



1031 Exchange Replacement Property Overview

DELAWARE STATUTORY TRUST (DST)

PROPERTIES

Risks & Disclosures – Please Read

- DST 1031 properties are only available to accredited investors (generally described as having a net worth of over \$1 million exclusive of primary residence) and accredited entities only (generally described as an entity owned entirely by accredited individuals and/or an entity with gross assets of greater than \$5 million). If you are unsure if you are an accredited investor and/or an accredited entity, please verify with your CPA and attorney. You may be required to verify your status as an accredited investor.
- The information herein has been prepared for educational purposes only and does not constitute an offer to purchase securities, DST properties and/or real estate.
- Such offers are only made through a Private Placement Memorandum (PPM) which is solely available to accredited investors and accredited entities.
- IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax concepts; therefore, you should consult your legal or tax professional regarding the specifics of your particular situation.
- This material is not to be interpreted as tax or legal advice. Please speak with your own tax and legal advisors for advice/guidance regarding your particular situation.

Risks & Disclosures – Please Read

- There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multi-family properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. There is a risk of loss of the entire investment principal. For an investor to qualify for any type of investment, there are both financial requirements and suitability requirements that must match specific objectives, goals and risk tolerances.
- The included scenarios are hypothetical and are not intended to represent an actual investor's situation or performance of investments. Your particular scenario may have many other factors not mentioned here.

Risks & Disclosures – Please Read


- Diversification does not guarantee profits or guarantee protection against losses.
- Because investors' situations and objectives vary, this information is not intended to indicate suitability for any particular investor.
- Please speak with your CPA and attorney to determine if an investment in real estate/DST properties is suitable for your particular situation/circumstances.
- This information is from sources we believe to be reliable, however we cannot guarantee or represent that it is accurate or complete.
- Past performance is not indicative of future returns.
- Potential cash flows/returns/appreciation are not guaranteed and could be lower than anticipated.

DST properties are for accredited investors (generally described as having a net worth of over 1 million dollars exclusive of primary residence) and accredited entities only. IRC Section 1031 is a complex tax concept; consult your legal or tax professional regarding the specifics of your particular situation. This material is not to be construed as tax or legal advice. Diversification does not guarantee returns and does not protect against loss. There are material risks associated with investing in DST properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multi-family properties, financing risks, potential adverse tax consequences, general economic risks, development risks, long hold periods, and potential loss of the entire investment principal. Past performance is not a guarantee of future results. Potential cash flow, returns and appreciation are not guaranteed. Please read the Private Placement Memorandum (PPM) in its entirety, paying careful attention to the risk section prior to investing. Market information provided for educational purposes and is general in nature. It may not predict the performance of property. Securities offered through FNEX Capital member FINRA, SIPC.

The 1031 Exchange: An Overview



The 1031 Exchange: An Overview



NO GAIN OR LOSS shall be recognized on the exchange of property held for productive use in a trade or business or for investment, if exchanged for another 'like-kind' property also to be held for productive use in a trade or business or for investment.

What Are The Basic 1031 Exchange Requirements For Full Tax Deferral?

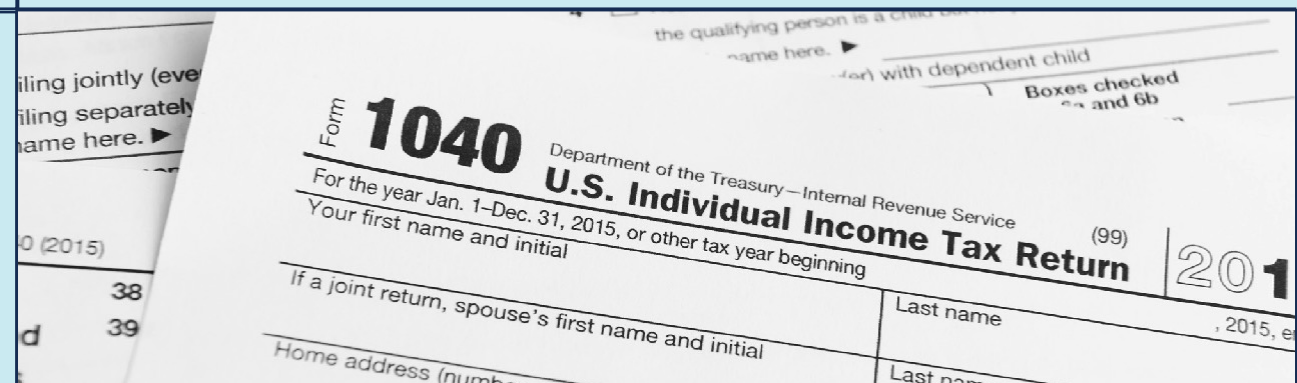
1 Use a Qualified Intermediary (QI) – Upon close of escrow of the relinquished (sold) property the funds must be sent directly to a Qualified Intermediary who properly administers and documents the exchange for the taxpayer.

2 Reinvest 100% of the net sales proceeds into the replacement properties.

3 Purchase an equal or greater value in replacement properties as they had of relinquished property.

4 Identify replacement properties within 45 days of closing escrow on the relinquished property.

5 Closing on the replacement property must be the earlier of either 180 calendar days after closing on the sale of the relinquished property or the due date for filing the tax return for the year in which the relinquished property was sold; unless an automatic filing-extension has been obtained.



The 1031 Exchange: Timeline



Close of Escrow

45 Days

180 Days

Exchanger closes escrow on down-leg property and funds are transferred to the Qualified Intermediary.

Exchanger has a total of 45 days to identify the chosen replacement properties with his/her Qualified Intermediary.

Closing on the replacement property must be the earlier of either 180 calendar days after closing on the sale of the relinquished property or the due date for filing the tax return for the year in which the relinquished property was sold; unless an automatic filing-extension has been obtained.

What Does 'Like-Kind' Property Mean?

Many investors confuse “like-kind” to mean the type of property must be exchanged for the same type of property. An example would be, an apartment building for another apartment building....

THIS IS INCORRECT.

“Like-kind” refers to the nature or character of a property and that it must be held for productive use in a trade or business or for investment.



What Does 'Like-Kind' Property Mean?

Examples of “Like-Kind” Exchanges:

- Office building exchanged for apartment building
- Apartment building exchanged for raw land
- Raw land exchanged for an industrial property
- Single-family rental property exchanged for a duplex
- Farmland exchanged for an apartment building
- Any type of investment real estate exchanged for a Delaware Statutory Trust (DST) property



Delaware Statutory Trust: Frequently Asked Questions



DST Basics

What is a DST 1031 Property?

