

CSRA NC MOB, DST

ACQUISITION CLOSE DATE: OCTOBER 21, 2015



OFFERING DETAILS

INVESTMENT COST
\$5,555,000

EQUITY RAISE
\$1,805,000

CASH-ON-CASH RETURN
5.25% starting

OFFERING LOAN-TO-VALUE
67.51%
(70.64% with disposition fee)

LOAN
10-year term
30-year amortization schedule

FIXED INTEREST RATE
4.79%

Single-story medical office building 100 percent leased on a long-term basis to Duke University Health System, rated Aa2 by Moody's and AA by Fitch Ratings.





PROPERTY OVERVIEW

2503 East Lyon Station Road, Creedmoor, North Carolina 27522
(Raleigh/Durham MSA)

This 16,204-square-foot medical office building was built especially for Duke University Health System in 2010. The 3.52-acre property includes 98 surface parking space.

PROPERTY DETAILS

- **LEASE:** Approximately 15 years remaining on 21-year lease, expiring September 30, 2030
- **RENTAL INCREASES:** 2.5% annual rent increases
- **OPTIONS:** Two five-year renewal options

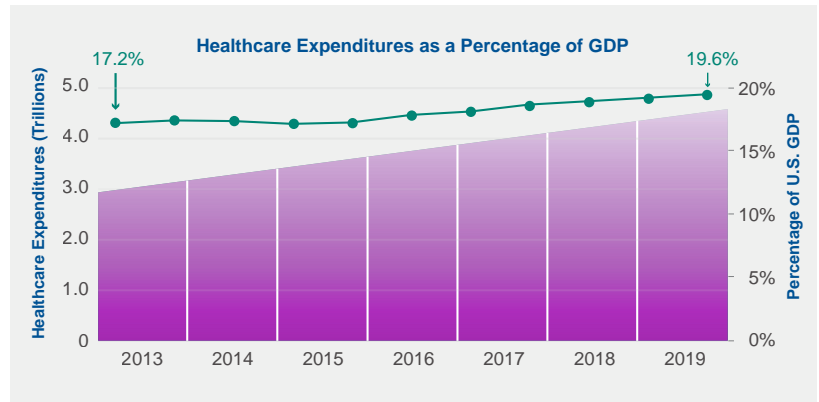
DID YOU KNOW?

Healthcare will comprise approximately one-fifth of the U.S. economy by 2024.

Investing in Medical Real Estate

BY THE NUMBERS: The Increasing Demand for Medical Real Estate

- Approximately **12 million people** have obtained coverage under the Affordable Care Act, generating additional need for medical real estate.
- The aging of America has created a demand for more healthcare real estate.
- Healthcare expenditures are expected to increase to \$4.8 trillion by 2021, up over 58% from 2012.
- Healthcare represents 18 percent of the U.S. gross domestic product, and is expected to increase to nearly 20 percent of GDP by 2021.
- Between 2008 and 2018, healthcare job growth is projected to increase by nearly 29 percent.
- Advances in technology and research increase life expectancies, producing additional interest in healthcare assets.



Projected Growth by Occupation from 2012-2022

Occupation	Percentage Growth
Healthcare Support Occupations	28.1%
Healthcare Practitioners and Technical Occupations	21.5%

Source: Employment Projections program, U.S. Department of Labor, U.S. Bureau of Labor Statistics. Data from the Occupational Employment Statistics program, U.S. Department of Labor, U.S. Bureau of Labor Statistics.

Aging of America Drives Demand for Medical Real Estate

Population Projections: 65+

2015	2030	2040	2050	2060
47.8 million	74.1 million	82.3 million	88 million	98.1 million

Source: U.S. Census Bureau. "2014 National Population Projections: Table 3. Projections of the Population by Sex and Selected Age Groups in the United States: 2015 to 2060."

