

Virginia Beach Hotel Portfolio



Hilton Virginia Beach Oceanfront



Hilton Garden Inn Virginia Beach



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Mortgage Loan Information

Mortgage Loan Seller:	Barclays
Original Principal Balance⁽¹⁾:	\$30,000,000
Cut-off Date Principal Balance⁽¹⁾:	\$30,000,000
% of IPB:	3.4%
Loan Purpose:	Acquisition
Borrowers:	3001 Atlantic, LLC and 3315 Atlantic, LLC
Sponsors:	Neil P. Amin and Jay B. Shah
Interest Rate:	4.91250%
Note Date:	8/31/2018
Maturity Date:	9/6/2028
Interest-only Period:	24 months
Original Term:	120 months
Original Amortization Term:	360 months
Amortization Type:	IO-Balloon
Call Protection⁽²⁾:	L(27),Def(89),O(4)
Lockbox / Cash Management:	Springing
Additional Debt:	Yes
Additional Debt Balance:	\$60,000,000
Additional Debt Type:	<i>Pari Passu</i>

Property Information

Single Asset / Portfolio:	Portfolio
Title:	Fee/Leasehold
Property Type – Subtype:	Hotel – Full Service
Net Rentable Area (Rooms):	456
Location:	Virginia Beach, VA
Year Built / Renovated:	Various / Various
Occupancy / ADR / RevPAR:	76.0% / \$206.21 / \$156.51
Occupancy / ADR / RevPAR Date:	5/31/2018
4th Most Recent NOI (As of):	\$11,341,568 (12/31/2015)
3rd Most Recent NOI (As of):	\$12,284,627 (12/31/2016)
2nd Most Recent NOI (As of):	\$12,509,547 (12/31/2017)
Most Recent NOI (As of):	\$11,841,080 (TTM 5/31/2018)
UW Occupancy / ADR / RevPAR:	73.1% / \$206.21 / \$150.44
UW Revenues:	\$30,113,592
UW Expenses:	\$18,324,515
UW NOI:	\$11,789,077
UW NCF:	\$10,584,533
Appraised Value / Per Room⁽³⁾:	\$130,400,000 / \$285,965
Appraisal Date:	Various

Escrows and Reserves⁽⁴⁾

	Initial	Monthly	Initial Cap
Taxes:	\$326,006	\$81,502	N/A
Insurance:	\$0	\$28,642	N/A
FF&E Reserves:	\$0	5% of Gross Revenues	\$3,755,852
TI/LC:	\$0	\$0	N/A
Other:	\$741,954	Springing	N/A

Financial Information⁽¹⁾

Cut-off Date Loan / Room:	\$197,368
Maturity Date Loan / Room:	\$170,383
Cut-off Date LTV⁽³⁾:	69.0%
Maturity Date LTV⁽³⁾:	59.6%
UW NCF DSCR:	1.84x
UW NOI Debt Yield:	13.1%

Sources and Uses

Sources	Proceeds	% of Total	Uses	Proceeds	% of Total
Whole Loan ⁽¹⁾	\$90,000,000	69.5%	Purchase Price ⁽⁵⁾	\$126,538,697	97.7%
Borrower Equity	39,510,713	30.5	Closing Costs	1,904,056	1.5
			Upfront Reserves	1,067,960	0.8
Total Sources	\$129,510,713	100.0%	Total Uses	\$129,510,713	100.0%

(1) The Virginia Beach Hotel Portfolio loan is part of a whole loan evidenced by three *pari passu* notes with an aggregate original principal balance of \$90.0 million. The Financial Information presented in the chart above reflects the Cut-off Date balance of the \$90.0 million Virginia Beach Hotel Portfolio Whole Loan (the “Virginia Beach Hotel Portfolio Whole Loan”).

(2) The lockout period will be at least 27 payments beginning with and including the first payment date of October 6, 2018. Defeasance of the full \$90.0 million Virginia Beach Hotel Portfolio Whole Loan is permitted any time after the earlier of (i) the date that is two years from the closing date of the final REMIC securitization that includes the last *pari passu* note to be securitized and (ii) August 31, 2021.

