



Stacy Chitty  
Managing Partner



James Sprow  
VP, Research

**BLUE  
VAULT™**

Special Studies

***6th Edition  
Nontraded REIT Full-Cycle  
Performance Study***

The screenshot displays the Blue Vault webinar interface. On the left, there is a video player showing a woman, a Q&A section with a text input field and a 'Submit' button, and a 'Resource List' with a link to 'Access Blue Vault Research'. The main content area shows a slide with the Blue Vault logo and the title 'Understanding Nontraded REIT Full-Cycle Performance (BV FC Study 6th Edition)'. Two callout boxes are overlaid on the slide: one pointing to the Q&A section with the text 'Questions can be asked here' and another pointing to a 'Share this event' button with a downward arrow. At the bottom, a navigation bar contains icons for video, chat, Q&A, a question mark, a document, and a share icon.

- ON24 works best in Chrome or Firefox.
- Each panel can be rearranged and resized.

## ***Blue Vault***

---

Our goal is to provide the most in-depth and thorough research available on alternative investments, including nontraded REITs, BDCs, and Closed-End Funds, Interval Funds and Private Offerings to help educate financial advisors and help protect investors.

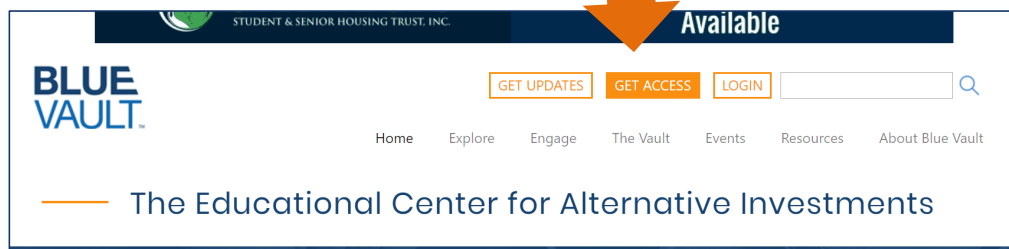
To learn more, please visit the Blue Vault website:

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

# Subscribe to our Research

Find this useful and want more? Subscribe to our research today.

Go to our home page – [BlueVaultPartners.com](https://BlueVaultPartners.com) – and click on “GET ACCESS”



**\$79** – Full access to our research for all Financial Advisors

For those whose Broker Dealers are Blue Vault Partners:

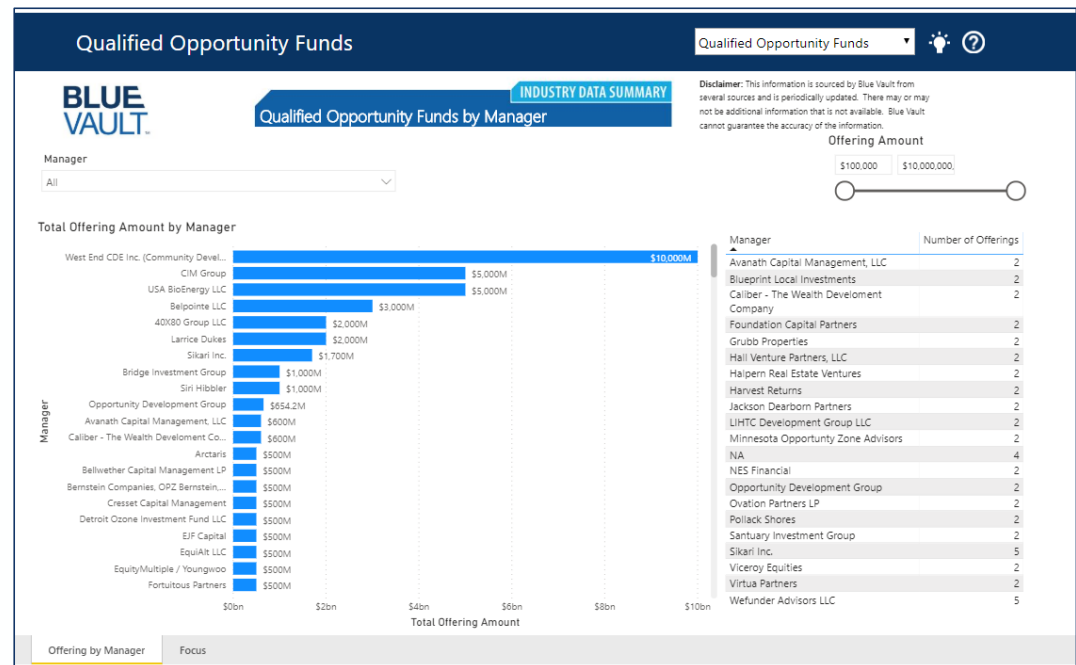
- **Free access** to a custom set of our research
- **\$49** – Full access to our research



# Introducing the Interactive Dashboards

Sell nontraded REITs? Track their performance with our research and query for comparisons. Now you're in charge, with Blue Vault's Interactive Dashboard.

Blue Vault's interactive dashboards allow our subscribers to query, search, compare, and contrast data related to asset managers and their securities offerings. New data sets are being released regularly. The most recent data set release covers Qualified Opportunity Funds. Subscribe to Blue Vault's research today to look for private offerings available for your use and track closed offerings as well.

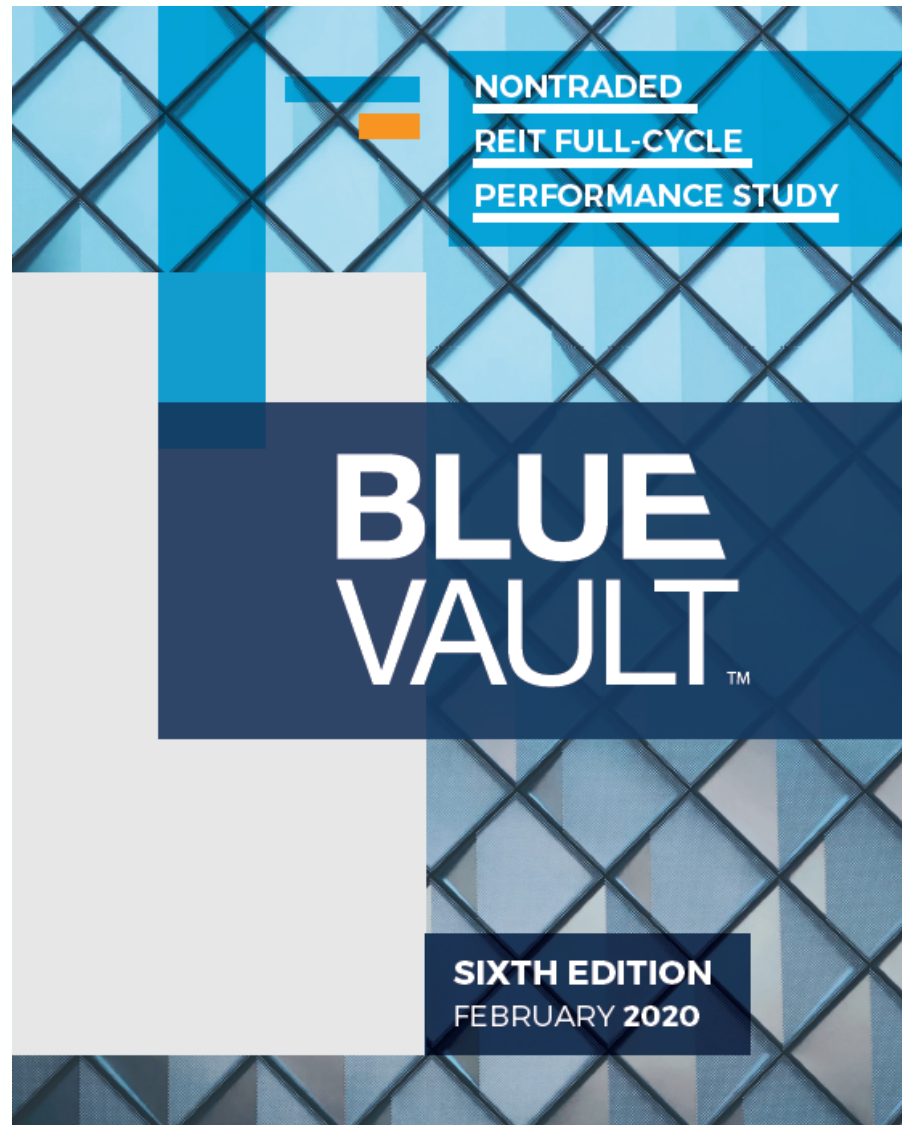


[bluevaultpartners.com/interactive-dashboards](http://bluevaultpartners.com/interactive-dashboards)

# Blue Vault

6<sup>th</sup> Edition  
Nontraded REIT  
Full-Cycle  
Performance Study

February 2020



## ***Introduction***

---

Blue Vault produced the first Nontraded REIT Industry Full-Cycle Performance Study in 2012. Full-cycle events for NTRs are defined as those events that produce full liquidity for the common shareholders. Full liquidity can be through mergers where shareholders receive cash for their shares, listings on public markets where shareholders can sell their shares, or liquidations when REITs sell all of their assets and pay fully-liquidating distributions.

# *Introduction*

---

The first study included a sample of 17 nontraded REITs. Subsequent editions added more full-cycle REITs.

- Second Edition in 2013 added 11 NTRs
- Third Edition in 2014 added 9 NTRs
- Fourth Edition in 2015 added 10 NTRs
- Fifth Edition in 2018 Added 11 NTRs
- Sixth Edition in 2020 Added 10 NTRs

## ***Introduction***

---

The 10 most recent full-cycle events that took place between January 2018 and September 2019 consist of firms with average asset values of approximately \$0.86 billion vs. \$1.01 billion in the first study published in 2012. The average asset value for all 66 REITs over their lives was \$1.20 billion.

## ***Introduction***

---

For each nontraded REIT, we calculate an internal rate of return (IRR), or average compounded rate of return experienced by investors in two ways. The first IRR calculation assumes no reinvestment of distributions. The second calculation assumes that all distributions were reinvested at the then-prevailing price for reinvestments (which may include DRIP discounts).

