ASSET STRATEGY

Helping You Create, Manage, Protect, & Distribute Wealth®

SMART STRATEGIES

Capital Gains Tax Strategies for Highly Appreciated Investment Real Estate

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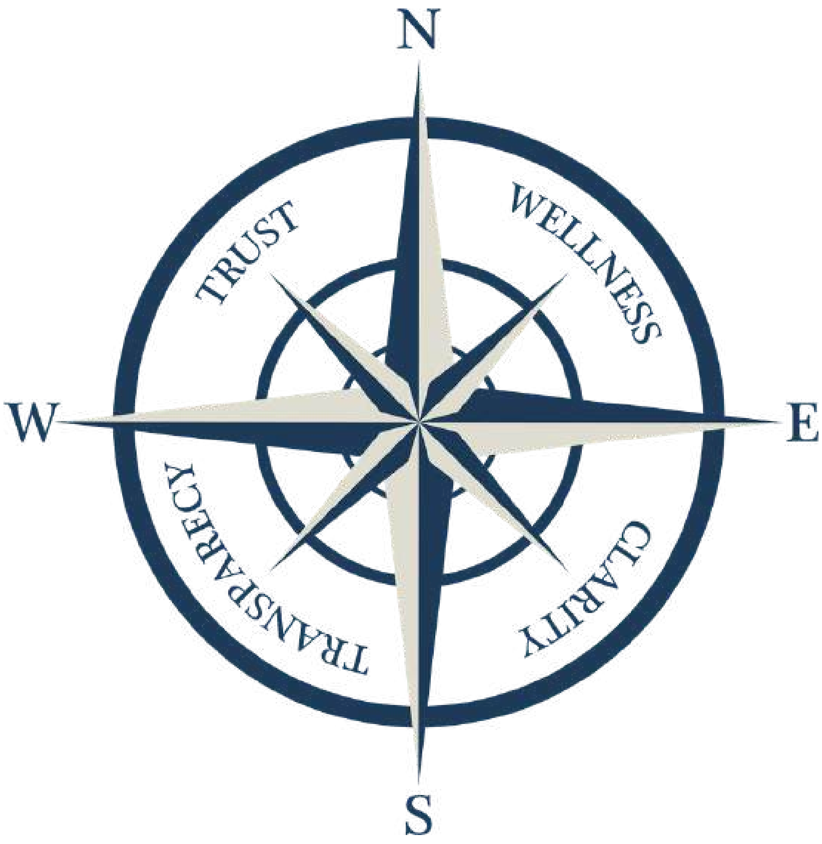


Introduction

Asset Strategy is an independent wealth management, retirement consulting, and tax strategy firm with over three decades of experience. Our ethos is centered on providing our clients with thought leadership, education, and advice across the spectrum of investment and financial opportunities.

That's why we're excited to help our clients meet their investment and planning objectives when considering the sale of investment properties through a 1031 Exchange.

We'll guide you through the process and help you select and acquire suitable 1031 exchange eligible investments to meet your real estate portfolio goals and objectives.

Please use this free guide as a resource to introduce you to 1031 exchanges, Delaware Statutory Trusts (DSTs), and 721 UPREITs. Please don't hesitate to speak with one of our knowledgeable, licensed consultants. We work on a national basis.

Call us at **855-676-1031** or **info@assetstrategy.com** to arrange a no-cost consultation to discuss the benefits of a tax-deferred 1031 exchange and the options that are best suited for you.

Thank you for your interest in Asset Strategy. We look forward to working with you.

The Asset Strategy Group of Companies Includes

- Asset Strategy Advisors (ASA) - Investment Advisory
- Asset Strategy Financial Group (ASFG) - Insurance & Estate Planning
- Asset Strategy Innovation Group (ASIG) - Marketing & Communications
- Asset Strategy Tax Consultants (ASTC) - Tax Strategy
- Asset Strategy Realty Partners (ASRP) - Real Estate Consulting

Our Licensed Representatives of Our Broker-Dealer Relationship

- Concorde Investment Services, LLC - Broker Dealer & Compliance, Securities & Alternatives

Calculating Real Estate Tax

When you sell your investment property, you may be subject to a number of Federal and State taxes that could greatly reduce your profits. To calculate the capital gain *(or loss)*, subtract the "cost basis" of the property from the "net proceeds" you make from the sale. Net proceeds are what the seller receives when the property is sold, less costs and expenses of the sale, which are deducted from the gross amount. Examples of this may include agent's fees, lawyer fees, transfer taxes, and other costs associated with the sale. Depending on how long the property is held and the type of depreciation taken, certain portions of the gain may be taxed at ordinary income tax rates. The taxes may include:

Net Investment Income Tax (NIIT): **3.8%**
Federal Capital Gains Tax: **0 - 15 - 20%**
State Capital Gains Tax: **0 - 13.3%**
Depreciation Recapture Tax: **Up to 25%**
Recaptured Depreciation: **Up to 37%**

Below is an example of how to calculate your potential capital gain *(or loss)*. This is a good place to start so you understand the potential tax impact if you ***do not*** complete, or ***do not*** qualify for, a 1031 exchange. Please consult with your tax advisor for details related to your specific transaction(s).

