral and transaction.

TRANSACTION SPOTLIGHT

Collateral	First mortgage financing on 508 motels, pledge of cash flow in 9 motels and intellectual property, and equity pledges of interests in entities which own intellectual property and franchise rights.	**Mortgage Loan Sellers**	JP Morgan Chase Bank, National Association, German American Capital Corporation, and Citigroup Global Markets Realty Corp.
Notional Balance	$1,050,000,000		
Structure	Sequential	**Depositor**	J.P. Morgan Chase Commercial Mortgage Securities Corp.
Morningstar U/W Current DSCR (1)	3.05 x	**Trustee**	Wells Fargo Bank, National Association
Morningstar U/W Amortizing DSCR (1)	3.05 x	**Servicer**	KeyCorp Real Estate Capital Markets, Inc
Morningstar Trust U/W BLTV	68.0%	**Special Servicer**	KeyCorp Real Estate Capital Markets, Inc
Morningstar Trust U/W ELTV	68.0%	**Certificate Administrator**	Wells Fargo Bank, National Association
Morningstar All-In DSCR (2)	1.84 x		
Morningstar All-In UW BLTV(2)	88.7%		

Note:
(1) Current debt service coverage reflects interest only payments loans which are interest only or which have a partial interest only period. Amortizing debt service coverage includes full amortization payments for amortizing and partial interest only loans and interest only for full term interest only loans.
(2) All in Current Debt Service and BLTV represents the total debt on the asset or portfolio including both the trust loan balance and any subordinated financing such as B-notes, participation certificates, or mezzanine debt. Mezzanine debt service for the Mezzanine A loan has been calculated based upon the maximum interest rate of (5.0% LIBOR rate cap + spread of 7.6% = 12.56%). If the current interest rate of 8.6% (1% LIBOR floor + spread of 7.6%) were assumed the coverage would be 1.95x.

Transaction Overview

The Blackstone Group L.P. ("Blackstone") has acquired the Motel 6 lodging chain from Accor S.A. for a purchase price of $1.99 billion inclusive of closing costs and reserves. The borrowers are indirectly owned by various vehicles comprising the real estate fund commonly known as Blackstone Real Estate Partners VII L.P. or their affiliates, which entities are managed by affiliates of Blackstone. Total debt as part of this transaction is $1.368 billion and includes $1.05 billion of first mortgage debt (the "Trust Loan") and $318 million of mezzanine financing (the "Mezzanine Loans"). Total equity invested at closing equates to $626.3 million, or 31.4% of the initial acquisition cost.

Collateral for the financing will consist primarily of three promissory notes (the "Notes") issued by four special purpose entities (the "Borrowers"). The notes will support a fixed rate loan which is secured by cross-collateralized and cross-defaulted mortgage liens on the Borrowers' interests in 508 motels, a pledge of cash flow from 9 additional motels and intellectual property, and equity pledges of interests in entities which operate the franchise and licensing rights and which own the intellectual property associated with the Motel 6 and Studio 6 brands. The As-Is appraised value of the collateral was estimated to be $1.8 billion by HVS; the value of the owned real estate was estimated to be $1.563 billion and the enterprise value of the franchise operation was estimated to be $240 million. Based upon the appraised valuation the loan represents leverage of 58.2%. Morningstar estimated the market value of the owned real estate to be $1.543 billion and has estimated a more conservative enterprise value for the franchise brand at $59 million; based upon the Morningstar Valuation the leverage is slightly higher at 68.0%.

The majority of the value in the company is currently generated by the owned motels of which 512 are located in the United States and 5 are located in Canada. All but two of the motels are operated under the Motel 6 and Studio 6 brands and will continue to be managed and operated as such. Blackstone believes that there is strong potential for upside in both the assets and the brand and plans to reinvigorate the brand through extensive capital investment and renovation. The borrower also believes there are strong opportunities to expand the franchise operation in both the US through aggressive marketing and conversion, but also internationally, particularly in South America.

Morningstar determined the preliminary ratings for each class of Motel 6 Trust 2012-MTL6 certificates by estimating net cash flow and valuation for both the owned assets and the franchise operation and subjecting the aggregate net cash flow and capitalization rates to a variety of stresses in our proprietary CMBS Subordination Model. Morningstar will perform on-going monitoring of the rating on each Class of Certificates on a subscription basis in accordance with Morningstar's policies and procedures.

KeyCorp Real Estate Capital Markets, Inc. (KeyCorp) is acting as Servicer and Special Servicer. Morningstar's operational risk assessment ("ORA") rankings for KeyCorp (assigned to its subsidiary business unit, KeyBank Real Estate Capital) are 'MOR CS1/Stable' for master and primary servicing, and 'MOR CS2/Stable' for special servicing. For the full assessment reports and additional information, please access https://ratingagency.morningstar.com

Morningstar Perspective

Morningstar's analysis of the collateral for the loan was based on information provided on the arranger's website as of October 19, 2012 and yielded an aggregate net cash flow of approximately $162.5 million; this was 20.5% lower than the sponsor's underwritten net cash flow. The Morningstar net cash flow resulted in a weighted-average DSCR of 3.05x and a debt yield of 14.9%. Based upon the total financing of $1.638 billion (including the mezzanine financing) and the Morningstar estimated net cash flow, the all-in debt DSCR and debt yield are 1.84x and 11.9%, respectively. The loan provides for interest only payments during the first two years of the loan term; thereafter, amortization equivalent to $1.1 million per month will be required if the loan does not meet debt yield requirements. For the purposes of our evaluation, Morningstar has assumed that the loan will not trigger amortization and will remain interest only throughout the loan term.

Morningstar valued the owned properties using the direct capitalization method. Our final aggregate value of approximately $1.543 billion, which was 14.2% lower than the reported aggregate appraised value, was calculated separately for each asset by dividing the Morningstar net cash flow by a capitalization rate determined based upon asset location, type, quality, and other characteristics. The capitalized value of the portfolio was then further adjusted to reflect the additional value contributed by upfront reserves, escrows, and other miscellaneous items. Based upon the Morningstar valuation, the derived weighted-average capitalization rate of the owned properties was 10.43%. Morningstar estimated the enterprise value of the franchise operation by evaluating the market capitalization and valuation of similar franchise operations in the public markets and applying a conservative EBITDA multiple to the current cash flow stream of the franchise operation; the valuation did not involve the development of future expansion of upside of the franchise operations, but rather represents a liquidation value of the company today. The combined Morningstar valuation resulted in a beginning loan-to-value ratio of 68.0%.

The Bears Say

- Risk of Additions to Supply - the nature of the economy lodging sector is that most properties are in locations in suburban and highway locations and as such there is typically a large amount of land available for future development. There is a risk that the owned motels may be affected by new additions to supply in their respective markets which could have an impact on future operations and asset value. This risk is somewhat mitigated by the risk premium that Morningstar applies to the capitalization rate used to value limited service hotels (the capitalization rate used is adjusted upward by 75 bps) to reflect the higher risk of limited service hotels as compared to full service properties.

- Geographic Concentration – five states account for a disproportionate share of owned and franchise hotel supply. California, Texas, Arizona, Florida, and Georgia represent 466 hotels and 46.9% of the combined owned and franchise room supply. This concentration indicates that the company has not yet achieved its critical mass throughout the U.S. to ensure maximum efficiency in marketing efforts and operating leverage. This downside risk, is however, mitigated by the fact that this factor in turn presents a huge opportunity for franchise expansion over the longer term.

- Hotels are an operating business - unlike other forms of real estate which have steady lease income, the true asset value of a hotel is generated by the business of operating the hotel enterprise. Operating expenses at a hotel are highly fixed and, as a result, net cash flow and operating margins are highly dependent on revenue. During peak periods, hotels are able to support higher room rates and occupancy levels which generate strong profits. During downturns, margins can drop precipitously. This risk is somewhat mitigated by the fact that the lodging industry is in the early stage of an economic recovery and barring material adverse conditions, it is expected that the industry will reflect growth throughout the loan term.

- Leasehold Properties - there are 63 assets which comprise a leasehold or ground lease interest. Many of the ground leases contain material deviations and/or deficiencies from customary "financeable" ground lease provisions in the related ground lease documentation. Although a number of the leasehold motels actually have leasehold mortgage, we have considered that in the event of default it may be difficult to foreclose on and liquidate these assets. Morningstar has excluded 44 of these assets from our evaluation of net cash flow and market value. The Trust Loan has also accounted for this risk by providing for upfront escrows and future escrows to provide additional collateral in support of these assets. It is important to note that although we have not given credit to 44 properties, they do in fact generate strong cash flow for the company; Morningstar estimates that the NCF for the excluded assets equates to $16.4 million each year.

- Age of the Collateral - the average age of the owned collateral is 24 years with the majority of the assets, representing 85.3% of the allocated mortgage cut-off balance, constructed prior to 1990. Although on the face the age of the assets would imply that many of these properties may be suffering from aesthetic and functional obsolescence, this risk is mitigated by the fact that the Motel 6 has conducted $188 million of capital expenditures in the owned real estate between 2008 and 2011. In addition, Blackstone plans to conduct a minimum of $298 million of renovations to upgrade the product offering.

- Cost Savings at Corporate Overhead - the corporate office overhead of Motel 6 includes both the cost to operate the 517 owned motels as wells as the franchise division. The company operates under a highly centralized structure with reservations, marketing, and revenue management decisions conducted at the corporate level and the costs are in turn allocated down to the owned hotels. Historically the overhead allocation to the owned portfolio has ranged from $51.7 million during 2008 to $64.9 million during TTM August 2012. Blackstone believes that they can significantly reduce the cost of corporate overhead through reduction of payroll, attrition and streamlining of expenses. The arranger believes that this cost can be reduced to roundly $39 million, or 6.0% of gross revenue. It is possible that management will be unable to achieve these cost savings which could have a negative impact on the net cash flow estimated from the hotels. This risk is somewhat mitigated in the Morningstar evaluation which assumes a much more conservative reduction on overhead costs, and therefore, higher management costs allocated to assets.

- Americans with Disabilities Act of 1990 ("ADA") - under the ADA, all public accommodations are required to meet certain federal requirements related to access and use by disabled persons. The United States and Motel 6 Operating LP entered into a settlement agreement (the "Settlement") whereby Motel 6 agreed to bring all of its properties into compliance with ADA. Although the Borrowers represented in the mortgage loan agreement that they are current in compliance with the Settlement, we cannot assure you that the Borrowers will continue to abide by the requirements of the Settlement in the future. This risk is mitigated by the fact that the borrowers have set aside $10 million of the Upfront Capital Expenditure Funds to complete this work.

The Bulls Say

- Enterprise Value of the Franchise Division – Morningstar's valuation of the franchise division is based upon the in place net income from the operation and gives no upside to the potential for future growth. Furthermore, Morningstar has not applied any value to the theoretical franchise fees earned from the owned real estate that would be earned if third party franchise agreements were in place. The appraiser has applied market franchise fees of 7.5% of room revenue in its valuation of the owned assets and as such has considered this expense as franchise fee income to the Franchise Division.

The appraiser has estimated the enterprise value of the franchise division to be $240 million, which is significantly higher than that estimated by Morningstar ($59 million).

- Capital Expenditures – Motel 6 invested a total of $188 million in the owned assets between 2008 and 2011 which equates to roundly $3,200 per room. Blackstone plans to invest an additional $298 million to renovate the assets and approximately $5 million to upgrade information technology and revenue management systems at the corporate office. The Trust Loan provides for $60 million of upfront escrows to fund future capital expenditures. According to the arranger, Blackstone has reportedly set aside a supplementary $10.5 million of upfront funds to further support planned renovations.

- Opportunities for Brand Expansion - the company was originally operated as a private, ownership-only brand, but commenced franchising to third parties in the mid 1990s. Over the last several years, the number of franchised properties has nearly doubled increasing from 296 properties at the end of 2008 to 533 properties in August 2012. Blackstone notes that many other competitive brands are so well proliferated through the U.S. and as such conversion to other brands presents a risk of over-exposure in the market place. Blackstone also believes that as they progress through the planned renovations the overall market perception of the brand will be revitalized which will enable the franchising division to achieve stronger market share of franchise opportunities. The Motel 6 Phoenix prototype presents a more modern, clean appearance which has reportedly been well received by motel operators and guests alike.

