# Thorofare set to launch fourth fund

Thorofare Capital plans to start fundraising for Thorofare Asset Based Lending Fund IV in August. "Fund I is fully realized, Fund II has returned 85% of commitments, we are about 90% deployed and beginning to return investor capital for Fund III, and we expect to launch Fund IV in the next 30 to 45 days," said Brendan Miller, co-president and CIO. "The fourth fund will be slightly larger [than the third fund], with total capitalization of $300m compared to the previous $250m."

The company's investor base is comprised of high-net-worth individuals, family offices and smaller institutions. The Los Angeles-based firm provides bridge loans of $2m to $30m, with average terms of 12 to 18 months. Thorofare targets yields of 8% to 11% and has a 68% cap on LTV. It works with borrowers looking to acquire or recapitalize value-add and opportunistic middle market commercial real estate opportunities. Miller added the firm targets special situations where there's fallout, back-up offer, or buyers needing to close quickly. While the average closing time for Thorofare is between two to three weeks, the firm has closed in as few as five days.

""WE BELIEVE WE DIFFERENTIATE OURSELVES BY NOT GOING UP TO 85%, 90% LTV. WE ARE INVESTING OUR OWN CASH AND WE LOOK AT EVERY ONE OF OUR INVESTORS' DOLLARS AS OUR PERSONAL MONEY, OR YOU CAN SAY, OUR GRANDMOTHER'S MONEY"

BRENDAN MILLER

A case in point is a loan Thorofare provided to an affiliate of Indianapolis-based Hotel Capital. The $12m fixed-rate bridge loan was used to finance the acquisition of The Four Points by Sheraton Orlando Studio City. Miller noted the situation was one where the borrower needed to close in less than three weeks. The 21-story, 301-room full service hotel located at 5905 International Drive, was acquired from Garrison Investment Group, which had owned the property since 2011. Built in 1979, the hotel underwent significant renovation and was reflagged under Starwood's Sheraton Four Points brand in 2007.

"We put together a creative structure to get the proceeds the borrower needed, but also implemented a cash flow sweep to reserve for future PIP requirements from Starwood," said Miller. "It was a highly structured deal. We structured this as a stretch senior mortgage where our fund took down the senior A-note at below 68% LTV and brought in a private investor in our fund who liked the yield on the subordinated debt, which was structured as a B-note," he added. The acquisition facility, which comprises of a $10.27m A-piece at 67.4% LTV and a $1.732m B-piece at 11.4% LTV, allows for immediate pre-payment and was funded in 12 days.

Additionally, Thorofare will continue to expand its existing platform through a strategic partnership with DoubleLine Capital announced in June. Under the agreement, Thorofare serves as the exclusive originator to originate, underwrite and service bridge loans that will be purchased for clients whose accounts are managed under DoubleLine's opportunistic CRE debt strategy. The program will fund senior whole bridge loans of $5m to $20m, with terms between two and five years, for the acquisition and refinance of multifamily, retail, industrial hospitality and office properties.

"We see the two products as complementary. Our existing funds focus on special situation debt products and the DoubleLine partnership gives us greater access to more traditional bridge opportunities," explained Miller. Since launching the strategic partnership last September, which is part of Thorofare's floating rate bridge strategy, the firm has closed four loans and is looking at 10 additional opportunities in various stages of underwriting, added Miller.

Moving forward, Thorofare will continue providing bridge financing through its funds and the DoubleLine partnership. Miller observed the bridge lending space has seen a shift where more lenders are willing to go more aggressive in the capital stack, with high LTV levered up with mezzanine, as well as more stretched senior going up to 80% LTV. But the firm remains resolute in topping out at 75% LTV, with the rare exception of going up to 80% LTV if the property has strong cash flow and sophisticated sponsor.

"There are definitely things we won't do. We stay away from certain markets, like North Dakota, certain asset classes in tertiary markets, properties with environmental issues and unentitled land," said Miller. To justify the high capital stack, up to 85% to 90% LTV, many land projects have to be set up to be loan to own, said Miller. "We believe we differentiate ourselves by not going up to 85%, 90% LTV. We are investing our own cash and we look at every one of our investors' dollar as our personal money, or you can say, our grandmother's money," he concluded.



55 West 125th Street: One of two NY office buildings recapitalised by Cushman & Wakefield

# Cushman arranges New York office buildings recapitalization

Cushman & Wakefield has arranged the recapitalization of two New York office properties, 55 West 125th Street and 215 West 125th Street. The recapitalization involved City Investment Fund selling its stake in the properties to Deutsche Asset & Wealth Management, which will own the assets in a joint venture with Cogswell Realty.

The properties are notable given their location on the 125 Street retail corridor, views of Central Park and Midtown, and a tenancy that includes the office of former President Bill Clinton. Additionally, a number of federal and non-profit state and city agencies are in the buildings, noted Steve Kohn, president of Cushman & Wakefield Equity, Debt & Structured Finance.

The properties total 425,000 square feet and are 96% leased. There is some value-add potential as well, with the properties standing to benefit from planned retail, residential, and office projects nearby, added Christopher Moyer, senior director.

Cushman represented Cogswell and the City Investment Fund. Pricing couldn't be determined.