1) Calculate Net Adjust Basis	Example	Your Capital Gain Estimate
Original Purchase Price (Basis)	$500,000	
+ Capital Improvement	$50,000	
- Depreciation	*- $150,000*	
Net Adjusted Basis:	**$400,000**	

2) Calculate Capital Gain	Example	Your Capital Gain Estimate
Sales Price	$1,200,000	
- Net Adjusted Basis	*- $400,000*	
- Cost of Sale	*- $80,000*	
Capital Gain:	**$720,000**	

3) Calculate Capital Gain Tax Due	Example	Your Capital Gain Estimate
Depreciation Recapture *($150,000 x 25%)*	$37,500	
+ Fed. Cap. Gain {Cap. Gain - Depreciation} *($570,000 x 20%)*	$114,000	
+ NIIT {Cap. Gain x 3.8%} *($720,000 x 3.8%)*	$27,360	
+ State Capital Gain {Cap. Gain x State Tax} *($720,000 x 6.1%*)*	$43,920	
Total Tax Due if NO 1031 Exchange:	**$222,780**	

**6.1% is an illustrative state tax rate; actual rates vary by state from 0% to 13.3%*

What is a 1031 Exchange?

For real estate investors, a 1031 Like-Kind Exchange can be an effective tax-deferral strategy and a valuable tool in succession and estate planning. Section 1031 of the Internal Revenue Code allows investors to defer recognition of capital gains taxes when real property held for productive use in a trade or business, or for investment, is exchanged for other like-kind real property that will also be held for business or investment purposes.

The statute provides that:
"No gain or loss shall be recognized on the exchange of real property held for productive use in a trade or business or for investment if such real property is exchanged solely for real property of like-kind which is to be held either for productive use in a trade or business or for investment."

Originally enacted as part of the Revenue Act of 1921, Section 1031 enables property owners to reinvest the full proceeds from the sale of qualifying real estate into replacement property, rather than paying taxes at the time of sale. This deferral can enhance purchasing power, support portfolio growth, and improve long-term planning outcomes. Like-kind real estate generally includes most business or investment real property, but excludes personal-use property, such as primary residences or vacation homes.

What is a 1033 Exchange?

Internal Revenue Code Section 1033 applies when property is involuntarily converted due to condemnation, eminent domain, casualty, or theft, and the resulting insurance or condemnation proceeds exceed the property's adjusted basis.

Unlike a Section 1031 exchange, a Section 1033 exchange does not require a Qualified Intermediary, and the taxpayer may receive and hold the proceeds until replacement property is acquired. If all proceeds are not reinvested, the unused portion is generally taxable.

Replacement property cannot be purchased from a related party under IRS rules. The replacement period generally ends two years after the close of the first taxable year in which you realize the gain.

IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax concepts, therefore you should consult your legal or tax professional regarding the specifics of your particular situation.

What is a Delaware Statutory Trust (DST)?

A Delaware Statutory Trust (DST) is a distinct legal entity created under Delaware law that permits fractional ownership of real estate assets and may be used as replacement property in a Section 1031 Exchange.

To qualify for 1031 exchange treatment, a DST must comply with IRS Revenue Ruling 2004-86, which requires that the beneficial interest in the trust be treated as an undivided fractional interest in real estate for federal income tax purposes, rather than as a security or other prohibited interest.

An exchanger may defer taxes by investing in a DST or a portfolio of DSTs instead of acquiring an entire property directly. DSTs may be identified as primary replacement properties or used as a backup option if the required time frame for identifying or closing on a fee simple property cannot be met.

DSTs are often used by investors who prefer a passive ownership structure and do not wish to manage properties or participate in the active exchange process. DST offerings are typically available only to Accredited Investors.

An investor who owns a beneficial interest in a DST holds an undivided fractional interest in the trust's underlying investment properties. DSTs commonly invest in high-quality, institutional-grade real estate. Each DST generally holds a single asset type and may own one or more properties. Investments are typically held for three to ten years.

Upon the sale of the DST properties, investors receive their share of the proceeds and may choose to complete another exchange, recognize taxable gain, or use a combination of both, depending on their individual tax and planning objectives.

DST 1031 properties are only available to Accredited Investors (typically defined as having a $1 million net worth excluding primary residence or $200,000 income individually/$300,000 jointly of the last three years; or have an active Series 7, Series 82, or Series 65. Individuals holding only a Series 66 registration may not automatically qualify; Series 66 requires a Series 7 co-registration for accreditation purposes. If you are unsure if you are an Accredited Investor and/or an accredited entity, please verify with your CPA and Attorney

What are the Benefits of a DST?

A Delaware Statutory Trust (DST) may serve as a replacement property option for accredited real estate investors completing a tax-deferred 1031 exchange. DSTs allow investors to maintain ownership in income-producing real estate while eliminating the active management responsibilities associated with directly owned properties.

