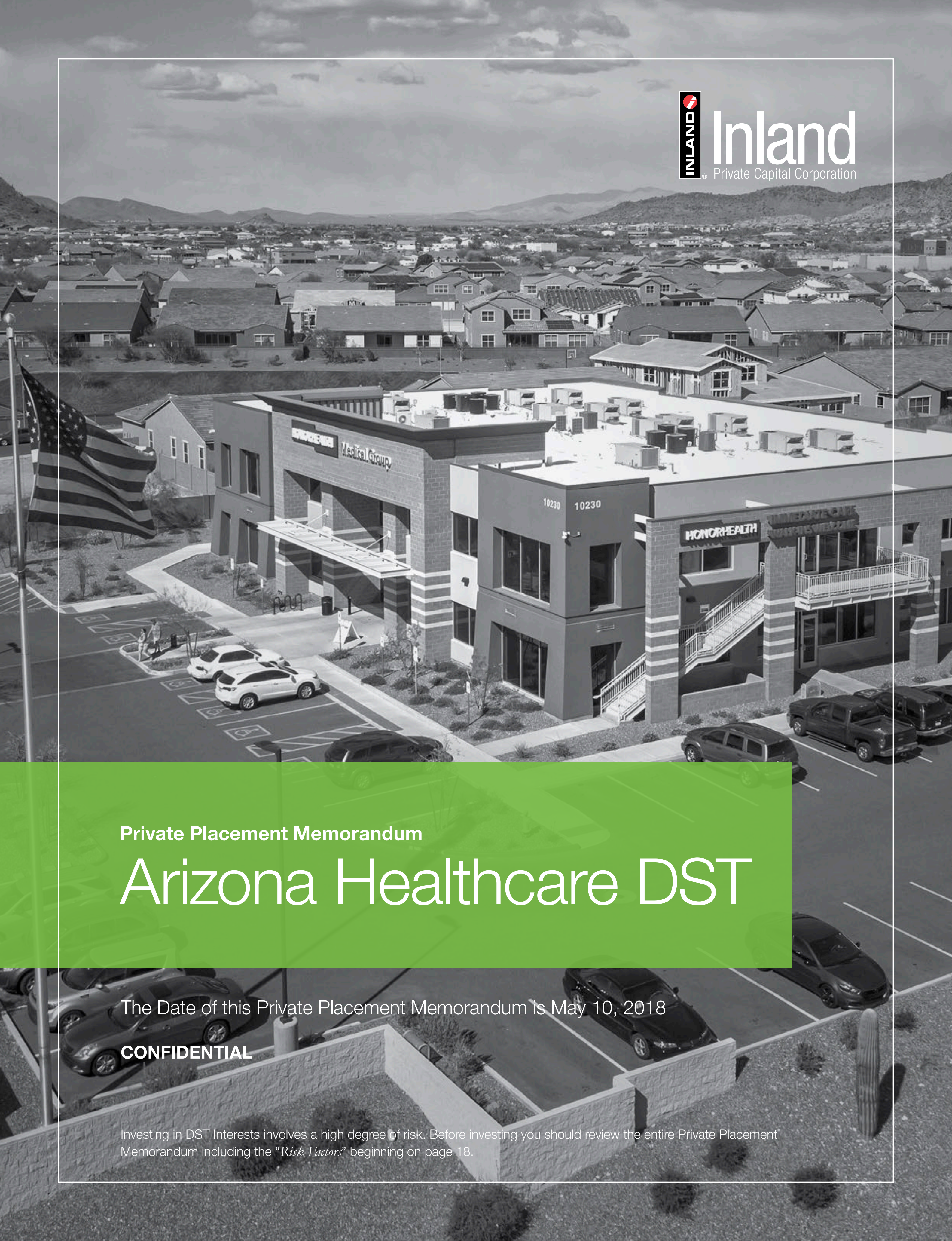


Inland
Private Capital Corporation

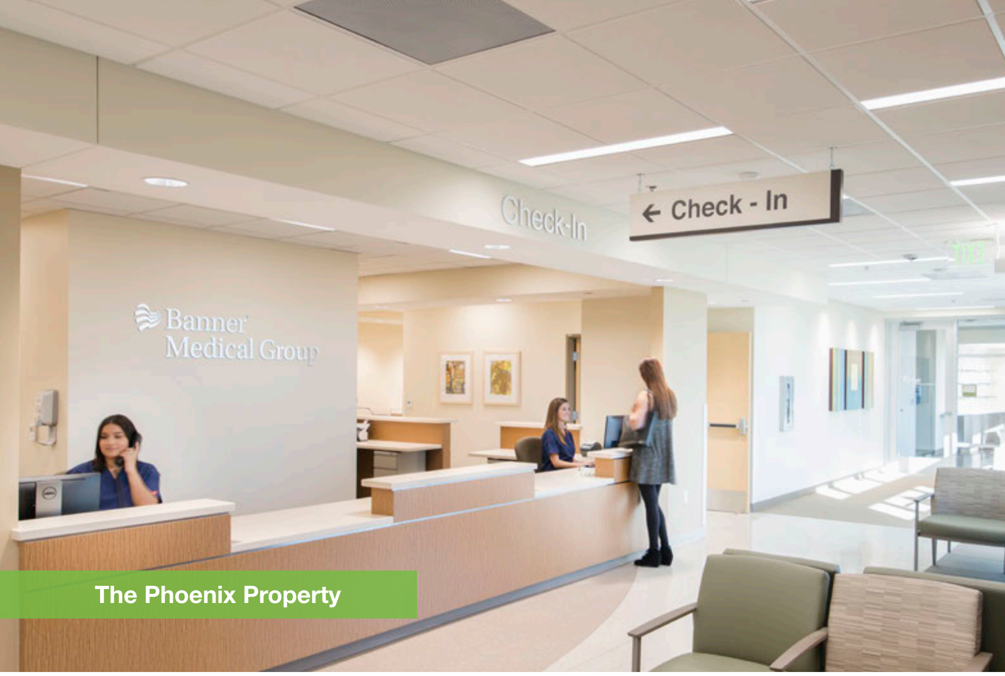
Private Placement Memorandum

Arizona Healthcare DST

The Date of this Private Placement Memorandum is May 10, 2018

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.



The Phoenix Property

OFFERING HIGHLIGHTS

Beneficial Interests:	**$26,152,407**
Offering Price:	**$26,152,407**
Offering Reserve:	**$29,543**
Minimum Purchase (1031):	**$100,000**
Minimum Purchase (cash):	**$25,000**
Current Cash Flow:	**5.00%**

Arizona Healthcare DST

A portfolio of two healthcare properties located in the growing Phoenix metropolitan area

Arizona Healthcare DST, also known as the Trust, is a newly formed Delaware statutory trust and an affiliate of Inland Private Capital Corporation (IPC).

The Trust owns, or will acquire, two highly respected medical office facilities, each providing integrated healthcare services throughout the Phoenix metropolitan area.

1. HonorHealth, located in Peoria, Arizona (the Peoria Property)
2. Banner Health Center, located in Phoenix, Arizona (the Phoenix Property)

The Peoria Property and the Phoenix Property are together referred to herein as the Properties, and each as a Property.

You should read this Private Placement Memorandum (the Memorandum) in its entirety before making an investment decision. Capitalized terms used in pages i through x but not defined herein shall have the meanings set forth in the Memorandum.

Inland Celebrates Its 50th Anniversary

Medical Office Sector

The aging U.S. population is contributing to a rise in healthcare needs and creating demand for the medical office sector. The U.S. Census Bureau estimates that the 65 and older age group will nearly double by 2055 to more than 92 million, accounting for 23 percent of the country's total population by that time. In fact, the average annual number of physical office visits for the 65+ population is expected to nearly double that of the next oldest (45 to 64 year-old) age group.[1] Currently, it is estimated that more than a quarter of all Americans and two out of every three older Americans have multiple chronic conditions, and treatment for this population accounts for 66 percent of the country's health care budget.[2] Healthcare spending is estimated to grow to $5.5 trillion in 2024.[3]

Millennials are also expected to contribute significantly to the $3 trillion a year healthcare market. With many millennials now parents, they are becoming responsible for both their own health and the health of their children. In addition, many millennials are expected to be involved with decisions regarding their aging parents' healthcare. As the first generation to grow up with the Internet, millennials possess similar expectations for healthcare delivery as other aspects of their lives, including convenience and flexibility. Technological advances with online searches for doctors or researching treatment options are providing patients with hands-on information. The millennials are expected to continue to drive this trend as they prefer quick access to physicians and more transparency from providers and insurance companies.[4]

