

MADISON REALTY SENIOR CARE II - AZ, DST

Investors have an opportunity to invest in two stabilized senior care properties with a return objective of both fixed income and value-add.¹ The value-add component includes increasing the level of care to capitalize on the fastest growing senior population -- those living with Alzheimer's disease and other forms of Dementia.²



Photo of the American Meadows, Mesa, AZ property the DST intends to purchase.

INVESTMENT SUMMARY

Investment ³	American Meadows 537 South Higley Road Mesa, Arizona 85206 Beds: 35 Stabilized Occupancy: 90% Year Built/Remodeled: 2011/2012 Phoenix MSA American Vistas 1510 East Broadway Avenue Apache Junction, Arizona 85119 Beds: 56 Stabilized Occupancy: 90% Year Built/Remodeled: 2010/2013 Phoenix MSA
Ownership Entity	Madison Realty Senior Care II - AZ, DST (the "Trust" or "DST")
Managing Broker-Dealer	Orchard Securities, LLC
Offering Structure	DST (for 1031 exchanges)
Offering Size	\$8,600,000
Anticipated Percentage of Capital Invested Into the Real Estate	87% ⁴
Minimum 1031 Investment	1.162791% Interest (\$100,000 equity and \$72,093 est. attributable debt)
Who May Invest	Accredited Investors as set forth in the Memorandum ⁵
Real Estate Purchase Price	\$12,445,000 (Appraised at \$12,500,000 as of February 15, 2016)
Combined Price Per Bed	\$136,758
Loaded Purchase Price (Including \$620,743 of Reserves)	\$14,800,000 ⁶
Loans	\$6,200,000 (7 years; 25-year amortization; <u>no interest-only period</u>)
Loans to Loaded Purchase Price	41.9%
Debt Coverage Ratio (Year 1)	2.66x
Target Master Lease Distribution	6.65% to 7.40% (Increases every two years) ⁷
Target Yield Amount with Loan Amortization	8.19% to 9.45% ⁷
Estimated Hold Period	5 to 7 years ⁸
Investment Objectives	Preservation of Capital + Income + Loan Paydown + Value-Add ⁹

INVESTMENT OBJECTIVES⁹

- ::: Stability of Principal
- ::: Increasing Cash Flow
- ::: Growth Potential

LOAN AMORTIZATION AND PROJECTED RETURNS*



*Loan Amortization and Projected Returns Disclosure:

Refer to section, "Acquisition and Financing," subsection, "Loan Amortization and Projected Returns," and section, "Plan of Distribution," pages 76-81 of the Memorandum. The projected returns are based upon the Sponsor's assumptions and estimates concerning future events and circumstances which may or may not occur. These projections are inherently subject to varying degrees of uncertainty, and achievability depends on the timing and probability of complex series of future events, both internal and external, to the enterprise. Therefore, the actual results achieved during the forecast period will vary from the projections and the variations may be material. No representations or warranties of any kind are made, intended, or should be inferred as to any of the projections herein. Accordingly, the projections may not and should not be relied upon to indicate actual results which may be obtained.

FOR ACCREDITED INVESTOR USE ONLY

This material does not purport to be complete and the use of this material is for informational purposes only. This literature is neither an offer to sell nor a solicitation of an offer to buy the beneficial interests described herein. No sale of a beneficial interest in a DST will be made or commitment to purchase accepted until the delivery, review, and acknowledgment of the private placement memorandum, with exhibits and any supplements (the "Memorandum"), that includes complete information about the Properties, the Trust and the Offering. An indication of interest made by a prospective investor involves no obligation or commitment of any kind.

Please contact your financial advisor for more information. Financial advisor inquiries, please contact: Orchard Securities, LLC (801) 316-4301.
 Footnotes and additional risk factors located on the back page. (v. 032916) MRSC II - AZ DST INV FS 03242016



SPONSOR & ASSET MANAGER

Madison Realty Companies is a full service real estate investment management company. Collectively, its management team has over 150 years of real estate experience. For over 25 years, Madison and its affiliates have purchased, managed, and disposed of over \$1 billion in commercial real estate including multifamily, industrial, self-storage, assisted living, senior apartments, skilled nursing, and single-family homes.¹⁰ Across all property types, Madison's primary focus has been on acquiring cash flowing assets with value-add upside for its clients.



Photo of the American Vistas, Apache Junction, AZ property the DST intends to purchase.

Footnotes to cover page:

¹ Refer to section, "Investment Objectives" p. 40, and "Description of the Properties," pp. 40-49 of the Memorandum. No assurance can be given that these investment objectives will be achieved. Occupancy should not be relied upon by prospective Investors as a measure of performance of the properties.

² Carrie Warner, 2010 Census Briefs, "The Older Population: 2010." Issued November 2011 at p. 4 (available at: <http://www.census.gov/prod/cen2010/briefs/c2010br-09.pdf>).

