Building Wealth Beyond Your Practice

Welcome to Wealth Beyond Practice. Today we'll explore how real estate syndications work and how to evaluate them alongside your practice and the rest of your financial life.

An introduction to real estate syndications for physicians and dentists
Presented by Dr. Yasser Rodriguez, MD, MBA

A conversation for practice owners

Whether you’re a physician or a dentist, owning a practice means making decisions about people, equipment, and capital. This conversation applies that same care to investments outside your clinical work.

Your host

I’m Dr. Yasser Rodriguez, a cardiologist and cardiac electrophysiologist, and the founder of Cardia Real Estate Investments. I host educational conversations for Wealth Beyond Practice and partner with the team on selected opportunities.

The team behind Wealth Beyond Practice

Tim Mai owns Wealth Beyond Practice and leads the direction of the brand. David Priest is our Chief Investment Officer. Together, our investment leadership and physician partners bring different perspectives to these conversations.

The purpose of this session

By the end, you should understand the basic structure of a syndication, follow a simple financial example, and know which questions to ask before considering a commitment. You don’t need prior real estate experience.

The scope of our conversation

This session provides general education. It does not offer a specific investment or give personal investment, tax, or legal advice. The examples use hypothetical numbers. They describe possible mechanics, rather than future results.

Your financial starting point

Before we discuss a property, let’s consider what you already own. Your practice may provide most of your income and represent a meaningful share of your wealth. That makes it an important part of any investment discussion.

Income and ownership

Income helps you meet current commitments. Ownership gives you an interest in a business or asset. A practice can provide both, but its income and value may depend on your continued involvement.

Exposure you already have

Imagine a dentist who owns a practice and its building. Those are separate assets, but both may depend on the same location and patient demand. An additional investment deserves a review of the exposure it adds.

The role of an outside investment

An outside investment might serve a goal such as potential income or long-term growth. Naming that goal gives you a starting point for evaluation. Different investments can serve different purposes and introduce different risks.

Money with an existing job

Practice reserves may need to cover payroll, taxes, or equipment. Household savings may support upcoming personal commitments. Money with a near-term purpose has a different role from capital you can leave committed for several years.

Your own timeline

Consider when you may need the money and what a loss would mean for your practice and household. A projected holding period can help frame the discussion, but it cannot promise when your capital will return.

The next question

Once you understand the role and timeline of your capital, the next question is how the investment works. Let’s use a real estate syndication to walk through ownership, operations, and the flow of money.

Real estate syndication

In a real estate syndication, investors pool capital through an entity that acquires and operates property. Each investor owns an interest in that entity. The legal documents define the rights attached to that interest.

The sponsor’s role

The sponsor organizes the transaction and directs the business plan. That can include acquisition, financing, renovations, and a later sale. The sponsor may hire a property manager to handle day-to-day operations.

The investor’s role

The investor contributes capital and evaluates the opportunity before committing. After that, the sponsor handles operations. Investors still need to understand their rights, review reports, and follow changes that affect the investment.

GP and LP

You may hear the sponsor described as the general partner, or GP, and investors as limited partners, or LPs. These terms are common shorthand. The actual entity and governing documents determine the legal structure.

Direct ownership

With direct property ownership, you generally have more involvement in decisions and operations. You can hire managers, but you still need to oversee them. Your time and ability to handle the work become part of the investment.

Delegating operations

A syndication offers a way to delegate property operations to a sponsor. That can fit a busy clinical schedule. In exchange, you depend on the team’s execution and accept the control and exit rights in the documents.

Ownership comparison

Here is the comparison in one place. Direct ownership generally leaves more decisions with you. A syndication delegates operations, while its documents determine the rights you retain. Either structure requires an understanding of the property and your exposure.

Decision area	Direct ownership	Syndication
Operations	You oversee operations	Sponsor directs operations
Control	Usually greater control	Depends on documents
Liquidity	Sale takes time and cost	Exit may be restricted
Concentration	Property and market exposure	Depends on deal or fund

Rights and responsibilities depend on the specific structure.

The meaning of passive

Passive describes your role in operations. The business still requires active work from someone. As an investor, you need to understand who does that work, how they receive compensation, and what happens when the plan changes.

Different property strategies

A property might already generate income, need renovation, or require development. Those plans involve different work and assumptions. Knowing the strategy helps you understand what must happen before the investment can produce its intended result.

The business plan

For a renovation plan, ask what improvements the team will make and why tenants would pay higher rents. Consider the cost, the time needed, and whether the market evidence supports the proposed changes.

The investment timeline

A typical transaction begins with review and a capital commitment, followed by acquisition and operations. The sponsor may later sell the property. Each stage can take longer than the original plan anticipates.

