WFRBS Commercial Mortgage Trust 2012-C9

Presale Report

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PRELIMINARY RATINGS (AS OF: 10/09/12)

CLASS	BALANCE/ NOTIONAL AMT	PRELIMINARY RATINGS	MORNINGSTAR DSC	MORNINGSTAR BLTV	CREDIT SUPPORT LEVELS
Class A-1	$86,171,000	AAA	2.17 x	61.1%	30.000%
Class A-2	110,387,000	AAA	2.17 x	61.1%	30.000%
Class A-3	444,199,000	AAA	2.17 x	61.1%	30.000%
Class A-SB	96,213,000	AAA	2.17 x	61.1%	30.000%
Class A-S	93,437,000	AAA	1.93 x	68.9%	21.125%
Class B	64,485--,000	AA-	1.79 x	74.2%	15.000%
Class C	36,849,000	A-	1.72 x	77.3%	11.500%
Class X-A(1)	$830,407,000	AAA	2.17 x	61.1%	N/A
Class X-B(1)	101,334,000	AAA	2.17 x	61.1%	N/A
Class D	42,112,000	BBB-	1.65 x	80.7%	7.5000%
Class E	21,057,000	BB	1.61 x	82.5%	5.500%
Class F	19,740,000	B	1.58x	84.1%	3.625%
Class G	38,165,081	NR	NR	NR	NR
Class V	n/a	NR	NR	NR	NR
Class R	n/a	NR	NR	NR	NR

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 and Class X-B 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: October 30, 2012.
Solely to the extent and subject to the scope of review enumerated herein, this report and the preliminary ratings noted above address certain credit risks and the extent to which the payment stream of the collateral is adequate to make payments required under the certificates based on information identified as subject to review herein and to the extent provided to Morningstar Credit Ratings, LLC ("Morningstar") on the arranger's website for this transaction as of October 9, 2012. The below analysis, as well as Morningstar's ratings characteristics as described in Appendix C, further reflect the ratings analysis related to these preliminary ratings. Investors should be aware that the proposed transaction and certain documents related thereto are not finalized. Following Morningstar's receipt of final information and documentation, and the completion of Morningstar's review of such information and documentation, Morningstar may issue final ratings to certain subscribers. Such final ratings may differ from the preliminary ratings enumerated herein. Any final ratings will solely be available to Morningstar subscribers on a subscription basis. The preliminary ratings are provided on an arranger pay basis while any related surveillance and analysis is provided to subscribers on a subscription pay basis. For the avoidance of doubt, your receipt of this report does not, in and of itself, make recipient a subscriber of Morningstar. For further information on Morningstar's subscription service, please contact Joe Petro pursuant to the contact information above.

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

TRANSACTION SPOTLIGHT

Collateral	73 loans secured by 100 properties	**Mortgage Loan Seller/Sponsors**	Wells Fargo Bank, National Association; The Royal Bank of Scotland; Liberty Island Group I LLC; C-III Commercial Mortgage LLC; and Basis Real Estate Capital II, LLC.
Notional Balance	$1,052,815,082		
Structure	Sequential	**Depositor**	RBS Commercial Funding Inc.
Morningstar U/W Current DSCR (1)	1.59 x	**Trustee**	U.S. Bank National Association
Morningstar U/W Amortizing DSCR (1)	1.53 x	**Custodian**	Wells Fargo Bank, National Association
Morningstar Trust U/W BLTV	87.3%	**Master Servicer**	Wells Fargo Bank, National Association
Morningstar Trust U/W ELTV	70.6%	**Special Servicer**	Midland Loan Services, a division of PNC Bank, N.A.
Morningstar All-In DSCR (2)	1.59%	**Certificate Administrator**	Wells Fargo Bank, National Association
Morningstar All-In UW BLTV(2)	88.3%	**Trust Advisor**	Trimont Real Estate Advisors, Inc.

Note:
(1) Current debt service coverage reflects interest only payments loans which are interest only or which have a partial interest only period. Amortizing debt service coverage includes full amortization payments for amortizing and partial interest only loans and interest only for full term interest only loans.
(2) All in Current Debt Service and BLTV represents the total debt on the asset or portfolio including both the trust loan balance and any subordinated financing such as B-notes, participation certificates, or mezzanine debt.

Transaction Overview

The WFRBS Commercial Mortgage Trust 2012-C9 certificates are supported by the payment streams from 73 mortgage loans on 100 properties. The properties are distributed across 30 states and the Cayman Islands; however, 49.3% of the portfolio balance is located in five states including Virginia, Texas, California, Maryland, and Missouri. The largest loan exposure, Chesterfield Towne Center, represents 10.4% of the overall trust portfolio. The top 10 largest loans represent 44.4% of the initial mortgage balance; all other loans represent less than 2.7% of the initial mortgage balance for the portfolio. The priority of payments on the certificates is generally based on a sequential pay structure.

Morningstar determined the preliminary ratings for each class of WFRBS 2012-C9 certificates by analyzing all of the loans and subjecting the aggregate net cash flow and capitalization rates to a variety of stresses in our proprietary CMBS Subordination Model. Morningstar analysts visited 24 properties backing 19 loans (59% of initial mortgage pool 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 with a favorable outlook. The ORA ranking for Midland Loan Services, which is acting as Special Servicer, is CS1 with a stable outlook. For the full assessment reports and additional information, please access https://ratingagency.morningstar.com

Asset Summary Reports detailing Morningstar's analysis of the top 20 loans as well as a Loan Analysis Summary Table that provides our final net cash flow, capitalization rate and value for each loan/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

Morningstar's analysis of the 73 loans, based on information provided on the arranger's website as of October 9, 2012, yielded an aggregate net cash flow of approximately $104.14 million; this was 2.9% lower than the sponsor's underwritten net cash flow. The Morningstar net cash flow resulted in a weighted-average current DSCR and amortizing DSCR of 1.59 x and 1.53 x, respectively, based on the 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. Our final aggregate value of approximately $1.206 billion, which was 26.0% lower than the reported aggregate appraised value, was calculated separately for each asset by dividing the Morningstar net cash flow by a capitalization rate determined based upon asset location, type, quality, and other characteristics. The capitalized value is then further adjusted to reflect the additional value contributed by upfront reserves, escrows, and other miscellaneous items. Based upon the Morningstar valuation, the derived weighted-average capitalization rate was 8.63%. The Morningstar valuation resulted in a beginning weighted-average loan-to-value ratio of 87.3% and a weighted-average ending loan to value of 70.6%. The capitalization rate, value and loan to value ratio for each loan are provided in the Loan Analysis Summary Table.

The Bears Say

- Eight loans, representing 8.8% of the portfolio have a Morningstar beginning LTV greater than 100%; of these loans only two are in the top 20 largest loans. 1600 Stewart Avenue, which represents 1.8% of the initial pool balance, has a loan to value of 104% based upon the Morningstar valuation. Santa Rosa Center, which represents 1.8% of the initial pool balance, has a loan to value of 104% based upon the Morningstar valuation.

- The sponsors (or affiliates thereof) on sixteen loans, collectively representing 22.9% of the initial mortgage pool balance, have previously sponsored real estate projects that became the subject of foreclosure proceedings or a deed in lieu of foreclosure or that secured prior loans that were, in any such case, the subject of a discounted payoff, maturity default, short sale or other restructuring. The largest of the aforementioned proceedings involves the sponsor of the Chesterfield Towne Center loan, which represents 10.4% of the initial mortgage pool balance. The sponsor of this loan had non-recourse ownership interests in five malls that between 2010 and 2012 which either defaulted, were foreclosed upon, or were the subject of deeds in lieu of foreclosure.
- The portfolio includes 12 hospitality properties, which account for 21.3% of the initial mortgage pool balance. Morningstar considers hospitality properties to present higher volatility than most other types of commercial real estate, and as such, has quantitatively addressed these risks by further

stressing cash flows on those properties contributing to the risk. The risk associated with this asset class is mitigated by the fact that the leverage on these loans are comparatively low; the Morningstar beginning loan to value on the hospitality properties was 81.5% compared to a portfolio wide beginning LTV of 87.3% and the current debt yield is estimated to be 11.5%.

- The loan secured by the Grand Cayman Marriott Beach Resort is located in the Cayman Islands in the Greater Antilles. Because the asset is outside of the jurisdiction of the United States, there is some political and currency risk associated with the loan. This is discussed in more detail on the following page in the section entitled "Loans of Particular Interest."

The Bulls Say

- Leverage on the portfolio is in line with that of recent CMBS securitizations; the portfolio is 64.6% levered on the appraised value and is 87.3% levered based upon the Morningstar valuation. Eight loans, representing 8.8% of the initial mortgage pool balance, have leverage in excess of 100% based upon the Morningstar valuation.
- Overall the portfolio reflects a current coverage (which includes some interest only payments) of 1.59 x and an amortizing coverage of 1.53 x based upon Morningstar's adjusted net cash flow estimate. The majority of the portfolio, representing 91.8% of the portfolio, had current debt service coverage higher than 1.30 x. More than 41% of the pool exhibits a debt service coverage ratio which is higher than 1.50 x.
- The top 10 loans, which represent 44.4% of the initial mortgage pool balance, had a BLTV and ELTV of 87.6% and 72.5% respectively. These loans exhibited strong current debt service coverage of 1.61 x and amortizing coverage of 1.47 x.
- Overall, the assets appeared to be very well underwritten; Morningstar's variance to issuer cash flow reflected a weighted average variance of 2.9% which is lower than the historical average of 4.3%.
- Based upon our site tours and evaluation, we have given three assets in the Top 20 loans a "2" property score which rates the asset as good. These assets were considered to be in good condition and have a superior amenities and location to that of its competition. These assets included the Hyatt Regency Milwaukee, 400 SW 6th Avenue, and the aLoft Hotel Austin.

Loans of Particular Interest

- The Chesterfield Towne Center, which is the largest loan and represents 10.7% of the initial mortgage pool balance, is secured by the fee simple interest in the 947,023 square foot Chesterfield Town Center regional mall and an adjacent 71,843 square foot shopping center known as the Towne Center Plaza. The owned collateral for the mall includes 726,988 square feet and includes all mall tenants with the exception of the of two anchor tenants (Sears and J.C. Penny). This financing provided the sponsor with a $109 million equity distribution; however, the borrower has approximately $23 million of equity in the property. The loan represents low leverage at 64.7% of the appraised value and 83.7% on the Morningstar valuation.
- Grand Cayman Marriott Beach Resort, which represents 3.7% of the initial mortgage pool balance, is a full-service resort located in the Cayman Islands which is a British Overseas Territory located in the Greater Antilles in the western Caribbean. Additionally the borrower for such loan is a non-US entity. Additional risks may be present related to such non-US property and borrower such as currency risks, political risks, licensing risks, tax risks and environmental risks. In addition, this property may be prone to hurricane and beach erosion risks. Lender's strategies and/or remedies upon a default may be more limited under the applicable foreign law then in effect. Such risks, individually or in the aggregate, may impact cash flows and/or realization on the collateral. Morningstar has factored in this additional risk in our rating by increasing the NCF haircut associated with this loan. The additional risk associated with this asset is somewhat mitigated by the relatively low leverage on the hotel; the Morningstar LTV on this assets is 72.4%; the loan to appraised value on the Marriott is 57.2%.
- They Hyatt Regency Milwaukee, which represents 3.8% of the initial mortgage pool balance, is located in downtown Milwaukee. There are three new hotels that are scheduled to come on line during 2013 that could negatively impact the hotel over the short to medium term. Only one hotel, the 200 room Marriott which is expected to open in September 2013, is expected to present direct competition for the Hyatt. To mitigate this risk, Morningstar has projected no upside in occupancy or average room rate at this property despite improving market conditions.

Property Site Visits

Morningstar visited 24 properties securing 19 loans (59% by cut-off mortgage pool balance) and assigned property quality scores to all 100 properties in the trust. 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 capitalization rates. Three assets, including the Hyatt Regency Milwaukee, 400 SW 6th Avenue, and the aLoft Hotel Austin, representing a combined total of 9.0% of the portfolio, were awarded a property score of "2" which rates the asset as good. There was a total of 96 assets were given a property score of "3" which is considered to be average or comparable to the competitive market. The one remaining asset was assigned a property score of "4" which is considered "fair". We provide our findings from the site visits in the individual asset summary reports of those properties we toured. We have also identified those properties we visited in the 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 certificates, we subjected our concluded net cash flows to a weighted-average 24.8% decline and our concluded values to a weighted-average 45.4% decline in the term default analysis. In the balloon default analysis, these weighted-average declines were 20.6% and 40.6%, respectively. We should note that the balloon declines reflect the post-extension period improvement in those instances the stressed loan metrics allow for an extension at the balloon date. It should also be noted that these declines are applied to Morningstar's concluded net cash flow which in the overwhelming majority of cases is lower than the in-place net cash flow. These declines are weighted-average statistics. The declines applied to the individual properties differ and are a function of factors such as property type and concentration risks.

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

	AAA	AA	A	BBB	BB	BB	CCC
Morningstar NCF Decline (Term)	24.8%	22.7%	20.7%	17.4%	14.8%	13.1%	11.3%
Morningstar Value Decline (Term)	45.4%	41.5%	38.3%	31.1%	28.6%	25.4%	19.9%
Morningstar NCF Decline (Balloon)	20.6%	18.9%	17.1%	15.3%	13.6%	11.9%	10.2%
Morningstar Value Decline (Balloon)	40.6%	37.5%	34.5%	29.6%	27.8%	24.6%	19.1%

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

Morningstar has prepared a summary of the characteristics and metrics of the subject transaction and has compared these results to the average of multiborrower CMBS transactions rated by Morningstar from January 2011 and through October 2012. The subject deal is not included in the average presented. The table on the following page presents this summary.

The weighted average beginning loan to value of the pool was 87.3% based upon the Morningstar valuation; this is higher than that for other deals which we have rated which averaged 80.6% LTV. However, the ending loan to value is comparable to that of other deals resulting from the higher percentage of amortizing loans in the pool.

Overall, the assets appeared to be very well underwritten; Morningstar's variance to issuer cash flow reflected a weighted average variance of 2.9% which is lower than the historical average of 4.3%. The portfolio, however, had a very high percentage of hotel loans which had a direct impact on our subordination levels. Morningstar's baseline stress assumption for hotels drives a 30% haircut to the NCF of hotel properties compared to that of office properties at 24% and retail properties at 18%. Retail assets accounted for 34.6% of the initial mortgage pool balance, which is roundly nine percentage points lower than the average of other deals we have evaluated.

Manufactured housing assets represented 8.0% of the initial mortgage pool balance in the WFRBS 2012-C9; although a small share of the overall portfolio this is higher than the average of recent deals for which this sector accounted for 3.0% of total portfolio balance. This risk, is somewhat offset by the fact that Morningstar applies a risk premium to the capitalization rates used to value this asset class ranging between 1.5% premium for newer properties with primarily prefabricated manufactured housing units to 3.5% premium for older properties with mobile home units.

	WFRBS 2012-C9	Average 2011-2012
Portfolio Characteristics		
Portfolio Balance (in $Millions)	$1,052.8	$1,328.8
Loan Count	73	53
Property Count	100	128
Number of Portfolio Loans	9	9
Top Loan (% of Portfolio)	10.4%	12.0%
Top 5 Loans (% of Portfolio)	29.2%	41.0%
Top 10 Loans (% of Portfolio)	44.4%	58.8%
WA Mortgage Rate	4.835%	5.564%
Loans With B-Notes (% of Portfolio)	0.0%	6.5%
Loans With Mezzanine Financing (% of Portfolio) (1)	5.7%	8.0%
Loans Allowing for Future Mezzanine (% of Porfolio)	6.9%	8.4%
Full Term Interest Only Loans (% of Portfolio)	0.0%	11.0%
Partial Interest Only Loans (% of Portfolio)	16.9%	21.0%
Property Type		
Retail	34.6%	43.5%
Office	24.3%	26.6%
Multifamily	3.2%	8.1%
Hospitality	21.3%	8.0%
Mixed-Use	0.0%	3.8%
Industrial	5.5%	4.3%
Self-Storage	3.1%	1.8%
Manufactured Housing	8.0%	3.0%
Leverage Metrics		
Morningstar Cash Flow Variance (%)	2.9%	4.3%
Morningstar WA Cap Rate	8.63%	8.45%
Morningstar Value Variance (%)	26.0%	24.1%
Issuer WA DSCR	1.59x	1.62x
Morningstar WA DSCR	1.53x	1.55x
Issuer WA BLTV	64.6%	62.7%
Issuer WA ELTV	58.9%	55.3%
Morningstar WA BLTV	87.3%	80.6%
Morningstar WA ELTV	70.6%	70.1%
Capital Structure		
"AAA" Credit Support %	21.13	18.94
"AA-" Credit Support %	15.00	12.70
"A-" Credit Support %	11.50	8.38
"BBB-" Credit Support %	7.50	5.53
"BB" Credit Support %	5.50	4.16
"B" Credit Support %	3.63	2.54

Note:

(1) Includes only the mezzanine debt associated with Towne Pavilion; unsecured debt associated with 3rd and Jefferson and Legendary Self Storage has not been included.

Loan Portfolio Summary

General Loan Portfolio Characteristics

The primary assets of the trust are 73 fixed-rate loans secured by first liens on 100 commercial, multifamily, 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 73 mortgage loans with an aggregate initial balance of roundly $1.206 billion. The largest loan exposure, Chesterfield Towne Center, accounts for 10.4% of the overall trust portfolio and the second largest loan, Town Pavilion, represents 5.7% of the portfolio. All other loans represent less than 5.0% of the portfolio. The top ten loans, shown in the table below, make up approximately 44.4% of the portfolio by balance.

Loan Name	Cut-off Balance	% of Initial Pool Balance	DSCR Current	DSCR Amortizing	BLTV	ELTV
Chesterfield Towne Center	$110,000,000	10.4%	1.98x	1.50x	83.7%	70.1%
Town Pavilion	60,000,000	5.7%	1.60x	1.60x	86.4%	71.8%
Christiana Center	49,877,850	4.7%	1.37x	1.37x	94.0%	76.5%
Greenway Center	45,887,622	4.4%	1.36x	1.36x	89.1%	72.6%
Grand Cayman Marriott Beach Resort	42,000,000	4.0%	2.46x	1.76x	72.4%	57.2%
Hyatt Regency - Milwaukee	39,609,473	3.8%	1.37x	1.37x	97.5%	86.4%
400 SW 6th Avenue	32,000,000	3.0%	1.28x	1.28x	96.8%	78.8%
Nashville Airport North Portfolio	30,031,001	2.9%	1.44x	1.44x	95.0%	78.1%
888 Bestgate Road	30,000,000	2.8%	1.36x	1.36x	93.0%	75.8%
Northridge Grove Shopping Center	28,000,000	2.7%	1.51x	1.51x	86.4%	69.6%
Subtotal Top 10 Loans	$467,405,946	44.4%	1.61x	1.47x	87.6%	72.5%

Original Loan Terms

The majority of the loans, 89.0% of the initial mortgage pool balance, had original loan terms of 10 years. Seven loans had loan maturities of five years.

Amortization Characteristics

All the loans require a final balloon payment at maturity. None of the loans are interest only for the entire loan term. Amortizing balloon loans account for 66 loans (83.1% of the initial mortgage pool balance). Four of the loans that we have categorized as Amortizing had a one month interest only period but since that month has passed we have considered these loans to be fully amortizing. The remaining 7 loans (16.9% of the initial mortgage pool balance) are interest only for a portion of the loan term. These partial interest only loans include: 3 loans which have 12 months of interest only payments, 2 loans which provide for a 24 month interest only period, 1 loan which provides for a 36 month interest only period, and 1 loan which provides for an interest only period of 60 months. The large majority of the loans (72.3% of initial mortgage pool balance) are amortizing based upon a 30 year schedule. Twenty one loans, 26.9% of initial mortgage pool balance are amortizing based upon a 25 year schedule. Two loans have aggressive amortization schedules including the Manatee Manufactured housing community which is amortizing based upon 15 year schedule and the Courtyard by Marriott Clarksville which is amortizing based upon a 20 year schedule.

Amortization Type	% of Initial Pool Balance	# of Loans	DSCR Current	DSCR Amortizing	BLTV	ELTV
Full Interest Only	-	-	-	-	-	-
Partial Interest Only	16.9%	7	2.00 x	1.51 x	85.8%	71.3%
Amortizing	83.1%	66	1.52 x	1.52 x	87.6%	70.4%

One of the loans in the preceding table that is categorized as an Amortizing Loan is also an anticipated repayment date ("ARD") loan. The loan on the Graham Packing asset, which represents 1.0% of the initial mortgage pool balance, provides for an increase in the related interest rate after the anticipated repayment date (September 2022), if the related borrower has not repaid the mortgage loan in full. Generally, from and after the anticipated repayment date, cash flow in excess of that required for debt service, the funding of reserves and certain budgeted or reasonable expenses with respect to the property will be applied toward the payment of principal (without payment of a yield maintenance charge) of the loan until its principal balance has been reduced to zero.

The loan on the Town Pavilion, representing approximately 5.7% of the initial mortgage pool balance of the mortgage pool as of the cut-off date, amortizes based on the non-standard amortization schedule.

Pari Passu Notes

None of the mortgage loans are structured as a *pari-passu* loan.

Originators

There were a total of five entities which contributed loans to the portfolio. The following table highlights the contributions of the top five originators in the portfolio.

Originator	# of Mortgage Loans	% of Initial Pool Balance
Wells Fargo Bank, N.A.	31	39.4%
Royal Bank of Scotland plc	10	37.5%
Liberty Island Group I LLC	7	8.3%
C-III Commercial Mortgage LLC	18	7.7%
Basis Real Estate Capital II, LLC	7	7.1%

Loan Purpose

Fifty eight of the loans, representing 82.4% of the initial mortgage pool balance, were funded to refinance existing debt; the remaining balance of 15 loans provided the borrower acquisition financing.

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. Mortgage loans in this portfolio with common borrowers or borrowers under common ownership are shown in the following table; we have showed only the Top 5 related borrower groupings.

Loans with Common Borrower Ownership	Cut-Off Principal Balance	% of Initial Pool Balance
Embassy Suites Anchorage	$23,230,000	2.2%
Courtyard Collegeville	$12,628,406	1.2%
Subtotal	**$35,858,406**	**3.4%**
A-American Self Storage	$9,750,000	0.9%
Cubesmart Gulf Coast Portfolio	$8,500,000	0.8%
Arch Chemicals	$7,725,000	0.7%
Subtotal	**$25,975,000**	**2.5%**
2901 Butterfield Road	$10,763,139	1.0%
2905 & 2907 Butterfield Road	$10,663,480	1.0%
Subtotal	**$21,426,619**	**2.0%**
Leisure World/Trails End Portfolio	$8,000,000	0.8%
Homestead & Homestead Ranch	$3,100,000	0.3%
Subtotal	**$11,100,000**	**1.1%**
Vallarta – Canoga Park	$4,225,000	0.4%
Vallarta - Pacoima	$3,935,000	0.4%
Total	**$8,160,000**	**0.8%**

Tenants In Common

The Lakeside of the Palm Beaches, which accounts for 1.2% of initial mortgage pool balance, is owned as a tenants-in-common structure.

Loan Portfolio Metrics

Portfolio Debt Service Coverage Ratios

Overall the portfolio reflects a current coverage (which includes some interest only payments) of 1.59 x and an amortizing coverage of 1.53 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, the majority of the portfolio, representing 91.8% of the portfolio had current debt service coverage higher than 1.30 x. More than 41% of the pool exhibits a debt service coverage ratio which is higher than 1.50 x.

DSCR on Morningstar NCF	% of Initial Pool Balance	# Loans	BLTV	ELTV
Less than 1.00 x	0.0%	-	-	-
1.01 x – 1.10 x	0.0%	-	-	-
1.11 x – 1.20 x	1.9%	1	104.0%	79.5%
1.21 – 1.30 x	6.3%	4	97.1%	77.5%
1.31 x – 1.40 x	21.6%	9	94.5%	77.3%
1.41 x – 1.50 x	28.8%	14	90.1%	73.9%
>1.50 x	41.4%	45	80.5%	64.2%

Portfolio Leverage

Overall the portfolio leverage is 87.3% based upon Morningstar's estimate of value. The following table presents a summary of the portfolio stratification by leverage point. As illustrated, eight loans representing 8.8% of the initial mortgage pool balance, have a loan to value higher than 100%.

Leverage on Morningstar Value	% of Initial Pool Balance	# Loans	DSCR Current	DSCR Amortizing
Less than 70% LTV	6.9%	7	2.10 x	2.02 x
70% - 75%	4.8%	3	1.78 x	1.78 x
76% - 80%	2.3%	5	1.69 x	1.69 x
81% - 85%	17.2%	13	1.81 x	1.55 x
86% - 90%	23.4%	14	1.52 x	1.51 x
91% - 95%	23.0%	14	1.45 x	1.43 x
96% - 100%	13.6%	9	1.40 x	1.36 x
101% - 105%	7.0%	6	1.50 x	1.37 x
Greater than 105% LTV	1.8%	2	1.40 x	1.40 x

Loan Structural Components

SPE and Bankruptcy Remoteness

The terms of certain 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. Certain borrowers are required to observe additional covenants and conditions which are typically required in order for them to be viewed as "special purpose entities;" in certain such cases, these requirements include the appointment of an independent director, manager or other similar person. 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.

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."

Nonconsolidation opinions which provide certain legal comfort over consolidation risks were not delivered for certain loans. Per information from the arranger, nonconsolidation opinions were delivered for each of the 8 largest loans as of the closing date by principal balance.

Prepayment Protection

All of the Mortgage Loans have a degree of voluntary prepayment protection in the form of defeasance provisions or yield maintenance provisions. Voluntary prepayments, if permitted, generally require the payment of a yield maintenance charge or a prepayment premium unless the Mortgage Loan is prepaid within a specified period (ranging from approximately 2 to 7 months) prior to the stated maturity date.

Additionally, certain Mortgage Loans may provide that in the event of the exercise of a purchase option by a tenant, the related Mortgage Loans may be prepaid in part prior to the expiration of a defeasance lockout provision.

Certain of the Mortgage Loans are secured in part by letters of credit and/or cash reserves that in each such case: will be released to the related borrower upon satisfaction by the related borrower of certain performance related conditions, which may include, in some cases, meeting debt service coverage ratio levels and/or satisfying leasing conditions; and if not so released, may, at the discretion of the lender, prior to loan maturity (or earlier loan default or loan acceleration), be drawn on and/or applied to prepay the subject Mortgage Loan if such performance related conditions are not satisfied within specified time periods.

Voluntary Prepayment

The mortgage loans generally permit voluntary prepayment without payment of a yield maintenance charge or any prepayment premium during a limited open period immediately prior to and including the stated maturity date or anticipated repayment date.

Voluntary prepayments, if permitted, generally require the payment of a yield maintenance charge or a prepayment premium unless the Mortgage Loan is prepaid within a specified period (ranging from approximately 2 to 7 months) prior to the stated maturity date. As of the Cut-off Date, the following general prepayment restrictions and defeasance provisions apply to the Mortgage Loans:

- Sixty loans, representing 85.8% of the initial mortgage pool balance, permit the borrower after a lockout period to substitute U.S. government securities as collateral and obtain a release of the property.

- Twelve Loans, representing 13.9% of the initial mortgage pool balance, permit the borrower to prepay the loan with the payment of the greater of a yield maintenance charge or a prepayment premium after a lockout period (the negotiated lockout period for these loans ranges between 23 to 28 months).

- The Broadway Square loan, representing 0.3% of the initial mortgage pool balance, permits the borrower to prepay the loan with the payment of the greater of a Yield Maintenance Charge or a Prepayment Premium at any time.

Property Releases/Substitutions

Five loans, representing 8.0% of the initial mortgage pool balance, permit the related borrower to obtain a release of a mortgaged property or a portion of a single mortgaged property from the lien of the related mortgage in exchange for a grant of a security interest in certain government securities. Such loan defeasance is permitted after the conclusions of the lockout period and prior to an open prepayment period. These loans include the Nashville Airport North Portfolio (2.9%), Texas Retail Portfolio (1.8%), FedEx Portfolio (1.6%), A-American Self Storage Portfolio (0.9%), and the Cubesmart Gulf Coast Portfolio (0.8%).

With respect to the Grand Cayman Marriott Beach Resort, representing approximately 4.0% of the initial mortgage pool balance, the loan documents permit the borrower to obtain a release of a $1,000,000 earn-out reserve upon partial defeasance of $1,000,000 of principal, subject to compliance with standard defeasance requirements.

Chesterfield Towne Center, representing approximately 10.4% of the Cut-off Date Pool Balance, following the second anniversary of the Closing Date, the loan documents permits the related borrower to obtain a release of a shopping center parcel from the lien of the related Mortgage, subject to minimum leverage and debt service coverage requirements, and other conditions.

Two loans, the Cubesmart Gulf Coast Portfolio (0.8% of the initial mortgage pool balance) and the A-American Self Storage Portfolio (0.9%), permit the substitution of individual properties at any time prior to loan maturity, subject to minimum leverage and debt service coverage requirements, and other conditions.

Subordinated Debt

Three loans, representing 6.7% of initial mortgage portfolio balance, have associated subordinate debt. The form of the debt along with the corresponding original balance is provided in the table below. The presence of the additional debt was quantitatively factored into the credit support analysis for the corresponding trust mortgage loan. The following table illustrates the top loans in the mortgage portfolio which also have subordinated debt.

.Loan Name	% of Initial Pool Balance	Type of Subordinated Debt	Trust Initial Balance	Subordinate Debt Initial Balance	Total Debt Initial Balance	BLTV
Town Pavilion	5.7%	Mezzanine	$60,000,000	$10,000,000	$70,000,000	100.01%
3rd and Jefferson	0.7%	Unsecured Debt	7,880,000	1,353,900	9,233,900	106.22%
Legendary Self Storage	0.3%	Unsecured Debt	3,650,000	250,000	3,900,000	92.12%

Though the payments on the additional debt are generally subordinated to the mortgage loan held by the trust, the presence of additional debt introduces risks to the senior debt including: 1) reduced borrower skin-in-the-game that may remove incentives to maintain or improve the competitiveness of the property resulting in lower rental streams; 2) the presence of additional debt increases the difficulty of refinancing a mortgage loan at the maturity date, and 3) the subordinate debt holder typically has certain rights such as (i) cure rights, (ii) purchase rights and (iii) various approval and/or consultation rights with the servicer and special servicer.

In the case of loans with subordinate debt, there may be an increase in the likelihood of default on the corresponding trust loan. Furthermore, while the subordinate debt holders typically enter into a co-lender agreement or intercreditor agreement with the holder of the senior debt to subordinate payments and allocate certain rights, it is not certain, upon a borrower bankruptcy, the impact of such subordinate debt (in particular, a two note structure) on the senior lender's rights in such bankruptcy. This may expose the trust loan to higher losses.

