

ACCESS

SUMMER 2025



SYNDICATED EQUITIES



SOLVENTUM
EDEN PRAIRIE, MN

News of Interest for
Investors and Industry Professionals



SYNDICATED EQUITIES TEAM



Richard Kaplan
CEO & FOUNDER



Matt McCulloch
MANAGING PARTNER



Jason Schwartz
MANAGING PARTNER & COO



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1031 EXCHANGE CONSULTANT &
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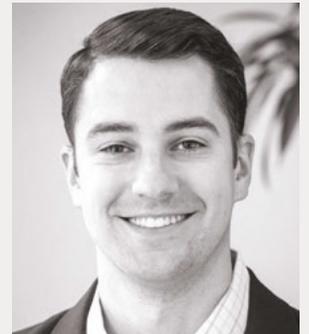
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Joshua York
DIRECTOR,
NET LEASE BROKERAGE



Katie Donovan
INVESTMENT &
COMMUNICATIONS ASSOCIATE



Andrew Killian
SENIOR ASSOCIATE

LETTER FROM THE PRESIDENT

Richard Kaplan

We've talked about interest rate uncertainty for almost two years and where many thought the election would settle things down a bit, it seems that there is more to it.

I'm reluctant to use the "been around for a while" card, but it's true and I have seen a lot of disruption in the over 55 years of my career. While no economic situation is always the same, the feeling of precariousness is all too familiar. What I have learned throughout the years is that there are periods of economic stabilization and predictable market influencers. This predictability allows for multiple years of "business as usual," and then there is always something ... recessions, interest rate volatility, bank liquidity, unforeseen crises, world and domestic disorder, and more.

Throughout these times, I've learned that we get through it. We take our bruises and move forward because what I have also learned is that real estate creates wealth building and preservation of capital opportunities. Our multi year track record is positive, and the wins far outweigh the losses. Patience and good sense have helped Syndicated hold strong through many, very trying times. As always, we appreciate the loyalty and trust of our investors.

One of the lessons I was taught as a young man was to recognize opportunity. This is the guiding force behind the recent growth of our team. The world of raising money has begun to shift from individuals investing directly with sponsors to the utilization of broker/dealers and RIAs. While the greater majority of the funds we raise are organic, the movement to outside capital advisors is gaining traction. To that end, we recognized the opportunity to capitalize on this trend and have added several well-seasoned and experienced RIAs to our platform. We took the shot and found quickly that tapping into these circles has proven to be a plus to our fund raising and has also allowed our investors a wider platform of investment offerings.



Balance.
The maintenance of equilibrium.
The management of contradicting forces and interacting properties.
The harmony of tension and stillness, strength and surrender.”

— MARCUS THOMPSON II





“

At Syndicated,
our strategy
remains
rooted in
discipline and
fundamentals.”



Matt McCulloch

A NOTE FROM OUR MANAGING PARTNER

Matt McCulloch

Over the past several months, the commercial real estate market has shown early signs of thawing. While interest rates remain elevated by historical standards, increased debt availability and some pricing adjustments are starting to bring more buyers and sellers back to the table. At Syndicated, we've been selectively active—acquiring assets in the medical and industrial sectors where stabilized income, attractive pricing, and improved financing terms aligned to create compelling opportunities.

After a prolonged slowdown in sales volume, we're also seeing renewed momentum among 1031 exchange investors. More sellers are entering the market, whether due to loan maturities, portfolio rebalancing, or simply a recognition that rates may not fall meaningfully in the near term. Nationally, transaction activity has ticked upward, with Real Capital Analytics reporting a 12% increase in commercial deal volume from Q1 to Q2 of this year. That increase is still off a low base but signals a potential inflection point for deal flow.

Financing remains one of the most sensitive variables. The 10-Year Treasury has traded between 3.8% and 4.6% over the past quarter, and rate volatility continues to challenge underwriting. However, several relationship lenders have re-entered the market more aggressively, citing a steady return of loan payoffs and improved clarity around regulatory expectations. Fixed-rate debt is increasingly accessible for creditworthy sponsors—especially in lower-leverage scenarios—and spreads are beginning to tighten in some sectors.

