



NEW MARKET FUNDS

Purposeful Performance

*Investment opportunities with lasting
community benefit*

Presentation Outline

Family of Values-Aligned Organizations
Team of Financing and Development Experts

New Financing Tool
Approach
Project Examples

Strong and Aligned Partners

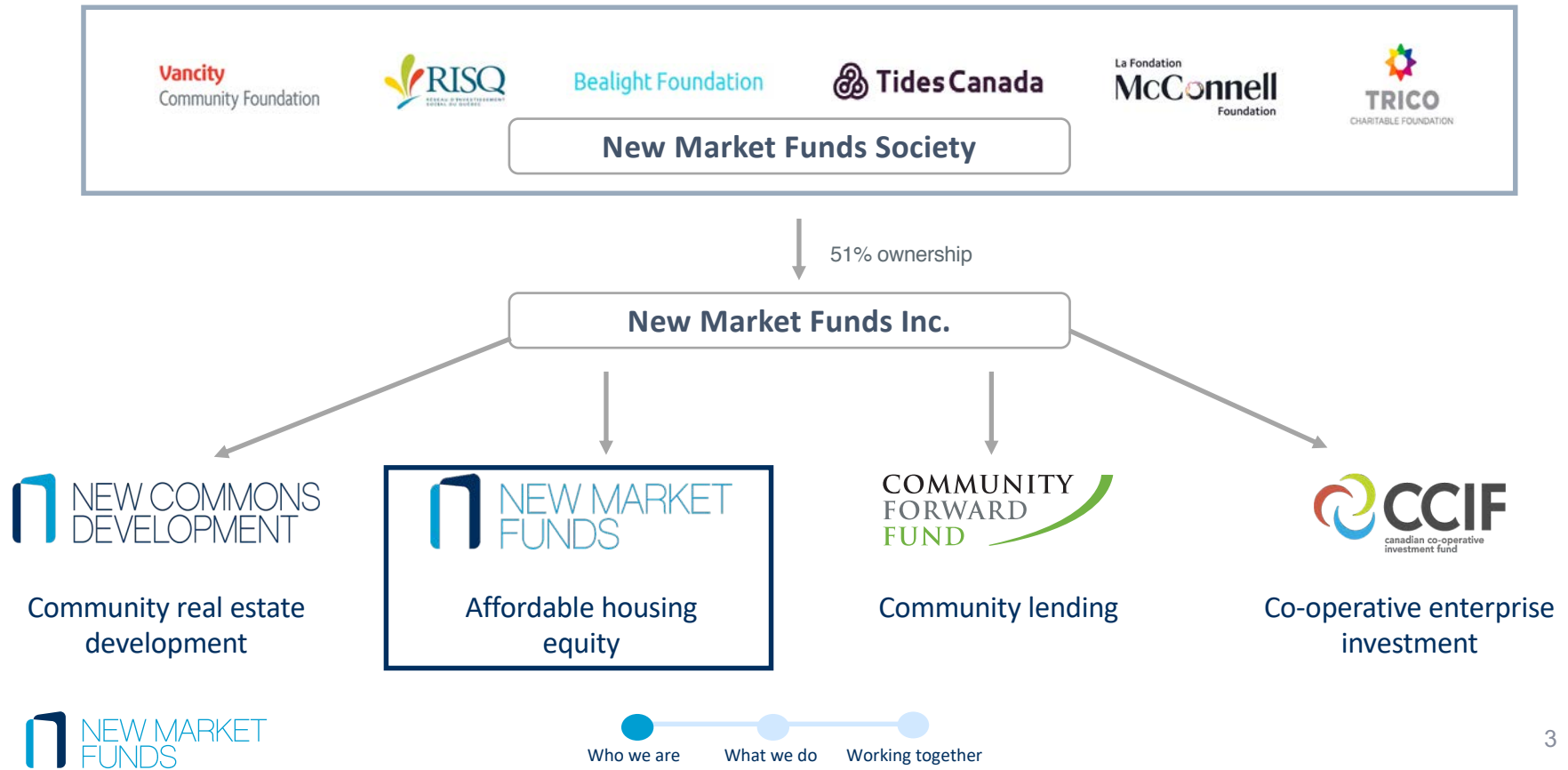
Who we are

What we do

Working together



Part of Values-Aligned Organization



New Market Funds Team

Leadership

Andy Broderick
Derek Ballantyne
Garth Davis

Managing Partner
Managing Partner
Managing Partner

Development

Abigail Moriah
Dennis Carr
Geoffrey McGrath
Hadley Nelles
Joe Chipman
Nadia Hill
Peter Zimmerman

Senior Development Manager
Development Consultant
Senior Development Manager
Business Manager
Project Manager
Project Manager
Development Consultant

Community Lending

Christina Baker Gorton
TBD

Director, Community Lending
VP, Lending

Operations & Finance

Carla Pellegrini
Matt Putra

Operations Manager
VP, Finance



Affordable Housing Equity

New Financing Tool

1. **Flexible Capital – Unlocks Cashflow**
 - No amortization
 - Flexible payments
 - Additional to first mortgage
2. **Potential Benefits**
 - House more people
 - Deepen affordability
 - Improve debt service coverage ratio (DSCR)
 - Opportunity to take equity out for next project
 - Repeatable source of capital
3. **Strong, aligned deal partners**
 - Values-driven organization committed to affordability
 - NMF has no desire to be long-term holder of property or operator

