ACCESS

Fall 2022

Syndicated Equities

HEARTLAND PAYMENT SYSTEMS
OKLAHOMA CITY, OK

News of Interest for
Investors and Industry Professionals

Syndicated Equities Team

Richard Kaplan
CEO & FOUNDER

Matt McCulloch
MANAGING PARTNER

Jason Schwartz
MANAGING PARTNER & COO

René Ristau
PRINCIPAL & DIRECTOR OF ASSET MANAGEMENT

Robert Handler
PRINCIPAL & CONTROLLER

Terri Leslie
CHIEF OF STAFF

Tracy Treger
PRINCIPAL

Ashley Szatkowski
DIRECTOR OF FINANCE & ACQUISITIONS

Bibi Barrera
DIRECTOR OF INVESTOR RELATIONS

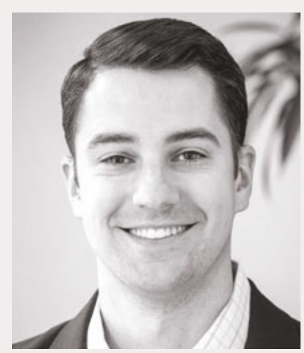
Miranda Parker
DIRECTOR OF ACQUISITIONS

Taylor Ligenza
OPERATION ASSET MANAGER

Jenna Rivera
BUSINESS DEVELOPMENT ASSOCIATE

Joshua York
INVESTMENT ASSOCIATE

Katie Donovan
ADMINISTRATIVE COORDINATOR



Andrew Killian
ACQUISITIONS ANALYST

LETTER FROM THE PRESIDENT

Richard Kaplan

Consider the snow globe. That tennis ball sized plastic/glass dome with a central figure that can be engulfed by shaking up pretend snow. The perfect gift for a traveler to bring home from a vacation. I, for one, always liked shaking up the snow and watching it clear, but now, I am more content with the calm of the settled snow. Life these days seems so full of so many things flurrying around and the uncertainty of when it's all going to quiet down. We've all spent the last two-plus years in a state of flux. Pandemic, related illnesses, isolation, remote working/learning, and when we thought we were finally coming out of it, BANG! a new storm of Russia/Ukraine, recession, rising interest rates, stock/bond valuations, climate crisis and political hubbub swirls around us.

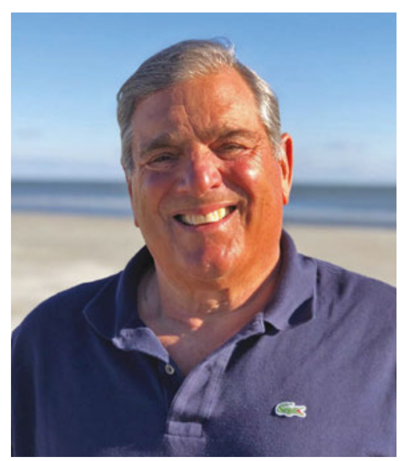
We at Syndicated operate in the midst of all these influences. Today, we are experiencing a market that has spontaneously reacted to the rapid changes in economic conditions. Within the past 90 days, the current rise in interest rates of more than 125 basis points has created yet another set of challenges. Acquisition pricing, investor expectations, disposition opportunities, leasing terms and construction costs are all being revisited and recalculated. I am of the opinion that in today's minute by minute, tweet connected global economy, the disruptive surges are in part the result of over-reactive responses. Ultimately, I foresee a midpoint.

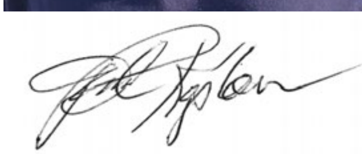
Keeping all this in mind, we continually review our portfolio, both internally and with our partners and managers, discussing the best strategies for today and the near future. As always, our discipline is to be cautious and foresightful and patient. Real estate investing has always been about the long game, and we make our decisions with an eye toward balancing risk and reward.

We currently have 65 properties under the Syndicated flag, and our recent decisions to either sell, hold or refinance are all based on what we feel is in the best interest of our investors. Weighing cash flow vs. profitable sales, defensive dispositions versus capital calls, and timely refinancings are thoroughly thought through, and we are proud of our successful track record.

My mentors regularly remind me that there is always going to be something that shakes up my globe, and I've learned to fully appreciate the moments of calm.