Why Consider a DST?

- Potential access to institutional-quality real estate
- Diversification by property type, geography, and sponsor
- Turnkey structure with professional sourcing, due diligence, financing, and management
- Streamlined closing process to meet 1031 exchange deadlines
- Increased certainty of acquiring replacement property
- No day-to-day property management responsibilities
- Potential for ongoing income
- Typically includes long-term, non-recourse financing

Defer Capital Gains Tax

Selling appreciated investment real estate can result in significant tax exposure. When used as part of a properly structured 1031 exchange, a Delaware Statutory Trust may allow investors to defer:

Net Investment Income Tax (NIIT):	**3.8%**
Federal Capital Gains Tax:	**0 - 15 - 20%**
State Capital Gains Tax:	**0 - 13.3%**
Depreciation Recapture Tax:	**Up to 25%**
Recaptured Depreciation:	**Up to 37%**

To qualify, investors must reinvest proceeds into replacement property of equal or greater value in accordance with IRS 1031 exchange requirements.

Manage Your Properties Passively

DSTs are fully passive investments. Investors select offerings that align with their goals while sponsors handle all operational and management responsibilities.

By partnering with Asset Strategy, clients benefit from a rigorous due diligence process and access to a curated selection of DST opportunities designed to support long-term income and tax-efficient real estate strategies.

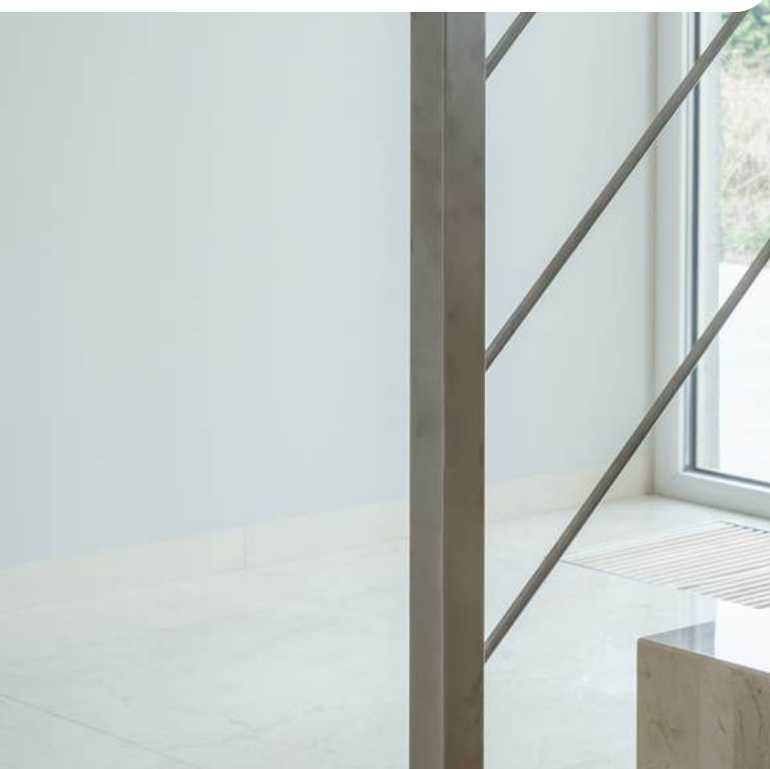
There are material risks associated with investing in DST properties and real estate securities including liquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multi-family properties, financing risks, potential adverse tax consequences, general economic risks, development risks, long hold periods, and potential loss of the entire investment principal.

Cash Flow Potential

The primary objective of Delaware Statutory Trust (DST) properties is to generate potential cash flow for investors.

Because DSTs often provide access to institutional-quality real estate across multiple geographic markets, they may help preserve investment value while producing income. In some cases, investors may experience cash flow levels that differ from and potentially exceed those generated by directly owned, fee-simple properties, depending on property performance, financing structure, and sponsor execution.

By working with our consultants, Accredited Investors can compare and better understand potential differences in cash flow based on property type, investment structure, and sponsor, allowing for more informed real estate and income-planning decisions.



Matching Non-Recourse Debt at Low Cost

As part of a 1031 exchange, investors are generally required to replace both the equity and the debt from their relinquished property with equal or greater amounts in the replacement property. Failing to do so may result in taxable income, commonly referred to as "*boot*."

Delaware Statutory Trust (DST) investments are often structured with long-term, non-recourse financing in place, which may help investors efficiently satisfy debt replacement requirements while minimizing personal liability and simplifying the exchange process.

What is "Boot"

In a 1031 exchange, any portion of an investor's sale proceeds that is not reinvested into qualifying replacement property is considered boot. Boot is generally taxable to the extent there is a capital gain and may occur as either cash boot or mortgage boot. Boot can also accumulate over multiple exchanges and may be traceable back to the original relinquished property.

DST sponsors are aware of boot risk and often use financing to help structure transactions that align with common debt and equity replacement requirements. Multiple DSTs can be combined to help investors match their specific debt and equity needs.

