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PRELIMINARY RATINGS (AS OF: 9/13/13)

Class	Balance/ Notional Amt	Preliminary Ratings	Morningstar DSCR (2)	Morningstar BLTV(3)	Morningstar ELTV(3)	Credit Support Levels
Class A	$176,800,000	AAA	6.56 x	26.2%	26.3%	58.4%
Class X-CP (1)	425,000,000	AAA	n/a	n/a	n/a	n/a
Class X-EXT (1)	425,000,000	AAA	n/a	n/a	n/a	n/a
Class B	64,200,000	AA+	4.81 x	35.8%	35.9%	43.3%
Class C	33,000,000	AA	4.23 x	40.7%	40.8%	35.5%
Class D	77,000,000	BBB+	3.30 x	52.1%	52.2%	17.4%
Class E	74,000,000	BB	2.73 x	63.1%	63.2%	0.0%
Class R	NR	n/a	n/a	n/a	n/a	n/a

In determining the preliminary ratings on each class of securities issued by the Trust, Morningstar analyzed the properties securing each loan as enumerated herein to determine their stabilized as-is net cash flow (NCF) and values based primarily on the direct capitalization approach. The loans along with their corresponding as-is NCF and property values were then subjected to a series of economic and lending environment stresses in our proprietary CMBS Subordination Model to estimate their expected loss at each rating category. A description of this model is attached as Appendix A to this report. Note (1): The Class X-CP and Class X-EXT 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. (2) For the purposes of evaluation in Morningstar's CMBS Subordination Model, interest was assumed to be the maximum interest rate; the maximum interest rates is the interest rate spread during the 2nd and 3rd extension options of 3.3459% plus the LIBOR rate cap of 1.75%. (3) See Morningstar Analysis and Valuation section for detailed analysis of our value conclusions during loan term and at maturity.

Estimated Closing Date: September 26,2013

Solely to the extent and subject to the scope of review enumerated herein, this report and the preliminary ratings noted above address certain credit risks and the extent to which the payment stream of the collateral is adequate to make payments required under the certificates based on information identified as subject to review herein and to the extent provided to Morningstar Credit Ratings, LLC ("Morningstar") on the arranger's website for this transaction as of September 11, 2013. The below analysis, as well as Morningstar's ratings characteristics as described in Appendix C, further reflect the ratings analysis related to these preliminary ratings. Investors should be aware that the proposed transaction and certain documents related thereto are not finalized. Following Morningstar's receipt of final information and documentation, and the completion of Morningstar's review of such information and documentation, Morningstar may issue final ratings to certain subscribers. Such final ratings may differ from the preliminary ratings enumerated herein. Any final ratings will solely be available to Morningstar subscribers on a subscription basis. The preliminary ratings are provided on an arranger pay basis while any related surveillance and analysis is provided to subscribers on a subscription pay basis. For the avoidance of doubt, your receipt of this report does not, in and of itself, make recipient a subscriber of Morningstar. For further information on Morningstar's subscription service, please contact Joe Petro pursuant to the contact information above.

Ongoing Surveillance Statement

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

This report is an opinion and does not constitute an offer to sell or a solicitation of an offer to buy any securities, and it may not be used or circulated in connection with any such offer or solicitation. Morningstar publishes its current Form NRSRO and exhibits thereto at http:rating agency.morningstar.com. Morningstar maintains internal policies and procedures to manage conflicts which may include payment structures for ratings.

TRANSACTION SPOTLIGHT

Collateral	Single loan secured by fee simple and/or leasehold interest in four hotels.	**Mortgage Loan Seller/Sponsors**	JPMorgan Chase Bank, National Association and Citigroup Global Markets Realty Corp.
Notional Balance	$425,000,000	**Depositor**	J.P. Morgan Chase Commercial Mortgage Securities Corp
Structure	Sequential	**Lead Managers**	J.P. Morgan Securities LLC and Citigroup Global Markets Inc.
Morningstar U/W Current DSCR (1)	2.87 x	**Trustee**	Wells Fargo Bank, National Association
Morningstar U/W Maximum DSCR(2)	2.73 x	**Servicer**	Midland Loan Services, a Division of PNC Bank, NA
Morningstar Trust U/W BLTV	63.1%	**Special Servicer**	Midland Loan Services, a Division of PNC Bank, NA
Morningstar Trust U/W ELTV	63.2%	**Certificate Administrator**	Wells Fargo Bank, National Association
Morningstar All-In Current DSCR (1) & (3)	1.13 x		
Morningstar All-In UW BLTV(4)	118.0%		

Note:

(1) Current DSCR is calculated as the interest rate spread of 3.0959% over the LIBOR rate cap of 1.75%
(2) Maximum DSCR during the 2nd and 3rd extension terms is based upon the interest rate spread of 3.3459% over the LIBOR rate cap of 1.75%.
(3) All-In Current debt service is the combined debt service including the Mortgage Loan, Mezzanine A, Mezzanine B, and Mezzanine C loans (based upon the current interest rate spread for each tier and the LIBOR rate cap of 1.75%)
(4) All-in BLTV is the total combined debt (including the Mortgage Loan, Mezzanine A, Mezzanine B, and Mezzanine C loans) divided by the Morningstar value during the term of the loan.

Table of Contents

Transaction Overview

The Boca Hotel Portfolio Trust 2013-BOCA Commercial Mortgage Pass-Through Certificates Series 2013-BOCA is a secured by a $425 million loan which includes first-priority, cross-defaulted, and cross-collateralized mortgages on the Waldorf Astoria Boca Raton Resort & Club, the DoubleTree Bahia Mar, the Hyatt Regency Pier Sixty-Six Resort & Spa, and the Waldorf Astoria Edgewater Beach Hotel. The loan provides for a two year initial term and three 12-month extension options. The loan is interest only throughout the loan term and interest is calculated as a spread over LIBOR. While the loan agreement requires borrower to enter into an interest rate cap agreement with a strike rate of 1.75% (or possibly higher during extension terms), Morningstar has assumed LIBOR does not exceed 1.75% for purposes of Morningstar's analysis. The following table presents a summary of key loan metrics.

Key Loan Metrics		
First Mortgage Loan Amount	$425,000,000	$229,482 per room
Subordinate Debt	370,000,000	199,784 per room
Total Debt	$795,000,000	$429,266 per room
Mortgage Loan Initial Term	2 years	
Mortgage Loan Extension Options	Three 12-month extensions	
Extended Maturity Date	August 2018	
Amortization	Interest-Only	
Interest Rate – Initial Term (1)	4.8459%	
Interest Rate – 1st Extension (1)	4.8459%	
Interest Rate – 2nd & 3rd Extension (2)	5.0959%	

(1) Interest during Initial term & 1st extension option is calculated as a spread of 3.0959% over the LIBOR rate cap of 1.75%
(2) Interest during the 2nd and 3rd extension terms are 3.3459% over the LIBOR rate cap of 1.75%.

Morningstar determined the preliminary ratings for each class of Boca Hotel Portfolio Trust 2013-BOCA certificates by subjecting our estimated net cash flow and value conclusion to a variety of stresses in our proprietary CMBS Subordination Model. Morningstar intents to 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 Midland Loan Services, a Division of PNC Bank, National Association, which is acting as Servicer and Special Servicer, is MOR CS1. For the full assessment reports and additional information, please access https://ratingagency.morningstar.com

Morningstar Perspective

Morningstar valued the properties using the direct capitalization method; our value conclusion using the direct cap approach was $716.9 million which resulted in a weighted average capitalization rate of 8.36%. However, the capitalized value was adjusted downward to reflect deductions to value associated with the cost of ongoing renovations, the cost of assumed property improvement plan renovations, and the future funding obligation associated with the return of membership deposits at the Boca Raton Resort & Club. After these adjustments, the concluded Morningstar value during the term of the loan is estimated to be $673.6 million which equates to $363,741 per room. The Morningstar value conclusion is 37.9% lower than the appraised value of $1.085 billion ($585,853 per room). The Morningstar valuation resulted in a beginning weighted-average loan-to-value ratio of 63.1% and a weighted-average ending loan to value of 63.2%.

Morningstar's analysis of the loan, based on information provided on the arranger's website as of September 9, 2013, yielded a net cash flow of $59.9 million; this is 5.9% lower than the arranger's underwritten net cash flow. The Morningstar net cash flow resulted in debt service coverage of 2.87 x based upon the current payment terms (assuming the 1.75% LIBOR rate cap).

The following table presents a summary of the four assets which are collateral for the loan. Allocated mortgage loan amounts have been provided for this loan which is used as a basis for property release prices and debt service allocation. The following table presents a summary of allocated loan amounts, the Morningstar valuation, the appraised value, and pertinent metrics for each asset in the portfolio.

Portfolio Overview					
	Waldorf Astoria Boca Raton Resort & Club	DoubleTree Bahia Mar	Hyatt Regency Pier Sixty-Six Resort & Spa	Waldorf Astoria Edgewater Beach	Total
Number of Rooms	1,047	296	384	125	1,852
Allocated Loan Amount	$282,790,000	$65,760,000	$42,240,000	$34,210,000	$425,000,000
Loan Amount Per Room	$270,096	$222,162	$110,000	$273,680	$229,482
Morningstar Underwriting	59.3%	78.6%	68.5%	75.3%	65.3%
Occupancy	$257.91	$138.94	$137.49	$312.71	$213.14
Average Room Rate	$152.85	$109.21	$94.13	$235.33	$139.27
Rooms RevPAR	$35,495,662	$12,933,660	$6,790,392	$4,683,154	$59,902,868
Morningstar NCF	-7.2%	-6.9%	1.7%	-3.5%	-5.9%
Variance to Arranger NCF					
	$406,077,764	$151,270,877	$62,776,520	$53,521,758	$673,646,919
Morningstar Term Value [1]	$387,802,959	$150,581,565	$81,811,947	$51,960,289	$672,156,761
Morningstar Balloon Value [2]	69.6%	43.5%	67.3%	63.9%	63.1%
Morningstar Trust BLTV	72.9%	43.7%	51.6%	65.8%	63.2%
Morningstar Trust ELTV	2.55 x	4.00 x	3.27 x	2.79 x	2.87 x
Morningstar Current DSCR [3]	2.43 x	3.81 x	3.11 x	2.65 x	2.73 x
Morningstar Maximum DSCR [4]	12.6%	19.7%	16.1%	13.7%	14.1%
Debt Yield on Mortgage Debt					
	$753,000,000	$154,000,000	$98,000,000	$80,000,000	$1,085,000,000
Appraised Value	$719,198	$520,270	$255,208	$640,000	$585,853
Appraised Value Per Room	37.6%	42.7%	43.1%	42.8%	39.2%
Appraised Value BLTV	1,047	296	384	125	1,852

Notes:

(1) The Morningstar term value is adjusted downward to reflect the cost of ongoing renovations, an assumed near term property improvement plan renovation at the Hyatt Regency Pier 66, and the future funding obligations associated with the return of member deposits at Boca Raton Resort & Club.

(2) The Morningstar balloon value is adjusted downward to reflect the cost of assumed property improvement plan renovations at maturity of the loan and the future funding obligations associated with the return of member deposits at Boca Raton Resort & Club.

(3) Current DSCR - interest is calculated as a spread of 3.0959% over the LIBOR rate cap of 1.75%

(4) Maximum DSCR - interest during the 2nd and 3rd extension terms are 3.3459% over the LIBOR rate cap of 1.75%.

The Bears Say

- Risk of Ongoing Renovations – As discussed in more detail in the individual Asset Summary Reports to follow this pre-sale, the borrowers are in the process of conducting renovations in the amount of $19.1 million for 175 guest rooms at the Waldorf Astoria Boca Raton Resort & Club and $19 million of renovations to the marina at the Hyatt Regency Pier Sixty-Six Resort & Spa. The costs for this renovation work have been approved and planned for by the borrowers; however, the funds to complete these renovations were not set aside into an escrow account at closing. The borrowers will fund this work from either net cash flow or through an equity contribution. This risk is mitigated by the fact that Morningstar has adjusted the term value of these two assets downward to reflect the cost of this work, net of a credit for escrows from the reserve for replacement of FF&E. Please see the Asset Summary Reports included as addenda to this pre-sale report for a more detailed discussion of our value adjustment. If the renovation work at the Pier Sixty-Six Marina is not completed by August 2016, the loan agreement requires the sponsor to fund a reserve with the then remaining amount of the capital budget, capped at $17.00 million. In addition, if the renovation work on the 175 Cloister rooms at the Waldorf Astoria Boca Raton Resort & Club are not finished by August 2016, the borrowers are required to fund a reserve with the remaining amount of the capital budget with the amount reserved capped at $85,000 per room.

- Franchise Risk - the franchise agreement with Hyatt Companies for the Hyatt Regency Pier Sixty-Six Resort and Spa expires in November 2014 and does not provide for any extension options. The borrowers will need to negotiate with Hyatt to renew the franchise agreement and/or if Hyatt does not wish to continue with the hotel will need to negotiate with other major US brands to secure an alternative, comparable affiliation. There is a risk that the borrowers will be unable to reach a mutually acceptable agreement with Hyatt or another upscale brand and may be forced either to operate as an independent hotel or select a brand that targeted to a slightly downscale market niche. Under either scenario it is possible that operating results at the hotel could be impacted negatively either in terms of utilization and/or average room rate potential. It is very common that when a management agreement or franchise agreement expires, the manager or franchisor takes the opportunity to force the asset owner to improve the product. As a result, there is also risk that the negotiation of a new franchise agreement will require the borrowers to conduct a renovation to guest rooms in order to secure the contract.

- Risk for Future Renovations of the Hyatt Regency Pier Sixty-Six Resort & Spa - As discussed earlier, the franchise agreement with Hyatt expires in November 2014, and as a result, the owner will likely be required to conduct renovations to maintain the Hyatt brand or to secure a similar US upscale brand. For the Hyatt Regency Pier Sixty-Six Resort & Spa, we have estimated a PIP renovation of $12,500 per room will be required in the near term and as a result have deducted this cost from the value of the asset during the loan term.

- Risk of Required Renovations (Property Improvement Plans) – Although the borrowers have invested significant capital in the properties, the majority of the work was conducted between 2005 and 2009. The properties appear to be well-maintained but it is highly likely that by the end of the loan term the assets will be showing signs of wear and tear. Morningstar has assumed that at maturity of the loan the borrowers will be required by each respective brand operator to conduct a PIP renovation of $30,000 per room at the Waldorf Astoria Boca Raton Resort & Club, $10,000 per room at the DoubleTree Bahia Mar, and $20,000 per room at the Waldorf Astoria Edgewater Beach. Morningstar has adjusted these future obligations to give partial credit for reserve for replacement for each asset.

- Future Obligation to Reimburse Premier Club Membership Deposits – the collateral for the Waldorf Astoria Boca Raton Resort & Club includes the operation of a private membership club. New membership deposits earned between 1991 and 1998 are fully refundable to those members who signed up during that period and the owner of the asset will need to fund the reimbursement of these deposits between 2021 and 2028. Based upon an in-depth analysis provided by the arranger, Morningstar has estimated the net present value of these deposits to be $19.3 million (based upon a discount rate equivalent to 3% inflation). This risk is mitigated by the fact that Morningstar has deducted the value of this future funding obligation from the value of the asset. In addition, during the second and third extension periods the Borrower shall make monthly deposits into a membership reserve escrow fund in the equivalent of up to $2 million per year.

- Ground Lease Risk – the DoubleTree Bahia Mar and related marina are leased subject to a partial, long-term ground lease with the City of Fort Lauderdale. The original lease commenced in 1962 and had an initial term of 50 years. However, the ground lease was extended for another 25 years in 2012 and has one, 25- year extension option remaining. The fully extended lease would expire in September 2062 which is 44 years after the maturity date of the fully extended loan. Leasehold interests are subject to certain risks not associated with mortgages secured by a lien on the fee estate of the borrower. The most significant of these risks is that if the borrowers' leasehold were to be terminated, the lender may lose its security in the leasehold interest. The ground lease (and related documents) for the Bahia Mar property generally contains customary "financeable" ground lease protections, however the ground lessor has not agreed to enter into a new however the ground lessor has not agreed to enter into a new lease with lender upon a termination of the ground lease. The ground lease provides many of the customary mortgagee protections but does not have certain mezzanine protections (which a mezzanine lender will derive from the mortgage protections via the intercreditor) and does not have all of the customary provisions regarding the ability of the lender to obtain a new lease if the borrowers were to reject the lease during a bankruptcy. Since the Borrowers are not likely to reject the lease as it would have a significant impact on asset value, it is highly unlikely that this will ever occur. Furthermore, the borrowers are attempting to obtain an agreement from the ground lessor providing the lender with the right to enter into a replacement ground lease in the event of a termination of the lease in a bankruptcy or other insolvency proceeding of the Bahia Mar borrower. If the ground lease is terminated and the lender loses its security in the leasehold interest or the value of the ground lease and/or remedies related thereto are adversely impacted, the ratings may be downgraded.

- Boat Show Risk - the DoubleTree Bahia Mar and the Hyatt Regency Pier Sixty-Six Resort & Spa annually are one of the hosts of the internationally-recognized Fort Lauderdale International Boat Show. The Boat Show contracts during 2013 will represent base rent of $4.9 million at the Bahia Mar Marina and $0.6 million at the Pier Sixty-Six Marina. If a Borrower were to breach the boat show agreement with Marine Industries Association of South Florida and Yachting Promotions, Inc., or if such agreement is otherwise terminated, the lost income could amount to $5.5 million or 3.3% of total revenue estimated by Morningstar. This risk is mitigated by the fact that the show has been hosted at these locations for years and management indicated that they have a strong, good working relationship with the operators of the show.

The Bulls Say

- Trophy Asset - The Waldorf Astoria Boca Raton Resort & Club represents 60.3% of the total Morningstar valuation of the portfolio. The Waldorf Astoria Boca Raton is a 1,047-room upscale resort hotel located in Boca Raton, Florida. The property includes 114,019 square feet of dedicated meeting space, 13 food and beverage outlets, eight pools, 30 tennis courts, and a 34,170 square foot spa. Additional amenities include two separate 18-hole golf courses with clubhouses as well as 32-slip marina. In addition to traditional resort operations, the property operates a membership club known as the Premier Club which provides members with unlimited access to the amenities at the resort including golf courses, spa, tennis courts, marina, beach, and other membership only amenities. Morningstar's estimate of net cash flow is 7.2% lower than that estimated by the arranger and is 3.0% lower than the trailing 12 months ending June 30, 2013. We have estimated the market value of this asset to be $406.1 million or approximately $387,850 per room which is 46.1% lower than the recent appraisal which valued the asset at $753 million, or $719,197 per key.

- Strong Sponsorship - the sponsor of this loan includes the Blackstone Real Estate Partners IV L.P. and certain of its affiliates and parallel funds (the "Sponsor"). The Sponsor is managed and controlled by The Blackstone Group which is a global alternative asset manager and provider of financial advisory services and is listed on the New York Stock Exchange (NYSE: BX). As of June 30, 2013, Blackstone had assets under management of over $156 billion and nearly 1,800 investment and advisory professionals at their headquarters in New York and regional offices in Atlanta, Beijing, Boston, Chicago, Dallas, Dubai, Dusseldorf, Hong Kong, Houston, London, Los Angeles, Menlo Park, Mumbai, Paris, San Francisco, Shanghai, Sydney and Tokyo. Blackstone's Real Estate group was founded in 1991 and is the largest opportunistic real estate investment manager in the world.

- Low Leverage – the beginning loan to value of the first mortgage financing is 63.1% based upon the Morningstar estimate of value for the portfolio. The Morningstar valuation represents $363,741 per room and is 37.9% lower than the appraised value of $1.085 billion. Based upon the appraised value of $1.08 billion, the leverage on the loan is much lower at 39.2%.

- Strong Coverage – the first mortgage loan provides for strong debt service coverage. Debt service is calculated as a spread over 30-day LIBOR but is subject to a LIBOR rate cap of 1.75%. During the initial term and the first extension option, coverage of the first-mortgage loan represents 2.97 x the Morningstar estimate of net cash flow. During the second and third extension options, the first-mortgage represents coverage of 2.73 x. If evaluated based upon the current LIBOR rate of 0.18%, the coverage during the initial term is much stronger representing 4.24 x the Morningstar estimate of net cash flow. Risk to the first-mortgage financing is very low; if cash flow were to decline by 50% of the $59.9 million estimated by Morningstar, the first mortgage would continue to reflect a healthy DSCR of 1.43 x.

Property Site Visit

Morningstar conducted a site visit of the subject properties on Monday August 19, and Tuesday August 20, 2013. The property visit included a tour of all public areas, amenities, meeting space, restaurants, and a sampling of guest rooms. Based upon our evaluation, Morningstar assigned a property quality score of 3 to the properties, which rates them as average. 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.

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 borrowers 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 flow to a weighted-average 60.4% decline and our concluded value to a weighted-average 77.5% decline in the term default analysis. In the balloon default analysis, these weighted-average declines were 48.3% and 67.3%, 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.

As discussed in the Valuation section on page 16-17 of this pre-sale report, Morningstar estimated the market value of the property separately for our term default analysis and balloon default analysis. The property value in our term default analysis was adjusted downwards to account for future costs associated with ongoing renovations, required property improvement plan renovations, as well as the obligations to refund certain membership deposit payments associated with the private membership operation at the Waldorf Astoria Boca Raton Resort & Club.

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

	AAA	AA	A	BBB	BB	B
Morningstar NCF Decline (Term)	60.4%	50.5%	44.1%	35.0%	25.3%	19.7%
Morningstar Value Decline (Term)	77.5%	68.1%	61.4%	49.5%	40.4%	32.7%
Morningstar NCF Decline (Balloon)	48.3%	40.4%	35.3%	31.5%	25.3%	19.7%
Morningstar Value Decline (Balloon)	67.3%	59.5%	53.3%	46.7%	40.6%	32.9%

Morningstar Rating Characteristics

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

Collateral Summary

Loan Collateral Summary

The loan is secured by the fee simple and leasehold interests in four hotels including the renowned Waldorf Astoria Boca Raton Resort & Club, the DoubleTree Bahia Mar, the Hyatt Regency Pier Sixty-Six Resort & Spa, and the Waldorf Astoria Edgewater Beach. The following table presents a summary of the hotels including location, number of rooms, and summary of amenities offered at each. A detailed Asset Summary Report providing a description of each property as well as Morningstar's analysis and valuation is presented following this pre-sale report.

Summary of Assets and Amenities					
	Waldorf Astoria Boca Raton Resort & Club	**DoubleTree Bahia Mar**	**Hyatt Regency Pier Sixty-Six Resort & Spa**	**Waldorf Astoria Edgewater Beach**	**Total**
Location	Boca Raton, FL	Ft. Lauderdale, FL	Ft. Lauderdale, FL	Naples, FL	
Interest Owned	Fee & Leasehold	Leasehold	Fee & Leasehold	Fee Simple	
# of Rooms	1,047	296	384	125	1,852
Year Built	1926-2009	1966/1975	1956/1965	1963/1985	n/a
Year Renovated	2013	2011	2013	2013	n/a
Total Meeting Space	146,000 sq. ft.	28,000 sq. ft.	40,000 sq. ft.	2,600 sq. ft.	216,600 sq. ft.
Dedicated Meeting Space	114,860 sq. ft.	19,233 sq. ft.	23,010 sq. ft.	2,521 sq. ft.	158,783 sq. ft.
Food & Beverage	12 outlets	3 outlets	5 outlets	2 outlets	23 outlets
Golf	36 holes	n/a	n/a	n/a	36 holes
Marina	32 Slips	250 Slips	127 Slips	n/a	413 Slips
Tennis	30 courts	4 courts	2	n/a	36 courts
Spa	34,170 sq. ft.	n/a	Yes	Yes	n/a
Swimming Pools	8	1	3	2	14

The borrowers have invested more than $305 million in the assets since 2005. Based upon information provided by the borrowers, the following table presents a summary of historical capital expenditures by year. As illustrated below, 91.5% of the renovations were conducted between 2005 and 2009. After 2009 investment declined significantly. Based upon the timing of past renovations, and our property tour, we have assumed that the properties will require renovations over the short to medium term. For a more detailed discussion of past and expected renovations, please refer to the Asset Summary Report for each asset included as addenda to this pre-sale.

Summary of Historical and Projected Capital Expenditures											
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2005-2012**	**2013**	**2014**
Waldorf Astoria Boca Raton Resort & Club	25,891,762	56,525,799	30,830,428	76,186,628	30,049,591	6,084,144	5,122,205	2,123,691	232,814,248	9,055,499	10,000,000
DoubleTree Bahia Mar	345,163	666,273	1,197,482	2,633,934	2,094,365	1,290,149	5,129,651	1,278,591	14,635,608	587,264	
Hyatt Regency Pier Sixty-Six Resort & Spa	7,930,131	5,179,745	6,974,195	5,425,886	927,995	1,213,699	572,191	1,032,371	29,256,213	8,717,063	9,000,000
Waldorf Astoria Edgewater Beach	2,752,899	15,338,847	8,007,008	754,567	190,561	89,142	629,711	1,402,090	29,164,826	2,402,942	
Total	36,919,955	77,710,664	47,009,113	85,001,015	33,262,512	8,677,134	11,453,758	5,836,743	305,870,895	20,762,768	19,000,000
% Invested by Year (2005-2012)	12.1%	25.4%	15.4%	27.8%	10.9%	2.8%	3.7%	1.9%	100.0%		
Cummulative Invested	12.1%	37.5%	52.8%	80.6%	91.5%	94.3%	98.1%	100.0%			

Waldorf Astoria Boca Raton Resort & Club

The Waldorf Astoria Boca Raton is a 1,047-room upscale resort hotel located in Boca Raton, Florida. The property includes 114,860 square feet of dedicated meeting space, 12 food and beverage outlets, eight pools, 30 tennis courts, and a 34,170 square foot spa. Additional amenities include two separate 18-hole golf courses with clubhouses as well as 32-slip marina. In addition to traditional resort operations, the property operates a membership club known as the Premier Club which provides members with unlimited access to the amenities at the resort including golf courses, spa, tennis courts, marina, beach, and other membership only amenities. Members do not have an equity interest in the club; and dues provide members only with the rights to the use of the spaces. The allocated loan amount for this property is $282.79 million which represents 66.5% of the total first-mortgage loan.

Although the sponsors have invested $232.8 million between 2005 and 2012, a large percentage of the money ($126.9 million or 54.5%) was invested in the redevelopment of the Boca Beach club which added 241 new hotel rooms and $26.1 million (or 11.2%) was invested to reconstruct the Boca Bungalows which were damaged by a hurricane. Of the remaining $79.8 million of capital expenditures which were used to renovate the hotel, $70.2 was invested between 2005 and 2009 upgrading public spaces, meeting rooms, restaurants, back of the house and other improvements. Between 2010 and 2012, only $8.9 million was invested. Essentially, very little renovation work has been conducted within the last few years. Although the property has commenced an $18.6 million renovation to 175 of the Cloister rooms, a large share of the guest room supply is beginning to show signs of obsolescence and wear and tear and will likely require a major renovation in the medium term. Morningstar has assumed that the property will be required by the Waldorf=Astoria brand to conduct a major renovation of guest rooms within the next 3-6 years. Morningstar has estimated a renovation of $30,000 per room and has deducted this cost (net of accrued reserves) from the value of the asset at maturity (balloon value).

Future Obligation to Reimburse Premier Club Membership Deposits – as indicated earlier, the collateral includes the operation of a private membership club. New membership deposits earned between 1991 and 1998 are fully refundable to those members who signed up during that period and the owner of the asset will need to fund the reimbursement of these initial fees. Based upon an in-depth analysis provided by the arranger, Morningstar has estimated the net present value of these deposits to be $19.3 million (based upon a discount rate equivalent to 3% inflation). This future funding obligation has been deducted from both the Morningstar value during loan term as well as the Morningstar value at loan maturity.

