ACCESS

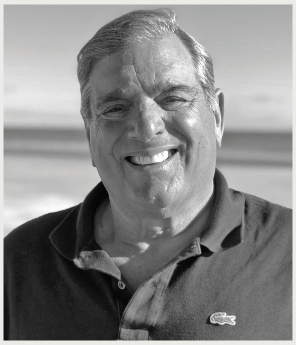
Spring 2021

SYNDICATED EQUITIES

FLOWSERVE
PASADENA, TEXAS

News of Interest for
Investors and Industry Professionals

Syndicated Equities Team



Richard Kaplan
CEO & FOUNDER

Matt McCulloch
MANAGING PARTNER

René Ristau
PRINCIPAL & DIRECTOR OF ASSET MANAGEMENT

Robert Handler
PRINCIPAL & CONTROLLER

Terri Leslie
CHIEF OF STAFF

Tracy Treger
PRINCIPAL

Jason Schwartz
PRINCIPAL

Ashley Szatkowski
DIRECTOR OF FINANCE & ACQUISITIONS

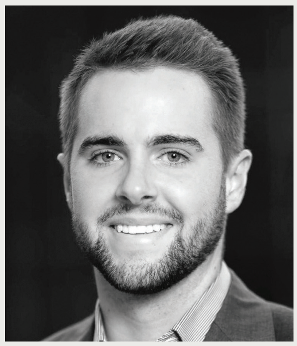
Jessica Healy
DIRECTOR OF BUSINESS DEVELOPMENT

Bibi Barrera
LEGAL & FINANCIAL MANAGER

Miranda Parker
INVESTMENTS & ACQUISITIONS

Taylor Ligenza
REAL ESTATE ADMINISTRATOR

Jenna Rivera
INVESTOR OUTREACH ASSOCIATE



Joshua York
INVESTMENT ASSOCIATE

LETTER FROM THE PRESIDENT

Richard Kaplan

In thinking about the past 10 months, I kept reflecting on life and loss. Each and every one of us has had something or someone taken from us. We have been knocked down and kicked around and, for many, the pain and suffering has been very real, and very intense, and has lasted way too long. Our lives have not been "normal," and the discomfort of that has changed us. We have been frightened in ways that we were not prepared to deal with, and that disruption and that disorder will be with us if not forever, then surely for a very long time. There is no easy fix. The couplets are out of rhyme and things will not be the same because we will not be the same.

I've always talked to my children and now, my grandchildren, about being resilient. I tell them that everyone gets knocked down, that is just part of LIFE. You don't always get what you want when you want it, and as the clock ticks, we all get our turns with sadness. I tell them it's ok to be sad, it's ok to be mad and angry and disappointed, but when you're down, get up. When you lose a game, go home and practice. When something doesn't go your way, find a way, but do it with character. Don't rant and yell, don't blame other people, don't think these things only happen to you. This is LIFE. Find the strength to get back on your feet. Trust that it's ok to be a decent person, understand that it's cool to be kind to your friends, and find the courage to be someone of good character, because character matters a lot. And they look at me and roll their eyes with that "what is he talking about look," but I know they are listening, and somewhere in the back of their heads my message is sticking.

For us at Syndicated, the message sticks. We believe in integrity and straightforward accountability. We believe that we have been entrusted with the responsibility to manage your investments and, when challenged, we are up front fighting for you and that trust. We are confident that our resiliency will see us through this pandemic and that our investors view us as an organization with character. We have maintained our staff, shown up to work, and focused on the job of doing everything we could possibly do to manage the properties and implement the BEST decisions for each asset.

The trick has been to see the big picture but at the same time, focus on the urgency of the moment.

My experience tells me that people are resilient, and once the fires stop burning, they find a way to resume a life that focuses on the safety and well-being of their families and friends. People will go to work, they will eat at restaurants, they will take their families to Disneyland and the kids will be back in school. Our lives will go through some ebbs and flows but eventually, we will regain the vitality that we once knew.

Predicting future outcomes is impossible. The uncertainty and enormous financial impact that the world is experiencing is beyond anyone's understanding, and to say that occupancies or recovery metrics will be 10% or 120% is a crystal ball guess. Nobody has been here before and the road ahead is unchartered. The timetable is unknown, but we have the resilience and patience to see it through. I sincerely believe that hope, health and happiness are in our future.

> You never stand in the same river twice.