- Opportunities for Revenue Enhancement through Yield Management - Smith Travel Research categorizes hotels by price and chain and the Motel 6 brand is considered to be within the Economy chain scale. The average room rate of the owned portfolio was $43.11 during 2011 which is 17% lower than that reflected by the industry as a whole which reported $50.39. Some of this rate differential is resulting from the older age of the properties and more limited amenities than that offered by other brands, but is also driven by the prior management practice of offering the lowest rate in the market in order to sustain occupancy; reportedly the rates quoted are often at least $5.00 lower than competitors. Blackstone noted that most yield management decisions have been conducted at the corporate office with weekly rates published and made available to on site management. Implementation of enhanced yield management programs will provide the opportunity to increase immediately rates during peak periods and to increase baseline rates during slower periods without resulting in a decline in demand. During our site inspections, property management noted that the company believes in an "ethical pricing model" which means that even during peak periods the rates are not increased to capitalize on upside; for example during New Years Eve when management could easily drive higher room rates the company does not increase pricing. Another property manager noted that pricing tends to be made by the corporate office well in advance and are not quickly reactive to supply and demand dynamics.

- Blackstone has extensive experience investing in the lodging industry, especially in the economy sector; Blackstone has been investing in the lodging sector since the early 1990s creating Hospital Franchise Systems with the acquisition of Ramada, Howard Johnsons, Super 8 Motels, and Days Inns, which later became Cendant Corporation. Blackstone acquired Extended Stay America and Prime Hospitality during 2004, La Quinta Inns & Suites in 2005, and Hilton in 2007. The Extended Stay America brand was sold to Lighthouse Group during 2007 for $8 billion ($5 billion more than it paid during 2004) and reacquired the brand in 2010 after the company, weighted down by debt, declared bankruptcy. With a team of experienced professionals, Blackstone plans to turn the company around through investment and active management.

Property Site Visits and Management Discussion

Morningstar conducted site inspections on ten properties of which five were located in Houston and five were located in Los Angeles. Site inspections included full property tours and an evaluation of the local neighborhood and competitive market. The property tours were coordinated by J.P. Morgan and were conducted on October 9-10, 2012. The tours were designed to illustrate a representative sample of the Motel 6 and Studio 6 brands as well as to illustrate the condition and quality of the motels after the repositioning renovations were completed. Discussions with property management may be referenced or included elsewhere in this presale report.

On October 12, 2012, Morningstar participated on a conference call coordinated by the arranger during which representatives of Blackstone discussed their views of the Motel 6 chain, its acquisition, and the strategy that Blackstone and the company will employ going forward. Such discussions and conclusions communicated during this call may be referenced or included elsewhere in this presale report.

Credit Support Stresses

Morningstar's final net cash flow and capitalization rates for each property are matched with the corresponding loan characteristics and subjected to various stresses, including net cash flow declines, capitalization rate deterioration and default timing, in Morningstar's CMBS Subordination Model at each rating category. Additional stresses are applied to the cash flow of those properties contributing to portfolio level concentration risks. This is done separately to gauge the credit-worthiness of each loan during its term and at the balloon date. In the case of the latter, Morningstar additionally stresses the ability of the borrower to refinance the loan at higher loan constants. For instance, at the AAA level, Morningstar's analysis utilizes a stressed refinance loan constant of 12.0%.

The metrics shown below highlight the magnitude of cash flow and value decline after applying all of the stresses at each rating category. These are provided separately for the term default and balloon default analyses. By way of example, in assigning a rating of "AAA" to the Class A certificates, we subjected our concluded net cash flows to a weighted-average 63.1% decline and our concluded values to a weighted-average 79.0% decline in the term default analysis. In the balloon default analysis, these weighted-average declines were 50.5% and 59.6%, respectively. We should note that the balloon declines reflect the post-extension period improvement in those instances the stressed loan metrics allow for an extension at the balloon date. It should also be noted that these declines are applied to Morningstar's concluded net cash flow which in the overwhelming majority of cases is lower than the in-place net cash flow. These declines are weighted-average statistics. The declines applied to the individual properties differ and are a function of factors such as property type and concentration risks.

The resultant credit support levels based on these stresses are then compared to the levels of the actual capital structure to determine the appropriate rating level for each class of securities.

	AAA	AA	A	BBB	BB	B
Morningstar NCF Decline (Term)	63.1%	53.2%	46.1%	34.3%	29.2%	25.7%
Morningstar Value Decline (Term)	79.0%	70.4%	63.8%	50.1%	45.0%	40.4%
Morningstar NCF Decline (Balloon)	50.5%	42.6%	36.8%	31.0%	29.2%	25.7%
Morningstar Value Decline (Balloon)	59.6%	53.2%	47.4%	39.4%	37.2%	32.7%

Morningstar Rating Characteristics

Appendix C of this presale report contains general characteristics of Morningstar's rating of CMBS transactions as well as characteristics specific to this transaction.

Company Overview

History

Motel 6 was founded in 1962 with the strategic plan to develop low cost motels that would be marketed at bargain rates; the initial name was developed by the concept that you could rent a room for just $6.00. With the proliferation of highways and travel during the 1960s and 1970s the Motel 6 brand had grown to 300 motels by 1980. The low cost concept was copied by many other companies such as Super 8, Bugetel, and Microtel focusing on the same market niche of a combination of leisure travel and budget conscious business travelers.

Over the years the company was been acquired by KKR in 1985 and Accor during 1991. Accor, which is best known the in U.S. for the Novotel and Sofitel brands, also has a low priced segment in Europe and was seeking to expand its presence in North America through the Motel 6 acquisition. Accor expanded the brand by acquiring smaller motel chains including Allstar Inns and Regal Inns and launched a franchise operation during the mid 1990s. Blackstone believes that the company has suffered from a lack of focus under Accor management and views this investment as a strategic opportunity for turnaround through capital investment and focused management.

Brand Identification

The Motel 6 product is low-cost lodging hotel, currently offering the lowest pricing of any brand in the economy lodging sector. The Motel 6 properties provide only limited guest services, however, and do not offer traditional full-service hotel amenities like restaurants, room service and conference facilities. The Motel 6 brands competes with other economy lodging chains including Super 8, Microtel, Travelodge, Econolodge to name a few. The company has historically positioned itself as the low price competitor in the economy sector in order to bolster occupancy. As the planned renovations are completed (see below), it is expected that management will be able to compete more effectively thereby increasing room rates.

The Studio 6 product is targeted to the price conscious extended stay sector; the rooms provide an "efficiency apartment" feel as the rooms have a defined living and sleeping area and small kitchens. The Studio 6 properties provide only limited guest services and do not offer traditional full-service hotel amenities such as restaurants, room service and conference facilities but do offer hotel-style amenities including free cable, housekeeping, and voicemail. Studio 6 hotels competes with other low priced extended stay brands such as Budget Suites, Crossland Suites, and InTown Suites for long term stay demand, but also competes with Motel 6 and other economy chains for transient demand.

Both the Motel 6 and Studio 6 brands cater to both families and leisure guests during peak travel periods, but are also popular with price-conscious business travelers and independent contractors. Property managers during our site inspections noted that there is a large share of repeat demand from business travelers as well as long term contracts driven by construction or similar projects. The corporate sales and marketing team develops companywide programs to attract repeat business demand through national accounts through the CorporatePlus@6 program and the My Motel 6 repeat customer account profile. Blackstone noted that the company has eschewed reliance on well known travel sites such as expedia, hotels.com, and priceline.com due to the high cost of such services and rather has focused on developing a proprietary booking site, reservations through a facebook page, and by developing booking applications for iphone and android smart phones.

Planned Renovations & the Phoenix Prototype

Motel 6 commenced a new prototype for new development and renovations known as the "Phoenix" design. The concept was commenced in 2008 but was delayed during the recession. The prototype for the new Phoenix will include:

- New Building Exterior: Newly constructed properties and all new franchise properties will feature a new exterior designed by BOKA Powell. Renovation of existing properties will receive new landscaping and other cosmetic exterior improvements.
- Lobby / Cafeteria: New hotels will boast a spacious lobby with a 24-hour food and beverage marketplace.
- European-Style Guestroom: Designed by Priestmann Goode, each room is finished with wood effect flooring, 32-inch flat screen television, platform beds, seating areas, ambient lighting and bright colors.
- Modern Bathroom: New bathrooms have been outfitted with double doors, a raised sink on granite countertop, walk-in shower and a large vanity area.

The majority of the owned real estate assets will receive in- room renovations with limited upgrades to building exterior to include landscaping, signage, and other minor upgrades. The renovations planned are categorized into three buckets as summarized in the table below. Once commenced, the renovations typically take approximately 4 months to complete for a Full Phoenix Room renovation and between 2-3 months to complete a Mid Phoenix room renovation (depending on the extent of plumbing and mechanical work required). The renovations are designed to be completed during slow periods of demand and are not expected to have a significant impact on the overall operating result of the assets.

Type of Renovation	Cost Per Unit	Description
Full Phoenix Renovation	$7,500-$8,000	Wood effect flooring, color accent wall, bedding curtains, bathroom vinyl flooring, show curtain and curved rod, granite vanity and vessel sink faucet, 32” flat screen television, towel rack, television unit, lighting package, headboard and platform bed, nightstand, sitting area (settee, chair, table, and mirror).
Mid Level Phoenix Renovation	$5,500-$6,000	Same as Full Phoenix but excludes television unit, lighting package, headboard and platform bed, nightstand, sitting area (settee, chair, table, and mirror).
Minor Phoenix Renovation	$3,000-$3,500	Includes only wood effect flooring, color accent wall, bedding curtains, bathroom vinyl flooring, show curtain and curved rod

Blackstone plans to complete $298 million of renovations (roundly $5,000 per key) on the owned assets the majority of which will be renovated to meet the specifications of the Full or Mid Level Phoenix package. Management has determined the appropriate renovation package based upon an evaluation of the expected return on investment in improvement in the overall asset value. Initially plans were to complete this renovation over the next five years, but the arranger notes that recent plans are to expedite the process and complete the renovations over a three year period.

Opportunities for Brand Expansion

The company was originally operated as a private, ownership-only brand, but commenced franchising in the mid 1990s. Over the last several years, the number of franchised properties has nearly doubled increasing from 296 properties at the end of 2008 to 533 properties in August 2012. Blackstone notes that many other competitive brands are so well proliferated through the U.S. and as such conversion to other brands presents a risk of over-exposure in the market place. Blackstone also believes that as they progress through the planned renovations the overall market perception of the brand will be revitalized which will enable the franchising division to achieve stronger market share of franchise opportunities. The Motel 6 Phoenix prototype presents a more modern, clean appearance which has reportedly been well received by motel operators and guests alike.

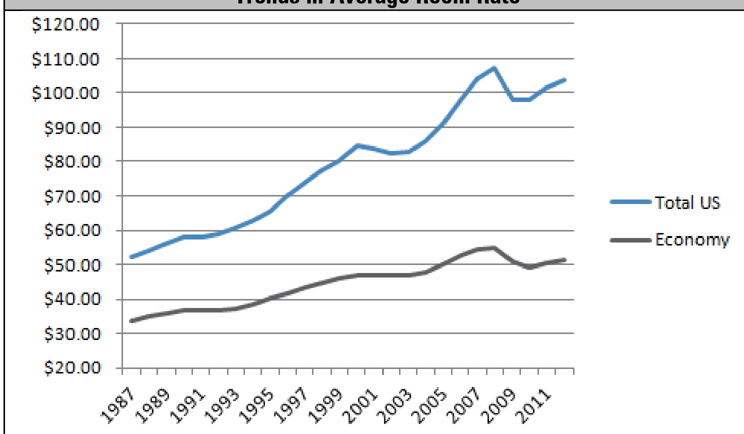
Opportunities for Revenue Enhancement

Smith Travel Research categorizes hotels by price and chain and the Motel 6 brand is considered to be within the Economy chain scale. The average room rate of the owned portfolio was $43.11 during 2011 which is 17% lower than that reflected by the industry as a whole which reported $50.39. Some of this rate differential is resulting from the older age of the properties and more limited amenities than that offered by other brands, but is also driven by the prior management practice of offering the lowest rate in the market in order to sustain occupancy; reportedly the rates quoted are often at least $5.00 lower than competitors. Blackstone noted that most yield management decisions have been conducted at the corporate office with weekly rates published and made available to on site management. Implementation of enhanced yield management programs will provide the opportunity to increase immediately rates during peak periods and to increase baseline rates during slower periods without resulting in a decline in demand. During our site inspections, property management noted that the company believes in an "ethical pricing model" which means that even during peak periods the rates are not increased to capitalize on upside; for example during New Years Eve when management could easily drive higher room rates the company does not increase pricing. Another property manager noted that pricing tends to be made by the corporate office well in advance and are not quickly reactive to supply and demand dynamics.

