# Aventura Mall Trust 2013-AVM
# Commercial Mortgage Pass-Through Certificates, Series 2013-AVM


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## PRELIMINARY RATINGS (AS OF: DEC. 5, 2013)

| CLASS | BALANCE/ NOTIONAL AMT | PRELIMINARY RATINGS | MORNINGSTAR DSC | MORNINGSTAR BLTV | CREDIT SUPPORT LEVELS |
|---|---|---|---|---|---|
| Class A | $747,000,000 | AAA | 3.25x | 50.0% | 37.75% |
| Class X-A[1] | $747,000,000 | AAA | N/A | N/A | N/A |
| Class X-B[1] | $138,000,000 | AAA | N/A | N/A | N/A |
| Class B | $138,000,000 | AA- | 2.74x | 59.2% | 26.25% |
| Class C | $101,000,000 | A- | 2.46x | 66.0% | 17.83% |
| Class D | $94,000,000 | BBB- | 2.25x | 72.3% | 10.00% |
| Class E | $120,000,000 | BB | 2.02x | 80.3% | 0.00% |

*In determining the preliminary ratings on each class of securities issued by the Trust, Morningstar analyzed the property securing the loan as enumerated herein to determine its stabilized as-is net cash flow (NCF) and value based primarily on the direct capitalization approach. The loan along with its corresponding as-is NCF and property value were then subjected to a series of economic and lending environment stresses in our proprietary CMBS Subordination Model to estimate the expected loss at each rating category. A description of this model is attached as Appendix A to this report. Note (1): The Class X-A and Class X-B certificates will not have a Certificate Principal Amount and will not be entitled to receive distributions of principal. Interest will accrue at the respective pass-through rates based upon the corresponding Notional Amount.*

*Estimated Closing Date: On or about December 23, 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 on the arranger's website for this transaction as of December 5, 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** | Fee simple interest in a 2.1-million-sf[1] super-regional mall in Aventura, Fla. | **Mortgage Loan Sellers** | JPMorgan Chase Bank, National Association, German American Capital Corporation, Morgan Stanley Mortgage Capital Holdings LLC, Wells Fargo Bank, National Association |
| **Notional Balance** | $1,200,000,000 | **Depositor** | J.P. Morgan Chase Commercial Mortgage Securities Corp. |
| **Structure** | Sequential pay | **Co-Lead Managers** | JPMorgan Chase Bank, National Association, German American Capital Corporation, Morgan Stanley Mortgage Capital Holdings LLC, Wells Fargo Bank, National Association |
| **Morningstar U/W I/O DSCR** | 2.02x | **Trustee** | U.S. Bank National Association |
| **Morningstar U/W Amort. DSCR** | N/A | **Master Servicer[2]** | Midland Loan Services, a Division of PNC Bank, National Association |
| **Morningstar U/W BLTV** | 80.3% | **Special Servicer[2]** | Midland Loan Services, a Division of PNC Bank, National Association |
| **Morningstar U/W ELTV** | 80.3% | | |

[1] The collateral square footage is 1,004,103 and excludes the anchor-owned improvements on anchor-owned land and ground-leased land at the property.
[2] The Morningstar operational risk assessment ("ORA") ranking for Midland Loan Services, acting as both Master Servicer and Special Servicer, is 'MOR CS1.' For the full assessment reports and additional information, please access http:ratingagency.morningstar.com

# Transaction Overview

Aventura Mall 2013-AVM is a $1.20 billion single-loan transaction secured primarily by one fixed-rate, first-lien, whole mortgage loan on Aventura Mall, a super-regional mall in Aventura, Florida. The loan is non-recourse and evidenced by four fixed-rate promissory notes that are secured by a first mortgage on the fee interests in the mortgaged property. The interest-only loan has a seven-year term, an original principal balance of $1.20 billion, and matures on the payment date in December 2020. There is no subordinate debt or mezzanine financing in this transaction.

The sponsor is a joint venture between affiliates of Turnberry Retail Holding, L.P. (66.7%) and Simon Property Group (33.3%). Turnberry Retail Holding, L.P. is an affiliate of Turnberry Associates (Turnberry), a real estate development and property management group of companies focused on retail, hospitality, resort, and office properties. Founded in 1967, the group has developed more than $7 billion of commercial and multifamily properties, including 20 million square feet of retail space, more than 7,000 apartments and condominium units, 1.5 million square feet of office space and more than 2,000 hotel and resort rooms. Simon Property Group (NYSE: SPG) is one of the largest real estate companies in the world. Headquartered in Indianapolis, the company currently owns or has an interest in 325 retail properties comprising about 242 million square feet in North America and Asia.

| Key Loan Metrics | | |
|---|---|---|
| First Mortgage Loan Amount | $1,200,000,000 | $1,195 PSF* |
| Subordinate Debt | $0 | $0 PSF |
| **Total Mortgage Amount** | **$1,200,000,000** | **$1,195 PSF*** |
| Mortgage Loan Term | 84 months | |
| Maturity Date | December 2020 | |
| Amortization | None | |
| First Mortgage Interest Rate | 3.75017% | |

**Loan per square foot based on the collateral square footage of 1,004,103.*

The collateral for the loan consists of 1,004,103 square feet of owned in-line and anchor space in the 2.1-million-square-foot Aventura Mall. Located between Miami and Ft. Lauderdale in southeast Florida, the enclosed three-story, super-regional mall is the third-largest mall in America and one of the most productive. It boasts annual gross sales of roughly $1.4 billion[1] and in-line sales of $1,750 per square foot.[2] The upscale mall is 99.5% leased (as of 10/1/13) to more than 230 tenants and features a 24-screen AMC theater and six department store anchors: Bloomingdale's, J.C. Penney, Macy's, Macy's Men's & Home, Nordstrom, and Sears. The loan collateral includes the pad sites for Bloomindale's, Macy's, Macy's Men's & Home, and Nordstrom, but excludes the tenants' improvements. The Sears pad and improvements are owned by the tenant and excluded from the collateral. Along with many traditional mid-tier national retailers, the mall's in-line tenants include an attractive mix of upscale and luxury retailers such as Louis Vuitton, Burberry, Cartier, Armani Exchange, Hugo Boss, and Emilio Pucci.

Aventura Mall's in-line sales are impressive, and have demonstrated healthy year-over-year increases. The higher sales have allowed the management team to drive rents higher, resulting in considerable annual increases in net operating income over at least the last three years. In 2010 NOI was $70.8 million; it increased by more than 10% in each of the last two calendar years and by nearly 9% in the trailing 12 months ended August, to $93.9 million, a 32.6% gain in three years. With occupancy costs barely above 12%, we think there still is room for rents to move higher in the near term.

| Aventura Mall: Net Operating Income | | | | | | | |
|---|---|---|---|---|---|---|---|
| 2010 | Annual % Change | 2011 | Annual % Change | 2012 | Annual % Change | Aug. 2013 TTM | Annual % Change |
| $70,853,650 | - | $78,492,064 | 10.8% | $86,397,832 | 10.1% | $93,933,077 | 8.7% |

Morningstar evaluated the property's rent roll and tenancy, lease rollover exposure, current and past operating statements, in-line sales trends and local market conditions, and underwrote NCF of $90.99 million, 6.2% below the issuer's underwritten NCF of $97.01 million. Our estimated value for the collateral property is $1.49 billion ($1,488 per square foot), 33.9% lower than the appraised value of $2.26 billion.

[1] Reported gross sales in 2012 were more than $1.4 billion.
[2] Reported comparable in-line sales (including those for Apple) in the trailing 12 months ended August 2013; sales excluding Apple were $1,302 per square foot.

| Analytical / UW Metrics | | |
|---|---|---|
| **Metric** | **Morningstar** | **Issuer** |
| EGI | $120,907,387 | $124,344,092 |
| NOI | $93,559,166 | $99,623,250 |
| Combined TI / LC | $2,216,723 | $2,327,872 |
| Capital Reserves | $350,406 | $281,149 |
| NCF | $90,992,037 | $97,014,229 |
| NCF Variance | -6.2% | - |
| Capitalization Rate[1] | 6.25% | 4.29% |
| Capitalized Value[1, 2] | $1,494,286,521 | $2,260,000,000 |
| Value Per Rentable SF | $1,488 | $2,251 |
| NCF DSCR | 2.02 | 2.17 |
| NCF Debt Yield | 7.6% | 8.1% |
| Beg. Loan-to-Value Ratio [2] | 80.3% | 53.1% |

*[1] Issuer's Capitalized Value is equal to the appraiser's estimate of value; issuer's capitalization rate is derived from issuer's NCF and appraiser's value.*

*[2] Morningstar Capitalized Value includes an adjustment to underwritten NCF associated with the above-market management fee.*

Morningstar determined the preliminary ratings for each class of Aventura Mall 2013-AVM certificates by analyzing the loan and related collateral property, and subjecting our net cash flow (NCF) and capitalization rate 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.

## Credit Support Stresses

Morningstar's concluded net cash flow and capitalization rate for the property are matched with the corresponding loan characteristics and subjected to various stresses, including net cash flow declines, capitalization rate deterioration and default timing in Morningstar's CMBS Subordination Model at each rating category. Additional stresses are applied to the property's cash flow to address the concentration risks inherent in a single-loan securitization. This is done separately to gauge the credit-worthiness of the loan during its term and at the balloon date. In the case of the latter, Morningstar additionally stresses the ability of the borrower(s) to refinance the loan at a higher loan constant. 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 the cash flow and property value declines after applying all of the stresses at each rating category. These are provided separately for the term default and balloon default analyses. For example, in assigning a rating of "AAA" to the Class A certificates, we subjected our concluded net cash flow to a weighted-average 30.6% decline and our concluded value to a weighted-average 48.4% decline in the term default analysis. In the balloon default analysis, these weighted-average declines were 30.6% and 46.2%.

