Del Coronado Trust 2013-DEL, Commercial Mortgage Pass-Through Certificates, Series 2013-DEL

Presale Report

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PRELIMINARY RATINGS (AS OF: 3/26/13)

Class	Balance/ Notional Amt	Preliminary Ratings	Morningstar DSCR	Morningstar BLTV	Morningstar ELTV	Credit Support Levels
Class A	$127,600,000	AAA	5.57 x	26.3%	26.3%	55.23%
Class X-CP	285,000,000	AAA	n/a	n/a	n/a	n/a
Class X-EXT	285,000,000	AAA	n/a	n/a	n/a	n/a
Class B	48,800,000	AA-	4.03 x	36.3%	36.3%	38.11%
Class C	36,400,000	A-	3.34 x	43.8%	43.8%	25.33%
Class D	48,000,000	BBB-	2.73 x	53.7%	53.7%	8.49%
Class E	24,200,000	BB	2.49 x	58.7%	58.7%	0.00%

In determining the preliminary ratings on each class of securities issued by the Trust, Morningstar analyzed the property to determine the stabilized as-is net cash flow (NCF) and value based primarily on the direct capitalization approach. The loan along with the as-is NCF and property value was 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. The Notional Amount of the Class X-CP and Class X-EXT Certificates will each be equal to the aggregate Certificate Balances of the Class A, Class B, Class C, Class D and Class E Certificates. Interest will accrue at the respective pass-through rates based upon the corresponding Notional Amount. NR – Not Rated; N/A – Not applicable; PR – Private Rating Issued.

Estimated Closing Date: April 11, 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 March 26, 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 will monitor the ratings assigned to each Class of certificates on an on-going basis and publish monthly surveillance reports, Morningstar Dealviews, with respect to the trust on a subscription basis solely for subscribers. In addition, changes to ratings and related analysis with respect to each Class of certificates will be provided to subscribers on a subscription basis. Appendix B to this report provides details on our surveillance approach. Morningstar's ability to continually monitor this transaction is contingent on Morningstar's continued timely receipt of certain information and data regarding the collateral and transaction.

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	$285 million first mortgage loan secured by the Hotel del Coronado in San Diego and a pledge of security interest in intellectual property.	**Mortgage Loan Sellers**	JPMorgan Chase Bank, National Association (55%) and German American Capital Corporation (45%)
Notional Balance	$285,000,000	**Depositor**	J.P. Morgan Chase Commercial Mortgage Securities Corp.
Structure	Sequential	**Lead Managers**	J.P. Morgan Securities LLC and Deutsche Bank Securities Inc.
Morningstar U/W Current DSCR (1)	2.49 x	**Trustee**	U.S. Bank National Association
Morningstar Trust U/W BLTV	58.7%	**Servicer**	KeyCorp Real Estate Capital Markets, Inc.
Morningstar Trust U/W ELTV	58.7%	**Special Servicer**	KeyCorp Real Estate Capital Markets, Inc.
Morningstar All-In DSCR (2)	1.18 x	**Certificate Administrator**	Deutsche Bank Trust Company Americas
Morningstar All-In UW BLTV(2)	97.8%		

Note:

(1) DSCR for Trust and All in debt reflect interest only payments. Interest payments are based upon the estimated LIBOR rate cap of 3.0% and the LIBOR spread for each loan. The LIBOR spread for the various types of debt include: (1) first mortgage loan spread is 2.25878%, (2) Mezzanine A loan is 4.75%, and (3) the Mezzanine B loan is 7.25%.

(2) All in Current Debt Service Coverage Ratio and leverage metrics are based upon the total debt on the asset including (1) the first mortgage trust loan balance, (2) the Mezzanine A loan, (3) and the Mezzanine B loan.

Transaction Overview

The collateral for the Del Coronado Trust 2013-DEL, Commercial Mortgage Pass-Through Certificates, Series 2013-DEL deal is a $285 million first mortgage loan secured by the fee simple interest in the Hotel del Coronado and a pledge of the security interest in the intellectual property rights associated with the Hotel del Coronado name and brand. The property is located on 25.3 acres along the beach on Coronado Island in the San Diego metropolitan area. The property offers 757 hotel rooms of which 679 rooms are collateral for the loan, 62,318 square feet of meeting space, a 12,500 square foot full-service Spa, 10 food and beverage outlets, over 15,000 square feet of retail space in 18 stores, multiple pools and various recreational amenities. In addition to the 679 standard hotel rooms, the property involves a rental pool program whereby 35 villa units (78 rentable rooms) owned by third parties are rented by the hotel manager; these units are not collateral for the loan, however, the property retains approximately 50% of the rental income associated with these units (see page 13 of this presale for a more detailed description of the rental pool agreement).

The Borrower is majority owned and controlled by (i) Blackstone Real Estate Partners VI-NQ L.P., Blackstone Real Estate Partners VI.TE. 1-NQ L.P., Blackstone Real Estate Partners VI.TE. 2-NQ L.P., Blackstone Real Estate Partners VI (AV)-NQ L.P., Blackstone Real Estate Holdings VI-NQ L.P., (collectively, the "BREP Guarantor"), and (ii) Strategic Hotel Funding, L.L.C. ("Strategic"). The BREP Guarantor and Strategic (collectively the "Guarantors") executed a non-recourse guaranty, guaranteeing certain obligations and liabilities, including non-recourse provisions and exception, of the Borrower under the mortgage loan agreement.

The loan is a floating rate loan based upon LIBOR plus a spread of 2.25878%. Debt service payments are interest only throughout the loan term. The initial maturity is March 2015, but the borrower has three 12-month extension options.

Key Loan Metrics		
First Mortgage Loan Amount	$285,000,000	$419,735 per room
Subordinate Debt	$190,000,000	$279,823 per room
Total Debt	$475,000,000	$699,558 per room
Mortgage Loan Term	2 years	
Extension Options	3 12-month extensions	
Initial Maturity Date	March 2015	
Fully Extended Term	March 2018	
Amortization	Interest Only	
Interest Rate	LIBOR + 2.25878%	
Existing Interest Rate Cap	3.0%	

Note: Per room figures are based upon the 679 owned hotel rooms and do not include the 78 villa units which are owned by third parties, but which may be contributed to the rental pool.

Morningstar valued the property using the direct capitalization method; our final aggregate value of approximately $485.9 million was calculated using a 7.80% capitalization rate. The Morningstar value, which equates to $715,657 per room based upon the 679 owned hotel rooms, is 27.1% lower than the appraised value of $667 million. The Morningstar valuation resulted in a loan-to-value ratio of 58.7%. The following table presents a summary of key metrics of the transaction and compares the Morningstar underwriting conclusions to that of the arranger underwriting.

Analytical & Underwriting Metrics

Metric	Morningstar UW	Arranger UW
Net Cash Flow (NCF)	$37,902,621	$39,064,663
Variance to Arranger NCF	-3.0%	n/a
Capitalization Rate	7.80%	5.86%
Capitalized Value/Appraised Value (1)	$485,931,039	$667,000,000
Value Per Unit	$715,657	$982,327
Interest Only DSCR on Net Cash Flow	2.49 x	2.57 x
Debt Yield on Net Cash Flow	13.3%	13.7%
Loan-to-value Ratio	58.7%	42.7%

Note: Arranger Capitalized Value is the appraiser's estimate of value; the arranger's capitalization rate is derived by dividing the arranger' underwritten net cash flow by the appraised value.

Morningstar determined the preliminary ratings for each class of the Del Coronado Trust 2013-DEL certificates by subjecting our estimated net cash flow and value conclusion to a variety of stresses in our proprietary CMBS Subordination Model. Morningstar will perform on-going monitoring of the rating on each class of certificates on a subscription basis in accordance with Morningstar's policies and procedures.

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

Morningstar Perspective

The subject's local market area benefits from a strong base in tourism, proximity to the Pacific Ocean, and access to surrounding areas of San Diego County. The subject's location is considered a destination point and draws guests from a broad range. Overall, the subject market represents excellent locational characteristics supporting growth for area businesses and resort operations, and the region's long-term outlook is considered favorable.

Within the San Diego hotel market, the recovery in lodging demand that began in 2010 has continued throughout 2012 and continues into 2013. Occupancy rates have improved and room rates are increasing. Within the Hotel del Coronado's submarket, the recovery has been most evident in luxury upscale hotels, where occupancy rates are approaching stabilized levels and daily room rates continue to increase. Despite the recent recovery, these metrics still haven't reached the peaks of the last cycle, which speaks to the depth of the recession. Smith Travel's near-term outlook for demand and revenue remains positive, although how much and for how long are squarely dependent on the performance of the economy. Morningstar's outlook for 2013 remains positive but growth expectations have been tempered as group meetings and leisure travel have not recovered to prior levels and management indicated that it is still cautiously balancing rates and occupancy.

The meeting and group demand segment peaked at 90,000 room nights for the subject during 2008, and accounted for roughly 83,200 nights during 2012. The subject's penetration rate of the group meetings segment has historically been in excess of 100% and is expected to remain strong going forward, but may decline slightly as management plans to increase quoted group rates. Management has budgeted approximately 79,000 group room nights in 2013. However, management expects that this decline will be more than offset by increases in the higher rated leisure demand which should provide for continued revenue growth.

The Hotel del Coronado benefits greatly from its favorable beachfront location and offers an appropriate complement of amenities to sustain a high level of competitiveness. The hotel is well positioned to maintain its average daily rate, RevPAR, and occupancy penetration during the ongoing market recovery given its location, planned improvements, and its line of full-service product offerings. The local hotel market continues to improve and has the potential for continued growth in both occupancy and average room rates. Morningstar believes that the Hotel del Coronado is still in its recovery phase and has the potential for improved performance over the near-term. For the purposes of our underwriting, Morningstar has assumed that occupancy will normalize at 65.6% which is 1.2% higher than the results reflected during the trailing twelve month period ending 2/28/13 and is in line with the occupancy reflected during the 2012 calendar year. Morningstar has assumed that the normalized average room rate will be $351.50 which is approximately 0.9% higher than that reflected during the trailing 12 month period ending 2/28/13.

San Diego is one of the top tourist destinations in the world, and is renowned for its weather, rolling beaches, unlimited outdoor recreation, and ample sightseeing tours. It is also a primary technology hub for Southern California as well as home to one of the most heavily concentrated military defense facilities in the country. The area serves as a leader in technology and trade as well as tourism. As a result San Diego generates a well-rounded source of demand for lodging properties due to the confluence of corporate, military, leisure, and group demand. The effects of the recent recession, coupled with the addition of luxury supply in the region had a direct impact on all market segments and resulted in a decline in occupancy and average room rate among the luxury hotels which compete directly with the subject. However, over the last several years the market has slowly absorbed this new supply and has been reflecting a strong recovery in average rate, occupancy and RevPar, which is evidence of the strength of the subject and the local market.

