

CS1031 CALIFORNIA MOB I, DST

711 Valley Boulevard, Tehachapi, California 93561 (Bakersfield MSA)

ACQUIRED: NOVEMBER 16, 2017

ALL CASH/NO MORTGAGE DEBT OFFERING

Current Distribution Rate: 5.5%



The founder of Sanderling Renal Services and the three practicing physicians jointly and severally unconditionally guarantee the obligations of the tenant during the entire term of the lease

Adventist Health Tehachapi Valley



Newly-Constructed Dialysis Clinic Near New Adventist Hospital with \$100 Million in Construction Costs

Source: TehachapiNews.com. 05.03.17. Web.

INVESTMENT HIGHLIGHTS

Newly-constructed medical office building is **100 percent leased** on an **absolute net lease** basis to Sanderling Renal Services.

ALL CASH/NO MORTGAGE DEBT OFFERING

CS1031 California MOB I, DST is being offered without any mortgage debt for investors who seek an all cash/ no debt DST property.

Stable, Long-Term Net Leased Health Care Investment

- 15-year absolute net lease
- Fixed rent escalations of 2.25% per year

State Inspection

Medicare provides funding for any patient suffering from End Stage Renal Disease regardless of age. To obtain Medicare reimbursement, a dialysis clinic must be inspected and certified by the state. In California, state Medicare inspections have a one-year lag time from application to completion. Accordingly, a competitor to the Sanderling clinic would have difficulty opening and competing with the Sanderling clinic for quite some time.

Positioned for Stability Through Necessary Medical Care

Sanderling provides products and services for people with End Stage Renal Disease, a condition that affects millions worldwide. More than 2.5 million patients regularly undergo dialysis therapy, and in the U.S., treatment of chronic kidney disease is likely to exceed \$48 billion per year.¹ The property is poised for success due to lack of competition², demographics and location.

¹Source: National Kidney Foundation. "Global Facts: About Kidney Disease." 11.14.17. Web.



Photo is not of the property, but representative of the services provided at the property.

No Local Competition²

Licensed for Business by California and Medicare

Less than 1 Mile from Newly-Constructed Adventist Health Tehachapi Valley Hospital, with \$100 Million in Construction Costs³

²According to research using <http://www.dialysisfinder.com/dialysis-centers/tehachapi/ca/100#.WgskVltSyp0>

³"Adventist Health Tehachapi Valley Hospital Opening Date Pushed Back." TehachapiNews.com. 05.03.17. Web.

Property Details

LEASE | 15-year lease

STRUCTURE | Absolute net lease

RENEWAL OPTIONS | Three five-year renewal options

PLACED IN SERVICE | Q4 2015

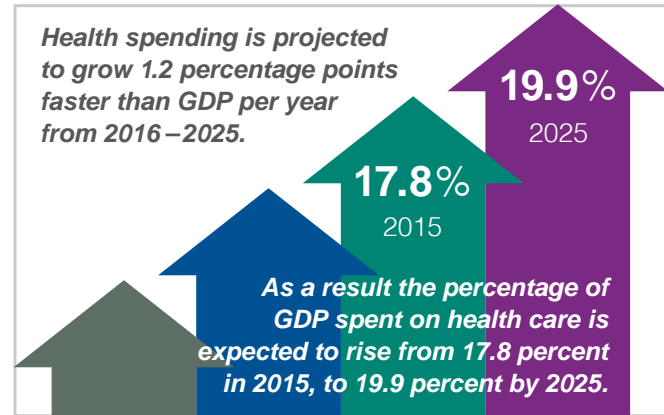
LAND | .44 Acres



INVESTING IN MEDICAL REAL ESTATE

BY THE NUMBERS: The Increasing Demand 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.ⁱ
- Healthcare represents 18 percent of the U.S. gross domestic product, and is expected to increase to reach 20.1% of GDP by 2025.ⁱⁱ
- Between 2016 and 2026, healthcare employment is projected to increase by nearly 18 percent.ⁱⁱⁱ
- Medicare spending for End Stage Renal Disease increased to \$31 billion in 2013.^{iv}



