

Due Diligence

Winthrop Realty Trust

July 2016



Seven Corners Capital



Winthrop Realty Trust Liquidation

July 2016 – FUR

Ticker	Company	PPS	Shs O/S	Proxy	Rev'd	2014/5 Net Inc	CYEPS	FwdEPS	Mkt Cap	SRK Valuation	IV / Sh	IRR	CoC?	FCF %	14 E Yld	15 E Yld	Div %
FUR	Winthrop Realty Trust	8.7	37,000,000	Proxy	2-May	6,000,000	0.16	0.16	321,900,000	399,230,000	10.79	24%	Y	0.0%	1.9%	1.8%	0.00%

Winthrop
Realty Trust
Liquidation

Total Hrs (80)

Last 4 AR (20)

Last 3 10-Q
(12)

Last 100 SEC
filings (20)

Merger Proxy
(8)

IR / Inv Pres / Misc
(10)

Last 4 E C (6)

Gen / SA
(2)

Competitors/
EV Model (0)

FUR

Date(s) (Hours) → Before June (20), 6/2 (3.5),
6/6-6/11 (9.5), 6/16 (2), 6/21-6/22 (3.0), 7/21 (4.0),
7/22 (2.0), 7/23 (1.0), 7/25 (3.0), 7/26 (1.0)

5 / 20

12 / 12

20 / 20

5 / 10

10 / 10

6 / 6

1 / 2

0 / 0

TOTAL → 59/80

OPEN ISSUES / KEY FACTS:

1. Is 10.79 liquidating value accurate? Not clear whether co will provide a final NAV update prior to 8/5.
2. Immediate tax hit as of August 5th, when assets enter dissolution trust.
3. Any good way to hedge risk of commercial RE downturn? Short an index or individual REITs?
4. Need to value 701 7th Ave / figure out when the Trust will sell this property. Current sale date estimate is September 2017.
5. What is timeframe for return of capital? → Seems to be by end of 2018 or beginning of 2019
6. Last chance to buy = August 1st(?)
7. How much is the litigation worth? Suing for \$500MM, worth at least \$1/share(????)



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Target PPS Returns

Purchase Price -->	8.75	8.50	8.25	8.00
Hold Period	CAGR	CAGR	CAGR	CAGR
1	1.23	1.27	1.31	1.35
2	1.11	1.13	1.14	1.16
3	1.07	1.08	1.09	1.11

*Expected Distributions
(Before Taxes) = 10.80*

Note – PPS as of 7/25 → 8.75



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Tax Treatment

Liquidating Trust

If we have not disposed of all our assets within 24 months after the adoption of the plan of liquidation, we intend to establish a liquidating trust to which we will transfer our unsold assets at the end of such 24 month period. A trust will be treated as a liquidating trust if it is organized for the primary purpose of liquidating and distributing the assets transferred to it, and if its activities are all reasonably necessary to and consistent with that purpose. Although neither the Code nor the Treasury regulations thereunder provide any specific guidance as to the length of time a liquidating trust may last, the IRS's ruling guidelines call for a term not to exceed three years, which period may be extended to cover the collection of installment obligations. If we establish a liquidating trust, we intend to comply with such IRS guidelines.

An entity classified as a liquidating trust generally is not subject to tax on any income or gain recognized by it. Instead, if you are a shareholder when a liquidating trust is established, you will be treated as the owner of your pro rata portion of each asset, including cash, received and held by the liquidating trust. Accordingly, you will be treated as having received a liquidating distribution equal to the amount of your share of the sum of any cash and the fair market value of any asset transferred to the liquidating trust, and will recognize gain at that time to the extent such amount is greater than your remaining tax basis in your common shares (as reduced by all prior liquidating distributions) notwithstanding that you may not currently receive a distribution of cash or any other assets with which to satisfy the resulting tax liability. You will recognize taxable gain or

loss. In addition, you will be required to take into account in computing your taxable income, your pro rata share of each item of income, gain and loss of the liquidating trust, the character of which items will pass through to you.

The liquidating trustee will file tax returns for the liquidating trust, and will send to each holder of an interest in the liquidating trust a separate statement setting forth the holder's share of items of income, gain, loss, deduction and credit. Each holder must report such items on its federal income tax return regardless of whether the liquidating trust makes current cash distributions. An individual U.S. shareholder who itemizes deductions may be unable to deduct his pro rata share of fees and expenses of the liquidating trust for regular federal income tax purposes except to the extent that such amount, together with the U.S. shareholder's other miscellaneous itemized deductions, exceeds 2% of his adjusted gross income, and may be unable to deduct such expenses at all for alternative minimum tax purposes.

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Because shareholders would be treated as owning their respective shares of the liquidating trust's assets, they would be treated as directly engaging in the operations of the liquidating trust. As such, holders of interests in the liquidating trust that are tax-exempt entities may realize UBTI with respect to the trust's operations, and non-U.S. holders may be considered to derive income that is effectively connected with a U.S. trade or business. In that event, non-U.S. holders would be subject to U.S. federal income tax and, for non-U.S. corporate holders, branch profits tax. Accordingly, the liquidating trust will withhold 35% of any distributions made to non-U.S. holders. That amount will be creditable against the non-U.S. holder's U.S. federal income tax liability. Tax-exempt and non-U.S. shareholders should consult their own tax advisors regarding the U.S. federal income tax consequences that would apply to them if we were to transfer assets to a liquidating trust.

If the liquidating trust fails to qualify as such, the resulting tax consequences to the trust and the holders of trust interests will depend upon, among other things, the reasons for the trust's failure to so qualify. If the board avails itself of the use of a liquidating trust, it is anticipated that every effort will be made to ensure that the liquidating trust will be classified as such for federal income tax purposes.

State and Local Income Tax

You may be subject to state or local taxes with respect to liquidating distributions received from us. The state or local tax treatment of liquidating distributions received from us may differ from the federal income tax treatment described above. If we transfer assets to a liquidating trust, you may be required to file income tax returns in states or localities in which the liquidating trust owns properties. You should consult your tax advisors regarding such taxes.



Winthrop Realty Trust Liquidation

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WINTHROP REALTY TRUST

(Exact name of Registrant as specified in its certificate of incorporation)

Ohio
(State or other jurisdiction of
incorporation or organization)

7 Bulfinch Place, Suite 500, Boston, Massachusetts
(Address of principal executive offices)

34-6513657
(IRS Employer
Identification Number)

02114
(Zip Code)

As of February 29, 2016, there were 36,425,084 Common Shares outstanding.

At June 30, 2015, the aggregate market value of the Common Shares held by non-affiliates was \$497,655,502.



Winthrop Realty Trust Liquidation

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Winthrop Realty Trust is a real estate investment trust formed under the laws of the State of Ohio. We conduct our business through our wholly owned operating partnership, WRT Realty L.P., a Delaware limited partnership, which we refer to as the Operating Partnership. All references to the “Trust”, “we”, “us”, “our”, “WRT” or the “Company” refer to Winthrop Realty Trust and its consolidated subsidiaries, including the Operating Partnership.

We began operations in 1961 under the name First Union Real Estate Equity and Mortgage Investments and changed our name to Winthrop Realty Trust in 2005. Since January 1, 2004, we have been externally managed by FUR Advisors LLC, which we refer to as FUR Advisors or our Advisor, an entity that is majority owned by our current executive officers and senior management, including Michael L. Ashner and Carolyn Tiffany.

Our primary business is owning real property and real estate related assets. On April 28, 2014 our Board of Trustees adopted a plan of liquidation. The plan, which provides for an orderly liquidation of our assets, was approved by holders of a majority of our common shares of beneficial interest (which we refer to as Common Shares) at a special meeting of shareholders on August 5, 2014. At the time of the adoption of the plan we held 20 consolidated operating properties, 18 equity investments, eight loans receivable, one secured financing receivable and one loan security. At December 31, 2015, we held 10 consolidated operating properties, 10 equity investments, four loans receivable, one secured financing receivable and one loan security.

Prior to the adoption of the plan of liquidation, we categorized our investments into three reportable segments: (i) the ownership of investment properties including wholly owned properties and investments in joint ventures which own investment properties, which we refer to as operating properties; (ii) the origination and acquisition of loans collateralized directly or indirectly by commercial and multi-family real property, which we refer to as loan assets; and (iii) the ownership of equity and debt interests in other real estate investment trusts (REITs), which we refer to as REIT securities. Subsequent to the adoption of the plan of liquidation, our business has been, and will continue to be, to sell our assets in an orderly fashion. We no longer classify our assets in these separate segments to make operating decisions or assess performance. Accordingly, we have only one reporting and operating segment subsequent to July 31, 2014.

At December 31, 2015 we had total assets of \$745,629,000 and net assets in liquidation of \$516,396,000. The net assets in liquidation at December 31, 2015 would result in liquidating distributions of approximately \$14.18 per Common Share.

Our executive offices are located at 7 Bulfinch Place, Suite 500, Boston, Massachusetts 02114 and Two Jericho Plaza, Jericho, New York 11753. Our telephone number is (617) 570-4614 and our website is located at <http://www.winthropreit.com>. The information contained on our website does not constitute part of this Annual Report on Form 10-K. On our website you can obtain, free of charge, a copy of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act of 1934, as amended, as soon as reasonably practicable after we file such material electronically with, or furnish it to, the Securities and Exchange Commission, which we refer to as the SEC.

Plan of Liquidation

The plan of liquidation that was approved on August 5, 2014 provides for an orderly sale of our assets, payment of our liabilities and other obligations and the winding up of operations and dissolution of the Trust. We are not permitted to make any new investments other than protective acquisitions or advances with respect to our existing assets including providing seller financing to purchasers of our assets if we deem it prudent to facilitate the sale of such asset. We are permitted to satisfy any existing contractual obligations including any capital call requirements and acquisitions or dispositions pursuant to buy-sell provisions under existing joint venture documentation, pay for required tenant improvements and capital expenditures at our real estate properties, and repurchase our existing Common Shares. We are also permitted to invest our cash reserves in short-term U.S. Treasuries or other short-term obligations.

The plan of liquidation enables us to sell any and all of our assets without further approval of the shareholders and provides that liquidating distributions be made to the shareholders as determined by the Board of Trustees. Pursuant to applicable REIT rules, in order to be able to deduct liquidating distributions as dividends we must complete the disposition of our assets by August 5, 2016, two years after the date the plan of liquidation was adopted by shareholders.



