Choosing the Right DST Broker

THE PROFESSIONAL GUIDING YOUR EXCHANGE MATTERS.

Many investors spend considerable time evaluating investment opportunities but very little time evaluating the professional helping them navigate those decisions.

The right DST broker provides more than access to investments. They help investors understand available strategies, evaluate tradeoffs, perform due diligence, and align recommendations with long-term financial objectives.

A thoughtful advisor can help simplify complex decisions, identify potential risks, and provide perspective throughout the exchange process. The value of that relationship often extends far beyond a single transaction.

YOUR BROKER INFLUENCES:

- INVESTMENT SELECTION
- DUE DILIGENCE
- RISK MANAGEMENT
- TAX STRATEGY
- LONG-TERM OUTCOMES

The 5 Qualities of a Strong DST Broker

THE PROFESSIONAL GUIDING YOUR EXCHANGE MATTERS.

The right broker does more than open doors—they help you make confident, informed decisions. Look for a professional who brings perspective, puts your interests first, and guides you with integrity at every step.

01.

EXPERIENCE & REPUTATION

Proven experience through market cycles, strong industry relationships, and a reputation you can trust.

02.

ALIGNMENT & CONFLICT DISCLOSURE

Transparent compensation, no hidden agendas, and open conversations about potential conflicts.

03.

CLIENT-FIRST RECOMMENDATIONS

Recommendations tailored to your goals, an education-first mindset, and multiple solutions considered.

04.

DUE DILIGENCE & ANALYSIS

Thorough review of sponsors, properties, and offering structures to help you understand the full picture.

05.

OBJECTIVITY & REALISTIC EXPECTATIONS

No guarantees—just clear discussion of risks, opportunities, and what's truly possible.

Common Industry Practices Investors Should Understand

Not all DST platforms operate the same way. Understanding how recommendations are made, how investments are reviewed, and how advisors are compensated can help investors make more informed decisions.

01 Exclusive Offerings

Some firms encourage investors to buy DSTs they own, sponsor, or control under a different name. These investments are often marketed as proprietary or exclusive opportunities. Because the firm has a financial interest in the investment itself, they can earn significantly higher compensation than they would from recommending an independent offering. This creates a major conflict of interest that investors should understand before investing.

02 Reduced Commission Offers

Some firms advertise reduced commissions to attract investors, but receive higher compensation from certain sponsors in exchange for selling their offerings. This creates a significant conflict of interest because the advisor may be financially motivated to recommend the investment that pays them more rather than the one that is best for the investor. Lower fees do not always mean better alignment.

03 Forced 721 Exchanges

Some companies try to sell clients on getting into a REIT via a 721 exchange, but you are then at the mercy of that REIT for the rest of your life. While this can be a good strategy for the right person, it is rarely appropriate for all of your capital.

04 Sold Outside of Broker-Dealer

Independent due diligence and compliance help protect investors. Before investing, understand who is reviewing the offering and what protections are in place.

05 Advice Replaced by Inventor

Investors deserve education, context, and recommendations tailored to their goals—not simply a list of available offerings.

06 Highest Yield Focus

Higher distributions can be attractive, but investors should understand what risks support those returns and whether the income is sustainable.

Red Flags Investors Should Watch for

Not all DST platforms operate the same way. Understanding how recommendations are made, how investments are reviewed, and how advisors are compensated can help investors make more informed decisions.

Guarantees or Promises

No one can guarantee results or returns.

Fails to Explain Downsides

If an advisor can't clearly explain the risks, including potential downsides, that's a red flag.

Discusses DSTs Only

DSTs may not be the right solution for your situation. You deserve options.

No Discussion of Alternatives

A good advisor will explore all viable solutions—not just one product or structure.

Proprietary Product Conflicts

Brokers should not operate DSTs they recommend. It's a conflict of interest.

Lack of Transparency

Clarity about fees, compensation, and potential conflicts builds the trust every relationship should be built on.

Questions Worth Asking Any DST Broker

The quality of the questions often determines the quality of the outcome.

Not all brokers operate the same way. Understanding how recommendations are made, how investments are evaluated, and whether alternatives are considered can help investors make more informed decisions.

The following questions can provide valuable insight into how a broker approaches due diligence, conflicts of interest, risk management, and investor advocacy.

01. Is the Recommendation truly Objective?

QUESTIONS TO ASK:

- Is this a proprietary offering?
- Are you compensated differently for this recommendation?
- What conflicts should I be aware of?

02. Is the Focus on Income or Quality?

QUESTIONS TO ASK:

- Why is this distribution higher?
- What risks support those returns?
- How sustainable is the income over time?

03. What Level of Due Diligence is being Performed?

QUESTIONS TO ASK:

- Who performs the due diligence?
- What factors are reviewed?
- How are offerings evaluated?

