Morgan Stanley Bank of America Merrill Lynch Trust 2013-C11, Commercial Mortgage Pass-Through Certificates 2013-C11

Pre-Sale Report

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PRELIMINARY RATINGS (AS OF: 7/29/13)

Offered Certificates

Class	Balance/ Notional Amt	Preliminary Ratings	Morningstar DSCR	Morningstar BLTV	Morningstar ELTV	Credit Support levels
Class A-1	$53,000,000	AAA	2.89	46.30%	36.50%	30.00%
Class A-2	$142,000,000	AAA	2.89	46.30%	36.50%	30.00%
Class A-AB	$72,980,000	AAA	2.89	46.30%	36.50%	30.00%
Class A-3	$125,000,000	AAA	2.89	46.30%	36.50%	30.00%
Class A-4	$206,448,000	AAA	2.89	46.30%	36.50%	30.00%
Class X-A	$648,667,000	AAA	2.89	46.30%	36.50%	30.00%
Class A-S	$49,240,000	AAA	2.89	46.30%	36.50%	24.25%
Class B	$61,013,000	AA+	2.64	50.60%	40.90%	17.13%
Class PST	$144,505,000	A+	N/A	N/A	N/A	13.13%
Class C	$34,253,000	A+	2.52	53.10%	43.30%	13.13%

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 X-A 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: July 29, 2013

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 July 24, 2013. 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 intends to 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	38 loans secured by 72 properties	**Mortgage Loan Seller/Sponsors**	Bank of America, National Association, Morgan Stanley Mortgage Capital Holdings LLC and CIBC Inc.
Notional Balance	$856,326,747	**Depositor**	Banc of America Merrill Lynch Commercial Mortgage Inc.
Structure	Sequential	**Trustee**	Deutsche Bank Trust Company Americas
Morningstar U/W Current DSCR (1)	1.99 x	**Custodian**	Wells Fargo Bank, National Association
Morningstar U/W Amortizing DSCR (1)	1.73 x	**Master Servicer**	Wells Fargo Bank, National Association
Morningstar U/W BLTV	78.9%	**Special Servicer**	Midland Loan Services, a Division of PNC Bank, National Association
Morningstar U/W ELTV	66.2%	**Certificate Administrator**	Wells Fargo Bank, National Association
		Trust Advisor	Situs Holdings, LLC

Note:

(1) Current debt service coverage reflects interest only payments for 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.

PRELIMINARY RATINGS (AS OF: 7/29/13)

Class	Balance / Notional Amount	Preliminary Ratings	Morningstar DSC	Morningstar BLTV	Morningstar ELTV	Credit Support Levels
Class A-1	$53,000,000	AAA	2.89	46.30%	36.50%	30.00%
Class A-2	$142,000,000	AAA	2.89	46.30%	36.50%	30.00%
Class A-AB	$72,980,000	AAA	2.89	46.30%	36.50%	30.00%
Class A-3	$125,000,000	AAA	2.89	46.30%	36.50%	30.00%
Class A-4	$206,448,000	AAA	2.89	46.30%	36.50%	30.00%
Class X-A	$648,667,000	AAA	N/A	N/A	N/A	N/A
Class A-S	$49,240,000	AAA	2.89	46.30%	36.50%	24.25%
Class B	$61,013,000	AA+	2.64	50.60%	40.90%	17.13%
Class PST	$144,505,000	A+	N/A	N/A	N/A	13.13%
Class C	$34,253,000	A+	2.52	53.10%	43.30%	13.13%
Class X-B	$207,659,746	AAA	N/A	N/A	N/A	N/A
Class D	$38,535,000	BBB+	2.39	55.80%	46.10%	8.63%
Class E	$9,634,000	BBB	2.36	56.50%	46.80%	7.51%
Class F	$8,563,000	BBB-	2.33	57.30%	47.60%	6.51%
Class G	$20,338,000	BB-	2.28	58.60%	48.90%	4.12%
Class H	$10,747,000	B	2.25	59.30%	49.60%	2.87%
Class J	$24,576,746	NR	2.19	61.1%	51.4%	0%
Certificate Balance	**$856,326,747**					

Note 1: Note (1): The Class X-A and Class X-B certificates will not have a Certificate Principal Amount 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.

Table of Contents

Transaction Overview

The MSBAM 2013-C11 Commercial Mortgage Trust Mortgage Pass-Through Certificates (MSBAM 2013-C11) are supported by the payment streams from 38 mortgage loans on 72 multifamily and commercial real estate properties. The priority of payments on the certificates is generally based on a sequential pay structure. The loans have an aggregate initial pool balance of approximately $856 million and an average initial principal balance of just over $22.5 million. A majority of the loans – 33 (83.4% by balance) – have a 10-year term. Properties that collateralize the loans are distributed across 17 states; however, 45.2% of the cut-off portfolio balance is located in three states including California, Florida, and Ohio. The largest loan exposure, Westfield Countryside, represents 11.7% of the cut-off portfolio balance and the top 10 largest loans represent 67.0% of the cut-off portfolio balance. As it relates to pool composition, 32.3% of the loans are secured by retail properties and 24.6% of the loans are secured by hospitality assets. Three of the top five loans are collateralized by regional malls.

Morningstar determined the preliminary ratings for each class of MSBAM 2013-C11 certificates by analyzing 23 of the loans 38 (89.5% by cut-off date balance) and subjecting the aggregate net cash flow and capitalization rates to a variety of stresses in our proprietary CMBS Subordination Model. To derive the Morningstar NCF for those loans that we did not directly analyze, we haircut the arranger's underwritten net cash flow by 4% to 6% depending on certain characteristics of the collateral property, including type, sub-type, location, and tenancy. Morningstar analysts visited 21 properties backing 15 loans (75.7% by cut-off portfolio balance) and assigned property quality scores to each. 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.

The Morningstar operational risk assessment ("ORA") ranking for Wells Fargo Bank, National Association, which is acting as Master Servicer, is MOR CS2 (Affirmed). The ORA ranking for Midland Loan Services, a Division of PNC Bank, National Association, which is acting as Special Servicer, is MOR CS1 (Stable). For the full assessment reports and additional information, please access https://ratingagency.morningstar.com

Asset Summary Reports detailing Morningstar's analysis of the top 16 loans as well as a Loan Analysis Summary Table that provides our final net cash flow, capitalization rate and value for each property, along with key loan and property characteristics for all loans, are distributed along with this presale report on Morningstar's website at http://ratingagency.morningstar.com. Asset Summary Reports for the top 10 loans are included in this presale report.

Morningstar Perspective

Based on information provided on the arranger's website as of July 24, 2013 (the date on which Morningstar's analysis on the underlying loans and properties was completed), Morningstar's analysis of the loans yielded an aggregate net cash flow of approximately $115.5 million. The Morningstar NCF is lower than the arranger's NCF by 3.2%. Our NCF results in weighted-average current and amortizing DSCRs of 1.99x and 1.73x respectively, based on the actual loan payment terms. The net cash flow and DSCR for each loan are provided in the Loan Analysis Summary Table and are distributed along with this presale report posted on Morningstar's website at http://ratingagency.morningstar.com.

Morningstar valued each of the properties using the direct capitalization method, with some adjustments made for upfront reserves and/or existing tax abatements or other tax incentives. Based on our combined NCF of $115.5 million and a portfolio weighted average cap rate of 8.2%, our aggregate pool value is just over $1.4 billion, 27.6% lower than the reported aggregated appraised values. Based on the initial aggregate cut-off date portfolio balance of $856.3 million, Morningstar's beginning and ending portfolio loan-to-value ratios are 78.9% and 66.2% respectively. The capitalization rate, value, and loan to value ratio for each loan are provided in the Loan Analysis Summary Table.

The Bears Say

- High leverage of Top 10 loans: Nine of the 10 largest loans have a Morningstar beginning LTV[1] that exceeds 80%, including five that exceed 95%.
- Loans structured with pari passu notes: Westfield Countryside, The Mall at Tuttle Crossing, Southdale Center, and Marriott Chicago River North Hotel each have additional pari passu notes that are held outside this trust. Also, only the Westfield Countryside and Mall at Tuttle Crossing loans are lead-serviced under this trust's pooling and servicing agreement; the other two loans are lead-serviced under the pooling and servicing agreements of two separate trusts

[1] Morningstar's BLTVs and ELTVs are based on each loan's whole-loan balance and therefore include all pari passu A-notes held outside this trust.

- Loan concentration: The top ten loans in the pool account for 67% of the cut-off date portfolio balance. Additionally, over 56% of the cut-off date portfolio balance is secured by retail or hotel properties.

The Bulls Say

- Distribution of Morningstar DSCRs: All loans have a Morningstar amortizing NCF DSCR[2] of 1.21x or better; 48 (87.1%) have an amortizing coverage of 1.41x or better, including 34 (57.2%) that exceed 1.50x coverage.

- Principal amortization: 29 of the 38 loans (53.5% by balance) have principal amortization over the full loan term; the remaining nine loans (46.5% by balance) are structured with interest-only payments for anywhere from 12 to 60 months prior to the commencement of amortization.

Loans of Particular Interest

- ADG Pool 6, ADG Pool 4, ADG Pool 1, and ADG Pool 3 (aggregate pool balance of 7.1%): These four uncrossed loans are secured by a total of 35 Manufactured Housing Communities, of which, 30 are located in Wisconsin. Although the loans are uncrossed, they do share the same ownership group. All four loans have a Morningstar beginning LTV in excess of 100%. It should be noted that the Morningstar concluded value for these three loans is considered conservative as Morningstar's concluded capitalization rates are on average, over 200 basis points higher than the appraisal capitalization rates.

- Westfield Countryside (11.1%): The largest loan in the pool has an aggregate whole-loan balance of $155 million, divided among a $100 million A-note held in this transaction and an additional A-note of $55 million that is held outside this trust. The A-note in this transaction represents the controlling note for the whole loan. Westfield Countryside has a high whole-loan beginning LTV of 87.9% (based on the Morningstar value), and is structured with five years of interest-only payments. The resulting whole loan's ending leverage is high at 78.86%. The property has four super-regional malls located within 15 miles although the closest competing mall is also owned by Westfield, one of the sponsors of this loan. Two of the other malls are considered more upscale than Westfield Countryside and cater to a different target market.

- Beverly Garland Hotel (3.5%): For most of its 40+ year history, The Beverly Garland Hotel has been a flagged franchise hotel, but will be going independent when its current franchise agreement with Holiday Inn expires in November 2013. While the hotel has performed adequately relative to its Smith Travel and appraisal competitive sets in its current format as a branded franchise, its management believes that the association with Holiday Inn has been preventing the hotel from achieving its full potential. The borrower will be spending over $12 million on capital improvements at the property which will likely translate to long-term increases in occupancy and ADR. Morningstar believes that improvement in room rates and occupancy is certainly possible as an independent hotel, but it is likely that this will take considerably longer than management or the appraisal indicate. Given the uncertainty of the redevelopment, as well as the potential short-term interruptions in operations while renovations are ongoing, Morningstar has not assumed any upside in our underwritten NCF. In fact, our NCF is lower than both fiscal year end 2012 as well as trailing-twelve-month statement ending 4/30/13.

- University Towers Co-Op (2.2%): The collateral for the co-op involves the fee simple interest in a multifamily building which has, in turn, been leased to the individual cooperative apartment unit owners (technically the collateral for this loan is the leased fee interest). The apartment unit owners pay monthly maintenance charges which cover not only ongoing maintenance and operating of the public areas of the building, but also mortgage interest payments on the leased fee loan. Although each cooperative unit owner typically has debt on their unit, the mortgage debt on the individual units is fully subordinated to the debt on the leased fee interest. In the event of default, the borrower may foreclose the entire building and convert co-op units to rental apartments. Realistically in order to preserve the value of their collateral, the unit owners and their respective lenders are unlikely to allow the subject leased fee loan to go into default. Because the borrower could theoretically foreclose on the entire building, it is reasonable to evaluate the real estate as if it involved the full fee simple value; in order to do so we have estimated the NCF and market value of the asset as if it were a market-based rental community. As a result, the calculated leverage on this loan is much lower than that of typical apartment communities.

Property Site Visits

Morningstar visited 22 properties securing 15 loans (75.7% by cut-off portfolio balance) including those backing the largest 10 loans, and assigned property quality scores to each. Morningstar uses a scale of 1 to 5, with "1" being the highest quality. Factors including the property's age, location, and condition are considered in assigning the quality score. After assigning a quality score to each property, Morningstar then factors each score into the assignment of our

[2] Morningstar's DSCRs are based on each loan's whole-loan debt service and our underwritten net cash flow.

capitalization rates. We assigned an average score (score of 3) to all assets that were toured. Morningstar's observations from the site visits are provided in the individual asset summary reports and the properties visited are noted in our Loan Analysis Summary Table.

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-1 certificates, we subjected our concluded net cash flows to a weighted-average 40.0% decline and our concluded values to a weighted-average 54.8% decline in the term default analysis. In the balloon default analysis, these weighted-average declines were 36.5% and 51.1%, 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)	40.0%	38.4%	36.8%	34.3%	32.2%	30.9%
Morningstar Value Decline (Term)	54.8%	51.4%	48.9%	42.0%	39.0%	37.4%
Morningstar NCF Decline (Balloon)	36.5%	35.1%	33.8%	32.4%	31.1%	29.8%
Morningstar Value Decline (Balloon)	51.1%	48.3%	45.9%	40.8%	38.3%	36.8%

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.

Transaction Comparison

The table below is a comparison of certain characteristics and metrics of the MSBAM 2013-C11 transaction against the averages of other CMBS conduit deals that Morningstar has rated. The *MSBAM 2013-C11 transaction is excluded from the averages presented.* This deal has fewer loans than the average of the comparison group and has significantly fewer properties and a much smaller aggregate initial principal balance. The number-one loan in MSBAM 2013-C11 accounts for a slightly smaller percentage of the aggregate pool than the average conduit we have rated, but the percentage that the Top 10 loans is considerably higher than the overall comparison group average. This is mainly attributable to the overall smallish size of this pool. One thing that is noticeable is the lack of secured subordinate financing in this pool as compared to deals we have reviewed in the past as there are no loans in the pool that are structured with B-Notes or Mezzanine Financing at closing.

The property-type composition of MSBAM 2013-C11 is notably different from that of the other deals. In this deal, Hospitality properties account for 24.6% of the aggregate balance, much higher than the 11.4% average for the comparison group (three of the top ten loans in the pool are secured by hotels). Retail property concentration is considerably lower than other conduits we have rated (23.7% for this pool vs. 40.1% on other conduits we have rated) despite three of the top four loans being secured by regional malls.

Morningstar's cash flow variance—that is, the difference between our underwritten cash flow and that of the arranger—is slightly lower than the average for the cohort. Not surprisingly, MSBAM 2013-C11's weighted average cap rate of 8.20% is below the cohort average, as cap rates for the main property types in many markets have become compressed over the last 24+ months. Morningstar's view is that cap rates for most property types will reverse course at some point in the intermediate term, and therefore we have established cap rate floors as well as made some conservative adjustments in our subordination model to attempt to account for this.

The Morningstar Value Variance—the difference between our underwritten property value and that of the appraiser—is higher for this deal than the average. This is partly attributable to the fact that appraisal cap rates have compressed more quickly than the cap rates we use for our underwriting analysis. Ultimately, the lower appraisal cap rates translate into higher appraised values, all things equal, and thus higher loan leverage, which is reflected in higher Morningstar beginning and ending LTVs.

Characteristic / Metric	MSBAM 2013-C11	Average 2011-13*
Portfolio Characteristics		
Portfolio Balance (in $Millions)	$856.3	$1,245.2
Loan Count	38	56
Property Count	72	120
Number of Portfolio Loans	6	8
Top Loan (% of Portfolio)	11.7%	12.1%
Top 5 Loans (% of Portfolio)	45.5%	39.2%
Top 10 Loans (% of Portfolio)	67.0%	56.4%
WA Mortgage Rate	4.446%	5.326%
Loans With B-Notes (% of Portfolio)	0.0%	4.9%
Loans With Mezz Financing (% of Portfolio)	0.0%	9.8%
Loans Allowing for Future Mezz (% of Porfolio)	17.2%	8.1%
Full Term Interest Only Loans (% of Portfolio)	0.0%	9.7%
Partial Interest Only Loans (% of Portfolio)	46.5%	21.5%
Property Type		
Retail	32.3%	40.1%
Office	18.5%	28.4%
Multifamily	9.3%	7.1%
Hospitality	24.6%	11.4%
Mixed-Use	0.0%	2.9%
Industrial	5.4%	4.1%
Self-Storage	2.3%	2.0%
Manufactured Housing	7.6%	3.7%
Leased Fee	0.0%	0.7%
Healthcare	0.0%	0.0%
Other	0.0%	0.0%
Leverage Metrics		
Mstar Cash Flow Variance (%)	-3.3%	-4.4%
Mstar WA Cap Rate	8.20%	8.42%
Mstar Value Variance (%)	-27.6%	-24.7%
Issuer WA DSCR	0.00x	1.63x
MStar WA DSCR	1.99x	1.57x
Issuer WA BLTV	0.0%	63.1%
Issuer WA ELTV	52.6%	55.8%
Mstar WA BLTV	78.9%	81.9%
Mstar WA ELTV	66.2%	70.2%
Capital Structure		
"AAA" Credit Support %	18.39	19.53
"AA+" Credit Support %	---	13.88
"AA" Credit Support %	---	15.22
"AA-" Credit Support %	13.86	12.70
"A+" Credit Support %	---	10.19
"A" Credit Support %	---	11.38
"A-" Credit Support %	10.80	10.46
"BBB+" Credit Support %	---	7.56
"BBB" Credit Support %	6.73	5.50
"BBB-" Credit Support %	5.92	6.00
"BB+" Credit Support %	---	4.00
"BB" Credit Support %	3.81	4.58
"BB-" Credit Support %	---	2.63
"B+" Credit Support %	---	3.63
"B" Credit Support %	2.87	2.95

**Averages include only conduit transactions rated by Morningstar*

Loan Portfolio Summary

General Loan Portfolio Characteristics

The primary assets of the trust are 38 fixed-rate loans secured by first liens on 72 commercial, multifamily, self-storage and manufactured housing properties. The loans are generally non-recourse all of which were originated within the past 5 months.

Loan Concentration

The portfolio consists of 38 mortgage loans. The largest loan exposure, Westfield Countryside, accounts for 11.7% of the overall trust portfolio and the second largest loan, The Mall at Tuttle Crossing represents 11.1% of the portfolio. All other loans represent less than 10% of the portfolio. The top ten loans, shown in the table below, make up approximately 67% of the portfolio by balance. The cut-off balance of each loan is provided in the Loan Analysis Summary.

Loan Name	Cut-off Balance	% of Cut-off Portfolio Balance	Morningstar Current DSCR	Morningstar Amortizing DSCR	Morningstar BLTV	Morningstar ELTV
Westfield Countryside	$100,000,000	11.7%	2.33 x	1.60 x	87.94%	79.34%
The Mall at Tuttle Crossing	$95,000,000	11.1%	3.50 x	2.29 x	64.59%	54.88%
Matrix Corporate Center	$85,000,000	9.9%	1.67 x	1.67 x	82.74%	75.55%
Southdale Center	$55,000,000	6.4%	2.20 x	1.51 x	95.02%	78.93%
Marriott Chicago River North Hotel	$55,000,000	6.4%	1.43 x	1.43 x	90.90%	67.65%
Hilton Waterfront Beach Resort	$42,500,000	5.0%	1.81 x	1.43 x	90.20%	88.78%
Bridgewater Campus	$43,500,000	5.1%	1.81 x	1.34 x	100.31%	85.11%
1600 Lexington Ave. - Rochester, NY	$40,154,101	4.7%	1.39 x	1.39 x	102.04%	82.32%
Beverly Garland Hotel	$29,969,490	3.5%	1.45 x	1.45 x	89.32%	82.22%
Paddock Club	$27,360,000	3.2%	1.81 x	1.33 x	95.49%	84.99%
Subtotal Top 10 Loans	**$573,483,592**	**67.0%**	**1.97 x**	**1.62 x**	**85.81%**	**73.37%**

Amortization Characteristics

All the trust loans are balloon loans. Loan amortization during the term helps reduce refinance risk at maturity because, all things equal, a loan with a lower LTV is more likely to get take-out financing. None of the loans in the pool have been structured with full-term interest-only payments however 46.5% of the loans have been structured with partial-term interest-only payments, ranging from 12 months to 60 months.

Amortization Type	% of Initial Pool Balance	# of Loans	Morningstar Current DSCR	Morningstar Amortizing DSCR	Morningstar Beginning LTV	Morningstar Ending LTV
Amortizing	53.50%	29	1.80	1.80	73.46%	58.96%
Interest Only	0.00%					
Partial IO	46.50%	9	2.34	1.65	84.58%	73.64%

Pari Passu Notes

Four of the mortgage loans are whole loans structured with pari passu A-notes held outside this trust. This additional A-note debt was quantitatively factored into our subordination levels and ultimately reflected in our final ratings.

Loan	Original A-Note Balance	Note Holder	Controlling Note
Westfield Countryside			
A-1 Note	$100,000,000	MSBAM 2013-C11	Yes
A-2 Note	$55,000,000	TBD	No
Total A-Note Debt	$155,000,000		
The Mall at Tuttle Crossing			
A-1 Note	$95,000,000	MSBAM 2013-C11	Yes
A-2 Note	$30,000,000	MSBAM 2013-C10	No
Total A-Note Debt	$125,000,000		
Southdale Center			
A-1 Note	$65,000,000	MSBAM 2013-C10	Yes
A-2 Note	$90,000,000	MSBAM 2013-C11	No
Total A-Note Debt	$155,000,000		
Marriott Chicago River North Hotel			
A-1 Note	$65,000,000	TBD	Yes
A-2 Note	$55,000,000	MSBAM 2013-C11	No
Total A-Note Debt	$120,000,000		

Originators

There were a total of three entities which contributed loans to the portfolio. The following table highlights the contributions of each loan arranger.

Mortage Loan Seller	Mortgage Loans	Mortgaged Properties	Combined Cut-off Balance	% of Cut-off Pool Balance
MSMCH	9	9	$275,737,213	32.2%
BANA	25	59	$513,796,048	60.0%
CIBC	4	4	$66,793,486	7.8%
	38	**72**	**$856,326,747**	**100%**

Loan Purpose

32 of the loans, representing 80.7% of the cut-off portfolio balance, were funded to refinance existing debt; the remaining balance of 6 loans provided the borrower with acquisition financing.

Loan Purpose	% of Initial Pool Balance	# of Loans
Refinance	80.70%	32
Acquisition	19.30%	6
Total	**100%**	**38**

Related Borrowers

Certain groups of the underlying mortgage loans were made to the same borrower or to borrowers under common ownership. Mortgage loans with the same borrower or related borrower pose additional risks. For example, (i) financial difficulty at one property could cause the owner to defer maintenance at another property in order to cover expenses at the troubled property or (ii) the owner could attempt to avert foreclosure on one mortgaged property by filing a bankruptcy petition that might have the effect of interrupting monthly payments for an indefinite period on all related mortgage loans.

The MSBAM 2013-C11 pool has a moderate exposure to loans with common borrowers. The largest such exposure are the second and fourth largest loans in the pool (17.5% of the cut-off date balance) which have a borrower related to Simon Property Group. The second group of related loans are the ADG Pool loans (four separate loans) which represent 7.6% of the pool. Finally, #10 Paddock Club and # 18 Limestone Ranch also have related sponsorship. These two loans account for 4.9% of the overall pool.

A nonconsolidation opinion providing comfort over consolidation risks was not provided for all such loans. As legal review (other than noted in the Scope of Analysis above) was not performed on all of the loans in the related borrower groups aggregating 5% or more of the pool we have assumed that the organizational structure and organizational documents are in forms customary for a prudent lender. While nonconsolidation opinions were received for certain loans, there is no guarantee that an attempted consolidation would not be successful or that costs, fees and/or expenses would not be incurred. The five largest groups of loans with borrowers under common sponsorship are shown below.

Loans with Common Ownership	Sponsors	Cut-off Date Principal Balance	% of Cut-off Pool Balance
ADG Pool 6	Bruce Arbit; Jerry Benjamin; M. Nicol Padway; James Reitzner	25,625,780	3.0%
ADG Pool 4	Bruce Arbit; Jerry Benjamin; M. Nicol Padway; James Reitzner	19,229,138	2.8%
ADG Pool 1	Bruce Arbit; Jerry Benjamin; M. Nicol Padway; James Reitzner	6,746,357	1.0%
ADG Pool 3	Bruce Arbit; Jerry Benjamin; M. Nicol Padway; James Reitzner	5,574,834	0.8%
Total		**57,176,109**	**7.6%**
The Mall at Tuttle Crossing	Simon Property Group, L.P.	95,000,000	11.1%
Southdale Center	Simon Property Group, L.P.	55,000,000	6.4%
Total		**150,000,000**	**17.5%**
Paddock Club	Darren W. DeVore; Michael Patrick Carroll	27,360,000	3.2%
Limestone Ranch	Darren W. DeVore; Michael Patrick Carroll	14,870,000	1.7%
Total		**42,230,000**	**4.9%**

Loan Portfolio Metrics

Portfolio Debt Service Coverage

Overall the portfolio reflects a current coverage (which includes some interest only payments) of 1.99 x and an amortizing coverage of 1.73 x based upon Morningstar's adjusted net cash flow estimate. The following table presents a summary of the portfolio stratification by tiers of debt service coverage. As illustrated, only 10 loans representing less than 20% of the pool exhibit an amortizing coverage below 1.41x; 8 loans have a debt service coverage between 1.41x and 1.50x; 61.2% of the portfolio had current debt service coverage of 1.50x or higher.

DSCR on Morningstar NCF	% of Initial Pool Balance	# Loans	Morningstar BLTV	Morningstar ELTV
< 1.00	0.0%	0	-	-
1.00 - 1.10	0.0%	0	-	-
1.11 - 1.20	0.0%	0	-	-
1.21 - 1.30	3.6%	3	95.90%	82.35%
1.31 - 1.40	16.0%	7	97.38%	80.35%
1.41 - 1.50	19.2%	8	91.04%	74.90%
> 1.50	61.2%	20	72.59%	61.42%

Portfolio Leverage

Overall the beginning portfolio leverage is 78.9% based upon Morningstar's estimate of value. The following table presents a summary of the portfolio stratification by leverage point. As illustrated, 8 loans have a loan to value higher than 100%; 19.7% of the pool balance is for loans which have leverage of 100% or lower.

Leverage on Morningstar Value	% of Initial Pool Balance	# Loans	Morningstar Current DSCR	Morningstar Amortizing DSCR
< 70.0	16.0%	6	3.97 x	3.07 x
70 - 75	0.0%	0	-	-
76 - 80	4.0%	3	1.69 x	1.69 x
81 - 85	15.8%	8	1.66 x	1.64 x
86 - 90	16.3%	4	1.97 x	1.55 x
91 - 95	17.4%	6	1.55 x	1.42 x
96 - 100	10.7%	3	1.97 x	1.45 x
101 - 105	15.1%	5	1.56 x	1.40 x
> 105	4.6%	3	1.52 x	1.52 x

Loan Structural Components

SPE and Bankruptcy Remoteness

Per the loan seller representations and information provided by the arranger, the terms of most of the mortgage loans generally require that the borrowers maintain themselves as single-purpose entities limited in their activities to the ownership of only the related mortgaged property or properties and limited in their ability to incur additional indebtedness. However, in many cases the borrowers are not required to observe all covenants that may typically be required in order for them to be viewed under standard rating agency criteria as "special purpose entities." In addition, many of the borrowers and their owners, including most or all of the borrowers for mortgage loans with an original principal balance below $25 million, do not have an independent director whose consent would be required to file a voluntary bankruptcy petition on behalf of such borrower.

Single-purpose and special-purpose covenants and conditions are intended to lessen the possibility that a borrower's financial condition would be adversely impacted by factors unrelated to the mortgaged property and the related loan. One of the purposes of an independent director of the borrower (or of a special purpose entity having an interest in the borrower) is to avoid a bankruptcy petition filing which is intended solely to benefit an affiliate and is not justified by the borrower's own economic circumstances.

Although a borrower may currently be a single purpose entity, in certain cases the borrowers were not originally formed as single purpose entities, but at origination of the related mortgage loan (or related whole loan, as applicable) their organizational documents were amended. That borrower may have previously owned property other than the related mortgaged property and may not have observed all covenants that typically are required to consider a borrower a "single purpose entity."

Per the seller representations, nonconsolidation opinions, which provide certain legal comfort over consolidation risks, were generally required only for loans having a principal balance of $20 million or more (without aggregation for loans having common ownership or control by related borrowers or borrower affiliates). Per the information provided by the arranger, a nonconsolidation opinion was not provided for the ADG pool 1 loan and the ADG pool 3 loan, which loans, together with the ADG pool 4 loan and ADG pool 6 loans, are loans under common ownership and/or control by related borrowers that in the aggregate exceed both $20 million and 5% of the pool. However per information from the arranger (i) a nonconsolidation opinion was provided for ADG pool 6 loan and the ADG pool 4 loan and (ii) all of the ADG pool 1 loan, ADG pool 3 loan, ADG pool 4 loan and ADG pool 6 loan have single purpose entity borrowers, and we have assumed that the organizational structure and organizational documents related to such loans are in forms customary for a prudent lender.

Voluntary Prepayment

All of the loans provide for certain restrictions and/or requirements with respect to prepayments during a portion of their respective loan terms and all loans in the collateral pool provide for a two-year lock-out period. Thirty-two (32) mortgage loans, representing approximately 79.4% of the initial pool balance permit the related borrower to defease the mortgage loan after the lock-out period. Three of the loans (4.0%) allow voluntary prepayment so long the prepayment is accompanied by a yield maintenance charge and three loans (16.6%) allow for voluntary prepayment via defeasance or yield maintenance.

Property Releases/Substitutions

Certain loans permit the release or substitution of a property or portion thereof as follows:

- Matrix Corporate Center (9.9%): The borrower may obtain a release of the lien of the mortgage with respect to a certain 25 acre unimproved, non-income producing, non-material portion of the mortgaged property, subject to certain conditions set forth in the related mortgage loan agreement
- ADG Pool 6, ADG Pool 4 and ADG Pool 1 (3.0%, 2.8%, and 1.0% respectively): Provided no event of default has occurred and is continuing, the borrower may, after the date that is two years from the closing of the securitization, obtain a release of the lien of the mortgage as to any related individual mortgaged property through a partial defeasance
- First Trust Portfolio (0.5%): Provided no event of default has occurred and is continuing, the borrower may, after the date that is two years from the closing of the securitization, obtain a release of the lien of the mortgage as to any related individual mortgaged property through a partial defeasance
- Matrix Corporate Center, Beverly Garland Hotel, ADG Pool 6, ADG Pool 4, Marriott Jacksonville, ADG Pool 1, Heathwood Village, ADG Pool 3 (Lannon Estates), and Autumn Sunrise Apartments: The related borrower may obtain a release of the lien of the mortgage with respect to certain unimproved, non-income producing, non-material portions of the Mortgaged Property including parking areas and/or easements for utilities or similar purposes, provided that such release does not materially impair the utility and operation of or have a material adverse effect on the value

Subordinated Debt

Though the payments on the additional debt are subordinated to the mortgage loan held by the trust, the presence of additional debt introduces risks to the senior debt including reduced borrower skin-in-the-game that may remove incentives to maintain or improve the competitiveness of the property resulting in lower rental streams. The presence of additional debt increases the difficulty of refinancing a mortgage loan at the maturity date. Depending on the structure of the subordinate debt, the subordinate debt holder may have certain rights such as (i) cure rights, (ii) approval and/or consultation over various actions and consultation with the servicer and special servicer, and/or (iii) purchase options. This may expose the trust loan to higher losses.

Three (3) mortgage loans, representing approximately 5.6% of the initial pool balance, have unsecured subordinate debt currently in place.

Wyndham Virginia Beach (2.1%): There is subordinate debt in the amount outstanding of a non-interest bearing loan by Wyndham Hotels and Resorts, LLC to the borrower, which is forgiven in part each year the franchise agreement is in place and is scheduled to be extinguished by the end of the current Wyndham franchise agreement provided the borrower is not in default under the franchise agreement. The cut-off date balance of this debt is $666,665. In the event of a borrower default under the franchise agreement, the remaining principal must be repaid with 10 days thereafter and the loan will bear interest at the lesser of 18% and the highest legal rate. The debt is unsecured.

ADG Pool 4 (2.8%): The borrower is an obligor with respect to additional debt in the amount of $1,100,000, however, such debt is unsecured and the related guarantor has assumed such debt and there is a recourse carveout with respect to such debt in the related mortgage loan agreement. The debt was incurred in settlement of a lawsuit in 2008 and there is no subordination and standstill agreement. While the debt is technically still an obligation of the borrower, the guarantor has assumed the debt and agreed to pay it.

ADG Pool 3 (0.8%): The borrower is an obligor with respect to additional debt in the amount of $2,363,150, however, such debt is unsecured and the related guarantor has assumed such debt and there is a recourse carveout with respect to such debt in the related mortgage loan agreement. The debt was incurred in settlement of a lawsuit in 2008 and there is no subordination and standstill agreement. While the debt is technically still an obligation of the borrower, the guarantor has assumed the debt and agreed to pay it

Future Subordinate Debt

Beyond the existing additional indebtedness, the direct and /or indirect equity owners of the borrower(s) of the loan(s) shown in the table below are permitted to incur future debt subject to the satisfaction of conditions contained in the related loan documents. With respect to five mortgage loans, Matrix Corporate Center, Beverly Garland Hotel, Hampton Inn - Burlington, NC, Hawthorn Suites El Paso and 1303 Ocala representing approximately 9.9%, 3.5%, 0.9%, 0.7% and 0.6% respectively, of the Initial Pool Balance, the related sponsors are permitted to enter into future mezzanine financing that is secured by a pledge of some or all of the equity interests in the related borrower; provided that certain debt service coverage ratio and/or loan-to-value ratio tests, as well as other related conditions, are satisfied.

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.

Loans with a Morningstar LTV Greater than 100%

Based upon our Morningstar valuation, 8 loans have a loan to value higher than 100%; 18.0% of the cut-off portfolio balance is for loans which have leverage of 100% or lower. A loan with a high LTV has higher refinance risk and potentially lower recoveries in the event of a default, all things equal. Three of the mortgage loans (shown in the table above on page 10) are whole loans structured with pari passu A-notes held outside this trust. This additional A-note debt was quantitatively factored into our subordination levels and ultimately reflected in our final ratings.

Pari Passu Notes

Generally, all payments made on the pari passu debt are allocated among the pari passu notes related to the pari passu debt pro rata and pari passu such that each pari passu note is of equal priority. The presence of additional debt introduces risks such as:

- More complicated servicing arrangements as (i) lead servicing for the pari passu notes, including the pari passu mortgage loan in the trust, may take place under a separate servicing arrangement (the pari passu mortgage loan under such circumstance, a “Non-Serviced Trust Loan”) or (ii) the master and special servicer for the trust under the pooling and servicing agreement may perform lead servicing for the pari passu mortgage loan in the trust (the pari passu mortgage loan under such circumstance, a “Serviced Trust Loan”) along with servicing other pari passu notes.

- The pari passu note holders typically have certain rights and obligations among such holders enumerated in the related co-lender agreement.

- Potential lag or delay in servicing if the lead servicing of the Non-Serviced Trust Loan is no longer in place (i.e. if the lead serviced pari passu note is no longer in the lead serviced trust).

In this transaction, the Southdale Center loan is a Non-Serviced Trust Loan. The Southdale Center loan is lead serviced under the MSBAM 2013 C10 securitization pooling and servicing agreement. While the Marriott Chicago River North loan is currently a Serviced Trust Loan, such loan will be serviced under a future pooling and servicing agreement upon a securitization of the A-2 note. Morningstar did not rate the MSBAM 2013 C10 certificates at issuance and may not rate the certificates issued under a pooling and servicing agreement related to the Marriott Chicago River North companion loan securitization at issuance and therefore, no legal review or analysis was (or is anticipated to be) performed with respect to such pooling and servicing agreement(s). However, the Marriott Chicago River North co-lender agreement contains certain parameters and requirements for the lead servicing agreement. In addition, the offering materials indicate that the MSBAM 2013 C10 pooling and servicing agreement provides for a servicing arrangement that is substantially similar to the pooling and servicing agreement for this transaction. While Morningstar assumes these pooling and servicing agreement(s) do or will generally contain customary CMBS servicing provisions and requirements and such certificates issued under these securitizations have been or will be rated by other rating agencies, these agreements may not include certain provisions customarily contained in Morningstar rated transactions such as Morningstar ranking requirements for servicers and special servicers and rating agency confirmation requirements or notifications to Morningstar of various items. In addition, Morningstar has assumed that the servicer, special servicer, certificate administrator and/or trustee, as applicable, under the lead servicing pooling and servicing agreement(s) are and will be required to remit any and all payments on the Non-Serviced Trust Loans by a date to ensure timely payments of such amounts to the trust certificateholders. If these assumptions are not true, the ratings may be impacted.

