# Stonebridge Logistics | Internal Refinance Memorandum

As of August 31, 2026 | For internal credit discussion only

## Executive summary

Recommendation: Size the first-mortgage refinance to the binding DSCR constraint at $6,595,637 based on the lender’s methodology. Indicative cash-out after payoff, fee and costs is approximately $2.24 million. First year is interest-only; contractual rate 6.75%.

Indicative value by lender convention is $11.27 million (UW NOI before reserves/cap 6.75%). Underwritten NCF after reserves is $743,710. Historical T12 NCF after reserves was $575,800.

Property is a four-suite fictional industrial asset totaling 85,000 SF, currently 82.4% occupied by area and 75% by count. Suite 101 lease to Tenant A LLC is current at $15,000/month, expires 2030-08-31; a single unexercised renewal option is noted. Security deposit $30,000.

| Key item | Result |
|---|---|
| Maximum loan (binding) | $6,595,637 (DSCR) |
| First-year debt service (IO at 6.75%) | $445,206 |
| Sizing annual debt service (P&I at 7.25%) | $572,085 |
| Sizing DSCR | 1.30x |
| Debt yield at maximum loan | 11.28% |
| Indicative value (6.75% cap) | $11,269,778 |
| LTV at maximum loan | 58.5% |
| Cash to borrower (est.) | $2,243,192 |
| Stress maximum loan (EGI -5%, +100 bps sizing rate) | $5,643,126 |
| Cap-rate +50 bps value sensitivity | $10,437,857 |

## Sources, evidence and reconciliations

Rent roll: Rent-Roll.xlsx rows 4–7. Total RSF 85,000; occupied RSF 70,000; monthly base rent $60,700. Expiry dates: 101 (2030-08-31), 102 (2028-08-31), 103 (2029-08-31). Suite 104 vacant with $12,500 market rent shown but not collected.

Lease 101 details: Lease-File.pdf page 1: 18,000 RSF; base rent $15,000/month as of 2026-08-31; deposit $30,000; term 2025-09-01 to 2030-08-31; one renewal option not exercised; no increase before 2027-09-01; amendments must be written.

Historical T12: T12-Statement.pdf page 2 annual column. EGI $846,000; OpEx before reserves $253,200; NOI before reserves $592,800; reserves $17,000; NCF $575,800.

Underwriting plan: Property-and-Plan.pdf page 2. GP base rent $900,000; 8% combined loss; other income $195,000; insurance renewal $33,600; taxes $132,000; repairs $18,000 after removing $6,000 casualty; reserves $0.20/SF; management fee greater of T12 $25,200 or 3% of UW EGI.

Lender terms: Lender-Terms.pdf page 1. LTV 60%; cap rate 6.75%; DSCR 1.30x using NCF and amortizing debt service at sizing rate; debt yield 10% with NCF numerator; sizing rate greater of contractual and 7.25% floor; amortization 25 yrs monthly; IO year 1; origination 1.25%; prepayment 1% in years 1–2.

| Item | Value | Source cite |
|---|---|---|
| T12 EGI | $846,000 | T12-Statement.pdf p2 Annual |
| T12 OpEx before reserves | $253,200 | T12-Statement.pdf p2 Annual |
| T12 NOI before reserves | $592,800 | Calc |
| T12 Reserves | $17,000 | T12-Statement.pdf p2 Annual |
| T12 NCF after reserves | $575,800 | Calc |
| UW EGI | $1,023,000 | Plan p2 + calc |
| UW Mgmt fee | $30,690 | Plan p2 rule + calc |
| UW OpEx before reserves | $262,290 | Calc |
| UW NOI before reserves | $760,710 | Calc |
| UW Reserves | $17,000 | Plan p2 $0.20/SF x 85,000 |
| UW NCF | $743,710 | Calc |
| Cap value (6.75%) | $11,269,778 | Calc |
| LTV limit | $6,761,867 | Calc |
| DSCR limit | $6,595,637 | Calc |

| Item | Value | Source cite |
|---|---|---|
| Debt yield limit | $7,437,100 | Calc |

## Tenancy and lease commentary

- Space count 4; occupied count 3. Physical occupancy 75% by count; 82.35% by area. Rent roll base rent totals $60,700/month ($728,400 annualized) which is below both T12 gross potential and the underwriting plan; this is expected because one suite is vacant and rent roll is a point-in-time view.

