

APARTMENT & MEDICAL OFFICE FINANCING EDITION

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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 (+25 years) fixed rate permanent financing
- ◆ Flexible credit enhancement through master leases, escrows and letters of credit
- ◆ Additional loan fundings to finance expansions, value enhancements or acquisitions
- ◆ Ability to underwrite foreign credits
- ◆ Flexibility **AFTER** the initial closing

ALLIANZ RETURNS TO APARTMENT & MEDICAL OFFICE FINANCING ALLIANZ LENDING & ACQUISITION PROGRAM

Allianz Real Estate recently announced it has reentered the market for apartment and medical office financings. Whether building, buying, selling or refinancing, Allianz works to assist investors in achieving their financial objectives. The following provides a summary of Allianz's Lending and Acquisition Programs:

Investment Target:	Apartments (debt only) Hospital Campus Medical Office (debt only) Distribution Warehouse (both debt & equity) Class "A" Suburban Office (both debt & equity) Grocery Anchored Retail Centers (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

Development Financing

How to lock rate on long term permanent financing prior to completion

Situation: A developer is concerned about rising interest rate environment and uncertain as to the potential value of development upon lease-up.

Solution: Allianz provides forward loan commitment with fixed interest rate to fund upon completion of construction with flexible earn-out schedule. The transaction closes upon completion of construction with credit enhancement to cover un-leased space which burns off as Developer continues to lease project. Upon lease-up Developer creates value in excess of original projections and requests an additional loan advance. Allianz underwrites completed project and funds additional advance.

Is this a dream??? No, Allianz does this and much more, read on.....

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 67 Billion 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
- ◆ Over \$40 Billion in assets under management
- ◆ Assets under management include:
 - ⇒ Mortgages
 - ⇒ Real Estate
 - ⇒ Fixed Income
 - ⇒ Equities

Data as of December 31, 2004

Apartment Financing Prior to Lease-up

Situation: Developer has commenced construction of an apartment complex and typically secures long-term fixed-rate financing upon lease-up and stabilization which is expected to be completed over the next 12 to 18 months. Developer wants to avoid the risk of interest rates rising prior to stabilization, thus reducing return on investment.

Solution: Allianz agrees to provide Developer a forward loan commitment with fixed interest rate to fund upon completion of construction with credit enhancement which burns-off as the project is leased-up and stabilized.



Situation: Developer has completed construction of phase one of an apartment complex which has not achieved lease-up. Developer plans to complete the balance of the phases, then sell the entire project and wants to secure fixed-rate financing in the interim.

Solution: Allianz provides Developer 5 year fixed interest rate loan to fund immediately with credit enhancement that burns-off as the project is leased-up and stabilized. Allianz also has option to finance additional phases.



Situation: Developer is developing apartment complex which will be owned long-term and wants a 25 year fixed-rate loan to avoid refinancing risk.

Solution: Allianz provides Developer a forward commitment with interest rate lock for the entire 25 year loan term to fund upon completion of construction with credit enhancement which is eliminated as the project is leased-up and stabilized.



Acquisition Financing

How to close a commercial mortgage loan in less than 30 days

Situation: An investor is under contract to acquire a property. 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 for a fee to facilitate the closing and plans to place permanent long-term financing on the property after the purchase.

Solution: Allianz provides a permanent loan quote to close simultaneously with property acquisition. Investor has never heard of a permanent lender closing in under 30 days. Allianz works with local mortgage correspondent and sales broker to convince investor the permanent loan will close on acquisition date. 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 expense of two loan closings.

Earn-out Financing, how to lock rate today without giving up flexibility

Situation: Developer is constructing a medical office building with structured parking facility on land lease from a hospital. The hospital has agreed to lease a portion of the office building under a long term lease for a fixed rent. Developer is concerned interest rates will rise prior to completion and lease-up, and desires to lock into long-term fixed-rate financing to assure an acceptable return on investment.

Solution: Allianz agrees to provide developer a forward loan commitment with fixed interest rate to fund upon completion of construction. During construction the Hospital requests additional tenant improvements amortized over the lease term. Developer requests an additional advance to cover a portion of the added costs amortized over the Hospital lease term. Allianz amends commitment to provide for additional \$1.0 million advance to accommodate Developer and Hospital.



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 property is 60% leased, which does not produce sufficient debt service coverage to provide full proceeds under permanent financing. 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. After loan closing, Investor completes leasing at above projected rents. Allianz agrees to fund \$4.5 million additional advance based upon enhanced value.



General Account Insurance Company 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 has a long history of working with borrowers to modify loan terms after the initial closing 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, independent directors, or costly non-consolidation options. Need we say more.....

Post-Closing Flexibility

Allianz has a well established track record for highly innovative post-closing loan modifications including additional advances and collateral substitutions.

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

Application: Lenders today require borrowers make a loan “application” (which routinely takes 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 will commit 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 has always used a “borrower friendly” 4-page commitment letter which **locks rate** upon issuance and Borrower execution. Commitments can be issued and executed in as little as 24 hours.

Unlike many lenders, Allianz does **NOT** sell its loans. Allianz is a relationship lender and offers the best service in the industry both before and and after closing.

Let us know how we can help you achieve your financial objectives.



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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
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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**