Winthrop Realty Trust Liquidation

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As we currently anticipate that all of our assets will not be sold by such date, we intend to satisfy this requirement by distributing our unsold assets to a liquidating trust at the end of such two-year period. The sole purpose of the liquidating trust will be to liquidate any remaining assets and, after satisfying any remaining liabilities, distribute the proceeds of the sale of assets to the holders of the interests in the liquidating trust. The liquidating trust will be managed by one or more trustees, which we presently expect will initially include at least one trustee that satisfies the independence requirements of the New York Stock Exchange (“NYSE”), designated by the Trust’s Board of Trustees at the time of formation of the liquidating trust. Although Internal Revenue Service (“IRS”) regulations do not provide any specific guidance as to the length of time a liquidating trust may last, the IRS’s ruling guidelines call for a term not to exceed three years, which period may be extended.

If we transfer our assets to a liquidating trust, our shareholders will receive beneficial interests in the liquidating trust in proportion to Common Shares held in the Trust. Holders of our Common Shares should note that unlike our Common Shares, which are freely transferable, beneficial interests in the liquidating trust will generally not be transferable except by will, intestate succession or operation of law. Therefore, the recipients of the interests in the liquidating trust will not have the ability to realize any value from these interests except from distributions made by the liquidating trust, the timing of which will be solely in the discretion of the liquidating trust’s trustees. If we transfer our assets to a liquidating trust, holders of our Common Shares will be treated for federal and, to the extent applicable, state income tax purposes as if they received a distribution of their pro rata share of the fair market value of any assets that are transferred to a liquidating trust and will be subject to federal and, to the extent applicable, state income tax to the extent that such deemed distribution exceeds the remaining tax basis of such holder’s Common Shares. Any distributions received by holders of our Common Shares during the course of our liquidation will be considered to be reductions of such holder’s tax basis in the Common Shares.

Based on current guidance provided by the Securities and Exchange Commission we anticipate that the liquidating trust will be required to file only annual reports containing unaudited financial statements on Form 10-K and current reports on Form 8-K with the Securities and Exchange Commission.

The dissolution process and the amount and timing of distributions involves risks and uncertainties. As such, it is impossible at this time to determine the ultimate amount of liquidation proceeds that will actually be distributed to holders of Common Shares (or, to the extent applicable, holders of beneficial interests in the liquidating trust) or the timing of such payments. Accordingly, no assurance can be given that the distributions will equal or exceed the estimate of net assets presented in the Consolidated Statements of Net Assets. To date, liquidating distributions have been paid totaling \$4.50 per Common Share.

We expect to continue to qualify as a REIT throughout the liquidation until such time as our remaining assets, if any, are transferred into a liquidating trust. The Board of Trustees shall use commercially reasonable efforts to continue to cause us to maintain our REIT status, provided however, the Board of Trustees may elect to terminate our status as a REIT if it determines that such termination would be in the best interest of the shareholders.

Management

We have engaged FUR Advisors to administer our affairs including seeking, servicing and managing our investments. For providing these and other services, FUR Advisors is entitled to a base management fee and, in certain instances, an incentive fee and termination fee. See “Employees” below for a description of the fees payable to FUR Advisors.

Pursuant to our bylaws, the consent of our Board of Trustees is required to acquire or dispose of an investment with a value in excess of \$10,000,000. Our executive officers are permitted to acquire or dispose of an investment with an aggregate value of \$10,000,000 or less without the consent of our Board of Trustees. However, if such transaction is with (i) our Advisor (and any successor advisor), Michael Ashner, or any of their respective affiliates; (ii) certain stated entities which are, or were, affiliated with us; (iii) a beneficial owner of more than 4.9% of our outstanding common shares of beneficial interest which we refer to as our Common Shares, either directly or upon the conversion of any of our preferred shares; or (iv) a beneficial owner of more than 4.9% of any other entity in which we hold a 10% or greater interest, then regardless of the amount of the transaction, such transaction must be approved by a majority of our independent trustees, acting in their capacity as members of our Conflicts Committee.



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Employees

As of December 31, 2015 we had no employees. Our affairs are administered by our Advisor pursuant to the terms of an advisory agreement for five years effective January 1, 2013 which we refer to, as the same may be amended from time to time, as the “Advisory Agreement.”

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Under the Advisory Agreement, we pay to our Advisor a quarterly base management fee equal to 1.5% of (i) the issuance price of our outstanding equity securities plus (ii) 0.25% of any equity contribution by an unaffiliated third party to a venture managed by us. The Advisory Agreement provides that any dividends paid on account of Common Shares that result in a reduction of the threshold amount (as described below) at the date of our liquidation or disposition are deemed a reduction in the aggregate issuance price of the Common Shares, thereby resulting in a reduction of the base management fee. In addition to receiving a base management fee, our Advisor is entitled to receive an incentive fee for administering the Trust and, in certain instances, a termination fee upon an early termination of the Advisory Agreement under certain circumstances or the liquidation or disposition of the Trust. Further, our Advisor, or its affiliate, is also entitled to receive property management fees and construction management fees at commercially reasonable rates.

The incentive fee is equal to 20% of any amounts available for distribution in excess of the threshold amount and is only payable at such time, if at all, (i) when holders of our Common Shares receive aggregate dividends above the threshold amount or (ii) upon termination of the Advisory Agreement if the net value of our assets exceeds the threshold amount based on then current market values and appraisals. That is, the incentive fee is not payable annually but only at such time, if at all, as shareholders have received dividends in excess of the threshold amount (\$427,686,000 on December 31, 2015 plus an annual return thereon equal to the greater of (x) 4% or (y) the 5 year U.S. Treasury Yield plus 2.5% (such return, the “Growth Factor”) less any dividends paid from and after January 1, 2016). The incentive fee will also be payable if the Advisory Agreement is terminated, other than for cause (as defined) by us or with cause by our Advisor, and if on the date of termination the net value of the Trust’s assets exceeds the threshold amount. At December 31, 2015 the threshold amount required to be distributed before any incentive fee would be payable to FUR Advisors was \$427,686,000, which was equivalent to \$11.94 per Common Share. At December 31, 2015, based on our estimate of liquidating distributions, it is estimated that the Advisor would be entitled to an incentive fee of \$15,305,000 in connection with our liquidation. This amount has been accrued and is reflected in our net assets in liquidation at December 31, 2015.

With respect to the termination fee, it is only payable if there is (i) a termination of the Advisory Agreement for any reason other than for cause (as defined) by us or with cause by our Advisor, (ii) a disposition of all or substantially all of our assets, or (iii) an election by us to orderly liquidate our assets. The termination fee, if payable, is equal to the lesser of (i) the base management fee paid to our Advisor for the prior twelve month period or (ii) either (x) in the case of a termination of the Advisory Agreement, 20% of the positive difference, if any between (A) the appraised net asset value of our assets at the date of termination and (B) the threshold amount less \$104,980,000, or (y) in the case of a disposition or liquidation, 20% of any dividends paid on account of our Common Shares at such time as the threshold amount is reduced to \$104,980,000, which, based on current estimates, will be achieved at such time as additional liquidating distributions of approximately \$9.01 per Common Share in excess of the Growth Factor have been paid. For example, if the Trust had been liquidated at January 1, 2016, the termination fee would only have been payable if additional liquidating distributions of approximately \$9.01 per Common Share had been paid, and then only until the total termination fee paid would have equaled \$9,496,000 (the base management fee for the twelve months prior to the approved plan of liquidation), which amount would be achieved when total additional liquidating distributions paid per Common Share equaled approximately \$10.05. At December 31, 2015 it is estimated that the Advisor will be entitled to a termination fee of \$9,496,000 in connection with our liquidation. This amount has been accrued and is reflected in our net assets in liquidation at December 31, 2015.

In connection with the modifications entered into in February 2013 with respect to the Advisory Agreement, we issued 600,000 restricted Common Shares, which Common Shares were issued under our 2007 Long Term Incentive Plan. In connection with the adoption of the plan of liquidation, the Trust’s compensation committee has authorized amendments to the grant agreements to provide for an early expiration of the forfeiture period and the reissuance of forfeited shares. See Item 8 – Financial Statements and Supplementary Data, Note 20 for additional information on the grants.



Winthrop Realty Trust Liquidation

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Overview

On April 28, 2014 our Board of Trustees adopted a plan of liquidation. The plan, which provides for an orderly liquidation of our assets, was approved by holders of a majority of our common shares of beneficial interest (“Common Shares”) at a special meeting of shareholders on August 5, 2014. As a result of the adoption of the plan of liquidation, we are not permitted to make any new investments other than to make protective acquisitions or advances with respect to our existing assets including providing seller financing to purchasers of our assets if we deem it prudent to facilitate the sale of such asset. We will, however, be able to satisfy any existing contractual obligations including any capital call requirements and acquisitions or dispositions pursuant to buy-sell provisions under existing joint venture documentation, pay for required tenant improvements and capital expenditures at our real estate properties and repurchase our existing Common Shares. In addition, we will be able to invest our cash reserves in short-term U.S. Treasuries or other short-term obligations.

We are a diversified REIT, and prior to the adoption of the plan of liquidation, we operated in three strategic segments: (i) operating properties; (ii) loan assets; and (iii) REIT securities. As value investors we focused and aggressively pursued our investment activity in the segment we believed would generate the greater overall return to us given market conditions at the time. Under the plan of liquidation, our focus is on selling our assets in a manner that maximizes the return to our holders of Common Shares. We will continue to actively manage our remaining assets throughout the liquidation process.

In order to comply with applicable tax laws, any of our assets not sold by August 5, 2016 will be transferred into a liquidating trust. There are federal income tax considerations relating to the transfer of the Trust’s remaining assets and liabilities into the liquidating trust which are described in detail in our proxy statement that was filed with the Securities and Exchange Commission on June 26, 2014. A copy of the proxy statement is available on the Securities and Exchange Commission’s website www.sec.gov as well as the Trust’s website, www.winthropreit.com, under the investor relations tab. When we transfer our remaining assets and liabilities to a liquidating trust, holders of our Common Shares will receive beneficial interests in the liquidating trust equivalent to those held in the Trust. Holders of our Common Shares should note that unlike our Common Shares, which are freely transferable, beneficial interests in the liquidating trust will generally not be transferable except by will, intestate succession or operation of law. Therefore, the recipients of the interests in the liquidating trust will not have the ability to realize any value from these interests except from distributions made by the liquidating trust, the timing of which will be solely in the discretion of the liquidating trust’s trustees. As compared to the Trust which is required to comply with all of the filing requirements of the Securities and Exchange Commission for publicly traded entities, based on current guidance provided by the Securities and Exchange Commission we anticipate that the liquidating trust will be required to file only annual reports containing unaudited financial statements on Form 10-K and current reports on Form 8-K with the Securities and Exchange Commission.