DoubleTree Bahia Mar

The DoubleTree is a 296-room full service hotel that is affiliated with the DoubleTree by Hilton brand. The improvements consist of five building structures housing guestrooms, meeting space, rented retail stores and office space, marina, and recreational facilities. The hotel was affiliated with the Radisson brand until 2005, when the franchise agreement was terminated, and the hotel operated as an independent hotel (known as Bahia Mar Beach Resort) until 2011. After a $3.9 million renovation, the hotel commenced operations under the DoubleTree by Hilton brand. The building structures include a 16-story tower (which opened in 1975), a four-story marina building (which opened in 1966), a two-story "pool" building (which opened in 1975), and a two 2-story marina services buildings (which opened in 1966).

According to management, the DoubleTree offers one of the largest and best-equipped marinas in South Florida and includes 17,000 linear feet with capacity for 250 slips (including 66 slips for mega-yachts over 80 foot), five high speed fuel pumps (to accommodate mega-yachts), marina offices and sundry shop. The marina has concrete floating docks and dockage is a combination of slips and parallel moorage. The marina completed a $17 million renovation and reconfiguration in October 2003. Marina slip rental and related income represents 55% of total revenue estimated at the hotel; the Bahia Mar annually hosts the internationally-recognized Fort Lauderdale International Boat Show, which takes over the entire marina for a 30-day period with the actual show occurring over a four to five day period. The show attracts approximately 125,000 to 145,000 boat enthusiasts each year. The allocated loan amount for this property is $65.76 million which represents 15.5% of the total first-mortgage loan.

Hyatt Regency Pier Sixty-Six Resort & Spa

The Hyatt Regency Pier Sixty-Six Resort & Spa is a 384-room, full service hotel housed in a 17-story tower and two two-story buildings. In addition to the guest rooms, the hotel has five food & beverage (F&B) outlets, over 23,000 square feet of meeting space and 5,000 square feet of pre-function space, three pools, a 40-person hydrotherapy pool, two tennis courts, spa, and a health club that includes sauna, Jacuzzi, and steam rooms. The property is located along the Intracoastal Waterway in Ft. Lauderdale; collateral also includes a 127-slip marina, which includes 3,400 square feet of retail space. The allocated loan amount for this property is $42.24 million which represents 9.9% of the total first-mortgage loan.

The sponsor has commenced a $17.7 million renovation of the marina, which is scheduled to be completed by October 2014. The renovation will include the installation of a floating dock system, upgrades to the marina's electrical systems, renovations to the marina's bulkheads, and upgrades to the basin area. The arranger has pre-approved a capital budget of $8.7 million for 2013 and $9.0 million in 2014. As of the loan closing, $1.21 million of the 2013 capital budget has been spent. All renovations are scheduled to be completed by October 2014 in time for the Ft. Lauderdale International Boat Show, which is scheduled to be held in October 2014 also and leases the marina for the duration of the show. The sponsor has provided no completion guarantees for the renovation and the arranger has not required the funding of any upfront reserves to ensure completion of the renovation. Morningstar has accounted for this risk by adjusting the value of the property during the term of the loan downward by the remaining cost of the renovation after adjustments for credit for reserve for replacement during the first two years.

The sponsor has the ability to release the marina parcel from the mortgage independent of the hotel. However, the sponsor is not allowed to release the hotel from the mortgage without either having previously released the marina parcel or releasing them simultaneously. The release of the marina parcel requires a payment of the greater of 115% of a defined release amount or the mortgage lender's pro rata share, when combined with the mezzanine loans, of 80% of the proceeds from an arm's length sale of the marina parcel.

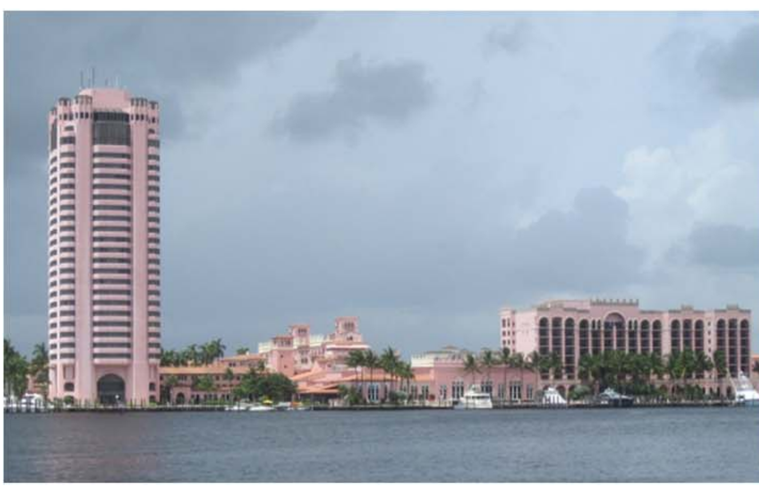
The franchise agreement was executed with Hyatt Franchise Corp. in 1994 and has a term of 20 years, expiring in November 2014. The franchise agreement does not provide for additional renewal options. The borrowers will need to negotiate with Hyatt to renew the franchise agreement and/or if Hyatt does not wish to continue franchising the hotel will need to negotiate with other major US brands to secure an alternative, comparable affiliation. There is a risk that the borrowers will be unable to reach a mutually acceptable agreement with Hyatt or another upscale brand and may be forced either to operate as an independent hotel or select a brand that targeted to a slightly downscale market niche. Under either scenario, it is possible that operating results at the hotel could be impacted negatively either in terms of utilization and/or average room rate potential. Morningstar assumed a property improvement plan renovation will be required over the near term and to account for this risk has adjusted the value of the asset downward by $4.8 million to reflect the estimated cost of this work.

Waldorf Astoria Edgewater Beach

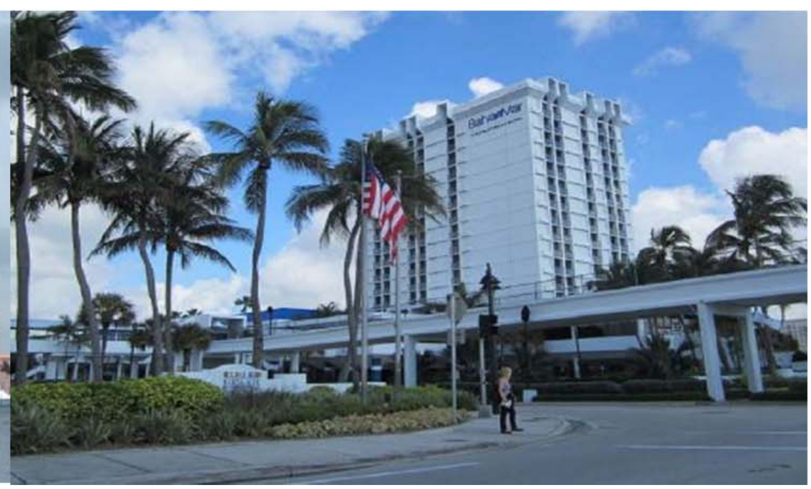
The Waldorf Astoria Edgewater Beach Hotel is a 125-room, full-service upscale hotel located in Naples, Florida. The property is located along the beach on the Gulf of Mexico and includes two food and beverage outlets (the Coast Restaurant and a Pool Bar), approximately 2,500 square feet of meeting space, two outdoor swimming pools, direct beach frontage, and fitness center. The allocated loan amount for this property is $34.21 million which represents 8.0% of the total first-mortgage loan.

The subject hotel is currently operated under the Waldorf Astoria brand name. During Morningstar's tour of the hotel, the extent and quality of the facilities did not seem in line with the expectations of a true Waldorf Astoria property. In addition, there is another Waldorf Astoria property owned by the sponsor called Waldorf Astoria Naples, approximately four miles to the north. Based on surveys, the guest satisfaction has been low for the subject, primarily due to expectation of the Waldorf Astoria brand. While the management agreement runs until the end of 2030, there is a one-time right to terminate the management agreement at any time after February 29, 2016. This is well beyond the initial two year loan term but is within the extended loan term. Based on the physical and location attributes of the hotel, management indicated that the Waldorf Astoria brand is not necessary to the current positioning of the hotel. There is a risk that Hilton would take the opportunity to remove the Waldorf Astoria brand and switch to another Hilton brand. Alternatively, the owner could select another full-service brand or franchise or opt to operate the hotel as an independent hotel once again.

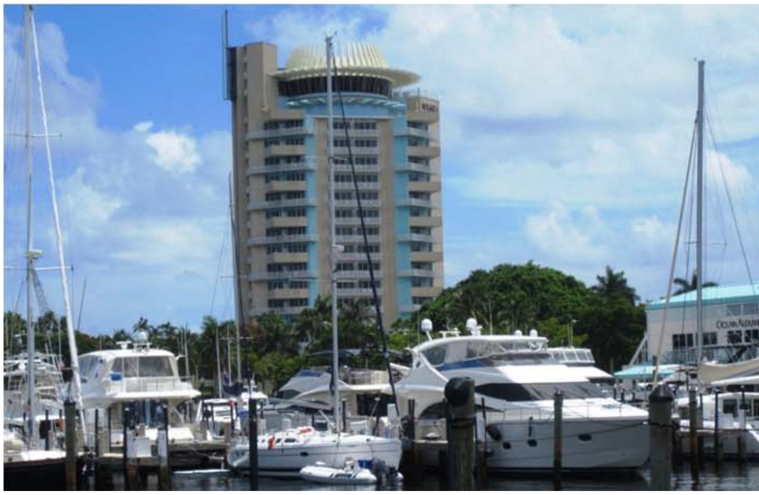
The borrowers have indicated that they intend to sell the Waldorf Astoria Edgewater Beach property and as such the property will be released from the loan at such time. The release price shall be 115% of the $34.21 million allocated loan amount. The beginning loan to value on the hotel is 63.9% based upon the Morningstar value which is in line with the overall leverage of the portfolio as a whole; as a result the release of this loan would not be expected to have a negative impact on the leverage on the overall portfolio after release.



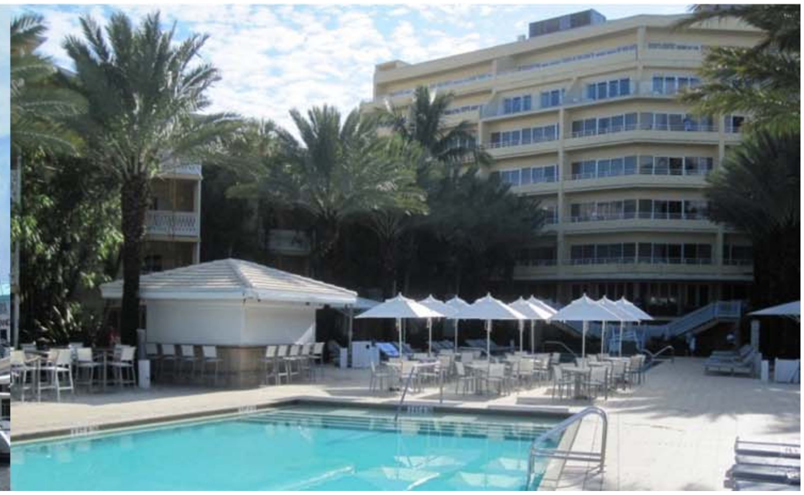
Waldorf Astoria Boca Raton Resort & Club – Boca Raton, FL



DoubleTree Bahia Mar – Ft. Lauderdale, FL



Hyatt Regency Pier Sixty-Six Resort & Spa – Ft. Lauderdale, FL



Waldorf Astoria Edgewater Beach - Naples, FL

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.

Managers

The DoubleTree Bahia Mar hotel is currently managed by DoubleTree Management LLC and the DoubleTree Bahia Mar marina is currently managed by Interstate Management Company, L.L.C. The Waldorf Astoria Edgewater Beach and the Waldorf Astoria Boca Raton Resort & Club are both currently managed by Waldorf=Astoria Management LLC. Both DoubleTree Management LLC and Waldorf=Astoria Management LLC are owned by Hilton Worldwide which is global hospitality company owned by the Blackstone Group and, as such, are entities indirectly related to the Sponsors and the Borrowers. The Hyatt Pier Sixty-Six Property is currently managed by Interstate Management Company, L.L.C. which is a wholly owned subsidiary of a joint venture between subsidiaries of Thayer Lodging and Jin Jiang Hotels.

Franchise Risk

The franchise agreement with Hyatt Companies for the Hyatt Regency Pier Sixty-Six Resort and Spa expires in November 2014 and does not provide for any extension options. The borrowers will need to negotiate with Hyatt to renew the franchise agreement and/or if Hyatt does not wish to continue with the hotel will need to negotiate with other major US brands to secure an alternative, comparable affiliation. There is a risk that the borrowers will be unable to reach a mutually acceptable agreement with Hyatt or another upscale brand and may be forced either to operate as an independent hotel or select a brand that targeted to a slightly downscale market niche. Under either scenario it is possible that operating results at the hotel could be impacted negatively either in terms of utilization and/or average room rate potential.

It is very common that when a management agreement or franchise agreement expires, the manager or franchisor takes the opportunity to force the asset owner to improve the product. As a result, there is also risk that the negotiation of a new franchise agreement will require the borrowers to conduct a renovation to guest rooms in order to secure the contract. Morningstar has attempted to factor in this risk by deducting an assumed $4.8 million renovation from the current or term value of the asset; this equates to a renovation of $12,500 per room.

Leasehold Interest

The DoubleTree Bahia Mar and related marina are subject to a partial, long-term ground lease with the City of Fort Lauderdale. The original lease commenced in 1962 and had an initial term of 50 years. However, the ground lease was extended for another 25 years in 2012 and has one, 25- year extension option remaining. The fully extended lease would expire in September 2062 which is 44 years after the maturity date of the fully extended loan. Leasehold interests are subject to certain risks not associated with mortgages secured by a lien on the fee estate of the borrower. The most significant of these risks is that if the borrowers' leasehold were to be terminated, the lender may lose its security in the leasehold interest. The ground lease (and related documents) for the Bahia Mar property generally contains customary "financeable" ground lease protections, however the ground lessor has not agreed to enter into a new lease with lender upon a termination of the ground lease. There are certain mitigants to such issues including: (1) the ground lease (and related documents) require the ground lessor thereunder to give the mortgage loan lender notice of the borrowers' defaults under the ground lease and an opportunity to cure such defaults, (2) the borrowers are structured as a special purpose bankruptcy remote entity to reduce bankruptcy risk but if such entity is nonetheless involved in a bankruptcy or similar insolvency proceeding and rejects the lease, the borrowers and sponsor have full recourse to lender under the loan agreement to pay the defined release amount for the ground lease property, and (3) while there is no assurance as to the outcome, the borrowers are attempting to obtain an agreement from the ground lessor providing the lender with the right to enter into a replacement ground lease in the event of a termination of the lease in a bankruptcy or other insolvency proceeding of the Bahia Mar borrower. Upon the receipt of the agreement described in clause (3) above, the recourse liability in clause (2) above will be released. If, despite such mitigants, the ground lease is terminated and the lender loses its security in the leasehold interest or the value of the ground lease and/or remedies related thereto are adversely impacted, the ratings may be downgraded.

Submerged Land Leases

The Waldorf Astoria Boca Raton Resort & Club and the Hyatt Regency Pier Sixty-Six Resort & Spa are both subject to submerged land leases for a small share of the slips are each marina. The lessor for both properties is the Board of Trustees of the Internal Improvement Fund of the State of Florida. The current annual rent for both properties is a base payment plus 6% of gross receipts derived from the lessee's rental of wet slips. The lease at the Boca Raton marina expires May 2015 and the lease at the Pier Sixty-Six marina expires in November 2014. Renewal is at the discretion of the lessor; however, this risk is mitigated by the fact that each lease has been renewed at each expiration in the past. While the borrowers have mortgaged their leasehold interests in those submerged land leases to the lender, these leases do not contain financeable provisions. Therefore, lender may not have certain rights and protections related to these leases and lender's interest in such leases may terminate or the value or remedies related thereto may be impacted.

Hyatt Regency Pier Sixty-Six Resort & Spa Marina Release Provision

The sponsor has the ability to release the marina parcel at the Hyatt Regency Pier Sixty-Six Resort & Spa from the mortgage independent of the hotel. However, the sponsor is not allowed to release the hotel from the mortgage without either having previously released the marina parcel or releasing them simultaneously. The release of the marina parcel requires a payment of the greater of 115% of a defined release amount or the mortgage lender's pro rata share, when combined with the mezzanine loans, of 80% of the proceeds from an arm's length sale of the marina parcel. The allocated loan amount for the marina portion is $11.30 million, which will be adjusted pro rata to the extent that the mortgage loan is prepaid.

Environmental Concerns

The third party environmental report (the "ESA") on the Waldorf Astoria Boca Raton Resort & Club identified that three fuel underground storage tanks ("USTs") and one waste oil UST were previously removed from areas near the golf course facilities. UST closure documentation for two of the former USTs was not available for review by the consultants. Sampling information obtained in 1990 regarding the area near the other two former USTs detected contamination. Although the 1990 recommendation had been to file a notice of UST discharge to the county environmental agency, no discharge reporting or other additional information was available for review by the environmental consultant. The ESA recommended a review of government environmental agency files; if the file review results should indicate that additional Phase II environmental site assessment sampling is warranted, then the ESA estimated that such contingent sampling for all of the former UST locations would cost in total approximately $25,000. If the results of such contingent sampling should indicate that remediation is needed, then the ESA estimated that contingent worst-case remediation costs for soil and for groundwater would be approximately $115,000 and $75,000, respectively. The borrowers have escrowed $323,550 at the closing of the mortgage loan for costs that may arise in respect to these concerns. Additionally, the borrowers obtained an owner's environmental insurance policy in which the mortgage lender is a named insured with automatic rights of assignment in the event of foreclosure. Coverage under the insurance policy is $5,000,000 per incident and $10,000,000 aggregate, with a $50,000 self-insured deductible per incident, and the policy has an initial term ending August 9, 2021.

With respect to the Hyatt Regency Pier Sixty-Six Resort & Spa, the ESA reported UST issues regarding current boat fueling tanks. With regard to current boat fueling, three USTs that were installed in 2009 currently are used at the property without known impacts, and a leaking underground storage tank ("LUST") incident in 2005 for a prior UST was remediated and the incident was issued a state Site Rehabilitation Completion Order ("SRCO") approving proposed no further action status. A LUST incident in 2009 for another former UST has been subject to investigation and remediation, and follow-up groundwater monitoring results as of January 2013 identified no action level residual contamination. By letter dated March 13, 2013, the state environmental agency concurred that requirements for no further action status had been met and that an SRCO therefore would be issued upon proper documentation of monitoring well abandonment. Although the project operator subsequently received notice of violation of requirements, the ESA reported that all monitoring wells were closed on July 10, 2013 and the only remaining necessary action is to submit an acceptable well abandonment report.

The DoubleTree Bahia Mar had a LUST that was removed. The release associated with this LUST requires environmental remediation, most likely by means of a soil vapor extraction system. The environmental consultant estimates the costs associated with this remediation range from $150,000 to $200,000. However, the DoubleTree Bahia Mar is eligible for state-funded cleanup assistance under the FDEP's Early Detection Initiative Program. Based on the date of the release, there would be no deductible, and therefore no cost to the borrowers, associated with this remediation.

Flooding and Windstorm

The properties are in a "Hurricane Susceptible Region" according to the map published by the Federal Emergency Management Agency. The all-risk insurance policy currently insuring the properties includes flood coverage through the National Flood Insurance Program for all properties in an amount equal to $500,000 for building coverage and $500,000 for contents coverage, applying per building, plus an additional $100,000,000 limit for flood damage for the Waldorf Astoria Boca Raton Resort & Club and $100,000,000 for the Hyatt Regency Pier Sixty-Six Resort & Spa, DoubleTree Bahia Mar, and the Waldorf Astoria Edgewater Beach. Windstorm coverage (including named storms) provides for limits of not less than $500,000,000 per occurrence for the Waldorf Astoria Boca Raton Resort & Club and $225,000,000 for the Hyatt Regency Pier Sixty-Six Resort & Spa, DoubleTree Bahia Mar and Waldorf Astoria Edgewater Beach. The policy also covers pollution liability up to a $5,000,000 per incident limit and $10,000,000 aggregate limit.

Morningstar Analysis and Valuation

Morningstar evaluated the historical cash flow, occupancy levels, operating expenses, fixed expenses, tenant improvements, leasing costs, and capital costs of each asset individually. Morningstar's estimates of revenue and expenses, as well as our analytical approach, are discussed below.

Morningstar Estimate of Net Cash Flow

Revenue

Rooms Revenue – based upon the Morningstar estimate of normalized occupancy and average room rate for each asset.

Other Revenues – are estimated by evaluating historical and projected income per occupied room for each revenue category which is then applied to our estimate of normalized occupancy at the hotel. Revenues are also evaluated on a fixed and variable basis with a percentage of income considered to be fixed (such as golf income for members) with the remainder assumed to vary with occupancy.

Departmental Expenses

Rooms Expense – are estimated by evaluating historical and projected expenses per occupied room which is then applied to our estimate of normalized occupancy at the hotel.

Other Departmental Expenses – are estimated by evaluating historical and projected expenses as a percentage of sales for each line item.

Undistributed Operating Expenses

Franchise Fees – are estimated based upon the terms of the franchise agreement and generally include only royalty fees. For the Hyatt Regency Pier Sixty-Six Resort & Spa, the current franchise fees are 2.5% of room revenue; Morningstar has increased this expense to 4.0% of room revenue to be reflective of industry averages.

Other Undistributed Operating Expenses – expenses for the Administrative & General, Sales and Marketing, Utilities, and Repairs and maintenance categories are generally estimated based upon an evaluation of historical and projected expenses per room. Expenses in these categories are considered to be highly fixed and only 10% are assumed to vary with changes in occupancy.

Management Fees – the management fee for each asset is evaluated individually by reviewing the terms of the management agreement and comparing to industry averages. Morningstar has assumed the highest of 2.5-3.0% of gross revenue or the percentage which has been historically reported by the hotel.

Fixed Expenses

Real Estate and Personal Property Taxes – are based upon a review of historical taxes paid, the borrowers' Reforecast for Year End 2013, or actual tax bills for each asset as available.

Insurance – is generally based upon the current insurance premium paid by the hotel as provided by the arranger.

Ground Rent – is based upon a review of the terms of the ground lease and an evaluation of historical expenses paid.

Reserve for Replacement of FF&E – Morningstar has estimated reserve for replacement to be equivalent to 4.0% of gross revenue at each hotel.

The table on the following page presents a summary of historical operating results for 2010, 2011, 2012, trailing twelve months ending June 30, 2013, the borrowers' estimated Reforecast for Year End 2013, the arranger's underwriting, and Morningstar's conclusions. An excel spreadsheet with the income and expense figure for each asset are provided on the Morningstar Credit Ratings website along with the pre-sale report.

	Morningstar Underwriting	Year End 2010	Year End 2011	Year End 2012	TTM 6/30/13	Reforecast 2013	Issuer Underwriting
Number of Days	365	365	365	366	365	365	365
Number of Rooms	1,852	1,852	1,852	1,852	1,852	1,852	1,852
Available Roomnights	675,980	675,980	675,980	677,832	675,980	675,980	675,980
Occupied Roomnights	441,696	398,722	416,853	431,024	445,028	457,860	449,945
Occupancy Percent	65.3%	59.0%	61.7%	63.6%	65.8%	67.7%	66.6%
Average Room Rate	$213.14	$200.24	$206.03	$211.44	$211.32	$211.96	$211.27
Rooms RevPAR	$139.27	$118.11	$127.05	$134.45	$139.12	$143.57	$140.63
Departmental Revenue							
Room	$94,142,023	$79,838,359	$85,882,480	$91,137,230	$94,041,101	$97,047,507	$95,061,549
Food & Beverage	71,550,571	62,600,497	71,943,857	67,897,855	71,567,032	75,545,370	71,567,032
Telephone	1,739,927	1,561,904	1,742,992	1,508,019	1,741,584	1,764,580	1,741,584
Golf Operations	6,164,471	6,305,196	6,429,539	6,073,054	6,004,282	6,378,438	6,004,282
Spa Operations	4,972,498	5,076,735	5,566,402	4,727,067	4,914,782	5,259,537	4,914,782
Tennis/Beach/Retail/Bus Ctr	6,612,576	5,415,266	6,443,009	6,256,351	6,607,121	6,961,769	6,607,121
Marina	24,621,625	18,207,456	22,001,691	22,201,176	22,905,995	23,091,004	23,962,834
Membership Dues	18,736,000	15,527,555	15,661,203	16,350,250	16,924,218	17,552,302	19,103,714
Membership Sales	5,815,000	3,781,118	5,868,663	5,859,316	7,943,700	7,707,636	5,271,431
Rents & Other Income	13,616,012	12,073,225	12,633,336	12,705,031	14,011,812	14,328,300	14,011,812
Total Departmental Revenue	**$247,970,705**	**$210,387,311**	**$234,173,172**	**$234,715,349**	**$246,661,627**	**$255,636,443**	**$248,246,141**
Departmental Expenses							
Room	$21,945,822	$19,504,117	$21,306,929	$21,939,560	$21,984,893	$22,146,727	$22,217,609
Food & Beverage	46,674,002	43,109,015	47,744,329	44,934,518	46,420,987	48,631,021	46,420,987
Telephone	1,120,932	893,750	1,034,089	1,077,303	1,111,234	1,170,269	1,111,234
Golf Operations	4,292,540	4,172,453	4,405,366	4,227,374	4,264,138	4,378,639	4,264,138
Spa Operations	3,867,120	3,781,440	4,234,779	3,797,970	3,784,431	4,023,617	3,784,431
Tennis/Beach/Retail/Bus Ctr	6,225,451	5,374,054	6,046,406	5,992,673	6,214,441	6,469,200	6,214,441
Marina	5,882,439	4,529,681	5,512,362	5,687,483	5,780,682	5,749,135	5,780,682
Membership Sales	3,109,639	2,211,420	2,735,963	2,764,063	3,109,639	3,040,537	2,934,035
Rents & Other Income	5,939,164	5,020,790	5,294,142	5,406,607	5,957,385	6,138,110	5,957,385
Total	**$99,057,110**	**$88,596,720**	**$98,314,365**	**$95,827,551**	**$98,627,830**	**$101,747,255**	**$98,684,942**
Departmental Net Profit	**$148,913,595**	**$121,790,591**	**$135,858,807**	**$138,887,798**	**$148,033,797**	**$153,889,188**	**$149,561,199**
Undistributed Expenses							
General & Administrative	$17,020,715	$16,313,469	$17,125,125	$16,650,300	$16,787,147	$17,103,925	$16,906,147
Franchise Fees	527,736	314,372	338,489	338,623	329,643	344,651	329,646
Advertising & Marketing	13,576,799	12,721,521	12,958,651	13,521,652	13,446,931	14,083,524	13,446,931
Repairs & Maintenance	12,873,217	11,994,473	12,669,282	12,726,711	12,874,104	12,815,792	12,910,104
Utilities	8,353,555	8,737,289	9,181,355	8,325,613	8,376,295	8,415,908	8,376,295
Management Fees	7,515,218	5,259,691	5,860,657	5,994,957	6,572,462	6,794,051	5,211,107
Fixed Expenses							
Real Estate Taxes	$8,169,564	$8,268,967	$7,938,579	$7,889,448	$7,595,684	$7,750,286	$7,750,286
Insurance	8,770,105	8,417,169	8,166,915	9,152,503	9,722,564	9,970,761	8,770,105
Ground Rent	1,739,049	1,579,485	1,435,526	1,558,755	1,610,486	1,739,049	1,721,888
Other Fixed Charges	545,942	1,434,390	829,725	814,108	703,487	545,942	545,010
Total Operating Expenses	**$178,149,009**	**$163,637,546**	**$174,818,669**	**$172,800,221**	**$176,646,633**	**$181,311,144**	**$174,652,460**
Net Operating Income	**$69,821,696**	**$46,749,765**	**$59,354,503**	**$61,915,128**	**$70,014,994**	**$74,325,299**	**$73,593,681**
Reserve for Replacement of FF&E	9,918,828	8,415,492	9,366,927	9,388,614	9,866,465	10,225,458	9,929,846
Net Cash Flow	**$59,902,868**	**$38,334,273**	**$49,987,576**	**$52,526,514**	**$60,148,529**	**$64,099,841**	**$63,663,835**

Morningstar Valuation

Morningstar estimated the value of each asset in the portfolio based upon the income capitalization approach to value. Capitalization rates are estimated quarterly by Morningstar for the hotel sector in each region and major metropolitan area based upon a review of investor surveys including Real Estate Research Council, PWC Real Estate Investor Survey (Korpacz), as well as a review of research and comparable sales information provided by Real Capital Analytics. Based upon the value by direct capitalization, the weighted average capitalization rate for the portfolio was 8.36%. The capitalized value was then further adjusted to reflect deductions to value associated with the cost of ongoing renovations, the cost of assumed property improvement plan renovations, and the future funding obligation associated with the return of membership deposits at the Boca Raton Resort & Club. Morningstar has prepared two separate values for the asset, the current value of the asset (the "term value") and the value of the asset at the maturity of the loan (the "balloon value"). The following illustrates our estimates of value and describes our adjustments to each value conclusion.

