

435 YORK RD #300, TOWSON, MD 21204



LA | FITNESS

TOWSON, MD

TOWSON MARYLAND FITNESS DST

1031 CASH-OUT OFFERING

Approximately 54.6% of Initial
Equity to be Returned Shortly
After Investment



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TOWSON, MD

**INVESTMENT
SUMMARY**

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ERI





POPULATION

324,160

**POPULATION WITHIN 5 MILES OF
LA FITNESS - TOWSON, MD**



INVESTMENT SUMMARY

TOWSON MARYLAND FITNESS DST



TOWSON, MD

LA | FITNESS

\$19,220,000 in Beneficial Interests

Approx. 54.6% of Initial Equity Expected To Be "Cashed Out" Not Later than 10 Days After Closing

Remaining Approx. 45.4% Equity To Receive Monthly Net Lease Payments, Call for information on returns.

LA Fitness Opened in 2015
NN Lease, 14+ Years Remaining on Primary Term
LA Fitness Corporate Family Rating
(Moody's: B2)

ACCREDITED INVESTORS ONLY | This Investment Summary is neither an offer to sell nor a solicitation to buy any securities, which can only be made by the Private Placement Memorandum (PPM). This material must be reviewed in conjunction with the PPM to fully understand all of the implications and risks of the offering of securities to which it relates. A copy of the PPM will be made available to accredited investors only in connection with this offering. Prospective investors should carefully read the PPM and review any additional information they desire prior to making an investment and should be able to bear a complete loss of their investment. Please see page 24 of the Investment Summary for Important Risk Disclosures.

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1031 CASH-OUT INVESTMENT OPPORTUNITY

Essex Realty Investments LLC (“ERI”), is pleased to present accredited investors with the opportunity to invest in Towson Maryland Fitness DST (the “DST”).

The offering is projected to return to investors approximately 54.6% of the initial equity investment from the proceeds of a fresh financing entered into by the DST three (3) business days after its receipt of the equity investment. “Cash out” proceeds are to be distributed to investors not later than ten days after their investment and are tax-deferred to investors as the receipt of fresh financing proceeds. ERI’s cash-out offerings allow investors to free up cash to diversify into other investments (or for any other purpose). The remaining equity investment in the DST will receive competitive returns backed by a superior asset.

The initial equity investment will be used by the DST to purchase an LA Fitness within the Towson Commons Commercial Condominium, a mixed use retail and office development with an adjacent garage. A loan in the amount of \$10,500,000 is expected to be entered into with Benefit Street Partners. The loan will mature in ten years and be payable as interest only during the entire term.



Approx. 54.6% of initial equity cashed-out



CALL FOR RETURN PROFILE



Premium asset with an institutional quality credit tenant and below market rent



Remaining equity protected by cash reserves, below market rent and asset quality





Essex Realty Investments LLC (“Essex”), working with Colliers International as an advisor, is arranging the offering of an LA Fitness fitness club situated in a Class A mixed-use development in Towson, Maryland.

Towson Maryland Fitness DST (the “DST”) will acquire the approx. 48,000 SF, single-tenant LA Fitness (Moody’s: B2) with 14 years remaining on the primary lease term (the “Property”). The Property is part of a Class A mixed-use condominium development, which includes a 10-story office tower, retail, restaurants and an 8-level parking garage in Towson, Maryland.

Towson Maryland Fitness DST is expected to allow the investors to take approximately 54.6% of their equity “cash out” not later than 10 days after their initial investment.

INVESTMENT SUMMARY



“Initial Equity” pre “Cash Out” ¹	\$ 19,220,000.00
“Cash Out” to Investors (54.6%) ¹	\$ 10,500,000.00
“Remaining Equity” (45.4%) ¹	\$ 8,720,000.00
Forecasted Cash-on-Cash Returns ^{2,3}	CALL FOR RETURN PROFILE
Mortgage, post “Cash Out” ¹	\$ 10,500,000.00
Loan Terms ¹	Fixed rate /10-year term 10 year interest only
Loan-to-Offering, post “Cash Out” ¹	54.6%
Projected Hold Period	8-10 years

1. Based on current underwriting and Benefit Street Partners loan application
2. Based on current, in-place net lease
3. Assumes loan rate of not greater than 5.1%



OFFERING SUMMARY

+ 435 YORK RD #300
TOWSON, MD 21204

LEASE SUMMARY

Lease Term	14 + years remaining
Lease Type	NN
Commencement Date	August 15, 2014
Expiration Date	December 31, 2032
Increases	10% increases in September 2024; 10% increases for each option period
Renewel Options	Three 5 year extension options
Tenant Obligations	Taxes, utilities, insurance, non-structural repairs, and maintenance
Landlord Obligations	Roof, structure, slab, and foundation

