

CS1031 Canopy Apartments, DST

3.73% FIXED INTEREST RATE FOR 10 YEARS

ACQUISITION DATE: JULY 29, 2016



950 Bitters Road East, San Antonio, Texas 78216

Property Overview

Well located apartment community with easy access to numerous employment, medical, retail and entertainment amenities.

UNITS
220

PERCENTAGE
LEASED
97% vs. 93.97%

LOT SIZE
8.6 acres

BUILDINGS
13 two- and three-
story residential
buildings

average for
metro area*

DENSITY
25.6 units
per acre

Clubhouse
with fitness and
business centers

*Source: Marcus &
Millichap Multifamily
Research Market
Report - San Antonio -
First Quarter 2016

PARKING
272 spaces

San Antonio Facts

- Income Tax Free State
- Ranked among the Top 10 Recession Proof Cities in the U.S. by Forbes
- Thriving economy
- Population grew by 41,000 people between 2010 and 2011 alone
- Rich in history and culture

www.capitalsquare1031.com

Offering Details

FIRST YEAR CASH-ON-CASH RETURN
5.65%

INVESTMENT COST
\$20,525,000

EQUITY RAISE
\$8,825,000

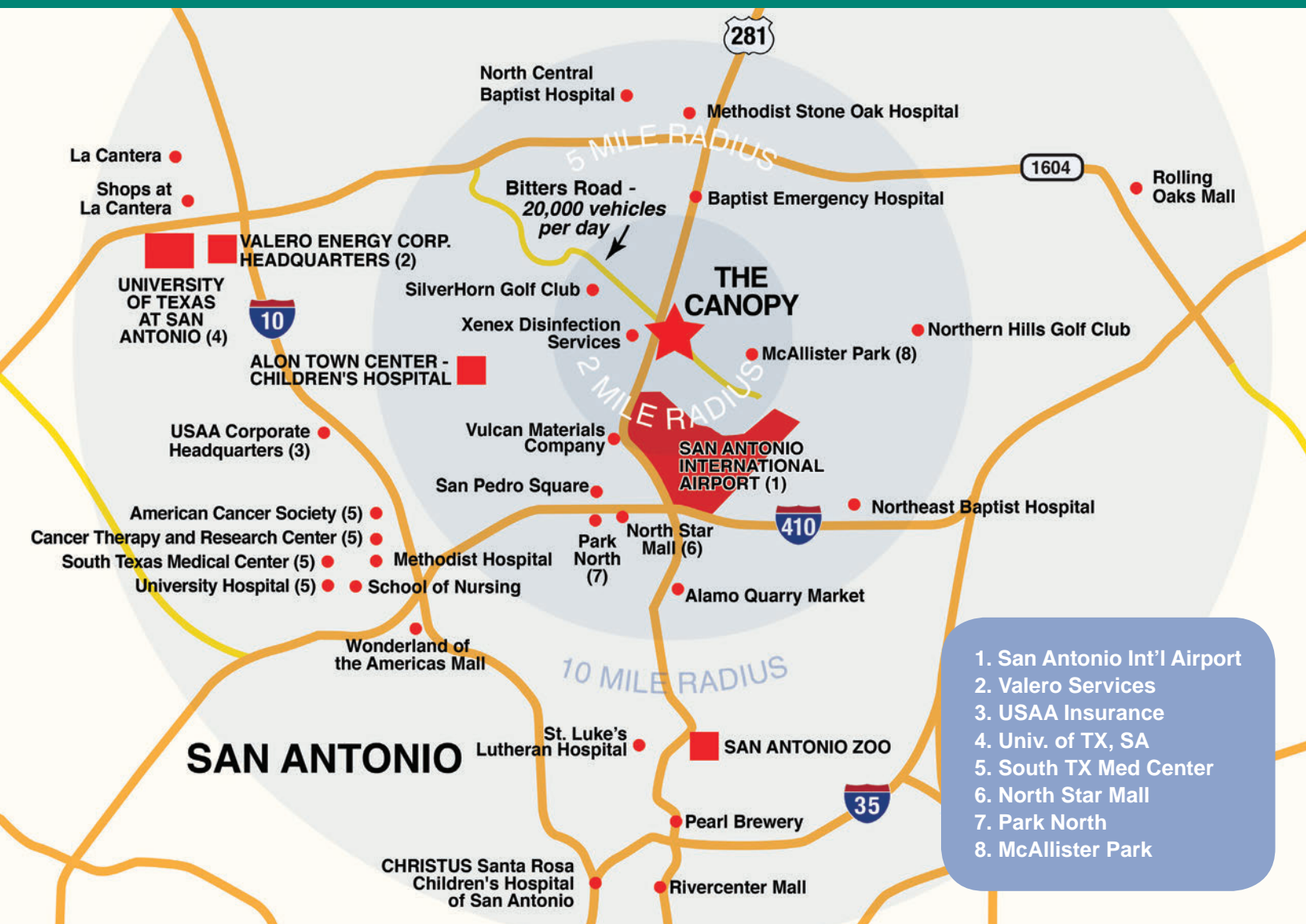
OFFERING LOAN TO VALUE
57%
(60.69% with Disposition Fee)