A DST 1031 property is a type of replacement property used for a 1031 exchange as well as for direct cash investments.

Has the IRS Approved the use of a DST Property for a 1031 Exchange?

YES, the DST structure has been approved by the IRS as 1031 exchange compatible under IRC Revenue Ruling 2004-86.



What is A Delaware Statutory Trust (DST) ?



1

A DST is an entity used to hold title to real estate

2

In some ways a DST is like a Limited Liability Company (LLC)

3

However, unlike an LLC, a DST does indeed qualify as “like-kind” property for a 1031 exchange

How Does A DST Property Work In Regard to Potential Distributions And Appreciation?

1

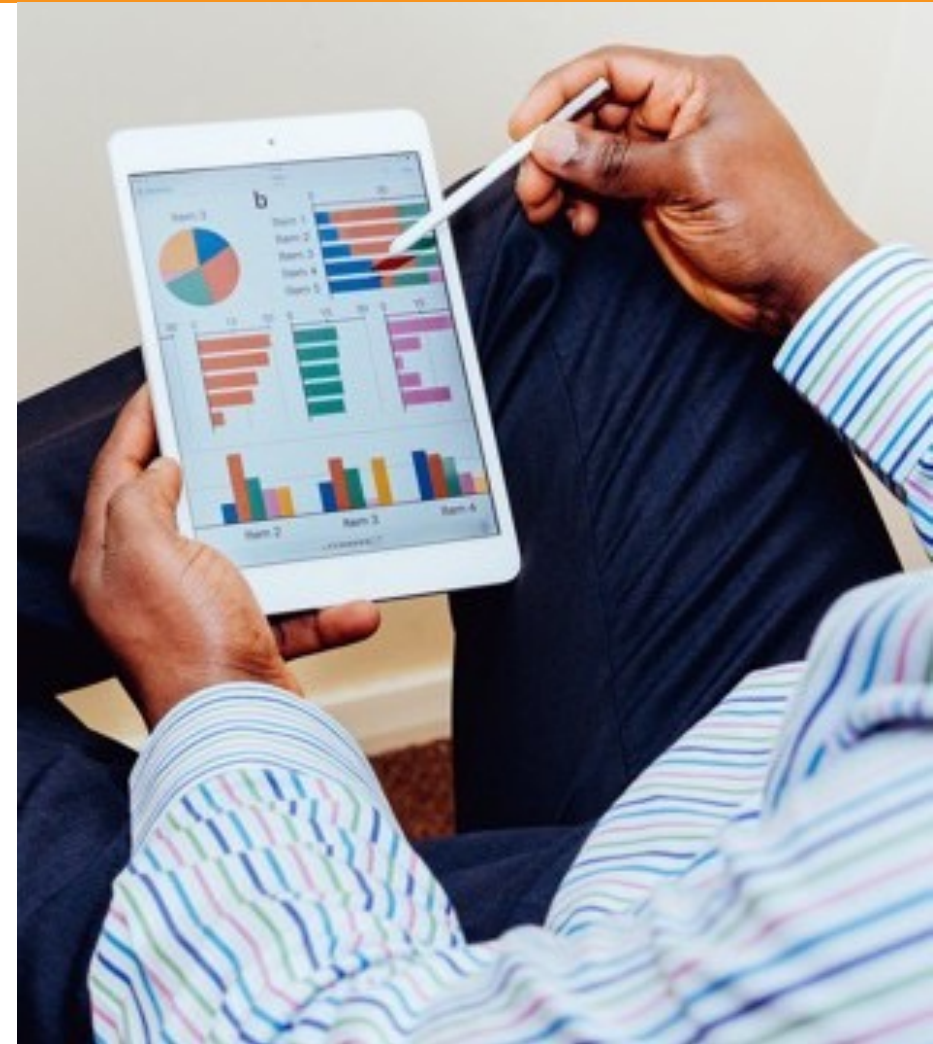
DST investors receive their pro-rata portion of the potential distributions from the property.

2

DST investors receive 100% of their pro-rata portion of any potential appreciation of the property (net of sales costs).

3

This is unlike most other forms of real estate private equity such as LLCs, LPs, Private REITs, etc. where a large portion of the potential appreciation is given to the sponsor typically thru a waterfall split.



When A DST Property Is Sold, Are Investors Able To Do Another 1031 Exchange?

YES When a DST 1031 property is sold, the investors are free to do another 1031 exchange into any type of “like-kind” replacement property.

This is unlike most other forms of real estate private equity such as LLCs, LPs, Private REITs, etc. where investors are typically unable to execute a 1031 exchange and instead must pay all taxes upon sale.



No More Day-To-Day Management Headaches!



1

No more Tenants, Toilets and Trash

2

DST properties have professional asset and property management in place

3

Allow investors to concentrate further on what really matters - kids, grandkids, travel, other businesses, etc.

4

Freedom to ENJOY life without the burden of actively managing their apartments and commercial properties

DST Properties: Helping To Potentially Reduce Risk Through Diversification Of Your 1031 Exchange Equity

1

Typical minimum investment of
\$100,000

2

Allows for an investor to spread out his/
her equity

3

Multiple property types – multifamily
apartments, office, industrial,
medical, NNN, etc.

4

All-Cash/Debt-Free properties

5

Leveraged properties

6

Multiple geographic locations

Diversification does not guarantee profits and does not guarantee against losses.

Do I Receive A K-1 At The End Of The Year For Tax Purposes?

NO

At the end of the year, you will receive an operating statement for the DST that will show your portion of rental income and expenses. This is sometimes referred to as a substitute 1099.

“

Your CPA will then take this information and input it into Schedule E on your tax return, the same as all your other commercial and rental properties.

”

DST Properties Often Have Long Term Financing

1

One of major risk factors of a 1031 exchange is identifying a property that you know you will be able to close on.

2

DST 1031 properties typically have long-term financing in place, which helps to mitigate 1031 exchange closing risk.

3

Financing on DST 1031 properties is typically 100% non-recourse to the investors.

4

Non-recourse financing is typically a loan whereby lenders only remedy, in case of a default, is subject property thereby potentially providing protection for a borrower's other properties & assets.

DST Basics

If the DST property has an amortizing loan on it, do I get my portion of the principal pay down on the loan?

YES, investors receive their pro-rata portion of any principal pay down.

Has the IRS approved the use of a DST property for a 1031 Exchange?

