



Brokers Die Broke, Pt. 4: The Alphabet Soup of CRE Ownership Structures (LLC, DST, TIC, etc.)

Panelists:

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CRE Ownership Structures “Alphabet Soup”



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Ownership Structure	Direct/ LLC	Joint Venture / Partnership	REIT – Public / Private	Fund or LP / GP	TIC (Tenant in Common)	DST (Delaware Statutory Trust)
Investment Objective	Cash Flow and Value Creation	Cash Flow and Value Creation	Cash Flow (Dividends) and Share Appreciation	Cash Flow and Value Creation / Promote	Cash Flow and Value Creation, Tax Deferral of Gains	Cash Flow and Value Creation, Tax Deferral of Gains
Ownership	Ownership Percentage	Partial / LP Interest	Partial / Shares	Partial	Undivided	Whole
Investor Involvement	Extensive	Limited	None	Limited for LP / Fund Investors	Deal Specific	Limited
Voting Rights	Generally, by Ownership Percentage	Ownership Percentage	Nominal (# shares)	Nominal or Nine for LP / Fund investors (GP makes decisions)	Generally Equal but subject to Operating Agreement Specifics	None
Hold Period	Varies by Deal / Strategy	Varies by Deal / Strategy	No limits	8-10 years	Varies by Deal / Strategy	Minimum of 2 years (generally 5-10)
Diversification	None – Deal Specific	Limited	Limited	To the extent fund is diversified	None – Deal Specific	None – Deal Specific
Costs / Fees Paid	Flexible (Deal and involvement specific)	Nominal	Nominal	Low, 1-2%, annual	Flexible (deal and involvement specific)	Potentially Significant
Tax Benefits	Depreciation / Losses	Depreciation / Losses	Treatment of dividends is advantaged vs. traditional stocks	Depreciation / Losses	Depreciation / Losses, Deferral of gains on exchanged asset	Depreciation / Losses, Deferral of gains on exchanged asset
Distribution Rules	Flexible	Flexible	FFO – dependent. 90% of taxable income must be distributed by law	Generally, none – General Partner Discretion	Based on TIC partner involvement	No Specific Rules – Trustee Discretion
Redemption Rights (Liquidity)	Not Applicable	Limited	Public – very liquid Private – less liquid	Generally, none / Secondary Market	Investor Agreement Specific	Negotiable with Sponsor
Downside	Limited to judgement against the LLC	Management Specific	Management Specific. Stock Market Driven.	Generally, Partner Specific	Deal and Investor Agreement Specific	Deal Specific / Trustee Judgement



