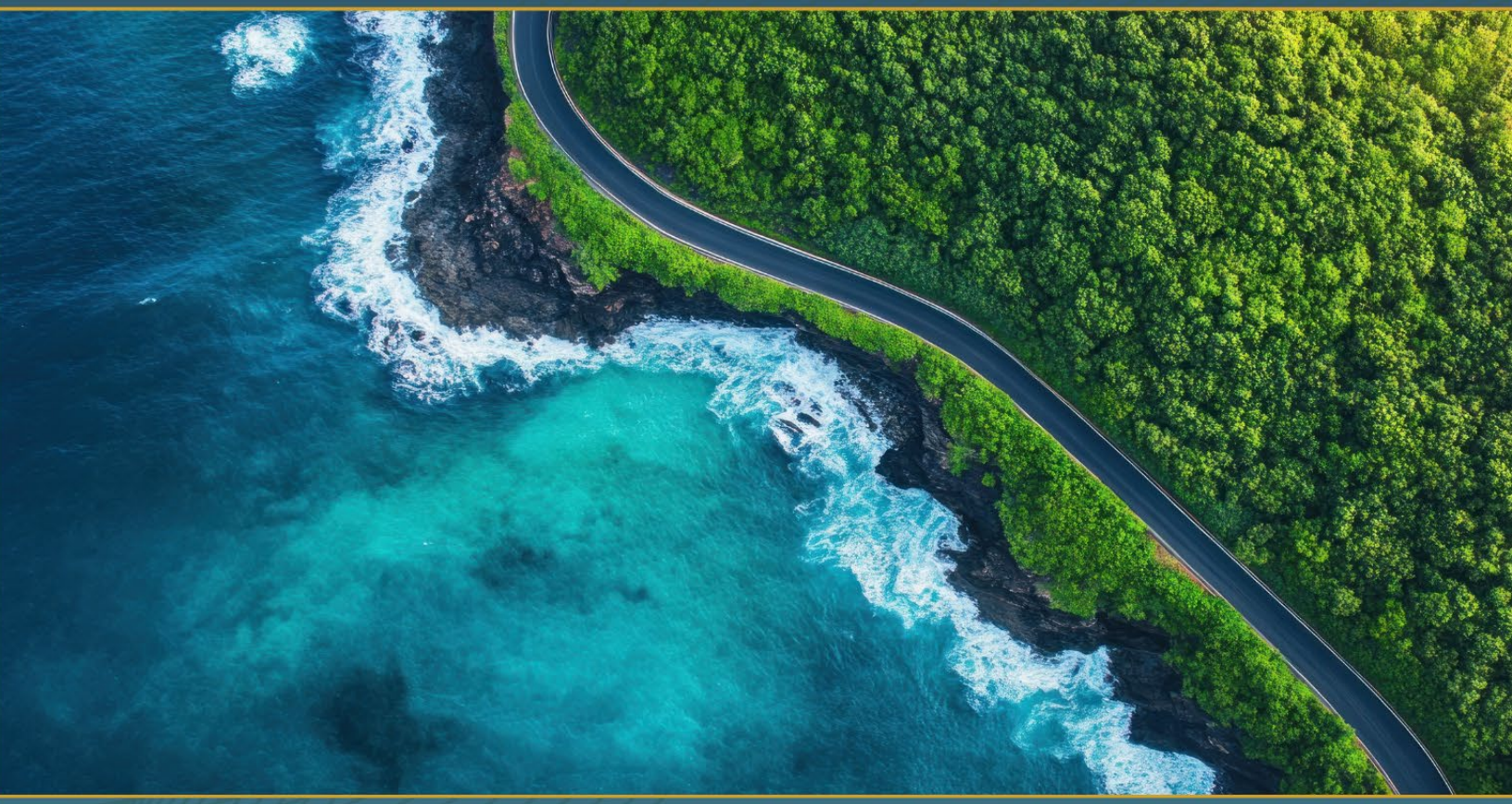
DCA FAMILY OFFICE



Standardizing Investment Returns:

Quantifying Tax Alpha in Private Markets Investments

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Executive Summary

Tax-efficient investing can be a crucial yet often overlooked investment strategy for maximizing long-term wealth accumulation. Traditional investment analysis and strategy focus on pre-tax returns and typically ignore the negative impact taxes may have on overall returns and long-term wealth accumulation. Failing to consider after-tax performance can significantly erode investment gains over time. In prior publications, we introduced a framework for tax-efficient investing in private markets, emphasizing risk-adjusted after-tax returns, standardized tax impact metrics, and the concept of Tax Alpha[a].

