



Private Placement Memorandum

# Colorado Multifamily Portfolio III DST

The Date of this Private Placement Memorandum is October 20, 2017

**CONFIDENTIAL**

Investing in DST Interests involves a high degree of risk. Before investing you should review the entire Private Placement Memorandum including the "Risk Factors" beginning on page 29.





## > Colorado Multifamily Portfolio III DST

### Three multifamily properties in Colorado – Aurora, Broomfield and Fort Collins

Colorado Multifamily Portfolio III DST, a newly formed Delaware statutory trust (DST), also known as the Parent Trust, and an affiliate of Inland Private Capital Corporation (IPC), is hereby offering (the Offering) to sell to certain qualified, accredited investors (Investors), pursuant to this Private Placement Memorandum (the Memorandum), 100 percent of the beneficial interests (Interests) in the Parent Trust. You should read this Memorandum in its entirety before making an investment decision.

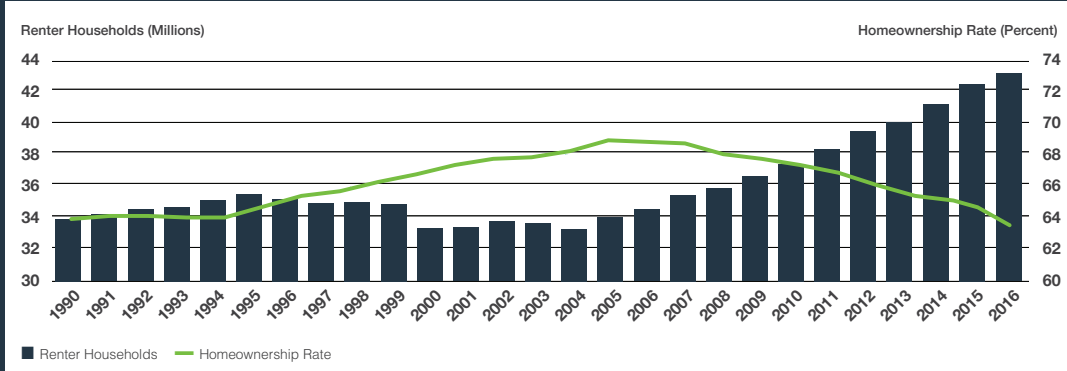
The Parent Trust will acquire and own 99.5 percent of the beneficial interests in Aurora Multifamily DST, or the Aurora Trust; 100 percent of the beneficial interests in Broomfield Multifamily DST, or the Broomfield Trust; and 99.5 percent of the beneficial interests in Ft. Collins Gardens Multifamily DST, or the Ft. Collins Trust. The Aurora, Broomfield and Ft. Collins Trusts are sometimes referred to as the Operating Trusts and each as an Operating Trust. The Operating Trusts, together with the Parent Trust, are collectively referred to herein as the Trusts.

Each Operating Trust will acquire and own a residential apartment complex. The Aurora Trust will own the real estate and improvements known as Arterra Place located in Aurora, Colorado (the Aurora Property); the Broomfield Trust will own the real estate and improvements known as 8000 Uptown located in Broomfield, Colorado (the Broomfield Property); and the Ft. Collins Trust will own the real estate and improvements known as Village Gardens Apartments located in Fort Collins, Colorado (the Ft. Collins Property). The Aurora Property, the Broomfield Property and the Ft. Collins Property are collectively referred to herein as the Properties, and each may be referred to as a Property.

Capitalized terms used in pages i through xiv but not defined herein shall have the meanings set forth in the Memorandum.

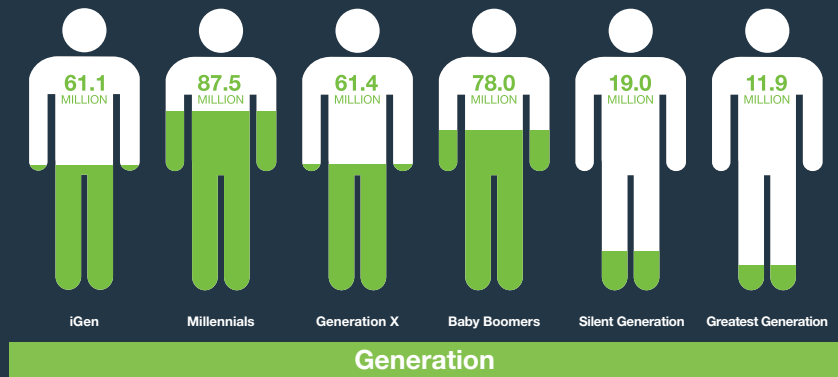
# > Multifamily Sector

Looking at the past 10 years, renter household growth has surged while home ownership has dropped. As the rate of homeownership continues to decrease, the rate of apartment living continues to increase.



