

ACQUISITION FINANCING EDITION

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**Post-Closing
Flexibility
Like You Never
Dreamed Of!**

Allianz has a well established track record for highly innovative post-closing loan modifications including additional advances and collateral substitutions. Unlike some lenders, Allianz does not sell its loans. Allianz is a relationship lender and offers the best service in the industry both before and after closing. Let us know how we can help you achieve your financial objectives.

**CLOSE IN 30 DAYS OR LESS?
YES, ALLIANZ CAN DO THAT!
ALLIANZ LENDING & ACQUISITION PROGRAM**

Whether building, buying, selling or refinancing, Allianz works to assist real estate investors in achieving their financial objectives. The following provides a summary of Allianz's Real Estate Lending and Acquisition Programs:

Investment Target:	Distribution Warehouse (both debt & equity) Class "A" Suburban Office (both debt & equity) Grocery Anchored Retail Centers (debt only) Apartments (debt only) Hospital Campus Medical Office (debt only)
Target Markets:	Major markets in the United States
Transaction Size:	\$5 to \$100 million (larger for diversified portfolios)
Funding:	Immediate (30 days or less) and Forward commitments up to 18 months

Acquisition Financing

Sales Broker: Colliers, Bennett and Kahnweiler

Situation: An investor is under contract to acquire a warehouse property from a pension fund. The purchase contract requires the closing take place within 10 days after the 30 day due diligence period expires. Investor has negotiated a bridge loan with a local bank to facilitate the closing and plans to place permanent long-term financing on the property after the purchase. Allianz provides the sales broker with a permanent loan quote to close at acquisition.

Solution: Allianz works with sales broker and local mortgage correspondent to convince investor the permanent loan can close on time. Investor verifies Allianz's closing track record with existing borrowers. The transaction closes at acquisition in under 30 days saving investor the time, effort and cost of two loan closings.



Who is Allianz AG?

- ◆ Allianz AG, the **second largest insurance company in the world**. Allianz AG is listed on the NYSE (ticker "AZ") and is the **second largest investment manager in the world**.
- ◆ Allianz is headquartered in Munich, Germany
- ◆ Allianz AG has market capitalization of 60Billion Euro and assets under management of over 1.0 Trillion Euro

Who is Allianz of America?

- ◆ In North America, Allianz of America, Inc. acts as investment advisor for companies including:
 - ⇒ Fireman's Fund
 - ⇒ Allianz Life
 - ⇒ Allianz Canada
 - ⇒ Allianz Mexico
- ◆ Over \$35 Billion in assets under management
- ◆ Assets under management include:
 - ⇒ Mortgages
 - ⇒ Real Estate
 - ⇒ Fixed Income
 - ⇒ Equities

Data as of June 30, 2004

Additional Advance/Acquisition Financing

Situation: Developer has existing Allianz mortgage on a warehouse property which is jointly owned with a major financial institution, which is in the process of liquidating all its real estate holdings. Developer has raised the equity required to buy out its JV partner and approaches Allianz for an approval of ownership change. Developer has also contracted to purchase a vacant warehouse property for which it has secured a major tenant for more than half the building. Developer has obtained commitment from local bank for short term acquisition financing but is concerned about rising interest rates.

Solution: Allianz agrees to the transfer and to provide developer with an additional advance to its existing loan to cover acquisition financing of the vacant property. The transaction is closed in less than 30 days. Developer locks into a long-term favorable interest rate and avoids the time, effort and cost of closing the purchase with short term debt from a local bank, then refinancing upon lease-up in a higher interest rate environment (also frees up developer's bank lines to acquire more properties).



Acquisition Financings

Sales Broker: CB Richard Ellis

Situation: An investor contracts to purchase a warehouse property from a national developer but must close within 15 days after the 30 day due diligence period expires. Investor has negotiated a bridge loan with a bank to facilitate the closing and plans to obtain permanent financing after the purchase. Allianz provides the sales broker with a permanent loan quote to close at acquisition.