> "As always, our discipline is to be cautious and foresightful and patient."





A NOTE FROM OUR MANAGING PARTNER

Matt McCulloch

We hosted our annual investor conference virtually this summer, and we were very appreciative that over 200 investors spent an hour with our team. In preparing our remarks and reviewing notes from 2021, I was struck by how vastly different the past two years have been, and again now at how different the coming months may be.

At first, I was reminded of how much uncertainty still existed in 2021. Huge question marks surrounded major asset classes such as office, retail and hospitality, and portfolios continued to require intense asset management work stemming from the pandemic. We had made only four new investments in nearly 12 months, and we were in the process of selling only two assets.

Fast forward to 2022, and we've now completed eight profitable sales with another three assets and a portfolio under agreement to be sold. Two properties have been refinanced for investors, and we've made eight new investments with two more pending. In total, this combined transaction volume represents over $435 million in asset value.

We are also pleased to note that the vast majority of our retail, office, industrial and apartment portfolio is distributing cash flow, and rent collections have largely returned to pre-pandemic levels. We've also signed numerous lease extensions and new leases over the past year.

The next 12 months are shaping up to look very different than the prior year. Interest rates are rising quickly, inflation is truly a factor across the entire economy, the effects of the pandemic are still reordering where we work, live and shop, and the global impact of Russia's invasion in Ukraine continues to unfold.

These factors have impacted the investment market, resulting in slower deal activity, higher borrowing rates, and reduced pricing levels. To the extent that we continue to see strength among certain tenants and asset classes, this environment should produce pricing that is appealing to us as investors. Further, our longstanding lending relationships have proven valuable as we've been able to source attractive financing quotes despite current volatility. In the coming months, we aim to provide our investors with assets that provide stability amidst a choppy investment market along with what we hope may be opportunities for value-add growth.

"The vast majority of our retail, office, industrial and apartment portfolio is distributing cash flow, and rent collections have largely returned to pre-pandemic levels."

NET LEASE

BY JASON SCHWARTZ, COO

After a historic 2021, in which net lease assets achieved record high transaction volume and record low cap rates, the market has slowed significantly in 2022 as uncertainty remains high amongst investors.

Initial projections for 2022 were bullish after transaction volume reached $79.3 billion in 2021, a 39% increase over 2019. This sustained demand continued into the first and second quarter of 2022 as cap rates for all three segments (industrial, office, and retail) continued to push downwards as both private and institutional investors sought the security and consistent cash flow of net lease assets. In mid-June, interest rates moved up significantly as a result of the Federal Reserve's monetary tightening policy. This had an immediate impact on deal volume, which was 30% lower during Q3'22 when compared to Q3'21 according to the Boulder Group. The bid-ask spread widened as buyer's priced in the higher cost of debt and seller's pricing expectations remained unchanged from earlier in the year.

Buyer criteria also started to shift during the third quarter as a direct result of inflation, which was running between 8% and 9%. Investors began seeking out and paying higher prices for shorter term leases to take advantage of potential rent escalations at lease expiration. Inflation puts upwards pressure on rents, and investors saw this as an opportunity on shorter term deals as opposed to long-term net leases, where rent escalations are fixed at 1-2%.

Now into the fourth quarter, all eyes remain fixed on the Federal Reserve as investors try to gauge future rate increases and its impact on borrowing costs. As some of the uncertainty starts to dissipate, we believe transaction volume will pick back up. Furthermore, in this environment, we believe that consistent cash flow from an investment grade tenant with annual lease increases is an excellent position to take amidst current market volatility.

Current Cap Rate Snapshot

5.25% - 6.00%
WALGREENS

5.00% - 5.85%
CVS

4.75% - 5.25%
CHIPOTLE

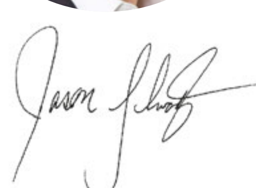
5.75% - 6.00%
TRACTOR SUPPLY COMPANY

4.30% - 5.00%
ALDI

5.90% - 6.50%
DOLLAR GENERAL

4.50% - 5.00%
7-ELEVEN

Please contact our net lease brokerage team (Josh York, jyork@syneq.com) if you have any questions about the market.