Many healthcare providers are offering services away from hospitals, such as urgent care centers and medical office buildings, to address increasing patient volume.[1] The demand for reduced waiting times, same-day scheduling and extended opening hours (including weekends) is increasing. Location of healthcare facilities plays an important role in satisfying this demand. Proximity to retail settings, such as malls, neighborhood centers or street-level retail, is favored.[5]

[1] 2017 U.S. Medical Office and Health Care Report. CBRE Research.
[2] CBRE 2018 Property Appraisal Reports.
[3] Colliers International, 2016 Healthcare Marketplace research report.
[4] Medical Office Research National Report – Marcus & Millichap, 2017 Outlook.
[5] Colliers International; Retail Dimensions of Healthcare; May 2017.

Investment Highlights

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

- Established healthcare tenants with long histories in Phoenix
- Banner Health is one of the largest nonprofit health care systems in the country and the largest private employer in Arizona
- HonorHealth has an A rating, affirmed by Fitch Ratings

- The Properties are not encumbered by permanent financing
- Structure allows the Trust the flexibility to hold or sell the Properties without any lender restrictions and sell at a time which maximizes value

---

- Initial Lease terms of 12-15 years with multiple renewal options
- Each Commercial Lease provides for annual increases in base rent
- Tenants are responsible for or required to reimburse the landlord for real estate taxes, insurance and other operating expenses

---

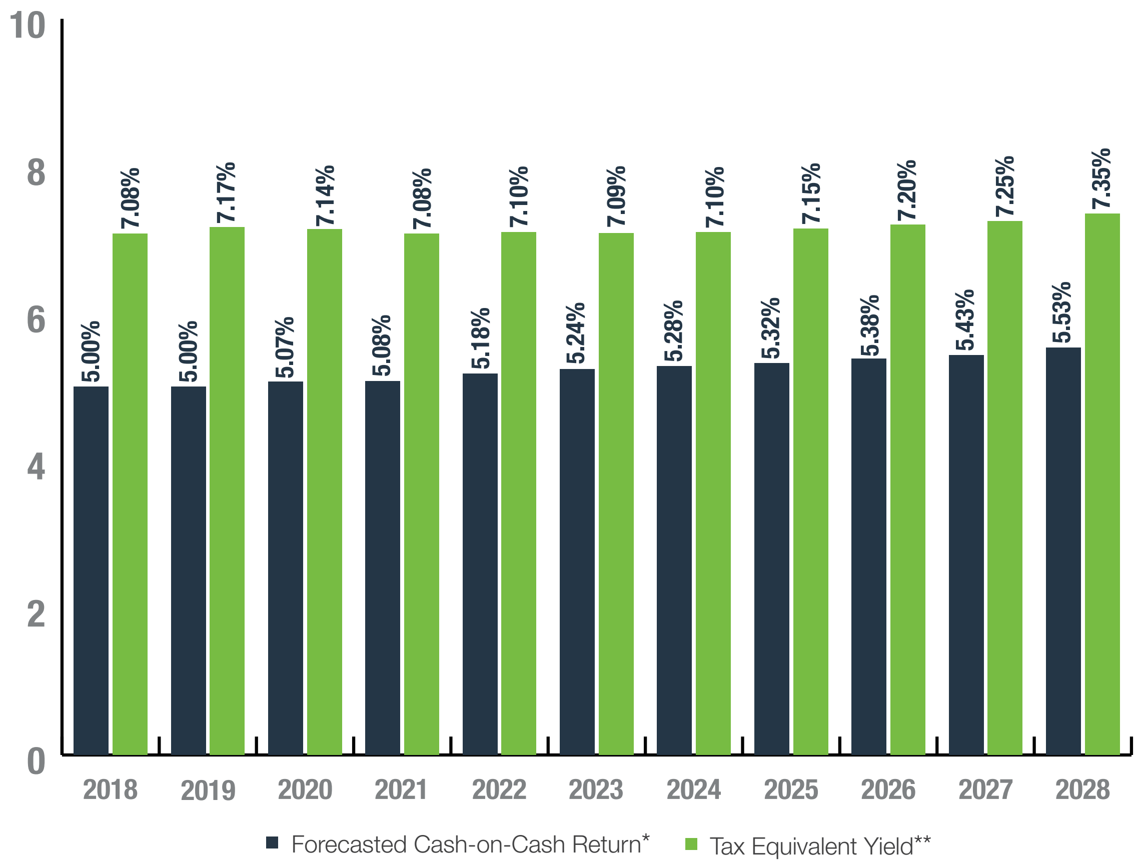
- Master lease structure allows the master tenant to operate Properties on behalf of the Trust
- Enables actions to be taken that the Trust would be unable to take, such as a restriction against re-leasing

The Offering

The Trust is offering (the Offering) to sell to certain qualified, accredited investors 100 percent of the beneficial interests in the Trust. 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. For more information, see "*Summary of the Offering*" and "*The Offering*" in the Memorandum.

