

## OUR PROCESS

1031 Capital Solutions is a branch office of Concorde Investment Services, LLC (“CIS”). CIS is recognized as an industry leader for specialization in alternative investments, with a particular focus on real estate. Specifically, CIS is among the highest-ranked firms in sales of 1031 private placements.

Concorde was founded by entrepreneurs with extensive experience as officers, directors and professionals in the finance industry—with the goal of providing better services for financial advisors. CIS representatives have complete access to cutting-edge technology infrastructure and back-end support to provide financial solutions that help meet the goals and objectives of their clients. Today, Concorde offers a full spectrum of support for financial professionals through our three lines of business: Concorde Investment Services, Concorde Asset Management and Concorde Insurance Agency.

Long before we recommend any particular passive replacement program to our clients, each offering is subject to multiple layers of analysis and scrutiny:

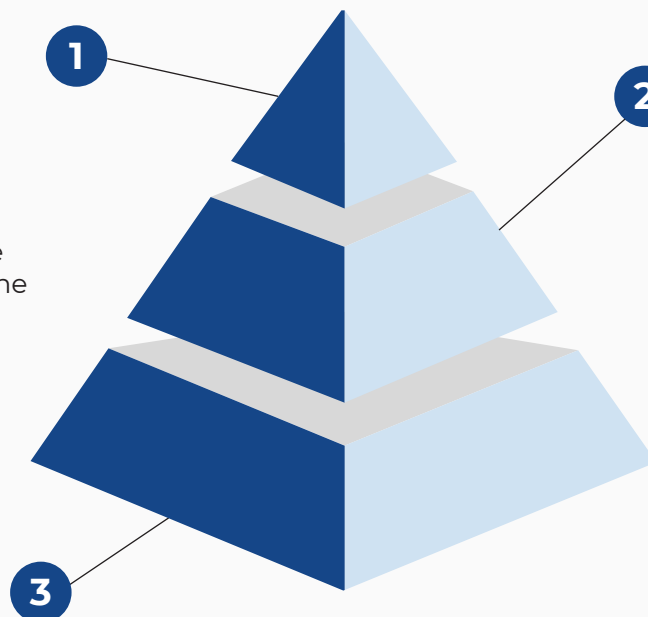
### RIGOROUS DUE DILIGENCE

#### Projections

What are the basic assumptions underlying the projections? What is assumed vacancy rate, rent growth rate, and expense growth rate? What are the expected maintenance and repair items and what is the budget for them? What is the projected reserve account balance?

#### Corporate Overview

How long has the company been in business? What is its track record and reputation? How well capitalized is it? Who are its executives and senior leaders?

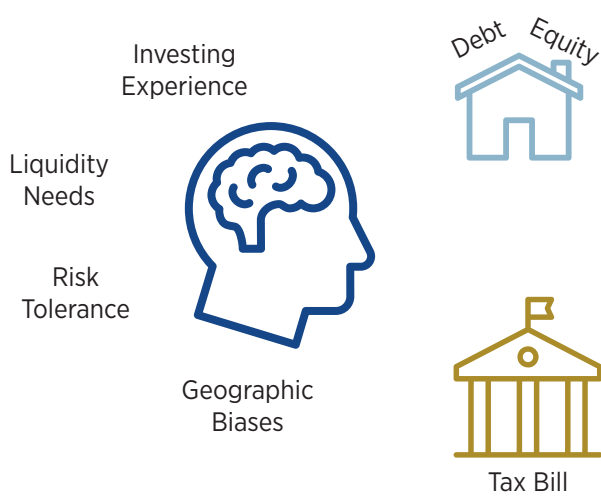


#### Property Analysis

Where is the property? What are the market and sub-market statistics and trends? What is the property sector? How might this property type perform given where we are in the market cycle? Who are the tenants and how are leases structured? Also considered: appraisals, inspection reports, rent rolls, comps, local market research, and other standard due diligence materials.

Due diligence performed by CIS and 1031 Capital Solutions does not guarantee performance of any investment, which may be affected by many factors including macroeconomic conditions, changes in real estate values, interest rates, investment company performance and other factors. Investors should read the prospectus, including risk factors before investing.

# 1 ANALYZE PERSONAL REQUIREMENTS, PREFERENCES AND SUITABILITY



Assuming you and your tax advisor have determined that a 1031 exchange is warranted, we conduct a thorough analysis of your personal needs and transactional details.

Our goal is to gather and review all of the information necessary to make a suitable recommendation, subject to the time constraints imposed under the Internal Revenue Code.

Completing this step may require multiple conversations and emails.