What We Do

Commitment Timing to Suit Your Needs



Funding Timing



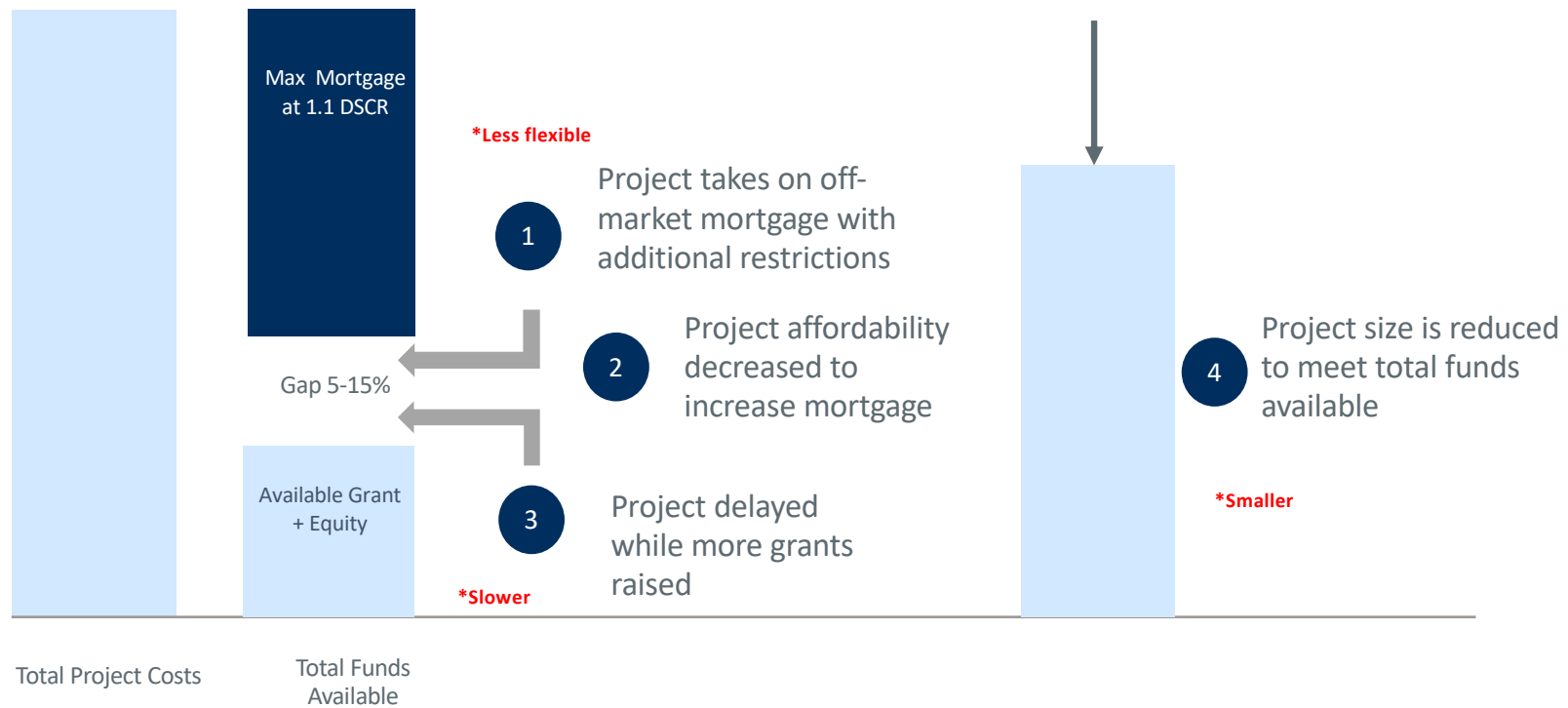
Capital Structure



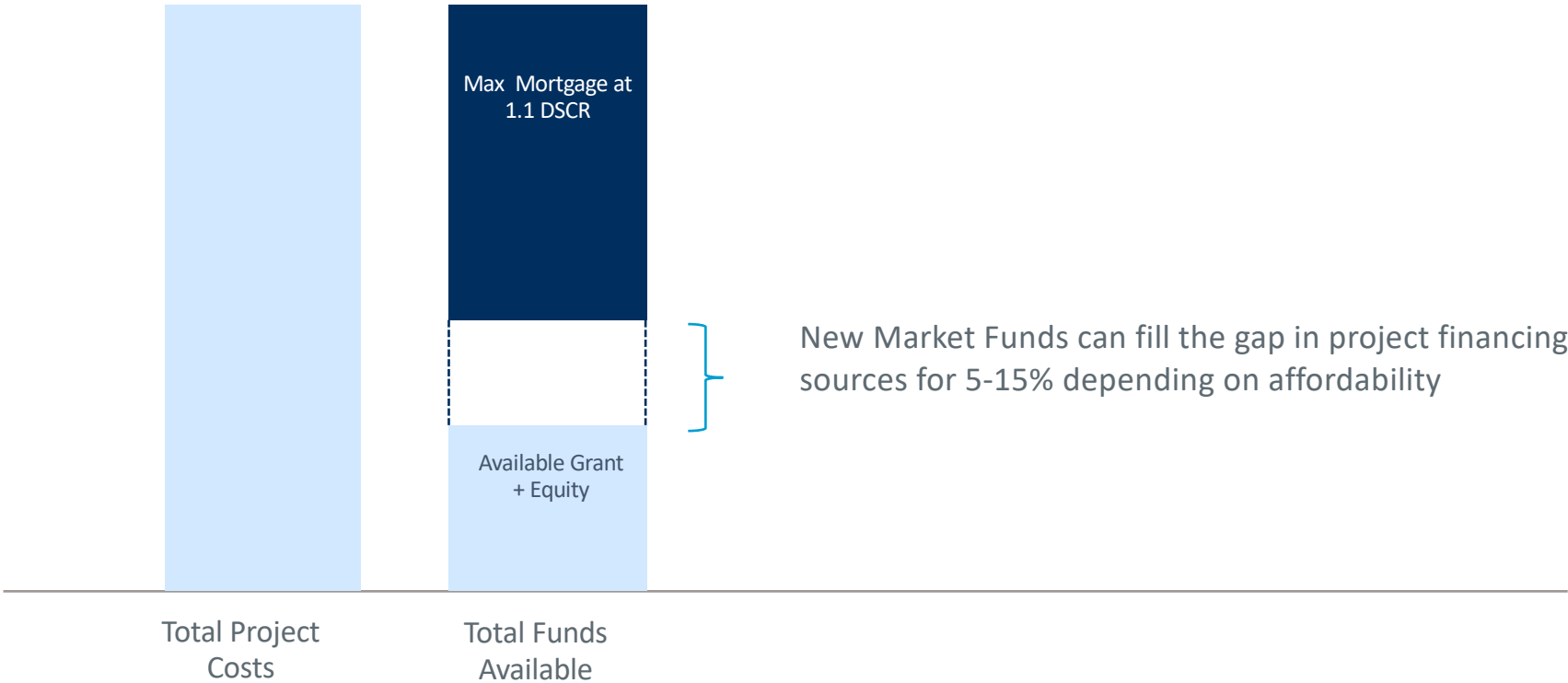
Return, Impact and Exit Objectives

- Pre-construction – Early commitment to cover equity gaps or expand project
- Post-construction – take equity for next deal
- Ability to move quickly
- Post-stabilization
- Limited Partnership or Second Mortgage
- Non-profit partner retains control of project and outcomes
- Target net 7-8% IRR after exit from project
- Affordability below 80% of CMA median income by household size, on average
- Desired hold is 8-9 years, can do 10 years in certain circumstances

Equity Gaps are Managed in 4 Ways:



Equity Gap – NMF Can Assist With Equity



Equity Gap Case Study

Current Investment Commitments with Vancouver Community Land Trust



Mental Health Housing– Sanford Housing

- Located on Kingsway in Vancouver
- 4-storey mixed use for residents with mental health issues
- 48 1-bedroom units
- Affordable at 43.8% of median income
- Completed September 2017; Investment TBD (part of multi-site closing)

