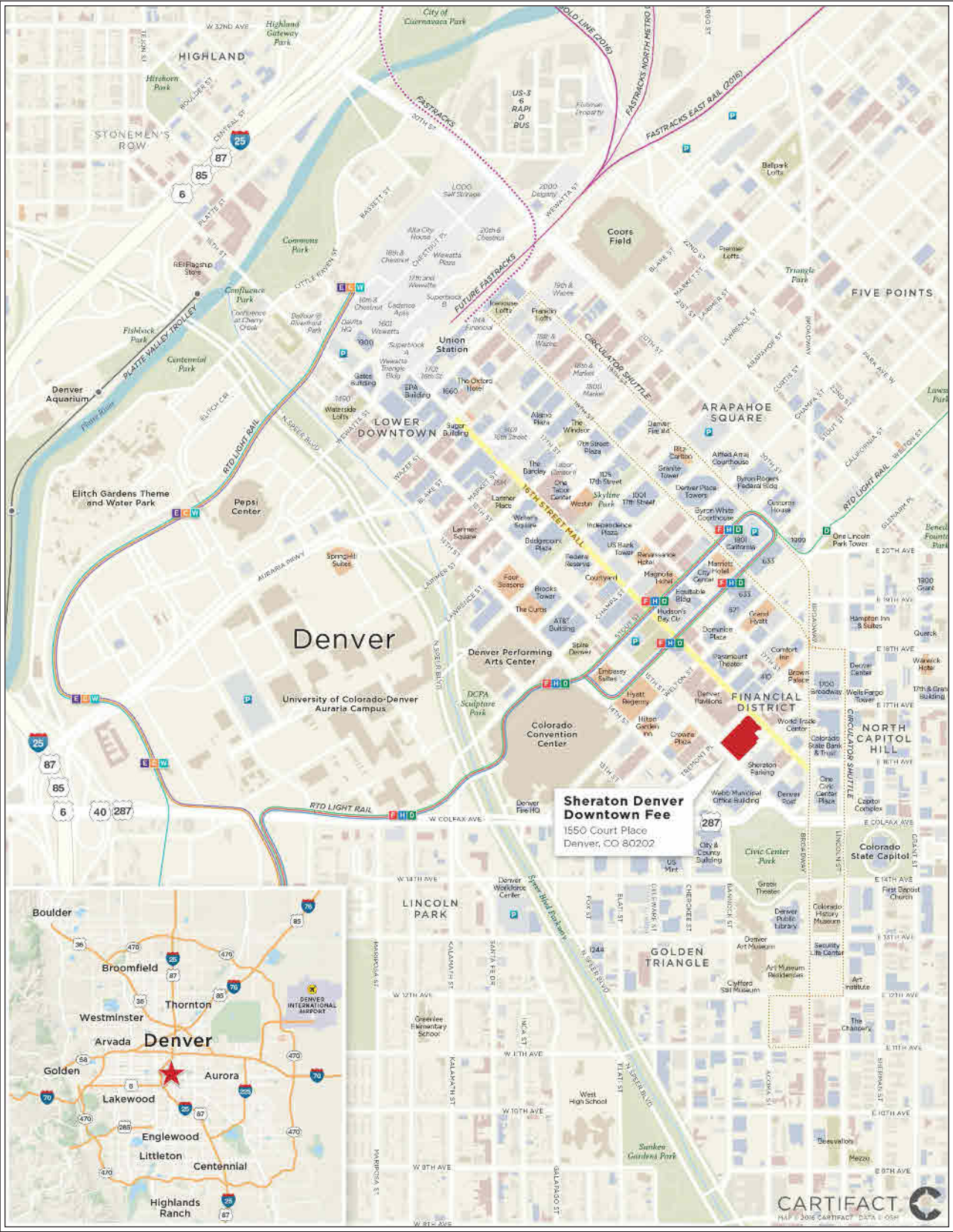




SHERATON DENVER DOWNTOWN FEE



## SHERATON DENVER DOWNTOWN FEE

Mortgaged Property Information		Mortgage Loan Information	
Number of Mortgaged Properties	1	Loan Seller	CGMRC
Location (City/State)	Denver, Colorado	Cut-off Date Principal Balance <sup>(3)</sup>	\$110,000,000
Property Type <sup>(1)</sup>	Land	Cut-off Date Principal Balance per Room <sup>(2)</sup>	\$146,222.58
Size (Rooms)	1,231	Percentage of Initial Pool Balance	9.5%
Total TTM Occupancy as of 9/30/2015	77.0%	Number of Related Mortgage Loans	None
Owned TTM Occupancy as of 9/30/2015	77.0%	Type of Security <sup>(1)</sup>	Fee Simple
Year Built / Latest Renovation	1959 / 2008-2010	Mortgage Rate	4.50000%
Appraised Value <sup>(1)</sup>	\$240,000,000	Original Term to Maturity (Months)	120
Underwritten Revenues	\$10,500,000	Original Amortization Term (Months)	NAP
Underwritten Expenses	\$0	Original Interest-Only Period (Months)	120
Underwritten Net Operating Income (NOI)	\$10,500,000		
Underwritten Net Cash Flow (NCF)	\$10,500,000		
Cut-off Date LTV Ratio <sup>(1) (2)</sup>	75.0%		
Maturity Date LTV Ratio <sup>(1) (2)</sup>	75.0%		
DSCR Based on Underwritten NOI / NCF <sup>(2)</sup>	1.28x / 1.28x		
Debt Yield Based on Underwritten NOI / NCF <sup>(2)</sup>	5.8% / 5.8%		

### Sources and Uses<sup>(2)</sup>

Sources	\$	%	Uses	\$	%
Loan Combination Amount	\$180,000,000	74.8%	Purchase Price	\$235,000,000	97.6%
Principal's New Cash Contribution	60,729,575	25.2	Closing Costs	5,729,575	2.4
Total Sources	\$240,729,575	100.0%	Total Uses	\$240,729,575	100.0%

(1) The collateral for the Sheraton Denver Downtown Fee Loan consists of both the land and the improvements comprised of a 1,231-key full-service hotel. However, as the Sheraton Denver Downtown Fee Property is subject to a 99-year ground lease with various purchase options in favor of the ground lessee throughout the term of the Ground Lease, the value of the improvements were excluded from the analysis of the Sheraton Denver Downtown Fee Loan. The appraised value represents the leased fee interest in the Sheraton Denver Downtown Fee Property. See "—Appraisal" below.

(2) Calculated based on the aggregate outstanding principal balance of the Sheraton Denver Downtown Fee Loan Combination.