DST ownership provides access to non-recourse debt and liability protection, while reducing some of the risks associated with direct property ownership.

Cash Investments with Minimums

DST offerings typically have minimum investment amounts, often starting around $100,000, though minimums may vary by offering and sponsor. Investors completing a 1031 exchange may allocate proceeds across multiple DSTs, allowing them to build diversified real estate portfolios across different property types, geographic regions, and sponsors.

Investment Properties of High Quality

Delaware Statutory Trusts (DSTs) typically hold institutional-quality real estate. To qualify as replacement property under IRS guidelines, DSTs must meet specific structural and operational requirements, which generally results in offerings being backed by stabilized, income-producing investment properties rather than speculative assets. Properties held in DSTs are often leased to well-capitalized tenants, including large national and multinational companies, frequently under long-term lease agreements.

An additional benefit of DST ownership is access to property types and asset profiles that are commonly held by real estate investment trusts, large institutional investors, sovereign wealth funds, and pension funds, which may otherwise be difficult for individual investors to access directly.

Appreciation Opportunity

Delaware Statutory Trust ownership shares many characteristics with fee-simple property ownership, including the potential for appreciation. Any increase in the value of a DST property is allocated to investors based on their proportional ownership interests, subject to market conditions and overall property performance.

Tax Benefits of Depreciation

When business owners and investors own depreciable property, or property with a useful life that declines in value over time, they are generally permitted to take an annual depreciation deduction over the applicable recovery period for that asset. For example, residential real estate is depreciated over 27.5 years, while nonresidential real estate is depreciated over 39 years. When the asset is sold, the owner may be required to recapture, or add back into federal taxable income, amounts previously deducted for depreciation. Typically, the federal depreciation recapture rate is calculated at up to 25% of the property's cumulative depreciation deductions.

In addition, some states impose their own depreciation recapture rules, which in certain cases may be more aggressive than federal standards. When business owners or investors complete a like-kind exchange, depreciation deductions taken on the relinquished property, along with capital gains, are deferred, potentially providing additional purchasing power through reinvestment of proceeds.

When completing a 1031 exchange, the investor is effectively transferring the real estate investment and its tax history into the replacement property. As a result, the cost basis from the original or relinquished property generally carries over to the new property.

Two Depreciation Options

IRS regulations generally require depreciation to be allocated between carryover basis and excess basis, resulting in two depreciation schedules. Alternatively, investors may elect to apply a single new depreciation schedule to the entire replacement property cost basis, which in certain situations may create additional depreciation deductions to offset taxable income.

Preferential Taxation of Estate Beneficiaries

While 1031 exchanges are an efficient tax deferral strategy, they can also be effective tools within a broader estate planning framework. Under current IRS rules, certain assets may receive a step-up in cost basis upon the death of the owner. In states that recognize community property, a surviving spouse may receive a full step-up in basis to fair market value, which can eliminate unrealized capital gains, net investment income tax, and accumulated depreciation recapture at that time.

Delaware Statutory Trusts (DSTs) can also offer estate planning advantages by allowing for the orderly distribution of real estate interests among multiple beneficiaries, including family members, charities, or other designated recipients. Because DST interests are generally non-controlling and illiquid, they may qualify for valuation discounts when determining the taxable value of an estate; discount amounts vary significantly based on specific facts and require proper valuation by a qualified appraiser.

Limited Liability

Because DSTs provide statutory liability protection under Delaware law similar to other limited liability structures, Trust beneficiaries have limited liability for DST properties. Debt associated with the properties is arranged by the sponsor and is therefore non-recourse to investors and personal guarantees are neither required nor allowed. All investors must be Accredited Investors.

Building a Diversified Investment Portfolio

Multiple DST properties can be combined as replacement property under IRS rules pertaining to the identification of replacement property.

DSTs may also consist of more than one property, in various geographic locations and are offered through various DST sponsors, allowing investors additional diversification of their investment.

Sponsor Expertise

Asset Strategy works closely with highly regarded DST sponsors who bring institutional expertise on every aspect of constructing a DST, managing the underlying properties, acquiring properties, and ultimately managing the disposition of the portfolio. Choosing the right sponsor is key to achieving your investment objectives.

Diversification does not guarantee a profit or protect against a loss in a declining market. It is a method used to help manage investment risk.

Categories of Properties Held in DSTs

Leveraging the Expertise of DST Sponsors

The sponsors of DSTs focus on properties that seek to produce a steady, potential income stream for investors. These are some of the types of properties typically held within DSTs:

There are advantages and disadvantages to each type of property.

In order to create the ideal replacement property portfolio, the client can combine multiple property types based on their financial objectives.

