Target Rock Partners

OVERVIEW

Target Rock Partners specializes in advising clients on asset sales and acquisitions, capital structures and procuring debt and equity. Our expertise lies in creating solutions that provide liquidity for developers and property owners to achieve financial flexibility for new or existing projects. The company executives have extensive commercial real estate experience that encompasses real estate lending, acquisitions, investment sales and mortgage banking with past experience at firms including Morgan Stanley, Merrill Lynch, Chesterton International, Bank of America, Berkadia, Barclays, Wells Fargo, UBS and Gale International.

Our business is national in scope and is focused on retail, office, industrial, multifamily, hospitality, self-storage and mobile home park properties. Target Rock Partners' services include:

- Advisory Services: Recapitalization, Loan Restructuring, Loan DPO, Note Sales, Investment Sales
- Mortgage Banking: Senior Debt, Mezzanine Debt, Bridge Loans, Constructions Loans, Correspondent Lending
- Equity Capital: Proprietary Equity, Third Party Equity, Preferred Equity, Rescue Equity

The Target Rock Partners team will determine the optimal capital structures for commercial real estate acquisitions and recapitalizations. The team's excellent relationships with debt and equity sources combined with its extensive knowledge of the capital providers allows it to structure, negotiate, and close transactions in a timely manner. Our capital sources include securitized lenders, life insurance companies, banks, private lenders, and institutional and private equity.

We can source multiple types of debt: large or small, fixed-rate or floating rate, permanent or bridge, acquisition, refinance, or recapitalization. Our deep ties with lenders has also allowed us to negotiate on behalf of distressed borrowers who are seeking relief, while introducing them to the appropriate sources of new equity or debt.

Our equity placement success has been driven by our access to lower-cost capital sources that are seeking passive partnerships with successful operators. These range from private investors to large institutional funds. Our knowledge of the investment criteria of our equity sources allows us to identify the appropriate capital source and allow the acquisition or recapitalization to close quickly. We have had great success in closing with single source capital providers that can offer the entire capital stack of first mortgage, mezzanine, preferred equity or joint venture equity.

In addition to our capital markets activities, Target Rock Partners has closed a significant number of investment sales assignments. We have achieved superior results for our clients by devising and executing marketing strategies specifically tailored to meet their particular needs. Whether directly marketing to its extensive principal network or conducting a broader campaign effort, Target Rock Partners adapts its sales approach to the unique requirements of each property owner. Generally, we do not conduct mass marketing campaigns that dilute the asset's marketability. Instead, we target specific buyers with unique needs and focus on relationships that value the product and are willing to pay aggressive prices.

Target Rock Partners

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Target Rock Partners

SPECIALISTS IN ADVISING CLIENTS ON ASSET SALES AND ACQUISITIONS, CAPITAL STRUCTURES AND PROCURING DEBT AND EQUITY

ADVISORY SERVICES

- Recapitalization
- Loan Restructuring
- Loan DPO
- Note Sales
- Investment Sales

MORTGAGE BANKING

- Senior Debt
- Mezzanine Debt
- Bridge Loans
- Construction Loans
- Correspondent Lending

EQUITY CAPITAL

- Proprietary Equity
- Third Party Equity
- Preferred Equity
- Rescue Equity

REPRESENTATIVE TRANSACTIONS AND ASSIGNMENTS

DEBT

$153,000,000
Mid-Atlantic Commercial Portfolio – 52 Properties

- Office/Retail/Industrial
- Refinance
- 10 yr term / 30 yr am
- 68% LTV

$40,000,000
Net Lease Portfolio
18 Properties

- Refinance
- Self-Liquidating
- 15 yr term / am
- 75% LTV

$18,900,000
Southeast Grocery Centers
130,600 SF

- Refinance
- 10 yr term / 30 yr am
- 75% LTV

$13,800,000
Missouri Apartments
213 units

- Refinance
- 10 yr term / 30 yr am
- 75% LTV

$3,600,000
California Net Lease Grocery – 20,750 SF

- Refinance
- 10 yr term / 30 yr am
- 65% LTV

$8,800,000
California Grocery Center - 53,000 SF

- Acquisition Finance
- 10 yr term / 25 yr am
- 60% LTV

$11,250,000
Virginia Grocery Center
128,214 SF

- Refinance
- 10 yr term / 25 yr am
- 69% LTV

$9,300,000
Florida Limited Service Hotel - 109 Rooms

- Refinance
- 10 yr term / 30 yr am
- 75% LTV

$15,725,000
Single Tenant Portfolio
170,000 SF

- Refinance
- 10 yr term/ 15 yr am
- 65% LTV

$9,300,000
Michigan Apartments
170 Units

- DPO Advisory
- 10 yr term / 25 yr am
- 70% LTV
- 90% DPO

$4,700,000
North Carolina Grocery Center - 58,000 SF

- Refinance
- 10 yr term / 30 yr am
- 75% LTV

$49,870,000
Mid-Atlantic Apartment Portfolio - 971 Units

- Refinance
- 10 yr term / 30yr am
- 75% LTV

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ADVISORY SERVICES
- Recapitalization
- Loan Restructuring
- Loan DPO
- Note Sales
- Investment Sales

MORTGAGE BANKING
- Senior Debt
- Mezzanine Debt
- Bridge Loans
- Construction Loans
- Correspondent Lending

EQUITY CAPITAL
- Proprietary Equity
- Third Party Equity
- Preferred Equity
- Rescue Equity

REPRESENTATIVE TRANSACTIONS AND ASSIGNMENTS

DEBT

$11,755,000
Missouri Apartments
424 Units

- Refinance
- 10 yr term / 25 yr am
- 58% LTV
- Future Mezz Option

$15,500,000
Texas Flex Office
295,000 SF

- DPO Advisory
- Refinance
- 10 yr term / 25 yr am
- 70% LTV

$10,200,000
Texas Limited Service Hotels – 240 Rooms

- Refinance
- 5 yr term / 30 yr am
- 70% LTV

$12,000,000
Maryland Mixed-Use
77,000 SF

- Acquisition Finance
- 2 yr term / I.O.
- 85% LTC
- 95% of Purch. Price

$7,030,000
South Carolina Grocery
52,600 SF

- Refinance
- 10 yr term / 25 yr am
- 76% LTV

$31,000,000
California Self Storage Portfolio – 4 Properties

- Refinance
- 10 yr term / 30 yr am
- 75% LTV

$19,100,000
Silicon Valley Multifamily
52 Units

- Acquisition Finance
- 3 yr term / I.O.
- 75% LTC
- 82% of Purch. Price

$8,700,000
Los Angeles Multifamily
82 Units

- Acquisition Finance
- 1 yr term / I.O.
- 75% LTV
- 93% of Purch. Price

$9,723,750
Brooklyn Apartments
23 units

- Refinance
- 10 yr term/ 30 yr am
- 75% LTV

$7,450,000
South Carolina Office
94,247 SF

- Acquisition Finance
- 5 yr term / 30 yr am
- 80% LTV

$10,050,000
South Carolina Flex/Office Portfolio – 111,758 SF

- Acquisition Finance
- 5 yr term/30 yr am
- 85% LTV

$14,250,000
Oregon Multifamily
156 Units

- Refinance
- 5 yr term / 3 yrs I.O.
- 80% LTV

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ADVISORY SERVICES
- Recapitalization
- Loan Restructuring
- Loan DPO
- Note Sales
- Investment Sales

MORTGAGE BANKING
- Senior Debt
- Mezzanine Debt
- Bridge Loans
- Construction Loans
- Correspondent Lending

EQUITY CAPITAL
- Proprietary Equity
- Third Party Equity
- Preferred Equity
- Rescue Equity

REPRESENTATIVE TRANSACTIONS AND ASSIGNMENTS

ADVISORY AND EQUITY RAISE

$46,025,000
Texas Hotel Portfolio
470 Units
- Acquisition Finance
- Bridge Loan
- Preferred Equity
- 86% LTC

$32,375,000
SE Grocery Anchored Portfolio- 295,000 SF
- Recapitalization
- 1st Mortgage / Mezz
- Participating Equity
- 93% LTC

$18,000,000
Illinois Grocery Center
200,000 SF
- DPO Advisory/Recap
- $18M Note Sale
- $15.5M Bridge Loan
- $2.5M Equity

$30,550,000
Grocery Anchored Portfolio – 310,000 SF
- Recapitalization
- 1st Mortgage / Mezz
- Participating Equity
- 97% LTC

$27,500,000
Michigan Power Center
75,000 SF
- DPO Advisory
- Note Sale Advisory
- Equity Raise

$5,200,000
Texas Hotel Property
61 Rooms
- Acquisition Finance
- Bridge Loan
- Preferred Equity
- 86% LTC

$7,300,000
Oregon Multifamily
156 Units
- Recapitalization
- Family Office
- JV/Preferred Equity
- 85% of Equity

$8,700,000
Utah Multifamily
253 Units
- Recapitalization
- Family Office
- JV / Preferred Equity
- 85% of Equity

$5,700,000
Florida Multifamily
228 units
- Acquisition Finance
- Preferred Equity
- 88% LTC
- 7 year term

$7,250,000
Florida Multifamily
276 units
- Acquisition Finance
- Preferred Equity
- 86% LTC
- 10 year term

$5,600,000
South Carolina Retail
58,000 SF
- Acquisition Finance
- Bridge Loan / Participating Equity
- 90% LTC

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ADVISORY SERVICES

- Recapitalization
- Loan Restructuring
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- Note Sales
- Investment Sales

MORTGAGE BANKING

- Senior Debt
- Mezzanine Debt
- Bridge Loans
- Construction Loans
- Correspondent Lending

