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# “Vault View” Webinar

## Q1 2019

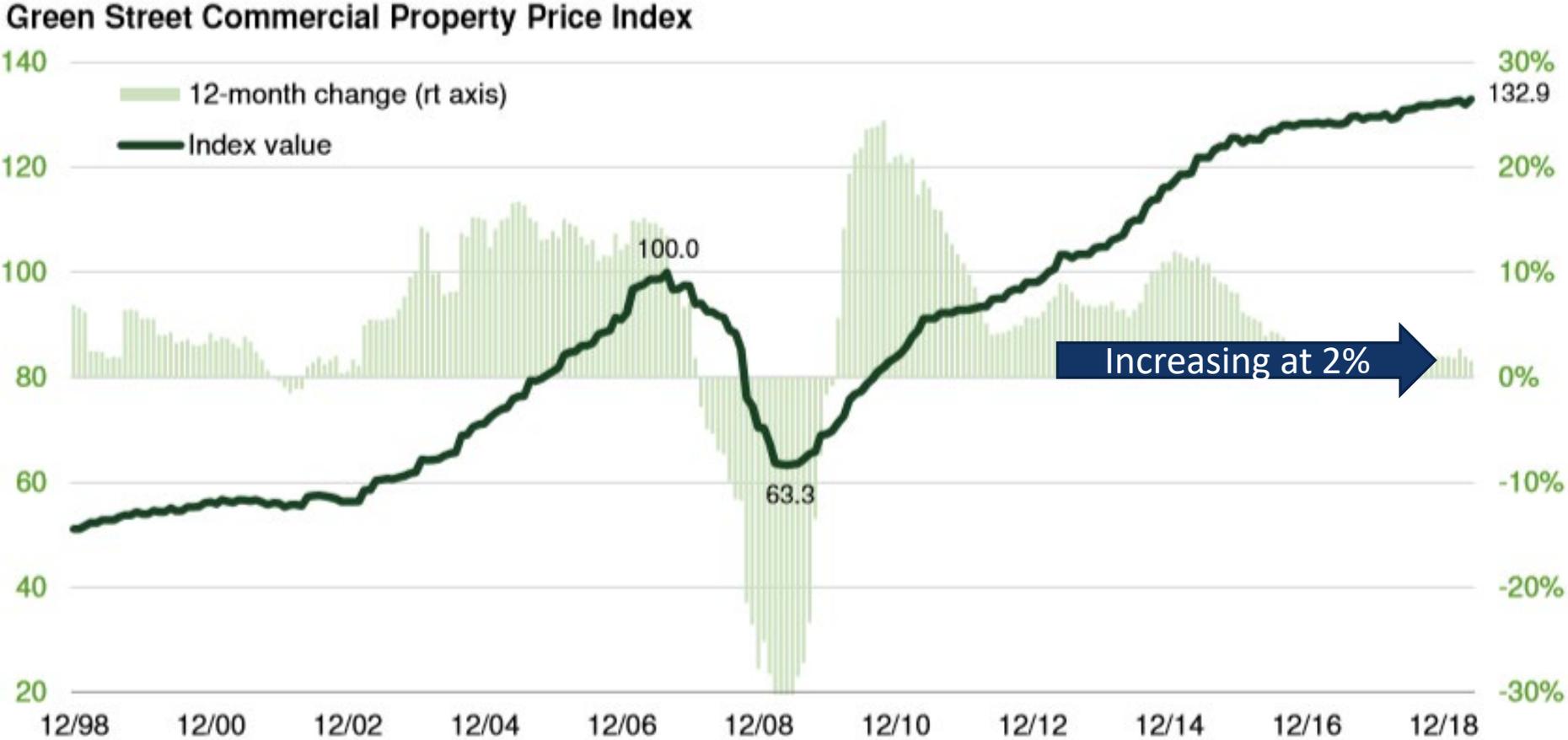
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# Nontraded REITs Q1 2019 Stories

- NTR Capital raise increased to \$1.53 billion in Q1 from \$1.46 billion in Q4 2018
- Blackstone REIT raised \$886 million in Q1 2019, over 58% of NTR capital raise
- Black Creek raised 8.6% and Griffin raised 6.3% of NTR capital raise in Q1 2019
- New entrant Starwood broke escrow December 21, and raised \$85.6 million in Q1 2019 for a 5.6% share
- Recent new entrants include InPoint CRE Income, Phillips Edison GC REIT III, Procaccianti Hotel REIT, Cottonwood Communities and Oaktree REIT
- Strategic Storage Growth Trust merged with Strategic Storage Trust II in January
- AFIN's final tranche of common shares became listed on NASDAQ in January
- ARC Healthcare REIT III liquidated in March
- Blackstone REIT acquired 17 properties for \$1.04 billion, 43% of total values
- Hines Global REIT sold two properties for \$478 million, 37% of total values

# Commercial Property Prices Up 2% Over Past 12 Months



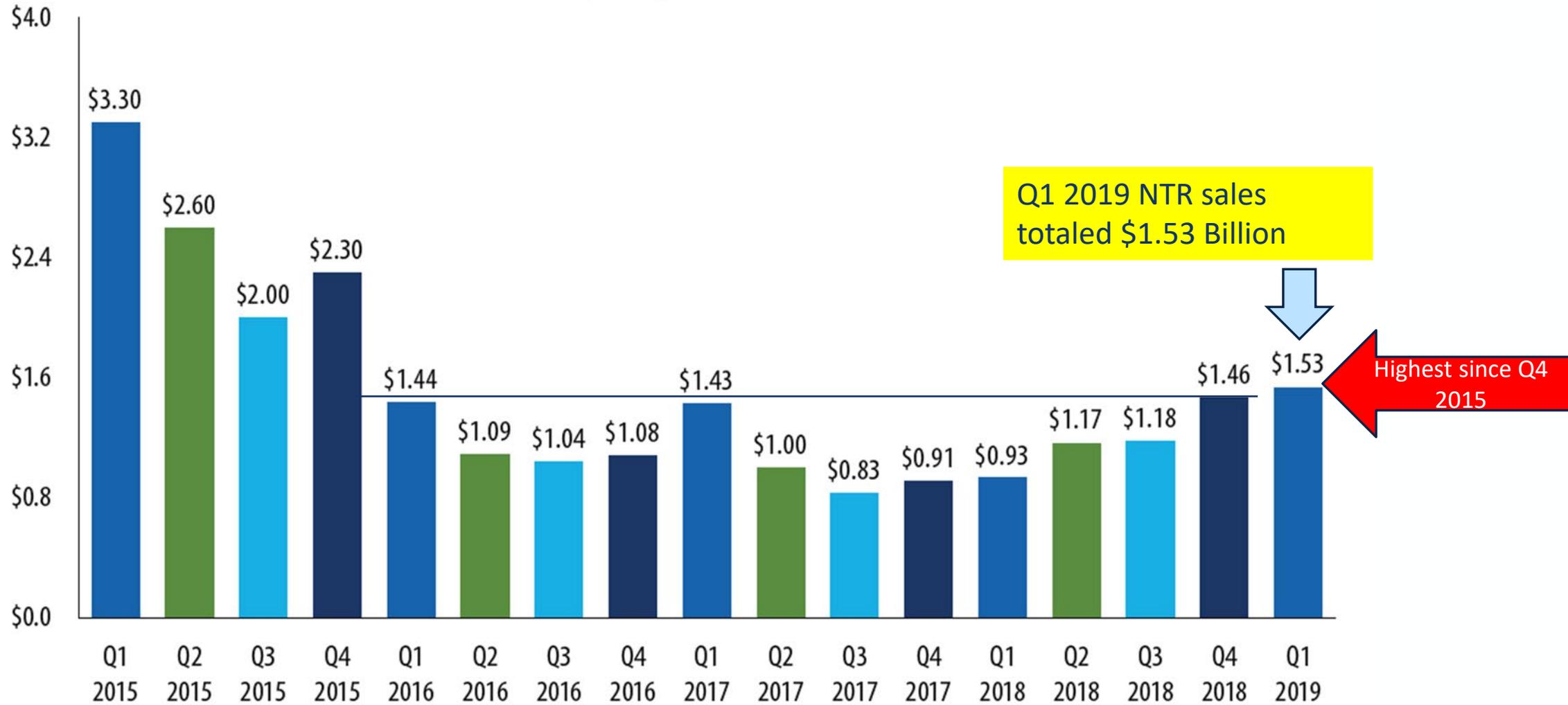
# Industrial & Student Housing Up, Healthcare & Net Lease Flat

## Green Street CPPI: Sector-Level Indexes

	Index Value	Change In Commercial Property Values		
		Past Month	Past 3 Mos	Past 12 Mos
All Property	132.9	1%	0%	2%
Core Sector	131.1	1%	0%	2%
Apartment	145.8	1%	1%	3%
Industrial 	150.2	1%	2%	5%
Mall	114.6	0%	-4%	-7%
Office	115.5	1%	2%	2%
Strip Retail 	110.5	1%	-1%	0%
Health Care	140.8	0%	0%	1%
Lodging	109.2	0%	0%	2%
Manufactured Home Park	215.3	5%	6%	21%
Net Lease 	99.0	0%	0%	1%
Self Storage	178.4	0%	0%	2%
Student Housing 	111.9	1%	1%	8%

# NTR Sales Trends

Nontraded REIT Capital Raise (in \$ Billions)  
(Quarterly, through March 31, 2019)



# No New Sponsors or Offerings in Q1 2019

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## SPONSOR CANCELED OFFERING:

Highland Capital Management (4/18)

## NEW 2018 OFFERINGS:

FS Credit Real Estate Income Trust (8/18) ←

Nuveen, LLC (1/18) ←

Oaktree Capital Management (4/18)

Phillips Edison Grocery Center REIT III (5/18)

Rodin Global Property Trust (3/18)

Rodin Income Trust (5/18) ←

Strategic Student & Senior Housing Trust (5/18)

Procaccianti Hotel REIT (8/18)