The typical offering Loan-to-Value percentages that a DST property has is from **50% to 60%**.

However, some DST properties are structured “All Cash” with no loans encumbering the properties for those investors that do not want to use financing/leverage in their exchange.



Why Consider All-Cash / Debt-Free DST Properties?

- 1** No refinancing risk.
- 2** Eliminates the risk of taking on equal or greater debt in future 1031 exchanges.
- 3** Provides 1031 investors the ability to diversify a portion of their exchange dollars into an all-cash/debt-free property in an effort to reduce potential risk.
*Diversification does not guarantee profits or protect against losses.

- 4** Flexibility to hold through any potential market downturns, credit crunches, recessions and /or depressions.
- 5** No cross-collateralized loan risk found in certain leveraged DSTs.
- 6** No cash flow sweep risk as found in certain DST properties with debt.

Why Consider All-Cash / Debt-Free DST Properties?

7

Oftentimes, an all-cash /debt-free DST can have a higher projected cash flow than leveraged DSTs due to there being no monthly debt service that needs to be paid to a lender.

10

No lender prepayment penalties, defeasance costs and/or yield maintenance.

8

Allows investors to protect themselves from the financial catastrophe of a complete loss of their principal due to a lender foreclosure.

11

Lower fees – Oftentimes, all-cash / debt-free DSTs can have lower fees on investor equity than leveraged DSTs.

9

No “balloon mortgage maturity” which is typically found in most leveraged DST properties.



DST Basics

How quickly can an investor close on a DST property?

A typical DST property can be closed on within 3 to 5 business days after submitting subscription documents.

The reason why DST 1031 properties can be closed on this quickly is that typically all of appraisals, environmental reports, property condition reports, financing, SNDAs, estoppels, etc. have already been completed as DST properties are “pre-packaged” for 1031 exchange investors.



Examples of the Types of DST Properties Available Through Kay Properties & Investments

1

**Multifamily
Apartments**



2

**Triple Net
“NNN” Leased
Properties**



3

**Healthcare and
Medical Related
Buildings**



4

**Government
Leased
Buildings**

5

**All-Cash/Debt-
Free Properties
0% Leverage**



6

**50-60%
Leveraged
Properties**



7

**Zero Coupon
Properties**



Who Qualifies to Buy a DST Property?

1

DST properties are only available to accredited investors and accredited entities.

2

An accredited investor is often defined as an investor with a net worth (assets minus liabilities) of greater than 1 million dollars – exclusive of their primary residence.

3

An accredited entity is often defined as an entity in which all the equity owners are considered accredited investors and/or an entity that has assets over 5 million dollars. Please check with your CPA & attorney to verify your accreditation status before considering a DST property.

DST Basics

What are some examples of DST 1031 Properties?

The following properties are DST property examples:

For a full list of current DST 1031 properties available for investment please visit www.kpi1031.com to register for access



Example DST Properties

WINSTON-SALEM DISTRIBUTION DST

All-Cash/Debt-Free



- A distribution facility located in Winston-Salem, NC, located in a dense industrial corridor surrounded by numerous industrial tenants
- The property submarket is made up of nearly 300 industrial buildings with 3% vacancy experiencing consistent 2-4% annual industrial rent growth since 2012
- FedEx Express, a subsidiary of FedEx Corporation, is the world's largest airline in terms of freight tons flown and the world's fourth largest in terms of fleet size

SOURCES: Appraisal Report, Private Placement Memorandum, Phase I Environmental Report, PCA Report, Zoning Report, Costar

Example DST Properties

THISTLEWOOD TOWNHOMES DST

All-Cash/Debt-Free



- Located in the Nashville MSA near Google's new Data Center, the property is a townhome community that was completed in 2012-2015
- Built in the rapidly growing city of Clarksville, TN, the property is favorably located within a 4-minute drive of Wal-Mart, Starbucks, McDonalds, and the zoned elementary, middle, and high schools.

SOURCES: Appraisal Report, Private Placement Memorandum, Phase I Environmental Report, PCA Report, Zoning Report, Costar

Example DST Properties

PHARMACY DST

All-Cash/Debt-Free



- A pharmacy located in Phoenix, AZ. The property is located in a densely populated trade area with more than 210,000 residents within 5 miles
- The property is located on a signalized hard corner location with a combined traffic count of 48,354 cars per a day
- The Tenant, Walgreen Co., is a subsidiary of Walgreens Boots Alliance, the largest retail pharmacy, health and daily living destination across the U.S. and Europe with sales of \$131.5 billion in the fiscal year ended August 2018

SOURCES: Appraisal Report, Private Placement Memorandum, Phase I Environmental Report, PCA Report, Zoning Report, Costar

Example DST Properties

FRITO LAY DST

All-Cash/Debt-Free



- Industrial distribution facility in Sterling, VA, an affluent submarket of Washington D.C.
- The Frito Lay DST property was newly built in 2019 and consists of a long-term net lease with Frito Lay. This property was developed specifically for the tenant who uses the facility as a distribution facility
- Located just north of Dulles International Airport, the property sits in a desirable infill industrial park.
- The Tenant, Frito-Lay North America makes some of the most popular and high-quality snacks available in the marketplace today

SOURCES: Appraisal Report, Private Placement Memorandum, Phase I Environmental Report, PCA Report, Zoning Report, Costar

Example DST Properties

TEXAS FEDEX DST

All-Cash/Debt-Free



- A sorting and distribution facility located in Uvalde, TX. Nearby tenants include Pepsi Cola Distribution, Fresenius Medical Care, Reddy Ice Distribution, United Parcel Service (UPS), Garner Field Airport and the US Border Patrol
- Long Term, 10-yr net lease with FedEx Ground Package System, Inc.
- The Texas FedEx DST property was newly built in 2019 specifically for the tenant who uses the facility as a sorting and distribution center facility
- The Tenant, FedEx Ground Package System, Inc. is the most profitable subsidiary of FedEx and is currently FedEx's fastest growing subsidiary

SOURCES: Appraisal Report, Private Placement Memorandum, Phase I Environmental Report, PCA Report, Zoning Report, Costar

Example DST Properties

ATLANTA MEDICAL DST

All-Cash/Debt-Free



- A medical facility located in Atlanta, GA. This location consists of 8,213 SF which houses 16 patient stations, 1 private station and 2 home therapy rooms
- This location has excellent access to Interstate 285, a highway loop which encircles Atlanta for 70 miles and connects three major highways to Atlanta
- Long term net lease with Fresenius Kidney Care. Leased through July 31, 2033 with three 5-year renewal options
- The Tenant, Fresenius Kidney Care (a division of Fresenius Medical Care North America) is a leader in the treatment of renal diseases

