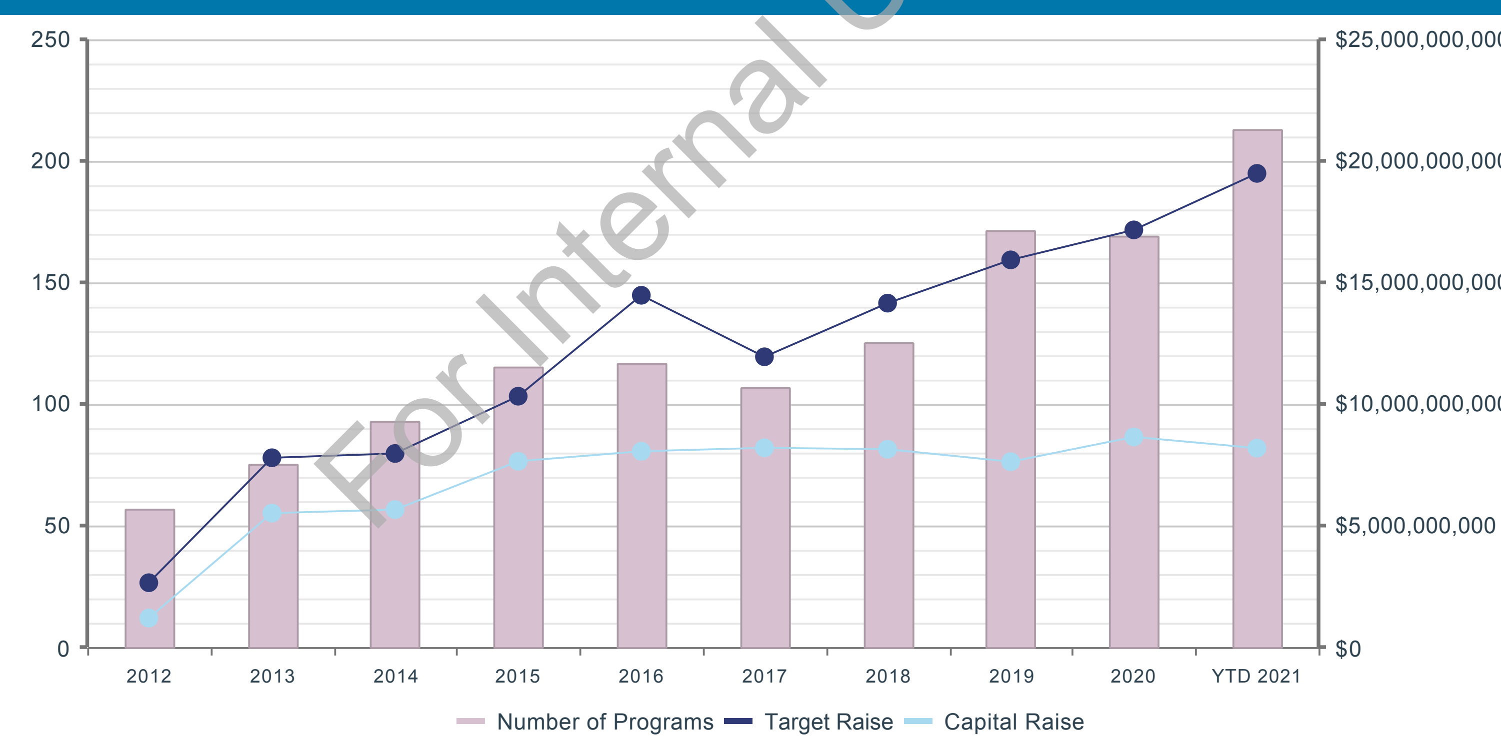
Private Placement Industry Insights (September 2021)

Category	Current Fund Coverage	New Fund Coverage MTD	New Fund Coverage YTD	New Fund Coverage YoY	Aggregate Target Raise MTD	Aggregate Target Raise YTD	Aggregate Target Raise YoY
1031 Exchanges	65	15	115	94.92%	$534,498,866	$4,234,568,894	149.35%
Conservation Contributions	4	0	4	33.33%	$0	$30,840,000	40.18%
Energy	11	0	8	-20.00%	$0	$623,758,479	-5.03%
Hedge Funds	12	4	9	100.00%	$0	$250,000,000	100.00%
Managed Futures	4	0	0	0.00%	$0	$0	0.00%
Opportunity Zones	18	1	6	-33.33%	$48,451,000	$560,951,000	-1.24%
Other Real Estate	61	2	24	-7.69%	$40,000,000	$1,638,343,104	-24.10%
Preferred Securities	6	0	6	0.00%	$0	$260,500,000	75.13%
Private Equity/Debt	31	1	25	212.50%	$50,000,000	$2,333,300,000	470.98%
Total	**213**	**23**	**197**	**62.81%**	**$672,949,866**	**$9,932,261,477**	**75.45%**

Current Coverage, Target and Cumulative Capital Raise



Current Coverage Insights

• Despite weakness in some of the real estate categories, September was another strong month for funds added to our coverage, driven primarily by additions to the hedge fund and 1031 categories. On a year-to-date basis, private equity/debt leads the way, followed by hedge funds and 1031s.

• 197 new funds have been added in 2021 making this a strong year and putting us well ahead in terms of new fund coverage (+63%) and aggregate target raise (+75%).

• As of October 1st, AI Insight covers 213 private placements currently raising capital, with an aggregate target raise of $19.5 billion and an aggregate reported raise of $8.2 billion or 42% of target.

• Real estate-related funds, including 1031s, Opportunity Zones, and non-1031 real estate LLCs/LPs and private REITs represent the largest component of our private placement coverage, at 68% of funds and 62% of target raise. Private equity/debt funds represent a relatively small amount of our coverage in terms of the number of funds at only 15% but represents 22% of target raise even with several funds in the category not reporting a target.

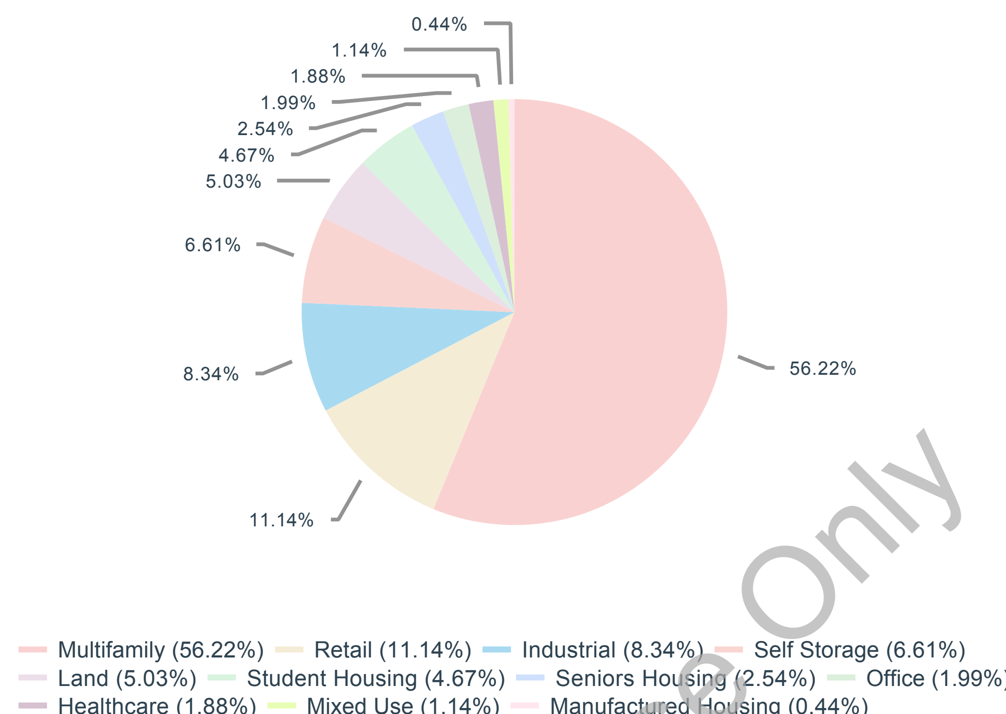
• In terms of our coverage by general objective, income is the largest component at 54% of funds, while growth and growth & income follow at 30% and 15%, respectively.

