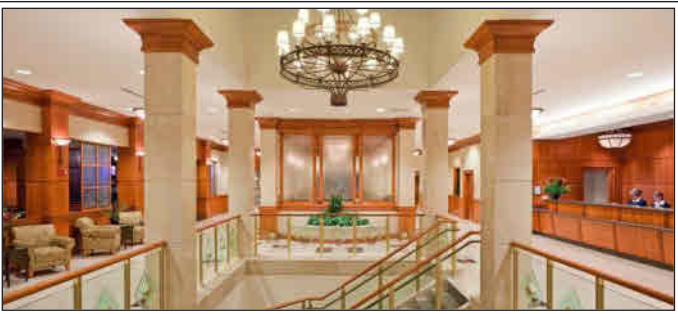


KING OF PRUSSIA HOTEL PORTFOLIO

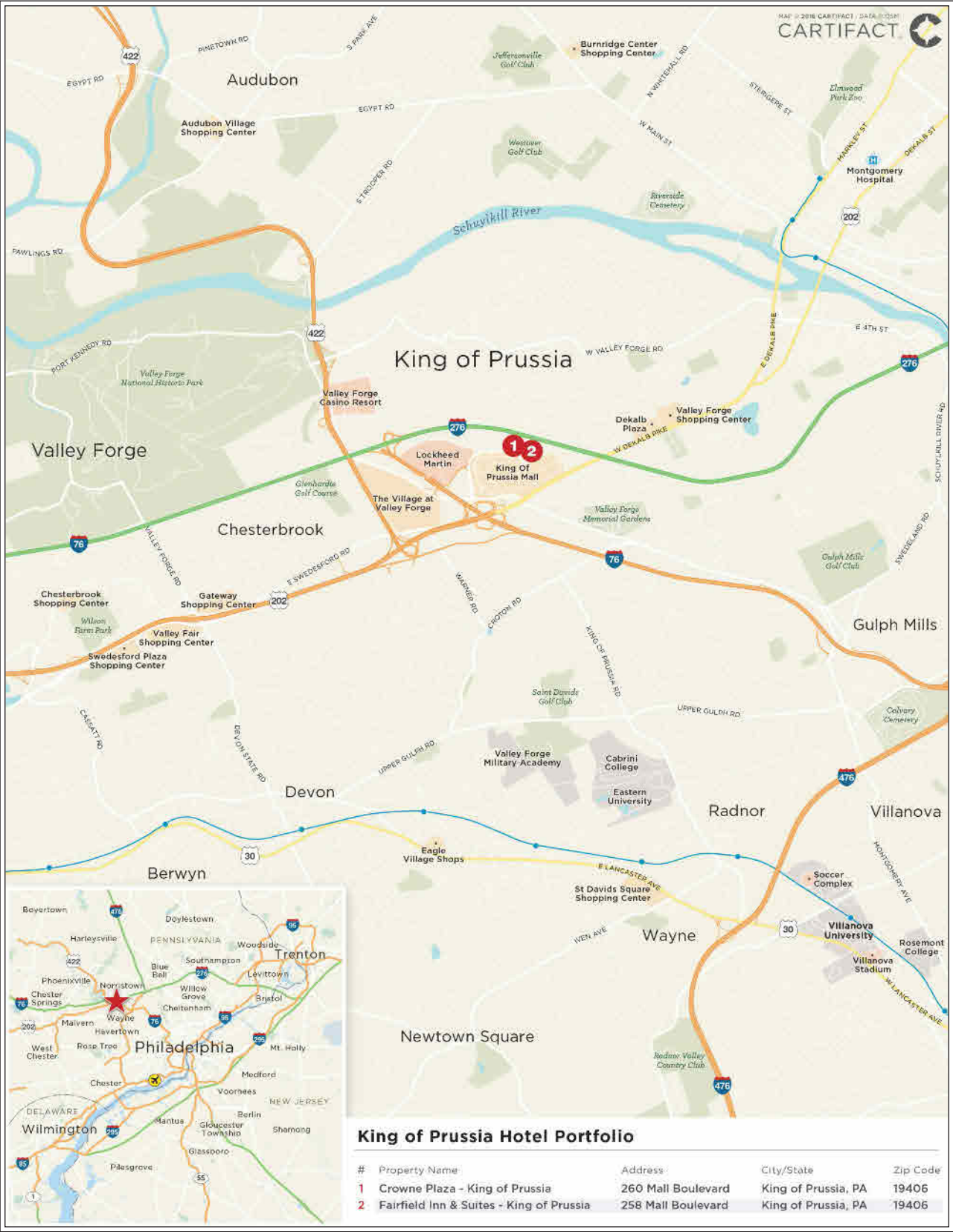


Crowne Plaza



Fairfield Inn & Suites

KING OF PRUSSIA HOTEL PORTFOLIO



## KING OF PRUSSIA HOTEL PORTFOLIO

Mortgaged Properties Information		Mortgage Loan Information	
Number of Mortgaged Properties	2	Loan Seller	CGMRC
Location (City/State)	King of Prussia, Pennsylvania	Cut-off Date Principal Balance	\$38,200,000
Properties Type	Hospitality	Cut-off Date Principal Balance per Room	\$124,836.60
Size (Rooms)	306	Percentage of Initial Pool Balance	3.3%
Total TTM Occupancy as of 10/31/2015	68.9%	Number of Related Mortgage Loans	None
Owned TTM Occupancy as of 10/31/2015	68.9%	Type of Security <sup>(3)</sup>	Fee Simple
Year Built / Latest Renovation	Various / Various	Mortgage Rate	5.02000%
Appraised Value <sup>(1)</sup>	\$49,600,000	Original Term to Maturity (Months)	84
Underwritten Revenues	\$14,446,735	Original Amortization Term (Months)	300
Underwritten Expenses	\$10,047,150	Original Interest-Only Period (Months)	18
Underwritten Net Operating Income (NOI)	\$4,399,585		
Underwritten Net Cash Flow (NCF)	\$3,821,716		
Cut-off Date LTV Ratio <sup>(2)</sup>	70.6%		
Maturity Date LTV Ratio <sup>(2)</sup>	56.4%		
DSCR Based on Underwritten NOI / NCF	1.64x / 1.42x		
Debt Yield Based on Underwritten NOI / NCF	11.5% / 10.0%		

Sources and Uses					
Sources	\$	%	Uses	\$	%
Loan Amount	\$38,200,000	66.1%	Purchase Price	\$49,500,000	85.7%
Principal's New Cash Contribution	10,804,945	18.7	Reserves	5,432,332	9.4
Mezzanine Loan Amount <sup>(6)</sup>	5,800,000	10.0	Closing Costs	2,628,212	4.5
Other Sources	2,960,600	5.1	Mezzanine Loan Reserves <sup>(7)</sup>	205,000	0.4
