VIRTÚ

EVERGREEN | VRX

CASE STUDY

Property ownership converted into Fund interest

After thirty years of operating a senior living community, one owner found a way to exit the operating role while preserving their embedded gain, real estate exposure, and income

A legacy in transition

By the time Charles and his business partner decided to sell, they had owned their Seattle area senior living community for three decades.

At seventy-eight, Charles wanted out of the day-to-day, but he didn't want to give up the real estate portion of his investment portfolio, the appreciation, or the steady income. The income was paramount; for years it had funded the trusts he established for each of his three children. He also needed a solution that would work for his partner.

For thirty years Charles and his partner had held property in a 50/50 partnership, and successfully operated the business to the benefit of their families and the wider community. **During decades of ownership, the property appreciated substantially while depreciation deductions steadily reduced their basis, widening their embedded gain**. Without a 1031 exchange, a sale would have triggered tax on the full gain, including recapture of decades of accumulated depreciation.

What mattered most

Charles and his wealth advisor considered their options through the lens of estate planning. They identified seven requirements:

1 **Out of the day-to-day, not out of real estate**
Charles wanted to get out of active ownership but keep the essentials: appreciation, depreciation, and cash flow.

2 **Immediate diversification**
One asset had carried three decades of concentration risk and Charles was reluctant to exchange it for another. A DST/UPREIT with an unfamiliar property and another multi-year period of concentrated exposure was unacceptable.

3 **Full value preserved**
The other 1031 options Charles considered, including DST/UPREITs, reduced his starting value by 12–18%, requiring years of appreciation to simply recover capital lost to fee load.

4 **Durable income to support the trusts**
The trusts funded by this property were a primary consideration. Charles needed distributions that were predictable and could grow over time.

5 **Gains that stay invested**
Many DST/UPREIT structures can trigger taxable gains as underlying assets are sold. Charles wanted long-term tax protection that allowed his capital to remain invested and compound indefinitely.

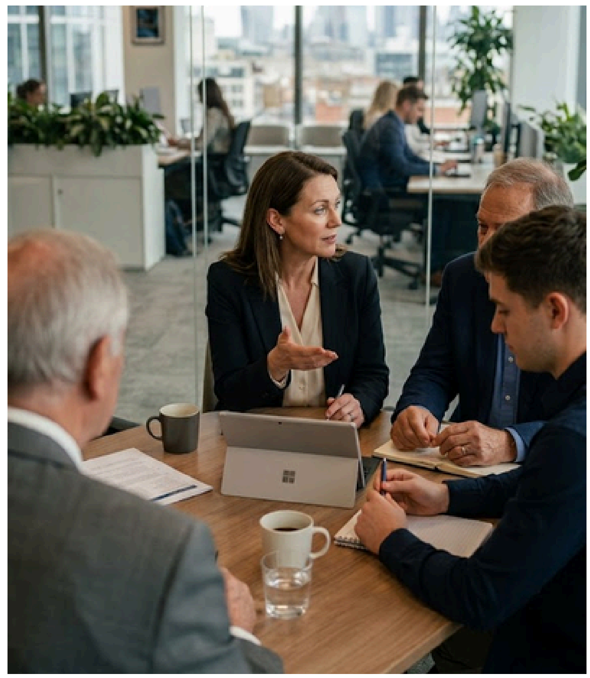
6 **Estate planning**
Charles was looking for a solution that would provide stability, simplicity, and flexibility for his children.

7 **Untangling the partnership**
Charles needed a solution that worked well for both partners, where he could continue to defer his gains and his partner could cash out.

The challenge was finding an ownership structure in which one partner could exchange into the Evergreen Fund and the other could cash out

Untangling a partnership, without unwinding the estate plan

The partners wanted different things from the sale: **Charles wanted to diversify his real estate holdings, his partner wanted full liquidity.**



Charles' wealth advisor brought the question to Virtú, and the team worked through it together: whether both outcomes were possible in a single closing, and what ownership structure would allow it. A Tenancy-in-Common (TIC) roadmap was built and executed over a timeline that satisfied both partners and their tax advisors.

A successful outcome

Today, Charles holds a limited partner interest in the Evergreen Fund, and his partner was able take his sale proceeds separately.

- ✓ Eliminated the operating burden while retaining income, appreciation, and long-term investment potential
- ✓ Replaced single-asset concentration with a diversified U.S. multifamily portfolio, within 20 days of sale
- ✓ Quarterly, depreciation-shielded distributions continue funding the trusts
- ✓ No upfront load; embedded gain remains deferred rather than realized
- ✓ Positioned for a potential step-up in basis when transferred to the next generation

How it worked

1

Pre-sale consultation

Charles and his advisors met with Virtú to review property details, current debt, timelines, and suitability. Ownership structure was adjusted to meet the exit needs of both partners.

2

Property Sale & Qualified Intermediary

Like any 1031, the property is sold and the the proceeds from Charles' sale moved to a qualified intermediary (QI). Virtú assisted in coordination with the intermediary.

3

Charles received Evergreen Fund interest

The Virtú Evergreen Fund acquired 95% of Charles' partnership in exchange for equal value in the Virtú Evergreen Fund. Charles retained 5% of his partnership for tax compliance.

