

CASE STUDY: TYPICAL SR REALTY TRUST UPREIT TRANSACTION



Superior Logistics Building 1301 Industrial Boulevard, Minneapolis, MN

- 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:**
- The partners did not take any exchange risk
 - Easy process with limited time involvement to transact
 - Deferral of their capital gains and depreciation recapture taxes
 - Investment diversification away from their main business
 - Elimination of recourse debt
 - Positioned partners to go their own ways when the oldest retires
 - The oldest is well positioned for estate planning

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