

City Cafe Diner | Morrow , Georgia**Loan Amount: \$ 2000000.0**

The borrower is seeking \$2M to purchase the property it has operated since Summer of 2014. The City Cafe Diner is located in the heart of the highly-valued business district in Morrow, Georgia. It sits on a .75 acre parcel of land and is 11,000 SF. The diner is surrounded by many major retailers.

The property sits 280 inside and 80 outside. The borrower opened the doors on May 28, 2014 after significant planning and capital went into the property. The borrowers have invested \$2M in improvements and new equipment in the Diner facility. The property is valued at \$3.05M and the borrowers are seeking financing of approximately \$2M to purchase the property outright from the current owner, US Properties Group.

The borrower and his family operate 5 Diners in Georgia and Alabama with total gross sales of nearly \$30M. Their flagship Marietta Diner has been named the #1 Diner in the USA and alone does \$10M in annual revenues.

A relationship has been forged with US Properties Group. It owns the entire surrounding mall and sees this City Cafe concept as an enhancement to its mall development. It has offered a discounted purchase to the borrower in exchange for him opening up similar concepts in the future in and around the property. Because of this relationship, the seller is willing to subordinate some of the purchase price until long-term financing is in place. The property will easily refinance with SBA with 12 months of income history.

Equipment and Manufacturing Facility Acquisition | Bennettsville, South Carolina**Loan Amount: \$ 2850000.0**

The borrower is seeking \$2,850,000 to purchase back a Pre-fabricated Concrete Material Facility in South Carolina at a tremendous discount. The property includes 240 acres, a large industrial steel building, and ~\$8M of specialized manufacturing equipment used to produce Autoclaved Aerated Concrete ("ACC"). AAC is composed of sand, cement, limestone, an aeration agent, and water. It is formed into blocks and used for residential and commercial building. It is 30-60% lighter than concrete and has the workability of wood. AAC is a well-established and proven building material, with a total of \$24 Billion in annual revenues worldwide that continue to grow rapidly.

As part of the purchase Borrower will regain control of a family farm that has been in his family for decades. The borrower will then sell this portion of the assets for \$700,000, thus reducing the basis of the total acquisition to under 2.2 million dollars. The borrower desires to use some of the simultaneous sale proceeds to operate the facility in Bennettsville.

To date, the company has secured \$20.8 million in funding and grants. A total of \$10.6 million was lent to the borrower via two USDA guaranteed bonds, which were issued in 2010. The borrower then, through payments and negotiations, reduced the payoff of the bonds to \$4 million. After the unexpected death of the project's general contractor, the parties negotiated the payoff of bondholders and a complete release of all equipment, the land, and the building for under \$3 million. Market value for the entirety of the collateral is approximately \$13 million. Liquidation value far exceeds the loan request.

The borrower is working to capitalize the refinance of the subject loan as part of a greater capitalization, which includes \$6.8 million of costs to complete the project to its full capacity.

The borrower has a close relationship with the USDA, and its equipment manufacturer, Wehrhahn GmbH, a privately held German engineering company with 75% worldwide market share for AAC production systems. Wehrhahn is providing complete plant design, equipment, and installation and has provided equipment financing and substantial cash equity investment into the borrower's operations. The borrower has an

exclusive right to Wehrhahn's products and services for a six-state region and a right of "first look" outside of that territory within the US. Wehrhahn has guaranteed plant performance upon completion and is committed to seeing the plant operate successfully. A modular plant design facilitates increased automation and additional product lines as the business grows. The borrower intends to replicate its first facility in at least five other future locations.

The market size for AAC in the USA is \$3 billion, increasing every year by more stringent building codes and demand for green building materials. Based on conservative assumptions on capacity utilization and average sales price, the Bennettsville plant is projected to generate substantial cash flow in its second year. The company plans to reinvest a significant portion of the accumulating cash balance into additional plants after debt service and reduction.

The company currently holds a balance sheet of \$9,200,000. The true cost of the equipment from Wehrhahn was \$7,054,930 with domestic invoices paid for equipment equaling \$2,532,623. The land and building was appraised at \$1.35 million within the last 12 months. An identical but vacant building to the industrial property sold in a neighboring county for 2.5 million dollars.