



# **SQN Asset Income Fund V, L.P.**

## Portfolio Overview

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***First Quarter 2018***





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## **Company Overview**

**Company:**

**SQN Asset Income Fund V, L.P.**

Formed in Delaware on January 14, 2016

File Number: 3936182

**SEC Registered Investment Manager:**

**Arboretum Investment Advisors, LLC**

Formed in Delaware on March 3, 2016

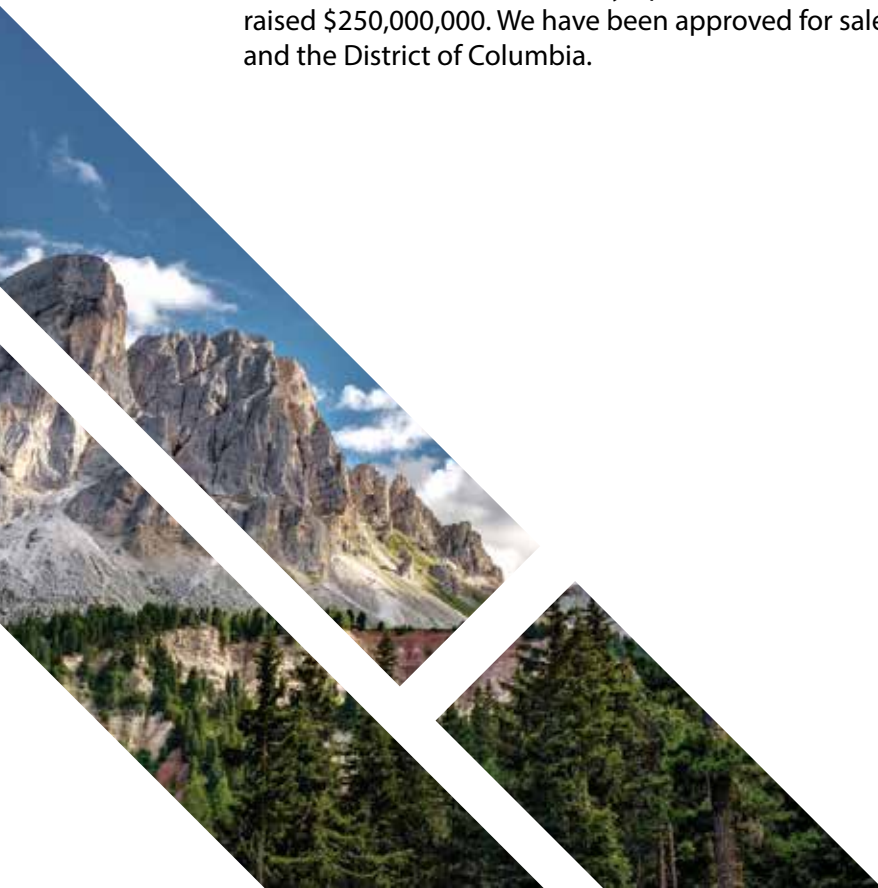
File Number: 5979403

# Company Overview

## **Our Business:**

Our principal investment strategy is to invest in business-essential, revenue-producing (or cost-savings) equipment and other physical assets with high in-place value and long, relative to the investment term, economic life and project financings. We expect to achieve our investment strategy by making investments in equipment already subject to lease or originating equipment leases in such equipment, which will include: (i) purchasing equipment and leasing it to third-party end users; (ii) providing equipment and other asset financing; (iii) acquiring equipment subject to lease and (iv) acquiring ownership rights (residual value interests) in leased equipment at lease expiration. From time to time, we may also purchase equipment and sell it directly to our leasing customers.

The life cycle of our fund is divided into three distinct stages: (i) the Offering Period, (ii) the Operating Period and (iii) the Liquidation Period. Our Offering period commenced on August 11, 2016 and will last until the earlier of (i) August 11, 2018, which is two years from the commencement of our Offering Period, unless extended by our General Partner, from time to time, in its sole discretion, by up to an additional 12 months, or (ii) the date that we have raised \$250,000,000. We have been approved for sale under Blue Sky regulations in 49 states and the District of Columbia.



