EXCHANGE RIGHT

Mira Bella and San Martin Apartments DST
22910 + 22921 Imperial Valley Drive, &
310 Parramatta Lane / Houston, TX 77073

MB
MIRA BELLA
&
SM
SAN MARTIN

STABLE MULTI-FAMILY PROPERTY IN HOUSTON WITH UPSIDE POTENTIAL AVAILABLE FOR 1031 EXCHANGE

THE PROPERTY

› Two Class-B apartment communities, comprising 378 units on 12.44 acres.

› Approximately $1.7 million in upgrades have been performed, including full exterior repainting, roof replacements, clubhouse addition and renovations, landscaping enhancements, boiler replacement, pool upgrades, and exterior lighting.

› Interior upgrades have included cabinet and counter resurfacing, modern light fixtures, two-tone paint, and faux vinyl flooring.

› Rental rates and occupancy have been trending significantly upward for the properties in response to substantial renovations and upgrades.

› Monthly Net Operating Income increased greater than 70% May 2014–May 2015.

THE INVESTMENT OPPORTUNITY

› Stable 90%+ occupancy, with potential material upside from unit upgrades and rent increases.

› Opportunity to capitalize on strong market fundamentals and a surging submarket presence within the immediate area.

› The Property is well-positioned with immediate highway access near major employers that are actively growing their employment base.

› Houston's job market is growing at more than double the national rate.

› ExxonMobil is currently building its new corporate campus directly north of the Property, which will serve to bring significant investment to the greater northern Houston area.

› Submarket benefits from excellent school systems, with positive indicators for job and income growth for the immediate and surrounding area.

OFFERING STRUCTURE AND PROJECTIONS

OFFERING STRUCTURE

EQUITY OFFERING AMOUNT:...........$9,950,000
NON-RECOURSE DEBT:.....................$11,430,000
TOTAL OFFERING PRICE:................$21,380,000

OFFERING LOAN TO VALUE (LTV):..........53.46%
MINIMUM PURCHASE - 1031:.............$100,000
MINIMUM PURCHASE - CASH:..............$25,000

UNDERWRITING HIGHLIGHTS

- Net Cash Flow projected at 7.0% over a 10-year hold.
- Annual Gross Revenue growth rate is conservatively underwritten at 2.3% average per annum over a 10-year hold.
- Rent realization (Effective Gross Rent percentage of Potential Gross Rent) average per annum is underwritten below current levels.
  - Most recent period Effective Gross Rent resulted in actual growth of 22% from prior year period due to repositioning efforts currently underway by the asset manager.
  - The Sponsor plans to continue similar repositioning efforts by setting aside $500,000 of upfront reserves from offering proceeds, which will be used to upgrade units and improve the overall value of the Property.
- Annual expense growth is underwritten to exceed the annual effective gross revenue growth average per annum percentage increase over a 10-year hold.
  - Pro-Forma Year 1 and 2 NOI per annum growth has been carefully underwritten at 0.5% and 1.0%, respectively.
  - Tax expense growth has been underwritten more conservatively than the appraisal.
- Debt Service Coverage Ratio averages 2.71x per annum over a 10-year hold.
- In addition to the $500,000 in upfront reserves, incremental reserves of $50,000 per year are underwritten for investor safety, in addition to $94,500 per year in ongoing lender-required reserves.

