

Inland Private Capital Corporation

# Riverdale Multifamily DST



Private Placement Memorandum

[www.inlandprivatecapital.com](http://www.inlandprivatecapital.com)

The Date of this Private Placement Memorandum is April 10, 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 18.



## > Riverdale Multifamily DST

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

The Trust owns the real estate and improvements located at 6000 Riverdale Road in Riverdale, New Jersey, commonly known as The Reserve at Riverdale (the Property). The Trust acquired the Property, consisting of approximately 15 acres of land, on October 31, 2016.

|   |                                      |
|---|--------------------------------------|
| <b>Total Apartment Units</b>                | <b>212</b>                           |
| <b>1-Bedroom Units</b>                      | <b>77 (808 Avg. Sq. Ft./Unit)</b>    |
| <b>2-Bedroom Units</b>                      | <b>135 (1,163 Avg. Sq. Ft./Unit)</b> |
| <b>Year Built</b>                           | <b>2010</b>                          |
| <b>Parking Spaces</b>                       | <b>408</b>                           |
| <b>Occupancy<br/>(excluding model unit)</b> | <b>100%</b>                          |



## > Offering Benefits

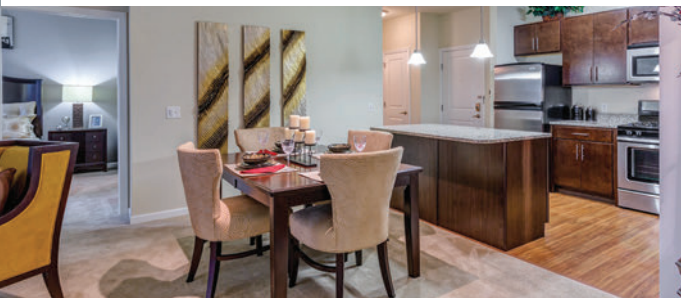
**IPCC believes that an investment in Riverdale Multifamily DST may offer the following benefits:**

- **Strong Location** – The Property, a “Class A” apartment building, is located in Morris County, New Jersey, just 25 miles from New York City. Morris County – the tenth wealthiest county in the United States and home to 33 Fortune 500 companies including Honeywell International, PBF Energy, Avis Budget Group and Quest Diagnostics – is an attractive location for both families and businesses. The Reserve at Riverdale is centrally located between Interstate 287 and Route 23, major north-south and east-west corridors, providing residents easy access to a variety of area amenities, such as discount superstores, grocery stores, home improvement stores and many restaurants.
- **Experienced Property Management** – Inland’s management team has experience in all aspects of acquiring, owning, managing and financing real estate, including multifamily properties. As of September 30, 2016, Inland had acquired and managed over 72,000 multifamily units throughout the United States, for an aggregate purchase price of approximately \$4.2 billion.
- **Long-term, Fixed Rate, Amortizing Loan** – The Loan (as defined herein) has a term of 10 years, maturing on November 1, 2026, and bears interest at a fixed rate equal to 3.20% per annum. Additionally, for the final five years of the Loan term, the Trust is required to make monthly payments of principal and interest, with principal amortizing on a 30-year schedule. See “*Financing Terms*” in the Memorandum.
- **Master Lease Structure** – The master lease structure used by the Trust allows the master tenant, an affiliate of IPCC, to operate the Property on behalf of the Trust and to enable actions to be taken with respect to the Property that the Trust would be unable to take due to tax law-related restrictions, including, but not limited to, a restriction against re-leasing the Property. See “*Summary of the Leases – Master Leases*” in the Memorandum.

# > The Property

## The Reserve at Riverdale

The Reserve at Riverdale is a 212-unit apartment community featuring spacious one-bedroom and two-bedroom units with well-appointed interiors, 9 foot ceilings, modern amenities and high-end construction. This mid-rise property built in 2010 consists of two four-story residential buildings with elevators and a large detached clubhouse. Each residential building is designed with a landscaped interior courtyard and is surrounded by lush grounds. Residents of The Reserve at Riverdale – primarily white collar demographic – enjoy resort-style amenities that are complementary to their personal and professional lifestyles.



