



ARCHER
Investors

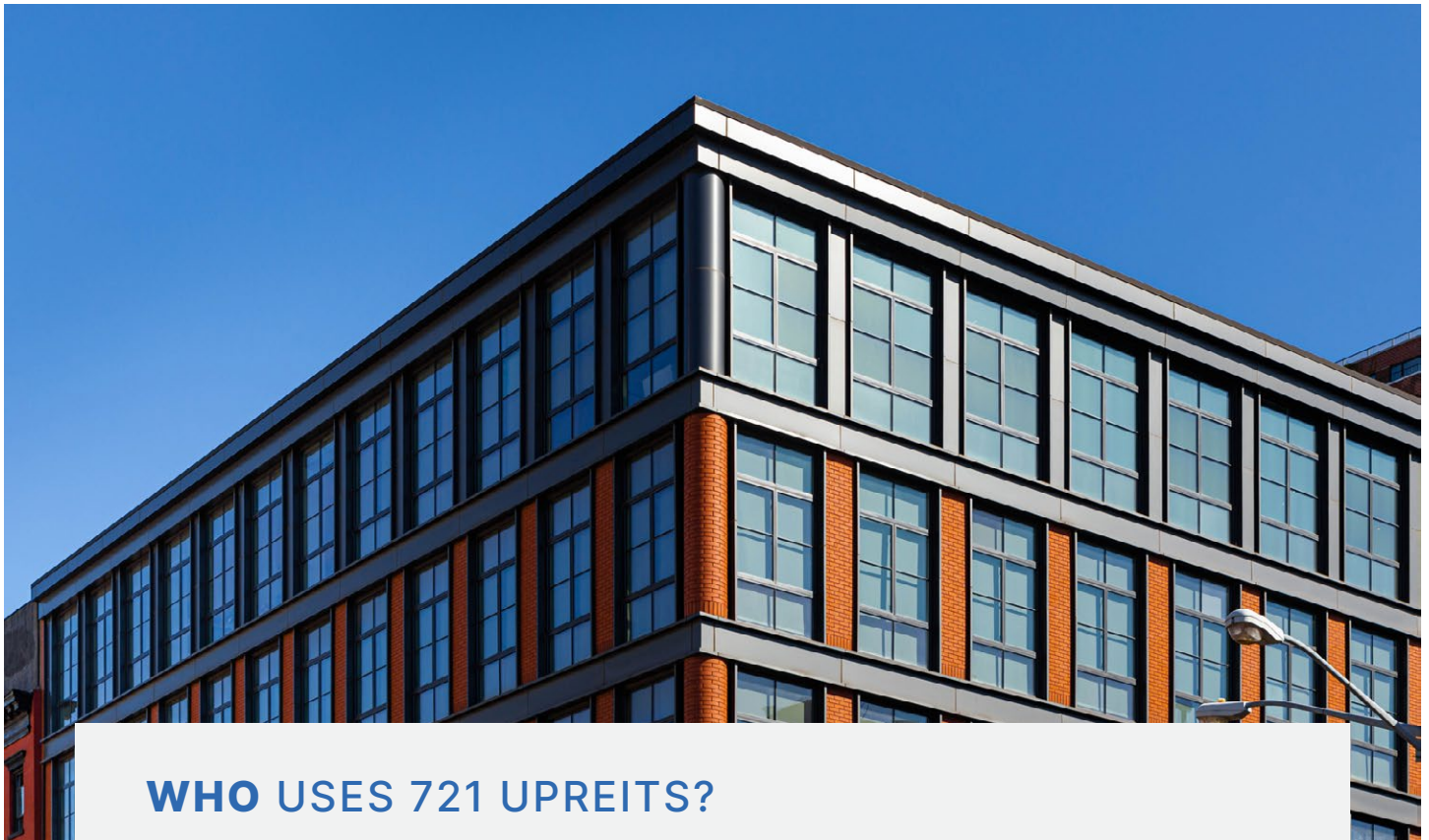


**GUIDE TO 721 UPREITS
FOR HIGH-NET-WORTH INVESTORS**

WHAT IS A 721 UPREIT?