# NTRs with Limited Operations Q1 2019

Limited Operations REIT	Type	Effective Date	Investment Style	Public Gross Offering Proceeds (\$ Mill.)	Share Classes	Real Estate Assets Owned as of 3/31/19	Distributions Declared	Debt on Balance Sheet (\$ Millions)
Cottonwood Communities, Inc.	Multifamily	8/13/2018	Core	38.0 <sup>1</sup>	Common	NA	5.00%	0
InPoint Commercial Real Estate Income, Inc.	Debt	5/3/2019	Core	0	A, T, S, D, I	420.3	NA	266.9
Oaktree Real Estate Income Trust, Inc.	Diversified	4/30/2018	Core	0	T, S, D, I	NA	NA	0
Phillips Edison Grocery Center REIT III, Inc.	Retail	5/8/2018	Core	2.9	A, T, I	3 + 3 JV	6.00%	20.5
Procaccianti Hotel REIT Inc.	Hospitality	8/14/2018	Core	6.0 <sup>2</sup>	K (I,T), A, B	3	6.00% <sup>2</sup>	39.4
Strategic Student & Senior Housing Trust, Inc.	Std. & Senior Hsg.	5/1/2018	Core	4.2 <sup>3</sup>	A, T, W	6	6.00% <sup>3</sup>	205.6

1) Cottonwood Communities offering proceeds as of May 10, 2019

2) Procaccianti Hotel REIT Inc. reported offering proceeds through April 23, 2019, distribution rate for K shares

3) Strategic Student & Senior Housing Trust public offering proceeds as of May 6, 2019, distribution rate for A shares

Industry Statistics for All NTRs		Q1 2019 Medians	Q4 2018 Medians	Q3 2018 Medians	Q2 2018 Medians
Gross Equity Raised Since Inception (\$ Millions)	Open REITs	\$104.5	\$100.0	\$110.4	\$74.9
	Closed REITs	\$735.1	\$566.0	\$773.5	\$735.1
Gross Equity Raised Q1 2019 (\$ Millions)	Open REITs	\$14.8	\$9.7	\$11.0	\$7.5
	Closed REITs	\$0.0	\$0.0	\$0.0	\$0.0
Total Assets (\$000s)	Open REITs	\$276.9	\$278.0	\$227.6	\$186.9
	Closed REITs	\$1,031.7	\$796.4	\$1,138.6	\$1,135.8
Cash and Equivalents (\$000s)	Open REITs	\$9.3	\$10.0	\$9.6	\$7.5
	Closed REITs	\$39.4	\$29.6	\$48.6	\$37.8
FFO Payout Ratio-YTD*	Open REITs	82%	127%	105%	108%
	Closed REITs	119%	113%	112%	110%
MFFO Payout Ratio-YTD*	Open REITs	95%	110%	119%	117%
	Closed REITs	119%	117%	117%	123%
Debt Ratios	Open REITs	43%	41%	51%	50%
	Closed REITs	53%	53%	52%	52%
Interest Coverage Ratio-YTD*	Open REITs	2.1	3.1	2.6	2.3
	Closed REITs	2.4	1.9	2.7	2.9

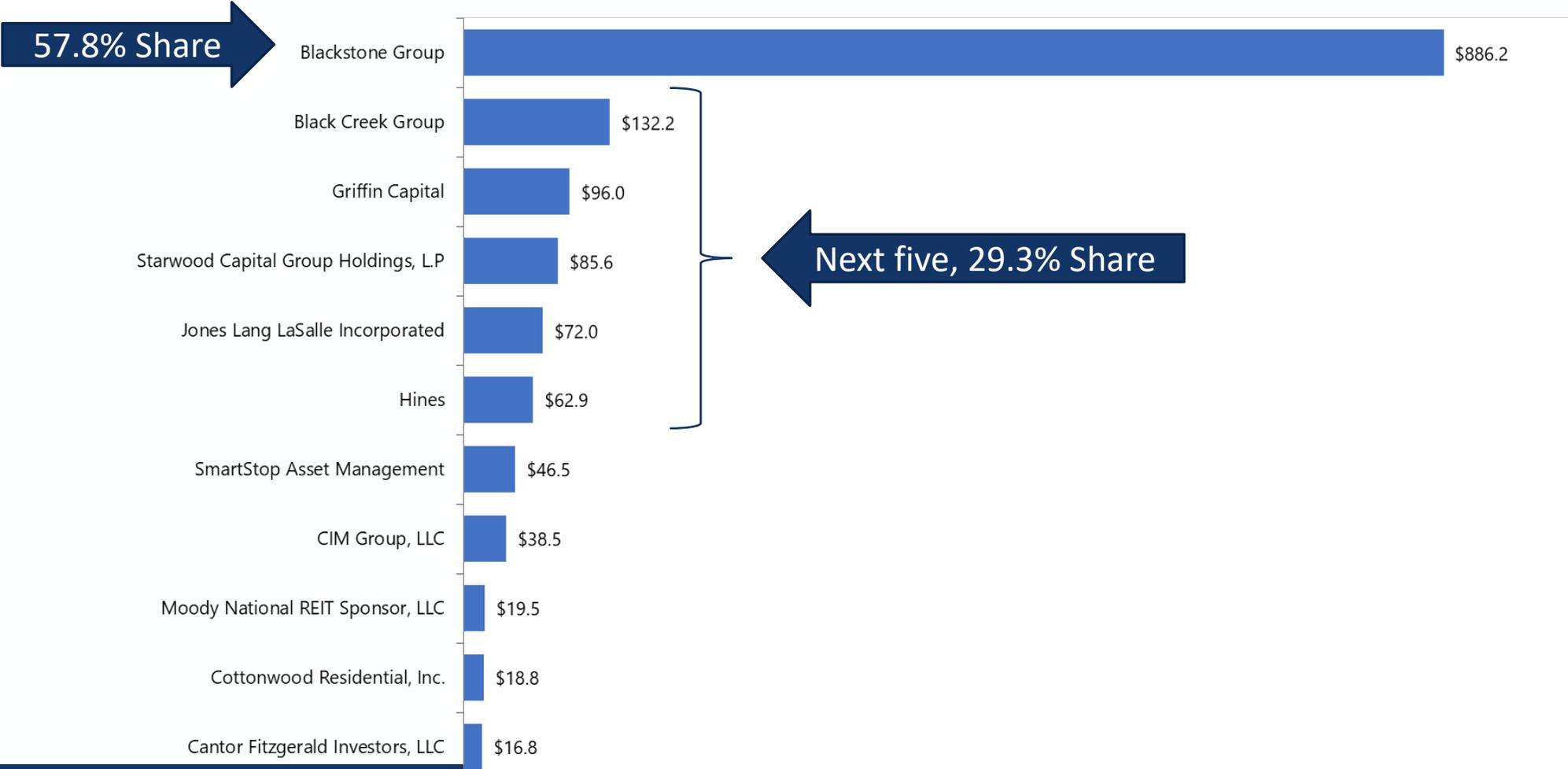
- Decreasing
- Increasing
- Decreasing
- Decreasing
- Decreasing
- Increasing

# NTR Full-Cycle Events in Q1 2019

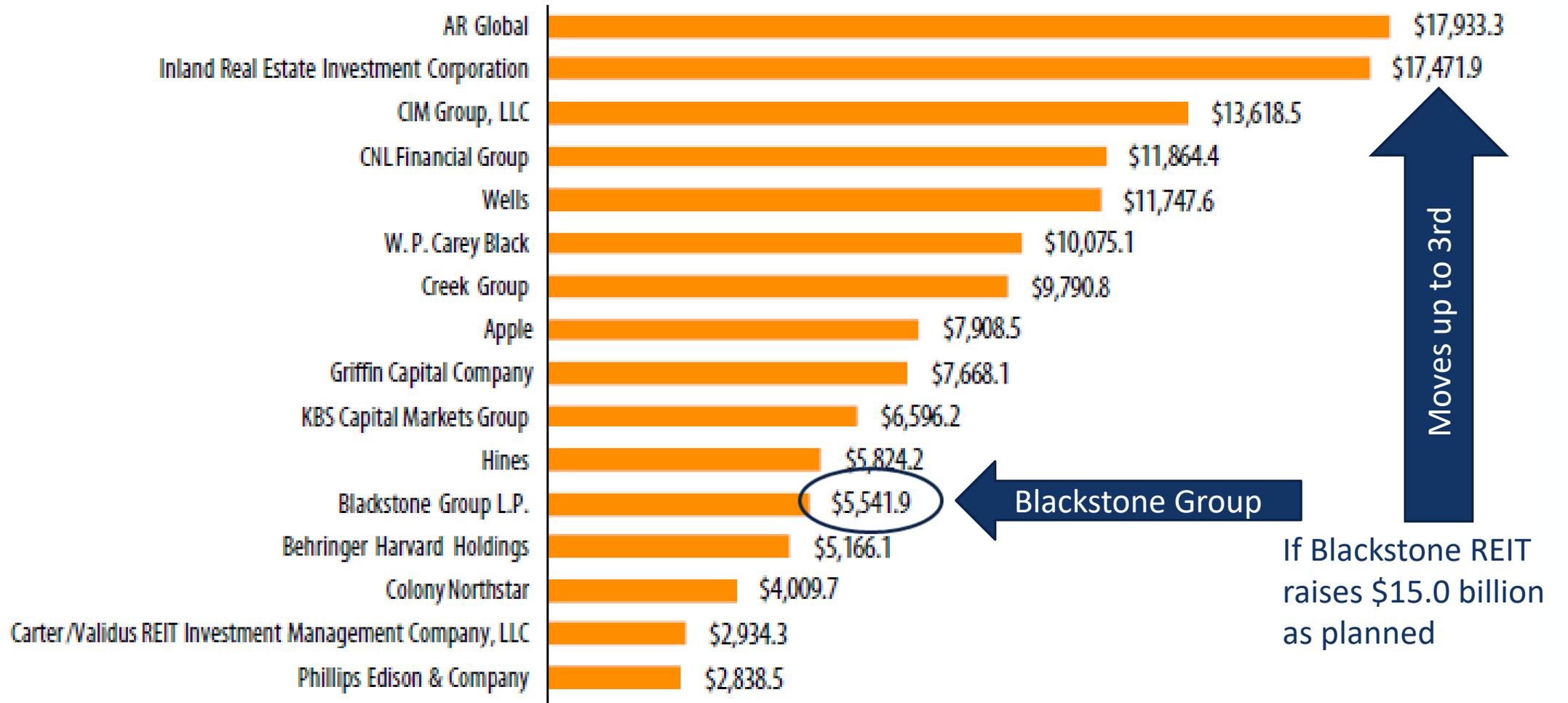
<b>Nontraded REIT</b>	<b>Date of Inception</b>	<b>Date of Full Liquidity Event</b>	<b>Liquidity Event Type</b>	<b>Initial Offering Price</b>	<b>Estimated Full-Cycle Value</b>
American Finance Trust, Inc.	4/4/13	1/9/19	Class B-2 shares converted to Class A shares	\$25.00	\$ 15.00
American Realty Capital - Retail Centers of America, Inc.	8/18/11	1/9/19	Due to merger with AFIN, full-cycle with AFIN	\$10.00	\$ 5.78
American Realty Capital Healthcare REIT III, Inc.	8/20/14	3/7/19	Liquidation of assets	\$25.00	\$ 18.04
Strategic Storage Growth Trust, Inc.	1/20/15	1/24/19	Merger with Strategic Storage Trust II, Inc.	\$10.00	\$ 12.00