04. Are there proper Investor protections?

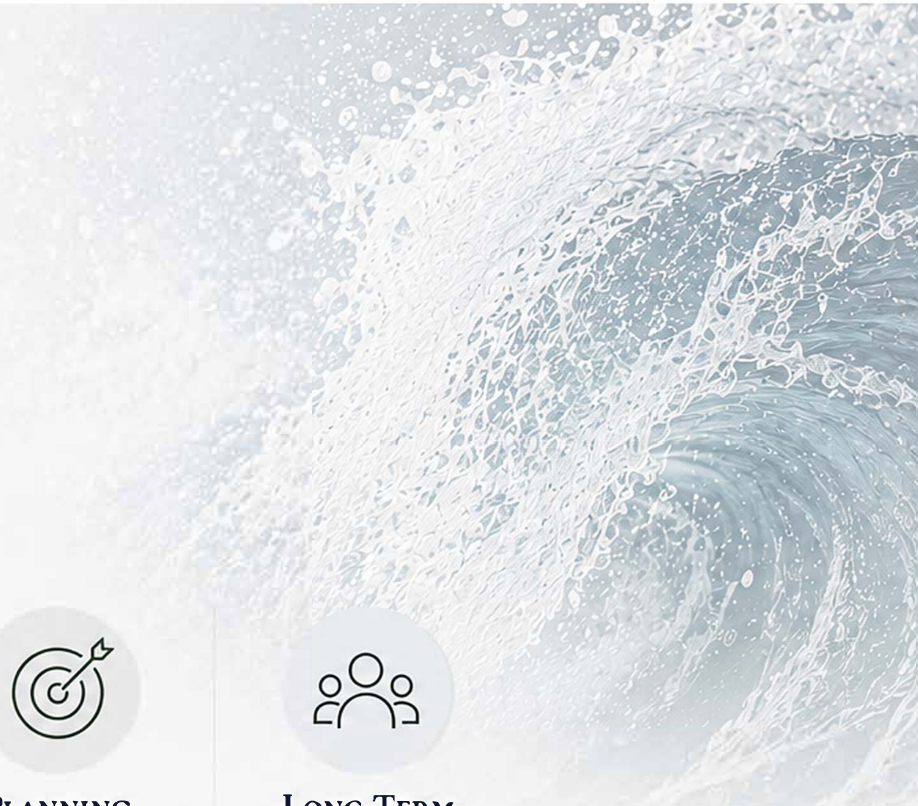
- Is the offering reviewed through a broker-dealer?
- What compliance protections exist?
- How is suitability determined?

05. Am I receiving Advice or simply a product list?

- Why is this recommendation appropriate for me?
- What alternatives were considered?
- What other strategies should I evaluate?

Why Investors Choose Breakwater

We take a different approach—one built on independence, insight, and a commitment to doing what's right for investors.
Our process is designed to deliver clarity today and confidence for the future.



Independent

NO PROPRIETARY PRODUCTS

We do not sponsor DST offerings or operate proprietary investment programs. Recommendations are based on suitability, not ownership.

Educational

EDUCATION BEFORE DECISIONS

We believe investors should understand the risks, benefits, and tradeoffs of every strategy before moving forward.

Due Diligence

INSTITUTIONAL REVIEW PROCESS

Every opportunity is evaluated across the sponsor, property, offering structure, and risk profile before being presented to clients.

Planning Focused

STRATEGY BEFORE PRODUCT

Recommendations are designed around your objectives, tax situation, income needs, and long-term goals.

Long-Term Partnership

SUPPORT BEYOND CLOSING

Our relationship does not end once the exchange is completed. We remain available as an ongoing resource for future planning and investment decisions.

General Disclosure:

All investing involves risk of loss of some or all principal invested. Past performance is not indicative of future performance. There can be no guarantee that any investment or strategy will achieve its stated objectives. Speak to your tax and/or financial professional prior to investing. Securities and advisory services through Emerson Equity LLC, member FINRA and SIPC and a registered investment adviser. Emerson is not affiliated with any other entity identified herein.

Real Estate / 1031 Risk Disclosure:

- **There is no guarantee** — that any strategy will be successful or achieve investment objectives.
- **Potential for property value loss** — All real estate investments have the potential to lose value during the life of the investments.
- **Change of tax status** — The income stream and depreciation schedule for any investment property may affect the property owner's income bracket and/or tax status. An unfavorable tax ruling may cancel deferral of capital gains and result in immediate tax liabilities.
- **Potential for foreclosure** — All financed real estate investments have potential for foreclosure.
- **Illiquidity** — These assets are commonly offered through private placement offerings and are illiquid securities. There is no secondary market for these investments.
- **Reduction or Elimination of Monthly Cash Flow Distributions** — Like any investment in real estate, if a property unexpectedly loses tenants or sustains substantial damage, there is potential for suspension of cash flow distributions.
- **Impact of fees/expenses** — Costs associated with the transaction may impact investors' returns and may outweigh the tax benefits.
- **Stated tax benefits** — Any stated tax benefits are not guaranteed and are subject to changes in the tax code. Speak to your tax professional prior to investing.