

# C-PACE Bridge & Recapitalization

*CRE financing solutions for a challenging economic climate*



Current economic headwinds have caused an unprecedented level of commercial real estate market disruption. Ongoing or recently-completed construction projects can access attractive, fixed-rate capital to recapitalize projects and bridge them to stabilization.

**Proceeds may be used to:**

- **Fund construction cost overruns**
- **Replenish operating reserves**
- **Cover debt payments (existing + C-PACE) through stabilization (2-3 years)**
- **Pay down or restructure existing debt**

## **Value for Sponsor:**

- Net proceeds up to 35% of property value
- Fixed interest rate ~7%; I/O through stabilization + 20-30 years amortization
- Non-recourse except for completion guaranty; no financial covenants post completion
- Financing secured via a non-accelerating property tax (C-PACE) assessment
- Prepayable at any time, subject to declining fee

## **Value for Lender:**

- Recapitalize construction projects to reach stabilization
- Reduce loan exposure and cost of holding risk reserves
- Increase deposits by holding reserves in escrow
- Increase project proceeds and decrease weighted cost of capital
- Retain full control in default or workout

## **Why use Nuveen Green Capital?**

Nuveen Green Capital is a national leader in sustainable commercial real estate financing solutions and an affiliate of Nuveen, the \$1T+ asset manager and wholly owned subsidiary of TIAA. The company, which was established by the C-PACE industry's founders and standard-setters, has grown to offer a market-leading suite of accretive financing products.

## **OUR ADVANTAGE:**

- Hundreds of projects closed in over 30 states
- Over \$1.5B in C-PACE financing deployed
- Minimum deal size is \$2MM with no maximum deal size
- All underwriting, legal, and asset management functions are in-house
- Direct, institutionally-backed capital provider
- Dedicated team of experts

## Representative Impact

A \$90MM senior living facility faced 2-year construction, licensing, and stabilization delays caused by cascading Covid-19 pandemic and rising interest rate challenges. C-PACE provided \$30MM to (a) bridge the property to stabilization (~\$4.5MM) and (b) reduce the senior lender's loan by \$28MM.

Capital Stack - Existing (\$MM)		LTC	Existing Cash Flow (\$MM)		Stabilization	
			Year 1	Year 2	Year 3	
Equity	\$30	33%	Rental income	\$3.9	\$5.6	\$9.3
Senior	\$60	67%	Operating costs	\$0.9	\$1.8	\$3.0
<b>Total Construction Costs</b>	<b>\$90</b>		<b>NOI</b>	<b>\$3.0</b>	<b>\$3.8</b>	<b>\$6.3</b>
			<b>Debt service</b>	<b>\$5.5</b>	<b>\$5.5</b>	<b>\$5.5</b>
			<b>Net Cash Flow</b>	<b>(\$2.5)</b>	<b>(\$1.8)</b>	<b>\$ .8</b>

  

Capital Stack - with C-PACE		LTC	New Cash Flow		Stabilization	
			Year 1	Year 2	Year 3	
Equity	\$28	31%	Rental income	\$3.9	\$5.6	\$9.3
Senior	\$32	36%	Operating costs	\$0.9	\$1.8	\$3.0
C-PACE	\$30	33%	<b>NOI</b>	<b>\$3.0</b>	<b>\$3.8</b>	<b>\$6.3</b>
<b>Total Construction Costs</b>	<b>\$90</b>		<b>Debt service</b>	<b>\$2.9</b>	<b>\$2.9</b>	<b>\$5.7</b>
			<b>Net Cash Flow</b>	<b>\$ .01</b>	<b>\$0.8</b>	<b>\$0.6</b>

## Lending Parameters

<b>LOAN AMOUNT</b>	\$2MM – \$500MM
<b>LENDING FOOTPRINT</b>	All states with active C-PACE programs and with retroactive look-back periods (Currently): <b>CA, CO, CT, DE, FL, HI, IL, KY, MA, MD, ME, MI, MN, MO, MT, NE, NJ, NM, NV, NY, OH, OK, OR, PA, RI, TN, TX, UT, VA, WA, WI, D.C.</b>
<b>ELIGIBLE CONSTRUCTION <sup>1</sup></b>	Ongoing or recently completed (CO within 2-3 years) qualified energy, water, and resiliency capital expenditures
<b>ELIGIBLE PROPERTIES</b>	Office, industrial, multifamily, retail, hospitality, non-profit, and select special purpose buildings
<b>LOAN TERMS</b>	20-30 years fixed; shorter loan terms available
<b>AMORTIZATION</b>	2-5 years I/O followed by Full term amortization; Actual/360
<b>INTEREST RESERVE</b>	Capitalized interest reserve through stabilization
<b>C-PACE LOAN-TO-VALUE <sup>2</sup></b>	Maximum 30% of stabilized LTV for new construction/rehab; leverage can be sized up to 35% stabilized LTV at construction completion
<b>PREPAYMENT</b>	Prepayable at any time; tailored prepayment fees that step down over time
<b>RECOURSE</b>	Non-recourse upon completion; completion and carry guaranty through CO
<b>SENIOR MORTGAGE</b>	C-PACE financing requires lender consent from any lienholder on a property C-PACE obligation survives foreclosure/change of ownership; obligation can never be accelerated
<b>FULLY TRANSFERABLE</b>	C-PACE may be paid off at sale/refinanced or transferred with title with no restrictions

<sup>1</sup> Consult with Nuveen Green Capital for state & county specific lookback windows

<sup>2</sup> Consult with Nuveen Green Capital origination team for State & County specific leverage requirements