The Baby Boomers

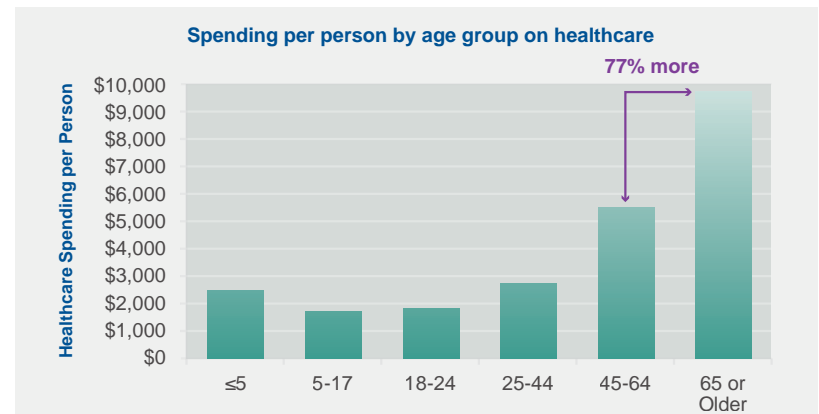
The first of the "baby boomer" generation began turning 65 in 2011. The population over 65 is expected to grow significantly between 2010 and 2060, from 40 million to more than 98 million people.ⁱ

People 65 years and older average 2.5 times the number of physician office visits than the rest of the population.

Insurance exchanges and Medicaid expansion provide coverage to an additional 27 million people in this population segment.ⁱⁱ

Elderly Population

People 85 years and older will reach 4.5 percent of the total population by 2050.ⁱⁱⁱ



Source: Kaiser Family Foundation calculations using data from U.S. Department of Health and Human Services, Agency for Healthcare Research and Quality, Medical Expenditure

ⁱ "Medical Office Research Report," Marcus & Millichap 2014

ⁱⁱ "Projections of the Population by Selected Age Groups and Sex for the United States: 2015 to 2060." U.S. Census Bureau, December 2012

ⁱⁱⁱ U.S. Census Bureau. "An Aging Nation: The Older Population in the United States." Page 6.

DUKE UNIVERSITY HEALTH SYSTEM, INC.

Duke University Health System, Inc. is a three-hospital system with 1,512 licensed beds based in Durham, North Carolina. The hospitals include the 957-bed, internationally acclaimed flagship quaternary care facility, Duke University Medical Center, located on the Duke University campus; the 369-bed Duke Regional Hospital in Durham and the 186-bed Duke Raleigh Hospital in Raleigh.



Duke Health is independently rated AA by Standard & Poor's and Aa2 by Moody's Investor Services and is a

controlled affiliate of the AA+/Aa1-rated Duke University. For the 2014 fiscal year, Duke Health performed more than 85,000 surgical procedures, had nearly 63,000 inpatient admissions and received around two million outpatient visits. Duke Health has approximately 16,627 full-time employees.

INVESTMENT HIGHLIGHTS**Stabilized Long-Term Cash Flow**

The property is 100 percent leased to Duke University Health System, Inc. under a lease that has 2.5% annual rent increases and expires on September 30, 2030.

Strong Tenant

Duke University Health System, Inc. is rated Aa2 by Moody's and AA by Fitch.

Strong Location

The Property is located in Creedmoor, North Carolina, which is a part of the Raleigh/Durham Metropolitan Statistical Area.

Established Tenancy

Duke University Health System, Inc. leases 100% of the Property. The building was designed especially for Duke University Health System, Inc., with the comfort and convenience of its patients and employees in mind.

RECESSION RESISTANT ASSET CLASS

Medical real estate proved to be a recession resistant asset class during the most recent economic downturn.

ABOUT CAPITAL SQUARE REALTY ADVISORS, LLC (CSRA)

Capital Square is a real estate advisory company specializing in the creation and management of real estate investments. Capital Square uses the DST and other investment structures to fit the needs of its high net worth individual and institutional investors. Capital Square is also active in property and asset management, key elements in a successful real estate investment.

FOR FURTHER INFORMATION, CONTACT

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Consider the Risks

An investment in the Interests involves substantial investment and tax risks, including, without limitation, the following risks:

- There are various risks associated with owning, financing, operating, and leasing commercial properties in North Carolina.
- The Interests do not represent a diversified investment.
- Beneficial Owners must completely rely on the Master Tenant to collect the rent and operate, manage, lease, and maintain the Property.
- The Beneficial Owners have no voting rights with respect to the management or operations of the Trust or in connection with the sale of the property.
- There are various conflicts of interest among the Trust, the Sponsor, the Signatory Trustee, and their Affiliates.
- The Interests are illiquid.
- There are tax risks associated with an investment in the Interests.
- There are risks related to competition from properties similar to and near the property.
- There may be environmental risks related to the property.