NEWS

Syndicated Equities welcomes the newest additions to our team, **KATIE DONOVAN**, Administrative Coordinator, and **ANDREW KILLIAN**, Acquisitions Analyst.

Katie Donovan

ADMINISTRATIVE COORDINATOR

Andrew Killian

ACQUISITIONS ANALYST

Taylor Ligenza

PROMOTED TO OPERATION ASSET MANAGER

Syndicated Equities is pleased to announce that **TAYLOR LIGENZA** has been promoted to Operation Asset Manager. Taylor has been with Syndicated for over four years, primarily working in asset management, overseeing portfolio-wide operational activities.

Bibi Barrera

PROMOTED TO DIRECTOR OF INVESTOR RELATIONS

Syndicated Equities is pleased to announce that **BIBI BARRERA** has been promoted to Director of Investor Relations. Bibi has been with Syndicated for over six years, working primarily with the accounting and acquisitions department managing our investment and investor platforms.

◀ From left to right, Bibi Barrera, Jenna Rivera, Katie Donovan

SYNDICATED EQUITIES SUMMER EVENT AT THE COLLECTORS' CAR GARAGE

Syndicated Equities hosted our first in-person event since the pandemic at the Collectors' Car Garage in September. It was wonderful to be with everyone again after nearly three years. We enjoyed seeing some new faces as well as reconnecting with familiar ones. Syndicated Equities extends a warm thank you to everyone who attended the event, and we look forward to the next one.

Virtual Investor Conference

SYNDICATED EQUITIES HOSTED our annual investor conference virtually this May. We are appreciative of the over 200 investors who joined us, and we hope to see you at our next conference in person.

▲ **JASON SCHWARTZ** and wife Erica welcome their second child, Theo Schwartz earlier this year.

◀ Bibi Barrera and Ashley Szatkowski

CREW NETWORK MARKETPLACE

Syndicated Equities sponsored a booth at the 2022 Commercial Real Estate Women (CREW) Network Marketplace in Chicago this September.

Where Real Estate and Securities Intersect

BY TRACY TREGER

Investors have been asking us recently, “Who is Metropolitan Capital (“MetCap”), and how are they involved in your new investment opportunity?” More importantly, investors have inquired ***why*** MetCap is involved, and how it affects them.

Historically, to invest in real estate private placements–such as Syndicated Equities’ projects–you literally had to know someone to get added to the mailing list. Offerings were only made available to qualified individuals, and participation was restricted to “accredited investors” who could satisfy one or more tests based on net worth, income, asset size, relationship to the issuer, or professional experience. The securities industry paid little attention to these transactions.

The rationale was that high-net-worth people are likely to be financially sophisticated and able to bear the risk of loss, and therefore, have less need for the kind of disclosures provided in regulated public offerings (i.e., a prospectus for publicly traded stock). Instead, sponsors of these investments could provide abbreviated disclosures. This is important because private equity companies are not federally insured like banks (FDIC) and brokerage firms (SIPC), and their offerings are often exempt from registration under securities laws.

Over the past several years, the private equity real estate industry has seen increased oversight from securities regulators. One reason is that new platforms, such as crowdfunding websites, have provided more people with access to private placements. The growing use of Delaware Statutory Trusts (DSTs) as replacement property for 1031 tax-deferred exchanges has also enabled more people to invest in private placements instead of purchasing their own buildings to complete an exchange. As more people have found their way into these “registration-exempt” real estate offerings, governmental agencies, including the SEC and FINRA, have taken greater interest in regulating these investments. They have required that private placement sponsors, such as Syndicated Equities, have their offerings reviewed by a licensed securities firm, such as MetCap, to ensure that both investment materials and the investors are properly vetted for each transaction. Please note that the cost of MetCap’s oversight is borne entirely by Syndicated.

For investors, MetCap’s compliance procedures and oversight create an additional layer of protection. Our executive summaries and offering memoranda are now reviewed by MetCap in addition to our internal team and outside counsel. MetCap also reviews our due diligence, such as environmental and market reports, to ensure that we have done our homework on the projects we offer. They examine the disclosures

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> “For investors, MetCap’s compliance procedures and oversight create an additional layer of protection.”

ACQUISITIONS

Thus far in 2022, Syndicated has five acquisitions and eight dispositions representing approximately $435 million of total asset value.