Note: Data as of 1Q 2017  
Source: U.S. Census Bureau, Housing Vacancy Surveys

The population of the United States is expected to grow by 45 million people over the next 20 years. Both multifamily and single family housing supply remain well below long-term averages that are not nearly enough to house the number of people needing homes.<sup>1</sup>



Source: U.S. Census Bureau 2014 Population Estimates

Preferences of the two largest generations in the United States, the Millennials and Baby Boomers, are driving this growing trend of renting – and creating significant demand for multifamily apartments.

Millennials...		Baby Boomers...	
<p><b>Love of Amenities</b> Including electric car charging ports, gyms and cellphone reception in all areas</p>	<p><b>Love of Community</b> Including community and shared spaces and proximity to culture and nightlife</p>	<p><b>Love of Activity</b> Including walkability and easy transportation to jobs and activities they love</p>	<p><b>Love of Luxury</b> Apartments offer a more luxurious place to live with high-end amenities often not affordable with owning a home</p>
<p><b>Love of Flexibility</b> Being able to terminate lease or choose not to renew for any reason, especially career reasons</p>	<p><b>Love of Convenience</b> Keeping home maintenance and yard work out of budgets, and out of weekend to-do lists</p>	<p><b>Love of Savings</b> Renting saves thousands of dollars a year to enjoy life, travel and spend time with family versus the upkeep required for homes</p>	<p><b>Love of Convenience</b> No responsibility for maintenance, which is a lifestyle perk that apartments offer</p>

<sup>1</sup> CoStar. Midyear Multifamily Update. Too Much Apartment Construction, or Not Enough. August 10, 2017.

# > Investment Highlights

IPC believes that an investment in the Parent Trust offers the following benefits:

## Strong Locations



- Portfolio dispersed across three strong Colorado markets
- Colorado's median household income is \$63,509, higher than the national average of \$59,039
- Colorado residents are wealthier and better educated, on average, than in the United States as a whole<sup>1</sup>

## Property Performance



- Each property is well-occupied
  - Aurora: 95.5% as of 10/16/17
  - Broomfield: 94.7% as of 10/17/17
  - Ft. Collins: 95% as of 10/18/17
- Other potential income streams from the Properties may include pet fees, utility reimbursements, garage/parking fees and more

## Experienced Property Management



- Inland management team has extensive experience in all aspects of acquiring, owning, managing and financing multifamily properties
- Acquired and managed more than 73,500 multifamily units throughout the United States as of 6/30/17
- Inland has a large multifamily presence in Colorado and will have approximately 3,921 units under management across the state, including the Properties

## Long-Term, Fixed Rate, Amortizing Loans



- Each Property will be financed with a separate loan with no cross-collateralization
- Fixed interest rates
- Each loan will have a 10-year term
- Each Operating Trust will be required to make payments of interest only during the first five years and principal and interest for the final five years
- Principal amortizing on 30-year schedule (final five years)

## Master Lease Structure



- Master lease structure will allow Master Tenants to operate the respective Properties on behalf of the Operating Trusts
- Will enable actions to be taken that Operating Trusts would be unable to take, such as a restriction against re-leasing

<sup>1</sup> U.S. News & World Report. About Colorado.