## Portfolio

As of March 31, 2018, our portfolio consisted of:



**Borrower:** Old City Pretzel Co, LLC  
(d.b.a. Ardiente)

**Investment Amount:** \$88,000

**Term:** 42 months

**Asset Collateral:** Restaurant Equipment

### Deal Overview:

Investment in equipment relating to day to day restaurant operations. Without this equipment the business will be unable to operate, thus making the equipment business essential in nature. The equipment involves food storage and cooking pieces along with POS systems. In addition, the owner of Ardiente, along with his other business, will serve as a guarantor to the transaction. The owner's assets and other business, along with the current equipment, will create an over-collateralized transaction from the point of view of SQN Asset Income Fund V, L.P. ("SQN Fund V"), resulting in a significant credit enhancement. Ardiente commenced operations in April 2018 serving Latin Fusion Food to the "Old City" community in Philadelphia. The restaurant resides in a recently renovated space to the tune of \$6MM, paid for by the landlord resulting in no cost to Ardiente. The "Old City" neighborhood is undergoing a resurgence in development and growth making it an attractive area for any business.



**Borrower:** Acoustiguide, Inc.

**Investment Amount:** \$1,015,720

**Term:** 36 months

**Asset Collateral:** Multimedia Equipment

### Deal Overview:

Investment in multimedia equipment (Opus+ units and other related equipment) utilized to fulfill their Statue of Liberty Ellis Island contract. The equipment is business-essential and is utilized by the visitors on a daily basis. There are currently over 50,000 Opus+ devices being utilized today throughout the world. Acoustiguide has over 25 years of experience providing multimedia content and applications for visitors to museums and venues that garner a large number of visitors and sightseers. Customers include notable sites such as the 9-11 Memorial, The Art Institute of Chicago, The Metropolitan Art Museum, The Guggenheim and the Asian Art Museum of San Francisco, to name a few. In addition, the Company has recently won contracts to provide its services to the Statue of Liberty and Ellis Island Foundation ("SOLEIF") and Alcatraz. The facility is supported by the guaranty of Acoustiguide's parent, Espro Information Technologies.



**Borrower:** Opus Virtual Offices, LLC      **Investment Amount:** \$248,000

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**Term:** 24 months      **Asset Collateral:** Information Technology Furniture  
Fixtures and Equipment

**Deal Overview:**

Investment in business essential hardware and software that allows Opus to expand product offerings and continue to scale the business as they onboard new customers. Additional collateral includes second lien on all assets of the company consisting of Information Technology, Furniture, Fixtures & Equipment, and Telecommunications equipment. The new equipment and software will allow Opus to handle a customer increase of 300%. In addition, the expanded product offering will create new areas of revenue as Opus can offer more features to their clients. Opus Virtual Offices provides virtual receptionist and physical address services for small businesses in almost all major cities throughout the US. Opus allows its clients to operate their business while maintaining a professional presence. The call answering service is offered at a competitive price while also offering physical mailing and office address options.



**Borrower:** Waples Precision Services, LLC      **Investment Amount:** \$2,076,000

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**Term:** 42 months      **Asset Collateral:** Robotics Equipment

**Deal Overview:**

Investment in computer numerical control, lathe, robotics and precision inspection equipment. The new equipment is an upgrade from existing machinery, which has been in place for approximately ten years. New equipment significantly improves operating efficiencies and profitability margins. SQN Fund V has a first priority lien on financed equipment. The collateral has a long useful life in excess of 15 years, and an active secondary market. Waples Precision Services, LLC ("WPS") provides custom metal fabrication for commercial and machining markets in the North Central Texas region primarily for the energy mining, and aerospace industries. The company provides machining, laser cutting, welding, shearing, breaking, and assembly services along with other services requested by clients. Waples was formed by combining a number of diverse, successful manufacturers. This has resulted in a full service facility with a wide variety of manufacturing capabilities.



