





LOAN #10: COURTYARD CENTURY CITY

Mortgaged Property Information		Mortgage Loan Information	
Number of Mortgaged Properties	1	Loan Seller	GACC
Location (City/State)	Los Angeles, California	Cut-off Date Balance	\$40,839,616
Property Type	Hospitality	Cut-off Date Balance per Room	\$300,291.30
Size (Rooms)	136	Percentage of Initial Pool Balance	3.1%
Total TTM Occupancy as of 8/31/2016	84.3%	Number of Related Mortgage Loans	None
Owned TTM Occupancy as of 8/31/2016	84.3%	Type of Security	Fee Simple
Year Built / Latest Renovation	1987 / 2014	Mortgage Rate	4.25000%
Appraised Value	\$64,900,000	Original Term to Maturity (Months)	120
Appraisal Date	10/18/2016	Original Amortization Term (Months)	360
Borrower Sponsor	Pacifica Hosts, Inc.	Original Interest Only Period (Months)	NAP
Property Management	Pacifica Hosts, Inc.	First Payment Date	12/6/2016
		Maturity Date	11/6/2026
Underwritten Revenues	\$10,471,341		
Underwritten Expenses	\$4,800,187		
Underwritten Net Operating Income (NOI)	\$5,671,154		
Underwritten Net Cash Flow (NCF)	\$5,252,300		
Cut-off Date LTV Ratio	62.9%		
Maturity Date LTV Ratio	50.6%		
DSCR Based on Underwritten NOI / NCF	2.34x / 2.17x		
Debt Yield Based on Underwritten NOI / NCF	13.9% / 12.9%		

Sources and Uses				
Sources	\$	%	Uses	%
Loan Amount	\$41,000,000	100.0%	Loan Payoff	\$17,571,672 42.9%
			Principal Equity Distribution	23,132,612 56.4
			Closing Costs	224,187 0.5
			Reserves	71,530 0.2
Total Sources	\$41,000,000	100.0%	Total Uses	\$41,000,000 100.0%

(1) See "Escrows" below.

- The Mortgage Loan.** The mortgage loan (the "**Courtyard Century City Loan**") is secured by a first mortgage encumbering the borrower's fee simple interest in a 136-room select service hotel located in Los Angeles, California (the "**Courtyard Century City Property**"). The Courtyard Century City Loan had an original principal balance of \$41,000,000, has an outstanding balance as of the Cut-off Date of \$40,839,616 and represents approximately 3.1% of the Initial Pool Balance. The Courtyard Century City Loan, which has an interest rate of 4.25000% *per annum*, was originated by Deutsche Bank AG, New York Branch on November 4, 2016. The proceeds of the Courtyard Century City Loan were primarily used to refinance existing debt on the Courtyard Century City Property, pay loan origination costs, fund upfront reserves and return equity to the borrower sponsor.

The Courtyard Century City Loan had an initial term of 120 months, has a remaining term of 117 months as of the Cut-off Date and requires payments of principal and interest based on a 30-year amortization schedule. The scheduled maturity date of the Courtyard Century City Loan is the due date in November 2026. Voluntary prepayment of the Courtyard Century City Loan is permitted on or after the due date in August 2026 without the payment of a prepayment fee. Defeasance of the Courtyard Century City Loan with direct, non-callable obligations of the United States of America or other obligations which are government securities is permitted under the Courtyard Century City Loan documents at any time after the second anniversary of the securitization of the last portion of the Courtyard Century City Loan.

- The Mortgaged Property.** The Courtyard Century City Property is a select service hotel containing 136 rooms located in Los Angeles, California. The hotel is situated on a 0.79 acre site and is comprised of a single four-story building. The Courtyard Century City Property operates under a Marriott International, Inc. franchise agreement that expires in May 2024 and has a one-time, ten-year renewal option.

