ExchangeRight Fully Subscribes $44.5 Million Offering

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ExchangeRight, a sponsor of securitized 1031 exchange real estate offerings, has fully subscribed its $44.5 million Net-Leased Portfolio 36 DST, a Delaware statutory trust offering.

The portfolio is comprised of properties leased to Kroger, an operator of essential grocery businesses that have remained open throughout the COVID-19 crisis. The offering launched on July 1 with fixed-rate financing with an annual rate of 3.75 percent and a weighted-average lease term of 10.2 years.

ExchangeRight noted that its current monthly distribution to investors is 6.18 percent with targeted annual growth resulting from contractual rent increases written into the portfolio's leases. The portfolio is designed for investors seeking to participate in a 1031 tax-deferred exchange as well as investors seeking a cash investment.

"Kroger is a financially stable national corporation that we focus on across our 1031-eligible DST and [real estate investment trust] platforms given it is an essential grocery store with an investment-grade backing," said Warren Thomas, a managing partner of ExchangeRight. "We have collected 100 percent of our net-leased managed property rents throughout the economic turmoil caused by the COVID-19 pandemic, which also includes a number of other Kroger-backed properties."

Last week, ExchangeRight fully subscribed its $11.3 million Net-Leased Portfolio 35 DST, an all-equity DST offering that also invests in necessity-based retail and healthcare properties.

ExchangeRight and its affiliates' platform has approximately $2.8 billion in assets under management and more than 700 properties totaling 14 million square feet located in 38 states. The company sources, syndicates, and manages long-term, net-leased assets backed by operators of essential businesses in the necessity-based retail and healthcare industries.

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