Beyond the existing additional indebtedness, the equity owners of the borrowers of five loans, which together comprise 6.9% of initial mortgage pool balance, allow for future mezzanine financing under certain circumstances; these loans include the OKC Industrial Portfolio (1.9%), Hilton Garden Troy (1.7%), the aLoft Austin (1.6%), Graham Packaging (1.0%), and Haven Park (0.7%). Covenants require that that whole loan, including the new permitted additional debt, must meet certain minimum leverage and debt service coverage requirements.

Some loans permit borrower affiliates to pledge their ownership interests in the borrowers to institutional lenders providing corporate financing. Some loans permit the borrowers to obtain unsecured subordinate debt. The loan documents associated with the Lamplighter Manufactured Housing Community, which represents 2.5% of the initial mortgage pool balance, permit the borrower to obtain future unsecured subordinate debt from Jeffery K. Kaplan and/or Thomas T. Tatum up to an amount, when combined with permitted trade debt and equipment leases, does not exceed 5% of the outstanding loan balance. A subordination agreement will be required in connection with such permitted debt.

Lake Air Center, representing 0.5% of the initial mortgage pool balance, secures Public Improvement District ("PID") bonds (relating to drainage improvements), which are expected to be repaid from assessments against the mortgaged property. The borrower has been passing the assessments through to its tenants. In 2003, the borrower acquired the PID bonds from the City of Waco and is now entitled to receive all of the payments made in respect of the PID bonds, which are approximately 5.8% of the underwritten total gross income. The PID Bonds have been pledged as collateral for the Mortgage Loan. The Mortgage Loan documents provide that the PID bonds may not be transferred, except together with the Mortgaged Property in connection with a permitted transfer to a permitted transferee.

Any future mezzanine or similar debt may result in risks such as those noted above.

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%

Eight loans, representing 8.8% of the portfolio have a Morningstar beginning LTV greater than 100%. Of these loans only two are in the top 20 largest loans:

- 1600 Stewart Avenue, which represents 1.8% of the initial pool balance, has a loan to value of 104% based upon the Morningstar valuation.
- Santa Rosa Center, which represents 1.8% of the initial pool balance, has a loan to value of 104% based upon the Morningstar valuation.

Crossed Loans

None of the loans are cross-collateralized and cross-defaulted with each other.

Purchase Options and Rights of First Refusal

With respect to certain loans, certain parties, such as tenants and/or adjacent owners have a purchase option and/or right of first refusal with respect to the related property. In addition, the subordinate debt holder and/or controlling class have a right of first refusal to purchase a defaulted loan under certain circumstances. Such rights may impede a refinance or sale of the loan and/or property. The loan associated with the Courtyard by Marriott in Collegeville, which represents 1.2% of the initial mortgage pool balance, provides Marriott International with a right of first refusal to purchase the hotel if there is transfer of hotel or controlling direct or indirect interest in the Borrower to a competitor.

Repurchase Obligation

Each mortgage loan seller may be required to repurchase its mortgage loans from the trust due to a material breach of a representation or warranty. However, there is no assurance that the holder of such repurchase obligation will have sufficient assets at such time to fulfill its obligation to repurchase such loan. Such rights may impede a refinance, foreclosure, sale and/or marketability of the loan and/or property.

Sponsors with Past Bankruptcy, Foreclosure, Default, or Litigation

The sponsor of the Chesterfield Towne Center loan, which represents 10.4% of the initial mortgage pool balance, had non-recourse ownership interests in five malls that between 2010 and 2012 which either defaulted, were foreclosed upon, or were the subject of deeds in lieu of foreclosure.

With respect to 888 Bestgate Road, which represents approximately 2.8% of the of the initial mortgage pool balance, an affiliate of the sponsor of the borrower was in restructuring discussions with its lender, New England Life, concerning a delinquent $3,200,000 loan when Metropolitan Life acquired the lender. Following a cessation of negotiations and Metropolitan Life's initiating foreclosure remedies, the sponsor affiliate filed bankruptcy.

In addition to the above, the sponsors (or affiliates thereof) on fourteen loans, collectively representing 9.7% of the initial mortgage pool balance, have previously sponsored real estate projects (including in some such cases, the particular mortgaged property or mortgaged properties referenced below) that became the subject of foreclosure proceedings or a deed in lieu of foreclosure or that secured prior loans that were, in any such case, the subject of a discounted payoff, maturity default, short sale or other restructuring. The loans which had prior proceedings include: 9801 Westheimer (1.5% of initial mortgage pool balance), Lake Air Center(1.5%), Lakeside of the Palm Beaches (1.2%), Pleasant Grove Shopping Center (1.0%), Leisure World & Trails End MHP (0.8%), Haven Park (0.7%), Taylor's Creek MHP (0.6%), Family Dollar General Portfolio (0.5%), Chantilly Self Storage (0.5%), Comfort Suites Lexington (0.4%), Rite Aid - Marlton (0.3%), The Homestead & Homestead Ranch MHPs (0.3%), Carpenter Office (0.2%), Manatee MHP (0.2%), and Carpenter Office (0.2%).

With respect to the Grand Cayman Marriott Beach Resort, representing approximately 4.0% of the initial mortgage pool balance, a prior owner effected a deed-in-lieu of foreclosure transaction in 2003. In addition, there are two civil records noted involving Gencom Group LLC (an affiliate of the related sponsor), pertaining to the Ritz Carlton Rose Island Hotel, with American Bridge, a contractor, listed as plaintiff/creditor and is attempting to enforce a Bahamian judgment against Rose Island in the United States against Gencom. Gencom (as well as Ritz Carlton) are defending this action and assert that it is without merit.

Other loans (such as Embassy Suites Anchorage, the Courtyard Collegeville, 9801 Westheimer, 2901 Butterfield Road and 2905 &2907 Butterfield Road) may have litigation, sponsors with prior defaults, foreclosure, bankruptcy or similar issues that may not be fully mitigated and may have an adverse impact on use, value or operation of the related property.

Properties with a Condominium Interest

Two loans (representing 2.5% of the initial mortgage pool balance) are secured in whole or in part by the borrower's interest in one or more units in a condominium. These loans include the aLoft Hotel in Austin and four parcels which make one the A-American Self Storage asset in Kihei, HI (which is part of the A-American Self Storage Portfolio).

Properties Secured by a Leasehold Interest

Three loans are secured by a leasehold interest under a ground lease or under a sublease under all or a portion of the land on which the asset is located.

- BNA Corporate Center, which is part of the Nashville Airport Portfolio (which portfolio in aggregate represents 1.5% of the initial mortgage pool balance), is subject to a ground lease with the Metropolitan Nashville Airport Authority which expires in 2058.
- 1600 Stewart Avenue, which represents 1.8% of the initial mortgage pool balance, is located in Westbury, NY and is subject to a ground lease with Nassau County which expires in 2082.
- The Hyatt Regency Milwaukee, which represents 4.1% of the initial mortgage pool balance, involves a very small leasehold interest in a parking lot which is used by management but which is not necessary for compliance with local zoning requirements. The hotel and its facilities are owned fee simple and the mortgage is secured in part by the Mortgagor's leasehold interest in the parking leases; Morningstar has attributed no income or value to this leasehold estate in the asset level analysis.

Rights of Subordinate Debtholders

Pursuant to the terms of intercreditor agreements, the applicable subordinate debt holder may have certain cure rights, purchase option rights and certain consent and/or consultation rights with respect to the applicable loan. These rights may impact the special servicer's workout strategy and/or the timing for modifications on the loan and a sale of the 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 20 loans. Reports for the top 10 loans are included in this presale report. 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

All 73 loans in this trust are secured by first mortgage liens on commercial or multifamily properties. The following table shows the property type stratifications.

	Number of Assets	% of Cut-off Pool Balance	DSCR Current	DSCR Amortizing	BLTV	ELTV
Retail	32	34.6%	1.61 x	1.46 x	87.9%	71.5%
Office	17	24.3%	1.48 x	1.47 x	91.2%	74.3%
Hospitality	12	21.3%	1.64 x	1.64 x	81.5%	63.9%
Multifamily/Manufactured Housing	20	11.2%	1.50 x	1.50 x	91.1%	73.8%
Industrial	7	5.5%	1.60 x	1.49 x	89.8%	74.1%
Self-Storage	12	3.1%	2.05 x	1.86 x	77.2%	63.4%
TOTAL:	100	100.0%	1.59 x	1.53 x	87.3%	70.6%

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 Allocated Loan Balance	# of Properties
Virginia	12.2%	3
Texas	11.9%	26
California	11.3%	10
Maryland	8.2%	3
Missouri	5.7%	1

Region	% of Allocated Loan Balance	# of Properties
Mid-Atlantic Region	7.15%	5
Midwest, Eastern Region	10.38%	15
Midwest, Western Region	6.36%	2
New England Region	0.79%	1
Southern, Atlantic Region	26.81%	10
Southern, East Coast Region	11.60%	18
Southern, West Coast Region	14.39%	32
Western, Mountain Region	1.41%	3
Western, Northern Pacific	16.57%	12
Western, Southern Pacific	0.55%	1
Non-USA	3.99%	1

Property Quality

Morningstar visited 24 properties backing 19 loans (58.6% by cut-off mortgage pool balance) and assigned quality scores to each. Morningstar utilized a 1 to 5 quality score scale with "1" being the best rating and "5" the worst. Factors including age, location and condition are considered in assigning the quality score. The quality score is factored into the capitalization rate to derive our property valuation.

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

We gave three assets a property score of 2 which rates the asset as good. The majority of the assets, comprising 96 properties and 90.5% of initial mortgage pool balance, were assigned a 3 property score which rates the asset as average. One asset was considered to be in fair condition and no assets were considered to be in poor condition. This analysis resulted in an overall weighted-average property score of 2.92 based on the allocated cut-off initial mortgage pool balance.

Ownership Interest

The majority of the assets involved the fee simple ownership.

Ownership Interest	% of Cut-off Pool Balance	# of Assets
Fee Simple	96.7%	98
Leasehold	3.3%	2

Assets which involve a leasehold include the BNA Corporate Center (which is part of the Nashville Airport Portfolio) and 1600 Stewart Avenue. Leasehold mortgage loans are subject to certain risks not associated with mortgage loans secured by a lien on the fee estate of the borrower. The most significant of these risks is that if the related borrower's leasehold were to be terminated upon a lease default, the lender would lose its security in the leasehold interest. Generally, each related ground lease requires the lessor to give the lender notice of the borrower's defaults under the ground lease and an opportunity to cure them, permits the leasehold interest to be assigned to the lender or the purchaser at a foreclosure sale, in some cases only upon the consent of the lessor, and contains certain other protective provisions typically included in a "mortgageable" ground lease; however, not all ground leases may include these provisions.

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

Twelve loans, representing 21.3% of the initial mortgage pool balance, were secured by Hospitality assets. This asset class is considered more volatile than other types of commercial real estate due to the fact that there are no long term leases. Furthermore, additions to supply in the immediate market area or a slow-down in economic conditions can have an immediate impact on demand for lodging properties, and therefore, net cash flow. Our subordination calculation takes this additional risk into account by increasing the stress on the normalized NCF for this asset class; the model driven stress on NCF generated by lodging properties is equal to 30% which is higher than that for office (24%) and retail 18%).

Seventeen loans, representing 8.0% of the initial mortgage pool balance, were secured by Manufactured Housing communities which may present higher risk than that reflected by typical multifamily properties. Manufactured housing community properties are "special purpose" properties that generally cannot be readily converted to general residential, retail or office use. Thus, if the operation of any of the manufactured housing community properties becomes unprofitable due to competition, age of the improvements or other factors, the liquidation value of that manufactured housing community property may be substantially less than a multifamily community in a similar location. Morningstar has accounted for this additional risk by applying a risk premium to the capitalization rate used to value these communities. Our capitalization rates for manufactured housing range between 150-350 basis points higher than the multifamily capitalization rate for the location.

Tenant Concentration Risk

Deterioration in the financial condition of a tenant can be particularly significant if a property is wholly or significantly occupied by a single tenant. Such single-tenant properties are more susceptible to loss of rental income from that tenant and could materially impact the borrower's ability to meet payment obligations on the related loan. Of the portfolio's 100 properties, 17 assets, or 7.2% of the initial mortgage pool balance, are leased to a single tenant or are owner occupied.

Master Leases

The loan secured by 3rd and Jefferson, which represents 0.8% of the initial mortgage pool balance, has a master lease for 15% of the total building area. The special use area is in turn leased by the borrower to tenants. This risk is mitigated by the fact that Morningstar has not given credit to the income attributed to this master lease.

The borrower on the Lake Air Center loan, representing 1.5% of the initial mortgage pool balance, has entered into a 3-year master lease (and the loan guarantors entered into a guarantee of the master lease to cover the master tenant's rent obligations) for approximately 2.1% of the rentable square feet at the mortgaged property that is currently leased to a tenant on a month-to-month basis.

In the case of certain manufactured housing community mortgaged properties, some of the mobile homes located upon the pads which represent collateral for the loan are owned by the borrower or an affiliate of the borrower which in turn rents the homes to tenants like an apartment. If the leased homes are owned by an affiliate of the borrower, there may be a master lease with respect to the related pads between the borrower and such affiliate. Morningstar has not given credit to the income associated with the rental income on these homes, rather only for the lease payments paid by borrower affiliate.

Environmental Concerns

An environmental report was prepared for each property securing a loan no more than 9 months prior to the cut-off date. The environmental reports were generally prepared pursuant to the American Society for Testing and Materials standard for a "Phase I" environmental assessment. Additionally, supplemental "Phase II" site investigations have been completed for some properties to evaluate further certain environmental issues. The environmental testing revealed the presence of asbestos containing materials, lead based paint, mold and/or radon at several properties, which is not uncommon for certain types of commercial properties. The following highlights environmental concerns at the top 20 loans.

- The Northridge Grove Shopping Center, which represents 2.7% of the initial mortgage pool balance, will require remediation of a currently operating on-site dry cleaner. The lender has required and environmental escrow in the amount of $85,350 which is 150% of proposed remediation costs.

- The Phase I environmental report commissioned for the Lamplighter MHC, which represents 2.5% of the initial mortgage pool balance, recommended a Phase II subsurface investigation to determine possible contamination from prior orchard use involving petroleum-based pesticides and lead arsenate. In lieu thereof, the borrower obtained an environmental insurance policy issued by Steadfast Insurance Company (a member company of Zurich North America) in the amount of $5,000,000.

- Embassy Suites Anchorage, which represents 2.2% of the initial mortgage pool balance, a Phase I environmental site assessment, noted an active subsurface investigation taking place on adjacent property to the northeast. Following a utility installation project in 2006, workers found contaminated soil and water in an exposed trench. Test pits revealed impacted soil with concentrations of contaminants above regulatory action levels. Groundwater monitoring wells have been installed and the City of Anchorage, Alaska has been identified as the responsible party. The lender required an environmental escrow in the amount of $102,000 ($12,000 for testing and $90,000 for remediation) and the related guarantors have recourse liability for losses related to non-compliance with applicable remediation plans.

- The Homewood Suites East Rutherford, which represents 2.1% of the initial mortgage pool balance, is located in what was a portion of a former industrial site, resulting in groundwater contamination. Soil remediation has been completed and the New Jersey Department of Environmental

Protection has issued a no further action letter relating to the soil. While the groundwater plume is present at the Mortgaged Property, it has not reached the footprint of the improvements and the groundwater is being remediated. In addition, the improvements at the Mortgaged Property were constructed with a passive sub-slab vapor elimination system. The environmental report recommended no further action.

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 if the servicer is not otherwise aware of such termination.

Securitization Trust Summary

Priority of Payments on Trust Certificates

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

(1) Interest on the Class A-1, Class A-2, Class A-3, Class A-SB, Class X-A and Class X-B Certificates, pro-rata .
(2) Principal paydown of the Class A-SB Certificates until paid in full, up to the Principal Distribution Amount (see notes 1& 2).
(3) Principal paydown of the Class A-1 Certificates until paid in full, up to the Principal Distribution Amount (see note 1).
(4) Principal paydown of the Class A-2 Certificates until paid in full, up to the Principal Distribution Amount (see note 1).
(5) Principal paydown of the Class A-3 Certificates until paid in full, up to the Principal Distribution Amount (see note 1).
(6) To class A-SB, all remaining funds available for distribution of Principal remaining after the distributions pursuant to items 2 through 5 above until paid in full.
(7) Unreimbursed realized loss amounts and additional trust fund expenses to the Class A-1, Class A-2, Class A-3, and Class A-SB Certificates, pro-rata.
(8) Interest on the Class A-S Certificates.
(9) Principal paydown of the Class A-S Certificates until paid in full, up to the Principal Distribution Amount.
(10) Unreimbursed realized loss amounts and additional trust fund expenses to the Class A-S Certificates.
(11) Interest on the Class B Certificates.
(12) Principal paydown of the Class B Certificates until paid in full, up to the Principal Distribution Amount.
(13) Unreimbursed realized loss amounts and additional trust fund expenses to the Class B Certificates.
(14) Interest on the Class C Certificates.
(15) Principal paydown of the Class C Certificates until paid in full, up to the Principal Distribution Amount.
(16) Unreimbursed realized loss amounts and additional trust fund expenses to the Class C Certificates.
(17) Interest on the Class D Certificates.
(18) Principal paydown of the Class D Certificates until paid in full, up to the Principal Distribution Amount.
(19) Unreimbursed realized loss amounts and additional trust fund expenses to the Class D Certificates.
(20) Interest on the Class E Certificates.
(21) Principal paydown of the Class E Certificates until paid in full, up to the Principal Distribution Amount.
(22) Unreimbursed realized loss amounts and additional trust fund expenses to the Class E Certificates.
(23) Interest on the Class F Certificates.
(24) Principal paydown of the Class F Certificates until paid in full, up to the Principal Distribution Amount.
(25) Unreimbursed realized loss amounts and additional trust fund expenses to the Class F Certificates.
(26) Interest on the Class G Certificates.
(27) Principal paydown of the Class G Certificates until paid in full, up to the Principal Distribution Amount.
(28) Unreimbursed realized loss amounts and additional trust fund expenses to the Class G Certificates.
(29) Unreimbursed other amounts that may have been allocated to the Class A-1, Class A-2, Class A-3, and Class A-SB Certificates in reduction of their certificate principal balances, pro-rata.
(30) Unreimbursed other amounts that may have been allocated to the Class A-S Certificates in reduction of its certificate principal balance.
(31) Unreimbursed other amounts that may have been allocated to the Class B Certificates in reduction of its certificate principal balance.
(32) Unreimbursed other amounts that may have been allocated to the Class C Certificates in reduction of its certificate principal balance.
(33) Unreimbursed other amounts that may have been allocated to the Class D Certificates in reduction of its certificate principal balance.
(34) Unreimbursed other amounts that may have been allocated to the Class E Certificates in reduction of its certificate principal balance.
(35) Unreimbursed other amounts that may have been allocated to the Class F Certificates in reduction of its certificate principal balance.
(36) Unreimbursed other amounts that may have been allocated to the Class G Certificates in reduction of its certificate principal balance.
(37) All remaining proceeds to the Class R Certificates.

Note 1: On or after the distribution date when the aggregate certificate balance of the Class A-S, Class B, Class C, Class D, Class E, Class F and Class G Certificates have been reduced to zero (after taking into account allocations of losses), principal paydown of the Class A-1, Class A-2, Class A-3, Class A-4, and Class A-AB Certificates converts to a pro-rata basis.
Note 2: The principal distribution amount at this priority to the Class A-SB is the lesser of (i) the scheduled Class A-SB balance (reflected on a schedule attached to the PSA) and (ii) the principal distribution amount available.

Allocation of Losses on Trust Certificates

Losses on the Trust Certificates are generally allocated in a reverse sequential order -- *first*, to the Class G Certificates, *second*, to the Class F Certificates, *third*, to the Class E Certificates, *fourth*, to the Class D Certificates, *fifth*, to the Class C Certificates, *sixth*, to the Class B Certificates, until the balance of those certificates have been reduced to zero, *seventh*, to the Class A-S Certificates, and *then*, to the Class A-1, Class A-2, Class A-3, and Class A-SB 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, and Class A-S Certificates. The Notional Amount of the Class X-B Certificates will be reduced to reflect reductions in the Certificate Principal Amounts of the Class Class B, Class C, Class D, Class E, Class F and Class G Certificates resulting from allocations of Realized Losses.

Rated Final Distribution Date

The rated final distribution date of each class of certificates is the distribution date in November 2045. 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. Based solely on a review of the documents enumerated herein, the following reflect highlights of certain material trust structural features and/or concerns.

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 is the most subordinate class of the Class E, Class F and Class G certificates that has an outstanding certificate principal amount, as reduced by appraisal reductions allocated to such class, that is equal to or greater than 25% of the initial certificate principal amount of that class of certificates. No other class of certificates will be eligible to act as the controlling class or appoint a controlling class representative.

The subordinate class representative will be the representative selected by more than 50% of the controlling class certificateholders. Raith Capital Management, LLC and/or an affiliate is anticipated to be the initial majority subordinate certificateholder and is expected to appoint Raith Capital Management, LLC and/or an affiliate to be the initial subordinate class representative.

During a subordinate control period, the subordinate class representative will have certain consent rights under the pooling and servicing agreement with respect to certain major decisions and other matters such as replacement of the special servicer. During a collective consultation period, the consent rights of the subordinate class representative will terminate, and the subordinate class representative will retain consultation rights under the pooling and servicing agreement with respect to certain major decisions and other matters. During a senior consultation period, all of these rights of the subordinate class representative will terminate.

A subordinate control period occurs when any of the Class E, Class F or Class G certificates has an outstanding certificate principal amount, *as reduced by appraisal reductions* allocated to such class, that is equal to or greater than 25% of the initial certificate principal amount of that class of certificates.

A collective consultation period occurs when (i) no class of the Class E, Class F or Class G certificates has an outstanding certificate principal amount, *as reduced by appraisal reductions* allocated to such class, that is equal to or greater than 25% of the initial certificate principal amount of that class of certificates and (ii) any of the Class E, Class F or Class G certificates has an outstanding certificate principal amount, *without regard to appraisal reductions*, that is equal to or greater than 25% of the initial certificate principal amount of that class of certificates.

A senior consultation period occurs when no class of the Class E, Class F and Class G certificates has an outstanding certificate principal amount, *without regard to appraisal reductions*, that is equal to or greater than 25% of the initial certificate principal amount of that class of certificates.

Trust Advisor

During any collective consultation period or senior consultation period, the trust advisor will have consultation rights with respect to certain major decisions and will have additional monitoring responsibilities on behalf of the trust. The trust advisor will initially be Trimont Real Estate Advisors, Inc. Such entity is entitled to certain fees, expenses and indemnity which may be prior to distributions on certain classes of the certificates. For the avoidance of doubt, Morningstar's analysis does not take into account any such trust advisor indemnities, expenses or designated trust advisor expenses.

Replacement of Special Servicer

During any subordinate control period, the special servicer may be replaced at any time by the Majority Subordinate Certificateholder (or the Subordinate Class Representative on its behalf).

During any collective consultation period or senior consultation period, the holders of at least 25% of the voting rights of the certificates may request a vote to replace the special servicer. The subsequent vote may result in the termination and replacement of the special servicer if at least 75% of the voting rights of the certificates vote affirmatively to so replace.

During any senior consultation period, if the Trust Advisor determines that the special servicer is not performing its duties as required under the pooling and servicing agreement or is otherwise not acting in accordance with the servicing standard, the Trust Advisor may recommend the replacement of the special servicer resulting in a solicitation of a certificateholder vote. The subsequent vote may result in the termination and replacement of the special servicer if the holders of more than 50% of the voting rights of each class of non-reduced certificates, vote affirmatively to so replace.

Limited Rating Agency Confirmation/Notice

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

Repurchase Obligation

A mortgage loan seller may be required to cure or repurchase its mortgage loans from the trust due to a material breach of a representation or warranty or a document defect. Alternatively, in this transaction the mortgage loan sellers (and/or other parties responsible for repurchase) may either substitute a mortgage loan or make a loss of value payment to the trust to compensate for losses directly related to such material breach or document defect. However, there is no assurance that the holder of such repurchase obligation will have sufficient assets at such time to fulfill its obligation to cure, repurchase the loan, substitute a loan and/or provide such loss of value payment. In addition, a substitution or loss of value payment may not provide certificateholders with a remedy equivalent or comparable to such a repurchase.

Conflicts of Interest

There are various conflicts of interest among and between various parties to the transaction. However, the special servicer and master servicer are required to service the assets without regard to their respective compensation arrangements. 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 11 of the loans, representing 15.4% of the initial mortgage pool balance, provide for monthly or upfront escrows (or the borrower has posted a letter of credit) 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 lender may waive this escrow requirement under appropriate circumstances including but not limited to where a tenant is required to pay the imposition directly or other loan specific conditions.

Insurance Escrows

Fifty three loans, representing 61.2% 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 lender may waive this escrow requirement under appropriate circumstances including but not limited to where a tenant is required to pay the imposition directly or other loan specific conditions.

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. Sixty four loans, representing 79.7% of the initial mortgage pool balance, provide for monthly or upfront 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. The lender may waive this escrow requirement under appropriate circumstances including but not limited to where a tenant is responsible for replacements or other loan specific conditions.

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 was a significant amount and substantially in excess of the cost estimate set forth in the inspection report.

TI/LC Reserves

Twenty six loans (71.2% of cut-off balance 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 firm, were received and reviewed as part of Morningstar's analysis for all the properties. All appraisal reports were prepared within the past 7 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. All of the reports were prepared within the past 9 months.

Up-front reserves were required to be deposited into an Engineering Reserve Account on the loan origination date to cover the deferred maintenance items at the properties. Additional up-front reserves were also required to be deposited into a Replacement Reserve Account to cover the costs of certain capital replacements and repairs. See Loan Summary – Reserve Accounts for additional information on these up-front reserves.

Environmental

Phase I environmental site assessments ("ESAs"), prepared by an independent third-party environmental consultant within the past 7 months prior to the cut-off date, were received and 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 investigations, requesting agency "no further action" determinations or cleanups. Upfront remediation reserves will be placed into escrow at the securitization closing date.

Seismic

Fifteen of the properties (21.7% of the initial mortgage pool balance) are in an earthquake-prone area (seismic zone 3 or 4) including California and Oregon. 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. Earthquake insurance is not provided for the assets in this portfolio. One loan is close to the 20% benchmark; the 3rd and Jefferson property which is located in Oakland, California has an SEL of 19%; however, no earthquake coverage is required.

Scope of Analysis

In evaluating the properties and determining Morningstar cash flows and values, we reviewed the following materials to the extent we deemed necessary for our analysis and as provided on the arranger's website for this transaction as of October 9, 2012 for every property: the offering materials (as applicable), the historical financials (for the most recent three years unless the property did not have three years of operating history available), issuer's underwriting and supporting analysis and notes, most recent available rent rolls, Reis Reports and other market reports, appraisals, environmental site assessments, property condition assessments, and other market and property information as available. In certain cases, to the extent we deemed necessary for our analysis and as provided on the arranger's website for this transaction as of the date hereof, we also reviewed seismic reports, surveys, leasing brochures, photographs of the properties and maps of the surrounding areas. All of the third party reports were completed within 12 months of the securitization date.

Morningstar utilized external legal counsel to perform a legal review of certain items in the transaction relevant to Morningstar's ratings analysis. In this transaction, such counsel solely reviewed the following materials available on the arranger website as of October 9, 2012 (except as otherwise specified in this paragraph): (i) October 9, 2012 posted draft free writing prospectus, (ii) loan summary for the Chesterfield Towne Center loan, (iii) October 9, 2012 posted draft pooling and servicing agreement and (v) September 20, 2012 posted draft mortgage loan purchase agreements.

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) borrower organizational documents and legal opinions for the Chesterfield Towne Center loan, (ii) true sale opinion(s) for the sale of the loans from the seller(s) to the depositor and from the depositor to the securitization trust, (iii) 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 (iv) versions of the documents enumerated in the preceding paragraph posted as of the date of issuance of final ratings. Unless enumerated on the prior list, no external legal counsel review was performed with respect to any documents. Therefore, leases, including ground leases and subleases, hedges and related documents, contribution and/or allocation agreements, management agreements, estoppels, title reports, insurance contracts, environmental assessments, guarantees, indemnities, liens or related searches, financial statements, rent rolls, surveys, financing statements, easement agreements, intercreditor or subordination agreements (except as expressly enumerated in the preceding paragraph), among others, were not reviewed by external legal counsel. As legal review of title policies was not performed, Morningstar has assumed such policies do not contain any judgments, tax liens, or other issues that would materially adversely affect any borrower, property owner, property or the mortgagee's lien and security interest in any collateral for any loan. As legal review of local law opinions was not performed, Morningstar has assumed that local law opinion(s) were provided for all relevant 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 Items

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. 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 20 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.

Chesterfield Towne Center

Analyst: David Sondesky (267) 960-6042
Analytical Manager: Sheila Bjornstad (646) 560-4511

Property Summary		
Property Type	Retail/Regional Mall	
Location	Richmond, VA 23235	
Year Built	1976	
Year Renovated	2007-2008	
Net Rentable Sq. Ft. (Total)	1,018,855	
Net Rentable Sq. Ft. (Collateral)	726,988	
Occupancy (Tape)	93.10%	(as of 9/1/12)
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$110,000,000	($151 /sq. ft.)
Loan Amount (Cut-Off Balance)	$110,000,000	($151 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	12	
Amortization Term (months)	360	
Loan Seasoning (months)	1	
Interest Rate	4.74500%	

Morningstar Analysis		
Current DSCR	1.91 x	
Amortizing DSCR	1.50 x	
Beginning LTV	83.69%	
Ending LTV	70.12%	
Capitalization Rate	7.85%	
Morningstar UW Occupancy	90.26%	
Net Operating Income	$11,033,748	
Net Cash Flow	$10,318,394	
Value	$131,444,504	($181 /sq. ft.)
Debt Yield	9.38%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

Capital Structure Table

Loan	Current Balance	Interest Rate	Current DSCR	DSCR Amortizing	BLTV	ELTV
Subject Loan	$110,000,000	4.745%	1.91 x	1.50 x	83.7%	70.1%
Total	**$110,000,000**	**4.745%**	**1.91 x**	**1.50 x**	**83.7%**	**70.1%**

Morningstar Summary

Morningstar Perspective

The subject is a $94.5 million fixed-rate loan that is secured by the Chesterfield Towne Center and the Towne Center Plaza (the "Property"), a 947,023 square foot enclosed regional mall and an adjacent 71,843 square foot shopping center located in Richmond, Virginia, approximately 13 miles from the Central Business District (CBD). The Property is anchored by Macy's, Sears, JC Penney and Garden Ridge. The owned collateral for the loan consists of 726,988 square feet, which includes all mall tenants except Sears and JC Penny. Other major tenants at the subject property include T.J. Maxx/Home Goods, Barnes & Noble, Ross and Old Navy. Additionally, there is also a strong mix of national in-line tenants including Express, Victoria's Secret, rue21 and Blue Ridge Mountain Sports. The borrower, Macerich Chesterfield, LLC, is owned by the sponsors of the loan, The Macerich Partnership, L.P. (Macerich). The Sponsor acquired the property in 1994 for approximately $91.5 million and invested considerable capital in the property, including a $12 million redevelopment in 2008. As of June 2012, the sponsor's investment basis is $132.9 million. Loan proceeds were utilized to re-capitalize the sponsor's investment in the unencumbered Property, fund escrows, pay closing costs and return approximately $109 million of equity to the sponsor. As such, the sponsor has approximately $22.9 million of equity remaining in the transaction.