(3) The Sheraton Denver Downtown Fee Loan has an outstanding principal balance as of the Cut-off Date of \$110,000,000 and represents the controlling note A-1 of the \$180,000,000 Sheraton Denver Downtown Fee Loan Combination, which is evidenced by two *pari passu* notes. The related companion loan, which is evidenced by the non-controlling note A-2, with an outstanding principal balance as of the Cut-off Date of \$70,000,000, is expected to be contributed to one or more future securitization transactions. See "—The Mortgage Loan" below.

- **The Mortgage Loan.** The mortgage loan (the "Sheraton Denver Downtown Fee Loan") is part of a loan combination (the "Sheraton Denver Downtown Fee Loan Combination") evidenced by two *pari passu* notes that are together secured by a first mortgage encumbering the borrower's fee simple interest in the land and the improvements consisting of a 1,231-key full-service hotel located in Denver, Colorado (the "Sheraton Denver Downtown Fee Property"). The Sheraton Denver Downtown Fee Loan, which is evidenced by note A-1 and represents a controlling interest in the Sheraton Denver Downtown Fee Loan Combination, had an original principal balance of \$110,000,000, has an outstanding principal balance as of the Cut-off Date of \$110,000,000 and represents approximately 9.5% of the Initial Pool Balance. The related companion loan, which is evidenced by note A-2 and represents the non-controlling interest in the Sheraton Denver Downtown Fee Loan Combination, had an original principal balance of \$70,000,000, has an outstanding principal balance as of the Cut-off Date of \$70,000,000, is currently held by Citigroup Global Markets Realty Corp. and is expected to be contributed to one or more future securitization transactions. The Sheraton Denver Downtown Fee Loan Combination was originated by Citigroup Global Markets Realty Corp. on December 9, 2015. The Sheraton Denver Downtown Fee Loan Combination had an original principal balance of \$180,000,000, has an outstanding principal balance as of the Cut-off Date of \$180,000,000 and accrues interest at an interest rate of 4.50000% *per annum*. The proceeds of the Sheraton Denver Downtown Fee Loan Combination were primarily used to acquire the Sheraton Denver Downtown Fee Property and pay origination costs.

