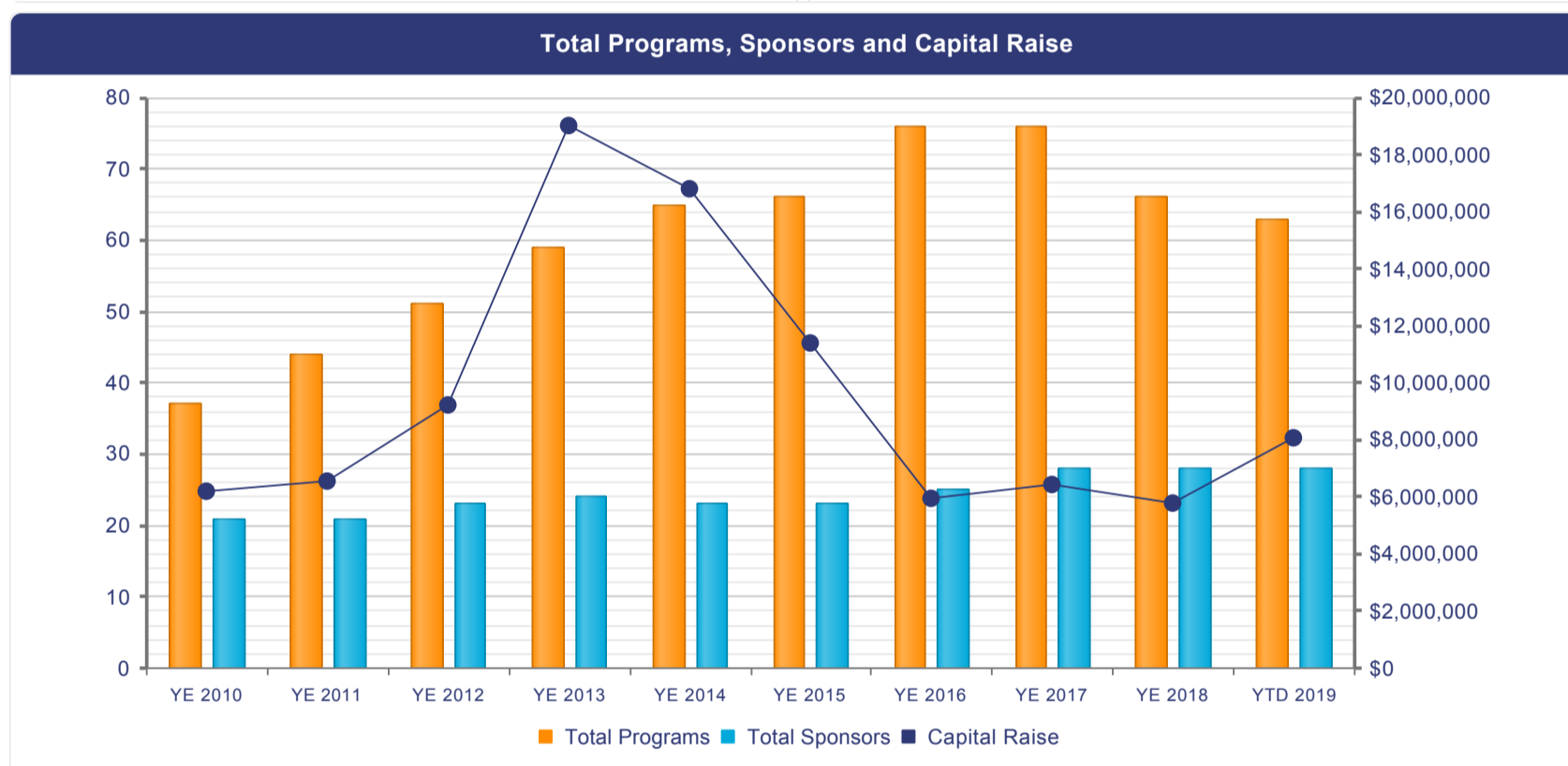


**Public Non-Traded REIT Industry Insights - (Q3 2019)**

<a href="#">Top 10 by Raise Sponsors &amp; Programs</a>	<a href="#">Capital Raise Financing</a>	<a href="#">Distributions AUM</a>
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Overview Totals			
Sponsors	28	AUM	\$99,288,165
Open	17	Open	\$37,682,066
Closed	19	Closed	\$61,606,099
Programs	63	Capital Raise (YTD)	\$8,044,387
Open	20	Open	\$7,443,469
Closed	43	Closed	\$600,918



Top 10 Capital Raise – Open Programs	QTD	YTD
Blackstone Real Estate Income Trust, Inc.	\$2,412,019	\$5,317,143
Starwood Real Estate Income Trust, Inc.	\$234,455	\$456,702
Jones Lang LaSalle Income Property Trust, Inc.	\$137,997	\$322,130
Hines Global Income Trust, Inc.	\$124,925	\$310,254
Black Creek Industrial REIT IV Inc.	\$78,799	\$254,325
Black Creek Diversified Property Fund Inc.	\$38,927	\$140,685
InPoint Commercial Real Estate Income, Inc.	\$21,948	\$116,264
CIM Income NAV, Inc. (fka Cole Real Estate Income Strategy (Daily NAV), Inc.)	\$26,700	\$92,600
Strategic Storage Trust IV, Inc.	\$19,000	\$90,800
Cottonwood Communities, Inc.	\$20,255	\$67,102

## Sponsor and Program Insights

During Q3 2019 there were 20 public non-traded REITs (NTRs) offered by 17 separate sponsors actively raising capital (open NTRs) and 43 NTRs that had closed but have not yet liquidated (closed NTRs).

Activity during the quarter included the departure of Steadfast Companies from the non-traded REIT market as the firm pursues a merger of its three prior NTRs, and the completed liquidation of Inland Residential Properties Trust, Inc.

On August 5, 2019, Steadfast Apartment REIT (STAR), Steadfast Income REIT (SIR), and Steadfast Apartment REIT III (STAR III) announced that they had entered into definitive merger agreements by which STAR will acquire SIR and STAR III in separate stock-for-stock, tax free transactions, with the merger set to close in the first quarter of 2020. According to the investor presentation, the combined entity will own 71 multifamily properties in 14 states with over \$3.2 billion in gross real estate value. The combined entity will be internally managed and will provide several potential strategic benefits, including cost savings, a stronger balance sheet, ability to pursue growth and value creation opportunities, and access to new sources of capital.

Inland Residential Properties Trust, which raised capital between September 2015 and December 2017, completed its liquidity event with the sale of the final asset and payment of a final liquidating distribution to investors in September. The REIT has paid three liquidating distributions this year of \$4.53, \$8.59, and \$7.81 for a total of \$20.93 per share. The REIT paid \$4.47 per share in distributions between 2015 and 2018, minus shareholder servicing fees for Class T shares. The most recently reported net asset value, determined by the REIT's board of directors in February, 2018, was \$23.15 and \$24.32 for Class A and Class T shares, respectively. Shares were sold in the offering at \$25.00 and \$23.95 for Class A and Class T shares, respectively.

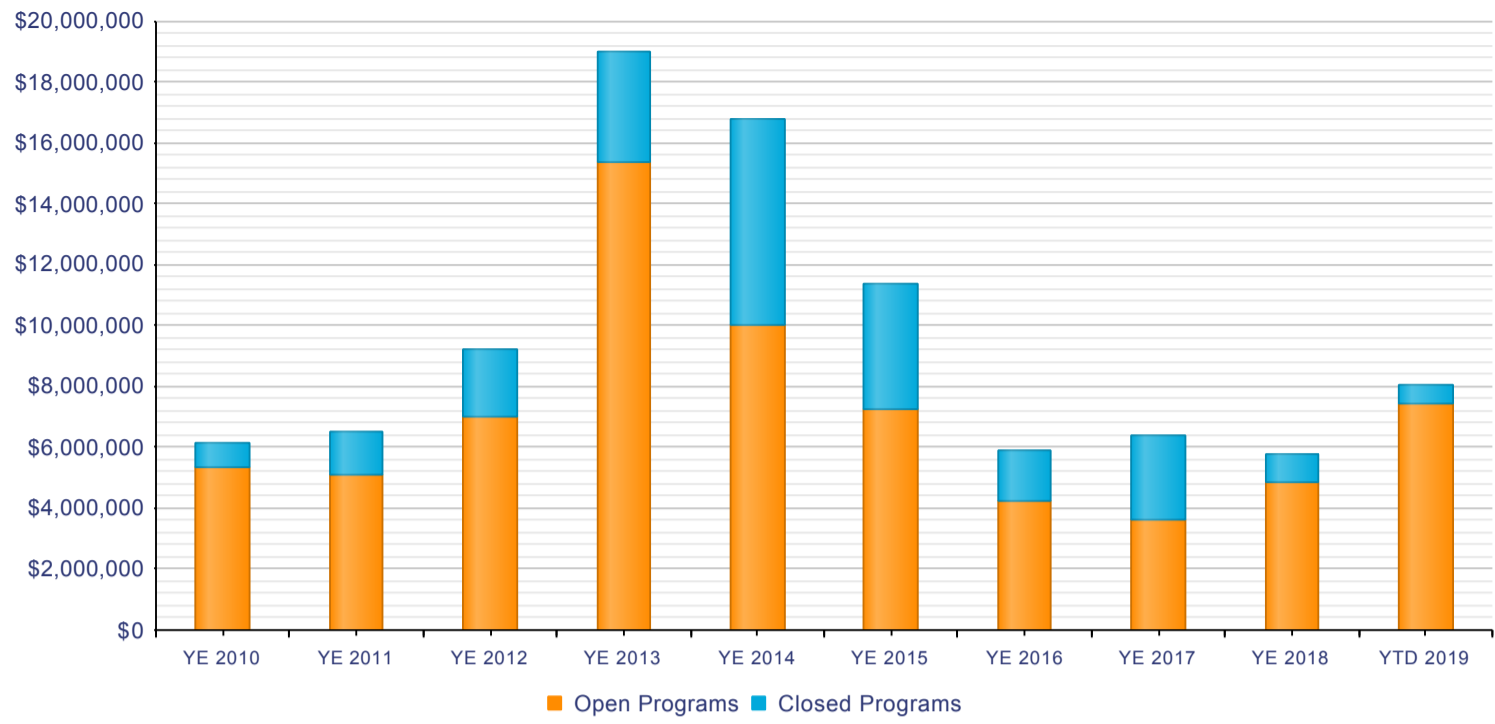
Other notable events in the industry include merger announcements for Carter Validus Mission Critical REITs I and II, and W.P. Carey Watermark REITs I and II, Blackcreek Industrial Property Trust's plans to complete its liquidation in 2020, and the name change of the prior KBS Opportunity REITs to Pacific Oak Strategic Opportunity REIT and Strategic Opportunity REIT II (with the merger of Pacific Oak Strategic Opportunity REIT into publicly traded Reven Housing REIT occurring subsequently in November). Additionally, subsequent to the end of Q3, Phillips Edison Grocery Center REIT III merged with Phillips Edison & Company on October 31st.