Total Sources	\$57,765,544	100.0%	Total Uses	\$57,765,544	100.0%

- (1) The appraised value of \$49,600,000 does not include the borrower's interest in an adjacent retail parcel currently leased to LA Fitness. The appraised value for the interest of the retail parcel is \$4,500,000.
- (2) The Cut-off Date LTV Ratio is calculated based on the "as-is" appraised value of \$49,600,000 plus \$4,525,290, the estimated cost of the related PIP. The Cut-off Date LTV Ratio for such Mortgage Loan based solely on the unadjusted Cut-off Date Balance is 77.0%. The Maturity Date LTV Ratio is calculated utilizing the "as-stabilized" appraised value of \$59,400,000. The Maturity Date LTV Ratio, calculated on the basis of the "as-is" appraised value of \$49,600,000, is 67.6%.
- (3) The King of Prussia Hotel Portfolio Properties include the borrower's interest in an adjacent retail parcel currently ground leased to LA Fitness. See "*Release of Collateral*" below.
- (4) The King of Prussia Hotel Portfolio Loan documents require a monthly reserve for FF&E, in an amount equal to the greater of (a) the amount required by the franchisor and (b) one-twelfth of 4% of the annual gross income for the King of Prussia Hotel Portfolio Properties. See "*Escrows*" below.
- (5) Other upfront reserves include a PIP reserve of \$4,977,819, a seasonality reserve of \$176,914 and a deferred maintenance reserve of \$17,114. See "*Escrows*" below.
- (6) See "*Existing Mezzanine Indebtedness*" below.
- (7) A monthly seasonality reserve was funded at the origination of the King of Prussia Hotel Portfolio Mezzanine Loan in the amount of \$205,000.

