



Total Fee Burden™ - Open Core Non-Listed REITs

September 15, 2017

Open Core Non-Listed REITs	Sales Fees				Real Estate Fees					Total Fee Burden
	Sales Comm. & DM Fee	Org. & Offering Costs	Distrib. Fee	Sales Fee Burden	Acq. Fees/ Expenses	Finance Fee	Asset Mgmt. Fee	Prop. Mgmt. Fee	Real Estate Fee Burden	
Average - 14 Open Core Non-Listed REITs	Upfront	Upfront	Annual	5 years	Upfront	Upfront	Annual	Annual	5 years	5 years
	4.86%	1.25%	1.01%	10.32%	3.93%	0.17%	1.77%	0.38%	14.86%	25.18%

*Fees are calculated as a percentage of gross equity, based on the assumptions below, to determine the Total Fee Burden™ for investors over a five-year period.

Total Fee Burden™

An effective analysis of the performance impact of non-listed REIT fees can only be completed by evaluating all sales and real estate fees on the same equity basis. By prospectus, the sales and real estate fees of non-listed REITs can be based on equity, gross assets, net asset value, and/or gross revenue. Summit converts all sales and real estate fees to equity over a five-year hold period ("Total Fee Burden") to effectively compare the overall fee structures of open core non-listed REITs and gain insights into the performance burden from the total fees paid to the advisor, sponsor, and/or participating broker-dealers. Lower Total Fee Burdens positions non-listed REITs for stronger long term return performance.

Sales & Real Estate Fee Trends

Sales Fees: Sales fees for Class T shares have dropped below 10% for several non-listed REITs, as sponsors of these non-listed REITs are funding portions of the sales commissions, dealer manager fees, and/or organization & offering costs. Leaders in the reduction of sales fees include Hines Global II, Griffin Capital Essential Asset REIT II, NexPoint Multifamily Capital Trust, and Rodin Global Property Trust.

Real Estate Fees: Real estate fees have dropped slightly over the past year, as several non-listed REITs have now removed all transaction fees, which include acquisition fees and financing fees. These non-listed REITs are still reimbursed for acquisition expenses. Non-listed REITs without transaction fees have significantly lower Real Estate Fee Burdens. Non-listed REITs that have removed real estate transaction fees include Inland Residential Properties Trust, Griffin Capital Essential Asset REIT II, NorthStar/RXR New York Metro Income, and Rodin Global Property Trust.

The Total Fee Burden analysis for all 14 open core non-listed REITs is only available to Summit subscribers. Subscribe today.

Total Fee Burden™ Definitions

Sales Commissions & Dealer Manager Fees: All non-listed REITs present sales commissions and dealer manager fees as upfront fees that are a percentage of gross offering proceeds. For class T shares, upfront sales commissions are either 2.0% or 3.0%, while dealer manager fees range from 1.0% to 3.0% with an average of 2.2%. Fees include contingent payments.

Organization & Offering Costs ("O&O"): All non-listed REITs present O&O as an upfront fee that is a percentage of gross offering proceeds. O&O percentages represent either a cap on advisor reimbursements for actual O&O incurred by the advisor or the sponsor's estimate of O&O expenses to be paid by the non-listed REIT. O&O costs include contingent

Distribution Fee: Non-listed REITs with class T shares pay a portion of the sales commission as an annual distribution fee, which is also referred to as a Stockholder Servicing Fee by some non-listed REITs. Most non-listed REITs have a general cap on overall underwriting compensation including the distribution fee of 10%, and some non-listed REITs provide specific distribution fee caps based on a percentage, such as 4.0%, or period of time, such as five years. In most cases, the upfront sales commission and annual distribution fee are limited to 7%

Sales Fee Burden: Represents the total fee impact of sales commissions, dealer manager fees, and O&O expenses over a five-year period of time as a percent of gross equity.

Acquisition Fees & Expenses: Most non-listed REITs have both acquisition fees and acquisition expense reimbursements reported typically as a percent of gross investments or invested assets. Acquisition expense percentages are based on either an expense cap or an expense estimate. An assumption for the leverage ratio is utilized to determine the impact of acquisition fees and expenses as a percentage of gross equity. Leverage ratio assumptions range from 40% to 60% based primarily on the leverage ratios of prior non-listed REITs from

Finance Fees: Only a few non-listed REITs still charge finance fees. Leverage adjustments (see Acquisition Fees) are used to determine the fee impact as a percent of gross equity.

Asset Management Fee: Percentage of gross investments or assets. Leverage adjustments (see Acquisition Fees) are used to determine the fee impact as a percent of gross equity.

Property Management Fee: Typically reported as a percentage of gross revenues. Both income adjustments and leverage adjustments (see Acquisition Fees) are necessary to determine the fee impact as a percent of gross equity. An assumption for an average cap rate, which is 7.0%, is utilized to convert the fee impact as a percent of gross revenue to gross assets, then the leverage adjustment converts the fee impact to a percent of gross equity. Also, for non-listed REITs that only report a "market" rate, this analysis uses typical fees for that property

Real Estate Fee Burden: Represents the total fee impact of acquisition fees, finance fees, and asset & property management fees over a five-year period of time as a percent of gross equity

Total Fee Burden™: Represents the total combined fee impact of all sales fees and all real estate fees over a five-year period of time as a percent of gross equity. Summit's Total Fee Burden provides an invaluable comparative metric for understanding the total fee impact for individual investors in a non-listed REIT. Higher fees can significantly reduce potential