- Suite 101 authoritative rent $15,000/month; security deposit $30,000; expiry 2030-08-31. Renewal option has not been exercised per Lease-File.pdf p1; do not extend expiry.

- No amendments provided. Effective monthly base equals printed roll for all occupied suites.

| Suite | Area SF | Status | Monthly base rent | Expiry |
|---|---|---|---|---|
| 101 | 18,000 | Occupied | $15,000 | 2030-08-31 |
| 102 | 22,000 | Occupied | $18,700 | 2028-08-31 |
| 103 | 30,000 | Occupied | $27,000 | 2029-08-31 |
| 104 | 15,000 | Vacant | $0 | |

## Loan sizing and proceeds detail

- Annual debt constant at 7.25%/25yr: 0.0867368237. Sizing uses unrounded intermediate values.

- LTV limit: 60% x $11,269,777.78 = $6,761,866.67.

- DSCR limit: $743,710 / (1.30 x 0.0867368237) = $6,595,637 (binding).

- Debt yield limit: $743,710 / 10% = $7,437,100.

- Maximum loan: $6,595,637. Sizing annual debt service: $572,085. Sizing DSCR 1.30x. Sizing debt yield 11.276%.

- First-year contractual debt service (12 months IO at 6.75%): $6,595,637 x 6.75% = $445,206.

- Net cash to borrower: $6,595,637 - $4,200,000 payoff - $82,446 origination fee - $70,000 costs = $2,243,192 cash-out.

| Constraint | Limit |
|---|---|
| LTV (60%) | $6,761,867 |
| DSCR (1.30x) | $6,595,637 |

| Constraint | Limit |
| --- | --- |
| Debt yield (10.0%) | $7,437,100 |
| Maximum loan | $6,595,637 (DSCR) |
| LTV at max | 58.5% |

## Downside and sensitivities

- Specified downside: reduce EGI by 5% and raise sizing rate by 100 bps. Recalculate management fee per rule; hold other OpEx and reserves. Resulting NCF $694,095. Annual debt constant at 8.25%/25yr: 0.0946140162.

- Stress LTV limit: $6,320,840; stress DSCR limit: $5,643,126; stress debt yield limit: $6,940,945. Binding stress maximum loan: $5,643,126 (DSCR).

- Separate value sensitivity: cap rate +50 bps leaves NOI constant; value falls to $10,437,857.

| Metric | Stress result |
| --- | --- |
| Stress NOI before reserves | $711,094 |
| Stress NCF | $694,095 |
| Stress annual debt constant | 0.0946140162 |
| Stress maximum loan | $5,643,126 (DSCR) |

## Assumptions, limits and open items

- All facts from supplied packet only; no external data used. Historicals are actual cash. Underwriting follows the plan and lender terms exactly.

- Verified renewal insurance premium: $33,600 per Property-and-Plan.pdf p2; used in underwriting. No separate evidence provided for other policies.

- Prepayment friction: 1% of outstanding principal if prepaid in years 1–2; no stated penalty thereafter; no swap per Lender-Terms.pdf p1.

- Open items: No lease amendments provided; renewal option for Suite 101 not exercised as of packet date; market rents shown on roll are informational only.

- Workbook with live formulas is attached and supports editing cap rate, sizing rate and EGI inputs with recalculation throughout.

| Deliverable | Location |
| --- | --- |
| Underwriting workbook (XLSX) | artifacts/underwriting-v2.xlsx |
| Source exhibits | See packet cites above |