Demand for space at the property continues to be high and in-line occupancy has historically been strong despite the center having two dark anchor spaces that were previously leased by Dillard's. Dillard's operated two locations at the mall that were closed in 2005 and 2008 respectively. After a little time, the borrower was able to find replacement tenants for these spaces as Garden Ridge (a national home décor retailor with over 50 locations) leased one of the spaces in 2011 and TJ Maxx & Home Goods leased the other vacant big box earlier this year. As a result of the borrower's ability to backfill the vacant anchor space, property fundamentals are improving and the property has surpassed pre-recession operating performance levels.

We reviewed actual comparable sales reports (tenants open and operating for at least one year) for the last three years of the subject's operating history as well as a trailing-twelve-month ("TTM") statement ending June 2012. Total comparable sales were reported at $61.5 million in 2009, $66.05 million in 2010, $66.3 million in 2011 and $70.45 million for the TTM. Comparable sales at the property have steadily increased over the past three years averaging 8.06% compound growth over this period. This trend has continued into 2012 with the TTM figure representing an additional 1.87% increase over the year-end figures.

Morningstar visited the property on September 13, 2012. Chesterfield Towne Center has an irregular configuration which can best be described as "L-shaped". Macy's anchors the western leg of the center. The main mall concourse extends in an easterly direction from the Macy's store and then makes a 90 degree turn and extends in a northerly direction. The combination TJ Maxx/ Home Goods store is located along the east side of the center at the intersection of the main mall concourse. JC Penney is also located along the east side of the center while Barnes & Noble and a 14 unit food court are located along the west side of the center. A secondary court extends between the JC Penney store and the food court. Garden Ridge and Sears are located at the northern terminus of the center in a "Y" configuration. Store fronts are generally a mix of flush and "pop-out" type. Many reflect the most recent tenant designs for the respective chain. Towne Center Plaza is located to the east of the mall at the intersection of Midlothian Turnpike and Mall Drive. The center is an inverted "L" configuration with the Ross Dress for Less store fronting on Midlothian Turnpike inline space extending along the Mall Drive frontage. Based on the age, physical condition, location and maintenance of the mall, a property score of 3 (average) is appropriate.

Property net operating income ("NOI") and net cash flow ("NCF") has been fairly stable over the past three years and continues to trend upwards. NCF for 2009, 2010 and 2011 was reported at $9.8 million, $10.7 million and $10.8 million respectively. The trailing-twelve month NCF as of June 30, 2012 is $11.2 million. Morningstar has underwritten to an NOI of $11.03 million (a 1.5% haircut to the TTM results), and a NCF that was a 7.9% haircut to the TTM. Property occupancy has improved slightly over this period and is the main driver for the variance. Based on our analysis we estimate DSCR (amortizing), Loan-to-Value and value of 1.50, 83% and $131.4 million ($181 per sq. ft.), respectively. Our estimated value is 22.8% less than the appraised value of $170 million ($234 per sq. ft.).

The Bears Say

- The backfilling of the two dillard's stores by TJ Maxx / Home Goods and Garden Ridge represented a shift from a traditional department store anchor to discount-oriented retailers.
- Anchors roll during the loan term, including Macy's, Garden Ridge and TJ Maxx / Home Goods.

The Bulls Say

- Tenant sales for the mall have a strong trend over the last three periods reported. The 2010, 2011 and TTM sales for tenants under 10,000-SF were $317 per sq, ft,, $334 per sq. ft. and $342 per sq. ft.. This is over 8% increase over the past 2.5 years.
- Strong Demographics and Location: The Property enjoys strong demographic support with above average population growth (4.8%) predicted through 2016 for the primary trade area. A Costco recently opened adjacent to the Property along with new high-density housing complex that is under construction in the immediate neighborhood. Additionally, there is a Target and Lowe's next to the Property and a Super Walmart two blocks north of the Property, making this the dominant retail corridor in the subject submarket.
- Despite the broad economic downturn, the subject property has maintained stable operating performance (generating NOI of $9.8million in 2009, $10.7 million in 2010 and $10.8million in 2010).
- The Sponsor is one of the leading owners, operators and developers of major retail properties throughout the United States. Founded in 1964, Macerich has over 64 million square feet of leasable area across 62 regional shopping centers. With the Sponsor's significant acquisitions of Westcor in 2002 and Wilmorite in 2005, Macerich gained a definitive national footprint and added high-performing properties and a roster of new opportunities for its retail partners.
- The Property has a diverse rent roll with staggered lease expirations. With the exception of 2015, the average rollover over the next 4 years is 3.5% annually.

Property Description

Located in Richmond, Virginia, the subject property is comprised of a 947,023 square foot enclosed regional shopping center and a 71,843 square foot shopping center totaling. The subject property consists of an enclosed mall, known as Chesterfield Towne Center and the adjacent strip center known as Towne Center Plaza. Combined the property contains 1,018,855 square feet of gross leasable area on a 83.39-acre parcel of land. The majority of the center is one-story in height with the exception of the JC Penney store which is two-stories. The center was originally constructed in 1976. In 2008, mall ownership completed a $12 million renovation and redevelopment which included razing the former Carmike theater in favor of new Barnes & Noble and Red Robin stores on the front of the center. In 2010 – 2011, ownership backfilled two former Dillard's stores with Garden Ridge and a TJ Maxx/Home Goods combination store. These enhancements have lead to increased leasing momentum and sales achievements at the center. JC Penney and Sears constructed their stores upon land ground leased from mall ownership Mall shop space consists of approximately 125 stores totaling 308,279 square feet inclusive of the food court and kiosks.

The subject property has extensive frontage along the north side of Midlothian Turnpike (US Route 60), the east side of Huguenot Road (Route 147), south side of West Koger Center Boulevard, and the west side of Mall Drive. The subject property has good visiblilty from the main roads and is easily accessable from the surrounding areas. The property contains approximately 4,827 surface parking spaces, reflecting an overall parking ratio of 4.74 spaces per 1,000 square feet of gross leasable area. The parking spaces are asphalt-paved and striped, and adequately support the existing users.

Tenant Overview

The top 10 tenants (owned collateral ownly) comprise 58.2% of the collateral and contribute 29.3% of base rent. Aside from the previously mentioned anchors, major tenants include T.J. Maxx/Home Goods, Barnes & Noble, Ross, Old Navy, Shoe Encore and Monkey Joe's. There is a strong mix of in-line tenants including national retailers such as Hollister & Co., American Eagle, Victoria's Secret, The Limited, Blue Ridge Mountain Sports, Bath & Body Works, and Foot Locker.

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
Macy's	141,772	19.5%	$328,000	$2.31	3.4%	Jan-15
Garden Ridge	109,933	15.1%	$425,000	$3.87	4.4%	Jan-20
T.J. Maxx/Home Goods	52,000	7.2%	$455,000	$8.75	4.7%	May-21
Barnes & Noble Booksellers	32,982	4.5%	$555,000	$16.83	5.7%	May-18
Ross	25,001	3.4%	$160,006	$6.40	1.7%	Jan-20
Old Navy	14,517	2.0%	$275,823	$19.00	2.9%	Jan-19
Shoe Dept. Encore	14,199	2.0%	$110,944	$7.81	1.1%	Oct-20
Monkey Joe's	13,441	1.8%	$141,131	$10.50	1.5%	Dec-19
ULTA Salon	10,500	1.4%	$231,000	$22.00	2.4%	Dec-14
Express	9,106	1.3%	$150,000	$16.47	1.5%	Jan-13
Top 10 Subtotal	**423,451**	**58.2%**	**$ 2,831,904**	**$6.69**	**29.3%**	**Feb-18**

Lease Expiration and Rollover

With the exception of 2015, lease rollover is generally staggered with no more than 6.7% of NRA rolling in one year over the next four. As previously mentioned, Macy's, the largest tenant of the collateral property rolls during the loan term and the two shadow-anchors (Sears & JC Penny) also roll during the loan term. Although this is considered a loan risk, the borrower reported that the macy's is the number three store in the region and the Sears is in the top 1/3 of all U.S. Stores. The borrower also reported that JC Penny has invested a considerable amount of money into their space to renovate to their contemporary format. Additionally, their occupancy cost is a very low 1.4% on annual sales that exceed $20 million. Morningstar has accounted for market level TI/LC's in our underwritten cash flows (further detailed below)

Morningstar Lease Expirations by Tenant Category - Square Feet Expiring by Year							
	MTM	2012	2013	2014	2015	2016	After 2016
Anchor	0	0	0	0	141,772	0	109,933
Junior Anchor	0	0	0	0	0	0	84,982
In-Line (10,000-20,000 sq.ft.)	0	0	0	0	0	0	28,716
In-Line (5,001-10,000 sq.ft.)	0	0	15,693	23,101	0	0	55,104
In-Line (3,501-5,000 sq.ft.)	0	3,998	12,733	8,316	3,540	0	30,364
In-Line (2,001-3,500 sq.ft.)	0	0	0	2,500	3,293	0	16,055
In-Line (1,001-2,000 sq.ft.)	0	4,351	4,355	5,325	2,393	0	9,628
In-Line (1-1,000 sq.ft.)	0	0	582	2,657	471	543	4,983
Jewwlry	0	2,212	0	1,045	1,029	1,510	3,109
Town Center	0	0	8,923	5,318	3,960	0	20,641
Town Center Major	0	0	0	0	0	0	25,001
Kiosk	0	144	432	544	150	424	0
Total	**0**	**10,705**	**42,718**	**48,806**	**156,608**	**2,477**	**388,518**
% Roll	**0.0%**	**1.5%**	**5.9%**	**6.7%**	**21.5%**	**0.3%**	**53.4%**

Market Overview

The subject property is located in the northeastern quadrant of the intersection of Courthouse Road and Midlothian Turnpike (US 60). Both roadways are heavily traveled commercial thoroughfares with average daily traffic counts of 28,252 and 56,910 automobiles respectively. The development of the subject property established this area as the main focus of retail development in the area and spurred a number of ancillary retail developments. Located directly opposite the subject along the south side of Midlothian Turnpike is Chesterfield Crossing Shopping Center, a 282,000 square foot power center anchored by Target and Ukrop's. The center also has a dark anchor which was formerly occupied by Kohl's. In the southwest corner of the intersection is Towne Center Crossing, a 100,000 square foot community center anchored by Michaels and Bed, Bath & Beyond. In the northwest quadrant of the intersection is a Land Rover automobile dealership and north of this property is Chesterfield Towne Court, a small power center anchored by DSW, Office Depot and Fresh Market. North of the subject property along the east side of Huguenot Road is Chesterfield Plaza, which is anchored by Lowe's Home Improvement, Dick's Sport Good, Bassett Furniture, Costco and Best Buy. To the east of the subject is Chesterfield Marketplace, a 400,000 square foot community center anchored by Home Depot, PetSmart and Toys R Us. The center has several vacant boxes including a former TJ Maxx store which closed subsequent to the opening of the TJ Maxx/Home Goods store at the subject property.

The Richmond retail market is highly competitive with six large scale shopping centers within the region. Short Pump Town Center and Stony Point Fashion Park are the primary competition for Chesterfield Town Center. Both are both recently constructed open-air centers which contain a strong anchor tenant alignment and are merchandised to mid to upper price point consumer. These centers are located within 10 miles of the subject. The four main competitors (with an average occupancy of 86%) to the subject property are summarized in the following table:

Comp	Description
Short Pump Town Center (10 miles N) (Forest City):	Located near the intersection of Rt. 288 and I-64 on Broad Street, this super regional outdoor shopping center opened in 2003 and features over 1.5 million sq ft of shopping and dining, as well as a strong Short Pump corridor featuring additional shopping and dining options that appeal to middle and higher income households. Short Pump Town Center is currently anchored by Nordstrom, Dillards, Macy's, Dicks Sporting Goods as well as many dining options including Maggiano's, Cheesecake Factory, Texas de Brazil, and Firebirds. Retail offerings include Crate & Barrel, Pottery Barn, Apple, Ann Taylor, H&M, J. Jill, and Arhaus.
Stony Point Fashion Park (6 miles N) (Taubman):	Located in the western most part of the City of Richmond off of Chippenham Parkway, this 435,000 sq ft outdoor shopping center opened in 2003 and has a luxury shopping component, dining, and retail brand staples. The center is anchored by Saks Fifth Avenue, Dillards, and Dick's Sporting Goods with restaurant offerings including P.F. Chang's, Brio Tuscan Grille, Flemmings, and Champps Restaurant. The center has entertainment offerings featuring Cinebistro, an upscale dinner and movie concept. Retail offerings include Louis Vuitton, Anthropologie, Coach, Brooks Brothers, and Tiffany & Co.
Regency Square (7 miles N) (Taubman):	Located along Chippenham Parkway, Regency Square was once the dominant indoor shopping center in the Richmond market. The 850,000 square foot shopping center is anchored by Macy's (two locations), Sear's, and JCPenney with retail offerings including a two level Forever XXI, Charmin Charlie, and Sephora. The asset is currently in receivership with its lender.
Westchester Commons (6 miles W):	1 million sqft power center located west on Midlothian Turnpike at the intersection of Rt. 288. The center is made up of two components; the outer-ring, which consists of larger tenants such as Target, Regal, Gold's Gym, Jo-Ann, Petco and OfficeMax and Main Street, which will consist of smaller specialty shops and retailers, including Books-a-Million. The property initially met with mixed results due to economic conditions but is gaining traction and is currently 70% occupied. Westchester Commons is Chesterfield County's newest outdoor shopping center. The 128-acre shopping center is part of the first phase of Watkins.

Sponsorship/Management

The borrower, Macerich Chesterfield, LLC, is owned by The Macerich Company. The Macerich Company is involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community shopping centers located throughout the United States. The property is owned by Macerich Property Management Company, a borrower affiliated entity.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	TTM 06/30/12	Issuer Underwriting
Income					
Gross Potential Rent	$12,009,700	$8,326,687	$9,059,200	$9,120,242	$12,553,758
Less: Vacancy Loss (GPR)	(2,331,998)	(139,577)	(209,003)	(90,048)	(2,875,888)
Less: Concessions	0	0	0	0	0
Less: Vac Adj for Concess/Coll Loss	0	0	0	0	0
Base Rent/Net Effective Rent	**$9,677,703**	**$8,187,110**	**$8,850,197**	**$9,030,194**	**$9,677,870**
Expense Reimbursement	$4,005,739	$4,098,006	$4,214,120	$4,057,434	$3,926,980
Percentage Rent	354,965	434,319	324,420	433,548	354,965
Parking Income	1,080,778	805,945	903,201	1,080,778	1,080,778
Other Income	2,166,398	2,511,476	2,095,071	2,166,398	2,166,398
Occupancy Cost Adjustment	(191,972)	0	0	0	0
Less: Vacancy Other Incomes	0	n/a	n/a	n/a	n/a
Effective Gross Income	**$17,093,611**	**$16,036,856**	**$16,387,009**	**$16,768,352**	**$17,206,991**
Expenses					
Real Estate Taxes	$1,193,309	$1,142,806	$1,143,081	$1,152,956	$1,152,955
Property Insurance	128,246	119,281	121,566	123,909	128,586
Utilities	1,501,136	1,283,152	1,508,350	1,501,136	1,501,136
Repairs and Maintenance	1,266,762	1,227,154	1,239,433	1,266,762	1,266,762
Contract services	643,468	521,927	604,363	600,415	600,415
Management Fees	512,808	145,591	155,430	157,746	531,200
Payroll & Benefits	106,761	52,144	103,875	99,618	99,618
Common Area Maintenance	0	0	0	0	0
Advertising & Marketing	259,370	381,726	265,477	242,016	242,016
General and Administrative	443,069	404,781	414,622	413,424	413,424
Non-Reimbursable Expenses	4,934	12,760	4,984	4,604	4,604
Market Expense Adjustment	0	0	0	0	0
Total Operating Expenses	**$6,059,863**	**$5,291,322**	**$5,561,181**	**$5,562,586**	**$5,940,717**
Net Operating Income	**$11,033,748**	**$10,745,534**	**$10,825,828**	**$11,205,766**	**$11,266,274**
Capital Items					
Leasing Commissions	$300,631	$0	$0	$0	$328,527
Tenant Improvements	194,704	0	0	0	251,927
Capital Expenditure / Reserve	220,020	0	0	0	203,771
Extraordinary Capital Expenditures	0				
- Credit For TI/LC Reserve	0				
- Credit For Cap Ex Reserve	0				
Total Capital Items	**$715,355**	**$0**	**$0**	**$0**	**$784,225**
Credit for Upfront DSCR Escrow	$0	$0	$0	$0	$0
Net Cash Flow	**$10,318,394**	**$10,745,534**	**$10,825,828**	**$11,205,766**	**$10,482,049**

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

We have underwritten to in-place rents which are on averge, slightly below the appraiser's concluded market rental rates. Percentage rent and other income are generally underwritten in line with TTM reportings. Reimbursements have been underwritten to a reimbursement ratio of 66.1% which is slightly lower than the 72.9% that is reported on the TTM statement as of June 30, 2012. We have underwritten to the actual in-place vacancy of 9.7% (19.4% economic).

Other Income generally consists of temporary tenants, advertising, telecom, vending and sponsorship fees.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted and generally inflated 3.5% over the trailing-twelve month reportings. Management fee has been underwritten at 3%. The actual management fee is 2% of gross receipts on the Chesterfield Towne Shopps and 1.5% on Chesterfield Towne Center.

Capital Items

A reserve for future capital expenditures is underwritten at $0.31/sq. ft., a 10% increase over the engineer's recommended reserves. Tenant improvements for in-line space is underwritten to $10 per square foot for new leases and $0 per square foot for renewals, consistent with the appraiser's conclusions for market tenant improvements. Leasing commissions are underwritten to 4% for new tenants and 2% for renewals. A renewal probability of 65% is assumed.

Valuation Drivers

Morningstar's concluded value of $131,444,504 is based on our underwritten net cash flow of $10,318,394, "capped" at 7.85%. Our cap rate is based on our Richmond cap rate of 8.10%, adjusted down 50 basis points to reflect the property type of regional mall. We then adjusted the cap rate up by 25 basis points to account for the suburban location.

Town Pavilion

Analyst: Mike Magerman (267) 960-6022
Analytical Manager: Sheila Bjornstad (646) 560-4511

Property Summary		
Property Type	Office/CBD	
Location	Kansas City, MO	64105
Year Built/Renovated	1987/2008	
Net Rentable Sq. Ft. (Total)	844,456	
Net Rentable Sq. Ft. (Collateral)	844,456	
Occupancy	85.20%	As of: 7/1/2012
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$60,000,000	($71 /sq. ft.)
Loan Amount (Cut-Off Balance)	$60,000,000	($71 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	0	
Interest Rate	4.36500%	

Morningstar Analysis		
Current DSCR	1.60 x	
Amortizing DSCR	1.60 x	
Beginning LTV	86.38%	
Ending LTV	69.52%	
Capitalization Rate	8.25%	
Morningstar UW Occupancy	84.07%	
Net Operating Income	$7,004,121	
Net Cash Flow	$5,730,424	
Value	$69,459,685	($82/sq. ft.)
Debt Yield	9.55%	
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	$60,000,000	4.36500%	1.60 x	1.60 x	86.4%	69.5%
Mezzanine Loan	$10,000,000	11.75000%	1.19 x	1.19 x	100.8%	83.9%
Total	**$70,000,000**	**5.42000%**	**1.19 x**	**1.19 x**	**100.8%**	**83.9%**

Morningstar Summary

Morningstar Perspective

Town Pavilion is an 844,456-square foot office complex located in central Kansas City, Missouri. The $60 million first mortgage loan is secured by a property consisting of a 38-story tower that accounts for 94% of the total space, plus three other smaller buildings and two parking garages on adjacent parcels. There is also 28,918 square feet of retail space. The loan has fairly low leverage with a loan to value of 61.5% based upon the first mortgage and the appraised value but a somewhat elevated loan to value of 86.4% based on the Morningstar value. The loan provides solid debt service coverage of 1.60 times, based on the Morningstar net cash flow and a debt yield of 8.2%. Including the $10 million mezzanine loan, the total debt loan to value is 71.7% for the appraised value and 100.8% for the Morningstar value.

Town Pavilion is a multi-tenant property with its largest spaces rented to regulatory agencies including the Federal Deposit Insurance Corporation (FDIC), the National Association of Insurance Commissioners (NAIC) and the National Association of Intercollegiate Athletics (NAIA). The FDIC and NAIC leases were signed in 2011 and 2012, respectively, and brought occupancy back from a low point following the departure of TransAmerica Insurance which vacated 185,000 square feet. Law firms and financial services companies are among the property's other space users. The property is among Kansas City's most prestigious addresses for office tenants.

The property's access to local amenities such as recently developed shopping and entertainment, the Kauffman Center for the Performing Arts and Sprint Center is a positive attribute. Also, the propery has demonstrated the ability to attract new large tenants when necessary following the departures of AT&T and TransAmerica.

A supply-constrained market, adequate tenant demand, and rental and occupancy rates in line with the local market should make for stable future performance at the property. Based on Morningstar's analysis and review of market conditions, we believe Town Pavilion is positioned to maintain its current level of cash flow following recent success at re-tenanting vacant space.

On any business day after the lockout period, the borrower may obtain a release of certain immaterial or non-income producing parcels.

The Bears Say

- Despite its excellent location in downtown Kansas City, and several key lease signings since the beginning of 2011, Town Pavilion remains about 15% vacant.
- The Class A segment of the submarket in downtown Kansas City commands an average rent of $18.52 per square foot according to Reis. This is a fairly low rent level for prime office space among major U.S. cities.
- Rent abatements were needed in order to secure the FDIC and NAIC to long-term leases.

The Bulls Say

- Rents achieved at the property over the last two years are in line with the local market.
- The current level of occupancy at the property is greatly improved over two years earlier, when occupancy was approximately 50%.
- The downtown office market is supply-constrained, with little room for new development.
- The sponsor, Copaken Brooks, has a 90-year history of property development, ownership and management in the Kansas City market.
- The property is in close proximity to many of the area's best attractions, as well as shopping and entertainment venues.

Property Description

Town Pavilion is a large downtown office complex with parking garages in Kansas City, Missouri. Its largest building is the 38-story, 794,581-square foot tower completed in 1986, and three older buildings bring the total office space to 815,538 square feet. There is also 28,918 square feet of retail space, which is 85% occupied. The complex also includes two parking garages with a total of 2,470 spaces. A fully enclosed pedestrian walkway connects the buildings. The property is one of four considered to be the top of the Class A market in downtown Kansas City. Of those four, the property is the largest in terms of total square feet, at the top in occupancy as of the July 2012 appraisal, and in the middle of the pack in terms of age as most were built from 1985 through 1989.

The main office tower was originally developed as a build-to-suit for AT&T as its Southwest regional headquarters, and included triple power redundancy and extra high ceilings. When AT&T downsized during the 1990s, it gradually decreased its presence at the property until occupancy dropped to about 50% by 2004.

TransAmerica Insurance signed a five-year lease in 2004 to fill most of the void left by AT&T, but relocated to Cedar Rapids, Iowa in 2009. Leases signed in 2011 and 2012, most notably by the FDIC and NAIC brought occupancy back up to 85%.

The property offers two different rent abatements which were related to the signing of the FDIC in 2011 and the NAIC in 2012. The FDIC's abatement has already burned off as of September 2012, while the NAIC's extends through May 2013. A total of $1.56 million, mostly for the NAIC lease, remains to be applied after September 2012. A separate abatement of $285,140 per year each December through 2022 applies to the NAIC lease.

The Kansas City downtown area has undergone a revitalization for several years, including the development of many new shopping and dining venues, as well as residences, hotels and entertainment. A total of $5.4 billion in private and public investment has fueled the local renaissance since 2000. The 285,000-square foot Kauffman Center for the Performing Arts opened in September 2011 less than one mile from Town Pavilion, and hosts Kansas City's premier orchestra, opera and ballet companies. The 18,900-seat Sprint Center, which opened in 2007, is less than a half-mile to Town Pavilion's south, is home to Kansas City's Arena Football League team, and has hosted several NCAA Division I basketball tournaments. Events at Sprint Center contribute to Town Pavilion's parking revenue stream. To Town Pavilion's immediate south is the Power & Light District, an $850 million mixed use development with office, retail, multifamily and entertainment space.

Morningstar visited the property on September 26, 2012. The property was observed to be very well maintained, in an attractive area of downtown Kansas City. The public spaces appeared to be bright and spacious.

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
National Association of Insur	131,576	15.6%	$2,256,528	$17.15	18.6%	Feb-24
Dickinson Financial	75,834	9.0%	$1,473,499	$19.43	12.2%	Aug-22
Federal Deposit Insurance Cc	73,683	8.7%	$1,252,611	$17.00	10.3%	Apr-21
Bank Midwest NA	71,550	8.5%	$932,692	$13.04	7.7%	Jan-23
Westrope	43,365	5.1%	$799,493	$18.44	6.6%	Mar-21
Deloitte & Touche	37,389	4.4%	$729,086	$19.50	6.0%	Jan-21
Andrew McMeel Universal	28,916	3.4%	$542,175	$18.75	4.5%	Oct-18
PricewaterhouseCoopers	26,731	3.2%	$514,572	$19.25	4.2%	Dec-15
Jack Cooper Transport	23,377	2.8%	$323,392	$13.83	2.7%	Sep-21
Federal Insurance Exchange	18,864	2.2%	$349,927	$18.55	2.9%	Aug-16
Top 10 Subtotal	**531,285**	**62.9%**	**9,173,975**	**$17.27**	**75.7%**	**Oct-21**

Lease Expiration and Rollover

Morningstar Lease Expirations by Tenant Category - Square Feet Expiring by Year

	MTM	2012	2013	2014	2015	2016	After 2016
Office – Gross	0	10,785	19,684	19,207	53,947	30,181	555,111
Retail	0	4,965	630	1,146	0	3,712	14,240
Total	**0**	**15,750**	**20,314**	**20,353**	**53,947**	**33,893**	**569,351**
% Roll	**0.0%**	**1.9%**	**2.4%**	**2.4%**	**6.4%**	**4.0%**	**67.4%**

Market Overview

Town Pavilion is in the Downtown office submarket of Kansas City as defined by Reis. Within this submarket, the average asking rent was $16.87 per square foot as of second quarter 2012. The overall average asking rental rate of $16.87 represents a 1.0% increase from the prior quarter and a 3.9% increase from one year earlier. For Class A properties within the submarket, the average asking rent was $18.52 per square foot as of the second quarter, up 0.9% from the prior quarter and up 4.0% from a year earlier. The appraisal's market rent for office space was $18.33 per square foot. The weighted average office rent at the subject was $17.20 per square foot as of the July 1, 2012 rent roll. Morningstar underwrote office rents at the average in-place rate of $17.20 per square foot. Reis predicts that overall submarket rents will increase at an average annual compound rate of 2.2% through 2016.

Retail rent was underwritten at the in-place average of $10.50 per square foot. The average rent for the retail submarket was $17.41 per square foot according to CoStar data provided by the issuer.

The submarket's overall vacancy rate was 16.5% as of second quarter 2012. From 2007 through 2010, vacancy in the submarket rose from 18.4% to 20.3%. Vacancy did not go below 17% until the first quarter of 2012. Reis forecasts vacancy to decline gradually to about 14% by 2016. The appraisal's set of comparable properties had overall occupancy of 79.8%, ranging from 76% to 84%. Occupancy at the property was 85.2% for office and 85.4% for retail as of the July 1, 2012 rent roll. Morningstar underwrote overall vacancy at the property at 15.9% based on economic occupancy and the elimination of two tenants with expired leases or leases with short-term to expiration and known to be vacating at the term's end.

Morningstar Analysis

	Morningstar	2010	2011	TTM 06/30/12	Issuer Underwriting
Income					
Gross Potential Rent	$14,333,627	$7,404,315	$8,860,475	$10,384,995	$14,373,025
or					
Base Rent	$0	$0	$0	$0	$0
Expense Reimbursement	322,927	366,817	318,458	285,139	315,752
Percentage Rent	0	0	0	0	0
Parking Income	3,632,370	3,224,570	2,994,933	3,054,307	3,649,807
Other Income	704,316	502,789	540,677	577,705	707,697
Less: Vacancy Loss	($2,230,887)	($4,748)	($56,956)	($1,154)	($2,249,244)
Less: Concessions & Collection Loss	(329,342)	(203,755)	(1,384,713)	(2,841,088)	(285,140)
Effective Gross Income	**$16,433,012**	**$11,289,988**	**$11,272,874**	**$11,459,904**	**$16,511,897**
Expenses					
Real Estate Taxes	$1,488,270	$1,373,772	$1,476,338	$1,472,849	$1,488,270
Property Insurance	105,000	98,164	101,251	102,435	126,375
Utilities	2,520,517	2,117,464	2,320,264	2,520,517	2,520,517
Repairs and Maintenance	430,000	407,623	482,630	478,290	405,437
Janitorial	715,000	532,310	610,758	646,613	678,338
Management Fees	657,320	340,375	343,580	343,064	660,476
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	655,387	734,421	737,242	655,387	565,384
Parking Expenses	1,484,433	1,283,478	1,300,329	1,348,637	1,484,433
Other Expenses	1,372,963	1,813,719	1,276,805	1,290,150	1,290,150
Ground Rent	0	0	0	0	0
Market Expense Adjustment	0	0	0	0	0
Total Operating Expenses	**$9,428,891**	**$8,701,326**	**$8,649,197**	**$8,857,942**	**$9,219,380**
Net Operating Income	**$7,004,121**	**$2,588,662**	**$2,623,677**	**$2,601,962**	**$7,292,517**
Capital Items					
Leasing Commissions	$312,321	$0	$0	$0	$340,524
Tenant Improvements	571,191	0	0	0	603,069
Capital Expenditures	390,186	0	0	0	388,450
Extraordinary Capital Expenditures	0	0	0	0	0
Total Capital Items	**$1,273,697**	**$0**	**$0**	**$0**	**$1,332,043**
Net Cash Flow	**$5,730,424**	**$2,588,662**	**$2,623,677**	**$2,601,962**	**$5,960,474**

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	$16.97
Vacancy (%)	15.9%

Morningstar underwrote both office and retail tenant rents to the in-place average for each. Morningstar's analysis of the property resulted in a net cash flow of $5.73 million, which is 3.9% lower than the issuer's underwritten net cash flow. Morningstar underwrote vacancy based on in-place economic vacancy of 15.9%. Morningstar's value for the property is $69.5 million, a 28.8% shortfall from the appraised value.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted. In the case of this property, most expenses had to be adjusted to the most recent period (the 12 months ended June 30, 2012) or to the appraisal, since expenses in the earlier historical periods were based on a much lower occupancy level than the current situation. Morningstar underwrote real estate taxes based on a slight increase above actual taxes for 2012. Morningstar underwrote management fees to 4% of effective gross income based on the issuer's level. The actual contract rate with a borrower-related management company is 3%. The appraisal used a 3% management fee.

