

CSRA GALERIA DEL RIO, DST

ANTICIPATED CLOSING DATE: FEBRUARY 17, 2016



PROPERTY DETAILS

5132 North Prairie Clover Trail, Tucson, Arizona 85704

- **UNITS:** 101
- **PERCENTAGE LEASED:** 94%*
- **BUILDINGS:** 35 two-story buildings and one clubhouse
- **CONSTRUCTED:** December 2014
- **LOT SIZE:** 11.5 Acres
- **PARKING:** 202 garage spaces, plus 42 surface parking spaces
- **UNIT MIX:** 3 BR/2.5 Bath: 76 units | 4 BD/2.5 Bath: 25 units
- **AVG. UNIT SIZE:** 1,573 SF

*as of January 26, 2016

ACQUISITION SUMMARY

SYNDICATION PRICE
\$21,150,000

EQUITY
\$8,150,000

DEBT
\$13,000,000

OFFERING DETAILS

INVESTMENT COST
\$21,150,000

EQUITY RAISE
\$8,150,000

CASH-ON-CASH RETURN
5.50% Starting

OFFERING LOAN-TO-VALUE
61.47%
(64.97% with Disposition Fee)

FIXED INTEREST RATE
5.10% (estimated)

LOAN
10-Year Term
30-Year Amortization Schedule
(60 Months Interest Only)



INVESTMENT HIGHLIGHTS

- The property consists of 101 high construction quality townhome style units completed in 2014 and recently finished unit lease-up with a current stabilized occupancy rate of 94 percent.
- The property consists of three- and four-bedroom two-story units averaging over 1,500 square feet. Each unit has 2.5 bathrooms, an attached two car garage, large walk-in closets and a small private back yard. The combination of unit size, attached garages and finish levels are unmatched in the Tucson market.
- The 5.6 percent cap rate, based on investment costs, provides an attractive return in a desirable market where effective rent growth is expected to remain strong. The property expects to achieve near-term rental rate increases as lease-up incentives expire.
- Galeria del Rio is located near an employment hub, including Northwest Medical Center, and the immediate neighborhood offers numerous diverse, high-quality retail opportunities.
- Tucson is the second largest city in Arizona and the home of the University of Arizona and the University of Arizona Medical School. The population is expected to grow 2.6 percent in 2016, reflecting the strong rebound of the job market and its attraction as a retirement destination.





PROPERTY AMENITIES

- Neighborhood center with gourmet coffee bar
- Complimentary Wi-Fi hotspot
- Package acceptance service
- Guest computer with scanner
- Pool and spa with gas BBQ
- Community dog park

UNIT INTERIOR AMENITIES

- Open floor plans
- 9-foot ceilings
- Attached two-car garage with remote openers
- Attractive desert landscaped front yard
- Private backyards with masonry walls
- Ceramic tiled floors
- Granite countertops and backsplashes
- Black, Electrolux-brand appliance package, including an electric range/oven, frost-free refrigerator, dishwasher, built-in microwave, garbage disposal and side-by-side washer and dryer
- Generous storage space
- Large walk-in closets
- Satellite pre-wiring

“New rentals were absorbed in substantial numbers last year, contributing to a decline in national vacancy to 4.2 percent.”

“Further expansion of U.S. payrolls will generate new rental households and support a 5 percent jump in the average effective rent this year. Positive demographic trends in the millennial and baby boomer segments will also spur new demand and underpin solid asset operations.”

- Marcus & Millichap's 2016 U.S. Multifamily Investment Forecast

MARKET OVERVIEW

MULTIFAMILY MARKET

Tucson’s multifamily market is expected to have accelerated rent growth in 2016, according to Collier’s International’s “Tucson Metro Area Research & Forecast Report – 3Q 2015,” as demand outpaces the delivery of new inventory, supporting an optimistic outlook for property fundamentals. Growth in high-wage employment sectors also has helped stimulate renter demand for more expensive units.

TUCSON, ARIZONA

Home to nearly 1 million residents, the Tucson metropolitan statistical area is situated in the Sonoran Desert and surrounded by five mountain ranges.

Tucson is home to many technology companies, including Raytheon Missile Systems, the area’s largest employer, Texas Instruments, IBM, Intuit, Honeywell, Universal Avionics and more.

Tucson is heavily supported by the University of Arizona, the second largest employer in the city. The University of Arizona is a super land-grant institution, which includes the University of Arizona



College of Medicine, that generates more than \$580 million in research investment each year. The university benefits the state with an estimated economic impact of \$8.3 billion annually. The university ranked No. 1 in U.S. News & World Report’s “Best Graduate Schools 2016” among public graduate programs in management information systems. It is also home to three faculty members who have won Nobel Prizes.



ABOUT THE SPONSOR

The sponsor of the Offering (the “Sponsor”) is a joint venture of Capital Square Realty Advisors, LLC, a Virginia limited liability company (“CSRA”), and Rincon Partners, LLC, a Delaware limited liability company (“Rincon”, together with CSRA referred to herein as the “Sponsor”).

Capital Square Realty Advisors is a real estate advisory company specializing in the creation and management of real estate investments. The company uses the DST and other investment structures to fit the needs of its high net worth individual and institutional investors. Its parent company, Capital Square 1031, is also active in property and asset management, key elements in a successful real estate investment.

Rincon was founded for the purpose of investing primarily in institutional quality commercial real estate located in the southwestern United States. Its partners have over 60 years of combined experience in the acquisition, disposition, development, financing, and management of commercial real estate. The partners of Rincon, in their capacity as executive officers of their prior companies, have developed, acquired, and managed over \$18 billion of institutional quality real estate across several asset classes, including, single and multi-tenant retail, office, industrial, self-storage and multifamily. Since 2003, Rincon’s partners, in their capacity as executive officers, have participated in raising over \$13 billion of public and private equity, consisting of over \$630 million from approximately 5,500 investors through 61 private placements, including, four limited partnerships, four debt offerings, 27 Delaware Statutory Trusts, 26 Tenant-In-Common programs, and a private REIT, and over \$12.5 billion from approximately 245,000 investors, through seven publicly offered non-listed REITs.

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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 Arizona.
- 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.