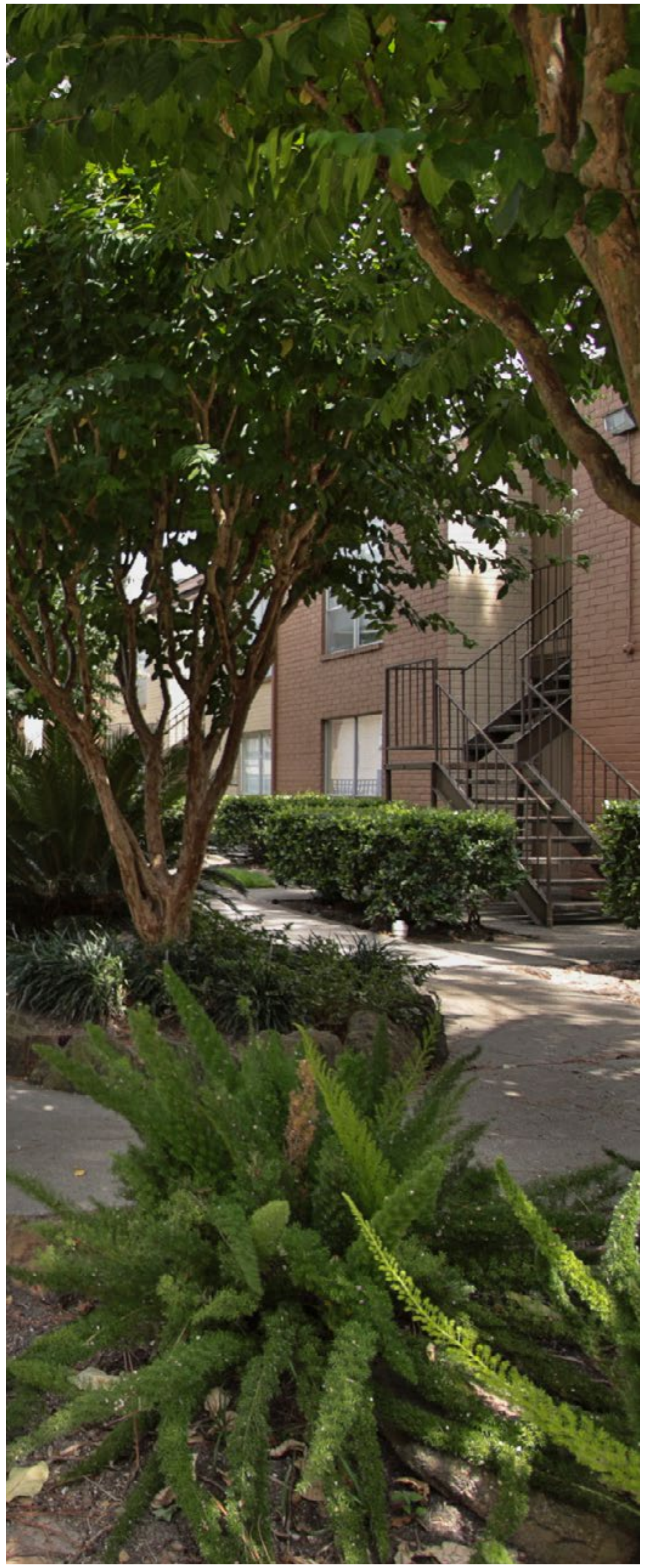
YEARS	1	2	3	4	5	6	7	8	9	10
Potential Gross Rent	**$3,030,169**	**$3,097,439**	**$3,166,202**	**$3,236,491**	**$3,308,341**	**$3,381,787**	**$3,456,862**	**$3,533,605**	**$3,618,411**	**$3,705,253**
Potential Rent Adj.	$ (551,441)	$ (556,955)	$ (562,525)	$ (568,150)	$ (573,831)	$ (579,570)	$ (585,365)	$ (591,219)	$ (597,131)	$ (603,103)
Effective Gross Rent	**$2,478,728**	**$2,540,483**	**$2,603,677**	**$2,668,341**	**$2,734,510**	**$2,802,217**	**$2,871,497**	**$2,942,386**	**$3,021,280**	**$3,102,150**
Reimbursements & Other Income	$ 377,913	$ 385,471	$ 393,181	$ 401,044	$ 409,065	$ 417,246	$ 425,591	$ 434,103	$ 442,785	$ 451,641
Effective Gross Revenue	**$2,856,641**	**$2,925,955**	**$2,996,858**	**$3,069,386**	**$3,143,575**	**$3,219,463**	**$3,297,088**	**$3,376,489**	**$3,464,065**	**$3,553,791**
Operating Expenses	$ 1,501,904	$ 1,557,901	$ 1,593,258	$ 1,629,416	$ 1,666,393	$ 1,704,207	$ 1,742,879	$ 1,782,427	$ 1,823,125	$ 1,864,751
Net Operating Income	**$1,354,737**	**$1,368,054**	**$1,403,600**	**$1,439,970**	**$1,477,183**	**$1,515,256**	**$1,554,209**	**$1,594,062**	**$1,640,940**	**$1,689,040**
Leasing & Capital Reserves	$ 94,500	$ 94,500	$ 94,500	$ 94,500	$ 94,500	$ 94,500	$ 94,500	$ 94,500	$ 94,500	$ 94,500
Cash Flow Before Debt Service	**$1,260,237**	**$1,273,554**	**$1,309,100**	**$1,345,470**	**$1,382,683**	**$1,420,756**	**$1,459,709**	**$1,499,562**	**$1,546,440**	**$1,594,540**
Debt Service	$ 520,134	$ 518,712	$ 518,712	$ 518,712	$ 520,134	$ 518,712	$ 518,712	$ 518,712	$ 520,134	$ 518,712
Annual DSCR	**2.42**	**2.46**	**2.52**	**2.59**	**2.66**	**2.74**	**2.81**	**2.89**	**2.97**	**3.07**
Cash Flow After Debt Service	**$ 740,103**	**$ 754,841**	**$ 790,388**	**$ 826,758**	**$ 862,549**	**$ 902,043**	**$ 940,997**	**$ 980,850**	**$1,026,307**	**$1,075,828**
Additional Reserves*	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Free Cash Flow Before Master Lease	**$ 690,103**	**$ 704,841**	**$ 740,388**	**$ 776,758**	**$ 812,549**	**$ 852,043**	**$ 890,997**	**$ 930,850**	**$ 976,307**	**$1,025,828**
Base Investor Master Lease Payment	**$ 567,150**	**$ 567,150**	**$ 567,150**	**$ 567,150**	**$ 567,150**	**$ 567,150**	**$ 567,150**	**$ 567,150**	**$ 567,150**	**$ 567,150**
% of Equity Invested	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%
Est. Bonus Master Lease Payment**	**$ 80,367**	**$ 90,086**	**$ 100,139**	**$ 110,535**	**$ 121,283**	**$ 132,393**	**$ 143,874**	**$ 155,738**	**$ 171,175**	**$ 187,162**
% of Equity Invested	0.81%	0.91%	1.01%	1.11%	1.22%	1.33%	1.45%	1.57%	1.72%	1.88%
Total Estimated Distributions to Investors	**$ 647,517**	**$ 657,236**	**$ 667,289**	**$ 677,685**	**$ 688,433**	**$ 699,543**	**$ 711,024**	**$ 722,888**	**$ 738,325**	**$ 754,312**
% of Equity Invested	6.51%	6.61%	6.71%	6.81%	6.92%	7.03%	7.15%	7.27%	7.42%	7.58%