• The average size of the funds currently raising capital is $95.4 million, ranging from $5.0 million for a specified real estate fund to $1.1 billion for a private equity tender offer fund.

• 79% of private placements we cover use the 506(b) exemption, 13% use 506(c) and 9% have not yet filed their Form D with the SEC.

• 18 private placements closed to new investors in September and 153 have closed in 2021. Funds that closed this year have been on the market for an average of 315 days. The funds that reported raised 92% of target. 84% met or exceeded their target and only eight funds that missed their target reported that they raised less than half of target.

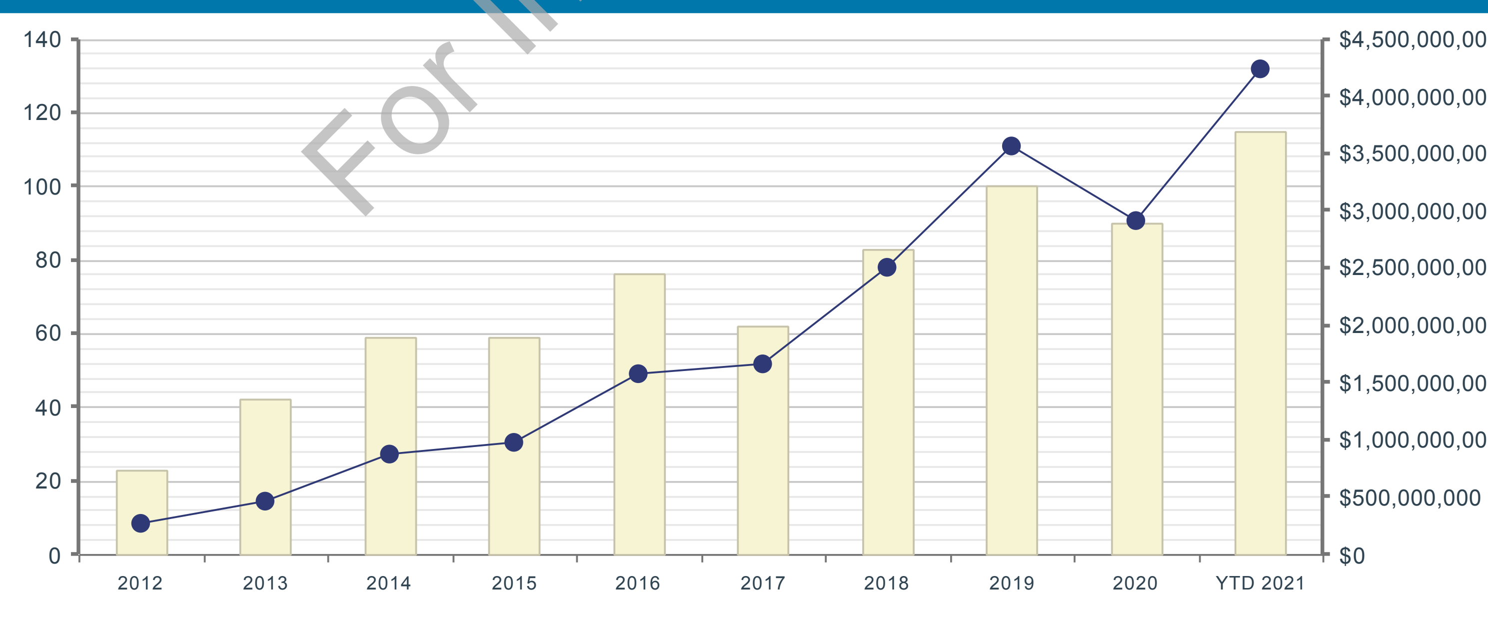
1031 Exchange Sector Allocation



1031 Exchange Cash on Cash/LTV (Excludes Zero Coupon and Zero Debt Programs)

Pro Forma Year 1 Cash on Cash		Loan to Value	
Average	Range	Average	Range
4.84%	2.40% - 9.87%	58.82%	46.44% - 86.65%

1031 Exchange Details



1031 Exchange Insights

• Fifteen new 1031 exchanges were added to our coverage in September, up modestly from the prior month although slower than mid-year 2021. The category is up 95% on a year-over-year basis in terms of new funds added and more than 149% in aggregate target raise.

• 1031 exchanges were originally slated to be reduced or eliminated as part of President Biden's American Families plan. Recently though, as the details are being worked out, there has been no mention of 1031s in any of the updated language. Income and capital gains taxes are still slated to increase along with minor changes to estate taxes and deductions, but 1031 language hasn't been included recently. This is all new and not at all definitive but interesting that 1031 changes are not being discussed at this point.

• The 115 funds added in 2021 were offered by 30 separate sponsors (or GPs), including two sponsors who are offering their first DSTs of the year. The top two sponsors in the space, Inland and Capital Square, represent 17% and 10% of aggregate target raise, respectively.

• As of October 1st, we cover 65 open 1031s raising capital with an aggregate target raise of $2.7 billion and an aggregate reported raise of $1.3 billion, or approximately 48% of target. This leaves approximately $1.4 billion in remaining equity, higher than availability over the last few months.

• The average target for new funds in 2021 is $36.8 million, approximately $6.0 million higher than the average of those added in 2020.

• Three of the open 1031s are structured as Tenant-in-Commons (TIC) including one of the most recently added, with the remaining structured as Delaware Statutory Trusts (DSTs).

• New offerings added in September were primarily focused on the housing or "living sector" category, including multifamily, student housing, and seniors housing. Healthcare, industrial, storage, and office were also represented. The current set of offerings remain focused on housing, with just over 60% of funds currently raising capital investing in the sector.

• The average year-1 cash flow of 4.84% is on par with recent months but remains approximately 55 basis points lower than pre-pandemic levels. The average LTV of 58.82% is up modestly from prior months but is approximately 264 basis points below the pre-pandemic level. Averages were in the mid-60% range for most of the last decade up until the recession in 2020, and have remained lower through the recovery.

