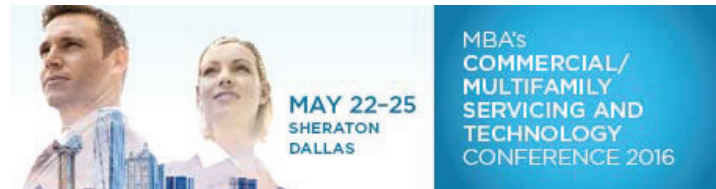


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# DealMaker: Thorofare Capital Lends \$19M on Hotel and Office Properties

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Thorofare Capital, Los Angeles, lent \$18.7 on an Illinois Hilton Garden Inn and a Temecula, Calif. office property.

In suburban St. Louis, Thorofare structured a \$12.6 million non-recourse, interest-only loan for a 128-room Hilton Garden Inn in O'Fallon, Ill. The floating-rate loan carries an initial two-year term and includes three one-year extension options. The structure included a property improvement plan holdback to capitalize the sponsor's value-add business plan.

"After another debt fund was unable to close the transaction due to internal constraints, the sponsor sought certainty of execution from a reliable balance

sheet lender," said Thorofare Co-President and CEO Kevin Miller. He said the sponsor had only 45 days left to close on the purchase after an expired due diligence period.

In addition, the sponsor saw an opportunity to purchase the leasehold interest in an adjacent physically connected 20,000-square-foot conference center, Miller said. "Thorofare structured an up-sizing feature subject to cash-flow hurdles similar to a line of credit. A commitment fee was not charged at the time of the initial loan closing. If the up-sizing is not exercised, then no unnecessary costs are incurred."

In California, Thorofare lent \$6.1 million on a 54,000-square-foot Class A office asset. The lender closed the non-recourse loan in less than one week from application after another lender failed to close the deal within the approaching deadline.

"At the time of closing, the multi-tenant office complex was 72 percent leased to 16 tenants," said Thorofare Executive Vice President of Origination Felix Gutnikov. "The sponsor plans to reduce vacancy by finishing two pending lease negotiations with new tenants, totaling 14,000 square feet, and then procuring permanent financing through the capital markets."

Gutnikov said Thorofare's interim financing allows the sponsor to increase occupancy and immediately transition into a long-term loan without being subject to yield maintenance.

Thorofare's 18-month interest-only financing included an extension option.

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