



\$30.0 MILLION

DEFAULTED SENIOR LOAN

132-Key Full-Service Hotel | New York City, NY

The Investment Opportunity

Jones Lang LaSalle ("JLL") has been retained on an exclusive basis to arrange the sale of an approximately \$30.0 million non-performing senior loan (the "Loan"). The lender originated the Loan in December 2017 with an initial balance of \$31.0 million (\$235k/key). The Loan is non-recourse with standard bad boy carveouts and a carry guaranty for debt service and operating expenses. The Loan was originated senior to a \$15.0 million mezzanine loan made by an unrelated party.

The Loan defaulted and was accelerated in April 2020 and is currently under a forbearance agreement whereby the borrower agreed to waive defenses to a foreclosure and agreed to pay contract interest pursuant to the terms of the forbearance agreement. The situation provides a unique opportunity for an investor to acquire the Loan with a foreclosure judgment in hand, which provides a path to acquire the fee simple asset.

STATUS

Defaulted

UPB

Approximately \$30.0mm

CURRENT PAY + ACCRUAL

5.50% Current Pay under forbearance ¹
5.00% Defaulted interest is accruing ²

KEYS

132

FORECLOSURE STATUS

Judgment In Hand

*1) Libor + 4.50% subject to all in rate of 5.50%.
2) 5.00% defaulted rate is ballooning until resolution.*

Collateral

The Loan is secured by a first lien mortgage on the borrower's fee simple interest in a 132-key full-service hotel located in the Midtown South in the heart of the Manhattan borough of New York, NY (the "Collateral" of "Property"). The 13-story hotel was initially constructed in 1903 and most recently renovated in 2015 and features both fitness and business centers, a leased food and beverage component (150 person seating capacity), a lobby coffee bar (30 person seating capacity), and three leased mezzanine retail spaces. The hotel offers a total of 132 guestrooms: (55) King, (32) Double/Double, (23) Queen, (11) King with Sofa, (11) Queen/Queen. The Property closed its doors in March 2020 due to the coronavirus pandemic. The Collateral is currently unencumbered by a franchise and is subject to a union labor agreement.

Investment Highlights

COVID AFFECTED

The Property and Loan were performing Pre-COVID which portends to a quicker path to recovery once the hotel re-opens.

ATTRACTIVE BASIS

The Loan's last dollar sits at an attractive basis for Midtown South at \$225,394 per key. The per key basis is well below the average cost to acquire hotels in Manhattan which has been north of \$500,000 over the past 20 years.

PATH TO RECOVERY

The Loan provides investors with a potential quick path to recovery by stepping into the current lender's foreclosure proceeding with a judgement in hand.

CHANGING MANHATTAN MARKET

NYC has consistently achieved occupancy and ADR levels far superior than the US average with an average RevPAR premium of 185% from 2009 to 2019. With the anticipated permanent hotel closures and conversions, the overall Manhattan supply is expected to decrease by over 5-10% resulting in supply compression and RevPAR growth.

Transaction Team

Loan Sales Specialists

Sean Ryan
Managing Director
sean.ryan@am.jll.com
(469) 232.1931

Tom Hall
Managing Director
tom.hall@am.jll.com
(212) 209.4501

Kyle Kaminski
Vice President
kyle.kaminski@am.jll.com
(305) 714.5307

Clayton Ross
Associate
clayton.ross@am.jll.com
(212) 812.6549

Hotel Specialists

Jeffrey Davis
Senior Managing Director
jeffrey.davis@am.jll.com
(212) 812.5962

KC Patel
Executive Vice President
kc.patel@am.jll.com
(212) 632.1814

Tyler Dumon
Vice President
tyler.dumon@am.jll.com
(303) 515.8092

Angel Deng
Associate
angel.deng@am.jll.com
(929) 318.1145

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