



assignment | challenge

Great Western Bank

Great Western Bank was a \$50.0 billion bank based in Chatsworth, CA, prior to its acquisition by Washington Mutual bank in the late 1990's. The Bank operated over 500 retail banking operations, primarily throughout California, Texas and Florida.

Members of the IRES team were exclusively engaged by Great Western Bank to manage the sale/leaseback advisory and execution services surrounding 34 new and/or newly renovated retail banking facilities located throughout three states. Specific challenges surrounding this assignment were as follows:

- Great Western was attempting to reduce the impact of fixed assets on its corporate balance sheet and thus required operating lease classification
- The client required a combination of five, seven and ten year leases for the properties in order to maximize operational flexibility
- The retail pad sites were often located in suburban or inferior urban locations and the bank required full operational control due to security precautions
- The Bank requested a 120-day transaction process for commencement through closing in order to meet reporting requirements

outcome | results

Members of the IRES team assisted Great Western to review and develop the structure and execution strategy for the sale/leaseback transaction. Ultimately, Great Western chose to execute a portfolio based sale/leaseback by dividing the facilities, by state into three portfolios. The strategy for this assignment was to utilize the closed-bid negotiation process to access investor capital and ensure a timely 120-day close, while realizing the following benefits:

- An excess of \$55.1 million was monetized and subsequently reinvested into higher-yielding core business activities
- The financing met the conditions of SFAS 13, 98 and EITF90-14 for purposes of achieving operating lease treatment
- As a result, Great Western benefited from increased earnings enhancement and performance ratios
- On a portfolio basis, the Bank achieved sub-eight percent initial CAP's on the portfolio of facilities and the team was able to achieve the required leaseback terms for each facility

QUICK FACTS

STRUCTURED FINANCE Portfolio Sale/Leaseback

510,200 square feet
Sale/Leaseback
\$55,100,000
Chatsworth, CA

IRES CONTACT

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