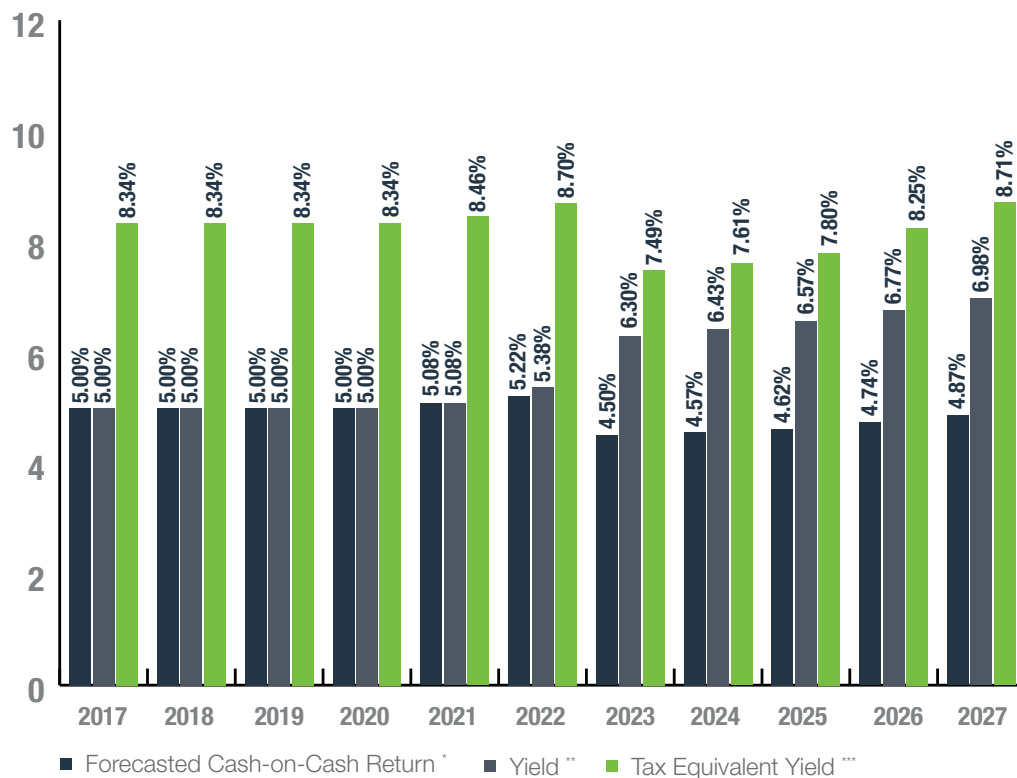
# > The Offering

The Offering is designed for accredited investors seeking to participate in a tax-deferred exchange as well as those seeking a quality, multiple-owner real estate investment. Only accredited investors may purchase interests in this Offering. For more information, see “*Summary of the Offering*” and “*The Offering*” in the Memorandum.

Beneficial Interests:	<b>\$91,372,086</b>
Loan Proceeds:	<b>\$94,708,913</b>
Offering Price:	<b>\$186,080,998</b>
Loan-to-Offering Price Ratio:	<b>50.90%</b>
Minimum Purchase (1031):	<b>\$100,000</b>
Minimum Purchase (cash):	<b>\$25,000</b>
Current Cash Flow:	<b>5.00%</b>

## Forecasted Cash-on-Cash Returns\*

(Paid Monthly)



\* These forecasts are estimates which are based on certain assumptions and may vary. Please consult the “*Risk Factors*” section of the Memorandum for events that may cause the actual results to differ. The “Forecasted Cash-on-Cash Return” is calculated by taking the sum of the: (a) excess Base Rent (any amount of Base Rent after debt service); (b) Additional Rent; and (c) Supplemental Rent payable to the Trusts (as such terms are defined in the Memorandum). Additional Rent will be estimated and paid on a monthly basis with year-end reconciliation. Supplemental Rent will be paid annually within 90 days of the end of the calendar year.

\*\* “Yield” is calculated by dividing the amounts distributed to investors plus any principal pay-down on debt over the indicated period divided by Investors’ original capital investment.

\*\*\* “Tax Equivalent Yield” represents the yield required to achieve an equivalent after tax cash flow on an interest-bearing investment, which has no shelter from depreciation and would be taxed at the effective tax rate. The calculations are based on an assumed effective tax rate of 40% of taxable income. Each prospective Investor should consult with his or her own legal, tax, accounting and financial advisors.

## > Location & Description of the Properties

Property & Address	Year Built	Total Apartment Units	1-Bedroom Units	2-Bedroom Units	3-Bedroom Units
<b>Aurora Property</b> Arterra Place 17036 East Ohio Drive Aurora, CO 80017	2015	200	112	68	20
<b>Broomfield Property</b> 8000 Uptown 8000 Uptown Avenue Broomfield, CO 80021	2015-2016	360	160	170	30
<b>Ft. Collins Property</b> Village Gardens Apartments 1025 Oxford Lane Fort Collins, CO 80525	1974-1975	141	39	66	36

See “*The Properties*” in the Memorandum for additional detail. Also see “*Risk Factors – Risks Related to the Properties*” in the Memorandum.