An entity classified as a liquidating trust generally is not subject to tax on any income or gain recognized by it. Instead, if you are a shareholder when a liquidating trust is established, you will be treated as the owner of your pro rata portion of each asset, including cash, received and held by the liquidating trust and each liability assumed by the liquidating trust. Accordingly, you will be treated as having received a liquidating distribution equal to the amount of your share of the sum of any cash and the fair market value of any asset transferred to the liquidating trust, less your pro rata share of any liabilities assumed by the liquidating trust, and will recognize gain at that time to the extent such amount is greater than your remaining tax basis in your common shares (as reduced by all prior liquidating distributions) notwithstanding that you may not currently receive a distribution of cash or any other assets with which to satisfy the resulting tax liability.

The fair market value of assets transferred to the liquidating trust and the liabilities assumed by the liquidating trust will be provided in a press release issued by us on or about August 5, 2016 and the trustees of the liquidating trust will furnish the beneficiaries of the liquidating trust a statement of their pro rata share of the assets transferred to, and the liabilities assumed by, the liquidating trust. You will recognize taxable gain or loss when all or part of your pro rata portion of an asset held by the liquidating trust is disposed of for an amount greater or less than the fair market value of such asset at the time it was transferred to the liquidating trust. In addition, you will be required to take into account in computing your taxable income, your pro rata share of each item of income, gain and loss of the liquidating trust, the character of which items will pass through to you.

The liquidating trustee will file tax returns for the liquidating trust, and will send to each holder of an interest in the liquidating trust a separate statement setting forth the holder’s share of items of income, gain, loss, deduction and credit. Each holder must report such items on its federal income tax return regardless of whether the liquidating trust makes current cash distributions. An individual U.S. shareholder who itemizes deductions may be unable to deduct his pro rata share of fees and expenses of the liquidating trust for regular federal income tax purposes except to the extent that such amount, together with the U.S. shareholder’s other miscellaneous itemized deductions, exceeds 2% of his adjusted gross income, and may be unable to deduct such expenses at all for alternative minimum tax purposes.

The timing and amount of the liquidating distributions to the shareholders will be determined by our Board of Trustees. The dissolution process and the amount and timing of distributions to shareholders involve risks and uncertainties. As such, it is impossible at this time to determine the ultimate amount of liquidation proceeds that will actually be distributed to holders of Common Shares or the timing of such payments. To date, liquidating distributions totaling \$4.50 per common share have been paid.

At May 1, 2016 we held 10 consolidated operating properties, three of which are currently under contract for sale, eight equity investments and four loans receivable.



Winthrop Realty Trust Liquidation

July 2016 – FUR

October 16, 2012

WINTHROP REALTY TRUST ENTERS INTO VENTURE TO REDEVELOP TIMES SQUARE NEW YORK PROPERTY

Acquires Four B Notes at a Discount and Receives Payment in Full on Two Loan Receivables

FOR IMMEDIATE RELEASE – BOSTON, October 16, 2012/ -- Winthrop Realty Trust (NYSE:FUR) announced today that it has entered into a venture with The Witkoff Group and New Valley LLC (the "JV") to acquire and redevelop the property located at 701 Seventh Avenue, New York, New York, which is the northeast corner of 7th Avenue and 47th Street in the Times Square submarket of New York City. The proposed redevelopment will include an expansion of the retail space to approximately 80,000 square feet, installing an approximately 22,000 square foot state of the art LED sign, and potential development of a hotel. Winthrop has committed to invest up to \$68.0 million on a preferred equity basis with an initial contribution of approximately \$29.0 million

In addition, Winthrop recently (i) acquired for \$20.7 million four B-Notes with an aggregate principal balance of \$25.7 million, secured by two office buildings in Burbank, California and two retail properties in Hawaii, (ii) received payment in full on its \$30.0 million first mortgage loan secured by a 326,000 square foot commercial building located in Ft. Lauderdale, Florida resulting in a 22% return to Winthrop and (iii) received payment in full on its \$15.6 million B Participation in a \$70.0 million mortgage loan secured by multiple properties in Riverside, California resulting in a 12% return to Winthrop.

About Winthrop Realty Trust

Winthrop Realty Trust, headquartered in Boston, Massachusetts, is a NYSE-listed real estate investment trust (REIT) focused on acquiring, owning, operating and investing in real property as well as real estate financial instruments including CMBS, bonds, REIT preferred and common stock. For more information, please visit our web-site at www.winthropreit.com.



Winthrop Realty Trust Liquidation

July 2016 – FUR

11/26/13 8-K filing re 20 Times Square

Item 7.01. Regulation FD Disclosure.

701 Seventh Avenue

The following describes Winthrop Realty Trust's (the "Trust") economic investment in the 701 Seventh Avenue, New York, New York property (the "Property").

The Trust holds its preferred equity interest in the Property through 701 Seventh WRT Investor LLC ("701 JV"), a venture between the Trust and a third party. Pursuant to the terms of the 701 JV operating agreement, the Trust is required to contribute 70.5% (which is subject to increase to 80% at such time, if at all, as the lender holding the debt encumbering the property consents or the debt is refinanced, which is expected to occur in December 2013) of all capital contributions required to be made by 701 JV up to a maximum contribution by the Trust of \$125 million. 701 JV, in turn, through a series of ventures presently holds an indirect 76.42% interest in the Property. As such, the Trust's fully-diluted percentage of all capital contributions is approximately 53.9% (subject to increase to approximately 61.1%).

With respect to distributions from the Property, 701 JV is entitled to receive 76.42% of all distributable cash flow from the Property, which reduces to 61.1% at such time as 701 JV has received a return of its entire capital contributions, which is further reduced to 30.57% at such time as 701 JV has received a return of its entire capital contributions plus a 12% internal rate of return thereon.

Under the operating agreement for 701 JV, the Trust is entitled to receive from distributions of cash flow 100% of the amounts received by 701 JV until the Trust receives a 12% return on its capital contributions. Thereafter, the Trust will be entitled to receive 50% of any additional distributable cash flow received by 701 JV after its partner in 701 JV receives a 12% return on its capital contributions. With respect to capital proceeds, the Trust is entitled to receive on a preferred basis 100% of the amounts received by 701 JV on account of capital proceeds until the Trust receives a return of its capital contributions plus a 12% internal rate of return thereon. Thereafter, the Trust will be entitled to receive 50% of any additional distributable capital proceeds after its partner in 701 JV receives a return of its capital contributions and a 12% internal rate of return thereon.

By way of example, assuming that the Property is sold on October 1, 2016 and at such time the then existing debt encumbering the Property is \$815 million and the Trust has made aggregate capital contributions to 701 JV of \$100 million, the Trust would receive:

- a return of its entire preferred capital contributions together with a 12% internal rate of return thereon at a sales price of approximately \$1.003 billion; and
- for each dollar of purchase price in excess of approximately \$1.066 billion, an additional \$0.1528 cents.

Asset Sales

Consistent with the Trust's business strategy, it is anticipated that the Trust will market for sale \$130 million-\$180 million of assets in the first two quarters of 2014 which are deemed to have matured in value. Sales proceeds will be recycled for new investments and/or corporate reserves. Included in the assets that are expected to be marketed for sale are certain performing loan assets and the properties in Englewood, Colorado.



Winthrop Realty Trust Liquidation

July 2016 – FUR

20 Times Square

From Wikipedia, the free encyclopedia

Coordinates:  40°45′33″N 73°59′03″W

20 Times Square is a large mixed-use 39-story development located at 701 [Seventh Avenue](#) on the northeast corner of West 47th Street in [Times Square](#), [Manhattan](#) at the top of the Times Square 'bow tie'.^[1] The development will include one of [Ian Schrager's](#) new Edition Hotels operated by [Marriott](#) above a 6-floor 76,000 sq ft retail component.^[2] The building replaces the [Cecil B. DeMille](#) building previously home to the famous [Unique Recording Studios](#) which closed in 2004.^[3] According to City Planning Department documents, an increase in the size (and [FAR](#)) of the 500 foot tall building was made possible by the [transfer of air rights](#) from two nearby Broadway locations.^[4]

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- 4 [External links](#)

LED display [\[edit\]](#)

Following in the tradition of Times Square, and the [zoning ordinances](#) requirement for building owners to display illuminated signs, the development would have featured a very large wraparound high definition LED screen, known as a [Jumbotron](#). If completed the screen would have been one of the largest [video-capable screens](#) in the world.^[5] The screen would feature 16 million LED diodes (pixels) measuring only 10mm, providing 18,000 square feet of screen along 200 linear feet of wraparound frontage.^{[1][5]} This would make the screen the largest single LED screen in New York and over six times the size of the famous [Coca-Cola sign](#) in Times Square. The sign would have been 1,000 square feet larger than Times Square's previous largest - the 17,000 square foot sign on the flagship [Walgreens](#) store located at [One Times Square](#).^[6]


20 Times Square

701 Seventh Avenue



Location in New York City

General information

Status	Under construction
Type	Hotel and Retail
Location	701 Seventh Avenue , New York City , U.S.
Coordinates	 40°45′33″N 73°59′03″W
Construction started	2013
Owner	701 Seventh Property Owner LLC



Winthrop Realty Trust Liquidation

July 2016 – FUR

History [\[edit\]](#)

Between 2000 and 2011, the [Port Authority of New York and New Jersey](#) (PANYNJ) worked with [Vornado Realty Trust](#), who had partnered with the Lawrence Ruben Company.^[7] In November 2007, the PANYNJ announced the terms of an agreement in which it would receive nearly \$500 million in a lease arrangement for a new office tower about the [Port Authority Bus Terminal](#) that would also provide funds for additional terminal facilities.^[8] It would include 1,300,000 square feet (120,000 m²) of commercial space in a new office tower, which was to use the vanity address 20 Times Square, the addition of 60,000 square feet (5,600 m²) of new retail space in the bus terminal, as well as 18 additional departure gates, accommodating 70 additional buses carrying up to 3,000 passengers per hour. New escalators would be installed to help move passengers more quickly between the gate area and the ground floor. Construction was expected to begin in 2009 or 2010 and take four years to complete.^{[9][10]}