(3) The Appraised Value / Per Room, Cut-off Date LTV, and Maturity Date LTV are based on the appraiser's prospective as-is value, which assumes that 50.0% of expected PIP work (\$1,000,000) would be escrowed by the lender and would be available to a prospective buyer to fund the PIP work at the Hilton Garden Inn Virginia Beach Oceanfront property. The Virginia Beach Hotel Portfolio Borrowers (as defined below) deposited upfront PIP reserves totaling \$741,954, which represents 50.0% of the engineer's updated estimated costs of the remaining PIP work (see “*Escrows and Reserves*” section). The balance of the remaining PIP work will be funded by the monthly FF&E reserve amount of 1/12th of 5.0% of the gross income from operations (initially \$104,329 for the portfolio). For the Hilton Garden Inn Virginia Beach Oceanfront property, the appraiser concluded an as-is appraised value without the PIP assumption of \$44,600,000, which results in a total appraised value of \$129,400,000, and a Cut-off Date LTV and Maturity Date LTV of 69.6% and 60.0%, respectively.

(4) For a full description of Escrows and Reserves, please refer to “*Escrows and Reserves*” below.

(5) The purchase price includes defeasance costs that the buyer paid on behalf of the seller in the amount of \$3,538,697.

Virginia Beach Hotel Portfolio

The Loan. The Virginia Beach Hotel Portfolio Whole Loan is secured by a first mortgage lien on the borrowers' fee and leasehold interest in the 289-room, full-service Hilton Virginia Beach Oceanfront property and the 167-room, full-service Hilton Garden Inn Virginia Beach Oceanfront property (together, the "**Virginia Beach Hotel Portfolio Properties**"). The Virginia Beach Portfolio Whole Loan has an outstanding principal balance as of the Cut-off Date of \$90.0 million, and is comprised of three *pari passu* notes, Note A-1, Note A-2, and Note A-3. The Virginia Beach Hotel Portfolio Whole Loan is serviced pursuant to the pooling and servicing agreement of the WFCM 2018-C47 Trust. The Virginia Beach Hotel Portfolio Whole Loan has a 10-year term and, subsequent to a two-year interest-only period, will amortize on a 30-year schedule. The Hilton Virginia Beach Oceanfront property was previously securitized in 2014 in the JPMBB 2014-C21 Trust.

Whole Loan Summary			
Note	Original Balance	Note Holder	Controlling Piece
A-1	\$45,000,000	WFCM 2018-C47	Yes
A-2	30,000,000	BBCMS 2018-C2	No
A-3	15,000,000	Barclays Bank PLC	No
Total	\$90,000,000		

The Properties. The Virginia Beach Hotel Portfolio Properties are comprised of two full-service hotels properties built in 2005 and 2014 totaling 456 rooms that, as of May 31, 2018, were 76.0% occupied with occupancies at the individual hotel properties of 75.7% at the Hilton Virginia Beach Oceanfront property and 76.6% at the Hilton Garden Inn Virginia Beach Oceanfront property.

The Hilton Virginia Beach Oceanfront property is a 289-room, full-service resort hotel. The property was built in 2005, and features two restaurants and a lounge, 10,050 square feet of meeting space, an indoor pool, a rooftop outdoor pool and whirlpool, oceanfront and boardwalk access, a fitness room, valet parking service and a business center. The hotel contains 186 double/double guestrooms, 90 king guestrooms, 11 studio suites and two one-bedroom suites. Catch 21, the hotel's primary dining outlet, is located in the northern portion of the lobby and has a built-in buffet to facilitate breakfast and lunch service. According to Diamond Ratings, the second restaurant, Salacia, is the only four diamond steakhouse in Virginia. Additionally, the Skybar is located on the 21st floor and offers food and beverage service to the rooftop infinity pool. The hotel is expected to undergo renovations anticipated to cost approximately \$832,184, which will be funded by the monthly FF&E reserve in an amount equal to one-twelfth of 5.0% of the projected annual gross income from room revenue operations (currently approximately \$104,329 for the portfolio). Attached to the property by way of an overhead walkway is an approximately 1,000 car parking garage with ground floor retail. The borrower has a leasehold interest in 380 garage parking spaces and approximately 26,000 square feet of retail space, with 58 additional spaces for exclusive retail use (see "*Leasehold Interest*" section). There are currently 13 tenants leasing the retail space for a total underwritten base rent of \$765,284 resulting in a net positive cash flow. Tenants include Starbucks and other small shops that cater to the hotel's customer base. The hotel franchise agreement with Hilton Franchise Holding LLC expires on August 31, 2038.

