

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____.

Commission file number: 000-51948



INCOME
PROPERTY
TRUST

Jones Lang LaSalle Income Property Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland

20-1432284

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

333 West Wacker Drive, Chicago, IL, 60606

(Address of principal executive offices, including Zip Code)

Registrant's telephone number, including area code: **(312) 897-4000**

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Title of each class

Class A Common Stock, \$.01 par value

Class M Common Stock, \$.01 par value

Class A-I Common Stock, \$.01 par value

Class M-I Common Stock, \$.01 par value

Class D Common Stock, \$.01 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2021, the aggregate market value of the 92,740,925 shares of Class A common stock, 35,056,224 shares of Class M common stock, 9,584,832 shares of Class A-I common stock, 39,559,491 shares of Class M-I common stock and 7,513,281 shares of Class D common stock held by non-affiliates of the registrant was \$1,119,342, \$423,952, \$116,015, \$478,632, and \$90,768 for Class A, Class M, Class A-I, Class M-I and Class D shares, respectively, based upon the last net asset value of \$12.07, \$12.09, \$12.10, \$12.10 and \$12.08 per share for Class A, Class M, Class A-I, Class M-I and Class D shares, respectively.

As of March 11, 2022, there were 103,851,302 shares of Class A common stock, 37,025,103 shares of Class M common stock, 9,330,859 shares of Class A-I common stock, 59,287,251 shares of Class M-I common stock and 6,041,611 shares of Class D common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Specified portions of the registrant's proxy statement, which will be filed with the Commission pursuant to Regulation 14A in connection with the registrant's 2022 Annual Meeting of Stockholders, are incorporated by reference into Part III of this annual report.

Auditor Name: KPMG LLP

Auditor Location: Chicago, IL

Auditor Firm ID: 185

Risk Factor Summary

We are subject to numerous risks and uncertainties (many of which may be amplified by the COVID-19 outbreak), that could cause our actual results and future events to differ materially from those set forth or contemplated in our forward-looking statements, including those summarized below. The following list of risks and uncertainties is only a summary of some of the most important factors and is not intended to be exhaustive. This risk factor summary should be read together with the more detailed discussion of risks and uncertainties set forth under "Item 1A. Risk Factors" in this Form 10-K.

Risks Related to Investment in Shares of Our Common Stock

- There is no public trading market for shares of our common stock; therefore, the ability of our stockholders to dispose of their shares will likely be limited to the repurchase of shares by us which generally will not be available during the first year after the purchase. If stockholders do sell their shares to us, they may receive less than the price paid.
- Our ability to repurchase shares may be limited, and our board of directors may modify or suspend our share repurchase plan at any time.
- We have a history of operating losses and cannot assure you that we will sustain profitability.
- The availability, timing and amount of cash distributions to you is uncertain.
- Your overall return may be reduced if we pay distributions from sources other than our cash from operations.
- Your purchase price may be more or less than the actual net asset value ("NAV") if our NAV is incorrectly calculated.
- Our NAV per share may suddenly change if the appraised values of our properties materially change from prior appraisals or the actual operating results for a particular month differ from what we originally budgeted for that month.
- The NAV per share that we publish may not necessarily reflect changes in our NAV that are not immediately quantifiable.

Risks Related to Conflicts of Interest

- Our Advisor will face a conflict of interest with respect to the allocation of investment opportunities and competition for tenants between us and other real estate programs that it advises.
- Our Advisor faces a conflict of interest because the fees it receives for services performed are based on our NAV, for which our Advisor is ultimately responsible for calculating.
- Our Advisor's management personnel face conflicts of interest relating to time management and there can be no assurance that our Advisor's management personnel will devote adequate time to our business activities or that our Advisor will be able to hire adequate additional employees.

Risks Related to Adverse Changes in General Economic Conditions

- Changes in economic and capital markets conditions, including periods of generally deteriorating real estate industry fundamentals, may significantly affect our results of operations and returns to our stockholders.
- Any market deterioration may cause the value of our real estate investments to decline.
- Inflation or deflation may adversely affect our financial condition and results of operations.
- The continuing spread of COVID-19 may adversely affect our investments and operations.

Risks Related to Our General Business Operations and Our Corporate Structure

- We depend on our Advisor and the key personnel of our Advisor and we may not be able to secure suitable replacements in the event that we fail to retain their services.
- Our Advisor's inability to retain the services of key real estate professionals could negatively impact our performance.
- We may change our investment and operational policies without stockholder consent.

Risks Related to Investments in Real Property

- We depend on tenants for our revenue, and accordingly, lease terminations and/or tenant defaults, particularly by one of our significant tenants, could adversely affect the income produced by our properties, which may harm our operating performance, thereby limiting our ability to pay distributions to our stockholders.
- Our revenues will be significantly influenced by the economies and other conditions of the industrial, office, residential, retail and other markets in general and the specific geographic markets in which we operate where we have high concentrations of these types of properties.
- Our operating results are affected by economic and regulatory changes that impact the real estate market in general.
- Our retail properties may decline in rental revenue and/or occupancy as a result of co-tenancy provisions contained in certain tenant's leases.
- We face considerable competition in the leasing market and may be unable to renew existing leases or re let space on terms similar to the existing leases, or we may expend significant in our efforts to re let space, which may adversely affect our operating results.
- Competition in acquiring properties may reduce our profitability and the return on your investment.

Risks Related to Investments in Real Estate-Related Assets

- Our investments in real estate-related assets will be subject to the risks related to the underlying real estate.
- The real estate-related equity securities in which we may invest are subject to specific risks relating to the particular issuer of the securities and may be subject to the general risks of investing in subordinated real estate securities.
- The value of the real estate-related securities that we may invest in may be volatile.
- We may invest in mezzanine debt, which is subject to greater risks of loss than senior loans secured by real properties, and may result in losses to us.
- We expect a portion of our securities portfolio to be illiquid, and we may not be able to adjust our portfolio in response to changes in economic and other conditions.
- Interest rate and related risks may cause the value of our real estate-related assets to be reduced.

Risks Related to Debt Financing

- We have incurred and are likely to continue to incur mortgage or other indebtedness, which may increase our business risks, could hinder our ability to pay distributions and could decrease the value of your investment.
- Renewed uncertainty and volatility in the credit markets could affect our ability to obtain debt financing on reasonable terms, or at all, which could reduce the number of properties we may be able to acquire and the amount of cash distributions we can make to our stockholders.
- Increases in interest rates could increase the amount of our loan payments and adversely affect our ability to pay distributions to our stockholders.
- If we draw on our line of credit to fund repurchases or for any other reason, our financial leverage ratio could increase beyond our target.
- Lenders may require us to enter into restrictive covenants relating to our operations, which could limit our ability to pay distributions to our stockholders.

Federal Income Tax Risks

- Failure to qualify as a real estate investment trust ("REIT") would have significant adverse consequences to us.
- To maintain our REIT status, we may have to borrow funds on a short-term basis during unfavorable market conditions.
- Compliance with REIT requirements may cause us to forego otherwise attractive opportunities, which may hinder or delay our ability to meet our investment objectives and reduce your overall return.
- We may be subject to tax liabilities that reduce our cash flow and our ability to pay distributions to you even if we qualify as a REIT for federal income tax purposes.
- Our board of directors is authorized to revoke our REIT election without stockholder approval, which may cause adverse consequences to our stockholders.

General Risk Factors

- Economic events that may cause our stockholders to request that we repurchase their shares may materially adversely affect our cash flow and our ability to achieve our investment objectives.
- The phase-out of LIBOR could affect interest rates for our Term Loans and interest rate cap and swap arrangements.
- Legislative, regulatory or administrative changes could adversely affect us or our stockholders.

TABLE OF CONTENTS

	<u>Page</u>
PART I	
Item 1. Business	3
Item 1A. Risk Factors	12
Item 1B. Unresolved Staff Comments	42
Item 2. Properties	43
Item 3. Legal Proceedings	55
Item 4. Mine Safety Disclosures	55
PART II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	56
Item 6. Reserved	62
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	63
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	81
Item 8. Financial Statements and Supplementary Data	81
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	81
Item 9A. Controls and Procedures	81
Item 9B. Other Information	82
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	82
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	82
Item 11. Executive Compensation	82
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters	82
Item 13. Certain Relationships and Related Transactions, and Director Independence	82
Item 14. Principal Accountant Fees and Services	82
PART IV	
Item 15. Exhibits, Financial Statement Schedule	82
Item 16. Form 10-K Summary	84

Cautionary Note Regarding Forward-Looking Statements

This Form 10-K may contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), regarding, among other things, our plans, strategies and prospects, both business and financial. Forward-looking statements include, but are not limited to, statements that represent our beliefs concerning future operations, strategies, financial results or other developments. Forward-looking statements can be identified by the use of forward-looking terminology such as, but not limited to, “may,” “should,” “expect,” “anticipate,” “estimate,” “would be,” “believe,” or “continue” or the negative or other variations of comparable terminology. Because these forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond our control or are subject to change, actual results could be materially different. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date this Form 10-K is filed with the Securities and Exchange Commission (“SEC”). Except as required by law, we do not undertake any obligation to update or revise any forward-looking statements contained in this Form 10-K. Important factors that could cause actual results to differ materially from the forward-looking statements are disclosed in “Item 1A. Risk Factors,” “Item 1. Business” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Presentation of Dollar Amounts

Unless otherwise noted, all dollar amounts, except per share dollar amounts, reported in this Form 10-K are in thousands.

PART I

Item 1. Business.

GENERAL

Except where the context suggests otherwise, the terms “we,” “us,” “our,” the “Company” and “JLL Income Property Trust” refer to Jones Lang LaSalle Income Property Trust, Inc. The terms “Advisor” and “LaSalle” refer to LaSalle Investment Management, Inc.

Jones Lang LaSalle Income Property Trust, Inc. is an externally advised, daily valued perpetual-life REIT that owns and manages a diversified portfolio of industrial, office, residential, retail and other properties located in the United States. In the future, our real estate portfolio may be further diversified on a global basis through the acquisition of properties outside of the United States and will be complemented by investments in real estate-related debt and equity securities. We were incorporated on May 28, 2004 under the laws of the State of Maryland. We believe that we have operated in such a manner to qualify to be taxed as a REIT for federal income tax purposes commencing with the taxable year ended December 31, 2004, when we first elected REIT status. As of December 31, 2021, we owned interests in a total of 120 properties and over 4,000 single-family rental houses located in 27 states.

We own substantially all of our assets through JLLIPT Holdings, LP, a Delaware limited partnership (our “operating partnership”), of which we are a limited partner and JLLIPT Holdings GP, LLC, our wholly owned subsidiary, is the sole general partner. The use of our operating partnership to hold substantially all of our assets is referred to as an Umbrella Partnership Real Estate Investment Trust (“UPREIT”). By using an UPREIT structure, a property owner who desires to defer taxable gain on the disposition of his or her property may transfer the property to our operating partnership in exchange for limited partnership interests in the operating partnership (“OP Units”) and defer taxation of gain until the limited partnership interests are disposed of in a taxable transaction. As of December 31, 2021, we raised aggregate proceeds from the issuance of OP Units in our operating partnership of \$88,925, and owned directly or indirectly 96.6% of the OP Units of our operating partnership. The remaining 3.4% of the OP Units are held by third parties.

From our inception to December 31, 2021, we have received approximately \$3,565,671 in gross offering proceeds from various public and private offerings of shares of our common stock as well as issuance of OP Units. On October 1, 2012, we commenced our initial public offering of common stock and since that time we have offered shares of our common stock in various public offerings registered with the SEC.

On December 21, 2021, our most recent public offering (the “Current Public Offering”) of up to \$3,000,000 in any combination of shares of our Class A, Class M, Class A-I and Class M-I common stock was declared effective by the SEC. As of December 31, 2021, we have raised aggregate gross proceeds from the sale of shares of our common stock in our Current Public Offering of \$22,553. We intend to continue to offer shares of our common stock on a continuous basis for an indefinite period of time by filing a new registration statement before the end of each offering.

In addition to our public offerings, on March 3, 2015, we commenced a private offering (the “Private Offering”) of up to \$350,000 in shares of our Class D common stock with an indefinite duration. As of December 31, 2021, we have raised aggregate gross proceeds of \$98,188 in the Private Offering. In addition, on October 16, 2019, through our operating partnership, we initiated a program (the “DST Program”) to raise up to \$500,000, which our board of directors increased to \$1,000,000 on August 10, 2021, in private placements exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”), through the sale of beneficial interests to accredited investors in specific Delaware statutory trusts (“DSTs”) holding real properties (“DST Properties”), which may be sourced from our real properties or from third parties. As of December 31, 2021, we have raised approximately \$473,723 of aggregate gross proceeds from our DST Program.

As of December 31, 2021, 100,038,362 shares of Class A common stock, 36,458,191 shares of Class M common stock, 9,356,309 shares of Class A-I common stock, 52,676,693 shares of Class M-I common stock, and 7,513,281 shares of Class D common stock were outstanding and held by a total of 20,039 stockholders.

LaSalle acts as our Advisor pursuant to the advisory agreement among us, our operating partnership and LaSalle (the “Advisory Agreement”). The term of our Advisory Agreement expires June 5, 2022, subject to an unlimited number of successive one-year renewals. Our Advisor, a registered investment advisor with the SEC, has broad discretion with respect to our investment decisions and is responsible for selecting our investments and for managing our investment portfolio pursuant to the terms of the Advisory Agreement. Our executive officers are employees of, and compensated by, our Advisor. We have no employees.

LaSalle is a wholly-owned, but operationally independent subsidiary, of Jones Lang LaSalle Incorporated ("JLL" or our "Sponsor"), a New York Stock Exchange-listed leading professional services firm that specializes in real estate and investment management. As of December 31, 2021, JLL and its affiliates owned an aggregate of 2,521,801 Class M shares, which were issued for cash at a price equal to the most recently reported net asset value ("NAV") per share as of the purchase date and have a current value of approximately \$35,700.

INVESTMENT OBJECTIVES AND STRATEGY

Investment Objectives

Our primary investment objectives are:

- to generate an attractive level of current income for distribution to our stockholders;
- to preserve and protect our stockholders' capital investments;
- to achieve appreciation of our NAV over time; and
- to enable stockholders to utilize real estate as an asset class in diversified, long-term investment portfolios.

We cannot assure you that we will achieve our investment objectives. Our charter places numerous limitations on us with respect to the manner in which we may invest our funds. In most cases, these limitations cannot be changed unless our charter is amended, which may require the approval of our stockholders.

Investment Strategy

The cornerstone of our investment strategy is to acquire and manage income-producing commercial real estate properties and real estate-related assets around the world. We believe this strategy will enable us to provide stockholders with a portfolio that is well-diversified across property type, geographic region and industry, both in the United States and internationally. It is our belief that adding international investments to our portfolio over time will serve as an effective tool to construct a well-diversified portfolio designed to provide our stockholders with stable distributions and attractive long-term risk-adjusted returns.

We believe that our broadly diversified portfolio will benefit our stockholders by providing:

- diversification of sources of income;
- access to attractive real estate opportunities currently in the United States and, over time, around the world; and
- exposure to a return profile that should have lower correlations with other investments.

Since real estate markets are often cyclical in nature, our strategy will allow us to more effectively deploy capital into property types and geographic regions where the underlying investment fundamentals are relatively strong or strengthening and away from those property types and geographic regions where such fundamentals are relatively weak or weakening. We intend to meet our investment objectives by selecting investments across multiple property types and geographic regions to achieve portfolio stability, diversification, current income and favorable risk-adjusted returns. To a lesser degree, we also intend to invest in debt and equity interests backed principally by real estate, which we refer to collectively as "real estate-related assets."

We will leverage LaSalle's broad commercial real estate research and strategy platform and capabilities to employ a research-based investment philosophy focused on building a portfolio of commercial properties and real estate-related assets that we believe have the potential to provide stable income streams and outperform market averages over an extended holding period. Furthermore, we believe that having access to LaSalle and JLL's international organization and platform, with real estate professionals living and working full time throughout our global target markets, will be a valuable resource to us when considering and executing upon international investment opportunities.

Investment Portfolio Allocation Targets

Our board of directors has adopted investment guidelines for our Advisor to implement and actively monitor in order to allow us to achieve and maintain diversification in our overall investment portfolio. Our board of directors formally reviews our investment guidelines on an annual basis and our investment portfolio on a quarterly basis or, in each case, more often as they deem appropriate. Our board of directors will review the investment guidelines to ensure that the guidelines are being followed and are in the best interests of our stockholders. Each such determination and the basis therefor shall be set forth in the minutes of the meetings of our board of directors. Changes to our investment guidelines must be approved by our board of directors and do not require notice to or the vote of our stockholders.

We will seek to invest:

- up to 95% of our assets in properties;
- up to 25% of our assets in real estate-related assets; and
- up to 15% of our assets in cash, cash equivalents and other short-term investments.

Notwithstanding the above, the actual percentage of our portfolio that is invested in each investment type may from time to time be outside the target levels provided above due to factors such as a large inflow of capital over a short period of time, a lack of attractive investment opportunities or an increase in anticipated cash requirements for repurchase requests.

Sustainability and Climate Risk

We actively work to promote our growth and operations in a sustainable and responsible manner across our portfolio. Our sustainability strategy focuses on delivering long-term value to our stockholders while operating our properties in a manner that contributes to positive economic, social and environmental outcomes for our tenants and the communities we serve. This sustainability strategy complements our investment strategy and policies and furthers our core investment thesis.

We are focused on acquiring and maintaining healthy, high-performing properties, while simultaneously mitigating operational costs and the potential external impacts of energy, water, waste, greenhouse gas emissions and climate change. We strive to manage our properties in a manner that offers our tenants utility and operational efficiency. We offer our tenants sustainability programs focused on helping tenants reduce their energy and water consumption and increase their recycling diversion rates. We attempt to incorporate green lease language into new leases, and pursue resource-efficiency related capital expenditures, such as LED lighting retrofits, installation of Energy-Star appliances, installing electric vehicle chargers and introducing reduced water consumption and recycling programs, all of which seek to align tenant and landlord interests on energy, water and waste efficiency. Green leases aim to align the financial and energy incentives of building owners and tenants so they can work together to save money, conserve resources and ensure the efficient operation of buildings.

Climate change is a risk to us, our tenants and our other stakeholders, but also is an opportunity for long-term value creation and a key driver in long-term strategic business decisions. These risks and opportunities include transitional risks such as policy, market, technology and reputational concerns, as well as physical risks, and are a focus area for the board of directors and our Advisor.

Our Advisor addresses climate risk by considering climate change scenarios and continues to evolve its acquisition and portfolio reviews process and will continue to assess climate change vulnerabilities resulting from potential future climate scenarios and sea level rise. Physical and transition risks that may result from climate change could have a material adverse effect on our properties, operations and business. Our Advisor's role in assessing and managing these climate-related risks and initiatives is spread across multiple teams in its organization, including executive leadership and its sustainability, acquisitions, risk management, asset management, legal and compliance and research departments.

In 2018, we became the first NAV REIT to submit to Global Real Estate Sustainability Benchmark ("GRESB"), a leading global provider of real estate environmental, social and governance ("ESG") benchmarking and performance assessments. For 2021, we achieved a 3-star out of 5-star GRESB rating. In addition to our GRESB rating, we have had increasing participation in 2021 amongst our portfolio in pursuing and achieving property certifications. We have successfully obtained various certifications at over 40 properties within the current portfolio. These have included obtaining LEED, BREEAM and Fitwel certifications as well as the seal of Well Health Safety and EnergyStar certification for energy efficiency. Our Advisor committed to reduce the landlord-controlled operation carbon emissions of our portfolio of directly-managed properties to net zero by the year 2050, including a 50% reduction by 2030. In line with this, our Advisor is a signatory to the UN'S net Zero Asset Managers Initiative, ULI Greenprint's Net Zero Goal and the US DOE's Better Climate Challenge.

INVESTMENT POLICIES

We may invest in real estate directly or indirectly through interests in corporations, limited liability companies, partnerships and joint ventures having an equity interest in real property, real estate investment trusts, ground leases, tenant in common interests, mortgages, participating mortgages, convertible mortgages, second mortgages, mezzanine loans or other debt interests convertible into equity interests in real property, options to purchase real estate, real property purchase-and-leaseback transactions and other transactions and investments with respect to real estate.

We intend to use financial leverage to provide additional funds to support our investment activities. We expect to maintain a targeted Company leverage ratio (calculated as our share of total liabilities (excluding future dealer manager fees) divided by our share of the fair value of total assets) of between approximately 30% and 50%. Our Company leverage ratio was 42% at December 31, 2021 and 33% at December 31, 2020. We intend to continue to use portions of the proceeds from our offerings to retire certain borrowings as they mature or become available for repayment or when doing so is beneficial to achieving our investment objectives. We are precluded from borrowing more than approximately 75% of the sum of the cost of our investments (before non-cash reserves and depreciation), which is based upon the limit specified in our charter that borrowing may not exceed 300% of the cost of our net assets. “Net assets” is defined as our total assets, other than intangibles, valued at cost (prior to deducting depreciation and amortization, reserves for bad debts and other non-cash reserves) less total liabilities. However, we may temporarily borrow in excess of these amounts if such excess is approved by a majority of our board, including a majority of our independent directors, and disclosed to stockholders in our next quarterly report, along with justification for such excess. In such event, we will review our debt levels at that time and take action to reduce any such excess as soon as practicable. We are currently in compliance with the charter limitations on our indebtedness.

Investments in Properties

We generally invest in properties located in large metropolitan areas that are well-leased with a stable tenant base and that are expected to generate predictable income. However, we may make investments in properties with other characteristics if we believe that the investments have the potential to enhance portfolio diversification or investment returns, as further described below under “Value Creation Opportunities.” There is no limitation on the amount we may invest in any single property.

We intend to manage risk through constructing and managing a broadly diversified portfolio of properties in developed markets around the world. We believe that a broadly diversified investment portfolio may offer stockholders significant benefits for a given level of risk relative to a more concentrated investment portfolio. In addition, we believe that assembling a diversified tenant base by investing in multiple properties and property types across multiple markets and geographic regions may mitigate the economic impacts associated with releasing properties or tenants potentially defaulting under their leases, since lease revenues represent the primary source of income from our real estate investments.

We will focus on acquiring and managing a portfolio of properties that provides tenants and residents with modern functionality and location desirability in order to avoid near-term obsolescence. We will generally invest in well-designed buildings that we believe present an attractive appearance, have been and are properly maintained and require minimal capital improvements in the near term. We generally do not intend to materially invest in higher risk properties in need of significant renovation, development or new construction; however, we may invest in these types of properties if we believe attractive risk-adjusted investment returns can be achieved through proactive management techniques or value-add programs, as further described below under “Value Creation Opportunities.”

Our board of directors is responsible for determining the consideration we pay for each property we acquire. However, our board has adopted investment guidelines that delegate this authority to our Advisor, so long as our Advisor complies with these investment guidelines. The investment guidelines limit the types of properties and investment amounts that may be acquired or disposed of without the specific approval of our board. Our board may change from time to time the scope of authority delegated to our Advisor.

Subject to limitations contained in our charter, we may issue, or cause to be issued, shares of our stock or limited partnership units in our operating partnership in any manner (and on such terms and for such consideration) in exchange for real estate. Our existing stockholders have no preemptive rights to purchase any such shares of our stock or limited partnership units, and any such issuance might cause a dilution of a stockholder’s initial investment. We may enter into additional contractual arrangements with contributors of property under which we would agree to repurchase a contributor’s units for shares of our common stock or cash, at the option of the contributor, at specified times.

Global Target Markets

In general, we seek to invest in properties in well-established locations within larger metropolitan areas and with the potential for above average population or employment growth. Although we have focused, and expect to continue to focus, on investing primarily in developed markets throughout the United States, we may also invest a substantial portion of the proceeds of our offerings in markets outside of the United States. We believe that investments in international markets that meet our investment objectives and guidelines will contribute materially to the diversification of our portfolio, the ability for us to identify favorable income-generating investments and the potential for achieving attractive long-term risk-adjusted returns. We believe that opportunities for attractive risk-adjusted returns exist both in and outside the United States. Most of our investments outside of the United States will be in core properties in stabilized, well-developed markets within Europe and the Asia Pacific region. We believe that our long-term strategy to acquire properties on a global basis will provide for a well-diversified portfolio that will generate attractive current returns and optimize long-term value for our stockholders.

Value Creation Opportunities

We may periodically seek to enhance investment returns through various value creation opportunities. While there are no specific limitations on the nature or amount of these types of investments, in the aggregate they are not expected to materially change the risk profile of our overall portfolio. Examples of likely value creation investments include properties with significant leasing risk, forward purchase commitments, development, redevelopment or repositioning opportunities and nontraditional or mixed-use property types. These investments generally have a higher risk and higher return profile than our primarily core strategy.

Disposition Policies

We anticipate that we will hold most of our properties for an extended period. However, we may determine to sell a property before the end of its anticipated holding period. We will monitor each investment within the portfolio and the overall portfolio composition for appropriateness in meeting our investment objectives. Our Advisor may determine to sell a property if:

- an opportunity has arisen to enhance overall investment returns by reallocating capital;
- there are diversification benefits associated with disposing of the property and rebalancing our investment portfolio;
- in the judgment of our Advisor, the value of the property might decline or underperform as compared to our investment strategy;
- an opportunity has arisen to pursue a more attractive investment;
- the property was acquired as part of a portfolio acquisition and does not meet our investment guidelines;
- there exists a need to generate liquidity to satisfy repurchase requests, to pay distributions to our stockholders or for working capital; or
- in the judgment of our Advisor, the sale of the property is in the best interests of our stockholders.

Generally, we intend to reinvest proceeds from the sale, financing or other disposition of properties in a manner consistent with our investment strategy and guidelines, although we may be required to distribute such proceeds to stockholders in order to comply with REIT requirements or we may make distributions for other reasons.

Investments in Real Estate-Related Assets

We may invest a portion of our portfolio in real estate-related assets other than properties. These assets may include the common and preferred stock of publicly-traded real estate-related companies, preferred equity interests, mortgage loans and other real estate-related equity and debt instruments. Up to 25% of our overall portfolio may be invested in real estate-related assets. We believe that our Advisor's ability to acquire real estate-related assets in conjunction with acquiring a portfolio of properties may provide us with additional liquidity and further diversification, which provides greater financial flexibility and discretion to construct an investment portfolio designed to achieve our investment objectives.

Our charter requires that any investment in equity securities (other than equity securities traded on a national securities exchange or included for quotation on an inter-dealer quotation system) not within the specific parameters of our investment guidelines adopted by our board of directors must be approved by a majority of our directors (including a majority of our independent directors) not otherwise interested in the transaction as being fair, competitive and commercially reasonable. As of December 31, 2021, we had \$43,206 invested in publicly-traded real estate companies.

We may invest in mortgage loans consistent with the requirements for qualification as a REIT. We may originate or acquire interests in mortgage loans, generally on the same types of properties we might otherwise buy. These mortgage loans may pay fixed or variable interest rates or have “participating” features described below. Normally, mortgage loans will be secured by income-producing properties. These mortgage loans typically will be nonrecourse, which means they will not be the borrower’s personal obligations. We expect that most will be first mortgage loans, with first priority liens on the property. These mortgage loans may provide for payments of principal and interest or may provide for interest-only payments, with a balloon payment at maturity. We may make mortgage loans that permit us to participate in the revenues from, or appreciation, of the underlying property consistent with the rules applicable for qualification as a REIT. These participations may entitle us to receive additional interest, usually calculated as a percentage of the gross income the borrower receives from operating, selling or refinancing the property. We may also receive an option to buy an interest in the property securing the participating loan.

Subject to the percentage of ownership limitations and gross income and asset requirements required for REIT qualification, we may invest in equity securities of companies engaged in real estate activities, including for the purpose of exercising control over such entities. Companies engaged in real estate activities may include, for example, REITs that either own properties or make real estate loans, real estate developers, entities with substantial real estate holdings such as limited partnerships, funds and other commingled investment vehicles, and other companies whose products and services are related to the real estate industry, such as mortgage lenders or mortgage servicing companies. We may acquire all or substantially all of the securities or assets of companies engaged in real estate activities where such investment would be consistent with our investment policies and our status as a REIT. We may also acquire exchange traded funds and mutual funds focused on REITs and real estate companies. In any event, we do not intend that our investments in securities will require us to register as an investment company under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and we intend to generally divest appropriate securities before any such registration would be required.

Cash, Cash Equivalents and Other Short-Term Investments

We may invest up to 15% of our assets in cash, cash equivalents and other short-term investments. These types of investments may include the following, to the extent consistent with our qualification as a REIT:

- money market instruments, cash and other cash equivalents (such as high-quality short-term debt instruments, including commercial paper, certificates of deposit, bankers’ acceptances, repurchase agreements, interest-bearing time deposits and credit rated corporate debt securities);
- U.S. government or government agency securities; and
- credit rated corporate debt or asset-backed securities of U.S. or foreign entities, or credit rated debt securities of foreign governments or multi-national organizations.

Other Investments

We may, but do not presently intend to, make investments other than as previously described. At all times, we intend to make investments in such a manner consistent with maintaining our qualification as a REIT under the Internal Revenue Code of 1986, as amended (the “Code”). We do not intend to underwrite securities of other issuers.

COMPETITION

We face competition when attempting to make real estate investments, including competition from domestic and foreign financial institutions, other REITs, life insurance companies, pension funds, partnerships and individual investors. The leasing of real estate is also highly competitive. Our properties compete for tenants with similar properties primarily on the basis of location, total occupancy costs (including base rent and operating expenses), services provided and the design and condition of the improvements.

SEASONALITY

Our investments are not materially impacted by seasonality, despite certain of our retail tenants being impacted by seasonality. Percentage rents (rents computed as a percentage of tenant sales) that we earn from investments in retail properties may, in the future, be impacted by seasonality.

GOVERNMENTAL REGULATIONS

As an owner of real estate, our operations are subject, in certain instances, to supervision and regulation by U.S. and other governmental authorities, and may be subject to various laws and judicial and administrative decisions imposing various requirements and restrictions, which, include among other things: (i) federal and state securities laws and regulations; (ii) federal, state and local tax laws and regulations, (ii) state and local laws relating to real property; (iv) federal, state and local environmental laws, ordinances, and regulations, and (v) various laws relating to housing, including permanent and temporary rent control and stabilization laws, the Americans with Disabilities Act of 1990 and the Fair Housing Amendment Act of 1988, among others.

Compliance with the federal, state and local laws described above has not had a material, adverse effect on our business, assets, results of operations, financial condition and ability to pay distributions, and we do not believe that our existing portfolio will require us to incur material expenditures to comply with these laws and regulations.

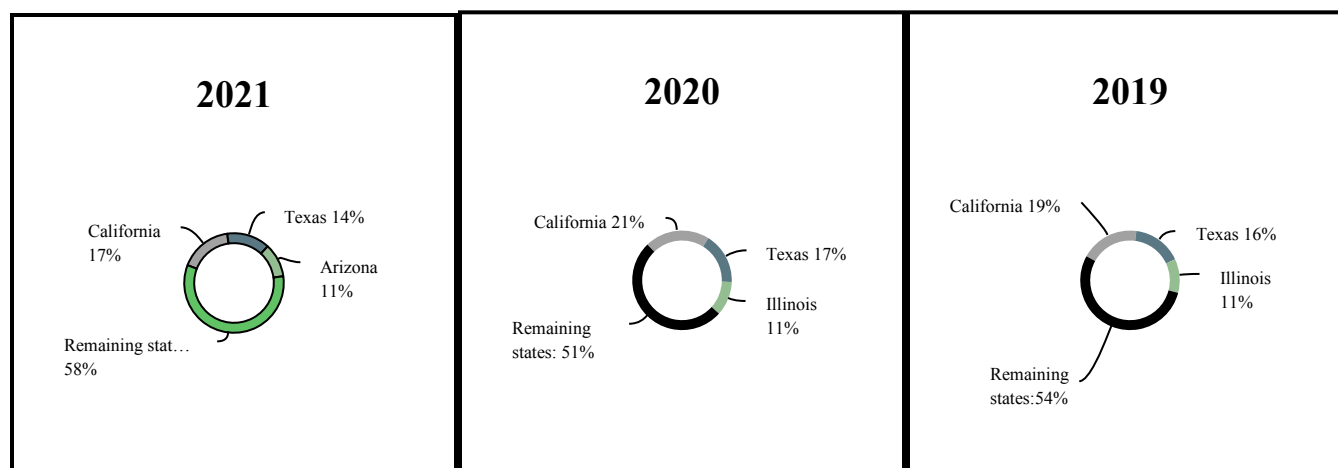
GEOGRAPHIC CONCENTRATION

The following table provides information regarding the geographic concentration of our real estate portfolio as of December 31, 2021:

	Real Estate Portfolio		
	Number of Properties ⁽¹⁾	Net Rentable Square Feet	Estimated Percent of Fair Value
South	27	11,161,152	27 %
West	43	7,246,551	36
East	29	7,561,279	27
Midwest	20	4,425,089	10
Total	119	30,394,071	100 %

(1) Excludes over 4,000 single-family rental houses located in various markets across the United States.

The following charts sets forth the percentage of our consolidated revenues derived from properties owned in each state that accounted for more than 10% of our consolidated revenues during 2021, 2020 and 2019:



DEPENDENCE ON SIGNIFICANT TENANTS

Our significant tenants that accounted for more than 10% of the consolidated revenues from their respective segments during the years ending December 31, 2021, 2020 and 2019 were as follows:

	For the year ended December 31,		
	2021	2020	2019
Office			
Amazon ⁽¹⁾	26%	31%	45%
Summit Medical Group	—%	10%	15%
Cellularity Inc.	11%	—%	—%

- (1) Amazon, including Whole Foods, also accounted for 5%, 6%, and 4% of the consolidated revenues in the retail segment in 2021, 2020 and 2019, respectively, and 4%, 5% and 5% of the consolidated revenues in the industrial segment in 2021, 2020 and 2019, respectively.

REPORTABLE SEGMENTS

We align our internal operations along the primary property types we are targeting for investments, resulting in five operating segments: industrial properties, office properties, residential properties, retail properties and other properties. See Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Item 8, “Financial Statements and Supplementary Data” for financial information related to our reportable segments.

Industrial Properties

Industrial properties are generally categorized as warehouse/distribution centers, research and development facilities, flex space or manufacturing. The performance of industrial properties is typically dependent on the proximity to economic centers and the movement of global trade and goods. Industrial properties typically utilize a triple-net lease structure pursuant to which the tenant is generally responsible for property operating expenses in addition to base rent which can help mitigate the risks associated with rising expenses. We intend to invest in industrial properties that are located in major distribution hubs and near transportation modes such as port facilities, airports, rail lines and major highway systems.

Office Properties

Office sector properties are generally categorized based upon location and quality. Buildings may be located in Central Business Districts ("CBDs") or suburbs. Buildings may also be classified by general quality and size, ranging from Class A properties, which are generally large-scale buildings of the highest-quality, to Class C buildings which are below investment grade. We intend to invest in Class A or B office properties that are near areas of dense population, have sufficient transportation access or are located within well-established suburban office/business parks or CBDs. We also anticipate that a portion of the office properties in which we invest will be medical office and healthcare related facilities. We expect the duration of our office leases to be generally between five to ten years, which can help mitigate the volatility of our portfolio's income.

Residential Properties

Residential properties include multifamily apartments and single-family rental properties. Apartments are generally defined as having five or more dwelling units that are part of a single complex and offered for rental use as opposed to detached single-family residential properties. There are three main types of apartment properties: garden-style (mostly two to four story apartments), mid-rise and high-rise. Apartments generally have the lowest vacancy rates of any property type, with the better performing properties typically located in suburban markets in strong school districts, or in urban locations with strong employment and demographic dynamics. We plan to invest in apartment properties that are located in such areas or near employment centers with favorable potential for employment growth and conveniently situated with access to transportation and retail and service amenities. Traditional apartment properties are generally leased by apartment unit to individual tenants for one-year terms. Single-family rentals properties differ from apartments in that single-family rental units are detached, singular homes, usually featuring private yards and garages, as opposed to multi-unit apartments with shared common areas. Tenants in single-family rentals tend to stay longer, about three years, and are on average an older demographic of approximately 40 years old versus multifamily renters whose average age is in the lower 30s.

In addition, single-family rental homes typically offer larger individual living spaces, at around 1,900 square feet per home versus 900 square feet for multifamily (but not featuring the shared amenities of Class A multifamily such as a resident center, outdoor pool, fitness facility, business center, etc.). Single-family rentals is a growing institutional segment within the broader residential sector, and offers a meaningful opportunity to scale. According to a 2018 white paper released by Freddie Mac, the U.S. single-family rental market is estimated at roughly \$4 trillion, and according to the U.S. Census Bureau's American Housing Survey conducted in 2019, the United States added approximately 14 million homes, as compared to approximately 10 million Class A/B multifamily apartment units.

Retail Properties

The retail sector is comprised of five main formats: neighborhood retail, community centers, regional centers, super-regional centers and single-tenant stores. Location, convenience, accessibility and tenant mix are generally considered to be among the key criteria for successful retail investments. Retail leases tend to range from three to five years for small tenants and ten to 15 years for large anchor tenants. Leases, particularly for anchor tenants, may include a base payment plus a percentage of retail sales. Household incomes and population density are generally considered to be key drivers of local retail demand. We will seek investments in retail properties that are located within densely populated residential areas with favorable demographic characteristics and near other retail and service amenities.

Other Properties

The other property sector is currently comprised of parking facilities. The parking industry is a large and fragmented sector and includes facilities that provide short-term parking spaces for vehicles on an hourly, daily, weekly or monthly basis. Parking structures can range from surface lots to larger multi-level buildings. Location and the local trade area are critically important to the performance of parking facilities. In addition to location, parking rates offered at a facility have a significant influence on a driver's decision to use a particular facility. We will seek to invest principally in parking facilities in densely populated urban areas with high barriers to entry for new competition and multiple demand drivers.

AVAILABLE INFORMATION

We are subject to the information requirements of the Exchange Act. Therefore, we file periodic reports, proxy statements and other information with the SEC. The SEC maintains a website (www.sec.gov) where the reports, proxy and information statements, and other information that we file electronically with the SEC can be accessed free of charge. Our website is www.JLLIPT.com. We may use our website as a distribution channel for material information about our Company. Our reports on Forms 10-K, 10-Q and 8-K, and all amendments to those reports are posted on our website as soon as reasonably practicable after the reports are electronically filed with or furnished to the SEC. The contents of our website are not incorporated by reference.

INSURANCE

Although we believe our investments are currently adequately covered by insurance consistent with the terms and levels of coverage that are standard in our industry, we cannot predict at this time if we will be able to obtain adequate coverage at a reasonable cost in the future.

HUMAN CAPITAL

We have no paid employees. The employees of our Advisor or its affiliates provide management, acquisition, advisory and certain other administrative services for us.

Item 1A. Risk Factors.

You should consider carefully the risks and uncertainties described below and the other information in this Form 10-K, including our consolidated financial statements and the related notes included elsewhere in this Form 10-K. If any of the following risks actually occur, they may materially harm our business and our financial condition and results of operations and cause the NAV to decline.

Risks Related to Investing in Shares of Our Common Stock

There is no public trading market for shares of our common stock; therefore, the ability of our stockholders to dispose of their shares will likely be limited to the repurchase of shares by us which generally will not be available during the first year after the purchase. If stockholders do sell their shares to us, they may receive less than the price paid.

There is no current public trading market for shares of our common stock, and we do not expect that such a public market will ever develop. Therefore, the repurchase of shares by us will likely be the only way for stockholders to dispose of their shares, however we are not obligated to repurchase any shares of our common stock and may choose to only repurchase some, or even none, of the shares requested to be repurchased. To the extent we choose to repurchase shares, we will repurchase shares at a price equal to our NAV per share of the class of shares being repurchased on the date of repurchase, and not based on the price at which the shares were purchased. Shares are not eligible for repurchase for the first year after purchase except upon death or disability of a stockholder or under certain circumstances following the departure of key persons; provided, however, that shares issued pursuant to our distribution reinvestment plan are not subject to the one-year holding period. In addition, we may repurchase shares if a stockholder fails to maintain a minimum balance of \$5 in shares, even if the failure to meet the minimum balance is caused solely by a decline in our NAV. As a result of these terms of our share repurchase plan, stockholders may receive less than the price they paid for their shares when they sell them to us pursuant to our share repurchase plan. In addition, as a perpetual-life REIT, we are not required to and do not intend to pursue a strategic transaction such as a listing on a national securities exchange or a sale of our Company that would provide liquidity to our stockholders.

Our ability to repurchase shares may be limited, and our board of directors may modify or suspend our share repurchase plan at any time.

Our share repurchase plan limits the funds we may use to purchase shares each calendar quarter to 5% of the combined NAV of all classes of shares as of the last day of the previous calendar quarter, which means that in any 12-month period, to the extent we choose to repurchase shares, we limit repurchases to approximately 20% of our total NAV. We are not obligated to repurchase any shares of our common stock and may choose to only repurchase some, or even none, of the shares requested to be repurchased. The vast majority of our assets consist of properties that cannot generally be liquidated quickly. Therefore, we may not always have a sufficient amount of cash to immediately satisfy repurchase requests. Our board of directors may modify or suspend for any period of time or indefinitely our share repurchase plan should repurchase requests, in the business judgment of our board of directors, place an undue burden on our liquidity, adversely affect our investment operations or pose a risk of having a material adverse impact on stockholders whose shares are not repurchased, or should we otherwise determine that investing our liquid assets in real properties or other illiquid investments rather than repurchasing our shares is in the best interests of the Company as a whole, then we may choose to repurchase fewer shares than have been requested to be repurchased, or none at all. Because our board of directors is not required to authorize the recommencement of the share repurchase plan within any specified period of time, our board of directors may effectively terminate the plan by suspending it indefinitely. As a result, our stockholders' ability to have their shares repurchased by us may be limited and at times no liquidity may be available for our stockholders' investment.

We have a history of operating losses and cannot assure you that we will sustain profitability.

As a consequence of recognizing depreciation in connection with the properties we own, we have a history of operating losses and cannot assure you that we will sustain profitability. As a result, since our inception in 2004, we have experienced net losses (calculated in accordance with U.S. generally accepted accounting principles ("GAAP")) over a number of years. The extent of our future operating losses are highly uncertain, and we may not sustain profitability.

The availability, timing and amount of cash distributions to you are uncertain.

Our board of directors is not obligated to declare quarterly dividends for our stockholders in any specific amounts or at all. We bear all expenses incurred in our operations, which are deducted from cash funds generated from operations prior to computing the amount of cash for distribution to stockholders. In addition, our board of directors, in its discretion, may retain any portion of such funds for working capital or other purposes, which was the policy of our board of directors from March 2009 through September 2011 when we suspended our distributions as a part of our cash conservation strategy adopted in response to the uncertain economic climate and extraordinary conditions in the commercial real estate industry.

To the extent our distributions represent a return of capital for tax purposes, our stockholders could recognize an increased capital gain upon a subsequent sale of our common stock.

Distributions in excess of our current and accumulated earnings and profits and not treated by us as a dividend will not be taxable to a stockholder to the extent those distributions do not exceed the stockholder's adjusted tax basis in his or her common stock. Instead, the distribution will constitute a return of capital and will reduce the stockholder's adjusted basis. (Such distributions to non-U.S. stockholders may be subject to withholding, which may be refundable.) If distributions exceed the stockholder's adjusted basis, then his or her adjusted basis will be reduced to zero, and the excess will be treated as capital gain to the stockholder. Relatedly, if distributions result in a reduction of a stockholder's adjusted basis in his or her common stock, then subsequent sales of such stockholder's common stock potentially will result in recognition of an increased capital gain.

Your overall return may be reduced if we pay distributions from sources other than our cash from operations.

To date, all of the distributions we have paid to stockholders have been funded through a combination of cash flows from our operations, investing and financing activities. We may not generate sufficient cash flow from operations to fully fund distributions to stockholders. Therefore, we may choose to use cash flows from investing activities such as sales of real estate investments or interests in joint ventures. We may also choose to use financing activities, which include borrowings (including borrowings secured by our assets), net proceeds of our offerings or other sources to fund distributions to our stockholders. For the year ended December 31, 2021, 95% of our distributions were funded from cash flows from operations and 5% from investing activities. We may be required to continue to fund our regular distributions from a combination of some of these sources if our investments fail to perform as anticipated, our expenses are greater than expected or due to numerous other factors. We have not established a limit on the amount of our distributions that may be paid from any of these sources. Using certain of these sources may result in a liability to us, which would require a future repayment. The use of these sources for distributions and the ultimate repayment of any liabilities incurred could adversely impact our ability to pay distributions in future periods, decrease our NAV and NAV per share, decrease the amount of cash we have available for operations and new investments and adversely impact the value of an investment in our shares of common stock.

Your purchase price may be more or less than the actual NAV if our NAV is incorrectly calculated.

If our NAV is calculated in a way that is not reflective of our actual NAV, then the purchase price of shares of our common stock or the price paid for the repurchase of your shares of common stock on a given date may not accurately reflect the value of our portfolio, and your shares may be worth more or less than the purchase or repurchase price.

You will not have the opportunity to evaluate future investments we will make with the proceeds raised in our offerings prior to purchasing shares of our common stock.

We have not identified all of the investments that we will make with the proceeds of our offerings. As a result, you will not be able to evaluate the economic merits, transaction terms or other financial or operational data concerning our future investments prior to purchasing shares of our common stock. You must rely on our Advisor and our board of directors to implement our investment policies, to evaluate our investment opportunities and to structure the terms of our investments. Because you cannot evaluate all of the investments we will make in advance of purchasing shares of our common stock, this additional risk may hinder your ability to achieve your own personal investment objectives related to portfolio diversification, risk-adjusted investment returns and other objectives.

Our Dealer Manager has a limited operating history and our ability to implement our investment strategy is dependent, in part, upon the ability of our Dealer Manager to successfully conduct our offerings, which makes an investment in us more speculative.

We have retained LaSalle Investment Management Distributors, LLC, an affiliate of our Advisor, to conduct our offerings (the "Dealer Manager"). The success of this offering, and our ability to implement our business strategy, is dependent upon the ability of our Dealer Manager to build and maintain a network of broker-dealers to sell our shares to their clients. If our Dealer Manager is not successful in establishing, operating and managing this network of broker-dealers, our ability to raise proceeds through this offering will be limited, and we may not have adequate capital to execute our investment strategy. If we are unsuccessful in executing our investment strategy, you could lose all or a part of your investment.

The performance component of the advisory fee is calculated for each class of our common stock and each class of operating partnership units on the basis of the total return attributable to that class over a calendar year, so it may differ among classes and it may not be consistent with the return on our shares over a longer or shorter time frame.

The performance component of the advisory fee is calculated for each class of our common stock and for each class of operating partnership units on the basis of the total return attributable to that class over a calendar year. As a result, our Advisor may be entitled to receive the performance component with respect to one class of shares or operating partnership units but not another and may be entitled to receive compensation under the performance component of the advisory fee for a given year even if some of our stockholders who purchased shares during such year experienced a decline in NAV per share. Similarly, stockholders who request that we repurchase their shares during a given year may have their shares repurchased at a lower NAV per share as a result of an accrual for the estimated performance component of the advisory fee, even if no performance component is ultimately payable to our Advisor at the end of such calendar year. In addition, if the NAV of our classes of common stock or classes of operating partnership units remains above certain threshold levels, our Advisor's ability to earn the performance fee in any year will not be affected by poor performance in prior years. Furthermore, the Advisor will not be obligated to return any portion of advisory fees paid based on our subsequent performance.

Valuations and appraisals of our properties and real estate-related assets are estimates of fair value and may not necessarily correspond to realizable value.

For the purposes of calculating our NAV after the close of business on each business day, our properties will initially be valued at cost upon their acquisition which we expect to represent fair value at that time. Thereafter, valuations of properties, which will be based in part on appraisals of each of our properties by our independent valuation advisor at least once during every calendar quarter after the first full calendar quarter in which we owned each respective property, will be performed in accordance with our valuation guidelines. Likewise, our investments in real estate-related assets will initially be valued at cost upon their acquisition, and thereafter will be valued quarterly, or in the case of liquid securities, daily, as applicable, at fair value. Within the parameters of our valuation guidelines, the valuation methodologies used to value our properties will involve subjective judgments regarding such factors as comparable sales, rental and operating expense data, the capitalization or discount rate, and projections of future rent and expenses based on appropriate analysis. Valuations and appraisals of our properties and real estate-related assets will be only estimates of fair value. Ultimate realization of the value of an asset depends to a great extent on economic and other conditions beyond our control and the control of our Advisor and independent valuation advisor.