How DSTs Are Structured

A DST must comply with certain standards to qualify as an IRC 1031 Exchange property as per IRS Revenue Ruling 2004-86. Hence, all DSTs have the same structure, with the main difference being the types of investment properties, the number of properties held, and the terms of the DSTs' master leases. The 7 characteristics common among all DSTs are:

- **1)** Following the close of the trust offering, no existing or new beneficiaries can contribute additional capital to the trust.
- **2)** Unless in the case of default due to insolvency or bankruptcy, the Trustees cannot renegotiate existing loan terms.
- **3)** Unless in the case of insolvency or bankruptcy, the trust is prohibited from entering into new or restructured leases.
- **4)** For purposes of normal maintenance, repair, or non-structural capital improvements, trustees may make capital expenditures on underlying real estate. DSTs are prohibited from owning speculative development properties.
- **5) DST** sponsors (Trustees) cannot reinvest the sale proceeds from the trust's real estate - all proceeds must be distributed to investors.
- **6)** Short-term debts are the only investments that can be made with cash reserves held by the trustee. Cash reserves are to be distributed to the trust investors in cases where they remain unused following the sale of the property.
- **7)** With the exception of reserves and working capital, all cash must be distributed as part of a current distribution schedule.

DSTs are guided by IRS requirements in order to address three primary objectives:

- ***The preservation of invested capital***
- ***Stability of potential cash flow***
- ***The elimination of active management***

The DST marketplace is constantly evolving and investors need to align themselves with an organization that has the expertise and broad access to this marketplace.

DST Process & Timing

Process & Timing: *What is Involved?*

A 1031 exchange can be an excellent choice for investors if they meet certain requirements. Your decision depends on your financial objectives, lifestyle needs, your specific property, and any potential tax liability you may incur when you sell. When considering whether or not an exchange is right for you, several key factors must be considered and you need to fully understand each before making a decision on your potential exchange. Consider the following:

- **Diversification of property may increase income potential**
- **Stepping away from the day-to-day property management**
- **Continued tax deferral**
- **Increased depreciation levels to offset income**
- **Access to high-quality real estate properties**
- **Estate planning objectives**
- **Access to institutional assets that a private investor may not have access to on their own**
- **Non-recourse debt so you are not tying up your personal balance sheet**

Diversification does not guarantee a profit or protect against a loss in a declining market. It is a method used to help manage investment risk.

This is for informational purposes only, does not constitute as investment advice, and is not legal or tax advice. Please consult the appropriate professional regarding your individual circumstance.

Accredited Investors

For SEC regulatory purposes, DSTs are registered as "Reg D" or private placement securities and therefore are only available to Accredited Investors.

To be an Accredited Investor, a person must have an annual income exceeding $200,000 ($300,000 for joint income) for the last two years with the expectation of earning the same or higher income in the current year. An individual must have earned income above the thresholds either alone or with a spouse over the last two years. The income test cannot be satisfied by showing one year of an individual's income and the next two years of joint income with a spouse. **A person is also considered an Accredited Investor if they have a net worth exceeding $1 million (excluding primary residence) either individually or jointly with their spouse.**

Meeting the SEC's definition of Accredited Investor is based on the owner of the property. The property owner must meet the individual accreditation threshold if they own the property. A property owned jointly must have all co-owners accredited, or the owning entity must meet the entity accreditation threshold.

The next step is to sell the property you relinquished. At this point, it's important to understand that your account must be opened with a Qualified Intermediary ("QI") before the sale is closed. The QI is required to take actual receipt of the sale proceeds at closing to ensure the exchanger avoids constructive receipt. Asset Strategy can provide you with a choice of our preferred "Qualified Intermediaries," upon request. Selecting a reputable and capable QI is important.

Prior to closing a property and during the 45-day period following the close, we work with clients to select the highest quality DST offers based on our experience and expertise and your financial objectives. We would be happy to assist you if you are considering DSTs as a replacement property option.

Throughout the process, we place a high priority on education. The importance of you feeling comfortable and confident with our DSTs and our process, due diligence, and the sponsors we recommend is of utmost importance to us. To assist a client in navigating this transition, we take a variety of education-focused steps.

"Prior to closing a property and during the 45-day period following it, we work with clients to select DST offers that are thoroughly vetted and meet their objectives."

On behalf of clients, we prepare all necessary paperwork for the DST replacement properties once they are selected. DSTs can often close within 5-7 days, therefore, a client has the potential for nearly uninterrupted cash flow following the sale of the relinquished investment property.

Our team will verify all deposits are made into the appropriate accounts after purchasing the DST replacement property and follow up with your tax-preparer to ensure the year-end tax report is ready.

721 Contribution (UPREIT)

UPREIT Structure

An UPREIT (Umbrella Partnership REIT) is a structure that allows real estate investors to contribute property in exchange for REIT-related interests, specifically operating partnership units issued by the REIT's operating partnership (OP Units).

