



BRINGING TRADITIONAL DEBT TO A HIGHLY STRUCTURED NATIONAL ACQUISITION PROGRAM

Issue/Challenge

- Multiple financing transactions were needed
- Client wanted nonrecourse, highly leveraged debt
- Client wanted mortgage banker that would represent its interests

Resolution

- Capital sources were identified
- Fannie Mae was capable of meeting the client's requirements
- MMCC served as borrower's representative
- To date, more than \$100 million has been closed

Marcus & Millichap Capital Corporation (MMCC) was approached through Marcus & Millichap Real Estate Investment Brokerage Company by a large offshore entity looking to acquire mature multi-family properties throughout the United States. Financing was critical to the purchase as the ownership structure was uniquely complicated. In addition to other highly structured points, the purchase involved the use of a ground lease to reduce equity. The client was interested in finding a capital source that could adapt to the required borrower structure and provide nonrecourse, highly leveraged debt. In addition, because the client anticipated entering into numerous transactions, the capital source needed the ability to replicate the transaction in various parts of the country. Finally, the client was looking for a mortgage banker that would represent its interests in

lender negotiations and bring additional capital sources, as needed, to the table.

MMCC accepted the task of first identifying capital sources capable of meeting the client's requirements. We sourced life insurance companies, pension funds, conduits and commercial banks. The client provided significant input into the selection process and introductions were made. After preliminary conversations and interviews with sources from each category, Fannie Mae was selected as the lender most capable of meeting the client's requirements. As the client was offshore and the deal was highly structured, MMCC personnel served as the borrower's representative. While the program is in its infancy stages, we have added additional capital sources and already have closed more than \$100 million.