The Hilton Garden Inn Virginia Beach Oceanfront property is a 167-room, full-service hotel. The property was built in 2014, featuring two restaurants, a lounge, 6,350 square feet of meeting space, an indoor/outdoor pool, oceanfront access, a fitness room, a 24-hour business center, a market pantry, and a guest laundry room. The hotel contains 51 king guestrooms, 20 king suites, 92 queen/queen guestrooms, and 4 queen/queen suites. All rooms at the hotel have a view of the ocean. The on-site Lager Heads Restaurant serves lunch and dinner, with indoor and outdoor seating, and the on-site Great American Grill serves breakfast. The Hilton Garden Inn Virginia Beach Oceanfront has a leasehold interest in a 168-space parking garage, located approximately one block away from the subject property (see "*Leasehold Interest*" section). The hotel offers valet service from the hotel to the garage. The Hilton Garden Inn Virginia Beach Oceanfront property is expected to undergo an approximately \$1.5 million property improvement plan ("**PIP**") of which \$741,954 was reserved at closing and the remaining balance will be funded by the monthly FF&E reserve in an amount equal to one-twelfth of 5.0% of the projected annual gross income from room revenue operations (currently approximately \$104,329 for the portfolio). The hotel franchise agreement with Hilton Franchise Holding LLC expires on August 31, 2038.

Environmental. According to a Phase I environmental assessment dated June 21, 2018, there was no evidence of any recognized environmental conditions at the Virginia Beach Hotel Portfolio Properties.

The Market. The Hilton Virginia Beach Oceanfront property and the Hilton Garden Inn Virginia Beach Oceanfront property are located in Virginia Beach, Virginia. The Virginia Beach Hotel Portfolio Properties are accessible regionally by Interstate 64, Interstate 264, and Atlantic Avenue and are located approximately 11 miles southeast of Norfolk International Airport. According to the appraisal, Virginia Beach is best known as a resort, with miles of beaches and hundreds of hotels, motels, and restaurants along its oceanfront. It is also home to several state parks, long protected beach areas, three military bases, three Fortune 500 companies and a number of other large corporations, two universities, and historic sites. The Virginia Beach Convention Center, which is located approximately two miles

Virginia Beach Hotel Portfolio

from the Virginia Beach Hotel Portfolio Properties, offers over 516,000 square feet of convention space and hosts an array of conventions, consumer shows, theater events, banquets, local meetings and trade shows.

There is an approximately 305-room, full-service Marriott that recently broke ground and will likely open in January 2020 within the market approximately 0.6 miles away from the Virginia Beach Hotel Portfolio Properties. According to the appraisal, the Marriott will have more meeting space and is expected to operate at a higher price point. Furthermore, according to the appraisal, the proposed Marriott is not located within easy walking distance of many of the restaurants in the area and is expected to be part of a campus setting. The appraisal considers the property secondarily competitive. Additionally, an Embassy Suites by Hilton has been proposed for a site located within one mile from the Virginia Beach Hotel Portfolio Properties; however, this project is not expected to break ground until the Marriott is operational and absorbed in the market. There is potential additional demand as the city of Virginia Beach is constructing a 285,000 square foot Virginia Beach Sports Center, which is expected to be completed by November 2020. The sports center will feature 12 basketball courts, 24 volleyball courts, and 9 indoor field hockey courts. By its fifth year in operation, this facility is expected to increase hotel traffic by 100,000 guests and direct spending revenue by over \$82.0 million according to a third party report.

The Virginia Beach Hotel Portfolio Properties are located within the greater Hampton Roads lodging market. For the year 2017, the market-wide occupancy level was 69.9%, average daily rate was \$178.86, and RevPAR was \$125.10. Market segmentation for the Hampton Roads lodging market is 46% leisure, 39% commercial, and 15% meeting and group, which is consistent with the subject properties (40%, 35% and 25%, respectively, for the Hilton Virginia Beach Oceanfront property and 45%, 40%, and 15%, respectively, for the Hilton Garden Inn Virginia Beach Oceanfront property). Leisure demand is driven largely by the beaches and cultural attractions, commercial demand is driven by the government and government-related contractors, and meeting and group demand comes from a variety of sources.

