



Tax Solution with Flexible Occupancy

Challenge:

Justin Corporate Center, a two building complex in Manalapan, New Jersey was owned by a partnership, comprised various people with divergent interests, including the principals of Schoor DePalma, the major tenant in the complex. The partnership was looking to sell the complex and in the process Schoor DePalma developed different tax situations indicating that an outright cash sale would not meet every partner's personal objectives. Additionally the partnerships no longer wanted to be involved in the real estate management business.

Solution:

Advance Realty Group recognized the concerns of the partners and was able to find a creative solution, utilizing a combination of cash and UPREIT units to satisfy all the property sellers. The use of Advance's UPREIT structure allowed the sellers to defer the tax liability and diversify their risk by taking shares in a diversified portfolio of high quality assets. This solution solved each and every partner's objectives.

Advance also recognized the opportunity to bring professional property and asset management to the property and enhance ownership value by upgrading the tenant base through aggressive leasing and an appropriate capital expenditure plan.

Result:

Advance completed the acquisition of Justin Corporate Center, by using both longstanding professional relationships and financial structuring capabilities. Advance stabilized the income stream by signing long-term leases with Schoor DePalma, Paine Webber and Compaq Computer. Schoor DePalma continues to be the lead tenant in the complex, while the selling partners who opted for UPREIT shares continue to reap the benefit of a diversified portfolio, increasing equity value and deferred capital gain taxes.

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User: Schoor DePalma, Inc.
Justin Corporate Center,
Manalapan, NJ

Project Size: 100,000 SF



"Advance's creative solution to the acquisition met the needs of all of our business partners. We would definitely utilize their commercial real estate knowledge and expertise for any of our needs in the future."

*Steve DePalma
Chief Executive Officer
Schoor DePalma, Inc.*