

Presented by Lee & Associates PNW

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THE SYNDICATION PLAYBOOK

STRATEGIES FOR SUCCESS



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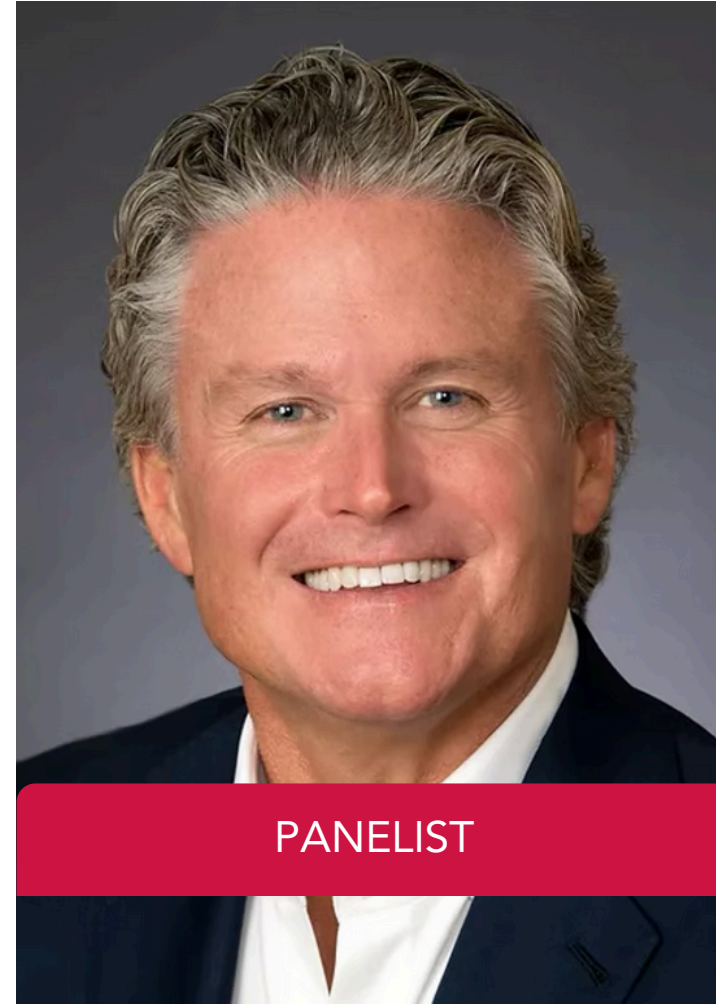
The Syndication Playbook: Strategies for Success