A 721 exchange—also known as a 721 UPREIT (Umbrella Partnership Real Estate Investment Trust)—is a tax-deferral strategy that allows investors to contribute investment real estate into an Operating Partnership (OP) of a REIT in exchange for OP units, which are economically similar to shares of the REIT.

This structure can defer capital gains taxes while providing access to diversified, professionally managed real estate portfolios.



WHO USES 721 UPREITS?

- **Real estate owners** with highly appreciated assets
- **Investors** nearing or in retirement seeking passive income
- **Sellers of investment property** looking for diversification and liquidity
- **Estate planners** seeking tax-efficient wealth transfer strategies

FINANCIAL PLANNING GOALS ADDRESSED BY 721 UPREITS

721 UPREITs are not just about tax deferral. They align with multiple long-term planning goals for many high-net-worth investors:

- **Access to Tax-Efficient Liquidity:** Over time, OP units can convert to REIT shares and be sold gradually, giving investors flexibility to time liquidations for optimal tax efficiency and access to capital when needed.
- **Streamlined Generational Wealth Transfer:** Instead of leaving heirs illiquid real estate or DST interests, REIT shares can be distributed and liquidated more easily, often with a stepped-up basis.
- **Planning for Diminished Capacity:** Investors concerned about managing active real estate or ongoing 1031 exchanges as they age can transition into a REIT position now. This eliminates the burden of future 1031 decisions and management stress.
- **Estate Planning for a Surviving Spouse:** 721 UPREITs can create a smoother path for a surviving spouse. With no need for future exchanges, they may access liquidity and benefit from a stepped-up basis—especially valuable in community property states.

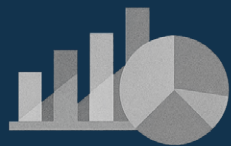


KEY BENEFITS OF A 721 UPREIT



Tax Deferral

Contribute appreciated property to a REIT OP and defer capital gains tax at the time of contribution.



Diversification

Exchange a single property for interests in a broad portfolio of professionally managed real estate.



Professional Management

Transition from active oversight to fully passive holdings.



Income Potential

OP units may generate regular cash flow distributions.



Estate Planning Advantages

OP units can receive a step-up in basis at death, simplifying generational wealth transfer.



Liquidity Pathway

Over time, OP units may convert to REIT shares and be sold gradually for tax-efficient access to capital.

KEY CONSIDERATIONS

Tax Timing

Converting OP units into REIT shares or cash is a taxable event and may create a capital gains liability, even if the shares' value has fallen.

Loss of Control

Once contributed, property decisions—including sale and financing—are managed by the REIT.

Liquidity Restrictions

OP units typically have lock-up periods before conversion or sale, limiting short-term access to capital.

Valuation Sensitivity

The initial valuation of contributed property and resulting OP units can impact long-term returns.

Market Risk

OP units and REIT shares are subject to real estate and market performance fluctuations.

Tax Protection Agreements

These agreements often expire within a set window (commonly 2–5 years). Property sales outside this period can trigger unexpected tax liability.

Alignment of Interests

Review deal terms, fees, and timing structures carefully to ensure they match your objectives.

Consultation is Essential

Every transaction should be evaluated with qualified tax and legal professionals to fully understand implications.