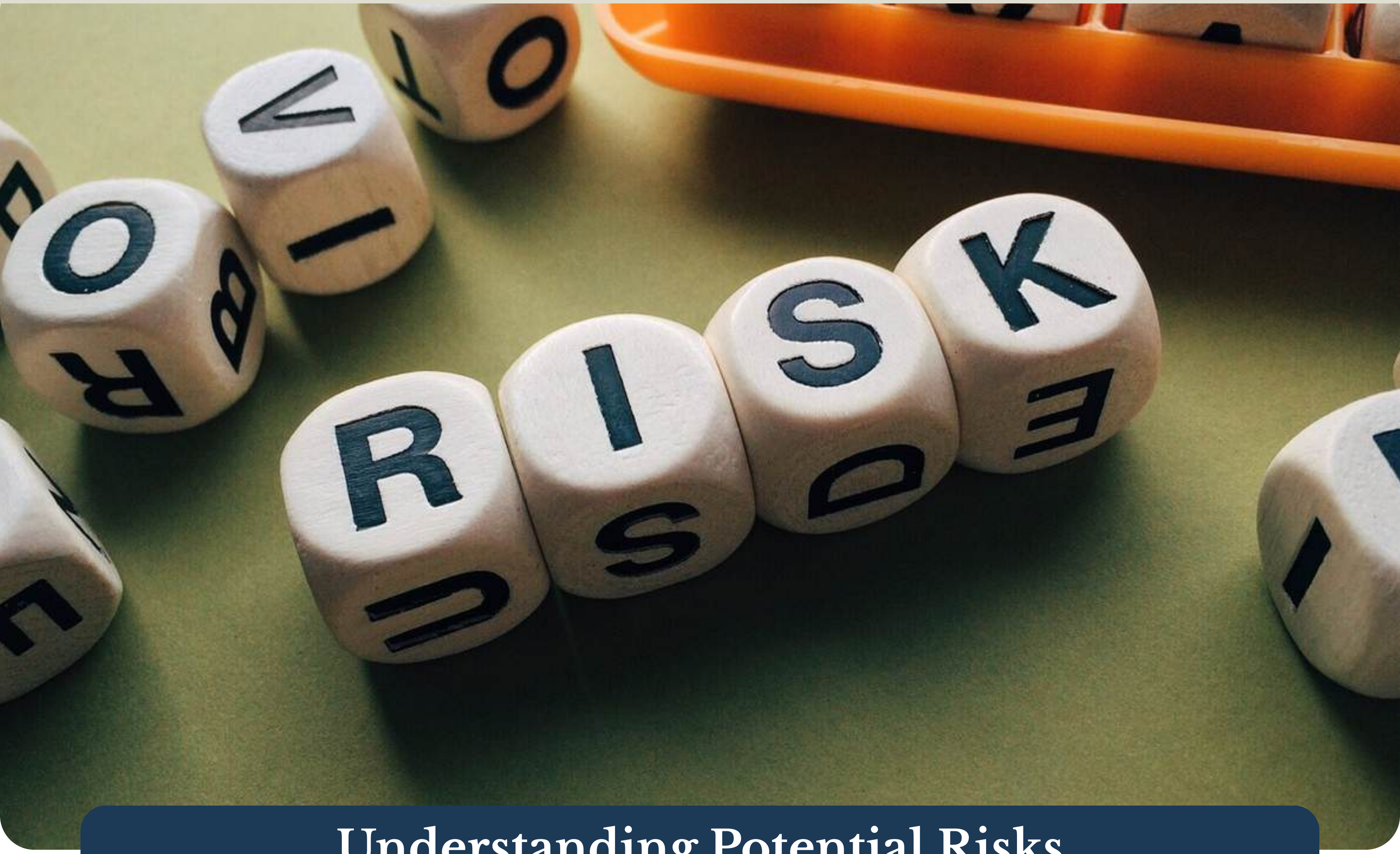
Section 721 Contribution

In an UPREIT transaction, investors contribute their property to the REIT's operating partnership. This contribution is generally structured as a tax-deferred contribution of property for a partnership interest under Section 721 of the Internal Revenue Code, subject to IRS requirements and transaction details.

Conversion to REIT Shares

The investor's partnership interest, known as OP Units, is typically redeemable after a holding period and may be converted into REIT common shares, or in certain cases cash, at a future date based on the operating partnership agreement. Such a conversion or redemption generally results in the recognition of taxable gain.

IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax concepts, therefore you should consult your legal or tax professional regarding the specifics of your particular situation.



Understanding Potential Risks

Know Before You Invest

Asset Strategy is committed to assisting our clients in meeting their real estate investment goals and objectives and therefore we understand that in certain circumstances a Delaware Statutory Trust may not make sense for certain real estate investors. With our expertise, experience, and knowledge of the marketplace, we can help you make that determination. For those clients where DSTs do make sense, selecting the right 1031 Exchange company with real estate, tax, and securities expertise is critical. Asset Strategy has experience in managing complex ownership structures, efficient tax strategies, and exchanges, as well as the due diligence process of DST sponsors and offerings. DST's are not a sideline for us, they are a core expertise that we focus on for our clients.

Both DST sponsors and DST offerings are subject to a rigorous due diligence process. Before ever recommending a DST sponsor to our investors, we go through a multi-disciplined process that looks extensively into and challenges the various assumptions, projections, and forecasts provided by sponsors.

While no consultant can guarantee returns to a client, we believe our multi-disciplined due diligence approach provides comfort in the investments we recommend.

