

# GS Mortgage Securities Corp II, Commercial Pass-Through Certificates, Series 2019-GC38 Rating Report (Non-NRSRO Rating)

Tranche Name	EJR Rating*
AAB	AA(sf)
A1	AA(sf)
A2	AA(sf)
A3	AA(sf)
A4	AA(sf)
AS	A(sf)
B	BBB+(sf)
C	BB+(sf)
D	B(sf)
XA	NR(sf)
XB	NR(sf)
XD	NR(sf)
ERR	NR(sf)
FRR	NR(sf)
GRR	NR(sf)
HRR	NR(sf)
IRR	NR(sf)
S	NR(sf)
R	NR(sf)

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Prepared on Nov 13, 2020  
 \*Non-NRSRO Rating

## Rating Summary

TRANCHES	BALANCE (\$M)	OTHER NRSROs*	EJR RATING (NON-NRSRO)**	CE	LOAN-TO-VALUE (LTV) %		
					BASE	OPTIMISTIC	PESSIMISTIC
AAB	17.07	AAA	AA(sf)	30.11	56.77	47.29	68.96
A1	6.61	AAA	AA(sf)	30.11	56.77	47.29	68.96
A2	77.49	AAA	AA(sf)	30.11	56.77	47.29	68.96
A3	190.00	AAA	AA(sf)	30.11	56.77	47.29	68.96
A4	235.68	AAA	AA(sf)	30.11	56.77	47.29	68.96
AS	60.52	AA	A(sf)	22.08	63.30	52.73	76.88
B	36.88	AA-	BBB+(sf)	17.19	67.27	56.04	81.71
C	34.98	A-	BB+(sf)	12.54	71.05	59.18	86.30
D	20.92	BBB	B(sf)	9.77	73.30	61.06	89.03
XA	587.36	AA	NR(sf)	0.00			
XB	71.86	A-	NR(sf)	0.00			
XD	20.92	BBB	NR(sf)	0.00			
ERR	17.85	BBB-	NR(sf)	7.40			
FRR	9.46	BB+	NR(sf)	6.15			
GRR	8.51	BB-	NR(sf)	5.02			
HRR	7.56	B-	NR(sf)	4.01			
IRR	30.26		NR(sf)	0.00			
S	0.00		NR(sf)	0.00			
R	0.00		NR(sf)	0.00			

\* Rating of other NRSROs translated to EJR's rating scale; we use the median rating, and for only two ratings, the lower rating.

\*\* EJR rates the items as a Non-NRSRO. Ratings are based on Base case assumptions.

## Transaction Summary

The transaction closed on Feb 27 2019 and matures in Jan 2034. The pool's current aggregate principal balance is \$753.8 million compared to \$756.7 million at close.

The largest loan of the pool (8.6%) is secured by 365 Bond located in New York-Jersey City-White Plains, NY-NJ metropolitan area. Occupancy at the subject was 98%. The second largest loan of the pool (6.9%) is secured by Torrance Towne Center located in Los Angeles-Long Beach-Glendale, CA metropolitan area. Occupancy at the subject was 99%. The major tenants included Kohl's Department Store (36.04%) and Smart & Final Stores (7.91%). The third largest loan of the pool (6.6%) is secured by Pace Gallery HQ located in New York-Jersey City-White Plains, NY-NJ metropolitan area. Occupancy at the subject was 100%. The largest tenant was PACE (100.59%).

