

# EXCHANGE RIGHT

## *Net-Leased Portfolio 5 DST*



Pictures representative of similar corporate-backed stores and are not the actual locations included in the portfolio.

ExchangeRight Net-Leased Portfolio 5 DST is a portfolio of single-tenant, long-term net-leased retail and medical office assets that are 100% leased to Advance Auto Parts, AutoZone, The Christ Hospital, Dollar General, Family Dollar, and Sherwin-Williams. The properties are diversified over 14 distinct markets in seven states and are structured together to qualify for 1031 exchange replacement through a Delaware Statutory Trust. This Offering is available exclusively to accredited investors as defined by SEC Rule 501 of Regulation D.

*This material must be accompanied or preceded by a private placement memorandum, which is the controlling disclosure document for the Offering and is intended to more fully disclose the potential benefits and risks of the Offering. This material is not a recommendation or solicitation to buy any security, as all such offers can be made only by the private placement memorandum. All potential investors in the Offering must read the private placement memorandum, and no person may invest in the Offering without first acknowledging receipt and review of the private placement memorandum in its entirety.*



ExchangeRight Net-Leased Portfolio 5 DST is a portfolio of single-tenant, long-term net-leased retail and medical office assets that are 100% leased to Advance Auto Parts, AutoZone, The Christ Hospital, Dollar General, Family Dollar, and Sherwin-Williams. Two of the properties are leased to Advance Auto Parts and are located in Braselton, GA, and Kenosha, WI. One of the properties is leased to AutoZone and is located in Carpentersville, IL. One is leased to The Christ Hospital in Cincinnati, OH. Four are leased to Dollar General and are located in Cleveland, OH; Columbus, GA; Elyria, OH; and Auburn, AL. Five are leased to Family Dollar and are located in Summit, IL; Birmingham, AL; Palm Harbor, FL; Amarillo, TX; and Dallas, TX. The final asset is leased to Sherwin-Williams and is located in Lima, OH. The Sponsor of the Offering is retaining at least a 2% ownership interest in the portfolio and is offering up to 98% of the beneficial interests in the DST to accredited investors.

The total Offering amount is \$23,470,000, of which \$11,980,000 is equity and \$11,490,000 is long-term fixed-rate financing. The Trust closed on the portfolio of properties on February 4<sup>th</sup>, 2014, with 10-year fixed-

non-recourse financing with an interest rate of 4.905% and 30-year amortization. Not including principal amortization, the Offering's projected cash flow for each year throughout the hold period is as follows: 7.50%, 7.51%, 7.52%, 7.53%, 7.54%, 7.56%, 6.24%, 6.26%, 6.29%, 6.32%.

This Offering is designed for investors seeking to participate in a 1031 tax-deferred exchange as well as investors seeking a diversified net-leased real estate investment on a cash basis. Investors completing a 1031 exchange may invest for a minimum of \$100,000; investments made on a cash basis are subject to a \$25,000 minimum investment.

The objective of this Offering is to provide investors with stable, net-leased income backed by investment-grade corporations that have performed well throughout the recession and benefit from a growing population who rely on discounted necessity retail. ExchangeRight's long-term exit strategy is to provide greater diversification and value to investors by combining multiple portfolios into a larger, institutional portfolio sale or 721 exchange roll-up.



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## EXCHANGERIGHT

CONSISTENTLY DELIVERING DIVERSIFIED PORTFOLIOS OF LONG-TERM, NET-LEASED ASSETS BACKED BY INVESTMENT GRADE CORPORATIONS IN THE NECESSITY RETAIL SPACE.

YEARS	1	2	3	4	5	6	7	8	9	10
Net Rental Income	\$1,484,155	\$1,487,130	\$1,490,165	\$1,493,260	\$1,496,418	\$1,499,638	\$1,502,923	\$1,506,274	\$1,509,691	\$1,513,177
Debt Service	\$571,412	\$571,412	\$571,412	\$571,412	\$571,412	\$571,412	\$732,185	\$732,185	\$732,185	\$732,185
Ongoing Reserves	\$6,360	\$6,360	\$6,360	\$6,360	\$6,360	\$6,360	\$6,360	\$6,360	\$6,360	\$6,360
Asset Management	\$8,460	\$10,112	\$12,070	\$13,439	\$14,964	\$16,646	\$17,284	\$17,322	\$17,361	\$17,402
Cash Flow	\$897,924	\$899,246	\$900,323	\$902,050	\$903,682	\$905,221	\$747,095	\$750,407	\$753,785	\$757,231
% of Equity	7.50%	7.51%	7.52%	7.53%	7.54%	7.56%	6.24%	6.26%	6.29%	6.32%
Principal Paydown							\$172,443	\$181,095	\$190,179	\$199,720
Total Yield	\$897,924	\$899,246	\$900,323	\$902,050	\$903,682	\$905,221	\$919,538	\$931,502	\$943,965	\$956,951
% of Equity	7.50%	7.51%	7.52%	7.53%	7.54%	7.56%	7.68%	7.78%	7.88%	7.99%