The Mall at Tuttle Crossing, Westfield Countryside Mall, and Marriott Chicago River North (as described in the prior paragraph) loans are each a Serviced Trust Loan and lead serviced under the pooling and servicing agreement for this transaction. It is anticipated that all related pari passu loans will be included in other securitizations.

With respect to the four pari passu loans, the related lead servicer typically makes all property protection advances for the entire loan while the servicer for each trust containing a pari passu note typically makes any P&I advances related to solely the pari passu note in the related trust. As lead servicer for the Serviced Trust Loan(s), the master servicer, special servicer and/or trustee will be obligated to make property advances on the entire loan. Depending on costs, expenses and/or non-recoverable advances related to the loan, the master servicer, special servicer and/or trustee may be required to request and collect the pro rata portion of such amounts from the pari passu holders. If such amounts are not collected, losses (not allocable to the Serviced Trust Loan) could impact certificateholders.

A legal review was performed with respect to the co-lender agreements for the Non-Serviced Trust Loan(s) and the Serviced Trust Loan(s). The co-lender agreements for the Non-Serviced Trust Loan(s) and Serviced Trust Loans provide for the servicing arrangements described above. In addition, the co-lender agreements contain (i) certain consent and/or consultation rights among the note holders, including allocations of certain control rights (which control rights may not be allocated to the trust loan), and (ii) certain transfer restrictions and requirements related to the pari passu notes which could impact a sale of the notes. In addition the co-lender agreements for certain of the loans do not contain certain preferred provisions such as (i) an express preclusion on access to information and exercise of rights by borrower or borrower affiliates and (ii) with respect to the Southdale Center and Westfield Countryside co-lender agreements, a servicing override provision allowing the servicer to ignore certain advice, consent and direction by the respective holder of such rights. However per information from the arranger controlling rights are intended to be cut off if the applicable holder is a borrower or borrower affiliate.

Purchase Options and Rights of First Refusal

With respect to certain loans, certain parties, such as tenants, mezzanine holders and adjacent owners, may have a purchase option, right of first refusal and/or right of first offer to purchase all or a portion of the related property. Such rights may impede a refinance, foreclosure, sale and/or marketability of the loan and/or property.

- Marriott Chicago River North (6.4% of cut-off portfolio balance) - Marriott has purchase rights pursuant to franchise agreements in the event the related mortgaged property is transferred to a competitor, however, such repurchase rights are subordinate to the lien of the Mortgage Loan

Properties Secured by a Leasehold Interest

Five loans (9.5% by initial pool balance) are secured by both the fee and leasehold interests in the entire related mortgaged property. Morningstar has treated this as simply an encumbered fee interest.

Cooperative Properties

One of the mortgage loans (2.3% by initial pool balance) is secured by the related borrower's fee simple interest in a cooperative building or other space. Ordinarily, the cooperative incurs a blanket mortgage in connection with the construction or purchase of the cooperative's building and the underlying land, which indebtedness is serviced primarily through assessments on the occupants at such property. The interests of the occupants under proprietary leases or occupancy agreements to which the cooperative is a party are generally subordinate to the interest of the holder of the blanket mortgage. If the cooperative is unable to meet the payment obligations arising under its blanket mortgage, the mortgagee holding the blanket mortgage could foreclose on that mortgage and terminate all subordinate proprietary leases and occupancy agreements. In addition, the blanket mortgage on a cooperative may provide financing in the form of a mortgage that does not fully amortize, with a significant portion of principal being due in one lump sum at final maturity. The inability of the cooperative to refinance this mortgage and its consequent inability to make such final payment could lead to foreclosure by the mortgagee, which foreclosure could eliminate or significantly diminish the value of the collateral securing the related mortgage loan.

Properties Secured by a Leasehold Interest

Two mortgaged properties, securing mortgage loans representing approximately 9.9% of the initial pool balance are subject to a mortgage, deed of trust or similar security instrument that creates a first mortgage lien on a fee interest in a portion of the related mortgaged property and a leasehold interest in the remaining portion of the related mortgaged property. Five mortgaged properties, securing mortgage loans representing approximately 9.5% of the initial pool balance by allocated loan amount, are subject to a mortgage, deed of trust or similar security instrument that creates a first mortgage lien solely on a leasehold interest with respect to the related mortgaged property. The related ground lease, taking into account all exercised extension options and all options that may be exercised by the lender (if not already exercised by the borrower), expires more than ten years after the stated maturity of the related mortgage loan.

Property / Collateral Summary

This section provides a portfolio level perspective on the properties backing the loans. Asset Summary Reports providing property details and Morningstar line item analysis are available for the top 16 loans. In addition, an overview of Morningstar's analysis for each property including the final NCF, capitalization rate and value is available in Excel format. This Loan Collateral Summary Table along with all of the Asset Summary Reports can be accessed through Morningstar's website at http://ratingagency.morningstar.com, by going to the Ratings Report section.

Property Type Composition

The pool's 38 loans are secured by first-mortgage liens on72 commercial and multifamily properties. Retail is the largest property type with eight properties and 32.3% of the initial pool balance. The following table shows the property type stratifications although it should be noted that Morningstar classifies Manufactured Housing Communities as Multifamily.

	Number of Assets	% of Initial Pool Balance	Morningstar Current DSCR	Morningstar Amortizing DSCR	Morningstar BLTV	Morningstar ELTV
Office*	4	18.50%	1.66 x	1.51 x	89.22%	78.51%
Hospitality	11	24.60%	1.57 x	1.50 x	88.79%	71.62%
Retail	8	32.30%	2.52 x	1.80 x	82.52%	70.69%
Multifamily	41	16.90%	2.52 x	2.33 x	74.12%	59.84%
Senior Housing	0	0.00%	-	-	-	-
Industrial	2	5.40%	1.53 x	1.53 x	91.29%	73.62%
Self-Storage	6	2.30%	1.87 x	1.68 x	102.15%	80.48%
Leased Fee	0	0.00%	-	-	-	-
TOTAL:	72	100.00%	1.99 x	1.73 x	78.90%	66.21%

*Morningstar has classified Bridgewater Campus (#6 loan in the pool) as office despite a portion of the building being used for R&D

Geographic Composition

There is some risk associated with the geographic concentration of this portfolio. The following tables provide the geographic stratifications for the top five states and by region.

State	% of Cut-off Portfolio Balance	# of Properties
Florida	20.6%	7
California	12.6%	5
Ohio	12.0%	2
Connecticut	9.9%	1

Morningstar Region	% of Cut-off Portfolio Balance	# of Properties
Mid-Atlantic Region	12.1%	3
Midwest, Eastern Region	25.5%	35
Midwest, Western Region	7.4%	6
New England Region	9.9%	1
Southern, Atlantic Region	3.9%	3
Southern, East Coast Region	22.1%	8
Southern, West Coast Region	4.9%	9
Western, Mountain Region	1.6%	2
Western, Northern Pacific	12.6%	5
Western, Southern Pacific	0.0%	0
Non-USA	0.0%	0

Property Quality

Morningstar assigns a property quality score to every property in a pool of loans. We do this both for properties that we visit and those we do not. Factors such as the property's age, location, condition, and amenities are considered in assigning the quality score. For those properties we do not tour in person, we rely on the assessments and conclusions in the various related third party reports, as well as pictures and maps, to determine our quality score. Morningstar uses a scale of 1 to 5, with "1" being the highest quality. After assigning a quality score to each property, Morningstar then factors each score into the assignment of our cap rates.

Morningstar Property Score	Property Quality
1	Excellent
2	Good
3	Average
4	Fair
5	Poor

Morningstar analysts visited 22 properties securing 15 loans (75.7% by loan balance) including those backing the largest 10 loans, and assigned property quality scores to each. After assigning a quality score to each property, Morningstar then factors each score into the assignment of our cap rates. We have assigned a score of 3, "Average," to all of the assets in the portfolio. Morningstar's observations from the site visits are provided in the individual asset summary reports and the properties visited are noted in our Loan Analysis Summary Table.

Ownership Interest

The following table delineates the ownership interest of individual assets in the collateral pool.

Ownership Interest	% of Cut-off Portfolio Balance	# of Properties
Fee Simple	80.6%	31
Leasehold	9.5%	5
Fee & Leasehold	9.9%	2
Leased Fee	0.0%	0

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

- The portfolio has a high concentration in hospitality properties (24.6%). Morningstar believes hospitality properties are subject to more cash flow volatility than are retail or multifamily properties. Morningstar quantitatively addresses this risk by applying higher stresses in its subordination model to the cash flows of loans backed by office properties.

- Three of the top four loans in the pool representing 29.2% of the aggregate cut-off date balance are collateralized by regional malls

Single-tenant Properties

Two properties (1.3%) are entirely leased to a single tenant. Each of those properties is generally subject to a single space lease, which in some cases has a primary lease term that expires on or after the maturity date of the related loan, but in other cases does not. In addition, certain of these leases may have termination options that are prior to the maturity date of the related loan.

Lease Termination Options

Two (2) of the ten (10) largest mortgage loans by principal balance, representing approximately 14.6% of the Initial Pool Balance, have leases with material early termination options.

- Matrix Corporate Center (9.9% of the initial pool balance), the largest and second largest tenants, Boehringer Ingelheim and Praxair, representing approximately 31.3% and 19.4%, respectively, of the net square footage, have the following options to terminate their respective leases: (1) with respect to Boehringer Ingelheim, as of the end of November 2014 upon payment of an early termination fee equal to $25,000,000 and (2) with respect to Praxair, a one-time termination right to terminate its lease during the twelve (12) month period which commences on the date that a full service casino is open and operating within a one mile radius of Matrix Corporate Center mortgaged property upon payment of a termination fee generally equal to the landlord's contribution toward improving the premises for the tenant's initial occupancy plus interest accruing at a rate equal to the prime rate plus two percent (2%).

- Walgreens - McAllen, TX, (0.2%) of the Initial Pool Balance, the sole tenant at the property, Walgreens, has the option to terminate its lease on twelve (12) months' notice prior to the last day of the following months of the lease term: 360, 420, 480, 540, 600 and 660.

Environmental Concerns

Phase I environmental site assessments ("ESAs") were prepared by independent third-party environmental consultants. All of the environmental reports were prepared no more than 12 months prior to the closing date of each respective loan. These reports were reviewed as part of Morningstar's analysis for each of the properties. Such ESA's: (i) did not identify the existence of Recognized Environmental Conditions (as such term is defined in ASTM E1527-05 or its successor) at the related mortgaged property or the need for further investigation, or (ii) if the existence of Recognized Environmental Condition or need for further investigation was indicated in any such ESA, then at least one of the following statements is true: (A) an amount reasonably estimated by a reputable environmental consultant to be sufficient to cover the estimated cost to cure any material noncompliance with applicable Environmental Laws or the Environmental Condition has been escrowed by the related mortgagor and is held or controlled by the related lender; (B) if the only Environmental Condition relates to the presence of asbestos-containing materials, radon in indoor air, lead based paint or lead in drinking water, the only recommended action in the ESA is the institution of such a plan, an operations or maintenance plan has been required to be instituted by the related mortgagor that can reasonably be expected to mitigate the identified risk; (C) the Environmental Condition identified in the related environmental report was remediated, abated or contained in all material respects prior to the date hereof, and, if and as appropriate, a no further action, completion or closure letter or its equivalent, was obtained from the applicable governmental regulatory authority (or the Environmental Condition affecting the related mortgaged property was otherwise listed by such governmental authority as "closed" or a reputable environmental consultant has concluded that no further action or investigation is required); (D) an environmental policy or a lender's pollution legal liability insurance policy that covers liability for the Environmental Condition was obtained; (E) a party not related to the mortgagor was identified as the responsible party for the Environmental Condition and such responsible party has financial resources reasonably estimated to be adequate to address the situation; or (F) a party related to the mortgagor having financial resources reasonably estimated to be adequate to address the situation is required to take action.

Seismic

Five of the properties (12.6% of the cut-off portfolio balance) are in an earthquake-prone area (seismic zone 3 or 4) in the State of California. 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 20.0% or greater. All of the properties in seismic zone 3 or 4 had a concluded PML of less than 20%. The only property currently carrying Earthquake Insurance is The Beverly Garland Hotel.

Notice of Insurance Termination

Some of the loans may not provide for prior notice to the lender of termination of insurance. Therefore, while the servicer is required to force-place insurance as required by the pooling and servicing agreement, there may be delays and/or a lapse in coverage if the servicer is not otherwise aware of such termination. Any such delays or lapse in coverage may adversely impact the loan, property and/or cash flow and ultimately, the ratings.

Securitization Trust Summary

Priority of Payments on Trust Certificates

The priority of payments on the MSBAM 2013-C11 Mortgage Trust Certificates generally follows a sequential-pay structure, as outlined below[3].

(1) Interest on the Class A-1, Class A-2, Class A-AB, Class A-3, Class A-4, class X-A and Class X-B Certificates, pro-rata;
(2) Principal paydown of the Class A-1, Class A-2, Class A-AB, Class A-3 and Class A-4 Certificates, in the following priority[4] :
    i) to the Class A-AB Certificates, until the balance has been reduced to the Planned Principal Balance;
    ii) then, to the Class A-1 Certificates;
    iii) then, to the Class A- 2 Certificates;
    iv) then, to the Class A-3 Certificates;
    v) then, to the Class A-4 Certificates;
    vi) then, to the Class A-AB Certificates, any remaining amounts payable to such class;
(3) Reimbursement of unreimbursed collateral support deficit plus interest to the Class A-1, Class A-2, Class A-AB, Class A-3 and Class A-4 Certificates, pro-rata;
(4) Interest to the Class A-S and related Class PST Certificates5, pro-rata;
(5) Principal paydown of the Class A-S and related Class PST Certificates, pro-rata;
(6) Reimbursement of unreimbursed collateral support deficit plus interest to the Class A-S and related Class PST Certificates, pro-rata;
(7) Interest to the Class B and the related Class PST Certificates, pro rata;
(8) Principal paydown of the Class B and related Class PST Certificates, pro rata;
(9) Reimbursements of unreimbursed collateral support deficit plus interest to the Class B and related Class PST Certificates, pro rata;
(10) Interest to the Class C and the related Class PST Certificates, pro rata;
(11) Principal paydown of the Class C and the related Class PST Certificates, pro rata;
(12) Reimbursements of unreimbursed collateral support deficit plus interest to the Class C and the related Class PST Certificates, pro rata;
(13) Interest to the Class D Certificates;
(14) Principal paydown of the Class D Certificates;
(15) Reimbursements of unreimbursed collateral support deficit plus interest to the Class D Certificates;
(16) Interest to the Class E Certificates;
(17) Principal paydown of the Class E Certificates;
(18) Reimbursements of unreimbursed collateral support deficit plus interest to the Class E Certificates;
(19) Interest to the Class F Certificates;
(20) Principal paydown of the Class F Certificates;
(21) Reimbursements of unreimbursed collateral support deficit plus interest to the Class F Certificates;
(22) Interest to the Class G Certificates;
(23) Principal paydown of the Class G Certificates;
(24) Reimbursements of unreimbursed collateral support deficit plus interest to the Class G Certificates;
(25) Interest to the Class H Certificates;
(26) Principal paydown of the Class H Certificates;
(27) Reimbursements of unreimbursed collateral support deficit plus interest to the Class H Certificates;
(28) Interest to the Class J Certificates;
(29) Principal paydown of the Class J Certificates;
(30) (30) Reimbursements of unreimbursed collateral support deficit plus interest to the Class J Certificates;

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[3] Because allocations of trust advisor expenses are not allocable to any control eligible class of certificates in the transaction, any such expenses may reduce certain payments of interest and principal to the more senior classes of certificates and any reimbursements of such expenses would solely benefit the more senior classes of certificates (as described in the transaction documents).

[4] Notwithstanding such allocations, on each distribution date occurring on and after the date the balance of all principal balance certificates (other than the Class A-1, Class A-2, Class A-AB, Class A-3 and Class A-4 Certificates) has been reduced to zero or the aggregate appraisal reduction is greater than or equal to the balance of all principal balance certificates (other than the Class A-1, Class A-2, Class A-AB, Class A-3 and Class A-4 Certificates), principal is required to be distributed, pro rata (based on their respective outstanding balances), among the Class A-1, Class A-2, Class A-AB, Class A-3 and Class A-4 Certificates

[5] The Class PST certificates are exchangeable for the Class A-S, Class B and Class C certificates, and vice versa. Following any exchange of Class A-S, Class B and Class C certificates for Class PST Certificates, or vice versa, the percentage interest or interests of the outstanding principal balances of the Class A-S, Class B and Class C trust components that is represented by the Class A-S, Class B, Class PST and Class C certificates will be increased or decreased accordingly.

Allocation of Losses on Trust Certificates

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

(1) To the Class J Certificates
(2) to the Class H Certificates
(3) to the Class G Certificates,
(4) to the Class F Certificates,
(5) to the Class E Certificates,
(6) to the Class D Certificates,
(7) to the Class C Certificates, and related Class PST Certificates, pro rata
(8) to the Class B Certificates, and related PST Certificates, pro rata,
(9) to the Class A-S Certificates, and related Class PST Certificates, pro rata, and
(10) to the Class A-1, Class A-2, Class A-3, Class A-4, and Class A-AB Certificates, on a pro rata basis.

The Notional Amount of the Class X-A Certificates will be reduced to reflect reductions in the Certificate Principal Amounts of the Class A-1, Class A-2, Class A-3, Class A-SB, Class A-4 and Class A-S Certificates (without regard to any exchanges of Class A-S Certificates). The Notional Amount of the Class X-B Certificates will be reduced to reflect reductions in the aggregate principal balance of the Class G, Class H and Class J Certificates.

Rated Final Distribution Date

The rated final distribution date of each class of certificates is the distribution date in August 2046. 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 Securitization Trust Summary.

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.

Directing Certificateholder

The controlling class will be the most subordinate class of "control eligible certificates" (i.e. Class G, Class H or Class J certificates) then outstanding that has an outstanding certificate balance (as reduced or notionally reduced by any appraisal reduction amounts allocable to such class) that is equal to or greater than 25% of the initial certificate balance of that class, or if none, the most senior class of control eligible certificates. No other class of certificates will be eligible to act as the controlling class or appoint a directing holder.

During a Subordinate Control Period, the controlling class representative will have certain consent and consultation rights under the pooling and servicing agreement with respect to certain major decisions and other matters. During a Collective Consultation Period and during a Senior Consultation Period, the controlling class representative will not have any consent rights. However, during a Collective Consultation Period, the controlling class representative will have non-binding consultation rights with respect to certain major decisions and other matters in accordance with the pooling and servicing agreement. During a Senior Consultation Period, the controlling class representative will not have any consent or consultation rights, except with respect to any rights that are expressly operative during such period pursuant to the pooling and servicing agreement

A "Subordinate Control Period" means any period when the aggregate certificate principal balance of the Class G certificates (taking into account the application of appraisal reductions to notionally reduce the aggregate certificate principal balance of such class) is at least 25% of the initial aggregate certificate principal balance of the Class G certificates.

A "Collective Consultation Period" means any period when both (i) the aggregate certificate principal balance of the Class G certificates (taking into account the application of appraisal reductions to notionally reduce the aggregate certificate principal balance of such class) is less than 25% of the initial aggregate certificate principal balance of the Class G certificates and (ii) the aggregate certificate principal balance of the Class G certificates (without regard to any appraisal reductions allocable to such class) is at least 25% of the initial aggregate certificate principal balance of the Class G certificates.

A "Senior Consultation Period" means any period when the aggregate certificate principal balance of the Class G certificates (without regard to any appraisal reductions allocable to such class) is less than 25% of the initial aggregate certificate principal balance of the Class G certificates.

The initial controlling class representative is expected to be BlackRock Financial Management, Inc. on behalf of one or more managed funds or accounts.

In general, the rights of the controlling class will only apply to the extent the controlling class is the applicable control party instead of any loan specific directing holder entitled to exercise rights.

Trust Advisor

Situs Holdings, LLC has been or will be appointed the trust advisor. The trust advisor will be required to consult with the special servicer with respect to certain actions of the special servicer. The trust advisor is acting solely as a contracting party to the extent described in the pooling and servicing agreement. In addition, while there is a trust advisor with certain obligations in respect of reviewing the compliance of the special servicer with certain of its obligations under the pooling and servicing agreement, the trust advisor only has the limited obligations and duties set forth in the pooling and servicing agreement, and has no fiduciary or other duty to act on behalf of the certificateholders or the trust fund or in the best interest of any particular certificateholder. Any consultation of the trust advisor with the special servicer is on a non-binding basis and Morningstar relies on the master and special servicer to service the loans under the servicing standard enumerated in the pooling and servicing agreement. Any Non-Serviced Trust Loans may have a trust advisor performing similar functions under the lead servicing pooling and servicing agreement for such loans.

The trust advisor is entitled to certain fees and expenses from the trust. Morningstar's ratings do not assess such fees or expenses or the ramifications related to the allocation of such expenses to more senior certificates while control eligible certificates are not allocated any such expenses or related losses.

Replacement of Special Servicer

The special servicer be removed: (i) during a Subordinate Control Period, at the direction of the controlling class representative, (ii) during any Collective Consultation Period and any Senior Consultation Period, by (a) at least 25% of the voting rights of all classes of certificates requesting a vote to replace the special servicer and (b) among other conditions, the written direction of holders of certificates evidencing at least 75% of the aggregate voting rights of all certificates and (iii) during a Senior Consultation Period, upon a recommendation by the Trust Advisor followed by, among other things, an affirmative vote of the holders of certificates evidencing greater than 50% of the aggregate voting rights of all principal balance certificateholders.

Loan specific directing holders may also have certain special servicer replacement rights.

Limited Rating Agency Confirmation/Notice

Rating agency confirmation may not be required over certain material loan amendments, modifications, borrower requests and/or material amendments to the pooling and servicing agreement or mortgage loan purchase agreement(s) and/or with respect to the Non-Serviced Trust Loans and loan documents and securitization documents related thereto. In addition, notice of such items may be provided to the rating agency after such items are effectuated. Unlike typical rated conduit deals, many material actions related to large loans in the pool (such as defeasance, due on sale/encumbrance, collateral substitutions, and assumptions among others) do not require rating agency confirmation. In addition, the co-lender agreements may not require rating agency confirmation over various items depending on whether or not a lead note is in a securitization. Because of the lack of rating agency confirmation, certain actions and consents may be permitted to occur that will result in ratings adjustments that would not be necessary if a rating agency confirmation were a condition to taking of such action or consent. 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 and/or prior notice of such items was provided.

Repurchase Obligation

The mortgage loan seller(s) may be required to repurchase their respective mortgage loans (inclusive of any Non-Trust Serviced Loans and Serviced Trust Loans) from the trust due to a material breach of a representation or warranty or a document defect.

While not preferred or customary, seller(s) repurchase obligation is not triggered by seller(s) discovery of such breach or document defect but instead requires notice to seller of such breach or defect by another party. Therefore, if only seller is aware of a breach or document defect, seller's obligation to cure or repurchase may not be triggered.

In lieu of a repurchase, the transaction documents allow a mortgage loan seller to substitute a qualifying substitute mortgage loan subject to certain requirements which do not include rating agency confirmation (see below for limited rating agency confirmation/notice risk). Such substitute loan may not provide certificateholders with a remedy equivalent or comparable to such a repurchase.

In addition, with respect to crossed loans, a seller may elect, subject to certain conditions, to repurchase less than all loans from a crossed group. However, the conditions do not include a requirement that the seller must uncross such repurchased loan(s) from the crossed group remaining in the trust. Instead, the holder of the repurchased loan(s) and the trust will be required to forebear from the exercise of certain remedies if such exercise would impact the ability of the other holder to exercise its remedies with respect to the primary collateral of such other holder. Such circumstances could result in an impediment to or delay in the trust's rights and remedies related to the crossed loans remaining in the trust. Morningstar prefers an uncross of crossed loans as a condition to repurchase.

In any event, 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 or substitute a loan.

Conflicts of Interest

There are and/or may be various conflicts of interest among and between various parties to the transaction and the transactions related to the Non-Trust Serviced Loans and pari passu loans related to the Serviced Trust Loans. However, the special servicer and master servicer are required to service the asset without regard to such conflicts. Morningstar's analysis assumes the various parties comply with their duties.

Reserve Accounts

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

Real Estate Tax Escrows

All but four of the loans, representing 29.4% of the cut-off portfolio balance, provide for monthly or upfront escrows to cover property taxes on the properties. In the case of monthly escrows, the related borrower is generally required to deposit on a monthly basis an amount equal to one-twelfth of the annual real estate taxes and assessments. The escrows are under the control of the master servicer. Loans that do not have upfront or monthly escrows generally have a triggering mechanism in place for monthly deposits in the respective mortgage loan agreement.

Insurance Escrows

Eleven loans, representing 16.3% of cut-off balance, provide for monthly or upfront escrows to cover insurance premiums on the properties. In the case of monthly escrows, the related borrower is generally required to deposit on a monthly basis an amount equal to one-twelfth of the annual premiums payable on the insurance policies that the borrower is required to maintain. The escrows are under the control of the master servicer. Again, loans that do not have upfront or monthly escrows generally have a triggering mechanism in place for monthly deposits in the respective mortgage loan agreement.

Recurring Replacement Reserves

These accounts cover the costs of capital replacements and repairs during the calendar year to keep each property in condition consistent with other properties in their respective market segment and locations. The borrowers on certain mortgage loans are required to deposit funds into this account. 30 loans provide for monthly payments into reserve for replacement accounts. Disbursements from this account are made to the borrowers to cover the costs of replacements at the properties and are not for the costs of routine maintenance.

These accounts cover the costs of capital replacements and repairs during the calendar year to keep each property in condition consistent with other properties in their respective market segment and locations. Thirty loans (64.7%) provide for monthly payments into reserve for replacement accounts. The remaining loans in the pool will generally be required to escrow for replacement reserves if the performance of the related property fails to meet certain thresholds. Disbursements from this account are made to the borrowers to cover the costs of replacements at the properties and are not for the costs of routine maintenance.

Engineering Reserves

These accounts cover the deferred maintenance items that were identified in the respective property condition assessment reports and required to be corrected within 12 months from loan origination. In a significant number of cases, the engineering reserve for a mortgaged property is less than the cost estimate in the related property condition report because the mortgage loan seller may not have considered various items cited in the report significant enough to require a reserve and/or various items have been corrected. In the case of several properties the engineering reserve a significant amount and substantially in excess of the cost estimate set forth in the inspection report. Not all engineering reserves are required to be replenished.

TI/LC Reserves

Seven loans (25.0% of cut-off portfolio balance which are secured by office, retail, mixed-use, or industrial properties) provide for monthly or upfront escrows to cover anticipated re-leasing costs. These accounts cover the anticipated costs of tenant improvements and leasing commissions related to the re-leasing activities at the properties.

Third Party Reports

Appraisals

Appraisal reports, prepared by an independent third-party appraisal firms were received and reviewed as part of Morningstar's analysis for all of the properties in the collateral pool. All reports were completed within the last seven months.

Property Condition

Property condition reports, prepared by an independent third-party engineer were received and reviewed as part of Morningstar's analysis for all of the properties. These reports identified deferred maintenance items as well as quantified long-term capital expenditure needs. In addition, thirty of the loans provide for a monthly reserve for replacement account which can be used to repair and renovate the properties as needed.

Environmental

Phase I environmental site assessments ("ESAs") were prepared by independent third-party environmental consultants. These reports were reviewed as part of Morningstar's analysis for each of the properties. For several of the properties, the ESAs and other assessments recommend minor repairs, further investigation, requesting agency "no further action" determinations or cleanups. Significant environmental concerns raised by the ESAs, if any, are noted in the Asset Summary Reports specific to each property.

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 July 27, 2013 (except as otherwise specified in this paragraph): (i) the July 27, 2013 posted draft free writing prospectus, (ii) the following for the Mall at Tuttle Crossing loan: (a) loan summary for the Mall at Tuttle Crossing loan, (b) limited liability company agreement of Mall at Tuttle Crossing, LLC dated as of April 30, 2013, (c) opinion of Benesch, Friedlander, Coplan & Aronoff, LLP dated April 30, 2013 regarding authorization and other matters, (d) opinion of Squire Sanders (US) LLP dated April 30, 2013 regarding enforceability, (e) opinions of Richards, Layton & Finger P.A dated April 30, 2013 regarding authority to file bankruptcy and DE LLC matters and (f) opinion of Benesch, Friedlander, Coplan & Aronoff, LLP dated April 30, 2013 regarding nonconsolidation, (iii) the following for the Westfield Countryside loan: (a) loan summary for the Westfield Countryside loan, (b) amended and restated limited liability company agreement of Countryside Mall LLC dated as of May 30, 2013, (c) opinion of Debevoise & Plimpton LLP dated May 30, 2013 regarding enforceability, (d) opinion of Greenberg Traurig, P.A. dated May 30. 2013 regarding Florida matters, (e) opinions of Richards, Layton & Finger P.A dated May 30, 2013 regarding authority to file bankruptcy and DE LLC matters and (f) opinion of Edwards Wildman Palmer LLP dated May 30, 2013 regarding nonconsolidation,(iv) the following for the Matrix Corporate Center loan: (a) loan summary for the Matrix Corporate Center loan, (b) second amended and restated limited liability company agreement of GERA Danbury LLC dated as of July 12, 2013, (c) opinions of Brian T. Murray, P.A. dated July 12, 2013 regarding authority to file bankruptcy, DE LLC and other matters, (d) opinion of Randolph T. Lovallo, P.C. dated July 15, 2013 regarding Connecticut matters, (e) opinion of Puleo Delisle, PLLC dated July 12, 2013 regarding enforceability and (f) opinion of Puleo Delisle, PLLC dated July 12, 2013 regarding nonconsolidation, (v) co-lender agreement for the Mall at Tuttle Crossing dated as of May 23, 2013, (vi) draft co-lender agreement for Marriott Chicago River North posted July 19, 2013, (vii) draft co-lender agreement for Westfield Countryside posted July 27, 2013, (viii) co-lender agreement for Southdale Center dated as of June 14, 2013, (ix) the July 26, 2013 posted draft pooling and servicing agreement and (x) the July 23, 2013 posted draft mortgage loan purchase agreements.

Certain groups of loans are under common ownership and/or control by related borrowers and certain of such loan groups ((i) the Mall at Tuttle Crossing and Southdale Mall loans and (ii) the ADG Pool 6, ADG Pool 4, ADG Pool 3 and ADG Pool 1 loans) exceed 5% of the balance of the pool on an aggregate basis by loan group (the "Large Loan Groups"). Our preference is for Large Loan Groups to have SPE borrowers and nonconsolidation opinions for each loan in such grouping. Per information from the arranger, in this deal, the ADG Pool 1 and ADG Pool3 loans do not have a nonconsolidation opinion, which provide certain legal comfort over consolidation risks. However, per information from the arranger the loans in the Large Loan Groups (other than ADG Pool 1 and ADG Pool 3) do have nonconsolidation opinions, and all loans in the Large Loan Groups do have SPE borrowers, and we have assumed that the organizational structure and organizational documents related to such loan groups are in forms customary for a prudent lender.

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, certificate administrator, 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, 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 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 or matters that would materially adversely affect any of the borrowers, property owners, the properties or the mortgagee's lien and security interest in any collateral for the loans. In addition, as legal review of local law opinions for each property was not performed, Morningstar has assumed that local law opinions were provided for all relevant jurisdictions, on customary forms and with rating agency reliance.

Morningstar Approach to Collateral Review

Morningstar utilizes a bottom-up analytical approach to rating CMBS issuances that begins with the review and analysis of the loan collateral in the trust based on information provided on the arranger's website as of the date thereof and subject to the review enumerated herein.

General Underwriting Approach

While the idiosyncrasies of commercial real estate require that each loan be treated separately, an overview of the Morningstar property analysis methodology should be helpful in understanding how Morningstar arrived at its final cash flows and values. The methodology overview in this section is general in nature and only applies to the relevant property types.

Third Party Data

Morningstar uses third-party data from leading industry research companies to supplement its own proprietary information and information provided to us on the arranger's website as of the date thereof.

Tenant Categorization

Rent rolls are analyzed to determine the proper breakdown of tenants into categories, such as anchor, in-line, junior anchor, outparcel and other categories based on the individual property. Categorizations are made based on the nature and terms of the lease, rather than solely on a typical categorization of the tenant.

Rents and Vacancies

Current rents and vacancies are reviewed along with market information from third-party providers, appraisals and Morningstar proprietary data. Morningstar analyzes rents and vacancies for each category of tenant to best define the market rent and vacancy for that category. For more information on our analysis for any particular property, please see the Asset Summary Report for such property.

Morningstar analyzes the current rents and vacancies alongside the our final market rents and vacancies, and compares the subject and market net rents based on the subject property's tenant category mix, to determine whether the property is outperforming or underperforming the market. If it is determined that the property is underperforming the market, rents and vacancies are underwritten as-is, unless otherwise noted in the Asset Summary Report for that asset.

In cases where we determine that the property is performing above the expected market levels, Morningstar analyzes the expected rollover for the property. It is then assumed that as the leases roll, the property's rent and vacancy will move toward market levels. If actual rollover is low, a minimum amount of roll is assumed.

This process culminates with five scenarios, each moving the property closer to market. A weighted average is then calculated with the result being the Morningstar rent and vacancy, as reported in the Asset Summary Report.

Historical Financial Statements

Historical financial statements are reviewed and adjusted for one-time charges and non-cash items, such as depreciation, extraordinary capital repairs and interest expense.

Fixed expenses (i.e., taxes, insurance, and ground rent) are underwritten to actual numbers whenever available, and to the most recent year with a 4% inflation factor, whenever actual numbers are not available.

Other Income and Variable Expenses are generally underwritten as a percentage of Effective Gross Income, based on three years of operating results, with more weight given to the most recent year.

Tenant Reimbursements are calculated based on the historical recovery ratio, grossed up to take into account lost reimbursements due to vacancy, with more weight given to the most recent years.

Capital Reserve

With the exception of hotels, capital reserves are generally underwritten to that recommended in the property condition assessment for each property with an additional 10% cushion. For hotel properties, a reserve for replacement of furniture, fixtures and equipment is estimated in lieu of a capital reserve based upon the type of hotel ranging from 4.0% to 5.0% of gross revenues. In the event a property condition report is unavailable, Morningstar underwrites multifamily, retail, and office capital expenditures at $250 per unit, $0.20 per square foot and $0.25 per square foot, respectively.

Capitalization Rates

Morningstar uses current market capitalization rates for each property in a transaction. The analysis begins with the analyst looking to Morningstar's current capitalization rate for a given property type within a given MSA. If the property is not in an MSA covered by Morningstar, Morningstar will look to either a higher regional capitalization rate or a proxy market that may better represent the market in which an individual property is located.

Morningstar then makes adjustments based on property sub-type and property score. In the case of retail properties, we rely on sales per square foot data, assuming a reliable number of tenants are reporting.

Morningstar compares this capitalization rate with the appraiser's capitalization rate and the capitalization rate of the sales comparables provided in the appraisal. Unless otherwise noted in the Asset Summary Report, Morningstar will use the highest of these three capitalization rates.

Other Items

Morningstar may consider reserves, legal issues and other special circumstances to determine whether additional adjustments are required. These adjustments will then be made and noted in the Asset Summary Report.

Morningstar Value

Morningstar applies the capitalization rate to the Net Cash Flow to determine the value of the property. Certain adjustments are made for upfront reserves and existing real estate tax abatements.

Morningstar considers the above collateral analysis and the legal analysis in conjunction with Morningstar's subordination model (described at www.Morningstar.com) to determine the preliminary ratings.

Morningstar Loan/Property Analysis Summaries

Asset summary reports (ASRs) are included with this presale report for top 16 loans and are available by accessing Morningstar's website, by going to the Ratings Report section. These reports provide the line-item analysis along with the related assumptions used by Morningstar.

Westfield Countryside

Analyst: Chandan Banerjee 646-560-4512
Analytical Manager: David Sondesky 267-960-6042

Source: Morningstar.com


Source: Morningstar, Inc.