The vanity address 20 Times Square has now been allocated by the City to a retail development at 701 7th Avenue (on the northeast corner of West 47th Street and Seventh Avenue) by the City in April 2014,^{[1][4][11]} In May 2014 it was announced that the retail space is being leased through the [CBRE Group](#).^{[1][11]}

References [\[edit\]](#)

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Technical details

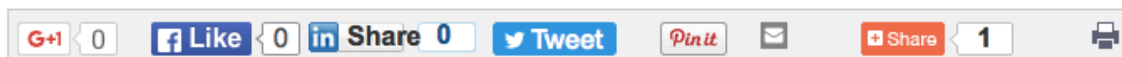
Floor count	39 plus mezzanine
Design and construction	
Architect	Platt Byard Dovell White Architects
Developer	The Witkoff Group and Maefield Development
Engineer	Severud Associates
Main contractor	CNY Group



Winthrop Realty Trust Liquidation

July 2016 – FUR

Winthrop Realty Trust Announces Lease for Retail Space at Its 701 Seventh Avenue/20 Times Square Property



June 07, 2016 16:30 ET | Source: Winthrop Realty Trust

BOSTON, June 07, 2016 (GLOBE NEWSWIRE) -- Winthrop Realty Trust (NYSE:FUR) ("Winthrop") announced today that the previously reported lease being held in escrow by its venture which owns 701 Seventh Avenue (a/k/a 20 Times Square) in Times Square, New York for retail space that includes part of the ground floor fronting Seventh Avenue, the entire 2nd, 3rd and 4th floors as well as part of the superstructure sign is fully executed and has been released from escrow. The lease is with Cirque Theatrical, L.L.C. for a venture between Cirque du Soleil and National Football League Properties. The lease terms are consistent with those utilized to determine Winthrop's most recent liquidation value for the asset.

About Winthrop Realty Trust

Winthrop, headquartered in Boston, Massachusetts, is a NYSE-listed real estate investment trust (REIT). Winthrop's shareholders have adopted a plan of liquidation pursuant to which Winthrop is liquidating and winding down and, in connection therewith, is seeking to sell its assets in an orderly fashion to maximize shareholder value. For more information, please visit our web-site at www.winthropreit.com.

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Winthrop Realty Trust Liquidation

July 2016 – FUR

King sized: Hershey to open bigger store at 20 Times Square

The new location will be triple the size of its current space
July 20, 2016 01:55PM

◀ PREVIOUS

NEXT ▶



From left: current Hershey Times Square location at 48th Street and Broadway and rendering of 20 Times Square (rendering by ArX Solutions)

Hershey Company is upgrading from its fun-sized Times Square location.

The candy giant plans to open a new flagship store at the base of the 20 Times Square development, a spot that will triple its current 2,200-square-foot presence at Times Square, the Wall Street Journal reported. The new location will be a block away from the company's rival, Mars Inc.'s M&M World.

The Times Square project is being developed by the [Witkoff Group](#), Howard Lorber's [Vector Group](#), [Ian Schrager](#), [Winthrop Realty Trust](#) and [Maefield Development](#). The project, which includes a 452-key Marriott Edition hotel, will feature 76,000 square feet of retail space and an 18,000 square foot LED sign. The 39-story building is expected to be completed in 2017.

Other tenants include the [National Football League](#), which plans to open a 40,000-square-foot permanent exhibit in the space, which would include a 350-seat theater. Cirque du Soleil is also taking space at the new building.

Asking rents in Times Square fell from \$2,508 in the second quarter of 2015 to \$2,109 in the second quarter of this year, according to data from [Cushman & Wakefield](#). Brokers, however, told the Journal that retail rates in Times Square are quickly rising and prices are stabilizing.

Construction on the Hershey space will begin next year, during which time the old location will remain open. Avison Young represented Hershey in the deal and a [CBRE](#) team represented the landlord. [\[WSJ\]](#) — *Kathryn Brenzel*



Winthrop Realty Trust Liquidation

July 2016 – FUR

NFL experience commits to 20 Times Square

JULY 15, 2016 | BY **AL URBANSKI**

The NFL Experience has become well known as a primary attraction of Super Bowl week in the big game's host city. Now the attraction will go permanent in a joint venture with Cirque du Soleil at 20 Times Square, a mixed-use Witkoff development that will house the 39-story Edition Hotel.

The 400,000-sq.-ft. interactive exhibit will cover four floors at the property and promises to give visitors the experience of being out on the gridiron on game day -- minus the concussions, one hopes. Besides Cirque du Soleil, design consulting will be provided by Rockwell Group, which is headed by Tony Award-winning Broadway designer David Rockwell.

Witkoff CEO Steven Witkoff boasts that 20 Times Square "is fast becoming one of the highest profile retail locations in the world." The company is still seeking a co-tenant for NFL Experience on 3,000 sq. ft. of ground floor space that can be combined with 20,000 sq. ft. on the lower level.

Restaurants, six bars, and a cabaret will fill 40,000 sq. ft. of indoor and outdoor retail space.



Winthrop Realty Trust Liquidation

July 2016 – FUR

Assets Remaining in Trust as of Q1 2016

Assets not sold or paid off by August 5, 2016 will be transferred to the liquidating trust.

Operating Property Assets Under Contract or To Be Marketed before August 1, 2016

Operating Properties:	Location	Trust Ownership	Type	Square Feet/ Units	Trust's Share of Estimated Cash Flow Through Disposition (1)(4)
Wholly Owned					
Lake Brandt	Greensboro, NC	100%	Multi-Family	284 Units	\$ 7,081,000
Jacksonville	Jacksonville, FL	100%	Warehouse	588,000	\$ 11,308,000
Joint Venture Properties					
Sullivan Center	Chicago, IL	38%	Retail/Office	946,000	\$ 92,308,000
High Grove	Stamford, CT	84%	Multi-Family	93 units	\$ 5,935,000

Loan Assets/Preferred Equity-Expected Repayment (2)

Loan Assets/Preferred Equity	Trust Ownership	Scheduled Maturity/Payoff	Par/Equity Value	Trust's Share of Estimated Cash Flow Through Disposition (4)
Pre August 2016 Expected Repayment				
Churchill - <i>Whole Loan</i>	100%	Jul-16	\$ 333,000	\$ 5,000
CDH CDO - Computer Associates - <i>Mezzanine Loan</i>	50%	Aug-16	\$ 1,601,000	\$ 815,000
Post August 2016 Expected Repayment				
Mentor - <i>Whole Loan</i>	100%	Sep-16	\$ 2,497,000	\$ 2,623,000
Concord Debt Holdings - 99 Founders - <i>Mezzanine Loan</i>	67%	Oct-16	\$ 1,881,000	\$ 1,344,000
Concord Debt Holdings - Waterfront Plaza - <i>Mezzanine Loan</i>	67%	Oct-16	\$ 11,000,000	\$ 7,677,000
Summit Pointe - <i>Preferred Equity</i>	80%	Nov-16	\$ 5,879,000	\$ 5,879,000
Poipu Shopping Village - <i>B Note</i>	100%	Jan-17	\$ 2,746,000	\$ 2,900,000
CDH CDO - JP Morgan - <i>B Note</i>	50%	Aug-18	\$ 30,750,000	\$ 2,462,000



Winthrop Realty Trust Liquidation

July 2016 – FUR

Assets Remaining in Trust as of Q1 2016

Operating Properties With Indeterminate Marketing Plan

Operating Properties:	Location	Trust Ownership	Type	Square Feet/ Units	Trust's Share of Estimated Cash Flow Through Disposition (4)	Disposition Date Assumed for Liquidation Accounting (3)
Wholly Owned						
550 Corporetum	Lisle, IL	100%	Office	169,000	\$ 4,147,000	Oct-16
Churchill/Westinghouse	Churchill, PA	100%	Mixed Use	52,000	\$ 3,718,000	Dec-16
Orlando	Orlando, FL	100%	Office	257,000	\$ 925,000	Jan-17
One East Erie	Chicago, IL	100%	Office	126,000	\$ 32,419,000	Aug-17
Plantation	Plantation, FL	100%	Office	120,000	\$ 11,695,000	Jan-18
Joint Venture Properties						
Mentor	Chicago, IL	50%	Retail	7,000	\$ 2,836,000	Sep-16
1050 Corporetum	Lisle, IL	60%	Office	54,000	\$ 94,000	Mar-17
Mosaic	Houston, TX	84%	Multi-Family	396 units	\$ 86,903,000	Jun-17
Atrium	Chicago, IL	50%	Retail	75,000	\$ 8,631,000	Aug-17
701 7th Ave.	New York, NY	61%	Retail/Office	Under Development	\$ 207,302,000	Sep-17
RE CDO	Las Vegas, NV	50%	Land		\$ 2,102,000	Nov-17
450 West 14th Street	New York, NY	var	Office /Retail	104,000	\$ 30,146,000	Dec-18

- (1) Net of deposits received as of March 31, 2016.
 (2) Does not include loan assets for which there is no expected cash flow.
 (3) The projected disposition date is management's current estimate based on information available. The actual disposition date may be significantly earlier or later than current estimates.
 (4) The Trust's estimates of cash flow are based on assumptions management believes are reasonable under the circumstances. The actual realized cash flows may differ materially.

Two properties = 294MM out of 531MM remaining value of NAV = >55%



Winthrop Realty Trust Liquidation

July 2016 – FUR

Management Incentives

<u>Name</u>	<u>Age</u>	<u>Principal Occupation and Positions Held</u>	<u>Served as Trustee Since</u>
Michael L. Ashner	63	Mr. Ashner has been our Chief Executive Officer since December 31, 2003 and Chairman since April 2004. Mr. Ashner also served as the Executive Chairman and a trustee of Lexington Realty Trust (“Lexington”), a New York Stock Exchange listed real estate investment trust, from December 31, 2006 when Newkirk Realty Trust, Inc. (“Newkirk”) was merged into Lexington to March 20, 2008. Mr. Ashner previously served as a director and the Chairman and Chief Executive Officer of Newkirk until it was merged into Lexington. Mr. Ashner also currently serves as the Chief Executive Officer of First Winthrop Corporation, a real estate investment and management company, a position he has held since 1996. Mr. Ashner previously served as a director and Chief Executive Officer of Shelbourne Properties I, Inc., Shelbourne Properties II, Inc. and Shelbourne Properties III, Inc. (collectively, the “Shelbourne Entities”), three real estate investment trusts, from August 2002 until their liquidation in April 2004. During the past six years Mr. Ashner has served as a director of NBTY, Inc. a public company that had a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or subject to the requirements of Section 15 of such Act. Mr. Ashner’s experience in opportunistic real estate investing, as well as his performance as our chief executive officer and chairman of the Board and his experience as a board member for other large and/or public companies, led the Board to conclude that he should again be nominated as a Trustee.	2004

Rough estimate – Ashner will get ~\$23.5MM in advisory termination/incentive fees and ~\$36MM in liquidating distributions via his ~3MM share equity ownership position. Of this ~\$59.5MM total amount, approximately \$50MM (~85%) will be dependent on the total sales proceeds realized in the liquidation.