HyVee
EMPLOYEE OWNED

STNL Grocery

- \$7,305,94
- 15 Yr. Lease
- 5.65% C.O.C. Return

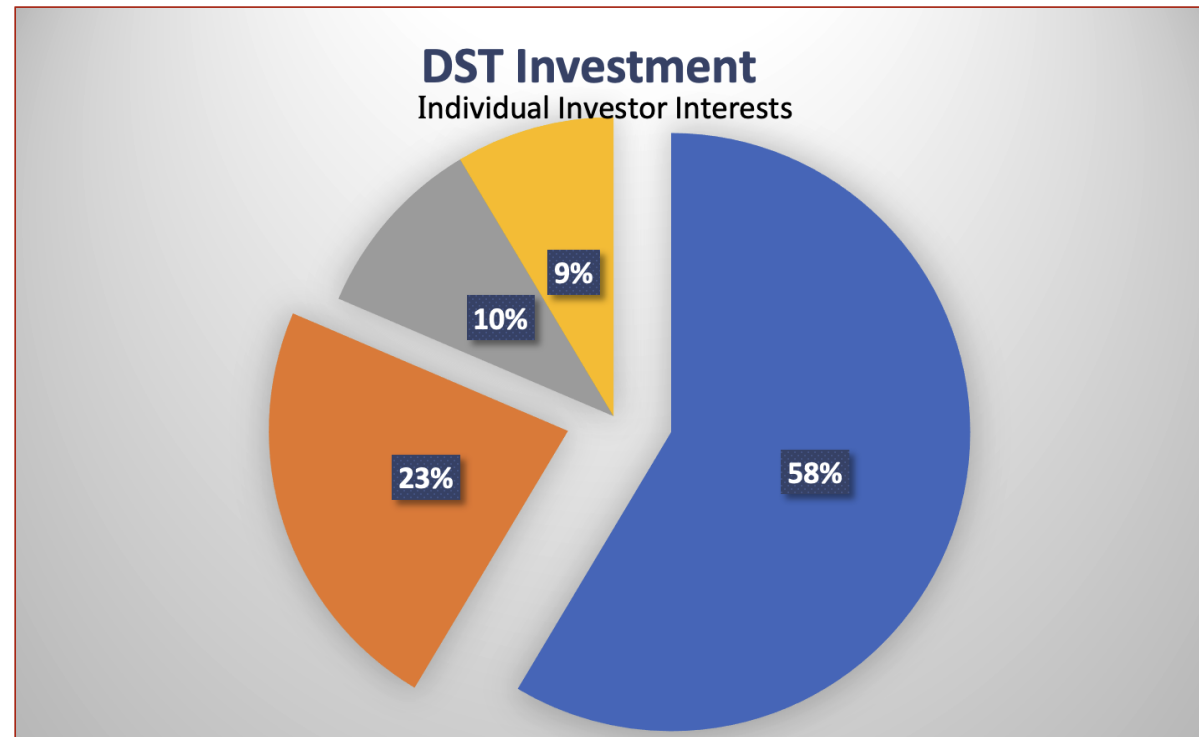


Tax-Efficient Real Estate Investment Solutions

Property Acquisition (Purchase for \$10M)

Investment Structuring (Offer for \$11.5 M)

- Create DST Structure
- Obtain Financing
- Accounting
- Marketing/Advertising/PR
- Sales Fees
- Profit/Interests (Approx. 5%)



“Property investment by the slice”



DST Profit Breakdown



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Price Paid For Property	\$	6,565,352
DST Offering Price	\$	7,305,945
Debt	\$	3,502,371
Total Equity (Cash) Required	\$	3,803,574

Third Party Closing Costs

Due Diligence Cost	\$	61,661
Loan Fees & Expenses	\$	52,536
Legal Fees	\$	55,000
Brokerage Fees	\$	191,038*
Total	\$	360,235

Property Acquisition Costs

Debt Placement Fee	\$	70,047
Acquisition Fee	\$	127,359
Total	\$	197,406

Offering Expenses

Selling Commissions (BD)	\$	228,214*
Due Diligence Reallowance	\$	38,306
Managing Broker-Dealer Fee	\$	38,306
Wholesaling Fee	\$	38,306
Organization & Offering Expense	\$	38,306
Total	\$	380,357

NAI Legacy Brokerage Fee (2.61%)	\$	191,038
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Sponsor Profit (2.70%)	\$	197,406
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1 E. Campusview
Columbus, OH
Mixed Use Office/Retail
61,950SF



Investment Analysis
1 East Campus View Blvd.

