



Private Placement Memorandum

For the exclusive use of: _____

Memorandum ID #: _____

The Date of this Private Placement Memorandum is
April 17, 2014

Confidential



Inland
Private
Capital
Corporation

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 19.

The Trust

Modesto Retail Center DST, a newly formed Delaware statutory trust (the “Trust”) and an affiliate of Inland Private Capital Corporation (“IPCC”), is hereby offering (the “Offering”) to sell to certain qualified, accredited Investors (the “Investors”) pursuant to this Private Placement Memorandum (the “Memorandum”) up to 99% of the beneficial interests (the “Interests”) in the Trust.



The Property

The Trust owns the real estate located at 3601, 3801 and 3919 Pelandale Avenue, Modesto, California 95356 (the “Property”) located in a shopping center known as “Northpointe Shopping Center” (the “Shopping Center”). The Property contains a total of eleven single-story, commercial buildings, which includes four single tenant ground leased buildings. As of the date of this Memorandum, the four ground leased buildings are leased to Save Mart, Tahoe Joe’s, Bank of the West and JPMorgan Chase Bank and owned by such tenants. The remaining seven buildings are leased to twenty-four Retail Tenants, including Bed, Bath

& Beyond (with a sublease to Cost Plus), Pier 1 Imports, AutoZone, Aaron Brothers, Verizon Wireless, Starbucks, the Vitamin Shoppe, Catherines, Jamba Juice, Panda Express, Rabobank, N.A. and Comcast (among other Retail Tenants described on the following pages), although Rabobank, N.A. has not yet taken possession and has not started to pay rent under its lease, and one vacant tenant suite. The Shopping Center is shadow anchored by Costco and Lowes stores and contains three undeveloped parcels, but the Trust does not own the Costco parcel, the Lowes parcel or the three undeveloped parcels.

The Master Tenant and the Master Lease

The Property is 100% leased to Modesto RC LeaseCo, L.L.C., a Delaware limited liability company and wholly owned subsidiary of IPCC (the “Master Tenant”), which subleases the Property to the tenants at the Property (collectively, the “Retail Tenants” and, together with the Master Tenant, the “Tenants”). The purpose of the Master Lease is to permit

the Master Tenant 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.



Costco and Lowe's Home Improvement Warehouse: Shadow anchors which generate traffic for the Property.*

* The Trust does not own these parcels.

The Leases

Tenant Trade Name	Approx. Leased Square Feet	Lease Commencement Date	Lease Expiration Date	Lease Renewal Options	Other Notable Provisions
Save Mart Supermarkets	56,695	2/3/10	2/28/30	Six Five-Year Options	Ground Lease
Bed, Bath & Beyond, Inc. (subleased to Cost Plus, Inc.)	17,836	11/28/03	1/31/23	Two Five-Year Options	Subject to a sublease to Cost Plus, Inc.
Pier 1 Imports	11,348	6/25/02	6/30/22	One Five-Year Option	
AutoZone	7,800	4/27/10	4/30/20	Three Five-Year Options	Guaranty from AutoZone, Inc.
Tahoe Joe's Famous Steakhouse	7,000	6/18/04	12/31/19	Three Five-Year Options	Ground Lease Guaranty from Buffets, Inc.
Aaron Brothers Art & Framing	6,500	5/31/02	2/28/17	One Five-Year Option	Guaranty from Michaels Stores, Inc.
Sierra Dental	5,672	1/30/07	10/31/23	Two Five-Year Options	

Modesto Retail Center DST

Tenant Trade Name	Approx. Leased Square Feet	Lease Commencement Date	Lease Expiration Date	Lease Renewal Options	Other Notable Provisions
JP Asian Fusion	5,393	7/1/13	6/30/20	One Five-Year Option	Guaranty from Zai Ping Zhang and Bonnie Y. You
Catherines	4,673	2/26/04	2/28/19	One Five-Year Option	
JPMorgan Chase Bank, N.A.	4,299	1/4/11	6/30/31	Two Five-Year Options then One Four-Year Option	Ground Lease
Vitamin Shoppe	4,070	9/7/06	9/30/16	Two Five-Year Options	Guaranty from Vitamin Shoppe Industries Inc.
Bank of the West	3,800	9/29/01	9/30/21	Two Ten-Year Options	Ground Lease
Comcast	3,650	12/2/13	12/31/18	Two Five-Year Options	Guaranty from Comcast Corporation
Tri Counties Bank	3,541	7/18/11	7/31/21	Two Five-Year Options	
Verizon Wireless	2,972	8/18/06	8/31/16	None	
The Grillhouse	2,700	9/15/13	9/30/23	One Five-Year Option	Guaranty from Shelley R. Nelson
Baja Fresh	2,503	7/13/01	6/30/16	One Five-Year Option	Guaranty from Caliente Holding LLC and LA Valley Foods, Inc.
Rabobank, N.A.	2,380	TBD ²	Seven Years from rent Commencement Date	One Three-Year Option and Two Five-Year Options	
Freebirds World Burrito	2,217	6/9/11	6/30/21	Three Five-Year Options	Guaranty from Dennis and Debra Graspointer
Panda Express	2,108	8/16/01	8/31/16	One Five-Year Option	
Starbucks	1,801	9/1/01	9/30/16	One Five-Year Option	
Jamba Juice Company	1,512	6/24/03	6/30/18	One Five-Year Option	
Cold Stone Creamery	1,500	9/28/01	9/30/16	One Five-Year Option	<ul style="list-style-type: none"> • Subject to a Sublease to MGM Associates, LLC • Guaranty from Michael Goldman and Leonard Hanson
Mr. Pickles	1,500	12/13/13	12/31/18	One Five-Year Option	Guaranty from Dimitri Guzman and Leanne Guzman