Further, valuations do not necessarily represent the price at which an asset would sell, since market prices of assets can only be determined by negotiation between a willing buyer and seller. Therefore, the valuations of our properties and our investments in real estate-related assets may not correspond to the timely realizable value upon a sale of those assets. There will be no retroactive adjustment in the valuation of such assets, the price of our shares of common stock, the price we paid to repurchase shares of our common stock or NAV-based fees we paid to our Advisor and Dealer Manager to the extent such valuations prove to not accurately reflect the true estimated value and are not a precise measure of realizable value. Because the price you will pay for shares of our common stock, and the price at which your shares may be repurchased by us pursuant to our share repurchase plan, are based on our estimated NAV per share, you may pay more than realizable value or receive less than realizable value for your investment.

No rule, regulation, or industry practice requires that we calculate our NAV in a certain way, and our board of directors, including a majority of our independent directors, may adopt changes to our valuation guidelines.

There are no existing rules or regulatory bodies that specifically govern the manner in which we calculate our NAV and there is no established practice among public REITs, whether listed or not, for calculating NAV in order to establish a purchase and repurchase price. As a result, it is important that you pay particular attention to the specific methodologies and assumptions we use to calculate our NAV, as other public REITs may use different methodologies or assumptions to determine their NAV. For example, we do not fair value our mortgage notes and other debt payable. In addition, our board of directors, including a majority of our independent directors, will review the appropriateness of our valuation guidelines at least annually and may, at any time, adopt changes to our valuation guidelines.

Our NAV per share may suddenly change if the appraised values of our properties materially change from prior appraisals or the actual operating results for a particular month differ from what we originally budgeted for that month.

Each of our properties will be appraised at least once per quarter and, under normal circumstances, will not be appraised more frequently than once per quarter. Properties may be valued more frequently than quarterly if our advisor or independent valuation advisor believes that the value of such property has changed materially since the most recent quarterly valuation. As such, when these appraisals are reflected in our NAV calculation, there may be a sudden change in our NAV per share for each class of our common stock. These changes in a property's value may be as a result of property-specific events or as a result of more general changes to real estate values resulting from local, national or global economic changes, including as a result of the COVID-19 pandemic.

In addition, actual operation results for a given month may differ from what we originally budgeted for that month, which may cause a sudden increase or decrease in the NAV per share amounts. We accrue estimated income and expenses on a daily basis based on our budgets. On an ongoing basis, we adjust the income and expenses we accrued to reflect the income and expenses actually earned and incurred. We do not retroactively adjust the NAV per share of each class for each day. Therefore, because the actual results from operations may be better or worse than what we previously budgeted, the adjustment to reflect actual operating results may cause the NAV per share for each class of our common stock to increase or decrease, and such increase or decrease will occur on the day the adjustment is made.

The NAV per share that we publish may not necessarily reflect changes in our NAV that are not immediately quantifiable.

From time to time, we may experience events with respect to our investments that may have a material impact on our NAV. For example, an unexpected termination or renewal of a material lease, a material change in vacancies or an unanticipated structural or environmental event at a property may cause the value of a property to change materially. The NAV per share of each class of our common stock as published on any given day may not reflect such extraordinary events to the extent that their financial impact is not immediately quantifiable, including as a result of economic fallout from the COVID-19 pandemic. As a result, the NAV per share of each class published after the announcement of a material event may differ significantly from our actual NAV per share for such class until such time as the financial impact is quantified and our NAV is appropriately adjusted in accordance with our valuation guidelines. The resulting potential disparity in our NAV may inure to the benefit of stockholders whose shares are repurchased or new stockholders, depending on whether our published NAV per share for such class is overstated or understated.

In addition, our independent valuation advisor has informed us that its appraisals will now contain a disclosure that because the impact of COVID-19 on the commercial real estate market is rapidly evolving, the future impacts of COVID-19 are not known at this time and will depend on many factors. Although the independent valuation advisor has adjusted the appraisal conclusions to the extent the independent valuation advisor believes to be appropriate in light of material events such as the COVID-19 outbreak, the independent valuation advisor's assumptions may differ from other parties'. As a result, the property appraisals we receive from our independent valuation advisor may not fully take into account the rapid changes to the value of properties resulting from COVID-19 and the price per share paid by new investors may be higher than the actual value of our common stock.

Due to daily fluctuations in our NAV, the price at which your purchase is executed could be higher than our NAV per share at the time you submit your subscription, and the price at which your repurchase is executed could be lower than our NAV per share at the time you submit your repurchase request.

The purchase and repurchase price for shares of our common stock will not be based on any established trading price. Your accepted subscription will be executed at a price equal to our NAV per share for the class of shares being purchased next determined after your subscription is received in proper form and processed, plus, for Class A and Class A-I shares only, any applicable selling commissions. As a result of this process, you will not know the purchase price per share at which your subscription will be executed at the time you submit your subscription. The purchase price per share at which your subscription is executed could be higher than the NAV per share on the date you submitted your subscription and if this is the case, you could receive fewer shares than initially anticipated. If the purchase price per share at which your subscription agreement is lower than the NAV per share on the date you submitted your subscription, you could receive more shares than initially anticipated. For example, if a subscription is processed and accepted on a business day and before the close of business (4:00 p.m. Eastern time) on that day, the subscription will be executed at a purchase price equal to our NAV per share for the class of shares being purchased determined after the close of business on that day, plus, for Class A and Class A-I shares, any applicable selling commissions.

If a subscription is processed and accepted on a business day, but after the close of business on that day, the subscription will be executed at a purchase price equal to our NAV per share for the class of shares being purchased determined after the close of business on the next business day, plus, for Class A and Class A-I shares only, any applicable selling commissions. Similarly, received and processed repurchase requests will be effected at a repurchase price equal to the next-determined NAV per share for the class of shares being repurchased. Investors who subscribe for shares will not know the purchase price at the time they submit their subscription. Because stockholders will not know the repurchase price that will apply at the time that repurchase requests are submitted, the repurchase price per share at which your repurchase request is executed could be lower than the NAV per share on the date you submitted your repurchase request. If our NAV per share increases, purchasers of Class A and Class A-I shares will pay a higher selling commission per share and if our NAV per share decreases, purchasers of Class A and Class A-I shares will pay a lower selling commission per share, as the amount of commissions is calculated as a percentage of NAV per share.

We have broad discretion in how we use the proceeds from our offerings, and we may use the proceeds in ways with which you disagree.

We expect to use the net proceeds of our public and private offerings to (1) grow and further diversify our portfolio by making investments in accordance with our investment strategy and policies, (2) repay indebtedness incurred under various financing instruments and (3) fund repurchases under our share repurchase plan or through tender offers. We have not allocated specific amounts of the net proceeds from our public and private offerings for any specific purpose. Accordingly, our management will have significant flexibility in applying the net proceeds of our public and private offerings, including the ability to apply net proceeds to the payment of distributions. You will be relying on the judgment of our management with regard to the use of these net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. In addition, it is possible that the net proceeds will be invested in a way that does not yield a favorable, or any, return for us or our stockholders. The failure of our management to use such funds effectively could have a material adverse effect on our business, financial condition, operating results and cash flows.

Future offerings of debt securities, which would be senior to our common stock upon liquidation, or equity securities, which would dilute our existing stockholders and may be senior to our common stock for the purposes of distributions, may adversely affect the value of our common stock.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities, including medium term notes, senior or subordinated notes and classes of preferred or common stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will receive a distribution of our available assets prior to the holders of our common stock.

Additionally, holders of our common stock will not have preemptive rights to any shares we issue in the future. Our charter authorizes us to issue 1 billion shares of common stock. Our board of directors may amend our charter from time to time to increase or decrease the aggregate number of authorized shares of common stock or the number of authorized shares of capital stock of any class or series without stockholder approval. After you purchase shares of our common stock, our board of directors may elect, without stockholder approval, to: (1) sell additional shares in future public offerings; (2) issue equity interests in private offerings; (3) issue shares upon the exercise of the options we may grant to our independent directors or future employees; (4) issue shares to our Advisor, or its successors or assigns, in payment of an outstanding obligation to pay fees for services rendered to us or to reimburse expenses paid on our behalf or (5) issue shares to sellers of properties we acquire in connection with an exchange of limited partnership interests of our operating partnership. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings reducing the market price of our common stock and diluting their proportionate ownership.

If you purchase shares of common stock, you may experience immediate dilution in the net tangible book value per share.

Net tangible book value is used as a measure of net worth that reflects certain dilution in the value of our common stock from the issue price as a result of (i) accumulated depreciation and amortization of real estate investments, (ii) fees paid in connection with the offering and (iii) the fees and expenses paid to our Advisor and its affiliates in connection with the selection, acquisition, management and sale of our investments. Net tangible book value does not reflect our estimated value per share nor does it necessarily reflect the value of our assets upon an orderly liquidation of the Company in accordance with our investment objectives. As of December 31, 2021, our net tangible book value per share was \$10.00, calculated as our net tangible book value as of December 31, 2021 divided by the 206,042,836 shares of our common stock outstanding as of December 31, 2021, as compared to our share price of \$13.56, \$13.58, \$13.59 and \$13.58 per Class A, Class M, Class A-I and Class M-I share, respectively, on such date pursuant to our public offering.

Compliance with the SEC's Regulation Best Interest by participating broker-dealers may negatively impact our ability to raise capital in Our Current Public Offering, which would harm our ability to achieve our investment objectives.

Broker-dealers must comply with Regulation Best Interest, which, among other requirements, establishes a new standard of conduct for broker-dealers and their associated persons when making a recommendation of any securities transaction or investment strategy involving securities to a retail customer. The full impact of Regulation Best Interest on participating dealers cannot be determined at this time, and it may negatively impact whether participating dealers and their associated persons recommend our Current Public Offering to certain retail customers, or the amount of shares which are recommended to such customers. In particular, under SEC guidance concerning Regulation Best Interest, a broker-dealer recommending an investment in our shares should consider a number of factors, including but not limited to cost and complexity of the investment and reasonably available alternatives in determining whether there is a reasonable basis for the recommendation. Broker-dealers may recommend a more costly or complex product as long as they have a reasonable basis to believe it is in the best interest of a particular retail customer. However, if broker-dealers instead choose alternatives to our shares, many of which likely exist, our ability to raise capital may be adversely affected. If Regulation Best Interest reduces our ability to raise capital in our Current Public Offering, it would harm our ability to create a diversified portfolio of investments and ability to achieve our investment objectives.

Risks Related to Conflicts of Interest

Our Advisor will face a conflict of interest with respect to the allocation of investment opportunities and competition for tenants between us and other real estate programs that it advises.

Our Advisor's officers and key real estate professionals identify potential investments in properties and other real estate-related assets that are consistent with our investment guidelines for our possible acquisition. However, our Advisor may not acquire an investment in a property unless it has reviewed and approved presenting it to us in accordance with its allocation policies. LaSalle and its affiliates advise other investment programs that invest in properties and real estate-related assets in which we may be interested, including the DST Program. LaSalle could face conflicts of interest in determining which programs will have the opportunity to acquire and participate in such investments as they become available. As a result, other investment programs advised by LaSalle may compete with us with respect to certain investments that we may want to acquire. Our Advisor also has discretion to choose which of our properties to syndicate in the DST Program, which presents conflicts because our Advisor and the Dealer Manager, earn fees from the DST Program.

In addition, we may acquire properties in geographic areas where other investment programs advised by LaSalle own properties. Therefore, our properties may compete for tenants with other properties owned by such investment programs. If one of such investment programs attracts a tenant that we are competing for, we could suffer a loss of revenue due to delays locating another suitable tenant.

Our Advisor faces a conflict of interest because the fees it receives for services performed are based on our NAV, for which our Advisor is ultimately responsible for calculating.

Our Advisor is paid a fee for its services based on our daily NAV, which is calculated by ALPS Fund Services Inc. ("ALPS") under the supervision of our Advisor. The calculation of our NAV includes certain subjective judgments of our Advisor and our independent valuation advisor, including estimates of fair value of particular assets, and therefore may not correspond to realizable value upon a sale of those assets. Our Advisor may benefit by us retaining ownership of our assets at times when our stockholders may be better served by the sale or disposition of our assets in order to avoid a reduction in our NAV. If our NAV is calculated in a way that is not reflective of our actual NAV, then the purchase price of shares of our common stock or the price paid for the repurchase of your shares of common stock on a given date may not accurately reflect the value of our portfolio, and your shares may be worth less than the purchase price or more than the repurchase price.

Our Advisor's management personnel face conflicts of interest relating to time management and there can be no assurance that our Advisor's management personnel will devote adequate time to our business activities or that our Advisor will be able to hire adequate additional employees.

All of our Advisor's management personnel, other employees, affiliates and related parties may also provide services to other affiliated entities of our Advisor. We are not able to estimate the amount of time that such management personnel will devote to our business. As a result, certain of our Advisor's management personnel may have conflicts of interest in allocating their time between our business and their other activities which may include advising and managing various other real estate programs and ventures, which may be numerous and may change as programs are closed or new programs are formed. During times of significant activity in other programs and ventures, the time they devote to our business may decline and be less than we would require. There can be no assurance that our Advisor's affiliates will devote adequate time to our business activities or that our Advisor will be able to hire adequate additional employees.

Our Advisor and its affiliates, including our officers and some of our directors, face conflicts of interest caused by compensation arrangements with us and other LaSalle affiliated entities, which could result in actions that are not in our stockholders' best interests.

Our Advisor and its affiliates receive substantial fees from us in return for their services and these fees could influence our Advisor's advice to us. Among other matters, the compensation arrangements could affect their judgment with respect to:

- the continuation, renewal or enforcement of our agreements with our Advisor and its affiliates, including the Advisory Agreement;
- the decision to adjust the value of our real estate portfolio or the value of certain portions of our portfolio of other real estate-related assets, or the calculation of our NAV;
- public offerings of equity by us, which may result in increased advisory fees of the Advisor;
- competition for tenants from affiliated programs that own properties in the same geographic area as us;
- whether to sell interests in certain of our real properties through the DST Program and to select which properties to be sold through the DST Program; and
- asset sales, which may allow LaSalle or its affiliates to earn disposition fees and commissions.

We currently have, and may enter into additional, agreements with subsidiaries of our Sponsor to perform certain services for our real estate portfolio.

Subsidiaries of our Sponsor provide property management, leasing and other services to property owners, and currently provides certain services to us with respect to a portion of our properties, and we may engage subsidiaries of our Sponsor to perform additional property or construction management, leasing and other services related to our real estate portfolio. The fees, commissions and expense reimbursements paid to our Sponsor in connection with these services have not and will not be determined with the benefit of arm's-length negotiations of the type normally conducted between unrelated parties. Even though all such agreements will be subject to approval by our independent directors, they could be on terms not as favorable to us as those we could receive from a third party.

The time and resources that LaSalle affiliated entities devote to us may be diverted and we may face additional competition due to the fact that LaSalle affiliated entities are not prohibited from raising money for another entity that makes the same types of investments that we target.

LaSalle affiliated entities are not prohibited from raising money for another investment entity that makes the same types of investments as those we target. As a result, the time and resources they could devote to us may be diverted. In addition, we may compete with any such investment entity for the same investors and investment opportunities. We may also co-invest with any such investment entity. Even though all such co-investments will be subject to approval by our independent directors, they could be on terms not as favorable to us as those we could achieve co-investing with a third party.

Our Advisor may have conflicting fiduciary obligations if we acquire properties with its affiliates or other related entities; as a result, in any such transaction we may not have the benefit of arm's-length negotiations of the type normally conducted between unrelated parties.

Our Advisor has in the past and may in the future cause us to acquire an interest in a property from its affiliates or through a joint venture with its affiliates or to dispose of an interest in a property to its affiliates. In these circumstances, our Advisor will have a conflict of interest when fulfilling its fiduciary obligation to us. In any such transaction we may not have the benefit of arm's-length negotiations of the type normally conducted between unrelated parties. Even though all such agreements will be subject to approval by our independent directors, they could be on terms not as favorable to us as those we could receive from a third party.

The fees we pay to affiliates in connection with our offerings of securities and in connection with the management of our investments were not determined on an arm's-length basis, and therefore, we do not have the benefit of arm's-length negotiations of the type normally conducted between unrelated parties.

Our Advisor, our Dealer Manager and other affiliates, including our sponsor, have earned and will continue to earn fees, commissions and expense reimbursements from us. The fees, commissions and expense reimbursements paid and to be paid to our Advisor, our Dealer Manager and other affiliates for services they provided us in connection with our offerings were determined without the benefit of arm's-length negotiations of the type normally conducted between unrelated parties.

Our executive officers, our affiliated directors and the key real estate professionals acting on behalf of our Advisor face conflicts of interest related to their positions or interests in affiliates of our Advisor, which could hinder our ability to implement our business strategy and to generate returns to our stockholders.

Our executive officers, our affiliated directors and the key real estate professionals acting on behalf of our Advisor may also be involved in the management of other real estate businesses, including other LaSalle affiliated entities, and separate accounts established for institutional investors, each of which invests in the real estate or real estate-related assets. As a result, they owe fiduciary duties to each of these entities and their investors, which fiduciary duties may from time to time conflict with the fiduciary duties that they owe to us and our stockholders. Their loyalties to these other entities and investors could result in action or inaction that is detrimental to our business, which could harm the implementation of our investment strategy. These individuals face conflicts of interest in allocating their time among us and such other funds, investors and activities. These conflicts of interest could cause these individuals to allocate less of their time to us than we may require, which may adversely impact our operations.

You may not have the benefit of an independent due diligence review in connection with our offerings, which would increase the risk of your investment.

Because our Dealer Manager is an affiliate of our Advisor, investors will not have the benefit of an independent due diligence review and investigation by our Dealer Manager of the type normally conducted by an unaffiliated, independent underwriter in connection with a securities offering. Accordingly, you will have to rely on your own broker-dealer to make an independent due diligence review of the terms of our offerings. The absence of a due diligence review of us and our offerings by an independent underwriter increases the risk you face as a stockholder.

Risks Related to Adverse Changes in General Economic Conditions

Changes in economic and capital markets conditions, including periods of generally deteriorating real estate industry fundamentals, may significantly affect our results of operations and returns to our stockholders.

We are subject to risks generally incident to the ownership of real estate investments, including changes in global, national, regional or local economic, demographic and real estate market conditions, as well as other factors particular to the locations of our investments. The COVID-19 pandemic is expected to continue to have a significant impact on local, national and global economies and has resulted in a world-wide economic slowdown. A recession could adversely impact our investments as a result of, among other items, increased tenant defaults under our leases, lower demand for rentable space, as well as potential oversupply of rentable space, each of which could lead to increased concessions, tenant improvement expenditures or reduced rental rates to maintain occupancies. These conditions could also adversely impact the financial condition of the tenants that occupy our real properties and, as a result, their ability to pay us rents.

To the extent that a general economic slowdown is prolonged or becomes more severe or real estate fundamentals deteriorate, it may have a significant and adverse impact on the values of our assets, revenues, results from operations, financial condition, liquidity, overall business prospects and ultimately our ability to pay distributions to our stockholders.

Any market deterioration may cause the future value of our real estate investments to decline.

If the current economic or real estate environment were to worsen in the markets where our properties are located, our NAV per share of our common stock may experience more volatility or decline as a result. The fallout from the ongoing COVID-19 pandemic is uncertain and may have a significant negative impact on the real estate market. Volatility in the fair value and operating performance of commercial real estate has made estimating cash flows from our real estate investments difficult, since such estimates are dependent upon our judgment regarding numerous factors, including, but not limited to, current and potential future refinancing availability, fluctuations in regional or local real estate values and fluctuations in regional or local rental or occupancy rates, real estate tax rates and other operating expenses.

We cannot assure our stockholders that we will not have to realize or record impairment charges, or experience disruptions in cash flows and/or permanent losses related to our real estate investments or decreases in our NAV per share of our common stock in future periods. In addition, to the extent that volatile markets persist, these conditions could adversely impact our ability to potentially sell our real estate investments at a price and with terms acceptable to us or at all.

Economic events that may cause our stockholders to request that we repurchase their shares may materially adversely affect our cash flow and our ability to achieve our investment objectives.

Economic events affecting the U.S. and global economies, such as the general negative performance of the real estate sector, and the turbulence in the stock market related to the COVID-19 pandemic, could cause our stockholders to seek to have us repurchase their shares pursuant to our share repurchase plan. Our share repurchase plan limits the amount of funds we may use for repurchases during each calendar quarter to 5% of the combined NAV of all classes of shares as of the last day of the previous calendar quarter. Even if we are able to satisfy all resulting repurchase requests, our cash flow could be materially adversely affected.

In addition, if we determine to sell assets to satisfy repurchase requests, our ability to achieve our investment objectives, including, without limitation, diversification of our portfolio by property type and location, moderate financial leverage, conservative operating risk and an attractive level of current income, could be adversely affected.

Inflation or deflation may adversely affect our financial condition and results of operations.

Although neither inflation nor deflation has materially impacted our operations in the recent past, increased inflation could have an adverse impact on our floating rate mortgages and interest rates and general and administrative expenses, as these costs could increase at a rate higher than our rental and other revenue. Inflation could also have an adverse effect on consumer spending which could impact our tenants' revenues and, in turn, our percentage rents, where applicable. Conversely, deflation could lead to downward pressure on rents and other sources of income.

The continuing spread of COVID-19 may adversely affect our investments and operations.

The global impact of the COVID-19 pandemic, has been widespread and many countries have reacted by instituting quarantines and restrictions on travel, closing financial markets or restricting trading, and limiting operations of non-essential businesses. Such actions have created disruption in global supply chains, and have adversely impacted many industries. Although vaccines for COVID-19 have been made available to the general public in the United States and in many places around the world, vaccination rates vary and may lose effectiveness without boosters and the outbreak could have a continued adverse impact on economic and market conditions.

While the COVID-19 pandemic has not adversely impacted our business to date, the continuing spread of COVID-19 may in the future have an adverse impact on our NAV, results of operations, cash flows and fundraising, and may have an adverse impact on our ability to source new investments, obtain financing, fund distributions to stockholders and satisfy repurchase requests, among other factors. Although many or all facets of our business could in the future be impacted by the COVID-19 pandemic, we currently believe the following impacts to be among the most important to us:

- We are subject to risks related to increases in rent defaults, rent deferral or rent forgiveness and decreases in rent collection. We may experience rent deferrals and decreased rent collection in the future as a result of COVID-19. We may not be able to promptly lease properties that are vacant or become vacant because a tenant defaults or decides not to renew its lease, resulting in reduced occupancy at our properties, and the rental rates or other terms under new leases may be less favorable than the terms of the current lease.
- Our residential properties face an increased risk of tenant defaults during disruptions in the labor market, resulting in high rates of unemployment, making it more difficult for some tenants to meet their rent obligations and for us to retain tenants at current rental rates. We may also, for economic or regulatory reasons, defer or forgive rent for certain tenants of our properties. In particular, where state and local requirements temporarily stay eviction proceedings.

The immediately preceding outcomes are those we consider to be most important as a result of the COVID-19 pandemic. We may experience other negative impacts to our business as a result of the COVID-19 pandemic that could exacerbate other risks described in this Annual Report on Form 10-K. Any of the COVID-19 risks, or other effects from the COVID-19 pandemic that we currently do not foresee, could have a negative impact on our cash flows, operating results and NAV and on our ability to fund distributions to stockholders and satisfy repurchase requests.

Changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies could adversely affect our financial results.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Some of these policies require use of estimates and assumptions that may affect the reported value of our assets or liabilities and financial results and are critical because they require management to make difficult, subjective, and complex judgments about matters that are inherently uncertain. Accounting standard setters and those who interpret the accounting standards (such as the Financial Accounting Standards Board ("FASB"), the SEC, and our independent registered public accounting firm) may amend, clarify, interpret or even reverse their previous interpretations or positions on how these standards should be applied. In some cases, we could be required to apply a new or revised standard retrospectively, resulting in the revision of prior period financial statements. Changes in accounting standards can be hard to predict and can materially impact how we record and report our financial condition and results of operations.

Risks Related to Our General Business Operations and Our Corporate Structure

We depend on our Advisor and the key personnel of our Advisor and we may not be able to secure suitable replacements in the event that we fail to retain their services.

Our success is dependent upon our relationships with, and the performance of, our Advisor and the key real estate professionals of our Advisor for the acquisition and management of our investment portfolio and our corporate operations. Any of these parties may suffer or become distracted by adverse financial or operational problems in connection with their business and activities unrelated to us and over which we have no control. Should any of these parties fail to allocate sufficient resources to perform their responsibilities to us for any reason, we may be unable to achieve our investment objectives. In the event that, for any reason, the Advisory Agreement is terminated, or our Advisor is unable to retain its key personnel, it may be difficult for us to secure suitable replacements on acceptable terms, which would adversely impact the value of your investment.

Our Advisor's inability to retain the services of key real estate professionals could negatively impact our performance.

Our success depends to a significant degree upon the contributions of certain key real estate professionals employed by our Advisor, each of whom would be difficult to replace. Neither we nor our Advisor have employment agreements with these individuals and they may not remain associated with us or our Advisor. If any of these persons were to cease their association with us or our Advisor, our operating results could suffer. Our future success depends, in large part, upon our Advisor's ability to attract and retain highly skilled managerial, operational and marketing professionals. If our Advisor loses or is unable to obtain the services of highly skilled professionals, our ability to implement our investment strategies could be delayed or hindered.

We are required to pay substantial compensation to our Advisor and its affiliates, which may be increased or decreased during our Current Public Offering or future offerings by a majority of our board of directors, including a majority of the independent directors.

Pursuant to our agreements with our Advisor and its affiliates, including our sponsor, we are obligated to pay substantial compensation to our Advisor and its affiliates. Subject to limitations in our charter, the fees, expense reimbursements and other payments that we are required to pay to our Advisor and its affiliates may increase or decrease during our Current Public Offering or future offerings from those described elsewhere in our prospectus related to our Current Public Offering if such change is approved by a majority of our board of directors, including a majority of the independent directors. These payments to our Advisor and its affiliates will decrease the amount of cash we have available for operations and new investments and could negatively impact our NAV, our ability to pay distributions and your overall return.

We may change our investment and operational policies without stockholder consent.

We may change our investment and operational policies, including our policies with respect to investments, operations, indebtedness, capitalization and distributions, at any time without the consent of our stockholders, which could result in our making investments that are different from, and possibly riskier or more highly leveraged than is currently contemplated. A change in our investment strategy may, among other things, increase our exposure to interest rate risk, default risk and real estate market fluctuations, all of which could materially affect our ability to achieve our investment objectives.

Our board of directors will not approve each investment selected by our Advisor.

Our board of directors has approved investment guidelines that delegate to our Advisor the authority to execute (1) acquisitions and dispositions of real property and (2) investments in other real estate-related assets, in each case so long as such investments are consistent with the investment guidelines. Our directors review our investment guidelines on an annual basis and our investment portfolio on a quarterly basis or, in each case, as often as they deem appropriate. The prior approval of our board of directors will be required only for the acquisition or disposition of assets that are not in accordance with our investment guidelines. In addition, in conducting periodic reviews, our directors will rely primarily on information provided to them by our Advisor. Furthermore, transactions entered into on our behalf by our Advisor may be costly, difficult or impossible to unwind when they are subsequently reviewed by our board of directors.

We are and may continue to be subject to litigation, which could have a material adverse effect on our financial condition.

We currently are, and are likely to continue to be, subject to litigation. Some of these claims may result in significant defense costs and potentially significant judgments against us. We cannot be certain of the ultimate outcomes of currently asserted claims or of those that arise in the future. Resolution of these types of matters against us may result in our having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, would adversely impact our earnings and cash flows, thereby impacting our ability to service debt and make quarterly distributions to our stockholders. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flows, expose us to increased risks that would be uninsured, and/or adversely impact our ability to attract officers and directors.

The limits on the percentage of shares of our common stock that any person may own may discourage a takeover or business combination that could otherwise benefit our stockholders.

Our charter, with certain exceptions, authorizes our board of directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our board of directors, no person may own more than 9.8% in value of our outstanding capital stock or more than 9.8% in value or number of shares, whichever is more restrictive, of our outstanding common stock. A person that did not acquire more than 9.8% of our shares may become subject to our charter restrictions if repurchases by other stockholders cause such person's holdings to exceed 9.8% of our outstanding shares. Any attempt to own or transfer shares of our common stock in excess of the ownership limit without the consent of our board of directors will be void, or will result in those shares being transferred by operation of law to a charitable trust, and the person who acquired such excess shares will not be entitled to any distributions thereon or to vote those excess shares. Our 9.8% ownership limitation may have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for our stockholders.

Maryland law and our organizational documents limit our rights and the rights of our stockholders to recover claims against our directors and officers, which could reduce your and our recovery against them if they cause us to incur losses.

Maryland law provides that a director will not have any liability as a director so long as he or she performs his or her duties in accordance with the applicable standard of conduct. In addition, Maryland law and our charter provide that no director or officer shall be liable to us or our stockholders for monetary damages unless the director or officer (1) actually received an improper benefit or profit in money, property or services or (2) was actively and deliberately dishonest as established by a final judgment. Moreover, our charter generally requires us to indemnify and advance expenses to our directors and officers for losses they may incur by reason of their service in those capacities unless their act or omission was material to the matter giving rise to the proceeding and was committed in bad faith or was the result of active and deliberate dishonesty, they actually received an improper personal benefit in money, property or services or, in the case of any criminal proceeding, they had reasonable cause to believe the act or omission was unlawful. As a result, you and we may have more limited rights against our directors or officers than might otherwise exist under common law, which could reduce your and our recovery from these persons if they act in a manner that causes us to incur losses. In addition, we are obligated to fund the defense costs incurred by these persons in some cases. However, our charter provides that we may not indemnify our directors, or our Advisor and its affiliates, for any liability or loss suffered by them or hold our directors, our Advisor and its affiliates harmless for any liability or loss suffered by us, unless they have determined that the course of conduct that caused the loss or liability was in our best interests, they were acting on our behalf or performing services for us, the liability or loss was not the result of negligence or misconduct by our non-independent directors, our Advisor and its affiliates, or gross negligence or willful misconduct by our independent directors, and the indemnification or agreement to hold harmless is recoverable only out of our net assets or the proceeds of insurance and not from the stockholders.

Certain provisions in our organizational documents and Maryland law could inhibit transactions or changes of control under circumstances that could otherwise provide stockholders with the opportunity to realize a premium.

Our charter and bylaws contain provisions that could delay or prevent a change of control of our company or changes in our board of directors that our stockholders might consider favorable. For example, our charter authorizes the issuance of preferred stock which can be created and issued by our board of directors without prior stockholder approval, with rights senior to those of our common stock, and prohibits our stockholders from filling board vacancies. In addition, for so long as the advisory agreement is in effect, our Advisor has the right to nominate, subject to the approval of such nomination by our board of directors, three affiliated directors to the slate of directors to be voted on by the stockholders at our annual meeting of stockholders. Furthermore, our board of directors must also consult with our Advisor in connection with (i) its selection of each independent director for nomination to the slate of directors to be voted on at the annual meeting of stockholders, and (ii) filling any vacancies created by the removal, resignation, retirement or death of any director. These and other provisions in our charter and bylaws could make it more difficult for stockholders or potential acquirers to obtain control of our board of directors or initiate actions that are opposed by our then-current board of directors, including a merger, tender offer or proxy contest involving our company.

In addition, certain provisions of the Maryland General Corporation Law applicable to us prohibit business combinations with: (1) any person who beneficially owns 10% or more of the voting power of our outstanding voting stock, which we refer to as an “interested stockholder;” (2) an affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding stock, which we also refer to as an “interested stockholder;” or (3) an affiliate of an interested stockholder. These prohibitions last for five years after the most recent date on which the interested stockholder became an interested stockholder. Thereafter, any business combination with the interested stockholder or an affiliate of the interested stockholder must be recommended by our board of directors and approved by the affirmative vote of at least 80% of the votes entitled to be cast by holders of our outstanding voting stock, and two-thirds of the votes entitled to be cast by holders of our voting stock other than shares held by the interested stockholder or its affiliate with whom the business combination is to be effected or held by an affiliate or associate of the interested stockholder. These requirements could have the effect of inhibiting a change in control even if a change in control were in our stockholders’ best interest. These provisions of Maryland law do not apply, however, to business combinations that are approved or exempted by our board of directors prior to the time that someone becomes an interested stockholder. Pursuant to the business combination statute, our board of directors has exempted any business combination involving us and any person, provided that such business combination is first approved by a majority of our board of directors, including a majority of our independent directors.

Our UPREIT structure may result in potential conflicts of interest with our operating partnership or limited partners in our operating partnership whose interests may not be aligned with those of our stockholders

Conflicts of interest exist or could arise in the future as a result of the relationships between us and our affiliates, on the one hand, and our operating partnership or any partner thereof, on the other. Our directors and officers have duties to our company under applicable Maryland law in connection with their direction of the management of our company. At the same time, we, as sole member, have duties to the general partner of our operating partnership which, in turn, as general partner of our operating partnership, has duties to our operating partnership and to the limited partners under Delaware law in connection with the management of our operating partnership.

Under Delaware law, the general partner of a Delaware limited partnership has fiduciary duties of care and loyalty, and an obligation of good faith, to the partnership and its partners. While these duties and obligations cannot be eliminated entirely in the limited partnership agreement, Delaware law permits the parties to a limited partnership agreement to specify certain types or categories of activities that do not violate the general partner’s duty of loyalty and to modify the duty of care and obligation of good faith, so long as such modifications are not unreasonable. These duties as general partner of our operating partnership to the partnership and its partners may come into conflict with the interests of our company. Under the partnership agreement of our operating partnership, upon the admission of a person other than one of our subsidiaries as a limited partner in our operating partnership, the limited partners of our operating partnership expressly agree that the general partner of our operating partnership is acting for the benefit of our operating partnership itself and our stockholders, collectively. The general partner is under no obligation to give priority to the separate interests of the limited partners in deciding whether to cause our operating partnership to take or decline to take any actions. If there is a conflict between the interests of us or our stockholders, on the one hand, and the interests of the limited partners of our operating partnership other than us or our subsidiaries, on the other, that cannot be resolved in a manner not adverse to either, the partnership agreement provides that such conflict will be resolved in favor of our stockholders and the general partner will not be liable for losses sustained by the limited partners in connection with such decisions provided the general partner acted in good faith. Additionally, the partnership agreement of our operating partnership expressly limits our liability by providing that we and our directors, officers, agents and employees, will not be liable or accountable to our operating partnership or its partners for money damages.

In addition, our operating partnership is required to indemnify us, our directors, officers and employees, the general partner and its trustees, officers and employees, employees of our operating partnership and any other persons whom the general partner may designate from and against any and all claims arising from operations of our operating partnership in which any indemnitee may be involved, or is threatened to be involved, as a party or otherwise unless it is established that the act or omission of the indemnitee constituted fraud, intentional harm or gross negligence on the part of the indemnitee, the claim is brought by the indemnitee (other than to enforce the indemnitee's rights to indemnification or advance of expenses) or the indemnitee is found to be liable to our operating partnership, and then only with respect to each such claim. The provisions of Delaware law that allow the fiduciary duties of a general partner to be modified by a partnership agreement have not been tested in a court of law, and we have not obtained an opinion of counsel covering the provisions set forth in the partnership agreement that purport to waive or restrict our fiduciary duties.

Tax protection agreements could limit our ability to sell or otherwise dispose of property contributed to our operating partnership.

In connection with a contribution of property to our operating partnership, our operating partnership may enter into a tax protection agreement with the contributor of such property that provides that if we dispose of any interest in the contributed property in a taxable transaction within a certain time period, subject to certain exceptions, we may be required to indemnify the contributor for its tax liabilities attributable to the built-in gain that exists with respect to such property interests, and the tax liabilities incurred as a result of such tax protection payment. Therefore, although it may be in our stockholders' best interests that we sell the contributed property, it may be economically prohibitive for us to do so because of these obligations.

Tax protection agreements may require our operating partnership to maintain certain debt levels that otherwise would not be required to operate our business.

Under a tax protection agreement, our operating partnership may provide the contributor of property the opportunity to guarantee debt or enter into a deficit restoration obligation. If we fail to make such opportunities available, we may be required to deliver to such contributor a cash payment intended to approximate the contributor's tax liability resulting from our failure to make such opportunities available to that contributor and the tax liabilities incurred as a result of such tax protection payment. These obligations may require our operating partnership to maintain more or different indebtedness than we would otherwise require for our business.

The DST Program could subject us to liabilities from litigation or otherwise.

The DST Program raises capital in private placements exempt from registration under the Securities Act through the sale of beneficial interests to "accredited investors" in specific DSTs holding DST Properties. We expect that the DST Program will give us the opportunity to expand and diversify our capital-raising strategies by offering what we believe to be an attractive investment product for investors that may be seeking replacement properties to complete like-kind exchange transactions under Section 1031 of the Code. There is no guarantee that the DST Program will provide the tax benefits expected by investors. Investors who acquire beneficial interests pursuant to such private placements may be seeking certain tax benefits that depend on the interpretation of, and compliance with, federal and state income tax laws and regulations. As the sole member and manager of the general partner of our operating partnership, we may become subject to liability, from litigation or otherwise, as a result of the DST Program, including in the event an investor fails to qualify for any desired tax benefits.

The DST Program will not shield us from risks related to the performance of the DST Properties held through such structures.

Pursuant to the DST Program, certain of our existing real properties and real properties acquired from third parties may be placed into DSTs, the beneficial interests of which will be sold to investors. We will hold long-term leasehold interests in each DST Property pursuant to a master lease, which is intended to be fully guaranteed by our operating partnership. Under each master lease we will be responsible for subleasing the DST Property to occupying tenants until the earlier of the expiration of the master lease or our operating partnership's exercise of the fair market value purchase option giving it the right, but not the obligation, to acquire the beneficial interests in the DSTs from the investors in exchange for operating partnership units or cash (the "FMV Option"), which means that we bear the risk that the underlying cash flow from a DST Property may be less than the master lease payments. Therefore, even though we will no longer own the DST Property, because of the fixed terms of the master lease guaranteed by our operating partnership, negative performance by the DST Property could affect cash available for distributions to our stockholders and will likely have an adverse effect on our results of operations. In addition, although our operating partnership will hold a FMV Option to reacquire each DST Property, the purchase price will be based on the then-current fair market value of the DST Property, without regard for the rental terms fixed by the master lease. Therefore, we may pay more for the DST Property upon the FMV Option exercise if it appreciates while held by the DST than if we had not placed such property in the DST Program.

We may own beneficial interests in trusts owning DST Properties that will be subject to the agreements under our DST Program, which may have an adverse effect on our results of operations, relative to if the DST Program agreements did not exist.

In connection with the launch of our DST Program, we may own beneficial interests in DSTs owning DST Properties that are subject to the terms of the agreements provided by our DST Program. The DST Program agreements may limit our ability to encumber, lease or dispose of our beneficial interests. Such agreements could affect our ability to turn our beneficial interests into cash and could affect cash available for distributions to our stockholders. The DST Program agreements, and in some cases the financing documents, used in connection with the DST Program could also impair our ability to take actions that would otherwise be in the best interests of our stockholders and, therefore, may have an adverse effect on our results of operations and NAV, relative to if the DST Program agreements did not exist.

DST Properties may be less liquid than other assets, which could impair our ability to utilize cash proceeds from sales of such DST Properties for other purposes such as paying down debt, distributions or additional investments.

DST Properties may later be reacquired through the exercise of our operating partnership's FMV Option. In such cases the investors who become limited partners in our operating partnership will generally still be tied to the DST Property in terms of basis and built-in gain. As a result, if the DST Property is subsequently sold, unless we effectuate a like-kind exchange under Section 1031 of the Code, then tax will be triggered on the investors' built-in gain. Although we are not contractually obligated to do so, we intend to execute 1031 exchanges in such situations rather than trigger gain. Any replacement property acquired in connection with a 1031 exchange will similarly be tied to the investors with similar considerations if such replacement property ever is sold. As a result of these factors, placing real properties into the DST Program may limit our ability to access liquidity from such real properties or replacement properties through sale without triggering taxes due to the built-in gain tied to investors in the DST Program. Such reduced liquidity could impair our ability to utilize cash proceeds from sales for other purposes such as paying down debt, distributions or additional investments.

Cash payments to redeem operating partnership units will reduce cash available for distribution to our stockholders or to honor their repurchase requests under our share repurchase program.

Following a one-year holding period, the holders of operating partnership units (other than us and the general partner) generally have the right to cause our operating partnership to redeem all or a portion of their OP Units for, at our sole discretion, shares of our common stock, cash, or a combination of both. An election to redeem operating partnership units for cash may reduce funds available for distribution to our stockholders or to honor our stockholders' repurchase requests under our share repurchase program.

Determining to exercise the FMV Option for DST Properties may cause us to incur significant additional non-cash interest expense that could materially impact our GAAP earnings and our funds from operations ("FFO").

When we determine it is probable that we will exercise a DST Property's FMV Option we will need to begin recording additional non-cash interest expense, which will reduce GAAP earnings and FFO. If we exercise the FMV Option prior to the end of the master lease, we record, as a lump sum, non-cash interest expense for the difference between the FMV of the property and the sum of the mortgage debts outstanding balance and the financing obligation, in the quarter in which we exercise the FMV Option. The lump sum non-cash interest expense could have a very material negative impact on our GAAP earnings and FFO.

Your investment return may be reduced if we are required to register as an investment company under the Investment Company Act.

We intend to conduct our operations so that neither we nor our operating partnership or our respective subsidiaries are investment companies under the Investment Company Act. Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. Excluded from the term "investment securities," among other things, are U.S. government securities and securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

Rule 3a-1 under the Investment Company Act generally provides that, notwithstanding Section 3(a)(1)(C) of the Investment Company Act, an issuer will not be deemed to be an “investment company” under the Investment Company Act provided that (1) it does not hold itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities, and (2) on an unconsolidated basis except as otherwise provided, no more than 45% of the value of its total assets, consolidated with the assets of any wholly owned subsidiary, (exclusive of U.S. government securities and cash items) consists of, and no more than 45% of its net income after taxes, consolidated with the net income of any wholly owned subsidiary, (for the last four fiscal quarters combined) is derived from, securities other than U.S. government securities, securities issued by employees' securities companies, securities issued by certain majority owned subsidiaries of such company and securities issued by certain companies that are controlled primarily by such company. In addition, we believe that neither we nor our operating partnership will be considered an investment company under Section 3(a)(1)(A) of the Investment Company Act because neither we nor our operating partnership will engage primarily or hold ourselves out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, through our operating partnership's wholly owned or majority-owned subsidiaries, we and our operating partnership will be primarily engaged in the non-investment company businesses of these subsidiaries, namely the business of purchasing or otherwise acquiring real property, mortgages and other interests in real estate. We believe that we, our operating partnership and our respective subsidiaries will satisfy this exclusion.

A change in the value of any of our assets could cause us, our operating partnership or one or more of our respective subsidiaries to fall within the definition of “investment company” and thus be required to register under the Investment Company Act. To ensure that we are not required to register the company or any of our subsidiaries as an investment company under the Investment Company Act, we may be unable to sell assets we would otherwise want to sell and may be unable to purchase securities we would otherwise want to purchase. In addition, we may have to acquire additional income- or loss-generating assets that we might not otherwise have acquired or may have to forgo opportunities to acquire interests in companies that we would otherwise want to acquire and would be important to our investment strategy.

Our Advisor will continually review our investment activity to attempt to ensure that we will not be regulated as an investment company.

However, if we were obligated to register as an investment company, we would have to comply with a variety of substantive requirements under the Investment Company Act that impose, among other things:

- limitations on capital structure;
- restrictions on specified investments;
- restrictions or prohibitions on retaining earnings;
- restrictions on leverage or senior securities;
- restrictions on unsecured borrowings;
- requirements that our income be derived from certain types of assets;
- prohibitions on transactions with affiliates; and
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly increase our operating expenses.

If we were required to register as an investment company but failed to do so, we would be prohibited from engaging in our business, and criminal and civil actions could be brought against us. In addition, our contracts would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of us and liquidate our business.

Registration with the SEC as an investment company would be costly, would subject our company to a host of complex regulations, and would divert the attention of management from the conduct of our business. In addition, the purchase of real estate that does not fit our investment guidelines and the purchase or sale of investment securities or other assets to preserve our status as a company not required to register as an investment company could materially adversely affect our NAV, the amount of funds available for investment and our ability to pay distributions to our stockholders.

Rapid changes in the values of potential investments in real estate-related investments may make it more difficult for us to maintain our qualification as a REIT or our exception from the Investment Company Act.

If the market value or income potential of our real estate-related investments declines, including as a result of increased interest rates, prepayment rates or other factors, we may need to increase our real estate investments and income or liquidate our non-qualifying assets in order to maintain our REIT qualification or our exception from registration under the Investment Company Act. If the decline in real estate asset values or income occurs quickly, this may be especially difficult to accomplish. This difficulty may be exacerbated by the illiquid nature of any non-real estate assets that we may own. We may have to make investment decisions that we otherwise would not make absent REIT and Investment Company Act considerations.

We rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology or other business interruption could harm our business.

We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information and to manage or support a variety of our business processes, including financial transactions and maintenance of records, which may include confidential information of tenants and lease data. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmitting and storing confidential tenant information, such as individually identifiable information relating to financial accounts. Although we have taken steps to protect the security of the data maintained in our information systems, there is no guarantee that our security measures will be able to prevent the systems' improper functioning, or the improper disclosure of personally identifiable information such as in the event of cyber attacks. Security breaches include physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches. To date, we have seen no material impact on our business or operations from these attacks or events. Any future significant compromise or breach on our data security could create system disruptions, shutdowns or unauthorized disclosure of confidential information. Any failure to maintain proper function, security and availability of our information systems could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could materially and adversely affect us. In addition, as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, with new and constantly changing requirements applicable to our business, compliance with those requirements could also result in additional costs.

Other disruptive events, including, but not limited to, natural disasters and public health or pandemic crises (such as COVID-19), may adversely affect our ability to conduct business. Such adverse effects may include the inability of our advisor's employees, or the employees of its affiliates and other service providers, to perform their responsibilities as a result of any such event. Such disruptions to our business operations can result in significant operational issues.

Risks Related to Investments in Real Property

We depend on tenants for our revenue, and accordingly, lease terminations and/or tenant defaults, particularly by one of our significant tenants, could adversely affect the income produced by our properties, which may harm our operating performance, thereby limiting our ability to pay distributions to our stockholders.

The success of our investments depends on the financial stability of our tenants, any of whom may experience a change in their business at any time, including as a result of global economic events, natural disasters and public health or pandemic crises. Our tenants may delay lease commencements, decline to extend or renew their leases upon expiration, fail to make rental payments when due, or declare bankruptcy. Any of these actions could result in the termination of the tenants' leases, or expiration of existing leases without renewal, and the loss of rental income attributable to the terminated or expired leases. In the event of a tenant default or bankruptcy, we may experience delays in enforcing our rights as a landlord and may incur substantial costs in protecting our investment and re-letting our property. If significant leases are terminated or defaulted upon, we may be unable to lease the property for the rent previously received or sell the property without incurring a loss. In addition, significant expenditures, such as mortgage payments, real estate taxes and insurance and maintenance costs, are generally fixed and do not decrease when revenues at the related property decrease.

The occurrence of any of the situations described above, particularly if it involves one of our significant tenants, could seriously harm our operating performance. If any of these significant tenants were to default on its lease obligation(s) to us or not extend current leases as they mature, our results of operations and ability to pay distributions to our stockholders could be adversely affected. The revenues generated by the properties these tenants occupy are substantially dependent upon the financial condition of these tenants and, accordingly, any event of bankruptcy, insolvency, or a general downturn in the business of any of these tenants may result in the failure or delay of such tenant's rental payments, which may have a substantial adverse effect on our operating performance.

Our revenues will be significantly influenced by the economies and other conditions of the industrial, office, residential, retail and other markets in general and the specific geographic markets in which we operate where we have high concentrations of these types of properties.

As of December 31, 2021, our diversification of current fair value of our consolidated properties by property type consisted of, 40% in the industrial property sector, 12% in the office property sector, 34% in the residential property sector, 14% in the retail property sector and less than 1% in the other property sector. As of December 31, 2021, we also owned an interest in unconsolidated properties in the office, residential, retail and other property sectors. Because our portfolio consists primarily of industrial, office, residential and retail properties, we are subject to risks inherent in investments in these property types and in particular the risk that e-commerce poses to retail. This concentration exposes us to risk of economic downturns in these property sectors to a greater extent than if our portfolio included other sectors in the real estate industry.