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.

| Morningstar Subordination Model NCF and Value Stresses | | | | |
|---|---|---|---|---|
| | **AAA** | **AA** | **A** | **BBB** |
| Morningstar NCF Decline (Term) | 30.6% | 24.8% | 21.0% | 18.8% |
| Morningstar Value Decline (Term) | 48.4% | 40.4% | 33.7% | 25.8% |
| Morningstar NCF Decline (Balloon) | 30.6% | 24.8% | 21.0% | 18.8% |
| Morningstar Value Decline (Balloon) | 46.2% | 38.6% | 31.5% | 25.8% |

## Morningstar Rating Characteristics

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

# Aventura Mall

### Morningstar Perspective

Attracting more than 28 million visitors per year—many from Canada, Europe and South America—and generating annual gross sales in excess of $1.4 billion, Aventura Mall is one of the most visited and most productive shopping malls in the United States. As the largest mall in Florida and the third-largest in the country, the 2.1-million-square-foot property boasts a diverse tenant roster that includes more than 230 retailers. It's home to mid-tier national tenants such as Abercrombie & Fitch, XXI Forever, H&M, J. Crew and Victoria's Secret, as well as international luxury retailers like Louis Vuitton, Cartier, Hugo Boss, and Armani Exchange. Tiffany has signed a letter of intent and is expected to take occupancy next year. Comparable in-line sales excluding Apple are impressive at $1,302 per square foot (as of the trailing 12 months ended August 31, 2013). Fifteen of the mall's tenants rank among the top-five sales generators within their respective chains, including Apple, which in 2012 generated gross sales of nearly $200 million, $31,719 per square foot, at this location. The Bloomingdale's at Aventura Mall is the second-highest producer in its chain, and the other anchor tenants are among the top producers within their respective chains as well. The mall's success is attributable to its location just north of Miami and its ability to attract a broad spectrum of domestic and international shoppers at all price points. Its large size, attractive line-up of well-known luxury retailers and reputation as a premier shopping destination allow the mall to pull domestic shoppers from a trade area that approaches 15-20 miles in some directions, as well as attract more than its share of wealthy international visitors.

We consider Aventura Mall a dominant luxury shopping center in the southeast Florida market, and expect it to be a stable performer over the loan term. It has become a destination for local shoppers and tourists alike, especially affluent international tourists whose purchases account for about 30% of the mall's revenues according to the management team.

Occupancy, sales per square foot, and net operating income are all trending higher, evidence of strong demand for space at the mall and the management team's ability to attract high-quality tenants while increasing base rents. The mall (including all anchors) is 99.8% occupied, which is above the nearly six-year average of 97.7%. Notwithstanding a weak global economy and tepid domestic employment growth, the mall's occupancy has been very stable since the end of 2008. As the financial crisis was sapping the economy's strength in 2008, the mall lost several tenants to bankruptcy or restructuring, and occupancy (excluding anchors) fell below 90%. However, that decline was quickly reversed. By December of 2008 occupancy for the mall's non-anchor space was 87.9%, and improved to 95% in 2009. The recent and near-term additions of tenants such as Louis Vuitton, Cartier, Tiffany, and others have generated considerable attention from other luxury and high-end retailers, and the mall's management reports an active waiting list of over 60 national and international prospective retailers that have expressed an interest negotiating leases at Aventura.

The mall's outstanding sales productivity continues to drive demand for space, which has resulted in not only higher in-line occupancy but also substantial increases in base rent as leases have rolled. Over roughly the last 18 months, 20 leases covering nearly 60,000 square feet at an average rent of $110.27 per square foot rolled and the tenants were replaced. The average rent for the 20 new leases in place is $170.70 per square foot, a nearly 55% increase in base rent. Recently renewed or expanded leases show a similar pattern. Eleven lease renewals/expansions/relocations have an average base rent spread of nearly $57 per square foot, or 58%, over the prior leases. Among the recent renewals/expansions are Restoration Hardware, Louis Vuitton, and J. Crew, whose rent spreads are $81.17, $53.73, and $49.87 per square foot, respectively. The management team has leveraged the strong demand by improving the tenant mix with the recent additions or expansions of Louis Vuitton, Cartier, H&M, Microsoft, and Tiffany.

Lease rollover is relatively benign in each year of the seven-year loan term, with the exception of 2018 when leases covering almost 43% of the collateral square footage roll. We believe that much of the rollover risk is mitigated by the property's low average occupancy costs, strong store sales that are in many cases well above chain averages, as well as the fact that rents for in-line tenants are on average about 10% below the appraiser's estimate of market rent.

A portion of the proceeds from the subject loan will fund an expansion project that is expected to commence in mid-2014 and be completed sometime in 2016. The roughly 18-month project is expected to add 182,517 square feet of luxury anchor, food court and in-line space to the mall. The project will temporarily displace all food-court tenants, and this existing food court space (12,132 square feet) has been carved out of the collateral. Therefore, we have excluded all income associated with the food court from our underwriting. We view the expansion as a positive factor for the property but are treating it as credit-neutral in our analysis.

Retailers apparently recognize the importance of having a presence at Aventura Mall. Ultra-luxury retailers have shown a willingness to invest in considerable tenant improvements for their space, which ultimately benefits both the tenant and the mall owner. Louis Vuitton spent a reported $23 million in its two-level store at Aventura Mall last year ($1,265 per square foot), and ownership granted the tenant a rent abatement for the first year of its ten-year lease. Cartier was also given a rent credit effectively reducing its rent from $145 to $100 per square foot for the first three years of its lease.

Morningstar's analysis resulted in a moderately high loan-to-value ratio of 80.3%. Our underwritten net cash flow includes credit for contractual rent increases through December 31, 2014, as well as full rental income from Cartier and Louis Vuitton, as the remaining rent credits mentioned above were escrowed at closing. We also gave credit for three tenants with executed letters of intent, which are expected to be converted to executed leases prior to securitization. The sponsors have master-leased the space associated with those leases. Morningstar's Net Operating Income (NOI) is 3.1% lower than that in the trailing-twelve-month period ended September 30, 2013. This is primarily attributable to the exclusion of the rental income from the food court tenants (due to the carve-out of that space from collateral for the planned expansion project) and the inclusion of the associated food-court expenses. We also reduced income from overage rents because tenants have renewed leases at higher sales breakpoints. Our interest-only DSCR and debt yield are 2.02x and 7.6%, respectively, based on the Morningstar net cash flow of $90.99 million. If the loan were subject to a 30-year amortization schedule, the DSCR would be 1.38x. While we consider these metrics (debt yield and hypothetical amortizing coverage) to be low for a single-asset transaction, based on the property's high occupancy, consistently strong sales, recent rent spreads, low occupancy costs, and experienced management, we are confident in the sustainability of our underwritten net cash flow. Despite the interest-only payment structure and low interest rate, we believe that the mall's productivity and quality and diversity of tenants significantly reduce the refinance risk at loan maturity.

Morningstar toured the interior of the mall with the property's leasing manager, architect, and development executive on November 19, 2013. We observed the condition of many of the anchor, major and in-line tenant spaces. The mall is attractive and interior spaces were well-maintained and in good condition, with no evidence of deferred maintenance. It was decorated for the holidays, and traffic was robust, especially for a Tuesday morning. There is minimal vacant space at the property, and, according to the leasing manager, any space that is vacant is by design. In order to maximize foot traffic and sales, management is adjusting the locations of various tenants when possible to create areas for different types of shoppers, thus targeting the average shopper, the aspiring luxury shopper and the high-end luxury shopper. Similarly, some of the upcoming expiring leases will not be renegotiated for renewal because management is seeking more luxury tenants, at higher rents, to cater to their international clientele. Property representatives shared their expansion plans, and the leasing manager stated that there is a waiting list of more than 60 prospective tenants that have expressed interest in occupying space in this mall. We assigned a quality score of 1 or "Excellent" to the property. Morningstar uses a scale of 1 to 5, with "1" being the highest quality. Our rating of the property gave consideration to a variety of factors, namely the mall's position as a premier shopping destination in the Miami area, the diversity and quality of its tenant mix, recent leasing spreads, tremendous revenue growth over the last several years, and the sponsor's continued focus on maintaining the mall as a premier domestic and international shopping destination.

**The Bears Say**

- Lack of collateral diversity: The loan is secured by a single asset.
- Moderate-to-high Morningstar LTV and low debt yield: Morningstar's LTV and debt yield are 80.3% and 7.6%, respectively. The loan-to-appraised value is low at 53.1%.
- Equity cash-out: Roughly $673 million of the $1.20 billion loan will be returned to the sponsor.
- Insurance coverage: The property is covered by an all-risk insurance policy limited to $500 million coverage which includes terrorism and windstorm; however, coverage is limited to $350 million for named storm and storm surge, $200 million for earthquake, and $100 million for non-storm surge flooding. The appraiser valued the land at $527 million, and considering the loan amount of $1.2 billion, in the event of a complete casualty or condemnation, insurance proceeds may not be sufficient to repay the loan. The appraiser provided a replacement cost estimate of $341 million. The lack of available land for development in the area surrounding the subject, combined with the net cash flow generated by the property suggests that the sponsors would rebuild in the event of a catastrophic event.
- No amortization: The lack of amortization precludes deleveraging of the loan, which could result in higher refinance risk at maturity, especially in a high interest-rate environment. The risk is mitigated by a Morningstar DSCR of 2.02x and the property's low average occupancy costs, which represent upside in property cash flow.
- Co-tenancy / Lease termination options: Numerous tenants at the property have co-tenancy provisions in relation to a minimum number of anchor tenants at the property or a minimum level of occupancy at the property. Such co-tenancy and termination options generally are standard provisions with large regional or super-regional malls similar to Aventura.
- No ongoing reserves: Ongoing monthly reserves are not required except during the continuation of a Cash Management-Trigger Period.
- Increase in luxury tenants: The borrower continues to "upscale" the property by adding luxury tenants. High-end or luxury retail may be more exposed to cyclical economic swings.

- Tenant rollover in 2018: In 2018 leases covering 42.6% of the collateral square footage expire, including those of the two largest collateral tenants, J.C. Penney and AMC Theatres. The deal arranger stated that J.C. Penney's sales at the mall are significantly better than the chain's store average. Moreover, the AMC theater at this location is among the top-five in the country. Further, the remaining rollover is spread among 38 smaller tenants.
- Mall anchors include Sears and J.C. Penney: Both chains have struggled with declining chain sales for years, and long-term survival is questionable for both retailers. The deal arranger reported that both tenants have indicated store sales at Aventura Mall are well above their respective chain averages. Neither tenant is a significant income contributor to the property. Given the mall's upscale direction, the traffic brought to the mall by these tenants probably is not adding much sales volume to the other stores. Finally, the experience and track record of the sponsors suggests that the loss of either or both of these tenants could benefit the property.
- Operating covenants for Sears and Macy's have already expired and operating covenants for Bloomingdale's and Macy's Men's and Home will expire prior to loan maturity.
- Sponsor Litigation: One of the loan sponsors is a defendant in ongoing litigation related to his role as guarantor for a construction loan secured by a project for which bankruptcy protection was filed in 2009.

