

Madison monetizes illiquid real estate interests for investors worldwide

“Now may be the time to monetize your illiquid real estate investments,” says Ronald Dickerman, President of Madison International Realty. Madison is a New York and Frankfurt-based, specialty real estate investment firm that provides liquidity to holders of indirect real estate ownership interests such as limited partnership, member, joint venture, and fund interests and provides new equity capital to current property owners seeking to monetize equity positions or re-structure balance sheets.

How large is this market and what specific role does Madison play?

Madison’s concept was established in 1996 to provide liquidity to holders of indirect and non-controlling ownership interests in real estate assets. Sources estimate that approximately \$2.0 trillion of the \$4.6 trillion “investment quality” US Commercial Real Estate market is financed with equity capital and owned in fractional interests by Funds, Individuals, Trusts and Foreign Investors. These investors have made long-term commitments. Such interests represent non-controlling, partial ownership interests, which while valuable, are illiquid and difficult to sell. The universe of buyers for these illiquid ownership interests is extremely limited. Madison is able to create unique liquidity solutions for investors on a case-by-case basis by acquiring such interests as a principal in confidential secondary market transactions.

Who are Madison’s typical clients?

Madison clients are typically high-net-worth private individuals, family offices, foundations and institutions or real estate professionals. Madison also has relationships with key intermediaries such as wealth managers, attorneys, accountants and consultants whose clients require liquidity from time to time.

How does Madison determine its offer price for the interests it acquires?

The price that we offer is determined by our evaluation of the property value, the capital structure of the transaction and the future projected operating metrics of the underlying asset. The purchase price, together with all historical distributions, often result in the investor receiving a premium to the original capital invested.

What is the typical transaction?

Each transaction that Madison closes is unique. We have assisted investors who have needed to: re-deploy



capital; re-balance their investment portfolio; lock in exchange rate profits; or simplify their tax reporting.

What is the process and length of time taken to complete a typical transaction?

Both parties sign a confidentiality agreement before proceeding with an initial discussion of the seller’s ownership structure and specific liquidity needs. Our experienced real estate analysts perform initial due diligence on the asset, the tenant base and the subject market. Once this review is complete and a price agreed upon, Madison’s principals provide transfer documentation and seek approval from the general partner to initiate the transfer. This requires an experienced firm with an ethical and professional reputation in implementing these transactions. With the necessary documentation, a transaction can generally be completed within four to six weeks. ■

Madison unlocks the value of illiquid real estate investments

“Partial real estate ownership interests are difficult to sell . . .we provide liquidity to investors worldwide.”