EQUITY CAPITAL

- Proprietary Equity
- Third Party Equity
- Preferred Equity
- Rescue Equity

REPRESENTATIVE TRANSACTIONS AND ASSIGNMENTS

INVESTMENT SALES

$ 15,250,000
South Carolina Grocery Center

- Institutional Buyer
- Loan Assumption

$ 69,408,900
(15) CVS / Walgreens Portfolio

- Institutional Buyer
- Above Market Pricing

$ 37,500,000
Family Dollar Portfolio

- Institutional Buyer
- Tertiary Market

$ 16,500,000
California Mixed-Use Office/Retail

- Foreign Buyer
- Above Market Pricing

$ 4,850,000
Walgreens Single Tenant

- Institutional Buyer
- Tertiary Market

$ 6,985,600
Food Lion Single-Tenant

- 1031 Exchange Buyer
- Break-up Strategy

$ 14,283,000
(11) Family Dollar Stores 10 yr, NN Leases

- Individual Sales
- Private REIT/Private Buyers/1031 Buyers
- Tertiary markets

$ 1,383,000
Bank of America Ground Lease

- Private Buyer
- Tertiary markets

$ 1,843,000
McDonald's Ground Lease

- Private Buyer / 1031 Buyer
- Tertiary Market

$ 1,440,000
Wells Fargo Ground Lease

- Private Buyer
- Tertiary Market
- Quick Closing

$ 3,121,400
Tractor Supply Single Tenant

- Institutional Buyer
- Tertiary Market

$ 11,000,000
(2) CVS Drugstores

- Private Buyers
- Tertiary Markets

$ 3,110,000
Tractor Supply Single Tenant

- Institutional Buyer
- Tertiary Market

$ 23,500,000
Family Dollar Portfolio 15 yr, NNN Leases

- Portfolio Sale
- 15 stores, Nationwide
- New Construction

$ 2,605,000
Tractor Supply Single Tenant

- Institutional Buyer
- Tertiary Market

$ 23,212,000
(13) Family Dollar Stores 15 yr, NNN Leases

- Individual Sales
- Private REIT/Private Buyers/1031 Buyers
- Tertiary Markets

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KEY EXECUTIVES

Richard Berlinghof

Mr. Berlinghof is the President of Target Rock Partners Inc. The firm advises clients on asset sales and acquisitions, capital structures and procuring debt and equity. Property types include retail, office, industrial, multi-family and hospitality. Capital markets products include fixed and floating rate senior debt, mezzanine debt, preferred equity, equity and rescue capital. Advisory services include re-capitalizations and discounted loan pay-offs. Capital sources are securitized lenders, life insurance companies, banks, private lenders and institutional and private equity. Investment sales activities utilize the firm's relationships and proprietary buyer base of private and institutional investors to target specific buyers with unique needs.

Mr. Berlinghof has 34 years of commercial real estate experience that encompasses lending, acquisitions, investment sales, and mortgage banking. Prior to establishing Target Rock Partners, Mr. Berlinghof personally originated, structured and closed over 270 fixed- and floating-rate commercial real estate loans totaling $3BB. He also disposed of over $400MM of investment properties, whole loans and mezzanine loans. He has developed relationships with various equity investors and lending sources and has direct relationships with senior management at most of the securitized lenders. Additionally, he has developed relationships with over 200 nationwide mortgage originators and investment sales professionals.

Prior to Target Rock Partners, Mr. Berlinghof was a Principal at Faris Lee Investments where he founded and managed the Capital Markets Group. The group closed over $300 MM of financing and investment sales transactions. Prior to Faris Lee, Mr. Berlinghof was a Director at Merrill Lynch, responsible for managing the group's national origination teams, which produced between $2BB and $5BB of fixed and floating rate loans annually. Prior to joining Merrill Lynch, Mr. Berlinghof originated and structured loans for Morgan Stanley and led an origination team that produced $300MM of loans on average annually. Additionally, he was the President of Berlinghof and Company, a real estate investment firm focused on real estate lending and acquisitions. His firm invested in various investment properties including hospitality, retail, and office. Prior to this, Mr. Berlinghof was a Vice President at GMAC Commercial Mortgage, currently Berkadia, responsible for conduit, floating rate, and mezzanine lending.

Mr. Berlinghof also worked in property acquisitions, investment sales, mortgage banking, and construction lending for Brookstone Partners, Chesterton International, and People's Bank. At Chesterton he represented foreign and domestic clients in the acquisitions, dispositions and financing of 1.9MM sq. ft. of commercial real estate. Types of transactions included outright acquisitions, sale leasebacks, joint ventures, forward funding's and participating debt. Additionally, he assisted in the property acquisitions on behalf of the Church Commissioner of England's $300MM portfolio.

Mr. Berlinghof earned a BA in Economics and Political Science from Yale University and an MBA in Finance from UCLA, The Anderson School. Mr. Berlinghof is a licensed real estate broker and a member of the ICSC and MBA.

Michael Ryan

Mr. Ryan is a Managing Director at Target Rock Partners. His responsibilities include sourcing investment opportunities and debt and equity assignments. He is also responsible for the investment sales of retail, office, industrial, and hospitality properties with a focus on net lease retail and multi-tenant shopping centers. In addition to placing debt and equity with capital sources, he is responsible for preparing financial analysis and marketing packages. Prior to Target Rock Partners, Mr. Ryan was a Director in the Capital Markets Group of Faris Lee Investments where he held a similar business development role.

Prior to Faris Lee Investments, Mr. Ryan was a Senior Manager at Gale International Korea, the lead developer of a master-planned metropolis in South Korea. The project plan includes 40M square feet of commercial, 35M square feet of residential, 10M square feet of retail and 5M square feet in hotel space. Mr. Ryan was closely involved in the underwriting and closing of various equity and debt placements, highlighted by a $2.5 billion land loan, a $400 million joint venture for the construction of an office tower and a mixed-use residential project, and an $80 million construction loan for the Jack Nicklaus Golf Course of Korea.

Prior to joining Gale International, Mr. Ryan was a senior auditor at Deloitte & Touche. At Deloitte & Touche, Mr. Ryan's main client was Blackrock managed Anthracite Capital. In addition, Mr. Ryan worked for Sidoti & Company as an equity analyst covering the footwear industry.

Mr. Ryan earned a BS with a double concentration in Finance & Accounting from Boston College. He is a member of the ICSC, holds a CPA license, real estate sales license, and previously held Series 7 & 63 licenses.

Frank Corso

Mr. Corso is a Director at Target Rock Partners. His responsibilities include sourcing investment opportunities and debt and equity assignments. He is also responsible for the investment sales of retail, office, industrial, and hospitality properties with a focus on net lease retail and multi-tenant shopping centers. In addition to placing debt and equity with capital sources, he conducts financial analysis and develops marketing packages. Prior to joining Target Rock Partners, Mr. Corso was a partner at his family-owned real estate company where he acquired and operated commercial real estate.

Prior to focusing on commercial real estate, Mr. Corso was a Senior Manager at Barclays/LaBranche, where he developed detailed financial analyses of company stock, related indexes and competitor performance. Mr. Corso managed investor relations for CEOs and CFOs of publicly traded companies and served as an advisor to high net worth investors. In addition, he designed strategies to ensure liquidity for high-volume transactions within fundamental financial environments including US equity and global markets.

Mr. Corso earned a BA with concentrations in English, Psychology & Philosophy from Hofstra University. He also has an MBA in Finance from St. John's University. He is a member of the ICSC and holds a real estate sales license.

Michael Kim

Mr. Kim is a Managing Director at Target Rock Partners. His responsibilities include sourcing and negotiating debt and equity assignments for real estate investors and developers. He is also responsible for the investment sales of retail, office, industrial, multifamily and hospitality properties.

Prior to Target Rock Partners, Mr. Kim was a Senior Vice President of Lucent Capital where he had a similar business development role. Mr. Kim previously held positions in various capacities at Wells Fargo, Tokai Bank, Union Bank and Provident Bank where he managed and completed over $1BB in transactions. He studied finance and business administration at the California State University and is a licensed broker with California Department of Real Estate. He also underwent commercial banking and credit training through the Risk Management Association (RMA) and the Commercial Finance Association. In his spare time, Mr. Kim enjoys surfing and golfing.

Will Oliner

Will Oliner is an Associate at Target Rock Partner, whose is tasked with the sourcing of investment opportunities along with debt and equity assignments. This includes the investment sales of retail, office, multi-family, industrial and hospitality properties. In addition to placing debt and equity with capital sources, he conducts financial analysis and develops marketing packages.

Prior to focusing on commercial real estate, Will was a Financial Analyst in Private Wealth Management at UBS. There he worked with numerous financial advisors and high net worth clients from across the country to deliver highly detailed reports regarding their financial performance.

Will earned a BS in Mathematical Economics with a Minor in Mathematics from Gettysburg College. He is currently working on obtaining his MBA in Real Estate and Finance from Rutgers University.

Ryan Walsh

Ryan is an Associate at Target Rock Partners. His primary responsibilities include originating new opportunities in debt and equity assignments, with a side focus on investment sales of all commercial asset types. Aside from placing debt and equity with capital sources, he is responsible for preparing financial analysis and marketing packages.

Prior to joining Target Rock Partners, Ryan attended The University at Albany and earned a BS with concentrations in Criminal Justice, Sociology and Psychology.

<u>Nick Santandrea</u>

Nicolas is an Analyst at Target Rock Partners. He provides financial analysis in assistance to mortgage banking, equity placement, investment sales, and direct investments of commercial real estate. His responsibilities include client relations, prospecting, site visits, data analysis, Excel modeling, offering memorandum preparation, website creation and management.

