

Equipment and Manufacturing Facility Acquisition | Bennettsville, South Carolina

Loan Amount: \$ 2850000.0

**Summary: **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.

Hotel Carlisle Convention Center | Carlisle, Pennsylvania

Loan Amount: \$ 6000000.0

Summary: The subject property is an operating full service hotel and banquet facility. It is a 277 key full service three star independent hotel near Hershey Park.

The subject property will remain independent. The borrower feels that there is no economical benefit from bringing on a franchise once all the PIP plan costs and fees are factored in. There are a lot of amenities at the property which make it stand out from the competition. There is an 800 person banquet facility, four conference rooms, a full bar and restaurant.

It is currently operating at 25% capacity, it is projected to operate at 75% capacity as soon as the upgrades have been finished.

The subject property was previously owned an inept operator. The management was changed in April of 2013. The new hotel management company is Iconnect Hotels. Iconnect is one of the leading travel wholesalers on the East Coast of the United States and has more than 30 years experience.

The borrower is planning on sub dividing a 3.2 acre parcel of land to Sheetz, which is the local area gas station and convenience store chain in Pennsylvania.

San Diego Development (Truck Stop/RV Parking/Car Wash) |

Loan Amount: \$ 3500000.0

Summary: Borrower is requesting a 3.5 million loan

12 ACRES TO BE DEVELOPED INITIALLY ...TRUCK STOP/RV PARKING / CAR WASH 2.7MM
CURRENT LIEN ON PROPERTY VALUED AT 8.4 MM.

NEED 1 YEAR LOAN

BORROWER HAS EXCELLENT CREDIT AND HAS BUILT UP OTHER GAS STATIONS BEFORE
THIS WILL EVENTUALLY HAVE A GAS STATION IN PHASE 2

AXIS Energy Parnters | Sacramento, California

Loan Amount: \$ 1500000.0

Summary: The borrower had originally made a loan with the collateral property as his security. When his borrower defaulted, he ended up foreclosing on the asset and now leases the property to a few tenants. Some of the property is vacant because he spends most of his time managing and operating his LED lighting company.

For that company, he used a line of credit to by up to \$1.5M in inventory, of which the borrower has used \$1.2M. As security, his lender has the building as collateral (2nd lien) as well as the inventory (11,630 units). The current lender mandates these units are held in its warehouse in Ontario, CA but allows draws against the inventory as orders come in.

The current lender has two investors who need liquidity, and are requiring the borrower payoff the line of credit, which will release the inventory for the security of the new lender. For additional security, the borrower would also like to payoff the 1st lien from a private lender on the other property.