## > The Anticipated Financing

Each Property will be separately financed with a first mortgage loan (each, a Loan and collectively, the Loans), as described below. Each Loan is expected to have a term of 10 years. Investors should note that the financing terms of each Loan have not yet been finalized as of the date of the Memorandum, and the interest rates have been estimated and remain subject to change.

Borrower	Anticipated Principal Loan Amount	Lender	Estimated Annual Interest Rate
Aurora Trust	\$27,087,500	KeyBank National Association, under the Federal National Mortgage Association Delegated Underwriting and Servicing loan program	3.92%
Broomfield Trust	\$53,200,000	Capital One, National Association	3.66%
Ft. Collins Trust	\$14,630,000	Capital One Multifamily Finance, LLC, under the Federal National Mortgage Association Delegated Underwriting and Servicing loan program	3.64%

\*The loan to the Broomfield Trust is expected to bear interest at a variable rate, but the Broomfield Trust expects to enter into swap arrangements to fix the interest rate.

It is anticipated that the Operating Trusts will be required to make monthly, interest-only payments for the first five years, and to make monthly payments of principal and interest, with principal amortizing on a 30-year schedule, for the final five years of the Loan terms.

These Loans will not be cross-collateralized or cross-defaulted, meaning a default under one of the Loans will allow the respective lender to recover against only the particular Property securing that Loan and will not trigger a default under any other Loan.



# > The Aurora Property

Located near many of Denver's high growth employment areas such as the Denver Tech Center, Arterra Place offers residents easy access to several retail and entertainment options. The Aurora Property consists of 200 one-, two- and three-bedroom units ranging from 700 to 1,306 square feet. Fully equipped kitchens, well-appointed bathrooms and thoughtfully designed built-ins within the units create a comfortable environment for all types of residents – from singles to families to military personnel at Buckley Air Force Base. Newly built in 2015, Arterra Place offers a long list of common amenities including attached and detached parking options.



Unit Features	Access to Community Features
<ul style="list-style-type: none"> <li>✓ 9-foot ceilings</li> <li>✓ Granite countertops</li> <li>✓ Kitchen island*</li> <li>✓ Espresso cabinets</li> <li>✓ Built-in bookshelves and desk</li> <li>✓ Walk-in closets</li> <li>✓ In-unit washers/dryers</li> <li>✓ Fireplace*</li> <li>✓ Private balconies/patios</li> <li>✓ Attached garages*</li> </ul>	<ul style="list-style-type: none"> <li>✓ Controlled entry</li> <li>✓ Resident clubhouse</li> <li>✓ Community kitchen</li> <li>✓ Outdoor BBQ grills</li> <li>✓ Billiards/game room</li> <li>✓ Theater/media room</li> <li>✓ Business center with Wi-Fi</li> <li>✓ Pet washing station</li> <li>✓ Heated swimming pool with sundeck and spa</li> <li>✓ State-of-the-art fitness center</li> </ul>
<p>*In select units</p>	

## Aurora Top Employers<sup>2</sup>

Employer	# of Employees
HealthONE	8,880
University of Colorado Hospital	7,110
Lockheed Martin Corp.	6,250
Centura Health	5,900
United Airlines Inc.	5,700



## Area Demographics

	1-Mile	3-Miles	5-Miles
Median Household Income <sup>2</sup>	\$56,494	\$53,643	\$53,049
Median Housing Values <sup>3</sup>	\$197,677	\$171,456	\$192,088
2017 Estimated Population <sup>2</sup>	20,314	126,108	322,474
2022 Projected Population <sup>2</sup>	21,479	133,808	343,076
Estimated Population Growth <sup>2</sup>	5.73%	6.11%	6.39%
Estimated Renters (%) <sup>3</sup>	29.26%	50.72%	42.18%

<sup>2</sup> Appraisal Report from CBRE, Inc  
<sup>3</sup> Claritas



# > The Broomfield Property

Residents can experience mountain views from many of the one-, two- and three-bedroom floor plans offered at 8000 Uptown. A short walk to the transit station, 1st Bank Center and the master-planned Arista development's cafes, boutiques and parks, 8000 Uptown is a three-story, 360-unit multifamily residential community with excellent access to Highway 36, a major east-west thoroughfare. The Broomfield Property is also in close proximity to the Children's Hospital Colorado's 20,000-square-foot therapy center, which opened in 2012. This pet-friendly and smoke-free community was constructed in 2015.