Sources

Source	Amount	% of Total
Land Lease	\$2,681,000	19.2%
NMF Rental Housing Fund I LP	\$650,000	4.6%
Sponsor Equity	\$800,000	5.7%
Contribution BC Housing Equity	\$1,031,000	7.4%
Other Sources (Lease up income)	\$155,801	1.1%
Other Sources (CRU Sale)	\$4,750,000	33.9%
Long-Term Mortgage	\$3,932,122	28.1%
Total	\$13,999,923	100%

Uses

Use	Amount	% of Total
Land Acquisition	\$2,754,720	19.7%
Construction	\$8,876,048	63.4%
Soft Costs	\$1,940,623	13.9%
Contingency	\$428,532	3.1%
Total	\$13,999,923	100%

Unit Schedule

Sq. ft.	BR	#	Initial Rent	Market	% of Market	% of Median Income	Income Required at 30%
486	1	21	\$1,250	\$1,443	86.6%	66.4%	\$50,000
497	1	24	\$375*	\$1,476	25.4%	19.9%	\$15,000
561	1	3	\$1,437	\$1,666	86.2%	76.4%	\$57,480
		48	\$30,561	\$70,725	56.0%	43.8%	\$32,968

*These 24 units are occupied by supportive health residents from The Kettle Society. The residents pay \$375 in rent and the Land Trust receives another \$375 from the government for each unit.

Take-out Equity for Next Project

Build 49 Units of Affordable Housing...

