ARE YOUR CLIENTS LOOKING FOR LOWER VOLATILITY INVESTMENT POTENTIAL?

Private Real Estate Can Offer Powerful Portfolio Benefits

PRIVATE VS. PUBLIC REAL ESTATE: Two Different Types of Investment Structures

Institutional investors have historically benefited by investing in privately owned (private) commercial real estate. Compared to publicly traded real estate, these benefits may include superior income returns, diversification and strong overall risk-adjusted returns (returns with less volatility). Owning private commercial real estate means investing in individual properties or through a pooled investment vehicle that is open to individual investors but is not listed on a stock exchange. Since private real estate is not publicly traded, it is not subject to the stock market volatility responsible for much of the fluctuation in the share prices of publicly owned (public) real estate. Private real estate investments do not provide the ready liquidity of public real estate.

In recent years, new investor-friendly structures with greater transparency and enhanced liquidity features have made an investment in private real estate more accessible to individual investors. Compared to a portfolio that included only public real estate, a portfolio inclusive of private real estate has historically generated better risk-adjusted returns — returns relative to the riskiness of the investment — in addition to adding the potential for income and diversification.

THE BENEFITS OF PRIVATE REAL ESTATE

Over the past 20 years, the income return of private real estate has exceeded the income return of public real estate. Private real estate’s 5.9% income return represents more than 70% of its total return, an attractive feature to investors who are seeking an opportunity for a balanced mix of growth and income.

A HISTORY OF DELIVERING HIGHER INCOME RETURNS

Private real estate has delivered higher income returns than public real estate, bonds, cash or equities.

<table>
<thead>
<tr>
<th>PRIVATE REAL ESTATE</th>
<th>OTHER ASSET CLASSES</th>
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</thead>
<tbody>
<tr>
<td>5.8%</td>
<td>Cash: 1.6%</td>
</tr>
<tr>
<td>VS</td>
<td>Equities: 2.1%</td>
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<tr>
<td></td>
<td>Bonds: 3.5%</td>
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<tr>
<td></td>
<td>Public REITs: 5.1%</td>
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</tbody>
</table>

Past performance is no guarantee of future results. Current market uncertainty can exaggerate the volatility and risk of any investment, including real estate. Income return is the portion of a fund’s total return that was derived from income distributions. Income returns for this time period may include return of capital.
THE BENEFITS OF PRIVATE REAL ESTATE

More Effective Portfolio Diversifier
Public real estate returns have correlated with stock market returns more closely over time than private real estate returns, potentially making private real estate a more effective portfolio diversifier. Public real estate returns were correlated to S&P 500 returns 70% to 76% over the last two decades. Meanwhile, private real estate’s correlation to the S&P 500 returns fell from 10% between 2000 and 2009 to -3% from 2010 to 2019, underscoring the diversification opportunity of investing in private real estate vs. public real estate.

Better Risk-Adjusted Returns
Thanks in part to private real estate’s lower volatility, it has also produced stronger risk-adjusted returns — as defined by a higher Sharpe ratio — than public real estate over the past 20 years. A Sharpe ratio is one of the standard tools financial professionals use to compare investments. A Sharpe ratio represents the risk premium an asset generates relative to the volatility of its returns, where a higher figure indicates a better return relative to the riskiness of the investment. In the past 20 years, private real estate has generated risk-adjusted returns that are nearly two times better than public real estate returns.

Private real estate has continued to exhibit low correlation to public real estate, providing diversification benefits

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>20-Year Sharpe Ratio</th>
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</thead>
<tbody>
<tr>
<td>Private Real Estate</td>
<td>0.79</td>
</tr>
<tr>
<td>Public Real Estate</td>
<td>0.41</td>
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</tbody>
</table>

PRIVATE REAL ESTATE: A Key Component of a Well-Diversified Portfolio

Individual investors are increasingly discovering there are diversification benefits to adding private real estate to their portfolios. Given private real estate’s historical income returns, diversification, and strong overall risk-adjusted returns, we believe it may have a place alongside stocks, bonds and public real estate in a diversified investment portfolio.

New investment products with investor-friendly shareholder structures and liquidity features have opened opportunities for individuals to invest in private real estate, providing access to its potential benefits with modest minimum investment requirements.
deviation of the portfolio returns. It is also important to note when comparing the NAV of NAV REITs with trading prices of publicly traded REITs, that the NAV of NAV REITs does not reflect upfront fees and commissions that investors may pay when purchasing shares, and that redemption programs of NAV REITs may impose short-term trading discounts.