Morningstar's analysis of the loan yielded a net cash flow of $37.9 million; this was 0.8% lower than the most recent reported net cash flow and 3.0% lower than the arranger's underwritten net cash flow. The Morningstar net cash flow resulted in a DSCR of 2.49 x based upon the loan payment terms.

The Bears Say

- No Amortization - the loan is an interest only loan with an initial term of two years and provides for three one-year extension options. Because there is no amortization, the leverage on the loan is not expected to decline during the loan term.

- Reliance on Tourism and leisure travel - the property is heavily dependent on tourism and as such suffers during slow economic periods. Commercial demand is generated by the various companies in and around Southern California; however, due to the resort nature of the subject, leisure makes up 55% of transient demand.

- Subordinate Debt - the property has subordinate debt in the amount of $190 million. The combination of a $115 million senior mezzanine loan and a $75 million junior mezzanine loan will push the aggregate leverage on the property to 97.8% based upon the Morningstar valuation. Morningstar has factored this risk and higher leverage into our subordination model applying additional net cash flow adjustments to the loan.

- The property has been designated a National Historic Landmark by the National Park Service and as such, the property may be subject to historic preservation requirements and regulations that can delay planned redevelopment and renovations and could increase the cost of such projects.

- Lack of Franchise Affiliation - the property is not affiliated with any franchise, and accordingly lacks the benefit of a strong affiliation. However, the Hotel del Coronado name is a strong brand and is well known by leisure travelers and group meeting planners alike. The property's designation as a destination hotel, long tenure, name recognition and historic nature serve as mitigants for the lack of franchise affiliation. The Borrower and Operating Lessee own the rights to the Hotel del Coronado name and are required to maintain ownership of these intellectual property rights throughout the loan term. The risk associated with the lack of franchise affiliation is also mitigated by the fact that the cost of marketing, advertising, and group services at the hotel are significantly higher than that reflected by similar luxury and resort hotels as reported by the Smith Travel Research HOST report. In lieu of paying franchise fees for national advertising and group sales support, management has developed its own group sales staff and the cost is reflected in the historical and underwritten net cash flow. For the purposes of underwriting, Morningstar has assumed that the IP license and Hotel del Coronado brand will remain in place at the hotel.

- Hotel Management – The hotel has been historically managed by KSL Resorts ("KSL") which formerly had an ownership interest in the hotel. The property is currently managed by KSL terminates under a short term management agreement According to information provided by the arranger, the mortgage lender, the Borrower, the Operating Lessee, and KSL entered into a side letter agreement whereby terms of a replacement management agreement with KSL were pre-approved. The terms of this side letter include an initial term of five years with five (5) year extension options. If KSL were to terminate the contract and cease operating the hotel, the Borrower would need to hire and secure a replacement management team which would have an impact on the operations of the resort. KSL has historically earned management fees equivalent to $3.9 million as well as the reimbursement of corporate overhead charges. Although the new side letter provides for significantly lower management fees (combined management and group services reimbursement of approximately $2.7 million) it is likely that KSL will renew in order to maintain affiliation with the hotel and the ability to provide the hotel as an option to their leisure and group meeting planner accounts. Morningstar has underwritten management fees equivalent to 3% of gross revenue and has assumed a group services charge equivalent to $2 million in our underwriting.

- Management Conflict of Interest - the affiliates of the property manager (KSL Resorts) also own or manage other properties, including properties such as La Costa Resort and Spa, Beach Village at the Del, and the Rancho Las Palmas Resort and Spa which all compete directly with the subject. Consequently, the property manager may experience conflicts of interest in the management of the property. Other resorts operated by KSL include which present indirect competition to the subject hotel for national meetings include the Grove Park Inn, Montelucia Resort & Spa, The Homestead, Barton Creek Resort and Spa, and the Vail Mountain Lodge and Spa.

- Villa Rental Pool - the property involves a rental pool program whereby 35 villa units (78 rentable rooms) owned by third parties are operated and rented by HdC North Beach Real Estate Company, an affiliate of the Operating Lessee and the Borrower. During 2012, rental pool income represented 9.7% of net room revenue or 4.5% of total revenue for the hotel. Villa owners are not obligated to contribute their units to the rental pool and if unit owners opted to remove units from the program revenue from this income source could decline. This risk is mitigated by the fact that the streamlined process and oversight of onsite management makes it the most efficient and least costly option for owners. A more detailed description of condominium unit owner obligations and the rental pool program is provided on page 13 of this presale.

- Cap of Guarantor Liability - even though the mortgage loan documents provide for recourse to the Guarantors under limited circumstances, the liability of the Guarantors is capped at 15% of the outstanding principal amount of the Mortgage Loan with respect to bankruptcy matters, and such cap would also be applicable to any replacement guarantor

The Bulls Say

- The hotel has historically outperformed its competitive set reflecting strong average daily rate and RevPar penetration rate year over year. The hotel's average daily rate and RevPar penetration have been well in excess of 100% for the past six years.

- Superior location - the hotel's beachfront location serves as an attraction for tourism and is a destination resort that has won numerous awards.

- Property is well maintained - based upon our site inspection, Morningstar considers the property to be well-maintained. Since 2007, the sponsors have invested $51.3 million in renovations and are scheduled to invest another $12.5 million over the next three years.
- First Mortgage trust loan reflects low leverage - based on the appraised value and the principal balance of the mortgage loan, the loan-to-value is 42.7%. Based on Morningstar's estimated value, the loan-to-value of the mortgage loan is 58.7%.
- Potential Property Tax Savings – as is standard in California, the property was re-assessed upon the sponsor's acquisition. The tax bill for the current tax year (July 2012 to June 2013) is $6.19 million, which is 26% higher than the $4.88 million paid during 2012. The sponsor has hired a tax consultant to appeal the re-assessed value and the arranger estimates taxes to be adjusted down to $4.97 million. For the purposes of our underwriting, Morningstar has based the property taxes on the current tax bill. If the Borrower is able to secure a reduction in this expense, the value of this asset could increase by approximately $15 million.

Property Site Visit

Morningstar conducted a site visit of the subject property on Monday, March 18, 2013. The property tour included a detailed inspection of the guestrooms, amenities, common areas and several of the retail outlets. Based upon our evaluation, Morningstar assigned a property quality score of 2 to the property which rates the property as Good. 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 rate for the property is 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. This is done separately to gauge the credit-worthiness of loan during its term and at the balloon date. In the case of the latter, Morningstar additionally stresses the ability of the borrower to refinance the loan at higher loan constants. For instance, at the AAA level, Morningstar's analysis utilizes a stressed refinance loan constant of 12.0%.

The metrics shown below highlight the magnitude of cash flow and value decline after applying all of the stresses at each rating category. These are provided separately for the term default and balloon default analyses. By way of example, in assigning a rating of "AAA" to the Class A certificates, we subjected our concluded net cash flow to a 56.5% decline and our concluded value to a 69.6% decline in the term default analysis. In the balloon default analysis, these weighted-average declines were 44.7% and 59.5%, respectively. We should note that the balloon decline reflects 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 this decline is applied to Morningstar's concluded net cash flow which in the overwhelming majority of cases is lower than the in-place net cash flow. 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
Morningstar NCF Decline (Term)	56.5%	51.8%	47.1%	35.9%	30.5%
Morningstar Value Decline (Term)	69.6%	65.0%	60.1%	47.4%	38.7%
Morningstar NCF Decline (Balloon)	44.7%	40.9%	37.2%	31.9%	30.1%
Morningstar Value Decline (Balloon)	59.5%	56.1%	51.5%	44.1%	38.4%

Morningstar Rating Characteristics

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

Collateral Summary

Property Description

The Hotel del Coronado is a full-service luxury resort located on 25.3 acres of beach front property on Coronado Island in San Diego, California. Opened in 1888, the property has been designated a National Historic Landmark by the National Park Service. The property has 757 rooms, of which 679 standard hotel rooms serve as collateral for the loan. The remaining 78 rooms (35 units) are condominium suites that are owned by third party owners and which may be contributed to an income-producing rental pool operated by hotel management. The guestrooms in the main original building have period decor, while the Ocean Tower rooms have a more modern design and offer balconies overlooking ocean. There are numerous deluxe amenities that include a 12,500 square foot spa, a variety of food and beverage outlets, multiple pools, a fitness center, approximately 62,318 square feet of meeting space, , and several retail outlets.

The subject's local market area benefits from its strong base in tourism, proximity to the Pacific Ocean, and access to surrounding areas of San Diego County. The subject's location is considered a destination point and draws guests from a broad range.

Since 2007, the property has undergone $51.3 million in renovations, including a major refurbishment of the Ocean Towers guestrooms, the creation of Eno Wine Bar, the expansion of the Signature Shop, the completion of the Beach Village, as well as several retail conversions. The property offers a unique beachfront location and is just across the bay from downtown San Diego and approximately 9.3 miles or 15 minutes from San Diego International Airport.

Guest Rooms

The Hotel del Coronado was the largest resort hotel in the world when it was built in 1888, and to this day the original Victorian Building remains one of the largest all-wood buildings in California. The hotel initially had 380 rooms and now consists of 757 rooms; 679 rooms serve as collateral for the loan while the remaining 78 rooms are condominium suites that are owned by third party owners. The guestrooms are broken out into four distinct components:

- Victorian Building: The Victorian Building is the centerpiece of the property and is the original hotel. The building features the majority of the property's guestrooms and is designed in a circular shape around a central courtyard called the Garden Patio. It was constructed in 1888 and consists of three floors with additional fourth and fifth floors located on the east side of the building. The Victorian Building houses the main lobby and 368 guestrooms of which no two are alike. Guestroom views vary from a courtyard view to an ocean view, and 100 of the rooms include a balcony. In 2005, most of the guestrooms were renovated and the furniture, fixtures, carpet, and bathrooms were upgraded. The total cost of these renovations was $6.3 million. In 2007, flat screen televisions were installed. Management has earmarked funds for the replacement and upgrade of soft goods during 2014.

- Ocean Towers: The Ocean Towers were built in 1973 and include 214 standard guestrooms located in glass and concrete buildings. All of the rooms except those on the first floor offer a balcony, with 100 guestrooms having full or partial ocean views. All soft goods and case goods in the Ocean Towers were renovated or replaced in 2007 and the units are scheduled for the replacement and upgrade of soft goods during 2013.

- California Cabana: The cabana building was designed in the original Victorian style of the property and is located between the Ocean Towers and The Victorian Building. This wing consists of a two- to three-story building that houses 97 guestrooms constructed around a central atrium. All guestrooms feature the same configuration and half of the rooms offer ocean views, while the others have pool views. Between 2006 and 2007, the California Cabanas underwent a renovation that included new carpet, wall covering, bedding, case goods, and bathroom fixtures. These units are scheduled for soft good upgrades during 2013 and 2014.

- Beach Village: The Beach Village, located on the northwestern side of the property fronting Coronado Central beach, were completed in April 2007 and feature 35 luxury one-, two- and three-bedroom condominiums that can be rented as 78 individual guestrooms but do not serve as collateral. The condominiums were sold to individuals and may be placed by unit owners into a rental pool operated by the property management (see pages 13 of this presale for a more detailed description of the rental pool agreement).