**Borrower:** Shale Energy Support, LLC      **Investment Amount:** \$940,000

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**Term:** 60 months      **Asset Collateral:** Nordco Rail Car Movers

**Deal Overview:**

Investment in two Nordco rail car movers that are business essential. The two cars are an upgrade from the Company's existing single smaller mover and will allow it move heavier loads (more rail cars per load), thus creating operating efficiencies and improving profitability. The need for the movers is driven directly by signing of new long term contracts. The equipment has an economic life of 10-15 years, providing SQN Fund V with significant and improving collateralization as lease payments are received. The equipment has a strong secondary market and can be utilized by any rail operating business. Founded in 2015, Shale Energy Support, LLC operates a wet mine and associated drying facilities in Mississippi.



**Borrower:** Dae Sung, LLC

**Investment Amount:** \$455,306

**Term:** 36 months

**Asset Collateral:** Agricultural Equipment

**Deal Overview:**

Investment in business essential agricultural equipment to expand an agricultural initiative located in California. In addition to the equipment collateral, the facility is supported by an unlimited personal guarantee from the CEO. Repayments will be supported by consistent EBITDA positive cash flow from operations and the company does not have any other existing long term debt. Dae Sung provides a variety of contracting services to federal & commercial clients, including facility support & maintenance, bulk fuel storage, aircraft refueling, flight simulator training & maintenance, construction management, mail distribution and administration support. Clients of Dae Sung include the U.S. Air Force, U.S. Army, U.S. Navy, Inland Revenue Service, General Service Administration and the Defense Logistics Agency. Dae Sung is a member of the Mandaree Enterprises LLC family of companies, wholly owned by the Three Affiliated Tribes located on the Fort Berthold Indian Reservation in North Dakota.



**Borrower:** Western Distribution Services, LLC

**Investment Amount:** \$1,184,850

**Term:** 36 months

**Asset Collateral:** Warehouse Racking System

**Deal Overview:**

Investment in business essential warehouse racking that is fundamental to the operation of the Company's new state of the art cold storage facility. The management team has a strong history of successfully operating cold storage facilities in the Seattle-Tacoma metropolitan region of NW Washington. This facility provides both short and long term storage for dry, chilled and frozen goods. It specializes in the storage of goods to be exported out of the United States by air & sea, with a focus on perishable goods such as Alaskan salmon and cherries that are flown to consumer markets in Asia. The equipment has an expected useful life well in excess of the 36 month term.



**Borrower:** Shri Shri Corp, a Subway Franchisee

**Investment Amount:** \$150,000

**Term:** 48 months

**Asset Collateral:** Furniture Fixtures and Equipment

**Deal Overview:**

Investment in business essential equipment, fittings and furnishings for a Subway franchise located in Port Washington, New York. With over 26,000 locations, Subway is the largest restaurant chain in the United States and is known for their range of affordable sandwiches. Located within Soundview Marketplace, this established mall location is anchored by well-known tenants including Rite Aid and a new Target. The borrower of the Company has successfully managed multiple Subway locations on Long Island, NY for a decade. Collateral for the loan comprises a blanket asset lien on the Port Washington restaurant along with a corporate guarantee and unlimited personal guarantees by the owners of the Subway franchises.



**Borrower:** Avenues World Holdings, LLC      **Investment Amount:** \$578,017

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**Term:** 36 months      **Asset Collateral:** Information Technology Equipment

**Deal Overview:**

Investment in business essential classroom IT equipment for an elite private preparatory school located in New York, NY. All classes are taught utilizing MacBook Air computers and iPads, which are designed to replace textbooks with digital books – amalgamating education and technology on an individual basis according to the student’s level and needs. The investment is in equipment that is critical to the implementation and success of this teaching concept. The school’s IT department is Apple certified in the repair and service of this equipment, with any replacement costs to be borne by the parents of the students in order to ensure the equipment’s maintenance through the term of the financing. The equity investment will be returned in full during the term, while the transaction will provide additional upside to the Fund should Avenues purchase the equipment at the end of the term.

**Borrower:** Hudson Arts & Science Charter School Inc., an iLearn School      **Investment Amount:** \$357,019

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**Term:** 36 months      **Asset Collateral:** School Furniture Fixtures and Equipment

**Deal Overview:**

Investment in business essential classroom and school equipment to a charter school in New Jersey that is part of the iLearn Schools Network, a non-profit entity that is comprised of multiple separate charter school districts, focusing on the Science, Technology, Engineering, Arts and Math Program (STEAM). The current management team has been successfully operating charter schools in New Jersey since 2007. All schools operated by iLearn are publicly funded and tuition free. The equipment collateral has a strong in-place value for the school and a useful life in excess of the financing term. This particular school has been granted a four-year contract to operate through June 30, 2020, exceeding the life of the fund’s transaction.