Meanwhile, the bifurcation across asset classes continues to define this cycle. Office remains structurally impaired, with lenders and borrowers still sorting through valuation resets. But medical, industrial, and necessity-based retail have shown resilience, underpinned by demographic demand and limited new construction. Multifamily has stabilized in many Sunbelt and Midwest markets, particularly where new supply has tapered. Cap rates in these sectors are adjusting to the higher-rate environment, creating better alignment between buyer and seller expectations.

At Syndicated, our strategy remains rooted in discipline and fundamentals. We've avoided chasing deals but have acted decisively when the right mix of tenancy, location, pricing, and debt has come together. We've also leaned into our network of longstanding lender relationships—allowing us to structure financing that accommodates market uncertainty without compromising returns. As always, we underwrite with margin for error, building rate cushions into every transaction.

We remain cautiously optimistic as we move through the second half of 2025. Whether the Fed cuts rates later this year or not, we believe this moment rewards patience, selectivity, and the ability to act decisively when quality opportunities emerge.

Jason Schwartz

IMPACT OF TARIFFS ON THE COMMERCIAL REAL ESTATE INDUSTRY

Over the past month, there has been no shortage of headlines about tariffs and their effect on financial markets and consumers. Yet little attention has been paid to the impact on commercial real estate — perhaps because its exposure is more indirect and unfolds more gradually compared to equities or consumer goods. Still, it's an industry already reeling from the one-two punch of elevated interest rates and tight liquidity in 2023 and 2024.

At the start of 2025, there was cautious optimism that a stabilized bond market would allow institutional capital and lenders to re-engage, boosting transaction volume. Initially, signs pointed to a return to normalcy — but rising uncertainty has once again stalled momentum. While the situation remains fluid and changes day-to-day, the near-term impact of tariffs can best be broken into two categories:

New Construction. The most immediate impact will be on construction costs — although the extent remains difficult to predict. For example, soft lumber from Canada was initially exempted from global tariffs but is now being reconsidered for higher rates later this year. Steel and aluminum have already been subject to 25% tariffs since March. Regardless of the outcome, higher material costs will compress development margins, making it harder to get projects off the ground. For markets that are oversupplied, such as some cities in the Sunbelt, this provides an opportunity for existing stock to get absorbed and a rebalancing of market fundamentals. In places like Chicago, where deliveries are projected to be a fraction of the 10-year historical average, we expect continued record growth in rental rates.

Interest Rates. One of the biggest barriers to transaction volume over the past two years has been pricing discovery. The bid-ask spread between what a buyer is willing to pay and what a seller believes the property is worth had started to narrow in the first quarter. This was primarily driven by renewed capital inflows and greater stability in the bond market.

10-year Treasuries moved within approximately 15 basis points, in either direction, from January to March, allowing buyers to more easily underwrite debt assumptions and therefore pricing. Following the announcement of tariffs, 10-year Treasuries initially dropped by roughly 20 basis points, then surged by 60 basis points before gradually retreating. Such large swings in a short timeframe — an ongoing issue since 2023 — have once again forced buyers back to the sidelines, waiting for clarity.

In time, as policy evolves, we will continue to learn about other impacts throughout the industry. For now, like most others, we remain cautious in our investment approach and thesis. Our focus remains on our single-tenant, net lease offerings with a concentration in medical and industrial assets that provide long-term stability and yields.



A handwritten signature in dark ink, appearing to read "Jason Schwartz".



We remain cautious in our investment approach and thesis.”



Current Cap Rate Snapshot

6.65% - 9.25%

WALGREENS

5.25% - 7.00%

CVS PHARMACY

5.25% - 7.00%

STARBUCKS

4.05% - 4.95%

CHICK-FIL-A

4.50% - 5.50 %

RAISING CANE'S

5.00% - 5.65%

TEXAS ROADHOUSE

4.40% - 5.80%

CHIPOTLE

6.35% - 7.75%

DOLLAR GENERAL

For more insights on today's net lease market, please contact Josh York at (312) 640-9018 or jjork@syneq.com.



NET LEASE BY JOSHUA YORK

NAVIGATING A NARROWER BUY BOX IN THE NET LEASE MARKET

As macroeconomic pressures collide with headline tenant struggles, the “buy box” for what qualifies as a desirable asset is getting tighter.

Hooters, On the Border, Red Lobster, TGI Fridays, Big Lots, The Container Store, and Party City have filed for bankruptcy within the last 13 months. Walgreens is going private, and Dollar Tree is selling the Family Dollar brand to private equity. These tenant-specific shakeups, combined with continued uncertainty around interest rates and tariff policy, are forcing investors to reassess risk more conservatively. It's clear that capital markets are seeking safe harbor.