Food & Beverage

The property features seven food and beverage facilities that are open year-round, three seasonal food and beverage outlets, and one meeting space, which routinely serves as a Sunday brunch outlet. The following summarizes the seven year-round restaurants.

- 1500 Ocean - formerly the Prince of Wales Restaurant, it was renovated in 2006 and re-opened as 1500 Ocean. The restaurant features a modern, upscale venue that takes advantage of the natural indoor/outdoor flow of the space and exhibits southland coastal cuisine and wines from local vineyards. The outlet is located at beach level and offers two private dining venues, a wine vault, Sunset Bar and a terrace overlooking the Pacific Ocean.

- Sheerwater is a three-meal casual dining establishment located at beach level. It features bistro-style cuisine with a focus on fresh and sustainable seafood. Meals are served on the outdoor terrace, with the option to dine by fire pits at night.

- The Babcock & Story Bar is located across from the Sheerwater Restaurant on the beach level and features a 46-foot handcrafted mahogany bar that was brought by ship from Philadelphia in 1888. The restaurant features views of the Pacific and offers sushi, light fare, cocktails, wine, and espresso.

- The Sun Deck Bar & Grill is located on an outdoor patio overlooking the Pacific Ocean on the beach level. It consists of approximately 150 tables with sun shades and 400 seats.

- Eno Wine Bar focuses on wine, cheese and chocolate, with more than 500 varieties of wine, 50 varieties of cheese, a rotating assortment of truffles made by local chocolatiers and a new pizza oven.

- Babcock & Story Bakery and Moo Time Creamery. Babcock & Story Bakery is a coffee stand located adjacent to the Sheerwater Restaurant and across from the Babcock and Story Bar, which serves a variety of coffees, teas, and fresh baked pastries. Moo Time Creamery offers homemade ice-cream and yogurt.

- Splash Bar & Deli, Boardwalk Cafe, and Cabana Bar. Splash Bar & Deli, Boardwalk Cafe, and Cabana Bar are the three seasonal outlets at the property. They offer a variety of fare including sandwiches, snacks, drinks, and cocktails.

Meeting Space

In aggregate, meeting space and banquet halls account for 62,318 square feet. The spaces range from a 260 square foot boardroom to the 12,565 square foot ballroom. The meeting space and banquet halls underwent an $8.0 million renovation during 2009 and adequately serve the needs of group clientele. The property also offers 60,000 square feet of outdoor space including the Windsor Lawn that serves as functional space for meetings, weddings, and special events.

Retail Space

The property contains 18 retail stores, 11 of which are owned and managed by the property and five of which are leased to third parties. Total retail space represents over 15,000 square feet and these stores, together with online sales of logo items, generates roundly $7.6 million of revenue to the hotel. The shops are generally well positioned in areas of high foot traffic and easily accessible throughout the resort.

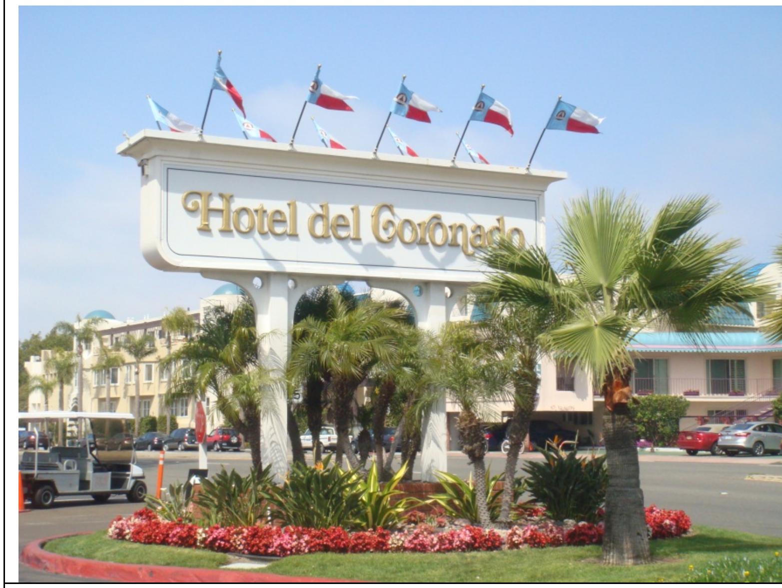
Spa

The 12,500 square foot Spa at the Del was built in 2007 and features 21 treatment rooms, a hydro tub, relaxation area, steam rooms and a variety of other amenities. It was named one of the top 20 spas in the world by Travel and Leisure magazine in 2008. A fitness center compliments the spa and offers a variety of fitness equipment, group fitness classes and personal training.

Recreational Amenities

Aside from the property's beachfront location and host of restaurants, pools, retail outlets and spa; the property affords guests with access to a variety of activities including sailing, surfing, exotic car rentals, yoga and golf.

Beach View of Victorian Building

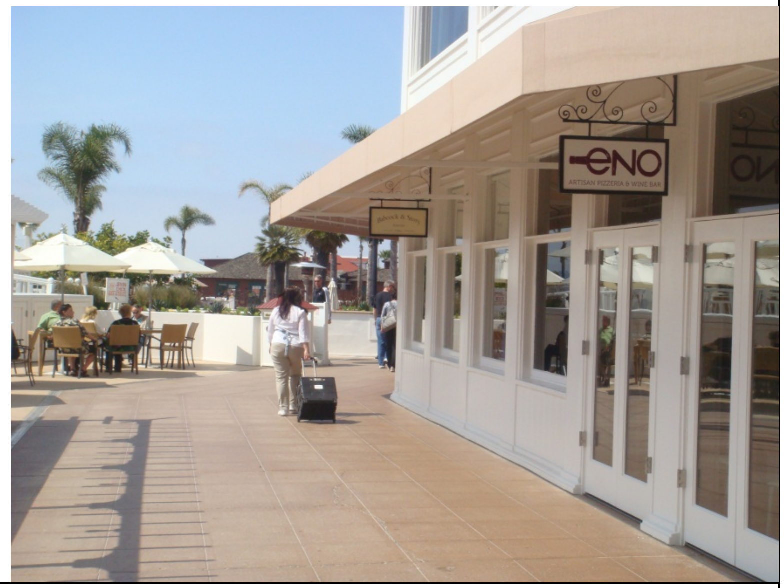


Hotel del Coronado Entrance

Beach Village (Villas)

Victorian Building Main Pool

1500 Ocean Restaurant

	
Victorian Building Beach View	Outdoor Access to Shopping

Demand Drivers

The subject's segmentation is weighted toward the transient leisure segment, which accounted for roundly 55% of the total accommodated demand during 2010 while the meeting and group segment demand represented 45%. The subject's irreplaceable location along Coronado Beach on Coronado Island and its unique resort experience with first class amenities is the leading demand driver and will always appeal to families looking for a unique beach vacation.

The hotel also offers a good complement of meeting space and banquet hall space that gives it a comparative advantage in capturing market share in the meeting and group segment including association groups, incentive groups, and corporate meetings. The meeting space and banquet halls completed $8.0 million renovation in 2009 and adequately serves the needs of group clients.

Further support for the hotel comes from the fact that year after year, San Diego is one of the top tourist destinations in the world, and is renowned for its weather, beaches, unlimited outdoor recreation, and ample sightseeing tours. It is also a primary technology hub for Southern California as well as home to one of the most heavily concentrated military defense facilities in the country. The area serves as a leader in technology and trade as well as tourism. Thus making San Diego one of the best hotel markets in the world due to the confluence of corporate, military, leisure, and group demand.

The subject is located in an area where both leisure and commercial travelers are proximate to San Diego and the coastal shores. As the market recovers, the hotel is expected to improve its penetration of the group and commercial market as well as the number of leisure room nights.

Competitive Market

The Hotel del Coronado is located on the south side of Coronado Island in the city of Coronado. The hotel is recognized as a vacation destination and relies heavily on tourism. The Orange Avenue corridor is the primary commercial area of Coronado Island, and as such is concentrated with the many services, restaurants, and entertainment venues that support the tourism industry. Additionally, there is a large military presence in Coronado, as the Naval Air Station North Island occupies the majority of the north side of the island. Furthermore, the Naval Aviation Depot is the largest aerospace employer in San Diego.

The local area is dominated by the City of San Diego. San Diego is the second most populated city in California and the sixth largest in the United States. Three regional freeways provide access to San Diego: Interstate 5, Interstate 805, and Interstate 15. The primary ingress and egress for Coronado is the San Diego-Coronado Bay Bridge, which connects Coronado directly to Interstate 5, the primary north/south highway on the West Coast. However, the Coronado/San Diego Ferry also offers reliable transportation to the island while visitors can also drive in via State Route 75 from the south. San Diego International Airport is approximately 9.3 miles northeast of the property. San Diego International Airport is the nation's busiest single runway commercial airport in the United States.

The Hotel del Coronado competes indirectly with hotels and resorts in southern California, Arizona, and Nevada for leisure and group demand which are seeking a luxury resort experience. To evaluate the subject hotel's results relative to competition, the appraiser identified nine hotels which compete directly with the subject property for rooms demand and occupancy. The subject is an upscale hotel with an irreplaceable location which makes it unique. The subject competes with a distinctive array of properties ranging from upscale hotels on Coronado Island to luxury resorts located along the California coastline. While no property in the competitive set offers the same characteristics as the subject, the hotels identified by the appraiser offer enough of the same type of facilities to be considered competitive. The competitive set includes the subject hotel and the following hotels: (1) St. Regis Monarch Beach Resort, (2) The Ritz-Carlton, Laguna Niguel, (3) Park Hyatt Aviara Resort, (4) Terranea Resort, (5) Grand Del Mar Resort, (6) Montage Laguna Beach, (7) The Resort at Pelican Hill, (8) Loews Coronado Bay Resort, and (9) Marriott Coronado Island Resort. The following table presents a summary of the results of this identified competitive set and presents a summary of the subject hotel's penetration of occupancy and RevPAR.

Evaluation of Market Trends
Appraiser Identified Competitive Set

	Occupancy Rate	Average Rate	Rooms RevPAR	Occupancy Penetration	RevPAR Penetration
2000	77.3%	$252.45	$195.18	n/a	n/a
2001	68.7%	$256.20	$176.06	n/a	n/a
2002	71.3%	$255.41	$182.22	n/a	n/a
2003	69.8%	$270.20	$188.65	n/a	n/a
2004	69.1%	$279.58	$193.09	n/a	n/a
2005	69.3%	$296.01	$205.02	n/a	n/a
2006	72.2%	$323.41	$233.36	n/a	n/a
2007	69.1%	$342.74	$236.71	113.5%	109.6%
2008	62.8%	$350.54	$220.09	112.6%	114.9%
2009	51.4%	$312.44	$160.59	119.0%	121.8%
2010	55.8%	$304.05	$169.55	115.0%	121.5%
2011	63.2%	$315.49	$199.42	106.2%	114.5%
2012	66.2%	$336.39	$222.76	99.1%	106.2%

Source: Smith Travel Research & Cushman and Wakefield
Note: The information in this table may vary with the information in the Offering Circular as management commissioned a Smith Travel Research report with a different identified competitive set. Morningstar has relied on the appraiser's competitive set which included more luxury hotels in the Laguna Beach market and also provides more than 3 years of historical results.

