

Penmor – Transaction 1



Loan Amount:	\$6.5 million
Property Type:	Single tenant warehouse
GFA:	120,000 SF
Location:	Greater Toronto Area

Penmor – Transaction 1



Challenges:

- Single tenant building.
- Borrower wanted a 10-year term but the lease matures in 2016.
- Borrower wanted to fix the rate for draw down upon maturity of the existing debt in September 2011.
- Non-recourse financing was requested.

Solutions:

- 50% LTV (with a 10-year term against a 25-year amortization) on a non-recourse, with provisions to forward fix up to 4 months in advance.
- We provided the Borrower with the ability to increase the loan in the event that the tenant extended their lease in 2016 or alternatively, found a suitable replacement acceptable to the lender.
- Ultimately, the strong location, generic design/layout of the asset (i.e. would appeal to a broad range of prospective tenants) and acceptable LTV mitigated the renewal risk.

Penmor – Transaction 2



Loan Amount: \$10 million
Property Type: Multi-tenant office
GFA: 85,000 SF
Location: Greater Toronto Area

Penmor – Transaction 2



Challenges:

- Borrower wanted a 10-year term but the lease to one of the major tenants (who accounts for 23% of total area) matures in 2015.
- The Borrower was seeking a full loan amount (70% LTV) on a non-recourse basis.

Solutions:

- 70% LTV with a 10-year term against a 25-year amortization on a non-recourse basis, as requested by the Borrower.
- Our analysis indicated that the Borrower would only need to lease their premises for \$7.50 PSF (vs. current market rent of \$15.00 PSF) in the event that the major tenant did not renew their lease in 2015. Moreover, we were comfortable with the strong location and generic design/layout of the asset (i.e. would appeal to a broad range of prospective tenants).