The Courtyard Century City Property was built in 1987 and acquired by the borrower sponsor for approximately \$15.6 million (approximately \$115,000 per room) in 2004. Since acquisition, the borrower sponsor has invested approximately \$5.1 million (approximately \$37,000 per room), inclusive of an approximate \$1.7 million (approximately \$12,000 per room) spent between 2013 and 2014 for a property improvement plan ("**PIP**"). Major PIP upgrades and renovations included renovations to all guest rooms and bathrooms, the main lobby, corridors, carpets, fixtures, furniture and interior and exterior paint. The Courtyard Century City Property has 78 parking spaces within a garage resulting in a parking ratio of approximately 0.57 spaces per room.

Hotel amenities include a bistro with a bar/lounge, one boardroom, a dry cleaning service, business center, an outdoor whirlpool and a fitness center. The guestroom mix includes 77 king rooms, 48 double twin rooms and 11 single queen rooms. Guestrooms, which are situated on floors two through four, offer a flat-screen television with premium channels, telephone, desk with chair, dresser, nightstands, lamps and a lounge chair. As of August 31,

LOAN #10: COURTYARD CENTURY CITY

2016, occupancy was 84.3% and since the 2014 PIP renovation, occupancy has been in excess of 80% at the Courtyard Century City Property.

The following table presents certain information relating to the 2015 demand analysis with respect to the Courtyard Century City Property and its competitive set based on market segmentation, as provided in the appraisal for the Courtyard Century City Property:

2015 Accommodated Room Night Demand⁽¹⁾

Property	Commercial	Meeting and Group	Leisure
Courtyard Century City Property	80%	2%	18%
Kimpton Hotel Palomar Los Angeles	58%	16%	26%
Marriott Beverly Hills	52%	30%	30%
Hotel Angeleno	37%	25%	18%
Luxe Hotel Sunset Boulevard	50%	25%	25%
Holiday Inn Express West Los Angeles	55%	15%	38%

(1) Source: Appraisal.

- **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 Courtyard Century City Property:

Cash Flow Analysis⁽¹⁾

	2013 ⁽²⁾	2014	2015	TTM 8/31/2016	Underwritten	Underwritten \$ per Room
Room Revenue	\$7,315,893	\$8,271,940	\$8,698,788	\$9,590,071	\$9,590,071	\$70,515
Food & Beverage Revenue	495,103	550,584	606,141	595,270	595,270	4,377
Other Revenue	228,200	289,497	286,373	278,027	286,000	2,103
Total Revenue	\$8,039,196	\$9,112,021	\$9,591,302	\$10,463,368	\$10,471,341	\$76,995
Room Expense	\$1,018,987	\$1,059,638	\$1,098,237	\$1,118,392	\$1,118,392	\$8,223
Food & Beverage Expense	402,208	409,994	430,514	440,966	440,966	3,242
Other Expense	24,993	31,684	18,770	17,025	17,025	125
Total Departmental Expense	1,446,188	1,501,316	1,547,521	1,576,383	1,576,383	11,591
Total Undistributed Expense	2,195,295	2,510,159	2,651,474	2,789,232	2,694,599	19,813
Total Fixed Charges	279,271	275,075	255,172	228,890	529,206	3,891
Total Operating Expenses	\$3,920,754	\$4,286,550	\$4,454,167	\$4,594,505	\$4,800,187	\$35,295
Net Operating Income	\$4,118,442	\$4,825,471	\$5,137,135	\$5,868,863	\$5,671,154	\$41,700
FF&E	321,568	364,481	383,652	418,535	418,854	3,080
Net Cash Flow	\$3,796,874	\$4,460,990	\$4,753,483	\$5,450,328	\$5,252,300	\$38,620
Occupancy	77.78%	83.19%	82.95%	84.25%	84.25%	
NOI Debt Yield	10.1%	11.8%	12.6%	14.4%	13.9%	
NCF DSCR	1.57x	1.84x	1.96x	2.25x	2.17x	

(1) Certain items such as interest expense, interest income, depreciation, amortization, debt service payments and any other non-recurring or non-operating items were excluded from the historical presentation and are not considered for the underwritten cash flow.