Unit Features	Access to Community Features
<ul style="list-style-type: none"> <li>✓ Mountain views</li> <li>✓ Gourmet kitchens with backsplashes</li> <li>✓ Undermount stainless steel kitchen sinks</li> <li>✓ Stainless steel kitchen appliances</li> <li>✓ Quartz countertops</li> <li>✓ Wood-style flooring</li> <li>✓ 12-foot vaulted ceilings*</li> <li>✓ Full-size washers and dryers</li> <li>✓ Oversized walk-in closets</li> <li>✓ Patios/balconies</li> </ul> <p data-bbox="151 1736 271 1761">*In select units</p>	<ul style="list-style-type: none"> <li>✓ Gourmet TopBrewer coffee tap</li> <li>✓ Self-serve beer on tap</li> <li>✓ Conference room with Wi-Fi</li> <li>✓ Prep kitchen for entertaining</li> <li>✓ Gaming area with pool table and foosball</li> <li>✓ Lounge with flat-screen TVs and fireplace</li> <li>✓ Fully-equipped fitness center</li> <li>✓ Heated pool and spa</li> <li>✓ BBQ grilling station</li> <li>✓ Community playground</li> </ul>

## Broomfield Top Employers<sup>2</sup>

Employer	# of Employees
HealthONE	8,880
University of Colorado Hospital	7,110
Lockheed Martin Corp.	6,250
Centura Health	5,900
United Airlines Inc.	5,700



## Area Demographics

	1-Mile	3-Miles	5-Miles
Median Household Income <sup>2</sup>	\$71,946	\$81,729	\$77,188
Median Housing Values <sup>3</sup>	\$275,064	\$313,335	\$317,884
2017 Estimated Population <sup>2</sup>	3,897	76,275	227,752
2022 Projected Population <sup>2</sup>	4,421	81,672	242,932
Estimated Population Growth <sup>2</sup>	13.45%	7.08%	6.67%
Estimated Renters (%) <sup>3</sup>	14.64%	40.27%	29.88%

<sup>2</sup> Appraisal Report from CBRE, Inc  
<sup>3</sup> Claritas



# > The Ft. Collins Property

Village Gardens Apartments is a 141-unit, garden-style apartment community in Fort Collins, Colorado. The Ft. Collins Property offers residents community features such as an all-season indoor pool, a fire pit with barbeque grills, a life-size chess set, and volleyball and basketball courts. Interior unit features include stainless steel appliances, upgraded countertops and light fixtures, and wood-style flooring. The Ft. Collins Property, comprised of 12 buildings on 13 acres, is a short distance to retail, major employment areas and the MAX Rapid Bus transit line and is located less than 10 minutes from Colorado State University, the second largest university in Colorado.