With the economic expansion in early 2000's the occupancy in the competitive set averaged 70.8% between 2000 and 2007. With strong demand levels, area managers were able to reflect strong growth in average room rates between 2004 and 2008. Three additions to supply took place in 2007 and 2008 as the subject's Beach Village, the Grand Del Mar, and the Resort at Pelican Hill opened. The increase in supply combined with the beginning of the economic downturn in September 2008 took a toll on market occupancy. Although the addition of this high-end inventory helped the market hold rate, occupancy among the competitive set declined 6.3 percentage points during 2008. As the economy continued to suffer into 2009, the subject's market was hit with another increase in supply when Terranea opened 542 rooms in June 2009 which resulted in an 11.4 percentage point decline in occupancy during that year.

Since 2009, the market has achieved positive RevPar growth each year. Although room rates continued to decrease during 2010, occupancy increased significantly offsetting the loss in average rate. In 2011 and 2012, the competitive set experienced growth in both occupancy and average rate.

In general, the market is beginning to show signs of recovery as both group and leisure demand has increased markedly. While group demand is slowly returning to the market, it is doing so at lower average rates and in smaller group sizes. Economic uncertainty has begun to dissipate and discretionary spending has turned more positive, and as a result, transient business has returned. Area managers are still sacrificing average rate to drive demand; however, the erosion is lessening. From 2000 to 2007, just prior to the recession, the market averaged 70.8% occupancy. Morningstar doesn't expect the subject to achieve levels of nearly 79% occupancy seen during the height of the market but with no new supply, economic health improving, and positive market occupancy and average room rate growth during the past two years, we expect that these trends will continue, with occupancy growth slowing as operators push rate growth. Morningstar underwrote occupancy at 65.6% and average room rate at $372.87 (net of the owner villa share of income the average room rate is $351.50).

Additions to Competitive Supply

There are no new directly competitive properties proposed or under construction according to the appraiser.

Renovations and Capital Investment

Past Renovations

Since 2003 several capital expenditure projects have been completed. The first project was the $1.8 million refurbishment of the Ocean Towers guestrooms in 2004. The second project was the $6.3 million refurbishment of the Victorian Building guestrooms in 2005. These guestroom projects were complimented by an additional investment in general room renovations in 2006. Furthermore, during 2006, the former Prince of Wales restaurant was converted to 1500 Ocean, a more modern restaurant concept that exists today.

In 2007, nearly $12 million in capital expenditures were spent on a major refurbishment of the Ocean Towers guestrooms, the creation of the Eno Wine Bar and the relocation of the bakery, as well as several retail conversions. In 2008, in the midst of a worsening economy, management committed $8 million to capital expenditures, which included meeting space renovations.

During 2009 and 2010, management made only those improvements that were necessary to maintain the property. The replacements consisted of new mattresses in the Victorian Building, new televisions in some guestrooms, minor meeting space upgrades and new laundry equipment.

In 2012, numerous capital expenditure projects were completed; all in nearly $8.36 million was invested in the property. The bulk of the investment went to $3.42 million of room renovations and an approximately $1.45 million upgrade to the food and beverage outlets.

Planned Future Renovations

In 2013, the borrower is scheduled to implement an approximately $6.16 million renovation project at the property. The majority of the money is allocated for guestroom renovations in the Ocean Towers and California Cabanas. The rugs in the Victorian Building are also scheduled to be replaced, which will brighten up the reception and lobby area of the hotel.

Additionally, future renovations in the amount of $4.9 million and $1.4 million are slated for 2014 and 2015, respectively. Overall, the property is in good condition and in order to ensure that the property is maintained in a competitive position, we have included a reserve for replacement equal to 4.0% of total revenue per year in our underwriting. The reserve should be adequate to fund all future capital expenditures planned between 2013 and 2015. Generally, the resort upgrades between 2013 and 2015 will amount to approximately $18,396 per room.

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.

Beach Village Rental Pool

The Beach Village, located on the northwestern side of the property fronting Coronado Central beach, were completed in April 2007 and feature 35 luxury one-, two- and three-bedroom condominiums that can be rented as 78 individual guestrooms. The condominiums were sold to individuals and may be placed into a rental pool operated by the property management; these units are not collateral for the loan. According to the arranger, the condominium unit owners are required to enter into a unit maintenance and operation agreement (the "UMA") and under the UMA the Operating Lessee must maintain the units (at the cost of the unit owners). Under the UMA the unit owners are required to pay to the Operating Lessee a resort fee equivalent to the greater of (1) $100 per day per rentable room located within the condominium unit and (2) 42% of the total rent paid to the condominium unit owner whether the rental is arranged by the unit owner or an approved rental agent.

Unit owners may rent their condominium units through a rental pool controlled by property management through a rental agreement with HdC North Beach Real Estate Company ("North Beach Company"), an affiliate of the Operating Lessee and Borrower. If units are rented out through the hotel operated rental pool, 50% of gross rental revenues are paid to North Beach Company as a rental agent's fee. The resort UMA fee payable to the Operating Lessee is paid from the rental agent's fee. In addition, the rental amount distributable to the condominium unit owners will be reduced by deductions for the unit owner’s pro rata share of taxes, utilities, property operations and maintenance and other expenses as set forth in the management agreement and the rental agreement, including travel agent commissions and credit card fees and a 5.0% deduction from the net distributable amount to a replacement and repair reserve. The rental management agreements generally have twenty-four month terms, and unless the unit owner provides notice of termination not less than sixty days prior to the expiration of the current term, will be automatically renewed for successive terms of twenty-four month periods.

Membership Operation

According to the arranger, hotel management sells packages that allow members to use the subject's facilities including the pool, spa, fitness center, and grounds. These memberships are marketed to local residents. The cost of the membership is a $50,000 initial deposit (which is 80% refundable upon cancellation of the membership) plus monthly dues. Additionally, a membership package that costs $15,000 upfront plus monthly dues is available; however this membership has a three year life span and is not refundable. At the end of three years, members can upgrade to the full membership at a discount or leave the program. Finally, a membership with no upfront fee, but a monthly cost, is available that gives members discounts on rooms and food and beverage. These memberships are marketed to out-of-town guests that frequent the resort. The membership operation generates monthly cash flow from dues and also includes the non-refundable portion of any upfront costs.

Master Plan

The property is subject to a master plan which dictates the development and redevelopment of the property, the Hotel del Coronado Amended 2008 Master Plan, as amended by the Amended Master Plan dated August 2010, and together with the provisions and requirements set forth in the Notice of Intent to Issue Coastal Development Permit (the "Approved Master Plan"). The Approved Master Plan is part of a multi-phased development plan for the property approved by the City of Coronado. The key objective of the Approved Master Plan is to allow the property to remain competitive in the conference and leisure hospitality markets and address the need for additional meeting space, ballroom and ancillary facilities necessary to meet the demands of meeting planners, as well as additional guestrooms. The Approved Master Plan also includes public benefits and public access improvements, and seeks the continued preservation of the property as a National Historic Landmark. The scope and completion of any current or planned renovation or repair at the property would be subject to the restrictions set forth in the Approved Master Plan, and such compliance may increase the cost or delay the any such renovation or repair.

Zoning Compliance

Originally constructed in 1888 and expanded in several phases thereafter, there have likely been significant changes in applicable building and zoning ordinances and codes affecting the property that may have come into effect after the construction of improvements on the property. It is possible that certain improvements may not comply fully with current law, including building height and set back requirements, but qualify as permitted non-conforming uses. Such changes in the zoning laws may limit the ability of the Borrower to rebuild the premises as is (or may significantly increase the cost of doing so) in the event of a substantial casualty loss and may, in the event of such a casualty, adversely affect the ability of the Borrower to meet its obligations under the mortgage loan agreement from cash flow from the property. The property has legal non-conforming uses relating to the front setback and building height. In the event of a significant casualty, there could be limitations on the Borrower's ability to rebuild the property.

Environmental Concerns

The Phase I environmental site assessment, dated February 22, 2013, and prepared by EBI Consulting, several historical recognized environmental conditions including (i) the on-site dry cleaning machine that used PCE solvent prior to 1998, which resulted in soil and groundwater impacts that were remediated and received regulatory case closure; a ventilated crawl space must be maintained beneath the laundry building to prevent any residual vapors from entering the building, and (ii) several historic spill or release incidents related to two underground storage tanks ("UST"), which were remediated and received regulatory case closure (the 50,000 gallon diesel fuel UST was closed in place with related case closure). The report indicated that no further investigation or remediation is warranted, other than compliance with the recommendations of the EPA.

Property Condition Report

The property condition report, dated February 19, 2013, and prepared by EBI Consulting, identified immediate repairs of $105,000 that did not involve health and safety concerns. The items of deferred maintenance were noted as $70,000 for pavement and parking repair and $35,000 for wall, window and door facades.

Seismic

The seismic report, dated February 19, 2013, was prepared by EBI Consulting. EBI reported that the subject property is not in an area subject to the Alquist-Priolo Earthquake Zoning Act or a seismic hazard zone as depicted on maps published by the California Department of Mines and Geology. Additionally, EBI reported that there is no existing or prior significant structural or foundation damage from previous earthquakes was reported or observed.

The property is located in an earthquake-prone area identified to be seismic zone 4. Probable Maximum Loss (PML) is used to characterize building damageability during a 475 year earthquake; if an asset has a PML of less than 20.0%, additional mitigation is not considered necessary. EBI Consulting concluded that the probable maximum loss (PML) of the various buildings ranged from 7% to 24% with an average aggregate PML of 10.0%. Two of the buildings, including the Facilities Building and the Human Resources Building had a seismic rating of 24% each.

The property has earthquake coverage and the loan documents require earthquake insurance in an amount equal to a seismic risk analysis for a 475-year event Probable Maximum Loss or Scenario Expected Limit and that the deductible with respect to earthquake coverage not exceed 5% of the total insurable value of the Property.

Market Area Overview

General Overview

While the Hotel del Coronado is located in Coronado, California, the local area is heavily influenced by the city of San Diego. Coronado is located approximately five miles west of downtown San Diego across the San Diego-Coronado Bay Bridge.

San Diego is the second most populous county in the state of California with 3.1 million residents. The region is north of Mexico, sharing a border with Tijuana. As a coastal community, it is home to several miles of beaches and a pleasant climate that makes it a desirable residential and commercial location. San Diego's population has a median age of 35 years, is more affluent than the national average, leading in average household income and in median household income and boasts that 34.5% of the residents possess a Bachelor or Advanced Degree.

