

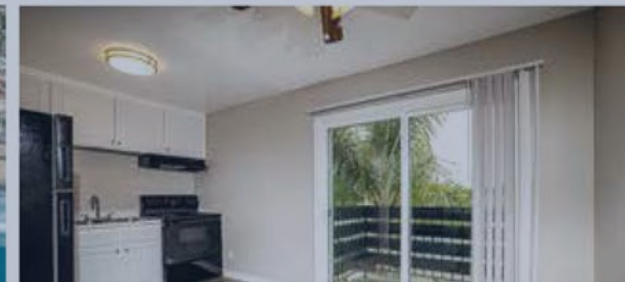
# ACQUISITION FINANCING GUIDANCE



*Imperial Beach Palms*

870

13TH STREET  
IMPERIAL BEACH,  
CA 91932



## Optimizing Commercial Real Estate Investments

Leveraging our extensive debt & equity transactional experience and deep insights into global capital flows and market trends, Colliers International's Structured Finance Advisory Group is well-positioned to provide thoughtful guidance and creative financing solutions catered to our clients' specific investment strategies. Our professionals are prepared to assist investors with the financing of this acquisition. We are currently in discussions with a number of lenders regarding this opportunity and have provided preliminary financing guidance on the following pages.



**STRUCTURED FINANCE ADVISORY GROUP**

# LOAN SCENARIO Summary

## Imperial Beach Palms

### Scenario 1

#### BANK

Loan Amount	\$6,015,000	--	\$6,516,250
Loan-to-Value	60.0%	--	65.0%
Loan Term (Years)	10		
Rate Type	Fixed		
Index Rate	0.77%		10-YR UST
Credit Spread	2.15%	--	2.35%
Interest Rate	2.92%	--	3.12%
Amortization (Years)	30		
Interest Only (Mos)	0		
Lender Fees	0.3%	--	0.5%
Prepayment	Step Down		
Recourse	None (standard carve-outs)		

### Scenario 2

#### AGENCY

Loan Amount	\$6,257,617	--	\$6,758,867
Loan-to-Value	62.4%	--	67.4%
Loan Term (Years)	10		
Rate Type	Fixed		
Index Rate	0.77%		10-YR UST
Credit Spread	1.90%	--	2.10%
Interest Rate	2.67%	--	2.87%
Amortization (Years)	30		
Interest Only (Mos)	60	--	72
Lender Fees	0.5%	--	1.0%
Prepayment	Yield Maintenance		
Recourse	None (standard carve-outs)		

### Scenario 3

#### INSURANCE

Loan Amount	\$6,015,000	--	\$6,516,250
Loan-to-Value	60.0%	--	65.0%
Loan Term (Years)	10		
Rate Type	Fixed		
Index Rate	0.76%		10-YR SWAP
Credit Spread	2.00%	--	2.20%
Interest Rate	2.76%	--	2.96%
Amortization (Years)	30		
Interest Only (Mos)	36	--	48
Lender Fees	0.5%	--	1.0%
Prepayment	Yield Maintenance		
Recourse	None (standard carve-outs)		

### Scenario 4

#### CMBS

Loan Amount	\$5,764,375	--	\$6,265,625
Loan-to-Value	57.5%	--	62.5%
Loan Term (Years)	10		
Rate Type	Fixed		
Index Rate	0.76%		10-YR SWAP
Credit Spread	2.05%	--	2.25%
Interest Rate	2.81%	--	3.01%
Amortization (Years)	30		
Interest Only (Mos)	120		
Lender Fees	0.5%	--	1.0%
Prepayment	Defeasance		
Recourse	None (standard carve-outs)		