Forecasted Cash-on-Cash Returns*

(Paid Monthly)

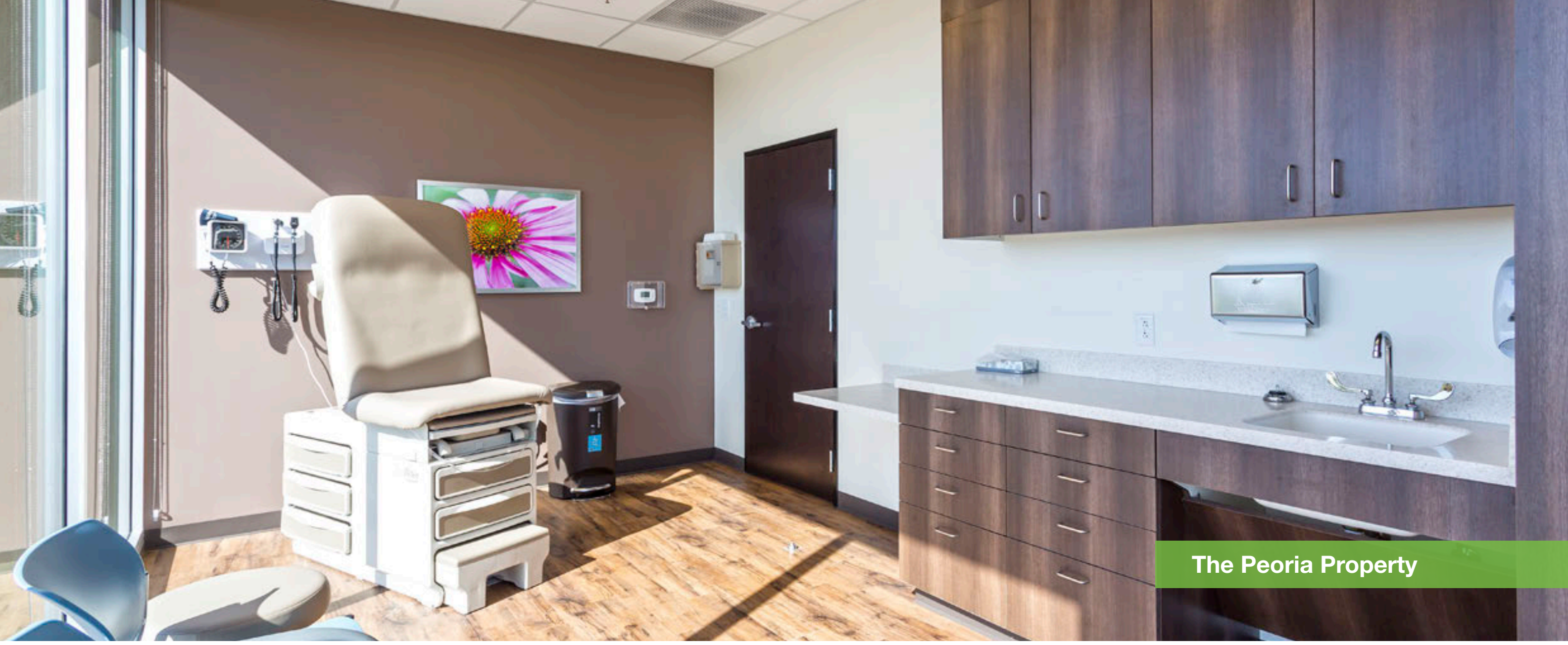


* These forecasts are estimates which are based on certain assumptions and may vary. Please consult the "Risk Factors" section of the Memorandum for events that may cause the actual results to differ.

** "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.

No Financing

The Properties are being offered to investors without the encumbrance of permanent debt. The absence of permanent debt provides the Trust the flexibility to hold or sell the Properties, without any lender restrictions, and sell the Properties at a time which maximizes the value of the Properties.