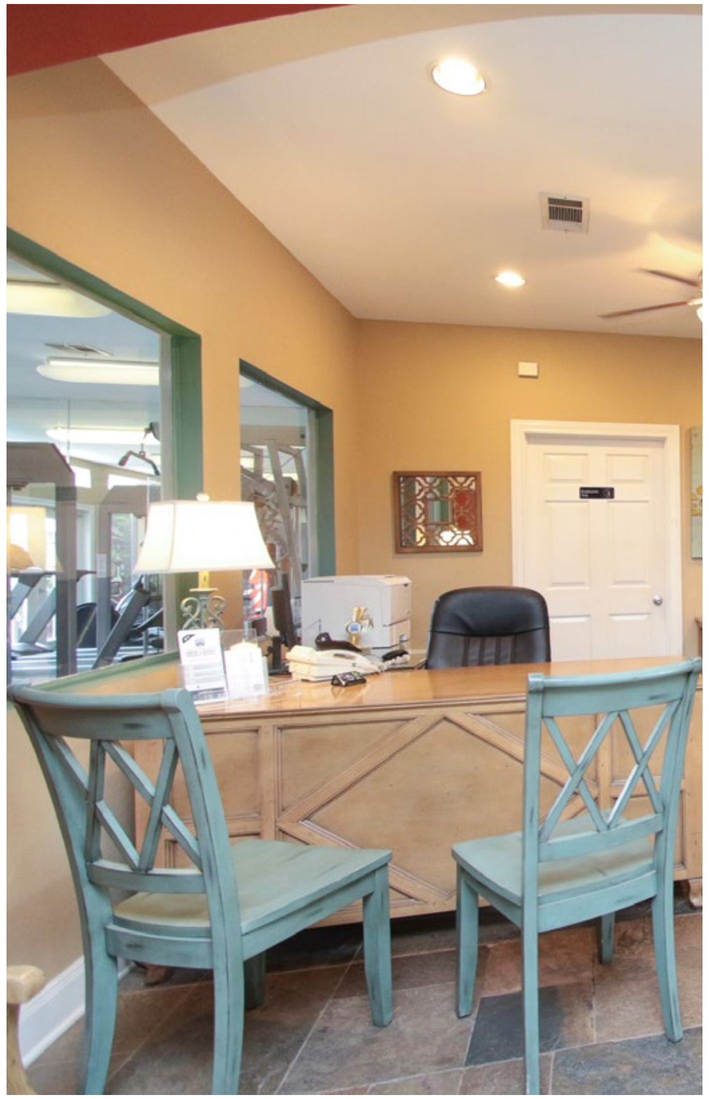
*ExchangeRight is setting aside $50,000 in reserves per year in addition to the $94,500 in annual lender required reserves. These reserves are accountable to investors and provide additional operating and capital expense cushion. All unused ongoing reserves will be returned to investors upon disposition.