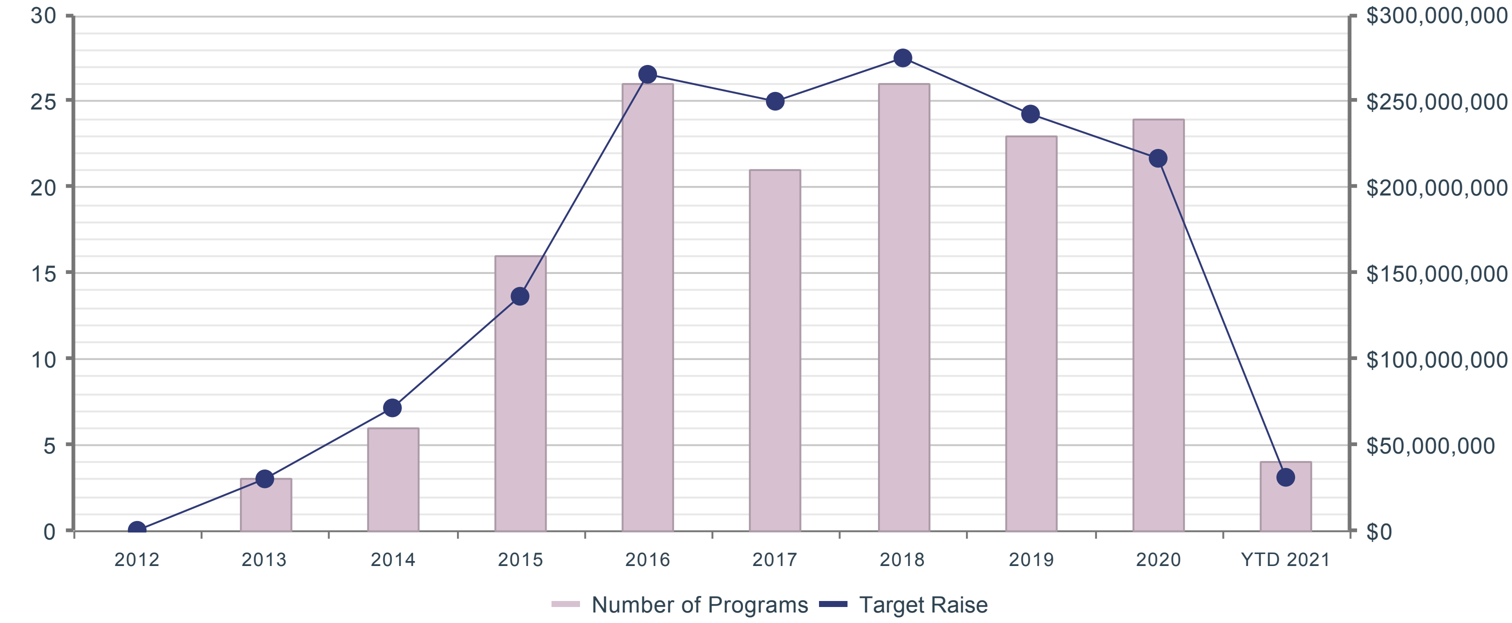
• The average up-front selling commission for 1031s on the platform is 5.80%, ranging from 5% to 7%. Average net proceeds (before acquisition fees) is 90.36%, ranging from 86.97% to 92.15%, and the average liquidation fee is 2.97%, ranging from 1% to 4.50%. Interestingly, this range has narrowed significantly in recent months, with the industry backing down from a high of 9% for liquidation fees.

• Fourteen 1031s closed in September and 99 have closed year-to-date, having been on the market for an average of 179 days (shorter time to close than the 253 days in 2020). All but three of the funds that closed met their target capital raise.

1031 Exchange New Coverage – MTD

Program	Sponsor	New Coverage Date	Target Raise
LSC-Carrollton 55 Plus, DST	Livingston Street Capital, LLC	9/3/2021	$28,110,000
CX EOS Orlando, DST	Carter Exchange Fund Management, LLC	9/8/2021	$40,847,758
Inspired Senior Living of Brookhaven DST	Inspired Healthcare Capital	9/8/2021	$19,539,278
ExchangeRight Net-Leased Portfolio 50 DST	ExchangeRight	9/13/2021	$57,220,000
Inland Naperville Multifamily DST	Inland Securities Corporation	9/13/2021	$66,077,191
Go Store It Wilmington III, DST	Madison Capital Group Holdings, LLC	9/16/2021	$11,074,725
Go Store It Asheville II, DST	Madison Capital Group Holdings, LLC	9/17/2021	$9,887,363
BDP Blue Ash DST	BDP Holdings, LLC	9/17/2021	$14,052,348
1000 South Michigan Equities LLC	Time Equities, Inc.	9/17/2021	$72,400,000
Passco Vecina DST	Passco Companies LLC	9/21/2021	$35,875,000
FSC Diversified 1, DST	Four Springs Capital Trust	9/24/2021	$26,965,000
CS1031 17 Broad Apartments, DST	Capital Square 1031, LLC	9/27/2021	$18,465,000
CF Texas Multifamily Portfolio DST	Cantor Fitzgerald, LP	9/27/2021	$94,811,000
Inland Athens Student Housing DST	Inland Securities Corporation	9/28/2021	$20,275,196
Oakbrook, DST	Versity Investments, LLC	9/29/2021	$18,899,007

Conservation Contributions Details



Conservation Contributions Insights

• Conservation fund activity tends to ramp up in the second half of the year, which we are seeing again this year. While now new funds were added in September, the category is still flat in terms of funds added and up 40% in aggregate target raise.