(2) 2013's performance was impacted by the PIP that began in 2013 and was completed in early 2014.

- **Appraisal.** According to the appraisal, the Courtyard Century City Property had an "as-is" appraised value of \$64,900,000 as of October 18, 2016. The "as stabilized" appraised value is \$70,900,000 as of October 18, 2018. The "as stabilized" value assumes that the RevPAR increases to \$211.34 from \$195.62 in place as of TTM November 31, 2016.

Appraisal Approach	Value	Discount Rate	Terminal Capitalization Rate
Discounted Cash Flow Approach	\$64,900,000	9.50%	8.69%

- **Environmental Matters.** According to a Phase I environmental report, dated October 28, 2016, there are no recommendations for further action at the Courtyard Century City Property.
- **Market Overview and Competition.** The Courtyard Century City Property is located in the City of Los Angeles, within the Century City district in Westside Los Angeles. The Westside is developed with retail and commercial buildings and incorporates the residential cities and communities of West Los Angeles, Bel Air, Beverly Hills, Santa Monica, Brentwood, and West Hollywood, as well as the commercial centers of Century City and Westwood Village.

LOAN #10: COURTYARD CENTURY CITY

The area is served by various highways including Interstate 405 (San Diego Freeway) and Interstate 10 (Santa Monica Freeway), which are both located within three miles of the Courtyard Century City Property and facilitate access throughout the region. The Los Angeles International Airport is located approximately 11 miles south of the Courtyard Century City Property.

The overall segmentation of the Courtyard Century City Property is 80.0% commercial, as reflected in the “2015 Accommodated Room Night Demand” table above. The main commercial demand generators for the Courtyard Century City Property include its proximity to office building concentrations with approximately 36.1 million SF located in the Beverly Hills/Century City and Westwood/West Los Angeles submarkets. Commercial demand is also driven by the University of California at Los Angeles (UCLA) with a student population exceeding 43,000 in 2015 as well as the UCLA Medical Center, both of which are located approximately 2.4 miles north of the Courtyard Century City Property.

The location of the Courtyard Century City Property provides access to tourist destinations including Westfield Century City Mall (one mile north), the Santa Monica Pier (six miles southwest), Hollywood (seven miles northeast) and Beverly Hills/Rodeo Drive (two miles northeast). The Courtyard Century City Property is also located approximately one mile from the “Golden Triangle” shopping district in Beverly Hills.

There are no hotels proposed or under construction that are expected to compete directly with the Courtyard Century City Property according to the appraisal.

The following table presents certain information relating to historical occupancy, ADR and RevPAR at the Courtyard Century City Property and its competitive set, as provided in a market research report for the Courtyard Century City Property:

Historical Statistics⁽¹⁾

	Courtyard Century City Property			Competitive Set			Penetration		
	2014	2015	TTM 11/30/2016	2014	2015	TTM 11/30/2016	2014	2015	TTM 11/30/2016
Occupancy	83.2%	82.4%	84.3%	85.8%	86.0%	87.5%	97.0%	95.8%	96.4%
ADR	\$200.35	\$210.99	\$232.99	\$186.69	\$200.64	\$219.35	107.3%	105.2%	106.2%
RevPAR	\$166.77	\$173.86	\$196.52	\$160.25	\$172.57	\$191.84	104.1%	100.7%	102.4%

(1) Source: November 2016 travel research report.

Courtyard Century City Property Competitive Set⁽¹⁾

Property	Number of Rooms	Year Built
Courtyard Century City Property	136	1987
Hotel Angeleno	209	1971
Kimpton Hotel Palomar Los Angeles Beverly Hills	264	1972
Courtyard Los Angeles Westside	260	1978
The Century Park Hotel	47	1988
Avalon Hotel	84	1958
Residence Inn Beverly Hills	186	1998
Total⁽²⁾	1,050	

(1) Source: November 2016 travel research report.