New Sponsors	Sponsor Departures
None	Steadfast Companies <span style="float: right;">08/11/2019</span>
New Programs	Closed Programs
None	None

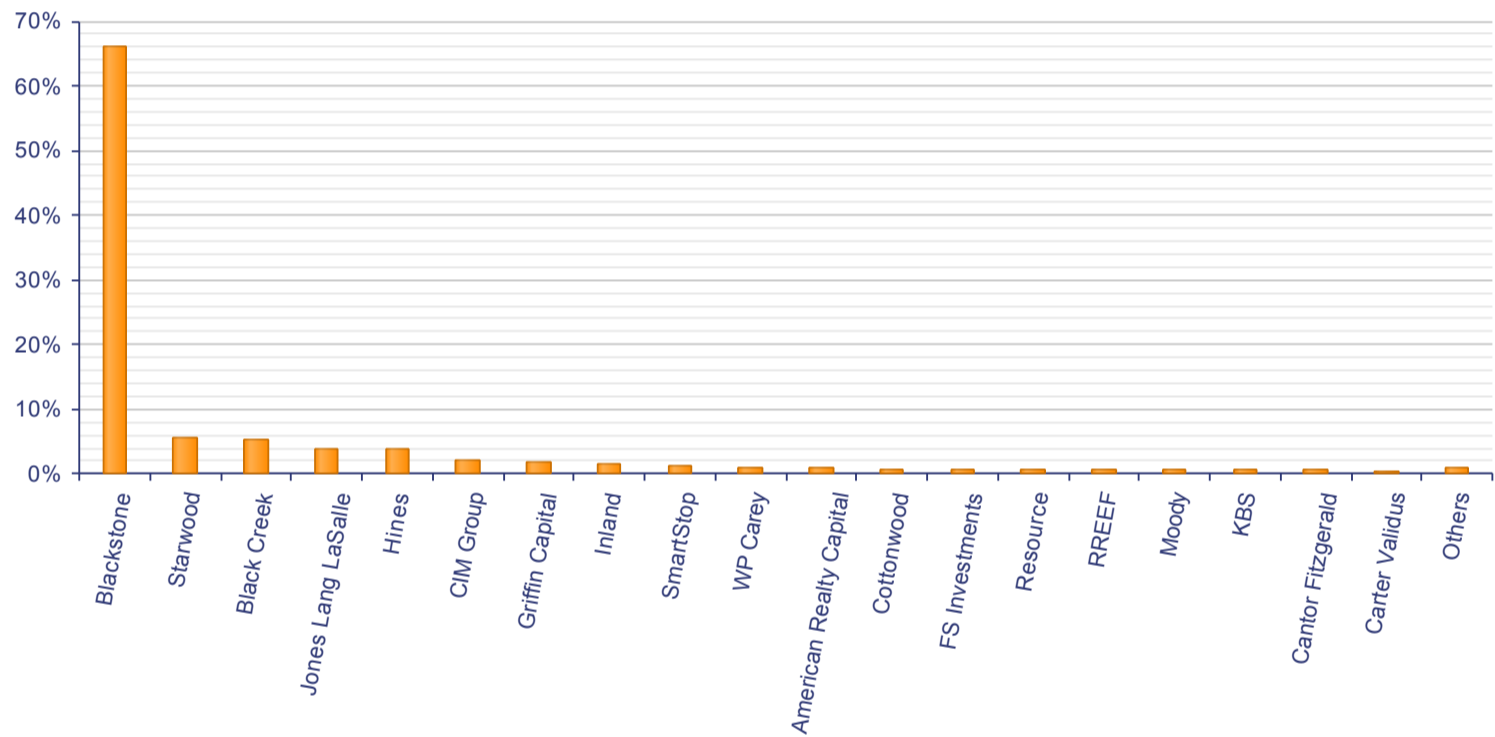
Liquidity Events		
Inland Residential Properties Trust, Inc.	09/16/2019	Sale of assets

Capital Raise Insights
<p>Open NTRs have raised \$7.4 billion YTD in 2019, already outpacing 2018 by more than nearly \$2.0 billion. The industry continues to be led by Blackstone, which has raised \$5.3 billion, or nearly 72% of the total industry raise YTD. Blackstone has now raised over \$2 billion for the last two quarters, exceeding any other NTR in the history of the industry. The 9 open perpetual life (NAV) NTRs raised \$6.9 billion or over 92% of the raise YTD, while the 11 open lifecycle NTRs raised approximately 8%.</p> <p>According to the IPA-Stanger Monitor, the Stanger NAV REIT Total Return Index and the Stanger Lifecycle REIT Total Return Index (both of which include returns of open and closed, non-liquidated NTRs) posted 1-year annualized returns of 8.41% and 3.65%, respectively, and 3-year annualized total returns of 7.47% and 4.74%, respectively. This is compared to the MSCI US REIT Index and S&amp;P 500 Index, which reported 1-year annualized total returns of 18.31% and 4.25%, respectively, and 3-year annualized total returns of 7.26% and 13.39%, respectively.</p> <p>Of the perpetual life NTRs, Blackstone posted the highest 1-year return at 11.34%, while Black Creek posted the lowest at 2.57%. Returns within the lifecycle NTRs are much more varied, with the Industrial Property Trust posting the highest 1-year return at 24.86% while Hospitality Investors Trust posted a decline of 33.60%.</p> <p>NCREIF reported a 2019 annualized return for the NCREIF Property Index of 6.24%.</p>

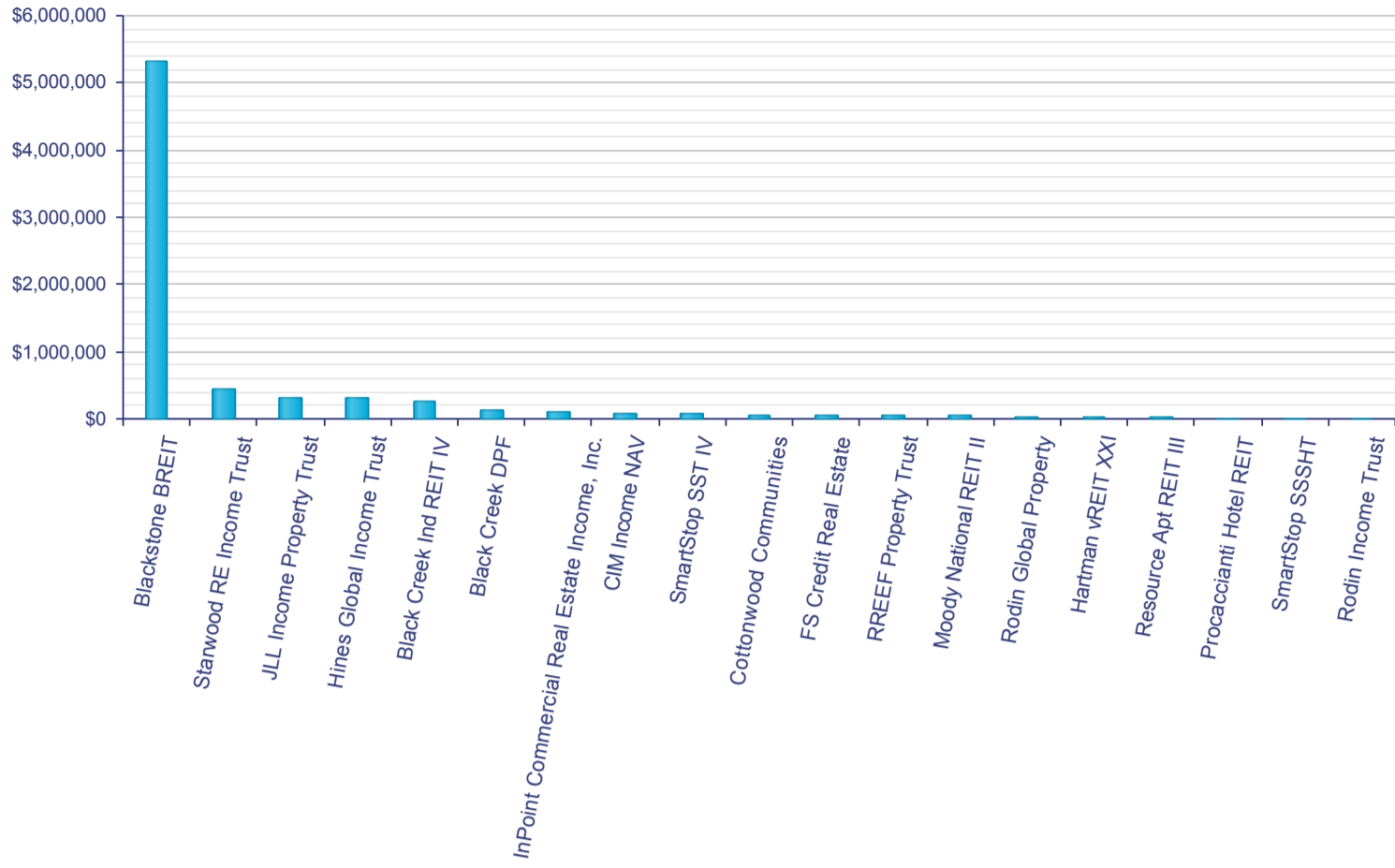
### Capital Raise by All Programs (Including DRP) – YTD



