

Broadtree Residential's Multifamily UPREIT Program offers owners of multifamily apartment communities a way to contribute their properties to Broadtree on a tax-deferred basis in exchange for an equity interest in Broadtree's operating company.

WHAT IS AN UPREIT?

UPREIT stands for umbrella partnership real estate investment trust. A real estate investment trust (REIT) may own property directly at the corporate level or under an umbrella partnership structure, in which the REIT serves as the general partner/managing member of the operating partnership or LLC, referred to as the UPREIT.

With an UPREIT structure in place, a property owner can contribute an asset to a REIT's subsidiary operating partnership or LLC on a tax-deferred basis in exchange for an equity interest equal in value to the contributor's equity in the property.

WHY SHOULD YOU CONSIDER AN UPREIT TRANSACTION?

TAX DEFERRAL & PROTECTION: Contribute a property on a tax-deferred basis and avoid capital gains taxes triggered through a cash sale. Broadtree can continue to protect partner's basis even in a subsequent sale of the property through 1031 exchanges.

REDUCED MANAGEMENT RESPONSIBILITIES: Eliminate active property management.

INCREASED POTENTIAL FOR LIQUIDITY AND REINVESTMENT: Opportunity to convert equity interest into common stock on a one-for-one basis in the future, increasing flexibility for individuals and families; access to REIT's redemption and reinvestment programs; potential to margin units for liquidity.

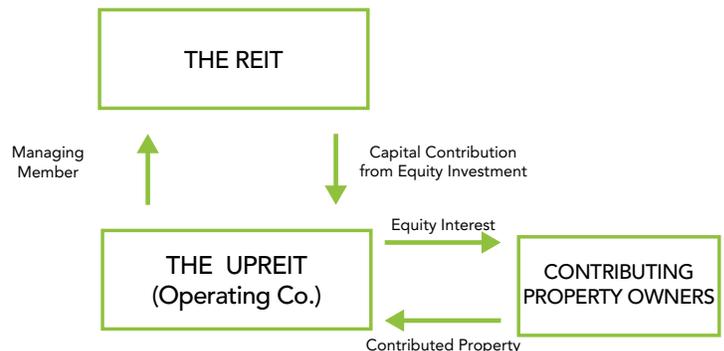
INCREASED DIVERSIFICATION: Increased portfolio diversification (geography, age, rent range, class).

SIMPLIFIED ESTATE PLANNING: Estate transfer of equity interests only, rather than actively-managed real estate; equity interests would receive a step-up in tax basis upon death.

DEBT STRUCTURING OPTIONALITY: Flexibility to assume, refinance, or payoff existing mortgage debt.

HOW IT WORKS:

- STEP 1** Discovery: contributor(s) and Broadtree work together to ensure the property targeted for contribution aligns with BTR's acquisition objectives.
- STEP 2** Due diligence: property underwriting, site visits, assessment, valuation and negotiation.
- STEP 3** Contribution agreement: contributor(s) and Broadtree enter into a contribution agreement and work to address all conditions to closing.
- STEP 4** Closing: contributor(s) contribute property to Broadtree's subsidiary operating company and receive an equity interest in a tax-deferred transaction. Contributors receive equity in the UPREIT by rolling over all or part of their net proceeds on a dollar for dollar basis.



Broadtree Residential, Inc. (Broadtree or BTR) is an open-ended, continuously offered, multifamily fund utilizing a REIT structure. It is designed to offer accredited investors access to multifamily real estate via investment in an institutionally managed private fund. BTR's core multifamily investment strategy focuses on delivering total return throughout all economic cycles.

DESIRED PROPERTY CHARACTERISTICS

PROPERTY QUALITY: Stabilized

VINTAGE: 1980s & newer

UNIT COUNT: 200+

DEAL SIZE: \$20 M+

GEOGRAPHICAL FOCUS: Top 100 MSAs with positive demographic trends

CONSTRUCTION TYPE: Garden style and low to mid-rise

TRANSACTION TYPE: UPREIT transaction (may include cash component)



IDEAL UPREIT CANDIDATES

- Family-owned properties with unresolved succession issues
- Partnerships or ownership groups faced with structuring or estate planning considerations
- Assets with a low tax basis or substantial capital gain
- Partners with differing appetites for liquidating or extending their investment
- Property owners seeking to relieve themselves of the responsibility for active management



To learn more about UPREIT transactions, contact our team.



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*AUM is as of March 31, 2020 and refers to the assets under management for all credit funds and separately managed accounts managed by BSP. AUM amounts are unaudited and subject to change.