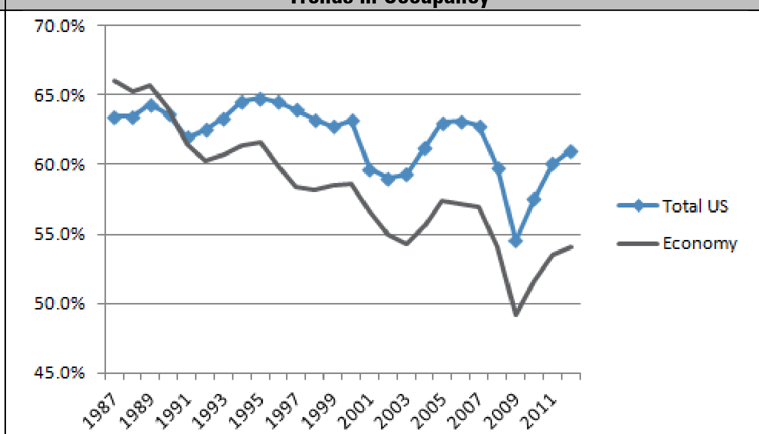
Industry Overview

During the early and mid 1990s the economy lodging sector exhibited strong increases in available supply driven by the trends of major US hotel companies to support growth through the development of new lodging segments. For example, Marriott International, which once focused on full service lodging, launched the Fairfield Inn brand in the late 1980s and saw extensive growth of this brand during the 1990s. According to information provided by Smith Travel Research, between 1990 and 2000 the total supply in the economy sector increased at a compound annual rate of 4.0% which is nearly double that reflected by the industry as a whole which increased 2.3% during the same period. Demand did not keep pace with the expansion of the supply increasing at a compound annual rate of 3.0% between 1990 and 2000; this resulted in a decline of occupancy from 66% during 1990 to 58.6% during 2000. Although supply growth in the economy sector has slowed, increasing at a compound rate of 0.7% between 2000 and 2011, demand has continued to decline decreasing at compound annual rate of 0.02% during the same period. Occupancies in the economy sector which reached a peak of 57.4% during 2005 declined to a low of 49.2% during 2009. This trend in lower occupancy may be driven by a number of factors including the increased cost of gasoline and the national recession, but is also due to the continued proliferation of new segmentation and brands which has resulted in increased competition between identified brand segments. The following table presents an illustration of occupancy and average room rate trends for the total US lodging industry and the economy sector since 1987.

Trends in Average Room Rate



Trends in Occupancy

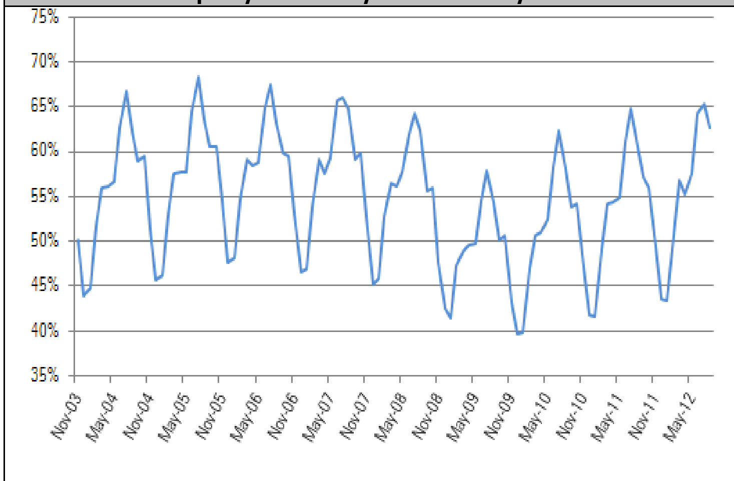


Source: Smith Travel Research.

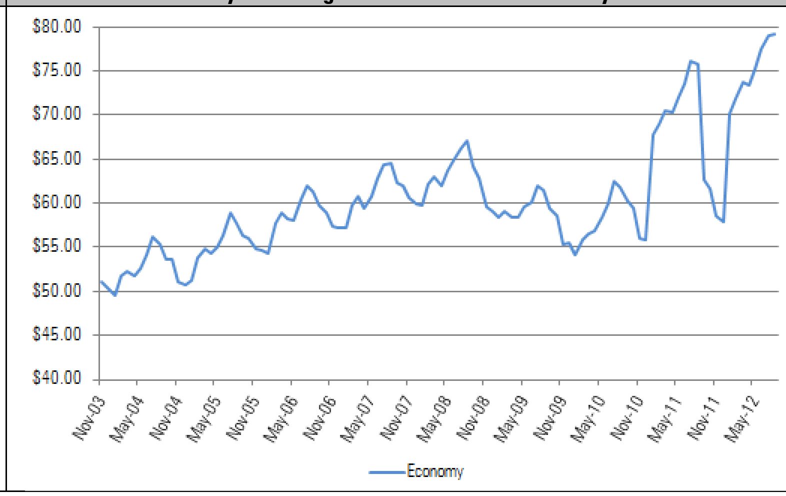
According to information provided by Smith Travel Research, overall occupancy in the US lodging industry, hit a low point during February 2010 reflecting a Trailing 12 month ("TTM") occupancy of 54.5%, occupancy in the economy sector also hit a low point of 49.1% during the same month. Since the trough, occupancy has improved significantly. Total US occupancy increased to 57.5% by the end of 2010 and 61.0% for TTM ending June 2012. Recovery in the economy sector has lagged that of the overall economy increasing to 51.6% by the end of 2010 and 53.6% for the trailing 12 months ending June 2012. Price Waterhouse Coopers produces an industry overview, PWC Hospitality Directions, which projects continued moderate growth in demand in the economy sector during 2013, but estimates a healthy 2.9% average room rate growth during the same period. Typically hoteliers are reticent to increase room rates until occupancy has recovered; with the recent strong growth in occupancy in the economy sector we should expect to see growth over the near term as hoteliers begin to seize the opportunity to push rates during peak periods.

The economy sector exhibits extensive occupancy seasonality declining to the 40 percentile during the winter months and increasing to the mid 60 percentile during the summer months. Average room rates follow a similar pattern; however, over the last year hoteliers in the economy sector have clearly been able to push room rates higher during peak periods. Because most costs in the economy sector are highly fixed, this potential for growth in room rates should have an exponential impact on net cash flow and the bottom line over the near term. This trend should bode well for the Motel 6 and Studio 6 brands; with the increase in room rates industry wide and the new renovation program, management should be able to support strong room rate growth resulting in increased profitability.

Occupancy Seasonality in the Economy Sector



Seasonality in Average Room Rate in the Economy Sector



Source: Smith Travel Research.

Loan Summary

Overall Summary of Financing

The total financing associated with this transaction is $1.368 billion including the $1.05 billion first-mortgage Trust Loan and two tranches of mezzanine debt. The following table summarizes the various types of debt on the collateral and the pertinent metrics of each loan.

	Total Amount	Initial Maturity Date	Fully Extended Maturity Date	LIBOR Floor	Interest Rate Spread	Current Floating Interest Rate	LIBOR Rate Cap	Maximum Floating Interest Rate
First Mortgage	$1,050,000,000	10/1/17	10/1/17	n/a	n/a	n/a	n/a	5.0771%
Mezzanine A	118,000,000	10/1/15	10/1/17	1.0%	7.60%	8.60%	5.0%	12.600%
Mezzanine B	200,000,000	10/1/17	10/1/17	n/a	n/a	n/a	n/a	10.000%
Total Financing	$1,368,000,000							

Interest on the Trust Loan shall accrue at a fixed rate of 5.0771% based upon the outstanding principal balance of the loan. The loan shall be interest only during the first two years and for the following three years shall incur monthly amortization payments of $1.1 million if the debt yield on the loan does not meet specified thresholds as follows:

- First amortization test date – the first amortization test date shall be October 1, 2014. If the debt yield on the combined first mortgage and mezzanine debt is less than 15.40% then monthly amortization shall be due for the following 12 month period.
- Second amortization test date – the second amortization test date shall be October 1, 2015. If the debt yield on the combined first mortgage and mezzanine debt is less than 16.40% then monthly amortization shall be due for the following 12 month period.
- Third amortization test date – the third amortization test date shall be October 1, 2016. If the debt yield on the combined first mortgage and mezzanine debt is less than 17.40% then monthly amortization shall be due through the remainder of the loan term.

For the purposes of calculating the debt yield, the trailing 12 months net operating income from both the owned hotels and the franchise division shall be divided by the sum of the outstanding principal balance of the Trust Loan and the Mezzanine Loans. Net operating income for the owned hotels shall be calculated assuming a maximum management and overhead fee equal to 6.0% of total revenue and a reserve for replacement equivalent to 4.0% of total revenue.

Subordinate Debt

As illustrated above, the financing provided for two tiers of mezzanine debt including a senior mezzanine loan (Mezzanine Loan A) and a junior mezzanine loan (Mezzanine Loan B). The following summarizes the key features of each loan.

Mezzanine Loan A – this loan is a floating rate loan, has an initial term of three years, and expires October 1, 2015. The loan has extension rights (which require satisfaction of certain conditions) which would make the loan coterminous with the Trust Loan; however, if the mezzanine loan is not extended the senior mezzanine loan could mature and become due and payable while the Trust Loan is outstanding. The interest is accrued based upon a floating rate over 30-day LIBOR and shall be subject to a floor of 1.0% and a rate cap of 5.0%. The current interest on the loan is 8.60% and the maximum interest rate is 12.60%. The loan is interest only throughout the loan term.

Mezzanine Loan B – the initial maturity of this loan is October 1, 2017 and is coterminous with the Trust Loan. Interest is paid on a fixed rate of 10.0%. The loan is interest only throughout the loan term.

Each mezzanine loan is subject to an intercreditor agreement. Though payments on the mezzanine debt are generally subordinate to the mortgage loan held by the trust, the presence of additional debt introduces risks to the senior debt including: (1) reduced borrower skin-in-the-game that may remove incentives to maintain or improve the competitiveness of the properties resulting in lower income streams, and (2) the presence of additional debt increases the difficulty of refinancing a mortgage loan at the maturity date.

The mezzanine intercreditor agreement contains certain mezzanine lender rights, including, without limitation, cure rights, purchase option and certain consent rights. For monetary defaults, the intercreditor agreement provides the mezzanine lenders 10 business days to cure after the later of (i) receipt of notice of the default and (ii) the borrowers' cure period. For non-monetary defaults, the intercreditor agreement provides the most senior mezzanine lender until the later of ten business days after receipt of notice that the junior mezzanine lender failed to exercise its right to cure and twenty business days after the expiration of borrowers' cure period, provided that the non-monetary cure periods may be further extended in certain circumstances as described in the intercreditor agreement.

The intercreditor agreement includes mezzanine lender (i) consent and/or consultation rights with respect to budget approvals, termination of the property manager, alterations, leases and other property agreements, (ii) rights in connection with the determination of a cash sweep period under the senior loan and (iii) rights relating to ground lease defaults. Further, the intercreditor agreement includes certain provisions that could delay senior lender rights in bankruptcy proceedings of borrower for 30 days (or such later cure period as provided in the intercreditor agreement). In addition, the intercreditor agreement requires the senior lender to provide notice to mezzanine lenders and wait 25 business days prior to accepting a deed in lieu of foreclosure. Such consent, consultation and other rights, including rights to delay certain senior lender remedies, may limit and/or delay senior lender's workout of the loan, remedies, the timing for modifications of the loan and a sale of the loan.

In general, the intercreditor agreement provides mezzanine lender with broad rights and lacks certain senior lender protections such as the lack of restrictions on mezzanine lenders from initiating or participating in certain insolvency proceedings involving certain special purpose entities. These rights and/or the failure to include customary senior lender protections may impact the special servicer's workout strategy, remedies, and/or the timing for modifications on the loan and a sale of the loan to a greater extent than an intercreditor agreement with more limited rights and stronger senior lender protections.

In addition, holders of mezzanine debt may be affiliated with the borrower(s). As a mitigant, the intercreditor places certain restrictions on consent rights, receipt of information and exercise of certain rights while the related mezzanine loan is held by a borrower affiliate.

Purpose of Financing

The financing is providing funding for Blackstone's acquisition of the Motel 6 Hotel chain. The Blackstone Group L.P. has acquired the Motel 6 lodging chain from Accor S.A. for a purchase price of $1.99 billion inclusive of closing costs and reserves.