Solution: Allianz works with sales broker and mortgage correspondent, convincing investor to place permanent financing on the property upon acquisition. The transaction closes at acquisition in under 30 days saving investor the time, effort and cost of two loan closings. Within 3 months the same investor closes a similar transaction with Allianz utilizing the same sales broker and mortgage correspondent.

Earn-out Financing

Situation: An investor acquires a newly constructed 250,000 square foot office complex with a high interest rate bridge loan which he desires to refinance. The project is 60% leased which does not produce sufficient debt service coverage to provide full proceeds under permanent financing. A national bank has committed to provide short-term floating rate debt through projected lease-up. However, investor desires to lock into long-term fixed-rate financing before interest rates increase.

Solution: Allianz agrees to provide investor with long-term permanent financing underwritten on a stabilized, fully leased basis, with flexibility to draw funds as project leases. Investor locks into current favorable interest rates, avoids negative arbitrage of funding entire loan at closing, and eliminates the time, effort and cost of obtaining short-term bank debt, then refinancing upon lease-up in a higher interest rate environment. The transaction is closed in under 30 days.



Allianz's Unique Lending Features

- ◆ Competitive rates
- ◆ Portfolio financings with partial release and collateral substitution
- ◆ Closings: Less than 30 days for immediate & forward commitments
- ◆ Both short-term (5 years) and long-term (+20 years) fixed rate financing
- ◆ Flexible credit enhancement through master leases, escrows and letters of credit
- ◆ Additional loan fundings to finance expansions or acquisitions
- ◆ Ability to underwrite foreign credits
- ◆ Flexibility *AFTER* the initial closing

General Account Insurance Company Financing vs. Conduit Financing

Why Finance with Allianz?: Allianz is a general account insurance company lender. We do not sell or participate our loans. This allows for structured financings (earn-outs, master leases, forward commitments, etc.) and post-closing flexibility (additional advances, collateral substitutions, partial releases, etc.). Unlike loans which are sold to conduits or participated among a number of lenders, Allianz loans allow borrowers the ability to modify loan terms over the life of a loan to provide for changing financing needs. Allianz loans are not locked to prepayment, nor require expensive defeasance. Interest on Allianz loans is the traditional 30/360, not actual/360. Allianz uses local counsel to close transactions, thus avoiding high priced big city law firms. Allianz typically utilizes borrower third party due diligence, eliminating redundant closing costs. Allianz does not require hard or springing lock boxes. Need we say more.....

Loan Commitment vs. Application– What's the Difference?

Application: Lenders today require borrowers make a loan "application" (which may take weeks to negotiate) and remit a nonrefundable fee of 2% or more. Borrowers typically must provide lenders with complete due diligence (third party reports, title, survey, insurance, etc.) and wait several weeks before the lender commits to providing the financing, not necessarily upon the terms submitted in the application. The application process requires borrower to spend time, effort and substantial cost **prior to** lender commitment (no wonder it takes **months** to close).

Commitment: Allianz continues to utilize a "borrower friendly" 4-page commitment letter which locks rate and commits both parties to close, typically in under 30 days. Commitments can be issued and executed in as little as 24 hours.



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Allianz Real Estate Contacts

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<u>Team Member</u>	<u>Position</u>	<u>Direct Line</u>	<u>E-Mail Address</u>
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Allianz Commercial Mortgage Loan Correspondents

*For acquisitions contact Brian Brennan or Pat O'Reilly at Allianz

Please contact the mortgage correspondent in your area with transactions that hit the Allianz investment target:

