

MTS Report

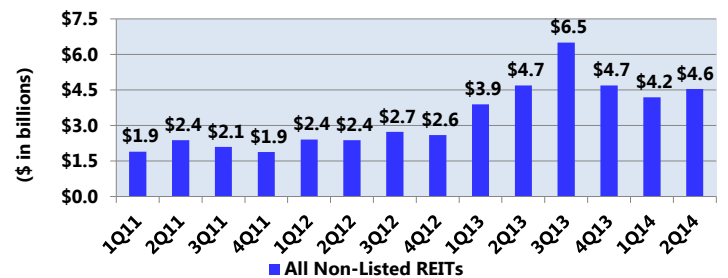
The **MTS Report** is a high-level industry review of the non-listed REIT market. The MTS Report includes four sections: 1) Non-Listed REIT Market Summary, 2) Non-Listed REIT Investment Summary, 3) Non-Listed REIT Performance Summary, and 4) Non-Listed REIT Fee Summary. The **Non-Listed REIT Market Summary** reviews current equity capital raising by the top individual non-listed REITs and highlights capital raising trends over the last two years. The **Non-Listed REIT Investment Summary** details current acquisition activity, highlights historical acquisition trends, summarizes the largest non-listed REITs by Invested Assets, and highlights the growth in non-listed REITs by Invested Assets. The **Non-Listed REIT Performance Summary** highlights distribution rate and leverage trends by effective non-listed REITs (open to new investors) and closed non-listed REITs (closed to new investors) and reviews historical trends in distribution payouts broken out between effective and closed non-listed REITs. The **Non-Listed Fee Summary** reviews average front-end and on-going fee structures of non-listed REITs as a percent of equity and provides specific fee structures of non-listed REITs that are representative of current non-listed REIT sponsors.

Non-Listed REIT Market Summary

EQUITY FUNDRAISING - 2Q 2014 (\$ in millions)	Equity Raised	
	2Q 2014	TTM 2Q14
American Realty Capital Global Trust	\$ 1,037	\$ 1,661
American Realty Capital Healthcare Trust II	\$ 722	\$ 1,239
Carter Validus Mission Critical REIT	\$ 671	\$ 1,317
Corporate Property Associates 18 Global	\$ 399	\$ 1,035
Griffin Capital Essential Asset REIT	\$ 297	\$ 1,078
ARC - Retail Centers of America	\$ 177	\$ 355
Phillips Edison - ARC Grocery Center REIT II	\$ 138	\$ 222
NorthStar Healthcare Income	\$ 134	\$ 342
Carey Watermark Investors	\$ 102	\$ 337
KBS REIT III	\$ 97	\$ 488
CNL Healthcare Properties	\$ 92	\$ 393
ARC Realty Finance	\$ 74	\$ 145
Cole Office & Industrial REIT (CCIT II)	\$ 69	\$ 77
American Realty Capital New York City REIT	\$ 63	\$ 63
Apple REIT Ten	\$ 57	\$ 145
Hines Global REIT	\$ 55	\$ 933
Inland Real Estate Income Trust	\$ 50	\$ 144
Industrial Property Trust	\$ 47	\$ 71
NorthStar Real Estate Income II	\$ 45	\$ 120
Jones Lang LaSalle Income Property Trust	\$ 26	\$ 88
Cole Credit Property Trust IV	\$ 26	\$ 2,314
Other Non-Listed REITs	\$ 179	\$ 7,369
Total - All Non-Listed REITs	\$ 4,555	\$ 19,938

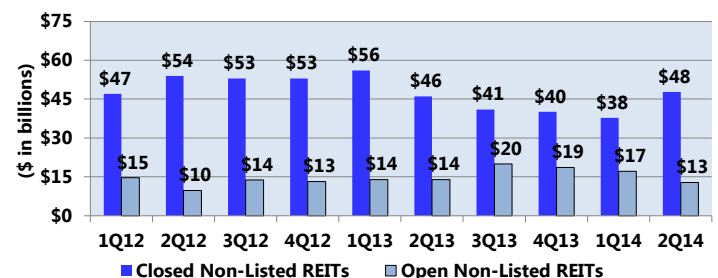
Non-listed REITs raised \$4.6 billion equity capital in 2Q14 led by ARC Global Trust and ARC Healthcare II with \$1.0 billion and \$722 million respectively. ARC continues to dominate fundraising with a 50% market share in 2Q14. The top ten non-listed REITs raised 80% of all equity in 2Q14. Non-listed REITs have raised \$8.8 billion equity year-to-date, which is a slight increase over the \$8.6 billion raised in the first half of 2013.