*There can be no assurance that the investment objectives will be achieved. This investment is subject to risks including those real estate risks associated with the operation and leasing of retail property. There is no guarantee that investors will receive distributions or the return of their capital. All potential investors must review the private placement memorandum in its entirety prior to making an investment for a more-complete review of the potential benefits and risks of the Offering.*



▶ EQUITY OFFERING AMOUNT:..... \$ 11,980,000  
▶ NON-RECOURSE DEBT: ..... \$ 11,490,000  
▶ TOTAL OFFERING PRICE: ..... \$23,470,000

▶ OFFERING LOAN TO VALUE (LTV): ..... 48.96%  
▶ MINIMUM PURCHASE - IO3I: ..... \$100,000  
▶ MINIMUM PURCHASE - CASH: ..... \$25,000



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TENANT	LOCATION	SQUARE FEET	POP. WITHIN 5-MI. RADIUS	VEHICLES PER DAY	ANNUAL RENT	LEASE EXPIRATION
Advance Auto Parts	Kenosha, Wisconsin	7,973	120,896	20,992	\$107,680	06/20/2023
Advance Auto Parts	Braselton, Georgia	7,061	67,892	4,610	\$163,197	06/30/2022
AutoZone	Carpentersville, Illinois	7,673	148,478	29,858	\$90,000	05/31/2024
The Christ Hospital	Cincinnati, Ohio	9,260	148,416	8,203	\$148,762	12/31/2027
Dollar General	Cleveland, Ohio	9,962	345,238	18,459	\$105,912	10/31/2028
Dollar General	Columbus, Georgia	9,256	108,764	8,627	\$99,965	11/30/2028
Dollar General	Elyria, Ohio	9,458	92,069	7,737	\$100,350	10/31/2028
Dollar General	Auburn, Alabama	9,121	71,636	30,501	\$126,422	08/31/2028
Family Dollar	Summit, Illinois	11,216	402,281	17,681	\$70,875	12/31/2023
Family Dollar	Birmingham, Alabama	9,273	176,801	21,184	\$114,142	09/30/2023
Family Dollar	Palm Harbor, Florida	8,320	146,345	21,172	\$125,882	03/31/2024
Family Dollar	Amarillo, Texas	8,445	144,233	11,230	\$105,968	03/31/2024
Family Dollar	Dallas, Texas	8,106	122,316	8,899	\$62,000	06/30/2023
Sherwin-Williams	Lima, Ohio	3,500	63,975	17,230	\$63,000	01/31/2024





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S&P Rated: Investment Grade BBB-

Advance Auto Parts Inc. (NYSE: AAP) is an aftermarket retailer of automotive parts and supplies as well as a provider of auto maintenance services. It operates nearly 4,000 stores in 40 states, Puerto Rico, and the Virgin Islands and employs about 55,000 team members. Advance Auto Parts typically has about 19,000 SKUs in each store and access to 115,000 SKUs at regional centers. Customers have access to nearly half a million SKUs by ordering directly from vendors. Many products include a “good, better, best” recommendation, and Team Members have access to a system to help customers choose the best product; this embodies Advance Auto Parts’ promise, “Service is our best part.” Additionally, each store generally has two “part pros” with extensive knowledge and experience in auto maintenance. The current increase in new vehicle sales provides opportunities to demonstrate their two key strategies of Superior Availability and Service Leadership and to lead the way for service providers by improving delivery speed and reliability, leveraging supply chain advancement, and continuing to open new stores in new markets.

CURRENT ANNUAL REVENUE: \$6.2 BILLION

CURRENT GROSS PROFIT: \$3.1 BILLION

CURRENT ANNUAL NET INCOME: \$388 MILLION

2012 FISCAL YEAR REVENUE GROWTH: 0.6%



NYSE: AAP - 5-Year Stock Performance [Source: bloomberg.com]



S&P Rated: Investment Grade BBB

AutoZone, Inc. (NYSE: AZO) is the second-largest retailer of aftermarket automotive parts and accessories in the United States, behind Advance Auto Parts. AutoZone is a Fortune 500 company, and its stock is an S&P 500 Component. The company was founded in 1979 and has over 5,000 retail outlets throughout America, Puerto Rico, Mexico, and Brazil. Its clean, well-lit, well-merchandised stores inventory and sell an extensive line of aftermarket products for cars, sport utility vehicles, vans, and light trucks, including new and remanufactured hard parts, maintenance items, and accessories. The company also manufactures and sells under their own private label brands: Valucraft, Duralast, Duralast Gold, and Duralast Platinum. In 2013, AutoZone expanded their domestic store base by a net of 151 stores, bringing its total up to 4,836. AutoZone also opened 41 additional stores in Mexico, bringing its total up to 362. The company also acquired CarQuest, Worldpac, and AutoAnything.com and promises to heavily leverage technology and improve customer loyalty as a part of its 2014 growth strategy.