In response, the spread between core assets and marginal deals has widened considerably. Investors are favoring properties backed by strong credit, essential service tenants, and irreplaceable real estate, even if it means accepting a low cap rate. Over the past six months, ground leases to McDonald's (S&P: BBB+) have traded between 3.55% and 4.50%, Chick-fil-A in the 4.00% to 4.95% range, and ALDI from 4.30% to 5.55%, depending on the strength of location. In contrast, Walgreens deals with 9+ years of

base term remaining have traded in the 6.65% to 9.10% cap rate range.

Ironically, while uncertainty narrows the buy box, we expect it to drive more equity into the STNL sector. Investors seeking stable, monthly income are shifting away from volatile equities and toward hard assets. The key, however, is selectivity. Credit quality, use, and location are under the microscope in a way they haven't been in years.

Our team is here to help you navigate the market and identify the right opportunities.

“Investors seeking stable, monthly income are shifting away from volatile equities and toward hard assets.”

Technology Meets 1031 Exchanges

As I prepare to travel to Washington, DC to discuss the latest developments in 1031 exchanges and lobby for their preservation, I've been reflecting on the technological advancements that have significantly improved the exchange process behind the scenes for both taxpayers and industry professionals.

The Role of Technology in Streamlining the Process

Technology has streamlined many aspects of real estate investment, and 1031 exchanges are no exception. Gone are the days of sending bulky hard copies of offering materials in FedEx packages. Now we share these documents electronically, which improves efficiency and reduces costs. Subscription forms, once filled out by hand and mailed, are now securely completed online with digital signatures, offering greater accuracy and convenience. Our secure web portal provides investors access to information about their portfolios 24/7.

The next wave of innovation lies in Artificial Intelligence (AI). While most 1031 professionals currently use AI only for internal processes rather than client interactions, it has already made an impact on efficiency. AI helps track important deadlines, identify potentially suitable replacement properties from large data sets, and can even sift through due diligence materials. Some companies have implemented chatbots to answer procedural or technical questions for their team members, offering quick, on-demand guidance.

AI: A Tool, Not a Replacement

Despite these advances, industry professionals remain justifiably cautious about fully automating the 1031 exchange process. While AI tools can be incredibly helpful, they are not without their limitations. AI results are only as good as the data it's trained on, and inaccuracies in that data — or poorly phrased queries — can lead to misinformation and poor investment decisions.

For example, when I asked ChatGPT about the timeline for purchasing replacement property for a taxpayer in Pacific Palisades, CA, it provided the standard 45-day and 180-day deadlines. However, it only mentioned extensions due to the FEMA-declared wildfire disaster after I specifically prompted it. Without this context, I might have been misled into thinking an exchange was no longer viable due to timing.

The Syndicated Approach: Combining Technology and Expertise

At Syndicated Equities, we leverage AI and other tools to improve efficiency, but they will never replace the personalized, professional service we provide to our investors. We can draw upon experience beyond any AI's data set to advise you. Whether you're looking for a net lease asset or fractional interests in Delaware Statutory Trusts (DSTs), we ensure that every investor has direct access to a licensed professional who can help identify and evaluate options tailored to their goals.

As technology continues to evolve, we remain committed to adopting cutting-edge tools to provide our clients with the expert guidance they need to navigate the 1031 exchange process successfully. If you have questions or are considering a 1031 exchange, we look forward to speaking with you!

BY TRACY TREGER



A handwritten signature in black ink that reads "Tracy Tregar".



We leverage AI and other tools to improve efficiency, but they will never replace the personalized, professional service we provide to our investors.”



CASE STUDY

Outcomes Can Be Uncertain, but Our Efforts are Guaranteed

BY RENÉ RISTAU



Our principals have worked together for more than 15 years, fostering invaluable institutional knowledge and trust.”

With over three decades of investment experience involving hundreds of assets and tenants, we have faced many challenges requiring intensive asset management. Outcomes can be uncertain. Yet our principals have worked together for more than 15 years, fostering invaluable institutional knowledge and trust. This foundation is critical to address any issues that develop.