# Sales by NTR Sponsors

Nontraded REIT Capital Raise, by Sponsor (in \$ Millions)  
(1Q 2019)



## Nontraded REIT Capital Raise, by Sponsor (in \$ Millions) (Since 1990)



# Continuous (Perpetual) Offerings

<b>Nontraded REIT</b>	<b>Type</b>	<b>LifeStage</b>	<b>Sponsor and/or Advisor</b>	<b>NAV Cycle</b>	<b>Offering Type</b>
Blackstone Real Estate Income Trust, Inc.	Diversified	Growth	Blackstone Group	Monthly	Initial
CIM Income NAV, Inc. (formerly Cole REIS (Daily NAV))	Diversified	Growth	CIM Group	Daily	Follow-On
Griffin Capital Essential Asset REIT II, Inc.	Diversified	Growth	Griffin Capital Corporation	Daily	Follow-On
Hines Global Income Trust, Inc.	Diversified	Growth	Hines Securities	Monthly	Follow-On
Starwood Real Estate Income Trust, Inc.	Diversified	Limited Ops	Starwood Capital Group Holdings, L.P	Monthly	Initial
Nuveen Global Cities REIT, Inc.	Diversified	Limited Ops	Nuveen, LLC	Monthly	Initial
Black Creek Diversified Property Fund Inc.	Diversified	Stabilizing	Black Creek Group	Daily	Follow-On
Jones Lang LaSalle Income Property Trust, Inc.	Diversified	Stabilizing	Jones Lang LaSalle Incorporated	Daily	Follow-On
RREEF Property Trust, Inc.	Diversified	Stabilizing	RREEF America, LLC	Daily	Follow-On

# Estimated Returns for Continuous (Perpetual) Offerings

REIT	Class	NAV as of 12/31/2018	NAV as of 3/31/19	% Change in NAV	Q1 Distributions Paid	Q1 Estimated Return
Black Creek Diversified Property Fund Inc.	I	\$ 7.44	\$ 7.31	-1.75%	\$ 0.09	-0.49%
Blackstone Real Estate Income Trust, Inc.	I	\$ 10.80	\$ 10.92	1.11%	\$ 0.16	2.58%
CIM Income NAV, Inc.	I	\$ 18.25	\$ 18.06	-1.04%	\$ 0.24	0.30%
Hines Global Income Trust, Inc.	I	\$ 10.10	\$ 10.11	0.10%	\$ 0.15	1.61%
Jones Lang LaSalle Income Property Trust, Inc.	M-I	\$ 12.12	\$ 12.13	0.08%	\$ 0.13	1.13%
Nuveen Global Cities REIT, Inc.	I	\$ 10.29	\$ 10.52	2.24%	\$ 0.07	2.92%
RREEF Property Trust, Inc.	I	\$ 14.16	\$ 14.34	1.27%	\$ 0.18	2.55%
Starwood Real Estate Income Trust, Inc.	I	\$ 20.01	\$ 20.33	1.60%	\$ 0.18	2.49%



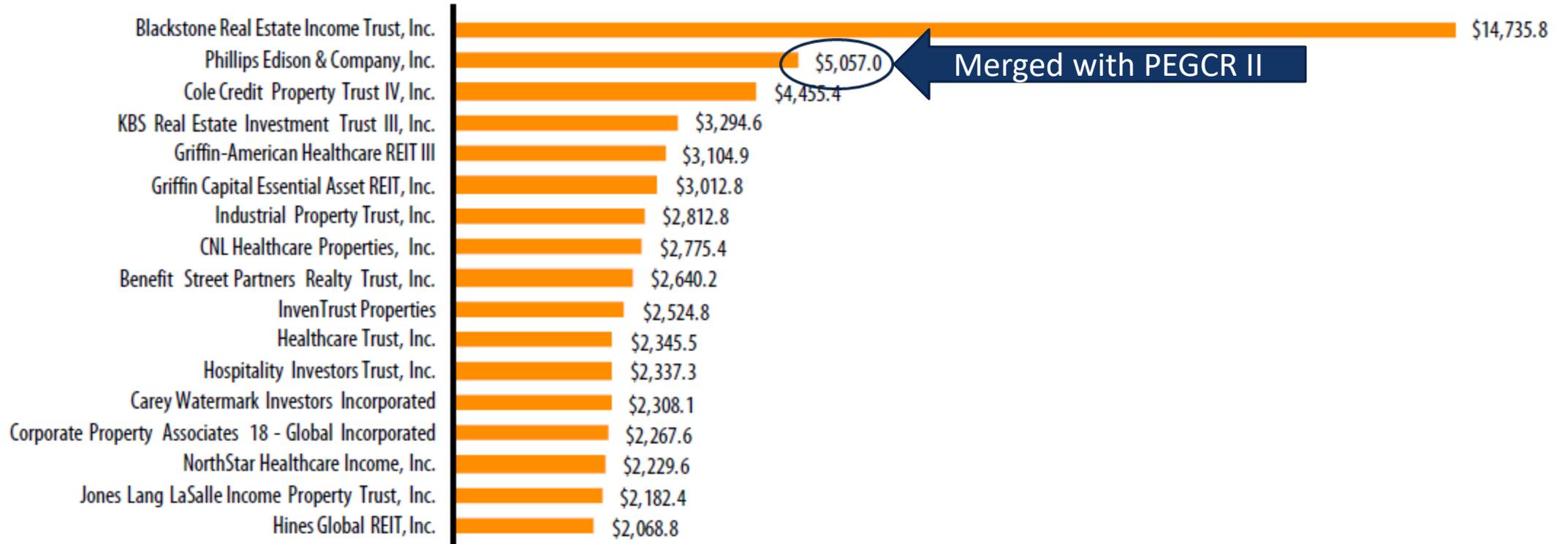
# Liquidating and Liquidated NTRs

<b>Liquidating Nontraded REITs</b>	<b>Liquidation Plan</b>	<b>Date Announced</b>
Lightstone Value Plus Real Estate Investment Trust V, Inc.	Extended plan of liquidation by six years	6/29/2017
American Realty Capital Healthcare Trust III, Inc.	Sold all of its assets to Healthcare Trust, Inc. 3/7/19	12/22/2017
Hines Global REIT, Inc.	Shareholders approved plan of liquidation; selling assets	7/17/2018
Inland Residential Properties Trust, Inc.	Shareholders approved plan of liquidation; selling assets	12/18/2018
Strategic Storage Growth Trust, Inc.	Merged with Strategic Storage Trust II, Inc. 1/24/19	10/1/2018

The trend continues for liquidating NTRs to sell their portfolios and distribute proceeds. Only five of the 56 full-cycle events in the most recent Full-Cycle Performance study sold properties while four of the ten REITs that have announced or completed liquidations since have sold properties rather than listing or merging.

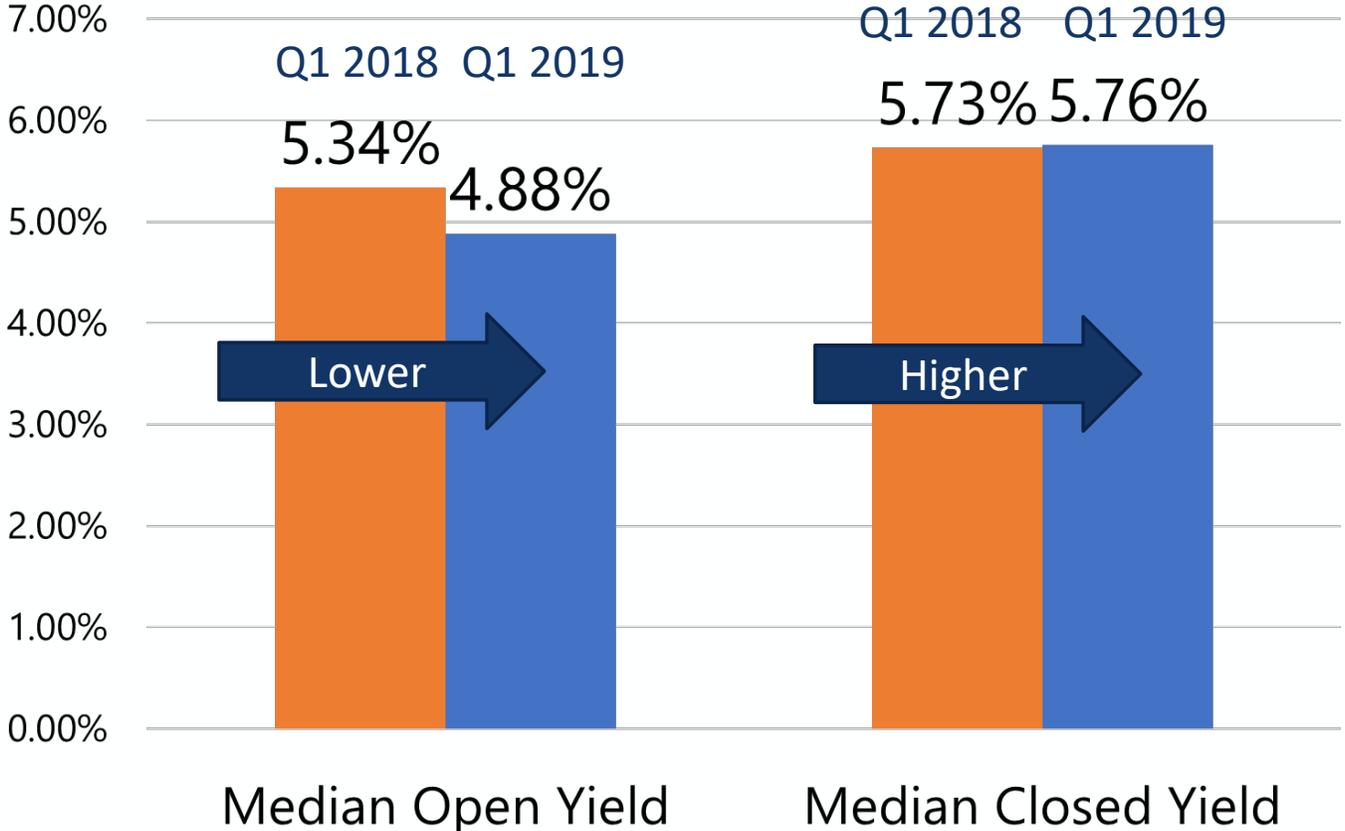
# Largest Nontraded REITs by Total Assets (\$ Millions)