FIXED INTEREST RATE
3.73%

LOAN TERMS
10-Year Term
30-Year Amortization
60 Months Interest Only

Proforma budget provides more than \$10,000 per unit over 10 years to maintain a fresh look and curb appeal.

Location Highlights



Excellent Location Surrounded by Major Employment Drivers

The Canopy is located in a neighborhood with excellent access to the San Antonio International Airport (1) and an abundance of nearby employment, medical services, shopping, houses of worship and schools. Significant employment centers nearby include Valero Services (2), USAA Insurance (3), the University of Texas San Antonio (4) and the South Texas Medical Center (5). The property also benefits from the significant concentration of medical services related jobs surrounding the community from every direction.

Strategic Access to Major Retail Centers and Public Parks

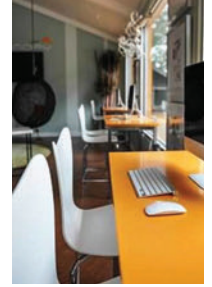
Residents of The Canopy have access to many shopping centers located at major intersections of San Antonio, including those concentrated along Interstate 10, Huebner Road, Wurzbach Parkway and Loop 1604. The property is within a quarter mile of Starbucks, Target, Home Depot and Office Depot. Also nearby is the 1.2 million-square-foot North Star Mall (6) and trendy Park North (7) retail center, complete with more than 15 restaurant and bar options. McAllister Park (8), located just one mile east of the property, is a public park with sports fields, dog parks, and numerous jogging trails spread over 900 acres of wooded land.

Spectacular Location

The Canopy is located in north quadrant of San Antonio and is easily accessible by four major highways. The area includes a complementary mix of residential, commercial, and industrial development, generally constructed within the past five to 25 years. Area demographic projections call for a fairly stable population with steady growth in total population over the next five years.

Community Amenities

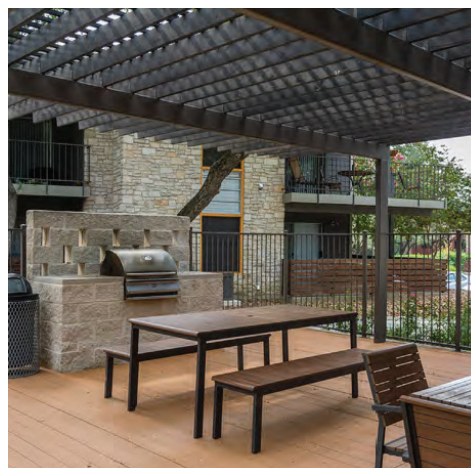
- Renovated clubhouse
- Computer stations, coffee bar and WiFi in common area
- 2 swimming pools with furniture, sundeck and barbeque grill
- 2 coin-operated laundry facilities
- Fitness center with new equipment
- Large, fenced pet park
- Picnic area with barbeque grills
- Washer/dryer connections in 111 units



About The Property Manager

BH Management Services, LLC

- Manages more than 200 properties comprised of 60,000+ units in 21 states
- Manages seven apartment communities comprised of 1,636 units in San Antonio
- Local operations office in San Antonio
- Ranked 11th nationwide on the National Multifamily Housing Council's list of 50 Largest Apartment Managers for 2016
- 1,550 employees
- Industry-leading design and development program for value-add projects
- In-house design group comprised of architects, engineers, design professionals and construction project managers
- More than \$300 million in annual revenue
- Significant buying power – BH Management Services is able to buy products and services at a substantial discount, which equates to lower operating costs for owners