(2) Total excludes the Courtyard Century City Property.

- **The Borrower.** The borrower is Pacifica Century City L.P., a single-purpose, single-asset entity. Legal counsel to the borrower delivered a non-consolidation opinion in connection with the origination of the Courtyard Century City Loan. The non-recourse carve-out guarantor is Pacific Hosts, Inc., a wholly owned subsidiary of Pacifica Companies, a commercial real estate investment and development company founded in 1978 and based in San Diego. The company’s commercial real estate portfolio includes approximately \$3.0 billion of assets located in the United States as well as in India.
- **Escrows.** On the origination date of the Courtyard Century City Loan, the borrower funded escrow reserves of \$71,530 for real estate taxes.

On each due date, the borrower is required to fund the following reserves with respect to the Courtyard Century City Loan: (i) a tax reserve in an amount equal to one-twelfth of the amount that the lender estimates will be necessary to pay taxes over the then ensuing twelve month period (initially estimated to be \$19,763); and (ii) an FF&E reserve in an amount equal to the greatest of (x) one-twelfth of 4.0% of projected rents for the Courtyard Century City Property, as set forth in the most recent annual budget, (y) the then-current amount required by the property management

agreement and (z) the then-current amount required by the franchise agreement for approved capital expenditures and repair and replacement of FF&E work. The Courtyard Century City Loan documents also provide for a property improvement plan escrow to occur after the occurrence and during the continuation of a PIP Sweep Period (as defined below). The sums required to be deposited in the PIP reserve escrow during a PIP Sweep Period would be for payment of the cost of any property improvement plan requirements under a replacement franchise agreement ("**Replacement Franchise Agreement**"). Monthly deposits for insurance have been waived due to the blanket policy in place. Monthly deposits equal to one twelfth of the annual insurance premiums are required to commence if such blanket policy is no longer in effect.

- **Lockbox and Cash Management.** The Courtyard Century City Loan requires a springing lockbox with springing cash management. After the occurrence of a Cash Management Trigger Event (as defined below), the Courtyard Century City Loan documents require the borrower to direct credit card companies to remit all credit card receivables to the lockbox account and require that all cash revenues relating to the Courtyard Century City Property and all other money received by the borrower or the property manager be deposited into the clearing account within 15 business days of receipt, except any amounts in excess of 3% of rent are required to be deposited within three business days of receipt by the borrower or the property manager. Following the occurrence of a Cash Management Trigger Event, so long as a Trigger Period (as defined below) is not occurring, funds in the clearing account are required to be swept to the borrower account. During a Trigger Period, the funds on deposit in the lockbox account are required to be transferred daily to the cash management account under the control of the lender. On each due date during the continuance of a Trigger Period, the related loan documents require that all amounts on deposit in the cash management account be applied in the following order of priority: (i) to make the required deposit to the real estate tax reserve; (ii) to make the required deposit, if any, to the insurance reserve; (iii) to pay the monthly debt service payment; (iv) to pay the monthly operating expenses set forth in the annual budget approved or deemed approved by the lender; (v) to make the required deposit to the FF&E reserve account, (vi) to pay funds sufficient to be applied to any extraordinary operating expenses not set forth in the annual operating budget and approved by the lender; and (vii) all excess cash flow to be applied as follows (a) to the property improvement plan account following the occurrence and continuance of a PIP Sweep Period and otherwise (b) to the excess cash flow account if no PIP Sweep Period is in effect.

A "**Cash Management Trigger Event**" will commence upon the occurrence of (i) an event of default; (ii) the net cash flow debt service coverage ratio based on the trailing twelve-month period immediately preceding the date of determination, is less than 1.30x; or (iii) the commencement of a PIP Sweep Period.

