

ACCESS

News of Interest for Investors and Industry Professionals

Richy's Rules:

*– There are only two types
of people in the world:
people who do what they
say they're going to do
when they say
they're going to
do it,
and people who don't.*

We're Looking at:

- Regional Shopping Center
Mt. Laurel, New Jersey
- Apartment Building
Omaha, Nebraska
- Medical Building
Phoenix, Arizona

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PORTFOLIO OF TOWNEPLACE SUITES INDIANAPOLIS, INDIANA

Syndicated Equities is pleased to announce its recent acquisition of two Marriott TownePlace Suites located in Indianapolis, Indiana. The combined 176-room TownePlace Suites benefit from their close proximity to top retail and office/industrial submarkets and are expected to generate significant yield from in-place cash flow. The Properties have recently been renovated with \$2,000,000 in improvements (\$1,000,000 each) to modernize guest rooms and public space. The Properties maintained an average occupancy of



73.2% in 2014 with consistent rate growth over the past 22 months.

Syndicated invested approximately \$6,874,000 of equity to acquire 95% of the ownership interests in the Properties. Arbor Lodging, our operating partner, acquired the remaining 5% of ownership interests. Arbor Lodging is a Chicago-based owner and operator of hotels nationally that we partnered with earlier this year on the acquisition of the Holiday Inn Express in New Orleans. Annual cash-on-cash yields are anticipated to be approximately 11.00% over a 5-7 year holding period. Upon sale, Syndicated projects that this investment will provide investors with an Internal Rate of Return of approximately 13.29%.

MORGAN STANLEY WEALTH MANAGEMENT OFFICE TUCSON, ARIZONA

Syndicated Equities is pleased to announce its recent acquisition of an approximately 19,700 square foot build-to-suit office building 100% leased to Morgan Stanley Smith Barney Financing in Tucson, Arizona. The property is located in the Catalina Foothills, approximately 8 miles north of downtown Tucson and will serve as a wealth management office to assist Morgan Stanley's high net worth clients.

Syndicated invested approximately \$4,000,000 of equity, which was structured as a Delaware Statutory Trust (DST) investment for investors completing tax deferred exchanges under Section 1031 of the Internal Revenue Code, along with cash investors. This is a 10-year, firm term lease with annual rent increases of 3.5%, which provides investors with a projected average annual cash-on-cash return of 6.8% over 10 years.





Richard Kaplan,
President & Founder

I'm reminded recently of the phrase "blinding glimpse of the obvious." Anyone who has ever negotiated a real estate contract

knows that no one gets everything they want, and in spite of many "hard lines in the sand" and vociferous claims that it is "not about the money," it is ALWAYS about the money.

As the world reviews the recent events in Greece and Iran, it should be blindingly obvious that it is always about the money. If you view these two events in the context of real estate deals, two questions come to mind ... would you loan money to a borrower with the track record of Greece? Would you trust Iran as a counter-party in a contract? These questions aside, deals move forward, financial markets react, interest rates fluctuate, and then China throws a curveball.

We, at Syndicated, are forever more a small player in the global economy.

Our strategic partnerships continue to provide platforms for us and our investors. We are currently discussing several investment opportunities with current partners that we hope will soon come to market. Having people we trust and who have proven to be successful in their segments of the market creates a deal flow that is virtually impossible to recreate. We are very appreciative and grateful for these alliances.

As always, we appreciate our loyal clients, welcome our new investors and thank you all for your confidence and trust.



Matthew McCulloch
Senior Principal

“It's been a while since your last deal...” We spent a day this July touring a retail property in a strong Northeast suburb with one of our operating partners. Over the past several years, this partner has built tremendous value, including for Syndicated's investors, by acquiring dominant regional shopping centers, instituting best-in-class management practices, and leveraging its leasing relationships to improve occupancy and tenant

quality. The property we toured is an ideal fit for our partner's expertise, and we came away excited to join them in what will be our third investment together.

Fast forward to September, and our partners remain in due diligence, which has now extended to over 60 days. Their all-encompassing approach has included personal interviews with nearly all of the property's 60+ tenants, days spent touring competitive centers to fully understand the property's position in the market, meetings and relationship-building with local leasing brokers, thorough (and in this case duplicate) property condition and engineering reports, zoning and architectural reviews to examine the viability of several re-positioning strategies, and ongoing negotiations with the seller to address the potential issues that have been uncovered.

The thoroughness of this approach is not unusual during a diligence process, and we expect this level of scrutiny from ourselves

and all of our operating partners before we commit to an investment. Nevertheless, this particular operating partner brings decades of experience to its review, and their ability to identify risks is exceptional.

At this stage, our partner is finalizing its process and expects to move toward a closing in the coming 1-2 months. When we ultimately share information about this property with our clients, they will be reviewing an investment with a business plan that has been painstakingly vetted, a strategy to mitigate potential issues that were uncovered, and a price/capitalization that reflects a full view of the asset's risks and future return potential.

“It's been a while since your last deal ...” In various market cycles, we may be sitting on the sidelines until better opportunities appear. But more often than not, we and our partners are engaged in a lengthy contract and review process aimed at protecting our client's investments starting on day 1.



