



TANGIBLE WEALTH SOLUTIONS
CHARACTER. CLASS. INTEGRITY.

DELAWARE STATUTORY TRUST “DST” “A 1031 EXCHANGE REPLACEMENT PROPERTY ALTERNATIVE”

WHAT IS A “DST”?

A Delaware Statutory Trust “DST” is a potential solution to individuals looking to complete an IRS § 1031 exchange who may not have the time, energy, desire or real estate experience to find and or manage replacement property.

A “DST” is a professionally managed real estate portfolio in the form of a business trust that qualifies as a “Like Kind Exchange” which allows someone selling investment real estate to complete an IRS § 1031 Exchange into an existing real estate portfolio.

Investors in a DST own an undivided interest in the assets held by the trust. The trustee holds title to the assets for the benefit of the trust interest owners. **Investors in DST’s must qualify as Accredited Investors.**

SITUATIONS WHERE “DST’S” CAN BE AN OPTIMAL SOLUTION:

- **An exchanger wants to sell property and no longer actively manage their real estate.** An exchanger can exchange into a DST and receive distributions from the portfolio of real estate without the burden of actively managing the assets.
- **An exchanger is nearing the end of their 45-day identification period and has not identified a replacement property or properties in the amount needed.** The Exchanger can identify 1 or several DST’s and exchange into them in a relatively short period of time after identification to complete the 1031 exchange within the time constraints. An exchanger also can exchange a portion of proceeds into another property and a portion of proceeds into a DST or DST’s.
- **When a client has sold a property, and would like to diversify geographically and or by property type.** DST’s can hold assets that are geographically diverse. Buying different DST’s with different property types allows for additional diversification.

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EXAMPLES OF DST'S

- A portfolio of geographically diverse NNN single tenant retail buildings with 10 to 20-year lease with a credit tenant. Tenants may include Walgreens, Advanced Auto Parts, Family Dollar
- A large Class A apartment community in a strategic city
- A portfolio of regionally diversified self-storage facilities
- A portfolio of medical office buildings
- A portfolio of large industrial warehouses

DST ADVANTAGES

- Access to institutional quality real estate
- Institutional management
- Passive ownership
- Institutional financing
- Tax reporting (Grantor letter)
- Lower minimum investment
- Non-recourse financing to investor

DST DISADVANTAGES

- Loss of control
- Long-term holding periods
- Higher fees
- No control or involvement in property management
- No public market exists for the DST interest, and it's highly unlikely that such market will develop

DISCLAIMER:

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