This paper takes a deeper analytical approach to defining various return metrics in tax-efficient investing and provides concrete examples of how investment returns may be calculated through a tax efficient lens using Tax Benefit Harvesting™. The objective is to provide a "common yardstick" for measuring returns for investments with varying degrees of tax efficiency and comparing them to non-tax-efficient investments. The methods outlined herein may be used across the investment spectrum, from public stocks/bonds to private markets (private equity, private credit, real estate, infrastructure, etc.). Ultimately, investment decisions may be made with a greater degree of analytical rigor using the tools described herein to understand true after-tax dollars retained by investors.

Key Topics Covered:

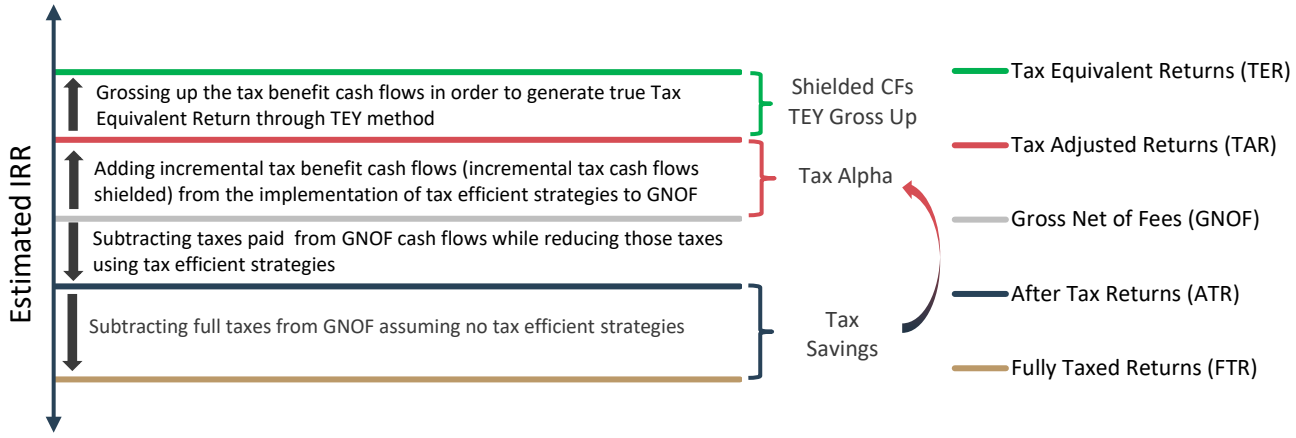
- Definition of Investment Returns – With and Without Taxes
- Hypothetical and Simplified Investment Return Examples Using Tax Benefit Harvesting™
- How to Consistently Compute Tax Adjusted Return, After Tax Return, and Tax Equivalent Return ™
- Defining Practical Examples – a Municipal Bond, Aircraft Lease, Mobile Home Park, Hotel, and Multifamily Apartment

Investment Returns – With and Without Taxes

For private markets investors, the three most common return metrics are Internal Rate of Return ("IRR"), Income Yield ("Yield"), and Multiple of Invested Capital ("MOIC"). Public markets investors tend to focus on time-weighted returns ("TWR") and Yield[1]. No matter what the metric is, we can define that metric as either free of fees from advisors, loads, or other sources (i.e., "Gross of Fees" or just "Gross"), or alternatively, we can define that return metric after all fees have been taken out by starting with the gross value, subtracting the fees from the cashflows, and recomputing the return metric. We call this latter method Gross Net of Fees ("GNOF"). Refer to ***Exhibit 1*** for a graphical illustration.

> ***"ATR and TAR are the two components of the DCA Common Yardstick™ for measuring investment returns on an after-fee and after-tax basis."***

Exhibit 1– Hypothetical Illustration of Tax Return Metrics[2]



GNOF is a standard way to present returns across the investment world and provides the investment return after fees have been removed, allowing high-fee investments to be compared on the same scale as low-fee investments (and everything in-between). These fees are sometimes referred to as a source of "leakage" as they reduce the value of an investment over time (and therefore reduce performance from Gross to GNOF), particularly as the investment value compounds.

What about other leakage items, such as taxes? Like fees, taxes also reduce the end cash flows available to investors. We define the concept of After Tax Returns ("ATR") and Fully Taxed Returns ("FTR") as investment performance metrics after fees are removed (to get to GNOF), and then subsequently taxes[3] are removed (to

[1] Numerous other return metrics exist and are in common practice for private markets investments and public markets investments such as Distributions to Paid-In Capital ("DPI"), Total Value to Paid-In Capital ("TVPI"), Return on Equity ("ROE"), Return on Investment ("ROI"), and many others.

