



Course Three: Mezzanine Debt & Equity Joint Ventures Structuring the Deal

This course explores the real estate capital market products that are subordinate to the first mortgage lender. The course is divided into two primary components:

Mezzanine Financing and B-notes:

This section focuses on the portion of the capital stack that is subordinate to the senior lender. This section reviews the structure and investment criteria of mezzanine loans, B notes and second trusts. This section explores how mezzanine debt is structured, priced and the relationship between the sponsor and the first trust lender. This section provides a good working knowledge of the risks and rewards of mezzanine finance.

Equity: Preferred Equity and Joint Venture Equity:

This section explores equity investments in real estate assets. The presentation is from both the provider of equity (investor) and the user of the equity (sponsor) point of view. This section provides an in depth review of how real estate joint ventures are structured and how different structures can provide different risk and return profiles for the investor. This is a “hands on” and pragmatic review on how real estate equity investors make and lose money, with an emphasis on how to distinguish good deals from bad deals.

Course Contents:

1. Mezzanine Debt Overview
 - The Intercreditor Agreement
 - The Multi-Tiered, Structural Capital Stack
 - Mezzanine Loans & the First Trust Lender
 - Structuring Around the Senior Debt
 - The Mezzanine Loan Risk/Reward Continuum
 - Exit Strategies: Refinance & Sale
 - Getting the Mezzanine Loan Deal Done
2. A Note/B Note Structure Compared to First Trust/Mezzanine Loan Structures
3. Preferred Equity Basics
4. Joint Venture Equity Overview
 - Sponsor Equity: All Equity is Not Created Equal
 - Joint Venture Equity: Profit Participation Overview
 - Joint Venture Equity: Profit Participation Structures
5. Equity Investments Analysis: Good Deals vs. Bad Deals
6. Comparing Mezzanine Financing & Equity Financing
7. Opportunistic Funds vs. Joint Venture Transactions
8. Transaction Structuring Tools, Tricks & Traps
9. Glossary of Terms
10. Conclusion/Summary