**The Bulls Say**

- Trophy asset: Aventura Mall is one of the largest, most visited and productive malls in the United States, and is a premier shopping destination in southeast Florida.
- Strong in-line sales: In the trailing 12 months ended August 2013, the mall generated comparable in-line sales of $1,750 per square foot at an average occupancy cost of 9.5% including Apple sales, and $1,302 per square foot with average occupancy cost of 12.4% excluding Apple sales.
- Rent upside: With in-line occupancy costs only slightly above 12% (excluding Apple), and assuming a target occupancy cost of 18%, there is potential upside in the property's base rents.
- Diverse tenant roster: The property benefits from a diverse mix of over 230 regional, national, and international tenants that cater to shoppers at virtually all price points.
- Experienced management team: As evidenced by the property's high occupancy rate and robust growth in sales and net operating income.
- Good sponsorship: Turnberry Associates and Simon Property Group are large, experienced, well-capitalized commercial real estate companies.
- Diverse customer base: Property management reports that 30% of store sales volume is generated by international tourists; thus, the mall is not entirely reliant on the local economy, nor is the tourist visitor component purely domestic in nature. Additionally, the tenant roster appeals to both high-end customers seeking luxury goods and to the mass market.
- Consistently high occupancy: The property has maintained an average occupancy rate of 97.7% over the past six years, inclusive of all anchors (owned, ground leased, and un-owned).
- Large trade area and good demographics: The mall is well-located in a dense retail area, with a large residential base in a trade area that reportedly extends up to about 20 miles.
- South Florida is a significant tourist destination for domestic and international travelers. The property is close to numerous hotels and between two major airports serving the area.

# Property / Collateral Summary

Aventura Mall is a 2.1-million-square-foot super-regional mall situated between Miami and Fort Lauderdale in Aventura, Florida. The property is anchored by Bloomingdale's, Nordstrom, Macy's, Macy's Men's & Home (on ground-leased parcels and not part of collateral), Sears (on tenant-owned land and improvements), and J.C. Penney (owned collateral). In addition to J.C. Penney, the 1,004,103 square feet of collateral space includes a 24-screen AMC Theatre and a mix of over 230 luxury, bridge-to-luxury, and mass-market retail tenants. There is surface and garage parking for 9,395 vehicle spaces (ratio of 4.5 spaces per 1,000 square feet of leasable area). Among the mall's amenities are valet parking, car washing services, foreign currency exchange booths, stroller rental service, a shuttle service, and four three-story parking garages adjacent to anchor stores.

Since its original development in 1983, when anchors were J. C. Penney, Sears and Macy's, the mall has undergone several renovations and expansions. In 1997 a large expansion was completed with the addition of Bloomingdale's and a three-story atrium that is now occupied by a 24-screen AMC theater. A Burdine's store (now Macy's Men's and Home) was added in 1999, and Burdine's, J.C. Penney and Bloomingdale's constructed parking garages at that time. In 2006, the mall underwent a $20 million renovation, updating common area flooring, railings, lighting, and ceilings. Lord & Taylor subsequently vacated due to a corporate restructuring, and ownership razed the store and expanded the mall with a three-story, 327,392-square-foot addition that includes the Nordstrom store and three levels of adjacent in-line space. The total expansion cost was over $130 million.

| Aventura Mall Leasable Area | | |
|---|---|---|
| **Tenant** | **Square Footage** | **% of Total Mall** |
| **Non-owned Anchors** | | |
| Sears | 191,809 | 9.1% |
| *Total Non-owned Anchors* | *191,809* | *9.1%* |
| **Ground Lease Anchors** | | |
| Bloomingdale's | 251,831 | 12.0% |
| Macy's | 225,000 | 10.7% |
| Macy's Men's & Home | 254,539 | 12.1% |
| Nordstrom | 167,000 | 7.9% |
| *Total Ground Lease Anchors* | *898,370* | *42.6%* |
| **Owned Anchors (Collateral)** | | |
| JC Penney | 193,759 | 9.2% |
| AMC Theaters | 78,738 | 3.7% |
| *Total Owned Anchors* | *272,497* | *12.9%* |
| *Total Anchors* | *1,362,676* | *64.7%* |
| *Food Court (excluded from collateral)* | *12,132* | |
| **Total Inline GLA (Collateral)** | **731,606** | **34.7%** |
| **Total Collateral GLA*** | **1,004,103** | **47.7%** |
| Total Mall Size | 2,106,414 | 100% |

**Total Collateral GLA is sum of Total Owned Anchors and Total Inline GLA.*

The sponsor is planning to expand the mall with an additional 182,517 square feet of space. Work is expected to begin in mid-2014 with completion anticipated in 2016. Roughly $112.5 million of loan proceeds are targeted (but not escrowed) for this project, which will include the addition of another luxury anchor, a new and expanded food court, space for more luxury and aspiring-luxury tenants, and a net increase of about 350 parking spaces. The area currently leased to food court tenants has been carved out of the collateral for the subject loan, as these tenants will be temporarily displaced during the expansion. No associated income was underwritten for the food court; however, we underwrote common area expenses for that space, as there will be continued expenses until the work for the project commences. The only tenant that is part of the collateral for the subject loan that will be impacted by the renovation is Sephora, due to its location immediately adjacent to the food court area where the expansion will take place. When we toured the property, management stressed that although Sephora will eventually have to move into alternate space in the mall, the tenant will have no "down time", as plans are already underway to reserve space and move smaller tenants to accommodate Sephora's move with virtually no disruption to the tenant's business operations.

Part of ownership's vision for the mall is to relocate various tenants over time into areas catering to differing needs of mall customers. Eventually, ultra-luxury tenants targeting high-end domestic and international customers will be clustered near Nordstrom where the new Louis Vuitton store is located. Similarly, aspiring-luxury tenants would be located adjacent to this area, thereby creating a "bridge" from the national mid-tier tenants that cater to the average shopper.

GreenStreet Advisors ranks the property as one of the top-five most productive shopping centers in the U.S. in its database of over 1,300 malls, in terms of comparable in-line tenant sales per square foot. Total gross sales reported for the mall in 2012 were over $1.4 billion, and in-line sales for the trailing twelve months ended August 31, 2013 were reported at $1,750 per square foot. The subject's Apple store generated nearly $200 million in sales for the TTM 8/31/13, which is an astounding $31,719 per square foot. The Aventura Mall's high level of sales volume generates considerable demand for space in the property, evidenced by its lengthy waiting list of over 60 retailers. In addition to its six anchors, the property's tenant roster includes some of the world's most elite luxury brands including Louis Vuitton, Cartier, Burberry, Armani, and Pucci. Bloomingdale's includes designated space for Dior, Fendi and Gucci boutiques. Tiffany and Microsoft are among the mall's new additions for late 2013 and 2014, and management indicated that discussions are underway with Brooks Brothers to open a flagship store in the mall to serve the Southeast. The mall also offers 11 restaurants, a fitness center, and three day spas.

In addition to serving its local trade area, which encompasses Aventura, Miami Beach, North Miami Beach, Miami Shores, West Broward, Sunny Isles, Golden Beach, Bal Harbour, Hollywood and Fort Lauderdale, the property is a destination for tourists and receives an estimated 30% of its sales volume from affluent visitors from Brazil, Argentina, Colombia, Venezuela, Germany, the United Kingdom, Canada and Mexico. Aventura caters to this wealthy international customer base.

**Select Tenant Highlights**

- Abercrombie & Fitch - Number two store in the chain, with sales of $28.5 million ($2,528 per square foot) in the trailing 12 months ended 8/31/13;
- Apple - Top five store in chain; number two mall-based store by volume in chain, with sales of nearly $200 million ($31,719 per square foot) in the TTM;
- AMC Theatre - Top five theater in chain, with revenues of $815,006 per screen in the TTM;
- AX – Armani - Top five store in chain, with sales of $15.2 million ($1,758 per square foot) in the TTM;
- Bloomingdale's - Number two store in chain in volume, with sales of $143.2 million in the TTM;
- Hugo BOSS - Number two store in chain by gross sales, with sales of $10.9 million ($1,360 per square foot) in the TTM;
- Lacoste - Number one in store in chain by gross sales, with sales of $3.8 million ($2,070 per square foot) in the TTM;
- Louis Vuitton - Third largest store; LV spent a reported $23 million ($1,265 per square foot) in tenant finish for its space in Aventura Mall. Seven-month annualized first-year revenues, which do not include a holiday season, reflect sales of $3,991 per square foot;
- Sephora - Top five store in chain; number two mall-based store by volume, with $18.1 million in sales ($2,470 per square foot);
- Urban Outfitters – Number one in chain for mall-based stores by volume, with 2012 sales of $11 million ($942 per square foot);
- Victoria's Secret – Top three store in chain, with $31.2 million in sales ($1,694 per square foot) in the TTM.

## Tenant Overview

Excluding the non-owned anchors and food court tenants, there are 229 retail tenants at the subject property. The ten largest tenants in terms of square footage contribute 17.4% of Morningstar's underwritten base rent and comprise 43.1% of the collateral square footage.

| Aventura Mall: Ten Largest Collateral Tenants | | | | | | |
|---|---|---|---|---|---|---|
| Tenant | Net Rentable Square Feet | % of Total Space | UW Base Rent | UW Base Rent PSF | % of Base Rent | Lease Expiration |
| J. C. Penney Co. | 193,759 | 19.3% | $661,053 | $3.41 | 0.8% | Apr-18 |
| AMC Theatres | 78,738 | 7.8% | $1,732,236 | $22.00 | 2.0% | Aug-18 |
| XXI Forever | 32,504 | 3.2% | $2,255,205 | $69.38 | 2.7% | Jun-18 |
| Equinox Fitness | 25,458 | 2.5% | $588,080 | $23.10 | 0.7% | Jan-24 |
| H & M | 24,908 | 2.5% | $2,546,501 | $102.24 | 3.0% | Jan-27 |
| Victoria's Secret | 18,387 | 1.8% | $1,549,105 | $84.25 | 1.8% | Jul-19 |
| Louis Vuitton | 18,180 | 1.8% | $1,818,000 | $100.00 | 2.1% | Nov-22 |
| Banana Republic | 16,857 | 1.7% | $1,967,195 | $116.70 | 2.3% | Feb-17 |
| Restoration Hardware | 11,988 | 1.2% | $1,318,680 | $110.00 | 1.6% | Feb-14 |
| Urban Outfitters | 11,638 | 1.2% | $325,864 | $28.00 | 0.4% | Dec-18 |
| **Totals** | **432,417** | **43.1%** | **14,761,919** | **$34.14** | **17.4%** | |

The ten largest tenants by underwritten base rent occupy 23.3% of the collateral square footage, and contribute 20.3% of Morningstar's underwritten base rental income.

| 10 Largest Tenants by Morningstar Underwritten Base Rent | | | | | | | |
|---|---|---|---|---|---|---|---|
| Tenant | Tenant Sq. Ft. | % of Sq. Ft. | UW Base Rent | % of UW Base Rent | TTM Sales Per Sq. Ft. | Occ Cost | Lease Expiration |
| H&M (1) | 24,908 | 2.5% | $2,546,501 | 3.0% | $ 939 | 12.9% | 01/31/27 |
| XXI Forever | 32,504 | 3.3% | $2,255,205 | 2.7% | $ 657 | 11.6% | 06/30/18 |
| Banana Republic | 16,857 | 1.7% | $1,967,195 | 2.3% | $ 829 | 17.8% | 02/28/17 |
| Louis Vuitton (2) | 18,180 | 1.8% | $1,818,000 | 2.1% | $ 2,328 | 6.3% | 11/30/22 |
| AMC Theatres (3) | 78,738 | 7.9% | $1,732,236 | 2.0% | $ 248 | 18.8% | 08/31/18 |
| Victorias Secret | 18,387 | 1.8% | $1,549,105 | 1.8% | $ 1,694 | 6.8% | 07/31/19 |
| Ambercrombie & Fitch | 11,246 | 1.1% | $1,477,114 | 1.7% | $ 2,538 | 6.6% | 01/31/15 |
| Express | 11,320 | 1.1% | $1,423,112 | 1.7% | $ 1,130 | 13.8% | 01/31/22 |
| Restoration Hardware | 11,988 | 1.2% | $1,318,680 | 1.6% | $ 1,674 | 8.1% | 02/28/14 |
| J. Crew | 7,750 | 0.8% | $1,278,750 | 1.5% | $ 1,046 | 18.9% | 06/30/20 |
| **Total** | **231,878** | **23.3%** | **$17,365,898** | **20.3%** | | | |

(1) H&M lease commenced in December 2012, and store sales reported reflect nine months ended August 31, 2013.