**Borrower:** ADF Restaurant Group, LLC, a Pizza Hut Franchisee      **Investment Amount:** \$449,441

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**Term:** 36 months      **Asset Collateral:** Pizza Ovens

**Deal Overview:**

Investment in business essential equipment for one of the nation’s largest retail food franchise operations that currently owns and operates 205 Pizza Hut and Kentucky Fried Chicken restaurants in the Northeast and Mid-Atlantic regions of the United States. The investment consists of 17 double gas 40” pizza ovens with good in-place value and a useful life far in excess of the 36 month term. The company has a strong track record and the operational backing of its franchisor. In the event of a liquidation, SQN Fund V has a first priority security interest in the 17 ovens collateralizing this transaction.





## Portfolio Updates



<b>Borrower:</b>	EMM Asia Fund I L.P.	<b>Investment Amount:</b>	\$2,800,000
<b>Contract Status:</b>	Matured	<b>Cash Received:</b>	\$2,954,000
<b>Term:</b>	Bridge Loan	<b>Asset Collateral:</b>	Drilling Rig System

### Deal Overview:

On February 6, 2018, the Partnership received cash proceeds of \$2,828,000 as payment in full of the asset backed equipment loan. This resulted in a cash gain of \$154,000.

The investment was in a newly-built Latshaw 500HP AC Ideal Walking Rig System & ancillary equipment.

## Performance

From August 11, 2016 through March 31, 2018, the Partnership admitted 277 Limited Partners with total capital contributions of \$12,517,410 resulting in the sale of 1,251,740.99 Units. The Partnership received cash contributions of \$12,019,049 and applied \$498,361 which would have otherwise been paid as sales commission to the purchase of 49,836.14 additional Units.

*Our revenue for the three months ended March 31, 2018 and 2017 is summarized as follows:*

	<b>Three Months Ended March 31, 2018 (unaudited)</b>	<b>Three Months Ended March 31, 2017 (unaudited)</b>
<b>Revenue:</b>		
Rental income	\$ 27,256	\$ 27,256
Finance income	133,062	20,304
Interest income	62,333	-
Other income	830	221
Total Revenue	\$ 223,481	\$ 47,781

For the three months ended March 31, 2018, we earned \$27,256 in rental income from five operating leases of pizza ovens equipment. We received monthly lease payments of approximately \$296,400 and recognized \$133,062 in finance income from various finance leases during the same period. We also recognized \$62,333 in interest income from collateralized loans receivable during the same period. As we acquire finance leases and operating leases, and as we participate in additional financing projects, we believe our revenue will grow significantly during 2018.

# Performance

Our expenses for the three months ended March 31, 2018 and 2017 are summarized as follows:

	Three Months Ended March 31, 2018 (unaudited)	Three Months Ended March 31, 2017 (unaudited)
<b>Expenses:</b>		
Management fees - Investment Manager	\$ 187,500	\$ 187,500
Depreciation	23,883	23,882
Professional fees	76,529	89,775
Administration expense	42,884	60,900
Other expenses	9,000	-
Total Expenses	\$ 339,796	\$ 362,057

For the three months ended March 31, 2018, we incurred \$339,796 in total expenses. We paid \$187,500 in management fees to our Investment Manager during the three months ended March 31, 2018. We pay our Investment Manager a management fee during the Operating Period and the Liquidation Period equal to the greater of, (i) 2.5% per annum of the aggregate offering proceeds, payable monthly in advance or (ii) \$62,500 per month. We recognized \$23,883 in depreciation expense and \$42,884 in administration expense. Administration expense mainly consists of expenses paid to the fund administrator. We also incurred \$76,529 in professional fees, which were mostly comprised of fees related to compliance with the rules and regulations of the SEC and consulting services. As the size and complexity of our activities grow, we expect that our professional fees will increase accordingly.

