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CONTACT: Douglas P. Harmon  
Arden Credit Fund  
dph@ardengroup.com  
(646) 639-8486

**ARDEN CREDIT FUND L.P. PROVIDES \$25 MILLION MEZZANINE LOAN ON NATIONAL HOTEL PORTFOLIO**

**Philadelphia PA**, July 17, 2017 - [Arden Group](#), through their discretionary fund affiliate Arden Credit Fund, L.P., announced the origination of a \$25 million mezzanine loan secured by a 22-asset, cross-collateralized portfolio of limited-service hotels and bargain purchase options on the land under 21 hotels. The Portfolio, which consists of 2,883 keys, is owned and operated by The Shidler Group of Honolulu, HI. Arden's mezzanine loan will be subordinate to a \$204 million first mortgage which was securitized in a transaction advised by Bank of America Merrill Lynch who acted as the placement agent.

The Portfolio was largely acquired over the past two years from sellers Wheelock Capital and Chartwell Hospitality, with five Hersha Hospitality assets acquired over the last several months. One asset is held fee simple and 21 assets are on 99-year ground leases. The Portfolio is collateralized by hotels of various flags including: Hyatt House, Hilton Garden Inn, Courtyard by Marriott, Hampton Inn, Fairfield Inn, Homewood Suites, Residence Inn, Comfort Inn, and Springhill Suites. Properties are located across the United States, with concentrations in FL (6), NC (4), TX (3), CA (2), GA (2), AZ (2), MD (1), IL (1), and VA (1).

"As our first Arden Credit Fund investment, we're pleased to have the opportunity to work on a well-diversified hotel portfolio with a sophisticated, institutional borrower in The Shidler Group," said Craig A. Spencer, CEO of Arden Group. "Despite this being a fairly complicated transaction involving 22 assets in 9 states we were able to meet the borrower's closing time line with room to spare"

The senior loan transaction was innovative and potentially revolutionary in its approach to lending within the CMBS industry. The Shidler Group raised \$204 million on the portfolio directly in the CMBS market, while retaining 5% exposure to the transaction itself.

"Arden was the first mezz lender to figure out that control of below-market land purchase options is the ultimate risk hedge when lending on ground-lease properties" said Jay Shidler, managing partner of The Shidler

Group, “As additional collateral, the current value of just the options is almost twice Arden’s exposure. This is a very, very smart organization.”

“We leveraged our in-house expertise in the hospitality sector to deliver on the loan. Moreover this transaction demonstrates our ability to be problem solvers,” said Douglas P. Harmon, managing director of the Arden Credit Fund L.P. “This transaction met each of the major criteria that we look for in a deal: sophisticated; institutional sponsorship; strong underlying collateral performance; superior underlying submarkets for the assets; and strong credit metrics supported by the structure of the loan. More than that it shows how we can accommodate a borrower’s needs.”

**About Credit Fund L.P.:** ARDEN | CREDIT FUND headquartered in Philadelphia is an affiliate of the Arden Group. Through long-standing industry relationships, Arden Credit Fund focuses on providing mezzanine financing to borrowers with transitional assets that are executing value-add business plans, development projects and stabilized real estate properties. The Arden Credit Fund seeks to leverage its expertise as a successful value-add investor to underwrite asset and market risk to generate returns.

**About Arden Group:** ARDEN | GROUP, headquartered in Philadelphia through its discretionary real estate debt and equity fund platforms, provides debt on real estate properties and acquires value-add full-service hotels and class A office properties in major U.S. markets. Since its founding in 1989, Arden Group has purchased \$3 billion of real estate and its asset management division has managed more than \$5 billion of assets.

[www.ardengroup.com](http://www.ardengroup.com)

**About Shidler Group:** The Shidler Group acts as a financier in the field of real estate. The Shidler Group, its Managing Partners, and The Shidler Family Trust invest directly for their own accounts, in addition to providing equity and debt capital to third-party owners of institutional-grade properties.

An affiliate of The Shidler Group, Terra Funding Trust, focuses on investing in the Land underlying significant commercial buildings on long-term Ground Leases, in part for the benefit of The Shidler Family Foundation and the educational institutions it supports. [www.shidler.com](http://www.shidler.com)