ANNUALIZED OPERATING DATA

PERIOD	ANNUAL RENT
CURRENT - 8/31/2024 ¹	\$1,049,400/annum
9/1/2024 - 12/31/2032	\$1,154,340/annum

¹ Reflects rental payable beginning in September 2019; Seller will provide cash credit to DST for period from acquisition through August 2019 to account for any difference in rental rate prior to September 2019



LA | FITNESS

TOWSON, MD

PROPERTY
DESCRIPTION

▶ 02



Remaining Equity Principal Protection

The DST will establish reserves with the Lender in the approximate amount of \$474,705. At the time the Property is sold or refinanced, these reserves will be available for distribution to investors to the extent required to enable investors to receive a return of all remaining invested equity in the DST.

The combination of a below market rent, superior asset quality, strength of tenant and cash reserves provides investors with additional protection for their equity investment.



Below Market Rent

Based on informal opinions of real estate professionals obtained by the Sponsor, the Sponsor believes that the current rental rate for the Property is significantly below its fair rental value. Current underwritten rent per square foot under the Lease for the asset is \$21.86 sq. ft. per year. Rent for retail space per Costar for the 5 mile radius of the Property is \$35.00 sq. ft. per year. Accordingly, current rent is approximately 37% below average retail rents for the 5 mile radius of the Property based on Costar data.

PROPERTY DETAILS

ADDRESS 435 YORK RD #300, TOWSON, MD 21204 (RETAIL UNIT 1)

LOCATION THE OFFERING IS LOCATED OFF YORK ROAD

TOTAL BUILDING SIZE APPROX. 349,826 SF

RENTABLE SF APPROX. 48,000 RENTABLE SF

TRAFFIC COUNTS 32,505 VEHICLES PER DAY ON YORK ROAD

YEAR BUILT 1992/2014



SAFeway
CVS

DULANY PLAZA
LOFT THE FRESH MARKET
Starbucks chico's

GOUCHER
college

900 UNITS

Sheraton

379 UNITS

TOWSON TOWN CENTER
NORDSTROM BURBERRY COACH
AVEDA Apple macy's

LA|FITNESS

PARKING STRUCTURE

CIRCLE EAST
(Formerly Towson Circle)
Under Redevelopment

200 UNITS

350 UNITS

±300,000 SF OF OFFICE

TOWSON CIRCLE III
CINEMARK
BIS BONEFISH ON THE BORDER WEB
RESTAURANT GRILL WORLD OF BEER

YORK ROAD - 32,505 ADT

DULANY VALLEY ROAD - 38,132 ADT

E TOWSON TOWN BLVD

HILLENROAD



LA | FITNESS

Fitness International, LLC known as LA Fitness is the largest non-franchised fitness club operator in the United States. Founded in 1984 and headquartered in Irvine, CA, LA Fitness is one of the fastest growing sports club chains in the U.S. with more than 690 locations across the United States and Canada. Club Industry estimates the company has annual revenue of \$1.98 billion. LA Fitness was also ranked #1 out of 100 in Club Industry's Top 100 Health Clubs of 2016.

Their mission is to help as many people as possible achieve the benefits of a healthy lifestyle by creating a nationwide network of sports clubs, offering its members the widest range of amenities and the friendliest service at an affordable price.

LA Fitness clubs offer state-of-the-art equipment and cardio areas, group and specialty classes, indoor heated lap pools, whirlpool spas and saunas, raquetball and basketball courts, full locker facilities, personal trainers, and babysitting. The company also sells apparel for men and women, headgear, bags and other merchandise through the online store.

 **690+**
LOCATIONS

 **1.98 BILLION**
TOTAL REVENUE



690+

LOCATIONS

ACROSS THE UNITED STATES & CANADA

TENANT SUMMARY

Tenant	Fitness International, LLC
Ownership	Private
Annual Revenue	\$1.98 Billion
Number of Locations	690+
Headquarters	Irvine, CA
Website	www.lafitness.com