# Calculating Full-Cycle Returns

**FORMULA:**

$$\text{Quarterly IRR} = \left[ \frac{\text{Ending Account Value Per Share}}{\text{Initial Share Price}} \right]^{1/n} - 1$$

For example, if the shareholder's original investment is \$10.00 per share and the ending account value is \$18.00, which includes both an ending share price paid to shareholders of \$10.50 and \$7.50 of reinvested distributions over the 24 quarters of the full-cycle REIT, then the IRR calculation would be:

$$\text{Quarterly IRR} = \left[ \frac{\$18.00}{\$10.00} \right]^{1/24} - 1 = 0.0248 = 2.48\%$$

The annualized return uses the following adjustment:

$$\text{Annualized IRR} = (1 + \text{Quarterly IRR})^4 - 1 = 10.295\%$$

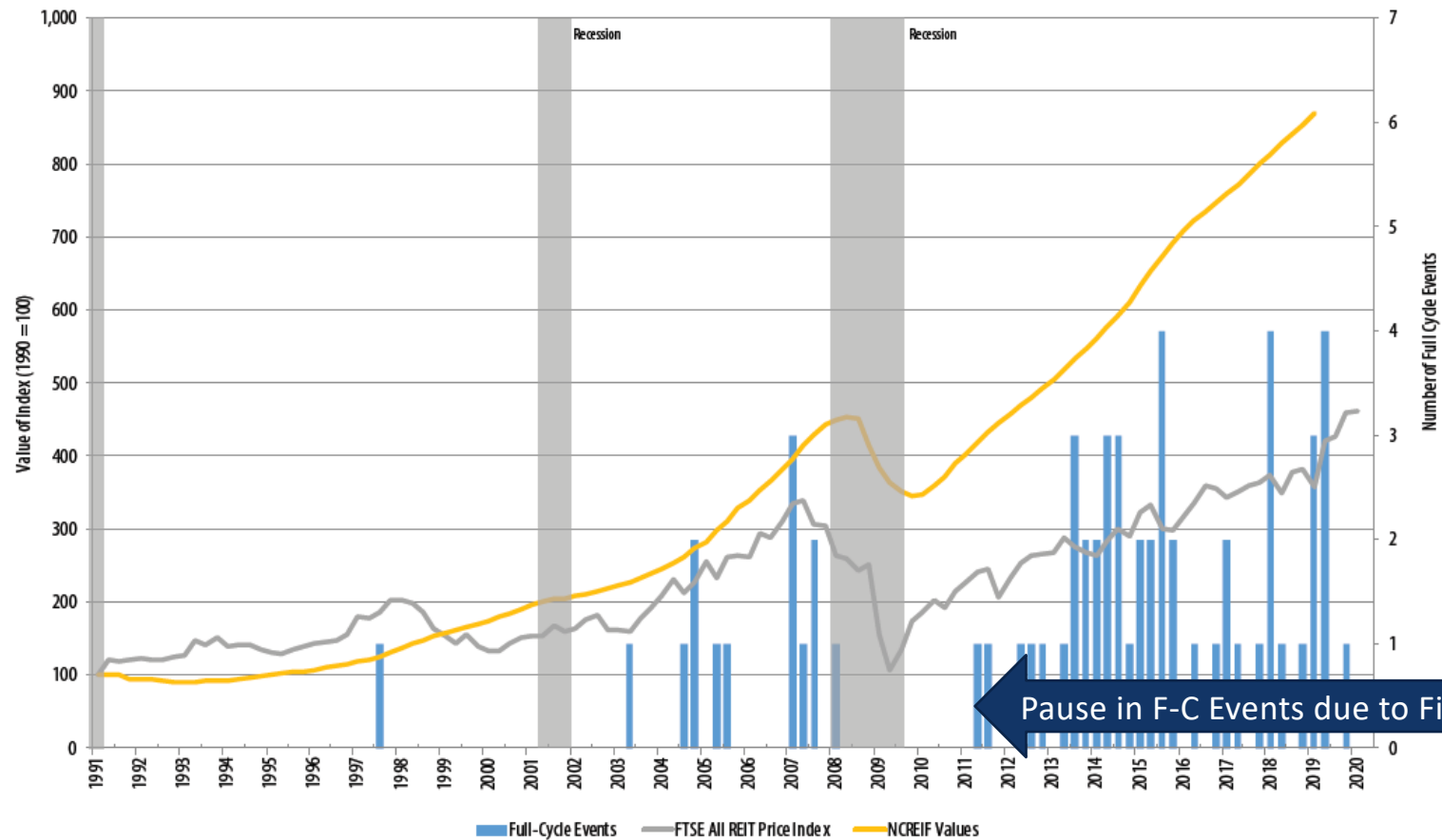
# Market Trends in Commercial Real Estate and NTR Full-Cycle Events



The following chart relates the occurrence of full-cycle events in this study to the valuation trends in the commercial real estate market as represented by the FTSE All REIT Price Index and the NCREIF Index. Both of these indices measure the valuations of component portfolios, not the total returns on those portfolios. The valuations in the commercial real estate markets were impacted by the three recessions that have occurred since the inception of the first non-traded REITs in our sample in 1990. Clearly, there appears to be a relation between the occurrence of full-cycle events and market conditions. The timing of a REIT's inception, property portfolio investments and full-cycle event relative to these market trends will play a critical role in determining investor returns.

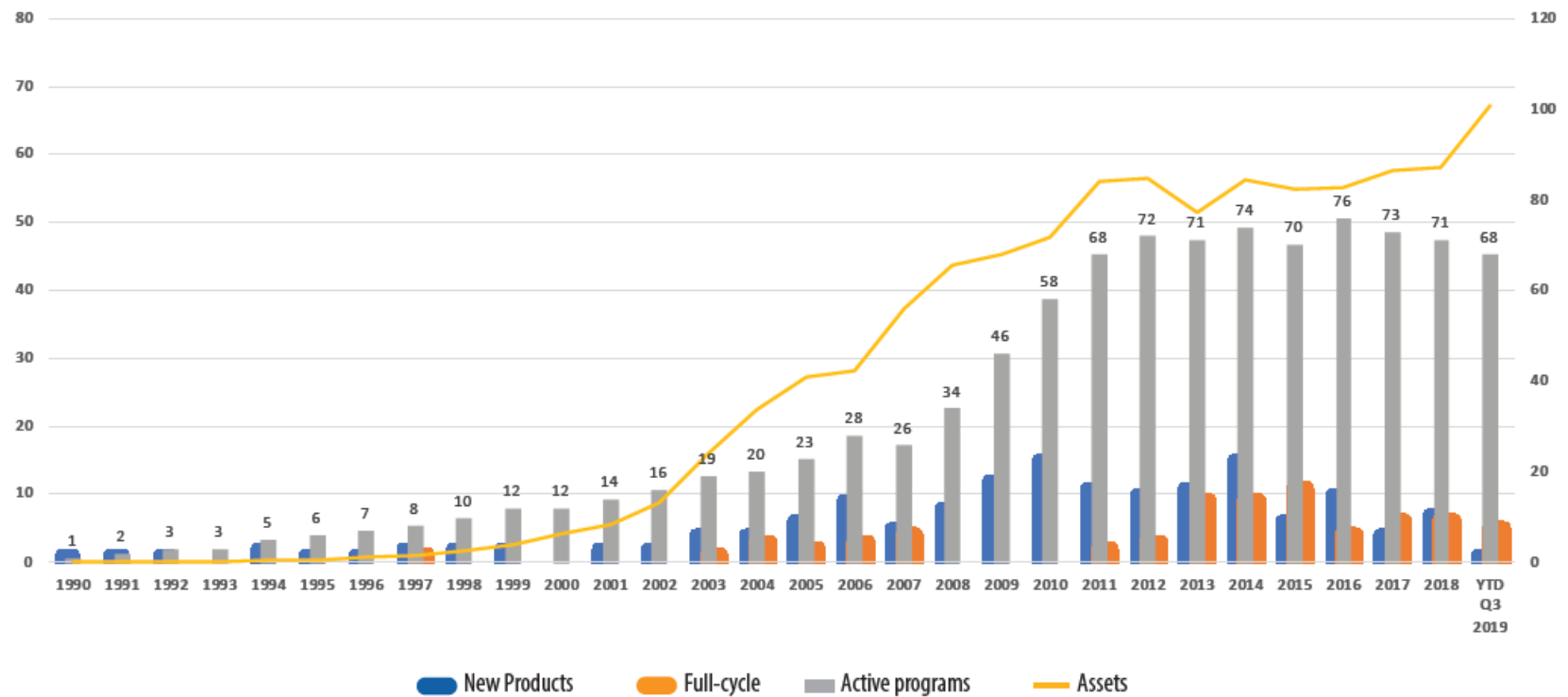


# Market Value and FC Events



Pause in F-C Events due to Financial Crisis

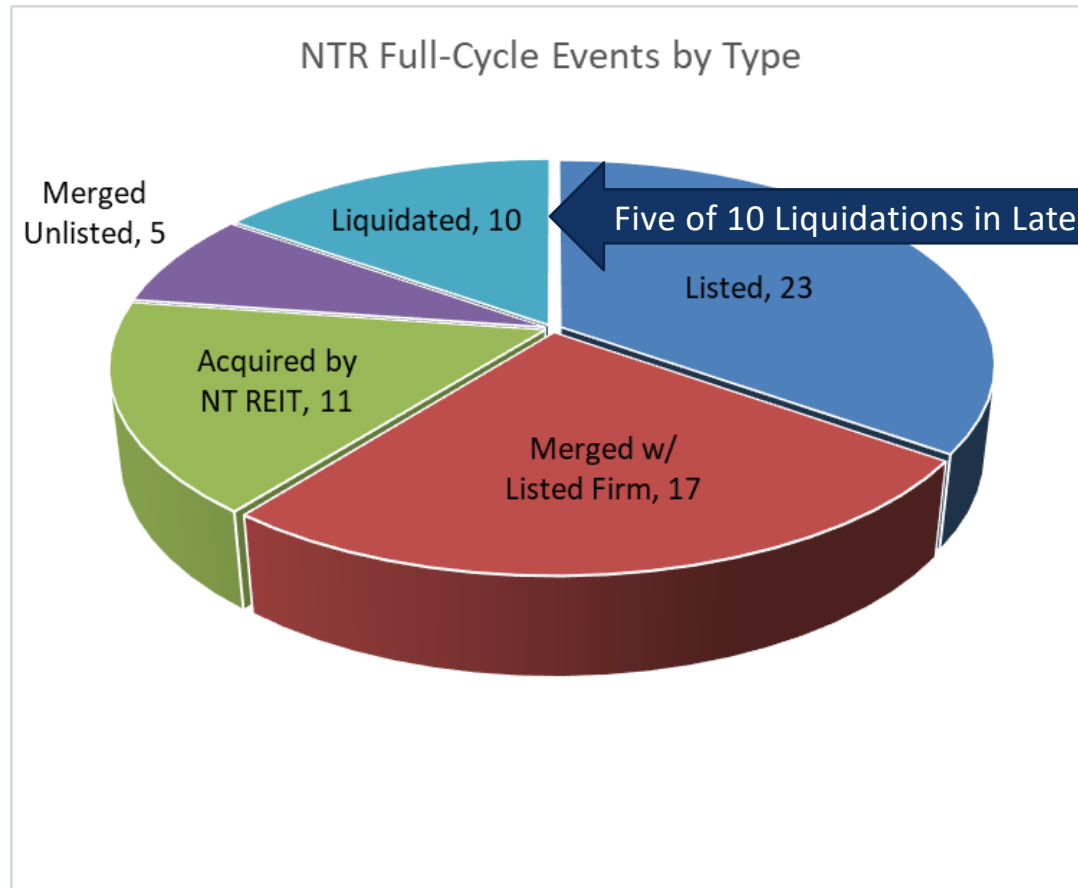
# Nontraded REITs by Year



## ***Full-Cycle Events by Type***

---

For the full sample of 66 nontraded REITs, 23 listed on public exchanges, 16 were acquired by or merged with nontraded REITs, 17 merged with publicly traded firms, and 10 liquidated. In the previous study of 56 REITs there were five REITs that totally liquidated their portfolios via property sales. In this study, 5 of 10 of the latest events involved totally liquidating property portfolios and distributing cash to shareholders.