Prior to joining Target Rock Partners, Nicolas attended Manhattan College and earned a BS in Finance. There he worked closely with the Admissions department as a Student Ambassador, and represented the school for potential students and their families. He also led a team of student analysts who competed in national collegiate trading challenges, and managed part of a hundred-thousand-dollar equity portfolio. Nicolas is part of the Beta Alpha Psi National Honors society and is still active with his alma mater's chapter.

Target Rock Partners

REPRESENTATIVE TRANSACTIONS AND ASSIGNMENTS

DEBT PLACEMENT

Mid-Atlantic Commercial Portfolio: Refinance – Large Loan

Transaction Summary:

Target Rock Partners was retained by a private real estate company to refinance a 52 property portfolio containing a mix of B and C quality industrial, office and retail properties located in the Mid-Atlantic. The properties were encumbered by multiple loans the largest of which was a securitized portfolio loan with 2 years remaining in the term that required a defeasance payment upon a refinance. Despite the cost of defeasance, the sponsor pursued new financing to take advantage of low interest rates and lender appetite for a large loan comprised of diverse commercial property types. The ability to maximize equity recapture was important to the sponsor who was eager to pursue new commercial real estate acquisitions.

Challenges:

- Multiple existing loans, lenders, maturity dates and prepayment provisions.
- Complex ownership; the borrower structure varied from loan to loan.
- The sponsor required a cash-out to facilitate new acquisitions.
- Existing securitized loan was not open to prepayment so new financing would need to cover the cost of defeasance in addition to providing the sponsor with enough proceeds to carry out its acquisition plan.
- While well maintained, some of the properties in the portfolio were older and had not been significantly updated or modernized.

Strategy:

- Highlight institution-like quality of the sponsor.

Results:

- Target Rock Partners (TRP) arranged a $153 million ($3 million average loan size), non-recourse loan that paid off and defeased the existing loans as necessary and provided the sponsor with significant proceeds to pursue new acquisitions.
- TRP arranged the defeasance of the existing first mortgage and guided the borrower through the defeasance process. In addition, TRP assisted the borrower in negotiating the defeasance provisions of the new loan.
- Expedited closing occurred within 40 days.
- Very aggressive appraised value and high LTV.

Multi-State Net Lease Portfolio: Life Company Financing

Transaction Summary

Target Rock Partners was retained by a private real estate company to finance a portfolio of 18 single tenant, net leased properties. The sponsor acquired the properties in separate all-cash transactions that occurred over the previous 2-3 years. The new loan would be the initial financing of the portfolio and corresponded with the sponsor's desire to redeploy a portion of its invested capital in new real estate acquisitions. While its other net lease holdings were previously financed with CMBS debt, the sponsor preferred to explore an alternative capital source for this portfolio.

With the exception of one light manufacturing facility, the properties were primarily retail uses occupied by national tenants including restaurants, automotive stores, pharmacies and dollar stores. Approximately 75% of the tenancy had corporate debt rating of BBB- (investment grade). The combined average remaining term of the leases was 16 years. The locations were secondary and tertiary markets from the East Coast to the Midwest.

Challenges:

- Small average per property loan size of $2.2 million.
- Multiple locations in secondary and tertiary markets
- Sponsor preferred conservative, non-recourse financing from a source other than a securitization program.
- Non-rated tenants comprised approximately 25% of the portfolio.
- Sponsor requested release prices to allow for potential future sales of individual properties.
- Sponsor required flexible closing date to accommodate the logistical challenges of financing multiple properties in numerous states.

Strategy

- Focus on life companies and commercial banks.
- Emphasize credit support of portfolio backed by investment rated tenants.
- Emphasize low loan to acquisition cost of 65% and substantial equity (over $20 million) remaining in the transaction.

Results

- Target Rock Partners (TRP) arranged a $40 million, non-recourse loan with a life company on self-liquidating term that matched the average remaining lease term of the portfolio.
- TRP negotiated release provisions with the lender that allowed the sponsor flexibility in selling individual properties at a future date.
- The lender agreed to a generous commitment period. Total time elapsed from application signing to loan funding was 5 months due to the borrower's time line.
- Borrower obtained very attractive interest rate.

Southeast Grocery Anchored Centers: Refinance

Transaction Summary:

Target Rock Partners was retained to refinance two grocery-anchored shopping centers located in tertiary markets in Georgia and North Carolina. The owner developed the shopping centers and was pursuing new financing to payoff the recourse construction loans and mezzanine debt that encumbered the properties. Both of the properties were in the process of establishing new anchor tenancy in the aftermath of the previous anchors leaving the centers. The new anchor at the North Carolina property was a concept store of the grocer, Harris Teeter. It was a strategic move of Harris Teeter to buyout the lease of the previous grocer, Lowes, in an effort to block entry of a new competitor in the market. Harris Teeter anchored the shopping center across the street from the subject. At the Georgia property, the sponsor signed a new lease with Walmart Marketplace to retenant the space vacated by Food Lion during Delhaize's last large scale store closing. While the Food Lion store was dark the inline portion of the center lost a number of tenants and was only 40% occupied. With limited available capital, the sponsor needed the new loan to cover the payoff of the existing construction and mezzanine loans as well as all of the transaction expenses. An aggressive appraisal was critical to supporting adequate new loan proceeds. Target Rock Partners closed on a 76% LTV, $18.9 million loan which enabled the borrower to payoff the existing 1st and mezzanine loans with minimal out of pocket cost.

Challenges:

- Tertiary markets.
- Although backed by Harris Teeter, one of the new anchors was an untested concept store.
- Walmart Marketplace would not be in occupancy at the time of closing.
- Limited / no operating history of the anchor tenants.
- Developer had limited available capital to contribute to the transaction.
- High balance existing debt.

Strategy:

- Focus on TRP's strong lending relationships and, in particular, those which have previously closed loans with the borrower.
- Explain strategic importance of location to Harris Teeter to block new competition from entering the market. Harris Teeter anchored the shopping center across the street from the subject.
- Highlight credit support from Walmart's investment grade rating and long remaining lease term.
- Stress the positive impact of Walmart Marketplace on the lease up of the vacant in-line space.
- Provide the appraiser with back up data to support aggressive assumptions.
- Add undeveloped outparcel of one of the shopping centers to the loan collateral which would increase lender's security for the loan and the appraised value.

Results:

- Closed on a $18.9 million, 76% LTV, 10-year term, and 30-year amortization CMBS loan.
- Minimized borrower's out-of-pocket expense to satisfy existing loan payoff and closing costs.

Missouri & Kentucky – Class A and B Apartments: Refinance

Transaction Summary:

Target Rock Partners was retained by the owner of two apartment complexes located in St. Louis, MO and Louisville, KY. The St. Louis property consisted of a Class A apartment building with 213 units and the Louisville property consisted of a Class B apartment complex with 166 units. The borrower faced maturity default on both of the existing loans and was unable to obtain quotes from agency lenders due to timing constraints. Target Rock Partners arranged two separate securitized loans for $13.8 million and $2.8 million, respectively.

Challenges:

- On its own, the prospective loan for the Kentucky property was too small to appeal to securitized lenders.
- To support the loan amounts, the underwriting required a projection of lower operating expenses than historical statements evidenced.
- A potential environmental hazard resulting from the presence of a dry cleaner at the Missouri property required investigation and possibly remediation.
- Loans could not be cross-collateralized due to differing ownership structures.

Strategy:

- Approach long term lending relationships to finance the small balance loan.
- In lieu of cross-collateralizing the properties, which was prohibited due to differing ownership structures, the larger loan was closed first to incentivize the lender to fund the smaller loan.
- Provide market support for operating the properties at an overall lower expense per unit.

Results:

- Closed a $13.8 million loan and procured a commitment for a $2.8 million loan from a single lending source.

California Net Leased Warehouse Store:

Transaction Summary:

Target Rock Partners was engaged by the developers of a 20,750 sf single tenant warehouse store to refinance the property. The store was part of a shopping center that included two adjacent big box tenants and was located in the Inland Empire region of Southern California. The owners completed the improvements in 2004 at which time they encumbered the property with a first mortgage loan. The borrowers had contemplated a sale of the property given the high investor demand for net lease properties, but decided instead to refinance and capitalize on the strong lending market. At a loan request of $3.6 million the sponsors would recapture $900k in equity based on the existing debt balance of $2.7 million.

Challenges:

- Single, non-rated tenant.
- Lender wariness of Inland Empire due to the soft market conditions following the last real estate cycle.
- Potential equity recapture of $900k was a concern for lenders.
- Borrower would not proceed with financing if lender required reserves.

Strategy:

- Emphasize strong performance history of the tenant which reported sales in excess of $600/sf and yielded an occupancy cost of 3.1%.
- Highlight location among major national retailers, i.e. Home Depot, Staples and Best Buy.
- Target lenders familiar with the tenant's financials.
- Provide appraiser with market data to support high property value.

Results:

- Arranged $3.6 million, 65% LTV first mortgage with 10 yr term and 30 yr amortization.
- Low leverage enabled lender to waive reserves except for deferred maintenance and ongoing capital expenditures which are obligations of the landlord.

California Retail – Tertiary Market: Acquisition Financing

Transaction Summary:

Target Rock Partners was retained by the buyer of a 53,000 sf grocery anchored shopping center in northern California. The property was located in a tertiary market and the anchor tenant was not required to provide financial information or sales history. Competition in the area included a Super Walmart under construction within one mile of the property. The buyer negotiated a sales contract without a financing contingency, but required a loan in order to close the transaction. Target Rock Partners arranged a securitized loan for $8.8 million with a 10-year term and 30-year amortization.

Challenges:

- Tertiary market.
- Grocery anchor not required to report company financials or sales.
- Super Walmart under construction within 1 mile of the property.

