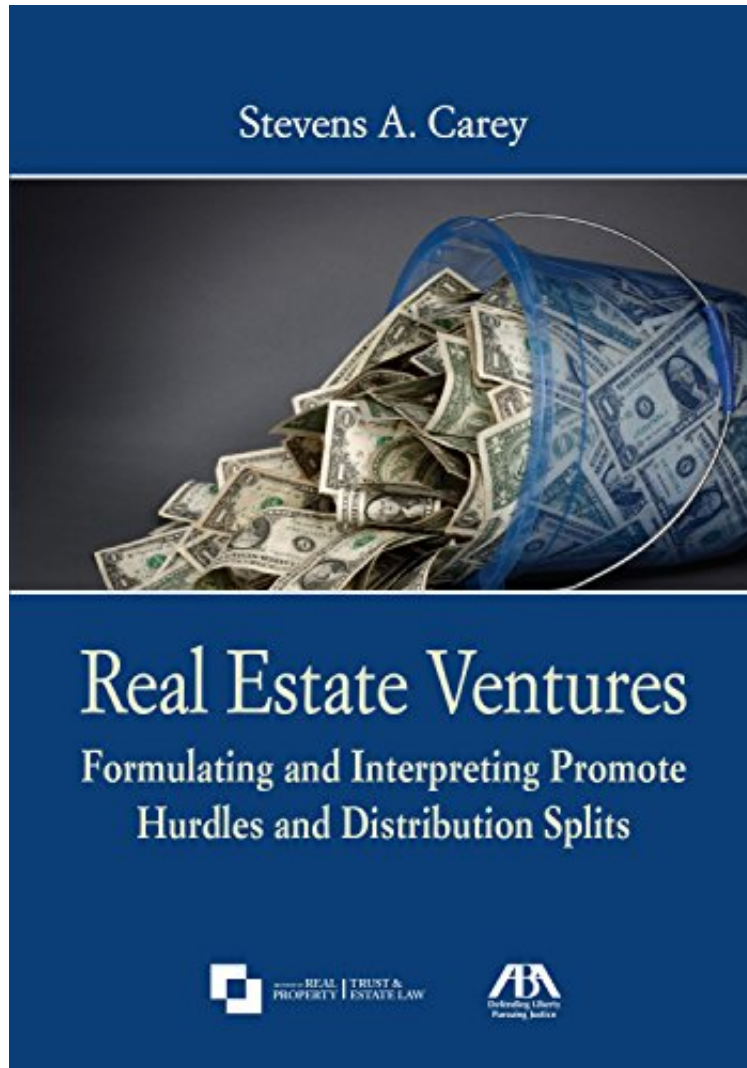


Real Estate Ventures: Formulating and Interpreting Promote Hurdles and Distribution Splits

Stevens A. Carey

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Stevens A. Carey : Real Estate Ventures: Formulating and Interpreting Promote Hurdles and Distribution Splits before purchasing it in order to gage whether or not it would be worth my time, and all praised Real Estate Ventures: Formulating and Interpreting Promote Hurdles and Distribution Splits:

Real Estate Ventures addresses the difference between IRRs and preferred returns in real estate ventures. Author

Stevens A. Carey explains, compares and quantifies different approaches commonly taken when formulating and interpreting how distributions are shared by a financial partner and an operating partner (when the operating partner is entitled to a promote or carried interest after a certain level of distributions) including: The differences between IRRs and preferred returns Allowing the promote hurdle balance to go negative when there is a surplus vs. not doing so In effect, using continuous compounding vs. discrete compounding with simple returns between compounding When discrete compounding is used, employing separate compounding periods for each cash flow vs. using fixed compounding periods for all cash flows Using timing conventions, such as, assuming all cash flows occur at the beginning or end of a period Presented in a straightforward format, the book begins with background on the topic and summarizes the basic issues and concepts related to promote hurdles in four parts: Part A: Accessible, question-and-answer presentation of the basic issues and highlights about the topic, including the differences between preferred returns and IRRs Part B: Summary of the basic issues and concepts relating to promote hurdles, as well as a more detailed treatment of the differences between preferred returns and IRRs, a discussion of soft hurdles, and of recycling profits, one of the key potential differences between IRR and preferred return/return of capital hurdles Part C: General background and analysis of the differences between preferred returns and IRRs Part D: In-depth chapters address issues related to "multiple IRRs" and "effective rates," and a practical solution to avoid multiple IRRs in the context of multiple promote hurdles

About the Author STEVENS A. CAREY is a transactional partner in the Los Angeles office of Pircher, Nichols Meeks, a real estate law firm. He is contributing editor of The Real Estate Finance Journal, and has authored numerous articles relating to joint ventures.