

JOINT VENTURE EQUITY DEALS DEVELOPMENT PROJECTS



A Real Estate Capital Bank

- Completed \$3.8 Billion of Debt & Equity Transactions over the last 5-years
- Firm Capital has approximately \$3.5 Billion in mortgage and real estate related investment assets under management, plus associated managed investor capital



Firm Capital Financed Projects:

Transaction Sample

Purchase Price	\$10,000,000
Pre Development Costs	\$2,500,000

Total Acquisition Costs

VTB or Conventional 1st Mortgage (50%) if required	(\$5,000,000)
--	---------------

Equity Required	\$7,500,000
------------------------	--------------------

Sources Of Equity

Originating JV Partner - 25%	\$1,875,000
Firm Capital - 25%	\$1,875,000
Firm Capital Equity Loan - 50% of the Equity	\$3,750,000
	\$7,500,000

JOINT VENTURE DEAL STRUCTURE OVERVIEW:

Capital Partner: Firm Capital Corporation

Investment Sourcing Sponsor Partner: ("JV Partner")

- Joint venture acquisitions for development projects;
- JV Partner sources the property, anywhere in Canada and charges industry-standard management fees;
- Standard Co-Tenancy structure;
- FC funds 75% of the required equity, JV Partner and their investors fund 25% of the required equity;
- FC and JV Partner enter into co-tenancy agreement;
- On the excess equity funded by FC, FC gets a 7.5% to 8.0% preferred interest return (to be negotiated);
- Distributions:
 - (i) repayment of the construction lender;
 - (ii) repayment of excess capital to FC and payment of preferred return to FC;
 - (iii) repayment of remaining capital on 50/50 basis to FC and JV partner; and
 - (iv) 50/50 profit split;
- FC will provide the JV Partner with an option to repay the FC investment early based on fixed discharge amount, this amount will be determined on a deal by deal basis;
- FC, subject to negotiation, will consider paying a performance incentive fee to the JV Partner based on project profitability; and
- JV Partner will be responsible for obtaining bank construction financing and will provide the necessary guarantees to satisfy the Bank and the bonding company.

Where Mortgage Deals Get Done®



BUILDING
RELATIONSHIPS
FOR OVER
30 YEARS

Firm Capital
A Real Estate Capital Bank
163 Cartwright Avenue
Toronto, ON M6A 1V5
(416) 635-0221

Michael Carragher

Vice President, Mortgage Investments

Tel: (416) 635-0221 x 245

E: mcarragher@firmcapital.com

www.FirmCapital.com