EQUITY FUNDRAISING - BY QUARTER



Non-Listed REITs raised \$4.6 billion equity in 2Q14, which is an 8% increase from 1Q14. Non-listed REIT equity fundraising reached \$19.9 billion for the trailing twelve months. Recent non-listed REIT liquidity events should increase equity fundraising in the second half of 2014.

TOTAL EQUITY CAPITAL - ALL NON-LISTED REITs



Total equity capital for non-listed REITs increased to \$61 billion in 2Q14. Continued strong equity fundraising, including recycled capital from recent liquidity events, has helped offset the loss of equity through several non-listed REIT liquidity events in the first half of 2014.

Non-Listed REIT Investment Summary

ACQUISITIONS (\$ in millions)	Acquisitions	
	2Q 2014	TTM 2Q14
Carey Watermark Investors	\$407	\$854
Cole Credit Property Trust IV	\$344	\$1,560
Griffin Capital Essential Asset REIT	\$339	\$1,201
Phillips Edison - ARC Shopping Center REIT	\$315	\$1,168
American Realty Capital Global Trust	\$299	\$773
Carter Validus Mission Critical REIT	\$285	\$869
CNL Healthcare Properties	\$196	\$1,033
Cole Office & Industrial REIT (CCIT II)	\$194	\$218
American Realty Capital Trust V	\$166	\$2,160
Cole Corporate Income Trust	\$158	\$1,489
Inland Real Estate Income Trust	\$136	\$205
American Realty Capital Healthcare Trust II	\$118	\$176
American Realty Capital - Retail Centers	\$95	\$95
Jones Lang LaSalle Income Property Trust	\$86	\$230
KBS Real Estate Investment Trust III	\$85	\$803
Corporate Property Associates 18 Global	\$72	\$665
Hines Global REIT	\$49	\$1,129
Landmark Apartment Trust of America	\$48	\$930
Steadfast Income REIT	\$45	\$823
Corporate Property Associates 17 - Global	\$43	\$372
Other Non-Listed REITs	\$311	\$7,724
Total - All Non-Listed REITs	\$3,790	\$24,474

TOTAL INVESTED ASSETS (\$ in millions)	2Q 2014	
	Status	2Q 2014
Inland American Real Estate Trust	Closed	\$10,129
Corporate Property Associates 17 - Global	Closed	\$4,565
Hines Global REIT	Closed	\$4,385
Apple Hospitality	Closed	\$3,960
Industrial Income Trust	Closed	\$3,748
TIER REIT (fka BH REIT I)	Closed	\$3,456
CNL Lifestyle Properties	Closed	\$3,343
Griffin-American Healthcare REIT II	Closed	\$3,056
Monogram Residential Trust (fka BH Multifamily)	Closed	\$2,879
Cole Credit Property Trust IV	Closed	\$2,833
KBS Real Estate Investment Trust II	Open	\$2,714
Dividend Capital Diversified Property Fund	Open	\$2,707
Cole Corporate Income Trust	Closed	\$2,606
Hines Real Estate Investment Trust	Closed	\$2,422
American Realty Capital Trust V	Closed	\$2,234
KBS Real Estate Investment Trust	Closed	\$2,058
Landmark Apartment Trust	Closed	\$1,889
Phillips Edison - ARC Shopping Center REIT	Closed	\$1,847
Griffin Capital Essential Asset REIT	Closed	\$1,760
Steadfast Income REIT	Closed	\$1,593
Other Non-Listed REITs		\$14,056
Total - All Non-Listed REITs		\$78,239

Non-Listed REIT acquisitions declined to \$3.8 billion in 2Q14, as non-listed REIT acquisitions have fallen behind their equity raise. Acquisitions targeted a variety of commercial real estate sectors, including net lease, retail shopping centers, office, industrial, hotels, apartments, and medical office.

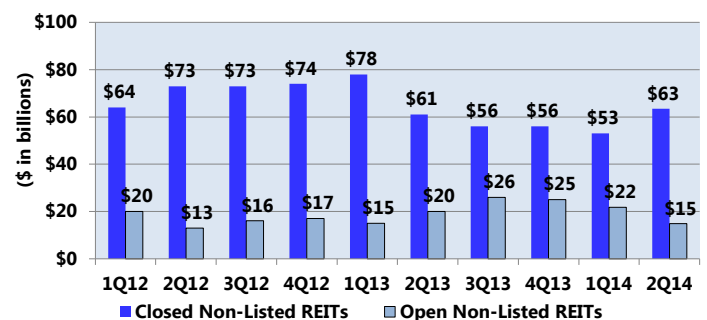
Non-Listed REITs have accumulated \$78 billion in commercial real estate assets. Several of the largest non-listed REITs, such as Griffin-American Healthcare II, KBS REIT II, Inland American, & Monogram Residential, have announced liquidity events or plans for a liquidity event in 2014.