Morningstar Term Value

For the purposes of evaluating current leverage on the loan and for evaluating value and loss severity in our proprietary CMBS Subordination Model, Morningstar has estimated the value of the asset during the term of the loan. The following table presents a summary of the valuation and adjustments and the paragraphs that follow detail the rational for each deduction.

Summary of the Morningstar Valuation - Value During Term of the Loan (Term Value)					
	Waldorf Astoria Boca Raton Resort & Club	DoubleTree Bahia Mar	Hyatt Regency Pier Sixty-Six Resort & Spa	Waldorf Astoria Edgewater Beach	Total
Number of Rooms	1,047	296	384	125	1,852
Net Cash Flow (NCF)	$35,495,662	$12,933,660	$6,790,392	$4,683,154	$59,902,868
Capitalization Rate	8.25%	8.55%	8.30%	8.75%	8.36%
Capitalized Value	$430,250,454	$151,270,877	$81,811,947	$53,521,758	$716,855,036
Less: Adj. for Ongoing Renovations	-$4,879,779	$0	-$14,235,427	$0	-$19,115,206
Less Adj. for Assumed PIP Renov.	n/a	n/a	-$4,800,000	n/a	-$4,800,000
Less Adj. for Club Deposits	-$19,291,910	n/a	n/a	n/a	-$19,291,910
Final Morningstar Value	$406,078,765	$151,270,877	$62,776,520	$53,521,758	$673,647,920
Value Per Room	$387,850	$511,050	$163,481	$428,174	$363,741

Adjustment for Ongoing Renovations

As discussed in more detail in the individual asset summary reports to follow this pre-sale, the borrowers are in the process of conducting renovations in the amount of $19.1 million for 175 guest rooms at the Waldorf Astoria Boca Raton Resort & Club and $19 million of renovations to the marina at the Hyatt Regency Pier Sixty-Six Resort & Spa. The funds to complete these renovations were not set aside into an escrow account at closing, and therefore, the borrowers will fund this work from net cash flow or through an equity contribution. Morningstar has adjusted these future obligations to give credit for work already completed and for 2-3 years of the reserve for replacement amount calculated for each asset (assuming that only 60% of the reserve will be applied as a credit leaving 40% for ongoing repairs and other work). Based upon this evaluation, Morningstar has adjusted the values downward by $4.9 million and $14.2 million for the Waldorf Astoria Boca Raton Resort & Club and the Hyatt Regency Pier Sixty-Six Resort & Spa, respectively.

Adjustment for Property Improvement Plan Renovations

Franchisors and brand operators typically require that hotel owners conduct periodic renovations to update and renovate guest rooms and public space in order to ensure that the quality of the asset is in line with its competition as well as brand standards. These renovating requirements are referred to in the industry as property improvement plans ("PIP"). The PIP is estimated by the franchisor or brand operator based upon an evaluation of the condition and quality of the facilities and requirements may range from a minimal soft goods refresh to an extensive renovation including upgrades to guest bathrooms, replacement of case goods and furniture, in addition to soft goods upgrades. It is very common that when a management agreement or franchise agreement expires, the manager or franchisor takes the opportunity to force the asset owner to improve the product. As discussed earlier, the franchise agreement with Hyatt expires in November 2014, and as a result, the owner will likely be required to conduct renovations to maintain the Hyatt brand or to secure a similar US upscale brand. For the Hyatt Regency Pier Sixty-Six Resort & Spa, we have estimated a PIP renovation of $4.8 million ($12,500 per room) will be required in the near term and as a result have deducted this cost from the value of the asset during the loan term.

Adjustment for Club Deposits

The Waldorf Astoria Boca Raton Resort & Club includes the operation of a private membership club. New membership deposits earned between 1991 and 1998 are fully refundable to those members who signed up during that period and the borrowers will need to fund the reimbursement of these initial fees. Based upon an in-depth analysis provided by the arranger, Morningstar has estimated the net present value of these deposits to be $19.3 million (based upon a discount rate equivalent to 3% inflation). This future funding obligation has been deducted from both the Morningstar value during loan term as well as the Morningstar value at loan maturity.

Morningstar Balloon Value

For the purposes of evaluating refinance risk of the portfolio in our proprietary CMBS Subordination Model, Morningstar has also estimated the value of the asset at the maturity of the loan (the balloon value). The following table presents a summary of the valuation and adjustments and the paragraphs that follow detail the rationale for each deduction.

Summary of the Morningstar Valuation - Valuation at Maturity (Balloon Value)					
	Waldorf Astoria Boca Raton Resort & Club	**DoubleTree Bahia Mar**	**Hyatt Regency Pier Sixty-Six Resort & Spa**	**Waldorf Astoria Edgewater Beach**	**Total**
Net Cash Flow (NCF)	$35,495,662	$12,933,660	$6,790,392	$4,683,154	$59,902,868
Capitalization Rate	8.25%	8.55%	8.30%	8.75%	8.36%
Capitalized Value	$430,250,454	$151,270,877	$81,811,947	$53,521,758	$716,855,036
Less Adj. for Assumed PIP Renov. (1)	-$23,155,585	-$689,312	n/a	-$1,561,468	-$25,406,365
Less Adj. for Club Deposits	-$19,291,910	n/a	n/a	n/a	-$19,291,910
Final Morningstar Value	$387,802,959	$150,581,565	$81,811,947	$51,960,289	$672,156,761
Value Per Room	$370,394	$508,722	$213,052	$415,682	$362,936

Adjustment for Property Improvement Plan Renovations

Morningstar has assumed that at maturity of the loan the borrowers will be required by each respective brand operator to conduct a PIP renovation of $30,000 per room at the Waldorf Astoria Boca Raton Resort & Club, $10,000 per room at the DoubleTree Bahia Mar, and $20,000 per room at the Waldorf Astoria Edgewater Beach. Morningstar has adjusted these future obligations to give credit for 2-3 years of the reserve for replacement for each asset (assuming that only 60% of the reserve will be applied as a credit leaving 40% for ongoing repairs and other work). No deduction for property improvements has been made for the Hyatt Regency Pier 66 since this work has been deducted from the term value and is assumed to be completed by the maturity of the loan.

Adjustment for Club Deposits

As discussed on the preceding page, The Waldorf Astoria Boca Raton Resort & Club includes the operation of a private membership club. Morningstar has adjusted the balloon value downward by $19.3 million which is the net present value of future funding obligations associated with these members.

Loan Summary

General Loan Terms

The $425 million first mortgage loan which is collateral for the Boca Hotel Portfolio Trust 2013-BOCA, is part of a larger $795 million whole loan financing which closed on August 9, 2013. The loan was funded to refinance $747.41 million of existing senior debt and $99.99 million of existing junior debt. Reserves in place from the prior financing were used to repay the existing loan amount and the sponsor contributed an additional $40.69 million of cash equity to close the transaction.

Sources of Funds		Uses of Funds	
First Mortgage	$425,000,000	Repay Existing Debt – Senior Debt	$747,414,865
Mezzanine Loan A	220,000,000	Repay Existing Debt – Junior Debt	99,989,358
Mezzanine Loan B	75,000,000	Interest and Fees on Existing Debt	16,143,304
Mezzanine Loan C	75,000,000	Closing Costs	11,656,071
Existing Reserves	50,103,551	Tax Reserve	7,850,211
Sponsor Equity	40,690,237	Deferred Maintenance Reserve	2,639,979
		Marina Reserve	100,000
Total Sources	$885,793,788	Total Uses	$885,793,788

The loan is interest-only throughout the loan term. The initial term of the loan is for a period of two years, but provides for three 12-month extension options. Interest is paid as a spread over 30-day LIBOR and while the loan agreement requires borrower to enter into an interest rate cap agreement with a strike rate of 1.75% (or possibly higher during extension terms), Morningstar has assumed LIBOR does not exceed 1.75% for purposes of Morningstar's analysis. There is no LIBOR floor and, therefore, actual interest payments will be based upon the 30-day LIBOR rate for each interest period. The interest rate spread during the initial term and the first extension period is 3.0959% and increases to 3.3459% during the second and third extension options (an increase of 25 basis points).

All excess cash from operations shall be swept into an excess cash reserve account if the mortgage loan debt yield for two consecutive quarters, which is calculated as the trailing 12 month net operating income as defined in the loan agreement divided by the total outstanding debt including both the first mortgage and all mezzanine loans, is less than the mortgage loan required debt yield. The mortgage loan required debt yield shall be 7.00% during the initial term and the first extension option, 7.50% during the second extension period, and 8.00% during the third extension period.

Mezzanine Debt

As part of the whole loan financing, the borrowers have incurred mezzanine debt totaling $370,000,000. The following table presents a summary of the loan amount; interest rate spreads and calculated interest rates for each tranche of mezzanine debt.

Summary of Mezzanine Loans					
	Loan Amount	Interest Spread (Initial & 1st Ext. Term)	Interest Spread (2nd & 3rd Ext. Terms)	Interest Rate (Initial & 1st Ext. Term) (1)	Interest Rate (2nd & 3rd Ext. Terms) (1)
Mezzanine Loan A	$220,000,000	5.75%	6.00%	7.50%	7.75%
Mezzanine Loan B	75,000,000	8.00%	8.25%	9.75%	10.00%
Mezzanine Loan C	75,000,000	9.00%	9.25%	10.75%	11.00%
Total Subordinated Debt	$370,000,000				

Note: (1) Interest rate shown above assumes the interest rate spread over 1.75% LIBOR rate cap.

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

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

The intercreditor agreement includes, among other rights, mezzanine lender (i) consent and/or consultation rights with respect to budget approvals, termination and/or replacement of the property manager, alterations, leases and other property agreements including REAs and (ii) rights in connection with the determination of a cash sweep period under the senior loan. Further, the intercreditor agreement includes certain provisions that could delay senior lender rights in bankruptcy proceedings of borrowers for 30 days (or such later cure period as provided in the intercreditor agreement). In addition, the intercreditor agreement requires the senior lender to provide notice to mezzanine lenders and wait 25 business days (or such later period as provided in the intercreditor agreement) prior to accepting a deed in lieu of foreclosure. Further, the senior lender may be subject to a standstill period of 45 days in connection with certain mezzanine lender rights related to extensions, which standstill period may delay senior lender remedies and is not preferred or customary. Such consent, consultation and other rights, including rights to delay certain senior lender remedies, may limit and/or delay senior lender's workout of the loan, remedies, the timing for modifications of the loan and a sale of the loan.

In addition, holders of mezzanine debt may be affiliated with the borrowers. In addition, the senior mezzanine loan is expected to be securitized. The holders of certificates (issued under the senior mezzanine loan securitization) may be borrowers or borrowers' affiliates. As a mitigant, the intercreditor places certain restrictions on consent rights and exercise of certain rights while the mezzanine loan is held by a borrower or borrower affiliate.

Overall Capital Structure and Loan Metrics

Based upon the terms of the first-mortgage and mezzanine loans, the following table presents a summary of the loan amount, debt yield, leverage, and debt service coverage ratios for each type of debt based upon the Morningstar estimate of net cash flow and both term and balloon values.

Capital Structure Table

Loan	Current Balance	Interest Rate (Initial & 1st Ext. Term) (1)	Interest Rate (2nd & 3rd Ext. Terms) (1)	DSCR (Initial & 1st Ext. Term)	DSCR (2nd & 3rd Ext. Terms)	Debt Yield	BLTV (2)	ELTV (2)
First Mortgage	$425,000,000	4.8459%	5.0959%	2.87 x	2.73 x	14.1%	63.1%	63.2%
Mezzanine A	220,000,000	7.5000%	7.7500%	1.59 x	1.53 x	9.3%	95.7%	96.0%
Mezzanine B	75,000,000	9.7500%	10.0000%	1.33 x	1.28 x	8.3%	106.9%	107.1%
Mezzanine C	75,000,000	10.7500%	11.0000%	1.13 x	1.08 x	7.5%	118.0%	118.3%
Total	$795,000,000	4.9417%	5.1951%	1.13 x	1.08 x	7.5%	118.0%	118.3%

Note: (1) Interest is calculated as a spread over LIBOR, Morningstar has applied the interest rate spread to a LIBOR cap of 1.75%
(2) See Morningstar Analysis and Valuation for details on how the term and balloon values vary.

Borrowers and Sponsors

The sponsor of this loan includes the Blackstone Real Estate Partners IV L.P. and certain of its affiliates and parallel funds (the "Sponsor"). The Sponsor is managed and controlled by The Blackstone Group which is a global alternative asset manager and provider of financial advisory services and is listed on the New York Stock Exchange (NYSE: BX). As of June 30, 2013, Blackstone had assets under management of over $156 billion and nearly 1,800 investment and advisory professionals at their headquarters in New York and regional offices in Atlanta, Beijing, Boston, Chicago, Dallas, Dubai, Dusseldorf, Hong Kong, Houston, London, Los Angeles, Menlo Park, Mumbai, Paris, San Francisco, Shanghai, Sydney and Tokyo. Blackstone's Real Estate group was founded in 1991 and is the largest opportunistic real estate investment manager in the world. Blackstone's real estate vehicles have invested or committed to invest $35 billion of equity in 310 investments since inception, including $31.8 billion through its global opportunity funds and $3.5 billion in real estate debt draw down funds. As of June 30, 2013 real estate assets under management totaled $42.1 billion.

The borrowers on this loan include 2301 SE 17th St. L.L.C., Panthers BRHC L.L.C. Rahn Bahia Mar L.L.C. and Panthers RPN L.L.C. (collectively, the "Borrowers") and BRE/Baton Operating Lessee LLC and BRE/P66 Operating Lessee LLC (collectively, the "Operating Lessees") are bankruptcy remote single purpose entities and each is a "recycled entity" for the purpose of owning, leasing, and operating the properties. Each of the Borrowers and Operating Lessees are required to have two independent members that may be removed only on at least five days prior notice to Lenders. Each Operating Lessee is a party to, and bound by, among other things, the mortgage, the mortgage loan agreement and the cash management agreement. The Borrowers are majority owned and controlled by certain of Blackstone Real Estate Partners IV L.P., Blackstone Real Estate Partners IV.TE.2 L.P., Blackstone Real Estate Holdings IV L.P., Blackstone Real Estate Partners IV.F L.P., Blackstone Real Estate Partners (DC) IV.TE.1 L.P., Blackstone Real Estate Partners (DC) IV.TE.2 L.P. and Blackstone Real Estate Partners (DC) IV.TE.3-A L.P., which, collectively, are the guarantors of the loan and which entities are managed by affiliates of the Blackstone Group, L.P. The Boca Raton Resort & Club and the Hyatt Regency Pier Sixty-Six Resort & Spa are operated under operating leases which are subject and subordinate to the mortgage for each asset.

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.

Floating Rate Loan

The loan has a floating interest rate based on LIBOR or prime rate, as applicable. To mitigate the Borrowers' exposure to increases in LIBOR, the borrower entered into a rate cap agreement with a LIBOR strike rate equal to 1.75% through the initial maturity date of the loan. The interest cap rate agreement is required to have a notional amount equal to or greater than the principal balance of the mortgage loan. In addition, a condition to any extension of the loan requires a new interest rate cap agreement for such extension term at a strike rate based on a formula in the loan agreement.

In any event, Morningstar's analysis assumed a maximum interest rate payable by the Borrowers of up to 4.96%. If this assumption is not true (whether due to expiration or termination of, or defaults with respect to, the rate cap agreement, rate cap payment or timing mismatches, conversion of the index to the prime rate, failure of rate cap provider to make timely payments and/or otherwise), Morningstar's ratings may be adversely impacted. In addition, any conversion of the applicable interest rate between LIBOR, prime rate, or other such indexes could create delays and/or impact the interest payable by Borrowers. Morningstar's ratings do not asses the likelihood of any such conversion or any related impact.

SPE and Bankruptcy Remoteness

The Borrowers are required under the loan documents and their organizational documents to maintain themselves as special purpose entities generally limited in their activities to ownership and operation of the applicable mortgaged property. The loan documents and Borrowers' organizational documents also include limitations on the borrowers' ability to incur additional indebtedness and additional covenants regarding the borrower's separateness from other entities. While each of the Borrowers are generally limited in incurring additional indebtedness, the loan allows for broader and/or higher thresholds of permitted debt than may be customary or preferred for a transaction of this type and size. The Borrowers (and/or a Borrower's general partner) are also required to have independent managers whose consent is required for certain bankruptcy matters. Although the loan documents and organizational documents require the Borrowers to comply with certain covenants relating to the borrowers' separateness, and the borrowers make certain representations regarding their previous existence, the Borrowers existed prior to the origination of the loan. While pre-existing entities present a higher risk than newly formed single purpose entities, a nonconsolidation opinion relating to the Borrowers was provided.

While single purpose entity Borrowers are intended to lessen the possibility that a borrower's financial condition would be adversely impacted by factors unrelated to the mortgaged property and the mortgage loan, there is no assurance that such borrowers will not nonetheless become part of a bankruptcy proceeding.

Voluntary Prepayment

The loan may be prepaid at any time with the payment of the adjusted release price determined for each property together with certain prepayment penalties. The adjusted release amount is generally 115% of a defined release amount for each all property except the Pier Sixty-Six Marina. The Pier Sixty-Six Marina had an original allocated loan amount of $11.33 million for the first mortgage and a combined total loan amount (including mezzanine loans) of $21.2 million. The adjusted release amount for the Pier Sixty-Six marina is the greater of 115% of a defined release amount for the marina parcel and the mortgage lender's pro rata share, when combined with the mezzanine loans, of 80% of the gross cash proceeds actually received by the Borrowers from a sale of the Hyatt Pier Sixty-Six marina parcel (net of any reasonable and customary closing costs associated with the sale of the Hyatt Pier Sixty-Six marina parcel).

Of the $425 million loan, the first $106.25 million (25% of the total) is open for prepayment at any time without the payment of a prepayment penalty. The next $106.25 million may be prepaid but is subject to a spread maintenance penalty until the March 2014 payment date. The remaining $212.5 million (50%) is open for prepayment at any time but is subject to a spread maintenance penalty until the September 2014 payment date.

Property Release of Outparcels

The loan agreement provides for the release of two outparcels from the lien of the mortgage without payment, provided that the parcels, are not income producing and that the Borrower delivers to the lender evidence that the release of the parcel will not adversely affect the economic value or will have a negative impact on the legal use or zoning of the remaining property.

- Bahia Mar Outparcel – a small parcel located along the northeaster component of the main hotel building and marina which is currently being used for surface parking for the hotel and marina. The Borrowers have development rights to create the Bahia Mar Beachwalk which would include approximately two restaurants and 30,000 square feet of office space.

- Boca Resort & Club Outparcel – small parcel located within the Boca Resort golf course which is currently used to house golf maintenance facilities. New golf maintenance facilities and any golf hole modification would be constructed prior to lender's release of the parcel.

Partial Release

Borrowers may obtain release(s) of individual properties subject to certain conditions including payment of applicable adjusted release amounts as well as certain debt yield and loan to value tests. In connection with a release of the hotel portion of the Pier 66 property, the loan documents require the contemporaneous release of the marina located at the Pier 66 property.

Purchase Options and Rights of First Refusal

Certain parties, such as property managers, may have a purchase option, right of first refusal and/or right of first offer with respect to the property it manages. Such rights may impede a refinance or sale of the loan and/or property.

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.

Cash Management

The Borrowers are required under the loan documents to establish a lockbox account for each property, a concentration account, and a cash management account, each under lender control. The Borrowers are required to (and shall cause the manager to) deposit all rents and property revenue received by the Borrowers or managers into the lockbox account at least twice each week and to cause credit card companies or credit card clearing banks to deliver all receipts payable directly to the lockbox account. Funds in each lockbox account are required to be transferred by the lockbox bank to the concentration account at least twice each week, and funds in the concentration account are required to be transferred by the concentration account bank to the cash management account at least twice each week.

Amounts in the cash management account are required to be applied pursuant to the waterfall in the loan documents. Until lender takes certain enforcement or similar actions, at any time that either of Waldorf=Astoria Management LLC or Doubletree Management LLC (each a "Hilton Manager"), each of which are affiliates of the Borrowers, is managing a property it currently manages, funds for operating expenses at the properties will be disbursed prior to applying funds in the cash management account to the waterfall detailed therein and funds for certain repairs, replacements and FF&E may be disbursed to the applicable Hilton Manager for FF&E at the property for FF&E contained in the annual budget for such property, and in any event even after an event of default. Other than as described in the immediately preceding sentence, following an event of default, the lender may apply sums in the lockbox accounts, the concentration account and the cash management account in its discretion. The requirement for disbursement of amounts by the Hilton Manager described above (including post-event of default) may result in the leakage of funds from the cash management account.

Reserve Accounts

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

Tax and Insurance Escrows

The loan agreement requires that the Borrowers deposit on a monthly basis 1/12th of the estimated annual cost for real estate and personal property taxes, water and sewer charges, and annual property insurance premiums. In the event the Borrowers enter into a future management agreement with a qualified manager that requires such manager hold reserves for the applicable property, the amount will be waived to the extent reserved by such manager. No insurance reserve is required if the properties are covered by a blanket insurance policy.

Reserve for Replacement of FF&E

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 loan agreement requires the Borrower to deposit a reserve for replacement of FF&E equal to 4.0% of total revenue for each property.

Ground Lease Reserve

The loan agreement requires that the Borrowers deposit on a monthly basis 1/12th of the estimated annual cost for ground rents and other charges due under the ground lease and each submerged ground lease.

Seasonality Reserve

Beginning on the first payment date in 2014, the Borrowers are required to deposit funds into a seasonality reserve to account for partial shortfalls in cash flow during slow and shoulder seasons. The amount required to be deposited on each payment date in January, February, March and April will be an amount equal to 1/4th of the aggregate of the shortfalls for each calendar month that has a negative cash flow (i.e. a DSCR calculated based on actual LIBOR plus 0.50% of less than 1.00 x), as projected in the annual budget. Shortfalls will be calculated based on actual LIBOR plus 0.50%. Amounts remaining in the seasonality reserve on the payment date in November of each fiscal year will be returned to the Borrowers.

Required Repairs Reserves

At closing, the Borrowers deposited $2,639,979 into a required repairs reserve for certain required immediate repairs recommended in the property condition assessments as well as the cost to conduct environmental work recommended in the Phase I environmental reports.

Renovation Reserve

At the beginning of the second extension term (August 2016), to the extent the marina renovation at the Hyatt Regency Pier Sixty-Six Resort & Spa has not been completed, the Borrowers are required to deposit funds into a renovation reserve for an amount not to exceed $17,000,000. In addition, to the extent that the current renovation of the 175 rooms in the Cloisters building at the Waldorf Astoria Boca Raton Resort & Club has not been renovated, then the Borrower shall deposit funds to complete the work, however, such reserve shall not exceed $85,000 per un-renovated room.

Membership Reserve Fund

Commencing on the Payment Date in August 2016, Borrowers must deposit an amount equal to $166,667 on each payment date into the Membership Reserve Fund, provided, that the aggregate amount of funds required to be deposited each year will not exceed $2,000,000 for both (1) the period August 2016 and ending on but not including August 2017 and (2) for the period commencing on August 2017 and ending on and including the Maturity Date. In the event the Borrower elects to pay to the mortgage lender an amount in excess of the Membership Reserve Deposit in any given month, such excess amount will, at the Borrower's election, be credited against any future Membership Reserve Deposit due.

Marina Dock Reserve

As part of the ongoing renovation of the marina at Hyatt Regency Pier Sixty-Six Resort & Spa, the lender established an escrow account to reserve the funds need to fund draw payments for the ongoing renovation. At closing, the Borrowers deposited $100,000 into a marina dock reserve fund. On each date where the Borrower submits draws requests form the contractor, the Borrower shall deposit the amount of such draw request into the marina dock reserve fund to be held by the lender provided; however, that the first $100,000 of retainage held back by the Borrowers shall be offset by the initial $100,000 deposit made. Draws from the account for payment to the contractor are subject to the terms of the agreement dated as of May 13, 2013 between Pier 66 Borrower and Eco Holding Solutions, Inc. and is required on each date where the Borrowers submit a draw request under the marina dock agreement.

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 distribution amounts to the Class A, Class X-CP, and Class X-EXT Certificates, pro-rata;
(2) Principal paydown of the Class A Certificates until paid in full, up to the principal distribution amount;
(3) Unreimbursed realized loss amounts to the Class A Certificates;
(4) Interest distribution amount to the Class B Certificates;
(5) Principal paydown of the Class B Certificates until paid in full, up to the principal distribution amount;
(6) Unreimbursed realized loss amounts to the Class B Certificates;
(7 Interest distribution amount to the Class C Certificates;
(8) Principal paydown of the Class C Certificates until paid in full, up to the principal distribution amount;
(9) Unreimbursed realized loss amounts to the Class C Certificates;
(10) Interest distribution amount to the Class D Certificates;
(11) Principal paydown of the Class D Certificates until paid in full, up to the principal distribution amount;
(12) Unreimbursed realized loss amounts to the Class D Certificates;
(13) Interest distribution amount to the Class E Certificates;
(14) Principal paydown of the Class E Certificates until paid in full, up to the principal distribution amount;
(15) Unreimbursed realized loss amounts to the Class E Certificates;
(16) On any distribution date, relating to a post-maturity interest accrual period, (i) to reduce the certificate balances of the Class A, Class B, Class C, Class D and Class E Certificates, sequentially, in that order, in each case to zero, and (ii), when the certificate balances of the Class A, Class B, Class C, Class D and Class E Certificates have been reduced to zero, to the Class A, Class B, Class C, Class D and Class E Certificates, in that order, in an amount up to the post-maturity interest shortfall distribution amount for each such Class; and
(17) All remaining proceeds to the Class R Certificates.

Allocation of Losses on Trust Certificates

Losses on the Trust Certificates are generally allocated in a reverse sequential order:
(1) to the Class E Certificates,
(2) to the Class D Certificates,
(3) to the Class C Certificates,
(4) to the Class B Certificates, and
(5) to the Class A Certificates.

The Notional Amount of the Class X-CP and X-EXT Certificates will be reduced to reflect reductions in the certificate principal amounts (including due to realized losses) of the Class A, Class B, Class C, Class D, and Class E certificates.

Rated Final Distribution Date

The rated final distribution date of each class of certificates is the distribution date in August 2026 for all certificates except the Class X-CP certificates; the rated final distribution date for the Class X-CP certificates shall be December 2014. Morningstar's ratings on the certificates address the likelihood of the timely receipt by holders of all payments of interest to which they are entitled on each distribution date and the ultimate receipt by holders of all payments of principal to which they are entitled on or before the rated final distribution date.

Trust Structural Features / Concerns

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

Maximum Rate

The trust and servicing agreement contains provisions to automatically cap the pass-through rate of the certificates post-maturity of the loan to a maximum rate. Amounts above this cap may be recovered ("Shortfall Recoveries") by the certificateholders after the certificates have been paid in full. Morningstar is not rating to any Shortfall Recoveries.

Controlling Class/Controlling Class Representative.

This transaction does not utilize the concept of a controlling class that is typically the most subordinate class of certificates afforded certain rights such as directing the master servicer and special servicer on various servicing matters and replacing the special servicer with or without cause. Therefore, the master servicer and special servicer will make certain servicing decisions under the servicing standard without consent or consultation from any certificateholder. In addition, the replacement of the special servicer will instead require the vote of a certain percentage of all certificateholders.