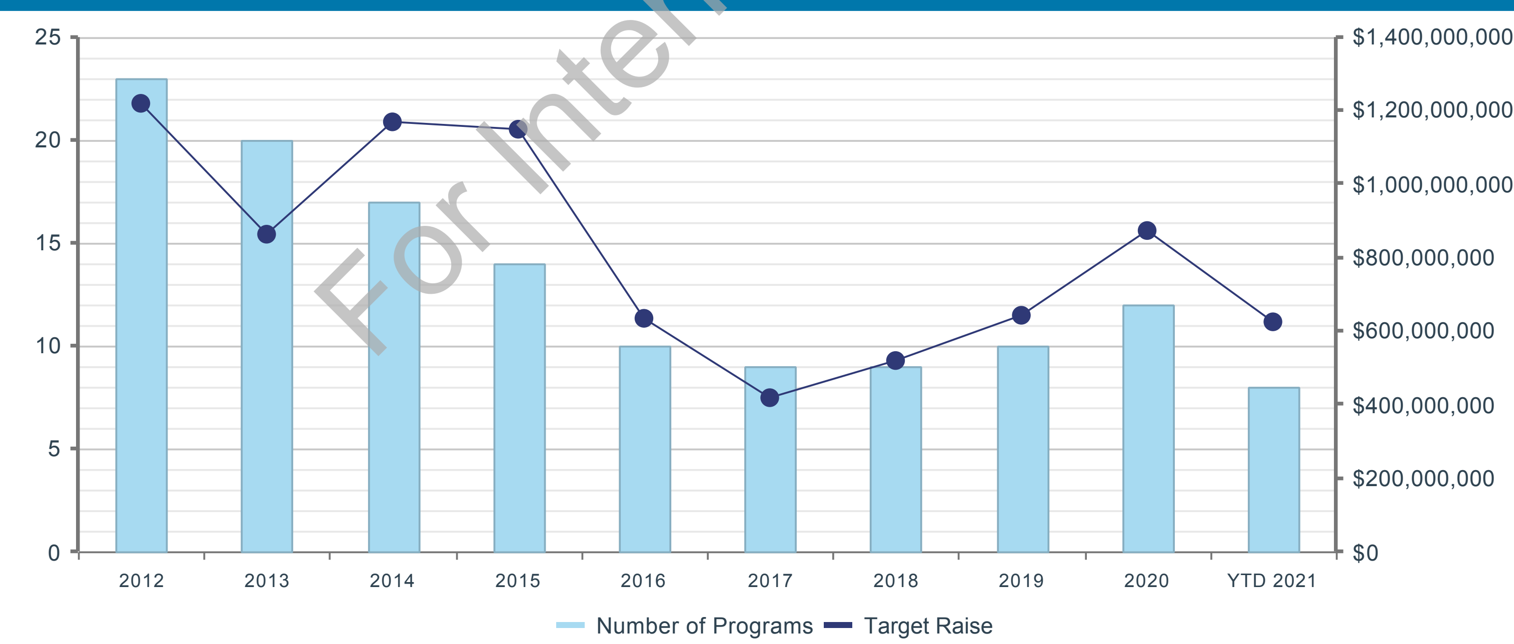
• Prior sponsors on our platform have indicated that they will be offering several new funds in the next couple of months, with approximately 15 new funds in the queue.

• As of October 1, we cover four conservation funds looking to raise approximately $30.8 million.

• No conservation funds have closed yet in 2021, although 25 funds closed in 2020 including one that was added in late 2019. The funds were on the market for an average of 58 days and raised 84% of target.

• A bill originally developed in 2019 was recently reintroduced by congress to "crack down on conservation easement tax abuses." The "Charitable Conservation Easement Program Integrity Act" looks to maintain the easement program, which Congress says "is one of the most efficient land conservation tools at our disposal," but disallow charitable deductions where the amount of the deduction claimed exceeds 250% of the total amount of investments attributable to the property that is part of the easement. If enacted, the proposal would be retroactive to 2019.

Energy Details



Energy Insights

• Energy fund formation has slowed again. Eight new funds have been added to our coverage year-to-date, and the category is back down below last year's levels in terms of new funds added (-20%) and aggregate target raise (-5%).

• Funds added this year have been focused on drilling and royalty interests and have been offered only by existing sponsors within the space. We have seen very few new sponsors enter the space since the 2014 oil market crash, and have seen few, if any, funds focused on the more exploratory aspects of the energy markets.

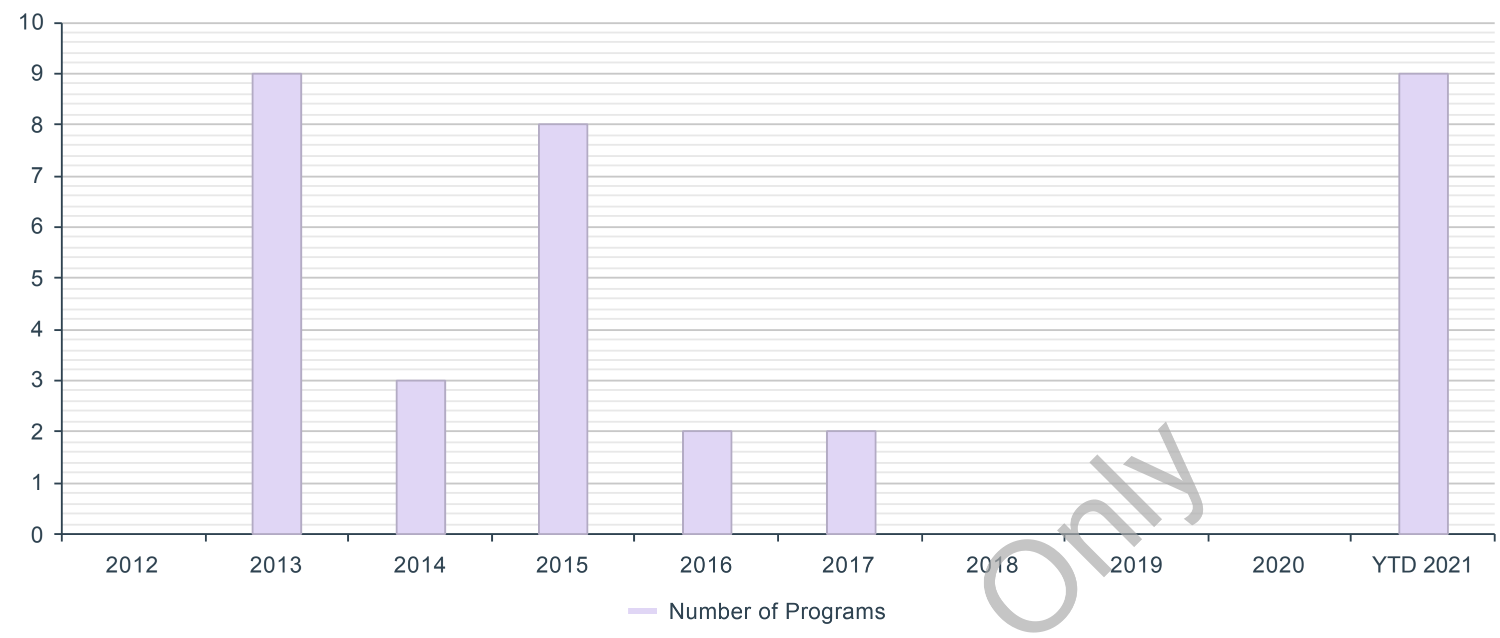
• As of October 1st, we cover a total of 11 energy funds raising capital, with an aggregate target raise of $783.3 million. The five funds reporting capital raise have raised approximately 20% of their target.

• Three energy funds have closed in 2021, having been on the market for an average of 363 days and exceeding their target raise.

• The U.S. Energy Information Administration (the EIA) recently released their 2021 International Energy Outlook, which projects global energy use to increase by nearly 50% by 2050 based primarily on population and economic growth and demand in non-OECD countries. The agency projects a long-term oil price of $95 per barrel in 2020 dollars by 2050, with a high side of $175 and low side of $45 per barrel. The EIA expects that oil and natural gas production will continue to growth, mainly to "support increasing energy consumption in developing Asian economies," as these countries do not have the infrastructure in place. Renewable energy will become a larger source for energy consumption. Coal and natural gas are expected to decline while petroleum and other liquid fuels are forecast to increase along with the growth in renewables.