- **The Mortgage Loan.** The mortgage loan (the "**King of Prussia Hotel Portfolio Loan**") is evidenced by a note in the original principal amount of \$38,200,000 and is secured by a first mortgage encumbering a 226-key full service hotel, an 80-key limited service hotel and a retail parcel located in King of Prussia, Pennsylvania (the "**King of Prussia Hotel Portfolio Properties**"). The King of Prussia Hotel Portfolio Loan was originated by Citigroup Global Markets Realty Corp. on November 24, 2015 and represents approximately 3.3% of the Initial Pool Balance. The note evidencing the King of Prussia Hotel Portfolio Loan has an outstanding principal balance as of the Cut-off Date of \$38,200,000 and an interest rate of 5.02000% *per annum*. The proceeds of the King of Prussia Hotel Portfolio Loan were used to acquire the King of Prussia Hotel Portfolio Properties, pay closing costs and establish reserves.

The King of Prussia Hotel Portfolio Loan had an initial term of 84 months and has a remaining term of 82 months as of the Cut-off Date and requires monthly payments of interest only for 18 months and thereafter monthly payments of interest and principal sufficient to amortize the loan over a 25-year amortization schedule. The scheduled maturity date of the King of Prussia Hotel Portfolio Loan is the due date in December 2022. Provided that no event of default under the King of Prussia Hotel Portfolio Loan is continuing, defeasance with direct, non-callable obligations of the United States of America is permitted (with prepayment in full of the related mezzanine loan) at any time on or after the first due date following the second anniversary of the securitization Closing Date. Partial defeasance is permitted in connection with a permitted partial release to satisfy the debt yield requirements for the partial release (see "*Release of Collateral*" below). Voluntary prepayment of the King of Prussia Hotel Portfolio Loan without prepayment premium or yield maintenance charge is permitted on or after the due date in September 2022. Except during the continuance of an event of default, any voluntary prepayment requires a pro rata payment of the mezzanine debt.

## KING OF PRUSSIA HOTEL PORTFOLIO

- **The Mortgaged Properties.** The King of Prussia Hotel Portfolio Properties consist of two hotels (“**Crowne Plaza – King of Prussia Property**” and “**Fairfield Inn & Suites – King of Prussia Property**”) and a site ground leased to LA Fitness situated adjacent to the King of Prussia Mall.

The 226-key, full service Crowne Plaza – King of Prussia Property was originally constructed in 1969 and most recently renovated in 2012. The hotel contains approximately 24,088 SF of meeting space and a full service restaurant. In 1995, an adjacent but separate hotel, the Fairfield Inn & Suites – King of Prussia Property, was constructed as overflow lodging for the main hotel. Both hotels were operated under the Holiday Inn flag until 2004 and 2008, respectively. The 80-key Fairfield Inn & Suites – King of Prussia Property is a limited service hotel and was renovated and rebranded under the Fairfield Inn flag in 2008. The Fairfield Inn & Suites – King of Prussia Property is located in a separate building but shares the amenities offered at the adjacent Crowne Plaza hotel which has historically been under the same ownership. The Crowne Plaza – King of Prussia Property’s and the Fairfield Inn & Suites – King of Prussia Property’s franchise agreements expire in November 2025 and June 2030, respectively.

The collateral also includes the borrower’s fee interest in an adjacent retail parcel currently ground leased to LA Fitness (the “**Retail Parcel**”). LA Fitness occupies the 2.5 story retail building under a ground lease expiring December 2017. The ground lease has a current ground rent of approximately \$118,000 per year, but the income was not included in the underwritten cash flow as the Retail Parcel can be released from the lien of the King of Prussia Hotel Portfolio Loan subject to certain conditions under the King of Prussia Hotel Portfolio Loan documents. See “—*Release of Collateral*” below.

The following table presents certain information relating to the 2014 demand analysis with respect to the King of Prussia Hotel Portfolio Properties based on market segmentation, as provided in the appraisal for the King of Prussia Hotel Portfolio Properties:

### 2014 Accommodated Room Night Demand<sup>(1)</sup>

Properties	Commercial	Meeting and Group	Leisure
Fairfield Inn & Suites – King of Prussia Property	65.0%	20.0%	15.0%
Crowne Plaza – King of Prussia Property	40.0%	35.0%	25.0%

(1) Source: Appraisal.