[2] Estimated IRR is a hypothetical, illustrative figure provided solely to demonstrate the tax return calculation methodology. It does not reflect any actual investment or performance. Any tax related statements are for illustrative purposes only. Accordingly, nothing contained herein should be considered tax, accounting or legal advice. Clients are instructed to obtain their own tax, accounting and legal counsel from qualified professionals of the Client's choosing.

[3] Throughout this paper, taxes removed, paid, saved, or deferred are those that are specifically attributable to just the particular investment in question.

get to ATR or FTR). ATR reflects returns after taxes when tax-efficient strategies, programs, or structures are utilized, while FTR reflects returns after taxes assuming no such approaches are implemented. After-tax returns more accurately reflect what an investor keeps from their investments after various government entities (federal, state, local) have taken their tax share. Just as GNOF provides a consistent way for investors to assess investment returns after fees, ATR and FTR provides a consistent way for investors to measure investments after both fees and taxes.

The importance of taxes to overall returns and investment decisions cannot be understated, as we show with concrete examples below. Certain investments are more tax inefficient than others. For example, if most of an investors' returns are from current income rather than capital gains, this can lead to a significantly lower ATR, because ordinary income is taxed at a far higher rate than capital gains. A key concept is that taxes are subtracted from GNOF to produce ATR, therefore the ATR return value is generally less than GNOF. While counterintuitive, in some cases ATR may even be greater than GNOF. This can happen when external existing gains are available and may be deferred or when leverage amplifies the benefit of tax-advantaged structures within the current investment.

Referring again to ***Exhibit 1***, another important returns concept is Tax Adjusted Returns ("TAR"). Once tax savings, deferrals, or efficiencies are identified and computed for a given investment (if any), those incremental tax benefits are treated as cash flows and can be added back to the GNOF cash flows achieved by the investment (after fees and pre-tax basis), generating Tax Adjusted Returns. TAR reframes after-tax results on the same playing field (i.e., cash flows received or retained by the investor), making tax-efficient and non-tax-efficient investments directly comparable.

ATR and TAR are the two components of the DCA Common Yardstick™ for measuring investment returns on an after-fee and after-tax basis. They are powerful tools for assessing new opportunities and determining how an investment portfolio is truly performing on an absolute and relative basis.

Lastly, we discuss Tax Equivalent Return™ ("TER"). Once we calculate our After Tax Returns, we then gross up the ATR cash flows using an effective tax rate which produces a pre-tax, net-of-fees return that, if then taxed, would equate to ATR. This approach is analogous to the concept of Tax-Equivalent Yield ("TEY"), which is used to analyze the returns of tax-free municipal bonds relative to taxable bonds[b]. The main additional features of TER is that it encompasses all types of different cash flows (yield, disposition/terminal value, etc.), different tax rates for each cash flow, and also properly accounts for the individual timing of those cash flows. TEY, on the other hand, only deals with constant yield cash flows taxed at a single rate, and foregoes the concept of time and its impact on returns. Note that unlike ATR and TAR, TER is not a part of the DCA Common Yardstick™ – different deals with different cash flow profiles cannot be compared 1-to-1 using TER.

Overview Analysis of Simple Private Markets Cases

Tax Alpha[4] is apparent and substantial in private markets, where a host of tax advantaged investment programs exist for well-informed investors. One such program is bonus depreciation ("BD"), which allows investors to

[4] Tax Alpha refers to the additional investment overperformance achieved by leveraging favorable tax treatments or strategies within a given investment or portfolio. It is the impact on investment performance generated by incremental tax savings or net tax deferrals, adjusted for the time-value-of-money. In other words, it is the IRR difference between TAR and GNOF.

expense (i.e., take as an operating loss) up to 100% of the value of certain real property and other equipment in the year the asset was purchased [5].