## *Results for 66 Full-Cycle NTRs*

---

Realized common shareholder returns for the 66 full-cycle REITs assuming reinvestment of distributions ranged from minus 11.49% to +20.52%, with an average of 5.51% and a median of 7.22%. Assuming no reinvestment of distributions, the average IRR was 5.27% and the median was 6.90%.

## ***Distribution Yields***

---

The average annual distribution yield over the lives of the 66 REITs in this study was 6.42%, using quarters in which distributions were paid and based upon the initial offering prices.

## *Full Sample Results*

---

On average, for the full sample of 66 REITs, an annual IRR (including DRIP) of 5.51% was slightly higher than an annual IRR (excluding DRIP) of 5.27%. For the ten most recent full-cycle events situation with IRRs was the opposite: an average IRR (including DRIP) was negative 0.17% while an average IRR (excluding DRIP) was positive 0.49%.

# Summary Statistics by Full-Cycle Study Editions



	Average Total Assets* (in \$ Millions)	Leverage (Debt/Total Assets)	Conventional IRR (excl. DRP)	Annual IRR (incl. DRP)	Conditional Annual Dividend yield**	Initial Price	Exit Price	Capital Gain
<b>Full Sample Mean (All 66 REITs)</b>	\$1,207.02	41.6%	5.27%	5.51%	6.42%	\$11.29	\$10.62	-4.44%
<b>Full Sample Median</b>	\$851.71	44.2%	6.90%	7.22%	6.45%	\$10.00	\$10.56	3.11%
<b>2012 Sample Mean (17 REITs)</b>	\$1,013.01	36.6%	9.2%	10.44%	8.06%	\$9.84	\$11.37	15.1%
<b>2012 Sample Median</b>	\$658.21	40.0%	9.2%	11.10%	8.08%	\$10.00	\$11.62	16.2%
<b>2013 Update Sample Mean (11 REITs)</b>	\$1,848.59	39.08%	5.2%	6.78%	6.17%	\$11.41	\$11.11	-2.6%
<b>2013 Update Sample Median</b>	\$1,392.16	38.16%	5.2%	6.39%	6.22%	\$10.00	\$10.00	0.0%
<b>2014 Update Sample Mean (9 REITs)</b>	\$1,569.68	55.2%	5.2%	6.58%	6.24%	\$11.11	\$10.82	-2.6%
<b>2014 Update Sample Median</b>	\$891.26	54.4%	7.2%	8.13%	5.99%	\$10.00	\$10.79	7.9%
<b>2015 Update Sample Mean (10 REITs)</b>	\$1,341.22	37.06%	4.2%	4.17%	6.38%	\$10.15	\$8.79	-13.4%
<b>2015 Update Sample Median</b>	\$1,272.70	36.33%	5.2%	5.45%	6.57%	\$10.00	\$9.13	-9.3%
<b>2018 Update Sample Mean (11 REITs)</b>	\$917.74	49.3%	3.0%	2.53%	5.66%	\$11.40	\$9.86	-13.5%
<b>2018 Update Sample Median</b>	\$458.62	53.9%	3.04%	2.65%	6.25%	\$10.00	\$9.69	-2.9%
<b>2020 Update Sample Mean (10 REITs)</b>	\$856.19	34.9%	0.49%	-0.17%	5.07%	\$14.51	\$10.98	-24.7%
<b>2020 Update Sample Median</b>	\$365.54	41.3%	0.16%	-0.77%	6.23%	\$10.00	\$10.50	5.0%

\*Average of total assets and average leverage over the life of the REIT, excluding values after mergers with other nontraded REITs.

\*\* Conditioned on quarters in which distributions were actually paid.

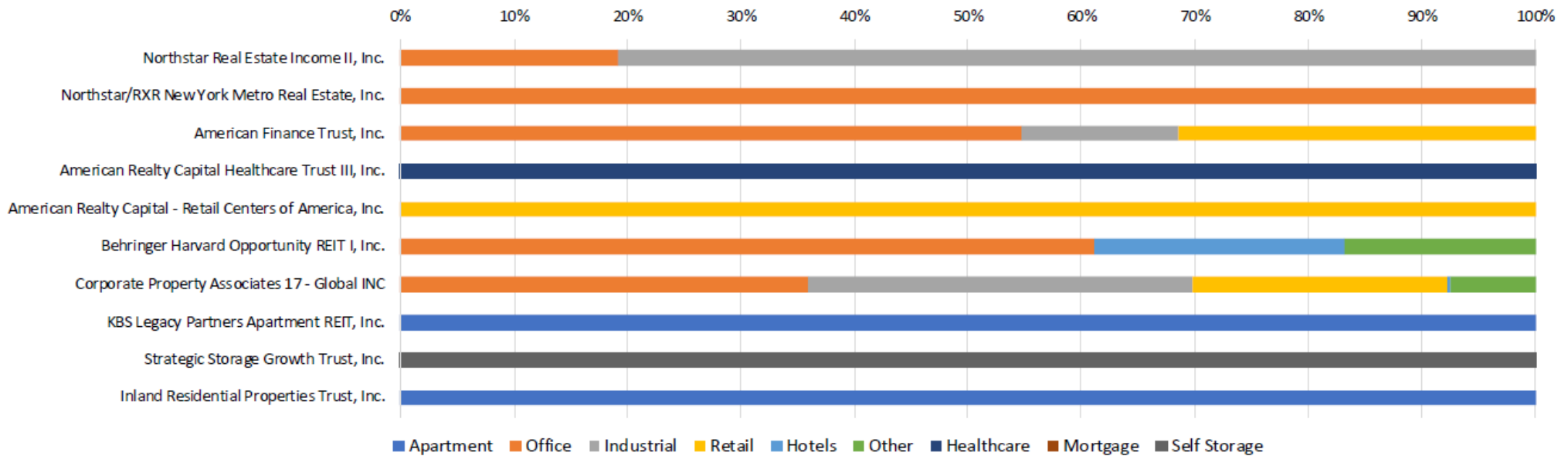


## ***Results for Recent 10 Events***

---

The 10 REITs with full-cycle events since January 2018 had average annualized full-cycle returns to early investors of 0.49% and median returns of 0.16%, with five experiencing negative average returns to early investors.

# Portfolio Property Type Weightings for Latest 10 Full-Cycle REITs



# Latest 10 NTR Full-Cycle Events



Nontraded REIT	Date of Inception	Date of Full Liquidity Event	Liquidity Event Type	Conventional IRR** (excl. DRP)	Annual IRR (incl. DRP)	Capital Gain
Northstar Real Estate Income II, Inc.	5/6/2013	1/31/2018	Merger with Colony Northstar Credit RE, Inc.	-0.03%	-0.88%	-28.38%
Northstar/RXR New York Metro Real Estate, Inc.	2/9/2015	10/22/2018	Asset Monetization and Merger	3.16%	3.18%	4.93%
American Finance Trust, Inc.	4/4/2013	1/9/2019	Listed on NASDAQ	-2.51%	-2.69%	-44.30%
American Realty Capital Healthcare Trust III, Inc.	8/20/2014	3/7/2019	Liquidation	-4.79%	-5.24%	-27.84%
American Realty Capital - Retail Centers of America, Inc.	3/17/2011	1/9/2019	Merger with American Finance Trust	0.35%	-4.57%	-36.89%
Behringer Harvard Opportunity REIT I, Inc.	9/20/2005	8/15/2018	Liquidation	-11.20%	-11.49%	-80.23%
Corporate Property Associates 17 - Global INC	11/2/2007	10/30/2018	Merger with W. P. Carey	6.95%	7.14%	3.84%
KBS Legacy Partners Apartment REIT, Inc.	3/12/2010	12/20/2018	Liquidation	5.12%	5.05%	-18.00%
Strategic Storage Growth Trust, Inc.	1/20/2015	1/24/2019	Merger with Strategic Storage Trust II, Inc.	8.41%	8.50%	20.00%
Inland Residential Properties Trust, Inc.	2/17/2015	9/18/2019	Liquidation	-0.53%	-0.65%	-16.28%

## *Custom Benchmarks*

---

Consistent with prior studies, this updated study also constructs unique custom benchmark return comparisons for each REIT, utilizing NCREIF appraisal-based quarterly returns as reported by institutional investors and FTSE NAREIT indices for the returns of publicly-traded REITs.

