

SAMPLE JOINT VENTURE STRUCTURE 1



**REAL ESTATE
FINANCE AND
INVESTMENTS**
CERTIFICATION

- A3 Geography:** Southeast - U.S.
- A4 Market Type:** Suburban
- A5 Investment Type:** Value-Add/Repositioning
- A6 Property Type:** Market Rate Apartments
- A8 Total Transaction Size:** \$7MM - \$10MM
- A9 Total Transaction Financing:** 71% - 75%
- A10 Total Number of Equity Investor Entities:** More than 3
- A11 Total Equity Investment Amount across all Equity Investor Entities:** \$2MM - \$4MM
- A12 Sponsor Capital Investment % Total Equity Investment:** 4% - 5%
- A13 Minority Investor:** 0%
- A14 Third Party Investor Capital Investment:** 94% - 95%
- A15 Pro forma timeline until transaction returns all Invested Capital:** 5 years
- A16 Pro forma transaction start to end timeline:** 10 years
- A17 Pro forma project-level Equity IRR:** 12% - 14%
- A18 Pro forma project-level Multiple on Equity:** 2.1x - 2.3x
- A19 Sponsor credit as perceived by the market at the time of partnership formation:** No Track Record for market to evaluate
- A21 Sponsors contact network:** Deep
- A23 Closeness of Third Party Investor to Sponsor:** Had not previously invested with the Sponsor
- A24 Total Amount of Guaranteed Fees:** \$251K - \$500K
- A25 Guaranteed (non-performance based) fee types:** Acquisition, Construction Management
- A29 Loan Guaranties are signed for by:** Sponsor exclusively
- C1 Return of Capital:** Third Party Investor and Overall Sponsor Capital are returned Pari Passu
- C2 Is there a Preferred Return:** Yes
- C3 To which party or parties is the Preferred Return paid?:** All
- C4 Preferred Return %:** 8%
- C5a Preferred Return Payment:** Paid pro-rata to Capital Invested
- C5b Preferred Return Nature:** Non-Cumulative
- C5c Preferred Return Compounding:** Non-Compounding (Simple Interest)
- C5d Preferred Return Payment Priority:** Paid before Overall Sponsor Capital is returned
- C5e Preferred Return Payment in case of insufficient cash flow:** Payment is deferred in any period where cash flow is insufficient to pay the full accrued amount
- C5f Preferred Return Payment Frequency:** Paid Monthly
- C7 Is there just a single Split of Cash Flows from operations?:** Yes
- C10 Is there a multiple-tier Internal Rate of Return or Equity Multiple Waterfall Split? *:** No
- C11 Does the Preferred Return calculation and distribution occur WITHIN Tier 1 of the waterfall, or does it occur BEFORE the cash flows enter the Waterfall?:** Within
- C13 Tier 1 Overall Sponsor Promote, if any:** 23-25%