• In the shorter-term, the EIA's most recent forecast is for prices to remain stable in the mid-$70 per barrel range through year-end 2021, but then fall to an average of $66 per barrel in 2022 as global supply outpaces demand – especially in light of continued work from home mandates being extended well into 2022. With this, the EPA also forecasts retail gasoline prices to average above $3 per gallon through Q3 before falling to mid to upper $2 per gallon in Q4.

Hedge Funds Details



Hedge Funds Insights

• Four new hedge funds were added to our coverage in September for a total of nine in 2021, up 100% in both new funds added and aggregate target raise.

• As of October 1st, we cover five hedge funds and three hedge fund-of-funds raising capital, with aggregate reported assets under management of $1.4 billion. This is more than double the AUM a month ago, and represents a large increase in the accessibility of hedge fund strategies once only available to institutions and qualified purchasers.

• Three hedge funds closed to new investors in 2021, having raised $99.7 million.

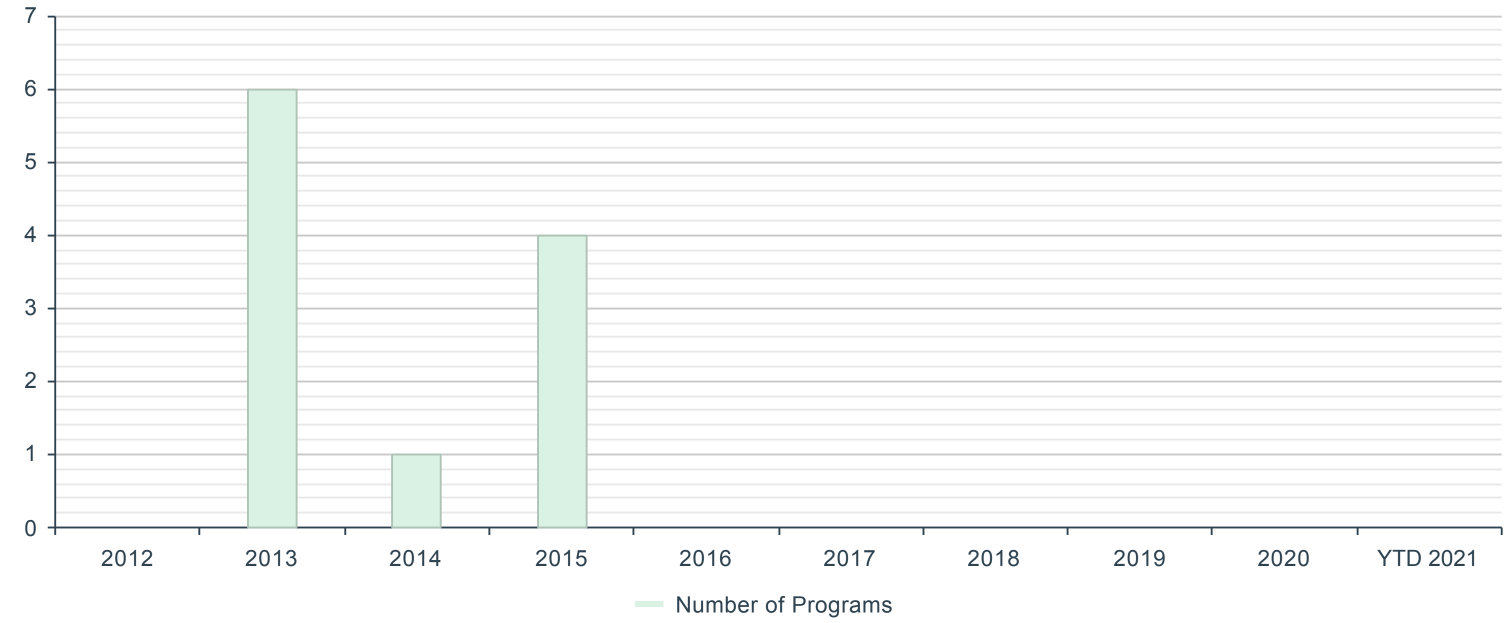
• Additionally, we cover 75 hedging-strategy alternative mutual funds representing over $108 billion in total assets.

• According to HFR, new hedge fund launches remained steady through mid-2021, with interest in hedging strategies driven in part by investors positioning for higher inflation and interest rates. Fund launches outpaced liquidations for the fourth quarter in a row, after eight consecutive quarters of contraction prior to the pandemic market volatility. HFR reported that hedge fund assets reached a historic milestone of $3.96 trillion in AUM in Q2 2021, with further growth and strong performance forecast the second half of 2021.

Hedge Programs New Coverage – MTD

Program	Sponsor	New Coverage Date	Target Raise
iCapital - Millennium USA HedgeFocus Fund LP	iCapital Network	9/15/2021	N/A
iCapital - Canyon Balanced HedgeFocus Fund LP	iCapital Network	9/15/2021	N/A
WorldQuant Millennium WMQS GEAE Onshore Fund (iCapital), L.P.	iCapital Network	9/15/2021	N/A
iCapital Multi-Strategy Fund, L.P.	iCapital Network	9/15/2021	N/A