PANELIST

JOHN RICKERT

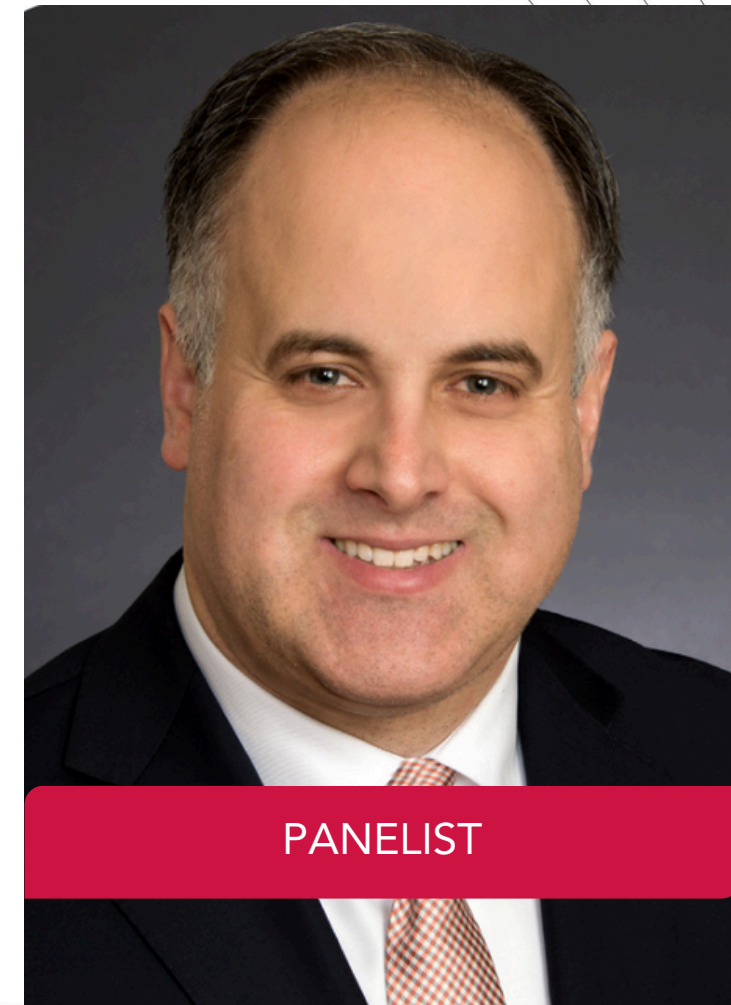
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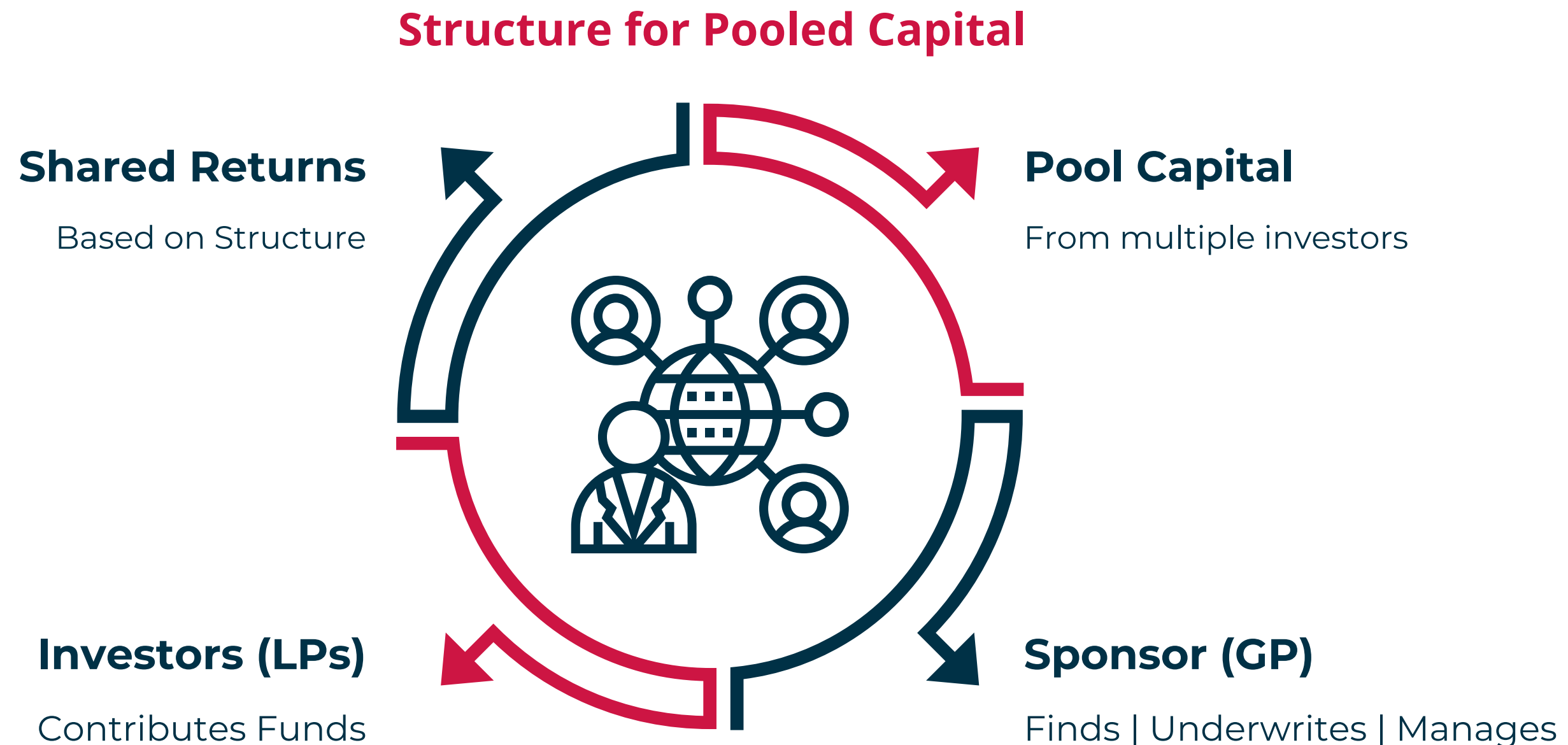
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WHAT IS REAL ESTATE SYNDICATION

Real estate syndication is a way to pool capital from multiple investors to purchase a property that would be too expensive or complex for one person to buy on their own.



WHY BROKERS SHOULD CONSIDER SYNDICATION



Syndication allows brokers to access larger, more lucrative deals, build passive income streams, and begin/diversify their real estate portfolios.