Capital Items

Tenant improvements were underwritten to $15.00 per square foot for new office tenants $5.00 per square foot for renewals. For retail tenants, 50% of Morningstar's rent was used for new tenants and 25% of rent for renewals. Leasing commissions were underwritten to 4% for all new tenants and 2% for all renewals. A reserve for future capital expenditures is underwritten at $0.46 per square foot, equal to the engineer's recommended reserves.

Valuation Drivers

The appraisal's capitalization rate analysis is based upon the rates of recent comparable office building sales and market surveys. The appraisal concluded that the direct capitalization rate for the subject is 7.75%. The sales included in the comparison resulted in an average capitalization rate of 8.07%. Morningstar's base office capitalization rate for the subject's Kansas City market is 9.0%. Morningstar adjusted the capitalization rate lower by 25 basis points for the property's CBD location and an additional 50 basis points for its Class A status in its local market, resulting in a final rate of 8.25%.

Christiana Center

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Analytical Manager: Sheila Bjornstad (646) 560-4511

Source: Appraisal

Property Summary		
Property Type	Retail/Power Center	
Location	Newark, DE 19713	
Year Built	1998	
Year Renovated	2004	
Net Rentable Sq. Ft. (Total)	302,779	
Net Rentable Sq. Ft. (Collateral)	302,779	
Occupancy (Tape)	97.79%	(as of 5/31/12)
Ownership	Fee & Leasehold	

Loan Summary		
Loan Amount (Original Balance)	$50,000,000	($165 /sq. ft.)
Loan Amount (Cut-Off Balance)	$49,877,850	($165 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	2	
Interest Rate	4.64000%	

Morningstar Analysis		
Current DSCR	1.37 x	
Amortizing DSCR	1.37 x	
Beginning LTV	94.00%	
Ending LTV	76.54%	
Capitalization Rate	7.95%	
Morningstar UW Occupancy	94.93%	
Net Operating Income	$4,575,569	
Net Cash Flow	$4,218,472	
Value	$53,062,536	($175 /sq. ft.)
Debt Yield	8.46%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

Capital Structure Table

Loan	Current Balance	Interest Rate	Current DSCR	DSCR Amortizing	BLTV	ELTV
Subject Loan	$49,877,850	4.640%	1.37 x	1.37 x	94.0%	76.5%
Total	**$49,877,850**	**4.640%**	**1.37 x**	**1.37 x**	**94.0%**	**76.5%**

Morningstar Summary

Morningstar Perspective

The subject property is a 302,779-square foot power center in Newark, Delaware that is 98% occupied and 100% leased. The property is located adjacent to the 1.1 million square foot Christiana Mall, the largest shopping mall in Delaware. As a result, the property can enjoy strong and consistent traffic to support its tenants. In addition to Costco Wholesale, which is on a ground lease, tenants include Dick's Sporting Goods and hhgregg, Michael's and Petco. In spite of occasional disruptions, the occupancy has remained stable at the property and tenant sales have generally increased over the past three years.

We are concerned about lease rollover over the loan term. Leases for Dick's Sporting Goods and Michael's will expire in 2013. In 2014, an additional five tenants have expiring leases. In total, over 32% of the space will roll through the end of 2014. Both Dick's and Michael's have two, five-year renewal options available. Petco and Pier 1 Imports also have renewal options available. We also gain comfort from the property's demonstrated ability to retain tenants and replace those that vacate. In 2009, Circuit City vacated after the chain liquidated in bankruptcy, the vacant space was leased the following year by hhgregg. Bahama Breeze took over the vacant Houlihan's in 2012 and Sears will lease a former Pearle Vision space in late 2012.

The appraiser noted that a new power center is under construction adjacent to the subject. The new center is negotiating with a number of tenants; however, the appraiser was only able to confirm that one had signed a lease. If the new property has difficulty in leasing, they may attempt to offer incentives to the subject's tenants. However, the Colonnade's leasing plan has named several tenants, none of which are existing tenants of the subject.

Ultimately, we believe that the property can generate stable cash flow but advise of possible risks going forward. We have conservatively underwritten a DSCR of 1.37 on an amortizing basis which leaves some cushion in the event of disruptions to cash flow. To mitigate this risk, we have estimated annual costs for tenant improvements and leasing commissions at $200,000, a higher estimate than the issuer. A decrease in rents in the market could result in lower cash flow as the landlord negotiates renewals on expiring leases.

The Bears Say

- Morningstar's underwritten loan-to-value is 94%; however, the loan is fully amortizing and will have a 76.5% underwritten LTV at maturity.
- Lease rollover: Dick's Sporting Goods and Michael's (combined 23% of the GLA) have expiring leases in 2013, followed by four leases on 12% of the GLA expiring in 2014. Both Dick's and Michael's have two renewal options. Dick's has sales of $306.58 per square foot and an occupancy cost below 8.0%.
- Supply growth: a 750,000 square foot power center is under construction adjacent to the subject and could represent a threat.

The Bulls Say

- Property is 100% leased and has maintained consistently high occupancy.
- The property is within the strongest retail corridor in Delaware adjacent to the 1.1 million square foot Christiana Mall.
- Five tenants, including Dick's and Petco report sales. Of the five, only the Hallmark store has had decreasing sales over the past three years. Sales for Dick's, hhgregg and Men's Wearhouse all exceed the average sales for their respective chains.

Property Description

The subject is a 302,779-square foot retail power center in Newark, Delaware, ten miles southwest of Wilmington and 40 miles southwest of Philadelphia. The property was built in 1998 and is adjacent to the 1.1 million-square foot Christiana Mall, the largest shopping center in Delaware. In 2010 and 2011, the sponsor invested approximately $2.8 million to upgrade the landscaping, repair the parking lots and roofs.

The center is 98% occupied and 100% leased. Sears recently signed a lease for the remaining 6,683 square feet and will take occupancy in fall 2012. The subject is anchored by a Costco Wholesale store that is on a ground leased parcel. The initial ground lease term expires in September 2018, after which Costco will have four, five-year renewal options available. The Costco ground lease accounts for 32% of the base rent. Major tenants include Dick's Sporting Goods, hhgregg, Michael's and Petco. The five largest tenants account for 74.9% of the total base rent.

Morningstar visited the property on October 1, 2012 and found the property to be in good condition. We have assigned a property score of "3", or average.

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
Costco	140,814	46.5%	$1,505,944	$10.69	31.9%	Sep-18
Dick's Sporting Goods	50,000	16.5%	$878,000	$17.56	18.6%	Nov-13
hhgregg	32,462	10.7%	$486,930	$15.00	10.3%	May-20
Michael's	20,670	6.8%	$372,060	$18.00	7.9%	Feb-13
Petco	15,000	5.0%	$292,500	$19.50	6.2%	Jan-14
Pier 1 Imports	9,388	3.1%	$286,334	$30.50	6.1%	Feb-14
Bahama Breeze	8,945	3.0%	$225,000	$25.15	4.8%	Jan-22
Hallmark Creations	6,954	2.3%	$184,281	$26.50	3.9%	Feb-15
Don Pablo's	6,863	2.3%	$145,200	$21.16	3.1%	May-14
Sears	6,683	2.2%	$193,807	$29.00	4.1%	Jan-18
Top 10 Subtotal	**297,779**	**98.3%**	**4,570,056**	**$15.35**	**96.9%**	**Mar-17**

Lease Expiration and Rollover

The property will have significant lease rollover in 2013 and 2014. The loan requires an ongoing reserve deposit for leasing costs of $104,000. In addition, if Costco or Dick's fail to renew by their respective trigger dates, the loan has a cash flow sweep structured to hold funds for re-tenanting these spaces.

Morningstar Lease Expirations by Tenant Category - Square Feet Expiring by Year							
	MTM	2012	2013	2014	2015	2016	After 2016
Groundlease	0	0	0	0	0	0	140,814
Junior Anchor	0	0	70,670	15,000	0	0	32,462
In-Line (5,000-9,999 sq.ft.)	0	0	0	21,251	6,954	0	15,628
Total	**0**	**0**	**70,670**	**36,251**	**6,954**	**0**	**188,904**
% Roll	**0.0%**	**0.0%**	**23.3%**	**12.0%**	**2.3%**	**0.0%**	**62.4%**

Market Overview

The property's primary trade area is Central New Castle County, approximately five miles surrounding the center. The centerpiece of the trade area is the Christiana Mall, a 1.1 million-square foot super-regional mall, anchored by Macy's, JC Penney, Nordstrom and Target. Delaware has no sales tax and consequently attracts shoppers from Maryland and Pennsylvania. Christiana Mall is the largest shopping center in the state and is a major factor in drawing shoppers to the subject.

Newark is part of the Wilmington metro area and the larger Philadelphia Core Based Statistical Area. As is common with older areas in Delaware and Philadelphia, Newark tends to be heavily built up with slower population growth. The average growth rate within a three-mile radius from 2000 through 2011 was 0.50% less than half the average of the State of Delaware, but consistent with the overall Philadelphia CBSA. The area is a middle income market, with an average household income of $64,682, 4.2% less than the national average.

Employment in New Castle County is concentrated in three areas, financial services, health care and manufacturing, primarily of chemicals. The state saw job losses in many industries, particularly in the financial services area. Unemployment in the county increased from 3.6% to 8.1% by 2010. Since then, the rate has contracted to 7.4%. Total employment as of July 2012 was 249,152, 6.2% below the record high of 2007.

The Wilmington retail market has had a relatively low and stable vacancy rate since 2008. As of the second quarter, the average, non-anchor asking rent was 21.24 with a vacancy rate of 9.0%. A small spike occurred in 2009 when the vacancy rate increased 130 basis points to 9.6% as retail closures hit the market. The submarket is relatively mature and we should not expect large scale development to compete with the subject. However, a local developer, Allied Retail

Properties, the owner and manager of Concord Mall and Christiana Town Center, is building a new 750,000 square-foot power center called the Colonnade at Christiana. The appraiser noted that only one lease has been signed. The center's leasing plan indicates that it is hoping to secure Nordstrom Rack, Sports Authority, Raymour & Flanigan, Cinemark, and Trader Joes.

The appraiser identified five retail comparables in the area totaling 4.9 million square feet. The weighted average occupancy of those retail centers was 90.2%.

Sponsorship/Management

The borrower is PR Christiana, LLC, a Delaware-registered, limited-liability company.

The property manager is PREIT Services, LLC, a borrower-controlled management company. The contractual management fee is 2.0% of total revenues, excluding reimbursements.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	TTM 04/30/12	Issuer Underwriting
Income					
Gross Potential Rent	$4,747,314	$4,312,985	$4,388,738	$4,428,390	$4,715,056
Less: Vacancy Loss (GPR)	(241,267)	(7,347)	(31,638)	(22,155)	(275,615)
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	**$4,506,047**	**$4,305,638**	**$4,357,100**	**$4,406,235**	**$4,439,441**
Expense Reimbursement	$797,235	$811,612	$774,674	$693,687	$797,235
Percentage Rent	79,470	33,795	71,299	65,309	78,295
Misc Income	113,010	83,827	755,017	755,409	113,010
Less: Vacancy Other Incomes	(9,764)	n/a	n/a	n/a	n/a
Effective Gross Income	**$5,485,997**	**$5,234,872**	**$5,958,090**	**$5,920,640**	**$5,427,981**
Expenses					
Real Estate Taxes	$363,847	$358,815	$356,328	$351,543	$354,919
Property Insurance	52,409	46,615	49,553	50,637	55,881
Utilities	42,500	18,497	40,416	43,328	41,872
Repairs and Maintenance	207,652	353,811	204,583	140,160	204,583
Contract services	0	0	0	0	0
Management Fees	219,440	0	0	0	217,119
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	24,579	30,156	46,594	21,445	21,445
Non-Reimbursable Expenses	0	0	0	0	0
Market Expense Adjustment	0	0	0	0	0
Total Operating Expenses	**$910,428**	**$807,894**	**$697,474**	**$607,113**	**$895,819**
Net Operating Income	**$4,575,569**	**$4,426,978**	**$5,260,616**	**$5,313,527**	**$4,532,162**
Capital Items					
Leasing Commissions	$125,896	$0	$0	$0	$49,713
Tenant Improvements	170,646	0	0	0	38,057
Capital Expenditure / Reserve	60,556	0	0	0	40,491
Extraordinary Capital Expenditures	0	0	0	0	0
Total Capital Items	**$357,098**	**$0**	**$0**	**$0**	**$128,261**
Credit for Upfront DSCR Escrow	$0	$0	$0	$0	$0
Net Cash Flow	**$4,218,472**	**$4,426,978**	**$5,260,616**	**$5,313,527**	**$4,403,901**

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 Per Year	$15.68
Vacancy (%)	5.1%

Our in-place rent is based on the tenants in place and is consistent with the appraiser's assumption and recent leases at the property. Although the property is 100% leased, we have underwritten a 5.1% vacancy rate.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted. The contractual management fee with a borrower-controlled manager is 2.0% of total revenues; however, no management fee has typically been reflected in the financial statements. Our underwriting includes a market management fee of 4.0% of effective gross revenue.

Capital Items

A reserve for future capital expenditures is underwritten at our minimum level of $0.20 per sq. ft., a 17% increase over the engineer's recommended reserves. Tenant improvements for junior anchor and in-line space are underwritten to $20.00 for new leases and $2.00 renewals. Leasing commissions are underwritten to 4% for new tenants and 2% for renewals. A renewal rate of 75% is assumed on the ground lease and junior anchors and 65% on in-line tenants.

Valuation Drivers

Morningstar's capitalization rate of 7.95% is based on a blended market capitalization rate for retail properties in Philadelphia and the Eastern United States. The rate was adjusted downward 25 basis points to account to account for favorable treatment of power centers.

Greenway Center

Analyst: Mike Magerman (267) 960-6022
Analytical Manager: Sheila Bjornstad (646) 560-4511

Property Summary		
Property Type	Retail/Community Center	
Location	Greenbelt, MD	20770
Year Built/Renovated	1980/2008	
Net Rentable Sq. Ft. (Total)	264,601	
Net Rentable Sq. Ft. (Collateral)	264,601	
Occupancy	95.2%	As of: 5/14/2012
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$46,000,000	($174/sq. ft.)
Loan Amount (Cut-Off Balance)	$45,887,622	($173/sq. ft.)
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	2	
Interest Rate	4.64000%	

Morningstar Analysis		
Current DSCR	1.36 x	
Amortizing DSCR	1.36 x	
Beginning LTV	89.15%	
Ending LTV	72.59%	
Cap Rate	7.50%	
Morningstar UW Occupancy	88.89%	
Net Operating Income	$4,176,654	
Net Cash Flow	$3,860,557	
Value	$51,474,092	($195/sq. ft.)
Debt Yield	8.41%	
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	$45,887,622	4.64000%	1.36 x	1.36 x	89.1%	72.6%
Total	**$45,887,622**	**4.64000%**	**1.36 x**	**1.36 x**	**89.1%**	**72.6%**

Morningstar Summary

Morningstar Perspective

Greenway Center is an 264,601-square foot grocery anchored community shopping center located in Greenbelt, Maryland, about 13 miles northeast of Washington, D.C. The $46.0 million loan is secured by the center which is anchored by Safeway, LA Fitness, Ross Dress For Less, PetSmart and Old Navy. The loan has moderate leverage with a loan to value of 69.8% based upon the loan balance and the appraised value but a somewhat elevated loan to value of 89.1% based on the Morningstar value. The loan provides adequate debt service coverage of 1.36 times on an amortizing basis, based on the Morningstar net cash flow and a debt yield of 8.4%. The loan has a 10-year term, beginning with a 12-month interest only period.

Greenway Center is located on a major road in Greenbelt and is convenient to the highway system, with the local area just off the junction of the Baltimore-Washington Parkway and the Capital Beltway (I-495). Greenbelt is in a densely populated suburban area northeast of Washington and the property's frontage along Greenbelt Road receives daily traffic counts approaching 40,000. The property is 3.5 miles from the Greenbelt Metro station and 4.5 miles from The University of Maryland.

There is lease expiration risk, as several of the larger tenants have expirations before the end of 2016, including Safeway. LA Fitness is still in negotiations to extend its lease for five years, with an expiration date of Dec. 31, 2012. This extension is anticipated as the tenant indicated interest in expansion and most of the terms have been worked out, but it has not been finalized. A $3 million reserve, which equates to more than six years of LA Fitness rent and recoveries, is being held back at closing for the contingency of failure to renew. Safeway's lease expires in January 2016, but 2011 sales were at $476 per square foot, or roughly 100 times base rent and 50 times total occupancy cost, and the store has been a tenant since 1981. PetSmart, Old Navy and Modell's Sporting Goods have expirations in 2013 and 2014; Old Navy's occupancy cost has been less than 7% and Modell's less than 13%.

An additional $2.8 million holdback was set aside for corrections of outstanding zoning violations. Remediation of this situation involves obtaining certificates of occupancy for 21 tenants and the completion of routine fire, life and safety inspections. It is reported in the issuer's ASR that the Director of the Department of Environmental Resources has confirmed the receipt of the application and fees for the reissued certificates of occupancy.

Based on Morningstar's analysis and review of market conditions, it appears that the property's recent performance and ability to continue to sign new tenants and extend existing tenants should enable continued stable cash flow.

The Bears Say

- The property was built in 1980 which can be a disadvantage relative to newer, more attractive centers.
- The uncertainty caused by the LA Fitness extension situation has the potential to put a vacant junior anchor space in the middle of an otherwise well occupied center.
- A new Wegman's supermarket opened about five miles away in 2010 and Safeway's sales declined by about 5% in 2011.

The Bulls Say

- Safeway, LA Fitness and Ross, as well as a number of smaller tenants, have been at the property for more than 20 years.
- Occupancy has been at 92% or better from 2007 to the present, and is at 95.2% as of the most recent rent roll.
- The location is ideal to take advantage of high traffic counts in the densely populated area northeast of Washington.
- The sponsor, Combined Properties, has owned the property since 2002 and managed it for more than 20 years. The company is an experienced owner and manager of shopping centers in the Washington, D.C. metro area.

Property Description

Greenway Center is a grocery anchored shopping center in Greenbelt, Maryland, a northeastern suburb of Washington, D.C. Its tenant roster includes several national credit tenants, including its anchor, Safeway, which is rated BBB by Morningstar. Aside from other large tenants noted in the Perspective section above, other important tenants include Dollar Tree, Dress Barn, Advance Auto Parts, Payless Shoes, Beth & Body Works, Radio Shack and Starbucks. Wendy's, IHOP, M&T Bank and Capital One Bank are on pad sites. The property is accessible from Greenbelt Road, though some congestion can be experienced by drivers waiting to turn left out of one section of the property onto the main entrance/exit at the traffic signal. Safeway is at one end of the property, with the rest in a strip and the parking area is between Greenbelt Road and the main building.

The property was deemed by the property condition report to be in need of $96,126 of immediate repairs. The largest single item was over $58,000 to replace thin brick at the bulkhead roofs of the Old Navy space. Other items were relatively minor and included repairs to pavement, concrete, flashing, skylights, and asphalt shingles in various locations.

The Phase I Environmental Assessment disclosed that the property had been investigated due to an on-site dry cleaning facility in operation from 1981 to 1996. As PCE solvlents were used during that time, investigation was required. The investigation concluded that there had been some contamination of soil and groundwater by PCE, but the location is such that there is no use of groundwater in the immediate vicinity of the property. Therefore, a No Further Requirements Determination (NFRD) was issued in 2003. The situation is considered to be an NFRD closed-status historic recognized environmental condition.

Morningstar visited the property on September 13, 2012 in the afternoon. The property was observed to be in average condition, with age-appropriate signs of wear. The parking lot near Safeway was fairly busy as were other sections of the lot all along the strip portion.

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
Safeway	56,740	21.4%	$269,515	$4.75	5.7%	Jan-16
L.A. Fitness	30,239	11.4%	$296,342	$9.80	6.3%	Dec-12
Ross Dress for Less	23,561	8.9%	$429,988	$18.25	9.2%	Jan-18
PetSmart	21,104	8.0%	$395,700	$18.75	8.4%	Aug-14
Old Navy	14,729	5.6%	$117,832	$8.00	2.5%	Feb-13
Modell's Sporting Goods	13,174	5.0%	$225,738	$17.14	4.8%	Apr-13
Dollar Tree	10,375	3.9%	$124,500	$12.00	2.7%	May-15
Dress Barn Woman	8,000	3.0%	$192,000	$24.00	4.1%	Dec-18
Advance Auto	6,972	2.6%	$104,580	$15.00	2.2%	Feb-17
Avenue	6,309	2.4%	$161,510	$25.60	3.4%	Jan-15
Top 10 Subtotal	**191,203**	**72.3%**	**$2,317,705**	**$12.12**	**49.3%**	**Apr-15**

There is a $3.0 million reserve for re-tenanting the L.A. Fitness space in the event of non-renewal.

Lease Expiration and Rollover

Morningstar Lease Expirations by Tenant Category - Square Feet Expiring by Year							
	MTM	**2012**	**2013**	**2014**	**2015**	**2016**	**After 2016**
Anchor	0	0	0	0	0	56,740	0
Junior Anchor	0	0	27,903	21,104	10,375	0	23,561
In-Line (5,000-9,999 sq.ft.)	0	0	0	0	6,309	0	20,772
In-Line (2,001-4,999 sq.ft.)	0	2,106	5,222	6,516	6,874	0	12,101
In-Line (1,001-2,000 sq.ft.)	0	1,230	1,224	0	1,856	3,816	1,987
Outparcel	0	0	0	0	0	4,367	7,562
LA Fitness	0	30,239	0	0	0	0	0
Total	**0**	**33,575**	**34,349**	**27,620**	**25,414**	**64,923**	**65,983**
% Roll	**0.0%**	**12.7%**	**13.0%**	**10.4%**	**9.6%**	**24.5%**	**24.9%**

Market Overview

Greenway Center is in the Northern Prince Georges County submarket of the Suburban Maryland retail market as defined by Reis. Within this submarket, the average asking rent for community centers was $21.87 per square foot as of second quarter 2012. The overall average asking rental rate of $21.87 per square foot represents a 0.2% increase from the prior quarter and a decrease of 0.3% from one year earlier. For anchor space within the submarket, the average asking rent was $15.30 per square foot as of the second quarter. The appraisal's market rent for in-line retail space of greater than 4,000 square feet was $28.00 per square foot, and ranged from $28.00 to $36.00 per square foot for smaller spaces. The market rent for junior anchors was determined to be $15.00 per square foot, and for supermarket anchors $10.00 per square foot. The weighted average rent at the subject was $18.65 per square foot as of the May 14, 2012 rent roll. Reis predicts that overall submarket rents for non-anchors in community and neighborhood centers combined will increase at an average annual compound rate of 3.3% through 2016.

The submarket's overall vacancy rate for community centers was 8.2% as of second quarter 2012 according to Reis. From 2007 through 2010, vacancy in the submarket rose from 4.6% to 9.0%. From the end of 2010 through the first quarter of 2012, vacancy gradually declined from 9.0% to 8.0% before bumping up slightly in the second quarter. Reis forecasts vacancy for community and neighborhood centers combined to decline gradually to 4.6% by 2016, as slow inventory growth is expected to add only about 2% to the current stock over the next four years. The appraisal noted that the vacancy rate for the submarket averaged 5.9% over the past three years according to CoStar data. The appraisal also provided data on five comparable centers in the local area that had an aggregate vacancy of 8.4%. Occupancy at the property was 95.2% as of the May 14, 2012 rent roll. Morningstar underwrote overall vacancy at the property at 11.1% based on economic occupancy.

Morningstar Analysis

	Morningstar	2010	2011	TTM 05/31/12	Issuer Underwriting
Income					
Gross Potential Rent	$4,982,682	$4,411,872	$4,475,555	$4,520,453	$5,062,227
or					
Base Rent	0	0	0	0	0
Expense Reimbursement	1,446,077	1,930,370	1,568,377	1,547,597	1,446,077
Percentage Rent	65,520	114,720	112,900	111,730	63,357
Parking Income	0	0	0	0	0
Other Income	9,721	192,239	10,145	10,257	9,400
Less: Vacancy Loss	-558,515	-78,100	-45,215	-45,215	-831,888
Less: Concessions & Collection Loss	0	0	0	0	0
Effective Gross Income	**$5,945,485**	**$6,571,101**	**$6,121,762**	**$6,144,822**	**$5,749,173**
Expenses					
Real Estate Taxes	$1,044,931	$1,046,623	$1,031,626	$1,044,931	$1,016,742
Property Insurance	43,431	43,362	43,260	43,431	42,129
Utilities	46,109	37,111	35,971	44,587	44,587
Repairs and Maintenance	358,134	468,754	349,691	366,576	262,147
Janitorial	0	0	0	0	0
Management Fees	239,384	252,113	249,424	249,324	229,967
Payroll & Benefits	0	0	0	0	0
Common Area Maintenance	0	0	0	0	0
Advertising & Marketing	0	0	0	0	0
Professional Fees	17,790	21,765	13,334	21,066	9,800
General and Administrative	0	0	0	0	0
Non-Reimbursable Expenses	0	0	0	0	0
Other Expenses	19,052	19,051	17,766	18,423	18,423
Ground Rent	0	0	0	0	0
Market Expense Adjustment	0	0	0	0	0
Total Operating Expenses	**$1,768,831**	**$1,888,779**	**$1,741,072**	**$1,788,338**	**$1,623,795**
Net Operating Income	**$4,176,654**	**$4,682,322**	**$4,380,690**	**$4,356,484**	**$4,125,378**
Capital Items					
Leasing Commissions	$134,443	$0	$0	$0	$83,863
Tenant Improvements	94,880	0	0	0	46,781
Capital Expenditures	86,774	0	0	0	85,522
Extraordinary Capital Expenditures	0	0	0	0	0
Total Capital Items	**$316,097**	**$0**	**$0**	**$0**	**$216,166**
Net Cash Flow	**$3,860,557**	**$4,682,322**	**$4,380,690**	**$4,356,484**	**$3,909,212**

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	$18.83
Vacancy (%)	11.1%

Morningstar underwrote rents for most tenant types lower from the in-place averages toward the market rents as determined by the appraisal or recently signed leases. Safeway's rent was underwritten as-is. In the case of LA Fitness, the rent was moved higher than in-place toward the extension option rate of $10.98 per square foot, which is still well below the appraisal's market estimate of $15.00 per square foot for that space. Morningstar's analysis of the property resulted in a net cash flow of $3.86 million, which is 1.2% lower than the issuer's underwritten net cash flow. Morningstar underwrote vacancy based on economic vacancy of 11.1%. Morningstar's value for the property is $51.5 million, a 21.6% shortfall from the appraised value.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted. Morningstar underwrote real estate taxes based on the 12 month period ended May 31, 2012, 2.8% higher than actual taxes for 2012. Morningstar underwrote management fees to 4.03% of effective gross income based on the average of historical periods, slightly above the issuer's level. The actual contract rate with a borrower-related management company is 3.5%. The appraisal used a 4% management fee.

Capital Items

Tenant improvements were underwritten to a variety of rates for the different tenant types. For in-line tenants, the rate was $10.00 per square foot for new tenants and no allowance for renewals. For outparcels no allowance was included. For anchors and junior anchors, the rate was 40% of Morningstar's rent for new tenants and 20% of rent for renewals (except no allowance for anchor renewals). Leasing commissions were underwritten to 4% for all new tenants and 2% for all renewals, with the exception of no commission for anchor renewal. A reserve for future capital expenditures is underwritten at $0.35 per square foot, a 10% increase over the engineer's recommended reserves.

Valuation Drivers

The appraisal's capitalization rate analysis is based upon the rates of recent comparable retail property sales and market surveys. The appraisal concluded that the direct capitalization rate for the subject is 6.5%. The sales included in the comparison resulted in an average capitalization rate of 6.14%. Morningstar's base retail capitalization rate for the subject's suburban Maryland market is 7.5%. Morningstar did not make any adjustments to the capitalization rate, resulting in a final rate of 7.5%.

Grand Cayman – Marriott Beach Resort

Analyst: Ed Barrett (267) 260-0530
Analytical Manager: Sheila Bjornstad (646) 560-4511

Property Summary		
Property Type	Hospitality/Full-Service	
Location	Georgetown, Cayman Islands	
Year Built/Renovated	1989/2004	
Number of Rooms	295	
Current Occupancy	79.1%	As of: 06/30/12
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$42,000,000	($142,373/room)
Loan Amount (Cut-Off Balance)	$42,000,000	($142,373/room)
Loan Term (months)	121	
I/O Period (months)	1	
Amortization Term (months)	300	
Loan Seasoning (months)	0	
Interest Rate	5.050000%	

Morningstar Analysis		
Current DSCR	1.76	
Amortizing DSCR	1.76	
Beginning LTV	72.4%	
Ending LTV	53.6%	
Capitalization Rate	9.50%	
Morningstar Occupancy	78.39%	
Net Operating Income	$6,678,028	
Net Cash Flow	$5,223,708	
Value	$57,986,398	($196,564/room)
Debt Yield	12.4%	
Morningstar Site Visit	No	
Property Score	3 (Average)	

Capital Structure Table

Capital Structure Table

Loan	Balance	Interest Rate	Current DSCR	DSCR Amtz	BLTV	ELTV
Mortgage Loan	$42,000,000	5.05000%	1.76 x	1.76 x	72.4%	53.6%
Total	**$42,000,000**	**5.05000%**	**1.76 x**	**1.76 x**	**72.4%**	**53.6%**

Morningstar Summary

Morningstar Perspective

The lodging market is emerging from a cyclical trough at the tail end of one of the most severe downturns in lodging sector history and demonstrating initial signs of a sustainable rebound. Yet despite the downturn, the Marriott Grand Cayman has been able to outperform its peer group in all measurable metrics. The beginning of historical hotel recoveries, including the most recent, is characterized by rising occupancy. During the years 2007 through 2009, occupancy at the subject remained constant between 68% and 69% and rose to 77.2% and 78.3% at year-end 2010 and 2011, respectively. The property achieved an occupancy rate 79.1% as of June 2012, continuing the growing trend while achieving a market penetration level of 119%.

Traditionally, room rate increases in the hospitality industry lag improvement in occupancy, as operators typically do not focus on average rate increases until there is substantial compression in a market. There has been strong occupancy growth since the beginning of 2010, and in many markets, hotels are beginning to experience higher ADR levels through the return of a broad base of travelers and decreased reliance on more price-sensitive booking channels. The subject property achieved an ADR of $239 as of June 2012, continuing the growing ADR trends, and market penetration levels above 100% over the last 3 years. Since 2009, ADR had increased 5% in 2010, 4% in 2011, and 8% as of June 2012

While there is some new construction in the subject's immediate market, expected to come online in 2014, growth has been further supported by the fact that even as fundamentals have improved, construction activity has remained muted. The new supply is not expected to compete with the subject property.