<u>City</u>	<u>Correspondent</u>	<u>Phone Number</u>	<u>Fax Number</u>	<u>Contact Person</u>	<u>Email</u>
Albuquerque	Realty Mortgage & Investments	505-883-1400	505-888-3158	Mike Kelly	mkelly@realtymtg.com
Atlanta	L.J. Melody & Company	770-730-3664	770-552-4949	Dennis James	dennis.james@ljmelo.com
Austin	GMAC Commercial Mortgage	512-327-1933	512-327-3711	Jim Lemos	jim_lemos@gmaccm.com
Boca Raton	GMAC Commercial Mortgage	561-998-8300	561-998-8895	Marc Yavinsky	mark_yavinsky@gmaccm.com
Boston	Holliday Fenoglio Fowler	617-848-1555	617-338-2150	Fred Wittmann	fwittmann@hfflp.com
Boston	New England Realty	617-426-4454	617-426-8938	Jim Murphy	frmurphy@newenglandrealty.com
Chicago	L.J. Melody & Company	847-518-2354	847-518-2492	John Clifford	john.clifford@ljmelo.com
Dallas	GMAC Commercial Mortgage	214-363-5700	214-363-3106	William Ross	william_ross@gmaccm.com
Denver	Essex Financial	303-796-9006	303-796-0623	Jeff Riggs	jeff@essexfinancial.com
Houston	NorthMarq Capital	713-622-6300	713-622-3439	Kerry French	kfrenchnorthmarq.com
Jacksonville	GMAC Commercial Mortgage	904-296-7700	904-296-8858	Al Moczul	allen_moczul@gmaccm.com
Kansas City	NorthMarq Capital	913-469-5840	913-469-6536	Dave Farrell	dfarrell@northmarq.com
Los Angeles	L.J. Melody & Company	310-228-2100	310-228-2113	Jeff Majewski	jeff.majewski@ljmelo.com
Los Angeles	Dwyer-Curlett & Co.	310-226-2700	310-226-2726	Shelley Magoffin	smagoffin@dwyer-curlett.com
Los Angeles	Pacific Southwest Realty Services	310-471-1911	310-440-2319	Scott Tanner	stanner@psrs.com
Miami	GMAC Commercial Mortgage	305-373-6650	305-373-6651	Joe Schrage	joseph_schrage@gmaccm.com
Milwaukee	Collateral Mortgage Capital	262-785-8441	262-785-8455	Jim Cope	jcope@collateral.com
Minneapolis	NorthMarq Capital	952-356-0111	952-356-0097	Pat Minea	pminea@northmarq.com
Omaha	Daisley Ruff Financial	402-391-2110	402-391-1127	Steve Ruff	steve.ruff@q10drfc.com
Orange County	L.J. Melody & Company	949-509-2100	949-509-2106	Sharon Kline	sharon.kline@ljmelo.com
Orange County	Dwyer-Curlett & Co.	949-222-1100	949-955-0360	Tom Kenny	tkenny@dwyer-curlett.com
Orange County	Pacific Southwest Realty Services	949-475-1490	949-475-1489	John Downey	jdowney@psrs.com
Orlando	GMAC Commercial Mortgage	407-481-9920	407-481-0680	Marc Sumner	marc_sumner@gmaccm.com
Philadelphia	Urban Poole & Heath	215-914-0337	215-914-0237	Tim Heath	theath@upheath.com
Phoenix	Keig Financial Corporation	602-248-2800	602-248-4455	Tom Keig	tkeig@keig.com
Portland	National Mortgage Co.	503-226-2681	503-226-6244	Mike Glanville	mglanville@nmco.com
Salt Lake City	Bonneville Mortgage Co.	801-323-1030	801-323-1001	Henry Schwendiman	hschwendiman@bmcscl.com
San Diego	L.J. Melody & Company	858-646-4788	858-450-6731	Mark McGovern	mark.mcgovern@ljmelo.com
San Diego	Dwyer-Curlett & Co.	858-587-0200	858-587-0280	Nick Alston	nalston@dwyer-curlett.com
San Diego	Pacific Southwest Realty Services	858-514-2100	858-514-2105	Dan Phelan	dphelan@psrs.com
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San Francisco	Mason-McDuffie Financial	510-839-9559	510-839-9630	Campbell O'Neill	coneill@mmfc.com
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Tampa	GMAC Commercial Mortgage	813-221-7750	813-221-7760	TJ Ownby	tj_ownby@gmaccm.com
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For more details on Allianz's Debt and Equity Real Estate Programs
Visit us on the Web at: www.azoa.com