Borrowers/Sponsors

The borrowers are indirectly owned by various funds commonly known as Blackstone Real Estate Partners VII L.P. ("BREP VII") or their affiliates, which entities are managed by affiliates of The Blackstone Group L.P. ("Blackstone"). BREP VII is a New York based private equity investment firm with approximately $13.5 billion of capital under management. BREP VII is an entity sponsored by and managed by Blackstone which is a public company with a market capitalization of $8.1 billion and an enterprise value of $19.8 billion. Neither BREP VII nor Blackstone will insure or guarantee distributions on the certificates. The borrowers are four separate entities which are indirectly owned by various funds within Blackstone Real Estate Partners VII, L.P.

- G6 Hospitality Property LLC (Domestic Borrower) will own and manage the owned real estate in the United States,
- G6 Property Canada L.P. (Canadian Borrower) which was organized to own and manage the Canadian properties and enter into and perform its obligations under the loan documents,
- G6 Canada Hospitality Property, Inc. (Canadian Property Owner) will own and manage the owned real estate in Canada, and will be the general partner of the Canadian Borrower.
- G6 Hospitality IP LLC (IP Borrower) was organized to own and manage the intellectual property associated with the Motel 6 and Studio 6 brands.

Blackstone has extensive experience investing in the lodging industry, especially in the economy sector; Blackstone has been investing in the lodging sector since the early 1990s creating Hospitality Franchise Systems with the acquisition of Ramada, Howard Johnsons, Super 8 Motels, and Days Inns, which later became Cendant Corporation. Blackstone acquired Extended Stay America and Prime Hospitality in 2004, La Quinta Inns & Suites in 2005, and Hilton in 2007. The Extended Stay America brand was sold to Lighthouse Group during 2007 for $8 billion ($5 billion more than it paid during 2004) and reacquired the brand in 2010 after the company, weighted down by debt, declared bankruptcy. With a team of experienced professionals, Blackstone plans to turn the company around through investment and active management.

Sponsor/Borrower Litigation and Bankruptcy

Except as disclosed on Schedule XI attached to the Mortgage Loan Agreement, there are no actions, suits, judgments or proceedings at law or in equity by or before any Governmental Authority or other agency now pending or, to the borrowers knowledge, threatened against or affecting the borrowers or the Collateral or the Franchise Assets, which actions are expected to have a material adverse effect on the financing.

Loan Structural Components

SPE and Bankruptcy Remoteness

Each of the borrowers and loan party entities is required under the loan documents and the applicable organizational documents to maintain itself as a bankruptcy remote, single-purpose entity whose sole business is to own, lease or operate the related real properties, intellectual property, franchise assets or membership or partnership interests, as applicable and meet the obligations under the loan documents. While the mortgage loan is outstanding, the borrowers covenanted that the loan parties will not have any significant assets other than the real properties, intellectual property, franchise assets or membership or partnership interests, as applicable and incidental personal property necessary for the ownership and operation of such items.

Although the loan agreement for the mortgage loan requires the loan parties to comply with certain covenants relating to their separateness from other entities and generally will require that the loan parties own no assets other than the real properties, intellectual property, franchise assets or membership or partnership interests, as applicable, and the borrowers made representations that the loan parties have complied with such covenants prior to the loan closing date, certain of the loan parties existed prior to the origination of the mortgage loan and certain exceptions were made to such representations.

While special purpose entity borrowers are intended to lessen the possibility that a borrower's financial condition would be adversely impacted by factors unrelated to the mortgaged properties and the mortgage loan, there is no assurance that such borrowers will not nonetheless become part of a voluntary or involuntary bankruptcy. In addition, the borrowers are affiliated with various other parties including property managers and franchisors which may increase certain consolidation risks upon a bankruptcy of such affiliated entities. However, a nonconsolidation opinion was provided which provides certain legal comfort over consolidation risks. In addition, while a nonconsolidation opinion covering certain Canadian entities and Canadian laws was provided, such opinion fails to include certain customary entity pairings and includes broader assumptions than preferred. If a court were to consolidate any loan parties or other loan required special purpose entities with affiliates of such entities, cash flows from and remedies related to the collateral may be delayed and/or impeded.

Voluntary Prepayment

The Borrowers may voluntarily prepay the Trust Loan in whole or in part, without any premium, penalty or charge, (1) prior to the date that is two years from the Closing Date (the "Prepayment Release Date"), in an amount not to exceed, in the aggregate, $105,000,000 (the "Permitted Prepayment Threshold"), provided that in the event such payment is a result of a mandatory prepayment of net proceeds not required to be made available for a Restoration or otherwise returned to the Borrowers and derived solely from a condemnation or casualty of any individual property, the Permitted Prepayment Threshold will not be applicable, and (2) in any amount on and after the Prepayment Release Date. After the Prepayment Release Date, the loan may be prepaid at any time.

Prior to the Prepayment Release Date, the borrowers may voluntarily prepay the Trust Loan in part, in connection with the release of an individual property, even if the prepayment would result in a prepayment in excess of the Permitted Prepayment Threshold in connection with (a) the release of a property relating to a Restoration or (b) the release of a property in order to cure an event of default under a ground lease or in order to cure any individual property default. The provision in clause (b) above is limited to no more than 25 individual Properties in the aggregate, provided, however, that in each case, the borrowers comply with any REMIC requirements and pay to the Lenders an amount equal to the greater of (i) 3% of the outstanding principal balance of the allocated loan amount to be prepaid or satisfied and a yield maintenance premium equal to the sum of the present values of all then-scheduled payments of principal and interest assuming that all scheduled payments are made in a timely manner and such outstanding principal amount and accrued and unpaid interest as such outstanding principal amount are paid on the Prepayment Release Date

Property Releases/Substitutions

The borrower may elect to prepay a portion of the Trust Loan in connection with the release of an individual property in connection with the sale of the motel in an arm's length transaction (with not more than a 25% non-controlling direct or indirect interest retained by the borrower, sponsor or related party) provided that no event of default has occurred. After giving effect to a release or assignment, the debt yield for the remaining collateral shall be equal to or greater than (i) 13.65% or (ii) if any the release would result in the release of more than twenty-five (25) properties in the aggregate during the term of the Loan, the greater of 13.65% and the debt yield for the owned collateral immediately prior to giving effect to the release.

Loan Features / Concerns

Based solely on a review of the documents enumerated herein, the following reflect highlights of certain material loan features and/or concerns.

Cash Management

While the loan does contain cash management features, even after an event of default, the lender may not have full discretion over application of funds in the cash management account(s). Certain amounts are to be available to borrowers and/or certain priority payments even after an event of default. In addition, prior to an event of default, franchise fees are not swept into the cash management account(s). Therefore, until an event of default, such franchise fees will not be held in lender controlled accounts and applied to the loan.

Properties Secured by a Leasehold Interest

There are 63 assets in the owned real estate collateral comprised of a leasehold or ground lease interest. The ground leases and related documents for most of the ground leased properties contain material deviations and/or deficiencies from customary "financeable" ground lease provisions and accordingly, Morningstar did not include 44 of these deficient ground leases in our evaluation of net cash flow and valuation of the collateral ("the excluded properties"). However, Morningstar did estimate net cash and value for 19 ground leased properties ("the included properties"). Based on information provided by the arranger, the ground leases and related documents related to the included properties generally include customary "financeable" ground lease provisions (or in the case of site 1073, will be amended to include the same) subject to the exceptions in the following sentence. Of these 19 included properties, (i) 2 of the ground leases are not further assignable, which could reduce remedies available to the servicer related to such sites and (ii) several have remaining terms shorter than preferred which could reduce the value of such assets. With respect to the ground leases for included properties, Morningstar is assuming that any applicable extensions of such ground leases will be made (and that the amendment for site 1073 integrating all customary "financeable" ground lease provisions will be made). For purposes of Morningstar's analysis of the 19 included properties, Morningstar adjusted the capitalization rate of such leasehold properties and took into account certain lease terms as described in the "Morningstar Analysis - Morningstar Valuation" section of this presale.

Reserve Accounts

The following reserve and escrow accounts are funded at closing or on an on-going basis.

Ground Lease Escrow

Ground Lease Group 1 Funds Account – this escrow account was established as additional collateral to the loan in support of nine leasehold properties which are referred to as the "Bucket 1" properties in Schedule XXII of the loan agreement. At closing, $8.155 million was funded to this escrow account and the borrower shall deposit $1 million each month until such time that the fund reaches a total of $16.31 million. Funds may be released to the borrowers subject to certain conditions including delivery of evidence that all required consents for the assignment to the domestic borrower have been obtained and a leasehold mortgage has been provided to lender. On any payment date following October 31, 2013 regardless of whether the borrower has been able to secure the required documentation but provided there is no event of default, the borrower may request that the funds be used to pay down the loan balance; however, such prepayment shall be distributed pro rata between the Trust Loan and Mezzanine Loans. These nine properties were valued by the appraiser to be worth $22.9 million and have an allocated loan amount of $15.413 million. Morningstar has attributed no net cash flow or value to the Bucket 1 assets.

Ground Lease Group 2 Funds Account – this escrow account was established as additional collateral to the loan in support of 41 leasehold properties which have been mortgaged (with the exception of two assets) and which are referred to as the "Bucket 2" properties in Schedule XXII of the loan agreement. The ground leases for Bucket 2 assets generally contain material deficiencies and/or deviations from customary "financeable" ground lease provisions. The borrower shall deposit (i) in the event that the debt yield on the combined Trust Loan and Mezzanine Loans is equal to or greater than 14%, $500,000 each month or (ii) in the event that the debt yield on the combined Trust Loan and Mezzanine Loans is less than 14%, the borrower shall fund $1,000,000 each month into this account until the fund reaches a total of $10.0 million. Funds may be released to the borrower in the event that the combined debt yield as described above shall be more than 16%; however, the funds are dispersed to the borrower in amounts not more than $500,000 per month. Morningstar assumes that if the combined debt yield exceeds 16%, it is likely that the value of the portfolio has increased in an amount well in excess of the $10.0 million escrow balance. The borrower may request that the escrow funds be used to pay down the loan; such payment shall be made pro-rata between the Trust and Mezzanine Loans. The 41 Bucket 2 properties were valued by the appraiser to be worth $58.738 million and have an allocated loan amount of $76.528 million. Morningstar has attributed no net cash flow or value to the Bucket 2 assets, but has given value credit to the Trust Loan's pro rata share of the $10 million escrow in our collateral valuation analysis.

Upfront Capital Expenditure Funds

At closing, $60 million was reserved to this escrow account to fund future capital expenditures. Escrowed funds from this account may be disbursed to conduct required immediate repairs recommended in the property condition reports, to conduct upgrades to properties, to meet American Disabilities Act requirements, to upgrade corporate infrastructure including revenue management systems and information technology, and to complete other various upgrades at the properties such as energy efficiency systems. Funds are released from this account upon completion of planned renovations and documentation of completed work. Of the Upfront Capital Expenditure Reserve Fund, a total of $7,967,223 will be allocated to a separate reserve fund (the "Required Repair Fund") which will be used for the completion of certain required immediate repairs and short term repairs recommended in the property condition reports.

Future Capital Expenditures Reserve Fund

Commencing November 2014, the borrower shall deposit $2.5 million per month into a reserve fund designed to fund ongoing renovations to the collateral until the borrower has evidenced that they have met the Future Capital Expenditure Threshold. If the borrower has invested $30 million of renovation capital expenditures by November 2014, $60 million of renovation by November 2015, and $90 million by November 2016, then the threshold is deemed to have been met and future deposits are not necessary.

Amortization Payment Reserve Fund

If the borrower is required to make amortization payments (see Overall Summary of Financing) due to the inability to meet debt yield requirements, then the borrower may elect to have such payment deposited to a reserve fund (the "Amortization Payment Reserve Fund") rather than used to pay down the loan. These funds will be held by the Lenders as additional security for the Trust Loan. The borrowers may elect to have any amounts on deposit in this reserve fund to prepay the outstanding principal amount of the Trust Loan, provided that if made prior to the prepayment release date, such prepayment must be made in accordance with the prepayment requirements (see Voluntary Prepayment).

Reserve for Replacement of Furniture, Fixtures, and Equipment

These accounts cover the costs of capital replacements and repairs during the calendar year to keep each property in a condition that is consistent with other properties in their respective market segment and locations. Borrower shall fund 4% of gross income from operations into this account each month.

Tax and Insurance Escrow Fund

Borrowers shall pay to lender monthly payments to cover one-twelfth of the annual real estate taxes and assessments and one-twelfth of the annual insurance premiums payable, provided that escrows for insurance premiums are not required to the extent that borrowers maintain a blanket policy reasonably satisfactory to lender and there is no event of default. At closing, $15.7 million was funded to this escrow reserve for real estate and personal property taxes and $6.4 million was funded to this escrow for insurance costs.

