Financing Request Memorandum

Ironpoint Commerce Park · 151,600 SF / 10-Suite Small-Bay Industrial Park (1998 vintage; mark-to-market lease rollover program) · [Market, ST]

To:	[Senior Lender] — Real Estate Credit	**Reference:**	FCO-IND-001-L
From:	Fernandes & Company, on behalf of Ironpoint Industrial Partners, LLC (Borrower)	**Engagement:**	Lender Pro Forma · Industrial Value-Add
Re:	Senior acquisition + capital program loan request — lender pro forma summary	**Date:**	[Month D, YYYY]

Request

The Borrower requests a senior loan of **$11,904,000** ($78.52/SF · 62.5% of total capitalization · 72.6% of the $16,400,000 purchase price) to acquire Ironpoint Commerce Park, a 151,600 SF, 10-suite small-bay industrial park (1998 vintage), and to fund a $1,936,000 base-building capital program (roof sections, truck court and asphalt, LED and exterior, dock packages, spec-suite shell, deferred maintenance) reserved in full at closing. Proposed terms: **6.35% fixed, 36 months interest-only, 30-year amortization thereafter, 1.0% origination fee**; covenants modeled at a 1.20× minimum DSCR tested from Year 2 and a 7.5% minimum debt yield. There is no subordinate debt in the request (a mezzanine module exists in the model and is switched off). Total capitalization is $19,165,040; equity of **$7,261,040** funds at closing, including $726,104 of sponsor cash co-invest (10% of equity).

The business plan buys occupied suites roughly 16.0% below market (WALT 3.4 years), rolls ten leases to market over Years 1–6, leases the vacant 14,400 SF spec suite, and **repays the requested loan at month 36 through a stabilization refinance** sized at 60% of appraised value and a 8.5% minimum debt yield. The refinance is modeled honestly: it executes only when sized proceeds cover the payoff (no cash-in refinance) — in the Worst case it does not clear, and the requested loan simply runs to exit, amortizing after the IO period, fully covered throughout. The workbook is formula-driven from a single Inputs tab plus a suite-level Rent Roll; reserves are equity-funded at close, so no future-funding draws are required.

Sources & Uses (at close)

Sources	$	Uses	$
Senior loan (requested)	**$11,904,000**	**Purchase price**	**$16,400,000**
Mezzanine loan	**—**	**Closing costs (1.5%)**	**$246,000**
Equity (LP + sponsor co-invest)	**$7,261,040**	**Acquisition fee (1.0%)**	**$164,000**
		Capital program incl. contingency (reserved)	**$1,936,000**
		Working capital / operating reserve	**$300,000**
		Senior origination fee	**$119,040**
Total sources	**$19,165,040**	**Total uses**	**$19,165,040**

Read-through. The capital program and working capital are reserved in full at closing, so the request involves no future-funding obligation; TI and leasing commissions on rollovers ($740,860 expected across all first-generation rolls) are paid from operating cash flow behind the working-capital reserve. The refinance fee is netted from refinance proceeds, not a use at close.

Coverage & Credit Metrics — Base Case

Metric	Value	Metric	Value
Senior DSCR — Year 1 (IO)	**1.29×**	**Going-in cap rate**	**5.92%**
Senior DSCR — stabilized (amortizing basis)	**1.37×**	**Stabilized yield on cost (Yr 3)**	**6.38%**
Minimum DSCR — requested-loan term	**1.52×**	**Senior debt yield — Yr 1 / stabilized**	**8.2% / 10.2%**
Minimum DSCR — full hold (covenant years)	**1.52× — PASS**	**Break-even occupancy (1.00× DSCR, Yr 3)**	**71.1% vs. 96.8% plan — 25.7% pts cushion**
Stabilization refinance (mo 36)	**$12,518,000 sized vs. $11,904,000 payoff — 1.05× coverage**	**Break-even avg contract rent**	**$6.80/SF vs. $9.26/SF plan**
Refi DSCR / debt yield at sizing	**1.47× / 10.4%**	**NOI cushion to 1.00× DSCR**	**37.8%**
Takeout at exit (fallback)	**1.15× coverage — PASS — refinanceable**	**Exit LTV (debt repaid / gross sale)**	**52.1%**

Read-through. Day-one coverage is 1.29× on interest-only at a 8.2% debt yield, behind a $300,000 working-capital reserve sized for the Year-1 lease-up and first rollovers. Coverage never tests below 1.52× while the requested loan is outstanding, and the covenant test starts in Year 2 by design (Year 1 carries the spec-suite lease-up and the first two rolls). The binding moment for the credit is the stabilization refinance at month 36: base-case sizing covers the payoff 1.05× with a 1.47× amortizing DSCR on the new loan. If takeout markets are shut, the fallback is simply holding the loan — amortization begins at month 37 and minimum DSCR through exit is 1.52×, with exit LTV of 52.1% and a 1.15× takeout-at-exit coverage as a second exit path.