The Sheraton Denver Downtown Fee Loan had an initial term of 120 months and has a remaining term of 119 months as of the Cut-off Date. The Sheraton Denver Downtown Fee Loan requires monthly payments of interest only. The scheduled maturity date of the Sheraton Denver Downtown Fee Loan is the due date in January 2026. Provided that no event of default has occurred and is continuing under the Sheraton Denver Downtown Fee Loan documents, at any time after the earlier of the monthly payment date occurring in January 2020 and the second anniversary of the securitization of the last portion of the Sheraton Denver Downtown Fee Loan Combination, the Sheraton Denver Downtown Fee Loan may be defeased with certain direct full faith and credit obligations of the United States of America or other obligations which are "government securities" permitted under the Sheraton Denver Downtown Fee Loan documents. Provided that no event of default has occurred and is continuing under the Sheraton Denver Downtown Fee Loan documents, voluntary prepayment of the Sheraton Denver Downtown Fee Loan without a prepayment premium or yield maintenance charge is permitted on or after the due date in October 2025. Additionally, in the event the Tenant (as defined below) exercises the purchase option under the Ground Lease (as defined below) prior to October 6, 2025, the borrower is required to prepay the Sheraton Denver Downtown Fee Loan in whole along with a prepayment premium.

## SHERATON DENVER DOWNTOWN FEE

■ **The Mortgaged Property.** The Sheraton Denver Downtown Fee Property consists of the land and the improvements comprising a 1,231-key full-service hotel located in Downtown Denver, Colorado. The Sheraton Denver Downtown Fee Property is subject to a 99-year ground lease, dated December 9, 2015 (the “**Ground Lease**”), between the borrower, as ground lessor, and W2007 MVP Denver, LLC, a Delaware limited liability company, as tenant (the “**Tenant**”), which Ground Lease is superior to the lien of the Sheraton Denver Downtown Fee Loan security instrument.

The Sheraton Denver Downtown Fee Property was built in 1959 and renovated between 2008-2010. The Sheraton Denver Downtown Fee Property includes 82 suites and approximately 160,000 SF of conference space across 48 separate meeting spaces. The Sheraton Denver Downtown Fee Property also includes entertainment suites, multiple dining establishments, a fitness center and multimedia facilities.

The Tenant is a party to an operating agreement the (the “**Operating Agreement**”) which expires on December 31, 2038 with Sheraton License Operating Company, LLC (“**Sheraton**”) that enables Sheraton to operate the hotel under certain trademarks.<sup>1</sup>

■ **Ground Lease.** The Ground Lease includes annual CPI increases to the ground rent (capped at 4%) through lease expiration; the Ground Lease cannot decrease due to negative CPI growth. In addition, the rent under the Ground Lease may decrease to \$1,292,308 per year with no CPI increases if the borrower attempts to reject the Ground Lease and/or reject any purchase option in the Ground Lease in a bankruptcy proceeding (or otherwise). However, such reduction shall not occur for a period not to exceed 4 calendar years so long as (i) the lender is opposing such rejection action in a commercially reasonable manner, (ii) a court of competent jurisdiction has not confirmed the borrower’s rejection action by a final, non-appealable order and (iii) the lender is pursuing foreclosure in a commercially reasonable manner (including attempting to lift the automatic stay, if applicable). Additionally, the Sheraton Denver Downtown Fee Loan will be fully recourse to the guarantors upon a borrower bankruptcy. The Tenant has the option to purchase all of the borrower’s interests in the Sheraton Denver Downtown Fee Property (a) during the last six months of the 20<sup>th</sup> lease year, (b) during the last six months of the 30<sup>th</sup> lease year (each of (a) and (b) occurring after maturity of the Sheraton Denver Downtown Fee Loan) or (c) upon the Tenant’s determination that a condemnation has affected substantially all of the leased premises or within five months following a casualty affecting more than 25% of the leased premises.

The following table presents certain information relating to the estimated 2015 demand analysis with respect to the Sheraton Denver Downtown Fee Property based on market segmentation, as provided in the appraisal for the Sheraton Denver Downtown Fee Property:

**Estimated 2015 Market Mix Accommodated Room Night Demand<sup>(1)</sup>**

Property	Group/Meeting	Corporate	Leisure	Discount
Sheraton Denver Downtown Fee Property	55.0%	20.0%	15.0%	10.0%

(1) Source: Appraisal.