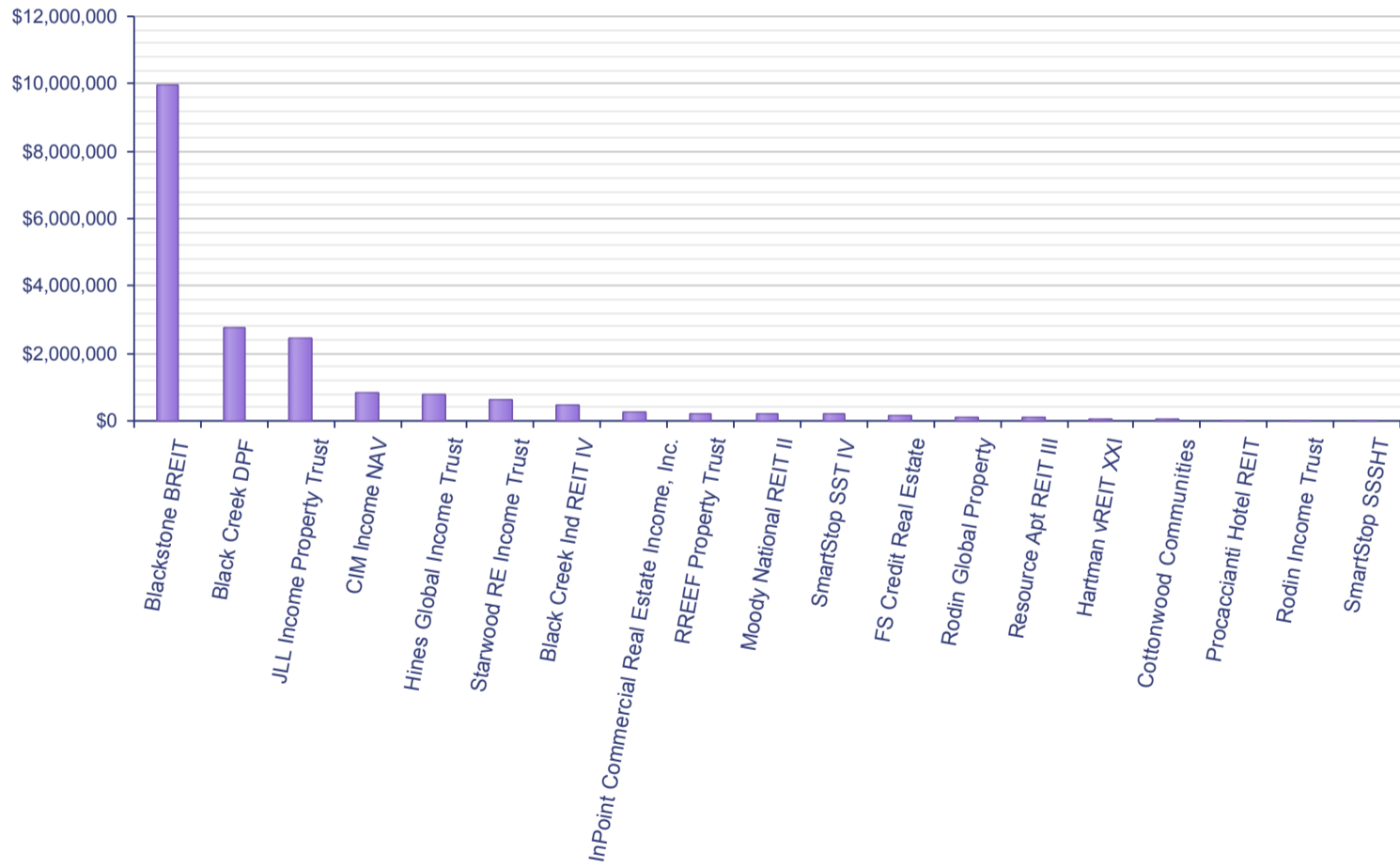
### Capital Raise by Sponsor (Including DRP) – YTD



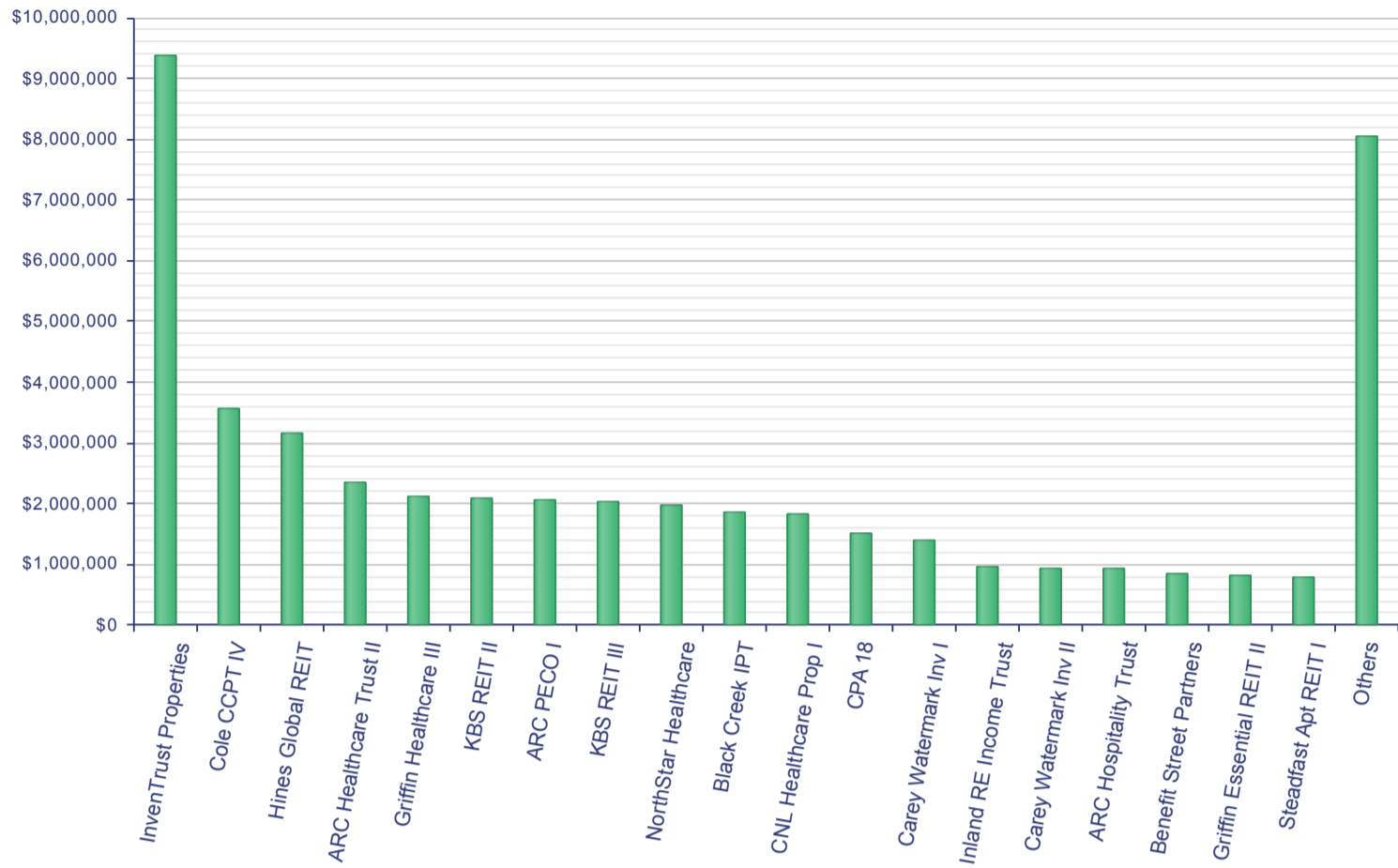
### Capital Raise by Open Programs (Including DRP) – YTD