ACQUISITIONS - BY QUARTER



Non-Listed REITs acquired \$3.8 billion in core commercial real estate assets in 2Q14, which continues a sharp decline over the last two quarters. Large cash balances and recycled capital from expected liquidity events should increase acquisitions in second half of 2014.

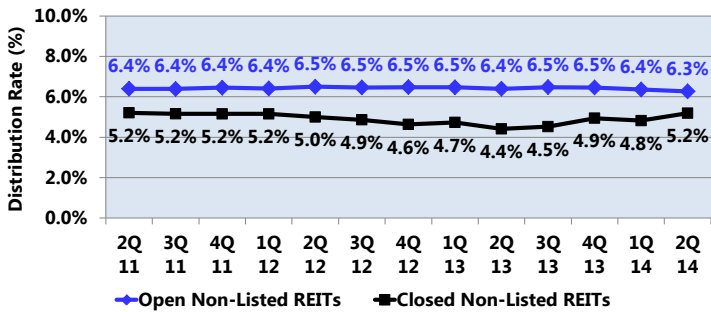
TOTAL INVESTED ASSETS - ALL NON-LISTED REITs



Total invested assets for non-listed REITs has grown by over 30% over the last three years, rising from \$58 billion in 4Q10 to \$78 billion in 2Q14. Liquidity events by closed non-listed REITs should lower invested assets in 2014, offsetting expected strong asset growth by open non-listed REITs.

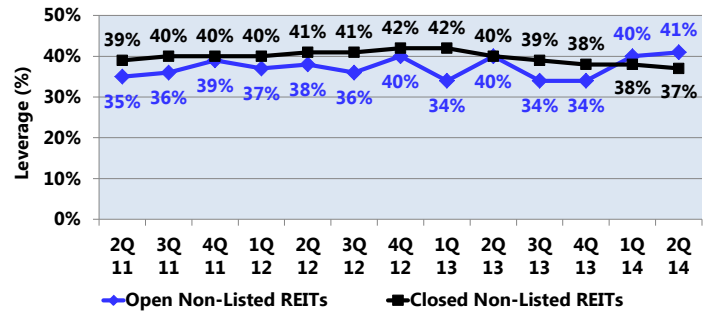
Non-Listed REIT Performance Summary

DISTRIBUTION RATE - NON-LISTED EQUITY REITS



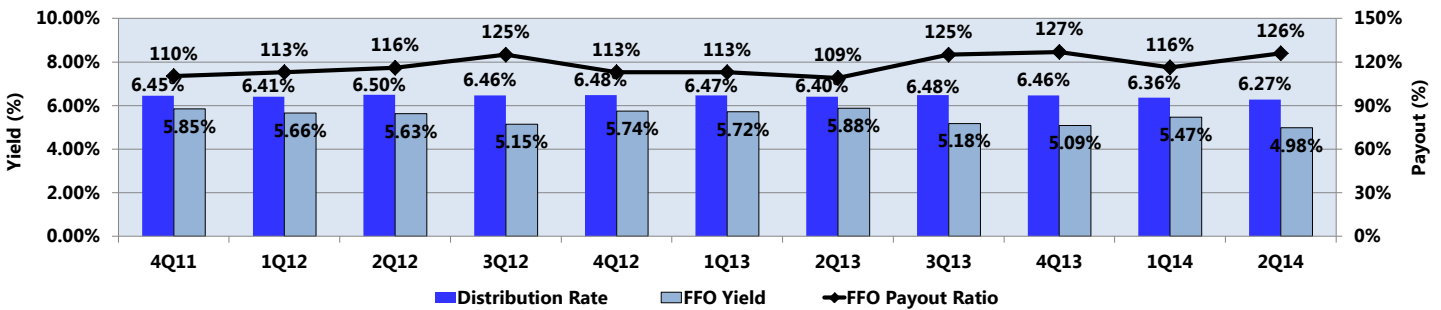
The average distribution rate for open non-listed REITs declined for the second straight quarter to 6.3%. Most REITs offer 6%-7% distributions. The distribution rate of closed non-listed REITs increased to 5.2% due primarily to higher distribution rates on recently closed non-listed REITs.