<sup>1</sup> NEITHER SHERATON NOR ITS AFFILIATES OWN SUCH HOTEL OR ARE A PARTY TO THE FINANCING OF THE SHERATON DENVER DOWNTOWN FEE PROPERTY OR PARTICIPANTS IN THIS OFFERING AND HAVE NOT PROVIDED OR REVIEWED, ARE NOT RESPONSIBLE FOR, AND DO NOT ENDORSE ANY DISCLOSURES OR OTHER INFORMATION SET FORTH HEREIN.

## SHERATON DENVER DOWNTOWN FEE

The following table presents certain information relating to the TTM August 31, 2015 penetration rates relating to the Sheraton Denver Downtown Fee Property and various market segments, as provided in the August 2015 travel research report for the Sheraton Denver Downtown Fee Property:

### TTM August 31, 2015 Penetration Rates<sup>(1)</sup>

Property	Occupancy	ADR	RevPAR
Sheraton Denver Downtown Fee Property	104.1%	91.4%	95.1%

(1) Source: August 2015 travel research report.

The following table presents certain information relating to historical occupancy, ADR and RevPAR at the Sheraton Denver Downtown Fee Property:

### Sheraton Denver Downtown Fee Property<sup>(1)</sup>

	2012	2013	2014	TTM 9/30/2015
Occupancy	67.6%	69.5%	75.2%	77.0%
ADR	\$139.62	\$146.98	\$149.98	\$153.02
RevPAR	\$94.36	\$102.12	\$112.77	\$117.76

(1) As provided by the borrower.

- **Operating History and Underwritten Net Cash Flow.** The following table presents certain information relating to the historical operating performance of the Tenant and the Underwritten Net Cash Flow of the Ground Lease at the Sheraton Denver Downtown Fee Property:

### Cash Flow Analysis<sup>(1)</sup>

	Tenant 2012 <sup>(2)</sup>	Tenant 2013 <sup>(2)</sup>	Tenant 2014 <sup>(2)</sup>	Tenant TTM 9/30/2015 <sup>(2)</sup>	Tenant TTM 9/30/2015 \$ per Room <sup>(2)</sup>	Underwritten <sup>(3)</sup>
Room Revenue/Base Rent	\$42,512,461	\$45,885,380	\$50,667,034	\$53,058,232	\$43,102	\$10,500,000
Food & Beverage Revenue	21,522,504	21,731,888	25,096,528	27,243,966	22,132	N/A
Other Revenue <sup>(4)</sup>	5,659,505	5,805,350	7,185,747	6,858,457	5,571	N/A
Total Revenue	\$69,694,470	\$73,422,618	\$82,949,309	\$87,160,655	\$70,805	\$10,500,000
Room Expense	\$10,379,797	\$11,228,078	\$12,653,990	\$12,684,279	\$10,304	N/A
Food & Beverage Expense	13,727,373	13,236,420	14,898,899	15,222,801	12,366	N/A
Other Expense	373,720	432,134	441,900	186,645	152	N/A
Total Departmental Expense	\$24,480,890	\$24,896,632	\$27,994,789	\$28,093,725	\$22,822	\$0
Total Undistributed Expense	17,165,950	18,463,684	21,513,698	22,346,786	18,153	N/A
Total Fixed Charges	5,743,409	4,431,304	4,238,355	4,231,885	3,438	N/A
Total Operating Expenses	\$47,390,249	\$47,791,620	\$53,746,842	\$54,672,396	\$44,413	\$0
<b>Net Operating Income</b>	<b>\$22,304,221</b>	<b>\$25,630,998</b>	<b>\$29,202,467</b>	<b>\$32,488,259</b>	<b>\$26,392</b>	<b>\$10,500,000</b>
FF&E	2,712,254	2,850,475	3,228,957	3,390,731	2,754	N/A
<b>Net Cash Flow</b>	<b>\$19,591,967</b>	<b>\$22,780,523</b>	<b>\$25,973,510</b>	<b>\$29,097,528</b>	<b>\$23,637</b>	<b>\$10,500,000</b>

(1) Certain items such as straight line rent, interest expense, interest income, lease cancellation 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) The information shown represents the historical operating performance of the tenant under the Ground Lease which was excluded from the Underwritten Net Cash Flow.