Strategy:

- Call on long term lending relationships that could underwrite the positive aspects of the transaction and mitigate the weaknesses.
- Highlighted the strengths of the buyer and the barriers to entry for any additional competition in the marketplace.
- Focused on the strategic location of the property within the market.

Results:

- Procured a commitment for an $8.8 million loan.
- Purchaser decided to close all-cash.

Virginia Grocery Anchored Shopping Center

Transaction Summary:

Target Rock Partners was engaged to arrange the refinance of a 128,214 sf grocery anchored shopping center located 13 miles west of Richmond, Virginia. The existing loan had an optional prepayment date in January 2014, but the owner desired to refinance early and pay the cost of defeasance in order to lock-in a low interest rate and take advantage of the favorable lending environment.

Challenges:

- Anchor tenant sales were below the national average for the chain as a result of competitors opening stores in the market.
- Secondary location outside of Richmond, Virginia.
- New loan proceeds needed to be sufficient to satisfy existing loan payoff as well as cost of defeasance.

Strategy:

- Emphasize the credit of the anchor tenant (Delhaize: S&P / BBB-).
- Highlight the operating and management experience of the owner and its long history of owning the center.
- Focus on existing lending relationships of the borrower to obtain best loan pricing and structure.
- Apply for moderate leverage loan to mitigate lender concerns regarding anchor performance.

Results:

- Arranged $11.25 million first mortgage loan with 10 year term, 30 yearamortization.

Florida Limited Service Hotel: Refinancing

Transaction Summary:

Target Rock Partners was retained to refinance the maturing debt of a 109-room limited service hotel in Florida. The property was encumbered with a securitized loan that was nearing its open period for prepayment. Given the volatility of the capital markets, limited lender capacity for hospitality loans and general conservatism among appraisers, Target Rock Partners commenced discussions with potential new lenders six months in advance of the prepayment date. Multiple financing options were reviewed to ensure adequate loan proceeds could be obtained to pay-off the high maturity debt balance.

Target Rock Partners arranged a new loan equal to 75% LTV for a term of 10 years on a 30 year amortization schedule which enabled the borrower to repay its existing loan, buyout a partner and fund a reserve for the anticipated PIP expense due upon the franchise agreement renewal.

Challenges:

- Tertiary market.
- Seasonal fluctuations in occupancy tied to tourism.
- High maturity balance of existing debt obtained at height of last real estate cycle.
- General conservatism among appraisers was a concern for obtaining a value to support the refinance proceeds.
- Limited lender capacity for hotel loans.
- Franchise Agreement expires within the first 4 years of the new loan term. The franchise renewal requires $1 million in PIP funding.

Strategy:

- Target securitized lenders who would offer maximum proceeds.
- Emphasize the strength of the property's historical performance and the management team.
- Negotiate a favorable reserve structure with the Lender for the estimated PIP due at the franchise agreement renewal.
- Negotiate a favorable reserve structure with the Lender to address the seasonal fluctuations in occupancy and net operating income.
- Identify appraiser with specialty in hospitality valuations.

Results:

- Received appraisal with aggressive value which supported the full loan funding.
- Loan structure allowed current return of cash flow to sponsor while funding reserves to address PIP requirement and seasonality issue.
- Closed a $9.3 million 75% LTV loan with a securitized lender which included a mezzanine loan component.

Single-Tenant Retail Net Lease Portfolio: Financing

Transaction Summary:

Target Rock Partners was retained by the owner of a portfolio of single-tenant net lease properties located in tertiary markets in the Southeast. The portfolio consisted of 6 Dollar General's (S&P/BBB-), 1 Academy Sports (Non-Rated), and 1 Food Lion (S&P/BBB-). The owner accumulated the properties in separate all cash transactions over the previous 9 months as part of a 1031 exchange, and requested 65% LTV, self-liquidating or rapidly amortizing loan financing in order to redeploy its equity. Target Rock Partners was able to secure a $15.7 million, 10-year term, 15-year amortization crossed-collateralized non-recourse loan with a 3.95% interest rate.

Challenges:

- Tertiary markets located throughout the Southeast.
- Tenant sales figures unavailable.
- Small individual property loan sizes.

Strategy:

- Target a combination of CMBS lenders, life insurance companies and CTL lenders.
- Highlight investment grade tenant profile and Academy Sports' strong financials.

Results:

- Closed on a $15.7 million, 10-year term, 15-year amortization CMBS loan with a 3.95% interest rate.

Michigan Apartments: Advisory/Financing

Transaction Summary:

Target Rock Partners was retained by the developer of a 170 unit apartment complex in Michigan to arrange debt financing and provide advice for a discounted loan payoff. The sponsor developed the property in 2006 with a $15 million construction loan from a local bank. Following completion, the market value of the property declined below the face amount of the construction loan. Additionally, the local bank that originated the loan had since sold the note to a private equity firm at a significant discount to face value. Due to the private equity firm's low cost basis, the sponsor had an opportunity to repurchase the note for $10.3 million including closing costs, or 63% of the face value. However, the sponsor was limited to $1 million in new equity to contribute to the note purchase. Target Rock Partners was able to arrange a $9.3 million loan at 90% of DPO cost, 70% LTV, 10-year term and 25-year amortization.

Challenges:

- Michigan market.
- Buyer's limited fresh equity to contribute.
- Negotiating a discounted payoff with the existing note holder.
- Proceeds equal to 90% of the discounted loan payoff was required.

Strategy:

- Target CMBS lenders and bridge lenders with the ability to offer maximum proceeds and familiar with the Michigan market.
- Highlight the quality of the real estate.
- Highlight the properties strong historical occupancy rates.

Results:

- Arranged a $9.3 million loan at 90% of DPO cost, 70% LTV, 10-year term and 25-year amortization.

North Carolina Grocery Anchored Center: Refinance

Transaction Summary:

Target Rock Partners was retained by the owner of a grocery-anchored shopping center in a secondary market in the Southeast to refinance the property. The 58,000 sf center was anchored by Food Lion and junior anchored by Family Dollar which had 8 years and 4 years remaining on their leases, respectively. When Target Rock Partners was awarded the assignment, the loan had entered its open prepayment period and was nearing maturity. Time was of the essence to secure replacement financing for the $5.0 million loan balance. Due to deteriorating property values and rents from the time the existing loan was originated, the loan required aggressive appraisal assumptions. Target Rock Partners was able to work with the lender and the appraiser to maximize loan proceeds by procuring and closing on a 75% LTV, $4.7 million loan in a timely fashion and minimizing the borrower's out of pocket costs.

Challenges:

- Secondary market.
- Small loan request amount.
- Short transaction timeline due to near-term maturity of existing CMBS loan.
- Anchor lease expires during loan term with a step-down in rent during the first option period.

Strategy:

- Target CMBS lenders with lending officers located in the market.
- Target CMBS lenders with the ability to close quickly and the ability to execute on small loan amounts.
- Highlight Food Lion's strong performance at this location despite heavy competition in the trade area to mitigate rollover concerns and maximize loan proceeds.
- Provide the appraiser with back up data to support aggressive assumptions.

Results:

- Closed on a $4.7 million, 75% LTV, 10-year term, and 30-year amortization CMBS loan.
- Minimized borrower's out of pocket expenses to satisfy existing loan payoff.

Mid-Atlantic Apartments: Refinancing

Transaction Summary:

Target Rock Partners was retained by a private real estate company to refinance a 16-property, 971-unit multifamily portfolio located in the Mid-Atlantic. The properties were encumbered with a securitized portfolio loan with 2 years remaining in the term, which required a defeasance payment upon a refinance. Despite the defeasance cost, the sponsor wanted to take advantage of low interest rates, a favorable lending environment and lenders' positive view of the multifamily housing sector. The ability to maximize equity recapture was also attractive to the sponsor who was in the process of restructuring the company and cleaning up its balance sheet.

Challenges:

- Existing securitized loan was not open to prepayment so new financing needed to be sufficient to cover the cost of defeasance in addition to providing the sponsor with enough proceeds to carry out its restructuring plan.
- While well maintained, the portfolio consisted of older units that had not been significantly updated or modernized.

Strategy:

- Target lenders with aggressive lending standards and pricing.
- Emphasize the strong locations and construction of the properties to mitigate older age of the portfolio.

Results:

- Obtained a loan commitment from a securitized lender for $49.9 million, 10-year term, 30-year amortization, 75% LTV at a 4.25% interest rate.
- Borrower recaptured equity of $10 million which enabled it to retire short term debt obligations and restructure its ownership.

Missouri– Class B- Apartments: Refinance

Transaction Summary:

Target Rock Partners was retained by the owner of an apartment complex located in St. Louis to arrange long term, fixed-rate financing. The improvements were constructed in 1973 and consisted of 424 garden style units. The property was encumbered by a securitized first mortgage that was in maturity default with a balance of $11.8 million. Although the borrower was current on monthly loan payments, the existing loan needed to be paid off quickly to avoid foreclosure. The borrower's previous attempts to obtain new financing were unsuccessful due to ongoing litigation regarding a pledge of the property's cash flow and recent foreclosure activity on some of borrower's other properties.

Challenges:

- Ongoing litigation with the holder of a pledge agreement prevented borrower from renegotiating terms and discouraged lenders from pursuing new loan.
- Recent foreclosures had negative impact on borrower's ability to obtain financing.
- Maturity default of existing loan created urgency for borrower to refinance.
- Limited borrower equity.

Strategy:

- To avoid triggering provisions of the pledge agreement and to mitigate new lender concerns, match loan proceeds with the existing loan balance to prevent cash out and establish lender controlled sweep account to collect potential cash flow distributions.
- Allow borrower to obtain supplemental proceeds through mezzanine loan at future date once pledge related issues are resolved.
- Structure reserve collections to maximize limited sponsor equity.

