



Maximize Wealth with Real Estate Tax Strategies

Leveraging DSTs for 1031 and 721 Exchanges

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1031 or 721 exchanges can yield significantly higher values after 10 years than not exchanging

Hypothetical Example Displays Nearly \$300,000 in Tax Deferral (or Savings)

1031 and 721 exchanges are Internal Revenue Codes for tax-focused investors because they allow for the deferral of capital gains taxes and provide more funds for reinvestment. Utilizing these strategies can allow investors to expand their portfolios, avoid tax setbacks, take advantage of opportunities and foster long-term growth while preserving wealth.

	No Exchange (Cash)	With 1031 /721 Exchange
Sales Proceeds	\$1,000,000	\$1,000,000
Mortgage Balance	(\$0)	(\$0)
Net Sales Proceeds	\$1,000,000	\$1,000,000
Original Cost	\$100,000	\$100,000
Adjusted Cost	\$0	\$0
Capital Gain	\$900,000	\$900,000
Depreciation Recapture (\$100,000 x 25%)	(\$25,000)	(\$0)
Fed Tax on Gain (\$900,000 x 20%)	(\$180,000)	(\$0)
State Tax ¹ on Gain:		
National Average State Tax Rate (\$900,000 x 4.94%)	(\$44,460)	(\$0)
National High State Tax Rate (\$900,000 x 13.3%)	(\$119,700)	(\$0)
National Low State Tax Rate (\$900,000 x 0%)	(\$0)	(\$0)
Medicare Tax (\$1,000,000 x 3.8%)	(\$38,000)	(\$0)
Funds Available for Reinvestment	\$712,540*	\$1,000,000
Value After 10 Years**	\$1,054,733	\$1,480,244

The hypothetical scenario assumes an investor is selling their property and has the option to cash out or invest in a DST. The up-front costs and expenses of an investment in a DST are not reflected in this example. This is not intended as tax advice. Prospective investors should consult with their own tax advisor.

¹<https://taxfoundation.org/data/all/state/state-capital-gains-tax-rates-2024/>

*Assuming national average state tax rate.

**Assuming 4% appreciation on investment.

What is a 1031 Exchange?

Executing 1031 exchanges allows real estate investors to defer capital gains taxes by reinvesting the proceeds from a property sale into a similar property, as outlined in Section 1031 of the Internal Revenue Code (IRC). This strategy not only enhances purchasing power, allowing investors to acquire higher-value properties or expand their portfolios over time, but may also provide a way to grow wealth more efficiently through improved cash flow. Additionally, 1031 exchanges can serve as a transfer of wealth tool, enabling investors to pass on properties to heirs with a stepped-up basis, thereby minimizing tax liabilities.

A successful 1031 exchange requires:

- Replacement property to be equal to or greater than the cash received from the sale of the relinquished property
- Additional cash invested to be equal to or greater than the value of the debt from the relinquished property
- Strict adherence to 180-day timeline





The DST Solution

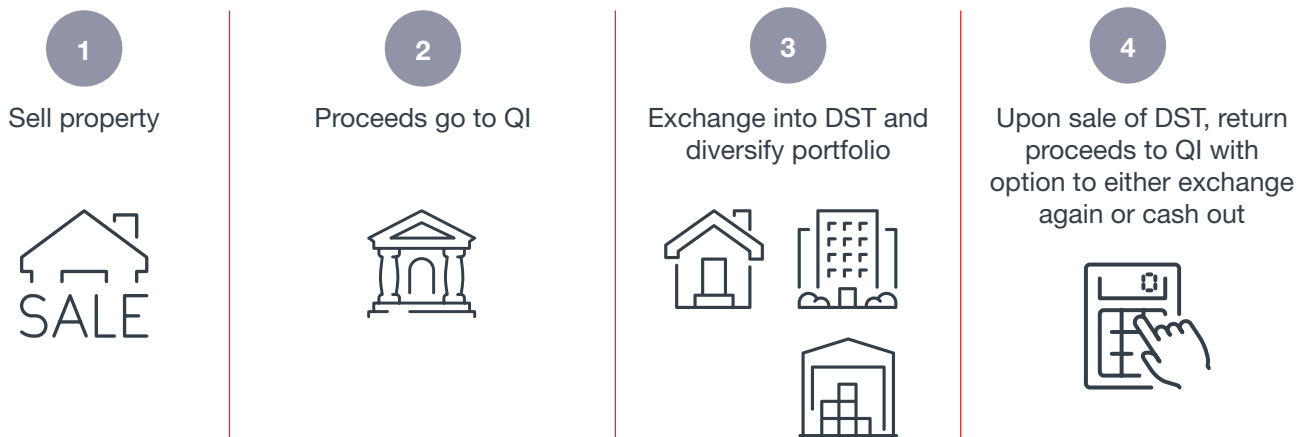
A Delaware statutory trust (DST) permits fractional ownership where multiple investors can share ownership in a single property or a portfolio of properties, which qualifies as replacement property as part of an investor's 1031 exchange transaction. DSTs offer a turnkey solution for investors lacking the time, energy, or expertise to locate and manage investment properties. They can be utilized for all or part of the sale proceeds.

