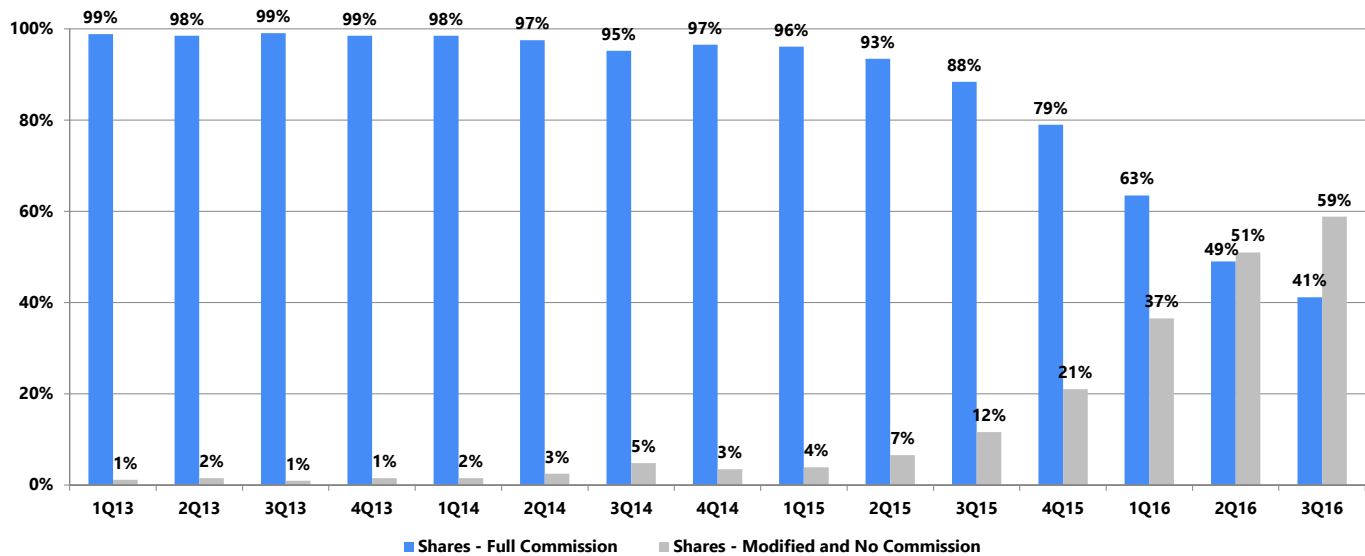


Non-Listed REIT Equity Capital Raise Historical Capital Raise by Share Type

Non-Listed REIT Equity Capital Raise: Full Commission vs. Modified and No Commission Shares



Note: Historical capital raise percentages are based solely on new equity capital raised and specifically exclude capital raised by distribution reinvestment.

Non-listed REITs achieved a milestone in 2Q16 with modified commission shares, such as Class T shares and Class I shares, representing the majority of equity capital raised for the first time ever, as predicted by Summit Investment Research in their 1Q16 report. In 3Q16, the trend continued as modified commission shares, such as Class T shares, and no commission shares, such as Class I shares, represented a record 59% of non-listed REIT equity capital raised. From 2013 through 1Q15, the sale of modified commission shares and no commission shares was limited to daily NAV non-listed REITs, which struggled to gain any significant traction in the market. The approval of FINRA 15-02 in 2015 and its effectiveness on April 11, 2016 has been a primary driver for the rapid rise of equity sales for modified commission and no commission shares. Within the new FINRA 15-02 environment, three trends are behind this rapid rise over the last four quarters. First, Jones Lang LaSalle Income Property Trust, a daily NAV non-listed REIT, has gained increasing market share and established itself as the leader among daily NAV non-listed REITs that offer a variety of modified commission and no commission share classes. Second, most new non-listed REITs now offer both full commission shares, typically Class A shares, and modified commission shares, typically Class T shares. Class T share commission structures vary, but they generally have a lower 2%-3% upfront commission with a capped commission trail. The ratio of sales between Class A and Class T shares varies significantly by non-listed REIT, but recent trends point to higher percentages of Class T shares in the future. However, this specific dual share class structure has inherent conflicts of interest that should result in future changes that could mean the death of the Class A share for non-listed REITs. Third, certain non-listed REITs now only offer Class T shares. Griffin Essential Asset REIT II has established itself as a market leader with its transition to only offering Class T shares back in November 2015. Modified commission and no commission share classes will become the industry standard in response to the regulatory changes under FINRA 15-02 and increase their market share with non-listed REIT equity capital raise in 2017.