(2) Loius Vuitton sales represent seven months ended August 31, 2013.

(3) AMC sales are equivalent to $815,006 per screen.

## Anchor Tenants

Although most of the anchor tenants at the Aventura Mall are not part of the subject collateral, they generate a considerable amount of foot traffic for the mall.

*Macy's, Inc.* is the largest department store chain in the United States, with sales of $27.7 billion in 2012. The company operates about 844 department stores in 45 states, the District of Columbia, Guam and Puerto Rico under the Macy's and Bloomingdale's banners. The company has three stores on ground-leased parcels at the Aventura Mall: Macy's, Macy's Men's & Home, and Bloomingdale's. Gross sales for the trailing twelve months ended August 31, 2013 at this location were $314.3 million, with $105.4 million from Macy's, $65.7 Million from Macy's Men's & Home, and $143.2 million from Bloomingdale's. All three stores significantly outperform the company's national store average of $29.3 million as reported by RetailSails for the TTM ended 7/28/12. Store sales for each of these tenants exceeded their respective annual breakpoints based on reported sales in the TTM ended 8/31/2013, and percentage rent payments totaling over $860,000 are estimated for 2013. Macy's Men's & Home and Bloomingdale's leases extend far beyond the loan term, with expiration dates in 2035 and 2033, respectively. Macy's lease expires in July 2019. Given the tenant's strong sales and low occupancy cost, renewal is expected. Macy's Inc. has a market cap of $19.1 billion and a Morningstar rating of "BBB"[3].

*Sears* is a low-to-mid-tier department store chain and was America's largest retailer until 1989. The company was purchased by Kmart in 2005, and is part of Sears Holdings Corp. (SHLD). Sears's revenues have undergone a long, slow decline, and the company has reduced its store count over the last several years to a current level of 1,327 stores in the U.S. and Canada. The company caters to low-to-middle income shoppers, and 788 of its 852 U.S. stores are full-line stores in mall locations, of which 63% are owned and not leased. Sears owns its store at Aventura Mall, and contributes minimal common-area expense reimbursements to mall ownership. The company has suffered from weak sales and losses in recent years, and store closings primarily represent locations with expiring leases. Sears is not required to provide sales information for its Aventura Mall store. The company has a market cap of $6.9 billion, and Morningstar's current corporate rating for Sears Holdings Corp is "B-".

*Nordstrom* is an upscale fashion specialty department store retailer which has a store on a ground-leased parcel at Aventura Mall. The company operates 117 Nordstrom-branded full-line and 140 off-price Nordstrom Rack stores in 30 states. The company reports year-over-year revenue and net income growth which is expected to continue for fiscal 2013. Despite the fact that at 167,000 square feet, the Nordstrom store herein is much larger than the average 109,000 square feet for the company, store sales for 2012 at the subject location of $76 million ($455 per square foot) exceeded the chain average of $400 per square foot. Nordstrom, Inc. stock is traded on the New York Stock Exchange under symbol "JWN". The company has a market cap of $12.1 billion, and carries a Morningstar credit rating of "A-".

*J.C. Penney* is the only department store anchor at the Aventura Mall that is part of the collateral for the subject loan. The company is a mid-range department store that is losing out to higher-end merchants like Macy's and specialty stores offering lower prices. The company operates 1,108 department stores in the U.S. and Puerto Rico, and continues to struggle with declining sales and losses. This is partially attributable to the lingering effects of the recession borne by middle-class Americans which are J.C. Penney's core customers. J.C. Penney occupies 193,759 square feet at the subject property at a base rental rate of just $3.41 per square foot. The company exercised a five-year lease renewal option in 2012, and the lease expires in April of 2018. J.C. Penney has seven additional five-year renewal options with no change in base rent. The company is not required to report store sales, however the issuer provided a "whisper sales indication" of $43 million at the subject location, which implies sales volume that is nearly twice the store average for the chain. The company is traded on the NYSE under "JCP". J.C. Penney's market cap is $2.7 billion, and the company has a Morningstar credit rating of "CCC".

**Lease Expiration and Rollover**

Aventura Mall has less than 11% lease rollover in terms of space, in any year during the loan term with the exception of 2018, when 40 leases representing 42.6% of collateral square footage are scheduled to expire. Expiring leases in 2018 contribute a total of 18.9% of Morningstar's underwritten base rental income, which is also the highest percentage rolling during the loan term. Though the number of expiring leases appears high, it accounts for less than 18% of total stores in the mall, and nearly half of expiring square footage is attributable to the J.C. Penney space (discussed above). Another 18% of space rolling in 2018 represents space leased to AMC. This location is one of AMC's top-five theaters in the U.S., and the tenant has several renewal options, with a base rental increase of 6.8% for the renewal term commencing in 2018. AMC's revenues in the subject property exceed its breakpoint, and this tenant's overage rent payment is estimated to be about $605,000 for 2013.

The property's leasing manager views rollover as an opportunity to improve cash flow by either increasing an existing tenant's rent, or by replacing the tenant with one more congruous with the existing tenancy. The weighted average in-place rent for the remaining tenants with 2018 lease expirations is currently 10% below the appraiser's estimate of market.

[3] Morningstar corporate credit ratings are not NRSRO ratings.

| Aventura Mall: Tenant Rollover Schedule | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Year of Expiration | # of Tenants | Sq. Ft. Expiring | % of Total Sq. Ft. | Cumulative Sq. Ft. Expiring | Total In-Place Base Rent Expiring | Cumulative Rent Expiring | Total Morningstar Underwritten Rent Expiring | % of Total Morningstar Underwritten Rent |
| MTM | 0 | 0 | 0.0% | 0 | $0 | $0 | $0 | 0.0% |
| Vacant | 3 | 4,856 | 0.5% | 4,856 | $0 | $0 | $0 | 0.0% |
| 2013 | 3 | 9,351 | 0.9% | 14,207 | $716,296 | $716,296 | $716,296 | 0.8% |
| 2014 | 26 | 41,384 | 4.1% | 55,591 | $6,326,227 | $7,042,523 | $6,372,601 | 7.4% |
| 2015 | 32 | 50,015 | 5.0% | 105,606 | $7,754,758 | $14,797,281 | $8,206,852 | 9.5% |
| 2016 | 23 | 53,247 | 5.3% | 158,853 | $5,755,675 | $20,552,956 | $6,024,091 | 7.0% |
| 2017 | 31 | 83,010 | 8.3% | 241,863 | $9,933,721 | $30,486,677 | $10,278,314 | 12.0% |
| 2018 | 40 | 428,033 | 42.6% | 669,896 | $15,902,198 | $46,388,875 | $16,263,363 | 18.9% |
| 2019 | 24 | 107,483 | 10.7% | 777,379 | $11,063,905 | $57,452,780 | $11,318,850 | 13.2% |
| 2020 | 26 | 73,145 | 7.3% | 850,524 | $8,880,924 | $66,333,704 | $9,101,347 | 10.6% |
| 2021 | 10 | 36,298 | 3.6% | 886,822 | $5,228,545 | $71,562,249 | $6,133,094 | 7.1% |
| 2022 | 9 | 44,178 | 4.4% | 931,000 | $4,873,957 | $76,436,206 | $4,963,732 | 5.8% |
| 2023 | 1 | 7,465 | 0.7% | 938,465 | $1,882,425 | $78,318,631 | $1,909,486 | 2.2% |
| 2024+ | 4 | 65,638 | 6.5% | 1,004,103 | $4,601,940 | $82,920,571 | $4,670,094 | 5.4% |
| **Totals [1, 2]** | **232** | **1,004,103** | **100.0%** | | **$82,920,571** | | **$85,958,120** | **100%** |

[1] Square feet excludes the square footage of ground lease anchors and expansion ground lease parcel.

[2] Underwritten base rent includes underwritten rent from anchor ground leases.

## Historical Sales

Anchor tenants outperformed the national averages for their respective chains in the trailing 12 months ended August 2013.

| Aventura Mall: Anchor Sales | | | | | |
|---|---|---|---|---|---|
| Anchor | Square Feet | TTM Aug. Sales ($MM) | Sales PSF | National Sales ($MM)[1,2] | National Average Sales PSF |
| Macy's[3] | 479,539 | $171.1 | $357 | $32.9 | $184 |
| Bloomingdale's | 251,831 | $143.2 | $569 | $32.9 | $184 |
| J.C. Penney[4] | 193,759 | $43.0 | $222 | $11.8 | $116 |
| Sears[4] | 191,809 | $30.0 | $156 | $19.2 | $167 |
| Nordstrom[5] | 167,000 | $76.0 | $455 | $49.0 | $465 |

1 National Sales as reported by Cushman & Wakefield

2 Macy's and Bloomingdale's national sales are combined.

3 Reflects combined performance for Macy's, Macy's Men's & Home.

4 J.C. Penney and Sears TTM Aug. sales are sponsor's estimates. Sears national sales are combined with Kmart.

5 Nordstrom's TTM August sales represent 2012 sales.

In-line tenants with less than 10,000 square feet produced sales of $1,750 per square foot for the trailing twelve month period ended August 31, 2013, with an average occupancy cost of 9.5%. The table below shows historical mall shop sales for in-line tenants under 10,000 square feet, and associated occupancy costs, both with and without Apple. Apple's sales for the TTM ended 8/31/13 were $199.9 million or $31,719 per square foot of leased space in the subject property.

| Aventura Mall: Comparable In-line* Sales and Occupancy Costs | | | | | | |
|---|---|---|---|---|---|---|
| | | 2010 | 2011 | 2012 | 8/31/13 TTM | Average Annual Sales |
| Including Apple | Sales PSF | $1,171 | $1,452 | $1,683 | $1,750 | $1,514 |
| | Total Sales ($MM) | $461.6 | $632.1 | $729.0 | $748.6 | $642.8 |
| | Occupancy Costs | 12.1% | 9.9% | 9.2% | 9.3% | - |
| Excluding Apple | Sales PSF | $975 | $1,165 | $1,286 | $1,302 | $1,182 |
| | Total Sales ($MM) | $378.1 | $499.8 | $549.0 | $548.7 | $493.9 |
| | Occupancy Costs | 14.6% | 12.4% | 12.0% | 12.4% | - |

*Includes tenants less than 10,000 sq. ft; excludes tenants in occupancy less than 12 months or reporting less than 12 months of sales.