And Secure Cash for Next Project



Equity out for next project(s)

Using Traditional Sources

Adding New Market Funds



Take-Out Equity Case Study

Current Investment with Catalyst Community Developments Society



Martin Knowles Photography

Family and Workforce Housing

- Located in Dockside Green in Victoria
- 49 unit family focused development
 - 23 studio, 8 1-bedroom, 8 2-bedroom and 5 3-bedroom and 5 4-bedroom units
- Affordable at 58.6% of median income
- Completion November 2017; Investment January 2018

Sources

Source	Amount	% of Total
NMF Rental Housing Fund I LP	\$800,000	7.5%
City of Victoria Housing Grant	\$3,513,149	33.0%
City of Victoria	\$239,614	2.2%
Long-Term Mortgage	\$6,100,000	57.3%
Total	\$10,652,763	100%

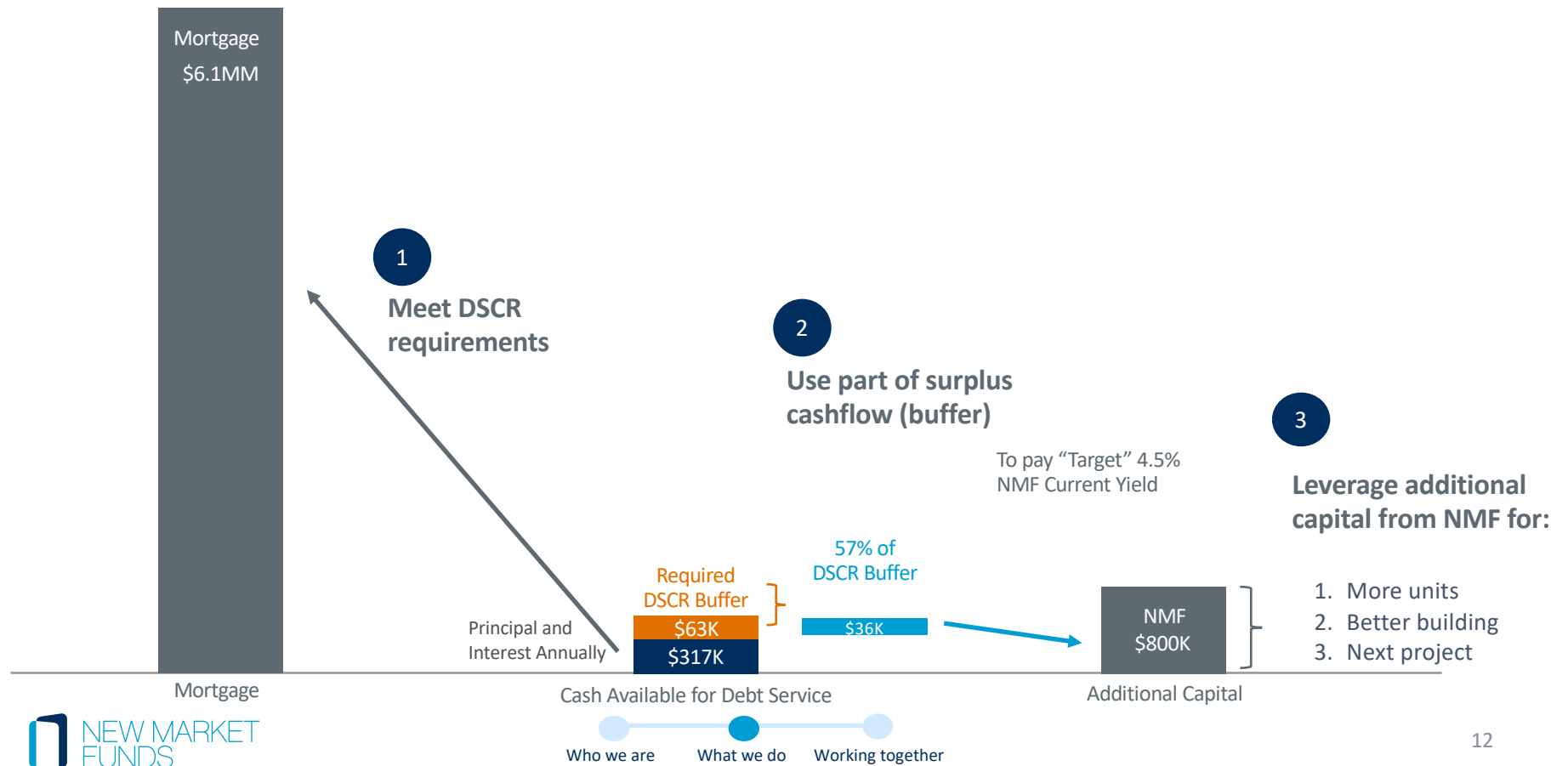
Uses

Use	Amount	% of Grand Total
Land Acquisition	\$1,340,000	12.6%
Construction + Contingency	\$6,828,716	64.1%
Soft Costs + Contingency	\$1,436,675	13.5%
To Capital Reserve	\$125,000	1.2%
Catalyst Equity Out	\$922,373	8.7%
Grand Total Uses	\$10,652,763	100%

Unit Schedule

Sq. ft.	BR	#	Initial Rent	Market	% of Market	% of Median Income	Income Required at 30%
247	0	8	\$695	\$840	82.7%	73.6%	\$27,800
288	0	15	\$725	\$875	82.9%	76.7%	\$29,000
433	1	8	\$875	\$1,100	79.5%	44.1%	\$35,000
534	2	8	\$1,000	\$1,350	74.1%	36.5%	\$40,000
840	3	5	\$1,500	\$1,725	87%	46.1%	\$60,000
1037	4	5	\$1,650	\$1,950	84.6%	50.7%	\$66,000
		49	\$47,185	\$57,820	81.5%	58.6%	\$45,400

