SYNDICATED EQUITIES
A National Real Estate Investment Company

SPRING 2015

ACCESS

News of Interest for Investors and Industry Professionals

HOLIDAY INN EXPRESS & SUITES NEW ORLEANS MSA, LOUISIANA

Syndicated Equities is pleased to announce its recent acquisition of the 134-room, Holiday Inn Express & Suites in New Orleans MSA, Louisiana. The hotel is located one mile southwest of the Louis Armstrong International Airport and adjacent to the 200-acre James Business Park, which contains 2 million square feet of office space. In 2013, the Property underwent a $3,000,000 renovation to upgrade the guestrooms and common areas. Syndicated invested approximately $6,851,000 of equity to acquire 95% of the ownership interests in the Property. Arbor Lodging, our operating partner, acquired the remaining 5% of ownership interests. Arbor Lodging is a Chicago-based owner and operator of hotels nationally. Annual cash-on-cash yields are anticipated to be 10.25% over the 5-7 year holding period. Upon sale, Syndicated Equities projects that this investment will provide investors with an Internal Rate of Return of approximately 14.75%. We are enthusiastic about our first joint venture with Arbor Lodging and look forward to a continued partnership.

VETERANS AFFAIRS OUTPATIENT CLINIC PUEBLO, COLORADO

Syndicated Equities is pleased to announce its recent acquisition of an approximately 31,000 square foot Veterans Affairs Outpatient Clinic in Pueblo, Colorado. The property was customized for the agency in 2013 with a $3 million, 10,000 SF expansion to meet the growing needs of veterans in the community. The clinic features complete state-of-the-art optometry, dental, audiology, mental health, radiology, physical therapy, and primary care practices, and currently serves about 150 veterans per day.

Syndicated invested $5,176,000 of equity, which was structured as a tenancy in common (TIC) investment for investors completing tax deferred exchanges under Section 1031 of the Internal Revenue Code. Investors are projected to receive an average annual cash-on-cash return of 7.29% over 7 years.

Richy's Rules:

– Something always leads to something ...

– If you simply keep your eyes open, it seems, you just might find something valuable in the most unlikely of places. This trick is to recognize a good thing when you see it, no matter how odd or worthless it might appear at first, no matter who else might just walk away and leave it behind.

We're Looking at:

- Medical Office Building
  Phoenix, Arizona
- Residential
  Orlando, Florida
- Land Entitlement
  Geneva, Illinois

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Richard Kaplan,
President & Founder

"CHICKEN MONEY" – That phrase caught my attention this past weekend. Chicken Money, much to my family's astonishment, is not the funds being allocated for the purchase of rotisserie chickens at Whole Foods or Costco, but in fact refers to those hard earned savings that we personally do not want to lose. It is that "don't gamble" money that we are total "Chicken" about, reluctant to invest, and would be perfectly happy hiding under the mattress. Investing in real estate is clearly not for Chicken Money.

We at Syndicated have a very good track record. Our recent 10 year look back shows that if someone invested equal dollars in each one of our offerings, their annualized return, including the cluckers, is approximately 12 percent, but real estate investments come with no guarantees. As many of you know, our principals invest their own dollars side-by-side with our investors, and what you may not know is that many of our close friends and family are also regular investors. Understanding that our investment decisions affect not only our investors, but our immediate circles as well, we are always exceptionally careful with our due diligence. That being said, real estate comes with no guarantees. It is not for "Chicken Money," and it should be considered a part of a diverse investment portfolio.

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

Matthew McCulloch
Senior Principal

Occasionally, someone explains our investment approach so succinctly that I hear myself saying out loud, "Now why didn't I think of that?"

Over the past month, we attempted to structure an equity investment alongside a prospective operating partner in a Class A apartment property. The property had many appealing characteristics, but we were struggling to reach return levels that would satisfy our investor base. In the middle of negotiations, our operating partner called me to explain the dilemma as follows:

Matt, as I understand it, you essentially have three monkeys that need to be fed: first, a current return monkey; second, a preservation of capital monkey; and third, an upside monkey. Unfortunately, for the monkeys on my side to be fed, I need to put your first monkey on a diet and all but kill-off your third monkey. I'm beginning to think we may simply not have enough food for all the monkeys.

Talk about a clever description of our fundamental investment criteria, not to mention a refreshing way to negotiate in good faith ...

Ultimately, we couldn't properly feed all the monkeys with our prospective operating partner, and we both agreed that finding another opportunity would be preferable to beginning a relationship on a starvation diet. In the process, we met a group with decades of experience, a sophisticated approach to investing, a sense of humor and a lot of integrity. We hope to find a deal with them in the months to come.

