

ACQUISITION DATE: AUGUST 30, 2016



2222 West Beardsley Road, Phoenix, Arizona 85027

## Property Details

UNITS  
316

PERCENTAGE OCCUPIED  
Approximately 94%

BUILDINGS  
18

LOT SIZE  
10.38 Acres

PARKING  
322 Open Spaces +  
70 Covered Spaces

UNIT MIX  
Studio, One, Two and  
Three Bedroom Units

AVG. UNIT SIZE  
642 Square Feet



## Offering Details

INVESTMENT COST  
\$28,620,000

EQUITY RAISE  
\$12,110,000

CASH-ON-CASH RETURN  
6%

OFFERING LOAN-TO-VALUE  
57.69% (60.86% with disposition fee)

FIXED INTEREST RATE  
3.44%

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



## Investment Highlights

### Strong Rental Market Fundamentals

Marcus & Millichap is projecting a 2.9 percent increase in employment in the Phoenix MSA for 2016. They believe that this will result in a 6.5 percent increase in effective rents and a decrease in vacancy to 4.5 percent, as apartment developers are unable to keep up with demand. Of the 9,000 units in the construction pipeline, none are in the property's submarket. Accordingly, Crossroads Apartments is well positioned to benefit from these strong market conditions.

### Surrounded by Jobs

The property is located in an area that is a major employment hub within the Phoenix MSA. Large employers include Discover Financial Services adjacent to the property (2,365 employees), Honeywell (3,000 employees), American Express (2,500 employees), Cox Communications (1,700 employees), PetSmart (1,356 employees), Safeway (1,145 employees) and HonorHealth (926 employees).

### Easy Access - See Map on Page 4

The property is located at the northeast corner of the intersection of Interstate 17 and State Route 101, with average daily traffic counts of 127,900 and 162,954, respectively. There is easy access to every major employment hub from the property.

### Well Maintained

The seller has made significant capital expenditures to the property. The renovated leasing office was reopened just three months ago. The grounds are immaculate and all of the amenities are in excellent condition.

### Enhanced Value by Renovating Units

Although the seller focused on the exterior and amenities, the apartment units, while very well maintained, are largely unchanged from their original condition. The Sponsor intends to replace all original kitchen appliances during the first three years of the holding period and significantly upgrade one-third of the apartment units with refreshed kitchens, bathrooms, and other features. The Sponsor is making this investment to increase cash flow and favorably position the property for sale at the end of the holding period.





## Property Amenities

- Gated entry and covered parking
- New, fully renovated clubhouse and leasing center
- Two resort-style swimming pools with a sundeck/cabana
- Lighted tennis court and basketball courts
- Covered playground
- Four on-site laundry rooms
- Door-to-door valet trash service
- Park-like setting with fountains