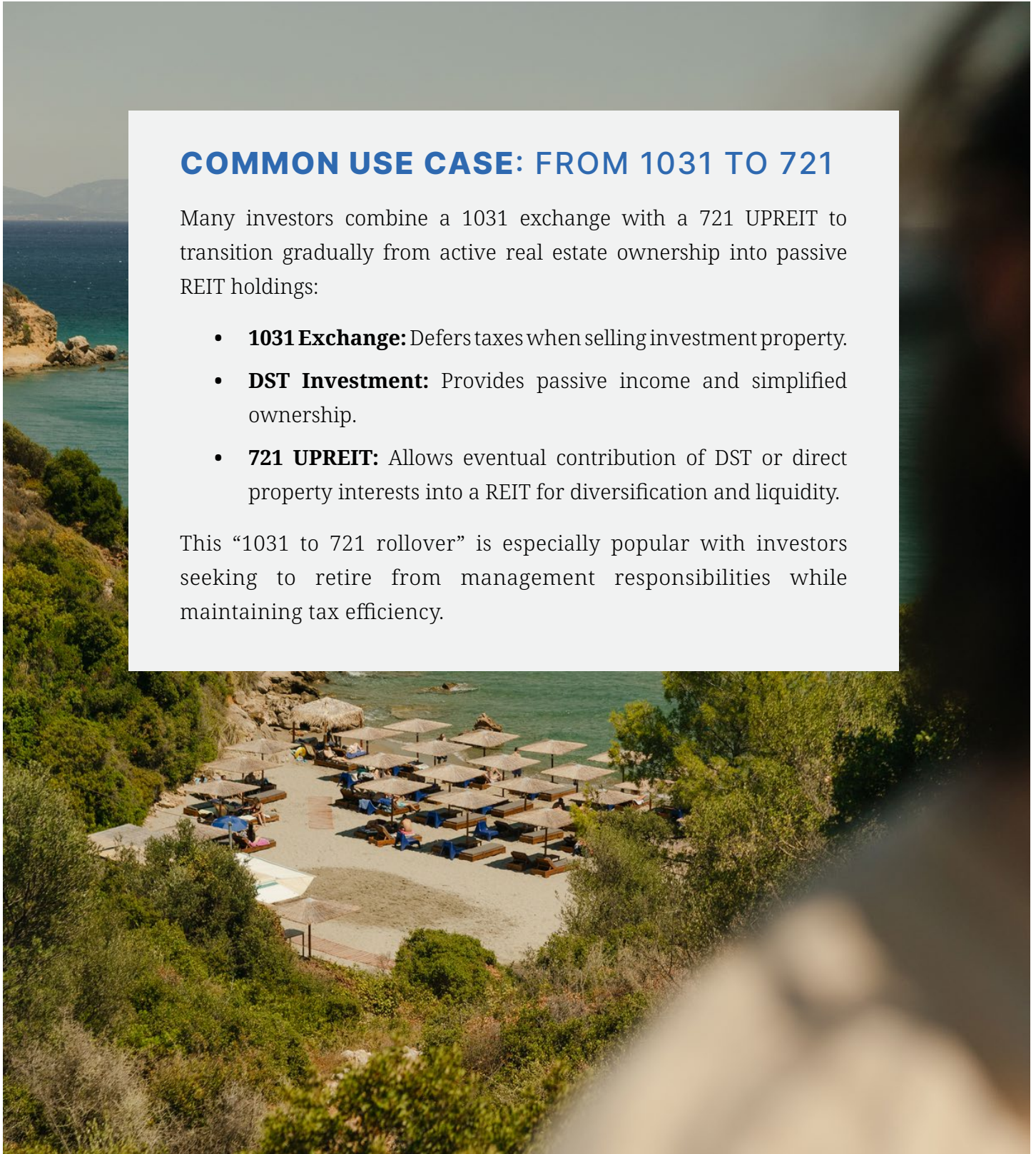


COMMON USE CASE: FROM 1031 TO 721

Many investors combine a 1031 exchange with a 721 UPREIT to transition gradually from active real estate ownership into passive REIT holdings:

- **1031 Exchange:** Defers taxes when selling investment property.
- **DST Investment:** Provides passive income and simplified ownership.
- **721 UPREIT:** Allows eventual contribution of DST or direct property interests into a REIT for diversification and liquidity.