Trust Advisor

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

Replacement of Special Servicer

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

Limited Rating Agency Confirmation/Notice

Rating agency confirmation may not be required over certain material loan amendments, modifications, Borrower requests and/or material amendments to the trust and servicing agreement. In addition, notice of such items may be provided to the rating agency after such items are effectuated. Because the rating agency may obtain knowledge of these various items later, surveillance activities and any related rating adjustments may occur later than if rating agency confirmation and/or prior notice of such items was provided.

Repurchase Obligation

The mortgage loan sellers may be required to repurchase the mortgage loan from the trust due to a material breach of a representation or warranty or a document defect. However, there is no assurance that the holder(s) of such repurchase obligation will have sufficient assets at such time to fulfill its obligation to repurchase the loan. In addition, due to the existence of multiple mortgage loan sellers, each of which may be required to cure or repurchase only it's pro rata portion of the loan, increased enforcement costs and/or delays in enforcement may result. In addition, if one seller repurchases and another seller does not, it is possible a portion of the loan may be held outside of the trust while the remainder remains in the trust. While the documents contain provisions to handle such circumstances, there could be delays and/or issues related to administering an asset partially owned outside of the trust.

Conflicts of Interest

There are and/or may be various conflicts of interest among and between various parties to the transaction. However, the special servicer and master servicer are required to service the asset without regard to such conflicts. Morningstar's analysis assumes the various parties comply with their duties.

Third Party Reports

Appraisals

Appraisal reports, prepared by Cushman & Wakefield Regional, Inc. were received and reviewed as part of Morningstar's analysis for all of the properties. The appraisal reports were dated July 2013 and are two months old. The reports were prepared in accordance with FIRREA and USPAP guidelines.

Property Condition

Property condition reports prepared by EMG, an independent third-party engineer, were received and reviewed as part of Morningstar's analysis for all of the properties. The reports were dated July 2013 and are two months old. These reports reviewed and identified any deferred maintenance items as well as quantified long-term capital expenditure needs. Any reserves set aside based upon the recommendations of this report are presented in the Reserve Account section of this pre-sale report.

Hotel Name	Immediate Repairs	Short Term Repairs (1)
Waldorf Astoria Boca Raton Resort & Club	$5,000	$512,625 (1)
DoubleTree Bahia Mar	17,000	20,350
Hyatt Regency Pier Sixty-Six Resort & Spa	120,000	12,750
Waldorf Astoria Edgewater Beach	0	19,050
Total	$142,000	$564,775

Note: (1) Excludes $2.993 million estimated to cover the cost of ongoing renovations to the Cloister wing.

Environmental

Phase I environmental site assessments ("ESAs") were prepared by EMG, an independent third-party environmental consultant. The reports were dated July 2013 and are two months old. Any environmental conditions or concerns are presented in the Collateral Features and Concerns section on page 11 of this pre-sale report.

Scope of Analysis

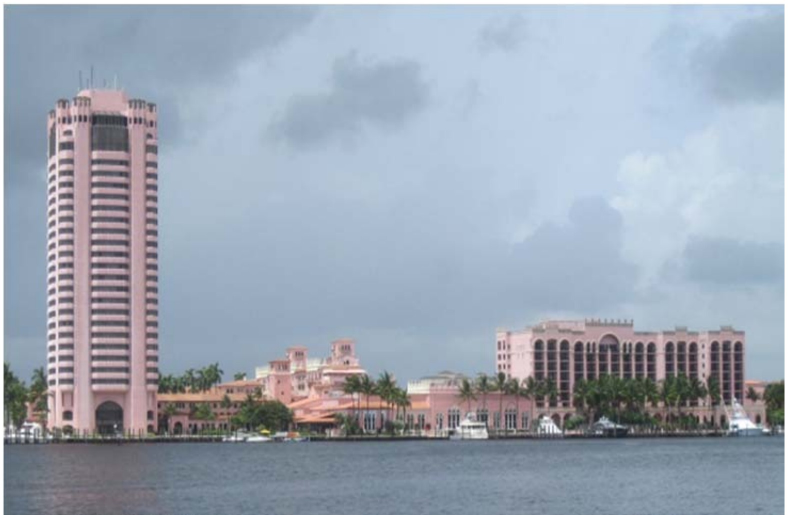
Morningstar utilized external legal counsel to perform a legal review of certain items in the transaction relevant to Morningstar's ratings analysis. In this transaction, such counsel solely reviewed the following materials available on the arranger website as of September 13, 2013 (except as otherwise specified in this paragraph): (i) the September 11, 2013 posted draft offering circular, (ii) the August 29, 2013 posted draft trust and servicing agreement, (iii) the loan agreement dated August 9, 2013, (iv) the amended and restated leasehold mortgage, assignment of leases and rents and security agreement dated August 9, 2013 for the Bahia Mar property, (v) the amended and restated fee and leasehold mortgage, assignment of leases and rents and security agreement dated August 9, 2013 for the Waldorf Boca property, (vi) the amended and restated fee and leasehold mortgage, assignment of leases and rents and security agreement for the Hyatt Pier 66 property, (vii) the amended and restated fee mortgage, assignment of leases and rents and security agreement or the Waldorf Edgewater property, (viii) the amended and restated promissory note dated August 9, 2013, (ix) the note splitter agreement dated August 9, 2013, (x) the amended and restated promissory note A-1, (xi) the amended and restated promissory note A-2, (xii) the cash management agreement dated August 9, 2013, (xiii) the second amended and restated limited liability company agreement of 2301 SE 17th St. L.L.C. dated August 9, 2013, (xiv) the second amended and restated limited liability company agreement of RAHN BAHIA MAR L.L.C. dated August 9, 2013, (xv) the second amended and restated limited liability company agreement of PANTHERS BRHC L.L.C. dated August 9, 2013, (xvi) the second amended and restated limited liability company agreement of PANTHERS RPN L.L.C. dated August 9, 2013, (xvii) the amended and restated limited liability company agreement of BRE/P66 OPEARTING LESSEE LLC dated August 9, 2013, (xviii) the amended and restated limited liability company agreement of BRE/BATON OPERATING LESSEE LLC dated August 9, 2013, (xix) the opinion of Richards, Layton & Finger, P.A. dated August 9, 2013 regarding nonconsolidation, (xx) the opinion of Simpson Thacher & Bartlett dated August 9, 2013 regarding enforceability and other corporate matters, (xxi) the opinions of Richards, Layton & Finger, P.A. dated August 9, 2013 regarding authority to file bankruptcy and other Delaware law matter, (xxii) the September 5, 2013 posted draft mortgage loan purchase and sale agreement, and (xxiii) the September 5, 2013 posted draft intercreditor agreement.

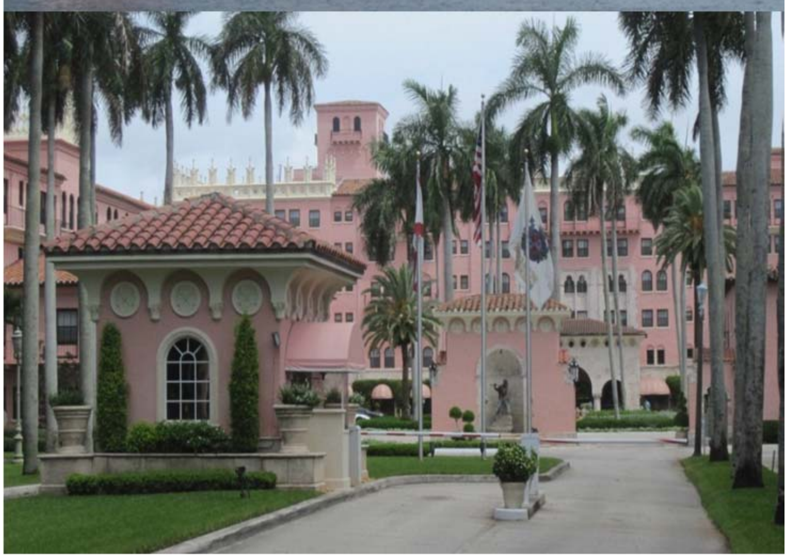
In addition, legal counsel intends to review the following documents upon posting of such documents on the arranger website prior to issuance of the final ratings: (i) true sale opinion(s) for the sale of the loan from the seller(s) to the depositor and from the depositor to the securitization trust, (ii) corporate and enforceability opinions of the servicer, special servicer, trustee, certificate administrator, depositor and loan seller, and the general deal level opinion related to certain tax matters, (iii) versions of the documents enumerated in the preceding paragraph posted as of the date of issuance of final ratings, and (iv) the first amendment to the loan agreement. 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.

Addenda - Asset Summary Reports

Waldorf Astoria Boca Raton Resort

Analyst: Sheila Bjornstad 646-560-4511
Analytical Manager: Sheila Bjornstad 646-560-4511





Property Summary		
Property Type	Hotel/Full-Service	
Location	Boca Raton, FL 33432	
Year Built	1927/1935/1969/1998/2001/2009	
Year /Renovated	2013 Ongoing	
Net Rentable Room (Total)	1,047	
Net Rentable Room (Collateral)	1,047	
Occupancy (Actual)	59.29%	TTM 6/30/13
Ownership	Fee & Leasehold	

Loan Summary		
Loan Amount (Original Balance)	$282,790,000	($270,096/room)
Loan Amount (Cut-Off Balance)	$282,790,000	($270,096/room)
Loan Term (months)	60	
I/O Period (months)	60	
Amortization Term (months)	0	
Loan Seasoning (months)	0	
Interest Rate (2)	4.96640%	

Morningstar Analysis		
Current DSCR (1)	2.55 x	
Ext. Term DSCR (2)	2.43 x	
Beginning LTV	69.6%	
Ending LTV	72.9%	
Capitalization Rate	8.25%	
Morningstar UW Occupancy	59.3%	
Net Operating Income	$42,374,342	
Net Cash Flow	$35,495,662	
Value	$406,077,764	($387,849/room)
Debt Yield	12.55%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

(1) Interest is calculated as a spread of 3.0959% over the LIBOR rate cap of 175%.

(2) Interest during the 2nd and 3rd extension terms are 3.3459% over the LIBOR rate cap of 175%.

Capital Structure Table

Loan	Current Balance	Interest Rate Initial Term	Interest Rate Ext. Term	DSCR Initial Term	DSCR Extended	BLTV	ELTV
First Mortgage	282,790,000	4.846%	5.096%	2.55 x	2.43 x	69.6%	72.9%
Mezzanine A	146,390,000	7.500%	7.750%	1.42 x	1.36 x	105.7%	110.7%
Mezzanine B	49,910,000	9.750%	10.000%	1.18 x	1.14 x	118.0%	123.5%
Mezzanine C	49,910,000	10.750%	11.000%	1.00 x	0.97 x	130.3%	136.4%
Total	**529,000,000**	**4.942%**	**5.195%**	**1.00 x**	**0.97 x**	**130.3%**	**136.4%**

Note: Interest is calculated as a spread over LIBOR, Morningstar has applied the interest rate spread to the LIBOR rate cap strike price of 175%

Morningstar Summary

Morningstar Perspective

The Waldorf Astoria Boca Raton is a 1,047-room upscale resort hotel located in Boca Raton, Florida. The property includes 114,019 square feet of dedicated meeting space, 12 food and beverage outlets, seven pools, 30 tennis courts, and a 34,170 square foot spa. Additional amenities include two separate 18-hole golf courses with clubhouses as well as 32-slip marina. In addition to traditional resort operations, the property operates a membership club known as the Premier Club which provides members with unlimited access to the amenities at the resort including golf courses, spa, tennis courts, marina, beach, and other membership only amenities. Members do not have an equity interest in the club; and dues provide members only with the rights to the use of the spaces.

The Waldorf Astoria Boca Raton is part of a portfolio of four hotels which collateralize a $425 million first mortgage loan; the allocated loan amount for the Waldorf Astoria Boca Raton Resort is $282.79 million, representing 66.5% of the total first-mortgage loan amount. In addition to the first mortgage financing, the property secures three separate mezzanine loans with an allocated loan amount which totals $246.2 million. The beginning loan to value for the subject hotel's allocated first mortgage loan amount is 69.6% based upon the Morningstar estimate of value. Based upon the appraised value of $753 million, the leverage on the mortgage loan is much lower at 37.6%. The leverage on the $795 million whole loan (including the mezzanine debt) is much higher at 130% based upon the Morningstar value and 70.3% based upon the appraised value.

Originally constructed as the Ritz-Carlton Cloister Inn in 1927, the property was expended in various phases during 1935, 1969, 1998, 2001, and 2009. The property encompasses a variety of different architectural and design styles ranging from the ornate Main Entrance and Cloister towers to the more modern-style Bungalows and Beach Club units. Originally the hotel competed with luxury hotel offerings including the Breakers Resort in Palm Beach but in the 1990s management opted to market the hotel as an upscale hotel with a focus on attracting large group meeting events. To accommodate this target client base, the Mizner Center meeting room venue was constructed during 1998 adding over 69,000 square feet of meeting space.

Morningstar has estimated normalized net cash flow at the property to be $35.5 million which is 7.2% lower than the estimate provided by the arranger and 3.0% lower than the trailing 12 months ending June 2013. Morningstar estimated the current value of the hotel to be $406.1 million; our valuation is based upon an 8.25% capitalization rate but we have also assumed deductions from the value to reflect the cost on ongoing renovation projects and the future funding obligation associated with the return of membership club lease deposits (see Valuation section). Morningstar's value estimate equates to $387,850 per room which is 46.1% lower than the $753 million appraised value prepared by Cushman and Wakefield.

The Bears Say

- Future Renovations – Although the sponsors have invested $232.8 million since purchasing the property between 2005 and 2012, a large percentage of the money ($126.9 million or 54.5%) was invested in the redevelopment of the Boca Beach club which added 241 new hotel rooms and $26.1 million (or 11.2%) was invested to reconstruct the Boca Bungalows which were damaged by a hurricane. Of the remaining $79.8 million of capital expenditures which were used to renovate the hotel, $70.2 was invested between 2005 and 2009 upgrading public spaces, meeting rooms, restaurants, back of the house and other improvements. Between 2010 and 2012, only $8.9 million was invested. Essentialy very little renovation work has been conducted within the last few years. Although the property has commenced an $18.6 million renovation to 175 of the Cloister rooms, a large share of the guest room supply is beginning to show signs of obsolescence and wear and tear and will likely require a major renovation in the medium term. Morningstar has assumed that the property will be required by the Waldorf=Astoria brand to conduct a major renovation of guest rooms within the next 3-6 years. Morningstar has estimated a renovation of $30,000 per room and has deducted this cost (net of accrued reserves) from the value of the asset at maturity (balloon value).
- Future Obligation to Reimburse Premier Club Membership Deposits – as indicated earlier, the collateral includes the operation of a private membership club. New membership deposits earned between 1991 and 1998 are fully refundable to those members who signed up during that period and the owner of the asset will need to fund the reimbursement of these initial fees. Based upon an in-depth analysis provided by the arranger, Morningstar has estimated the net present value of these deposits to be $19.3 million (based upon a discount rate equivalent to 3% inflation). This future funding obligation has been deducted from both the Morningstar value during loan term as well as the Morningstar value at loan maturity.
- Scattered Resort Amenities – the property is very large and the Main Resort grounds offer only a small share of typical resort amenities preferred by leisure travelers. Only 23% of the guest room supply is located on the Boca Beach Club complex which is situated along the beach and is the logical "resort" destination. The remaining guest rooms are on the mainland and resort amenities are not clustered together to create a "destination resort" feel. The majority of the hotel's competition for leisure demand has well defined resort amenities which are easily accessible.

- Reliance on Group Rooms – with 1,047 hotel rooms, the property is highly reliant on group meetings demand which is an extremely competitive market. The property has extensive meeting facilities spread throughout the property which enables the resort to accommodate several different group events in entirely different areas of the property with minimal cross traffic. The number of meetings and the attendance at group meetings is highly impacted by the overall health of the economy as evidenced by the fact that group demand decreased from 136,045 room nights during 2008 to 76,612 room nights during the following year. As a result the hotel is more vulnerable to fluctuations in the economy. This risk is mitigated somewhat by the fact that management has successfully shifted its market segmentation to accommodate a larger share of leisure and other transient demand over the last several years.
- Baha Mar Hotel Bahamas – a $3.5 billion new resort development is under construction in New Providence, Bahamas that will include 2,200 rooms, casino gambling, meeting space, and recreational amenities. The development will open in phases over the next 2-5 years and will include a Rosewood, Mondrian, Morgans, Hyatt, and Baha Mar Casino. Although not directly competitive with the subject due to its off-shore location, this new development will likely have an indirect impact on the upscale, group hotels in the region by aggressively marketing to Florida and South Atlantic meeting events to bolster demand as well as leisure travelers.

The Bulls Say

- Low Leverage - The subject hotel's allocated first mortgage loan amount is 69.6% based upon the Morningstar estimate of value. Based upon the appraised value of $753 million, the leverage on the mortgage loan is much lower at 37.6%. However, the leverage on the $795 million whole loan (including the mezzanine debt) is much higher at 130% based upon the Morningstar value and 70.3% based upon the appraised value.
- Strong Coverage – Based upon the Morningstar estimate of net cash flow, coverage on the first mortgage loan is 2.55x during the initial term and the first extension term. Morningstar's estimate of debt service assumes the 1.75% LIBOR rate cap which is more conservative than the current one-month LIBOR level of 0.18%. If calculated based upon actual LIBOR, the coverage is much stronger at 4.42x. Coverage during the second and third extension options is slightly lower at 2.43x as the interest rate spread increases by 25 basis points.
- Occupancy at the hotel was 59.3% during the trailing 12 months ending June 2013 at an average room rate of $256.02. During 2005 and 2006, prior to the recent economic recession, the hotel reflected occupancy levels of 66.7% and 62.7%, respectively at room rates $14-28 higher than current levels. Prior to the recession, the hotel was highly reliant on group business (group demand reflected nearly 70% of total demand). When group demand declined, management aggressively marketed to leisure traveler demand to bolster occupancy. Although over the short term this had an impact on room rates as the market recovers and group demand rebounds, management has attempted to retain the leisure demand as well. With strong yield management this strategy combined with overall growth in leisure travel could enable the hotel to reflect strong occupancy and room rate growth in the future.
- Diverse source of Ancillary Revenue – the hotel has extremely strong food and beverage, retail, and ancillary income relative to similar resorts. In addition to hotel guests and local residents, the more than 3,000 premier club members and their guests generate ancillary income to the operation. Similarly membership Dues and new member sales, which represented $22.2 million during the Trailing 12 months (and $19.3 million during the bottom of the market in 2010) is another source of relatively stable income. These alternative source of income is a positive attribute generating cash flow during down turns.

Property Description

The Waldorf Astoria Boca Raton Resort is located in Boca Raton, Florida which is 44 miles north of Miami and 29 miles south of Palm Beach. Boca Raton is an upscale residential neighborhood located in Palm Beach County and offers a wide range of shopping and recreation amenities including Town Center of Boca Raton shopping mall and the Mizner Park shopping and entertainment district which is located 1.6 miles to the north. Originally constructed as the Ritz-Carlton Cloister Inn in 1927, the property was expanded in various phases during 1935, 1969, 1998, 2001, and 2009. Originally the hotel competed with luxury hotel offerings including the Breakers Resort in Palm Beach but in the 1990s management opted to market the hotel as a upscale hotel with a focus on attracting large group meeting events; the new Mizner Center meeting room wing was constructed during 1998 adding over 69,000 square feet of meeting space. In addition to traditional resort operations, the property operates a membership club known as the Premier Club which provides members with unlimited access to the amenities at the resort including two golf courses with 36 holes, spa, tennis courts, marina, beach, and other membership only amenities. Members do not have an equity interest in the club and membership only provides the rights to the use of the spaces.

<u>Hotel and Resort Offerings</u>

The property consists of three separate parcels with the main structure located on 333.6 acres along the Lake Boca Raton intercoastal waterway which is separated from the Atlantic Ocean by a small strip of land. The Boca Raton Beach Club is located on this strip of land just south of the Lake Boca Raton on a 16.8 acre prime beachfront lot which is connected to the mainland via a bridge. The third parcel which represents collateral for the loan includes the 171.5 acre Country Club Golf Course parcel which is located approximately eight miles to the northwest of the main resort.

Main Resort Site – the main resort includes the majority of hotel guest rooms, the lobby area, spa, extensive meeting space, retail shops, restaurants, 18 tennis courts, and the 18-hole, par-71 Resort Golf Course. The guestrooms include 1) 361-room Cloister building which was constructed in 1927 and expanded in 1935, 2) 242-room 28-story Tower Building which was constructed in 1969, 3) the Yacht Club building which was constructed in 2001 and offers 112 rooms located along Lake Boca Raton, 4) the Boca Bungalows (constructed in 1998) is a complex of five 3-story buildings located approximately 1/4 mile to the north of the main building with 60 two-bedroom units which can be locked off to create 120 one bedroom units. The main resort site also includes the Mizner Center which offers 53,716 square feet of dedicated meeting space, 15,427 square feet of prefunction space, as well as over 12,000 square feet of outdoor space for receptions and events. In addition, the main resort includes the Great Hall meeting venue which is located just south of the Tower Building and offers an additional 23,060 square feet of meeting space. The Resort Golf Course is located adjacent to the Cloister buildings and offers a retail shop, and two restaurants. The tennis building contains the main resort fitness center, 18 tennis courts, and a retail shop.

Beach Club – offers 212 hotel guest rooms and separate registration lobby, restaurants, retail shops, 13,228 square feet of meeting space, two swimming pools, and a sundeck with lounge chairs and private beach bungalows available for rent. Guests of the main resort are transported to the beach club through shuttle buses and via a boat launch during the busy season and peak periods.

Country Club Golf Course and Club – includes a par-72, 18-hole golf course; 12 tennis courts, a swimming pool, golf cart barn, and a 40,000 square foot club house including a pro shop, fitness facilities, restaurant, and three small meeting rooms.

Morningstar conducted a tour of the property on Tuesday, August 20, 2013. Our visit included a tour of the majority of public areas including resort amenities, meeting space, restaurants, retail space, and a sampling of guest rooms in the Cloisters wings, Tower building, Yacht Club, Boca Bungalows, and the Beach Club. Our visit included the clubhouse for the Resort golf course but did not include a tour of golf course itself not did it include the Country Club Golf Course which is located eight miles to the northwest. The property encompasses a variety of different architectural and design styles ranging from the ornate Main Entrance and Cloister towers to the more modern-style Beach Club units. Overall the Boca Bungalows and Beach Club guest rooms are considered to be in good condition. The guest rooms in the Tower building appear to be well maintained and in average condition after the soft goods upgrade during 2010 and 2011. However, the bathrooms in these units are dated and will likely require a major overhead in the medium term. The guest rooms in the Yacht club appear to be well-maintained but will likely require soft-goods upgrades in the near to medium term. The guest rooms in the Cloister wings are being renovated during 2013 and 2014 and will be in very good condition upon completion of the project. Based upon our tour and evaluation, the property was assigned a property score of "3" which rates the property as "average".

Submerged Land Lease

The majority of the land is owned fee simple; however, there is a submerged land lease for 10 of the 32 owned slips in the marina docking facility along Lake Boca Raton. The lessor is the Board of Trustees of the Internal Improvement Fund of the State of Florida. The current annual rent is a set payment of $2,819.45 per year plus 6% of gross receipts derived from the lessee's rental of wet slips. The lease expires May 2015 and renewal is at the discretion of the lessor; this risk is mitigated by the fact that the lease has been periodically renewed at each expiration in the past.

Capital Expenditures

An affiliate of The Blackstone Group purchased the hotel in December 2004 and between 2005 and 2009 invested $219.5 million in renovations at the property. Since 2009 renovations have slowed and between 2010 and 2012 only $13.3 million was invested. The following table presents a summary of invested by year.

Summary of Historical and Projected Capital Expenditures											
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2005-2012**	**2013**	**2014**
Amount Invested	25,891,762	56,525,799	30,830,428	76,186,628	30,049,591	6,084,144	5,122,205	2,123,691	232,814,248	9,055,499	10,000,000
% Invested (2005-2012)	11.1%	24.3%	13.2%	32.7%	12.9%	2.6%	2.2%	0.9%	100.0%		
Cummulative Invested	11.1%	35.4%	48.6%	81.4%	94.3%	96.9%	99.1%	100.0%			

The following presents a summary of major renovation projects completed between 2005 and 2013.

- Between 2005 and 2008, the Boca Bungalows were closed for a complete overhaul after damage caused by Hurricane Wilma. During this period over $26.1 million was invested in this wing representing $217,500 per room (based upon 120 units).
- During 2005 and 2007 the public areas, restaurants, lobby, and meeting space were renovated and upgraded including $25.5 million in various restaurants, $9.4 million in the main lobby and surrounding retail arcades, $89.1 million in the Great Hall conference Center, and $2.7 million in the Addison Meeting space, among other things.
- Beach Club Renovation – between 2005 and 2010, over $154 million was spent completely renovating and expanding the Beach Club. The club was closed in June 2007 and reopened in February 2009. The project included the renovation of resort and other amenities and the construction of 212 new hotel rooms.
- Between 2010 and 2012, approximately $4.0 million ($16,500 per room) was invested to renovate soft goods in the 242 Tower hotel rooms and to refurbish the guest room corridors.
- The Cloister Wings are being renovated during 2013 and 2014 for a total of $18.6 million. The renovation will include new bathrooms, replacement of case goods, soft goods, and corridor carpets, as well as fire & life safety upgrades. Phase 1(2013) constitutes 75 rooms and Phase 2 (2014) is expected to commence after the busy season and will encompass approximately 100 rooms.

The majority of renovations and upgrades (94%) were completed between 2005 and 2009. Between 2010 and 2012, only $8.9 million was invested. Although the property has commenced a $18.6 million renovation to 175 of the Cloister rooms, a large share of the guest room supply is beginning to show signs of obsolescence and wear and tear and will likely require a major renovation in the medium term. Based upon a review of past renovation timing and the ongoing upgrades to the Cloister wing, Morningstar believes that the Waldorf=Astoria brand will require property owners to conduct continued renovations to refresh and update public areas and guest rooms in the medium term. To reflect the risk of this future funding obligation, Morningstar has assumed that the operator will require a renovation equivalent to $30,000 per key by the end of the loan term; this estimate has been deducted from the value of the asset at loan maturity; see the Valuation section of this asset summary report.

Boca Raton Resort and Club Membership

The property operates a membership club known as the Premier Club which provides members with unlimited access to the amenities at the resort including golf courses, spa, tennis courts, marina, beach, and other membership only amenities. Members do not have an equity interest in the club and membership only provides the rights to the use of the spaces. The Club provides two major sources of income for the subject property including initiation fees paid by new members and annual dues paid by existing members. Membership initiation fees are currently $30,000 per family/household if paid in cash and $40,000 if financed through the resort. Annual dues for the 2012/2013 season (ending September 30, 2013) were $5,495 per member. Management has indicated that the fee will be increased to $5,975 per member during the 2013/2014 season but the dues will include some services that were formerly billed separately. At the end of 2012, there were 3,107 members and management forecasts that this will increase to 3,156 by the end of 2013.

Between 1991 and 1998, all initiation fees paid by members were contractually refundable after 30 years; as a result, commencing 2021 the reimbursement of these fees will be due to all remaining members that signed up at that time. Morningstar has adjusted the value of the property downward by $19.3 million which is the net present value of future obligations as detailed by the issuer; see adjustment to balloon Valuation section of this asset summary report. Between 1998 and 2005, the policy of initiation fee reimbursement changed such that a member wishing to terminate membership will be entered into a resignation list which will provide for reimbursement when five new members have been added to replace the resignation, in sequential order. After July 2005 the membership terms were changed once again; thereafter all initial fees for new members will not considered to be reimbursable to the member at any time.