How NMF Assists Non-Profits to Leverage Surplus Cashflow to Access Additional Capital



Fund Summary

Flexible Capital

- Post-stabilization mid-term equity or second mortgage
- Capped upside, but priority return
- Target 4.5% Cash Distribution
- Net 7-8% IRR

Growing Partners

- Leading co-ops and non-profits
- Incremental growth
- New construction or substantial rehabilitation

Long Term Affordability

- On average affordable at <80% of area median household income
- Deeper affordability when possible
- Exit to community ownership

Sustainable Growth

- Mixed income, mixed use
- Transportation oriented
- Strong energy efficiency

Other Financing Opportunities



51% ownership



NEW COMMONS DEVELOPMENT

Community real estate development

NEW MARKET FUNDS

Affordable housing equity

COMMUNITY FORWARD FUND

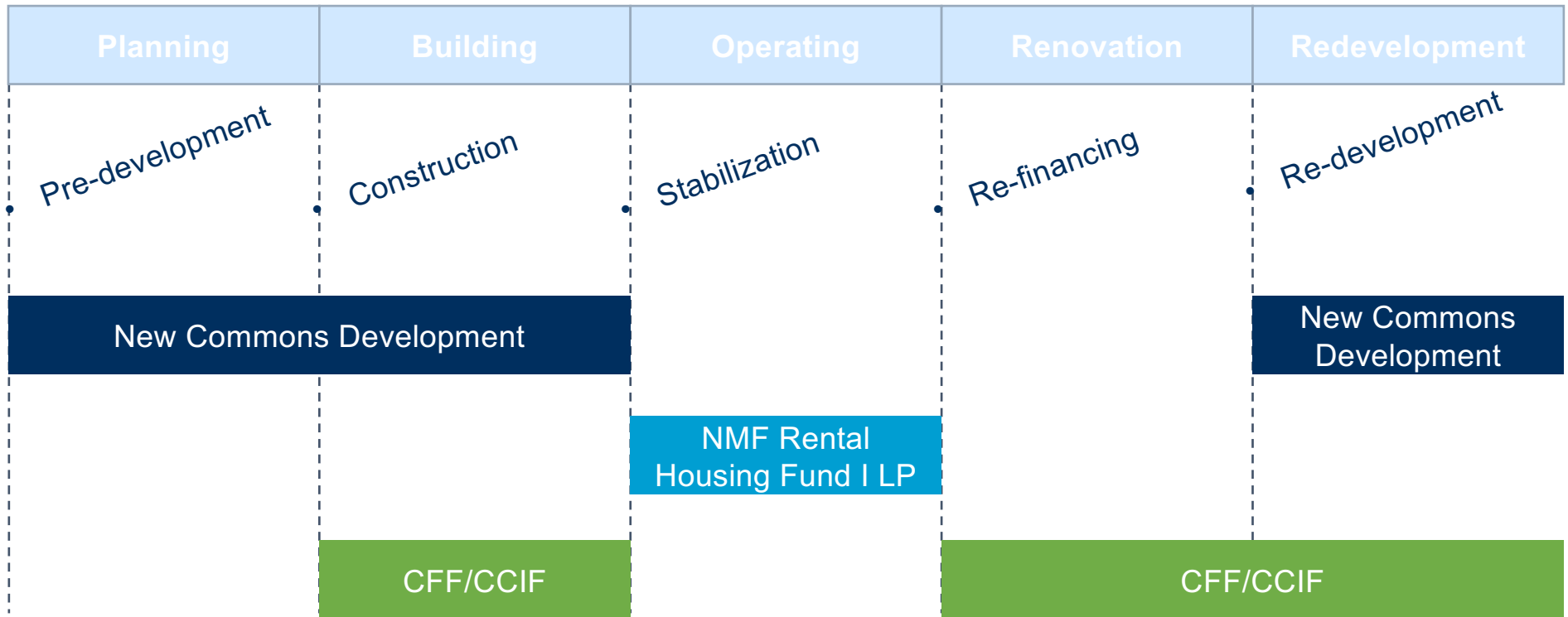
Community lending

CCIF
canadian co-operative investment fund

Co-operative enterprise investment



Housing Financing Continuum



Community Forward Fund

Community Forward Fund (CFF) provides loans to non-profits, charities and social-enterprises that are committed to making a difference in their communities

CFF is part of a platform of values-aligned organizations; the team has decades of experience in lending, investing and development

To date CFF has advanced \$16 million in loans to over 45 organizations across 8 sectors and 8 provinces

CFF partners with investors to provide investment and co-investment opportunities, as well as loan management services