The following table presents certain information relating to the trailing 12-month September 30, 2015 penetration rates relating to the King of Prussia Hotel Portfolio Properties and various market segments, as provided in the September 2015 travel research report for the King of Prussia Hotel Portfolio Properties:

### TTM September 30, 2015 Penetration Rates<sup>(1)</sup>

Properties	Occupancy	ADR	RevPAR
Fairfield Inn & Suites – King of Prussia Property	106.5%	116.5%	124.0%
Crowne Plaza – King of Prussia Property	110.0%	98.5%	108.4%

(1) Source: September 2015 travel research report.

## KING OF PRUSSIA HOTEL PORTFOLIO

The following table presents certain information relating to historical occupancy, ADR and RevPAR at the King of Prussia Hotel Portfolio Properties:

### Fairfield Inn & Suites – King of Prussia Property<sup>(1)</sup>

	2013	2014	TTM 9/30/2015
Occupancy	75.8%	74.8%	71.1%
ADR	\$129.24	\$127.26	\$125.96
RevPAR	\$97.99	\$95.24	\$89.51

### Crowne Plaza – King of Prussia Property<sup>(1)</sup>

	2013	2014	TTM 9/30/2015
Occupancy	68.4%	66.7%	67.6%
ADR	\$132.54	\$133.48	\$134.32
RevPAR	\$90.71	\$89.05	\$90.76

(1) Source: September 2015 travel research report.

- **Operating History and Underwritten Net Cash Flow.** The following table presents certain information relating to the historical operating performance and the Underwritten Net Cash Flow, on an aggregate basis and per room, at the King of Prussia Hotel Portfolio Properties:

### Cash Flow Analysis

	2012	2013	2014	TTM 10/31/2015	Underwritten	Underwritten \$ per Room
Room Revenue	\$9,721,853	\$10,126,646	\$9,965,840	\$10,143,736	\$10,143,736	\$33,149
Food & Beverage Revenue	4,250,280	3,978,562	4,070,385	4,178,407	4,178,407	13,655
Other Revenue <sup>(1)</sup>	129,617	128,967	125,113	124,592	124,592	407
Total Revenue	\$14,101,750	\$14,234,175	\$14,161,338	\$14,446,735	\$14,446,735	\$47,212
Room Expense	\$2,574,222	\$2,635,988	\$2,583,877	\$2,567,017	\$2,586,958	\$8,454
Food & Beverage Expense	2,428,519	2,405,570	2,287,175	2,294,561	2,294,561	7,499
Telephone Expense	78,578	85,657	95,308	97,151	97,151	317
Total Departmental Expense	\$5,081,319	\$5,127,215	\$4,966,360	\$4,958,729	\$4,978,670	\$16,270
Total Undistributed Expense	4,382,619	4,479,725	4,381,164	4,433,514	4,439,816	14,509
Total Fixed Charges	562,863	589,958	618,494	608,336	628,664	2,054
Total Operating Expenses	\$10,026,801	\$10,196,898	\$9,966,018	\$10,000,579	\$10,047,150	\$32,834
<b>Net Operating Income</b>	<b>\$4,074,950</b>	<b>\$4,037,277</b>	<b>\$4,195,320</b>	<b>\$4,446,156</b>	<b>\$4,399,585</b>	<b>\$14,378</b>
FF&E	564,070	569,367	566,454	577,869	577,869	1,888
<b>Net Cash Flow</b>	<b>\$3,510,880</b>	<b>\$3,467,910</b>	<b>\$3,628,866</b>	<b>\$3,868,287</b>	<b>\$3,821,716</b>	<b>\$12,489</b>

(1) Other Revenue consists of telephone revenue, no show income, rooftop lease income, valet revenues net of expense, vending commissions and other miscellaneous revenue sources.