Demand Drivers

The subject hotel has 1,047 hotel rooms and 114,860 square feet of dedicated meeting space and as a result is positioned toward group meetings demand to support occupancy. During 2008, groups demand represented nearly 70% of total utilization presenting 136,000 room nights. During the economic downturn the number of and participation in group events declined significantly; occupied room nights in this segment declined by 43 percent to 76,611 room nights and represented only 44% of total occupancy during 2009. Since 2009, group demand has improved and represented 125,000 room nights or 58% of demand during 2012. Room rates in this segment declined significantly during the downturn moving from $246.54 during 2008 to a low of $203.47 during 2010. The average room rate in the groups demand segment was well below peak periods during 2012 and as demand stabilizes management will likely continue to increase negotiated group room rates, particularly during peak periods. The following table presents a summary of historical market segmentation and average room rate by major demand segment for the years 2008 through 2012.

Trends in Market Segmentation

	2008	2009	2010	2011	2012
Occupied Rooms					
Group Rooms	69.5%	44.0%	55.4%	60.3%	58.1%
Transient	30.5%	56.0%	44.6%	39.7%	41.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Average Room Rate					
Group Rooms	$246.54	$219.82	$203.47	$203.82	$221.80
Transient	282.75	225.75	223.89	255.29	279.98
Total (1)	$257.60	$223.14	$212.57	$224.26	$246.19

(1) Total average room rate is total room revenue divided by occupied room nights; total room revenue includes Other Rooms Revenue of $3.1 million during 2012 which includes resort fees and other miscellaneous income.

During the downturn, management aggressively marketed to transient and leisure travelers to support occupancy by reducing quoted rates and by aggressively marketing to discount providers (such allowing for more sales through internet bookings). As illustrated above, the room rate in the leisure/corporate individuals demand segment decreased from $282.75 per room night during 2008 to a low of $223.89 during 2010. As a result of these efforts and yield management shift, occupied room nights in this segment increased from 30.5% of total occupancy to 56.0% of total demand during 2009. As overall demand for hotel rooms has slowly recovered, management has been slowly attempting to increase the average room rate in this segment by increasing offered rates and by eliminating discounts in this segment. This strategy has enabled management to support strong room rate growth in this segment over the last two years. By the end of 2012, management had increased the transient room rate to $279.98 which is slightly below the levels reflected during 2008. This increase in room rates has not yet been at the cost of occupancy; transient demand represented only 59,818 room night during 2008 but has remained above 90,000 room nights for the last three years.

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 identified competitive set comprises 5,710 rooms and includes the following hotels: 1) Subject Waldorf Astoria Boca Raton Resort, 2) PGA National Resort, 3) The Breakers Palm Beach, 4) Marriott Harbour Beach Ft. Lauderdale, 5) The Waldorf Astoria Naples, 6) Trump Hotel Collection Doral Golf Resort, 7) Four Seasons Palm Beach, 8) Ritz-Carlton Naples, 9) Ritz-Carlton Palm Beach, and 10) the Westin Diplomat Resort Golf & Spa.

Evaluation of Market Trends					
	Occupancy Rate	Average Rate	Rooms RevPAR	Occupancy Penetration	RevPAR Penetration
Year End 2006	71.5%	$275.49	$196.93	87.7%	90.4%
Year End 2007	69.6%	$293.09	$204.09	81.3%	82.7%
Year End 2008	67.7%	$291.90	$197.63	77.2%	70.0%
Year End 2009	60.6%	$255.62	$154.95	76.7%	69.3%
Year End 2010	68.3%	$246.71	$168.43	84.9%	77.8%
Year End 2011	71.8%	$260.04	$186.80	85.5%	78.4%
Year End 2012	71.0%	$274.55	$194.94	79.0%	75.0%
TTM 6/31/11	69.5%	$256.37	$178.18	87.1%	80.7%
TTM 6/31/12	71.8%	$266.21	$191.11	80.9%	75.7%
TTM 6/31/13	70.6%	$289.75	$204.55	84.0%	74.2%
Source: Smith Travel Research					

Overall the competitive set was impacted by the decline in travel during the recession but has since recovered quickly to levels reflected in the past. During 2009 occupied demand the competitive set declined 10.5% from the levels reflected during 2008 but then reflected strong growth in 2010 and 2011 increasing 12.6% and 5.2% during 2010 and 2011, respectively. Similarly, average room rates dropped from a high of $293 during 2007 to a low of $246 during 2010. Since 2010, room rates increased 5.4% during 2011, 5.6% during 2012, and have increased 8.8% during the trailing 12 month period ending June 2013. Overall the market occupancy is expected to remain flat over the following years as management has been able to recover prior levels of demand; the majority of growth in the market is expected to be through the growth of average room rates by increasing rate targets and by shifting market segmentation to higher-rated demand segments and by eliminating discounts and reducing the number of rooms booked through internet booking sources.

The subject resort is a large hotel, and therefore, is highly reliant on lower-rated group demand to support occupancy, particularly during the slower months. The average size of the other hotels in the competitive set is 518 rooms; five hotels are less than 500 rooms and other four large hotels average 720 rooms. With 1,047 hotel rooms to fill each day, the overall occupancy at the Waldorf Astoria Boca Raton Resort is lower than the other hotels in the identified competitive supply resulting in a penetration rate ranging from a low of 76.7% during 2009 to the current level of 84.0% during the trailing 12 months ending June 2013. Similarly the subject achieves less than its fair share of RevPAR which ranged from a higher of 90.4% during 2006 to a low of 69.3% during 2009.

Management and Brand

The hotel is managed by Waldorf=Astoria Management LLC which is a division of Hilton Hotels which is in turn owned by The Blackstone Group. The management agreement was executed August 9, 2013 and became effective September 1, 2013. The management agreement will expire in December 2033 and does not provide for a renewal term.

The management agreement provides for a base management fee of 2.0% of total revenue for each year and an incentive fee equivalent to 15% of incentive income. Incentive income is the positive balance of net operating income in excess of the $58 million; net operating income is defined as income after fixed charges and after a deduction of a 4% reserve for replacement of FF&E. Based upon historical and reforecasted operating results, the incentive fee is not currently being paid and is not expected to be paid in the near term. Of note, the incentive fee is capped at 1.0% of total revenue if net operating income is less than $68.0 million, increases to 1.5% until net operating income equals $73 million, and is capped at 2.0% of total revenue if net operating income is greater than $73 million. In addition to the management fees, the contract provides for an annual brand services fee equivalent to 4.0% of rooms departmental revenue; this expense is comparable to a franchise marketing fee for franchise companies and has been charged to the Advertising and Marketing expense category.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	Year End 2012	TTM 06/30/13	Reforecast 2013	Issuer Underwriting
Occupancy Percent	59.3%	58.0%	61.4%	56.1%	59.3%	62.0%	60.6%
Average Room Rate	$257.91	$225.98	$238.27	$260.59	$256.02	$250.77	$253.40
Rooms RevPAR	$152.85	$131.06	$146.41	$146.16	$151.78	$155.40	$153.63
Departmental Revenue							
Room	$58,412,923	$50,083,545	$55,950,854	$56,008,252	$58,005,369	$59,387,441	$58,709,874
Food & Beverage	59,258,935	49,171,923	59,256,525	55,171,618	59,303,231	62,691,792	59,303,231
Telephone	1,705,180	1,431,020	1,658,901	1,471,337	1,705,180	1,726,167	1,705,180
Golf Operations	6,164,471	6,305,196	6,429,539	6,073,054	6,004,282	6,378,438	6,004,282
Spa Operations	4,972,498	4,748,931	5,139,943	4,727,067	4,914,782	5,259,537	4,914,782
Tennis/Beach/Retail/Bus Ctr	6,283,647	5,284,930	6,275,921	5,964,292	6,265,247	6,599,515	6,265,247
Marina	1,466,334	1,204,424	1,486,599	1,446,215	1,462,566	1,479,549	1,462,566
Membership Dues	18,736,000	15,527,555	15,661,203	16,350,250	16,924,218	17,552,302	19,103,714
Membership Sales	5,815,000	3,781,118	5,868,663	5,859,316	7,943,700	7,707,636	5,271,431
Rents & Other Income	9,152,000	8,730,555	8,748,882	8,406,156	9,392,436	9,654,858	9,392,436
Total Departmental Revenue	**$171,966,988**	**$146,269,197**	**$166,477,030**	**$161,477,557**	**$171,921,011**	**$178,437,235**	**$172,132,743**
Departmental Expenses							
Room	$13,242,199	$12,187,228	$13,557,976	$13,251,107	$13,168,455	$13,267,398	$13,328,393
Food & Beverage	38,855,956	33,952,933	39,429,608	37,032,935	38,610,485	40,478,382	38,610,485
Telephone	924,286	763,432	879,269	918,128	917,976	925,801	917,976
Golf Operations	4,292,540	4,172,453	4,405,366	4,227,374	4,264,138	4,378,639	4,264,138
Spa Operations	3,867,120	3,500,675	3,842,393	3,792,322	3,784,431	4,023,617	3,784,431
Tennis/Beach/Retail/Bus Ctr	5,833,828	5,199,243	5,845,678	5,643,982	5,811,551	6,047,444	5,811,551
Marina	278,106	133,902	289,623	259,817	274,651	299,699	274,651
Membership Dues	0	0	0	0	0	0	0
Membership Sales	3,109,639	2,211,420	2,735,963	2,764,063	3,109,639	3,040,537	2,934,035
Total Departmental Expenses	**$75,435,661**	**$66,403,602**	**$75,528,282**	**$72,400,347**	**$74,973,311**	**$77,676,597**	**$74,957,644**
Departmental Profit	**$96,531,327**	**$79,865,595**	**$90,948,748**	**$89,077,210**	**$96,947,700**	**$100,760,638**	**$97,175,099**
Undistributed Expenses							
General & Administrative	$11,623,855	$11,425,184	$11,946,580	$11,500,122	$11,563,095	$11,749,345	$11,563,095
Franchise Fees	0	0	9,919	0	0	(5)	0
Advertising & Marketing	9,349,187	9,589,054	9,469,293	9,318,231	9,348,504	9,801,763	9,348,504
Repairs & Maintenance	9,702,851	8,825,041	9,552,039	9,629,185	9,738,279	9,691,836	9,738,279
Utilities	5,984,402	6,195,403	6,742,852	6,018,167	5,984,402	6,041,931	5,984,402
Management Fee	5,159,010	3,656,908	4,161,899	4,035,495	4,292,472	4,450,626	3,442,655
Fixed Charges							
Real Estate Taxes	$5,316,439	$5,321,818	$5,334,627	$5,206,655	$4,922,388	$4,956,721	$4,956,721
Insurance	6,172,483	5,819,231	5,635,838	6,307,548	6,684,302	6,901,243	6,172,483
Ground Rent	371,221	405,301	345,029	352,069	365,299	371,221	371,221
Other Fixed Charges	477,538	1,271,788	650,405	699,499	588,273	477,538	477,538
Total Operating Expenses	**$129,592,646**	**$118,913,330**	**$129,376,763**	**$125,467,318**	**$128,460,325**	**$132,118,816**	**$127,012,542**
Net Operating Income	**$42,374,342**	**$27,355,867**	**$37,100,267**	**$36,010,239**	**$43,460,686**	**$46,318,419**	**$45,120,201**
Capital Expenditures							
Reserve for Replacement of FF&E	$6,878,680	$5,850,768	$6,659,081	$6,459,102	$6,876,840	$7,137,489	$6,885,310
Net Cash Flow	**$35,495,662**	**$21,505,099**	**$30,441,186**	**$29,551,137**	**$36,583,846**	**$39,180,930**	**$38,234,892**

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	$257.91
Occupancy (%)	59.3%
Rooms RevPAR	$152.85

Other revenues are underwritten in-line with historical levels on a per occupied room night basis, unless otherwise noted.

- Membership dues are based upon the new membership fee multiplied by a normalized estimate of 3,200 members. The actual number of members has reduced from a high of 3,606 during 2008 to a low of 3,065 during 2010. According to information provided by the issuer, the number of members as of the trailing 12 month period ending June 2013 was 3,264.
- Membership sales include the initial fee for new memberships sold for each year. Based upon an evaluation of historical membership sales trends, Morningstar has estimated new membership sales of 250 new members each year with an initial membership fee of $30,000 per member. This income line is adjusted downward by the cost associated with the return of membership deposits for resigned members and includes a reserve for bad debt associated with membership sales that have been financed. The downward adjustments are based upon historical average of these costs.

Expenses

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

- Advertising and Marketing – are based upon historical levels and are assumed to include the Waldorf=Astoria brand services fee of 4.0% of room revenue.
- Management fees were estimated to be 3.0% of total revenue based upon industry averages; this is in excess of the contractual base management fee of 2.0% of total revenue.
- Real estate taxes were based upon the actual real estate and personal property tax bills for the 2012 tax year inflated by 3%.
- Insurance is based upon the actual insurance premium as provided by the arranger.
- A reserve for future capital expenditures is underwritten at 4.0% of gross revenue in line with industry averages for full-service 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 well above that recommended by the engineer in the property condition assessment.

Valuation

Morningstar has estimated the market value of the Waldorf Astoria Boca Raton Resort based upon a direct capitalization of the Morningstar estimate of net cash flow. We have applied a capitalization rate of 8.25% which is higher than the average of identified comparable sales (7.1%) and the capitalization rate used by the appraiser (7.0%). Morningstar's base capitalization rate for the Fort Lauderdale/Boca Raton area is 8.80%. We have adjusted this base capitalization rate downward by 55 basis points to reflect a premium associated with the location and quality of the asset relative to other hotel sales in the region.

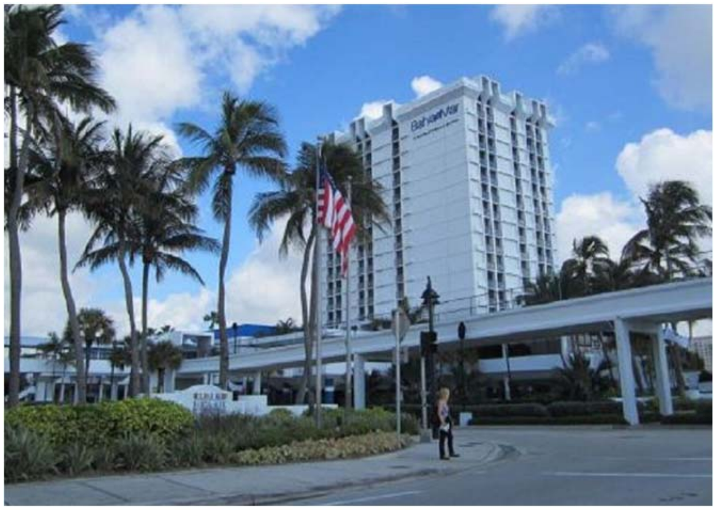
	Morningstar Value During Loan Term	Morningstar Value At Loan Maturity
Morningstar Estimate of Net Cash Flow	$35,495,662	$35,495,662
Capitalization Rate	8.25%	8.25%
Morningstar Value by Direct Capitalization	$430,250,454	$430,250,454
Less: NPV of Future Initial Fee Deposit Returns	(19,291,910)	(19,291,910)
Less: Reserve for Ongoing Renovations	(4,879,779)	-
Less: Reserve for Future Renovations (PIP)	-	(23,155,585)
Adjusted Morningstar Valuation	$406,078,765	$387,802,959
Value Per Room	387,850	370,394
Loan to Value	69.6%	72.9%

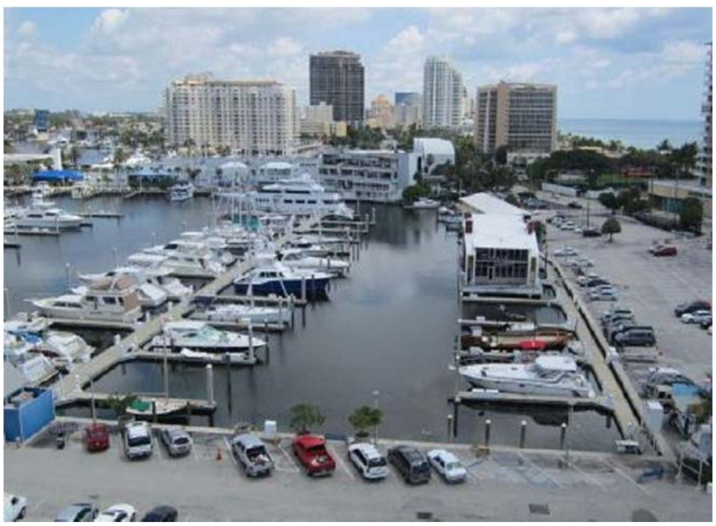
The value of the subject hotel is estimated to be $430.3 million based upon the direct capitalization approach to value. We have, however, adjusted the values downward to reflect ongoing and estimated renovations as well as future funding obligations. The following presents a summary of our adjustments to value:

- Reserve for Ongoing Renovations – as discussed earlier, management is in the process of conducting a renovation of the Cloister guest rooms during 2013 and 2014. According to information provided in the loan agreement, management is currently budgeting to spend $19.1 million for the renovation of which approximately $1.8 million has been invested to date leaving $17.3 million of future funding obligations. Morningstar has adjusted this future obligation to give credit for two years of the reserve for replacement (assuming that only 60% of the reserve will be applied as a credit leaving 40% for ongoing repairs and other work). Based upon this evaluation, Morningstar has adjusted the value of the asset during the loan term downward by $4.9 million as illustrated above.
- Downward Adjustment for Future Funding Obligations – as discussed membership deposits earned between 1991 and 1998 are fully refundable to members which signed up during that period. As a result, the owner of the asset will need to fund the reimbursement of these initial fees. Based upon a review of an in-depth analysis provided by the borrower, Morningstar has estimated the net present value of these deposits to be $19.3 million (based upon a discount rate equivalent to 3% inflation). This future funding obligation has been deducted from both the Morningstar value during loan term as well as the Morningstar value at loan maturity.
- Reserve for Future Renovations – franchisors and brand operators typically require that hotel owners conduct periodic renovations to update and renovate guest rooms and public space in order to ensure that the quality of the asset is in line with its competition as well as brand standards. These renovating requirements are referred to in the industry as property improvement plans ("PIP"). The PIP is estimated by the franchisor or brand operator based upon an evaluation of the condition and quality of the facilities and requirements may range from a minimal soft goods refresh to an extensive renovation including upgrades to guest bathrooms, replacement of case goods and furniture, in addition to soft goods upgrades. The hotel underwent major renovations to the public space and some guest rooms over the past years but we estimate a major renovation will be required within the medium term. To reflect the risk of this future funding obligation, we have estimated a PIP requirement equivalent to $30,000 per key at the maturity of the loan. Morningstar has adjusted this future obligation to give credit for three years of the reserve for replacement (assuming that only 60% of the reserve will be applied as a credit leaving 40% for ongoing repairs and other work). Based upon this evaluation, Morningstar has adjusted the value of the asset during the loan term downward by $23.2 million as illustrated above.

Bahia Mar Fort Lauderdale Beach Resort

Analyst: Rudolf Meckel 267-960-6052
Analytical Manager: Sheila Bjornstad 646-560-4511





Property Summary		
Property Type	Hotel/Full-Service	
Location	Fort Lauderdale, FL 33316	
Year Built	1966/1975	
Year /Renovated	2012	
Net Rentable Room (Total)	296	
Net Rentable Room (Collateral)	296	
Occupancy (Actual)	81.76%	TTM 6/30/13
Ownership	Fee & Leasehold	

Loan Summary		
Loan Amount (Original Balance)	$65,760,000	($222,162/room)
Loan Amount (Cut-Off Balance)	$65,760,000	($222,162/room)
Loan Term (months)	60	
I/O Period (months)	60	
Amortization Term (months)	0	
Loan Seasoning (months)	0	
Interest Rate(2)	4.96640%	

Morningstar Analysis		
Current DSCR (1)	4.00 x	
Ext. Term DSCR (2)	3.81 x	
Beginning LTV	43.5%	
Ending LTV	43.7%	
Capitalization Rate	8.55%	
Morningstar UW Occupancy	78.6%	
Net Operating Income	$14,195,153	
Net Cash Flow	$12,933,660	
Value	$151,270,877	($511,050/room)
Debt Yield	19.67%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

(1) Interest is calculated as a spread of 3.0959% over the LIBOR rate cap of 175%.

(2) Interest during the 2nd and 3rd extension terms are 3.3459% over the LIBOR rate cap of 175%.

Capital Structure Table

Loan	Current Balance	Interest Rate Initial Term	Interest Rate Ext. Term	DSCR Initial Term	DSCR Extended Term	BLTV	ELTV
First Mortgage	65,760,000	4.846%	5.096%	4.00 x	3.81 x	43.5%	43.7%
Mezzanine A	34,040,000	7.500%	7.750%	2.22 x	2.13 x	66.0%	66.3%
Mezzanine B	11,600,000	9.750%	10.000%	1.86 x	1.78 x	73.6%	74.0%
Mezzanine C	11,600,000	10.750%	11.000%	1.57 x	1.51 x	81.3%	81.7%
Total	**123,000,000**	**4.942%**	**5.195%**	**1.57 x**	**1.51 x**	**81.3%**	**81.7%**

Note: Interest is calculated as a spread over LIBOR, Morningstar has applied the interest rate spread to the LIBOR rate cap strike price of 175%

Morningstar Summary

Morningstar Perspective

The Bahia Mar Fort Lauderdale Beach Resort has an allocated mortgage loan balance of $65.76 million ($222,162 per room) and an allocated subordinate debt balance of $57.24 million ($193,378 per room), for a total allocated indebtedness of $123 million ($415,541 per room). The mortgage loan is secured by the fee and leasehold interest in an oceanfront 296-room hotel and a 250-slip marina. The property is located on the Atlantic Ocean and the Intracoastal Waterway in Fort Lauderdale, FL.

The subject property was affiliated with the Radisson brand until 2005, when the franchise agreement was terminated. The hotel was operated as an independent hotel (known as Bahia Mar Beach Resort) until the winter of 2011 when, after a $3.9 million renovation, it became affiliated with the DoubleTree by Hilton brand. The property has shown positive historical cash flow trends with net cash flows increasing from $8.6 million in 2010 to $13.0 million for the trailing twelve months ended June 30, 2013.

The Bahia Mar Fort Lauderdale Beach Resort features a rooftop pool, several casual dining options and on-site water sports. The property is comprised of four distinct structures, the Hotel Marina wing, the Hotel Tower and Restaurant, the Health Club and the Marina building. The Bahia Mar's 250-slip marina can accommodate more mega-yachts than any other marina in Florida. The Bahia Mar annually hosts the internationally-recognized Fort Lauderdale International Boat Show, which takes over the entire marina for a 30-day period with the actual show occurring over a four to five day period. The show attracts approximately 125,000 to 145,000 boat enthusiasts each year.

Between 2007 and 2012, the subject's occupancy and average room rate performance fluctuated. At the end of 2007, the subject property reflected a strong occupancy rate of 73.0% and an average room rate of $148.19. The hotel was negatively affected by the downturn and in 2008 and 2009 performance declined; the subject's occupancy decreased to 64.9% in 2008 and then to 57.8% in 2009. During the same period the average room rates decreased to $145.03 in 2008 and to $128.26 in 2009. In 2010, occupancy continued to decline but average rates improved slightly to $132.22. During 2011 the hotel was undergoing extensive renovations ($11,150 per room) and as a result, both occupancy and average room rates declined to 54.4% and $127.45, respectively. After completion of renovations and conversion of the independent hotel to the Doubletree brand, occupancy reflected strong growth moving to 81.2% at an average rate of $128.67 in 2012. As of the trailing twelve months ended June 30, 2013, the property is reporting occupancy of 81.8% with an average daily rate of $135.90 per room.

Morningstar underwrote occupancy at 78.6%, which is in line with the appraiser's forecasted occupancy for the subject property. It is important to note that Morningstar's underwritten occupancy is more conservative than both the issuer's underwritten occupancy of 81.6% and the 81.8% trailing twelve-month occupancy for the period ended June 30, 2013. Morningstar underwrote average room rate at $138.94, which results in a RevPAR of $109.21. Morningstar's underwritten RevPAR is slightly lower than the subject's $111.12 trailing twelve-month RevPAR for the period ended June 30, 2013.

Based on its analysis of the hotel operations and historical cash flows, Morningstar's underwritten net cash flow for the hotel is $12.93 million, which is 6.9% lower than the issuer's underwritten net cash flow. Based on Morningstar's underwriting, the interest-only debt service coverage is 4.00x. Morningstar considers the mortgage loan to have a relatively low risk level with good coverage.

Morningstar valued the hotel using the direct capitalization approach and concluded a value of the asset during the loan term of $151.27 million, or $511,050 per room. This valuation results in a loan-to-value ratio of 43.5% based on the cut-off loan balance. Morningstar's estimate of value of the asset at loan maturity (balloon value) is $150.58 million ($508,722 per room) which includes an adjustment of $689,312 for an impending property improvement plan ("PIP").

Morningstar toured the property on Tuesday, August 20, 2013. The tour included a review of the hotel, guest rooms, food and beverage offerings, meeting space, the marina, resort amenities, and public areas of the hotel. We met with property management to discuss historical and projected operating results and to gain an understanding of the marketing strategy for the hotel. Morningstar found the hotel and marina to be in good physical condition and assigned this asset a 3 property score which rates the asset to be average.

The Bears Say

- Ground Lease: the property is subject to a partial, long-term ground lease with the City of Fort Lauderdale. The original lease commenced in 1962 and had an initial term of 50 years. However, the ground lease was extended for another 25 years in 2012 and has one, 25- year extension option remaining. The ground lease provides many of the customary mortgagee protections but does not have certain mezzanine protections (which a mezzanine lender will derive from the mortgage protections via the intercreditor) and does not have all of the customary provisions regarding the ability of the lender to obtain a new lease if the Borrowers were to reject the lease during a bankruptcy. Since the Borrowers are not likely to reject the lease as it would have a significant impact on asset value, it is highly unlikely that this will ever occur.
- Condition: The subject property was developed between 1966 and 1975. However, the Sponsor has renovated all rooms, investing nearly $14.6 million ($49,445/key) between 2005 and 2012.
- New Additions to Supply: The only new supply identified by the appraiser is the former 298-unit Trump International condominium-hotel Hotel and Tower, located one mile north of the subject property. Construction of the building shell was completed in 2010, however, the property was not completed, with interior areas still left to be finished. Corus Bank, the developer's lender was taken over by the FDIC. Starwood Capital bought the Corus debt and foreclosed on the property in April 2012. This project will likely open as an upscale hotel in late 2014 or early 2015. However, given the project's high-end target market, this property is not expected to compete directly with the subject.
- Environmental: The DoubleTree Bahia Mar Property had a leaking underground storage tank ("LUST") that was removed. The release associated with this LUST requires environmental remediation. The environmental consultant estimates the costs associated with this remediation to range from $150,000 to $200,000. However, the DoubleTree Bahia Mar is eligible for state-funded cleanup assistance under the FDEP's Early Detection Initiative Program. Based on the date of the release, there should be no cost to the Borrowers associated with this remediation.

The Bulls Say

- Strong Loan Metrics: Based on an allocated loan balance of $65.76 million and Morningstar's term value of $151.27 million, the property has a Morningstar beginning loan-to-value of 43.5% and NCF debt yield of 19.7%
- World Class Marina: The subject property offers one of the largest and best equipped marinas in South Florida and includes 17,000 linear feet with capacity for 250 slips (including 66 slips for mega-yachts over 80 foot), five high speed fuel pumps (to accommodate mega-yachts), marina offices and sundry shop.
- Strong Brand Affiliation: In 2011 the subject became affiliated with the DoubleTree by Hilton brand. The Hilton flag, which became official upon completion of a PIP program in 2011, provides the subject property with access to Hilton's global reservation network
- Excellent Location: The subject property is a 44-acre ocean front resort that is situated on the Atlantic ocean and the Intracoastal Waterway
- International Boat Show Host: The subject property hosts the annual Fort Lauderdale International Boat Show, which is currently in its 54th year. Bahia Mar has been hosting the boat show for 25 years. The International Boat Show attracts 125,000 to 145,000 boat enthusiasts per year. The International Boat Show is subject to a long-term lease through November 2020 and currently generates approximately $4.7 million in annual rental revenue, or nearly 15% of the properties total revenues as well as significant room demand.
- Capital Expenditures: The Sponsor has renovated all rooms, investing nearly $14.9 million ($50,200/key) since 2005. From 2010 to 2012, the Sponsor invested approximately $3.9 million ($13,100/key) for the upgrading and modernizing all 296 guestrooms in accordance with Doubletree brand standards. The Sponsor has also invested approximately $11 million ($37,100/key) renovating the lobby café, HVAC systems, roof, fitness center, and F&B outlets.