## **Net Loss**

As a result of the factors discussed above, we reported a net loss for the three months ended March 31, 2018 of \$116,315 as compared to a net loss of \$314,276 for the three months ended March 31, 2017.

Our General Partner anticipates that during our early years, income taxes on distributions to you and to our other limited partners will be, to an extent, tax-deferred by operating losses and depreciation deductions available from the portion of our equipment leased to third party end users under our operating leases, but not under its full payout leases or other investments.<sup>1</sup>

<sup>1</sup>From Q&A section on page XIII of the SQN Asset Income Fund V, L.P. Prospectus

## Distributions

During our Operating Period, we intend to pay cash distributions on a quarterly basis to our Limited Partners at 1.5% per quarter, the equivalent rate of 6.0% per annum, of each Limited Partners' capital contribution (pro-rated to the date of admission for each Limited Partner). Since June 30, 2017, our distribution rate has been 6.5% annually, paid quarterly at 1.625%, of capital contributions, and we anticipate further increasing our distribution rate beginning as of March 31, 2018 to 7.0% annually, paid quarterly at 1.75%, of capital contributions.

The amount and rate of cash distributions could vary and are not guaranteed. During the three months ended March 31, 2018, we made quarterly cash distributions to our Limited Partners totaling \$181,062, and accrued \$202,768 for distributions due to Limited Partners which resulted in a distributions payable to Limited Partners of \$202,768 at March 31, 2018.

At March 31, 2018, we declared and accrued a distribution of \$2,028, for distributions due to the General Partner which resulted in distributions payable to the General Partner of \$7,130 at March 31, 2018.

# Financial Statements

Balance Sheet	March 31, 2018 (unaudited)	December 31, 2017
<b>Assets</b>		
Cash and cash equivalents	\$ 2,274,459	\$ 2,036,337
Investments in finance leases, net	5,529,950	2,032,092
Investments in equipment subject to operating leases, net	199,219	223,102
Collateralized loans receivable, including accrued interest of \$2,001 and \$28,997	819,922	3,880,331
Other Assets	257,146	28,061
<b>Total Assets</b>	<b>\$ 9,080,696</b>	<b>\$ 8,199,923</b>
<b>Liabilities and Partners' Equity</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 203,005	\$ 103,158
Distributions payable to Limited Partners	202,768	181,062
Distributions payable to General Partner	7,130	5,102
Deferred revenue	85,107	49,619
<b>Total Liabilities</b>	<b>498,010</b>	<b>338,941</b>
<b>Partners' Equity (Deficit):</b>		
Limited Partners	8,605,143	7,880,248
General Partner	(22,457)	(19,266)
<b>Total Equity</b>	<b>8,582,686</b>	<b>7,860,982</b>
<b>Total Liabilities and Partners' Equity</b>	<b>\$ 9,080,696</b>	<b>\$ 8,199,923</b>

# Financial Statements

Statement of Operations (Unaudited)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
<b>Revenue</b>		
Rental income	\$ 27,256	\$ 27,256
Finance income	133,062	20,304
Interest income	62,333	-
Other income	830	221
<b>Total Revenue</b>	<b>\$ 223,481</b>	<b>\$ 47,781</b>
<b>Expenses</b>		
Management fees - Investment Manager	187,500	187,500
Depreciation	23,883	23,882
Professional fees	76,529	89,775
Administration expense	42,884	60,900
Other expenses	9,000	-
<b>Total Expenses</b>	<b>339,796</b>	<b>362,057</b>
<b>Net loss</b>	<b>(116,315)</b>	<b>(314,276)</b>
Net loss attributable to the Partnership		
Limited Partners	\$ (115,152)	\$ (311,133)
General Partner	(1,163)	(3,143)
Net loss attributable to the Partnership	\$ (116,315)	\$ (314,276)
Weighted average number of limited partnership interests outstanding	1,894,079.57	298,331.38
Net loss attributable to Limited Partners per weighted average number of limited partnership interests outstanding	\$ (0.06)	\$ (1.04)