# 2 PROVIDE OVERVIEW OF PASSIVE EXCHANGE PROGRAMS

As a real estate investor, you may be familiar with conventional real estate ownership, but less knowledgeable about passive exchange programs. We will provide an overview of:

- General features of real estate securities investments
- Passive exchange programs vs. Traditional real estate ownership
- Why we work only with a select group of program sponsors

2/3 of market

1031 Investment Sponsor	2019 Market Share
<b>Real Estate Company #1</b>	<b>25%</b>
<b>Real Estate Company #2</b>	<b>10%</b>
Real Estate Company #3	10%
Real Estate Company #4	7%
<b>Real Estate Company #5</b>	<b>7%</b>
<b>Real Estate Company #6</b>	<b>6%</b>
<b>Real Estate Company #7</b>	<b>5%</b>
<b>Real Estate Company #8</b>	<b>5%</b>
Real Estate Company #9	3%
<b>Real Estate Company #10</b>	<b>2%</b>
<b>Real Estate Company #11</b>	<b>2%</b>
<b>A few of the 27 Other Real Estate Companies</b>	Average <1%

Data from Mountain Dell Consulting, LLC

# 3

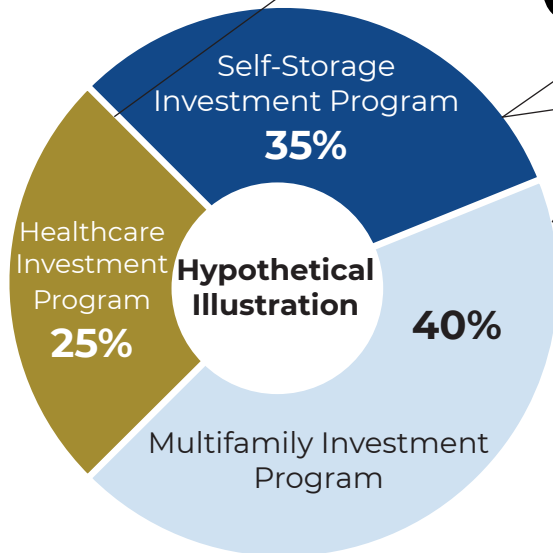
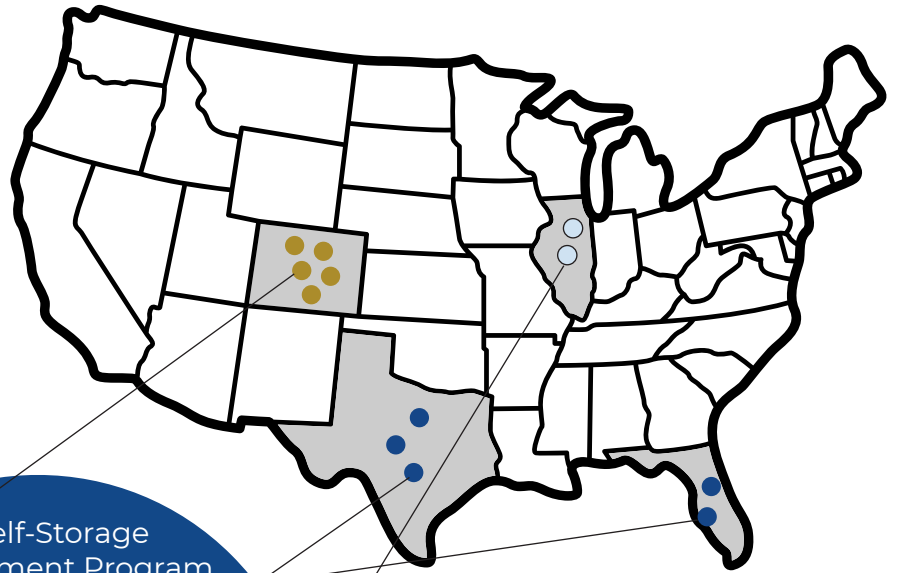
## PROPOSE CUSTOMIZED 1031 REPLACEMENT PORTFOLIO

We have the ability to place clients into several passive exchange programs at any given time.

However, the specific portfolio allocation will be unique for each client, based on the information obtained and analyzed in Step One.

### EXAMPLE:

- 3 Sponsors
- 3 Programs
- 11 properties
- 4 states
- 3 asset classes



# 4

## GUIDE CLIENTS THROUGH INVESTMENT AND OWNERSHIP EXPERIENCE

In the final step in our process, we will assist you in making your investment choices, focusing on understanding the proposed asset classes, markets, properties and offering details, including the features, risks and benefits of each program.

*A 1031 DST purchase is a real estate exchange, securities investment and tax-deferral strategy all rolled into one transaction. An advisor's experience, competence and attention to detail are critical.*

45/180 day timeline, identification and reservation

Fees and expenses reflected in total offering price

DocuSign application; no notary or public filings

Pro rata distributions: income and net sales proceeds

DST: not party to non-recourse loan; TIC: on loan/title

Quarterly reports and monthly deposit potential

Upon sale: 1031 into another program or property, or receive proceeds and recognize gain

Private placement investors must be “accredited investors”, defined by the Securities Exchange Commission as those investors with (i) a net worth of at least \$1,000,000, excluding primary residence or (ii) having an annual income of at least \$200,000 or \$300,000 if married and investing together.