**Historical Occupancy**

Including pending leases that will be executed prior to securitization, the Aventura Mall is 99.8% leased to over 230 tenants. The property has exhibited strong occupancy for the last several years as evidenced below, with an average occupancy rate from 2008 to present of 97.7%. The below average occupancy in 2008 was due to corporate trouble and ultimate departure of several tenants aggregating over 17,000 square feet, including Stride Rite, Kay Bee Toys, The Sharper Image, Walden Books, and Sigrid Olsen. Additionally, "box" space formerly occupied by Lord and Taylor was converted to in-line space, and the Nordstrom store was added in 2008.

| Aventura Mall: Historical and Current Occupancy | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2011 | 2012 | Oct. 2013 | Average |
| Occupancy Excluding Anchors | 84.1% | 94.9% | 95.2% | 96.6% | 94.9% | 99.5% | 94.2% |
| Occupancy Including Anchors | 93.3% | 98.1% | 98.2% | 98.8% | 98.2% | 99.8% | 97.7% |

**Master Lease**

A master lease was executed on November 13, 2013 between Aventura Mall Venture, as master lessor, and Turnberry Retail Holding, L.P., Simon Property Group, L.P., Jeffrey Soffer and Jacquelyn Soffer, collectively, as master lessee. The lease term commenced on November 15, 2013 and expires the earlier of November 30, 2030, or such time that the mall's annualized base rental income, excluding income under the master lease, exceeds $85,243,180. The master lease is for the space identified in the table below.

Morningstar does not typically underwrite rent for master-leased space; however, the owners have received executed Letters of Intent (LOI) from the three tenants whose proposed space is the subject of the master lease. We also considered other factors including: 1) that the Six:02 LOI represents an expansion for an existing tenant; 2) that Microsoft (rated AAA) is already in temporary space in the mall and will relocate to the space identified below; and 3) that Tiffany & Co. is an obvious fit for this property, especially given the recent addition of tenants such as Louis Vuitton and Cartier. Morningstar anticipates that the master lease will conclude in July of 2014, when all three tenants referenced below are in occupancy.

| Master Lease Income | | | | | | |
|---|---|---|---|---|---|---|
| Tenant | Tenant Type | Size | Lease Start Date | Underwritten Base Rent | Current Rent | Master Lease Rent |
| Tiffany & Co. | New Tenant | 4,830 | 5/1/2014 | $796,950 | $0 | $796,950 |
| Six:02 | Expansion | 3,072 | 5/1/2014 | $614,400 | $238,028 | $376,372 |
| Microsoft | New Tenant | 4,800 | 7/1/2014 | $1,104,000 | $0 | $1,104,000 |
| **Totals** | | **12,702** | | **$2,515,350** | **$238,028** | **$2,277,322** |

# Market Overview

The Aventura Mall is about 17 miles north of downtown Miami, and is surrounded by some of Florida's most affluent residential areas including Turnberry Isle, Porto Vita, and the Waterways of Biscayne Bay. According to a May 2013 study by Alexander Babbage, Aventura Mall has a trade area that extends beyond a 15-mile radius. The general trade area reaches north into Fort Lauderdale (immediately south of the Galleria at Fort Lauderdale), west through certain Fort Lauderdale, Hollywood and Hialeah zip codes to U.S. Route 27, and south along I-95 through higher income Miami zip codes south of the Dadeland Mall. The property's trade area is home to nearly 1.8 million people with average income of $66,739. Based on a study conducted by the sponsor in 2009, the average income of shoppers at the Aventura Mall is $115,569. As a major tourist destination, Aventura caters to a large international customer base, primarily from South America, Canada and Europe. Management reports that 41% of Aventura Mall's shoppers reside outside of the trade area, 33% are regional tertiary shoppers or tourists, and 13% of the mall customers are from South America.

Aventura Mall is in an urban area within a concentrated retail corridor along Biscayne Boulevard (Highway 1). The mall has become a large tourist attraction due to its location, size, selection and marketing efforts toward visiting tourists. While residents in the trade area account for the majority of the mall's customers, tourists account for a large percentage of the expenditures at the mall. Because of the mall's reliance on tourist traffic, we have included relevant information as it pertains to airport and cruise travel in the subject's area. Aventura is served by both the Miami (MIA) and Fort Lauderdale (FLL) International Airports, which are 19 miles south, and 9 miles north of the mall, respectively. MIA is the largest U.S. gateway for Latin America and the Caribbean, and one of the busiest international passenger airports in the world. In 2012 airport authorities reported 39.5 million passengers passed through the airport, served by 89 different airline carriers. The airport terminal is currently being expanded to more than 7.0 million square feet allowing for a total of 130 gates, with projected completion in early 2014. FLL competes with MIA as the preferred domestic airport choice in South Florida. In 2012, FLL had over one million more available domestic seats than MIA, 28% more domestic destinations, twice the origin and destination domestic passengers and 20% lower domestic airfares, according to published reports issued by the Broward County Aviation Department. In January of 2012, construction began on a $791-million runway extension and an associated taxiway and bridge scheduled for completion in 2014.

The Port of Miami is located 3.6 miles south of the Aventura Mall. The Port is known as "The Cruise Capital of the World" and welcomed more than 4 million cruise passengers in 2012. Port facilities include seven modern cruise terminals serving twelve cruise lines. Port Everglades is located 11 miles north of Aventura Mall. During the past fiscal year, Port Everglades had 3.7 million multi-day passengers, and this number is expected to reach 5 million passengers by 2029.

The sponsor considers eight retail centers in the Miami MSA as its competitive set for Aventura Mall. Three of the properties are considered primary competition, shown below as "Tier 1".

**Aventura Mall's Competitive Set as Defined by the Sponsor**

| Name | Anchors | NRSF | # Stores | Miles from Subject | Year Built/ Renovated | Occupancy | Inline Sales | Comments |
|---|---|---|---|---|---|---|---|---|
| ***Tier 1 Competition*** | | | | | | | | |
| Bal Harbour Shops | Neiman Marcus, Saks Fifth Avenue | 500,000 | 100 | 7 | 1966 / 1992 | | $2,227 | open air center |
| Dadeland Mall | Macy's, Macy's Home & Kids, Saks Fifth Avenue, Nordstrom | 1,489,122 | 185 | 29 | 1962 / 2002 | 97.0% | $1,300 - $1,350 | super-regional mall |
| Sawgrass Mills | Super Target, Brandsmart USA, Burlington Coat Factory, Bed Bath & Beyond, JC Penney outlet, Sports Authority, Marshalls, Off Fifth | 2,248,000 | 350 | 24 | 1990 / 2004 | 98.0% | $1,150 - $1,200 | mix of factory outlet & discount stores |
| ***Tier 2 Competition*** | | | | | | | | |
| Lincoln Road Mall | none | 166,500 | 150 | 20 | 1960 / 2010 | | | open-air promenade |
| Village at Merrick Park | Nordstrom, Neiman Marcus | 731,002 | 100 | 22 | 2002 | | | open-air, luxury |
| Dolphin Mall | Blooomingdale's, Off 5th, Sports Authority, Marshalls/Homegoods, Burlington Coat Factory | 1,300,000 | 240 | 27 | 2001 / 2007 | | | super-regional outlet |
| ***Tier 3 Competition*** | | | | | | | | |
| The Galleria | Dillard's, Macy's, Neiman Marcus | 1,003,000 | 150 | 17 | 1980 / 2003 | 90% - 95% | | Saks vacated |
| Pembroke Lakes Mall | Dillard's, Dillard's Men's & Home, JC Penney, Macy's, Sears | 1,145,955 | 145 | 13 | 1992 / 1997 | | | |

Bal Harbour Shops has approvals to add another 200,000 square feet of space. Additionally, Brickell City Centre, which has not been designated as a competitor, is anticipated to add 500,000 square feet of high-end retail in Miami's financial district, with completion planned for year-end 2015. Brickell City Centre is a mixed-use development 17 miles south of the subject, with 5.4 million square feet of office, residential, hotel, retail and entertainment space.

Aventura's ownership continues to combat its competition by fine-tuning the mall's tenancy to serve both the middle-income residents in its trade area and the upscale tourists that ultimately represent much of sales at this property. With the recent additions of ultra-luxury tenants such as Louis Vuitton, Cartier and Tiffany, combined with the near-term expansion plan, ownership has positioned the Aventura Mall to be the premier retail destination for both residents in the immediate trade area and for tourists.

According to the appraisal, 95% of the land in the subject's surrounding area is developed. The shortage of developable land keeps new construction at low levels with little regard for market and economic development. The Everglades, which abut populated areas of western Miami-Dade, are a permanent barrier to development.