| Unit Features   | Community Amenities   |
|---|---|
| <ul style="list-style-type: none"> <li>✓ Stainless steel appliances</li> <li>✓ Granite countertops</li> <li>✓ Wood-finished floors</li> <li>✓ Flat-panel, espresso or maple-finished cabinets</li> <li>✓ High-end fixtures</li> <li>✓ Side-by-side full size washer and dryer</li> <li>✓ Walk-in closets</li> <li>✓ Spacious individual balconies and patios</li> <li>✓ Keyless entry system</li> <li>✓ 2" plantation blinds</li> </ul> | <ul style="list-style-type: none"> <li>✓ Resort-style swimming pool</li> <li>✓ Outdoor patio with grilling area</li> <li>✓ Fire pit with seating</li> <li>✓ Concierge service</li> <li>✓ Game room</li> <li>✓ Lounge with pool table and bar</li> <li>✓ Business center</li> <li>✓ On-site gym and yoga/spin studio</li> <li>✓ Parking garage</li> <li>✓ Ample bicycle storage</li> </ul> |

## The Morris County Market

Residents of the Property enjoy access to retail and shopping just over one mile away, including Walmart, Home Depot, Target and more. The Reserve at Riverdale is centrally located between Interstate 287 and Route 23, major north-south and east-west corridors that carry residents to multiple area amenities. Situated in the center of Northern New Jersey, Morris County, which includes Riverdale, combines natural beauty and suburban living with proximity to metropolitan surroundings. Just 25 miles northwest of New York City and 90 miles northeast of Philadelphia, Morris County has an educated work force with more than half of people 25 years of age or older with a bachelors degree or higher.<sup>1</sup> The County is served primarily by three NJ Transit train lines that connect residents with New York City.

<sup>1</sup> U.S. Census Bureau. QuickFacts.



Morris County, New Jersey's seventh largest county, is an attractive location for both families and businesses:

- Estimated population of 500,000, a **1.5% increase in population** since 2010<sup>2</sup>
- Nearly **51%** of the population age 25 years and older has a bachelor's degree or higher<sup>2</sup>
- **Tenth wealthiest county** in the United States<sup>3</sup> with six figure median household income<sup>4</sup>
- **Many Fortune 500 companies** operate in Morris County, either as a headquarters or major office locations, including Honeywell International, PBF Energy, Avis Budget Group and Quest Diagnostics<sup>5</sup>



Average Home Price Source: Nielsen/Claritas

<sup>2</sup> U.S. Census Bureau. QuickFacts.

<sup>3</sup> WorldAtlas.com. September 16, 2016.

<sup>4</sup> City-Data.com. Morris County, New Jersey.

<sup>5</sup> Chosenj.com. June 2016.



## > The Financing

The Trust funded the purchase of the Property with a combination of cash and financing from Guardian Life Insurance Company of America (the Lender). The financing consists of a \$33,000,000 loan (the Loan) with a 10-year term, maturing on November 1, 2026, and bearing interest at a fixed rate equal to 3.20% per annum.

The Trust is required to make monthly payments, comprised of monthly interest-only payments for the initial five years and fixed monthly payments of principal and interest, with principal amortizing on a 30-year schedule, thereafter. The Loan is secured by a Mortgage against the Property, and the Trust is responsible for repayment of the Loan. The Loan is nonrecourse to the Investors, meaning the Investors will have no personal liability in connection with the Loan.

## > 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. See “*Summary of the Offering*” and “*The Offering*” in the Memorandum.

|                               |                     |
|-------------------------------|---------------------|
| Beneficial Interests:         | <b>\$32,937,608</b> |
| Loan Proceeds:                | <b>\$33,000,000</b> |
| Offering Price:               | <b>\$65,937,608</b> |
| Loan-to-Offering Price Ratio: | <b>50.05%</b>       |
| Minimum Purchase (1031):      | <b>\$100,000</b>    |
| Minimum Purchase (cash):      | <b>\$25,000</b>     |
| Current Cash Flow:            | <b>5.15%</b>        |

# > Summary Risk Factors

An investment in 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 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*.” Capitalized terms used below but not defined herein shall have the meanings set forth in the Memorandum. The risks involved with an investment in Riverdale Multifamily DST 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 have limited control over the Trust.
- The Trustees have limited duties to Investors and limited authority.
- There are inherent risks with real estate investments.
- The Trust will depend on the Master Tenant for revenue, and the Master Tenant will depend on the Residents under the Residential Leases, and any default by the Master Tenant or the Residents will adversely affect the Trust’s operations.
- The costs of complying with environmental laws and other governmental laws and regulations may adversely affect the Trust.
- The Property is located in a Flood Zone and a Hurricane Susceptible Region, which could result in damage to the Property.
- The Property is required by local law to maintain a minimum percentage of affordable housing units.
- The Property may be subject to Resident litigation.
- The Loan will reduce the funds available for distribution and increase the risk of loss.
- The prepayment penalties associated with the Loan may negatively affect the Trust’s exit strategy.
- If the Trust is unable to sell or otherwise dispose of the Property before the maturity date of the Loan, it may be unable to repay the Loan and may have to cause a Transfer Distribution.
- The Loan Documents contain various restrictive covenants, and if the Trust fails to satisfy or violate these covenants, the Lender may declare the Loan 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 Trust is not providing any 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.