Results:

- Closed an $11.8 million loan (58% LTV). Loan agreement included option for borrower to increase total leverage to 75% LTV through additional mezzanine financing once pledge agreement related issues are resolved.

Texas Flex Building: Refinance

Transaction Summary:

Target Rock Partners was retained by the owner of a flex office building in Fort Worth, TX to negotiate a discounted payoff of an existing $15.5 million loan and to procure new fixed rate, non-recourse debt. Due to the tenancy and condition of the property, the owner was expecting a new loan of approximately $10 million. Target Rock Partners arranged a securitized loan for the full $15.5 million with a 10-year term and a 25-year amortization.

Challenges:

- Older property with 14-ft clear height.
- Unusual tenant mix that included a call center, church and a time share sales company.
- Loan was currently in maturity default.
- Borrower would only consider non-recourse debt.

Strategy:

- Focus on lenders that could appreciate the quality of the location and the amount of equity in the transaction.
- Mitigate the lack of a credit tenant by structuring a high debt coverage loan.

Results:

- Closed a $15.5 million loan which resulted in full repayment to the existing lender.
- Surpassed borrower loan expectations by $5.5 million.

Texas Limited Service Hotel Portfolio: Refinancing

Transaction Summary:

Target Rock Partners was retained to refinance the maturing debt of a 3 property, 240 room limited-service hotel portfolio in Texas. Two of the properties were encumbered by high interest, recourse construction loans with nearing maturity dates. The hotels had limited operating history (1 -3 years) and had not yet reached stabilization. Since the properties had not reached stabilization, the property cash flow did not yet support a full-leverage first mortgage to take out the existing construction loans. Target Rock Partners sought lenders that could provide both a first mortgage loan plus a small mezzanine loan.

Target Rock Partners arranged a new non-recourse loan equal to 70% LTV for a term of 5 years on a 30 year amortization schedule which enabled the borrower to repay its existing construction loans.

Challenges:

- Limited operating history; properties not fully stabilized.
- Secondary markets.
- Seasonal fluctuations in occupancy and cash flow.
- Aggressive appraisal required due to high construction loan balance and properties not yet fully stabilized.
- Hotel flags not considered top-tier.

Strategy:

- Target securitized lenders who would offer maximum proceeds plus ability to write a small mezzanine loan.
- Emphasize the property's continual operating improvement and strength of the management team.
- Negotiate a favorable reserve structure with the Lender to address the seasonal fluctuations in occupancy and net operating income.
- Identify appraiser with specialty in hospitality valuations.

Results:

- TRP arranged and closed on a new fixed rate loan at 70% LTV, with a 5 year term and 30 year amortization schedule.
- Proceeds enabled the borrower to repay its high interest construction loan, fund a seasonality reserve and remove recourse obligations.

Maryland Mixed Use Property: Bridge Financing

Transaction Summary:

Target Rock Partners was retained by a private real estate company to arrange acquisition financing for the off-market acquisition of an 80,000 sf retail center with second floor office space located in suburban Maryland. The developer of the adjacent residential neighborhood constructed the shopping center as an amenity to the residents. However, the timing of its completion coincided with the global financial crisis which limited the developer's ability to invest additional capital in the remaining build out and leasing of the second floor office space. In addition, with a specialty in single-family home development the developer lacked the commercial expertise and tenant relationships necessary to stabilize and realize the full potential of the center through long term ownership. The property was an ideal value-add opportunity for the borrower who had been scouring the Virginia and Maryland markets for unique transactions with upside potential.

Challenges:

- While experienced in commercial real estate, the borrower partnership was a newly formed real estate firm with limited investment capital.
- Overall, the property was 40% vacant. The 1st floor retail was 25% vacant and the second floor office space was 65% vacant.
- The borrower required the flexibility of short-term financing to carry out its business plan and realize value creation by way of sale or permanent refinance in 2-3 years.
- Office market still in recovery from the low point of the financial crisis compounded by weaker demand for second floor office space.

Strategy:

- Target bridge lenders with the ability to fund a high leverage, low debt service coverage loan which would reduce the borrower's equity requirement and provide proceeds for the stabilization of the property.
- Target bridge lenders with the ability to offer advantageous permanent financing upon fulfillment of borrower's business plan.

Results:

- Target Rock Partners (TRP) arranged a $12 million, 2 year interest only loan with a bridge lender. The loan equated to 85% of the total capitalization and 95% of the purchase price.
- The new loan allocated funds for the buildout and lease up of the 2nd floor office space and the remaining vacancies in the 1st floor retail.
- TRP negotiated a release provision at par which enabled the borrower to sell off two out-parcels (a drug-store and restaurant) soon after loan closing. The proceeds of the sales would be used to reduce the loan balance.
- TRP invested equity in the transaction from its discretionary capital account to round out the total equity required at closing. The investment by TRP further aligned its interests with the borrower and gave the lender comfort in making a loan to a new organization.

South Carolina Grocery Anchored Center: Refinance

Transaction Summary:

Target Rock Partners was retained by the owner of a grocery-anchored shopping center in a tertiary market in the Southeast to refinance the property. The 51,700 sf center was anchored by Food Lion which had 21 years remaining on its lease. When Target Rock Partners was awarded the assignment, the sponsor was under pressure from its current lender to repay the existing high-balance loan. With limited available capital, the sponsor needed the new loan to cover the payoff of the existing loan as well as all of the transaction expenses. With the market still in a state of recovery, an aggressive appraisal was also required.

Target Rock Partners closed on a 76% LTV, $7 million loan which enabled the borrower to payoff the existing loan with minimal out of pocket cost.

Challenges:

- Tertiary market.
- Weak anchor sales and above market rent.
- Developer had limited available capital to contribute to the transaction.

Strategy:

- Focus on TRP's strong lending relationships and, in particular, those which have previously closed loans with the borrower.
- Highlight credit support from Food Lion's investment grade rating and long remaining lease term.
- Provide the appraiser with back up data to support aggressive assumptions.
- Add undeveloped outparcel of the shopping center to the loan collateral which would increase lender's security for the loan and the appraised value.

Results:

- Closed on a $7 million, 76% LTV, 5-year term, and 25-year amortization CMBS loan.
- Minimized borrower's out-of-pocket expense to satisfy existing loan payoff and closing costs.

California Self-Storage Portfolio: Refinance

Transaction Summary

Target Rock Partners was retained to arrange the refinancing of four self-storage properties located in Southern California. The owner developed the facilities in the mid-1970s / 1980s and the buildings represented his sole commercial property holdings. The properties were considered B and C quality and contained approximately 2,700 storage units and 85,000 sf of industrial space. The current loan had approximately 3 years remaining in its term and was subject to a significant defeasance payment upon a refinance. Despite the cost of defeasance, the sponsor pursued new financing to take advantage of low interest rates and strong lender appetite for a large loan collateralized by properties in Southern California. The ability to maximize equity recapture was important to the sponsor for estate planning purposes.

Challenges:

- Existing securitized loan was not open to prepayment so new financing would need to cover the cost of defeasance in addition to providing the sponsor with enough proceeds for estate planning purposes.

Strategy:

- Target lenders with aggressive lending standards and pricing.
- Emphasize the strong locations, quality construction and excellent ownership / management of the properties to mitigate age of the improvements.

Results:

- Target Rock Partners (TRP) arranged a $31 million, non-recourse first mortgage loan which provided a significant cash-out to the sponsor over and above the cost of defeasance. The new full leverage loan had a very attractive interest rate which provided strong ongoing cash flow to the sponsor.
- TRP arranged the defeasance of the existing first mortgage and guided the borrower through the defeasance process.

Silicon Valley Multifamily Acquisition Financing

Transaction Summary:

Target Rock Partners was engaged to arrange bridge financing for the purchase of a garden style multifamily community in Mountain View, CA. The property was located in the heart of Silicon Valley, one of the most desirable real estate markets in the U.S. With major technology firms, such as Google and LinkedIn, establishing headquarters nearby, the property enjoyed a strong occupancy history. However, the property had not received a significant capital investment since its construction in the 1960s. As a result, rents at the subject lagged those of newer and more recently renovated properties by at least 25%. Given the significant demand for housing, two opportunities for value creation existed for the sponsor: upgrade the unit interiors to achieve higher rents; or, obtain entitlements to redevelop the site as for-sale townhomes. With demand for development sites outstripping the supply of available parcels, the sponsor also had an immediate opportunity to sell the property for a substantial profit without executing either of the value-add business plans.

Challenges:

- C-quality asset that was built in the 1960s.
- High leverage request and loan per square foot may limit the number of interested lenders.
- High purchase price may be difficult to support with recent sales comparables.

Strategy:

- Approach best lender relationships knowing that they could tailor loan terms to accommodate the two potential business plans of the borrower and grasp the heated market conditions in Silicon Valley.

Results:

- Closed a $19.1 million bridge loan to acquire the property and provide capital to complete the unit rehabilitation plan. The loan had a 3 year term with a high 5's interest rate and interest only payments.
- The loan was 82% of the purchase price. Due to the sub-1.0x debt coverage ratio, the loan required the funding of an operating reserve at closing.
- The new loan surpassed the terms offered by the borrower's direct lender in both proceeds and interest rate.

Los Angeles Multifamily Acquisition Bridge Financing

Transaction Summary:

Target Rock Partners was engaged to arrange bridge financing for the purchase of a garden style multifamily community in Los Angeles, California. When the sponsor approached TRP with the assignment, the property had been in contract for approximately 3 years. The delay in closing was the direct result of the efforts of the seller to cancel the purchase as the agreed upon price reflected a substantial discount to market due to rapidly improving market conditions. As TRP's client had complied with all of the sale conditions, the sponsor sought assistance from the courts to compel the seller to close. The continuing market improvement combined with the lengthy court proceedings only served to increase the difference between the market value of the property and the stipulated contract price. Despite the directives of the court, the seller caused the due diligence process to be extremely difficult hoping that the sponsor would terminate.