Historical Occupancy, ADR, RevPAR									
Year	Competitive Set ⁽¹⁾			Hilton Virginia Beach Oceanfront ⁽²⁾			Penetration Factor ⁽³⁾		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
TTM 6/30/2016	65.8%	\$162.73	\$107.03	72.7%	\$214.48	\$155.84	110.5%	131.8%	145.6%
TTM 6/30/2017	67.3%	\$164.08	\$110.49	76.0%	\$213.70	\$162.45	112.9%	130.2%	147.0%
TTM 6/30/2018	68.2%	\$161.92	\$110.41	75.7% ⁽⁴⁾	\$214.32 ⁽⁴⁾	\$162.27 ⁽⁴⁾	111.0%	132.4%	147.0%

(1) Data provided by a third party research report. The competitive set contains the following properties: Holiday Inn Virginia Beach Oceanside 21st Street, Sheraton Virginia Beach Oceanfront Hotel, Hampton Inn Virginia Beach Oceanfront North, Ramada Virginia Beach Oceanfront, Holiday Inn Express & Suites Virginia Beach Surfside, Courtyard Virginia Beach Oceanfront South, and Courtyard Virginia Beach Oceanfront North 37th Street.

(2) Based on information obtained from the borrower.

(3) Penetration Factor is calculated based on data provided by a third party research report for the competitive set and information obtained from the borrower for the Hilton Virginia Beach Oceanfront property.

(4) For the Hilton Virginia Beach Oceanfront property, TTM 5/31/2018 data is used.

Historical Occupancy, ADR, RevPAR									
Year	Competitive Set ⁽¹⁾			Hilton Garden Inn Virginia Beach Oceanfront ⁽²⁾			Penetration Factor ⁽³⁾		
	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR	Occupancy	ADR	RevPAR
TTM 6/30/2016	61.6%	\$172.54	\$106.30	74.1%	\$191.52	\$141.91	120.3%	111.0%	133.5%
TTM 6/30/2017	63.4%	\$171.84	\$108.93	79.9%	\$192.10	\$153.56	126.1%	111.8%	141.0%
TTM 6/30/2018	63.7%	\$169.82	\$108.13	76.6% ⁽⁴⁾	\$192.19 ⁽⁴⁾	\$147.16 ⁽⁴⁾	120.3%	113.2%	136.1%

(1) Data provided by a third party research report. The competitive set contains the following properties: Holiday Inn & Suites Virginia Beach North Beach, Holiday Inn Virginia Beach Oceanside 21st Street, Sheraton Virginia Beach Oceanfront Hotel, Hampton Inn Virginia Beach Oceanfront North, Wyndham Virginia Beach, Courtyard Virginia Beach Oceanfront North 37th Street, Springhill Suites Virginia Beach Oceanfront, and Hampton Inn Virginia Beach Oceanfront South.

(2) Based on information obtained from the borrower.

(3) Penetration Factor is calculated based on data provided by a third party research report for the competitive set and information obtained from the borrower for the Hilton Garden Inn Virginia Beach Oceanfront property.

(4) For the Hilton Garden Inn Virginia Beach Oceanfront property, TTM 5/31/2018 data is used.