> ***Tax Alpha is apparent and can be substantial in private markets, where a host of tax advantaged investment programs exist***

Exhibit 2 & ***Exhibit 3*** summarize the returns for a variety of private markets investments using tax advantaged investment programs. A few things should jump out from ***Exhibit 2***. First, what if the investor was looking at a car wash investment and failed to consider the use of bonus depreciation or the impact of taxes on this investment at all. The investor might think that the returns are pedestrian, but tack on +630 bps of Tax Alpha, and that investment looks substantially more compelling. Second, different types of investments, when married to the same tax-advantaged investment program, can potentially produce substantially different Tax Alpha. Third, the DCA Common Yardstick™ of TAR should be apparent. Assuming a similar risk profile, if the investor was just looking at the Gross Net of Fees return, they might choose the Aircraft Leasing deal over the Car Wash (ignoring portfolio effects, correlation, etc.). However, the Car Wash is estimated to produce a significantly more compelling return on a TAR basis.

Exhibit 2 – Tax Aware Returns Across Private Market Strategies Only With BD[6]

Metric [IRR with BD]		Car Wash	Mobile Home Parks	Multifamily Apartments	Hotel	Aircraft Leasing
Tax Adjusted Return	TAR	14.2%	15.2%	16.1%	20.2%	9.7%
Tax Alpha	*Spread*	*+6.3%*	*+5.2%*	*+1.6%*	*+2.4%*	*+1.5%*
Gross Net of Fees	GNOF	7.8%	10.0%	14.5%	17.8%	8.2%
Fully Taxed Return	FTR	6.4%	8.3%	9.8%	13.7%	5.0%

Stacking Tax Incentive Programs

Private markets tax mitigation strategies can often be "stacked" – that is, multiple tax incentive programs can be used on the same investment. Take for example a 1031 exchange, a powerful tax-deferral tool that allows capital gains and depreciation recapture from a real estate investment to be rolled into a new real estate asset, deferring those tax liabilities until the next realization event (typically years if not decades). If we use bonus depreciation at the beginning of the investment, and then a 1031 exchange when the property is sold, our table adjusts to the following:

Exhibit 3 – Tax Aware Returns Across Private Market Strategies with BD & 1031

Metric [IRR with BD and 1031]		Car Wash	Mobile Home Parks	Multifamily Apartments	Hotel	Aircraft Leasing
Tax Adjusted Return	TAR	20.6%	20.6%	22.5%	28.8%	9.7%
Tax Alpha	*Spread*	*+12.8%*	*+10.6%*	*+8.0%*	*+11.0%*	*+1.5%*
Gross Net of Fees	GNOF	7.8%	10.0%	14.5%	17.8%	8.2%
Fully Taxed Return	FTR	6.4%	8.3%	9.8%	13.7%	5.0%

[5] Bonus depreciation was recently permanently reinstated at 100% level in the July 2025 federal legislation.

[6] Refer to End Note for details around each specific private markets' investment type (i.e. car wash, mobile home parks, etc.) and tax assumptions.

Stacking tax incentive programs may substantially improve returns, and the tax savings are retained in the investor's portfolio, which can then be subsequently reinvested to generate additional compounding returns.

Consistently Computing Tax Aware Returns

The After-Tax Returns Landscape

Few investors talk about after-tax returns, but even among those that do, there is no single market standard for calculating them. In public markets, especially in tax-loss harvesting programs, firms use different treatments, labels, and methods. In private markets, hardly any managers quantify taxes or their impact on performance at all. As a result, terms like ATR, TAR, Tax Alpha, and TER are either non-existent or applied inconsistently across managers and advisors, which makes results hard to compare and invites confusion.

This paper aims to make the definitions and computation process transparent and uniform. We define investor-level cash flow treatments with consistent nomenclature, and document the assumptions that move the numbers. The goal is simple: quantify tax-adjusted returns in a way that supports like-for-like comparisons and allows for better tax-aware decisions for investors.

Step-by-Step Computation

We present a five-step framework for computing the return impact of taxes and tax efficient strategies; the framework provides a standardized method for computing tax efficient returns that reflect real investor outcomes. We call this framework DCA TERA™ [7], which is outlined below and in ***Exhibit 4***.

DCA TERA™

Step 1: Compute Performance Gross Net of Fees (GNOF)

Start with the investment's projected or realized performance (e.g., IRR, MOIC, or Yield), and subtract all advisory, asset management, carried interest, and other fees to isolate GNOF. This gives the investor's pre-tax, post-fee return which allow you to compare investments with varying fee loads.

Step 2: Estimate Fully Taxed Returns Without Tax Efficient Strategies (FTR)

Next, calculate what the return would have been if the investor had not implemented any tax efficient strategies such as accelerated depreciation, gain deferral, or income recharacterization. This fully taxed scenario represents the after-tax return under a conventional, unoptimized approach and serves as a baseline for measuring tax impact.

