

Pharmacy Sale Leaseback II DST



Private Placement Memorandum

For the exclusive use of: _____

Memorandum ID #: _____

The Date of this Private Placement Memorandum is
June 3, 2014



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 15.

Pharmacy Sale Leaseback II DST

Pharmacy Sale Leaseback II 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”) 99% of the beneficial interests (the “Interests”) in the Trust.



The Properties

The Trust owns a portfolio of 8 properties leased to Walgreen Co. (collectively, the “Properties”). See “*The Properties*,” “*Summary of the Leases*,” and “*Risk Factors – Risks Related to the Properties*.”

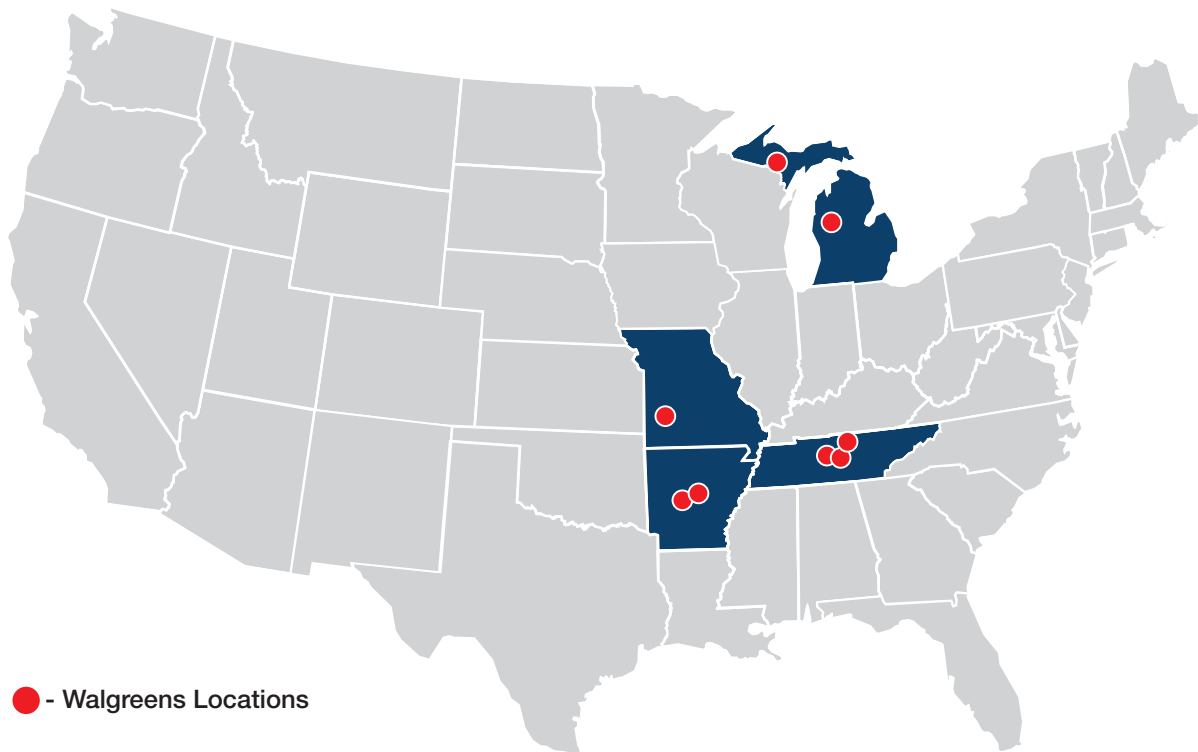
Property & Address	Land Area*	Building*	Year Built
Hot Springs Property 1800 Airport Road, Hot Springs, Arkansas 71913	2.73 Acres 118,844 Sq. Ft.	14,422 Sq. Ft.	2009
Little Rock Property 3901 West Markham Street, Little Rock, Arkansas 72205	1.72 Acres 74,795 Sq. Ft.	13,542 Sq. Ft.	2010
Fremont Property 819 West Main Street, Fremont, Michigan 49412	2.00 Acres 87,257 Sq. Ft.	13,547 Sq. Ft.	2008
Iron Mountain Property 300 East F Street, Iron Mountain, Michigan 49801	1.85 Acres 80,762 Sq. Ft.	18,776 Sq. Ft.	2008
Bolivar Property 1820 South Springfield Avenue, Bolivar, Missouri 65613	1.68 Acres 73,010 Sq. Ft.	14,422 Sq. Ft.	2008
Nashville Property 200 West Maplewood Lane, Nashville, Tennessee 37207	1.56 Acres 68,130 Sq. Ft.	14,700 Sq. Ft.	2008
Portland Property 104 Highway 52 W, Portland, Tennessee 37148	1.10 Acres 48,105 Sq. Ft.	12,500 Sq. Ft.	2008
Smyrna Property 1300 Hazelwood Drive, Smyrna, Tennessee 37167	1.52 Acres 66,216 Sq. Ft.	14,500 Sq. Ft.	2009