(3) The \$10,500,000 in Base Rent represents the initial ground rent payable to the borrower under the Ground Lease.

(4) Other Revenue is comprised of parking income and restaurant/retail leases.

- **Appraisal.** According to the appraisal, as of December 15, 2015, the leased fee interest in the Sheraton Denver Downtown Fee Property had an appraised value of \$240,000,000 and the leasehold interest on the Sheraton Denver Downtown Fee Property had an appraised value of \$195,000,000. The as-is appraised value of the fee simple real estate as of November 16, 2015 was \$415,000,000.

- **Environmental Matters.** According to the Phase I environmental report, dated November 13, 2015, there are no recognized environmental conditions or recommendations for further action at the Sheraton Denver Downtown Fee Property.

- **Market Overview and Competition.** Downtown Denver is the main financial, commercial and entertainment district in Denver, Colorado. Denver's largest employers represent a diverse cross-section of industries, ranging from aerospace, telecom, energy, financial services, medical and biomedical, retail, computer hardware and software development, government and transportation. According to the appraisal, Downtown Denver is home to

## SHERATON DENVER DOWNTOWN FEE

several Fortune 500 companies, including Wells Fargo, CenturyLink and DaVita, and is becoming an increasingly attractive place for companies looking to relocate.

The Sheraton Denver Downtown Fee Property is located at 1550 Court Place in the CBD/Downtown hotel submarket of Denver, Colorado. The Colorado Convention Center is located within four blocks east of the Sheraton Denver Downtown Fee Property. The Colorado Convention Center, a multi-purpose complex, developed in 1990, underwent an expansion in 2004 and currently hosts more than 400 events annually. The 16th Street Mall, a pedestrian and transit mall totaling 1.25 miles along 16th Street, is adjacent to the Sheraton Denver Downtown Fee Property. The 16th Street Mall includes over 300 locally owned and national retailers and more than 184 food/dining options. Other attractions in the area include the Colorado State Capitol, University of Colorado Denver campus and the Pepsi Center, a multi-purpose arena which is home to the Denver Nuggets and Colorado Avalanche.

According to the appraisal, Denver is one of the top performing hotel markets in the United States. The Denver hospitality market is comprised of more than 300 hotels totaling approximately 42,500 rooms. Per the appraisal, the CBD/Downtown hotel submarket consists of 46 hotels totaling 10,194 rooms. According to the appraisal, occupancy, ADR and RevPAR for the CBD/Downtown hotel submarket has increased an average of 2.5%, 3.9% and 6.5%, respectively, since 2010.

The following table presents certain information relating to historical occupancy, ADR and RevPAR at the Sheraton Denver Downtown Fee Property and the competitive set, as provided in a market report for the Sheraton Denver Downtown Fee Property:

### Historical Statistics

	Sheraton Denver Downtown Fee Property <sup>(1)</sup>			Competitive Set <sup>(2)</sup>			Penetration <sup>(2)</sup>		
	2013	2014	TTM 9/30/2015	2013	2014	TTM 8/31/2015	2013	2014	TTM 8/31/2015
Occupancy	69.5%	75.2%	77.0%	71.3%	75.2%	74.4%	98.8%	102.4%	104.1%
ADR	\$146.98	\$149.98	\$153.02	\$150.78	\$160.77	\$167.23	96.3%	90.7%	91.4%
RevPAR	\$102.12	\$112.77	\$117.76	\$107.51	\$120.82	\$124.41	95.2%	92.9%	95.1%

(1) As provided by the borrower.

(2) Source: August 2015 travel research report.

