



Rankings Announcement

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Morningstar Credit Ratings Assigns MOR CS3 Commercial Mortgage Primary-Servicer and Special-Servicer Rankings to Mount Street US (Georgia) LLP

Nov. 29, 2018 — Morningstar Credit Ratings, LLC today assigned its MOR CS3 commercial mortgage primary-servicer and special-servicer rankings to Mount Street US (Georgia) LLP, an operating subsidiary of United Kingdom-based Mount Street International Holdings LLP. Morningstar's forecast for both rankings is Stable.

MSUS launched in October 2017 and began servicing in April 2018. With a growing portfolio, the Atlanta-based company has recruited well-experienced managers and staff. MSUS demonstrates proactive asset-administration practices and a scalable, client-centric operation geared for large-scale, highly structured loans demanding intensive portfolio management and reporting. Although MSUS does not yet service any commercial mortgage-backed securitizations, managers have backgrounds for such work. Additionally, the parent company's founding partners have built large servicing platforms for European portfolios, including securitizations, through Mount Street Mortgage Servicing Ltd. and its acquired companies.

MSUS' technology capabilities and resources are a core strength. The company uses purchased commercial mortgage servicing and asset-management systems in tandem with an effective intranet-based workflow and project-management tool. MSUS also leverages the proprietary systems of its parent company to deliver a robust client portal for information exchanges and external reporting. MSUS expects to roll out more technology improvements, especially to ensure cash-management and treasury-administration efficiency, as loan volume increases. A global technology team and vendor effectively address user support, data redundancy and security, and disaster-recovery readiness.

MSUS continues to expand its documented procedures and will have an effective internal audit program that will consist of annual Service Organization Control 1 Type II examinations plus quarterly independent operational audits. MSUS underwent a SOC 1 readiness review, which produced no findings.

Experienced personnel, sound procedures and analytical practices, and effective technology position the company to be a special servicer and receive its first assignments. The head of MSUS and the asset-management department head both held senior positions at CMBS special servicers. MSUS' special-projects manager also was a senior asset manager at another special servicer. In addition, affiliate Mount Street Portfolio Advisers LLC has three senior managers in its New York office to support special-servicing work. MSPA is completing its original mandate to liquidate the large U.S. portfolio of the former WestLB bank.

Based on its personnel, technology, stated practices, auditing plan, and parental resources, MSUS has quickly established the qualifications to serve as an effective primary and special servicer for third-party investors. The primary-servicing ranking and forecast also consider that MSUS, as a nascent operation, has not had the opportunity to perform the full range of asset-administration duties. Morningstar believes MSUS will continue gaining momentum as an adept servicer and asset manager.

As of Sept. 30, 2018, MSUS serviced 104 loan positions (183 properties) with an aggregate unpaid principal balance of approximately \$5.05 billion, up from 27 loan positions (42 properties) with a \$1.46 billion UPB as of June 30, 2018. While MSUS principally services for three balance-sheet lender clients, the portfolio included 28 syndicated loans involving nine other lenders. The company projects its year-end servicing volume to exceed \$9.5 billion and contain approximately 250 loan positions. MSUS has not yet managed any specially serviced assets.

Morningstar's operational risk assessments methodology and all published reports are available at www.morningstarcreditratings.com.

Morningstar rankings, forecasts, and assessments in this rankings announcement are not assessments of the creditworthiness of an obligor or a security and thus are not credit ratings subject to NRSRO regulations.

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