#### **Potential Benefits:**

- **1031 Exchange Qualified.** Pursuant to Revenue Ruling 2004-86, interests in a real-estate owning DST will qualify for a tax-deferred exchange, if the program has one lease, one loan, one round of investors, one portfolio, all net income distributed to investors and no expenditures for major improvements. When a DST liquidates, the entire program is closed and investors are free to 1) exchange into another DST, 2) exchange into traditional real estate or 3) receive the sales proceeds and realize a taxable gain.
- **Pro Rata Ownership.** DST investors effectively own a pro rata share of the underlying trust property—including the equity and the debt—entitling them to a proportionate interest in all distributable income, net appreciation and depreciation of the property.
- **Completely Passive Investing.** DST investors do little more than receive periodic distributions, review quarterly statements and forward annual ownership letters to their tax preparers. There are no responsibilities related to maintenance, advertising, leasing, improvements, accounting, debt service, expenses or any other aspect of property operations. DST investors do not vote and are not required to make additional capital contributions.
- **Typically Income-Focused.** Most DST offerings are designed to potentially produce consistent income over the life of the program. In some DSTs, the combination of relatively low land costs and leverage can result in significant depreciation being allocated to DST investors, thereby reducing their current taxable income.
- **Institutional-Caliber Property.** 1031 DSTs typically provide the opportunity to own an interest in \$40–100 million of real estate per offering, with as little as \$100,000 in exchange equity. The top DST sponsors manage billions of dollars of properties, with hundreds or even thousands of employees.
- **Potential for Diversification.** With only \$300,000 in exchange equity, an investor can allocate across three DST programs, potentially gaining exposure to multiple asset classes (e.g., multifamily, office, self-storage, senior living, student housing, medical, industrial) in multiple cities or geographic regions. Such a portfolio may comprise hundreds or even thousands of tenants.
- **Application-Free, Non-Recourse Financing.** The IRS allows DST debt to be attributed to investors for 1031 exchange purposes, despite the fact that investors are not parties to DST loans and are not individually liable (as the debt is secured only by the real estate and the income therefrom).

#### **DST Risks and Limitations:**

- **1031 Exchange Risks.** There are a number of risks related to conducting a 1031 exchange. Failing to properly meet all of the 1031 exchange requirements could lead to significant unwanted taxes. Investing in a DST presents additional tax risks. Investors should consult their legal and tax professionals before engaging in a 1031 exchange, including a 1031 exchange into a DST.
- **Real Estate Risk.** Investing in real estate involves a variety of risks, including but not limited to economic risks, market risks, tenant default risks, interest rate risks, and environmental risks. Investing in a DST carries all of these same risks. Investors should not invest in real estate or real estate securities, including DSTs, unless they can withstand the loss of all of their principal.
- **Lack of Control.** Investors in a DST have limited rights and no control over important aspects of the management and sale of the underlying property.
- **No Guarantee of Income or Growth.** As with all investing, there is no guarantee that a DST will continue to pay distributions to investors or that there will be any increase in the investors’ account value. There is no guarantee that investors will not lose some or all of their investment.
- **Fees & Expenses.** There may be significant fees and expenses associated with the purchase and ownership of a DST. In some cases, the fees and expenses may outweigh the benefits of conducting a 1031 exchange and purchasing a DST. Analysis should be done by the investor to determine if the benefits of a DST are sufficient to justify the fees and expense.
- **Illiquidity.** Real estate investments, including DSTs, are illiquid. DSTs are especially illiquid due to the fact that there is no national market through which an investor may sell his/her interests. Only investors with a long-term time horizon should consider investing in a DST.
- **Leverage Risk.** The use of debt to purchase real estate increases volatility and introduces a risk of foreclosure by the lender.
- **Conflicts of Interest.** Conflicts of interest may exist that could adversely affect the investment.
- **Other Risks.** This is only a partial list of the risks associated with investing in DSTs. A list of risks can be found in the Private Placement Memorandum. This should be read and understood before investing in any DST.

This is for informational purposes only. This is not an offer to buy or a solicitation of an offer to sell any securities. Any such offer must be accompanied by a prospectus or private placement memorandum. Private Placements are available to accredited investors only. Potential cash flows/returns/appreciation are not guaranteed and could be lower than anticipated. Diversification does not guarantee profits or guarantee protection against losses. Because investor situations and objectives vary this information is not intended to indicate suitability for any particular investor. This material is not to be interpreted as tax or legal advice. Please speak with your own tax and legal advisors for guidance regarding your particular situation.

Securities offered through Concorde Investment Services, LLC, member FINRA/SIPC. Advisory services offered through Concorde Asset Management, LLC, an SEC registered investment adviser. 1031 Capital Solutions is independent of CIS and CAM..