Sheraton Denver Downtown Fee Property Competitive Set<sup>(1)</sup>

Property	Number of Rooms	Year Opened
<b>Sheraton Denver Downtown Fee Property</b>	<b>1,231</b>	<b>1985</b>
Crowne Plaza Denver	364	1973
Marriott Denver Tech Center	628	1984
Marriott Denver City Center	613	1982
Renaissance Denver Hotel	399	1985
Westin Denver Downtown	430	1985
Hyatt Regency Denver Convention Center	1,100	2005
Embassy Suites Denver Downtown Convention Center	403	2010
<b>Total</b>	<b>5,168</b>	

(1) Source: August 2015 travel research report

- **The Borrower.** The borrower is Court Place Land LLC, a Delaware limited liability company and newly formed single-purpose entity. Legal counsel to the borrower delivered a non-consolidation opinion in connection with the origination of the Sheraton Denver Downtown Fee Loan. The non-recourse carveout guarantors are Allan V. Rose of AVR Realty and David Werner of David Werner Real Estate Investments. David Werner Real Estate Investments is a privately-owned commercial real estate owner, operator and investor. AVR Realty is a privately held commercial real estate development and management company. The Sheraton Denver Downtown Fee Loan documents require the non-recourse carveout guarantors to maintain an aggregate minimum net worth and liquidity of \$150,000,000 and \$75,000,000, respectively, throughout the term of the Sheraton Denver Downtown Fee Loan.
- **Escrows.** None. If at any time a Hotel Lease Trigger Period (as defined below) exists, at the lender's option, the borrower will be required to promptly establish and maintain with and for the benefit of the lender reserves for the payment of real estate taxes, insurance premiums, capital expenditures and other charges and the borrower will enter into amendments to the Sheraton Denver Downtown Fee Loan agreement and the cash management agreement relating to any reserves.

The **"Hotel Lease Trigger Period"** means the period: (A) commencing upon the first to occur of (i) the Hotel Tenant being in default in any material respect under the Hotel Lease beyond applicable notice and cure periods, (ii) the Hotel Tenant giving written notice of its intention to terminate the Hotel Lease pursuant to or in accordance with the terms of the Hotel Lease, (iii) either the borrower or the Hotel Tenant attempting to terminate or cancel the Hotel Lease through the institution of legal action without the consent of the lender, (iv) any termination or cancellation of the Hotel Lease (including, without limitation, rejection in any bankruptcy or similar insolvency proceeding) and/or the Hotel Lease failing to otherwise be in full force and effect or (v) any bankruptcy or similar insolvency of the Hotel Tenant; and (B) expiring upon the first to occur, as applicable, of the following: (i) with respect to (A)(i) above, the Hotel Tenant having cured all defaults under the Hotel Lease, (ii) with respect to (A)(ii) and/or (iii) above, the Hotel Tenant having revoked or rescinded any termination or cancellation notice with respect to the Hotel Lease and having reaffirmed the Hotel Lease as being in full force and effect, (iii) with respect to (A)(iv) or (v) above, in connection with any bankruptcy or insolvency proceedings involving the Hotel Tenant and/or the Hotel Lease, the Hotel Tenant is no longer insolvent or subject to such bankruptcy or insolvency proceedings and having affirmed the Hotel Lease pursuant to a final, non-appealable order of a court of competent jurisdiction and (iv) with respect to (A)(ii), (iii), (iv) or (v) above, the borrower having re-let the entire Sheraton Denver Downtown Fee Property in accordance with the applicable terms and conditions of the Sheraton Denver Downtown Fee Loan documents, the applicable Hotel Tenant under such Hotel Lease being in actual, physical occupancy, open to the public for business in the space demised under its Hotel Lease and paying the full amount of the rent due under its Hotel Lease.

The **"Hotel Tenant"** means the Tenant, together with its successors and/or assigns, or any tenant under a replacement hotel lease (together with its successors and/or assigns).

The **"Hotel Lease"** means (i) the Ground Lease and (ii) any lease replacing the Ground Lease that demises all or substantially all of the Sheraton Denver Downtown Fee Property.

- **Lockbox and Cash Management.** The Sheraton Denver Downtown Fee Loan is structured with a lender-controlled lockbox in place at origination and in-place cash management. The borrower directed the Hotel Tenant to pay rent directly to the lender-controlled lockbox account, and the borrower is required to deposit all revenue generated by the Sheraton Denver Downtown Fee Property in the lockbox account. All sums on deposit in the



lockbox account are required to be swept on a periodic basis into a cash management account for the payment of, among other things, debt service and property operating expenses, and for the funding of monthly escrows. Provided no Cash Sweep Period and no event of default has occurred and is continuing, any excess amounts must be disbursed to the borrower and, after the occurrence and during the continuance of a Cash Sweep Period, any excess is to be held by the lender as additional security for the Sheraton Denver Downtown Fee Loan.