In 2016, we purchased a new medical facility on a hospital campus in Arizona. It was leased to a Fortune 500 healthcare provider under a 15-year, net lease and was built to provide critical care and transitional services. Given the location, tenant's credit, lease structure and intended use, this asset met key investment criteria.

Two years later, the tenant overhauled its business model. It assigned many of its leases, including ours, to regional operators. We fought to retain the original tenant as a guarantor of the lease and obtained personal guarantees from the new operator. Despite this securitization, within a year, the new operator failed to pay rent as scheduled amidst a string of broken promises.

As we assessed workout or eviction strategies, we issued default notices to all guarantors. We reserved cash flow. We consulted brokers about sale and re-leasing options and notified our lender. Our options were complicated by the fact that the tenant was running an in-house medical facility.

Problems further escalated. A contractor filed a lien for unpaid work commissioned by the tenant, and the tenant falsely claimed that the facility's systems were never constructed properly. We learned that the tenant was not paying its vendors, including the State. Eventually, rent payments stopped entirely.

Needing aggressive action, our attorneys recommended an unconventional approach: petition the Court to appoint a receiver for the property. The Court granted our motion and removed the tenant from operations and control. The receiver hired a new operator who pledged to turn the facility around and potentially purchase it.

We worked closely with the receiver and new operator to stabilize the property. We engaged our lender to keep the loan current and avoid default. Our team navigated state regulations and taxes, reassessed the property's value, investigated the guarantors, funded operations, and corrected deficiencies left by the previous operator.

Eventually we negotiated a sale of the property to the new operator, at a price that repaid our loan and offered upside for our investors. Despite an uncommunicative ground lessor and requisite Court approval, we finalized the sale after a year of receivership.

In the last stage, we sued the guarantors for unpaid rent and damages. Litigation counsel expertly guided us through a four-party negotiation governed by Arizona contract law. Earlier this year, we executed a settlement that is reimbursing us for unpaid rent and additional costs, ensuring that our investors will be made whole.

With seven years of challenges, a positive outcome seemed nearly impossible for this asset. However, we navigated with determination and creative problem-solving, using the diverse expertise of our internal team and outside counsel. We ultimately found success by guaranteeing our best efforts.

Is Private Real Estate Correlated to Stocks?

IF YOU WANT THE SHORT ANSWER, NO!

Recently, the stock market has been very volatile due to tariffs and the uncertainties they create around growth. Ultimately, markets like predictability and a framework they can plan around. This volatility has affected the bond market as well, with the 10-year treasury yield fluctuating between roughly 3.87% - 4.62% YTD, which is an especially wide margin. So how is private real estate reacting?

It is too early to tell if tariffs will affect private real estate. It's also difficult to speculate on what the final tariff arrangements will be. Despite the volatility in the 10-year treasury yield, mortgage rates for real estate are similar to where they were three, six, or even nine months ago. So for now, it is largely business as usual.

With uncertainty ahead, it is helpful to look to the past for clues on how private real estate performs relative to stocks and bonds. The below matrix compares private real estate, U.S. Equities and U.S. Bonds, focusing on return, yield, volatility, correlation, max drawdowns, and the Sharpe ratio. Definitions are below:

Comparative Performance: 1994–2024

Asset Class	Annualized Total Return	Average Yield	Volatility (Std. Dev.)	Correlation w/ Private Real Estate	Max Drawdown	Sharpe Ratio
Private Real Estate	8.8%	4.5%	5.3%	1.00	-37.8%	1.30
U.S. Equities (S&P 500)	10.0%	1.8%	15.0%	0.08	-50.9% (GFC)	0.57
U.S. Bonds (Bloomberg Aggregate)	5.0%	2.0%	4.0%	-0.12	-9.2% (2022)	0.86

Source: Private Real Estate: NCREIF NFI-ODCE Index (ncreif.org)
Equities/Bonds: Historical return and yield data from S&P 500 and Bloomberg U.S. Aggregate Index (Investopedia, Morningstar) Drawdown Info: CBRE IM, Ares, and NCREIF insights (CBRE Report)

Definitions and Explanations

Annualized Total Return: This is the average total return per year. It reflects both the yield and the growth of the asset class.

- Private real estate returns have been closer to equities than bonds.

Average Yield: This is the average yield of each asset class:

- Private Real Estate: 4.5%, which is the average annual yield generated from rental income, is generally higher than the yields in Stocks or Bonds.
- U.S. Equities: 1.8% is the average dividend yield.
- U.S. Bonds: 2.0% is the average yield of investment-grade bonds, mostly U.S. Treasuries and corporate bonds.

