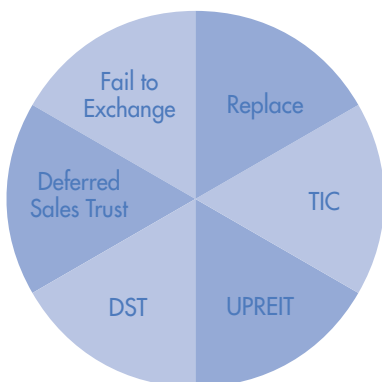


# Replacement Properties



## Options to consider when concluding a 1031 real property exchange

- **Find and buy a Replacement Property on your own**

Purchase traditional like-kind real property\* for investment or business purposes. For example this could be medical office buildings, industrial property, hotels, malls, retail stores, farm land, multifamily housing or other real properties.

- **Buy a T-I-C**

Purchase a syndicated tenant-in-common interest in real property.

- **Eventually go into an UPREIT**

Purchase a syndicated tenant-in-common interest in real property\* and later contribute it to an UPREIT (IRC Section 1031 Exchange followed by a subsequent IRC Section 721 contribution of the property to an umbrella partnership real estate investment trust).

- **Buy a DST**

Purchase a beneficial interest in a Delaware Statutory Trust ("DST")\* that holds real property investments. In a DST, you are deemed to own

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# More Ideas to Consider

a percentage interest in the underlying real properties held by the trust.

- **Deferred Sales Trust**

If the exchange fails or partially fails, rather than take back the unutilized/unspent 1031 funds in immediately taxable cash, you may receive back an installment note (in which at least one payment will be received by you after the tax year in which the Relinquished Property sale occurred) for the amount due from the qualified intermediary and then you may elect to be taxed on the installment method so you only have to include in your income each year the amount of gain on the payments (and any debt relief) that you actually receive.

- **Fail to Exchange**

Have the exchange fail (or partially fail) and take back the unused 1031 funds, and pay your taxes on the amount of gain that is recognized. Note: You may be able to mitigate a failed (or partially failed) 1031 by purchasing certain oil and gas investments (that provide current intangible drilling costs deductions) which may be used to offset some or all of the recognized gain.

You may be able to mix and match these different options to tailor the best outcome for your situation.

\* If you are purchasing like-kind real property to complete your 1031 exchange, you must designate (identify) your Replacement Property within 45 days after the closing of the sale of your old Relinquished Property. Consult with your advisors early and have a back-up plan in case you are unable to acquire your primary designated replacement property.

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