- **Appraisal.** According to the appraisal, the King of Prussia Hotel Portfolio Properties excluding the Retail Parcel had an “as-is” appraised value of \$49,600,000 as of October 16, 2015 and are projected to have an “as stabilized” appraised value of \$59,400,000 as of October 16, 2017 after the completion of the property improvement plan.
- **Environmental Matters.** According to the Phase I environmental report, dated November 10, 2015, there are no recognized environmental conditions or recommendations for further action at the King of Prussia Hotel Portfolio Properties other than an operations and maintenance plan for asbestos, which was implemented in connection with the origination of the King of Prussia Hotel Portfolio Loan.
- **Market Overview and Competition.** The King of Prussia Hotel Portfolio Properties are located in King of Prussia, Pennsylvania which is 21 miles northwest of the Philadelphia CBD. The immediate area around the King of Prussia Hotel Portfolio Properties is densely populated with commercial uses. The King of Prussia Hotel Portfolio Properties are situated directly across from the King of Prussia Mall, an approximately 2.4 million SF luxury mall with over 400 stores and restaurants anchored by tenants including Macy’s, Bloomingdale’s, Neiman Marcus and Nordstrom. The mall is a major demand driver for the meeting and group segment for the area’s hotels. Other local demand generators include 17.3 million SF of office space in the King of Prussia/Valley Forge office submarket, Valley Forge Casino Resort two miles away, and Worthington Steel Plant west of the King of Prussia Hotel Portfolio Properties. Worthington Steel Plant is being redeveloped into a major lifestyle center that



## KING OF PRUSSIA HOTEL PORTFOLIO

when completed will be a 1.6 million SF, mixed-use development on 100 acres with 753 luxury residences, 745,000 SF of upscale retail and an estimated 185,000 SF of Class A office space.

According to the appraisal, the population was 5,617, 62,497 and 179,235 within the one-, three- and five- mile radius in 2015. The average household income was \$100,408, \$106,832 and \$109,807 within the one-, three- and five- mile radius in 2015.

The following tables present certain information relating to historical occupancy, ADR and RevPAR at the King of Prussia Hotel Portfolio Properties and its competitive set, as provided in a market report for the King of Prussia Hotel Portfolio Properties:

### Historical Statistics<sup>(1)</sup>

Fairfield Inn & Suites – King of Prussia Property				Competitive Set			Penetration		
	2013	2014	TTM 9/30/2015	2013	2014	TTM 9/30/2015	2013	2014	TTM 9/30/2015
Occupancy	75.8%	74.8%	71.1%	55.5%	61.9%	66.7%	136.7 %	120.8%	106.5%
ADR	\$129.24	\$127.26	\$125.96	\$115.11	\$109.72	\$108.15	112.3%	116.0%	116.5%
RevPAR	\$97.99	\$95.24	\$89.51	\$63.86	\$67.95	\$72.18	153.5%	140.2%	124.0%

Crowne Plaza – King of Prussia Property				Competitive Set			Penetration		
	2013	2014	TTM 9/30/2015	2013	2014	TTM 9/30/2015	2013	2014	TTM 9/30/2015
Occupancy	68.4%	66.7%	67.6%	60.8%	61.8%	61.4%	112.7%	107.9%	110.0%
ADR	\$132.54	\$133.48	\$134.32	\$130.10	\$134.23	\$136.32	101.9%	99.4%	98.5%
RevPAR	\$90.71	\$89.05	\$90.76	\$79.04	\$82.99	\$83.74	114.8%	107.3%	108.4%

(1) Source: September 2015 travel research report.

### Fairfield Inn & Suites - King of Prussia Property Competitive Set<sup>(1)</sup>

Properties	Number of Rooms	Year Opened
<b>Fairfield Inn &amp; Suites - King of Prussia Property</b>	<b>80</b>	<b>1995</b>
Best Western Plus The Inn @ King Of Prussia	168	1959
Holiday Inn Express & Suites King Of Prussia	155	1983
Hampton Inn Philadelphia King Of Prussia Valley Forge	147	1991
Comfort Inn Valley Forge National Park	121	1989
Springhill Suites Philadelphia Valley Forge King Of Prussia	131	2012
<b>Total</b>	<b>802</b>	

### Crowne Plaza - King of Prussia Property Competitive Set<sup>(1)</sup>

Properties	Number of Rooms	Year Opened
<b>Crowne Plaza – King of Prussia Property</b>	<b>226</b>	<b>1969</b>
Radisson Hotel Valley Forge	325	1985
Embassy Suites Philadelphia Valley Forge	229	1985
Doubletree Philadelphia Valley Forge	327	1971
Sheraton Hotel Valley Forge	180	1973
Desmond Hotel	194	1988
Hyatt House King Of Prussia	147	2011
<b>Total</b>	<b>1,628</b>	

(1) Source: September 2015 travel research report.