**Bonus Master Lease Payments are estimated payments that would be paid to investors if the Property produces revenue in excess of annual EGR benchmarks. There is no guarantee that the Property will produce the necessary effective gross revenue to earn bonus rent payments. Projected base master lease cash flows are ultimately dependent on the successful operation of the Property. Significant and sustained underperformance of the Property could cause a delay or disruption to cash flow. The Master Lease entity is expected to be capitalized with upfront and ongoing reserves, but there is no guarantee that these reserves will be sufficient to protect investors from experiencing delays or disruptions to cash flow. Please carefully review the risks of this offering before considering an investment. Investing in real estate in general, including this offering, involves risk. Please review the Private Placement Memorandum in its entirety, including especially the section that outlines the risks of this offering, before making any investment decision.

- Capitalize on rent growth potential through individual unit upgrades and aggressive lease renewal strategies.
- Improve value and curb appeal by replacing any remaining aged roofs and further landscaping upgrades.
- Prior to purchase, a leasing office was added to San Martin, inclusive of a dedicated parking area for prospective tenants. This greatly enhances the Property's traffic generation and management presence for the community.
- Multiple units are being upgraded and tested for further rent increases.
- Rental increases have been instituted and we are in the process of capturing impressive rental increases.
- Community laundry service agreements have been renegotiated, which will provide for newer equipment and further upgrades to the facilities.
- Complete minor parking lot repairs and restriping.
- Our experienced asset management platform and Property management systems will continue to streamline operating expenses now that the properties are reaching stabilization.
- Continue aggressive marketing campaigns to capitalize on rebranding efforts.

There is no assurance that our asset management strategy and objectives will be carried out successfully. There are material risks involved with any real estate ownership or investment, including this offering. Please carefully review "Risk Factors" in the accompanying Private Placement Memorandum for a more thorough discussion of the risks that are particular to this offering.





GENERAL MARKET

Houston has one of the healthiest economies in the United States. Forbes ranks Houston the #1 fastest growing city in population and job growth. Brookings Institution ranked the Houston MSA 2nd in the nation in overall economic performance throughout the recession and recovery. By May 2015, unemployment was down to 4.2% in the MSA and the mean annual income was up to approximately $73,000. The economy has a broad industrial base in energy, manufacturing, aeronautics, transportation, and medicine; Houston is home to the Texas Medical Center, the world's largest concentration of healthcare and research institutions, which includes 42 non-profit and government institutions, 13 teaching hospitals, two medical schools, four colleges of nursing, a dental college, a college of pharmacy, and a college of optometry. Houston is also home to the NASA Johnson Space Center, which is the site of Mission Control and one of NASA's largest R&D facilities. The Port of Houston is a major component of the regional economy, ranking 1st in import tonnage in the U.S and second in total tonnage for 23 consecutive years. Houston ranks 3rd among metro areas containing Fortune 500 company headquarters, with a total of 26 companies basing operations there. The city also contains more than 400 software development companies, 190 life sciences and biotechnology companies, and more than 40 colleges and universities. Forbes ranks it in the top 10 for STEM-related occupations, with over 10,000 jobs currently open.

