September 9, 2022

NASAA Corporation Finance Section

Andrea Seidt, Section Chair

Mark Heuerman, Project Group Chair

c/o North American Securities Administrators Association, Inc.

750 First Street, N.E., Suite 1140

Washington, D.C. 20002

Via electronic submission to NASAAComments@nasaa.org, Andrea.Seidt@com.ohio.gov, and Mark.Heuerman@com.ohio.gov

Re: Proposed Revisions to the NASAA Statement of Policy Regarding Real Estate Investment Trusts (the "Proposal")

Dear Section Members, Commissioner Seidt and Mr. Heuerman,

I appreciate the opportunity to comment on the Proposal. I joined Cottonwood Residential in 2021 following more than 20 years in the financial services industry where my career focused on manager research and due diligence for Broker-Dealers and RIAs. I am intimately familiar with the strengths, weaknesses, benefits, and drawbacks of investments in non-traded REITs. I have seen products come and go, and perform and not perform. I have seen sponsors of these programs come and go, and perform and not perform. For years, I fought the good fight to help these products evolve to a more institutional model, with increased transparency, increased liquidity, and a decreased fee burden to clients. I am proud of the strides this industry has made, to the point where I recently felt comfortable joining an excellent REIT sponsor with impeccable qualifications and ethics.

I was disappointed to learn of the recent Proposal, which in my opinion focuses on the drawbacks of these programs that were present in the past, but which are almost nonexistent today. The history of non-traded REITs is checkered by a business model which:

- Charged high upfront loads and fees
- Layered additional fees on the investment of the capital raised
- Set distribution rates which were not likely achievable
- Offered very limited liquidity, and

- Maintained a static price which was not reflective of the underlying valuation movements of the assets they owned.

Over time, the market moved away from these practices, and according to Robert A. Stanger & Company today 99.9% of capital raised in non-traded REITs is in 'NAV REITs' which solve for these weaknesses. Today:

- The overall loads for these products are lower, and the loads are paid over time instead of on day-one, if they are paid at all
    - Also according to Robert A. Stanger & Company, in 2021 64.3% of non-traded REIT sales were made in advisory share classes with no loads or very low loads, presumably by fee-based investment advisors who are fiduciaries
- Internal fees such as acquisition fees, disposition fees, and financing coordination fees have largely been eliminated, and the overall fee model is more closely reflective of institutional pricing
- Most NAV REITs provide a monthly valuation that is guided by independent asset valuation firms, and some REITs provide that valuation daily
- Distribution rates are more reflective of actual cash flows within the REITs, and if they exceed actual cash flows, that overpayment is almost immediately reflected as a NAV decrease when the REIT discloses its next valuation
- Liquidity is much more readily available, with REITs offering to repurchase 5% of outstanding shares on a quarterly basis, and 20% on an annual basis.

The benefits of owning non-traded REITs in addition to traded REITs are well-known. When the volatility associated with the publicly-traded markets is reduced by eliminating the premiums and discounts to underlying value inherent in publicly-traded REITs, and the REITs accept subscriptions or pay redemptions based on NAV, the correlation of these investments with the other assets in a well-diversified portfolio is reduced. This can benefit clients by increasing their overall return or decreasing their overall portfolio volatility. This helps investment advisors manage a difficult battle they face with clients: emotional decision-making.

I strongly support the recent comment submissions of three industry-leading organizations: The National Association of REITs (NAREIT), The Institute for Portfolio Alternatives (IPA), and Robert A. Stanger & Company, Inc. I have included their comment letters along with my own as exhibits. These letters do an excellent job breaking down issues with the Proposal, and expand greatly on my comments.

Sincerely,

Thayer Gallison, CFA

Senior Vice President of Capital Markets, Head of Product Strategy

Cottonwood

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Via electronic submission to NASAAComments@nasaa.org, Andrea.Seidt@com.ohio.gov, and Mark.Heuerman@com.ohio.gov

Re: Request for Comments regarding the Proposed Amendments to the NASAA Statement of Policy Regarding Real Estate Investment Trusts

Dear NASAA, Commissioner Seidt, and Mr. Heuerman:

Nareit is the worldwide representative voice for REITs[1] and listed real estate companies with an interest in U.S. real estate and capital markets. Nareit's members are REITs and other real estate businesses throughout the world that own, operate and finance residential and commercial real estate. Nareit's member REITs include both Listed REITs, which are real estate companies registered with the SEC and listed on an established stock exchange, and Public Non-listed REITs (PNLRs), which are public, SEC-registered real estate companies whose securities are not listed on an established stock exchange and are the subject of this submission. PNLRs participate at Nareit through the PNLR Council, which consists of 20 Nareit PNLR corporate members. The mission of the PNLR Council is to advise Nareit's Executive Board on matters of interest and importance to PNLRs.

On behalf of Nareit's PNLR Council, I appreciate the opportunity to submit the attached comments responding to the North American Securities Administrators Association (NASAA) proposed amendments to the Statement of Policy Regarding Real Estate Investment Trusts (the Proposal).

[1] Through the diverse array of properties they own, finance, and operate, REITs help provide the essential real estate that revitalize neighborhoods, enable the digital economy, power community essential services, and build the infrastructure of tomorrow, while creating American jobs and economic activity along the way. REITs of all types collectively own more than $3.5 trillion in gross assets across the U.S., with stock-exchange listed REITs owning over $2.5 trillion in assets. U.S. listed REITs have an equity market capitalization of more than $1.6 trillion. REITs provide everyday Americans the opportunity to invest in real estate, and 145 million Americans live in households that benefit from ownership of REITs through stocks, 401(k) plans, pension plans, and other investment funds.

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As set forth in the following comment, the PNLR Council has a number of concerns about the Proposal. In particular, the PNLR Council is concerned that the Proposal appears to be premised on an outdated understanding of the PNLR sector, which fails to take into account the ascendance of Net Asset Value (NAV) PNLRs in the marketplace over the last decade. Consequently, the PNLR Council contends that many of NASAA's proposed revisions set forth in the Proposal, including the proposed concentration limits, net worth and gross income requirements and the restrictions on sources of distributions, appear to take aim at PNLR products that are generally no longer being offered to retail investors. For these reasons, Nareit's PNLR Council requests that NASAA withdraw the Proposal.

Nareit and its PNLR Council would welcome an opportunity to discuss these matters with NASAA, and would be happy to provide NASAA with additional resource data and information regarding REITs and PNLRs generally.

Respectfully submitted,

Steven A. Wechsler
President & CEO
Nareit

Nareit

Real estate
working for you®

Sept. 9, 2022

VIA ELECTRONIC SUBMISSION: [*NASAAComments@nasaa.org*, *Andrea.Seidt@com.ohio.gov*, *and* *Mark.Heuerman@com.ohio.gov*]

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Andrea Seidt, Section Chair
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Re: Request for Comments regarding the Proposed Amendments to the NASAA Statement of Policy Regarding Real Estate Investment Trusts

Dear NASAA, Commissioner Seidt, and Mr. Heuerman,

The Public Non-Listed REIT Council (PNLR Council or Council) of Nareit submits the following comments with respect to the North American Securities Administrators Association's (NASAA) proposed amendments to the Statement of Policy Regarding Real Estate Investment Trusts[1] (the Proposal). The PNLR Council appreciates the opportunity to comment on this Proposal.

Nareit is the worldwide representative voice for REITs[2] and listed real estate companies with an interest in U.S. real estate and capital markets. Nareit advocates for REIT-based real estate investment with policymakers and the global investment community. Public Non-Listed REITs (PNLRs) participate at Nareit through the PNLR Council, which consists of 20 Nareit PNLR corporate members. The mission of the PNLR Council is to advise Nareit's Executive Board on matters of interest and importance to PNLRs.

The PNLR Council shares NASAA's goal of ensuring that the best interests of investors are served by their broker-dealers and financial advisers and the products that they offer. However, the Council has serious concerns about the Proposal, which we believe, if adopted, would not serve the best interests of most investors. Accordingly, we urge NASAA to withdraw the Proposal.

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[1] NASAA, Request for Public Comment, Proposed Revisions to NASAA Statement of Policy Regarding Real Estate Investment Trusts, July 12, 2022, available at https://www.nasaa.org/wp-content/uploads/2022/07/Request-for-Public-Comment-on-Amendments-to-NASAA-REIT-Guidelines-2022.pdf.

[2] Through the diverse array of properties they own, finance, and operate, REITs help provide the essential real estate that revitalize neighborhoods, enable the digital economy, power community essential services, and build the infrastructure of tomorrow, while creating American jobs and economic activity along the way. REITs of all types collectively own more than $3.5 trillion in gross assets across the U.S., with public REITs owning approximately $2.5 trillion in real estate assets. U.S. listed REITs have an equity market capitalization of more than $1.6 trillion. REITs provide everyday Americans the opportunity to invest in real estate, and 145 million Americans live in households that benefit from ownership of REITs through stocks, 401(k) plans, pension plans, and other investment funds.

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As a foundational matter, the PNLR Council is troubled that the Proposal appears to be premised on an outdated understanding of the PNLR sector, a perspective that fails to take into account the ascendance of Net Asset Value (NAV) PNLRs over the last decade. NAV PNLRs are products that are distinct in many material respects from Lifecycle PNLRs, which are no longer being offered to new investors.[3] In large part, NASAA's proposed Guidelines appear to be animated by concerns relevant to financial products that are no longer being offered to investors. Yet, the Proposal would operate to severely limit the ability of investors to invest in NAV PNLRs, which are products that could provide many investors a reasonable pathway to gain exposure to real estate.

For this reason, among others, Nareit respectfully requested[4] that NASAA extend the comment period for this Proposal and provide the public with an additional 30 days to provide input and we thank NASAA for extending the comment period. Our detailed comments on the Proposal follow and are summarized in the bullets below. The PNLR Council also wishes to acknowledge and endorse the comment letters filed by the Institute for Portfolio Alternatives and the U.S. Chamber of Commerce. These letters also raise important concerns related to the Proposal that the Council believes that NASAA should consider before taking further action.

Summary of PNLR Council Comments

- Background on REITs and PNLRs
- The Proposal is Premised on an Outdated View of the PNLR Sector
- The Proposal's Sweeping Concentration Limits are Misguided, Unworkable, and Unnecessary
- Structuring the Concentration Limit to Restrict Affiliate Investments Exacerbates the Problems
- Increasing the Gross Income and Net Worth Requirements for PNLRs is Unjustified
- Restrictions on Use of PNLR Proceeds are Unwarranted
- The Proposal's Additional Conduct Standards are Unwarranted
- Conclusion

Background on REITs and PNLRs

REITs in the United States may be public companies whose securities are registered with the Securities and Exchange Commission (SEC) and listed on an established stock exchange (so-called listed REITs); private REITs whose securities are exempt from SEC registration and do not trade on national stock exchanges; or public companies whose securities are registered with the SEC, but are not listed on an established stock exchange (PNLRs) which are the subject of this comment letter.[5] Both listed REITs and PNLRs own, manage

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[3] With respect to 2022, as of May 2022, NAV PNLRs have raised $18.885 billion, which constitutes virtually all of the funds raised in the PNLR sector for the year. See, Stanger, press release, July 2022 available at https://12exx71wc3m46es1m3w8fvx1-wpengine.netdna-ssl.com/wp-content/uploads/2022/07/Press-Release-6-24-2022-NT-REIT-Fundraising.pdf..

[4] Joint Trade Comment to NASAA (Aug. 2, 2022) available at https://www.nareitphotolibrary.com/m/545432dca9d14735/original/Joint-Letter-to-NASAA-Extension-Request-pdf.pdf

[5] For a chart explaining the differences in REITs, see https://reit.com/sites/default/files/2022-06/2022%20FINAL_REIT%20Types_06.3.22.pdf

and lease investment-grade, income-producing commercial real estate in nearly all property sectors. PNLRs, like listed REITs, are subject to the statutory operating framework set forth in Section 856 of the Internal Revenue Code (the Code) intended to ensure that REITs confine their activities to the business of real estate as a landlord or lender. Among other requirements, a REIT must distribute 90% of its taxable income each year to its shareholders and satisfy rigorous asset and income tests that effectively require that REITs primarily invest in qualifying real estate assets and primarily derive their income from such assets.

As SEC-registered public companies, PNLRs must make regular SEC filings, including quarterly and annual financial reports, which are publicly available through the SEC's EDGAR database. Interests in PNLRs are public offerings, exchanged primarily through broker-dealers registered with and regulated by the SEC, the Financial Industry Regulatory Association (FINRA) in addition to state securities regulatory authorities.

As discussed below in detail, there are two distinct PNLR organizational models. The distinction between these two models—which is nowhere acknowledged in the Proposal—underlies the Council's concerns.

The Proposal is Premised on an Outdated View of the PNLR Sector

The PNLR Council is concerned that the Proposal appears to be based, in significant part, on an inaccurate, anachronistic impression of the PNLR sector and PNLR products. Many of the issues that NASAA highlights to justify the Proposal are largely, if not completely, ameliorated with respect to the NAV PNLRs that are now being offered to investors.

Some background here may be helpful. Until the last decade, the predominant model of a PNLR was the so-called Lifecycle PNLRs, which were designed to be limited-life products that undergo a lifecycle of fundraising followed by a liquidity event (e.g., a sale, merger, or listing on an exchange), disclosed in their offering prospectus. Under FINRA rules, which became effective in 2016, Lifecycle PNLRs generally provide their first independent appraisal-based NAV at a maximum of two years and 150 days after their fundraising escrow break, and at least annually thereafter.[6]

In the last decade, PNLRs have evolved—indeed, have been transformed—into very different financial products. Known as Net Asset Value (NAV) PNLRs, these newer PNLRs offer investors exposure to real estate with greater liquidity, transparency, enhanced governance, and independent expert valuations. Today's NAV PNLRs are distinct from Lifecyle PNLRs in many ways that are relevant to assessing the Proposal. NAV PNLRs are sponsored by global institutional asset managers with proven track records, such as Blackstone, Starwood, JLL, Apollo, and others. These sponsors have designed these NAV PNLRs to provide responsible investment options for investors.

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[6] See FINRA Regulatory Notice 15-02 (Jan. 2015) available at https://www.finra.org/sites/default/files/notice_doc_file_ref/Notice_Regulatory_15-02.pdf.

Today's NAV PNLRs typically have lower and more transparent fee structures than Lifecycle PNLRs. They are organized similarly to institutional funds, charging a management fee and a performance-based fee. Moreover, many NAV PNLRs have greatly reduced or eliminated front-end fees, depending upon the share class. For example, there are no up-front or ongoing fees for I class shares (the largest share class for many NAV PNLRs), and the T share class may pay up to a 3.5% up-front sales charge and an ongoing service fee with a cap for only a few years. Fees retained by the dealer manager have also been eliminated, or greatly reduced. Other fee categories, including servicing fees, have also been eliminated or greatly reduced.

NAV PNLRs establish their NAVs through a rigorous valuation process, typically undertaken by an independent third-party valuation adviser. The valuation process generally includes annual third-party appraisals of each property, conducted in accordance with the Uniform Standards of Professional Appraisal Practice, or similar industry standards, which are then reviewed by the independent valuation adviser for reasonableness as part of the process of developing the PNLR's NAV. This independent appraisal and valuation process is subject to the oversight of the NAV PNLR's board of directors, including a majority of the independent directors, and the resulting valuations are reported in the PNLR's periodic reports to the SEC.

NAV PNLRs offer a meaningful degree of liquidity to their shareholders by continuously offering and repurchasing a set amount of their shares pursuant to repurchase programs, which are disclosed in their prospectuses and other SEC filings.[7] Repurchase programs typically remain open indefinitely, unless modified or suspended by the NAV PNLR's board. Pursuant to these programs, which typically set forth the repurchase calendar, NAV PNLRs may repurchase shares daily, monthly or quarterly at a price disclosed in advance based solely upon the NAV of the underlying assets and liabilities, as determined by the process described above.

Significantly, NAV PNLRs also offer greater liquidity to investors than Lifecycle PNLRs.[8] Although redemption programs vary among NAV PNLRs, generally investors can redeem shares in an aggregate amount of up to 2% of NAV per month, not to exceed 5% of NAV per quarter and 20% of aggregate NAV per year. On average, this represents roughly a four-fold increase from the amount of liquidity previously offered by Lifecycle PNLRs. Even during the beginning of the economic downturn caused by the COVID pandemic in the spring of 2020, investors in NAV PNLRs sponsored by institutional asset managers were able to redeem shares through these repurchase plans.[9]

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[7] Moreover, NAV PNLRs fully disclose not only the terms and conditions of their redemption programs, but also all risks, however remote, that redemptions may not be available to all investors during a particular time frame, stating in prospectuses and periodic filings with the SEC that "shares should be considered as having only limited liquidity and at times may be illiquid." See, e.g., Blackstone Real Estate Income Trust (BREIT) 2021 annual report, available at https://www.breit.com/wp-content/uploads/sites/23/2022/03/2021-breit-annual-report.pdf?v=1649796970. See also, Starwood Real Estate Income Trust, Inc., 2021 annual report available at https://www.starwoodnav.reit/wp-content/uploads/2022/03/SREIT_2021-10k-FINAL.pdf.

[8] It should be noted, however, that some Lifecycle PNLRs also have limited redemption programs and that there are some trading platforms for Lifecycle PNLR shares. See, e.g., Realto, available at https://realto.ai/.

[9] NASAA asserts that the redemption programs for three NAV PNLRs "were either suspended during the pandemic or amended in that timeframe to restrict investor withdrawals." Proposal at 7. Nareit is only aware of two small NAV PNLRs, one in the hotel sector (which

Importantly, PNLRs (like their listed counterparts) incorporate many features that make them a suitable investment for a variety of investors. PNLRs help investors build diversified portfolios, because their investment returns reflect the performance of income-producing real estate, which typically has been only moderately correlated with the returns of other assets over long investment horizons. PNLRs typically pay meaningful dividends, due to the IRS REIT distribution requirements described above. PNLRs also provide investors with an investment option that has the potential to provide long-term capital appreciation. Because rents and leases have, over time, tended to be responsive to inflation, PNLRs may also offer investors the potential for some protection from inflation risks.

The Proposal's Sweeping Concentration Limits are Misguided, Unworkable and Unnecessary

The Proposal would impose a concentration limit applicable to an investor's aggregate investment in a particular PNLR, its affiliates, other PNLRs and other direct participation programs of 10% of an investor's liquid net worth, defined as cash, cash equivalents, and marketable securities. The Proposal, by design, includes no exemption for Accredited Investors, as defined under the federal securities laws[10], meaning that individuals who are classified by the SEC as qualified to invest in complex and/or sophisticated types of securities would not be exempt from these limits. Additionally, the Proposal's concentration limit would operate as a minimum limit on investment for many PNLRs. Under the Proposal, sponsors would be obligated to propose a concentration limit particular to their own PNLRs and state securities administrators would be required to consider whether to accept a sponsor's limit, or adjust it, based upon long list of factors, e.g., "the REIT's use of leverage," "balloon payment financing," "potential variances in cash distributions," "prior performance," or "any other relevant factors."[11] Moreover, broker-dealers and advisers often do not have complete information about their clients' liquid assets, which many investors exclude from fee-based accounts. For these reasons, this 10% limit could actually restrict investor holdings in PNLRs to even less than 10% of their liquid net worth, as applied.

The PNLR Council strongly objects to this proposed concentration limit, believing it to be unjustified and punitive. NASAA offers only a vague rationale for this limit, asserting that the concentration provision is necessary to "limit investor risk…particularly the liquidity risk inherent in this product."[12] Again NASAA's focus on assumed risks to investor liquidity posed by PNLRs seems blind to the investor redemption features intrinsic to NAV PNLRs, which, per the discussion above, typically offer greater liquidity to their shareholders than

was particularly hard hit by the downturn), that modified their repurchase programs in this time frame. Each of these small NAV PNLRs disclosed in their prospectuses that their share repurchase program could be suspended during periods of market volatility. Both reinstated their programs within months. No NAV PNLR sponsored by a large institutional investor suspended or otherwise modified its repurchase program in a manner adverse to investors during this period. Nareit also notes that during this unprecedented period of market instability, many large public companies suspended their dividend or share buy-back programs.

[10] See, Accredited Investor Definition, 17 CFR § 230.501(a) - Definitions and terms used in Regulation D.

[11] Proposal, proposed revisions, section III.D.

[12] Proposal at 3.

Lifecycle REITs by continuously offering and repurchasing some of their shares pursuant to repurchase programs.

NASAA presents no data, or other analysis, to establish a link between an investor concentration limit of this nature and any measurable reductions in investor risk, or enhancements to investor liquidity. NASAA notes that "at least 20 different jurisdictions have imposed a concentration limit of some form on this product." However, NASAA fails to disclose that the Proposal's concentration would be more restrictive than the concentration limits of each of these 20 states. Regardless, NASAA does not attempt to evaluate, or compare the efficacy of any of these existing 20 state concentration limits (they vary in their requirements), or to study and compare investor protections and outcomes in these 20 states with some limits with those in the 30 U.S. states that have no concentration limits. Nor does NASAA acknowledge that the SEC rules intended to protect investors from complex products qualify investors on the basis of their net worth, net income or professional qualifications, rather than solely on the basis of their liquid assets.[13]

Nor has NASAA established what, if any, incremental risk reduction would be achieved by this concentration provision beyond the protections provided by existing federal securities laws. As SEC registered securities, PNLR shares are subject to Exchange Act rules, including the liability provisions under Section 11 of the Securities Act. SEC and FINRA rules currently require that broker-dealers and investment adviser consider the portfolio concentration and liquidity needs of each investor, and the SEC and FINRA require that regulated broker-dealers and advisers scrupulously supervise recommendations to senior investors.

We also note that as a practical matter, the proposed concentration limits appear to be close to unworkable. As drafted, it is unclear if an investor's liquidity must be measured, for purposes of assessing concentration, at the time a PNLR is recommended, or at the time of sale, or, alternatively, if the NASAA concentration limit is intended to be a dynamic measurement, requiring brokers and advisers to continuously monitor their customers' liquidity. Equally unclear is whether this limit would apply to customer portfolios that already include PNLRs and similar products, and whether existing PNLR sponsors would be required to amend their organizing documents to incorporate this concentration limit for shares that have already been issued.

Finally, we note that NASAA has not established, but rather has only assumed, that benefits would accrue from these concentration limits. But NASAA has not in any way addressed the costs associated with this standard, against which any benefit must be evaluated. The PNLR Council believes the costs of this concentration limit proposal would be considerable, not simply for PNLR sponsors and broker-dealers and advisers, but also for investors, who would be arbitrarily denied investment options that may be suitable for their investment objectives. Absent any persuasive data or analysis measuring the risk reduction benefits to investors and any acknowledgement of the costs, the PNLR Council strongly opposes NASAA's proposed concentration limits for PNLRs.

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[13] See, Accredited Investor Definition, supra note 9.

Structuring the Concentration Limit to Restrict Affiliate Investments Exacerbates the Problems

The PNLR Council is particularly concerned with the provision of the Proposal that would limit PNLR investors to holding no more than 10% of a PNLR "issuer, its affiliates, and other non-traded direct participation programs." NASAA states that it chose to structure the concentration limit this way "… based on the observation that liquidity is restricted in all programs; high fees and expenses conflicts, and [that] lack of historical operations also predominate these offerings."[14]The Council believes that this "observation" is unfounded, and fails to account for the quality, scale and sophistication of today's PNLR sponsors and their offerings. Today's NAV PNLR sponsors, many of which are experienced global asset managers, do not fit this observation. Moreover, they generally feature a range of product offerings, with a variety of liquidity profiles.

The Proposal's broad definition of an affiliate in the proposed concentration limit could also extend to publicly traded securities of a sponsor company, private placements and securities registered under the 1940 Act, or other funds and programs that invest in assets other than real estate. As such, the Proposal would limit a PNLR investor from opportunities to diversify its investments by investing in a sponsor's listed shares, or in funds or other products that may focus on sectors other than real estate, which would exhibit risk and return profiles that are not closely correlated with PNLR investments. These products could offer many investors opportunities for greater diversification and investor protections.

Moreover, many financial products offered by NAV PNLR sponsors, or their affiliates, are expressly exempt from state regulation. These may include private placements, exchange traded securities or funds, and 1940 Act registered, closed-end funds, including interval funds. We are concerned that this broad affiliate definition creates confusion. Is NASAA intending to assert authority to regulate or limit these exempt products that are subject to federal regulation?

We are also concerned that NASAA's failure to acknowledge that today's NAV PNLR sponsors are larger institutional-quality asset managers that offer investors a range of product types would lead to the anomalous result of providing a competitive advantage to smaller, less well capitalized sponsors that have fewer product offerings. Hampering the ability of experienced, well capitalized institutional sponsors with proven track records from offering a broad range of products to PNLR investors would likely increase costs for investors. Larger, more sophisticated sponsors with multiple PNLRs and other products and can achieve certain economies of scale which can result in reduced expenses relative to smaller sponsors of fewer products. The concentration limit would work to favor sponsors that potentially do not have the economies of scale to result in lower expenses for investors. Investors' interests would not be well served by this initiative.

NASAA has not demonstrated any benefit to expanding the concentration limit to include affiliates. Nor has it addressed the costs of this proposed change, which are considerable and have not been fully considered. If

[14] Proposal, at 7-8.

the concentration limit appliable to affiliates is adopted in this form, investors would surely find that there are fewer experienced, institutional sponsors, offering fewer products, thereby limiting their investment opportunities, including opportunities to reduce portfolio risk and costs.

For the reasons described above, the PNLR Council strongly opposes NASAA's proposed concentration limit for PNLRs. The Council also opposes this "affiliate" feature of the proposed concentration limit, which we believe is discriminatory and does operate in the best interests of investors.