Winnebago Industries

EDEN PRAIRIE, MN — CLOSED 1/14/22

A 63,111 square-foot office building that is 100% net leased to Winnebago Industries, Inc. located in Eden Prairie, Minnesota, a premier suburb situated 12 miles from downtown Minneapolis. Founded in 1958, Winnebago is an integrated U.S. manufacturer of outdoor recreational vehicles that has grown to over 4,500 employees and posted annual revenue of $3.629 billion for the year ending August 2021. Syndicated invested $6,180,000 and structured its acquisition to accommodate both cash and 1031 exchange investors.

Gateway First Bank

JENKS, OK — CLOSED 1/21/22

Gateway First Bank Corporate Headquarters is an 86,000 square foot, four-story, Class A office building that is 100% net leased to Gateway First Bank through December 31, 2035. Gateway is one of the largest banks in the State of Oklahoma by asset size, and one of the largest mortgage companies operated by a bank in the U.S. The property is situated in Jenks, an affluent suburb located 12 miles south of Tulsa. Syndicated invested $14,110,000 and structured its acquisition to accommodate both cash and 1031 exchange investors.

CONTINUED FROM PAGE 7

in our materials for accuracy and completeness, and propose suggestions to improve our documents, like sections specifically addressing transaction risks.

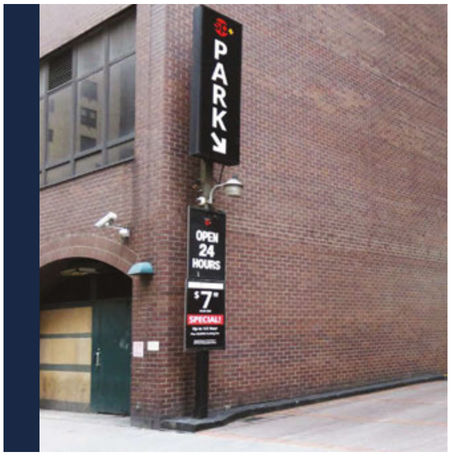
In addition to project-level diligence, MetCap also makes certain that we adequately screen prospective investors for suitability with respect to each transaction. Members of our team have taken FINRA examinations and are licensed to speak with potential investors about the substance of our deals. Our subscription paperwork requests more detailed information than in years past, including financial history and goals and a photo ID. These items are prescribed by FINRA and are standard in the industry. MetCap provides an independent review of all suitability paperwork for content and completeness, and screens prospective subscribers for money-laundering or Patriot Act violations.

We understand that these measures require paperwork from you. However, MetCap's oversight of our offerings benefits both investors and Syndicated. We are always happy to walk through our materials with you and your professional advisors to answer any questions about our processes and investment opportunities.

SSM Health Facility

FENTON, MO — CLOSED 5/5/22

A 55,000 square-foot medical office and training and simulation facility 100% leased to SSM Health Care St. Louis. SSM Heath Care St. Louis is a primary subsidiary of SSM Health Care, one of the top healthcare providers in St. Louis. The property is located across the street from a 430,000 square foot SSM Health regional hospital and consists of medical office on the first floor and a training and simulation center on the second floor. Syndicated invested $6,560,000 and structured its acquisition to accommodate both cash and 1031 exchange investors.



Midtown Manhattan Parking Garage

NEW YORK, NY — CLOSED 5/17/22

A 110-space, ground level parking garage condominium situated on the south side of West 58th Street just east of 6th Avenue in Midtown Manhattan. The garage draws parkers from the more than 3.7 million square feet of commercial, hotel, and residential buildings within a one-block radius of the property. Syndicated believes that the property will generate attractive returns for investors through in place cash flow along with the potential for improved operations. Syndicated invested $3,205,000 and acquired the property alongside Centerpark, a New York based parking management and real estate investment firm.

Heartland Payment Systems

OKLAHOMA CITY, OK — CLOSED 9/22/22

A 111,500 square foot, newly built, Class A office building that is 100% net leased to Heartland Payment Systems through July 2032. Heartland is a financial technology company focused on efficient and secure payment processing and payroll services. The property was custom built for Heartland in 2020 and can accommodate up to 550 employees. Syndicated invested $19,591,000 and structured its acquisition to accommodate both cash and 1031 exchange investors.