* Reference to the acreage of the Properties or square footage of the buildings located thereon are approximate and are based on the surveys.

The Locations

CBD = Central Business District

Property	Location	Population within a five mile radius of the Property	Estimated Average Household Income within a five mile radius of the Property
Hot Springs Property	45 miles NE of Little Rock	38,732	\$53,004
Little Rock Property	4 miles W of Little Rock CBD	144,596	\$55,662
Fremont Property	37 miles NW of Grand Rapids	9,687	\$55,543
Iron Mountain Property	100 miles N of Green Bay, WI	20,220	\$48,245
Bolivar Property	30 miles N of Springfield, MO	14,654	\$47,604
Nashville Property	5 miles E of Nashville CBD	141,849	\$58,422
Portland Property	30 miles NE of Nashville CBD	18,805	\$48,266
Smyrna Property	20 miles SE of Nashville CBD	76,084	\$57,210





The Tenant

The Tenant under the leases is Walgreen Co., an Illinois corporation (“Walgreens”) (NYSE: WAG). Walgreens, together with its subsidiaries, operates the largest drugstore chain in the United States. Walgreens sells prescription and non-prescription drugs as well as general merchandise, including household products, convenience and fresh foods, personal care, beauty care, photofinishing and candy. Walgreens pharmacy services include retail, specialty, infusion and respiratory services, mail service, convenient care clinics and worksite clinics.

As of November 30, 2013, Walgreens operated 8,681 locations in 50 states, the District of Columbia, Puerto Rico and Guam. In 2013, Walgreens opened or acquired 350 locations for a net increase of 197 locations after relocations and closings.

As of the date of this Memorandum, Walgreens has a credit rating of BBB (stable) from Standard & Poor’s last updated as of August 2, 2012 and Baa1 (stable) from Moody’s last updated March 31, 2014.

The Leases

In connection with the purchase of the Properties, the Trust entered into the leases for each of the Properties and currently serves as landlord under the leases.

Lease Commencement Dates:	March 14, 2014
Lease Expiration Dates:	March 31, 2034, subject to 11 automatic renewal terms of five years each.
Termination Option:	The initial term of each lease is approximately 20 years and each lease automatically renews for 11 periods of five-years each unless Walgreens notifies the Trust at least six months prior to the end of the initial or renewal term, as applicable, that Walgreens does not wish to renew that lease.

Financing

The Properties were financed with an amortizing loan in the principal amount of \$25,641,816 from Parkway Bank and Trust Company (the “Loan”). The outstanding principal balance of the Loan as of the date of the Memorandum is approximately \$25,568,261.

The maturity date of the Loan is March 14, 2024 (the “Maturity Date”). Interest on the principal balance of the Loan will accrue at a fixed rate, but the fixed rate will re-set during the term of the Loan.

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 Trust is responsible for repayment of the Loan. The Loan is nonrecourse to the Investors. Accordingly, 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*.”

Beneficial Interests:	\$10,332,609
Loan Proceeds:	\$25,568,261
Offering Price:	\$35,900,870
Loan-to-Offering Price Ratio:	71.22%
Minimum Purchase (1031):	\$100,000
Minimum Purchase (cash):	\$25,000
Current Cash Flow:	4.00%



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. Investors must read and carefully consider the discussion set forth in the section of the Private Placement Memorandum captioned “*Risk Factors.*” 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 Walgreens for revenue, and any defaults by Walgreens will adversely affect the Trust’s operations.
 - The Properties have been designed for use by Walgreens, which could result in substantial re-leasing costs or a lower sale price.
 - The Trust may suffer adverse consequences due to financial difficulties, bankruptcy or insolvency of Walgreens.
 - Walgreens has a right of first refusal option to purchase each Property, which may make it more difficult to sell the Properties.
 - The costs of complying with environmental laws and other governmental laws and regulations may adversely affect the Trust.
 - The Loan may reduce the funds available for distribution and increase the risk of loss.
- The interest rate adjustment that will take effect during the term of the Loan will result in an increase in the debt service payments payable by the Trust, and may affect the amount of cash flow available for distribution.
 - In the event of a default under the loan documents with respect to a single Property, the Lender may enforce all remedies against all of the Properties.
 - 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 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.