Description of the Properties

General information regarding each Property is summarized in the table below.

Property	Interest Acquired or to be Acquired	Property Address	Year Built	2017 Median Household Income (within 5 miles)[6]	2017 Population (within 5 miles)[6]
Peoria Property	Fee simple interest in the Peoria Property	10230 West Happy Valley Road Peoria, AZ 85383	2016	$77,723	126,478
Phoenix Property	Ground leasehold interest in the land and fee simple interest in the improvements located thereon (together defined as the Phoenix Property)	4375 E. Irma Lane Phoenix, AZ 85050	2017	$60,180	214,114

[6] Appraisal Reports from CBRE, Inc.

The Peoria Property

The Peoria Property is a recently constructed 24,363 square-foot, two-story medical office building located in Peoria, Arizona, with a mission to improve the well-being and health of its patients. The Peoria Property is leased to Scottsdale Healthcare Hospitals d/b/a HonorHealth, an Arizona not-for-profit health organization offering an integrated health system.[7] HonorHealth was formed in 2014 as a result of the merger of John C. Lincoln Health Network and Scottsdale Healthcare. By providing more than 70 primary, specialty and immediate care locations, HonorHealth demonstrates its commitment to wellness with nearly 150 years of combined experience in the greater Phoenix area. The network encompasses five hospitals, more than 3,400 physicians, 11,600 employees, and over 3,000 volunteers.

The primary care provided by HonorHealth at the Peoria Property is family medicine, with a focus on sports medicine and the management of chronic diseases such as diabetes, asthma and COPD (Chronic Obstructive Pulmonary Disease). Additionally, an on-site phlebotomist administers blood drawings for various tests at the facility.

The Peoria Property is easily accessible via Loop 303 Freeway and has strong visibility off W. Happy Valley Road. A major retail corridor is located a short distance away from the Peoria Property, and includes Sprouts Farmers Market, Target, Lowe's and The Home Depot, among other retailers. A master-planned development, Vistancia, which is expected to consist of residential and leisurely style community offerings, is located behind the Peoria Property.

[7] Honorhealth.com/company.

The Phoenix Property
Built in 2017
29,350 Square Feet

The Phoenix Property

The Phoenix Property, constructed in late 2017, is a 29,350 square-foot class A, single-story medical office building located in Phoenix, Arizona. The tenant at the Phoenix Property is Banner Medical Group, an Arizona not-for-profit corporation. Banner Health, an Arizona not-for-profit corporation, has provided a guaranty of the tenant's obligations under its Commercial Lease. Banner Health is the largest private employer in Arizona, employing over 50,000 people and offering 28 hospitals system-wide. Phoenix is Banner Health's headquarters, but Banner Health also provides medical service to five other states – Nevada, California, Nebraska, Colorado and Wyoming.[8]

Banner Health operates hospitals, clinics, nursing homes, clinical laboratories, ambulatory surgical centers and home health agencies. Some featured services include pediatrics, orthopedics, maternity, Alzheimer's and cancer. Banner Health has been nationally recognized for its commitment to excellent patient care and innovation.[8]

In 2016, Banner Health and Aetna Health Insurance Company created a jointly owned health insurance company offering employer-based insurance in Arizona. The joint venture, known as "Banner|Aetna," features Banner Health's network of doctors, health centers, clinics and hospitals, and also includes access to Honor Health's network.

The Phoenix Property is highly visible from Loop 101 Freeway, has immediate access to State Route 51 Freeway and is located approximately 25 miles from downtown Phoenix. The Phoenix Property is situated in the Desert Ridge community. Desert Ridge, which spans approximately 5,700 acres in size, is the largest master-planned community in the Phoenix metro area and is anticipating approximately 50,000 residents at completion. A 500-acre Desert Ridge Technology Center, a specific region within the community, was designed to create new employment opportunities by attracting major companies.[8]

[8] www.BannerHealth.com.

