

## **T-Rex Seeks High-Yield Hotel Plays**

Opportunistic investor **Thomas Mulroy**, who has pursued distressed telecom buildings and the development of apartment properties, is now turning his sights to the hotel sector.

Mulroy's firm, **T-Rex Capital** of Stamford, Conn., and an unidentified operating partner plan to team up with private and institutional investors to spend \$300 million to \$500 million next year on hotels with significant upside potential.

Mulroy intends to selectively seek out off-market purchases and development opportunities. "We are not blanketing the world," he said. "We are looking at very unique locations, difficult situations."

A prime target will be resorts in the U.S. and its territories that are in locations with high barriers to entry or that offer distinctive attributes. Candidates will include properties with distressed owners or troubled financing.

One specific play will involve hotels that are suitable for "fractional ownership" programs, under which partial stakes in individual rooms are sold for use for a specified amount of time each year. When the units are not in use by their owners, they will be rented as hotel rooms.

While Mulroy prefers to buy properties, he is willing to consider development projects with unique angles. Indeed, that's the profile of his firm's first hotel investment. T-Rex and partners are designing plans for a resort, a residential community and a marina on a 10-acre site on the Caribbean island of St. John. The marina will be the first on the island, Mulroy said. T-Rex has secured a 99-year land lease on the site from **Emmaus Moravian Church**. The property's estimated value when completed is around \$200 million.

T-Rex will bypass bidding contests, which have become common over the past two years as capital has flooded into the hotel sector. "We don't get into competitive situations, we do very select deals," said Mulroy.

Since 1999, T-Rex and partners have invested more than \$800 million in some 7 million sf of properties. The firm got its start in an unusual niche — distressed telecommunication facilities, which it converted into disaster-recovery sites for government agencies and corporations. Demand for such sites increased dramatically after the 2001 terrorist attacks. Since then, T-Rex has expanded its platform to include apartment and condominium developments.