



PRIVATE PLACEMENT MEMORANDUM

For the exclusive use of: _____

Memorandum ID #: _____

The Date of this Private Placement Memorandum is
February 6, 2013

CONFIDENTIAL



New York Grocery DST

New York Grocery DST, a Delaware statutory trust (the "Trust") and an affiliate of Inland Private Capital Corporation ("IPCC"), is hereby offering to sell to certain qualified, accredited investors (see *"The Offering – Investor Suitability Requirements"*) 99.5% of the beneficial interests in the Trust. The Trust owns the property which is operated as a Pathmark grocery store and is located at the following address (the "Property"):

**1764 Grand Avenue
Baldwin, NY 11510**

The Property

The Property contains a total of 4.129 acres (179,859 square feet) of land, upon which is located a single-story, single-tenant, freestanding retail building containing a total area of approximately 51,798 square feet. 100% of the rentable area at the Property is leased to, and occupied by, A&P Real Property, LLC ("Tenant"), which operates a Pathmark grocery store on the Property. See *"The Property"* and *"Risk Factors – Risks Related to the Property"* for additional discussion regarding the Property.



The Lease

The Lease commenced November 8, 2010 and the initial term expires on November 30, 2030. Tenant has the right to extend the term for ten successive five-year periods by giving written notice thereof to the Trust no later than one year prior to the expiration of the then existing term.

Under the Lease, Tenant, at its sole cost and expense, is obligated: (1) to pay all taxes; (2) to pay for all utility services furnished to the Property; (3) to pay for all insurance costs as further described in the Lease; and (4) to clean, maintain, repair and replace the Property. A copy of the Lease is included on the enclosed CD. See *“Summary of the Lease”* and *“Risk Factors – Risks Related to the Property”* for additional discussion about the Lease.



The Tenant

The current tenant under the Lease is A&P Real Property, LLC, a Delaware limited liability company formed in March 2012. Tenant is an affiliate of Pathmark Stores, Inc., a Delaware corporation, the previous tenant under the Lease and the Lease Guarantor, and of The Great Atlantic & Pacific Tea Company, Inc., a Maryland corporation (“A&P”). A&P is engaged in the retail food business. Founded in 1859, it operates more than 300 stores under the A&P®, Food Basics®, The Food Emporium®, Pathmark®, Superfresh® and Waldbaum’s® trade names where it sells groceries, meat, fresh produce and other items commonly offered in supermarkets. In support of its retail operations, A&P sells private label products in its stores under other brand names of its company, which include America’s Choice®, Hartford Reserve®, Green Way®, Via Roma® and Live Better Wellness®. In December 2010, A&P and its U.S. subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the

Southern District of New York in White Plains. It emerged from bankruptcy in 2012 as a privately owned entity. A&P is one of the largest grocery companies in the Northeast, and Tenant is licensed to do business in each state where A&P operates a store: Delaware, Connecticut, Maryland, New Jersey, New York and Pennsylvania.





The Offering

The Offering is designed for accredited investors seeking to participate in a tax-deferred exchange as well as accredited investors seeking a quality multiple owner real estate investment. See *“Summary of the Offering - Interests Offered”* and *“The Offering.”*

Beneficial Interests:	\$11,926,811
Loan Proceeds:	\$12,150,000
Offering Price:	\$24,076,811
Loan-to-Offering Price Ratio:	50.46%
Minimum Purchase (1031):	\$100,000
Minimum Purchase (cash):	\$25,000
Current Cash Flow:	6.45%

The Financing

The Trust funded the acquisition of the Property with cash and a loan, in the principal amount of \$12,150,000, from Ladder Capital Finance I LLC, a Delaware limited liability company, to the Trust (the “Loan”).


The Loan has a maturity date of January 6, 2038, but has a “Preferred Prepayment Date” of January 6, 2023. Interest on the principal balance of the Loan will accrue to but excluding the Preferred Prepayment Date at a fixed rate of 4.274% per annum. Beginning on the Preferred Prepayment Date, the outstanding principal balance will

amortize at a term of one hundred eighty (180) months and interest will accrue at an increased rate, equal to 5.0% plus the greater of the initial interest rate or the fifteen-year Treasury rate, which calculation is defined in the Loan Agreement.

The Loan is secured by the Property, and the Trust is responsible for repayment of the Loan. The Loan is non-recourse to the Investors. Accordingly, the Investors will have no personal liability in connection with the Loan.