Total Assets, by Nontraded REIT (in \$ Millions)  
(as of March 31, 2019)

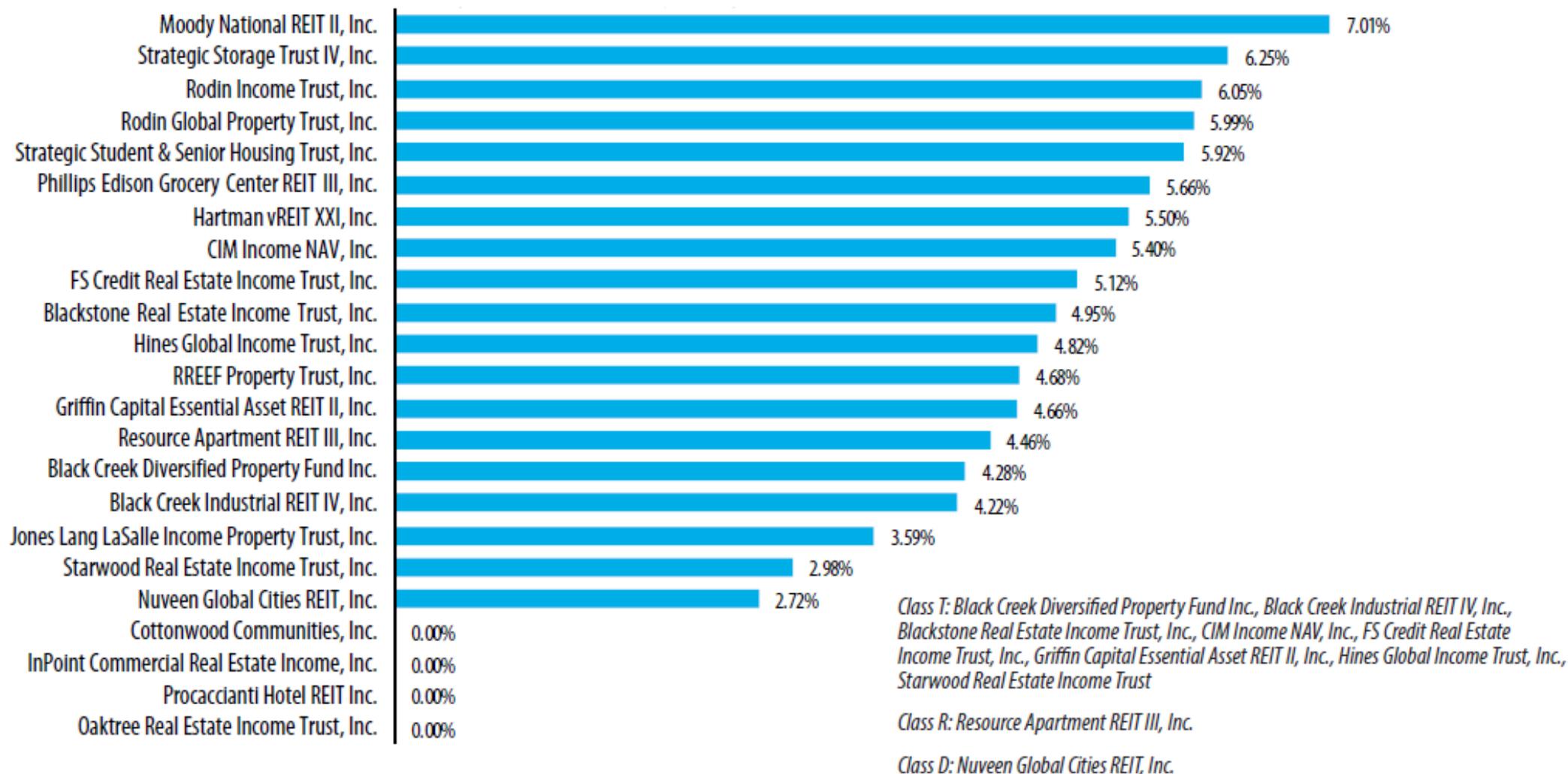


# Distribution Yield Trends

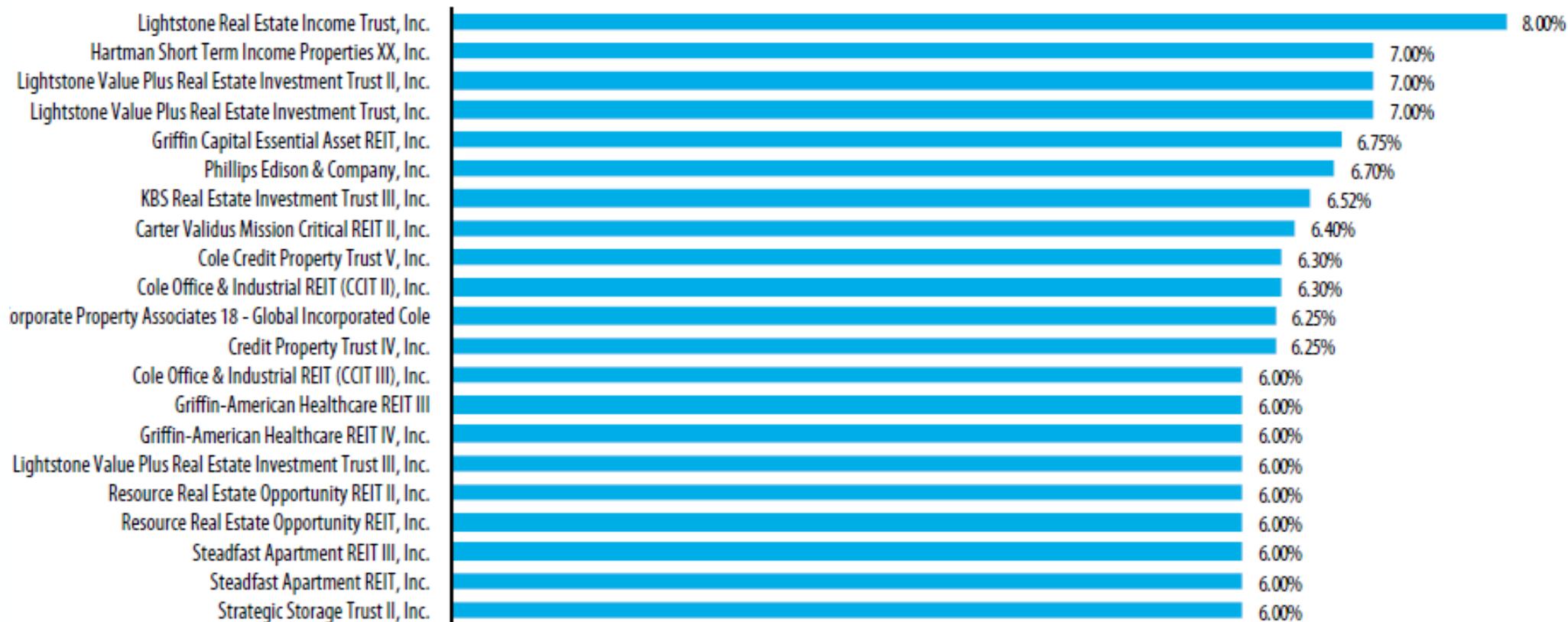
Median Distribution Yields Q1 2018 vs. Q1 2019  
(Class A or Class T)