Winthrop Realty Trust Liquidation

July 2016 – FUR

Management Incentives

Now \$8.81 due
to \$3.25
subsequent
dividends paid

10. Related-Party Transactions

FUR Advisors - The activities of the Trust are administered by FUR Advisors LLC ("FUR Advisors") pursuant to the terms of the Advisory Agreement between the Trust and FUR Advisors. FUR Advisors is controlled by and partially owned by the executive officers of the Trust. Pursuant to the terms of the Advisory Agreement, FUR Advisors is responsible for providing asset management services to the Trust and coordinating with the Trust's shareholder transfer agent and property managers. FUR Advisors is entitled to receive a base management fee and a termination fee and/or an incentive fee in accordance with the terms of the Advisory Agreement. In addition, FUR Advisors or its affiliate is entitled to receive property and construction management fees subject to the approval of the independent Trustees of the Trust.

Base Asset Management Fee - FUR Advisors is entitled to receive a base management fee of 1.5% of equity as defined in the Advisory Agreement and a termination fee and/or incentive fee in accordance with the terms of the Advisory Agreement. Additionally, FUR Advisors receives a fee equal 0.25% of any equity contributions by unaffiliated third parties to a venture managed by the Trust.

In connection with the adoption of the plan of liquidation, the Trust accrues costs it expects to incur through the end of the liquidation. In this regard, at March 31, 2016 the Trust has accrued, based on its estimates of the timing and amounts of liquidating distributions to be paid to Common Shareholders, base management fees of \$5,632,000, exclusive of the \$1,420,000 included in related party fees payable. The amount is included in liabilities for estimated costs in excess of estimated receipts during liquidation. Actual fees incurred may differ significantly from these estimates due to inherent uncertainty in estimating future events.

Incentive Fee / Termination Fee - The incentive fee is equal to 20% of any amounts available for distribution in excess of the threshold amount and is only payable at such time, if at all, (i) when holders of the Trust's Common Shares receive aggregate dividends above the threshold amount or (ii) upon termination of the Advisory Agreement if the net value of the Trust's assets exceeds the threshold amount based on then current market values and appraisals. That is, the incentive fee is not payable annually but only at such time, if at all, as shareholders have received dividends in excess of the threshold amount (set at \$569,963,000 on December 31, 2014 plus an annual return thereon equal to the greater of (x) 4% or (y) the 5 year U.S. Treasury Yield plus 2.5%, which equated to 4.26% for the first quarter of 2016, (such return, the "Growth Factor") less any dividends paid from and after January 1, 2015). The incentive fee will also be payable if the Advisory Agreement is terminated, other than for cause (as defined) by the Trust or with cause by the Trust's Advisor, and if on the date of termination the net value of the Trust's assets exceeds the threshold amount. At March 31, 2016 the threshold amount required to be distributed before any incentive fee would be payable to FUR Advisors was \$432,214,000, which was equivalent to \$12.06 per Common Share. At March 31, 2016, based on the Trust's estimate of liquidating distributions, it is estimated that the Advisor would be entitled to an incentive fee of \$13,879,000 in connection with the liquidation. This amount has been accrued and is included in liabilities for estimated costs in excess of estimated receipts during liquidation.

With respect to the termination fee, it is only payable if there is (i) a termination of the Advisory Agreement for any reason other than for cause (as defined) by the Trust or with cause by the Trust's Advisor, (ii) a disposition of all or substantially all of the Trust's assets, or (iii) an election by the Trust to orderly liquidate the Trust's assets. The termination fee, if payable, is equal to the lesser of (i) the base management fee paid to the Trust's Advisor for the prior twelve month period or (ii) either (x) in the case of a termination of the Advisory Agreement, 20% of the positive difference, if any between (A) the appraised net asset value of the Trust's assets at the date of termination and (B) the threshold amount less \$104,980,000, or (y) in the case of a disposition or liquidation, 20% of any dividends paid on account of the Trust's Common Shares at such time as the threshold amount is reduced to \$104,980,000, which will be achieved at such time as aggregate distributions of approximately \$9.13 per Common Share in excess of the Growth Factor have been paid. For example, if the Trust had been liquidated at March 31, 2016, the termination fee would only have been payable if total dividends of approximately \$9.13 per Common Share had been paid, and then only until the total termination fee paid would have equaled \$9,496,000 (the base management fee for the twelve months prior to the approved plan of liquidation), which amount would be achieved when total dividends paid per Common Share equaled approximately \$10.18. At March 31, 2016 it is estimated that the Advisor will be entitled to a termination fee of \$9,496,000 in connection with the liquidation. This amount has been accrued and is included in liabilities for estimated costs in excess of estimated receipts during liquidation.



Winthrop Realty Trust Liquidation

July 2016 – FUR

Management Incentives

Equity Compensation

From March 2005 to May 2007, no share option or share grant plans were in effect pursuant to which we could issue options. In 2007, we adopted our 2007 Long Term Stock Incentive Plan which was amended in 2013 (the “Plan”). The Plan was implemented to further and promote our interests as well as those of our subsidiaries and shareholders by enabling us and our subsidiaries to attract, retain and motivate trustees, officers, consultants and persons who provide services to our advisor, or those who will become trustees, officers, consultants and persons who provide services to our advisor (“eligible persons”) and to align the interests of those individuals and the shareholders. To do this, the Plan offers stock options and restricted share awards providing eligible persons with an interest in maximizing our and/or our subsidiaries growth, profitability and overall success. Under the Plan our Compensation Committee may, from time to time, grant equity-based awards to eligible persons.

As previously reported in our definitive proxy statement relating to the annual meeting of shareholder held on May 21, 2013, our Compensation Committee on February 1, 2013 approved grants under the Plan of an aggregate of 600,000 restricted common shares (500,000 of which were subject to the amendment to the Plan approved at the 2013 shareholders meeting), including 450,000 restricted common shares to our named executive officers. These awards were granted to recognize the efforts of our named executive officers and the employees of our advisor. The Common Shares issued under the Plan are subject to the following restrictions:

- Subject to early vesting as described below, the Common Shares awarded to any person will be forfeited if either (i) the advisory agreement with FUR Advisors is terminated by us for cause or by FUR Advisors without cause or (ii) such person does not remain in continuous service with FUR Advisors through May 5, 2016.
- The Common Shares will immediately vest and no longer be subject to forfeiture on the earlier of (i) May 5, 2016, (ii) upon a Change in Control, (iii) if the advisory agreement with FUR Advisors is terminated by us for any reason other than cause, or by FUR Advisors for cause, or (iv) in the case of Mr. Ashner and Ms. Tiffany, their death or disability. Change in Control is defined as the occurrence of any of the following, in one transaction or a series of related transactions: (1) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) becoming a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of our securities representing more than 50% of the voting power of our then outstanding securities; (2) a consolidation, equity exchange, reorganization or merger of us resulting in our equity holders immediately prior to such event not owning at least a majority of the voting power of the resulting entity’s securities outstanding immediately following such event; (3) the sale or other disposition of all or substantially all of our assets; or (4) our dissolution. In addition to the foregoing, in light of the adoption of the plan of liquidation and the need to retain certain key personnel, the Compensation Committee in accordance with the terms of the Plan has modified grant agreements, and will likely modify additional grant agreements in the future, to permit vesting upon the termination by FUR Advisor of such key personnel.

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- So long as the Common Shares awarded are subject to forfeiture, the Trust’s secretary has the sole and exclusive right to exercise all voting rights with respect to the awarded Common Shares.
- Until the Common Shares awarded are no longer subject to forfeiture, all cash dividends payable thereon will be payable as follows: (i) the holder will receive a portion of the dividend equal to (i) five percent, multiplied by (ii) the number of full calendar quarters that have transpired between January 1, 2013 and the applicable dividend payment date, less any required tax withholding and (ii) the remaining portion of the dividend will be held by us in escrow and will only be paid to the holder thereof if and when the Common Shares awarded are no longer subject to forfeiture. If the Common Shares awarded are forfeited, then the dividends held in escrow will similarly be forfeited.

In addition to the foregoing, in connection with the adoption of the Trust’s plan of liquidation, the Compensation Committee has permitted the full vesting of a total of 8,750 restricted Common Shares issued under the Plan to certain non-executive employees of FUR Advisors whose employment terminated as a result of the Trust’s liquidation of assets.



Winthrop Realty Trust Liquidation

July 2016 – FUR

Management Incentives

Summary Compensation Table

We do not pay any compensation directly to our named executive officers as they are paid directly by our advisor. However, as noted above, during 2014 and 2013 our named executive officers received restricted stock grants pursuant to the Plan. The following table contains certain summary compensation information for our named executive officers for the fiscal years ended December 31, 2015, 2014 and 2013:

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards(1) (\$)	All Other Compensation (\$)	Total (\$)
Michael L. Ashner Chief Executive Officer	2015	-	-	-	-	-
	2014	-	-	-	-	-
	2013	-	-	2,537,433	-	2,537,433
Carolyn Tiffany President	2015	-	-	-	-	-
	2014	-	-	-	-	-
	2013	-	-	1,307,567	-	1,307,567
John Garilli Chief Financial Officer	2015	-	-	-	-	-
	2014	-	-	30,680	-	30,680
	2013	-	-	971,250	-	971,250
John Alba Chief Investment Officer	2015	-	-	-	-	-
	2014	-	-	30,680	-	30,680
	2013	-	-	971,250	-	971,250

(1) Shares are subject to forfeiture. The amount reported in this column is based on the closing price of \$12.55 per common share on the date of the grant with respect to those shares granted on February 28, 2013, \$12.95 per common share on the date of the grant with respect to those shares granted on May 28, 2013 and \$15.34 with respect to those shares granted on September 5, 2014.



