



Real Estate Syndication

Real estate syndication is an effective way for investors to pool their financial and intellectual resources to invest in properties and projects much bigger than they could afford or manage on their own. Projects are funded by investors by allocating a percentage ownership based on capital contributed. Properties are acquired when fully funded, and also using leveraged financing when favorable or required. Investors receive distributions based on net income and typically a preferred return, while sponsors usually receive a promote after investors have achieved an acceptable rate of return. Hold periods can be 3-10+ years, where investors also share in the equity appreciation through a sale or other disposition of the property.

Real estate syndication can be complex, but also offers an excellent way to reap a high return on a property by pooling resources. In order to maximize your chances of success, it's absolutely critical that you are exceptionally organized and have the right professionals on your side.

- Deal Sourcing and Acquisition

The first phase of any multifamily syndication is deal sourcing and acquisition.

At Silverback Universal, we use a strategic process to find the best properties within the best markets. This process includes examining the rent growth in the area, sales trends, employment opportunities and the supply to ensure that the market would be lucrative. During this phase, our team conducts thorough market research to analyze various conditions so that we can fully assess and properly ensure that the property has positive financial ability. Once a suitable property is identified and researched, we begin negotiating the purchase price, securing financing and finalizing the acquisition.

- Capital Raising and Investor Onboarding

Once we acquire the property, that's where our investors come in!



In this stage, the syndicator, like Silverback Universal for example, presents the investment opportunity to their investor community outlining the property's key details, financial projections and expected returns. Interested investors can then commit capital to the syndication, becoming limited partners in the venture. As investors choose to be involved with the deal, the syndicator ensures proper legal documentation, subscription agreements and investor communications are in place before accepting capital contributions.

- Property Management and Value-add Creation

Once all capital is raised for that specific deal, the syndicator can then transition into the property management and value-add creation phase. During this stage, the syndicator oversees the day-to-day operations of the property, including tenant management, maintenance, rent collection and expense optimization. This is one of the largest benefits for investors in multifamily deals because as an investor, you don't have to be directly involved with any day-to-day operations when you partner with an investment group.

Instead, you invest your capital front, trust that the rest is taken care of for you and still get to reap the passive benefits. In addition to the day-to-day operations of the property, syndicators also typically implement a value-add strategy, such as property renovations, amenity enhancements or operational improvements to increase the property's value and rental income. The syndicator's goal during this phase is to enhance the property's performance and generate attractive returns for all investors involved.

- Ongoing Investor Communication and Reporting

Throughout the entire syndication, investors will receive ongoing communication and regular updates so that they are fully aware of what's happening with the property and how it's performing. When you partner with an investment group like Silverback Universal, you can expect consistent communication that includes details about property performance, financial statements, occupancy rates and any significant developments or challenges.

- Exit Strategy and Capital Distribution

The final phase of a multifamily syndication is the exit strategy and capital distribution. This stage involves carefully planning and executing the syndicator's strategy for selling the property and distributing profits. The exit strategy may include selling the property outright, refinancing to access equity or executing a 1031 exchange to defer capital gains taxes. Once the property is sold, the syndicator distributes the profits to the investors according to the terms outlined in the syndication agreement. This phase marks the close of the investment and investors can choose to reinvest their returns into subsequent syndications or pursue other investment opportunities.

Contact us to discuss us potentially partnering with you on a syndication project.



Real Estate Syndication Advisory

We are here to guide you through the following areas:

Financial Analysis

Our team models and analyzes commercial real estate annually throughout many different property classes, ranging from large portfolios to single-property assets. We can provide the analytical clarity you need to make the most informed transactional decisions.

Structuring the Correct Legal Entity

The legal entity most commonly used to structure a syndication is the limited liability company, or LLC. Sometimes sponsors will create multiple entities—a holding company and a local entity in the state where the property is located, whereby the local entity owns the building itself, and the holding company owns the local LLC. Our network of attorneys can provide the proper guidance and legal support.

Understanding Returns & Selecting the Right Distribution Structure

We will help you gain valuable insight into what the proper equity split, fee structure, and distribution method is for your syndication.

Finding the Right Sources of Capital

We specialize in advising clients on arranging equity and debt for virtually all types of commercial real estate, including land, office, retail, industrial, multifamily, medical, hospitality and special use properties. As a national commercial real estate company we are well positioned to combine our investment experience and capital market expertise to support your project.

Contact us now to discuss your business plan, your track record and the potential risks etc. to see if we are a good fit for your project.

Key Principal Advisory

Key Principals (KPs) are also known as Guarantors and is a term used by Agency lenders (Freddie Mac and Fannie Mae) on non-recourse commercial loans. Although agency loans are non-recourse, there are certain "bad-boy" carve-outs (e.g. misrepresentation, bankruptcy, etc.) that could grant the agencies recourse against the KPs. There are a number of criteria to qualify for a agency loan, but 3 major ones are past experience, net worth of KPs > loan amount and some liquidity thresholds.

Typically, the sponsors of the deal are automatically considered KPs and usually they have the past experience. But, sometimes sponsors don't meet the net worth or



liquidity requirements. In such event, KPs can be added to help the sponsors meet the requirements. In some deals non-sponsor KPs do not have an active role in managing the asset. The KPs are typically passive investors. In certain cases, KPs can be compensated with GP equity and/or a fee at closing for what they bring to the table and in other cases they may not. Sometimes sponsors meet all the requirements, but still bring on KPs so that the KPs can get "agency" experience which will help them when they sponsor their own deal and apply for a loan. In the end, the structure of how KPs are used and compensated depends on the situation. We can advise you accordingly.

Contact us now to discuss your business plan, your track record and the potential risks etc. to see if we are a good fit for your project.

Key Principal Guarantorship(s)

Serving as the key principal in a real estate syndication offers a variety of benefits to sponsors. However, it also entails more risk while requiring far more active involvement than a passive investor. Bottom line, if the deal makes sense we may agree to guarantee your project depending on the pros and cons of the subject deal.