Raising the Gross Income and Net Worth Requirements for PNLRs is Unjustified

The Proposal would also increase investor gross income/net worth requirements and index them to inflation on a backward-looking basis to 2007. Because PNLR shares are SEC registered securities and subject to all applicable rules and liabilities of SEC registered securities, the Council has long questioned the utility of these state requirements with respect to PNLRs and their value in enhancing investor protection. Raising these income and net worth limits would compound this anomaly.

NASAA appears to offer no justification for increasing these limits, other than the fact that they have not been increased since 2007. Absent any data, or analysis, demonstrating any benefit that would accrue from raising these limits, the Council questions the value of doing so. Again, making this change would not be costless. Aside from the administrative burdens on sponsors, broker-dealers and advisers, this change would further operate to restrict the investment options of many investors. Moreover, it would do so for no demonstrated benefit. For these reasons, the Council opposes this aspect of the Proposal.

The Proposal's Restrictions on Use of PNLR Proceeds is Unwarranted

The Proposal would add a new prohibition against "using gross offering proceeds as an investment objective or strategy to make distributions."[15] As an initial matter, the Council does not understand this provision of the Proposal, as drafted, because its meaning is not entirely clear. To the extent that the provision is intended to restrict PNLRs from ever paying distributions from offering proceeds, the Council strongly objects to this provision.

The Council also questions why NASAA has raised this issue at this time, because it appears that the concerns animating this proposed restriction on use of proceeds relate to historical practices of older Lifecycle PNLRs. The NAV PNLRs raising capital today publish their net asset value on a daily, or monthly, basis. Any distribution issued by a NAV PNLR that is paid from sources other than cash flow from operations would result in a reduction in NAV. The regular publication of NAV allows transparency into the value of the PNLR's shares. This transparency makes NASAA's proposal unnecessary because a NAV PNLR that overpays distributions will report reductions in NAV over time.

[15] Proposal, p. 1.

Moreover, NASAA also takes no account of 2013 SEC staff guidance on this very topic, which, is relevant here.[16] Under this guidance, the SEC does not object to a PNLR paying distributions in excess of cash flow from operations, provided that its prospectus includes disclosure regarding the sources of the cash used to cover the shortfall, such as offering proceeds or debt, as well as appropriate risk factor disclosure. The SEC guidance further requires PNLRs to disclose to the SEC, on a quarterly basis, the source or sources used to fund distributions. This required quarterly disclosure provides on-going transparency into the sources of distributions.

Because the SEC requires that PNLRs disclose this information each quarter, PNLR investors, and those that advise them, have access to historical information regarding the sources used to fund distributions prior to making an investment decision. This required disclosure also enables broker-dealers and analysts to perform comprehensive due diligence, including a review of the PNLR's historical distribution coverage, when evaluating PNLRs as possible investments for their clients. Most broker-dealers monitor distribution coverage on an on-going basis because failure to demonstrate full coverage, or progress toward full future coverage, may violate sales agreements with some sponsors.

Most PNLRs are chartered in Maryland, where Maryland law permits the use of proceeds for distribution, conditioned upon approval of the board of directors, which has a fiduciary obligation to both the PNLR and its stockholders. It is a fundamental fiduciary responsibility of the board of a Maryland REIT to make determinations on how to fund distributions, through offering proceeds or otherwise. Maryland law also imposes equity and balance sheet solvency tests on REITs that further address any concerns about the overpayment of distributions. These statutory tests obligate a Maryland PNLR board to determine that subsequent to any distribution, the PNLR will remain able to pay its debts as they become due and that its assets will exceed its liabilities.[17]

The Council is concerned that in proposing this restriction, NASAA appears to have ignored recent developments in the PNLR sector and relevant existing state and federal regulation that address these very issues. NASAA has also offered no persuasive rationale for restricting sources of distributions in this manner, notwithstanding this explicit SEC guidance. For this reason, the Council opposes this provision of the Proposal.

The Proposal's Additional Conduct Standards are Unwarranted

The Proposal would add a new conduct standard definition applicable to persons selling, recommending, or providing investment advice concerning shares PNLRs**.** Although NASAA suggests that the new conduct standard is intended to update its Guidelines by formally incorporating the SEC's 2019 Regulation Best Interest

[16] SEC Division of Corporation Finance, CF Disclosure Guidance: Topic No. 6, Staff Observations Regarding Disclosures of Non-Traded Real Estate Investment Trusts, July 16, 2013, *available at* https://www.sec.gov/divisions/corpfin/guidance/cfguidance-topic6.htm ("SEC Disclosure Guidance: Topic No. 6").
[17] Maryland General Corporation Law (MGCL) § 2-311(a)(2).

(Reg BI) into the framework,[18] the many references in the NASAA Proposal's release to NASAA's recent, highly critical report on Reg BI (NASAA Reg BI report)[19] suggests that these proposed changes are actually intended to impose additional, incremental regulation on broker-dealers and investment advisers with respect to PNLRs, beyond the requirements of Reg BI.

Nareit and the PNLR Council supported the SEC proposal that formed the basis of Reg BI and submitted comments[20] to the SEC supporting the proposal's principles-based approach, which requires broker-dealers "to act in the best interest of the retail consumer at the time a recommendation is made to an investor…". Nareit and the PNLR Council continues to support Reg BI and its goals. Further, because the PNLR Council shared the concerns expressed by other groups about the NASAA Reg BI Report, Nareit joined the Institute for Portfolio Alternatives (IPA), the Securities Industry and Financial Markets Association (SIFMA), the U.S. Chamber of Commerce and several other organizations in commissioning an analysis of the NASAA Reg BI report[21], which identified issues regarding the report's objectivity and methodology.

The Council does not believe that the NASAA Reg BI report provides persuasive support that Reg BI inadequately protects the best interests of PNLR investors. The Council also agrees with concerns that have been raised by others in comments submitted on the Proposal, suggesting that there would be many practical difficulties with implementing this conduct standard for PNLR sponsors, broker-dealers and advisers, if it was adopted. For these reasons, the Council is not persuaded that additional conduct regulation targeting PNLRs, layered on top of Reg BI, is warranted to protect PNLR investors and opposes this proposed revision.

Conclusion

The PNLR Council opposes the Proposal for the reasons set forth above. The PNLR Council is troubled that the Proposal appears to be premised on an outdated understanding of the PNLR sector, a perspective that fails to take into account the ascendance of NAV PNLRs over the last decade. Many of the proposed revisions set forth in the Proposal, including the proposed concentration limits, net worth and gross income requirements and the restrictions on sources of distributions, appear to take aim at PNLR products that are no longer being offered by PNLR sponsors to investors. The Council also disagrees with NASAA's conclusion that Reg BI is deficient in protecting PNLR investors and that additional conducts standards are warranted. For these reasons, the PNLR Council urges NASAA to withdraw the Proposal from consideration.

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[18] Regulation Best Interest, 84 FR 33318 (Sept.10, 2019).
[19] NASAA Reg BI Phase IIA Report (Nov. 2021), available at https://www.nasaa.org/wp-content/uploads/2021/11/NASAA-Reg-BI-Phase-II-A-Report-November-2021_FINAL.pdf
[20] Nareit, Nareit PNLR Council Comment to the Securities and Exchange Commission Regulation Best Interest (Aug. 6, 2018) available at https://www.sec.gov/comments/s7-07-18/s70718-4171495-172202.pdf.
[21] Analysis Of North American Securities Administrators Association's (NASAA) Reg BI Surveys Prepared by Greenwald Research (Feb. 2022), available at https://greenwaldresearch.com/wp-content/uploads/2022/02/Analysis-of-NASAA-Surveys-on-Reg-BI-Greenwald-Research-2.22.pdf.

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The Council would be happy to discuss these comments with NASAA. If you would like to discuss this submission further, please contact Victoria Rostow, Nareit's Senior Vice President, Regulatory Affairs & Deputy General Counsel at vrostow@nareit.com or (202) 739-9431.

Respectfully submitted,

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Chair, Nareit Public Non-Listed REIT Council
President & CEO
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Via electronic submission to NASAAComments@nasaa.org
cc: Andrea.Seidt@com.ohio.gov and Mark.Heuerman@com.ohio.gov

September 12, 2022

NASAA Corporation Finance Section
Andrea Seidt, Section Chair
Mark Heuerman, Project Group Chair

c/o North American Securities Administrators Association, Inc.
750 First Street, N.E., Suite 1140
Washington, D.C. 20002

Re: Proposed Revisions to the NASAA Statement of Policy Regarding Real Estate Investment Trusts dated July 12, 2022 (the "Proposal")

Dear Section Members, Commissioner Seidt and Mr. Heuerman:

The Institute for Portfolio Alternatives (the "Institute") welcomes the opportunity to comment on the Proposal. The Institute represents the sponsors and distributors of alternative products, including non-listed REITs and business development companies, interval funds, and tender-offer funds.[1]

The Proposal, if adopted by the states, would dramatically expand state regulation of non-listed REITs, among other investments, and will serve as a template for additional regulation of other products.[2] The Institute and other associations asked NASAA to extend the comment period, and we appreciate NASAA's willingness to do so for another 30 days.[3]

Thank you in advance for considering our comments on the Proposal. The Institute agrees with NASAA concerning the importance of investor protection. We look forward to working with you toward

[1] For more than 35 years, the Institute has advocated for increased investor access to portfolio diversifying investment strategies, accompanied by straightforward disclosure about their risks and benefits and strong investor protection from inappropriate sales practices. Our members include the asset management companies that sponsor diversifying investments, wirehouse broker-dealers, independent broker-dealers, regional broker-dealers, registered investment advisers, law firms, accounting firms, transfer agents, valuation firms, due diligence firms, and technology firms.

[2] "If adopted, these revisions have the potential to influence updates to other sets of Guidelines that are under development, including those for the Omnibus Guidelines, Asset-Backed Securities, Commodity Pools, Equipment Leasing, Mortgage Programs and Real Estate Programs (other than REITs). These updates will also permit the NASAA Business Organizations and Accounting Project Group to move forward with its proposal for inaugural guidelines applicable to business development companies." https://www.nasaa.org/wp-content/uploads/2022/07/Request-for-Public-Comment-on-Amendments-to-NASAA-REIT-Guidelines-2022.pdf.

[3] Letter to NASAA Corporation Finance Section, Commissioner Andrea Seidt and Mr. Mark Heuerman, August 2, 2022, available at https://www.ipa.com/wp-content/uploads/2022/08/Joint-Letter-to-NASAA-Extension-Request.pdf.

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that goal while preserving access to portfolio diversifying investments that are in the best interests of some retail investors.

Summary of our Comments

The Institute strongly opposes and recommends withdrawal of the Proposal for several reasons as set forth below:

- *The Proposal Attempts to Address Concerns that the Market has Already Addressed.* The Proposal confuses legacy lifecycle REITs with public, non-listed REITs that continuously offer and regularly repurchase their shares at net asset value ("NAV REITs") – virtually the only non-listed REITs offered today.[4] The Proposal would add requirements to the existing NASAA Statement of Policy regarding Real Estate Investment Trusts (the "Guidelines"), but the Guidelines – adopted over 25 years ago and never significantly updated – are already out of alignment with the structure and operation of non-listed REITs.[5] NAV REITs differ from legacy lifecycle REITs that are the focus of the Proposal. NAV REITs offer better liquidity through share repurchase programs and pay lower advisory fees and selling compensation to sponsors and broker-dealers. NAV REITs held up well during the pandemic: NAV REITs representing over 97% of all raised funds satisfied all of their stockholders' redemption requests. NAV REITs are heavily regulated on the federal level by the United States Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA"), as are the investment advisers and broker-dealers that recommend these products.[6] NASAA does not acknowledge any of the differences between the two different forms of non-listed REIT.

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[4] In 2020, a total of approximately $10.9 billion was raised for non-listed REITs, about 98.9% of which was raised for NAV REITs. In 2021, capital raising for non-listed REITs increased to approximately $36.5 billion, about 99.97% of which was raised for NAV REITs. In the first six months of 2022, capital raising for non-listed REITs has been approximately $21.3 billion, about 99.93% of which was raised for NAV REITs. See The Stanger Market Pulse, December 2021 and June 2022. Only one lifecycle REIT is offered today; most are now closed to new investment and are in an operational phase only.

[5] NASAA adopted the Guidelines in 1996 and last updated them in 2007 only to change the dollar amounts for the income and net worth standards, years before NAV REITs became the predominate form of non-listed REIT in distribution. The Guidelines, for example, justify the suitability policy and standards for offerings "for which there is not likely to be a substantial and active secondary market." Although there is no secondary market, NAV REITs provide liquidity through regular share repurchase programs, thus obviating this perceived need for those restrictions.

[6] Non-listed REITs are heavily regulated.

- Non-listed REITs register their public offerings with the SEC under the Securities Act of 1933. Like other public companies, non-listed REITs must disclose the terms of their offerings in their registration statements and prospectuses, file them with the SEC, along with sales material that will be used in the offering and deliver the prospectuses to investors. These prospectuses must be amended, filed and delivered to investors as material developments occur.
- Non-listed REITs must register their offerings with each state and jurisdiction where offers and sales are made, which is generally all 50 states, the District of Columbia and Puerto Rico. The offerings are therefore subject to state regulatory review, whereas the offerings of listed companies are not.
- The dealer manager for each non-listed REIT offering must submit to FINRA the underwriting terms and arrangements for the offering and the SEC will not declare the offering effective until FINRA has issued a "no objections" letter related to underwriting terms and arrangements.

- The Proposal Would Inhibit Capital Formation. Capital from the NAV REIT industry has been a significant source of economic activity and employment, supporting thousands of jobs in health care facilities, apartment buildings, shopping centers, office buildings and industrial warehouses. The Proposal would inhibit the flow of capital to these properties.

- The Proposal – Particularly the Concentration Limits – Would Limit Investor Choice. Many institutional investors allocate part of their investment portfolio to real estate in order to achieve diversification, lower portfolio risk, obtain inflation protection and receive steady income with the opportunity for capital appreciation. Yet NASAA would limit the ability of even sophisticated, wealthy investors to follow similar investment strategies. The Institute supports the ability of retail investors to obtain similar opportunities for portfolio diversification, inflation protection, and income as those available to institutional investors.

- State Adoption of the Proposal May be Subject to Legal Challenge. States likely would be preempted from adopting the Proposal by ERISA, the Securities Exchange Act of 1934, and the Investment Advisers Act of 1940. Moreover, routine incorporation of the Proposal into state rules would violate the laws of many jurisdictions that require state regulators to follow administrative rulemaking procedures.

- The Proposal Would Regulate Investment Advisers and Broker-Dealers Through Issuer Disclosure. The Proposal would attempt to impose a myriad of conduct standards on federally regulated investment advisers and broker-dealers and would do so through an issuer's charter and prospectus. It would create confusion and add undue complexity to the compliance programs of investment advisers and broker-dealers and could impose unworkable expectations on sponsors.

- The Proposal Would Introduce an Unwarranted Prohibition on the Use of Proceeds. The Proposal would prohibit distributions from gross offering proceeds. This prohibition would conflict with federal regulation and state corporate law with little justification.

1. Regulation Should Fit the Product.

The Proposal evidences a misimpression about the type of non-listed REIT sold today. The Proposal would only apply to REITs in distribution, but the Proposal appears to assume that lifecycle REITs are sold today. In fact, NAV REITs, and not lifecycle REITs, are virtually the only type of REIT currently in distribution.

- Non-listed REITs comply with the Securities Exchange Act of 1934 and therefore must file with the SEC annual reports, quarterly reports, other periodic reports and proxy statements. Like other public companies, REITs must include annual audited financial statements in their Annual Reports on Form 10-K and quarterly unaudited financial statements in their Quarterly Reports on Form 10-Q.

- Non-listed REITs are sold through broker-dealers that are regulated by FINRA, the SEC and the states, and registered investment advisers that are regulated by the SEC and the states.

A. NAV REITs are not Lifecycle REITs.

As their name implies, lifecycle REITs have a “lifecycle” that is intended to terminate with a liquidity event such as a share listing or an acquisition or liquidation. In the structure of that product, investors paid up to 10% of their investment up front as underwriting compensation and usually bore the REIT’s other “offering and organization expenses” of up to 5%. Legacy lifecycle REITs typically limited their repurchase programs to 5% of shares outstanding in any year. Sometimes they imposed other restrictions, such as by not allowing repurchases to exceed distribution reinvestments.[7]

In contrast, NAV REITs continuously offer their shares at net asset value (“NAV”) over an indeterminate life and generally do not seek a liquidity event. NAV REIT fees are lower than those of the lifecycle REITs. Due to a shift to multiple share class options for an investor, the majority of NAV REIT shares are sold without any commission on a fee-based platform, presumably through fiduciary investment advisory accounts rather than commission brokerage accounts.[8] It was not uncommon for legacy lifecycle REITs to include acquisition fees, financing fees, and development and disposition fees as part of their fee structure. NAV REITs have largely eliminated these fees and pay their external advisor (or an affiliate thereof) a fixed management fee based on NAV and annual performance compensation based on the total return to stockholders that is only earned after a hurdle is achieved.

NAV REITs provide meaningfully increased liquidity for investors compared to lifecycle REITs. They typically offer to repurchase up to 2% of NAV per month and 5% of NAV per quarter – a four-fold increase from the amount of liquidity offered by lifecycle REITs. Unlike earlier lifecycle REITs, most NAV REITs allow stockholders to repurchase their shares at NAV per share without a mandatory holding period.[9]

Contrary to NASAA’s assertions, these repurchase programs proved reliable during the pandemic. According to NASAA, the stockholders of only four NAV REITs – constituting less than 3% of all capital raised by the NAV REIT industry since January 1, 2017 – experienced any impediment to full redemption of their shares during the pandemic.[10] Put differently, during one of the most turbulent times

[7] Newer lifecycle REITs typically provide for regular quarterly redemptions, although most are not being offered and are in an operational phase only.

[8] As of June 30, 2022, only .03% of non-listed REIT shares sold in their continuous offering had a full load, while 35.66% of sales were in low load share classes and 64.31% of sales were in no load share classes purchased on a fee-based platform. Generally, “low load” share classes had an up-front 1.5%-3.5% combined sales commission and dealer manager fee, with a 0.25% to 0.85% annual stockholder servicing fee capped over the life of the REIT. “No load” shares typically were sold on fee-based platforms, often of a dually-registered broker-dealer/investment adviser. See The Stanger Market Pulse (June 2022).

[9] Most NAV REITs have an early repurchase discount between 2% and 5% if the shares are redeemed within 12 months of purchase to discourage short-term trading in the shares.

[10] Proposal at p. 7, n. 18. The four NAV REITs invested in assets that were particularly susceptible to valuation difficulties during the pandemic: mortgages, office properties, and retail properties. Stockholders in one of these NAV REITs, a mortgage REIT, received redemption requests that exceeded the previously disclosed caps. The REIT pro-rated redemptions and the repurchase program operated without interruption. This is an entirely appropriate outcome that was consistent with the terms of its repurchase program. Two others had converted to NAV REIT status only a few months before the pandemic began. The

in the history of modern financial markets, NAV REITs representing over 97% of all raised funds satisfied all of their stockholders' redemption requests – no pro rata redemption, no suspension. By any objective measurement, the NAV REIT repurchase programs proved to be reliable during one of the most trying periods in modern finance.

Perhaps for these reasons, NAV REITs are distributed primarily by wirehouses and other "well-established financial institutions" that, in the words of the NASAA President, do not "generally permit" a "wider array of products" that could present investor protection concerns.[11]

B. NAV REITs Are Not Publicly Traded REITs.

The Proposal demonstrates an unjustified bias towards publicly traded REITs.[12] NAV REITs are intentionally not listed on a stock exchange. Instead, they provide liquidity through a regular repurchase program.

The difference between the price and value of REIT interests is crucial to an understanding of the differences between NAV REITs and publicly traded REITs. While the value of the real estate assets underlying a publicly traded REIT may not have changed dramatically, the price of its shares can fluctuate significantly with the volatility of the stock market. Indeed, an investment in publicly traded REITs can be even more volatile than an investment in the overall stock market.[13] Due to these fluctuations in share price, many retail investors sell in declining markets and purchase in rising ones.

By contrast, NAV REITs are generally positioned as longer-term investments yet provide liquidity through their repurchase programs. Stockholders have greater assurance that the price that they pay or receive for their stock represents the net asset value of the underlying portfolio, which is determined with the assistance of independent third parties, typically on a monthly basis. NAV REITs present less "timing risk" to investors.

NAV REITs also provide another advantage – greater portfolio diversification. The correlation between publicly traded REIT share price and the broader stock market means that investors who allocate from the broader stock market to publicly traded REITs may not have sufficiently increased their diversification or reduced their portfolio risk. Moreover, many NAV REITs are authorized to engage in

vast majority of shares of one were owned by legacy lifecycle stockholders, and the vast majority of shares of the other were held by legacy private REIT shareholders. The last NAV REIT mentioned by NASAA engaged in pro rata redemptions because its cap was exceeded, and later amended its repurchase program, as fully disclosed in its prospectus, to protect its liquidity during the pandemic by changing its caps.

[11] Testimony of Melanie Senter Lubin before the United States Senate Committee on Banking, Housing and Urban Affairs 7 (July 28, 2020) ("Lubin Testimony").

[12] For example, the concentration limits would apply to REITs "for which there is not likely to be a substantial and active secondary market." Proposal, III.D.1.

[13] The VGSIX recently recorded a 5-year standard deviation of 16.81%, compared to 15.65% for the SPDR S&P 500 Index Trust. Cf. https://institutional.vanguard.com/investments/product-details/fund/0123 (VGSIX) and https://screener.fidelity.com/ftgw/etf/goto/snapshot/performance.jhtml?symbols=SPY (SPDR S&P 500 Index Trust).

tactical investment strategies, allocating assets to segments of the real estate sector that may provide the opportunity for more growth. Publicly traded REITs tend to be more statically focused on narrow real estate sectors, thus increasing concentration in those sectors. NAV REITs performed much better during the pandemic than publicly traded REITs.[14]

2. Regulation Should Not Stifle Local Business.

Capital formation in the NAV REIT sector has been a significant source of economic activity and employment, supporting thousands of jobs in health care facilities, apartment buildings, shopping centers, office buildings and industrial warehouses. Real estate development is fundamental to economic growth and employment. The Proposal would constrain growth in the real estate sector at an unpropitious time of high inflation and possible recession.

More, not less, capital is necessary to make housing affordable to middle income families. According to a 2020 Institute survey of our members, approximately 63% of non-listed REIT investment in multifamily housing supports workforce housing, defined as multifamily housing with rent less than 25% of mean family income in the surrounding area.

The Proposal also would lead to limits on investment in business development companies that help capitalize small business. NASAA's proposal would stifle access to capital by small and mid-sized U.S. companies, including minority-owned, women-owned and veteran-owned businesses that may not have access to traditional sources of capital. Alternative investment strategies allow these businesses to grow with terms more flexible than those offered by bank loans. NASAA has stated that the Proposal will influence guidance concerning some of these other alternative investments such as BDCs.[15]

In short, by limiting investment in NAV REITs, any state that adopts the Proposal would impede the flow of capital to local business.

3. Regulation Should Preserve Investor Choice.

The concentration limits and the increase in the income and net worth requirements would restrict investment choice. As the world emerges from the worst of the pandemic, gas prices have been at their all-time high and food prices rose at the fastest pace in 41 years.[16] Inflation and interest rates are on everyone's mind. Economists predict stagflation and recession. With these critical economic headwinds along with recent geopolitical events from lockdowns in China and Russia's invasion of Ukraine many investors need portfolio diversification, protection from inflation, and a reliable source of income. Investors have found that NAV REITs are part of the solution. Yet the Proposal would discourage

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[14] For example, in the first quarter of 2020, the value of the VGSIX plummeted more than 24%, losing almost 5% for the year. https://finance.yahoo.com/quote/VGSIX/performance. The changes in NAV REITs' valuations were smoother, and they returned a positive 5.33% in 2020. The IPA/Stanger Monitor (Summer 2022).

[15] Proposal at 2.

[16] See https://www.agriculture.com/news/business/food-prices-rise-at-fastest-pace-in-41-years.

investment in a diversifying asset when macroeconomic events make diversification, consistent with the basic tenets of modern portfolio theory, so important.[17]

A. The Proposal Would Disadvantage Retail Investors.

State public employee pension plans and other institutions invest in real estate to achieve diversification and reduce their portfolio risk. The Ohio Public Employees Retirement System Defined Benefit Plan, for example, targets over 23% of its assets to alternative investments, with 10% to real estate.[18] The nation's largest pension fund, the California Public Employees' Retirement System, reportedly experienced a 24.1% return on real estate for the 12 months ending March 31, 2022. In contrast, other smaller pension plans that were concentrated in the stock and bond market suffered their worst year since 2009.[19]

The concentration limits in the Proposal would deprive retail investors of similar investment opportunities. They would provide no carve-out for accredited investors. In 2016 NASAA proposed amendments to the Guidelines that would have included a concentration limit with an accredited investor exemption.[20] The Proposal does not explain why the proposed accredited investor exemption has been removed. An accredited investor exemption would not be inappropriate in light of the substantial investor protections afforded to investors in NAV REITs.

The Proposal thus would impede even wealthy investors, advised by their federally regulated broker or investment adviser, from following portfolio diversification strategies like those employed by big institutions. For example, an investment adviser might recommend that a client with enough cash to meet reasonably foreseeable needs, diversify her portfolio by investing more than 10% of her net worth in an NAV REIT. The REIT might be one in which she has a long history of successful investing. The Proposal would preclude the fiduciary's recommendation. Clearly, no one is in a better position to evaluate what is best for investors than investors and their financial advisors. Regulators should not interfere with these decisions, especially with respect to wealthier investors.

