



OPPORTUNITY

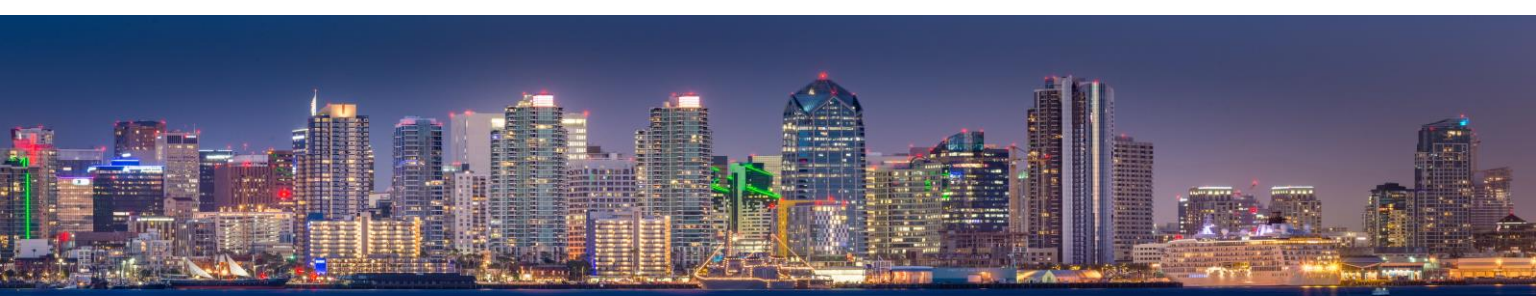
Silver Portal Capital is one of the nation's premier boutique real estate advisors and investment/merchant banking firms, delivering unique investment solutions tailored to the specific needs of each client. We work with some of the leading RIAs and fee-only investment firms across the country, creating innovative real estate opportunities to fit their specific needs.

In 2012, we were approached by a large Midwest-based RIA and accounting firm that wanted to create a private real estate investment platform for their high-net worth and family office clients. We proposed a comprehensive strategy for them to offer a family of real estate funds, representing a paradigm shift in how they would provide clients access to alternative private real estate investments.

Below is an overview of the process we went through acting as their advisor and Outsourced Chief Investment Officer (OCIO) to design a strategy and structure within which they could offer clients proprietary direct real estate investment opportunities centered around three top-down demographic themes: aging; urbanization/downsizing; and residential affordability.

PROCESS

Strategy Formation	Issue	When approaching direct investment in private real estate even sophisticated RIAs often lack an in-depth understanding of individual property types, markets and supply/demand drivers that, in turn, prevents them from crafting a cohesive investment strategy. When working with fee-only investment firms and family offices, we strive first to understand their goals – capital conservation, growth and income, alpha generation – before identifying strategies within the real estate sector that can meet these objectives.
	Solution	Our approach with the Midwest accounting/RIA firm began with a series of in-person meetings and conference calls to understand senior management's investment goals as well as the firm's overall investment philosophy and client objectives. We wanted to ensure that our strategy would enhance the firm's brand and attract new AUM using proprietary investments that perform well in all parts of the economic cycle.
Corporate Structuring	Issue	Once a real estate strategy has been conceptualized but before execution takes place, a firm needs to determine the proper internal committee structure necessary to diligence/ approve real estate investments for their clients.
	Solution	We recommended a private placement/alternatives committee that would review each offering and establish the proper checks and balances for regulatory and compliance purposes. This is not a one-size fits all recommendation and largely depends upon the nature and size of each firm as well as its in-place systems.
Due Diligence & Underwriting	Issue	Along with establishing internal protocols, a firm needs to understand the unique ways that real estate is underwritten, how institutional-quality operators are identified, and ensure alignment of interest through proper investment structure.
	Solution	We shared our in-depth due diligence and underwriting process by which we evaluate: geographies, specific property types and markets, return expectations, risk profiles, leverage, liquidity, market vs. out-of-market fee structures, waterfall/promoted returns, real estate operator experience and track record. Additionally, we assisted in creating a more basic internal due diligence checklist and identified key issues which should be considered. In this situation, Silver Portal helped the RIA identify their first real estate operator, a value-added multifamily acquiror, and structured a \$50 million discretionary fund for their clients.



PROCESS (Cont'd)

Document Creation

Issue	Structuring and raising capital under Regulation D 506(b) requires a deep understanding of the appropriate documentation and disclosure necessary to offer a fund to qualifying individuals. We have significant experience structuring these offerings as well as assisting legal counsel in drafting: Private Placement Memorandums (PPMs), Limited Partnership Agreements, Subscription Documents and marketing materials.
Solution	We worked hand-in-hand with the real estate operator and the RIA's internal team to draft marketing materials, liaise with legal and compliance, and assist with marketing the offering to firm clients through our internal and external capital markets team.

Marketing & Investment Execution

Issue	Because real estate is capital-intensive, being able to effectively scale distribution is key to the success of any offering – typically \$50M to \$100M. Funds can be offered exclusively to one firm's clients or made available to qualifying investors at multiple firms.
Solution	Our highly experienced capital markets team actively supported the marketing process, hosting conference calls as well as in-office meetings for financial advisors with the operator's senior management team.

Client Comm. & Reporting

Issue	An important consideration with any alternative investment is timely reporting and accurate financial information for advisors, client account statements and tax purposes.
Solution	In an effort to provide the best service to our RIA client, Silver Portal handled the fund administration for the initial multifamily fund, in concert with the account/financial services from the operator for approximately 3 years until the RIA moved these services in-house. We are intimately familiar with the legal and regulatory requirements for capital raising and have advised numerous RIAs and family offices on best-in-class practices for communicating with clients and ensuring accurate reporting – including having K-1s by March 15. We also recommend and work hand-in-hand with third-party fund administrators and have deep relationships with industry leaders in this sector.

Investment Seasoning & Harvest

Issue	Once a fund is fully invested and the operator executes a pre-defined investment strategy (typically over 3 to 5 years), assets are sold and returns harvested.
Solution	Funds typically execute a “value-added” strategy, providing strategic improvements to each property. After three to five years, the operator sells the assets to select institutions, maximizing returns for investors and exceeding the projections originally described in the marketing materials.

Results

Solution	<p>We worked closely with the RIA/accounting firm to conceptualize, structure and launch their alternatives platform: recommending real estate property types and strategies, introducing best-in-class operators in recession-resilient industries, forming the investment committee, and establishing institutional-quality underwriting and reporting standards.</p> <p>Today, the firm's alternatives platform has grown to encompass 11 funds, raising over \$800 million and increasing AUM while attracting more sophisticated, affluent clients.</p>
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