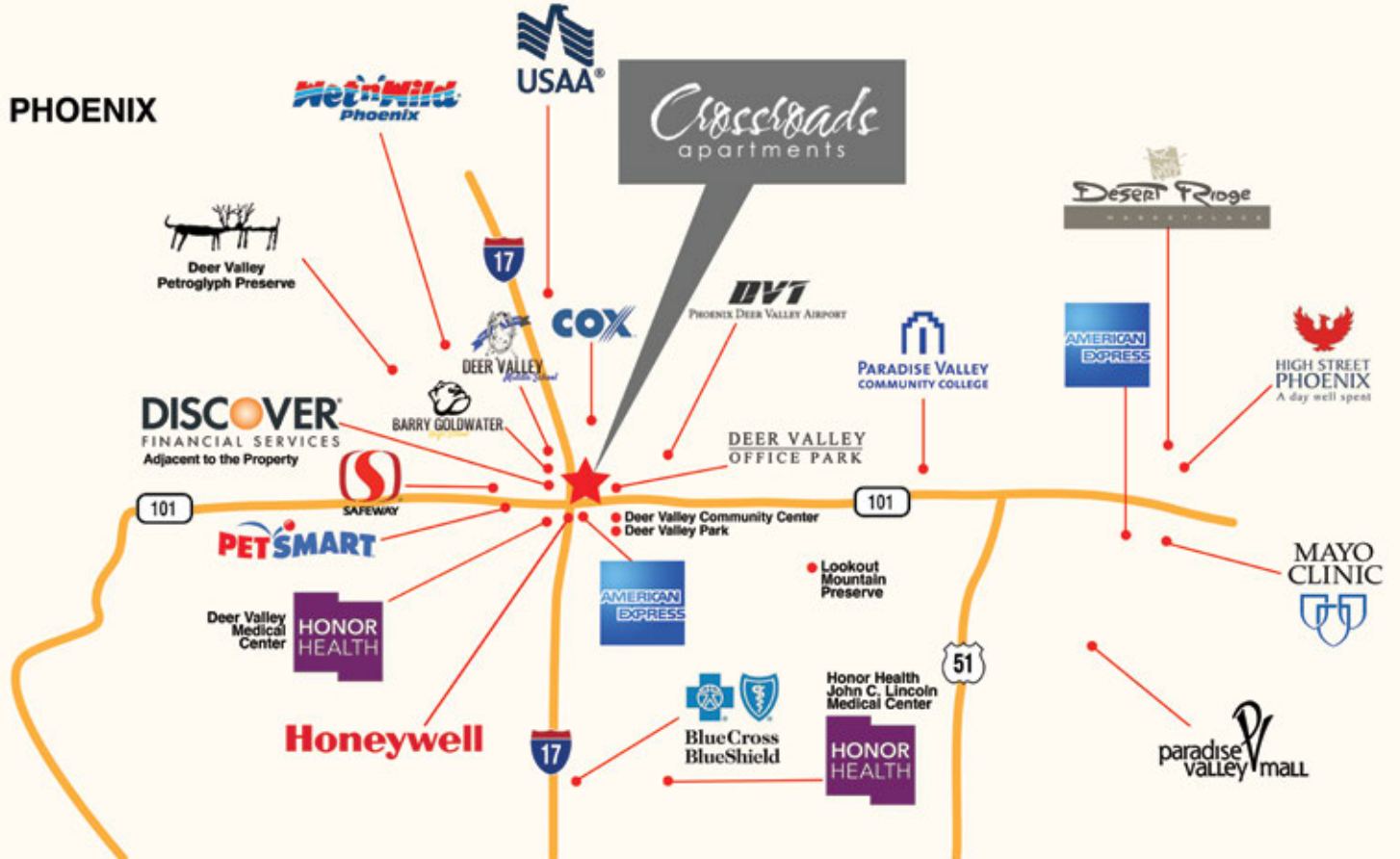


## Unit Interior Amenities

- Spacious floor plans
- Fully equipped kitchens
- Ceiling fans
- Select units feature upgraded interiors, pantries, walk-in closets and private patios or balconies









## Market Overview

Crossroads Apartments is located in the vibrant, young and growing North Phoenix submarket, in an area commonly referred to as “Deer Valley” in the Phoenix metropolitan area. This area provides a mix of residential, office, retail, recreational and resort uses. Proximity to three major freeways, Interstate 17, Loop 101 and State Route 51, provides convenient access throughout the entire metro area, including direct access to the Valley’s largest employment corridors in the downtown Phoenix and Scottsdale.

Adjacent to Crossroads Apartments is a major operations center of Discover Card, the third-largest credit card brand in the United States, with nearly 61 million cardholders. Deer Valley boasts more than 1.5 million square feet of flex space and 4 million square feet of office space, with other major office employers including American Express, Best Western and PetSmart. Additionally, the area has nearly nine million square feet of industrial space and is home to major high tech and aerospace employers such as Alcatel-Lucent Technologies, Honeywell International and L3 Avionics. HonorHealth Deer Valley Medical Center, a 204-bed, full-service hospital, serves the area.

North Phoenix is also home to more than 14 million square feet of retail space, hosting restaurants, hotels and entertainment venues. Larger power and specialty centers are near Crossroads Apartments, including the 1.2 million-square-foot Desert Ridge Marketplace, Deer Valley Town Center, High Street and Outlets at Anthem.

## Deer Valley/North Phoenix Top Employers

COMPANY	# OF EMPLOYEES
American Express	5,095
Mayo Clinic	3,450
Honeywell International	3,147
USAA Phoenix Office	2,900
<b>Discover Financial Services (adjacent to the property)</b>	<b>2,365</b>
Paradise Valley Unified School District 69	1,883
Cox Communications	1,700
Wells Fargo Home Equity	1,497
Cigna Healthcare of Arizona Inc.	1,462
PetSmart	1,444
John C. Lincoln Health Network (HonorHealth)	1,376
Safeway Stores	1,340
Deer Valley Unified School District	1,235
Walmart	1,078
Marriott	875
Waste Management of Arizona Inc.	873
Revana	774
Republic Services Inc.	692
Fry’s Food Stores	669
Best Western International	604
Phoenix Newspapers	330
Alcatel-Lucent USA	200
ASPSM Systems	160



## About the Sponsor

The sponsor of the Offering (the “Sponsor”) is a joint venture of Capital Square 1031, LLC, and Rincon Partners, LLC. (“Rincon”, together with Capital Square 1031 referred to herein as the “Sponsor”).

Capital Square 1031 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. Capital Square 1031 is also active in property and asset management, key elements in a successful real estate investment.

This is Capital Square’s 33rd DST offering. Capital Square manages over 50 properties with a value over \$500 million, based on Investment Cost.

Rincon was founded to invest 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.



Section 1031 Exchange/DST Investments



### ABOUT CAPITAL SQUARE 1031

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### 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 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.