



Outside the Region: Sonnenblick-Eichner Co. arranges first mortgage leasehold financing \$27 million for the Lahaina Gateway

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Maui, HI Sonnenblick-Eichner Co. has arranged \$27 million of first mortgage leasehold financing for the Lahaina Gateway, a 136,566 s/f community shopping center.

Proceeds of the non-recourse financing allowed the borrower at closing to repatriate equity it had in the property and provide future funding for tenant improvements, leasing commissions and capital expenditures associated with the lease-up and repositioning of the shopping center. The three-year, fixed-rate, interim loan, with two one-year extension options, allows the borrower to stabilize the property, while providing for flexible prepayment options for a future recapitalization.

The financing was provided by a domestic life insurance company who felt comfortable with the borrower's ability to reposition the asset with new anchor tenants, resulting in a stabilized NOI that provides significant coverage on the loan.

Current tenants include Foodland Farms, Footlocker, GoWireless and Supercuts. New leases have recently been signed with Ross Dress for Less, Ace Hardware and The Club Maui. The property is on the Honoapi'ilani Highway (H-30) one mile north of downtown Lahaina and seven miles south of the Ka'anapali Resort.

"We were able to identify a life insurance company to provide a fixed-rate financing option that allowed our client to realize invested capital they had in the property, as well as fund additional dollars for the repositioning of the asset," said Sonnenblick-Eichner principal David Sonnenblick.

"Despite the perceived difficulty of financing retail product today, we were able to get a lender comfortable with the excellent location within the Lahaina sub-market and the significant re-leasing and subsequent cash flow ramp-up," said Sonnenblick-Eichner principal Patrick Brown.

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