Challenges:

- Class C multifamily.
- Poor property condition. Units and buildings were in disrepair and as a result of lax management, there were many tenant related issues (i.e. delinquencies, occupancy violations, damaged / unkempt units).
- Contentious relationship with seller resulted in a protracted contract period (3 years), difficult due diligence process and limited site access.
- Small loan ($8.7 million) by bridge loan standards.

Strategy:

- Approach best lender relationships with this assignment knowing that the transaction required a capital source with the flexibility to accommodate the difficult sale conditions and to tailor the loan terms as necessary to facilitate the closing and borrower's business plan.
- Emphasize the strength of the market and the embedded profit resulting from strengthened market conditions and cap rate compression.

Results:

- TRP arranged an $8.7 million bridge loan to acquire the property. The loan had a 1 year term with 1, 12 month extension. Payments were interest only based on a high 5's interest rate.
- The loan was 93% of the purchase price, 88% of total cost and 75% of the appraised value. The initial debt service coverage ratio was approximately 1.10x.
- The lender moved quickly to close the loan which enabled the sponsor to adhere to the court ordered closing date.

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Texas O&G Hotel Portfolio: Acquisition Financing

Transaction Summary:

Target Rock Partners was retained to source bridge financing and preferred equity to fund the acquisition of a portfolio of 7 limited service hotels (470 rooms) located in the Eagle Ford and Permian Shale Basins in Texas and New Mexico. The properties all had very strong cash flow due to the heavy demand generated by the oil and gas exploration and drilling occurring in the markets. Increasing investor interest was continuing to drive asset values higher in these markets on a monthly basis. However, vast land and limited barriers to entry coupled with the high demand generators insured that these assets will receive competition through new supply. Therefore, the current cash flow is likely to be unsustainable in the mid to long-term.

Target Rock Partners arranged a $42.0 million first mortgage bridge loan plus $3.9 in preferred equity, which totaled to 87% of the capital stack, to fund the acquisition.

Challenges:

- High risk properties subject to commodity risk.
- Limited competitive barriers to entry within the markets of the portfolio.
- Aggressive appraisal required to achieve the required 1st mortgage proceeds.
- Exit strategy requires the value of the properties to continue increasing over the 12 months following the acquisition.

Strategy:

- Target lenders familiar with and bullish on the oil & gas activity occurring in the Eagle Ford and Permian Basin.
- Target lenders that could provide short term financing plus a small preferred equity investment.
- Emphasize the strength of the hotel management company.
- Highlight that the investment by the hotel management company along with sponsor signals strong support for the thesis.
- Identify hospitality appraisers that understood the market fundamentals within the shale regions.

Results:

- TRP arranged and closed on a $42.0 million first mortgage bridge loan and $3.9 of preferred equity all from a real estate hedge fund.
- TRP contributed capital as preferred equity, aligning interests with the sponsor and further giving comfort to the lender.

Grocery Anchored Shopping Center Portfolio III: Recapitalization

Transaction Summary:

Target Rock Partners was retained by the developer of three grocery anchored shopping centers located in Georgia and North Carolina to provide a capital solution for the financial repositioning of the portfolio. Due to the poor economic conditions when the properties opened, the property values were adversely affected and rental rates were declining. Additionally, development of the surrounding and supporting residential areas was postponed. Overall occupancy of the portfolio was 93%, but the local shops were 80% occupied.

While the developer was current on the debt payments, pressure was mounting from its existing lenders to pay off the existing first mortgage and mezzanine loans. The owner was also motivated to obtain new financing to lower the debt payments and eliminate the recourse obligations. The existing loans totaled $40.1 million and reflected an LTV of 119%. With limited developer capital available to contribute, the transaction required maximum new financing proceeds and a discounted payoff from the existing lender.

Target Rock Partners structured and negotiated a loan commitment from a capital source for $28.6 million on 10-year term and 30-year amortization and is currently negotiating discounted payoff of existing loans.

Challenges:

- Secondary and tertiary locations.
- Limited developer capital to contribute to the transaction.
- Negotiating a discounted payoff with the existing lender.
- Appraised value issue due to a lack of sales comparables reflecting improved market conditions and cap rates.
- One of the anchors had mediocre sales and the 2 new anchors lacked operating history.
- One of the shopping centers had high shop space vacancy.

Strategy:

Phase I
- Raise equity through sales of outparcels leased to investment rated tenants (Bank of America, McDonald's and Walgreens). Minimize out of pocket expense to borrower for recapitalization.
- Initiate negotiation of discounted payoff of existing mortgages with current lenders.

Phase II
- Maximize leverage by targeting capital sources with the ability to lend at all levels of the capital stack (e.g. first mortgage, mezzanine and equity).
- Structure new debt on a cross-collateralized basis to minimize the risk to the lender.
- De-emphasize the sales and lack of operating history of the anchor tenants and emphasize the credit support of the investment grade rated anchor parent (Delhaize Group: S&P / BBB- and Walmart: S&P / AA) which account for 63% of the leasable area and 75% of the rental income.

Results:

- Arranged non-recourse financing from a single capital source for 95% of the total transaction cost in the form of first mortgage debt, mezzanine debt and participating equity.
- Currently negotiating discounted payoffs with the existing lenders with target equal to 90% of total face value.

Grocery Anchored Shopping Center Portfolio II: Recapitalization

Transaction Summary:

Target Rock Partners was retained by the developer of two Food Lion, one Harvey's (Delhaize credit) and one Lowes Foods anchored shopping centers located in Georgia and South Carolina to provide a capital solution for the financial repositioning of the portfolio. Due to the poor economic conditions when the properties opened, the property values were adversely affected and rental rates were declining. Additionally, development of the surrounding and supporting residential areas was postponed. Overall occupancy of the portfolio was 93%, but the local shops were 84% occupied.

While the developer was current on the debt payments, pressure was mounting from its existing lender to pay off the existing loan. The owner was also motivated to obtain new financing to lower the debt payments and eliminate the recourse obligations. The existing loan totaled $37.4 million and reflected a loan to value of 94%. With limited developer capital available to contribute, the transaction required maximum new financing proceeds and a discounted payoff from the existing lender.

Target Rock Partners structured and negotiated a loan commitment from a capital source for $32.4 million on 10-year term and 30-year amortization. Additionally, with the new non-recourse proceeds committed, Target Rock Partners and the developer negotiated a discounted payoff equal to 89% of the face value of the loans.

Challenges:

- Secondary and tertiary locations.
- Limited developer capital to contribute to the transaction.
- Negotiating a discounted payoff with the existing lender.
- Appraised value issue due to a lack of sales comparables reflecting the recently improved market conditions and cap rates.
- Poor anchor tenant sales.

Strategy:

- Target capital sources with the ability to lend at all levels of the capital stack (e.g. first mortgage, mezzanine and equity).
- Structure new debt on a cross-collateralized basis to minimize the risk to the lender.
- Emphasize the credit support of the investment grade rated anchor parent of the Food Lion and Harvey's properties (Delhaize Group: S&P / BBB-) and the strong sales / low occupancy cost of the Lowes anchored center.

Results:

- Procured financing from a single capital source for 93% of the total transaction cost in the form of first mortgage debt, mezzanine debt and participating equity.
- New non-recourse financing relieved borrower from the recourse obligations of its existing loans.
- Obtained discounted payoffs from the existing lender equal to 89% of total face value.
- Developer avoided foreclosure. Developer retained management, leasing and ownership of the properties.

Illinois Grocery Anchored Center: Acquisition Financing/Note Sale/Restructure

Transaction Summary:

Target Rock Partners was retained by the developer of a grocery and theater anchored shopping center located in the Midwest to negotiate the discounted payoff of the construction loan and to recapitalize the property. Despite the complete disbursement of the $42 million construction loan, only half of the center was developed. When the developer defaulted, the property was taken over by a receiver and the management and leasing lapsed. Occupancy leveled out at 70%. The collateral also included 12 outparcels that were available for sale, lease or development. Despite the borrower's offers to restructure the loan, the bank opted to market the note for sale. Target Rock Partners procured a note buyer at the highest price offered.

Challenges:

- Tertiary market.
- Non-credit anchors.
- Below market occupancy.
- Abbreviated transaction timeline due to the fact that the bank holding the note was being sold.
- Developer wanted to stay on for management and leasing and a back-end profit participation.

Strategy:

- Target investors with a preference for value add opportunities, the ability to close quickly and willingness to partner with an existing developer.
- Emphasize the value of the 12 undeveloped outparcels and the vacant in-line space.
- Identify lenders that could accommodate a quick note closing timeframe and post-closing release of collateral.
- Highlight developer's management and leasing expertise.

Results:

- Produced an investor that purchased the note for $18 million.
- Closed a $15.3 million note acquisition loan (85% of the purchase price) from an institutional lender. Flexible prepayment structure allowed the borrower to refinance a significant portion of the loan within the first 12 months at a lower rate.
- Structured a new JV partnership between the developer and the new investors that enabled the developer to maintain management and leasing of the property and a back-end profit participation.

Grocery Anchored Shopping Center Portfolio I: Recapitalization

Transaction Summary:

Target Rock Partners was engaged by the developer of six Food Lion anchored shopping centers located in Florida, Georgia and North Carolina to provide a capital solution for the financial repositioning of the portfolio. The shopping centers were completed in 2007 and 2008 and reflected the latest prototypes of the Food Lion store formats. The opening of the shopping centers during declining economic conditions in the U.S. resulted in delayed stabilization of the shop space. Additionally, development of the surrounding and supporting residential areas was postponed. Also, the properties were located in secondary and tertiary markets which compounded the lack of local tenant leasing. Overall occupancy of the portfolio was 87%, but the local shops were 37.5% vacant.