The Leases (Continued)

Tenant Trade Name	Approx. Leased Square Feet	Lease Commencement Date	Lease Expiration Date	Lease Renewal Options	Other Notable Provisions
Scotttrade	1,493	11/17/08	11/30/16	One Three-Year Option	
H&R Block	1,287	9/1/13	4/30/18	One Three-Year Option	
Fantastic Sam's	1,204	6/11/11	6/30/21	One Five-Year Option	
Supercuts	1,040	9/1/01	8/31/16	One Five-Year Option	

¹ This is the square footage of the parcel subject to the ground lease for this Retail Tenant.

² As of the date of this Memorandum, the Lease Commencement Date under the Retail Lease with Rabobank N.A. has not occurred.



Location

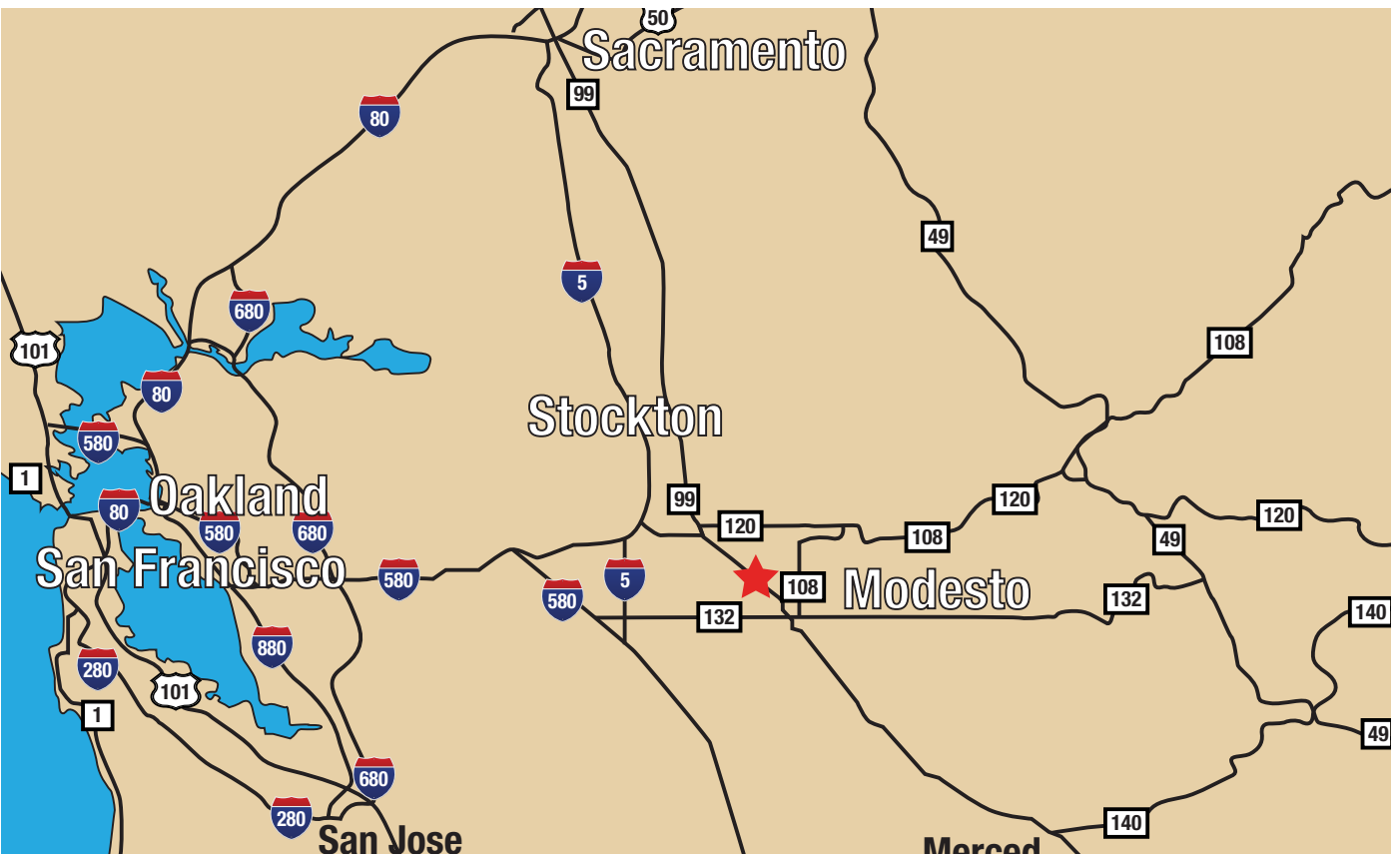
The Property is in the northwestern portion of the City of Modesto and is considered a suburban location. The City of Modesto is located about 30 miles south of Stockton, and 75 miles south of Sacramento.