San Diego is the technology hub of Southern California, home to well over half the jobs and nearly three quarters of the region's largest employers, including Qualcomm, Sony Electronics, and Sempra. San Diego also has the largest concentration of defense services in the world with military facilities serving the United States Navy, the United States Coast Guard and the United States Marine Corps and employs over 20,000 employees. Sharps Healthcare is the largest private employer with nearly 15,000 employees and Scripps health is second with nearly 14,000 employees.

Technology Services and Research and Development will be the major drivers of growth in the near-term. Qualcomm recently added nearly 1,100 employees as well as multiple start-ups that are quietly advancing in the aforementioned areas. Additionally, Sharp Healthcare and CyberCoders added about 500 employees to the healthcare and staffing sectors. The state of California estimates that several industries will be characterized by robust employment growth over the next five years. They estimate that professional and business services, information, and construction are expected to grow by more than 20%, while the leisure and hospitality industry will increase by roughly 17%.

San Diego International Airport is approximately 9.3 miles northeast of the subject. San Diego International Airport is the nation's busiest single runway commercial airport, serving nearly 17 million passengers in 2012 through 24 carriers. The areas diversified economy makes the region an attractive option for businesses.

The Hotel del Coronado is located along 1.5 miles of beachfront property on the south side of Coronado Island in Coronado, California. Coronado is located 5.2 miles west of downtown San Diego across the San Diego Bay. The property is located on Orange Avenue at the junction of Silver Strand Boulevard on the south side of Coronado Island. The property has excellent frontage along Orange Avenue and Coronado Central Beach that provides easy access to Coronado Village. Coronado is most readily accessible via the San Diego-Coronado Bay Bridge. The island itself is actually a peninsula that is connected to the mainland by a 10-mile isthmus called Silver Strand. Silver Strand Boulevard, or US Highway 75, is the main arterial along the Silver Strand isthmus. The highway merges with the main island and becomes Orange Avenue at the southeast corner of the property. The following table presents a summary of key demographic and economic indicators in the subject's market area.

Summary of Demographic and Economic Trends

	2001	2011	Forecast 2012	CAGR 01 - 11	CAGR 12 - 16
Population					
United States	284,969.0	311,591.9	314,609.5	0.9%	1.0%
San Diego - Carlsbad - San Marcos	2,869.7	3,140.1	3,179.5	0.9%	1.5%
Median Household Income					
San Diego MSA	n/a	$59,477	$60,072	n/a	n/a
California	n/a	$57,287	$57,860	n/a	n/a
United States	n/a	$50,502	n/a	n/a	n/a
Gross Metro Product					
San Diego MSA	4.7%	1.8%	3.1%	2.3%	3.5%

Source: US Census

Competitive Office Market

The subject is located in the Coronado submarket per data provider CoStar Property. The Coronado submarket posted a vacancy rate significantly less than the area average, 1.6% versus 12.8% for the region, and the lowest vacancy rate of any submarket. However, the Coronado submarket is the smallest office submarket in terms of total rentable space and number of buildings, and it does not report an average rental rate due to its small amount of space and large government presence. When compared to the rest of the region, the Coronado office submarket outperforms the region. Coronado does not have any major developments underway nor do they have any scheduled near-term plans for development.

The San Diego office market end the fourth quarter of 2012 with a vacancy rate of 12.8%. The vacancy rate was down over the previous quarter, with net absorption totaling 653,140 square feet in the fourth quarter. Vacant sublease space increased in the quarter, ending the quarter at 787,337 square feet. Rental rates ended the fourth quarter at $25.50 per square foot, an increase over the previous quarter. A total of four buildings were delivered to the market in the quarter totaling 279,963 square feet, with 1,200,903 square feet still under construction at the end of the quarter. The following chart illustrates office market statistics for San Diego as reported by CoStar Property for fourth quarter of 2012.

	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
Market	# Buildings	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Central San Diego	1,583	29,386,858	2,769,275	2,815,189	9.6%	537,552	458,411	0	$22.21
Coronado	28	198,852	3,100	3,100	1.6%	322	0	0	$0.00
Downtown	274	13,526,510	2,166,164	2,235,980	16.5%	95,122	0	0	$24.54
I-15 Corridor	587	13,503,331	1,704,507	1,866,665	13.8%	393,272	40,398	9,600	$24.93
I-5 Corridor	722	14,067,413	2,075,405	2,312,182	16.4%	29,453	7,147	96,941	$30.24
North Central County	38	332,303	48,322	48,322	14.5%	-2,762	0	0	$43.44
North San Diego	511	25,732,529	2,654,844	2,889,600	11.2%	643,439	102,000	1,036,886	$27.40
South Bay	1,189	11,017,582	1,392,966	1,401,873	12.7%	10,053	45,000	0	$21.91
SR-78 Corridor	428	4,957,426	783,361	812,370	16.4%	79,511	71,200	57,476	$24.62
Totals	5,360	112,722,804	13,597,944	14,385,281	12.8%	1,785,962	724,156	1,200,903	$25.50

Source: CoStar Property

Tourism and Conventions

The main sectors of San Diego's economy remained intact and stable throughout the downturn, as did domestic tourism. San Diego's tourism is on the rise; according to the San Diego Convention and Visitors Bureau, total visitation to area attractions increased from 12.6 million during 2010 to 14.322 million during 2012. The number of visitors to the area has risen throughout 2012 and continues to do so in 2013, as evidenced by the volume of domestic and international passengers passing through San Diego International Airport which resulted in much higher hotel occupancies throughout the region. The subject is heavily reliant on tourism and the further improvements in the economy are favorable factors for the future performance of the Hotel del Coronado.

Tourism Trends in the San Diego Area

Description	2004	2006	2008	2010	2012
Day Visitors	16,084,000	16,388,000	15,942,000	14,795,000	16,129,000
Overnight Visitors	812,000	812,000	754,000	764,000	832,000
Visitor Spend ($ millions)	$6,871.2	$6,871.2	$7,907.7	$7,079.6	$7,979.5
Visits to Area Attractions	11,408,266	12,576,044	12,835,746	12,637,391	14,322,658
Airport Arrivals	8,176,617	8,722,273	9,060,951	8,433,446	8,606,032
Number of Conventions	47	71	68	64	67
Convention Attendance	399,900	573,398	633,883	543,931	561,523
Citywide Room Nights Sold	535,712	714,253	696,471	703,686	766,810
SD County Overall Occupancy	n/a	73.3%	69.3%	66.4%	70.7%
SD County Overall Avg. Room Rate	n/a	$130.29	$140.99	$120.74	$130.02
SD County Overall Rooms RevPAR	n/a	$96.28	$98.90	$80.90	$92.93

Source: San Diego Convention and Visitors Bureau

Morningstar Analysis and Valuation

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

Morningstar Estimate of Net Cash Flow

Rooms Revenue

Room Rental Revenue – gross room revenue at the hotel includes income from standard hotel rooms (owned collateral) and the rental of villa units which are owned by third parties.

- Standard hotel rooms - the main structure of the hotel includes a total of 679 standard hotel rooms. Overall the room rate reflected by these units was roundly $284 during 2009 and remained flat during 2010. During 2011 and 2012, however, the average room rate of the hotel units increased 3.5% and 7.7%, respectively. Morningstar has estimated that standard room occupancy levels will remain flat and that the average room rate will reflect a nominal 2.0% increase over 2012 which is in line with the management budget.

- Villa Units - in addition to the standard hotel rooms, there are 35 villa units (78 rooms) owned by third parties which are contributed to the rental pool and rented by management to hotel guests. The villa units are located along the beach front and command a significant premium to the standard hotel rooms; however, the utilization and occupancy of these units is lower (partially because unit owners may occupy their units during certain periods of the year). Occupancy at these units averaged 47.2% between 2009 and 2012. During 2010, rates paid for this unit type declined 1.1% but increased 6.2% during 2011 and 1.6% during 2012. The occupancy and average room rate of the villa units during 2012 was 47.3% and $902.55, respectively. Morningstar has estimated that occupancy of this unit type will be in line with the five year average and the average room rate is projected to reflect a nominal 0.3% increase to $905.00.

Villa Owner Share of Rental Revenue – as per the rental pool agreement, the revenue generated by the rental of privately-owned villa units is shared by the hotel and the villa owners. For a more detailed description of the rental pool program, please see page 13 of this presale. Based upon an evaluation of historical and budgeted revenue from this income source, Morningstar has assumed that the hotel will earn 50% of total rental income attributed to these units.

Other Room Revenue – this other source of room revenue includes a $25 resort fee charged to guests for the use of recreational amenities. Not all guests pay this fee (some group and other rates are negotiated to include this amenity); during 2012 the average resort fee earned was $19.00 per occupied room night. Morningstar estimated other room revenue to be $19.00 per occupied room night and is multiplied by our estimate of normalized occupancy.

The table on the following page presents a summary of historical room revenue by type of income for 2009 through 2012, the Borrower's budget for 2013, and Morningstar's underwriting.

Evaluation of Rooms Revenue	Year End 2009	Year End 2010	Year End 2011	Year End 2012	Budget 2013	Morningstar Underwriting
Occupancy						
Hotel Rooms	63.3%	65.9%	69.2%	67.8%	68.8%	67.7%
Villa Units	42.4%	49.2%	50.0%	47.3%	48.0%	47.2%
Combined	61.2%	64.1%	67.1%	65.6%	66.6%	65.6%
Average Room Rate						
Hotel Rooms	$284.57	$284.01	$293.82	$316.42	$326.64	$322.88
Villa Units	$845.94	$836.45	$888.49	$902.55	$947.11	$905.00
Combined	$324.79	$327.89	$339.62	$359.89	$372.87	$372.87
Rooms Revenue						
Hotel Rooms	$44,673,690	$46,390,837	$50,366,049	$53,284,640	$55,700,717	$54,185,227
Villa Units	$10,209,647	11,705,236	12,641,498	12,174,521	12,942,325	12,170,758
Less: Villa Owners 50% Share (1)	(5,107,248)	(5,861,485)	(6,328,090)	(6,090,999)	(6,473,667)	(6,085,379)
Other Rooms Revenue	3,947,165	3,508,808	3,470,391	3,457,097	3,666,003	3,445,386
Net Room Revenue (1)	$53,723,254	$55,743,395	$60,149,848	$62,825,260	$65,835,378	$63,715,992
Rooms Metrics						
Net of Villa Owner Share (1)						
Occupancy	61.2%	64.1%	67.1%	65.6%	66.6%	65.6%
Average Room Rate	$317.92	$314.61	$324.22	$345.41	$357.62	$351.50
Rooms RevPAR	$194.43	$201.75	$217.69	$226.76	$238.27	$230.60

Note: (1) There are 78 villa units which are owned by third parties but which are contributed to the rental pool; the owners of these units are entitled to 50% of room revenue attributed to the units. The table above allocates the room revenue between the (a) room rental income from these villa units (not collateral for the loan) and (b) room revenue generated by the 679 owned hotel units (collateral for the loan). The net room revenue is total room revenue, net of the distribution to the owners. For the purposes of our evaluation, Morningstar has reflected the metrics of average room rate and rooms RevPAR based upon the net figure. These data points may not match that included in the arranger's Offering Circular which may be presented based upon the gross revenue figures.