Step 3: Subtract Taxes Reduced by Tax Efficient Strategies to Calculate ATR (ATR)

Now, from the GNOF cash flows, subtract the actual tax liability after applying any available tax mitigation strategies (e.g. accelerated depreciation, gain deferral, capital gain treatment, etc.). This is based on the investor's tax bracket, type of investment (real estate, private equity operating company, aircraft, etc.), income type (capital gain vs. ordinary income), structure (C-Corp vs. pass through entities), investor tax status (passive vs. active), and timing. This produces the cash flows the investor expects to retain, which can be then translated into returns that are the most realistic measure of after-tax performance with tax efficiencies implemented.

Step 4: Calculate Tax Savings, Derive TAR and Tax Alpha (TAR – GNOF = Tax Alpha)

The tax savings (extra retained cash flows) are the incremental value created by tax efficiency. They are the difference in cash flows between the FTR and the ATR at the same time stamps. These tax savings cash flows are then added to the GNOF cash flows to generate the Tax Adjusted Returns, or TAR. Tax Alpha is the IRR spread between TAR and GNOF.

Step 5 : Translate ATR to Tax Equivalent Return™

Starting from ATR, gross up each after-tax gain cash flows by the investor's tax rate specifically related to that gain used in the FTR calculation to obtain a pre-tax, net-of-fees equivalent. Recompute the chosen return metric on these grossed-up cash flows to get TER.

[7] TERA stands for Tax-Efficient Return Analysis and is defined as the five-step framework used to calculate ATR, TAR, & TER.

Exhibit 4 – Return Metrics Overview

Metric		Formula	DCA TERA™ Steps
Tax Equivalent Return™	TER	ATR cash flows divided by (1 – tax rate)	Step 5
Tax Adjusted Return	TAR	GNOF cash flows + Tax Savings cash flows	Step 4
Tax Alpha	*Spread*	*ATR cash flows – Fully Taxed Return cash flows*	*Step 4*
Gross Net of Fees	GNOF	Investment returns – sponsor & advisor fees	Step 1
After Tax Return	ATR	GNOF cash flows – actual taxes paid post tax efficiencies (if any)	Step 3
Fully Taxed Return	FTR	GNOF cash flows – full taxes (no efficiencies)	Step 2

One final point on the five-step process above – cash flow additions/subtractions are important not only in amplitude, but also in timing. The tax cash flow (whether payments or savings or deferments) must be placed at the right time to properly calculate the performance (IRR, yield) impact obtained from the analysis.

Putting It into Practice: Bonds, Aircraft, Mobile Home Parks, Hotels and Multi-Family Apartments

Municipal Bond versus a Corporate Bond

A straightforward example of the power of this method in returns analysis is by comparing a municipal bond with tax-free interest against a corporate bond with taxable interest. Assume that both offer fixed interest payments and return of principal, with similar risk, and that the municipal bond has a GNOF IRR of 4.6% and the corporate bond 5.8%. Given corporate bond interest is taxed as ordinary income without any opportunity for tax savings, its ATR equals its Fully Taxed Return (2.6% IRR). The municipal bond is exempt from federal and state taxes (for an in-state holder) and thus preserves its full 4.6% as ATR. Then, we add the municipal bond's tax savings cash flows to the GNOF to get the Tax Adjusted Return, or TAR (7.1%).

TER makes the contrast clear: the corporate bond would need to yield about 10% pre-tax to match the municipal's outcome as shown in ***Exhibit 5***. TER is a more refined version of the traditional Tax Equivalent Yield. While TEY assumes a single coupon payment, TER translates the entire stream of after-tax cash flows into a pre-tax net of fees equivalent. As such, TER is most relevant within the same asset type (e.g. comparing bonds), because it assumes similar risk, timing, structure, and tax treatment[b]. By contrast, ATR and TAR serve as the true DCA Common Yardstick™ for comparing performance across asset classes, because they capture the actual after-tax dollars an investor keeps. We reiterate that TER and TEY, by design, are only useful within a single asset type where risk, timing, structure, and tax treatment are comparable.

Despite a lower starting yield, the municipal bond dominates on ATR, TAR, and TER because of tax savings. Without this standardized tax analysis, the investor seeking to maximize cashflow may have made the wrong choice and invested incorrectly in the corporate bond.

