

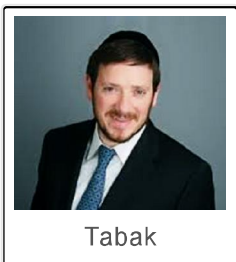
Jefferies Loancore provides \$114m to New York-based joint venture

Publication date: 7th July 2015 | By: Ruchira Roy Chowdhury

0 0 0 0 Shares

Jefferies Loancore has originated \$114m in loans to a joint venture between New York-based firms Princeton Holdings and The Bluestone Group for the refinancing of three office properties, two in California and one in Texas, that are predominantly leased to the Government Services Administration (GSA).

The securitized loans, carrying a loan-to-value of 69 percent based on the \$166m acquisition of the three assets in December 2014, are part of COMM 2015-PC1 Mortgage Trust.



Tabak

The largest is a \$63m loan that refinances a 358,407 sq ft office building at 1325 J Street in Sacramento, California. The GSA offices include the Bureau of Alcohol, Tobacco, & firearms, Defense Logistics Agency, Army Corps of Engineers, in addition to a 7-Eleven outlet. The joint venture paid \$91m for the asset.

Jefferies also provided a \$29m loan to refinance an office building at 8808-8810 Rio San Diego Drive in San Diego, California, which was purchased for about \$42m from UrbanAmerica and Fisher Brothers. The building is leased to the Department of Veteran Affairs.

The remaining balance of the loans, about \$23m, was provided to refinance an office property at 1433 West Loop South in Houston, Texas. Princeton and Bluestone bought that property for \$33m. It houses the GSA's Drug Enforcement Administration in addition to the office of Texas Premier Bank, which was taken over by the Federal Deposit Insurance Corporation in December of last year.

The original portfolio acquisition also included the \$53m purchase of a fourth, 175,000 sq ft office building at 999 E Street NW in the East End submarket of Washington, DC, on Capitol Hill (the joint venture flipped that property in June for about \$83.5m).

At the time of the portfolio purchase, Eli Tabak, co-founder of Bluestone Group, noted that the properties have additional upside potential "since private-sector tenants will likely pay higher rents when these government leases expire."

The loans are a part of a CMBS pool that consists of 80 mortgage loans secured by 147 commercial real estate properties. Moody's awarded its AAA rating to six of the deal's eight rated bond classes in a pre-sale report issued in June.

Princeton Holdings acquires, develops and redevelops properties, and the firm also provides credit solutions to investors and developers through joint-venture equity, preferred equity and subordinate debt.

The Bluestone Group specializes in investing in distressed assets, sub-performing debt and equity and non-performing commercial mortgage loans.