SUBMARKET

The Property is located 20 miles northwest of Downtown Houston and just 12.5 miles northwest of George Bush Intercontinental Airport. Interstate 45, which is the primary thoroughfare from Houston to Dallas, is less than 1 mile from the Property. Average income within a 5-mile radius is trending upward and is projected to increase 2.41% annually over the next five years. The population within a 1-mile radius has grown by an average annual rate of 3.93% over the past 5 years. The Property is surrounded by local amenities that include shops, fitness centers, car dealerships, and parks. There are multiple hospitals and medical facilities that specialize in rehabilitation, gastroenterology, orthopedics, and rheumatology within a 5-mile radius. A short drive east leads to the Mercer Botanical Gardens. There are elementary, middle, and high schools within 1 mile. Lone Star College – North Harris and Universal Technical Institute are also within walking distance of the Property.

DEMOGRAPHIC SUMMARY

	1 MILE	3 MILE	5 MILE
2014 Population	12,287	93,887	228,158
2019 Estimated Population	14,144	105,281	252,842
Households	6,153	36,821	85,659
Owner Occupied	15.4%	46.2%	52.0%
Renter Occupied	66.8%	44.1%	38.9%
Median Household Income	$34,511	$54,754	$59,544

UNIT MIX

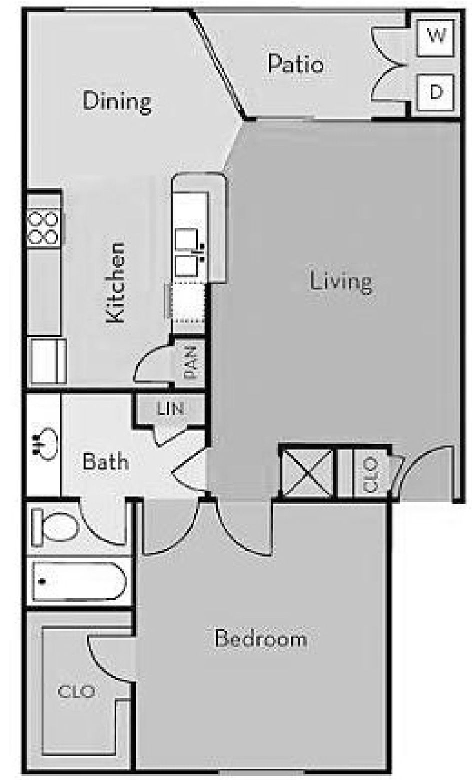
UNIT TYPE	# OF UNITS	SQ FT	SCHEDULED RENT	RENT/SQ FT	TOTAL SQ FT	POTENTIAL RENT/MO.
1 Bed / 1 Bath	32	549	$520	$0.947	17,568	$19,640
1 Bed / 1 Bath	36	600	$555	$0.925	21,600	$19,980
1 Bed / 1 Bath	24	650	$570	$0.877	15,600	$13,680
1 Bed / 1 Bath	12	675	$595	$0.881	8,100	$7,140
1 Bed / 1 Bath	52	679	$595	$0.876	35,308	$30,940
1 Bed / 1 Bath	24	700	$615	$0.879	16,800	$14,760
1 Bed / 1 Bath	70	746	$635	$0.851	52,220	$44,450
1 Bed / 1 Bath	16	750	$635	$0.847	12,000	$10,160
2 Bed / 2 Bath	20	876	$735	$0.839	17,520	$14,700
2 Bed / 2 Bath	32	900	$755	$0.839	28,800	$24,160
2 Bed / 2 Bath	12	925	$795	$0.859	11,100	$9,540
2 Bed / 2 Bath	4	950	$825	$0.868	3,800	$3,300
2 Bed / 2 Bath	28	952	$805	$0.846	26,656	$22,540
2 Bed / 2 Bath	16	1,100	$940	$0.855	17,600	$15,040
Total / Average	**378**	**753**	**$653.52**	**$0.868**	**284,672**	**$247,030**