## ***Custom Benchmarks***

---

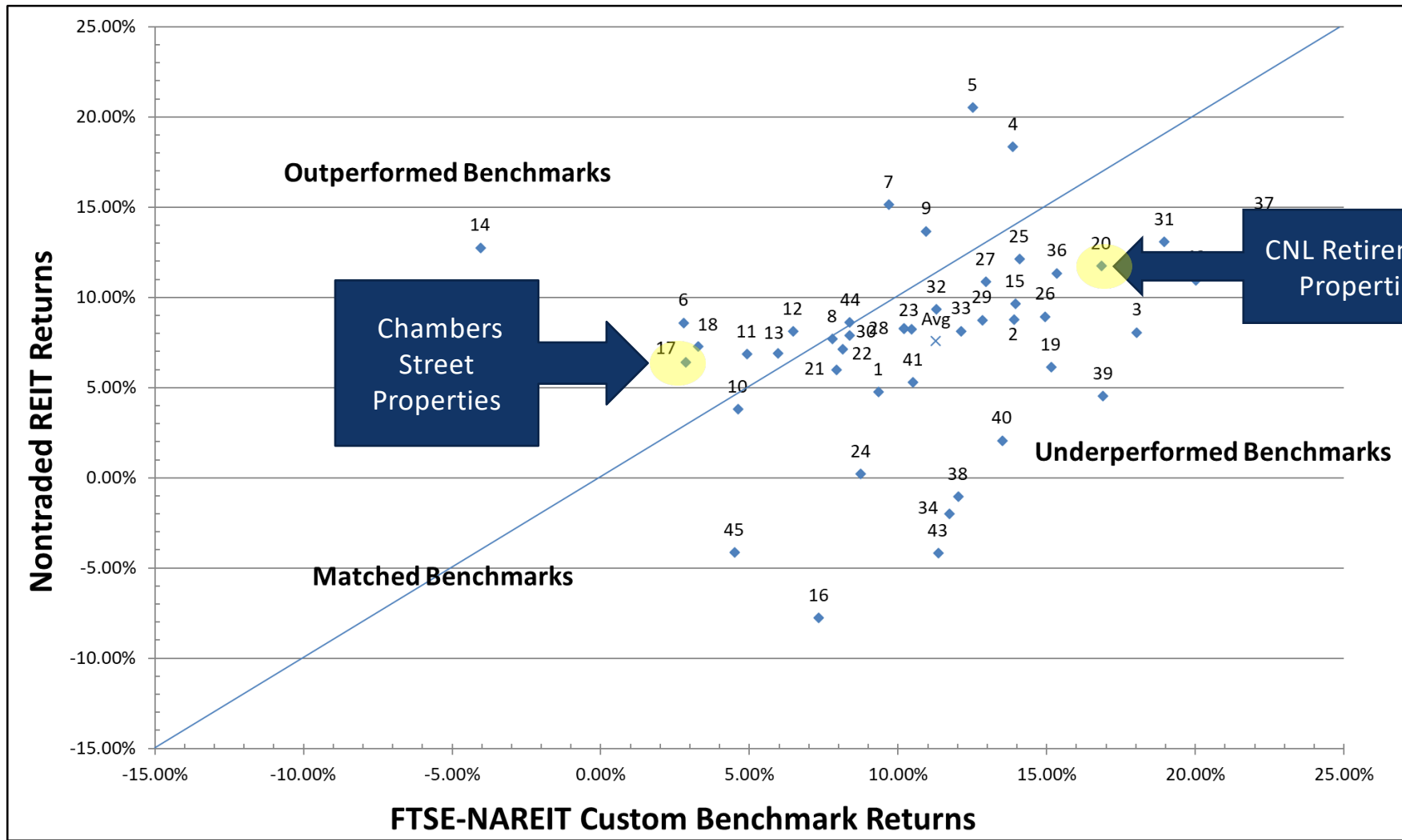
Custom benchmark returns are calculated for:

- NCREIF institutional, appraisal-based returns, for matched periods, asset type, region and adjusted for leverage.
- FTSE-NAREIT listed REIT returns for matched periods, asset type and adjusted for leverage

## *Interpreting Custom Benchmarks*

---

Utilizing custom benchmarks for return comparisons controls for differences in timing, leverage, portfolio property types and geographic concentrations. Thus, an annualized full-cycle return of 5.92% by Chambers Street Properties compares favorably to its custom benchmarks (NCREIF 3.95% and FTSE NAREIT 2.86%) while an average return of 9.76% by CNL Retirement Properties does not (NCREIF 16.75% and FTSE NAREIT 16.84%), because of the relative differences in performance of the NCREIF and FTSE NAREIT indices over those REIT lives.



## ***Performance vs. Benchmarks***

---

When comparing the full-cycle IRRs of the 66 nontraded REITs to the custom benchmarks, we find that 28 of 66 REITs (42%) outperformed one or both of their respective custom benchmarks. Of the 66 REITs, 14 (21%) outperformed the private (NCREIF) benchmark and 14 (21%) outperformed the publicly-traded (FTSE-NAREIT) benchmark, while 5 (8%) outperformed both.



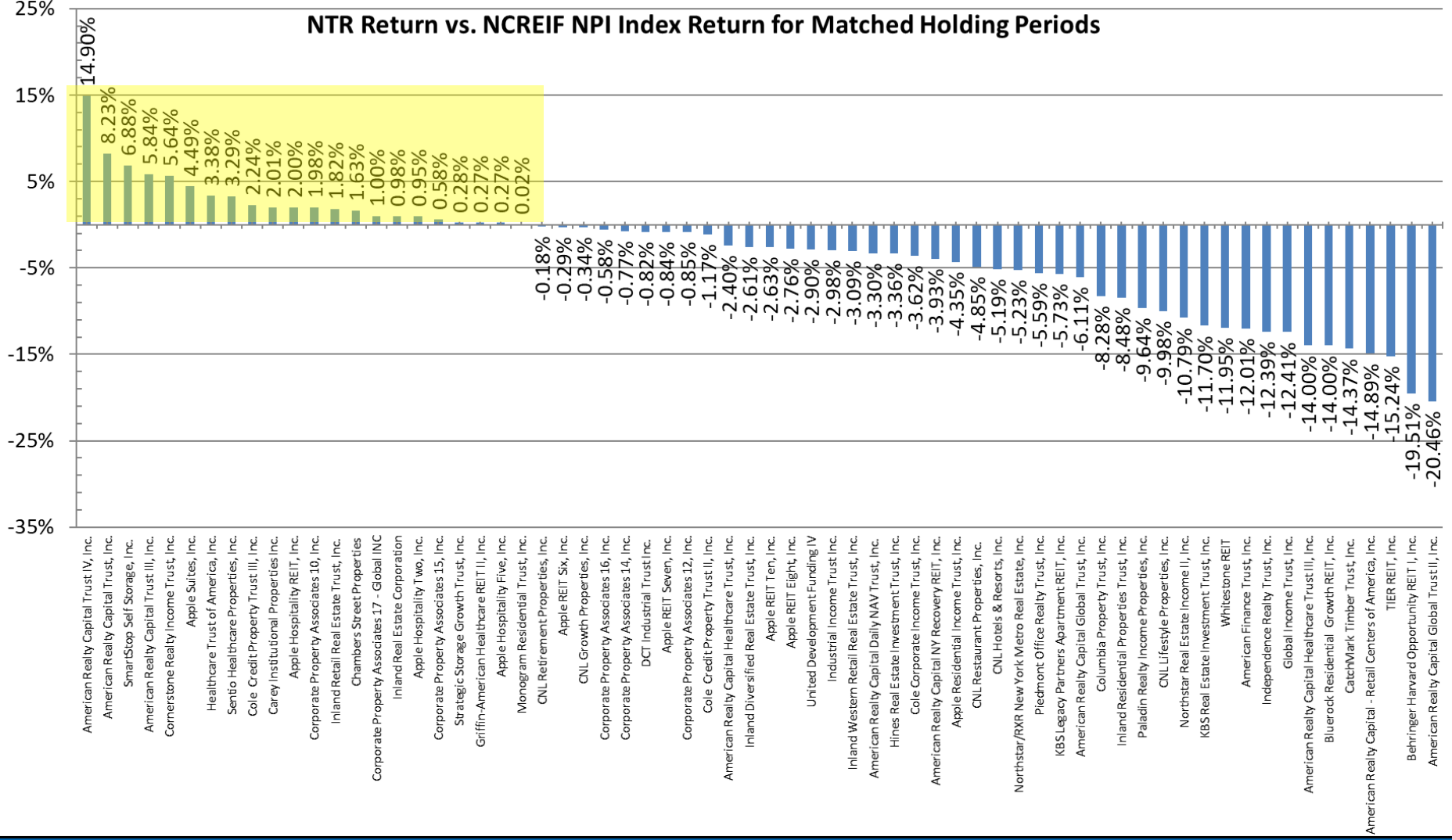
## ***Comparisons with NCREIF Returns***

---

The average IRR for the custom benchmarks constructed by matching location and property type data for each REIT and the appropriately weighted and levered NCREIF indices was 12.51% with a median of 12.62%, 5.72% higher than the actual median IRR, excluding DRIP, for the 66 nontraded REITs.

NTR Return Minus NCREIF NPI Return

NTR Return vs. NCREIF NPI Index Return for Matched Holding Periods



# Latest 10 Full-Cycle Events vs. NCREIF Custom Benchmarks



Nontraded REIT	Conventional IRR (excl. DRP)	Annual IRR (incl. DRP)	Custom NCREIF Return	Difference IRR Excluding DRIP	Difference IRR Including DRIP
American Finance Trust, Inc.	-2.51%	-2.69%	13.00%	-15.51%	-15.69%
American Realty Capital - Retail Centers of America, Inc.	0.35%	-4.57%	13.76%	-13.41%	-18.33%
American Realty Capital Healthcare Trust III, Inc.	-4.79%	-5.24%	5.02%	-9.81%	-10.26%
Behringer Harvard Opportunity REIT I, Inc.	-11.20%	-11.49%	11.53%	-22.73%	-23.02%
Corporate Property Associates 17 - Global Inc.	6.95%	7.14%	7.76%	-0.82%	-0.62%
Inland Residential Properties Trust, Inc.	-0.53%	-0.65%	15.16%	-15.69%	-15.81%
KBS Legacy Partners Apartment REIT, Inc.	5.12%	5.05%	24.22%	-19.10%	-19.17%
Northstar Real Estate Income II, Inc.	-0.03%	-0.88%	10.95%	-10.98%	-11.83%
Northstar/RXR New York Metro Real Estate, Inc.	3.16%	3.18%	7.34%	-4.18%	-4.16%
Strategic Storage Growth Trust, Inc.	8.41%	8.50%	13.95%	-5.54%	-5.45%