## Scenario 1 **BANK**

Loan Terms			Property Economics			Project Capitalization		Sensitivity Analysis	
Loan Amount	\$6,015,000	-- \$6,516,250	Purchase Price	\$10,025,000	\$303,788/SF	Sources		<u>LTV</u>	<u>Debt Yield</u>
Loan-to-Value	60.0%	-- 65.0%	Loan Amount	\$6,265,625	\$189,867/SF	Senior Loan	\$6,265,625	50%	7.98%
Debt Yield	6.6%	-- 6.1%	Sponsor Equity	\$3,893,359		Mezz Loan	\$0	55%	7.25%
DSCR	1.33x	-- 1.19x	Loan-to-Value	62.5%		Other	\$0	60%	6.65%
Loan Term (Years)	10		NOI	\$407,048		Sponsor Equity	\$3,893,359	65%	6.14%
Loan Type	Fixed		UWNCF	\$399,782		Total Sources	\$10,158,984	<u>Interest Rate</u>	<u>DSCR</u>
Index Rate	0.77%	10-YR UST	DSCR	1.28x	UWNCF	Uses		2.92%	1.27x
Credit Spread	2.15%	-- 2.35%	Debt Yield	6.38%	UWNCF	Purchase Price	\$10,025,000	3.02%	1.26x
Interest Rate	2.92%	-- 3.12%	Annual DS (Amort)	\$317,968		3rd Party Reports	\$15,000	3.12%	1.24x
Loan Constant	5.01%	-- 5.14%	Annual DS (IO)	\$189,473		Legal	\$15,000	3.22%	1.23x
Amortization (Years)	30		NCF after DS (Amort)	\$89,080		Lender Fee	\$31,328	<u>Cap Rate</u>	<u>LTV</u>
Interest Only (Mos)	0		NCF after DS (IO)	\$217,576		TI/LC Holdbacks	\$0	4.06%	62.5%
Lender Fees	0.25%	-- 0.50%	Balance @ Maturity	\$4,781,865	\$144,905/SF	CapEx Holdbacks	\$0	4.31%	66.3%
Prepayment	Step Down		Year 1 ROE (Amort)	2.29%		Prepayment Penalty	\$0	4.56%	70.2%
Recourse	None (standard carve-outs)		Year 1 ROE (IO)	5.59%		Title/Escrow	\$10,000	4.81%	74.0%
Closing Timeframe	45	Days				Closing Costs/Fees	\$62,656		
						Total Uses	\$10,158,984		

\*\*Purchase Price noted above used for analysis purposes only.

## Scenario 2 **AGENCY**

Loan Terms			Property Economics			Project Capitalization		Sensitivity Analysis	
Loan Amount	\$6,257,617	-- \$6,758,867	Purchase Price	\$10,025,000	\$303,788/SF	Sources		<u>LTV</u>	<u>Debt Yield</u>
Loan-to-Value	62.4%	-- 67.4%	Loan Amount	\$6,508,242	\$197,219/SF	Senior Loan	\$6,508,242	50%	7.98%
Debt Yield	6.4%	-- 5.9%	Sponsor Equity	\$3,711,923		Mezz Loan	\$0	55%	7.25%
DSCR	1.32x	-- 1.19x	Loan-to-Value	64.9%		Other	\$0	60%	6.65%
Loan Term (Years)	10		NOI	\$407,048		Sponsor Equity	\$3,711,923	65%	6.14%
Loan Type	Fixed		UWNCF	\$399,782		Total Sources	\$10,220,165	<u>Interest Rate</u>	<u>DSCR</u>
Index Rate	0.77%	10-YR UST	DSCR	1.27x	UWNCF	Uses		2.67%	1.27x
Credit Spread	1.90%	-- 2.10%	Debt Yield	6.14%	UWNCF	Purchase Price	\$10,025,000	2.77%	1.25x
Interest Rate	2.67%	-- 2.87%	Annual DS (Amort)	\$319,826		3rd Party Reports	\$15,000	2.87%	1.23x
Loan Constant	4.85%	4.98%	Annual DS (IO)	\$180,539		Legal	\$40,000	2.97%	1.22x
Amortization (Years)	30		NCF after DS (Amort)	\$87,222		Lender Fee	\$65,082	<u>Cap Rate</u>	<u>LTV</u>
Interest Only (Mos)	60	-- 72	NCF after DS (IO)	\$226,509		TI/LC Holdbacks	\$0	4.06%	64.9%
Lender Fees	0.50%	-- 1.00%	Balance @ Maturity	\$5,775,421	\$175,013/SF	CapEx Holdbacks	\$0	4.31%	68.9%
Prepayment	Yield Maintenance		Year 1 ROE (Amort)	2.35%		Prepayment Penalty	\$0	4.56%	72.9%
Recourse	None (standard carve-outs)		Year 1 ROE (IO)	6.10%		Title/Escrow	\$10,000	4.81%	76.9%
Closing Timeframe	45	Days				Closing Costs/Fees	\$65,082		
						Total Uses	\$10,220,165		

