

# CASE STUDY: TYPICAL SR REALTY TRUST 1031 EXCHANGE



## Hearing Components Building 659 Hale Avenue North, Oakdale, MN

- Property:** Hearing Components Building
- Type:** Office-Warehouse
- Size:** 32,800 sf
- Price:** \$2,300,000 or \$70.12/sf
- Tenancy:** Single Tenant, Seven-year lease.
- Situation:** SR Realty Trust sourced the property and placed it under contract. During the due diligence period, the 1031 exchange investors were introduced to the opportunity to buy in and received an investment summary. Once the property passed due diligence, the investors were asked to commit to this as their exchange property and everyone proceeded to closing.
- Solution:** This was a cash purchase. At closing each of the three 1031 exchange investors and SR Realty Trust received a deed for their proportionate ownership share of the property as a tenant in common.
- Benefits:**
- Deferral of their capital gains and depreciation recapture taxes
  - SR Realty Trust did all the work. Found the property, negotiated the purchase, performed due diligence, prepared all documentation and would have arranged the financing, except there was not any in this transaction.
  - The investors did not have go through what is typically a stressful and frustrating replacement property search process.
  - Comfort in knowing they can UPREIT at any time.