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FOR IMMEDIATE RELEASE**Morningstar Credit Ratings, LLC Affirms 'MOR CS3' Commercial Mortgage Primary and Special Servicer Rankings for RAIT Financial Trust; Revises Primary Servicer Ranking Forecast to Favorable**

NEW YORK, Dec. 12, 2014—Morningstar Credit Ratings, LLC today affirmed its 'MOR CS3' commercial mortgage primary and special servicer rankings for RAIT Financial Trust. Morningstar also revised its primary servicer ranking forecast for RAIT to Favorable from Stable and maintained its Stable special servicer ranking forecast. The commercial mortgage primary and special servicer rankings and forecasts are based on the following factors:

- Established servicing expertise in commercial real estate collateralized debt obligations (CRE CDO) and growing experience as a servicer for commercial mortgage-backed securities (CMBS) transactions: Morningstar believes RAIT is a competent servicer for securitizations. RAIT has solid experience servicing loans in CRE CDO portfolios and also serves as an interim servicer for fixed-rate conduit loans until they are sold into CMBS transactions. Since 2013, RAIT has issued three floating-rate CMBS transactions for which it retains all primary and special servicing work.
- Experienced professional staff and management: In Morningstar's view, RAIT has a well-experienced staff and management team with low employee turnover. RAIT's organizational structure and existing staff levels suitably address the company's loan portfolio requirements, and the company has some additional capacity to accommodate portfolio growth.
- Proactive asset management: While it services a relatively small yet growing portfolio, RAIT has proactive practices and experience servicing complex loan structures, which include mezzanine and preferred equity positions. Additionally, Morningstar believes RAIT has expertise in servicing loans with cash-management agreements, albeit with some manual elements involved in the process, which constitute most of the serviced portfolio.

- Effective internal audit function: RAIT has an effective audit program administered through an external firm, which conducts quarterly compliance reviews that examine various loan administration and reporting controls. Morningstar reviewed RAIT's most recent compliance reports and observed they were all satisfactory and did not contain any material findings or exceptions.
- Sound and potentially improving technology: Morningstar believes RAIT's technology platform acceptably addresses its current portfolio management and reporting requirements, including its ability to manage a modest amount of special servicing work. RAIT uses PNC/Midland's *Enterprise®* servicing system for loan accounting and administration and a stand-alone, customized Microsoft Access database for some special servicing and asset management reporting. In 2014, the company developed and began using an integrated application to manage its loan-origination and underwriting processes. RAIT plans to add asset management functionality to the application during the next 12 to 24 months to improve its data management and reporting capabilities for the servicing portfolio.
- Successful loan resolution history as a special servicer: RAIT only serves as the special servicer for its primary-serviced loans. Morningstar believes the company has an experienced loan-workout staff and proactive, controlled loan-recovery practices. Although RAIT has managed only a small volume of specially serviced assets at any one time, the company has achieved solid resolution results through different methods, primarily through loan modifications. The company has not managed or sold any real estate-owned (REO) properties in recent years. Based on RAIT's personnel and track record for its CRE CDO pools, Morningstar believes the company remains adequately positioned for third-party special servicing assignments, including those for CMBS transactions.
- Controlled conflict of interest management: Based on RAIT's stated practices, Morningstar believes the company is acceptably managing any potential conflicts of interest in its position as the servicer, special servicer, and principal investor for its two CRE CDOs.

As of June 30, 2014, RAIT had approximately \$5.30 billion in assets under management, consisting of commercial real estate mortgage and mezzanine loans, direct ownership positions and preferred equity in commercial real estate, and corporate loans issued through trust-preferred securities. The primary servicing portfolio consisted of 281 loans with an unpaid principal balance (UPB) of approximately \$2.23 billion. The active special servicing portfolio consisted of 14 loans with a UPB of approximately \$106.20

million. RAIT's servicing portfolio included 172 loans from the company's two seasoned CRE CDO portfolios and 33 commercial real estate loans from its first two floating-rate securitizations.

Morningstar revised the forecast for the primary servicer ranking to Favorable from Stable, while the forecast for the special servicer ranking remains Stable. Morningstar believes RAIT has the operational capabilities to serve as a competent commercial mortgage primary and special servicer for CMBS transactions and other third-party investors.

The Favorable forecast for the primary servicer ranking reflects the company's steadily increasing experience with CMBS reporting, plan to expand its recently developed loan origination/underwriting application with integrated asset management functionality, and performance handling the requirements of its floating-rate securitizations, producing consistently satisfactory audit results and maintaining controlled and proactive loan administration practices within a growing portfolio.

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

About Morningstar Credit Ratings, LLC and Morningstar, Inc.

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

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

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