

NICHE UNDERWRITING / BORROWER FIELD GUIDE

Cold storage and refrigerated warehouses

How much of the purchase price and cash flow belongs to real estate versus refrigeration and operating services?

Identify what the borrower owns and earns before applying an income multiple or sizing debt. A leased refrigerated building and an owner-operated storage service may share an address while exposing the lender to different cash flows and collateral. Build three reconciled schedules: real property, refrigeration equipment and the operating contracts that generate receipts.

Identify the refrigerant and specialist review

EPA publishes supplemental risk-management guidance specifically for ammonia refrigeration facilities. Applicability depends on the actual system and regulated process. Obtain a qualified assessment of the installed system; the words cold storage do not establish which rules or remediation costs apply.

Keep controls and maintenance in the cost case

OSHA's ammonia refrigeration overview identifies operating and maintenance hazards and points to process-safety controls. Ask the operator and specialists to document who performs inspections, maintenance and emergency preparation, then carry their supported recurring costs into the cash-flow case.

Trace the commercial boundary

For a leased asset, abstract rent, refrigeration responsibility, utility allocation and replacement obligations. For an operated facility, reconcile storage and handling receipts with customer contracts. Do not insert gross operating revenue into the rent line or count equipment value again inside real-property collateral.

Use with the dedicated Excel model for this niche. All numerical scenarios are hypothetical. Research and calculation scope are separated throughout this guide.

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What lenders want to understand

These are preparation questions. The actual lender determines required evidence, accepted cash flow and approval conditions.

01 / Which entity bears a refrigeration outage?

Prepare the lease/customer-contract allocation, insurance provisions, maintenance responsibilities and liquidity needed during a hypothetical interruption.

02 / Who owns the machinery and owes the replacement cost?

Provide an asset register reconciled to equipment leases, security interests, service contracts and the proposed purchase allocation.

03 / Can another user operate this facility economically?

Obtain a specialist condition and configuration review, supported conversion costs and evidence for the proposed replacement use rather than assuming all installed improvements retain value.

Turn questions into an evidence ledger

For each answer, record the document date, responsible person, unresolved issue and lender response. Distinguish requested, received, reconciled and accepted. A document upload does not establish acceptance.

Hypothetical: attractive rent, imminent replacement

A refrigerated warehouse has a long lease, but a major system component needs replacement and the lease allocation is unclear.

Resolve responsibility, obtain a scoped bid and model the cash and downtime before counting the full rent stream. Compare the existing-user case with the cost of making the facility usable for another tenant.

Lease duration does not eliminate an unfunded equipment obligation or prove specialized collateral value.

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Document checklist

Use a common financial cutoff date. Record gaps and discrepancies alongside the documents.

Document and purpose	Status / owner
Property/equipment/business allocation - Reconcile the acquisition uses to the actual assets and obligors without double counting.	☐ Received ☐ Reconciled Owner: _____
System inventory and condition report - Identify refrigerant, equipment age, deferred work and the specialist's stated limitations.	☐ Received ☐ Reconciled Owner: _____
Leases or customer-service contracts - Distinguish property rent from storage, handling and ancillary operating receipts.	☐ Received ☐ Reconciled Owner: _____
Utility, maintenance and outage history - Support normalized costs and explain unusual savings or interruption losses.	☐ Received ☐ Reconciled Owner: _____
Capital, compliance and continuity plan - Assign dated work and emergency responsibilities to funded sources and accountable parties.	☐ Received ☐ Reconciled Owner: _____

Attach the financing and cash evidence

Include a signed sources-and-uses reconciliation, existing debt and equipment obligations, proposed term sheet, available equity evidence, and a dated explanation for every material model assumption. Separate restricted balances from spendable cash.

Keep personal and customer records private

Use aggregate operating evidence in this educational workbook. Share sensitive supporting documents only through the lender or advisor's appropriate secure process. The workbook contains no upload connection.

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Use your dedicated Excel model

Property Rent and Plant -> Operations -> Debt and Funding -> Summary

01 / Select a case

Save an untouched copy. In Assumptions D5 select 1 for Base or 2 for Downside. Both cases feed one monthly calculation; changing the selector recalculates the workbook.

02 / Populate the niche schedule

Replace blue input cells in Property Rent and Plant!D10:L21 with dated source evidence. Retain formula cells. Source columns are: Contracted leased area; Annual property rent / sf; Rent collection fraction; Landlord-paid utility expense; Utility expense recovered in cash; Refrigeration maintenance cash; Additional plant insurance cash; Landlord plant and building capital; Capital reimbursement received.

03 / Replace scenario assumptions

Replace illustrative scenario drivers, property value, acquisition uses, available equity and financing terms in Assumptions. These examples are not market benchmarks or lender requirements.

04 / Reconcile cash and financing

Trace monthly Operations into Debt and Funding. The signed funding surplus deducts closing equity and additional operating cash need; a negative result is an unfunded requirement.