What

Who

Impact

How



CFF Impact To Date

\$16MM

Lent to diverse organizations

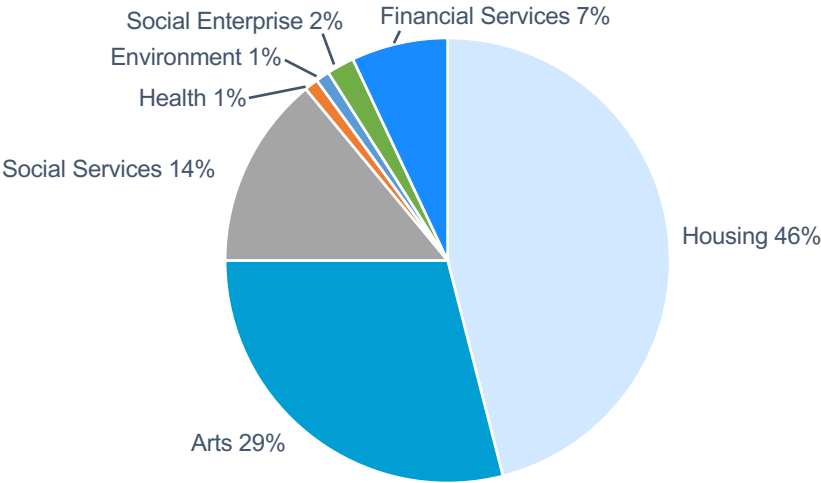
45

Loan transactions to over 35 unique charities, non-profits, and social enterprises

8

Provinces and 7 sectors reached

Sectoral Breakdown



Canadian Co-operative Investment Fund

The Canadian Co-operative Investment Fund (CCIF) provides loans, equity and quasi equity to co-operative enterprises across Canada

CCIF is part of a platform of values-aligned organizations; the team has decades of experience in lending, investing and development

CCIF partners with credit unions and other capital providers to increase funding capacity; to date CCIF has funded \$500k and approved an additional \$1.5 million in loans to 7 co-operatives across 4 sectors and 3 provinces

CCIF provides capital investments to co-operatives ranging from \$50,000 to \$1.25M per transaction to help strengthen local communities



What

Who

Impact

How



CCIF Impact To Date

\$2.1MM

Funded and approved to diverse co-ops

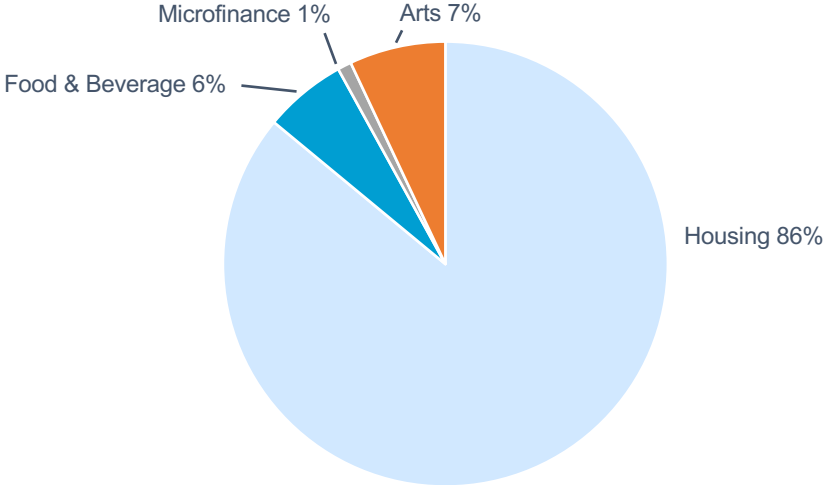
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Unique co-operative enterprises supported

4

Sectors and 3 provinces reached

Sectoral Breakdown





Thom Armstrong,
*Executive Director at Community Land Trust
Foundation of BC & Co-operative Housing
Federation of BC*

“**New Market’s equity investment was a key element in our** Community Land Trust’s **development of 358 affordable homes** on land contributed by the City of Vancouver.”

“New Market Funds has attracted a team of experienced, mission-driven professionals who are a pleasure to work with. They bring discipline, insight and a keen understanding of partnerships to the challenge of developing affordable housing in a very competitive market.”