Exhibit 5 – Hypothetical Municipal & Corporate Bond Investment Returns[8]

Metric		Municipal Bond Return	Corporate Bond Return
Tax Equivalent Returns™	TER	10.3%	5.8%
Tax Adjusted Return	TAR	7.1%	5.8%
Tax Alpha	*Spread*	*+2.5%*	*+0.0%*
Gross Net of Fee	GNOF	4.6%	5.8%
After Tax Return	ATR	4.6%	2.6%
Fully Taxed Return	FTR	2.1%	2.6%

Aircraft

One asset type that is bonus depreciable is aircraft (e.g., commercial jetliners, charter jets, jet engines, etc.[9]). Aircraft are typically on mid- to long-term leases with commercial airlines, and those leases can pay a steady lease payment over time to an investor that is similar to that received from a corporate bond of nearly equivalent risk. For this reason, leased aircraft are sometimes referred to as "flying bonds".

The bonus depreciation taken in year 1 may be used to offset gains produced elsewhere in the investor's portfolio[10]. This provides a tax deferment that operates as a temporary savings until the aircraft is later sold, at which time recapture taxes[11] may be owed and payable. Lease payments are received by the investor along the way, which are typically taxed at ordinary income rates. Aircraft typically lose a portion of their value during their hold period, meaning that their tax basis at disposition is usually lower than what they were purchased for. Overall, this provides a complicated cash profile for the investment, but using the DCA TERA™ process above, we can readily analyze the tax-advantages relative to a standard hypothetical private credit investment with similar risk. The conclusion is the same; without the use of DCA TERA™ process and computation of TAR/ATR, an inferior-performing investment could be mistakenly selected.

Mobile Home Park ("MHP")

We now turn to another category of private market investments with powerful tax advantages: real estate investments in mobile home parks (also known as Manufactured Housing Communities). MHPs, which can generate steady rental income like many real estate assets and are often viewed as resilient through economic cycles, are also well-positioned to deliver tax-efficient returns due to their highly depreciable structure, favorable treatment under current tax law, and ability to qualify for a 1031 exchange at exit.

Thanks to bonus depreciation, investors can fully depreciate a majority of a MHPs' components (land improvements and utility infrastructure) in year one through a cost segregation study. This may allow a

[8] Refer to End Note.

[9] Specific rules apply to aircraft. Other types of equipment qualify for bonus depreciation, such as railcars, barges, trucks, construction equipment, etc. Consult your tax advisor.

[10] Requires appropriate tax structuring; consult your tax advisor.

[11] Recapture taxes occur when previously claimed tax deductions, like depreciation, are "recaptured" and taxed upon the sale of an asset. These amounts are generally taxed at ordinary income rates and can reduce the overall tax benefit upon the sale of the asset if not properly planned for.

substantial portion of the acquisition cost to be depreciated immediately. It also creates a substantial operating loss that can be used to offset other passive income, and in some cases, even ordinary income, depending on the investor's status and tax structure. These losses effectively shift tax obligations to a later date, generally when the asset is sold and depreciation is recaptured – thus creating a near term tax deferral. Accelerated depreciation can also be "stacked" with a 1031 exchange on the back end.

Using the DCA TERA™ framework outlined above, we can readily compute and analyze the tax-advantaged nature of the MHP investment as shown in ***Exhibit 2*** & ***Exhibit 3***.

Hotels

Hotels are an interesting corner of the private real estate market that combine operational complexity with a substantial tax advantaged investing opportunity. Like mobile home parks, hotel investments often benefit from accelerated depreciation strategies and Section 1031 exchanges. Hotels stand out for the sheer volume and variety of depreciable components they include such as furniture, fixtures, equipment ("FF&E"), surface parking and landscaping, pools, specialty buildouts, and systems, all of which may be depreciated at acquisition as determined by a cost segregation study.

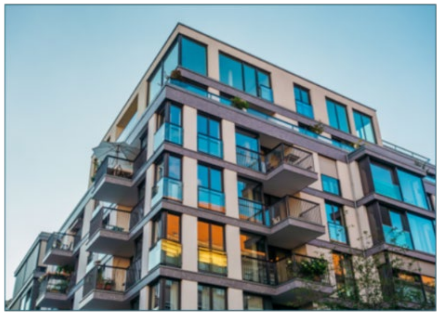
These depreciation losses may be sufficient to shelter both operating income from the hotel and potentially other passive gains in an investor's portfolio. While the income generated by hotel operations is typically taxed at ordinary rates, accelerated depreciation shields much of that income during the early years of ownership, significantly improving the investor's tax-adjusted performance.

At exit, depreciation recapture and capital gains taxes would normally reduce net proceeds. But through a properly executed 1031 exchange, those taxes may be fully deferred by rolling proceeds into another qualifying property, extending the tax deferral benefit across investment cycles.

