



See below for definitions.

OPTION	TYPE	EXPLANATION	REQUIREMENTS	USUAL SOURCES	AVAILABILITY	RATES/SPREADS	Stabilized LTV/DSC*	POINTS	TERM (YRS)	AMORT (YRS)	COMMENTS/ EXCEPTIONS
CONSTRUCTION/ MINI PERM	Debt	Floating rate construction convertible to fixed mini perm.	Creditworthy borrower and well located property, significant pre-leasing.	Mostly banks and some insurance companies depending on deal size and creditworthiness in pre-leasing.	Limited	P+1 to P+2 or LIBOR + 225-325bps (with floors)	70%-75% 1.25-1.30	1/4 to 1	2 to 10	Interest only yrs 1 and 2, then 25-30	Some lenders fix rate for entire term. Earnings possible. Swaps may be required by some lenders. Co-tenancy clauses and tenant creditworthiness are critically important. Longer terms are not common.
CONSTRUCTION WITH TAKEOUT	Debt	Floating rate financing on an immediate funding basis	Strong sponsorship with guarantee and some equity required.	Banks, some life companies	Limited	P to P+2 or LIBOR + 175-275bps (with floors)	65%-75% 1.25	1/4 to 1	1 to 3	Interest only	Takeout may be a presale. Quality of takeout may limit recourse. Co-tenancy clauses are non-starters and tenant creditworthiness is critically important.
CONSTRUCTION WITHOUT TAKEOUT	Debt	Shorter term floating rate loan	Combination of pre-leasing, equity, and strong sponsor/guarantor.	Banks, some life companies	Very limited	P+1 to P+2 or LIBOR + 250-350bps (with floors)	60%-70% 1.30+	1/2 to 1	2 to 5	Interest only	Allows most flexibility for sale or refinance later, but carries rate risk. Co-tenancy clauses and tenant creditworthiness are critically important. Grocery anchored or investment grade credit is preferred property type.
MINI PERM FLOATING RATE	Debt	Shorter term loan for stabilized properties.	Cash flow to support debt and exit strategy for lender.	Banks and life companies	Adequate	P+1 or LIBOR + 250-350bps (with floors)	65-75% 1.25	0 to 1/2	3 to 5	25 to 30	Initial interest only period available occasionally. Best execution with banks. Swaps also available. Term extension is possible. TILC money can be built in up front.
PERMANENT LOAN - FIXED RATE	Debt	Longer term fixed rate debt.	Stabilized property with good occupancy, history, and limited near-term rollover.	Life companies and banks. Conduit lenders have returned to the market.	Good	75bps to 275 bps over comparable term Treasury or 200bps to 250bps over FHLB.	50%-75% 1.25	0 to 1/2	3 to 25	25-30	Pricing highly dependent on leverage level and tenancy. Life companies can reach 70% using A/B note structure, w/ incremental pricing. Limited interest only period available. Co-tenancy clauses and tenant credit worthiness are critically important. Swaps also available from banks.
CREDIT LEASE BOND TYPE	Debt	Single tenant pays all expenses including structural. Rent paid "come hell or high water."	Investment grade tenancy	Insurance companies and private placements.	Adequate	50-100bps over comparable corporate bond.	LTV not relevant/ 1.01 DSC	0	10 to 30	10 to 30	Lenders running up against concentration levels for national drugstore chains. Credit ratings are heavily scrutinized as is lease language.
CREDIT LEASE NNN	Debt	Single tenant lease where only "outs" are casualty and condemnation.	Usually investment grade tenancy.	Insurance companies and private placements.	Limited	125-200bps over comparable corporate bond	Up to 100% 1.01-1.05 DSC	0	10 to 30	10 to 25	Same as above. Driver is DSC or debt yield.
CREDIT LEASE NN	Debt	Same as above, but landlord responsible for structural repairs.	Usually investment grade tenancy.	Insurance companies and private placements.	Limited. Lack of control on expenses makes financing more difficult.	150-225bps over comparable corporate bond	80% 1.05-1.15	0 to 1/2	10 to 30	10 to 20	Same as above.
PROPERTY RE-POSITIONING LOAN	Debt	Shorter term loan for acquisition/ renovation/ retenanting.	Strong sponsor with a proven track record in development and leasing.	Banks, credit companies, opportunity funds and some insurance companies.	Limited	P+1 to P+3 LIBOR + 250-350 bps	50%-60% 1.25-1.3 DSC	1/2 to 1 1/2	2 to 3	Interest only	Pricing depends on leverage level, leasing, cash equity and strength of guarantees. Preferred equity may be available. (See below)
BRIDGE LOAN	Debt	Shorter term loan for acquisition	1.10 DSC at closing.	Banks, credit companies, some insurance companies, and opportunity funds.	Adequate	P+1 to P+4 LIBOR + 250-400 bps (some w/floors)	70% 1.25-1.30	1/2 to 1	1 to 3	Interest only	Pricing depends on leverage level and strength of guarantees. Some break-even loans are selectively available.
MEZZANINE/ PREFERRED EQUITY	D&E	Junior financing secured by pledge of or participation in ownership interest.	Experienced borrower and a property or project with clear upside.	Banks, credit companies, opportunity funds, private capital, REITS and some insurance companies.	Adequate	Preferred return 10%-20%	75%-80% 1.15	1 to 3	2 to 15	Usually interest only	*Target IRR 12% to 22% +. Preferred equity usually requires participation in CF/ residual. *Proceeds can reach 85% of cost on better quality deals. May be combined with a bridge loan for a refinance.
EQUITY/JOINT VENTURE	D&E	Equity source provides up to 95% of capital stack. May bring in 3d party debt.	Experienced borrower and a property or project with upside.	Pension funds, insurance companies, private capital and REITS.	Limited	Preferred return 10%-18%	Not Applicable	0 to 1	2 to 7	N/A	*Target IRR 12% to 22% + Capital source controls major project decisions.
PRESALE	Equity	Sale prior to the start of construction at a predetermined price.	Substantially preleased or build-to-suit properties. Better pricing for stronger credits and longer lease terms.	Pension funds, insurance companies, and private capital.	Limited	Cap rate of 6.50%+	Not Applicable	Not Applicable			Cap rate depends on quality of property and credit tenant, and income stream. Credit rating of tenant is key. Cap rates are compressed for quality deals due to lack of supply and strong demand.

The terms shown herein approximate market conditions at the time of publication and are subject to frequent changes based on the shifts within capital markets. The format of this presentation is simplified to aid the reader in a global understanding of the complex financing options available for retail properties.

*Stabilized LTV/DSC. For construction, repositioning and value-added situations this refers to underwriting target at stabilization.

Definitions: IRR = Internal Rate of Return P = Prime LIBOR = 30 day London Interbank Offered Rate LTV = Loan to Value Ratio REIT = Real Estate Investment Trust