



## Net Lease Holdings – Acquisition Criteria

Founded in 1994, Net Lease Holdings (“NLH”) provides long-term sale-leaseback funding for lower middle-market companies in the United States with annual revenue less than \$100 Million. NLH helps companies and private equity portfolio investments release capital tied up in real estate assets by acquiring single-tenant corporate and industrial properties and leasing them back to the tenant under a triple-net (“NNN”) lease. Companies are able to convert an otherwise depreciating and under-utilized asset into working capital they can use to pay down debt, fund acquisitions or reinvest in the core competencies of their business. The NLH senior management team has worked together for more than 17 years and has over 50 years of combined experience structuring commercial and industrial real estate transactions.

### NLH Investment Criteria

#### Transaction Size (Purchase Price)

- \$1 million to \$8 million

#### Geography

- USA with a preference for Midwest region

#### Occupancy / Structure / Term

- Single-tenant under a triple-net (NNN) lease
- [10] – 25 year lease terms  
(with shorter terms considered)

#### Property Types

- Industrial & manufacturing
- Warehouse / distribution
- Flex / office
- Healthcare & medical
- Retail

#### Tenant Credit Profile

- Investment grade or unrated private companies
- Lower to middle-market companies (< \$100M)

### Due Diligence Process

- Analysis of corporate credit
- Physical analysis/appraisal of real estate
- Lease contract underwriting or lease creation
- Typically 45-60 days from LOI engagement

### Unique Capabilities

- Immediate access to investment funds
- Expedient underwriting and closing process

### Advantages of Sale-Leaseback Funding

- Immediate access to capital
- Keep transaction off balance sheet
- Continued operational control of facilities
- Increased borrowing capacity through strengthened balance sheet
- Maximize proceeds upon sale of company
- Expand or update facilities and equipment
- Pay dividends or buy-out minority shareholders

For more information ([www.netleaseholdings.com](http://www.netleaseholdings.com)), please contact:

Tim Crowley  
Luke Fouke  
Rob Hill  
Tyler Willibrand

[tcrowley@netleaseholdings.com](mailto:tcrowley@netleaseholdings.com)  
[lfouke@netleaseholdings.com](mailto:lfouke@netleaseholdings.com)  
[rhill@netleaseholdings.com](mailto:rhill@netleaseholdings.com)  
[twillibrand@netleaseholdings.com](mailto:twillibrand@netleaseholdings.com)

**Net Lease Holdings**  
9645 Clayton Road, Suite 200  
Saint Louis, Missouri 63124  
Main office phone: (314) 991-1119

# Sample Acquisitions

Sale-leaseback transactions have always been a viable financing option for Corporate America. ... If you're building and selling widgets, you really shouldn't be in the real estate business.

			
<b>Thompson Street Capital Ptnrs</b>	<b>GenCap America</b>	<b>Owner-Occupied</b>	<b>Take Out / Developer</b>
			
<i>Memphis, TN</i> <b>\$6,000,000</b>	<i>Springfield, MO</i> <b>\$3,400,000</b>	<b>Warehouse</b> <i>New Albany, IN</i> <b>\$3,360,000</b>	<i>10 bldgs in So. USA</i> <b>\$13,463,451</b>

NLH is neither a broker nor an intermediary. **NLH is the buyer/owner.**

NLH Principals invest a significant amount of their own capital alongside our equity investors and we will pay referral fees for qualified property acquisitions that enter our portfolio. NLH manages and monitors each real estate investment from acquisition to disposition. NLH has a fully-committed equity fund which can quickly close on attractive acquisitions.

## EXAMPLE: "Sale-Leaseback Enhancer"

Straightforward M&A Sale		Operating Co. Value post SALE-LEASEBACK		ADD REAL ESTATE PROPERTY VALUE	
EBITDA	\$ 4,000,000	EBITDA	\$ 4,000,000	Rent Payment	\$ 600,000
		Rent Payment	600,000	CapRate paid on Rent	10%
		EBITDA (Net of Rent)	\$ 3,400,000	Equivalent Multiple paid on Rent	10.0x
EBITDA Multiple	5.0x	EBITDA Multiple	5.0x	Real Estate Purchase Price	\$ 6,000,000
		Operating Co. Purchase Price	\$ 17,000,000	+ Operating Co. Purchase Price	\$ 17,000,000
Total Purchase Price	\$ 20,000,000	Combined Purchase Price	\$ 23,000,000		
Amount allocated to Operating Co.	70% \$ 14,000,000	Amounts allocated to Operating Co. vs. Real Estate may vary widely		<b>SELLER'S ADVANTAGE</b>	
Amount allocated to Real Estate	30% \$ 6,000,000			Enhancement in Total Purchase Price	\$ 3,000,000
				Effective EBITDA Multiple	5.8x

*\*You become the "value-added" advisor to your client.*

## FINANCING COMPARISON: Sale-Leaseback vs. Mezzanine Lending

SALE-LEASEBACK with NLH II		Mezzanine / Subordinated Lenders		Footnotes as related to Mezzanine:	
Cash Rental Payment	8 - 12%	Cash Interest Rate	14 - 18%	Range varies depending on credit quality, total debt & EBITDA size	
Other Costs/Fees	0%	Non-Cash Interest Rate	2 - 4%	Often consisting of PIK or expensive Warrants (equity substitutes)	
Typical Lease Term (years)	10 to 20yrs	Typical Loan Term (years)	4 to 6yrs	Exposed to short-term interest rate volatility	
Financial Statement Covenants	NO	Financial Statement Covenants	YES	Often includes limitations on Distributions, CAPEX & Total Debt	
Off-Balance Sheet to the Operating Co.	YES	Off-Balance Sheet to the Operating Co.	NO	Credit markets can "dry up" based on economic factors	