



REAL ESTATE SYNDICATION

PERFECT REALTY PARTNERS LLC

Frisco, TX

www.PerfectRealtyPartners.com



VALUE CHAIN OF REAL ESTATE

- Land aggregation
 - ✓ Always unimproved
 - ✓ Bringing parts to make a whole
- Entitlement and zoning
- Active collaboration with city agencies
- Carve out
- Planning and engineering
- Development
- Pad sites for commercial or home lots to builders
- Planning and engineering



VALUE CHAIN OF REAL ESTATE . . .

- Construction
- Sale or lease
- Property Management
- Return on investment
 - ✓ Multiple vs IRR
 - ✓ Long term horizon – absolute return as a multiple
 - ✓ Short term horizon – annualized return as percent of investment
- Active vs Passive
- Entry or exit across the length of value chain
 - ✓ Reinvestment risk



WHY SYNDICATED INVESTMENT?

➤ Diversification

- ✓ Spread risk across multiple investments

➤ Entry barriers

- ✓ Capital intensive
- ✓ Leveraging challenges and limitations
 - Low LTV for vacant lands or unleased properties
 - Vacancy factors - Specific building; Market area
 - Quality of tenants

➤ Active Management

- ✓ Knowledge
- ✓ Experience
- ✓ Wisdom



WHY SYNDICATED INVESTMENT . . .

➤ Complexity and Sophistication

✓ Value of whole is more than sum of parts

- Applies in situations of land aggregation
- Could be very speculative

✓ Sum of parts is more than the whole

- Applies in situations when parcels have become end user ready
- High carrying costs

➤ Benefits of active investment for a passive investor





OUR INVESTMENT APPROACH

- Short term projects
 - ✓ 1 year
 - ✓ Single family, custom homes
 - ✓ Buy, Fix, and sell homes
- Medium term horizon
 - ✓ 3-years
 - ✓ End user ready lands
 - ✓ Retail or office projects
 - ✓ Retail for lease
 - ✓ Office for sale
- 15% Equity IRR at the proposal stage
 - ✓ Could potentially lead to 20% leverage IRR



INVESTMENT PROCESS FLOW

- Property identification
 - ✓ Alignment with our investment approach and strategy
- Negotiation and contract submittal
 - ✓ Offer based on preliminary feasibility
 - ✓ Reasonable inspection period to allow for due diligence
- Preliminary due diligence
- Investment flyer
- Due diligence completion
- LLC / LP formation
- Closing
- Project execution



WHAT DOES INVESTMENT FLYER HAVE?

➤ Investment Flyer

- ✓ Property description
- ✓ Project location on google maps
- ✓ Tentative development plan
- ✓ Investment structure
- ✓ Disclosure on our Role and Carried Interest
 - Real estate brokerage
 - Accounting and book-keeping
 - General contracting / construction management
 - Unlike many managers, no profit share
 - Wide range of services offered to the entity, charged “a la carte”
 - All charges either on par with or below the standard market terms



LLC ORGANIZATION

- Entity formation
- Operating agreement
 - ✓ Provide clarifications as needed
- Document record keeping
- Financial management
 - ✓ Bank check register always current and on shared drive
 - ✓ No cash expenses under any circumstances
- End of year tax filing



PROJECT EXECUTION

- Co-ordination with architects / engineers
- Work with city and county agencies
 - ✓ Permit process
- Property upkeep and maintenance
 - ✓ Even vacant lands needs mowing
- Coordination with contractors
 - ✓ As owners representative (for a fee)
 - ✓ As a General Contractor (cost plus percentage)
- Property sale or lease
 - ✓ Exclusive listing agency



OUR GUIDING PRINCIPLES

➤ Transparency

- ✓ Information sharing on a virtual basis
- ✓ All and every information on a shared drive
- ✓ View privileges to all members

➤ Accountability

- ✓ Provide leadership and be accountable to all members
- ✓ Team up with vendors that are responsible
- ✓ Successful project completion
- ✓ Diligence
- ✓ Commitment



GUIDING PRINCIPLES . . .

➤ Governance

- ✓ Fiduciary focus
- ✓ Member engagement
- ✓ Transparent fee structure
- ✓ Regulatory compliance

➤ Communication

- ✓ Proactive
- ✓ Responsive
- ✓ Timely
- ✓ Accurate





HOW ARE WE DIFFERENT?

| Perfect Realty Partners | Others |
|--|--|
| Wider competence and domain expertise | Limited |
| Self perform on <ul style="list-style-type: none"> • Real estate sale and/or lease • Bookkeeping and tax compliance • Construction management / contract • LLC management • Project financing | Self perform in one service area and out-source the rest for a fee |
| Fee charged on services that are otherwise payable to third parties | Profit that is net of all expenses on outsourced services |
| All our fee either at or below market terms | Could end up paying more on out-sourced services |
| Self-perform means more reliability | External dependencies |
| COO style project management, and CFO style fund management / discipline | Very unlikely, especially on smaller projects that we focus on |
| Governance, transparency, accountability | Very unlikely |