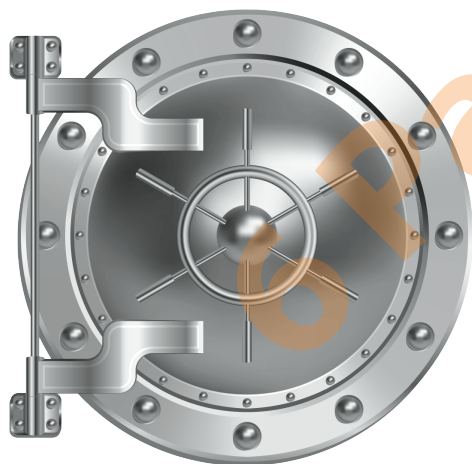


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**BLUE
VAULT**™

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Nontraded REIT Fee Study

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6 Page Excerpt

Asset Management Fees (or Advisory Fees)

Asset Management Fees (also known as Advisory Fees) are ongoing fees that accrue monthly or quarterly and are based on a percentage of variously defined asset totals. The basis can be variously described as the cost of invested assets, the average of invested assets, the gross book value of asset or NAV totals. In the table below we show the rates used to determine the level of fees as well as the basis for the calculation. These fees have the largest impact on average shareholder returns of any of the various fees paid by the REIT to its sponsor because they are assessed each quarter for the life of the REIT program and can increase in many cases with the value of the REIT's portfolio. When they are calculated on the basis of the REIT's total assets, the effect on shareholder wealth is magnified as the REIT utilizes leverage.

The following tables illustrate the calculation of Asset Management Fees using the percentages given in the prospectuses for the 30 open offerings as of September 30, 2016, as well as the basis to which these percentages are applied. In the first table we use a hypothetical REIT with \$1.0 billion in total assets with leverage of 50% debt. This REIT uses equal amounts of shareholder equity and debt to finance its \$1.0 billion in assets. Applying the stated percentages from the prospectuses to this hypothetical case, we see the differing resulting Asset Management Fees. A lower rate applied to a larger base (e.g. average invested assets) gives the same level of fees as a much higher rate applied to a smaller base (e.g. aggregate NAV). There can also be different rates of increase in the fees, depending upon the way each basis is defined. Fees based upon asset bases that can increase with market values (e.g. market value of investments or aggregate NAV) will increase either proportionately (with market value of investments) or disproportionately (as increases in NAV are magnified via the use of leverage). We use a hypothetical increase of 10% in market value to demonstrate how fees based upon market values will increase, depending upon the way the fee rate is defined.

The shaded boxes represent the methods used by the 30 offerings in this study as applied to a hypothetical portfolio to illustrate how actual fees may differ depending upon both the percentage and the basis.

Asset Management Fee Percentage	For \$1 Billion in Total Assets Basis of Fee Calculation for \$500 Million Equity + 50% Debt Ratio					
	Aggregate NAV	Gross Assets or Avg. Invested Assets	Cost of Investments Less Debt	Aggregate Market Value	Aggregate MV w/ 10% MV Appreciation.	Aggregate NAV w/ 10% MV Appreciation.
0.50%	\$2.5	\$5.0	\$2.5	\$5.0	\$5.5	\$3.0
0.55%	\$2.8	\$5.5	\$2.8	\$5.5	\$6.1	\$3.3
0.60%	\$3.0	\$6.0	\$3.0	\$6.0	\$6.6	\$3.6
0.63%	\$3.1	\$6.3	\$3.1	\$6.3	\$6.9	\$3.8
0.65%	\$3.3	\$6.5	\$3.3	\$6.5	\$7.2	\$3.9
0.75%	\$3.8	\$7.5	\$3.8	\$7.5	\$8.3	\$4.5
0.80%	\$4.0	\$8.0	\$4.0	\$8.0	\$8.8	\$4.8
0.90%	\$4.5	\$9.0	\$4.5	\$9.0	\$9.9	\$5.4
1.00%	\$5.0	\$10.0	\$5.0	\$10.0	\$11.0	\$6.0
1.15%	\$5.8	\$11.5	\$5.8	\$11.5	\$12.7	\$6.9
1.25%	\$6.3	\$12.5	\$6.3	\$12.5	\$13.8	\$7.5
1.60%	\$8.0	\$16.0	\$8.0	\$16.0	\$17.6	\$9.6

There are at least 12 different methods or explanations used by the current offerings to calculate the Asset Management Fees according to the latest filings:

1. As a percent of aggregate NAV per share, payable monthly
2. As a percentage of the aggregate asset value (valuation method not specified)
3. As a percentage of the aggregate average market value of the REIT's investments
4. As a percentage of the REIT's gross assets, including amounts borrowed
5. A percentage of the REIT's monthly invested assets
6. A percentage of U.S. investments and a higher percentage of assets outside the U.S.
7. A quarterly percentage of average invested assets based upon the last day of the immediately preceding quarter
8. A fixed component that accrues daily in an amount equal to a percentage of the NAV for such day, and a performance component calculated for each class of outstanding common stock on the basis of the total return on that class in any calendar year, for years in which that return exceeds a certain preferred rate of return
9. A percentage based upon the purchase price or origination price of investments, excluding fees and expenses associated with the purchases
10. A fee based on the lesser of a percentage of the cost of the REIT's investments or a higher percentage of the cost of the investments less the debt attributable to or secured by the investments
11. A percentage of the sum of the amount funded or allocated for CRE investments, including expenses and any financing attributable to such investments, less any principal received on debt and securities investments
12. Until the aggregate value of (costs) investments in properties and real estate-related assets equals \$300 million, a monthly investment management fee equal to one-twelfth of 0.5% of the value of investments. Thereafter, 1.0% of the value of investments. (For the purposes of the investment management fee, the value of investments will equal their costs, until said investments are valued by an independent third-party)

The second table shows the number of REIT offerings that describe the rate and basis of their Asset Management Fees within each category. It is interesting that the fee category that has the largest impact on shareholder returns is also the most complex in terms of its calculation and its application over the life of the REIT. The four daily NAV REITs have a performance incentive built into the Asset Management Fees, with a base rate calculated on the aggregate NAV each quarter, and an incentive rate added to that base rate when the REIT's shareholder returns in any given year exceed a certain hurdle rate. These REITs, because of their perpetual offerings, have incentive fees paid annually rather than at a full-cycle event.

We believe that all of the many ways the open offering prospectuses describe the calculations of the annual Asset Management Fees can be summarized in four categories, shown below.

Actual Asset Management Fee Rates and Basis for Open NTR Offerings	Asset Management Fee Percentage											
	0.50%	0.55%	0.60%	0.63%	0.65%	0.75%	0.80%	0.90%	1.00%	1.15%	1.25%	1.60%
Aggregate NAV								1	1	1	2	
Gross Assets or Avg. Invested Assets	2		1	1		6	4		7		2	
Cost of Investments Less Debt												1
Aggregate Market Value		1										