Property Summary		
Property Type	Retail/Super Regional Mall	
Location	Clearwater, FL	
Year Built	1975	
Year Renovated	1988, '89, 2009, '11	
Net Rentable Sq. Ft. (Total)	464,398	
Net Rentable Sq. Ft. (Collateral)	464,398	
Occupancy (Tape)	90.97%	(as of 5/31/13)
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$155,000,000	($334 /sq. ft.)
Loan Amount (Cut-Off Balance)	$155,000,000	($334 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	60	
Amortization Term (months)	360	
Loan Seasoning (months)	2	
Interest Rate	3.91200%	

Morningstar Analysis		
Current DSCR	2.34 x	
Amortizing DSCR	1.63 x	
Beginning LTV	86.34%	
Ending LTV	77.98%	
Capitalization Rate	8.00%	
Morningstar UW Occupancy	89.86%	
Net Operating Income	$15,386,539	
Net Cash Flow	$14,361,110	
Value	$179,513,880	($387 /sq. ft.)
Debt Yield	9.27%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

Capital Structure Table

Loan	Current Balance	Interest Rate	Current DSCR	DSCR Amortizing	BLTV	ELTV
Subject Loan	$155,000,000	3.912%	2.31 x	1.62 x	87.3%	78.9%
Total	**$155,000,000**	**3.912%**	**2.31 x**	**1.62 x**	**87.3%**	**78.9%**

Morningstar Summary

Morningstar Perspective

The Westfield Countryside loan is a ten-year, $155.0 million financing on a 1.26 million square foot (464,398 square foot collateral net rentable area) super-regional mall located in Clearwater, Florida. The loan proceeds were used to provide acquisition financing for O'Connor Capital Partners (O'Connor), who will be purchasing a 49.9% joint venture interest in this and five other assets owned by Westfield Group (Westfield). O'Connor and Westfield are collectively the sponsors of the financing. The $155.0 million loan is split into two pari-passu notes. A $100.0 million pari-passu note is being contributed in this transaction and will be the controlling note.

Clearwater is located 20 miles north of St. Petersburg and 23 miles northwest of Tampa. The mall is anchored by Sears, Macy's, Dillard's, and JC Penney, all of whom own their improvements and are not part of the collateral. The collateral consists of 464,398 square feet owned by the sponsor and the major owned tenants are Cobb Theatre, XXI Forever, L.A. Fitness, Victoria's Secret, and Gap/ Gap Body. The property was built in 1975 and renovated in 2009 at a cost of $15.0 million and in 2011 at a cost of $31.0 million, which included the addition of the theater and the reconfiguration of 29,000 square feet of shop space into restaurants.

The property is located in a densely developed area with a population of 224,600 and an average household income of $59,170 within a five mile radius. The nearest competing malls are 10-15 miles away. According to the issuer, the mall generates comparable in-line sales (<10,000 square feet) of $394 per square feet for the 12 months ended April 2013, which represents an 11.9% increase over 2011 sales.

The Westfield Countryside loan has a Morningstar beginning loan to value of 87.3%, based on an 8.0% capitalization rate. In comparison, the loan to value based on the appraised value is 57.4%. The balloon loan to value is estimated at 76.4%. The appraised value is $270.0 million, equating to $581per square foot on 464,398 square feet of owned collateral. Morningstar's concluded value of $177.5 million, or $141 per square foot (based on the same square feet), is more conservative and 34.3% lower than the appraised value. The loan's DSCR and debt yield are 1.62x and 9.16%, respectively, based on the Morningstar net cash flow of $14.20 million. The historical cash flow at the property has improved from $13.45 million in 2010 to $15.76 million in 2012. Overall, Morningstar's analysis indicates that although the property has relatively high leverage, it has shown improved performance and relatively strong coverage.

Morningstar visited the property on July 9th, 2013, in the morning. Morningstar toured anchor, in-line shop space, the food court and the cinema. According to the mall manager, the property was 98.2% occupied as of the day of Morningstar's visit. The property manager informed Morningstar that Whole Foods had signed a lease to take over the lower level of the Sears space with an expected opening in 2014. However, since the Sears space is not part of the collateral the Whole Foods lease is not included in the analysis. Earthbound Trading signed a lease for 2,500 square feet and the space is currently being built out. In addition, according to the property manager, two other leases – Charming Charlie for 5,500 square feet, and Crazy 8, for 2,800 square feet, - are out for signature. During the property tour, Morningstar did not observe any obvious deferred maintenance issues and the property seemed to be generally well maintained. Based on the property tour and on the PCA and ESA reports, Morningstar has assigned the property a score of 3 (average).

The Bears Say

- Lease Rollover Concentration: Although the average lease rollover at the property over the loan term is 6.9% of the NRA per year. However, there is rollover concentration in 2016 and 2018 when 11.5% and 15.7% of the NRA, respectively, are scheduled to roll. The 2016 roll is spread across 21 tenants, the largest of which is Papaya Clothing Company (5,400 square feet; 10.2% of the roll). The 2018 roll includes two major tenants, L.A. Fitness (18,466 square feet; 25.3% of the roll), and Victoria's Secret (12,411 square feet; 17.0% of the roll).
- High Leverage: The loan has a beginning loan to value of 87.3% based on Morningstar's concluded value of $177.5 million for the property. In addition, the loan has an initial five year interest-only period and amortizes on a 30-year schedule thereafter.
- Competing Malls: The property has four super-regional malls located within 15 miles. The closest competing mall is also owned by Westside, one of the sponsors of this loan, and has a similar anchor profile. Two of the other malls are more upscale than Westfield Countryside but Tyrone Square, which is located 15.6 miles from the property, has the same anchors as the subject.

The Bulls Say

- Asset Performance: The mall had collateral sales of $130 million and comparable in-line sales of $394 per square foot for the 12 months ended April 2013. According to the issuer, this represents an 11.7% increase over 2011 sales. The mall has also benefitted from the $15 million renovations in

2009 and the $31 million spent in 2011 for the addition of the Cobb Theatre and 29,000 square feet of restaurant space. Cobb Theatre had sales of $581,583 per screen for the 12 months ended April 2013.

- Strong Sponsorship: Westfield is one of largest retail property groups in the world and it has interests in an investment portfolio of 105 shopping centers in Australia, New Zealand, the United Kingdom, the United States, and Brazil, valued at $66.9 billion. In the United States, Westfield has ownership interests in 47 centers amounting to 16.7 million square feet. O'Connor Capital Partners has acquired or developed more than $20 billion of property on behalf of various investment funds, institutional clients, and its own account, encompassing all major property types. O'Connor's current holdings include retail, office, residential, and industrial properties in the United States and Mexico.

Property Description

Westfield Country is a super-regional mall located in Clearwater, Pinellas County, Florida. Developed in 1975, the two-story property consists of 1.26 million square feet, of which 464,398 square feet is collateral for this loan. Non-collateral anchors include Sears (220,833 square feet), Macy's (214,965 square feet), Dillard's (209,214 square feet), and JC Penney (150,139 square feet). Major collateral tenants include a 12-screen Cobb Theatre (53,729 square feet), XXI Forever (20,000 square feet), L.A. Fitness (18,466 square feet), Victoria's Secret (12,411 square feet), and Gap/ Gap Body (11,168 square feet). The property was renovated in 2009 reportedly at a cost of $15.0 million including new floors, customer seating lounges, a play area for children and a remodeled food court. The Cobb Theatre was added in December 2011 along with a reconfiguration of 29,000 square feet of existing shop space into restaurants, reportedly at a total cost of $31.0 million. According to the issuer, the collateral portion of the mall had sales of $130.0 million for the 12 months ended April 2013 and comparable in-line sales were $394 per square foot during the same period.

The primary land use surrounding the mall is residential. Because of the proximity of Clearwater to the Gulf of Mexico, the city is densely populated and there is little land available for new development. According to the appraiser, most of the existing development in the property's neighborhood is of similar vintage as the mall. According to the appraiser, the mall serves a population of 224,600 people (98,600 households) within a five mile radius with an average household income of $59,170 per year. Commercial uses, including a shopping center anchored by Dicks Sporting Goods, TI Maxx, Ross and HomeGoods, are located along US Highway 19, which runs west of the mall.

Primary access to the mall is from State Road 580, which is aligned east- west and from US Highway 19, which runs north- south. Countryside Boulevard, which provides significant local access within the neighborhood, wraps around the east and south ends of the property. The mall is located 20 miles north of St. Petersburg along US Highway 19 and 23 miles northwest of Tampa along State Road 580.

AEI Consultants, Inc. performed a property condition assessment (PCA) and a phase I environmental site assessment (ESA) for the property. The PCA identified de minimis immediate repairs of $2,500 and recommended on-going replacement reserves of $0.20 per square foot. The ESA did not note any recognized environmental conditions (REC), but given the age of the building noted that asbestos may be present in the building materials. The ESA therefore recommended the implementation of an asbestos operations & maintenance plan (O&M).

Tenant Overview

Westfield Countryside is 91.0% leased as of May 31, 2013 by 145 tenants. The in-line occupancy is 88.0%. The top ten tenants occupy 155,165 square feet (33.4% of the collateral NRA) and account for 28.4% of the total rent. The following table summarizes the major tenants at the property:

Tenant Name	Occupied Sq. Ft.	% Total Sq. Ft.	In-Place Rent	In-Place Rent Per Sq. Ft.	% Total Rent	Sales Per Sq. Ft. (TTM 4/2013)	Lease Start
Cobb Theatres(1)	53,729	11.57%	$1,675,808	$31.19	11.61%	$581,583	Dec-11
XXI Forever	20,000	4.31%	563,200	28.16	3.90%	226.85	Jun-12
L.A. Fitness	18,466	3.98%	184,660	10.00	1.28%	56.32	Jun-12
Victoria's Secret	12,411	2.67%	347,508	28.00	2.41%	537.91	Jul-07
Gap/Gap Body	11,168	2.40%	188,628	16.89	1.31%	198.42	Aug-08
BJ's Restaurant and Brewhouse	9,720	2.09%	361,800	37.22	2.51%	510.49	Feb-12
Finish Line	8,571	1.85%	264,844	30.90	1.83%	333.33	Jul-11
Express	7,600	1.64%	125,248	16.48	0.87%	206.97	May-12
Red Robin Gourmet Burgers	7,000	1.51%	219,780	31.40	1.52%	394.71	Aug-12
Hollister Co.	6,500	1.40%	162,500	25.00	1.13%	328.92	Nov-03
Total Top 10 Tenants	155,165	33.41%	$4,093,976	$26.38	28.36%		

(1) Sales for Cobb Theatre are expressed per screen.

Cobb Theatres: The 12-screen Cobb Theatre at Westfield Countryside opened in December 2011. For the 12 months ended April 2013, the theater had sales of $581,583 per screen. Established in 1921, Cobb Theatres presently operates 18 locations with 232 screens, with the majority in Florida and others in Alabama, Virginia, and Colorado plus a new location under construction in Georgia.

XXI Forever: Forever 21 was founded in 1984 in Los Angeles, California as Fashion 21. The XXI Forever large format stores, with an average size of over 20,000 square feet, were first established in 2001 in Texas, Miami, Los Angeles, Chicago and Edmonton. The XXI Forever store at Westfield Country side opened in June 2012 and had sales of $227 per square foot for the 12 months ended April 2013.

L.A. Fitness: L.A. Fitness is a privately owned American health club chain with over 500 clubs across the United States and Canada. The company was formed in 1984 and is based in Irvine, California. Major ownership interests in the company are held by private equity firms Seidler Equity Partners, CIVC Partners, and Madison Dearborn Partners. The L.A. Fitness store at Westfield Countryside opened in June 2012.

Lease Expiration and Rollover

The average lease rollover at the property over the loan term is 6.9% of the NRA per year. However, there is rollover concentration in 2016 and 2018 when 11.5% and 15.7% of the NRA, respectively, are scheduled to roll. The 2016 roll is spread across 21 tenants, the largest of which is Papaya Clothing Company (5,400 square feet; 10.2% of the roll). The 2018 roll includes two major tenants, L.A. Fitness (18,466 square feet; 25.3% of the roll), and Victoria's Secret (12,411 square feet; 17.0% of the roll). The following chart summarized the lease rollover at the property:

Tenant Expiration and Lease Rollover Schedule								
Year of Expiration	# of Tenants	Sq. Ft. Expiring	Cumulative Sq. Ft. Expiring	% of Total Sq. Ft.	Rent Sq. Ft. Expiring	Total Rent Expiring	Cumulative Rent Expiring	% of Tot Rent
2013	11	14,498	14,498	3.12%	$41.91	607,569	607,569	4.21%
2014	25	45,540	60,038	9.81%	37.27	1,697,232	2,304,801	11.76%
2015	13	19,525	79,563	4.20%	45.93	896,800	3,201,602	6.21%
2016	21	53,226	132,789	11.46%	36.66	1,951,284	5,152,886	13.52%
2017	14	22,655	155,444	4.88%	42.41	960,839	6,113,725	6.66%
2018	20	72,980	228,424	15.71%	28.12	2,052,089	8,165,814	14.22%
2019	9	24,779	253,203	5.34%	32.77	811,974	8,977,788	5.63%
2020	7	15,886	269,089	3.42%	46.27	735,010	9,712,798	5.09%
2021	5	11,755	280,844	2.53%	39.58	465,312	10,178,110	3.22%
2022	8	22,096	302,940	4.76%	33.23	734,291	10,912,401	5.09%
2023	9	49,095	352,035	10.57%	25.75	1,264,067	12,176,468	8.76%
2024+	3	70,449	422,484	15.17%	32.04	2,257,388	14,433,856	15.64%
Vacant Space		41,914						
Collateral Total / Weighted Avg.	145	464,398		100.00%	$31.08	$14,433,856		100.00%
Total Anchor (Non Collateral)	4	795,151						
Property Total		1,259,549				$14,433,856		100.00%

Market Overview

According to Reis, the property is located in the Clearwater/ North Pinellas submarket of Tampa-St. Petersburg metro in Pinellas County, Florida. As of the first quarter of 2013, the total retail inventory in the Tampa-St. Petersburg metro was 40.06 million square feet and the total inventory in the Clearwater/ North Pinellas submarket was 8.90 million square feet or 22.2% of the metro retail inventory.

According to Reis, the overall asking rent in the submarket was $12.92 per square feet and the average vacancy was 5.2%. The submarket had 3.82 million square feet of community center space with an average asking rent of $16.96 per square foot and an average vacancy rate of 10.3%. A total of 198,000 square feet of space was added to the submarket inventory between 2008 and 1Q 2013. This equates to 17.7 percent of new construction for the region. Over the next five years, Reis projects that an additional 157,000 square feet of new space will be completed in the Clearwater/North Pinellas submarket. In the same period, new construction in the submarket outpaced absorption, with an annual average of 39,600 square feet completed and -61,000 square feet absorbed. According to Reis, there are six retail projects with a total of 230,493 square feet in the planning/ proposal stage in the submarket, the largest of which is the 124,000 square feet Largo Commons Phase I. Over the next five years, Reis projects that new construction will trail absorption in the submarket.

According to the appraiser, there are four super regional malls that are direct competitors of Westfield Countryside. The following table summarizes the competing malls:

Property Name	Property Type	Year Built	Year Renovated	Total NRA (sf)	Anchor NRA (sf)	Avg. In-Line Rent ($ psf)	Sales ($ psf)	Occ. %	Anchors	Distt. To Subject (miles)
Citrus Park	Super Regional Mall	1999	2004	1,143,377	686,948	$30.62	$370	88%	Dillard's JC Penney Macy's Sears Dicks Sporting Goods	10.2
International Plaza	Super Regional Mall	2001	2005	1,174,565	615,926	$49.00	$500	95%	Dillard's Nieman Marcus Nordstrom Forever XXI	14.3
Westshore Plaza	Super Regional Mall	1967	2001	1,036,322	682,710	$29.00	$375	93%	Saks Fifth Avenue JC Penney Macy's Sears	14.4
Tyrone Square	Super Regional Mall	1972	1998	1,124,606	748,269	$28.00	$350	91%	Dillard's JC Penney Macy's Sears	15.6

Citrus Park is the closest mall to the subject. Citrus Park is also owned and managed by Westfield. It has the same four department store anchors as the subject; hence, it is considered to be the most competitive mall with Westfield Countryside. Its location is more of a growth area than the subject, but Citrus Park is less insulated from outside competition than Countryside. Consequently, its average mall shop sales are slightly lower than Westfield Countryside.

International Plaza is a more upscale mall. It is owned and managed by Taubman and a portion of this shopping center is open-air. International Plaza is the newest of the malls that impact the subject trade area. Dillard’s is the only department store anchor with an overlap with the subject. International Plaza also is anchored by Neiman Marcus and Nordstrom, which fit well with the more upscale orientation of this regional shopping center. Although it does not compete directly for the same customer base, International Plaza has the highest average mall shop sales in the Tampa area. As such, it does have a strong impact on the subject’s potential trade area.

Westshore Plaza is more similar to International Plaza than the subject or the other competitors. It is generally an upscale mall, although not as upscale as International Plaza. There is an overlap with the subject in that JC Penney, Macy’s and Sears are anchors here as well. Westshore is also anchored by a Saks Fifth Avenue, but this tenant will be vacating and be replaced with Dick’s Sporting Goods. This mall traditionally placed second in the market in terms of average mall shop sales.

Tyrone Square is the most competitive mall along the west coast. It is located in an urban location in St. Petersburg. Similar to Citrus Park, it has the same four department store anchors as the subject. Although it lies along the west coast, similar to the subject, it is actually further from Countryside Mall than the other malls discussed above.

Sponsorship/Management

Westfield Group (50.01% Owner) - Formed in 1960, the Westfield Group is an internally managed, vertically integrated shopping center group, undertaking ownership, development, design, construction, funds and asset management, property management, leasing and marketing. Westfield Group is headquartered in Sydney, Australia, employs over 4,000 staff, and is one of largest retail property groups in the world. Westfield has experience in managing retail assets and collected $133 million in management fee income in 2012, up 12% year over year. Westfield has interests in an investment portfolio of 105 shopping centers in Australia, New Zealand, the United Kingdom, the United States, and Brazil, valued at $66.9 billion. In the United States, Westfield has ownership interests in 47 centers amounting to 16.7 million square feet.

O’Connor Capital Partners (49.99% Owner) – Founded in 1983, O’Connor Capital Partners (“O’Connor”) is a privately-owned, independent real estate investment, development and management firm. The firm has acquired or developed more than $20 billion of property on behalf of various investment funds, institutional clients, and its own account, encompassing all major property types. The firm is based in New York City, with a regional office in Mexico City. Since being founded, O'Connor has made significant investments in Boston, Houston, London, Mexico City, Milan, New York, Paris, Rome, and San Francisco. Platforms for O'Connor include O'Connor Institutional Funds, O'Connor Realty Advisors, O'Connor Direct Investments, O'Connor Management Inc., and Mayfair Development. O'Connor's current holdings include retail, office, residential, and industrial properties in the United States and Mexico.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	Year End 2012	Issuer Underwriting
Income					
Gross Potential Rent	$15,260,479	$10,261,000	$10,004,000	$12,335,000	$14,741,228
Less: Vacancy Loss (GPR)	(1,369,664)	0	0	0	0
Less: Collection Loss	(34,349)	27,000	(1,000)	(71,000)	0
Less: Vac Adj for Concess/Coll Loss	3,074	0	0	0	0
Base Rent/Net Effective Rent	**$13,859,540**	**$10,288,000**	**$10,003,000**	**$12,264,000**	**$14,741,228**
Expense Reimbursement	$9,946,983	$7,800,000	$8,669,000	$9,114,000	$10,117,000
Percentage Rent	237,035	71,000	128,000	182,000	252,115
Other	1,511,000	2,913,000	2,723,000	3,135,000	1,511,000
Mark to Market (OC Adjstmnt)	(110,801)	0	0	0	(1,381,601)
Less: Vacancy Other Incomes	(146,519)	n/a	n/a	n/a	n/a
Effective Gross Income	**$25,297,239**	**$21,072,000**	**$21,523,000**	**$24,695,000**	**$25,239,742**
Expenses					
Real Estate Taxes	$2,973,000	$2,418,000	$2,457,000	$2,787,000	$2,973,000
Management Fees	758,917	0	0	0	604,910
Payroll & Benefits	95,899	54,000	47,000	80,000	102,000
Common Area Maintenance	4,318,000	3,728,000	4,115,000	4,151,000	4,318,000
Advertising & Marketing	695,167	554,000	592,000	811,000	665,000
Other	1,106,000	864,000	928,000	1,106,000	1,032,000
Total Operating Expenses	**$9,946,983**	**$7,618,000**	**$8,139,000**	**$8,935,000**	**$9,694,910**
Net Operating Income	**$15,350,256**	**$13,454,000**	**$13,384,000**	**$15,760,000**	**$15,544,832**
Capital Items					
Leasing Commissions	$363,601	$0	$0	$0	$610,596
Tenant Improvements	633,354	0	0	0	326,173
Capital Expenditure / Reserve	92,880	0	0	0	92,880
Total Capital Items	**$1,089,835**	**$0**	**$0**	**$0**	**$1,029,649**
Credit for Upfront DSCR Escrow	$0	$0	$0	$0	$0
Net Cash Flow	**$14,260,420**	**$13,454,000**	**$13,384,000**	**$15,760,000**	**$14,515,183**

Analytical Assumptions

The following comments and footnotes provide additional details beyond the description of Morningstar's general analytical approach outlined at the end of this package.

Revenue Drivers

Rent Per Square Feet	$33.35
Vacancy (%)	10.1%

Morningstar's estimate of market rent was based on the appraiser's concluded market rent for each tenant category, and Morningstar's weighted average market rent estimate was lower than the weighted average in-place rent. Morningstar's concluded rent blended the estimated market rent towards the in-place rent. Morningstar's vacancy estimate was based on the property's in-place mal shop vacancy. Morningstar also made an occupancy cost adjustment for comparable in line tenants with occupancy costs greater than 18% and sales less than $470 per square foot. Rents were adjusted to the greater of an 18% occupancy cost or Morningstar's market rent estimate for that tenant category.

Expenses

Morningstar underwrote real estate taxes and common area maintenance expenses in line with the issuer's estimates. Advertising and marketing expense was underwritten based on the borrower's budget. Management fees were underwritten at 3.0% of the effective gross income.

Capital Items

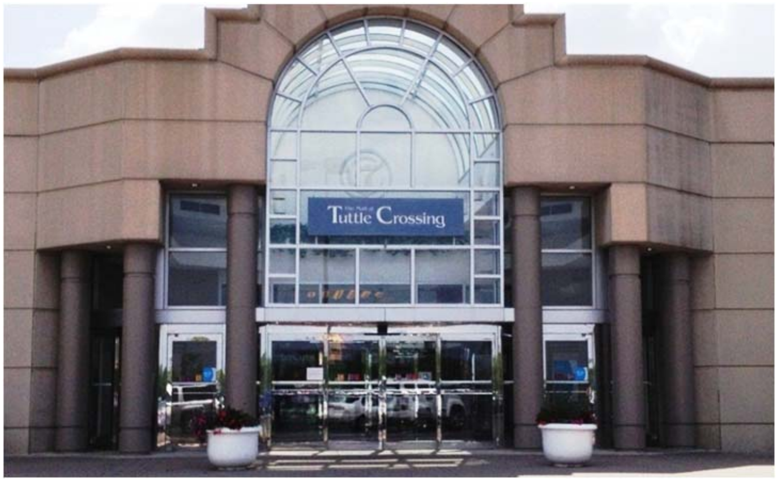
A reserve for future capital expenditures is underwritten at $0.20 per square foot. Tenant improvements for major and in-line tenants were underwritten to $20/ $0 per square foot for new/ renewing tenants and at $5/$2.50 for new/ renewing tenants for jewelry, food courts and restaurant tenants. Leasing commissions are underwritten to 6% for new tenants and 3% for renewals. A renewal rate of 65% is assumed.

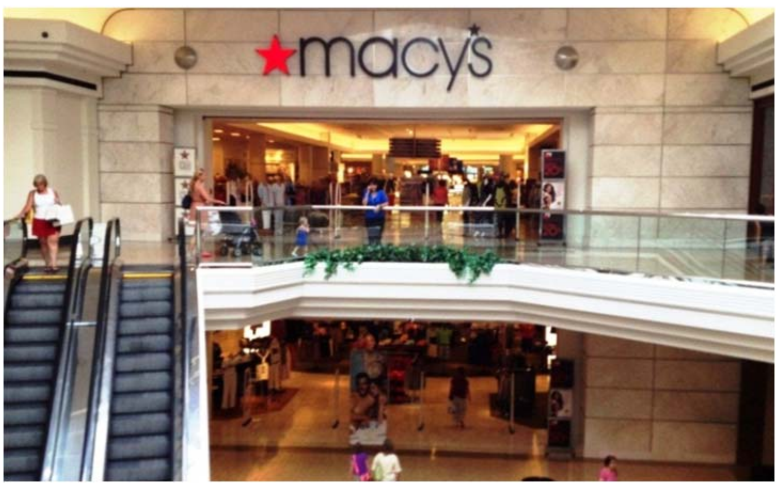
Valuation Drivers

Morningstar estimated the value of the asset based on the income capitalization approach to value. Capitalization rates are estimated quarterly by Morningstar for the office market in each region and major metropolitan area based upon a review of investor surveys including Real Estate Research Council, PWC Real Estate Investor Survey (Korpacz), as well as a review of research and comparable sales information provided by Real Capital Analytics. The Morningstar capitalization rate for the Clearwater was 8.10%, which was adjusted down by 10 basis points. The resulting adjusted capitalization rate of 8.0% resulted in a direct capitalization value of $177.5 million, or $141 per square foot.

The Mall at Tuttle Crossing

Analyst: Luke Trainer 267-960-6039
Analytical Manager: David Sondesky 267-960-6042





Property Summary		
Property Type	Retail/Super Regional Mall	
Location	Dublin, OH 43016	
Year Built	1997	
Year Renovated	NAP	
Net Rentable Sq. Ft. (Total)	385,057	
Net Rentable Sq. Ft. (Collateral)	385,057	
Occupancy (Tape)	88.70%	(as of 4/9/13)
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$125,000,000	($325 /sq. ft.)
Loan Amount (Cut-Off Balance)	$125,000,000	($325 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	36	
Amortization Term (months)	360	
Loan Seasoning (months)	3	
Interest Rate	3.56400%	

Morningstar Analysis		
Current DSCR	3.45 x	
Amortizing DSCR	2.29 x	
Beginning LTV	64.64%	
Ending LTV	42.13%	
Capitalization Rate	8.05%	
Morningstar UW Occupancy	88.73%	
Net Operating Income	$16,349,910	
Net Cash Flow	$15,568,026	
Value	$193,391,628	($502 /sq. ft.)
Debt Yield	12.45%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

Capital Structure Table

Loan	Current Balance	Interest Rate	Current DSCR	DSCR Amortizing	BLTV	ELTV
Subject Loan (A-1 Note)	$95,000,000	3.564%	3.45 x	2.29 x	49.1%	42.1%
Pari-Passu (A-2 Note)	30,000,000	3.564%	3.45 x	2.29 x	64.6%	42.1%
Total	**$125,000,000**	**3.564%**	**3.45 x**	**2.29 x**	**64.6%**	**42.1%**

Morningstar Summary

Morningstar Perspective

The subject transaction is a ten-year $95.0 million, fixed rate loan, secured by a first mortgage lien on a portion of the improvements of The Mall at Tuttle Crossing, a 1,129,185 square foot, super-regional mall, located in Dublin, Ohio. The loan proceeds were utilized to refinance existing debt on the property and provide a moderate return of equity to the loan sponsors, Simon Properties and The General Motors Pension Trust. The capital stack also includes a $30 million, non-controlling, pari-passu A note. The property is conveniently situated approximately eleven miles from the Columbus central business district, adjacent to Interstate 270, which serves as the beltway loop for the metropolitan area. The mall is configured for four anchor tenants, which are presently occupied by Sears, JC Penney and two Macy's stores. All of the anchor spaces are separately owned and the collateral for the subject loan is comprised of 385,057 square feet on in-line space at the property. Overall, the mall is currently 96.2% occupied and the in-line space is reportedly 88.7% occupied.

Morningstar views this property as a stable performer, in a solid retail market, which appeals to customers on a fairly local level. The city of Dublin, Ohio exhibits strong demographics, including an average household income that is more than twice the state average, and the surrounding area of the property is largely affluent. The subject property has good frontage and visibility and is well-located along a primary arterial that serves greater Columbus. Many pundits have indicated that Tuttle Crossing's biggest strength may be its mere location. The mall's current anchor tenants lack diversity in the goods and services offered and Tuttle Crossing may be the only mall in the country that has Macy's stores in two of the four anchor spaces (40% of the net rentable area for anchor tenants.) Tuttle Crossing lacks the panache of its primary competitors, Polaris Fashion Place and Easton Town Center, both of which are destination shopping centers and include open-air features and a better offering of both retail and dining alternatives. However, the Mall at Tuttle Crossing does fill a void in the local community and has experienced steady sales and occupancy over the last three years of operation. Morningstar's underwriting is generally conservative, at 8.1% below trailing-12 historical results. Even when applying stress to the current cash flow of the property, Morningstar views this loan as having low leverage, strong coverage and a high debt yield and classifies the refinance risk for the subject as low.

Morningstar visited the subject on July 16, 2013 and completed a tour of the mall with a representative from Simon Properties. The mall appeared to be clean and well-maintained and had a steady stream of activity for a mid-Tuesday afternoon. There were a number of teenager and young adults present at the center, most of whom appeared to be focused on shopping. Per the property manager, this is a key demographic for the mall and most of these younger residents come from upper-middle class to wealthy families. Per the property manager, the mall's convenient location and the abundance of residential and office development in the immediate area are key drivers for the property. No obvious deferred maintenance items were observed; however, there are areas of the surface parking lot which will need to be repaved in the near-term. Overall, Morningstar assigned a property score of three (3) to the subject property, which translates to average.

The Bears Say

- Lack of anchor tenant diversity, including the presence of Macy's in two of the four anchor tenant spaces, may diminish the appeal of mall shopping for prospective customers. Additionally, the subject Macy's reported 2012 sales of $117 per square foot trailed the chain's national sales average of $162 per foot. Further, all of the anchor tenants, including Sears and JC Penney, offer a similar array of goods and services, which may limit the upside in overall mall traffic and related in-line sales.
- Rollover risk; 78% of the in-line tenants roll within the first five years of the loan term, including four of the five major tenants over 10,000 square feet. However, the property has averaged a reported 88% occupancy over the past four years (permanent tenants only) and is professionally managed by Simon Properties.
- Anchor Tenant Risk; Both JC Penney and Sears face uncertain futures, as lagging same store sales, underwhelming financial performance and increased competition have resulted in numerous restructurings and store closures nationwide. Sears' most recently reported sales at the subject property were below the national chain average and the parent company is projected to close between 100 and 125 stores in 2013. JC Penney's 2012 sales were $161 per square foot, which was higher than the brand's comparable store sales of $128 per square foot. However, after the most recent reorganization in the second quarter of 2013, JC Penney is estimated to close 300 to 350 stores in 2013 alone. Although neither store at the property has been identified as a candidate for downsizing, any anchor tenant vacancy would have a detrimental impact on the subject center.
- Occupancy costs for in-line tenants were reported at 17.0% for year-end 2012, which is higher than the industry average for similar size properties with comparable sales (approximately 13.0 – 14.0%). Portfolio-wide Simon Properties' occupancy costs are reportedly 12.0%. However, 2012 occupancy costs for the subject were 6.0% lower than 18.1% reported in 2011.

- The subject competes directly with two of the premier malls in the region; Polaris Fashion Place (9 miles northeast) and Easton Town Center (15 miles east). These two rival properties serve as destination shopping centers in the region and offer a stronger tenant mix for retail customers in the area.
- Planned new construction; up to four new outlet centers are planned for the region, within an approximate 25-mile radius of the subject, which could impact both mall traffic and corresponding sales.

The Bulls Say

- In-line tenant sales have been consistent over the past three years, at $356 per square foot in 2010, $357 per square foot in 2011 and $367 per square foot in 2012, respectively. 2012's reported sales marked a 2.8% improvement from 2011 results.
- Location; the subject property has strong access and visibility characteristics, situated adjacent to Interstate 270, a major beltway surrounding Columbus, which provides convenient access to Interstate 70 (east / west) and Interstate 71 (north / south). The estimated average daily traffic count for I-270 is 105,000 vehicles per day.
- Demographics; the subject is located in Dublin, an affluent suburb of Columbus. Dublin is headquarters to Wendy's, Cardinal Health and IGS Energy and boasts an average household income of $101,000, versus $46,500 for the State of Ohio as a whole, per the 2010 Census.
- Low leverage; based on the appraised value of $240 million, as of April 18, 2013, the Loan-to-Value (LTV) for the subject is 52%. Based on Morningstar's sensitivity analysis, which includes 55 basis points of stress to the applied capitalization rate, the first mortgage loan reflects a beginning LTV of 65% and an ending LTV of 42%. As a result, the subject's refinance risk at maturity appears to be relatively low.
- Based on Morningstar's underwriting, the subject loan has a strong going-in Debt Service Coverage Ratio of 2.29x, on a 30-year amortization schedule.
- Strong ownership and management; Simon Properties, a 50% owner of the subject and the property manager, is a publicly traded (NYSE: SPG) Real Estate Investment Trust, which serves as the largest retail real estate company in the world. Simon has an ownership interest in 327 retail properties, comprised of 242 million square feet, situated across North America and Asia. As of the first quarter of 2013 Portfolio-wide occupancy was 94.7%, with total sales of $575 per square foot.

Property Description

The subject collateral is comprised of 385,057 square feet of in-line space, which is part of the Mall at Tuttle Crossing property; a 1,129,185 square foot, super-regional mall, located in Dublin, Ohio. The improvements were constructed in 1997, on a 37.71 acre site. The property is situated approximately eleven miles northwest of the Columbus central business district, in a prosperous town, with solid demographics. The subject benefits from a strong location along Interstate 270, which provides primary access to surrounding neighborhoods and employment centers in and around Columbus and beyond. Major employers in the region include JP Morgan Chase, Nationwide Insurance, Ohio Health, The Kroger Company, Limited Brands, McDonalds Corporation, Mount Carmel Health System, and Honda of America Manufacturing. The top employers in the city of Dublin also include Cardinal Health, Medco Health Solutions, Dublin City School District and Verizon Wireless. The subject's primary area is well-developed and includes a high number of office complexes and residential developments, as well as complimentary retail, hotel and restaurant uses, all of which serve to drive steady traffic into the Mall at Tuttle Crossing.

Per accepted industry standards, the subject is classified as a super-regional mall, which includes assets greater than 800,000 square feet and three plus anchor tenants. The property sub-type was determined to be suburban. The subject has four anchor tenants; two Macy's, JC Penney and Sears, which are all independently owned. The second Macy's was installed in 2006, as a result of the Federated – May merger. Having Macy's in two anchors is a burden on the center and one Macy's is clearly superior to the other, both in terms of merchandise and sales. The operating covenant for the second Macy's expires in 2017 and the general consensus is that all parties involved would like to transition the space to a complimentary anchor use. However, no further update on the status of the tenant is available at the time. Given that the loan collateral is exclusively the mall's in-line space, any movement involving the anchor tenants is expected to have a minimal impact on the net cash flow for the subject transaction. In terms of in-line space, the mall includes 107 tenants, which offer a complimentary mix of goods and services that are typical of a traditional mall property. The in-line space is currently 97.2% occupied, including temporary tenants. On a permanent basis, the in-line space is currently 88.7% occupied and has averaged 88.25% occupancy since 2009. There is one ground lease on an outparcel, which at present contains a BJ's Restaurant. The tenant pays $250,000 per year in ground rent, under a lease that is set to expire in September 2031. Additional project amenities include a food court, restrooms on each floor and in the anchor stores, two passenger elevators, two sets of escalators and a children's play area. On-site parking is provided for 5,037 vehicles, which equates to a parking ratio (per 1,000 square feet) of 4.46:1.