TOP GYMS

IN THE UNITED STATES



#1 LA FITNESS
IRVINE, CALIFORNIA

#2 // LIFE TIME FITNESS - CHANHASSEN, MINNESOTA

#3 // 24 FITNESS - SAN RAMON, CALIFORNIA

#4 // CLUBCORP - DALLAS, TEXAS

#5 // EQUINOX - NEW YORK, NEW YORK

#6 // TOWN SPORTS INTERNATIONAL HOLDINGS, INC - NEW YORK, NEW YORK

#7 // PLANET FITNESS - NEWINGTON, NEW HAMPSHIRE

#8 // THE BAY CLUB CO. - SAN FRANCISCO, CALIFORNIA

#9 // CAPITAL FITNESS INC. DBA XSPORTS FITNESS - BIG ROCK, ILLINOIS

#10 // CRUNCH - NEW YORK, NEW YORK



±800,000 SF
OF OFFICE

E TOWSON TOWN BLVD

YORK ROAD - 32,505 ADT

PARKING STRUCTURE

TOWSON CIRCLE

CINEMARK

BJS RESTAURANT BREWHOUSE

BONEFISH GRILL

ON THE BORDER MEXICAN CHILI & CRAFTS

WOB WORLD OF BEER

200 UNITS

CIRCLE EAST
(Formerly Towson Circle)
Under Redevelopment

350 UNITS

±300,000 SF
OF OFFICE

TOWSON
NORDSTROM
AVED



**LOCATED OFF
YORK ROAD**



**32,500+
CARS A DAY**

TOWN CENTER

COACH
BURBERRY
MACY'S





HOUSING

\$307,486

Median Housing Value

Within 1 mile Radius of

LA FITNESS - TOWNSON, MD





LA | FITNESS

TOWSON, MD

**MARKET
OVERVIEW**

▶ 03



TOWSON COMMONS



Towson Common is an approx. 349,826 square foot mixed-use project situated in downtown Towson, Maryland. Consisting of office space, the LA Fitness, restaurants and retail, this project is at the heart of a revitalized downtown area.

Towson Common's redevelopment is one of several development projects in Towson that will alter Towson's landscape in the coming years. Along with the modernized Towson Commons, Towson Row and Towson Square are two other projects that collectively will transform a once largely vacant downtown district into a vibrant bustling community with retail, dining, office, residential and hotel space.

This 3-story retail destination and 10-story office building at York Road and Pennsylvania Avenue originally opened in 1992 and once housed a movie theater, a Borders Books & Music, a craft gallery and several restaurants and included an 882-space parking garage. Purchased by the current owners in 2013, they completely rehabilitated and re-tenanted the project, bringing in LA Fitness as the anchor tenant for the project.





TOWSON ROW



Design Collective has been working with Caves Valley Partners to lead planning efforts for the redevelopment of a five-acre site in downtown Towson known as Towson Row. The privately funded \$300 million project will include more than a million square feet of mixed-use space including 200,000 square feet of office space, 100,000 square feet of retail space, high-rise residential development with 350 apartment and condominium units, a 200 room hotel, 300 student housing units and 1,000 space parking garage.

The \$350-million Towson Row development will include the following according to a statement from Baltimore County:

- >45,000 square foot Whole Foods market
- >200,000 square feet of Class A office space
- >350 luxury high-rise apartments and condominiums
- >300 exclusive student housing units
- >200 limited service hotel rooms
- >More than 100,000 square feet of shops and restaurants
- >More than 1,500 garage parking spaces for tenants and customers



LA | FITNESS

TOWSON, MD

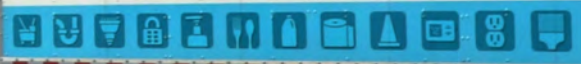




LA FITNESS

ON CO


SupplyWorks
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supplyworks.com

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All information set forth in this presentation is subject to change without notice.

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You should consult qualified legal counsel and/or tax professionals regarding the specifics of any purchase of securities made for the purpose of completing a like kind exchange under Section 1031 of the Internal Revenue Code of 1986, as amended. Whether any particular investment will qualify as a tax-deferred exchange under Section 1031 depends on the specific facts involved for each Investor.

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There are risks associated with investing in real estate, including, but not limited to, loss of entire investment principal, declining market values, tenant vacancies and illiquidity.

Investors should read the PPM carefully before investing paying special attention to the risk section. Because investors' situations and objectives vary, this information is not intended to indicate suitability.

The "cash-out" is expected to be made from the proceeds of a loan expected to be advanced after the asset is acquired and will be subject to conditions outside the control of the principals. If the conditions for the loan are not met, the lender may refuse to advance loan proceeds.

Projected cash returns are not guaranteed and could be lower than anticipated.

Expected returns may be lower than projected and a complete loss of your investment is possible.

Past performance is not a guarantee of future results.