Managed Futures Details

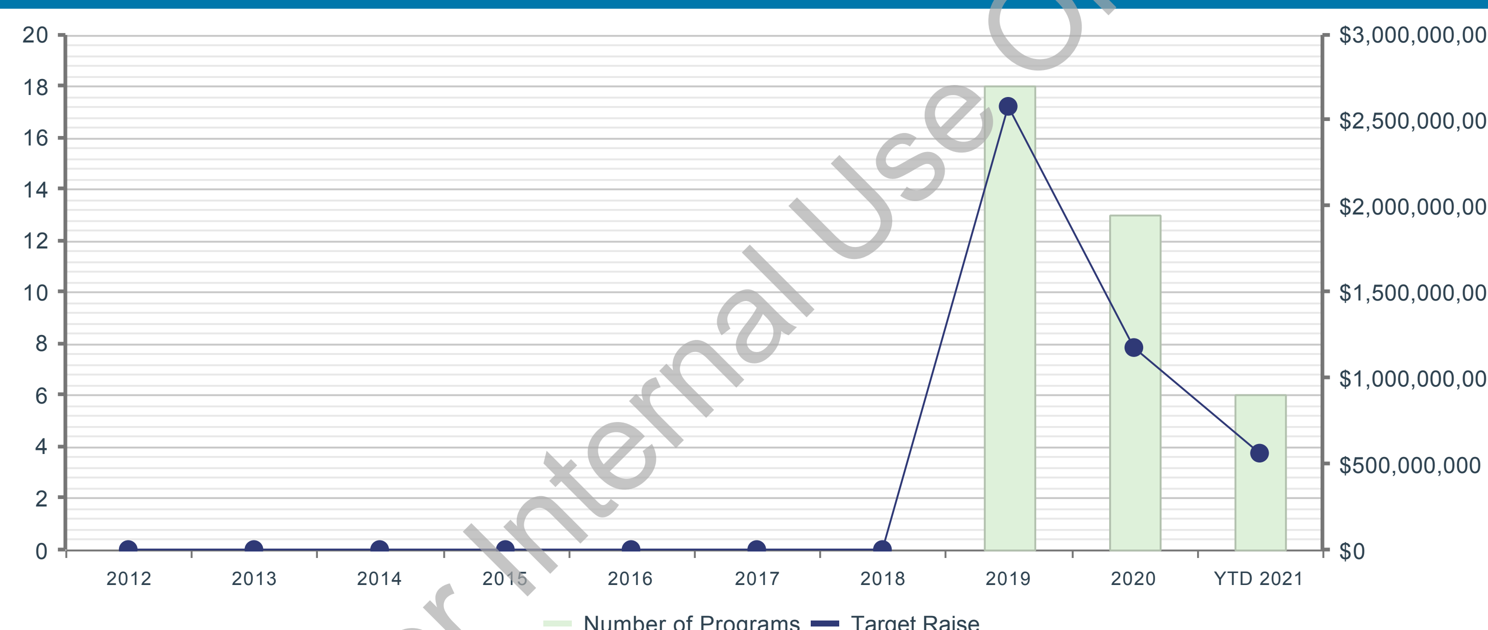


Managed Futures Insights

• As of October 1st, we cover four private managed futures funds raising capital with aggregate reported assets under management of $492 million.

• Additionally, we cover 10 managed futures mutual funds representing over $9.5 billion in total assets.

Opportunity Zones Details



Opportunity Zones Insights

• One Qualified Opportunity Zone (QOZ) fund was added to our coverage in September for a total of six year-to-date. The category was slow in 2020 and seems to be continuing this trend in 2021, down year-over-year in terms of new funds added (-33%).

• As of October 1st, we cover 17 QOZ funds with an aggregate target raise of $1.9 billion and an aggregate reported raise of $699.0 million or 36% of target. This leaves approximately $1.2 billion in available equity, lower than prior months. The funds range in target raise from $5.0 million to $500 million.

• Six QOZ funds have closed in 2021, having been on the market for 494 days on average and reported they raised 90% of target.

• The newest fund added in September is a specified mixed-use project in North Carolina including multifamily and retail. Other funds added this year include a specified mixed-use health sciences development project, a specified multifamily development in Charleston, South Carolina, a specified mix-use development project in Queens, New York, a large fund focused on diversified assets in San Jose, California, and a large fund focused on hospitality development. Overall sector focus within the QOZ category varies from specific to broad and include hospitality, multifamily, self-storage, health sciences, and diversified.

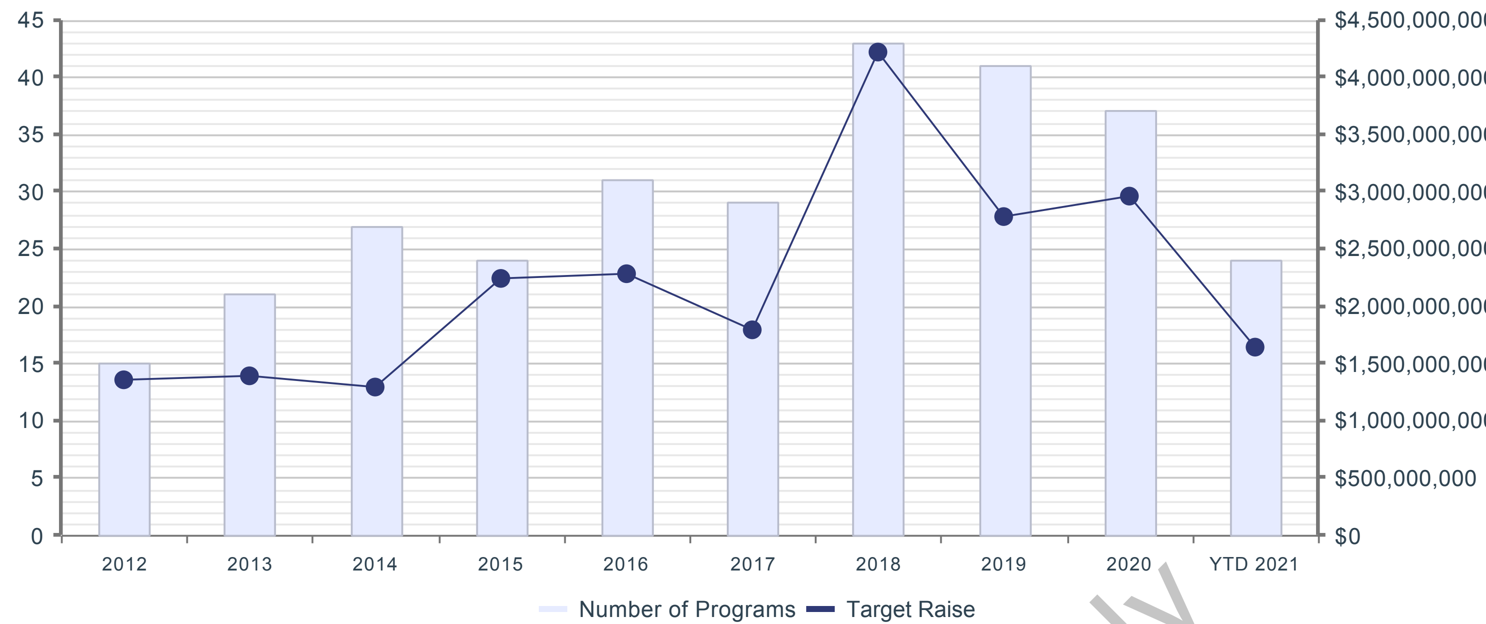
• Geographic focus for the funds ranges from specific to broad with the smaller funds focused on a specific project and larger, blind pool funds focused on assets throughout the United States. Specific projects and areas of focus include investments in northern California, Salt Lake City, Utah, St. Paul, Minnesota, Virginia Beach, Virginia, Daytona Beach, Florida, Charleston, South Carolina, North Carolina, Maryland, Pennsylvania, and Utah.

• Novagradac reports that Qualified Opportunity Zone funds (QOFs) have raised $17. 5 billion as of mid-year 2021, an increase of 15.5% from year-end 2020 and a record level for the industry. Novagradac tracks the performance of nearly 1,200 QOFs, of which 853 report a specific amount of equity raise. The firm believes more investment is coming soon, as the deadline to take the 10% exclusion of gains for assets held for five years would be December 31, 2021, barring an extension of the 2026 incentive date.

Opportunity Zones New Coverage – MTD

Program	Sponsor	New Coverage Date	Target Raise
CSRA Opportunity Zone Fund VI, LLC	Capital Square 1031, LLC	9/1/2021	$48,451,000

Other Real Estate Details



Other Real Estate Insights

• Two new non-1031 real estate funds were added to our coverage in September and 24 have been added year-to-date. This continues the slower pace we saw last year, with the category down from 2020 activity in terms of new funds added (-8%) and aggregate target raise (-24%).

• As of October 1st, we cover 61 non-1031 real estate private placements with an aggregate target raise of $7.5 billion and an aggregate reported raise of $2.2 billion, or 30% of target. The average offering size is $122.7 million and ranges from $5.0 million to $1 billion. By comparison, Preqin reports that there are 1,240 real estate funds in the market targeting an aggregate $360 billion in capital.