Ground Rent Reserves

Borrower shall fund one twelfth of the estimated ground lease payment associated with each property into this account to ensure sufficient funds to pay ground rent and leasehold obligations as they come due. At closing, $1.1 million was funded to this escrow reserve to cover future ground rent payments.

Collateral Overview

The Trust Loan is a five-year, fixed-rate, first-lien mortgage loan with a principal balance of $1.05 billion. The mortgage loan is secured by (i) mortgages on 454 fee interests and 54 leasehold interests in hotel properties; (ii) a cash flow pledge with respect to nine motel properties subject to ground leases; (iii) equity pledges in the companies that hold Motel 6 third party franchise contracts and (iv) and Motel 6's intellectual property and an equity pledge of the company that owns the intellectual property.

Owned Real Estate Assets

The company owns and operates 517 motels and 59,423 rooms under the Motel 6, Studio 6, and Red Roof brands.   The Trust Loan is secured by a first lien mortgage on each of these motels with the exception of nine hotels, for which the borrowers have not yet been able to secure consents and leasehold mortgages and these properties and for which a cash flow pledge from the properties was provided.

Geographic Composition

The owned hotels are located in 48 states within the U.S. and in the province of Ontario in Canada. The states of California, Texas, Arizona, Florida, and Washington are the largest for the owned hotels representing 60.1% of initial mortgage cut-off balance and 53.4% of total number of rooms. All other states represent less than 3% of both mortgage cut-off balance and total owned rooms. The following table presents a summary of the Top 10 states by initial mortgage cut-off balance.

Summary of Owned Assets by Mortgage Cut-Off Balance					
State	**% Cut-Off Balance**	**# of Properties**	**% Total**	**# of Rooms**	**% Total**
California	35.7%	135	26.1%	15,465	26.0%
Texas	13.5%	66	12.8%	7,830	13.2%
Arizona	4.1%	30	5.8%	3,600	6.1%
Florida	3.9%	26	5.0%	3,354	5.6%
Washington	3.0%	14	2.7%	1,461	2.5%
Pennsylvania	2.5%	9	1.7%	1,074	1.8%
Nevada	2.4%	8	1.5%	1,165	2.0%
Maryland	2.3%	7	1.4%	891	1.5%
Colorado	2.2%	10	1.9%	1,195	2.0%
Oregon	2.1%	12	2.3%	1,217	2.0%
Illinois	1.9%	12	2.3%	1,494	2.5%

Ownership Interest

The majority of the assets involved a fee simple ownership which represents 87.8% of the number of motels and 89% of total rooms in the portfolio.

Ownership Interest	# of Assets	% Total	# of Rooms	% Total
Fee Simple	454	87.8%	52,888	89.0%
Leasehold	63	12.2%	6,535	11.0%

Franchise Division

As of August 2012, the company had a total of 533 franchise agreements with third party owners and operators comprising 41,874 rooms in the United States and Canada. The company has representation in 48 states within the U.S. and three regions within Canada. The states of Texas, California, Georgia, and Ohio are the largest for the franchise division representing 38.8% of total number of hotel rooms. All other states represent less than 4% of total franchised hotel room supply. The following table presents a summary of the Top 10 states detailing the number of motels and the rooms for each.

Summary of Franchised Assets by Number of Rooms				
State	**# of Rooms**	**% Total**	**# of Properties**	**% Total**
Texas	7,083	16.9%	91	17.1%
California	4,697	11.2%	58	10.9%
Georgia	2,789	6.7%	29	5.4%
Ohio	1,665	4.0%	20	3.8%
Tennessee	1,427	3.4%	21	3.9%
Illinois	1,317	3.1%	15	2.8%
Indiana	1,310	3.1%	17	3.2%
Oregon	1,131	2.7%	18	3.4%
Oklahoma	1,032	2.5%	13	2.4%
Arizona	1022	2.4%	16	3.0%
New Mexico	959	2.3%	14	2.6%

Third party operators pay the company franchise fees in return for the right to operate and market their hotels under the Motel 6 and Studio 6 brands. Typical franchise fees paid to the company include an initial start up fee of $35,000, royalty fees of 5% of gross room revenue, and a marketing and reservation contribution equal to 3.5% of gross room revenues.

The largest region for the franchise division is the south central states (including Texas, Tennessee, Oklahoma, and Arkansas) which represents 25.0% of the franchised rooms. The west coast region (including California, Nevada, Arizona, New Mexico, Oregon, and Washington) represents 22.7% of the franchise rooms. There are strong opportunities to expand the brands outside of these two core regions to other areas of the United States particularly in the east coast, the southeast, and the mid-west. Management believes that there is also strong opportunity for international expansion. The company could quickly expand its reach by executing Master Franchise Agreements with local operators in international destinations.

The company was originally operated as a private, ownership-only brand, but commenced franchising in the mid 1990s. Over the last several years, the number of franchised properties has nearly doubled increasing from 296 properties at the end of 2008 to 533 properties in August 2012. Blackstone notes that many other competitive brands are so well proliferated through the U.S. and as such conversion to other brands presents a risk of over-exposure in the market place. Blackstone also believes that as they progress through the planned renovations the overall market perception of the brand will be revitalized which will enable the franchising division to achieve stronger market share of franchise opportunities. The Motel 6 Phoenix prototype presents a more modern, clean appearance which has reportedly been well received by motel operators and guests alike.

State	**2008**	**2009**	**2010**	**2011**	**TTM 8/31/12**
Number of Franchise Properties at Period End					
Motel 6	284	349	406	446	504
Studio 6	12	19	22	27	29
Total	296	368	428	473	533
Franchise Division EBITDA	$4,621,099	$3,228,685	$5,200,579	$6,882,045	$8,561,200

Collateral Features / Concerns

Based solely on a review of the materials enumerated herein, the following reflect highlights of certain material property features and/or concerns.

Property Type Concentration Risk

Hotels are an operating business, and unlike other forms of real estate which have steady lease income, the true asset value of a hotel is generated by the business of operating the hotel enterprise. Operating expenses at a hotel are highly fixed and, as a result, net cash flow and operating margins are highly dependent on revenue. During peak periods, hotels are able to support higher room rates and occupancy levels which generate strong profits. During downturns, margins can drop precipitously. This risk is somewhat mitigated by the fact that the lodging industry is in the early stage of an economic recovery and barring material adverse conditions, it is expected that the industry will reflect growth throughout the loan term. Hotel properties are also subject to seasonality and this is very much the case in the economy sector. During the summer months, when families travel, the properties exhibit strong occupancies and utilization; however, during winter months occupancy declines significantly. Fluctuations in utilization can have a direct impact on the timing of cash flow and often properties are losing money during slow periods. This seasonality risk is somewhat mitigated by the fact that this portfolio involves 517 motels that likely have varying seasonality

Risk of Additions to Supply

The nature of the economy lodging sector is that most properties are in locations in suburban and highway locations and as such there is typically a large amount of land available for future development. There is a risk that the owned motels may be affected by new additions to supply in their respective markets which could have an impact on future operations and asset value. This risk is somewhat mitigated by the risk premium that Morningstar applies to the capitalization rate used to value limited service hotels (the capitalization rate used is adjusted upward by 75 bps) to reflect the higher risk of limited service hotels as compared to full service properties.

Leasehold Properties

There are 63 assets in the owned real estate collateral which comprise a leasehold or ground lease interest. Many of the ground leases contain material deviations and/or deficiencies from customary "financeable" ground lease provisions in the related ground lease documentation. For more detail describing this risk, see the section entitled Properties Secured by a Leasehold Interest elsewhere in this presale.

Age of the Collateral

The average age of the owned collateral is 24 years with the majority of the assets, representing 85.3% of the initial mortgage cut-off balance constructed prior to 1990. Although many of these properties may be suffering from aesthetic and functional obsolescence, this risk is mitigated by the fact that Motel 6 has invested a total $188 million in the owned real estate between 2008 and 2011 and Blackstone plans to conduct a minimum of $298 million of renovations to upgrade the product offering.

Reduction of Corporate Overhead

The corporate office overhead of Motel 6 includes both the cost of operating the 517 owned motels, but also the franchise division. The company operates under a highly centralized structure with marketing and revenue management decisions conducted at the corporate level; for example room rate pricing is determined at the corporate office and forwarded down to on site management for implementation. The costs associated with the overhead operation are allocated down to the owned hotels. The hotels are not subject to a third party franchise agreement and many of the services which would be provided by the franchisor (such as reservations systems and brand marketing) are conducted at the corporate level and these costs are included in the allocation. Historically the overhead allocation to the owned portfolio has ranged from $51.7 million during 2008 to $64.9 million during TTM August 2012. Blackstone believes that they can significantly reduce the cost of corporate overhead through reduction of payroll, attrition and streamlining of expenses. The arranger believes that this cost can be reduced to roundly $39 million, or 6.0% of gross revenue. It is possible that management will be unable to achieve these cost savings which could have a negative impact on the net cash flow estimated from the hotels.

Canadian Properties

Five of the owned real estate properties are located in Canada. In conjunction with these properties (i) accounts may be held and/or maintained in Canada, (ii) funds are received and held in Canadian dollars, (iii) franchise agreements and intellectual property agreements and related entities may be governed by the laws of Canada and (iv) single purpose entities are Canadian entities. The preceding factors may present additional concerns such as currency, legal, political, tax and environmental risks. Such risks may impact and/or delay the servicer's strategies, remedies and/or realization upon a default. Additionally, individually or in the aggregate, such risks may impact cash flows on the Canadian collateral.

Brand, Franchise and Various Collateral

The loan is secured by, among other things, properties that benefit from the "Motel 6" and "Studio 6" brands as well non-real estate collateral including pledged equity interests in entities holding intellectual property and franchise agreements. The intellectual property and franchise rights and related cash flows may be adversely impacted by: (i) uncertainty and limitations on enforcement and/or remedies of the servicer with respect to these rights and/or the equity pledges upon a loan default, (ii) declines in the reputation and/or value of the Motel 6 brand, and (iii) any proceedings involving entities holding intellectual property and/or franchise agreements. While the entities holding the intellectual property and franchise agreements are structured as special purpose entities, these entities are not bankruptcy proof and any proceedings involving these entities could hinder the servicer's rights and/or remedies related to these agreements and related cash flows. Remedies against non-real estate collateral (such as intellectual property and pledges of interests) may be unavailable to the servicer or require the servicer to take additional actions other than would be typical in connection with enforcement of remedies against real estate collateral. For example, foreclosure may not be an available remedy to the servicer in connection with the enforcement of the non-real estate collateral. This may result in delays, fewer available remedies and otherwise impact the servicer's workout strategy and/or exercise of rights and remedies and realization on the collateral. Additionally, less available remedies could result in lower recoveries on the non-real estate collateral.

Americans with Disabilities Act of 1990 ("ADA")

Under the ADA, all public accommodations are required to meet certain federal requirements related to access and use by disabled persons. On August 12, 2004, the United States and Motel 6 Operating LP entered into a settlement agreement (the "Settlement") whereby Motel 6 agreed to bring all of its properties into compliance with ADA. Prior to entering into the Settlement, the Department of Justice ("DOJ") undertook a compliance review of the Motel 6's properties and determined that there were architectural barriers to access at each of the properties reviewed. Subsequently, the Settlement was amended in January of 2006 and then again in September of 2011. Under the latest amendment, Motel 6 is required to ensure that all of its properties meet the criteria set forth in the Settlement by no later than February 1, 2017. In fulfilling this obligation, Motel 6 was required to spend a minimum of $3,000,000 in 2011 and on a going forward basis, ensure that a minimum of 18 properties are brought into full compliance no later than December 2012 and a minimum of 35 properties in the remaining years that the Settlement is in place. On or before December 31 of each calendar year, Motel 6 is required to provide DOJ a report of the progress toward compliance that took place in that year. In January of each year, the DOJ provides Motel 6 with a list of five properties for which it seeks detailed information and the DOJ has the right to inspect any Motel 6 property upon seven days' prior notice. Although the Borrowers represented in the mortgage loan agreement that they are current in compliance with the Settlement, we cannot assure you that the Borrowers will continue to abide by the requirements of the Settlement in the future. This risk is mitigated by the fact that the borrowers have set aside $10 million of the Upfront Capital Expenditure Funds to complete this work.

Environmental Concerns

Phase I environmental site assessments ("ESAs") were prepared by EMG Corp. during March and April of 2012 and were updated and reissued in October 2012. The reports recommended that Phase II ESA reports be conducted on eight of the properties. The reports identified numerous issues and prepared recommendations for remediation of such; however, none of these items were considered of import for discussion in this presale.