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.

Pharmacy Sale Leaseback II DST

Financial Summary

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. See “*Summary of the Offering*” and “*The Offering*.”

Beneficial Interests:	\$ 10,332,609
Loan Proceeds:	\$25,568,261
Offering Price:	\$35,900,870
Loan-to-Offering Price Ratio:	71.22%
Minimum Purchase (1031):	\$100,000
Minimum Purchase (cash):	\$25,000
Current Cash Flow:	4.00%

Financing

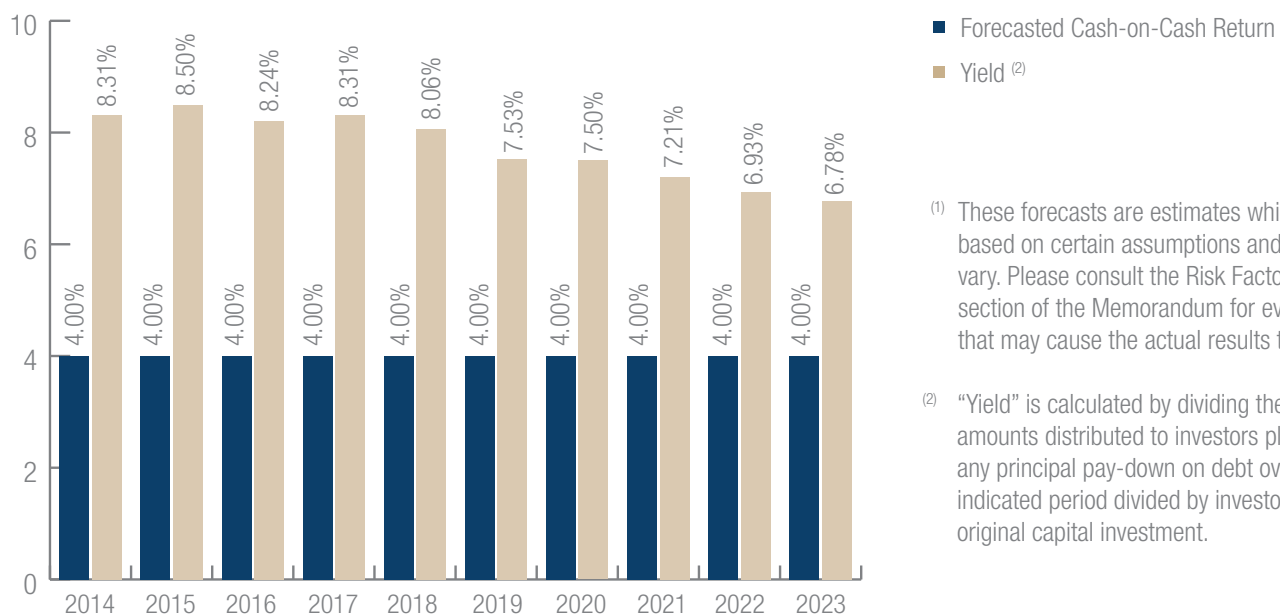
The Properties were financed with an amortizing loan in the principal amount of \$25,641,816 from Parkway Bank and Trust Company (the “Loan”). The outstanding principal balance of the Loan as of the date of the Memorandum is approximately \$25,568,261.

The maturity date of the Loan is March 14, 2024 (the “Maturity Date”). Interest on the principal balance of the Loan will accrue at a fixed rate, but the fixed rate will re-set during the term of the Loan.

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 Trust is responsible for repayment of the Loan. The Loan is nonrecourse to the Investors. Accordingly, the Investors will have no personal liability in connection with the Loan.

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



⁽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⁾ “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.



REPRESENTATIVE PHOTO



2901 Butterfield Road · Oak Brook, IL 60523 · 888.671.1031