Of course, even less wealthy retail investors may need the portfolio diversification and other benefits that can come from investing in NAV REITs. The Proposal would erect a barrier for investors from investing in this well-regulated investment, potentially diverting them toward other, less regulated and transparent ones. These would include securities for which (in the words of NASAA's President) "state securities regulators dedicate significant resources to respond to fraud and other violations."[21] The Proposal could inadvertently and unnecessarily harm retail investors by limiting choice and unintentionally resulting in a reduction of product options available.

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[17] See, e.g., Markowitz, "Portfolio Selection," The Journal of Finance (1952).

[18] OPERS 2022 Annual Investment Plan at 6 https://www.opers.org/pubs-archive/investments/inv-plan/2022-Annual-Investment-Plan.pdf.

[19] "State and City Pension Funds Suffer Worst Year Since 2009," The Wall Street Journal (August 10, 2022).

[20] https://www.nasaa.org/wp-content/uploads/2016/07/Notice-for-Public-Comment-REIT-Concentration-Limit-07272016.pdf.

[21] Lubin Testimony at 8.

B. The Proposal Would Perpetuate a Multitude of Non-Uniform Standards.

The Proposal says,

> In light of . . . a proliferation of non-uniform concentration limit standards within the membership, NASAA is renewing advancement of a uniform concentration limit to the NASAA REIT Guidelines.[22]

The Proposal would not, however, establish a uniform concentration limit. It would require the sponsor to propose a concentration limit particular to its own REIT, and each state administrator could accept or adjust the limit based upon a list of 14 wide-ranging factors. These factors would include "the REIT's use of leverage," "balloon payment financing," "potential variances in cash distributions," "prior performance," and "any other relevant factors."[23]

A state administrator could adopt the sponsor's proposed limit or demand that the sponsor accept a higher or lower limit. The sponsor might not be afforded notice of the factors considered or the process followed in reaching a determination. A state administrator also could establish a limit that applies to all NAV REITs that apply for registration in the state. The 10% concentration limit would apply only if the state does not establish its own concentration limit.

Any state would be free to choose a different concentration limit. Any limit, whether 10% or another, would be a subjective condition that fails to consider the needs of an individual investor, and would interfere with the judgment of their financial professional on factors including age, risk tolerance, financial objectives and other life circumstances. As a practical matter, many sponsors would comply with the most restrictive standard, rather than trying to conform with a multitude of state requirements. Any state that does not adopt the strictest standard would find its own limits to be ignored.

Experience demonstrates that uniformity is impossible. Even today, up to 20 states have imposed concentration limits that include variations in the investments that are subject to the concentration limits such as: the REIT and its affiliates; all non-listed REITs; and all non-listed REITs and other direct participation programs. Some states provide an exception for accredited investors, while others do not. NASAA cannot force these states to adopt a single, uniform percentage and the Proposal does not even attempt to do this. Moreover, while uniformity has some benefits, if it is accomplished via adoption of the strictest concentration limit, investors may be harmed by the change.

C. The Concentration Limits Are Unjustified.

The majority of states do not impose a concentration limit today. NASAA has provided no justification or economic analysis for any concentration limit. It has not explained why a 10% limit is preferable to any other limit, say, 15%, 20%, 25% or 30%. NASAA has not demonstrated that NAV

[22] Proposal at p. 7.

[23] Proposal, III.D.

REIT investment concentration has presented any liquidity problems for investors. To the extent that NASAA is concerned about emergency liquidity situations[24], some NAV REITs accommodate those situations, such as by giving preference, when repurchases will not cover all shares submitted, to requests due to death, disability or divorce.

NASAA asserts that the concentration provision will "limit investor risk."[25] According to NASAA's most recent statistics, non-listed REITs are not a significant source of complaints related to senior investor fraud. According to NASAA's 2021 Enforcement Report, the "Top Investment Products/Sales Tactics in Senior-Related Enforcement Actions" are unregistered securities, traditional securities, commodities/precious metals, variable annuities and equity indexed annuities.[26]

NASAA would impose the concentration limits through the offering registration, but they would be applied not by the REIT or its sponsor, but by the broker-dealers and investment advisers who are acting in their customers' best interest. NASAA thus would substitute its judgment for the best interests of each investor and their financial professional.

SEC and FINRA rules already require that broker-dealers and investment advisers consider the portfolio concentration and liquidity needs of each investor, and the SEC and FINRA have emphasized the responsibilities of regulated firms to supervise recommendations to senior investors. As NASAA itself notes, FINRA recently barred a registered representative for making unsuitable recommendations to senior customers concerning non-listed REITs.[27] This case and the other seven listed in footnote 11 of the Proposal all concerned sales practice violations related to the distribution of lifecycle REITs, not NAV REITs. Moreover, none of them alleged any violation by the REIT itself.

Indeed, many broker-dealers comply with Regulation Best Interest ("Reg BI") by limiting each customer's investment concentration according to factors relevant to the security and that customer. These concentration limits typically apply to securities whose liquidity is not unlimited, such as non-listed REITs and business development companies, interval funds, limited partnerships, hedge funds, and variable annuities. The limits are often imposed on customers according to a sliding scale derived from a customer's age, risk tolerance, investment time horizon, income, and net worth. The limits can consist of a percentage of investable net worth in a single offering and a percentage of investable net worth in all similar products. The limits normally are higher for customers with high net worth and sufficient liquidity.

The Proposal also does not explain why the proposed standard should be based on liquid net worth rather than the size of the investor's investment portfolio. An investor might have a $500 million business or inherited real estate portfolio, but not $1 of that business or portfolio could be considered for

[24] Proposal at p. 8 (using "liquid net worth . . helps ensure that some liquid funds are available for emergency purposes without penalty to the investor."

[25] Proposal at p. 3.

[26] https://www.nasaa.org/wp-content/uploads/2021/09/2021-Enforcement-Report-Based-on-2020-Data-FINAL.pdf

[27] Department of Enforcement v. Mercer Hicks III (May 19, 2021), https://www.finra.org/sites/default/files/2021-07/oho-hicks-2017052867301-051921.pdf.

purposes of the concentration limits. NASAA would impose its judgment about what is in the best interest of this investor and all other investors, without any basis for doing so.

D. The Concentration Limits Would Inappropriately Apply to Other Securities.

The new concentration limits would apply not only to retail investment in non-listed REITs but to securities of an "affiliate" and "other non-traded direct participation programs," the latter term undefined by the Proposal. [28] (NASAA does not define "direct participation program" and FINRA's definition excludes REITs.[29]) It appears that if an investor held one share of a non-listed REIT, she would be unable to purchase in the aggregate any security issued or managed by an affiliate of the REIT and any DPP, in excess of 10% of her liquid net worth.

The Proposal would define "affiliate" to include "any person directly or indirectly controlling, controlled by, of [sic] under common control with such other person,"[30] potentially including index funds or other registered investment companies managed by its sponsor. These registered investment companies do not implicate the concerns identified in the proposal[31], and imposing the concentration limits on these funds would be unnecessary and counterproductive. Registered investment companies are comprehensively regulated under the Investment Company Act of 1940. They typically have separate boards of directors, charged with overseeing conflicts and daily liquidity, among other issues. The proposed concentration limits could force investors to choose whether to limit their investment in the NAV REIT (limiting their diversification opportunities) or in these types of affiliated investment companies (limiting their investment choice).

NASAA has not explained why the mere fact that securities are issued or managed by an affiliate warrants their subjugation to the concentration limits. Moreover, because the term "direct participation program" is undefined, market participants will be uncertain how it should be applied. By including DPPs and affiliate securities in the concentration limits, NASAA would discourage the continued entry of the types of sponsors who provide high-quality, transparent investments: large asset management companies with an established record and a platform of wide investment choices.

E. Application of the Concentration Limits is Incongruous.

The Proposal would provide no specificity in time for evaluating the concentration limits, for example, "at the time of recommendation." Perhaps NASAA does not expect investment advisers and

[28] Proposal, III.D.3.

[29] See FINRA Rule 2310(a)(4).

[30] Proposal, I.5.C.

[31] See Proposal at 7:

> This structure was chosen based on the observation that liquidity is restricted in all programs; high fees and expenses, conflicts, and lack of historical operations also predominate these offerings.

broker-dealers to monitor continued compliance with the concentration limits, but if it does, this feature would be unworkable.

For example, an investor might not exceed the concentration limit at the time of the initial subscription for primary shares, but over time, due to the investor's participation in the REIT's distribution reinvestment program, the investor could trip the concentration limit. Another investor might find that the listed stocks in her portfolio declined in value and she has exceeded the concentration limits without having purchased another REIT share.

The Proposal has no grandfather provision. An investor who owns shares at the time that his state adopts a concentration limit might inadvertently violate them.

Finally, what would NASAA require in all of these cases? Neither the REIT sponsor nor an investor's financial professional can force the investor to sell his shares.

F. The Concentration Limits Would Interfere With Corporate Governance.

The concentration limits would impose an impractical requirement on the corporate governance of NAV REITs. In particular, the Proposal would require that the concentration limits be added to the charter of an NAV REIT. Without a grandfather provision, a NAV REIT would be forced to conduct a proxy solicitation for this change to its charter. This process would be costly and time consuming, and the costs would be passed along to the stockholders. And to solve this problem with a grandfather provision would put new sponsors at a competitive disadvantage.

G. The Gross Income/Net Worth Limits Would Unnecessarily Constrain Investor Choice.

The Proposal would index existing gross income and net worth limits to inflation, backwards to 2007. The existing gross income limits themselves are incompatible with the federal scheme of securities regulation. Publicly-offered securities registered under the Securities Act of 1933 must provide full disclosure to investors and issuers are subject to strict liability under Section 11 of the Act. Because of this disclosure regime, retail investors may invest in these securities regardless of their income or net worth. Issuers of privately placed securities need not provide similar disclosure and for that reason the ability of investors to purchase these securities is limited. For example, the SEC's accredited investor standard applies to private placements under Regulation D.

Against this federal system of regulation, the Proposal would prevent investors from obtaining the portfolio diversification and other benefits from investing in publicly-offered, federally-registered NAV REITs. NAV REITs are distributed through registered broker-dealers and investment advisers who must comply with Reg BI or the investment adviser fiduciary duty and in doing so, must consider the income and net worth of the retail investor.

The gross income and net worth limits are therefore unnecessary constraints upon investor choice. It would keep investors who do not have access to the private markets from diversifying their portfolio by investing in well-regulated NAV REITs.

H. The Limit on Investor Choice Is Not Economically Justified.

The Proposal has not been supported by any economic analysis. NASAA has provided little data other than a few discredited sources.

For example, NASAA cites the work of litigation consultants who "found that [from June 1990 to December 2019] investors in non-traded REITs underperformed investors in traded REITs by approximately $75 billion."[32] The study suffered from at least four fundamental errors. First, it erroneously compared the performance of NAV REITs to a mutual fund that is closed to new investors and tracks an index of publicly-listed REITs. The authors did not even acknowledge the vast differences in the structure and operations of NAV REITs and publicly-listed REITs. Second, it combined data about legacy lifecycle REITs that are rarely offered today and NAV REITs that are virtually the only non-listed REIT offered today. Third, its time period was conveniently fitted to end immediately before the pandemic, when NAV REITs outperformed publicly-listed REITs. Fourth, it arbitrarily, and without any justification, discounted the valuations of NAV REITs in order to make the performance of publicly-listed REITs appear superior.[33]

NASAA also relies on its recent Reg BI report allegedly indicating that "many broker-dealer firms have not materially changed their policies, procedures, or practices regarding the sale of non-traded REITs or other complex, costly, and risky products to retail investors since the passage of Reg BI. . .."[34] The Institute and 11 other organizations retained Greenwald Research, an independent, established expert in research and survey methodology, to analyze NASAA's report.[35] Greenwald Research found that the report failed to meet eight well-accepted standards and codes of conduct for survey research. These insufficient practices included a focus on certain investment product types that NASAA apparently disfavored and arbitrarily deemed "complex, costly and risky," a failure to obtain accurate measurements of the impact of Reg BI on respondent firms, a failure to accurately measure compliance with Reg BI and asking instead about policies that Reg BI does not require, a failure to collect information on key actions that firms have taken pertinent to Reg BI, and mischaracterization of the survey results. Instead, NASAA simply repeats the conclusions in the Proposal.

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[32] Proposal, note 8 (citing Mallett and McCann, Further on the Returns to Non-Traded REITs, The Journal of Wealth Management Winter 2021).

[33] See Selman, Non-Traded REIT Performance: A Response to Mallett and McCann, The Journal of Wealth Management Fall 2022. Moreover, federal courts have observed on a number of occasions that McCann's work cannot be relied upon. One court has concluded that a report McCann prepared was "deeply flawed," as it "contained several significant errors" that caused McCann to "improperly" and "erroneously" analyze market data. In re Fed. Home Loan Mortg. Corp. (Freddie Mac) Sec. Litig., 281 F.R.D. 174 (S.D.N.Y. Mar. 27, 2012). That court also observed that McCann conceded that his analysis in another study was not correct and that McCann's testimony was "unreliable and unpersuasive." Id. at 181. And the Fifth Circuit noted that McCann provided inconsistent testimony in two related arbitrations, which McCann attributed to the fact that "one of his staff members had failed to account for certain internally-priced securities in the calculations, and that correcting the mistakes had generated different numbers." Morgan Keegan & Co., Inc. v. Garrett et al., No. 11-20736 (5th Cir. Oct. 23, 2012) (per curiam).

[34] Proposal at 3 (citing NASAA Reg BI Phase IIA Report (Nov. 2021)).

[35] ANALYSIS OF NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION'S (NASAA) REG BI SURVEYS Prepared by Greenwald Research FEBRUARY 2022, available at https://greenwaldresearch.com/wp-content/uploads/2022/02/Analysis-of-NASAA-Surveys-on-Reg-BI-Greenwald-Research-2.22.pdf.

NASAA also relies on FINRA arbitration claims, citing merely Top Controversy Types rather than awards.[36] Reliance on this data is misguided because it wrongly assumes that each claim resulted in an award, or that each claim constituted a sales practice violation rather than another type of claim such as one for breach of contract. Moreover, multiple products are often the subject of a single claim and typically concern the distribution of a product, not its design or operation. In other words, while an arbitration may involve the registered representative's practices or the firm's supervision, it typically does not impugn the structure or operation of the underlying investment.

According to FINRA, in 2021 customers asserted breach of contract claims in 1,110 cases, violation of blue sky laws in 355, errors charges in 127, and execution error in 84.[37] Other allegations might have been made in some cases, but NASAA did not distinguish the claims according to the level of sales practice concern or the product involved.

4. Any State Adopting the Proposal Could Face Legal Challenge.

The Proposal could face legal challenge.

A. State Adoption Likely Would Violate Federal Law.

The federal securities laws and ERISA likely would preempt the proposal. For example, because the Proposal would apply to federally registered investment advisers, the Investment Advisers Act of 1940 likely would preempt it.[38] The Proposal would retain the requirement that sponsors or each person "selling shares on behalf of the sponsor or REIT" maintain records of the information used to determine that an investment is suitable and appropriate.[39] This requirement likely violates the Securities Exchange Act.[40] ERISA also likely would preempt the Proposal, since it would apply to investment advisers and broker-dealers who recommend REIT shares to employee benefit plans[41] and would require that the sponsor make every reasonable effort to determine that the purchase complies with ERISA.[42]

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[36] Id. at 12-13.

[37] See https://www.finra.org/arbitration-mediation/dispute-resolution-statistics.

[38] Proposal, I.B.8. ("conduct standards" includes federal fiduciary duties). Section 203A of the Investment Advisers Act preempts the states from exercising jurisdiction over federally registered investment advisers, other than by investigating individual cases of fraud and deceit.

[39] Proposal, III.C.4.

[40] Section 15(i) of the Securities Exchange Act states, "No law, rule, regulation, or order, or other administrative action of any State or political subdivision thereof shall establish . . . making and keeping records . . . requirements for brokers [or] dealers that differ from, or are in addition to, the requirements in those areas established under this title."

[41] Proposal, III.C.1 (recommendation or advice to "a shareholder").

[42] Proposal, III.C.5; I.B.8. ("conduct standards" includes ERISA). ERISA section 514(a) provides that, except as otherwise provided in section 514(b), title I and title IV "shall supersede any and all State laws insofar as they may now or hereafter relate to any employee benefit plan."

B. State Incorporation Likely Would Violate State Law.

Routine incorporation of the Proposal into state rules likely would violate the statutes of many states that impose administrative rulemaking procedures. These state statutes typically require public notice and comment before the administrator may adopt any rule. Routine incorporation of the Proposal into state rules could circumvent this statutory process.

Moreover, the operation of the Proposal could violate state registration-by-coordination provisions. NAV REITs are registered by coordination in most states. Registration by coordination occurs "at the moment" of SEC registration.[43] The purpose of this procedure is to ensure that state registration is coordinated with the primary regulator of these offerings, the SEC.[44] According to the official commentary to the Uniform Securities Act (1956), registration by coordination "is designed to achieve simultaneous effectiveness at the federal and state levels"[45] and "limits the Administrator to requiring only such information as is filed with the SEC."[46]

The Proposal would require state administrators to apply conditions on any offering that are different from those imposed by the SEC, such as disclosure requirements, concentration limits, and restrictions on the use of gross offering proceeds. Even today, the Guidelines conflict with state registration-by-coordination requirements by requiring merit review of securities that are simultaneously registered under state law "at the moment" of SEC registration. Several states comment on NAV REIT applications for registration, contrary to the registration-by-coordination provisions in their state statutes. This process can delay these state registrations for months after the SEC's declaration of the offering's effectiveness.

Under the Proposal, state administrator would need to review the prospectus and formulate and issue comments requesting changes to the prospectus disclosure. It would be difficult for the registration of an NAV REIT offering to become effective in the states simultaneous with the effective date of SEC registration as state registration-by-coordination requires. The Proposal thus would conflict with state registration-by-coordination provisions.

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[43] See, e.g., Maryland Section 11-503(c); Ohio Revised Code Section 1707.091(C); Uniform Securities Act Section 303 (2002), https://www.uniformlaws.org; Uniform Securities Act Section 303 (1956), https://www.nasaa.org/wp-content/uploads/2021/10/1956-Uniform-Securities-Act-with-NASAA-Updates-and-Commentary.pdf.

[44] By contrast, registration by qualification is an extensive process that requires a set of findings. As the SEC has said after adoption of the National Securities Markets Improvement Act, registration by qualification "requires a full review of the transaction by the state." Report on the Uniformity of State Regulatory Requirements for Offerings of Securities That Are Not "Covered Securities" (October 11, 1997), https://www.sec.gov/news/studies/uniformy.htm.

[45] Uniform Securities Law (1956), Section 303(c).

[46] See Sec. 303(b)—Filing same as with SEC. https://www.nasaa.org/wp-content/uploads/2021/10/1956-Uniform-Securities-Act-with-NASAA-Updates-and-Commentary.pdf.

The Proposal similarly could conflict with state notice filing provisions. It would impose concentration limits not only for investments in NAV REITs but on other securities offered by the sponsor and its affiliates, including index funds, tender-offer funds and, interval funds.[47] The latter securities are covered securities that are exempt from state registration. The Proposal effectively would impose a condition on the offerings of these alternative investments in a state – that no investor exceed the state's concentration limits.

5. Compliance Departments Need Clarity, Not Confusion.

The Proposal would create a panoply of state conduct standards that would interfere with broker-dealer compliance and undermine investor protection. NASAA claims that it is merely updating the Guidelines to account for Reg BI. The Proposal would conflict with Reg BI.

A. A National Product Deserves a National Standard.

NAV REITs are nationally offered and distributed investments. In 2021, NAV REITs raised over $36 billion and in the first half of 2022 the pace has quickened as NAV REITs raised over $21 billion.[48] NAV REITs are sponsored and managed by some of the largest and most successful asset management companies in the country, and they are distributed through nationally situated wirehouses, independent broker-dealers, and registered investment advisers.

The Proposal would subject this national product to a dizzying array of state conduct standards. Under the Proposal each person selling, recommending or providing investment advice with regard to a REIT would have to:

> make every reasonable effort to determine that such sale, recommendation or investment advice is in compliance with applicable conduct standards and is a suitable and appropriate investment for each shareholder.[49]

The Proposal would define "conduct standards" to include Reg BI, ERISA, and applicable fiduciary duties and anticipated state standards not even enacted yet. Moreover, under the Proposal broker-dealers and their associated persons would have to:

> act in the best interest of the retail customer at the time the recommendation is made, without placing the financial or other interest of the broker-dealer or associated person making the recommendation ahead of the interest of the retail customer.[50]

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[47] Proposal, III.D.

[48] See The Stanger Market Pulse (December 2021 and June 2022).

[49] Proposal, III.C.1.

[50] Proposal, III.C.1.

This best interest standard resembles only the Care Obligation under Reg BI, but it is set forth separately in the Proposal.

The Proposal thus would impose four categories of conduct standards:

- conduct standards that federal or state law imposes on the person selling, recommending, or providing investment advice (Reg BI, ERISA, fiduciary duty);
- a state law requirement that the investment be "suitable;"
- a state law requirement that the investment be "appropriate;" and
- a state law requirement that the investment be in the retail investor's "best interest."[51]

NASAA provides no explanation about how these various conduct standards would interact with one another or about the contours of the state requirements. The Proposal would offer state administrators the ability to impose the conduct standards however the administrator pleases, under whatever facts the administrator chooses, without any expectation of consistency with the SEC, FINRA, or other state administrators. The determination of any state administrator would likely be subject to state judicial review as well.

This myriad of requirements for the same conduct would sow chaos in the compliance departments of regulated firms. They would undermine, not advance investor protection.

B. Conduct Standards Should be Product Agnostic.

NASAA would impose conduct standards on a particular product, NAV REITs, but the Reg BI conduct standards are intentionally product agnostic and do not contain any specific limitation based on product type. No provision of Reg BI addresses specific types of securities. The Department of Labor's interpretations of ERISA and the SEC's investment adviser fiduciary duty are also not altered according to the security being recommended. The Proposal would distort these conduct standards by applying them only to NAV REITs at the state level.

Broker-dealers and investment advisers are used to applying these standards in the product-agnostic manner in which they are written. By imposing these broad principles only to NAV REITs and other products, the Proposal would confuse the compliance departments of broker-dealers and investment advisers. They would be uncertain how these various standards would apply differently to NAV REITs from other products. The Proposal would complicate their efforts to ensure that financial professionals engage in proper sales practices.

[51] The Proposal also would impose "suitability" and "appropriateness" standards on broker-dealers who recommend non-listed REITs to non-retail customers. Proposal, III.C.1.

C. Sponsors Cannot Supervise Independent Financial Intermediaries.

The Proposal would require sponsors or each person "selling shares on behalf of the sponsor or REIT" to maintain records of the information used to determine that an investment is suitable and appropriate.[52] The Proposal also would require sponsors to disclose in the final prospectus:

> the responsibility of the sponsor and/or each person selling shares or providing a recommendation on behalf of the sponsor or REIT to make every reasonable effort to determine that the purchase of shares, recommendation or advice is a suitable and appropriate investment for each shareholder and/or in compliance with applicable conduct standards, based on information provided by the shareholder regarding the shareholder's financial situation and investment objectives.[53]

These provisions are ambiguous, and perhaps NASAA did not intend that issuers police the conduct of financial intermediaries over whom they lack supervisory authority. If that is the intention, however, then the Proposal will be unsuccessful. As a practical matter, no sponsor is able to determine whether a purchase complied with the conduct standards of a broker-dealer, investment adviser or its representatives.[54] The sponsor cannot be presumed to have expertise about Reg BI, ERISA or the investment adviser fiduciary duty.

Broker-dealers and investment advisers would find that their supervision of associated persons has been complicated by the intrusion of this sponsor oversight. The Proposal could foster multiple overlapping supervisory systems, some imposed by the sponsor and some by the financial intermediary. These systems might be regulated by the SEC, FINRA, and the states. Such an approach would generate confusion and costly compliance that does not serve investors and, indeed, could harm them.

D. Conduct Standards Cannot be Imposed Through Prospectus Disclosure or Charter Provisions.

Securities regulators should not use disclosure or charter provisions as a means to apply conduct standards to securities distributors. Any conduct standard should be framed according to the practices of those to whom it will apply and developed through public rulemaking. A prospectus does not bind a broker-dealer or a registered investment adviser. Similarly, a charter is a contract between the issuer, the stockholders and the state. Broker-dealers and registered investment advisers are not party to that contract. Neither the prospectus nor the charter is the correct medium for imposition of conduct standards.

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[52] Proposal, III.C.4.

[53] Proposal, III.C.5.

[54] The concentration limits imposed through securities registration similarly would be requirements that neither the REIT nor the sponsor could implement. Concentration limits would have to be managed by the broker-dealers and investment advisers who recommend the product as part of their best interest or fiduciary obligation.

6. Regulation Should Be Consistent.

The Proposal would impose an unwarranted prohibition on the use of proceeds – one that would conflict with federal regulation and state corporate law. The prohibition also could discriminate against new REITs entering the market.

In three sentences the Proposal would prohibit the use of gross proceeds for stockholder distributions:

> The REIT may not have an investment objective or strategy to source regular distributions with gross offering proceeds from the sale of shares.[55]
>
> The REIT may not reserve the right that gross offering proceeds from the sale of shares will be reserved or used to source regular or declared distributions.[56]
>
> The REIT may not source regular or declared distributions from gross offering proceeds.[57]

These three statements are different and they will engender abundant interpretive questions as various states implement them. Under federal law, a REIT must make distributions to stockholders equal to at least 90% of its net taxable income each year (determined without regard to the dividends-paid deduction and excluding net capital gain). The Proposal could jeopardize a REIT's federal tax status.