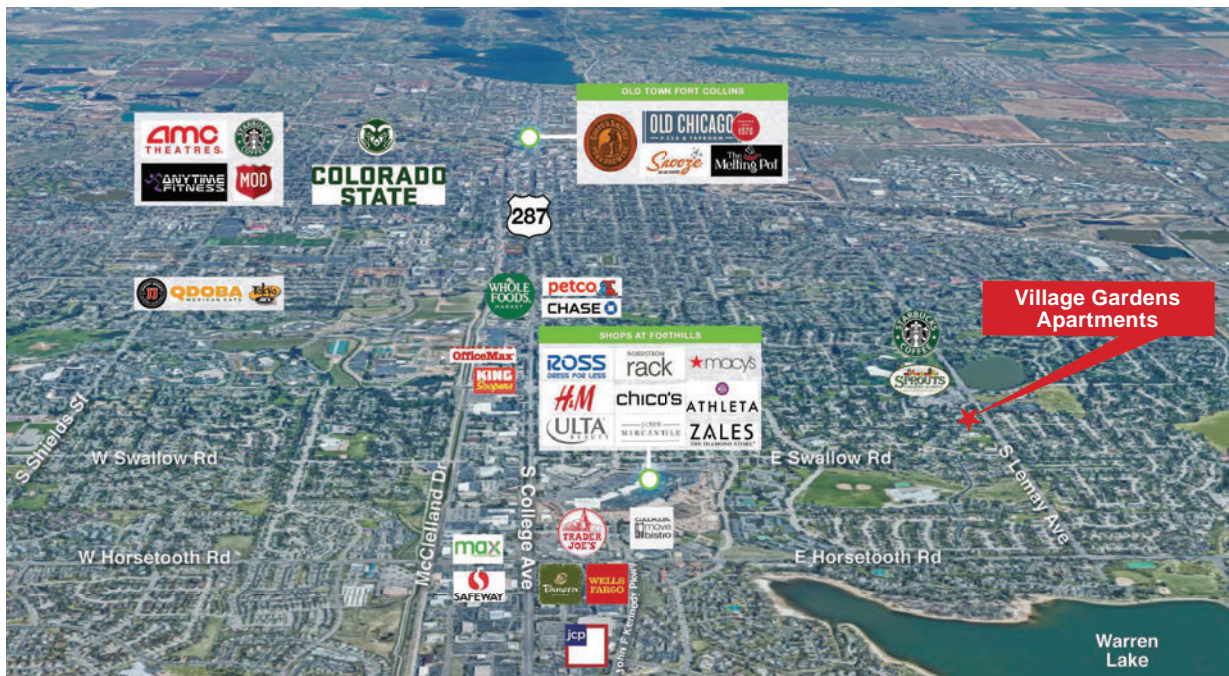


Unit Features	Access to Community Features
<ul style="list-style-type: none"> <li>✓ Fully equipped kitchens</li> <li>✓ Espresso cabinetry*</li> <li>✓ Stainless-look appliance package*</li> <li>✓ Wood-style flooring*</li> <li>✓ Wood-burning fireplaces*</li> <li>✓ Large closets and storage</li> <li>✓ Ceilings fans</li> </ul> <p>*In select units</p>	<ul style="list-style-type: none"> <li>✓ Indoor pool with garage door access to patio</li> <li>✓ Lounge area</li> <li>✓ Business center</li> <li>✓ Fire pit with gas BBQ grills</li> <li>✓ Dog park</li> <li>✓ Playground and open green space</li> <li>✓ Exercise facility</li> <li>✓ Sand volleyball court</li> <li>✓ Basketball court</li> <li>✓ Life-size chess set</li> </ul>



## Ft. Collins Top Employers<sup>2</sup>

Employer	# of Employees
Colorado State University	7,525
University of Colorado Health	6,480
Broadcom Ltd.	1,600
Woodward Governor Co.	1,480
Banner Health: McKee Medical Center	1,400



## Area Demographics

	1-Mile	3-Miles	5-Miles
Median Household Income <sup>2</sup>	\$61,280	\$56,863	\$58,727
Median Housing Values <sup>3</sup>	\$273,058	\$283,128	\$290,185
2017 Estimated Population <sup>2</sup>	14,105	100,615	178,207
2022 Projected Population <sup>2</sup>	14,933	107,395	193,256
Estimated Population Growth <sup>2</sup>	5.87%	6.96%	8.45%
Estimated Renters (%) <sup>3</sup>	45.41%	48.05%	42.44%

<sup>2</sup> Appraisal Report from CBRE, Inc  
<sup>3</sup> Claritas



Aurora Property

## > About Colorado and the Markets

Colorado is the eighth largest state in terms of landmass. Its geographic diversity and natural resources have been an economic boon and a draw for tourism. Colorado is home to some of the country's tallest mountains. The Colorado Tourism Office reported that in 2015, 77.7 million people visited the state and spent \$19 billion.<sup>4</sup> Colorado has distinguished itself as a place to live, as well as a place to visit. The capital city of Denver is its largest city, followed by Colorado Springs – both of which are included in U.S. News' top five Best Places to Live. The population in Colorado is among the healthiest in the nation, likely encouraged by the state's availability of outdoor activities, physical beauty and mild climate. Colorado is ranked fifth on Forbes' 2016 list of Best States for Business.