Tenant Overview

Morningstar Tenant Overview Table (Top 10)						
Tenant	Net Rentable Square Feet	% of Square Feet	Base Rent Amount	Base Rent $ Square Foot	% of Rent	Lease Expiration
The Finish Line	20,600	5.3%	$535,600	$26.00	3.7%	Jul-14
Shoe Dept. Encore	13,613	3.5%	$200,000	$14.69	1.4%	May-23
Victoria's Secret	11,987	3.1%	$491,467	$41.00	3.4%	Jan-18
H&M	11,882	3.1%	$230,000	$19.36	1.6%	Jan-15
Pottery Barn	10,000	2.6%	$159,000	$15.90	1.1%	Jan-16
Express/Express Men	9,856	2.6%	$394,240	$40.00	2.8%	Jan-16
BJ's Restaurant & Brewery	9,229	2.4%	$250,000	$27.09	1.7%	Sep-31
Abercrombie & Fitch	8,436	2.2%	$337,440	$40.00	2.4%	Jul-17
Charlotte Russe	7,479	1.9%	$298,412	$39.90	2.1%	Jan-19
The Gap	7,375	1.9%	$435,641	$59.07	3.0%	Jan-18
Top 10 Subtotal	**110,457**	**28.7%**	**3,331,800**	**$30.16**	**23.3%**	

Total comparable in-line sales at the subject were $367 per square foot, at year-end 2012, which is considered average for a Class B retail property of this size. Overall sales have been somewhat stagnant over the past three years, at $356 per square foot in 2010, $357 per square foot for all of 2011 and $367 per square foot for year-end 2012, respectively. The 2012 in-line sales represented a modest 2.8% increase from 2011 results, year-over-year. Occupancy costs at the subject, which are an overall indicator of the tenant base's general financial health, were 17.0% and on the higher end of the spectrum for similarly sized properties with comparable sales. In general, Morningstar would anticipate that more robust malls of this size would report occupancy costs in the 13.0% to 15.0% range.

New leasing at the property has been minimal, with only six leases signed in 2013, which totaled 31,510 square feet of space (8.1% of net rentable area.) Shoe Dept. Encore, a discount footwear retailer, signed a ten-year lease, through May 2023, at a rental rate that is considered below market by both Morningstar and the appraiser.

An overview of the top five tenants in occupancy is as follows:

The Finish Line: The Finish Line is a is a leading athletic retailer, which offers a wide selection of brand name footwear, apparel and accessories. The company operates more than 660 stores in 47 states and online at www.finishline.com. Headquartered in Indianapolis, Indiana, The Finish Line employs more than 11,000 associates nationwide. The firm's mission is to connect to young, fashion conscious individuals through a premium brand experience, featuring the best selection of authentic, sport inspired products. The Finish Line is the largest in-line tenant at the subject, at 20,600 SF (5.3% of total), under a lease that is set to expire in July 2014. Finish Line has been in occupancy at the subject since it's 1997 opening. Reported sales for 2012 were $306 per square foot, which trailed the company's nationwide average of $350 per foot.

Shoe Dept. Encore: Founded in 1960 in Kannapolis, North Carolina, the firm's success has been based on a simple formula of providing quality products, service and value. Over the past fifty-three years, the parent company, SHOE SHOW, INC. has continued to grow its chain of stores under the SHOE SHOW, SHOE DEPT. and Burlington Shoes names and the company currently has 1125 locations in 38 states. Shoe Dept. is the newest junior anchor tenant at the property and was in occupancy and open for business at the time of Morningstar's site visit.

Victoria's Secret: Part of the publicly traded Limited Brands (NYSE: LTD), which is based in Columbus, Ohio and include Victoria's Secret, Victoria's Secret PINK, Bath and Body Works, La Senza and Henri Bendel. Primarily known for lingerie, personal care and beauty products, apparel and accessories, Victoria's Secret operates 1,019 stores in the United States. Victoria's Secret reported 2012 sales of $654 per square foot, which was higher than the chain's national average of $633 per foot. The Victoria's Secret lease at the subject runs through January 2018.

H&M: Headquartered in Stockholm, Sweden and founded in 1947, H&M boasts that, "There are around 2,900 H&M stores in more than 40 countries and 104,000 employees all work hard to bring you fashion and quality at the best price." The firm is the second largest global clothing retailer and caters to men, women, teenagers and children's fashions alike. H&M reported sales at the subject location of $223 per square foot for 2012. Although the parent does not publish global sales figures for all stores, this figure seems light in comparison to comparable in-line retail tenants at Tuttle Crossing.

Pottery Barn: Part of the Williams Sonoma umbrella of companies, which includes Rejuvination and West Elm, among others, there are currently 200 Pottery Barn stores in the United States, Canada, Puerto Rico and Australia. The firm also includes a direct-mail business that distributes over 100 million catalogs a year, and a highly regarded website that combines ease of shopping with exclusive shopping tools, a design studio and more. The success of the brand has also led to the launch of Pottery Barn Bed + Bath, Pottery Barn Outdoor Spaces, Pottery Barn Kids and PBteen. Pottery Barn's sales per square foot for 2012 were $265 per foot, which were well below the chain's national average of $365 per square foot.

Lease Expiration and Rollover

Morningstar Lease Expirations by Tenant Category - Square Feet Expiring by Year							
	MTM	**2013**	**2014**	**2015**	**2016**	**2017**	**After 2017**
Junior Anchor	0	0	20,600	11,882	10,000	0	25,600
In-Line (5,000-9,999 sq.ft.)	0	0	12,336	12,152	16,356	8,436	64,812
In-Line (3,000-4,999 sq.ft.)	0	4,650	18,830	7,515	7,603	16,014	15,958
In-Line (2,000-2,999 sq.ft.)	0	0	6,567	5,598	0	4,281	6,728
In-Line (1,000-1,999 sq.ft.)	0	1,615	8,803	2,655	3,335	8,253	16,177
In-Line (1-0,999 sq.ft.)	0	0	0	2,765	1,527	1,780	3,622
Groundlease	0	0	0	0	0	0	9,229
Food Court	0	0	800	825	519	1,631	1,616
Antenna/ATM	0	0	0	77	0	0	0
Kiosk	0	150	200	0	150	0	0
Total	**0**	**6,415**	**68,136**	**43,469**	**39,490**	**40,395**	**143,742**
% Roll	**0.0%**	**1.7%**	**17.7%**	**11.3%**	**10.3%**	**10.5%**	**37.3%**

The subject collateral includes 107 in-line tenants, the largest of which, The Finish Line (20,600 square feet / 5.4% of the net rentable area) rolls in 2014. However, the Finish Line has been in occupancy at the subject since Tuttle Crossing's opening in 1997 and has performed reasonably well over this time. Additionally, the center's third largest junior anchor, Victoria's Secret (11,987 square feet / 3.1% of net rentable area), has a lease that is set to expire in January 2018. Victoria's Secret has reported sales above the national chain average and has enjoyed sustained success at the subject location. While the tenant rollover appears to be fairly standard over the loan term, it should be noted that approximately 78% of the tenant leases roll within the first five years of the loan term. However, this is mitigated by leases that appear to be within market terms and the strong historical occupancy of the subject.

Market Overview

The subject is located in Northwest submarket, of the Columbus metropolitan area, approximately eleven miles from the central business district. The property is conveniently situated at the intersection of Interstate 270 and Tuttle Crossing Boulevard, where the aggregate daily traffic count is approximately 134,000 vehicles. Interstate 270 encircles the city of Columbus and provides regional access to Interstate 70 (east / west access from Indianapolis, IN to Pittsburgh, PA) and Interstate 71 (north / south access from Cincinnati to Cleveland.)

Per Reis, the subject's Northwest submarket is comprised of 67 retail properties, which total 5,777,000 square feet of space. Anchored retail properties account for 24 buildings and 2,626,000 square feet of inventory. The total retail submarket vacancy for community shopping centers, as of the first quarter of 2013, was 12.8%, including 4.6% for the subject's 1990 to 1999 vintage. Non-anchor asking rents in the submarket averaged $15.05 per square foot and $12.69 per square for properties constructed between 1990 and 1999.

Based upon the subject's operating history, the appraiser withheld 24,983 square feet, or 7.12% of the subject's net rentable area, from his valuation analysis. The appraiser referred to this space as, "permanent vacancy." An additional 2.00% global vacancy and 1.00% collection loss were deducted from their projections, which resulted in a concluded stabilized market vacancy of roughly 10.12%. Morningstar used the subject's actual physical occupancy of 88.70% at the time of underwriting, in determining our estimated vacancy rate of 11.30%. The property manager has historically utilized temporary tenants to occupy vacant suites. Inclusive of these tenants, the subject property is currently 97.20% occupied. Excluding all temporary tenants, the in-line collateral has averaged 88.25% occupancy, since 2009, which provides support for Morningstar's underwritten vacancy rate.

The appraiser utilized five tenant categories in determining a market rental rate, including Inline, Major, Outparcel and Kiosk. The appraiser projected Inline rents at $35.83 per square foot, Major tenant rents at $26.00 per square foot, Outparcel rental rates at $27.00 per square foot and Kiosk rent levels at $465 per square foot, respectively. Based upon our review of the rent roll, Morningstar's tenant breakdown included ten categories, in order to account for differences in various suite sizes. Morningstar's concluded market rent was $41.40 per square foot and was based largely on leases-in-place and recent leasing activity at the subject. The appraiser's aggregate market rental rate was lower, at $37.35 per square foot; however, the aforementioned permanent vacancy of 24,983 square feet was excluded from the appraisal analysis. On an Effective Gross Income Basis, Morningstar is approximately $386,000 (1.6%) lower than the appraiser, which provides support for our income assumptions.

In terms of competition, the subject's main rivals are the Polaris Fashion Place and Easton Town Center, each of which offers higher-end alternatives for both retail and dining. Polaris Fashion Place is a 1.5 million square foot, super-regional mall, located roughly nine miles northeast of the subject. The property was constructed in 1990 and is owned by Glimcher. Current occupancy is reported at 90% and anchor tenants include JC Penney, Sears, Von Maur, Macy's and Saks 5th Avenue. The tenant base also includes a newer Apple store. Additionally, Polaris has an open air feature, which was added after the construction of the original improvements and includes a Forever 21, Barnes and Noble, Benihana, The Cheesecake Factory and Dave & Buster's.

Easton Town Center is a 1.42 million, open-air, mixed use center, which was developed by Limited Brands and The Georgetown Company in 1999 / 2000. Situated roughly 15 miles east of the subject property, the center is anchored by Nordstrom, Crate & Barrell, Macy's and Barnes & Noble. Other notable in-line tenants include Apple, American Girl Doll, Burberry, Louis Vuitton and Tiffany & Co. Dining alternatives include McCormick & Schmick's, The Melting Pot, P.F. Chang's, The Cheesecake Factory and California Pizza Kitchen. There is also a dine-in MAC movie theater on-site. The center's design has won numerous national awards and Easton Town is widely regarded as the premier shopping destination in the region.

Both of the aforementioned competitors represent destination shopping centers, as opposed to the community based draw of the subject.

Sponsorship/Management

The Borrower is The Mall at Tuttle Crossing, LLC, a Delaware limited liability company. The collateral is 50% owned by Simon Property Group, Inc. (NYSE:SPG) and 50% owned by the General Motor's Pension Trust. Simon Properties is an S&P 100 company and the largest publicly traded REIT, with a market capitalization of $93 billion. Simon is widely recognized as the leader in the global retail real estate segment, with a current ownership interest in 326 retail real estate properties in North America and Asia, comprised of 241 million square feet. Simon is headquartered in Indianapolis, Indiana and employs approximately 5,500 people in the United States. The General Motor's Pension Trust manages a reported $13.1 billion retirement fund for over 200,000 General Motors employees.

The subject is managed by Simon Properties, an affiliate of the sponsor, who reported average portfolio occupancy of 94.7% and average sales of $575 per square foot, as of the first quarter of 2013.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	Year End 07/04/05	Issuer Underwriting
Income					
Gross Potential Rent	$15,943,147	$14,108,997	$14,034,565	$13,827,162	$16,209,716
Less: Vacancy Loss (GPR)	(1,797,375)	162,231	(106,456)	(34,511)	(3,124,498)
Less: Mark-to-Market	(1,730,947)	0	0	0	(1,854,441)
Less: Collection Loss	0	0	0	0	0
Less: Vac Adj for Concess/Coll Loss	0	0	0	0	0
Base Rent/Net Effective Rent	**$12,414,824**	**$14,271,228**	**$13,928,109**	**$13,792,651**	**$11,230,777**
Expense Reimbursement	$9,205,500	$9,205,972	$9,055,482	$8,975,483	$10,301,507
Percentage Rent	53,000	57,372	90,050	158,809	53,000
Temporary Tenants	1,782,292	1,754,016	1,724,017	1,815,381	1,782,292
Other	202,717	270,427	278,366	144,015	202,717
Lease Settlement Income	0	0	19,067	0	0
Other	0	0	0	0	0
Less: Vacancy Other Incomes	(22,854)	n/a	n/a	n/a	n/a
Effective Gross Income	**$23,635,480**	**$25,559,015**	**$25,095,091**	**$24,886,339**	**$23,570,293**
Expenses					
Real Estate Taxes	$1,406,962	$1,556,016	$1,536,687	$1,286,085	$1,406,962
Property Insurance	124,171	138,251	115,608	116,656	124,171
Utilities	1,363,384	1,221,059	1,286,027	1,338,467	1,363,384
Repairs and Maintenance	0	0	0	0	0
Contract services	0	0	0	0	0
Management Fees	980,036	999,006	1,036,116	1,054,569	725,672
Payroll & Benefits	0	0	0	0	0
Common Area Maintenance	2,575,680	2,588,654	2,388,433	2,500,660	2,511,190
Advertising & Marketing	510,351	575,824	569,243	493,093	516,781
Professional Fees	0	0	0	0	0
General and Administrative	324,986	258,476	240,034	313,996	323,595
Non-Reimbursable Expenses	0	0	0	0	0
Other	0	0	0	0	0
Market Expense Adjustment	0	0	0	0	0
Total Operating Expenses	**$7,285,570**	**$7,337,286**	**$7,172,148**	**$7,103,526**	**$6,971,755**
Net Operating Income	**$16,349,910**	**$18,221,729**	**$17,922,943**	**$17,782,813**	**$16,598,538**
Capital Items					
Leasing Commissions	$341,218	$0	$0	$0	$330,087
Tenant Improvements	278,942	0	0	0	250,876
Capital Expenditure / Reserve	161,724	0	0	0	161,724
Extraordinary Capital Expenditures	0				
- Credit For TI Reserve	0				
- Credit For LC Reserve	0				
- Credit For TI/LC Reserve	0				
- Credit For Cap Ex Reserve	0				
Total Capital Items	**$781,884**	**$0**	**$0**	**$0**	**$742,687**
Credit for Upfront DSCR Escrow	$0	$0	$0	$0	$0
Net Cash Flow	**$15,568,026**	**$18,221,729**	**$17,922,943**	**$17,782,813**	**$15,855,851**

Analytical Assumptions

The following comments and footnotes provide additional details beyond the description of Morningstar's general analytical approach outlined at the end of this package.

Revenue Drivers

Rent Per Square Foot	$41.40
Vacancy (%)	11.3%

As of Morningstar's underwriting, the subject's rent per square foot was $41.94, based on in leases in place, with scheduled rent increases applied through October 2013. Morningstar's concluded market rent was marginally lower at $41.40 per square foot, with greatest reliance placed on current leases in place.

Morningstar's concluded market vacancy rate of 11.3% was based on the actual physical occupancy of 88.7%, as of the most recent rent roll provided. This vacancy statistic was slightly higher than the actual market vacancy of approximately 10%, as concluded by the appraiser.

A mark-to-market adjustment was taken for tenants with occupancy costs above 18%, greater than 1,000 square feet in size and in tenancy more than eighteen months, with sales of less than $350 per square foot. This resulted in a net adjustment of $1.73 million, which was below the issuer's mark-to-market adjustment of $1.85 million. However, on an effective gross income basis, Morningstar's underwriting was within 1% of the issuer's projections.

Expense Reimbursements were underwritten based on historical levels, which equated to a recovery ratio of 126.4% of total operating expenses, which was lower than the issuer's 147.8% reimbursement rate. However, the issuer grossed-up their underwritten income figures and applied a higher vacancy loss and mark-to-market adjustment in determining Effective Gross Income (EGI). On an EGI basis, Morningstar was within 0.3% of the issuer's underwritten figure.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted.

The base management fee is 3.5% of gross revenues, plus various incentives regarding other income categories. Morningstar' underwritten management fee was 4.1% of Effective Gross Income, which is in-line with historical levels.

Common Area Maintenance was underwritten based on the trailing-12 month historical results, plus 3% inflation. This was roughly $64,490 (2.6%) higher than the issuer's assumption, which was based on the borrower's budget.

Tenant Improvements and Leasing Commissions were approximately $39,000 (5.3%) higher than the issuer's estimate. The issuer concluded tenant improvements of $8.00 new and $4.00 renewal, for major tenants (> 10,000 square feet) and $12.00 new, $6.00 renewal, for in-line tenants, respectively. Leasing commissions were 4% new, 2% renew, with a 65% renewal probability across the board.

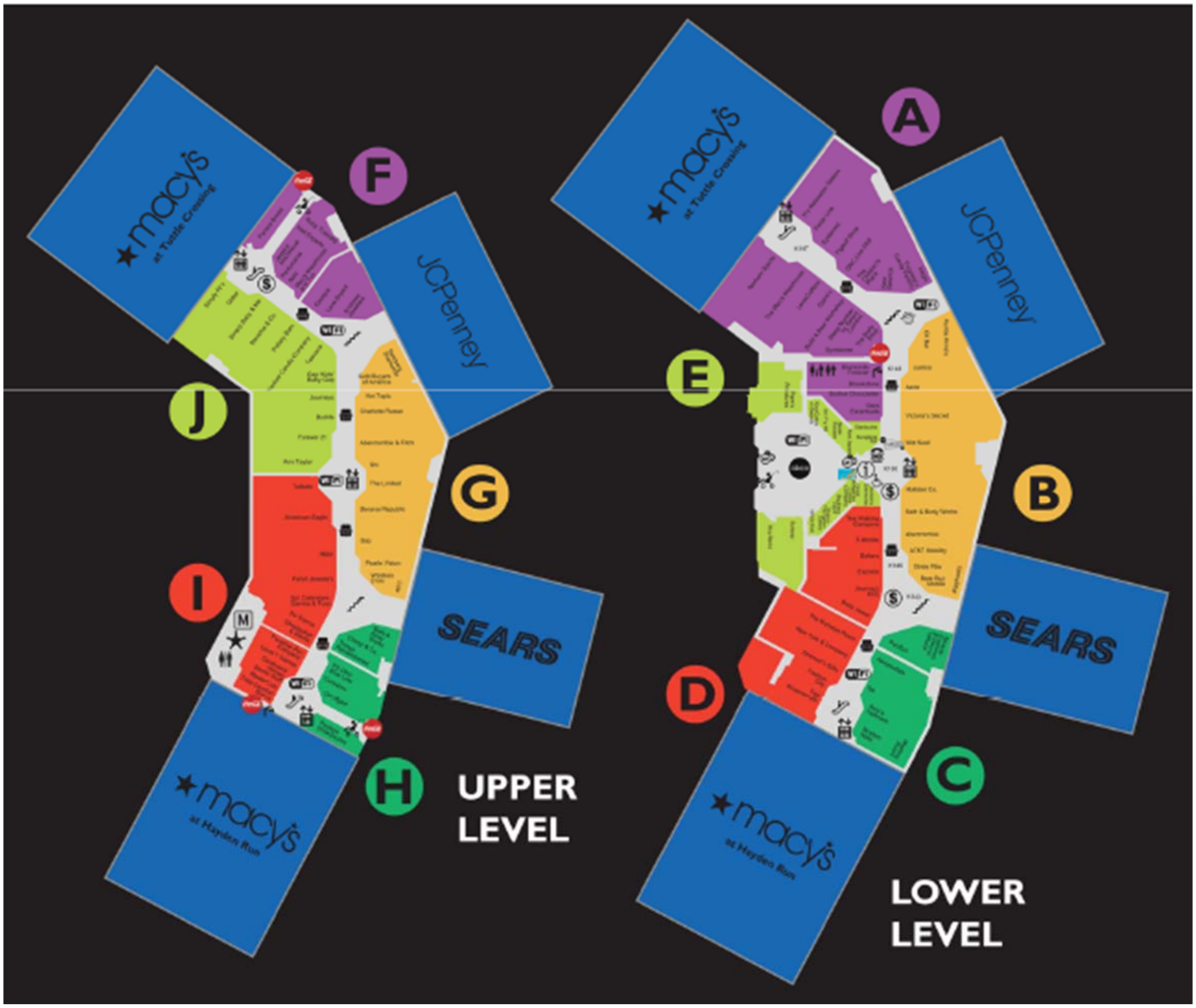
Capital Items

A reserve for future capital expenditures is underwritten at $0.42/sq. ft. Due to the fact that the inflated reserves were on the high end of what is typically seen for similar properties, no inflation factor was utilized. Tenant improvements for retail and commercial space were underwritten to $10.00 for new tenants and $5.00 for renewals, exclusive of specialty leasing (ground lease, kiosk, etc.). Leasing commissions are underwritten to 3% for new tenants and 1.5% for renewals. A renewal rate of 65% is assumed for all tenant classes but the Junior Anchors (> 10,000 square feet), which were assigned a 70% renewal probability.

Valuation Drivers

Morningstar's capitalization rate for the Columbus retail market was 8.30%. After corresponding adjustments for the asset's super regional mall categorization and suburban location, the resulting final overall rate used in our analysis was 8.05%. Morningstar's capitalization rate was 55 basis points higher than the appraiser's concluded overall rate of 7.50% and 70 basis point above the aggregate cap rate for comparable mall sales nationwide, since April 2012.

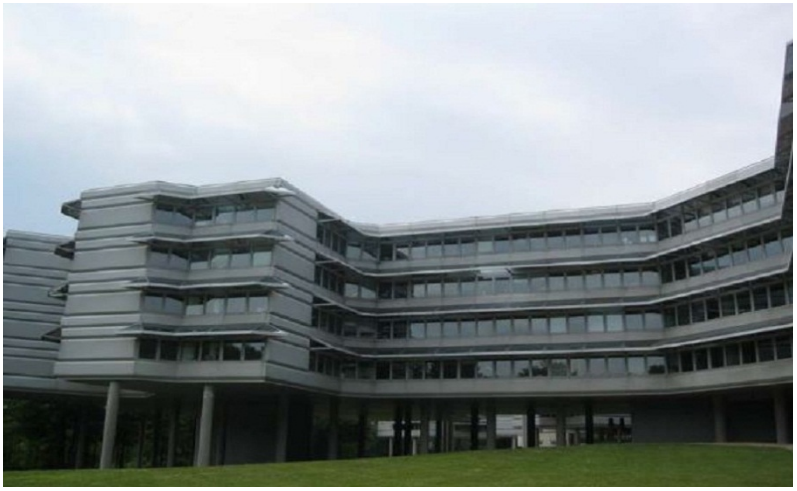
Site Plan



Site Plan based on information provided by the borrower.

Matrix Corporate Center

Analyst: Rudolf Meckel 267-960-6052
Analytical Manager: David Sondesky 267-960-6042



Property Summary		
Property Type	Office/Multi-Tenant	
Location	Danbury, CT 06810	
Year Built	1978	
Year Renovated	2010	
Net Rentable Sq. Ft. (Total)	1,046,701	
Net Rentable Sq. Ft. (Collater	1,046,701	
Occupancy (Tape)	72.10%	(as of 6/6/13)
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balan	$85,000,000	($81 /sq. ft.)
Loan Amount (Cut-Off Balanc	$85,000,000	($81 /sq. ft.)
Loan Term (months)	60	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	0	
Interest Rate	4.61000%	

Morningstar Analysis		
Current DSCR	1.67 x	
Amortizing DSCR	1.67 x	
Beginning LTV	88.94%	
Ending LTV	81.66%	
Capitalization Rate	8.50%	
Morningstar UW Occupancy	72.09%	
Net Operating Income	$10,193,596	
Net Cash Flow	$8,731,700	
Value	$95,567,645	($91 /sq. ft.)
Debt Yield	10.27%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

Capital Structure Table

Capital Structure Table

Loan	Current Balance	Interest Rate	Current DSCR	DSCR Amortizing	BLTV	ELTV
Subject Loan	$85,000,000	4.610%	1.67 x	1.67 x	88.9%	81.7%
Total	**$85,000,000**	**4.610%**	**1.67 x**	**1.67 x**	**88.9%**	**81.7%**

Morningstar Summary

Morningstar Perspective

This five-year (30-year amortization) $85,000,000 first mortgage was provided to refinance a maturing $70,000,000 loan and to fund $9,785,000 of upfront rollover and capital expenditure reserves. Matrix Corporate Center (the "Property") is a 1,046,701 SF, four-story, multitenant office building. The improvements are situated on a 99.530-acre site. The improvements were constructed in 1978 by Union Carbide as their headquarters. The sponsors purchased the property in June 2009 for $90.4 million and have since completed approximately $16,000,000 in renovations. At acquisition, the property was 61.0% occupied. Since acquiring the subject property in 2009, the sponsor has created additional value by leasing approximately 170,000 SF to new tenants. Based on the June 6, 2013 rent roll, the subject property is 72.0% occupied. The subject's notable tenants are Boehringer Ingelheim, Praxair and Guideposts; these three tenants occupy more than 50% of the space at the subject property. In addition, the sponsor was successful in renewing the Boehringer Ingelheim lease. Boehringer Ingelheim recently signed a 10 year lease extension for their 327,241 square feet. The extension runs through 2022.

The credit risk that Morningstar is most concerned about is the December 2016 lease rollover of Praxair (203,264 SF or 19.4% of NRA). To mitigate this risk, the loan is structured with a $2.1 million TI/LC holdback at closing as well as a cash flow sweep 12 months prior to Praxair's lease expiration in December 2016. It is important to note that Praxair (NYSE: PX), whose corporate headquarters is located at the subject property, is the largest industrial gases company in North and South America and one of the largest worldwide. Praxair has a Standard and Poor's credit rating of "A" with a stable outlook. Moreover, Praxair has been in occupancy at the property since 1989 as it was a subsidiary of Union Carbide and subsequently expanded to its current footprint of 203,264 SF. Furthermore, the property manager believes that there is a strong probability that this tenant will renew its lease, because Praxair has its own data center and its global R&D center at the subject. Praxair reported revenue of $11.2 billion and net income of $2.3 billion in 2012. As of 1Q 2013, Praxair had a net worth of $6.2 billion and cash and cash equivalents of $113 million.

Morningstar's underwritten net cash flow resulted in a debt service coverage ratio ("DSCR") of 1.67x and a loan-to-value ("LTV") of 88.9%. Morningstar's underwritten value of $95.6 million was a –24.2% variance to the appraised value of $126.0 million

Morningstar toured the property on July 13, 2013. The property is a four-story, multitenant office complex, consisting of 15 office buildings connected to a central amenities and covered parking facility core. The main core has four floors. The first floor of the core is the reception level. The second floor includes a banquet hall, conference rooms, cafeteria, café, gift shop and fitness center. The third floor is for dinning service and can accommodate approximately 1,600 people. The fourth floor is leased as executive suites. The major vacant space consists of three connected office buildings. The sponsor is currently negotiating with one large potential tenant who will take the all three buildings if they sign the lease. Overall, the property is well maintained and has impressive amenities. Morningstar assigned the property a score of 3 (average).

The Bears Say

- High Market Vacancy: As of the first quarter in 2013, Class A office properties in Danbury, CT had a vacancy rate of 20.2%. However, Reis forecasts the vacancy rate in the subject's North submarket to decline to 18.1% by 2017.
- Low Property Occupancy: Based on the June 6, 2013 rent roll, the subject property is 72.0% occupied. However, since acquiring the subject property in 2009 when the property was only 61% occupied, the sponsor has created additional value by leasing approximately 170,000 SF to new tenants.
- Lease Rollover: The property will have significant lease rollover in 2016 with three leases representing 25.5% of the NRA scheduled to expire. However, the loan is structured with a $5.0 million general TI/LC holdback. The largest lease expiring in 2016 is Praxair (203,264 square feet or 19.4% of NRA). To mitigate this risk, the loan is structured with a tenant specific $2.1 million TI/LC holdback at closing as well as a cash flow sweep 12 months prior to Praxair's lease expiration in December 2016. Furthermore, the property manager believes that there is a strong probability that this tenant will renew its lease, because Praxair has its own data center and its global R&D center at the subject.

The Bulls Say

- Diversified Blue Chip Tenancy: The property is leased to 29 international, national, and local tenants representing a variety of business lines including pharmaceuticals, natural resources, insurance, law and financial and management services.
- Strong Sponsorship: The sponsor, Matrix Investment Group has over 25 years of experience in the ownership and management of diversified real estate investments throughout the United States. The company owns an extensive real estate portfolio encompassing over 6.0 million square feet of commercial real estate.

- Highway Access: The subject property is located directly off of Interstate-84, a major thoroughfare.
- Recent Capital Improvements: Since acquiring the subject property in 2009, the sponsor has invested over $16,000,000 in tenant improvements and capital improvements.
- Leasing Activity: Since acquiring the subject property in 2009 when the property was only 61% occupied, the sponsor has created additional value by leasing approximately 170,000 SF to new tenants. Based on the June 6, 2013 rent roll, the subject property is 72.0% occupied.
- Superior Amenity Package: Amenities at the Property include a full service 900-seat dining facility, banquet and catering service, two grand ballrooms with seating for over 1,600 people, 23 meeting and conference rooms, fitness center with outdoor jogging / walking trail, café, recreation room, sundry shop, salon/barbershop, dry cleaners, credit union servicing building tenants, and 2,640 covered parking spaces.
- Limited New Supply: There are several proposed large-scale new developments that would add significant amounts of new office space in Danbury. However, much of the new development noted is on hold pending the improvement of office market conditions. At this point, it does not appear that any new office will be developed in the short-term due to large blocks of office space available at existing properties in Danbury and in neighboring and competitive communities.
- Corporate Headquarters: Boehringer Ingelheim (31% of total SF), a leading pharmaceutical company, has its U.S. Corporate HQ at the Property and Praxair (19.4% of total SF), a worldwide provider of industrial gases, has its corporate headquarters at the subject property.

Property Description

The subject property is a 1,046,701 square foot, four-story, multitenant, suburban office complex located in Danbury, CT. The property was built in 1978 and was formerly the corporate headquarters of Union Carbide. The complex is comprised of 15 buildings connected to a central amenities and covered parking facility core and sits in a secure park-like setting on 100 acres. It utilizes a unique floor layout design, maximizing windowed office space. As a result, 80% of the building space has windows, which is twice that of most office buildings. In addition, most office space is virtually column free. Based on the June 6, 2013 rent roll, the subject property is 72.0% occupied.

Since acquiring the subject property in 2009, the sponsor has invested over $16,000,000 in tenant improvements and capital improvements. Renovations to the subject building currently underway or recently completed include the addition to the fitness center, the installation of new solar panels, the new roof over the parking garages, the installation of three new chillers, and the acquisition of new cooling tower modules to replace the existing cooling tower.

Amenities at the Property include a full service 900-seat dining facility, banquet and catering service, two grand ballrooms with seating for over 1,600 people, 23 meeting and conference rooms, fitness center with outdoor jogging / walking trail, café, recreation room, sundry shop, salon/barbershop, dry cleaners, credit union servicing building tenants, and 2,640 covered parking spaces.

The subject property is located directly off of Interstate-84, a major thoroughfare. I-84 runs from the State of New York to the east of Danbury and traverses the state of Connecticut in an easterly direction and continues on to Massachusetts, while Route 7 runs south. Properties in the immediate area of the subject property include Abbey Woods, a new mid-rise apartment complex, three new residential subdivisions by Toll Brothers, two small office/medical office buildings and a Regional Hospice building under construction. The City of Hartford and Bradley International Airport (Connecticut's major airport) are located about an hour east of the subject and accessible via I-84.

The commute to downtown Danbury, located five miles east of the subject, is short and Westchester and Putnam Counties in New York are also a short drive away. Interstate 684 connects Interstate 287 in the south to New York Route 22, thereby providing access from the northern suburbs of Westchester County to the New York metropolitan area.

Tenant Overview

The Property is currently 72% leased to 29 tenants (inclusive of two pending leases totaling 19,777 square feet). The Property’s largest tenants are Boehringer Ingelheim (31.3% of total SF), a leading pharmaceutical company that has its U.S. Corporate HQ at the Property and Praxair (19.4% of total SF). Praxair (S&P: A), is a worldwide provider of industrial gases. The subject property serves as its corporate headquarters. None of the other tenants represents in excess of 10% of NRA.

Boehringer Ingelheim - The tenant occupies 327,241 square feet or 31.3% of NRA. Boehringer Ingelheim has been a tenant at the property since 2003 and recently extended their lease for 10 years through December 2022 and expanded their space (going from 230,000 square feet to 327,241 square feet). Boehringer Ingelheim has lease contraction options associated with its space on floors 1 through 4 in E Pod and F Pod, consisting of 89,337 SF and 35,464 SF, respectively, effective November 30, 2014, with nine months notice and without payment of penalty or premium. Boehringer Ingelheim is a leading pharmaceutical company that has its U.S. Corporate HQ at the Property They have invested over $20 million into their space. In addition, as part of their renewal they expect to invest an additional $2.5 million. They have two (five-year) extension options thru December 2032 with nine months notice. Boehringer Ingelheim is estimated to employ approximately 900 people in greater Danbury, CT.

Praxair Inc. – The tenant occupies 203,264 square feet or 19.4% of NRA. Praxair has been in occupancy at the property since 1989 as it was a subsidiary of Union Carbide and subsequently expanded to its current footprint of 203,264 SF. Praxair's 10 year lease commenced in January 2007 and expires in December 2016 with two (five-year) renewal options with 12 months notice. Praxair (NYSE: PX), whose corporate headquarters is located at the subject property, is the largest industrial gases company in North and South America and one of the largest worldwide. Praxair has a Standard and Poor's credit rating of "A" with a stable outlook.

Morningstar Tenant Overview Table (Top 5)						
Tenant	Net Rentable Square Feet	% of Square Feet	Base Rent Amount	Base Rent $ Square Foot	% of Rent	Lease Expiration
Boehringer Ingelheim	327,241	31.3%	$7,525,083	$23.00	46.0%	Dec-22
Praxair, Inc.	203,264	19.4%	$4,030,257	$19.83	24.7%	Dec-16
Guideposts	54,186	5.2%	$1,121,108	$20.69	6.9%	Apr-21
General Motors	25,874	2.5%	$622,011	$24.04	3.8%	May-17
Odyssey Logistics	21,437	2.0%	$394,226	$18.39	2.4%	Feb-18
Top 5 Subtotal	**694,112**	**66.3%**	**15,120,367**	**$21.78**	**83.8%**	

Lease Expiration and Rollover

The property will have significant lease rollover in 2016 with three leases representing 25.5% of the NRA scheduled to expire. However, the loan is structured with a $5.0 million general TI/LC holdback. The largest lease expiring in 2016 is Praxair (203,264 square feet or 19.4% of NRA). To mitigate this risk, the loan is structured with a $2.1 million TI/LC holdback at closing as well as a cash flow sweep 12 months prior to Praxair's lease expiration in December 2016. The following table summarizes the tenant expiration and lease rollover during the term of the loan.

Morningstar Lease Expirations by Tenant Category - Square Feet Expiring by Year							
	MTM	2013	2014	2015	2016	2017	After 2017
Boehringer Ingelheim	0	0	0	0	0	0	327,241
Praxair, Inc	0	0	0	0	203,264	0	0
Guideposts	0	0	0	0	0	0	54,186
General Motors	0	0	0	0	25,874	1,014	0
Office – MG	0	0	17,042	16,893	38,181	1,224	49,782
Nicky's Hair Cutters	0	581	0	0	0	0	0
Superior Cleaners	0	813	0	0	0	0	0
Mutual Security Credit Union	0	0	745	0	0	0	0
Pending Leases	0	0	0	0	0	0	19,777
Lower Level	0	0	0	0	0	0	0
Total	**0**	**1,394**	**17,787**	**16,893**	**267,319**	**2,238**	**450,986**
% Roll	**0.0%**	**0.1%**	**1.7%**	**1.6%**	**25.5%**	**0.2%**	**43.1%**

Market Overview

The property is located in the North submarket of the greater Fairfield County, CT office market, as defined by Reis. According to Reis, the Fairfield County, CT office market has an inventory of 41 million square feet, while the North submarket's inventory is 3.9 million square feet (9.5% of total inventory).

Within this submarket, the average asking rent was $21.49 per square foot as of the first quarter of 2013, which represents a 0.1% decrease from the prior quarter. For class-A buildings, the average asking rent was $27.29 per square foot, which represents a 0.1% increase from the prior quarter. The appraiser's concluded market rent for the subject property's office space was $23.00 per square foot modified gross plus electric. The weighted average rent at the subject property was $21.08 per square foot as of June 1, 2013. Morningstar underwrote office rents at an average of $21.08 per square foot based on the inplace rent. Reis predicts overall submarket rents will increase at an average annual compound rate of 2.3% through 2017.

As of the first quarter in 2013, Class A office properties in Danbury, CT had a vacancy rate of 20.2%. From 2009 through the first quarter of 2013, vacancy in the subject's North submarket rose from 21.0% to 24.3%. Reis forecasts vacancy to decline relatively slowly, to 18.1% by 2017. Based on the June 6, 2013 rent roll, the subject property is 72.0% occupied. Morningstar underwrote vacancy to 26%, which is consistent with the current economic vacancy at the subject property.