The SEC does not prohibit the payment of distributions from offering proceeds, having explicitly addressed this question, provided that the REITs include appropriate disclosure in the prospectus.[58] Moreover, the SEC has published disclosure guidance that requires non-listed REITs to present, on a quarterly basis, the source or sources used to fund distributions.[59] Because this disclosure is available each quarter, investors have adequate historical information regarding the sources used to fund distributions prior to making an investment decision. Broker-dealers and due diligence firms review the historical distribution coverage to determine if they should make an investment in the REIT available to their clients. They pay close attention to distribution coverage, and a failure to demonstrate full coverage or positive trends toward full future coverage could result in firms suspending or terminating a selling agreement.

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[55] Proposal, V.E.1.

[56] Proposal, V.K.1.

[57] Proposal, VI.H.

[58] SEC Division of Corporation Finance, CF Disclosure Guidance: Topic No. 6, Staff Observations Regarding Disclosures of Non-Traded Real Estate Investment Trusts, July 16, 2013, available at https://www.sec.gov/divisions/corpfin/guidance/cfguidance-topic6.htm ("SEC Disclosure Guidance: Topic No. 6").

[59] SEC Disclosure Guidance: Topic No. 6.

The Proposal would prohibit a practice that other state laws permit and that is an essential determination of a REIT's board of directors. Most NAV REITs are Maryland corporations and Maryland law permits the use of proceeds for distribution if it is approved by the board of directors, which has a fiduciary obligation to both the REIT and its stockholders. The ability to make determinations on how to fund distributions, through offering proceeds or otherwise, is an essential function of the board. The board establishes a distribution rate that it deems appropriate and sustainable based on the board's expectation of the total level of return to be generated from cash flows and real estate appreciation over the expected holding period. If the cash flow and appreciation exceed the distribution rate set by the board, it will have a positive impact on NAV. If they do not exceed the distribution rate set by the board, then it will have a negative impact on NAV.

The NAV REITs raising capital today publish their net asset value on a daily or monthly basis. This practice is an improvement for investors, who receive regular disclosure regarding the value of their investment in the REIT and are no longer sent account statements for extended periods that show a "value" equal to the price they paid for the investment. Thus, any negative effect of the payment of distributions from offering proceeds will be apparent to investors and their financial advisors.

* * *

The Institute appreciates the opportunity to comment on the Proposal. We are ready and willing to work with NASAA members on ensuring that any guidance that they provide accurately reflects the characteristics of NAV REITs, the needs of investors, and the obligations of financial professionals to act in their best interest. In the meantime, should any member of NASAA or its staff have any question about our comments, please feel free to contact me at (202) 548-7190.

Sincerely,

Anya Coverman
SVP, Government Affairs and General Counsel
Insitute for Portfolio Alternatives

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September 6, 2022

NASAA Corporation Finance Section
Andrea Seidt, Section Chair
Mark Heuerman, Project Group Chair
c/o North American Securities Administrators Association, Inc.
750 First Street, N.E. Suite 1140
Washington, D.C.

Dear Section Members, Commissioner Seidt and Mr. Heuerman,

The purpose of this letter is to provide comments on the proposed revisions (the "Proposed Revisions") to the NASAA Statement of Policy Regarding Real Estate Investment Trusts dated July 12, 2022. I am uniquely qualified to comment on the Proposed Revisions as I have spent almost 40 years evaluating and analyzing Non-Listed REITs and similar investment vehicles and I am recognized as an expert on these matters. My background and that of my firm, Robert A. Stanger & Co., Inc. ("Stanger & Co.") are described below along with an overview of the Non-Listed REIT Industry and my comments on the Proposed Revisions.

In summary, our concern is that in making Proposed Revisions, NASAA (a) relied on outdated and flawed studies that completely mischaracterize the structure, performance, and liquidity of Non-Listed REITs, (b) appears to rely extensively on sensational journalism and biased analysis by purported experts, and (c) has failed to appreciate the extraordinary evolution of Non-Listed REITs in terms of structure, transparency, performance, liquidity, and sponsorship over the last ten years. Said another way, the analyses relied upon do not support the Proposed Revisions, which should be withdrawn.

We have included in this letter information that contradicts, corrects, updates and/or properly contextualizes the aforementioned outdated and flawed studies. The NAV REITs of today, which currently reflect 99.9% of Non-Listed REIT fundraising, are far superior as investment programs to the older Lifecycle REITs. The market has shifted to provide these superior programs, addressing the concerns used to support the Proposed Revisions.

Background on Kevin T. Gannon

I am Chairman and Chief Executive Officer of Stanger & Co., a real estate investment banking firm, where I have been actively involved in the formation, structuring, valuation, merger and acquisition of real estate assets and entities, including limited partnerships, limited liability companies, tenant-in-common programs, Delaware Statutory Trusts, real estate development companies, real estate investment trusts, and similar entities for approximately forty years. Since first joining Stanger & Co. in 1983, I estimate that I have participated in the evaluation of more than 5,000 real estate investment entities and more than 5,000 individual real estate assets, including office, multi-family, residential, shopping centers, industrial, self-storage, health care, data center, single family homes, land and mixed- use projects.

In my capacity as Chairman and Chief Executive Officer at Stanger & Co., I direct Stanger & Co.'s merger and acquisition activities. I have been the lead or co-lead banker on transactions involving over $100 billion of consolidation, merger and acquisition transactions involving real estate assets and real estate management and advisory businesses. I have previously been qualified as an expert and have testified in court as an expert in real estate securities matters in various forums including, Federal Court, various State Courts, Delaware Chancery Court, U.S. Tax Court, U.S. Bankruptcy Court, Securities and Exchange Commission Administrative Court, and arbitration hearings.

Prior to joining Stanger & Co, I was a Manager with Deloitte Haskins & Sells, an international accounting firm. I graduated from Rutgers University in 1978 with a bachelor's degree in Accounting and Economics and as a member of Phi Beta Kappa. I am a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and the New Jersey State Society of Certified Public Accountants. I am licensed with the Financial Industry Regulatory Authority ("FINRA"), as a General Securities Principal (Series 24), Investment Banking Representative (Series 79) and General Representative (Series 7).

Background on Robert A. Stanger & Co., Inc.

Stanger & Co has provided real estate investment banking, financial advisory and valuation services to the real estate community since 1978. Among its services, Stanger & Co. provides valuation and fairness opinions in consolidation and merger and acquisition transactions and renders financial advisory services to boards of directors of real estate investment trusts in connection with strategic planning, accessing capital, and negotiating and structuring transactions. In the past forty years, Stanger & Co. has provided financial advisory services in connection with transactions involving over $100 billion in real estate assets. On an annual basis, Stanger & Co. appraises real estate assets with an aggregate value exceeding $20 billion. Stanger & Co. also publishes (i) *The Stanger Report*, a quarterly financial publication that profiles and evaluates publicly registered and non-listed partnerships, real estate investment trust ("REIT") and business development company ("BDC") securities; (ii) *The Stanger Market Pulse*, a monthly financial publication that tracks the fundraising of alternative investment securities including Non-Listed REITs, Non-Listed BDCs, Interval Funds, Delaware Statutory Trusts, Opportunity Zone Programs and other private placement securities; (iii) *The Stanger Interval Fund Report*, a quarterly financial publication that profiles Interval Fund securities; (iv) *The IPA/Stanger Monitor*, a quarterly financial publication that tracks the performance of Non Listed REITs and BDCs; and (v) Research Reports on SEC Registered Non-Listed NAV REITs by FINRA licensed research analysts. The above activities are conducted by Stanger & Co. under my direction.

Overview of Non-Listed REITs

Non-Listed REITs are investment programs registered with the Securities and Exchange Commission ("SEC") that raise investment capital from investors to acquire real estate assets using the capital raised and the proceeds of mortgages and other financing with the objective of paying regular distributions to investors and achieving capital appreciation from the growth in the value of the real estate. Non-Listed REITs provide quarterly financial reports on Form 10Q and audited reports on Form 10K, consistent with other public companies. Due to natural market forces during the past twenty years, Non-Listed REITs have evolved from a first-generation structure known as Lifecycle REITs to the current, new, and improved generation known as Net Asset Value REITs ("NAV REITs"). An understanding of this evolution is critical to the evaluation of your Proposed

Revisions as the market has facilitated substantial changes that have revolutionized this investment program class.

First Generation: Lifecycle REITs

From January 1, 2000, to June 30, 2022, Lifecycle REITs raised approximately $137.1 billion in programs sponsored by forty-five sponsors. Fundraising by Lifecycle REITs from 2000 to June 30, 2022, is summarized in Table 1 below and on Exhibit I to this letter.

Table 1
Lifecycle REIT Capital Formation
2000 through June 30, 2022
($ in millions, Excluding DRIP)

2000	$706
2001	1,527
2002	3,762
2003	7,057
2004	6,254
2005	5,837
2006	6,665
2007	11,515
2008	9,558
2009	6,109
2010	8,077
2011	8,338
2012	10,280
2013	19,367
2014	15,360
2015	9,515
2016	3,594
2017	2,026
2018	814
2019	541
2020	122
2021	11
2022 (6 months)	14
Total	**$137,052**

In terms of performance, 82 Lifecycle REIT programs have gone full cycle, meaning they have liquidated, merged, or listed as a traded company. The aggregate original capital raise of these Lifecycle REIT programs is $106.1 billion, the aggregate total return is 135%, and the average internal rate of return ("IRR") is 5.0%. Said another way, these Lifecycle REITs as a group returned original capital and a 5.0% IRR. However, there is variation in performance with thirteen out of eighty-two programs producing a negative return from office, retail, net lease and diversified asset and opportunistic investments and a single mortgage deal weighing down the industry averages. The returns of each of the Lifecycle REITs is related to the asset type focus of the investment program and the performance of that asset class during the holding period. The structure of the program as a Non-Listed REIT had minimal impact on the overall return.

Table 2
Monetized Non-Listed Lifecycle REITs
Performance Through Monetization Event

#	Company	Type	Effective Date	Closing Date	Capital Raised (mm)	Liquidity Date	Cumulative Total Return	XIRR First Investor
1	American Realty Capital Trust IV	Net Lease Retail	6/8/2012	3/25/2013	$ 1,736.6	1/3/2014	130.2%	24.1%
2	American Realty Capital Trust III	Net Lease Retail	3/31/2011	9/28/2012	$ 1,775.7	2/28/2013	134.6%	21.4%
3	Boston Capital Apartment REIT	Multifamly	6/22/2005	4/30/2007	$ 76.1	1/15/2008	142.3%	17.0%
4	Apple Hospitality Five	Hotel	12/11/2002	3/18/2004	$ 495.4	10/11/2007	174.0%	14.3%
5	Apple Suites	Hotel	8/3/1999	4/17/2001	$ 125.0	1/31/2003	146.5%	13.8%
6	Apple Hospitality Two	Hotel	4/19/2001	11/26/2002	$ 291.4	5/23/2007	180.8%	13.3%
7	Inland Retail Real Estate	Net Lease Retail	2/11/1999	5/30/2003	$ 2,131.0	2/28/2007	201.2%	11.5%
8	Dividend Capital Trust	Industrial	7/17/2002	1/23/2006	$ 1,513.4	12/12/2006	144.8%	11.0%
9	Resource REIT, Inc.	Multifamly	2/6/2014	2/5/2016	$ 555.6	5/19/2022	204.4%	10.8%
10	SmartStop Self Storage	Self Storage	3/17/2008	9/22/2013	$ 506.7	10/1/2015	189.2%	10.8%
11	Steadfast Apartment REIT, Inc.	Multifamly	12/30/2013	3/24/2016	$ 708.1	12/16/2021	189.7%	10.0%
12	CNL Retirement Properties	Retirement	9/18/1998	3/26/2006	$ 2,637.6	10/5/2006	186.5%	9.9%
13	Industrial Property Trust, Inc. - Class A	Industrial	7/24/2013	6/30/2017	$ 1,691.6	7/28/2020	172.9%	9.8%
14	Corporate Property Associates 12	Net Lease	2/18/1994	8/30/1997	$ 283.3	11/30/2006	235.5%	9.7%
15	Carey Institutional Properties	Net Lease	8/1/1991	8/1/1993	$ 141.7	9/1/2004	242.4%	9.6%
16	Sentio Healthcare Properties	Healthcare	8/10/2007	4/29/2011	$ 127.1	8/31/2017	195.8%	9.5%
17	Resouce Opportunity REIT, Inc.	Multifamly	6/16/2010	12/13/2013	$ 621.7	5/19/2022	257.3%	9.5%
18	Steadfast Apartment REIT III, Inc.	Multifamly	2/8/2016	8/31/2018	$ 198.8	12/16/2021	155.2%	9.3%
19	Steadfast Income REIT, Inc.	Multifamly	7/9/2010	12/20/2013	$ 730.3	12/16/2021	212.5%	9.2%
20	Strategic Storage Growth Trust, Inc.	Self Storage	1/20/2015	3/31/2017	$ 268.2	1/24/2019	137.0%	9.2%
21	Resource Apartment REIT III, Inc.	Multifamly	4/28/2016	10/31/2019	$ 107.7	5/19/2022	159.4%	9.1%
22	Griffin-American Healthcare REIT II	Healthcare	8/24/2009	10/1/2013	$ 2,840.6	12/9/2014	147.8%	9.1%
23	Industrial Income Trust	Industrial	12/18/2009	7/18/2013	$ 2,033.8	11/4/2015	152.6%	9.0%
24	Corporate Property Associates 10	Net Lease	6/20/1990	6/17/1991	$ 72.2	5/3/2002	208.3%	8.7%
25	Cole Credit Property Trust III	Net Lease Retail	10/1/2008	4/27/2012	$ 4,545.0	6/20/2013	138.8%	8.7%
26	Apple REIT Ten	Hotel	1/19/2011	7/31/2014	$ 1,052.2	9/1/2016	146.9%	8.6%
27	United Development Funding IV	Mortgage	11/12/2009	5/13/2013	$ 607.0	6/4/2014	137.0%	8.6%
28	Apple REIT Six	Hotel	4/23/2004	3/31/2006	$ 963.1	5/14/2013	183.7%	8.5%
29	Moody National REIT I, Inc.	Hotel	4/15/2009	2/20/2015	$ 124.9	9/27/2017	160.6%	8.5%
30	Corporate Property Associates 15	Net Lease	11/16/2001	9/8/2003	$ 1,044.3	9/28/2012	197.5%	8.4%
31	American Realty Capital Healthcare Trust, Inc.	Healthcare	2/18/2011	4/12/2013	$ 1,738.0	4/7/2014	123.8%	8.1%
32	American Realty Capital Trust	Net Lease Retail	1/25/2008	7/25/2011	$ 1,832.1	3/1/2012	132.0%	8.1%
33	Corporate Property Associates 14	Net Lease	11/10/1997	11/15/2001	$ 657.6	5/2/2011	211.7%	7.9%
34	Apple Hospitality REIT	Hotel	4/25/2008	12/9/2010	$ 1,999.9	5/18/2015	147.7%	7.6%
35	New York REIT, Inc.	NYC Office/Retail	9/2/2010	12/12/2013	$ 1,715.6	4/15/2014	126.7%	7.5%
36	Inland Diversified REIT	Diversified	8/24/2009	8/23/2012	$ 1,105.1	7/1/2014	135.2%	7.4%
37	Healthcare Trust of America	Healthcare	9/20/2006	2/28/2011	$ 2,307.9	6/6/2012	138.3%	7.0%
38	Cole Corporate Income Trust	Net Lease	2/10/2011	9/30/2013	$ 1,879.7	1/30/2015	124.9%	6.9%
39	Corporate Property Associates 17 - Global, Inc.	Global Net Lease	11/2/2007	12/20/2012	$ 2,884.8	10/31/2018	174.3%	6.9%
40	Corporate Property Associates 16	Global Net Lease	12/12/2003	12/12/2006	$ 1,103.3	1/31/2014	171.2%	6.9%
41	CNL Hotels and Resorts	Hotels	7/9/1997	4/30/2004	$ 3,052.9	4/12/2007	163.4%	6.8%
42	Apple REIT Seven	Hotels	3/3/2006	7/31/2007	$ 1,000.0	5/18/2015	153.5%	6.6%
43	CNL Restaurant Properties	Restaurant	3/29/1995	12/31/1998	$ 741.7	2/25/2005	158.8%	6.5%
44	Cole Credit Property Trust II	Net Lease Retail	6/27/2005	1/2/2009	$ 1,938.2	7/17/2013	147.5%	6.3%
45	Chambers Street Properties	Net Lease	10/25/2006	3/15/2012	$ 2,388.8	5/21/2013	138.1%	5.9%

Table 2 *(Continued)*
Monetized Non-Listed Lifecycle REITs
Performance Through Monetization Event

#	Company	Type	Effective Date	Closing Date	Capital Raised (mm)	Liquidity Date	Cumulative Total Return	XIRR First Investor
46	Phillips Edison & Company	Retail	8/12/2010	12/11/2013	$ 1,758.2	7/19/2021	157.7%	5.7%
47	KBS Legacy Apartment REIT, Inc.	Multifamily	3/12/2010	3/31/2014	$ 190.9	12/17/2018	137.5%	5.4%
48	NorthStar/RXR New York Metro Ral Estate, Inc.	NYC Diversified	2/9/2015	3/31/2018	$ 38.3	10/22/2018	112.0%	4.8%
49	North Star Real Estate Income Trust, Inc.	Mortgage	7/19/2010	7/19/2013	$ 1,068.3	2/1/2018	129.3%	4.8%
50	Hines Global REIT, Inc.		8/5/2009	4/11/2014	$ 2,576.3	3/17/2022	144.3%	4.6%
51	CNL Growth Properties, Inc.	Diversified	10/9/2009	4/11/2014	$ 209.8	10/17/2017	133.4%	4.4%
52	Piedmont Office Realty Trust, Inc.	Office	1/30/1998	12/31/2003	$ 4,715.1	2/10/2010	139.0%	4.3%
53	Monogram Residential Trust, Inc.	Multifamily	9/2/2008	7/31/2011	$ 1,459.8	11/21/2014	123.7%	4.3%
54	Modiv, Inc.	Net Lease	6/1/2016	1/27/2021	$ 174.2	2/11/2022	119.3%	3.8%
55	Global Net Lease	Global Net Lease	4/20/2012	6/30/2014	$ 1,737.8	6/2/2015	109.2%	3.8%
56	Apple REIT Eight	Hotel	7/19/2007	4/22/2008	$ 1,000.0	5/18/2015	123.6%	3.7%
57	Benefit Street Partners Realty Trust	Mortgage	2/12/2013	1/27/2016	$ 782.8	10/19/2021	124.8%	3.6%
58	LandMark Apartment Trust	Multifamily	7/19/2006	7/17/2011	$ 187.1	1/27/2016	124.0%	3.3%
59	Hines Real Estate Investment Trust	Office	6/18/2004	12/31/2009	$ 2,290.0	3/31/2017	129.4%	3.0%
60	Paladin Realty Income Properties	Diversified	2/23/2005	7/16/2012	$ 75.3	1/28/2014	121.0%	2.8%
61	Phillips Edison Grocery Center REIT II, Inc.	Retail	11/25/2013	9/15/2015	$ 1,135.4	7/19/2021	116.6%	2.6%
62	InvenTrust Properties Corp.	Diversified	8/31/2005	4/6/2009	$ 7,895.4	10/12/2021	112.9%	1.4%
63	Columbia Property Trust	Net Lease	11/26/2003	6/30/2010	$ 5,150.1	10/10/2013	110.0%	1.3%
64	ARC - Retail Centers of America, Inc.	Retail	3/17/2011	9/12/2014	$ 936.4	7/19/2018	106.6%	1.3%
65	North Star Real Estate Income II, Inc.	Mortgage	5/6/2013	11/4/2016	$ 1,081.1	2/1/2018	102.1%	0.5%
66	CNL Lifestyle Properties, Inc.	Lifestyle	4/23/2004	4/6/2011	$ 2,915.6	12/15/2017	103.4%	0.4%
67	Inland Residential Properties Trust, Inc.	Multifamily	2/17/2015	1/3/2018	$ 49.9	9/18/2019	101.0%	0.3%
68	Global Income Trust	Global Diversified	4/23/2010	4/23/2013	$ 82.2	2/4/2016	100.9%	0.2%
69	CNL Healthcare Properties II, Inc.	Healthcare	3/2/2016	10/1/2018	$ 49.8	3/19/2020	100.0%	0.0%
70	New York City REIT, Inc.	NYC Diversified	4/24/2014	5/31/2015	$ 752.8	8/18/2020	92.9%	-1.4%
71	American Finance Trust, Inc.	Net Lease Retail	4/4/2013	9/30/2013	$ 1,564.3	7/19/2018	92.8%	-1.7%
72	Bluerock Residential Growth Trust	Multifamily	8/24/2009	9/9/2013	$ 22.4	3/23/2015	89.8%	-2.7%
73	TIER REIT	Office	2/19/2003	12/31/2008	$ 2,713.7	7/23/2015	79.7%	-3.1%
74	KBS Real Estate investment Trust, Inc.	Diversified	1/13/2006	5/30/2008	$ 1,711.1	12/19/2017	77.6%	-3.4%
75	Retail Properties of America	Retail	9/19/2003	9/30/2005	$ 4,219.7	4/4/2012	77.6%	-4.5%
76	Independence Realty Trust	Multifamily	6/10/2011	4/26/2013	$ 3.5	8/13/2013	93.1%	-5.3%
77	Phillips Edison Grocery Center REIT III, Inc.	Retail	5/8/2018	6/12/2019	$ 4.5	7/19/2021	82.6%	-6.5%
78	Whitestone REIT	Net Lease	9/15/2004	10/2/2006	$ 28.3	10/3/2011	70.7%	-6.5%
79	American Realty Capital Healthcare Trust III, Inc.	Healthcare	8/20/2014	12/31/2015	$ 166.0	3/6/2019	86.5%	-6.8%
80	American Realty Capital Global Trust II	Net Lease	8/26/2014	12/31/2015	$ 299.6	12/22/2016	82.9%	-9.1%
81	Behringer Harvard Opportunity REIT I, Inc.	Diversified	9/20/2005	12/28/2007	$ 538.7	8/15/2018	30.7%	-11.1%
82	Desert Capital REIT	Mortgage	7/16/2004	2/22/2008	$ 176.3	4/29/2011	41.3%	-33.1%
					$ 106,112.3			5.0%

Regarding the performance of those Lifecycle REITs that have not liquidated as of June 30, 2022, we note that the performance of each is summarized below in Table 3 as derived from *The IPA Stanger Monitor* and includes an industry comparison in Table 4. We note that such Lifecycle REITs have provided returns reflective of general sector performance of the asset classes accumulated within each fund during the period of operation. We note that many of the remaining Lifecycle REITs focused on office, hotel, and retail assets. The structure of the investment program as a Lifecycle Non-Listed REIT was not the primary cause of the total return produced; the return related to both the asset class acquired, the financing placed on such assets and the general market conditions during the holding period. For example, the total return from the top performing Lifecycle REIT during the past one-year period was invested in self-storage assets while the bottom performing Lifecycle REIT for the last twelve months was invested in office assets, a poor performing asset class due to COVID-19 and work-from-home factors that influenced real estate performance. The performance of each Lifecycle REIT is most directly impacted by the performance of the underlying real estate assets.