BY ANDY RANEY



Markets like predictability and a framework they can plan around.”

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◀ CONTINUED FROM PAGE 9

Volatility: This measures the annualized standard deviation of returns.

- Private real estate has lower volatility compared to equities, making it a more stable asset.

Correlation: This shows how closely the asset class moves in relation to private real estate. 0 means no correlation. 1 means 100% correlated, -1 means 100% inverse.

- Private real estate has low correlation with both U.S. equities and U.S. bonds, making it a good diversification tool.

Max Drawdown: The largest peak-to-trough decline in value:

- Over the past 30 years, private real estate and U.S. Equities saw their largest drawdowns during the

Great Financial Crisis of 2008-2009. (US equities fell more than private real estate)

- U.S. bonds experienced a -9.2% drawdown in 2022, primarily due to rising interest rates.

Sharpe Ratio: This measures risk-adjusted return. A higher Sharpe ratio indicates better return per unit of risk:

- Private real estate has the highest Sharpe ratio of the group at 1.30, suggesting superior risk-adjusted returns compared to equities and bonds.

So back to the short answer: no, historically private real estate has not been correlated to stocks or bonds. It has been a valuable addition to a diversified portfolio, decreasing volatility, increasing yield, and offering a better risk adjusted return.



Matt Brown

1031 EXCHANGE CONSULTANT & INVESTMENT DIRECTOR

We are excited to announce that **MATT BROWN** has joined the team in a 1031 Exchange Consultant & Investment Director role. Matt has been working in the investment industry for over 20 years and was previously a Managing Director at Oppenheimer Funds prior to their acquisition by Invesco. Matt's background is in the Family Office and High Net Worth investment space, consulting clients on due diligence and private placement. He enjoys finding creative solutions to clients' problems. At Syndicated Equities, he works with clients on tax-efficient strategies to help minimize the tax burden and provide income-based solutions. He is a Chartered Alternative Investment Analyst (CAIA) and holds series 7 and 63 licenses. He graduated with a bachelor's degree from the University of Colorado in Boulder.

Syndicated Equities is heading West

Following our first successful closing in Washington State, I am pleased to announce Syndicated's targeted expansion to the Pacific Northwest region. I will lead the new strategy with a relocation to Seattle and continue to source deals nationwide for the company with a new focus on the Pacific Northwest, Mountain West, and West Coast markets. I look forward to meeting with developers, brokers, partners and investors out West.

Please reach out if you would like to schedule a meeting or a call.

20-year Anniversary



Congratulations to **ROBERT HANDLER** who is celebrating his 20th anniversary with Syndicated this spring. We are so thankful for you!



MIRANDA DANES
(312) 640-2774
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► Frito-Lay Distribution Center

BURBANK, WA – CLOSED 4/17/25

A newly constructed, approximately 107,200 square foot, Class A distribution facility in Burbank, Washington that is 100% net leased and serves as a distribution center for Frito-Lay. Syndicated believes that the property offers investors a compelling opportunity to acquire a new mission-critical building leased to a tenant with global operations, name-brand recognition, and strong financials. Syndicated structured the acquisition to accommodate both cash and 1031 exchange investors. The property is projected to produce strong cash-on-cash yields over the 7–9-year hold period.



◀ Solventum

EDEN PRAIRIE, MN – CLOSED 6/26/25

An approximately 110,900 square foot medical device manufacturing portfolio that is 100% leased to Solventum Corporation, the former healthcare division of 3M. Solventum, through its predecessor and affiliate entities, has occupied the properties for 30 years and recently extended its lease for an additional 10 years. Solventum, which is publicly traded on the NYSE under the SOLV ticker and carries an investment grade credit rating, utilizes the properties to manufacturing surgical warming blankets. Syndicated is structuring its acquisition to accommodate both cash and 1031 exchange investors.



FEA & Capitol Hill

TRACY TREGER attended the Federation of Exchange Accommodators (FEA) mid-year meeting in April, while also spending time on Capitol Hill educating our government representatives about the importance of Section 1031.



Source: Comic strip Frazz by Jef Mallett.



◀ **JOSH YORK** and wife Haley welcomed their first child, Matthew York in May.

SINCE 1986

Private Real Estate Investment



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