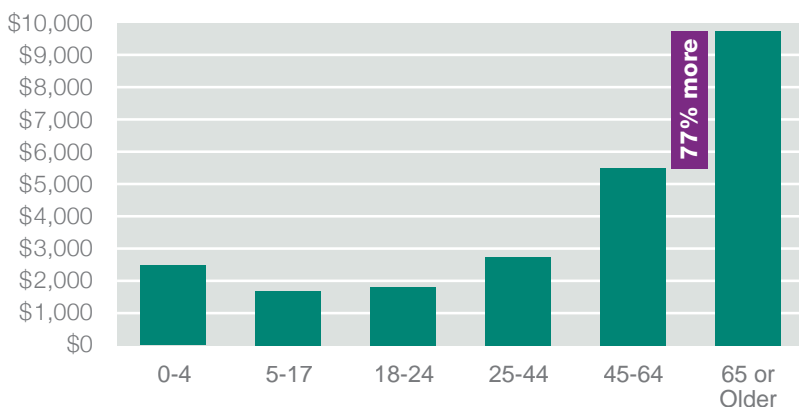
Source: "NHE Fact Sheet." CMS.gov. 6.14.17. Web.

POPULATION PROJECTIONS 65+: Aging of America Drives Demand for Medical Real Estate

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.

Healthcare Spending per Person by Age Group



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

The Baby Boomers

The first of the "baby boomers" began turning 65 in 2011. The population over 65 is expected to grow significantly, rising by nearly 42 percent over the next 10 years.^v By 2060, the population over 65 is expected to reach 98 million, compared to 47.8 million in 2015.

People 65 years and older average 2.5 times the number of physician office visits

Insurance exchanges and Medicaid expansion provided coverage to an additional 27 million people in this population segment.^{vi}

ESRD and Medicare Spending

Patients with End Stage Renal Disease make up 1% of the Medicare population, but account for 7% of the Medicare budget.^{vii}

ⁱ Research Driven Investing. "U.S. Health Care Spending Projected to Grow From \$2.8 Trillion to \$4.8 Trillion by 2021." 1.20.2013. Web.

ⁱⁱ "National Health Expenditures 2015 Highlights." Centers for Medicare and Medicaid Services

ⁱⁱⁱ "Occupational Outlook Handbook - Healthcare Occupations." U.S. Bureau of Labor Statistics. 10.24.17. Web.

^{iv} "Chronic Kidney Disease Costs U.S. Billions in Medicare Spending: 5 Things to Know" Becker's Hospital CFO Report, March 30, 2016

^v "Medical Office Research Report," Marcus & Millichap 2016

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

^{vii} Pharm.ucsf.edu

LOCATION HIGHLIGHTS



About Tehachapi

The beautiful Tehachapi Valley is an oasis located in the mountains between the San Joaquin Valley and the Mojave Desert, offering a cool haven from the arid desert heat and the sprawling lowlands of the valley. Featuring sparkling blue skies that turn into star filled nights with unending depth, the beauty of Tehachapi is seen in every setting. The diversity of the area offers something for everyone, small town neighborhoods, mountains filled with oak and pine trees sheltering the most rustic to the most luxurious homes, sprawling ranches and everything in between, all beautifully displayed in the splendor of four wonderfully distinct seasons.