Unit Amenities

- Black Appliances
- Fenced Yards*
- Fireplace*
- Vaulted Ceilings
- Patio/Balcony*
- Stackable Washer/Dryer*
- Mosaic Tile Backsplash
- Washer/Dryer Connections*
- Wood Laminate Flooring
- 2" Faux Wood Blinds
- Rainfall Shower Heads*

*In select units

Investment Highlights

Visible and Easily Accessible Community

Excellent drive-by visibility along Highway 281 and Bitters Road in North Central San Antonio. The property is accessible via a lighted intersection on Bitters Road and Highway 281 access road. More than 20,000 vehicles per day travel along Bitters Road in the immediate area.

Well-Maintained Asset with Recent Capital Improvements

Approximately \$2.8 million in capital improvements have been completed since August 2012, including landscape additions, leasing office improvements and interior upgrades.

High Occupancy Level

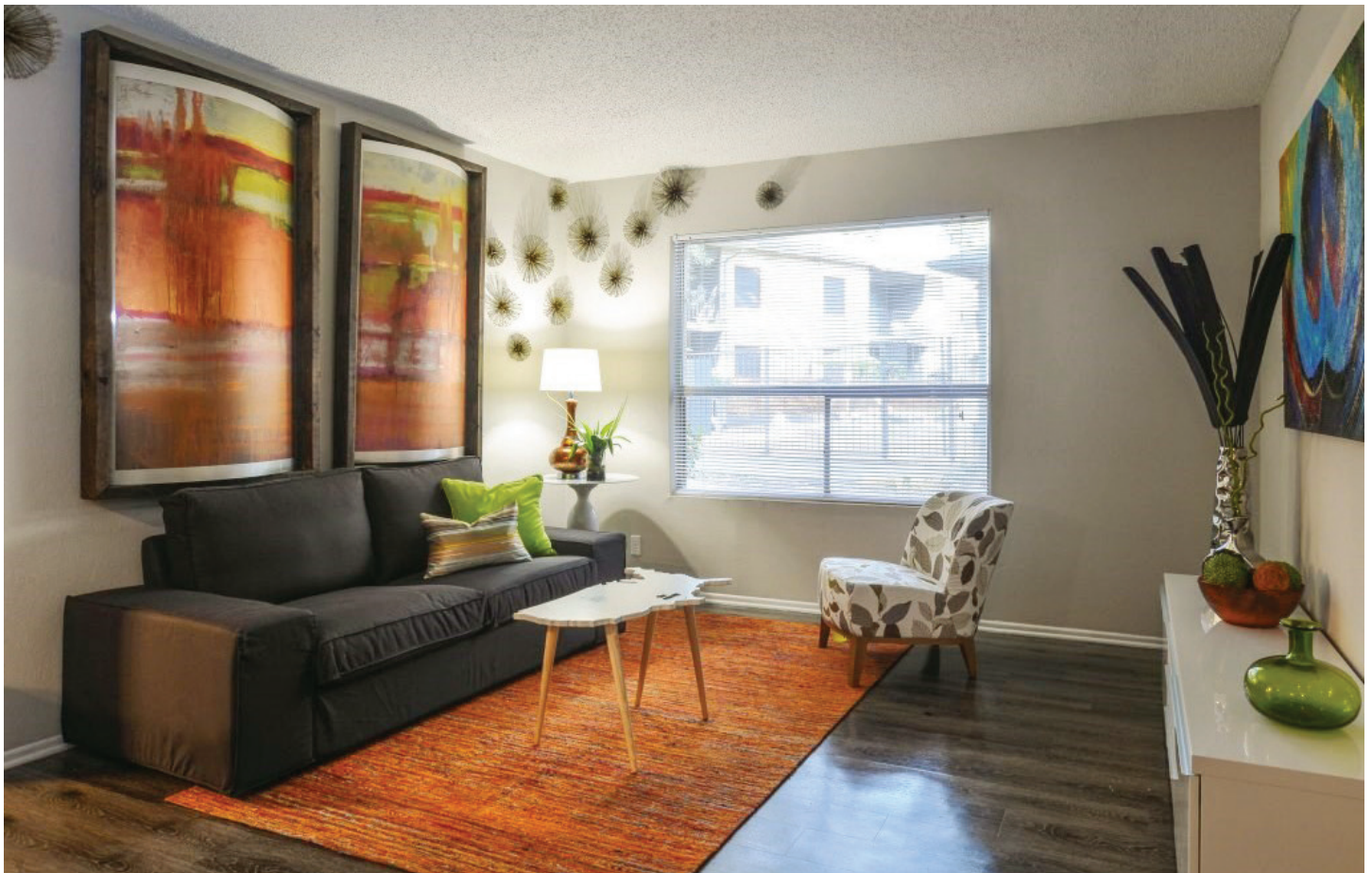
Approximately 97 percent leased as of June 16, 2016, compared to a market occupancy of 93.9 percent.

