

Tax-free Real Estate Exchange Into a REIT

Plan effectively. Invest efficiently.

The top five reasons our clients choose to execute an IRS Section 721 UpREIT strategy:

1. Avoid large taxable capital gain from the sale of property
2. Avoid recapturing accumulated depreciation (at 25% tax rate)
3. Diversify their real estate portfolio
4. Avoid capital gains altogether either via step-up in basis at death, or via sales of REIT shares in the 0% long-term capital gains tax bracket
5. Avoid beneficiary squabbles after death (keep, sell, re-hab, etc.)

Our clients preferred providers of the Section 721 UpREIT strategy:



- **Black Creek Capital Group's Diversified Property Fund** (Residential, Industrial, Retail, and Office).
4.72% yield
- **Exchange-Right's Net Leased Portfolio** (Triple-Net Leases on Single Tenant Retail properties with high quality tenants like Walgreens, CVS, and Dollar General)
6% yield



STEP 1

Enter contract to sell appreciated investment property

Day One



STEP 2

Open a 1031-exchange account

Two weeks prior to the sale of the property

DST

STEP 3

Invest in a Delaware Statutory Trust (DST)

DST pays quarterly rents for 2-8 years



STEP 4

The DST is acquired by a REIT for shares tax-free

Diversified REIT pays quarterly rents forever