4

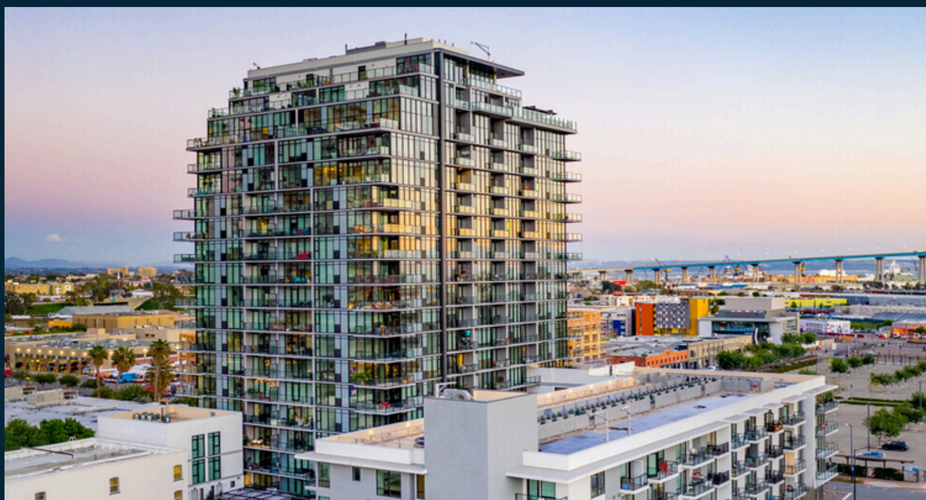
Virtú handled the 1031 Exchange

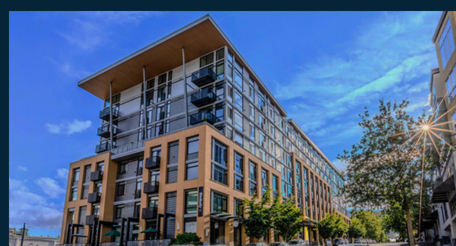
Virtú managed the remainder of the exchange by acquiring a multifamily property for the Virtú Evergreen Fund.

5

Charles has option to receive additional Fund interest

After two years, Charles may contribute his remaining 5% partnership interest in the acquired exchange property, at fair market value, for additional Evergreen Fund interest.





About the Virtú Evergreen Fund

The Virtú Evergreen Fund is a diversified, professionally managed multifamily portfolio with 10+ years of proven fund performance from Virtú Investments, a firm with a 30-year track record. Designed in partnership with family offices, the Evergreen Fund is structured for generational ownership, allowing capital to remain invested and compound over the long term while providing quarterly distributions, durable tax efficiency, and reliable liquidity**.**

Capital preservation & alpha

Flexibility for seeking alpha and managing risk across cycles

11-13% target long-term IRR

3-5% annual cash dividend, distributed quarterly

Diversified portfolio

Expanding portfolio of Class A & B apartment properties

23 properties, 7 markets

$1.2B real estate value

52% LTV

Highly tax-efficient

Structured for the growth and preservation of generational wealth

Returns compound indefinitely via 1031 Exchanges, inside the Fund

Depreciation/losses refreshed with new acquisitions and passed through to investors annually

Reliable opportunities for planned liquidity

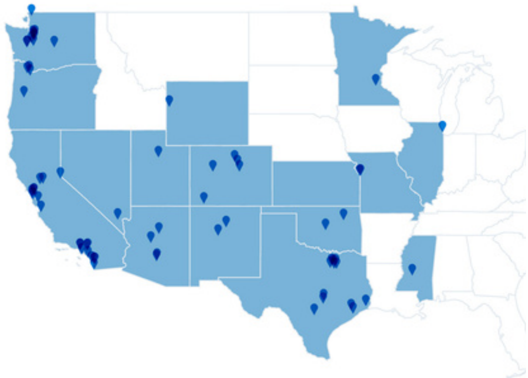
Resources

For more information, explore our library of resources below:

Evergreen | VRX Overview
Virtú Evergreen Fund - Executive Overview
Virtú Evergreen Fund - Portfolio

About Virtú Investments

Virtú Investments is a multifamily real estate investment firm primarily engaged in the acquisition and management of apartment properties in the western United States. Since its founding in 1997, Virtú has acquired and operated 140+ properties, totaling more than 24,000 units and over $4.4B in real estate. Virtú Investments' average Gross Internal Rate of Return since inception is 25.46%. The firm is well positioned to continue to create strong, risk-adjusted investment opportunities in each stage of a real estate cycle. With more than 29 years of focused multifamily investing, Virtú has built an integrated and highly responsive operating platform that is unique in the industry. Virtú's offices are located in Larkspur, CA and Carlsbad, CA.



COMPANY SNAPSHOT

29 Years
Founded in 1997 to invest in US apartment properties

$4.4B
Total real estate investments, representing $1.8B private capital

25.01%
Average Gross IRR over 27-year operating history (net to investor)

140+ Properties
Apartment properties acquired, totaling 24,000+ apartment units

107 employees
In-house investment professionals and property management

1,600+ Investors
Limited Partners include family offices, RIAs, and HNW invididuals

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