Other Revenue

Food & Beverage Revenue – are estimated by evaluating historical and projected income per occupied room which is then applied to our estimate of normalized occupancy at the hotel. In 2012, 36.8% and 25.6% of the property's total revenues and gross operating profits, respectively, based on TTM February 2013 net cash flow, came from the food and beverage segment.

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

Retail – the property features seven food and beverage facilities that are open year-round, three seasonal food and beverage outlets, and one meeting space, which routinely serves as a Sunday brunch outlet. Retail revenue includes cash generated from the subject's owned and leased retail operations as well as the online sales of logo items.

Spa – the 12,500 square foot Spa at the Del features 21 treatment rooms, a hydro tub, relaxation area, steam rooms and a variety of other amenities. The spa has underperformed expectations since inception and was underwritten to historical performance. Income from this department was estimated based upon an evaluation of historical results per occupied room which was then applied to our estimate of normalized occupancy at the hotel.

Membership – membership cash flow is cash received from sales or conversions of new club memberships. Condominium owners and individuals can purchase a membership that allows for use of the hotels amenities. Income from this department was estimated based upon an evaluation of historical results per occupied room which was then applied to our estimate of normalized occupancy at the hotel.

Recreation and Other – includes revenues from the fitness center, rentals and beach and pool activities and from sources that do not fall under the defined categories. Income from this department was estimated based upon an evaluation of historical results per occupied room which was then applied to our estimate of normalized occupancy at the hotel.

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.

Food & Beverage 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.

Retail – were estimated based upon an evaluation of historical expenses on a per available room basis and were compared to industry averages and includes those expenses incurred as a result of generating revenue in the retail department. Expenses in this department were based upon historical expenses as a percentage of departmental sales.

Spa – were estimated based upon an evaluation of historical expenses on a per available room basis and were compared to industry averages. Expenses in this department were based upon historical expenses as a percentage of departmental sales.

Membership - were estimated based upon an evaluation of historical expenses on a per available room basis and were compared to industry averages. This includes all expenses incurred as a result of generating revenue in the membership department. Expenses in this department were based upon historical expenses as a percentage of departmental sales.

Recreation and Other - were estimated based upon an evaluation of historical expenses on a per available room basis and were compared to industry averages and considers those expenses incurred as a result of generating revenue in minor operations. Expenses in this department were based upon historical expenses as a percentage of departmental sales.

Undistributed Operating Expenses

Administrative & General – were estimated based upon an evaluation of historical expenses on a per available room basis and were compared to industry averages.

Marketing & Group Services – includes advertising, marketing and the allocation of group services corporate overhead from the manager. Expenses were estimated to be 5.5% of gross revenue based upon an evaluation of historical expenses and an evaluation of industry averages.

Management Fees – Morningstar underwrote management fees to 3.0% of total departmental revenue in line with industry averages.

Fixed Expenses

Property taxes - real estate and personal property taxes were estimated based upon an evaluation of historical expenses as well as the county assessment, mileage, and tax rates provided in the appraisal. The taxes estimated are in line with the appraiser's estimate of taxes, but is significantly higher than that of the management budget for calendar year 2013 as well as the arranger's estimate. As is standard in California, the property was re-assessed upon the sponsor's acquisition, and the assessed value per the July 2012 to June 2013 tax bill is now approximately $573.5 million. The tax bill for the current tax year (July 2012 to June 2013) is $6.19 million, which is 26% higher than the $4.88 million paid during 2012. The sponsor has hired a tax consultant to appeal the re-assessed value and the arranger estimates taxes to be adjusted down to $4.97 million. For the purposes of our underwriting, Morningstar has based the property taxes on the current tax bill.

Insurance expenses are estimated based upon the 2013 budget.

Reserve for Replacement of FF&E - Morningstar has assumed a 4.0% reserve for replacement which is our minimum standard for full service hotels and resorts. This estimate is in line with the reserve requirements in the loan agreement as well as the arranger's underwriting.

Morningstar Valuation

Morningstar estimated the value of the asset based 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.

The Morningstar capitalization rate for the San Diego market was 8.2%. This base capitalization rate was adjusted to reflect the relative location, quality, and condition of the subject asset relative to the overall market. Morningstar's concluded capitalization rate for this asset was determined to be 7.80% which resulted in a direct capitalization value of $485.9 million, or $715,657 per room, based upon the 679 owned hotel rooms.

The table on the following page presents a summary of historical operating results for years ended 2008 through 2012, for the trailing twelve months ending February 28, 2013, the 2013 budget, the arranger's underwriting, and Morningstar's conclusions.

	Morningstar UW	Year End 2008	Year End 2009	Year End 2010	Year End 2011	Year End 2012	TTM 2/28/13	Budget 2013	Arranger UW
Occupancy	65.6%	70.7%	61.2%	64.1%	67.1%	65.6%	64.4%	66.6%	65.5%
Average Room Rate (1)	$351.50	$366.62	$317.92	$314.61	$324.22	$345.41	$348.35	$357.62	$352.98
Rooms RevPAR (1)	$230.60	$259.24	$194.43	$201.75	$217.69	$226.76	$224.51	$238.27	$231.34
Income (2)									
Hotel & Villa Rooms Rev. (net of owner 50% share)	$63,716.0	$71,824.7	$53,723.3	$55,743.4	$60,149.8	$62,825.3	$62,032.3	$65,835.4	$63,919.4
Food & Beverage	49,157.1	57,035.7	41,492.4	45,266.6	48,245.5	49,059.0	48,864.9	49,606.1	49,235.5
Retail	10,865.9	10,707.0	9,472.0	9,924.7	10,374.7	10,664.9	10,547.3	11,186.9	10,867.1
Spa	2,734.5	2,863.5	2,289.8	2,281.2	2,315.2	2,605.0	2,608.6	2,862.5	2,735.6
Membership	831.8	369.5	398.4	470.9	573.1	795.2	781.2	884.2	832.7
Recreation & Other	8,267.6	8,007.3	8,460.0	7,766.3	7,777.2	8,014.6	8,117.6	8,431.9	8,274.8
Gross Revenue	$135,572.9	$150,807.7	$115,835.9	$121,453.1	$129,435.6	$133,963.9	$132,951.9	$138,807.1	$135,865.0
Departmental Expenses (2)									
Rooms	$14,528.4	$13,218.2	$11,656.2	$12,646.7	$13,735.6	$14,325.0	$14,144.5	$14,882.3	$14,574.8
Food & Beverage	29,634.8	32,088.7	25,241.8	26,810.7	28,716.1	29,350.7	29,458.7	29,554.5	29,682.1
Retail	7,714.2	7,565.9	6,831.0	7,237.4	7,501.0	7,599.7	7,515.7	7,840.5	7,743.6
Spa	1,864.2	1,620.9	1,340.4	1,383.6	1,467.0	1,797.3	1,784.9	1,965.3	1,878.1
Membership	417.3	279.2	192.8	279.6	263.6	390.7	393.2	325.9	419.1
Recreation & Other	3,806.6	4,137.5	3,285.0	3,341.0	3,604.5	3,696.1	3,747.9	3,811.3	3,860.6
Departmental Profit (2)	$77,607.4	$91,897.2	$67,288.7	$69,754.0	$74,147.7	$76,804.4	$75,907.0	$80,427.2	$77,706.6
Undistributed Oper. Exp. (2)									
General & Administrative	$7,863.5	$8,845.5	$7,288.3	$7,873.5	$8,170.5	$7,853.1	$7,874.0	$8,118.8	$8,046.5
Marketing & Group Services	7,456.5	7,556.4	5,218.7	5,940.0	7,099.7	7,603.8	7,503.6	7,648.3	7,602.0
Utilities	4,487.0	4,541.0	4,004.1	4,101.1	4,398.7	4,507.5	4,466.4	4,502.0	4,502.0
Repairs & Maintenance	2,426.5	2,707.3	2,410.8	2,321.2	2,405.1	2,425.6	2,427.4	2,410.0	2,468.4
Management Fees	4,067.2	4,544.9	3,481.6	3,658.1	3,890.5	3,932.9	3,539.4	1,396.2	4,076.0
Fixed Expenses (2)									
Real Estate Taxes	$6,186.0	$4,071.4	$4,152.9	$4,323.9	$4,264.6	$4,878.8	$4,893.8	$4,968.8	$4,968.8
Insurance	1,795.2	2,467.0	2,680.6	2,553.6	1,735.1	1,650.2	1,673.7	1,795.2	1,795.2
Total Operating Exp. (2)	$92,247.3	$93,643.9	$77,784.1	$82,470.5	$87,252.2	$90,011.3	$89,423.2	$89,219.2	$91,617.4
Net Operating Income (2)	$43,325.5	$57,163.8	$38,051.8	$38,982.6	$42,183.4	$43,952.5	$43,528.7	$49,587.8	$44,247.6
Reserve for Repl. of FF&E (2)	$5,422.9	$6,059.9	$4,642.1	$4,877.4	$5,188.7	$5,358.6	$5,319.7	$5,584.7	$5,183.0
Net Cash Flow (2)	$37,902.6	$51,103.9	$33,409.7	$34,105.2	$36,994.7	$38,594.0	$38,209.0	$44,003.1	$39,064.7

Note:
(1) Average Room Rate and RevPAR are total rooms revenue attributed to the hotel operations only; this figure is net of the Villa Unit owners 50% share of villa unit rentals.
(2) All income and expense figures are reflected in thousands (000's) except for average room rate and RevPAR.

Loan Summary

General Loan Terms

The loan was funded to refinance existing debt in the amount of $426.9 million and to provide for an equity distribution of $42.4 million. The following table presents a summary of sources and uses of the transaction.

Sources of Funds		Uses of Funds	
First Mortgage	$285,000,000	Repay Existing Debt	$426,921,629
Senior Mezzanine Loan	115,000,000	Closing Costs	5,704,766
Junior Mezzanine Loan	75,000,000	Equity Distribution	42,373,605
Total Sources	$475,000,000	Total Uses	$475,000,000

The leverage on the trust first mortgage loan is low at 58.65% based upon the Morningstar value and 42.73% based upon the appraised value. However, to execute the transaction, certain equity owners affiliated with the Borrower incurred $190 million of mezzanine debt which has brought the leverage of the overall financing much higher. Based upon the appraised value of $667 million, the combined whole loan (including the senior and junior mezzanine loans) represents total leverage of 71.2%; based upon the more conservative Morningstar value of $485.9 million the total leverage is much higher at 97.8%.

The loan is a floating rate loan based upon LIBOR plus a spread of 2.25878%. The loan provides for a LIBOR rate cap of 3.0% during the initial term and in the event that the loan is extended, the Borrower must purchase a similar rate cap for each extension term. Debt service payments are interest only throughout the loan term. The initial maturity is March 2015 but the loan agreement provides for three 12-month extension options.