## KING OF PRUSSIA HOTEL PORTFOLIO

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- **The Borrower.** The borrower is KOP Hotel XXXI Owner LP, a Pennsylvania limited partnership and a single-purpose, single-asset entity. Legal counsel to the borrower delivered a non-consolidation opinion in connection with the origination of the King of Prussia Hotel Portfolio Loan. The non-recourse carveout guarantors are David B. Pollin, Christopher F. Buccini and Robert E. Buccini who are the owners of The Buccini/Pollin Group, Inc. The Buccini/Pollin Group, Inc. is a privately-held, full-service real estate acquisition, development and management company with offices in Washington, DC, Wilmington, DE, Philadelphia, PA and Baltimore, MD. The company was formed in 1993, and develops and acquires hotel, office, residential, retail and parking properties in the Mid-Atlantic and Northeastern regions of the United States. The King of Prussia Hotel Portfolio Loan documents require the non-recourse carveout guarantors to maintain a minimum net worth and liquidity of \$44,000,000 and \$4,000,000, respectively, throughout the term of the King of Prussia Hotel Portfolio Loan.
- **Escrows.** On the origination date, the borrower funded aggregate reserves of \$5,432,332 with respect to the King of Prussia Hotel Portfolio Properties, comprised of: (i) \$125,582 for real estate tax expenses, (ii) \$134,903 for insurance expenses, (iii) \$4,977,819 for property improvement plan (“**PIP**”) costs and expenses (the “**PIP Reserve Funds**”), (iv) \$176,914 for a seasonality reserve and (v) \$17,114 for deferred maintenance.

On each due date, the borrower is required to fund: (i) a hotel taxes reserve of all sales and occupancy taxes collected, (ii) a tax reserve in an amount equal to one-twelfth of the amount the lender estimates will be necessary to pay taxes over the then succeeding 12-month period, (iii) at the option of the lender, if the policy maintained by the borrower is not an approved blanket or umbrella policy under the King of Prussia Hotel Portfolio Loan documents or if the lender requires the borrower to obtain a separate policy, an insurance reserve in an amount equal to one-twelfth of the amount the lender estimates will be necessary to pay insurance over the then succeeding 12-month period, (iv) a reserve for FF&E, in an amount equal to the greater of (a) the amount required by the franchisor and (b) one-twelfth of 4% of the annual gross income for the King of Prussia Hotel Portfolio Properties (either for the immediately preceding calendar year or projected for the calendar year, whichever is larger) as calculated according to the King of Prussia Hotel Portfolio Loan documents (the “**FF&E Monthly Payment Amount**”) and (v) a seasonality reserve to be collected in an amount equal to the applicable Seasonality Reserve Monthly Deposit.

A “**Seasonality Reserve Monthly Deposit**” means an amount equal to the lesser of (x) all amounts remaining in the cash management account after the deposits required pursuant to the King of Prussia Hotel Portfolio loan documents and (y) the excess of the Seasonality Annual Budget Amount over the amount then on deposit in the seasonality reserve account.

A “**Seasonality Annual Budget Amount**” means (i) prior to the monthly due date in April 2017, \$176,914 and (ii) thereafter, an amount equal to 110% of the aggregate amounts by which operating income for the property for the calendar month is insufficient to establish a debt service coverage ratio of 1.00x for the twelve-month period, based on the then current seasonality annual budget, as determined by the lender, to be adjusted annually on April 1 of each calendar year by the lender.

- **Lockbox and Cash Management.** The King of Prussia Hotel Portfolio Loan requires a hard lockbox in place at origination. Pursuant to the King of Prussia Hotel Portfolio Loan documents, the borrower is required to direct the manager to deposit all rents into the lockbox account during the term of the King of Prussia Hotel Portfolio Loan and all tenants and credit card companies to pay all rents and receivables, respectively, directly into the lockbox. All funds in the lockbox will be transferred on each business day to a lender-controlled cash management account, and, so long as no event of default under the King of Prussia Hotel Portfolio Loan documents is continuing, the funds are applied to pay debt service, operating expenses of the King of Prussia Hotel Portfolio Properties and to fund required reserves with respect to the King of Prussia Hotel Portfolio Loan and the King of Prussia Hotel Portfolio Mezzanine Loan, with all remaining excess cash then (i) so long as no King of Prussia Hotel Portfolio Trigger Period is then in effect, remitted on each payment date to the borrower’s operating account and (ii) if a King of Prussia Hotel Portfolio Trigger Period is then in effect, trapped in an excess cash account and held as additional collateral for the King of Prussia Hotel Portfolio Loan, unless the King of Prussia Hotel Portfolio Trigger Period was caused solely by the occurrence of clause (A)(vii) of the King of Prussia Hotel Portfolio Trigger Period definition below, in which case the funds are transferred to a PIP reserve account. During the continuance of an event of default under the King of Prussia Hotel Portfolio Loan, the lender may apply any funds in the cash management account to amounts payable under the King of Prussia Hotel Portfolio Loan and/or toward the payment of expenses of the King of Prussia Hotel Portfolio Properties, in such order of priority as the lender may determine.