Winthrop Realty Trust Liquidation

July 2016 – FUR

Management Incentives

<u>Name and Address of Beneficial Owner</u>	<u>Position with the Trust</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
FUR Investors, LLC (1) FUR Holdings LLC WEM-FUR Investors LLC	--	2,671,369	7.3%
John Alba (1)	Chief Investment Officer	80,950 (4)	*
Michael L. Ashner(1)	Chairman and CEO	3,154,586 (2)	8.7%
Arthur Blasberg, Jr. (3)	Trustee	28,000	*
John Garilli(3)	Chief Financial Officer	77,000 (4)	*
Howard Goldberg (3)	Trustee	75,079	*
Thomas F. McWilliams(3)	Trustee	10,546	*
Lee Seidler(3)	Trustee	17,071	*
Carolyn Tiffany(3)	President and Trustee	111,410 (4)	*
Steven Zalkind(3)	Trustee	24,873	*
All Trustees and executive officers as a group		3,579,515	9.8%
The Vanguard Group Inc.(5)	--	3,107,315 (5)	8.5%
Vanguard Specialized Funds- Vanguard REIT Index Fund (5)		2,242,780 (5)	6.2%
Apollo Management Holdings GP, LLC (and controlled entities) (6)	--	3,002,172 (6)	8.2%
Bulldog Investors LLC Phillip Goldstein Andrew Dakos Steven Samuels (7)	--	2,455,528 (7)	6.7%
First Manhattan Co. (8)		2,024,792 (8)	5.6%



Winthrop Realty Trust Liquidation

July 2016 – FUR

Management Incentives

- (1) The address for each of FUR Investors LLC, FUR Holdings LLC, WEM-FUR Investors LLC, Mr. Alba and Mr. Ashner is Two Jericho Plaza, Wing A, Suite 111, Jericho, NY 11753.
- (2) Comprised of 2,671,369 Common Shares owned by FUR Investors LLC, 437,882 Common Shares held directly by Mr. Ashner and his spouse (198,000 of which are restricted shares and subject to forfeiture) and 45,335 Common Shares held by The Ashner Family Evergreen Foundation, a New York not for profit corporation (the "Foundation"). Mr. Ashner is the managing member of WEM-FUR Investors LLC, the managing member of FUR Holdings, LLC, the sole member of FUR Investors LLC. As such, Mr. Ashner may be deemed to beneficially own all Common Shares owned by FUR Investors. Mr. Ashner is a director of the Foundation and, as such, may be deemed to beneficially own all Common Shares owned by the Foundation.
- (3) The address for each of Messrs. Blasberg, Garilli, Goldberg, McWilliams, Seidler and Zalkind and Ms. Tiffany is c/o Winthrop Realty Trust, 7 Bulfinch Place, Suite 500, Boston, MA 02114.
- (4) Messrs. Alba and Garilli and Ms. Tiffany are members of WEM-FUR Investors LLC, the managing member of FUR Holdings, LLC, the sole member of FUR Investors LLC. Accordingly, Messrs. Alba and Garilli and Ms. Tiffany have an indirect pecuniary interest in approximately 25,695, 22,865 and 55,000, respectively, of the Common Shares owned by FUR Investors LLC. However, Messrs. Alba and Garilli and Ms. Tiffany do not exercise investment control over the Common Shares held by FUR Investors LLC. Accordingly, Messrs. Alba and Garilli and Ms. Tiffany are not deemed to beneficially own any of such Common Shares under Section 13 or Section 16 of the Securities Exchange Act of 1934, as amended. Includes 102,000, 77,000 and 77,000 restricted shares held by Ms. Tiffany, Mr. Garilli and Mr. Alba, respectively, which shares are subject to forfeiture.
- (5) The address for The Vanguard Group Inc. ("Vanguard") and Vanguard Specialized Funds-Vanguard REIT Index Fund ("Vanguard Fund") is 100 Vanguard Blvd., Malvern, Pennsylvania 19355. Information is derived from the 13-G/A filing by Vanguard with the SEC on February 11, 2016 and a 13-G/A filing by Vanguard Fund with the SEC on February 9, 2016.
- (6) Beneficial owners consist of (i) Apollo Value Investment Master Fund, L.P. ("Value Master Fund"), (ii) Apollo Value Advisors, L.P. ("Value Advisors"), (iii) Apollo Value Capital Management, LLC ("Value Capital Management"), (iv) Apollo Value Management, L.P. ("Value Management"), (v) Apollo Value Management GP, LLC ("Value Management GP"), (vi) Apollo Credit Strategies Master Fund Ltd. ("Credit Strategies"), (vii) Apollo Credit Master Fund Ltd. ("Credit Master Fund"), (viii) Apollo ST Fund Management LLC ("ST Management"), (ix) Apollo ST Operating LP ("ST Operating"), (x) Apollo ST Capital LLC ("ST Capital"), (xi) ST Management Holdings LLC ("ST Management Holdings"), (xii) Apollo Capital Spectrum Fund, L.P. ("Capital Spectrum"), (xiii) Apollo Capital Spectrum Advisors, LLC ("Capital Spectrum Advisors"), (xiv) Apollo Capital Spectrum Management, LLC ("Capital Spectrum Management"), (xv) Apollo TR Opportunistic Ltd. ("TR Opportunistic"), (xvi) Apollo Total Return Master Fund LP ("TR Master Fund"), (xvii) Apollo Total Return Management LLC ("TR Management"), (xviii) Apollo A-N Credit Fund (Delaware), L.P. ("A-N Credit"), (xix) Apollo A-N Credit Management, LLC ("A-N Credit Management"), (xx) Apollo Capital Management, L.P. ("Capital Management"), (xxi) Apollo Capital Management GP, LLC ("Capital Management GP"), (xxii) Apollo Principal Holdings II, L.P. ("Principal II"), (xxiii) Apollo Principal Holdings II GP, LLC ("Principal II GP"), (xxiv) Apollo Management Holdings, L.P. ("Management Holdings"), and (xxv) Apollo Management Holdings GP, LLC ("Management Holdings GP"). The principal office of Value Master Fund, Credit Strategies, Credit Master Fund, Capital Spectrum, TR Opportunistic and TR Master Fund is c/o Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1 1104, Cayman Islands. The principal office of Value Advisors, Value Capital Management, Capital Spectrum Advisors, A-N Credit, Principal II and Principal II GP is One Manhattanville Road, Suite 201, Purchase, New York 10577. The principal office of each of Value Management, Value Management GP, ST Management, ST Operating, ST Capital, ST Management Holdings, Capital Spectrum Management, TR Management, A-N Credit Management, Capital Management, Capital Management GP, Management Holdings and Management Holdings GP is 9 W. 57th Street, 43rd Floor, New York, New York 10019. Information is derived from the 13-G/A filing with the SEC on February 16, 2016.
- (7) The address for Bulldog Investors LLC, Phillip Goldstein, Andrew Dakos and Steven Samuels (collectively, "Bulldog") is Park 80 West, 250 Pehle Avenue, Suite 708, Saddle Brook, NJ 07663. Information is derived from the 13-G/A filing by Bulldog with the SEC on February 3, 2016.
- (8) The address for First Manhattan Co. ("FMC") is 399 Park Avenue, New York, New York 10022. Information is derived from the 13-G filing by FMC with the SEC on February 16, 2016.



Winthrop Realty Trust Liquidation

July 2016 – FUR

Management Incentives

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

FUR Advisors administers our business pursuant to the terms of an advisory agreement. FUR Advisors is controlled by and partially owned by our executive officers. Pursuant to the terms of the advisory agreement, FUR Advisors is responsible for providing asset management services to us and coordinating with our shareholder transfer agent and property managers. For providing these services, FUR Advisors is entitled to receive a base management fee and, in certain instances, an incentive fee and termination fee.

Under the Advisory Agreement, FUR Advisors was entitled to receive a base management fee and an incentive fee in accordance with the terms of the Advisory Agreement. The base management fee, which is paid on a quarterly basis, equals to 1.5% of (i) the issuance price of our outstanding equity securities plus (ii) 0.25% of any equity contribution by an unaffiliated third party to a venture managed by the Trust. Pursuant to the terms of the Advisory Agreement, no incentive fee was payable during the year ended December 31, 2015. The base asset management fee attributable to third party equity contributions amounted to \$27,000 for the year ended December 31, 2015.

Winthrop Management L.P., an affiliate of FUR Advisors and our executive officers, provides property management responsibilities for certain of our properties. Pursuant to the terms of the property management agreement, Winthrop Management L.P. receives a fee equal to 3% of the monthly revenues of such properties. In addition, Winthrop Management L.P. is also entitled to receive construction management fees with respect to capital improvements at the properties it manages for us.

The following table sets forth the fees and reimbursements paid by us for the year ended December 31, 2015 to FUR Advisors and Winthrop Management L.P.:

		<u>2015</u>
Base Asset Management Fee (1)	\$	6,367,000
Property Management (2)	\$	974,000
Construction Management (2)	\$	130,000

- (1) Payable to FUR Advisors
- (2) Payable to Winthrop Management L.P.

WRP Sub-Management LLC, which we refer to as WRP Sub-Management, an affiliate of FUR Advisors provides its personnel to (i) WRP Management LLC, a subsidiary of the Trust that is the collateral manager for Concord Real Estate CDO-1, Ltd. and the administrative manager of Concord Debt Holdings LLC and (ii) RE CDO Management LLC, a 50% owned subsidiary of the Trust that was the collateral manager for Sorin Real Estate CDO IV, Ltd.. For providing its personnel, for the year ended December 31, 2015, WRP Management LLC and RE CDO Management LLC reimbursed WRP Sub-Management \$625,000 and \$57,000, respectively.



Winthrop Realty Trust Liquidation

July 2016 – FUR

Recent Developments

Item 5.07 Submission of Matters to a Vote of Security Holders.