Borrowers and Sponsors

The Borrower is majority owned and controlled by (i) Blackstone Real Estate Partners VI-NQ L.P., Blackstone Real Estate Partners VI.TE. 1-NQ L.P., Blackstone Real Estate Partners VI.TE. 2-NQ L.P., Blackstone Real Estate Partners VI (AV)-NQ L.P., Blackstone Real Estate Holdings VI-NQ L.P., (collectively, the "BREP Guarantor"), and (ii) Strategic Hotel Funding, L.L.C. ("Strategic"). The BREP Guarantor and Strategic (collectively the "Guarantors") executed a non-recourse guaranty, guaranteeing certain obligations and liabilities, including non-recourse provisions and exception, of the Borrower under the mortgage loan agreement. According to the arranger, the liability of the Guarantors is capped at 15% of the outstanding principal amount of the mortgage loan with respect to bankruptcy matters, and such cap would also be applicable to any replacement guarantor.

BSK del Partners, LLC (the "Borrower") is a special purpose, Delaware limited liability company indirectly owned and controlled by BREP Guarantor and Strategic. The BREP Guarantor indirectly owns 63.6253% and Strategic indirectly owns 36.3747%. The primary business of the Borrower is the ownership of the property and the performance of its obligations under the mortgage loan documents.

Operating Lease

Hotel del Coronado, LP ("Operating Lessee"), a special purpose, Delaware limited liability company and an affiliate of the Borrower, is party to an operating lease with the Borrower (the "Operating Lease"), pursuant to which it operates the property. The Operating Lessee is not a borrower under the loan; however, the Operating Lessee granted the lender a security interest in its interest in the Operating Lease. The primary business of the Operating Lessee is the operation of the property and its performance of the obligations under the mortgage loan documents to which it is a party. Per the arranger, the Operating Lessee is required to pay rent to the Borrower as follows:

- Base rent is based on a minimum amount of $37,700,000 annually, which may be increased annually by the consumer price index, and
- Percentage rent in the amount equal to the positive remainder of (a) 45% of room revenues of the first $59,000,000, plus 60% of room revenues in excess of $59,000,000 and less than $66,000,000, plus (b) 30% of food and beverage revenues of the first $45,000,000 plus 35% of food and beverage revenues in excess of $45,000,000 and less than $50,000,000, plus 45% of all food and beverage revenues equal to or in excess of $50,000,000 plus (c) 30% of other revenues for first $21,000,000, plus 35% of all other revenues in excess of $21,000,000 and less than

$24,000,000, plus 40% of all other revenues equal to or in excess of $24,000,000, minus (y) the base rent for such period, and (iii) all other amounts, liabilities, obligations, fines and penalties that the Operating Lessee assumed or agreed to pay pursuant to the Operating Lease when due.

The Operating Lessee and the Borrower both granted a security interest to the lender in their respective interests in the Operating Lease. The Operating Lease may be terminated by lender upon consummation of a foreclosure of the mortgage loan. The arranger has indicated that as long as the Operating Lease remains subordinate to the mortgage, the parties may amend the rent to increase the base rent or decrease the base rent, by not more than 10%. The current and underwritten net cash flow attributed to the hotel is higher than the minimum rent, but is well below the earned percentage rent based upon the calculations above, and therefore, it is assumed all net cash flow may be attributed to the Borrower. Per the cash management provisions of the loan documents the Borrower is to cause rents and property revenue received by Borrower or Operating Lessee (and not otherwise required to be deposited into the manager accounts) to be deposited into the lockbox account and thus Morningstar is assuming no leakage associated with the operating lease structure.

Management Agreement

According to information provided by the arranger, the hotel is managed by KSL HdC 2012 Management II, LLC, pursuant to a short-term management agreement (the "Management Agreement") between KSL HdC 2012 Management II, LLC and the Operating Lessee. KSL HdC 2012 Management II, LLC is an affiliate of KSL Resorts ("KSL"). Founded in 1992, KSL is an independent, full-service hospitality firm based in La Quinta, California. KSL operates eight independent luxury resorts in the United States. These resorts include full service spas, championship golf operations, dues-paying membership clubs and family facilities. The current management agreement is set to expire on March 31, 2013. The term of the agreement will be automatically extended by 60 days upon the initial expiration and will be automatically extended every 60 day period thereafter. This property management agreement may be terminated by either KSL or the Operating Lessee at any time with 60 days prior written notice. According to the arranger, the mortgage lender, the Borrower, the Operating Lessee, and KSL entered into a side letter agreement whereby terms of a replacement management agreement with KSL were pre-approved. The terms of this side letter include an initial term of five (5) years with a five (5) year extension option, which will be subject to termination upon 180 days' notice. The terms for the replacement management agreement are expected to provide for a base management fee of 1.25% of annual gross revenues, with an incentive fee of 5% of the net operating income in excess of $52,000,000, capped at 0.25% of annual gross revenues. In addition, sales and marketing related expenses are expected to be capped at 0.75% of annual gross revenues. This is only a term sheet and there can be no assumption that the parties will reach a final agreement. Based upon current and projected levels of income, it is not expected that an incentive fee will be earned in the near term. For the purposes of our evaluation, Morningstar has assumed a higher management fee of 3% of gross revenue based upon industry averages.

The property must be managed at all times by a qualified manager pursuant to an approved management agreement with a valid liquor license held in the name of the property manager, the Borrower, or the Operating Lessee, or a concession agreement or alternative arrangement that allows for the sale of beer, wine and distilled spirits under the existing liquor license until a new liquor license is issued in the name of such property manager, the Borrower or the Operating Lessee, as appropriate.

The Operating Lessee may, without property manager's consent, transfer or assign its interest in the management agreement to any person that (i) agrees to be bound by the terms and conditions of the management agreement and perform Operating Lessee's obligations thereunder, and (ii) is not one or more of the following: (a) any person engaged directly or indirectly through an affiliate, in the business of operating, franchising or managing a hotel brand or lodging system of hotels comprised of at least 3,000 rentable guestrooms and which is competitive with the manager or its affiliates (not including any affiliate of Blackstone), or (b) any person who is known in the community as being of bad moral character.

Intellectual Property

The hotel is not affiliated with a known franchise or brand affiliation, but rather, operates under the well-known name of the Hotel del Coronado. The Hotel del Coronado name/brand (the "Intellectual Property") includes the rights, title, and interest in trademarks, patents, copyrights, registrations, domain names, trade secrets, and similar interests. Per the arranger, the Borrower and the Operating Lessee together own the intellectual property (the "IP Owner") and are required to maintain ownership of the material Intellectual Property and the right to use the Intellectual Property pursuant to the terms of the loan agreement. For the purposes of underwriting, Morningstar has assumed that the IP license and Hotel del Coronado brand will remain in place at the hotel.

Loan Structural Components

Floating Rate

The loan has a floating interest rate based on LIBOR or prime rate, as applicable. To mitigate the borrower's exposure to increases in LIBOR, the borrower entered into a rate cap agreement with a LIBOR strike rate equal to 3% 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.

In any event, Morningstar's analysis assumed a maximum interest rate payable by the borrower of 5.25878% which is equivalent to the interest rate spread of 2.25878% and an assumed maximum LIBOR rate of 3.0%. 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 borrower. Morningstar's ratings do not assess the likelihood of any such conversion or any related impact.

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.

Mezzanine Debt

As indicated above, the refinancing transaction involves three tiers of debt; the following table presents a summary of key metrics associated with the various components of the whole loan.

Type of Debt	Loan Amount	LIBOR Rate Spread	LIBOR Rate Cap	MSTAR Assumed Interest Rate	Initial Maturity Date	Extended Maturity Date	Debt Yield on MSTAR NCF	DSCR on MSTAR NCF	LTV on MSTAR Value
Trust First Mortgage	285,000,000	2.25878%	3.00000%	5.25878%	March 2015	March 2018	13.3%	2.49 x	58.65%
Mezzanine A Loan	115,000,000	4.75000%	3.00000%	7.75000%	March 2015	March 2018	9.5%	1.56 x	82.32%
Mezzanine B Loan	75,000,000	7.25000%	3.00000%	10.25000%	March 2015	March 2018	8.0%	1.18 x	97.75%
Total Financing	475,000,000	3.65000%	3.00000%	6.650000%	March 2015	March 2018	8.0%	1.18 x	97.75%

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 or payment in full 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 borrower's cure period. For non-monetary defaults, the intercreditor agreement provides the most senior mezzanine lender until the later of (x) ten business days after receipt of notice that the junior mezzanine lender failed to exercise its right to cure and (y) twenty business days after the expiration of borrower's cure period, provided that the non-monetary cure periods may be further extended in certain circumstances as described in the intercreditor agreement.

The intercreditor agreement includes mezzanine lender (i) consent and/or consultation rights with respect to budget approvals, termination and/or replacement of the property manager, alterations, leases and other property agreements 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 borrower for 30 days (or such later cure period as provided in the intercreditor agreement). In addition, the intercreditor agreement requires the senior lender to provide notice to mezzanine lenders and wait 25 business days (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 30 days in connection with mezzanine lender rights relating to loan 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 borrower. In addition, the senior mezzanine loan is expected to be securitized. The holders of certificates (issued under the senior mezzanine loan securitization) may be borrower or borrower affiliates. As a mitigant, the intercreditor places certain restrictions on consent rights, receipt of information and exercise of certain rights while the related mezzanine loan (or directing certificateholder in connection with the senior mezzanine loan securitization) is held by a borrower affiliate.

SPE and Bankruptcy Remoteness

The borrower and operating lessee 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 mortgaged property (or acting as operating lessee under the operating lease for the property). The loan documents and borrower's organizational documents also include limitations on the borrower's ability to incur additional indebtedness and additional covenants regarding the borrower's (and operating lessee's) separateness from other entities. While the borrower is generally limited in incurring additional indebtedness, the loan allows for broader and/or higher thresholds of permitted debt than may be customary for a transaction of this type and size. The borrower and the operating lessee are also required to have independent managers whose consent is required for certain bankruptcy matters. Although the loan documents and organizational documents require the borrower to comply with certain covenants relating to the borrower's separateness, and the borrower makes certain representations regarding its previous existence, the borrower (and operating lessee) 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 borrower (and the operating lessee) 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.

Cash Management

The borrower is required to establish a lockbox account and a cash management account. Each account is required to be an eligible account under lender control. The borrower is required to cause rents and property revenue received by borrower or operating lessee (and not otherwise required to be deposited into the manager accounts pursuant to the management agreement) to be deposited into the lockbox account. The borrower is also required to cause the credit card companies or credit card clearing banks with which borrower or manager has entered into merchant's agreements to deliver all receipts payable with respect to the property directly to the manager accounts, which are not lender controlled.

