

# Financial advisory supports real estate capital raise



**Kaufman Rossin supported a real estate firm's \$75 million capital raise to fund a mixed-use development project.**

## **CLIENT**

Our client, a real estate investment and development firm, sought to raise private and public capital to fund the development of a mixed-use project in Florida.

## **INSIGHTS**

Kaufman Rossin's Business Consulting Services Team developed a dynamic, integrated real estate development model to quantify the risks and potential returns associated with both the project and the equity and mezzanine share classes. Our team advised on both the current capital structure and future capital requirements of the project as well as specific operational objectives and shareholder requirements with financiers/investors.

## **CHALLENGE**

*The real estate investment and development firm wanted to understand the true value of the planned mixed-use project, which consists of three multi-family rental towers totaling 250 units and approximately 20,000 square feet of ground floor retail space.*

*The client also wanted to know the most favorable way to structure the terms of the capital raise under different operating scenarios.*

## SOLUTION

Kaufman Rossin's professionals conducted primary research to establish fundamental factors that estimated the operational and financial performance of the project (e.g., base rental income, absorption and turnover vacancy, tenant improvements). Our work included the following:

- *Determined profitability and value of the project by estimating adjusted net operating income under different exit strategies*
- *Analyzed project performance relative to debt covenants provided by lenders to confirm compliance under different operating scenarios*
- *Assessed profitability of the project to equity and mezzanine investor classes by quantifying internal rate of return, cash return and equity multiple under different operating scenarios, exit dates and return hurdles*

### RESULTS

Kaufman Rossin helped the client secure a combination of private and public capital to fund the mixed-use project development by advising on the risks and potential returns associated with the project as well as the structuring of the capital raise to different classes of investors.

**\$75 million**

capital raised

**\$100 million**

projected project valuation

**22%**

internal rate  
of return to  
limited partners

**4.6x**

cash on cash  
multiple to  
limited partners

**6%**

stabilized net  
operating  
income yield

### OUR ROLES

- *Corporate Finance & Strategy*
- *Capital Raise Advisory*
- *Business Consulting*

Disclaimer: Certain details have been omitted or obscured to protect the client's privacy.