### Capital Raise by Open Programs (Including DRP) – Since Inception



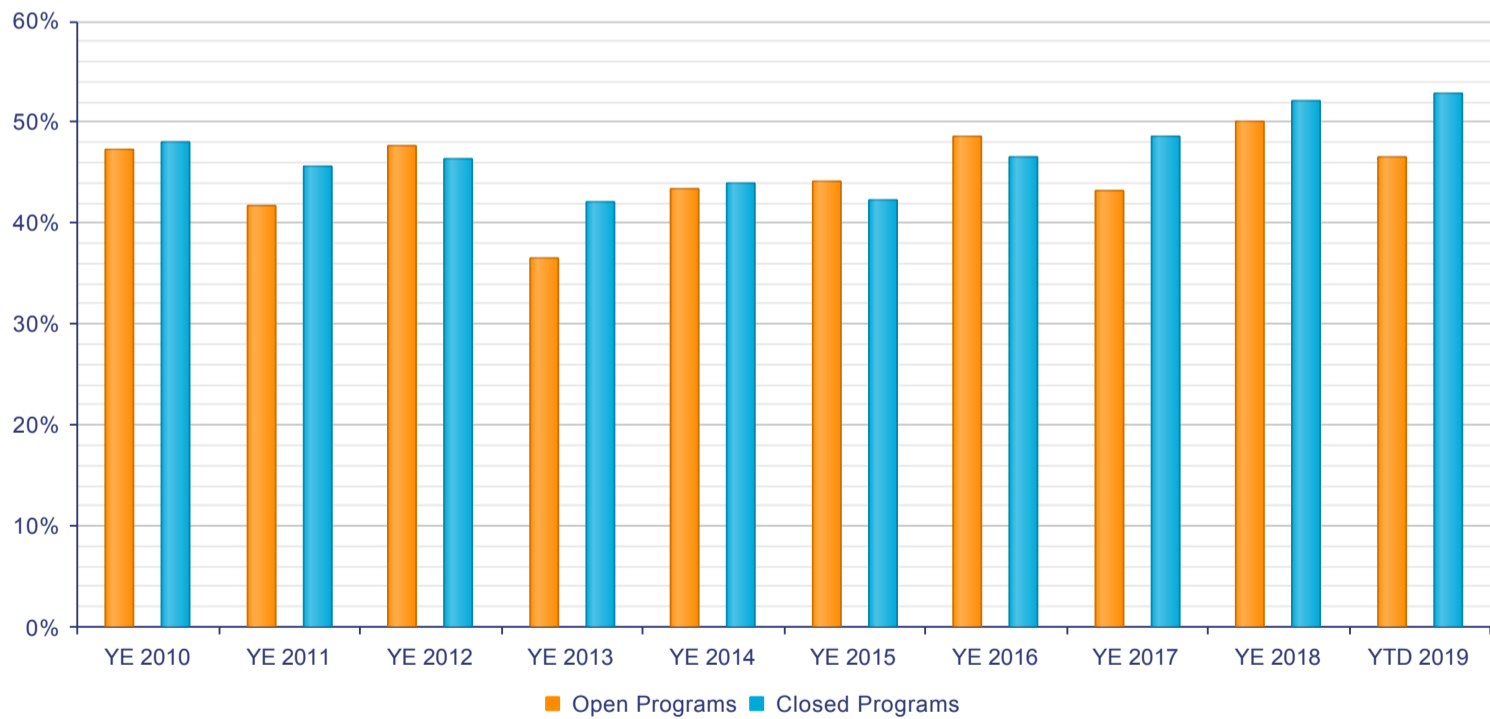
### Capital Raise by Closed Programs (Including DRP) – Since Inception



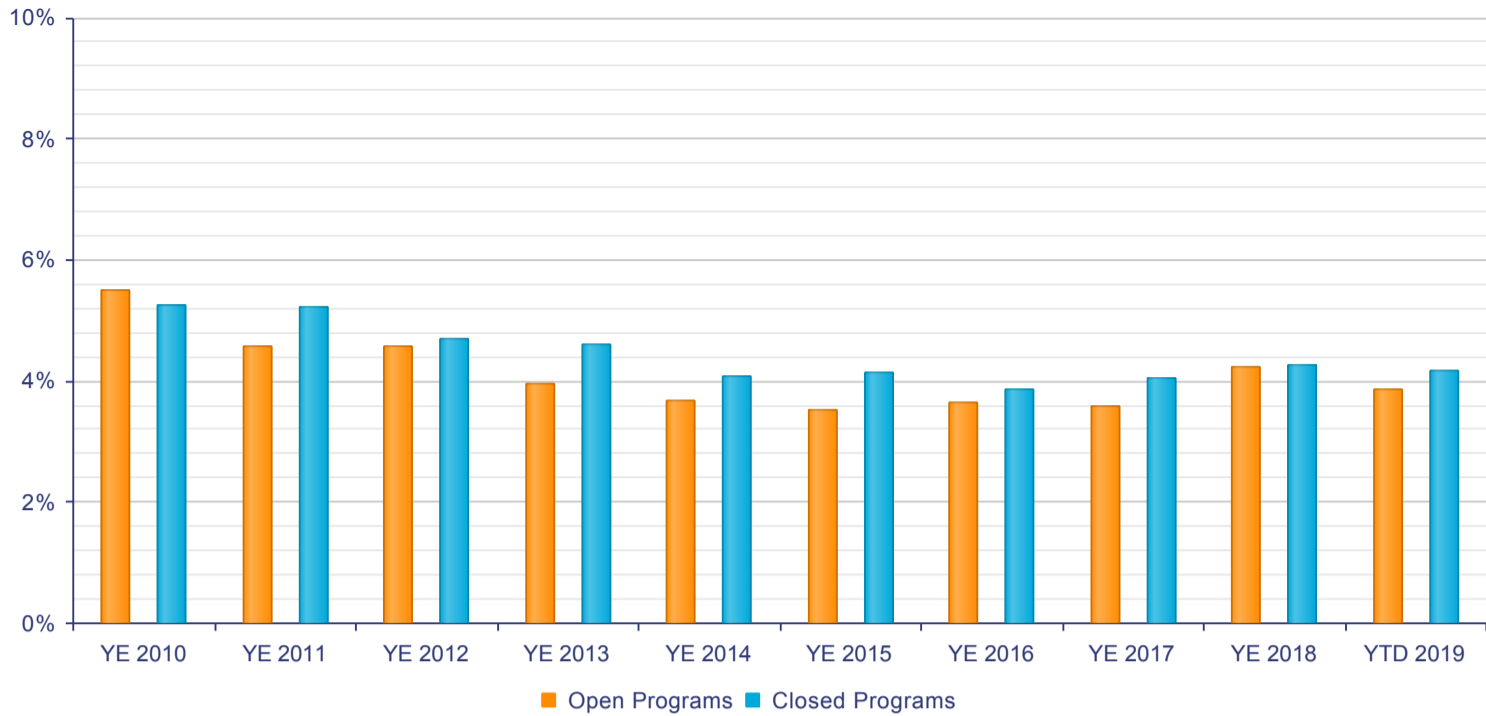
### Financing Insights

Open and closed NTRs reported debt ratios of 46.5% and 52.8%, respectively, as of September 30, 2019, down from YE 2018 for open NTRs but the highest level since 2010 for closed NTRs. By comparison, the average debt ratio of the FTSE NAREIT All REIT index was 42.7%, which is down from YE 2018. Average interest rates on debt for open and closed NTRs were 3.85% and 4.17% as of September 30, down modestly from 2018 levels but up from the lows in 2015. Active NTRs reported an average of 56% of total debt in fixed-rate debt, and 44% in variable rate debt. Closed NTRs reported averages of approximately 49% and 51% in fixed and variable rate debt, respectively.

### Total Debt to Assets



### Weighted Average Interest Rate on Debt



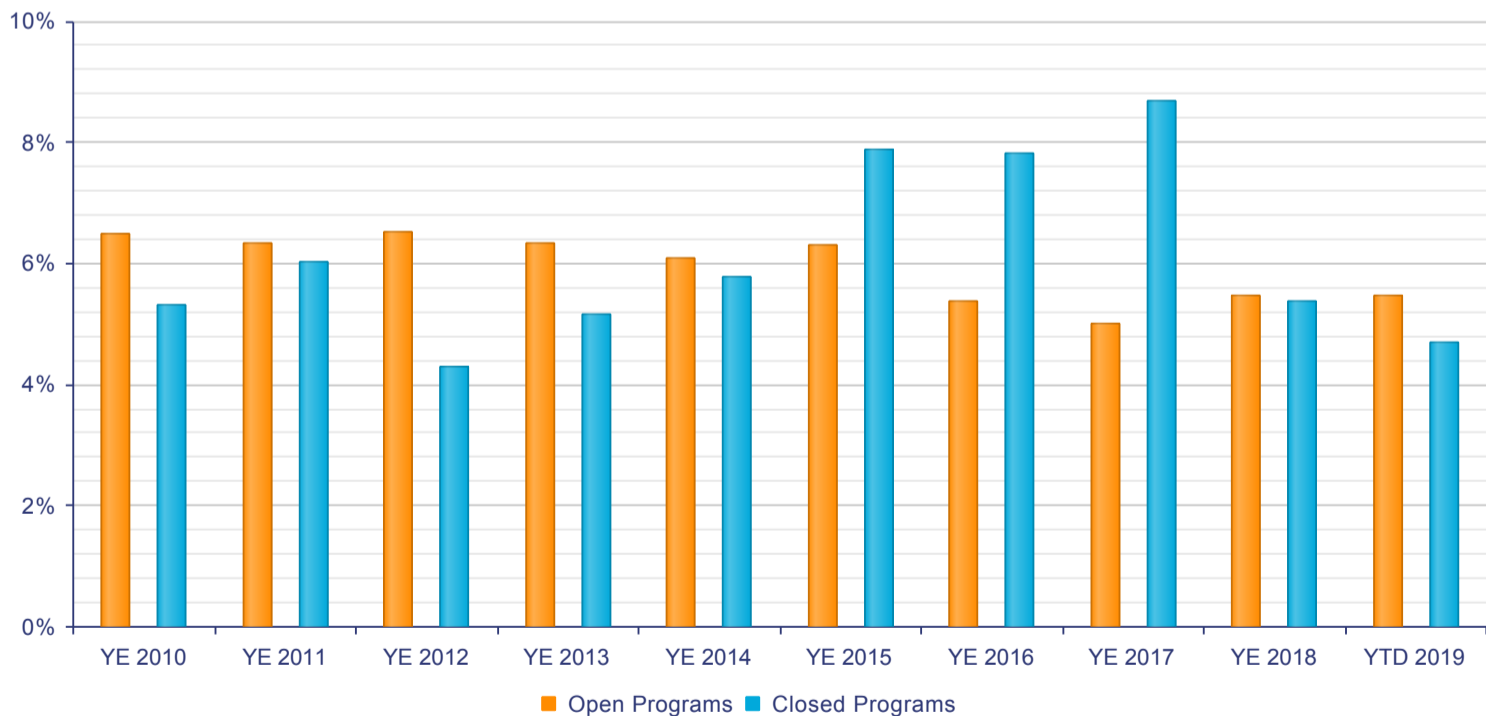
### Distribution Insights

Average distribution rates for open NTRs are basically on par with YE 2018 numbers at 5.46%, while distributions for closed NTRs have declined to an average of 4.71%. Of the open NTRs, those with a perpetual life reported an average rate of 5.14%, while lifecycle NTRs reported an average of 5.74%. According to the NAREIT REIT Watch report, as of September 30, 2019, the average dividend yield for the FTSE NAREIT All REIT Index, the FTSE NAREIT Equity REIT Index, and the S&P 500 Index were 3.93%, 3.54%, and 1.98%, respectively.