According to the appraiser, the property's competitive market includes four buildings with a combined 468,758 square feet of net rentable area. The overall occupancy in the directly competing buildings is 67% and the asking rents range from $18.00 to $23.00 per square foot modified gross plus electric.

There are several proposed large-scale new developments that would add significant amounts of new office space in Danbury. However, much of the new development noted is on hold pending improvement in the economy and local office market conditions. At this point, it does not appear that any new office will be developed in the short-term due to large blocks of office space available at existing properties in Danbury and in neighboring and competitive communities.

Sponsorship/Management

The borrower is Gera Danbury LLC, a special purpose bankruptcy remote entity with two independent directors (the "Matrix Corporate Center Borrower"). Gera Danbury LLC is wholly owned by Matrix Connecticut, LLC, which in turn is 100% owned by Glen Nelson, the sponsor and recourse carve-out guarantor.

Glen Nelson is Chairman and Chief Executive Officer of the Matrix Realty Group. Founded in 1993, the Matrix Realty Group is a privately held real estate investment firm focused on acquiring, developing and managing unique properties. The Matrix Realty Group's United States assets include approximately 6 million SF of commercial real estate.

The Matrix Corporate Center Property is managed by Matrix Equities, Inc., an affiliate of the Matrix Corporate Center Borrower.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	TTM 12/31/12	Issuer Underwriting
Income					
Gross Potential Rent	$22,120,346	$15,474,938	$15,044,043	$15,567,503	$23,105,010
Less: Vacancy Loss (GPR)	(5,771,591)	0	0	0	(6,849,865)
Less: Concessions	0	0	0	0	0
Less: Collection Loss	0	0	0	0	0
Less: Vac Adj for Concess/Coll Loss	0	0	0	0	0
Base Rent/Net Effective Rent	**$16,348,755**	**$15,474,938**	**$15,044,043**	**$15,567,503**	**$16,255,145**
Expense Reimbursement	$1,409,788	$0	$1,530,852	$1,612,428	$1,358,794
Percentage Rent	0	0	0	0	0
Other Income	210,380	261,836	2,486,995	210,380	210,380
Other	0	0	0	0	0
Other	0	0	0	0	0
Other	0	0	0	0	0
Less: Vacancy Other Incomes	(58,714)	n/a	n/a	n/a	n/a
Effective Gross Income	**$17,910,210**	**$15,736,774**	**$19,061,890**	**$17,390,311**	**$17,824,319**
Expenses					
Real Estate Taxes	$1,286,499	$1,134,775	$1,141,818	$1,178,430	$1,190,000
Property Insurance	130,000	139,425	145,638	124,291	130,000
Utilities	3,105,690	3,073,077	3,108,930	3,135,062	3,229,114
Repairs and Maintenance	2,111,674	2,250,897	2,325,557	1,758,570	1,811,327
Contract services	0	0	0	0	0
Management Fees	537,306	873,289	468,218	473,302	534,730
Payroll & Benefits	311,672	340,049	200,791	300,861	309,887
Common Area Maintenance	0	0	0	0	0
Advertising & Marketing	0	0	0	0	0
Professional Fees	0	0	0	0	0
General and Administrative	233,772	138,962	239,637	225,664	232,434
Non-Reimbursable Expenses	0	0	0	0	0
Other Expense	0	1,417,737	1,668,606	0	0
Market Expense Adjustment	0	0	0	0	0
Total Operating Expenses	**$7,716,614**	**$9,368,211**	**$9,299,196**	**$7,196,180**	**$7,437,491**
Net Operating Income	**$10,193,596**	**$6,368,563**	**$9,762,694**	**$10,194,131**	**$10,386,828**
Capital Items					
Leasing Commissions	$677,455	$0	$0	$0	$427,228
Tenant Improvements	1,784,441	0	0	0	1,138,856
Capital Expenditure / Reserve	261,675	0	0	0	208,811
Extraordinary Capital Expenditures	0				
- Credit For TI Reserve	0				
- Credit For LC Reserve	0				
- Credit For TI/LC Reserve	(1,000,000)				
- Credit For Cap Ex Reserve	(261,675)				
Total Capital Items	**$1,461,896**	**$0**	**$0**	**$0**	**$1,774,895**
Credit for Upfront DSCR Escrow	$0	$0	$0	$0	$0
Net Cash Flow	**$8,731,700**	**$6,368,563**	**$9,762,694**	**$10,194,131**	**$8,611,933**

Analytical Assumptions

The following comments and footnotes provide additional details beyond the description of Morningstar's general analytical approach outlined at the end of this package.

Revenue Drivers

Rent Per Unit Per Month	$21.08
Vacancy (%)	26.1%

Morningstar's underwritten gross potential rent is based on the in-place rents at the subject property with the 292,903 square feet of vacant space grossed up at $20.87 per square foot for the office space and $12.00 per square foot for the lower level vacant space based on the appraiser's market rent for that space. Morningstar's underwritten vacancy rate of 26.1% is based on the subject's economic vacancy.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted. Real estate taxes have been underwritten to the actual 2013/2014 real estate taxes. Insurance was underwritten based on the budget, which is higher than the trailing twelve months insurance expense for the period ending December 31, 2013.

Capital Items

A reserve for future capital expenditures is underwritten at $0.25/sq. ft., a 10% increase over the engineer's recommended reserves. Tenant improvements for office space are underwritten at $30.00/sq. ft. for new tenants and $10.00/sq. ft. for for renewals. Tenant improvements for retail space and lower level space are underwritten at $5.00/sq. ft. for new tenants and zero for for renewals. Leasing commissions are underwritten to 5.0% for new tenants and 2.5% for renewals. A renewal rate of 65.0% is assumed. Morningstar gave credit for upfront TI/LC and capital expenditure reserves.

Valuation Drivers

Morningstar estimated the value of the asset based on the income capitalization approach to value. Capitalization rates are estimated quarterly by Morningstar for the office market in each region and major metropolitan area based upon a review of investor surveys including Real Estate Research Council, PWC Real Estate Investor Survey (Korpacz), as well as a review of research and comparable sales information provided by Real Capital Analytics. The Morningstar capitalization rate for the Southwestern, CT office market was 7.70%. This base capitalization rate was adjusted to reflect the relative location, quality, and condition of the subject asset relative to the overall market. Morningstar's concluded capitalization rate for this asset was 8.50% which resulted in a direct capitalization value of $87.9 million.

Morningstar's also considered the $2.7 million upfront capital expenditure reserve as well as the $5.0 million upfront reserves for TI/LC's. The $2.7 million upfront capital expenditure reserve as well as the $5.0 million upfront reserves for TI/LC's were added back to the adjusted net cash flow and subsequent value. Morningstar's final concluded value is $95.6 million, or $91 per square foot.

Southdale Center

Analyst: Edward P. Dittmer 267-960-6043
Analytical Manager: Dave Sondesky 267-960-6042

Property Summary		
Property Type	Retail/Regional Mall	
Location	Edina, MN 55435	
Year Built	1956	
Year Renovated	2012	
Net Rentable Sq. Ft. (Total)	1,229,577	
Net Rentable Sq. Ft. (Collateral)	634,880	
Occupancy (Tape)	87.90%	(as of 4/4/13)
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$55,000,000	($244 /sq. ft.)
Loan Amount (Cut-Off Balance)	$55,000,000	($244 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	24	
Amortization Term (months)	360	
Loan Seasoning (months)	4	
Interest Rate	3.84400%	

Morningstar Analysis		
Current DSCR	2.17 x	
Amortizing DSCR	1.51 x	
Beginning LTV	95.02%	
Ending LTV	79.69%	
Capitalization Rate	8.05%	
Morningstar UW Occupancy	85.71%	
Net Operating Income	$14,071,332	
Net Cash Flow	$13,132,023	
Value	$163,130,716	($257 /sq. ft.)
Debt Yield	8.47%	
Morningstar Site Visit	No	
Property Score	3 (Average)	

Capital Structure Table

Loan	Current Balance	Interest Rate	Current DSCR	DSCR Amortizing	BLTV	ELTV
Subject Loan (A-2 Note)	$55,000,000	3.844%	2.17 x	1.51 x	95.0%	79.7%
Pari Passu A-1 Note	$100,000,000	3.844%	2.17 x	1.51 x	95.0%	79.7%
Total	**$155,000,000**	**3.844%**	**2.17 x**	**1.51 x**	**95.0%**	**79.7%**

Morningstar Summary

Morningstar Perspective

The subject is a 1.2 million-square foot regional mall in Edina, Minnesota of which 634,880 square feet is the loan collateral. Two of the anchors, JC Penney and Macy's, own their own land and improvements. The property has struggled in recent years with occupancy rates below 80% and has experienced weaker sales over the past three years. Inline sales, including the Apple Store, have decreased 24.7% from $90.3 million in 2007 to $68.0 million in 2012. Several tenants with month-to-month leases or lease expiration in 2014 have occupancy costs over 20%. We consider this to be a concern as leases may not be renewed or may be renewed at significantly lower rents. As a result, Morningstar underwrote two of the tenants as vacant and took occupancy cost adjustments on the remainder.

The mall may be on a slightly increasing trend now. In 2011, the mall partially filled the vacant Mervyn's space with a Herberger's department store. In 2012, the sponsors completed a $31.1 million renovation to freshen up the property. In addition, the mall relocated the food court from the third floor to the second floor. The food court had poor visibility and, prior to the move, only four tenants remained. Mall management believes that the food court will see improved performance on the second floor and has completely decommissioned the 37,981 square feet on the third floor. Although the mall may be able to re-use the space going forward, we have no underwritten any potential revenue associated with this space. Since the renovation, the mall has signed new or renewal leases on 101,276 square feet.

The competitive landscape remains challenging. The subject is less than ten miles from the Mall of America, the largest enclosed shopping center in the United States. While the mall attracts shoppers from a wider regional and even national trade area, there is still some competition with the subject. In total, there are four malls within an eight mile radius. A fifth is under construction 11 miles from the subject. While the new small is going to be an outlet mall, an early list of tenants suggests that there will be some overlap with the subject. Initially, there could be a downturn in sales as shoppers try out the new center.

Morningstar's underwritten net operating income is $949,000 or 6.3% below the NOI for the trailing 12 months ending March 2013. This reflects our view that there could be further reductions in cash flow. The underwritten debt service coverage is good, at 1.51; however, our concluded loan-to-value is 95%. We believe that the underwritten cash flow is sustainable given the current tenancy but, should the property fail to show improvement by the maturity date, the sponsors could face difficulty in refinancing.

The Bears Say

- High loan-to-value ratio of 93.3% based on underwritten net operating income that is 4.7% lower than in the trailing 12 months ended March 2013.
- The market is highly competitive with four malls in an eight-mile radius and a fifth under construction 11 miles southeast. The new mall will be an outlet center and not compete directly, but could draw from the subject's trade area.
- Cash flow for the trailing 12 months ending March 2013 was 9.7% lower than in 2010. Since then, the subject was renovated at a cost of $31.1 million ($49 per collateral square foot) and has replaced a vacant anchor space with Herberger's, a regional department store.

The Bulls Say

- The subject enjoys relatively good sales with sales per square foot of $592 inclusive of Apple and $427 per square foot excluding Apple. The theater generates strong sales of $678,875 per screen and Macy's sales are $196 per square foot compared to a national average of $174.
- Strong leasing activity since the renovation including an expansion of Apple's space from 4,504 square feet to 7,968 square feet.

Property Description

The collateral is a 634,880-square foot portion of a 1.2 million-square foot mall in Edina, Minnesota, 11 miles southwest of downtown Minneapolis and seven miles west of the Mall of America. Two anchors, Macy's and JC Penney, own their own land and improvements. The subject is considered to be a mall frequented by local residents while the 4.2 million square foot Mall of America attracts visitors from across the region and the country.

The subject was built in 1956 and is the nation's first fully-enclosed, climate-controlled shopping mall. The property has been renovated and enlarged several times since construction, most recently in 2012. The $31.1 million ($49 per collateral square foot) renovation included relocating the food court to the second floor, upgraded finishes in the common areas and remodeling the corridor in the JC Penney wing. The renovation also resulted in the decommissioning of 37,981 square feet on the third floor. This space was not included in any totals and no rent was underwritten for the third floor.

There are three department store anchors at the site, of which only Herberger's (143,608 square feet) is part of the collateral. Herberger's leased a vacant space that was previously occupied by Mervyn's. Junior anchors include an 80,927-square foot, 16-screen movie theater Marshall's and H&M. There is an Apple retail store in the mall as well. Apple expanded its space from 4,504 square feet to 8,706 square feet in April 2013. The total mall sales in the trailing 12 months ending February 2013 were over $240 million with in-line sales at approximately $592 per square foot, including Apple. Inline sales have decreased, however, about 24% since 2007 as a result of the recession and competition. The theater had average sales of nearly $680,000 per screen, which we consider to be healthy.

Morningstar visited the property on July 1, 2013. The mall is the center of a thriving area that includes the Southdale Medical Campus, Galleria at Southdale, which is a high-end center also owned by Simon and the Westin at Southdale, a luxury hotel and condominium property. The sponsor has entered into a joint venture to develop a parcel at the southeast corner of the property into a 232-unit luxury apartment complex. The renovation of the property improved the overall feel of the asset and made the food court more accessible to patrons. Long term, the sponsor may be able to re-use the vacated third floor, but nothing has been underwritten to that effect.

There is significant competition in the area, with the Mall of America, Eden Prairie Center and Ridgedale Center all within 14 miles. The Galleria is secondary competition as it is also owned by the sponsor and caters to a more affluent demographic. The Mall of America has a much larger trade area and locals often prefer the subject to the Mall of America for its smaller size. Overall, we assign a property score of "3" or "Average" to the property.

A Property Condition Assessment estimated immediate repairs of $402,000 for repairs to the parking lot and elevator upgrades. The total inflated reserve was $2.2 million ($0.29 per square foot) over a 12-year time horizon.

A Phase I Environmental Site Assessment found no evidence of recognized environmental conditions at the property. There are two historical recognized environmental conditions related to an underground storage take and groundwater contamination from gas stations located near the subject. Both issues were resolved in 1997 and 1998, respectively and no further action was recommended.

Tenant Overview

Morningstar Tenant Overview Table (Top Five)

Tenant	Net Rentable Square Feet	% of Square Feet	Base Rent Amount	Base Rent $ Square Foot	% of Rent	Lease Expiration
Herberger's	143,608	22.6%	$845,000	$5.88	6.3%	Jan-27
American Multi-Cinema Theatres	80,927	12.7%	$2,007,000	$24.80	15.0%	Dec-21
Marshalls	43,533	6.9%	$489,996	$11.26	3.7%	Jan-14
H&M	19,374	3.1%	$835,133	$43.11	6.3%	Jan-20
Shoe Dept Encore	12,246	1.9%	$150,000	$12.25	1.1%	Jul-23
Top Five Subtotal	**299,688**	**47.2%**	**$4,327,129**	**$14.44**	**32.4%**	

The largest tenant is Herberger's, a subsidiary of The Bon Ton which is headquartered in York, Pennsylvania and has 272 stores primarily in Pennsylvania and the Midwest. Herberger's is a regional chain that was based in Saint Cloud, Minnesota until its acquisition in 197 by Profitt's. Parent company The Bon Ton has a market capitalization of $435.5 million and revenue of $2.98 billion as of the first quarter of 2013. Herberger's took over a space formerly occupied by defunct retailer Mervyn's in 2011. Estimated sales for Herberger's in 2012 were $15.9 million ($111 per square foot) which was consistent with the Bon Ton average of $115 per square foot.

The second-largest tenant was AMC Theaters, the second largest theater chain in the United States, behind Regal Entertainment. The company, which is owned by Chinese conglomerate Dalian Wanda, has interests in 342 theaters in the United States with 4,941 screens. The tenant has 16 screens at the property, generating sales of $10.7 million or $678,875 per screen. We consider $400,000 to be a relatively healthy sales figure.

The third-largest tenant is Marshall's; a division of TJX Companies (rated 'A' by Morningstar). The company's lease expires in February 2014 and we have not received any updates on their status. The in-place rent is below the appraiser's estimate of $15.00 per square foot. However, the most recent sales of $205 per square foot were below the company's average of $275 per square foot.

Lease Expiration and Rollover

Morningstar Lease Expirations by Tenant Category - Square Feet Expiring by Year							
	MTM	**2013**	**2014**	**2015**	**2016**	**2017**	**After 2017**
Anchor	0	0	0	0	0	0	143,608
Junior Anchor	0	0	43,533	0	0	0	19,374
In-Line (10,000-19,000 sq.ft.)	0	0	0	0	0	0	22,247
In-Line (5,000-9,999 sq.ft.)	0	0	12,797	19,683	15,888	7,878	53,492
In-Line (2,500-4,999 sq.ft.)	0	0	6,569	4,986	0	0	44,671
In-Line (1,001-2,499 sq.ft.)	0	0	2,607	6,739	0	2,374	21,883
In-Line (1-1,000 sq.ft.)	1,230	0	760	910	783	0	1,230
Food Court	0	0	0	0	0	0	3,062
Theatre	0	0	0	0	0	0	80,927
Kiosk	0	0	318	0	0	0	637
Percentage Rent	0	0	0	4,751	0	0	0
Temp	21,425	0	300	0	0	0	21,425
Total	**22,655**	**0**	**66,884**	**37,069**	**16,671**	**10,252**	**412,556**
% Roll	**3.6%**	**0.0%**	**10.5%**	**5.8%**	**2.6%**	**1.6%**	**65.0%**

The lease rollover in the early years of the loan are relatively moderate with only 2014 having more than 10% of the space rolling. No leases expire in 2013 although there are a small number of tenants on month-to-month including J. Crew and Champs Sports. Champs Sports has a relatively high occupancy cost ratio at 26% and we are concerned about the news that a J. Crew store would be opening in the new outlet mall in Eagan. Therefore, our analysis considers both of the tenants to be vacant. Other tenants with 2014 lease expiration include The Limited, American Eagle Outfitters, Coach and Arden B, all of whom have occupancy cost ratios over 20%. We do not expect these tenants to necessarily vacate, but they may request rent reductions to bring rents more inline with the sales levels.

Market Overview

According to Reis, the Minneapolis retail market has been relatively stagnant since 2009 with vacancy decreasing from 12.0% to 11.3% by the first quarter of 2013 and rent for neighborhood and community centers at $17.75 per square foot, less than 1% higher than in 2009. Power center rents have also been relatively stagnant the last quarter of 2012 and the first quarter of 2013. The average non-anchor rent was $22.02, about 1.7% higher than the same period in 2012.

According to the appraisal, the primary competitive set consists of four regional malls totaling 5.7 million square feet. One of the four is the Mall of America which, as the second-largest retail center in the United States, has a trade area that extends beyond the borders of the Minneapolis area. The Galleria is an enclosed mall located across the street from the subject in Edina, Minnesota. The Galleria includes has 631,675 square feet of retail space of which 408,440 is occupied by the sole anchor, Gabbert's Furniture. The overall tenant mix is more upscale with Tiffany, Louis Vuitton, Cole Haan and McCormick & Schmicks; although some of the tenants such as Williams-Sonoma, Pottery Barn, Chico's could be found at mid-range malls and shopping centers.

Eden Prairie Center and Ridgedale Center are both more conventional regional malls, with over one million square feet of retail space and anchors such as JC Penney, Sears and Macy's. The properties were 99% and 97% occupied respectively. In 2013, Nordstrom announced that it would take over a former Macy's space at Ridgedale Center. Eden Prairie Center was the weakest of the four comparables with sales at only $300 per square foot. The remaining properties had sales in excess of $500 per square foot.

A new outlet center is under construction in Eagan, 11 miles southeast, with a planned completion date of August 2014. The sponsor has a minority interest in the developer of this property. The center will have 440,000 square feet of shop space with a tenant roster that includes Coach, Puma, J. Crew, Banana Republic and Saks Off 5th. Although an outlet center will not necessarily compete directly with the subject, we note that Coach, J. Crew and Banana Republic are all existing tenants at Southdale Center.

Sponsorship/Management

The loan sponsor is Simon Property Group, a mall REIT with interests in more than 243 million square feet, including 317 properties in the United States.

The property management will be done by a borrower-affiliated manager. Historically, management fees have averaged 2.6% of the effective gross income.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	TTM 03/31/13	Issuer Underwriting
Income					
Gross Potential Rent	$15,556,666	$14,956,515	$14,180,927	$13,163,032	$13,133,196
Less: Vacancy Loss (GPR)	(2,821,487)	98,692	79,360	(201,547)	(115,107)
Less: Concessions	0	0	0	0	0
Less: Collection Loss	0	0	0	0	0
Less: Vac Adj for Concess/Coll Loss	0	0	0	0	0
Base Rent/Net Effective Rent	**$12,735,178**	**$15,055,207**	**$14,260,287**	**$12,961,485**	**$13,018,089**
Expense Reimbursement	$10,121,875	$10,607,425	$10,070,823	$9,435,460	$10,325,000
Percentage Rent	185,000	238,216	280,779	300,629	185,000
Temporary Tenants	1,041,000	1,296,958	1,203,193	1,246,448	1,041,000
Other Rent	105,298	209,353	159,992	105,298	105,000
Mark to Market	(188,778)	0	0	0	(788,103)
Other Income	417,002	422,167	402,189	425,156	476,000
Less: Vacancy Other Incomes	0	n/a	n/a	n/a	n/a
Effective Gross Income	**$24,416,576**	**$27,829,326**	**$26,377,263**	**$24,474,476**	**$24,361,986**
Expenses					
Real Estate Taxes	$4,361,000	$5,229,062	$4,773,101	$3,744,080	$4,361,000
Property Insurance	241,649	210,753	215,582	233,477	242,000
Utilities	844,597	998,973	887,967	894,467	849,963
Repairs and Maintenance	1,358,890	1,340,225	1,212,986	1,224,385	1,389,078
Contract services	848,800	836,024	847,077	806,859	867,656
Management Fees	732,497	702,318	677,505	634,894	561,479
Payroll & Benefits	954,700	942,047	921,814	905,684	975,908
Common Area Maintenance	0	0	0	0	0
Advertising & Marketing	387,692	459,998	375,754	429,467	375,000
Professional Fees	0	0	0	0	0
General and Administrative	542,347	441,399	497,965	461,593	554,395
Non-Reimbursable Expenses	0	0	0	0	0
Other	73,072	37,142	30,371	119,678	11,000
Market Expense Adjustment	0	0	0	0	0
Total Operating Expenses	**$10,345,244**	**$11,197,941**	**$10,440,122**	**$9,454,584**	**$10,187,479**
Net Operating Income	**$14,071,332**	**$16,631,385**	**$15,937,141**	**$15,019,892**	**$14,174,507**
Capital Items					
Leasing Commissions	$366,210	$0	$0	$0	$553,598
Tenant Improvements	368,867	0	0	0	221,049
Capital Expenditure / Reserve	204,233	0	0	0	126,976
Extraordinary Capital Expenditures	0				
- Credit For TI Reserve	0				
- Credit For LC Reserve	0				
- Credit For TI/LC Reserve	0				
- Credit For Cap Ex Reserve	0				
Total Capital Items	**$939,310**	**$0**	**$0**	**$0**	**$901,623**
Credit for Upfront DSCR Escrow	$0	$0	$0	$0	$0
Net Cash Flow	**$13,132,023**	**$16,631,385**	**$15,937,141**	**$15,019,892**	**$13,272,884**

Analytical Assumptions

The following comments and footnotes provide additional details beyond the description of Morningstar's general analytical approach outlined at the end of this package.

Revenue Drivers

Rent Per Unit Per Month	$24.50
Vacancy (%)	12.9%

The average in-place rent at the property was $25.16 per square foot while the market rents cited by the appraisal averaged $23.40 per square foot. With the property somewhat above the market, Morningstar's model concluded a lower rent of $24.50 per square foot.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted. Real estate taxes were underwritten to the borrower's budget, which was higher than the historical taxes. Management fees were underwritten to a minimum of 3.0% of the effective gross income.

Capital Items

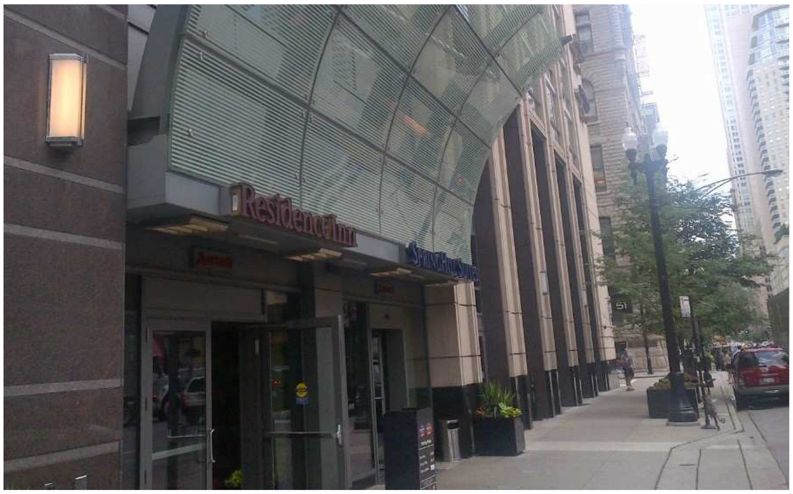
A reserve for future capital expenditures is underwritten at $0.32/sq. ft., a 10% increase over the engineer's recommended reserves. Tenant improvements for retail and commercial space is underwritten to 40% of the Morningstar concluded base rent for new tenants and 20% for renewals. Leasing commissions are underwritten to 4% for new tenants and 2% for renewals. A renewal rate of 65% is assumed.

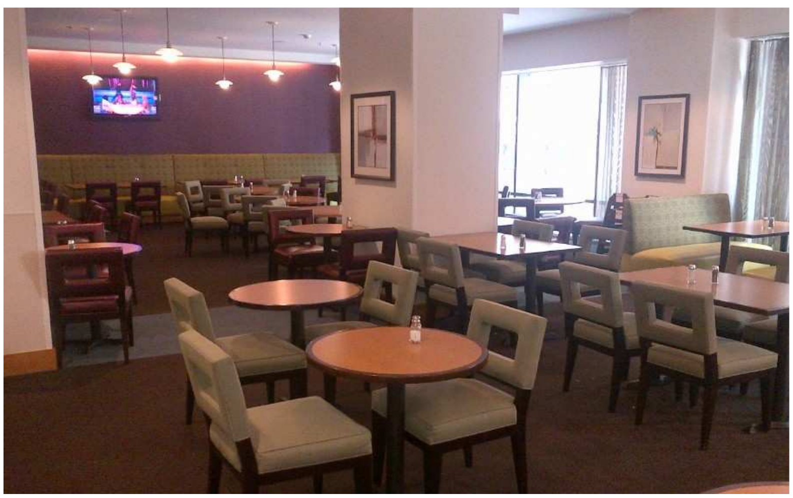
Valuation Drivers

Morningstar's capitalization rate was derived from a base capitalization rate for retail properties in Minneapolis of 8.30% and adjusted downward 25 basis points as an institutional-quality regional mall.

Marriott Chicago River North

Analyst: Mike Magerman 267-960-6022
Analytical Manager: David Sondesky 267-960-6042





Property Summary		
Property Type	Hotel/Extended-Stay	
Location	Chicago, IL	
Year Built	2008	
Year Renovated	NAP	
Net Rentable Room (Total)	523	
Net Rentable Room (Collateral)	523	
Occupancy (Actual)	84.66%	TTM 4/30/13
Ownership	Fee & Leasehold	

Loan Summary		
Loan Amount (Original Balance)	$55,000,000	($229,446/room)
Loan Amount (Cut-Off Balance)	$55,000,000	($229,446/room)
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	300	
Loan Seasoning (months)	0	
Interest Rate	5.20000%	

Morningstar Analysis		
Current DSCR	1.43 x	
Amortizing DSCR	1.43 x	
Beginning LTV	90.90%	
Ending LTV	68.69%	
Capitalization Rate	9.30%	
Morningstar UW Occupancy	83.5%	
Net Operating Income	$13,606,634	
Net Cash Flow	$12,276,542	
Value	$132,007,485	($252,404/room)
Debt Yield	10.23%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

Note: DSCR, LTV and $/room are based on full loan amount of $120 million

Capital Structure Table

Loan	Current Balance	Interest Rate	DSCR Current	DSCR Amortizing	BLTV	ELTV
Subject Loan	$55,000,000	5.200%	1.43 x	1.43 x	90.9%	68.7%
Pari Passu Note	65,000,000	5.200%	1.43 x	1.43 x	90.9%	68.7%
Total	**$120,000,000**	**5.200%**	**1.43 x**	**1.43 x**	**90.9%**	**68.7%**

Morningstar Summary

Morningstar Perspective

The Marriott Chicago River North enjoys a good location along North Dearborn Street less than two blocks north of the Chicago River. The property actually consists of two Marriott brand hotels – a Residence Inn and a SpringHill Suites. The property performs well compared relative to its nearby competition in the downtown Chicago area. The appraisal's peer group for this hotel is mostly nearby to the north and east on the north side of the Chicago River ranging from one block to about one-half mile away. The property's average daily rate premium over its local peer group has increased gradually from about $5 during the first two years of operation, to closer to $8.20 in 2012. Occupancy has tracked very close to that of the peer group since the property's opening in 2008.

The loan on the property is a $120 million first mortgage refinancing with a 10-year term and a 25-year amortization schedule; the MSBAM 2013-C11 trust includes a $55 million non-controlling pari passu note. The remaining $65 million controlling note may be securitized at a later date. The sponsor is a joint venture of White Lodging Services and Friedman Properties. Both firms have extensive experience in their respective businesses; White Lodging owns more than 160 hotels under several flags and Friedman Properties owns many other properties in the River North district and in the wider Chicago area.

Overall tourism for Chicago peaked in 2007 at 46.3 million visitors before bottoming at a cyclical low of 39.2 million in 2010, according to choosechicago.com. The visitor count recovered strongly to 43.6 million in 2011, a one-year recovery of 11%. Of the roughly 43.6 million visitors reported in 2011, about 31.8 million, or 73% were domestic leisure travelers.

Occupancy at the property has been at 76% or better every year since 2009, the first full year of operation. There is no evidence of any effect on the property's performance from the economic downturn following the 2008 financial crisis. Occupancy barely changed from 2009 through 2011, while room rates increased by 13.1% in 2010 and 6.7% in 2011. The property's average room rate outperformed the local peer group by roughly $5 in 2010, $7 in 2011 and $8 in 2012.

Morningstar's analysis of the property concluded an average sustainable net cash flow of $12.28 million, which is 0.4% lower than that reported for the 12 months ended April 30, 2013. Morningstar's estimate reflects an adequate amortizing debt service coverage ratio of 1.43 times based on the full first mortgage amount of $120 million, the loan payment terms and the interest rate of 5.200%. The loan presents moderate leverage; based on the appraised value of $191 million, and the full first mortgage amount of $120 million, the leverage on the loan is 62.8%. Morningstar valued the hotel using the direct capitalization approach and concluded a value of $132.01 million ($252,404 per room), indicating a beginning loan-to-value of 90.9%. Morningstar's value is 30.9% lower than the appraised value.

Given the strengths of a good location in Chicago's River North market area, and an almost-new building in the midst of a well-established urban area near downtown, the property should be in position to continue to maintain occupancy in a range of 80% to 85%, while achieving moderate room rate growth over the next few years. With an opening date of 2008, the property should be competitive in terms of amenities and appearance for at least the next five to seven years. The local market is densely developed, though there is a good deal of new hotel development in Chicago. According to the appraisal, there are several hotels in various stages of development in Chicago, of which five hotels with 1,057 rooms are in or close to the River North area with expected opening dates through 2014.

The Bears Say

- There are many competitors for hotel business in downtown Chicago, and the appraisal has identified five hotels with 1,057 rooms, with scheduled opening dates in the second half of 2013 and 2014 that are expected to be at least 50% competitive with the subject property. Fortunately for the property, three of those five (Hyatt Place, Fairfield Inn and aloft Chicago) are being developed by the property's sponsor.
- There are many other hotels in River North and in wider downtown Chicago, which makes the market highly competitive. However, the much smaller supply of extended stay hotels mitigates that to some degree.
- The property does not have its own parking facility. However, there is parking available nearby that is owned by one of the owners of the property and is operated under an agreement for use by the hotel.
- Attendance for events at McCormick Place, the largest convention center in the U.S., has been markedly lower in recent years compared to 10 years earlier. McCormick Place is about four miles south of the property on Lake Shore Drive. This is mitigated by the fact that the convention center is not a big demand generator for extended stay hotels.

The Bulls Say

- There are numerous concentrations of office space and tourist attractions in the immediate neighborhood and surrounding areas, generating strong demand for lodging accommodations by corporate and leisure travelers. According information presented in the appraisal, corporate travelers and extended stay travelers account for 25% and 38% of room nights, respectively.
- The Magnificent Mile shopping district is about a mile away, to the property's northeast.
- Since opening in 2008 the hotel has never reported occupancy levels less than 76% in a full year, and the recent trend has been improving.
- Room rate growth has been fairly consistent since the property opened, and rates have opened up a slight advantage over the peer group.
- The property contains one extended stay hotel and one limited service hotel, both of which do not have large scale food and beverage service, but does lease space to HUB 51, one of the area's most popular restaurants, and to Einstein Bros Bagels. HUB 51's gross sales topped $10 million each year from 2010 through 2012.
- The property is not dependent on any single large corporate account. Accenture accounted for 3.7% of total room nights in 2012, the only corporate client to represent more than 1% of room nights.

Property Description

The property consists of a 270-key Residence Inn and a 253-key SpringHill Suites opened in 2008 on North Dearborn Street, between West Kinzie Street and West Hubbard Street in downtown Chicago. The building is a 27-story tower with its main entrance along North Dearborn Street. Each hotel has its own distinct food and drink, reception and lobby areas on the second level, as well as its own elevator column. The SpringHill Suites guestrooms are on one side of each floor and the Residence Inn guestrooms are on the other side. The Residence Inn rooms are larger due to their extended stay orientation.

The property includes HUB 51 as a rent-paying tenant, a highly popular full service restaurant which has exceeded $10 million in gross sales each of the last three full years. HUB 51's lease for 10,900 square feet expires in May 2018, and the tenant has two 5-year extension options. HUB 51 also delivers food to guestrooms. There is also a 3,850-square foot Einstein Bros Bagels and a breakfast buffet. Other amenities include 1,350 square feet of meeting space, an indoor pool and whirlpool, business center, fitness center, on-site guest laundry and high-speed wireless internet service. A portion of the parcel, roughly 3,200 square feet or about 18% of the property's total ground, is subject to a ground lease. The ground lease extends 99 years from its September 20, 2006 commencement date, and is associated with the property's retail space.

There is a parking facility on the adjacent parcel for the use of the hotels that is not part of the collateral. The parking facility is owned by Friedman Properties, one of the joint venture owners of the property. Under a parking services agreement, the sponsor has provided the parking facility and valet service for the exclusive use of the hotels. This kind of arrangement is typical for hotels located in downtown market in which parking is constrained.

The property is in the River North area, which is separated from Chicago's "Loop" district by the Chicago River. The river runs less than two blocks south of the property, and also to the west, separating the local area from the primary downtown area, which includes the Loop. The property is also served by commuter trains as well as both underground and above-ground city transit lines. The local area is also convenient to I-90/I-94 and Lake Shore Drive.

The Phase I environmental assessment did not identify any recognized environmental conditions. However, one historical recognized environmental condition was noted. In May 2006, one 1,000 gallon fuel oil tank and one 1,000 gallon gasoline tank were removed from the site during construction of the property. Based on visual evidence and soil sampling, no releases were reported. The removal was approved by the Illinois Office of State Fire Marshal.

Morningstar visited the property on July 17, 2013. Overall, the property appears to be in good condition. One area to highlight is the entrance to the building, which provides the valet/bellmen attendees, and elevator access to the lobby/concierge is located on the second floor, where the division between the hotels becomes more pronounced. The property manager indicated the lobby furniture will be changed in the near term.

Demand Drivers

The bulk of the property's rooms are used by extended stay and business travelers, which account for 38% and 25% of occupancy, respectively. Downtown Chicago is an important office location for several of the nation's largest firms in the financial, accounting, insurance and telecommunications industries, as well as three major medical centers. There are large concentrations of high-rise office space which house one of the nation's largest employment centers. Recently, Motorola Mobility, a subsidiary of Google, signed a 15-year lease for 572,000 square feet at the nearby Merchandise Mart to relocate its headquarters from the suburbs, and will provide 2,250 jobs.