# Morningstar Analysis

| | Morningstar Underwriting | 2011 | 2012 | TTM 09/30/13 | Issuer Underwriting |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Gross Potential Rent | $85,651,801 | $68,021,983 | $72,564,989 | $80,430,143 | $86,726,365 |
| Less: Vacancy Loss (GPR) | (2,995,907) | 0 | 0 | 0 | (614,375) |
| Plus: Rent from Ground Leased Anchors | 1,268,480 | 0 | 0 | 0 | 0 |
| **Base Rent/Net Effective Rent** | **$83,924,374** | **$68,021,983** | **$72,564,989** | **$80,430,143** | **$86,111,990** |
| Expense Reimbursement | $25,423,979 | $24,176,735 | $24,748,526 | $25,481,119 | $25,208,933 |
| Percentage Rent | 7,043,064 | 5,855,104 | 9,732,095 | 9,227,275 | 7,128,138 |
| Storage Income | 1,379,697 | 1,278,778 | 1,184,961 | 1,352,933 | 1,379,697 |
| Specialty Leasing | 2,950,877 | 2,674,988 | 2,772,172 | 3,116,914 | 3,290,677 |
| Parking / Valet Income | 485,924 | 459,307 | 473,358 | 483,359 | 499,206 |
| Marketing & Other Income | 625,450 | 357,521 | 549,256 | 633,511 | 725,450 |
| Less: Vacancy Other Incomes | (925,978) | n/a | n/a | n/a | n/a |
| **Effective Gross Income** | **$120,907,387** | **$102,824,416** | **$112,025,357** | **$120,725,254** | **$124,344,092** |
| **Expenses** | | | | | |
| Real Estate Taxes | $6,611,623 | $5,999,194 | $6,549,051 | $7,007,061 | $6,611,623 |
| Property Insurance | 3,730,430 | 3,024,200 | 3,033,667 | 3,174,888 | 3,730,430 |
| Utilities | 2,181,975 | 2,186,522 | 2,090,433 | 2,135,125 | 2,181,975 |
| Repairs and Maintenance | 3,852,391 | 3,478,403 | 3,555,577 | 3,752,960 | 3,592,269 |
| Contract services (Security) | 3,722,735 | 3,598,782 | 3,662,242 | 3,695,763 | 3,722,735 |
| Management Fees | 4,801,742 | 3,993,346 | 4,337,174 | 4,651,926 | 2,486,882 |
| Payroll & Benefits (Information Booth) | 481,196 | 419,785 | 440,451 | 467,878 | 481,196 |
| Professional Fees | 168,580 | 170,634 | 145,139 | 148,622 | 137,350 |
| General and Administrative | 1,038,508 | 867,529 | 921,614 | 1,009,615 | 1,038,508 |
| Non-Reimbursable Expenses | 90,970 | 97,357 | 237,192 | 88,321 | 69,802 |
| Food Court Expenses | 668,072 | 496,601 | 654,986 | 660,021 | 668,072 |
| **Total Operating Expenses** | **$27,348,222** | **$24,332,352** | **$25,627,526** | **$26,792,177** | **$24,720,842** |
| **Net Operating Income** | **$93,559,166** | **$78,492,064** | **$86,397,832** | **$93,933,077** | **$99,623,250** |
| **Capital Items** | | | | | |
| Leasing Commissions | $1,209,074 | $0 | $0 | $0 | $1,243,441 |
| Tenant Improvements | 1,007,649 | 0 | 0 | 0 | 1,084,431 |
| Capital Expenditure / Reserve | 350,406 | 0 | 0 | 0 | 281,149 |
| **Total Capital Items** | **$2,567,129** | **$0** | **$0** | **$0** | **$2,609,021** |
| **Credit for Upfront DSCR Escrow** | $0 | $0 | $0 | $0 | $0 |
| **Net Cash Flow** | **$90,992,037** | **$78,492,064** | **$86,397,832** | **$93,933,077** | **$97,014,229** |

## Analytical Assumptions

Morningstar evaluated the collateral's historical and current cash flow, occupancy levels, tenancy, and tenant improvement and leasing costs. Morningstar's estimates of revenue and expenses and our analytical approach are discussed below.

### Morningstar Estimate of Revenue

*Gross Potential Rent* (GPR) is based on leases presented in the most recent rent roll dated October 1 2013, and includes all contractual rent increases that occur through December 31, 2014. We have included income for two tenants with rent abatements through November 2014 (Louis Vuitton – free rent period) and June 2016 (Cartier – rent reduction), as funds were reserved at loan closing to cover these abatements in full. We underwrote income for two existing tenants that executed Letters of Intent (LOI) for renewals effective in December 2013 and February 2014. Finally, we underwrote income for three tenants with executed Letters of Intent for which the owners have provided a master lease covering the rent differential as described in the "Master Lease" section of this report.

*Vacancy* – Morningstar underwrote the J. C. Penney anchor space, theater, and tenants occupying over 20,000 square feet to a minimum vacancy of 5%, and all other in-line tenants to a minimum vacancy rate of 3.5%. Morningstar additionally underwrote 3% vacancy on all other income categories except percentage rents. This resulted in 3.4% underwritten economic vacancy on base rental income, and a 3.1% overall vacancy rate. This is higher than the actual average vacancy rate of 2.3% at the property from 2008 through September 30, 2013.

*Percentage / Overage Rent* – Underwritten based on tenants in place as of the October 1, 2013 rent roll, with trailing-twelve-month sales as of August 31, 2013. Underwritten percentage rental income is significantly lower than that posted in the TTM ended 9/30/13 primarily due to new and renewed leases with higher sales breakpoints. The decrease is offset by higher base rents.

*Expense Reimbursements* – Underwritten based on the 10/1/13 rent roll in conjunction with underwritten recoverable operating expenses, including real estate taxes, insurance, CAM and utilities. All tenants with the exception of Apple pay expense reimbursements. Recoveries have remained fairly stable, reflecting the consistently high occupancy rate.

*Specialty Leasing* – Includes income from temporary tenants, kiosks, and RMU's. The underwritten number is down slightly from previous periods primarily because there is less vacant space available for temporary tenants.

*Storage Income* – Underwritten based upon a storage tenant rent roll dated 10/1/13 which included 36 tenants.

*Parking, Valet, Marketing and Other Income* – Underwritten to the borrower's budget, which is similar to the income for the TTM ended 9/30/13.

### Morningstar Estimate of Expenses

Morningstar's expenses are underwritten in-line with historical expenses unless otherwise noted.

*Real Estate Taxes and Insurance* are underwritten based on actual costs. Insurance costs increased as a result of the lender's requirements in conjunction with the subject loan.

*Management Fees* – Underwritten to the contract rate of 5% of effective gross income excluding expense reimbursements. The contract rate is above market. Morningstar made a value adjustment by adding back to our NCF the difference between a 5.0% and a 2.5% management fee.

*Food Court Expenses* – Underwritten to the borrower's budget. No associated income was underwritten since the food court will be displaced during the proposed expansion, but Morningstar underwrote this expense, as it will be ongoing until the expansion commences.

*Tenant Improvements* – Underwritten based on the appraiser's estimate of market TIs, which assume a $30 tenant improvement allowance for new tenants and $5 for renewals. We underwrote *leasing commissions* at 1% of effective gross income, which is considerably higher than the appraiser's estimate. The mall has in-house leasing personnel. Our renewal probability is 75% for all tenant categories, which is consistent with the appraisal.

*Capital Expenditures* – A reserve for future capital expenditures is underwritten at $0.35 per square foot which is slightly higher than the engineer's inflated estimate of $0.32 per square foot.

### Property Valuation

Morningstar values the property at $1.494 billion, or $1,488 per square foot, using an adjusted capitalization rate of 6.25%. Our capitalization rate is based on Morningstar's base Miami retail cap rate of 7.50%, adjusted lower to account for the property's status as a super-regional mall and for the property score of "1" (Excellent). Our valuation also takes into account the above-market management fee. The appraiser valued the property at $2.26 billion, using a capitalization rate of 4.0%.

# Loan Summary

### Loan Description

On November 15, 2013, JPMorgan Chase Bank, German American Capital Corporation, Morgan Stanley Mortgage Capital, and Wells Fargo Bank collectively funded a $1.2 billion, fixed-rate mortgage loan to Aventura Mall Ventura (the borrower). The loan is evidenced by four promissory notes and is secured by the borrower's fee interest in the mortgaged property and the revenues from the collateral property. The seven-year loan pays interest only and is scheduled to mature on the payment date in December 2020. The mortgaged property is 1,004,103 square feet of retail and restaurant space that is part of the 2,106,414-square-foot super-regional mall known as Aventura Mall in Aventura, Florida.

| Sources & Uses | | | | | |
|---|---|---|---|---|---|
| **Sources of Funds** | **Proceeds** | **% of Total** | **Uses of Funds** | **Proceeds** | **% of Total** |
| Mortgage Loan | $1,200,000,000 | 100% | Repay Existing Debt | $430,000,000 | 35.8% |
| | | | Loan Defeasance Costs | $82,800,029 | 6.9% |
| | | | Closing Costs | $10,079,612 | 0.8% |
| | | | Upfront Reserves | $3,615,866 | 0.3% |
| | | | Return of Equity to Sponsor | $673,504,493 | 56.1% |
| **Total Sources** | **$1,200,000,000** | **100%** | **Total Uses** | **$1,200,000,000** | **100%** |

### Borrower/Sponsor

The borrower for this transaction is Aventura Mall Venture, a Florida general partnership and special purpose entity whose primary business is the ownership and operation of the property and the performance of the obligations under the mortgage loan documents. The loan sponsors of the borrower are affiliates of Turnberry Retail Holding, L.P. and Simon Property Group, LP. The borrower is currently controlled and indirectly owned by the sponsors.

The property manager and leasing agent, Turnberry Development, LLC, is an affiliate of the borrower and Turnberry Retail Holding, L.P.

## Loan Features/Concerns

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

### Limited Insurance

According to the arranger, the insurable value of the property at the time of origination of the mortgage loan was significantly lower than the principal balance of the mortgage loan. In the event (i) a casualty occurs and (ii) borrower is not required to rebuild or cannot rebuild, the insurance required with respect to the property may not be sufficient to pay the mortgage loan in full and there is no "gap" insurance required under the mortgage loan to cover any difference. In the event of such a casualty, amounts payable under the insurance policy may not be sufficient to ensure full payment under the loan as and when due and the ratings may be impacted.

### Cash Management

A lockbox account, and upon the occurrence of a Lockbox Event a cash management account, are required to be established under the loan documents as eligible accounts under lender control. The loan documents require borrower to deposit (or cause to be deposited) all rents from the property other than master lease rents prior to a Lockbox Event Period (as defined in the loan documents, triggers include an event of default, certain bankruptcy actions of the borrower or the property manager and debt service coverage ratio less than 1.20 to 1.00 for two consecutive calendar quarters) or a DSCR Reserve Period (as defined in the loan documents, triggered by debt service coverage ratio less than 1.35 to 1.00 for two consecutive calendar quarters) into the lockbox account. If lender has not provided the lockbox bank with written notice of a Lockbox Event Period, amounts in the lockbox account (subject to an amount up to $50,000 to remain in the lockbox account) are required to be transferred to an account designated by the borrower.

During a Lockbox Event Period or a DSCR Reserve Period, master lease rents are required under the loan documents to be deposited in the lockbox account. Upon notification by lender to the lockbox bank of (and until the termination of) a Lockbox Event Period, amounts in the lockbox account (subject to an amount up to $50,000 to remain in the lockbox account) are required to be transferred weekly to the cash management account. Amounts in the cash management account are required to be applied pursuant to the waterfall in the loan documents. After an event of default, lender may apply all amounts in the accounts in lender's discretion.

