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News & Analysis

# Callodine acquires majority stake in Thorofare Capital

*The partnership will allow the Los Angeles-based lender to expand its lending and fundraising platforms.*

By **Samantha Rowan** - 12 mins ago

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Boston-based investment management company Callodine Group has acquired a majority stake in Thorofare Capital, a transaction that will allow the Los Angeles commercial real estate debt manager to expand its lending and fundraising platforms and ultimately expand into equity investments.

Thorofare Capital, founded by Kevin Miller, has carved out a strong niche in originating loans of \$10 million to \$100 million on transitional assets on properties in all categories throughout the US. This focus, along with a strong corporate culture and credit discipline, was appealing to Callodine.

James Morrow, founder and chief executive of Callodine, said these attributes were part of the attraction for the yield-focused investment management company.

“When we look at the broader market, there is a lack of yield. A strategy like Thorofare’s and broadening out what they can offer fits squarely in with what we’re trying to achieve, with a yield and income focus. These are factors that will be important for investors,” Morrow told *Real Estate Capital USA*.

Miller and Morrow detailed a broad plan of expansion, discussing the potential for expanding Thorofare’s existing products into new areas of the market that include core-plus subordinate debt, JV equity and preferred equity.

“We will benefit from the capital and expertise of Callodine, but we will also see a significant benefit from their balance sheet,” Miller told *Real Estate Capital USA*.

“We want to be able to offer the full product set to reach borrowers from acquisition to bridge to special situation. One-stop shopping is something we’d love to provide to our borrower base.”

The partnership also means the expansion of Thorofare’s existing fund management platform and the potential addition of permanent capital vehicles. Permanent capital would give the company the ability to have a longer duration investment horizon, while increasing Thorofare’s access to capital, Miller noted.

Thorofare has originated more than \$3 billion of loans since inception and has about \$1.15 billion in AUM. Miller and Morrow declined to comment on potential growth, noting that the partners are looking at the business from a long-term perspective.

Callodine and Thorofare were introduced via Berkshire, an adviser to the latter. However, Morrow stated that Callodine had long been aware of Thorofare and wanted to get to know the business better. “We had a lot of mutual friends and connectivity that was very helpful in finding out more background and if we would be a cultural fit,” Morrow added.

On a property level, Miller noted the firm will continue to look across sectors. “We are very excited about particular asset classes: namely industrial, distribution, logistics and warehouse, cold storage and data centers,” he said. “Multifamily will also continue to be in vogue.”

Berkshire Global Advisors served as exclusive financial adviser and Kirkland & Ellis served as legal counsel to Thorofare. Meanwhile, Aviditi Advisors served as strategic advisor and Skadden, Arps, Slate, Meagher & Flom served as legal counsel to Callodine.