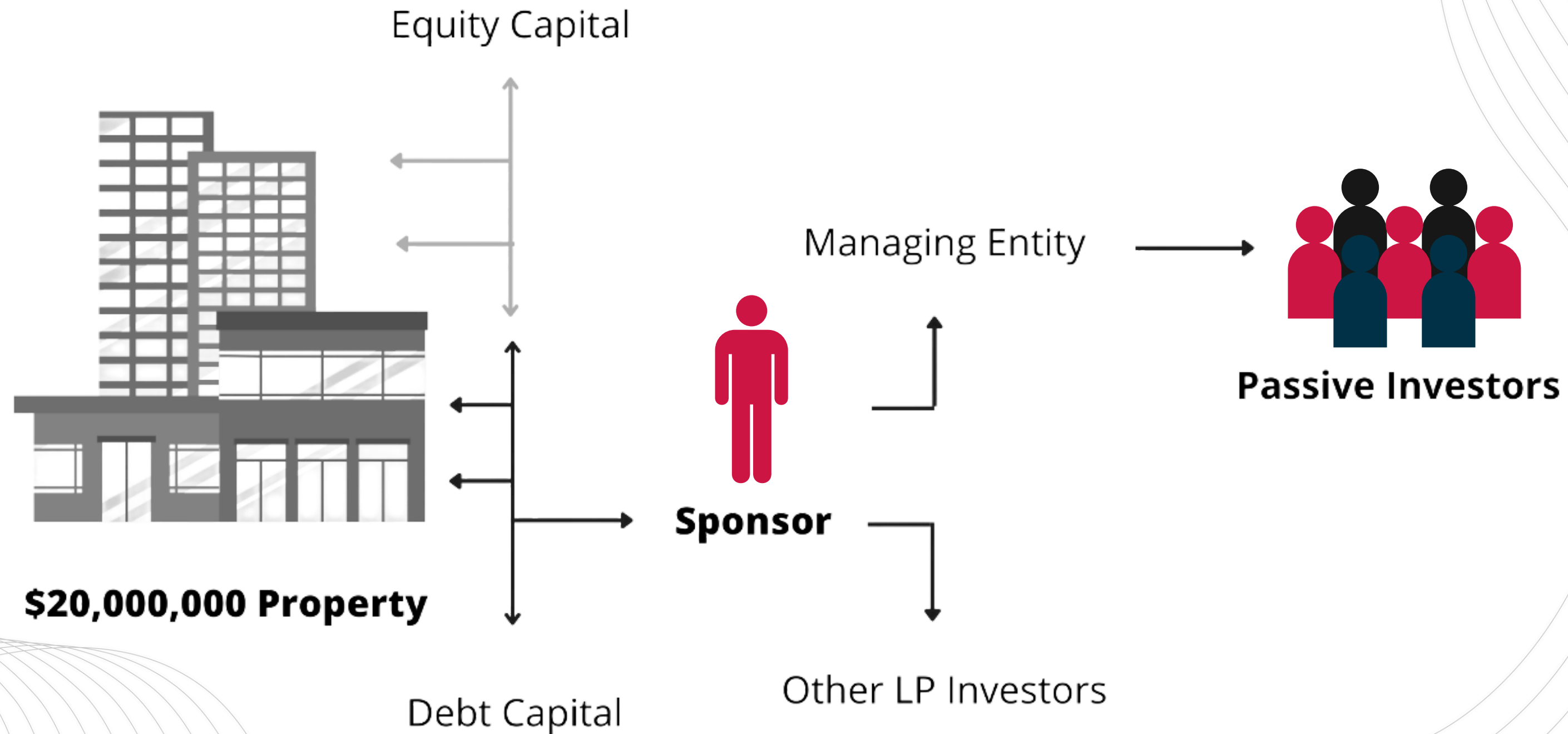
KEY POINTS

- Access larger, more lucrative deals
- Build recurring, passive income
- Differentiate yourself from competitors
- Expand into ownership and portfolio diversification

SYNDICATION PROCESS & OVERVIEW

Real estate syndication is a way to pool capital from multiple investors to purchase a property that would be too expensive or complex for one person to buy on their own.

- 
- Define Your Strategy
Core | Value-add | Opportunistic
 - Source The Deal
 - Underwrite Rigorously
 - Secure Financing
 - Raise Capital
 - Operate and Report
 - Exit | Sell or Refinance



"IT ALL STARTS WITH THE SPONSOR, THE DRIVING FORCE BEHIND THE SYNDICATION."

— TROY GESSEL

WHY INVESTORS WILL PARTICIPATE IN SYNDICATION



Many Americans recognize the power of real estate to generate long-term wealth—but few actually invest in it. Syndications offer a path forward, making real estate accessible without the traditional barriers of cost and management.

KEY POINTS

- Nearly 25% of U.S. adults believe real estate is the best way to build personal wealth.
- Despite this belief, only 12% actually invest in real estate assets.
- By contrast, over 25% of U.S. adults invest in the stock market.
- The gap stems from two main obstacles:
 - High capital requirements
 - Significant responsibility associated with direct ownership
- Syndication solves this by pooling resources and offloading operational burden—unlocking access to passive real estate investing.