While the developer was current on the debt payments, there was an urgent need to lower debt payments and free the developer of its recourse obligations. Recourse construction and mezzanine loans totaling $43 million encumbered the properties and reflected a loan to value of 120%. With limited developer capital available to contribute to a new financing, the transaction required maximum new financing proceeds and discounted payoffs from the existing lenders.

Target Rock Partners structured and negotiated a loan commitment from a capital source for $30.55 million on 5 year term and 25 year amortization. Additionally, with the new non-recourse proceeds committed, Target Rock and the developer negotiated payoff discounts at 85% of the face value of the loans from the nine existing lenders.

Challenges:

- Secondary and tertiary locations.
- Limited developer capital to contribute to the transaction.
- Timing and logistics of negotiating and coordinating discounted payoffs with nine first mortgage and mezzanine lenders.
- Appraised value issues due to a lack of sales comparables reflecting recently improved market conditions and cap rates.
- Delhaize announcement of reorganization through 130 store closings during the recapitalization raised concern over anchor viability.

Strategy:

- Target capital sources with ability to lend at all levels of the capital stack (e.g. first mortgage, mezzanine and equity).
- Structure new debt on a cross-collateralized basis to minimize risk to lender.
- Emphasize the strength of anchor tenants (average sales of $300/sf; average occupancy cost of 4.5%) and credit support of investment rated anchor parent (Delhaize Group: S&P / BBB-) which accounted for 62% of the leasable area and 79% of the rental income.

Results:

- Procured financing from a single capital source for 97% of transaction cost in the form of a first mortgage loan, mezzanine loan and participating equity.
- New non-recourse financing relieved borrower from the recourse obligations of its existing loans.
- Obtained discounted payoffs from existing lenders equal to 85% of total face value.
- Developer's out-of-pocket expense was limited to 3% of the total transaction cost.
- Developer retained management, leasing and ownership of the properties.

Michigan Power Center: Advisory

Transaction Summary:

Target Rock Partners was retained by a developer to negotiate the discounted purchase of a $54 million construction loan secured by a 348,068 sf power center and to arrange new debt and equity. Although the property was 90% occupied by strong national tenants such as TJ Maxx, Bed Bath and Beyond, Best Buy, Dick's Sporting Goods, and JC Penney (NAP), the NOI of the property was significantly below projections because the second phase of the project, 87,500 sf of shop space and 20,500 sf of outparcels, had not been completed. Target Rock Partners assisted the owner in identifying an equity partner that purchased the note for $27.5 million and took title to the property while leaving the developer in place for management and leasing. Additionally, the developer received a back-end participation above an IRR hurdle.

Challenges:

- Defaulted mortgage on a power center located in Michigan.
- Multiple co-tenancy issues.
- Majority of national tenants not required to report sales.
- Local tenants were requesting rent reductions.

Strategy:

- Target Midwest investors that could understand the Michigan market.
- Highlight the upside in both future leasing and future development.
- Enhance transaction returns by procuring favorable debt.

Results:

- Assisted the owner in identifying an equity owner to purchase the note.
- Structured and negotiated a deed in lieu of foreclosure.
- Existing developer stayed in place for management and leasing and a back-end participation.

Texas O&G Hotel Part II: Acquisition Financing

Transaction Summary:

Target Rock Partners was retained to source bridge financing and preferred equity to fund the acquisition of a 61 room limited service hotel located in the Eagle Ford Formation in Texas. The property has very strong cash flow due to the heavy demand generated by the oil and gas exploration and drilling occurring in the market. Increasing investor interest was continuing to drive asset values higher in this market on a monthly basis. However, vast land and limited barriers to entry coupled with the high demand generators insured that the asset will receive competition through new supply. Therefore, the current cash flow is likely to be unsustainable in the mid to long-term.

Target Rock Partners arranged a $4.75 million first mortgage bridge loan plus $450,000 in preferred equity, which totaled to 87% of the capital stack, to fund the acquisition.

Challenges:

- High risk properties subject to commodity risk.
- Limited competitive barriers to entry within the market.
- Aggressive appraisal required to achieve the required 1st mortgage proceeds.
- Exit strategy requires the value of the property to continue increasing over the 12 months following the acquisition.

Strategy:

- Target lenders familiar with and bullish on the oil & gas activity occurring in the Eagle Ford Formation.
- Target lenders that could provide short term financing plus a small preferred equity investment.
- Emphasize the strength of the hotel management company.
- Highlight that the investment by the hotel management company along with sponsor signals strong support for the thesis.
- Identify hospitality appraisers that understood the market fundamentals within the shale region.

Results:

- TRP arranged and closed on a $4.75 million first mortgage bridge loan and $450,000 of preferred equity all from a real estate hedge fund.
- TRP contributed capital as preferred equity, aligning interests with the sponsor and further giving comfort to the lender.

Oregon Multifamily Recapitalization

Transaction Summary:

Target Rock Partners was engaged by the owner of a garden-style apartment community to arrange new debt and equity to recapitalize the property. While the in-place loan had time remaining before maturity, the debt was not structured to provide the sponsor with additional proceeds to conduct a value add renovation of the units and common areas. Although the property was in good condition, the age of the improvements necessitated investment in certain elements to keep them functioning properly. In addition, the sponsor believed that by implementing an extensive unit renovation plan the opportunity existed to increase rents without posing a risk to the already strong occupancy (~95%). The potential for income growth also created a desirable investment for a new partner. As part of the recapitalization, the sponsor needed to replace its existing majority investor; who was interested in exiting the partnership and redeploying its investment in other opportunities.

Challenges:

- Property located in secondary market which limited the pool of potential investors and lenders.
- Requirement that new investor be a family office excluded a large number of investor groups.
- Relatively small equity investment (<$10 million) prevented a number of investors from considering the transaction.
- Significant tax implications created by a sale if transaction was not structured properly.
- New loan terms needed to provide prepayment flexibility, low interest rate and low cost to be attractive to existing owner and new investor who had competitive agency financing as an alternative.

Strategy:

- To facilitate interaction of the lender, investor and owner: target capital sources located near to the sponsor and / or the asset.
- Focus on local and regional banks which would provide competitive pricing and terms.
- Structure transaction as a sale to create a 1031 exchange opportunity for the original ownership as opposed to a sale of partnership interests, the gains on which would have been subject to tax.
- Create additional incentive for a new investor by marketing the asset at a discount to market.

Results:

- TRP structured the equity portion of the transaction with a family office that contributed 85% of the equity in a hybrid preferred / joint venture equity structure that will make additional contributions to complete renovation plans.
- TRP arranged a loan with a regional bank that has a presence in the submarket and was aggressively pursuing new banking relationships and lending opportunities.
- The bank provided very favorable first mortgage financing: 75% LTV, 5 year term, 3 years interest only, mid 3's fixed rate, no reserves, non-recourse, open prepayment after year 1, low transaction costs.
- The sponsor and family office are currently pursuing additional joint venture opportunities.

Utah Multifamily Recapitalization

Transaction Summary:

Target Rock Partners was engaged by the owner of a garden-style apartment community to arrange new equity to recapitalize the property. While the existing agency financing had time remaining before maturity, the loan was not structured to provide the sponsor with additional proceeds to conduct a value add renovation of the units and common areas. Although the property was in good condition, the age of the improvements (1970s) necessitated investment in certain elements to keep them functioning properly. In addition, the sponsor believed that by implementing an extensive unit renovation plan they could increase monthly rents by an average $150/unit without posing a risk to the already strong occupancy (~95%). The potential for income growth also created a desirable investment opportunity for a new partner. As part of the recapitalization, the sponsor needed to replace its existing majority investor; who was interested in exiting the partnership and redeploying its investment in otherventures.

Challenges:

- Property located in secondary market which limited the pool of potentialinvestors.
- Requirement that new investor be a family office excluded a large number of investor groups.
- Relatively small equity investment (<$10 million) prevented a number of investors from considering the transaction.
- Significant tax implications created by a sale if transaction was not structured properly.

Strategy:

- To facilitate interaction of the lender, investor and owner: target investors located near to the sponsor and / or the asset.
- Structure transaction as a sale to create a 1031 exchange opportunity for the original ownership as opposed to a sale of partnership interests, the gains on which would have been subject to tax.
- Create additional incentive for a new investor by marketing the asset at a discount to market.

Results:

- TRP structured and closed the equity portion of the transaction with a family office that contributed 85% of the equity in a hybrid preferred / joint venture equity structure that will make additional contributions to complete renovation plans.
- The sponsor and family office are currently pursuing additional joint venture opportunities.

Target Rock Partners

REPRESENTATIVE TRANSACTIONS AND ASSIGNMENTS

INVESTMENT SALES

South Carolina Grocery Anchored Center: Investment Sale

Transaction Summary:

Target Rock Partners was retained by the developer of a grocery anchored shopping center located in a secondary market in the Southeast to sell the property. The 100,000 sf center was anchored by Harris Teeter, which had recently been assigned the lease by the center's previous anchor, Lowes Foods. Harris Teeter made a significant capital investment in the store and modeled the renovations after their flagship location in Charlotte, NC. The center was approximately 92% occupied, with above market rents and significant rollover risk in the 40,000 sf of local shop space. The property was encumbered by a CMBS loan with an interest rate significantly higher than the prevailing market rates and 2.5 years remaining until loan maturity. Despite the low initial cash on cash returns to the buyer, Target Rock Partners delivered an institutional buyer to assume the loan at the seller's asking price.