## Quantitative Analysis

### Key Credit Metrics

CLOSING DATE	Feb 27 2019
WAC / NWAC	4.8563 / 4.8350
WAM / WALA	92 / 22
# Loans / Properties	36 / 53
Wtd Avg Orig / Appraisal LTV	55.76 / 55.72
Wtd Avg UW / Curr NOI Debt Yield	11.07% / 11.10%
Wtd Avg UW / Curr NCF DSCR	2.06 / 2.12
% Occupancy	94.00
% RemTerm <= 6mos	0.00

The weighted average coupon (WAC) and the weighted average age (WALA) were 4.86% and 22 months as of 10/10/2020, respectively. There are a total of 36 loans and 53 properties in the portfolio. The appraisal LTV was approximately 55.7% compared to the Original loan to value (LTV), which was approximately 55.8%. The most recent weighted average Debt Service Coverage Ratio (DSCR) was 2.12x. As of 10/10/2020, no loan had a remaining term of less than 6 months. Weighted average occupancy was approximately 94%.

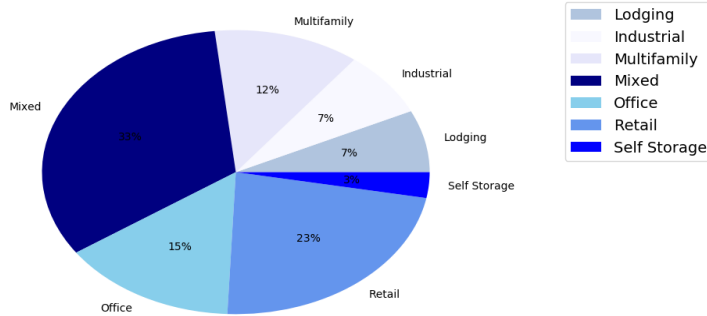
(Data Source: INTExcalc)

## Portfolio Characteristics

### Property Type

Property Type	Assets	Balance (\$M)	Bal %	Gross Coupon %	Curr Amort LTV %	Remaining Term (mos.)	Age (mos.)	DSCR (x)
Lodging	2.00	53.29	7.07	5.21	58.38	98.47	21.53	2.36
Industrial	2.00	56.40	7.48	4.17	41.60	99.00	21.00	3.96
Multifamily	3.00	91.90	12.19	4.31	45.82	56.15	21.41	2.34
Mixed	26.00	247.61	32.85	4.92	56.10	95.60	21.33	1.52
Office	7.00	110.88	14.71	4.99	55.82	98.05	21.95	1.77
Retail	9.00	171.69	22.78	5.09	63.71	98.14	21.86	1.74
Self Storage	4.00	22.02	2.92	4.81	52.88	98.18	21.82	1.97

Type Concentration



Among assets in the portfolio, Lodging properties accounted for 7% of total balance, Industrial properties accounted for 7% of total balance, Multifamily properties accounted for 12% of total balance, Mixed properties accounted for 33% of total balance, Office properties accounted for 15% of total balance, Retail properties accounted for 23% of total balance and Self Storage properties accounted for 3% of total balance.

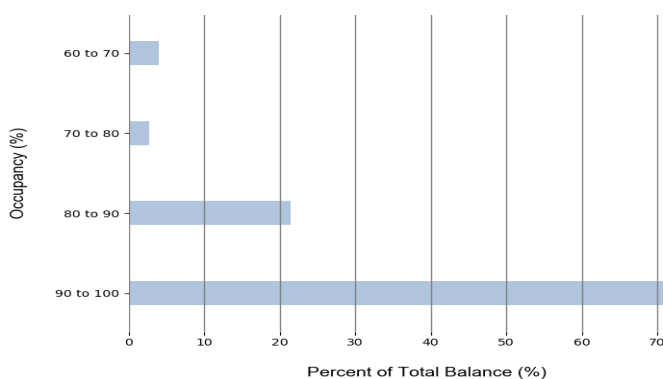
### Defeasance Status

Defeasance Status	Assets	Balance (\$M)	Bal %	Gross Coupon %	Curr Amort LTV %	Remaining Term (mos.)	Age (mos.)	DSCR (x)
Defeasance Not Allowable	7	189.48	25.14	4.82	56.01	93.98	22.00	2.56
No Defeasance Occurred	29	564.30	74.86	4.87	55.36	91.68	21.41	1.76

