INLAND Inland Private Capital Corporation

Private Placement Memorandum

Healthcare Hospitality DST

The Date of this Private Placement Memorandum is July 5, 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 24.

OFFERING HIGHLIGHTS

Beneficial Interests:	**$26,946,196**
Offering Price:	**$49,346,196**
Loan Proceeds:	**$22,400,000**
Minimum Purchase (1031):	**$100,000**
Minimum Purchase (cash):	**$25,000**
Current Cash Flow:	**6.25%**

Healthcare Hospitality DST

A full-service hotel in downtown St. Louis with skyway pedestrian access to the top-ranked Barnes-Jewish Hospital

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

As described in more detail herein, the Trust owns an eight-story hotel, located in St. Louis, Missouri, containing 217 rooms and related service areas (the Hotel) and a ground leasehold interest in the land thereunder (together with the Hotel, the Property). The Hotel is currently operated as an independent hotel known as the “Parkway Hotel.” The Trust intends to re-brand the Hotel, to be operated under a nationally recognized franchise brand. The Hotel is located adjacent to Barnes-Jewish Hospital.

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

Inland Celebrates Its 50th Anniversary

50 INLAND YEARS

Investment Highlights

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

- Established hotel with long-term presence in downtown St. Louis
- The Property to be branded under a nationally recognized franchise brand

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- The Property is located in the Central West End area of St. Louis, a bustling mixed-use commercial and residential district
- The Property features a pedestrian walkway connecting it to the renowned Barnes-Jewish Hospital
- The Property is adjacent to Washington University Medical Complex, internationally known for excellence in teaching and research

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- Experienced property management through an affiliate of Kaeding Management Group (Kaeding)
- Kaeding has managed and developed commercial real estate for nearly four decades
- Kaeding's main focus is hotel development and management across the Midwest

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- The Property is financed with a non-recourse loan
- Loan with an effective fixed interest rate and eight-year term (as extended)
- Principal amortizing on 30-year schedule (final 65 months)

Investment Highlights

The Parkway Hotel, whose presence in St. Louis is well-known, has been managed independently since 2003. This unique off-market opportunity provides an opportunity to maximize performance through a franchise agreement with a world-known hospitality provider, which will include its branding and extensive renovations. Once branded and renovated, a state-of-the-art online reservation software will be implemented. This will elevate the Hotel's web presence and allow more guests to book online. The proprietary software will also determine optimal pricing to maximize revenue and increase returns to investors.

The property manager, an affiliate of Kaeding Management Group, is a well-known leader in the Midwest hotel market. Kaeding manages 10 hotels which include 1,375 guest rooms under various hotel flagships. Kaeding will be implementing the approximately $3 million Property Improvement Plan (PIP) at the Hotel, which includes specific improvement and renovation requirements for the branding. Additionally, Kaeding's role will include training staff and negotiating vendor contracts to obtain best pricing for services needed at the Property.

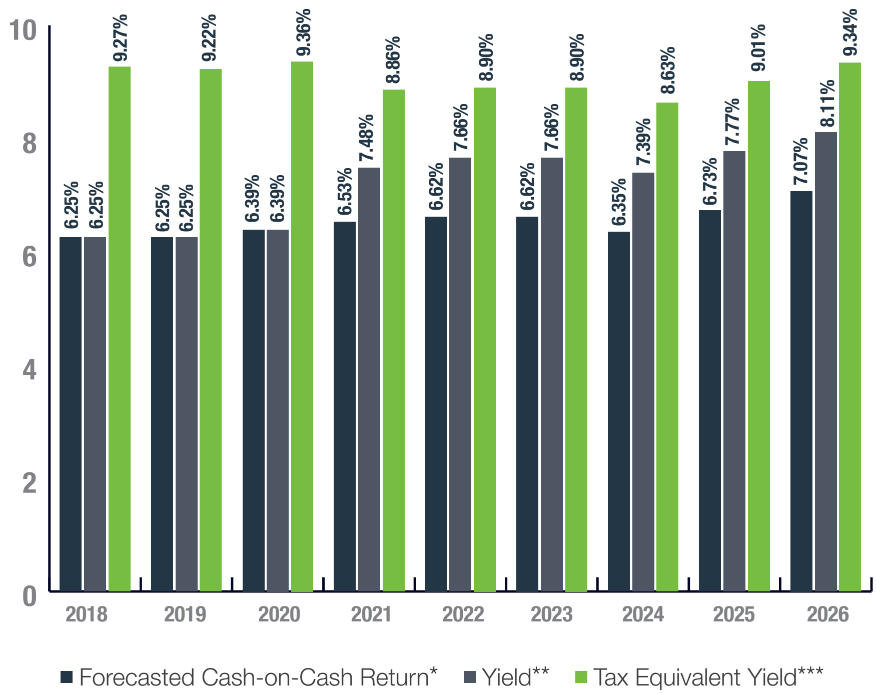
[1] CBRE Appraisal Report.