\*\*Purchase Price noted above used for analysis purposes only.

## Scenario 3 INSURANCE

Loan Terms			Property Economics			Project Capitalization		Sensitivity Analysis	
Loan Amount	\$6,015,000	-- \$6,516,250	Purchase Price	\$10,025,000	\$303,788/SF	Sources		<u>LTV</u>	<u>Debt Yield</u>
Loan-to-Value	60.0%	-- 65.0%	Loan Amount	\$6,265,625	\$189,867/SF	Senior Loan	\$6,265,625	50%	7.98%
Debt Yield	6.6%	-- 6.1%	Sponsor Equity	\$3,949,688		Mezz Loan	\$0	55%	7.25%
DSCR	1.35x	-- 1.22x	Loan-to-Value	62.5%		Other	\$0	60%	6.65%
Loan Term (Years)	10		NOI	\$407,048		Sponsor Equity	\$3,949,688	65%	6.14%
Loan Type	Fixed		UWNCF	\$399,782		Total Sources	\$10,215,313	<u>Interest Rate</u>	<u>DSCR</u>
Index Rate	0.76%	10-YR SWAP	DSCR	1.31x	UWNCF	Uses		2.76%	1.30x
Credit Spread	2.00%	-- 2.20%	Debt Yield	6.38%	UWNCF	Purchase Price	\$10,025,000	2.86%	1.28x
Interest Rate	2.76%	-- 2.96%	Annual DS (Amort)	\$311,505		3rd Party Reports	\$15,000	2.96%	1.27x
Loan Constant	4.91%	-- 5.04%	Annual DS (IO)	\$179,448		Legal	\$40,000	3.06%	1.25x
Amortization (Years)	30		NCF after DS (Amort)	\$95,543		Lender Fee	\$62,656	<u>Cap Rate</u>	<u>LTV</u>
Interest Only (Mos)	36	-- 48	NCF after DS (IO)	\$227,601		TI/LC Holdbacks	\$0	4.06%	62.5%
Lender Fees	0.50%	-- 1.00%	Balance @ Maturity	\$5,256,800	\$159,297/SF	CapEx Holdbacks	\$0	4.31%	66.3%
Prepayment	Yield Maintenance		Year 1 ROE (Amort)	2.42%		Prepayment Penalty	\$0	4.56%	70.2%
Recourse	None (standard carve-outs)		Year 1 ROE (IO)	5.76%		Title/Escrow	\$10,000	4.81%	74.0%
Closing Timeframe	60	Days				Closing Costs/Fees	\$62,656		
						Total Uses	\$10,215,313		

\*\*Purchase Price noted above used for analysis purposes only.