### Aurora

With a low 4.20 percent unemployment rate<sup>5</sup>, Aurora, Colorado is one of Metro Denver's fastest growing submarkets. More than 350,000 people reside in Aurora as of 2016, an 11.4 percent population increase since 2010.<sup>5</sup> Future job growth is expected to be 39.50 percent over the next 10 years<sup>6</sup>, keeping up with continued population growth. Aurora residents can access easy transportation to Downtown Denver, which is approximately 13 miles away, as well as the Denver Tech Center, Denver's International Airport and many more destinations, by Colorado's extensive rapid transit rail system.

### Broomfield

Broomfield, Colorado ranks as the ninth fastest-growing city in the U.S.<sup>7</sup> Broomfield boasts easy access to rapid transit to Boulder and Denver, making it an easy area to live and work. In close proximity to the University of Colorado in Boulder, Broomfield's unemployment rate was 3.60 percent as of December 2016, with job growth over the next 10 years predicted to be 40.19 percent.<sup>8</sup> The median household income in Broomfield as of December 2016 was \$80,430<sup>9</sup>, well above the national average.

### Fort Collins

Nestled at the base of the Rocky Mountains in northern Colorado, Fort Collins is home to Colorado State University and many high-tech companies. With a mix of manufacturing and service-related businesses, major employers in the Fort Collins area include Advanced Energy Industries Inc., Banner Health, Hewlett-Packard Enterprise and Anheuser Busch.<sup>9</sup> Fort Collins' population of more than 160,000 as of 2016 enjoys a median household income of \$61,514.<sup>10</sup>

4 The Denver Post. Colorado breaks tourism record with 77.7 million visitors spending \$19.1 billion. July 21, 2016.

5 U.S. Census Bureau. QuickFacts. Aurora, Colorado.

6 Sperling's Best Places. Aurora, Colorado.

7 Broomfield Enterprise. Broomfield ranks as ninth fastest-growing city in the country. May 25, 2016.

8 Sperling's Best Places. Broomfield, Colorado.

9 Fort Collins Area Chamber of Commerce. Major Employers.

10 City-data.com. Fort Collins, Colorado.





Inland has a large multifamily presence in Colorado and will have approximately 3,921 units under management across the state, including the Properties

● IPC Multifamily Properties





# > About Inland Private Capital Corporation

The Inland Real Estate Group of Companies, Inc. (Inland) is one of the nation's largest commercial real estate and finance groups, representing nearly 50 years of expertise and integrity in the industry. As a business incubator, Inland specializes in creating, developing and supporting member companies that provide real estate-related investment funds – including limited partnerships, institutional funds and nonlisted real estate investment trusts (REITs) – and real estate services for both third parties and Inland-member companies.

In March 2001, Inland Private Capital Corporation (IPC) was formed to provide replacement properties for investors wishing to complete a tax-deferred exchange under Section 1031 of the Internal Revenue Code of 1986, as amended, as well as investors seeking a quality, multiple-owner real estate investment. The programs sponsored by IPC offer securities to accredited investors on a private placement basis.

## Track Record Since Inception

(THROUGH DECEMBER 31, 2016)

<p>Sponsored <b>197</b> private placement programs</p>	<p><b>527</b> properties in 43 states</p>	<p>Offered more than <b>\$3</b> billion in equity</p>	<p>More than <b>\$6.3</b> billion of assets based on offering price</p>
<p>More than <b>31.80</b> million square feet of gross leaseable area</p>	<p><b>\$1,232,937,239</b> cumulative distributions to investors</p>	<p><b>70</b> assets sold</p>	

## Program Dispositions

(AS OF DECEMBER 31, 2016)

	RETAIL	OFFICE	MULTIFAMILY	INDUSTRIAL
Cumulative Sales Price	\$435,738,911	\$204,909,165	\$49,266,108	\$96,270,041
Weighted Avg. Total Return*	138.49%	119.43%	140.19%	133.26%
Weighted Avg. ARR**	8.11%	4.13%	22.68%	7.25%
Number of Programs	33	7	2	5



The Inland Real Estate Group of Companies, Inc.  
**2X RECIPIENT**  
of the Torch Award for Ethics in the Marketplace



Inland Private Capital Corporation  
**2X RECIPIENT**

### Metrics for Program Dispositions

\* **Weighted Average Total Return** is calculated by dividing the sum of amounts distributed to investors over the hold period of the investment plus the sale proceeds returned to the investors, by such investors' capital invested in the program inclusive of all taxes, fees and expenses. To determine the weighted average, the total return for each program is multiplied by the capital invested in that program, divided by total capital invested in all programs represented in the analysis.