A “**King of Prussia Hotel Portfolio Trigger Period**” means any period (A) commencing upon the earliest of (i) the occurrence of an event of default, (ii) the debt service coverage ratio being less than 1.10x including the King of Prussia Hotel Portfolio Mezzanine Loan, (iii) any monetary or material non-monetary default under any franchise agreement, (iv) the borrower or applicable franchisor giving notice that it is terminating any applicable franchise agreement, (v) the termination or cancellation of any franchise agreement (including a rejection in a bankruptcy or other insolvency proceedings) or expiring or otherwise failing to be in full force and effect, (vi) the property failing to be flagged and/or branded pursuant to a franchise agreement, (vii) if a King of Prussia Hotel Portfolio Franchise Renewal Event (defined below) has not occurred, the date that is one year prior to the scheduled expiration date of the applicable franchise agreement and (viii) the bankruptcy or other insolvency of the property manager; and (B) expiring upon (v) in the case of clause (i) above, the cure of such event of default, (w) in the case of clause (ii) above, the date that the debt service coverage ratio is equal to or greater than 1.15x including the King of Prussia Hotel Portfolio Mezzanine Loan for two consecutive calendar quarters, (x) in the case of clause (iii), (iv), (v) or (vi) above, either (1) the King of Prussia Hotel Portfolio Properties’ rebranding under a qualified franchise agreement in accordance with the King of Prussia Hotel Portfolio Loan documents or (2) the occurrence of the applicable King of Prussia Hotel Portfolio Franchise Trigger Cure Event, (y) in the case of clause (vii) above, the applicable King of Prussia Hotel Portfolio Franchise Renewal Event and (z) in the case of clause (viii) above, the replacement of the property manager with a qualified property manager under a qualified management agreement.

A “**King of Prussia Hotel Portfolio Franchise Trigger Cure Event**” means (i) the borrower has cured all monetary events of default and material non-monetary events of default (if any) under the applicable franchise agreement to the satisfaction of the applicable franchisor and the lender has received an acceptable estoppel or new franchise comfort letter from the applicable franchisor or reasonable evidence that such item has been cured, (ii) the applicable franchisor has re-affirmed the applicable franchise agreement as being in full force and effect and (iii) the property continues to be operated, “flagged” and branded pursuant to the applicable franchise agreement.

A “**King of Prussia Hotel Portfolio Franchise Renewal Event**” means (a) the lender has received written evidence that the borrower has either extended or renewed the applicable franchise agreement or entered into a qualified replacement franchise agreement expiring no sooner than three years after maturity of the King of Prussia Hotel Portfolio Loan and on terms and conditions acceptable to the lender, (b) the applicable franchise agreement or replacement franchise agreement, as applicable, is in full force and effect with no defaults and (c) if any new PIP is required in connection therewith, the amount of the PIP reserve funds on deposit in the PIP reserve account must equal at least the aggregate total of 120% of (i) the cost of any then-remaining PIP work and (ii) the cost of the new PIP work.

