

ANTICIPATED ACQUISITION: THIRD QUARTER 2016



Newly constructed dialysis clinic

3671 Roosevelt Boulevard, Birmingham, Alabama 35235

Newly built-to-suit for Fresenius, this 8,140-square-foot medical office building is 100 percent leased on a long-term basis to Fresenius Medical Care Trussville. The lease is guaranteed by Fresenius Medical Care Holdings, Inc. ("Fresenius Medical Care Holdings"), a wholly-owned subsidiary of Fresenius Medical Care AG & Co. KGaA, a German partnership limited by shares ("Fresenius"). Fresenius is the world's leading provider of dialysis products and services. The common stock for Fresenius is listed on the New York Stock Exchange under the symbol "FMS." As the date of this Offering, Fresenius has a credit rating of Ba1 by Moody's with a stable outlook.

### Offering Details

INVESTMENT COST: . . . . . \$4,818,000  
 EQUITY RAISE: . . . . . \$2,018,000  
 CASH-ON-CASH RETURN: . . . . 5.75% starting  
 OFFERING LOAN TO VALUE: . . . 58.1%  
 (61.3% with Disposition Fee)  
 FIXED INTEREST RATE: . . . . . 4.90%  
 (pending rate lock)  
 LOAN TERMS  
 10-Year Term  
 30-Year Amortization  
 60 Months Interest Only

### Birmingham\*

- Largest City in the State of Alabama with a population currently estimated at 212,237, and a metro population of 1,136,650
- Represents 22 percent of Alabama's total population
- County seat
- 99 historic neighborhoods (often referred to as the cradle of the American Civil Rights Movement)
- Home to 40,680 businesses
- Centrally located in the south-east and easily accessible to major hubs in the region
- Medical research, banking and service-based economy
- One of the nation's most livable cities with a vibrant downtown, a burgeoning loft community, a world-class culinary scene and more green space per capita than any other city in the nation

\*Source: <http://www.birminghamal.gov/about/>



New dialysis clinic placed in service in July 2016

## Property Overview

3671 Roosevelt Boulevard  
Birmingham, Alabama 35235

## Property Details

LEASE  
15-year lease

STRUCTURE  
Double net lease, expiring May 31, 2031

RENEWAL OPTIONS  
Three five-year renewal options

STORIES  
One

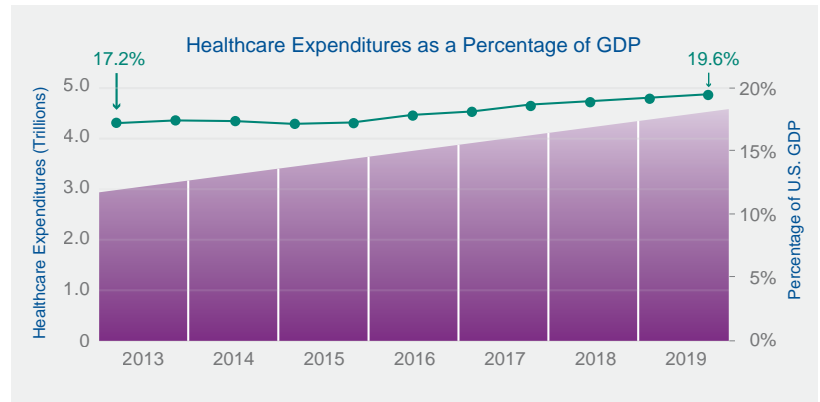
PARKING  
42 spaces



## Investing in Medical Real Estate

### BY THE NUMBERS: The Increasing Demand for Medical Real Estate

- Approximately **20 million people** have obtained coverage under the Affordable Care Act, generating additional need 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.
- Healthcare represents 18 percent of the U.S. gross domestic product, and is expected to increase to nearly 20 percent of GDP by 2021.
- Between 2008 and 2018, healthcare job growth is projected to increase by nearly 29 percent.
- Advances in technology and research increase life expectancies, producing additional interest in healthcare assets.



### Projected Growth by Occupation from 2012-2022

Occupation	Percentage Growth
Healthcare Support Occupations	28.1%
Healthcare Practitioners and Technical Occupations	21.5%

Source: Employment Projections program, U.S. Department of Labor, U.S. Bureau of Labor Statistics. Data from the Occupational Employment Statistics program, U.S. Department of Labor, U.S. Bureau of Labor Statistics.

