
Deal Overview

- **Asset Type:** 125+ Unit Ground-Up Build-to-Rent Community
- **Location:** West Florida
- **Capital Stack:**
 - Skylatus procured a \$12.05MM construction loan from a Florida-based regional bank
 - Skylatus raised \$5.60MM LP equity from a Florida-based real estate private equity firm (90% of total equity)

Situation

The sponsor had over **30 years of development experience**, but had historically capitalized projects using **personal capital and family-and-friends capital**, rather than institutional LP structures.

This transaction represented the sponsor's **first transition to an institutional-style equity partnership**, requiring formal underwriting, third-party validation, institutional governance, and a different cadence of decision-making — all while preserving the sponsor's entrepreneurial approach.

The deal was further complicated by:

- Execution during **COVID-era capital market uncertainty**
- The sponsor's **first build-to-rent project**
- An **emerging asset class** with limited lender precedent
- An **unbondable, mom-and-pop general contractor**
- A **tertiary Florida market** with limited comparable data

Skylatus' Role

Skylatus was engaged as the **lead capital advisor and structuring partner**, responsible for raising debt & equity, architecting the capital stack, quarterbacking negotiations, aligning lender and equity expectations, and guiding the sponsor through their first institutional capital process from term sheet through execution.

Key Contributions

Capital & Risk Structuring

- Built the sponsor's **first institutional-grade underwriting model**
- Structured lender protections including **T-6 DSCR, step-down guarantees, and proportionate recourse**
- Negotiated **phased retainage releases** to support construction velocity
- Coordinated feasibility and appraisal strategy to support underwriting assumptions

Equity Alignment

- Negotiated LP approval for the **Developer to self-manage**
- Structured a sponsor-favorable **waterfall with no preferred return**
- Monetized **implied land equity** with payments at closing and within the waterfall
- Engaged directly with the LP investors and supported institutional reporting requirements

Sponsor Advocacy

- Negotiated healthy **developer fees, bonuses, and management economics**
- Secured lender approval for **future funding of developer equity**, preserving liquidity and increasing IRR
- Continued advising the sponsor for **three years post-closing**

Economics Achieved (Select Highlights)

- **Developer Fee:** 10% of hard & soft costs plus 10% of construction cost savings
- **Cash Flow:** 50/50 split after a reasonable IRR hurdle
- **Leverage:** Effective ~70% LTC using land value
- **Structure:** No LP preferred return; pari-passu distributions

Outcome

Despite launching during COVID, in a tertiary market, with a first-time build-to-rent sponsor profile and an unbondable GC, the project:

- **Closed successfully and on schedule**
- **Preserved sponsor's long-term upside**
- **Delivered institutional-quality economics**
- **Established the sponsor as a credible build-to-rent developer**