LEVERAGE - NON-LISTED EQUITY REITS



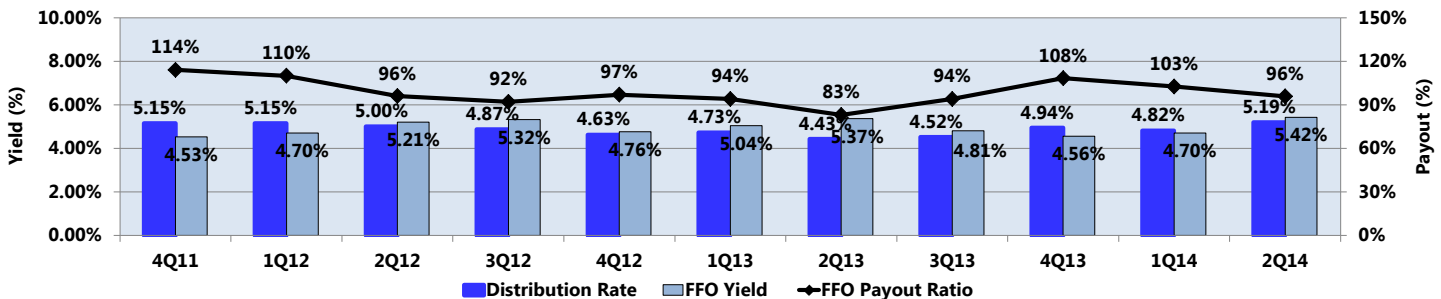
The leverage ratio of open non-listed REITs increased to 41% in 2Q14, as REITs added short-term and permanent debt financing in the quarter. Open non-listed REITs are securing low interest rates on permanent financing. Closed non-listed REITs had a slightly lower 37% leverage ratio.

DISTRIBUTION PAYOUTS - OPEN NON-LISTED EQUITY REITS



The average FFO yield for open non-listed REITs decreased to 4.98% in 2Q14, largely due to higher cash balances for many open non-listed REITs. With further capital deployment in 2014, their FFO yields should recover and increase towards 6.0%. Investment markets still provide high yield spreads, but market cap rates continue to compress in the current low interest rate environment. With the recent FFO yield decrease, the distribution payout ratio jumped to 126% in 2Q14. Capital deployment and permanent financing should bring the distribution payout down and closer to 110% in 2014.

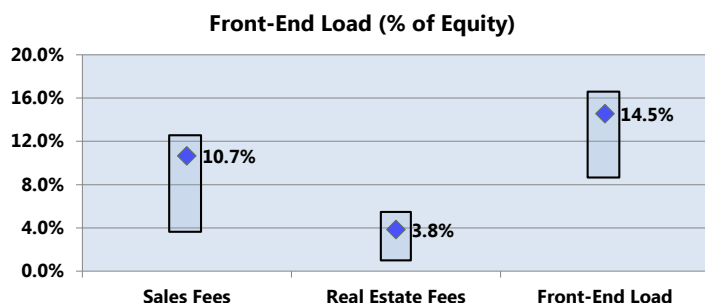
DISTRIBUTION PAYOUTS - CLOSED NON-LISTED EQUITY REITS



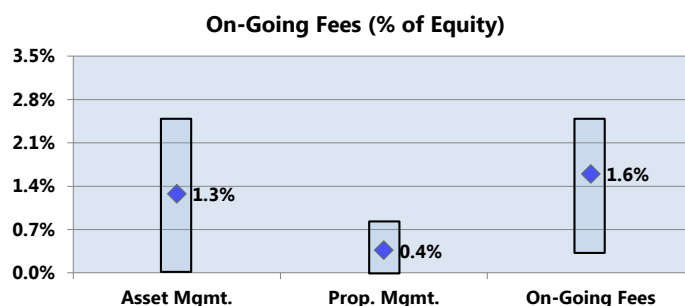
The average FFO payout ratio for closed non-listed REITs decreased to 96% in 2Q14, which is a slight decline from 103% in 1Q14. Lower distribution payout ratios on recently closed REITs is a primary factor. Several recently closed non-listed REITs have high cash balances from their closeouts, and deployment of this capital should decrease the average distribution ratio for closed non-listed REITs closer to 90% in 2014. The next several quarters, however, will produce volatility as several more non-listed REITs close fundraising and several closed non-listed REITs liquidate in 2014.