Michael Crandall
Senior Principal

Prior to closing the Austin student housing acquisition, I received a follow up call from a client who had committed to an investment in the Austin offering. He asked if it would be acceptable to share the offering materials with two of his family members who were also accredited investors. Of course I said "Yes," – the answer to that question is always 'yes'. After he shared the materials, both his brother and uncle decided to participate in the deal. As always, we were appreciative of the introduction and truly grateful that our long-time investor asked the question.

We've been extremely fortunate that scenarios similar to this one have played out many times over the years. Through such introductions, we see more deals, meet more lenders, hear from more joint venture partners and grow our investor base. Having a broader base of investors not only allows us enhanced certainty when making investment commitment, but it also enables us to bid on larger properties.

We truly appreciate your questions, comments and introductions. We look forward to continuing our dialogue with you (we greatly value the personal connections) and working with you in the future.

Net Lease Market

With the final push from 2014 exchange investors coming to an end, it's time to start looking forward to some of the market changes we, and our investors, anticipate this year. Interest rates remain at historical lows, and investors are seeking every opportunity to lock them in for the long-term. As such, commercial real estate investors continue to chase both sub-investment and investment grade tenants in all markets where such attractive debt can be found. 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, can get as low as 4%. These historically low rates combined with a lack of product supply have pushed cap rates to the following ranges:

Tenant	Current Cap Rates	2014 Cap Rates
Walgreens	5.00% - 5.25%	5.25% - 5.50%
CVS	4.85% - 5.15%	5.00% - 5.25%
Tractor Supply Company	6.00% - 6.25%	6.25% - 6.75%
Bank Branches	4.00% - 4.50%	4.25% - 4.75%
McDonald's & Chic-fil-A	3.75% - 4.25%	4.00% - 4.50%
Rite Aid	6.25% - 6.75%	7.00% - 7.50%

We anticipate continued cap rate compression through the year as more capital enters the market. 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 at 312-640-9016 or Jessica Healy at 312-640-9028.

Net Leased Properties Currently For Sale

Price: $6,700,000

S&P Rating: BBB+

Term: 20+ years

Florida

Price: $3,250,000

Term: 20 years

Youngstown, Ohio

S&P Rating: B+

Term: 4+ years

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

Net Leased Properties Sold/Pending

Weston, WI

SOLD

Price: 5,335,000

Lake Zurich, IL

UNDER CONTRACT

Price: $1,450,000

Portfolio
Multiple Locations

SOLD

Price: $9,801,000

Chicago, IL

UNDER CONTRACT

Price: $8,230,000

Syndications for 1031 Exchanges

Finding attractive 1031 exchange replacement property can be challenging in today's commercial real estate market. Historically low capitalization rates, a trend for retailers to own their own real estate, and a flood of foreign capital into primary and domestic markets has made the acquisition landscape extremely competitive. For investors seeking to complete a 1031 exchange, entering into a property that is professionally syndicated and managed has again become an attractive alternative. Syndicated Equities has been assisting 1031 exchange investors reinvest all or a portion of their proceeds through its syndicated ownership program ("Tenancy-In-Common" or "Land Trust") for nearly two decades. The types of investors we assist typically fit the following profiles:

1. A 1031 investor who would like to pool all of their exchange capital with capital from other investors to access institutional-quality property that they are not able to access independently.

2. A 1031 investor seeking diversification in their exchange and thus allocating a fraction of the debt and equity from their sale into professionally managed syndications. This approach achieves diversification several ways; geographical location, yield differentiation/risk threshold, leverage, and anticipated holding period.

3. A 1031 investor whose replacement property is less expensive than their relinquished property, which results in leftover debt and equity that is commonly referred to as "boot." To allocate this boot in qualifying like-kind real estate, syndications can provide a helpful solution.

Please contact us if you would like to discuss a potential 1031 exchange or if you have questions about our syndicated offerings.

201 W. Madison Parking Garage Chicago, Illinois

Syndicated Equities closed a $40 million loan in February, 2015 to successfully refinance the self-park garage located at 201 W. Madison in downtown Chicago, IL. Alongside its operating partner, Hammerschlag & Co., Syndicated acquired the property in 2002 on behalf of its investors, many of whom were completing a section 1031 exchange. Since then, the property has provided investors with an attractive cash-on-cash yield and long-term appreciation.

The new loan was provided by Quadrant Real Estate Advisors on behalf of Swiss RE Life and Health America, Inc. The loan has a fixed interest rate of 3.76% for the next ten years and provided capital for a reserve to offset costs associated with potential leasing, repairs and maintenance, along with capital expenditures at the property. Most importantly for many investors, the loan preserved the existing ownership structure, which will allow investors to complete another Section 1031 exchange if the property is sold in the future.

Syndicated would like to extend a special thanks to all of the professionals who made this possible, including MB Financial Bank (loan placement), JMB Advisors (loan advisory), Quadrant Real Estate Advisors (loan origination), Levenfeld Pearlstein (counsel), and Noel Wilner at CBIZ.