The Phoenix Metropolitan Area

Both Properties are located in the Phoenix, Arizona metropolitan area. Phoenix is the fifth largest city in the United States with a population of 1.6 million[9] and is commonly referred to as “The Valley of the Sun”. Downtown Phoenix has become a booming area for business growth and is the state’s hub for research and development, culture, entertainment, learning and living.[10] Retirees from across the nation recognize Arizona as a retirement destination. In fact, the very first active adult community was developed here over 50 years ago. Although abundant sunshine and golf courses are a big draw, Arizona is one of the most tax friendly states that do not tax social security checks.[11]

The Properties are easily accessible from downtown Phoenix via the Valley Metro light rail system, which connects the cities of Phoenix, Tempe and Mesa. The metro area is serviced by Sky Harbor International Airport, the nation’s 10th busiest airport[12], which delivers approximately 1,200 flights a day and equated to more than 43 million passengers in 2016[13]. The unemployment rate for Phoenix metro is currently 4.3 percent, in line with the U.S. unemployment rate.[11]

Phoenix has become the focal point for corporate expansions and relocations due to its low cost of living and business expenses. In fact, Southern California businesses are viewing Phoenix as an attractive low-cost destination. The city offers many different amenities from sport and recreation to unique desert and water experiences. Phoenix hosts spring training for numerous Major League Baseball teams and is home to the largest municipal park in the U.S., South Mountain Park and Preserve, covering more than 16,500 acres and has more than 50 miles of hiking, biking and equestrian trails.[11]

Phoenix Market Highlights:

- Healthcare and Social Assistance are the Top Industries in Phoenix[14]
- Robust Population Growth and a Destination for Corporate Expansions and Relocations[14]
- USAA, a top employer in Phoenix, is expanding its operations and expects to add 1,000 workers through 2020 to the metro[12]
- Phoenix is forecasted to be the 4th Most Populous City in the U.S. by 2020[15]
- The Phoenix population is estimated to reach 2.2 million by 2030, with 6.3 million for the metro area[14]

[9] Visitphoenix.com.
[10] Downtown Phoenix, Inc. website. (dtphx.org)
[11] Huffingtonpost.com. 20 Reasons Why Arizona Might Be The Best State To Retire In. December 6, 2017.
[12] CBRE Appraisal Reports.
[13] https://www.skyharbor.com/About/Information/AirportFacts.
[14] U.S. News & World Report. Phoenix, Arizona Metro Area.
[15] http://worldpopulationreview.com/us-cities/phoenix-population/.

The Commercial Leases

The material terms of the leases with the Commercial Tenants are summarized below. These leases are together referred to as the Commercial Leases.

Property	Commercial Tenant	Approx. Leased SF	Current Term	Renewal Options	Current Approx. Annual Base Rent	Base Rent Per SF
Peoria Property	Scottsdale Healthcare Hospitals, an Arizona not-for-profit corporation, d/b/a HonorHealth	24,363 sq. ft.	11/01/2016-10/31/2031	Two 5-year terms	$524,535	$21.53
Phoenix Property	Banner Medical Group, an Arizona not-for-profit corporation	29,350 sq. ft.	11/01/2017-10/31/2029	Three 5-year terms	$443,232*	$15.10

* In addition to the rent to be received from the Commercial Tenant, the Trust will receive a rent credit from the seller of the Phoenix Property at the time of acquisition, covering the period from the closing of the acquisition to October 31, 2019.

In addition, in connection with the acquisition of the Phoenix Property, the Trust will assume the tenant's interest in the Phoenix Ground Lease with the State of Arizona, as Trustee, through the State Land Commissioner, as the ground landlord, for the Phoenix Land. During the term of the Phoenix Ground Lease, the Trust will own a fee simple interest in the Phoenix Improvements and a leasehold interest in the Phoenix Land.

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

Track Record Since Inception

(Through December 31, 2017)

Sponsored **217** Private Placement Programs

589 Properties in 43 States

Offered More Than **$3.7** Billion in Equity

More Than **$7.1** Billion of Assets Based on Offering Price

More Than **38.8** Million Square Feet of Gross Leasable Area

$1.9 Billion Cumulative Distributions to Investors

80 Assets Sold

Program Dispositions

(As of December 31, 2017)

	RETAIL	OFFICE	MULTIFAMILY	INDUSTRIAL
Cumulative Sales Price	$529,713,911	$233,509,165	$185,766,108	$118,170,041
Weighted Avg. Total Return*	133.06%	121.34%	136.90%	133.38%
Weighted Avg. ARR**	7.53%	4.13%	13.11%	5.96%
Number of Programs	37	8	4	7

BBB Torch Awards for Ethics℠
CHICAGOLAND & NORTHERN ILLINOIS
2009, 2014 & 2017 Recipient

ADISA | ALTERNATIVE & DIRECT INVESTMENTS
A CHAMPION OF EXCELLENCE
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 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.