Representative Image

SOURCES: Appraisal Report, Private Placement Memorandum, Phase I Environmental Report, PCA Report, Zoning Report, Costar

Example DST Properties

CSL PLASMA DST

All-Cash/Debt-Free

Representative Image



- A Medical Testing Laboratory Located in Chicago, IL
- 10-Year long term net lease with CSL Plasma
- The tenant's parent company, CSL Behring, is the one of the largest and fastest growing protein biotherapeutics business in the world.
- Located near Chicago Midway Airport which attracts over 22 million passengers annually. The Federal Government is investing over \$250 million into the airport's expansion which is expected to be completed in 2020

SOURCES: Appraisal Report, Private Placement Memorandum, Phase I Environmental Report, PCA Report, Zoning Report, Costar

Example DST Properties

TACOMA DATA CENTER

All-Cash/Debt-Free



- A high-tech data center located in Tacoma, WA. The facility is critical to DaVita, housing data center operations for the company's West Coast operations.
- The facility is surrounded by high rise buildings, tourist attractions, national retailers, museums and the Greater Tacoma Convention Center
- Long term lease until 11/30/2032 with two 5-year renewal options
- The Tenant, DaVita Inc., a FORTUNE 500 company, is a leading provider of kidney care in the United States

SOURCES: Appraisal Report, Private Placement Memorandum, Phase I Environmental Report, PCA Report, Zoning Report, Costar

Example DST Properties

MISSOULA MULTIFAMILY DST

All-Cash/Debt-Free



- An All-Cash/Debt-Free Multifamily Apartment Community in Missoula, MT
- New 2017-18 Construction
- Turnkey Asset in Highly Desirable Location

SOURCES: Appraisal Report, Private Placement Memorandum, Phase I Environmental Report, PCA Report, Zoning Report, Costar

Example DST Properties

E-COMMERCE DISTRIBUTION DST

All-Cash/Debt-Free



- Amazon distribution center located in Akron, OH.
- Lease Guarantor: Amazon.com Inc.
- Investment Grade Lease Guarantor: Amazon.com, Inc has a Moody's investment grade credit rating of A2 and a Standard and Poor's investment grade credit rating of AA-
- In 2019, tenant had \$280.5 billion in revenue, 31% growth from 2018

SOURCES: Appraisal Report, Private Placement Memorandum, Phase I Environmental Report, PCA Report, Zoning Report, Costar

What is the Kay Properties Due Diligence Process?



What is the Kay Properties Due Diligence Process?

KAY PROPERTIES DUE DILIGENCE

One of the many things that sets Kay Properties and Investments apart from others is our Extensive Due Diligence on DST 1031 Properties

KAY PROPERTIES DUE DILIGENCE OVERVIEW

The Kay Properties Due Diligence Team is comprised of multiple members who have performed due diligence, research, and analysis for DST sponsors, private equity fundraisers, private real estate companies and international commercial real estate research firms.

How We Get Our Data

1

Mystery Shopping Properties

3

Commercial Grade
Databases / Subscriptions

2

Property Inspections

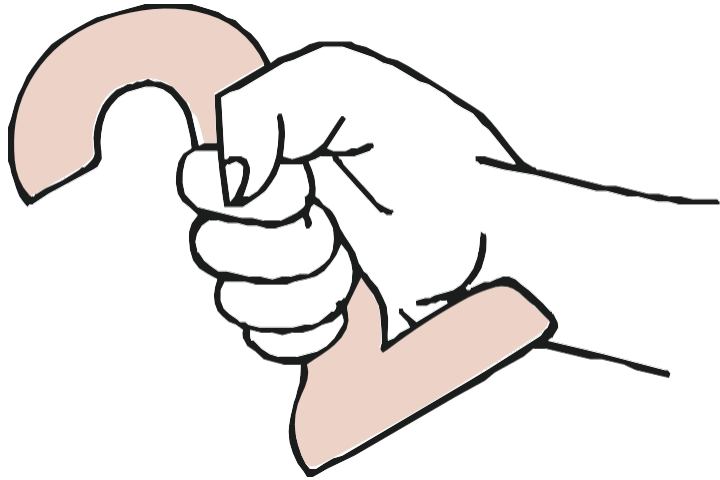
4

3rd Party Reports: Appraisals,
Environmental Reports, Zoning
Reports

And More...

Understanding The Kay Properties DST Due Diligence Process

1. Asset Class Rejection



No matter how much you “crunch the numbers” on high-risk assets it doesn’t change the fact that they are
HIGH-RISK ASSETS!



Over the years, we have spoken with many investors who have lost tens of millions of dollars investing in senior care facilities, regional shopping malls, hotels, and oil and gas investments. **Kay Properties rejects the previously mentioned asset classes outright. Period.**

Understanding The Kay Properties DST Due Diligence Process

2. Mystery Shopping

At Kay Properties and Investments, we also are different in that **we strive to mystery shop virtually every DST property that we have clients invest in.**

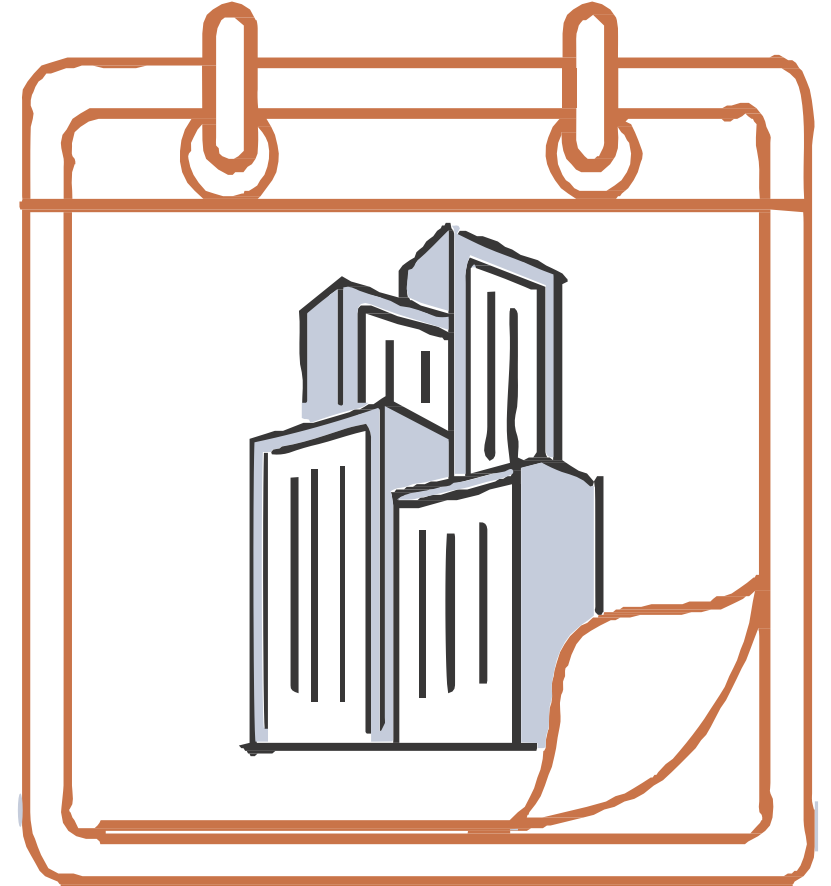
You can crunch the numbers all you want (which Kay Properties analysts love doing) but without visiting the property, **your “due” has not been “done” and your “diligence” has not been “diligent.”**