A "**PIP Sweep Period**" commences on May 4, 2022, which is the date that is twenty-four months prior to the expiration date of the current franchise agreement. The PIP Sweep Period ends upon the earlier of (i) the borrower delivering a renewal of the current franchise agreement ("**Renewal Franchise Agreement**") and if a PIP is required under the Renewal Franchise Agreement, upon the funds in the PIP reserve and funds in the FF&E reserve (excluding any amounts in the FF&E reserve needed for FF&E work that is not part of the PIP) ("**Available 'FF&E Funds'**") in the aggregate being equal to the cost of the PIP ("**PIP Deposit Amount**"), (ii) if the borrower does not renew the current franchise agreement, (x) delivery of a Replacement Franchise Agreement, (y) delivery of a comfort letter in form satisfactory to the lender, and (z) if a PIP is required under the Replacement Franchise Agreement, upon the funds in the PIP reserve and Available FF&E Funds in the aggregate equaling the PIP Deposit Amount.

A "**Trigger Period**" will commence upon the occurrence of (i) an event of default; (ii) a Low Debt Service Period (as defined below) or (iii) a PIP Sweep Period and continue until, in the case of clause (i), a cure of such event of default has been accepted by the lender, and in the case of clauses (ii) or (iii) the Low Debt Service Period or PIP Sweep Period has ended.

A "**Low Debt Service Period**" occurs upon any date the net cash flow debt service coverage ratio based on the end of the quarter is less than 1.20x, until such time the net cash flow debt service coverage ratio is 1.25x or more for two consecutive quarters.

- **Property Management.** The Courtyard Century City Property is currently managed by Pacifica Hosts, Inc., an affiliate of the borrower, pursuant to a management agreement with an expiration date in November 2041. Pacifica Hosts, Inc. manages 42 hotels located in California, Florida, Nevada, Texas and Utah. The Courtyard Century City Loan documents provide that the lender may require the borrower to replace the property manager with a property manager which is not an affiliate of the borrower but may be chosen by the borrower and meets the requirements of the Courtyard Century City Loan documents, or is approved by the lender (i) upon the occurrence of certain events of default or 30 days after the occurrence of certain events of default that are non-monetary, non-bankruptcy or non-franchise related events; (ii) if the property manager is in default under the management agreement beyond any

applicable notice and cure period; (iii) if the property manager becomes insolvent or a debtor in any bankruptcy action and/or (iv) if at any time the property manager has engaged in fraud, willful misconduct or misappropriation of funds.

- **Unsecured Subordinate Loans.** The Courtyard Century City Loan allows the borrower to obtain unsecured subordinate loans from affiliates provided such loans (A) do not mature during the term (or, if prior to the expiration of the term, will be automatically extended for periods of one or more years each on an indefinite basis so long as the debt under the Courtyard Century City Loan is outstanding), (B) do not exceed, at any time, a maximum aggregate amount of 3% of the outstanding principal balance of the Courtyard Century City Loan, (C) are paid (and payable) only from excess cash flow actually distributed from the borrower in accordance with the Courtyard Century City Loan documents and (D) are fully subordinate to the Courtyard Century City Loan (which, with respect to direct contributions in the borrower, is required to be confirmed by a subordination and standstill agreement entered into between the lender and the subordinate lender thereunder, in form and substance acceptable to lender in its sole discretion). See “*Risk Factors— Other Debt of the Borrower or Ability to Incur Other Financings Entails Risk*” in the Prospectus.
- **Mezzanine or Secured Subordinate Indebtedness.** Not permitted.
- **Release of Collateral.** Not permitted.
- **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 coverage of the Courtyard Century City Loan, plus business interruption insurance in an amount equal to 100% of the projected gross income from the Courtyard Century City Property for a period of up to 18 months until the restoration of the Courtyard Century City Property is completed and containing an extended period of indemnity endorsement which provides for up to 6 months of additional coverage. See “*Risk Factors—Terrorism Insurance May Not Be Available for All Mortgaged Properties*” in the Prospectus.