Additionally, as of December 31, 2021, approximately 41% and 25% of the current fair value of our consolidated properties was geographically concentrated in the western and southern United States, respectively. Moreover, our properties located in California, Texas and Arizona accounted for approximately 17%, 14%, and 11% of our consolidated revenues, respectively. As a result, we are particularly susceptible to adverse market conditions in these particular areas, including the current economic conditions, the reduction in demand for office, retail, industrial or residential properties, industry slowdowns, relocation of businesses and changing demographics.

Adverse economic or real estate developments in the markets in which we have a concentration of properties, or in any of the other markets in which we operate, or any decrease in demand for office, retail, industrial or residential space resulting from the local or national business climate, could adversely affect our rental revenues and operating results.

Our operating results are affected by economic and regulatory changes that impact the real estate market in general.

Real estate historically has experienced significant fluctuations and cycles in value that have resulted in reductions in the value of properties. Real estate will continue to be subject to such fluctuations and cycles in value in the future that may negatively impact the value of our properties. The value of our properties will depend on many factors beyond our control. The value of our properties depends upon our ability to operate the real properties in a manner sufficient to maintain or increase revenues in excess of operating expenses and debt service. Revenues and the values of our properties may be adversely affected by:

- changes in national or international economic conditions;
- the cyclical nature of real estate;
- changes in local market conditions due to changes in general or local economic conditions and neighborhood characteristics;
- the financial condition of tenants, buyers and sellers of properties;
- acts of God, earthquakes, hurricanes, climate change and other natural disasters, acts of war, acts of terrorism (any of which may result in uninsured losses), epidemics and pandemics such as the COVID-19 pandemic;
- competition from other properties offering the same or similar services;
- changes in interest rates and in the availability, cost and terms of mortgage debt;
- access to capital;
- the impact of present or future environmental legislation and compliance with environmental laws;
- the ongoing need for capital improvements (particularly in older structures);
- changes in real estate tax rates and other operating expenses;
- adverse changes in governmental rules and fiscal policies;
- civil unrest;
- adverse changes in zoning laws; and
- other factors that are beyond our control.

All of these factors are beyond our control. Any negative changes in these factors could affect our ability to meet our obligations and pay distributions to stockholders.

Consequences of climate change and related regulations could impact our properties and financial performance.

The impact of climate change presents a significant risk. Damage to our properties caused by extreme weather events linked to climate change is becoming more evident, highlighting the fragility of global infrastructure. These physical effects of climate change could have a material adverse effect on our properties, operations and business, including a decline in demand for our properties and an increase in operation costs related to repairs and insurance. In addition, the adoption of regulations at the federal, state and local levels designed to address climate change may present additional costs and compliance risks as more markets move toward carbon neutral goals.

We anticipate the potential effects of climate change will increasingly impact the decisions and analysis our Advisor makes with respect to buying and selling properties, as climate change considerations can impact the relative desirability of locations and the cost of operating and insuring acquired properties, with the possibility that insurance may not be available, or on terms we find acceptable, for some properties in the future. Legislation that requires specific performance levels for building operations could make non-compliant buildings obsolete or costly to obtain compliance, which could materially affect the performance of our existing and future investments. In addition, capital improvements required to mitigate the potential impacts of climate risk could have an impact on our financial performance.

Our retail properties may decline in rental revenue and/or occupancy as a result of co-tenancy provisions contained in certain tenant's leases.

Tenants of certain of our retail properties have leases that contain certain co-tenancy provisions that require either certain tenants and/or certain amounts of square footage to be occupied and open for business. If these co-tenancy provisions are not satisfied then other tenants of these properties may have the right to, among other things, pay reduced rents and/or terminate the lease. As a result, the loss of a single tenant on these properties, and the triggering of these co-tenancy provisions, could result in reduced rental income and/or reduced occupancy with respect to these properties, which could have a material adverse effect on our business, financial condition and results of operations.

We face considerable competition in the leasing market and may be unable to renew existing leases or re-let space on terms similar to the existing leases, or we may expend significant capital in our efforts to re-let space, which may adversely affect our operating results.

Leases (excluding our residential properties) representing approximately 4% and 8% of the annualized minimum base rent from our consolidated properties, as of December 31, 2021, were scheduled to expire in 2022 and 2023, respectively. Because we compete with a number of other developers, owners and managers of office, retail, industrial and residential properties, we may be unable to renew leases with our existing tenants and, if our current tenants do not renew their leases, we may be unable to re-let the space to new tenants. To the extent that we are able to renew leases that are scheduled to expire in the short-term or re-let such space to new tenants, heightened competition resulting from adverse market conditions may require us to utilize rent concessions and tenant improvements to a greater extent than we historically have. Further, leases of long-term duration or which include renewal options that specify a maximum rate increase may not result in fair market lease rates over time if we do not accurately estimate inflation or market lease rates. If we are subject to below-market lease rates on a significant number of our properties pursuant to long-term leases, our cash flow from operations and financial position may be adversely affected. In addition, historic economic turmoil led to foreclosures and sales of foreclosed properties at depressed values, and we may have difficulty competing with competitors who purchase properties in the foreclosure process, because their lower cost basis in their properties may allow them to offer space at reduced rental rates.

If our competitors offer space at rental rates below current market rates or below the rental rates we currently charge our tenants, we may lose potential tenants, and we may be pressured to reduce our rental rates below those we currently charge in order to retain tenants upon expiration of their existing leases. Even if our tenants renew their leases or we are able to re-let the space, the terms and other costs of renewal or re-letting, including the cost of required renovations, increased tenant improvement allowances, leasing commissions, declining rental rates, and other potential concessions, may be less favorable than the terms of our current leases and could require significant capital expenditures. If we are unable to renew leases or re-let space in a reasonable time, or if rental rates decline or tenant improvement, leasing commissions, or other costs increase, our financial condition, cash flows, cash available for distribution, value of our common stock, and ability to satisfy our debt service obligations could be materially adversely affected.

Competition in acquiring properties may reduce our profitability and the return on your investment.

We face competition from various entities for investment opportunities in properties, including other REITs, pension funds, insurance companies, investment funds and companies, partnerships, and developers. We may also face competition from real estate programs sponsored by JLL and its affiliates. Many third party competitors have substantially greater financial resources than we do and may be able to accept more risk than we can prudently manage. Competition from these entities may reduce the number of suitable investment opportunities offered to us or increase the bargaining power of property owners seeking to sell. Additionally, disruptions and dislocations in the credit markets may materially impact the cost and availability of debt to finance real estate acquisitions, which is a key component of our acquisition strategy. A lack of available debt could result in a further reduction of suitable investment opportunities and create a competitive advantage for other entities that have greater financial resources than we do. In addition, the number of entities and the amount of funds competing for suitable investments may continue to increase. In addition to third party competitors, other programs sponsored by our Advisor may raise additional capital and seek investment opportunities under our Advisor's allocation policy. If we acquire properties and other investments at higher prices or by using less-than-ideal capital structures, our returns will be lower and the value of our assets may not appreciate or may decrease significantly below the amount we paid for such assets. If such events occur, you may experience a lower return on your investment.

To the extent we acquire properties, our operating results may depend on the availability of, and our Advisor's ability to identify, acquire and manage, appropriate real estate investment opportunities. It may take considerable time for us or our Advisor to identify and acquire appropriate investments. In general, the availability of desirable real estate opportunities and our investment returns will be affected by the level and volatility of interest rates, conditions in the financial markets and general, national and local economic conditions. No assurance can be given that we will be successful in identifying, underwriting and then acquiring investments which satisfy our return objectives or that such investments, once acquired, will perform as intended. The real estate industry is competitive and we compete for investments with traditional equity sources, both public and private, as well as existing funds, or funds formed in the future, with similar investment objectives. If we cannot effectively compete with these entities for investments, our financial performance may be adversely affected.

Potential losses or damage to our properties may not be covered by insurance.

Our tenants are required to maintain property insurance coverage for the properties under net leases and we carry comprehensive liability, fire, extended coverage, business interruption and rental loss insurance covering all of the properties in our portfolio not insured by our tenants under a blanket policy. Our Advisor will select policy specifications and insured limits that it believes to be appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. Insurance policies on our properties may include some coverage for losses that are generally catastrophic in nature, such as losses due to terrorism, earthquakes and floods, but we cannot assure you that it will be adequate to cover all losses and some of our policies will be insured subject to limitations involving large deductibles or co-payments and policy limits which may not be sufficient to cover losses.

In addition, we share certain policy risk with other clients of our Advisor and it is possible that they may draw those limits leaving no coverage for a claim by us. If we or one or more of our tenants experience a loss which is uninsured or which exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

Our real properties are subject to property and other taxes that may increase in the future, which could adversely affect our cash flow.

Our real properties are subject to real and personal property and other taxes that may increase as tax rates change and as the properties are assessed or reassessed by taxing authorities. Certain of our leases provide that the property taxes, or increases therein, are charged to the lessees as an expense related to the real properties that they occupy while other leases will generally provide that we are responsible for such taxes. In any case, as the owner of the properties, we are ultimately responsible for payment of the taxes to the applicable governmental authorities. If property taxes increase, our tenants may be unable to make the required tax payments, ultimately requiring us to pay the taxes even if otherwise stated under the terms of the lease. If we fail to pay any such taxes, the applicable taxing authorities may place a lien on the property and the property may be subject to a tax sale. In addition, we will generally be responsible for property taxes related to any vacant space.

We rely on third party property managers to operate our properties and leasing agents to lease vacancies in our properties.

Although our Advisor has hired and may hire JLL to manage and lease certain of our properties, we also rely on third party property managers and leasing agents to manage and lease vacancies in most of our properties. The third party property managers have significant decision-making authority with respect to the management of our properties. Our ability to direct and control how our properties are managed on a day-to-day basis may be limited because we will engage third parties to perform this function. Thus, the success of our business may depend in large part on the ability of our third party property managers to manage the day-to-day operations and the ability of our leasing agents to lease vacancies in our properties. Any adversity experienced by our property managers or leasing agents could adversely impact the operation and profitability of our properties.

We may not have sole decision-making authority over some of our real property investments and may be unable to take actions to protect our interests in these investments.

A component of our investment strategy includes entering into joint venture agreements with partners in connection with certain property acquisitions. As of December 31, 2021, we had interests in seven joint ventures that collectively own 16 properties and over 4,000 single-family rental homes across the United States accounting for 20% of our total assets. We may co-invest in the future with third parties through partnerships or other entities, which we collectively refer to as joint ventures, acquiring non-controlling interests in or sharing responsibility for managing the affairs of the joint venture. In such event, we would not be in a position to exercise sole decision-making authority regarding the joint venture. Investments in joint ventures may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers might become bankrupt or fail to fund their required capital contributions. Co-venturers may have economic or other business interests or goals which are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the co-venturer would have full control over the joint venture. Disputes between us and co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business. Consequently, actions by or disputes with co-venturers might result in subjecting properties owned by the joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our co-venturers. In addition, our lack of control over the properties in which we invest could result in us being unable to obtain accurate and timely financial information for these properties and could adversely affect our internal control over financial reporting.

We may not have funding for future tenant improvements, which may adversely affect the value of our assets, our results of operations and returns to our stockholders.

When a tenant at one of our real properties does not renew its lease or otherwise vacates its space in one of our buildings, it is likely that, in order to attract one or more new tenants, we will be required to expend substantial funds to construct new tenant improvements in the vacated space. We do not anticipate that we will maintain permanent working capital reserves and do not currently have an identified funding source to provide funds that may be required in the future for tenant improvements and tenant refurbishments in order to attract new tenants. If we do not establish sufficient reserves for working capital or obtain adequate financing to supply necessary funds for capital improvements or similar expenses, we may be required to defer necessary or desirable improvements to our real properties. If we defer such improvements, the applicable real properties may decline in value, and it may be more difficult for us to attract or retain tenants to such real properties or the amount of rent we can charge at such real properties may decrease. We cannot assure our stockholders that we will have any sources of funding available to us for repair or reconstruction of damaged real property in the future.

The costs of compliance with governmental laws and regulations may adversely affect our financial condition and results of operations.

Real estate and the operations conducted on properties are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. Tenants' ability to operate and generate income to pay their lease obligations may be affected by permitting and compliance obligations arising under such laws and regulations. Some of these laws and regulations may impose joint and several liability on tenants, owners, or managers for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. In addition, the presence of hazardous substances, or the failure to properly remediate these substances, may hinder our ability to sell, rent, or pledge such property as collateral for future borrowings. Compliance with new laws or regulations or stricter interpretation of existing laws by agencies or the courts may require us to incur material expenditures. Future laws, ordinances, or regulations may impose material environmental liability.

Additionally, our tenants' operations, the existing condition of land when we buy it, operations in the vicinity of our properties such as the presence of underground storage tanks or activities of unrelated third parties may affect our properties. In addition, there are various local, state, and federal fire, health, life-safety, and similar regulations with which we may be required to comply, and which may subject us to liability in the form of fines or damages for noncompliance. Any material expenditures, fines, or damages we must pay will reduce our cash flows and ability to pay distributions and may reduce the value of our shares of common stock.

As the present or former owner or manager of real property, we could become subject to liability for environmental contamination, regardless of whether we caused such contamination.

We could become subject to liability in the form of fines or damages for noncompliance with environmental laws and regulations. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid hazardous materials, the remediation of contaminated property associated with the disposal of solid and hazardous materials and other health and safety-related concerns. Some of these laws and regulations may impose joint and several liability on tenants, owners or managers for the costs of investigation or remediation of contaminated properties, regardless of fault or the legality of the original disposal. Under various federal, state and local environmental laws, ordinances, and regulations, a current or former owner or manager of real property may be liable for the cost to remove or remediate hazardous or toxic substances, wastes, or petroleum products on, under, from, or in such property. These costs could be substantial and liability under these laws may attach whether or not the owner or manager knew of, or was responsible for, the presence of such contamination. Even if more than one person may have been responsible for the contamination, each liable party may be held entirely responsible for all of the clean-up costs incurred.

In addition, third parties may sue the owner or manager of a property for damages based on personal injury, natural resources, or property damage and/or for other costs, including investigation and clean-up costs, resulting from the environmental contamination. The presence of contamination on one of our properties, or the failure to properly remediate a contaminated property, could give rise to a lien in favor of the government for costs it may incur to address the contamination, or otherwise adversely affect our ability to sell or lease the property or borrow using the property as collateral. In addition, if contamination is discovered on our properties, environmental laws may impose restrictions on the manner in which the property may be used or businesses may be operated, and these restrictions may require substantial expenditures or prevent us from entering into leases with prospective tenants. There can be no assurance that future laws, ordinances or regulations will not impose any material environmental liability, or that the current environmental condition of our properties will not be affected by the operations of the tenants, by the existing condition of the land, by operations in the vicinity of the properties. There can be no assurance that these laws, or changes in these laws, will not have a material adverse effect on our business, results of operations or financial condition.

Future terrorist attacks may result in financial losses for us and limit our ability to obtain terrorism insurance.

Our portfolio maintains significant holdings in areas that are located in or around major population centers that may be high-risk geographical areas for terrorism and threats of terrorism. Future terrorist attacks and the anticipation of any such attacks, or the consequences of the military or other response by the United States and its allies, could severely impact the demand for, and value of, our properties. Terrorist attacks in and around any of the major metropolitan areas in which we own properties also could directly impact the value of our properties through damage, destruction, loss, or increased security costs, and could thereafter materially impact the availability or cost of insurance to protect against such acts. A decrease in demand could make it difficult to renew or re-lease our properties at lease rates equal to or above historical rates. To the extent that any future terrorist attacks otherwise disrupt our tenants' businesses, it may impair our tenants' ability to make timely payments under their existing leases with us, which would harm our operating results.

In addition, the events of September 11, 2001 created significant uncertainty regarding the ability of real estate owners of high profile properties to obtain insurance coverage protecting against terrorist attacks at commercially reasonable rates, if at all. With the enactment of the Terrorism Risk Insurance Act, which has been extended through 2027, insurers must make terrorism insurance available under their property and casualty insurance policies, but this legislation does not regulate the pricing of such insurance. The absence of affordable insurance coverage may affect the general real estate lending market, lending volume and the market's overall loss of liquidity may reduce the number of suitable investment opportunities available to us and the pace at which its investments are made. We currently carry terrorism insurance under our master insurance program on all of our investments.

We may be subject to additional risks from our international investments.

We do not own any properties located outside the United States as of December 31, 2021 but may purchase investments located outside the United States, and may make or purchase loans or participations in loans secured by property located outside the United States. These investments may be affected by factors peculiar to the laws and business practices of the jurisdictions in which the properties are located. These laws and business practices may expose us to risks that are different from and in addition to those commonly found in the United States. Foreign investments could be subject to the following additional risks:

- the burden of complying with a wide variety of foreign laws;
- changing governmental rules and policies, including changes in land use and zoning laws, more stringent environmental laws or changes in such laws;
- existing or new laws relating to the foreign ownership of real property or loans and laws restricting the ability of foreign persons or companies to remove profits earned from activities within the country to the person's or company's country of origin;
- the potential for expropriation;
- possible currency transfer restrictions;
- imposition of adverse or confiscatory taxes;
- changes in real estate and other tax rates and changes in other operating expenses in particular countries;
- possible challenges to the anticipated tax treatment of the structures that allow us to acquire and hold investments;
- adverse market conditions caused by terrorism, civil unrest and changes in national or local governmental or economic conditions;
- the willingness of domestic or foreign lenders to make loans in certain countries and changes in the availability, cost and terms of loan funds resulting from varying national economic policies;
- general political and economic instability in certain regions;
- the potential difficulty of enforcing obligations in other countries; and
- our limited experience and expertise in foreign countries relative to our experience and expertise in the United States.

Investments in properties or other real estate investments outside the United States subject us to foreign currency risks, which may adversely affect distributions and our REIT status.

Revenues generated from any properties or other real estate investments we acquire or ventures we enter into relating to transactions involving assets located in markets outside the United States likely will be denominated in the local currency. Therefore any investments we make outside the United States may subject us to foreign currency risk due to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar. As a result, changes in exchange rates of any such foreign currency to U.S. dollars may affect our revenues, operating margins and distributions and may also affect the book value of our assets and the amount of stockholders' equity. Changes in foreign currency exchange rates used to value a REIT's foreign assets may be considered changes in the value of the REIT's assets. These changes may adversely affect our status as a REIT. Further, bank accounts in foreign currency that are not considered cash or cash equivalents may adversely affect our status as a REIT.

Inflation in foreign countries, along with government measures to curb inflation, may have an adverse effect on our investments.

Certain countries have in the past experienced extremely high rates of inflation. Inflation, along with governmental measures to curb inflation, coupled with public speculation about possible future governmental measures to be adopted, has had significant negative effects on the certain international economies in the past and this could occur again in the future. The introduction of governmental policies to curb inflation can have an adverse effect on our business. High inflation in the countries in which we purchase real estate or make other investments could increase our expenses and we may not be able to pass these increased costs onto our tenants.

Lack of compliance with the United States Foreign Corrupt Practices Act could subject us to penalties and other adverse consequences.

We are subject to the United States Foreign Corrupt Practices Act, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Foreign companies, including potential competitors, are not subject to these prohibitions. Fraudulent practices, including corruption, extortion, bribery, pay-offs, theft and others, occur from time-to-time in countries in which we may do business. If people acting on our behalf or at our request are found to have engaged in such practices, severe penalties and other consequences could be imposed on us that may have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay distributions to our stockholders and the value of our shares of common stock.

Risks Related to Investments in Real Estate-Related Assets

Our investments in real estate-related assets will be subject to the risks related to the underlying real estate.

Real estate loans secured by properties are subject to the risks related to underlying real estate. The ability of a borrower to repay a loan secured by a property typically is dependent upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Any default on the loan could result in our acquiring ownership of the property, and we would bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan. In addition, foreclosure of a mortgage loan can be an expensive and lengthy process that could have a substantial negative effect on our anticipated return on the foreclosed loan. We will not know whether the values of the properties ultimately securing our loans will remain at the levels existing on the dates of origination of those loans. If the values of the underlying properties decline, our risk will increase because of the lower value of the security associated with such loans. In this manner, real estate values could impact the values of our loan investments. Our investments in mortgage-backed securities, collateralized debt obligations and other real estate-related investments may be similarly affected by property values.

The real estate-related equity securities in which we may invest are subject to specific risks relating to the particular issuer of the securities and may be subject to the general risks of investing in subordinated real estate securities.

We may invest in common and preferred stock of both publicly traded and private real estate companies, which involves a higher degree of risk than debt securities due to a variety of factors, including that such investments are subordinate to creditors and are not secured by the issuer's properties. Our investments in real estate-related equity securities will involve special risks relating to the particular issuer of the equity securities, including the financial condition and business outlook of the issuer. Issuers of real estate-related common equity securities generally invest in real estate or real estate-related assets and are subject to the inherent risks associated with real estate discussed in our prospectus related to our Current Public Offering.

The value of the real estate-related securities that we may invest in may be volatile.

The value of real estate-related securities, including those of publicly-listed REITs, fluctuates in response to issuer, political, market and economic developments. In the short term, equity prices can fluctuate dramatically in response to these developments. Different parts of the market and different types of equity securities can react differently to these developments and they can affect a single issuer, multiple issuers within an industry, the economic sector or geographic region, or the market as a whole. The real estate industry is sensitive to economic downturns. The value of securities of companies engaged in real estate activities can be affected by changes in real estate values and rental income, property taxes, interest rates and tax and regulatory requirements. In addition, the value of a REIT's equity securities can depend on the capital structure and amount of cash flow generated by the REIT.

We may invest in mezzanine debt, which is subject to greater risks of loss than senior loans secured by real properties, and may result in losses to us.

We may invest in mezzanine loans that take the form of subordinated loans secured by second mortgages on the underlying real property or loans secured by a pledge of the ownership interests of either the entity owning the real property or the entity that owns the interest in the entity owning the real property. These types of investments involve a higher degree of risk than first-lien mortgage loans secured by income producing real property because the investment may become unsecured as a result of foreclosure by the senior lender. In the event of a bankruptcy of the entity providing the pledge of its ownership interests as security, we may not have full recourse to the assets of such entity, or the assets of the entity may not be sufficient to satisfy our mezzanine loan. If a borrower defaults on our mezzanine loan or debt senior to our loan, or in the event of a borrower bankruptcy, our mezzanine loan will be satisfied only after the senior debt. As a result, we may not recover some or all of our investment. In addition, mezzanine loans may have higher loan-to-value ratios than conventional mortgage loans, resulting in less equity in the real property and increasing the risk of loss of principal.

We expect a portion of our securities portfolio to be illiquid, and we may not be able to adjust our portfolio in response to changes in economic and other conditions.

We may purchase real estate-related securities in connection with privately negotiated transactions that are not registered under the relevant securities laws, resulting in a prohibition against their transfer, sale, pledge or other disposition except in a transaction that is exempt from the registration requirements of, or is otherwise in accordance with, those laws. As a result, our ability to vary our portfolio in response to changes in economic and other conditions may be relatively limited. The mezzanine and bridge loans we may purchase will be particularly illiquid investments due to their short life, their unsuitability for securitization and the greater risk of our inability to recover loaned amounts in the event of a borrower's default.

Interest rate and related risks may cause the value of our real estate-related assets to be reduced.

We are subject to interest rate risk with respect to our investments in fixed income securities such as preferred equity and debt securities, and to a lesser extent dividend paying common stocks. Interest rate risk is the risk that these types of securities will decline in value because of changes in market interest rates. Generally, when market interest rates rise, the fair value of such securities will decline, and vice versa. Our investment in such securities means that our NAV may decline if market interest rates rise. During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below-market interest rate, increase the security's duration and reduce the value of the security. This is known as extension risk. During periods of declining interest rates, an issuer may be able to exercise an option to prepay principal earlier than scheduled, which is generally known as "call risk" or "prepayment risk." If this occurs, we may be forced to reinvest in lower yielding securities. This is known as "reinvestment risk." Preferred equity and debt securities frequently have call features that allow the issuer to redeem the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. These risks may reduce the value of our securities investments.

Risks Related to Debt Financing

We have incurred and are likely to continue to incur mortgage or other indebtedness, which may increase our business risks, could hinder our ability to pay distributions and could decrease the value of your investment.

As of December 31, 2021, we had total outstanding indebtedness of \$1,817,664. Our Company leverage ratio, calculated as our share of total liabilities (excluding future dealer manager fees) divided by our share of the fair value of total assets, was 42% as of December 31, 2021 and 33% as of December 31, 2020. We may obtain mortgage loans and pledge some or all of our properties as security for these loans to acquire the property secured by the mortgage loan, acquire additional properties or pay down other debt. We may also use our line of credit as a flexible borrowing source to cover short-term capital needs, for new property acquisitions and for working capital. If there is a shortfall between the cash flow from a property and the cash flow needed to service mortgage loans on that property, then the amount of cash available for distributions to stockholders may be reduced.

In addition, incurring mortgage debt increases the risk of loss of a property since defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In that case, we could lose the property securing the loan that is in default, thus reducing the value of the shares of our common stock. For tax purposes, a foreclosure on any of our properties will be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the loan secured by the mortgage exceeds our tax basis in the property, we will recognize taxable income on foreclosure, but we would not receive any cash proceeds. We may give full or partial guarantees to lenders of mortgage loans to the entities that own our properties. When we give a guaranty on behalf of an entity that owns one of our properties, we will be responsible to the lender for satisfaction of the loan if it is not paid by such entity. If any mortgage contains cross-collateralization or cross-default provisions, a default on a single property could affect multiple properties. If any of our properties are foreclosed upon due to a default, our ability to pay cash distributions to our stockholders may be adversely affected.

Renewed uncertainty and volatility in the credit markets could affect our ability to obtain debt financing on reasonable terms, or at all, which could reduce the number of properties we may be able to acquire and the amount of cash distributions we can make to our stockholders.

The U.S. and global credit markets have historically experienced severe dislocations and liquidity disruptions, which caused volatility in the credit spreads on prospective debt financings and constrained the availability of debt financing due to the reluctance of lenders to offer financing at high leverage ratios. Renewed uncertainty in the credit markets, including as a result of global economic events, natural disasters and public health or pandemic crises, may adversely impact our ability to access additional debt financing on reasonable terms or at all, which may adversely affect investment returns on future acquisitions or our ability to make acquisitions.

If mortgage debt is unavailable on reasonable terms as a result of increased interest rates, increased credit spreads, decreased liquidity or other factors, we may not be able to finance the initial purchase of properties. In addition, when we incur mortgage debt on properties, we run the risk of being unable to refinance such debt upon maturity, or of being unable to refinance on favorable terms. As of December 31, 2021, we had \$1,184,620 in aggregate outstanding mortgage notes payable, which had maturity dates through March 1, 2038.

If interest rates are higher or other financing terms, such as principal amortization, the need for a corporate guaranty, or other terms are not as favorable when we refinance debt or issue new debt, our income could be reduced. To the extent we are unable to refinance debt on reasonable terms, or at appropriate times or at all, we may be required to sell properties on terms that are not advantageous to us, or could result in the foreclosure of such properties. If any of these events occur, our cash flow would be reduced. This, in turn, would reduce cash available for distribution to our stockholders and may hinder our ability to raise more capital by borrowing more money.

Increases in interest rates could increase the amount of our loan payments and adversely affect our ability to pay distributions to our stockholders.

Interest we pay on our loan obligations will reduce cash available for distributions. If we obtain variable rate loans, increases in interest rates would increase our interest costs, which would reduce our cash flows and our ability to pay distributions to stockholders. In addition, if we need to repay existing loans during periods of rising interest rates, we could be required to liquidate one or more of our investments in properties at times which may not permit realization of the maximum return on such investments.

If we draw on our line of credit to fund repurchases or for any other reason, our financial leverage ratio could increase beyond our target.

We may use our line of credit to provide for a ready source of liquidity to fund repurchases of shares of our common stock in the event that repurchase requests exceed net proceeds from our continuous offerings. If we borrow under a line of credit to fund repurchases of shares of our common stock, our financial leverage will increase and may exceed our target leverage ratio. Our leverage may remain at the higher level until we receive additional net proceeds from our continuous offerings or sell some of our assets to repay outstanding indebtedness.

Lenders may require us to enter into restrictive covenants relating to our operations, which could limit our ability to pay distributions to our stockholders.

When providing financing, a lender may impose restrictions on us that affect our distribution and operating policies and our ability to obtain additional loans. Loan documents we enter into may contain covenants that limit our ability to further mortgage the property or discontinue insurance coverage. In addition, loan documents may limit our ability to enter into or terminate certain operating or lease agreements related to the property. These or other limitations may adversely affect our flexibility and our ability to achieve our investment objectives.

If we enter into financing arrangements involving balloon payment obligations, it may adversely affect our ability to pay distributions to our stockholders.

Some of our financing arrangements may require us to make a lump-sum or “balloon” payment at maturity. Our ability to make a balloon payment at maturity is uncertain and may depend upon our ability to obtain replacement financing or our ability to sell particular properties. At the time the balloon payment is due, we may or may not be able to refinance the balloon payment on terms as favorable as the original loan or sell the particular property at a price sufficient to make the balloon payment. The effect of a refinancing or sale could affect the rate of return to stockholders and the projected time of disposition of our assets.

Failure to hedge effectively against interest rate changes may materially adversely affect our ability to achieve our investment objectives.

Subject to any limitations required to maintain qualification as a REIT, we may seek to manage our exposure to interest rate volatility by using interest rate hedging arrangements, such as interest rate cap or collar agreements and interest rate swap agreements. These agreements involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements and that these arrangements may not be effective in reducing our exposure to interest rate changes. These interest rate hedging arrangements may create additional assets or liabilities from time to time that may be held or liquidated separately from the underlying property or loan for which they were originally established. We have adopted a policy relating to the use of derivative financial instruments to hedge interest rate risks related to our variable rate borrowings. Hedging may reduce the overall returns on our investments. Failure to hedge effectively against interest rate changes may materially adversely affect our ability to achieve our investment objectives.

Federal Income Tax Risks

Failure to qualify as a REIT would have significant adverse consequences to us.

We are organized and operated in a manner intended to qualify to be taxed as a REIT for U.S. federal income tax purposes. We first elected REIT status for our taxable year that ended December 31, 2004. REIT qualification requires ongoing satisfaction of various requirements regarding our organization, the nature of our gross income and assets and the amount of dividends we distribute. In addition, future legislative, judicial or administrative changes to the federal income tax laws, which could be applied retroactively, could result in our disqualification as a REIT. If the Internal Revenue Service (the "IRS") determines that we do not qualify as a REIT or if we qualify as a REIT and subsequently lose our REIT qualification, we will be subject to serious tax consequences that would cause a significant reduction in our cash available for distribution for each of the years involved and our NAV because:

- we would be subject to federal and applicable state and local corporate income taxation on our taxable income;
- we would not be permitted to take a deduction for dividends paid to stockholders in computing our taxable income; and
- we could not re-elect to be taxed as a REIT for four taxable years following the year during which we were disqualified (unless we were entitled to relief under applicable statutory provisions).

In addition, if we do not qualify as a REIT, we will not be required to pay distributions to stockholders. As a result of all these factors, our failure to qualify as a REIT also could hinder our ability to raise capital and grow our business.

Legislative, regulatory or administrative changes could adversely affect us or our stockholders.

Legislative, regulatory or administrative changes could be enacted or promulgated at any time, either prospectively or with retroactive effect, and may adversely affect us and/or our stockholders.

On December 22, 2017, tax legislation commonly referred to as the Tax Cuts and Jobs Act was signed into law. The Tax Cuts and Jobs Act made significant changes to the U.S. federal income tax rules for taxation of individuals and corporations. Most of the changes applicable to individuals are temporary and apply only to taxable years beginning before January 1, 2026. On March 27, 2020, federal legislation intended to ameliorate the economic impact of the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), was signed into law. The CARES Act made technical corrections to, or modified on a temporary basis, certain of the provisions of the Tax Cuts and Jobs Act. There can be no assurance that future tax law changes will not increase income tax rates, impose new limitations on deductions, credits or other tax benefits, or make other changes that may adversely affect our business, cash flows or financial performance or a stockholder's investment in us. For example, President Biden, the House leadership and the Senate leadership have expressed interest in passing comprehensive tax reform.

We urge you to consult with your own tax advisor with respect to the impact of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in shares of our common stock.

To maintain our REIT status, we may have to borrow funds on a short-term basis during unfavorable market conditions.

To maintain our status as a REIT, we generally must distribute annually to our stockholders dividends equal to at least 90% of our REIT taxable income, determined without regard to the dividends-paid deduction and excluding net capital gain. We will be subject to regular corporate income taxes on any undistributed REIT taxable income, including undistributed net capital gain each year.

Additionally, we will be subject to a 4% nondeductible excise tax on any amount by which dividends paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from previous years. Payments we make to our stockholders under our share repurchase plan generally will not be taken into account for purposes of these distribution requirements. If we do not have sufficient cash to pay distributions necessary to preserve our REIT status for any year or to avoid taxation, we may be forced to borrow funds or sell assets even if the market conditions at that time are not favorable for these borrowings or sales.

Compliance with REIT requirements may cause us to forego otherwise attractive opportunities, which may hinder or delay our ability to meet our investment objectives and reduce your overall return.

To maintain our status as a REIT, we are required at all times to satisfy tests relating to, among other things, the sources of our income, the nature and diversification of our assets, the ownership of our stock and the amounts we distribute to our stockholders. Compliance with the REIT requirements may impair our ability to operate solely on the basis of maximizing profits. For example, we may be required to pay distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution.

Compliance with REIT requirements may force us to liquidate otherwise attractive investments.

To maintain our status as a REIT, at the end of each calendar quarter, at least 75% of our assets must consist of cash, cash items, government securities and qualified real estate assets. The remainder of our investments in securities (other than securities that are qualifying assets for purposes of the 75% asset test and securities of our taxable REIT subsidiaries) generally cannot include more than 10% of the voting securities of any one issuer or more than 10% of the value of the outstanding securities of any one issuer.

Additionally, no more than 5% of the value of our assets (other than securities that are qualifying assets for purposes of the 75% asset test and securities of our taxable REIT subsidiaries) can consist of the securities of any one issuer, and no more than 20% of the value of our assets may be represented by securities of one or more taxable REIT subsidiaries. Finally, no more than 25% of our assets may consist of debt instruments that are issued by "publicly offered REITs" and would not otherwise be treated as qualifying real estate assets. In order to satisfy these requirements, we may be forced to liquidate otherwise attractive investments.

The IRS may take the position that the gain from one or more sales of our properties is subject to a 100% prohibited transaction tax.

From time to time, we may sell assets to fund repurchase requests, to satisfy our REIT distribution requirements, to satisfy other REIT requirements, or for other purposes. The IRS may deem one or more sales of our properties to be "prohibited transactions." If the IRS takes the position that we have engaged in a "prohibited transaction" (i.e., we sell a property held by us primarily for sale in the ordinary course of our trade or business and we do not qualify for a statutory safe harbor), the gain we recognize from such sale would be subject to a 100% tax. The Code sets forth a safe harbor for REITs that wish to sell property without risking the imposition of the 100% tax; however, there is no assurance that we will be able to qualify at all times for the safe harbor.

We do not intend to hold our properties for sale in the ordinary course of business, but there is no assurance that our position will not be challenged by the IRS, especially if we make frequent property sales or frequent sales of property in which we have short holding periods.

Investments outside the U.S. may subject us to additional taxes and could present additional complications to our ability to satisfy the REIT qualification requirements.

Non-U.S. investments may subject us to various non-U.S. tax liabilities, including withholding taxes. In addition, operating in functional currencies other than the U.S. dollar and in environments in which real estate transactions are typically structured differently than they are in the U.S. or are subject to different legal rules may complicate our ability to structure non-U.S. investments in a manner that enables us to satisfy the REIT qualification requirements.

We may be subject to tax liabilities that reduce our cash flow and our ability to pay distributions to you even if we qualify as a REIT for federal income tax purposes.

We may be subject to federal and state taxes on our income or property even if we qualify as a REIT for federal income tax purposes, including, but not limited to, situations as those described below:

- in order to maintain our status as a REIT, we are required to distribute as dividends annually at least 90% of our REIT taxable income (determined without regard to the dividends-paid deduction and excluding net capital gain) to our stockholders. If we satisfy the distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to corporate income tax on the undistributed income, including undistributed net capital gains;
- we will be required to pay a 4% nondeductible excise tax on the amount, if any, by which the distributions we make to our stockholders in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from previous years;
- if we have net income from the sale of foreclosure property that we hold primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, we will be required to pay a tax on that income at the highest corporate income tax rate; and
- any gain we recognize on the sale of a property, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business would be subject to the 100% “prohibited transaction” tax unless we qualify for a safe harbor exception.

Restrictions on the deduction of our interest expense could prevent us from satisfying the REIT distribution requirement and avoiding the incurrence of income or excise taxes.

Section 163(j) of the Code, as amended by the Tax Cuts and Jobs Act, may limit our ability (and the ability of entities that are not treated as disregarded entities for U.S. federal income tax purposes and in which we hold an interest) to deduct interest expense in taxable years beginning after December 31, 2017. The deduction for business interest expense may be limited to the amount of the taxpayer’s business interest income plus 30% of the taxpayer’s “adjusted taxable income” unless the taxpayer’s gross receipts do not exceed \$25 million per year during the applicable testing period or the taxpayer qualifies to elect and elects to be treated as an “electing real property trade or business.” A taxpayer’s adjusted taxable income will start with its taxable income and add back items of non-business income and expense, business interest income and business interest expense, net operating losses, any deductions for “qualified business income,” and, in taxable years beginning before January 1, 2022, any deductions for depreciation, amortization or depletion. A taxpayer that is exempt from the interest expense limitation as an electing real property trade or business is ineligible for certain expensing benefits and is subject to less favorable depreciation rules for real property.

The rules for business interest expense will apply to us and at the level of each entity in which or through which we invest that is not a disregarded entity for U.S. federal income tax purposes. To the extent that our interest expense is not deductible, our taxable income will be increased, as will our REIT distribution requirement and the amounts we need to distribute to avoid incurring income and excise taxes.

Our board of directors is authorized to revoke our REIT election without stockholder approval, which may cause adverse consequences to our stockholders.

Our charter authorizes our board of directors to revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is not in our best interest to qualify as a REIT. In this event, we would become subject to U.S. federal income tax on our taxable income and we would no longer be required to distribute most of our net taxable income to our stockholders, which may cause a reduction in the total return to our stockholders.

You may have current tax liability on distributions you elect to reinvest in our common stock.

If you participate in our distribution reinvestment plan, you will be deemed to have received, and for income tax purposes will be taxed on, the amount reinvested in shares of our common stock to the extent the amount reinvested was not a tax-free return of capital. Therefore, unless you are a tax-exempt entity, you may be forced to use funds from other sources to pay your tax liability on the reinvested dividends.

We may choose to pay dividends in our own stock, in which case our stockholders may be required to pay income taxes in excess of the cash dividends received.

Under IRS Revenue Procedure 2017-45, as a publicly offered REIT, we may give stockholders a choice, subject to various limits and requirements, of receiving a dividend in cash or in our common stock. As long as at least 20% of the total dividend is available to be paid in cash and certain other requirements are satisfied, the IRS will treat the stock distribution as a dividend (to the extent applicable rules treat such distribution as being made out of the REIT's earnings and profits). Taxable stockholders receiving such dividends will be required to include in income for federal income tax purposes the full amount of the dividend income to the extent of our current and accumulated earnings and profits. As a result, a U.S. stockholder may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock.

Generally, ordinary dividends payable by REITs do not qualify for the reduced U.S. federal income tax rates that apply to "qualified dividend income".

The maximum U.S. federal income tax rate applicable to "qualified dividend income" payable by U.S. corporations to individual U.S. stockholders (as such term is defined under "Federal Income Tax Considerations" below) is 20%. However, dividends payable by REITs that are not designated as capital gain dividends or qualified dividend income or "qualified REIT dividends," generally are not eligible for the reduced rates applicable to qualified dividend income and are taxed at ordinary income tax rates. In taxable years beginning before January 1, 2026, however, non-corporate U.S. stockholders are entitled to a deduction of up to 20% of the amount of their qualified REIT dividends, subject to certain limitations. Nevertheless, non-corporate investors may perceive investments in REITs to be relatively less attractive than investments in the stocks of other corporations whose dividends are taxed at lower rates as qualified dividend income.

There may be tax consequences to any modifications to our borrowings, our hedging transactions and other contracts to replace references to LIBOR.

The publication of LIBOR rates may be discontinued by 2023. We are parties to loan agreements with LIBOR-based interest rates and derivatives with LIBOR-based terms used for hedging. We may have to renegotiate such LIBOR-based instruments to replace references to LIBOR. Under current law, certain modifications of terms of LIBOR-based instruments may have tax consequences, including deemed taxable exchanges of the pre-modification instrument for the modified instrument. Proposed Treasury Regulations and Revenue Procedure 2020-44 would treat certain modifications that would be taxable events under current law as non-taxable events. Such guidance does not discuss REIT-specific issues of modifications to LIBOR-based instruments. It is not clear when the proposed Treasury Regulations will be finalized or what, if any, changes will be made to the proposed Treasury Regulations in final Treasury Regulations. We will attempt to migrate to a post-LIBOR environment without jeopardizing our REIT qualification or suffering other adverse tax consequences but can give no assurances that we will succeed.

The failure of a mezzanine loan to qualify as a real estate asset could adversely affect our ability to qualify as a REIT.

The IRS has issued Revenue Procedure 2003-65, which provides a safe harbor pursuant to which a mezzanine loan that is secured by interests in a pass-through entity will be treated by the IRS as a real estate asset for purposes of the REIT tests, and interest derived from such loan will be treated as qualifying mortgage interest for purposes of the REIT 75% gross income test. Although the Revenue Procedure provides a safe harbor on which taxpayers may rely, it does not prescribe rules of substantive tax law. To the extent that any of our investments in loans secured by interests in pass-through entities do not satisfy all of the requirements for reliance on the safe harbor set forth in the Revenue Procedure, there can be no assurance that the IRS will not challenge the tax treatment of such loans, which could jeopardize our ability to qualify as a REIT.

If certain sale-leaseback transactions are not characterized by the IRS as "true leases," we may be subject to adverse tax consequences.

We may purchase investments in properties and lease them back to the sellers of these properties. If the IRS does not characterize these leases as "true leases," the rental payments would not be treated as rents from real property, which could affect our ability to satisfy the REIT gross income tests and qualify as a REIT.

If our operating partnership failed to qualify as a partnership or is not otherwise disregarded for U.S. federal income tax purposes, we would cease to qualify as a REIT.

If the IRS were to successfully challenge the status of our operating partnership as a partnership or disregarded entity for U.S. federal income tax purposes, it would be taxable as a corporation. In the event that this occurs, it would reduce the amount of distributions that our operating partnership could make to us. This would also result in our failing to qualify as a REIT and becoming subject to a corporate-level tax on our income, which would substantially reduce our cash available to pay distributions and the yield on your investment.

Retirement Plan Risks

If the fiduciary of an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), fails to meet the fiduciary and other standards under ERISA, the Code or common law as a result of an investment in our stock, the fiduciary could be subject to civil (and criminal, if the violation was willful) penalties.

There are special considerations that apply to investing in our shares on behalf of a trust, pension, profit sharing or 401(k) plans, health or welfare plans, trusts, individual retirement accounts, or IRAs, or Keogh plans. If you are investing the assets of any of the entities identified in the prior sentence in our common stock, you should satisfy yourself that:

- the investment is consistent with your fiduciary obligations under applicable law, including common law, ERISA and the Code;
- the investment is made in accordance with the documents and instruments governing the trust, plan or IRA, including a plan's investment policy;
- the investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA and other applicable provisions of ERISA and the Code;
- the investment will not impair the liquidity of the trust, plan or IRA;
- the investment will not produce "unrelated business taxable income" for the plan or IRA;
- our stockholders will be able to value the assets of the plan annually in accordance with ERISA requirements and applicable provisions of the plan or IRA; and
- the investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Failure to satisfy the fiduciary standards of conduct and other applicable requirements of ERISA, the Code, or other applicable statutory or common law may result in the imposition of civil (and criminal, if the violation was willful) penalties, and can subject the fiduciary to equitable remedies.

In addition, if an investment in our shares constitutes a prohibited transaction under ERISA or the Code, the fiduciary that authorized or directed the investment may be subject to the imposition of excise taxes with respect to the amount invested. Investors that are governmental plans or foreign plans may be subject to laws that are similar to the aforementioned provisions of ERISA and the Code or that otherwise regulate the purchase of our shares.

If we were at any time deemed to hold "plan assets" under ERISA or the Code, stockholders subject to ERISA and the related excise tax provisions of the Code may be subject to adverse financial and legal consequences.

Stockholders subject to ERISA or the Code should consult their own advisors as to the effect of an investment in the shares. As discussed under "Certain ERISA Considerations," our assets may not be deemed to constitute "plan assets" of stockholders that are subject to the fiduciary provisions of ERISA or the prohibited transaction rules of Section 4975 of the Code ("Plans"). If we were deemed to hold "plan assets" of Plans (i) ERISA's fiduciary standards would apply to, and might materially affect, our operations if any such Plans are subject to ERISA, and (ii) any transaction we enter into could be deemed a transaction with each Plan and transactions we might enter into in the ordinary course of business could constitute prohibited transactions under ERISA and/or Section 4975 of the Code. Holding plan assets may negatively impact our results.

General Risk Factors

Economic events that may cause our stockholders to request that we repurchase their shares may materially adversely affect our cash flow and our ability to achieve our investment objectives.

Economic events affecting the U.S. and global economies, such as the general negative performance of the real estate sector, and the turbulence in the stock market related to the COVID-19 pandemic, could cause our stockholders to seek to have us repurchase their shares pursuant to our share repurchase plan. Our share repurchase plan limits the amount of funds we may use for repurchases during each calendar quarter to 5% of the combined NAV of all classes of shares as of the last day of the previous calendar quarter. Even if we are able to satisfy all resulting repurchase requests, our cash flow could be materially adversely affected. In addition, if we determine to sell assets to satisfy repurchase requests, our ability to achieve our investment objectives, including, without limitation, diversification of our portfolio by property type and location, moderate financial leverage, conservative operating risk and an attractive level of current income, could be adversely affected.

The phase-out of LIBOR could affect interest rates for our Term Loans and interest rate cap and swap arrangements.

LIBOR is used as a reference rate for our Term Loans and our interest rate cap and swap arrangements. On July 27, 2017, the United Kingdom's Financial Conduct Authority ("FCA") announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. On March 5, 2021, the ICE Benchmark Administration Limited, which is supervised by the FCA, announced that it will cease publication of the 3-month U.S. Dollar denominated LIBOR rate after June 30, 2023. There is no assurance that LIBOR will continue to be published until any particular date, and it is unclear if a new method of calculating LIBOR will be established, or if an alternative reference rate will be established. The Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee, which identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative to U.S. dollar LIBOR in derivatives and other financial contracts.

We are not able to predict when LIBOR will cease to be available or if SOFR, or another alternative rate reference rate, attains market traction as a LIBOR replacement. Our Term Loans and interest rate cap and swap arrangements provide that if LIBOR is no longer available, then the parties to the agreements shall enter into an amendment utilizing the prevailing market convention for determining the rate of interest for syndicated loans in the United States at the time. In such circumstances the interest rates on our Term Loans and in our interest rate cap and swap arrangements may change. The new rates may not be as favorable as those in effect prior to any LIBOR phase-out. In addition, the transition process may result in delays in funding, higher interest expense, additional expenses, and increased volatility in markets for instruments that currently rely on LIBOR, all of which could negatively impact our cash flow.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

DESCRIPTION OF REAL ESTATE

Our investments in real estate assets as of December 31, 2021 consisted of interests in wholly-owned properties and seven joint ventures. The following table sets forth information with respect to our real estate assets by segment as of December 31, 2021. We own a fee simple interest in all properties unless otherwise noted.