A NOTE FROM OUR MANAGING PARTNER

MATT McCULLOCH

At our investor conference, clients were interested in what our investment focus would be going forward. Throughout 2019, we focused on finding value in a market that had been accelerating for eight years. We avoided assets where pricing had reached historical highs, stayed away from operational assets whose success depended on outsized growth, and sought tenants with strong credit and long-term leases.

In line with this criteria, we made four investments, including a co-living development in Washington, DC, preferred equity in a stabilized shopping center, a hotel in Orlando adjacent to Universal Studios, and a corporate office headquarters for an S&P 500 company.

Our co-living investment was based on the need for urban rental affordability, especially where Class A rents had reached all-time highs. During 2020, co-living in Washington, DC experienced continued demand and strong rental collections. Given its durability during the worst of circumstances, we believe co-living will serve an important role in the urban market going forward.

Our retail investment was a preferred equity position, receiving first cash flows from a fully leased shopping center. Even as the center experienced rent deferrals in 2020, payments on the preferred equity are now current due to its priority position.

Our office acquisitions have been buildings customized for single users with corporate credit. This approach served our investors well in 2020 as these tenants stayed current on rent and maintained their occupancy.

Regarding hospitality, we had become focused only on hotels with consistent or unique drivers of occupancy. Given our Orlando hotel's proximity to Universal Studios, along with opportunities for renovation, we believe it will ultimately return to profitability.

At the onset of COVID, we paused new investments for several months to gain an understanding of how various classes would be affected. As a team, we met each morning via Zoom to discuss our portfolio, what our operating partners were experiencing, and what we were hearing from our industry contacts.

Beginning in late summer, we began to identify opportunities in what were proving to be resilient areas of the economy. We now have four new investments under management, including a Goodwill property, a self-storage development, an industrial property, and a medical office building. Each of these represented an industry or use that had largely withstood the economic shutdowns or benefited as a result.

Looking forward, our investment options will remain narrow as major asset classes are still clouded with uncertainty.

Among office owners, the question is what portion of employees will return to their desks. Many companies have declared that hybrid or permanent work-from-home will be the new normal, so how much space will tenants require and what impact will that have on leasing?

For retail, the forced adoption of online shopping has further accelerated store closures. Shopping centers that depend on theaters, restaurants and gyms will remain challenged until those tenants can fully reopen. And while rental collections continue to improve, the years ahead will likely feature a shake-out and a bumpy road for landlords.

For hospitality, the complete halt to business travel has forced the acceptance of video conferencing for millions. Will this technology reduce business trips and hotel nights for the foreseeable future? Similarly, when will businesses feel comfortable sending employees to a hotel for conferences or conventions?

These are daunting questions, but as answers emerge, we think some exciting investment possibilities will become available. In the meantime, we remain focused on assets whose fundamentals have proven less vulnerable, including those that have benefited from some of the seismic changes of the last year.

"Looking forward, our investment options will remain narrow as many major asset classes remain clouded with uncertainty.

NET LEASE

BY JASON SCHWARTZ

Net lease properties remain one of the most sought-after asset classes in the commercial real estate industry.

After a record breaking 2019, in which transaction volume reached $77.5 billion, the net lease market came to a screeching halt during the second quarter of 2020. Most deals under contract took a pause. Investors and lenders shifted their focus to asset management and waited to see which tenants and industries in their portfolio would be hardest hit. As we entered the third quarter, transaction volume picked up slightly but remained well below the 5-year average. At the start of the 4th quarter, investors had gained more clarity on which tenants to target and debt became readily available again. As a result, there was significant demand for net lease assets, which are typically sought after in times of economic stress due to the stability of the rental stream. Coupled with record low interest rates (2.75%-3.25%), and a substantial amount of capital that had been sitting on the sidelines since April, the 4th quarter saw approximately $20 billion of transaction volume, which accounted for a third of all net lease transactions in 2020 ($60 billion in total). While well off its high of 2019, this strong finish to the year showed the resiliency of the asset class and hinted at a strong recovery in 2021. Most 1031 and private investors continue to seek out properties leased to e-commerce resistant and essential retailers such as Walgreens, CVS, Dollar General, McDonald's, Tractor Supply Company, Aldi, and 7-Eleven. Institutional investors are aggressively acquiring industrial and medical properties, which caused significant cap rate compression from 2019 to 2020. Looking ahead, net lease properties will remain in high demand since they offer investors a safe place to park capital and take advantage of low interest rates.