05 / Resolve missing inputs

Inspect the Review checks and every unavailable result. Missing or invalid selected data is n.a.; a valid zero remains zero. Do not replace missing records with zeros.

06 / Confirm the transaction scope

Reconcile the chosen case to lender definitions and actual documents. The model covers twelve operating months and a contractual principal calculation at maturity; it does not forecast future refinancing approval.

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Calculation scope and conventions

Read these alongside the visible formulas. The source schedule is dedicated to this niche; contractual and eligibility decisions remain outside the model.

Scope is leased real estate with identified landlord-paid plant obligations. Storage, handling, distribution, inventory and customer-service business receipts are excluded; the workbook is not a cold-chain operator model.

Only contracted property area produces rent. Utility cost is entered directly, including idle-plant costs. The recovery fraction assumes collection in the same month; replace the cash pattern if the lease has caps or delays.

Refrigeration maintenance and additional plant insurance exclude fixed property costs. Plant replacement is capital below NCF. Capital reimbursement is also below NCF; a negative net-capital month is a cash recovery, not rental income.

Identify equipment ownership, permitted refrigerant use, utility supply and maintenance responsibilities separately. Lease cash, a specialized building and operator earnings do not establish the same collateral value or lender income recognition.

Sizing cash equals modeled annual cash NCF plus the entered lender adjustment. The adjustment does not create spendable cash.

Coverage size uses amortizing annual service. The loan is the minimum of coverage, LTV, debt yield and the requested ceiling.

The three sizing thresholds are illustrative editable inputs. Negative NCF produces zero income-supported capacity, never a negative loan.

Monthly payments use annual rate/12; IO principal is unchanged. After IO the original principal amortizes over the entered period.

Closing cash and later operating shortfalls are reconciled without counting the same cash reserve twice.

All numerical values are illustrative; no market facts or lender approval are asserted.

The twelve-month operating model omits taxes on investor returns and future refinancing costs except expressly entered items.

Author verification uses Artifact Tool recalculation, saved-XLSX reimport and separate JS arithmetic; independent application verification is recorded separately.

Legal, licensing, environmental, engineering and lender-specific recognition require actual diligence.

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A reconciled hypothetical example

Base and Downside are separate recalculations of the same model. Displayed dollars are rounded; Excel retains unrounded values.

Illustrative result	Base	Downside
Modeled revenue / contribution	\$2,318,000	\$2,088,955
NCF after reserve	\$1,255,460	\$910,097
NCF used for sizing	\$1,255,460	\$885,097
Modeled loan	\$11,000,000	\$7,351,099
Binding sizing constraint	Requested ceiling	DSCR
First-year debt service	\$803,137	\$634,466
Required closing equity	\$6,150,000	\$9,798,901
Equity left / (closing gap)	\$1,850,000	-\$1,798,901
Additional operating cash need	\$0	\$0
Equity left / (combined gap)	\$1,850,000	-\$1,798,901
Principal at modeled maturity	\$10,081,437	\$6,850,661

Base NCF used for sizing is \$1,255,460. The modeled loan is \$11,000,000, with Requested ceiling binding. Closing uses of \$17,150,000 less that loan require \$6,150,000 of equity. Available equity is \$8,000,000; the signed combined surplus/gap is \$1,850,000 after any additional operating cash need. Downside changes the loan to \$7,351,099 and the combined result to -\$1,798,901.

Illustrative Base / Downside inputs: Property value \$18,000,000 / \$15,500,000; Annual note rate 6.50% / 8.00%; Maximum LTV 65.00% / 60.00%; Minimum sizing DSCR 1.25 / 1.3; Minimum debt yield 9.00% / 10.00%; Amortization after IO (years) 25 / 25; Initial interest-only months 6 / 6.

Change the case and trace the result

Compare the binding sizing constraint, closing equity, monthly cash low point and maturity principal. A smaller modeled loan can increase the sponsor funding need even if the property remains cash-positive. The lender may use different income adjustments, payment conventions or collateral limits.

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Sources, limits and next steps

Sources below support identified research claims. They do not validate the fictional numerical inputs or represent a financing commitment.

EPA - Guidance for Facilities on Risk Management Programs

Supplemental Risk Management Program Guidance for Ammonia Refrigeration Facilities; Appendix E

Ammonia-specific guidance; a specialist must determine applicability to the actual process.

<https://www.epa.gov/rmp/guidance-facilities-risk-management-programs-rmp>

Source checked: 2026-10-21

OSHA - Ammonia Refrigeration Overview

Overview and linked operation/maintenance eTool description

Hazard and control context, not a determination that a facility is covered by a particular standard.

<https://www.osha.gov/ammonia-refrigeration>

Source checked: 2026-10-21

About this educational model

Prepared with AI assistance and independently checked against the published example. Artifact Tool recalculation and saved-file checks are recorded in the release evidence. Native Microsoft Excel recalculation has not been independently verified. Verify your edited scenario in your spreadsheet application before using its results.

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Start a commercial financing request

Online niche guide, matching downloads and related research

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