B-note

Next Realty provides subordinate B-note capital to banks, life insurance companies and debt funds to co-originate ?rst mortgage loans for the recapitalization and/or repositioning of retail oriented commercial assets. This product provides a senior lender the ability to offer a tailored capital solution to its client by leveraging the cycle-tested retail and capital markets expertise of Next Realty. We are accustomed to structuring ?rst mortgage loans with reserves or holdbacks to account for “good news” dollars (tenant improvement & leasing commissions), interest carry and/or capital improvements. Next Realty also partners with senior lenders to provide customized senior debt for discounted payoffs and discounted note purchases.

PROGRAM PARAMETERS

Transaction Size	Up to $25MM
Loan Size	$1MM to $5MM
Markets	Chicago/Milwaukee, Washington DC, Boston and Philadelphia. Other large MSAs (populations in excess of 1 million) considered on a case-by-case basis
Product Type	Retail (including mixed use)
Loan Term	Generally, 24 to 36 month initial terms (up to 60 months with extension options)
Loan-to-Cost	Up to 80%
Loan-to-Value	Up to 75% (Next Realty underwritten stabilized value)
Debt Yield/DSC	Next Realty focuses primarily on debt yield. Generally, we seek in-place debt yields in excess of 8.0% and a DSC of at least 1.0x (may include interest reserve)
Index	30 Day LIBOR
B-note Pricing	Low-to-mid teens and higher based on underwritten investment risk. Effective whole loan rates anticipated to be in the 7.5% – 9.0% range
B-note Fees	Typical commitment fee is 2.0% of B-note amount Typical exit fee is 1.0% of B-note amount
Prepayment	Flexible
Amortization	Primarily interest only during the initial term; however, Next Realty may require amortization to ?t the deal as required
Recourse	Generally non-recourse, with standard carve-outs

Next REALTY
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RPO℠ RETAIL PROPERTY OPTIONS

Customized Capital Solutions • Entrepreneurial Team • Retail Oriented Assets • Certainty of Execution

INVESTMENT PROGRAMS

- Recapitalization
- Asset Acquisition
- Discounted Payoff Financing
- Note/OREO Financing
- Bridge Financing

JOINT VENTURE EQUITY

- Up to 7 year holding period
- $1MM - $5MM investment size
- Up to $25MM deal size
- 90% max share
- Asset & note purchases
- Preferred return/promotes
- Structured to fit business plan
- Owner/operator expertise
- Opportunistic & value-add business plans

MEZZANINE / PREFERRED EQUITY

- 2-5 year term
- $1MM - $5MM investment size
- Up to $25MM deal size
- Up to 90% LTC/LTV
- Stable & transitional assets
- Current pay & accrual
- Generally non-recourse
- Secured by partnership interests or preferred position

B-NOTE

- 2-5 year term
- $1MM - $5MM investment size
- Up to $25MM deal size
- Up to 80% LTC/LTV
- Stable & transitional assets
- Interest only
- Floating rate
- Generally non-recourse
- Co-lender agreement

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The above is provided for discussion purposes only and does not constitute a commitment to invest or to lend or agreement to issue a commitment to invest or to lend, on behalf of Next Realty, either express or implied. Its terms and conditions are not all inclusive as set forth herein and are subject to Next Realty Investment Committee approval as well as continued satisfactory secondary market conditions.

Joint Venture Equity

Next Realty is a provider of joint venture equity capital to quali?ed partners and sponsors. The ?rm's equity investment strategy is focused on opportunistic and value-added opportunities for retail-oriented assets within the middle market. Our investments are pursued in partnership with best-in-class local operators who are quali?ed, experts in the retail asset class and possess sound market knowledge. Joint venture equity investments are funded through our discretionary investment fund managed on behalf of private investors.

Next Realty's equity structure provides for 80-90% of the required equity capital and is subject to a preferred return. Upon payment of the preferred return, the project pro?ts are split with the sponsor on an agreed upon basis.

PROGRAM PARAMETERS

Transaction Size	Up to $25MM
Investment Size	$1MM to $5MM
Markets	Chicago/Milwaukee, Washington DC, Boston and Philadelphia. Other large MSAs (populations in excess of 1 million) considered on a case-by-case basis
Product Type	Retail (including mixed use)
Max Equity %	90% share
Investment Horizon	Up to 7 years
Preferred Return	Priced relative to deal structure and risk. Generally in the 10% to 13% range
Sponsor Promote	Generally 20% to 50% (subject to IRR hurdles)
Sponsor Fees	Market fees for acquisition, leasing and/or development
Business Plan	Recapitalization, Acquisition and Redevelopment, Lease-up, Note Acquisition and Development (on a select basis)

Mezzanine / Preferred Equity

Next Realty RPO offers ?exible mezzanine debt and preferred equity investments to assist its clients in ?lling the capital gap. Our subordinate capital programs may be used effectively to effectuate a discounted payoff, pay down a maturing loan to secure an extension or provide incremental leverage to asset and/or note acquisition ?nancing. Next Realty RPO investments are secured by a pledge of partnership interests, second liens on real estate or a preferred equity position.

PROGRAM PARAMETERS

Transaction Size	Up to $25MM
Loan Size	$1MM to $5MM
Markets	Chicago/Milwaukee, Washington DC, Boston and Philadelphia. Other large MSAs (populations in excess of 1 million) considered on a case-by-case basis
Product Type	Retail (including mixed use)
Loan Term	Up to 5 years. Generally, coterminous with senior loan
Max LTV	Up to 85% for Mezzanine Debt Up to 90% for Preferred Equity
Debt Yield/DSC	Next Realty focuses primarily on debt yield. Generally, we seek in-place debt yields in excess of 7.0%. Typical DSC of at least 1.0x (may include interest reserve)
Loan Pricing	Each loan is priced relative to deal structure and commensurate with underwritten risk. Typical pay rates are 9% - 11%; accrual rates 15% to 18%
Loan Fees	Typical commitment fee is 2.0% of loan amount
Prepayment	Flexible. May be subject to minimum interest

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