## Distribution Yields, for Open Nontraded REITs (Class A, Class T, Class R or Class D) (as of March 31, 2019)

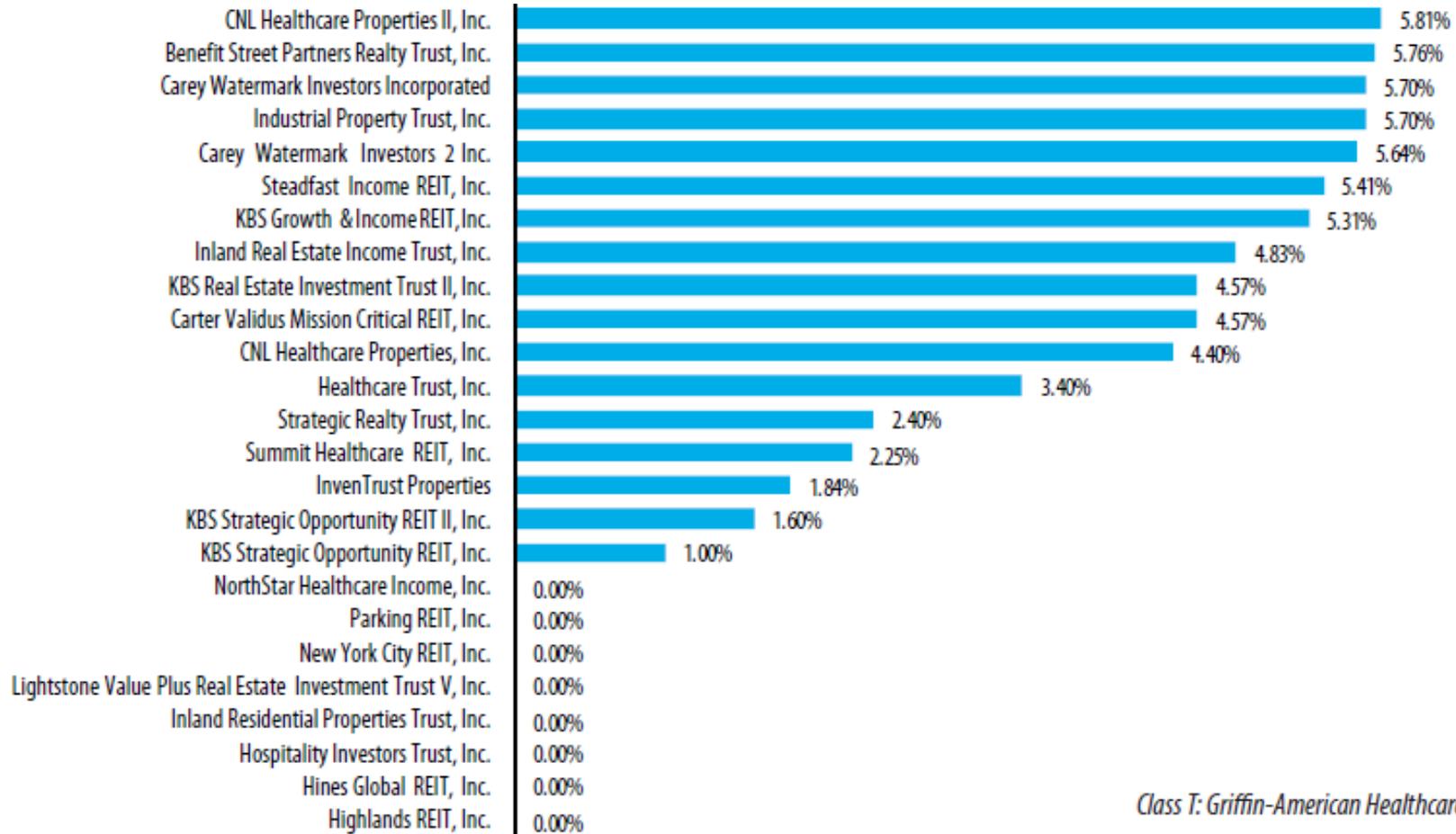


## Distribution Yields, for Closed Nontraded REITs (Class A or Class T) (as of March 31, 2019)



Continued

## Distribution Yields, for Closed Nontraded REITs (Class A or Class T) (as of March 31, 2019)



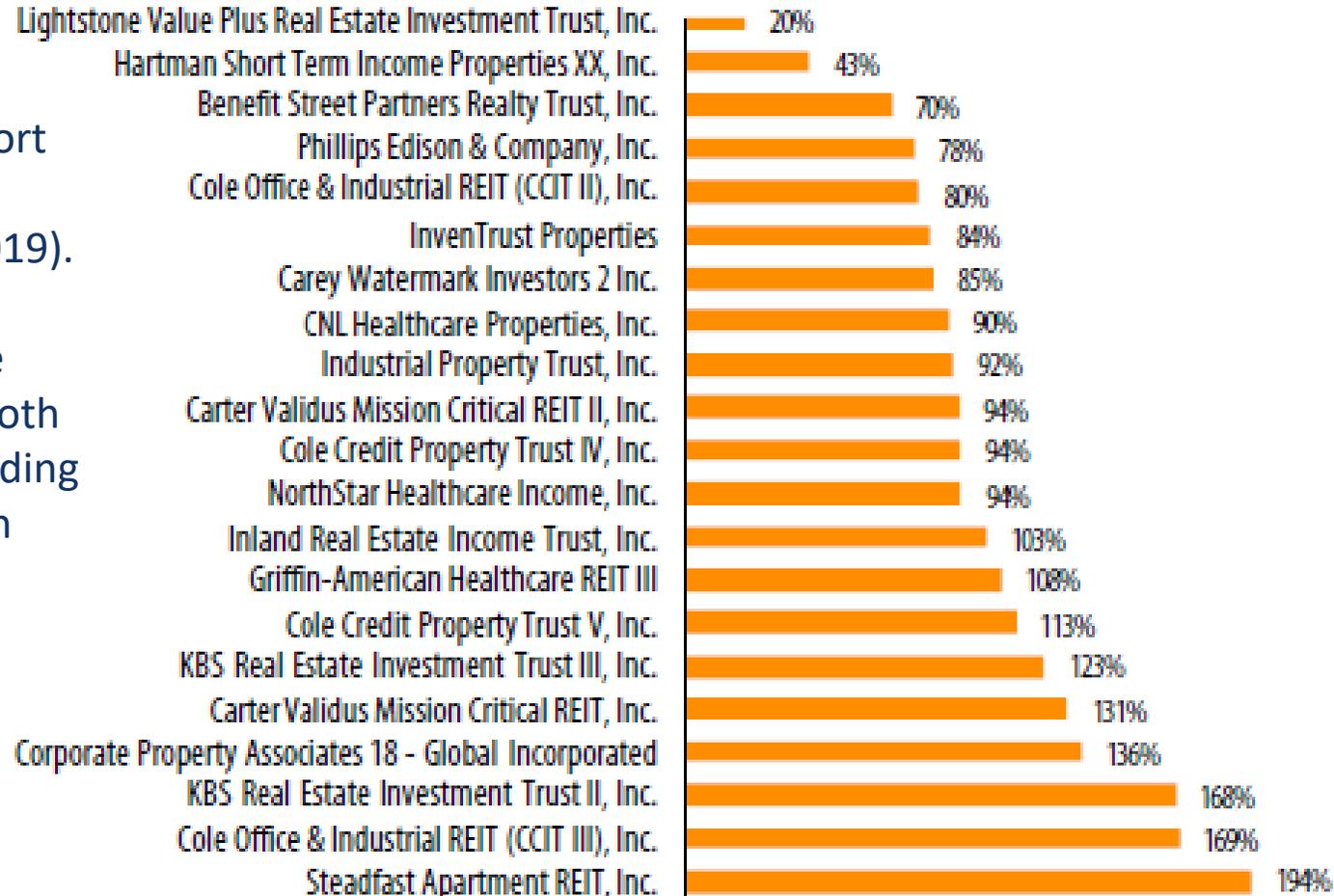
*Class T: Griffin-American Healthcare TREIT IV, Inc.*

# FFO Payout Ratios – Closed REITs

## FFO Payout Ratio, for Closed Nontraded REITs (year-to-date, as of March 31, 2019)

See individual REIT report pages for MFFO payout ratios (2015 thru Q1 2019).

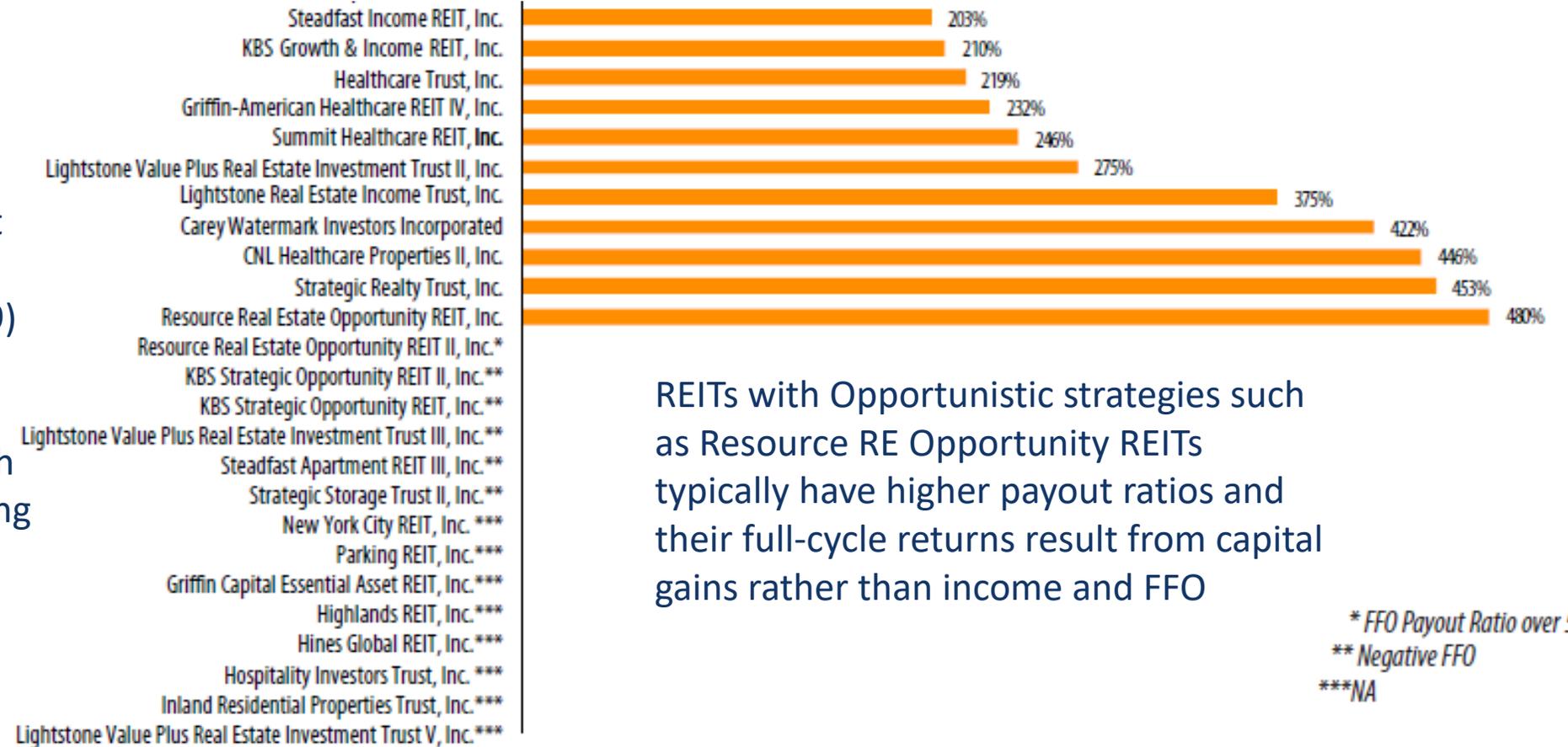
MFFO payout ratios are reported based upon both total distributions including DRIP proceeds and cash distributions only.