In many ways, Delaware Statutory Trust ownership is no different from owning an investment property. Delaware Statutory Trusts have the character of passive ownership entities, which presents further risks to the beneficial owners of these entities. When assessing whether an investor is suitable for ownership of a Delaware Statutory Trust, the following risks should be fully understood and carefully considered:

- **Lack of control**: Beneficial owners of a Delaware Statutory Trust have limited control over the trust's management and eventual disposition of the trust's assets. All decisions regarding the trust's operation are made by the trust's real estate investment company.

- **The absence of liquidity or certainty around timing of exit**: DSTs generally hold properties in the range of three to ten years. In light of market conditions, the hold period may be significantly longer or shorter than the targeted period. While invested in the property, the investment should be viewed as illiquid. The trust may not be amenable to early exits for liquidity purposes, or they may only be possible at substantial discounts from the trust's value.

- **Loan modifications cannot be achieved**: It may not be feasible to restructure the financing of the property without amending the legal ownership structure, due to the structure of a DST. A DST can mitigate this issue by taking advantage of master lease agreements between the trust and the real estate investment companies (REIC).

- **Projected cash flow may be inconsistent with actual performance**: Market, economic, tenant, location, and market risk all play a role in cash flow levels. It is typical for projected cash flows to be conservative in nature, although there is no guarantee that they will occur.

- **Non-compliance and failure to perform due diligence**: The real estate investment companies (REIC) whose DSTs Asset Strategy presents undergo a rigorous due diligence process in which their management team is thoroughly analyzed, as is the specific DST offered. In the event that an issue is not identified, it may result in mismanagement or noncompliance with the IRS criteria for qualifying for tax-deferred exchange treatment.

- **Absence of projected appreciation**: Investing in real estate properties involves varying risks, including market, economic, tenant, and location risks. Trusts' property holding periods may end before appreciation takes place or the holding period may be extended beyond projections.

General Real Estate Risk

All forms of real estate investing are speculative and involve a high degree of risk. Investors should be able to bear the complete loss of an investment. All real estate is generally subject to the risks of increased and ongoing vacancy, problematic tenants, economic downturns, physical damage or loss, unexpected repairs and maintenance, eminent domain, negative rezoning, blight, environmental damage and liability, and overall valuation fluctuations that may be outside of the owner's control.

Interest Rate Risk

Current interest rates are heavily affecting the value of the real estate. Finance, leasing, and appreciation may be affected by current interest rates.

Regulatory Risk

The IRS's treatment of tax-deferred exchanges may change when it comes to DSTs. A change in the Internal Revenue Code may also eliminate the benefits of owning a beneficial interest in a DST for estate planning purposes.

Specific 1031 Exchange Risks

1031 Exchanges are highly complex and failure to comply with the stringent requirements may result in a complete loss of the desired tax deferral. Investors should carefully consult with independent tax and legal counsel prior to initiating, and while performing, a tax-deferred exchange. There are numerous section 1031 rules and requirements including, but not limited to: seller cannot receive or control the net sales proceeds, the replacement property must be like-kind to the relinquished property, the original replacement property must be identified within 45 days from the sale of the property, the replacement property must be acquired within 180 days from the sale of the original property, and the debt placed or assumed on the replacement property must be equal or greater than the debt encumbering the relinquished property.