PROPERTY DETAILS

PROPERTY DESCRIPTION

- **Location**:
  - 22910 Imperial Valley Drive, Houston, TX 77073,
  - 22921 Imperial Valley Drive, Houston, TX 77073, &
  - 310 Parramatta Lane, Houston, TX 77073
- **Description:** 378-unit Class B asset consisting of 26 two- and three-story buildings
- **Year Built:** 1980 & 1983
- **Net Rentable Area:** 284,672
- **Land Area:** 12.44 Acres
- **Construction:** The building exteriors are composed of brick, wood, and plank siding.
- **Roofs:** The roofs are pitched with composition shingles.
- **Parking:** 300 Parking Spaces
- **Utilities**
  - **Electricity:** Individually Metered
  - **Water/Sewer:** Master Metered (4 Central Boilers)
  - **Gas:** Gas-Heated Water
  - **Trash:** Paid by Owner

MIRA BELLA & SAN MARTIN

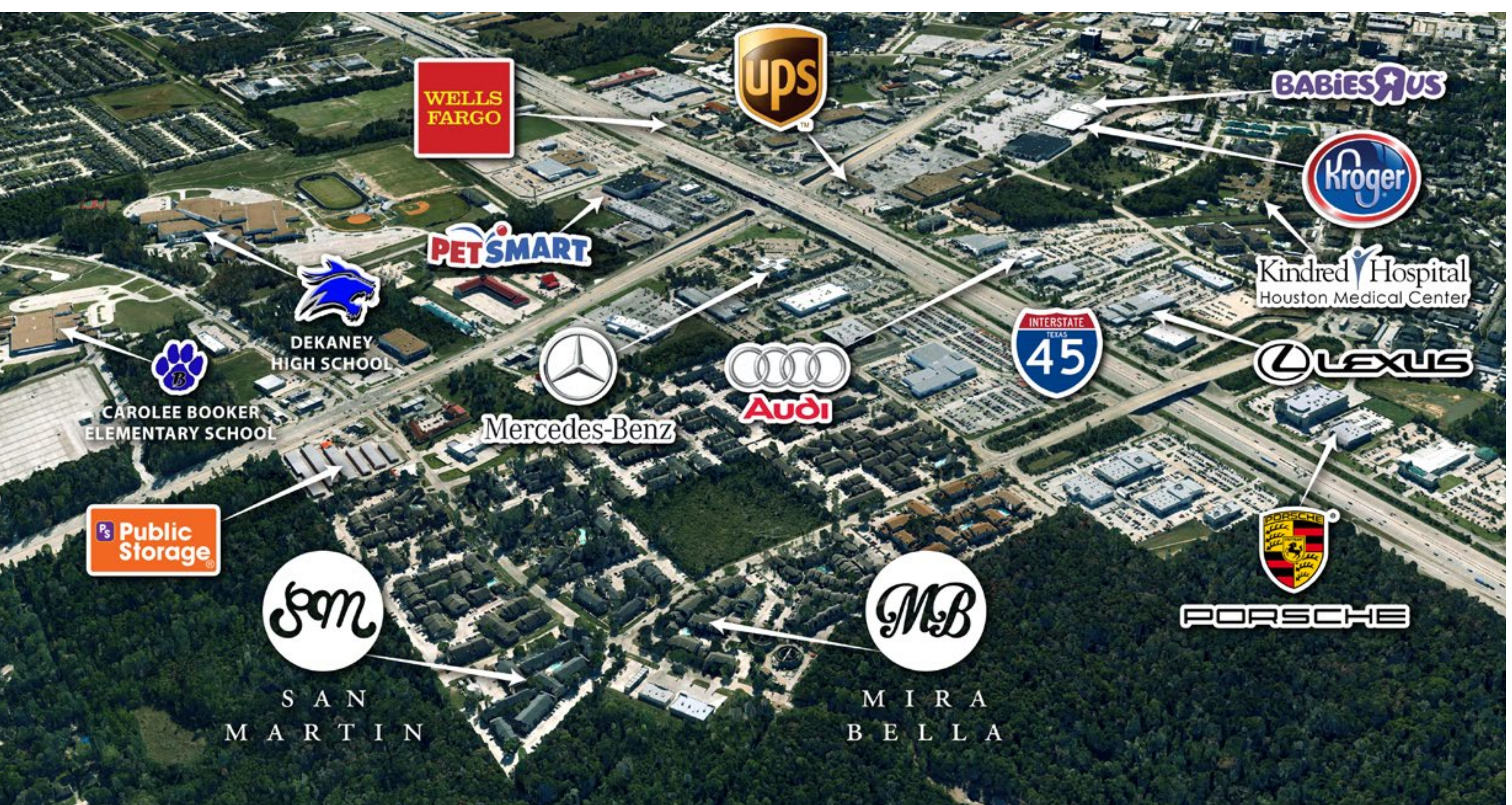


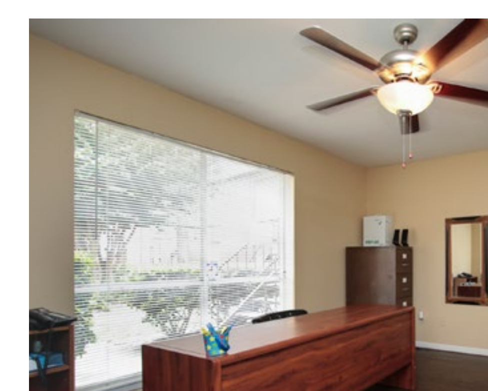
COMMUNITY AMENITIES

- 24-Hour Maintenance
- BBQ/Picnic Area
- Business Center
- Controlled Access/Gated
- Courtyard
- Fitness Center
- Laundry Facilities
- Night Patrol
- On-Site Management
- Package Receiving
- Playground
- Pool

APARTMENT AMENITIES

- Air Conditioner
- Cable Ready
- Carpeting
- Ceiling Fan
- Dishwasher
- Disposal
- Efficient Appliances
- Fireplace
- Hardwood-Style Flooring
- Large Closets
- Patio/Balcony
- Refrigerator





ExchangeRight Real Estate, LLC is the sponsor of this offering and currently manages over $250 Million of assets comprised of 114 retail properties and 522 multifamily units, diversified across 26 States. ExchangeRight provides 1031 exchange properties for accredited investors that are structured to deliver long-term, stable income and value preservation. Our 1031 offerings are structured with moderate leverage, high debt coverage ratios, sustainable cash flow, and value-add strategies that are intended to help investors protect and grow their wealth.

In addition to intentionally structuring our offerings with an alignment of interest with investors, the principals of the company have taken a personal investment position in each DST offering that has been brought to market. Each of our DST offerings provide both 1031 and cash investors with pass-through tax deferral advantages and all of ExchangeRight's offerings have met or exceeded their initial projections.