# FFO Payout Ratios – Closed REITs (continued)

See individual REIT report pages for MFFO payout ratios (2015 thru Q1 2019)

MFFO payout ratios are reported based upon both total distributions including DRIP proceeds and cash distributions only.

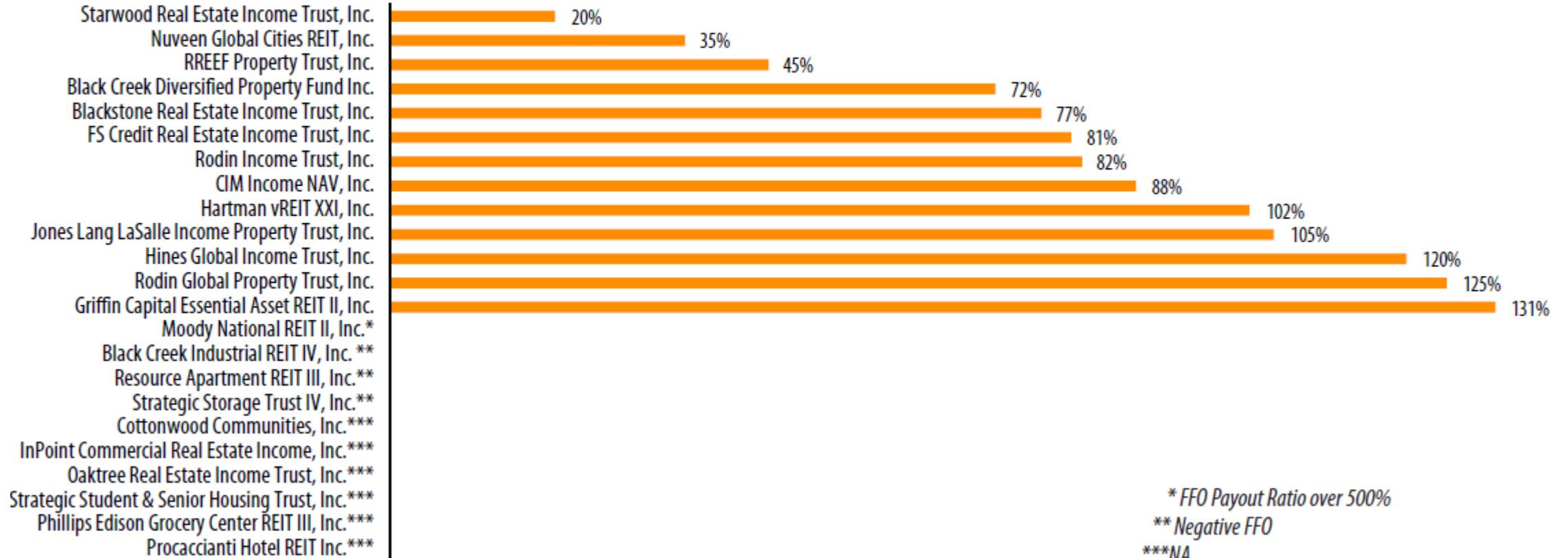


REITs with Opportunistic strategies such as Resource RE Opportunity REITs typically have higher payout ratios and their full-cycle returns result from capital gains rather than income and FFO

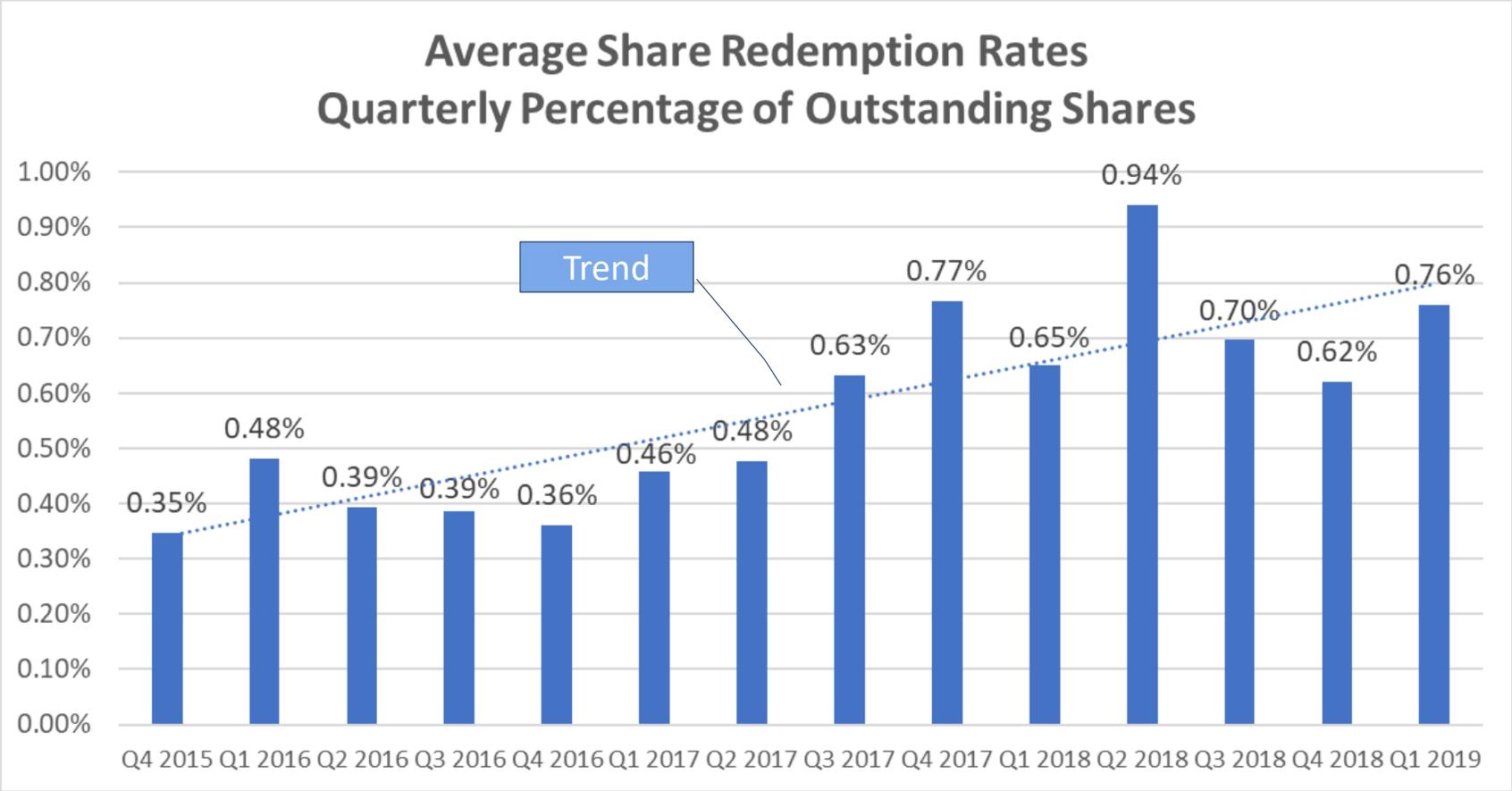
\* FFO Payout Ratio over 500%  
 \*\* Negative FFO  
 \*\*\*NA

# FFO Payout Ratios – Open REITs

FFO Payout Ratio, for Open Nontraded REITs  
(year-to-date, as of March 31, 2019)



# NTR Redemption Trends\*



\* Among NTR programs with active SRP programs only, excluding self tender offers

# Nontraded BDC Quarterly Review



BDC Industry Review: First Quarter 2019

## Metric Definitions and Explanations

### A Portfolio Details

Includes a summary of the portfolio holdings for the current period as reported on the BDC's balance sheet. Items categorized as investments include debt investments, preferred equity, common equity and other short-term investments. Cash and Cash Equivalents include cash on the balance sheet and other cash-like liquid assets.

This section also includes a current overview of the BDC's investment strategy as it relates to the types of investments it makes, the industries the fund is focused on and the size of companies the fund plans to invest in. Specifics found in this section include the number of portfolio companies and the investment management advisor. Also included is whether the fund employs a Total Return Swap (TRS) and the value of the assets in the TRS.

The initial offering date is defined as the date the BDC was considered "effective" by the SEC and began raising money in its public offering. The number of months effective indicates how long the BDC has been raising capital, while the anticipated close date is the date the BDC anticipates closing the BDC to new investments. The public offering price and reinvestment price per share are based on prices as of the end of the quarter being reported.

### B Net Asset Value (NAV) Per Share

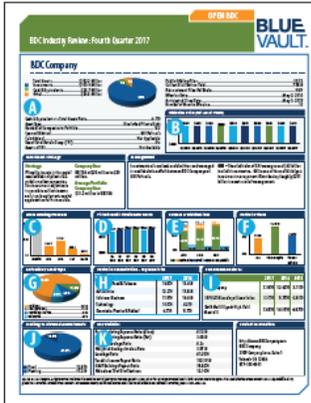
The result of the fair value of total assets less total liabilities divided by the total number of shares outstanding. This figure is reported publicly by the BDC at least every quarter.

### C Gross Offering Proceeds

Defined as the sales of nontraded BDC shares plus shares purchased through dividend reinvestment plans during the public offering.

### D Current Distribution Rate and Historical Distributions

The current distribution rate is calculated based on annualized distributions and the public offering price as of quarter-end. Historical distributions show the actual distributions paid per share in dollars over the past six quarters.



### E Sources of Distributions

*Note – Comparisons may differ due to some funds using GAAP numbers while others use tax numbers when showing sources of distributions. In funds showing taxable income sources of distributions, unpaid incentive fees and other fees may show as "Other" for sources of distributions.*

**Net Investment Income** – Income earned from investments during the quarter or year less investment and operating expenses. Expense support or the reimbursement of expense support may be subtracted from or added, respectively, to operating expenses. This portion of income is the recurring portion and should represent a majority of distributions.

**Capital Gains** – Gains or losses from investments that were sold in the quarter or year. Although it is an important component of income to the fund, capital gains can be unpredictable and may not be consistent from quarter to quarter.



BDC Industry Review: First Quarter 2019

## Full-Cycle BDC Update

### FS Investment Corporation

FS Investment Corporation was the first nontraded BDC in existence, which began operations in 2009. On April 16, 2014, the BDC was listed on the New York Stock Exchange under the symbol "FSIC". The stock closed at \$5.44 on December 18, 2018, the last day of trading prior to the acquisition of Corporate Capital Trust.

