

ProLogis Eyes New Europe Facility

ProLogis Trust is seeking a new credit line for its European acquisition program.

The Aurora, Colo., REIT buys industrial properties in Europe via a fund that it formed in 1999.

Until now, ProLogis has relied on a 500 million euro (\$492 million) secured facility from **J.P. Morgan Chase** and **ABN Amro**. It hopes to switch to an unsecured facility, which would offer more flexibility. The firm is considering several potential lenders, including J.P. Morgan and ABN.

ProLogis European Properties Fund finances acquisitions by tapping its credit line. It then pays back the borrowings by floating commercial MBS. It conducted a 213.8 million euro offering in April 2001 and a 356 million euro deal this year. Both transactions were underwritten by J.P. Morgan and ABN. The buzz is that ProLogis hopes to launch another securitization by yearend.

The fund also conducted a \$144 million euro securitization in April to refinance a loan from a **Societe Generale** syndicate. That loan financed the acquisition of **Garonor**, a French warehouse and property-management company. ProLogis bought Garonor in 1998 and transferred it to the fund the following year. Societe Generale underwrote that securitization.

ProLogis has a separate, smaller credit line that it uses to buy Eastern European properties, which are considered not yet suitable for securitization. The REIT has already acquired properties in Poland and is eyeing Hungary as well. ♦

B-Piece Buyer Emerges in Canada

Canada's first domestic B-piece buyer and its newest conduit lender are making their debuts in an upcoming C\$350 million (\$231 million) commercial MBS offering.

The B-piece buyer is **RFA Mortgage Services**, a Toronto asset manager working in partnership with an unidentified private investor. It is the first domestic firm to circle the subordinate classes of a third-party deal in Canada.

The new conduit lender is **Laurentian Bank**. It is contributing about \$25 million of loans to the transaction, which is dominated by mortgages supplied by **Credit Suisse First Boston** and **Toronto-Dominion Bank**. Laurentian originated its 19 loans under a pilot CMBS program launched in January. The Montreal lender plans to be a regular player in Canada's fledgling CMBS market.

RFA is a branch of **Realty Financial Advisors**, a Toronto firm run by president **Don Rodney** and managing director **Alan Pyle**. The firm set up a mezzanine fund earlier this year and has purchased pools of distressed mortgages. It views B-pieces as a natural outgrowth of its business, and plans to invest in about two deals a year.

First Boston, which is leading the securitization, originally discussed selling the deal's junior classes to the team of **GMAC Commercial Mortgage** and **Banc One** — U.S. players that

dominate the Canadian B-piece market. But after they demanded a yield that First Boston thought was too high, the investment bank started looking for alternative buyers. That move forced it to postpone the deal from May to July.

Toronto-Dominion is also searching for a B-buyer on its upcoming C\$300 million conduit offering. The buzz is that it has reached a tentative agreement with an unidentified domestic firm.

Laurentian's new conduit operation is being run by **Cora Broadhurst**, the former head of servicing at GMAC's Canadian office. Most of the unit's initial business stemmed from converting construction loans originated by Laurentian into long-term, fixed-rate mortgages. The program was originally given a C\$50 million warehouse credit line, but the bank has been pleased enough with the results to increase the facility's size to C\$100 million.

While the upcoming deal will mark the first time that Laurentian has securitized loans that were originated expressly for securitization, the bank conducted a C\$200.2 million seasoned transaction in January 2001 via **Merrill Lynch**.

Laurentian is content to be a niche player in the crowded Canadian market, which is dominated by **Merrill, Caisse de Depot et Placement du Quebec, GE Capital, GMAC, Toronto-Dominion** and **First Boston**. ♦

Aimco Gets Loans from 2 Insurers

Apartment Investment and Management has lined up two mortgages totaling \$126 million from **Massachusetts Mutual** and **New York Life**.

Both loans are backed by Los Angeles apartment complexes that the Denver REIT bought in March from **Casden Properties**. Aimco paid \$1.5 billion for 17,000 units and will invest up to \$50 million in Casden, which develops apartment properties, primarily in Southern California.

The REIT assumed \$673 million of debt from Casden, and it is refinancing the loans as they become eligible to be retired. Aimco continues to look for loans on some of the properties, but details were not available. A company spokesperson declined comment.

Mass Mutual recently provided a \$77 million fixed-rate mortgage on the 624-unit **Villa Azure**. The complex, which is about 95% occupied, consists of one- and two-bedroom units with average rents of about \$1,500 a month. The complex was built two years ago and opened in stages in 2000 and 2001.

New York Life has agreed to provide a \$49 million mortgage on the 315-unit **Hillcrest** complex in the Century City section of Los Angeles. The property, built in 1989, is about 96% leased.

The loan is scheduled to be funded in August, when an existing loan matures. That floating-rate loan was funded by **Morgan Stanley**.

Both loans were primarily shopped to life companies. ♦