Property Name	Location	% Owned	Year Built	Date Acquired	Net Rentable Square Feet	Percentage Leased
<i>Consolidated Properties:</i>						
Industrial Segment:						
Kendall Distribution Center	Atlanta, GA	100 %	2002	June 30, 2005	409,000	100 %
Norfleet Distribution Center ⁽¹⁾	Kansas City, MO	100	2007	February 27, 2007	702,000	100
Suwanee Distribution Center	Suwanee, GA	100	2013	June 28, 2013	559,000	100
Grand Prairie Distribution Center						
3325 West Trinity Boulevard	Grand Prairie, TX	100	2013	January 22, 2014	277,000	100
3324 West Trinity Boulevard	Grand Prairie, TX	100	2015	May 31, 2019	145,000	100
Charlotte Distribution Center	Charlotte, NC	100	1991	June 27, 2014	347,000	100
DFW Distribution Center						
4050 Corporate Drive	Grapevine, TX	100	1996	April 15, 2015	441,000	100
4055 Corporate Drive	Grapevine, TX	100	1996	April 15, 2015	202,000	89
O'Hare Industrial Portfolio						
200 Lewis	Wood Dale, IL	100	1985	September 30, 2015	31,000	100
1225 Michael Drive	Wood Dale, IL	100	1985	September 30, 2015	109,000	100
1300 Michael Drive	Wood Dale, IL	100	1985	September 30, 2015	71,000	100
1301 Mittel Drive	Wood Dale, IL	100	1985	September 30, 2015	53,000	100
1350 Michael Drive	Wood Dale, IL	100	1985	September 30, 2015	56,000	100
2501 Allan Drive	Elk Grove, IL	100	1985	September 30, 2015	198,000	100
2601 Allan Drive	Elk Grove, IL	100	1985	September 30, 2015	124,000	100
Tampa Distribution Center	Tampa, FL	100	2009	April 11, 2016	386,000	100
Aurora Distribution Center	Aurora, IL	100	2016	May 19, 2016	305,000	100
Valencia Industrial Portfolio:						
28150 West Harrison Parkway	Valencia, CA	100	1997	June 29, 2016	87,000	100
28145 West Harrison Parkway	Valencia, CA	100	1997	June 29, 2016	114,000	100
28904 Paine Avenue	Valencia, CA	100	1999	June 29, 2016	117,000	100
25045 Tibbitts Avenue	Santa Clarita, CA	100	1988	June 29, 2016	142,000	100
Pinole Point Distribution Center:						
6000 Giant Road	Richmond, CA	100	2016	September 8, 2016	225,000	100
6015 Giant Road	Richmond, CA	100	2016	September 8, 2016	252,000	100
6025 Giant Road	Richmond, CA	100	2016	December 29, 2016	41,000	100
Mason Mill Distribution Center ⁽²⁾	Buford, GA	100	2016	December 20, 2017	340,000	100
Fremont Distribution Center						
45275 Northport Court	Fremont, CA	100	1991	March 29, 2019	117,000	100
45630 Northport Loop East	Fremont, CA	100	1995	March 29, 2019	120,000	100
Taunton Distribution Center	Taunton, MA	100	2016	August 23, 2019	200,000	100
Chandler Distribution Center						
1725 East Germann Road	Chandler, AZ	100	2016	December 5, 2019	122,000	100
1825 East Germann Road	Chandler, AZ	100	2016	December 5, 2019	89,000	100
Fort Worth Distribution Center	Fort Worth, TX	100	2020	October 23, 2020	351,000	100
Whitestown Distribution Center ⁽²⁾						
4993 Anson Boulevard	Whitestown, IN	100	2020	December 11, 2020	280,000	100
5102 E 500 South	Whitestown, IN	100	2020	December 11, 2020	440,000	100
Louisville Distribution Center	Shepherdsville, KY	100	2020	January 21, 2021	1,040,000	100
Southeast Phoenix Distribution Center						
6511 West Frye Road	Chandler, AZ	100	2019	February 23, 2021	102,000	100
6565 West Frye Road	Chandler, AZ	100	2019	February 23, 2021	118,000	100
6615 West Frye Road	Chandler, AZ	100	2019	February 23, 2021	136,000	100
6677 West Frye Road	Chandler, AZ	100	2019	February 23, 2021	118,000	100

[Table of Contents](#)

Property Name	Location	% Owned	Year Built	Date Acquired	Net Rentable Square Feet	Percentage Leased
Louisville Airport Distribution Center ⁽²⁾	Louisville, KY	100	2020	June 24, 2021	284,000	100
13500 Danielson Street	Poway, CA	95	1997	July 2, 2021	73,000	100
237 Via Vera Cruz	San Marcos, CA	95	1987	July 2, 2021	66,000	100
4211 Starboard	Fremont, CA	95	1997	July 9, 2021	130,000	100
5 National Way	Durham, NC	100	2020	September 28, 2021	188,000	100
47 National Way	Durham, NC	100	2020	September 28, 2021	187,000	100
Friendship Distribution Center						
4627 Distribution Pkwy	Buford, GA	100	2020	October 20, 2021	126,000	100
4630 Distribution Pkwy	Buford, GA	100	2020	October 20, 2021	149,000	100
4646 Distribution Pkwy	Buford, GA	100	2020	October 20, 2021	102,000	100
4651 Distribution Pkwy	Buford, GA	100	2020	October 20, 2021	272,000	100
South San Diego Distribution Center						
2001 Sanyo Avenue	San Diego, CA	100	1987	October 28, 2021	320,000	100
2055 Sanyo Avenue	San Diego, CA	100	1991	October 28, 2021	209,000	87
2065 Sanyo Avenue	San Diego, CA	100	2020	October 28, 2021	136,000	100
1755 Britannia Drive	Elgin, IL	100	2020	November 16, 2021	80,000	100
2451 Bath Road	Elgin, IL	100	2020	November 16, 2021	327,000	100
687 Conestoga Parkway	Shepardsville, KY	100	2021	November 17, 2021	327,000	100
2840 Loker Avenue	Carlsbad, CA	95	1998	November 30, 2021	104,000	100
15890 Bernardo Center Drive	San Diego, CA	95	1991	November 30, 2021	48,000	100
Office Segment:						
Monument IV at Worldgate	Herndon, VA	100 %	2001	August 27, 2004	228,000	100 %
140 Park Avenue	Florham Park, NJ	100	2015	December 21, 2015	100,000	100
San Juan Medical Center ⁽²⁾	San Juan Capistrano, CA	100	2015	April 1, 2016	40,000	100
Genesee Plaza						
9333 Genesee Ave	San Diego, CA	100	1983	July 2, 2019	80,000	78
9339 Genesee Ave	San Diego, CA	100	1983	July 2, 2019	81,000	91
Fountainhead Corporate Park	Tempe, AZ	100	1985	February 6, 2020	295,000	100
170 Park Avenue	Florham Park, NJ	100	1998	February 2, 2021	147,000	100
9101 Stony Point Drive ⁽²⁾	Richmond, VA	100	2018	September 15, 2021	87,000	100
North Tampa Surgery Center	Odessa, FL	100	2021	October 8, 2021	13,000	100
Durham Medical Center	Durham, NC	100	2010	December 23, 2021	60,000	96
KC Medical Office Portfolio						
8600 NE 82nd Street	Kansas City, MO	100	2021	December 23, 2021	11,000	100
1203 SW 7 Highway	Blue Springs, MO	100	2000	December 23, 2021	10,000	100
Roeland Park Medical Office	Roeland Park, KS	100	2021	December 28, 2021	30,000	100
South Reno Medical Center	Reno, NV	100	2004	December 28, 2021	32,000	100
Sugar Land Medical Office	Sugar Land, TX	100	2020	December 30, 2021	37,000	100
Residential Segment:						
The Edge at Lafayette ⁽³⁾	Lafayette, LA	100 %	2007	January 15, 2008	207,000	84 %
Townlake of Coppell ⁽⁴⁾	Coppell, TX	100	1986	May 22, 2015	351,000	95
AQ Rittenhouse	Philadelphia, PA	100	2015	July 30, 2015	92,000	98
Lane Parke Apartments	Mountain Brook, AL	100	2014	May 26, 2016	263,000	90
Dylan Point Loma	San Diego, CA	100	2016	August 9, 2016	204,000	96
The Penfield ⁽²⁾	St. Paul, MN	100	2013	September 22, 2016	245,000	96
180 North Jefferson	Chicago, IL	100	2004	December 1, 2016	217,000	96
Jory Trail at the Grove	Wilsonville, OR	100	2012	July 14, 2017	315,000	95
The Reserve at Johns Creek ⁽²⁾	Johns Creek, GA	100	2007	July 28, 2017	244,000	96
Villas at Legacy ⁽²⁾	Plano, TX	100	1999	June 6, 2018	340,000	95
Stonemeadow Farms	Bothell, WA	100	1999	May 13, 2019	228,000	97
Summit at San Marcos ⁽²⁾	Chandler, AZ	100	2018	July 31, 2019	257,000	97
Presley Uptown ⁽⁵⁾	Charlotte, NC	98	2016	September 30, 2019	190,000	96
Princeton North Andover	North Andover, MA	100	2019	May 3, 2021	204,000	97
The Preserve at the Meadows ⁽²⁾	Fort Collins, CO	100	2001	August 23, 2021	208,000	96
The Rockwell ⁽²⁾	Berlin, MA	100	2020	August 31, 2021	233,000	98

Table of Contents

Property Name	Location	% Owned	Year Built	Date Acquired	Net Rentable Square Feet	Percentage Leased
Miramont	Fort Collins, CO	100	1995	September 29, 2021	212,000	97
Pinecone	Fort Collins, CO	100	1993	September 29, 2021	176,000	99
Reserve at Venice	North Venice, FL	100	2021	December 17, 2021	268,000	94
Woodside Trumbull	Trumbull, CT	100	2021	December 21, 2021	207,000	81
Retail Segment:						
The District at Howell Mill ⁽⁵⁾	Atlanta, GA	88 %	2006	June 15, 2007	306,000	96 %
Grand Lakes Marketplace ⁽⁵⁾	Katy, TX	90	2012	September 17, 2013	131,000	75
Oak Grove Plaza	Sachse, TX	100	2003	January 17, 2014	120,000	94
Rancho Temecula Town Center	Temecula, CA	100	2007	June 16, 2014	165,000	97
Skokie Commons	Skokie, IL	100	2015	May 15, 2015	97,000	98
Whitestone Market	Austin, TX	100	2003	September 30, 2015	145,000	99
Maui Mall	Kahului, HI	100	1971	December 22, 2015	235,000	83
Silverstone Marketplace	Scottsdale, AZ	100	2015	July 27, 2016	78,000	93
Kierland Village Center	Scottsdale, AZ	100	2001	September 30, 2016	118,000	98
Timberland Town Center	Beaverton, OR	100	2015	September 30, 2016	92,000	96
Montecito Marketplace ⁽²⁾	Las Vegas, NV	100	2007	August 8, 2017	190,000	95
Milford Crossing ⁽²⁾	Milford, MA	100	2018	January 29, 2020	159,000	99
Other Segment:						
South Beach Parking Garage ⁽⁶⁾	Miami Beach, FL	100 %	2001	January 28, 2014	130,000	N/A
<i>Unconsolidated Properties:</i>						
Chicago Parking Garage ⁽⁷⁾	Chicago, IL	100 %	2003	December 23, 2014	167,000	N/A
NYC Retail Portfolio ⁽⁸⁾	NY/NJ	14	1996 - 2004	December 8, 2015	1,940,000	91 %
Pioneer Tower ⁽⁹⁾	Portland, OR	100	1990	June 28, 2016	308,000	68
The Tremont ⁽⁵⁾	Burlington, MA	75	2016	July 19, 2018	175,000	97
The Huntington ⁽⁵⁾	Burlington, MA	75	2018	July 19, 2018	115,000	93
Siena Suwanee Town Center ⁽¹⁰⁾	Suwanee, GA	100	2018	December 15, 2020	226,000	92
Single-Family Rental Portfolio ⁽¹¹⁾	Various	47	Various	August 5, 2021	7,207,097	96
Kingston at McLean Crossing ⁽⁵⁾	McLean, VA	80	2018	December 3, 2021	223,000	94

- (1) On December 15, 2021, the property was designated as held-for-sale. The property was subsequently sold on January 6, 2022.
- (2) This property is included in our DST Program.
- (3) On December 23, 2021, the property was designated as held-for-sale. The property was subsequently sold on January 24, 2022.
- (4) On December 5, 2019, we acquired our joint venture partner's 10% interest in the property.
- (5) We own a majority interest in the joint venture that owns a fee simple interest in this property.
- (6) The parking garage contains 343 stalls. This property is owned leasehold.
- (7) We own a condominium interest in the building that contains a 366 stall parking garage.
- (8) We own an approximate 14% interest in a portfolio of 8 urban infill retail properties located in the greater New York City area.
- (9) We own a condominium interest in the building that contains a 17 story multi-tenant office property.
- (10) We own a condominium interest in the project that contains a 240-unit residential property.
- (11) We own an approximate 47% interest in a portfolio of over 4,000 single-family rental homes located in various markets across the United States.

ACQUISITIONS

2021 Acquisitions

On January 21, 2021, we acquired Louisville Distribution Center, a 1,040,000 square foot industrial property located in Shepherdsville, Kentucky for approximately \$95,000. The acquisition was funded with cash on hand.

On February 2, 2021, we acquired 170 Park Avenue, a 147,000 square foot life sciences office property located in Florham Park, New Jersey for approximately \$46,600. The acquisition was funded with cash on hand.

On February 23, 2021, we acquired Southeast Phoenix Distribution Center, a four property industrial distribution center totaling 474,000 square feet located in Chandler, Arizona for approximately \$91,000. The acquisition was funded with cash on hand.

On May 3, 2021, we acquired Princeton North Andover, a newly constructed, 192-unit residential property located in North Andover, Massachusetts for approximately \$72,500. The acquisition was funded with cash on hand.

On June 24, 2021, we acquired Louisville Airport Distribution Center, a nearly 284,000 square-foot, newly constructed Class A industrial property located in the Southside/Airport industrial submarket of Louisville, Kentucky for approximately \$32,100. The acquisition was funded with cash on hand.

On July 2, 2021, we acquired a 95% interest in two industrial properties, 237 Via Vera Cruz and 13500 Danielson Street, totaling 153,000 square feet located in San Marcos and Poway, California, respectively, for approximately \$36,640. The acquisitions were funded with cash on hand.

On July 9, 2021, we acquired a 95% interest in 4211 Starboard Drive, a 130,000 square foot industrial property located in Fremont, California for approximately \$32,000 using cash on hand.

On August 5, 2021, we acquired a 47% interest in a portfolio of approximately 4,000 stabilized single-family rental homes located in various markets across the United States, including Atlanta, Dallas, Phoenix, Nashville and Charlotte, among others (the "Single-Family Rental Portfolio"). The Single-Family Rental Portfolio is encumbered by securitized mortgages in a net amount of approximately \$760,000 maturing in the fourth quarter of 2025 at a weighted average interest rate of 2.1%. The equity purchase price was approximately \$205,000. We funded the transaction using cash on hand and a draw on our revolving line of credit.

On August 23, 2021, we acquired The Preserve at the Meadows, a garden-style residential community in Fort Collins, Colorado. The purchase price was approximately \$61,000. The acquisition was funded with cash on hand.

On August 31, 2021, we acquired The Rockwell, a garden-style residential community in Berlin, Massachusetts. The purchase price was approximately \$84,000. The acquisition was funded with cash on hand.

On September 15, 2021, we acquired 9101 Stony Point Drive, an 87,000 square foot, medical office property in Richmond, Virginia. The purchase price was approximately \$52,000. The acquisition was funded with cash on hand.

On September 28, 2021, we acquired 5 National Way and 47 National Way, a two property life sciences industrial center totaling 375,000 square feet, located in Durham, North Carolina for approximately \$66,750. The acquisitions were funded with cash on hand.

On September 29, 2021, we acquired Miramont Apartments, a 210-unit residential property located in Fort Collins, Colorado for approximately \$57,400. The acquisition was funded with cash on hand and a draw on our line of credit.

On September 29, 2021, we acquired Pinecone Apartments, a 195-unit residential property located in Fort Collins, Colorado for approximately \$51,600. The acquisition was funded with cash on hand and a draw on our line of credit.

On October 7, 2021, we acquired North Tampa Surgery Center, an 13,000 square foot medical office property located in in Odessa, Florida for approximately \$8,500. The acquisition was funded with cash on hand.

On October 20, 2021, we acquired Friendship Distribution Center, a four property industrial distribution center totaling 649,000 square feet located in Buford, Georgia for approximately \$95,000. The acquisition was funded with cash on hand.

On October 28, 2021 we acquired South San Diego Distribution Center, a four property industrial distribution center totaling 665,000 square feet located in San Diego, California for approximately \$158,500. We assumed a \$72,500 mortgage note payable that bears an interest rate of 3.18% and matures on January 31, 2031. The acquisition was funded as an UPREIT transaction in which we issued OP Units and funded with cash on hand.

On November 16, 2021, we acquired two industrial properties, 1755 Britannia Drive and 2451 Bath Road, totaling 407,000 square feet located in Elgin, Illinois for approximately \$47,100. The acquisitions were funded with cash on hand and a draw on our line of credit.

On November 17, 2021, we acquired 687 Conestoga Parkway, a 327,000 square foot industrial property located in Shepherdsville, Kentucky for approximately \$39,500. The acquisition was funded with cash on hand and a draw on our line of credit.

On November 30, 2021, we acquired a 95% interest in two industrial properties, 2840 Loker Avenue and 15890 Bernardo Center Drive, totaling 152,000 square feet located in Carlsbad and San Diego, California, respectively, for approximately \$41,100. The acquisitions were funded with cash on hand and a draw on our line of credit.

On December 3, 2021, we acquired a 80% interest in Kingston at McLean Crossing, a 319-unit residential property in McLean, Virginia. The total purchase price was approximately \$120,000. At closing the venture entered into a mortgage note payable in the amount of \$75,000, with a floating interest rate of SOFR + 1.45% and a maturity date of December 1, 2026. The acquisition was funded with cash on hand.

On December 17, 2021, we acquired The Reserve at Venice, a 276-unit residential property in North Venice, Florida for approximately \$93,000. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 21, 2021, we acquired Woodside Trumbull, a 199-unit residential property in Trumbull, Connecticut for approximately \$98,000. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 23, 2021, we acquired Durham Medical Office, a medical office property totaling 60,000 square feet, in Durham, North Carolina for approximately \$37,125. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 23, 2021, we acquired 1203 SW 7 Highway, a 10,000 square foot, medical office property in Blue Springs, Missouri for approximately \$3,400. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 23, 2021, we acquired 8600 NE 82nd Street, a 11,000 square foot, medical office property in Kansas City, Missouri for approximately \$5,500. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 28, 2021, we acquired South Reno Medical Center, a 32,000 square foot, medical office property in Reno, Nevada for approximately \$14,025. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 28, 2021, we acquired Roeland Park Medical Office, a 30,000 square foot, medical office property in Roeland Park, Kansas for approximately \$13,300. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 30, 2021, we acquired Sugar Land Medical Office, a 37,000 square foot, medical office property in Sugar Land, Texas for approximately \$18,350. The acquisition was funded with cash on hand and a draw on our line of credit.

2020 Acquisitions

On January 29, 2020, we acquired Milford Crossing, a 159,000 square foot, grocery-anchored retail center located in Milford, Massachusetts, for approximately \$42,100. The acquisition was funded with cash on hand.

On February 6, 2020, we acquired Fountainhead Corporate Park, a 295,000 square foot, two-building Class A office portfolio comprised of two six-story buildings located in the Phoenix, Arizona submarket of Tempe for approximately \$61,500. The acquisition was funded with cash on hand.

On October 23, 2020, we acquired Fort Worth Distribution Center, a 351,000 square foot industrial distribution center located in Fort Worth, Texas, for approximately \$24,050. The acquisition was funded with cash on hand.

On December 11, 2020 we acquired Whitestown Distribution Center, a two-building, 720,000 square foot distribution center located in Whitestown, Indiana for approximately \$62,300. The acquisition was funded with cash on hand.

On December 15, 2020, we acquired Siena Suwanee Town Center, a 240-unit residential property in Suwanee, Georgia for approximately \$70,200. We assumed a \$40,183 mortgage note payable that bears an interest rate of 3.28% and matures on November 10, 2039. The acquisition was funded as an UPREIT transaction in which we issued shares of common stock and OP Units in lieu of cash. In accordance with authoritative guidance, Siena Suwanee Town Center is accounted for as an investment in an unconsolidated real estate affiliate.

2019 Acquisitions

On March 29, 2019, we acquired Fremont Distribution Center, a 237,000 square foot, two building industrial property located in Fremont, California, for approximately \$47,000. The acquisition was funded with cash on hand.

On May 13, 2019, we acquired Stonemeadow Farms, a 280-unit residential property located in Bothell, Washington, for approximately \$81,800. The acquisition was funded with cash on hand.

On May 31, 2019, we acquired 3324 West Trinity Boulevard, a 145,000 square foot industrial distribution center located in Grand Prairie, Texas, for approximately \$16,150. The acquisition was funded with cash on hand.

On July 2, 2019, we acquired Genesee Plaza, a 161,000 square foot two building medical office campus located in San Diego, California, for approximately \$89,500. The acquisition was funded by the assumption of a six-year mortgage loan that bears interest at a fixed rate of 4.30% in the amount of \$41,546 and with cash on hand.

On July 31, 2019, we acquired Summit at San Marcos, a 273-unit residential property located in Chandler, Arizona, for approximately \$71,750. The acquisition was funded with a draw on the credit facility and cash on hand.

On August 23, 2019, we acquired Taunton Distribution Center, a 200,000 square foot industrial distribution center located in Taunton, Massachusetts, for approximately \$25,700. The acquisition was funded with cash on hand.

On September 30, 2019, we acquired a 97.5% interest in Presley Uptown, a 230-unit residential property in the Uptown submarket of Charlotte, North Carolina. The joint venture acquired the property for approximately \$55,250. The acquisition was funded with a draw on the credit facility and cash on hand.

On December 5, 2019, we acquired Chandler Distribution Center, a 211,000 square foot industrial distribution center located in Chandler, Arizona for \$31,000. The acquisition was funded with cash on hand.

On December 5, 2019, we acquired our joint venture partner's 10% interest in Townlake of Coppell for approximately \$6,000 plus the assumption of the joint venture partners pro rata share of the mortgage loan in the amount of \$2,880. The acquisition was funded with cash on hand.

DISPOSITIONS

2021 Dispositions

On January 8, 2021, we sold South Seattle Distribution Center, a 323,000 square foot industrial property located in Seattle, Washington for approximately \$72,600 less closing costs and the loan of \$17,841 was retired. We recorded a gain on the sale of the property in the amount of \$33,580.

2020 Dispositions

On March 4, 2020, a 74,000 square foot retail property in the NYC Retail Portfolio was sold and its mortgage loan extinguished. Sale proceeds were maintained at the venture for operating needs.

On March 27, 2020, we sold 24823 Anza Drive, a 31,000 square foot industrial property located in Santa Clarita, California for approximately \$5,600 less closing costs. We recorded a gain on the sale of the property in the amount of \$1,724.

2019 Dispositions

On January 7, 2019, two retail properties in the NYC Retail Portfolio with a combined 148,000 square feet were sold and the mortgage loans were extinguished.

On February 7, 2019, we sold 111 Sutter Street for approximately \$227,000 less closing costs. In connection with the disposition, the mortgage loan associated with the property of approximately \$52,300 was retired. We recorded a gain on the sale of property in the amount of \$107,108.

On June 28, 2019, a 218,000 square foot property within the NYC Retail Portfolio was relinquished to the lender and its mortgage loan was extinguished.

FINANCING

The following is a summary of the mortgage notes for our consolidated properties as of December 31, 2021:

Property	Interest Rate	Maturity Date	Principal Balance
Aurora Distribution Center	3.39 %	June 1, 2023	\$ 13,441
180 N Jefferson	3.89	July 1, 2023	45,000
Grand Lakes Marketplace	4.20	October 1, 2023	23,900
Oak Grove Plaza	4.17	February 1, 2024	8,915
Charlotte Distribution Center	3.66	September 1, 2024	9,341
Genesee Plaza	4.30	January 1, 2025	39,285
Jory Trail at the Grove	3.81	February 1, 2025	42,793
Skokie Commons	3.31	June 1, 2025	23,627
DFW Distribution Center	3.23	June 1, 2025	17,720
AQ Rittenhouse	3.65	September 1, 2025	26,370
Timberland Town Center	4.07	October 1, 2025	20,253
Whitestone Market	3.58	December 1, 2025	25,750
Miramont Apartments	3.87	March 1, 2026	27,629
Pinecone Apartments	3.87	March 1, 2026	25,355
Louisville Distribution Center	1.76	May 1, 2026	52,250
Maui Mall	3.64	June 1, 2026	36,322
Rancho Temecula Town Center	4.02	July 1, 2026	28,000
Dylan Point Loma	3.83	September 1, 2026	40,319
237 Via Vera Cruz	1.50	September 1, 2026	11,880
4211 Starboard Drive	1.50	September 1, 2026	20,612
13500 Danielson Street	1.50	September 1, 2026	10,990
2840 Loker Ave	1.50	September 1, 2026	14,316
15890 Bernardo Center Drive	1.50	September 1, 2026	8,702
Lane Parke Apartments	3.18	November 1, 2026	37,000
The District at Howell Mill	5.30	March 1, 2027	28,858
San Juan Medical Center	3.35	October 1, 2027	16,730
Whitestown Distribution Center	2.95	February 10, 2028	34,000
Townlake of Coppell	2.41	April 10, 2028	36,030
Southeast Phoenix Distribution Center	2.70	June 1, 2028	49,000
Princeton North Andover	1.65	June 1, 2028	39,900
Stonemeadow Farms	3.62	August 1, 2029	44,722
Presley Uptown	3.25	November 1, 2029	30,000
Reserve at Johns Creek	3.58	December 1, 2029	26,000
Summit at San Marcos	3.28	May 1, 2030	35,900
Mason Mill Distribution Center	3.25	October 1, 2030	17,500
The Penfield	2.50	October 1, 2030	35,500
South San Diego Distribution Center	3.18	January 1, 2031	72,500
Villas at Legacy	2.53	January 1, 2031	29,500
The Preserve at the Meadows	2.57	October 1, 2031	32,400
The Rockwell	2.62	October 1, 2031	46,310

On May 24, 2021, we entered into a credit agreement providing for a \$650,000 revolving line of credit and unsecured term loan (collectively, the "Credit Facility") with a syndicate of eight lenders led by JPMorgan Chase Bank, N.A., Bank of America, N.A., PNC Bank, National Association, and Wells Fargo Bank, N.A.. The Credit Facility provides us with the ability, from time to time, to increase the size of the Credit Facility up to a total of \$800,000, subject to receipt of lender commitments and other conditions. The \$650,000 Credit Facility consists of a \$415,000 revolving line of credit (the "Revolving Credit Facility") and a \$235,000 term loan (the "Term Loan"). The Revolving Credit Facility contains a sublimit of \$25,000 for letters of credit. The primary interest rate for the Revolving Credit Facility is based on LIBOR, plus a margin ranging from 1.4% to 2.10%, depending on our total leverage ratio. The primary interest rate for the Term Loan is based on LIBOR, plus a margin ranging from 1.35% to 2.05%, depending on our total leverage ratio. The maturity date of the Revolving Credit Facility and the Term Loan is May 24, 2025. Based on our current total leverage ratio, we can elect to borrow at LIBOR plus 1.45% and LIBOR plus 1.40% for the Revolving Credit Facility and Term Loan, respectively, or alternatively, we can choose to borrow at a "base rate" equal to (i) the highest of (a) the Federal Funds Rate plus 0.5%, (b) the prime rate announced by JPMorgan Chase Bank, N.A., and (c) LIBOR plus 1.0%, plus (ii) a margin ranging from 0.40% to 1.10% for base rate loans under the Revolving Credit Facility or a margin ranging from 0.35% to 1.05% for base rate loans under the Term Loan. If the "base rate" is less than 1.0%, it will be deemed to be 1.0% for purposes of the Credit Facility. We intend to use the Revolving Credit Facility to cover short-term capital needs, for new property acquisitions and working capital. We may not draw funds on our Credit Facility if we (i) experience a material adverse effect, which is defined to include, among other things, (a) a material adverse effect on the business, assets, operations or financial condition of the Company taken as a whole; (b) the inability of any loan party to perform any of its obligations under any loan document; or (c) a material adverse effect upon the validity or enforceability of any loan document or (ii) are in default, as that term is defined in the agreement, including a default under certain other loan agreements and/or guarantees entered into by us or our subsidiaries. As of December 31, 2021, we believe no material adverse effects had occurred.

On December 10, 2021, we entered into an additional \$100,000 short-term bridge loan (the "Bridge Loan") with JPMorgan Chase Bank, N.A. under the same terms as our Credit Facility. The Bridge Loan bears interest at the secured overnight financing rate ("SOFR") plus 1.45% to 2.15% depending on our total leverage ratio. The maturity date of the Bridge Loan is June 10, 2022 and has two, three month extension options. Based on our current total leverage ratio this borrowing is priced at SOFR plus 1.70%.

Borrowings under the Credit Facility are guaranteed by us and certain of our subsidiaries. The Credit Facility requires the maintenance of certain financial covenants, including: (i) unencumbered property pool leverage ratio; (ii) debt service coverage ratio; (iii) maximum total leverage ratio; (iv) fixed charges coverage ratio; (v) minimum NAV; (vi) maximum secured debt ratio; (vii) maximum secured recourse debt ratio; (viii) maximum permitted investments; and (ix) unencumbered property pool criteria. The Credit Facility provides the flexibility to move assets in and out of the unencumbered property pool during the term of the Credit Facility.

At December 31, 2021, we had \$300,000 outstanding under the Revolving Credit Facility at LIBOR + 1.65%, \$235,000 outstanding under the Term Loan at LIBOR + 1.60% and \$100,000 outstanding under the Bridge Loan at SOFR + 1.70%. We swapped the LIBOR portion on \$190,000 of our Term Loan to a blended fixed rate of 1.80% (all in rate of 3.40% at December 31, 2021). We swapped \$90,000 of the Revolving Credit Facility to a fixed rate of 2.08% (all in rate of 3.68% at December 31, 2021). The interest swap agreements have maturity dates ranging from May 26, 2022 through February 17, 2023. At December 31, 2020, we had nothing outstanding under our previous credit facility and \$100,000 outstanding under the Term Loans.

At December 31, 2021, we were in compliance with all debt covenants.

INSURANCE

Although we believe our investments are currently adequately covered by insurance consistent with the terms and levels of coverage that are standard in our industry, we cannot predict at this time if we will be able to obtain adequate coverage at a reasonable cost in the future.

OPERATING STATISTICS

We generally hold investments in properties with high occupancy rates leased to quality tenants under long-term, non-cancelable leases. We believe these leases are beneficial to achieving our investment objectives. The following table shows our operating statistics by property type for our consolidated properties as of December 31, 2021:

	Number of Properties	Total Area (Sq Ft)	% of Total Area	Stabilized Occupancy % ⁽¹⁾	Estimated Percent of Fair Value	Average Minimum Base Rent per Occupied Sq Ft ⁽²⁾
Industrial	56	12,093,000	61 %	100 %	40 %	\$ 6.28
Office	16	1,256,000	6	98	12	31.72
Residential	20	4,663,000	23	95	34	23.15
Retail	12	1,834,000	9	93	14	21.10
Other	1	130,000	1	N/A	—	N/A
Total	105	19,976,000	100 %	98 %	100 %	\$ 13.14

- (1) We calculate stabilized portfolio occupancy as the occupancy of all the properties we own, excluding newly constructed properties that have not yet leased up to 90% since our acquisition of the property.
- (2) Amount calculated as in-place minimum base rent for all occupied space at December 31, 2021 and excludes any straight line rents, tenant recoveries and percentage rent revenues.

The following table shows our operating statistics by property type for our unconsolidated properties as of December 31, 2021:

	Number of Properties/ Portfolios ⁽¹⁾	Total Area (Sq Ft)	% of Total Area	Stabilized Occupancy % ⁽²⁾	Estimated Percent of Fair Value	Average Minimum Base Rent per Occupied Sq Ft ⁽³⁾
Office	1	308,000	3 %	68 %	10 %	\$ 30.63
Residential	5	8,002,000	76	96	78	12.70
Retail	8	1,940,000	18	91	11	35.10
Other	1	167,000	2	N/A	1	N/A
Total	15	10,417,000	99 %	94 %	100 %	\$ 17.19

- (1) Residential includes over 4,000 single-family rental homes in the Single-Family Rental Portfolio.
- (2) We calculate stabilized portfolio occupancy as the occupancy of all the properties we own, excluding newly constructed properties that have not yet leased up to 90% since our acquisition of the property.
- (3) Amount calculated as in-place minimum base rent for all occupied space at December 31, 2021 and excludes any straight line rents, tenant recoveries and percentage rent revenues.

As of December 31, 2021, our average effective annual rent per square foot, calculated as average minimum base rent per occupied square foot less tenant concessions and allowances, was \$11.39 for our consolidated properties. As of December 31, 2021, the scheduled lease expirations at our consolidated properties are as follows:

Year	Number of Leases Expiring	Annualized Minimum Base Rent (1)	Square Footage	Percentage of Annualized Minimum Base Rent
2022 ⁽²⁾	44	\$ 6,071	368,000	4 %
2023	56	12,523	1,406,000	8
2024	59	15,742	1,419,000	10
2025	69	16,695	1,336,000	11
2026	63	19,766	3,112,000	13
2027 and thereafter	168	79,623	7,390,000	53
Total	459	\$ 150,420	15,031,000	

- (1) Amount calculated as annualized in-place minimum base rent excluding any above- and below-market lease amortization, straight line rents, tenant recoveries and percentage rent revenues as of December 31, 2021 presented in the year of lease expiration.
- (2) Does not include 4,894 leases totaling approximately 4,397,000 square feet and approximately \$101,779 in annualized minimum base rent associated with the 20 residential properties we owned as of December 31, 2021.

As of December 31, 2021, the scheduled lease expirations at our unconsolidated properties are as follows:

Year	Number of Leases Expiring	Annualized Minimum Base Rent (1)	Square Footage	Percentage of Annualized Minimum Base Rent
2022 ⁽²⁾	10	\$ 4,038	134,000	6 %
2023	12	6,190	166,000	9
2024	15	11,423	362,000	17
2025	12	10,188	230,000	15
2026	12	11,900	293,000	17
2027 and thereafter	40	24,637	744,000	36
Total	101	\$ 68,376	1,929,000	

- (1) Amount calculated as annualized in-place minimum base rent excluding any above- and below-market lease amortization, straight line rents, tenant recoveries and percentage rent revenues as of December 31, 2021 presented in the year of lease expiration.
- (2) Does not include 4,684 leases for apartments and single-family homes totaling approximately 7,652,054 square feet and approximately \$97,151 in annualized minimum base rent associated with the five unconsolidated residential investments.

The following table shows the aggregate stabilized portfolio occupancy rates for our consolidated and unconsolidated properties as of December 31, 2021 and each of the previous five years:

As of December 31,	Stabilized Occupancy Rate for Consolidated Properties ⁽¹⁾	Stabilized Occupancy Rate for Unconsolidated Properties ⁽¹⁾
2021	98 %	94 %
2020	96	87
2019	97	91
2018	94	93
2017	94	95
2016	95	97

- (1) We calculate stabilized portfolio occupancy as the occupancy of all the properties we own, excluding newly constructed properties that have not yet leased up to 90% since our acquisition of the property.

The following tables show the stabilized occupancy rates for our consolidated properties by property type as well as the average minimum base rent per occupied square foot as of December 31, 2021 and 2020:

	Stabilized Occupancy Rate		
	December 31, 2021	December 31, 2020	Change
Industrial	100 %	99 %	1 %
Office	98	93	5
Residential	95	94	1
Retail	93	93	—
Total	98 %	96 %	2 %

- (1) We calculate stabilized portfolio occupancy as the occupancy of all the properties we own, excluding newly constructed properties that have not yet leased up to 90% since our acquisition of the property.

	Average Minimum Base Rent per Occupied Square Foot (1)		
	December 31, 2021	December 31, 2020	Change
Industrial	\$ 6.28	\$ 5.51	\$ 0.77
Office	31.72	33.99	(2.27)
Residential	23.15	21.68	1.47
Retail	21.10	21.05	0.05
Total	\$ 13.14	\$ 13.03	\$ 0.11

- (1) Amount calculated as in-place minimum base rent for all occupied space and excludes any straight line rents, tenant recoveries and percentage rent revenues.

Our industrial properties' stabilized occupancy rate increased slightly from December 31, 2020 to December 31, 2021. The average minimum base rent per occupied square foot for our industrial properties at December 31, 2021 increased slightly when compared to December 31, 2020, due to higher in place rents of our recent acquisitions, as well as base rent increases in our existing properties.

Our office properties' stabilized occupancy rate increased from December 31, 2020 to December 31, 2021 primarily due to recent acquisitions of fully-leased properties as well as new leases executed at Fountainhead Corporate Park. Average minimum base rent decreased from December 31, 2020 to December 31, 2021 primarily as a result of recent acquisitions, which have lower minimum base rents than our average office property.

Our residential properties' stabilized occupancy rate increased slightly from December 31, 2020 to December 31, 2021. The average minimum base rents per occupied square foot for our residential properties at December 31, 2021 increased when compared to December 31, 2020, primarily due to recent acquisitions, which have higher market rents.

Our retail properties' stabilized occupancy rate remained the same from December 31, 2020 to December 31, 2021. The average minimum base rents per occupied square foot for our retail properties at December 31, 2021 increased slightly when compared to December 31, 2020, primarily due to base rent increases.

The stabilized occupancy rate of our properties increased across our overall portfolio from December 31, 2020 to December 31, 2021, primarily due to recent acquisitions. The average minimum base rent per occupied square foot increased slightly from December 31, 2020 to December 31, 2021, primarily due to higher in place rents of our recent acquisitions.

PRINCIPAL TENANTS

The following table sets forth the top ten tenants of our consolidated properties based on their percentage of annualized minimum base rent as of December 31, 2021:

Tenants	Property	Line of Business	Date of Lease Expiration	Lease Renewal Options	Annual Minimum Base Rent (1)	% of Total Area	% of Annualized Minimum Base Rent (2)
Amazon	Monument IV at Worldgate, Pinole Point Distribution Center, Maui Mall & Grand Lakes Marketplace	Internet Web Services / Online Retailer / Grocery Store	Various	Various	12,952	3 %	5 %
McKesson Corporation	Louisville Distribution Center	Pharmaceutical Distributor	December 31, 2030	Two 5-year options	4,265	5 %	2 %
Williams Sonoma	Pinole Point Distribution Center, Taunton Distribution Center	Home Products Retailer	Various	Various	3,009	1 %	1 %
Musician's Friend(3)	Norfleet Distribution Center	Online Retailer	December 31, 2026	Three 5-year options	2,886	4 %	1 %
Cellularity Inc	170 Park Ave	Biotechnology Company	1/31/2036	Two 5-year options	2,760	1 %	1 %
Summit Medical Group	140 Park Ave.	Medical Practice	April 30, 2030	Three 5-year options	2,750	1 %	1 %
Quanta Computer	Fremont Distribution Center	Computer Manufacturer	August 31, 2025	Two 5-year options	2,640	1 %	1 %
Mitsubishi Electric	Suwanee Distribution Center	HVAC Manufacturer	July 31, 2023	None	2,622	3 %	1 %
Kroger	Montecito Marketplace, Oak Grove Plaza, & Skokie Commons	Grocery Store	Various	Two 5-year options	2,490	1 %	1 %
Virginia Urology	9101 Stony Point	Medical Practice	March 31, 2035	Three 5-year options	2,384	1 %	1 %
Total					\$ 38,758	21 %	15 %

- (1) Annual minimum base rent is calculated as annualized monthly in-place minimum base rent excluding any above- and below-market lease amortization, straight-line rents, tenant recoveries and percentage rent revenues.
- (2) Percent of annualized minimum base rent is calculated as annualized in-place minimum base rent excluding any above- and below-market lease amortization, straight-line rents, tenant recoveries and percentage rent revenues divided by total annualized minimum base rent.
- (3) Norfleet Distribution Center was classified as held for sale on December 15, 2021 and subsequently sold on January 6, 2022.

PRINCIPAL PROPERTIES

The following table sets forth our top ten consolidated properties based on percentage of annualized minimum base rent as of December 31, 2021:

Properties	% of Total Area	% of Annualized Minimum Base Rent (1)
Monument IV at Worldgate	1 %	4 %
Fountainhead Corporate Park	2	3
180 North Jefferson	1	3
South San Diego Distribution Center	3	3
Genesee Plaza	1	3
Lane Parke Apartments	1	3
Townlake of Coppell	2	3
Dylan at Point Loma	1	3
Woodside Trumbull	1	2
Reserve at Venice	1	2
Total	14 %	29 %

- (1) Minimum base rent is calculated as in-place minimum base rent excluding any above- and below-market lease amortization, straight-line rents, tenant recoveries and percentage rent revenues.

Item 3. Legal Proceedings.

We are involved in various claims and litigation matters arising in the ordinary course of business, some of which involve claims for damages. Many of these matters are covered by insurance, although they may nevertheless be subject to deductibles or retentions. Although the ultimate liability for these matters cannot be determined, based upon information currently available, we believe the ultimate resolution of such claims and litigation will not have a material adverse effect on our financial position, results of operations or liquidity.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is not currently traded on any exchange, and there is no established public trading market for our common stock. As of March 11, 2022, there were 17,766 stockholders of record of our common stock, including 10,652 holders of Class A, 4,278 holders Class M, 55 holders Class A-I, 2,780 holders of Class M-I and 1 holder of Class D shares.

NAV per Share

At the end of each day the New York Stock Exchange is open for unrestricted trading, before taking into consideration additional issuances of shares of common stock, repurchases or class-specific expense accruals for that day, any change in our aggregate NAV (whether an increase or decrease) is allocated among each class of shares based on each class's relative percentage of the previous aggregate NAV. Changes in our daily NAV reflect factors including, but not limited to, our portfolio income, interest expense and unrealized/realized gains (losses) on assets, and accruals for the advisory fees. The portfolio income is calculated and accrued on the basis of data extracted from (1) the annual budget for each property and at the company level, including organization and offering expenses incurred after commencement of a public offering and certain operating expenses, (2) material, unbudgeted non-recurring income and expense events such as capital expenditures, prepayment penalties, assumption fees, tenant buyouts, lease termination fees and tenant turnover with respect to our properties when our Advisor becomes aware of such events and the relevant information is available and (3) material property acquisitions and dispositions occurring during the month. For the first month following a property acquisition, we calculate and accrue portfolio income with respect to such property based on the performance of the property before the acquisition and the contractual arrangements in place at the time of the acquisition, as identified and reviewed through our due diligence and underwriting process in connection with the acquisition. On an ongoing basis, our Advisor adjusts the accruals to reflect actual operating results and to appropriately reflect the outstanding receivable, payable and other account balances resulting from the accumulation of daily accruals for which financial information is available. The daily accrual of portfolio income also includes reimbursements to our Advisor and dealer manager for organization and offering expenses incurred prior to the date the offering commences and paid on our behalf, which we are reimbursing over the 36 months following the date the offering commences. For the purpose of calculating our NAV, all organization and offering costs incurred after the date the offering commences are recognized as expenses when incurred, and acquisition expenses with respect to each acquired property will be amortized on a daily basis over a five year period following the acquisition date.

Following the allocation of income and expenses as described above, NAV for each class is adjusted for additional issuances of common stock, repurchases and class specific expense accruals, such as the dealer manager fee (which will be included in the calculation on a daily basis and not when accrued on our financial statements), to determine the current day's NAV. Our share classes may have different expense accruals associated with the advisory fee we pay to our Advisor because the performance component of the advisory fee is calculated separately with respect to each class. At the close of business on the date that is one business day after each record date for any declared distribution, our NAV for each class will be reduced to reflect the accrual of our liability to pay the distribution to our stockholders of record of each class as of the record date. NAV per share for each class is calculated by dividing such class's NAV at the end of each trading day by the number of shares outstanding for that class on such day.

At the beginning of each calendar year, our Advisor develops a valuation plan with the objective of having each of our wholly owned properties valued each quarter by an appraisal. Newly acquired wholly owned properties are initially valued at cost and thereafter become subject to the quarterly appraisal cycle during the quarter following the first full calendar quarter in which we own the property.

The fair value of our wholly owned properties is done using the fair value methodologies detailed within the FASB Accounting Standards Codification under Topic 820, Fair Value Measurements and Disclosures. Our valuation procedures and our NAV are not subject to GAAP or independent audit. Real estate appraisals are reported on a free and clear basis, excluding any property-level indebtedness that may be in place. We expect the primary methodology used to value properties will be the income approach, whereby value is derived by determining the present value of an asset's stream of future cash flows (for example, discounted cash flow analysis). Consistent with industry practices, the income approach incorporates subjective judgments regarding comparable rental and operating expense data, the capitalization or discount rate and projections of future rent and expenses based on appropriate evidence. Other methodologies that may also be used to value properties include sales comparisons and replacement cost approaches.

A fundamental element of the valuation process, the valuation of our properties and the DST Properties, is managed by our independent valuation advisor, SitusAMC Real Estate Valuation Services, LLC (formally known as RERC, LLC), a valuation firm selected by our advisor and approved by our board of directors, including a majority of our independent directors. SitusAMC Real Estate Valuation Services, LLC, founded in 1931, is one of the longest-serving commercial real estate research, valuation and consulting firms in the nation with offices throughout the United States. SitusAMC Real Estate Valuation Services, LLC is engaged in the business of rendering opinions regarding the value of commercial real estate properties and is not affiliated with us or our advisor. The compensation we pay to our independent valuation advisor is based on the number of properties appraised and is not based on the estimated values of such properties. While our independent valuation advisor is responsible for providing our property valuations, our independent valuation advisor is not responsible for, and does not calculate, our daily NAV. Effective January 1, 2018, our NAV and our NAV per share are calculated by ALPS, in accordance with the valuation guidelines established by our board of directors. Our advisor is responsible for reviewing and confirming our NAV, and overseeing the process around the calculation of our NAV, in each case, as performed by ALPS.

Our independent valuation advisor has provided, and is expected to continue to provide, real estate appraisal, appraisal management and real estate valuation advisory services to other clients of our advisor and its affiliates and has received, and is expected to continue to receive, fees in connection with such services. Our independent valuation advisor and its affiliates may from time to time in the future perform other commercial real estate and financial advisory services for other clients of our advisor and its affiliates, so long as such other services do not adversely affect the independence of the independent valuation advisor as certified in the applicable appraisal report.

Properties held through joint ventures are valued in a manner that is consistent with the guidelines described above for wholly-owned properties. Once the value of a property held by the joint venture is determined by an independent appraisal, the value of our interest in the joint venture would then be determined by applying the distribution provisions of the applicable joint venture agreements to the value of the underlying property held by the joint venture.

The DST Properties included in a DST offering will be valued at cost until the quarterly appraisal cycle during the quarter following the first full calendar quarter in which the DST Property is owned, and thereafter will be valued before the commencement of the DST offering for purposes of determining the price for beneficial interests in the DST Properties in such DST offering regardless of the valuation schedule otherwise applicable pursuant to the valuation guidelines, and no subsequent valuation of such DST Properties will be performed until the earlier of (i) ninety days from the date of the last closing on the DST offering and (ii) one year from the commencement of the DST offering. Such values will be included in our or our operating partnership's NAV calculation only to the extent of our or our operating partnership's interest in such DST Properties. In addition, the cash received or a loan made in exchange for the sale of interests in a DST Property will be valued as our assets.

Real estate-related assets that we own or may acquire include debt and equity interests backed principally by real estate, such as the common and preferred stock of publicly traded real estate companies, commercial mortgage-backed securities, mortgage loans and participations in mortgage loans (i.e. A-Notes and B-Notes) and mezzanine loans. In general, real estate-related assets are valued according to the procedures specified below upon acquisition or issuance and then quarterly, or in the case of liquid securities, daily, as applicable, thereafter.

Publicly traded debt and real estate-related equity securities (such as bonds and shares issued by listed REITs) that are not restricted as to salability or transferability are valued by our Advisor on the basis of publicly available information provided by third parties. Generally, the third parties will rely on the price of the last trade of such securities that was executed at or prior to closing on the valuation day or, in the absence of such trade, the last "bid" price. Our Advisor may adjust the value of publicly traded debt and real estate-related equity securities that are restricted as to salability or transferability for a liquidity discount. In determining the amount of such discount, consideration will be given to the nature and length of such restriction and the relative volatility of the market price of the security.

Investments in privately placed debt instruments and securities of real estate-related operating businesses (other than joint ventures), such as real estate development or management companies, are valued by our Advisor at cost (purchase price plus all related acquisition costs and expenses, such as legal fees and closing costs) and thereafter will be revalued each quarter at fair value. In evaluating the fair value of our interests in certain commingled investment vehicles (such as private real estate funds), values periodically assigned to such interests by the respective issuers, broker-dealers or managers may be relied upon. Our board of directors may retain additional independent valuation firms to assist with the valuation of our private real estate-related assets.

