



WelshInvest Customized 1031 Solutions





Customized 1031 Solutions

Welsh Companies, LLC is a full-service commercial real estate company, established in 1977. For over 30 years, Welsh has and continues to provide outstanding and comprehensive service to clients throughout the United States. Welsh is headquartered in the Twin Cities with regional offices in Minneapolis and St. Paul, Minnesota; St. Louis, Missouri; Chicago, Illinois; and Detroit, Michigan.

The investment arm of Welsh, WelshInvest, has acquired and developed in excess of \$1 billion in property since 1996 through various partnerships, funds, and joint ventures. Since January 1, 2005, the overall WelshInvest portfolio has grown from approximately 6 million square feet to over 17 million square feet, adding over 40 properties throughout the Midwest and Southeastern United States.

WelshInvest understands that every real estate transaction is unique. For every project a unique and customized solution is created. WelshInvest approaches each challenge with our trademark entrepreneurial spirit and extensive industry knowledge and experience.

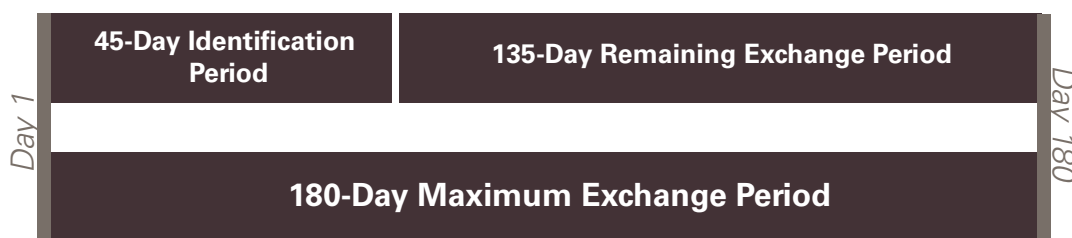
Why Welsh for your 1031 needs:

- 30 year history of successfully acquiring, operating, and disposing of real estate
- 75% of transactions found off-market
- Experience in all product types and in various markets throughout the central and southeast U.S.
- 25 professionals dedicated to acquisitions, resulting in significant transaction volume
- Welsh completed over \$100 M in 1031 /TIC transactions within the past 12 months
- No marked up purchase price - transparent transaction costs
- Significantly better returns than typical 1031 sponsors
- Competitive market fees
- Reserves in the property are established and are not used to maintain yields
- Up to 2% of the equity placed may be used by investors for professional fee reimbursement

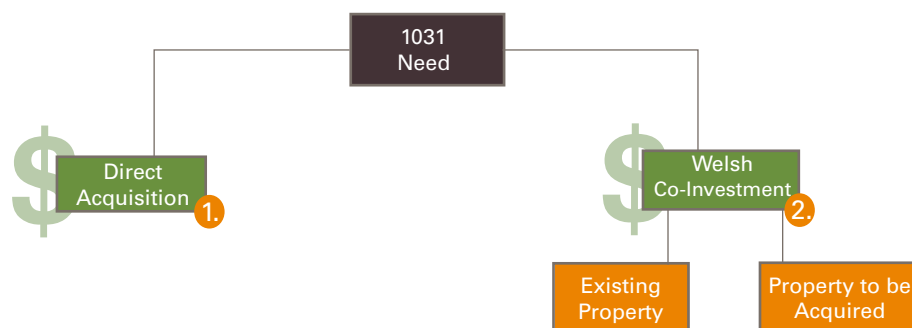
What is a 1031 Tax Exchange?

Section 1031 of the IRS tax code provides that no gain or loss shall be recognized on the exchange of property held for the purpose of investment. A deferral of capital gains tax is achieved when a property owner trades one or more relinquished properties for one or more “like-kind” replacements of equal or greater value.

1031 Exchange Time Frame



Customized Solutions



1. Direct Party Acquisition: WelshInvest is able to act as a third party acquisition specialist, working with the investor to facilitate the 1031 exchange process, including sourcing potential properties for identification, contract negotiations, due diligence, financing and closing. As a full-service real estate firm, all of Welsh’s resources are available to accomplish the goals of the individual investor. Welsh is also able to provide a long-term partner in management, leasing and maintenance of the acquired property.

2. WelshInvest Co-Investment: WelshInvest acquires property for the investment of its own principals and current investors, which properties are made available for co-investment as a tenant in common by 1031 exchange investors. This solution provides assurance that Welsh is committed to the acquisition and the long-term viability of the property as an investment. The expertise of Welsh’s asset property management teams, as well as leasing, construction, and facilities maintenance provide a hassle-free investment for 1031 buyers.

WelshInvest Recent 1031 Transactions



Detroit

This \$79,300,000 off-market acquisition of a five building, higher image, core, long-term lease portfolio in Michigan accommodated two entities as tenants in common. A Welsh affiliated entity was the third tenant in common owner, providing reassurance to the investor that Welsh had confidence in the transaction. The entire transaction was completed within the first fifty days of the entities' 1031 exchange period.



Shoreview

This \$5,750,000 acquisition accommodated three tenants in common including a Welsh affiliate. This 71,338 sq foot manufacturing/distribution building is located in Shoreview, Minnesota and is home to a single tenant, PaR Systems, Inc. whose lease is not set to expire until 2023.



Westbelt

This three building multi-tenant flex office/warehouse portfolio was purchased in August 2007 as an off-market acquisition. This transaction accommodated a reverse 1031 exchange for a Welsh affiliated owner. The reverse exchange transaction was completed in February 2008. Acquired at 50% occupancy, this property was underwritten as a value-add opportunity with a medium to long term investment horizon. By May, 2008 occupancy was at 82%.



Enterprise Park

This three-building, multi-tenant flex portfolio, located in Cincinnati OH, accommodated two entities as tenants in common. A Welsh affiliate was the third tenant in common; a testament to Welsh's confidence in the portfolio. This portfolio is expected to be a medium-term hold for investors, with significant opportunity for cash flow as the property is a stable (near 100% occupied), well located group of flex industrial buildings.



Long Lake

This office building acquisition was completed on a third-party basis, by Welsh for a long-time real estate investor seeking stable returns for their 1031 exchange. From identification to due diligence to closing, Welsh coordinated and worked with the investor and its advisors to successfully achieve the investor's goals.



Valley View

This acquisition not only accommodated an entity's need for a 1031 exchange property, but was also structured to allow new investment capital into the property. A small bay industrial building with a prime suburban Minneapolis location, this investment is intended to be a long-term hold for its investors.