The Borrowers obtained two environmental insurance policies (one for Properties within the United States and one for Canada) against claims for pollution and remediation legal liability related to all of the Properties. The policies cover claims made and reported for an initial term of seven years and options for extended reporting periods. The policies have limits of liability of $10 million for each pollution condition and in the aggregate, with a self-insured retention amount of $50,000 for each pollution condition. The policies generally insure the Trust against losses resulting from certain known and/or unknown environmental conditions at the related Property during the applicable policy period

Insurance

The Properties are covered by a blanket insurance policy covering only the properties. The blanket policy provides for a $100,000,000 limit per occurrence with limits that are automatically reinstated following an occurrence (except with respect to flood and earthquake perils, for which the loss limits are $100,000,000 per occurrence, except $50,000,000 per occurrence for properties in California and $100,000,000 in the aggregate for flood and except $50,000,000 per occurrence for properties in "special flood hazard areas").

Insurance proceeds may not be adequate or may result from risks not covered by insurance. In addition, 135 of the properties are located in California, representing approximately 35.7% of the allocated Trust Loan cut-off balance, which has been historically at greater risk to certain acts of nature (such as floods and earthquakes) than other states and 42 of the properties representing approximately 8.0% of the allocated Trust Loan cut-off balance, are located outside California, but located within Seismic Zone 3 or Zone 4 as depicted on the ''Seismic Zone Map of the U.S.'' of the Uniform Building Code. However, according to seismic reports prepared by EMG, no Property has a probable maximum loss exceeding 24% based on a 475 year look back with a 10% probability of exceedance in a 50-year period.

In addition, hazard insurance policies will typically contain co-insurance clauses that in effect require an insured at all times to carry insurance of a specified percentage, generally 80% to 90%, of the full replacement value of the improvements on the related property in order to recover the full amount of any partial loss. As a result, even if insurance coverage is maintained, if the insured's coverage falls below this specified percentage, those clauses generally provide that the insurer's liability in the event of partial loss does not exceed the lesser of (1) the replacement cost of the improvements less physical depreciation and (2) that proportion of the loss as the amount of insurance carried bears to the specified percentage of the full replacement cost of those improvements

Morningstar Analysis

Owned Real Estate

Estimated Operating Results

Estimates of room revenue were prepared on an asset by asset basis using the trailing twelve months ("TTM") August 2012 as the baseline. We then evaluated future plans for renovation and conversion of the assets to the Phoenix brand and the likely impact that these upgrades would have on the subject hotels on a normalized basis. We evaluated the historical results of the portfolio and compared it to hotels that had completed the Phoenix Renovation between 2008 and 2010. The hotels which had completed the Phoenix conversion reported stronger growth in occupancy, average room rate, and RevPAR between the periods of 2009 and TTM August 2012. A sampling of hotels which had completed the renovation during 2008 reported a RevPAR gain of 13% during that period, which is significantly higher than that of hotels that had not completed the renovation which increased only 6.9%. The hotels which had completed the renovation during 2009 reported a RevPAR gain of 20% between 2009 and TTM August 2012. Based upon this analysis, Morningstar felt that it was reasonable to assume some upside for the hotels which are expected to receive renovations during the loan term; however because these renovations are expected to be conducted in phases over the next three to five years, a more moderate estimate of potential upside was factored into our analysis. The following table illustrates the revenue upside metrics implemented in our evaluation:

State	# of Motels	Avg. Cost Per Room	Occupancy Upside (1)	Avg. Rate Upside (2)
Major	83	$8,000	2.0%	4.0%
Mid-Level	214	$6,000	1.5%	3.0%
Minor	66	$3,000	1.0%	2.0%
Under Review	83	$3,000	1.0%	1.0%
Completed	71	n/a	n/a	n/a

Note:
1) Occupancy upside is reflected in absolute percentage point change in occupancy
2) Average Rate upside is reflected as a percentage growth.

Other revenue, which accounts for only 1.5% of total revenue, was estimated based upon the historical income per occupied room and was applied to our estimate of normalized occupancy for each motel.

Operating expenses were estimated using TTM June 2012 as the benchmark and were calculated on an asset by asset basis as follows:

- Rooms departmental expenses were estimated based upon the historical income per occupied room and were applied to our estimate of normalized occupancy for each motel.
- Other operated expenses were estimated based upon the historical income per occupied room and was applied to our estimate of normalized occupancy for each motel.
- Administrative General expenses were estimated based upon the total cost reflected during the TTM August 2012 period.
- Sales and Marketing expenses were estimated based upon the total cost reflected during the TTM August 2012 period.
- Utilities were estimated based upon the total cost reflected during the TTM August 2012 period.
- Repairs and Maintenance expenses were estimated based upon the total cost reflected during the TTM August 2012 period.
- Real estate taxes were estimated based upon the actual invoices for the 2012 fiscal year and were adjusted for estimated inflation.
- Insurance expenses were estimated based upon the total cost reflected during the TTM August 2012 period.
- Fixed Other Expenses were estimated based upon the total cost reflected during the TTM August 2012 period.
- Ground Rent Expenses were estimated based upon the total cost reflected during the TTM August 2012 period.

- Reserve for Replacement of Furniture Fixtures and Equipment was estimated to be 5.0% of gross revenue; this estimate is higher than the 4.0% required in the loan agreement.
- Management Fees and Overhead were estimated based upon an evaluation of corporate overhead charges which are allocated to the owned real estate. Motels with third party management agreements will typically pay a management fee of 3.0% of gross revenue and franchise costs ranging from 5.0% to 8.0% of rooms revenue. Because these hotels are owned by the brand/franchisor, they are not subject to standard franchise agreements, rather the cost of services typically provided by a franchisor are incurred at the corporate office and allocated to the hotels. Historically the overhead allocation to the owned portfolio has ranged from $51.7 million during 2008 to $64.9 million during TTM August 2012. Management believes that they can significantly reduce the cost of corporate overhead through the reduction of payroll, attrition and streamlining of expenses. The arranger believes that this cost can be reduced to roundly $39 million, or 6.0% of gross revenue. Morningstar conducted a high level evaluation of corporate overhead charges and assumed that management would be able to reduce salaries and wages and other controllable costs by a more conservative 15% with all other expenses assumed to remain flat. This estimate results in a same store corporate overhead expense of $51.5 million which equates to approximately 8.25% of total revenue at the owned hotels. This estimate is equivalent to that of a combined management fee equal to 3.0% of gross revenue and a franchise fee equivalent to 5.25% of rooms revenue.

A summary of historical operating results and our estimate of future net cash flow for the Included Assets is provided as Annex A to this presale.

Morningstar Valuation

Morningstar has estimated the market value of the portfolio based upon the income capitalization approach to value. Capitalization rates are estimated quarterly by Morningstar for the lodging sector in each region and major metropolitan area based upon a review of investor surveys including Real Estate Research Council, PWC Real Estate Investors Survey (Korpacz), as well as a review of research and comparable sales information provided by Real Capital Analytics. These estimates are further adjusted to account for various factors including type of location, segment tier, and other risk factors. For example the base capitalization rate for hotels in each identified market area or region were adjusted upward by 75 basis points because these properties are limited service hotels in the economy lodging sector which is considered to present higher risk of additions to supply than that of full service hotels. Furthermore, the capitalization rate of the 19 leasehold properties evaluated were adjusted upward by 50-75 basis points to reflect the various levels of risk attributed to these assets based upon a high level review of information provided by the arrange relating to customary "financeable" ground lease provisions. Morningstar estimated the market value of each asset by applying the estimated direct capitalization rate to net cash flow from operations estimated for each asset. In evaluating the leasehold assets, there were five assets which did not have lease terms that extended 10 years beyond the loan maturity date; these assets were estimated by calculating the net present value of remaining net cash flow streams (in constant un-inflated dollars) through the remaining lease term.

Morningstar has only estimated the net cash flow and value for 473 of the 517 owned properties; the remaining 44 leasehold assets have not been factored into our net cash flow and valuation analysis (for more detail describing this risk, see the section entitled Properties Secured by a Leasehold Interest on page 14). Morningstar estimates that the NCF for the 44 excluded assets equates to $16.4 million each year.

Based upon the valuation approach discussed above, the potential market value of the properties is estimated to be $1.6 billion as renovated. However, because we have given some upside credit to the value of the renovation, the cost of these renovations must be factored into our analysis. The borrower estimates that the cost to renovate the included assets equates to $272.2 million, or $4,950 per room. The cost of such renovation may be adjusted downward by the $ 60 million Upfront Capital Expenditure Funds which was escrowed at close, however, only $30 million of the escrow has been earmarked for in property level renovations that are expected to drive a return on investment and only this amount has been credited in our analysis. In addition the future cost of renovations may be reduced by the annual reserve for replacement that is escrowed each month; we have assumed that 60% of such reserves may be used to fund future renovations with the remainder assumed to cover ongoing repairs and capital replacement that is not related to renovation. Based upon our analysis we have estimated that the net present value of future equity contributions required to complete the renovations during the five year period to be $137 million and this amount has been directly deducted from our estimate of market value.

The following table presents a summary of the Morningstar valuation of the owned real estate assets.

Morningstar Value of Owned Real Estate	
Potential Value	$1,612,974,200
Less: NPV of Future Equity Required for Renovation	(137,499,200)
Morningstar Market Value	$1,483,475,000
Value per Room	$26,828
Derived Capitalization Rate	10.43%

Franchise Division

The enterprise value of the franchising operation has been prepared by evaluating comparable public companies including Wyndham, Choice Hotels, and others. Morningstar has estimated the market value of the Franchise division by applying a multiple to in-place EBITDA; this approach could be considered conservative as it does not factor in any upside or growth potential for the chain. The following table presents a summary of the market capitalization and enterprise value of a number of comparable public hotel companies.

Evaluation of Comparable Companies
($ millions except share price)

State	Share Price 10/19/12	Market Cap 10/19/12	Enterprise Value	Most Recent EBITDA	EBITDA Multiple
Starwood Hotels & Resorts	$55.72	10,947.31	12,777.31	1,008	12.68 x
InterContiental Hotels Group	$25.29	6,884.44	7,418.44	646	11.48 x
Marriott	$37.53	11,842.22	14,247.22	1,350	10.55 x
Hyatt Hotels	$39.18	6,493.69	6,807.69	492	13.84 x
Wyndham Worldwide Corp	$54.12	7,610.00	11,444.00	1,010	11.33 x
Red Lion Hotels	$5.80	112.35	206.79	16	13.02 x
Accor SA	$24.64	5,599.69	6,549.69	905	7.24 x
Choice Hotels International	$31.44	1,802.46	1,964.29	200	9.82 x
All Companies				5,626.90	10.91 x
Most Comparable				2,130.90	9.44 x

These companies reflect an EBITDA multiple ranging from a low of 7.24x to a high of 13.84x. We consider the most comparable companies to be Wyndham, Accor, and Choice Hotels International as these companies all focus on the operation and franchising of hotels and motels; these companies were valued, on average, at 9.44x the most recent EBITDA. Morningstar has estimated the enterprise value of the Franchise Division to be 7.0x the most recent EBITDA of $8.56 million. Based upon this analysis, we have estimated the enterprise value of the franchise division to be $59.93 million.

Concluded Valuation of Collateral

Based upon our evaluation of the various components of collateral for the Trust Loan, the following table presents a summary of the Morningstar valuation.

Morningstar Valuation of Trust Loan Collateral	
Owned Real Estate	1,475,475,100
Franchise Division	59,928,400
Pro-rata Share of Ground Lease Group 2 Funds 1)	7,675,400
Combined Morningstar Valuation of the Collateral	1,543,078,900

Note: 1) Morningstar has given credit to the Trust Loan's pro rate share of escrow proceeds which will be collected as part of the Ground Lease Group 2 Fund.

Securitization Trust Summary

Trust Loan Summary

The various certificate classes including 6 classes of sequential pay P&I certificates and four classes of interest-only certificates, represent beneficial interests in the trust loan. The following table presents a summary of the various classes of certificates, and their respective ratings, leverage, DSCR, and debt yield based upon the Morningstar evaluation.

