Q+A

Kevin Miller

Co-President and CEO of Thorofare Capital

Commercial Observer: What are some of the more exciting deals the team has closed recently?

Mr. Miller: Last week, Thorofare provided a Los Angeles-based family office with a $26.3 million bridge loan to recapitalize a “high-street” retail portfolio, which comprises two “jewel boxes” on world-famous Melrose Place in West Hollywood and a single-tenant creative office situated in the heart of the popular Abbot Kinney Boulevard in Venice, Calif. The deal closed in less than 10 days from application.

As another example of highly structured financing completed by Thorofare, the firm funded a senior-plus mezzanine 80 percent loan-to-cost, $5.4 million fixed-rate bridge loan for acquisition of a creative office loft building located one block from Google’s Chicago outpost at 1K Fulton, in the burgeoning Fulton Market District within the West Loop. Thorofare funded the senior position with its Fund III and brought in a managed account that bought the mezzanine sliver. The deal closed in just two weeks.

Other exciting deals recently financed include a repositioning of a boutique hotel located on Pacific Coast Highway in the prestigious seaside community in Malibu, Calif.; a $13 million floating-rate loan for a historic mixed-use redevelopment in the gentrifying Salt Lake City CBD [central business district]; and a $28 million “quick-close” partnership buyout financing of a seven-building, 254-unit multifamily portfolio spread over Brooklyn and the Bronx.

How did the partnership with DoubleLine Capital come about and what has come of it?

The partnership with DoubleLine has taken the better part of five years to get up and running and has been quite a process but completely worth the effort. We now have a completely operational bucket of capital to deploy into B-pieces and to originate senior mortgage bridge loans that are capitalized by some wonderful institutional investors. The program with DoubleLine is highly complementary with our existing fund series, which is more opportunistic in nature and targets special situations.

Kevin Miller.

Basically, there have been excellent cross-selling opportunities between the vehicles—which have benefited both our borrowers and our investors in both vehicles.

How many funds do you currently have?

We have our Thorofare Fund IV, the DoubleLine partnership and we are currently in the process of capitalizing a fund to tackle highly opportunistic situations and JV equity and preferred equity transactions. Through these three funds, Thorofare offers a variety of lending solutions.

As a lender, where are you seeing the most opportunity right now?

As always, we are seeing opportunity in aligning ourselves with opportunistic sponsors who have the capacity to create value on deals they buy at an attractive basis. We can always use more of those relationships and do everything we can to nurture them.

Given the recent volatility in the capital markets, what’s your prediction for the industry as a whole this year?

There’s probably going to be some shake out with the participants who rely the heaviest on capital market—meaning commercial mortgage-backed securities and/or collateralized loan obligations—execution and high levels of leverage getting hurt the worst. If that does happen, you can bet that commercial real estate values are going to be impacted and weaker players will exit the market.

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