3 Sources: Bloomberg; NCREIF; NAREIT. 20 years ending June 30, 2020. Private real estate is represented by the NCREIF Open-End Diversified Core (ODCE) Index, an equal weighted, time weighted index representing a blended portfolio of institutional-quality real estate funds reported net of management and advisory fees (with the exception of the private real estate income data shown, which is reported gross of management and advisory fees). The term core typically reflects lower risk investment strategies, utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties. Funds are weighted equally, regardless of size. While funds used in this index have characteristics that differ from net asset value (NAV) REITs (including differing management fees), Black Creek Group’s management believes that the NCREIF ODCE Index is an appropriate and accepted index for the purpose of evaluating returns on investments in NAV REITs. Public real estate is represented by the FTSE NAREIT All Equity REITs Index, which is a free-floating, market capitalization-weighted index of publicly traded U.S. Equity REITs. Equities are represented by the S&P 500 Index, an unmanaged index of the 500 largest stocks (in terms of market value), weighted by market capitalization and considered representative of the broad stock market. Bonds are represented by the Bloomberg Barclays US Aggregate Bond Index, an index of securities that are SEC-registered, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. Bond income return is represented by the yield to worst of Bloomberg Barclays US Aggregate Bond Index. Cash is represented by the 3-Month Treasury Bill Rate, which is the yield received for investing in a government-issued treasury security that has a maturity of three months. Bonds and equities provide ready liquidity and are easily traded.

These indices are used in comparison to the NCREIF ODCE Index in order to illustrate the differences in historical total returns generated by commercial real estate, equities and bonds. The prices of securities represented by these indices may change in response to factors including: the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates and investor perceptions. All indices are unmanaged and do not include the impact of fees and expenses. An investment cannot be made directly in any index. The returns presented are not indicative of returns to be attained by NAV REITs. Diversification does not guarantee against the risk of loss.

Income return is the portion of a fund’s total return that was derived from income distributions. Income returns for this time period may include return of capital. Comparisons shown are for illustrative purposes only and do not represent specific investments or the performance of NAV REITs. NAV REITs have the ability to utilize higher leverage than is allowed for the funds in the NCREIF ODCE Index, which could increase a NAV REIT’s volatility relative to the NCREIF ODCE Index. An investment in a NAV REIT, such as the REITs sponsored by Black Creek Group or its affiliates, is not a direct investment in commercial real estate, but rather an investment in a REIT that owns commercial real estate. There are many material differences among commercial real estate, NAV REITs and traditional fixed income, including but not limited to, differences in fees and expenses, liquidity, safety and tax features. Investors are advised to consider the limitations of investing in commercial real estate, such as decreasing liquidity, increased volatility, and, in the case of NAV REITs, upfront selling commissions and ongoing distribution fees that will have the effect of reducing an investor’s return on his or her investment. An investment in a NAV REIT is not a direct investment in commercial real estate, but rather an investment in a REIT that owns commercial real estate. For more information on the potential risks of investing in commercial real estate or a NAV REIT, please see the “Risk Factors” section of the applicable prospectus.

Past performance is not a guarantee of future results.

1 This difference in volatility is very much connected to the different ways that private real estate and NAV REITs are valued compared with publicly traded REITs Private real estate and NAV REITs are valued based on the book value of the underlying assets, using real estate appraisals, whereas publicly traded REITs are valued based on their trading prices determined by willing buyers and sellers of the securities at any given time, which may take into account the book value of the underlying real estate but may also take into account many other factors, such as whether there are more buyers or sellers of the security at any given time, whether stock market investors are more fearful or more confident generally, and whether investors believe management is executing on a good strategy. At any given time, the trading prices of a publicly traded REIT may be higher or lower than the book value of the underlying assets and liabilities. It is also important to note when comparing the NAV of NAV REITs with trading prices of publicly traded REITs, that the NAV of NAV REITs does not reflect upfront fees and commissions that investors may pay when purchasing shares, and that redemption programs of NAV REITs may impose short-term trading discounts.

2 Some of the risks of private real estate investment include the risks that private real estate is illiquid, may have significant fees, and tax consequences. Distributions are not guaranteed and may be funded from sources other than income, which may impact an investment. In addition, the use of leverage can have a significant impact on an investment. For additional risk discussion see the prospectus.

3 The Sharpe ratio is calculated by subtracting the risk-free rate — such as that of the 3-Month Treasury Bill — from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns.

4 Past performance is no guarantee of future results. Diversification does not assure a profit or protect against loss. Black Creek Group and its affiliates do not offer investment advice. Speak to a financial professional regarding your situation.