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targets great deals on distressed properties

By Kathy Jumper
Mobile Bay Times

Four Mobile natives got some investors together to buy distressed properties on their home turf and quickly raised \$61 million.

The *Gulf Coast Opportunities Fund* was formed by [Bienville Capital Management](#) principals Ralph Reynolds, Cullen Thompson, Billy Stimpson and member, Nathan Cox. All graduates of *UMS Preparatory School* in Mobile, their resumes read like a *Who's Who* in worldwide investing and real estate deals.

So far, about 44 percent of the \$61 million has been invested in raw land, beachfront property and subdivision lots. Most of the purchases are bank-owned or short sale deals and about \$20 million has been invested in Baldwin County alone. The partners are also looking at properties in the Florida Panhandle and the Mississippi Coast.



[Kathy Jumper](#)



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“About 70 percent of the investors are new relationships, and they are from all over the world,” said [Thompson](#), 35, who has homes in Baldwin County and New York.

The partners exceeded their original goal to raise \$50 million, capping it at \$61 million even though more investors wanted to participate, he said.

Cox, who gave tours to 30 separate groups from Mexico to Canada, said, “Everyone who toured the area ended up investing. Every one of them were floored with what we had here with the values and cost of living.”

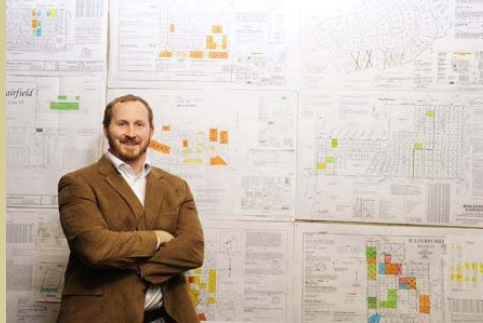


photo by Elise Poche'

Nathan Cox, 30, served in the U.S. Marine Corps after graduating from the University of Alabama, and is president of [Bellator Real Estate & Development](#) in Spanish Fort.

The goal of the fund is to double or triple the \$61 million over the next three to six years. And the GCOF team plans to give investors an eight percent return on their investment per year, according to the partners.

“The investors saw this fund as something very unique,” Thompson said. “In contrast to a lot of funds chasing yield, we went the opposite way. It’s a great return opportunity.”

Bienville started marketing the Fund in mid-July 2012 and had \$61 million by the end of October, according to Reynolds.

“We’ve turned down a significant amount of investors since then,” he said. “We had overseas investors and institutional investors. The people who invested have done significant due diligence on this. They visited the area and did their research.”

Some invested as much as \$3 million, while one put in \$5 million.

“We were selling the area as much as the real estate itself.” Reynolds said. “When they visited they were

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shocked at how nice the beaches are and how nice Baldwin County area is. They liked how beautiful and liveable it is."

Reynolds, 50, who resides in Darien, Conn., and commutes to his New York office, also has homes in Point Clear and Magnolia Springs. He started looking at investment properties in Baldwin County in 2009, and after the BP oil spill in 2010, he bought several properties as personal investments.

"I never thought I'd see the prices down there get that low," he marveled.

Early on the Fund received a positive report from James Grant's financial publication, *Grant's Interest Rate Observer*.

The bi-monthly report identifies investment opportunities and touted the area's resilience:

"Baldwin County has done more than survive BP and Wall Street, not to mention Hurricanes Ivan and Ka-trina in 2004 and 2005, respectively; it has expanded its numbers in spite of them. Thus, the county showed 29.8% population growth between 2000 and 2010, in contrast to state-wide growth of just 7.5%. And county growth of 85% between 1990 and 2010 towers over statewide growth of only 18%."

Bienville has already sold some of its subdivision lots and had offers on the beachfront, but plan to hold on to it for a few years, according to Cox.

"We're not buying land just because it's cheap," he said. "We're buying the land that when the development cycle comes back, we've got the property they want to buy first. Everything we buy we have two or three plans for it. We're seeing huge markdowns in land."

Cox said he has bought some land at 1995 prices. In fact, their research showed that prices on some of their targeted real estate has fallen 60 to 90 percent from the peak prices in 2006.

For example, GCOF paid \$9.7 million for more than nine acres of gulf-front property near the *Hampton Inn & Suites* in Orange Beach, which includes 855 front feet on the water. The nine acres was part of a 15.8



acre piece that was to be developed as *Mandalay*, a 500-unit condominium project. The 15.8 acres had almost 2,000 front feet on the water and was appraised at \$154 million in 2007. The property was foreclosed on by the lenders in 2008.

GCOF paid \$6.15 million for a five-acre lot with 333 front feet on the Gulf in Orange Beach, and that gulf-front land had once been announced as the future home of a \$100 million resort hotel and convention center.

"There are some phenomenal assets at nonsensical discounts," Thompson said.

"Our timing is as perfect as it could be," Cox said. "Everything has fallen into place."

Cox leads the Bienville team in finding the real estate deals. The investment experts are Reynolds, who prior to Bienville was a managing director of Deutsche Bank, president of NatWest Securities, and a managing director of Morgan Stanley in New York and London.

Stimpson, 35, lives in New York, and was managing director at Bay Crest Partners in New York; and executive director at JP Morgan's U.S. Equity Derivatives; and a vice president at Deutsche Bank. A graduate of Vanderbilt University, he has also served as manager for several family real estate investments in Baldwin County.

Thompson was director of investments at RR Advisory Group, a New York private wealth management firm; was a senior research analyst at the U.S. Investment Solutions Group for Citigroup Private Bank; and a senior portfolio analyst at Lehman Brothers Trust Co. He is a graduate of the University of Alabama's Culverhouse School of Accountancy.

(Editor's note: The Mobile Bay Times is pleased to add Kathy Jumper as a regular freelance contributor. Her weekly real estate column has been a Sunday morning "must read" for years in Mobile and Baldwin counties. Please encourage others to [subscribe](#) so that it will continue to inform Mobile/Baldwin readers. Leads and tips welcomed. Her email address is jumper@mobilebaytimes.com)

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