- **Properties Management.** The King of Prussia Hotel Portfolio Properties are currently managed by Pollin/Miller Hospitality Strategies, Inc., an affiliate of the borrower. Under the King of Prussia Hotel Portfolio Loan documents, Pollin/Miller Hospitality Strategies, Inc. may not be replaced as the property manager of the King of Prussia Hotel Portfolio Properties by the borrower, except with a management company meeting certain criteria specified in the King of Prussia Hotel Portfolio Loan documents, including delivery to the lender of a rating agency confirmation. The lender has the right to require the borrower to replace the property manager if (i) the property manager is insolvent or a debtor in a bankruptcy or insolvency proceeding, (ii) an event of default exists under the King of Prussia Hotel Portfolio Loan or (iii) the property manager has engaged in gross negligence, fraud, willful misconduct or misappropriation of funds; provided, however, any gross negligence, fraud, willful misconduct or misappropriation of funds by an employee of the property manager should not be imputed to the property manager if: (A) such employee is not a principal of the property manager, (B) the property manager promptly terminates such employee’s employment with the property manager and (C) the property manager promptly reimburses the borrower for such misappropriation and/or any losses suffered by the borrower as a result of such gross negligence, fraud or willful misconduct.
- **Existing Mezzanine Indebtedness.** Concurrently with the origination of the King of Prussia Hotel Portfolio Loan, Terra Income Fund 6, Inc. funded a mezzanine loan in the amount of \$5,800,000 (the “**King of Prussia Hotel Portfolio Mezzanine Loan**”) to KOP Hotel XXXI Mezz LP, which is the direct owner of 100% of the limited partnership interests in the borrower and 100% of the limited liability company interests in the general partner of borrower. The King of Prussia Hotel Portfolio Mezzanine Loan accrues interest at an interest rate of 13.0000% *per annum* and is co-terminous with the King of Prussia Hotel Portfolio Loan. The rights and obligations of the



## KING OF PRUSSIA HOTEL PORTFOLIO

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respective holders of the King of Prussia Hotel Portfolio Loan and the King of Prussia Hotel Portfolio Mezzanine Loan are subject to an intercreditor agreement.

- **Additional Indebtedness.** A \$1,600,000 loan (the “**King of Prussia Hotel Portfolio Key Money Debt**”) was provided from Six Continents Hotels, Inc., an affiliate of the franchisor, to KOP Hotel XXXI Owner, LP, the borrower. The King of Prussia Hotel Portfolio Key Money Debt is unsecured and is guaranteed by Mid-Atlantic Hotel Portfolio Investors LLC, an affiliate of the borrower. The King of Prussia Hotel Portfolio Key Money Debt will become due and payable at the earliest of (i) the maturity of the King of Prussia Hotel Portfolio Key Money Debt loan on November 24, 2024, (ii) the termination of the franchise agreement other than in connection with a permitted transfer, (iii) an event of default under the King of Prussia Hotel Portfolio Key Money Debt Loan documents, or (iv) the direct or indirect transfer, disposition or sale of the King of Prussia Hotel Portfolio Property, provided, however, that if no event of default is continuing, the outstanding principal balance of the King of Prussia Hotel Portfolio Key Money Debt reduces annually to equal zero at the maturity of the King of Prussia Hotel Portfolio Key Money Debt. The King of Prussia Portfolio Key Money Debt bears no interest.
- **Release of Collateral.** Provided no event of default under the King of Prussia Hotel Portfolio Loan has occurred and is continuing, the borrower has a one-time right after two years following the securitization Closing Date to obtain release of the Retail Parcel from the lien of the King of Prussia Hotel Portfolio Loan documents in conjunction with a transfer of the Retail Parcel out of the borrower's ownership, subject to the satisfaction of certain conditions, including, among others: (i) no event of default has occurred and is continuing under the King of Prussia Hotel Portfolio Loan and (ii) the borrower has paid the mezzanine lender the lesser of the King of Prussia Hotel Portfolio Mezzanine Loan and the sales proceeds, and any applicable yield maintenance premium, and (iii) the debt yield at the time of notice of the release and after the release is equal to the greater of the debt yield as of the origination of the King of Prussia Hotel Portfolio Loan and the debt yield immediately prior to release (provided that the borrower may partially defease the King of Prussia Hotel Portfolio Loan in accordance with the provisions of the King of Prussia Hotel Portfolio Loan documents to meet the debt yield test). The Retail Parcel must also be on its own legal and tax parcel prior to the release occurring.
- **Terrorism Insurance.** The borrower is required to maintain an “all-risk” insurance policy that provides coverage for terrorism in an amount equal to the full replacement cost of the King of Prussia Hotel Portfolio Properties, plus business interruption coverage in an amount equal to 100% of the projected net operating income and fixed costs for the King of Prussia Hotel Portfolio Properties for a period continuing from the time of loss for a recovery period of eighteen months plus six months of extended coverage. The “all-risk” policy containing terrorism insurance is required to contain a deductible that is acceptable to the lender and is no larger than \$25,000. See “*Risk Factors—Terrorism Insurance May Not Be Available for All Mortgaged Properties*” in the Prospectus.