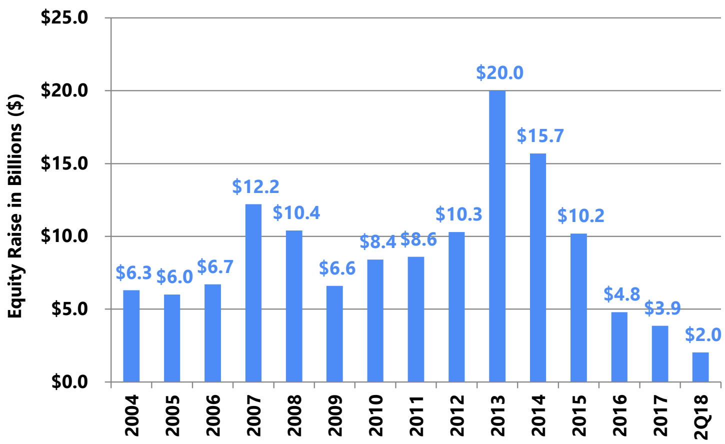
Non-Listed REIT Market Snapshot

2nd Quarter 2018

Non-Listed REIT Historical Capital Raise Summary



For 2Q18 YTD, non-listed REITs raised $2.0 billion equity capital, which is on pace to exceed the record low $3.9 billion in 2017. Perpetual life REITs, which are a growing trend in the non-listed REIT market, represented 77% of equity raised in 2Q18. Since the peak of $20 billion in 2013, non-listed REIT equity fundraising has plummeted due to the departure of the largest sponsor fundraiser due to fraud charges, concerns over regulatory changes regarding share valuations and shareholder disclosures, and lack of liquidity events. Non-listed REIT sponsors will need to adapt to regulatory changes and a market transition with revised product structures and reduced fees to return to long-term equity growth.

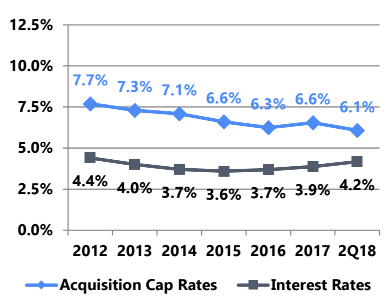
Non-Listed REIT 2Q18 Capital Raise Detail

($ in millions)

Effective Non-Listed REITs	2Q18
Blackstone Real Estate Income Trust	$772
Griffin-American Healthcare REIT IV	$66
Cole Real Estate Income Strategy (Daily NAV)	$57
Carter Validus Mission Critical REIT II	$44
Black Creek Industrial REIT IV	$37
Jones Lang LaSalle Income Property Trust	$29
Strategic Storage Trust IV	$23
Rodin Global Property Trust	$22
Moody National REIT II	$15
Steadfast Apartment REIT III	$14
Other Non-Listed REITs	$60
Total Effective Non-Listed REITs	**$1,139**

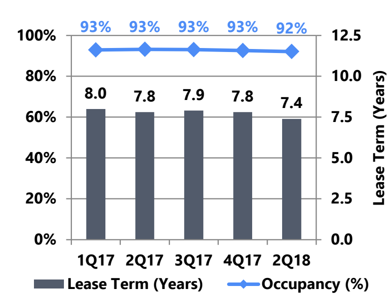
With only $1.1 billion raised in 2Q18, non-listed REITs continue to endure a challenging market with regulatory changes and a potential market transition. Blackstone Real Estate Income Trust, which just broke escrow on 1/1/17, raised an impressive $772 million in 2Q18, which was 68% of the non-listed REIT market. Blackstone has opened the door for non-listed REITs from other institutional investors. Griffin-American Healthcare REIT IV and Cole Real Estate Income Strategy rounded out the top three fundraisers with $66 million and $57 million respectively.

Market Risk



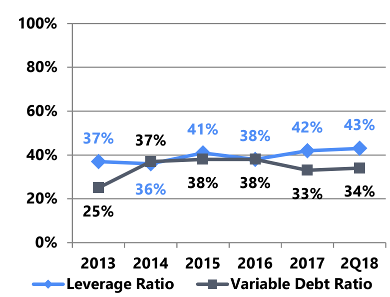
In 2Q18, cap rates declined from 6.6% to a record low 6.1%, which is a 28% decline from 2010 . Cap rate compression, which highlights commercial real estate price increases, was driven by interest rates on new debt. In 2Q18, average interest rates on new permanent debt increased from 3.9% to 4.2%. Higher interest rates will continue to reduce leveraged equity yields.

Investment Risk



For retail, office, and industrial, occupancy and lease terms are key metrics to assess performance trends and investment risk. Market occupancies have increased over the last five years with the broad market expansion. Occupancies for non-listed REITs declined to 92% in 2Q18. For retail, office, and industrial assets, average lease terms decreased slightly to 7.4 years.

Financing Risk



In 2Q18, the leverage ratio for non-listed REITs remained at a moderate 43%, which is comparable to listed REITs. With high commercial real estate prices, non-listed REITs have utilized variable rate debt to boost their leveraged yields. Variable debt ratios have increased from 17% in 2012 to a high 34% in 2Q18. Non-listed REITs also have a high 35% short-term debt ratio.