Using the DCA TERA™ process outlined above, ***Exhibit 2*** & ***Exhibit 3*** outlines the returns generated.

Multifamily Apartments

Lastly, multifamily apartments are among the most common real estate investments and provide a useful illustration of how tax efficiency can alter outcomes. At first glance, these assets often appear less compelling on a GNOF basis compared to other private market strategies, since projected returns rely on rental income that is generally taxed at ordinary rates.



However, through a cost segregation study, a substantial portion of the building's components (e.g., appliances, flooring, fixtures, and other

personal property) can be depreciated on an accelerated schedule. Additionally, investors can couple this with a 1031 exchange upon exit further enhancing the tax benefits and compounding effect. As reflected in ***Exhibit 2*** & ***Exhibit 3***, these tools meaningfully improve ATR and TAR, showing how even a core real estate asset class can generate material tax alpha when analyzed through the DCA TERA™ framework.

Conclusion

Tax efficiency is not a side note. It changes the underwriting and ultimate results of otherwise similar investments. This paper formalizes a consistent, repeatable way to see that impact. Using our DCA TERA™ framework, we turn taxes from a vague footnote into a quantified driver of returns that investors can compare across deals, structures, and asset classes.

One pattern emerges: when you evaluate the actual investor cash flows, tax-efficient structures materially improve after-tax outcomes of certain private markets investments. TAR shows the extra return (aka, Tax Alpha) generated through tax savings by utilizing tax-advantaged investment programs. This enables:

- Apples-to-apples decisions: selecting the higher true performer, not just the higher pre-tax headline
- Underwriting discipline: pricing tax characteristics explicitly and requiring tax-aware models
- Portfolio management: tracking ATR/TAR at the deal and portfolio levels; monitoring realized vs underwritten Tax Alpha
- Investor communication: reporting with a more rigorous set of measurement tools (aka, the DCA Common Yardstick™ that reflects what investors actually keep on an after-tax basis

Ultimately, investment decisions may be made with a greater degree of analytical rigor using the tools described herein to understand true after-tax dollars retained by investors. In practice, this means using ATR and TAR as the universal metrics across asset classes, while considering TER for intra-asset comparisons (e.g. corporate bonds vs municipal bonds, etc.). Also, the applicability and effectiveness of any tax efficiency strategy are highly dependent on the taxpayer's individual facts and circumstances, and future policy changes. At DCA, we are constantly encouraging our clients to consider their Tax Adjusted Returns when making investment decisions and providing them the tools required to improve their after-tax returns[12].

[12] DCA does not provide tax, accounting or legal advice, and does not employ tax or legal counsel. Any tax related statements are for illustrative purposes only. Accordingly, nothing contained herein should be considered tax, accounting or legal advice. Clients are instructed to obtain their own tax, accounting and legal counsel from qualified professionals of Client's choosing.

About Us

DCA Family Office works with a select group of ultra-high-net-worth families to develop and implement a custom-tailored investment strategy which thoughtfully considers the important tax consequences of each investment decision in relation to achieving the family's stated objectives. These bespoke investment strategies span a broad spectrum of private markets asset classes, all within one convenient platform. DCA offers clients exclusive access to interesting, off-market investment opportunities across a broad spectrum of private market asset classes.

We focus exclusively on working with tax-sensitive investors and utilize our proprietary analytic frameworks to evaluate investment opportunities based both on pre-tax return as well as their Tax Equivalent Return™ [13]. DCA's proprietary Tax Equivalent Return™ analytics are designed to provide unique investment insight to help clients make more informed decisions through tax-adjusted performance analysis.

We selectively partner with experienced operators and industry experts who bring unique knowledge, experience, insight and expertise to each investment opportunity. DCA Family Office, LLC is a registered investment advisor ("RIA") registered with the Securities and Exchange Commissions ("SEC")[14].

William Lesik, Director

William serves as Director of Investment Underwriting for the DCA Family Office. He focuses primarily on identifying, underwriting, and overseeing new investment opportunities across private markets with a particular focus on private equity and low-correlation transactions.

Prior to joining DCA Family Office, William was at Willshire Associates, where he was responsible for sourcing, underwriting and monitoring private markets co-investments, fund commitments, and secondaries for a $30 Billion AUM private markets platform. Previously he interned at the Desjardin Pension Fund in Quebec, where he focused on private equity and real estate funds as well as public equities.

William holds a Bachelor of Science Degree in Financial Analysis from the California State University of Northridge.