Current Cap Rate Snapshot

5.25% - 5.75%
WALGREENS

5.00% - 5.75%
CVS

3.75% - 4.25%
MCDONALD'S

5.75% - 6.00%
TRACTOR SUPPLY COMPANY

4.40% - 4.90%
ALDI

5.90% - 6.50%
DOLLAR GENERAL

4.50% - 5.00%
7-ELEVEN

If you are interested in acquiring or selling a net lease property please contact our brokerage team.

BY TRACY TREGER

We have uploaded the recording of the conference to our investor portal so that you may view it at your convenience. If you need assistance accessing the investor portal, please contact Jenna Rivera at Jenna@SynEq.com.

Syndicated Hosts First-Ever Virtual Investor Conference

The Syndicated Equities investor conference has been an annual tradition since the Great Recession. At that time, we felt that it was important for us to literally show our faces to investors and to answer questions frankly and directly about the portfolio amidst a range of economic uncertainties. We held the conference in person in Chicago, with a formal presentation followed by hors d'oeuvres and cocktails. Now, more than a decade later and again faced with economic uncertainties coupled with a global pandemic, we have continued this tradition by moving our conference to a virtual format.

On Tuesday, February 9th, our team provided an overview of what we are seeing in the commercial real estate market nationally, discussed how those trends are impacting the assets in our portfolio, and laid out our vision for future investment opportunities. We answered investors' questions, and we shared our thoughts on net-lease cap rates, the hospitality sector, the evolution of retail and commercial offices, 1031 exchanges, growing demand for industrial and "essential" business assets, and potential exit strategies. In addition to proactively managing our existing assets, we also discussed new opportunities for cash-flowing investments as well as development projects. Other updates included the following:

- Asset management reporting will continue on a monthly, portfolio-wide basis.
- We are continuing to actively pursue 1031-compliant investment properties.
- The investor portal has been upgraded to include an enhanced dashboard, current distribution amounts, the capability to generate personalized investment reports, and the ability to view and subscribe to new investment opportunities directly from the portal.
- 2020 year-end tax documents will be sent out by e-mail in a secure, encrypted format as available, beginning in February.
- Our team remains available to you through this challenging period by phone, e-mail, and video conference.

While we missed the opportunity to visit with you in person, we were pleased that over 200 of you were able to join us from 20 states across the country and around the world. Given your positive feedback about the webinar and our ability to share with so many of you without the inconvenience of travel, we are evaluating a hybrid format for 2022.

Evaluating Tenants in the Public & Private Sector

BY JESSICA HEALY

During the due diligence process involved with any investment, we spend considerable time understanding the financial wherewithal and future outlook of a tenant. An immediate starting point may be a credit rating issued by S&P, Moody's or a similar rating agency. Those agencies have typically rated the debt obligations issued by a company, and have thus evaluated the company's ability to repay such obligations, which may be similar to payments under a lease. Those ratings provide excellent initial insight, but we then dive deeper and attempt to gain an understanding of the tenant's industry, sources of revenue, near and long-term risks, along with how the piece of real estate we own will serve the needs of the business. We also conduct tenant interviews, typically with both on-site personnel and corporate-level officers, to help us more fully understand the inner-workings of a business, recent performance, and the long-term commitment to the property.

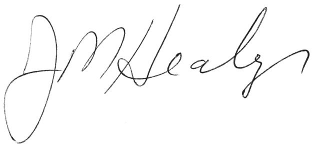
A company's stock price can of course be fickle, but it can also reveal both positive and negative trends that a credit rating cannot, especially if it has not been updated recently. Over the past year, we have been pleased to see many of our corporate tenants share in the continued growth of public company valuations. Please see below for a list of our publicly traded tenants and their individual share prices as of March 1, 2021.