Understanding The Kay Properties DST Due Diligence Process

2. Mystery Shopping

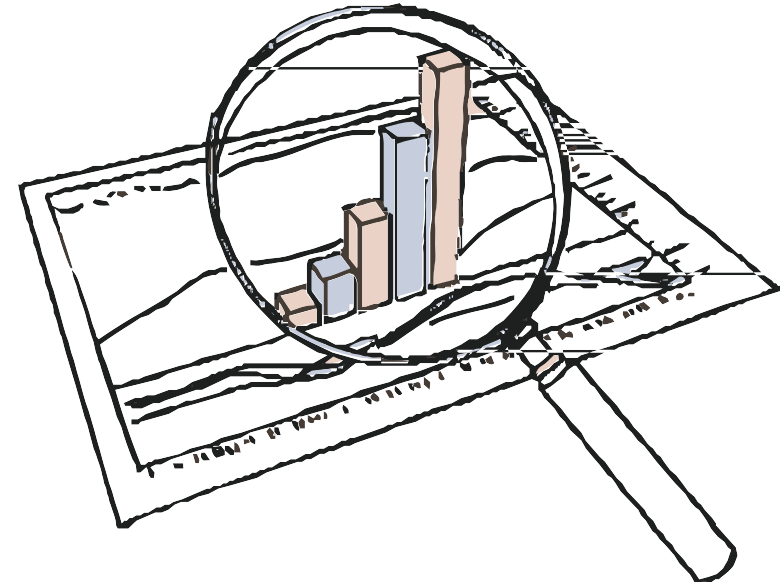
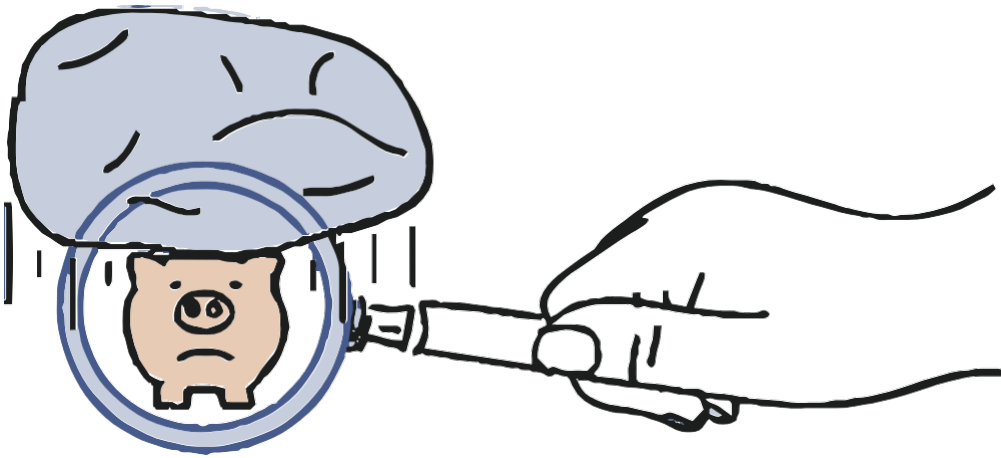
At Kay Properties, **we take the time, effort and energy to see virtually all the DST properties that we work with.**



Understanding The Kay Properties DST Due Diligence Process

3. Sensitivity Analysis & Stress Tests

This allows us to ascertain what the worst-case scenario for a property is, and from there to understand how likely that scenario is to potentially happen or not.



Our stress tests provide a sophisticated level of analysis helping us to further understand potential risks that various scenarios can cause.

Understanding The Kay Properties DST Due Diligence Process

4. Lease Audits



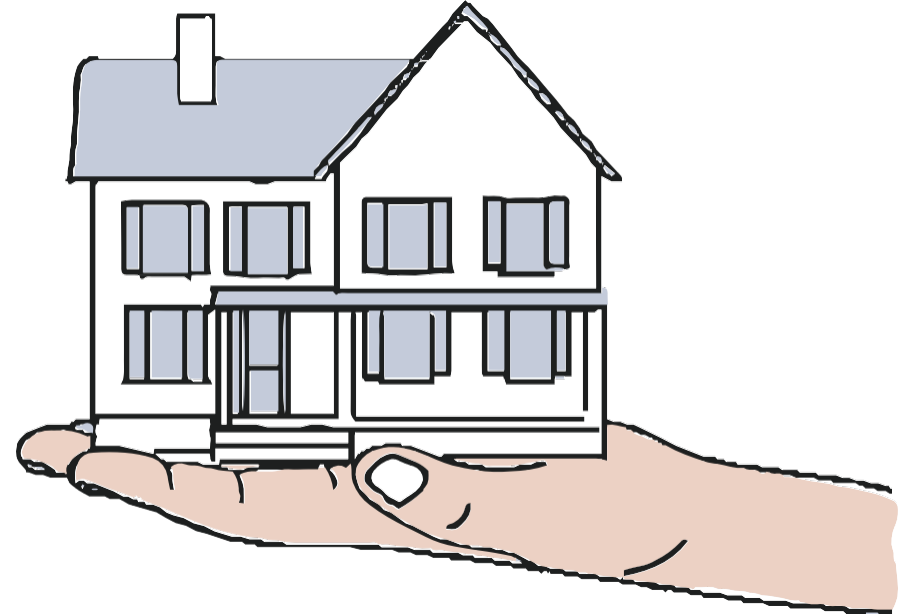
When analyzing a retail, office or industrial DST property, one of the incredibly important steps to focus in on is the property's lease(s).