Investors who successfully complete a 1031 exchange into a DST acquire beneficial interest in a specific DST. This investment structure is often referred to as the "Swap Till You Drop" method, as it allows investors to continue deferring capital gains taxes through subsequent 1031 exchanges for the duration of their lifetime, ultimately passing on benefits to heirs.

DST like-kind exchange qualifying properties include business and investment property, but not primary residences and may include:

- Self-Storage Facilities
- Student Housing Communities
- Healthcare/Senior Living Facilities
- Build-to-Rent Communities
- Multifamily Apartments
- Retail Centers
- Industrial Warehouses
- Hospitality Assets

1031 DST Exchange: How it Works



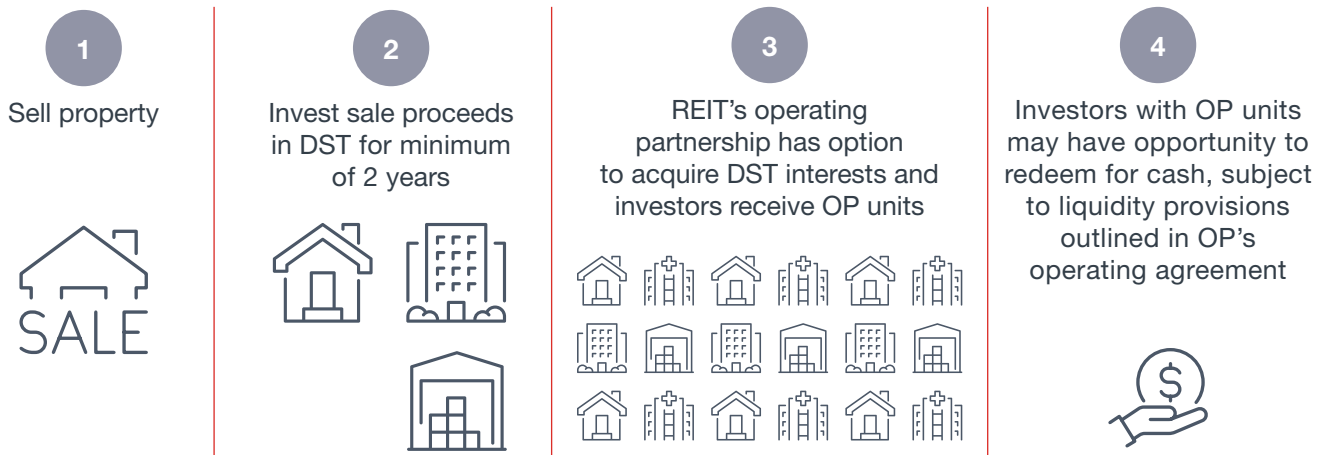


The 721 Exchange Solution

A 721 exchange is an effective strategy to defer capital gains taxes while potentially gaining liquidity and diversification. In a 721 exchange, investors can contribute property in exchange for interest in a partnership.

A 721 exchange refers to a provision under Section 721 of the IRC, which allows investors to contribute ownership in real property to an operating partnership (OP) of a real estate investment trust (REIT) in exchange for limited partnership interests in the OP. A 721 exchange is commonly referred to as an UPREIT transaction and may provide investors more flexibility by letting them receive cash or liquid assets instead of continually swapping their property for a stake in a new partnership. Executing a 721 exchange prevents subsequent 1031 exchanges.

721 Exchange: How it Works



Key Benefits of DST Exchanges

DSTs provide investors with a variety of potential advantages that can enhance both financial returns and overall investment experience.



Student Housing
The Standard
St. Louis, MO

Institutional Quality Property*

Investors are able to own a share of top-of-the-line properties that they may not have been able to afford on their own.



Multifamily
Artisan at Twickenham
Huntsville, AL

Estate Planning

Allows heirs to inherit assets at current market value, providing the opportunity to avoid capital gains taxes and reducing the burden of dividing up the investment if desired.



Self-Storage
Devon Self Storage
Cathedral City, CA

No Management Responsibility

Gain a hassle-free investment and remove management headaches of tenants, maintenance issues, and emergency calls.



