

# CATALYST

## PROPERTY ADVISORS

### Structured Forward Commitment Acquisition with Developer Buyout

#### Overview:

Prior to a developer closing on the land purchase, we negotiated a **forward purchase agreement** to acquire a newly planned multifamily development upon completion. leveraging our fund's balance sheet while reserving an equity commitment from our **pension fund partner** to provide critical security to the project's developer and lenders. This structure enabled the developer to **secure 100% construction financing** using the commitment from our fund to provide payoff comfort for the lender with minimal **capital at risk** from our fund and it allowed us to acquire a property at completion at below market when all valuations were completed (Note: completed a prior company)

Over a 32-month period, we managed the contractual relationship through entitlement, construction, and delivery. Following completion, we **acquired the asset at Certificate of Occupancy**, and shortly thereafter, **negotiated a revised developer buyout**, replacing the pre-agreed stabilized valuation methodology with a firm purchase price—**creating certainty of value for the developer and delivering a below-market acquisition basis for our client.**

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#### The Challenge

- **Developer required 100% financing** for large-scale multifamily development
- Lenders needed credible takeout security at completion
- Our institutional pension fund partner wanted new Class-A product but not development risk
- Developer sought **certainty of future valuation** while retaining some upside flexibility

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#### Our Solution

- **Forward Purchase Agreement:**  
Structured a purchase commitment using our fund's balance sheet and the **reserved equity commitment** from our pension partner, serving as **takeout security** to enable financing
- **Minimal Risk Capitalized:**  
Structured the agreement such that only a small **non-refundable deposit** was committed at Contract signing, 32-months before the estimated completion

- **Construction Oversight Without Ownership Risk:**  
Maintained rights to monitor and influence the project during construction without assuming delivery, construction, or performance risk
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✔ **Execution Highlights and Key Results**

- Enabled delivery of a **Class-A multifamily asset** with no construction risk or cost overrun exposure to the Pension Fund Investor
- Created **certainty of value** for all parties ahead of full lease-up
- Managed a complex, multi-party negotiation between developer, lender, and institutional investor
- Shifted post-completion valuation methodology to a fixed price, simplifying exit for developer
- Delivered an institutional-grade asset to our pension fund client at a **discount to market value**