



# OLD CAPITAL

P A R T N E R S

## Guidelines for Industrial Properties

*Underwriting Overview*



- Flexible Terms and Conditions
- Aggressive Underwriting
- Quick Commitments
- Excellent Service

Inside you'll find:

- i. Traditional Financing Programs
- ii. 100% Construction Financing Program
- iii. Pre-Buy Program
- iv. Submission Criteria

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## **Traditional Industrial Loan Programs (Permanent Financing)**

<b>Eligible Properties:</b>	Single and multi-tenant properties including warehouses used for storage, assembly and packaging, as well as research and development facilities. Prefer dock high loading and tilt wall construction, located in industrial park developments. Must have adequate ceiling heights, column spacing and truck turnaround area(s).
<b>Eligible Property Locations:</b>	Nationwide; good access to primary thoroughfares in areas with strong demand generators for industrial properties. Should have easy access to major interstate roads as well as key local roads that provide access to local, industrial, and commercial centers. Rail access is also desired. Will also consider secondary markets with strong sponsorship
<b>Loan Size:</b>	\$2 Million - \$40 Million; will also consider larger portfolio transactions on a case by case basis.
<b>Debt Service Coverage:</b>	1.20 x minimum
<b>Loan-to-Value Ratio:</b>	Up to 80% on conventional permanent financing.
<b>Loan Term:</b>	7, 10, 15, 20 and 25 year terms available. Bond backed underwriting may have longer terms available.
<b>Amortization:</b>	30 years or less, depending on major lease terms and expiration, and property age.
<b>Tenancy:</b>	Factors for determining tenant quality include the stability of the specific business and the quality of the tenant's financial condition. The rent roll should be reasonably diversified with staggered expirations. For multi-tenant properties, require staggered leases to avoid adverse re-leasing risk. Leases should be representative of the market. Single tenant properties typically will require higher coverage and reserves.
<b>NOI Calculation:</b>	Strongly prefer to receive three full years of operating history. Warehouse leases should be triple net. Exceptions may be made for structural maintenance and management fees. R&D leases typically written on a modified gross basis. Lease rollovers should be less than 30% GLA in early years of the loan term.

**Rent Roll** - Prefer smooth lease expiration schedules so that the debt coverage ratio in any given year does not fall below break-even. May consider properties with significant rollover risk on a case-by-case basis. Tenants not occupying space and paying full rent for at least 3-months will require a seasoning reserve equal to 3-months rent.

**Management Fee** - Can be 4% if consistent with market. Single tenant buildings that are fully maintained and managed by occupant can be underwritten at a 3% management fee.

**Reserves** -\$.10 to \$.25 per square foot for structural reserves depending on the property age, condition and percentage of office build-out subject to an engineering report. Determine Tenant Improvement and Leasing Commission reserves from the rollover schedule and market averages.

## 100% Construction Financing, Pre-Buy and Financial Guaranty Programs

<b>Eligible Projects:</b>	We will consider industrial projects for the following types of investments: <ul style="list-style-type: none"> <li>• Development</li> <li>• Recapitalizations</li> <li>• Renovations</li> <li>• Yield Plays</li> </ul>
<b>Eligible Property Locations:</b>	Nationwide. Preferably Tier I and Tier II Markets with strong market fundamentals in place.
<b>Program Goal:</b>	To provide a variety of equity vehicles enabling the developer to obtain full-cost financing from a construction lender on a speculative project. This program provides the developer the time and flexibility to build, lease and refinance or sell the project within the lease-up/marketing period.
<b>Program Structures:</b>	Through OCP's Life Insurance Company Relationships the developer's construction lender is provided with a guaranteed takeout vehicle that covers 100% of the budgeted cost of construction including market fees for Developer's Overhead and General Contracting Fee, but excluding cost overruns.  This take-out vehicle can come in the form of a financial guaranty or a commitment to purchase the property (and payoff the construction loan) upon expiration of the lease up marketing period at cost.
<b>Project Sizes:</b>	Project ranging in size from 300k sq ft up to 1MM sq ft in phases Maximum deal size is typically not more than \$40MM
<b>Guaranty/Commitment Size:</b>	Minimum \$10MM on purchase commitments Minimum \$2MM on financial guarantees

## Program Comparisons

Financial Guaranty Program	Contingent Acquisition Program	Prebuy Program
Up to 100% Cost Financing	Up to 100% Cost Financing	Up to 100% Cost Financing
Developer owns 100% of project	Developer gets +/- 50% of net sale proceeds	Developer gets 100% of value over threshold cap rate
Life Co. funds in case of loan default	Life Co. funds if lease-up/sale fails +/- 18 mo after completion	Life Co. funds +/- 6 mo after completion
Life Co. only guarantees amount of equity requirement	Life Co. guarantees amount of total project cost	Life Co. guarantees amount of total project cost
No Earnout funding	No Earnout Funding	Earnout Funding +/- 12 mo after completion

# **INDUSTRIAL PROPERTY**

## ***INITIAL UNDERWRITING CHECKLIST***

1. If Investment is for acquisition purposes, please provide a copy of the fully executed purchase and sale agreement.
2. If Investment is for a recapitalization, please provide the original purchase price paid for the property, date of purchase and summary of current financing.
3. If Investment is for construction/renovation purposes, please provide complete construction cost breakdown.
4. Detailed Monthly Income & Expense for past 3 years if available, as well as 2003 YTD and proforma by Month.
5. Most recent appraisal and/or complete property description including photos, site plan, floor plans and area location map.
6. Current Rent Roll including:
  - a. Square Footage of Units
  - b. Detailed Lease Abstract to include: Escalations, commencement and expirations, add-ons, description of tenant and description of any added rent that tenant is responsible for.
7. Copy of most current appraisal
8. Detailed Use of Funds Statement
9. Detailed Capital Expenditures (Past, Present & Future)
10. Borrower Resume & Current Financial Statement
11. Copy of Standard Lease
12. Property Description, ie; age, bldgs., nrsf, floors, acreage, etc.
13. Current Market Analysis (if available).

**For More Information Please Contact:**

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