

Monarch Alternative Capital Expands Hospitality Portfolio Through Loan Purchases

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Monarch Alternative Capital LP, a leading investment firm with approximately \$11 billion of assets under management, today announced the continued expansion of its hospitality portfolio through purchases of non-performing mortgage loans on the Hotel Felix in Chicago and the YOTEL San Francisco. Monarch subsequently took ownership of those two properties through a settlement of the debt. Monarch's flexible approach and process-driven edge enabled the firm to acquire and quickly restructure the debt of the hotels, securing the hotels at attractive valuations and setting the properties on a path for operational success. These transactions highlight the firm's continued ability to identify and source attractive opportunities in limited competition or entirely off-market processes.

"As the opportunity set in the commercial real estate market continues to evolve, we have leveraged our restructuring expertise and deep relationships to access high-quality assets at significant discounts to the previous lenders' bases through the credit markets," said Ian Glastein, Managing Principal and Co-Head of Real Estate at Monarch. "To further enhance these properties, our in-house asset management team is exploring several options to create incremental revenue streams by implementing strategic hands-on revenue management, upgrading the food and beverage spaces and enhancing amenities."



Monarch was drawn to the high-quality nature of each property. Both hotels are located within vibrant, emerging submarkets of their respective greater metropolitan areas, which have continued to exhibit improving trends in demand following dislocation driven by COVID-19. The Hotel Felix is a 228-room boutique hotel located in the heart of the River North submarket of Chicago, and the YOTEL San Francisco is a newly-converted 203-room "micro-hotel" located in the Mid-Market submarket of San Francisco. Though the hotels vary in service offerings, both assets are ideally located in bustling neighborhoods frequently visited by tourists and locals alike and also benefit from a strong corporate presence, as well as a ramp up of convention center activity. On top of the innate demand drivers of each

locale, Monarch is further encouraged by the continued recovery of business and group travel nationally, in addition to the increasing demand of leisure travelers.

While urban markets like Chicago and San Francisco have only recently started to normalize, Monarch believes that both properties present an opportunity to capitalize on the continued dislocation in the hospitality market caused by the pandemic and would be overlooked by other institutional investors. Furthermore, the ongoing market disruption has put pressure on capital structures of properties, making it difficult for previous ownership groups to refinance their legacy debt. Through realignment and new ownership by Monarch, these properties are now financially situated to focus on improving operations and capitalize on improving fundamentals.

About

Monarch Alternative Capital LP

Monarch Alternative Capital LP is a global investment firm founded in 2002 with approximately \$11 billion in assets under management. Monarch focuses primarily on opportunistic and distressed situations across corporate debt, real estate, special situations, and other market segments. Monarch draws on the skills and experience of its employees across its offices in New York and London. For more information, please visit www.monarchlp.com.