Leisure travelers account for about 30% of all occupancy. There are several notable tourist attractions in Downtown Chicago, including The Art Institute, the Chicago Symphony Orchestra, Grant Park, the Lincoln Park Zoo, the Magnificent Mile shopping district, Millennium Park, the John Hancock building, the Museum of Science and Industry, the Museum of Broadcast Communications and Willis Tower.

Groups make up the smallest of the three major segments, at approximately 7% of occupancy.

Market Overview

Based upon information provided by Smith Travel Research, the following table presents a summary of historical occupancy and average room rate for the competitive set with which the subject hotel competes. The identified competitive set comprises 2,090 rooms including the property and the following hotels: 1) Courtyard Chicago Downtown River North, 2) Residence Inn Chicago Downtown Magnificent Mile, 3) Hampton Inn & Suites Chicago Downtown, 4) Homewood Suites Chicago Downtown, 5) Four Points Chicago Downtown Magnificent Mile, 6) Fairfield Inn & Suites Chicago Downtown, and 7) Hampton Inn Chicago Theater District.

The identified competitive set has shown clear improvement in both occupancy and average room rate over the last three years, based on the trailing 12 months ended on March 31 of 2011, 2012 and 2013. Average daily rate continued to improve to $166.13 in the 2013 period, achieving increases of 3.9% and 5.3% over the two previous 12-month periods. Occupancy for the competitive set rose to 83.5% in the most recent 12-month period, from 80.9% and 75.3% in the two prior periods. The property's RevPAR penetration has been consistently above 100%, having reached 105% in the 2012 period and 107% in the 2013 period. In 2012, the subject property reported an average daily rate of $174.16, an advantage of more than $8 or 4.9% above the appraisal's peer group. The property's 2012 occupancy reached 84.1%, outperforming the peer group's 81.8% by a narrow margin.

Evaluation of Market Trends

	Occupancy Rate	Average Rate	Rooms RevPAR	Occupancy Penetration	RevPAR Penetration
TTM 03/31/11	75.3%	$151.84	$114.35	99.0%	103.8%
TTM 03/31/12	80.9%	$157.72	$127.56	101.3%	105.3%
TTM 03/31/13	83.5%	$166.13	$138.63	100.6%	106.5%

Source: Smith Travel Research

The local market is densely developed, though there is a good deal of new hotel development in Chicago. The appraisal notes that there are several hotels in various stages of development in Chicago; six hotels with 1,377 rooms are identified that are in or close to the River North area with expected opening dates through 2014. Five of those hotels with 1,057 rooms include a Hyatt Place, Fairfield Inn, aloft, Virgin Hotel Chicago and Hotel Indigo. These five hotels are indicated as being either 50% or 75% competitive with the subject property. This is mitigated to some extent as the property's sponsor is the developer for Hyatt Place, Fairfield Inn and aloft. Morningstar expects that there would be some small impact to occupancy and room rates as a result of these openings, and has considered this in our occupancy assumption.

Sponsorship/Management

The sponsor is a joint venture of White Lodging Services and Friedman Properties. Both firms have extensive experience in their respective businesses. White Lodging was founded in 1985 and is headquartered in Indiana. White Lodging owns more than 160 hotels in 20 states under several major flags including Marriott, Hilton, Hyatt, Starwood and InterContinental. Friedman Properties specializes in preserving and redeveloping landmark buildings in Chicago, primarily in River North. Friedman manages more than 50 commercial and residential properties with a total of more than four million square feet in the River North district and in the wider Chicago area. The management agreement with White Lodging Services Corporation extends to August 2026 and has two 10-year renewal options.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	Year End 2012	TTM 04/30/13	Issuer Underwriting
Occupancy Percent	83.5%	76.6%	77.7%	84.1%	84.7%	84.7%
Average Room Rate	$176	$155	$165	$174	$176	$176
Rooms RevPAR	$147	$119	$129	$146	$149	$149
Departmental Revenue						
Room	$28,126,316	$22,650,258	$24,533,865	$28,026,362	$28,436,021	$28,436,021
Food & Beverage	74,468	47,359	55,915	70,326	95,195	95,195
Telephone	35,944	33,364	36,660	38,697	30,483	30,483
Retail / Other	1,507,500	1,197,550	1,308,041	1,552,589	1,599,237	1,599,237
Insert Description	0	0	0	0	0	0
Rentals and Other Income	0	0	0	0	0	0
Total Departmental Revenue	**$29,744,229**	**$23,928,531**	**$25,934,481**	**$29,687,974**	**$30,160,936**	**$30,160,936**
Departmental Expenses						
Room	$6,343,295	$5,373,618	$5,633,551	$6,348,796	$6,519,003	$6,519,003
Food & Beverage	12,913	602	1,469	11,712	17,184	17,184
Telephone	181,342	169,028	174,213	172,561	181,879	181,879
Retail / Other	103,128	100,490	91,752	106,638	107,114	107,114
Insert Description	0	0	0	0	0	0
Rentals and Other Income	0	0	0	0	0	0
Total Departmental Expenses	**$6,640,678**	**$5,643,738**	**$5,900,985**	**$6,639,707**	**$6,825,180**	**$6,825,180**
Departmental Profit	**$23,103,550**	**$18,284,793**	**$20,033,496**	**$23,048,267**	**$23,335,756**	**$23,335,756**
Undistributed Expenses						
General & Administrative	$1,652,551	$1,460,203	$1,442,650	$1,631,456	$1,673,646	$1,673,646
Franchise Fees	2,045,805	1,579,694	1,785,312	2,038,243	2,068,332	2,068,332
Advertising & Marketing	1,070,854	849,922	1,023,367	1,108,075	1,081,119	1,081,119
Repairs & Maintenance	772,639	718,228	798,756	755,370	763,791	763,791
Utilities	580,913	603,002	569,812	574,846	598,082	598,082
Management Fees	1,156,836	716,673	778,034	1,158,854	1,173,043	904,828
Fixed Charges						
Real Estate Taxes	$1,966,010	$1,947,773	$2,426,786	$1,927,167	$1,896,102	$1,966,010
Property Insurance	180,031	152,548	146,506	174,012	173,943	143,345
Ground Rent	71,277	45,000	48,074	62,199	69,740	71,277
Other	0	0	0	0	0	0
Total Operating Expenses	**$16,137,594**	**$13,716,781**	**$14,920,282**	**$16,069,929**	**$16,322,978**	**$16,095,610**
Net Operating Income	**$13,606,634**	**$10,211,750**	**$11,014,199**	**$13,618,045**	**$13,837,958**	**$14,065,326**
Capital Expenditures						
Capital Expenditures / Reserve	$1,330,092	$717,856	$1,037,380	$1,484,399	$1,508,047	$1,206,437
Extraordinary Capital Expenditures	0	0	0	0	0	0
- Credit For Cap Ex Reserve	0	n/a	n/a	n/a	n/a	n/a
Total Capital Expenditures	1,330,092	717,856	1,037,380	1,484,399	1,508,047	1,206,437
Credit for Upfront DSCR Escrow	$0	$0	$0	$0	$0	$0
Net Cash Flow	**$12,276,542**	**$9,493,894**	**$9,976,819**	**$12,133,646**	**$12,329,911**	**$12,858,889**

Analytical Assumptions

The following comments and footnotes provide additional details beyond the description of Morningstar's general analytical approach outlined at the end of this package.

Revenue Drivers

Average Room Rate	$176.49
Occupancy (%)	83.5%
Rooms RevPAR	$147.34

Our estimate of occupancy and average room rate is designed to represent a normalized level in constant, uninflated dollars. We have underwritten occupancy based on a weighting of recent results and projected future occupancy. We expect occupancy to fluctuate over the years with strong occupancy expected during the short-term and a potential decline over the longer term in step with the economic cycle. We have underwritten a normalized occupancy level of 83.5% which is slightly lower than the 84.7% reflected during the most recent trailing 12-month period.

Management Fees

Morningstar has underwritten management fees at 3.9% of total revenue, based on the average historical performance, which includes an incentive fee. The base management fee is 3.0% of total revenue.

Franchise Fees

Morningstar has underwritten franchise fees at 7.27% of room revenue, based on the average historical performance. The franchise royalty fee is 5.0% of room revenue for Residence Inn and 4.5% of room revenue for SpringHill Suites. The marketing fee is 2.5% of room revenue.

Reserve for Replacement

We have calculated the reserve for replacement as a blend of the limited service treatment for the SpringHill Suites (5%) and of the extended stay treatment for the Residence Inn (4%). The hotels are weighted by the percentage of revenues for the 12-month period ended April 30, 2013. The result is an underwritten reserve of 4.47% of gross revenue. Morningstar believes that this is sufficiently conservative given the comparatively low recommendation by the engineering report. In addition to the structure repairs recommended by a property condition assessment, the capital reserve for replacement must provide for sufficient funds to conduct periodic replacement of soft goods and case goods in the hotel rooms and in the public spaces. As a result, the Morningstar reserve for replacement is well above that recommended by the engineer in the property condition assessment. The engineer's recommendation amounts to $764 per room per year based on 523 rooms, or just 1.3% of Morningstar's gross revenue.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted. Property taxes are based on the issuer's number, which is 13% higher than the appraisal and 4.8% higher than the average of historical results.

Morningstar has underwritten advertising and marketing expense based on the recent average per room historical result of $2,048 or $1.07 million, which equals 3.60% of total revenue.

Valuation Drivers

The Morningstar base capitalization rate for Chicago hotels is 9.3%. A deduction of 50 basis points was made for the downtown location and an addition of 50 basis points was made for the combination of risks of the extended stay and limited service businesses. The resulting capitalization rate is 9.3%.

Bridgewater Campus

Analyst: Eric Vogel 267-960-0531
Analytical Manager: David Sondesky 267-960-6042

Property Summary		
Property Type	Office/Biotech	
Location	Bridgewater, NJ 08807	
Year Built	1956-2002	
Year Renovated	2009, 2011, 2012	
Net Rentable Sq. Ft. (Total)	446,649	
Net Rentable Sq. Ft. (Collateral)	446,649	
Occupancy (Tape)	91.40%	(as of 4/30/13)
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$43,500,000	($97 /sq. ft.)
Loan Amount (Cut-Off Balance)	$43,500,000	($97 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	24	
Amortization Term (months)	360	
Loan Seasoning (months)	1	
Interest Rate	4.55000%	

Morningstar Analysis		
Current DSCR	1.81 x	
Amortizing DSCR	1.34 x	
Beginning LTV	100.31%	
Ending LTV	85.97%	
Capitalization Rate	8.25%	
Morningstar UW Occupancy	88.22%	
Net Operating Income	$4,380,211	
Net Cash Flow	$3,577,609	
Value	$43,364,952	($97 /sq. ft.)
Debt Yield	8.22%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

Capital Structure Table

Capital Structure Table						
Loan	Current Balance	Interest Rate	Current DSCR	DSCR Amortizing	BLTV	ELTV
Subject Loan	$43,500,000	4.550%	1.81 x	1.34 x	100.3%	86.0%
Total	**$43,500,000**	**4.550%**	**1.81 x**	**1.34 x**	**100.3%**	**86.0%**

Morningstar Summary

Morningstar Perspective

The Bridgewater Campus ("the Subject Property") loan is a ten-year, $43,500,000 ($97.39/sf) loan which provided proceeds to refinance an existing vintage CMBS loan of $35.0 million and return equity of $7.0 million to the borrower. The Subject Property was mainly constructed between 1956-1962, while Building 10 was constructed in 1998 and Building 4 was constructed in 2002 and is located in Somerset County in Bridgewater, New Jersey. The Subject Property is an eight building campus that consists of mixed use properties totaling 446,649 square feet. Within the campus the property is broken up into 196,589 square feet (44% NRA) of office space, 156,061 square feet (35% NRA) of laboratory space, and 93,999 square feet (21% NRA) of warehouse space. As of April 30, 2013, the Subject Property was 91.4% occupied and is considered to be in average overall condition.

Morningstar visited the property on July 12, 2013. The Subject Property benefits from being located within the heart of New Jersey's research & development ("R&D") corridor between I-287 and I-78. The area is designated the R&D corridor due to the fact that 17 of the largest 20 pharmaceutical companies in the country are located in this area. This location has access to both the Somerville and Bridgewater train stations that are serviced by the New Jersey Transit ("NJT") Raritan Valley Line which connects the area to Newark Liberty International Airport (35 miles) and Manhattan (40 miles). The Subject Property benefits from an investment grade tenant concentration, including the Henkel Corporation, Ingredion Inc., and Akzo Nobel. Upon inspection of the property it was noted that 7,600 square feet of Akzo Nobel's office space was dark. The office lease runs through June 2019 and Akzo was unsure at the time of inspection of their plans for that space but will continue to pay rent through the term of the lease. Based upon our visual inspection of the property, we have assigned this asset a property score of 3 (Average).

Morningstar's analysis of the property resulted in a net cash flow ("NCF") of $3.57 million, which is 19.3% lower than the trailing-twelve months ("TTM") ending December 31, 2012 figure of $4.4 million. The NCF decrease over the TTM statement was mainly attributable to the higher underwritten utility costs and the underwritten 4.0% contractual management fee. Morningstar's effective gross income ("EGI") is 1.5% higher than the TTM which is generally due to the slight mark to market of the in-place rents. Morningstar underwrote to an average rental rate of $12.36 per square foot, which is slightly higher than the current in-place rents of $11.49 per square foot. The increase is mainly driven by the appraiser's concluded weighted average rent for the property of $12.53 per square foot. In comparing in-place rents to the overall submarket, in-place rents are slightly lower than the appraiser's concluded market rents of $12 per square foot (NNN) for office space, $26.50 per square foot (gross) for office space, $16 per square foot for R&D lab space and $5.50 per square foot for storage space.

Morningstar has underwritten vacancy to 11.8%, which exceeds the current vacancy rate of 8.6% (as of 4/30/2013 rent roll) which is in-line with the appraiser's weighted average estimate of market vacancy & collection loss of 12.0%. The remaining vacant space at the property consists of office space. Morningstar's value for the property is $43.4 million ($97.09/sf), a 31.7% variance from the appraised value of $63.5 million. The resulting Morningstar LTV and DSCR are 100.3% and 1.34x (amortizing), respectively. Based upon the strength of the investment grade tenants at the property and the commitment to the Subject Property that those tenants have made in both lease term and major leasehold improvements, we believe the underwritten cash flow is sustainable at the property.

The Bears Say

- The loan is structured with a two-year interest only period with an amortizing DSCR of only 1.34x.
- The submarket has high vacancy rates regarding the different property types on the Subject Property's campus.
- The Henkel Corporation (42% NRA), has a lease that expires in July 2023, shortly after loan maturity. If Henkel's lease is not extended for a term of at least five years 12 months prior to loan maturity, a cash flow sweep will commence.

The Bulls Say

- The Subject Property is 91.4% occupied by investment grade quality tenants where about 79% of the NRA and 83.3% of the base rental income is from investment grade tenants that roll beyond the term of the loan.
- The Subject Property's tenants have invested approximately $9.5 million of capital into their respective spaces. Furthermore, Ingredion is expected to invest an additional $3.7 million in 2013 and 2014 to relocate R&D operations and 130 employees from its Delaware facility, which could lead to them expanding their laboratory space at the Subject Property.

- Solar Field construction is expected to be completed in early 2015 which will provide additional income at a minimum of $162,000 annually based on the expected energy output, increasing over the 20-year term. There has been no income underwritten from the solar agreement.
- The property is outperforming the overall market in terms of occupancy.

Property Description

The Subject Property consists of an 8-building campus of mixed-use properties totaling 446,649 square feet situated on about 82.79 acres. The Subject Property was mainly constructed between 1956-1962, while Building 10 was constructed in 1998 and Building 4 was constructed in 2002. The total square footage is divided up into 196,589 square feet (44% NRA) office, 156,061 square feet (35% NRA) is laboratory space and 93,999 square feet (21% NRA) is warehouse space.

Tenant Overview

Morningstar Tenant Overview Table (Top 5)						
Tenant	Net Rentable Square Feet	% of Square Feet	Base Rent Amount	Base Rent $ Square Foot	% of Rent	Lease Expiration
Henkel Corporation - Office	75,562	16.9%	$813,047	$10.76	16.1%	Jul-23
Henkel Corp - Lab	68,782	15.4%	$1,183,738	$17.21	23.5%	Jul-23
Ingredion Incorporated - Lab	60,096	13.5%	$1,025,238	$17.06	20.3%	Jun-24
Ingredion Warehouse	54,249	12.1%	$317,899	$5.86	6.3%	Jun-24
Ingredion Incorporated - Office	48,721	10.9%	$571,497	$11.73	11.3%	Jun-24
Top 5 Subtotal	**307,410**	**68.8%**	**$3,911,420**	**$12.72**	**77.5%**	**Dec-23**

Henkel is a manufacturing company making various chemical products including detergents, beauty care and adhesives, with brands and technologies for consumer and industrial businesses. Ingredion is a leading global ingredient solutions provider to the food, beverage, brewing and pharmaceutical industrial sectors.

Lease Expiration and Rollover

Morningstar Lease Expirations by Tenant Category - Square Feet Expiring by Year							
	MTM	2013	2014	2015	2016	2017	After 2017
Office – Gross	0	0	0	8,760	0	0	0
Office – NNN	0	0	0	0	0	0	149,251
R&D Lab Space	0	0	0	0	0	0	156,061
Storage	0	0	0	0	0	0	93,999
Total	**0**	**0**	**0**	**8,760**	**0**	**0**	**399,311**
% Roll	**0.0%**	**0.0%**	**0.0%**	**2.0%**	**0.0%**	**0.0%**	**89.4%**

Market Overview

The Subject Property is located in the northeastern part of Somerset County, New Jersey about 30 miles southeast of Newark Liberty International Airport and about 40 miles southeast of midtown Manhattan. Primary access to the neighborhood is provided by I-287, which is a major arterial bisecting the area from north to south. Interstate 287 connects Northern New Jersey with Westchester County, New York and New York City through Bergen, Passaic, Morris, Somerset and Middlesex Counties. The Subject Property is also connected to Pennsylvania to the west and the Holland Tunnel to the east via I-78. The surrounding area is considered the R&D corridor of New Jersey, which is home to 17 of the largest 20 pharmaceutical companies in the country. Furthermore, Princeton University, which is one of the world's most esteemed research institutions, is located only 18 miles south while Rutgers University is located only 10 miles to the northwest.

As far as future demand goes in the area, the industrial flex building segment consists of only 2.5 million square feet while the warehouse segment consists of 25.7 million square feet according to the Costar Group, Inc. ("Costar"). The flex building segment of the submarket had a net absorption of negative 157,166 square feet as of year-end 2012 while there were no flex buildings under construction in the submarket as of the fourth quarter 2012, according to Costar. The Subject Property is located within Costar's Western I-287 submarket of the greater Brunswick/Piscataway industrial market. Vacancy in the Brunswick/Piscataway submarket ranged from as high as 11.6% in 2010 to a low of 8.5%, which is the current vacancy rate. The vacancy rate within the I-287 submarket was 26% with 643,250 square feet of direct vacancy available as of year-end 2012. The vacancy rate is somewhat inflated due to the fact that the 1.2 million square foot former Sanofi Aventis US R&D Campus was only 41% occupied when it was sold in April 2013, according to Real Capital Analytics.

Sponsorship/Management

The borrowing entity is Denver Road, LLC which is a joint venture that is 40% owned and controlled by Lakestar Properties as a managing partner. Lakestar Properties is an opportunistic real estate investor controlled by Menashe Frankel and Yeheskel Frankel. The sponsor owns over 30 properties nationally. The sponsors have reported two transactions in which they had a minority ownership (below 10%) that have been given back to the lenders via deed-in-lieu. The joint venture also includes Galveston Investing (40%), Gaia Investments USA (10.1%) and Sage Capital Global (9.9%).

The property management company is Linque Management Company, which has over 20 years of experience managing and operating office, industrial, and retail properties. Linque currently manages a portfolio of about 4.4 million square feet consisting of over 200 tenants. The contract management fee is 4.0% of EGI.

Morningstar Analysis

	Morningstar Underwriting	Year End 2011	TTM 12/31/12	Issuer Underwriting
Income				
Gross Potential Rent	$5,486,183	$4,701,278	$4,882,314	$5,546,924
Less: Vacancy Loss (GPR)	(646,211)	(19,710)	(19,937)	(1,123,443)
Less: Concessions	0	0	0	0
Less: Collection Loss	0	0	0	0
Less: Vac Adj for Concess/Coll Loss	0	0	0	0
Base Rent/Net Effective Rent	**$4,839,972**	**$4,681,568**	**$4,862,377**	**$4,423,481**
Expense Reimbursement	$5,367,189	$5,284,327	$5,179,995	$5,762,682
Percentage Rent	0	0	0	0
Other Income	36,452	10,812	49,317	10,000
Other	0	0	0	0
Other	0	0	0	0
Other	0	0	0	0
Less: Vacancy Other Incomes	0	n/a	n/a	n/a
Effective Gross Income	**$10,243,613**	**$9,976,707**	**$10,091,690**	**$10,196,163**
Expenses				
Real Estate Taxes	$536,593	$549,794	$520,964	$524,300
Property Insurance	114,401	104,424	111,069	116,129
Utilities	2,457,122	2,764,566	2,374,091	2,457,122
Repairs and Maintenance	1,674,934	681,143	777,997	1,674,934
Contract services	0	0	0	0
Management Fees	409,745	248,215	274,841	407,847
Payroll & Benefits	0	893,516	936,272	0
Common Area Maintenance	0	0	0	0
Advertising & Marketing	0	0	0	0
Professional Fees	6,679	0	10,065	0
General and Administrative	225,373	239,889	215,048	133,995
Non-Reimbursable Expenses	0	0	0	0
Non-Recoverable	181,539	169,408	181,539	100,000
Grounds	257,016	266,076	257,016	300,000
Security	0	0	0	175,000
Market Expense Adjustment	0	0	0	0
Total Operating Expenses	**$5,863,402**	**$5,917,030**	**$5,658,902**	**$5,889,327**
Net Operating Income	**$4,380,211**	**$4,059,677**	**$4,432,787**	**$4,306,836**
Capital Items				
Leasing Commissions	$128,715	$0	$0	$0
Tenant Improvements	451,774	0	0	334,987
Capital Expenditure / Reserve	222,113	0	0	200,992
- Credit For Cap Ex Reserve	0			
Credit for Upfront DSCR Escrow	$0	$0	$0	$0
Net Cash Flow	**$3,577,609**	**$4,059,677**	**$4,432,787**	**$3,770,857**

Analytical Assumptions

The following comments and footnotes provide additional details beyond the description of Morningstar's general analytical approach outlined at the end of this package.

Revenue Drivers

Rent Per Unit Per Month	$12.36/sf
Vacancy (%)	11.8%

For the purposes of estimating market rent and vacancy, Morningstar utilized the appraiser's estimate of market. Morningstar estimated rent at $12.36 per square foot which is slightly higher than the average in-place rents as of $11.49 per square foot. This slight mark-to-market is being driven by the appraiser's concluded average market rental rate of $12.53 per square foot. Rents at the Subject Property are generally less than market for the office and warehouse space while the R&D space has a slightly higher rent then the appraiser concluded market rents. Vacancy was underwritten to 11.8%, which is slightly higher than the in-place 8.6% vacancy rate as of the April 30, 2013 rent roll. The mark-to-market of the vacancy rate is being driven by the appraiser's weighted average estimate of market vacancy to be 12.0%. The issuer underwrote vacancy based on in-place vacancy of 8.6% plus the appraiser's stabilized vacancy of 12% applied to the percentage of the income associated with the non-credit lease. Additionally, Morningstar underwrote to the TTM recovery ratio of 91.5%, which was lower than the appraiser's estimate of 97.8%.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted.

The Utility expense is underwritten based on the appraiser's estimate which is slightly greater than the actual 2012 utility expense; however, it is less than the planned 2013 budget for utilities.

Capital Items

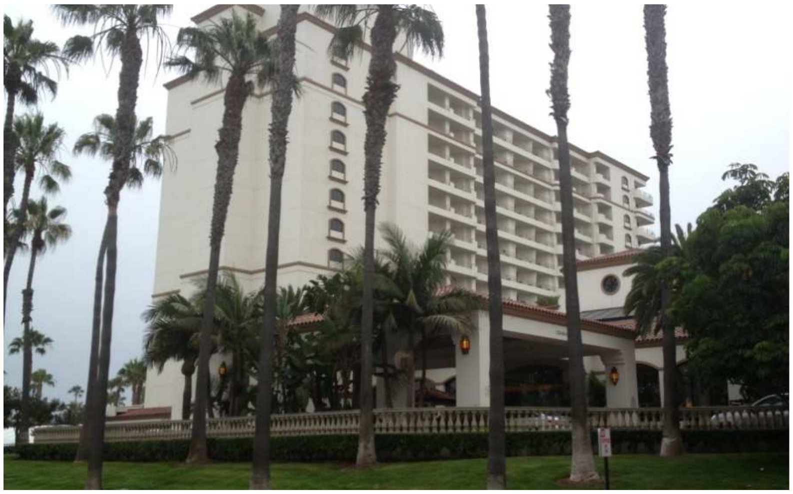
A reserve for future capital expenditures is underwritten at $0.50 sq. ft., a 10% increase over the engineer's recommended reserves of $0.45 sq.ft. Tenant improvements for office, laboratory and industrial space is underwritten to $25 per square foot and $10 per square foot, $25 per square foot and $12 per square foot, and $2 per square foot and $1 per square foot for new leases and renewals, respectively. Leasing commissions are underwritten to 4% for new tenants and 2% for renewals. A renewal rate of 75% is assumed for the office and lab space and 65% for the storage space.

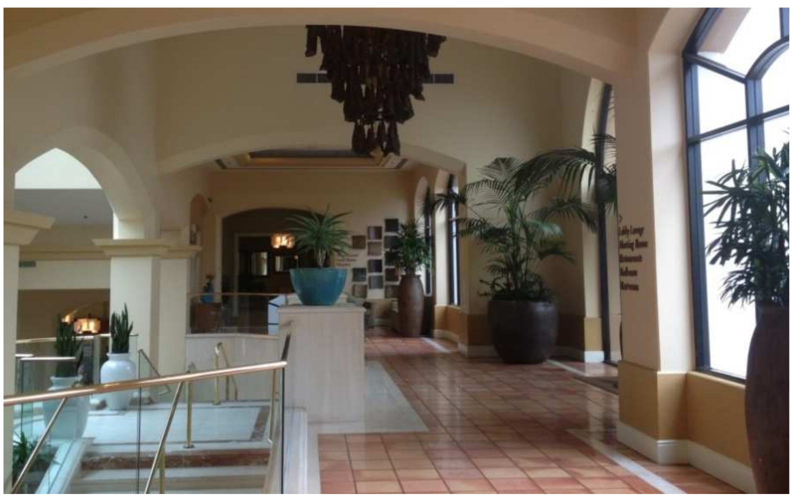
Valuation Drivers

The Morningstar base capitalization rate for Northern New Jersey Office (7.90%) was blended with the base capitalization rate for Northern New Jersey Industrial (8.20%) to arrive at a blended cap rate of 7.98%. We have then added in 75 basis points to the base blended cap rate to account for the specialized nature and suburban location of our Subject Property. The resulting Morningstar capitalization rate of 8.73% is 198 basis points higher than the capitalization rate in the appraisal of 6.75%.

Hilton Waterfront Beach Resort

Analyst: Mike Magerman 267-960-6022
Analytical Manager: David Sondesky 267-960-6042





Property Summary		
Property Type	Hotel/Full-Service	
Location	Huntington Beach, CA	
Year Built	1990	
Year Renovated	2012	
Net Rentable Room (Total)	290	
Net Rentable Room (Collateral)	290	
Occupancy (Actual)	74.92%	TTM 5/31/13
Ownership	Leasehold	

Loan Summary		
Loan Amount (Original Balance)	$42,500,000	($146,552/room)
Loan Amount (Cut-Off Balance)	$42,500,000	($146,552/room)
Loan Term (months)	60	
I/O Period (months)	12	
Amortization Term (months)	360	
Loan Seasoning (months)	0	
Interest Rate	5.24000%	

Morningstar Analysis		
Current DSCR	1.81 x	
Amortizing DSCR	1.43 x	
Beginning LTV	90.20%	
Ending LTV	90.08%	
Capitalization Rate	8.55%	
Morningstar UW Occupancy	73.0%	
Net Operating Income	$5,075,526	
Net Cash Flow	$4,028,358	
Value	$47,115,302	($162,467/room)
Debt Yield	9.48%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

Capital Structure Table

Loan	Current Balance	Interest Rate Rate	DSCR Current	DSCR Amortizing	BLTV	ELTV
Subject Loan	$42,500,000	5.240%	1.81 x	1.43 x	90.2%	90.1%
Total	**$42,500,000**	**5.240%**	**1.81 x**	**1.43 x**	**90.2%**	**90.1%**

Morningstar Summary

Morningstar Perspective

The Hilton Waterfront Beach Resort is well located for access to the beachfront in Huntington Beach, California. The Orange County coastline market in which the property competes is essentially two smaller markets; Huntington Beach, which has only three major hotels along the oceanfront, including the subject property, and Newport Beach, about five miles to the southeast, which has four major hotels close to but not actually on the beachfront. The hotel has performed somewhat better than its competitive sets, particularly with respect to average room rates. A new multi-use development has been in the planning stage for several years on the beachfront parcel to the property's immediate northwest. That development as currently proposed could have retail space opening as soon as 2015. In the past, there have been indications that the development could include a hotel which could have up to 250 rooms. Although no specific plans for a hotel exist at present, Morningstar believes that the eventual opening of another competitor in such close proximity is a risk factor.

Overall tourism for Orange County peaked at 44.9 million visitors in 2006, bottomed at a cyclical low of 42.7 million in 2009 and 2010 before recovering to 43.8 million in 2012, according to anaheimoc.org. Until a three-year decline began in 2007, the visitor count had increased every year since 1997. Direct visitor spending reached $8.7 billion in 2012, up from the cyclical low of $7.1 billion in 2009.

Occupancy at the property has been at 74% or better each year since 2010, coming out of the recession. The economic downturn following the 2008 financial crisis caused a sharp one-year dip in occupancy in 2009, followed by a gradual recovery over the next three years. Average room rate suffered a setback of 14.7% in 2009, and a year of virtually no growth in 2010, before posting gains in excess of 5% in both 2011 and 2012. The property's average room rate outperformed the local peer group by roughly $10 in 2010, $15 in 2011, and $17 in 2012.

The $42.5 million refinance loan secured by the property has a 5-year term and a 30-year amortization schedule, and is interest-only in the first year. Morningstar's analysis of the property concluded an average sustainable net cash flow of $4.03 million, which is 5.1% lower than that reported for the 12 months ended May 31, 2013. The lower Morningstar figure is largely attributable to Morningstar's higher grount rent expense, which is based on the higher rent following the reset on January 1, 2014. Morningstar's estimate reflects an adequate amortizing debt service coverage ratio of 1.43 times based on the loan amount of $42.5 million, the loan payment terms and the interest rate of 5.240%. The loan presents low to moderate leverage; based on the as-is appraised value of $82.1 million, and the loan amount of $42.5 million, the leverage on the loan is 51.8%. Morningstar valued the hotel using the direct capitalization approach and concluded a value of $47.12 million ($162,467 per room), indicating a beginning loan-to-value of 90.20%. Morningstar's value is 42.6% lower than the appraised value.

Given the strength of a beach location in a market with few other options, the Hilton Waterfront Beach Resort should be in position to maintain occupancy between 70% and 75% in the coming years. Morningstar has estimated a normalized occupancy of 73.0% which is slightly lower than that for the 12 months ended May 31, 2013. An extensive room renovation completed in 2007 plus $7.2 million in spending on common areas and rooms from 2008 through 2012 have the property looking relatively fresh. A possible challenge to the property in the future could be the impact of a new competitor to be built on the property's immediate northwest side. Little is known of the specifics of the new hotel, and its construction is not imminent.

The Bears Say

- The hotel uses, but does not own Parcel C. Though the property and Parcel C have common ownership, the sponsor's interest in Parcel C is also subject to a ground lease, which expires in December 2016. The property's borrowing entity pays the owner of Parcel C a concession equal to the ground rent, thus paying the ground rent for both parcels. As the sponsor has long-range development plans for another hotel tower on Parcel C, it appears highly likely that the ground lease will be extended. Should that hotel be developed during the loan's 5-year term and not included in the loan's collateral, the loan would become full recourse to the recourse carveout guarantor, who is also the sponsor.
- The property does not have a spa, while the Hyatt on the adjacent parcel just to the southeast along Pacific Coast Highway does. This competitive disadvantage could impact the hotel's ability to attract leisure travelers.
- The property has little meeting space compared to other hotels in the Huntington Beach / Newport Beach market.
- Another beachfront hotel may eventually be developed on the parcel to the property's immediate northwest side, as part of the chronically delayed Pacific City multi-use development. Few details are known at this time, however.

The Bulls Say

- The hotel has achieved a consistent advantage of $10 to $17 in average room rate over its competitive set since 2010, at least in part due to its beachfront location.

- Although both average room rate and occupancy fell sharply in 2009, recovery was fairly quick for occupancy while room rate growth took a bit longer. Average room rate increased 5.3% in 2011 and 5.7% in 2012.
- Huntington Beach has a substantial industrial employment base, including more than 4,600 employees at Boeing.
- Huntington Beach draws more than 16 million visitors per year, and is known as an important place in the surfing world.
- All of the property's rooms have an ocean view.
- None of the major Newport Beach hotels in the competitive set have beachfront locations, and only two other major hotels in Huntington Beach are on the beachfront.

Property Description

The property is the 290-key Hilton Waterfront Beach Resort, which opened in July 1990 in Huntington Beach, which is roughly 30 miles south southeast of Los Angeles and 15 miles south southwest of Anaheim. The property sits on a 3.60-acre parcel bounded by Pacific Coast Highway to the southwest, Huntington Street to the northwest, Pacific View Avenue to the northeast and "Parcel C" to the southeast. Pacific Coast Highway separates the hotel parcel from the beach and the oceanfront. On the other side of Pacific View Avenue, opposite from the oceanfront, there is a gated luxury residential community. To the northwest, there is vacant land awaiting the development of Pacific City, which is to include retail and commercial space and a boutique hotel. Parcel C, which is not part of the collateral, contains the propety's tennis courts, a banquet tent, a gazebo and 150 parking spaces. The owner of Parcel C is Mayer Financial, which also owns 99% of the property.

The guestrooms are in a 12-story tower on the southeast side of the main parcel. Smaller, connected buildings form a "U" shape with the tower around the northeast and northwest sides, and contain public areas, meeting space and restaurants. The open portion of the "U" along the southwest side faces the ocean and contains the pool and deck area. Shades Restaurant & Bar is the property's main food offering. Shades has indoor and outdoor seating overlooking the pool deck and serves three meals a day. The Surf Hero Market is a delicatessen offering sandwiches, beverages and snacks that has entrances from the hotel lobby, the pool deck and outside. Other amenities include an outdoor resort-style pool and cabanas, fitness center, business center, convenience store, bicycle rentals and lobby bar. The hotel also provides 24,588 square feet of indoor and outdoor meeting and event space.

A $5.5 million rooms renovation was completed in 2007. From 2008 through 2012, an additional $7.2 million was spent, with the largest portion, $4.5 million, spent on back of the house building and mechanical improvements. The mechanical work included a new chiller/cooling tower, HVAC upgrades, refurbishment of the pool and deck, and a repainting of the entire hotel.

The entire property is subject to a ground lease which expires in December 2086. The ground is owned by the City of Huntington Beach. The rent for 2013 is $296,242, but is scheduled to increase to $451,667 on January 1, 2014, which includes a beach concession fee of $1,667. Morningstar has underwritten the ground rent expense at an amount slightly higher than the 2014 reset to account for inflation adjustments over the loan term.

The Phase I environmental assessment did not identify any current or historical recognized environmental conditions, or any environmental issues. The consultant recommended no further investigation. The seismic risk assessment concluded a probable maximum loss of 12%, which is below the level that is normally associated with significant earthquake risk.

Morningstar visited the property on July 12, 2013. The rooms are generally in good condition and management pointed out a few areas that were improved under the recent renovations including work in the corridors and wood flooring in some up the upper floor units. Because of the layout, all rooms have a view of the ocean with rooms on the north side slightly more desirable than the south; oceanfront rooms are the most desirable.

Management indicated that the sponsor intends to construct a second hotel tower with up to 200 rooms on the adjacent parcel to the south which is currently used for employee parking and an event tent; this parcel is not part of the collateral but has common ownership. In addition to the hotel tower, the sponsors will build additional meeting space and a spa. Management indicated that the Hyatt has a convention center and more meeting space which gives that property an advantage in meeting and group business. Management also considers a spa to be important in the group business.