CURRENT ANNUAL REVENUE: \$9.1 BILLION

CURRENT GROSS PROFIT: \$4.7 BILLION

CURRENT ANNUAL NET INCOME: \$1.0 BILLION

2013 FISCAL YEAR REVENUE GROWTH: 6.3%



NYSE: AZO - 5-Year Stock Performance [Source: bloomberg.com]



## DOLLAR GENERAL

S&P Rated: Investment Grade BBB-

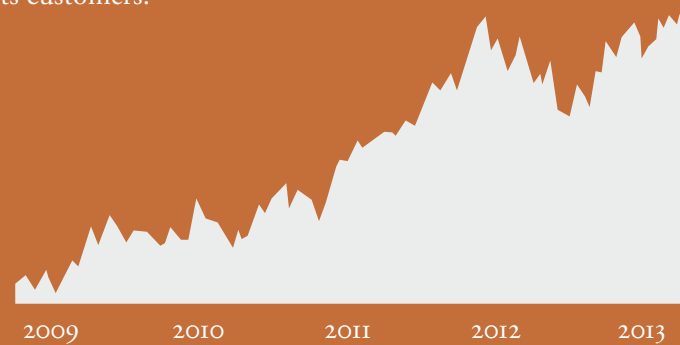
Dollar General Corporation (NYSE: DG) is the nation's largest small-box discount retailer. Dollar General has over 90,000 employees operating over 10,000 locations in 40 states and has plans to open approximately 20-30 new stores per month throughout the next several years. Throughout the recession, Dollar General has performed extremely well and has enjoyed rapid growth by offering consumer necessity retail goods at discounted prices for low- to middle-income families. Dollar General strives to make shopping for everyday needs simpler and hassle-free by offering a carefully edited assortment of the most popular brands at low everyday prices in small, convenient locations. Dollar General ranks among the largest retailers of top-quality brands made by America's most trusted manufacturers, such as Procter & Gamble, Kimberly-Clark, Unilever, Kellogg's, General Mills, Nabisco, Hanes, PepsiCo, and Coca-Cola. As opposed to larger discount retailers such as Wal-Mart and Target, Dollar General has focused on small neighborhood stores with a smaller footprint to reduce overhead costs and provide a simpler and more-convenient shopping experience for its customers.

CURRENT ANNUAL REVENUE: \$16 BILLION

CURRENT GROSS PROFIT: \$5.1 BILLION

CURRENT ANNUAL NET INCOME: \$953 MILLION

2012 FISCAL YEAR REVENUE GROWTH: 8.2%



NYSE: DG - 5-Year Stock Performance [Source: bloomberg.com]



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## FAMILY DOLLAR

my family, my family dollar.

S&P Rated: Investment Grade BBB-

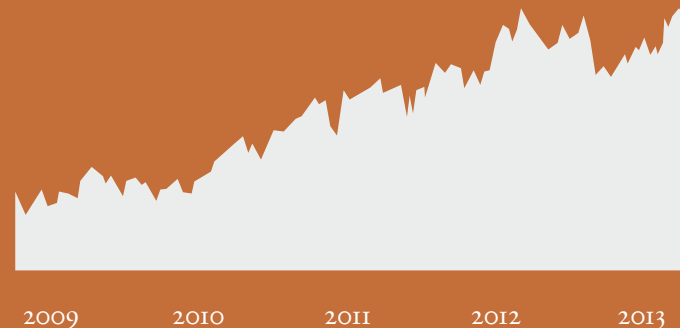
Family Dollar Stores, Inc. (NYSE: FDO) is the nation's second-largest small-box discount retailer. Family Dollar has over 50,000 employees operating a chain of over 7,200 stores across 45 states primarily serving low- to middle-income consumers in the United States. Due to the past several years of economic downturn, Family Dollar has enjoyed rapid growth as an increasing percentage of the nation's population has turned to discount retailers to save money on everyday necessities. Family Dollar has revealed plans to open between 20-30 stores every month for the next several years to keep up with the growing demand. Family Dollar relies on smaller neighborhood retail locations and a focused selection of major brand names and private label brands to reduce overhead costs, achieve lower prices, and provide easier access for the end customer. As low- and middle-income families have been looking to neighborhood discount retailers for more of their shopping needs, Family Dollar has been in a process of revamping its locations to devote approximately 25% of its floor space to groceries in order to provide a smaller and more-convenient one-stop shopping experience in what has turned out to be a successful campaign to win market share from larger retailers and grocers.