Table 3
Operational Lifecycle REITs
Performance

#	Company	Type	Capital Raised (mm)	Close Date	Inception Date	Annualized Return as of 6/30/2022 1 Year	3 Year	5 Year	Since Inception
1	SmartStop Self Storage REIT, Inc. - A	Self Storage	$790.9	1/9/2017	5/23/2014	51.3%	18.3%	14.1%	13.1%
2	Hartman vREIT XXI, Inc. - A	Office	83.2	OPEN	12/2/2016	5.9%	2.6%	5.4%	10.0%
3	Hartman Short Term Income Properties XX, Inc.	Office/Retail	168.7	3/31/2016	12/20/2010	11.6%	2.9%	3.3%	8.9%
4	KBS Real Estate Investment Trust III, Inc.	Office	1,722.5	5/29/2015	3/24/2011	6.1%	4.3%	7.6%	8.7%
5	Sila Realty Trust, Inc. - I	MOB	2,975.3	11/27/2018	3/9/2017	20.2%	8.3%	8.4%	8.3%
6	Pacific Oak Strategic Opportunity REIT, Inc.	Office & Hotel	798.4	11/14/2012	4/19/2010	10.1%	2.5%	4.5%	8.0%
7	Griffin Realty Trust, Inc. - E	Office	3,166.0	2/27/2020	11/6/2009	3.9%	3.1%	3.8%	7.2%
8	Procaccianti Hotel REIT, Inc. - K	Hotel	38.8	8/13/2021	8/14/2018	17.5%	8.1%	-	7.3%
9	Lightstone Value Plus REIT I, Inc.	Hotel/Multifamily	299.4	10/10/2008	6/12/2005	11.9%	6.3%	5.8%	7.1%
10	Corporate Property Associates 18 - Global Inc. - A	Multi-Class	1,245.3	3/27/2015	7/25/2013	6.9%	6.0%	8.8%	6.6%
11	Lightstone Value Plus REIT IV, Inc.	Hotel	84.6	3/31/2017	6/12/2015	3.5%	-1.8%	2.0%	5.8%
12	Lightstone Value Plus REIT V, Inc.	Multifamily	244.8	3/15/2012	4/1/2008	37.1%	15.1%	10.6%	5.8%
13	Rodin Income Trust, Inc. - I	Mortgage	19.1	5/2/2021	6/28/2018	8.2%	7.6%	-	5.7%
14	American Healthcare REIT, Inc. - I	Healthcare	2,598.8	2/15/2019	6/17/2016	1.9%	2.8%	5.0%	5.3%
15	Lightstone Value Plus REIT II, Inc.	Hotel	176.6	9/27/2014	10/1/2009	17.8%	-0.7%	2.3%	5.0%
16	Lightstone Value Plus REIT III, Inc.	Hotel	131.1	3/31/2017	12/11/2014	17.5%	-1.8%	1.3%	4.6%
17	CIM Real Estate Finance Trust, Inc.	Retail/Mortgage	3,368.0	2/25/2014	4/13/2012	5.2%	-0.8%	-0.9%	4.2%
18	CNL Healthcare Properties, Inc.	Healthcare	1,673.1	9/30/2015	7/5/2011	1.6%	-0.3%	1.5%	4.2%
19	Inland Real Estate Income Trust, Inc.	Retail	834.4	10/16/2015	10/26/2012	14.9%	2.3%	1.5%	4.1%
20	KBS Real Estate Investment Trust II, Inc.	Office	1,817.9	12/31/2010	6/24/2008	-6.3%	-8.8%	-4.4%	3.6%
21	Healthcare Trust, Inc.	Healthcare	2,047.5	11/17/2014	4/12/2013	9.6%	-0.2%	-2.1%	1.8%
22	Watermark Lodging Trust, Inc. - A	Hotel	2,004.7	6/30/2017	5/15/2015	14.2%	-16.7%	-7.1%	-0.8%
23	Strategic Realty Trust, Inc.	Retail	106.5	2/7/2013	11/12/2009	0.0%	-16.5%	-8.9%	-2.7%
24	NorthStar Healthcare Income, Inc.	Healthcare	1,738.8	12/17/2015	2/11/2013	0.5%	-18.0%	-14.1%	-4.5%
25	KBS Growth & Income REIT, Inc - A	Office	3.9	6/30/2016	4/29/2016	-29.5%	-26.0%	-14.9%	-11.2%
	Stanger Lifecycle Total Return Index		**$28,138.4**			**15.5%**	**3.6%**	**3.8%**	

Table 4
Industry Comparison
(As of June 30, 2022)

	Annualized Total Return 1 Year	3 Year	5 Year	Cumulative Total Return 5 Year
Stanger NAV REIT Total Return Index	23.03%	13.99%	11.35%	71.23%
Stanger Lifecycle REIT Total Return Index	15.46%	3.59%	3.84%	20.74%
MSCI US REIT Index	-4.73%	4.64%	5.68%	31.82%
Cohen & Steers Realty Majors	-5.07%	5.21%	6.77%	38.78%
FTSE NAREIT Equity REIT Total Retrun Index	-6.27%	4.00%	5.30%	29.48%
S&P 500 total Return Index	-11.92%	8.76%	9.17%	55.09%
Dow Jones Industrial Average	-10.80%	4.97%	7.48%	43.44%

Lifecycle REITs were not designed to provide liquidity to investors prior to the sale of assets, or a merger with another company or listing on an established stock exchange. However, most Lifecycle REIT programs provided for limited liquidity with a share repurchase plan ("SRP") using proceeds from the REITs Dividend Reinvestment Plan ("DRIP"). Most Lifecycle REITs provide for death and disability redemptions and are often limited in their ability to provide liquidity. This provision has always been a major criticism of Lifecycle REITs but is fully disclosed in each of the offering documents for the Lifecycle REITs. The redemptions for the remaining Lifecycle REITs are included in Table 5 below and on Exhibit II to this letter. We note that such REITs provided $2.4 billion of liquidity to investors over the last five and one-half years in addition to the full cycle Lifecycle REITs noted above in Table 2 that provided liquidity on over $106.1 billion of original equity over the holding periods.

Table 5
Non-Listed Lifecycle REIT Redemptions
2017 through June 30, 2022
($ in millions)

#	Lifecycle REIT	Offering Effective Date	Offering Closed Date	2017 - YTD Q2 2022 Total
1	KBS Real Estate Investment Trust III, Inc.	10/26/2010	5/29/2015	$437.4
2	CIM Real Estate Finance Trust, Inc.	1/26/2012	2/25/2014	382.0
3	Griffin Realty Trust, Inc.	7/31/2014	9/20/2020	363.0
4	American Healthcare REIT, Inc.	2/16/2016	2/15/2019	253.4
5	Pacific Oak Strategic Opportunity REIT, Inc.	11/20/2009	11/14/2012	177.1
6	Corporate Property Associates 18 - Global Incorporated(1)	5/7/2013	3/27/2015	134.5
7	Sila Realty Trust, Inc.	5/29/2014	11/27/2018	127.7
8	NorthStar Healthcare Income, Inc.	8/7/2012	12/17/2015	91.5
9	Healthcare Trust, Inc.	2/14/2013	11/17/2014	77.7
10	CNL Healthcare Properties, Inc.	6/27/2011	9/30/2015	75.8
11	Inland Real Estate Income Trust, Inc.	10/18/2012	10/16/2015	57.8
12	Watermark Lodging Trust, Inc.	2/9/2015	6/30/2017	40.6
13	Lightstone Value Plus REIT I, Inc.	4/22/2005	10/10/2008	39.1
14	Lightstone Value Plus REIT V, Inc.	1/4/2008	3/15/2012	37.9
15	SmartStop Self Storage REIT, Inc.	1/10/2014	1/9/2017	23.5
16	KBS Real Estate Investment Trust II, Inc.	4/22/2008	12/31/2010	21.7
17	Hartman Short Term Income Properties XX, Inc.	2/9/2010	3/31/2016	12.3
18	Lightstone Value Plus REIT II, Inc.	2/17/2009	9/27/2014	11.3
19	Lightstone Value Plus REIT III, Inc.	7/16/2014	3/31/2017	6.9
20	Lightstone Value Plus REIT IV, Inc.	2/26/2015	3/31/2017	4.9
21	KBS Growth & Income REIT, Inc.	4/29/2016	6/30/2016	3.9
22	Strategic Realty Trust, Inc.	8/7/2009	2/7/2013	2.4
23	Procaccianti Hotel REIT, Inc.	8/14/2018	8/13/2021	1.8
24	Hartman vREIT XXI, Inc.	6/24/2016	Open	1.3
25	Rodin Income Trust	5/2/2018	5/2/2021	0.8
	Total			**$2,386.2**

(1) Merged into W.P. Carey 8/1/2022

NAV REITs

NAV REITs represent the second generation of Non-Listed REITs. First, the programs are designed to provide regular monthly or daily net asset value based upon recurring real estate appraisals. Second the programs are designed to provide improved liquidity through a redemption plan that will provide liquidity for redemptions of up to 2% of aggregate net asset value monthly and up to 5% of aggregate net asset value quarterly. Third, the programs are sponsored by some of the most highly regarded real estate talent in the world that manage trillions of dollars in investment capital, including: Blackstone, Starwood, Ares, FS Rialto, Hines, Jones Lang LaSalle, Nuveen, Brookfield, J.P. Morgan, Cantor Fitzgerald, RREEF, Cottonwood, and Invesco. New entrants to the space include Prudential, Apollo, and J.P. Morgan. Fourth, because of this surge in talent to the NAV REIT market, the market intelligence and asset conviction strategies of the institutional investment world is now available to retail investors through NAV REITs. Table 6 below summarizes the capital formation of NAV REITs as compared to Lifecycle REITs and shows the dramatic surge in capital formation to NAV REITs that now represents 99.9% of capital formation for all Non-Listed REITs.

Table 6
NAV REIT Capital Formation Comparison
2000 through June 30, 2022
($ in millions, Excluding DRIP)

	NAV REITs	Lifecycle REITs	Combined	NAV REIT Market Share
2000		$706	$706	0.0%
2001		1,527	1,527	0.0%
2002		3,762	3,762	0.0%
2003		7,057	7,057	0.0%
2004		6,254	6,254	0.0%
2005		5,837	5,837	0.0%
2006		6,665	6,665	0.0%
2007		11,515	11,515	0.0%
2008		9,558	9,558	0.0%
2009		6,109	6,109	0.0%
2010		8,077	8,077	0.0%
2011	$10	8,338	8,348	0.1%
2012	41	10,280	10,322	0.4%
2013	228	19,367	19,596	1.2%
2014	267	15,360	15,627	1.7%
2015	521	9,515	10,036	5.2%
2016	878	3,594	4,472	19.6%
2017	2,164	2,026	4,190	51.6%
2018	3,799	814	4,613	82.4%
2019	11,310	541	11,851	95.4%
2020	10,767	122	10,889	98.9%
2021	36,453	11	36,464	100.0%
2022 (6 months)	21,317	14	21,331	99.9%
Total	**$87,754**	**$137,052**	**$224,806**	

Below in Table 7 is a summary of the NAV REITs active in the space today along with the cumulative capital raised by each sponsored program. A detailed schedule is provided in Exhibit III to this letter.

Table 7
NAV REIT Fundraising
Through June 30, 2022
($ in millions, Excluding DRIP)

#	NAV REITs	NAV REIT Offering Effective Date	Since Inception
1	Blackstone Real Estate Income Trust, Inc.	8/31/2016	$58,990.7
2	Starwood Real Estate Income Trust, Inc.	12/27/2017	11,970.4
3	Ares Industrial Real Estate Income Trust	2/18/2016	3,276.4
4	Jones Lang LaSalle Income Property Trust, Inc.	10/1/2012	3,015.7
5	FS Credit Real Estate Income Trust, Inc.	9/11/2017	2,091.7
6	Hines Global Income Trust, Inc.(1)	12/6/2017	1,893.7
7	Nuveen Global Cities REIT, Inc.	1/31/2018	1,546.7
8	Ares Real Estate Income Trust Inc.(2)	7/12/2012	1,369.6
9	KKR Real Estate Select Trust Inc.(6)	5/18/2021	1,055.7
10	CIM Income NAV, Inc.(3)	12/6/2011	813.8
11	Brookfield Real Estate Income Trust, Inc.	4/30/2018	754.3
12	RREEF Property Trust, Inc.	1/3/2013	319.8
13	Clarion Partners Real Estate Income Fund, Inc.(6)	6/13/2019	251.9
14	Cantor Fitzgerald Income Trust, Inc.(4)	8/10/2020	193.1
15	Cottonwood Communities, Inc.(5)	11/4/2021	88.9
16	Invesco Real Estate Income Trust Inc.	5/14/2021	81.7
17	InPoint Commercial Real Estate Income, Inc.	5/3/2019	39.9
18	Apollo Realty Income Solutions, Inc.	6/29/2022	0.0
	Total		**$87,754.1**

(1) Converted to a NAV REIT Dec 2017. Raised an additional $390.1mm prior to conversion.
(2) Converted to a NAV REIT July 2012. Raised an additional $1.8 billion prior to conversion.
(3) Merged into CIM Real Estate Finance Trust 12/16/21
(4) Converted to a NAV REIT Aug 2020. Raised an additional $158.6mm prior to conversion.
(5) Converted to a NAV REIT Nov 2021. Raised an additional $120.2mm prior to conversion.
(6) Program is a tender offer fund under The Investment Company Act of 1940 and is shown for comparability to NAV REITs.

NAV REITs have performed exceptionally well during the past five years. Table 8 below summarizes the total annualized returns for each of the NAV REITs in the market over the last 1-year, 3-year, 5-year, and since inception periods and a comparison for the same periods to the MSCI Index, Cohen & Steers Realty Majors, FTSE NAREIT Index, S&P 500 Total Return Index and the Dow Jones Industrial Average, as derived from *The IPA/Stanger Monitor.*

Table 8
NAV REIT
Performance Summary Table

#	Company	Type	Capital Raised (mm)	Inception Date	Annualized Total Return as of 6/30/2022			
					1 Year	3 Year	5 Year	Since Inception
1	Cottonwood Communities, Inc. - Class A	Multifamily	$88.9	12/28/2018	96.89%	32.42%	-	28.08%
2	Ares Industrial Real Estate Income Trust Inc. - Class I	Industrial	3,276.4	11/1/2017	50.88%	20.85%	-	15.32%
3	Brookfield Real Estate Income Trust, Inc. - Class I	Multi-Class	754.3	12/6/2019	32.59%	-	-	18.71%
4	Starwood Real Estate Income Trust, Inc. - Class I	Multi-Class	11,970.4	12/21/2018	28.02%	15.53%	-	15.35%
5	Jones Lang LaSalle Income Property Trust, Inc. - Class M-I	Multi-Class	3,015.7	7/24/2014	27.81%	11.71%	10.14%	9.37%
6	KKR Real Estate Select Trust - Class I	Multi-Class	1,055.7	6/1/2021	26.67%	-	-	26.67%
7	Blackstone Real Estate Income Trust, Inc. - Class I	Multi-Class	58,990.7	1/1/2017	24.51%	16.59%	13.92%	13.51%
8	Clarion Partners Real Estate Income Fund Inc. - Class I	Multi-Class	251.9	9/27/2019	23.22%	-	-	14.81%
9	Nuveen Global Cities REIT, Inc. - Class I	Multi-Class	1,546.7	7/1/2018	22.30%	13.03%	-	11.63%
10	Invesco Real Estate Income Trust - Class I	Multi-Class	81.7	5/21/2021	21.91%	-	-	22.19%
11	Ares Real Estate Income Trust Inc. - Class I	Multi-Class	1,369.8	9/30/2012	21.08%	11.98%	8.59%	8.14%
12	RREEF Property Trust, Inc. - Class I	Multi-Class	319.8	5/30/2013	19.15%	11.71%	10.42%	9.57%
13	Hines Global Income Trust, Inc. - Class I	Multi-Class	1,893.7	1/1/2018	16.73%	10.10%	-	9.98%
14	Cantor Fitzgerald Income Trust, Inc. - Class IX	Multi-Class	193.1	5/18/2017	16.21%	8.18%	8.21%	8.01%
15	FS Credit Real Estate Income Trust, Inc. - Class I	Mortgage	2,091.7	1/5/2018	6.86%	6.70%	-	6.37%
16	InPoint Commercial Real Estate Income, Inc. - Class I	Mortgage	39.9	8/1/2019	3.42%	-	-	-3.27%

	Annualized Total Return as of 6/30/2022			Cumulative Total Return
	1 Year	3 Year	5 Year	5 Year
Stanger NAV REIT Total Return Index	23.03%	13.99%	11.35%	71.23%
Stanger Lifecycle REIT Total Return Index	15.46%	3.59%	3.84%	20.74%
MSCI US REIT Index	-4.73%	4.64%	5.68%	31.82%
Cohen & Steers Realty Majors	-5.07%	5.21%	6.77%	38.78%
FTSE NAREIT Equity REIT Total Retrun Index	-6.27%	4.00%	5.30%	29.48%
S&P 500 total Return Index	-11.92%	8.76%	9.17%	55.09%
Dow Jones Industrial Average	-10.80%	4.97%	7.48%	43.44%

The above data demonstrates that the total return from most NAV REITs have beaten other performance metrics during the past five years without the extreme volatility shown in public markets. This is the direct result of the quality of the management teams that have become part of this space and their focus on high growth real estate asset classes, namely multifamily and single family residential real estate, industrial and logistics assets, and self-storage, among others. Most of the first-generation Lifecycle REITs have left the Non-Listed REIT space and have been replaced by world class real estate strategists and asset managers.

In terms of redemptions, we estimate that $9.3 billion of redemptions have been met by NAV REITs since such programs were formed. Redemptions from NAV REITs are summarized below in Table 9 and on Exhibit IV to this letter.

Table 9
NAV REIT Redemptions
2011 through June 30, 2022
($ in millions)

#	NAV REIT	NAV REIT Offering Effective Date	6/30/2022 NAV	Since Inception
1	Blackstone Real Estate Income Trust, Inc.	8/31/2016	$68,319.9	$5,878.6
2	Ares Real Estate Income Trust Inc.(1)	7/12/2012	2,026.7	1,308.4
3	Jones Lang LaSalle Income Property Trust, Inc.(2)	10/1/2012	3,440.2	970.6
4	CIM Income NAV, Inc.(3)	12/6/2011	487.3	362.2
5	Starwood Real Estate Income Trust, Inc.	12/27/2017	13,850.4	274.7
6	Hines Global Income Trust, Inc.(4)	12/6/2017	2,372.7	146.2
7	FS Credit Real Estate Income Trust, Inc.	9/11/2017	1,912.9	110.0
8	RREEF Property Trust, Inc.	1/3/2013	381.0	80.2
9	Ares Industrial Real Estate Income Trust	2/18/2016	4,566.8	64.1
10	InPoint Commercial Real Estate Income, Inc. (8)	5/3/2019	207.5	26.5
11	Brookfield Real Estate Income Trust, Inc.	4/30/2018	1,004.3	19.4
12	Cantor Fitzgerald Income Trust, Inc.(5)	8/10/2020	352.4	17.0
13	Nuveen Global Cities REIT, Inc.	1/31/2018	2,016.4	15.0
14	Cottonwood Communities, Inc.(6)	11/4/2021	1,226.1	11.6
15	KKR Real Estate Select Trust Inc.(7)	5/18/2021	1,300.0	10.3
16	Clarion Partners Real Estate Income Fund, Inc.	6/13/2019	326.4	1.0
17	Invesco Real Estate Income Trust Inc.	5/14/2021	526.0	0.0
18	Apollo Realty Income Solutions, Inc.	6/29/2022	0.0	0.0
	Total			**$9,295.9**

(1) Converted to a NAV REIT July 2012. Includes redemptions of legacy share classes and Self-Tender Offers

(2) Includes Self-Tender Offers

(3) Merged into CIM Real Estate Finance Trust 12/16/21, last reported total net asset value is as of 7/31/2021.

(4) Converted to a NAV REIT Dec 2017. Includes redemptions of legacy share classes.

(5) Converted to a NAV REIT Aug 2020. Includes redemptions of legacy share classes.

(6) Converted to a NAV REIT Nov 2021. Includes redemptions of legacy share classes.

(7) 2022 Redemptions through Q1

(8) Fund raised $277 as Form D private offering between 10/25/16 and 6/28/2019. Public NAV REIT offering effective on 5/31/2019 with first sales reported in August 2019. Raised $38 million before offering suspended. Redemption not permitted within one-year of share purchase. Redemptions gated were primarily Class P shares sold under private offering.

Evolution of Non-Listed REITs

During the past ten years the Non-Listed REIT space has evolved from Lifecycle REITs to NAV REITs (where 99.9% of capital is raised) and now provides: (i) greater transparency on net asset value by providing for a monthly NAV based upon appraisals; (ii) better overall performance that exceeded the performance of traded REITs over the past five years as measured by *The IPA Stanger Monitor* (copy attached as Exhibit V); (iii) greater liquidity in the form of redemptions of up to 2% of aggregate net asset value per month and 5% per quarter (approximately 20% per year) that provided $9.3 billion of liquidity to investors over the last several years; and (iv) world class real estate investment managers such as Blackstone, Starwood, Ares, FS Rialto, Hines, Jones Lang LaSalle, Nuveen, Brookfield, Cantor Fitzgerald, RREEF, Cottonwood, and Invesco. New entrants to the space include Apollo, J.P. Morgan and Prudential. These changes have revolutionized the access to real estate investments for retail investors and mitigate many of the concerns expressed by your Proposed Revisions including the following:

1. **Under Performance by Non-Listed REITs.** The Claim in an article by Securities Litigation and Consulting Group (the SLIC Group), referenced in your analysis, that Non-Listed REITs underperformed investors in traded REITs is old, wrong and biased as the analysis arbitrarily reduces the value of Non-Listed REITs by 24%, fails to identify any of the REITs that were studied, fails to consider the substantial price reduction of traded REITs between December 31, 2019 and June 30, 2022, compared sector-focused returns of primarily Lifecycle REITs to a diversified return of a single high performing REIT fund, fails to consider the extraordinary performance of recent NAV and Lifecycle REITs since the end of 2019, and was prepared by the SLIC Group, a firm known as a “for hire” purported plaintiff expert. Our evidence shows that the SLIC article is biased, unsupportable, and primarily related to Lifecycle REITs when the market is now dominated by the new generation of NAV REITs and should be deleted from your Proposed Revisions analysis.

2. **Liquidity of Non-Listed REITs.** The reference to the recent FINRA action in Hicks, references five Non-Listed REITs considered in that matter that were Lifecycle REITs that did not have the liquidity features of the new generation of NAV REITs and should therefore be excluded from your analysis.

3. **Reference to Criminal Complaints.** I observed two references to criminal actions in your analysis. The first one involved an executive of American Realty Capital Properties, a publicly traded company for actions involving the executive for the publicly traded company. The second involved executives of UDF, a publicly traded company that managed and sponsored four Lifecycle REITs. While we certainly condemn any criminal actions, these items are isolated and have no bearing on the Proposed Revisions.

Overview of Allegations by NASAA

The Proposed Revisions are geared to Non-Listed REIT investments and impact the Conduct Standard, Income and Net Worth Standard, Concentration Standard, and the Use of Gross Offering Proceeds in a Non-Listed REIT offering. The Proposed Revisions appear to represent the efforts of the Direct Participation Programs Project Group and the Corporate Finance Section of the NASAA to address concerns raised by several articles and legal actions relating to certain first-generation Non-Listed REITs known as Lifecycle REITs. Furthermore, the Proposed Revisions will greatly and adversely impact the second generation of Non-Listed REITs known as NAV REITs, a series of investment programs that have made more than $26 billion for retail investors during the past five and one-half years. Many of the adverse comments directed at all Non-Listed REITs are incorrect or apply only to Lifecycle REITs.

Review of NASAA Proposals

The following reflect my views on each of the proposals:

a. **Conduct Standard.** Your proposed conduct standard is confusing and could be interpreted to require Non-Listed REIT sponsors to supervise compliance by broker dealers and registered investment advisors and further frustrates providing such advice by eliminating indemnification for such a failure. In my view this provision could have a material adverse impact on the willingness of broker dealers and financial advisors to consider these high performing Non-Listed NAV REITs for their clients. For this reason, I request that you delete the revision to the Conduct Standard from your proposal.

b. **Income and Net Worth Adjustment.** Your proposed raising of the income and net worth standards will deprive the average citizen from participating in a Non-Listed REIT which may be the only option for that citizen to obtain access to the highest quality investment managers in an investment structure that provides real estate investment opportunities for as little as $2,500 of minimum investment at net asset value based upon appraisals without the volatility of the public markets, while providing a reasonable level of liquidity. For this reason, I request that you delete the revision to the Income and Net Worth Adjustment from your proposal.

c. **Concentration Standard.** Your proposed requirement that the Sponsor now set the minimum concentration at 10% of liquid net worth for the investment in the Non-Listed REIT, its affiliates and other Non-Listed direct participation programs is an attempt to override the judgement of both the investor and his or her financial advisor, in effect forcing them to contemplate greater exposure to risky unregulated private offerings or volatile stock and bond markets. For this reason, I request that you delete the revision to the Concentration Standard from your proposal.

d. **Gross Offering Proceeds Prohibited as a Distribution Source.** While your concern regarding the use of offering proceeds is not unfounded, NAV REITs have already solved for this concern. Boards of directors of NAV REITs set distribution levels to attract capital with the objective of setting the lowest distribution rate that will attract the appropriate level of capital that can be supported by the business plan for the REIT. The business plan is expected to produce a total level of return from cash flow and asset appreciation over a holding period that will support the distribution level set by the board. If the cash flow and appreciation exceed the distribution level set by the board, then the value of the NAV REIT shares will increase. If the cash flow and appreciation do not exceed the distribution level, then the NAV REIT share price will decline. These disclosures are posted monthly with the SEC, and sometimes daily, in the current generation of NAV REITs. The board of directors will respond to these changes in share price and the board of directors will adjust dividend levels naturally causing market participants to buy or sell NAV REIT shares. Each investor can elect to reinvest his or her distribution back into the REIT in exchange for more shares and more than 50% of investors do just that. Lastly, I would observe that there is extensive and material disclosure in the SEC filings regarding the distribution levels and the level of coverage provided by REIT earnings and appreciation. For these reasons, I believe your proposal on this matter is unnecessary.

Conclusion

In conclusion, I observe that the premise of the Proposed Revisions confuses the performance of the latest generation of Non-Listed REITs (known as "NAV REITs") with the first generation of Non-Listed REITs known as Lifecycle REITs. The Lifecycle REITs raised approximately $137.1 billion from 2000 to 2022 and monetized $106.1 billion and provided an average total annual return of 5.0% over the holding period due in part to their heavier focus on office and retail real estate assets. Those Lifecycle REITs that have not yet liquidated are continuing to perform consistent with the underlying asset classes. NAV REITs on the other hand raised $87.8 billion from 2011 to June 30, 2022 and now represent 99.9% of current fundraising in the Non-Listed REIT space, and produced an average annual return of 11.35% over the five-year period ended June 30, 2022, due in part to their high conviction to multifamily and industrial asset classes by some of the biggest names in institutional real estate investment and management including Blackstone, Starwood, Ares, FS Rialto, Hines, Jones Lang LaSalle, Nuveen, Brookfield, Cantor Fitzgerald, RREEF, Cottonwood, and Invesco, far outpacing the returns from traded REITs. Furthermore, this latest generation of NAV REITs offer regular appraisals of real estate value and net asset value and provide liquidity of up to 5% of aggregate net asset value quarterly, providing $9.3 billion of liquidity to the marketplace over the last five and one-half years. Your efforts in the Proposed Revisions, if successful, will make these great investment opportunities less available to retail investors while impeding the great progress made by the market in transforming Non-Listed REITs over the last ten years.