The property is slated to undergo a $9.2 million renovation over the next 12-24 months. The renovations should at a minimum enable the subject to improve its average rate positioning relative to the higher tier competitors. Additionally, with favorable visitor arrival and airline capacity trends in the Cayman Islands, the property appears to be in the middle stage of a strong performance ramp that is driving significant revenue and profitability increases.

The Grand Cayman- Marriott Beach Resort has been one of the top performing hotels in its market. While the challenging macroeconomic and travel environment has impacted past performance, the market is exhibiting the signs of a sustainable recovery.

The Bulls Say

- The property has been managed directly by Marriott since 2006 and benefits from the strong brand affiliation. The subject is a major redemption hotel for Marriott Rewards customers (2nd largest in the Caribbean).
- The property has exhibited strong historical performance with year over year improvement in occupancy and RevPAR penetration. Both metrics are expected to continue to improve.
- The subject property's condition is considered to be average but is scheduled to undergo a $9.2 million renovation project over the next 2 years.
- The property's beachfront location along the Cayman's famous Seven Mile Beach provides a significant competitive advantage.
- The property has an excellent location with regard to local demand generators in Grand Cayman, including numerous banks and financial services companies with a presence in the Cayman Islands.
- A $1 million upfront earn-out is in place and will be released upon achiement of a 13.5% debt yield.
- A property improvement plan (PIP) reserve will sweep cash at the outset of the loan until it builds to $2.5 million.

The Bears Say

- Despite fairly stable weather conditionsyear round, the Grand Cayman market shows a significant level of seasonality throughout the year, generally tied to the weather conditions in the United States and Europe, the islands main business drivers. To address the risk, a seasonality reserve is required by the lender to cover estimated debt service shortfalls.
- The Cayman Islands are susceptible to hurricanes. The Grand Cayman Marriott has previously withstood significant hurricanes, with minimal damage
- Concentration risk associated with the United States as the primary source of visitors.
- Foreign market challenges could negatively impact the U.S. economy as Europe's ongoing debt crisis and the slowdown of China's economy could put downward pressure on the U.S. recovery.
- Geopolitical risk associated with political instability in the Middle East and tensions with the Iranian government that could potentially push energy prices to record highs, which would have a debilitating effect on consumer spending.
- The overall inherent risk in a hotel location outside the United States as the property is subject to foreign government, laws, and currency.

- Land is readily available for development, and there are no restrictions on foreign ownership of land. Additionally, several projects are once again on track for development. Local government has been cautious, in the past, in monitoring overdevelopment.
- The most recent Smith Travel Report indicates that a the former Courtyard by Marriott projected to come online in 2014. The former Courtyard is not expected to compete directly with the subject.
- Marriott's beach area is particularly susceptible to erosion from waves coming from the southwest, due to the lack of sand along the coast to the south. The problem has been addressed in the past, in 2002 and again in 2005 Marriott installed Reef Balls and are currently installing more in 2012.
- The Cayman Islands operates under British Common Law, with a fixed conversion rate to the U.S. dollar.

Property Description

The Grand Cayman Marriott loan is a $42,000,000 ($142,373 per room), 10-year fixed rate loan with a 5.05% interest rate. The subject loan is secured by a five-story, 295-room full-service resort hotel on Seven Mile Beach in the capital city of George Town in the Grand Cayman Islands. The resort is located on the beach side of West Bay Road, the primary beachfront access road, which has been developed with tourist-related condominiums, restaurants, retail shops, and diving centers. The hotel opened in 1989 was renovated in 2004. Post the U.S. recession, the property has steadily increased its occupancy, currently at 79.1% as of June 2012 with an average daily rate and Rev Par of $239 and $188.99, respectively. The property had an average occupancy of 79.1% over the same trailing 12 month period while island-wide occupancy is 67.5%, according to Smith Travel. The hotel is of average quality as compared to its direct competitors, and its market position is upper-end full-service. There is one new hotel under construction, but it is intended to compete at a price range higher than the subject. The property is well maintained and ownership and management are excellent.

The property offers three food and beverage outlets located throughout the property. Red Parrot – a casual restaurant open for breakfast and dinner. Solana Seven Mile Beach – a casual outlet located next to the beach and pool and open for lunch and dinner. Balboa's Lounge / Sol Bar – located in the lobby, it is open for breakfast, lunch and dinner. This outlet also offers a full service bar.

The property contains approximately 6,000 square feet of meeting space within three separate spaces. The Orchid Ballroom is the largest meeting space totaling 4,261 square feet and is divisible into three smaller spaces, the Sunset and Reef Suites each total 625 square feet each.

The property is in good condition. However, certain areas of the property exhibit signs of being somewhat dated. In order to remedy this deficiency, the property will undergo a $9.2 million renovation that will upgrade all guestrooms and public spaces over the next 12-24 months. Once the renovation is complete, the subject should become more competitive in all demand segments. The renovation is not expected to inhibit the marketability of the property.

Demand Drivers

The Cayman Islands are internationally recognized as a premier tourism destination offering superior scuba diving and water activities. Tourism accounts for approximately 70 percent of the country's GDP and 75 percent of foreign exchange earnings. The tourism industry caters mainly to high-end North American visitors. The Cayman Islands feature three airports and no port; cruise ships anchor at sea and passengers are ferried into George Town.

The Grand Cayman's three largest tourism generators are Seven Mile Beach, the island's numerous diving sites and Sting Ray City. Seven Mile Beach is well known for being a naturally white sand beach. This area features the primary concentration of lodging facilities on the island.

The leisure market segment comprised approximately 83% of the total competitive market set in 2011. This segment for the subject property is primarily driven by tourists visiting the island for vacation. Furthermore, the island is a safe, upscale, resort destination within a short flight from the U.S and with fixed exchange rates with the U.S. dollar. Additionally, annual events such as the Cayman Island marathon continue to attract an increasing number of athletes and families, especially from the U.S. and Canada.

The United States is the primary source of visitors to the Cayman Islands. This dominance is the result of several factors, including the relative convenience of travel to the island, the fact that English is the main language, safety, and the use of U.S. currency. Because of the high reliance of the Cayman Islands on the U.S. market, air arrivals and overall tourism are significantly impacted by slowdowns in the U.S. economy.

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 in which the subject hotel competes. The indentified competitive set comprises 1,275 rooms and includes the following hotels: 1) Westin Casuarina on Grand Cayman, 2) Hilton British Colonial in the Bahamas, 3) Hilton Barbados, 4) Radisson Blu St Martin Resort Marina & Spa.

Performance at the property has improved significantly since 2007 with RevPAR growing at a healthy rate year over year. During the years 2007 through 2009, occupancy remained constant between 68% and 69%, despite the economic recession and market downturn. However, ADR levels were affected in 2009. Management attributes the strong performance to several advantages of the hotel: better product offering than Westin (the main competitor), the subject is a major redemption hotel for Marriott Rewards customers (2nd largest in the Caribbean), strong marketing efforts, and overall appeal of destination with good infrastructure in Grand Cayman.

The property achieved an ADR of $233 as of June 2012, continuing the growing ADR trends, and market penetration levels above 100% over the last 3 years. Since 2009, ADR had increased 5% in 2010, 4% in 2011, and 8% as of June 2012. Based on the strong trends exhibited at the property, Morningstar expects the property to continue it’s annual ADR growth into the forseeable future but at a rate more inline with inflation.

Occupancy	Competitive Set		Subject Property			
Running 12 months for:	**Occupancy**	**% change**	**Occupancy**	**% change**	**Market Penetration**	**Rank**
2008	63.1%	-10.2%	68.6%	1.3%	108.7%	2
2009	55.1%	-12.7%	69.5%	1.3%	126.0%	1
T-12 6/2010	59.5%	6.9%	73.7%	11.1%	130.9%	1
T-12 6/2011	61.1%	3.7%	78.8%	2.1%	128.9%	1
T-12 6/2012	66.2%	8.3%	79.1%	0.4%	119.5%	1

ADR	Competitive Set		Subject Property			
Running 12 months for:	**ADR**	**% change**	**ADR**	**% change**	**Market Penetration**	**Rank**
2008	$208.10	-13.0%	$219.25	8.2%	105.4%	4
2009	$206.26	-0.9%	$197.88	-9.7%	95.9%	4
T-12 6/2010	$204.43	0.1%	$206.05	5.0%	100.7%	3
T-12 6/2011	$207.61	0.6%	$216.34	4.1%	104.2%	2
T-12 6/2012	$207.06	-0.3%	$233.79	8.1%	112.9%	2

RevPar	Competitive Set		Subject Property			
Running 12 months for:	**RevPar**	**% change**	**RevPar**	**% change**	**Market Penetration**	**Rank**
2008	$131.25	-21.9%	$150.36	9.6%	114.6%	3
2009	$113.75	-13.3%	$137.47	-8.6%	120.9%	2
T-12 6/2010	$121.62	6.9%	$151.80	16.7%	131.8%	1
T-12 6/2011	$126.88	4.3%	$170.47	6.3%	134.4%	1
T-12 6/2012	$137.02	8.0%	$184.87	8.4%	134.9%	1

Source: Smith Travel Research

Sponsorship/Management

Sponsorship:
The borrowing entity is GenBar Cayman Company LTD, a Cayman limited company and single asset entity. The Gencom Group is the primary operating partner, while Private Equity Group is the 50% equity partner. The Gencom Group and investors purchased the property in 2006. Private Equity Group bought into the transaction in 2011.

Management:
The property was branded as a Marriott in 1997 and had been subject to a franchise agreement prior to the borrower's acquisition of the hotel in 2006. Since the acquisition, Marriott International has self-managed the hotel under a 20-year management agreement (expiring 2026) with three 10-year extension options. The agreement calls for both base and incentive fees. Base fees are 3% of total revenue per year (0.25% for Management and 2.75% for Base Royalty Fee), while incentive fees are calculated as 20% percent of net income above an owner's priority return ($5,100,000). To date, the incentive fee has not been earned and is not currently earned. Per the Management Agreement, Marriott reserves 5% of gross revenues from the monthly cash flow to fund capital improvements at the property.

Morningstar Analysis

Income	Morningstar	2010	2011	TTM 06/30/12	Issuer Underwriting
Rooms	295	295	295	295	295
RevPAR	$189	$163.32	$177.22	$188.99	$188.99
Average Daily Rate	$241	$211.65	$226.21	$238.99	$238.99
Average Occupancy	78.39%	77.16%	78.34%	79.08%	79.08%
REVENUE					
Rooms	$20,310,825	$17,585,230	$19,082,500	$20,404,908	$20,349,157
Food & Beverage	7,933,004	6,607,840	7,581,887	7,927,620	7,905,960
Telephone	198,913	417,555	314,586	265,217	264,492
Other Departmental	643,670	563,976	622,816	648,928	647,155
TOTAL REVENUE	$29,086,411	$25,174,601	$27,601,789	$29,246,673	$29,166,764
EXPENSES					
Departmental Expenses					
Rooms	$3,885,126	$3,355,636	$3,596,317	$3,879,667	$3,869,067
Food & Beverage	5,899,515	5,275,599	5,669,561	5,949,469	5,933,214
Telephone	230,380	230,249	246,659	246,268	245,595
Other Departmental	287,012	315,909	269,300	280,329	279,563
Subtotal Departmental Expenses	$10,302,033	$9,177,393	$9,781,837	$10,355,733	$10,327,439
DEPARTMENTAL PROFIT	$18,784,378	$15,997,208	$17,819,952	$18,890,940	$18,839,325
Undistributed Expenses					
General & Administrative	$2,713,062	$2,547,252	$2,691,527	$2,723,145	$2,723,145
Franchise Fees	108,342	0	101,790	89,683	89,701
Advertising & Marketing	2,267,349	2,169,374	2,079,348	2,284,677	2,284,677
Repairs & Maintenance	1,359,883	1,697,663	1,334,071	1,360,659	1,360,659
Utilities	3,248,958	2,584,299	3,054,296	3,098,057	3,098,057
Management Fees	872,592	755,238	813,461	877,400	875,003
Subtotal Undistributed Expenses	$10,570,186	$9,753,826	$10,074,493	$10,433,621	$10,431,242
GROSS OPERATING PROFIT					
Fixed Charges					
Real Estate Taxes	$0	$0	$0	$0	$0
Property Insurance	1,536,164	1,536,756	1,491,666	1,536,164	1,536,164
Ground Rent	0	0	0	0	0
Subtotal Fixed Charges	$1,536,164	$1,536,756	$1,491,666	$1,536,164	1,536,164
TOTAL EXPENSES	$22,408,383	$20,467,975	$21,347,996	$22,325,518	$22,294,845
NET INCOME	$6,678,028	$4,706,626	$6,253,793	$6,921,155	$6,871,919
Capital Exp. & Reserve for Repl. of FF&E	$1,454,321	$1,132,857	$1,274,190	$1,462,334	$1,458,338

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	$240.67
Occupancy (%)	78.39%
Rooms RevPAR	$188.65

We have underwritten 78.39 percent as the property's stabilized occupancy. From an occupancy standpoint, the hotel is stabilized. However, we believe there is room for ADR growth based on year-to-date trends and following the proposed $9.6 million in renovations. Morningstar's expectation is for growth more in line with inflation.

The appraiser has selected 78.0 percent as the property's stabilized occupancy Based on the strong trends exhibited at the property, the appraiser projects annual ADR growth for the Cayman Marriott of 10% in 2012 and 2013, followed by 6% growth in 2014, and 3% in 2015 and 2016.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted. The Cayman Islands do not have, real or personal property taxes. Additionally, residents of the Cayman Islands do not pay income tax. The property has not paid property taxes historically, and we have not underwritten a property tax burden going forward.

Over the past several years, insurance costs for many hotels have fluctuated dramatically. Based upon the subject's current and projected insurance expenses, industry averages, we have underwritten the property's insurance expense at the actual expense from the Trailing 12 months through June 2012, which is in line with the appraiser's concluded expense.

Capital Items

A reserve for future capital expenditures is underwritten at 5% of gross revenue in line with the requirements of the management agreement. This estimate is higher than the industry averages for hotels. In additional 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 reserve for replacement is in line with the recommendations of the engineer in the property condition assessment.

Valuation Drivers

As there were no recent comparable sales available for full-service hotels throughout the Caribbean region, Morningstar used the national hotel rate of 9.6% as a base rate. The property was given 100 basis points of credit for it's full-service luxury status and 90 basis points were deducted for risk associated with an international asset in a hurricane prone area and expectations of a supply increase. Cumulating in a Cap Rate of 9.5%.

Based on the as-is value determined by the appraiser, the Direct Cap cash flow indicates an implied cap rate of 8.6% and an implied cap rate of 7.3% on the stabilized value.

Hyatt Regency - Milwaukee

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Analytical Manager: Sheila Bjornstad (646) 560-4511

Property Summary	
Property Type	Hotel/Full-Service
Location	Milwaukee, WI 53203
Year Built	1980
Year /Renovated	2009
Net Rentable Room (Total)	481
Net Rentable Room (Collateral)	481
Occupancy (Tape)	64.40%
Ownership	Fee Simple

Loan Summary		
Loan Amount (Original Balance)	$39,675,000	($82,484/room)
Loan Amount (Cut-Off Balance)	$39,609,473	($82,348/room)
Loan Term (months)	60	.
I/O Period (months)	0	.
Amortization Term (months)	300	.
Loan Seasoning (months)	1	.
Interest Rate	5.111%	.

Morningstar Analysis		
Current DSCR	1.37 x	.
Amortizing DSCR	1.37 x	.
Beginning LTV	97.54%	.
Ending LTV	97.54%	.
Capitalization Rate	9.40%	.
Morningstar UW Occupancy	64.4%	.
Net Operating Income	$4,688,608	.
Net Cash Flow	$3,849,098	.
Value	$40,609,549	($84,427/room)
Debt Yield	9.72%	.
Morningstar Site Visit	Yes	.
Property Score	2 (Good)	.

Capital Structure Table

Loan	Current Balance	Interest Rate Rate	Current DSCR DSCR	DSCR Amortize	BLTV	ELTV
Subject Loan	$39,609,473	5.111%	1.37 x	1.37 x	9.8%	9.8%
Total	**$39,609,473**	**5.111%**	**1.37 x**	**1.37 x**	**9.8%**	**9.8%**

Morningstar Summary

Morningstar Perspective

The Hyatt Regency Milwaukee loan is secured by the fee simple interest in a 481-room, full-service hotel in the Milwaukee, WI central business district. At origination, the five-year, $39.7 million ($82,484 per room) full-term amortizing loan provided refinancing proceeds to retire an existing senior loan of $42.9 million, fund escrow accounts and pay closing costs associated with the transaction. Additionally, the borrower contributed $3.2 million of equity as part of this transaction. The collateral property was designed and developed as a Hyatt in 1980 and the sponsor for this loan, Noble Hospitality Fund, LLC, purchased the asset in September 2007 for $43.9 million ($91,268 per room). Following the acquisition, the property underwent a $19.0 million ($39,501 per room) renovation that included fully upgraded guestrooms and suites, a $1 million elevator modernization, new front entrance and guest registration desk, and a new first-floor restaurant and lounge. The renovations were completed in 2009.

Morningstar stayed overnight at the collateral the evening of Sunday, September 23, 2012. Consistent with our experience with Hyatt Regency branded hotels, we found the property to be in very good condition and have provided a 2, or good, property score. The core of the hotel is an open atrium from the lobby to the 18th floor, with rooms along the perimeter. Upper floors are accessed via atrium glass elevators and there is a dramatic, 85-foot suspended gold and silver aluminum sculpture titled "Wings of Welcome" that hangs from the open core. This sculpture and 2,000 other pieces of art throughout the hotel are created by Wisconsin artists. The in-room hard and soft goods show little or no signs of wear and are typical of high-end full-service hotels. Morningstar's visit coincided with a conference hosted by the International Ozone Association taking place at the hotel, regarding which we observed and overheard a number of out-of-town attendees at the hotel lounge. We also observed, overheard and/or spoke with numerous commercial travelers, several who were planning a multi-night stay for business. The hotel staff was professional, knowledgeable and accommodative.

As described in greater detail below, the subject's identified competitive set comprises seven hotels (excluding subject) totaling 1,960 rooms. The subject hotel routinely underperforms the competitive set in occupancy and RevPAR penetration. Since 2007 the subject's occupancy penetration has ranged from 92% to 98% and RevPAR penetration from 81% to 85%. The subject and its competitors were impacted by the recession that began in 2007, the full impact of which began to be realized in the fourth quarter of 2008, and accelerated through 2009. The underlying strength of the market is illustrated by the strong recovery that began in 2010 and continues through the most recently reported data. Competitive set demand for the year-to-date through June 2012 increased 3.5% (73.1 % occupancy) over the prior TTM period, as the slower winter months are now benefitting from the effects of the recovery. Correspondingly, comp-set RevPAR increased 8.3% to $97.98. As of this same time period the subject experienced demand growth of 2.5% (64.8% occupancy) and rate growth of 10.7% ($81.88 RevPAR). However, for both the market and subject, average rate remains below the levels attained in 2007 and 2008, indicating further potential for recovery.

There are three new hotels that are scheduled to come on-line in 2013 that could negatively impact the subject. Of greatest relevance is the proposed 200-room Marriott Downtown. This project broke ground in November 2011, and is expected to open in September 2013. Given the strong brand affiliation and full service profile, this hotel is expected to be directly competitive with the Hyatt.

As a result of the aforementioned new supply, Morningstar did not underwrite demand or rate upside in our credit evaluation. Although we believe that over the near-term the hotel will be able to successfully increase rate while holding or increase occupancy in the mid-to-high 60% range, we believe that the new Marriott will hinder prolonged growth over the medium-term, and perhaps even increase pressure on the subject to offer incentives to induce demand. Morningstar's analysis results in an amortizing DSCR of 1.34, LTV of 99.3% and a debt yield of 9.7%. Our estimated value of $40.3 million ($84,078 per room) is 39.3% less than the appraised value of $66.9 million ($138,509 per room). As a point of reference, the appraisal LTV for this loan is 60.4% (at origination).

The Bears Say

- There are three new hotels that are scheduled to come on-line in 2013 that could negatively impact the subject. Of greatest relevance is the proposed 200-room Marriott Downtown that is expected to open in September 2013.
- The collateral property was designed and developed as a Hyatt in 1980 and is one of the oldest physical structures relative to its competitive set.
- The subject property routinely underperforms its competitive set in occupancy and RevPAR.
- Morningstar believes the appraised value is aggressive for this loan. Our estimated is almost 40% less than the appraised value of $66.9 million ($138,509 per room). The Morningstar LTV is about 99% compared to the appraisal LTV of 60.4%.

The Bulls Say

- The Hyatt Hotel has reflected positive occupancy and ADR trends over past three reporting periods, mirroring the competitive set trend.

- In 2009 the subject underwent a $19.0 million ($39,501 per room) renovation that included fully upgraded guestrooms and suites, a $1 million elevator modernization, new front entrance and guest registration desk, and a new first-floor restaurant and lounge, respectively Bistro 333 restaurant and the Bar 333.
- The Hyatt brand is well-established as a best-in-class operator.

Property Description

The collateral property is situated on a 2.8 acre site and was designed and developed as a Hyatt in 1980. In 2009 the subject underwent a $19.0 million ($39,501 per room) renovation that included fully upgraded guestrooms and suites, a $1 million elevator modernization, new front entrance and guest registration desk, and a new first-floor restaurant and lounge, respectively Bistro 333 restaurant and the Bar 333. The hotel features 481 rooms, a sundries shop, over 20,000 square feet of meeting space, an exercise room, a business center, a gift shop, and vending areas. The guest room configuration includes 227 king rooms, 236 double/doubles, 14 Executive Suites and four Grand Suites.

Floors three through eighteen of the hotel's northern and central structure form an atrium which is surrounded by guestrooms. The 21st floor was previously operated as a revolving restaurant, but has ceased normal operations. The remaining floors above the top guest floor house mechanical equipment and storage areas. Each guestroom was fully renovated in May 2009 and is equipped with Grand Hyatt Beds, work station, iron and ironing board, 32" flat screen TV, video on demand, voicemail, individual air conditioning / heat control, Jack Pack multimedia adaptor, a hairdryer, cable and satellite TV channels, iHome stereo with iPod docking station, and high-speed Internet access and WiFi. The Executive Suites feature fold-down Sico in-wall beds and pull-out sofas, while the Grand Suites feature 2-bay suites with living room, dining room, and wet bar. Guestroom bathrooms are of a standard size, with a shower-in-tub, commode, and single sink with vanity area. Guest bathroom renovations in 2009 included all surfaces and fixtures except tub and commode.

The subject is centrally located in the Milwaukee CBD and offers convenient accessibility to and from all area major roadways, including Interstates 94, 43, 794 and 894. Via Interstate 43/94, General Mitchell International Airport (MKE) is located approximately six miles south of the subject. The property is one of the tallest buildings in its surrounding area and benefits from very good visibility. Downtown Milwaukee offers an array of office buildings and hotels. The neighborhood also includes some residential developments, principally in mid- to high-rise structures. The residential sector has expanded over the past decade, with both new developments and the redevelopment of older buildings.

In the Downtown West area, in which the Hyatt is located, there are four major venues for meetings and events. The Frontier Airlines Center is located immediately to the west of the Hyatt, and is connected via skywalks to the Hyatt and to the Hilton; the facility is used for various meetings, conventions, trade shows, and competition events. The U.S. Cellular Arena was formerly known as MECCA Arena (Milwaukee Exposition, Convention Center, and Arena) and has 41,000 square feet of floor space and seats 12,700 people. It is the current home for the Milwaukee Panthers (University of Wisconsin-Milwaukee) men's basketball team. While the U.S. Cellular Arena holds smaller sports events, BMO Harris Bradley Center – home to the Milwaukee Bucks (NBA), Admirals (AHL), and Mustangs (AFL) – hosts larger games, as well as concerts. The Milwaukee Theatre hosts traveling companies of current Broadway shows, and is also available for events. These facilities are centers of economic activity in the city, and generate demand for the hotels located in the downtown area.

Demand Drivers

In terms of segmented total accommodated room nights, the Downtown West submarket demand mix in 2011 was generally evenly split across commercial (37%) and meeting and group (38%). The remaining demand was comprised of leisure travelers (26%). Due to the Hyatt Regency's on-site meeting facilities and proximity to the Frontier Airlines Center, it created more 2011 room night demand from meeting and group business (51%), followed by commercial (29%) and leisure travelers (20%).

Milwaukee is a commercial and industrial hub for the Great Lakes region and is home to six Fortune 1,000 manufacturers (including Harley-Davidson Inc., Rockwell Automation, and Johnson Controls), banks, and diversified service companies. The MSA is among the top manufacturing centers in the United States, ranking second among major metropolitan areas in the percentage of its workforce in manufacturing. Milwaukee is also home to four major multi-hospital health systems.

Healthcare is the dominant industry in the Milwaukee area with seven of the ten largest employers related to healthcare and medicine. The largest employer for the market is Aurora Health Care. Aurora has sites in more than 90 communities throughout eastern Wisconsin, including 13 hospitals, more than 100 clinics, and 120 community pharmacies. As the largest city in the state, Milwaukee is home to numerous banks and financial services firms, including branches of national firms. Marshall & Ilsley Corporation (M&I) is a diversified financial services corporation headquartered in Milwaukee, Wisconsin with more than 190 branches throughout the state. In 2011, Bank of Montreal Financial Group (BMO) acquired M&I, merging M&I into BMO Harris Bank, N.A., headquartered in Illinois.

Although the manufacturing sector has diminished in size over the past several decades, the industry remains an important influence in the local economy. Formerly a defense industry giant, Milwaukee headquartered Rockwell Automation is now one of the world's largest industrial automation companies.

Overall, Milwaukee's economy is dominated by small- to medium-size firms with representatives in nearly every industrial classification. Such a diversified economy creates stable lodging and meeting demand in the area.

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, excluding the subject, comprises 1,960 rooms and includes the following hotels: 1) Hilton Milwaukee City Center (729 rooms), 2) Preferred Pfister Hotel (307), 3) Double Tree Milwaukee City Center (243), 4) Intercontinental Milwaukee (221), 5) Courtyard Milwaukee Downtown (169), 6) aloft Hotel Milwaukee Downtown (160) and 7) Residence Inn Milwaukee Downtown (131).

Evaluation of Market Trends

	Occupancy Rate	Average Rate	Rooms RevPAR	Occupancy Penetration	RevPAR Penetration
TTM 06/30/2010	64.9%	$127.97	$83.10	94.6%	79.6%
TTM 06/30/2011	70.8%	$127.73	$90.47	89.5%	80.0%
TTM 06/30/2012	73.1%	$134.07	$97.98	88.7%	83.6%

Source: Smith Travel Research

The subject hotel routinely underperforms the competitive set in occupancy and RevPAR penetration. Since 2007 the subject's occupancy penetration has ranged from 92% to 98% and RevPAR penetration from 81% to 85%.

Market-wide, demand levels remained flat in 2008, despite the onset of the recession in December 2007. The impact of the downturn became evident in the fourth quarter of 2008, and accelerated through 2009. In that year demand decreased by 11.1%, and occupancy fell to a low of 58.6%. At the same time, average rate dropped dramatically, as hoteliers implemented significant discounts in an effort to induce demand and offset occupancy declines. As a result, RevPAR declined by 19.9% in that year. The subject hotel was impacted only slightly less than its competitive set during the economic downturn. Year-over-year demand fell 10.3% in 2009 to an occupancy low of 57.3% and RevPAR dropped 18.0%.

The underlying strength of the market is illustrated by the strong recovery that began in 2010. Competitive set demand increased by 21.6% in that year, but average rate continued to decline, as discounting remained a marketing tool. The subject's occupancy did not rebound as significantly in 2010, recording 7.8% demand growth, but the subject was able to generate 5.5% rate growth. With competitive set occupancy recovering to over 69% in 2011, hotels began to eliminate discounts and rate increased by 4.6% in that year. Once again, the subject's vacancy fell short of its competition, rising to only 64% in 2011, but again rate growth of 8.7% outpaced the market.

Competitive set demand for the year-to-date through June 2012 increased 3.5%, as the slower winter months are now benefitting from the effects of the recovery. Positive rate growth has continued as well, reflecting a continuation of the aforementioned improvement trend. Over this same time period the subject experienced demand growth of 2.5% and rate growth of 10.7%. However, for both the market and subject, average rate remains below the levels attained in 2007 and 2008, indicating further potential for recovery.

New Supply

There are three new hotels that are scheduled to come on-line in 2013: 1) Marriott Downtown (200 rooms), 2) Hilton Garden Inn (127), and 3) Brew House Inn & Suites (90). The proposed Marriott Downtown Hotel is being developed around the Johnson Bank building on the corner of North Milwaukee Street and East Wisconsin Avenue. Buildings on Milwaukee Street and Wisconsin Avenue are partially demolished to make way for the new hotel; this project broke ground in November 2011, and is expected to open in September of 2013. Given the strong brand affiliation and full service profile, this hotel is expected to be directly competitive with the Hyatt. The proposed Hilton Garden Inn represents the conversion of the 125-year-old historic Loyalty Building to a limited service hotel.

Construction began in December of 2011 and the hotel is expected to open on or about January 1, 2013. The building is located at 611 North Broadway. Due to the hotel select-service profile, this property is expected to be secondarily competitive with the Hyatt. Finally, the proposed Brew House Inn is an independent hotel that is currently under construction. This hotel is not expected to be directly competitive with the subject property, due to the profile of the facility and the lack of a brand affiliation.

Sponsorship/Management

The borrower is Noble I Milwaukee, LLC, a special purpose, bankruptcy-remote entity that is controlled by the sponsor, Noble Hospitality Fund, LLC. Investors of the fund include the State of New York Common Retirement Fund, Teachers Insurance and Annuity Association of America, and the Public School Retirement System of Missouri. The Property has an operating lease with an affiliated entity, Noble I Milwaukee Op Co, LLC, which is subordinate to the mortgage and of no legal or economic consequence to the lender.

Founded in 1993, the Noble organization specializes in making value-added, opportunistic investments in the lodging and hospitality real estate sector. Through its private equity real estate funds, Noble has invested more than $2 billion in high end hotels located throughout the United States. Noble's portfolio includes 47 assets across 16 states under the Marriott, Hilton, Starwood, and Hyatt brands. As of December 31, 2011, the portfolio of Noble Hospitality Fund, LLC included 27 lodging facilities containing a total of 1,840 rooms.

The collateral hotel is managed by Noble Management Group LLC. The management agreement is dated 8/29/2007 between Noble I Milwaukee Op Co, LLC ("Owner") and Noble Management Group, LLC ("Manager"). The agreement commenced on 8/29/2007 and expires 12/31/2017. The management fee is equal to 3% of Gross Revenues plus an additional accounting fee of $2,500 to $3,500 per month. The agreement may be terminated at any time by mutual written agreement of Manager and Owner.