Non-Listed REIT Fee Summary

NON-LISTED REIT FEE SUMMARY



The average front-end load, which is primarily sales costs, dropped slightly to 14.5%. A few non-listed REITs are lowering front-end real estate fees and increasing management fees to get more equity invested up-front.



The average annual on-going fee burden, which is primarily the asset management fees, is 1.6% of equity. The average annual on-going fee burden on equity has decreased slightly from 1.7% in 1Q14.

NON-LISTED REIT FEE COMPARISON

Non-Listed REITs - Open	Front-End Load			On-Going Fees (Annual)			Back-End Fees		
	Sales Fees	Real Estate Fees	Front-End Load	Asset Mgmt. Fee	Property Mgmt. Fee	On-Going Fee Impact	Disposition Fee	Preferred Return	Profit Split
	% equity	% equity	% equity	% cost	% income	% equity			
American Realty Capital Healthcare Trust II	11.5%	2.9%	14.5%	0.00%	1.5%-2.5%	0.25%	2.00%	6.00%	15.00%
American Realty Capital New York City REIT	12.0%	3.6%	15.7%	0.00%	4.00%	0.50%	3.00%	6.00%	15.00%
Carter Validus Mission Critical REIT II (A Shares)	11.3%	4.2%	15.4%	0.75%	3.00%	1.63%	2.00%	6.00%	15.00%
CNL Healthcare Trust	11.0%	5.2%	16.3%	1.00%	2.0%-4.0%	2.04%	1.00%	6.00%	15.00%
Cole Credit Property Trust V	11.0%	4.2%	15.2%	0.65%-0.75%	0.00%	1.17%	1.00%	6.00%	15.00%
CPA 18 Global (A Shares)	10.7%	4.2%	14.9%	0.5% Value	0.00%	0.83%	3.00%	6.00%	15.00%
CPA 18 Global (C Shares)	4.5%	4.2%	8.6%	0.50%	0.00%	0.83%	3.00%	6.00%	15.00%
Griffin-American Healthcare REIT III	11.0%	4.6%	15.6%	0.75%	4.50%	1.81%	2.00%	7.00%	15.00%
Hartman Short-Term Income Properties XX	11.0%	5.3%	16.4%	0.75%	3.0%-5.0%	1.75%	3.00%	6.00%	15.00%
Hines Global REIT	10.3%	5.0%	15.3%	1.5% Equity	Market	1.88%	1.00%	8.00%	15.00%
Industrial Property Trust	11.3%	3.3%	14.6%	0.80%	2.0%-5.0%	1.77%	2.00%	6.50%	15.00%
Inland Real Estate Income Trust	11.5%	3.3%	14.8%	0.65%	1.9%-3.9%	1.45%	3.00%	7.00%	10.00%
KBS REIT III	10.2%	2.9%	13.2%	0.75%	0.00%	1.25%	1.00%	8.00%	15.00%
Lightstone Value Plus REIT II	12.0%	1.6%	13.6%	0.95%	4.5%-5.0%	2.18%	0.00%	7.00%	30%-40%
Moody National REIT I	12.2%	3.7%	16.0%	1.00%	Market	2.04%	3.00%	8.00%	15.00%
MVP REIT	3.8%	5.8%	9.6%	0.85%	6.00%	2.17%	3.00%	N/A	N/A
NorthStar Real Estate Income Trust II	11.5%	2.5%	14.0%	1.25%	0.00%	2.08%	1.00%	7.00%	15.00%
Resource Real Estate Opportunity REIT II	11.7%	3.5%	15.3%	1.00%	4.50%	2.23%	2.00%	7.00%	15.00%
Steadfast Apartment REIT	11.9%	3.3%	15.3%	1.00%	Market	2.04%	1.00%	6.00%	15.00%
Strategic Storage Trust II	11.8%	4.6%	16.3%	0.63%	6.00%	1.79%	1.00%	6.00%	15.00%
United Realty Trust	11.7%	2.9%	14.7%	0.75%	4.50%	1.81%	2.00%	7.00%	15.00%

Notes: For sponsors with multiple non-listed REIT products, a single non-listed REIT from their offerings is presented as a representative sample for this fee comparison.

Front-End Load: For non-listed REITs with a financing fee, the analysis assumes 40% leverage to calculate real estate fees & total front-end load.

On-Going Fees: On-going fee impact assumes a 40% leverage and 7.5% average cap rate to convert asset mgmt. & property mgmt. fee impacts to an equity basis.