Challenges:

- Secondary market.
- Unattractive interest rate on assumable CMBS debt.
- Timing and expense of assuming a CMBS loan.
- Seller's low cap rate expectations.
- Low initial cash on cash returns to prospective buyers at the asking price.
- Sales unavailable for new anchor tenant.
- Stabilized property with limited upside.
- High concentration of local shop space compared to anchor shop space.

Strategy:

- Target institutional investors that were familiar with the market and experienced with the loan assumption process.
- Focus on buyers with a strong track record of closing and operating history.
- Emphasize Harris Teeter's investment into the property.

Results:

- Produced an institutional buyer that met the seller's low cap rate expectations.

Single-Tenant Drug Store Portfolio: Investment Sale

Transaction Summary:

Target Rock Partners was selected by an institutional investor to identify a buyer for a portfolio of 15 single-tenant, net-leased drug stores located throughout the United States. The tenants were all investment rated with remaining lease terms of at least 20 years. Target Rock Partners presented the opportunity to its best relationships and sold the portfolio at the above-market asking price in an off-market transaction.

Challenges:

- Above market price expectations.
- Secondary and tertiary markets.
- Non-exclusive listing assignment.
- Requirement from seller to pre-approve a limited number of potential buyers upfront.

Strategy:

- Identify a unique investor in the net-lease market that can close all cash on a large portfolio in a compressed time period.

Results:

- Target Rock Partners produced the winning bid and closed the transaction for $69.4 million.
- Price paid for the portfolio was greater than what could have been achieved through individual sales to private or 1031 exchange buyers.

Single-Tenant NNN Dollar Store Portfolio: Investment Sales

Transaction Summary:

Target Rock Partners was retained by a preferred developer of Family Dollar to sell 10 stores on a portfolio basis following completion of construction. The Family Dollar developments were located in tertiary markets throughout the United States. The leases had 15-year base terms, scheduled rent increases and NNN recovery provisions. Target Rock Partners identified a private buyer to purchase the portfolio at a price that exceeded the seller's price expectation.

Challenges:

- Requirement for properties to be sold as a portfolio eliminated many individual investors.
- Tertiary markets throughout the United States.
- Limited buyer pool due to tenant type and building construction.
- Thin development margins necessitated aggressive pricing which eliminated many institutional buyers.
- New construction of 10 stores in different states required flexible closing timeframe and, therefore, made it difficult for 1031 investors to transact.

Strategy:

- Highlight tenant's investment grade credit, long lease term, NNN recovery structure and rent increases.
- Identify private REIT's, unique investors and 1031 buyers in the net-lease market.

Results:

- Produced a private buyer in excess of the seller's target price.

California Mixed Use Office/Retail: Investment Sale

Transaction Summary:

Target Rock Partners was retained by the developer of a 51,000 sf mixed-use office and retail building located on the Westside of Los Angeles. The property was built in 2007 and 100% occupied by tenants such as Bed Bath & Beyond, Wells Fargo and Starbucks. At the time of its construction, the property received aggressive financing that reflected peak market conditions. As the loan approached maturity, the developers engaged Target Rock Partners for refinancing and sales strategies as it became apparent that a traditional loan would be insufficient to retire the existing debt.

Challenges:

- Property was overleveraged and nearing loan maturity.
- Conservative lending environment for mixed-use properties with second floor office space.
- Offers to refinance the property were dramatically below the existing debt amount.
- Previous offers to buy the property were low and reflected the limited availability of debt.
- Below average tenant sales and second floor office space occupied by a weak tenant.

Strategy:

- Target domestic and foreign all-cash investors with appetite for primary markets, high quality tenancy and Class A product.

Results:

- Identified a foreign investor eager to purchase US real estate and willing to pay a premium for the property.
- The transaction closed all cash.
- The developer successfully repaid its construction loan and received additional funds.
- Exceeded market pricing by $2 million.

Grocery Anchored Shopping Center Outparcel Sales

Transaction Summary:

Target Rock Partners was engaged to sell 3 net lease properties on behalf of the owner. The properties were located on outparcels of a grocery anchored shopping center located outside of Charlotte, North Carolina. The developer needed to raise cash to facilitate the pay-off of the existing loan on the property and the historically low cap rates being paid for investment rated net lease tenants created an immediate opportunity.

Challenges:

- Low cap rate requirements of the owner.
- McDonald's not required to report sales. Bank of America branch deposit amount could not be confirmed. Walgreens sales were low compared to the national average.
- Tertiary market.

Strategy:

- Market the properties on a portfolio and individual basis to maximize appeal to broadest array of investors.
- Utilize direct investor relationships as well as brokers to maximize exposure of the properties and generate the highest prices.
- Focus on 1031 Exchange or similar buyers with closing urgency.

Results:

- Closed on the sales of all three properties with three unique buyers at seller's target prices.

Grocery Anchored Shopping Center: Break-Up Strategy/Investment Sale

Transaction Summary:

Target Rock Partners was retained by a developer to provide recapitalization and sale strategies for a grocery-anchored shopping center located in a tertiary market of the Southeast. The anchor tenant was an investment grade entity with 16 years remaining on its lease, however, the store sales were below the average of the chain. After determining that new loan proceeds would be insufficient to repay the existing debt, Target Rock Partners concluded that the optimal approach to maximize value for the developer was to subdivide and sell the anchor building. This strategy provided the developer with the ability to repay its existing debt and retain 100% ownership and management of the local shop space.

Challenges:

- Tertiary market.
- Weak anchor sales.
- Significant shop space vacancy.
- Timing of anchor parcelization with potential buyer closing requirement.

Strategy:

- Parcelize and sell the credit rated-anchor at significantly lower cap rate than would be achievable for the entire property.
- Preserve ownership of the local shop space to allow developer to maintain ownership at a low basis and add value through lease-up of the vacant space.
- Identify unique buyers for investment grade, single-tenant grocers with long-term leases in tertiary markets in the Southeast.

Results:

- Closed acquisition with 1031 Exchange buyer at very aggressive cap rate.

Tractor Supply Net Lease Investment Sales

Transaction Summary:

Target Rock Partners was retained by the developer of three Tractor Supply stores to sell the properties following opening of the stores. The properties were newly constructed, freestanding Tractor Supply stores located in North Carolina (2) and Arizona (1).

Challenges:

- Tertiary locations.
- Developer was under pressure to sell the assets to satisfy investor requirements and focus on new development opportunities.
- Limited buyer pool due to the 10 year, flat rent, NN lease terms.
- Thin development margins necessitated aggressive pricing.
- Tractor Supply is not rated.

Strategy:

- Highlight positive view of Tractor Supply's financial performance.
- Identify private REIT's, unique investors and 1031 buyers in the net-lease market.

Results:

- Closed on sales of each location to separate buyers at prices that exceeded seller's expectations.

Single-Tenant Dollar Stores: 10-year, NN leases

Transaction Summary:

Target Rock Partners was retained by a preferred developer of free-standing, single-tenant Family Dollar stores to sell the properties following completion of construction. The Family Dollar developments were located in tertiary markets throughout the United States, with 10-year, flat rent, NN lease terms. Target Rock Partners has successfully sold 11 Family Dollar stores, meeting or exceeding the seller's price expectations in each transaction.

Challenges:

- Tertiary markets throughout the United States.
- Limited buyer pool due to the 10 year, flat rent, NN Family Dollar lease terms.
- Thin development margins necessitated aggressive pricing.

Strategy:

- Highlight tenant's investment grade credit.
- Identify private REIT's, unique investors and 1031 buyers in the net-lease market.

Results:

- Closed at sales prices that met or exceeded seller's expectations in each transaction.

Investment Grade Single Tenant: Investment Sales

Transaction Summary:

Target Rock Partners was retained by the owner of two CVS retail locations and a Wells Fargo pad to sell the properties. The assignment entailed selling the existing CVS and Wells Fargo pad and arranging a pre-sale commitment for the remaining CVS which would be funded upon the property's completion and the commencement of rent. This strategy allowed the developer to raise cash, procure favorable construction financing terms, and meet the build-to suit requirements from the tenant.

Challenges:

- Tertiary markets.
- New locations where development of the surrounding neighborhoods stalled.
- The proposed anchor of one of the shopping centers cancelled its plans to occupy the center.
- Lack of sales history.
- Optimal pricing required to maintain developer profit.

Strategy:

- Emphasize the investment rating of the tenants and the long lease durations.
- Highlight lease structures which required minimized landlord responsibilities.
- Target net lease investors and clients familiar with the markets.
- Target investors with closing urgency (i.e. 1031) and desire to invest in non-management intensive product.
- Identify a buyer quickly to minimize the time between construction completion and sale closing.

Results:

- Achieved sale prices that enabled the developer to maintain margin and continue its development partnership with the tenants.

Single-Tenant Dollar Stores: 15-year, NNN leases

Transaction Summary:

Target Rock Partners was retained by a preferred developer of free-standing, single-tenant Family Dollar stores to sell the properties following completion of construction. The Family Dollar developments are located in tertiary markets throughout the United States, with 15-year, NNN lease terms. Each lease provides for rent increases in one of two ways: 1) a 10% increase in year 11 of the term; or, 2) increases every 3 years based on increases in CPI and subject to cap of 6%. Target Rock Partners is actively marketing the stores.

Challenges:

- Tertiary markets throughout the United States.
- Thin development margins necessitate aggressive pricing.
- Increasing development pipeline necessitates expeditious store sales in order to recycle developer equity into new store construction.

Strategy:

- Highlight tenant's investment grade credit.
- Identify private REIT's, unique investors and 1031 buyers in the net-lease market.

Results:

- TRP completed the sales of 28 stores as follows:
    1. 15 stores were sold to a private REIT as a portfolio;
    2. 13 stores were sold to individual investors in 13 separate sale transactions.
- TRP continues to market additional stores for sale on behalf of the developer as construction commences on the sites.