On May 17, 2016, Winthrop Realty Trust (“Winthrop”) held its Annual Meeting of Shareholders. At the meeting, holders of Winthrop’s common shares of beneficial interest voted on the two proposals described in detail in Winthrop’s definitive proxy statement on Schedule 14A filed with the Securities and Exchange Commission on April 7, 2016. On the record date of March 29, 2016, there were 36,425,084 common shares of beneficial interest of Winthrop (“Common Shares”) issued and outstanding and eligible to vote and a total of 29,856,407 Common Shares were present at the meeting, in person or by proxy, representing approximately 81.97% of the outstanding Common Shares entitled to vote at such meeting. The results of the meeting were as follows:

1. Election of Trustees

<u>Nominee</u>	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Votes</u>
Michael L. Ashner	23,677,506	706,861	-	5,472,040
Arthur Blasberg, Jr.	23,702,011	682,356	-	5,472,040
Howard Goldberg	20,575,275	3,809,092	-	5,472,040
Thomas McWilliams	20,593,009	3,791,358	-	5,472,040
Lee Seidler	23,667,612	736,755	-	5,472,040
Carolyn Tiffany	23,698,899	685,468	-	5,472,040
Steven Zalkind	20,345,968	4,038,399	-	5,472,040

2. Ratification of PricewaterhouseCoopers LLP as the Trust’s independent registered public accounting firm for the fiscal year ending on the earlier of the completion of Winthrop’s liquidation or December 31, 2016:

<u>For</u>	<u>Against</u>	<u>Abstain</u>
29,194,734	44,421	617,252

Item 8.01 Other Items.

PSW NYC LLC (“PSW”), an entity in which Winthrop holds a 22.5% interest (increasing to approximately 32% upon the occurrence of certain events), is a plaintiff in a matter entitled *PSW NYC LLC v. BANK OF AMERICA, N.A., as Trustee for the Registered Holders of Wachovia Bank Commercial Mortgage Trust 2007-C30, acting by and through its Special Servicer, CWC Capital Asset Management LLC, BANK OF AMERICA, N.A., as Trustee for the Registered Holders of COBALT CMBS Commercial Trust 2007-C2, acting by and through CWC Capital Asset Management LLC pursuant to the authority granted under that certain Amended and Restated Co-Lender agreement dated March 12, 2007, U.S. BANK NATIONAL ASSOCIATION, as Trustee for the Registered holders of Wachovia Bank Commercial Mortgage Trust 2007-C31, ML-CFC Commercial Mortgage Trust 2007-5, ML-CFC Commercial Mortgage Trust 2007-6, acting by and through CWC Capital Asset Management LLC pursuant to the authority granted under that certain Amended and Restated Co-Lender agreement dated March 12, 2007, PCV-M HOLDINGS LLC, and CWCAPITAL ASSET MANAGEMENT LLC, in its individual capacity*. Supreme Court of the State of New York, County of New York, Index No. 650390/2016 (the “Stuy Town Litigation”).

On January 24, 2016, PSW commenced the Stuy Town Litigation seeking damages for breach of contract and fraud relating to PSW’s assignment of its ownership interest in three mezzanine loans indirectly secured by the Peter Cooper Village and Stuyvesant Town residential apartment complexes in New York City. The complaint also seeks declaratory relief concerning the defendants’ computation of certain default interest and yield maintenance charges purportedly due under the senior loan on the property as well as indemnification for PSW’s attorney’s fees. The Defendants’ have served a motion to dismiss this action and PSW has cross moved for summary judgment. Defendants have also served a motion seeking sanctions for filing a frivolous action. Oral argument on the motions is scheduled for August 23, 2016.



Winthrop Realty Trust Liquidation

July 2016 – FUR

Recent Developments

Winthrop Realty Trust's Liquidation Plan Continues

by Robert Demeter

Finance News Deals More ▾

JUL
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As part of its ongoing liquidation, Winthrop Realty Trust is selling its assets to maximize shareholder value.

Share



Jacksonville—Winthrop Realty Trust has announced that the company's 550,000-square-foot warehouse property located in **Jacksonville** was sold for \$10.5 million.

Winthrop provided the buyer \$8.4 million in financing, which bears interest at rate of LIBOR plus 5 percent, with a minimum interest rate of 6 percent and maximum interest rate of 8 percent. The loan requires monthly payments of interest only and matures on July 1, 2019. The sales price is consistent with the most recently reported liquidation value attributable to this property.



1515 Market St., the 500-square-foot property Winthrop sold in Philadelphia

Winthrop Realty Trust, headquartered in **Boston**, Mass., is a NYSE-listed real estate investment trust. Winthrop's shareholders have adopted a liquidation plan in which Winthrop is seeking to sell its assets in an orderly fashion to maximize shareholder value. The company sold a variety of properties during the past years, including a **500,000-square-foot office** property in **Philadelphia**.



Winthrop Realty Trust Liquidation

July 2016 – FUR

SA Article from June 2016

Winthrop Realty Trust: A Rare And Profitable Exercise In Liquidation Investing

Jun. 29, 2016 8:55 AM ET | 43 comments | About: Winthrop Realty Trust (FUR). BY: ValueArtifex

Summary

- Winthrop Realty Trust is preparing for the final phase of its liquidation after gradually divesting assets for several quarters and paying off debt and senior obligations.
- In the first week of August, shares of Winthrop will be exchanged for non-transferrable units in a liquidating trust which will disburse proceeds from Winthrop's orderly liquidation to investors.
- Due to structural factors associated with non-transferable assets, shares of Winthrop have declined significantly ahead of the company's pending delisting from the NYSE due to forced institutional and index selling.
- Currently priced at \$8.64 per share, investors stand to receive over \$10.80 in cash once the remainder of Winthrop's portfolio is wound up, a 25% premium over the quoted price.
- Though impossible to predict how long liquidation will take, management is moving swiftly. With a 1/2/3 year IRR profile of 25%/12.5%/8.3%, investors are positioned to realize substantial value.

Knowing When to Fold 'Em

In my years of investing and observing the markets, I have come to the conclusion that one of the hardest decisions to make in business is knowing when to throw in the towel. Some businesses, for whatever reason, simply cannot survive for much longer in the future. Examples are numerous throughout history: you could have been a horse and buggy manufacturer in the early days of the automobile, a netsuke carver in early modern Japan, or Blockbuster in the age of Netflix. Typically, management of troubled companies is often slow or unwilling to acknowledge that their best days are behind them and they often take shareholders with them as the company enters a period of long decline. In other cases, the management of the company could be a major factor responsible for the success of the business and when they decide to retire or to move on, the most prudent course of action is to sell off assets to capture maximum value for shareholders rather than risk their accomplishments and legacies being eroded.

One thing is certain, however: Whenever a company decides to liquidate, value investors become quite interested. This type of investing, known as Liquidation Investing, requires investors to investigate the company or underlying assets held for sale and then arrive at a conservative estimate of their value on a per share basis once all liabilities are satisfied. This type of investing requires considerable patience, a tolerance for illiquidity and "lumpy returns" as well as a firm understanding of the factors that led to the underlying situation. Despite the fact that there are numerous examples of obsolete and dying businesses in both the public and private sphere, there are relatively few cases in public markets where the management of the business does the right thing for shareholders and winds the company down in an orderly fashion. Though these situations are rare, they can offer a patient and attentive investor a significant chance to profit. This article is about one such situation.

A company which is about to enter into the final stages of liquidation is Winthrop Realty Trust (NYSE:FUR), representing an opportunity that could offer the right kind of patient investor attractive returns over the course of its orderly liquidation. After coming to the conclusion that the company was better off being liquidated in 2014, the management of Winthrop has taken steps to divest assets and satisfy most of the company's outstanding liabilities while paying a large collection of special dividends out to the shareholders. Now, the final act is about to commence and the equity of Winthrop will be delisted and exchanged for non-transferable units in a liquidation trust in slightly more than one month.



Winthrop Realty Trust Liquidation

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SA Article from June 2016

What Winthrop Realty Does (or more appropriately, Did)

Winthrop Realty Trust operated as a REIT with several lines of business, including direct property ownership, joint ventures and loans. In 2014, the company adopted a plan of liquidation and ceased making new investments or acquisitions. "The Company holds approximately 10 consolidated operating properties, over 10 equity investments, approximately four loans receivable, one secured financing receivable and one loan security."

Though the company once had a much larger portfolio of property, loans and investments, since making the decision to liquidate the company in 2014, Winthrop's management has gradually retired the liabilities of the company in an orderly fashion, with the company's bonds and preferred shares having been redeemed or retired and leaving a clean and much simplified balance sheet.

What are the Remaining Assets?

When examining the assets held by Winthrop, it becomes fairly apparent that shareholders are going to benefit significantly from reorganization or liquidation. With properties located in Illinois, Florida, Texas, New York, Oklahoma and Connecticut and across numerous asset classes, including Triple Net, Commercial, Industrial Multifamily and Office, the remaining Winthrop portfolio can best be described as being "unfocused." This property portfolio is held both outright and through a system of numerous joint ventures. Additionally, the company also owns several loans which represent a minority of the total assets held by the company. In this case, investors have the chance to profit from a "sum of the parts" valuation significantly exceeding the current market capitalization of the company's remaining assets.

Most of the company's holdings are what one would describe as "generic" assets, the price of which is fairly easily to determine based on market comparables and the income producing properties of the business. However, of the remaining assets in the portfolio, there is one which is likely to be the most interesting to investors due to the potential for significant appreciation: the company's 61.1% interest in 701 Seventh Avenue in the Times Square area of Manhattan. Given the extremely high prices paid for real estate in the area over recent years, this property could represent a significant "wild card" to the upside.

Some Simple Math: The Numbers on Winthrop Going into Final Liquidation

Investors who take a quick glance at the company's recent history will find that Winthrop has been liquidating assets for the past several quarters in order to redeem obligations and to pay several special dividends before converting to a liquidation trust, with the final special dividend on the freely trading equity being declared earlier this month. Now, as of June 26th, the company's shares will trade for a little over one month before they are redeemed by the company and exchanged for units in a liquidating trust on August 1st, 2016.

With a market capitalization currently standing at approximately \$310 million, against net assets held for liquidation reported in the most recent 10-Q at approximately \$439 million, investors stand to benefit significantly from a wind-up of the company. Subtracting the recent special dividend paid to investors of \$1.25 (or approximately \$45.8 million) from the \$439 million figure, current investors are entitled to receive proceeds of approximately \$393 million (less a \$10 million management performance fee), or approximately \$10.80 per share from the liquidation of the remainder of Winthrop's assets. For the sake of conservative investing, let's call the final net return to the shareholder \$10.80 from now on.