Property Description

The subject property is a 296-room full service hotel that is affiliated with the DoubleTree by Hilton franchise. The improvements consist of five building structures housing guestrooms, meeting space, rented retail stores and office space, marina, and recreational facilities. The subject property was previously affiliated with the Radisson brand until 2005, when the franchise agreement was terminated. The hotel operated as an independent hotel (known as Bahia Mar Beach Resort) until the winter of 2011 when it became affiliated with the DoubleTree by Hilton brand.

The building structures include a 16-story tower (which opened in 1975), a four-story marina building (which opened in 1966), a two-story "pool" building (which opened in 1975), and a two 2-story marina services buildings (which opened in 1966). All buildings have direct access from the parking area, and are also connected on the second floor via an outdoor covered walkway. This elevated walkway also provides direct beach access rising over highway A1A.

The hotel tower is located is located in the center of the subject site, the marina building is located towards the southern end of the subject site, and the two-story buildings are located towards the western end of the subject site alongside the marina. The hotel tower houses the restaurant, guest registration and lobby, meeting space, some of the retail stores, gift shop, sales and administrative offices, guest laundry, and back of the house areas. Additionally, 181 guest rooms are located on floors three through sixteen.

The marina building houses 115 guestrooms and a small retail shop (The Deli). The "pool" building houses additional administrative offices, retail stores, one meeting room, and the rooftop fitness center, swimming pool, and pool bar and grill. There are four tennis courts located west of the two-story building. Further west of the tennis courts are the gardens, the "yacht services" building (housing yacht sales and brokerage offices and a sundry shop), fuel dock, and charter service center. The marina slips are located north, south and west of the hotel improvements.

Each of the guestrooms feature flat screen televisions with cable, telephone, and complimentary wireless internet access. Guest rooms also offer a dining table with chairs, dresser, nightstands, lamps, iron and ironing board, in-room safe, microwave, and mini refrigerator. Views from guestrooms include the yacht-filled marina, the ocean, or the tropical gardens. Most rooms offer balconies. Amenities include in-room safes, minibars, and premium television channels.

There are three food and beverage establishments located at DoubleTree Bahia Mar. Breezes Cafe & Bar is located on the lobby level and serves breakfast, lunch, and dinner daily. This restaurant was leased to a third party in February 2011. Waves Pool Bar & Cafe is located on the pool deck, offering sandwiches, salads, wraps, and snacks. It is open for lunch every day, and was leased to the same tenant at Breezes Cafe & Bar in February 2011. All About Food is a New York-style deli located along State Road A1A. The deli is open all day and is leased to a third party.

The subject property contains 28,000 square feet of meeting space located in three areas of the hotel: on the lobby level, second / mezzanine floor of the hotel tower, and the third floor of the hotel tower. The meeting space is functionally laid out; however, the two distinct locations of the meeting space are not conducive for large groups.

The subject property offers one of the largest and best equipped marinas in South Florida and includes 17,000 linear feet with capacity for 250 slips (including 66 slips for mega-yachts over 80 feet), five high speed fuel pumps (to accommodate mega-yachts), marina offices and sundry shop. The marina has concrete floating docks and dockage is a combination of slips and parallel moorage. The marina underwent a $17 million renovation and reconfiguration completed in October 2003. The number of marina slips was reduced from 330 to 250 in order to allow dockage of much larger vessels measuring over 100 feet. According to management, large boats command fee premiums with fees averaging $7.00 per foot per day compared to $4.50 per foot per day for smaller boats.

Summary of Historical and Projected Capital Expenditures											
	2005	2006	2007	2008	2009	2010	2011	2012	2005-2012	2013	2014
Amount Invested	345,163	666,273	1,197,482	2,633,934	2,094,365	1,290,149	5,129,651	1,278,591	14,635,608	587,264	
% Invested (2005-2012)	2.4%	4.6%	8.2%	18.0%	14.3%	8.8%	35.0%	8.7%	100.0%		
Cummulative Invested	2.4%	6.9%	15.1%	33.1%	47.4%	56.2%	91.3%	100.0%			

The Sponsor has renovated all rooms, investing nearly $14.6 million ($49,445/key) between 2005 and 2012. From 2010 to 2012, the Sponsor invested approximately $3.9 million ($13,100/key) for the upgrading and modernizing all 296 guestrooms in accordance with Doubletree brand standards. The Sponsor has also invested approximately $11 million ($37,100/key) renovating the lobby café, HVAC systems, roof, fitness center, and F&B outlets.

A property condition assessment report, dated July 26, 2013, was completed by EMG. The property condition assessment report concluded that DoubleTree Bahia Mar was in overall good condition. The report recommended $17,000 in immediate repairs for moisture intrusion assessment, fire protection and interior finishes and $20,350 in short term repairs for ADA repairs, sidewalk repairs and roofing repairs.

An environmental site assessment report, dated July 26, 2013, was completed by EMG. The ESA noted past violations regarding contamination related to a

LUST that was previously removed. The contamination associated with this LUST requires environmental remediation, with an estimated cost of $150,000 to $200,000. However, the DoubleTree Bahia Mar is eligible for state-funded cleanup assistance. Based on the date of the release, there would be no cost to the Borrowers associated with this remediation.

Ground Lease Summary

The property is subject to a partial, long-term ground lease with the City of Fort Lauderdale. The original lease from 1962 had an initial term of 50 years. The ground lease was extended for another 25 years in 2012 and has one, 25- year extension option remaining. Annual rent is calculated as the greater of (a) $300,000 (minimum rent) or (b) 4.25 % of total revenue (excluding insurance proceeds and other non-recurring income). The ground lease provides many of the customary mortgagee protections but does not have certain mezzanine protections which a mezzanine lender will derive from the mortgage protections via the intercreditor. It is also lacking the customary provisions around obtaining a new lease upon termination of the existing lease.

Demand Drivers

The primary source of demand for the subject hotel is its location along the Ft. Lauderdale beach and proximity area shops and restaurants. Other demand drivers within the neighborhood include the Ft. Lauderdale International Boat show, Ft. Lauderdale-Hollywood International airport, Port Everglades, and the Greater Ft. Lauderdale/ Broward County Convention Center. Local attractions include Bass World Pro Shops, the Fishing Museum, the 27-acre South Beach Park, the 17th Street commercial corridor and the Design Centers of America showroom, which has 730,000 square feet of gallery and architectural design showroom space.

The annual Fort Lauderdale International Boat Show is currently in its 54th iteration. Bahia Mar has been hosting the boat show for 25 years. The event's exhibits range from yacht builders and designers to exotic cars and brokerage yachts. Covering six locations and over 3 million square feet of space, the show attracts visitors from around the globe, generating demand for the hotel's accommodations and its 250-slip marina. The boat show takes over the entire marina for a 30 day period with the actual show occurring over a four to five day period. The International Boat Show attracts 125,000 to 145,000 boat enthusiasts per year. Bahia Mar's globally renowned marina contributes to making Fort Lauderdale the "Yachting Capital of the World".

According to the sponsor, management plans to reduce bookings from opaque channels (such as Priceline and Hotwire) and rely more on the Hilton reservations systems and wholesale bookings. Moreover, agreements with Jet Blue and Spirit Airlines which are the major airlines serving Ft. Lauderdale-Hollywood International airport, are expected to bolster domestic business. Additionally, a newly introduced United Airlines flight from San Francisco is expected to help management target demand from the west coast as well as cruise and tourist demand from the Asia-Pacific region.

According to the management, there has been a general decline in city-wide events (defined as generating 4,000 or more room nights) over the last five years from a peak of 25 events to 17 in 2012. However, management sees demand potential from medical conferences/ conventions. Management also sees latent demand from summer sports events in the Ft. Lauderdale area as an important SMERF (Social, Military, Educational, Religious, and Fraternal) market segment.

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 identified competitive set comprises 1,546 rooms and includes the following hotels: 1) the subject DoubleTree Bahia Mar, 2) Sheraton Hotel Ft. Lauderdale Beach Resort, 3) Courtyard Fort Lauderdale Beach, 4) DoubleTree Gallery One Fort Lauderdale, 5) Days Inn Fort Lauderdale Bahia Cabana, 6) Best Western Plus Oceanside Inn, and 7) Holiday Inn Express & Suites Fort Lauderdale.

Evaluation of Market Trends

	Occupancy Rate	Average Rate	Rooms RevPAR	Occupancy Penetration	RevPAR Penetration
Year End 2010	69.8%	$124.40	$86.78	80.9%	86.0%
Year End 2011	72.5%	$131.40	$95.25	75.0%	72.8%
Year End 2012	75.0%	$136.75	$102.61	108.2%	101.8%
TTM 6/31/11	72.4%	$127.24	$92.12	76.0%	75.2%
TTM 6/31/12	73.6%	$136.81	$100.69	125.9%	87.8%
TTM 6/31/13	77.6%	$136.38	$105.83	105.4%	105.0%

Source: Smith Travel Research

Occupancy in the market has reflected strong growth over the last few years increasing from 69.8% during 2010 to 75.0% during 2012. Trends have continued to reflect growth increasing from 73.6% during the trailing 12 month period ending June 30, 2012 to 77.6% for the same period for 2013. Average room rates have also reflected strong growth. Rates which were $124 during 2010 have increased to $136.38 during the trailing 12 months ending 2013.

According to the appraisal, the lodging market in Ft. Lauderdale experienced the headwinds of the global recession from 2007 to 2009 resulting in demand decreases. During 2007-2008, soft domestic demand was mitigated to some extent by international demand driven by a weak US dollar. Since 2010, demand has rebounded according to the appraiser, but supply additions in 2009 and 2010 led to a net decrease in room rent. However, over the last two years, the Ft. Lauderdale lodging market has witnessed positive increases in demand, occupancy and room rates. Average rates and RevPAR posted the strongest gains since 2009. Overall, according to the appraiser, the fundamentals of supply and demand seem favorable in the Ft. Lauderdale market. There is limited new supply projected over the next two to three years and both room rate and demand have improved over the last 12 months.

The only new supply identified by the appraiser is the former 298-unit Trump International condominium-hotel Hotel and Tower, located one mile north of the subject property. Construction of the building shell was completed in 2010; however, the property was not completed, with interior areas still left to be finished. Corus Bank, the developer's lender was taken over by the FDIC. Starwood Capital bought the Corus debt and foreclosed on the property in April 2012. This project will likely open as an upscale hotel in late 2014 or early 2015. However, given the project's high-end target market, this property is not expected to compete directly with the subject.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	Year End 2012	TTM 06/30/13	Reforecast 2013	Issuer Underwriting
Occupancy Percent	78.6%	56.5%	54.4%	81.2%	81.8%	81.4%	81.6%
Average Room Rate	$138.94	$132.22	$127.45	$128.67	$135.90	$141.00	$138.45
Rooms RevPAR	$109.21	$74.65	$69.30	$104.42	$111.12	$114.73	$112.93
Departmental Revenue							
Room	$11,798,885	$8,065,564	$7,486,936	$11,312,470	$12,005,060	$12,395,561	$12,200,851
Food & Beverage	0	2,975,183	401,838	0	0	0	0
Telephone	13,367	20,595	12,221	14,221	13,868	13,587	13,868
Golf Operations	0	0	0	0	0	0	0
Spa Operations	0	0	0	0	0	0	0
Tennis/Beach/Retail/Bus Ctr	0	0	0	0	0	0	0
Marina	17,255,291	13,127,980	15,551,860	16,242,029	16,962,560	16,987,856	17,352,868
Membership Dues	0	0	0	0	0	0	0
Membership Sales	0	0	0	0	0	0	0
Rents & Other Income	2,469,790	1,751,982	1,965,976	2,374,738	2,644,131	2,676,258	2,644,131
Total Departmental Revenue	**$31,537,333**	**$25,941,304**	**$25,418,831**	**$29,943,458**	**$31,625,619**	**$32,073,262**	**$32,211,718**
Departmental Expenses							
Room	$2,702,441	$1,986,853	$2,054,972	$2,804,390	$2,836,198	$2,798,451	$2,882,454
Food & Beverage	0	2,164,865	315,099	0	0	0	0
Telephone	105,096	54,592	68,253	71,845	103,948	150,249	103,948
Golf Operations	0	0	0	0	0	0	0
Spa Operations	0	0	0	0	0	0	0
Tennis/Beach/Retail/Bus Ctr	0	0	0	0	0	0	0
Marina	4,398,565	3,427,233	3,782,045	4,336,168	4,323,945	4,231,295	4,323,945
Membership Dues	0	0	0	0	0	0	0
Membership Sales	0	0	0	0	0	0	0
Total Departmental Expenses	**$7,595,757**	**$7,941,363**	**$6,486,916**	**$7,600,835**	**$7,682,796**	**$7,588,045**	**$7,729,052**
Departmental Profit	**$23,941,576**	**$17,999,941**	**$18,931,915**	**$22,342,623**	**$23,942,823**	**$24,485,217**	**$24,482,666**
Undistributed Expenses							
General & Administrative	$2,007,440	$1,958,429	$2,011,700	$1,937,961	$1,953,632	$2,007,440	$1,953,632
Franchise Fees	0	0	0	0	0	0	0
Advertising & Marketing	1,455,836	628,349	840,670	1,400,357	1,365,059	1,455,836	1,365,059
Repairs & Maintenance	1,043,274	1,062,906	976,371	1,030,379	1,044,733	1,043,274	1,044,733
Utilities	745,344	855,790	793,937	753,914	778,343	745,344	778,343
Management Fees	1,105,952	648,477	635,852	804,839	1,109,048	1,041,101	844,196
Fixed Charges							
Real Estate Taxes	$1,191,506	$1,245,018	$1,049,161	$1,111,585	$1,093,141	$1,131,946	$1,131,946
Insurance	892,194	937,135	906,302	1,032,578	1,107,923	1,102,936	892,194
Ground Rent	1,280,551	1,031,991	980,762	1,121,982	1,160,170	1,280,551	1,263,390
Other Fixed Charges	24,325	29,597	100,584	54,596	60,251	24,325	23,396
Total Operating Expenses	**$17,342,180**	**$16,339,055**	**$14,782,255**	**$16,849,026**	**$17,355,096**	**$17,420,798**	**$17,025,941**
Net Operating Income	**$14,195,153**	**$9,602,249**	**$10,636,576**	**$13,094,432**	**$14,270,523**	**$14,652,464**	**$15,185,777**
Capital Expenditures							
Reserve for Replacement of FF&E	$1,261,493	$1,037,652	$1,016,753	$1,197,738	$1,265,025	$1,282,930	$1,288,469
Net Cash Flow	**$12,933,660**	**$8,564,597**	**$9,619,823**	**$11,896,694**	**$13,005,498**	**$13,369,534**	**$13,897,308**

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.

Morningstar's analysis was based on a blending of historical performance, the borrower's budget, Morningstar's projections over the next several years and a stabilized occupancy and average room rate in today's dollars. No new supply is expected that would be considered directly competitive to the subject property.

Revenue Drivers

Average Room Rate	$138.94
Occupancy (%)	78.6%
Rooms RevPAR	$109.21

Morningstar underwrote occupancy at 78.6%, which is in line with the appraiser's forecasted occupancy for the subject property. It is important to note that Morningstar's underwritten occupancy is more conservative than both the issuer's underwritten occupancy of 81.6% and the 81.8% trailing twelve-month occupancy for the period ended June 30, 2013. Morningstar underwrote average room rate at $138.94, which results in a RevPAR of $109.21. Morningstar's underwritten RevPAR is slightly lower than the subject's $111.12 trailing twelve-month RevPAR for the period ended June 30, 2013.

Marina Income: Morningstar's estimate of marina revenue includes slip rental and ancillary income associated with the Marina. Part of the revenue is a lease paid annually by the Boat Show for hosting the event each year. The rent for the Boat Show lease is expected to increase to $390,308 during 2013 over the levels reflected during the trailing 12 months. To be conservative, Morningstar has given credit to 75% of this upside, and therefore has increased the revenue reflected during the trailing 12 months ending June 2013 by $292,731.

Expenses

Expenses are underwritten in line with the historical expenses unless otherwise noted.

Marina Expense: Based on Morningstar's underwritten marina income multiplied by the marina expense to marina income ratio for the trailing twelve months ended June 2013.

Real Estate Taxes: Based on the 2012 real estate tax inflated by 3.0%.

Insurance Expense: Based on the actual insurance premium per the issuer.

Management and Brand Services Fee: has been estimated to be 3.5% of total revenue, which is consistent with the trailing twelve-month management fee for the period ended June 30, 2013 and the current management contracts. There are three components to the subject's management fees: 1.5% management fee for the marina, 2.5% management fee for the hotel and other non-marina revenue and a brand services fee based on 4.0% of room's revenue.

Reserve for Replacement: Underwritten at 4.0% of gross revenue in line with industry averages for hotels. In addition to the structure repairs recommended by the 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 well above that recommended by the engineer in the property condition assessment.

Valuation Drivers

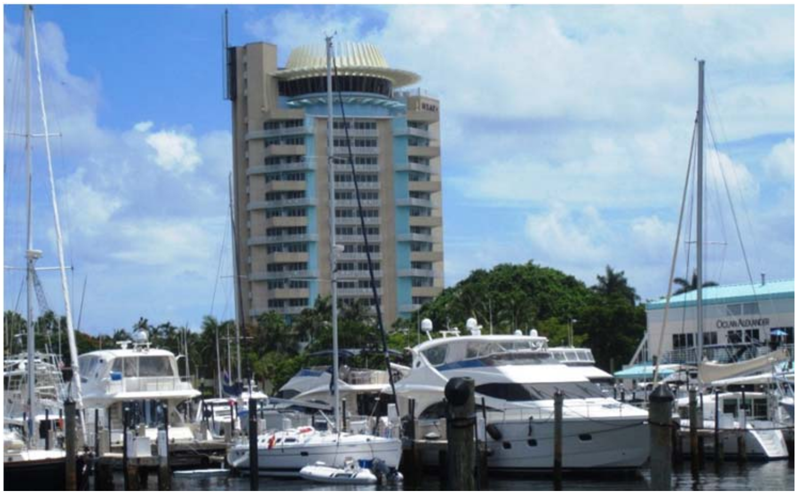
Cap Rate: Morningstar's direct capitalization value was based on a base capitalization rate of 8.80% for the Ft. Lauderdale lodging market. A 50 basis point downward adjustment was made for the resort location. In addition, Morningstar adjusted the cap rate up 25 basis points for the ground lease. The resulting capitalization rate is 8.55%.

PIP Adjustment: Due to the subject's age and condition, the property is likely to be subject to a brand-required property improvement plan within the next several years. For the purposes of estimating the value of the hotel at the time of loan maturity, we have estimated a renovation cost of $10,000 per room or $2,960,000. We have, however, adjusted this future funding obligation downward by 60% of the annual reserve for replacement for an estimate period of three years. Based upon this adjustment the total value adjustment at balloon is estimated to be $689,312. The following table illustrates how this cost has been deducted from the Morningstar Value at loan maturity.

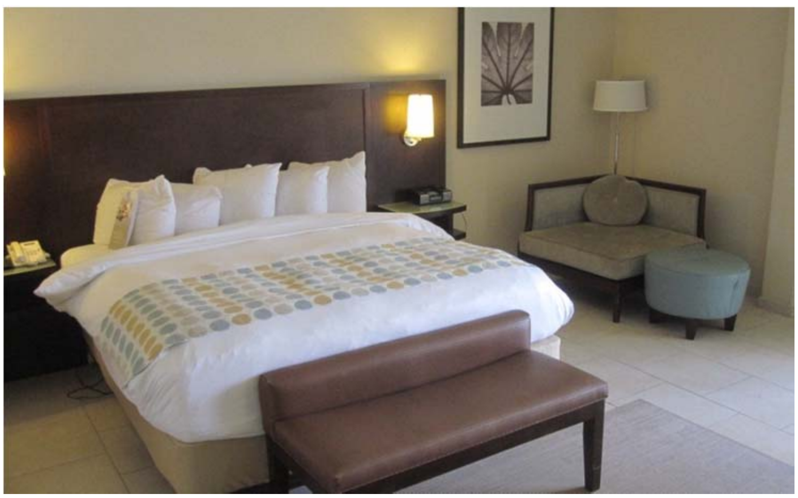
	Morningstar Value During Loan Term	Morningstar Value At Loan Maturity
Morningstar Estimate of Net Cash Flow	$12,933,660	$12,933,660
Capitalization Rate	8.55%	8.55%
Morningstar Value by Direct Capitalization	$151,270,151	$151,270,151
Less: Reserve for Future Renovations (PIP)	-	(689,312)
Adjusted Morningstar Valuation	$151,270,151	$150,581,565
Value Per Room	511,050	508,722
Loan to Value	43.5%	43.7%

Hyatt Regency Pier Sixty-Six Resort & Spa

Analyst: Chandan Banerjee 646-560-4512
Analytical Manager: Sheila Bjornstad 646-560-4511



Source: Morningstar, Inc.



Source: Morningstar, Inc.

Property Summary		
Property Type	Hotel/Full-Service	
Location	Fort Lauderdale, FL 33316	
Year Built	1957	
Year /Renovated	2005	
Net Rentable Room (Total)	384	
Net Rentable Room (Collateral)	384	
Occupancy (Actual)	68.32%	TTM 6/30/13
Ownership	Fee & Leasehold	

Loan Summary		
Loan Amount (Original Balance)	$42,240,000	($110,000/room)
Loan Amount (Cut-Off Balance)	$42,240,000	($110,000/room)
Loan Term (months)	60	
I/O Period (months)	60	
Amortization Term (months)	0	
Loan Seasoning (months)	0	
Interest Rate (2)	4.96640%	

Morningstar Analysis		
Current DSCR (1)	3.27 x	
Ext. Term DSCR (2)	3.11 x	
Beginning LTV	67.3%	
Ending LTV	51.6%	
Capitalization Rate	8.30%	
Morningstar UW Occupancy	68.5%	
Net Operating Income	$8,047,640	
Net Cash Flow	$6,790,392	
Value	$62,776,520	($163,481/room)
Debt Yield	16.08%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

(1) Interest is calculated as a spread of 3.0959% over the LIBOR rate cap of 175%.
(2) Interest during the 2nd and 3rd extension terms are 3.3459% over the LIBOR rate cap of 175%.

Capital Structure Table

Loan	Current Balance	Interest Rate Initial Term	Interest Rate Ext. Term	DSCR Initial Term	DSCR Extended Term	BLTV	ELTV
First Mortgage	42,240,000	4.846%	5.096%	3.27 x	3.11 x	67.3%	51.6%
Mezzanine A	21,860,000	7.500%	7.750%	1.82 x	1.74 x	102.1%	78.4%
Mezzanine B	7,450,000	9.750%	10.000%	1.52 x	1.46 x	114.0%	87.5%
Mezzanine C	7,450,000	10.750%	11.000%	1.28 x	1.24 x	125.8%	96.6%
Total	**79,000,000**	**4.942%**	**5.195%**	**1.28 x**	**1.24 x**	**125.8%**	**96.6%**

Note: Interest is calculated as a spread over LIBOR, Morningstar has applied the interest rate spread to the LIBOR rate cap strike price of 175%

Morningstar Summary

Morningstar Perspective

The Hyatt Regency Pier Sixty-Six Resort & Spa has an allocated mortgage loan balance of $42.24 million ($110,000 per room) and an allocated subordinate debt balance of $36.76 million ($95,729per room),for a total allocated indebtness of $79.00 million ($205,729 per room). The mortgage loan is secured by the fee and leasehold interest in a 384-room hotel and a 127-slip marina. The property has shown positive historical cash flow trends with net cash flows increasing from $4.47 million in 2010 to $5.65 million for the trailing twelve months ended June 30, 2013. According to the issuer, approximately $29.5 million has been invested into renovations of the property since 2005. In addition, phase one of a $17 million renovation to the related marina is currently underway. The successful completion of this phase will see the installation of a floating dock system, as well as upgrades to the marina's electrical systems and renovations to the marina's bulkheads. Phase two is scheduled to commence in the summer of 2014 and will focus on the basin area of the marina. All renovations are scheduled to be completed by October 2014 in time for the Ft. Lauderdale International Boat Show, which is scheduled to be held in October 2014 also and leases the marina for the duration of the show.

The sponsors have engaged Interstate Management, LLC to manage the hotel as of June 1, 2013. The new management is focused on driving occupancy and revenue through a shift away from opaque internet channels such as Priceline, Hotwire, etc. and towards more wholesale bookings and taking advantage of the Hyatt brand and reservation system. The new management is also trying to shift the market segmentation towards group business in 2014 and 2015. The completion of the marina renovations is also expected to be a significant driver of revenues.

While there is upside potential in the hotel operations, it is dependent upon the completion of renovations to the marina, guest rooms and amenity spaces. The marina renovation is budgeted at $17 million and scheduled for completion in 2014. However, the issuer is not requiring any upfront reserves or a completion guaranty from the sponsor to ensure the timely completion of the renovations. Morningstar has therefore made a capital expense deduction of $14.24 million from the term value of the property which reflects the remaining funds required to complete the renovations less Morningstar's estimate of funds available for the marina renovations from the general FF&E reserves (Please see the Valuation Drivers section of this Asset Summary Report for more details). Since it is likely that the completion of the marina renovations will result in an increase in marina revenues, Morningstar has underwritten marina revenues based on the appraiser's estimate of Year 4 marina revenues, discounted to the current dollars at a 3.0% discount rate.

Morningstar has also assumed a Hyatt mandated Property Improvement Plan (PIP) to be implemented, likely as a condition of signing a new franchise agreement when the current franchise agreement expires in November 2014. We have estimated a renovation cost of $12,500 per room which equates to $4.8 million for the hotel. Morningstar's estimates for the PIP costs are in line with the appraiser's estimates. During Morningstar's tour of the property, a number of areas of the hotel such guestrooms in the east Lanai wing, the Panorama Ballroom and some the meeting spaces appeared dated and in need to soft goods renovations. Morningstar has also conservatively assumed no growth in the hotel's occupancy or average rate during the loan term.

Based on its analysis of the hotel operations and historical cash flows, Morningstar's underwritten net cash flow (NCF) for the hotel is $6.79 million ($17,683 per room), which is 1.4% more than the issuer's underwritten NCF. Morningstar's estimate of the term value of the hotel, net of the $19.04 million adjustments for the marina renovation and the PIP implementation, is $62.78 million ($163,481 per room), which is 35.9% lower than the appraiser's estimate of value. Morningstar's estimate of balloon value is $81.81 million ($213,052 per room). We are assuming that the marina renovations and the PIP implementation takes place during the term of the loan and therefore the balloon value for the hotel is higher than the term value. Based on Morningstar's term value, the allocated mortgage loan balance has a LTV of 67.3% and a current interest-only debt service coverage of 3.27x (based upon the current interest rate spread and the LIBOR rate cap of 1.75%). Morningstar considers the mortgage loan to have a moderate risk level with strong coverage.

The Bears Say

- Marina Renovation: The sponsor has commenced a $17.7 million renovation of the marina, which is scheduled to be completed by October 2014. The issuer has pre-approved a capital budget of $8.7 million for 2013 and $9.0 million in 2014. As of the loan closing, $1.21 million of the 2013 capital budget has been spent. However, the sponsor has provided no completion guarantees for the renovation and the issuer has not required the funding of any upfront reserves to ensure completion of the renovation. If the renovation work is not completed by August 2016, then the loan agreement requires the sponsor to fund a reserve with then remaining amount of the capital budget, capped at $17.00 million. Morningstar has taken a capital expense deduction of $14.24 million against the future renovation costs, after adjustments for reserves, and has underwritten marina revenues based on the appraiser's Year 4 estimate discounted to current dollars at 3%.
- Franchise Agreement Expiration: The franchise agreement with Hyatt is scheduled to expire in November 2014 after a 20-year term and there are no renewal options. The current franchise fee is 2.5% of the room revenue according to the second amendment to the franchise agreement. Morningstar

has underwritten franchise fees at 4% of the room revenue based on the assumption that a new franchise agreement would have market-normal franchise fees.