Virginia Beach Hotel Portfolio

Operating History and Underwritten Net Cash Flow

	2015	2016	2017	TTM ⁽¹⁾	Underwritten	Per Room ⁽²⁾	% of Total Revenue ⁽³⁾
Occupancy	71.5%	75.5%	76.8%	76.0%	73.1%		
ADR	\$206.24	\$206.83	\$204.58	\$206.21	\$206.21		
RevPAR	\$147.45	\$147.45	\$155.44	\$156.51	\$150.44		
Room Revenue	\$24,541,676	\$26,010,775	\$25,870,802	\$25,039,015	\$25,039,015	\$54,910	83.1%
Food & Beverage Revenue ⁽⁴⁾	3,325,000	3,325,000	3,325,000	3,325,000	3,325,000	7,292	11.0
Other Departmental Revenue ⁽⁵⁾	1,687,647	1,703,206	1,721,681	1,702,584	1,749,577	3,837	5.8
Total Revenue	\$29,554,323	\$31,038,981	\$30,917,483	\$30,066,599	\$30,113,592	\$66,039	100.0%
Room Expense	\$5,864,411	\$5,893,190	\$5,860,377	\$5,774,234	\$5,774,234	\$12,663	23.1%
Food & Beverage Expense ⁽⁶⁾	278,916	273,685	266,633	257,105	257,105	564	7.7
Other Departmental Expenses	1,123,543	1,106,197	1,027,061	1,056,956	1,056,956	2,318	60.4
Departmental Expenses	\$7,266,870	\$7,273,072	\$7,154,071	\$7,088,295	\$7,088,295	\$15,555	23.5%
Departmental Profit	\$22,287,453	\$23,765,909	\$23,763,412	\$22,978,304	\$23,025,297	\$50,494	76.5%
Operating Expenses⁽⁷⁾	\$9,252,195	\$9,576,837	\$9,513,721	\$9,360,639	\$9,832,133	\$21,562	32.7%
Gross Operating Profit	\$13,035,258	\$14,189,072	\$14,249,691	\$13,617,665	\$13,193,164	\$28,932	43.8%
Property Taxes	\$914,747	\$945,997	\$979,040	\$1,004,374	\$1,060,382	\$2,325	3.5%
Property Insurance	778,943	958,448	761,104	772,211	343,705	754	1.1
Total Other Expenses	\$1,693,690	\$1,904,445	\$1,740,144	\$1,776,585	\$1,404,087	\$3,079	4.7%
Net Operating Income	\$11,341,568	\$12,284,627	\$12,509,547	\$11,841,080	\$11,789,077	\$25,853	39.1%
FF&E	0	0	0	0	1,204,544	2,642	4.0
Net Cash Flow	\$11,341,568	\$12,284,627	\$12,509,547	\$11,841,080	\$10,584,533	\$23,212	35.1%

(1) TTM represents the trailing 12-month period ending May 31, 2018.

(2) Per Room values are based on 456 guest rooms.

(3) % of Total Revenue for Room Expense, Food & Beverage Expense and Other Departmental Expenses are based on their corresponding revenue line item.

(4) The F&B revenues have been normalized to reflect the new borrower-affiliated F&B lease that commenced at loan closing. At loan origination, the borrower leased out all F&B operations of the restaurants in the portfolio to Shamin-TLV Inc., an affiliate of the borrower. The rent will be \$3,325,000 for a 15-year term with 10.0% rent steps every five years. The lease has no termination options.

(5) Other revenue includes telephone revenue, parking, and retail income.

(6) The F&B expense represents the utilities and licenses that will remain in expense for each property with the new lease.

(7) Operating Expenses include a management fee of 3.0% of total revenue.

The Borrowers. The borrowing entities for the Virginia Beach Hotel Portfolio Whole Loan are 3001 Atlantic, LLC and 3315 Atlantic, LLC, Virginia limited liability companies and special purpose entities with two independent directors. Legal counsel to the borrower delivered a non-consolidation opinion in connection with the origination of the Virginia Beach Hotel Portfolio Whole Loan. Neil P. Amin and Jay B. Shah are the guarantors of certain nonrecourse carve-outs under the Virginia Beach Hotel Portfolio Whole Loan.

The Loan Sponsors. The loan sponsors are Neil P. Amin and Jay B. Shah. Neil P. Amin is the CEO of Shamin Hotels and Jay B. Shah serves as Vice President. Founded in 1979, Shamin Hotels is the largest hotel management company in Virginia. It owns and manages 56 properties with more than 7,000 rooms and over 100,000 square feet of meeting and banquet space. Managed brands include Hilton, Marriott, Intercontinental Hotels, and Hyatt. Shamin Hotels is headquartered in Virginia, but has expanded nationally, operating hotels in Virginia, Maryland, New York, Colorado, Florida, and North Carolina. Shamin Hotels has received numerous awards and recognitions including the Developer of the Year from Intercontinental Hotels Group and the Multi-Brand Developer of the Year, New Build/Adaptive Reuse of the Year, and the Lifetime Achievement Award from Hilton Hotels. The borrower sponsors disclosed three previous loan modifications.

Property Management. The property is managed by Shamin Hotels, Inc., an affiliate of the borrower.