As noted, prior to a Lockbox Event Period, master lease rents are not required to be remitted to lender and amounts remitted to lender are required to be transferred to borrower. In addition, prior to a DSCR Reserve Period, no reserves are required to be funded. This could result in the leakage of funds and a lack of sufficient funding for needed reserve items.

**SPE and Bankruptcy Remoteness**

The borrower and its general partner(s) (and their general partner(s)) 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 general partner of the borrower (or its general partner), as applicable). The loan documents and organizational document of borrower (and its general partner(s) and their general partner(s)) also include limitations on the ability of the borrower (and its general partner(s) and their general partner(s)) to incur additional indebtedness and additional covenants regarding the separateness of the borrower (and its general partner(s) and their general partner(s)) from other entities. The borrower (or its general partner(s) or their general partner(s)) is also required to have independent managers or directors 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 its general partner(s) and their general partner(s)) existed prior to the origination of the loan. Pre-existing entities present a higher risk than newly formed single purpose entities. In addition, certain special purpose entity covenants contain carve- outs and/or exceptions and there is significant sponsor litigation which may increase consolidation risk. Despite such risks, a non-consolidation opinion relating to the borrower 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.

**Sponsor Litigation and Bankruptcy**

Certain sponsors are subject to various litigation matters, including actions relating to various guaranties, matters in connection with Turnberry Associates group entities and matters in connection with a construction loan for a shopping center project in Las Vegas, Nevada. In addition, certain sponsors were involved with the now-defunct Fontainebleau Resort and Casino project in Las Vegas, Nevada. Such project was involved in a bankruptcy proceeding and related claims. Such bankruptcy and other claims could adversely impact sponsors and certain borrower affiliates and ultimately, borrower's ability to make payments on the loan.

In addition, per the arranger, the sponsors and/or borrower affiliates are involved in other litigation matters. We assume such additional litigation matters do not involve the property or the borrower.

Any adverse outcomes of any litigation could adversely impact the sponsorship, performance of borrower affiliates under various affiliate agreements, payments under the master lease and/or borrower's ability to make payments on the loan. Also, certain creditors of the sponsors could obtain indirect interests in the borrower and/or acquire ownership of borrower affiliates, which may adversely impact agreements with the borrower, operation of and cash flows from the property, and ultimately, the ratings.

**Ground Leased Parcel(s), Expansion Work**

The borrower, as lessor, has entered into a ground lease (the "Expansion Ground Lease") with an affiliate, as lessee. The Expansion Ground Lease is not and will not be subordinate to the mortgage. Per the loan documents, the borrower may not terminate, modify, amend or waive any provision of the Expansion Ground Lease in a manner that would impose material additional obligations on the borrower or would materially reduce the rights of the borrower, or that would otherwise have a material adverse effect on the property, without the mortgage lender's prior written consent. We are assuming that such ground lease provides for, and that borrower has and shall have, minimal or no obligations and/or liabilities relating to such ground lease and ground leased parcel. We are assuming that the borrower and the ground lessee(s) under such lease are and will remain in compliance with the terms of such ground lease.

Per the arranger, the lessee intends to perform and/or may enter into a sub-ground lease pursuant to which the sub-ground lessee will perform certain expansion work, and the lessee may enter into leases of and construct certain improvements on the ground leased parcel. The loan documents include a provision that that the ground lessee or sub-lessee may perform the expansion work only for so long as such construction or alterations are performed in accordance with all applicable legal requirements and are performed diligently and in such a manner as to not unreasonably interfere with the use and occupancy of the balance of the property. In addition, the ground lessee and/or an anchor tenant sub-ground lessee are permitted to enter into construction financing and to refinance such construction financing and secure such permitted leasehold financing with leasehold mortgage(s) and/or equity interests in the ground lessee.

In addition to the ground lease with an affiliate as noted above, the borrower, as fee owner and lessor, also ground leases certain other parcels to certain anchor tenants, including Bloomingdale's, Macy's, Macy's Men's & Home and Nordstrom. The ground lessees under such ground leases (and not the borrower) own the improvements on such parcels. Per the arranger, under the ground leases with such anchor tenants the improvements on the applicable ground leased parcel become the property of the borrower, as ground lessor, upon the expiration or earlier termination of the term of such ground lease. We are assuming that such ground leases provide for, and that borrower has and shall have, minimal or no obligations and/or liabilities relating to such ground leases and ground leased parcels. We are assuming that the borrower and the ground lessees under such leases are and will remain in compliance with the terms of such ground leases. We have assumed that (i) all rents are paid under the ground leases for the related term and (ii) upon any failure to pay the rent by lessee, the improvements and land will be owned by borrower and lessee shall have no rights related thereto as lessee, tenant or otherwise.

### Master Lease

The borrower entered into a master lease with certain affiliates. As noted in the Cash Management section [above], during a Lockbox Event Period or DSCR Reserve Period, master lease rents are required to be deposited in the lockbox account. Per the arranger, no rents under the Master Lease are payable until the occurrence and continuing of a Lockbox Event Period or a DSCR Reserve Trigger Period. In addition, as noted above, certain litigation involving borrower affiliates may impact payments on the master lease.

### Reciprocal Easement Agreements

The property is subject to recorded easement agreements and/or covenants ("REAs") that benefit the property. We assume such REAs or equivalent agreement(s) will remain in place to the extent necessary and/or desirable for the use and/or operation of the property.

### Purchase Options and Rights of First Refusal

Certain parties, such as tenants, may have a purchase option, right of first refusal and/or right of first offer with respect to the property or portion(s) thereof. In addition, the controlling class may have consent rights, right of first refusal or right to purchase a defaulted loan under certain circumstances. Such rights may impede a refinance, foreclosure, sale and/or marketability of the loan and/or property.

## Reserve Accounts / Payments

### Upfront/Initial Reserves

The borrower posted $1,011,153 in reserves for tenant improvement allowances for Louis Vuitton ($818,100), Bella Luna ($75,000), and J. C. Penney ($118,053). Additionally, $2,604,713 has been reserved to cover outstanding rent credits for Cartier ($857,413) and Louis Vuitton ($1,747,300). Rent credits for Cartier are spread over 31 months through June of 2016. Rent credits for Louis Vuitton cover base rent payments through mid-November 2014 when the tenant's rent payments commence.

### Ongoing Reserves

Ongoing monthly reserves are not required except during the continuation of a Cash Management Trigger Period.

# Third Party Reports

### Appraisal

Integra Realty Resources prepared an appraisal report dated October 17, 2013. The appraised value of the property is $2.26 billion ("as-is") on the leased fee interest.

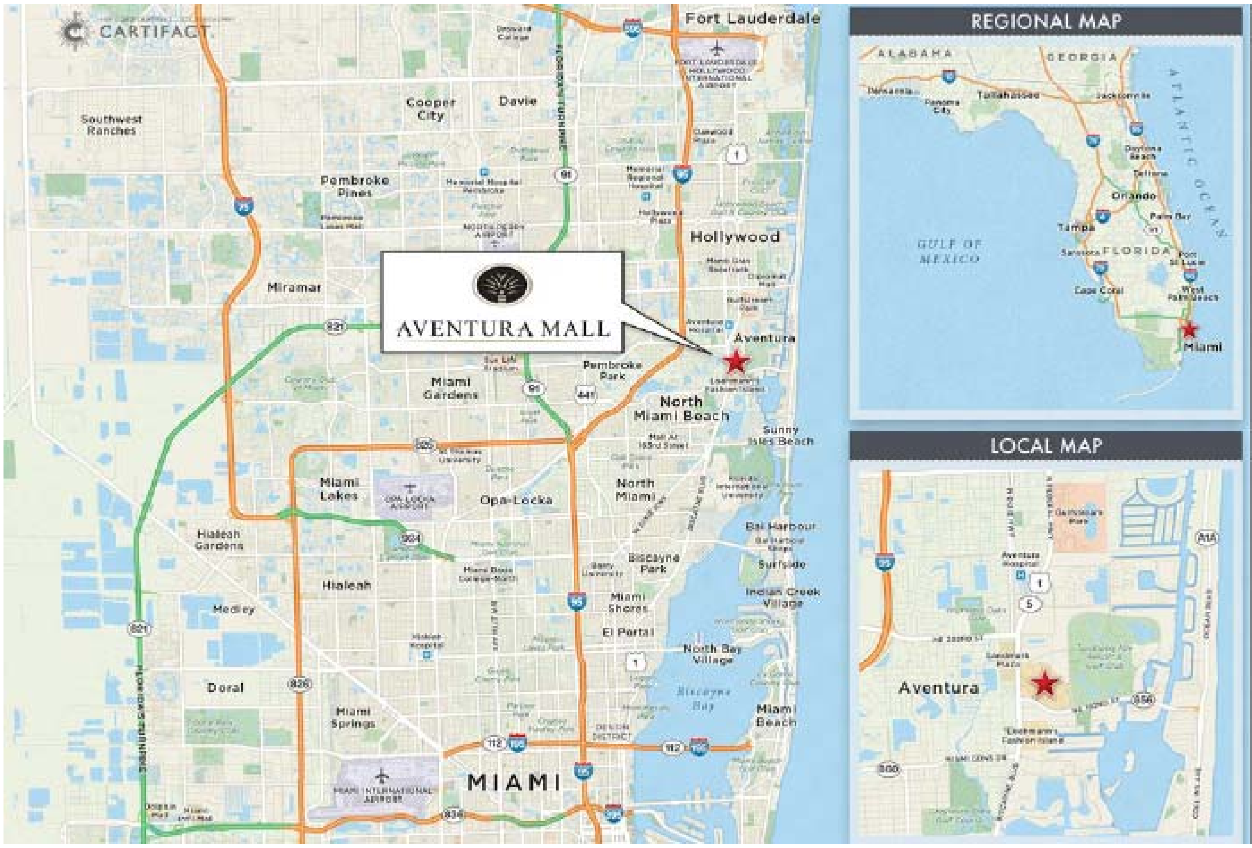
### Property Condition Report

AEI Consultants, Inc. prepared a property condition assessment dated October 28, 2013. The nine-year capital expenditures plan amounts to $0.32 per square foot per year, on an inflated basis. The report recommended $395,400 in immediate repairs.

### Phase I Environmental Report

AEI Consultants, Inc. prepared an Environmental Site Assessment Report dated October 28, 2013 with respect to the subject property. An historical recognized environmental condition (HREC) was identified during the course of the assessment in the form of an underground storage tank (UST) formerly located on the subject property. Subsequent soil sampling was conducted, and the Department of Environmental Resource Management (DERM) issued a No Further Action letter on November 12, 2002. AEI's assessment revealed no evidence of Recognized Environmental Conditions in connection with the property, and AEI did not recommend further investigation of the property.