	Initial Certificate Balance or Notional Amount	Pass Through Description	Morningstar Prelim. Ratings	LTV on Morningstar Value	DSCR on Morningstar NCF	Credit Support Levels
Class A-1	$105,000,000	Fixed	AAA	33.0%	6.28 x	51.48%
Class A-2	404,500,000	Fixed	AAA	33.0%	6.28 x	51.48%
Class XA-1	509,500,000	Variable IO	AAA	33.0%	6.28 x	51.48%
Class XA-2	509,500,000	Variable IO	AAA	33.0%	6.28 x	51.48%
Class XB-1	540,500,000	Variable IO	AAA	33.0%	6.28 x	51.48%
Class XB-2	540,500,000	Variable IO	AAA	33.0%	6.28 x	51.48%
Class B	189,900,000	Fixed	AA-	45.3%	4.58 x	33.39%
Class C	145,100,000	Fixed	A-	54.7%	3.79 x	19.57%
Class D	185,500,000	Fixed	BBB-	61.3%	3.11 x	1.90%
Class E	20,000,000	Fixed	BBB-	62.8%	3.05 x	0.00%
Class R	n/a	n/a	n/a	n/a	n/a	n/a

Priority of Payments on Trust Certificates

The priority of payments on the Trust Certificates generally follows a sequential-pay structure. The following is a quick synopsis of this priority.

(1) Interest on the Class A-1, Class A-2, Class XA-1, Class XA-2, Class XB-1, and Class XB-2 Certificates, pro-rata (see note1).
(2) Principal paydown of the Class A-1 Certificates until paid in full, up to the Principal Distribution Amount (see note 2).
(3) Principal paydown of the Class A-2 Certificates until paid in full, up to the Principal Distribution Amount (see note 2).
(4) Unreimbursed applied realized loss amounts to the Class A-1 and Class A-2 Certificates, pro-rata.
(5) Interest on the Class B Certificates.
(6) Principal paydown of the Class B Certificates until paid in full, up to the Principal Distribution Amount.
(7) Unreimbursed applied realized loss amounts to the Class B Certificates.
(8) Interest on the Class C Certificates.
(9) Principal paydown of the Class C Certificates until paid in full, up to the Principal Distribution Amount.
(10) Unreimbursed applied realized loss amounts to the Class C Certificates.
(11) Interest on the Class D Certificates.
(12) Principal paydown of the Class D Certificates until paid in full, up to the Principal Distribution Amount.
(13) Unreimbursed applied realized loss amounts to the Class D Certificates.
(14) Interest on the Class E Certificates.
(15) Principal paydown of the Class E Certificates until paid in full, up to the Principal Distribution Amount.
(16) Unreimbursed applied realized loss amounts to the Class E Certificates.
(17) All remaining proceeds to the Class R Certificates.

Note 1: With reference that the pass-through rate on the (i) Class XA-2 and Class XB-2 on and prior to the Distribution Date in December 2014 is 0% and (ii) Class XA-1 and Class XB-1 after the Distribution Date in November 2014 is 0%.)
Note 2: If the certificate balances of the Class B, Class C, Class D, and Class E Certificates have been reduced to $0, then such principal amount shall be distributed between Class A-1 and Class A-2 pro rata.

Allocation of Losses on Trust Certificates

Losses on the Trust Certificates are generally allocated in a reverse sequential order:

(1) To the Class E Certificates,
(2) to the Class D Certificates,
(3) to the Class C Certificates,
(4) to the Class B Certificates, and
(5) to the Class A-1 and A-2 Certificates on a pro rata basis, in each case until reduced to zero.

The Notional Amount of the Class XA-1 and XA-2 Certificates will be reduced to reflect reductions in the Certificate Balances of the Class A-1 and Class A-2 Certificates. The Notional Amount of the Class XB-1 and XB-2 Certificates will be reduced to reflect reductions in the Certificate Balances of the Class B, Class C, Class D, and Class E Certificates.

Rated Final Distribution Date

The rated final distribution date of each class of certificates is the distribution date in November 2024. Morningstar's ratings on the certificates address the likelihood of the timely receipt by holders of all payments of interest to which they are entitled on each distribution date and the ultimate receipt by holders of all payments of principal to which they are entitled on or before the rated final distribution date.

Trust Structural Features / Concerns

Based solely on a review of the documents enumerated herein, the following reflect highlights of certain material trust structural features and/or concerns.

Controlling Class/Controlling Class Representative

This transaction does not utilize the concept of a controlling class that is typically the most subordinate class of certificates afforded certain rights such as directing the master servicer and special servicer on various servicing matters and replacing the special servicer with or without cause. Therefore, the master servicer and special servicer, will make certain servicing decisions under the servicing standard without consent or consultation from any certificateholder. In addition, the replacement of the special servicer will instead require the vote of a certain percentage of all certificateholders. This may reduce certain conflicts of interest that would otherwise be present if a controlling class (affiliated with a special servicer) were directing the special servicer on various decisions and/or had the right to terminate a special servicer.

Trust Advisor

This transaction does not utilize the concept of a trust advisor which has been used in certain recent transactions to monitor the performance of the special servicer and provide certain oversight with respect to the special servicer. However, the master servicer and special servicer are required to perform servicing in accordance with the servicing standard.

Replacement of Special Servicer

A vote to replace the special servicer is initiated upon the written direction of holders of the principal balance certificates evidencing at least 25% of the voting rights (as reduced by appraisal reductions). Following such direction, the termination and replacement of the special servicer, among other things, requires a vote of at least 75% of a certificateholder quorum (66-2/3% of the aggregate voting rights of the principal balance certificates taking into account any appraisal reductions).

Repurchase Obligation

The mortgage loan sellers may be required to repurchase the mortgage loan from the trust due to a material breach of a representation or warranty or a document defect. However, there is no assurance that the holder(s) of such repurchase obligation will have sufficient assets at such time to fulfill its obligation to repurchase the loan. In addition, due to the existence of multiple mortgage loan sellers, each of which may be required to cure or repurchase only it's pro rata portion of the loan, increased enforcement costs and/or delays in enforcement may result.

Limited Rating Agency Confirmation/Notice

The trust and servicing agreement does not provide for rating agency confirmation with respect to all material trust and servicing agreement amendments. The mortgage loan purchase agreement does not provide for rating agency confirmation over amendments to such agreement. Because the rating agency may obtain knowledge of these various items later, surveillance activities and any related rating adjustments may occur later than if rating agency confirmation was required with respect to such items.

Conflicts of Interest

There are various conflicts of interest among and between various parties to the transaction. However, the special servicer and master servicer are required to service the assets in accordance with the servicing standard. Morningstar's analysis assumes the various parties comply with their duties.

Limits on Extension

Unlike most deals with ground leases, there is no preclusion on extending the loan maturity date beyond the date which is 20 years prior to the end of the current term of any ground lease, plus any options to extend the ground lease exercisable unilaterally by the borrowers due to certain short ground lease terms.

Third Party Reports

Appraisals

The appraisal of the owned real estate and the franchise division were prepared by Hospitality Valuation Services in September 2012. HVS valued the collateral in two separate reports: one report dated August 20, 2012 estimates the As-Is value of the owned real estate to be $1,563,000,000 and the second report dated September 29, 2012 estimates the value of the franchise and management business to be $240,000,000.

Property Condition

Property condition reports were prepared by EMG Corp. during March and April of 2012 and were updated and reissued during October 2012. These reports identified deferred maintenance items as well as quantified long-term capital expenditure needs. Immediate repairs recommended by the reports totaled $1.548 million; the report also identified $6.4 million short term repairs which included recommended upgrades to ADA requirements. The funds needed to conduct these recommended repairs were escrowed at close as part of the $60 million Upfront Capital Expenditure Fund.

Environmental

Phase I environmental site assessments ("ESAs") were prepared by EMG Corp. during March and April of 2012 and were updated and reissued during October 2012. For several of the properties, the ESAs and other assessments recommend minor repairs, further investigations, requesting agency "no further action" determinations or cleanups. Upfront remediation reserves will be placed into escrow at the securitization closing date. The reports recommended Phase II ESA reports be conducted on eight of the properties.

Seismic

EMG Corp. prepared a series of seismic risk assessment reports dated no earlier than July 24, 2012 for the properties located in Seismic Zone 3 or Zone 4 as depicted on the Seismic Zone Map of the U.S. of the Uniform Building Code, 1997 edition. Approximately 135 of the properties in the portfolio are located in California, representing approximately 35.7% of the allocated Trust Loan cut-off balance, which has been historically at greater risk to certain acts of nature (such as floods and earthquakes) than other states and 42 of the properties representing approximately 8.0% of the allocated Trust Loan cut-off balance, are located outside California, but located within Seismic Zone 3 or Zone 4 as depicted on the "Seismic Zone Map of the U.S." of the Uniform Building Code. Probable Maximum Loss (PML) is used to characterize building damageability during a 475 year earthquake; if an asset has a PML of less than 20.0%, additional mitigation is not considered necessary. Seismic studies, conducted for all of these properties, concluded that none of the properties have a probable maximum loss (PML) of 24.0% or greater. Earthquake insurance is not provided for the assets in this portfolio.

Scope of Analysis

Morningstar utilized external legal counsel to perform a legal review of certain items in the transaction relevant to Morningstar's ratings analysis. In this transaction, such counsel solely reviewed the following materials available on the arranger website as of October 22, 2012 (except as otherwise specified in this paragraph): (i) the October 22 posted draft offering circular, (ii) loan agreement dated as of October 1, 2012 and posted October 3, 2012 (and we are assuming that the exceptions to loan agreement representations and items listed on the schedules and exhibits to the loan agreement are as would be satisfactory to a prudent lender and do not materially adversely affect the use, value or operation of the loan collateral or the borrowers' ability to comply with its obligations under the loan documents), (iii) promissory notes dated as of October 1, 2012 in favor of each of (x) JPMorgan Chase Bank, National Association (y) German American Capital Corporation and (z) Citigroup Global Markets Realty Corp., (iv) deed of trust, assignment of leases and rents, security agreement and fixture filing (California- Yolo County) dated as of October 1, 2012 (and we are assuming that all the mortgages, deeds of trust, deeds to secure debt and similar security instruments are on the same form subject only to property specific and jurisdiction specific matters), (v) amended and restated limited liability company agreement of G6 Hospitality Property LLC dated as of October 1, 2012 and amended and restated limited partnership agreement of G6 Hospitality Franchising Canada L.P. (and we are assuming that the organizational documents for the other loan parties are same forms, subject only to changes with respect to such party's type of entity and ownership of (w) its respective real property, (x) intellectual property, (y) franchise assets or (z) interests in such other entity, all as reflected in the special purpose entity provisions in the loan agreement), (vi) opinion of Simpson Thacher & Bartlett LLP dated October 1, 2012 regarding authority, enforceability and other matters, (vii) opinion of Richards Layton & Finger, P.A. dated October 1, 2012 regarding nonconsolidation, (viii) opinions of Richards Layton & Finger, P.A. dated October 1, 2012 regarding authority to file bankruptcy and Delaware LLC matters, (ix) opinion of Osler, Hoskin & Harcourt LLP dated October 1, 2012 regarding Canadian nonconsolidation, (x) intercreditor agreement dated as of October 1, 2012 and posted October 5, 2012, (xi) the ground lease representation spreadsheet posted October 16, 2012, (xii) the October [22] posted draft trust and servicing agreement and (xiii) the October 16, 2012 draft mortgage loan purchase and sale agreement.

In addition, legal counsel intends to review the following documents upon posting of such documents on the arranger website prior to issuance of the final ratings: (i) true sale opinion(s) for the sale of the loan from the seller(s) to the depositor and from the depositor to the securitization trust, (ii) corporate and enforceability opinions of the servicer, special servicer, trustee, depositor and loan seller(s) and the general deal level opinion related to certain tax matters and (iii) versions of the documents enumerated in the preceding paragraph posted as of the date of issuance of final ratings. Unless enumerated on the prior list, no external legal counsel review was performed with respect to any documents. Therefore, leases, including ground leases and subleases, hedges and related documents, contribution and/or allocation agreements, management agreements, estoppels, title reports, insurance contracts, environmental assessments, guarantees, indemnities, liens or related searches, financial statements, rent rolls, surveys, financing statements, easement agreements, intercreditor or subordination agreements (except as expressly enumerated in the preceding paragraph), among others, were not reviewed by external legal counsel. As legal review of title policies was not performed, Morningstar has assumed such policies do not contain any judgments, tax liens, or other issues that would materially adversely affect any borrower, property owner, property or the mortgagee's lien and security interest in any collateral for any loan. As legal review of local law opinions was not performed, Morningstar has assumed that local law opinion(s) were provided for all relevant jurisidictions, on customary forms and with rating agency reliance.

Appendix A: Morningstar CMBS Subordination Model

This Appendix provides a brief description of Morningstar's proprietary CMBS Subordination Model. A publication entitled, "Guide to the Morningstar CMBS Subordination Model", provides a more comprehensive overview of the model's framework as well as details of the model's main features. It can be found on Morningstar's website at http://ratingagency.morningstar.com, by going to the Ratings Report Section.