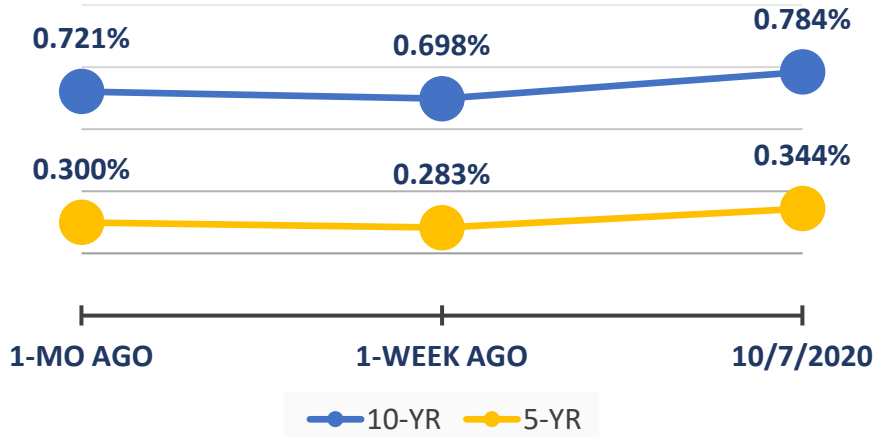
## Scenario 4

## CMBS

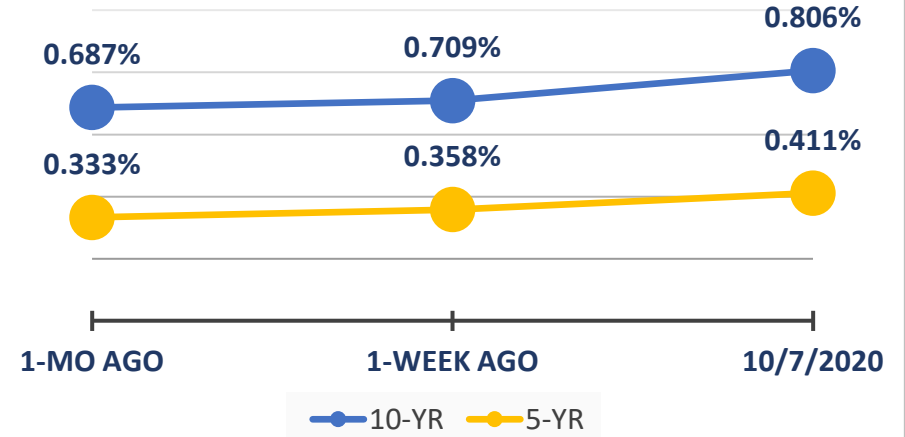
Loan Terms			Property Economics			Project Capitalization		Sensitivity Analysis	
Loan Amount	\$5,764,375	-- \$6,265,625	Purchase Price	\$10,025,000	\$303,788/SF	Sources		<u>LTV</u>	<u>Debt Yield</u>
Loan-to-Value	57.5%	-- 62.5%	Loan Amount	\$6,015,000	\$182,273/SF	Senior Loan	\$6,015,000	50%	7.98%
Debt Yield	6.9%	-- 6.4%	Sponsor Equity	\$4,120,150		Mezz Loan	\$0	55%	7.25%
DSCR	1.40x	-- 1.26x	Loan-to-Value	60.0%		Other	\$0	60%	6.65%
Loan Term (Years)	10		NOI	\$407,048		Sponsor Equity	\$4,120,150	65%	6.14%
Loan Type	Fixed		UWNCF	\$399,782		Total Sources	\$10,135,150	<u>Interest Rate</u>	<u>DSCR</u>
Index Rate	0.76%	10-YR SWAP	DSCR	1.35x	UWNCF	Uses		2.81%	1.29x
Credit Spread	2.05%	-- 2.25%	Debt Yield	6.65%	UWNCF	Purchase Price	\$10,025,000	2.91%	1.28x
Interest Rate	2.81%	-- 3.01%	Annual DS (Amort)	\$300,976		3rd Party Reports	\$15,000	3.01%	1.26x
Loan Constant	4.94%	5.07%	Annual DS (IO)	\$175,277		Legal	\$25,000	3.11%	1.24x
Amortization (Years)	30		NCF after DS (Amort)	\$106,072		Lender Fee	\$0	<u>Cap Rate</u>	<u>LTV</u>
Interest Only (Mos)	120	-- 132	NCF after DS (IO)	\$231,771		TI/LC Holdbacks	\$0	4.06%	62.5%
Lender Fees	0.50%	-- 1.00%	Balance @ Maturity	\$6,015,000	\$182,273/SF	CapEx Holdbacks	\$0	4.31%	66.3%
Prepayment	Defeasance		Year 1 ROE (Amort)	2.57%		Prepayment Penalty	\$0	4.56%	70.2%
Recourse	None (standard carve-outs)		Year 1 ROE (IO)	5.63%		Title/Escrow	\$10,000	4.81%	74.0%
Closing Timeframe	60	Days				Closing Costs/Fees	\$62,656		
						Total Uses	\$10,137,656		

\*\*Purchase Price noted above used for analysis purposes only.