Best Regards,

Kevin T. Gannon

Chairman & CEO

Exhibit I
Page 1 of 2

Non-Listed Lifecycle REIT Fundraising
(Dollars in Millions, Excluding DRIP)

#	Lifecycle REIT Sponsor	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	American Realty Capital	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$16.8	$145.0	$520.5	$1,410.1	$2,657.7
2	Inland Real Estate Investment Corp	72.4	226.5	840.1	1,125.6	1,956.7	2,174.6	1,578.0	3,714.3	2,255.5	277.8	226.2	308.6	543.7
3	CIM Group	0.0	0.0	0.0	0.0	0.0	28.3	268.9	612.2	1,028.8	974.3	1,438.2	1,303.1	1,283.9
4	Wells Capital, Inc.	180.4	522.5	1,340.3	2,537.2	744.0	1,197.1	861.5	894.4	772.1	556.5	384.4	256.7	211.8
5	CNL Financial Group	274.0	343.9	854.5	2,195.4	1,562.2	452.6	849.8	724.7	314.7	223.0	354.5	252.0	229.5
6	W.P. Carey Inc.	120.0	239.6	475.6	557.6	542.2	10.2	550.0	0.0	342.5	437.9	593.1	630.0	1,038.9
9	Griffin Capital Company, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.9	153.8	363.2	695.9
7	Black Creek Group	0.0	0.0	0.0	128.4	558.2	675.0	470.1	801.5	443.4	230.8	154.8	439.0	703.9
8	Apple Hospitality	52.4	176.3	205.1	346.9	465.8	504.5	496.5	1,350.1	691.0	635.1	918.4	474.0	252.6
10	KBS Capital Advisors LLC	0.0	0.0	0.0	0.0	0.0	0.0	121.1	730.0	1,172.3	595.2	888.8	390.2	585.3
11	Hines Interests Limited Partnership	0.0	0.0	0.0	0.0	20.5	206.2	583.6	809.9	418.4	282.8	366.6	469.5	560.2
12	Behringer	0.0	0.0	0.0	8.2	121.6	502.6	676.7	1,157.8	868.6	481.5	516.7	617.2	6.1
13	Colony Capital, Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	122.3	430.7
14	Carter/Validus Advisors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.6	167.9
15	CBRE Advisors LLC	0.0	0.0	0.0	0.0	0.0	0.0	5.5	226.1	337.2	424.1	565.4	658.8	171.8
16	Healthcare Trust of America	0.0	0.0	0.0	0.0	0.0	0.0	1.8	209.2	526.4	644.7	681.1	244.7	0.0
17	Steadfast REIT Investments, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	33.5	180.4
18	Strategic Asset Management I, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21.0	81.6	98.0	85.1	114.8
19	Resource Real Estate, Inc	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.6	57.1	128.7
20	Lightstone Group, The	0.0	0.0	0.0	0.0	0.0	1.9	39.5	88.2	169.8	12.2	21.0	9.8	7.0
21	UMTH Land Development LP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2	50.5	91.3	196.6
22	Triple Net Properties, Inc.	6.4	17.9	43.6	151.5	259.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
23	Moody National Advisors I, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	2.1	7.8
24	Hartman Advisors, LLC	0.0	0.0	0.0	0.0	1.5	17.2	9.6	0.0	0.0	0.0	2.6	14.8	16.5
25	Grubb & Ellis REIT Advisor, LLC	0.0	0.0	0.0	0.0	0.0	0.0	16.5	67.1	66.3	13.2	24.0	0.0	0.0
26	Cantor Fitzgerald Investors, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
27	Burton Management Co., Ltd	0.0	0.0	0.0	0.0	22.4	64.3	60.1	29.1	0.4	0.0	0.0	0.0	0.0
28	Modiv Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Cornerstone Realty Advisors, LLC	0.0	0.0	0.0	0.0	0.0	0.0	34.4	43.2	70.0	18.6	1.1	0.0	0.0
30	MVP Realty Advisor, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2
31	Sentio Investments, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.5	38.6	63.9	14.2	0.0
32	Cottonwood Residential, Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
33	Thompson National Properties, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	18.3	35.5	47.3
34	Boston Capital Associates	0.0	0.0	0.0	0.0	0.0	1.1	35.5	39.5	0.0	0.0	0.0	0.0	0.0
35	Paladin Realty Advisors, LLC	0.0	0.0	0.0	0.0	0.0	1.7	6.3	17.1	9.9	8.0	5.7	20.6	5.9
36	Procaccianti Companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
37	Bluerock Capital Markets, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.3	3.9	10.8
38	Shopoff Advisors, LP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	16.7	0.3	0.5	0.0	0.0
39	Clarion Partners	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.7
40	Plymouth Group Real Estate LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6
41	NexPoint Advisors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
42	Genesis Financial Group, Inc.	0.0	0.0	3.2	6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
43	REITPlus Advisors, Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.7	0.0	0.0	0.0	0.0
44	Independence Realty Advisors, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3
45	O'Donnell REIT Advisors, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
	Total	**$705.6**	**$1,526.7**	**$3,762.4**	**$7,057.1**	**$6,254.2**	**$5,837.3**	**$6,665.3**	**$11,515.3**	**$9,558.0**	**$6,109.3**	**$8,077.5**	**$8,337.6**	**$10,280.3**

Non-Listed Lifecycle REIT Fundraising
(Dollars in Millions, Excluding DRIP)

#	Lifecycle REIT Sponsor	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD Jun 2022	Total
1	American Realty Capital	$7,792.3	$6,058.7	$2,330.7	$1.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$20,932.9
2	Inland Real Estate Investment Corp	63.3	344.4	430.9	26.1	16.6	0.5	0.0	0.0	0.0	0.0	16,181.8
3	CIM Group	3,514.7	1,247.7	212.3	332.0	93.9	41.9	1.4	0.0	0.0	0.0	12,381.6
4	Wells Capital, Inc.	68.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10,527.0
5	CNL Financial Group	476.2	622.0	552.6	6.3	24.5	19.0	0.0	0.0	0.0	0.0	10,331.5
6	W.P. Carey Inc.	655.7	1,483.2	349.1	369.3	235.2	0.0	0.0	0.0	0.0	0.0	8,630.0
9	Griffin Capital Company, LLC	2,103.1	1,698.1	1,201.4	517.0	339.9	264.0	101.4	4.1	0.0	0.0	7,462.8
7	Black Creek Group	740.1	224.7	802.6	511.6	148.7	0.0	0.0	0.0	0.0	0.0	7,032.8
8	Apple Hospitality	175.2	150.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,894.4
10	KBS Capital Advisors LLC	441.5	576.9	560.8	95.5	70.1	17.1	0.0	0.0	0.0	0.0	6,244.8
11	Hines Interests Limited Partnership	772.2	380.3	103.9	145.5	136.8	0.0	0.0	0.0	0.0	0.0	5,256.4
12	Behringer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,957.1
13	Colony Capital, Inc.	649.2	1,129.6	1,308.8	253.7	28.3	1.5	0.0	0.0	0.0	0.0	3,926.5
14	Carter/Validus Advisors	514.2	1,037.0	406.3	314.6	386.2	118.6	0.0	0.0	0.0	0.0	2,975.3
15	CBRE Advisors LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,388.8
16	Healthcare Trust of America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,307.9
17	Steadfast REIT Investments, LLC	506.4	140.4	383.0	242.9	101.3	44.3	0.0	0.0	0.0	0.0	1,637.2
18	Strategic Asset Management I, LLC	106.3	17.5	212.1	407.2	221.1	75.4	115.6	27.6	0.0	13.6	1,596.7
19	Resource Real Estate, Inc	423.3	49.1	464.0	45.1	30.5	50.1	24.6	0.0	0.0	0.0	1,285.0
20	Lightstone Group, The	22.0	107.1	43.2	127.5	42.7	0.0	0.0	0.0	0.0	0.0	691.8
21	UMTH Land Development LP	266.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	607.0
22	Triple Net Properties, Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	478.5
23	Moody National Advisors I, LLC	19.1	65.5	39.3	65.6	46.5	44.2	62.2	10.3	0.0	0.0	365.6
24	Hartman Advisors, LLC	25.3	15.8	52.3	42.8	16.3	17.4	45.3	1.0	1.0	0.8	280.1
25	Grubb & Ellis REIT Advisor, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	187.1
26	Cantor Fitzgerald Investors, LLC	0.0	0.0	0.0	0.0	22.3	70.1	55.2	30.0	0.1	0.0	177.7
27	Burton Management Co., Ltd	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	176.3
28	Modiv Inc.	0.0	0.0	0.0	24.3	64.3	44.3	33.9	6.0	1.4	0.0	174.2
29	Cornerstone Realty Advisors, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	167.3
30	MVP Realty Advisor, LLC	21.3	12.0	61.6	57.7	0.0	0.0	0.0	0.0	0.0	0.0	156.8
31	Sentio Investments, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	127.1
32	Cottonwood Residential, Inc.	0.0	0.0	0.0	0.0	0.0	3.7	83.7	32.8	0.0	0.0	120.2
33	Thompson National Properties, LLC	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	106.5
34	Boston Capital Associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	76.1
35	Paladin Realty Advisors, LLC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	75.3
36	Procaccianti Companies	0.0	0.0	0.0	0.0	0.0	1.6	18.0	10.4	8.9	0.0	38.8
37	Bluerock Capital Markets, LLC	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.4
38	Shopoff Advisors, LP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.3
39	Clarion Partners	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.1
40	Plymouth Group Real Estate LLC	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.6
41	NexPoint Advisors	0.0	0.0	0.0	8.6	1.1	0.0	0.0	0.0	0.0	0.0	9.7
42	Genesis Financial Group, Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.5
43	REITPlus Advisors, Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.7
44	Independence Realty Advisors, LLC	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5
45	O'Donnell REIT Advisors, LLC	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4
	Total	**$19,367.1**	**$15,360.2**	**$9,515.0**	**$3,594.3**	**$2,026.2**	**$813.7**	**$541.2**	**$122.2**	**$11.3**	**$14.4**	**$137,052.0**

STANGER INVESTMENT BANKING

Exhibit II

Non-Listed Lifecycle REIT Redemptions
(Dollars in Millions)

#	Lifecycle REIT	Offering Effective Date	Offering Closed Date	2017	2018	2019	2020	2021	YTD Q2 2022	2017 - YTD Q2 2022 Total	Current SRP Status
1	KBS Real Estate Investment Trust III, Inc.	10/26/2010	5/29/2015	$61.9	$94.7	$101.0	$10.9	$92.3	$76.6	$437.4	Limited
2	CIM Real Estate Finance Trust, Inc.	1/26/2012	2/25/2014	103.7	93.8	82.4	48.1	34.3	19.7	382.0	Open
3	Griffin Realty Trust, Inc.	7/31/2014	9/20/2020	5.7	23.8	296.7	16.6	20.2	0.0	363.0	Closed
4	American Healthcare REIT, Inc.	2/16/2016	2/15/2019	32.2	80.0	99.4	29.3	1.9	10.6	253.4	D&D Only
5	Pacific Oak Strategic Opportunity REIT, Inc.	11/20/2009	11/14/2012	8.2	123.3	10.0	2.2	31.0	2.3	177.1	Limited
6	Corporate Property Associates 18 - Global Incorporated(1)	5/7/2013	3/27/2015	20.1	23.1	21.5	21.6	45.5	2.6	134.5	Open
7	Sila Realty Trust, Inc.	5/29/2014	11/27/2018	17.2	43.2	23.7	29.5	9.5	4.6	127.7	D&D Only
8	NorthStar Healthcare Income, Inc.	8/7/2012	12/17/2015	52.8	25.9	10.8	2.1	0.0	0.0	91.5	Closed
9	Healthcare Trust, Inc.	2/14/2013	11/17/2014	33.6	14.2	21.1	8.8	0.0	0.0	77.7	Closed
10	CNL Healthcare Properties, Inc.	6/27/2011	9/30/2015	47.4	28.4	0.0	0.0	0.0	0.0	75.8	Closed
11	Inland Real Estate Income Trust, Inc.	10/18/2012	10/16/2015	21.1	22.5	9.5	0.1	2.8	1.8	57.8	Pro Rata
12	Watermark Lodging Trust, Inc.	2/9/2015	6/30/2017	5.9	19.3	14.5	0.9	0.0	0.0	40.6	D&D Only
13	Lightstone Value Plus REIT I, Inc.	4/22/2005	10/10/2008	3.0	16.4	11.7	3.2	1.6	3.2	39.1	D&D Only
14	Lightstone Value Plus REIT V, Inc.	1/4/2008	3/15/2012	3.0	8.6	9.5	15.6	0.6	0.6	37.9	D&D Only
15	SmartStop Self Storage REIT, Inc.	1/10/2014	1/9/2017	2.0	7.7	5.9	1.7	4.6	1.7	23.5	Closed
16	KBS Real Estate Investment Trust II, Inc.	4/22/2008	12/31/2010	5.8	5.9	5.4	2.7	1.9	0.0	21.7	Closed
17	Hartman Short Term Income Properties XX, Inc.	2/9/2010	3/31/2016	1.6	7.1	0.0	0.0	2.4	1.2	12.3	Open
18	Lightstone Value Plus REIT II, Inc.	2/17/2009	9/27/2014	1.7	3.9	4.0	0.8	0.1	0.7	11.3	D&D Only
19	Lightstone Value Plus REIT III, Inc.	7/16/2014	3/31/2017	0.6	1.9	2.3	0.8	0.6	0.7	6.9	D&D Only
20	Lightstone Value Plus REIT IV, Inc.	2/26/2015	3/31/2017	0.2	2.7	0.7	0.6	0.1	0.6	4.9	D&D Only
21	KBS Growth & Income REIT, Inc.	4/29/2016	6/30/2016	1.2	2.3	0.0	0.2	0.1	0.0	3.9	D&D Only
22	Strategic Realty Trust, Inc.	8/7/2009	2/7/2013	0.9	0.7	0.7	0.1	0.0	0.0	2.4	Closed
23	Procaccianti Hotel REIT, Inc.	8/14/2018	8/13/2021	0.0	0.0	0.1	0.3	0.9	0.5	1.8	Open
24	Hartman vREIT XXI, Inc.	6/24/2016	Open	0.0	0.0	0.1	0.1	0.7	0.3	1.3	Open
25	Rodin Income Trust	5/2/2018	5/2/2021	0.0	0.0	0.0	0.2	0.3	0.3	0.8	Open
	Total			**$429.5**	**$649.6**	**$731.0**	**$196.4**	**$251.6**	**$128.1**	**$2,386.2**	

(1) Merged into W.P. Carey 8/1/2022

Exhibit III

NAV REIT Fundraising
(Dollars in Millions, Excluding DRIP)

#	NAV REITs	NAV REIT Offering Effective Date	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD Jun 2022	Since Inception
1	Blackstone Real Estate Income Trust, Inc.	8/31/2016	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1,873.0	$2,875.8	$8,658.3	$7,784.3	$24,930.0	$12,869.3	$58,990.7
2	Starwood Real Estate Income Trust, Inc.	12/27/2017	0.0	0.0	0.0	0.0	0.0	0.0	0.0	164.9	873.6	966.2	6,306.9	3,658.8	11,970.4
3	Ares Industrial Real Estate Income Trust	2/18/2016	0.0	0.0	0.0	0.0	0.0	2.0	18.1	221.0	291.0	948.5	1,230.5	565.3	3,276.4
4	Jones Lang LaSalle Income Property Trust, Inc.	10/1/2012	0.0	37.6	118.3	102.3	343.4	602.7	54.9	97.3	405.9	291.7	545.4	416.3	3,015.7
5	FS Credit Real Estate Income Trust, Inc.	9/11/2017	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.5	133.2	188.2	817.7	934.2	2,091.7
6	Hines Global Income Trust, Inc.[1]	12/6/2017	0.0	0.0	0.0	0.0	0.0	0.0	0.0	58.6	406.0	220.6	570.2	638.4	1,893.7
7	Nuveen Global Cities REIT, Inc.	1/31/2018	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2	50.0	80.4	741.9	672.2	1,546.7
8	Ares Real Estate Income Trust Inc.[2]	7/12/2012	0.0	0.0	30.7	78.3	85.8	90.8	22.4	153.3	173.3	103.0	368.9	263.2	1,369.6
9	KKR Real Estate Select Trust Inc.[6]	5/18/2021	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	504.7	551.0	1,055.7
10	CIM Income NAV, Inc.[3]	12/6/2011	10.0	3.8	53.1	67.5	58.6	154.8	179.2	167.9	95.8	20.9	2.3	0.0	813.8
11	Brookfield Real Estate Income Trust, Inc.	4/30/2018	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	150.0	85.2	130.8	388.3	754.3
12	RREEF Property Trust, Inc.	1/3/2013	0.0	0.0	26.3	19.1	33.3	27.4	15.9	39.7	58.9	29.9	41.4	27.9	319.8
13	Clarion Partners Real Estate Income Fund, Inc.[6]	6/13/2019	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.6	112.8	127.6	251.9
14	Cantor Fitzgerald Income Trust, Inc.[4]	8/10/2020	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.8	87.5	93.8	193.1
15	Cottonwood Communities, Inc.[5]	11/4/2021	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	86.5	88.9
16	Invesco Real Estate Income Trust Inc.	5/14/2021	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	58.8	22.9	81.7
17	InPoint Commercial Real Estate Income, Inc.	5/3/2019	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.9	24.4	0.2	1.4	39.9
18	Apollo Realty Income Solutions, Inc.	6/29/2022	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total		**$10.0**	**$41.3**	**$228.4**	**$267.1**	**$521.0**	**$877.7**	**$2,163.5**	**$3,799.1**	**$11,309.9**	**$10,766.5**	**$36,452.5**	**$21,317.0**	**$87,754.1**

(1) Converted to a NAV REIT Dec 2017. Raised an additional $390.1mm prior to conversion.

(2) Converted to a NAV REIT July 2012. Raised an additional $1.8 billion prior to conversion.

(3) Merged into CIM Real Estate Finance Trust 12/16/21

(4) Converted to a NAV REIT Aug 2020. Raised an additional $158.6mm prior to conversion.

(5) Converted to a NAV REIT Nov 2021. Raised an additional $120.2mm prior to conversion.

(6) Program is a tender offer fund under The Investment Company Act of 1940 and is shown for comparability to NAV REITs.

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Exhibit IV

NAV REIT Redemptions
(Dollars in Millions)

#	NAV REIT	NAV REIT Offering Effective Date	6/30/2022 NAV	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD Q2 2022	Since Inception
1	Blackstone Real Estate Income Trust, Inc.	8/31/2016	$68,319.9	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.7	$48.9	$121.8	$1,273.7	$1,100.4	$3,333.1	$5,878.6
2	Ares Real Estate Income Trust Inc.[(1)]	7/12/2012	2,026.7	48.1	64.7	68.4	81.3	212.6	210.0	178.4	170.9	120.6	105.6	67.2	28.5	1,308.4
3	Jones Lang LaSalle Income Property Trust, Inc.[(2)]	10/1/2012	3,440.2	0.0	0.0	29.4	80.4	32.1	58.7	110.3	79.2	122.2	255.4	135.3	67.6	970.6
4	CIM Income NAV, Inc.[(3)]	12/6/2011	487.3	0.0	0.0	0.6	18.0	13.0	19.7	42.3	48.2	95.4	97.5	27.5	0.0	362.2
5	Starwood Real Estate Income Trust, Inc.	12/27/2017	13,850.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	44.1	64.9	165.5	274.7
6	Hines Global Income Trust, Inc.[(4)]	12/6/2017	2,372.7	0.0	0.0	0.0	0.0	0.0	0.9	20.7	12.6	15.5	31.7	44.4	20.5	146.2
7	FS Credit Real Estate Income Trust, Inc.	9/11/2017	1,912.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.8	26.9	24.6	56.7	110.0
8	RREEF Property Trust, Inc.	1/3/2013	381.0	0.0	0.0	0.0	0.9	4.5	10.3	9.2	10.6	5.6	25.3	8.3	5.7	80.2
9	Ares Industrial Real Estate Income Trust	2/18/2016	4,566.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	2.3	4.9	25.1	31.3	64.1
10	InPoint Commercial Real Estate Income, Inc. [(8)]	5/3/2019	207.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.8	14.3	9.6	26.5
11	Brookfield Real Estate Income Trust, Inc.	4/30/2018	1,004.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	5.7	13.0	19.4
12	Cantor Fitzgerald Income Trust, Inc.[(5)]	8/10/2020	352.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	5.0	8.0	3.1	17.0
13	Nuveen Global Cities REIT, Inc.	1/31/2018	2,016.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	1.9	3.2	9.8	15.0
14	Cottonwood Communities, Inc.[(6)]	11/4/2021	1,226.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	2.6	8.7	11.6
15	KKR Real Estate Select Trust Inc.[(7)]	5/18/2021	1,300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.3	10.3
16	Clarion Partners Real Estate Income Fund, Inc.	6/13/2019	326.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.1	0.4	1.0
17	Invesco Real Estate Income Trust Inc.	5/14/2021	526.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18	Apollo Realty Income Solutions, Inc.	6/29/2022	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total			**$48.1**	**$64.7**	**$98.5**	**$180.6**	**$262.2**	**$299.6**	**$361.5**	**$371.1**	**$488.2**	**$1,874.2**	**$1,531.5**	**$3,763.8**	**$9,295.9**

(1) Converted to a NAV REIT July 2012. Includes redemptions of legacy share classes and Self-Tender Offers

(2) Includes Self-Tender Offers

(3) Merged into CIM Real Estate Finance Trust 12/16/21, last reported total net asset value is as of 7/31/2021.

(4) Converted to a NAV REIT Dec 2017. Includes redemptions of legacy share classes.

(5) Converted to a NAV REIT Aug 2020. Includes redemptions of legacy share classes.

(6) Converted to a NAV REIT Nov 2021. Includes redemptions of legacy share classes.

(7) 2022 Redemptions through Q1

(8) Fund raised $277 as Form D private offering between 10/25/16 and 6/28/2019. Public NAV REIT offering effective on 5/31/2019 with first sales reported in August 2019. Raised $38 million before offering suspended. Redemption not permitted within one-year of share purchase. Redemptions gated were primarily Class P shares sold under private offering.

Exhibit V

STANGER
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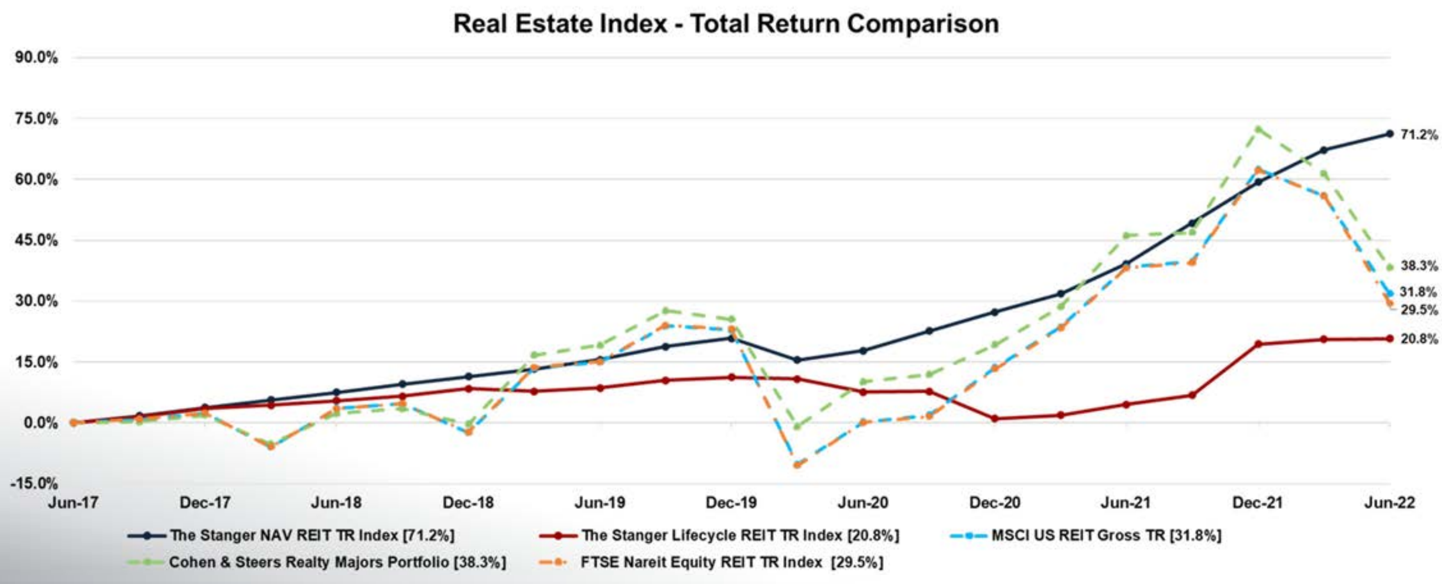
THE IPA / STANGER MONITOR™

Tracking the Performance of Alternative Investments

VOLUME IV No. 3 Summer 2022

THE IPA / STANGER MONITOR is sponsored by the Institute for Portfolio Alternatives ("IPA") and authored and published by Robert A. Stanger & Co., Inc. ("Stanger"). THE IPA / STANGER MONITOR performance analysis tracks the total return of non-listed REITs, including 22 lifecycle REITs and 17 Net Asset Value ("NAV") REITs with a combined market capitalization of over $114.4 billion. Non-listed products are generally designed to eliminate some volatility of the traded market while still providing the transparency of a publicly-registered company.