Operating Plan (Base Case)

Metric	Year 1	Year 3	Exit year (Yr 5)
Economic occupancy (EV)	**92.1%**	**96.8%**	**96.9%**
Avg contract rent ($/SF/yr, NNN)	**$8.16**	**$9.26**	**$10.21**
Avg market rent ($/SF/yr)	**$9.27**	**$9.86**	**$10.43**
Effective gross income	**$1,504,846**	**$1,787,140**	**$1,958,545**
Expense ratio	**34.2%**	**30.9%**	**30.0%**
NOI (after reserves)	**$971,429**	**$1,215,518**	**$1,350,235**
NOI per SF	**$6.41**	**$8.02**	**$8.91**
DSCR	**1.29×**	**1.61×**	**1.52×**

Debt yield (NOI / BOY debt balance)	**8.2%**	**10.2%**	**10.8%**

The revenue architecture is lease-driven: each of the ten suites carries its in-place NNN rent, escalating on the anniversary of closing, to lease end; at expiry the model applies an expected-value rollover (renew at the suite's probability with renewal TI/LC, else scenario downtime at market with new-lease TI/LC), with a standing vacancy and collection allowance covering later-term rolls and credit loss. NNN tenants reimburse taxes, insurance and CAM pro rata on occupied SF at a 97.5% slippage factor; the management fee is not passed through. Contract rent climbs from $8.16 to $10.21/SF by the exit year as below-market leases roll, against market rents growing from $9.27 to $10.43/SF — the plan captures the mark-to-market, it does not require above-market growth.

Stress Results

Scenario	Yr 3 NOI	Min DSCR (loan term)	Min DSCR (hold)	Stab. DY	Break-even occ.	Refinance	Exit LTV	Takeout cov. (exit)	Sponsor lev. IRR	Covenant
Average (Base) vac 3.0%→2.0% · rent gr. 3.25%→2.75% · downtime 6 mo · exit 6.00%	**$1,215,518**	**1.52×**	**1.52×**	**10.2%**	**71.1%**	**Executes — mo 36**	**52.1%**	**1.15×**	**13.4%**	**PASS**
Best vac 2.0%→1.5% · rent gr. 4.0%→3.0% · downtime 4 mo · exit 5.75%	**$1,248,045**	**1.56×**	**1.47×**	**10.5%**	**70.4%**	**Executes — mo 36**	**51.8%**	**1.16×**	**17.2%**	**PASS**
Worst vac 5.0%→3.0% · rent gr. 2.0%→1.75% · downtime 9 mo · exit 6.50%	**$1,165,545**	**1.40×**	**1.40×**	**9.7%**	**72.5%**	**Skipped (no cash-in)**	**55.9%**	**1.07×**	**6.9%**	**PASS**

Read-through. The senior position holds in every case while the equity absorbs the stress: sponsor levered IRR compresses from 13.4% to 6.9% in the Worst case, yet minimum DSCR never falls below 1.40× against the 1.20× covenant and the loan never approaches an interest shortfall. The disclosed pressure point is the Worst-case refinance: sized proceeds ($11,087,000) fall $872,000 short of the payoff ($11,959,000), so the refinance is **skipped** rather than forced as a cash-in — the loan then amortizes to exit, is repaid by sale at a 55.9% exit LTV, and a takeout at exit would still cover 1.07×. Break-even occupancy stays near 72.5% against occupancy that never falls below 89.8% — roughly 17 points of cushion in the stressed case. The Stress tab carries eight live data tables (DSCR, debt yield, break-even, exit LTV, takeout coverage, sponsor IRR) so credit can flex any of these further.

Proposed Structural Protections

· $300,000 working-capital reserve sized against the Year-1 lease-up, first rollovers and TI/LC load · fully reserved capital program ($1,936,000) funded at close — no future-funding draws · 1.20× DSCR covenant tested from Year 2, with springing cash management on breach · replacement-reserve escrow ($0.12/SF/yr) · re-leasing milestone reporting on the spec suite and the six leases rolling in Years 1–3 (SF, rate and TI versus plan) · completion guaranty on the capital program and standard non-recourse carve-outs · loan term extending through the planned refinance window with extension options aligned to the takeout tests above.

Items Not Modeled / Open Diligence

Lease-level audit and estoppels on all ten suites (the rent roll herein is the Borrower's); market rent and sale comparable study; confirmation of post-reassessment real estate taxes; insurance quotes; capital-program bids and draw schedule; third-party reports (appraisal, PCA, Phase I); Borrower financial statements, SREO and liquidity verification; interest-rate hedging strategy if any portion floats. The model deliberately excludes discrete second-generation rollovers (covered by the standing vacancy allowance), percentage rents, future-funding facilities, further tax reassessment at refinance or sale, and supplemental debt.

Basis of Presentation

Basis of presentation. *All assumptions and inputs reflected in the accompanying model and in this memorandum were provided by the Borrower. Fernandes & Company has modeled those inputs as provided and has* ***not*** *independently verified, re-underwritten, audited, or reviewed source documents to confirm them. This engagement does not include market research, rent or sales comparable analysis, capital-program scoping or cost estimating, property condition or environmental review, feasibility, or lease/document review. Any placeholder Fernandes & Company proposed for a missing input is not an independently researched market assumption and remains the Borrower's to approve. The figures herein are the Borrower's inputs and the arithmetic that follows from them; they are not a Fernandes & Company opinion of value, a forecast, investment advice, or a credit recommendation — the lender should rely on its own underwriting. This document is a SAMPLE prepared to illustrate deliverable format and depth; every input is an illustrative placeholder.*