

Summit dNAV REIT Return Index 2nd Quarter 2017

Quarterly & Annual Returns for Perpetual Life Non-Listed REITs

Quarterly Returns	2013	2014	2015	2016	2017
1st Quarter	2.12%	1.40%	2.94%	-0.02%	0.96%
2nd Quarter	1.52%	1.52%	1.85%	1.27%	1.50%
3rd Quarter	1.48%	2.14%	1.95%	1.92%	
4th Quarter	1.72%	2.03%	1.74%	1.57%	
Full Year	6.84%	7.09%	8.48%	4.74%	
Three-Year Average			7.47%	6.77%	

Note: Quarterly returns are weighted averages based on quarterly distributions and quarterly changes in net asset value for daily NAV non-listed REITs. Quarterly returns do not represent or equate to specific investor returns but reflect the average REIT-level returns for daily NAV non-listed REITs.

Quarterly Return: In 2Q17, the Summit dNAV REIT Index reported a 1.50% quarterly return, which is a fifth straight quarter of positive returns after posting the only negative quarterly return of -0.02% in 1Q16. Daily NAV non-listed REITs had a weighted average 1.01% quarterly distribution rate and an average 0.49% increase in net asset values in 2Q17. **Annual Return:** For TTM 2Q17, daily NAV non-listed REITs had a 5.95% total return, which included 4.12% in distributions and 1.83% in appreciation (NAV growth). Low market cap rates from seven years of cap rate compression and rising interest rates on debt financing are primary factors for the softening of total returns in 2016 and 2017. **Three-Year Returns:** For the three years ended 12/31/16, the Summit dNAV REIT Index reported a 6.77% average annual return, which is a decline from 7.47% average annual return for the three years ended 12/31/15. For the same three-year period, the FTSE NAREIT All Equity Index reported a 12.91% average annual return for listed equity REITs. Listed equity REITs, however, have significant volatility with returns of 3.21% in 2013, 27.15% in 2014, 2.29% in 2015, and 9.28% in 2016 (FTSE NAREIT All Equity Index). As they are not actively traded on a market, daily NAV non-listed REITs have significantly lower volatility than listed REITs. Daily NAV non-listed REITs, however, have lower returns due to higher front-end and on-going fee structures than listed REITs.