The Borrower is required to cause manager, rental agent, and operating lessee to deposit all amounts payable to borrower, operating lessee or manager pursuant to the rental management agreement, the unit maintenance and operation agreement or any rental management program directly into the manager accounts. Manager shall, for so long as the management agreement is outstanding and until receipt of contrary directions from lender, to make all payments or remittances otherwise required to be made, or for which manager might otherwise actually make, to borrower and operating lessee in accordance with the management agreement, directly to the cash management account (or as otherwise directed by lender).

Amounts in the cash management account are required to be applied pursuant to the waterfall in the loan documents. During an event of default, lender may apply funds in the lockbox account and the cash management account to the debt in its discretion, provided however, that even after an event of default, lender is required to apply funds in the cash management account to certain "priority waterfall payments" including tax and insurance, fees and expenses of the cash management bank and hotel taxes and custodial funds.

While the loan documents do contain cash management features, certain amounts (such as amounts for deposit in manager accounts, management fees and certain other expenses) are not required (initially and/or ultimately) to be deposited or swept into lender controlled accounts or applied to the loan and as noted above, lender does not have sole discretion to apply funds in lender controlled accounts.

Voluntary Prepayment

The loan provides for a prepayment lock-out period until September 9, 2013 (the "Prepayment Release Date"). After the Prepayment Release Date, the Borrower may prepay the loan at any time except with the payment of: (1) all interest which would have accrued on the amount of the mortgage loan through the next payment date, (2) all other sums then due including breakage costs and all of lender's reasonable, actual out-of-pocket costs and expenses incurred in connection with the prepayment of the loan, and (3) if such prepayment is made prior to April 9, 2014, the payment of a spread maintenance payment. The spread maintenance payment shall be a payment to lender in an amount equal to the product of (a) the spread in effect as of the date of such prepayment on each of the components, weighted on the principal balance of each such component on the date of such prepayment, (b) the portion of the loan being repaid and (c) a fraction, the numerator of which is the number of days between the date through which interest on the amount being prepaid has been paid in full and April 9, 2014, the denominator of which is 360. With respect to any prepayment made after March 9, 2014, but prior to April 9, 2014 the amount of the spread maintenance payment shall be zero.

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.

Limitations on Foreclosure Remedies

Enforcement of any rental agreements and related cashflows, as well enforcement of the interests in intellectual property, may be impeded due to tax restrictions on the securitization trust which may preclude foreclosure on such interests. Therefore, remedies may be limited to a sale of such interests which may or may not realize the same proceeds as foreclosure.

Debt Yield Trigger Event

If the debt yield on the combined mortgage and mezzanine debt is less than 7.0% during the initial term (through March 9, 2015) and 7.5% thereafter, then a debt yield trigger event shall be in effect. In the event of a debt yield trigger event, the Borrower shall deposit all excess cash flow in the cash management account shall be deposited into the debt yield reserve subaccount (see page 28 of this presale). Excess cash flow is defined as all remaining amounts on deposit in the cash management account after payment of all escrows, reserves, approved operating expenses, debt service, management fees and other amounts required to be made in accordance with the mortgage loan documents and the mezzanine loan documents. Based upon the arranger's net cash flow, the debt yield on the combined first mortgage and mezzanine debt is calculated to be 8.2% of net cash flow. Based upon the trailing 12 months ending February 2013, the combined debt yield is estimated to be 8.0%.

Release of South Beach Development Parcel

The borrower may obtain a release of the South Beach development parcel subject to certain conditions provided in the loan documents, including no event of default and delivery of evidence reasonably satisfactory to the lender that the remaining property shall comply with all applicable legal requirements. The South Beach development parcel may only be used for development in a manner and with improvements contemplated by and otherwise in accordance with the approved master plan. Upon completion of the approved South Beach development parcel if any such development is condo-hotel units, the same shall be governed by a rental management program with documents substantively similar to the rental management agreement governing the North Beach property (or otherwise reasonably approved by the lender) pursuant to which revenue from the rental of such units, which under the terms of the rental management program is not paid to the unit owners, shall be deposited into the manager accounts or the lockbox account and applied in the same manner as rents. Morningstar attributed no cash flow or value to this vacant land parcel.

Reserve Accounts

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

Tax and Insurance Escrow Subaccount

A tax and insurance escrow subaccount has been established to set aside sufficient funds to meet all real estate tax and personal property tax bills, insurance premiums, water and sewage assessments, and other related assessments necessary for the ongoing operation of the property. To the extent not deposited with the property manager in accordance with the management agreement (in which case the deposit will be reduced on a dollar-for-dollar basis), the Borrower shall deposit on a monthly basis an amount equal to the sum of (i) $1/12^{th}$ of the annual real estate taxes, assessments, water and sewer charges and all amounts pursuant to the approved master plan and/or the beach village property documents and (ii) $1/12^{th}$ of the annual insurance premiums (which will be waived if a blanket insurance policy is in effect and no Mortgage Loan Event of Default has occurred and is continuing) to be payable with respect to the property.

Reserve for Replacement of FF&E

A Replacement Reserve Subaccount has been established to reserve funds for the replacement of furniture, fixtures and hotel equipment and other renovations and repairs. The Borrower shall deposit an amount equal to the sum of (i) the greater of (a) 4% of gross income from operations (excluding net membership cash flow) for the calendar month two calendar months prior to the calendar month of the appropriate deposit and (b) the aggregate monthly amount required for replacement reserves under the management agreement; and (ii) the aggregate amount required to be reserved by the Borrower under the property improvement plan as set forth in the management agreement. However, if the Borrower is or is causing the property manager to maintain the property in accordance with the management agreement, the amount of the monthly deposit in the Replacement Reserve Subaccount will be reduced by the amount in a reserve for replacements and PIP account held by the manager.

Hotel Taxes and Custodial Funds Subaccount

A hotel taxes and custodial funds subaccount for hotel taxes and custodial funds payable with respect to the property into which the Borrower is required, to the extent not deposited with property manager in accordance with the management agreement (in which case the deposit will be reduced on a dollar-for-dollar basis), to deposit on a monthly basis the estimated hotel taxes and custodial funds deposit set forth in the approved annual budget.

Debt Yield Reserve Subaccount

Any excess cash flow will be deposited in the debt yield reserve subaccount upon the occurrence of a cash trap event arising solely in connection with a debt yield trigger event.

Excess Cash Flow Subaccount

An excess cash flow reserve subaccount has been established as additional security for the mortgage loan into which excess cash flow from remaining amounts in the cash management account shall be deposited during a cash trap event that is not caused solely by a debt yield trigger event.

Securitization Trust Summary

Priority of Payments on Trust Certificates

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

(1) Interest on the Class A, 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 expenses to the Class A.
(4) Interest on 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 on 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 on 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 on 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) Post maturity, to (i) first reduce the principal balance of the certificate classes (A-E) in sequential order until reduced to zero and (ii) then to the certificate classes (A-E) in sequential order, in an amount up to the aggregate post-maturity interest shortfall distribution amounts;
(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,
(5) to the Class A certificates

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

Rated Final Distribution Date

The rated final distribution date is March 2026 for the Class A, Class X-EXT, Class B, Class C, Class D, and Class E certificates. The rated final distribution date for the Class X-CP certificates is July 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 Securitization Trust Summary.

Trust Structural Features / Concerns

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

Directing Certificateholder

There is no concept of a directing certificateholder or controlling class for this transaction

Trust Advisor

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

Replacement of Special Servicer

The special servicer can be terminated and replaced, with or without cause, upon the written direction of at least 75% of the aggregate voting rights of all principal balance certificates whose holders exercise their right to vote, so long as at least 66 2/3 of the aggregate voting rights have been exercised by the certificateholders. The voting rights take into account the application of any appraisal reduction amounts to notionally reduce the certificate balances.

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 seller(s) 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.

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

An appraisal report prepared by Cushman and Wakefield, an independent third-party appraisal firm, was received and reviewed as part of Morningstar's analysis for all of the properties. The appraisal report was dated February 5, 2013 and as such is less than two months old. The following table presents a summary of the conclusions in the appraisal.

Cushman and Wakefield Appraisal Conclusions			
	Date of Value	**Value**	**Value Per Room (1)**
As-Is Value	Feb. 2013	$667,000,000	$982,327
As Stable Value	Feb. 2015	$740,000,000	$1,089,838

Note: (1) value per room is based upon 679 owned hotel rooms and does not include the 78 villa units in the rental pool.

Property Condition

A property condition assessment was prepared by EBI Consulting, an independent third-party engineer. The report was dated February 19, 2013 and as such is less than two months old. The report recommended $105,000 of immediate capital repairs to for sealants and striping of the north side parking lot and for exterior painting and repairs to the exterior facade of the main building.

Environmental

A Phase I environmental site assessment was prepared by EBI Consulting, an independent third-party environmental consultant. The report was dated February 22, 2013 and as such is less than two months old.

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 March 25, 2013 (except as otherwise specified in this paragraph): (i) the March 25, 2013 posted draft offering circular, (ii) the March 19, 2013 posted draft trust and servicing agreement, (iii) loan agreement dated as of March 8, 2013, (iv) fee and leasehold deed of trust, assignment of leases and rents, security agreement and fixture filing dated as of March 8, 2013, (v) promissory note A-1 and promissory note A-2, each dated March 8, 2013, (vi) amended and restated limited liability company agreement of BSK Del Partners, LLC dated as of March 8, 2013 and third amended and restated agreement of limited partnership of Hotel Del Coronado, LP dated as of March 8, 2013, (vii) opinions of Richards Layton & Finger, P.A. dated February 25, 2013 regarding authority to file bankruptcy and DE LLC matters, (viii) opinion of Perkins Coie LLP dated March 8, 2013 regarding nonconsolidation, (ix) opinion of Simpson Thacher & Bartlett LLP dated March 8, 2013 regarding authority and other matters, (x) opinion of Perkins Coie LLP dated March 8, 2013 regarding enforceability and other matters, (xi) intercreditor agreement dated as of March 8, 2013 and posted March 18, 2013 and (xii) the March 22, 2013 posted draft mortgage loan purchase and sale agreement.

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

Appendix A: Morningstar CMBS Subordination Model

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

Overview

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

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

Each set of stresses include:

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

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

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

Term Default Analysis

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

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

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

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

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

Balloon Default

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

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

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

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

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

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

Appendix B: Morningstar Rating Surveillance

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

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

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

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

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

Appendix C: Morningstar Rating Characteristics

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

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

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

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

As indicated herein, the Class X certificates consist only of interest. If the mortgage loan were to prepay in the initial month, with the result that the holders of the Class X certificates receive only a single month's interest (or with respect to certain Class X certificates, no interest) and therefore, suffer a nearly complete (or with respect to certain Class X 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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Morningstar's ratings analysis assumed a maximum interest rate payable by the borrower of 5.25878%. In the event this assumption is not true (whether due to expiration or termination of, or defaults with respect to, the rate cap agreement, rate cap payment mismatches, failure of rate cap provider to make timely payments and/or otherwise), Morningstar's ratings may be adversely impacted. In addition, Morningstar's ratings do not take into account any conversion between LIBOR and Prime or any payment delays related to any conversion.

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

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

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