### Occupancy % (by property)

Occupancy (%)	Assets	Balance (\$M)	Bal %	Gross Coupon %	Curr Amort LTV %	Remaining Term (mos.)	Age (mos.)	DSCR (x)
60 to 70	2.00	30.50	4.05	5.02	50.81	98.82	21.18	2.24
70 to 80	3.00	20.18	2.68	5.39	59.17	59.04	23.26	1.73
80 to 90	21.00	161.85	21.47	4.74	54.72	98.51	21.49	2.20
90 to 100	27.00	541.25	71.80	4.86	55.89	91.26	21.53	1.89

Occupancy Distribution (%)

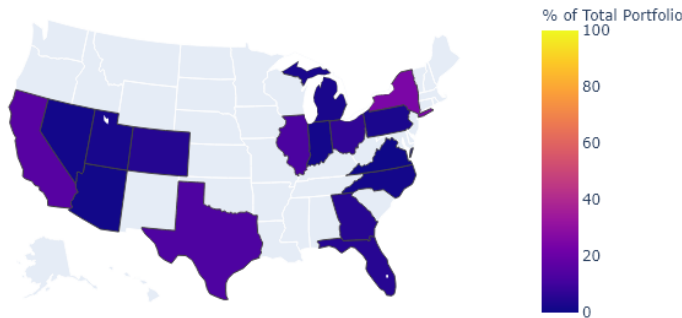


Occupancy of the portfolio ranged from 60% to 100%. More specifically, 2 assets (4% of total balance) had the occupancy rate between 60% and 70%, 3 assets (3% of total balance) with the occupancy rate between 70% and 80%, 21 assets (21% of total balance) with the occupancy rate between 80% and 90% and 27 assets (72% of total balance) with the occupancy rate higher than 90%.

**Region (by property)**

Region	Assets	Balance (\$M)	Bal %	Gross Coupon %	Curr Amort LTV %	Remaining Term (mos.)	Age (mos.)	DSCR (x)
Midwest / Central East	14.00	174.80	23.19	4.76	57.33	98.81	21.19	2.24
Northeast / MidAtlantic	7.00	206.33	27.37	4.72	47.52	79.75	21.35	1.45
South / Atlantic	9.00	89.77	11.91	5.24	62.22	89.50	22.03	1.86
South / Central West	13.00	99.08	13.14	4.73	56.37	98.69	21.31	2.20
West / Mountain	7.00	68.52	9.09	5.03	58.62	98.91	21.09	2.22
West / Pacific North	1.00	35.00	4.64	4.88	52.90	96.00	24.00	2.05
West / Pacific South	2.00	80.29	10.65	4.98	62.10	98.00	22.00	2.24

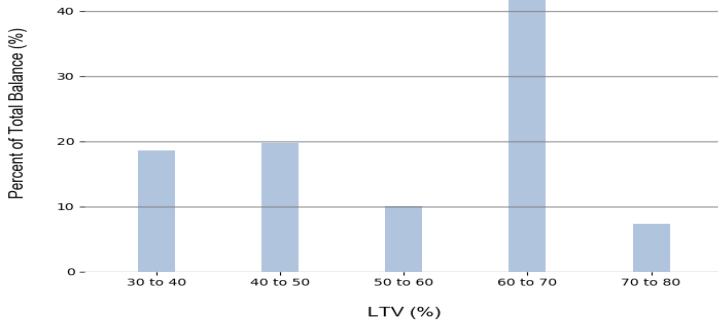
Local Distribution



Among assets in the portfolio, there are 5 properties (25% of total balance) located in New York, 3 properties (15% of total balance) in California, 13 properties (13% of total balance) in Texas, 7 properties (12% of total balance) in Illinois, 5 properties (7% of total balance) in Ohio, 4 properties (5% of total balance) in Florida and 2 properties (5% of total balance) in Georgia. Other properties are located in the state of Pennsylvania, Michigan, Utah, North Carolina, Indiana, Nevada, Arizona and Virginia.

