PRSE Full Glossary

A portable plain-English glossary for private real estate, syndications, underwriting, debt, tax, and offering-document vocabulary. This is educational only and is not investment, legal, tax, accounting, or securities advice.

Term	Plain-English meaning
1031 exchange	A tax-deferral mechanism for swapping qualifying real estate under strict timing and identification rules.
Accredited investor	A regulatory investor-status category commonly based on income, net worth, license status, or entity tests.
Acquisition fee	A sponsor fee tied to sourcing and closing a deal. It should be disclosed and understood in context of alignment.
Amortization	The repayment schedule that gradually pays down loan principal over time.
Asset management	The post-closing work of executing the business plan, monitoring operations, and communicating with investors.
Bad debt	Rent that was billed but is unlikely to be collected. It can make headline occupancy look better than economic reality.
Blue-sky laws	State-level securities rules and notice filings that may apply alongside federal exemptions.
Bonus depreciation	A tax rule that may accelerate depreciation deductions for eligible property components, subject to changing law.
Bridge loan	Shorter-term debt often used for transition or value-add plans. It can add maturity and rate risk.
Cap rate	Net operating income divided by purchase price or value. It is an unlevered yield, not a full return forecast.
Capital call	A request for additional investor capital under the governing documents, usually tied to shortfalls or new needs.
Capital stack	The layers of debt and equity in a deal and the priority each layer has on cash flow and proceeds.
Cash flow	Cash left after operating expenses and debt service, before investor-level tax effects.
Cash-on-cash return	Annual pre-tax cash distributions divided by invested cash. It ignores sale proceeds and timing nuance.
CMBS loan	A commercial mortgage-backed securities loan. These can have specific servicing, prepayment, and assumption rules.
Concessions	Rent discounts or incentives that reduce effective rent even when asking rent looks high.
Cost segregation	A study that separates building components into shorter depreciation lives when supportable.
Debt service	The scheduled principal and interest payments owed on a loan.
Depreciation	A non-cash tax deduction that allocates property cost over time, subject to tax rules and recapture.
Depreciation recapture	A potential tax cost when prior depreciation deductions are recaptured at sale.
Disposition fee	A sponsor fee tied to selling or otherwise disposing of an asset.

Term	Plain-English meaning
DSCR	Debt service coverage ratio: NOI divided by debt service. Higher coverage means more cushion.
Economic vacancy	The revenue lost to vacancy, concessions, bad debt, and other collection gaps.
Equity multiple	Total cash returned divided by total cash invested. It shows magnitude, not timing.
Exit cap rate	The cap rate assumed at sale. A higher exit cap usually means a lower exit value.
Form D	A federal notice filing commonly used for Regulation D offerings.
Forced appreciation	Value created by increasing NOI, not merely waiting for the market to rise.
GP	General partner or sponsor side of the deal, typically responsible for control and execution.
Gross potential rent	The total rent a property could collect before vacancy, concessions, and collection losses.
Hurdle	A return threshold that must be met before the next tier of a waterfall applies.
IRR	Internal rate of return, a timing-sensitive return metric based on projected or actual cash flows.
K-1	A tax form that reports a partner's share of income, deductions, credits, and other tax items.
Leverage	Borrowed money used to buy or improve an asset. It can magnify both upside and downside.
Liquidity	How easily capital can be accessed or sold. Private real estate is usually illiquid.
Loss-to-lease	The difference between current in-place rents and market rents, if market rents are truly supportable.
LP	Limited partner, usually the passive investor side with limited control and limited liability.
LTC	Loan-to-cost: loan amount divided by total project cost.
LTV	Loan-to-value: loan amount divided by value or purchase price.
NOI	Net operating income: property income minus operating expenses before debt service and taxes.
Operating agreement	The governing entity agreement that often controls economics, rights, and decision mechanics.
Operating expenses	Property-level costs such as payroll, repairs, utilities, taxes, insurance, and management.
Preferred return	A priority return generally paid to LPs before sponsor promote economics begin.
Preferred equity	Equity with priority economics or rights compared with common equity, depending on documents.
Pro forma	A projection of future income, expenses, financing, and value. It is an assumption set, not a fact.
Promote	The sponsor's share of profits after specified investor hurdles are met.
Rate cap	A derivative or contract intended to limit floating-rate exposure above a stated level.
Recourse	Loan structure where the borrower or guarantor may have personal liability, subject to terms.
Refinance	Replacing or modifying debt, often to return capital, extend maturity, or improve terms.
Rent roll	A tenant-by-tenant schedule of rents, units, lease dates, and occupancy details.
Reserves	Cash set aside for repairs, operations, debt service, or unexpected needs.
Rule 506(b)	A Regulation D pathway generally associated with no general solicitation and investor relationship limits.

Term	Plain-English meaning
Rule 506(c)	A Regulation D pathway that allows general solicitation if accredited investor verification requirements are met.
Sponsor	The operator or deal team responsible for sourcing, closing, financing, operating, and reporting on a deal.
Subscription agreement	The document where an investor subscribes for interests and makes required representations.
T-12	Trailing twelve-month operating statement, commonly used to evaluate historical property performance.
T-3	Trailing three-month operating statement, useful for recent trends but less complete than a T-12.
UBIT / UDFI	Potential tax issues for retirement-account investors when debt-financed or business income is involved.
Vacancy	Lost rental income from unoccupied units or space.
Waterfall	The ordered method for distributing cash flow and sale proceeds among investors and sponsors.

How to Use This Glossary

Use the glossary as a reading companion. When a term appears in a sponsor conversation, model, PPM, operating agreement, loan summary, tax package, or investor update, write down where it appeared and what decision it affects. Professional interpretation belongs with the right professional.

If the term affects...	Ask...
A number	Where did the number come from, and what source supports it?
A legal right	Which document controls, and what would counsel say?
A tax result	What does my CPA need to see before relying on this?
A projection	What is the downside case if the assumption is wrong?
A risk	What is the trigger, mitigation, and remaining exposure?