³ Refer to p. 1 of the Memorandum. The two Arizona properties are under contract and in escrow to be acquired but closing is not guaranteed. "Stabilized Occupancy" of 90% for each property is an estimate concluded from the analysis of each property's primary market area ("PMA") within a 5-mile radius, plus NIC primary markets, each property's actual occupancy (2013, 2014, and 2015), and rent comparables. Reference: Mesa Appraisal, p. 43, and section, "Market Overview - Mesa Property," pp. 50-57 of the Memorandum; Apache Junction Appraisal, p. 43, and section, "Market Overview - Apache Junction Property," pp. 58-63 of the Memorandum.

⁴ Refer to section, "Estimated Use of Proceeds," specifically, "Offering Proceeds Utilized," pp. 35-36 of the Memorandum.

⁵ Refer to section, "Who May Invest," p. 1 of the Memorandum. Suitability standards includes an evaluation of an investor's business or financial experience, alignment of investment goals, and an investor's qualification as an accredited investor:

a natural person whose individual net worth, or joint net worth with a spouse, exceeds \$1,000,000, excluding primary residence; or has individual income in excess of \$200,000 in each of the two most recent years or joint income with a spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

⁶ Included in the Loaded Purchase Price are the Selling/Organizational and Offering Expenses, Offering Reserves, and the Purchase of the Real Estate.

⁷ If the master tenants fail to operate the properties profitably, the master tenants may not be able to pay the rent. Refer to section, "Risks Relating to the Trust Structure and Operating Risks," p. 27 of the Memorandum.

⁸ During the estimated hold period, the Sponsor may determine that it is not a good time to sell.

⁹ Refer to section, "Investment Objectives" p. 40 of the Memorandum. An investment in the interests involves significant risks and is suitable only for persons of adequate financial means who have no need for liquidity with respect to this investment and who can bear the economic risk of a complete loss of their investment. There are no assurances that any of the stated investment objectives will be achieved.

¹⁰ Information as of March 2016 for Madison Realty and its affiliates. Past performance is not indicative of future results.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

This informational piece contains forward-looking statements. These forward-looking statements are not historical facts, but rather are based on our current expectations, estimates, and projections about our industry and us. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements are not guarantees of future performance and are subject to certain risks, uncertainties, and other factors, some of which are beyond our control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted. All statements other than statements of historical facts included in the presentation including, without limitation, the financial projections, and assumptions elsewhere in this presentation, are forward-looking statements. These risks and uncertainties include those described in "Risk Factors" of the Memorandum. You should not place undue reliance on these forward-looking statements. We undertake no obligation to update these statements or to report the result of any revision to the forward-looking statements that we may make to reflect events or circumstances after the created date of this investor fact sheet or to reflect the occurrence of unanticipated events. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

DISCLOSURES

Investors who invest in a Madison Realty DST/1031 exchange program featuring the two properties on this fact sheet will be exchanging their current ownership in real property to become a beneficial interest holder in a Delaware Statutory Trust (DST) with other third parties that are also exchanging their ownership interests. In addition to such owners, Madison Realty Senior Care Fund, LLC ("Fund") may invest with the DST. Conflicts of interest may arise between Fund investors and 1031 exchange program investors.

RISK FACTORS

An investment in the interests is highly speculative and involves substantial risks including, but not limited to:

- the closing of the acquisition of the Properties is contingent on obtaining the Loans;
- risks associated with investments in real estate;
- risks associated with ownership of assisted living facilities in Arizona;
- lack of liquidity of the Interests;
- the holding of a beneficial interest in the Parent Trust with limited voting rights;
- risks associated with the Sponsor's ability to fund the demand notes held by the Master Tenants and the capitalization of the Master Tenants;
- competition;
- performance of the Master Tenants under the Master Leases;
- risks relating to the terms of the financing for the Properties;
- expiration of the resident leases between the Master Tenants and the residents of the Properties or the nonperformance of the residents under such resident Leases;
- environmental risks;
- lack of diversity of investment;
- reliance on the Master Tenants (and the Property Manager engaged by the Master Tenants) to manage the Properties;
- the Interests being subject to the restrictions in the Parent Trust Agreement;
- the existence of various conflicts of interest among the Sponsor, the Trusts, the Master Tenants, and their Affiliates; and significant material tax risks, including treatment of the Interests for Section 1031 exchange purposes.

INVESTORS MUST READ AND CAREFULLY CONSIDER THE DISCUSSION SET FORTH UNDER "RISK FACTORS" IN THE PRIVATE PLACEMENT MEMORANDUM FOR A COMPLETE DISCUSSION OF THESE AND OTHER RISKS PERTAINING TO THIS INVESTMENT.