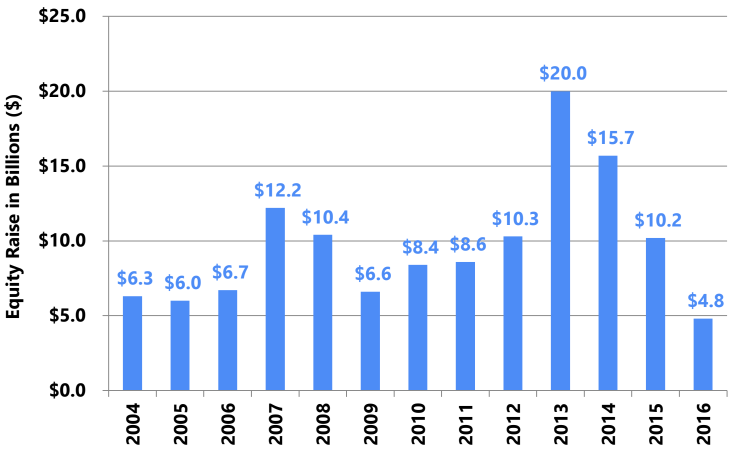
Non-Listed REIT Market Snapshot

4th Quarter 2016

Non-Listed REIT Historical Capital Raise Summary



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. The record fundraising in 2013 and 2014 resulted from favorable public market pricing that facilitated several non-listed REIT liquidations. 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 new regulatory changes regarding share valuations and shareholder disclosures. Non-listed REITs will need to adapt to regulatory and market changes with revised product structures and reduced fees to return to long-term equity

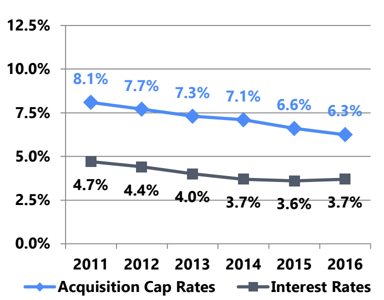
Non-Listed REIT 4Q16 Capital Raise Detail

($ in millions)

Effective Non-Listed REITs	4Q16
Blackstone Real Estate Income Trust	$279
Jones Lang LaSalle Income Property Trust	$153
Industrial Property Trust	$129
Griffin Capital Essential Asset REIT II	$86
Carey Watermark Investors 2	$85
Carter Validus Mission Critical REIT II	$72
Strategic Storage Trust II	$70
Griffin-American Healthcare REIT IV	$59
Hines Global REIT II	$43
Cole Real Estate Income Strategy (Daily NAV)	$43
Other Non-Listed REITs	$293
Total Effective Non-Listed REITs	**$1,312**

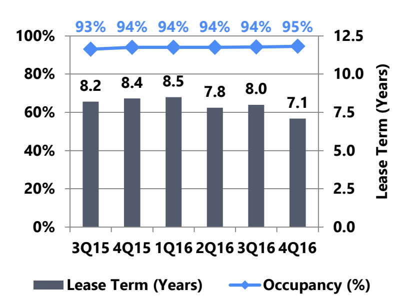
With only $1.3 billion raised in 4Q16, non-listed REITs endured a challenging 2016 with new regulatory changes and a potential market transition. With ARC products out of the market due to a settlement related to fraud charges, new sponsors and products are filling the top fundraising spots. Blackstone Real Estate Income Trust, which broke escrow on 1/1/17, raised $279 million in 4Q16. Jones Lang LaSalle followed with $153 million raised in 4Q16. Industrial Property Trust was the only other non-listed REIT to exceed $100 million equity raised with $129 million in 4Q16.

Market Risk



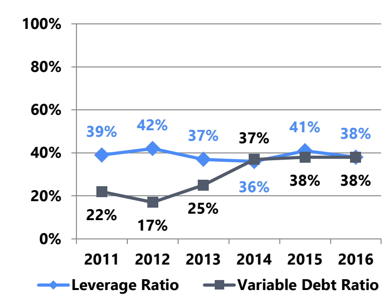
In 2016, cap rates continued their seven-year decline to a low 6.3%, which is a 26% decrease from 2010. Cap rate compression, which highlights commercial real estate price increases, is driven by interest rates on new debt. In 2016, average interest rates on new permanent debt increased to 3.7%, which ended a five-year decline. Higher interest rates reduce leveraged yields.

Investment Risk



For retail, office, and industrial investments, 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 increased to a high 95% in 4Q16. For retail, office, and industrial assets, average lease terms declined to 7.1 years.

Financing Risk



In 2016, the leverage ratio for non-listed REITs decreased to a moderate 38%, 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 2016. Non-listed REITs also have a high 44% short-term debt ratio.