• Open offerings include 14 private non-traded REITs, nine funds focused on real estate debt and other real estate securities, two distressed real estate funds, and one senior secured bond fund. Similar to 1031s, the majority of capital is being raised to acquire living sector assets including multifamily, seniors housing, and single-family rentals although offerings are also targeting self-storage, healthcare, data centers, hotels, net leased retail, self-storage, and office properties.

• 22 non-1031 real estate funds have closed year-to-date, which were on the market for an average of 516 days and the seven reporting a raise reported an average of 54% of target. This includes the closure of three funds that have been on the market for more than a year that have had minimal traction. Prior to July, non-1031 real estate offerings raised 96% of target at close, on average.

• The average up-front selling commission for the real estate LLC's (including opportunity zones) we cover is 5.80%, ranging from 0% to 7%. Average net proceeds (before acquisition fees) is 89.55%, ranging from 85% to 98%, and the average liquidation fee is 3.54%, ranging from 0% to 31%. The private REITs have an average up-front commission, average net proceeds, and average liquidation fee of 5.31%, 90.98%, and 6.67%, respectively.

• Marcus and Millichap recently released its overview of real estate dynamics in the first half of 2021, with pricing data reported by Real Capital Analytics (RCA). The three property types with the highest pricing gains included industrial in third, multifamily in second, and, surprisingly, suburban office in first with the highest gains in pricing year-over-year.

• Per the RCA data, industrial pricing gained 13.6% over the last year. Gains were based on a combination of average rent growth of 5.9%, 30 basis points in vacancy declines, and cap rate compression of approximately 20 basis points over the last year on average. E-commerce growth, supply chain reinforcing, and increased manufacturing have driven significant demand and are expected to do so in the foreseeable future.

• E-commerce as a percent of total retail sales has slowed modestly in the second half of 2021 as physical stores reopen and consumers become more comfortable shopping in person. However, the nearly 15% rate is triple what it was just a decade ago. According to Jones Lang LaSalle, the benefit of this to the industrial sector is primarily visible in the 40% rent growth advantage over retail, with retail rents increasing 19.6% between 2011 and 2021 and industrial rents increasing 57.1%. JLL also reports that industrial stands to benefit from lack of available land, high steel pricing, a post-pandemic supply chain resiliency, and the number of items that need to be kept in cold storage facilities from the food and beverage industry, which require specified properties. Net absorption in the industry continues to break records and 2021 is forecast to outpace 2020 "by a landslide" according to JLL.

• Multifamily experienced the second highest price growth year-over-year at 14.7%. Values were supported by a 90 basis point average vacancy reduction, 4.3% rent growth, and declining vacancies to sub-4% - for the first time in 20 years - with a backdrop of significant demographic demand drivers and slower new construction.

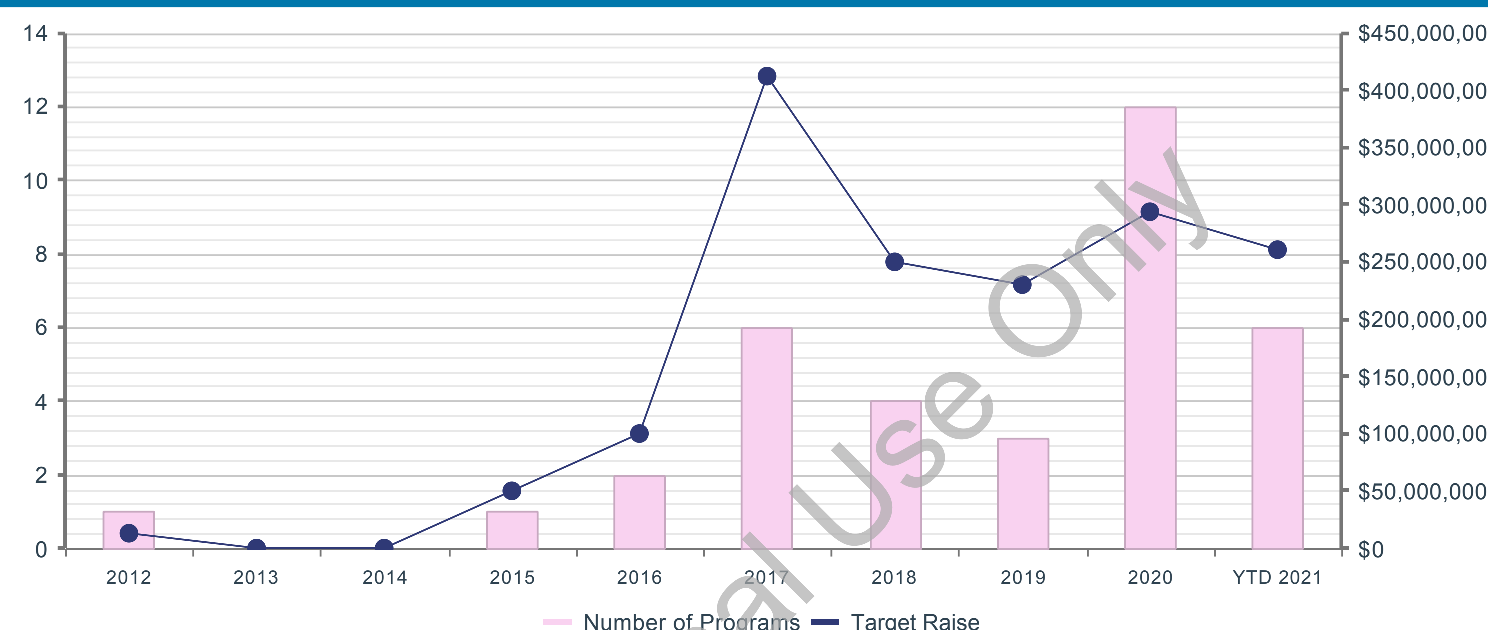
• Marcus and Millichap also reported that as supply prices have stabilized, multifamily permits increased nearly 44% year-over-year in August, to the highest level since 2015. With this, 2022 multifamily completions expected to come in at a 40-plus year record. Even with this, new supply will lag demand. Approximately 400,000 apartments will be finalized in 2022, but the US will add 1.5 million new households. This trend of household formations exceeding supply is expected to run at least five years given the size of the Millennial generation.

• The property type that had the greatest value gain was suburban office, which was up 14.8%. However, unlike industrial and multifamily sectors which have clear demand drivers, the office pricing increase was based more on a bounce off of the bottom. Pricing increases were not well supported by rent growth, which only came in at 0.6%, or occupancy gains, as vacancy was actually up 230 basis points. Marcus and Millichap believes the pricing increase reflects an initial recovery, but also reflects the fact that only the strongest of properties traded hands - those that weren't strong weren't sold. Suburban office does seem to be more favorable to investors as opposed to core urban. The thesis behind this developing trend is that companies will have to open locations closer to people's homes as people move out – the Millenials are entering their 30's, and, if history repeats itself, low-rise suburban office will gain favor as it did when the baby boomers moved out in the 1980's. Investors may be "positioning ahead of curve" in low-rise suburban office, according to Marcus & Millichap.

