FANTINI & GORGA

Skillfully Linking Borrowers and Lenders.

Master Money Matrix© *Retail Financing Edition*

See below for definitions. *Sep-17*

OPTION	TYPE	EXPLANATION	REQUIREMENTS	USUAL SOURCES	AVAILABILITY	RATES/ SPREADS	Stabilized LTV/DSC*	POINTS	TERM (YRS)	AMORT (YRS)	COMMENTS/ EXCEPTIONS
PERMANENT LOAN	Debt	Fixed rate debt on stabilized properties.	Stabilized property with good occupancy, history, and limited near-term rollover.	Insurance companies, CMBS lenders and banks.	Very Good	125 bps to 300 bps over comparable term Treasuries	55%-75% 1.25-1.30	0 to 1/2	5 to 30	25-30	- Grocery-anchored and neighborhood strip centers are preferred types. - Pricing dependent on leverage level and tenancy quality. - Limited interest only period available depending upon leverage. - Co-tenancy clauses and tenant credit worthiness are critically important, as are sales levels. - Insurance companies remain price leaders for terms of 10 years or longer but underwrite conservatively. - CMBS lenders' spreads have tightened due to market forces.
INTERIM LOAN	Debt	Shorter term loan for acquisition and/or repositioning or adding value.	1.00-1.10 DSC at closing.	Specialized finance companies, some insurance companies, opportunity funds and banks.	Adequate	LIBOR + 200-450 bps (some w/floors)	70% - 75% 1.25-1.30	1/2 to 1	1 to 5	Interest only	- More institutional lenders offer interim, or bridge, programs. - Pricing depends on leverage level and strength of guarantees (if required) as well as of current tenants. - Higher leverage (non-recourse) loans are selectively available and loans on properties with upside potential can be structured with earnouts. - Fixed rates selectively available. - Some lenders require exit fees.
CONSTRUCTION/ PERMANENT LOAN	Debt	Floating rate construction convertible to fixed permanent at borrower's option.	Creditworthy borrower and well located property, significant pre-leasing.	Banks and some insurance companies depending on deal size and creditworthiness of pre-leasing.	Adequate	LIBOR + 175-275 bps	65%-70% 1.25-1.30	1/4 to 1/2	5 to 25	Interest only up to 3 years, then 25-30	- Some pre-leasing is required (especially for anchor space). - Typically some recourse during construction. - Some lenders fix rate at closing for entire term. - LTC generally may not exceed 75%-80%. - Earn outs are possible. - Co-tenancy clauses and tenant creditworthiness are critically important in underwriting. - Some open-ended construction loans selectively available for top quality, pre-leased, low leverage projects in strong markets. - Grocery-anchored centers remain the preferred property type.
MEZZANINE/ PREFERRED EQUITY	Debt & Equity	Junior financing secured by pledge of, or participation in, ownership interest.	Experienced borrower and a good quality property or project.	Investment funds, private capital, REITS and some insurance companies.	Adequate	Coupon: 9%-15%	75%-85% 1.10	1 to 2	2 to 10	Usually interest only	- Preferred equity can include participation in CF/ residual. - Coupon can be structured with accruals if transaction warrants. - Proceeds can reach 90% + of cost on best quality deals. - May be combined with an interim loan for a repositioning. - Lenders are increasingly examining credit-worthiness of tenants and any available sales history. Big box centers are scrutinized more carefully.
EQUITY/JOINT VENTURE	Debt & Equity	Equity source provides up to 95% + of capital stack, including third party debt.	Experienced borrower and a good quality property or project.	Investment funds, insurance companies, private capital and REITs.	Fair	Preferred return 8%-12%	Not Applicable	0 to 1	2 to 10	N/A	- Investor target IRR 10% to 18% +. - Capital source controls major project decisions. - Co-investment by developer is required as a matter of course.
PRESALE	Equity	Sale prior to the start of construction at a predetermined price.	Substantially preleased properties. Better pricing for stronger credits and longer lease terms.	Investment funds, insurance companies, private capital, and REITs.	Good	Pre-sale pricing at 1.0% - 1.5% over current market cap rates for stabilized properties.					- Grocery anchored centers are still attracting the most interest from buyers. Properties having national tenants with strong credit profiles are also in demand. Credit ratings are key - Demand for CVS drugstores remains strong, with limited supply of projects. Walgreens and Rite Aid merger is affecting demand for those credits. - Unrated tenants, including franchises, are still trading but cap rates are no longer compressing and have stabilized as buyers are now more selective.
SINGLE TENANT NET LEASE		See Master Money Matrix Net Leased Properties Edition									

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:

CF = Cash Flow	DSC = Debt Service Coverage	IRR = Internal Rate of Return	LIBOR = 30 day London Interbank Offered Rate
LTC = Loan to Cost Ratio	LTV = Loan to Value Ratio	REIT = Real Estate Investment Trust	CMBS = Commercial Mortgage Backed Security

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