Occupancy has been running about 75% which is the level that management believes it can start pushing rates higher. Average room rate is up about $8 to $10 from the prior year and, over the July 4th holiday, rates were $75 higher than the prior year. The improved performance is largely a function of group business returning as the economy recovers.

With respect to comps, the Hyatt clearly is the most direct competitor given the location. The Shorebreak is a limited-service property and handles some group business but reportedly has more of a youthful vibe and more raucous parties. The pool scene at the Hilton was families with young children. The Newport Beach properties compete for group business but have less access to the beach, except for the Balboa Beach Club.

Demand Drivers

The bulk of the property's rooms are used by transient guests, which account for an estimated 75% of stabilized demand, and represented 59% of 2012 occupancy in the property's competitive set. The appraisal does not distinguish between leisure demand and commercial demand within the transient segment, though it is indicated that in this market the majority of the transient segment consists of leisure travelers, with high-end corporate demand as another important element. Huntington Beach is on the Pacific coast in Orange County, about five miles northwest of Newport Beach. While Newport Beach is a more desirable location in some respects, none of the major hotels in Newport Beach are immediately adjacent to the beach. The property and its neighbors to the southeast and northwest, the Hyatt and the Shorebreak, respectively, all have beachfront locations.

Boeing is Huntington Beach's largest employer, with more than 4,600 employees. Boeing anchors a local employment market that also has a signifcant presence in the technology, manufacturing, automobile service, computer hardware and software, and petroleum industries. Huntington Beach's second largest employer is Quiksilver, with more than 1,500 employees. Quiksilver is an apparel manufacturer specializing in surfwear, founded in Australia in 1969 and now headquartered in Huntington Beach.

Groups and conventions make up roughly 25% of the property's estimated stabilized demand, and accounted for 41% of the local market's occupancy in 2012. In this market, demand for this segment is comprised of incentive meetings for sales and marketing staffs, executive level conferences, professional education sessions, and high-end social and fraternal retreats. Much of this business is booked in the off-season to take advantage of lower room rates.

Market Overview

Based upon information provided by Smith Travel Research, the following table presents a summary of historical occupancy and average room rate for the competitive set with which the subject hotel competes. The identified competitive set comprises 2,732 rooms including the property and the following hotels: 1) Marriott Newport Beach Hotel & Spa, 2) Hyatt Regency Newport Beach, 3) The Island Hotel, 4) Marriott Laguna Cliffs Resort & Spa, 5) Balboa Bay Resort, 6) Hyatt Regency Huntington Beach & Spa, and 7) Shorebreak Hotel.

The identified competitive set has shown some improvement in both occupancy and average room rate over the last three years, based on the trailing 12 months ended on April 30 of 2011, 2012 and 2013. Average daily rate continued to improve to $194.74 in the 2013 period, achieving increases of 6.0% and 2.6% over the two previous 12-month periods. Occupancy for the competitive set was essentially flat, dipping slightly to 73.0% in the most recent 12-month period, from 73.1% and 69.7% in the two prior periods. The property's RevPAR penetration remains well above 100%, in a range from 113% to 116% in all of the last three 12-month periods. The higher RevPAR is due to the property's higher average room rate and occupancy relative to the competitive set. In the 12-month period ended April 30, 2013, the subject property reported an average daily rate of $216.66, a premium of $21.92 or 11.3% above the Smith Travel peer group. The property's occupancy for the same period reached 74.6%, outperforming the peer group's 73.0% by a small margin.

Evaluation of Market Trends

	Occupancy Rate	Average Rate	Rooms RevPAR	Occupancy Penetration	RevPAR Penetration
TTM 04/30/11	69.7%	$179.14	$124.78	106.7%	116.5%
TTM 04/30/12	73.1%	$183.77	$134.27	103.0%	113.3%
TTM 04/30/13	73.0%	$194.74	$142.14	102.2%	113.7%

Source: Smith Travel Research

Sponsorship/Management

The sponsor is The Robert Mayer Corporation. Mayer Financial, LP, a California limited partnership, owns 99% of the borrowing entity. Mayer Hospitality Group LLC is the property manager. Robert L. Mayer is the carveout guarantor. The sponsor also owns the Hyatt Regency Huntington Beach Resort & Spa on the beachfront parcel immediately to the southeast of the property.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	Year End 2012	TTM 05/31/13	Issuer Underwriting
Occupancy Percent	73.0%	75.3%	74.9%	76.1%	74.9%	74.9%
Average Room Rate	$210	$185	$195	$207	$211	$211
Rooms RevPAR	$153	$139	$146	$157	$158	$158
Departmental Revenue						
Room	$16,240,808	$14,750,177	$15,490,520	$16,693,376	$16,714,537	$16,714,537
Food & Beverage	8,179,042	7,477,610	8,627,446	8,731,762	8,284,980	8,284,980
Telephone	0	0	0	0	0	0
Other Departmental Income	1,759,343	1,496,720	1,590,862	1,679,681	1,759,343	1,759,343
Insert Description	0	0	0	0	0	0
Rentals and Other Income	0	0	0	0	0	0
Total Departmental Revenue	**$26,179,193**	**$23,724,507**	**$25,708,828**	**$27,104,819**	**$26,758,860**	**$26,758,860**
Departmental Expenses						
Room	$3,651,565	$3,499,129	$3,587,012	$3,807,541	$3,912,125	$3,912,125
Food & Beverage	6,653,898	6,546,646	6,955,502	7,065,490	6,922,350	6,922,350
Telephone	0	0	0	0	0	0
Other Departmental Income	305,975	156,118	281,812	327,720	337,748	337,748
Insert Description	0	0	0	0	0	0
Rentals and Other Income	0	0	0	0	0	0
Total Departmental Expenses	**$10,611,438**	**$10,201,893**	**$10,824,326**	**$11,200,751**	**$11,172,223**	**$11,172,223**
Departmental Profit	**$15,567,756**	**$13,522,614**	**$14,884,502**	**$15,904,068**	**$15,586,637**	**$15,586,637**
Undistributed Expenses						
General & Administrative	$2,872,378	$2,759,121	$2,869,148	$2,837,511	$2,866,503	$2,866,503
Franchise Fees	0	0	0	0	0	0
Advertising & Marketing	2,895,077	2,557,593	2,729,360	2,908,246	2,840,844	2,840,844
Repairs & Maintenance	1,481,943	1,473,209	1,441,072	1,444,296	1,498,570	1,498,570
Utilities	704,980	775,880	741,086	695,596	704,364	704,364
Management Fees	1,047,233	661,385	711,107	1,084,261	1,070,421	802,766
Fixed Charges						
Real Estate Taxes	$586,436	$551,548	$545,430	$556,543	$564,151	$574,937
Insurance	447,384	432,416	444,116	436,107	432,255	432,255
Ground Rent	456,798	278,687	280,072	289,907	292,543	456,798
Other Fixed Expense	0	0	0	0	0	0
Total Operating Expenses	**$21,103,667**	**$19,691,732**	**$20,585,717**	**$21,453,218**	**$21,441,874**	**$21,349,260**
Net Operating Income	**$5,075,526**	**$4,032,775**	**$5,123,111**	**$5,651,601**	**$5,316,986**	**$5,409,600**
Capital Expenditures						
Reserve for Replacement of FF&E	$1,047,168	$957,525	$932,674	$1,008,103	$1,070,354	$1,070,354
Extraordinary Other	0	0	0	0	0	0
- Credit For Cap Ex Reserve	0	n/a	n/a	n/a	n/a	n/a
Total Capital Expenditures	1,047,168	957,525	932,674	1,008,103	1,070,354	1,070,354
Credit for Upfront DSCR Escrow	$0	$0	$0	$0	$0	$0
Net Cash Flow	**$4,028,358**	**$3,075,250**	**$4,190,437**	**$4,643,498**	**$4,246,632**	**$4,339,246**

Analytical Assumptions

The following comments and footnotes provide additional details beyond the description of Morningstar's general analytical approach outlined at the end of this package.

Revenue Drivers

Average Room Rate	$210.08
Occupancy (%)	73.0%
Rooms RevPAR	$153.43

Morningstar assumed a slight decline in occupancy resulting from the possible addition of a second tower or new hotel by the sponsor on Parcel C, and the possible eventual opening of a hotel with up to 250 rooms on the beachfront parcel immediately to the northwest. Our estimate of occupancy and average room rate is designed to represent a normalized level in constant, uninflated dollars.

Management Fees

Morningstar has underwritten management fees at 4.0% of gross revenue, based on the average historical performance, and the actual base management fee is 4.0% of gross revenue.

Franchise Fees

Morningstar has not underwritten a franchise fee, as the historical and other financial statements were presented without franchise fees, which are said to be included in other line items. The marketing expense and general and administrative expenses are sufficiently high (Morningstar underwrote at 11.1% and 11.0% of total revenues, respectively) to compensate for the absence of a franchise fee.

Reserve for Replacement

The management agreement requires a replacement reserve of 4% of gross hotel revenues. Morningstar's standard treatment of full service hotels is the application of a 4% reserve. In addition to the structure repairs recommended by a property condition assessment, the capital reserve for replacement must provide for sufficient funds to conduct periodic replacement of soft goods and case goods in the hotel rooms and in the public spaces. As a result, the Morningstar reserve for replacement is well above that recommended by the engineer in the property condition assessment. The engineer's recommendation amounts to $865 per room per year based on 290 rooms, or just 1.0% of Morningstar's gross revenue.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted. Property taxes are based on the actual taxes paid for 2012/2013 inflated by 2%, which is the limit on annual tax increases imposed by California law. The appraisal's number is far higher because it is based on the appraised value at the time of a hypothetical sale of the property, which is about 67% higher than the most recent actual tax bill.

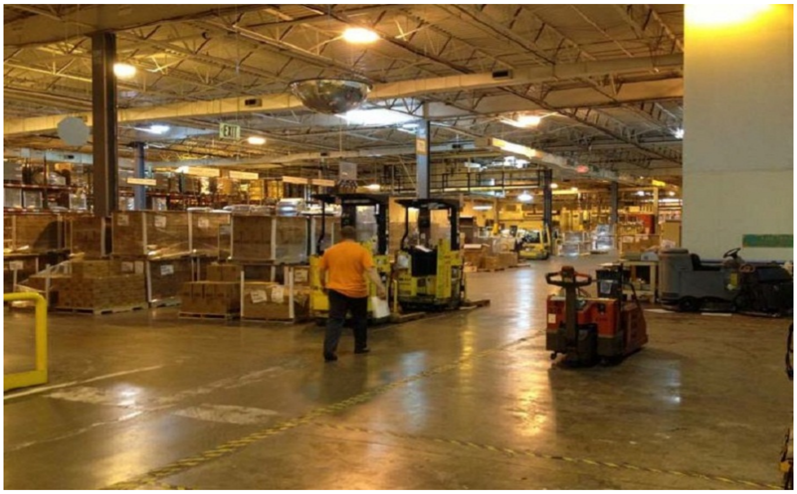
Morningstar has underwritten advertising and marketing expense based on the average per room historical result of 2012 and the 12 months ended May 31, 2013 of $9,912 or $2.89 million, which equals 11.1% of total revenue.

Valuation Drivers

The Morningstar base capitalization rate for Orange County hotels is 8.8%. A deduction of 25 basis points was made to the base capitalization rate for the property's suburban infill location. The resulting capitalization rate is 8.55%. Morningstar made a negative adjustment to the balloon date valuation to compensate for the higher tax liability that would result from a sale of the property. That adjustment reduced the capitalized value by about $2.2 million, or 4.6%.

1600 Lexington Ave.

Analyst: Rudolf Meckel 267-960-6052
Analytical Manager: David Sondesky 267-960-6042



Property Summary		
Property Type	Industrial/Warehouse/Distribution	
Location	Rochester, NY 14606	
Year Built	1968	
Year Renovated	NAP	
Net Rentable Sq. Ft. (Total)	1,755,500	
Net Rentable Sq. Ft. (Collateral)	1,755,500	
Occupancy (Tape)	87.10%	(as of 6/4/13)
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$40,200,000	($23 /sq. ft.)
Loan Amount (Cut-Off Balance)	$40,200,000	($23 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	1	
Interest Rate	4.69000%	

Morningstar Analysis		
Current DSCR	1.40 x	
Amortizing DSCR	1.40 x	
Beginning LTV	102.15%	
Ending LTV	83.33%	
Capitalization Rate	8.85%	
Morningstar UW Occupancy	87.04%	
Net Operating Income	$4,400,162	
Net Cash Flow	$3,490,945	
Value	$39,354,749	($22 /sq. ft.)
Debt Yield	8.68%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

Capital Structure Table

Loan	Current Balance	Interest Rate	Current DSCR	DSCR Amortizing	BLTV	ELTV
Subject Loan	$40,200,000	4.690%	1.40 x	1.40 x	102.1%	83.3%
Total	**$40,200,000**	**4.690%**	**1.40 x**	**1.40 x**	**102.1%**	**83.3%**

Morningstar Summary

Morningstar Perspective

This ten-year (30-year amortization) $40,200,000 first mortgage was provided to refinance a maturing $25,000,000 loan and to fund $700,000 in capital expenditure reserves. 1600 Lexington Avenue (the "Property") is a 1,755,500-square foot multitenant industrial (warehouse/distribution) complex located in Rochester, NY. The improvements were constructed in 1968 and are situated on a 104.1-acre site.

The Borrower purchased the property in 2008. At the time, the property was only 19% occupied. Since acquisition, the owner/management has increased occupancy significantly. Based on the June 4, 2013 rent roll, the subject property is now 87.2% occupied. Additionally, the Sponsor is in active lease negotiations with two new tenants as well as several possible expansions with current tenants.

The subject's notable tenants, High Falls Operating Co, LLC, Care Stream Health and Optimation Technology, Inc., account for 41.0% of the net rentable area (NRA) and have a combined 719,624 square feet. No other tenant at the property occupies more than 10% of NRA.

The credit risk that Morningstar is most concerned about is the December 2015 lease rollover of Care Stream Health (183,545 square feet or 10.5% of NRA). In addition, Carestream has an ongoing termination right that allows them to terminate all or a portion of the premises at any time after December 31, 2013, by delivering at least 12 months prior written notice to the Landlord. If the Tenant elects to terminate only a portion of the premises, the lease restricts them to surrender no more than 20% of their rentable square feet. The surrendered space, in Landlord's reasonable judgement, must be capable of being re-leased. The Tenant is not required to pay a penalty upon termination. To mitigate this risk, the loan is structured with a $533,165 TI/LC escrow to be collected annually to fund leasing commissions and tenant improvements. This reserve will be capped in year 5 at $2,665,825 and must be replenished when drawn upon. Carestream Health is a global provider of dental and medical imaging systems and healthcare IT solutions with operations in 170 countries. This location serves as the company's logistics division and the office space supports the logistics operations.

Morningstar's underwritten net cash flow resulted in a debt service coverage ratio ("DSCR") of 1.40x. This is a highly leveraged loan with the loan balance at cutoff representing a 102.2% loan-to-value based on Morningstar's concluded value (75% based on the appraised value). Morningstar's underwritten value of $38.7 million is –26.6% lower than the appraised value of $53.6 million.

Morningstar toured the property on July 15, 2013. The subject property is located less than a half mile from the entrance/exit to I-390, and therefore has excellent access to major highways. It's in a good location, surrounded by millions of square feet of industrial/warehouse distribution buildings. Broker signage was very limited in the area, suggesting minimal vacancy. The majority of neighboring properties were developed more recently than the subject. The property has secure access. It is fenced, gated, and accessed via a keypad. Overall, the property was in average condition. There were various parking areas that need pavement repairs, but nothing major noted in terms of obvious deferred maintenance. Morningstar assigned the property a score of 3 (average).

The Bears Say

- Cash Out: The borrower cashed out approximately $14,500,000 as part of this transaction. However, by successfully leasing up the property (from 19% occupancy at acquisition in 2008 to 87% as of the May 3, 2013 rent roll) the sponsor has created significant value. The sponsor purchased the subject property in 2008 for $44.7 million. Based on the 5/17/13 CBRE appraisal, the property value is now $53.6 million.
- Lease Rollover: There is a high amount of rollover exposure for the 2015, 2016 and 2019 calendar years. In 2015 two leases (198,545 sf; 23.7% of total rent) expire. In 2016, four leases expire (417,215 sf; 20.0% of total rent) expire and in 2019 five leases (361,064 sf; 22.1% of total rent) expire. The loan is structured with a 533,165 TI/LC reserve to be collected annually to fund leasing commissions and tenant improvements. Capped in year 5 at $2,665,825 and must be replenished when drawn down upon.
- Highly Leveraged: This is a highly leveraged loan with the loan balance at cutoff representing a 102.2% loan-to-value based on Morningstar's concluded value (75% based on the appraised value).

The Bulls Say

- Leasing Activity: Occupancy has recovered well since the current ownership purchased the property in 2008 when it was only 19% occupied. Based on the June 4, 2013 rent roll, the subject property is now 87.2% occupied.
- Highway Access: The property is conveniently located less than one-half mile east of the I-390 Beltway and 1.9 miles north of the I-390 / I-490 Interchange

- Corporate Headquarters: The subject property serves as the corporate headquarters for Optimation Technology, Inc (175,714 square feet or 10.0% of NRA)

Property Description

The subject property is a 1,755,500-square foot multitenant industrial (warehouse/distribution) complex located at 1456, 1466, 1500 & 1600 Lexington Avenue in the Town of Greece, City of Rochester, NY. The improvements were constructed in 1968 and are situated on a 104.1-acre site. The subject consists of three buildings that are connected by interior corridors. The clear height of the improvements is 25'-9" feet and the office finish approximates 4.7% of the total square footage. The warehouse has a total of 152 loading docks. In addition, the warehouse contains 3 rail docks providing rail service to the subject property. The property is 87.2% occupied by 26 tenants. The historical occupancy at the property was 87% at year-end 2012, 70% at year-end 2011 and 52% at year-end 2010.

The Borrower purchased the property in 2008 from Eastman Kodak. At the time, the property was only 19% occupied. Since acquisition, the owner/management has increased occupancy to 87%. Additionally, the Sponsor is in active lease negotiations with two new tenants as well as several possible expansions with current tenants.

Land uses within the subject neighborhood consist of predominantly larger industrial structures. Some of the tenants that occupy these facilities are Airgas, Adecco, Cannon Industries, and Jasco Tools. Also located in the area is the Edison Technical and Occupational Education Center, which is located directly across from the subject along Lexington Avenue.

The property is less than one-half mile east of the I-390 Beltway, 1.9 miles north of the I-390 / I-490 Interchange and 10 miles northwest of I-90. I-90 is the primary east-west interstate through the Great Lakes Region. The subject is 3 miles west of the Rochester Central Business District. The Greater Rochester International Airport is 3 miles south of the property. Centrally located, Rochester, New York is within 500 miles of over one-third of the combined populations of the United States and Canada.

Tenant Overview

According to the June 4, 2013 rent roll, the property is leased to 26 tenants. The three largest tenants, High Falls Operating Co, LLC, Care Stream Health and Optimation Technology, Inc., account for 41.0% of the net rentable area (NRA) and had a combined 719,624 square feet. No other tenant at the property occupies more than 10% of NRA. The top three tenants are described in more detail below:

High Falls Operating Co, LLC – The tenant occupies 360,365 square feet or 20.5% of the net rentable area (NRA). High Falls Operating Company has been a tenant at the property since 2011 and has a lease expiration date of February 28, 2016, with no extension options. High Falls Operating Company, known as Genesee Brewing Company, is an American brewery located along the Genesee River in Rochester, New York. Originally founded in 1878, Genesee Brewing Company is part of North American Breweries, the largest independently owned beer company in the United States. In 2012, North American Breweries was the 6th largest brewing company in America by sales volume. Genesee Brewing Company makes the Genesee line of beers, including Genesee, Genny Light and Genesee Cream Ale. Their warehousing and logistics operation has been consolidated into the subject property.

Care Stream Health - The tenant occupies 183,545 square feet or 10.5% of NRA. Care Stream Health has been a tenant at the property since 2008 and has a lease expiration date of December 31, 2015. Carestream has an ongoing termination right that allows them to terminate all or a portion of the Premises at any time after December 31, 2013, by delivering at least 12 months prior written notice to the Landlord. If the Tenant elects to terminate only a portion of the Premises, the lease restricts them to surrender no more than 20% of their rentable square feet. The surrendered space, in Landlord's reasonable judgement, must be capable of being re-leased. The Tenant is not required to pay a penalty upon termination. Carestream Health is a global provider of dental and medical imaging systems and healthcare IT solutions with operations in 170 countries. This location serves as their logistics portion of the Company and the office space supports the logistics operations.

Optimation Technology, Inc. - The tenant occupies 175,714 square feet or 10.0% of NRA. Optimation Technology has been a tenant at the property since 2011 and has a lease expiration date of February 28, 2019, with no extension options. The Tenant's lease consists of 162,375 sf of warehouse/office space and 13,339 sf of rail dock space (Rail Dock A - 7,935 sf; Rail Dock B - 5,404 sf). Optimation is an engineering, automation and construction and maintenance service provider that has been headquartered in Rochester, NY since 1985. Optimation serves a wide spectrum of industries including chemical, life sciences, oil & gas, glass, utilities, automotive and aerospace. The subject property houses the company’s corporate headquarters as well as their manufacturing and fabrication center.

Morningstar Tenant Overview Table (Top 5)						
Tenant	Net Rentable Square Feet	% of Square Feet	Base Rent Amount	Base Rent $ Square Foot	% of Rent	Lease Expiration
High Falls Operating Co, LLC	360,365	20.5%	$850,461	$2.36	16.9%	Feb-16
Carestream Health	183,545	10.5%	$1,156,334	$6.30	22.9%	Dec-15
Optimation Technology, Inc.	175,714	10.0%	$541,398	$3.08	10.7%	Feb-19
Kingsbury Corporation	166,500	9.5%	$524,475	$3.15	10.4%	Aug-19
Carta USA, LLC	145,360	8.3%	$331,421	$2.28	6.6%	Jan-14
Top 5 Subtotal	**1,031,484**	**58.8%**	**3,404,089**	**$3.30**	**67.5%**	

Lease Expiration and Rollover

There is a high amount of rollover exposure for the 2015, 2016 and 2019 calendar years. In 2015 two leases (198,545 sf; 23.8% of total rent) expire. In 2016, three leases expire (417,215 sf; 20.0% of total rent) expire and in 2019 five leases (361,064 sf; 22.2% of total rent) expire. The loan is structured with a 533,165 TI/LC reserve to be collected annually to fund leasing commissions and tenant improvements. Capped in year 5 at $2,665,825 and must be replenished when drawn upon.

Morningstar Lease Expirations by Tenant Category - Square Feet Expiring by Year							
	MTM	2013	2014	2015	2016	2017	After 2017
Optimation Technology, Inc.	0	0	0	0	0	0	175,714
100,000-400,000 sq. ft.	0	0	145,360	0	360,365	0	166,500
50,000-99,999 sq. ft.	0	0	0	0	0	0	160,286
20,000-49,999 sq. ft.	0	0	119,475	0	53,000	66,250	0
5,000-19,000 sq. ft.	0	5,885	18,000	15,000	0	0	46,350
1,000-4,999 Sq. ft.	0	1,764	1,535	0	3,850	0	0
GSA	0	0	0	0	0	4,662	0
Café	0	0	900	0	0	0	0
Carestream	0	0	0	183,545	0	0	0
Total	**0**	**7,649**	**285,270**	**198,545**	**417,215**	**70,912**	**548,850**
% Roll	**0.0%**	**0.4%**	**16.3%**	**11.3%**	**23.8%**	**4.0%**	**31.3%**

Market Overview

The subject property is located in the Northwest Industrial submarket of the broader Rochester industrial market. According to the CoStar fourth quarter 2012 Rochester Market report, the Northwest Industrial submarket has inventory of 11.9 million sf with vacancy of 9.1% and an average rental rate of $3.13 psf. The appraiser utilized a survey provided by Costar Property for its vacancy analysis. The survey consists of 34 competitive industrial properties containing 250,000 square feet or greater, located within a five mile radius of the subject property. Vacancy rates range from 0% to 100%, with an average of 16%. It should be noted, however, that 23 of the 34 properties surveyed reported vacancy levels of 10% or less. The appraiser concluded vacancy and collection loss of 10%. As of 6/3/2013, the property has a current vacancy of 12.9%. Vacancy was underwritten to 13%. The competitive properties have rents ranging from $1.85 psf to $4.83 psf NNN. The appraiser concluded a market of $3.00 psf NNN as compared to the average in-place rent of $3.13 psf NNN.

The major employers in the area include the University of Rochester (20,340), Wegmans Food Markets Inc. (13,976), Rochester General Health Systems (7,600), Xerox Corp. (6,116), Unity Health System (5,472), Eastman Kodak Co. (5,129), Paychex Inc. (3,712), The Lifetime Healthcare Cos. (3,584), Rochester Institute of Technology (3,299), and YMCA of Greater Rochester (2,732).

Sponsorship/Management

The Borrower, Acquest South Park, LLC, is an SPE bankruptcy remote entity. Equity ownership in the Borrower is held by Acquest South Park Holding, LLC (57.5%), Rochester Ventures, LLC (42%) and Acquest South Park Manager Corp. (0.5%).

The Borrower Principal is William Huntress, is the founder and current owner of Acquest Development. Acquest Development is a commercial development company in upstate New York that specializes in redevelopment projects. The company was founded in 1988 and currently engages in the acquisition, development and management of office, medical office, warehouse, R&D and light industrial projects. Acquest's current portfolio consists of over 3.1 million square feet of space and an additional 652 acres of undeveloped land.

The 1600 Lexington Ave. Property is managed by Acquest Holdings, Inc., an affiliate of the 1600 Lexington Ave. Borrower.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	Year End 12/31/12	Issuer Underwriting
Income					
Gross Potential Rent	$5,500,897	$2,402,469	$3,104,691	$3,928,839	$5,748,892
Less: Vacancy Loss (GPR)	(713,004)	0	0	0	(1,132,798)
Less: Concessions	0	0	0	0	0
Less: Collection Loss	0	0	0	0	0
Less: Vac Adj for Concess/Coll Loss	0	0	0	0	0
Base Rent/Net Effective Rent	**$4,787,893**	**$2,402,469**	**$3,104,691**	**$3,928,839**	**$4,616,094**
Expense Reimbursement	$2,742,205	$1,033,818	$1,702,823	$2,132,330	$2,847,411
Percentage Rent	0	0	0	0	0
Other Income	38,696	3,448	40,395	63,137	38,696
Ground Rent	26,070	0	0	0	0
Other	0	0	0	0	0
Vacancy on U/W Reimbursements	0	0	0	0	0
Less: Vacancy Other Incomes	(3,379)	n/a	n/a	n/a	n/a
Effective Gross Income	**$7,591,485**	**$3,439,735**	**$4,847,910**	**$6,124,306**	**$7,502,201**
Expenses					
Real Estate Taxes	$499,837	$528,407	$526,975	$477,656	$499,837
Property Insurance	161,136	163,199	171,283	161,136	133,670
Utilities	1,385,600	1,316,082	1,355,417	1,328,135	1,385,600
Repairs and Maintenance	414,076	383,013	429,544	414,076	409,000
Contract services	0	0	0	0	0
Management Fees	379,574	137,589	193,916	306,298	225,066
Payroll & Benefits	0	0	0	0	0
Common Area Maintenance	0	0	0	0	0
Advertising & Marketing	0	0	0	0	0
Professional Fees	0	0	0	0	0
General and Administrative	351,100	532,387	360,755	347,355	347,355
Non-Reimbursable Expenses	0	0	0	0	0
Other	0	0	0	0	0
Market Expense Adjustment	0	0	0	0	0
Total Operating Expenses	**$3,191,323**	**$3,060,677**	**$3,037,890**	**$3,034,655**	**$3,000,528**
Net Operating Income	**$4,400,162**	**$379,058**	**$1,810,020**	**$3,089,651**	**$4,501,673**
Capital Items					
Leasing Commissions	$279,313	$0	$0	$0	$109,593
Tenant Improvements	232,761	0	0	0	423,572
Capital Expenditure / Reserve	467,143	81,273	36,762	0	351,100
Extraordinary Capital Expenditures	0				
- Credit For TI Reserve	0				
- Credit For LC Reserve	0				
- Credit For TI/LC Reserve	0				
- Credit For Cap Ex Reserve	(70,000)				
Total Capital Items	**$909,216**	**$81,273**	**$36,762**	**$0**	**$884,265**
Credit for Upfront DSCR Escrow	$0	$0	$0	$0	$0
Net Cash Flow	**$3,490,945**	**$297,785**	**$1,773,258**	**$3,089,651**	**$3,617,408**

Analytical Assumptions

The following comments and footnotes provide additional details beyond the description of Morningstar's general analytical approach outlined at the end of this package.

Revenue Drivers

Rent Per Unit Per Month	$3.13
Vacancy (%)	13%

Morningstar marked the Carestream tenant's rent towards market (from $6.30 psf modified gross to $5.39 psf modified gross). Note: Market rent for this space is equivalent to $4.12/sf modified gross. Morningstar underwritten vacancy rate of 13.0% is equal to the property's economic vacancy.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted. Real estate taxes and G&A were underwritten based on the appraisal. Utility expense was based on the budget.

Capital Items

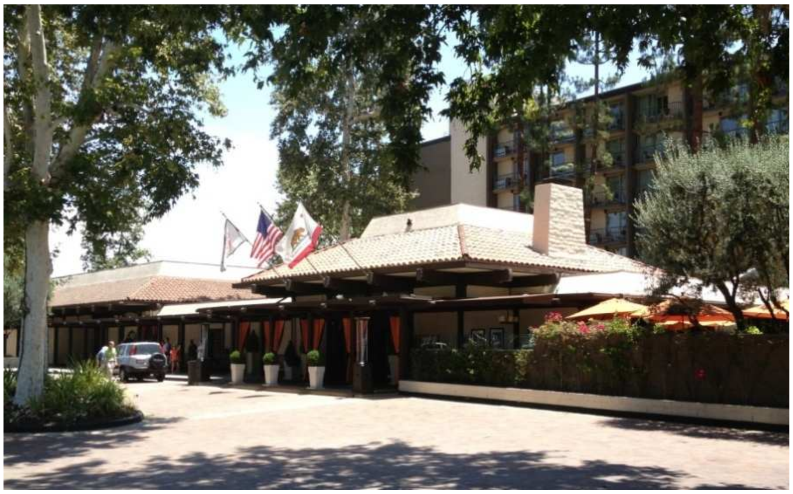
A reserve for future capital expenditures is underwritten at $0.27/sq. ft., a 10% increase over the engineer's recommended reserves. Tenant improvements for commercial space is underwritten to 50.0% of the Morningstar concluded base rent for new tenants and 0.0% for renewals. Leasing commissions are underwritten to 6.0% for new tenants and 3.0% for renewals. A renewal rate of 70% is assumed, consistent with the appraisal. Morningstar gave credit for upfront capital expenditure reserves.

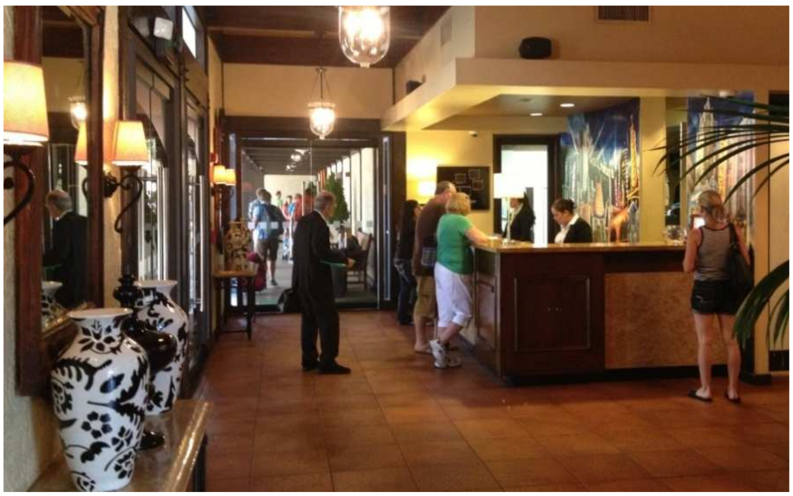
Valuation Drivers

Morningstar estimated the value of the asset based on the income capitalization approach to value. Capitalization rates are estimated quarterly by Morningstar for the office market in each region and major metropolitan area based upon a review of investor surveys including Real Estate Research Council, PWC Real Estate Investor Survey (Korpacz), as well as a review of research and comparable sales information provided by Real Capital Analytics. The Morningstar capitalization rate for the U.S. East Region industrial market was 8.60%. This base capitalization rate was adjusted to reflect the relative location, quality, and condition of the subject asset relative to the overall market. Morningstar's concluded capitalization rate for this asset was 8.85% which resulted in a direct capitalization value of $38.7 million. Morningstar's also considered the $700,000 upfront capital expenditure reserve. The $700,000 upfront capital expenditure reserve was added back to the adjusted net cash flow and subsequent value. Morningstar's final concluded value is $39.4 million, or $22 per square foot.

Beverly Garland Hotel

Analyst: Mike Magerman 267-960-6022
Analytical Manager: David Sondesky 267-960-6042





Property Summary		
Property Type	Hotel/Full-Service	
Location	North Hollywood, CA	
Year Built	1971	
Year Renovated	2012	
Net Rentable Room (Total)	255	
Net Rentable Room (Collateral)	255	
Occupancy (Actual)	85.84%	TTM 4/30/13
Ownership	Fee & Leasehold	

Loan Summary		
Loan Amount (Original Balance)	$30,000,000	($117,647/room)
Loan Amount (Cut-Off Balance)	$29,969,490	($117,527/room)
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	1	
Interest Rate	5.18500%	

Morningstar Analysis		
Current DSCR	1.45 x	
Amortizing DSCR	1.45 x	
Beginning LTV	89.32%	
Ending LTV	83.32%	
Capitalization Rate	8.50%	
Morningstar UW Occupancy	76.4%	
Net Operating Income	$3,403,097	
Net Cash Flow	$2,852,074	
Value	$33,553,807	($131,584/room)
Debt Yield	9.52%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

Capital Structure Table

Loan	Current Balance	Interest Rate Rate	DSCR Current	DSCR Amortizing	BLTV	ELTV
Subject Loan	$29,969,490	5.185%	1.45 x	1.45 x	89.3%	83.3%
Total	**$29,969,490**	**5.185%**	**1.45 x**	**1.45 x**	**89.3%**	**83.3%**

Morningstar Summary

Morningstar Perspective

For most of its 40+ year history The Beverly Garland Hotel has been a flagged franchise hotel, but will be going independent when its current franchise agreement with Holiday Inn expires in November 2013. Morningstar believes that this plan is not without risk; in our opinion the management's plans are ambitious in terms of both time for completion of renovations and expectations for what room rates and occupancy can be achieved over the conversion period. There are very few boutique hotels in the area in and around North Hollywood, with one each in Studio City and Burbank, along the southern tier of the San Fernando Valley. The local area is separated from Hollywood by the Hollywood Hills, and most of Hollywood's main attractions are at least four miles away. The only concentrations of entertainment employment that are actually local are in Studio City, Universal City and Burbank. While the hotel has performed adequately relative to its Smith Travel and appraisal competitive sets in its current format as a branded franchise, its management believes that the association with Holiday Inn has been preventing the hotel from achieving its full potential. Morningstar believes that improvement in room rates and occupancy is certainly possible as an independent hotel, but it is likely that this will take considerably longer than management or the appraisal indicate.

The $30 million refinance loan secured by the property has a 10-year term and a 30-year amortization schedule. The sponsor is James Crank, the son of actress Beverly Garland, who died in 2008 at age 82, and Fillmore Crank. The hotel has been owned by Beverly Garland's family since it opened in 1972.

Overall tourism for Los Angeles has bounced back from a cyclical low of 34.4 million visitors in 2009 to 41.4 million in 2012, according to discoverlosangeles.com. The largest jump was from 2009 to 2010 which saw an increase of 12%. Of the 41.4 million visitors in 2012, 27.9 million were overnight visitors, and 6.0 million were foreign. Direct visitor spending reached $16.5 billion in 2012, an increase of 6.9% over 2011.

Occupancy at the property has been at 77% or better each year since 2010, coming out of the recession. The economic downturn following the 2008 financial crisis caused a sharp one-year dip in occupancy in 2009, though 2010 saw a recovery that exceeded the 2008 level by more than a full percentage point. Average room rate suffered an 8.1% setback in 2009, and two years of slow growth in 2010 and 2011. The property's average room rate underperformed the local peer group by roughly $19 in 2010 and 2011, and by $13 in 2012.