Individual investments in private mortgages, mortgage participations and mezzanine loans are valued by our Advisor at our acquisition cost and may be revalued by our Advisor from time to time. Revaluations of mortgages reflect the changes in value of the underlying real estate, with anticipated sale proceeds (estimated cash flows) discounted to their present value using a discount rate based on current market rates.

Liquid non-real estate-related assets include credit rated government and corporate debt securities, publicly traded equity securities and cash and cash equivalents. Liquid non-real estate-related assets are valued daily by our Advisor.

Our liabilities include the fees payable to our Advisor and dealer manager, accounts payable, accrued operating expenses, property-level mortgages, any portfolio-level credit facilities and other liabilities. All liabilities are valued at cost. Costs and expenses that relate to a particular loan will be amortized over the life of the loan. We allocate the financing costs and expenses incurred in connection with obtaining multiple loans that are not directly related to any single loan among the applicable loans, generally pro rata based on the amount of proceeds from each loan. Liabilities allocable to a specific class of shares are only included in the NAV calculation for that class. For non-recourse, property-level mortgages that exceed the value of the underlying property, we assume a value of zero for purposes of the property and the mortgage in the determination of our NAV.

NAV as of December 31, 2021

The following table presents our historical NAV per share as of each date indicated below:

Quarter Ended	NAV per Share				
	Class A	Class M	Class A-I	Class M-I	Class D
December 31, 2021	\$ 13.56	\$ 13.58	\$ 13.59	\$ 13.58	\$ 13.57
September 30, 2021	12.71	12.73	12.75	12.74	12.72
June 30, 2021	12.07	12.09	12.10	12.10	12.08
March 31, 2021	11.81	11.83	11.84	11.84	11.82
December 31, 2020	11.60	11.62	11.63	11.62	11.61
September 30, 2020	11.56	11.58	11.59	11.58	11.57
June 30, 2020	11.60	11.63	11.64	11.63	11.61
March 31, 2020	11.94	11.96	11.97	11.97	11.95

The increase in NAV from December 31, 2020 to December 31, 2021 is primarily related to an overall 15.9% increase in the values of our properties during 2021.

The following table provides a breakdown of the major components of our NAV per share as of December 31, 2021:

Component of NAV	December 31, 2021					
	Class A	Class M	Class A-I	Class M-I	Class D	Total
Real estate investments ⁽¹⁾	\$ 2,307,210	\$ 842,232	\$ 216,341	\$ 1,217,062	\$ 173,358	\$ 4,756,203
Debt	(988,699)	(360,918)	(92,708)	(521,543)	(74,289)	(2,038,157)
Other assets and liabilities, net	37,998	13,871	3,563	20,044	2,856	78,332
Estimated enterprise value premium	None assumed	None assumed	None assumed	None assumed	None assumed	None assumed
NAV	\$ 1,356,509	\$ 495,185	\$ 127,196	\$ 715,563	\$ 101,925	\$ 2,796,378
Number of outstanding shares	100,038,362	36,458,191	9,356,309	52,676,693	7,513,281	
NAV per share	\$ 13.56	\$ 13.58	\$ 13.59	\$ 13.58	\$ 13.57	

(1) The value of our real estate investments was greater than the historical cost by approximately 3.6% as of December 31, 2021.

The following table provides a breakdown of the major components of our NAV per share as of December 31, 2020:

Component of NAV	December 31, 2020					
	Class A	Class M	Class A-I	Class M-I	Class D	Total
Real estate investments ⁽¹⁾	\$ 1,464,376	\$ 582,651	\$ 157,468	\$ 544,201	\$ 81,029	\$ 2,829,725
Debt	(472,476)	(187,990)	(50,807)	(175,584)	(26,144)	(913,001)
Other assets and liabilities, net	48,023	19,107	5,165	17,846	2,658	92,799
Estimated enterprise value premium	None assumed	None assumed	None assumed	None assumed	None assumed	None assumed
NAV	\$ 1,039,923	\$ 413,768	\$ 111,826	\$ 386,463	\$ 57,543	\$ 2,009,523
Number of outstanding shares	89,671,096	35,612,156	9,616,299	33,247,001	4,957,915	
NAV per share	\$ 11.60	\$ 11.62	\$ 11.63	\$ 11.62	\$ 11.61	

(1) The value of our real estate investments was greater than the historical cost by approximately 2.6% as of December 31, 2020.

The following are key assumptions (shown on a weighted-average basis) that are used in the discounted cash flow models to estimate the value of our real estate investments as of December 31, 2021:

	Industrial	Office	Residential	Retail	Other ⁽¹⁾	Total Company
Exit capitalization rate	4.61 %	5.54 %	4.51 %	5.49 %	6.25 %	4.85 %
Discount rate/internal rate of return (IRR)	5.62	6.32	5.94	6.42	7.80	5.99
Annual market rent growth rate	3.30	2.77	3.31	2.74	3.07	3.14
Holding period (years)	10.00	10.00	10.00	10.00	21.83	10.09

(1) Other includes two standalone parking garages. South Beach Parking Garage is subject to a ground lease and the appraisal incorporates discounted cash flows over the remaining term and therefore does not utilize an exit capitalization rate.

The following are key assumptions (shown on a weighted-average basis) that are used in the discounted cash flow models to estimate the value of our real estate investments as of December 31, 2020:

	Industrial	Office	Residential	Retail	Other ⁽¹⁾	Total Company
Exit capitalization rate	5.44 %	5.72 %	5.09 %	5.56 %	6.25 %	5.43 %
Discount rate/internal rate of return (IRR)	6.00	6.50	6.35	6.38	7.78	6.30
Annual market rent growth rate	2.96	2.80	3.03	2.50	3.13	2.83
Holding period (years)	10.00	10.00	10.00	10.00	21.81	10.15

(1) Other includes two standalone parking garages. South Beach Parking Garage is subject to a ground lease and the appraisal incorporates discounted cash flows over the remaining term and therefore does not utilize an exit capitalization rate.

While we believe our assumptions are reasonable, a change in these assumptions would impact the calculation of the value of our real estate investments. For example, assuming all other factors remain unchanged, the changes listed below would result in the following effects on our real estate investment value:

Input		December 31, 2021	December 31, 2020
Discount Rate - weighted average	0.25% increase	(1.7)%	(2.0)%
Exit Capitalization Rate - weighted average	0.25% increase	(2.8)	(2.9)
Annual market rent growth rate - weighted average	0.25% decrease	(1.2)	(1.5)

The following table reconciles stockholders' equity per our Consolidated Balance Sheet to our NAV:

	December 31, 2021
Stockholders' equity under GAAP	\$ 1,747,335
Adjustments:	
Accrued dealer manager fees ⁽¹⁾	132,865
Organization and offering costs ⁽²⁾	761
Unrealized real estate appreciation ⁽³⁾	545,034
Accumulated depreciation, amortization and other ⁽⁴⁾	370,383
NAV	<u>\$ 2,796,378</u>

- (1) Accrued dealer manager fees represents the accrual for future dealer manager fees for Class A, Class M and Class A-I shares. We accrue all future dealer manager fees up to the ten percent regulatory limit on the date of sale of our common stock as an offering cost. For NAV calculation purposes, dealer manager fees are accrued daily, on a continuous basis equal to 1/365th of the stated fee.
- (2) The Advisor agreed to advance organization and offering costs on our behalf through December 21, 2021. Such costs will be reimbursed to the Advisor ratably over 36 months through December 20, 2024. Under GAAP, organization costs are expensed as incurred and offering costs are charged to equity as such amounts are incurred. For NAV, such costs will be recognized as a reduction to NAV ratably over 36 months.
- (3) Our investments in real estate are presented under historical cost in our GAAP Consolidated Financial Statements. As such, any increases in the fair market value of our investments in real estate are not included in our GAAP results. For purposes of determining our NAV, our investments in real estate are recorded at fair value.
- (4) We depreciate our investments in real estate and amortize certain other assets and liabilities in accordance with GAAP. Such depreciation and amortization is not recorded for purposes of determining our NAV. Additionally, we make other fair value adjustments to our NAV to account for differences with historical cost GAAP, an example would be straight-line rent revenue.

Limitations and Risks

As with any valuation methodology, our methodology is based upon a number of estimates and assumptions that may not be accurate or complete. Our valuation methodology may not result in the determination of the fair value of our net assets as our mortgage notes and other debt payable are valued at cost. Different parties with different assumptions and estimates could derive a different NAV per share.

Accordingly, with respect to our NAV per share, we can provide no assurance that:

- a stockholder would be able to realize this NAV per share upon attempting to resell his or her shares;
- we would be able to achieve for our stockholders the NAV per share upon a listing of our shares of common stock on a national securities exchange, selling our real estate portfolio, or merging with another company; or
- the NAV per share, or the methodologies relied upon to estimate the NAV per share, will be found by any regulatory authority to comply with any regulatory requirements.

Furthermore, the NAV per share was calculated as of a particular point in time. The NAV per share will fluctuate over time in response to, among other things, changes in real estate market fundamentals, capital markets activities and attributes specific to the properties and leases within our portfolio.

UNREGISTERED SALES OF EQUITY SECURITIES

On March 3, 2015, we commenced the Private Offering of up to \$350,000 in shares of our Class D common stock with indefinite duration. As of December 31, 2021, we have raised aggregate gross proceeds from the sale of 8,711,716 Class D shares in our Private Offering of \$98,188. The shares of common stock issued in the Private Offering were issued in transactions exempt from registration under the Securities Act pursuant to Rule 506 of Regulation D promulgated under the Securities Act because the purchasers are accredited investors within the meaning of Regulation D under the Securities Act. The Dealer Manager also serves as the dealer manager for the Private Offering. No commissions were paid with respect to the placement of shares in connection with the Private Offering.

ISSUER PURCHASES OF EQUITY SECURITIES**Share Repurchase Plan**

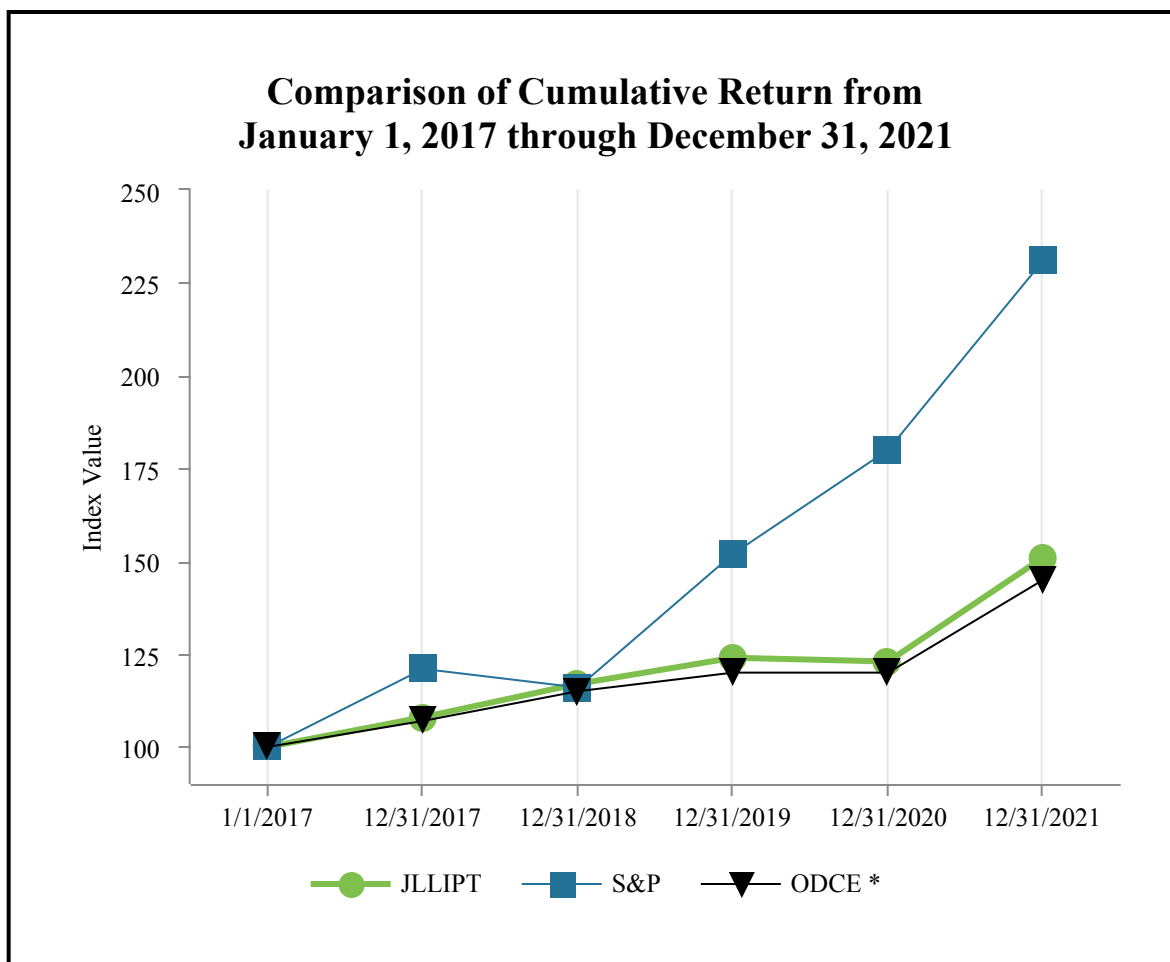
We adopted a share repurchase plan whereby on a daily basis stockholders may request we repurchase all or a portion of their shares of common stock at that day's NAV per share. The share repurchase plan is subject to a one-year holding period, with certain exceptions, and limited to 5% of NAV per quarter. To date, we have neither deferred nor rejected any request for repurchase under our share repurchase plan. All redemptions were paid out from offering proceeds. During the quarter ended December 31, 2021, we fulfilled redemption requests and repurchased shares of our common stock pursuant to our share repurchase plan as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Pursuant to the Plan (1)
October 1-October 31, 2021	700,175	\$12.77	700,175	—
November 1-November 30, 2021	703,360	12.94	703,360	—
December 1-December 31, 2021	432,000	13.38	432,000	—

(1) Redemptions are limited as described above.

Performance Graph (Dollars in whole dollars)

The following graph is a comparison of the cumulative return of our shares of Class M-I common stock (post leverage and fees), the Standard and Poor's 500 Index ("S&P 500") and the National Counsel of Real Estate Investment Fiduciaries Fund Index-Open-End Diversified Core Equity ("ODCE"). The graph assumes that \$100 was invested on January 1, 2017 in each of shares of Class M-I common stock, the S&P 500 Index and the ODCE, assuming that all dividends were reinvested without the payment of any commissions. We currently have Class A, Class M, Class A-I, Class M-I and Class D common stock outstanding. There can be no assurance that the performance of our shares will continue in line with the same or similar trends depicted in the graph below.



*The ODCE is a capitalization-weighted, time weighted index of open-end core real estate funds reported net of 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 by capitalization, so larger funds have a greater impact on index returns. While funds used in this benchmark typically target institutional investors and have characteristics that differ from the Company (including differing fees), we feel that the ODCE is an appropriate and accepted index for the purpose of evaluating returns on investments in direct real estate funds. Investors cannot invest in this index. The Company has the ability to utilize higher leverage than is allowed for the funds in this index, which could increase the Company's volatility relative to the index.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management Overview

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand our results of operations and financial condition. This MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and the accompanying notes to the consolidated financial statements appearing elsewhere in this Form 10-K. All references to numbered Notes are to specific notes to our consolidated financial statements beginning on page F-1 of this Form 10-K, and the descriptions referred to are incorporated into the applicable portion of this section by reference. References to "base rent" in this Form 10-K refer to cash payments made under the relevant lease(s), excluding real estate taxes and certain property operating expenses that are paid by us and are recoverable under the relevant lease(s) and exclude adjustments for straight-line rent revenue and above- and below-market lease amortization.

The discussions surrounding our Consolidated Properties refer to our wholly or majority owned and controlled properties, which as of December 31, 2021 were comprised of:

Industrial

- Kendall Distribution Center,
- Norfleet Distribution Center,
- Suwanee Distribution Center,
- Grand Prairie Distribution Center,
- Charlotte Distribution Center,
- DFW Distribution Center,
- O'Hare Industrial Portfolio,
- Tampa Distribution Center,
- Aurora Distribution Center,
- Valencia Industrial Portfolio,
- Pinole Point Distribution Center,
- Mason Mill Distribution Center,
- Fremont Distribution Center (acquired in 2019),
- 3324 Trinity Boulevard (acquired in 2019),
- Taunton Distribution Center (acquired in 2019),
- Chandler Distribution Center (acquired in 2019),
- Forth Worth Distribution Center (acquired in 2020),
- Whitestown Distribution Center (acquired in 2020),
- Louisville Distribution Center (acquired in 2021),
- Southeast Phoenix Distribution Center (acquired in 2021),
- Louisville Airport Distribution Center (acquired in 2021),
- 237 Via Vera Cruz (acquired in 2021),
- 4211 Starboard (acquired in 2021),
- 13500 Danielson Street (acquired in 2021),
- 5 National Way (acquired in 2021),
- 47 National Way (acquired in 2021),
- Friendship Distribution Center (acquired in 2021),
- South San Diego Distribution Center (acquired in 2021),
- 1755 Britannia Drive (acquired in 2021),
- 2451 Bath Road (acquired in 2021),
- 687 Conestoga Parkway (acquired in 2021),
- 2840 Loker Avenue (acquired in 2021), and
- 15890 Bernardo Center Drive (acquired in 2021).

Office

- Monument IV at Worldgate,
- 140 Park Avenue,
- San Juan Medical Center,
- Genesee Plaza (acquired in 2019),
- Fountainhead Corporate Park (acquired in 2020),
- 170 Park Avenue (acquired in 2021),
- 9101 Stony Point Drive (acquired in 2021),
- North Tampa Surgery Center (acquired in 2021),
- Durham Medical Office (acquired in 2021),
- 1203 SW 7 Highway (acquired in 2021),
- 8600 NE 82nd Street (acquired in 2021),
- South Reno Medical Center (acquired in 2021),
- Roeland Park Medical Office (acquired in 2021), and
- Sugar Land Medical Office (acquired in 2021).

Residential

- The Edge at Lafayette,
- Townlake of Coppell,
- AQ Rittenhouse,
- Lane Parke Apartments,
- Dylan Point Loma,
- The Penfield,
- 180 North Jefferson,
- Jory Trail at the Grove,
- The Reserve at Johns Creek Walk,
- Villas at Legacy,
- Stonemeadow Farms (acquired in 2019),
- Summit at San Marcos (acquired in 2019),
- Presley Uptown (acquired in 2019),
- Princeton North Andover (acquired in 2021),
- The Preserve at the Meadows (acquired in 2021),
- The Rockwell (acquired in 2021),
- Miramont Apartments (acquired in 2021),
- Pinecone Apartments (acquired in 2021),
- The Reserve at Venice (acquired in 2021), and
- Woodside Trumbull (acquired in 2021).

Retail

- The District at Howell Mill,
- Grand Lakes Marketplace,
- Oak Grove Plaza,
- Rancho Temecula Town Center,
- Skokie Commons,
- Whitestone Market,
- Maui Mall,

- Silverstone Marketplace,
- Kierland Village Center,
- Timberland Town Center,
- Montecito Marketplace, and
- Milford Crossing (acquired in 2020).

Other

- South Beach Parking Garage.

Sold Properties

- 111 Sutter Street (sold in 2019),
- 24823 Anza Drive (sold in 2020), and
- South Seattle Distribution Center (sold in 2021).

Discussions surrounding our Unconsolidated Properties refer to properties owned through joint venture arrangements or condominium interests, which were comprised of:

December 31, 2021	December 31, 2020	December 31, 2019
Pioneer Tower	Pioneer Tower	Pioneer Tower
NYC Retail Portfolio ⁽¹⁾	NYC Retail Portfolio ⁽¹⁾	NYC Retail Portfolio ⁽¹⁾
Chicago Parking Garage	Chicago Parking Garage	Chicago Parking Garage
The Tremont	The Tremont	The Tremont
The Huntington	The Huntington	The Huntington
Siena Suwanee Town Center	Siena Suwanee Town Center	
Single-Family Rental Portfolio ⁽¹⁾		
Kingston at McLean Crossing		

(1) We have elected the Fair Value Option to account for this investment.

Our primary business is the ownership and management of a diversified portfolio of industrial, office, residential, retail and other properties primarily located in the United States. It is expected that over time our real estate portfolio will be further diversified on a global basis and will be complemented by investments in real estate-related assets.

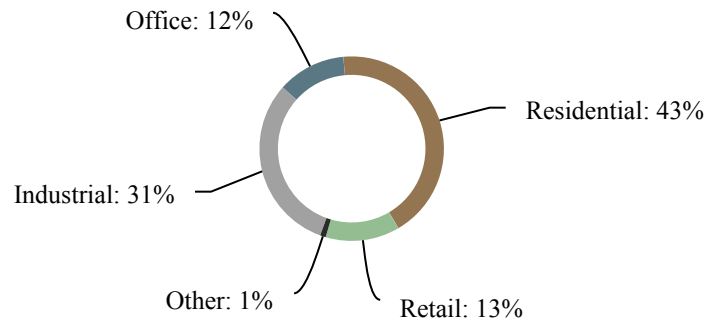
We are managed by our Advisor, LaSalle, a subsidiary of our Sponsor, JLL (NYSE: JLL), a New York Stock Exchange-listed leading professional services firm that specializes in real estate and investment management. We hire property management and leasing companies to provide the on-site, day-to-day management and leasing services for our properties. When selecting a property management or leasing company for one of our properties, we look for service providers that have a strong local market or industry presence, create portfolio efficiencies, have the ability to develop new business for us and will provide a strong internal control environment that will comply with our Sarbanes-Oxley Act of 2002 internal control requirements. We currently use a mix of property management and leasing service providers that include large national real estate service firms, including an affiliate of our Advisor, and smaller local firms.

We seek to minimize risk and maintain stability of income and principal value through broad diversification across property sectors and geographic markets and by balancing tenant lease expirations and debt maturities across the real estate portfolio. Our diversification goals also take into account investing in sectors or regions we believe will create returns consistent with our investment objectives. Under normal conditions, we intend to pursue investments principally in well-located, well-leased properties within the industrial, office, residential, retail and other sectors. We expect to actively manage the mix of properties and markets over time in response to changing operating fundamentals within each property sector and to changing economies and real estate markets in the geographic areas considered for investment. When consistent with our investment objectives, we also seek to maximize the tax efficiency of our investments through like-kind exchanges and other tax planning strategies.

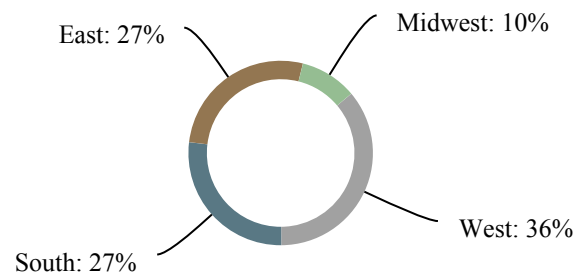
The following charts summarize our portfolio diversification by property sector and geographic region based upon the fair value of our properties. These tables provide examples of how our Advisor evaluates our real estate portfolio when making investment decisions.

Estimated Percent of Fair Value as of December 31, 2021

Property Sector Diversification



Geographic Region Diversification



Future Lease Expirations

The future lease expiration table represents the lease expirations by both total square feet and annualized minimum base rents for current tenants of our Consolidated Properties (excluding our residential properties).

Year	Total Occupied Square Footage	Annualized Minimum Base Rents ⁽¹⁾	Percent of Annualized Minimum Base Rents
2022 ⁽²⁾	368,000	\$ 6,071	4 %
2023	1,406,000	12,523	8
2024	1,419,000	15,742	10
2025	1,336,000	16,695	11
2026	3,112,000	19,766	13
2027	1,404,000	20,240	13
2028	1,228,000	9,776	6
2029	375,000	4,593	3
2030	2,245,000	15,756	10
2031 and thereafter	2,138,000	29,257	22

(1) Amount calculated as annualized in-place minimum base rent excluding any above- and below-market lease amortization, straight line rents, tenant recoveries and percentage rent revenues.

(2) Does not include 4,894 short-term leases totaling approximately 4,397,000 square feet and approximately \$101,779 in annualized minimum base rent associated with our 20 residential properties as of December 31, 2021.

Ten-Year Debt Repayment

The ten-year debt repayment table represents debt principal repayments and maturities and the weighted average interest rate of those repayments and maturities for our Consolidated Properties and our Credit Facility, excluding mortgage notes payable held for sale.

Year	Principal Repayments and Maturities	Percent of Total Outstanding Debt	Weighted Average Interest Rate
2022	\$ 107,812	6 %	1.91 %
2023	89,890	5	3.91
2024	559,917	31	2.45
2025	192,296	11	3.77
2026	308,023	17	2.90
2027	45,645	3	4.36
2028	163,977	9	2.45
2029	95,555	5	3.47
2030	87,062	5	2.98
2031 and thereafter	169,443	9	2.81

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. For example, significant estimates and assumptions have been made with respect to the useful lives of assets, recoverable amounts of receivables, initial valuations and related amortization periods of deferred costs and intangibles, particularly with respect to property acquisitions. Actual results could differ from those estimates.

Critical Accounting Policies

This MD&A is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management bases its estimates on historical experience and assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Our critical accounting policies are those applicable to the following which can be found in greater detail within Note 2 Summary of Significant Accounting Policies.

Initial Valuations for Real Estate Investments and Intangibles

These estimates are particularly important as they are used for the allocation of purchase price between building, land and other identifiable intangibles, including acquired in-place, above, below and at-market leases. As a result, the impact of these estimates on our operations could be substantial. Significant differences in annual depreciation or amortization expense may result from the differing useful life or amortization periods related to such purchased assets and liabilities.

We allocate the purchase price of acquired properties to tangible and identified intangible assets based on their relative fair values, using all pertinent information available at the date of acquisition. The allocation of the purchase price to tangible assets, such as building and land, is based upon our determination of the value of the property as if it were vacant. This “as-if vacant” value is estimated using an income, or discounted cash flow, approach that relies upon internally determined assumptions that we believe are consistent with current market conditions for similar properties. Land is valued using comparable land sales specific to the applicable market.

The purchase price of real estate assets is also allocated to intangible assets consisting of the above or below market component of in-place leases and the value of in-place leases. The value allocable to the above or below market component of an acquired in-place lease is determined based upon the present value of the difference between (i) the contractual amounts to be received pursuant to the lease over its remaining term and (ii) management's estimate of the amounts that would be received using market rates over the remaining term of the lease. Factors considered in determining the value allocable to in-place leases include estimates, during estimated lease up periods, related to space that is actually leased at the time of acquisition. These estimates include (i) lost rent at market rates, (ii) fixed operating costs that will be recovered from tenants and (iii) theoretical leasing commissions and tenant improvements required to execute similar leases.

Impairment of Long-Lived Assets

Our estimate of the expected future cash flows used in testing for impairment is highly subjective and based on, among other things, our estimates regarding future market conditions, rental rates, occupancy levels, costs of tenant improvements, leasing commissions and other tenant concessions, assumptions regarding the residual value of our properties at the end of our anticipated holding period, discount rates and the length of our anticipated holding period. These assumptions could differ materially from actual results. If our strategy changes or if market conditions otherwise dictate a change in the holding period and an exit date, an impairment loss could be recognized and such loss could be material. During the year ended December 31, 2021, we determined that The Edge at Lafayette no longer fits our current investment objectives and strategy; therefore, we reduced our expected hold period. We further determined that this asset was impaired as the carrying value of the investment was not deemed recoverable. Therefore, we recognized an impairment charge totaling \$1,822, which represents the difference between the sale price less estimated costs to sell and the carrying value of the property.

Collectibility of Rental Revenue

Individual leases are evaluated for collectibility at each reporting period. We evaluate the collectibility of rents and other receivables at each reporting period based on factors including, among others, tenant's payment history, the financial condition of the tenant, business conditions and trends in the industry in which the tenant operates and economic conditions in the geographic area where the property is located. If evaluation of these factors or others indicates it is not probable we will collect substantially all rent we recognize an adjustment to rental revenue. If our judgment or estimation regarding probability of collection changes we may adjust or record additional rental revenue in the period such conclusion is reached.

Recent Events and Outlook

COVID-19 Business Outlook

Since March 2020, the COVID-19 pandemic has impacted global financial markets, severely restricted international trade and travel, disrupted business operations (in part or in their entirety) and negatively impacted many investment asset classes including real estate. While the outlook improved in 2021, the ongoing outbreak and corollary response could still have a material adverse impact on our financial condition and results of operations and we will continue to monitor the situation. The severity of the impact brought on by these disruptions will be different across property types and markets but could have serious negative impacts on all real estate depending on the longer-term economic effects of COVID-19.

Rent Collections

Rent collections across our portfolio have continued to improve as most tenants have been able to reopen their businesses and return to normal payment patterns amidst the COVID-19 pandemic. Collections have been in the upper 90 percent range, and we have received very few new requests for rent relief over the last year. Our retail tenants continue to be a slight laggard in collection of outstanding receivables as compared to the other property sectors.

Property Valuations

Property valuations across our portfolio have stabilized, and we are seeing positive valuation increases across our residential, industrial and healthcare properties driven by good underlying property fundamentals and strong capital markets.

Credit Facility

On May 24, 2021, we entered into our Credit Facility providing for a \$415,000 Revolving Credit Facility and a \$235,000 Term Loan. The Credit Facility provides us with the ability, from time to time, to increase the size of the Credit Facility up to a total of \$800,000, subject to receipt of lender commitments and other conditions. On December 10, 2021, we entered into our Bridge Loan under the Credit Facility for an additional \$100,000 to fund the investments made in late 2021. We are in compliance with our debt covenants as of December 31, 2021. We expect to maintain compliance with our debt covenants.

Liquidity

At December 31, 2021, we had in excess of \$70,000 in total cash on hand and \$115,000 of capacity under our Credit Facility. Looking at the remainder of 2021 and into 2022, we expect to utilize our cash on hand and Credit Facility capacity to acquire new properties, fund repurchases of our shares and fund quarterly distributions.

Share Repurchase Plan

During the fourth quarter of 2021, we repurchased \$23,827 of our common stock pursuant to our share repurchase plan, which had a quarterly limit of \$123,680. The quarterly limit on repurchases is calculated as 5% of our NAV as of the last day of the previous quarter. The limit for the first quarter of 2022 is \$139,819.

Impairments

At December 31, 2021, we had an impairment at The Edge at Lafayette of \$1,822 as a result of the property no longer fitting our current investment objectives and strategy; therefore, we reduced our expected hold period. The property was sold in January 2022.

Fair Value of Assets and Liabilities

We account for our approximate 14% investment in the NYC Retail Portfolio and our approximate 47% investment in the Single-Family Rental Portfolio using the fair value option. During the year ended December 31, 2021, we recorded an unrealized fair value loss of \$4,021 related to our NYC Retail Portfolio investment and a \$61,945 unrealized fair value gain related to our Single-Family Rental Portfolio investment. Our interest rate swaps resulted in an unrealized fair value gain of \$3,920 as interest rates increased during the year. We utilize our interest rate swaps to fix interest rates on variable rate debt we plan to hold to maturity.

General Company and Market Commentary

On December 21, 2021, the SEC declared our Current Public Offering effective registering up to \$3,000,000 in any combination of shares of our Class A, Class M, Class A-I and Class M-I common stock, consisting of up to \$2,700,000 of shares offered in our primary offering and up to \$300,000 in shares offered pursuant to our distribution reinvestment plan. We intend to offer shares of our common stock on a continuous basis for an indefinite period of time by filing a new registration statement before the end of each offering period, subject to regulatory approval. The per share purchase price varies from day to day and, on each day, equals our NAV per share for each class of common stock, plus, for Class A and Class A-I shares, applicable selling commissions. The Dealer Manager is distributing shares of our common stock in our Current Public Offering. We intend to primarily use the net proceeds from the offering, after we pay the fees and expenses attributable to the offerings and our operations, to (1) grow and further diversify our portfolio by making investments in accordance with our investment strategy and policies, (2) reduce borrowings and repay indebtedness incurred under various financing instruments and (3) fund repurchases of our shares under our share repurchase plan.

On March 3, 2015, we commenced our Private Offering of up to \$350,000 in shares of our Class D common stock with an indefinite duration. Proceeds from our Private Offering will be used for the same corporate purposes as the proceeds from our public offerings.

On October 16, 2019, we, through our operating partnership, initiated the DST Program to raise up to \$500,000, which our board of directors increased to \$1,000,000 on August 10, 2021, in private placements exempt from registration under the Securities Act through the sale of beneficial interests to accredited investors in specific DSTs holding DST Properties, which may be sourced from our real properties or from third parties.

Capital Raised and Use of Proceeds

As of December 31, 2021, we have raised gross proceeds of over \$3,087,000 from our public and private offerings since 2012. We used these proceeds along with proceeds from mortgage debt to acquire approximately \$4,499,000 of real estate investments, deleverage the Company by repaying mortgage loans of approximately \$647,000 and repurchase shares of our common stock for approximately \$903,000.

Property Acquisitions

- 23 industrial properties totaling 4,642,000 square feet,
- nine medical office properties totaling 427,000 square feet and
- eight residential properties totaling 1,508,000 square feet and an investment in a joint venture owning over 4,000 single-family rental houses.

Property Dispositions

- disposed of South Seattle Distribution Center.

Financing

- entered into 13 new mortgage notes totaling in excess of \$431,000,
- assumed three mortgage notes totaling approximately \$125,000 and
- repaid two mortgage notes totaling \$62,800.

Leasing and Occupancy

We ended 2021 with our stabilized portfolio occupancy at 97%. We calculate stabilized portfolio occupancy as the occupancy of all the properties we own, excluding newly constructed properties that have not yet leased up to 90% since our acquisition of the property. During the year we signed new or renewal leases encompassing approximately 1,235,000 square feet of industrial, office and retail property space. Additionally, we had 58% of our expiring residential leases renew. Our portfolio-wide occupancy was 97% at the end of 2021.

During 2021, we raised approximately \$545,000 of new capital and acquired over \$1,700,000 of real estate investments. These properties are in keeping with the investment strategy we began in 2012 and provide solid cash flow and good dividend coverage. We will continue to acquire these types of properties in 2022 and beyond.

The 2021 property acquisitions and leasing activity were in line with our long-term strategic objectives of generating attractive income, preserving stockholder capital and realizing moderate appreciation of our NAV over time. Our gross dividends declared and paid in 2021 was \$0.54 per share.

Investment Objectives and Strategy

Our primary investment objectives are:

- to generate an attractive level of current income for distribution to our stockholders;
- to preserve and protect our stockholders' capital investments;
- to achieve appreciation of our NAV over time; and
- to enable stockholders to utilize real estate as an asset class in diversified, long-term investment portfolios.

The cornerstone of our investment strategy is to acquire and manage income-producing commercial real estate properties and real estate-related assets. We believe this strategy enables us to provide our stockholders with a portfolio that is well-diversified across property type, geographic region and industry, both in the United States and, over time, internationally. It is our belief that adding international investments to our portfolio over time will serve as an effective tool to construct a well-diversified portfolio designed to provide our stockholders with stable distributions and attractive long-term risk-adjusted returns.

We believe that our broadly diversified portfolio benefits our stockholders by providing:

- diversification of sources of income;
- access to attractive real estate opportunities currently in the United States and, over time, around the world; and
- exposure to a return profile that should have lower correlations with other investments.

Since real estate markets are often cyclical in nature, our strategy allows us to more effectively deploy capital into property types and geographic regions where the underlying investment fundamentals are relatively strong or strengthening and away from those property types and geographic regions where such fundamentals are relatively weak or weakening. We intend to meet our investment objectives by selecting investments across multiple property types and geographic regions to achieve portfolio stability, diversification, current income and favorable risk-adjusted returns. To a lesser degree, we also intend to invest in debt and equity interests backed principally by real estate, which we refer to collectively as “real estate-related assets.”

Our board of directors has adopted investment guidelines for our Advisor to implement and actively monitor in order to allow us to achieve and maintain diversification in our overall investment portfolio. Our board of directors formally reviews our investment guidelines on an annual basis and our investment portfolio on a quarterly basis or, in each case, more often as they deem appropriate. Our board of directors reviews the investment guidelines to ensure that the guidelines are being followed and are in the best interests of our stockholders.

We seek to invest:

- up to 95% of our assets in properties;
- up to 25% of our assets in real estate-related assets; and
- up to 15% of our assets in cash, cash equivalents and other short-term investments.

Notwithstanding the above, the actual percentage of our portfolio that is invested in each investment type may from time to time be outside these target levels due to numerous factors including, but not limited to, large inflows of capital over a short period of time, lack of attractive investment opportunities or increases in anticipated cash requirements for repurchase requests.

We expect to maintain a targeted Company leverage ratio (calculated as our share of total liabilities divided by our share of the fair value of total assets) of between 30% and 50%. We intend to use low leverage, or in some cases possibly no leverage, to finance new acquisitions in order to maintain our targeted Company leverage ratio. Our Company leverage ratio was 42% as of December 31, 2021.

Net Asset Value

The NAV per share for our five classes of common stock was between \$13.56 and \$13.59 as of December 31, 2021. The increase of approximately \$0.85 per share in NAV from September 30, 2021 is primarily related to an increase in the values of our properties and the accrual of property income. Additionally, we paid a distribution of \$0.135 per share during the quarter ended December 31, 2021, less share class specific fees. For the year ended 2021, our Class A, Class M, Class A-I, and Class M-I common stock had total net returns of 21.15%, 21.67%, 21.66% and 21.99%, respectively, including cash distributions of \$0.54 per share, less share class specific fees.

2022 Key Initiatives

Our initiatives for 2022 are to use capital raised from our public and private offerings and the DST Program to acquire new investment opportunities, repurchase stock under our share repurchase plan, and fund quarterly distributions. Likely acquisition candidates may include well-located, residential properties, industrial, healthcare and grocery-anchored retail properties. We will also attempt to further our geographic diversification. We will use debt financing to take advantage of the current favorable interest rate environment, while looking to keep the Company leverage ratio in the 30% to 50% range in the near term. We also intend to use our Revolving Credit Facility to allow us to efficiently manage our cash flows.

Subsequent Events

On January 6, 2022, we sold Norfleet Distribution Center, a 702,000 square foot industrial property located in Kansas City, Missouri for approximately \$60,375 less closing costs. We recorded a gain on the sale of the property and extinguishment of debt in the amount of approximately \$34,000.

On January 24, 2022, we sold The Edge at Lafayette, a 207,000 square foot student housing apartment property located in Lafayette, Louisiana for approximately \$16,500 less closing costs.

On February 28, 2022, our board of directors approved a gross dividend for the first quarter of 2022 of \$0.14 per share to stockholders and OP Unit holders of record as of March 24, 2022. The dividend will be paid on or around March 30, 2022. Class A, Class M, Class A-I, Class M-I, and Class D stockholders and Class M-I OP Unit holders will receive \$0.14 per share or OP Unit, less applicable class-specific and unit-specific fees, if any.

Results of Operations

General

Our revenues are primarily received from tenants in the form of fixed minimum base rents and recoveries of operating expenses. Our expenses primarily relate to the costs of operating and financing our properties. Our share of the net income, net loss or dividend income from our unconsolidated properties is included in equity in income of unconsolidated affiliates. We believe the following analysis of reportable segments provides important information about the operating results of our real estate investments, such as trends in total revenues or operating expenses that may not be as apparent in a period-over-period comparison of our entire Company. We group our investments in real estate assets from continuing operations into five reportable operating segments based on the type of property: industrial, office, residential, retail and other. Operations from corporate level items and real estate assets sold are excluded from reportable segments.

Results of Operations for the Years ended December 31, 2021 and 2020:

Properties acquired or sold during any of the periods are presented within the recent acquisitions and sold properties line until the property has been owned for all periods presented. The properties currently presented within the recent acquisitions and sold properties line include the properties listed as either acquired or sold in the Management Overview section above. Properties owned for the entire years ended December 31, 2021 and 2020 are referred to as our comparable properties.

Revenues

The following chart sets forth revenues, by reportable segment, for the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021	Year Ended December 31, 2020	\$ Change	% Change
Revenues:				
Rental revenue				
Industrial	\$ 49,708	\$ 46,453	\$ 3,255	7.0 %
Office	20,183	20,454	(271)	(1.3)
Residential	65,407	63,948	1,459	2.3
Retail	44,588	42,369	2,219	5.2
Other	379	294	85	28.9
Comparable properties total	\$ 180,265	\$ 173,518	\$ 6,747	3.9 %
Recent acquisitions and sold properties	47,675	13,123	34,552	263.3
Total rental revenue	\$ 227,940	\$ 186,641	\$ 41,299	22.1 %
Other revenue				
Industrial	\$ 136	\$ 268	\$ (132)	(49.3)%
Office	936	861	75	8.7
Residential	3,431	3,474	(43)	(1.2)
Retail	491	526	(35)	(6.7)
Other	2,588	1,298	1,290	99.4
Comparable properties total	\$ 7,582	\$ 6,427	\$ 1,155	18.0 %
Recent acquisitions and sold properties	3,816	553	3,263	590.1
Total other revenue	\$ 11,398	\$ 6,980	\$ 4,418	63.3 %
Total revenues	\$ 239,338	\$ 193,621	\$ 45,717	23.6 %

Rental revenue at comparable properties increased by \$6,747 for the year ended December 31, 2021 as compared to the same period in 2020. The increase of \$3,255 within our industrial segment is primarily related to \$1,619 of increased rent collections at Norfleet Distribution Center and \$755 at Taunton Distribution Center due to higher occupancy. The increase of \$2,219 within our retail segment was primarily related to an increase in collections from tenants that had experienced a decrease in operations from COVID-19 in 2020. The increase of \$1,459 within the residential segment was primarily related to an overall increase in rental rates and occupancy within the segment during the year ended December 31, 2021 as compared to 2020.

Other revenues relate mainly to parking and nonrecurring revenue such as lease termination fees. Other revenue at comparable properties increased by \$1,155 for the year ended December 31, 2021 as compared to the same period in 2020. The increase is primarily related to approximately \$1,290 of higher parking revenue at our parking garage in Miami as a result of travel and shelter in place orders within the city of Miami during 2020.

Operating Expenses

The following chart sets forth real estate taxes and property operating expenses, by reportable segment, for the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021	Year Ended December 31, 2020	\$ Change	% Change
Operating expenses:				
Real estate taxes				
Industrial	\$ 8,129	\$ 7,643	\$ 486	6.4 %
Office	2,400	2,602	(202)	(7.8)
Residential	11,738	11,476	262	2.3
Retail	5,558	5,832	(274)	(4.7)
Other	459	382	77	20.2
Comparable properties total	\$ 28,284	\$ 27,935	\$ 349	1.2 %
Recent acquisitions and sold properties	4,553	1,730	2,823	163.2
Total real estate taxes	\$ 32,837	\$ 29,665	\$ 3,172	10.7 %
Property operating expenses:				
Industrial	\$ 4,478	\$ 3,962	\$ 516	13.0 %
Office	4,302	4,088	214	5.2
Residential	20,335	19,643	692	3.5
Retail	7,634	7,302	332	4.5
Other	755	714	41	5.7
Comparable properties total	\$ 37,504	\$ 35,709	\$ 1,795	5.0 %
Recent acquisitions and sold properties	6,491	2,290	4,201	183.4
Total property operating expenses	\$ 43,995	\$ 37,999	\$ 5,996	15.8 %
Total operating expenses	\$ 76,832	\$ 67,664	\$ 9,168	13.5 %

Real estate taxes at comparable properties increased by \$349 for the year ended December 31, 2021 as compared to the same period in 2020. Our properties are reassessed periodically by the taxing authorities, which may result in increases or decreases in the real estates taxes that we owe. Overall, we expect real estate taxes to increase over time; however, we utilize real estate tax consultants to attempt to control assessment increases.

Property operating expenses consist of the costs of ownership and operation of the real estate investments, many of which are recoverable under net leases. Examples of property operating expenses include insurance, utilities and repair and maintenance expenses. The increases within our residential and industrial segment were primarily related to increases in utilities and various repairs and maintenance projects during the year ending December 31, 2021 as compared to the same period in 2020 in addition to expenses related to increases in occupancy.

The following chart sets forth expenses not directly related to the operations of the reportable segments for the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021	Year Ended December 31, 2020	\$ Change	% Change
Property general and administrative	\$ 1,596	\$ 4,318	\$ (2,722)	(63.0)%
Advisor fees	65,667	25,274	40,393	159.8
Company level expenses	4,841	2,936	1,905	64.9
Provision for impairment of real estate	1,822	—	1,822	100.0
Depreciation and amortization	94,051	75,603	18,448	24.4
Interest expense	48,230	40,668	7,562	18.6
(Income) loss from unconsolidated affiliates and fund investments	(67,333)	19,451	(86,784)	(446.2)
Investment income on marketable securities	(418)	—	(418)	100.0
Net realized gain upon sale of marketable securities	(247)	—	(247)	100.0
Net unrealized change in fair value of investment in marketable securities	(2,933)	—	(2,933)	100.0
(Gain) loss on disposition of property and extinguishment of debt, net	(33,422)	1,772	(35,194)	(1,986)
Total expenses	<u>\$ 111,854</u>	<u>\$ 170,022</u>	<u>\$ (58,168)</u>	<u>(34.2)%</u>

Property general and administrative expenses relate mainly to property expenses unrelated to the operations of the property. Property general and administrative expenses decreased \$2,722 for the year ending December 31, 2021 as compared to the same period in 2020 due to expenses incurred for unsuccessful acquisitions in 2020 and a partial recovery of a deposit for an unsuccessful acquisition received in 2021.

Advisor fees relate to the fixed advisory and performance fees earned by our Advisor. Fixed fees increase or decrease based on changes in our NAV which will be primarily impacted by changes in capital raised and the value of our properties. The performance fee is accrued when the total return per share for a share class exceeds 7% for that calendar year, where in our Advisor will receive 10% of the excess total return above the 7% threshold. The increase in advisor fees of \$40,393 for the year ended December 31, 2021 is primarily related to the accrual of a performance fee in the amount of \$36,711 due to the increase in NAV during 2021 related to the increase in values of our properties.

Company level expenses relate mainly to our compliance and administration related costs. Company level expenses increased \$1,905 for the year ended December 31, 2021 as compared to the same period in 2020 primarily related to increases in professional service fees as well as the increase in size of our portfolio.

Provision for impairment of real estate relates to real estate investments where the estimated future undiscounted cash flows have decreased below the carrying value of the property. A provision for impairment of real estate is recorded to write the property down from its carrying value to its fair value. We recorded a provision for impairment of \$1,822 related to The Edge at Lafayette during the year ended December 31, 2021.

Depreciation and amortization expense is impacted by the values assigned to buildings, personal property and in-place lease assets as part of the initial purchase price allocation. The increase of \$18,448 in depreciation and amortization expense for the year ended December 31, 2021 as compared to the same period in 2020 is primarily related to additional expense from acquisitions partially offset by lower expenses from property dispositions.

Interest expense increased by \$7,562 for the year ended December 31, 2021 as compared to the same period in 2020 as a result of increased borrowings on our Credit Facility and mortgage notes obtained in addition to increased interest expense of \$9,319 on the financial obligations related to the DST Program which includes interest expense related to the properties deemed probable for repurchase. Offsetting the increases were unrealized gains on our interest rate swaps in the amount of \$3,920 during the year ended December 31, 2021 compared to unrealized losses of \$4,360 during the year ended December 31, 2020.

(Income) loss from unconsolidated affiliates and fund investments relates to the income from Chicago Parking Garage, Pioneer Tower, The Tremont, The Huntington, Siena Suwanee Town Center and Kingston at McLean Crossing as well as changes in fair value and operating distributions received from our investment in the NYC Retail Portfolio and the Single-Family Rental Portfolio. During the year ended December 31, 2021, we recorded a \$61,945 increase in the fair value in the Single-Family Rental Portfolio and distributions of income totaling \$4,145.

During the year ended December 31, 2021, we recorded a \$4,021 increase in the fair value in the NYC Retail Portfolio as compared to a \$15,869 decrease in the fair value and distributions of income totaling \$4,145 during the same period of 2020.

Investment income on marketable securities relates to dividends earned on our portfolio of publicly traded REIT securities. We made our initial purchase of marketable securities during the year ended December 31, 2021.