# Financial Statements

## Statement of Changes in Partners' Equity (Unaudited)

Three Months Ended March 31, 2018	Limited Partnership Interests	Total Equity	General Partner	Limited Partners
Balance, January 1, 2018	1,137,300.24	\$ 7,860,982	\$ (19,266)	\$ 7,880,248
Partners' capital contributions	113,479.21	1,134,792	-	1,134,792
Offering expenses	-	(13,048)	-	(13,048)
Underwriting fees	-	(78,929)	-	(78,929)
Net loss	-	(116,315)	(1,163)	(115,152)
Distributions to partners	-	(204,796)	(2,028)	(202,768)
Balance, March 31, 2018	1,250,779.45	\$ 8,582,686	\$ (22,457)	\$ 8,605,143

# Financial Statements

Statement of Cash Flows (Unaudited)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
<b>Cash flows used in operating activities:</b>		
Net loss	\$ (116,315)	\$ (314,276)
<b>Adjustments to reconcile net loss to net cash provided by (used in) operating activities:</b>		
Finance income	(133,062)	(20,304)
Accrued interest income	(62,318)	-
Depreciation	23,883	23,882
<b>Change in operating assets and liabilities:</b>		
Minimum rents receivable	296,400	87,147
Accrued interest income	92,708	-
Other Assets	(229,085)	(3,792)
Accounts payable and accrued liabilities	99,847	116,475
Deferred revenue	35,488	-
Net cash provided by (used in) operating activities	7,546	(110,868)
<b>Cash flows from investing activities:</b>		
Purchase of finance leases	(3,661,196)	-
Cash received from collateralized loans receivable	3,030,019	-
Net cash used in investing activities	(631,177)	-



# Financial Statements

Statements of Cash Flows (Unaudited) (continued)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
<b>Cash flows from financing activities:</b>		
Repayments of loan payable	-	(1,000)
Cash received from Limited Partner capital contributions	1,109,450	944,600
Cash paid for Limited Partner distributions	(181,062)	(40,088)
Cash paid for Limited Partner redemptions	-	(1,000)
Cash paid for underwriting fees	(53,587)	(53,205)
Cash paid for offering costs	(13,048)	(132,502)
Net cash provided by financing activities	861,753	716,805
Net increase in cash and cash equivalents	238,122	605,937
Cash and cash equivalents, beginning of period	2,036,337	1,251,118
Cash and cash equivalents, end of period	\$ 2,274,459	\$ 1,857,055
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Units issued as underwriting fee discount	\$ 25,342	\$ 31,274
Distributions payable to General Partner	\$ 2,028	\$ 563
Distributions payable to Limited Partners	\$ 21,706	\$ 16,175

## Forward Looking Statements

*Certain statements within this Quarterly Report on Form 10-Q may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 ("PSLRA"). These statements are being made pursuant to the PSLRA, with the intention of obtaining the benefits of the "safe harbor" provisions of the PSLRA, and, other than as required by law, we assume no obligation to update or supplement such statements. Forward-looking statements are those that do not relate solely to historical fact.*

*They include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events. You can identify these statements by the use of words such as "may," "will," "could," "anticipate," "believe," "estimate," "expect," "intend," "predict," "continue," "further," "seek," "plan," or "project" and variations of these words or comparable words or phrases of similar meaning.*

*These forward-looking statements reflect our current beliefs and expectations with respect to future events and are based on assumptions and are subject to risks and uncertainties and other factors outside our control that may cause actual results to differ materially from those projected. We undertake no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise.*

## Additional Information

A detailed financial report on SEC Form 10-Q or 10-K (whichever is applicable) is available to you. It is typically filed either 45 or 90 days after the end of the quarter or year, respectively. It contains financial statements, detailed sources and uses of cash, and explanatory notes. Please access these reports by:

Visiting: [www.thearboretumgroup.com](http://www.thearboretumgroup.com)

**Or**

Visiting: [www.sec.gov](http://www.sec.gov)

### **Administration:**

#### **Registered Office**

160 Greentree Drive, Suite 101  
Dover, DE 19904

#### **Registered Agent**

National Registered Agents, Inc.

#### **Investment Manager**

Arboretum Investment Advisors, LLC  
100 Arboretum Drive, Suite 105  
Portsmouth, NH 03801

#### **Auditor**

Baker Tilly Virchow Krause, LLP  
One Penn Plaza, Suite 3000  
New York, NY 10119