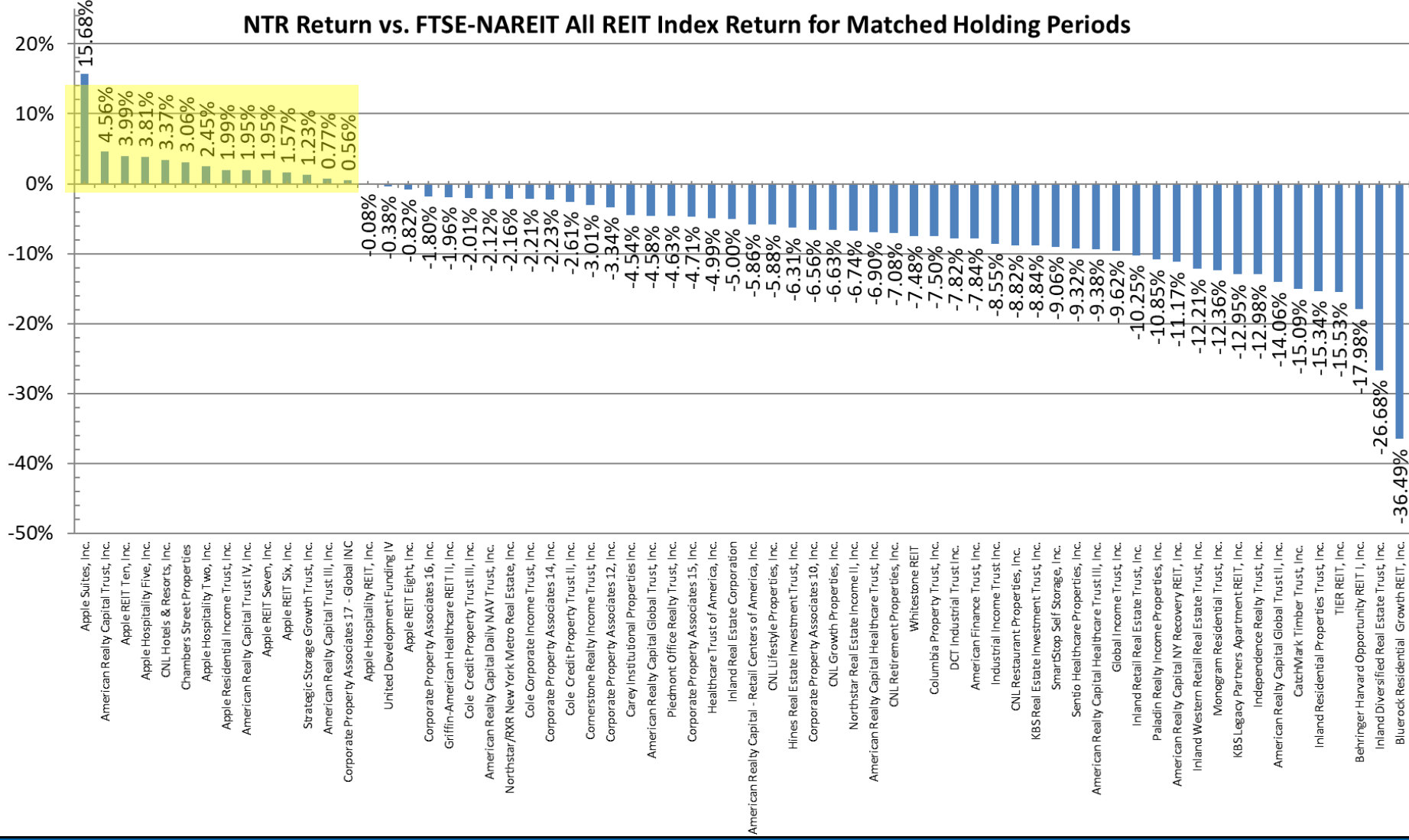
## ***Comparisons with NAREIT Returns***

---

The average IRR for the custom benchmarks constructed by weighting returns on the FTSE NAREIT indices for each property type to match the nontraded REITs' portfolios over time, again adjusting for differences in leverage, was 10.98% with a median of 10.16%, 3.25% higher than the actual median IRR, excluding DRIP, for the 66 nontraded REITs.

NTR Return Minus FTSE-NAREIT All REIT Index Return

NTR Return vs. FTSE-NAREIT All REIT Index Return for Matched Holding Periods



# Latest 10 Full-Cycle Events vs. NAREIT Custom Benchmarks



Nontraded REIT	Conventional IRR (excl. DRP)	Annual IRR (incl. DRP)	Custom NAREIT Return	Difference IRR Excluding DRIP	Difference IRR Including DRIP
American Finance Trust, Inc.	-2.51%	-2.69%	5.33%	-7.84%	-8.02%
American Realty Capital - Retail Centers of America, Inc.	0.35%	-4.57%	6.21%	-5.86%	-10.78%
American Realty Capital Healthcare Trust III, Inc.	-4.79%	-5.24%	4.59%	-9.38%	-9.83%
Behringer Harvard Opportunity REIT I, Inc.	-11.20%	-11.49%	6.78%	-17.98%	-18.27%
Corporate Property Associates 17 - Global Inc.	6.95%	7.14%	6.39%	0.56%	0.75%
Inland Residential Properties Trust, Inc.	-0.53%	-0.65%	14.81%	-15.34%	-15.46%
KBS Legacy Partners Apartment REIT, Inc.	5.12%	5.05%	18.07%	-12.95%	-13.02%
Northstar Real Estate Income II, Inc.	-0.03%	-0.88%	6.71%	-6.74%	-7.59%
Northstar/RXR New York Metro Real Estate, Inc.	3.16%	3.18%	5.32%	-2.16%	-2.14%
Strategic Storage Growth Trust, Inc.	8.41%	8.50%	7.18%	1.23%	1.32%

## *Return Correlations with Indices*

---

Estimating the correlation between a market-based or appraisal-based index with quarterly mark-to-market changes and the cash flows of a nontraded REIT does not give a meaningful result. The cash flows for a typical nontraded REIT investment consist, in most cases, of a single outflow in quarter of the initial investment, relatively constant distribution inflows to the investor each quarter, and a single terminating inflow to the investor in the quarter of the full-cycle event. Since serial correlation calculations use the entire data sets of quarterly cash flows and the quarterly distributions have little or no volatility, the correlation coefficient will typically be very low.

## ***Correlating NTR Returns with Indices***

---

In this study as in the past editions, we calculate a cross-sectional correlation for all 66 full-cycle events which measures the total holding period returns for each nontraded REIT with the matched holding period returns on other assets, including the NAREIT traded REIT index returns, the NCREIF institutional portfolio returns, and other indices such as the S&P 500 and Intermediate Term Treasury Bond returns.



# Correlation of Nontraded REIT Full-Cycle Returns with Other Index Returns

	NTR IRR	NCREIF Benchmark	FTSE-NAREIT Benchmark	NCREIF NPI	FTSE-NAREIT All REITs	Interm. Treas.	S&P 500
Correlations With NTR IRR		0.115	0.216	0.169	0.397	0.344	0.120
Correlations with NCREIF Benchmark	0.115		0.551	0.649	0.463	(0.149)	0.377
Correlations with FTSE-NAREIT Benchmark	0.216	0.551		0.283	0.490	0.022	0.358
Correlations with NCREIF NPI	0.169	0.649	0.283		0.663	0.038	0.300
Correlations with FTSE-NAREIT All REITs	0.397	0.463	0.490	0.663		0.304	0.332
Correlations with Intermediate Treasuries	0.344	(0.149)	0.022	0.038	0.304		(0.314)
Correlations with S&P 500	0.120	0.377	0.358	0.300	0.332	(0.314)	

## *Performance and Investment Timing*

---

The updated study shows insignificant differences in cross-sectional average returns to early, middle or late investors during the offering periods. In 30 instances, mid-offering investors outperformed early investors over their respective holding periods. In 31 instances, late-offering investors outperformed early investors over their respective holding periods. The median returns for early investors (6.90%), middle investors (6.87%) and late investors (7.04%) did display differences due to investment timing, but the average returns for each group were very similar. There were large variations across REITs due to capital gains or losses, with those realized gains or losses having a greater impact on the returns of later investors compared to early investors.

## ***Capital Gains vs. Capital Losses***

---

For the 66 full-cycle REITs, dividend income provided an average of 87.9% of the total returns and capital gains provided 12.1%. The average capital loss [(full-cycle price minus initial offering price)/initial price] for the 66 REITs was 31.37% compared to an average gain of 19.98% in the study, with 34 REITs showing capital gains and 31 showing capital losses, with median capital gain of 15.00% and median capital loss of 28.38%.

## ***Full-Cycle Events by Sponsors***

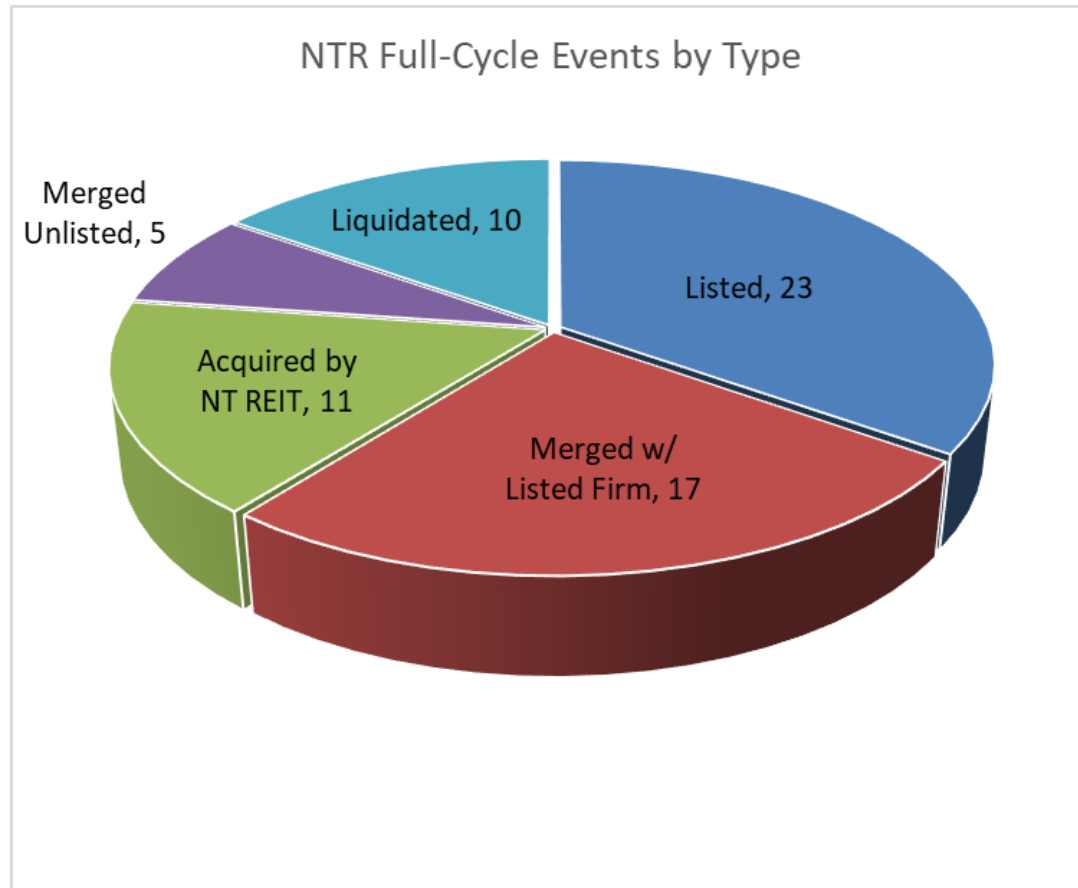
---

22 different sponsors had nontraded REITs experiencing full-cycle events over the study period. ARC/AR Global had the greatest number of full-cycle events: 11 events with an average annual shareholder return (with DRIP) of 4.92%. In second place was Apple with ten full-cycle events with an average annual shareholder return (with DRIP) of 9.30%. W.P. Carey had seven REITs with an average annual shareholder return of 8.78% (with DRIP).