Net realized gain upon the sale of marketable securities relates to sales of individual stocks within our portfolio of publicly traded REIT stocks. We made our initial purchase of marketable securities during the year ended December 31, 2021.

Net unrealized change in fair value of investment in marketable securities relate to changes in fair value of our portfolio of publicly traded REIT securities. We made our initial purchase of marketable securities during the year ended December 31, 2021.

(Gain) loss on disposition of property and extinguishment of debt, net of \$33,422 in the year ended December 31, 2021 relates to the gain on sale of South Seattle Distribution Center and the \$1,772 loss in the year ended December 31, 2020 relates to the sale of 24823 Anza Drive and early payoff of the mortgage notes payable on Townlake of Coppell and The Penfield.

Results of Operations for the Years ended December 31, 2020 and 2019:

For discussion on our results of operations for the years ended December 31, 2020 and 2019 please see our Annual Report on Form 10-K filed with the SEC on March 12, 2021.

FUNDS FROM OPERATIONS

Consistent with real estate industry and investment community preferences, we consider FFO as a supplemental measure of the operating performance for a real estate investment trust and a complement to GAAP measures because it facilitates an understanding of the operating performance of our properties. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income attributable to the Company (computed in accordance with GAAP), excluding gains or losses from cumulative effects of accounting changes, extraordinary items, impairment write-downs of depreciable real estate and sales of properties, plus real estate related depreciation and amortization and after adjustments for these items related to noncontrolling interests and unconsolidated affiliates.

FFO does not give effect to real estate depreciation and amortization because these amounts are computed to allocate the cost of a property over its useful life. Because values for well-maintained real estate assets have historically increased or decreased based upon prevailing market conditions, we believe that FFO provides stockholders with an additional view of our operating performance. We also use Adjusted FFO ("AFFO") as a supplemental measure of operating performance. We define AFFO as FFO adjusted for straight-line rental income, amortization of above- and below-market leases, amortization of net discount on assumed debt, gains or losses on the extinguishment or modification of debt, performance fees based on the investment returns on shares of our common stock, acquisition related costs and adjustments for DST program properties. Because values for well-maintained real estate assets have historically increased or decreased based upon prevailing market conditions, we believe that FFO and AFFO provide investors with an additional view of our operating performance.

In order to provide a better understanding of the relationship between FFO, AFFO and GAAP net income, the most directly comparable GAAP financial reporting measure, we have provided reconciliations of GAAP net income attributable to Jones Lang LaSalle Income Property Trust, Inc. to FFO and FFO to AFFO. FFO and AFFO do not represent cash flow from operating activities in accordance with GAAP, should not be considered as an alternative to GAAP net income is not a measure of liquidity or an indicator of the Company's ability to make cash distributions. We believe that to more comprehensively understand its operating performance, FFO and AFFO should be considered along with its reported net income attributable to Jones Lang LaSalle Income Property Trust, Inc. and its cash flows in accordance with GAAP, as presented in our consolidated financial statements. Our presentations of FFO and AFFO are not necessarily comparable to the similarly titled measures of other REITs due to the fact that not all REITs use the same definitions.

The following table presents a reconciliation of net income to NAREIT FFO for the periods presented:

Reconciliation of net income to NAREIT FFO	Year ended December 31,				
	2021	2020	2019	2018	2017
Net income (loss) attributable to Jones Lang LaSalle Income Property Trust, Inc.	\$ 49,121	\$ (44,006)	\$ 99,933	\$ 25,567	\$ 22,548
Real estate depreciation and amortization ⁽¹⁾	105,631	84,842	75,888	71,525	68,033
(Gain) loss on disposition of property and unrealized loss (gain) on investment in unconsolidated real estate affiliate ⁽¹⁾	(97,525)	14,344	(111,139)	(31,890)	(23,079)
Loss on transfer of property	—	—	—	—	1,642
Impairment of depreciable real estate ⁽¹⁾	1,774	1,502	—	—	—
NAREIT FFO attributable to Jones Lang LaSalle Income Property Trust, Inc.	\$ 59,001	\$ 56,686	\$ 64,682	\$ 65,202	\$ 69,144
Weighted average shares outstanding, basic and diluted	186,610,215	151,179,459	151,179,459	135,051,377	134,507,458
NAREIT FFO per share, basic and diluted	\$ 0.32	\$ 0.33	\$ 0.43	\$ 0.48	\$ 0.51

(1) Includes amounts attributable to our ownership share of both consolidated properties and unconsolidated real estate affiliates for all periods.

The following table presents a reconciliation of NAREIT FFO to AFFO for the periods presented:

Reconciliation of NAREIT FFO to AFFO	Year ended December 31,				
	2021	2020	2019	2018	2017
NAREIT FFO attributable to Jones Lang LaSalle Income Property Trust, Inc.	\$ 59,001	\$ 56,686	\$ 64,682	\$ 65,202	\$ 69,144
Straight-line rental income ⁽¹⁾	(4,503)	(1,510)	(3,371)	(2,548)	(3,665)
Amortization of above- and below-market leases ⁽¹⁾	(3,231)	(2,410)	(2,886)	(3,360)	(3,494)
Amortization of net premium/(discount) on assumed debt ⁽¹⁾	(442)	(129)	91	(102)	(183)
(Gain) loss on derivative instruments and extinguishment or modification of debt ⁽¹⁾	(3,413)	7,857	6,298	(613)	(1,703)
Adjustment for investment accounted for under the fair value option ⁽²⁾	3,276	1,291	712	3,593	2,211
Net unrealized change in fair value of investment in marketable securities ⁽¹⁾	(2,823)	—	—	—	—
Performance fees ⁽¹⁾	36,028	—	—	1,075	1,269
Acquisition expenses ⁽¹⁾	(582)	2,194	—	—	—
Adjustment for DST Program properties ⁽³⁾	(5,017)	(1,145)	—	—	—
AFFO attributable to Jones Lang LaSalle Income Property Trust, Inc.	\$ 78,294	\$ 62,834	\$ 65,526	\$ 63,247	\$ 63,579
Weighted average shares outstanding, basic and diluted	186,610,215	170,613,298	135,051,377	134,507,458	106,916,148
AFFO per share, basic and diluted	\$ 0.42	\$ 0.37	\$ 0.49	\$ 0.47	\$ 0.59

(1) Includes amounts attributable to our ownership share of both consolidated properties and unconsolidated real estate affiliates for all periods.

(2) Represents the normal and recurring AFFO reconciling adjustments for the NYC Retail Portfolio and Single-Family Rental Portfolio.

(3) Adjustments to reflect the AFFO attributable to the Company for DST Program properties including non-cash interest expense related to the FMV Option. Prior periods adjusted to conform to current period presentation.

Review of our Policies

Our board of directors, including our independent directors, has reviewed our policies described in this Annual Report on Form 10-K and our registration statement related to our Current Public Offering, as well as other policies previously reviewed and approved by our board of directors, and determined that they are in the best interests of our stockholders because: (1) they increase the likelihood that we will be able to acquire a diversified portfolio of income-producing properties, thereby reducing risk in our portfolio; (2) there are sufficient property acquisition opportunities with the attributes that we seek; (3) our executive officers, directors and affiliates of our Advisor have expertise with the type of real estate investments we seek; (4) borrowings should enable us to purchase assets and earn rental income more quickly; and (5) best practices corporate governance and high ethical standards help promote long-term performance, thereby increasing our likelihood of generating income for our stockholders and preserving stockholder capital.

Liquidity and Capital Resources

Our primary uses and sources of cash are as follows:

Uses	Sources
<p>Short-term liquidity and capital needs such as:</p> <ul style="list-style-type: none"> • Interest payments on debt • Distributions to stockholders • Fees payable to our Advisor • Minor improvements made to individual properties that are not recoverable through expense recoveries or common area maintenance charges to tenants • General and administrative costs • Costs associated with our continuous public offering • Other Company level expenses • Lender escrow accounts for real estate taxes, insurance, and capital expenditures • Fees payable to our Dealer Manager <p>Longer-term liquidity and capital needs such as:</p> <ul style="list-style-type: none"> • Acquisitions of real estate investments • Expansion of existing properties • Tenant improvements and leasing commissions • Debt repayment requirements, including both principal and interest • Repurchases of our shares pursuant to our Share Repurchase Plan • Fees payable to our Dealer Manager 	<ul style="list-style-type: none"> • Operating cash flow, including the receipt of distributions of our share of cash flow produced by our unconsolidated real estate affiliates • Proceeds from secured loans collateralized by individual properties • Proceeds from our credit facility • Sales of our shares • Sales of real estate investments • Draws from lender escrow accounts • Sales of beneficial interests in the DST Program

The sources and uses of cash for the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2020	\$ Change
Net cash provided by operating activities	\$ 87,349	\$ 62,354	\$ 24,995
Net cash used in investing activities	(1,488,573)	(204,456)	(1,284,117)
Net cash provided by financing activities	1,421,272	129,514	1,291,758

Net cash provided by operating activities increased by \$24,995 for the year ending December 31, 2021, as compared to the same period in 2020. The increase in cash from operating activities is primarily from acquisitions made during 2020 and 2021 as well as the increase in operating distributions received from our unconsolidated joint ventures.

Net cash used in investing activities increased by \$1,284,117 for the year ending December 31, 2021 as compared to the same period in 2020. The increase during the year ended December 31, 2021 as compared to 2020 was related to an increase in acquisitions of \$1,050,556 and an increase in investments in unconsolidated joint ventures in the amount of \$238,592, as well as net investments in marketable securities of \$40,026. Offsetting these increased uses were larger proceeds from the sale of South Seattle Distribution Center during the year ended December 31, 2021 in the amount of \$66,992 as compared to \$5,372 during the year ended December 31, 2020 received from the sale of 24823 Anza Drive.

Net cash provided by financing activities increased by \$1,291,758 for the year ending December 31, 2021 as compared to the same period in 2020. The increase is primarily related to an increase in net proceeds from mortgage note payables and other debt payable of \$751,999 for the year ending December 31, 2021 as compared to the same period in 2020. The change also resulted from an increase in cash from net sales of common stock of \$535,597 during the year ending December 31, 2021 as compared to the same period in 2020.

Financing

We have relied primarily on fixed-rate financing, locking in what were favorable spreads between real estate income yields and mortgage interest rates, and have tried to maintain a balanced schedule of debt maturities. We also use interest rate derivatives to manage our exposure to interest rate movements of our variable rate debt. The following consolidated debt table provides information on the outstanding principal balances and the weighted average interest rate at December 31, 2021 and 2020:

	Consolidated Debt			
	December 31, 2021		December 31, 2020	
	Principal Balance	Weighted Average Interest Rate	Principal Balance	Weighted Average Interest Rate
Fixed	\$ 1,268,220	3.37 %	\$ 871,043	3.53 %
Variable	551,400	1.71	—	—
Total	<u>\$ 1,819,620</u>	<u>2.86 %</u>	<u>\$ 871,043</u>	<u>3.53 %</u>

Covenants

At December 31, 2021, we were in compliance with all debt covenants.

Other Sources

On December 21, 2021, our Current Public Offering registration statement was declared effective with the SEC (Commission File No. 333-256823) to register up to \$3,000,000 in any combination of shares of our Class A, Class M, Class A-I and Class M-I common stock, consisting of up to \$2,700,000 of shares offered in our primary offering and up to \$300,000 in shares offered pursuant to our distribution reinvestment plan. We intend to offer shares of our common stock on a continuous basis for an indefinite period of time by filing a new registration statement before the end of each three-year offering period, subject to regulatory approval. We intend to use the net proceeds from the Current Public Offering, which are not used to pay the fees and other expenses attributable to our operations, to (1) grow and further diversify our portfolio by making investments in accordance with our investment strategy and policies, (2) repay indebtedness incurred under various financing instruments and (3) fund repurchases under our share repurchase plan.

On March 3, 2015, we commenced the Private Offering of up to \$350,000 in shares of our Class D common stock with an indefinite duration. Proceeds from our Private Offering will be used for the same corporate purposes as the proceeds of our public offerings. We will reserve the right to terminate the Private Offering at any time and to extend the Private Offering term to the extent permissible under applicable law.

On October 16, 2019, we, through our operating partnership, initiated the DST Program to raise up to \$500,000, which our board of directors increased to \$1,000,000 on August 10, 2021, in private placements exempt from registration under the Securities Act, through the sale of beneficial interests to accredited investors in specific DSTs holding DST Properties, which may be sourced from our real properties or from third parties.

Commitments

From time to time, we have entered into contingent agreements for the acquisition and financing of properties. Such acquisitions and financings are subject to satisfactory completion of due diligence.

We are subject to fixed ground lease payments on South Beach Parking Garage of \$112 per year until September 30, 2024 and will increase every five years thereafter by the lesser of 12% or the cumulative CPI over the previous five year period. We are also subject to a variable ground lease payment calculated as 2.5% of revenue. The lease expires September 30, 2041 and has a ten-year renewal option.

The operating agreement for Presley Uptown allows the unrelated third party joint venture partner, owning a 2.5% interest, to put its interest to us at a market determined value starting September 30, 2022 through September 30, 2024.

The operating agreement for 237 Via Vera Cruz, 13500 Danielson Street, 2840 Loker Avenue and 15890 Bernardo Center Drive allows the unrelated third party joint venture partner, owning a 5% interest, to put its interest to us at a market determined value starting July 31, 2024.

Off Balance Sheet Arrangements

At December 31, 2021, we had approximately \$110 in an outstanding letter of credit, which is not reflected on our balance sheet. We have no other off balance sheet arrangements.

Distributions to Stockholders

To remain qualified as a REIT for federal income tax purposes, we must distribute or pay tax on 100% of our capital gains and distribute at least 90% of ordinary taxable income to stockholders.

The following factors, among others, will affect operating cash flow and, accordingly, influence the decisions of our board of directors regarding distributions:

- scheduled increases in base rents of existing leases;
- changes in minimum base rents and/or overage rents attributable to replacement of existing leases with new or renewal leases;
- changes in occupancy rates at existing properties and procurement of leases for newly acquired or developed properties;
- necessary capital improvement expenditures or debt repayments at existing properties;
- ability of our tenants to pay rent as a result of the impact of COVID-19 on their financial condition; and
- our share of distributions of operating cash flow generated by the unconsolidated real estate affiliates, less management costs and debt service on additional loans that have been or will be incurred.

We anticipate that operating cash flow, cash on hand, proceeds from dispositions of real estate investments, or refinancings will provide adequate liquidity to conduct our operations, fund general and administrative expenses, fund operating costs and interest payments and allow distributions to our stockholders in accordance with the REIT qualification requirements of the Code.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are subject to market risk associated with changes in interest rates in terms of the price of our variable-rate debt and the price of new fixed-rate debt for refinancing of existing debt. We manage our interest rate risk exposure by obtaining fixed-rate loans where possible. As of December 31, 2021, we had consolidated debt of \$1,819,620. Including the \$1,956 net discount on the assumption of debt and debt issuance costs, we have consolidated debt of \$1,817,664 at December 31, 2021. We also entered into interest rate cap and swap agreements on \$190,000 of the variable rate debt that cap the LIBOR rate at between 1.0% and 2.6% that mature between 2022 and 2023. A 0.25% movement in the interest rate on the \$551,400 of variable-rate debt would have resulted in a \$1,379 annualized increase or decrease in consolidated interest expense and cash flow from operating activities.

We are subject to interest rate risk with respect to our fixed-rate financing in that changes in interest rates will impact the fair value of our fixed-rate financing. To determine fair market value, the fixed-rate debt is discounted at a rate based on an estimate of current lending rates, assuming the debt is outstanding through maturity and considering the collateral. At December 31, 2021, the fair value of our mortgage notes and other debt payable was estimated to be approximately \$3,794 higher than the carrying value of \$1,819,620. If treasury rates were 0.25% higher at December 31, 2021, the fair value of our consolidated debt would have been approximately \$7,258 lower than the carrying value.

Item 8. Financial Statements and Supplementary Data.

See “Index to Consolidated Financial Statements” on page F-1 of this Form 10-K.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this report. Based on management’s evaluation as of December 31, 2021, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and such information is accumulated and communicated to management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed under the supervision of our chief executive officer and chief financial officer to provide reasonable assurance regarding the reliability of financial reporting and preparation of our financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

As of December 31, 2021, our management conducted an assessment of the effectiveness of our internal control over financial reporting based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in “Internal Control—Integrated Framework” (2013). Based on the assessment, management has concluded that our internal control over financial reporting was effective as of December 31, 2021 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

In accordance with the rules of the SEC, certain information required by Part III is omitted and incorporated by reference into this Form 10-K from our definitive proxy statement (our "2022 Proxy Statement") relating to our 2022 annual meeting of stockholders (our "2022 Annual Meeting") that we intend to file with the SEC no later than April 1, 2022.

On February 28, 2022, our board of directors determined to hold the 2022 Annual Meeting on June 9, 2022.

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item is incorporated by reference to our 2022 Proxy Statement.

Item 11. Executive Compensation.

The information required by this Item is incorporated by reference to our 2022 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters.

The information required by this Item is incorporated by reference to our 2022 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item is incorporated by reference to our 2022 Proxy Statement.

Item 14. Principal Accounting Fees and Services.

The information required by this Item is incorporated by reference to our 2022 Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

- (1) Consolidated Financial Statements: See "Index to Consolidated Financial Statements" at page [F-1](#) below.
- (2) Financial Statement Schedule: See "Schedule III—Real Estate and Accumulated Depreciation as of December 31, 2021" at page [F-35](#) below.
- (3) Exhibits

Exhibit Number	Description
3.1	Second Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on September 28, 2012).
3.2	First Articles of Amendment to the Second Articles of Amendment and Restatement (incorporated by reference to Appendix A to the Company's prospectus supplement filed with the SEC on May 9, 2013).
3.3	First Articles of Amendment to the Second Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 8, 2014).
3.4	Articles Supplementary (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 9, 2014).
3.5	Articles of Amendment (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on July 9, 2014).
3.6	Second Articles of Amendment to the Second Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on June 18, 2015).
3.7	Certificate of Correction to the Company's Articles Supplementary (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on May 17, 2016).
3.8	Third Articles of Amendment to the Second Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.1 to Post-Effective Amendment No. 8 to the Company's Registration Statement on Form S-11 filed with the SEC on October 16, 2019).
3.9	Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on September 28, 2012).
4.1	Second Amended and Restated Distribution Reinvestment Plan (incorporated by reference to Appendix C to the Company's prospectus dated December 21, 2021).
4.2*	Description of the Company's securities.
10.1	Fourth Amended and Restated Advisory Agreement, dated October 16, 2019, among Jones Lang LaSalle Income Property Trust, Inc., JLLIPT Holdings LP and LaSalle Investment Management, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 16, 2019).
10.2	Amended and Restated Dealer Manager Agreement between Jones Lang LaSalle Income Property Trust, Inc. JLLIPT Holdings LP and LaSalle Investment Management Distributors, LLC, dated as of March 9, 2021 (incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 6, 2021).
10.3*	Amended and Restated Jones Lang LaSalle Income Property Trust, Inc. 2012 Incentive Plan.
10.4	Fifth Amended and Restated Independent Directors Compensation Plan (incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K filed with the SEC on March 10, 2020).
10.5	License Agreement by and between Jones Lang LaSalle Income Property Trust, Inc. and Jones Lang LaSalle IP, Inc. dated as of November 14, 2011 (incorporated by reference to Exhibit 10.16 to the Company's Registration Statement on Form S-11, Commission File No. 333-177963, filed with the SEC on November 14, 2011).
10.6	Subscription Agreement by and among Jones Lang LaSalle Income Property Trust, Inc. and LIC II Solstice Holdings, LLC, dated as of August 8, 2012 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 9, 2012).
10.7	Dealer Manager Agreement between Jones Lang LaSalle Income Property Trust, Inc. and LaSalle Investment Management Distributors, LLC, dated as of March 3, 2015 (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K filed with the SEC on March 5, 2015).
10.8	Contribution and Assignment Agreement between Jones Lang LaSalle Income Property Trust, Inc. and JLLIPT Holdings LP (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on April 2, 2018).

Exhibit Number	Description
10.9	Purchase and Sale Agreement for 111 Sutter Street, dated December 17, 2018, between CEP Investors XII, LLC and Paramount Group Acquisition and Development LLC (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K filed with the SEC on March 8, 2019).
10.10*	Dealer Manager Agreement, dated August 25, 2021, among JLL Exchange TRS, LLC, LaSalle Investment Management Distributors, LLC, JLLIPT Holdings LP and Jones Lang LaSalle Income Property Trust, Inc.
10.11	Form of First Amended and Restated Trust Agreement (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 8, 2019).
10.12	Form of Master Lease (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 8, 2019).
10.13	Fourth Amended and Restated Limited Partnership Agreement of JLLIPT Holdings LP (incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K filed with the SEC on March 12, 2021).
10.14	Purchase and Sale Agreement for Single-Family Rental Portfolio, dated August 5, 2021 between LIPT SFR Portfolio, LLC and GVI RH JV HoldCo, LLC (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 10, 2021).
10.15	Sixth Amended and Restated Independent Director's Compensation Plan (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-11 filed with the SEC on December 21, 2021).
21.1*	Subsidiaries of the Registrant.
24.1*	Power of Attorney (included in signature page).
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1*	RH Joint Ventures, LLC and Subsidiaries Consolidated Financial Statements as of and for the years ended December 31, 2021 and 2020.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Schema Document.
101.CAL*	XBRL Calculation Linkbase Document.
101.DEF*	Definition Linkbase Document.
101.LAB*	XBRL Labels Linkbase Document.
101.PRE*	XBRL Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

* Filed herewith.

Item 16. Form 10-K Summary.

The Company has elected not to provide summary information.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant, Jones Lang LaSalle Income Property Trust, Inc., has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

JONES LANG LASALLE INCOME PROPERTY TRUST, INC.

By: /s/ C. ALLAN SWARINGEN

C. Allan Swaringen
President, Chief Executive Officer

Date: March 11, 2022

POWER OF ATTORNEY

Each individual whose signature appears below constitutes and appoints C. Allan Swaringen, his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this report on Form 10-K, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute, may lawfully do or cause to be done or by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/S/ LYNN C. THURBER</u>	Chairman of the Board of Directors, Director	March 11, 2022
<u>/S/ C. ALLAN SWARINGEN</u>	President, Chief Executive Officer (Principal Executive Officer)	March 11, 2022
<u>/S/ GREGORY A. FALK</u>	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 11, 2022
<u>/S/ VIRGINIA G. BREEN</u>	Director	March 11, 2022
<u>/S/ JONATHAN B. BULKELEY</u>	Director	March 11, 2022
<u>/S/ R. MARTEL DAY</u>	Director	March 11, 2022
<u>/S/ JACQUES N. GORDON</u>	Director	March 11, 2022
<u>/S/ KRISTY F. HEUBERGER</u>	Director	March 11, 2022
<u>/S/ ROBIN M. ZEIGLER</u>	Director	March 11, 2022
<u>/S/ WILLIAM E. SULLIVAN</u>	Director	March 11, 2022

Jones Lang LaSalle Income Property Trust, Inc.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	PAGE NUMBER
CONSOLIDATED FINANCIAL STATEMENTS	
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2021 and 2020	F-4
Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2021, 2020 and 2019	F-5
Consolidated Statements of Equity for the years ended December 31, 2021, 2020 and 2019	F-6
Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019	F-7
Notes to Consolidated Financial Statements	F-8
FINANCIAL STATEMENT SCHEDULE	
Schedule III—Real Estate and Accumulated Depreciation as of December 31, 2021	F-37

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Jones Lang LaSalle Income Property Trust, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Jones Lang LaSalle Income Property Trust, Inc. and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations and comprehensive income, equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes and financial statement schedule III (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Relative fair value of certain asset acquisitions

As discussed in Note 3 to the consolidated financial statements, the Company acquired \$1,444,176 thousand of real estate properties accounted for as asset acquisitions during the year ended December 31, 2021. In asset acquisitions, the Company uses estimates of future cash flows and other valuation techniques to allocate the fair value of the property among land, building and equipment, and other identifiable asset and liability intangibles on a relative basis.

We identified the assessment of the relative fair value of land and in-place lease intangibles in certain asset acquisitions as a critical audit matter. A higher degree of subjectivity and auditor judgment was required to evaluate the fair value amounts used in the relative allocation of the purchase price to these assets. Specifically, the measurement of the relative fair values of land and in-place lease intangibles is dependent upon key assumptions that have a higher degree of sensitivity within the Company's asset acquisition accounting model. Such key assumptions include comparable market land values and market rents.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design of an internal control related to management's review of purchase price allocations. For certain asset acquisitions, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- comparing the Company's determination of the fair value of land to independently developed ranges of estimated fair value based on publicly available land sales
- comparing the market rents used in the Company's in-place lease intangible value to market data such as industry guides.

Expected hold period of net property and equipment

As discussed in Note 2 to the consolidated financial statements, the Company evaluates the recoverability of net property and equipment whenever events or changes in circumstances, including changes in the expected hold period, indicate that the carrying amount of net property and equipment may exceed fair value. As of December 31, 2021, the Company had net property and equipment of \$3,349,561 thousand.

We identified the assessment of the expected hold period for net property and equipment as a critical audit matter. A high degree of auditor judgment was required to evaluate the reasonableness of management's assessment of the hold period. Changes in the expected hold period could have a material impact on the results of management's recoverability assessment and indicate a potential impairment.

The following are the primary procedures we performed to address this critical audit matter. We compared the Company's historical hold period for similar net property and equipment to the hold period assumed in the Company's analyses used to evaluate whether a change in circumstance has occurred. We inquired of management and inspected documents such as meeting minutes of the Board of Directors and forecasts developed at the portfolio management team's strategic planning meetings to evaluate the likelihood that a property would be sold before the end of its previously identified hold period. We read external communications with investors in order to identify information regarding potential sales of the Company's properties, or other indicators of a potential reduction in an investment property's hold period.

/s/ KPMG LLP

We have served as the Company's auditor since 2012.

Chicago, Illinois

March 11, 2022

Jones Lang LaSalle Income Property Trust, Inc.
CONSOLIDATED BALANCE SHEETS
\$ in thousands, except per share amounts

	December 31,	
	2021	2020
ASSETS		
Investments in real estate:		
Land (including from VIEs of \$59,006 and \$22,605, respectively)	\$ 598,564	\$ 428,313
Buildings and equipment (including from VIEs of \$206,016 and \$142,946, respectively)	3,010,359	1,892,023
Less accumulated depreciation (including from VIEs of \$(26,955) and \$(23,083), respectively)	(259,362)	(219,833)
Net property and equipment	3,349,561	2,100,503
Investments in unconsolidated real estate affiliates	217,044	187,890
Real estate fund investments	352,905	79,192
Investments in real estate and other assets held for sale	39,326	34,148
Net investments in real estate	3,958,836	2,401,733
Investment in marketable securities	43,206	—
Cash and cash equivalents (including from VIEs of \$6,740 and \$3,159, respectively)	70,273	84,805
Restricted cash (including from VIEs of \$859 and \$800, respectively)	51,203	16,629
Tenant accounts receivable, net (including from VIEs of \$1,850 and \$2,679, respectively)	9,066	8,680
Deferred expenses, net (including from VIEs of \$533 and \$516, respectively)	14,511	10,982
Acquired intangible assets, net (including from VIEs of \$12,500 and \$2,638, respectively)	216,227	105,206
Deferred rent receivable, net (including from VIEs of \$1,135 and \$1,087, respectively)	25,634	21,274
Prepaid expenses and other assets (including from VIEs of \$284 and \$164, respectively)	13,290	9,290
TOTAL ASSETS	\$ 4,402,246	\$ 2,658,599
LIABILITIES AND EQUITY		
Mortgage notes and other debt payable, net (including from VIEs of \$147,076 and \$82,033, respectively)	\$ 1,817,664	\$ 868,102
Liabilities held for sale	271	18,242
Accounts payable and other accrued expenses (including from VIEs of \$2,477 and \$1,335, respectively)	70,551	36,137
Financing obligation	448,319	155,882
Accrued offering costs	137,776	106,908
Accrued interest (including from VIEs of \$368 and \$296, respectively)	3,321	2,153
Accrued real estate taxes (including from VIEs of \$541 and \$738, respectively)	9,497	6,640
Advisor fees payable	39,709	2,122
Acquired intangible liabilities, net	31,022	14,990
TOTAL LIABILITIES	2,558,130	1,211,176
Commitments and contingencies	—	—
Equity:		
Class A common stock: \$0.01 par value; 200,000,000 shares authorized 100,038,362 and 89,671,096 shares issued and outstanding at December 31, 2021 and 2020, respectively	1,000	897
Class M common stock: \$0.01 par value; 200,000,000 shares authorized 36,458,191 and 35,612,156 shares issued and outstanding at December 31, 2021 and 2020, respectively	365	356
Class A-I common stock: \$0.01 par value; 200,000,000 shares authorized 9,356,309 and 9,616,299 shares issued and outstanding at December 31, 2021 and 2020 respectively	94	96
Class M-I common stock: \$0.01 par value; 200,000,000 shares authorized 52,676,693 and 33,247,001 shares issued and outstanding at December 31, 2021 and 2020, respectively	527	332
Class D common stock: \$0.01 par value; 200,000,000 shares authorized 7,513,281 and 4,957,915 shares issued and outstanding at December 31, 2021 and 2020, respectively	75	50
Additional paid-in capital (net of offering costs of \$264,066 and \$216,405 as of December 31, 2021 and 2020, respectively)	2,284,839	1,922,136
Distributions to stockholders	(573,963)	(481,760)
Retained earnings (Accumulated deficit)	34,398	(14,723)
Total Jones Lang LaSalle Income Property Trust, Inc. stockholders' equity	1,747,335	1,427,384
Noncontrolling interests	96,781	20,039
Total equity	1,844,116	1,447,423
TOTAL LIABILITIES AND EQUITY	\$ 4,402,246	\$ 2,658,599

The abbreviation "VIEs" above means Variable Interest Entities.
See notes to consolidated financial statements.

Jones Lang LaSalle Income Property Trust, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
\$ in thousands, except per share amounts

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Revenues:			
Rental revenue	\$ 227,940	\$ 186,641	\$ 167,170
Other revenue	11,398	6,980	7,109
Total revenues	239,338	193,621	174,279
Operating expenses:			
Real estate taxes	32,837	29,665	25,012
Property operating	43,995	37,999	31,783
Property general and administrative	1,596	4,318	1,659
Advisor fees	65,667	25,274	23,026
Company level expenses	4,841	2,936	3,201
Provision for impairment of real estate	1,822	—	—
Depreciation and amortization	94,051	75,603	67,348
Total operating expenses	244,809	175,795	152,029
Other (expenses) and income:			
Interest expense	(48,230)	(40,668)	(36,185)
Income (loss) from unconsolidated real estate affiliates and fund investment	67,333	(19,451)	7,066
Investment income on marketable securities	418	—	—
Net realized gain upon sale of marketable securities	247	—	—
Net unrealized change in fair value of investment in marketable securities	2,933	—	—
Gain (loss) on disposition of property and extinguishment of debt, net	33,422	(1,772)	106,871
Total other (expenses) and income	56,123	(61,891)	77,752
Net income (loss)	50,652	(44,065)	100,002
Net (income) loss attributable to the noncontrolling interests	(1,531)	59	(69)
Net income (loss) attributable to Jones Lang LaSalle Income Property Trust, Inc.	\$ 49,121	\$ (44,006)	\$ 99,933
Net income (loss) attributable to Jones Lang LaSalle Income Property Trust, Inc. per share-basic and diluted:			
Class A	\$ 0.28	\$ (0.26)	\$ 0.66
Class M	0.27	(0.26)	0.66
Class A-I	0.28	(0.26)	0.66
Class M-I	0.24	(0.26)	0.66
Class D	0.26	(0.26)	0.66
Weighted average common stock outstanding-basic and diluted	186,610,215	170,613,298	151,179,459

See notes to consolidated financial statements.

Jones Lang LaSalle Income Property Trust, Inc.
CONSOLIDATED STATEMENTS OF EQUITY
\$ in thousands, except per share amounts

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Distributions to Stockholders</u>	<u>(Accumulated Deficit) Retained Earnings</u>	<u>Noncontrolling Interests</u>	<u>Total Equity</u>
	<u>Shares</u>	<u>Amount</u>					
Balance, December 31, 2018	138,148,451	\$ 1,382	\$ 1,568,474	\$ (318,780)	\$ (70,650)	\$ 6,866	\$ 1,187,292
Issuance of common stock	37,588,047	377	460,456	—	—	—	460,833
Repurchase of shares	(10,000,352)	(101)	(121,721)	—	—	—	(121,822)
Offering costs	—	—	(42,056)	—	—	—	(42,056)
Stock based compensation	11,298	—	138	—	—	—	138
Net income	—	—	—	—	99,933	69	100,002
Cash distributed to noncontrolling interests	—	—	(4,557)	—	—	(2,559)	(7,116)
Distributions declared (\$0.58) per share	—	—	—	(80,159)	—	—	(80,159)
Balance, December 31, 2019	<u>165,745,572</u>	<u>\$ 1,658</u>	<u>\$ 1,860,734</u>	<u>\$ (398,939)</u>	<u>\$ 29,283</u>	<u>\$ 6,021</u>	<u>\$ 1,498,757</u>
Issuance of common stock	28,718,218	287	345,625	—	—	—	345,912
Repurchase of shares	(21,372,888)	(214)	(255,141)	—	—	—	(255,355)
Conversion of shares	(2,435)	—	—	—	—	—	—
Offering costs	—	—	(29,274)	—	—	—	(29,274)
Stock based compensation	16,000	—	192	—	—	—	192
Net income	—	—	—	—	(44,006)	(59)	(44,065)
Issuance of OP units	—	—	—	—	—	14,252	14,252
Cash contributed from noncontrolling interests	—	—	—	—	—	3	3
Cash distributed to noncontrolling interests	—	—	—	—	—	(178)	(178)
Distributions declared (\$0.54) per share	—	—	—	(82,821)	—	—	(82,821)
Balance, December 31, 2020	<u>173,104,467</u>	<u>\$ 1,731</u>	<u>\$ 1,922,136</u>	<u>\$ (481,760)</u>	<u>\$ (14,723)</u>	<u>\$ 20,039</u>	<u>\$ 1,447,423</u>
Issuance of common stock	44,071,596	441	545,261	—	—	—	545,702
Repurchase of shares	(11,151,942)	(111)	(135,135)	—	—	—	(135,246)
Conversion of shares	(1,285)	—	—	—	—	—	—
Offering costs	—	—	(47,661)	—	—	—	(47,661)
Stock based compensation	20,000	—	238	—	—	—	238
Net income	—	—	—	—	49,121	1,531	50,652
Issuance of OP units	—	—	—	—	—	74,673	74,673
Cash contributed from noncontrolling interests	—	—	—	—	—	4,350	4,350
Cash distributed to noncontrolling interests	—	—	—	—	—	(3,812)	(3,812)
Distributions declared (\$0.54) per share	—	—	—	(92,203)	—	—	(92,203)
Balance, December 31, 2021	<u>206,042,836</u>	<u>\$ 2,061</u>	<u>\$ 2,284,839</u>	<u>\$ (573,963)</u>	<u>\$ 34,398</u>	<u>\$ 96,781</u>	<u>\$ 1,844,116</u>

See notes to consolidated financial statements.

Jones Lang LaSalle Income Property Trust, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
\$ in thousands, except per share amounts

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ 50,652	\$ (44,065)	\$ 100,002
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	93,045	75,073	66,860
Gain on disposition of property and extinguishment of debt, net	(33,422)	1,772	(106,871)
Net realized gain upon sale of marketable securities	(247)	—	—
Net unrealized gain in fair value of marketable securities	(2,933)	—	—
Straight line rent	(3,975)	(1,324)	(3,444)
Provision for impairment of real estate	1,822	—	—
(Income) loss from unconsolidated real estate affiliates and fund investments	(67,333)	19,451	(7,066)
Distributions received from unconsolidated affiliates and fund investments	11,860	4,043	10,637
Net changes in assets, liabilities and other	37,880	7,404	2,584
Net cash provided by operating activities	87,349	62,354	62,702
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of real estate investments	(1,238,381)	(187,825)	(373,355)
Proceeds from sales of real estate investments and fixed assets	66,992	5,372	216,010
Capital improvements and lease commissions	(28,764)	(13,201)	(19,718)
Investment in unconsolidated real estate affiliates and fund investments	(247,394)	(8,802)	(3,779)
Deposits for investments under contract	(1,000)	—	(2,250)
Investment in marketable securities	(45,373)	—	—
Proceeds from sale of marketable securities	5,347	—	—
Distributions received from unconsolidated affiliates and fund investments	—	—	3,248
Net cash used in investing activities	(1,488,573)	(204,456)	(179,844)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of common stock	809,571	394,082	437,592
Offering costs	(16,792)	(17,592)	(19,299)
Repurchase of shares	(135,246)	(255,354)	(121,822)
Distributions to stockholders	(33,070)	(35,719)	(25,802)
Distributions paid to noncontrolling interests	(3,812)	(178)	(7,116)
Contributions received from noncontrolling interests	4,350	3	1,645
Deposits for loan commitments	(937)	—	(379)
Draws on credit facility	675,000	200,000	57,000
Payment on credit facility	(140,000)	(200,000)	(147,000)
Proceeds from mortgage notes and other debt payable	356,390	135,130	101,000
Principal payments on mortgage notes and other debt payable	(86,402)	(89,349)	(88,515)
Payment on early extinguishment of debt	—	(1,457)	(207)
Debt issuance costs	(7,780)	(52)	(1,202)
Net cash provided by financing activities	1,421,272	129,514	185,895
Net increase (decrease) in cash, cash equivalents and restricted cash	20,048	(12,588)	68,753
Cash, cash equivalents and restricted cash at the beginning of the year	101,434	114,022	45,269
Cash, cash equivalents and restricted cash at the end of the year	<u>\$ 121,482</u>	<u>\$ 101,434</u>	<u>\$ 114,022</u>
Reconciliation of cash, cash equivalents and restricted cash shown per Consolidated Balance Sheets to Consolidated Statements of Cash Flows			
Cash and cash equivalents	70,273	84,805	77,056
Restricted cash	51,203	16,629	36,966
Restricted cash included in assets held for sale	6	—	—
Cash, cash equivalents and restricted cash at the end of the period	<u>\$ 121,482</u>	<u>\$ 101,434</u>	<u>\$ 114,022</u>
Supplemental disclosure of cash flow information:			
Interest paid	\$ 37,184	\$ 35,966	\$ 29,343
Non-cash activities:			
Write-offs of receivables	\$ 198	\$ 74	\$ 26
Write-offs of retired assets and liabilities	10,257	12,599	16,515
Change in liability for capital expenditures	(2,109)	(412)	(146)
Net liabilities transferred at sale of real estate investments	230	63	2,100
Net liabilities assumed at acquisition	2,945	520	285
Change in issuance of common stock receivable and redemption of common stock payable	(731)	176	(647)
Change in accrued offering costs	30,869	11,682	22,757
Assumption of mortgage notes payable	(125,716)	—	(41,546)
Investments in net investments in real estate in exchange for common stock and OP Units	74,673	29,086	—

See notes to consolidated financial statements.

Jones Lang LaSalle Income Property Trust, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
\$ in thousands, except per share amounts

NOTE 1—ORGANIZATION

General

Except where the context suggests otherwise, the terms “we,” “us,” “our” and the “Company” refer to Jones Lang LaSalle Income Property Trust, Inc. The terms “Advisor” and “LaSalle” refer to LaSalle Investment Management, Inc.

Jones Lang LaSalle Income Property Trust, Inc. is an externally advised, daily valued perpetual-life real estate investment trust ("REIT") that owns and manages a diversified portfolio of industrial, office, residential, retail and other properties located in the United States. Over time our real estate portfolio may be further diversified on a global basis through the acquisition of properties outside of the United States and will be complemented by investments in real estate-related debt and equity securities. We were incorporated on May 28, 2004 under the laws of the State of Maryland. We believe that we have operated in such a manner to qualify to be taxed as a REIT for federal income tax purposes commencing with the taxable year ended December 31, 2004, when we first elected REIT status. As of December 31, 2021, we owned interests in a total of 120 properties and over 4,000 single-family rental houses located in 27 states.

We own substantially all of our assets through JLLIPT Holdings, LP, a Delaware limited partnership (our “operating partnership”), of which we are a limited partner and JLLIPT Holdings GP, LLC, our wholly owned subsidiary, is the sole general partner. The use of our operating partnership to hold substantially all of our assets is referred to as an Umbrella Partnership Real Estate Investment Trust ("UPREIT"). By using an UPREIT structure, a property owner who desires to defer taxable gain on the disposition of his or her property may transfer the property to our operating partnership in exchange for limited partnership interests in the operating partnership ("OP Units") and defer taxation of gain until the limited partnership interests are disposed of in a taxable transaction. As of December 31, 2021, we raised aggregate proceeds from the issuance of OP Units in our operating partnership of \$88,925, and owned directly or indirectly 96.6% of the OP Units of our operating partnership. The remaining 3.4% of the OP Units are held by third parties.

From our inception to December 31, 2021, we have received approximately \$3,565,671 in gross offering proceeds from various public and private offerings of shares of our common stock as well as issuance of OP Units. On October 1, 2012, we commenced our initial public offering of common stock and since that time we have offered shares of our common stock in various public offerings registered with the Securities and Exchange Commission (the "SEC").

On December 21, 2021, our most recent public offering (the "Current Public Offering") of up to \$3,000,000 in any combination of shares of our Class A, Class M, Class A-I and Class M-I common stock was declared effective by the SEC. As of December 31, 2021, we have raised aggregate gross proceeds from the sale of shares of our common stock in our Current Public Offering of \$22,553. We intend to continue to offer shares of our common stock on a continuous basis for an indefinite period of time by filing a new registration statement before the end of each offering.

In addition to our public offerings, on March 3, 2015, we commenced a private offering (the "Private Offering") of up to \$350,000 in shares of our Class D common stock with an indefinite duration. As of December 31, 2021, we have raised aggregate gross proceeds of \$98,188 in the Private Offering. In addition, on October 16, 2019, we, through our operating partnership, initiated a program (the “DST Program”) to raise up to \$500,000, which our board of directors increased to \$1,000,000 on August 10, 2021, in private placements exempt from registration under the Securities Act of 1933, as amended, through the sale of beneficial interests to accredited investors in specific Delaware statutory trusts ("DSTs") holding real properties ("DST Properties"), which may be sourced from our real properties or from third parties. As of December 31, 2021, we have raised \$473,723 of aggregate gross proceeds from our DST program.

As of December 31, 2021, 100,038,362 shares of Class A common stock, 36,458,191 shares of Class M common stock, 9,356,309 shares of Class A-I common stock, 52,676,693 shares of Class M-I common stock, and 7,513,281 shares of Class D common stock were outstanding and held by a total of 20,039 stockholders.

LaSalle acts as our advisor pursuant to the advisory agreement among us, our operating partnership and LaSalle (the "Advisory Agreement"). The term of our Advisory Agreement expires June 5, 2022, subject to an unlimited number of successive one-year renewals. Our Advisor, a registered investment advisor with the SEC, has broad discretion with respect to our investment decisions and is responsible for selecting our investments and for managing our investment portfolio pursuant to the terms of the Advisory Agreement. Our executive officers are employees of, and compensated by, our Advisor. We have no employees.

LaSalle is a wholly-owned, but operationally independent subsidiary of Jones Lang LaSalle Incorporated ("JLL" or our "Sponsor"), a New York Stock Exchange-listed leading professional services firm that specializes in real estate and investment management. As of December 31, 2021, JLL and its affiliates owned an aggregate of 2,521,801 Class M shares, which were issued for cash at a price equal to the most recently reported net asset value ("NAV") per share as of the purchase date and have a current value of approximately \$35,700.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and the instructions to Form 10-K and include the accounts of our wholly-owned subsidiaries, consolidated variable interest entities ("VIE") and the unconsolidated investments in real estate affiliates. We consider the authoritative guidance of accounting for investments in common stock, investments in real estate ventures, investors accounting for an investee when the investor has the majority of the voting interest but the minority partners have certain approval or veto rights, determining whether a general partner or general partners as a group controls a limited partnership or similar entity when the limited partners have certain rights, and the consolidation of VIEs in which we own less than a 100% interest. All significant intercompany balances and transactions have been eliminated in consolidation.

Parenthetical disclosures are shown on our Consolidated Balance Sheets regarding the amounts of VIE assets and liabilities that are consolidated. As of December 31, 2021, our VIEs include The District at Howell Mill, Grand Lakes Marketplace, Presley Uptown, 237 Via Vera Cruz, 4211 Starboard Drive, 13500 Danielson Drive, 2840 Loker Ave, and 15890 Bernardo Center Drive due to the joint venture structures and our partners having limited participation rights and no kick-out rights. The creditors of our VIEs do not have general recourse to us.

Noncontrolling interests represent the minority members' proportionate share of the equity in our VIEs. At acquisition, the assets, liabilities and noncontrolling interests were measured and recorded at the estimated fair value. Noncontrolling interests will increase for the minority members' share of net income of these entities and contributions and decrease for the minority members' share of net loss and distributions. As of December 31, 2021, noncontrolling interests represented the minority members' proportionate share of the equity of the entities listed above as VIEs.

Certain of our joint venture agreements include provisions whereby, at certain specified times, each party has the right to initiate a purchase or sale of its interest in the joint ventures at an agreed upon fair value. Under these provisions, we are not obligated to purchase the interest of its outside joint venture partners.

Investments in Real Estate

Real estate assets are stated at cost. Our real estate assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. A real estate asset is considered to be impaired when the estimated future undiscounted operating cash flow over the expected hold period is less than its carrying value in accordance with the authoritative guidance on accounting for the impairment or disposal of long-lived assets. To the extent impairment has occurred, the excess of the carrying value of the asset over its estimated fair value will be charged to operations. The valuation adjustments were calculated based on market conditions and assumptions made by management at the time the valuation adjustments were recorded, which may differ materially from actual results if market conditions or the underlying assumptions change in the future. If our strategy changes or if market conditions otherwise dictate a change in the holding period and an exit date, an impairment loss could be recognized and such loss could be material. When we have committed to a plan to sell a property that is available for immediate sale, have the necessary approvals and marketing in place, and believe that the sale of the property is probable the assets selected for disposal will be classified as held-for-sale and carried at the lower of their carrying values (*i.e.*, cost less accumulated depreciation and any impairment loss recognized, where applicable) or estimated fair values less costs to sell. Carrying values are reassessed at each balance sheet date. Due to market fluctuation, actual proceeds realized on the ultimate sale of these properties may differ from estimates and such differences could be material. Depreciation and amortization cease once a property is classified as held-for-sale. We recorded \$1,822 in impairment charges related to the The Edge at Lafayette for the year ended December 31, 2021. We recorded no impairment charges in 2020 or 2019.

Depreciation expense is computed using the straight-line method based upon the following estimated useful lives:

Asset Category	Estimated Useful Life
Buildings and improvements	40-50 Years
Tenant improvements	Lesser of life of improvement or life of related lease
Equipment and fixtures	2-10 Years

Maintenance and repairs are charged to expense when incurred. Expenditures for significant betterments and improvements are capitalized.

Investments in Unconsolidated Real Estate Affiliates and Real Estate Fund Investment

We account for our investments in unconsolidated real estate affiliates using either the equity method or the fair value option. Under the equity method the cost of the investment is adjusted for our share of equity in net income or loss and reduced by distributions received and increased by contributions provided. Under the fair value option, the cost basis of the investment is increased for contributions made to the investment and adjusted for our share of changes in the fair value of the investment. Distributions received from investments in unconsolidated real estate affiliates under the fair value option are recorded as income from the unconsolidated affiliates. Distributions that are identified as returns of capital are recorded as a reduction to the cost basis of the investment, whereas distributions identified as capital gains or losses are recorded as realized gains or losses.

We evaluate the carrying values of our investments in unconsolidated real estate affiliates accounted for under the equity method, excluding our investment under the fair value option, in accordance with the authoritative guidance on the equity method of accounting for investments in common stock. We analyze our investments in unconsolidated real estate affiliates when circumstances change and at every reporting period and determine if an “other-than-temporary” impairment exists and, if so, we assess our ability to recover our carrying cost of the investment. During 2020, we concluded that an other than temporary decline in value exists in our investment in the Chicago Parking Garage and recognized an impairment charge of \$1,506.

Investment in Marketable Securities

In accordance with our investment guidelines, investments in marketable securities consist of stock of publicly traded REITs. The net unrealized change in the fair value of our investments in marketable securities is recorded in earnings as part of net income in accordance with Accounting Standard Update ("ASU") 2016-1, Financial Statements - Overall (Subtopic 825-10) - Recognition and Measurement of Financial Assets and Financial Liabilities.