The lease on a property can greatly affect that property's value now and in the future.

Understanding The Kay Properties DST Due Diligence Process

4. Lease Audits

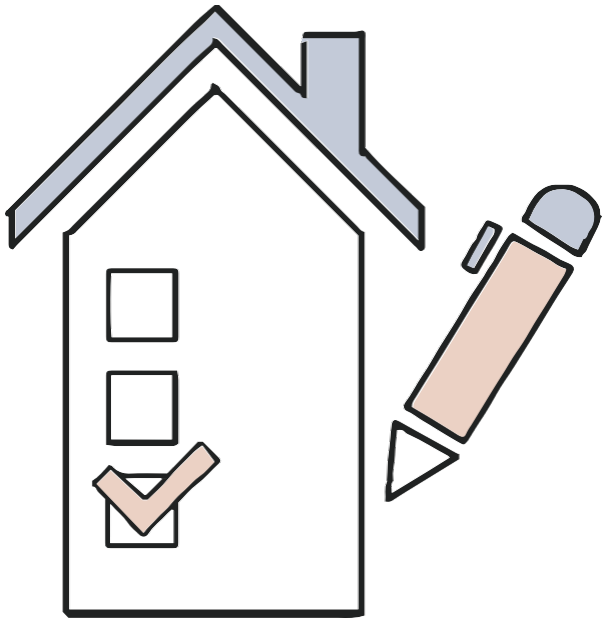
We always seek to understand **how** the property's lease will potentially affect that property's value **throughout the hold period and upon the eventual exit (sale) of the asset.**



Is it an Absolute Triple Net (NNN) lease – where the tenant is responsible for **ALL** maintenance, taxes and insurance, a Triple Net (NNN) lease – where the tenant is not responsible for all of the previously mentioned items, but is responsible for a majority of them, a Double Net (NN) lease – whereby the landlord is typically responsible for the roof and structure of the building or a Gross lease?

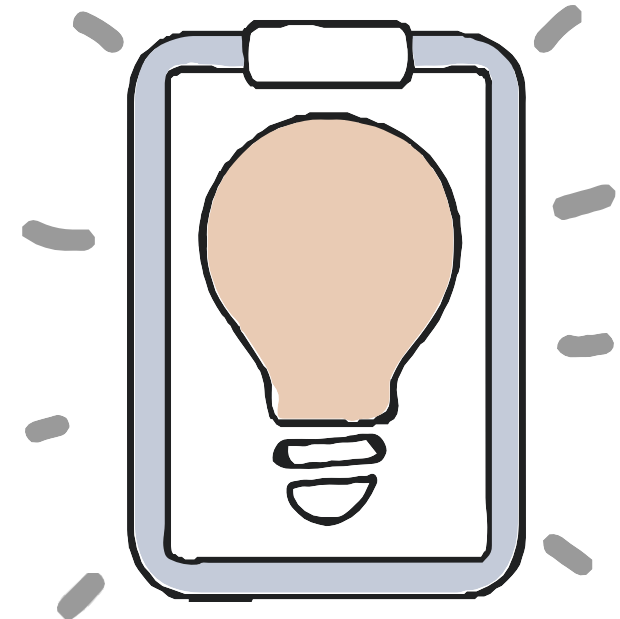
Understanding The Kay Properties DST Due Diligence Process

5. Third Party Reports & Market Analysis



When performing due diligence on a DST 1031 property we conduct a review of the property's third-party reports
(the property appraisal, environmental report and property condition report)

These reports are valuable in that they provide **detailed insight into the building and market.**



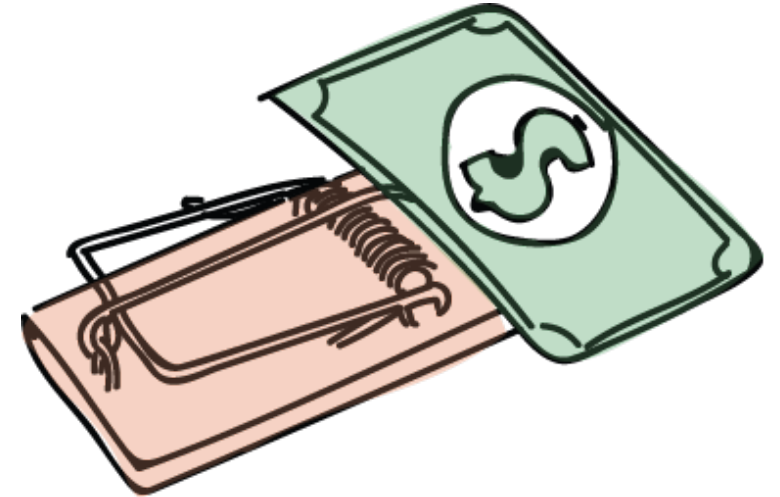
Understanding The Kay Properties DST Due Diligence Process

6. In Summary

As noted earlier, you can do due diligence on bad deals all month long, **but in the end, they are still bad deals.**

It is of utmost importance to be very selective and reject the exotic and high-risk property categories from a top-down approach when it comes to beginning the due diligence process.

Once all the junk has been rejected, THEN it is time to dig in and deconstruct a property from a bottom-up approach utilizing mystery shopping, sensitivity analysis and stress tests, lease audits, third-party report reviews and market analysis, etc.



Comprehensive
DST due diligence—
another way that
**KAY PROPERTIES
SETS ITSELF
APART**

The Kay Properties Process

1031 Exchange DST Planning and Guidance



INTRODUCTORY CONSULTATION

The introductory call will begin a dialogue for us to understand your situation — your preferences, needs, and requirements for your upcoming 1031 exchange.



DEVELOP PRELIMINARY RECOMMENDATIONS

Using the client goals and objectives from our initial consultation, we will begin to transform your words into a strategic 1031 plan. We will provide some initial recommendations for investments, which will be a starting point to change as needed. These recommendations will be while employing Kay's unique knowledge gained thru billions of dollars of DST investment experience.

The Kay Properties Process

1031 Exchange DST Planning and Guidance



SECONDARY ASSESSMENT & DUE DILIGENCE ANALYSIS

Follow up assessment with investment analysis team to discuss the potential pros and cons of the various options. Clients will be provided exclusive, in-depth due diligence package on each 1031 DST investment option under consideration. From here, we will, as needed, set up Asset Manager (Sponsor) calls and Property tours for you on the DST investments you are interested in.