Robert Brown,

President, Catalyst Community Developments Society

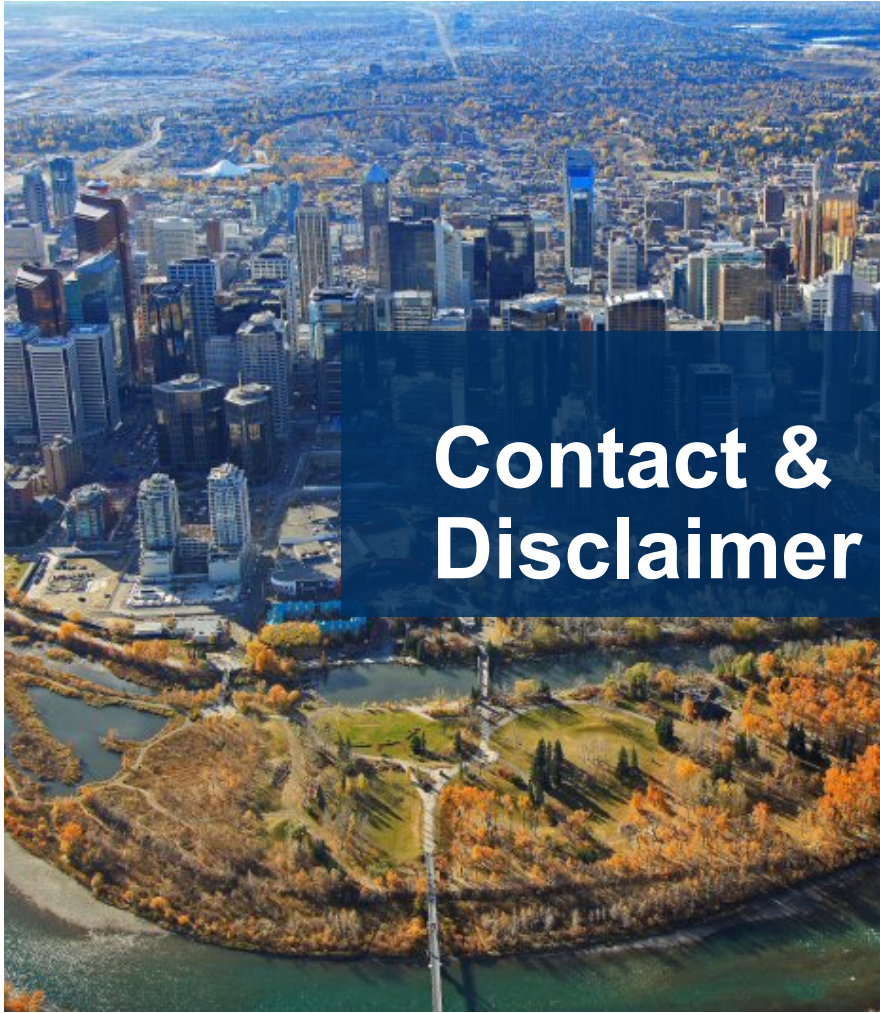
"At the recent completion of our affordable rental housing project – Madrona at Dockside Green in Victoria – we had secured long-term takeout financing. **New Market Funds was able to tailor a financing solution that allowed us access to a portion of the remaining equity in the project.** We are now using this equity to expedite the various below market rental housing projects we have under development. They provided a highly-effective tool to enable us to further our mission of providing much needed affordable rental housing."

"Working with the team at New Market Funds has been a pleasure. They understand real estate and more specifically the constraints and challenges of affordable housing projects. **They were able to customize a solution that worked for us.** We recommend that others in our sector consider working with New Markets Fund to find financial solutions that meet their specific needs."



Partner Testimonials





Contact & Disclaimer

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A wide-angle photograph of a city skyline across a body of water. The sky is overcast with grey clouds. The water in the foreground is calm, reflecting the buildings and the sky. A prominent tower with a spire is visible in the center of the skyline. A dark blue rectangular box is overlaid on the center of the image, containing the text "Additional Information" in white, bold, sans-serif font.

Additional Information



ANDY BRODERICK,
Managing Partner

Andy is a member of New Market Funds management committee and is responsible for New Commons Development. He has more than 25 years of experience in non-profit real estate development including over 13 years launching and managing funds at Vancity and Housing Vermont. He holds an MA from University of Virginia and a BA from James Madison University.



DEREK BALLANTYNE,
Managing Partner

Derek is a member of New Market Funds management committee and is responsible for the Community Forward Fund Assistance Corp. He has more than 20 years of experience leading community housing and development corporations as CEO of Toronto Community Housing and COO of Build Toronto. He has deployed over \$500M in real estate in Canada. He holds a BA from Carleton University.



GARTH DAVIS,
Managing Partner

Garth is a member of New Market Funds management committee and is responsible for the New Market Funds platform. He has more than 25 years of experience in capital deployment including Vancity, Turtle Creek and Scotia. He holds Masters degrees from Johns Hopkins University and London School of Economics and a BA from Simon Fraser University.

Management Team





CARLA PELLEGRINI
Operations Manager

Carla leads the strategic and day-to-day operations across the New Market Funds platform. She has more than 5 years of experience in non-profit and for-profit community development abroad and in North America with Sonder Inc. in Vancouver, One Acre Fund in Kenya and the US Peace Corps in Nicaragua. She holds an MPA from Columbia University and a BA from Boston College.



MATT PUTRA
VP Finance

Matt leads the finance and accounting operations across the New Market Funds Platform. He has over ten years in financial, operations and technology management in high-growth, for-profit organizations. He holds a BCom from Thompson Rivers University.

Operations & Finance Team

Case Study

Current Investment Commitments with Vancouver Community Land Trust



Family Rental Housing – Tikva Housing

- Located in the River District in Vancouver
- 32 family townhouse units
- 4 2-bedroom, 24 3-bedroom and 4 4-bedroom
- Affordable at 60.1% of median income
- Completion November 2018; Investment January 2019

Sources

Source	Amount	% of Total
Land Lease	\$2,835,955	21.0%
NMF Rental Housing Fund I LP	\$600,000	4.4%
Sponsor Equity Contribution	\$1,000,000	7.4%
Other Sources (Lease up income)	\$266,285	2.0%
BC Housing Equity	\$50,000	0.4%
Long-Term Mortgage	\$8,755,574	64.8%
Total	\$13,507,814	100%

Uses

Use	Amount	% of Total
Land Acquisition	\$2,902,774	21.5%
Construction	\$8,292,805	61.4%
Soft Costs	\$1,910,403	14.1%
Contingency	\$401,832	3.0%
Total	\$13,507,814	100%

Unit Schedule

Sq. ft.	B R	#	Initial Rent	Market	% of Market	% of Median Income	Income Required at 30%
1045	2	4	\$1,624	\$2,225	73.0%	63.7%	\$64,960
1175	3	24	\$1,852	\$2,538	73.0%	58.8%	\$74,080
1305	4	4	\$2,029	\$2,779	73.0%	64.4%	\$81,160
		32	\$59,069	\$80,917	73.0%	60.1%	\$73,825