\*\* **Weighted Average Annualized Rate of Return (ARR)** is calculated as the sum of total cash flows distributed during the term of the investment plus any profit or loss on the initial offering price, divided by the investment period. To determine the weighted average, the ARR for each program is multiplied by the capital invested in that program, divided by the total capital invested in all programs represented in this analysis.

The Weighted Average Total Return and Weighted Average ARR metrics presented above apply to those programs in which the property owned by such program was sold. Please note that this analysis does not include programs in which the subject property was in foreclosure. In such situations, IPC has negotiated with the applicable lender and advanced funds to the investors to allow the investors to exchange their beneficial interests in the original program for a proportional beneficial interest in a new program, in order to continue their Section 1031 exchanges and avoid potential capital gains and/or forgiveness of debt tax liabilities.

## Summary Risk Factors

An investment in the Interests of the Parent Trust involves significant risk and is suitable only for Investors who have adequate financial means, desire a relatively long-term investment and who will not need immediate liquidity for their investment and can afford to lose their entire investment. Investors must read and carefully consider the discussion set forth in the section of the Memorandum captioned “*Risk Factors*.” The risks involved with an investment in the Parent Trust include, but are not limited to:

- The Interests may be sold only to accredited investors, which, for natural persons, are investors who meet certain minimum annual income or net worth thresholds.
- The Interests are being offered in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended, and are not required to comply with specific disclosure requirements that apply to registration under the Securities Act of 1933, as amended.
- The Securities and Exchange Commission has not passed upon the merits of or given its approval to the Interests, the terms of the offering, or the accuracy or completeness of any offering materials.
- The Interests are subject to legal restrictions on transfer and resale and Investors should not assume they will be able to resell their Interests.
- Investing in Interests involves risk, and Investors should be able to bear the loss of their investment.
- Investors will have limited control over the Trusts.
- The Trustees will have limited duties to Investors and limited authority.
- There are inherent risks with real estate investments.
- The Parent Trust will depend on the Operating Trusts for revenue, the Operating Trusts will depend on the Master Tenants for revenue and the Master Tenants will depend on the residents under the residential leases, and any default by the Master Tenants or the residents will adversely affect the Parent Trusts’ and Operating Trusts’ operations.
- The costs of complying with environmental laws and other governmental laws and regulations may adversely affect the Trust.
- The Properties are located in a “Special Wind Region” (as described in each Property’s Assessment), which could result in damage to these Properties.
- The terms of the Loans may be different than what is discussed in the Memorandum.
- The Loans will reduce the funds available for distribution and increase the risk of loss.
- The prepayment premiums associated with the Fannie Mae Loans may negatively affect the Parent Trust’s exit strategies.
- To hedge against interest rate fluctuations, the Broomfield Trust expects to enter into derivative financial instruments, which may be ineffective.
- With respect to the loan to the Broomfield Trust, certain events will trigger cash sweeps, which may have a material adverse effect on the Broomfield Trust and Investors.
- If the Operating Trusts are unable to sell or otherwise dispose of the Properties before the maturity dates of the respective Loans, they may be unable to repay the Loans and may have to cause a Transfer Distribution.
- The Loan Documents are expected to each contain various restrictive covenants, and if the Operating Trusts fail to satisfy or violate these covenants, the Lenders may declare one or more Loans in default.
- There is no public market for the Interests.
- The Interests are not registered with the Securities and Exchange Commission or any state securities commissions.
- Investors may not realize a return on their investment for years, if at all.
- The Parent Trust is not providing any prospective Investor with separate legal, accounting or business advice or representation.
- There are various tax risks, including the risk that an acquisition of an Interest may not qualify as a Section 1031 Exchange.

## IMPORTANT NOTES

The Inland name and logo are registered trademarks being used under license. “Inland” refers to some or all of the entities that are part of The Inland Real Estate Group of Companies, Inc. which is comprised of a group of independent legal entities some of which may be affiliates, share some common ownership or have been sponsored and managed by subsidiaries of Inland Real Estate Investment Corporation.

Each prospective Investor should consult with his, her or its own tax advisor regarding an investment in the Interests and the qualification of his, her or its transaction under Internal Revenue Code Section 1031 for his, her or its specific circumstances.



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