The in-place Franchise Agreement has an effective date of 8/29/2007 and expires on 8/28/2027. The current royalty fee is based on 6% of room revenue and 3% of F&B revenue. The property is also subject to pay allocable chain expenses, travel agent program and reservation fees.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	TTM 06/30/12	Issuer Underwriting
Occupancy Percent	64.4%	61.6%	64.0%	64.4%	64.4%
Average Room Rate	$127	$112	$122	$127	$127
Rooms RevPAR	$82	$69	$78	$82	$82
Departmental Revenue					
Room	$14,410,012	$12,142,328	$13,699,283	$14,448,893	$14,410,012
Food & Beverage	5,481,888	4,736,483	5,405,691	5,481,888	5,466,908
Telephone	133,403	120,881	128,551	144,518	144,123
Other Operated	149,859	100,618	109,806	149,859	149,447
Rentals and Other Income	166,996	209,847	182,958	166,996	166,540
Total Departmental Revenue	**$20,342,158**	**$17,310,157**	**$19,526,289**	**$20,392,154**	**$20,337,030**
Departmental Expenses					
Room	$3,640,350	$3,536,498	$3,695,276	$3,640,350	$3,630,403
Food & Beverage	3,906,690	3,666,037	3,906,150	3,906,690	3,896,016
Telephone	134,247	150,726	143,923	145,433	145,038
Other Operated	65,654	65,493	71,912	65,654	65,476
Total Departmental Expenses	**$7,746,941**	**$7,418,754**	**$7,817,261**	**$7,758,127**	**$7,736,934**
Departmental Profit	**$12,595,217**	**$9,891,403**	**$11,709,028**	**$12,634,027**	**$12,600,096**
Undistributed Expenses					
General & Administrative	$1,925,968	$1,956,250	$1,958,323	$1,925,968	$1,920,699
Franchise Fees	1,031,717	756,413	999,209	1,031,717	1,029,054
Advertising & Marketing	1,748,831	1,845,913	1,888,687	1,748,831	1,744,917
Repairs & Maintenance	709,315	726,672	723,329	709,315	707,369
Utilities	660,602	644,101	670,286	660,602	658,790
Management Fees	610,553	519,264	585,745	612,054	610,111
Fixed Charges					
Real Estate Taxes	$903,242	$742,342	$803,894	$872,698	$868,288
Property Insurance	120,746	114,064	113,225	116,663	92,644
Ground Rent	0	0	0	0	0
Other	195,634	50,446	95,260	195,634	195,634
Total Operating Expenses	**$15,653,550**	**$14,774,219**	**$15,655,219**	**$15,631,609**	**$15,564,440**
Net Operating Income	**$4,688,608**	**$2,535,938**	**$3,871,070**	**$4,760,545**	**$4,772,590**
Capital Expenditures					
Capital Expenditures / Reserve	$899,510	$0	$0	$0	$813,481
Extraordinary Capital Expenditures	0	0	0	0	0
- Credit For Cap Ex Reserve	(60,000)	n/a	n/a	n/a	n/a
Total Capital Expenditures	839,510	0	0	0	813,481
Net Cash Flow	**$3,849,098**	**$2,535,938**	**$3,871,070**	**$4,760,545**	**$3,959,109**

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	$127
Occupancy (%)	64.4%
Rooms RevPAR	$82

ADR and occupancy are underwritten in-line with TTM June 2012 actual performance.

Parking Income

Income from parking lease was excluded from Morningstar's analysis, consistent with issuer underwriting. According to the reps and warranties the parking lease lacks certain financeable lease provisions.

Expenses

Real Estate Taxes – Underwritten to inflationary increase over TTM June 2012

Otherwise, expenses are underwritten in-line with historicals

Capital Items

A reserve for future capital expenditures is underwritten at 4.4% of gross revenue. In addition to the 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 reserve for replacement is 10% above that recommended by the engineer in the property condition assessment.

Please note that the loan provides for an up-front $300,000 Capital Expenditures reserve for which Morningstar provided annualized cash flow credit (see the negative $60,000 Credit for Cap Ex Reserve in Morningstar's Underwriting). The $60,000 credit for this reserve is reflected in our cash flows for the purposes of calculating DSCR only. The $60,000 credit is backed out of NCF for the purposes of calculating Morningstar's direct capitalized value. The $300,000 reserve is added to our capitalized value for the purposes of calculating the Morningstar value and Morningstar LTV.

Valuation Drivers

Morningstar utilized a capitalization rate of 9.4% to determine the value of the property. The capitalization rate was based on the RERC hospitality capitalization rate for the Milwaukee metro area for 2Q 2012. The appraiser used a direct capitalization rate of 9.0%.

400 SW 6th Avenue

Analyst: Nicholas Harris (267) 960-6044
Analytical Manager: Sheila Bjornstad (646) 560-4511

Property Summary		
Property Type	Office/Multi-Tenant	
Location	Portland, OR 97204	
Year Built	1961	
Year Renovated	2012	
Net Rentable Sq. Ft. (Total)	207,053	
Net Rentable Sq. Ft. (Collateral)	207,053	
Occupancy	91.89%	(as of 8/25/12)
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$32,000,000	($155 /sq. ft.)
Loan Amount (Cut-Off Balance)	$32,000,000	($155 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	0	
Interest Rate	4.686%	

Morningstar Analysis		
Current DSCR	1.28 x	
Amortizing DSCR	1.28 x	
Beginning LTV	96.83%	
Ending LTV	96.83%	
Capitalization Rate	7.70%	
Morningstar UW Occupancy	90.86%	
Net Operating Income	$2,953,385	
Net Cash Flow	$2,544,616	
Value	$33,046,962	($160 /sq. ft.)
Debt Yield	7.95%	
Morningstar Site Visit	Yes	
Property Score	2 (Good)	

Capital Structure Table

Loan	Current Balance	Interest Rate	Current DSCR	DSCR Amortizing	BLTV	ELTV
Subject Loan	$32,000,000	4.686%	1.28 x	1.28 x	96.8%	96.8%
Total	**$32,000,000**	**4.686%**	**1.28 x**	**1.28 x**	**96.8%**	**96.8%**

Morningstar Summary

Morningstar Perspective

The 400 Southwest 6th Avenue loan is secured by the fee simple interest in a 207,053 square foot, class "A" office building in the Portland, OR central business district. At origination, the ten-year, $32.0 million ($155 per square foot) full-term amortizing loan provided refinancing proceeds to retire an existing senior loan of $24.8 million, pay closing costs associated with the transaction, and return approximately $5.5 million to the sponsor. The collateral property was originally constructed in 1961 and has since been renovated several times including a new facade in the mid-1980s. The subject is currently undergoing a $1.4 million renovation of the interior and exterior lobby that the sponsor anticipates will lead to rent increases of $2 to $3 per square foot for new leases. 400 SW 6th Avenue was purchased in June 2004 by 400 Sixth Avenue LLC ("Borrower") and is principally owned and controlled by 400 Sixth Avenue Equities, LLC and 400 Sixth Avenue Investors LLC (collectively the "Sponsor").

The property is centrally located in the Portland's CBD, offering convenient access to Interstates 5, 84 and 405 as well as Route 26, all of which are main regional arterials. The subject is also within walking distance of access points to Portland's public bus and light rail transportation systems. The benefits of the subject's infill, CBD location are best exemplified by the lack of new development in the pipeline. One new development that is to add 320,000 square feet of office space broke ground in 2009 but has since been stopped indefinitely. Two other office projects totaling about 660,000 square feet have been proposed but attainable market rents do not justify the cost of development. Conditions could clearly change in the future, but there is limited new supply on the horizon.

As of the July 2012 rent roll the property was 91.9% leased. Recent performance is in-line with the average annual occupancy over the past four reporting periods (2009 to 2011 and trailing twelve months ("TTM") ending July 2012) of 93.2%. The property outperforms overall submarket vacancy, which averaged 10.9% according to second quarter 2012 Reis data. It also outperforms the class "A" market which Reis reported at 5.7% as of this same time period. The three largest tenants are Harland Financial Solutions, UTi Worldiwde Inc. and GSA – Housing & Urban Development. Together, these three tenants make up 66.2% of total rentable square footage and 70.9% of base rent.

After recording a nearly 15% drop in year-over-year net operating income ("NOI") in 2010 the subject rebounded with two straight periods of NOI growth, 4% in 2011 and 5% for the TTM July 2012. NOI was $3.4 million in 2009; $2.9 million in 2010; $3.0 million in 2011; and $3.1 million as of TTM July 2012. The primary driver of operating income fluctuations have been net effective rent. As a conservative measure, Morningstar's underwritten NOI is reflective of the actual average NOI achieved for the 2009 and 2010 calendar years.

The greatest risk to the performance of this loan is lease rollover risk. Through the calendar year 2018, 15 leases representing 85.5% of total rentable square footage, or 89.8% of total base rent, is scheduled to rollover. The years with the highest amount of rollover include 2014 (leases representing 38.1% of net rentable square feet) and 2017 (one lease representing 28.3% of net rentable square feet). Near-term, the GSA is scheduled to expire in August of 2013 (20,415 square feet or 9.9% of the NRA). Morningstar has attempted to account for this risk by applying a 25 basis point increase to the concluded capitalization rate which we utilized to value the collateral. Overall, Morningstar's analysis results in an amortizing DSCR of 1.28, an LTV of 96.8% and a debt yield of 8.0%. Our estimated value of $33.0 million ($160 per square foot) is 28.5% less than the appraised value of $46.2 million ($223 per square foot).

The Bears Say

- Through the calendar year 2018, 15 leases representing 85.5% of total rentable square footage, or 89.8% of total base rent, are scheduled to rollover. The years with the highest amount of rollover include 2014 (leases representing 38.1% of net rentable square feet) and 2017 (one lease representing 28.3% of net rentable square feet). Near-term, the GSA is scheduled to expire in August of 2013 (20,415 square feet or 9.9% of the NRA).
- The borrower cashed out $5.5 million as part of this transaction.
- Morningstar's conservative underwriting of this loan represents a high 96.8% LTV ratio and negative 28.5% variance to the appraised valued. As a point of reference, the LTV ratio based on the appraised value was 69.3% at origination.

The Bulls Say

- The collateral property has been renovated several times including a new facade in the mid-1980s. The subject is currently undergoing a $1.4 million renovation of the interior and exterior lobby that the sponsor anticipates will lead to rent increases of $2 to $3 per square foot for new leases.
- The subject's CBD, infill location provides a buffer to new supply risk.
- Current in-place rents are below-market.
- The loan is sponsored by a seasoned team of commercial real estate investment professionals.

Property Description

The property is a 207,053 square foot, 11-story, Class "A" multi-tenant office building with first floor retail located on a 0.46-acre site in CBD Portland, Oregon. The improvements were completed in 1961, and the property has been renovated several times since then with the most recent lobby renovation currently underway. As a result of these renovations, the property competes in the Class "A" submarket in the CBD. The property has 49 parking spaces (valet parking allows for a total of 70 cars per day to be parked on site). This is considered to be reasonably adequate parking in the market, especially considering that the collateral is located on a major transit thoroughfare with a transit stop at the property's intersection. Transit available includes bus service and light rail service.

The Property is currently undergoing a $1.4 million renovation of the interior and exterior lobby that began in July 2012 and that will be completed in the fourth quarter of 2012. The lobby size will be increased and modernized with new lighting, furniture, higher quality flooring, an improved entranceway and other aesthetic features. The renovation will have minimal impact on tenants as there are two entries to the lobby and elevator bank. The sponsor's motivation behind the renovation is ultimately to increase the rent at the Property by an average of $2 to $3 per square foot for new leases.

Tenant Overview

The collateral was 91.9% occupied as of the July 2012 rent roll. The three largest tenants are Harland Financial Solutions, UTi Worldiwde Inc. and GSA – Housing & Urban Development. Together, these three tenants make up 66.2% of total rentable square footage and 70.9% of base rent.

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
Harland Financial Solutions	58,685	28.3%	$1,379,097	$23.50	29.7%	Feb-17
UTI, Inc	57,932	28.0%	$1,304,784	$22.52	28.1%	Nov-14
GSA - HUD	20,415	9.9%	$608,862	$29.82	13.1%	Aug-13
Parsons Brickerhoff	18,733	9.0%	$416,556	$22.24	9.0%	Feb-14
Integra Telecom	12,131	5.9%	$475,336	$39.18	10.2%	Jul-24
DCI Engineers	4,699	2.3%	$99,219	$21.11	2.1%	May-18
Renewable Funding, LLC	4,450	2.1%	$98,545	$22.14	2.1%	Aug-14
Online Business Systems, Inc	4,080	2.0%	$85,680	$21.00	1.8%	Dec-15
Hatch Mott MacDonald	3,242	1.6%	$65,132	$20.09	1.4%	Jan-13
TenRec	2,220	1.1%	$41,159	$18.54	0.9%	Nov-16
Top 10 Subtotal	**186,587**	**90.1%**	**4,574,370**	**$24.52**	**98.5%**	**Feb-16**

Harland Financial Solutions, Inc. (HFS) – The tenant occupies 58,685 square feet or 28.3% of the NRA. This tenant has been at the Property since 2002 and has a lease expiration date of February 28, 2017. HFS is a wholly-owned subsidiary of Harland Clarke Holdings Corp., which is a wholly-owned subsidiary of MacAndrews & Forbes Worldwide Corp. HFS supplies software solutions and services to more than 6,000 financial institutions of all sizes, including commercial banks, thrifts, credit unions, and mortgage companies. The company supplies comprehensive software solutions and services that help increase institutional performance and drive profitability. Its portfolio of solutions includes branch automation, business intelligence, core processing systems, enterprise content management, financial accounting, lending & compliance, loan servicing, payments, risk management and self service solutions. As of 6/30/2012, Harland reported $3.0 billion in total assets with a stockholder's equity of $45.9 million. Upon the expiration of its current lease, HFS will have one, 5-year renewal option remaining with 365 days written notice. The monthly base rent for the option term will be at fair market rent but not less than $20.00 per square foot. Harland Clarke Holdings Corporation guarantees the lease.

UTi Worldwide Inc. (NASDAQ: UTIW) – The tenant occupies 57,932 square feet or 28.0% of the NRA. UTi has been a tenant at the Property since 2010 and in addition to its direct lease currently occupies sublease space from tenant Razorfish. UTi is a non-asset-based supply chain management company with over 360 offices in 60+ countries. UTi develops and implements client-centric, global solutions for international companies with unique supply chain requirements. As of fiscal year ended January 31, 2012, the company reported net sales of $4.9 billion, which represents an increase of 8.0% from fiscal year ended January 31, 2011. The company reported a net income of $72.5 million, which was a 3.8% increase over the prior year reported net income. UTi also reported total assets of $2.3 billion with a stockholder's equity of $968 million as of 4/30/2012. The tenant's lease expiration date is December 31, 2014 for the majority of the space (11/30/2014 for Razorfish sublease) and upon the expiration of its current lease, UTi will have one, 5-year renewal option with 9 to 12 months written notice at fair market rent. While the tenant has approximately 18 months remaining until the notice period, the sponsor has noted that UTi, as confirmed by the sublease of the Razorfish space, has been very satisfied with the property. Razorfish sublet its space after it was acquired by Microsoft and required to relocate to the corporate headquarters in Bellevue, WA. UTi has been a tenant at the Property since 2010.

GSA – Housing & Urban Development (HUD) – The tenant occupies 20,415 square feet or 9.9% of the NRA. HUD's primary focus is to provide affordable housing free from discrimination. The tenant has reportedly been in occupancy at the property since 1995 and has a current lease expiration date of August 31, 2013. Upon the expiration of its current lease, GSA-HUD will have no renewal options remaining. The GSA space is located on the 7th floor, which according to the sponsor, is very marketable, though at this time, the tenant's plans are unknown. Although there is a recently renovated Edith Green-Wendell Wyatt Federal Building, this property is essentially 100% occupied mainly by The US Forest Service, The Bureau of Land Management and the Internal Revenue Service. The collateral property represents the Portland Field Office for HUD. There are no other Oregon offices identified on the HUD website.

Lease Expiration and Rollover

There is a high amount of rollover exposure throughout the loan term. Through the calendar year 2018, 15 leases representing 85.5% of total rentable square footage or 89.8% of total rent is scheduled to rollover. Through the calendar year 2018, 15 leases representing 85.5% of total rentable square footage, or 89.8% of total base rent, is scheduled to rollover. The years with the highest amount of rollover include 2014 (leases representing 38.1% of net rentable square feet) and 2017 (one lease representing 28.3% of net rentable square feet). Generally, the 2014 rollover is concentrated to the collateral's largest tenant, Harland Financial, and in 2017 to the second largest tenant, UTi. To account for the high degree of lease rollover risk Morningstar added 25 basis points to the capitalization rate utilized to value the property.

Morningstar Lease Expirations by Tenant Category - Square Feet Expiring by Year							
	MTM	**2012**	**2013**	**2014**	**2015**	**2016**	**After 2016**
Office	2,134	0	23,657	78,981	4,080	2,220	65,518
Retail	0	0	557	0	0	1,962	0
Storage	0	0	0	0	0	0	0
Telecom	0	0	0	0	0	0	12,131
Total	**2,134**	**0**	**24,214**	**78,981**	**4,080**	**4,182**	**77,649**
% Roll	**1.0%**	**0.0%**	**11.7%**	**38.1%**	**2.0%**	**2.0%**	**37.5%**

Market Overview

Office - The subject is located in the Central City submarket of the greater Portland office market, as defined by Reis. As of Q2/2012 the mean and median asking rents in the submarket were $22.12 per square foot and $21.39 per square foot, respectively. Mean and median vacancy was 10.9% and 8.4%. Class"A" rent and vacancy was $24.61 per square foot and 5.7%. The appraisal listed five comparable office leases ranging from $21.50 to $24.00 per square foot. At the time of underwriting there were four office leases with 2012 start dates with a weighted average in-place lease rate of $26.58 per square foot. The appraiser estimated market office rent of $22.75 per square foot and an overall stabilized vacancy rate of 7.25%.

Retail – The appraisal listed five comparable retail leases ranging from $26.00 to $33.00 per square foot. At the time of underwriting there was one retail lease with a 2012 start date with a weighted average in-place lease rate of $27.81 per square foot. The appraiser estimated market retail rent of $30.00 per square foot.

Sponsorship/Management

The borrowing entity, 400 Sixth Avenue LLC, is a recycled, special purpose entity that is owned by 400 Sixth Avenue Member LLC, a newly created entity. The borrowing entity rolls up to William Felton, the CEO of Felton Properties, Inc and Barry Gossin, the CEO of Newmark Grubb Knight Frank. The sponsors have significant commercial real estate acquisitions and management experience. Felton Properties' Pacific Northwest portfolio totals approximately 2.5 million square feet spread across 25 assets valued at nearly $500 million. Of the 25 assets, 20 are located in the Portland MSA alone. Barry Gosin has been the CEO of Newmark Knight Frank for since 1979, which is the largest privately held real estate management firm in the world today. Newmark Knight Frank has 240 offices in over 30 countries with transactional volume in excess of $32 billion.

The property is managed by Felton Management Corp., a borrower controlled entity. The management fee is 4.0% of gross revenues. Please note that the historical management fee includes a partnership level "supervisory fee" not underwritten by Morningstar.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	TTM 07/31/12	Issuer Underwriting
Income					
Gross Potential Rent	$5,025,289	$4,305,083	$4,584,053	$4,654,301	$5,010,442
Less: Vacancy Loss (GPR)	(478,471)	0	0	0	(367,584)
Less: Concessions	(71,203)	(112,774)	(223,664)	(72,865)	0
Less: Collection Loss	0	0	0	0	0
Less: Vac Adj for Concess/Coll Loss	6,507	0	0	0	0
Base Rent/Net Effective Rent	**$4,482,121**	**$4,192,309**	**$4,360,389**	**$4,581,436**	**$4,642,858**
Expense Reimbursement	$92,558	$348,642	$294,096	$247,458	$93,690
Parking	89,404	79,051	88,626	89,404	89,404
Other Income	24,034	38,030	23,768	61,521	24,034
Less: Vacancy Other Incomes	(2,196)	n/a	n/a	n/a	n/a
Effective Gross Income	**$4,685,922**	**$4,658,032**	**$4,766,879**	**$4,979,819**	**$4,849,986**
Expenses					
Real Estate Taxes	$346,807	$318,551	$329,606	$338,329	$346,807
Property Insurance	90,945	67,432	68,818	72,065	90,945
Utilities	359,246	356,691	359,335	361,546	361,546
Repairs and Maintenance	341,047	343,184	320,302	347,835	347,835
Contract services	0	0	0	0	0
Management Fees	187,437	220,079	217,694	224,067	193,999
Payroll & Benefits	0	0	0	0	0
Common Area Maintenance	335,684	310,714	330,988	341,214	341,214
Advertising & Marketing	0	0	0	0	0
Professional Fees	0	0	0	0	0
General and Administrative	23,063	92,491	96,878	97,103	23,063
Non-Reimbursable Expenses	0	0	0	0	0
Other Expenses	48,308	73,731	54,772	48,308	48,308
Total Operating Expenses	**$1,732,537**	**$1,782,873**	**$1,778,393**	**$1,830,467**	**$1,753,717**
Net Operating Income	**$2,953,385**	**$2,875,159**	**$2,988,486**	**$3,149,352**	**$3,096,268**
Capital Items					
Leasing Commissions	$156,011	$0	$0	$0	$169,521
Tenant Improvements	195,014	0	0	0	89,184
Capital Expenditure / Reserve	57,744	0	0	0	51,763
Total Capital Items	**$408,769**	**$0**	**$0**	**$0**	**$310,468**
Net Cash Flow	**$2,544,616**	**$2,875,159**	**$2,988,486**	**$3,149,352**	**$2,785,800**

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	$24.27
Vacancy (%)	9.1%

Morningstar underwrote overall rental rates and vacancy slightly above in-place levels. Morningstar's underwritten base rent (rent net of vacancy, concessions and collections) is 2.2%, or $99,315, below the July 2012 TTM actual. By far, the most significant driver of our underwritten base rent is the mark towards market (as opposed to retail, storage or telecom tenants) applied to office leases. Morningstar underwrote office rental rates at $23.18 per square foot, which represents the impact of a slight mark towards market. In-place office rents as of the July 2012 rent roll were $23.50 per square foot compared to our concluded market rent of $22.75 per square foot. Our estimate of market is based on the appraisal. Morningstar underwrote office vacancy of 4.1%, which also represents a mark towards market. In-pace office vacancy as of the July 2012 rent roll was 2.9% compared to our concluded office market vacancy of 5.7%. Our estimate of market is based on the Reis class "A" average.

Expenses

Expenses are underwritten in-line with historicals unless otherwise noted below:

Real Estate Taxes – Underwritten to the actual 2011/12 assessment

Insurance – Underwritten to the appraisal which is in-line with the TTM and higher than historical

Management Fee – Underwritten to 4% of EGI. Please note that the historical management fee includes a partnership level "supervisory fee" not underwritten by Morningstar.

General & Administrative - UW based on the TTM July 2012 actual results reported in the operating statements, excluding the rental expenses (G&A) from the management office, athletic facility, and the conference room. In-place base rent for 2009 through 2011 and TTM includes rental income from these three units. The rental revenue from these suites are of equal amounts to the rental expenses shown under G&A. Morningstar's underwriting does not include rental income or expense for these three suites.

Capital Items

A reserve for future capital expenditures is underwritten at $0.28 per square foot, 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

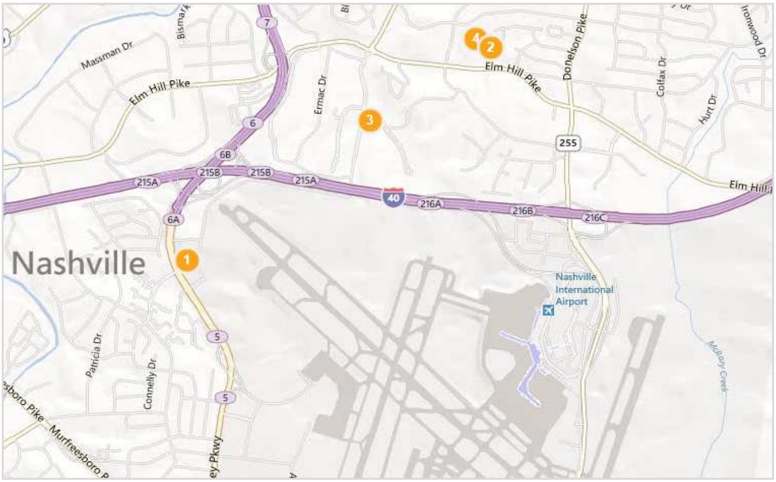
The Morningstar base office capitalization rate for the Portland MSA is 8.20%. Due to the vintage and quality of the collateral property Morningstar provided a 2 property score for this asset. As a result the base cap rate has been reduced by 50 basis points; however this reduction was offset 25 basis points due to exposure to rollover risk. Therefore, Morningstar concluded a rate of 7.70%. The Morningstar capitalization rate is 45 basis points higher than the appraisal rate of 7.25%.

WFRBS Commercial Mortgage Trust
2012-C9

Asset Summary Report

Nashville Airport North Portfolio

Analyst: Howard Peterson (267) 960-2024
Analytical Manager: Sheila Bjornstad (646) 560-4511



Map: Bing

Key	Asset Name
1	BNA Corporate Center
2	Lakeview Ridge III
3	Century City Plaza I
4	Lakeview Ridge II

Property Summary		
Property Type	Office/Multi-Tenant	
Location	Nashville, TN 37217	
Year Built	1984	
Year Renovated	2004	
Net Rentable Sq. Ft. (Total)	484,037	
Net Rentable Sq. Ft. (Collateral)	484,037	
Occupancy (Tape)	81.90%	(as of 6/4/12)
Ownership	Fee Simple & Leasehold	

Loan Summary		
Loan Amount (Original Balance)	30,100,000	($62 /sq. ft.)
Loan Amount (Cut-Off Balance)	30,031,001	($62 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	2	
Interest Rate	4.95000%	

Morningstar Analysis		
Current DSCR	1.44 x	
Amortizing DSCR	1.44 x	
Beginning LTV	94.97%	
Ending LTV	78.12%	
Capitalization Rate	8.75%	
Morningstar UW Occupancy	83.54%	
Net Operating Income	$3,513,886	
Net Cash Flow	$2,773,857	
Value	$31,622,651	($65 /sq. ft.)
Debt Yield	9.24%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

Capital Structure Table

Loan	Current Balance	Interest Rate	Current DSCR	DSCR Amortizing	BLTV	ELTV
BNA Corporate Center	$15,434,538	4.950%	1.45 x	1.45 x	94.3%	77.6%
Lakeview Ridge III	$9,326,571	4.950%	1.51 x	1.51 x	90.5%	74.5%
Century City Plaza I	$2,643,925	4.950%	1.32 x	1.32 x	103.8%	85.4%
Lakeview Ridge II	$2,625,967	4.950%	1.25 x	1.25 x	109.2%	89.9%
Total	**$30,031,001**	**4.950%**	**1.44 x**	**1.44 x**	**95.0%**	**78.1%**

Morningstar Summary

Morningstar Perspective

The subject is a $30.1 million, 10-year loan with a 30-year amortization. The loan was to facilitate the acquisition of four multi-tenanted office properties totaling 484,037 square feet. The properties are located in Nashville, Tennessee, near the Nashville International Airport. The purchase price was $41.0 million with the borrower providing roughly $13.9 million in cash equity for closing costs and other uses. The combined cost basis was $44.00 million. The combined appraised value is $46.55 million ($96.17 per square foot), indicating a 64.5% loan to appraised value.

The sponsor is Trident Nashville, LLC, which has a 95% ownership interest in the borrowing entity NashProps North, LLC. The portfolio is comprised of four multi-tenanted office buildings. On an aggregate basis, the properties were 84.1% occupied by 64 tenants as of the rent roll dated 6/4/12. The rent roll is well-diversified with the five largest tenants representing only 30.7% of the net rentable area ("NRA") and 30.3% of the underwritten gross potential rent. The five largest tenants are as follows: Permanent General Companies (13.3% of the NRA, expiring on 11/30/17), Brasfield & Gorrie (5.7% of the NRA, expiring on 10/31/13), National Distribution & Contracting (4.9% of the NRA, expiring on 4/30/21), C.R. Gibson, Inc. (3.9% of the NRA, expiring on 2/29/16) and AdvanceMed Corporation (3.1% of the NRA, expiring on 12/31/13). Approximately 34.2% of the base rent is derived from these five tenants and about 49% of the base rent comes from the top ten tenants. While many of these tenants are not publically traded companies, all seem to have long histories of operations. In addition, the Nashville economy continues to report positive signs of growth largely due to the strong recovery in automobile, auto parts and related durable goods manufacturing.

There is some rollover concern, beginning in 2013 with 21 tenants representing 21.3% of the square footage and about 23.8% of the base rent. This is followed in 2016 with another 12 tenants expiring representing 18.5% of the square footage and about 20.7% of the base rent. Some of the concern is mitigated with the $550,000 upfront re-tenanting escrow for tenant improvements and leasing commissions. In addition, according to management, the retention rate has been above 80% with many of the tenants having been with the properties for many years and have extended their leases or exercised extension options. Additionally, Morningstar underwrote typical market tenant improvements and leasing commissions as part of our analysis, giving credit for the upfront re-tenanting escrow over the 10-year term of the loan.

Morningstar evaluated each asset within the subject portfolio, individually. This portfolio asset summary report provides a summary of property information, lease terms, and our property valuations.

Each of the four properties were inspected on September 27, 2012. The properties were very clean and well maintained, nicely landscaped, and signage was very clear and easily visible from the street. There was some upcoming maintenance indicated, including repaving and power washing of the BNA Corporate Center, bathrooms were scheduled to be remodeled in Century City Plaza I and new furniture and artwork was being planned for Lakeview Ridge II. It was also noted that the largest tenant, Permanent General in Lakeview Ridge III was very prominent and often hosted events at the property such as a Red Cross blood drive and a cookout for the United Way. Overall, both properties were in average condition with no major concerns noted.

The Bears Say

- Significant lease rollover in the coming years, particularly during 2013 and 2016. Approximately 21.3% of the space involving 21 tenants expires in 2013 and another 18.5% of the space involving 12 tenants expires in 2016. Many of the lease expirations are with large established local companies that include lease renewal options. Borrower funded a $550,000 upfront re-tenanting escrow to fund future tenant improvements and leasing commissions. Furthermore, ongoing TI/LC reserves are required, with a cap of $900,000. In addition, Morningstar underwrote reasonable tenant improvements and leasing commissions as part of our analysis to mitigate some of this rollover exposure.
- Collateral consist of office properties that are concentrated in Nashville, Teneeessee, all close to Nashville International Airport.

