Case Study
Ground-Up Build-to-Rent Community – Central Florida
Skylatus Raised Construction Debt + LP Equity

SKYLATUS PROPERTY CAPITAL

Deal Overview

- **Asset Type & Location:** 175+ Unit Ground-Up Build-to-Rent Community
- **Location:** Central Florida
- **Capital Stack:**
  - Skylatus procured a $27.12MM construction loan from a Florida-based regional bank
  - Skylatus raised $17.98MM LP equity from a Chicago-based real estate private equity firm (90% of total equity)

Situation

This transaction was executed during a period when **construction lenders were actively pulling back**, instituting moratoriums, and declining new construction exposure.
Key challenges included:

- The developer's **largest build-to-rent project to date**
- A **tertiary Florida market**
- A **mid-process general contractor change**, requiring full re-approval
- A loan commitment extension required **after the bank's CEO imposed a construction moratorium**

Skylatus' Role

Skylatus was engaged as the **lead capital advisor and execution partner**, responsible for raising debt & equity, maintaining lender and LP confidence, navigating contractor risk, structuring solutions, and quarterbacking the transaction through closing.

Key Contributions

Execution & Risk Management

- Organized comprehensive **market tours by car and helicopter** for capital providers
- Maintained **multiple lender options** to preserve leverage when lenders pulled back
- Worked directly with the appraiser to support a favorable valuation outcome
- Reconciled costs paid to date and reviewed budgets to prevent future capital shortfalls
- Coordinated insurance advisors, lender, and LP to bind the most favorable acceptable coverage

General Contractor Crisis Management

- Researched, sourced, and bid multiple Florida-based GCs
- Built **apples-to-apples GC comparison models**
- Personally met with the new GC's CEO/founder and vetted the firm
- Authored an **11-page memo** to the LP defending GC selection
- Hosted the LP onsite in Florida and personally drove a 15-passenger van to tour the GC's offices & active job sites
- Structured and negotiated a **tri-party GC agreement** acceptable to all parties

Capital Preservation

- Negotiated a **cost-plus** contract rather than a GMP contract, reducing embedded cost padding
- Eliminated bonding requirements and negotiated letters of credit in lieu of bonds
- Structured GC provisions allowing the developer/LP to **participate in buy-down savings**
- Analyzed interest rate cap and swap options
- Negotiated **guaranty burn-offs** (50% at CO, 25% at stabilization, and defined stabilization with precision)
- Achieved **no reserves, no escrows, and no other lender participation required**

Economics & Structure (Select Highlights)

- **Leverage:** LTC calculation included implied land equity which increased leverage beyond lender's LTC stipulation
- **Waterfall:** No preferred return; land equity payout
- **Debt Flexibility:** Option to fix rate via swap; rate reduction at stabilization
- **Risk Mitigation:** Favorable DSCR definitions and construction overrun protections

Outcome

Despite severe lender pullback, a GC change mid-process, and a construction moratorium at the bank, the transaction:

- Closed successfully
- Became the **final construction loan completed by the lender**
- Preserved favorable economics and execution flexibility for the developer
- Demonstrated Skylatus' ability to **get deals done when others cannot**