Rental Revenue Recognition

Minimum rent revenues are recognized on a straight-line basis over the terms of the related leases. Straight-line rent revenue (representing rents recognized prior to being billed and collectible as provided by the terms of the leases) caused net increases to rent revenue of \$3,155, \$951 and \$3,351 for the years ended December 31, 2021, 2020 and 2019, respectively. Also included, as an increase to rent revenue, for the years ended December 31, 2021, 2020 and 2019, are \$2,714, \$1,859 and \$2,107, respectively, of net amortization related to above-and below-market in-place leases at properties acquired as provided by authoritative guidance on goodwill and intangible assets. Tenant recoveries are recognized as revenues in the period the applicable costs are incurred.

We recognize rental revenue from tenants under operating leases on a straight-line basis over the non-cancelable term of the lease when collectibility of substantially all rents is reasonably assured. Recognition of rental revenue on a straight-line basis includes the effects of rental abatements, lease incentives and fixed and determinable increases in lease payments over the lease term. For leases where collection of substantially all rents is not deemed to be probable of collection, revenue is recorded equal to cash that has been received from the tenant. We evaluate the collectibility of rents and other receivables at each reporting period based on factors including, among others, tenant's payment history, the financial condition of the tenant, business conditions and trends in the industry in which the tenant operates, economic conditions in the geographic area where the property is located. If evaluation of these factors or others indicates it is not probable we will collect substantially all rent we recognize an adjustment to rental revenue. If our judgment or estimation regarding probability of collection changes we may adjust or record additional rental revenue in the period such conclusion is reached.

The COVID-19 pandemic has had a negative impact on many of our tenant's businesses and the collectibility of certain tenants rent receivable balances remain uncertain. We have taken into account current tenant conditions, which include consideration of COVID-19 in our estimation of its uncollectible accounts and deferred rents receivable at December 31, 2021. We are closely monitoring the collectibility of such rents and will adjust future estimations as further information becomes known. During the years ended December 31, 2021 and 2020, we recorded a reduction in minimum base rent and recovery revenue of \$741, and \$3,887, respectively. During the year ended December 31, 2021, we recorded an increase in straight line revenue of \$102 as a result of collections from certain tenants. During the year ended December 31, 2020, we recorded a decrease in straight line revenue of \$2,019 due to the concern of collectibility. During the years ended December 31, 2021 and 2020, we deferred \$929 and \$1,919, respectively, and we abated \$537 and \$1,142 of rental revenue, respectively.

Cash and Cash Equivalents

We consider all highly-liquid investments purchased with original maturities of three months or less to be cash equivalents. We maintain a portion of our cash in bank deposit accounts, which, at times, may exceed the federally insured limits. No losses have been experienced related to such accounts. We believe our bank deposit accounts are held with quality financial institutions.

Restricted Cash

Restricted cash includes amounts established pursuant to various agreements for loan escrow accounts, loan commitments and property sale proceeds. When we sell a property, we can elect to enter into a like-kind exchange pursuant to the applicable Internal Revenue Service guidance whereby the proceeds from the sale are placed in escrow with a qualified intermediary until a replacement property can be purchased. At December 31, 2021, our restricted cash balance on our Consolidated Balance Sheet was primarily related to loan escrow amounts and subscriptions received in advance.

Deferred Expenses

Deferred expenses consist of lease commissions. Lease commissions are capitalized and amortized over the term of the related lease as a component of depreciation and amortization expense. Accumulated amortization of deferred expenses at December 31, 2021 and 2020 was \$8,436 and \$6,495, respectively.

Acquisitions

We use estimates of future cash flows and other valuation techniques to allocate the fair value of acquired property among land, building and other identifiable asset and liability intangibles. We value land based on comparable land sales specific to the applicable market. We record building values using an as-if-vacant methodology. We record above- and below-market in-place lease values for acquired properties based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) our estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease plus any below-market lease extension option periods. We amortize the capitalized above-market lease values as a reduction of minimum rents over the remaining non-cancelable terms of the respective leases. We amortize the capitalized below-market lease values as an increase to minimum rents over the term of the respective leases plus any below-market lease extension option terms. Should a tenant terminate its lease prior to the contractual expiration, the unamortized portion of the above-market and below-market in-place lease value is immediately charged to minimum rents.

We measure the aggregate value of other intangible assets acquired based on the difference between (i) the property valued with existing in-place leases and (ii) the property valued as-if-vacant. Our estimates of value are made using methods similar to those used by independent appraisers, primarily discounted cash flow analyses. Factors considered by us in our analysis include an estimate of carrying costs during the hypothetical expected lease-up periods considering current market conditions at the date of acquisition, and costs to execute similar leases. We also consider information obtained about each property as a result of the pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired. In estimating carrying costs, we will include estimates of lost rentals during the expected lease-up periods, which is expected to primarily range from one to two years, depending on specific local market conditions, and costs to execute similar leases, including leasing commissions, legal and other related expenses to the extent that such costs are not already incurred in connection with a new lease origination as part of the transaction.

The total amount of other intangible assets acquired is further allocated to in-place lease values and customer relationship intangible values based on our evaluation of the specific characteristics of each tenant's lease and our overall relationship with that respective tenant. Characteristics considered by us in allocating these values include, among other factors, the nature and extent of our existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals (including those existing under the terms of the lease agreement). As of December 31, 2021 and 2020, we have allocated no value to customer relationship value. We amortize the value of in-place leases to expense over the weighted average lease term of the respective leases, which generally range from one to 10 years.

Purchase price has been allocated to acquired intangible assets, which include acquired in-place lease intangibles, acquired above-market in-place lease intangibles and acquired ground lease intangibles, which are reported net of accumulated amortization of \$102,842 and \$82,699 at December 31, 2021 and 2020, respectively, on the accompanying Consolidated Balance Sheets. The acquired intangible liabilities represent acquired below-market in-place leases, which are reported net of accumulated amortization of \$15,481 and \$12,724 at December 31, 2021 and 2020, respectively, on the accompanying Consolidated Balance Sheets. Our amortizing intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. According to authoritative guidance, an amortizing intangible asset is considered to be impaired when the estimated future undiscounted operating cash flow is less than its carrying value. To the extent impairment has occurred, the excess of the carrying value of the amortizing intangible asset over its estimated fair value will be charged to operations.

Future amortization related to amortizing acquired intangible assets and liabilities, including those classified as held for sale, as of December 31, 2021 is as follows:

	Acquired in-place leases	Acquired above- market leases	Below-market ground lease	Acquired below- market leases
2022	\$ 43,720	\$ 1,790	\$ 401	\$ (4,991)
2023	34,161	1,581	401	(4,497)
2024	27,358	1,353	401	(4,020)
2025	20,202	1,194	401	(3,566)
2026	16,269	1,174	15	(2,713)
Thereafter	59,150	6,424	232	(11,235)
	<u>\$ 200,860</u>	<u>\$ 13,516</u>	<u>\$ 1,851</u>	<u>\$ (31,022)</u>

Income Taxes

We first elected to be taxed as a REIT under sections 856-860 of the Internal Revenue Code of 1986, as amended (the "Code"), for our taxable year ended December 31, 2004. To qualify as a REIT, we must meet a number of organizational and operational requirements, including requirements to distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding net capital gains, and to meet certain quarterly asset and annual income tests. It is our current intention to adhere to these requirements. As a REIT, we will generally not be subject to corporate-level federal income tax to the extent we distribute 100% of our taxable income to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income, property or net worth, and to certain federal income and excise taxes.

On December 22, 2017, tax legislation commonly referred to as the Tax Cuts and Jobs Act was signed into law which resulted in significant U.S. federal income tax reform. We did not identify any items for which the accounting for the income tax effects of the Tax Cut and Jobs Act have not been completed. The Alternative Minimum Tax has been repealed for tax years beginning after December 31, 2017 as a result of the Tax Cut and Jobs Act.

Earnings and profits, which determine the tax treatment of dividends to stockholders, differ from net income reported for financial reporting purposes due to differences for federal income tax reporting purposes in computing, among other things, estimated useful lives, depreciable basis of properties and permanent and timing differences on the inclusion or deductibility of elements of income and expense for such purposes.

We evaluate uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*. Based upon our current evaluation, we have concluded that there are no significant uncertain tax positions relevant to the jurisdictions where we are required to file income tax returns requiring recognition in the consolidated financial statements at December 31, 2021, 2020, and 2019. We are not subject to federal income tax examinations for tax years prior to 2018.

Business Segments

Consistent with how we review and manage our properties, we align our internal operations along the five primary property types we are targeting for investments resulting in five operating segments: industrial, office, residential, retail and other properties.

Assets and Liabilities Measured at Fair Value

The Financial Accounting Standards Board's ("FASB") guidance for fair value measurement and disclosure states that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering assumptions, authoritative guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- *Level 1*—Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that we have access to at the measurement date.
- *Level 2*—Observable inputs, other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.
- *Level 3*—Unobservable inputs for the asset or liability. Unobservable inputs are those inputs that reflect our own assumptions that market participants would use to price the asset or liability based on the best available information.

The authoritative guidance requires the disclosure of the fair value of our financial instruments for which it is practicable to estimate that value. The guidance does not apply to all balance sheet items. Market information as available or present value techniques have been utilized to estimate the amounts required to be disclosed. Since such amounts are estimates, there can be no assurance that the disclosed value of any financial instrument could be realized by immediate settlement of the instrument.

Our investments in marketable securities are valued using Level 1 inputs as the securities are publicly traded on major stock exchanges.

Real estate fund investments accounted for under the fair value option are stated at the fair value of our ownership in the fund. The fair value is recorded based upon changes in the NAV of the limited partnership as determined from the financial statements of the real estate fund. During the year ended December 31, 2021 and 2020, we recorded an unrealized increase and decrease in fair value classified within the Level 3 category of \$65,966 and \$15,869, respectively, which related to our investments in the NYC Retail Portfolio (as defined below) and the Single-family Rental Portfolio ([see Note 4-Unconsolidated Real Estate Affiliates and Fund Investments](#)).

We have estimated the fair value of our mortgage notes and other debt payable reflected in the accompanying Consolidated Balance Sheets at amounts that are based upon an interpretation of available market information and valuation methodologies (including discounted cash flow analysis with regard to fixed rate debt) for similar loans made to borrowers with similar credit ratings and for the same maturities. The fair value of our mortgage notes and other debt payable, including amounts included as held for sale, using level two inputs was approximately \$3,794 and \$30,923 higher than the aggregate carrying amounts at December 31, 2021 and 2020, respectively. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon extinguishment of our mortgage notes and other debt payable.

Derivative Financial Instruments

We record all derivatives on the Consolidated Balance Sheets at fair value in prepaid expenses and other assets or accounts payable and other accrued expenses. Changes in the fair value of our derivatives are recorded on our Consolidated Statements of Operations and Comprehensive Income, as a component of interest expense, as we have not designated our derivative instruments as hedges. Our objective in using interest rate derivatives is to manage our exposure to interest rate movements. To accomplish this objective, we use interest rate caps and swaps.

As of December 31, 2021, we had the following outstanding interest rate derivatives related to managing our interest rate risk:

Interest Rate Derivative	Number of Instruments	Notional Amount
Interest Rate Swaps	5	\$ 190,000

The fair value of our interest rate caps and swaps represent liabilities of \$2,580 and \$6,500 at December 31, 2021 and 2020, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions. These estimates and assumptions impact the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. For example, significant estimates and assumptions have been made with respect to useful lives of assets, recoverable amounts of receivables, fair value of derivatives and real estate assets, initial valuations and related amortization periods of deferred costs and intangibles, particularly with respect to property acquisitions. Actual results could differ from those estimates.

Recent Issued Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board issued Accounting Standard Update ("ASU") No. 2020-04, Reference Rate Reform (Topic 848), which provides guidance containing practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. We will continue to evaluate the impact of the guidance and expect to adopt it over time as debt markets transition from LIBOR to alternative rates such as the Secured Overnight Funding Rate ("SOFR").

NOTE 3—PROPERTY

The primary reason we make acquisitions of real estate investments in the industrial, office, residential, retail and other property sectors is to invest capital contributed by stockholders in a diversified portfolio of real estate assets. All references to square footage and units are unaudited.

2021 Acquisitions

On January 21, 2021, we acquired Louisville Distribution Center, a 1,040,000 square foot industrial property located in Shepherdsville, Kentucky for approximately \$95,000. The acquisition was funded with cash on hand.

On February 2, 2021, we acquired 170 Park Avenue, a 147,000 square foot life sciences office property located in Florham Park, New Jersey for approximately \$46,600. The acquisition was funded with cash on hand.

On February 23, 2021, we acquired Southeast Phoenix Distribution Center, a four property industrial distribution center totaling 474,000 square feet located in Chandler, Arizona for approximately \$91,000. The acquisition was funded with cash on hand.

On May 3, 2021, we acquired Princeton North Andover, a newly constructed, 192-unit residential property located in North Andover, Massachusetts for approximately \$72,500. The acquisition was funded with cash on hand.

On June 24, 2021, we acquired Louisville Airport Distribution Center, a nearly 284,000 square foot, newly constructed Class A industrial property located in the Southside/Airport industrial submarket of Louisville, Kentucky for approximately \$32,100. The acquisition was funded with cash on hand.

On July 2, 2021, we acquired a 95% interest in two industrial buildings, 237 Via Vera Cruz and 13500 Danielson Street, totaling 153,000 square feet located in San Marcos and Poway, California, respectively, for approximately \$36,640. The acquisitions were funded with cash on hand.

On July 9, 2021, we acquired a 95% interest in 4211 Starboard Drive, a 130,000 square foot industrial property located in Fremont, California for approximately \$32,000 using cash on hand.

On August 23, 2021, we acquired The Preserve at the Meadows, a 220-unit garden-style residential property in Fort Collins, Colorado for approximately \$61,000. The acquisition was funded with cash on hand.

On August 31, 2021, we acquired The Rockwell, a 204-unit residential property in Berlin, Massachusetts for approximately \$84,000. The acquisition was funded with cash on hand.

On September 15, 2021, we acquired 9101 Stony Point Drive, an 87,000 square foot, medical office building in Richmond, Virginia for approximately \$52,000. The acquisition was funded with cash on hand.

On September 28, 2021, we acquired 5 National Way and 47 National Way, a two-building life sciences industrial center totaling 375,000 square feet, located in Durham, North Carolina for approximately \$66,750. The acquisitions were funded with cash on hand.

On September 29, 2021, we acquired Miramont Apartments, a 210-unit residential property located in Fort Collins, Colorado for approximately \$57,400. The acquisition was funded with cash on hand and a draw on our line of credit.

On September 29, 2021, we acquired Pinecone Apartments, a 195-unit residential property located in Fort Collins, Colorado for approximately \$51,600. The acquisition was funded with cash on hand and a draw on our line of credit.

On October 7, 2021, we acquired North Tampa Surgery Center, a 13,000 square foot medical office property located in Odessa, Florida for approximately \$8,500. The acquisition was funded with cash on hand.

On October 20, 2021, we acquired Friendship Distribution Center, a 649,000 square foot industrial property located in Buford, Georgia for approximately \$95,000. The acquisition was funded with cash on hand.

On October 28, 2021 we acquired South San Diego Distribution Center, a 665,000 square foot industrial property located in San Diego, California for approximately \$158,500. We assumed a \$72,500 mortgage note payable that bears an interest rate of 3.18% and matures on January 31, 2031. The acquisition was funded as an UPREIT transaction in which we issued OP Units and funded with cash on hand.

On November 16, 2021, we acquired two industrial buildings, 1755 Britannia Drive and 2451 Bath Road, totaling 407,000 square feet located in Elgin, Illinois for approximately \$47,100. The acquisitions were funded with cash on hand and a draw on our line of credit.

On November 17, 2021, we acquired 687 Conestoga Parkway, a 327,000 square foot industrial property located in Shepherdsville, Kentucky for approximately \$39,500. The acquisition was funded with cash on hand and a draw on our line of credit.

On November 30, 2021, we acquired a 95% interest in two industrial properties, 2840 Loker Avenue and 15890 Bernardo Center Drive, totaling 152,000 square feet located in Carlsbad and San Diego, California, respectively, for approximately \$41,100. The acquisitions were funded with cash on hand and a draw on our line of credit.

On December 17, 2021, we acquired The Reserve at Venice, a 276-unit residential property in North Venice, Florida for approximately \$93,000. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 21, 2021, we acquired Woodside Trumbull, a 199-unit residential property in Trumbull, Connecticut for approximately \$98,000. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 23, 2021, we acquired Durham Medical Office, a 60,000 square feet medical office property located in Durham, North Carolina for approximately \$37,125. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 23, 2021, we acquired 1203 SW 7 Highway, a 10,000 square foot, medical office property in Blue Springs, Missouri for approximately \$3,400. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 23, 2021, we acquired 8600 NE 82nd Street, a 11,000 square foot, medical office property in Kansas City, Missouri for approximately \$5,500. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 28, 2021, we acquired South Reno Medical Center, a 32,000 square foot, medical office property in Reno, Nevada for approximately \$14,025. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 28, 2021, we acquired Roeland Park Medical Office, a 30,000 square foot, medical office property in Roeland Park, Kansas for approximately \$13,300. The acquisition was funded with cash on hand and a draw on our line of credit.

On December 30, 2021, we acquired Sugar Land Medical Office, a 37,000 square foot, medical office property in Sugar Land, Texas for approximately \$18,350. The acquisition was funded with cash on hand and a draw on our line of credit.

We allocated the purchase price for our 2021 asset acquisitions in accordance with authoritative guidance as follows:

	2021 Acquisitions
Land	\$ 173,962
Building and equipment	1,145,365
In-place lease intangible (acquired intangible assets)	135,278
Above-market lease intangible (acquired intangible assets)	9,568
Below-market lease intangible (acquired intangible liabilities)	(19,997)
	<u>\$ 1,444,176</u>
Amortization period for intangible assets and liabilities	5 months - 19 years

2020 Acquisitions

On January 29, 2020, we acquired Milford Crossing, a 159,000 square foot, grocery-anchored retail center located in Milford, Massachusetts, for approximately \$42,100. The acquisition was funded with cash on hand.

On February 6, 2020, we acquired Fountainhead Corporate Park, a 295,000 square foot, two-building Class A office portfolio comprised of two six-story buildings located in the Phoenix, Arizona submarket of Tempe for approximately \$61,500. The acquisition was funded with cash on hand.

On October 23, 2020, we acquired Fort Worth Distribution Center, a 351,000 square foot industrial distribution center located in Fort Worth, Texas, for approximately \$24,050. The acquisition was funded with cash on hand.

On December 11, 2020, we acquired Whitestown Distribution Center, a 720,000 square foot distribution center located in Whitestown, Indiana for approximately \$62,300. The acquisition was funded with cash on hand.

We allocated the purchase price for our 2020 asset acquisitions in accordance with authoritative guidance as follows:

	2020 Acquisitions
Land	\$ 15,782
Building and equipment	136,430
In-place lease intangible (acquired intangible assets)	35,345
Above-market lease intangible (acquired intangible assets)	2,947
Below-market lease intangible (acquired intangible liabilities)	(2,317)
	<u>\$ 188,187</u>
Amortization period for intangible assets and liabilities	5 months - 15 years

2019 Acquisitions

On March 29, 2019, we acquired Fremont Distribution Center, a 237,000 square foot, two building industrial property located in Fremont, California, for approximately \$47,000. The acquisition was funded with cash on hand.

On May 13, 2019, we acquired Stonemeadow Farms, a 280-unit residential property located in Bothell, Washington, for approximately \$81,800. The acquisition was funded with cash on hand.

On May 31, 2019, we acquired 3324 West Trinity Boulevard, a 145,000 square foot industrial distribution center located in Grand Prairie, Texas, for approximately \$16,150. The acquisition was funded with cash on hand.

On July 2, 2019, we acquired Genesee Plaza, a 161,000 square foot two building medical office campus located in San Diego, California, for approximately \$89,500. The acquisition was funded by the assumption of a six-year mortgage loan that bears interest at a fixed rate of 4.30% in the amount of \$41,546 and with cash on hand.

On July 31, 2019, we acquired Summit at San Marcos, a 273-unit residential property located in Chandler, Arizona, for approximately \$71,750. The acquisition was funded with a draw on the credit facility and cash on hand.

On August 23, 2019, we acquired Taunton Distribution Center, a 200,000 square foot industrial distribution center located in Taunton, Massachusetts, for approximately \$25,700. The acquisition was funded with cash on hand.

On September 30, 2019, we acquired a 97.5% interest in Presley Uptown, a 230-unit residential property in the Uptown submarket of Charlotte, North Carolina. The joint venture acquired the property for approximately \$55,250. The acquisition was funded with a draw on the credit facility and cash on hand.

On December 6, 2019, we acquired Chandler Distribution Center, a 211,000 square foot industrial distribution center located in Chandler, Arizona for \$31,000. The acquisition was funded with cash on hand.

We allocated the purchase price for our 2019 asset acquisitions in accordance with authoritative guidance as follows:

	2019 Acquisitions
Land	\$ 74,458
Building and equipment	313,335
In-place lease intangible (acquired intangible assets)	32,312
Above-market lease intangible (acquired intangible assets)	998
Below-market lease intangible (acquired intangible liabilities)	(2,702)
	<u>\$ 418,401</u>
Amortization period for intangible assets and liabilities	1 month -10 years

On December 5, 2019, we acquired our joint venture partner's 10% interest in Townlake of Coppell for approximately \$6,000 plus the assumption of the joint venture partners pro rata share of the mortgage loan in the amount of approximately \$2,880.

Impairment of Investment in Real Estate

During the year ended December 31, 2021, in accordance with authoritative guidance for impairment of long-lived assets, we determined that The Edge at Lafayette no longer fits our current investment objectives and strategy and reduced our expected hold period. We further determined that this asset was impaired as the carrying value of the investment was not deemed recoverable. Therefore, we recognized an impairment charge totaling \$1,822, which represents the difference between the sale price less estimated costs to sell and the carrying value of the property.

2021 Disposition

On January 8, 2021, we sold South Seattle Distribution Center, a three property industrial center totaling 323,000 square feet located in Seattle, Washington for approximately \$72,600 less closing costs. In connection with the disposition, the mortgage loan associated with the property of \$17,841 was retired. We recorded a gain on the sale of the property in the amount of \$33,580.

2020 Disposition

On March 27, 2020, we sold 24823 Anza Drive, a 31,000 square foot industrial property located in Santa Clarita, California for approximately \$5,600 less closing costs. We recorded a gain on the sale of the property in the amount of \$1,724.

2019 Disposition

On February 7, 2019, we sold 111 Sutter Street for approximately \$227,000 less closing costs. In connection with the disposition, the mortgage loan associated with the property of approximately \$52,300 was retired. We recorded a gain on the sale of property in the amount of \$107,108.

Held for Sale

On December 15, 2021, Norfleet Distribution Center was classified as held for sale and was sold on January 6, 2022. On December 23, 2021, The Edge at Lafayette was classified as held for sale and was sold on January 24, 2022. As of December 31, 2021, our investment in real estate and other assets and liabilities held for sale was comprised of:

	December 31, 2021
Land	\$ 3,530
Building and equipment, net	35,349
Other assets, net	447
Total assets	<u>\$ 39,326</u>
Mortgage notes and other debt payable, net	\$ —
Other liabilities	271
Total liabilities	<u>\$ 271</u>

On November 11, 2020, South Seattle Distribution Center was classified as held for sale and was sold on January 8, 2021. As of December 31, 2021, our investment in real estate and other assets and liabilities held for sale was comprised of:

	December 31, 2020
Land	\$ 16,652
Building and equipment, net	16,237
Other assets, net	1,616
Total assets	<u>\$ 34,505</u>
Mortgage notes and other debt payable, net	\$ 17,811
Other liabilities	430
Total liabilities	<u>\$ 18,241</u>

NOTE 4—UNCONSOLIDATED REAL ESTATE AFFILIATES AND FUND INVESTMENTS

In addition to investments in consolidated properties, we may make investments in real estate which are classified as unconsolidated real estate affiliates under GAAP. The residential sector includes residential properties and single-family rental homes.

Unconsolidated Real Estate Affiliates

The following represent our unconsolidated real estate affiliates as of December 31, 2021 and December 31, 2020.

Property	Property Type	Location	Acquisition Date	Carrying Amount of Investment	
				December 31, 2021	December 31, 2020
Chicago Parking Garage	Other	Chicago, IL	December 23, 2014	\$ 13,992	\$ 14,000
Pioneer Tower	Office	Portland, OR	June 28, 2016	103,529	108,715
The Tremont	Residential	Burlington, MA	July 19, 2018	21,345	21,430
The Huntington	Residential	Burlington, MA	July 19, 2018	10,773	11,549
Siena Suwanee Town Center	Residential	Suwanee, GA	December 15, 2020	30,685	32,196
Kingston at McLean Crossing	Residential	McLean, VA	December 3, 2021	36,720	—
Total				<u>\$ 217,044</u>	<u>\$ 187,890</u>

Summarized Combined Balance Sheets—Unconsolidated Real Estate Affiliates—Equity Method Investments (Unaudited)

	December 31, 2021	December 31, 2020
Net investments in real estate	\$ 408,233	\$ 296,930
Acquired intangible assets, net	10,139	12,653
Other assets	8,433	6,803
Total assets	<u>\$ 426,805</u>	<u>\$ 316,386</u>
Mortgage notes and other debt payable	\$ 182,318	\$ 110,104
Acquired intangible liabilities, net	3,933	2,821
Other liabilities	2,266	3,200
Total liabilities	<u>188,517</u>	<u>116,125</u>
Members' equity	<u>238,288</u>	<u>200,261</u>
Total liabilities and members' equity	<u>\$ 426,805</u>	<u>\$ 316,386</u>

Company Investments in Unconsolidated Real Estate Affiliates—Equity Method Investments (Unaudited)

	December 31, 2021	December 31, 2020
Members' equity	\$ 238,288	\$ 200,261
Less: other members' equity	(19,858)	(10,969)
Basis differential	<u>(1,386)</u>	<u>(1,402)</u>
Investments in unconsolidated real estate affiliates	<u>\$ 217,044</u>	<u>\$ 187,890</u>

Summarized Combined Statements of Operations—Unconsolidated Real Estate Affiliates—Equity Method Investments (Unaudited)

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Total revenues	\$ 24,862	\$ 18,978	\$ 21,057
Total operating expenses	22,868	17,792	17,014
Operating income	<u>\$ 1,994</u>	<u>\$ 1,186</u>	<u>\$ 4,043</u>
Total other expenses	4,586	2,894	2,860
Net (loss) income	<u>\$ (2,592)</u>	<u>\$ (1,708)</u>	<u>\$ 1,183</u>

Company Equity in Income of Unconsolidated Real Estate Affiliates—Equity Method Investments (Unaudited)

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Net (loss) income of unconsolidated real estate affiliates	\$ (2,592)	\$ (1,708)	\$ 1,183
Other members' share of net (income) loss	(186)	(368)	(351)
Company equity in (loss) income of unconsolidated real estate affiliates	<u>\$ (2,778)</u>	<u>\$ (2,076)</u>	<u>\$ 832</u>

Real Estate Fund Investments

At acquisition we may make the election to account for our interest in investments under the fair value option. This fair value election may be made when the investment is in the form of a commingled fund with institutional partners where fair value accounting provides the most relevant information about the financial condition of the investment. We record increases and decreases in our investment each reporting period based on the change in the fair value of the investment as estimated by the general partner. Critical inputs to NAV estimates include valuations of the underlying real estate assets which incorporate investment-specific assumptions such as discount rates, capitalization rates and rental growth rates. We do not consider adjustments to NAV estimates provided by the general partner, including adjustments for any restrictions to the transferability of ownership interests embedded within the investment agreement to which we are a party, to be necessary based upon (1) our understanding of the methodology utilized and inputs incorporated to estimate NAV at the investment level, (2) consideration of market demand for the assets held by the venture, and (3) contemplation of real estate and capital markets conditions in the localities in which the venture operates. Our investments accounted for under the fair value option are presented on our Consolidated Balance Sheets within real estate fund investments. Changes in the fair value of our investments as well as cash distributions received are recorded on our Consolidated Statements of Operations within income from unconsolidated real estate affiliates and fund investments.

NYC Retail Portfolio

On December 8, 2015, a wholly-owned subsidiary of ours acquired an approximate 28% interest in a newly formed limited partnership, Madison NYC Core Retail Partners, L.P, which acquired an approximate 49% interest in entities that initially owned 15 retail properties located in the greater New York City area (the "NYC Retail Portfolio"), the result of which is that we own an approximate 14% interest in the NYC Retail Portfolio. The purchase price for such portion is approximately \$85,600 including closing costs. As of December 31, 2021, the NYC Retail Portfolio owned eight retail properties totaling approximately 1,940,000 square feet across urban infill locations in Manhattan, Brooklyn, Queens and New Jersey. We have no unfunded commitments.

As of December 31, 2021 and December 31, 2020, the carrying amount of our investment in the NYC Retail Portfolio was \$84,874 and \$79,192, respectively. During the year ended December 31, 2021, we recorded increases in fair value of our investment in the NYC Retail Portfolio of \$4,021 and received no cash distributions. During the year ended December 31, 2021, we made a \$1,661 capital contribution to and received no distributions from Madison NYC Core Retail Partners, L.P. During the year ended December 31, 2020, we recorded decreases in fair value of our investment in the NYC Retail Portfolio of \$15,869 and received no cash distributions. During the year ended December 31, 2020, we made a \$1,661 capital contribution to Madison NYC Core Retail Partners, L.P. On March 4, 2020, a retail property in the NYC Retail Portfolio with a square footage of 74,000 was sold and the mortgage loan was extinguished.

Single-Family Rental Portfolio

On August 5, 2021, we acquired an approximate 47% interest in a portfolio of approximately 4,000 stabilized single-family rental homes located in various markets across the United States, including Atlanta, Dallas, Phoenix, Nashville and Charlotte, among others (the "Single-Family Rental Portfolio"). The portfolio is encumbered by securitized mortgages in a net amount of approximately \$760,000 maturing in the fourth quarter of 2025 at a weighted average interest rate of 2.1%. The equity purchase price for our approximate 47% interest was approximately \$205,000. We funded the transaction using cash on hand and a draw on our Revolving Credit Facility.

As of December 31, 2021, the carrying amount of our investment in the Single-Family Rental Portfolio was \$268,031. During the year ended December 31, 2021, we recorded an increase in the fair value of our investment in the Single-Family Rental Portfolio of \$61,945. During the year ended December 31, 2021, we received distributions of income totaling \$4,145. The cash distributions of income increased income from unconsolidated real estate affiliates and fund investments. During the year ended December 31, 2021, we made a working capital funding of \$909 to GVI RH JV Investor LLC and paid \$343 in closing costs.

Summarized Combined Balance Sheets—NYC Retail Portfolio Investment and Single-Family Rental Portfolio—Fair Value Option Investment (Unaudited)

	December 31, 2021	December 31, 2020
Investment in real estate venture	\$ 1,666,923	\$ 290,830
Cash	19,650	3,158
Other assets	55,562	202
Total assets	<u>\$ 1,742,135</u>	<u>\$ 294,190</u>
Total liabilities	\$ 823,503	\$ 7,405
Partners' capital	918,632	286,785
Total liabilities and partners' capital	<u>\$ 1,742,135</u>	<u>\$ 294,190</u>

Summarized Statement of Operations—NYC Retail Portfolio Investment and Single-Family Rental Portfolio—Fair Value Option Investment (Unaudited)

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Total revenue	\$ 31,945	\$ 2,261	\$ 6,001
Net investment income (loss)	\$ 4,025	\$ (28)	\$ 4,128
Net change in unrealized gain (loss) on investment in real estate venture	162,207	(57,323)	15,292
Net income (loss)	<u>\$ 166,232</u>	<u>\$ (57,351)</u>	<u>\$ 19,420</u>

NOTE 5—MORTGAGE NOTES AND OTHER DEBT PAYABLE

Mortgage notes and other debt payable have various maturities through 2031 and consist of the following:

Property	Maturity/ Extinguishment Date	Fixed / Floating	Interest Rate	Amount payable as of	
				December 31, 2021	December 31, 2020
140 Park Avenue ⁽¹⁾	March 1, 2021	Fixed	3.00 %	\$ —	\$ 22,800
Monument IV at Worldgate ⁽²⁾	February 1, 2023	Fixed	3.13	—	40,000
Aurora Distribution Center	June 1, 2023	Fixed	3.39	13,441	13,716
180 N Jefferson	July 1, 2023	Fixed	3.89	45,000	45,000
Grand Lakes Marketplace	October 1, 2023	Fixed	4.20	23,900	23,900
Oak Grove Plaza	February 1, 2024	Fixed	4.17	8,915	9,154
Charlotte Distribution Center	September 1, 2024	Fixed	3.66	9,341	9,556
Genesee Plaza	January 1, 2025	Fixed	4.30	39,285	40,221
Jory Trail at the Grove	February 1, 2025	Fixed	3.81	42,793	43,600
Skokie Commons	June 1, 2025	Fixed	3.31	23,627	24,120
DFW Distribution Center	June 1, 2025	Fixed	3.23	17,720	17,720
AQ Rittenhouse	September 1, 2025	Fixed	3.65	26,370	26,370
Timberland Town Center	October 1, 2025	Fixed	4.07	20,253	20,746
Whitestone Market	December 1, 2025	Fixed	3.58	25,750	25,750
Miramont Apartments	March 1, 2026	Fixed	3.87	27,629	—
Pinecone Apartments	March 1, 2026	Fixed	3.87	25,355	—
Louisville Distribution Center	May 1, 2026	Fixed	1.76	52,250	—
Maui Mall	June 1, 2026	Fixed	3.64	36,322	37,122
Rancho Temecula Town Center	July 1, 2026	Fixed	4.02	28,000	28,000
Dylan Point Loma	September 1, 2026	Fixed	3.83	40,319	40,500
237 Via Vera Cruz	September 1, 2026	Floating	1.50	11,880	—
4211 Starboard Drive	September 1, 2026	Floating	1.50	20,612	—
13500 Danielson Street	September 1, 2026	Floating	1.50	10,990	—
2840 Loker Ave	September 1, 2026	Floating	1.50	14,316	—
15890 Bernardo Center	September 1, 2026	Floating	1.50	8,702	—
Lane Parke Apartments	November 1, 2026	Fixed	3.18	37,000	37,000
The District at Howell Mill	March 1, 2027	Fixed	5.30	28,858	29,638
San Juan Medical Center	October 1, 2027	Fixed	3.35	16,730	16,730
Whitestown Distribution Center	February 10, 2028	Fixed	2.95	34,000	—
Townlake of Coppell	April 10, 2028	Fixed	2.41	36,030	—
Southeast Phoenix Distribution Center	June 1, 2028	Fixed	2.70	49,000	—
Princeton North Andover	June 1, 2028	Floating	1.65	39,900	—
Stonemeadow Farms	August 1, 2029	Fixed	3.62	44,722	45,000
Presley Uptown	November 1, 2029	Fixed	3.25	30,000	30,000
Reserve at Johns Creek	December 1, 2029	Fixed	3.58	26,000	26,000
Summit at San Marcos	May 1, 2030	Fixed	3.28	35,900	35,900
Mason Mill Distribution Center	October 1, 2030	Fixed	3.25	17,500	17,500
The Penfield	October 1, 2030	Fixed	2.50	35,500	35,500
South San Diego Distribution Center	January 1, 2031	Fixed	3.18	72,500	—
Villas at Legacy	January 1, 2031	Fixed	2.53	29,500	29,500
The Preserve at the Meadows	October 1, 2031	Fixed	2.57	32,400	—
The Rockwell	October 1, 2031	Fixed	2.62	46,310	—

Revolving line of credit	May 25, 2024	Fixed & Floating	1.75 - 3.68	300,000	—
Bridge loan	December 10, 2022	Floating	1.75	100,000	—
Term loans	May 25, 2024	Fixed & Floating	1.70 - 3.40	235,000	100,000
TOTAL				\$ 1,819,620	\$ 871,043
Net debt discount on assumed debt and debt issuance costs				(1,956)	(2,941)
MORTGAGE NOTES AND OTHER DEBT PAYABLE, NET				<u>\$ 1,817,664</u>	<u>\$ 868,102</u>
South Seattle Distribution Center ⁽³⁾				\$ —	\$ 17,873
MORTGAGE NOTES AND OTHER DEBT PAYABLE OF HELD FOR SALE PROPERTY				<u>\$ —</u>	<u>\$ 17,873</u>

- (1) On March 8, 2021, we repaid the mortgage note payable related to 140 Park Avenue in the amount of \$22,800.
- (2) On March 17, 2021, we repaid the mortgage note payable related to Monument IV in the amount of \$40,000.
- (3) The property associated with this loan was designated as held for sale as of December 31, 2020. The property associated with this loan was sold on January 8, 2021 and the loan was repaid.

We have recognized a premium or discount on debt we assumed with the following property acquisitions, the remaining premium or discount is as follows as of December 31, 2021:

Property	Debt Premium (Discount)	Effective Interest Rate
The District at Howell Mill	\$ (1,035)	6.34 %
Timberland Town Center	382	3.34
Jory Trail at the Grove	(80)	3.94
Genesee Plaza	991	4.30
Pinecone Apartments	1,572	2.33
Miramont Apartments	1,712	2.33
South San Diego	3,399	3.18
Net debt premium on assumed debt	<u>\$ 6,941</u>	

Aggregate future principal payments of mortgage notes payable and other debt payable are as follows:

Year	Amount
2022	\$ 107,812
2023	89,890
2024	559,917
2025	192,296
2026	308,023
Thereafter	561,682
Total	<u>\$ 1,819,620</u>

Land, buildings, equipment and acquired intangible assets related to the mortgage notes payable, with an aggregate cost of approximately \$2,421,000 and \$1,642,000 at December 31, 2021 and 2020, respectively, have been pledged as collateral, and are not available to satisfy our debts and obligations unless first satisfying the mortgage note payable on the property. As our mortgage notes mature, we will explore refinancing and paying off the loans as well as full or partial sales of the properties. To accomplish these refinancings and pay downs, we would use cash on hand, cash from future property operations and capital from the proceeds of the Current Public Offering.

Credit Facility

On May 24, 2021, we entered into a credit agreement providing for a \$650,000 revolving line of credit and unsecured term loan (collectively, the "Credit Facility") with a syndicate of eight lenders led by JPMorgan Chase Bank, N.A., Bank of America, N.A., and PNC Capital Markets LLC and Wells Fargo Bank, N.A. The Credit Facility provides us with the ability, from time to time, to increase the size of the Credit Facility up to a total of \$800 million, subject to receipt of lender commitments and other conditions. The \$650,000 Credit Facility consists of a \$415,000 revolving line of credit (the "Revolving Credit Facility") and a \$235,000 term loan (the "Term Loan"). The Revolving Credit Facility contains a sublimit of \$25,000 for letters of credit. The primary interest rate for the Revolving Credit Facility is based on LIBOR, plus a margin ranging from 1.40% to 2.10%, depending on our total leverage ratio. The primary interest rate for the Term Loan is based on LIBOR, plus a margin ranging from 1.35% to 2.05%, depending on our total leverage ratio. The maturity date of the Revolving Credit Facility and the Term Loan is May 24, 2025. Based on our current total leverage ratio, we can elect to borrow at LIBOR plus 1.65% and LIBOR plus 1.60% for the Revolving Credit Facility and Term Loan, respectively, or alternatively, we can choose to borrow at a "base rate" equal to (i) the highest of (a) the Federal Funds Rate plus 0.50%, (b) the prime rate announced by JPMorgan Chase Bank, N.A., and (c) LIBOR plus 1.0%, plus (ii) a margin ranging from 0.40% to 1.10% for base rate loans under the Revolving Credit Facility or a margin ranging from 0.35% to 1.05% for base rate loans under the Term Loan. If the "base rate" is less than 1.0%, it will be deemed to be 1.0% for purposes of the Credit Facility. We intend to use the Revolving Credit Facility to cover short-term capital needs, for new property acquisitions and working capital. We may not draw funds on our Credit Facility if we (i) experience a material adverse effect, which is defined to include, among other things, (a) a material adverse effect on the business, assets, operations or financial condition of the Company taken as a whole; (b) the inability of any loan party to perform any of its obligations under any loan document; or (c) a material adverse effect upon the validity or enforceability of any loan document or (ii) are in default, as that term is defined in the agreement, including a default under certain other loan agreements and/or guarantees entered into by us or our subsidiaries. As of December 31, 2021, we believe no material adverse effects had occurred.

On December 10, 2021, we entered into an additional \$100,000 short-term bridge loan (the "Bridge Loan") with JPMorgan Chase Bank, N.A. under the same terms as our Credit Facility. The Bridge Loan bears interest at the secured overnight financing rate ("SOFR") plus 1.45% to 2.15% depending on our total leverage ratio. The maturity date of the Bridge Loan is June 10, 2022 and has two, three month extension options. Based on our current total leverage ratio this borrowing is priced at SOFR plus 1.70%.

Borrowings under the Credit Facility are guaranteed by us and certain of our subsidiaries. The Credit Facility requires the maintenance of certain financial covenants, including: (i) unencumbered property pool leverage ratio; (ii) debt service coverage ratio; (iii) maximum total leverage ratio; (iv) fixed charges coverage ratio; (v) minimum NAV; (vi) maximum secured debt ratio; (vii) maximum secured recourse debt ratio; (viii) maximum permitted investments; and (ix) unencumbered property pool criteria. The Credit Facility provides the flexibility to move assets in and out of the unencumbered property pool during the term of the Credit Facility.

At December 31, 2021, we had \$300,000 outstanding under the Revolving Credit Facility at LIBOR + 1.65%, \$235,000 outstanding under the Term Loan at LIBOR + 1.60% and \$100,000 outstanding under the Bridge Loan at SOFR +1.70%. We swapped the LIBOR portion on \$100,000 of our Term Loan to a blended fixed rate of 1.80% (all in rate of 3.40% at December 31, 2021). We swapped \$90,000 of the Revolving Credit Facility to a fixed rate of 2.08% (all in rate of 3.68% at December 31, 2021). The interest swap agreements have maturity dates ranging from May 26, 2022 through February 17, 2023. At December 31, 2020, we had nothing outstanding under our previous revolving line of credit and \$100,000 outstanding under the Term Loans.

Covenants

At December 31, 2021, we were in compliance with all debt covenants.

Debt Issuance Costs

Debt issuance costs are capitalized and amortized over the terms of the respective agreements as a component of interest expense. Accumulated amortization of debt issuance costs at December 31, 2021 and December 31, 2020 were \$8,024 and \$6,749, respectively.

NOTE 6—COMMON STOCK AND OP UNITS

We have five classes of common stock: Class A, Class M, Class A-I, Class M-I, and Class D. The fees payable to LaSalle Investment Management Distributors, LLC, an affiliate of our Advisor and the dealer manager for our offerings (the "Dealer Manager"), with respect to each outstanding share of each class, as a percentage of NAV, are as follow:

	Selling Commission ⁽¹⁾	Dealer Manager Fee ⁽²⁾
Class A Shares	up to 3.0%	0.85%
Class M Shares	—	0.30%
Class A-I Shares	up to 1.5%	0.30%
Class M-I Shares	—	None
Class D Shares ⁽³⁾	up to 1.0%	None

- (1) Selling commissions are paid on the date of sale of our common stock.
- (2) We accrue all future dealer manager fees up to the ten percent regulatory limitation as accrued offering costs on our Consolidated Balance Sheets on the date of sale of our common stock. For NAV calculation purposes, dealer manager fees are accrued daily, on a continuous basis equal to 1/365th of the stated fee. Each Class A, Class M and Class A-I share sold in a public offering will automatically convert into the number of Class M-I shares based on the then-current applicable NAV of each class on the date following the termination of the primary portion of such public offering in which we, with the assistance of the Dealer Manager, determine that total underwriting compensation paid with respect to such public offering equals 10% of the gross proceeds from the primary portion of such public offering.
- (3) Shares of Class D common stock are only being offered pursuant to a private offering.

The selling commissions and dealer manager fees are offering costs and are recorded as a reduction of additional paid in capital.

Stock Transactions

The stock transactions for each of our classes of common stock for the years ending December 31, 2021, 2020 and 2019 were as follows:

	Shares of Class A Common Stock	Shares of Class M Common Stock	Shares of Class A-I Common Stock	Shares of Class M-I Common Stock	Shares of Class D Common Stock
Balance, December 31, 2018	71,187,722	39,869,130	11,083,034	9,738,086	6,270,479
Issuance of common stock	20,389,402	5,356,380	462,451	11,379,814	—
Repurchase of shares	(3,271,008)	(4,889,772)	(453,781)	(73,227)	(1,312,564)
Stock based compensation	—	—	—	11,298	—
Balance, December 31, 2019	88,007,721	39,036,770	11,153,567	22,589,599	4,957,915
Issuance of common stock	13,533,380	2,453,336	314,149	12,417,353	—
Repurchase of shares	(11,333,773)	(5,009,716)	(1,878,636)	(3,150,763)	—
Stock based compensation	—	—	—	16,000	—
Stock conversion	(536,232)	(868,234)	27,219	1,374,812	—
Balance, December 31, 2020	89,671,096	35,612,156	9,616,299	33,247,001	4,957,915
Issuance of common stock	16,945,256	3,590,727	478,460	20,501,787	2,555,366
Repurchase of shares	(6,327,886)	(1,937,556)	(738,450)	(2,148,050)	—
Stock based compensation	—	—	—	20,000	—
Share conversions	(250,104)	(807,136)	—	1,055,955	—
Balance, December 31, 2021	100,038,362	36,458,191	9,356,309	52,676,693	7,513,281

Stock Issuances

The stock issuances for our classes of shares, including those issued through our distribution reinvestment plan, for the years ending December 31, 2021, 2020 and 2019 were as follows:

	December 31, 2021		December 31, 2020		December 31, 2019	
	# of shares	\$ Amount	# of shares	\$ Amount	# of shares	\$ Amount
Class A Shares	16,945,256	\$ 210,810	13,533,380	\$ 164,020	20,389,402	\$ 250,822
Class M Shares	3,590,727	44,885	2,453,336	29,258	5,356,380	65,332
Class A-I Shares	478,460	6,077	314,149	3,736	462,451	5,674
Class M-I Shares	20,521,787	254,168	12,433,353	149,090	11,391,112	139,143
Class D Shares	2,555,366	30,000	—	—	—	—
Total		<u>\$ 545,940</u>		<u>\$ 346,104</u>		<u>\$ 460,971</u>

Share Repurchase Plan

Our share repurchase plan allows stockholders, subject to a one-year holding period, with certain exceptions, to request that we repurchase all or a portion of their shares of common stock on a daily basis at that day's NAV per share, limited to 5% of aggregate Company NAV per quarter. We have made repurchases according to our share repurchase plan as following:

Year ending December 31,	Shares of Class A Common Stock	Shares of Class M Common Stock	Shares of Class A-I Common Stock	Shares of Class M-I Common Stock	Shares of Class D Common Stock	Total Dollar of Repurchases
2019	3,271,008	4,889,772	453,781	73,227	1,312,564	\$ 121,822
2020	11,333,773	5,009,716	1,878,636	3,150,763	—	255,355
2021	6,327,886	1,937,556	738,450	2,148,050	—	135,246

Distribution Reinvestment Plan

Pursuant to our distribution reinvestment plan, holders of shares of any class of our common stock may elect to have their cash distributions reinvested in additional shares of our common stock at the NAV per share applicable to the class of shares being purchased on the distribution date. For the year ended December 31, 2021, we issued 4,726,012 shares of common stock for \$59,133 under the distribution reinvestment plan. For the year ended December 31, 2020, we issued 5,653,314 shares of common stock for \$66,990 under the distribution reinvestment plan. For the year ended December 31, 2019, we issued 4,133,544 shares of common stock for \$50,309 under the distribution reinvestment plan.

Operating Partnership Units

For the year ended December 31, 2021, in connection with the acquisition of South San Diego Distribution Center, we issued 5,820,165 Class M-I OP Units to third parties for a total of \$74,673. For the year ended December 31, 2020, in connection with the acquisition of Siena Suwanee Town Center, we issued 1,217,092 Class M-I OP Units to third parties for a total of \$14,252. Each OP Unit is redeemable at the option of the holder after a hold period of one year. Holders of OP Units have certain redemption rights which enable them to cause our operating partnership to redeem their units in exchange for cash equal to the unit price upon exercising or for shares of our common stock.