CURRENT ANNUAL REVENUE: \$10 BILLION

CURRENT GROSS PROFIT: \$3.5 BILLION

CURRENT ANNUAL NET INCOME: \$444 MILLION

2013 FISCAL YEAR REVENUE GROWTH: 11.4%



NYSE: FDO - 5-Year Stock Performance [Source: bloomberg.com]



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S&P Rated: Investment Grade A

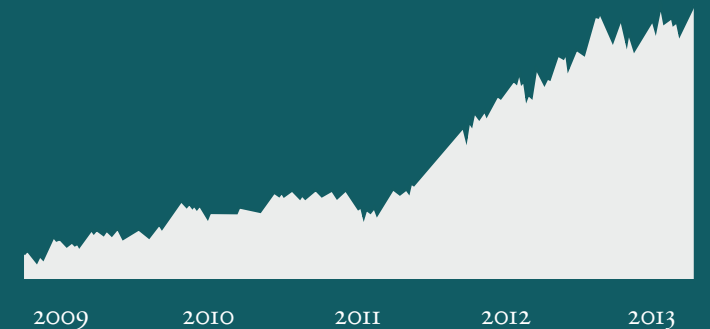
The Sherwin-Williams Company (NYSE: SHW) is a Fortune 500 company founded in 1866. Sherwin-Williams manufactures, distributes, and sells general building materials including paints, coatings, and related products to professional and retail customers throughout the Americas and Europe. Sherwin-Williams is the largest coatings manufacturer in the United States and the third largest in the world, operating facilities in well over 100 countries. Sherwin-Williams products are sold under Dutch Boy, Krylon, Minwax, Thompson's, and Water Seal brands. Sherwin-Williams-branded products are sold in over 4,000 company-owned stores while its other brands are carried by other retailers, hardware stores, and industrial distributors. Sherwin-Williams opened 42 new stores in Q1-Q3 of 2013 and acquired Comex (US and Canada), which added an additional 306 stores. Sherwin-Williams increased annual revenue in 2013 by over 8% and increased net sales by \$244.2 million to \$2.85 billion (+9.4%) in Q3 2013, compared to the same period in 2012.

CURRENT ANNUAL REVENUE: \$9.3 BILLION

CURRENT GROSS PROFIT: \$4.2 BILLION

CURRENT ANNUAL NET INCOME: \$631 MILLION

2012 FISCAL YEAR REVENUE GROWTH: 8.8%



2009 2010 2011 2012 2013  
NYSE: SHW - 5-Year Stock Performance [Source: bloomberg.com]

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Moody's Rated: Investment Grade Baa1

The Christ Hospital Health Network is a 120-year-old network of physicians and staff that includes a 555-bed non-profit acute care facility located in Cincinnati, OH. The Christ Hospital was founded by the Elizabeth Gamble Deaconess Home Association, a philanthropic organization that continues to own and support it through selective grants for major clinical programs. The network offers a diversity of services, including cardiovascular care, spine treatment, women's health, major surgery, cancer, behavioral medicine, orthopaedics, emergency care, kidney transplant, and others. In 2006, the hospital withdrew from a joint operating agreement with the Health Alliance of Greater Cincinnati and in 2008 began operating independently. The Christ Hospital is consistently recognized by U.S. News & World Report as one of the nation's top 50 hospitals in several categories and is accredited by The Joint Commission, the oldest and largest healthcare standards-setting and accrediting body in America.

CURRENT ANNUAL REVENUE: \$761 MILLION

CURRENT ANNUAL NET INCOME: \$17 MILLION

2013 FISCAL YEAR REVENUE GROWTH: 11.8%



Not a publicly-traded company.

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EXCHANGERIGHT

[WWW.EXCHANGERIGHT.COM](http://WWW.EXCHANGERIGHT.COM)

251 SOUTH LAKE AVENUE, SUITE 520, PASADENA, CA 91101

PHONE: (855) 31-RIGHT (855) 317-4448 | FAX: (877) 711-4047 | [INFO@EXCHANGERIGHT.COM](mailto:INFO@EXCHANGERIGHT.COM)