



Christiansburg, VA

LOAN HIGHLIGHTS

Loan Type:
Bridge Loan

Loan Amount:
\$23,000,000

Loan Type:
Retail

Loan Term:
3 years

Amortization:
Interest Only

Recourse:
Non-Recourse

LTV:
70%

Lien Position:
1st Trust Deed

Money360 Case Study

Heavy Lift Components

- The center had fallen into disrepair from owner neglect and the city of Christiansburg was desperate to identify a new source of capital willing to give new life to this major component to the local retail scene.
- One of the major and most critical lifts is the reconfiguration of a main entry to the center of the building, to take advantage of the center's adjacency to the area's regional mall across the main roadway. This will involve the re-location of a pad site user. More lift components include major demolition of interior spaces in order to begin an almost total effort to re-tenant the property. The city contributed over \$1 million to this infrastructure effort in a fiscal sign of support for the center's resurrection.
- Additional lift efforts will include re-location of two of the last existing tenants and the space contraction of one of them. In exchange, new lease terms at new rents will be obtained – that's the expectation.
- The collateral is approximately 250,000 square-feet of retail building area and pad sites.
- The center was formerly a WalMart anchored shopping center that was vacated years earlier, followed by a gradual stream of shop space tenants. When the loan closed, the approximate center occupancy was roughly 25%.

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Reasons We Chose This Deal

- This project has a very strong sponsor. He has performed 50 similar development projects in his career, many of them retail reclamation efforts like Christiansburg.
- The developer and his track record of making this type of project work was a major factor in moving forward with the loan.
- A prominent grocery tenant that competes in the sector with Whole Foods has been signed to a firm letter of intent to occupy space by the second quarter of 2020.
- Rental rate discussions for both pad space and in-line space has exceeded the borrower's pro-forma.
- The site was purchased for essentially the land value with little to no value ascribed to the remaining improvements.

Loan Structure

This is a 3 year floating rate loan with two 12 month extension options. It is a non-recourse loan with a completion guaranty. The loan has initial funding of approximately \$13 million to be followed by good news money for value creation from new leasing and CapEx improvements to the collateral.

Challenges / Solutions

- One of the continual challenges was the ever evolving "numbers" of the deal, which affected both the initial and future funding amounts we were contemplating. An example of this was a time when the developer was looking at constructing a building for a major sporting goods tenant; when that fell away because of a tenant decision at the corporate level, which decreased the ultimate loan amount by \$3 million.
- Another challenge was understanding the metropolitan statistical area as a retail demographic. A dive into that issue revealed a more than acceptable income base in the Blacksburg/Christiansburg/Radford MSA, as well as population. Both Blacksburg and Radford have Universities in its respective community which offered highly paid faculty positions and significant student populations with limited retail options to choose from. When senior management toured the market, visited the site and met with the development team, it was decided that this deal had merit. The developer and his track record of making this type project work was a major factor in moving forward with the loan.
- Money360 had the solution. We were persistent, taking the time to understand the ever-changing plan and adjusting our underwriting as needed. This would not have happened without the diligence and patience of the experienced Money360 credit team, underwriting team and senior management.

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