A property example

Let’s make the structure concrete with a hypothetical property. We’ll keep the numbers simple so you can follow the flow of capital. This example represents no actual property, offering, or expected return.

The acquisition budget

Assume a purchase price of eight million dollars. Add six hundred thousand for renovations and four hundred thousand for closing costs, fees, and reserves. That brings total uses of capital to nine million dollars.

The funding budget

In this example, a lender provides five million four hundred thousand dollars. Investors provide three million six hundred thousand dollars of equity. Together, those sources fund the nine-million-dollar budget.

Funding summary

This table shows the full funding example. Nine million dollars in uses matches nine million dollars in sources. The loan funds sixty percent of total uses. In a real transaction, we would review the individual fees and reserve assumptions.

Use of capital	Amount
Purchase price	$8,000,000
Renovations	$600,000
Closing costs, fees and reserves	$400,000
Total uses	$9,000,000
Debt / equity funding	$5,400,000 / $3,600,000

Hypothetical illustration. No forecast or actual investment. Investor receipts are before personal taxes.

The role of debt

The loan reduces the equity needed to fund the transaction, but it introduces payment obligations. The lender’s rights matter when performance weakens. Borrowing can amplify gains and losses for the equity investors.

The loan timeline

Ask when the loan matures, whether its interest rate can change, and what the sponsor expects to do at maturity. If the plan depends on refinancing, consider what happens when a new loan is unavailable or more expensive.

Property income

The property receives rent and other operating revenue. It also pays operating expenses such as maintenance, insurance, and property taxes. The amount left after those operating expenses is commonly called net operating income, or NOI.

Cash available for distribution

NOI does not tell us how much investors receive. Loan payments, capital work, and reserve requirements can use additional cash. The team then applies the distribution rules to the money available for investors.

Changes in distributions

A property may generate revenue while paying little or no cash to investors. Renovations or reserves can use that cash. Ask how the sponsor decides when to distribute money and how it explains changes to the original plan.

A separate investor example

Now imagine an investor contributes fifty thousand dollars and holds the investment for five years. We'll follow the money that investor receives. These are hypothetical amounts after sponsor fees and before the investor's personal taxes.

Cash received during ownership

Assume the investor receives twelve thousand five hundred dollars in total distributions during those five years. That describes the total amount received. It does not establish that payments arrive evenly or on a guaranteed schedule.

Cash received at sale

Assume the investor later receives sixty-two thousand five hundred dollars from the sale. That amount includes the return of the original fifty-thousand-dollar investment. The remaining twelve thousand five hundred dollars represents additional proceeds.

The total investor receipts

Adding twelve thousand five hundred dollars in distributions to sixty-two thousand five hundred dollars at sale gives seventy-five thousand dollars in total receipts. After subtracting the original investment, the hypothetical profit is twenty-five thousand dollars.

Equity multiple

The equity multiple divides total receipts by invested capital. Seventy-five thousand divided by fifty thousand equals one point five times, or 1.50x. The multiple includes returned principal. It does not describe an annual return.

Investor cash-flow summary

Here is the investor example in one place. Total receipts include returned principal. The seventy-five thousand dollars received produces a twenty-five-thousand-dollar profit on a fifty-thousand-dollar investment. The timing still matters when evaluating an annualized return.

Cash flow	Illustrative amount
Initial investment	($50,000)
Distributions over five years	$12,500
Sale receipt, including principal	$62,500
Total receipts	$75,000
Equity multiple	1.50x

Hypothetical illustration. No forecast or actual investment. Investor receipts are before personal taxes.

The timing of returns

Receiving the same total amount over a longer period changes the annualized result. IRR is a return measure that considers cash-flow timing. Our simplified example does not specify every payment date, so it does not establish an IRR.

A loss case

The outcome can also be negative. If a fifty-thousand-dollar investment produces only thirty-five thousand dollars in total receipts, the equity multiple is 0.70x. The investor has lost fifteen thousand dollars before considering personal taxes.

Illustrative outcome range

These three cases show how different total receipts change the equity multiple for the same fifty-thousand-dollar investment. They are teaching examples, without assigned probabilities. They do not describe the full range of possible outcomes, which can include a total loss.

Scenario	Total receipts	Equity multiple
Loss case	$35,000	0.70x
Example case	$75,000	1.50x
Higher receipt case	$90,000	1.80x

Hypothetical illustration. No forecast or actual investment. Investor receipts are before personal taxes.

Reading a projection

When you see a projected return, ask which assumptions produce it. Higher rents, lower costs, and a favorable sale price can each change the result. A useful review considers what happens when important assumptions fall short.