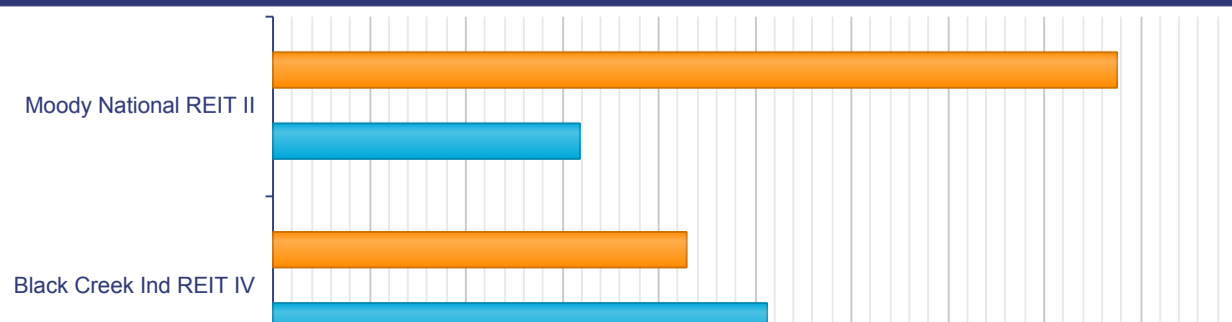
In terms of coverage, the average distribution as a percent of FFO (payout ratio) of open and closed NTRs reporting were 185.07% and 369.70%, respectively, compared to 75% for the FTSE NAREIT index. Based on the volatility of coverage ratio data and lack of improvement between open and closed NTRs, one might question the applicability of distribution coverage ratios as indicators of success for NTRs.

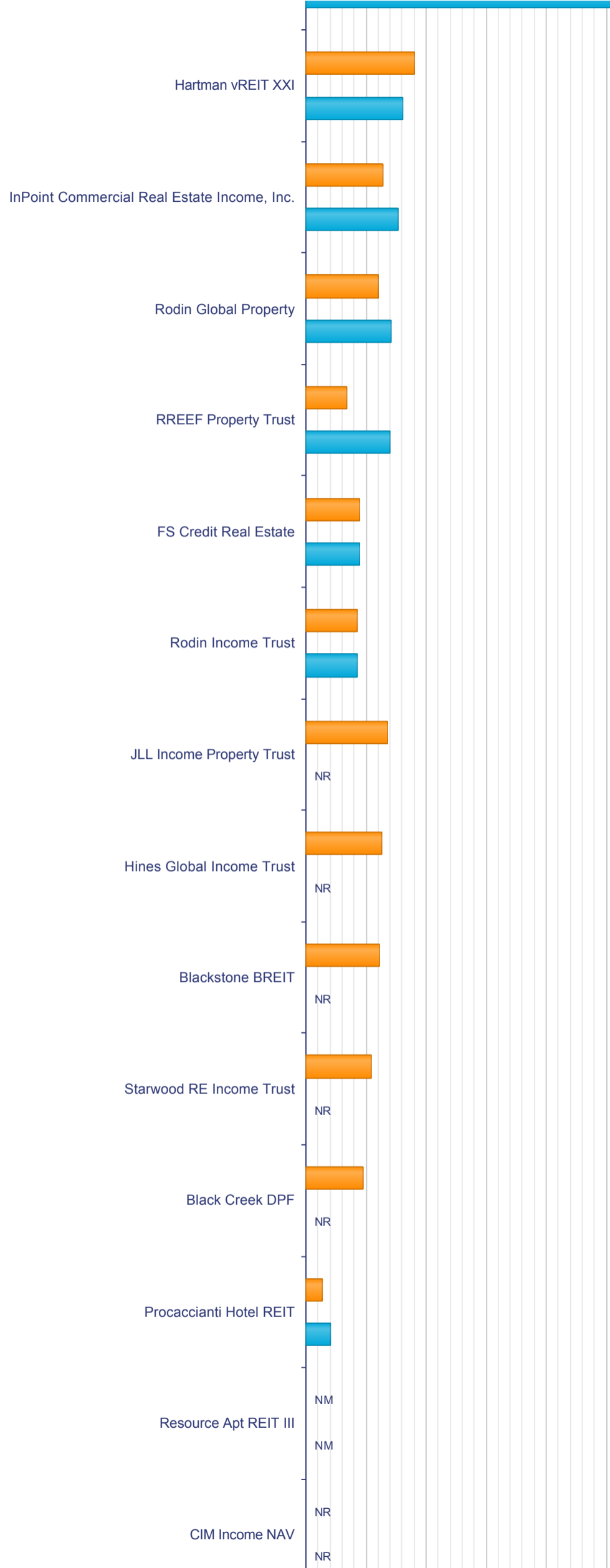
Open Perpetual		Closed Perpetual		Open Lifecycle		Closed Lifecycle	
Average	Range	Average	Range	Average	Range	Average	Range
5.14%	4.09% - 6.48%	N/A	N/A	5.74%	4.32% - 7.52%	4.71%	0.00% - 7.75%