The “**Cash Sweep Period**” means a period: (A) commencing upon the earliest of (i) the occurrence and continuance of an event of default, (ii) the debt service coverage ratio being less than 1.20x and (iii) the occurrence of a Hotel Lease Cash Sweep Period; and (B) expiring upon (x) with regard to any Cash Sweep Period commenced in connection with clause (i) above, the cure of such event of default, (y) with regard to any Cash Sweep Period commenced in connection with clause (ii) above, the date that the debt service coverage ratio is equal to or greater than 1.20x for two consecutive calendar quarters and (z) with regard to any Cash Sweep Period commenced in connection with clause (iii) above, a Hotel Lease Cash Sweep Period ceasing to exist in accordance with the terms of the Sheraton Denver Downtown Fee Loan documents.

The “**Hotel Lease Cash Sweep Period**” means a period: (A) commencing upon the first to occur of (i) the Hotel Tenant being in default under the Hotel Lease beyond applicable notice and cure periods, (ii) the Hotel Tenant giving notice that it is terminating its lease for all or any portion of the Sheraton Denver Downtown Fee Property, (iii) any termination or cancellation of the Hotel Lease (including, without limitation, rejection in any bankruptcy or similar insolvency proceeding) and/or the Hotel Lease failing to otherwise be in full force and effect and (iv) any bankruptcy or similar insolvency of the Hotel Tenant; and (B) expiring upon the first to occur of the lender’s receipt of evidence reasonably acceptable to the lender (which such evidence must include, without limitation, a duly executed estoppel certificate from the Hotel Tenant in form and substance acceptable to the lender) of (1) the satisfaction of the Hotel Tenant Cure Conditions, (2) the borrower leasing the entire Sheraton Denver Downtown Fee Property in accordance with the applicable terms and conditions of the Sheraton Denver Downtown Fee Loan documents, the applicable Hotel Tenant under the Hotel Lease being in actual, physical occupancy of, and open to the public for business in, the space demised under its Hotel Lease and paying the full amount of the rent due under its Hotel Lease or (3) upon (x) a termination of the Hotel Lease pursuant to the terms thereof and the terms of the Sheraton Denver Downtown Fee Loan documents and (y) the borrower commencing operation of the Sheraton Denver Downtown Fee Property without a tenant and entering into a management agreement with a qualified manager, in each case, pursuant to the terms of the Sheraton Denver Downtown Fee Loan documents.

The “**Hotel Tenant Cure Conditions**” means each of the following, as applicable: (i) the Hotel Tenant has cured all defaults under the Hotel Lease; (ii) the Hotel Tenant is in actual, physical possession of the Sheraton Denver Downtown Fee Property, open to the public for business and not “dark”; (iii) the Hotel Tenant has revoked or rescinded all termination or cancellation notices and has re-affirmed the Hotel Lease as being in full force and effect; (iv) with respect to any applicable bankruptcy or insolvency proceedings involving the Hotel Tenant and/or the Hotel Lease, the Hotel Tenant is no longer insolvent or subject to any bankruptcy or insolvency proceedings and has affirmed the Hotel Lease pursuant to a final, non-appealable order of a court of competent jurisdiction; and (v) the Hotel Tenant is paying full, unabated rent under the Hotel Lease.

- **Property Management.** The Sheraton Denver Downtown Fee Property is self-managed. Pursuant to the Operating Agreement, Sheraton will operate the Sheraton Denver Downtown Fee Property as a hotel in accordance with an operating plan approved by the Tenant. If the Tenant intends to sell its interest in the Sheraton Denver Downtown Fee Property at any time after April 2018, Sheraton has the right to propose terms of a sale of the hotel to Sheraton within 30 days after receipt of notice that the Tenant wants to sell (the “**Sheraton ROFO**”); if the Tenant rejects the offer, the Tenant may sell to a non-affiliate so long as the purchase price is more than 95% of Sheraton’s offer and not substantially more favorable to the purchaser than Sheraton’s offer. At the origination of the Sheraton Denver Downtown Fee Loan, the borrower, the Tenant, and Sheraton entered into a Subordination of Management Contract and Non-Disturbance Agreement (“**SMNDA**”) that (i) generally provides for Sheraton’s attornment to the borrower upon termination of the Ground Lease and (ii) clarifies that the Sheraton ROFO will not apply to transfers of the borrower’s interest in the Sheraton Denver Downtown Fee Property prior to a termination of the Ground Lease. The borrower, the lender, Sheraton, and the Tenant have entered into a Fee Mortgage Recognition Agreement which provides that (i) Sheraton will enter into a subordination and non-disturbance agreement with the lender upon termination of the Ground Lease but prior to a foreclosure so long as the lender satisfies certain requirements under the Operating Agreement with respect to financing, (ii) if a foreclosure occurs prior to termination of the Ground Lease, the lender will be deemed the borrower under the SMNDA and the lender will not be liable for the Tenant’s breach or default if the lender