Other Real Estate New Coverage – MTD

Program	Sponsor	New Coverage Date	Target Raise
IHC 2 Year Income Fund, LLC	Inspired Healthcare Capital	9/2/2021	$20,000,000
Empire Village at Liberty Farms, LLC	Empire Group, LLC	9/24/2021	$20,000,000

Preferred Securities Details



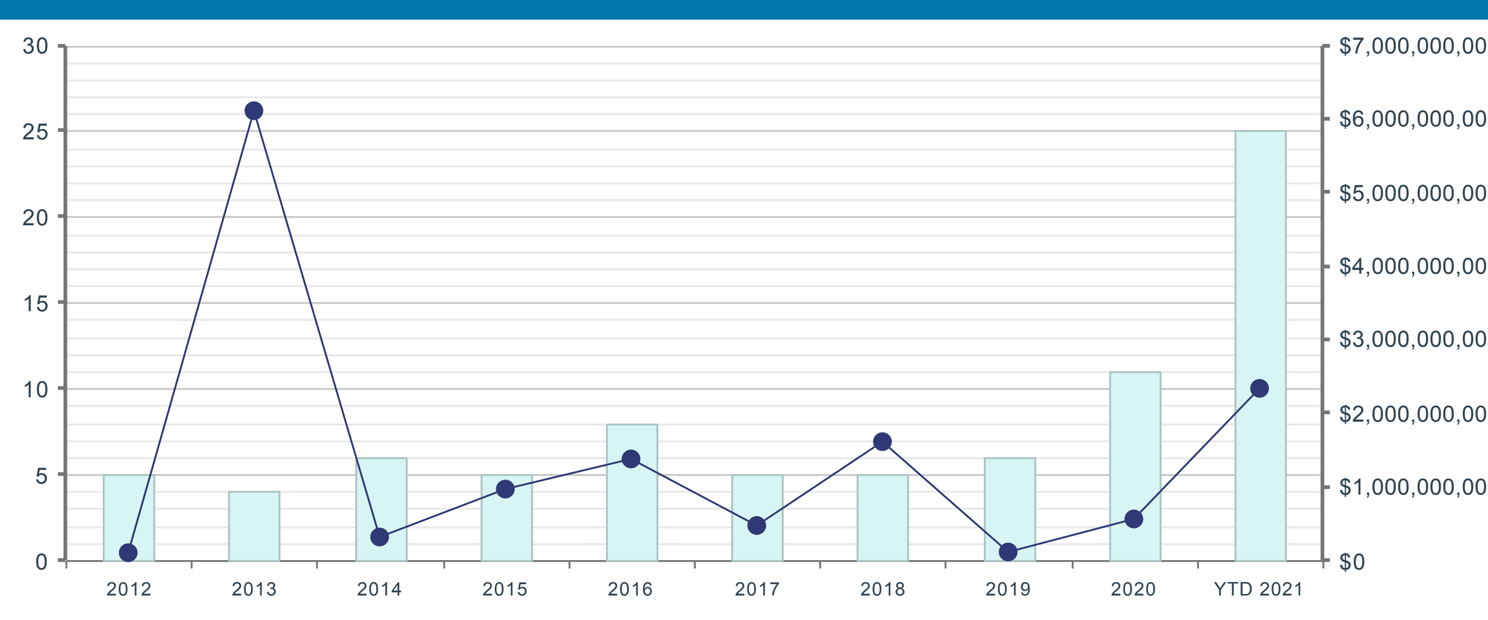
Preferred Securities Insights

• Six new private preferred funds have been added to our coverage in 2021. This is coming off a strong 2020, so the category is flat year-over-year in terms of new funds added but up 75% in terms of aggregate target raise. The structure does appear to be gaining traction although it is important to note that preferred funds are all unique in their structure of return preference, and recent additions to our coverage are primarily offered by one sponsor.

• As of October 1st, we cover six private preferred funds with an aggregate target raise of $440 million and an aggregate reported raise of $107 million or 24% of target. Additionally, we cover eight public preferred funds including two added this year.

• Nine private preferred funds have closed in 2021, having been on the market for 251 days and reporting they raised 100% of target.

Private Equity/Debt Details



Private Equity/Debt Insights

• One new private equity/debt fund was added to our coverage in September for a total of 25 new year-to-date. While recent months have slowed, the category is still well ahead year-over-year in terms of new funds added (+213%) and aggregate target raise (+471%). This is coming off the strongest year in our history in 2020 and indicative of the continued interest in private capital opportunities.

• As of October 1st, we cover a total of 31 private equity/debt funds currently in the market. Six of the funds are not reporting a target or capital raise. The 22 funds reporting have raised approximately 43% of their aggregate target raise of $4.4 billion.

• The private equity offerings include 13 feeder funds, two tender offer funds, one focused on real estate, one focused on natural resources, one focused on privately negotiated preferred equity and convertible debt, and one fund focused on equipment leasing. Private debt offerings include three private non-traded BDCs, two private bond offerings, and three private notes offerings.

• Twelve private equity/debt funds have closed in 2021, after having been on the market for an average of 444 days and having raised an average of 99% of target.

• Private equity trends include an increase in mega deals in 2021. According to PwC, transactions of at least $5 billion will top 2020 but also the volumes over the last several years. Deals from $1 to 5 billion are also up, with PwC recording more than 200 of these within the first five months of 2021 compared to 230 per year in each of the last five years. Pandemic related consolidation comprises part of this increase, including several healthcare, supply chain/manufacturing, and technology deals. Private investment in public companies (PIPEs) for Special Purpose Acquisition Companies (SPACs) has also contributed to the increase. SPAC activity slowed by approximately 82% between Q1 and Q2 2021, according to S&P. However, it is up significantly from five years ago. SPACs have raised over $100 billion in the first half of 2021 compared to just $13 billion in full year 2017. Private equity dollars can access this growing market through PIPEs, which help to stabilize cash flow and ensure capital is available for target acquisitions – both of which reduce the chances of failure of a SPAC and provide investment opportunities for private equity and debt.

• Private equity fundraising remains strong, with PE funds raising twice as much on a year-over-year basis and more in the first half of 2021 than any other six-month period since 2008, according to Private Equity Investor (PEI). Aligning with the larger size of deals, funds are also larger. The $618 million average fund size is 14% higher than 2020 and the highest since 2016. Fundraising was also concentrated more in the top managers. PEI reports that "investors are putting a premium on long established track records." In the first half of 2021 the 10 largest funds raised almost double the amount raised by the 10 largest funds in the first half of 2020.

• According to PwC, private equity's share of total US deal volume, which includes public and private deals, reached 39% in 2021 - up from 24% five years ago.

Private Equity/Debt New Coverage – MTD

Program	Sponsor	New Coverage Date	Target Raise
InvestX Series (VR), a Series of InvestX Master LLC	InvestX Capital, Ltd.	9/21/2021	$50,000,000