**Loan to Value (LTV)**

LTV Distribution (%)



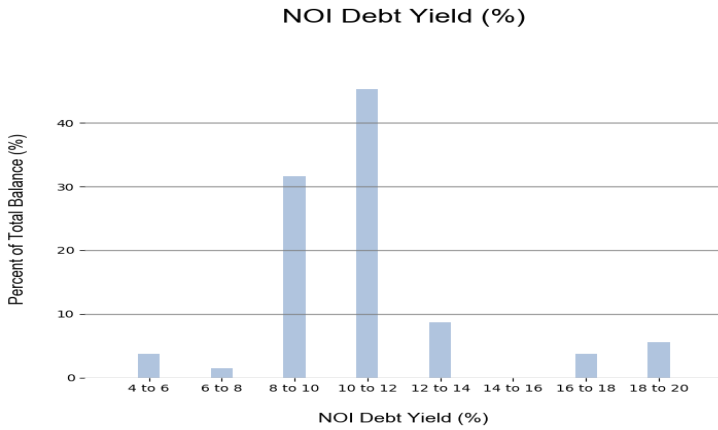
Among all the assets in the portfolio, 3 assets (19% of total balance) had LTVs between 30% and 40%, 5 assets (20% of total balance) with LTVs between 40% and 50%, 5 assets (10% of total balance) with LTVs between 50% and 60%, 18 assets (44% of total balance) with LTVs between 60% and 70% and 5 assets (7% of total balance) with LTVs between 70% and 80%.

**Amortization**

Is Balloon	Assets	Balance (\$M)	Bal %	Gross Coupon %	Curr Amort LTV %	Remaining Term (mos.)	Age (mos.)	DSCR (x)
Balloon	36	753.78	100.00	4.86	55.52	92.26	21.56	1.96

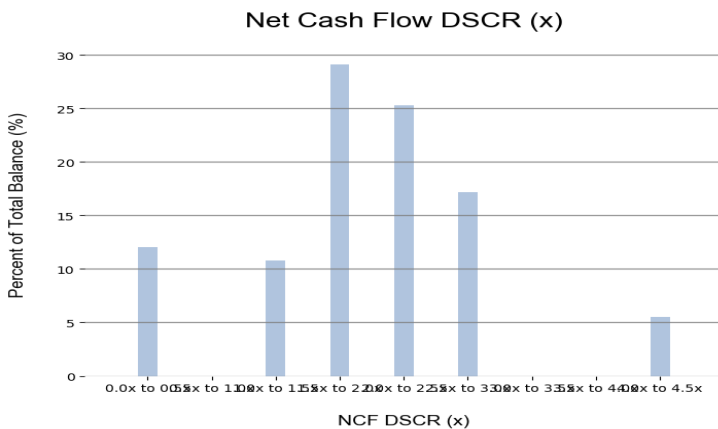
**NOI Debt Yield**

NOI Debt Yield (%)	Assets	Balance (\$M)	Bal %	Gross Coupon %	Curr Amort LTV %	Remaining Term (mos.)	Age (mos.)	DSCR (x)
4 to 6	1.00	28.20	3.74	4.96	65.00	98.00	22.00	1.10
6 to 8	2.00	10.88	1.44	5.14	60.39	98.99	21.01	0.81
8 to 10	13.00	238.37	31.62	5.10	57.96	99.01	20.99	1.23
10 to 12	15.00	340.91	45.23	4.72	54.98	84.32	22.00	2.16
12 to 14	3.00	65.73	8.72	5.02	54.46	98.67	21.33	2.30
14 to 16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16 to 18	1.00	28.29	3.75	5.35	65.78	98.00	22.00	2.34
18 to 20	1.00	41.40	5.49	3.86	32.90	99.00	21.00	4.67