Earnings Per Share ("EPS")

Basic per share amounts are based on the weighted average of shares outstanding of 186,610,215, 170,613,298 and 151,179,459 for the years ended December 31, 2021, 2020 and 2019, respectively. We have no dilutive or potentially dilutive securities.

We compute net income per share for Class A, Class M, Class A-I, Class M-I, and Class D common stock using the two-class method. Our Advisor may earn a performance fee ([see Note 9-Related Party Transactions](#)) which may impact the net income of each class of common stock differently. The calculated performance component for the years ended December 31, 2021, 2020 and 2019, and the impact on each class of common stock, are shown below. In periods where no performance fee is recognized in our Consolidated Statements of Operations and Comprehensive Income, the net income per share will be the same for each class of common stock.

Basic and diluted net income per share for each class of common stock is computed using the weighted-average number of common shares outstanding during the period for each class of common stock. We have not issued any dilutive or potentially dilutive securities, and thus the basic and diluted net income per share for a given class of common stock is the same for each period presented.

The following table sets forth the computation of basic and diluted net income per share for each of our Class A, Class M, Class A-I, Class M-I, and Class D common stock:

	Year Ended December 31, 2021				
	Class A	Class M	Class A-I	Class M-I	Class D
Basic and diluted net income per share:					
Allocation of net income before performance fee	\$ 43,011	\$ 16,231	\$ 4,360	\$ 18,960	\$ 3,262
Allocation of performance fee	17,269	6,561	1,712	8,992	1,408
Total	\$ 25,742	\$ 9,670	\$ 2,648	\$ 9,968	\$ 1,854
Weighted average number of common shares outstanding	93,504,890	35,291,400	9,484,119	41,229,584	7,100,222
Basic and diluted net income per share:	\$ 0.28	\$ 0.27	\$ 0.28	\$ 0.24	\$ 0.26

	Year Ended December 31, 2020				
	Class A	Class M	Class A-I	Class M-I	Class D
Basic and diluted net loss per share:					
Allocation of net loss before performance fee	\$ (23,259)	\$ (9,465)	\$ (2,598)	\$ (7,405)	\$ (1,279)
Allocation of performance fee	—	—	—	—	—
Total	\$ (23,259)	\$ (9,465)	\$ (2,598)	\$ (7,405)	\$ (1,279)
Weighted average number of common shares outstanding	90,176,584	36,694,995	10,073,075	28,710,729	4,957,915
Basic and diluted net loss per share:	\$ (0.26)	\$ (0.26)	\$ (0.26)	\$ (0.26)	\$ (0.26)

	Year Ended December 31, 2019				
	Class A	Class M	Class A-I	Class M-I	Class D
Basic and diluted net income per share:					
Allocation of net income before performance fee	\$ 52,118	\$ 26,958	\$ 7,315	\$ 9,987	\$ 3,555
Allocation of performance fee	—	—	—	—	—
Total	\$ 52,118	\$ 26,958	\$ 7,315	\$ 9,987	\$ 3,555
Weighted average number of common shares outstanding	78,844,620	40,782,711	11,066,621	15,108,522	5,376,985
Basic and diluted net income per share:	\$ 0.66	\$ 0.66	\$ 0.66	\$ 0.66	\$ 0.66

Distributions Declared

The distributions declared per share for each of our classes of common stock for the years ended December 31, 2021, 2020 and 2019 were as follows:

Distributions		Distributions Paid (1)				
Record Date	Declared	Class A	Class M	Class A-I	Class M-I	Class D
3/24/2021	\$ 0.13500	\$ 0.11326	\$ 0.12715	\$ 0.12726	\$ 0.13500	\$ 0.13500
6/24/2021	0.13500	0.11294	0.12696	0.12710	0.13500	0.13500
9/24/2021	0.13500	0.11189	0.12666	0.12644	0.13500	0.13500
12/23/2021	0.13500	0.11092	0.12637	0.12675	0.13500	0.13500
Total	<u>\$ 0.54000</u>	<u>\$ 0.44901</u>	<u>\$ 0.50714</u>	<u>\$ 0.50755</u>	<u>\$ 0.54000</u>	<u>\$ 0.54000</u>

Distributions		Distributions Paid (1)				
Record Date	Declared	Class A	Class M	Class A-I	Class M-I	Class D
3/25/2020	\$ 0.13500	\$ 0.11211	\$ 0.12649	\$ 0.12681	\$ 0.13500	\$ 0.13500
6/24/2020	0.13500	0.11239	0.12683	0.12753	0.13500	0.13500
9/24/2020	0.13500	0.11282	0.12661	0.12632	0.13500	0.13500
12/23/2020	0.13500	0.11280	0.12719	0.12715	0.13500	0.13500
Total	<u>\$ 0.54000</u>	<u>\$ 0.45012</u>	<u>\$ 0.50712</u>	<u>\$ 0.50781</u>	<u>\$ 0.54000</u>	<u>\$ 0.54000</u>

Distributions		Distributions Paid (1)				
Record Date	Declared	Class A	Class M	Class A-I	Class M-I	Class D
3/28/2019	\$ 0.13500	\$ 0.11216	\$ 0.12662	\$ 0.12653	\$ 0.13500	\$ 0.13500
6/27/2019	0.13500	0.11214	0.12643	0.12653	0.13500	0.13500
9/27/2019 ⁽²⁾	0.17500	0.15184	0.16642	0.16660	0.17500	0.17500
12/30/2019	0.13500	0.11189	0.12600	0.12674	0.13500	0.13500
Total	<u>\$ 0.58000</u>	<u>\$ 0.48803</u>	<u>\$ 0.54547</u>	<u>\$ 0.54640</u>	<u>\$ 0.58000</u>	<u>\$ 0.58000</u>

(1) Distributions paid are net of dealer manager fees applicable to each share class.

(2) Includes a special dividend of \$0.04 per share.

Organization and Offering Costs

Organization and offering costs include, but are not limited to, legal, accounting and printing fees and personnel costs of our Advisor attributable to our organization, preparation of the registration statement, registration and qualification of our common stock for sale with the SEC, or in a private placement, and in the various states and filing fees incurred by our Advisor. LaSalle agreed to fund our organization and offering expenses for the Current Public Offering until December 21, 2021, the day the registration statement was declared effective by the SEC, following which time we commenced reimbursing LaSalle over 36 months. Following the Current Public Offering commencement date, we began paying directly or reimbursing LaSalle if it pays on our behalf any organization and offering costs incurred during the Current Public Offering period (other than selling commissions and dealer manager fees) as and when incurred. After the termination of the Current Public Offering, LaSalle has agreed to reimburse us to the extent that the organization and offering costs that we incur exceed 15% of our gross proceeds from the Current Public Offering. Organization costs are expensed, whereas offering costs are recorded as a reduction of capital in excess of par value. As of December 31, 2021 and 2020, LaSalle had paid \$2,113 and \$1,138, respectively, of organization and offering costs on our behalf which we had not yet reimbursed. These costs are included in accrued offering costs on the Consolidated Balance Sheets.

NOTE 7—DST PROGRAM

On October 16, 2019, we, through our operating partnership, initiated the DST Program, and on August 10, 2021, our board of directors approved an increase to raise up to a total of \$1,000,000 in private placements through the sale of beneficial interests in specific Delaware statutory trusts (“DST”) holding DST Properties, which may be sourced from our existing portfolio or from newly acquired properties sourced from third parties. Each DST Property will be leased back by a wholly owned subsidiary of our operating partnership on a long-term basis of up to ten years pursuant to a master lease agreement. The master lease agreements are expected to be guaranteed by our operating partnership. As compensation for the master lease guarantee, our operating partnership will retain a fair market value purchase option giving it the right, but not the obligation, to acquire the beneficial interests in the DST from the investors at any time after two years from the closing of the applicable DST offering in exchange for OP Units or cash, at our discretion.

The sale of beneficial interests in the DST Property will be accounted for as a failed sale-leaseback transaction due to the fair market value purchase option retained by the operating partnership and as such, the property will remain on our books and records. The proceeds received from each DST offering will be accounted for as a financing obligation on the Consolidated Balance Sheets. Upfront costs incurred for services provided to the DST totaling \$449 are accounted for as deferred loan costs and are netted against the financing obligation.

Under the master lease, we are responsible for subleasing the DST Property to tenants, for covering all costs associated with operating the underlying DST Property, and for paying base rent to the DST that owns such property. For financial reporting purposes (and not for income tax purposes), the DST Properties are included in our consolidated financial statements, with the master lease rent payments accounted for using the interest method whereby a portion is accounted for as interest expense and a portion is accounted for as a reduction of the outstanding principal balance of the financing obligation. During the years ended December 31, 2021 and 2020 we recorded non-cash interest expense related to the master lease in the amounts of \$8,603 and \$1,271, respectively. Upon the determination that it is probable that we will exercise the fair market value purchase option, we will recognize additional interest expense or interest income to the financing obligation to account for the difference between the fair value of the property and the outstanding liabilities. During the year ended December 31, 2021, we determined that certain properties were probable for exercising the fair market value purchase option and recorded additional non-cash interest expense of \$1,987. We will remeasure the fair value of these properties at each balance sheet date and adjust the non-cash interest expense recognized over the remaining term of the master lease for any changes in fair value. If we elect to repurchase the property prior to the maturity date of the master lease, we will record the difference between the repurchase amount and the financial obligation as additional non-cash interest expense in the period of repurchase. For financial reporting purposes, the rental revenues and rental expenses associated with the underlying property of each master lease are included in the respective line items on our Consolidated Statements of Operations and Comprehensive Income. The net amount we receive from the underlying DST Properties may be more or less than the amount we pay to the investors in the specific DST and could fluctuate over time.

As of December 31, 2021, we sold approximately \$454,090 of interests related to the DST Program. As of December 31, 2021, the following properties are included in our DST Program:

- The Reserve at Johns Creek,
- Summit at San Marcos,
- Mason Mill Distribution Center,
- San Juan Medical Center,
- The Penfield,
- Milford Crossing,
- Villas at Legacy,
- Montecito Marketplace,
- Whitestown Distribution Center,
- Louisville Airport Distribution Center,
- The Preserve at the Meadows,
- The Rockwell and
- 9101 Stony Point Drive.

NOTE 8—RENTALS UNDER OPERATING LEASES

We receive rental income from operating leases. The minimum future rentals from consolidated properties, excluding those classified as held for sale, based on operating leases in place at December 31, 2021 are as follows:

Year	Amount
2022	\$ 193,511
2023	150,970
2024	128,099
2025	115,781
2026	100,469
Thereafter	372,690
Total	<u>\$ 1,061,520</u>

Minimum future rentals do not include amounts payable by certain tenants based upon a percentage of their gross sales or as reimbursement of property operating expenses. During the years ended December 31, 2021, 2020 and 2019, no individual tenant accounted for greater than 10% of minimum base rents. The majority of the decrease in rents from 2022 future rents to 2023 is related to our residential properties which generally have a one year lease life.

NOTE 9—RELATED PARTY TRANSACTIONS

Pursuant to the Advisory Agreement with LaSalle, we pay a fixed advisory fee of 1.25% of our NAV calculated daily. The Advisory Agreement allows for a performance fee to be earned for each share class based on the total return of that share class during the calendar year. The performance fee is calculated as 10% of the return in excess of 7% per annum. The term of our Advisory Agreement expires June 5, 2022, subject to an unlimited number of successive one-year renewals.

The fixed advisory fees for the years ended December 31, 2021, 2020 and 2019 were \$28,956, \$25,274 and \$23,026, respectively. The performance fees for the years ended December 31, 2021, 2020 and 2019 were \$36,711, \$0 and \$0, respectively. Included in Advisor fees payable for the year ended December 31, 2021 and 2020 were \$2,998 and \$2,122 of fixed fee expense, respectively and \$36,711 and \$0 of performance fee expenses, respectively.

We pay Jones Lang LaSalle Americas, Inc. (“JLL Americas”), an affiliate of the Advisor, for property management, leasing, mortgage brokerage and sales brokerage services performed at various properties we own. For the years ended December 31, 2021, 2020 and 2019, JLL Americas was paid \$1,222, \$741 and \$1,608, respectively, for property management and leasing services. During the year ended December 31, 2021, we paid JLL Americas \$209 in mortgage brokerage fees related to the mortgage notes payable for Louisville Airport Distribution Center and \$162 in mortgage brokerage fees related to the mortgage payable for Townlake of Coppell. During the year ended December 31, 2020, we paid JLL Americas \$75 in brokerage fees for the sale of 24823 Anza Drive and \$133 in mortgage brokerage fees related to the mortgage note payable for Villas at Legacy. During the year ended December 31, 2019, we paid JLL Americas \$203 in mortgage brokerage fees related to the mortgage note payable for Stonemeadow Farms and \$146 in mortgage brokerage fees related to the mortgage note payable for Presley Uptown.

We pay the Dealer Manager selling commissions and dealer manager fees in connection with our offerings. For the years ended December 31, 2021, 2020 and 2019, we paid the Dealer Manager selling commissions and dealer manager fees totaling \$12,246, \$11,303 and \$12,203, respectively. A majority of the selling commissions and dealer manager fees are reallocated to participating broker-dealers. Included in accrued offering costs at December 31, 2021 and 2020 were \$135,663 and \$105,770 of future dealer manager fees payable, respectively.

As of December 31, 2021 and 2020, we owed \$2,113 and \$1,138, respectively, for organization and offering costs paid by LaSalle ([see Note 6-Common Stock](#)). These costs are included in Accrued offering costs.

LaSalle Investment Management Distributors, LLC also serves as the dealer manager for the DST Program on a “best efforts” basis. Our taxable REIT subsidiary, which is a wholly owned subsidiary of our operating partnership, will pay the dealer manager upfront selling commissions, upfront dealer manager fees and placement fees of up to 5.0%, 1.0% and 1.0%, respectively, of the gross purchase price per unit of beneficial interest sold in the DST Program. All upfront selling commissions and upfront dealer manager fees are reallocated to participating broker-dealers. For the year ended December 31, 2021 and 2020, our taxable REIT subsidiary paid \$5,697 and \$1,917, respectively, to the Dealer Manager. In addition, the dealer manager may receive an ongoing investor servicing fee that is calculated daily on a continuous basis from year to year equal to 1/365th of (a) 0.25% of the NAV of each outstanding unit of beneficial interest for such day, payable by the DSTs; (b) 0.85% of the NAV of each outstanding Class A OP Unit, 0.30% of the NAV of each outstanding Class M OP Unit and 0.30% of the NAV of each outstanding Class A-I OP Unit for such day issued in connection with the FMV Option, payable by our operating partnership; and (c) 0.85% of the NAV of each outstanding Class A share, 0.30% of the NAV of each outstanding Class M share and 0.30% of the NAV of each outstanding Class A-I share for such day issued in connection with the Redemption Right, payable by us. The investor servicing fee may continue for so long as the investor in the DST Program holds beneficial interests, Class A, Class M, and Class A-I OP Units or Class A, Class M and Class A-I shares that were issued in connection with the DST Program. No investor servicing fee will be paid on Class M-I OP Units or Class M-I shares. For the year ended December 31, 2021 and 2020, the DSTs paid \$754 and \$100, respectively, in investor servicing fees to the Dealer Manager in connection with the DST Program.

LaSalle also serves as the manager for the DST Program. Each DST may pay the manager a management fee equal to a to-be-agreed upon percentage of the total equity of such DST. For the years ended December 31, 2021 and 2020, the DSTs paid \$463 and \$62, respectively, in management fees to our Advisor in connection with the DST Program.

NOTE 10—COMMITMENTS AND CONTINGENCIES

We are involved in various claims and litigation matters arising in the ordinary course of business, some of which involve claims for damages. Many of these matters are covered by insurance, although they may nevertheless be subject to deductibles or retentions. Although the ultimate liability for these matters cannot be determined, based upon information currently available, we believe the ultimate resolution of such claims and litigation will not have a material adverse effect on our financial position, results of operations or liquidity.

From time to time, we have entered into contingent agreements for the acquisition and financing of properties. Such acquisitions and financings are subject to satisfactory completion of due diligence or meeting certain leasing or occupancy thresholds.

We are subject to fixed ground lease payments on South Beach Parking Garage of \$112 per year until September 30, 2024, which will increase every five years thereafter by the lesser of 12% or the cumulative CPI over the previous five year period. We are also subject to a variable ground lease payment calculated as 2.5% of revenue. The lease expires September 30, 2041 and has a ten-year renewal option.

The operating agreement for Presley Uptown allows the unrelated third party joint venture partner, owning a 2.5% interest, to put its interest to us at a market determined value starting September 30, 2022 through September 30, 2024.

The operating agreement for 237 Via Vera Cruz, 13500 Danielson Street, 4211 Starboard Drive, 2840 Loker Avenue and 15890 Bernardo Center Drive allows the unrelated third party joint venture partner, owning a 5% interest, to put its interest to us at a market determined value starting July 31, 2024.

NOTE 11—SEGMENT REPORTING

We have five operating segments: industrial, office, residential, retail and other properties. Consistent with how we review and manage our properties, the financial information summarized below is presented by operating segment and reconciled to income from operations for the years ended December 31, 2021, 2020 and 2019:

Year Ended December 31, 2021	Industrial	Office	Residential	Retail	Other	Total
Assets	\$1,352,580	\$ 479,306	\$1,301,454	\$ 564,565	\$ 23,412	\$ 3,721,317
Capital expenditures by segment	\$ 17,165	\$ 4,284	\$ 6,196	\$ 3,212	\$ 16	\$ 30,873
Revenues:						
Rental revenue	\$ 71,719	\$ 33,178	\$ 74,378	\$ 48,286	\$ 379	\$ 227,940
Other revenue	367	1,792	5,534	1,117	2,588	11,398
Total revenues	\$ 72,086	\$ 34,970	\$ 79,912	\$ 49,403	\$ 2,967	\$ 239,338
Operating expenses:						
Real estate taxes	\$ 10,505	\$ 3,394	\$ 12,500	\$ 5,979	\$ 459	\$ 32,837
Property operating	5,783	6,865	22,619	7,973	755	43,995
Total segment operating expenses	\$ 16,288	\$ 10,259	\$ 35,119	\$ 13,952	\$ 1,214	\$ 76,832
Reconciliation to net income						
Property general and administrative						1,596
Advisor fees						65,667
Company level expenses						4,841
Provision for impairment of real estate						1,822
Depreciation and amortization						94,051
Total operating expenses						\$ 244,809
Other income and (expenses):						
Interest expense						\$ (48,230)
Loss from unconsolidated real estate affiliates and fund investment						67,333
Investment income on marketable securities						418
Net realized gain upon sale of marketable securities						247
Net unrealized change in fair value of investment in marketable securities						2,933
Loss on disposition of property and extinguishment of debt						33,422
Total other income and (expenses)						\$ 56,123
Net income						<u>\$ 50,652</u>
Reconciliation to total consolidated assets as of December 31, 2021						
Assets per reportable segments ⁽¹⁾						\$ 3,721,317
Investment in unconsolidated real estate affiliates, real estate fund investment and corporate level assets						680,929
Total consolidated assets						<u>\$ 4,402,246</u>

(1) Includes \$39,326 of Industrial and Residential segment assets classified as held for sale as of December 31, 2021.

Year Ended December 31, 2020	Industrial	Office	Residential	Retail	Other	Total
Assets	\$ 659,870	\$ 277,556	\$ 788,060	\$ 577,588	\$ 22,134	\$ 2,325,208
Capital expenditures by segment	\$ 4,673	\$ 2,589	\$ 4,346	\$ 1,803	\$ 119	\$ 13,530
Revenues:						
Rental revenue	\$ 49,743	\$ 27,239	\$ 63,948	\$ 45,417	\$ 294	\$ 186,641
Other revenue	323	1,313	3,474	572	1,298	6,980
Total revenues	\$ 50,066	\$ 28,552	\$ 67,422	\$ 45,989	\$ 1,592	\$ 193,621
Operating expenses:						
Real estate taxes	\$ 8,218	\$ 3,396	\$ 11,476	\$ 6,193	\$ 382	\$ 29,665
Property operating	4,121	5,938	19,643	7,583	714	37,999
Total segment operating expenses	\$ 12,339	\$ 9,334	\$ 31,119	\$ 13,776	\$ 1,096	\$ 67,664
Reconciliation to net income						
Property general and administrative						4,318
Advisor fees						25,274
Company level expenses						2,936
Depreciation and amortization						75,603
Total operating expenses						\$ 175,795
Other income and (expenses):						
Interest expense						\$ (40,668)
Loss from unconsolidated real estate affiliates and fund investments						(19,451)
Loss on disposition of property and extinguishment of debt						(1,772)
Total other income and (expenses)						\$ (61,891)
Net loss						<u>\$ (44,065)</u>
Reconciliation to total consolidation assets as of December 31, 2020						
Assets per reportable segments						\$ 2,325,208
Investment in unconsolidated real estate affiliates, real estate fund investment and corporate level assets						333,391
Total consolidated assets						<u>\$ 2,658,599</u>

Year Ended December 31, 2019	Industrial	Office	Residential	Retail	Other	Total
Capital expenditures by segment	\$ 5,162	\$ 584	\$ 7,510	\$ 6,602	\$ 16	\$ 19,874
Revenues:						
Rental revenue	\$ 45,166	\$ 18,918	\$ 57,069	\$ 45,699	\$ 318	\$167,170
Other income	469	529	3,179	728	2,204	7,109
Total revenues	\$ 45,635	\$ 19,447	\$ 60,248	\$ 46,427	\$ 2,522	\$174,279
Operating expenses:						
Real estate taxes	\$ 7,395	\$ 1,985	\$ 10,120	\$ 5,063	\$ 449	\$ 25,012
Property operating	3,701	3,677	16,465	7,117	823	31,783
Total segment operating expenses	\$ 11,096	\$ 5,662	\$ 26,585	\$ 12,180	\$ 1,272	\$ 56,795
Reconciliation to net income						
Property general and administrative						1,659
Advisor fees						23,026
Company level expenses						3,201
Depreciation and amortization						67,348
Total operating expenses						\$152,029
Other income and (expenses):						
Interest expense						\$ (36,185)
Income from unconsolidated real estate affiliates and fund investments						7,066
Gain on disposition of property and extinguishment of debt						106,871
Total other income and (expenses)						\$ 77,752
Net income						<u><u>\$100,002</u></u>

NOTE 12—INVESTMENT IN MARKETABLE SECURITIES

The following is a summary of our investment in marketable securities held as of December 31, 2021, which consisted entirely of stock of publicly traded REITs.

	December 31, 2021
Investment in marketable securities - cost	\$ 40,273
Unrealized gains	3,161
Unrealized losses	(228)
Net unrealized gain	2,933
Investment in marketable securities - fair value	<u><u>\$ 43,206</u></u>

Upon the sale of a particular security, the realized net gain or loss is computed assuming the shares purchased first are sold first. During the year ended December 31, 2021, marketable securities sold generated proceeds of \$5,347, resulting in realized gains of \$352, and \$105 realized losses.

NOTE 13—SUBSEQUENT EVENTS

On January 6, 2022, we sold Norfleet Distribution Center, a 702,000 square foot industrial property located in Kansas City, Missouri for approximately \$60,375 less closing costs. We recorded a gain on the sale of the property in the amount of approximately \$34,000.

On January 24, 2022, we sold The Edge at Lafayette, a 207,000 square foot student housing apartment property located in Lafayette, Louisiana for approximately \$16,500 less closing costs.

On February 28, 2022, our board of directors approved a gross dividend for the first quarter of 2021 of \$0.14 per share to stockholders and OP Unit holders of record as of March 24, 2022. The dividend will be paid on or around March 30, 2022. Class A, Class M, Class A-I, Class M-I and Class D stockholders and Class M-I OP Unit holders will receive \$0.14 per share or OP Unit, less applicable class-specific fees, if any.

* * * * *

Schedule III—Real Estate and Accumulated Depreciation as of December 31, 2021

Col. A	Col. B	Col. C		Col. D			Col. E		
Description	Encumbrances	Initial Cost		Costs Capitalized Subsequent to Acquisition (1)			Gross Amounts at which Carried at the Close of Period		
		Land	Building and Equipment	Land	Building and Equipment	Carrying Costs	Land	Building and Equipment	Total
Industrial Properties:									
Kendall Distribution Center—Atlanta, GA	—	2,656	12,836	(293)	279	—	2,363	13,115	15,478
Suwanee Distribution Center—Suwanee, GA	—	6,155	27,598	—	68	—	6,155	27,666	33,821
Grand Prairie Distribution Center—Grand Prairie, TX	—	2,100	12,478	—	404	—	2,100	12,882	14,982
Charlotte Distribution Center—Charlotte, NC	9,341	5,381	15,002	—	372	—	5,381	15,374	20,755
4050 Corporate Drive—Grapevine, TX	12,147	5,200	18,327	—	1,357	—	5,200	19,684	24,884
4055 Corporate Drive—Grapevine, TX	5,573	2,400	12,377	—	1,566	—	2,400	13,943	16,343
2501-2575 Allan Drive—Elk Grove, IL	—	4,300	10,926	—	661	—	4,300	11,587	15,887
2601-2651 Allan Drive—Elk Grove, IL	—	2,600	7,726	—	179	—	2,600	7,905	10,505
1300 Michael Drive—Wood Dale, IL	—	1,900	6,770	—	380	—	1,900	7,150	9,050
1350 Michael Drive—Wood Dale, IL	—	1,500	5,059	—	283	—	1,500	5,342	6,842
1225 Michael Drive—Wood Dale, IL	—	2,600	7,149	—	127	—	2,600	7,276	9,876
200 Lewis Drive—Wood Dale, IL	—	1,100	4,165	—	478	—	1,100	4,643	5,743
1301-1365 Mittel Boulevard—Chicago, IL	—	2,700	5,473	—	141	—	2,700	5,614	8,314
Tampa Distribution Center- Tampa, FL	—	3,507	22,485	—	84	—	3,507	22,569	26,076
Aurora Distribution Center- Aurora, IL	13,441	9,861	14,646	—	—	—	9,861	14,646	24,507
28150 West Harrison Parkway- Valencia, CA	—	2,760	8,899	—	279	—	2,760	9,178	11,938
28145 West Harrison Parkway- Valencia, CA	—	3,468	10,111	—	20	—	3,468	10,131	13,599
28904 Avenue Paine- Valencia, CA	—	3,812	10,535	—	428	—	3,812	10,963	14,775
25045 Avenue Tibbitts- Santa Clarita, CA	—	4,087	13,224	—	288	—	4,087	13,512	17,599
6000 Giant Road- Richmond, CA	—	11,572	26,556	—	31	—	11,572	26,587	38,159
6015 Giant Road- Richmond, CA	—	10,468	24,127	—	(1,004)	—	10,468	23,123	33,591
6025 Giant Road- Richmond, CA	—	2,700	4,167	—	497	—	2,700	4,664	7,364
Mason Mill Distribution Center—Buford, GA	17,500	3,406	23,312	—	(123)	—	3,406	23,189	26,595
Fremont Distribution Center - Fremont, CA	—	29,427	7,024	—	1,782	—	29,427	8,806	38,233
3324 Trinity Boulevard - Grand Prairie, TX	—	3,215	11,255	—	(13)	—	3,215	11,242	14,457
Taunton Distribution Center - Taunton, MA	—	2,000	21,589	—	220	—	2,000	21,809	23,809
Chandler Distribution Center - Chandler, AZ	—	3,803	24,095	—	272	—	3,803	24,367	28,170
Fort Worth Distribution Center--Fort Worth, TX	—	3,059	21,053	—	1,296	—	3,059	22,349	25,408
4993 Anson Boulevard--Whitestown, IN	17,000	2,197	20,224	—	(59)	—	2,197	20,165	22,362
5102 E 500 South--Whitestown, IN	17,000	3,460	28,049	—	(80)	—	3,460	27,969	31,429
Louisville Distribution Center—Shepherdsville, KY	52,250	9,028	66,792	—	4,161	—	9,028	70,953	79,981
6511 West Frye Road—Chandler, AZ	12,250	2,102	15,511	—	1,654	—	2,102	17,165	19,267
6565 West Frye Road—Chandler, AZ	12,250	2,451	18,807	—	—	—	2,451	18,807	21,258
6615 West Frye Road—Chandler, AZ	12,250	2,799	18,030	—	—	—	2,799	18,030	20,829

[Table of Contents](#)

Col. A	Col. B	Col. C	Col. D	Col. E					
Description	Encumbrances	Initial Cost	Costs Capitalized Subsequent to Acquisition (1)	Gross Amounts at which Carried at the Close of Period					
		Land	Building and Equipment	Land	Building and Equipment	Total			
6677 West Frye Road—Chandler, AZ	12,250	2,451	18,662	—	37	—	2,451	18,699	21,150
5 National Way—Durham, NC	—	6,846	21,233	—	490	—	6,846	21,723	28,569
47 National Way—Durham, NC	—	6,840	20,401	—	2,103	—	6,840	22,504	29,344
South San Diego Distribution Center—San Diego, CA	72,500	18,496	123,682	—	—	—	18,496	123,682	142,178
2451 Bath Road—Elgin, IL	—	4,247	26,182	—	(63)	—	4,247	26,119	30,366
1755 Britannia Drive—Elgin, IL	—	1,046	10,522	—	(16)	—	1,046	10,506	11,552
687 Conestoga Parkway—Shepardsville, KY	—	2,462	33,393	—	—	—	2,462	33,393	35,855
Louisville Airport Distribution Center(2)—Louisville, KY	—	2,843	26,812	—	—	—	2,843	26,812	29,655
Friendship Distribution Center-Buford, GA	—	7,082	80,654	—	4	—	7,082	80,658	87,740
13500 Danielson Street-Poway, CA	10,990	7,624	11,503	—	54	—	7,624	11,557	19,181
237 Via Vera Cruz-San Marcos, CA	11,880	5,421	8,581	—	39	—	5,421	8,620	14,041
4211 Starboard-Fremont, CA	20,612	13,409	13,872	—	92	—	13,409	13,964	27,373
2840 Loker Avenue-Carlsbad, CA	14,316	7,631	16,030	—	73	—	7,631	16,103	23,734
15890 Bernardo Center Drive-San Diego, CA	8,702	2,316	11,715	—	38	—	2,316	11,753	14,069
Total Industrial Properties	332,252	248,488	979,619	(293)	18,879	—	248,195	998,498	1,246,693
Office Properties:									
Monument IV at Worldgate—Herndon, VA	—	5,186	57,013	—	20,014	—	5,186	77,027	82,213
140 Park Avenue—Florham Park, NJ	—	3,162	34,784	—	(4)	—	3,162	34,780	37,942
San Juan Medical Center- San Juan Capistrano, CA	16,730	9,807	13,303	—	1,129	—	9,807	14,432	24,239
Genesee Plaza - San Deigo, CA	39,285	8,222	73,964	—	676	—	8,222	74,640	82,862
Fountainhead Corporate Park--Tempe, AZ	—	5,942	36,301	—	4,246	—	5,942	40,547	46,489
170 Park Avenue-Florham Park, NJ	—	4,612	38,337	—	3	—	4,612	38,340	42,952
South Reno Medical Center-Reno, NV	—	1,029	9,882	—	—	—	1,029	9,882	10,911
North Tampa Surgery Center-Odessa, FL	—	1,227	5,069	—	(4)	—	1,227	5,065	6,292
1203 SW 7 Highway-Blue Springs, MO	—	171	2,355	—	—	—	171	2,355	2,526
8600 NE 82nd Street-Kansas City, MO	—	143	3,519	—	—	—	143	3,519	3,662
Sugar Land Medical Office-Sugar Land, TX	—	2,449	9,943	—	(20)	—	2,449	9,923	12,372
Roeland Park Medical Office-Roeland Park, KS	—	1,057	8,182	—	—	—	1,057	8,182	9,239
Durham Medical Center-Durham, NC	—	974	29,575	—	—	—	974	29,575	30,549
9101 Stony Point Drive(2)--Richmond, VA	—	3,980	37,939	—	—	—	3,980	37,939	41,919
Total Office Properties	56,015	47,961	360,166	—	26,040	—	47,961	386,206	434,167
Residential Properties:									
Townlake of Coppell—Coppell, TX	36,030	8,444	36,805	—	3,175	—	8,444	39,980	48,424
AQ Rittenhouse—Philadelphia, PA	26,370	11,000	39,963	—	(182)	—	11,000	39,781	50,781

[Table of Contents](#)

Col. A	Col. B	Col. C		Col. D			Col. E		
Description	Encumbrances	Initial Cost		Costs Capitalized Subsequent to Acquisition (1)			Gross Amounts at which Carried at the Close of Period		
		Land	Building and Equipment	Land	Building and Equipment	Carrying Costs	Land	Building and Equipment	Total
Lane Park Apartments—Mountain Brook, AL	37,000	5,100	66,428	—	934	—	5,100	67,362	72,462
Dylan Point Loma—San Diego, CA	40,319	19,000	70,860	—	(527)	—	19,000	70,333	89,333
The Penfield—St. Paul, MN	35,500	8,021	52,713	—	1,238	—	8,021	53,951	61,972
180 North Jefferson—Chicago, IL	45,000	18,588	75,435	—	8,280	—	18,588	83,715	102,303
Jory Trail at the Grove—Wilsonville, OR	42,793	7,877	64,369	—	4,330	—	7,877	68,699	76,576
The Reserve at Johns Creek Walk—Johns Creek, GA	26,000	7,552	38,025	—	839	—	7,552	38,864	46,416
Villas at Legacy—Plano, TX	29,500	6,888	48,504	—	3,759	—	6,888	52,263	59,151
Stonemeadow Farms - Bothell, WA	44,722	14,000	65,535	—	1,952	—	14,000	67,487	81,487
Summit at San Marcos - Chandler, AZ	35,900	6,401	63,335	—	37	—	6,401	63,372	69,773
Presley Uptown - Charlotte, NC	30,000	7,390	46,479	—	259	—	7,390	46,738	54,128
Princeton North Andover-North Andover, MA	39,900	8,140	63,156	—	106	—	8,140	63,262	71,402
The Preserve at the Meadows ⁽²⁾ -Fort Collins, CO	32,400	9,656	53,870	—	52	—	9,656	53,922	63,578
The Rockwell ⁽²⁾ -Berlin, MA	46,310	7,501	75,403	—	4	—	7,501	75,407	82,908
Miramont-Fort Collins, CO	27,629	9,217	49,005	—	23	—	9,217	49,028	58,245
Pinecone-Fort Collins, CO	25,355	8,558	43,833	—	30	—	8,558	43,863	52,421
Reserve at Venice-North Venice, FL	—	5,500	86,125	—	—	—	5,500	86,125	91,625
Woodside Trumbull-Trumbull, CT	—	4,654	91,755	—	—	—	4,654	91,755	96,409
Total Residential Properties	600,728	173,487	1,131,598	—	24,094	—	173,487	1,155,907	1,329,394
Retail Properties:									
The District at Howell Mill—Atlanta, GA	28,858	10,000	56,040	—	6,179	—	10,000	62,219	72,219
Grand Lakes Marketplace—Katy, TX	23,900	5,215	34,770	—	87	—	5,215	34,857	40,072
Oak Grove Plaza—Sachse, TX	8,915	4,434	18,869	—	832	—	4,434	19,701	24,135
Rancho Temecula Town Center—Temecula, CA	28,000	14,600	41,180	—	1,079	—	14,600	42,259	56,859
Skokie Commons—Skokie, IL	23,627	8,859	25,705	890	183	—	9,749	25,888	35,637
Whitestone Market—Austin, TX	25,750	7,000	39,868	—	534	—	7,000	40,402	47,402
Maui Mall—Maui, HI	36,322	44,257	39,454	—	11,210	—	44,257	50,664	94,921
Silverstone Marketplace—Scottsdale, AZ	—	8,012	33,771	—	220	—	8,012	33,991	42,003
Kierland Village Center—Scottsdale, AZ	—	7,037	26,693	—	326	—	7,037	27,019	34,056
Timberland Town Center—Beaverton, OR	20,253	6,083	33,826	—	444	—	6,083	34,270	40,353
Montecito Marketplace—Las Vegas, NV	—	11,410	45,212	—	352	—	11,410	45,564	56,974
Milford Crossing--Milford, MA	—	1,124	30,869	—	(163)	—	1,124	30,706	31,830
Total Retail Properties	195,625	128,031	426,257	890	21,283	—	128,921	447,540	576,461
Other Properties:									
South Beach Parking Garage—Miami, FL	—	—	21,467	—	741	—	—	22,208	22,208
Total Other Properties	—	—	21,467	—	741	—	—	22,208	22,208

Col. A	Col. B	Col. C		Col. D			Col. E		
		Initial Cost		Costs Capitalized Subsequent to Acquisition (1)			Gross Amounts at which Carried at the Close of Period		
Description	Encumbrances	Land	Building and Equipment	Land	Building and Equipment	Carrying Costs	Land	Building and Equipment	Total
Total Consolidated Properties:	\$ 1,184,620	\$ 597,967	\$ 2,919,107	\$ 597	\$ 91,037	\$ —	\$ 598,564	\$ 3,010,359	\$ 3,608,923
Properties Held for Sale:									
The Edge at Lafayette—Lafayette, LA	—	1,782	23,266	(182)	(8,741)	—	1,600	14,525	16,125
Norfleet Distribution Center—Kansas City, MO	—	2,134	31,397	(205)	(1,914)	—	1,929	29,483	31,412
Total Properties Held for Sale	\$ —	\$ 3,916	\$ 54,663	\$ (387)	\$ (10,655)	\$ —	\$ 3,529	\$ 44,008	\$ 47,537

The unaudited aggregate cost and accumulated depreciation for tax purposes was approximately \$2,330,580 and \$301,026, respectively.

- (1) Includes net provisions for impairment of real estate taken since acquisition of property.

[Table of Contents](#)

Col. A	Col. F	Col. G	Col. H	Col. I
Description	Accumulated Depreciation	Date of Construction	Date of Acquisition	Life on which depreciation in latest income statement is computed
Industrial Properties:				
Kendall Distribution Center—Atlanta, GA	(4,345)	2002	6/30/2005	50 years
Suwanee Distribution Center—Suwanee, GA	(4,712)	2012	6/28/2013	50 years
Grand Prairie Distribution Center—Grand Prairie, TX	(2,056)	1980	12/18/2013	40 years
Charlotte Distribution Center—Charlotte, NC	(2,919)	2013	1/22/2014	50 years
4050 Corporate Drive—Grapevine, TX	(3,095)	1991	6/27/2014	40 years
4055 Corporate Drive—Grapevine, TX	(2,465)	1996	4/15/2015	40 years
2501-2575 Allan Drive—Elk Grove, IL	(1,841)	1996	4/15/2015	40 years
2601-2651 Allan Drive—Elk Grove, IL	(1,286)	1985	9/30/2015	40 years
1300 Michael Drive—Wood Dale, IL	(1,119)	1985	9/30/2015	40 years
1350 Michael Drive—Wood Dale, IL	(856)	1985	9/30/2015	40 years
1225 Michael Drive—Wood Dale, IL	(1,134)	1985	9/30/2015	40 years
200 Lewis Drive—Wood Dale, IL	(1,035)	1985	9/30/2015	40 years
1301-1365 Mittel Boulevard—Chicago, IL	(879)	1985	9/30/2015	40 years
Tampa Distribution Center- Tampa, FL	(3,267)	1985	9/30/2015	40 years
Aurora Distribution Center- Aurora, IL	(1,635)	2009	4/11/2016	40 years
28150 West Harrison Parkway- Valencia, CA	(1,235)	2016	5/19/2016	50 years
28145 West Harrison Parkway- Valencia, CA	(1,407)	1997	6/29/2016	40 years
28904 Avenue Paine- Valencia, CA	(1,527)	1997	6/29/2016	40 years
25045 Avenue Tibbitts- Santa Clarita, CA	(1,898)	1988	6/29/2016	40 years
6000 Giant Road- Richmond, CA	(2,834)	1988	6/29/2016	40 years
6015 Giant Road- Richmond, CA	(2,463)	2016	9/8/2016	50 years
6025 Giant Road- Richmond, CA	(473)	2016	9/8/2016	50 years
Mason Mill Distribution Center—Buford, GA	(1,861)	2016	12/29/2016	50 years
Fremont Distribution Center - Fremont, CA	(797)	1991	3/29/2019	40 years
3324 Trinity Boulevard - Grand Prairie, TX	(726)	2015	5/31/2019	40 years
Taunton Distribution Center - Taunton, MA	(1,094)	2016	8/23/2019	50 years
Chandler Distribution Center - Chandler, AZ	(1,022)	2016	12/5/2019	50 years
Fort Worth Distribution Center--Fort Worth, TX	(512)	2020	10/23/2020	50 years
4993 Anson Boulevard--Whitestown, IN	(437)	2020	12/11/2020	50 years
5102 E 500 South--Whitestown, IN	(606)	2020	12/11/2020	50 years
Louisville Distribution Center—Shepherdsville, KY	(1,544)	2020	1/21/2021	50 years
6511 West Frye Road—Chandler, AZ	(338)	2019	2/23/2021	50 years
6565 West Frye Road—Chandler, AZ	(313)	2019	2/23/2021	50 years
6615 West Frye Road—Chandler, AZ	(301)	2019	2/23/2021	50 years
6677 West Frye Road—Chandler, AZ	(312)	2019	2/23/2021	50 years
5 National Way—Durham, NC	(106)	2020	9/28/2021	50 years
47 National Way—Durham, NC	(102)	2020	9/28/2021	50 years
South San Diego Distribution Center—San Diego, CA	(497)	2020	10/28/2021	40 years

[Table of Contents](#)

Col. A	Col. F	Col. G	Col. H	Col. I
Description	Accumulated Depreciation	Date of Construction	Date of Acquisition	Life on which depreciation in latest income statement is computed
2451 Bath Road—Elgin, IL	(87)	2020	11/16/2021	50 years
1755 Britannia Drive—Elgin, IL	(35)	2020	11/16/2021	50 years
687 Conestoga Parkway—Shepardsville, KY	(56)	2021	11/17/2021	50 years
Louisville Airport Distribution Center(2)—Louisville, KY	(268)	2020	6/24/2021	50 years
Friendship Distribution Center-Buford, GA	(269)	2020	10/20/2021	50 years
13500 Danielson Street-Poway, CA	(108)	1997	7/2/2021	40 years
237 Via Vera Cruz-San Marcos, CA	(144)	1987	7/2/2021	40 years
4211 Starboard-Fremont, CA	(174)	1997	7/9/2021	40 years
2840 Loker Avenue-Carlsbad, CA	(34)	1998	11/30/2021	40 years
15890 Bernardo Center Drive-San Diego, CA	(24)	1991	11/30/2021	40 years
Total Industrial Properties	(56,248)			
Office Properties:				
Monument IV at Worldgate—Herndon, VA	(33,092)	2001	8/27/2004	50 years
140 Park Avenue—Florham Park, NJ	(4,174)	2015	12/21/2015	50 years
San Juan Medical Center- San Juan Capistrano, CA	(1,827)	2015	4/1/2016	50 years
Genesee Plaza - San Deigo, CA	(4,758)	1983	7/2/2019	40 years
Fountainhead Corporate Park--Tempe, AZ	(1,999)	1985	2/6/2020	40 years
170 Park Avenue-Florham Park, NJ	(904)	1998	2/2/2021	40 years
South Reno Medical Center-Reno, NV	—	2004	12/28/2021	40 years
North Tampa Surgery Center-Odessa, FL	(25)	2021	10/8/2021	50 years
1203 SW 7 Highway-Blue Springs, MO	—	2021	12/23/2021	40 years
8600 NE 82nd Street-Kansas City, MO	—	2021	12/23/2021	50 years
Sugar Land Medical Office-Sugar Land, TX	—	2020	12/30/2021	50 years
Roeland Park Medical Office-Roeland Park, KS	—	2021	12/28/2021	50 years
Durham Medical Center-Durham, NC	—	2010	12/23/2021	40 years
9101 Stony Point Drive(2)--Richmond, VA	(253)	2018	9/15/2021	50 years
Total Office Properties	(47,032)			
Residential Properties:				
Townlake of Coppell—Coppell, TX	(7,703)	1986	5/22/2015	40 years
AQ Rittenhouse—Philadelphia, PA	(5,232)	2015	7/30/2015	50 years
Lane Park Apartments—Mountain Brook, AL	(7,868)	2014	5/26/2016	50 years
Dylan Point Loma—San Diego, CA	(7,696)	2016	8/9/2016	50 years
The Penfield—St. Paul, MN	(6,182)	2013	9/22/2016	50 years
180 North Jefferson—Chicago, IL	(11,871)	2004	12/1/2016	40 years
Jory Trail at the Grove—Wilsonville, OR	(7,720)	2012	7/14/2017	50 years
The Reserve at Johns Creek Walk—Johns Creek, GA	(4,528)	2007	7/28/2017	40 years
Villas at Legacy—Plano, TX	(5,834)	1999	6/6/2018	40 years

[Table of Contents](#)

Col. A	Col. F	Col. G	Col. H	Col. I
Description	Accumulated Depreciation	Date of Construction	Date of Acquisition	Life on which depreciation in latest income statement is computed
Stonemeadow Farms - Bothell, WA	(4,894)	1999	5/13/2019	40 years
Summit at San Marcos - Chandler, AZ	(3,926)	2018	7/31/2019	50 years
Presley Uptown - Charlotte, NC	(2,473)	2016	9/30/2019	50 years
Princeton North Andover-North Andover, MA	(929)	2019	5/3/2021	50 years
The Preserve at the Meadows ⁽²⁾ -Fort Collins, CO	(489)	2001	8/23/2021	40 years
The Rockwell ⁽²⁾ -Berlin, MA	(547)	2020	8/31/2021	50 years
Miramont-Fort Collins, CO	(331)	1995	9/29/2021	40 years
Pinecone-Fort Collins, CO	(296)	1993	9/29/2021	40 years
Reserve at Venice-North Venice, FL	—	2021	12/17/2021	50 years
Woodside Trumbull-Trumbull, CT	—	2021	12/21/2021	50 years
Total Residential Properties	(78,519)			
Retail Properties:				
The District at Howell Mill—Atlanta, GA	(17,958)	2006	6/15/2007	50 years
Grand Lakes Marketplace—Katy, TX	(5,834)	2012	9/17/2013	50 years
Oak Grove Plaza—Sachse, TX	(4,110)	2003	1/17/2014	40 years
Rancho Temecula Town Center—Temecula, CA	(8,377)	2007	6/16/2014	40 years
Skokie Commons—Skokie, IL	(3,500)	2015	5/15/2015	50 years
Whitestone Market—Austin, TX	(6,467)	2003	9/30/2015	40 years
Maui Mall—Maui, HI	(9,521)	1971	12/22/2015	40 years
Silverstone Marketplace—Scottsdale, AZ	(3,693)	2015	7/27/2016	50 years
Kierland Village Center—Scottsdale, AZ	(3,593)	2001	9/30/2016	40 years
Timberland Town Center—Beaverton, OR	(3,671)	2015	9/30/2016	50 years
Montecito Marketplace—Las Vegas, NV	(5,053)	2007	8/8/2017	50 years
Milford Crossing--Milford, MA	(1,167)	2017	1/29/2020	50 years
Total Retail Properties	(72,944)			
Other Properties:				
South Beach Parking Garage—Miami, FL	(4,619)	2001	1/28/2014	40 years
Total Other Properties	(4,619)			
Total Consolidated Properties:	\$ (259,362)			
Properties Held for Sale:				
The Edge at Lafayette—Lafayette, LA	4,131	2007	1/15/2008	50 years
Norfleet Distribution Center—Kansas City, MO	(9,070)	2007	2/27/2007	50 years
Total Properties Held for Sale	\$ (4,939)			

Reconciliation of Real Estate

Consolidated Properties	2021	2020	2019
Balance at beginning of year	\$ 2,320,336	\$ 2,200,514	\$ 1,797,585
Additions	1,372,562	161,947	404,353
Assets sold/ written off	(36,438)	(5,817)	(1,424)
Reclassified as held for sale	(47,537)	(36,308)	
Balance at close of year	<u>\$ 3,608,923</u>	<u>\$ 2,320,336</u>	<u>\$ 2,200,514</u>

Reconciliation of Accumulated Depreciation

Consolidated Properties	2021	2020	2019
Balance at beginning of year	\$ 219,833	\$ 176,236	\$ 135,480
Additions	49,966	49,134	42,180
Assets sold/ written off	(3,676)	(2,118)	(1,424)
Reclassified as held for sale	(4,939)	(3,419)	—
Balance at close of year	<u>\$ 259,362</u>	<u>\$ 219,833</u>	<u>\$ 176,236</u>