Case Study

Current Investment Commitments with Vancouver Community Land Trust



Co-operative Housing Towers

- Located in the River District in Vancouver
- Tower 1 – Seniors focused units
 - 108 1-bedroom units
- Tower 2 – Family focused units
 - 80 units; 20 1-bedroom, 50 2-bedroom, and 10 3-bedroom units
- Affordable at 54.9% of median income
- Completion November 2018; Investment January 2019

Sources

Source	Amount	% of Total
Land Lease	\$10,891,046	19.4%
NMF Rental Housing Fund I LP	\$6,000,000	10.7%
Sponsor Equity Contribution	\$2,000,000	3.5%
BC Housing Equity	\$3,191,500	5.7%
Other Sources (Lease up income)	\$1,109,945	2.0%
Long-Term Mortgage	\$33,009,574	58.7%
Total	\$56,202,065	100%

Uses

Use	Amount	% of Total
Land Acquisition	\$11,125,067	19.8%
Construction	\$36,126,410	64.3%
Soft Costs	\$7,216,410	12.8%
Contingency	\$1,733,938	3.1%
Total	\$56,202,015	100%

Unit Schedule

Sq. ft.	BR	#	Initial Rent	Market	% of Market	% of Median Income	Income Required at 30%
551	1	20	\$984	\$1,294	76.0%	52.3%	\$39,360
552	1	44	\$984	\$1,294	76.0%	52.3%	\$39,480
568	1	16	\$1,012	\$1,332	76.0%	53.8%	\$40,480
571	1	4	\$1,012	\$1,332	76.0%	53.8%	\$40,480
597	1	22	\$1,080	\$1,421	76.0%	57.4%	\$43,200
634	1	22	\$1,080	\$1,421	76.0%	57.4%	\$43,200
773	2	10	\$1,415	\$1,861	76.0%	55.5%	\$56,600
789	2	10	\$1,415	\$1,861	76.0%	55.5%	\$56,600
791	2	20	\$1,415	\$1,861	76.0%	55.5%	\$56,600
842	2	10	\$1,485	\$1,954	76.0%	58.3%	\$59,400
1065	3	10	\$1,765	\$2,322	76.0%	56.0%	\$70,600
		188	\$219,836	\$289,199	76.0%	54.9%	\$46,774

Case Study

Current Investment Commitments with Vancouver Community Land Trust



Fraser Co-operative

- Located in the River District in Vancouver
- 90 unit family focused riverfront development
- 34 2-bedroom and 56 3-bedroom units
- Affordable at 85.4% of median income
- Completion July 2018; Investment September 2018

Sources

Source	Amount	% of Total
Land Lease	\$8,254,000	23.1%
NMF Rental Housing Fund I LP	\$3,750,180	10.5%
BC Housing Equity	\$127,500	0.4%
Other Sources (Lease up income)	\$977,489	2.7%
Long-Term Mortgage	\$22,606,979	63.3%
Total	\$35,716,148	100%

Uses

Use	Amount	% of Total
Land Acquisition	\$8,432,180	23.6%
Construction	\$20,904,737	58.6%
Soft Costs	\$5,358,146	15.0%
Contingency	\$1,021,085	2.8%
Total	\$35,716,148	100%

Unit Schedule

Sq. ft.	BR	#	Initial Rent	Market	% of Market	% of Median Income	Income Required at 30%	
860	2	4	\$ 2,050	\$ 2,300	89.1%	80.4%	\$ 82,000	
872	2	6	\$ 2,100	\$ 2,150	97.7%	82.4%	\$ 84,000	
872	2	3	\$ 2,100	\$ 2,200	95.5%	82.4%	\$ 84,000	
980	2	7	\$ 2,400	\$ 2,400	100.0%	94.2%	\$ 96,000	
980	2	14	\$ 2,450	\$ 2,450	100.0%	96.1%	\$ 98,000	
947	2	1	\$ 2,450	\$ 2,450	100.0%	96.1%	\$ 98,000	
1048	3	3	\$ 2,350	\$ 2,600	90.4%	74.6%	\$ 94,000	
1048	3	3	\$ 2,375	\$ 2,650	89.6%	75.4%	\$ 95,000	
1048	3	3	\$ 2,450	\$ 2,700	90.7%	77.8%	\$ 98,000	
1080	3	4	\$ 2,500	\$ 2,750	90.9%	79.4%	\$ 100,000	
1080	3	8	\$ 2,550	\$ 2,800	91.1%	81.0%	\$ 102,000	
1080	3	1	\$ 2,575	\$ 2,850	90.4%	81.8%	\$ 103,000	
1080	3	1	\$ 2,600	\$ 2,900	89.7%	82.5%	\$ 104,000	
1189	3	28	\$ 2,650	\$ 2,800	94.6%	84.1%	\$ 106,000	
1189	3	4	\$ 2,759	\$ 2,950	93.5%	87.6%	\$ 110,360	
			90	\$ 222,986	\$ 235,450	94.9%	85.4%	\$ 96,957