Most recent net operating income debt yield ranged from 4% to 19% with a weighted average NOI debt yield of 11.1%. NOI debt yield ranged from 4% to 19%. There were 1 assets (4% of total balance) with NOI debt yield between 4% and 6%, 2 assets (1% of total balance) with NOI debt yield between 6% and 8%, 13 assets (32% of total balance) with NOI debt yield between 8% and 10%, 15 assets (45% of total balance) with NOI debt yield between 10% and 12%, 3 assets (9% of total balance) with NOI debt yield between 12% and 14%, 1 assets (4% of total balance) with NOI debt yield between 16% and 18%, 1 assets (5% of total balance) with NOI debt yield between 18% and 20%

**NCF DSCR**

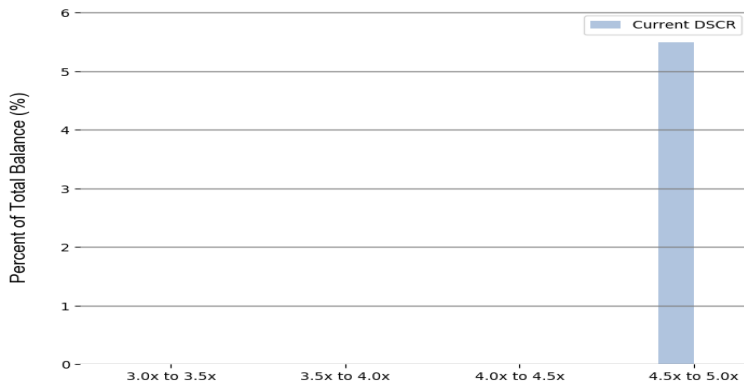


NCF DSCR ranged from 0.0x to 4.0x. There were 4 assets (12.1% of total balance) with NCF DSCR between 0.0x and 0.5x, 5 assets (10.8% of total balance) with NCF DSCR between 1.0x and 1.5x, 15 assets (29.1% of total balance) with NCF DSCR between 1.5x and 2.0x, 8 assets (25.3% of total balance) with NCF DSCR between 2.0x and 2.5x, 3 assets (17.2% of total balance) with NCF DSCR between 2.5x and 3.0x and 1 assets (5.5% of total balance) with NCF DSCR between 4.0x and 4.5x. The most recent weighted average NCF DSCR was 2.1x.

**DSCR (Current / Underwritten)**

Current DSCR				Underwritten DSCR			
DSCR (x)	Assets	Balance (\$M)	Bal %	DSCR (x)	Assets	Balance (\$M)	Bal %
3.0x to 3.5x	0.00	0.00	0.00	3.0x to 3.5x	0.00	0.00	0.00
3.5x to 4.0x	0.00	0.00	0.00	3.5x to 4.0x	0.00	0.00	0.00
4.0x to 4.5x	0.00	0.00	0.00	4.0x to 4.5x	0.00	0.00	0.00
4.5x to 5.0x	1.00	41.40	5.49	4.5x to 5.0x	0.00	0.00	0.00

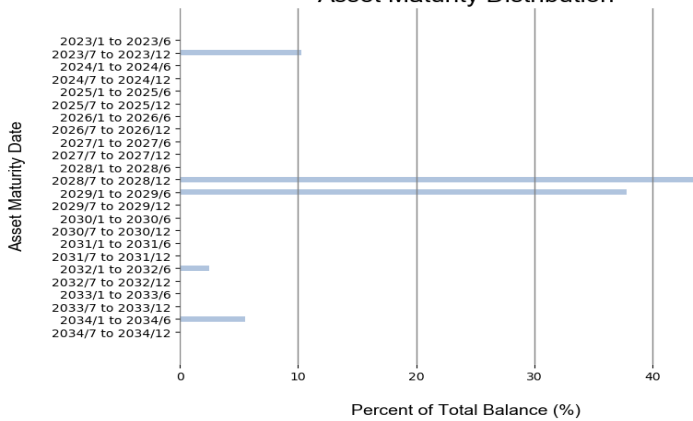
**DSCR Distribution (x)**



There are 1 assets (100% balance) with DSCR between 4.5x and 5.0x. Underwritten DSCR is not available.