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. Only accredited investors may purchase interests in this Offering. 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 actual results 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.

The Financing

The Property is subject to a first mortgage loan, secured by the Property, in the original principal amount of $22,400,000 (the Loan). The Loan has an initial term of five years with a maturity date of June 15, 2023, and will be automatically extended for an additional three-year period to June 15, 2026, on the terms described in the Memorandum. The Loan bears interest at a variable rate equal to one-month LIBOR plus 3.00% per annum. Pursuant to hedging instruments entered into by the Trust, the Trust will be required to pay interest on the Loan at an effective interest rate equal to 5.25% through the payment date occurring on January 15, 2020, and will be required to pay interest on the Loan at an effective interest rate equal to 6.118% thereafter until maturity (as extended).

The Property

The Property includes the Trust's ground leasehold interest in an approximate 0.51-acre site leased to the Trust by Barnes-Jewish Hospital, as the Ground Landlord, pursuant to a Ground Lease. The Property also includes, during the term of the Ground Lease, the Trust's fee simple interest in the Hotel.

Located at 4550 Forest Park Avenue in St. Louis, MO, the Hotel is an approximately 126,000 square-foot hotel in the eclectic and historic Central West End of the city. Built in 2003 with extensive improvements completed in 2016, the Hotel is in the heart of the medical district and features eight stories with 217 guest rooms. The Hotel offers three meeting rooms encompassing 1,380 square feet, an exercise room and an Applebee's Restaurant located on the main level.

Although there are no parking spaces located on or within the Property, the Trust has the right to use, on a non-exclusive basis, 100 spaces within the adjacent parking garage for guest parking purposes (subject to payment of a parking fee) and up to 50 parking spaces for employee parking in the area designated as "Employee Parking."

The Property is conveniently located within six blocks of Interstate 64, a major east-west artery, and is less than 15 miles from the St. Louis Lambert International Airport. It is also steps away from the Metro Link Light Rail System, making it convenient to get to many popular destinations including Busch Stadium, St. Louis Zoo, Scottrade Center, and Cathedral Basilica.

An attractive and unique feature of the Property is the climate-controlled pedestrian skyway connecting the hotel and Barnes-Jewish Hospital, rated the 11th Best Hospital in the U.S. by U.S. News & World Report, and one of the largest bone marrow and stem cell transplant programs in the world. The Hotel is the only hotel connected to the 1,250 bed regional medical center, giving it the advantage of providing comfortable guest rooms to patients receiving medical care in the hospital and their families.

BJC HealthCare, which includes Barnes-Jewish Hospital, is the largest employer in the St. Louis area. BJC Hospital is also a teaching hospital for Washington University School of Medicine (Washington University), which includes 750 full-time clinical faculty of Washington University. Washington University had a 2017 enrollment of more than 15,000 students and was voted a Top 10 Medical School by U.S. News & World Report in 2018. The Washington University Medical Campus offers 1,795 beds and employs 22,876 people.[3]

Barnes Jewish Hospital 2017 by the Numbers:[2]

- 83,618 emergency department visits
- 53,637 inpatient admissions
- 22,813 outpatient surgeries
- 8,803 employees

The Hotel received a 4-star rating Certificate of Excellence for five years in a row

[2] Barnes Jewish Hospital website. 2017 Annual Report.
[3] Washington University School of Medicine in St. Louis website. 2018 Facts brochure.

Value-Add with New Branding

The Property, operating independently for the last 15 years, will be branded under a nationally recognized franchise brand. The Property will undergo extensive renovations to conform to the brand standards, which is outlined in the Property Improvement Plan and is expected to exceed $3 million. By implementing these renovations, the Trust expects to increase occupancy at the Hotel.

The improvements will focus on common area and guest room renovations that may include:

- Replace flooring with porcelain tile and natural stone and carpet inlays
- Upgrade public restrooms with new wall and floor tile and vanity package
- Upgrade locks on all guest room doors
- Install new LED HDTVs in all guest rooms and suites
- Install battery-powered safes in all guest rooms
- Upgrade all furniture and beds in all guest rooms
- Upgrade guest bathroom flooring with ceramic tile, new vanities with granite counter tops, and new shower doors

The St. Louis, Missouri Market

The Hotel is located in the city of St. Louis, Missouri, known as the Gateway to the West. St. Louis is the largest city in Missouri and boasts a population of 2.9 million residents[4] with a current unemployment rate of 4 percent and job growth at 1.5 percent.[5] The St. Louis healthcare industry is growing with accelerated job growth in this sector during the fourth quarter of 2017. Several healthcare developments are in the works, including the construction of BJC Healthcare's newest hospital which is expected to be completed by mid-2019.[6]

