

Brookfield, Ballast poised to nab 2,200 SF apartments from Veritas

Lenders close purchase of \$915M in debt tied to 76 multifamily buildings



Brookfield Properties' Adrian Foley; Ballast Investments' Greg MacDonald; Veritas' Yat-Pang Au (Getty, LinkedIn, Brookfield Properties, Ballast Investments)

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By [TRD Staff](#)

Brookfield Properties and Ballast Investments have closed on a deal to buy \$915 million in troubled mortgages tied to 2,165 apartments owned by Veritas in San Francisco.

An affiliate of the New York-based investor and Ballast, based in the city, could take control of 76 apartment buildings — making them some of the biggest landlords in San Francisco, [the San Francisco Business Times reported](#).

Terms of the deal, which closed Dec. 28, were not disclosed.

Brookfield Properties, a unit of the Toronto-based Brookfield, teamed up with Ballast in August to buy the portfolio of delinquent loans linked to the apartments controlled by Veritas Investments, the city's largest residential landlord.

Veritas' debt consists of two loans: a \$674.8 million loan secured by 62 apartment buildings with 1,743 units; and a \$130 million loan secured by 14 apartment buildings with 422 units. Goldman Sachs, based in New York, originated both loans.

Last summer, the troubled mortgages were valued at \$800 million. But by mid-December, Veritas' combined debt on both pools of properties had jumped to \$915.4 million.

Veritas, based in the city, defaulted on the larger loan in November 2022, and defaulted on the smaller loan last spring.

Before the loan deal closed last month, Veritas was served with a notice of trustee sale for each pool of apartments, with the portfolios headed to public auction on Jan. 18. Lenders — now Brookfield and Ballast — could call off the auction, or postpone it, Gary Kaplan, a San Francisco-based partner at law firm Farella Braun + Martel, told the Business Times.

Because Brookfield and Ballast are now effectively Veritas' lender, they could foreclose on the apartment buildings linked to their newly acquired loans. Brookfield and Ballast would then become some of the city's largest residential landlords.

Veritas could also choose to surrender its properties to Brookfield and Ballast in lieu of foreclosure.

In September, Prado Group bought loans tied to 20 apartment buildings in San Francisco owned by Veritas, which defaulted on \$124 million in loans.

Veritas' residential portfolio now stretches across 7,500 apartments in the state. Veritas did not respond to a request for comment about the loan sale.

The firm's financial distress stems from a pandemic rental market slump in San Francisco after a decade of booming prices, which had also fueled Veritas' growth, according to the San Francisco Chronicle.

"Despite the current headwinds facing the real estate markets, we remain as committed as ever to San Francisco, to our residents and our properties, and see tremendous opportunities ahead," Veritas said in the November statement.

Brookfield also hasn't paid all its bills.

In June of last year, its Brookfield Properties and Paris-based Unibail-Rodamco-Westfield announced they would stop making payments on a \$558 million loan tied to Westfield San Francisco Centre, surrendering the half-empty shopping mall to its lenders.

— Dana Bartholomew