Morningstar's analysis of the property concluded an average sustainable net cash flow of $2.85 million, which is 22.3% lower than that reported for the 12 months ended April 30, 2013. The lower Morningstar figure is largely attributable to Morningstar's lower room revenue. Morningstar's estimate reflects an adequate amortizing debt service coverage ratio of 1.45 times based on the loan amount of $30 million, the loan payment terms and the interest rate of 5.185%. The loan presents moderate leverage; based on the as-is appraised value of $51.9 million, and the loan amount of $30 million, the leverage on the loan is 57.8%. Morningstar valued the hotel using the direct capitalization approach and concluded a value of $33.55 million ($131,584 per room), indicating a loan-to-value of 89.32%. Morningstar's value is 35.3% lower than the appraised value.

The Beverly Garland Hotel is well located in North Hollywood along Vineland Avenue near the Hollywood Freeway. Given the strengths of a good location with Studio City and Universal Studios close by, the Beverly Garland Hotel should have the potential to be in position to capture enough market share to reestablish occupancy in a range of 75% to 80% once its new status as an independent has had adequate time to take hold. Plans for capital spending of $13 million over the next 15 months should update and refresh virtually every aspect of the property. Morningstar's underwritten average room rate is 3.0% lower than the 12 months ended April 30, 2013, and occupancy is 9.4 percentage points lower. The net result is that Morningstar's RevPAR is 13.6% lower than the 12 months ended April 30, 2013, which accounts for most of the variance in net cash flow. It is possible that our assumptions are overly conservative, though we believe they are justified given the risks of the de-flagging and conversion.

The Bears Say

- The conversion from a Holiday Inn to independent is likely to reverse recent progress in both occupancy and room rates since the 2009 recession, at least temporarily.
- At the hotel's price point, it is difficult to create a niche in which a hotel can distinguish itself from comparable properties in the North Hollywood hotel market.
- The property, in its current format, is more like a motor lodge. However, the renovations to accompany the rebranding are expected to greatly improve the appearance.
- Average room rates for the area's two existing major independent hotels are widely divergent. The 132-room Hotel Amarano in Burbank opened in 2002 and had an estimated 2012 average room rate of $186; the 190-room Sportsmen's Lodge in Studio City opened in 1962 and had an estimated average rate of $116.

The Bulls Say

- The property has a long history and has been open since 1972. It is well known in the Los Angeles metro area.
- The newly independent hotel will have little competition from other boutique hotels in the local area around North Hollywood.
- The hotel's competitive set has shown a steady increase in occupancy since 2009, approaching 80% in 2012 and exceeding 80% in the 12 months ended April 30, 2013.
- Major entertainment companies such as Disney, Warner Bros and NBC have expressed interest in the hotel for corporate use following the conversion.
- The nearby Universal Studios theme park will remain an important demand driver following the conversion.

Property Description

The property is the 255-key Beverly Garland Hotel, which has been operating as a Hilton for the last 20 years. The hotel is not renewing its franchise agreement with Hilton when the agreement expires at the end of November. The property sits on a roughly triangular 6.68-acre parcel bounded by Vineland Avenue to the west, the Los Angeles River to the south, and the Hollywood Freeway to the north and east. The original tower was constructed in 1971 as a Howard Johnson's Motor Lodge with 147 rooms on seven stories. A second six-story building with 108 rooms was completed in 1981. The property also contains the two-story Beverly Garland Center and the one-story Grand Ballroom, which together contain all of the hotel's 12,848 square feet of meeting space. Three other smaller buildings contain back of the house space and other public space. Food service is provided at Tula's Café, two lounges and a coffee bar. Other amenities include an outdoor pool and spa, tennis courts, fitness center, business center, theater, gift shop and vending areas.

A small portion of the property, 0.65 acres or 9.7% of the total land area, is subject to a ground lease which expires in September 2026. The ground leased area is owned by the Los Angeles County Flood Control District, and is adjacent to the Los Angeles River along the south end of the property. That portion of the ground contains a small back office building, a portion of the tennis courts and 36 parking spaces. The rent is flat at $27,453 per year through the end of the term. It is highly likely that Los Angeles County will renew the ground lease, though the hotel business could reconfigure if necessary.

The Phase I environmental assessment did not identify any current or historical recognized environmental conditions. The consultant did recommend implementation of an operations and maintenance plan for asbestos, given the age of the buildings, which go back to 1971. In the seismic risk assessment, the damage estimate was expressed as the Median Structural Damage Estimate, and was valued at 19%.

Morningstar visited the property on July 13, 2013 and found it to be in average condition. There was some deferred maintenance, although these items will be addressed by the planned $12.7 million renovation. The property is about one mile from Universal Studios and provides a shuttle to the Studios as well as to the Universal City Station on the Los Angeles subway. The subway provides guests with access to Downtown Los Angeles as well as Hollywood.

Management has renovated two rooms as models in order to demonstrate the planned renovations. The new décor is brighter and more contemporary than that of the current configuration. Management also plans to remove some walls in the lobby to create a more open feel from what is currently a cramped space. Sales and service offices will be relocated to the rear of the property and the gift and sundries shop will be moved to the more prominent location.

Morningstar visited several properties that the appraisal identified as comparables. Sportsmen's Lodge is about three miles west in the Studio City District. The property is slightly older and has a similar feel to the subject. Sportsmen's Lodge is also in the midst of a renovation program to create a more contemporary look in the units. The total cost is estimated to be $4.0 million, a third of what is planned at the subject.

The Hilton and Sheraton hotels are both in Universal City with direct access to Universal Studios and the offices of NBC Universal. Based on the location and the loyalty programs, we consider the properties to be superior to the subject.

Hotel Amarano is in Burbank. The location affords the property better access to Warner Bros Studios and Burbank while access to Universal City is slightly inferior to the subject. The property is newer and in better condition. It was reported that the Amarano's rooms have kitchenettes. We consider this property to be superior to the subject.

Demand Drivers

The bulk of the property's rooms are used by leisure travelers, which account for 65% of occupancy. North Hollywood is located between Burbank and Sherman Oaks, about 10 miles northwest of downtown Los Angeles. Although the hotel is not well located for the high-traffic tourist destinations in Hollywood, it is very well located for access to Universal Studios Hollywood and Studio City. Demand is fairly dependent on the entertainment industry given its proximity to Hollywood.

Business travelers account for about 20% of occupancy. Walt Disney's animation studios and other operations in Burbank employ about 9,500. The local area's second largest employer is Warner Bros., which is just three miles to the east in Burbank and has 8,000 employees. NBC Universal is the fourth largest employer with just over 2,000 employees at Universal Studios less than two miles to the southeast, and in Burbank.

Groups and conventions make up the smallest of the three major segments, at approximately 15% of occupancy.

Market Overview

Based upon information provided by Smith Travel Research, the following table presents a summary of historical occupancy and average room rate for the competitive set with which the subject hotel competes. The identified competitive set comprises 1,490 rooms including the property and the following hotels: 1) Hilton Los Angeles Universal City, 2) Courtyard Los Angeles Sherman Oaks, 3) Sportsmen's Lodge Hotel, 4) Hilton Garden Inn Los Angeles Hollywood, 5) Courtyard Los Angeles Burbank Airport.

The identified competitive set has shown clear improvement in both occupancy and average room rate over the last three years, based on the trailing 12 months ended on April 30 of 2011, 2012 and 2013. Average daily rate continued to improve to $157.95 in the 2013 period, achieving increases of 4.3% and 5.6% over the two previous 12-month periods. Occupancy for the competitive set rose to 80.8% in the most recent 12-month period, from 76.6% and 76.0% in the two prior periods. The property's RevPAR penetration remains below 100%, though it has improved in each of the last two years. The lower RevPAR is due to the property's lower ADR relative to the competitive set. In the most recent 12-month period, penetration reached 97% from 95% in the previous period. In the 12-month period ended April 30, 2013, the subject property reported an average daily rate of $143.14, a deficit of $14.81 or 9.4% below the Smith Travel peer group. The property's occupancy for the same period reached 86.8%, outperforming the peer group's 80.8% by a comfortable margin.

Evaluation of Market Trends

	Occupancy Rate	Average Rate	Rooms RevPAR	Occupancy Penetration	RevPAR Penetration
TTM 04/30/11	76.0%	$143.36	$109.01	103.4%	90.1%
TTM 04/30/12	76.6%	$149.56	$114.61	108.7%	94.6%
TTM 04/30/13	80.8%	$157.95	$127.57	107.4%	97.3%

Source: Smith Travel Research

Sponsorship/Management

The borrower is Rio Vista Development Company, an SPE bankruptcy remote entity. Ownership in the borrowing entity is divided among several companies and individuals, with James Crank as the principal. Mr. Crank also serves as the general partner of the borrower and the asset manager. The property has been managed for 17 years by Milwaukee-based Marcus Hotels, Inc., which manages 20 hotels.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	Year End 2012	TTM 04/30/13	Issuer Underwriting
Occupancy Percent	76.4%	77.7%	82.7%	84.7%	85.8%	80.0%
Average Room Rate	$138	$123	$127	$139	$142	$142
Rooms RevPAR	$105	$95	$105	$118	$122	$114
Departmental Revenue						
Room	$9,814,131	$8,876,741	$9,797,753	$10,994,503	$11,362,364	$10,589,684
Food & Beverage	2,552,042	2,355,986	2,604,283	2,795,258	2,882,486	2,882,486
Telephone	0	0	0	0	0	0
Rentals	0	0	0	0	0	0
Parking	559,714	487,410	523,027	619,060	630,415	630,415
Other Income	849,689	845,543	1,014,260	1,018,068	957,913	957,913
Total Departmental Revenue	**$13,775,577**	**$12,565,680**	**$13,939,323**	**$15,426,889**	**$15,833,178**	**$15,060,498**
Departmental Expenses						
Room	$2,629,033	$2,323,316	$2,505,779	$2,903,136	$2,980,617	$2,777,925
Food & Beverage	2,118,790	1,762,579	1,926,774	2,262,623	2,397,628	2,397,628
Telephone	0	0	0	0	0	0
Rentals	0	0	0	0	0	0
Parking	36,602	57,084	44,819	44,339	41,497	41,497
Other Income	332,616	344,186	373,821	373,890	377,097	377,097
Total Departmental Expenses	**$5,117,040**	**$4,487,165**	**$4,851,193**	**$5,583,988**	**$5,796,839**	**$5,594,147**
Departmental Profit	**$8,658,536**	**$8,078,515**	**$9,088,130**	**$9,842,900**	**$10,036,339**	**$9,466,351**
Undistributed Expenses						
General & Administrative	$1,372,028	$1,017,352	$1,069,102	$1,267,281	$1,332,606	$1,332,606
Franchise Fees	0	443,991	502,473	550,020	509,776	0
Advertising & Marketing	1,377,558	840,392	956,425	1,211,665	1,298,835	1,506,050
Repairs & Maintenance	881,755	776,189	848,555	897,325	893,671	893,671
Utilities	463,815	518,127	500,540	464,432	470,083	470,083
Management Fees	551,023	418,907	552,754	627,648	633,199	602,420
Fixed Charges						
Real Estate Taxes	$194,073	$173,433	$177,840	$190,860	$190,268	$190,268
Property Insurance	302,455	263,704	270,414	290,000	292,227	292,227
Ground Rent	27,453	20,997	27,453	27,453	27,453	27,453
Miscellaneous	85,280	105,466	102,680	100,349	85,280	85,280
Total Operating Expenses	**$10,372,480**	**$9,065,723**	**$9,859,428**	**$11,211,021**	**$11,530,237**	**$10,994,204**
Net Operating Income	**$3,403,097**	**$3,499,957**	**$4,079,894**	**$4,215,868**	**$4,302,941**	**$4,066,294**
Capital Expenditures						
Capital Expenditures / Reserve	$551,023	$503,010	$557,764	$617,095	$633,351	$602,420
Extraordinary Capital Expenditures	0	0	0	0	0	0
- Credit For Cap Ex Reserve	0	n/a	n/a	n/a	n/a	n/a
Total Capital Expenditures	551,023	503,010	557,764	617,095	633,351	602,420
Credit for Upfront DSCR Escrow	$0	$0	$0	$0	$0	$0
Net Cash Flow	**$2,852,074**	**$2,996,948**	**$3,522,130**	**$3,598,773**	**$3,669,590**	**$3,463,874**

Analytical Assumptions

The following comments and footnotes provide additional details beyond the description of Morningstar's general analytical approach outlined at the end of this package.

Revenue Drivers

Average Room Rate	$137.97
Occupancy (%)	76.4%
Rooms RevPAR	$105.44

Our estimate of occupancy and average room rate is designed to represent a normalized level in constant, uninflated dollars. Our occupancy assumption is weighed down by the expectation of an adjustment period during which the loss of rooms booked through the Holiday Inn system must be replaced by new business. We have underwritten occupancy at 76.4% based on a weighting of recent results and projected future occupancy. Given the uncertainty of the rate at which Holiday Inn room reservations can be replaced, we have placed more weight on conservative near-term occupancy projections and less weight on the recent historical performance which was achieved as a Holiday Inn franchisee.

Management Fees

Morningstar has underwritten management fees at 4.0% of total revenue, based on the average historical performance. The base management fee is 3.0% of gross hotel revenue.

Franchise Fees

Morningstar has not underwritten a franchise fee, as the hotel will be independent effective on December 1, 2013. A portion of the expenses that have been paid to a franchisor will likely be seen as increases in advertising and marketing expense.

Reserve for Replacement

The management agreement requires a replacement reserve of 4% of gross hotel revenues. Morningstar's standard treatment of full service hotels is the application of a 4% reserve. In addition to the structure repairs recommended by a property condition assessment, the capital reserve for replacement must provide for sufficient funds to conduct periodic replacement of soft goods and case goods in the hotel rooms and in the public spaces. As a result, the Morningstar reserve for replacement is well above that recommended by the engineer in the property condition assessment. The engineer's recommendation amounts to $861 per room per year based on 255 rooms, or just 1.6% of Morningstar's gross revenue.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted. Property taxes are based on the 12 months ended April 30, 2013 inflated by 2%, which is the limit on annual tax increases imposed by California law. The appraisal's number is far higher because it is based on the appraised value at the time of a hypothetical sale of the property, which is more than four times the actual recent tax bills.

Morningstar has underwritten advertising and marketing expense based on an assumption of 10% of gross revenue.

Valuation Drivers

The Morningstar base capitalization rate for Los Angeles hotels is 8.5%. A deduction of 25 basis points was made to the base capitalization rate for the property's suburban infill location, and an addition of 25 basis points was made for the risk of the rebranding of the hotel as an independent. The resulting capitalization rate is 8.5%. Morningstar made a negative adjustment to the balloon date valuation to compensate for the higher tax liability that would result from a sale of the property. That adjustment reduced the ending capitalized value by about $3.7 million, or 11.0%.

Paddock Club

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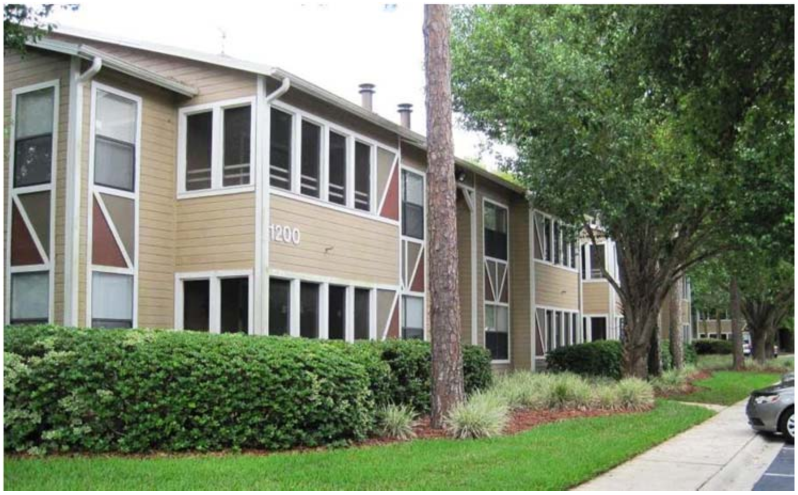
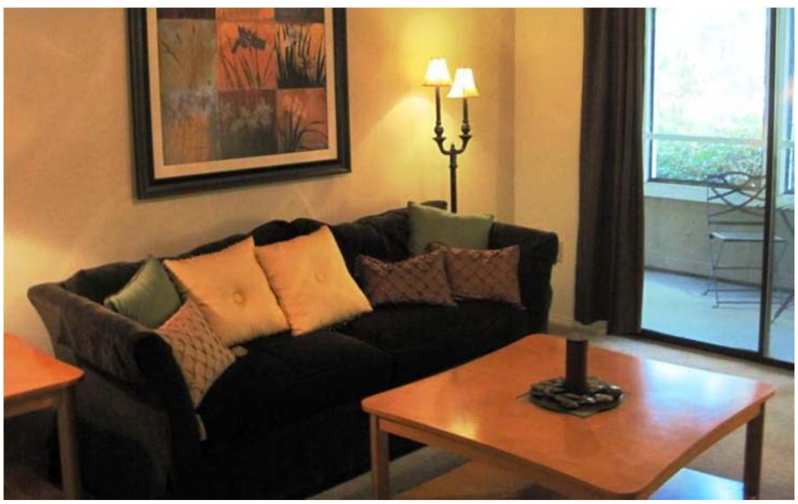
Analytical Manager: David Sondesky 267-960-6042





Source: Joseph J. Blake Appraisal

Property Summary		
Property Type	Multifamily/Garden	
Location	Jacksonville, FL	
Year Built/Renovated	1989/2013	
Multifamily Units	440	
Net Rentable Sq. Ft. (Other)	n/a	
Occupancy	95.68%	As of: 6/10/13
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$27,360,000	($62,182/unit)
Loan Amount (Cut-Off Balance)	$27,360,000	($62,182/unit)
Loan Term (months)	120	
I/O Period (months)	48	
Amortization Term (months)	360	
Loan Seasoning (months)	1	
Interest Rate	4.44900%	

Morningstar Analysis		
Current DSCR	1.79 x	
Amortizing DSCR	1.32 x	
Beginning LTV	97.25%	
Ending LTV	87.18%	
Capitalization Rate	7.70%	
Morningstar Occupancy	92.50%	
Net Operating Income	$2,286,524	
Net Cash Flow	$2,206,126	
Value	$28,134,237	($63,941/unit)
Debt Yield	8.06%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

Capital Structure Table

Capital Structure Table

Loan	Balance	Interest Rate	Current DSCR	DSCR Amtz	BLTV	ELTV
Mortgage Loan	$27,360,000	4.44900%	1.79 x	1.32 x	97.2%	87.2%
Total	**$27,360,000**	**4.44900%**	**1.79 x**	**1.32 x**	**97.2%**	**87.2%**

Morningstar Summary

Morningstar Perspective

The subject transaction is a $27,360,000 ($62,182 / unit), 10-year, fixed rate loan, secured by a first mortgage lien on a 440 unit garden-style, suburban apartment complex known as Paddock Club. The loan collateral is located in Duval County, in the Greater Arlington submarket of the Jacksonville, Florida metropolitan area, approximately six miles from the central business district. Loan proceeds were used to facilitate the acquisition of the subject property, by a joint venture between loan sponsors NorthStar Realty Finance and the Carroll Organization, for reported consideration of $36,400,000 ($82,727 / unit), including transaction costs. At closing, the borrower contributed $9.12 million cash equity to the transaction or 25% of total acquisition costs. The loan structure includes forty-eight months of interest-only payments, followed by loan amortization on a 30-year schedule. The borrower is in the process of completing a substantial rehabilitation of the property, which includes kitchen, bathroom and flooring upgrades to approximately 78% of the interior units and numerous updates to common area amenities. The borrower's total capital expenditure budget for the ongoing renovation is $1,867,750 ($4,245 / unit), of which $1,730,000 ($3,932 / unit) was escrowed by the lender, at closing.

The improvements were built in three phases, beginning in 1989 and consist of 28 two and three-story buildings, which were constructed on 39.71 acres of land. The unit mix includes one, two and three-bedroom floor plans, which reflect an average unit size of 1,091 square feet. Approximately 57% of the property's units are two-bedroom layouts. The project is reportedly 95.7% occupied, as of June 10, 2013 and has averaged 94.8% physical occupancy over the past three years. Concessions are not presently being offered at the subject property. Primary access to the subject neighborhood is obtained via Interstate-295, located less than one-mile from the property, which encircles the city of Jacksonville and connects to Interstate-95 both north and south of the property. The project is conveniently located in close proximity to neighboring schools, retail uses and employment centers.

Based on Morningstar's underwriting, the subject transaction reflects a relatively high beginning loan-to-value of 97.25% and a similarly elevated ending loan-to-value of 87.18%. Although the subject's refinance risk is considered moderate, this is largely mitigated by the $9.1 million (25% of total costs) of cash equity contributed by the borrower at closing. Theoretically, in the event that take-out proceeds were insufficient to refinance the existing debt, the borrower would contribute the additional capital required to pay down the loan to an acceptable level, in order to protect their equity investment. The loan structure includes a four-year interest-only period, which also gives Morningstar some pause. Based on underwritten cash flows, the loan's amortizing debt service coverage is average at 1.32x, on a 30-year amortization schedule. However, Morningstar believes that there is additional upside in the property's cash flow, as a result of rent increases realized on recently upgraded units. Nevertheless, Morningstar's underwriting was relatively conservative in relation to both the trailing-12 month results and the property's recent operating history. Morningstar's underwritten net cash flow was approximately 9.5% below trailing-12 month historical activity and roughly 7.6% lower than year-end 2012 results. The subject's Greater Arlington submarket has a comparatively high vacancy rate for multifamily properties, with an average availability rate of 14.8%, as of the first quarter 2013. However, no new completions are planned through 2017. Morningstar views the subject asset as a stable performer, in an average multifamily market, with historically strong occupancy characteristics and stable cash flows. The property should benefit from the change in management and the significant property renovation that is in process and the subject's cash flows are, at a minimum, sustainable.

Morningstar conducted a site visit of the property on July 9, 2013. Overall, the property appeared to be well-maintained, with no obvious signs of deferred maintenance. Per the property manager, the asset is situated in a relatively quiet neighborhood, with no recent reports of crime or vandalism in the development. The tenant mix includes both families and young professionals, who are drawn to the project by its proximity to the Jacksonville central business district and local employment centers, as well as the convenience of having ample retail uses and local schools in the immediate vicinity. Morningstar assigned a property score of three ("3") to the asset, which equates to a property condition of average.

The Bears Say

- The subject submarket has experienced historically high multifamily vacancy rates, with an average availability of 15.7% since year-end 2007, which may be an indication of oversupply.
- Jacksonville ranks among the top ten cities nationally, in terms of both foreclosure rates (a reported 1 in every 345 housing units[1]) and highest number of vacant foreclosure properties on the market. As of April 2013, Jacksonville had an estimated 1,720 properties with foreclosure filings attached. As a result, both individual investors and hedge funds alike have identified Jacksonville as an attractive market for investment in single-family rental portfolios, which has driven home prices up 20.1% over the past 12-months. The creation of this shadow rental market exerts downward pressure on the traditional multifamily rental sector and may pose additional challenges for the local economy going forward.
- The United States Military is, by far, the largest employer in the city of Jacksonville and its total economic impact is reportedly $5.8 billion annually.[2] Jacksonville is home to multiple military facilities and has the third largest naval presence in the country, behind only Norfolk, Virginia and San Diego, California. Additionally, the Port of Jacksonville is a major growth driver for the city and is in need of approximately $345 million in government funding, to facilitate necessary upgrades. This reliance on government spending is a long-term uncertainty for the city of Jacksonville and its overall economic health.

The Bulls Say

- The subject has experienced strong historical occupancy and exhibited stable cash flows since 2010.
- Recovering economy; Jacksonville benefits from a diverse economy and a strategic location at a major port and is currently trails only Tampa in terms of fiscal strength, among Florida's major metropolitan areas.[3] The city boasts a broad and diverse economic base, which includes numerous financial and professional services firms, construction companies, leisure and hospitality agencies, manufacturing operations and healthcare entities. Non-farm employment has increased 2.8% (16,500 jobs) over the past 12-months and Jacksonville remains an attractive option for both expanding and relocating businesses.
- Potential upside in property cash flow, as a result of rent increases, following the $1,867,750 ($4,245 / unit) rehabilitation of the property. Rent premiums for upgraded units have averaged a reported $80 to $85 per month.
- No new completions are scheduled for the subject submarket, through 2017 and vacancy rates are projected to tighten 340 basis points over this timeframe.
- After an extended period of stagnant rents, per Reis, rent growth is projected to average a solid 2.6% per year, through 2017.
- The property was acquired by an experienced operator and manager, with significant repositioning experience. The new owners have invested approximately $9.1 million cash equity in the transaction; roughly 25% of total acquisition costs.

Property Description

The subject is part of the Greater Arlington submarket, in Duval County, in the Jacksonville, Florida metropolitan statistical area. The property is situated less than one-mile off of Interstate 295, also known as the "Beltway" and is located approximately six miles east of downtown Jacksonville. The subject neighborhood includes a solid mix of single and multi-family residential developments and complimentary retail uses. Merrill Road Elementary School is located less than one-mile south east of the asset. Due to the property's convenient access to interstate 295 and its close proximity to nearby schools, complimentary retail and downtown Jacksonville, the majority of the tenants in occupancy are working families and local business professionals. Additional demand drivers for the property include its proximity to Jacksonville Beach (fourteen miles east), Jacksonville International Airport (fifteen miles north), Jacksonville University (three miles west), the Regency Square Mall (three miles north) and St. John's Town Center Mall (eight miles south). Additionally, several national retailers are located within a two-mile radius of the property, including Target, Wal-Mart, Bed Bath and Beyond and Sports Authority. Jacksonville has a broad and stable economic base, with a high concentration of financial services, healthcare, manufacturing, government and professional services firms. Major employers in Jacksonville include the Naval Air Station Jacksonville, Duval County Public Schools, Naval Station Mayport, Baptist Health, Bank of America Merrill Lynch. Florida Blue (healthcare), Mayo Clinic, Citi, JP Morgan Chase, United Parcel Service and CSX, to name a few. The United States Military is the largest employer in Jacksonville and the city has the third largest Naval presence in the country, behind only Norfolk, Virginia and San Diego, California.

[1] Per RealtyTrac.com
[2] City of Jacksonville website (www.COJ.net).
[3] Jacksonville Business Journal / On Numbers Economic Index.

The subject collateral consists of 28, two and three-story, garden-style apartment buildings, which contain 440 one, two and three-bedroom apartments. The subject offers spacious floor plans, with an average unit size of 1,091 square feet. The project's physical occupancy, as of June 10, 2013 was reportedly 95.7% and no concessions are currently being offered. The property also contains 89 detached garages that are available for rent. The improvements were constructed in phases, starting in 1989 and were completed by 1997. The asset is situated on 39.71 acres of land and the property includes two large man-made lakes and various gazebo parks and walking / jogging trails. Additional project amenities include a clubhouse, complete with a fitness center, security entrance, two swimming pools, tennis courts, sand volleyball courts, playground, self-car wash and vacuum, tanning salon and laundry building. The two swimming pools have built in patios that are complete with dining tables and gas grills. The unit amenities include standard kitchen appliances with dishwasher and garbage disposal, air conditioning, cable television, ceiling fans, fireplace, patio / balcony, and washer / dryer hookups.

Prior to the most recent sale, the previous owner completed renovations to 78 unit interiors, which included both kitchen and bathroom upgrades and updated flooring, hardware and fixtures. The borrower plans to complete various renovations to each of the remaining 342 units. Planned upgrades include new silver metallic kitchen appliances, new countertops, refinished cabinetry, new light fixtures and updated hardware in all kitchens and bathroom areas, faux wood flooring and numerous improvements to the common areas. The borrower's total renovation budget is $1,867,750 ($4,245/unit). Immediate repair items identified by the engineer were minimal, at $35,750 and will be addressed as part of the planned renovation.

Unit Type Mix

Property Unit Type Overview			
Unit Type	**# of Units**	**% Total**	**Avg. Unit Size (Sq. Ft.)**
One Bedroom	96	21.8%	783
Two Bedroom	248	56.4%	1,100
Three Bedroom	96	21.8%	1,360
Total	**440**	**100.0%**	**1,087**

Market Overview

The property is located in the Greater Arlington submarket of the Jacksonville metropolitan area. Per Reis, the submarket is comprised of 9,392 units and the mean vacancy rate, as of the first quarter of 2013, was 14.8%, which was well-above the Jacksonville Metro's average multifamily vacancy rate of 7.0%. Mean rental rates for all product classes in the submarket were $650 per unit, per month, including $706 per unit for Class A buildings and $631 per unit for class B / C properties. Since the subject was constructed in phases, beginning in 1986 and ending in 1997, the property straddles a two decade reporting period for Reis. The mean submarket rental rate for 1980 to 1989 vintage properties was $555, with and average vacancy rate of 5.6%; however, only one percent of Greater Arlington's inventory was constructed during this timeframe. In reviewing the Reis data for multifamily projects constructed between 1990 and 1999, which represents 5.0% of the submarket's multifamily inventory, average rents reflect an increase to $787 per unit and vacancy rates fall to 2.3%.

The appraiser surveyed five comparable properties in Jacksonville, which totaled 1,465 units and are in direct competition with the subject. The properties that comprise the comparable set were generally superior to the subject, in terms of location, condition and unit amenities. Based on the average rental rates and mean occupancy of the comparable set, the appraiser concluded an as-is rental rate for the subject of $855 per unit, with a 5.0% physical vacancy loss. Current in-place rents at the property are approximately $819 per unit, as of June 10, 2013. While the property's current rents appear to be below market, the subject transaction represents an acquisition and subsequent rehabilitation of the project, with a total capital expenditure budget of reportedly $1,867,750 ($4,245 / unit.) Upon completion of unit renovations, the borrower intends to increase rents at the property, in accordance with what the market will bear. Per the appraiser, units that have already been renovated have achieved average increases between $80 and $85 per month. The appraiser's concluded post-renovation rents were $940 per unit, which were somewhat aggressive, but supportable in the context of the competitive set. However, Morningstar's valuation analysis was based on in-place rents; therefore there will likely be some upside in the subject's cash flows, upon completion of the capital upgrades. Morningstar's underwritten vacancy rate was 7.5%, which was higher than both the appraiser and the comparable set, in order to account for a potential spike in available units, during the renovation term.

Sponsorship/Management

The borrower is Arium St. Johns, LLC; a Delaware based, bankruptcy remote, single purpose entity. The borrowing entity is owned by a joint venture between loan sponsors NorthStar Realty Finance and the Carroll Organization, who have previously been strategic partners on a number of multifamily acquisitions. NorthStar Realty is a New York based Real Estate Investment Trust, which specializes in opportunistic commercial real estate investment and asset management. As of March 31, 2013, NorthStar had $8.7 billion in assets under management. The Carroll Organization is a full-service real estate investment, development and property management firm, which was founded by loan sponsor M. Patrick Carroll in 2004 and is headquartered in Atlanta, Georgia. The company focuses on real estate investments primarily in the southeast and Texas and has strategically located regional offices in Orlando and Miami, Florida and Houston, Texas.

The property is managed by Carroll Management Group, a borrower related entity. Carroll currently manages approximately 10,200 multifamily units, in six states, and employs over 250 people. The company has raised more than $200 million of equity, through Carroll sponsored funds and joint ventures and the firm's current investment portfolio is valued in excess of $600 million.

Morningstar Analysis

	Morningstar	2011	2012	TTM 4/30/2013	Issuer Underwriting
Income					
Gross Potential Rent	$4,321,944	$4,247,717	$4,345,525	$4,379,645	$4,315,584
Laundry/Vending	0	0	0	0	0
Expense Reimbursement	0	0	0	0	0
Percentage Rent	0	0	0	0	0
Parking Income	0	0	0	0	0
Other Income	416,692	448,842	408,775	416,692	416,692
Less: Vacancy Loss	-324,146	-304,263	-417,819	-385,465	-321,404
Less: Concessions & Collection Loss	0	0	0	0	0
Effective Gross Income	**$4,414,490**	**$4,392,296**	**$4,336,481**	**$4,410,872**	**$4,410,872**
Expenses					
Real Estate Taxes	$533,768	$399,615	$414,803	$423,649	$521,806
Property Insurance	134,121	92,696	98,869	102,866	134,121
Utilities	227,787	225,960	227,077	220,988	227,600
Repairs and Maintenance	418,024	368,577	396,278	429,141	417,681
Janitorial	0	0	0	0	0
Management Fees	132,435	130,094	130,094	132,326	132,326
Payroll & Benefits	527,505	502,226	534,339	521,025	527,073
Common Area Maintenance	0	0	0	0	0
Advertising & Marketing	0	0	0	0	0
Professional Fees	0	0	0	0	0
General and Administrative	88,072	75,222	86,461	88,073	88,000
Non-Reimbursable Expenses	0	0	0	0	0
Other Expenses	66,254	54,474	61,084	56,320	66,200
Ground Rent	0	0	0	0	0
Market Expense Adjustment	0	0	0	0	0
Total Operating Expenses	**$2,127,966**	**$1,848,864**	**$1,949,005**	**$1,974,387**	**$2,114,807**
Net Operating Income	**$2,286,524**	**$2,543,432**	**$2,387,476**	**$2,436,485**	**$2,296,065**
Capital Items					
Leasing Commissions	$0	$0	$0	$0	$0
Tenant Improvements	0	0	0	0	0
Capital Expenditures	80,398	0	0	0	110,000
Extraordinary Capital Expenditures	0	0	0	0	0
Total Capital Items	**$80,398**	**$0**	**$0**	**$0**	**$110,000**
Net Cash Flow	**$2,206,126**	**$2,543,432**	**$2,387,476**	**$2,436,485**	**$2,186,065**

Analytical Assumptions

The following comments and footnotes provide additional details beyond the description of Morningstar's general analytical approach outlined at the end of this package.

Revenue Drivers

Rent Per Unit Per Month	$819
Vacancy (%)	7.50%

Morningstar's underwritten market rent was $819 per unit, per month, which was based on the in-place rents at the property, as of the June 10, 2013 rent roll. The appraiser's concluded market rental rate was marginally higher, at $855 per unit, per month and was based largely on comparable properties in the subject's market. However, the borrower intends to raise rental rates at the property, upon completion of the ongoing project rehabilitation. The appraiser's estimated market rent, post-renovation, is $940 per unit, per month.

Vacancy and Collection Loss was underwritten to 7.5%, which was based on the issuer's projection and consistent with the borrower's budget. The project's actual physical occupancy was 95.7%, at June 10, 2013. The property has averaged 94.8% occupancy over the past three calendar years. The appraiser surveyed five comparable properties in direct competition with the subject, which reflected an average physical occupancy rate of 95.6%. However, Morningstar used a higher vacancy rate, as availabilities are likely to increase incrementally during the renovation of the property. The appraiser's combined vacancy / collection loss was 7.00% and the subject property is currently not offering concessions.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted.

Real Estate Taxes: Underwritten based on the appraiser's concluded as-is value of $35,700,000 ($81,136 / unit), times the current effective millage rate for Duval County. The projected real estate tax liability is approximately $12,000 above the issuer's estimate and roughly $110,000 higher than trailing-12 month expenses, due to the fact that the subject transaction represents an acquisition and the property will likely be re-assessed in the near-term.

Overall, Morningstar's total operating expenses were 7.8% higher than trailing-12 month historicals and within 1.0% of the issuer's underwriting. The issuer's expense estimates were based largely on actual figures or the most recent historical operating history, which approximates Morningstar's general underwriting approach.

Capital Items

A reserve for future capital expenditures is underwritten at $576 / unit, a 10% increase over the engineer's recommended, inflated reserves. However, in light of the borrower's extensive renovation, which is currently underway, Morningstar credited the up-front capital reserve of $1,730,000 ($3,932 / unit) against the underwritten reserve requirement. This resulted in an adjusted capital expenditure figure of roughly $183 / unit, which was lower than the issuer's estimate of $250 / unit.

Valuation Drivers

Morningstar's analysis was based on the Income Capitalization approach to valuation. Capitalization rate estimates are updated regularly, based on a review of relevant market data, including numerous investor surveys and comparable sales data. A base capitalization rate of 7.70% was utilized for the direct cap estimate, which was based on Morningstar's concluded overall rate for Jacksonville multifamily properties. No additional adjustments were made for the property's condition or current use. The concluded capitalization rate was roughly 130 basis points higher than the comparable sales data and 120 basis points above the appraiser's ascribed overall rate. Per Reis, the 12-month rolling capitalization rate for the Jacksonville metro, at quarter-end (Q1 2013), was 7.50%, down from 7.80% a year earlier.