## Aging of America Drives Demand for Medical Real Estate

### Population Projections: 65+

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."

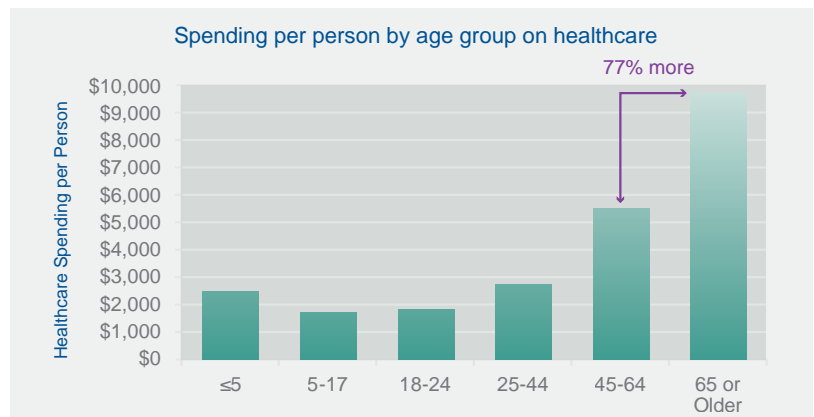
### The Baby Boomers

The first of the "baby boomer" generation began turning 65 in 2011. The population over 65 is expected to grow significantly, rising by nearly 42 percent over the next 10 years.<sup>i</sup> 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 than the rest of the population.** Insurance exchanges and Medicaid expansion provide coverage to an additional 27 million people in this population segment.<sup>ii</sup>

### Elderly Population

People 85 years and older will reach 4.5 percent of the total population by 2050.<sup>iii</sup>



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

<sup>i</sup> "Medical Office Research Report," Marcus & Millichap 2016

<sup>ii</sup> "Projections of the Population by Selected Age Groups and Sex for the United States: 2015 to 2060." U.S. Census Bureau, December 2012

<sup>iii</sup> U.S. Census Bureau. "An Aging Nation: The Older Population in the United States." Page 6.

## Fresenius Medical Care

Fresenius Medical Care Holdings, Inc. is a wholly-owned subsidiary of Fresenius Medical Care AG & Co. KGaA ("Fresenius"). Listed on both the Frankfurt Stock Exchange (FME) and New York Stock Exchange (FMS), Fresenius is the world's leading provider of products and services for people with chronic kidney failure. The company is primarily engaged in (i) providing kidney dialysis services and clinical laboratory testing (ii) manufacturing and distributing products and equipment for kidney dialysis treatment and (iii) providing other medical ancillary services.

Dialysis is a vital blood cleansing procedure that substitutes the function of the kidney in case of kidney failure. During 2014, Fresenius cared for more than 283,000 dialysis patients in 3,349 proprietary clinics in over 45 countries worldwide. Fresenius continues to develop its network of clinics - the largest and most international in the world - to accommodate the ever growing number of dialysis patients. The company also operates more than 40 production sites around the world, making Fresenius the leading provider of dialysis products including dialysis machines, dialyzers and disposable accessories.

## Recession Resistant Asset Class

Medical real estate proved to be a recession resistant asset class during the most recent economic downturn.

## Investment Highlights

### Strong Corporate Parent

Fresenius has posted strong revenues – more than \$16.7 billion.

### Stabilized Lease Economics

The property is 100 percent leased for 15 years, with three five-year renewal options.

### Positioned for Stability through Necessary Medical Care

Fresenius provides products and services for people with chronic kidney failure, a disease that affects many worldwide. More than 2.5 million patients regularly undergo dialysis therapy. Fresenius has completed more than 42.7 million dialysis treatments in the Americas alone.

Fresenius Medical Care AG & Co. KGaA, the parent company of Fresenius Medical Care Holdings, Inc., has a Moody's credit rating of Ba1 with a stable outlook and net revenue of approximately \$16.7 billion for fiscal year 2015.

## ABOUT CAPITAL SQUARE 1031

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

## FOR FURTHER 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:

- There are various risks associated with owning, financing, operating, and leasing commercial properties in Texas.
- 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.