The sponsor’s compensation

Sponsors may receive fees for acquisition or ongoing management and may share in profits. Ask what each fee covers, when it applies, and who receives it. The complete economics matter more than a single advertised return.

Distribution priorities

The distribution waterfall describes the order in which money flows to different parties. It may address a preferred return, the return of capital, and a later profit split. The governing documents provide the actual rules.

Preferred return

A preferred return describes a priority for distributing available money under the agreement. Whether unpaid amounts accumulate depends on the terms. Available cash and the agreement determine payments. The stated percentage does not guarantee a payment.

An alignment question

A sponsor’s own investment can help you understand its financial exposure. Ask how much the sponsor contributes and on what terms. Co-investment is one part of the evaluation. It cannot establish the quality of the business plan.

Sponsor experience

Ask for documented results from completed investments and an explanation of deals that struggled. A difficult outcome can reveal how a team communicates and responds. Projected returns on current deals answer a different question from realized results.

Communication after closing

Before investing, ask what reports you will receive and how often. Consider whether they explain performance against the plan and changes in assumptions. Clear communication becomes especially useful when the property requires more time or capital.

Evidence behind the property plan

For the property itself, review the support for rents and occupancy. Ask about competing properties and the work required. A credible plan should explain why its assumptions fit this particular property and market.

The downside discussion

Consider lower income, higher expenses, and a delayed sale. Ask how the debt and reserves perform under those conditions. The purpose is to understand the pressure points in the plan before committing capital.

Investor rights

Review the documents for voting rights, transfer restrictions, and any requirements for additional capital. The terms may address dilution or sponsor removal. Ask for clarification when a provision could affect your ownership or future obligations.

Access to your money

Private investments may be difficult to sell, and losses can reach the entire investment. Limited public information can make evaluation harder. Your ability to hold the investment and tolerate a loss belongs in the decision.

Eligibility

Some private offerings require accredited-investor status. Common individual pathways include qualifying income or net worth, and other pathways exist. A medical license does not establish eligibility. The issuer must assess eligibility under the applicable offering rules.

Eligibility and personal fit

Meeting an eligibility requirement does not tell you whether an investment fits your circumstances. Your existing exposure, financial commitments, and ability to tolerate a loss still matter. A person can qualify for an offering and choose to decline it.

The tax conversation

Taxable income can differ from cash received. Depreciation may affect the amount reported, and a partnership generally provides a Schedule K-1. Ask your CPA how the investment's tax treatment interacts with your circumstances.

Losses and clinical income

Rental losses generally follow passive-activity rules, which can limit their use against wages or active practice income. Exceptions and additional limits can apply. Depreciation does not automatically provide an immediate offset to your clinical income.

Tax consequences at sale

The tax discussion continues when a property sells. Prior deductions and the structure of the investment can affect the result. A projection before personal taxes leaves an important part of your own outcome unanswered.

Medical innovation and familiar assets

The same evaluation habits apply to medical innovation. Clinical knowledge may help you understand a product, but commercial adoption and capital needs introduce other questions. Familiarity with the medicine leaves the business and investment terms to evaluate.

Reasons to slow down

If someone pressures you to commit before review, take more time. Guaranteed-return language, unclear compensation, and resistance to questions deserve attention. An investment decision should allow room for understanding the documents and seeking appropriate advice.

Your decision process

Begin by naming the role an investment would serve. Then assess whether you can tolerate a loss and a longer holding period. Review the team and the business plan, and resolve questions about the terms before making a commitment.

An unanswered question is useful

You do not need to decide immediately. An unanswered question tells you where further work belongs. Sometimes the next step is more information. Sometimes the right result is to pass on the opportunity.

The perspective to keep

Your practice remains an important part of your financial life. Understanding investments outside it gives you more context for future decisions. The value of this session is a clearer way to evaluate an opportunity when one appears.

Practice Owner Insights

If you'd like to continue learning, Practice Owner Insights covers investment concepts for physicians and dentists. You can request future educational updates from Wealth Beyond Practice. Any discussion of a specific opportunity would be a separate conversation.

Your next learning question

Think about the part of today’s conversation you would like explained further. It might be the sponsor’s role, the distribution rules, or the property assumptions. That question can guide what you read or ask about next.

Questions and discussion

Thank you for joining us. We can now discuss the concepts and examples from today’s session. Please keep personal financial details private. Questions about your own allocation or tax situation belong with the appropriate adviser.

Further reading

For further reading, Investor.gov explains private-placement risks. The SEC explains accredited-investor requirements, and IRS Publication 925 covers passive-activity and at-risk rules. The links appear in the notes for this slide so you can explore those topics in more detail.