- Hotel Renovations: Based on Morningstar's visual inspection of the property, guest rooms in the east Lanai wing, the Panorama Ballroom and some of the meeting spaces require soft goods upgrades. Morningstar is also assuming that a brand mandated PIP will be implemented during the loan term. Morningstar has made a $4.80 million capital expenditure deduction from its estimate of value of the property during the loan term.
- Marina Release Provision: The sponsor has the ability to release the marina parcel from the mortgage independent of the hotel. However, the sponsor is not allowed to release the hotel from the mortgage without either having previously released the marina parcel or releasing them simultaneously. The release of the marina parcel requires a payment of the greater of 115% of a defined release amount or 80% of the proceeds from an arm's length sale of the marina parcel. The initial marina release amount is $11.30 million, which is adjusted pro rata to the extent that the mortgage loan is prepaid. The appraiser has allocated 20.8% of the value of the property, or $20.40 million to the marina. The allocation is based on the ratio of the marina income to the total departmental income in Year 4 of the appraiser's analysis, once the marina is fully repositioned.

The Bulls Say

- Marina Revenue Potential: The sponsor has commenced phase I of a two-phase, $17 million renovation of the marina, which will enable it to accommodate much larger boats than it can at present. Larger boats command rent premiums over smaller sized boats and represent a significant revenue potential for the marina. The Ft. Lauderdale International Boat Show is a source of revenue for the marina but it was not held each of the last two years and the company sought rent relief. However, it is expected to take place in 2014. In addition to its contractual rent, the boat show is likely to impact F&B revenue, as well as drive some room sales.
- Hotel Revenue Potential: In addition to the marina renovations, the new property management wants to drive occupancy at the property by focusing on group business, wholesale bookings and away from more opaque internet channels. Management also wants to integrate more fully and take advantage of the Hyatt sales and reservations systems and build on corporate relationships with airlines and cruise lines.
- Experienced management: Interstate Management, LLC has been engaged as the property manager for the hotel as of June 2013. Interstate, a wholly-owned subsidiary of a joint venture between Thayer Lodging Group and Jin Jiang Hotels, is a US-based global hotel management company, with 360 hotels with more than 69,000 rooms located throughout the U.S. and around the world, including six wholly-owned hotels.
- Good Location: The property is located along the Intracoastal Waterway and enjoys easy local access through State Route A1A and regional access through US Highway 1, Interstate 95, Interstate 595, and the Florida Turnpike. The property is located four miles from the Ft. Lauderdale central business district (CBD) and 5.5 miles from the Ft. Lauderdale-Hollywood International airport. Access to a 127 slip marina gives the property a competitive advantage amongst its peer group.

Property Description

Located along the Intracoastal Waterway in Ft. Lauderdale, Florida, Hyatt Regency Pier Sixty-Six Resort & Spa is a 384-room, full service hotel housed in a 17-story tower and two two-story buildings. In addition to the guest rooms, the hotel has five food & beverage (F&B) outlets, over 40,000 square feet of meeting space and 5,000 square feet of pre-function space, three pools, a 40-person hydrotherapy pool, two tennis courts, and a health club that includes sauna, Jacuzzi, and steam rooms. The collateral also includes a 127-slip marina, which includes 3,400 square feet of retail space. Five slips of the marina (18,394 square feet) are subject to a submerged land lease with the State of Florida (see Submerged Land Lease below).

Summary of Historical and Projected Capital Expenditures											
	2005	2006	2007	2008	2009	2010	2011	2012	2005-2012	2013	2014
Amount Invested	7,930,131	5,179,745	6,974,195	5,425,886	927,995	1,213,699	572,191	1,032,371	29,256,213	8,717,063	9,000,000
% Invested (2005-2012)	27.1%	17.7%	23.8%	18.5%	3.2%	4.1%	2.0%	3.5%	100.0%		
Cummulative Invested	27.1%	44.8%	68.6%	87.2%	90.4%	94.5%	96.5%	100.0%			

According to the issuer, the sponsor has invested $29.3 million ($76,800/key) in the property between 2005 and 2012. This capital has been invested in upgrading and modernizing rooms, corridors, the lobby, F&B outlets, and meeting rooms. However, $25.5 million of the sponsor's capital investment was spent from 2005 to 2008 including $3.81 million on the West Lanai wing rooms and corridors in 2005; $2.50 million on pools, courtyard and landscaping in 2005; $1.01 million on the East Lanai wing rooms and corridors in 2006-2007; $4.36 million on lobby and restaurants inn 2007-2008; and $3.15 million on meeting rooms in 2007-2008. In comparison, there has been less capital investment in the property during recent years; between 2009-2012 a total of $3.7 million was invested. Based upon the timing of past investment, Morningstar expects a brand mandated PIP to be implemented upon the franchise agreement expiration in 2014.

The sponsor recently commenced phase one of a $17.7 million renovation on the marina that will include the installation of a floating dock system. Phase one will comprise of upgrading the marina's electrical systems and renovating the marina's bulkheads for $8.7 million and is scheduled to be completed by December 2013. Phase two will commence in summer 2014 and will focus on the basin area of the marina. All renovations are scheduled to be completed by October 2014.

The property is located four miles from the Ft. Lauderdale CBD and 5.5 miles from the Ft. Lauderdale-Hollywood International airport. The property's immediate neighborhood is known as the Ft. Lauderdale Beach District and consists of retail, restaurant, hotel and motel uses geared towards tourists. There are also some low-, and mid-rise residential condominiums in the neighborhood. The property is separated from the mainland by the Intracoastal Waterway and the main local access routes are State Road A1A (Ft. Lauderdale Beach Boulevard), and SE 17th Street, Las Olas Boulevard and Sunrise Boulevard, which provide access across the waterway. Regional access is provided by US Highway 1, Interstate 95, Interstate 595, and the Florida Turnpike.

A property condition assessment (PCA) report prepared by EMG Corp., identified $120,000 of immediate repairs and $12,750 of short term repairs. The PCA's immediate repair recommendation is for the stabilization of damaged concrete seawall and piles in the marina. According to the issuer, these repairs are part of the phase I marina renovations scheduled to be completed by December 2013. EMG Corp. also prepared an Environmental Site Assessment (ESA) for property and concluded that there were no current Recognized Environmental Conditions (REC). EMG recommended the implementation of an asbestos Operations & Maintenance (O&M) plan and the filing of a Well Abandonment Report with the state of Florida to address two previous fuel releases from underground storage tanks.

Submerged Land Lease

Five of the 127 slips at the marina are subject to a submerged lands lease with the Boart of Trustees of the Internal Improvement Fund of the State of Florida. The submerged lands lease expires in November 2014. Although the lessee can apply for a renewal of the lease between 120 and 30 days prior to the lease expirations, the lessor has the sole option to renew the lease. As of the date of the submerged lands lease in 2009, the annual fee was $3,264.40 per year. In addition, the lessee must pay the amount, if any, of the excess of 6% of the gross receipts derived from the lessee's rental of wet slips over the annual fee for the applicable lease year.

Demand Drivers

The major demand drivers within the neighborhood are the Ft. Lauderdale-Hollywood International airport, Port Everglades, the Greater Ft. Lauderdale/ Borward County Convention Center, the Bass World Pro Shops and the Fishing Museum. The Ft. Lauderdale International Boat show is also a major demand driver and rent the marinas at the subject property and the Bahia Mar Ft. Lauderdale Beach Hotel. Other demand drivers include the 27-acre South Beach Park, the 17th Street commercial corridor and the Design Centers of America showroom, which has 730,000 square feet of gallery and architectural design showroom space.

According to the sponsor, management at the hotel will focus on generating group bookings in 2014 and 2015. In addition, management plans to reduce bookings from opaque channels such as Priceline and Hotwire and rely more on the Hyatt reservations systems and wholesale bookings. Management also plans to drive international bookings by renewing focus on Latin American business, which tends to have longer stays according to the property manager. Agreements with Jet Blue and Spirit Airlines which are the major airlines serving Ft. Lauderdale are expected to bolster domestic business. A newly introduced United Airlines flight from San Francisco is expected to help management target demand from the west coast as well as cruise and tourist demand from the Asia-Pacific region. According to the management, there has been a general decline in city-wide events (defined as generating 4,000 or more room nights) over the last five years from a peak of 25 events to 17 in 2012. However, management sees demand potential from medical conferences/ conventions. Management also sees latent demand from summer sports events in the Ft. Lauderdale area as an important SMERF (Social, Military, Educational, Religious, Fraternal) market segment.

The completion of the proposed renovation of the marina is expected to significantly improve the revenue potential of the property. According to the management, the current market segmentation of the marina is almost equally split between annual, seasonal, and transient leases. The average boat size currently ranges from 35-40 feet and the after the renovation the marina will be able to target an average boat size of 80 feet with the ability to dock an additional 6-10 150 foot boats. According to management, large boats command fee premiums with fees averaging $7.00-$8.00 per foot per day compared to $3.00-$4.50 per foot per day for smaller boats. The Ft. Lauderdale International Boat Show, which has not held its annual event for the last two years, is also expected to return in 2014 driving demand for marina space as well as hotel room nights.

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 identified competitive set comprises 1,466 rooms and includes the following hotels: 1) the subject Hyatt Regency Pier Sixty-Six Resort & Spa, 2) Marriott Harbor Beach Resort and Spa, 3) Riverside Hotel, 4) Embassy Suites Fort Lauderdale 17th Street, and 5) Renaissance Fort Lauderdale Cruise Port Hotel.

Evaluation of Market Trends					
	Occupancy Rate	Average Rate	Rooms RevPAR	Occupancy Penetration	RevPAR Penetration
Year End 2006	71.8%	$207.32	$148.79	87.7%	83.7%
Year End 2007	64.3%	$204.31	$131.37	101.4%	96.9%
Year End 2008	69.4%	$205.17	$142.38	90.7%	78.4%
Year End 2009	68.3%	$172.94	$118.13	80.3%	74.1%
Year End 2010	73.7%	$170.34	$125.47	79.1%	71.6%
Year End 2011	73.8%	$158.85	$117.30	83.1%	74.6%
Year End 2012	74.4%	$165.84	$123.44	88.9%	72.4%
TTM 6/30/11	76.1%	$167.17	$127.15	80.0%	71.8%
TTM 6/30/12	77.3%	$169.23	$130.84	84.4%	73.0%
TTM 6/30/13	78.2%	$175.48	$137.14	87.4%	68.6%
Source: Smith Travel Research					

Although overall occupancy and average rate at the property show an improving trend, they still lag the competitive set. RevPAR penetration has declined from 71.8% the trailing twelve months ended June 2011 to 68.6% as of June 2013.

According to the appraisal, the lodging market in Ft. Lauderdale experienced the headwinds of the global recession from 2007 to 2009 resulting in demand decreases. During 2007-2008, soft domestic demand was mitigated to some extent by international demand driven by a weak US dollar. Since 2010, demand has rebounded according to the appraiser, but supply additions in 2009 and 2010 led to a net decrease in room rent. However, over the last two years, the Ft. Lauderdale lodging market has witnessed positive increases in demand, occupancy and room rates. Average rates and RevPAR posted the strongest gains since 2009. Overall, according to the appraiser, the fundamentals of supply and demand seem favorable in the Ft. Lauderdale market. There is limited new supply projected over the next two to three years and both room rate and demand have improved over the last 12 months.

Management and Franchise

The property is managed by Interstate Management Company, LLC. The management agreement, which commenced on June 1, 2013, has a five-year initial term with automatic one-year renewals thereafter till terminated by either the sponsor or Interstate. The base management fee is 1.5% of total revenues. In addition to the base management fee, Interstate receives an accounting service fee of $2,500 per month and is also entitled to an incentive fee equal to 10% of the property NOI, less the base management fee, exceeds a threshold of $8.30 million, and the percentage increase in NOI over the previous year's NOI is at least 1.5 times the increase in RevPAR over the previous year's RevPAR. The incentive fee is also capped at 1.0% of the total revenue. Morningstar underwrote a minimum base management fee of 2.5% and did not underwrite a separate incentive fee.

The franchise agreement was executed with Hyatt Franchise Corp. in 1994 and has a term of 20 years, expiring in November 2014. The franchise agreement does not have any renewal options. The original franchise agreement had an initial franchise fee of 1.0% of gross rooms revenue with annual increases of 1% up to a maximum of 5% of gross rooms revenue in year 4 and beyond. However, pursuant to a second amendment of the franchise agreement in July 2006, the franchise fee was reduced to 2.5% of the gross rooms revenue. The franchise agreement also requires the franchisee to make case goods upgrades in the guest rooms every 5-6 years and hard good upgrades every 10-12 years. Since most of the major rooms renovations were done from 2005-2006, it is likely that upon expiration of the franchise agreement, a brand mandated PIP will be implemented. Morningstar has assumed a cost of $12,500 per room as PIP expense and has deducted $4.80 million from the value of the property during the term of the loan.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	Year End 2012	TTM 06/30/13	Reforecast 2013	Issuer Underwriting
Occupancy Percent	68.5%	58.2%	63.6%	67.1%	68.3%	69.6%	68.3%
Average Room Rate	$137.49	$154.32	$147.19	$143.57	$137.70	$141.35	$137.70
Rooms RevPAR	$94.13	$89.88	$93.61	$96.37	$94.08	$98.36	$94.08
Departmental Revenue							
Room	$13,193,392	$12,597,023	$13,120,555	$13,544,903	$13,185,839	$13,786,246	$13,185,839
Food & Beverage	10,383,062	9,189,252	10,536,874	10,794,929	10,383,062	10,867,365	10,383,062
Telephone	16,425	23,926	21,391	17,848	16,203	20,747	16,203
Golf Operations	0	0	0	0	0	0	0
Spa Operations	0	327,804	426,459	0	0	0	0
Tennis/Beach/Retail/Bus Ctr	6,447	12,495	6,284	5,155	6,409	6,865	6,409
Marina	5,900,000	3,875,052	4,963,232	4,512,932	4,480,869	4,623,599	5,147,400
Membership Dues	0	0	0	0	0	0	0
Membership Sales	0	0	0	0	0	0	0
Rents & Other Income	1,931,892	1,541,879	1,762,099	1,860,833	1,913,082	1,933,655	1,913,082
Total Departmental Revenue	**$31,431,218**	**$27,567,431**	**$30,836,894**	**$30,736,600**	**$29,985,464**	**$31,238,477**	**$30,651,995**
Departmental Expenses							
Room	$3,662,955	$3,202,331	$3,453,811	$3,575,665	$3,586,309	$3,655,297	$3,586,309
Food & Beverage	6,546,111	6,067,750	6,811,844	6,612,324	6,546,111	6,836,162	6,546,111
Telephone	69,935	53,790	65,103	66,241	68,730	72,659	68,730
Golf Operations	0	0	0	0	0	0	0
Spa Operations	0	280,765	392,386	5,648	0	0	0
Tennis/Beach/Retail/Bus Ctr	127,918	88,747	95,083	116,820	125,241	125,413	125,241
Marina	1,205,767	968,546	1,440,694	1,091,498	1,182,086	1,218,141	1,182,086
Membership Dues	0	0	0	0	0	0	0
Membership Sales	0	0	0	0	0	0	0
Total Departmental Expenses	**$12,130,209**	**$11,092,583**	**$12,744,110**	**$11,975,752**	**$12,015,172**	**$12,422,652**	**$12,015,172**
Departmental Profit	**$19,301,009**	**$16,474,848**	**$18,092,784**	**$18,760,848**	**$17,970,292**	**$18,815,825**	**$18,636,823**
Undistributed Expenses							
General & Administrative	$2,462,705	$2,234,167	$2,455,202	$2,450,002	$2,462,705	$2,509,357	$2,462,705
Franchise Fees	527,736	314,372	328,570	338,623	329,643	344,656	329,646
Advertising & Marketing	1,886,142	1,765,906	1,929,577	1,998,374	1,886,142	1,940,291	1,886,142
Repairs & Maintenance	1,601,459	1,661,197	1,670,379	1,551,648	1,601,459	1,580,991	1,601,459
Utilities	1,231,477	1,310,287	1,257,489	1,176,199	1,236,300	1,236,301	1,236,300
Management Fees	785,780	689,072	771,025	768,277	722,193	753,670	459,780
Fixed Charges							
Real Estate Taxes	$1,395,868	$1,429,141	$1,326,247	$1,339,024	$1,328,568	$1,395,868	$1,395,868
Insurance	1,239,104	1,227,652	1,207,169	1,334,944	1,419,465	1,450,225	1,239,104
Ground Rent	81,220	134,020	102,554	78,684	79,429	81,220	81,220
Other Fixed Charges	41,877	132,897	77,048	52,525	51,549	41,877	41,874
Total Operating Expenses	**$23,383,578**	**$21,991,294**	**$23,869,370**	**$23,064,052**	**$23,132,625**	**$23,757,108**	**$22,749,270**
Net Operating Income	**$8,047,640**	**$5,576,137**	**$6,967,524**	**$7,672,548**	**$6,852,839**	**$7,481,369**	**$7,902,725**
Capital Expenditures							
Reserve for Replacement of FF&E	$1,257,249	$1,102,697	$1,233,476	$1,229,464	$1,199,419	$1,249,539	$1,226,080
Extraordinary Other	0	0	0	0	0	0	0
- Credit For Cap Ex Reserve	0	n/a	n/a	n/a	n/a	n/a	n/a
Total Capital Expenditures	1,257,249	1,102,697	1,233,476	1,229,464	1,199,419	1,249,539	1,226,080
Credit for Upfront DSCR Escrow	$0	$0	$0	$0	$0	$0	$0
Net Cash Flow	**$6,790,392**	**$4,473,440**	**$5,734,048**	**$6,443,084**	**$5,653,420**	**$6,231,830**	**$6,676,645**

Analytical Assumptions

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

Revenue Drivers

Average Room Rate	$137.49
Occupancy (%)	68.5%
Rooms RevPAR	$94.13

Average rate and occupancy were underwritten in line with the trailing twelve months ended June 2013. The F&B revenue was underwritten based on the trailing twelve months ended June 2013. The marina revenue was based on the appraiser's Year 4 estimate of marina revenue discounted to the present at a 3% discount rate. All the other departmental revenues were underwritten based on trailing twelve month revenues per occupied room night.

Expenses

Departmental expenses were underwritten based on the expenses for the trailing twelve months ended June 2013 as a percentage of departmental revenue. Undistributed expenses were underwritten in line with the sponsor's 2013 reforecast. Insurance expense was underwritten based on the actual insurance premium per the issuer. Franchise fees were underwritten at an assumed market-normal rate of 4.0% of room revenue, taking into account the franchise agreement expiration in November 2014. Base management fees were underwritten at 2.5% of total revenue. Morningstar did not underwrite any additional incentive fees.

Capital Items

A reserve for future capital expenditures is underwritten at 4% of gross revenue in line with 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 well above that recommended by the engineer in the property condition assessment.

Valuation Drivers

Cap Rate: Morningstar's direct capitalization value was based on a base capitalization rate of 8.80% for the Ft. Lauderdale lodging market. A 50 basis point downward adjustment was made to the capitalization rate based on the property's location and the revenue potential associated with the marina.

	Morningstar Value During Loan Term	Morningstar Value At Loan Maturity
Morningstar Estimate of Net Cash Flow	$6,790,392	$6,790,392
Capitalization Rate	8.30%	8.30%
Morningstar Value by Direct Capitalization	$81,811,947	$81,811,947
Less: Reserve for Marina Renovation	(14,235,427)	-
Less: Reserve for Future Renovations (PIP)	(4,800,000)	-
Adjusted Morningstar Valuation	$62,776,520	$81,811,947
Value Per Room	163,481	213,052
Loan to Value	67.3%	51.6%

- Reserve for Ongoing Marina Renovations – management is in the process of conducting a renovation of the marina, upgrades to the tower crown and other minor items. According to information provided in the loan agreement, management is currently budgeting to spend $17.7 million of which approximately $1.2 million has been invested to date leaving $16.5 million of future funding obligations. Morningstar has adjusted this future obligation to give credit for three years of the reserve for replacement (assuming that only 60% of the reserve will be applied as a credit leaving 40% for ongoing repairs and other work). Based upon this evaluation, Morningstar has adjusted the value of the asset during the loan term downward by $14.2 million as illustrated above.

- Adjustment for Property Improvement Plan Renovations - franchisors and brand operators typically require that hotel owners conduct periodic renovations to update and renovate guest rooms and public space in order to ensure that the quality of the asset is in line with its competition as well as brand standards. These renovating requirements are referred to in the industry as property improvement plans ("PIP"). The PIP is estimated by the franchisor or brand operator based upon an evaluation of the extend and quality of the facilities and requirements may range from a minimal soft goods refresh to an extensive renovation including upgrades to guest bathrooms, replacement of case goods and furniture, in addition to soft goods upgrades. It is very common that when a management agreement or franchise agreement expires, the manager or franchisor takes the opportunity to force the asset owner to improve the product. As discussed earlier, the franchise agreement with Hyatt expires in November 2014, and as a result, the owner will likely be required to conduct renovations to maintain the Hyatt brand or to secure a similar US upscale brand. We have estimated a PIP renovation of $12,500 per room will be required in the near term and as a result have deducted this cost from the value of the asset during the loan term. We have assumed that the renovation will be completed by the time of the loan maturity, and therefore, have not deducted it from the value of the loan at maturity or balloon.

Waldorf Astoria Edgewater Beach Resort

Analyst: Howard Peterson 267-960-6024
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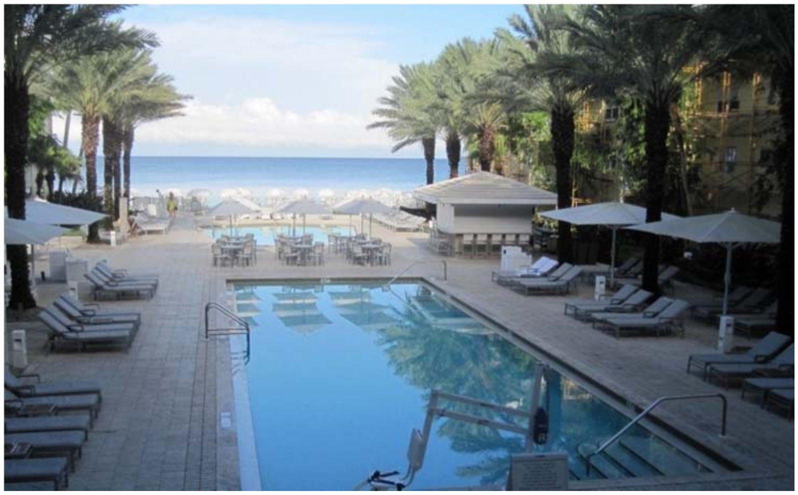

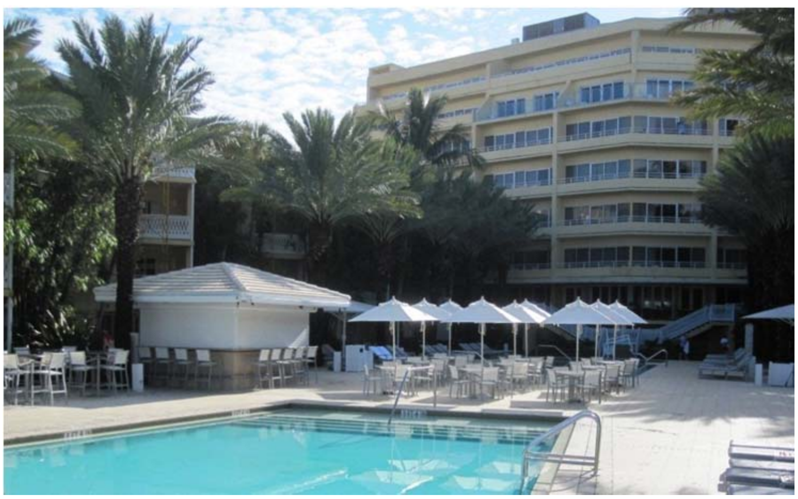

Property Summary		
Property Type	Hotel/Full-Service	
Location	Naples, FL 34102	
Year Built	1985	
Year /Renovated	2013	
Net Rentable Room (Total)	125	
Net Rentable Room (Collateral)	125	
Occupancy (Actual)	75.34%	TTM 6/30/13
Ownership	Fee Simple	

Loan Summary		
Loan Amount (Original Balance)	$34,210,000	($273,680/room)
Loan Amount (Cut-Off Balance)	$34,210,000	($273,680/room)
Loan Term (months)	60	
I/O Period (months)	60	
Amortization Term (months)	0	
Loan Seasoning (months)	0	
Interest Rate (2)	4.96640%	

Morningstar Analysis		
Current DSCR (1)	2.79 x	
Ext. Term DSCR (2)	2.65 x	
Beginning LTV	63.9%	
Ending LTV	65.8%	
Capitalization Rate	8.75%	
Morningstar UW Occupancy	75.3%	
Net Operating Income	$5,204,560	
Net Cash Flow	$4,683,154	
Value	$53,521,758	($428,174/room)
Debt Yield	13.69%	
Morningstar Site Visit	Yes	
Property Score	3 (Average)	

(1) Interest is calculated as a spread of 3.0959% over the LIBOR rate cap of 175%.
(2) Interest during the 2nd and 3rd extension terms are 3.3459% over the LIBOR rate cap of 175%.

Capital Structure Table

Loan	Current Balance	Interest Rate Initial Term	Interest Rate Ext. Term	DSCR Initial Term	DSCR Extended Term	BLTV	ELTV
First Mortgage	34,210,000	4.846%	5.096%	2.79 x	2.65 x	63.9%	65.8%
Mezzanine A	17,710,000	7.500%	7.750%	1.55 x	1.48 x	97.0%	99.9%
Mezzanine B	6,040,000	9.750%	10.000%	1.29 x	1.24 x	108.3%	111.5%
Mezzanine C	6,040,000	10.750%	11.000%	1.09 x	1.05 x	119.6%	123.2%
Total	**64,000,000**	**4.942%**	**5.195%**	**1.09 x**	**1.05 x**	**119.6%**	**123.2%**

Note: Interest is calculated as a spread over LIBOR, Morningstar has applied the interest rate spread to the LIBOR rate cap strike price of 175%

Morningstar Summary

Morningstar Perspective

The Waldorf Astoria Edgewater Beach Hotel is a 125-room full service boutique-style hotel located along a seven-mile stretch of beach-front on the Gulf of Mexico in Naples, Florida. Naples is about 35 miles south of Fort Myers and 170 miles south of Tampa on the western side of Florida and 110 miles west of Fort Lauderdale on the eastern side. The property has an allocated mortgage loan balance of $34.2 million (273,680 per room) and an allocated subordinate debt balance of $29.79 million ($238,320 per room), for a total allocated indebtedness of $64.0 million ($512,000 per room).

The property has been well maintained, with $31 million ($245,340 per room) invested on capital improvements since 2005. The improvements included upgrading and modernizing the lobby, food and beverage outlets, rooms and corridors in the main tower building, furniture, fixtures and equipment, pool, courtyard and meeting rooms. In addition, all of the rooms on the south side of the hotel building and half of the rooms on the north side of the hotel building have been renovated with new doors, windows and paint; the remainder of the rooms are expected to be completed by December 2013.

The property performs much better relative to its peer group; the appraisal's comparable properties were about eight percentage point's lower in occupancy during 2011 and 2012 and the property's average daily rates (ADR) were higher than the peer group average by 18.0% in 2011 and 24.0% in 2012.

The property was appraised on July 23, 2013 for $80.0 million ($640.0 per room), indicating low leverage with a loan to appraised value of 42.8% based on the loan amount of $34.2 million. Morningstar valued the hotel using the direct capitalization approach and concluded a term value of $53.52 million, or $428,174 per room, which is 33.1% lower than the appraiser's estimate of value. This valuation results in a loan-to-value ratio of 66.9% based on the cut-off loan balance. Morningstar's estimate of balloon value is $51.96 million ($415,682 per room) which includes an adjustment of $1.56 million for an estimated property improvement plan ("PIP"). Morningstar's evaluation of revenue and expenses and the valuation of the hotel can be found in the Property and Collateral Summary section of this report.