Lifecycle REITs are designed to be limited-life products that undergo a lifecycle of fundraising followed by a liquidity event of some form. Lifecycle REITs generally provide their first independent appraisal-based NAV at a maximum of 2 years and 150 days after fundraising escrow break, and at least annually thereafter. NAV REITs are perpetual-life products that continue fundraising indefinitely while providing updated NAVs on a daily or monthly basis.



The Stanger NAV REIT Total Return Index and The Stanger Lifecycle REIT Total Return Index showed cumulative returns (distributions and capital appreciation) of 71.2% and 20.8%, respectively, for the five years ended June 30, 2022. The pricing and performance of all REITs generally reflects the underlying performance of the real estate owned which in turn is based upon cash distributions and net asset value of the equity.

Industry Comparison
as of 6/30/2022

	Annualized Total Return			Cumulative Total Return
	1 Year	**3 Year**	**5 Year**	**5 Year**
Stanger NAV REIT Total Return Index	23.03%	13.99%	11.35%	71.23%
Stanger Lifecycle REIT Total Return Index	15.46%	3.59%	3.84%	20.74%
MSCI US REIT Index (Gross Total Return)	-4.73%	4.64%	5.68%	31.82%
Cohen & Steers Realty Majors Portfolio	-5.07%	5.21%	6.77%	38.78%
FTSE Nareit Equity REIT Total Return Index	-6.27%	4.00%	5.30%	29.48%
S&P 500 Total Return Index	-11.92%	8.76%	9.17%	55.09%
Dow Jones Industrial Average Index	-10.80%	4.97%	7.48%	43.44%

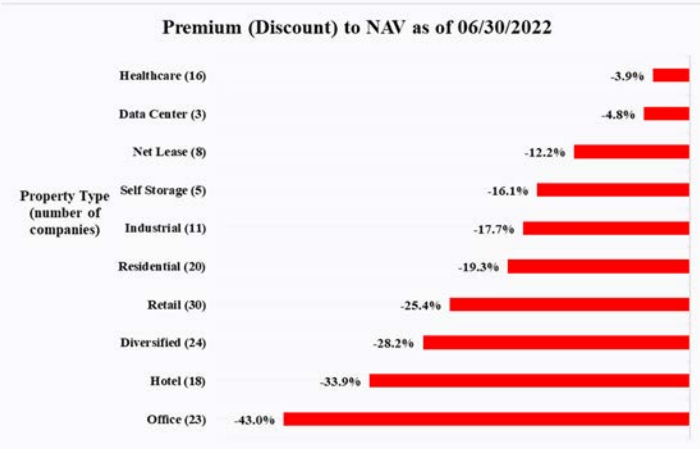
The Stanger REIT Total Return Indices
as of 6/30/2022

		The Stanger NAV REIT Total Return Index			The Stanger Lifecycle REIT Total Return Index		
		Index	**3-Month Return**	**Trailing 12-Month**	**Index**	**3-Month Return**	**Trailing 12-Month**
2017	**Q2**	109.69	1.71%	6.49%	109.04	1.16%	5.64%
	Q3	111.62	1.76%	6.34%	110.70	1.52%	5.60%
	Q4	113.83	1.98%	6.79%	112.90	1.99%	6.25%
2018	**Q1**	115.91	1.82%	7.47%	113.79	0.79%	5.57%
	Q2	117.97	1.78%	7.54%	114.99	1.05%	5.45%
	Q3	120.20	1.89%	7.68%	116.20	1.05%	4.97%
	Q4	122.20	1.67%	7.35%	118.23	1.75%	4.72%
2019	**Q1**	124.26	1.68%	7.21%	117.56	-0.57%	3.31%
	Q2	126.75	2.01%	7.44%	118.43	0.74%	2.99%
	Q3	130.30	2.80%	8.41%	120.44	1.70%	3.65%
	Q4	132.59	1.75%	8.50%	121.32	0.73%	2.61%
2020	**Q1**	126.65	-4.48%	1.93%	120.84	-0.40%	2.79%
	Q2	129.20	2.01%	1.93%	117.31	-2.92%	-0.95%
	Q3	134.52	4.12%	3.24%	117.53	0.19%	-2.42%
	Q4	139.66	3.82%	5.33%	110.18	-6.25%	-9.18%
2021	**Q1**	144.57	3.52%	14.15%	111.10	0.83%	-8.06%
	Q2	152.66	5.60%	18.16%	114.03	2.65%	-2.79%
	Q3	163.71	7.24%	21.70%	116.53	2.19%	-0.85%
	Q4	174.82	6.79%	25.18%	130.23	11.76%	18.20%
2022	**Q1**	183.45	4.94%	26.90%	131.47	0.95%	18.34%
	Q2	187.82	2.38%	23.03%	131.66	0.14%	15.45%

The Stanger NAV REIT Total Return Index measures the performance of NAV REITs on a quarterly basis. Stanger began calculating the index on December 31, 2015, with a base level of 100. NAV REITs with a minimum of one calendar quarter of performance are included. The Stanger NAV REIT Total Return Index currently includes 17 NAV REITs with a total of 90 separate share classes. NAV REITS are publicly-registered offerings that generally provide liquidity of up to 5% of net assets per quarter (20% per annum) with an underlying reported value that is generally based upon appraisals.

The Stanger Lifecycle REIT Total Return Index measures the performance of Lifecycle REITs on a quarterly basis. Stanger began calculating the index on December 31, 2015, with a base level of 100. Lifecycle REITs are added to the index in the quarter that their first NAV is announced. REITs are removed from the index upon listing, merger, or in the case of a liquidation by sale of properties, upon conversion to a liquidation basis of accounting. The Stanger Lifecycle REIT Total Return Index currently includes 24 Lifecycle REITs with a total of 42 separate share classes.

Traded REITS - Trading Premium/Discount over NAV



Note:

-Data based on Analysts' NAV estimates and trading prices as of close of business on 6/30/2022.

-Values adjacent to investment categories are based on number of REITs in each category.

-REITs may appear in multiple categories depending on investment focus.

-Represents only REITs with current Analyst estimates. Does not track all traded REITs.

-Analysts' NAVs may be outdated, likely relying on 3/31/2022 financial data.

NAV REIT Performance - Ranked by 1-Year Return

as of 6/30/2022

	Annualized Total Return			Total Return Rank		
	1 Year	3 Year	5 Year	1 Year	3 Year	5 Year
Cottonwood Communities, Inc. - Class A	96.89%	32.42%	-	1	1	-
Ares Industrial Real Estate Income Trust Inc. - Class I	50.88%	20.85%	-	2	2	-
Brookfield Real Estate Income Trust, Inc. - Class I	32.59%	-	-	3	-	-
Starwood Real Estate Income Trust, Inc. - Class I	28.02%	15.53%	-	4	4	-
Jones Lang LaSalle Income Property Trust, Inc. - Class M-I	27.81%	11.71%	10.14%	5	8	3
KKR Real Estate Select Trust - Class I	26.67%	-	-	6	-	-
Blackstone Real Estate Income Trust, Inc. - Class I	24.51%	16.59%	13.92%	7	3	1
Clarion Partners Real Estate Income Fund Inc. - Class I	23.22%	-	-	8	-	-
Nuveen Global Cities REIT, Inc. - Class I	22.30%	13.03%	-	9	5	-
Invesco Real Estate Income Trust - Class I	21.91%	-	-	10	-	-
Ares Real Estate Income Trust Inc. - Class I	21.08%	11.98%	8.59%	11	6	4
RREEF Property Trust, Inc. - Class I	19.15%	11.71%	10.42%	12	7	2
Hines Global Income Trust, Inc. - Class I	16.73%	10.10%	-	13	9	5
Cantor Fitzgerald Income Trust, Inc. - Class IX	16.21%	8.18%	8.21%	14	10	-
FS Credit Real Estate Income Trust, Inc. - Class I	6.86%	6.70%	-	15	11	-
Griffin Realty Trust, Inc. - Class E	3.87%	3.13%	-	16	12	-
InPoint Commercial Real Estate Income, Inc. - Class A	3.44%	-	-	17	-	-

Note: Total returns are calculated without sales load and with reinvestment where a DRIP is available. Rankings are based on the share class generating the highest total return. Griffin Realty Trust's Class A share returns and not Class E share returns are shown in order to capture the history of the Perpetual NAV fund as opposed to the legacy GCEAR I fund. Griffin Realty Trust suspended publishing its NAV on 10/1/2021; returns are calculated as of 6/30/2021 NAV.

STANGER INVESTMENT BANKING

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Executive Managing Director
732-389-3600 x293

Michael S. Covello
Executive Managing Director
732-389-3600 x250

Randy Sweetman
Executive Managing Director
732-389-3600 x218

Lifecycle REIT Performance - Ranked by 1-Year Return

as of 6/30/2022

	Annualized Total Return			Total Return Rank		
	1 Year	3 Year	5 Year	1 Year	3 Year	5 Year
SmartStop Self Storage REIT, Inc. - Class A	51.33%	18.26%	14.10%	1	1	1
Lightstone Value Plus REIT V, Inc.	37.05%	15.07%	10.60%	2	2	2
Sila Realty Trust, Inc. - Class I	20.23%	8.31%	8.35%	3	3	4
Lightstone Value Plus REIT II, Inc.	17.83%	-0.67%	2.29%	4	14	11
Lightstone Value Plus REIT III, Inc.	17.52%	-1.83%	1.29%	5	17	15
Inland Real Estate Income Trust, Inc.	14.94%	2.34%	1.50%	6	11	13
Watermark Lodging Trust, Inc. - Class A	14.16%	-16.88%	-7.12%	7	20	19
Lightstone Value Plus REIT I, Inc.	11.93%	6.30%	5.78%	8	4	6
Hartman Short Term Income Properties XX, Inc.	11.63%	2.87%	3.33%	9	8	10
Pacific Oak Strategic Opportunity REIT, Inc. - Class A	10.12%	2.51%	4.47%	10	10	8
Healthcare Trust, Inc.	9.59%	-0.16%	-2.06%	11	12	17
Corporate Property Associates 18 - Global Inc. - Class A	6.92%	6.04%	8.78%	12	5	3
KBS Real Estate Investment Trust III, Inc.	6.10%	4.29%	7.62%	13	6	5
CIM Real Estate Finance Trust, Inc.	5.19%	-0.81%	-0.91%	14	15	16
American Healthcare REIT, Inc. - Class T	5.11%	3.91%	4.80%	15	7	7
Hartman vREIT XXI, Inc. - Class T	4.81%	2.83%	4.35%	16	9	9
Lightstone Value Plus REIT IV, Inc.	3.47%	-1.82%	2.04%	17	16	12
CNL Healthcare Properties, Inc. - Class A	1.60%	-0.34%	1.45%	18	13	14
NorthStar Healthcare Income, Inc.	0.51%	-18.02%	-14.14%	19	21	21
Strategic Realty Trust, Inc.	0.00%	-16.54%	-8.90%	20	19	20
KBS Real Estate Investment Trust II, Inc.	-6.28%	-8.78%	-4.44%	21	18	18
KBS Growth & Income REIT, Inc.	-29.53%	-25.98%	-14.92%	22	22	22

Note: Returns are calculated without sales load and with reinvestment where available. Rankings are based on the share class with the highest return.

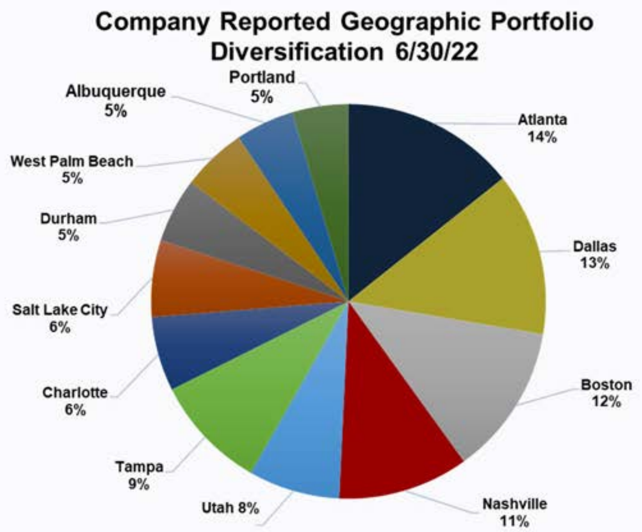
Top NAV REIT Spotlight

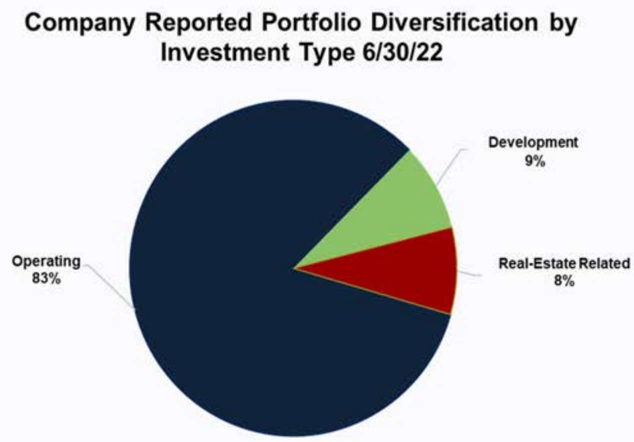
Cottonwood Communities, Inc.

The Company specializes in stabilized income-oriented commercial real estate located within the United States, with its concentration solely in the multifamily sector. From inception in December 2018 until December 2020, the Company conducted an initial public offering which raised $120 million in gross proceeds. As of June 15, 2022, the Company has raised an additional $90.3 million in gross proceeds in its follow-on offering. The Company continues to be managed by its external advisor, CC Advisors III.

In connection with the Company's follow-on offering, effective November 4, 2021, the Company amended and supplemented its charter and restructured the Company in order to pursue an NAV-based perpetual life strategy. As of June 2022, the Company reported $2.5B in gross assets under management, including 36 properties, containing about 10,219 multifamily units with an overall 95.7% occupancy.

For more information visit: www.cottonwoodcommunities.com





Top Lifecycle REIT Spotlight

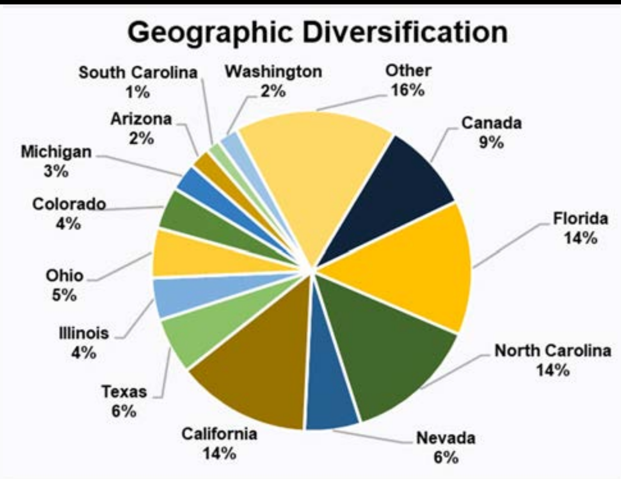
SmartStop Self Storage REIT, Inc.

As of June 30, 2022, the Company has compiled a portfolio of 171 self storage properties comprised of approximately 117,000 units and 13.3 million rentable square feet, with a gross asset value of $2.5 billion.

The Company closed on its merger with Strategic Storage Growth Trust II, Inc. (SSGT II) on June 1, 2022. The total SSGT II portfolio added approximately 8,500 self-storage units and 900,000 net rentable square feet. Additionally, the Company obtained SSGT II's right to acquire (a) one parcel of land being developed into a self storage facility in an unconsolidated joint venture with an unaffiliated third party and (b) a property located in Southern California.

For more information visit:

www.investors.smartstop.selfstorage.com



The information presented on this page is necessarily incomplete and was obtained from public filings. These issuers are featured, without separate compensation, because they posted the top ranked performance in the prior charts. This is neither a recommendation or endorsement of these products and past performance is not a guarantee of future results. Robert A. Stanger & Co., Inc. has provided services for compensation to many of the issuers or their affiliates identified in this publication, including the issuers presented on this page.

NAV REIT Performance - Alphabetical

as of 6/30/2022

	Inception Date	Maximum Sales Load	Annualized Return 1 Year	3 Year	5 Year	Since Inception
Ares Real Estate Income Trust Inc.						
Class D	9/30/12	0.0%	20.78%	11.71%	8.31%	7.74%
Class E	4/3/06	8.5%	21.08%	11.98%	8.59%	5.52%
Class I	9/30/12	0.0%	21.08%	11.98%	8.59%	8.14%
Class S	9/1/17	3.5%	20.07%	11.04%	-	7.93%
Class T	9/30/12	3.5%	20.07%	11.04%	7.67%	7.41%
Ares Industrial Real Estate Income Trust Inc.						
Class I	11/1/17	0.0%	50.88%	20.85%	-	15.32%
Class T	11/1/17	4.5%	49.57%	19.73%	-	14.23%
Class D	7/2/18	0.0%	50.13%	20.25%	-	16.44%
Blackstone Real Estate Income Trust						
Class D	5/1/17	1.5%	23.43%	16.02%	13.26%	13.54%
Class I	1/1/17	0.0%	24.51%	16.59%	13.92%	13.51%
Class S	1/1/17	3.5%	23.19%	15.49%	12.91%	12.54%
Class T	6/1/17	3.5%	23.43%	15.73%	12.95%	13.10%
Brookfield Real Estate Income Trust, Inc.						
Class D	6/1/22	1.5%	-	-	-	13.79%
Class I	12/6/19	0.0%	32.59%	-	-	18.71%
Class S	12/6/19	3.5%	31.81%	-	-	17.46%
Cantor Fitzgerald Income Trust, Inc.						
Class AX	5/18/17	5.0%	16.21%	8.18%	8.84%	8.62%
Class TX	5/18/17	0.0%	15.10%	7.12%	7.70%	7.52%
Class IX	5/18/17	0.0%	16.21%	8.18%	8.21%	8.01%
Class I	9/1/20	2.0%	16.22%	-	-	13.36%
Class T	9/1/20	3.5%	15.27%	-	-	12.35%
Class D	10/1/20	0.0%	15.92%	-	-	13.07%
Class S	11/1/20	3.5%	15.24%	-	-	12.78%
Clarion Partners Real Estate Income Fund						
Class D	9/27/19	0.0%	22.87%	-	-	14.51%
Class I	9/27/19	0.0%	23.22%	-	-	14.81%
Class S	9/27/19	3.5%	22.17%	-	-	13.85%
Class T	9/27/19	3.5%	22.19%	-	-	13.89%
Cottonwood Communities, Inc						
Class A	12/28/18	0.0%	96.89%	32.42%	-	28.08%
Class D	5/2/22	3.5%	-	-	-	21.45%
Class I	12/1/21	0.0%	-	-	-	46.03%
Class T	12/1/22	3.5%	-	-	-	41.81%
Class TX	3/20/20	0.0%	96.89%	-	-	42.49%
FS Credit Real Estate Income Trust, Inc.						
Class D	4/17/18	0.0%	6.47%	6.35%	-	6.52%
Class I	1/5/18	0.0%	6.86%	6.70%	-	6.37%
Class M	5/4/18	0.0%	6.51%	6.34%	-	6.50%
Class S	5/4/18	3.5%	5.88%	5.75%	-	6.01%
Class T	4/16/18	3.5%	5.89%	5.76%	-	5.89%
Griffin Realty Trust, Inc.						
Class A	9/23/14	10.0%	3.94%	2.89%	4.49%	5.84%
Class AA	11/2/15	4.5%	3.94%	2.89%	4.49%	4.61%
Class AAA	4/25/16	1.0%	3.94%	2.89%	4.49%	5.17%
Class D	9/20/17	0.0%	3.61%	2.87%	-	4.26%
Class E	11/6/09	10.0%	3.91%	3.12%	3.78%	7.23%
Class I	9/20/17	0.0%	3.87%	3.13%	-	4.51%
Class S	9/20/17	3.5%	2.83%	2.08%	-	3.52%
Class T	9/20/17	3.5%	2.83%	2.11%	-	3.54%

Note: Total returns are calculated without sales load and with reinvestment when a DRIP is available. Sales load should be amortized over the expected duration of the investment. Maximum sales loads are for reference only and may not represent the terms of any individual investment. Since inception returns are based on the latter of the effective date of the public offering or the escrow break date.

NAV REIT Performance - Alphabetical

as of 6/30/2022

	Inception Date	Maximum Sales Load	Annualized Return: 1 Year	3 Year	5 Year	Since Inception
Hines Global Income Trust, Inc.						
Class AX	10/1/14	10.0%	16.73%	10.10%	9.70%	9.60%
Class D	1/1/18	0.0%	16.47%	9.84%	-	9.71%
Class I	1/1/18	0.0%	16.73%	10.10%	-	9.98%
Class IX	5/1/17	0.0%	16.46%	9.84%	9.44%	9.33%
Class S	1/1/18	3.5%	15.74%	9.09%	-	8.95%
Class T	1/1/18	3.5%	15.60%	9.05%	-	8.92%
Class TX	9/1/15	4.8%	15.60%	9.04%	8.64%	9.03%
InPoint Commercial Real Estate Income, Inc.						
Class A	9/3/19	7.3%	3.44%	-	-	-3.46%
Class D	9/3/19	0.0%	3.19%	-	-	-3.68%
Class I	8/1/19	0.0%	3.42%	-	-	-3.27%
Class T	8/1/19	3.5%	2.77%	-	-	-3.92%
Invesco Real Estate Income Trust Inc.						
Class D	6/1/21	1.5%	21.80%	-	-	21.81%
Class E	5/14/21	0.0%	25.37%	-	-	25.30%
Class I	5/21/21	0.0%	21.91%	-	-	22.19%
Class S	6/1/21	3.5%	21.54%	-	-	21.52%
Class T	6/1/21	3.5%	21.54%	-	-	21.51%
Jones Lang LaSalle Income Property Trust, Inc.						
Class A	10/1/12	3.5%	27.06%	10.91%	9.36%	7.85%
Class A-I	6/30/14	1.5%	27.66%	11.43%	9.88%	9.06%
Class M	10/1/12	0.0%	27.67%	11.43%	9.89%	8.44%
Class M-I	7/24/14	0.0%	27.81%	11.71%	10.14%	9.37%
KKR Real Estate Select Trust						
Class I	6/1/21	0.0%	26.67%	-	-	26.67%
Class U	7/1/21	0.0%	-	-	-	25.67%
Nuveen Global Cities REIT, Inc.						
Class D	6/1/18	0.0%	22.44%	12.74%	-	11.16%
Class I	7/1/18	0.0%	22.30%	13.03%	-	11.63%
Class S	12/1/19	3.5%	21.85%	-	-	13.06%
Class T	1/1/19	3.5%	22.23%	12.44%	-	11.67%
RREEF Property Trust, Inc.						
Class A	8/12/13	3.0%	18.61%	11.21%	9.93%	8.91%
Class I	5/30/13	0.0%	19.15%	11.71%	10.42%	9.57%
Class T	8/21/17	5.5%	18.58%	11.22%	-	10.15%
Class D	6/25/19	-	20.04%	12.30%	-	12.61%
Class M-I	5/6/21	-	19.31%	-	-	20.09%
Class N	11/2/20	-	19.77%	-	-	18.06%
Class T2	5/24/21	-	18.58%	-	-	19.81%
Starwood Real Estate Income Trust, Inc.						
Class D	12/21/18	0.0%	27.06%	15.04%	-	14.78%
Class I	12/21/18	0.0%	28.02%	15.53%	-	15.35%
Class S	12/21/18	3.5%	27.37%	14.77%	-	14.57%
Class T	12/21/18	3.5%	28.05%	15.08%	-	14.64%

Note: Total returns are calculated without sales load and with reinvestment when a DRIP is available. Sales load should be amortized over the expected duration of the investment. Maximum sales loads are for reference only and may not represent the terms of any individual investment. Since inception returns are based on the latter of the effective date of the public offering or the escrow break date. As of the date of publication, Nuveen had not disclosed June 2022 distributions. Total returns based on June distributions estimated at May rate.

Lifecycle REIT Performance - Alphabetical

as of 6/30/2022

	Inception Date	Max Sales Load	Annualized Return 1 Year	3 Year	5 Year	Since Inception
AR Global Investments						
Healthcare Trust, Inc.	4/12/13	10.0%	9.59%	-0.16%	-2.06%	1.75%
CIM Group						
CIM Real Estate Finance Trust, Inc.	4/13/12	9.0%	5.19%	-0.81%	-0.91%	4.17%
CNL Financial Group						
CNL Healthcare Properties, Inc.	7/5/11	10.0%	1.60%	-0.34%	1.45%	4.16%
Colony Capital						
NorthStar Healthcare Income, Inc.	2/11/13	10.0%	0.51%	-18.02%	-14.14%	-4.48%
Griffin Capital Company						
American Healthcare REIT, Inc. - Class I	6/17/16	1.0%	1.85%	2.84%	5.02%	5.28%
American Healthcare REIT, Inc. - Class T	4/12/16	4.0%	5.11%	3.91%	4.80%	5.08%
Hartman Advisors						
Hartman Short Term Income Properties XX, Inc.	12/20/10	9.5%	11.63%	2.87%	3.33%	8.89%
Hartman vREIT XXI, Inc. - Class A	12/2/16	10.0%	5.93%	2.63%	5.42%	9.95%
Hartman vREIT XXI, Inc - Class T	2/7/17	6.0%	4.81%	2.83%	4.35%	4.36%
Inland Real Estate Investment Corp.						
Inland Real Estate Income Trust, Inc.	10/26/12	10.0%	14.94%	2.34%	1.50%	4.11%
KBS Capital Advisors						
KBS Growth & Income REIT, Inc - Class A	4/29/16	8.5%	-29.53%	-25.98%	-14.92%	-11.24%
KBS Growth & Income REIT, Inc - Class T	4/29/16	5.0%	-29.53%	-25.98%	-14.27%	-10.44%
KBS Real Estate Investment Trust II, Inc.	6/24/08	9.5%	-6.28%	-8.78%	-4.44%	3.62%
KBS Real Estate Investment Trust III, Inc.	3/24/11	9.5%	6.10%	4.29%	7.62%	8.71%
The Lightstone Group						
Lightstone Value Plus REIT IV, Inc.	6/12/15	10.0%	3.47%	-1.82%	2.04%	5.82%
Lightstone Value Plus REIT I, Inc.	6/12/05	0.0%	11.93%	6.30%	5.78%	7.05%
Lightstone Value Plus REIT II, Inc.	10/1/09	0.0%	17.83%	-0.67%	2.29%	5.01%
Lightstone Value Plus REIT III, Inc.	12/11/14	10.0%	17.52%	-1.83%	1.29%	4.59%
Lightstone Value Plus REIT V, Inc.	4/1/08	9.5%	37.05%	15.07%	10.60%	5.75%

Note: Total returns are calculated without sales load and with reinvestment when a DRIP is available. Sales load should be amortized over the expected duration of the investment. Maximum sales loads are for reference only and may not represent the terms of any individual investment. Since inception returns are based on the latter of the effective date of the public offering or the escrow break date.