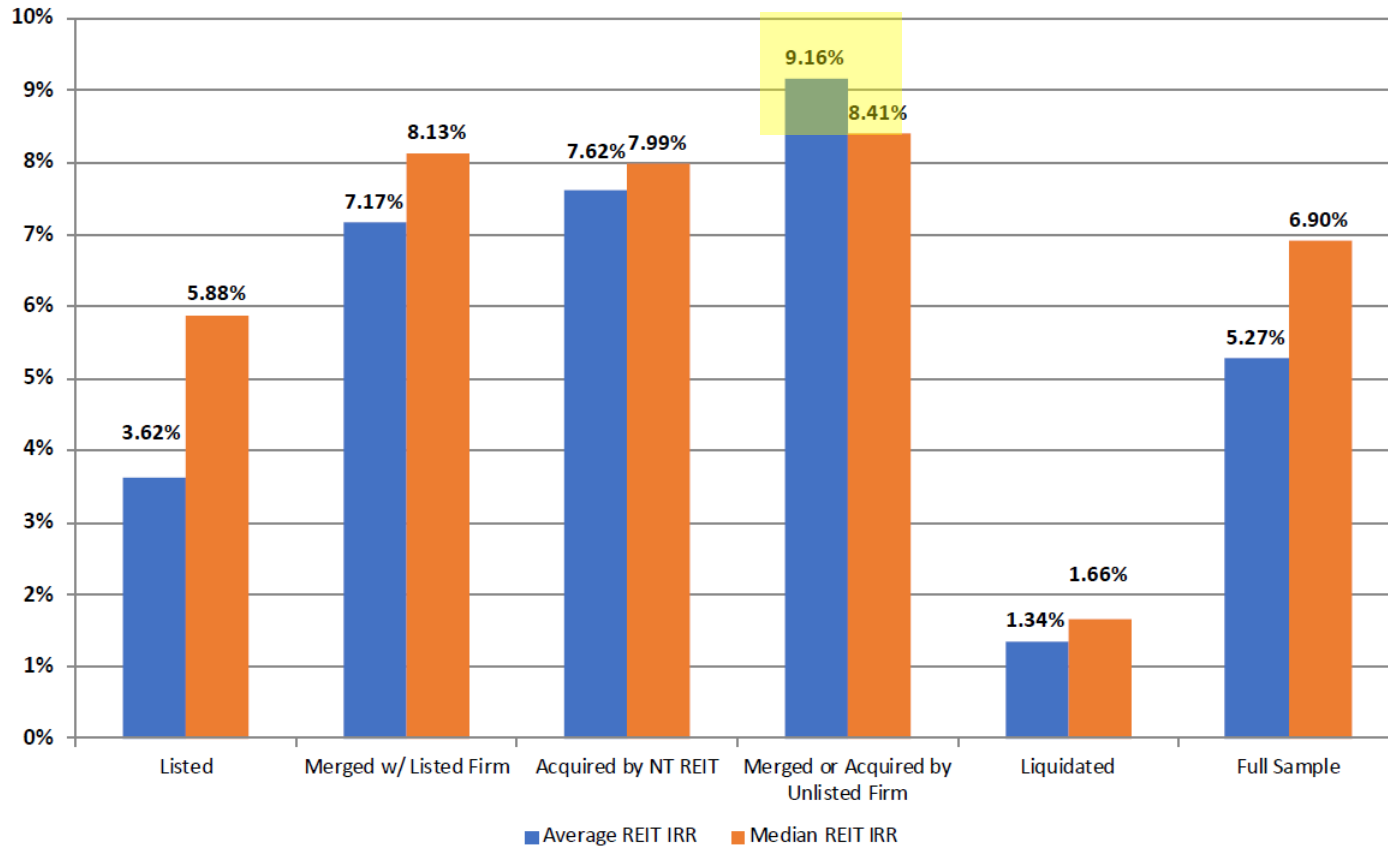
Sponsor	Full-Cycle REITS	Average Total Assets (\$Mill)*	Average Leverage	Average Annual IRR (Includes DRP)	Min IRR	Median IRR	Max IRR	Average Conditional Annual Dividend Yield**	Average Capital Gain
Apple	10	\$759.5	20.35%	9.30%	2.79%	8.39%	15.13%	8.50%	1.39%
ARC / AR Global	11	\$820.7	37.83%	4.92%	-9.98%	7.45%	20.52%	6.36%	-7.32%
Behringer Harvard	3	\$1,706.5	50.60%	-4.36%	-11.49%	-6.06%	4.46%	4.05%	-52.44%
Bluerock	1	\$216.5	58.53%	-3.39%					
CBRE	1	\$1,392.2	33.21%	6.39%					
CNL	6	\$1,227.2	41.26%	5.74%	-1.18%	6.71%	11.74%	5.32%	4.31%
Cole	3	\$2,422.4	44.06%	7.16%	5.97%	7.14%	8.36%	6.53%	-0.60%
Dividend Capital / Black Creek	2	\$1,605.2	42.59%	10.59%	8.10%	10.59%	13.08%	6.33%	17.30%
Griffin Capital	1	\$1,223.6	25.19%	9.95%					
Hartman (Whitestone REIT)	1	\$189.7	67.98%	-4.13%					
Healthcare Trust of America	1	\$1,602.7	44.55%	8.13%					
Hines	1	\$2,276.7	43.81%	2.646%					
Inland	5	\$2,122.5	53.4%	6.35%	-1.04%	8.13%	13.95%	6.42%	1.48%
KBS	2	\$1,098.4	60.60%	0.39%					
Colony NorthStar	2	\$570.6	23.25%	1.15%	-0.88%	1.15%	3.18%	4.25%	-11.73%
Paladin	1	\$124.9	54.4%	2.06%					
RAIT (Independence)	1	\$132.1	64.31%	-1.98%					
Sentio	1	\$276.2	60.71%	9.46%					
SmartStop	2	\$292.4	35.4%	10.33%	8.50%	10.33%	12.15%	5.31%	28.75%
United Development Funding	1	\$264.6	76.6%	8.60%					
W.P. Carey	7	\$1,460.1	50.0%	8.78%	7.14%	8.75%	10.86%	7.18%	21.31%
Wells	3	\$2,541.6	42.2%	-0.76%	-7.75%	0.20%	5.28%	5.49%	-43.03%
<b>Full Sample Mean</b>	66	\$1,269.7	42.9%	6.52%				6.66%	-1.25%
<b>Full Sample Median</b>		\$959.2	46.1%	8.08%				6.53%	4.95%

\*Average of total assets and average leverage over the life of the REIT, excluding values after mergers with other nontraded REITS.

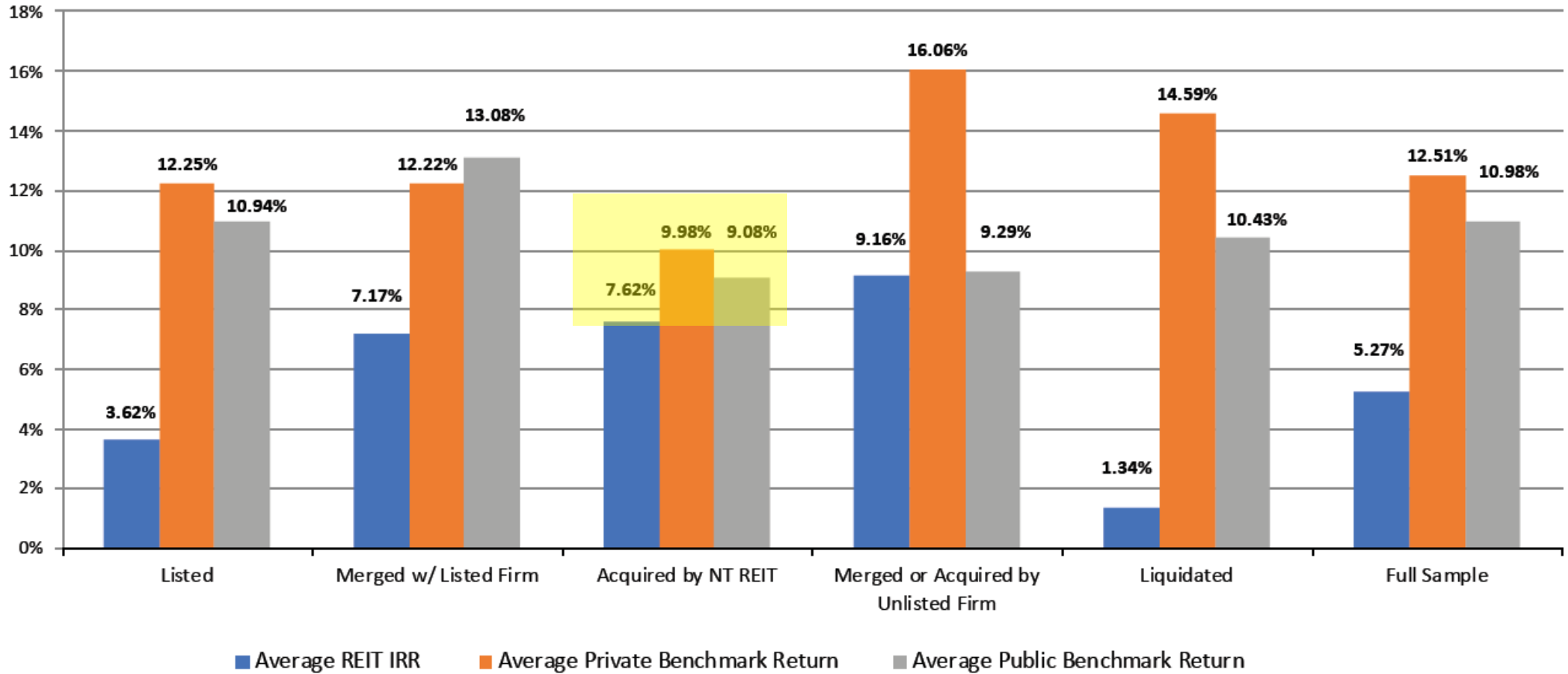
\*\*Conditioned on quarters in which distributions were actually paid.



# Full-Cycle Performance by Type of Event



# Full-Cycle Performance vs. Custom Benchmarks by Type of Event





## *Comparisons with Traditional Indices*

---

When comparing nontraded REIT full-cycle returns to traditional investment market indices, the average annualized returns on nontraded REITs in the study were 5.27% (without DRIP) and 5.51% (with DRIP), compared to an average total return for the S&P 500 Stock Index of 8.40% over matched holding periods. The Intermediate-Term Treasury Fund benchmark provided average returns of 3.31% over matched holding periods. 23 of the full-cycle REITs (35%) outperformed the S&P 500 Index and 47 of 66 (71%) outperformed Intermediate-Term U.S. Treasury Bonds.