**Maturity**

**Asset Maturity Distribution**



There are 2 assets (10.3% of total balance) that have maturity dates between 2023/7 and 2023/12, 17 assets (43.9% of total balance) that have maturity dates between 2028/7 and 2028/12, 15 assets (37.8% of total balance) that have maturity dates between 2029/1 and 2029/6, 1 assets (2.5% of total balance) that have maturity dates between 2032/1 and 2032/6 and 1 assets (5.5% of total balance) that have maturity dates between 2034/1 and 2034/6.

## Sensitivity Analysis

### Summary

EJR used the capitalization rates ("cap rates") listed below for the different types of the properties and then calculated the value of the properties in the portfolio by considering the most recent NCF and the various cap rates.

### Cap Rate Assumption

Type	OPTIMISTIC CASE	PESSIMISTIC CASE	Base Case
Lodging	7.75	8.62	8.19
Industrial	5.62	6.00	5.81
Multifamily	5.50	6.00	5.75
Mixed	5.62	6.25	5.88
Office	6.50	7.50	7.00
Retail	7.00	7.75	7.50
Self Storage	5.25	6.25	5.75

## EJR's Key Rating Features & Differences Compared With Other NRSROs

Below is a summary of EJ's approach (see our Methodology for rating Commercial Mortgage Backed Securities (CMBS) (Non-NRSRO) for more complete description):

1. Our ratings are derived from Loan to Value estimates (LTVs) and calculated Estimated Losses (ELs). The ELs are then compared to our EL matrices to derive the implied ratings.
2. To reflect the current bearish credit conditions, we have discounted reported pool assets' Net Cashflow (NCF) by 20% for the Base Case.
3. EJ's analysis is conducted using information and cash flow engines supplied by a recognized industry service provider.
4. Subject to economic conditions, EJ may cap its highest rating at "AA" and apply an additional downgrade of up to two notches for each tranche.



## SEC Rule 17g-7(a) Disclosure

Below are the disclosures as required by Paragraph (a) of Rule 17g-7.

### 1. The symbol in the rating scale used to denote the credit rating categories and notches within categories and the identity of the obligor, security, or money market instrument as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7:

There are three notches in each of EJR's rating categories (e.g., A-(sf), A(sf) and A+(sf) for category A(sf)) except for AAA(sf), CC(sf), C(sf) and D(sf).

### 2. The version of the procedure or methodology used to determine the credit rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7:

We are using the Methodology for Rating Commercial Mortgage Backed Securities (CMBS) (Non-NRSRO) v1a and General Methodology for Rating Asset Backed and Structured Finance Obligations (Non-NRSRO) v1.

### 3. The main assumptions and principles used in constructing the procedures and methodologies used to determine the credit rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7:

The credit rating assigned reflects EJR's judgement regarding the future credit quality of the issue. The major assumptions used to construct the methodologies include:

- 1). Past data reflects the performance and credit worthiness of the pooled assets and is useful for analysis.
- 2). Financial and credit information that EJR gets from the issuer or the third party is reliable and accurate.
- 3). The economy and regulation policies will remain stable in the foreseeable future.

Specific quantitative assumptions used in this credit analysis applied to the collateral assets, which include Loan-to-Value analysis and Cash flow analysis.

Asset diversification is not considered in this report.