MEET THE TEAM (In person, virtually, or conference call)

The Kay Properties team is headquartered in Los Angeles, with offices in New York City, Washington D.C., San Diego, San Francisco, Seattle, Boston, and Dallas. One quality that sets Kay Properties apart is our team approach — you have a team of DST Real Estate experts always working for you. We want you to meet your DST team and understand how your team works for you.

The Kay Properties Process

1031 Exchange DST Planning and Guidance



SUCCESSFULLY COMPLETING YOUR 1031 DST INVESTMENTS

Upon completion of your due diligence review, the Kay Properties team consisting of a Senior Vice President, Associate, and Transaction Coordinator will hold your hand through every step of the closing process, working with your QI and the closing agents from the various DST sponsor companies.



CONTINUING COMMUNICATION & EDUCATION

After the completion of your current transaction the Kay Properties Team will stay with you and provide investment updates as needed. The Kay team is available to you with any follow-up questions and will continue to keep you informed, even after your exchange is complete. **WE PRIDE OURSELVES ON SERVING YOU AS A CLIENT FOR MANY YEARS TO COME.**

10 Reasons Why Clients Choose To Work With Kay Properties as They Purchase DST 1031 Investments

1

**KAY PROPERTIES IS
HYPER SPECIALIZED IN
DST 1031**

DSTs are what we do! We live and breathe DSTs. Other firms also offer financial planning, insurance, mutual funds, oil and gas, etc. making them generalists instead of specialists. At Kay Properties, we focus on DSTs, giving you the peace of mind that we understand and can help you with every element of a DST 1031 exchange. Consider it like going to a specialist for a knee or hip replacement instead of a general practice doctor.

10 Reasons Why Clients Choose To Work With Kay Properties as They Purchase DST 1031 Investments

2

KAY PROPERTIES HAS AN EXPERIENCED TEAM OF DST 1031 PROFESSIONALS

We have team members licensed in all 50 states, Washington DC and the US Virgin Islands. We have offices in Los Angeles, San Diego, San Francisco, Seattle, Dallas, New York City, Washington, DC, and Boston, MA, over 150 years of collective real estate experience, and over \$30 billion of DST participation. No matter if you live near one of our offices or not, we have representatives who would be happy to meet with you. We're always just a phone call away.

10 Reasons Why Clients Choose To Work With Kay Properties as They Purchase DST 1031 Investments

3

KAY PROPERTIES IS PICKY WITH ITS DST PROPERTIES

Kay Properties has access to on-market DST properties from almost all the sponsor companies and asset managers in the DST 1031 space. However, we reject certain properties that do not pass our robust due diligence due to high risk, high fees, and lack of previous performance. This is more than just broker dealer due diligence – although we have that too. We do our own due diligence with a full team of in-house due diligence analysts. Many of our competitors will still offer these properties to you that we've rejected – so be vigilant and always understand the risks.

10 Reasons Why Clients Choose To Work With Kay Properties as They Purchase DST 1031 Investments

4

KAY PROPERTIES HAS ACCESS TO OFF-MARKET DST PROPERTIES IN DST 1031

These exclusive DST properties are only available to our clients. These Kay Properties client-only DST offerings often have a lower fee structure than standard DSTs. Lower fees means more of your hard-earned dollars in the ground and working for you as opposed to in the financial planner and DST sponsor companies' pockets!

10 Reasons Why Clients Choose To Work With Kay Properties as They Purchase DST 1031 Investments

5

KAY PROPERTIES WILL NOT SELL THE GARBAGE ASSET CLASSES THAT CONTINUE TO SHOW HEIGHTENED RISK TO INVESTORS YEAR AFTER YEAR

We will not sell the higher risk asset classes such as hotels, senior care, and oil and gas... even if they pay a higher fee to us. We will not use our clients as guinea pigs just to make a few extra bucks.

10 Reasons Why Clients Choose To Work With Kay Properties as They Purchase DST 1031 Investments

6

KAY PROPERTIES HAS A LARGE INVENTORY OF DST PROPERTIES

We typically have at least 15 to 30 DST offerings at any given time. You can view our DST property menu to see what offerings are available and have passed our DST due diligence analysis. Just call a representative, share your situation, and ask to see our menu, or register on our website to get a free list of our DST 1031 properties at www.kpi1031.com

10 Reasons Why Clients Choose To Work With Kay Properties as They Purchase DST 1031 Investments

7

**KAY PROPERTIES
MYSTERY SHOPS
EACH AND EVERY DST
PROPERTY OFFERED**

We believe we are one of the few, if not only, firms that sends someone out to inspect every DST property we offer to clients – even portfolio DSTs with 10 to 25 properties. We make sure every DST property we offer has been inspected not just on paper (although our analysts love doing this) but in person as well.

10 Reasons Why Clients Choose To Work With Kay Properties as They Purchase DST 1031 Investments

8

KAY PROPERTIES HAS ACCESS TO LEVERAGED DSTS FOR DEBT REPLACEMENT

We have access to dozens of DSTs that typically have a 40% to 65% loan-to-offering value. These DST properties have non-recourse loans in place and can be closed on typically within 3-5 business days.

10 Reasons Why Clients Choose To Work With Kay Properties as They Purchase DST 1031 Investments

9

KAY PROPERTIES HAS ACCESS TO ALL- CASH/DEBT-FREE DSTS

If you're an investor who doesn't want the risk of lender foreclosure, this one is especially important to you. At Kay Properties, we offer many all-cash/debt-free DST properties. Not many groups have access to a wide variety of debt free DST properties like Kay Properties does. Call one of our representatives to discuss your situation and what debt free DST investments we have available.

10 Reasons Why Clients Choose To Work With Kay Properties as They Purchase DST 1031 Investments

10

KAY PROPERTIES WALKS THE WALK

Our team members are proud to be personally invested in multiple DSTs as part of our investment strategy. We don't just assist others; we personally invest in DSTs ourselves and can give you advice based on personal experience.

About Kay Properties & Investments

Kay Properties and Investments, LLC was founded by Dwight Kay to offer solutions to 1031 exchange clients throughout the country.