The Bulls Say

- The borrower funded a $550,000 upfront re-tenanting escrow for tenant improvements and leasing commissions incurred in connection with tenant turnover or lease renewals. In addition, the borrower funded a $280,308 rent concession escrow for all future rent concessions contained in the leases as of the closing. This escrow was for four tenants in BNA Corporate Center and one tenant at Lakeview III.
- The subject properties have historically generated stable cash flow. The aggregate net operating income ("NOI") was $3.58 million in 2010, $3.81 million 2011 and $3.72 million for the trailing twelve month ("TTM") period ending on 5/31/12.
- Experienced and well capitalized sponsorship.

- The Property Condition and Environmental Assessment Reports for each of the properties only noted minor immediate repairs and no recognized environmental conditions.
- The Nashville economy continues to report positive signs of growth compared to other economies across the nation. According to latest report by the Brookings Institution (March 2012), Nashville remains among the top 20 strongest performing metro areas in the country (with regard to employment growth and GMP growth) since the recession, largely due to the strong recovery in automobile, auto parts and related durable goods manufacturing.

Property Description

The subject collateral consists of four office properties in Nashville, Tennessee. All of the properties are close to Nashville International Airport.

BNA Corporate Center

The subject property consists of two adjoining six-story Class B multi-tenant office buildings known as BNA Corporate Center that contain 232,428 square feet of combined rentable area. The improvements were completed in 1984 and renovated in 2004 and are situated on 12.16 acres with good frontage and visibility and average access to the property. The property contains approximately 780 surface parking spaces, yielding 3.36 spaces per 1,000 square feet of net rentable area. The property is subject to a long-term ground lease with the Nashville Metropolitan Airport Authority. The ground lease expires 5/23/2058 (36 years after the Loan Maturity) and all rent required under the ground lease has been pre-paid. Lender received a satisfactory ground lease estoppel at closing.

Lakeview Ridge III

The subject property consists of a five-story Class B multi-tenant office building known as Lakeview Ridge III that contains 133,165 square feet of rentable area. The improvements were completed in 1999 and are situated on 8.96 acres with average frontage, visibility and access to the property. The property contains approximately 523 surface parking spaces, yielding 3.93 spaces per 1,000 square feet of net rentable area. The property is adjacent to Lakeview Ridge II, separated by a small pond.

Century City Plaza I

The subject property consists of a three-story Class B multi-tenant office building known as Century Center I that contains 56,198 square feet of rentable area. The improvements were completed in 1986 and are situated on 3.7 acres with average frontage, good visibility and average access to the property. The property contains approximately 250 surface parking spaces, yielding 4.45 spaces per 1,000 square feet of net rentable area.

Lakeview Ridge II

The subject property consists of a three-story Class B multi-tenant office building known as Lakeview Ridge II that contains 62,246 square feet of rentable area. The improvements were completed in 1998 and are situated on 5.52 acres with average frontage, visibility and access to the property. The property contains approximately 297 surface parking spaces, yielding 4.77 spaces per 1,000 square feet of net rentable area. The property is adjacent to Lakeview Ridge III, separated by a small pond.

Tenant Overview

Morningstar Tenant Overview Table (Top 10 - Combined Properties)							
Tenant	Building	Net Rentable Square Feet	% of Square Feet	Base Rent Amount	Base Rent $ Square Foot	% of Base Rent Rent	Lease Expiration
Permanent General Companies	Lakeview Ridge III	67,536	14.0%	$1,135,443	$16.81	14.9%	Nov-17
Brasfield & Gorrie, LLC	Lakeview Ridge III	27,711	5.7%	$495,196	$17.87	7.0%	Oct-13
National Distribution & Contra	BNA Corporate Center	23,725	4.9%	$379,600	$16.00	5.4%	Apr-21
C.R. Gibson Inc.	BNA Corporate Center	18,725	3.9%	$305,592	$16.32	4.3%	Feb-16
AdvanceMed Corporation	Lakeview Ridge III	14,999	3.1%	$295,480	$19.70	4.2%	Dec-13
U.S. Food & Drug Administration	BNA Corporate Center	14,004	2.9%	$296,745	$21.19	4.2%	Jul-16
Community Education Partners	Lakeview Ridge III	12,097	2.5%	$225,609	$18.65	3.2%	May-14
Salem Radio Network, Inc.	BNA Corporate Center	13,357	2.8%	$216,283	$16.19	3.0%	Feb-16
Pennsylvania Nat'L Mutual Cas.	Lakeview Ridge II	12,069	2.5%	$205,173	$17.00	2.9%	Jun-16
Post, Buckley, Schuh, & Jernig	BNA Corporate Center	10,820	2.2%	$186,537	$17.24	2.9%	Oct-14
Top 10 Subtotal		**215,043**	**44.4%**	**3,741,657**	**$17.40**	**49.0%**	

The rent roll is well-diversified with the five largest tenants representing only 30.9% of the NRA and 30.3% of the UW GPR. The five largest tenants are as follows: Permanent General Companies (13.3% of the NRA, expiring on 11/30/17), Brasfield & Gorrie (5.7% of the NRA, expiring on 10/31/13), National Distribution & Contracting (4.9% of the NRA, expiring on 4/30/21), C.R. Gibson, Inc. (3.9% of the NRA, expiring on 2/29/16) and AdvanceMed Corporation (3.1% of the NRA, expiring on 12/31/13).

Permanent General Companies (Lakeview Ridge III Property)
Permanent General Companies, Inc. provides nonstandard automobile insurance in Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Missouri, Nevada, New York, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, and Wisconsin. It offers its insurance products through a network of agents. Permanent General is rated A-, Excellent by A.M. Best, the leading rating organization for the insurance industry. As of 12/31/11, PGC Holdings, the parent company of Permanent General, reported a net worth of $127MM including $$214.9MM in investment securities and $16MM in cash. The company was founded in 1963 and is headquartered in Nashville, Tennessee. Permanent General Companies, Inc. operates as a subsidiary of PGC Holding Corp. PGC Holding Corp. operates as an insurance holding company. The company offers underwriting and sale of automobile insurance and related products in the non-standard automobile market in the United States, through multiple channels. The company is also based in Nashville, Tennessee.

Brasfield & Gorrie, LLC (Lakeview Ridge III Property)
Brasfield & Gorrie is one of the nation's largest privately held construction firms, providing general contracting, design-build, and construction management services for a wide variety of markets, including healthcare, commercial, institutional, federal, municipal, industrial, and wastewater treatment. The firm has eight regional offices and over 2,300 employees. 2011 revenues were $1.7 billion. Engineering News-Record ranked Brasfield & Gorrie 28th among the nation's "Top 400 Contractors" for 2011. Financial statements are not available. The Company reports that its financial position is exceptionally strong. They have completed an average of $1.02 billion in volume annually during the past 5 years and currently have $1.6 billion of work in progress or under contract. They are rarely bonded on negotiated work as a result of their financial strength. The company has never defaulted on a Performance Bond.

National Distribution & Contracting (NDC) (BNA Corporate Center Property)
NDC, Inc. is a master healthcare distributor. NDC represents over 300 distributors, the largest organization of independent medical, surgical, physical rehabilitation, dental and laboratory supply distributors in the United States. NDC provides a unique collection of business services including master distribution and logistics on behalf of distributors and manufacturers serving healthcare providers throughout the United States, Canada, Caribbean and parts of Central America. The privately-held company has been serving the independent healthcare distributor since 1953.

C.R. Gibson Inc. (BNA Corporate Center Property)
The company was founded by John Gibson in 1870. C.R. Gibson was subsequently acquired by CSS Industries in 2007. The company is the number one provider of fine gifts and products that celebrate life's most important moments. C.R. Gibson has been an adopter of prominent fashion licensed designs

beginning in the 1970's with well-known design giants such as Diane von Furstenberg, Gloria Vanderbilt and Waverly. This fashion forward identity has persisted with licensing partnerships, including Disney, Carters, Lolita, Anna Griffin, Jim Shore and Waverly.

AdvanceMed Corporation (Lakeview Ridge III Property)
AdvanceMed Corporation is a privately-held technology consulting firm which seeks to support the effort against Medicare and Medicaid fraud and abuse across the U.S. The company employs over 500 individuals consisting of medical professionals, data analysts, medical record managers, fraud investigators, statisticians, IT support and program management professionals. Financial statements are not available. In 2011, AdvanceMed was acquired by NCI, Inc. (NASDAQ: NCIT), a leading provider of information technology (IT), engineering, logistics, and professional services and solutions to U.S. Federal Government agencies.

U.S. Food and Drug Administation (BNA Corporate Center Property)
The Food and Drug Administration (FDA) is an agency within the U.S. Department of Health and Human Services. The FDA is responsible for protecting and promoting public health related to food or drugs as well as enforcing other laws including sanitation requirements on interstate travel and control of disease on products ranging from certain household pets to sperm donation for assisted reproduction. FDA's responsibilities extend to the 50 Unites States, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa and other U.S. territories and possessions.

Salem Radio Network, Inc. (BNA Corporate Center Property)
Salem Communications is America's leading radio broadcaster, Internet content provider, and magazine and book publisher targeting audiences interested in Christian and family-themed content and conservative values. In addition to its radio properties, Salem owns Salem Radio Network, which syndicates talk, news and music programing to approximately 2,000 affiliates; Salem Radio Representatives, a national radio advertising sales force; Salem Web Network, a leading Internet provider of Christian content and online streaming; and Salem Publishing, a leading publisher of Christian themed magazines. Salem owns and operates 95 radio stations, with 60 stations in the nation's top 25 markets – and 29 in the top 10. Each of our radio properties has a full portfolio of broadcast and digital marketing opportunities. (NASDAQ: SALM)

Community Education Partners (Lakeview Ridge III Property)
Community Education Partners (CEP) was founded in 1995 to help students who exhibit behavioral problems and low academic achievement. In addition to helping students improve their behavior, attendance and achievement, the company says its CEP program saves school districts money by reducing the number of students that repeat grades — in part by removing disruptive students from public school classrooms. CEP is headquartered in Nashville.

Pennsylvania National Mutual Casualty Insurance (Lakeview Ridge III Property)
Pennsylvania National Mutual Casualty Insurance is based in Pennsylvania. Operating as Penn National Insurance, the company and its affiliates offer commercial and personal property/casualty insurance and surety bonds. About 800 independent agencies sell the company's products which include its principal lines of personal auto, other liability, commercial auto, and workers' compensation coverage. As a third-party claims administration firm, the company's Inservco subsidiary provides risk management services for self-insured customers. Penn National Insurance was founded by a farmers' association in 1919.

Post, Buckley, Schuh, & Jernig (BNA Corporate Center Property)
Post, Buckley, Schuh & Jernigan, Inc. provides architecture, engineering, and construction management services. It also offers landscape architecture, planning, program management, and survey and mapping services, as well as consulting services in the areas of natural and cultural sciences, technology, environmental restoration, homeland security, financing, risk and emergency management, and watershed management. The company provides its services to state and federal agencies, transportation departments, governments, and private developers and contractors, as well as to infrastructure, environmental, and energy sectors.

Lease Expiration and Rollover

Morningstar Lease Expirations by Tenant Category - Square Feet Expiring by Year

	MTM	2012	2013	2014	2015	2016	After 2016
Office - Mod Gross	0	9,955	103,252	37,252	36,668	89,676	130,147
Antenna/ATM	0	0	0	0	0	0	0
Total	**0**	**9,955**	**103,252**	**37,252**	**36,668**	**89,676**	**130,147**
% Roll	**0.0%**	**2.1%**	**21.3%**	**7.7%**	**7.6%**	**18.5%**	**26.9%**

Market Overview

The subject property is located Nashville, Tennessee close by the Nashville International Airport. The area is a mix of primarily single and multifamily residential to the west with a mixture of office and light industrial use to the north and south typically built after the 1980's. The property is located within the Reis Airport submarket under the Nashville market. According to Reis, the mean office submarket rent was $16.63 per square foot with a vacancy of 14.1% as of the second quarter of 2012. The appraiser estimated market office space ranging from $16.50 to $18.00 per square foot, depending on each property with market vacancy estimated at 10.0%. Morningstar underwrote each of the properties utilizing the appraiser's estimate for market rents for that property combined with the Reis submarket vacancy of 14.1%. See the individual cash flows for each of the properties.

Sponsorship/Management

The borrowing entity is NashProps North, LLC which is a special purpose entity formed exclusively for the purpose of purchasing, owning and operating the subject properties. The sponsor is Trident Nashville, LLC which has a 95% ownership interest in the borrowing entity. This entity is affiliated with Trident Partners ("Trident"), a privately owned and managed real estate investment company that acquires, capitalizes, develops, manages and sells investment grade real estate. Ray Davis and the Davis Trusts own 70% of Trident Nashville through their ownership of Avatar Investments, LP. Forbes Magazine estimated Davis' net worth at $1.5 billion as of March 2012 and he was ranked #312 on the list of the wealthiest individuals in the United States.

The property is managed by LingComm, LLC, an affiliate of the borrower. The contractual management fee is 4.0%.

Property Release Provisions

According to the ASR, the loan allows for the release of individual properties subject to the following release provisions: 1) any release shall be subject to lender approval, 2) the remaining collateral debt yield shall be the greater of 11.0% or the debt yield for all properties prior to release, 3) the remaining collateral LTV shall be the lower of 65% or the LTV ratio of all properties prior to the release, 4) the remaining collateral DSCR shall be the greater of 1.50 or the DSCR for all properties prior to the release and 5) the minimum release price shall be 110% of the allocated release price for each property. The allocated release prices are $15.47MM for BNA Corporate Center, $9.348MM for Lakeview Ridge III, $2.632MM for Lakeview Ridge II and $2.65MM for Century City Plaza I.

Partial Defeasance

Following defeasance lockout period, partial releases of any of properties permitted in connection with partial defeasance, subject to certain conditions, including: (i) defeasance of a portion of the loan in an amount equal to 125% of the allocated loan amount for the released property; (ii) after the partial defeasance, the Actual Debt Service Coverage Ratio of the remaining property shall be equal to or greater than both of (a) the Actual Debt Service Coverage Ratio of all properties prior to the partial defeasance; and (b) 1.50x; (iii) after the partial defeasance, the loan-to-value ratio of the remaining property shall be equal or less than both (a) 65%; and (b) the loan-to-value ratio of all the properties prior to the partial defeasance; and (iv) after the partial defeasance, the Debt Yield of the remaining property shall be equal or greater than both of (a) 11.0%; and (b) the Debt Yield of all the properties prior to the partial defeasance.

Morningstar Analysis

NASHVILLE AIRPORT PORTFOLIO

	Morningstar Underwriting	Year End 2010	Year End 2011	TTM 5/31/12	WFB Underwriting
Income					
Gross Potential Rent	$8,449,168	$7,144,192	$7,235,055	$7,261,232	$8,430,802
Less: Vacancy Loss GPR	(1,390,691)	0	0	0	(1,524,446)
Less: Concessions	(365,913)	(504,907)	(373,417)	(452,775)	0
Less: Collection Loss	(37,725)	(1,717)	(23,907)	(60,882)	0
Less: Vac Adj for Concess/Coll Loss	58,033	0	0	0	0
Base Rent/Net Effective Rent	**$6,712,872**	**$6,637,568**	**$6,837,731**	**$6,747,575**	**$6,906,356**
Expense Reimbursement	$237,583	$157,397	$333,293	$235,767	$245,212
Percentage Rent	0	0	0	0	0
Antenna Income	50,580	87,027	55,459	57,975	45,314
Other Income	0	0	0	0	0
Less: Vacancy Loss Other Income	0	0	0	0	0
Effective Gross Income	**$7,001,035**	**$6,881,992**	**$7,226,483**	**$7,041,317**	**$7,196,882**
Operating Expenses					
Real Estate Taxes	$712,276	$765,251	$765,251	$713,461	$712,276
Property Insurance	34,206	36,836	33,043	33,049	33,466
Utilities	1,172,493	1,126,125	1,194,410	1,166,683	1,193,776
Repairs and Maintenance	1,165,152	1,106,136	1,192,193	1,170,518	1,186,663
Contract services	0	0	0	0	0
Management Fees	280,041	100,936	114,569	121,212	287,875
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	122,981	164,012	115,804	115,240	115,420
Non-Reimbursable Expenses	0	0	0	0	0
Other Expenses	0	0	0	0	0
Ground Rent	0	0	0	0	0
Total Operating Expenses	**$3,487,149**	**$3,299,296**	**$3,415,270**	**$3,320,163**	**$3,529,476**
Net Operating Income	**$3,513,886**	**$3,582,696**	**$3,811,213**	**$3,721,154**	**$3,667,405**
Capital Items					
Tenant Improvements	$302,284	$0	$0	$0	$409,927
Leasing Commissions	367,038	0	0	0	186,472
Capital Expenditures / Reserve	125,707	0	0	0	112,485
- Credit For TI/LC Reserve	(55,000)	0	0	0	0
Total Capital Items	**$740,029**	**$0**	**$0**	**$0**	**$708,884**
Net Cash Flow	**$2,773,857**	**$3,582,696**	**$3,811,213**	**$3,721,154**	**$2,958,522**

BNA Corporate Center

Analyst: Howard Peterson (267) 960-2024
Analytical Manager: Sheila Bjornstad (646) 560-4511

Property Summary		
Property Type	Office/Multi-Tenant	
Location	Nashville, TN 37217	
Year Built	1984	
Year Renovated	2004	
Net Rentable Sq. Ft. (Total)	232,428	
Net Rentable Sq. Ft. (Collateral)	232,428	
Occupancy (Tape)	82.40%	(as of 6/1/12)
Ownership	Leasehold	

Loan Summary		
Loan Amount (Original Balance)	15,470,000	($67 /sq. ft.)
Loan Amount (Cut-Off Balance)	15,434,538	($66 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	2	
Interest Rate	4.95000%	

Morningstar Analysis		
Current DSCR	1.45 x	
Amortizing DSCR	1.45 x	
Beginning LTV	94.29%	
Ending LTV	77.56%	
Capitalization Rate	8.75%	
Morningstar UW Occupancy	82.37%	
Net Operating Income	$1,797,361	
Net Cash Flow	$1,435,637	
Value	$16,369,550	($70 /sq. ft.)
Debt Yield	9.30%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

Property Description

The subject property consists of two adjoining six-story Class B multi-tenant office buildings known as BNA Corporate Center that contains 232,438 square feet of combined rentable area. The improvements were completed in 1984 and are situated on 12.16 acres with good frontage and visibility and average access to the property. The property contains approximately 780 surface parking spaces, yielding 3.36 spaces per 1,000 square feet of net rentable area. The property is subject to a long-term ground lease with the Nashville Metropolitan Airport Authority. The ground lease expires 5/23/2058 (36 years after the Loan Maturity) and all rent required under the ground lease has been pre-paid. Lender received a ground lease estoppel at closing.

BNA CORPORATE CENTER: Nashville, TN 37217

	Morningstar Underwriting	Year End 2010	Year End 2011	TTM 5/31/12	WFB Underwriting
Income					
Gross Potential Rent	$4,112,049	$3,462,144	$3,515,263	$3,498,769	$4,104,193
Less: Vacancy Loss GPR	(724,971)	0	0	0	(717,115)
Less: Concessions	(156,423)	(157,984)	(149,101)	(190,787)	0
Less: Collection Loss	(9,527)	(458)	(14,394)	(9,977)	0
Less: Vac Adj for Concess/Coll Loss	29,258	0	0	0	0
Base Rent/Net Effective Rent	**$3,250,385**	**$3,303,702**	**$3,351,768**	**$3,298,005**	**$3,387,078**
Expense Reimbursement	$76,877	$26,290	$75,587	$75,061	$75,061
Percentage Rent	0	0	0	0	0
Other Income	33,296	14,960	38,671	40,982	27,990
Other Income 2	0	0	0	0	0
Less: Vacancy Loss Other Income	0	n/a	n/a	n/a	n/a
Effective Gross Income	**$3,360,559**	**$3,344,952**	**$3,466,026**	**$3,414,048**	**$3,490,129**
Operating Expenses					
Real Estate Taxes	$335,356	$335,356	$335,356	$350,495	$335,356
Property Insurance	17,101	18,480	16,504	16,523	16,710
Utilities	494,739	490,349	509,599	508,965	508,965
Repairs and Maintenance	519,867	505,058	538,918	533,388	533,388
Contract services	0	0	0	0	0
Management Fees	134,422	48,463	55,039	58,230	139,605
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	61,713	84,111	58,813	58,665	58,665
Non-Reimbursable Expenses	0	0	0	0	0
Other Expenses 1	0	0	0	0	0
Ground Rent	0	0	0	0	0
Total Operating Expenses	**$1,563,198**	**$1,481,817**	**$1,514,229**	**$1,526,266**	**$1,592,689**
Net Operating Income	**$1,797,361**	**$1,863,135**	**$1,951,797**	**$1,887,782**	**$1,897,440**
Capital Items					
Tenant Improvements	$174,220	$0	$0	$0	$196,483
Leasing Commissions	155,806	0	0	0	91,451
Capital Expenditures / Reserve	58,110	0	0	0	52,565
- Credit For TI/LC Reserve	(26,411)	n/a	n/a	n/a	n/a
Total Capital Items	**$361,724**	**$0**	**$0**	**$0**	**$340,499**
Net Cash Flow	**$1,435,637**	**$1,863,135**	**$1,951,797**	**$1,887,782**	**$1,556,940**

Lakeview Ridge III

Analyst: Howard Peterson (267) 960-2024
Analytical Manager: Sheila Bjornstad (646) 560-4511

Property Summary		
Property Type	Office/Multi-Tenant	
Location	Nashville, TN 37214	
Year Built	1999	
Year Renovated	N/A	
Net Rentable Sq. Ft. (Total)	133,165	
Net Rentable Sq. Ft. (Collateral)	133,165	
Occupancy (Tape)	94.10%	(as of 6/4/12)
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	9,348,000	($70 /sq. ft.)
Loan Amount (Cut-Off Balance)	9,326,571	($70 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	2	
Interest Rate	4.95000%	

Morningstar Analysis		
Current DSCR	1.51 x	
Amortizing DSCR	1.51 x	
Beginning LTV	90.54%	
Ending LTV	74.48%	
Capitalization Rate	8.75%	
Morningstar UW Occupancy	91.77%	
Net Operating Income	$1,090,360	
Net Cash Flow	$903,247	
Value	$10,301,213	($77 /sq. ft.)
Debt Yield	9.68%	
Morningstar Site Visit	Yes	

Property Description

The subject property consists of a five-story Class B multi-tenant office building known as Lakeview Ridge III that contains 133,165 square feet of rentable area. The improvements were completed in 1999 and are situated on 8.96 acres with average frontage, visibility and access to the property. The property contains approximately 523 surface parking spaces, yielding 3.93 spaces per 1,000 square feet of net rentable area. The property is adjacent to Lakeview Ridge II, separated by a small pond.

LAKEVIEW RIDGE III: Nashville, TN 37214

	Morningstar Underwriting	Year End 2010	Year End 2011	TTM 5/31/12	WFB Underwriting
Income					
Gross Potential Rent	$2,373,964	$2,195,395	$2,228,992	$2,234,887	$2,356,284
Less: Vacancy Loss GPR	(195,439)	0	0	0	(329,880)
Less: Concessions	(154,617)	(246,870)	(137,950)	(179,125)	0
Less: Collection Loss	(23,882)	0	0	(48,999)	0
Less: Vac Adj for Concess/Coll Loss	14,695	0	0	0	0
Base Rent/Net Effective Rent	**$2,014,721**	**$1,948,525**	**$2,091,042**	**$2,006,763**	**$2,026,405**
Expense Reimbursement	$110,625	$88,462	$199,927	$110,625	$120,070
Percentage Rent	0	0	0	0	0
Other Income	6,926	6,551	6,747	6,831	6,967
Other Income 2	0	0	0	0	0
Less: Vacancy Loss Other Income	0	n/a	n/a	n/a	n/a
Effective Gross Income	**$2,132,273**	**$2,043,538**	**$2,297,716**	**$2,124,219**	**$2,153,441**
Operating Expenses					
Real Estate Taxes	$206,500	$259,475	$259,475	$184,849	$206,500
Property Insurance	9,748	10,530	9,435	9,418	9,553
Utilities	369,100	350,816	374,388	364,942	374,388
Repairs and Maintenance	341,172	325,350	343,150	337,068	343,150
Contract services	0	0	0	0	0
Management Fees	85,291	27,760	31,508	33,335	86,138
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	30,102	35,144	29,356	29,120	29,120
Non-Reimbursable Expenses	0	0	0	0	0
Other Expenses 1	0	0	0	0	0
Ground Rent	0	0	0	0	0
Total Operating Expenses	**$1,041,912**	**$1,009,075**	**$1,047,312**	**$958,732**	**$1,048,849**
Net Operating Income	**$1,090,360**	**$1,034,463**	**$1,250,404**	**$1,165,487**	**$1,104,592**
Capital Items					
Tenant Improvements	$62,259	$0	$0	$0	$114,918
Leasing Commissions	104,855	0	0	0	54,713
Capital Expenditures / Reserve	35,131	0	0	0	31,937
- Credit For TI/LC Reserve	(15,131)	n/a	n/a	n/a	n/a
Total Capital Items	**$187,113**	**$0**	**$0**	**$0**	**$201,568**
Net Cash Flow	**$903,247**	**$1,034,463**	**$1,250,404**	**$1,165,487**	**$903,024**

Century City Plaza I

Analyst: Howard Peterson (267) 960-2024
Analytical Manager: Sheila Bjornstad (646) 560-4511

Property Summary		
Property Type	Office/Multi-Tenant	
Location	Nashville, TN 37214	
Year Built	1986	
Year Renovated	N/A	
Net Rentable Sq. Ft. (Total)	56,198	
Net Rentable Sq. Ft. (Collateral)	56,198	
Occupancy (Tape)	79.40%	(as of 6/4/12)
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	2,650,000	($47 /sq. ft.)
Loan Amount (Cut-Off Balance)	2,643,925	($47 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	2	
Interest Rate	4.95000%	

Morningstar Analysis		
Current DSCR	1.32 x	
Amortizing DSCR	1.32 x	
Beginning LTV	103.77%	
Ending LTV	85.36%	
Capitalization Rate	8.75%	
Morningstar UW Occupancy	79.44%	
Net Operating Income	$318,721	
Net Cash Flow	$223,743	
Value	$2,547,938	($45 /sq. ft.)
Debt Yield	8.46%	
Morningstar Site Visit	Yes	

Property Description

The subject property consists of a three-story Class B multi-tenant office building known as Century Center I that contains 56,198 square feet of rentable area. The improvements were completed in 1986 and are situated on 8.96 acres with average frontage, good visibility and average access to the property. The property contains approximately 250 surface parking spaces, yielding 4.45 spaces per 1,000 square feet of net rentable area.

CENTURY CITY PLAZA I: Nashville, TN 37214

	Morningstar Underwriting	Year End 2010	Year End 2011	TTM 5/31/12	WFB Underwriting
Income					
Gross Potential Rent	$901,148	$682,962	$717,925	$746,972	$909,344
Less: Vacancy Loss GPR	(185,287)	0	0	0	(193,483)
Less: Concessions	(27,013)	(38,427)	(19,143)	(29,087)	0
Less: Collection Loss	(1,734)	(1,259)	(1,806)	(1,906)	0
Less: Vac Adj for Concess/Coll Loss	5,911	0	0	0	0
Base Rent/Net Effective Rent	**$693,025**	**$643,276**	**$696,976**	**$715,979**	**$715,861**
Expense Reimbursement	$25,256	$7,105	$31,086	$25,256	$25,256
Percentage Rent	0	0	0	0	0
Antenna Income	4,200	4,200	4,200	4,200	4,200
Other Income 2	0	0	0	0	0
Less: Vacancy Loss Other Income	0	n/a	n/a	n/a	n/a
Effective Gross Income	**$722,481**	**$654,581**	**$732,262**	**$745,435**	**$745,317**
Operating Expenses					
Real Estate Taxes	$77,908	$77,908	$77,908	$81,427	$77,908
Property Insurance	3,499	3,725	3,381	3,381	3,433
Utilities	130,596	120,455	134,899	125,398	134,899
Repairs and Maintenance	147,654	128,119	152,519	144,748	152,519
Contract services	0	0	0	0	0
Management Fees	28,899	11,719	13,274	14,043	29,813
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	15,204	23,214	13,590	13,495	13,590
Non-Reimbursable Expenses	0	0	0	0	0
Other Expenses 1	0	0	0	0	0
Ground Rent	0	0	0	0	0
Total Operating Expenses	**$403,760**	**$365,140**	**$395,571**	**$382,492**	**$412,162**
Net Operating Income	**$318,721**	**$289,441**	**$336,691**	**$362,943**	**$333,155**
Capital Items					
Tenant Improvements	$33,311	$0	$0	$0	$47,444
Leasing Commissions	54,003	0	0	0	19,328
Capital Expenditures / Reserve	14,050	0	0	0	11,240
- Credit For TI/LC Reserve	(6,386)	n/a	n/a	n/a	n/a
Total Capital Items	**$94,978**	**$0**	**$0**	**$0**	**$78,012**
Net Cash Flow	**$223,743**	**$289,441**	**$336,691**	**$362,943**	**$255,143**

Lakeview Ridge II

Analyst: Howard Peterson (267) 960-2024
Analytical Manager: Sheila Bjornstad (646) 560-4511

Property Summary		
Property Type	Office/Multi-Tenant	
Location	Nashville, TN 37214	
Year Built	1998	
Year Renovated	N/A	
Net Rentable Sq. Ft. (Total)	62,246	
Net Rentable Sq. Ft. (Collateral)	62,246	
Occupancy (Tape)	73.20%	(as of 6/4/12)
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	2,632,000	($42 /sq. ft.)
Loan Amount (Cut-Off Balance)	2,625,967	($42 /sq. ft.)
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	2	
Interest Rate	4.95000%	

Morningstar Analysis		
Current DSCR	1.25 x	
Amortizing DSCR	1.25 x	
Beginning LTV	109.24%	
Ending LTV	89.86%	
Capitalization Rate	8.75%	
Morningstar UW Occupancy	73.16%	
Net Operating Income	$307,444	
Net Cash Flow	$211,230	
Value	$2,403,951	($39 /sq. ft.)
Debt Yield	8.04%	
Morningstar Site Visit	Yes	

Property Description

The subject property consists of a three-story Class B multi-tenant office building known as Lakeview Ridge II that contains 62,246 square feet of rentable area. The improvements were completed in 1998 and are situated on 5.52 acres with average frontage, visibility and access to the property. The property contains approximately 297 surface parking spaces, yielding 4.77 spaces per 1,000 square feet of net rentable area. The property is adjacent to Lakeview Ridge III, separated by a small pond.

