

REAL ESTATE INVESTORS EDITION

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Post-Closing Flexibility Like You Never Dreamed Of!

Check out this Allianz newsletter for highly innovative post-closing loan modifications. 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.

"YES, ALLIANZ CAN DO THAT"

ALLIANZ REAL ESTATE 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 Class "A" Suburban Office Grocery Anchored Retail Centers (debt only) Apartments (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

Additional Advance/Development Financing

Correspondent: Dwyer-Curlett & Co.

Situation: Developer has existing Allianz mortgage on a pool of warehouse properties and desires to build a new building to accommodate the expansion of an existing tenant. The termination of tenant's lease upon completion of construction requires Allianz approval. Developer has commitment for short term construction financing but is concerned about rising interest rates. Developer also faces a balloon maturity of the Allianz loan within one year and desires to refinance now before interest rates increase.

Solution: Allianz agrees to the lease termination and to provide Developer with permanent financing on the new building which is funded immediately to eliminate the need for construction financing and save Developer a forward premium. Developer agrees to an interest rate buy down allowing a refinance of the existing loan at a current market rate for a 10 year term. Allianz also provides an additional advance on the existing loan. As is usual with Allianz, transaction closes in under 30 days.



Who is Allianz AG?

- ◆ Allianz AG, the 2nd largest insurance company in the world. Allianz AG is listed on the NYSE (ticker "AZ") and is among the top five investment managers 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 December 31, 2003

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 money of closing the purchase with short term debt from a local bank, then refinancing upon lease up in a higher interest rate environment.



Additional Advance/Acquisition Financing

Correspondent: Keig Financial

Situation: Investor has contracted to sell an office building and requests Allianz approve the transfer and assumption of its loan. Investor also desires to purchase a replacement property in a 1031 tax exchange. Allianz has a loan on a warehouse property which is currently listed for sale which investor has an interest in acquiring. The investor also desires to acquire the expansion land adjacent the warehouse but is in need of financing. The Allianz warehouse loan has a short balloon maturity, an above market interest rate and prepayment premium which neither seller nor investor is willing to pay.



Solution: Allianz approves transfer and assumption of the office loan and agrees to an additional advance under the warehouse loan to finance the acquisition of the expansion land. Investor agrees to an interest rate buydown allowing a refinance at the current market rate for a 10 year term. Both transactions closed in less than 30 days.

Deferred Collateral Substitution

Correspondent: Daisley Ruff Financial

Situation: Investor has an existing long term office building loan with Allianz. The occupancy has dropped to a level where there is insufficient cash flow to service the debt. Investor has a commitment from its bank to refinance the loan at a debt constant which would provide cash flow at the current occupancy rate. As with all Allianz loans, it is open to prepayment with yield maintenance premium. Investor has another Allianz loan with a balloon maturity of less than one year which investor desires to refinance now before interest rates increase.

Solution: Allianz agrees to provide investor with a "deferred collateral substitution", allowing the refinance of both loans and avoids the yield maintenance prepayment premium. Allianz also provides investor with a \$1.3 million additional advance to cover costs of near term lease renewals. Investor locks into current favorable interest rates and avoids negative cash flow and prepayment premium.



Allianz's Unique Lending Features

- ◆ Competitive rates
- ◆ Portfolio financings with partial release and collateral substitution
- ◆ Closings: Less than 30 days for immediate & forward commitments
- ◆ Long-term (+20 years) fixed rate financing
- ◆ Flexible credit enhancements 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

Additional Advance

Correspondent: National Mortgage Co.

Situation: Investor has long term loan with Allianz on a grocery anchored shopping center. Allianz has committed to provide an additional advance to finance construction and leasing of the out parcels. Investor achieves higher than proforma rents and credit for the out parcel leases and desires to borrow additional funds to cover higher than budgeted construction costs.

Solution: Allianz provides investor with an additional advance to cover added costs at a current interest rate which is blended with the existing loan allowing investor to maintain common ownership and one source of financing on the entire center.



Additional Advance

Correspondent: Collateral Mortgage Capital



Situation: Investor has long term shopping center loan with Allianz which fully amortizes over the grocer's lease term. The grocer has filed bankruptcy and intends to cancel its lease. The investor has secured a replacement grocer who will execute a similar lease but requires free rent and tenant improvements to reopen the store.

Solution: Allianz provides investor with an additional advance to cover costs of replacing the grocer and reamortizes the loan over the remaining replacement grocer's lease. The transaction is committed prior to the rejection of the lease and closes upon occupancy of the replacement grocer.

Refinance

Correspondent: Realty Mortgage & Investments

Situation: Developer has acquired 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 but does not provide sufficient debt service coverage to fully fund permanent financing. A local bank has committed to provide short term debt. However, developer would like to obtain long term fixed-rate financing before interest rates increase.

Solution: Allianz agrees to provide Developer with long term permanent financing with flexibility to draw funds as project leases. Developer locks into current favorable interest rates, avoids negative arbitrage of funding entire loan at closing and eliminates the time, effort and money 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.



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Allianz Commercial Mortgage Loan Correspondents

*For acquisitions contact Brian Brennan at Allianz

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

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