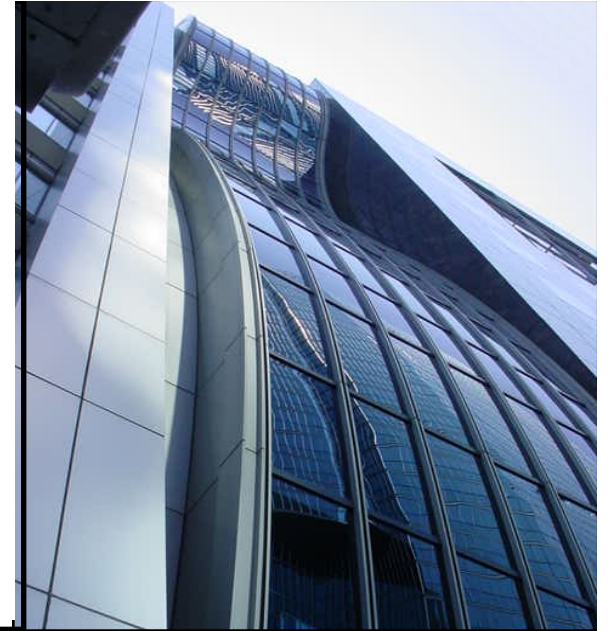


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2011 Edmonton Real Estate Forum

Outlook for the debt markets – 2011 and 2012

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VANCOUVER | CALGARY | TORONTO | MONTREAL | HALIFAX

Apartment Transaction – April, 2007

- 84 units, multiple building apartment complex, wood frame, walk-up, built in 1979
- Millwoods neighborhood
- Purchase price \$10.5 MM - \$125,000/suite
- Potential condo conversion or CMHC exit
- New First Mortgage for \$8.4MM – 80% of purchase price
- DCR < 1.00x , on int. only basis
- 1 year term, interest only
- Prime + 1.50%
- Full Personal guarantee



Comparative Analysis – April, 2011

- Analysis and lending criteria based on cash flow
- Maximum 70 - 75% Loan to Value
- Min. 1.25x DCR
- Amortizations 20 – 25 years typically
- Full or limited covenants
- Pricing - floating at Prime + 1% - 1.50%, or fixed at spreads above GOC bond yields (150 - 225 bps).
- Terms 6 months – 5 years, typically
- Typically closed mortgages



Apartment Financing – 2011 and beyond

- Financing parameters will generally be focused on product with measurable cash flow
- Typically 70% - 75% LTV, and potential for higher LTV's in 2011/2012
- Limited opportunity for condo inventory loans, generally up to 65% of condo value, Prime + 3% range
- Potential for interest only options in the future
- Apartment lending spreads will remain competitive