- Headquartered in Los Angeles, CA with offices in New York, NY; Washington, D.C.; San Diego, CA; San Francisco, CA; Seattle, WA; Boston, MA; and Dallas, TX
- Specialists in the Delaware Statutory Trust (DST) 1031 exchange marketplace
- Kay Properties has successfully completed thousands of DST 1031 exchange investments for hundreds of clients throughout the United States.
- Offering DST consulting services to 1031 exchange clients
- Kay Properties team members collectively have over 150 years of real estate experience



About Kay Properties & Investments

- Kay Team members involved in over \$30 Billion of DST real estate transactions
- Kay Team members licensed in all 50 states
- Client references available throughout the country
- Deep relationships with CPA's, attorneys and qualified intermediaries throughout the country
- Always available to help our clients - weekend, holidays and whenever you need us



ABOUT KAY PROPERTIES & INVESTMENTS

Kay Properties is a national Delaware Statutory Trust (DST) investment firm. The www.kpi1031.com platform provides access to the marketplace of DSTs from over 25 different sponsor companies, custom DSTs only available to Kay clients, independent advice on DST sponsor companies, full due diligence and vetting on each DST (typically 20-40 DSTs) and a DST secondary market. Kay Properties team members collectively have over 150 years of real estate experience, are licensed in all 50 states, and have participated in over \$30 Billion of DST 1031 investments.

DWIGHT KAY
CEO & FOUNDER

CHAY LAPIN
PRESIDENT

JASON SALMON
SENIOR VICE PRESIDENT & MANAGING
DIRECTOR OF REAL ESTATE ANALYTICS

BETTY FRIANT
SENIOR VICE PRESIDENT

LORENS ARONSON
CHIEF FINANCIAL OFFICER

LISA CLARK
SENIOR VICE PRESIDENT
- OPERATIONS

ALISHA KOSAREFF
GENERAL COUNSEL

EDGAR CRUZ
IN HOUSE COUNSEL

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VICE PRESIDENT

ALEX MADDEN
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VICE PRESIDENT

BEN SEDAGHAT
ASSOCIATE

TOM WALL
ASSOCIATE

VICTOR CORONADO
ASSOCIATE

ANDREW WALL
ANALYST

NICK SNYDER
ANALYST

TOMMY OLSEN
OPERATIONS

KATE ROAN
OPERATIONS

GREGORY BYER
OPERATIONS

ANNA BLACK
EXECUTIVE
ASSISTANT

KELLY NELSON
EXECUTIVE
ASSISTANT

ANNA SMALLEY
EXECUTIVE
ASSISTANT

SANA KHALID
TRANSACTION
MANAGER

ABRAHAM JAIMES
SALES ASSOCIATE

VINCENT AVIANI
COMMUNICATIONS
MANAGER

SAM SIMINO
ACQUISITIONS
ASSOCIATE

SAM TIMCHAI
ACCOUNTANT

KAREN BROWN
INVESTOR
RELATIONS

TABITHA WISMAN
TRANSACTION
COORDINATOR

BRYAN MARTINEZ
TRANSACTIONS
COORDINATOR

TERA SINGH
HR GENERALIST

XAVIER RUSSELL
PROJECT
SPECIALIST

**LEONID
PSHEGODSKYY**
ACCOUNTANT

PATRICIA ABALLE
MARKETING
COORDINATOR

JOY ISOKE
ASSET MANAGEMENT

RENE GIRON
DUE DILLIGENCE
ANALYST

SAM SCHWARTZ
SENIOR ASSET
MANAGER

JUSTICE SMALLS
MARKETING
COORDINATOR

DST properties are for accredited investors (generally described as having a net worth of over 1 million dollars exclusive of primary residence) and accredited entities only. IRC Section 1031 is a complex tax concept; consult your legal or tax professional regarding the specifics of your particular situation. This material is not to be construed as tax or legal advice. Diversification does not guarantee returns and does not protect against loss. There are material risks associated with investing in DST properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multi-family properties, financing risks, potential adverse tax consequences, general economic risks, development risks, long hold periods, and potential loss of the entire investment principal. Past performance is not a guarantee of future results. Potential cash flow, returns and appreciation are not guaranteed. Please read the Private Placement Memorandum (PPM) in its entirety, paying careful attention to the risk section prior to investing. Securities offered through FNEX Capital member FINRA, SIPC. Kay Properties and Investments, LLC and FNEX Capital member are separate entities.

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Helping Educate Delaware Statutory Trust (DST) Investors Nationwide
1031 DST Digest

Risks & Disclosures – Please Read

- DST 1031 properties are only available to accredited investors (generally described as having a net worth of over \$1 million exclusive of primary residence) and accredited entities only (generally described as an entity owned entirely by accredited individuals and/or an entity with gross assets of greater than \$5 million). If you are unsure if you are an accredited investor and/or an accredited entity, please verify with your CPA and attorney. You may be required to verify your status as an accredited investor.
- The information herein has been prepared for educational purposes only and does not constitute an offer to purchase securities, DST properties and/or real estate.
- Such offers are only made through a Private Placement Memorandum (PPM) which is solely available to accredited investors and accredited entities.
- IRC Section 1031, IRC Section 1033 and IRC Section 721 are complex tax concepts; therefore, you should consult your legal or tax professional regarding the specifics of your particular situation.
- This material is not to be interpreted as tax or legal advice. Please speak with your own tax and legal advisors for advice/guidance regarding your particular situation.

Risks & Disclosures – Please Read

- There are material risks associated with investing in real estate, Delaware Statutory Trust (DST) properties and real estate securities including illiquidity, tenant vacancies, general market conditions and competition, lack of operating history, interest rate risks, the risk of new supply coming to market and softening rental rates, general risks of owning/operating commercial and multifamily properties, short term leases associated with multi-family properties, financing risks, potential adverse tax consequences, general economic risks, development risks and long hold periods. There is a risk of loss of the entire investment principal. For an investor to qualify for any type of investment, there are both financial requirements and suitability requirements that must match specific objectives, goals and risk tolerances.
- The included scenarios are hypothetical and are not intended to represent an actual investor's situation or performance of investments. Your particular scenario may have many other factors not mentioned here.

Risks & Disclosures – Please Read

- Diversification does not guarantee profits or guarantee protection against losses.
- Because investors' situations and objectives vary, this information is not intended to indicate suitability for any particular investor.
- Please speak with your CPA and attorney to determine if an investment in real estate/DST properties is suitable for your particular situation/circumstances.
- This information is from sources we believe to be reliable, however we cannot guarantee or represent that it is accurate or complete.
- Past performance is not indicative of future returns.
- Potential cash flows/returns/appreciation are not guaranteed and could be lower than anticipated.

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For further details or to request a list of our currently available DST properties please visit
www.kpi1031.com to register for access.

THANK YOU FOR YOUR TIME

www.kpi1031.com