## 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.

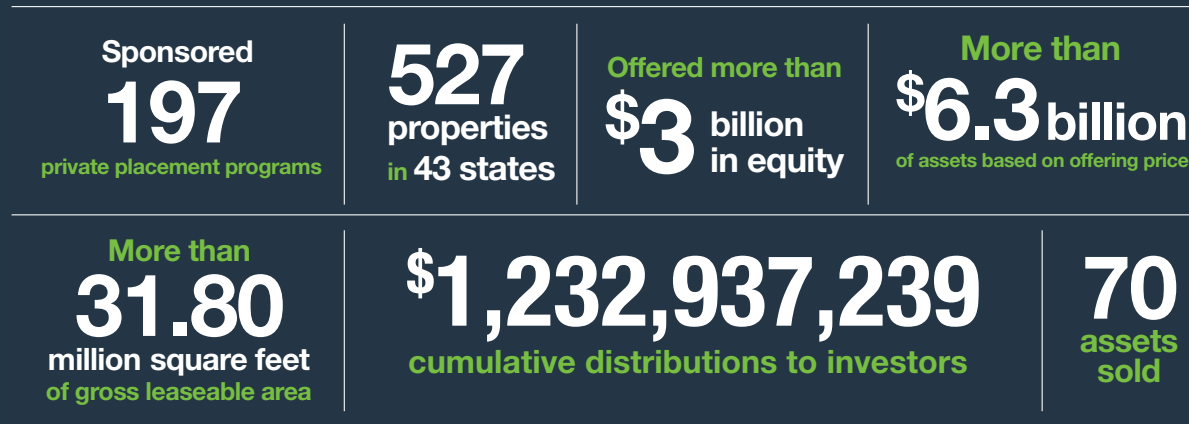
# > About Inland Private Capital Corporation

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 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 IPCC offer securities to accredited investors on a private placement basis.

## Track Record Since Inception

(THROUGH DECEMBER 31, 2016)



## 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.

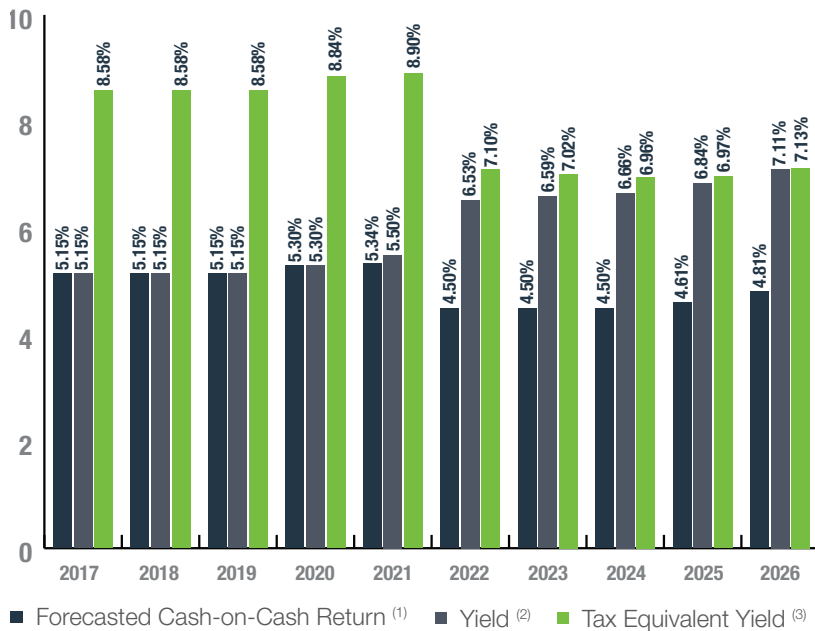
\*\* **Weighted Average Annualized Rate of Return (ARR)** is calculated as the sum of total cash flows distributed during the term of the investment plus any profit or loss on the initial offering price, divided by the investment period. To determine the weighted average, the ARR for each program is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





## Forecasted Cash-on-Cash Returns <sup>(1)</sup> (Paid Monthly)



<sup>(1)</sup> 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 Trust. 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.

<sup>(2)</sup> “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.

<sup>(3)</sup> “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.



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