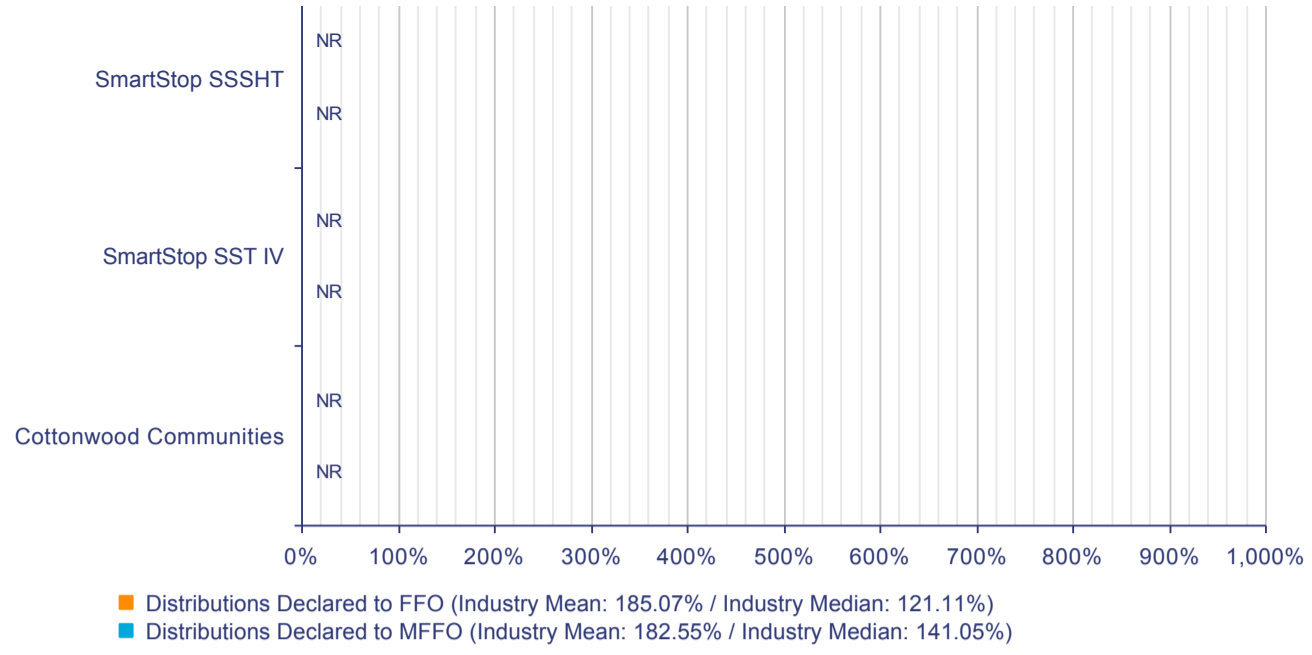
### Annualized Distribution Rates



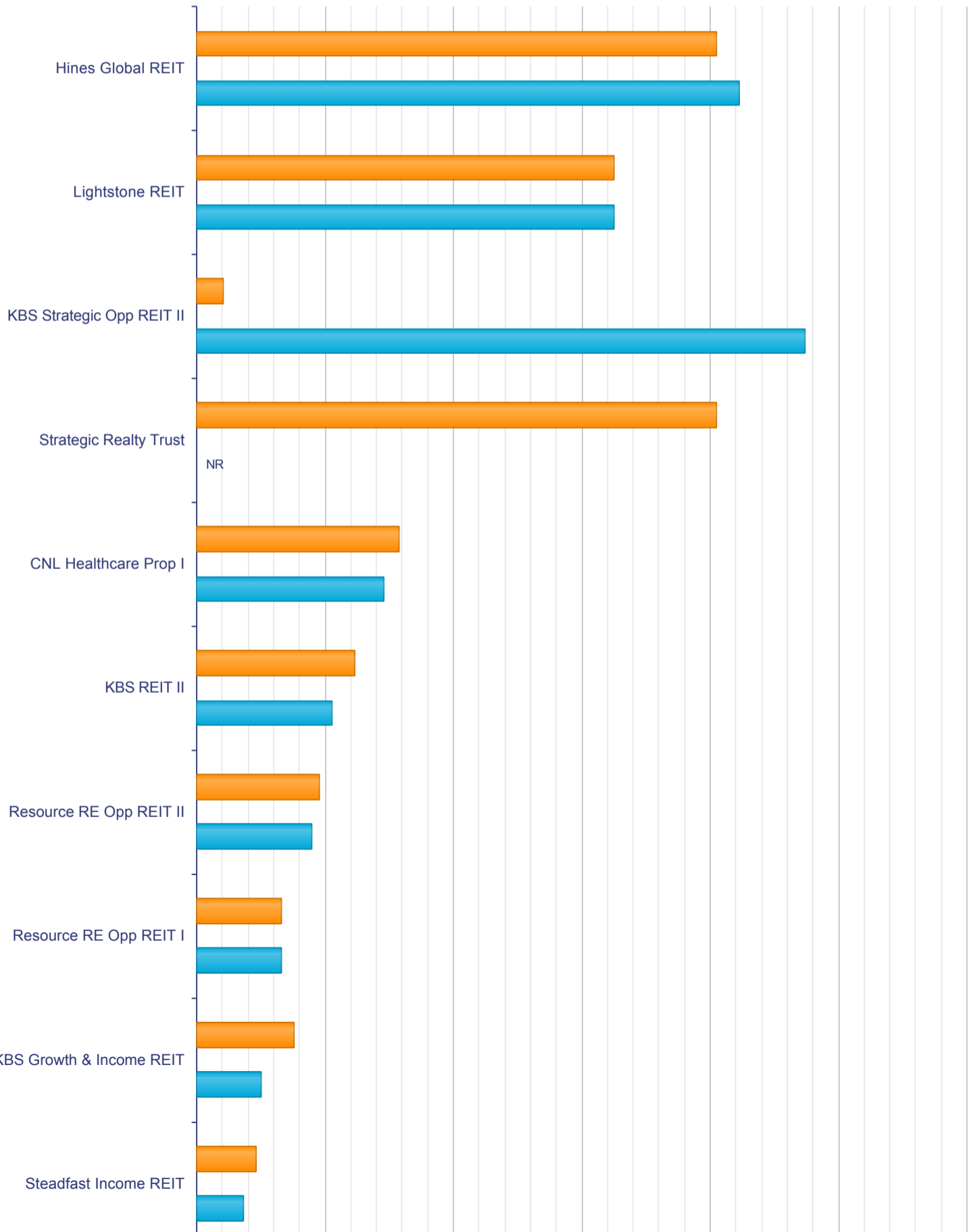
### Open Program Distribution Coverage



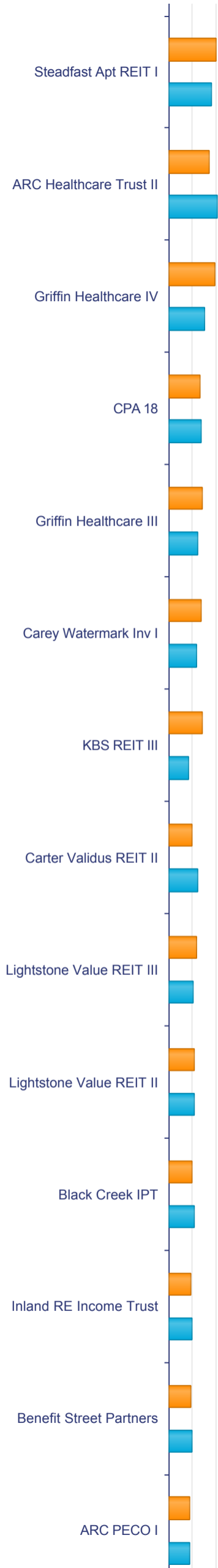


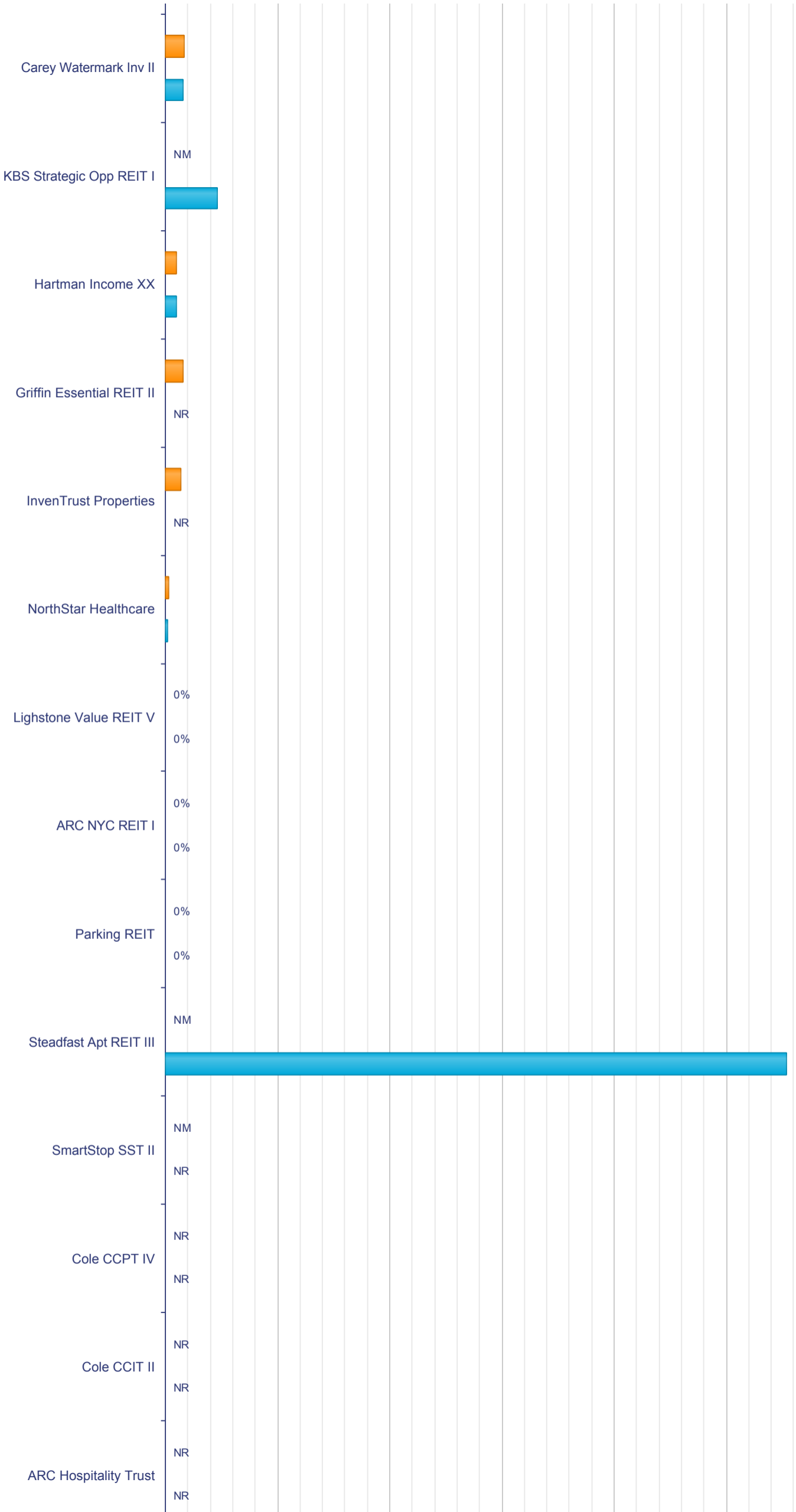


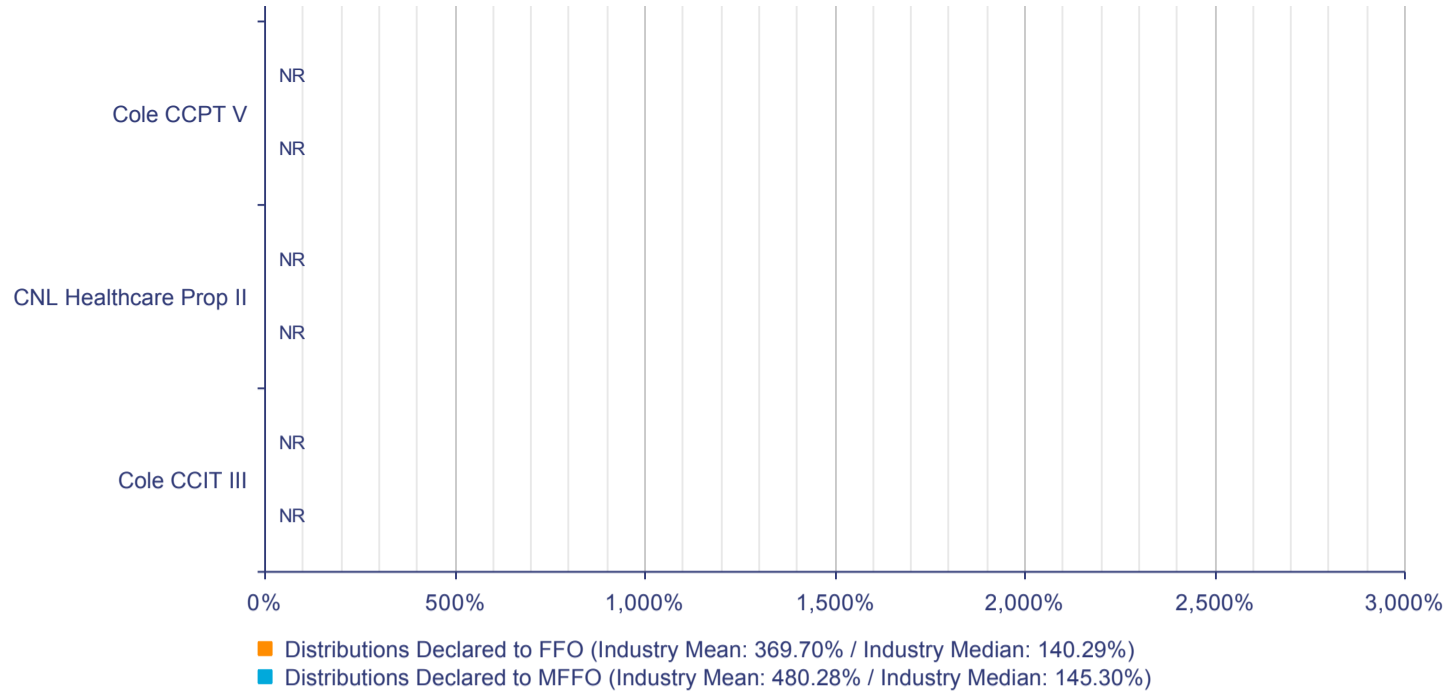
### Closed Program Distribution Coverage









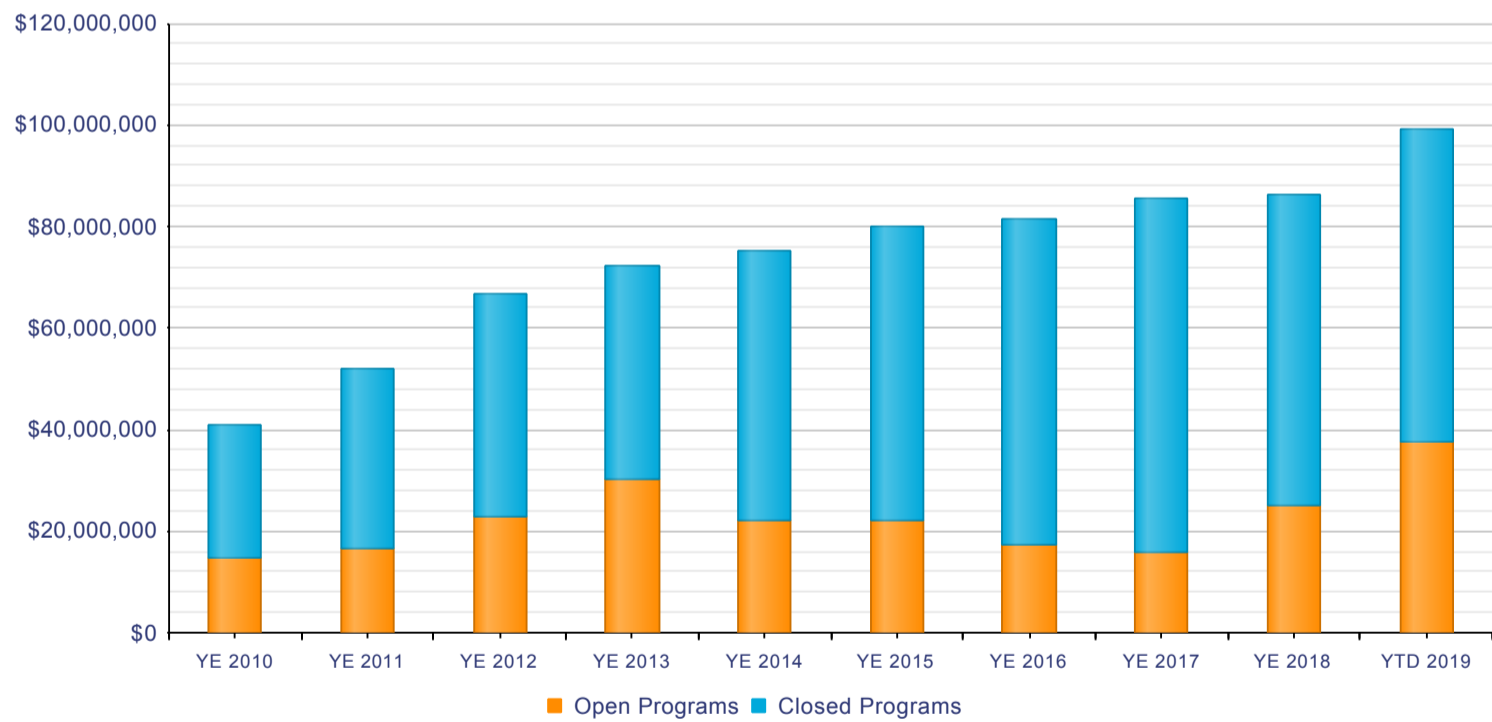


### AUM Insights

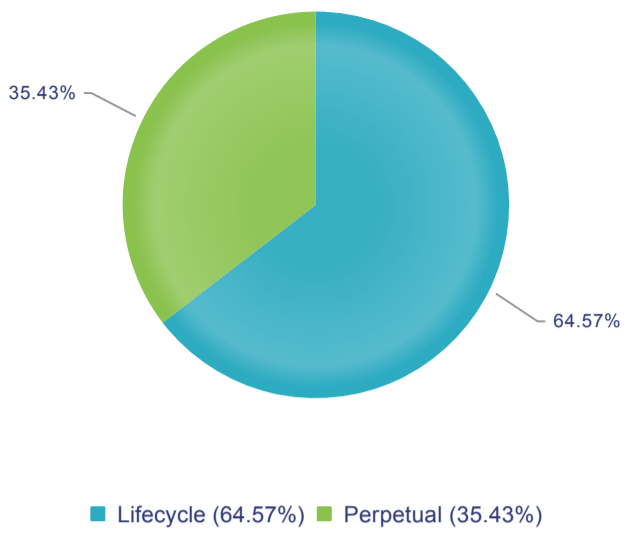
Total AUM for the NTR market, including open and closed, non-liquidated programs, increased to \$99.3 billion as of the end of Q3 2019. This number continues to increase and exceeds 2013, which was the peak capital raise year for the industry. The NTR market is still a fraction of the \$1.3 trillion traded REIT market, but it is clearly back in growth mode. Open NTRs represent \$37.7 billion or nearly 38% of this total, a much larger percentage than prior years as capital raise has increased again for active NTRs and older generation NTRs continue to liquidate assets.

In terms of sector exposures, the industry has the highest (and expanding) exposure to diversified programs at just over 45% of total AUM. Retail, healthcare, and office/industrial are the closest competitors at 11.38%, 10.42%, and 5.33% of total AUM, respectively. Core focused strategies far outweigh any other strategies at just under 69% of AUM, and the industry remains overweight to lifecycle REITs, although that focus has shifted dramatically with the newer programs. Of those currently raising capital, the number of funds in each strategy is relatively even, with 11 lifecycle and 9 perpetual life NTRs, but perpetual life strategies tend to be much larger, representing approximately 84% of AUM.