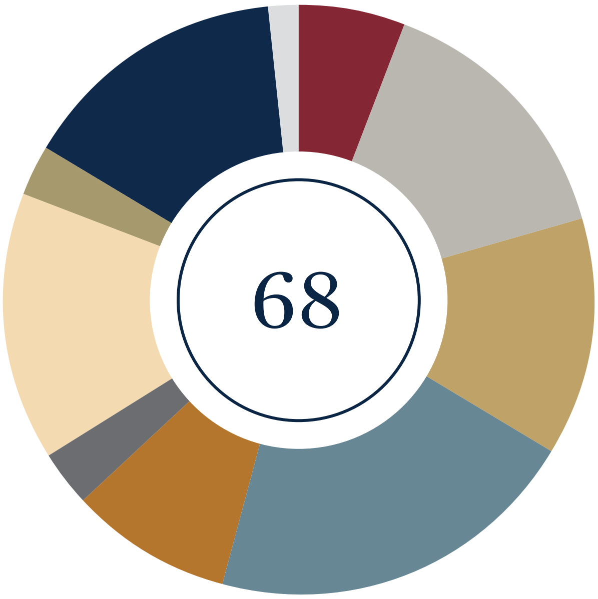
Tenant	Ticker Symbol	3/1/2021 Stock Price	Share Price at Acquisition	Current Market Cap
Hill-Rom	HRC	$107.25	$75.00	$6.81B
Merit Medical	MMSI	$55.67	$38.68	$2.93B
Abbott Laboratories	ABT	$122.21	$39.90	$206.31B
Trimble	TRMB	$77.56	$41.40	$16.5B
Walgreens	WBA	$47.01	$11.40	$40.45B
Flowserve	FLS	$38.00	$35.00	$5.16B
Option Care	OPCH	$19.77	$13.01	$3.317B
Starbucks	SBUX	$107.17	$38.00	$122.86B
FedEx	FDX	$260.73	$121.00	$67.51B
CVS	CVS	$67.07	$36.70	$91.50B

Monitoring the stock price of a tenant will not tell us why a certain piece of real estate is important, but it does keep us informed on corporate performance and is an important ingredient in many proactive asset management decisions.

Source: Yahoo Finance

> “We spend considerable time understanding the financial wherewithal and future outlook of a tenant.





Portfolio by Asset Class

- 4 INDUSTRIAL
- 2 PARKING
- 10 MULTI-FAMILY
- 10 GOVERNMENT
- 9 OFFICE
- 2 STUDENT HOUSING
- 14 RETAIL
- 10 HOSPITALITY
- 6 MEDICAL
- 1 SELF STORAGE

BY MIRANDA PARKER

Real Estate Diversification by Asset Type

Over our 30+ year history, Syndicated has maintained a strategy of investing in a diversified pool of asset classes, often alongside managers and operators who specialize in those property types. We diversify further for our clients by seeking investments that vary by location, especially where we can invest with managers who have specific expertise in a local market. Investing alongside managers and operators who specialize in specific markets and asset types guards against the risks of our portfolio becoming "a mile wide and an inch deep." Additional strategies that we employ include diversifying by risk profile, hold period, asset class (A or B), and execution strategy.

We believe this approach to diversification serves our investors well by offering them broad exposure to real estate as an asset class along with a built-in "hedging mechanism" as markets change over time. Over the past year, we have again witnessed the benefit of having a large portfolio of core/stabilized assets, which helped to even out the impact that the pandemic has had on operating assets for many of our investors.

Below, is a graph that breaks down our portfolio by asset type. If you have any questions or would like to discuss specific asset categories, please feel free to contact any of our team members.

Ashley Szatkowski

TO SERVE AS A DELEGATE TO THE CREW NETWORK

Throughout her career, Ashley Szatkowski has served in many leadership roles with CREW (Commercial Real Estate Women) Chicago. With all the challenges posed in 2020, CREW Chicago has selected Ashley to serve as a Delegate to the CREW Network. CREW Network is a global real estate organization with a mission to transform the commercial real estate industry by advancing the power and success of women. Ashley's role as a chapter Delegate is to represent Chicago at the national level through quarterly meetings, exchanging valuable insights and best practices with other commercial real estate leaders from around the world.

Tracy Treger

ELECTED TO THE BOARD OF DIRECTORS OF CREW CHICAGO

Tracy Treger was recently elected to the Board of Directors of CREW Chicago, a local commercial real estate organization with a mission to transform the commercial real estate industry by advancing the power and success of women. As a CREW Chicago Director, Tracy will serve as a liaison to the Scholarship committee, which awards financial assistance to women studying in fields of commercial real estate at the college or graduate level, and the Golf committee, which plans CREW Chicago's annual golf fundraiser and golf clinics. Tracy is also a member of the CREW Chicago Equity & Inclusion committee, and the immediate past chair of the Communications committee.

2020 ANNOUNCEMENTS

JASON SCHWARTZ and wife Erica welcomed their first child, Logan Schwartz.

