FANTINI & GORGA

Skillfully Linking Borrowers and Lenders

Master Money Matrix© - *Retail Financing Edition*

See below for definitions. *Nov-08*

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, some pre-leasing.	Mostly banks and some insurance companies depending on deal size.	Adequate	P to P+1 or LIBOR + 200-275ps	70%-75% 1.25-1.30	1/2 to 3/4	2 to 10	Interest only yrs 1 and 2, then 25-30	Some lenders fix rate for entire term. Earnouts possible. Swaps may be required by some lenders.
CONSTRUCTION WITH TAKEOUT	Debt	Floating rate financing on an immediate funding basis	Strong sponsorship with guarantee and/or some equity required.	Banks, some life companies	Good	P to P+1 or LIBOR + 175-250ps	70%-75% 1.25	1/2 to 3/4	1 to 2	Interest only	Takeout may be a presale. Quality of takeout may limit recourse.
CONSTRUCTION WITHOUT TAKEOUT	Debt	Shorter term floating rate loan	Combination of pre-leasing, equity, and/or strong sponsor/guarantor.	Banks, some life companies	Adequate	P to P+1 or LIBOR + 225-300bps	65%-70% 1.30+	1/2 to 1	2 to 3	Interest only	Allows most flexibility for sale or refinance later, but carries rate risk.
MINI PERM FLOATING RATE	Debt	Shorter term loan for stabilized properties.	Cash flow to support debt and exit strategy for lender.	Banks, life companies, and conduits	Good	Prime or LIBOR + 200-275bps	70-75% 1.25	0 to 1/2	3 to 5	25 to 30	Initial interest only period available. Best execution with life companies.
PERMANENT LOAN - FIXED RATE	Debt	Longer term fixed rate debt.	Stabilized property.	Life companies and banks.	Limited	350bps to 450 bps over comparable term Treasury	50%-65% 1.20	0 to 1/2	5 to 25	25	Pricing highly dependent on leverage level and tenancy. Can reach 70% using A/B note structure, w/ incremental pricing, limited Interest only period available. Limited availability with conduits at higher pricing.
CREDIT LEASE BOND TYPE	Debt	Single tenant pays all expenses including structural. Rent paid "come hell or high water."	Investment grade tenancy	Insurance companies, conduits and private placements.	Adequate	50-100bps over comparable corporate bond.	LTV not relevant/ 1.00 DSC	0	10 to 30	10 to 30	Capital availability and pricing highly specific to tenant credit. Loan term normally coterminous with lease. May require residual value insurance.
CREDIT LEASE NNN	Debt	Single tenant lease where only "outs" are casualty and condemnation.	Usually investment grade tenancy.	Insurance companies and private placements.	Adequate	75-125bps over comparable corporate bond	100% 1.01-1.05	0	10 to 30	10 to 30	Same as above.
CREDIT LEASE NN	Debt	Same as above, but landlord responsible for structural repairs.	Usually investment grade tenancy.	Insurance companies and private placements.	Adequate. Lack of control on expenses makes financing more difficult.	100-150bps over comparable corporate bond	80% 1.05-1.15	0 to 1/2	10 to 30	10 to 30	Same as above. Capital reserves underwritten and usually escrowed.
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 + 200-300	50%-70% 1.25-1.3	1/2 to 1 1/2	2 to 3	Interest only	Pricing depends on leverage level, leasing, cash equity and strength of guarantees.
BRIDGE LOAN	Debt	Shorter term loan for acquisition	1.0 DSC at closing.	Banks, credit companies, some insurance companies, opportunity funds, and Wall Street lenders.	Adequate	P+1 to P+3 LIBOR + 250-300	70% 1.25-1.3	1/2 to 1	1 to 3	Interest only	Pricing depends on leverage level and strength of guarantee.
MEZZANINE/ PREFERRED EQUITY	D&E	Junior financing secured by pledge of or participation in ownership interest.	Experienced borrower and a property or project with upside.	Banks, credit companies, opportunity funds, private capital, REITS and some insurance companies.	Adequate	Preferred return 9%-16%	75%-80% 1.15	1 to 3	3 to 10	Usually interest only	*Target IRR 11% to 20% +. Preferred equity usually requires participation in CF/ residual. *Proceeds can reach 90% of cost on better quality deals.
EQUITY/JOINT VENTURE	D&E	Equity source provides 95%-100% 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 8%-13%	Not Applicable	0 to 1	3 to 10	N/A	*Target IRR 12% to 20% + 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 7.25%+	Not Applicable	Not Applicable			Cap rate depends on quality of property and credit tenant, and income stream.

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 presenation 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

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