Tom Bratkovich, Chief Investment Officer

Tom is the Chief Investment Officer at DCA Family Office, where he manages the investment strategy, portfolio construction, deal sourcing, and investment underwriting activities for DCA's Family Office clients.

Before joining DCA Family Office, Tom held a senior position at Wilshire Associates, where he was responsible for business development, new product launches, and deal sourcing for a $30 Billion AUM private markets platform. Tom also developed and managed a co-investment platform for several family offices. Prior to his tenure at Wilshire, Tom worked at Longview Investment Partners and LP Capital Advisors, advising large institutional investors such as CalPERS, CalSTRS, and NY Common. Additionally, he was an early-stage venture capital investor.

Tom holds a Bachelor of Science in Aerospace Engineering from UCLA, a Master of Science in Aero/Astro Engineering from MIT, and an MBA with Distinction from Harvard Business School.

[13] Tax Equivalent Return™ refers to the equivalent pre-tax return required to achieve a similar after-tax return on an investment lacking tax efficiency.

[14] Registration with the SEC does not imply a certain level of skill or training, nor does it constitute an endorsement by the SEC.

Appendices

References

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End Notes

The tax savings examples presented herein are hypothetical illustrations only and are not intended to predict or guarantee actual results. They do not account for all variables that may affect an individual's tax situation. Clients' circumstances vary, and actual results may differ. Examples presented assume there are existing gains that can be offset using bonus depreciation. This information should not be construed as tax advice. Please consult with a qualified tax advisor regarding your specific situation.

Assumed tax rates include 40.8% for federal ordinary income, 23.8% for federal capital gains, 28.8% for Section 1250 property recapture rate, and 14.4% for California state taxes.

NNN car wash investment assumes a 60% loan-to-cost at entry, 10-year hold with 80% of the asset's depreciable basis that can be bonus depreciated with the remaining 20% attributed to land.

Mobile Home Park investment assumes a 60% loan-to-cost at entry, 10-year hold with 70% of the asset's depreciable basis that can be bonus depreciated with the remaining 30% attributed to land.

Hotel investment assumes a 65% loan-to-cost at entry, 5-year hold with 27% of the asset's depreciable basis that can be bonus depreciated, 72% attributed to the commercial building being depreciated over 39 years using MACRS, and 1% attributed to land.

Multifamily apartments investment assumes a 50% loan-to-cost at entry, 5-year hold with 25% of the asset's depreciable basis that can be bonus depreciated, 50% attributed to residential buildings being depreciated over 27.5 years using MACRS, and 25% attributed to land.

Aircraft leasing investment assumes no debt at entry, 7-year hold with 100% of the asset's depreciable basis that can be bonus depreciated.

Bond investments assumed to be held over 5 years. GNOF used for corporate bond based on 30-year AAA corporate bond yields according to FRED's 30-Year High Quality Market Corporate Bond Par Yield as of July 9,

2025. GNOF used for municipal bond based on 30-year AAA municipal bond yields according to Bloomberg's BVAL 30-year municipal benchmark quote as of July 9, 2025. Also, assuming 23.8% federal capital gains rate and 14.4% California ("CA") state rate based on CA high net worth individual making more than $5 million in 2024.

Tax Equivalent Return™ Model:

DCA tax deferrals, offsets, savings and payments presented in this presentation are based on DCA's proprietary Tax Equivalent Return™ model developed for the purpose of displaying and analyzing the post-tax returns and tax deferrals / savings of past or future investments based on tax data available to DCA at the time of composition.

The TER Model operates by using Gross Net of Fees (GNOF) cash flows and including any tax savings or payments stemming from the depreciation schedule from each asset class (including bonus depreciation) based on several factors including: (i) the asset class, (ii) the percentage of bonus depreciation for the investment year, (iii) the 1031 Exchange eligibility, (iv) the equity check, (v) the level of debt, (vi) the bonus depreciation as a percentage of equity, (vii) the underwriting hold period, (viii) if there are existing gains to offset or not, and (ix) the asset basis useful life allocation for the depreciation schedule, typically determined through cost segregation studies. Various sensitivity analyses can be conducted, adjusting key variables to explore a range of potential outcomes, including (i) use of 1031 Exchanges, (ii) extended hold periods, (iii) existing gains vs no existing gains scenarios, (iv) investment in Opportunity Zones, and (v) different bonus depreciation percentages. The model runs were performed in accordance with DCA's financial modeling standards and have been reviewed for accuracy. The model outputs are based on various assumptions and has significant limitations and difficulties and should not be relied upon.

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