ExchangeRight is partnering with Threshold Capital as the Co-Asset Manager. David Fisher, a Managing Member of ExchangeRight, has personal experience with Threshold's founder and president that exceeds 12 years and over 20 separate multifamily transactions. Threshold Capital owns and operates 9,809 apartment units with a market value exceeding $540 Million. Threshold's 41 apartment properties are generally concentrated in the South and Southeastern United States and include eight apartment properties in Louisiana and thirteen in Texas.

Brian Martin is the founder and president of Threshold Capital and has been in the multifamily industry since 1997. Brian has been involved in acquisitions greater than $1.25 Billion and has developed a full vertical platform for multifamily operations, encompassing approximately 30,000 multifamily units and 115 transactions. See www.thresholdcapital.com for more information on Threshold Capital's current portfolio.

PROPERTY MANAGER

Westdale is privately held property management company. Westdale's core competencies include property management, construction services, asset management, risk management and debt services. With a proven track record of over 20 years, Westdale has demonstrated the ability to find opportunities, create effective marketing programs, undertake strategic capital improvements and achieve operational efficiencies with multiple classes of real estate. Founded in 1991, Westdale and its 1,200 member team control approximately 200 commercial and multifamily properties located in 30 cities, representing a total capitalization of greater than $2 billion. Westdale has grown organically to become a leading top 50 U.S. vertically integrated real estate investment management, property management, leasing, and construction services firm with offices located throughout the United States.

WORKING TOGETHER

ExchangeRight intends to work closely with Threshold and Westdale to ensure that all potential avenues of income and value creation are being pursued on behalf of investors in this property. Our master lease is structured to align our interests such that ExchangeRight receives no asset management fee and only participates in the revenues of the Property if we are able to control expenses and drive rents and effective gross revenue higher. Investors will participate in 50% of the excess effective gross revenue growth that we are able to achieve over the hold period.

EXCHANGE RIGHT

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