Senior Living
Clarendale Algonquin
Algonquin, IL

Diversification

Spread investment across different property sectors and locations, reducing risk and expanding the real estate portfolio.

Additional benefits to investing in DSTs include:

- ✓ Limited Personal Liability
- ✓ Controlled Property Selections**
- ✓ Self-Directed Liquidity***
- ✓ Monthly Income
- ✓ Monthly Valuations***
- ✓ Subsequent/Endless Exchanges**
- ✓ Eliminate Need for Borrowed Funds
- ✓ Irrevocable Trust for Wealth Transfer
- ✓ Reduction of Tax Liabilities for Heirs

*Institutional Quality real estate refers to properties of sufficient size and stature to potentially attract large national or international investors, such as pension funds, insurance companies, endowments and REITs.

**Applies to 1031 exchanges only. Additionally, the 721 exchange does not allow for subsequent exchanges.

***Applies to 721 Exchanges only. For monthly valuations, during the DST ownership period of a 721 offering, investors will receive valuations on a quarterly basis. Once the DST is contributed to the Operating Partnership, OP units will be valued on a monthly basis. The actual amount and timing of distributions is not guaranteed and may vary. There is no guarantee that investors will receive distributions or a return of their capital.

Inland: A Leading Real Estate Investment Manager

\$56 Billion
Acquisitions

490,000
Investors

\$31 Billion
Equity Raised
& Invested

851
Sponsored Investment
Programs

\$27 Billion
Capital Markets
Transactions

670
Completed Investment
Programs

\$16 Billion
Assets Under
Management

49 States
Owned, Developed &
Managed Properties

All numbers are cumulative since inception across Inland entities, except for Assets Under Management, and all are as of 12/31/25. Past performance is not necessarily indicative of future performance.

Investing with Integrity **Since 1968**



Build-to-Rent
Soleil at Canyon Trails
Goodyear, AZ

Want to Learn More?

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Financial professionals:

Contact an Inland Wholesaler at **866-My-Inland**.

Always Building for Tomorrow

Disclaimers & Risk Factors

The Inland Real Estate Group of Companies, Inc., one of the nation's largest commercial real estate and finance groups, which is comprised of independent legal entities, some of which may be affiliates, share some common ownership or have been sponsored and managed by such entities or subsidiaries thereof. Inland has been creating, developing and supporting real estate-related companies for more than 55 years. Inland Securities Corporation, member FINRA/SIPC, is dealer manager and placement agent for Inland Real Estate Investment Corporation and its affiliates.

This brochure includes a brief and general description of certain guidelines regarding Section 1031 and 721 Exchanges. Prospective investors should consult with their own tax advisors regarding an investment in an IPC-sponsored program.

Important Risk Factors to Consider

An investment in an IPC-sponsored program is subject to various risks, including but not limited to:

- No public market currently exists, and one may never exist, for the interests of any IPC-sponsored program. The purchase of interests in any IPC-sponsored program is speculative and is suitable only for persons who have no need for liquidity in their investment and who can afford to lose their entire investment.
- IPC-sponsored programs offer and sell interests pursuant to exemptions from the registration provisions of federal and state law and, accordingly, those interests are subject to restrictions on transfer.
- There is no guarantee that the investment objectives of any particular IPC-sponsored program will be achieved.
- The actual amount and timing of distributions paid by IPC-sponsored programs is not guaranteed and may vary. There is no guarantee that investors will receive distributions or a return of their capital.
- Investments in real estate are subject to varying degrees of risk, including, among other things, local conditions such as an oversupply of space or reduced demand for properties, an inability to collect rent, vacancies, inflation and other increases in operating costs, adverse changes in laws and regulations applicable to owners of real estate and changing market demographics.
- IPC-sponsored programs depend on tenants for their revenue, and may suffer adverse consequences as a result of any financial difficulties, bankruptcy or insolvency of their tenants.
- IPC-sponsored programs may own single-tenant properties, which may be difficult to re-lease upon tenant defaults or early lease terminations.
- Disruptions in the financial markets and challenging economic conditions, including those resulting from the novel coronavirus and resulting pandemic, could adversely affect the operating results of properties owned by IPC-sponsored programs and the ability of such programs to service the indebtedness on their properties.
- The prior performance of other programs sponsored by IPC should not be used to predict the results of future programs.
- The acquisition of interests in an IPC-sponsored program may not qualify under Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code") for tax-deferred exchange treatment.
- Certain of the programs previously sponsored by IPC have experienced adverse developments in the past.
- The Securities and Exchange Commission has not passed upon the merits of or given its approval to the interests in any IPC-sponsored program, the terms of any offering, or the accuracy or completeness of any offering materials.



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