Based on its analysis of the hotel operations and historical cash flows, Morningstar's underwritten net cash flow (NCF) for the hotel is $4.68 million ($37,465 per room), which is 3.5% lower than the issuer's underwritten NCF. Based on Morningstar's NCF, the interest-only debt service coverage is 2.65x based upon the maximum interst rate during the 2nd and 3rd extension terms. Morningstar considers the mortgage loan to have a moderate risk level with good coverage.

The Borrowers have indicated that they intend to sell the Waldorf Astoria Edgewater Beach property and as such the property will be released from the collateral for the mortgage at such time. The release price shall be 115% of the $34.21 million allocated loan amount. The beginning loan to value on the hotel is 63.9% based upon the Morningstar value which is in line with the overall leverage of the portfolio as a whole; as a result the release of this loan would not be expected to have a negative impact on the leverage on the overall portfolio after release.

Morningstar toured the property on Monday, August 19, 2013. The tour included a review of the hotel, guest rooms, food and beverage offerings, meeting space, resort amenities, and public areas of the hotel. We met with property management to discuss historical and projected operating results and to gain an understanding of the marketing strategy for the hotel. Morningstar found the all-suite hotel along the beach to be in good physical condition, quite charming, very tranquil, near popular Old Naples with strong repeat business, clearly representative of the strong value of the overall property. Morningstar assigned this asset a 3 property score which rates the asset to be average.

The Bears Say

- The subject hotel currently carries the Waldorf Astoria brand name. However, during Morningstar's tour of the hotel, the extent and quality of the facilities did not seem in line with the expectations of a true Waldorf Astoria property. In addition, there is another Waldorf Astoria property owned by the sponsor called Waldorf Astoria Naples, about four miles north. Based on surveys, the guest satisfaction has been low for the subject, primarily due to expectation of the Waldorf Astoria brand. While the management agreement runs until the end of 2030, there is a one-time right to terminate the related management agreement at any time after February 29, 2016 upon 60 days' prior written notice to the borrower. This is well beyond the initial two year loan term but is within the extended loan term. Based on the physical and location attributes of the hotel, the Waldorf Astoria brand is not necessary to the current positioning of the hotel. Optimally, Hilton would take the opportunity to resind Waldorf Astoria brand and switch to another Hilton brand. Alternatively, the owner could select another full-service brand or franchise.
- The subject property shares guest privileges at its nearby sister resort – Waldorf Astoria Naples Grand Beach Resort which includes a private 18-hole golf course (Naples Grande Golf Club), a 15 court tennis facility ranked one of the best in the country and the only East Coast location of the legendary Waldorf Astoria Spa. However, the Waldorf Astoria Naples is in the process of being sold, which will likely result in termination of these privileges. Management may need to negotiate a new relationship if it warrants a need for these additional types of amenities.

- The Southern Florida hotel market is highly competitive, and is susceptible to decreased occupancy during periods of weak economic conditions. The local economy is especially sensitive to tourism with nearly 95% of its demand segment generated from transient travelers.
- The subject hotel is located in an area that is prone to hurricanes and floods. The result of a natural disaster like these could cause disruptions in travel, transportation and tourism, loss of jobs and an overall decrease in consumer spending. The Waldorf Astoria Edgewater Beach Hotel is located in an area having a flood zone classification of AE. Zone AE corresponds to a 1-percent annual chance of flooding, based on the 100-year flood plain. Because this flood zone AE is prone to flooding, mandatory flood insurance requirements apply. We assume the property will have adequate flooding and windstorm insurance coverage.

The Bulls Say

- Overall, the property has performed consistently well since 2009 in terms of occupancy and rooms revenue penetration. As of the TTM ending 6/30/13, the property had an occupancy penetration level of 109% and rooms revenue penetration of 138%.
- The Waldorf Astoria Edgewater Beach hotel is owned by LXR Luxury Resorts & Hotels, a subsidiary of Blackstone Group, a private equity firm which also owns Hilton Hotels Corporation. The hotel is operated under the Waldorf Astoria Hotels & Resorts luxury brand and currently managed by Hilton under the management company Waldorf Astoria Management LLC.
- The Waldorf Astoria brand is one of the world's premier hospitality brands, offering guests and travelers world-class style, unparalleled service and the accommodations and signature accoutrements that define luxury. Waldorf Astoria currently has 23 landmark hotels around the world. Hilton plans to construct an additional ten Waldorf Astoria's in iconic destinations around the globe.
- The subject property has been awarded the American Automobile Association's (AAA) Four Diamond ratings from 1995-2012. The hotel also received the 2012 Trip Advisor Certificate of Excellence Award based on traveler reviews on Trip Advisor, one of the world's largest travel sites.
- The Naples' southwest coast location and its close proximity to Interstate 75 and the South Florida markets offer easy accessibility and convenience for businesses and residents.
- Population growth in the Naples metropolitan area is forecasted to grow 8.3 percent during the period 2013-2017
- The Naples' per capita income is considerably higher than the state of Florida and the U.S. average. This is primarily due to the areas attractiveness to wealthy retirees who call Naples home. Personal income growth is forecasted to average 4.2 percent through 2013 with 2014 and going forward, personal income is projected to record strong growth well in excess of 7.0 percent per year.
- The area is a desirable and popular tourist destination, with a well-educated labor force and high per capita income. The area also benefits from a high quality of life and favorable climate, which attracts a steady in-migration of new wealthy residents to the area.

Property Description

The property is the 125-room, Waldorf Astoria Edgewater Beach Hotel, which is a full-service upscale hotel, located in Naples, Florida. The property is located on a seven-mile stretch of beach on the Gulf of Mexico and includes two food and beverage outlets (the Coast Restaurant and a Pool Bar), approximately 2,500 square feet of meeting space , an outdoor swimming pool, direct beach frontage, and fitness center.

During the 1970's and early 1980's, the subject property was flagged with the Sheraton hotel brand. Prior to a 1984 acquisition, the Sheraton brand was removed and the Edgewater Beach Hotel name was adopted and in February 2009, the Waldorf Astoria brand (owned by Hilton) was secured.

The subject Waldorf Astoria Edgewater Beach Hotel consists of three building structures that form a U-shape with a garden courtyard in the center, facing the Gulf of Mexico and the beach. The four-story guestroom wings were originally constructed in 1963 and contain about 40 guestrooms each, while the main eight-story building tower was constructed in 1985. The main tower houses the majority of the public areas, including the restaurant and lounge, guest registration and lobby, meeting space, fitness center and sales and administration offices located on the second floor. The first floor, which is a partial level, houses back-of-the-house facilities and parking with additional parking spaces situated north and south of the building. Total parking capacity is 147 spaces. The swimming pools are located in the center of the courtyard.

The property is located directly on the beach along Gulf Shore Boulevard North, between Banyan Boulevard and Mooring Line Drive. Gulf Shore Boulevard is the major thoroughfare in the area that runs in a north-south direction parallel to the coastline and is where most major upscale hotels and residences are located. Gulf Shore Boulevard connects to U.S. Route 41 (Tamiami Trail), a primary north-south commercial roadway in the area that is heavily developed with a significant concentration of chain restaurants, freestanding retailers, smaller retail strips and an occasional office property. Interstate 75 is five miles east of the hotel, which extends north through Fort Myers, Sarasota/Bradenton, and Tampa and east to Fort Lauderdale and Florida's east coast.

The property's immediate neighborhood is recognized primarily as a resort community between downtown Naples and the north Naples area. This area is heavily developed with high-end homes and high-rise condominiums along the beachfront and commercial uses along U.S. Highway 41. The location contains a large size office market that generates nightly corporate lodging users.

The hotel is within a short drive to Old Naples which has fine restaurants, lively night spots, and upscale shopping. The Coastland Shopping Center is a regional mall located one-mile east of the subject. The mall is anchored with a Dillard's, JC Penney, Macy's, Sears, and includes a Cheesecake Factory, Vivi Italian Ristorante and Calistoga Bakery Café.

The hotel consists of a variety of one- and two-bedroom suites, plus two larger two-bedroom cottages. There are 90 one-bedroom suites, including two ADA furnished one-bedroom suites and 32 two-bedroom suites. Each of the suites features separate living and sleeping areas. The living / dining areas have a dining table, queen size sleeper sofa, arm chair / loveseat, flat screen television with cable, fully equipped kitchen (with stainless steel refrigerator, large farmhouse-style sink, microwave, dishwasher and small appliances), in-room safe and iron / ironing board. The two-bedroom suites have two full bathrooms and a half-sized bathroom. All rooms have balconies with a view of Naples or the Gulf of Mexico.

The sleeping rooms have either one king bed or two full-size beds, flat screen televisions with cable, iPod docking station, telephone, desk with chair, dresser, nightstands, lamps and lounge chair.

Management has indicated that there are plans to convert the two ground floor beach cottage used as hospitality suites into two-bedroom guestrooms. The renovation process is slated to begin in 2013 and completed by the summer of 2014. The oversized two-bedrooms units should command a rate premium due to the newly renovated status and beachfront location. The estimated renovation cost is $500,000 and will bring the total number of units to 127 suites. These two additional rooms have not been included in the underwriting.

Food and beverage is provided by the hotel's in-house Coast Restaurant and Pool Bar. Coast is the hotel's signature restaurant, offering three meals (breakfast, lunch and dinner). The restaurant specializes in seafood and international flavors and offers outdoor seating on a veranda overlooking the pools and the Gulf of Mexico. Pool Bar offers outdoor poolside casual dining serving tropical drinks, burgers, salads, wraps and sandwiches. The hotel also offers in-room dining as well as banquet facilities.

In addition to the amenities offered at the Waldorf Astoria Edgewater Beach Hotel, guests share privileges at its sister resort at nearby Waldorf Astoria Naples. Facilities include a private Naples Grande Golf Club, a 15 court tennis facility (ranked one of the best in the country), and the only East Coast location of the legendary Waldorf Astoria Spa.

According to the appraisal, the Waldorf Astoria Edgewater Beach Hotel includes meeting space totaling about 2,500 square feet located in the lobby level. The meeting space was considered functionally laid out and in good overall condition. The space consists of three rooms (Hibiscus I, II, and III) totaling 2,196 square feet and a Beach Cottage with 325 square feet.

As of mid-2013, the sponsor has invested approximately $31 million ($245,300 per key) into the property since 2005. The renovations included upgrading and modernizing the lobby, food and beverage outlets, rooms and corridors in the main tower building, FF&E, pool and courtyard, and new meeting rooms. In addition, the sponsor recently renovated all 31 rooms located on the south side of the hotel with new doors, windows and paint and has also renovated half the rooms on the north side of the Hotel with remainder to be completed by September 2013. The following is a breakdown of the historical capital expenditures.

Capital Expenditures Table					
2005-2010	**2011**	**2012**	**2013**	**2014 Budget**	**Planned Future Renovations**
$27,133,024	$629,711	$1,402,090	$2,402,942	$0	$710,804

The main projects completed during 2006 and 2007 included replacement of all furniture, fixtures and equipment ("FF&E") and renovation of bathrooms in the tower rooms. Guestrooms on the wing buildings received only minor upgrades of new soft goods and some case goods as needed. Renovations during 2005-2006 included complete renovation and reconfiguration of the lobby area, pools and pool deck, as well as renovation of the restaurants.

In 2012 and through the summer of 2013, ownership invested about $3.2 million to replace sliding doors, windows and guestroom entry doors in all guestrooms.

Morningstar took part in a site tour of the subject property on August 19, 2013. The Waldorf Astoria Edgewater Beach Hotel is located along the beach, about 2 miles north of downtown Old Naples. Old Naples is a charming area characterized by hundreds of coconut palms with each avenue ending at the beach. The area is populated with small cottages, beach front estates and everything in between. It also offers high-end shopping with antique shops and galleries throughout the downtown area, as well as plenty of up-scale restaurants and golf courses. The hotel provides one or two-bedroom all-suites, the only all-suite hotel on the beach in Naples and one of the few that features views of the ocean from each room. After Blackstone acquired the property in 2005, they hired a designer to bring back its retro appearance with substantial renovations completed to date. All of the beds were updated in 2012 to Waldorf Astoria specifications and many of the kitchens have upgraded. Overall, Morningstar found the all-suite hotel along the beach to be in good physical condition, quite charming, very tranquil, with strong repeat business, clearly representative of the strong value of the overall property. Based on our evaluation, Morningstar assigned a quality score of 3 to the property which rates the property as "Average".

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 property competes. The identified competitive set comprises 1,198 rooms and includes the subject, along with the following hotels: 1) Waldorf – Astoria Naples (474 rooms), 2) La Playa Beach Resort & Golf Resort (189 rooms), 3) Naples Beach Hotel & Golf Club (319 rooms), and 4) Preferred Marco Beach Ocean Resort (91 rooms).

Evaluation of Market Trends					
	Occupancy Rate	Average Rate	Rooms RevPAR	Occupancy Penetration	RevPAR Penetration
Year End 2006	60.3%	$233.91	$141.05	95.2%	106.4%
Year End 2007	65.8%	$243.73	$160.37	88.9%	113.6%
Year End 2008	61.0%	$247.04	$150.69	113.1%	143.8%
Year End 2009	57.0%	$212.17	$120.94	134.2%	163.2%
Year End 2010	66.7%	$205.91	$137.34	113.2%	145.0%
Year End 2011	65.2%	$219.52	$143.13	114.9%	142.9%
Year End 2012	62.6%	$228.45	$143.01	118.2%	158.9%
TTM 6/30/11	62.6%	$214.25	$134.12	122.0%	149.4%
TTM 6/30/12	65.1%	$227.40	$148.04	113.7%	148.1%
TTM 6/30/13	69.3%	$234.50	$162.51	108.7%	145.8%
Source: Smith Travel Research					

The competitive set as defined by Smith Travel Research shows improving occupancy rates over the past three June 30 TTM's (ending 2011, 2012 and 2013) as well as improving ADR. While the subject property has shown improvement over the past three periods, its penetration in occupancy has been on a gradual decline while room's revenue has remained strong against the competitive set.

Following a strong post-recession recovery to 66.7% in 2010 from a low of 60.3% in 2006, the competitive set's occupancy seemed to have peaked in 2010 at 66.7%, and fallen 150 basis points to 65.2% in 2011, with another drop of 260 basis points to 62.6% in 2012. The competitive set showed ADR decrease of 2.7% in 2010 followed by a 2.5% increase to $231.23 in 2011 and a 5.6% increase to $228.45 in 2012, after dropping from a high $247.04 in 2008. The subject property actually recovered a bit earlier with a 17.3 percentage point occupancy improvement to 76.5% in 2009, then has fallen back to 74.2% as of the end of 2012. The property's ADR increases were 2.3% in 2010, 3.5% in 2011 and 11.2% in 2012.

Between 2002 and 2012, occupancy and ADR performance fluctuated due primarily to changes in ownership and a $28 million renovation (with the majority of work completed during the years 2006 and 2007) that disrupted a significant amount of business. Occupancy penetration dropped from 95.2% in 2006 to 88.9% in 2007. During that same period, the rooms revenue penetration improved slightly from 106.4% in 2006 to 113.6% in 2007. It should be noted that the subject's occupancy was exceptionally strong in 2008 and 2009, despite economic conditions (and unlike market trends). While management was forced to drop room rates by 17.8%, the resulting RevPAR (revenues per available room) loss was less than what was recorded at other properties in the appraiser's competitive set. During the years 2010 through 2012, the occupancy decreased slightly in order to start rebuilding the ADR. The healthy rebound was due in part to the affiliation with Waldorf Astoria Collection (a brand owned by Hilton and with access to the global reservation system) in February 2009, as well as a general economic recovery.

The strong improvement in the subject's above market occupancy from 62.6% in 2011 (TTM ending 6/30/11) to 69.3% in 2013 (TTM ending 6/30/13) combined with the strong improvement in the subject's above market ADR from $214.25 in 2011,(TTM ending 6/30/11) to $234.50 in 2013 (TTM ending 6/30/13), allowed the rooms revenue penetration to remain well above the competitive set at 148.1% in 2012 to 145.8% in 2013.

Occupancy has continued to improve averaging about 8% over the competitive set over the past two years with ADR about 18% higher than the competitive set in 2011 and 24% higher in 2012. This translated to an occupancy penetration of 118.2% and rooms revenue of 158.9% to the competitive set as of 2012.

Demand Drivers

The economy of Naples is based largely on tourism with its white sand beaches, sport fishing and boating, championship golf courses, upscale shopping and dining and picturesque Old Naples with its coconut palms, ocean views and great sunsets. The seven miles of beaches provide plenty of activities, including walking, sun-bathing and biking. With more than 80 golf courses in the Naples area, Naples is the self-titled "Golf Capital of the World" claiming to have more holes per capita than any other community. Also noted, the area is a hotspot for sport fishing and Naple is the home of a large number of boat charter firms organizing fishing trips for Gulf of Mexico fish. And, Naples is a short drive from the numerous attractions of the Florida Everglades where tourists can experience airboat rides through the mangrove swamps. Additionally, fish for tarpon in the rivers, taken tours on horseback, and travel in jeeps into the territory of the Florida panthers.

The subject's segmentation is weighted heavily towards the transient segment, which accounted for 95% of the total accommodated demand while meeting and group demand represented 5%. Transient demand is comprised primarily of leisure demand and to a lesser extent commercial demand. The leisure demand segment is generated by people who are visiting friends and relatives or those who are taking advantage of the recreational opportunities and tourist attractions available in the area, including Naples, Marco Island, Cape Coral, Fort Myers and Sanibel Island. These people are generally traveling with families and/or tour groups.

The the primary airport within the region is Southwest Florida International Airport, located in Fort Myers, 25 miles northeast of the subject. Over the past 17 years, passenger volume has averaged a 3.5 percent annual increase based on data from the Lee County Port Authority. Passenger volume at the airport declined slightly in 2008 and 2009 on par with national airport averages, however 2010 posted an increase of 1.3 percent and 2011 reported a small positive growth of 0.3 percent over the previous year. During 2012, passenger volume decreased significantly from the prior year, dropping 2.5 percent due in large part to reductions in service by the airlines stemming from high oil prices that forced airlines to trim frequency of flights and many to smaller airplanes to serve Fort Myers. For the year to date period ending March 2013, passenger travel is up 6.5 percent over the same period ending March 2012, however this only represents a portion of the peak tourism travel to the region.

Management

The property is currently managed by Hilton under the management company Waldorf=Astoria Management LLC, a division of Hilton Hotels which is in turn owned by the Blackstone Group. The management agreement commenced on January 22, 2009 and expires after twenty years on December 31, 2030. The base management fee is 2.5% of total revenues and manager is entitled to receive incentive income beginning in 2011, representing 15% of NOI over base NOI ($4.1 million), not to exceed 3% of total revenues. The property manager has a one-time right to terminate the agreement at any time after February 29, 2016 with 60 days prior written notice to the borrower.

In addition to the management fees, the contract provides for an annual brand services fee equivalent to 4.0% of rooms departmental revenues; this expense is comparable to a marketing fee for franchise companies and has been included in the Advertising & Marketing expense category.

Morningstar Analysis

	Morningstar Underwriting	Year End 2010	Year End 2011	Year End 2012	TTM 06/30/13	Reforecast 2013	Issuer Underwriting
Occupancy Percent	75.3%	75.5%	74.9%	74.0%	75.3%	78.0%	75.3%
Average Room Rate	$312.71	$263.86	$273.00	$303.58	$315.50	$322.50	$319.00
Rooms RevPAR	$235.33	$199.28	$204.36	$224.52	$237.69	$251.58	$240.33
Departmental Revenue							
Room	$10,736,824	$9,092,227	$9,324,135	$10,271,605	$10,844,833	$11,478,259	$10,964,985
Food & Beverage	1,908,574	1,264,139	1,748,620	1,931,308	1,880,739	1,986,213	1,880,739
Telephone	4,956	86,363	50,479	4,613	6,333	4,079	6,333
Golf Operations	0	0	0	0	0	0	0
Spa Operations	0	0	0	0	0	0	0
Tennis/Beach/Retail/Bus Ctr	322,482	117,841	160,804	286,904	335,465	355,389	335,465
Marina	0	0	0	0	0	0	0
Membership Dues	0	0	0	0	0	0	0
Membership Sales	0	0	0	0	0	0	0
Rents & Other Income	62,330	48,809	156,379	63,304	62,163	63,529	62,163
Total Departmental Revenue	**$13,035,165**	**$10,609,379**	**$11,440,417**	**$12,557,734**	**$13,129,533**	**$13,887,469**	**$13,249,685**
Departmental Expenses							
Room	$2,338,227	$2,127,705	$2,240,170	$2,308,398	$2,393,931	$2,425,581	$2,420,454
Food & Beverage	1,271,935	923,467	1,187,778	1,289,259	1,264,391	1,316,477	1,264,391
Telephone	21,615	21,936	21,464	21,089	20,580	21,560	20,580
Golf Operations	0	0	0	0	0	0	0
Spa Operations	0	0	0	0	0	0	0
Tennis/Beach/Retail/Bus Ctr	263,705	86,064	105,645	231,871	277,649	296,343	277,649
Marina	0	0	0	0	0	0	0
Membership Dues	0	0	0	0	0	0	0
Membership Sales	0	0	0	0	0	0	0
Total Departmental Expenses	**$3,895,482**	**$3,159,172**	**$3,555,057**	**$3,850,617**	**$3,956,551**	**$4,059,961**	**$3,983,074**
Departmental Profit	**$9,139,684**	**$7,450,207**	**$7,885,360**	**$8,707,117**	**$9,172,982**	**$9,827,508**	**$9,266,611**
Undistributed Expenses							
General & Administrative	$926,715	$695,689	$711,643	$762,215	$807,715	$837,783	$926,715
Franchise Fees	0	0	0	0	0	0	0
Advertising & Marketing	885,634	738,212	719,111	804,690	847,226	885,634	847,226
Repairs & Maintenance	525,633	445,329	470,493	515,499	489,633	499,691	525,633
Utilities	392,332	375,809	387,077	377,333	377,250	392,332	377,250
Management Fees	464,476	265,234	291,881	386,346	448,749	548,654	464,476
Fixed Charges							
Real Estate Taxes	$265,751	$272,990	$228,544	$232,184	$251,587	$265,751	$265,751
Insurance	466,323	433,151	417,606	477,433	510,874	516,357	466,323
Ground Rent	6,057	8,173	7,181	6,020	5,588	6,057	6,057
Other Fixed Charges	2,202	108	1,688	7,488	3,414	2,202	2,202
Total Operating Expenses	**$7,830,605**	**$6,393,867**	**$6,790,281**	**$7,419,825**	**$7,698,587**	**$8,014,422**	**$7,864,707**
Net Operating Income	**$5,204,560**	**$4,215,512**	**$4,650,136**	**$5,137,909**	**$5,430,946**	**$5,873,047**	**$5,384,978**
Capital Expenditures							
Reserve for Replacement of FF&E	$521,407	$424,375	$457,617	$502,309	$525,181	$555,499	$529,987
Extraordinary Other	0	0	0	0	0	0	0
- Credit For Cap Ex Reserve	0	n/a	n/a	n/a	n/a	n/a	n/a
Total Capital Expenditures	521,407	424,375	457,617	502,309	525,181	555,499	529,987
Credit for Upfront DSCR Escrow	$0	$0	$0	$0	$0	$0	$0
Net Cash Flow	**$4,683,154**	**$3,791,137**	**$4,192,519**	**$4,635,600**	**$4,905,765**	**$5,317,548**	**$4,854,991**

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	$312.71
Occupancy (%)	75.3%
Rooms RevPAR	$253.33

Morningstar's analysis was based on a blend of historical performance, the borrower's budget, Morningstar's projections over the next several years and a stabilized occupancy and ADR in today's dollars. There is no planned new supply that would be considered directly competitive to the subject property. The resulting ADR is slightly lower and occupancy even with the TTM period ending 6/30/13.

Rents and Other Income includes parking revenue, room cancellations and third party leases, including JR Woods and Boucher Brothers Beach Rentals

Expenses

Expenses are underwritten in line with historicals unless otherwise noted.

General & Administrative and *Repairs & Maintenance* expenses were underwritten to the Issuer's estimate, based on the TTM (ending 6/30/13) with additional certain expenses associated with the pending selling of a nearby asset (Waldorf Astoira Naples Grand Beach Resort) that shared personnel/services. These were higher the borrower's budget for these expense items.

Real Estate Taxes are based on the borrower's budget, which is higher than historical and slightly higher than the appraisal.

Property insurance was based on the TTM (ending 6/30/13) and inflated 3%, which is slightly higher than the borrower's budget and the appraiser's estimate.

Management Fees - The property is subject to a management fee, plus an incentive fee. The existing agreement has been in-place since 2009 and provides for a 2.5% base management fee of total revenue, plus an incentive management fee of 15% of EBITA (Earnings Before Interest Taxes and Amortization) less a 4% FF&E over $4.1 million. The incentive fee is capped at 3% of total revenue. Morningstar underwrote the management fee consistent with the Issuer, which equates to about 3.6% of total revenues.

Advertising & Marketing - Morningstar underwrote advertising and marketing expense based on a 3-year weighted average, or 6.8% of total revenues. Historically, advertising and marketing expense has ranged between 6.3% in 2011 to 6.5% at TTM (ending 6/30/13) of total revenues. This expense line item includes the brand services fee of 4.0% of rooms revenues.

Reserve for Replacement - Morningstar underwrote the replacement reserve at 4.0% of total revenues, per the terms of the management agreement. This should be more than sufficient given that $30.7 million will have been spent on capital improvements between 2005 and by the end of 2013. An additional $500,000 capital requirement is estimated to convert two ground floor beach cottages used as hospitality suites into two two-bedroom guestrooms. The re-purposed guestrooms are scheduled for completion by the summer of 2014 and have not been included in our cash flow underwriting. Overall, the The reserve is well above that recommended by the engineer in the property condition assessment. The engineer's recommendation amounts to $867 per room per year, or just 0.83% of Morningstar's gross revenue.

Valuation

The Morningstar base capitalization rate for the area is 9.3%. An additional deduction of 80 basis points was made to the capitalization rate for the resort location and positioning of the property, as well as the overall property score. The resulting capitalization rate is 8.75%.

	Morningstar Value During Loan Term	Morningstar Value At Loan Maturity
Morningstar Estimate of Net Cash Flow	$4,683,154	$4,683,154
Capitalization Rate	8.75%	8.75%
Morningstar Value by Direct Capitalization	$53,521,758	$53,521,758
Less: Reserve for Future Renovations (PIP)	-	(1,561,468)
Adjusted Morningstar Valuation	$53,521,758	$51,960,289
Value Per Room	428,174	415,682
Loan to Value	63.9%	65.8%

Reserve for Future Renovations – franchisors and brand operators typically require that hotel owners conduct periodic renovations to update and renovate guest rooms and public space in order to ensure that the quality of the asset is in line with its competition as well as brand standards. These renovation requirements are referred to in the industry as property improvement plans ("PIP"). The PIP is estimated by the franchisor or brand operator based upon an evaluation of the quality of the facilities and requirements may range from a minimal soft goods refresh to an extensive renovation including upgrades to guest bathrooms, replacement of case goods and furniture, in addition to soft goods upgrades. To reflect the risk of this future funding obligation, we have estimated a PIP equivalent to $20,000 per key for this hotel at the maturity of the loan. Morningstar has adjusted this future obligation to give credit for three years of the reserve for replacement (assuming that only 60% of the reserve will be applied as a credit leaving 40% for ongoing repairs and other work). Based upon this evaluation, Morningstar has adjusted the value of the asset during the loan term downward by $1.56 million as illustrated above.

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 or spread maintenance charges, 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, extension fees, modification fees, penalty charges, post-maturity interest shortfall distribution amount, default interest or post-anticipated repayment date additional interest, excess interest or post-ARD 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, post-maturity interest shortfalls or of receiving compensating interest payments or reimbursement of any prepayment interest shortfalls, (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, (j) any CREFC license fee or similar amount(s), (k) any trust advisor fees, expenses or similar amounts or (l) other non-credit risks, including, without limitation, market risks or liquidity.

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

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

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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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