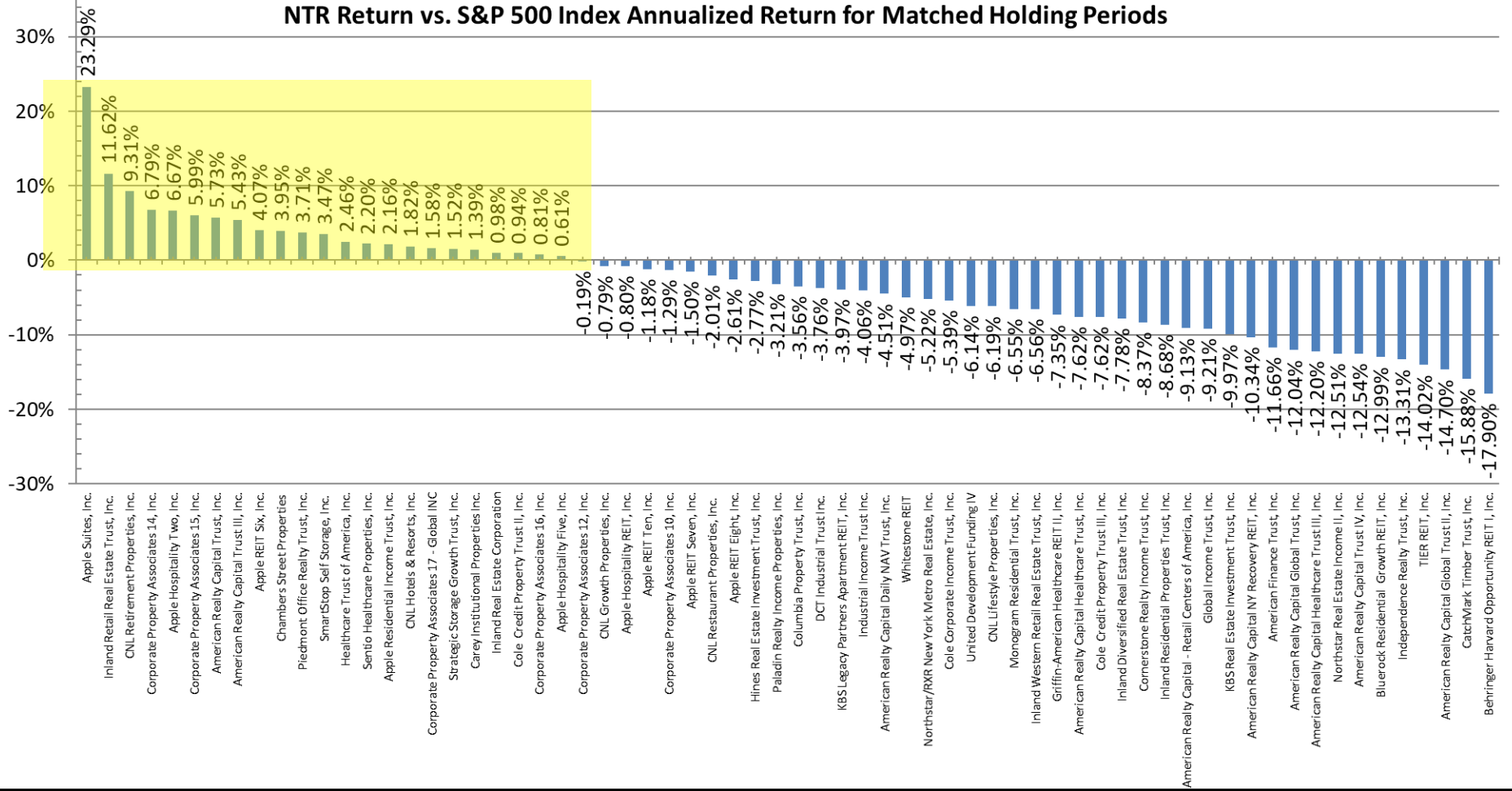
# Latest 10 Full-Cycle Events vs. Non-Customized NAREIT and NCREIF Pricing



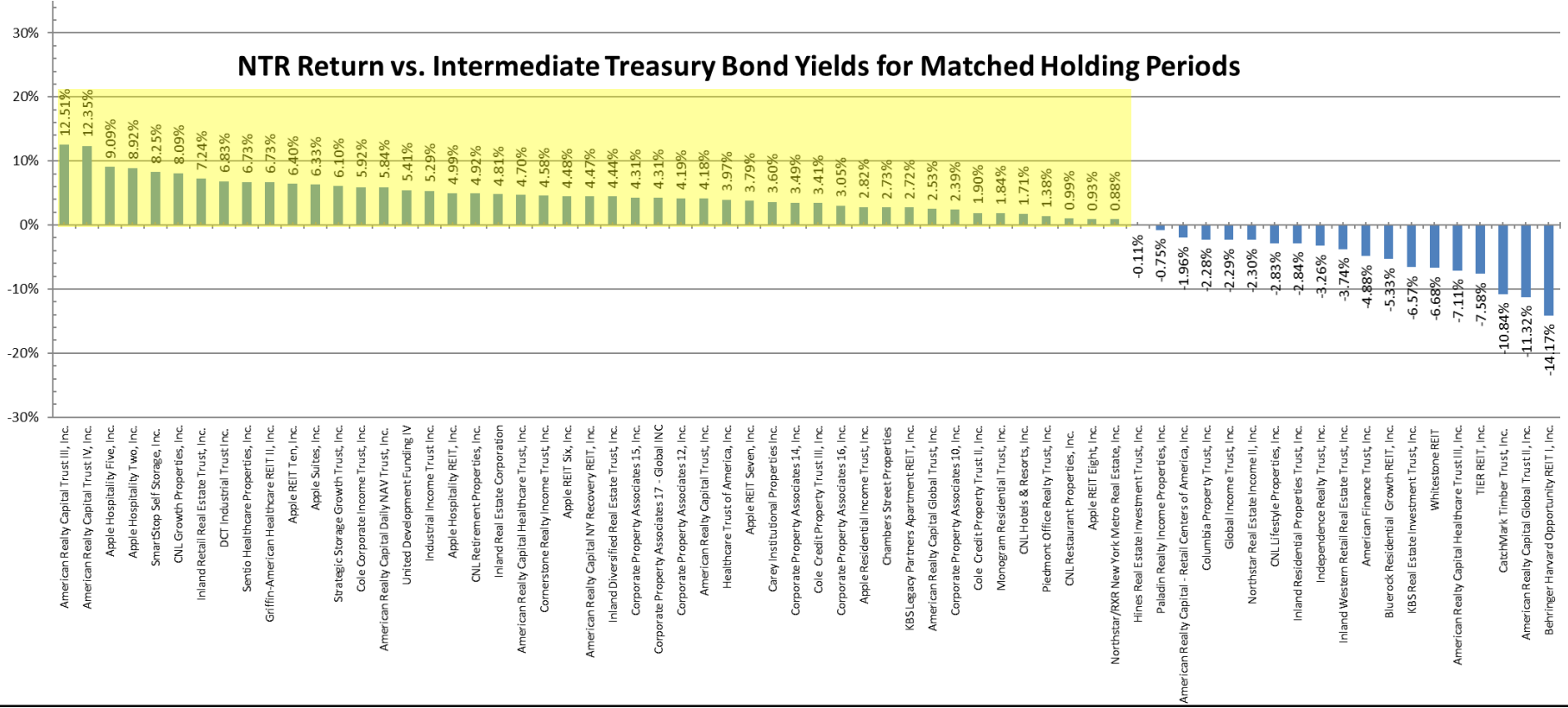
Nontraded REIT	Conventional IRR (excl. DRP)	Annual IRR (incl. DRP)	Capital Gain	Annualized NAREIT Increase	Annualized NCREIF Increase	Holding Period Yrs.
American Finance Trust, Inc.	-2.51%	-2.69%	-44.30%	5.06%	9.52%	5.8
American Realty Capital - Retail Centers of America, Inc.	0.35%	-4.57%	-36.89%	9.65%	10.07%	7.8
American Realty Capital Healthcare Trust III, Inc.	-4.79%	-5.24%	-27.84%	4.91%	8.76%	4.5
Behringer Harvard Opportunity REIT I, Inc.	-11.20%	-11.49%	-80.23%	7.72%	8.02%	12.9
Corporate Property Associates 17 - Global Inc.	6.95%	7.14%	3.84%	5.53%	6.31%	11.0
Inland Residential Properties Trust, Inc.	-0.53%	-0.65%	-16.28%	5.42%	7.83%	4.6
KBS Legacy Partners Apartment REIT, Inc.	5.12%	5.05%	-18.00%	11.00%	10.78%	8.8
Northstar Real Estate Income II, Inc.	-0.03%	-0.88%	-28.38%	7.90%	9.91%	4.7
Northstar/RXR New York Metro Real Estate, Inc.	3.16%	3.18%	4.93%	10.45%	8.02%	3.7
Strategic Storage Growth Trust, Inc.	8.41%	8.50%	20.00%	5.88%	8.68%	4.0

NTR Return Minus S&P 500 Return

NTR Return vs. S&P 500 Index Annualized Return for Matched Holding Periods



**NTR Return Minus Intermediate Treasury Yield**

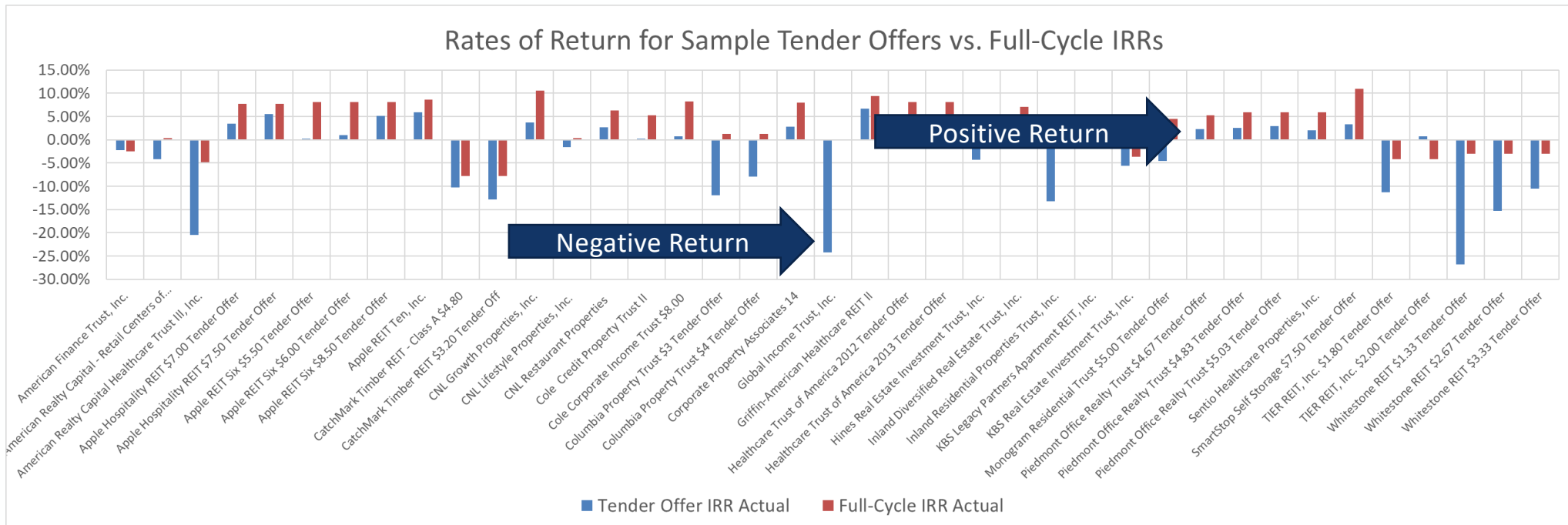


## ***Investor Returns for Tendered Shares***

---

A sample of those shareholders who tendered shares (39 REITs) via third-party tender offers prior to the full-cycle event had average holding period returns of approximately negative 3.32% compared to an average IRR for the full-cycle events of those same REITs in the sample of 3.21%, a difference in average returns of negative 6.52%. The tender offer prices in the sample averaged 32.7% less than the full-cycle price. This confirms that third-party tender offers are more likely to be made for REITs that have underperformed their industry averages.