TWO PATHS TO RAISING EQUITY



Syndicators have options when structuring equity for a real estate deal. The two most common models—Pari Passu and the Traditional LP/GP Structure—offer distinct advantages.



Path One: Pari Passu (Equal Footing) Structure

- All investors, including the sponsor, participate on the same terms
- No waterfall or promoted interest—returns split proportionally
- Appeals to institutional/sophisticated investors
- Often used in club deals or joint ventures
- Simpler structure, fewer tiers

Path Two: Traditional Model (LP/GP)

- LPs contribute capital; GP manages the deal
- GPs earn a promote/carried interest after LP preferred returns
- Financing Guarantee
- Ideal for passive investors seeking institutional-grade assets
- Aligns capital with sponsor expertise and execution

FOLLOWING THE TRADITIONAL MODEL

Sponsors usually receive a larger share of the profits (the “promote”) if the investment performs well—this incentivizes performance. The sponsor’s contribution is often referred to as “sweat equity.”

LEE SUMMIT
2025

WATERFALL | PROMOTE

- 75/25 split
- Preferred Return (6%-8%)



DOCUMENT PACKAGE

- Private Placement Memorandum (PPM)
- Operating Agreement
- Subscription Agreement

Regulation D is a set of rules under the Securities Act of 1933 that allows companies to offer and sell securities without having to register with the SEC.

ROLES & RESPONSIBILITIES

The sponsor is like the driver of the investment, responsible for its success, while the LP investors are the passengers who contribute to the journey and share in the rewards.



Feature	Sponsor (GP)	Limited Partner (LP)
Role	Active, Manages the Investment	Passive, Contributes Capital
Responsibility	High, Operational Control	Limited, No Operational Involvement
Decision Making	Full Control	No Day-to-Day Decisions
Liability	Higher	Limited
Profit Share	Larger share (promote) if performing	Smaller share, often preferred return
Expertise	Provides Expertise	Benefits from Sponsor's Expertise

KEY ELEMENTS FOR SYNDICATION SUCCESS

Executing a successful syndication requires clarity of vision, financial discipline, and a dependable team.



Non-negotiables every syndicator must master.



INVESTMENT STRATEGY

- Clearly defined objectives: income, appreciation, or hybrid
- Market research: demographics, comps, and local trends
- Lifecycle planning: acquisition, operations, exit



FINANCIAL STRENGTH

- Realistic proformas with stress-tested assumptions
- Secure debt and equity capital
- Transparent financial analysis and investor return modeling



EXPERIENCED TEAM

- Qualified team: With expertise in real estate investment, asset management, and financial analysis.
- Clear roles and responsibilities: Of each team member to ensure accountability.
- Strong relationships: With investors, lenders, and other stakeholders.

INVESTOR RELATIONS & REPORTING

BEST PRACTICES



Ongoing transparency drives investor confidence. Best-in-class sponsors keep their investors informed from day one to exit.



INVESTOR RELATIONS

- Transparent communication: Maintain open and transparent communication with investors, providing regular updates and reports.
- Strong relationships: Build trust and strong relationships with investors through clear communication and timely updates.



EXIT STRATEGY

- Clear exit strategy: Develop a clear exit strategy, whether it's selling the property or refinancing.
- Timing: Determine the optimal time to exit the investment.
- Liquidation: Develop a plan for liquidating the assets and distributing proceeds.

BARRIERS TO ENTRY

- ↘ UW quickly and accurately to win a deal.
- ↘ Completing DD at the same time the partnership is formed, debt is being originated and capital is being raised. It's a stressful race to the finish.

- ↘ Having enough sponsor capital to place at risk and in the deal. Ability to walk away.
- ↘ Developing the subscription agreements, operating agreements, funding prior to close.
- ↘ Partnership accounting, distributions, and administration. Treasury management.
- ↘ Loan guarantees. I can speak to debt structures and how we are sourcing debt and managing risk.
- ↘ Sponsor net worth and liquidity.

POTENTIAL RISK IN SYNDICATION



Every real estate deal carries risk—what separates a successful sponsor is how well those risks are identified, mitigated, and communicated.

MARKET AND MANAGEMENT RISK

LEAD TO

- Loss of capital
- Additional Capital Contributions
- Illiquidity
- Debt Deficiency

LEE & ASSOCIATES

CULTURALLY, LEE & ASSOCIATES VALUES OUR AGENTS INVESTING IN CRE TO BUILD WEALTH AND IMPROVE TECHNICAL COMPETENCY. WE WANT OFFICES TO COLLABORATE. WE INVEST IN REAL ESTATE BECAUSE ITS IN OUR DNA.

CLOSING THOUGHTS

➤ Syndication is a long game built on trust, strategy, and performance

➤ Brokers are well-positioned to evolve into deal leaders

➤ Learn the language. Build the muscle. Start with one deal.



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