### Corporate Capital Trust

Corporate Capital Trust began operations in 2011. On November 14, 2017, shares began trading on the New York Stock Exchange under the symbol "CCT". The stock closed at \$12.88 on December 18, 2018, the last day of trading prior to its acquisition by FS Investment Corporation.

### FS KKR Capital Corp

On December 19, 2018, FS Investment Corporation ("FSIC") completed its acquisition and merged with Corporate Capital Trust ("CCT"). In accordance with the merger, each outstanding share of CCT common stock was converted into the right to receive 2.3552 shares of FSIC common stock, with CCT stockholders receiving cash in lieu of fractional shares of FSIC common stock. Following the completion of the merger, the merged BDC was renamed FS KKR Capital Corp. and began trading on the NYSE under the ticker symbol "FSK". The stock closed at \$5.36 on December 19, 2018, the date the merger was completed. Since the merger on December 19, 2018 and through May 31, 2019, the stock has a range of \$5.09-\$6.64, closing at \$5.97 on May 31, 2019.

### Griffin Capital BDC Corp. Transition

On September 29, 2017, Griffin Capital BDC Corp. ("Griffin BDC") transferred all of its assets to Griffin Institutional Access Credit Fund ("Griffin IF"), a non-diversified, closed-end management investment company that is operated as an interval fund, in exchange for Class F shares of Griffin IF. Griffin IF assumed all of the liabilities of Griffin BDC. As a result of this reorganization, all of Griffin BDC's shareholders are now shareholders of Griffin IF. Griffin BDC has cancelled all its authorized shares and is now dissolved. Prior to this reorganization, Griffin BDC reported total assets of approximately \$41.0 million with gross offering proceeds totaling approximately \$44.8 million, both as of June 30, 2017.

Ticker	FSK
Market Cap (05/31/19)	3.12 billion
Closing Price (05/31/19)	\$5.97
NAV per Share (03/31/19)	\$7.86
Premium/(Discount) to NAV	-24.0%
Assets Under Management	\$7.7 billion
Initial Listing Price (4/16/14)	\$10.25
Initial Offering Price	\$10.00
Annual Dividend Yield (05/31/19)	12.7%
Quarterly Dividend Per Share	\$0.19



Traded BDCs as a whole have experienced volatility for much of 2015 through 2019. The Wilshire BDC Index (^WBDC) was down 12.46% in 2015, up 11.33% in 2016, down 8.71% in 2017, and down 11.68% in 2018. The Index is up 11.94% year-to-date through May 31, 2019.

# BLUE VAULT™



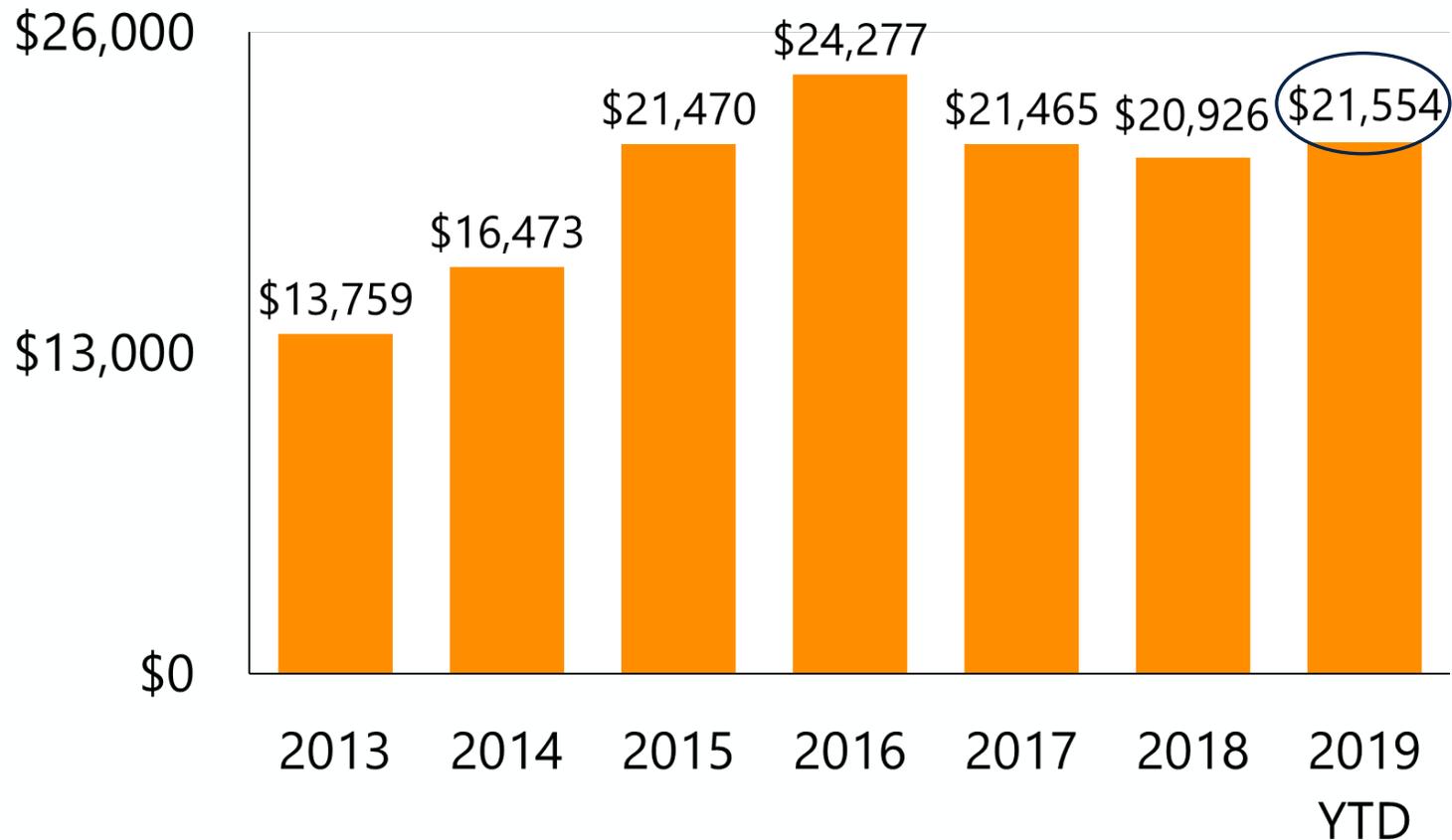
## Nontraded BDC Industry Review First Quarter 2019

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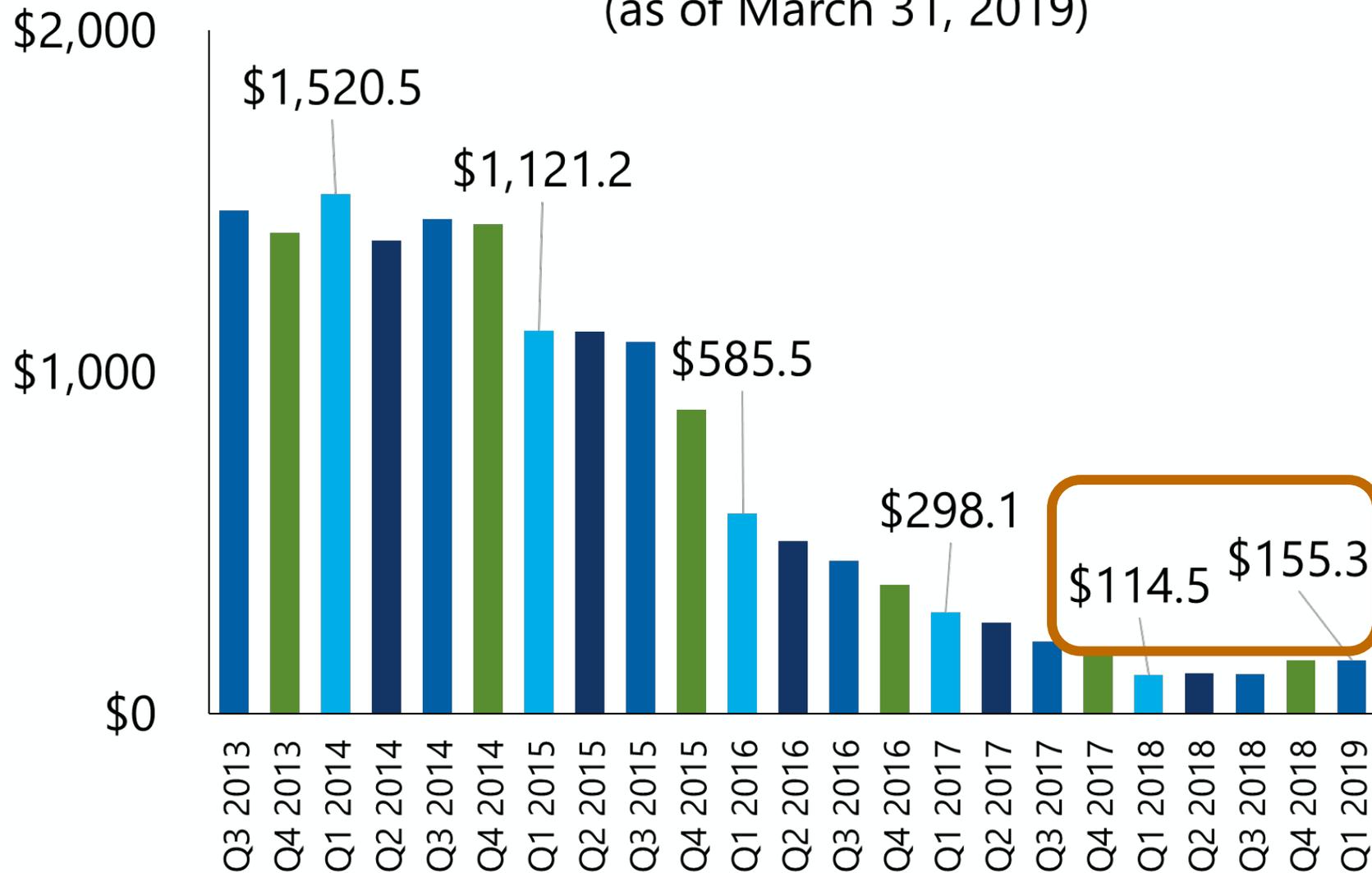
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# Nontraded BDCs Industry Assets