### 4. The potential limitations of the credit rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7:

EJR's rating pertains solely to EJR's view of current and prospective credit quality. EJR's rating does not address pricing, liquidity or other risks associated with holding investments in the issuer. EJR ratings:

- 1). Are not intended to address the value, price, price stability, liquidity, suitability, or merit of an investment.
- 2). Do not address whether a particular rated security is suitable for a particular investor or suitable for an investor's risk tolerance.
- 3). Do not address whether the expected return of a particular investment is adequate for the inherent risk.
- 4). Do not address whether the market value of the security will remain stable over time.
- 5). Are not exact measures of the probability of default but are instead expressions of the relative credit risk of issuers and debt instruments.
- 6). Are not recommendations to buy, sell or hold any security.

### 5. Information on the uncertainty of the credit rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7:

EJR's rating is dependent on numerous factors including the reliability, accuracy, and quality of the data used in determining the credit rating. The data is sourced from issuers' publicly disclosed reports, or from third-party data vendors. For solicited rating reports, EJR may also use the information provided by the client. In some cases, the information is limited because of issues such as the lack of reported data. Such shortcomings are not always readily apparent. EJR aims to identify such shortcomings and make adjustments using its best judgement.

### 6. Whether and to what extent third-party due diligence services have been used in taking the rating action as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7:

EJR does not utilize third-party due diligence services.

### 7. How servicer or remittance reports were used, and with what frequency, to conduct surveillance of the credit rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7:

EJR did not conduct surveillance of this rating.

### 8. A description of the data that were relied upon for the purpose of determining the credit rating as required by Paragraph (a)(1)(ii)(H) of Rule 17g-7:

EJR uses a third-party data vendor to obtain essential data for ratings on this ABS product.

**9. A statement containing an overall assessment of the quality of information available and considered in the credit rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7:**

The information used in this analysis is generally of high quality.

**10. Information relating to conflicts of interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7:**

This rating is unsolicited.

**11. An explanation or measure of the potential volatility of the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7:**

EJR's rating aims to assess the possible loss of investing in the obligations. Factors which affect such projection, and in turn EJRs rating, include changes in the credit worthiness of the collateral assets, changes in the correlation between them, and overall economic changes.

**12. Information on the content of the credit rating as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7:**

Regarding the historical performance of the credit rating, our rating transition matrix is available in our Form NRSRO, Exhibit 1.

**13. Information on the sensitivity of the credit rating to assumptions as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7:**

See the section in the report entitled "Rating Summary".

**14. If the credit rating is assigned to an asset-backed security, a description of: (i) the representations, warranties, and enforcement mechanisms available to investors; and (ii) how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities, as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7:**

Such information in this analysis is non-public. Hence EJRs has determined that this disclosure doesn't apply to this report.

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In compliance with the US Securities and Exchange Commission (SEC) Rule 17g-7(a), the Egan-Jones analyst who published the report is responsible for the rating action and to the best knowledge of the person:

- 1) No part of the credit rating was influenced by any other business activities,
- 2) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated, and
- 3) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

### Analyst Signature:

*Steve Zhang*

STEVE ZHANG  
Rating Analyst  
Date Prepared  
2020-11-13

### Reviewer Signature:

*Kevin Zhang*

KEVIN ZHANG  
Rating Analyst  
Date Prepared  
2020-11-13

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## Appendix I

### Smoothing Calculation

Base Case PD : assuming LTV > 100% as Default (D)	
Avg NCF * 80%	
Property Value (\$M)	1,008M
LTV	81.23%

TRANCHES	LTV %	Est. LTV implied Rtg	Cash Flow Loss %	Smoothed (Adj for Est. Loss)	Smoothed for Cashflow Est, Loss
AAB	56.77	AA	0.00	AA	AA
A1	56.77	AA	0.00	AA	AA
A2	56.77	AA	0.00	AA	AA
A3	56.77	AA	0.00	AA	AA
A4	56.77	AA	0.00	AA	AA
AS	63.30	A	0.00	A	A
B	67.27	BBB+	0.00	BBB+	BBB+
C	71.05	BBB-	45.25	BBB-	BB+
D	73.30	BB+	91.10	B+	B