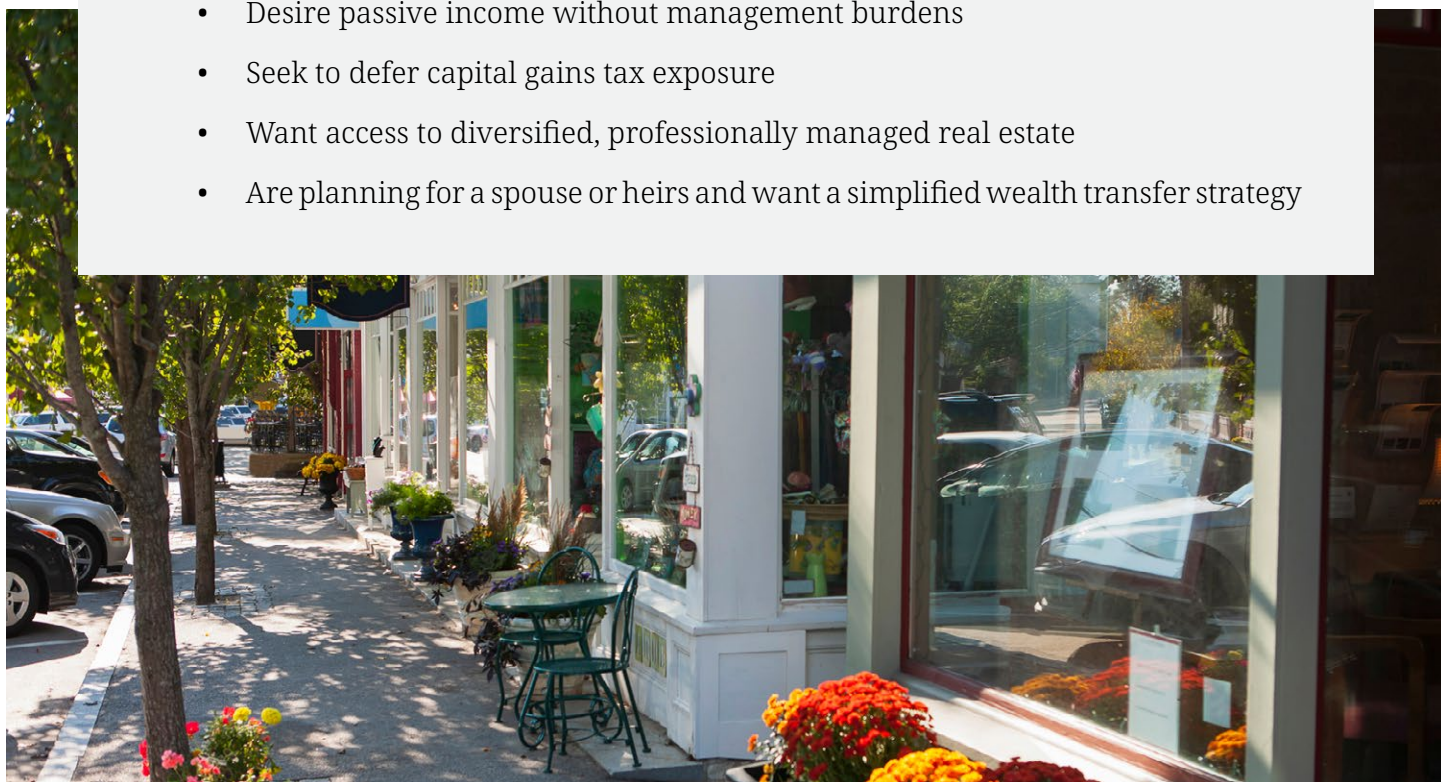
This “1031 to 721 rollover” is especially popular with investors seeking to retire from management responsibilities while maintaining tax efficiency.



IS A 721 UPREIT RIGHT FOR YOU?

This strategy may be appropriate if you:

- Are selling highly appreciated investment property
- Desire passive income without management burdens
- Seek to defer capital gains tax exposure
- Want access to diversified, professionally managed real estate
- Are planning for a spouse or heirs and want a simplified wealth transfer strategy



ARCHER'S ROLE

At Archer Private Wealth, we specialize in helping accredited investors evaluate advanced tax strategies and private real estate solutions. We provide:

- Education-first guidance
- Personalized tax and estate planning coordination
- Access to 721-qualified real estate portfolios

We work closely with you and your advisors to align each step with your financial and legacy goals.

CONNECT WITH ARCHER

If you're considering a 721 exchange or have questions about your options, our team is here to help.

Schedule a Complimentary Consultation

(888) 721-1031

www.archerinvestors.com



Disclosure

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