JESSICA HEALY and her partner welcomed their second child, Finnegan LaSalle Kaminsky.

Syndicated Equities welcomes the newest addition to our net lease brokerage team, **JOSH YORK.**

Holiday Inn & Suites

ORLANDO, FLORIDA

A full-service Holiday Inn & Suites hotel located directly across the street from Universal Studios Florida™ in Orlando, Florida. The Property consists of a 10-story, 390-room, full-service hotel located directly across the street from the main gate of Universal. The property was acquired alongside InSite Development Group, a Florida-based hospitality owner and management firm with a 20-year track record of successfully operating and repositioning hotels, including in Orlando.

Trimble

MINNETONKA, MINNESOTA

The property consists of a two-building, 173,364 square foot, office campus located approximately 11 miles southwest of downtown Minneapolis. The anchor tenant, Trimble, Inc., currently occupies 86% of the property pursuant to a new, long term lease. Trimble, Inc. is an integrated technology and software provider that designs and implements logistics solutions for major freight and moving companies. Syndicated Equities acquired the property outright and structured the acquisition to accommodate investors completing tax-deferred 1031 exchanges along with accredited cash investors. The structure of the investment is a Delaware Statutory Trust and financing was provided by TCF National Bank. Eagle Ridge, a Minneapolis-based owner and operator of office and industrial assets, will serve as the property manager.

Option Care

ITASCA, ILLINOIS

The acquisition of an approximately 50,000 square foot medical office/pharmaceutical facility that is 100% leased to Option Care Health in Itasca, Illinois. Option Care is the nation's leading provider of home infusion services and is publicly traded (NASDAQ: OPCH) with a market cap of approximately $2.3 billion. The property was a build-to-suit to Option Care's specifications and will serve as Option Care's central U.S. compounding and specialty pharmacy, innovation center, and showroom. The property includes two "clean room" lab spaces, storage for pharmaceutical products, office space for on-site medical support staff and professionals, an infusion suite for patients, a compounding pharmacy, a specialty pharmacy, and an innovation showroom and training center. Option Care signed a long term lease that features annual rent escalations. Syndicated Equities acquired the property outright and structured the acquisition to accommodate investors completing tax-deferred 1031 exchanges along with accredited cash investors. The structure of the investment is a Delaware Statutory Trust.

Goodwill

JACKSONVILLE, FLORIDA

The acquisition of a 16,446 square foot building that is 100% leased to Goodwill in Jacksonville, Florida. The property, which is a relocation and combination of two older facilities, was a build-to-suit to Goodwill's specifications and includes a new, long term lease with scheduled rent increases. Syndicated believes that the Property will provide investors with consistent cash flow from a tenant that is providing an important service and has a strong financial track record, including maintaining rental payments during the recent COVID-19 shutdown. Syndicated Equities acquired the property outright and structured the acquisition to accommodate investors completing tax-deferred 1031 exchanges along with accredited cash investors. The structure of the investment is a Delaware Statutory Trust.

Self-Storage

MINNEAPOLIS, MINNESOTA

A ground-up development of a Class-A, self-storage facility located near the North Loop neighborhood of Minneapolis, Minnesota. The Property will be developed by Cogent Capital Group, a Chicago-based self-storage firm that has developed more than 25 self-storage facilities (approximately 2 million square feet) over the last eight years. Construction is expected to last for approximately 9-12 months; once complete, the Property will consist of 1,074 units spread out across 131,261 square feet and provide renters with best-in-class amenities and security features. Syndicated believes that the Property will address an undersupply of storage units in the market, where occupancy and rental rates continue to grow due to strong population density and overall demand.

Flowserve

PASADENA, TEXAS

The acquisition of a 110,102 square foot, two-story, light manufacturing facility that is 100% leased to Flowserve Corporation in Pasadena (Houston) TX. Flowserve is a world-leading manufacturer of industrial and environmental machinery for a diverse array of customers in the energy and manufacturing fields. The company is publicly traded (NYSE: FLS) and carries an investment grade credit rating of BBB- By Standard & Poor's. The property is classified as a Quick Response Center (QRC), serving the needs of Flowserve's regional customer base and providing 24-hour emergency and on-stie repair. Syndicated acquired the property outright and structured the acquisition to accommodate investors completing a tax-deferred 1031 exchange. The structure of the investment is a Delaware Statutory Trust.

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Private Real Estate Investment

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