

CASE STUDY: TYPICAL SR REALTY TRUST UPREIT TRANSACTION



1301 Industrial Boulevard Minneapolis, MN

Property:	Superior Logistics Building
Type:	Distribution Warehouse
Size:	350,000 sf
Price:	\$14,750,000
Tenancy:	Single Tenant, with Sub-Leases. Ten-year lease.
Situation:	This property was owned by three partners in a LLC. Their basis was much lower than the market value of the property. They wished to monetize their investment in a tax efficient manner and diversify their holdings.
Solution:	In lieu of a 1031 exchange, they contributed their property to SR Realty Trust in a 721 exchange or UPREIT transaction. The partners received units in the REIT for the value of their equity in the property.
Benefits:	<ul style="list-style-type: none">• The partners did not take any exchange risk• Deferral of their capital gains and depreciation recapture taxes• Investment diversification away from their main business• Elimination of recourse debt• Easy process with limited time involvement to transact• The REIT's stock/unit price increased since their entering the transaction, providing an immediate boost in the value of their units