Overview

Morningstar uses its CMBS Subordination Model to determine the required credit enhancement levels of both conduit and large-loan CMBS transactions. In addition to determining the initial enhancement levels, this model is an integral part of the on-going surveillance of such transactions. This approach allows Morningstar to maintain ratings consistency across CMBS transactions throughout their lives.

Morningstar's underwritten NCF and cap rate for each property, along with the corresponding loan characteristics, are subjected to defined sets of stresses in this CMBS model to arrive at the required credit enhancement levels at each rating category. Each set of stresses gauges the likelihood of each loan to default, as well as the loss severity given default, during the loan's term and at its balloon date.

Each set of stresses include:

- NCF declines during the term of the loan and at the balloon date that reflect worsening economic conditions,
- Cap rate increases that reflect deteriorating demand for CRE investments,
- Balloon loan constants to reflect more restrictive lending conditions when the existing loan needs to get re-financed,
- Time to default assumptions that limit the credit to loans which amortize,
- Loan liquidation time assumptions that impact the aggregate special servicer fees and accrued interest on P&I advances, and
- Interest rate assumptions on interest due the servicer for P&I advances.

These stresses are tiered by rating category with the most onerous commensurate with the highest rating category to reflect extremely stressed economic, CRE market and lending environments. The stresses associated with the lowest rating category, while substantially less dramatic than that at the highest rating level, still reflect declines. The model therefore fully discounts historically-observed positive performances. Many of these stresses also differ across property types.

The model also quantitatively accounts for portfolio-level concentration risks (loan size, property type and geography) by applying additional NCF stresses on those loans that contribute to each such risk.

Term Default Analysis

The model determines the likelihood of a term default for each loan by:

1. First subjecting Morningstar's underwritten NCF for the loan to an NCF haircut that simulates the potential decline in net effective rent over the term of the loan. The magnitude of this decline represents the maximum decline in NCF on the property during the term of the loan.
2. The Morningstar underwritten NCF is then further reduced by a series of additional NCF haircuts to address portfolio concentration risk concerns (loan size, property type and geography).
3. The resultant stressed NCF and the terms of the loan are then used to determine the loan's stressed DSCR.
4. The loan's probability of default during the term of the loan is then derived by translating this "low-point" DSCR into a probability of default ("PD") based on a Morningstar empirical study of the correlation between DSCR and PD.

The loss severity of the loan given a default event is then determined by looking at its two components -- lost principal and special servicer costs.

> Lost principal is calculated as the difference between the outstanding loan balance at the time of default and the stressed property value. The model computes the loan balance based on empirically-based time-to-default assumptions and the terms of the loan. The stressed property value is arrived at using the stressed NCF and a ratings adjusted cap rate.
>
> Special servicer costs include the fees earned by the special servicer while the loan is specially-serviced, interest on any P&I advances that the servicer makes, and the liquidation fees due the special servicer for selling the foreclosed property. The special servicer fee is dependent upon the period of time the loan is specially serviced. The model uses assumptions of this time period tiered by rating category.

Balloon Default

The overwhelming majority of loans backing CMBS deals to date do not fully amortize by the loan's maturity date. As such, most loans have a balloon balance that is due upon maturity. Borrowers are required to secure take-out financing for the remaining principal balance by this date. Failure to do so triggers a default event and the loan becomes specially-serviced. Balloon default is therefore a binary event.

The model tests the ability of each loan to be refinanced at its balloon date by comparing the loan's refinance DSCR and LTV ratios to assumed take-out financing threshold requirements. Morningstar stresses the underwritten NCF and cap rate, and then applies a stressed refinance loan constant to arrive at the loan's refinance DSCR and LTV ratios. If these DSCR and LTV metrics pass this test, the loan is taken out in whole (PD equals zero and there is no loss).

If either test is not met, the model assumes that the loan becomes specially serviced and the special servicer takes one of two actions. If the existing loan's DSCR[1] is greater than an assumed special servicer loan extension threshold, the model assumes that the special servicer extends the loan. Otherwise the model assumes the special servicer will initiate foreclosure proceedings and the property is eventually sold. An assumed timeframe, tiered by rating category, from the balloon date to the date of liquidation is used for calculating the special servicer fees incurred. The model also calculates any needed P&I advances and the liquidation fee. The liquidation price is the stressed value calculated for the property commensurate with the rating category.

In the loan extension scenario, the model typically assumes some limited growth in NCF generated by the property, better loan conditions and an improved CRE market as manifested in a lower refinance loan constant and cap rate during the extension period. At the conclusion of the extension period, the model again tests whether or not the loan gets refinanced. The improved DSCR and LTV ratios are once again compared to the assumed take-out financing threshold requirements. If both tests are passed, the loan is taken out in whole. There is no principal loss but losses are incurred in the form of special servicer costs (special servicer fee, interest on P&I advances and workout fee).

If the loan is still not able to be refinanced, the model assumes the special servicer initiates foreclosure proceedings and the property is eventually sold. Losses in this scenario include a likely principal loss along with special servicer costs (interest on P&I advances, special servicer fee, and liquidation fee).

[1] Note that the existing loan DSCR differs from the loan's refinance DSCR. The latter is calculated at an assumed stressed loan constant and the former is based on the actual terms of the existing loan.

Appendix B: Morningstar Rating Surveillance

Morningstar has historically performed and continues to perform ongoing monthly surveillance on publically-issued and outstanding US CMBS transactions on a subscription basis for investors. As a result of such, Morningstar publishes to its subscriber base a monthly credit analysis report for each CMBS trust entitled the "Morningstar Dealview", outlining the most recent performance trends for each.

Morningstar's analysis is best described as a bottom-up approach. At its core, it is driven by the performance of the underlying commercial real estate loan collateral. Analysts first evaluate, using qualitative and quantitative analysis, the credit risk characteristics of the collateral pool backing any given securitization trust. The credit protections are then evaluated as part of Morningstar's opinion of the risk profile of any given security. Morningstar applies a surveillance model described at http://ratingagency.morningstar.com, to produce suggested credit ratings and rating outlooks for each class of a given CMBS transaction.

Any surveillance activities described herein are conditioned on Morningstar's receipt of certain information to enable Morningstar to perform surveillance. The degree of surveillance performed depends largely on the scope of review performed by Morningstar and enumerated in the related surveillance report and the availability of information. The degree and scope of review and information considered is generally enumerated in the Morningstar surveillance report for the respective transaction and should be considered when evaluating and comparing ratings.

Any surveillance performed by Morningstar is available solely to Morningstar subscribers on a subscription basis under Morningstar's policies and procedures. Therefore, if recipient is not a subscriber, recipient will not have access to or receive any ratings information following Morningstar's issuance of a rating, including any information related to changes to the ratings post issuance.

For further information and a description of Morningstar's surveillance activities, please see http://ratingagency.morningstar.com, including "Morningstar CMBS Surveillance Rating Opinions: Procedures and Methodologies".

Appendix C: Morningstar Rating Characteristics

The preliminary ratings provided in this report address the likelihood of the timely receipt of distributions of interest by certificateholders to which they are entitled and, the ultimate distribution of principal by the Rated Final Distribution Date.

The preliminary ratings are based solely on the scope of review enumerated in this report and the information related thereto provided to Morningstar through the arranger website as of the date hereof or as expressly enumerated herein which we believe to be reliable. Unless otherwise in accordance with Morningstar's policies and procedures, Morningstar does not audit or verify the truth or accuracy of any such information.

These preliminary ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by Morningstar. In addition, these ratings do not address: (a) the likelihood, timing, or frequency of prepayments (both voluntary and involuntary) and its impact on interest payments or the degree to which such prepayments might differ from those originally anticipated, (b) the possibility that a certificateholder might suffer a lower than anticipated yield, (c) the likelihood of receipt of yield maintenance charges, yield maintenance premiums, prepayment charges, yield or spread maintenance premiums or penalties, yield maintenance default premiums, yield maintenance non-default premiums, prepayment premiums, spread maintenance payments, prepayment fees or penalties, assumption fees, modification fees, penalty charges, default interest or post-anticipated repayment date additional interest, (d) the likelihood of experiencing prepayment interest shortfalls, an assessment of whether or to what extent the interest payable on any class of rated certificates may be reduced in connection with any prepayment interest shortfalls, or of receiving compensating interest payments, (e) the tax treatment of the certificates or effect of taxes on the payments received, (f) the likelihood or willingness of the parties to the respective documents to meet their contractual obligations or the likelihood or willingness of any party or court to enforce or hold enforceable, the documents in whole or in part, (g) an assessment of the yield to maturity that investors may experience, (h) the likelihood, timing or receipt of any payments of interest to the holders of the rated certificates resulting from an increase in the interest rate on any underlying mortgage loan in connection with a mortgage loan modification, waiver or amendment, (i) excess interest or additional interest amounts or any remaining or excess funds or (j) other non-credit risks, including, without limitation, market risks or liquidity.

Morningstar's preliminary ratings take into consideration certain credit risks, and the extent to which the payment stream of the mortgage loan is adequate to make payments required under the offered certificates based on information identified as subject to review herein and to the extent provided to Morningstar on arranger's website for the transaction as of the date hereof. However, as noted above, the ratings do not represent an assessment of the likelihood, timing or frequency of principal prepayments (both voluntary and involuntary) by the borrowers, or the degree to which such prepayments might differ from those originally anticipated. In general, the ratings address credit risk and not prepayment risk. In addition, the ratings do not represent an assessment of the yield to maturity that investors may experience or the possibility that the certificateholders of the Certificates might not fully recover their initial investment in the event of delinquencies or defaults or rapid prepayments on the mortgage loan (including both voluntary and involuntary prepayments) or the application of any realized losses. In the event that holders of such certificates do not fully recover their investment as a result of rapid principal prepayments on the mortgage loan, all amounts "due" to such holders will nevertheless have been paid, and such result is consistent with the ratings assigned to such certificates.

As indicated herein, the Class X certificates consist only of interest. If the mortgage loan were to prepay in the initial month, with the result that the holders of the Class X certificates receive only a single month's interest (or with respect to Class XA-2 and Class XB-2, no interest) and therefore, suffer a nearly complete (or with respect to Class XA-2 and Class XB-2, total) loss of their investment, all amounts "due" to such holders will nevertheless have been paid, and such result is consistent with the ratings received on the Class X certificates. The notional amounts of the Class X certificates on which interest is calculated may be reduced by the allocation of realized losses and prepayments, whether voluntary or involuntary. The ratings do not address the timing or magnitude of reductions of such notional amounts, but only the obligation to pay interest timely on the notional amounts as so reduced from time to time. Therefore, the ratings of the Class X certificates should be evaluated independently from similar ratings on other types of securities.

While Morningstar may issue ratings solely on asset backed securities, Morningstar does not (i) issue short-term ratings, or (ii) rate, assess or review corporate entities, credit support providers, seller(s), guarantors, servicers, trustees, certain accounts or investments, insurers, liquidity providers, hedge providers, sovereign or government entities or other similar entities or items, unless consideration of a review and/or assessment is otherwise enumerated in Morningstar's pre-sale report and/or surveillance reports related to the transaction. Therefore, Morningstar's ratings and analysis do not take into consideration such characteristics of the transaction referenced in clauses (i) and (ii) of the preceding sentence unless consideration of a review and/or assessment is otherwise enumerated in Morningstar's pre-sale report and/or surveillance reports related to the transaction. In addition, Morningstar's ratings and analysis do not take into consideration any potential or actual risk of repudiation, receivership or other ramifications related to FDIC administration and/or enforcement of FDIC rights and remedies with respect to any entity involved in the transaction including a bank or subsidiary of a bank. In addition, Morningstar's ratings do not take into consideration an assessment of the arranger(s), originator(s) and/or prior holder(s) of the loan(s) included in the respective transaction. Additionally, for the avoidance of doubt, Morningstar does not rate obligors, managers or issuers. Further, the ratings do not assess whether any exchange of certificates may occur or any delays or disruptions in payment due to such exchange or method of holding certificates.

As the ratings herein are preliminary ratings, such ratings may be subject to change during surveillance. As provided herein, surveillance analysis and ratings are solely provided to Morningstar subscribers on a subscription basis.

In conjunction with evaluating any Morningstar ratings, please also see "Morningstar Definitions and Descriptions of CMBS (i) Letter-Grade Credit Ratings, (ii) Rating Outlooks and (iii) Surveillance" at http://ratingagency.morningstar.com.