Lifecycle REIT Performance - Alphabetical
as of 6/30/2022

	Inception Date	Max Sales Load	Annualized Return 1 Year	3 Year	5 Year	Since Inception
Pacific Oak Capital Advisors						
Pacific Oak Strategic Opportunity REIT, Inc.	4/19/10	9.5%	10.12%	2.51%	4.47%	7.98%
Sila Realty Trust, Inc.						
Sila Realty Trust, Inc. - Class A	7/2/14	10.0%	20.23%	8.31%	8.35%	7.95%
Sila Realty Trust, Inc. - Class I	3/9/17	1.0%	20.23%	8.31%	8.35%	8.30%
Sila Realty Trust, Inc. - Class T	1/6/16	6.0%	19.36%	7.35%	7.33%	7.19%
SmartStop Asset Management						
SmartStop Self Storage REIT, Inc. - Class A	5/23/14	10.0%	51.33%	18.26%	14.10%	13.05%
SmartStop Self Storage REIT, Inc. - Class T Post-NAV	12/31/16	5.0%	50.55%	17.27%	13.07%	12.58%
SmartStop Self Storage REIT, Inc. - Class T Pre-NAV	9/29/15	5.0%	50.63%	17.37%	13.18%	13.19%
SRT Advisor, LLC						
Strategic Realty Trust, Inc.	11/12/09	10.0%	0.00%	-16.54%	-8.90%	-2.70%
Watermark Lodging Trust, Inc.						
Watermark Lodging Trust, Inc. - Class A	5/15/15	10.0%	14.16%	-16.68%	-7.12%	-0.75%
Watermark Lodging Trust, Inc. - Class T	5/15/15	4.8%	14.13%	-17.36%	-7.78%	-1.51%
W.P. Carey Inc.						
Corporate Property Associates 18 - Global Inc. - Class A	7/25/13	10.0%	6.92%	6.04%	8.78%	6.61%
Corporate Property Associates 18 - Global Inc. - Class C	7/25/13	3.8%	6.92%	5.67%	8.19%	5.94%

Note: Total returns are calculated without sales load and with reinvestment when a DRIP is available. Sales load should be amortized over the expected duration of the investment. Maximum sales loads are for reference only and may not represent the terms of any individual investment. Since inception returns are based on the latter of the effective date of the public offering or the escrow break date.

IPA Practice Guideline 2018-01 Summary

Institute for Portfolio Alternatives Practice Guideline 2018-01: Per Share Investment Performance Measurement & Reporting for Publicly Registered Non-Listed REITs, Adopted April 16, 2018

IPA Practice Guideline 2018-01 provides recommendations relating to the determination and promulgation of investment performance information primarily on a per-share basis for NL REITs. The guideline includes recommendations relating to: (1) Per Share Investment Performance of Operational NL REITs; (2) Per Share Investment Performance of NL REITs Following Liquidity Events; Supplemental Disclosures Relating to Risk; Input Data Sources and Standards; Initiation, Timing and Frequency of Performance Reporting; Reporting of Performance and Recommended Disclosures; Accessibility of Non-Public Performance Information for Broker-Dealer Confidential Use in Connection with Due Diligence; and Timing of Implementation. The following is intended only as a summary of the Per Share Investment Performance of Operational NL REITs guideline, and does not purport to be complete. (Access the complete guideline at http://www.ipa.com/wp-content/uploads/2018/07/IPA-Practice-Guideline-2018.pdf)

Per Share Investment Performance of Operational NL REITs

The IPA recommends that the investment performance measures related to per-share level performance, from the perspective of the financial returns (realized and unrealized) received by stockholders in the NL REIT, be developed and reported during the operational period. The recommended investment performance measures include Period Specific Per Share Return, including Average Annual Return Over One-, Three-, and Five-Year Periods (or more extended periods for longer-life NL REITs), and Since Inception Per Share Returns, including Average Annual Return and Cumulative Total Return.

These measures may have multiple bases to reflect: (i) performance with and without Sales Charges; and (ii) performance with and without distribution reinvestment. The IPA Guideline recommends the use of Since Inception Per Share Return Measures Without Sales Charges, supplemented with the presentation of such measures on a With Sales Charges basis. The IPA recommends that performance measures with distribution reinvestment be the primary metric disclosed, and performance measures without distribution reinvestment be disclosed on a supplemental basis at the option of the NL REIT.

These measures show compound average annual return per share for periods ending on the most recent date of NAV determination. The Practice Guideline focuses on annual periods in conformity with the frequency of determinations of NAV recommended in the IPA Valuation Guideline. However, shorter computational periods may be used provided NAV's conforming to the requirements herein are determined at the end of each such period. The valuation at inception, or the proxy for beginning NAV, when determined excluding sales charges and expenses (Per Share Investment Without Sales Charges) is intended to reflect the per share Net Investment amount reported in the issuer's periodic filings with the SEC and on customer account statements in accordance with the definition of Net Investment set forth in NASD Rule 2340.

The IPA recommends that the initial calculation of Period Specific Per Share Return Measures be performed with an "as of" date consistent with the "as of" date of the NL REIT's first determination of its year-end NAV, that such calculation be performed and reported no later than 120 days following the "as of" date of the first year-end NAV determination, and that performance measures be calculated and reported annually for each calendar year thereafter, or if net asset values are available more frequently, on a calendar quarter basis thereafter. NL REITs which perform quarterly NAV determinations prior to their first year-end NAV may commence reporting Period Specific Per Share Return Measures conforming to the requirements herein prior to the dates cited above but in no event later than 120 days following the "as of" date of the first year-end NAV determination.

Stanger Methodology

The IPA / STANGER MONITOR tracks the total return of NAV & Lifecyle NL REITs, with REIT coverage commencing at $50 million in public fundraising and ending at the completion of a liquidity event or substantial sale of assets. Total returns are calculated without sales load and assume reinvestment in the DRIP when available. Individual investor returns would necessarily be less when sales charges are taken into account. Similarly, individual investor returns are affected by the timing of the investor's purchase within the offering period.

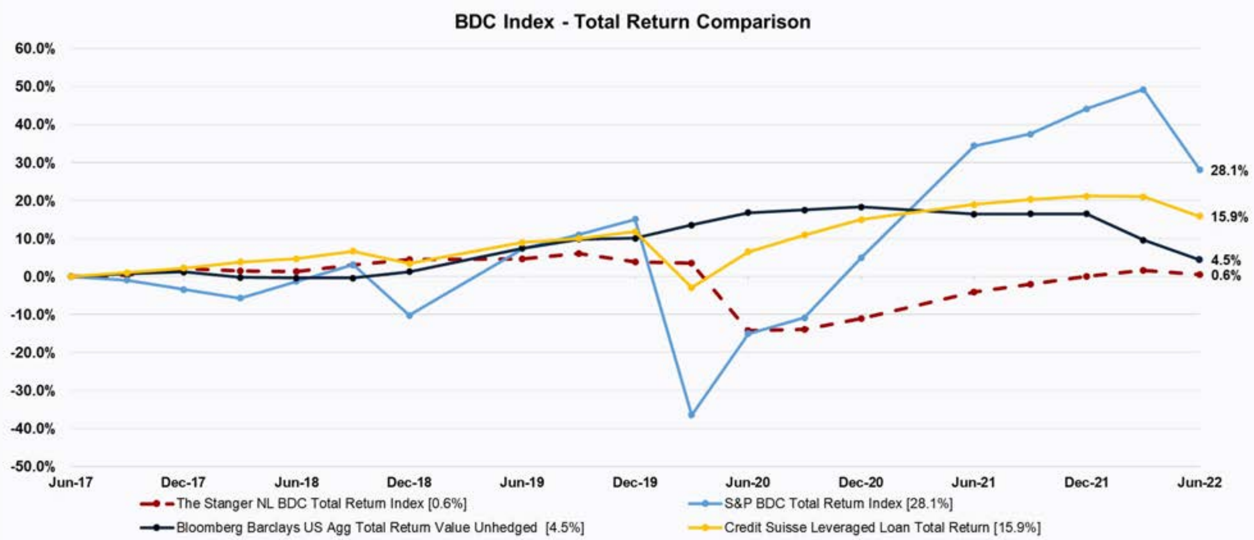
Total returns are calculated using Net Investment per share, as defined in NASD Rule 2340, as a proxy for NAV until a NAV calculated in compliance with IPA Practice Guideline 2013-01: *Valuation of Publicly Registered Non-Listed REITs* is disclosed. Calculations are based on NAV disclosure dates, rather than "as of" dates, to allow for timely dissemination of information and to aid in the comparison between REITs, as well as traded indices. The disclosure date represents the date the information was publicly filed with the SEC.

While the calculations of total returns reported herein conform to the IPA Practice Guideline 2018-01 formulas, the IPA guidelines are designed for reporting of individual REIT performance and are based on NAV valuation "as of" dates with initial performance reporting occurring after the first NAV disclosure. For further information please see the IPA Practice Guideline 2018-01 summary above.

Non-Listed Business Development Company Performance

THE IPA / STANGER MONITOR performance analysis tracks the total return of 14 non-listed BDCs, with a combined market capitalization of $26.3 billion. Non-listed products are generally designed to eliminate some volatility of the traded market while still providing the transparency of a publicly-registered company.

Non-listed BDCs are designed to be limited-life products that undergo a lifecycle of fundraising followed by a liquidity event of some form. Non-listed BDCs generally provide NAVs on a quarterly basis calculated in accordance with generally accepted accounting principles (“GAAP”).



The Stanger Non-Listed BDC Total Return Index showed a cumulative return (distributions and capital appreciation) of 0.6% for the five years ended June 30, 2022. The pricing and performance of all BDCs generally reflects the underlying performance of the loans owned which in turn is based upon cash distributions and net asset value of the equity.

The Stanger BDC Total Return Index

as of 6/30/2022

		Index	Trailing 12-Month Return			Index	Trailing 12-Month Return
2017	**Q1**	110.43	15.59%		**Q4**	117.33	-0.62%
	Q2	112.97	18.30%	**2020**	**Q1**	117.00	2.00%
	Q3	113.34	10.57%		**Q2**	96.84	-18.08%
	Q4	115.33	9.10%		**Q3**	97.20	-18.87%
2018	**Q1**	114.60	3.78%		**Q4**	100.55	-14.30%
	Q2	114.46	1.32%	**2021**	**Q1**	103.67	-11.39%
	Q3	116.38	2.68%		**Q2**	108.03	11.55%
	Q4	118.06	2.37%		**Q3**	110.66	13.85%
2019	**Q1**	114.70	0.09%		**Q4**	113.04	12.42%
	Q2	118.21	3.28%	**2022**	**Q1**	114.84	10.78%
	Q3	119.80	2.94%		**Q2**	113.60	5.16%

The Stanger BDC Total Return Index measures the performance of non-listed BDCs on a quarterly basis. Stanger began calculating the index on December 31, 2015, with a base level of 100. BDCs with a minimum of one calendar quarter of performance are included. The Stanger BDC Total Return Index currently includes 14 BDCs with a total of 27 separate share classes: Apollo Debt Solutions BDC; Blackstone Private Credit Fund; Franklin BSP Lending Corp; FS Energy & Power Fund; Guggenheim Credit Income Fund 2016 T; Guggenheim Credit Income Fund 2019; HPS Corporate Lending Fund; MSC Income Fund; NexPoint Capital, Inc.; Oaktree Strategic Credit Fund; Owl Rock Capital Corporation II; Owl Rock Core Income Corporation; Owl Rock Technology Income Corporation; and Prospect Sustainable Income Fund, Inc. Non-listed BDCs are publicly-registered offerings that generally provide liquidity of up to 10% of net assets per annum.

Industry Comparison
as of 6/30/2022

	Annualized Total Return			Cumulative Total Return
	1 Year	3 Year	5 Year	5 Year
Stanger Non-Listed BDC Total Return Index	4.89%	-1.32%	0.11%	0.56%
S&P BDC Total Return Index	-4.70%	6.10%	5.08%	28.15%
Bloomberg Barclays US Agg Total Return Value Unhedged	-10.29%	-0.93%	0.88%	4.46%
Credit Suisse Leveraged Loan Total Return	-2.60%	2.06%	2.99%	15.88%
S&P 500 Total Return Index	-11.92%	8.76%	9.17%	55.09%
Dow Jones Industrial Average Index	-10.80%	4.97%	7.48%	43.44%

Non-Listed BDC Performance - Ranked by 3-Year
as of 6/30/2022

	Annualized Total Return			Total Return Rank		
	1 Year	3 Year	5 Year	1 Year	3 Year	5 Year
Owl Rock Capital Corporation II	3.38%	5.82%	6.60%	6	1	1
MSC Income Fund, Inc.	14.10%	5.67%	6.58%	2	2	2
Franklin BSP Lending Corporation	13.12%	5.35%	5.04%	3	3	3
Guggenheim Credit Income Fund 2016 T	0.00%	3.10%	3.73%	7	4	4
Guggenheim Credit Income Fund 2019	0.00%	2.91%	3.48%	8	5	5
Prospect Sustainable Income Fund, Inc.	-0.57%	-2.05%	-4.85%	10	6	7
NexPoint Capital, Inc.	-0.16%	-5.61%	-2.68%	9	7	6
FS Energy & Power Fund	16.76%	-9.31%	-6.54%	1	8	8
Blackstone Private Credit Fund - Class I	4.46%	-	-	4	9	-
Owl Rock Core Income Corp. - Class I	2.50%	-	-	5	10	-

Note: Total returns are calculated without sales load and with reinvestment when a DRIP is available. Sales load should be amortized over the expected duration of the investment. Maximum sales loads are for reference only and may not represent the terms of any individual investment. Since inception returns are based on the latter of the effective date of the public offering or the escrow break date.

Non-Listed BDC Performance - Alphabetical
as of 6/30/2022

	Inception Date	Max Sales Load	Annualized Return 1 Year	3 Year	5 Year	Since Inception
Apollo Credit Management, LLC						
Apollo Debt Solutions BDC - Class I	1/7/22	0.0%	-	-	-	-11.15%
Apollo Debt Solutions BDC - Class S	1/7/22	3.5%	-	-	-	-13.38%
Benefit Street Partners						
Franklin BSP Lending Corporation	8/25/11	10.0%	13.12%	5.35%	5.04%	7.07%
Blackstone Group						
Blackstone Private Credit Fund - Class D	5/1/21	1.5%	4.20%	-	-	5.88%
Blackstone Private Credit Fund - Class I	1/7/21	0.0%	4.46%	-	-	8.06%
Blackstone Private Credit Fund - Class S	1/7/21	3.5%	3.58%	-	-	7.15%
Blue Owl Capital						
Owl Rock Capital Corporation II	4/4/17	5.0%	3.38%	5.82%	6.60%	6.72%
Owl Rock Core Income Corp. - Class D	3/1/21	1.5%	2.12%	-	-	3.48%
Owl Rock Core Income Corp. - Class I	3/1/21	0.0%	2.50%	-	-	3.91%
Owl Rock Core Income Corp. - Class S	4/1/21	3.5%	1.14%	-	-	2.43%
Owl Rock Technology Income Corp - Class I	5/3/22	0.0%	-	-	-	-8.02%
FS Investments						
FS Energy & Power Fund	7/18/11	10.0%	16.76%	-9.31%	-6.54%	-0.32%
Guggenheim Partners						
Guggenheim Credit Income Fund 2016 T	7/24/15	5.8%	0.00%	3.10%	3.73%	4.78%
Guggenheim Credit Income Fund 2019	7/31/15	3.0%	0.00%	2.91%	3.48%	4.40%
HPS Investment Partners, LLC						
HPS Corporate Lending Fund - Class D	2/3/22	0.0%	-	-	-	0.35%
HPS Corporate Lending Fund - Class F	2/3/22	0.0%	-	-	-	0.35%
HPS Corporate Lending Fund - Class I	2/3/22	0.0%	-	-	-	0.35%
Highland Capital Management, L.P.						
NexPoint Capital, Inc.	9/2/14	8.0%	-0.16%	-5.61%	-2.68%	1.62%
Main Street Capital Corporation						
MSC Income Fund, Inc.	6/4/12	10.0%	14.10%	5.67%	6.58%	6.86%
Oaktree Capital Management, L.P.						
Oaktree Strategic Credit Fund - Class I	6/3/22	0.0%	-	-	-	-46.37%
Prospect Capital Management						
Prospect Sustainable Income Fund, Inc.	6/25/14	10.0%	-0.57%	-2.05%	-4.85%	-1.48%

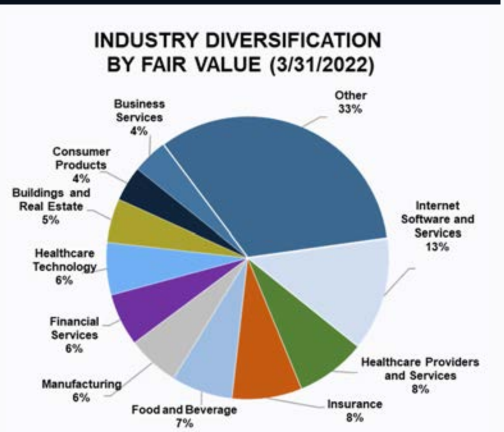
Note: Total returns are calculated without sales load and with reinvestment when a DRIP is available. Sales load should be amortized over the expected duration of the investment. Maximum sales loads are for reference only and may not represent the terms of any individual investment.

Top Non-Listed BDC Spotlight

Owl Rock Capital Corp II formed in October 2015 and was first offered to the public on February 3, 2017. The Company focuses on investing in senior secured or unsecured loans, subordinated loans or mezzanine loans and, to a lesser extent, equity-related securities which includes common and preferred stock, securities convertible into common stock, and warrants.

As of March 31, 2022, ORCC II had investments in 147 portfolio companies with an aggregate fair value of $2.4 billion. Owl Rock Capital Group, the parent of the Company's Adviser, and Dyal Capital Partners, a unit of Neuberger Berman, recently merged to form Blue Owl Capital. The combined entity has over $44.8 billion in assets under management. As a result of the transaction, Blue Owl is listed on the NYSE under the new ticker "OWL."

For more information visit: https://owlrockbdcs.com



The information presented above is necessarily incomplete and was obtained from public filings. The issuer is featured, without separate compensation, because they posted the top ranked performance in the prior charts. This is neither a recommendation or endorsement of these products and past performance is not a guarantee of future results. Robert A. Stanger & Co., Inc. has provided services for compensation to many of the issuers or their affiliates identified in this publication.

IPA Practice Guideline 2015-01 Summary

Institute for Portfolio Alternatives Practice Guideline 2015-01

Non-Listed BDC Practice Guideline

Issued April 27, 2015

IPA Practice Guideline 2015-01 provides recommendations in the following areas relating to published performance figures of non-listed BDC securities and the disclosure of such performance figures. The guideline includes recommendations relating to: (1) Basis of performance figures; (2) Reporting of Performance figures; (3) Shareholder Returns (Without Sales Charge) definition, Example of methodology and recommended disclosure; (4) Shareholder Returns (With Sales Charge) definition, example of methodology and recommended disclosure; and (5) Net Asset Value ("NAV") Returns definition, example of methodology and recommended disclosure. The following is intended only as a summary of the Non-Listed BDC Practice Guideline, and does not purport to be complete. (Access the complete guideline at https://cdn.ymaws.com/ipa.site-ym.com/resource/resmgr/Policy_Advocacy/IPA_Guidelines/Non-listed_BDC_Performance_G.pdf

Per Share Investment Performance of Non-Listed BDCs

The IPA recommends that three performance figures be approved for use in reference to the presentation of total returns of non-listed BDC securities: Shareholder Returns (Without Sales Charge), Shareholder Returns (With Sales Charge) and NAV Returns calculated in accordance with generally accepted accounting principles ("GAAP").

Shareholder Returns (Without Sales Charge) is a total return calculation that captures the difference in price between a non-listed BDC's public offering price, excluding deductions for any selling commissions and dealer manager fees, if any, at the beginning of the applicable period and the BDC's redemption price at the end of the period, adjusted for any distributions paid during the relevant timeframe. The calculation also assumes full participation in the non-listed BDC's distribution reinvestment program ("DRP"). The IPA recommends that Shareholder Returns (Without Sales Charge) for nonlisted BDCs be presented for the year-to-date period, rolling 1-year, 3-year and 5-year periods and since inception. The year-to-date and 1-year returns should be compounded monthly (not annualized). The 3-year, 5-year and annualized since inception returns should be the average annual total return for the relevant period, compounded monthly. A cumulative total return since inception, compounded monthly, should also be given.

Shareholder Returns (With Sales Charge) is a total return calculation that captures the difference between a non-listed BDC's public offering price, including the maximum selling commission and dealer manager fee disclosed by prospectus at the beginning of the applicable period and the BDC's redemption price at the end of the period, adjusted for any distributions paid during the relevant timeframe. The calculation assumes full participation by the investor in the BDC's DRP. The IPA recommends that Shareholder Returns (With Sales Charge) for non-listed BDCs be presented as a cumulative return since inception.

An NAV Return is a total return calculation that measures changes in a non-listed BDC's NAV per share adjusting for any distributions paid during the applicable period. Although NAV returns do not represent an actual return to shareholders, the performance figure does provide investors, due diligence officers and other non-listed BDC constituents with uniform and transparent return information on a non-listed BDC's investment portfolio in conformance with GAAP. The IPA recommends that NAV Returns for non-listed BDCs be presented for the year-to-date period, rolling 1-year, 3-year and 5-year periods and since inception. The year-to-date and 1-year returns should be compounded quarterly (not annualized). The 3-year, 5-year and annualized since inception total returns should be the average annual total return for the relevant period, compounded quarterly. A cumulative total return since inception, compounded quarterly, should also be given.

Stanger Methodology

The IPA / STANGER MONITOR tracks the total return of non-listed BDCs with coverage commencing one year after inception date and ending at the completion of a liquidity event or substantial sale of assets. Total returns are calculated on an NAV Return basis and assume reinvestment in the DRIP when available. Individual investor returns would necessarily be less when sales charges are taken into account. Similarly, individual investor returns are affected by the timing of the investor's purchase within the offering period.

Total returns are calculated using Net Investment per share, as defined in NASD Rule 2340, as a proxy for NAV until a NAV calculated in accordance with generally accepted accounting principles ("GAAP") is provided. Calculations are based on NAV disclosure dates, rather than "as of" dates, to allow for timely dissemination of information and to aid in the comparison between BDCs, as well as traded indices. The disclosure date represents the date the information was publicly filed with the SEC.

While the calculations of total returns reported herein conform to the IPA Practice Guideline 2015-01 NAV Return, the IPA guidelines are based on NAV valuation "as of" dates with initial performance reporting occurring after the first NAV disclosure. For further information please see the IPA Practice Guideline 2015-01 summary above.

About Institute for Portfolio Alternatives

The Institute for Portfolio Alternatives seeks to raise awareness of portfolio diversifying investment (PDI) products among stakeholders and market participants, including: investment advisors, public policymakers and the investing public. It supports increased access to investment strategies with low correlation to the equity markets: lifecycle real estate investment trusts ("Lifecycle REITs"), net asset value REITs (NAV REITs), business development companies (BDCs), interval funds and direct participation programs (DPPs). Through advocacy and industry-leading education, the IPA is committed to ensuring all investors have access to real assets and the opportunity to effectively balance their investment portfolios.

For more information visit https://www.ipa.com.

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About Robert A. Stanger & Co., Inc.

Robert A. Stanger & Co., Inc. is a nationally recognized investment banking firm specializing in providing strategic planning, investment banking, financial advisory, fairness opinion and asset and securities valuation services to partnerships, real estate investment trusts and real estate advisory and management companies in support of strategic planning and execution, capital formation and financings, mergers, acquisitions, reorganizations and consolidations.

Stanger has rendered investment banking, debt and equity capital-raising, fairness opinions, and other financial advisory services, and/or appraisal services in connection with the formation of REITs, partnerships, limited liability companies and the consolidation, merger or sale of other real estate entities.

Stanger is also well known for its flagship publication, The Stanger Report, a nationally recognized newsletter focused on direct participation program and non-listed REIT investing; The Stanger Market Pulse, focused on public DPP, non-listed REIT and non-listed BDC sales; The Stanger Interval Fund Report, focusing on non-listed interval fund investing, and the Stanger Digest, a newsletter providing a weekly update on industry activities.

For more information visit https://rastanger.com/

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