Winthrop Realty Trust Liquidation

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Currently priced at \$8.64 per share, investors are purchasing \$10.80 worth of assets net of all liabilities that are now in the process of being expeditiously liquidated. Should the remaining assets in the portfolio be completely liquidated in one year from the date of delisting, investors are looking at an IRR of approximately 25%. Should this liquidation take two years to consummate, the IRR profile stands at 12.5%, and should it take 3 years, the IRR profile drops to 8.3%, a figure which is still attractive in my opinion (particularly if one were to think about this situation as a proxy for a short dated fixed income investment). Even if investors were to wait two years, the opportunity for an attractive return to be realized with relatively little risk is compelling, particularly given the fact that the management of the company has already engaged in significant marketing efforts for the portfolio of properties and is currently placing some under contract prior to the formation of a liquidating trust.

Why Invest Now?: Nimble Investors Benefit Due to Forced Institutional Selling

Through personal observation, I have noticed that companies engaging in liquidation often experience periods of irrational pricing, typically after paying a large distribution before the final liquidation event. Though companies that are liquidating often experience a short-term increase in share price upon announcement of this decision, the process is a long and time consuming one which causes many investors to disengage and move on to other opportunities several weeks or months after the initial announcement. This phenomena also occurs when investors have received one or several special liquidation distributions and are already sitting on an attractive gain which helps to motivate their selling, particularly as markets grow increasingly volatile.

Another and much more significant source of selling in the near term will be from entities like index funds, ETFs and hedge funds which are often prohibited from making investments into liquidation situations, or if they currently hold shares as part of a passive index of publicly traded securities, they will be no longer allowed to retain their ownership past the August 1st deadline where shares are redeemed for non-transferable units in a liquidating trust. This increasing supply of shares on the market has the potential to depress share prices in the near term, creating a significant opportunity for investors to acquire shares at a more attractive price point.

I believe that current market volatility surrounding macroeconomic factors combined with forced selling of large institutions and investors that are otherwise restricted from holding illiquid assets will make this situation particularly attractive to investors who are willing to tolerate a period of illiquidity, and I am optimistic that investors who monitor this situation on an active basis will have the chance to make an extremely attractive acquisition over the course of the next month as selling intensifies before the company delists itself.

Risks

A major area of risk is the fact that the company's asset base (real estate) is illiquid and that it could be difficult for the company to find a buyer for some or all of the portfolio at an appropriate price, despite this fact there have been significant efforts on behalf of the management team to be expeditious in their liquidation efforts. Another risk is that the portfolio of assets held by Winthrop could potentially lose significant value due to events such as a weakening commercial real estate markets in which their assets are located or rate hikes.

Another source of risk is structural, known as "Illiquidity Risk." Once the company's shares cease trading, investors will receive non-transferable units in a liquidation trust from which distributions will issue forth as the management of the company completes the sale of Winthrop's remaining real estate portfolio. Like all real estate transactions, especially those on a large scale, achieving maximum value can be a time consuming process which could take several years. During this period of time, investors will not be able to liquidate or otherwise transfer their ownership claim on the assets - investors are essentially receiving a bond with an indefinite maturity and a variable coupon that will mature in what will likely be 1 and at the most 3 years.



Winthrop Realty Trust Liquidation

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The "duration risk" of this situation is another source of significant risk for investors. The IRR profile for this investment could be significantly affected depending on the time frame in which the assets of the company are liquidated and the price investors end up paying before heading into liquidation. A one-year period of liquidation can represent a "home run" from an IRR perspective, while a three-year liquidation turnaround period could simply be "okay." It is also important for investors to understand and appreciate that it is possible (though not probable) that it may take a longer period of time to liquidate these assets or the sums realized from the sale of the portfolio may not be as high as estimated.

It is extremely important for individuals to assess the tax implications in any special situation, which are complicated. While those in tax advantaged accounts are sheltered from this consideration, it is important for those operating in a taxable environment to pay extremely close attention to the tax treatment of the assets received. A discussion of the tax consequence of liquidation can be found addressed by the company here, and it is important for investors with lingering doubts to consult with the proper advisors on this matter and to err on the side of caution.

Conclusions: Know When to Hold 'Em

Though shunned by larger institutional investors and index funds due to structural factors, situations of this nature have been always favored by value investors, including Ben Graham and Seth Klarman. I believe that for the right kind of investor, Winthrop Realty Trust's liquidation represents an attractive if not unconventional commitment to earn extremely attractive returns (even when accounting for an illiquidity premium) over the medium term.

Despite market volatility, real estate across almost all asset classes continues to trade at a rich multiple and interest rates remain low in the developed world, making stabilized real estate an attractive investment for institutional money. In this environment, the management of Winthrop has taken a prudent approach to maximizing value for shareholders while avoiding any attempts at "empire building," excessive risk or taking on dangerous levels of debt. I believe that this outcome is one of the best for shareholders and has helped to narrow the gap between the market estimate of the company's value and the value which can be realized through a piece-by-piece liquidation of the company's portfolio.

This last chance to purchase shares of Winthrop on the open market and thus to be entitled to liquidating trust distributions represents a significant opportunity for investors with the patience and the willingness to wait for the checks to arrive in the mail, hopefully sooner rather than later. Should the entire portfolio be liquidated within one year or less, investors have the opportunity for a true, if not unconventional, "home run" investment. Should it take two or even three years to realize a complete portfolio liquidation, investors will still have an attractive return profile to look forward to.

Though already an attractive investment currently, as time progresses towards the company's date of delisting (the first week of August), I would advise attentive investors to look increasingly closely at Winthrop's shares as here is a significant chance of more forced selling compounded by market volatility, something which could further enhance the already attractive total return profile of the investment going forward.



Winthrop Realty Trust Liquidation

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SA Article from June 2016

COMMENTS: I believe you forgot to adjust for the \$2 dividend declared in April (see 10-Q p. 14, or their press release linked at bottom), which would bring you NAV estimate down by another \$2. I get a NAV of ~\$10.83 after adjusting for all dividends.

29 Jun 2016, 08:16 AM Report Abuse Reply 7 Like

Robin Heiderscheit

Comments (3152) | + Follow | Send Message

The author left out the recently declared and not yet paid \$1.25, not the \$2 from April but yes, the article is flawed and should be heavily edited or taken down.

Andrew Walker, CFA , Contributor

ope, he adjusted for the \$1.25 and not the \$2 dividend.

"Subtracting the recent special dividend paid to investors of \$1.25 (or approximately \$45.8 million) from the \$512 million figure, current investors are entitled to receive proceeds of approximately \$466 million (less a \$10 million management performance fee), or approximately \$12.50 per share from the liquidation of the remainder of Winthrop's assets. For the sake of conservative investing, let's call the final net return to the shareholder \$12 from now on."

Robin Heiderscheit

I came at it a different way, author used a \$12 liquidation value versus the current \$10.83, for a difference of \$1.17, almost exactly the recent \$1.25 dividend.

The thing you missed in your original article on FUR is that the project level debt on Times Square makes the whole thing more highly levered and quite interesting -- but in no way a low risk return.

Sunilmahtani

I agree with Andrew Walker's comment above. The final outcome will be \$2.00 per share lower than your estimates, which reduces the returns significantly.

RJM2

Yes, your numbers are wrong. Current NAV is about \$10.82, I believe. $14.08 - 2$, then minus $1.25 = 10.83$.

Now, I think \$12 is possible but its not something I am counting on.

Clint Edgington , Contributor

ave you done any analysis on UBTI generated? If so, how would you generally recommend a U.S. individual with IRAs/Roths/Taxable accounts to hold this? Split your position amongst multiple IRA types and people (i.e. husband & wife)?

Obviously no one ever wants to give tax advice, but to me- it is the salient issue with this investment.

HoustonScott

Comments (6) | + Follow | Send Message

I currently own FUR in one of my IRA's. Does anyone know what happens to the distributions in this case? Do the check go into my IRA, or can they be deposited there?

If not, i would expect the tax implications are poor for me to use IRA capital to invest in something that would later be taxed as a dividend?



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July 2016 – FUR

SA Article from June 2016

COMMENTS: mango_man

Comments (440) | + Follow | Send Message

I'm no tax accountant, but I believe that once the company liquidates most if not all of the distribution is considered UBTI. I held this in my IRA but sold it because I didn't want to deal with the tax issues.
29 Jun 2016, 10:49 PM Report Abuse Reply 0 Like

mashner

Comments (1) | + Follow | Send Message

For the record, the 3/31/16 NAV was approximately \$14.08. Since then the company has declared two dividends of \$2.00 and \$1.25 which are reflected in the current stock price. Assuming no other valuation adjustments that would result in a current NAV of \$10.83 a share. please do not read into this response anything more than a computation analysis.
29 Jun 2016, 12:01 PM Report Abuse Reply 1 Like

Robin Heiderscheit

Comments (3152) | + Follow | Send Message

I own a little bit but the NAV should be taken with a large grain of salt. Final proceeds will be correlated with the price for Times Square, which isn't even on the market yet. Times Square is heavily levered and depending on whether they get \$1bl or \$1.5bl the NAV can either drop a couple of bucks or be up about \$4.

I still think FUR is a good deal and own a little at a dividend adjusted \$8.35 but it is not a liquidation in the sense that the assets are easily valued with a tight range of outcomes like a single family home or even a book of leveraged loans.

Using the SEC's three level system, Times Square would be level FOUR. There is also a decent range of outcomes potentially with Mosaic in Houston, but the key is Times Square and the huge level of off balance sheet project level debt and the complex partnership agreements and whether they can get a Chinese or Russian investor to step up and get emotional and overpay.

29 Jun 2016, 01:31 PM Report Abuse Reply 2 Like

bobbafett38@yahoo.com

Comments (141) | + Follow | Send Message

i agree with Robin, the trade here is really the value of the 701 7th avenue property in Times Square. where the leverage can both giveth and taketh away, big time! FUR has its hotel position marked at approx \$200 million, there's \$815 million in debt and other partners. So a 10% drop in the price would pack a real wallop to the underlying equity in the property. I am long it though, and willing to take that risk (a 10% rise would also be awesome!). The Stuyvesant lawsuit is a small but unlikely kicker too.

30 Jun 2016, 12:56 PM Report Abuse Reply 2 Like

ValueArtifex . Contributor

Comments (113) | + Follow | Send Message

Author's reply » Sorry for the confusion! Yes the NAV estimate is approximately \$10.80. edits have been submitted - accidentally submitted the wrong draft of the article.