Fee Structure

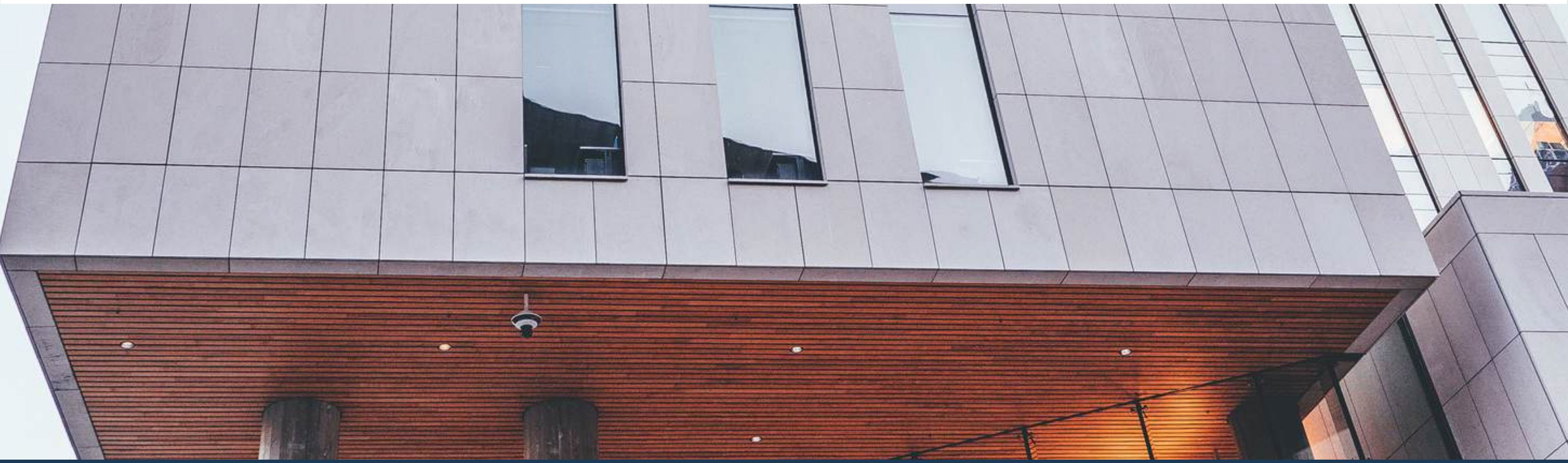
DST Management Expenses & Fees

Sponsoring real estate investment companies receive management fees from DST structures. While these fees are thoroughly disclosed upfront in the private placement memorandum (PPM), they can have an adverse effect on cash flow levels.

Getting potential DST investors fully acquainted with the DST structure and being comfortable with it, is one of our main objectives. We will present all DST properties presented to clients with a PPM in addition to our educational materials.

The full disclosure document includes detailed information about all relevant aspects of the DST, including disclosures of risks. We welcome any questions you may have along the way by calling us at **855-676-1031** and speaking with one of our consultants.

Consistent with traditional purchases in commercial real estate transactions, we can be compensated by the DST sponsor for marketing and distribution costs already built into the offering price.



Frequently Asked Questions + Disclosure

Who are Accredited Investors?
The SEC considers an Accredited Investor to be an individual with a net worth of $1 million, excluding their primary residence, or $200,000 of individual income or $300,000 joint income in each of the last two years, and reasonable expectations that they will maintain those earnings for the current year.

What is the duration for which DSTs are held?
DSTs are generally held between 3 - 10 years. The generally recommended minimum holding period for DST properties is two years if investors plan to exchange out of them. After three years on average, the prepayment penalty on a DST loan becomes more manageable. DSTs that have in-place debt cannot refinance, as a result the maximum hold period for commercial debt now is 10 years with 10-year fixed-rate commercial debt.

Is it possible to sell my DSTs at any time?
There is a mechanism you can use to sell your position in a DST. However, it is not guaranteed that you will have the ability to sell your DST investment or that you will receive your entire investment back if market conditions are not favorable.

What is the guarantee of DST returns?
DST ownership is essentially direct ownership of investment properties. Therefore, we do not guarantee returns. There are some offerings that are more predictable, like net lease offerings, because they are guaranteed by the corporation and due to their duration. Nevertheless, DST returns cannot always be guaranteed.

How does your firm differ from others?
With extensive knowledge and experience in the real estate and securities industries, as well as a focus on client objectives and rigorous due diligence on DST sponsors and replacement properties, we offer our clients a one-stop, integrated wealth management experience.

Following the sale of a DST property, what happens next?
Each DST investor will receive a pro-rata share of the sales proceeds according to the amount of their original investment, including any possible appreciation, upon the sale of the DST. At that point, investors can either exchange into more DSTs, exchange into another investment property, pay tax, or a combination of these.

Is it possible to speak with previous clients of yours?
Definitely. Hearing from our previous clients is an excellent way to gain an understanding of how we work with clients, our processes, and the properties we have recommended in the past.

Sponsoring real estate investment companies, receive management fees from DST structures. While these fees are thoroughly disclosed upfront, they can have an adverse effect on cash flow levels.

Getting potential DST investors fully acquainted with the DST structure and being comfortable with it, is one of our main objectives. We will present all DST properties to clients with a private placement memorandum in addition to our educational materials and conversations. The full disclosure document includes detailed information about all relevant aspects of the DST, including disclosures of risks. We welcome any questions you have along the way by calling 855-676-1031 when considering ownership of a beneficial interest in a DST.

DST 1031 properties are only available to Accredited Investors (typically defined as having a $1 million net worth excluding primary residence or $200,000 income individually/$300,000 jointly of the last three years; or have an active Series 7, Series 82, or Series 65. Individuals holding only a Series 66 registration may not automatically qualify; verify your status with your CPA and Attorney. If you are unsure if you are an Accredited Investor and/or an accredited entity, please verify with your CPA and Attorney.

There are material risks associated with investing in DST properties and real estate securities including liquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multi-family properties, financing risks, potentially adverse tax consequences, general economic risks, development risks, long hold periods and potential loss of the entire investment principal.

Current offerings are not represented by the photos. Future offerings will differ from those shown and may look significantly different.

Because investor situations and objectives vary this information is not intended to indicate suitability for any individual investor.

Tax or legal advice should not be construed from this material. If you have questions regarding your specific situation, discuss them with your tax and legal advisors.

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IRC Section 1031, IRC Section 1033, and IRC Section 721 are complex tax concepts, therefore you should consult your legal or tax professional regarding the specifics of your particular situation.

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If you have any questions on capital gain tax strategies, feel free to reach out to our team.
Set up a 15-Minute Discovery Call at:
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