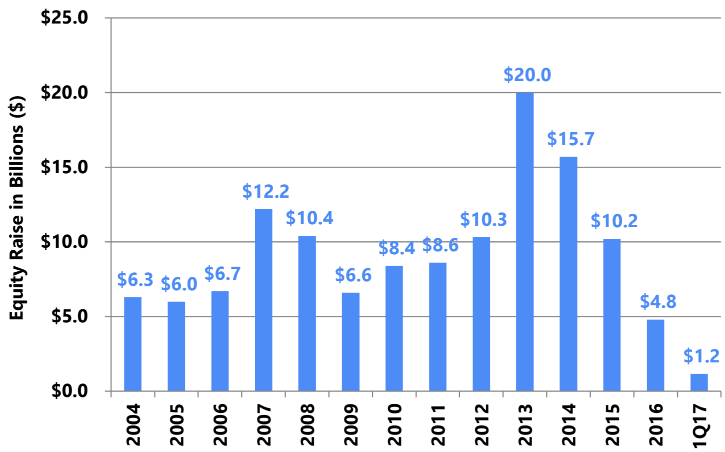
Non-Listed REIT Market Snapshot

1st Quarter 2017

Non-Listed REIT Historical Capital Raise Summary



In 1Q17, non-listed REITs raised only $1.2 billion equity, which continues the low fundraising pace of 2016. In 2016, non-listed REIT fundraising had its lowest annual total equity raise in the last twelve years. Non-listed REITs raised only $4.8 billion in 2016, which is more than a 50% decline from 2015. Since the peak in 2013, non-listed REIT fundraising has plummeted due to the departure of the largest 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.

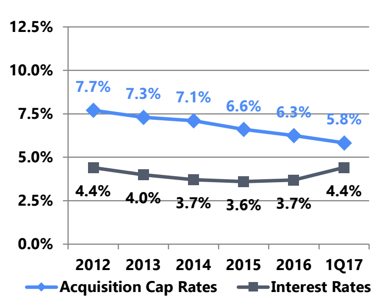
Non-Listed REIT 1Q17 Capital Raise Detail

($ in millions)

Effective Non-Listed REITs	1Q17
Carey Watermark Investors 2	$206
Blackstone Real Estate Income Trust	$204
Strategic Storage Growth Trust	$130
Griffin-American Healthcare REIT IV	$77
Carter Validus Mission Critical REIT II	$75
Industrial Property Trust	$61
Hines Global REIT II	$56
Griffin Capital Essential Asset REIT II	$45
Cole Real Estate Income Strategy (Daily NAV)	$34
KBS Strategic Opportunity REIT II	$31
Other Non-Listed REITs	$239
Total Effective Non-Listed REITs	**$1,157**

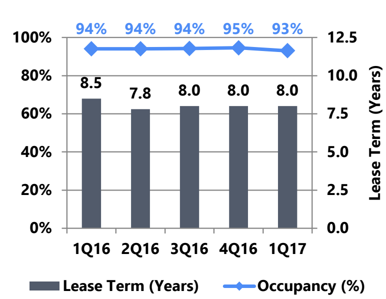
With only $1.2 billion raised in 1Q17, non-listed REITs continue to endure a challenging market with regulatory changes and a potential market transition. With ARC products out of the market due to a settlement related to fraud charges, new sponsors and products are filling the top fundraising spots. Carey Watermark Investors 2, which suspended its offering on 3/31/17, raised $206 million. Blackstone Real Estate Income Trust, which broke escrow on 1/1/17 with $279 million (included in 4Q16 fundraising), raised an additional $204 million in 1Q17.

Market Risk



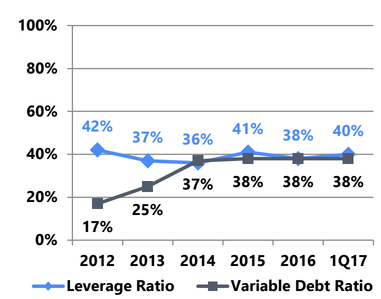
In 1Q17, cap rates continued their seven-year decline to a low 5.8%, which is a 32% decrease from 2010. Cap rate compression, which highlights commercial real estate price increases, is driven by interest rates on new debt. In 1Q17, average interest rates on new permanent debt increased from 3.7% to 4.4%. Higher interest rates will reduce leveraged equity yields.

Investment Risk



For retail, office, and industrial, occupancy and lease terms are key metrics for assessing performance trends and investment risk. Market occupancies have increased over the last five years with the market expansion. Occupancies for non-listed REITs decreased to 93% in 1Q17. For retail, office, and industrial assets, average lease terms remained at 8.0 years.

Financing Risk



In 1Q17, the leverage ratio for non-listed REITs increased to a moderate 40%, 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 1Q17. Non-listed REITs also have a high 40% short-term debt ratio.