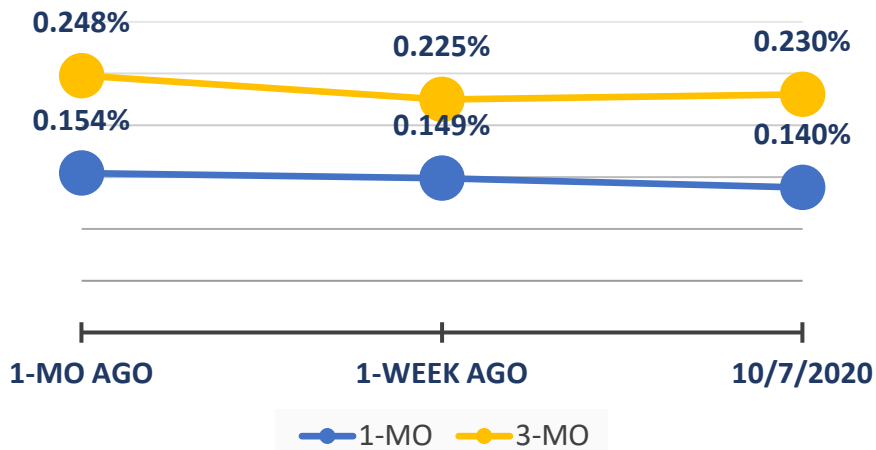
## US TREASURY YIELDS



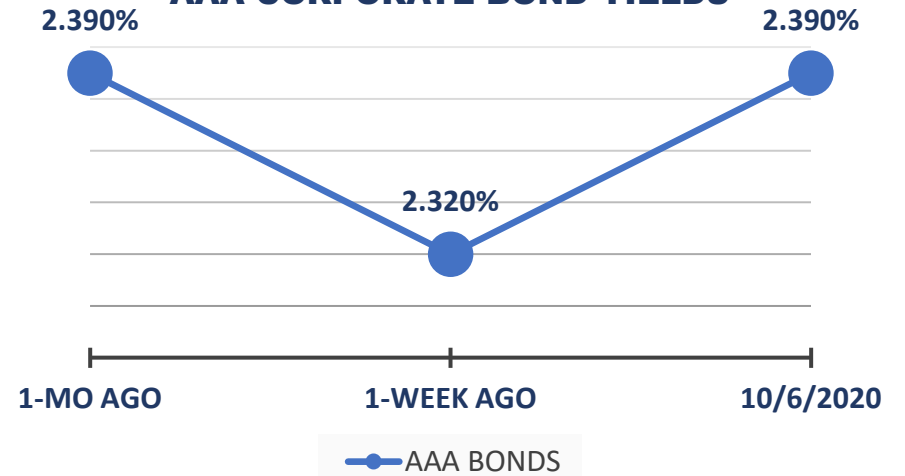
## SWAP YIELDS



## LIBOR



## AAA CORPORATE BOND YIELDS



# OPTIMIZING COMMERCIAL REAL ESTATE INVESTMENTS

The Colliers International Structured Finance Advisory Group is a leading commercial real estate capital markets platform that offers a full range of debt and equity placement services catered to meet the ever-expanding needs of growing commercial real estate companies. Leveraging a wealth of transactional experience, long-standing industry relationships and proprietary technology, we deliver outlier capital markets solutions to optimize real estate investments nationwide.

Office



Multifamily



**\$15 Billion**

In Transactions  
Nationwide

Industrial



Retail



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