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FOR IMMEDIATE RELEASE**Morningstar Credit Ratings, LLC Affirms 'MOR CS1' Commercial Mortgage Primary Servicer Ranking and 'MOR CS2' Commercial Mortgage Special Servicer Ranking for iStar Asset Services, Inc.**

NEW YORK, Oct. 7, 2014—Morningstar Credit Ratings, LLC today affirmed its 'MOR CS1' commercial mortgage primary servicer ranking and 'MOR CS2' commercial mortgage special servicer ranking for iStar Asset Services, Inc. (iSAS), a subsidiary of iStar Financial Inc. (iStar). The affirmed commercial mortgage primary and special servicer rankings are based on the following factors:

Primary Servicing:

- Retention of experienced managers and staff: In Morningstar's view, iSAS' team of experienced managers and staff has a strong background in commercial real estate credit analysis, real estate development, loan administration, and investor reporting. Morningstar believes that the company's interdisciplinary team-based structure continues to be effective for handling large-scale, construction-oriented real estate projects indicative of the portfolio. iSAS has had low employee turnover since 2013 and had a net gain in total employees over the past year, particularly asset manager positions, which should make the company well-positioned to accommodate newly originated loans and growth.
- Diligent and customized portfolio management: Morningstar considers iSAS to be a boutique servicer with thorough credit monitoring and portfolio management practices designed to address large-scale real estate assets. Morningstar considers the company's real estate analytics and proactive credit culture to be core operational strengths. Although Morningstar has not formally opined on iSAS as a construction loan servicer, it believes the company's substantial experience in construction loan administration and project development strengthens the capabilities of iSAS as a primary servicer of permanent commercial mortgage loans.

- Excellent technology: iSAS has integrated and comprehensive technology tools designed to address complex debt and equity assets. Morningstar believes the company's proprietary, integrated asset management application, combined with PNC/Midland's *Enterprise!*[®] servicing system, provides effective workflow management to track loan-level covenants, triggers, and essential asset data, including the ability to address commercial mortgage-backed securities (CMBS) reporting requirements. Furthermore, iSAS enhanced its insurance administration function by installing a vendor-supported insurance risk management application earlier this year.
- Investor reporting expertise: Morningstar holds a positive view of iSAS' ability to provide accurate and timely investor reports and remittances, deliver detailed asset- and portfolio-level information, and meet its monthly requirements based on the servicer's performance for legacy securitizations and as a lead agent on syndicated loans.
- Sound internal audit program: Morningstar believes that iSAS' internal audit program soundly addresses the company's operational risks and is commensurate with the size of the operation. The internal audit function centers on annually issued reports that are based on quarterly, independent examinations of internal controls and procedural compliance. The results of the most recent audit report and uniform single attestation program letter, which is a requirement for its securitized transactions, had no material findings. The servicer's quality control group supplements these audits with its own performance monitoring routines that leverage iSAS' technology applications and workflow reports. As it continues to fund new loans and rebuild the servicing portfolio, iSAS may benefit from expanded quality control and audit programs.

Special Servicing:

- Solid analytics and asset resolution record: Morningstar believes that iSAS can serve as an effective third-party special servicer based on its thorough analytical practices, sound vendor oversight, robust reporting tools, and successful disposition record involving challenging assets. Because iSAS' special servicing portfolio has involved many balance sheet-owned assets with longer holding periods than typically expected in CMBS transactions, the company's performance, which Morningstar views positively in its own right, is principally driven by its own investment return targets and is not easily comparable to that of CMBS special servicers.
- Professional expertise: iSAS has experienced asset managers who retain life-of-asset responsibilities, from performing loan management through workout and liquidation of real estate owned (REO) properties. Morningstar believes this organizational approach, albeit unconventional, has worked well for the company.

- Moderate, yet successful record resolving securitized assets: The majority of the company's special servicing work centers on its parent's investment portfolio. In Morningstar's opinion, iSAS has a moderate, yet successful, asset resolution history for third-party investors, which principally has involved its auto dealership securitizations and some syndicated loans. As a result, iSAS has not coordinated and managed troubled asset transfers from other servicers within the current CMBS framework.
- No discernible conflicts of interest: iStar no longer has any first-loss investment positions in the securitized portfolios managed by iSAS. iSAS does not have or use affiliates to purchase or sell assets in any loan pools it manages. Accordingly, Morningstar views iSAS as a company that operates without the conflicts of interest inherent in these relationships.

As of June 30, 2014, iSAS' primary servicing portfolio consisted of 67 loans that corresponded to 121 underlying properties with an aggregate unpaid principal balance (UPB) of approximately \$1.5 billion. The portfolio included 43 permanent mortgage loans with a UPB of approximately \$683.4 million and 24 construction loans with a UPB of approximately \$811.1 million.

As of June 30, 2014, iSAS' total active special servicing portfolio, inclusive of construction loans and REO properties, consisted of 30 assets with a UPB of approximately \$548.6 million. With the addition of REO properties reclassified as equity real estate, iSAS' portfolio consisted of 93 specially serviced assets with an aggregate UPB of approximately \$1.9 billion.

As of June 30, 2014, iSAS and iStar had combined total assets under management with a UPB of approximately \$5.6 billion consisting of 77 debt and 352 equity positions.

The forecast for both rankings is Stable. Morningstar believes that iSAS remains an effective and diligent servicer specializing in large-scale commercial mortgage and real estate assets that require customized and intensive asset management. Additionally, Morningstar expects iSAS to remain a capable and effective special servicer for third-party assignments. Although the servicing portfolio has continued to experience net runoff, iSAS has been adding new loans at an accelerated pace this year through iStar's origination activities. Morningstar will continue to monitor iSAS' progress in rebuilding its portfolio volume.

To access Morningstar's operational risk assessment methodology and all published reports, please visit <https://ratingagency.morningstar.com>.

About Morningstar Credit Ratings, LLC and Morningstar, Inc.

Morningstar Credit Ratings, LLC is a Nationally Recognized Statistical Rating Organization (NRSRO) that specializes in structured credit research and ratings and offers a wide array of services including new-issue ratings and analysis, operational risk assessments, surveillance services, data, and technology solutions.

Morningstar Credit Ratings' rankings, forecasts, and assessments contained in this press release are evaluations and opinions of noncredit related risks, and therefore, are not credit ratings within the meaning of Section 3 of the Securities Exchange Act of 1934 ("Exchange Act") or credit ratings subject to the Exchange Act requirements and regulations promulgated thereunder with respect to credit ratings issued by NRSROs.

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