Michael Crandall
Senior Principal

Saying “no” to a deal is never easy, but often it's the right thing to do. We recently bid on an apartment community in Colorado. We liked the deal on many levels: it was well located in the path of growth, it had a strong occupancy history, and it was in good physical condition. Our initial underwriting process led us to the conclusion that the investment would have a high likelihood of being profitable. However, as we approached the deadline for making our “best and final” offer, our due diligence

gave us enough doubts to not proceed.

Though our investment partner felt strongly that this was a special opportunity, and despite all of the deal's positive attributes, we decided to pass on the investment. In the end, we felt that, even for a relatively low risk investment, there was just enough of a chance that we would miss our projections. We weren't willing to take that risk. Maintaining our discipline in situations like this is critical to our conservative investment process.

New Investment Opportunity

PORTFOLIO OF 34 APARTMENTS CHICAGO, ILLINOIS

- Located in Densely Populated and Growing Chicago Neighborhoods
- 7.72% Projected 5-year Average Annual Cash-on Cash Return
- Approximately 9.70% Projected Internal Rate of Return

Syndications for 1031 Exchanges

Since our inception in 1986, Syndicated Equities has been accommodating investors seeking to complete a tax-deferred exchange under Section 1031 of the Internal Revenue Code. We have found replacement property for 1031 investors in either our structured syndications and/or with net leased property for outright ownership.

Throughout market fluctuations and amidst the increase in competition for core, conservative product, Syndicated Equities has remained disciplined in our acquisition criteria. We continue to stay risk averse in our pursuit of property and focus on assets that will preserve wealth in the long run. Currently, Syndicated is structuring investment offerings as a Delaware Statutory Trust (DST) or Tenancy-In-Common for investors seeking to complete an exchange and we will continue to pursue assets with 1031 exchange investors in mind.

To continue our networking within the 1031 community at large, Tracy Treger and Jessica Healy will be traveling to two 1031 investment conferences; the Federation of Exchange Accommodators annual conference in Austin, Texas on September 16th, 17th, and 18th and the Jeremiah Long Conference in Las Vegas on October 21st, 22nd, and 23rd.

For more information on our current investment offerings, brokerage services, or the aforementioned conferences, please call 312-640-9020.

Syndicated Equities Family News

We are pleased to announce that Ashley (Kockler) Szatkowski has joined the Syndicated Equities team. As the Director of Finance and Acquisitions, Ashley will be working with new and existing lenders to structure financing for the firms investments. She will also focus on coordinating due diligence and negotiating PSA's during the acquisition process.

Ashley brings a wealth of knowledge and experience to the team from her many years as a Commercial Banker with MB Financial Bank. Ashley holds a BS from the University of Illinois at Chicago with a specialty in Finance and Management.

We look forward to introducing you to Ashley over the coming months. In the meantime, please don't hesitate to contact her directly: Ashley@SynEq.com or 312-640-2607.

California Investor Meeting

As part of our continuing effort to further our relationships and interactions with out of town investors and friends, the Syndicated team headed to California in June. We hosted a luncheon and a cocktail reception at the Intercontinental Hotel in Los Angeles on June 15, and a luncheon and a cocktail reception at the Fairmont Hotel in San Francisco on June 16. We were fortunate to meet with over 40 investors, and some of them were kind enough to introduce us to friends and family members interested in future investments. The positive feedback we have received about these visits from both current and prospective investors affirms our belief in the strong benefits of meeting people face to face. We warmly thank everyone who has taken the time and effort to meet with us.

Net Lease Market

With September underway investors are now watching and waiting to see if the Fed will finally raise interest rates. Despite the possibility that historically low interest rates may be coming to an end, investors in the net lease market continue to buy and sell properties at a frantic pace. As it stands today, 10-year all-in interest rates are between 4.25% and 4.75% depending on the asset and, with certain lenders, investors can achieve rates as low as 4% with some interest only payments. Given that rates remain so low, investors are hoping to lock in strong yields over the long term before any increase occurs. This has forced investors to chase private, sub-investment, and investment grade tenants in all markets where such attractive debt can be found. With the increased market activity, cap rates are now in the following ranges:

<u>Tenant</u>	<u>Current Cap Rates</u>	<u>2014 Cap Rates</u>
Walgreens	5.00% - 5.10%	5.00% - 5.25%
CVS (Ground Lease)	4.75% - 5.00%	4.85% - 5.15%
Tractor Supply Company	5.90% - 6.15%	6.00% - 6.25%
Bank Branches	4.00% - 4.50%	4.00% - 4.50%
McDonald's & Chic-fil-A	3.75% - 4.25%	3.75% - 4.25%
Rite Aid	6.00% - 6.50%	6.25% - 6.75%

If you are interested in learning more about the net lease market, selling a property or finding a replacement property, please reach out to Jason Schwartz, Jessica Healy, or Jon Carlson at 312-640-9020.

Net Leased Properties Currently For Sale



Multiple Locations

Price: \$8,000,000

S&P Rating: B+
Term: 13-20 years



Indiana

Price: \$2,900,000

Term: 3 years



Illinois

S&P Rating: A-

Term: 20 years



Dollar General
Rite Aid
Tractor Supply Company
Walgreens
Family Dollar
Bank Branches
CVS

Net Leased Properties Sold/Pending



Highland, UT

SOLD

Price: \$4,710,000



Ypsilanti, MI

UNDER CONTRACT

Price: \$6,000,000



Oklahoma

UNDER CONTRACT

Price: \$5,831,000



Montgomery, AL

SOLD

Price: \$2,216,750