## Aventura Mall – Map & Pictures





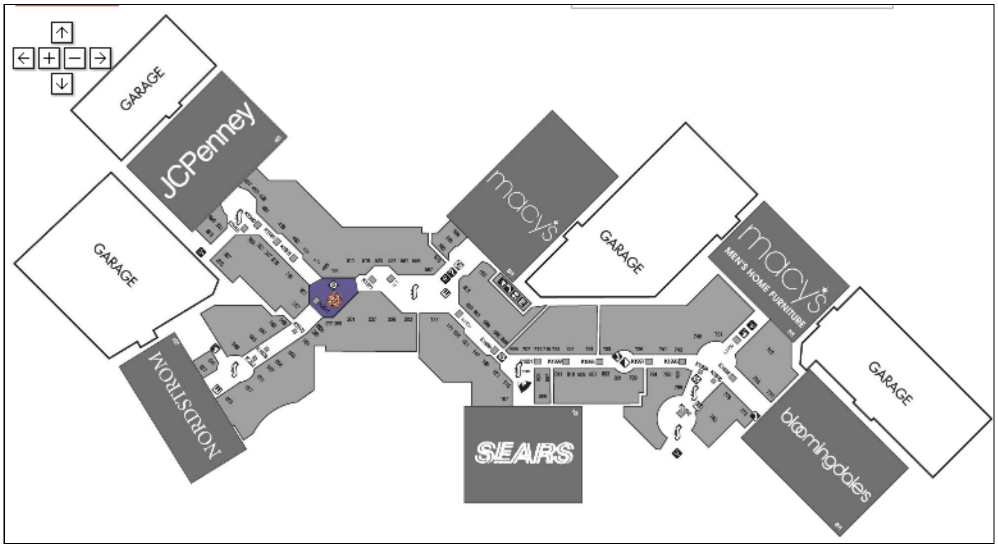
LOUIS VUITTON
AVENTURA MALL


AVENTURA MALL

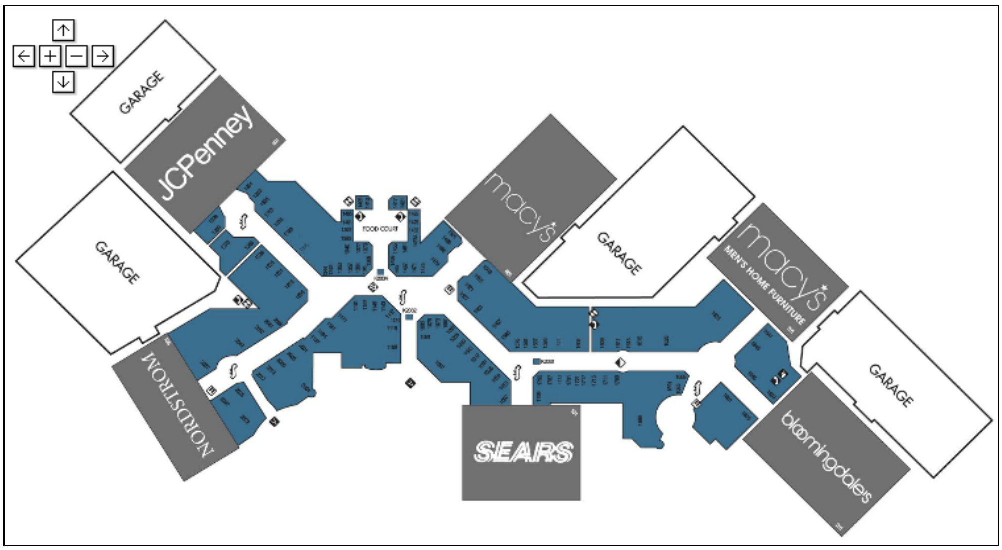

amc 24


FOSSIL
BREITLING


NORDSTROM




**Lower Level**




**Upper Level**


**Level 3**

# 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 synopsis of this priority.

(1) Interest on the Class A, Class X-A, and Class X-B Certificates, pro-rata, including unpaid interest shortfalls;
(2) Principal paydown of the Class A Certificates up to the principal distribution amount;
(3) Unreimbursed Realized Loss Amounts to the Class A Certificates;
(4) Interest on the Class B Certificates, including unpaid interest shortfalls;
(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, including unpaid interest shortfalls;
(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, including unpaid interest shortfalls;
(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, including unpaid interest shortfalls;
(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) To the Class R Certificates, any remaining amounts.

**Allocation of Losses on Trust Certificates**

Losses on the Trust Certificates are generally allocated in a reverse sequential order: first, to the Class E Certificates, second, to the Class D Certificates, third, to the Class C Certificates, fourth, to the Class B Certificates, and then to the Class A, in each case until the Certificate Balance of that Class has been reduced to zero. The Notional Amount of the Class X-A Certificates will be reduced by the amount of Realized Losses allocated to the Class A Certificates. The Notional Amount of the Class X-B Certificates will be reduced by the aggregate amount of Realized Losses allocated to the Class B Certificates.

**Rated Final Distribution Date**

The rated final distribution date of each class of certificates is the distribution date in December 2032. Morningstar's ratings on the certificates address the likelihood of the timely receipt by holders of all payments of interest to which they are entitled on each distribution date and the ultimate receipt by holders of all payments of principal to which they are entitled on or before the rated final distribution date.

**Representations, Warranties & Enforcement Mechanisms**

Pursuant to Rule 17g-7 and incorporated by reference into this presale report, is our report providing the representations, warranties, and enforcement mechanisms available to investors for this transaction and comparing them to the representations, warranties, and enforcement mechanisms available to investors for similar securities. This report titled, "Representations, Warranties & Enforcement Mechanisms – "Aventura Mall Trust 2013-AVM", appears on our website at http://ratingagency.morningstar.com under the "Ratings Reports" tab.

## Trust Structural Features/Concerns

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

**Repurchase Obligation**

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

### Directing Certificateholder/Controlling Class Representative

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

### Replacement of Special Servicer

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

### 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.

### 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.

### 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.

# Scope of Analysis

In evaluating the properties and determining Morningstar concluded cash flows and values, we reviewed the following materials to the extent we deemed necessary for our analysis and as provided on the arranger's website for this transaction as of December 5, 2013 for the property: the offering materials (as applicable), the historical financial statements (for the most recent three years unless the property did not have three years of operating history available), issuer's underwriting and supporting analysis and notes, most recent available rent roll, the appraisal, environmental site assessment, property condition assessment, and other market and property information as available. In certain cases, to the extent we deemed necessary for our analysis and as provided on the arranger's website for this transaction as of the date hereof, we also reviewed photographs of the properties and maps of the surrounding areas.

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 December 4, 2013 (except as otherwise specified in this paragraph): (i) the December 4, 2013 posted draft offering circular, (ii) the November 27, 2013 posted draft trust and servicing agreement, (iii) renewal and splitter promissory note A-1, renewal and splitter promissory note A-2, renewal and splitter promissory note A-3 and renewal and splitter promissory note A-4, each dated November 15, 2013 and posted November 18, 2013, (iv) loan agreement dated as of November 15, 2013 and posted November 14, 2013, (v) notice of future advance, mortgage modification, extension and spreader agreement, assignment of leases and rents and security agreement dated as of November 15, 2013 and posted November 18, 2013, (vi) opinion of Stroock & Stroock & Lavan LLP dated November 15, 2013 regarding enforceability, (vii) opinion of Benesch, Friedlander, Coplan & Aronoff LLP dated November 15, 2013 regarding authority and other matters, (viii) opinion of Buchanan Ingersoll & Rooney PC dated November 15, 2013 regarding authority and other matters, (ix) opinion of Buchanan Ingersoll & Rooney PC dated November 15, 2013 regarding nonconsolidation, (x) second amended and restated general partnership agreement of Aventura Mall Venture dated as of November 15, 2007 and first amendment to second amended and restated general partnership agreement of Aventura Mall Venture dated as of November 15, 2013, (xi) agreement of limited partnership of SDG Aventura Limited Partnership dated as of February 17, 1998, first amendment to agreement of limited partnership of SDG Aventura Limited Partnership dated as of November 15, 2007 and second amendment to agreement of limited partnership of SDG Aventura Limited Partnership dated as of November 15, 2013, (xii) third amended and restated limited partnership agreement of Turnberry Aventura Mall Company, Ltd. dated as of November 15, 2013, (xiii) amended and restated articles of incorporation of TAMCO, Inc. dated November 15, 2013, (xiv) third amended and restated certificate of incorporation of SDG Properties VIII, Inc. dated November 15, 2013 and (xv) the December 2, 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) intentionally omitted, (ii) true sale opinion(s) for the sale of the loans from the seller(s) to the depositor and from the depositor to the securitization trust, (iii) corporate and enforceability opinions of the depositor and loan seller(s) and the general deal level opinion related to certain tax matters and (iv) versions of the documents enumerated in the preceding paragraph posted as of the date of issuance of final ratings. Unless enumerated on the prior list, no external legal counsel review was performed or is expected to be 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.

# Morningstar Approach to Collateral Review

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

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

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

**Rents and Vacancies**
Current rents and vacancies are reviewed along with market information from third-party providers, appraisals and Morningstar proprietary data. Morningstar analyzes rents and vacancies for each category of tenant to best estimate the market rent and vacancy for that category.

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

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

**Historical Financial Statements**
Historical operating results are reviewed and adjusted for one-time charges and non-cash items, such as depreciation, extraordinary capital repairs and interest expense.

Fixed expenses (i.e., taxes, insurance, and ground rent) are underwritten to actual numbers whenever available, and to the most recent year with a 3.0% inflation factor, whenever actual numbers are not available.

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

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

**Capital Items**
Capital expenditures are generally underwritten to the reserves recommended in the engineer's report with an additional 10.0% cushion. In the event a property condition report is unavailable, Morningstar underwrites multifamily $250 per unit and student housing properties have a minimum reserve assumption of $250 per bed.

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

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

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

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

**Morningstar Value**
Morningstar applies our capitalization rate to our Net Cash Flow to determine the value of the property. The capitalized value is then further adjusted to reflect the additional value contributed by upfront reserves, escrows, and other miscellaneous items.

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

# 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.

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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, excess trust advisor expenses (if applicable) and prepayments, whether voluntary or involuntary. The ratings do not address the timing or magnitude of reductions of such notional amounts, but only the obligation to pay interest timely on the notional amounts as so reduced from time to time. Therefore, the ratings of the Class X certificates should be evaluated independently from similar ratings on other types of securities.

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

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