## SHERATON DENVER DOWNTOWN FEE

---

succeeds to the Tenant's interest following termination of the Ground Lease and (iii) the Sheraton ROFO will not apply to a foreclosure by the lender.

If the Tenant transfers its interest in the hotel after December 31, 2019, the Tenant may terminate the Operating Agreement upon the payment of a termination fee.

- **Additional Indebtedness.** \$8,000,000 (the “**Key Money**”) was provided from Sheraton to the Tenant for the conversion of the hotel to the “Sheraton” brand. If the Operating Agreement is terminated prior to a specified date in 2023, the Tenant will be liable for repayment of the unamortized balance of the Key Money. The Sheraton Denver Downtown Fee Loan documents provide for recourse to the borrower and guarantors for any losses the lender may suffer as a result of the Key Money becoming due and payable upon termination of the Operating Agreement.
- **Mezzanine or Subordinate Indebtedness.** 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 cost of the Sheraton Denver Downtown Fee Property, plus business interruption coverage in an amount equal to 100% of the net operating income plus continuing expenses of the Sheraton Denver Downtown Fee Property for a period continuing from the time of loss until restoration, not to exceed 24 months. The “all-risk” policy containing terrorism insurance is required to contain a deductible no larger than \$250,000.

If “acts of terrorism” or other similar acts or events or “fire following” are excluded from the borrower’s “all-risk” policy and/or business interruption insurance, then the borrower is obligated to obtain an endorsement to such policy or policies, or a separate policy insuring against all such excluded acts or events and “fire following,” for one hundred percent of the replacement value of the Sheraton Denver Downtown Fee Property plus the business income coverage, provided that such coverage is commercially available. Notwithstanding the foregoing, with respect to any terrorism coverage included in an endorsement to the insurance policies or any standalone policy covering terrorism acts, the borrower will not be required to pay any insurance premiums solely with respect to such terrorism coverage in excess of an amount equal to two times the amount of the insurance premiums that would then be payable for such policy period under policies obtained at then-current market rates on a stand-alone basis in respect of property and business income insurance required under the Sheraton Denver Downtown Fee Loan documents (the “**Terrorism Insurance Cap**”); provided, however, that if at any time during the term of the Sheraton Denver Downtown Fee Loan the insurance premiums with respect to such required terrorism coverage exceeds the Terrorism Insurance Cap, the borrower must promptly notify the lender in writing and the lender may elect to contribute all or part of the amount of such insurance premiums in excess of the Terrorism Insurance Cap. Notwithstanding the foregoing, if the Terrorism Risk Insurance Program Reauthorization Act of 2015 (“**TRIPRA**”) is in effect and covers both domestic and foreign acts of terrorism, the lender will accept terrorism insurance which covers against “certified acts” as defined by TRIPRA as full compliance with this paragraph as it relates to risks that are required under this paragraph. See “*Risk Factors—Terrorism Insurance May Not Be Available for All Mortgaged Properties*” in the Prospectus.

**THE TENANT IS A PARTY TO A MANAGEMENT CONTRACT WITH SHERATON LICENSE OPERATING COMPANY, LLC (THE “OPERATOR”) THAT ENABLES IT TO OPERATE A HOTEL USING CERTAIN TRADEMARKS. NEITHER THE OPERATOR NOR ITS AFFILIATES OWN SUCH HOTEL OR ARE PARTY TO THE FINANCING OF THE SHERATON DENVER DOWNTOWN FEE PROPERTY OR PARTICIPANTS IN THIS OFFERING AND HAVE NOT PROVIDED OR REVIEWED, ARE NOT RESPONSIBLE FOR, AND DO NOT ENDORSE ANY DISCLOSURES OR OTHER INFORMATION SET FORTH HEREIN.**