Demographics

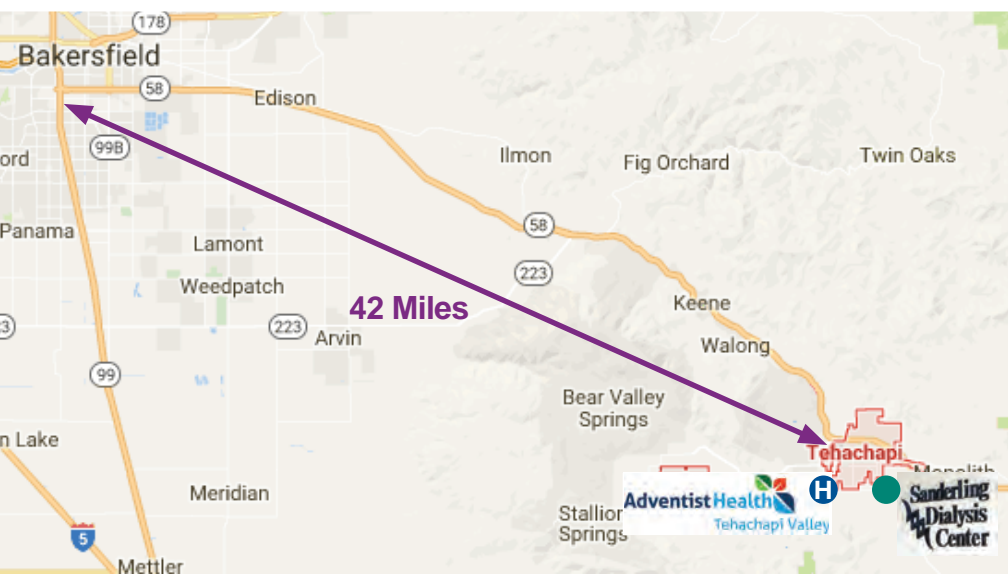
According to Data USA's 2017 County Health Rankings, Kern County has a 9.3 percent diabetes prevalence value (the percentage of adults aged 20 and above with diagnosed diabetes).

The Sanderling clinic is located one-half mile from a new Adventist Hospital. Proximity of the clinic to the hospital allows medical practitioners to combine rounds at the hospital with visits to the clinic, avoiding wasted time and attracting patient referrals.

The clinic is near a California Correction Institution facility that provides patient referrals to the clinic.

Major Employers	Employees
California Correctional Institution*	1,911
Tehachapi Unified School District	464
Tehachapi Hospital*	175
GE Energy	150
* Provides patient referrals to the clinic	

Chart source: <http://www.tehachapi.com/r-emp.php>



www.capitalsquare1031.com

ABOUT SANDERLING RENAL SERVICES, LLC

Sanderling is a full-service provider of dialysis and renal telemedicine that develops and operates dialysis clinics. Sanderling is owned by 23 board-certified nephrologists. The company was founded in 2012 by Dr. Jerome Tannenbaum, who has more than 30 years of experience starting and growing dialysis clinics. Dr. Tannenbaum founded three firms that grew and were sold to the largest dialysis providers in the United States: REN Corp. which was sold to Gambro Healthcare, National Nephrology Associates, which was sold to Renal Care Group, and DSI Renal which was sold to Fresenius Medical Care, the largest dialysis provider in the world.

Sanderling is focused on bringing high quality dialysis and nephrology services to rural communities. Many patients who live in rural communities lack convenient access to a dialysis clinic or a nephrologist (kidney specialist). The company establishes close working relationships with the local hospital and primary care providers to improve the continuity of care for patients who require dialysis.

ABOUT CAPITAL SQUARE

Capital Square 1031, LLC specializes in the creation and management of real estate investment programs for Section 1031 exchange investors and other investors using the Delaware Statutory Trust structure. Louis J. Rogers, founder and chief executive officer of Capital Square, has been involved in the creation and management of more than 100 investment offerings totaling over \$3 billion, including DSTs, tenant-in-common offerings, numerous real estate funds, and multiple publicly registered non-traded real estate investment trusts.

FOR SALES AND OTHER 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:

- Past performance is not a guarantee of future results.
- The economic success of the Interests will depend upon the results of operations of the Property. Fluctuations in vacancy rates, rent schedules, and operating expenses can adversely affect operating results or render the sale or refinancing of the Property difficult or unattractive.
- The Master Tenant's capitalization is supported solely by the cash flow from the underlying tenant lease. The Sponsor is not under any obligation to contribute capital to the Master Tenant.
- No assurance can be given that future cash flow will be sufficient to make the debt service payments on any borrowed funds and also cover capital expenditures or operating expenses.
- No assurance can be given that Beneficial Owners of Interests will realize a substantial return (if any) on their investment or that they will not lose their entire investment in the Trust.
- The Interests are not freely transferable by the Beneficial Owners.
- There are various risks associated with owning, financing, operating, and leasing commercial properties in California.
- 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.