Annually, more than 25 million people visit St. Louis to take in various local attractions including the Arch, top-ranked St. Louis Zoo and Budweiser Brewery. Tourism has become the sixth largest industry in the region employing over 88,000 people and representing an economic spend of $5.38 billion.[7] Conventions and meetings have also had a positive impact to the tourism industry. The corporate demand for hospitality in St. Louis is estimated to increase by two percent in the next year.[4]

The city is home to the St. Louis Cardinals, a Major League Baseball team, playing out of Busch Stadium and the St. Louis Blues hockey team playing out of the newly named Enterprise Center.[8] Nearly 40 colleges, universities and technical schools surround the area, with Washington University in St. Louis, Saint Louis University and University of Missouri-St. Louis being some of the largest.[6] The Anheuser-Busch headquarters are in St. Louis, along with nine other Fortune 500 companies, including Express Scripts, Emerson, Monsanto and Reinsurance Group of America.[6]

St. Louis Market Highlights:

- One of 11 Best Cities to Visit in 2018 by Smarter Travel
- Top 9 Destination for a Weekend Getaway by USA Today
- New York Times calls St. Louis "Welcoming and Budget-Friendly"
- St. Louis Zoo is the Best Free Attraction in the U.S., with 3 million visitors annually, by USA Today

[4] Bureau of Labor Statistics.
[5] Forbes, The Best Places for Business and Careers, St. Louis, MO. https://www.forbes.com/places/mo/st-louis/.
[6] CBRE Appraisal Report.
[7] St. Louis Business Journal. Table of experts: Meet me in St. Louis. Mary 19, 2017.
[8] St. Louis Blues website. Press Release dated May 21, 2018.

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.

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 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 Healthcare Hospitality DST include, but are not limited to:

Risks Related to the Delaware Statutory Trust Structure

- Investors have limited control over the Trust and the operation of the Property.
- The Trustees (as defined herein) have limited duties to Investors and limited authority.

Risks Related to the Property, including the Hotel and the Restaurant

- There are inherent risks with real estate investments.
- The Property will be operated as a hotel, and hotels and hospitality projects have certain unique risks. Adverse trends in the hospitality industry may negatively affect the Trust's revenues.
- The success of the Hotel depends, to a large extent, on the ability of the new brand to shape and stimulate consumer tastes and demands.
- The Trust will depend on the Master Tenant for revenue, and the Master Tenant will depend on the Hotel's occupancy and room revenue and on the Restaurant Tenant under the Restaurant Lease, and any default by the Master Tenant or the Restaurant Tenant will adversely affect the Trust's operations.
- The Trust may suffer adverse consequences due to the financial difficulties, bankruptcy or insolvency of the Restaurant Tenant or the Restaurant Guarantor.
- The Property has been designed for its particular use, which could result in substantial re-leasing costs or a lower sale price.
- The costs of complying with environmental laws and other governmental laws and regulations may adversely affect the Trust
- There are various risks related to the Franchise Agreement and the re-branding of the Hotel.

Risks Related to the Ground Lease

- The Trust owns a leasehold interest, rather than a fee interest, in the Land. If the Trust defaults under the Ground Lease, the Ground Lease could be terminated, the Trust would lose is entire interest therein, and the Investors would lose their entire investment.
- The Property is subject to a purchase option in favor of the Ground Landlord, which allows the Ground Landlord the right at any time to terminate the Ground Lease by purchasing from the Trust all of the Trust's right, title and interest in the Hotel and other "Hotel Assets" described in the Ground Lease, which could make the Property less attractive to a potential future purchaser.

Risks Related to the Financing

- The Loan will reduce the funds available for distribution and increase the risk of loss.
- 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 (as defined herein).
- The Loan Documents (as defined herein) contain various restrictive covenants, and if the Trust fails to satisfy or violate these covenants, the Lender may declare the Loan in default.
- To hedge against interest rate fluctuations, the Trust entered into the Hedging Instruments, which may be ineffective.

Risks Related to the Master Lease and the Management of the Property

- The Master Tenant is an affiliate of IPC and may face certain conflicts of interest in its roles as master tenant and as borrower under the Demand Note.
- The Property Manager is subject to certain conflicts of interests.

Risks Related to the Offering; Tax Risks

- There is no public market for the Interests.
- The Interests are not registered with the Securities and Exchange Commission (the "SEC") or any state securities commissions.
- An investment in Interests will not be diversified as to the type of asset or geographic location.
- 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

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.

The companies depicted in the photographs herein may have proprietary interests in their trade names and trademarks. Nothing herein shall be considered to be an endorsement, authorization or approval of IPC or the Trust. Further, none of these companies is affiliated with IPC or the Trust in any manner.

Inland
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