61,950 Sq Ft Gross Building Size
57,505 Sq Ft Rentable Area

	SQFT	Year 1 2023	PSF	Year 2 2024	PSF	Year 3 2025	PSF	Year 4 2026	PSF	Year 5 2027	PSF	Year 6 2028	PSF	Year 7 2029
GROSS RENTAL REVENUE	57,505	\$874,887	\$15.21	\$984,549	\$17.12	\$1,004,703	\$17.47	\$1,029,522	\$17.90	\$1,055,059	\$18.35	\$1,093,162	\$19.01	\$1,117,806
Expense Reimbursement Revenue		\$84,688		\$82,862		\$89,144		\$106,589		\$113,057		\$120,000		\$126,000
Utility Reimbursement		\$37,000		\$38,850		\$40,793		\$42,832		\$44,974		\$47,222		\$49,584
Vacancy/Credit	10%	\$0		(\$98,455)		(\$100,470)		(\$102,952)		(\$105,506)		(\$109,316)		(\$111,781)
EFFECTIVE GROSS REVENUE		\$996,575	\$17.33	\$1,007,807	\$17.53	\$1,034,169	\$17.98	\$1,075,991	\$18.71	\$1,107,584	\$19.26	\$1,151,068	\$20.02	\$1,181,609
OPERATING EXPENSES		(\$522,518)	(\$9.09)	(\$548,755)	(\$9.54)	(\$564,745)	(\$9.82)	(\$580,123)	(\$10.09)	(\$597,000)	(\$10.38)	(\$614,910)	(\$10.69)	(\$632,000)
NET OPERATING INCOME		\$474,057	\$8.24	\$459,052	\$7.98	\$469,424	\$8.16	\$495,868	\$8.62	\$510,584	\$8.88	\$536,158	\$9.32	\$549,609
	DCR	2.11		2.04		2.09		2.20		2.26		2.38		
TOTAL DEBT SERVICE		(\$225,110)	(\$3.91)	(\$225,110)	(\$3.91)	(\$225,110)	(\$3.91)	(\$225,424)	(\$3.92)	(\$225,442)	(\$3.92)	(\$225,461)	(\$3.92)	(\$225,481)
TENANT IMPROVEMENTS		\$66,460		\$55,500		\$74,000		\$48,960		\$143,380		\$0		\$0
LEASING COMMISSIONS		\$8,620		\$6,023		\$24,067		\$17,762		\$55,070		\$0		\$0
TOTAL LEASING & CAPITAL COSTS		(\$75,080)	(\$1.31)	(\$61,523)	(\$1.07)	(\$98,067)	(\$1.71)	(\$66,722)	(\$1.16)	(\$198,450)	(\$3.45)	\$0	\$0	\$0
NET CASH FLOW		\$173,867	\$3.02	\$172,420	\$3.00	\$146,247	\$2.54	\$203,721	\$3.54	\$86,692	\$1.51	\$310,697	\$5.40	\$324,128
	Investment		Ownership											
Sponsor		\$66,700	25%	\$43,105		\$36,562		\$50,930		\$21,673		\$77,674		\$81,032
Investors	\$1,339,584	\$107,167	75%	\$129,315	10%	\$109,686	8%	\$152,791	11%	\$65,019	5%	\$233,023	17%	\$243,096
Return from Cash Flow		\$173,867	23%	\$172,420	23%	\$146,247	19%	\$203,721	27%	\$86,692	11%	\$310,697	41%	\$324,128
Return from Debt Reduction		\$57,846	8%	\$61,140	8%	\$64,621	9%	\$68,300	9%	\$72,188	9%	\$76,298	10%	\$80,642
Return from Tax Deductions		\$99,233	13%	\$97,948	13%	\$96,591	13%	\$95,278	13%	\$93,769	12%	\$92,173	12%	\$90,487
Return from Annual Appreciation		\$114,000	15%	\$114,000	15%	\$114,000	15%	\$114,000	15%	\$114,000	15%	\$114,000	15%	\$114,000
TOTAL ANNUAL RETURN		\$444,946	59%	\$445,508	59%	\$421,459	55%	\$481,300	63%	\$366,649	48%	\$593,169	78%	\$609,257

Purchase Price	\$3,800,000	\$61.34	PSF	5.55%	Interest Rate		Cash Flow	IRR	Sale Price	Investors	% Returned of original investment
Tenant Improvements/Commissions	\$0	\$0.00	PSF	25	Year Loan Amort	0	(\$1,339,584)			(\$1,339,584)	
Total Project Cost	\$3,800,000	\$61.34	PSF			1	\$173,867			\$130,400	10%
Initial Investment	\$760,000	20%	Down Payment			2	\$172,420			\$129,315	10%
Additional Capital	\$579,584		Capital/TI			3	\$146,247			\$109,686	8%
Total Capital	\$1,339,584		Total Capital Needed			4	\$203,721			\$152,791	11%
Mortgage	\$3,040,000		Loan			5	\$86,692			\$65,019	5%
						6	\$3,537,294	25%	\$6,307,745	\$2,212,562	
							\$4,320,242	3.2	total	\$2,799,773	2.1
											15%
											Sale
											Times orig. investment
											IRR

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