

BH Properties Closes \$59M Refinancing

Thursday, May 21, 2009 - Privately held investment firm BH Properties LLC has closed a \$59 million loan with Wells Fargo to refinance a 12-property portfolio of retail, warehouse and office space in eight states. Considering today's difficult lending conditions and the relatively few deals of this size that have been closing lately, BH Properties EVP Steve Jaffe observes that, "Two years ago a loan like this wouldn't have merited much notice."

But the loan is especially noteworthy in today's capital markets environment, Jaffe points out. He cites today's "liquidity-starved market" and says that the financing "underscores the value of our banking relationship with Wells Fargo" as well as the bank's ongoing commitment to real estate.

The financing is for two years with a one-year extension option. Todd Popovich, a senior vice president with Wells Fargo's Real Estate Banking Group, notes that BH has been a client of the bank for many years. "We see our role in their company growth as more of a partnership than a typical lender-borrower relationship," he says.

The properties that were financed are in California, Oregon, Florida, Georgia, Utah, Virginia, Texas and Kansas. BH, which was founded in the early 1990s in the midst of the Resolution Trust Corp. era--and the aftermath of the savings and loan industry collapse--, has focused on underperforming and undervalued assets, typically buying them on an all-cash basis with a quick closing.

Steve Gozini, president and founder of BH Properties, compared today's conditions to those of the company's early days. "While the conditions aren't identical, there are certain similarities between the real estate market of the early 90s and the real estate market today that are ideal for a company with our focus and skill set," the BH founder says. He says that his company's capacity to move quickly to address the needs of sellers, and its banking relationships, "make us an ideal buyer over the course of the current economic cycle."