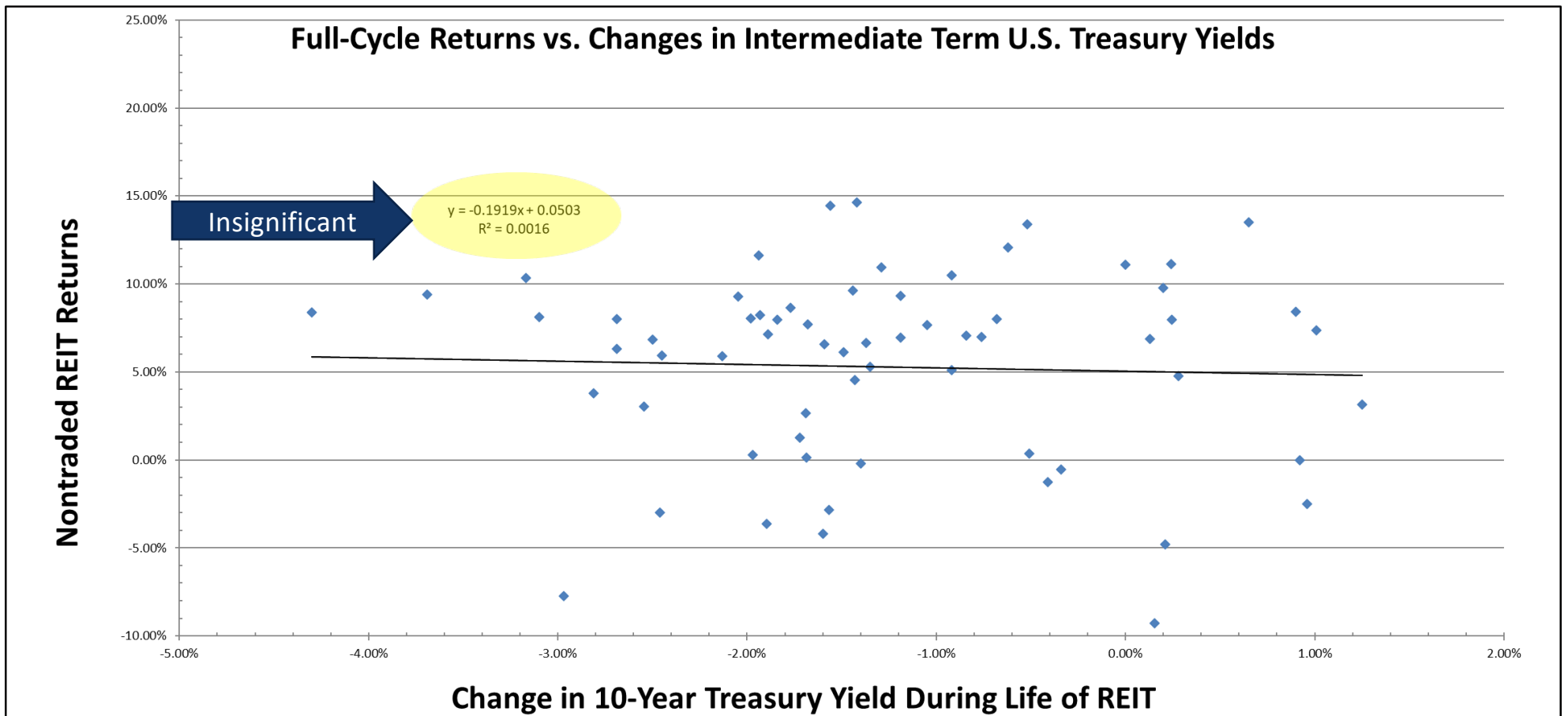
# Rates of Return for Sample Tender Offers



## ***Relating to Interest Rate Changes***

---

The performance of the 66 full-cycle nontraded REITs does not appear to be significantly related to the changes in interest rates that occurred during the life cycles of the respective REITs.





# Conclusions of the 6<sup>th</sup> Edition NTR Full-Cycle Performance Study

---

- The latest 10 full-cycle events had the lowest returns of any previous group
- The latest 10 full-cycle REITs were of smaller average portfolios and five of the 10 involved liquidations
- Custom benchmarks using NCREIF returns were outperformed by 14 of the 66 REITs
- Custom benchmarks using NAREIT returns were outperformed by 14 of the 66 REITs

# Conclusions of the 6<sup>th</sup> Edition NTR Full-Cycle Performance Study

---

- Only five of the 66 full-cycle NTRs outperformed both the NCREIF and NAREIT custom benchmarks.
- For the full sample of 66 REITs, the average annualized rate of return of 5.51% with DRIP was slightly higher than an annualized return excluding DRIP of 5.27%.
- Due to capital losses, for the most recent ten full-cycle REITs the average annualized rate of return was 0.17% with DRIP and 0.49% excluding DRIP.

# Conclusions of the 6<sup>th</sup> Edition NTR Full-Cycle Performance Study

---

- The best average results for NTR full-cycle events were among those REITs that merged with other unlisted REITs
- Relative to custom benchmark performance, NTRs that were acquired by other NTRs did better
- Over matched holding periods, 23 of 66 full-cycle REITs outperformed the S&P 500 Stock Index
- Over matched holding periods, 47 of 66 full-cycle REITs outperformed the Intermediate Term Treasury Fund benchmark

## Conclusions of the 6<sup>th</sup> Edition NTR Full-Cycle Performance Study

---

- A sample of those shareholders who tendered shares in third-party offers shows their average holding period returns were negative 3.32% compared to +3.21% for full-cycle holding periods.
- There is no significant relationship between changes in interest rates and returns to full-cycle NTRs over their respective holding periods



# *Questions*

# Interested in past Blue Vault webinars?

Find them on-demand on our website:

[bluevaultpartners.com/past-webinars](http://bluevaultpartners.com/past-webinars)

Choose a past webinar to view a recording. Note that some webinars are available to subscribers only.

Looking for our Upcoming Webinars?

[CLICK HERE](#)



EDUCATIONAL SERIES

WEBINAR

Q1 2019 NTR/BDC Quarterly Review Summary

📅 June 18 @ 2:00 pm - 2:30 pm  
**Stacy Chitty** | *Moderator*  
**Luke Schmidt** | *Speaker*  
**James Sprow** | *Speaker*



EDUCATIONAL SERIES

WEBINAR

Finding Value and Opportunities in the Commercial Real Estate Market

📅 June 27 @ 2:00 pm - 3:00 pm  
**Stacy Chitty** | *Moderator*  
**James Barry** | *Panelist*



PERFORMANCE SERIES

WEBINAR

A Deeper Look at Blackstone, Bluerock, and CION

📅 July 11 @ 12:00 am



EDUCATIONAL SERIES

WEBINAR

Are Interval Funds Performing?

📅 July 16 @ 2:00 pm - 2:30 pm  
**Stacy Chitty** | *Moderator*  
**James Sprow** | *Presenter*  
**Luke Schmidt** | *Presenter*

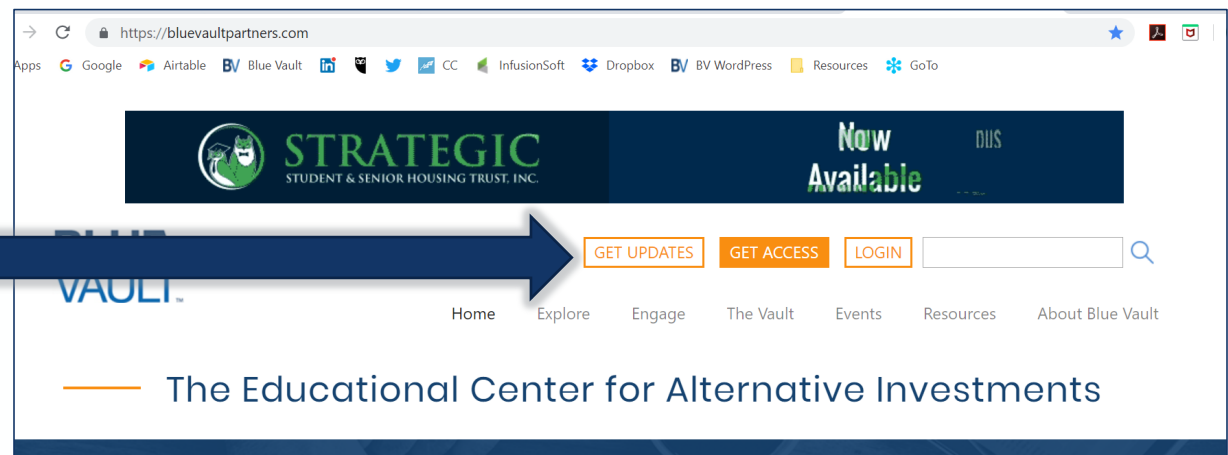
# Stay Informed



Get the most relevant alternative investment industry content, including nontraded REITs, BDCs, and Closed-End Funds, Interval Funds and Private Offerings, delivered right to your inbox.

Sign-up: [bluevault-1b5553.pages.infusionsoft.net](https://bluevault-1b5553.pages.infusionsoft.net)

Or by visiting [BlueVaultPartners.com](https://BlueVaultPartners.com) and clicking "Get Updates"





# *Questions*



***Thank You!***