LAKEVIEW RIDGE II: Nashville, TN 37214

	Morningstar Underwriting	Year End 2010	Year End 2011	TTM 5/31/12	WFB Underwriting
Income					
Gross Potential Rent	$1,062,007	$803,691	$772,875	$780,604	$1,060,981
Less: Vacancy Loss GPR	(284,995)	0	0	0	(283,968)
Less: Concessions	(27,859)	(61,626)	(67,223)	(53,776)	0
Less: Collection Loss	(2,583)	0	(7,707)	0	0
Less: Vac Adj for Concess/Coll Loss	8,169	0	0	0	0
Base Rent/Net Effective Rent	**$754,740**	**$742,065**	**$697,945**	**$726,828**	**$777,013**
Expense Reimbursement	$24,825	$35,540	$26,693	$24,825	$24,825
Percentage Rent	0	0	0	0	0
Antenna Income	6,157	61,316	5,841	5,962	6,157
Other Income 2	0	0	0	0	0
Less: Vacancy Loss Other Income	0	n/a	n/a	n/a	n/a
Effective Gross Income	**$785,722**	**$838,921**	**$730,479**	**$757,615**	**$807,995**
Operating Expenses					
Real Estate Taxes	$92,512	$92,512	$92,512	$96,690	$92,512
Property Insurance	3,857	4,101	3,723	3,727	3,770
Utilities	178,058	164,505	175,524	167,378	175,524
Repairs and Maintenance	156,460	147,609	157,606	155,314	157,606
Contract services	0	0	0	0	0
Management Fees	31,429	12,994	14,748	15,604	32,320
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	15,963	21,543	14,045	13,960	14,045
Non-Reimbursable Expenses	0	0	0	0	0
Other Expenses 1	0	0	0	0	0
Ground Rent	0	0	0	0	0
Total Operating Expenses	**$478,279**	**$443,264**	**$458,158**	**$452,673**	**$475,777**
Net Operating Income	**$307,444**	**$395,657**	**$272,321**	**$304,942**	**$332,218**
Capital Items					
Tenant Improvements	$32,494	$0	$0	$0	$51,082
Leasing Commissions	52,375	0	0	0	20,979
Capital Expenditures / Reserve	18,417	0	0	0	16,743
- Credit For TI/LC Reserve	(7,073)	n/a	n/a	n/a	n/a
Total Capital Items	**$96,214**	**$0**	**$0**	**$0**	**$88,804**
Net Cash Flow	**$211,230**	**$395,657**	**$272,321**	**$304,942**	**$243,414**

888 Bestgate Road

Analyst: Howard Peterson (267) 960-2024
Analytical Manager: Sheila Bjornstad (646) 560-4511

Property Summary		
Property Type	Office/Medical	
Location	Annapolis, MD 21401	
Year Built	2002	
Year Renovated	NAP	
Net Rentable Sq. Ft. (Total)	118,201	
Net Rentable Sq. Ft. (Collateral)	118,201	
Occupancy (Tape)	89.40%	(as of 5/1/12)
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$30,000,000	($254 /sq. ft.) *
Loan Amount (Cut-Off Balance)	$30,000,000	($254 /sq. ft.) *
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	0	
Interest Rate	4.90000%	

Morningstar Analysis		
Current DSCR	1.36 x	
Amortizing DSCR	1.36 x	
Beginning LTV	93.01%	
Ending LTV	76.21%	
Capitalization Rate	8.00%	
Morningstar UW Occupancy	89.45%	
Net Operating Income	$2,912,466	
Net Cash Flow	$2,595,291	
Value	$32,253,637	($273 /sq. ft.)
Debt Yield	8.65%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

(*) No square footage has been attributed to ground leased TD Bank site, which pays $375,000 annually.

Capital Structure Table

Loan	Current Balance	Interest Rate	Current DSCR	DSCR Amortizing	BLTV	ELTV
Subject Loan	$30,000,000	4.900%	1.36 x	1.36 x	93.0%	76.2%
Total	**$30,000,000**	**4.900%**	**1.36 x**	**1.36 x**	**93.0%**	**76.2%**

Morningstar Summary

Morningstar Perspective

The subject is a $30.0 million, 10-year term loan with a 30-year amortization. The loan was used to retire and existing $22.0 million loan scheduled to mature in February 2015, as well as an estimated $3.0 million for defeasance costs. The loan is secured by an 118,201 square foot, four-story, Class A medical office building located in Annapolis, Maryland. The multi-tenanted property is adjacent to the Annapolis Mall and close to Maryland's State Capital. The improvements were constructed in 2002 and are situated on an 8.01-acre site. Currently, the property is 89.4% occupied and is considered to be in good overall condition. The subject's notable tenants are Kaiser Foundation Health Plan, 13.9% of gross leasable area ("GLA") and Advanced Imaging Partners, 9.1% of GLA. The property characteristics include a two-story atrium lobby which can be accessed from both the front and rear of the building, as well as a detached two-level parking structure and a free-standing ground-leased TD Bank (formerly Commerce Bank) branch on the site.

The property is currently 89.4% occupied as of the 5/1/12 rent roll, with weighted average rents of $34.55 per square foot. Historical occupancy has averaged around 95% over the past four years. The decrease in occupancy was the result departure of two former tenants.   One tenant was planning to establish a surgery center on-site to enlarge their practice, however the landlord rejected the proposal, preferring to keep the medical office tenants consultative in nature to avoid the appearance of bandaged patients in the building.   A slightly larger wealth management tenant planned to renew their lease but chose to relocate to a competing property for similar rates to facilitate a cultural assimilation between the firms. An upfront reserve in the amount of $780,741 will be deposited at closing to cover future tenant improvements and leasing commissions.

Although this property is located in a much smaller office market, it is still relatively close to both the broader Baltimore and Washington DC areas. More specifically, the property is situated around the Annapolis Mall and Anne Arundel Medical Center area in the northwest portion of Annapolis where the office product is characterized by larger and newer buildings command higher rents relative to the rest of the Annapolis submarket.

The Bears Say

- The two largest tenants, Kaiser Foundation Health Plan (13.9% of GLA) and Advanced Imaging Partners (9.1% of GLA) have near term lease maturities and are scheduled to expire in 2013 and 2012, respectively. Kaiser has been at the property since 2003 and renewed once in 2008. Advanced Imaging has been at the property since 2002. Both tenants are medical in nature and both benefit from the subject's close proximity to Anne Arundel Medical Center, which is next door to Annapolis Mall. Both Advanced Imaging and Kaiser have invested singifigant money in their spaces. It would cost Advance Imaging over $1.0 million to replace this location elsewhere.
- Significant lease rollover is indicated over the next five years. An upfront reserve in the amount of $780,741 will be deposited at closing to assist with re-tenanting needs for tenant improvements and leasing commissions.

The Bulls Say

- The property is well situated in Annapolis, Maryland with close proximity to Maryland's State Capital and adjacent to Annapolis Mall, a 1.4 million square foot regional mall.
- The property is anchored by well-known tenants, including Kaiser Permanente, Bank of America and Commerce Bank.
- The property has maintained relatively stable occupancy ranging from 96% to 97% during the past couple years.
- The tenant base is split 47.6% with medical based tenants and 41.9% with general office type tenants.   The higher medical based tenancy is positive considering the close proximity to Anne Arundel Medical Center.
- The Property Condition Report only noted minor immediate repairs of $400 and the Environmental Assessment Report did not identify any recognized environmental conditions.
- Experienced sponsor in St John Properties, with significant experience in the market and Mid-Atlantic region.

Property Description

The loan is secured by an 118,201 square foot, four-story, Class A medical office building located in Annapolis, Maryland. The improvements were constructed in 2002 and are situated on an 8.01-acre site. Currently, the property is 89.4% occupied and is considered to be in good overall condition. The subject's notable tenants are Kaiser Foundation Health Plan (13.9% of GLA) and Advanced Imaging Partners (9.1% of GLA). The property characteristics include a two-story atrium lobby which can be accessed from both the front and rear of the building, as well as a detached two-level parking structure and a free-standing ground-leased TD Bank (formerly Commerce Bank) branch on the site.

The atrium lobby features a front desk concierge area, nautical themed art works, a tenant roster, three passenger elevator banks and common area restrooms. In addition to the parking garage, there is street parking available around the building.

The property is well situated across from the Annapolis Mall, less than two miles from Interstate 97, which is the primary corridor which connects Annapolis to Baltimore and its southern bedroom communities. Anne Arundel Medical Center is located less than one mile from the subject, which houses 336 licensed beds, employs over 3,600 people including a medical staff of 900+, and accommodates over 150,000 patient visits annually. The Medical Center recently completed a $424 million expansion project, which included a pediatric emergency room, and expanded general emergency room, 50 new patient beds, and eight new operating rooms.

Tenant Overview

The two largest tenants represent 23% of the total GLA and 21.6% of the total annual rents. Kaiser Foundation Health Plan is a division of Kaiser Permanente (Kaiser), one of the nation's largest not-for-profit health plans serving more than 9 million members. Kaiser operates 37 hospitals and over 600 medical offices in nine states and is headquartered in Oakland, California. In 2011, the company generated $47.9 billion in operating revenues. Advanced Imaging is a member of the Baltimore Advanced Radiology Division of RadNet. RadNet (NASDAQ: RDNT) was founded in 1984, a national leader in providing diagnostic imaging services through a network of 233 owned and/or operated outpatient imaging centers, (inclusive of 19 facilities held in joint ventures). With operations in six states, including California, Maryland, Delaware, New Jersey, New York and Florida, RadNet is amongst the largest owner and operator of fixed diagnostic imaging centers in the United States.

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
Kaiser Foundation Health Plan	16,441	13.9%	$591,876	$36.00	14.5%	Apr-13
Advanced Imaging Partners	10,718	9.1%	$385,273	$35.95	9.4%	Dec-12
Watkins Meegan LLC	6,986	5.9%	$250,249	$35.82	6.1%	Nov-15
Bank of America NA	6,770	5.7%	$230,180	$34.00	5.6%	Jan-14
Lawson Software	6,549	5.5%	$226,792	$34.63	5.5%	Mar-17
Children's National Medical Center	5,699	4.8%	$209,825	$36.82	5.1%	Jul-16
Timberlake Homes, Inc.	6,138	5.2%	$201,204	$32.78	4.8%	Oct-15
Chesapeake Cardiac Care PA	5,605	4.7%	$188,496	$33.63	4.5%	Apr-17
Dr Mairead O'Reilly, DDS, MS, PA	4,588	3.9%	$168,546	$36.74	3.9%	Apr-14
McNamee, Hosea, Jernigan, Kim, Gre	4,429	3.7%	$148,899	$33.62	3.7%	Sep-15
Top 10 Subtotal	**73,923**	**62.5%**	**2,601,340**	**$35.19**	**63.1%**	

It should be noted that no square footage was attributed to the ground leased TD Bank, with base rent of $375,000 (annually).

Lease Expiration and Rollover

Morningstar Lease Expirations by Tenant Category - Square Feet Expiring by Year

	MTM	2012	2013	2014	2015	2016	After 2016
Office	0	0	0	11,084	24,587	4,141	9,685
Office - Medical	0	10,718	16,441	6,584	0	11,878	10,609
Bank Pad	0	0	0	0	0	0	0
Total	**0**	**10,718**	**16,441**	**17,668**	**24,587**	**16,019**	**20,294**
% Roll	**0.0%**	**9.1%**	**13.9%**	**14.9%**	**20.8%**	**13.6%**	**17.2%**

Market Overview

The subject property is located on the outskirts of the City of Annapolis, across the street from the Annapolis Mall, which is adjacent to the Anne Arundel Medical Center. The area is a mix of retail, other office buildings, detached residential dwellings, automotive uses and fast food restaurants. The property is located within the Reis submarket of Anne Arundel under the greater Baltimore market. According to Reis, the mean office submarket rent was $27.55 per square foot with a vacancy of 8.7% as of the second quarter of 2012. The appraiser estimated market office space at $34.00 per square foot, medical office space at $36.00 per square foot and ground lease pad space at $375,000 (annually). The appraiser estimated market vacancy at 9.0%. Morningstar underwrote the subject property utilizing the appraiser's estimate for market rents combined with the Reis submarket vacancy of 8.7%. Morningstar's methodology takes a blend of the rents and vacancy based on the sub-tenant types. Morningstar's model subsequently underwrote rents utilizing the subject's in-place rents and current vacancy.

Sponsorship/Management

The sponsor is St. John Properties, Inc., a private real estate firm, which has a 50% ownership in the borrowing entity. The other 50% ownership is comprised of limited partners, made up of individuals and family trusts of the Cheney Family. St. John Properties, Inc. was founded in 1972 and is headquartered in Baltimore, Maryland. St. John Properties, Inc. owns and has developed approximately 17 million square feet of office, research and evelopment/flex, retail and warehouse space with more than 1,700 tenants in six states. The Borrower was formed as an investment partnership between St. John Properties and the Chaney Family in 2000 when the Chaney Family contributed land to the partnership on which the subject was built.

The property management is MIE Properties, Inc, an affiliate of St John Properities, the sponsor. The contractual management fee is 4.0%.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	TTM 07/31/12	Issuer Underwriting
Income					
Gross Potential Rent	$4,517,881	$4,140,576	$4,366,806	$4,263,057	$4,514,910
Less: Vacancy Loss (GPR)	(476,782)	0	0	0	(442,866)
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	**$4,041,100**	**$4,140,576**	**$4,366,806**	**$4,263,057**	**$4,072,044**
Expense Reimbursement	$350,711	$631,127	$595,339	$504,339	$355,000
Percentage Rent	0	0	0	0	0
Less: Vacancy Other Incomes	0	n/a	n/a	n/a	n/a
Effective Gross Income	**$4,391,811**	**$4,771,703**	**$4,962,145**	**$4,767,396**	**$4,427,044**
Expenses					
Real Estate Taxes	$336,826	$293,880	$318,731	$318,731	$346,853
Property Insurance	16,623	15,948	16,061	16,061	16,000
Utilities	466,428	511,253	469,778	459,971	470,000
Repairs and Maintenance	198,480	179,776	195,935	218,234	200,000
Contract services	109,164	115,485	110,518	105,162	110,000
Management Fees	175,672	190,564	198,153	175,296	177,082
Payroll & Benefits	148,860	153,760	148,038	131,280	150,000
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	27,291	23,350	31,628	23,984	27,500
Non-Reimbursable Expenses	0	0	0	0	0
Market Expense Adjustment	0	0	0	0	0
Total Operating Expenses	**$1,479,345**	**$1,484,016**	**$1,488,842**	**$1,448,719**	**$1,497,435**
Net Operating Income	**$2,912,466**	**$3,287,687**	**$3,473,303**	**$3,318,677**	**$2,929,609**
Capital Items					
Leasing Commissions	$136,579	$0	$0	$0	$73,943
Tenant Improvements	215,358	0	0	0	128,795
Capital Expenditure / Reserve	40,238	0	0	0	29,550
Extraordinary Capital Expenditures	0				
- Credit For TI Reserve	0				
- Credit For LC Reserve	0				
- Credit For TI/LC Reserve	(75,000)				
- Credit For Cap Ex Reserve	0				
Total Capital Items	**$317,175**	**$0**	**$0**	**$0**	**$232,289**
Credit for Upfront DSCR Escrow	$0	$0	$0	$0	$0
Net Cash Flow	**$2,595,291**	**$3,287,687**	**$3,473,303**	**$3,318,677**	**$2,697,320**

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	$38.22
Vacancy (%)	10.55%

As of the 5/1/12 rent roll, average occupied rents for the office and medical office space was $35.15 per square foot and vacancy was 10.6%. This occupied space does not include a ground leased bank pad, leased to TD Bank for $375,000 (annually). The market was determined to be a blend of $35.06 per square foot based on a review of the appraiser's rent estimates, plus $375,000 (annually) for the ground leased pad and a mean submarket vacancy of 8.7% according to Reis. Morningstar underwrote overall rental rates and vacancy to in-place levels of $38.22 per square foot, which includes the annual ground leased rent. Morningstar's underwritten base rent (rent net of vacancy, concessions and collections) is 5.2%, or $221,957, below the TTM (7/31/12) actual. This is consistent with how the issuer marked to market some rents in their original underwriting.

Expense reimbursements were underwritten to the lower of the recovery ratios based on the historical cash flows, appraiser and issuer's underwriting. Morningstar underwrote to a recovery ratio of 23.7%, consistent with the issuer.

Expenses

Expenses were underwritten based on either historical weighted averages or the most recent period with a slight increase for inflation.

Real Estate Taxes were underwritten based on a review of the appraiser's ad valorem tax analysis for the 2012/2013 tax period.

Management Fees were underwritten based on the higher of historical averages at 3.84%, or the issuer's underwriting at 4% of effective gross income ("EGI"). Morningstar underwrote to 4.0%, consistent with the issuer.

Overall, expenses were 33.7% of EGI, higher than the TTM (7/31/12) at 30.4% and appraiser's estimate of 29.6%, but fairly consistent with the issuer's underwriting of 33.8%.

Capital Items

A reserve for future capital expenditures is underwritten at $0.34 per square foot, a 10% increase over the engineer's recommended reserves of $0.31 per square foot. The issuer underwrote to $0.25 per square foot. Tenant improvements for office space and medical office space were underwritten based on the appraiser's estimate of $25.00 per square foot for new leases and $10.00 per square foot for renewal leases. Office space was underwritten with a 65% renewal probablilty and the medical office space was underwritten with a 75% renewal probability. Leasing commissions are underwritten to 4% for new tenants and 2% for renewals. It should be noted that the borrower deposited at loan closing a $750,000 TI/LC Reserve to address re-tenanting needs at the property. Morningstar normalized the reserve over the 10-year term, giving credit for $75,000 each year for TI/LC's.

Valuation Drivers

Morningstar's retail capitalization rate for Baltimore is 7.9% and for Washington DC is 7.3%. Based on the subject's proximity to both major markets, Morningstar blended the rates to 7.75%. Adjustments were made to the capitalization rate for Class A medical property type with an average property score and adjusted for location in a secondary market. The final adjusted capitalization rate was 8.0%. This estimate is only slightly more conservative than the appraiser's capitalization rate of 7.75% and the capitalization rates from appraiser's sales comparables which averaged 7.6% and 7.57% when supplemented with other similar sized sale comparables from Real Capital Analytics ranging from July 2007 to June 2012.

Northridge Grove Shopping Center

Analyst: Matt Bendzlowicz (267) 960-6025
Analytical Manager: Sheila Bjornstad (646) 560-4511

Property Summary		
Property Type	Retail/Community Center	
Location	Northridge, CA	
Year Built/Renovated	1974/1990	
Net Rentable Sq. Ft. (Total)	150,300	
Net Rentable Sq. Ft. (Collateral)	150,300	
Occupancy	91.9%	As of: 7/31/2012
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$28,000,000	($186/sq. ft.)
Loan Amount (Cut-Off Balance)	$28,000,000	($186/sq. ft.)
Loan Term (months)	120	
I/O Period (months)	0	
Amortization Term (months)	360	
Loan Seasoning (months)	0	
Interest Rate	4.40000%	

Morningstar Analysis		
Current DSCR	1.51 x	
Amortizing DSCR	1.51 x	
Beginning LTV	86.41%	
Ending LTV	69.78%	
Cap Rate	7.85%	
Morningstar UW Occupancy	91.50%	
Net Operating Income	$2,740,013	
Net Cash Flow	$2,543,742	
Value	$32,404,362	($216/sq. ft.)
Debt Yield	9.08%	
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	$28,000,000	4.40000%	1.51 x	1.51 x	86.4%	69.8%
Total	**$28,000,000**	**4.40000%**	**1.51 x**	**1.51 x**	**86.4%**	**69.8%**

***Morningstar Calculations**

Morningstar Summary

Morningstar Perspective

The Northridge Grove Shopping Center loan is a ten-year, $28 million ($186 per square foot) loan to refinance the sponsor's previous loan on the 150,300 square foot community center in Northridge, CA. The loan represents a 62% loan to value ratio. The property was 91.9% occupied as of July, 2012 with Big Lots and Dollar Tree included. The top five tenants comprised 42.1% of the net rentable square feet (NRSF) and included Big Lots (slated to take possession 11/1/12, Pier 1, FedEx, David's Bridal, and Dollar Tree. The property will experience steady lease roll through 2015, followed by a spike in 2018 when 27% of the gross leasable area is set to expire.

The property benefits from its location directly across from the 1.4 million square foot Northridge Fashion Center regional mall which attracts retail traffic to the area. The property is located at the primary retail intersection in the North San Fernando Valley market. Also, there are about 800 condominium/apartment and senior housing units within walking distance of the property. The San Fernando Valley submarket is characterized by 500 centers with about 18 million square feet of space. Vacancy is stated to be 5.7% for the overall submarket per Reis with rents of $28.86 per square foot for properties of a similar age.

Morningstar's analysis of the property resulted in an NCF of $2.54 million, which is 1.6% lower than issuer's underwritten net cash flow. Morningstar expects the cash flows may fluctuate with the lease roll during the next few years. Morningstar based its estimates of market rents on the appraiser's conclusion and underwrote an 8.5% economic vacancy rate. Morningstar's value for the property is $32.4 million, a negative 28% variance from the appraised value. The resulting LTV and DSCR are 86% and 1.51-amortizing, respectively.

The Bears Say

- The loan results in a cash-out refinance. The borrower has owned the property for 20 years and has added value via leasing and rent growth.
- The subject has a substantial amount of inline space occupied by local retailers which tend to be more vulnerable to market conditions. The balance of the space is comprised of national tenants.
- Significant amount of lease roll through 2015.
- A number of the spaces have limited frontage, but significant depth.

The Bulls Say

- The property should benefit from its location across from The Northridge Fashion Center. The Fashion Center is owned by General Growth Properties (GGP) and is anchored by Macy's, Sears, JC Penny and Pacific Theaters.
- The property has had a stable operating history and has remained about 90% occupied over the past five years.
- Recent vacancy of larger spaces has been met with quick replacement with minimal downtime.
- About 60,000 square feet of recent lease expirations were met with renewals at the subject.
- Granular rent roll with no tenant accounting for more than 13% of the overall property rent.
- The sponsor has owned the property for more than 20 years.

Property Description

Northridge Grove Shopping Center, a 150,300 square foot shopping center located in Northridge. The property is located in the densely populated, affluent San Fernando Valley Submarket. The 5-mile population is almost 500,000 people with an average household income of over $100,000. The center benefits from long term tenants (i.e. Pier One, at the center since 1989, Catherine's, at the center since 1996), many that have been at the center for more than 10 years, as well as new leases to national tenants such as Big Lots and Dollar Tree. The Property is anchored by Big Lots, David's Bridal, Pier One and Dollar Tree. Big Lots and Dollar Tree recently signed brand new 5-year leases. Big Lots replaced Marshalls and Dollar Tree replaced DB Shoes. Marshalls and DB recently vacated and were released with minimal downtime. Big Lots and Dollar Tree are expected to open by November 2012 with funds to be held back at closing until both tenants are open and paying rent. Income from both tenants represents approximately 17% of the total rental income. In addition to the anchor tenants there are 33 other tenants. The largest tenant (Big Lots) represents approximately 12% of the income and the second largest represents only approximately 7% of the income. The center has historically remained at 90+/- % occupancy and tenant sales have consistently increased over time.

Sales per square foot averaged $205 in 2011, which is continued growth from $188 in 2009 to $194 in 2010.

Tenant Overview

Morningstar Tenant Overview Table (Top 5)					
Tenant	**Net Rentable Square Feet**	**% of Square Feet**	**Base Rent $ (Square Foot)**	**% of Base Rent**	**Lease Expiration**
Big Lots	26,860	17.9%	$15.00	12.3%	1/31/2018
David's Bridal	11,800	7.9%	$18.95	6.8%	2/28/2015
Pier 1 Imports (recent renewal)	9,979	6.6%	$16.25	5.0%	4/30/2014
Dollar Tree	9,072	6.0%	$17.57	4.9%	1/31/2018
FedEx	5,677	3.8%	$27.81	4.8%	10/31/2015
Top 5 Subtotal	**63,388**	**42.2%**	**$17.45**	**33.8%**	

Big Lots will be the largest tenant at the Property, occupying almost 18% of the NRA and is accounting for approximately 12% of the rental income. The estimated start date of the lease will be December 2012, running through January 2018. The borrower will be required to escrow all known (but not yet paid) leasing commissions and tenant improvement obligations of the borrower. Funds in this reserve will be released to reimburse borrower for the payment of such obligations as they become due.

Big Lots offers brand-name closeouts and bargains for millions of customers. Big Lots offers a broad assortment of merchandise, including consumables, seasonal products, furniture, house wares, toys and gifts. Big Lots is the nation's largest broad-line closeout retailer with annual revenues approaching $5 billion. Big Lots operates more than 1,400 retail stores serving 48 states. Brand-name products from 3,000 manufacturers are supplied to stores through five regional distribution centers with more than 9 million square feet of distribution capacity. Big Lots, Inc. was founded in 1967 and is headquartered in Columbus, Ohio. Shares are traded on the New York Stock Exchange under the symbol BIG.

The second largest tenant is David's Bridal (8% of NRA and 7% of income). All other tenants represent less than 7% of NRA/income individually.

Market Overview

Per Reis, the subject is located in the San Fernando Valley-West submarket of Los Angeles. Rents for non-anchors by similar year built is $28.86 and $33.81 per square foot for the overall market regardless of age. Anchor rents range from $14.72 to $ $35.27 with a mean of $21.77. Per Reis, the market vacancy for community centers is 2.4% for properties of a similar age and 5.7% for the overall submarket.

Per CoStar (data provided in the issuer's Asset Summary Report), the shopping center market in Los Angeles currently consists of 4,322 projects with 149,273,678 square feet of retail space in 7,601 buildings. The Shopping Center market is defined as all Community Centers, Neighborhood Centers, and Strip Centers. After absorbing 41,004 square feet and delivering 23,593 square feet in 1Q2012, the Shopping Center sector saw the vacancy rate remain at 6.8%, as it was at the end of the fourth quarter 2011, and going all the way back to fourth quarter 2010. Rental rates ended the first quarter 2012 at $22.47 per square foot, down from the $22.63 as of fourth quarter 2011. Rental rates have trended down over the past year, going from $23 per square foot a year ago to their current levels. Net absorption in the Shopping Center sector has totaled 606,376 square feet over the past four quarters. In addition to the positive 41,004 square feet absorbed this quarter, positive 79,663 square feet was absorbed in the fourth quarter 2011, positive 374,565 square feet was absorbed in the third quarter 2011, and positive 111,144 square feet was absorbed in the second quarter 2011.

Morningstar Analysis

	Morningstar	2009	2010	TTM 12/31/11	Issuer Underwriting
Income					
Gross Potential Rent	$3,585,323	$3,155,535	$3,207,837	$3,213,013	$3,551,815
or					
Base Rent	0	0	0	0	0
Expense Reimbursement	833,369	687,119	796,434	799,943	857,074
Percentage Rent	0	0	0	0	0
Parking Income	0	0	0	0	0
Other Income	0	32,050	-196	0	0
Less: Vacancy Loss	-375,589	0	0	0	-370,359
Less: Concessions & Collection Loss	0	0	0	0	0
Effective Gross Income	**$4,043,103**	**$3,874,704**	**$4,004,075**	**$4,012,956**	**$4,038,530**
Expenses					
Real Estate Taxes	$403,892	$373,629	$388,790	$395,973	$403,430
Property Insurance	106,191	115,400	111,525	102,600	94,600
Utilities	0	0	0	0	0
Repairs and Maintenance	595,862	435,600	515,564	579,353	595,188
Janitorial	0	0	0	0	0
Management Fees	189,621	116,241	192,000	208,000	161,541
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	7,524	2,672	5,713	0	7,515
Non-Reimbursable Expenses	0	0	0	0	0
Other Expenses	0	0	0	0	0
Ground Rent	0	0	0	0	0
Market Expense Adjustment	0	0	0	0	0
Total Operating Expenses	**$1,303,089**	**$1,043,542**	**$1,213,592**	**$1,285,926**	**$1,262,274**
Net Operating Income	**$2,740,013**	**$2,831,162**	**$2,790,483**	**$2,727,030**	**$2,776,256**
Capital Items					
Leasing Commissions	$85,480	$0	$0	$0	$0
Tenant Improvements	79,576	0	0	0	161,541
Capital Expenditures	31,214	0	0	0	30,060
Extraordinary Capital Expenditures	0	0	0	0	0
Total Capital Items	**$196,271**	**$0**	**$0**	**$0**	**$191,601**
Net Cash Flow	**$2,543,742**	**$2,831,162**	**$2,790,483**	**$2,727,030**	**$2,584,655**

**** Rounding differences***

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	$23.85
Vacancy (%)	8.5%

Rents are underwritten to the current in-place level which is slightly below the appraisal conclusion and Reis data for the anchors and inline space. Vacancy is underwritten to an overall economic level of 8.5%.

Expenses

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

Management Fee is underwritten to the historical level.

Capital Items

A reserve for future capital expenditures is underwritten at $0.20 per square foot, a 10% increase over the engineer's recommended reserves. Tenant improvements for retail and commercial space is underwritten to $10 for new tenants and $2 for renewals. Leasing commissions are underwritten to 3% for new tenants and 1.5% for renewals for anchors and 5% for new inline tenants and 2% for renewing inline tenants. A renewal rate of 65% is assumed. A ten year term was used for anchors and five years for inline space, which is consistent with the appraisal assumptions.

Valuation Drivers

The base capitalization rate for Los Angeles retail is 7.6%. A 25 basis point increase was added based on the age of the property.

obligors, managers or issuers. Further, the ratings do not assess whether any exchange of certificates may occur or any delays or disruptions in payment due to such exchange or method of holding certificates.

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

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

Appendix A: Morningstar CMBS Subordination Model

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

Overview

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

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

Each set of stresses include:

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

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

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

Term Default Analysis

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

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

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

Lost principal is calculated as the difference between the outstanding loan balance at the time of default and the stressed property value. The model computes the loan balance based on empirically-based time-to-default assumptions and the terms of the loan. The stressed property value is arrived at using the stressed NCF and a ratings adjusted cap rate.

Special servicer costs include the fees earned by the special servicer while the loan is specially-serviced, interest on any P&I advances that the servicer makes, and the liquidation fees due the special servicer for selling the foreclosed property. The special servicer fee is dependent upon the period of time the loan is specially serviced. The model uses assumptions of this time period tiered by rating category.

Balloon Default

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

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

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

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

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

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

Appendix B: Morningstar Rating Surveillance

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

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

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

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

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

Appendix C: Morningstar Rating Characteristics

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

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

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

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

As indicated herein, the Class X certificates consist only of interest. If the mortgage loans were to prepay in the initial month, with the result that the holders of the Class X certificates receive only a single month's interest and therefore, suffer a nearly complete loss of their investment, all amounts "due" to such holders will nevertheless have been paid, and such result is consistent with the ratings received on the Class X certificates. The notional amounts of the Class X certificates on which interest is calculated may be reduced by the allocation of realized losses and prepayments, whether voluntary or involuntary. The ratings do not address the timing or magnitude of reductions of such notional amounts, but only the obligation to pay interest timely on the notional amounts as so reduced from time to time. Therefore, the ratings of the Class X certificates should be evaluated independently from similar ratings on other types of securities.

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

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