Expansive Amenity Package

Includes a fully renovated clubhouse, computer stations, coffee bar, two swimming pools, coin-operated laundry facilities, fitness center, pet park and picnic area with barbeque grills.

Value-Add Opportunity

Value-add potential with upgraded units generating up to \$120 monthly premiums. Potential for rent growth with further unit upgrades.



San Antonio National Rankings

#1

Best Cities for Millenials

Forbes - July 2014

U.S. Metro Area Gaining
College Graduates Most Rapidly

Forbes & New Geography - May 2014

Best Cities for Young Graduates

Forbes - March 2014

Best Cities for Small Business

NuWire Investor - March 2013



#2

Large Cities Stealing Jobs
from Wall Street

Forbes - June 2014

Best Large Cities for Finance Jobs

New Geography - 2014

#3

Healthiest U.S. Housing Markets

WalletHub - July 2015

Youth Magnet Cities

Forbes - December 2013

#4

Cities with the Largest 2013
Population Increase

U.S. Census Bureau - May 2014

Economic Performance -
Recession Through Recovery

Brookings Institute - March 2014



#5

Fastest Growing Cities in America

CNN Money - March 2014

Top Destination Cities for Movers in 2013

U-Haul - April 2014

#6

Fastest Growing Cities for Millennials

Bloomberg Business - June 2015

Top Cities for Renters on the Move

Forbes - June 2014

#8

America's Next Boom Towns

Forbes - January 2016

Happiest Cities to Work In

CareerBliss - January 2015

#10

Best Cities for Jobs

Forbes - June 2015

Top 25 Best Performing Cities

Milken Institute - January 2015

America's Fastest Growing Cities

Forbes - January 2015

Market Overview

Overview

San Antonio is the seventh-largest city in the United States and the county seat of Bexar County, located within the Central-South region of the State of Texas. Famous for its Riverwalk, the Tejano culture and world-class theme parks, the city is a haven for corporate and residential relocations. Major employers of the city include the South Texas Medical Center; with more than 40,000 workers and 900 acres of medical-related facilities in the northwest San Antonio, the University of Texas at San Antonio, with nearly 29,000 students; Valero Energy Corporate, a Fortune 500 company with approximately 20,000 employees; the San Antonio International Airport, a 2,600-acre property serving approximately 8 million passengers each year; and La Cantera, a 1,700-acre master-planned community that includes a hotel resort, world-class golf courses, Six Flags Fiesta Texas, and more. As the city's economy continues to diversify, additional companies like Toyota, Caterpillar, Microsoft and Citibank have established a major presence in San Antonio.

Growing Population

Growing in population at an average of more than 2% per year, the MSA is poised to exceed 2.3 million people by 2016 (25th largest SMA in the USA). According to San Antonio's planning director, more than one million people are expected to move to Bexar County over the next 25 years. San Antonio's healthcare industry plays a dominant role in the local economy with an annual economic impact of more than \$18 billion. The South Texas Medical Center, 10 miles from The Canopy Apartments, spans more than 900 acres and houses 45 medically related institutions, including medical, dental, and nursing schools as well as 12 hospitals and five specialty institutions. The STMC employs more than 27,000 people and has an annual budget of \$2.8 billion.

Strong Job Growth

The number one tourist destination in Texas, San Antonio hosts more than 26 million visitors each year. The tourism industry employs more than 100,000 people and has an estimated \$10.7 billion economic impact. The Alamo, Riverwalk, Six Flags Fiesta Texas, Sea World San Antonio, Texas Hill Country, Market Square, historic Missions and La Villita arts village offer entertainment and recreation unparalleled by most cities of its size.



Recently named the 10th Fastest Growing City in America by Forbes Magazine

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.