

THE BENEFITS OF DST OWNERSHIP

Investors considering a 1031 exchange to defer capital gains and depreciation recapture taxes on the sale of investment property may benefit from reinvesting in a Delaware Statutory Trust (DST). DSTs are popular investment structures that enable investors to invest in diversified portfolios of commercial real estate for passive income. An investor can complete their 1031 exchange by investing in a diversified DST to reap distinctive benefits:



BROAD DIVERSIFICATION ACROSS A PORTFOLIO OR MULTIPLE PORTFOLIOS

Acquiring a share in DSTs with well diversified portfolios of assets can protect your capital from being overly dependent on any one property, location, asset class, tenant, industry, lease term, or debt term.



PASSIVE CASH FLOW WITH REDUCED MANAGEMENT BURDENS

DST investments can potentially provide monthly income generated from multiple commercial properties. The DST's sponsor is responsible for all management, accounting, and investor services, so the cash flow you receive is fully passive.



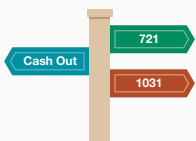
INVESTMENT AMOUNT MAY BE CUSTOMIZED TO FIT EXACT NEED

Sole-ownership replacement options can be difficult to fit to your exact exchange needs. By identifying one or more DST offerings, you can tailor your investment amount to potentially eliminate all taxable boot and defer 100% of tax liability.



INVESTORS CAN CLOSE ESCROW IN AS FEW AS 1–3 DAYS

Since DSTs have already completed the underwriting, diligence, financing, and closing processes upfront, you can often close on a DST in as few as 1–3 days to successfully complete a 1031 exchange on time.



STRATEGIC LONG-TERM PLANNING WITH FLEXIBLE EXIT OPTIONS

Some DSTs are designed to provide multiple exit options, helping investors strategically plan either to perform another 1031 exchange, perform a 721 exchange to acquire ownership in a REIT, cash out, or any combination of these options.

IS A 1031 EXCHANGE INTO A DST RIGHT FOR YOU?

To determine whether a tax-deferred 1031 exchange into DST shares is right for your financial situation, begin by working with your representative or advisor to answer these questions:

ARE YOU WILLING TO PASS RESPONSIBILITY AND CONTROL TO PROFESSIONAL MANAGEMENT?

If you are looking to hand over the responsibilities of management to a professional real estate management company, such as the sponsor of a multi-property portfolio, an appropriately managed DST may be a preferred replacement option.

WHAT PROPERTY ARE YOU TRYING TO SELL OR EXCHANGE?

To qualify for a 1031 exchange into DST shares, the property you are selling must have been held for productive use in trade, or business, or for investment. Your personal residence or second home cannot be used in a 1031 exchange.

IS YOUR PROPERTY ALREADY LISTED FOR SALE, UNDER CONTRACT, OR AT CLOSE OF ESCROW?

Depending on how far along you are in the sale process, you may still be able to sell your property as part of a 1031 exchange, but it is important that you avoid receipt of the funds by working with a Qualified Intermediary.

HAVE YOU IDENTIFIED A QUALIFIED INTERMEDIARY (“QI” OR “1031 ACCOMMODATOR”)?

If you have identified a QI and they are in receipt of funds from the sale of your relinquished property, you have limited time to identify and close on replacement property to qualify for a 1031 exchange, making a DST a convenient option.

IS THERE DEBT REMAINING ON THE PROPERTY YOU ARE SELLING?

Depending on the amount of debt remaining, it may be best to identify multiple DST offerings to fit your exchange's total loan-to-value needs. If you have no mortgage balance left, an All-Cash DST offering may streamline your exchange.

WHAT IS THE ADJUSTED COST BASIS OF YOUR PROPERTY?

If the adjusted cost basis of your property is relatively close to your estimated sale amount, you may not want to perform a 1031 exchange since you stand to realize little in capital gains, making the tax liability minor enough to consider incurring.

This material has been prepared for educational purposes only and is not a solicitation to purchase securitized real estate investments. Every real estate investment, including DSTs, is speculative, illiquid, and has the potential for complete loss of principal. This information is intended to highlight some of the components that investors should analyze when considering DSTs. Objectives, benefits and characteristics found in DST structures may vary for individual DSTs. Potential benefits do not guarantee performance. Investors should read any DST offering in its entirety and conduct their own due diligence, and consult their tax and/or legal counsel before considering any investment.



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