Summary Risk Factors

An investment in the interests of the 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 from their investment and can afford to lose their entire investment. The risks involved with an investment in interests include, but are not limited to:

- Investors have limited control over the Trust.
 - The trustees of the Trust have limited duties to Investors, and limited authority.
 - There are inherent risks with real estate investments.
 - The Trust will depend on Tenant for revenue, and any defaults by Tenant will adversely affect the Trust's operations.
 - The Trust may suffer adverse consequences due to financial difficulties, bankruptcy or insolvency of Tenant
 - The Great Atlantic & Pacific Tea Company, Inc., an affiliate of Tenant, emerged from bankruptcy in 2012 and is now a privately owned entity. The continuing financial strength of Tenant and its affiliates may be uncertain.
 - Financial statements for Tenant and its affiliates are not available to Investors.
 - The cost of complying with environmental laws and other governmental laws and regulations may adversely affect the Trust.
 - There is no public market for the interests.
- 
- The Loan contains various restrictive covenants, and if the Trust fails to satisfy or violates these covenants, the lender may declare the Loan in default.
 - The interests are not registered with the Securities and Exchange Commission or any state securities commissions.
 - Investors may not realize a return of their investment for years, if at all. The Trust is not providing the prospective Investor with separate legal, accounting or business advice or representation.
 - Various tax risks, including the risk that an acquisition of an interest may not qualify as a Section 1031 Exchange.

Investors must read and carefully consider the discussion set forth in the section of the Private Placement Memorandum caption "Risk Factors."

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 Section 1031 for his, her or its specific circumstances.

The Offering

The Offering is designed for accredited Investors seeking to participate in a tax-deferred exchange as well as accredited Investors seeking a quality multiple owner real estate investment. See *“Summary of the Offering - Interests Offered”* and *“The Offering.”*

Beneficial Interests:	\$11,926,811
Loan Proceeds:	\$12,150,000
Offering Price:	\$24,076,811
Loan-to-Offering Price Ratio:	50.46%
Minimum Purchase (1031):	\$100,000
Minimum Purchase (cash):	\$25,000
Current Cash Flow:	6.45%

The Financing

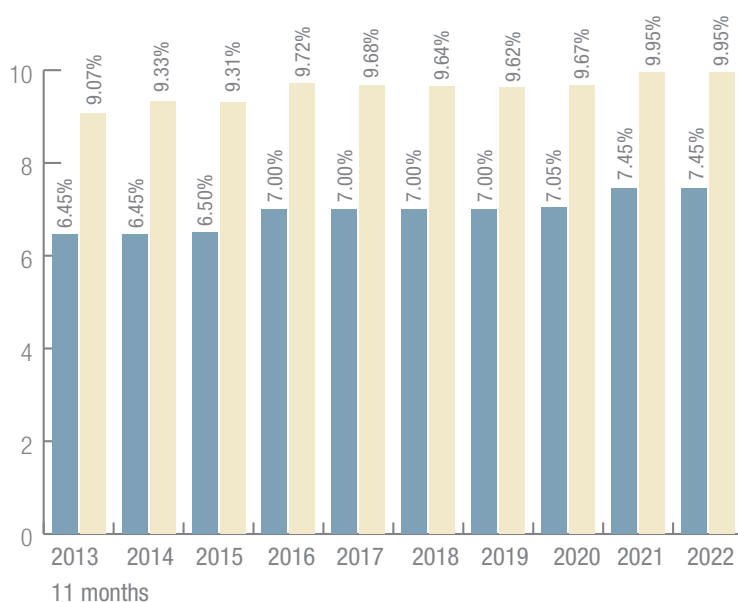
The Trust funded the acquisition of the Property with cash and a Loan, in the principal amount of \$12,150,000, from Ladder Capital Finance I LLC, a Delaware limited liability company, to the Trust.

The Loan has a maturity date of January 6, 2038, but has a “Preferred Prepayment Date” of January 6, 2023. Interest on the principal balance of the Loan will accrue to but excluding the Preferred Prepayment Date at a fixed rate of 4.274% per annum. Beginning on the Preferred Prepayment Date, the outstanding principal balance will

amortize at a term of one hundred eighty (180) months and interest will accrue at an increased rate, equal to 5.0% plus the greater of the initial interest rate or the fifteen-year Treasury rate, which calculation is defined in the Loan Agreement.

The Loan is secured by the Property, and the Trust is responsible for repayment of the Loan. The Loan is non-recourse to the Investors. Accordingly, the Investors will have no personal liability in connection with the Loan.

Forecasted Cash-on-Cash Returns ⁽¹⁾ (Paid Monthly)



- Forecasted Cash-on-Cash Return
- Tax Equivalent Yield ⁽²⁾

⁽¹⁾ 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.

⁽²⁾ The 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.