DISPOSITIONS

Thus far in 2022, Syndicated has five acquisitions and eight dispositions representing approximately $435 million of total asset value.

Mars Petcare

COLUMBUS, OH

Syndicated sold a 465,256 square foot freezer/cold storage warehouse facility that was 100% net leased to Mars Petcare in Columbus, Ohio on March 11, 2022. The property was acquired in August of 2017, and after 5 years of ownership, the sale resulted in a 2.0x equity multiple and a 18.37% internal rate of return for investors.

Walker House Apartments

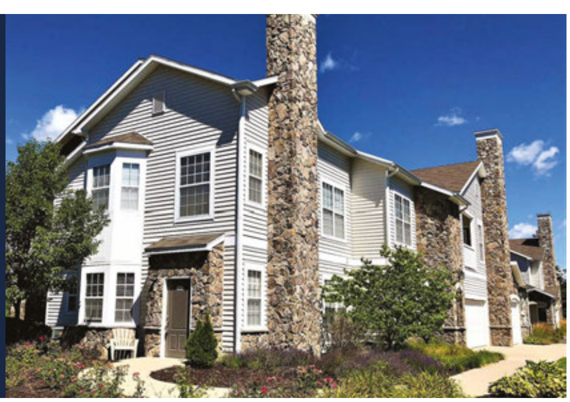
GAITHERSBURG, MD

Syndicated sold a 212-unit apartment community located in Gaithersburg, Maryland on March 28, 2022. Syndicated acquired the property in May of 2018 in a joint venture with Urban Investment Partners. The sale resulted in an equity multiple of 1.6x and a 13.6% internal rate of return for investors.

NorthShore University HealthSystem

BANNOCKBURN, IL

Syndicated sold a 40,800 square foot medical office building that was 100% net leased to NorthShore University HealthSystem in Bannockburn, Illinois on April 15, 2022. The property was acquired in December of 2012 and after 10 years of ownership, resulted in an approximate 1.83x equity multiple and an 8.54% internal rate of return for investors.



Stone Falls of Ada

ADA, MI

Syndicated sold a 210-unit luxury apartment community located in Ada, Michigan on May 26, 2022. The property was acquired alongside Highgate Capital Group, LLC in 2018. During the 4-year hold, Highgate executed its value-add strategy, resulting in strong cash-on-cash returns and a profitable sale that produced a 1.9x equity multiple and a 20.5% internal rate of return for investors.

Plaza at the Pointe

PITTSBURGH, PA

Syndicated sold a 149,973 square foot retail center in Pittsburgh, Pennsylvania on June 10, 2022. The property was acquired in 2016 alongside M&J Wilkow, Ltd. During its hold period, M&J Wilkow navigated the Covid-19 pandemic and signed lease renewals with the majority of tenants. The investment produced a profitable sale and earned investors a 1.7x equity multiple and a 11.6% internal rate of return.

Johns Hopkins University

LAUREL, MD

Syndicated sold a 43,785 square foot office building that was 100% leased to Johns Hopkins University in Laurel, Maryland on July 18, 2022. Syndicated acquired the property in January of 2011 in a joint venture with Middleton Partners, a Chicago-based real estate investment firm. The investment produced an 8.02% internal rate of return and an equity multiple of 1.95x.

Abbott Laboratories Life Sciences Campus

MINNETONKA, MN

Syndicated sold a bio-medical industrial portfolio in Minnetonka, Minnesota on July 19, 2022. Syndicated acquired the portfolio alongside Eagle Ridge Partners in 2017, which originally consisted of short-term leases for 280,289 square feet spread out across five buildings. Syndicated and Eagle Ridge negotiated long-term lease renewals for the portfolio, which resulted in a 2.38x equity multiple and a 20.71% internal rate of return for investors once the portfolio sold.

Cranberry Square

CRANBERRY TOWNSHIP, PA

Syndicated sold a 195,165 square foot retail center located in Cranberry Township, Pennsylvania on September 1, 2022. The property was acquired in 2018 alongside M&J Wilkow, Ltd. During its hold period, M&J Wilkow negotiated multiple lease renewals and executed a new lease with Harbor Freight Tools. Overall, investors earned a 1.69x equity multiple and a 13.66% internal rate of return on their total equity investment.

SINCE 1986

Private Real Estate Investment

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