Total Industry Assets (in \$ Millions)  
(as of March 31, 2019)

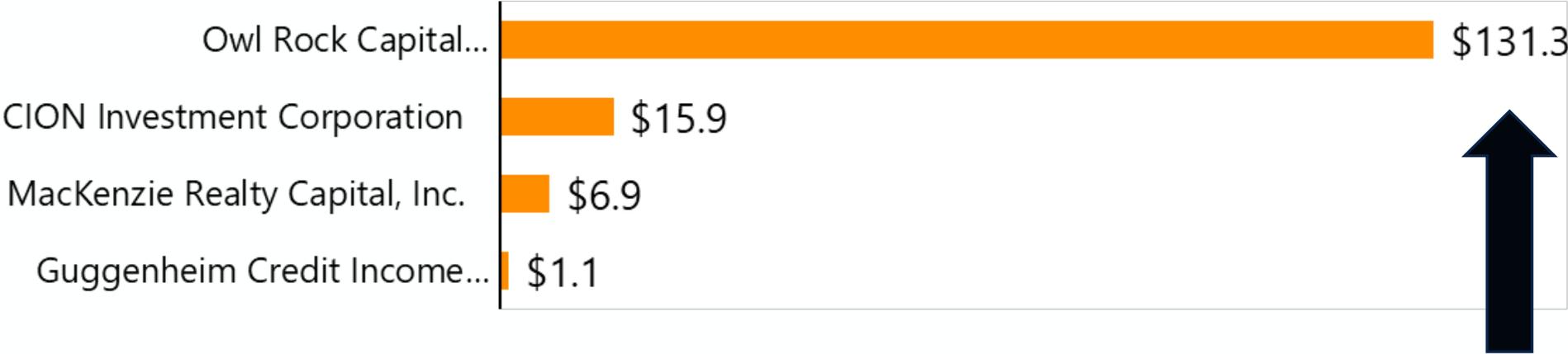


## BDC Capital Raise By Quarter (in \$Millions) (as of March 31, 2019)



# Nontraded BDCs Capital Raise by Program

2019 Capital Raise, by nontraded BDC (in \$ Millions)  
(as of March 31, 2019)

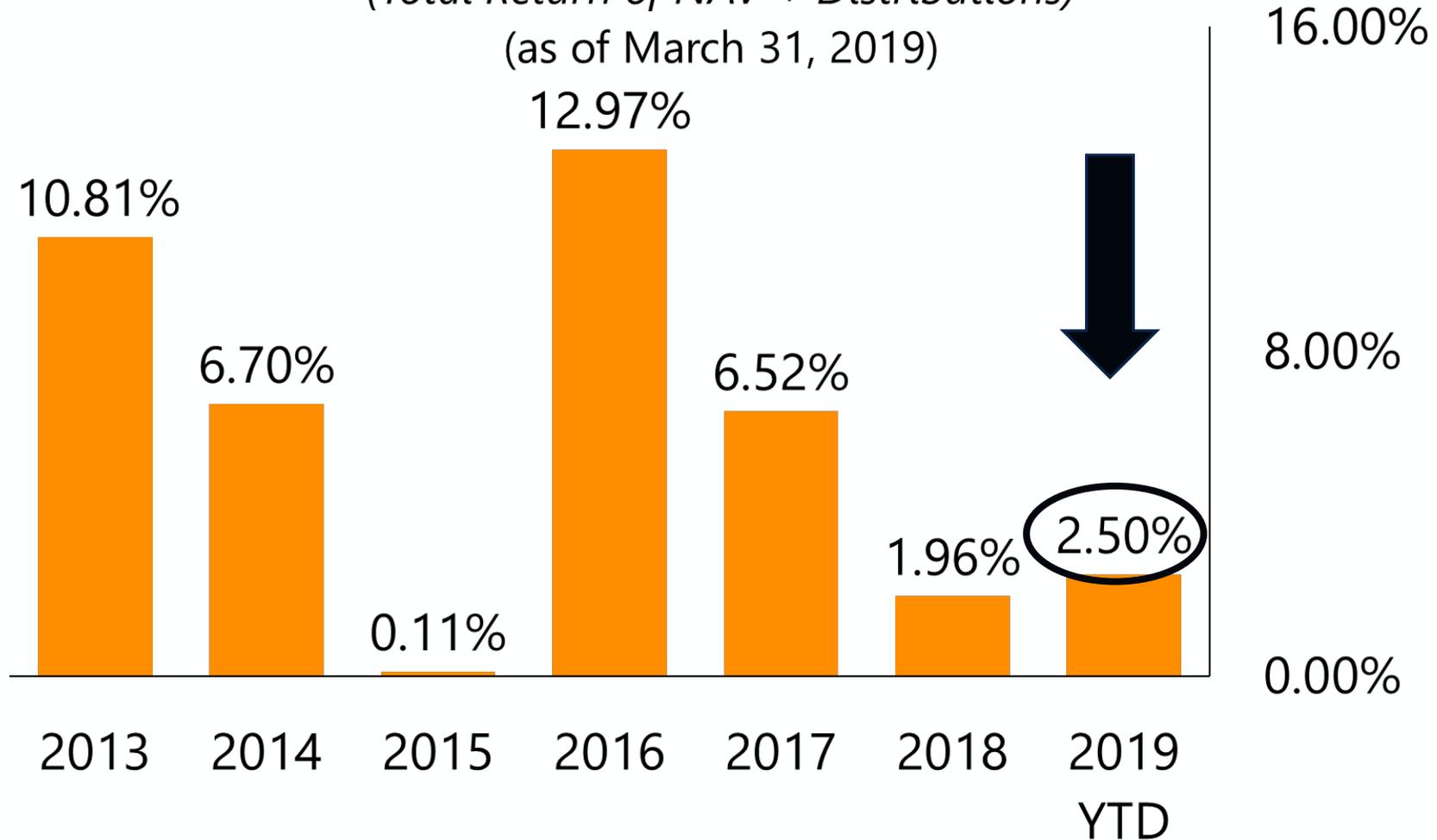


# Nontraded BDCs Performance Returns

## Median Total Returns of Nontraded BDCs

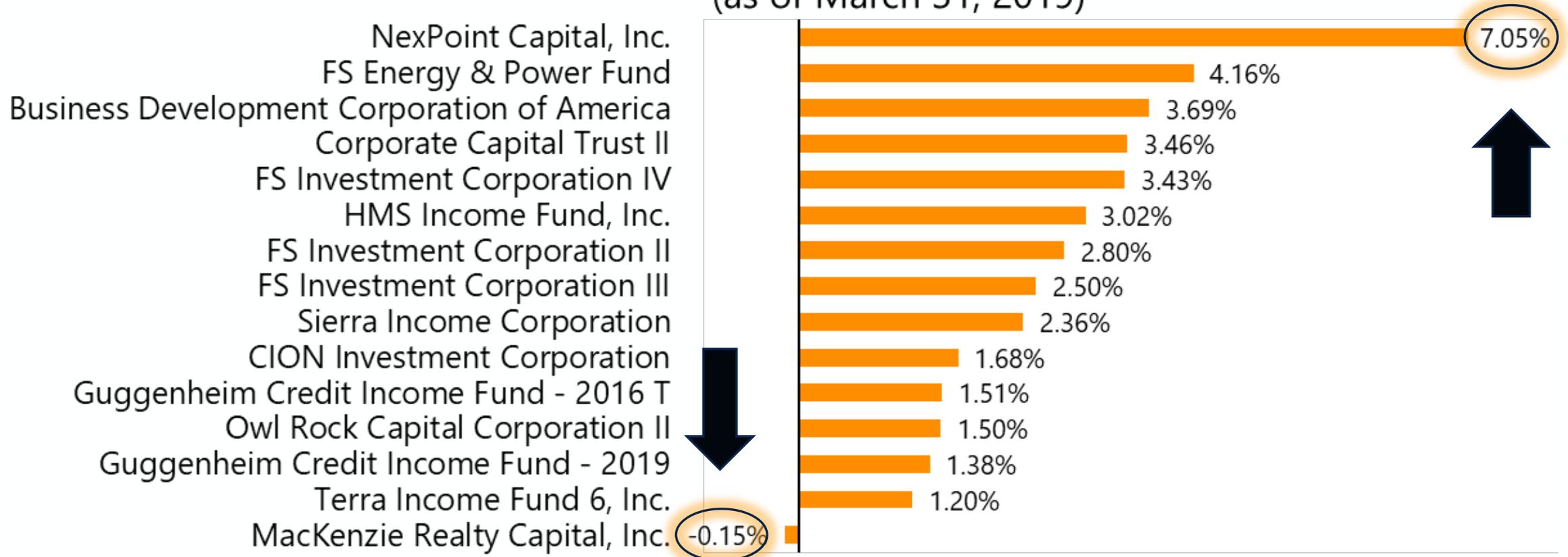
*(Total Return of NAV + Distributions)*

(as of March 31, 2019)



# Nontraded BDCs Performance Returns

Performance Returns, by nontraded BDC  
(as of March 31, 2019)



# Biggest Take-Aways for Q1 2019

- NTR Capital raise increased to \$1.53 billion in Q1 from \$1.46 billion in Q4 2018
- Blackstone REIT raised \$886 million in Q1 2019, over 58% of NTR capital raise
- Blackstone REIT acquired 17 properties for \$1.04 billion, 43% of all acquisitions
- Hines Global REIT sold 2 properties for \$478 million
- Nontraded BDC capital raise fell to \$155 million in Q1 2019 from \$157 million in Q4 2018
- Median total returns for nontraded BDCs rebound in Q1 2019 at 2.50% compared to just 1.96% in 2018

# Thank You!

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We welcome your questions.

To download the Q1 2019 Blue Vault Nontraded REIT Industry Review and BDC Industry Review, please visit our Blue Vault website at:

[www.bluevaultpartners.com](http://www.bluevaultpartners.com)

For information on **Resource Apartment REIT III**  
call **(866) 773-4120** or visit **[www.ResourceAlts.com](http://www.ResourceAlts.com)**



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2nd Quarter Interval Fund  
Summary

June 25 @ 2:00pm EDT

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the Commercial Real Estate Market

June 27 @ 2:00pm EDT

For information and registration links, go to  
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