Franchise Agreements. The properties have franchise agreements with Hilton Franchise Holding LLC, a Delaware limited liability company. Both of the current franchise agreements are effective as of August 31, 2018 for terms of 20 years, with expiration dates of August 31, 2038.

Virginia Beach Hotel Portfolio

Escrows and Reserves. At origination, the borrower deposited into escrow approximately \$326,006 for real estate taxes and approximately \$741,954 for estimated expenses related to remaining planned PIP renovations for the Hilton Garden Inn Virginia Beach Oceanfront property. This amount represents 50.0% of the engineer's updated estimated cost of the remaining PIP work. The balance of the remaining PIP will be funded by the monthly PIP reserve.

Tax Escrows – On a monthly basis, the borrower is required to escrow 1/12th of the annual estimated tax payments, which currently equates to approximately \$81,502.

Insurance Escrows – On a monthly basis, the borrower is required to escrow 1/12th of the annual estimated insurance payments, which currently equates to approximately \$28,642.

FF&E Reserves – On a monthly basis, the borrower is required to deposit an amount equal to the 1/12th of 5.0% of projected annual gross revenues from operations at the property from the commencement date until the PIP is completed and 1/12th of 4.0% of the projected annual gross revenues from operations thereafter up to a cap of 36 months' worth of monthly deposits.

Retail and Parking Reserve – Upon the occurrence of a Low DSCR Cash Sweep Period (as defined below) or a Franchise Trigger Period (as defined below), the borrower will be required to make a monthly deposit of 1/12th of the applicable rent that the Lender estimates will be payable during the next ensuing twelve months in order to accumulate sufficient funds to pay the retail and parking lease rents at least 30 days prior to their respective due dates.

Lockbox / Cash Management. The loan is structured with a springing lockbox and springing cash management. During the continuance of a Trigger Period (as defined below), the borrower will be required to deposit, or cause to be deposited, into the lockbox account all gross income from operations, all forfeited security deposits, and all other revenue of any kind from the Virginia Beach Hotel Portfolio Properties received by the borrowers or manager. All funds on deposit in the lockbox account are then required to be disbursed immediately preceding each payment date in accordance with the loan documents, with all excess cash flow to be deposited to an excess cash reserve to be held as additional security for the Virginia Beach Hotel Portfolio Whole Loan.

A "**Trigger Period**" means (i) the occurrence of an event of default, (ii) the debt service coverage ratio based on the calendar quarter preceding the date of determination is less than 1.15x, or (iii) the earliest to occur of (a) lender's reasonable determination that the borrowers have failed to complete all work under the PIP within the reasonable time required under such PIP (as may be extended by or with the consent of Hilton Franchise Holding LLC) or (b) the expiration or termination of the franchise agreement at any time while any portion of the debt remains outstanding (a "**Franchise Trigger Period**").

A "**Low DSCR Cash Sweep Period**" means any period commencing on the last day of the second consecutive calendar quarter preceding the date of determination for which the debt service coverage ratio is less than 1.15x.

Subordinate and Mezzanine Debt. None.

Partial Release. Not Permitted.

Leasehold Interest. At the Hilton Virginia Beach Oceanfront property, the borrower has a leasehold interest in a portion of the garage consisting of 380 parking garage spaces. The leased fee holder of the garage is the City of Virginia Beach Development Authority. Rent under the parking lease currently consists of an approximately \$222,000 annual payment plus special rent (fixed at \$10,538 per year expiring in 2025), and additional rent. Additional rent is calculated as 2.0% applied to the difference between the current year room revenue less the room revenue in 2014, capped at \$50,000. The lease expires on June 30, 2070. Additionally, the borrower has also entered into a lease for the ground floor retail portion of the parking garage, which provides approximately 26,000 square feet of commercial space to the borrower as well as an additional 58 parking spaces for exclusive retail use. The annual lease expense is \$378,930 with the lease term expiring on June 30, 2030.

At the Hilton Garden Inn Virginia Beach Oceanfront, the borrower has a leasehold interest in an off-site parking garage where the borrower leases 168 spaces from 34th Street Garage, LLC. Annual rent under the lease equals \$1.00 plus a *pro rata* share of all expenses paid or incurred by the lessor and operation and preservation of the property and parking facilities. The lease expires in May 2105.