

NYC Office Loan Moved to Special Servicing

The securitized debt against 100 Wall St., a 482,404-square-foot office building in lower Manhattan, has been shifted to special servicing because it's expected to default soon.

The debt, with a balance of \$117.4 million and a coupon of 6.25 percent, comes due next June. It was securitized through LB-UBS Commercial Mortgage Trust, 2007-C6.

The 42-year-old collateral property is owned by Savanna Partners, which took it over earlier this year, months after acquiring some mezzanine debt against it from Prudential Financial.

Savanna had taken it over from an affiliate of Lehman Brothers, which assumed it two years ago as part of a restructuring of some \$459.5 million

of mezzanine debt against properties owned by Broadway Partners. Broadway, meanwhile, had purchased it as part of a large portfolio from Beacon Capital Partners at the market's peak in 2007.

Beacon had acquired it in 2005 for \$134 million from Reckson Associates Realty.

The 29-story building was encumbered by a total of \$113 million of mezzanine debt on top of the \$117.4 million of CMBS debt. It's not known how much of that Savanna had purchased from Pru and how much was retired as part of the Lehman-orchestrated restructuring.

Five Mile Capital is the deal's special servicer. It generally takes over special

servicing functions of loans that are senior to mezzanine debt in which it has invested. That would indicate that it still holds a piece of debt that sits between the senior securitized loan and Savanna's equity piece.

The collateral property last year generated \$7.7 million of net cash flow, according to servicer data compiled by Morningstar. That was just 3 percent more than needed to fully service its interest-only senior debt. So when any remaining mezzanine debt is taken into account, the property's cash flow is unlikely to be sufficient for it to stay current on its debt.

The building was 82 percent occupied as of the end of July, according to Morningstar data.

PCCP Lends \$69.2Mln Against Utah Mall

PCCP LLC has provided \$69.2 million of financing for the Valley Fair Mall, an 877,153-square-foot shopping mall in Salt Lake City.

The senior debt will be used by the mall's owner, a venture of Coventry Real Estate Advisors and Satterfield Helm, to retire existing debt and fund the 41-year-old property's renovation.

The Coventry/Satterfield venture had purchased it in 2005 from the former

New Plan Excel Trust. At the time, it was 84 percent leased and anchored by JCPenney, Macy's and Mervyn's. The latter filed to liquidate in 2008 and its space is being filled by a 15-screen movie complex that will open late next year. The PCCP loan will fund construction of that space, as well as 50,000 sf of junior anchor space.

The property also includes a 150,000-sf Costco that occupies space under a

ground lease. The retailer, along with junior anchors Ross Dress for Less and Petco opened stores at the property over the past three years as part of a broad repositioning orchestrated by the Coventry/Satterfield team.

The property is now 93 percent occupied. It sits across from City Hall, at the corner of 3500 South and Highway 215, two major roadways, and near a light-rail station.

JCR Raises \$46Mln for Follow-Up Fund

JCR Capital has raised \$46 million of investor commitments towards its \$100 million target for JCR Commercial Real Estate Finance Fund II LP, which will provide short-term financing for distressed, opportunistic and value-add real estate.

The Denver investment manager, led by Jay Rollins and Maren Steinberg, long-time veterans of the opportunistic investment world, was helped in its capital-raising efforts by Perth Advisors of New York.

The company's first fund, JCR Capital Distressed & Opportunistic Real Estate Fund I LP, had raised \$30 million that was used to provide capital

- debt, preferred equity and equity - to investors in distressed loans or owners of properties in distress that need to be recapitalized. The latest fund will follow a similar strategy, with a focus on middle-market assets. That is, those of \$2 million to \$15 million in total capitalization.

The first fund is fully committed and has already returned to investors 30 percent of their investment capital.

The middle market has been ignored in some regions by many lenders and JCR says about \$1.7 trillion of such loans come due in the next five years.

"Current market conditions are allowing JCR to make attractive investments

uncorrelated to major indices in securities which occupy a senior position in the capital structure but which have equity upside," Rollins said. "Like Fund I, Fund II will seek to provide investors equity-like returns with a debt-like risk profile and frequent liquidity events."

More than 90 percent of the investors who participated in JCR's first fund have committed to invest in the second.

In addition to its latest fund, JCR recently raised \$100 million of capital through a separate-account relationship with an institutional investor that it will use to fund bridge loans on commercial properties and loans.