

PORTFOLIO OVERVIEW

This portfolio consists of two well-located medical office buildings in Texas and South Carolina, each net leased on a long-term basis with annual rent increases to strong tenants in the healthcare industry. Both properties have been renovated and expanded to meet the long-term client demands of each tenant.

FEATURED PROPERTIES

9551 Fannin Street, Houston, Texas 77045
Mentis Neuro Rehabilitation
20,600 rentable square feet



722 Hyatt Street, Gaffney, South Carolina 20341
Novant Health (S&P: A+)
31,597 rentable square feet
Approximately 57 miles southwest of Charlotte, North Carolina



9551 Fannin Street, Houston, Texas 77045

INVESTMENT HIGHLIGHTS

Strong Corporate Guarantee – Mentis Houston LLP and Mentis Neuro Rehabilitation (parent company and guarantor) have exhibited strong financial performance. Over the last 24 months, Mentis more than doubled in size by increasing the number of facilities and beds in each facility.

Strong Lease Economics – The property has 15 years remaining on its original lease term, with 2.5 percent annual base rent escalations throughout the term of the lease.

Uniquely Positioned for Stability through Healthcare Reform – Because Mentis facilities in Texas are licensed as assisted living centers, a patient's discharge from acute care rehabilitation to Mentis is accounted for as if being discharged home. This is a strategic benefit to the short term and acute care rehabilitation facilities and will help to manage healthcare costs for patients with catastrophic injuries.

Location – The Mentis Neuro Rehabilitation facility is strategically located near the Texas Medical Center, in proximity to 21 renowned area hospitals and numerous educational universities, organizations and facilities, as well as many local residents in the immediate area. Neighborhoods near the Texas Medical Center have witnessed billions of dollars in infrastructure expansion. The property is also near the 445-acre Hermann Park, home to the Houston Zoo and the Museum of Natural Science.



PROPERTY OVERVIEW

9551 Fannin Street, Houston, Texas 77045

Fully leased to market leader in acute care for acquired brain injuries

Mentis Neuro Rehabilitation

Approximately 20,600 rentable square feet

This property is 100 percent leased to Mentis Neuro Rehabilitation, which provides the highest-level of post acute neuro-rehabilitation to persons who have sustained an acquired brain injury or whose conditions restrict mobility, social interaction, communication, employability and re-entry into their homes and communities. Originally constructed in 2008, the single-story medical office building was renovated and expanded in 2012 to meet increased patient demand. The building is situated on 2.7 acres of land, and includes: 24 private patient rooms, 16 patient bathrooms, four administrative offices, a family counseling room, a filing and IT room, neuropsychology room, student office, treatment room, occupational therapy space and two speech therapy spaces. Other common areas include a gym, education room, recreational room, private dining areas and a day/dining room with a nurse's station.

PROPERTY DETAILS

- **LEASE:** 15-year lease
- **STRUCTURE:** Absolute triple net lease – expires April 2029
- **RENT ESCALATIONS:** 2.5% annual rent increases

722 Hyatt Street, Gaffney, South Carolina 20341



PROPERTY OVERVIEW

722 Hyatt Street, Gaffney, South Carolina 20341
Approximately 57 miles southwest of Charlotte, North Carolina

Long-term lease to leading regional healthcare system rated A+ by S&P

Novant Health

Approximately 31,597 rentable square feet

This medical office building is 100 percent leased to Novant Health, Inc., (S&P: A+), which operates Novant Health Family Medicine and Novant Health Bone & Joint at the building. Through a sublease of 8,571 square feet to Spartanburg Regional Hospital, the building also houses Gibbs Cancer Center & Research Institute. Situated on 8.67 acres of land, the building was originally constructed in 1996 and underwent an expansion and renovation in 2009. In 2011, more than 5,500 square feet of space underwent further renovation and an additional 3,015 square feet was added to the building to house the state-of-the-art cancer treatment provided by the Gibbs Cancer Center.

PROPERTY DETAILS

- **LEASE:** 15-year lease, with approximately 10 years remaining and one five-year renewal option
- **STRUCTURE:** Double net lease – expires February 2029
- **RENT ESCALATIONS:** 1% annual rent increases

INVESTMENT HIGHLIGHTS

Strong Corporate Guarantee - Novant Health's revenue bonds are rated A+ with a stable outlook, according to S&P. In its fiscal year 2012, Novant reported in excess of \$3.6 billion in operating revenue and \$184 million in operating income. The company has total net assets of \$2.2 billion.

Strong Lease Economics - The property has approximately 10 years remaining on an original 15-year lease term, with a 5-year renewal option period. The base rent has 1% annual rental escalations throughout the lease term.

Tenant Commitment to Property - The tenant has repeatedly demonstrated its commitment to the facility. In 2010-2011, the tenant co-invested more than \$5 million in improvements as part of an expansion. In 2013, the tenant repaved the entire parking lot. The tenant is also replacing HVAC systems to the portion of the building that service the cancer center and bone and joint areas.

Landlord Enhancements - In 2011, the landlord resealed the metal section of the roof that was constructed in 1996. The entire roof of the facility was inspected in March 2014 and the metal roof was found to be in excellent shape.

NOVANT HEALTH, INC.

With more than 25,000 employees, Novant Health provides medical care to residents in more than 30 counties throughout North and South Carolina, Virginia and Georgia. The system operates 14 medical centers with more than 2,700 beds. Novant Health also operates roughly 350 physician clinics, outpatient surgery and diagnostic imaging centers.

The organization reported \$184 million in operating income and total net assets of \$2.2 billion during fiscal year 2012.



NOVANT HEALTH, INC.

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 third-party property and asset management, key elements in a successful real estate investment.

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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 Texas and South Carolina.
- The Interests do not represent a diversified investment.
- Beneficial Owners must completely rely on the Property Manager 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.