The area surrounding the Property is a somewhat newer area of development in the northern portion of Modesto. Commercial uses are found along the main traffic corridors including Pelandale Avenue and Standiford Avenue and comprise a fairly balanced mix of retail, office and service type uses. There is a residential community just south of Pelandale Avenue and residential uses to the northwest in the Town of Salida. There are some service commercial and light industrial uses as well as agricultural land to the north of the Property.

There is a Kaiser medical center located less than one-half mile to the northeast of the subject along Dale Road. This state-of-the-art facility features a full-service hospital, outpatient medical offices, a pharmacy, more than 100 practitioners' offices and more than 50 departments. It also has a 36-bay Emergency Department; 112 licensed beds; 24 labor, postpartum and delivery beds; and 6 neonatal intensive care beds.

The other major use within the neighborhood is the Vintage Faire Mall, a super-regional retail shopping center with over 1,000,000 square feet of retail space. Anchor tenants include Forever 21, JC Penney, Macy's and Sears.

The population within a five mile radius of the Property is 121,623 with an estimated average household income of \$66,536.





The Financing

The Property is financed with a loan, in the principal amount of \$23,650,000 (the "Loan"), from Parkway Bank and Trust Company (the "Lender").

The maturity date of the Loan is February 25, 2021 (the "Maturity Date"). Interest on the principal balance of the Loan will accrue at a fixed rate of 4.20%. Under the loan documents, the initial payment was due on March 26, 2014. The Trust is required under the Loan Documents to make

monthly, interest-only payments until February 26, 2019. On each payment date beginning on March 26, 2019 the Trust will be required to make monthly payments of principal and interest.

The Trust may prepay the principal amount of the Loan, in whole or part, prior to the Maturity Date without premium or penalty, so long as the Trust provides the Lender thirty days' prior written notice of such prepayment.

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*" and "*The Offering*."

Beneficial Interests:	\$23,574,746
Loan Proceeds:	\$23,650,000
Offering Price:	\$47,224,746
Loan to Offering Price Ratio:	50.08%
Minimum Purchase (1031):	\$100,000
Minimum Purchase (cash):	\$25,000
Current Cash Flow:	5.35%

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:

- 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 and are not required to comply with specific disclosure requirements that apply to registration under the Securities Act.
- 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 may not realize a return on their investment for years, if at all.
- 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.
- There are certain risks to the Master Lease structure, including that the Master Tenant may have limited capital and that the Master Tenant may not perform under the Master Lease.



- The Trust will depend on the Retail Tenants and the Master Tenant (collectively, the “Tenants”) for revenue, and any default by the Tenants will adversely affect the Trust’s operations.
- Twenty of the twenty-four retail leases have remaining terms of less than ten years, which could make the Property more difficult to sell, and therefore diminish an Investor’s return on an investment.
- Financial statements for certain of the Retail Tenants are not available to Investors.
- The costs of complying with environmental laws and other governmental laws and regulations may adversely affect the Trust.
- The loan documents contain various restrictive covenants, and if the Trust fails to satisfy or violates these covenants, the Lender may declare the Loan in default.
- There is no public market for the Interests.
- 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.

Investors must read and carefully consider the discussion set forth in the section of the Private Placement Memorandum captioned “*Risk Factors.*”

The tenants depicted in the photographs herein may have a proprietary interest in their respective tradenames and trademarks. Nothing herein shall be considered to be an endorsement, authorization or approval of Inland Private Capital Corporation, or the investment vehicles it may offer, by the tenants. Further, the tenants are not affiliated with Inland Private Capital Corporation in any manner other than being tenants.

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.