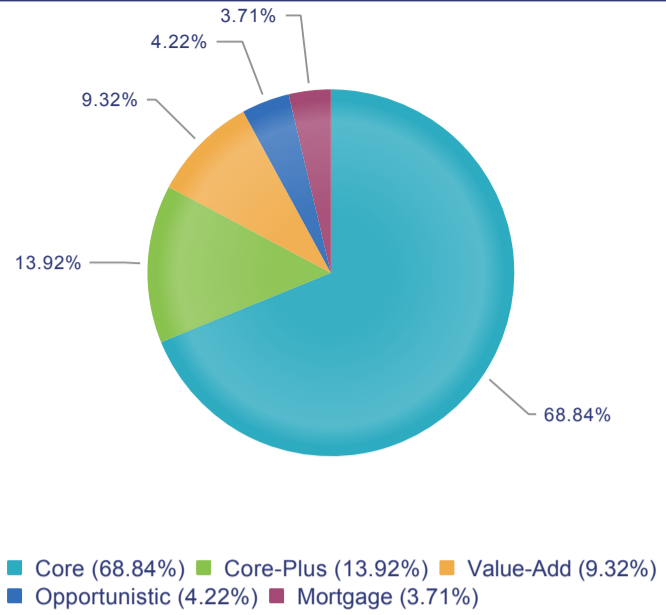
### Total AUM



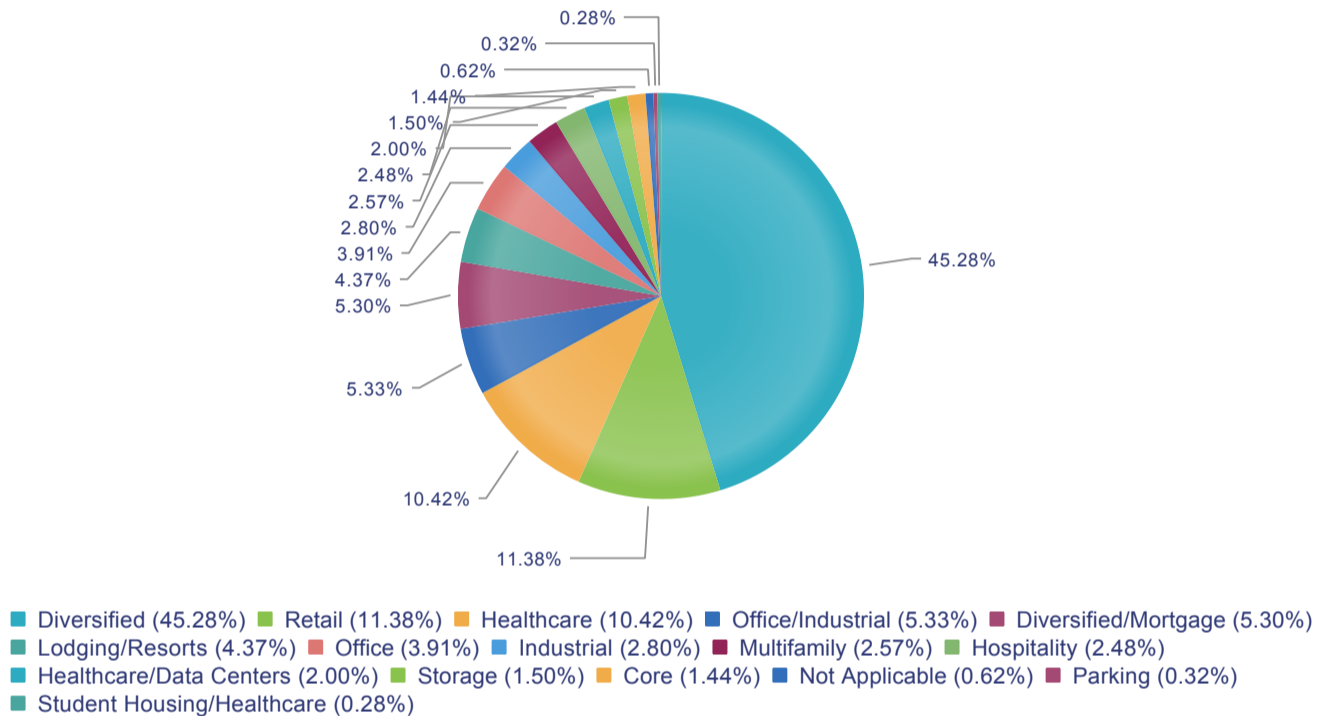
**AUM by Structure – All Programs**



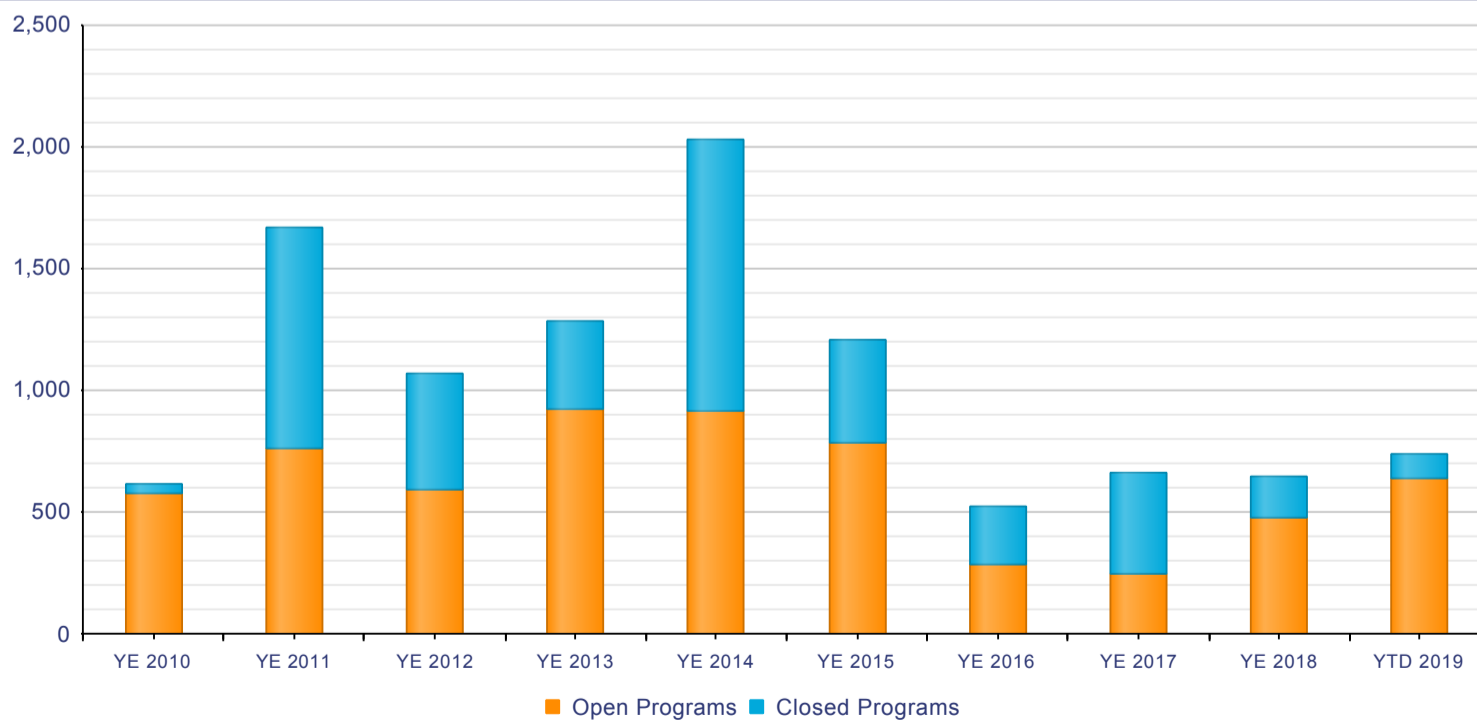
**AUM by Strategy – All Programs**



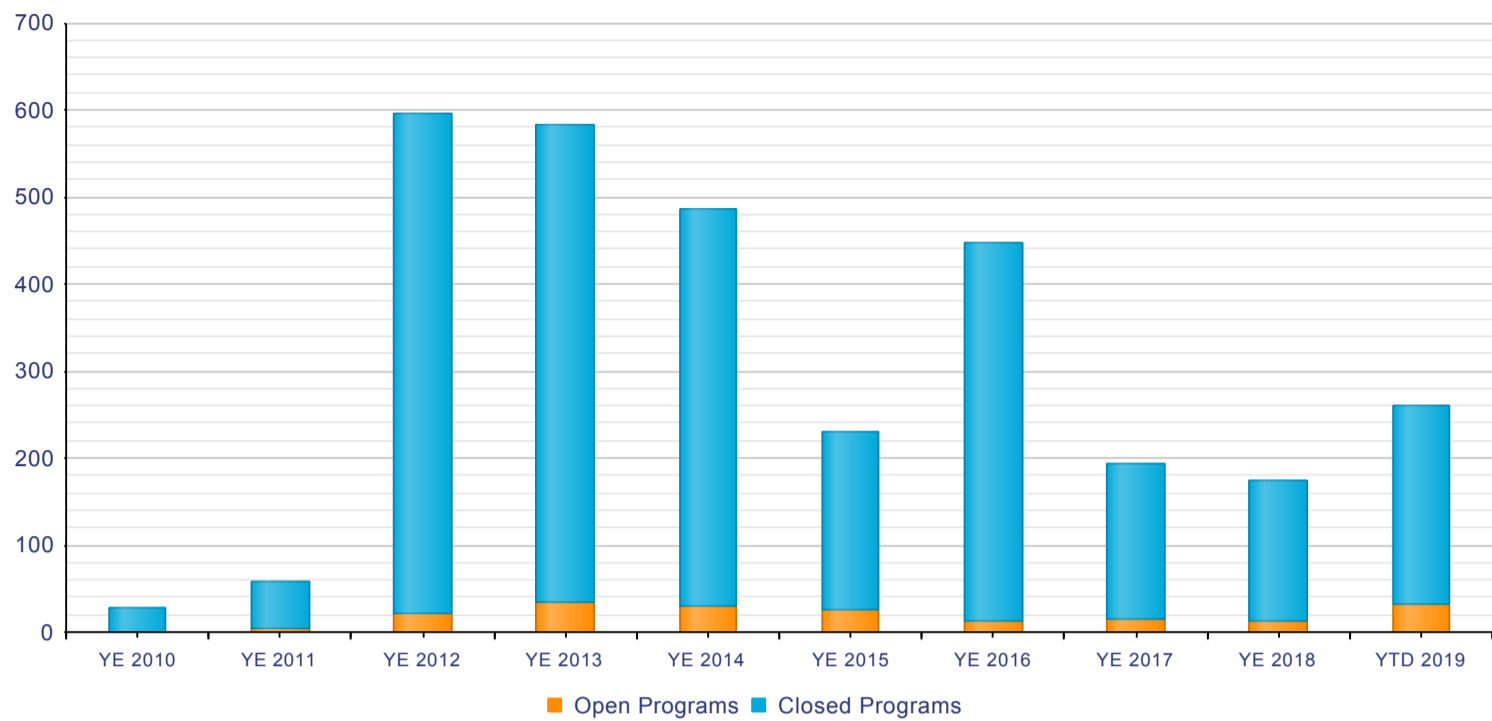
**AUM by Sector – All Programs**



**Properties Acquired**



## Properties Sold



### For Financial Professional Use Only

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*Past performance is not necessarily indicative of future results. In thousands, except sponsors, programs, properties, share and per share amounts.*

*The following were excluded from this report because the required data was unavailable at the time of publishing:  
Carter Validus Mission Critical REIT, Phillips Edison Grocery Center REIT III, Inc., United Development Funding Income Fund V.*

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