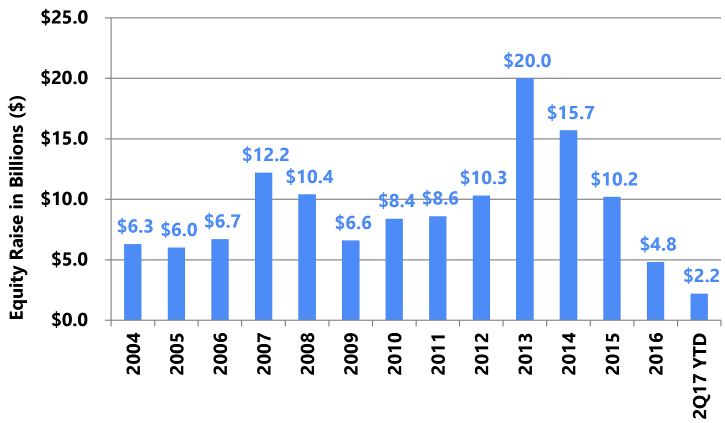
Non-Listed REIT Market Snapshot

2nd Quarter 2017

Non-Listed REIT Historical Capital Raise Summary



For 2Q17 YTD, non-listed REITs raised only $2.2 billion equity capital, which remains below the low fundraising pace of 2016, which was lowest annual total equity raise in the last twelve years. Non-listed REITs raised only $4.8 billion in 2016, which was more than a 50% decline from 2015. Since the peak in 2013, non-listed REIT equity fundraising has plummeted due to the departure of the largest sponsor fundraiser due to fraud charges and concerns over regulatory changes regarding share valuations and shareholder disclosures. 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.

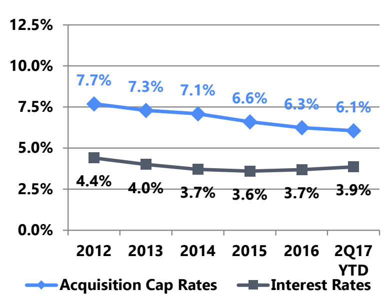
Non-Listed REIT 2Q17 Capital Raise Detail

($ in millions)

Effective Non-Listed REITs	2Q17
Blackstone Real Estate Income Trust	$412
Industrial Property Trust	$100
Griffin-American Healthcare REIT IV	$95
Carter Validus Mission Critical REIT II	$91
Cole Real Estate Income Strategy (Daily NAV)	$45
Hines Global REIT II	$45
Strategic Storage Growth Trust	$44
Steadfast Apartment REIT III	$29
Cole Credit Property Trust V	$23
Carey Watermark Investors 2	$23
Other Non-Listed REITs	$128
Total Effective Non-Listed REITs	**$1,034**

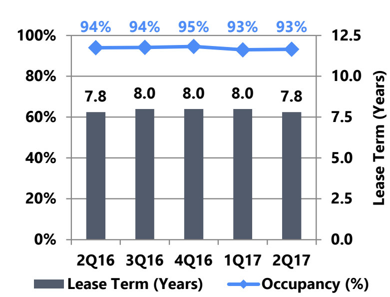
With only $1.0 billion raised in 2Q17, non-listed REITs continue to endure a challenging market with regulatory changes and a potential market transition. Blackstone Real Estate Income Trust, which broke escrow on 1/1/17, raised an astonishing $412 million in 2Q17, which was 40% of the market in its second quarter of operations. The market now knows what happens when a big fish enters a small pond. Industrial Property Trust and Griffin-American Healthcare REIT IV rounded out the top three fundraisers with $100 million and $95 million respectively.

Market Risk



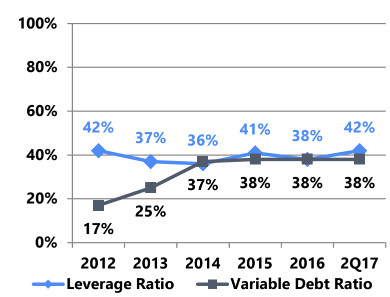
In 2Q17, cap rates continued their eight-year decline to a low 6.1%, which is a 28% decline from 2010. Cap rate compression, which highlights commercial real estate price increases, is driven by interest rates on new debt. In 2Q17, average interest rates on new permanent debt increased from 3.7% to 3.9%. Higher interest rates will 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 remained at 93% in 2Q17. For retail, office, and industrial assets, average lease terms declined slightly to 7.8 years.

Financing Risk



In 2Q17, the leverage ratio for non-listed REITs increased to a moderate 42%, 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 38% in 2Q17. Non-listed REITs also have a high 36% short-term debt ratio.