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A Summary of the New Customer Account Statement Rule and How AR Global's Suite of Public Non-Listed REITs and BDCA will Report Estimated Values

This communication provides a summary of key changes to NASD Rule 2340 and FINRA Rule 2310 ("Customer Account Statement Rule") and how customer account statements delivered by broker dealers to clients after April 11, 2016 will reflect public non-listed real estate investment trust ("REIT") and business development company ("BDC") per share estimated values.

Background

Prior to April 2016, public non-listed REIT and BDC share values were often initially reflected on customer account statements at the per share offering prices (in most cases the initial per share offering price was either \$10 or \$25). While BDCs calculate quarterly per share net asset values, non-listed REITs hadn't been required to develop an initial valuation of their shares until as late as 18 months after the close of an offering. As an initial public, non-listed REIT offering could last as long as three and a half years, this meant that an initial value might not be established for as long as five years after the REIT issued its first share. Both REITs and BDCs were often carried on customer account statements at their respective initial offering prices, without subtracting selling commissions and dealer manager fees or organization and offering costs from the amount reflected on the statement. Values carried on account statements have also not historically reflected changes in the underlying value of a REIT's investment portfolio for extended periods of time.

Beginning April 11, 2016, statement pricing for direct participation programs, including non-listed REITs and BDCs, will change. The Financial Industry Regulatory Authority (FINRA), in conjunction with the Securities and Exchange Commission (SEC) has updated account statement rules to provide more transparency to estimated per share values, shorten the initial time period for an appraisal-based valuation and provide enhanced disclosures.

It is important to note that the rule change is consistent with the original prospectus disclosure as to the fees and expenses associated with an investment in a public non-listed REIT and BDC and that the underlying investment objectives and strategy are not affected by the rule change.

Per Share Estimated Values for AR Global's Suite of Public Non-Listed REITs and BDCA

AR Global will provide broker dealers, custodians and clearing firms with the attached chart (see reverse) designed to assist FINRA member firms in updating their customer account statements. This chart will be updated periodically (see the chart for timing of anticipated updates to per share estimated values). The account statements generated by the transfer agent for these companies, DST Systems, Inc., will reflect the same per share estimated values that we report to third parties.

Each of the AR Global sponsored REITs for which an appraised value is presented engaged Duff & Phelps, LLC, an independent third-party real estate advisory firm to either perform appraisals and provide a valuation range for real estate assets owned or, for Realty Finance Trust, to estimate the fair value of its CRE debt investments and commercial mortgage backed securities. The methods used to value the assets in the reports furnished to each REIT's advisor and board were designed to comply with the Investment Program Association Practice Guideline 2013-01 titled "Valuations of Publicly Registered Non-Listed REITs," issued April 29, 2013. Please see each REIT's 2015 Form 10-K for details.

Changes to NASD Rule 2340 and FINRA Rule 2310 Effective April 11, 2016

From the admission of the first investor into a non-listed REIT or BDC and continually thereafter, broker-dealers will provide a per share estimated value of the security on customer account statements which has been developed in a manner reasonably designed to provide a reliable value. FINRA has defined two valuation methods that are presumptively reliable.

Net Investment Methodology

Broker-dealers may report a value that is equal to the offering price minus selling commissions, dealer manager fees and estimated organizational and offering expenses. Valuations using this methodology may be reported on investor account statements until 150 days after the second anniversary of the initial escrow break and must also include the following (or similar) disclosure prominently and in close proximity to the disclosure of distributions:

"IMPORTANT – Part of your distribution includes a return of capital. Any distribution that represents a return of capital reduces the estimated per share value shown on your account statement."

-OR-

Appraised Value Methodology

Broker-dealers may report a value disclosed by the REIT or DPP that is based on an appraisal of the assets and liabilities of the program by or with the material assistance of a third-party valuation expert, in conformity with standard industry valuation practice as it relates to both assets and liabilities. Values based on this methodology may be used at any time but this approach must be used no later than 150 days following the second anniversary of the REIT's initial escrow break. Once this methodology is used, an annual appraisal must be performed.

In addition, the following text (or similar) must be included on every account statement that reports DPP or non-listed REIT securities, regardless of the valuation methodology used:

"DPP and non-listed REIT securities are not listed on a national securities exchange, are generally illiquid, and even if you are able to sell the securities, the price received may be less than the per share estimated value provided on the account statement."



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AR Global Sponsored Offerings									
Company Name	Business Development Corporation of America	American Realty Capital Retail Centers of America, Inc.	Realty Finance Trust, Inc.	American Finance Trust, Inc. (formerly American Realty Capital Trust V, Inc.)	Healthcare Trust, Inc. (formerly American Realty Capital Healthcare Trust II, Inc.)	American Realty Capital Hospitality Trust, Inc.	American Realty Capital New York City REIT, Inc.	American Realty Capital Healthcare Trust III, Inc.	American Realty Capital Global Trust II, Inc.
Estimated Valuation Methodology	NAV Published Quarterly	Appraised Value	Appraised Value	Appraised Value	Appraised Value	Net Investment Value	Net Investment Value	Net Investment Value	Net Investment Value
Offering Effectiveness Date	1/25/2011	3/17/2011	2/12/2013	4/4/2013	2/14/2013	1/7/2014	4/24/2014	8/20/2014	8/26/2014
Initial Escrow Break Date	8/25/2011	3/9/2012	5/14/2013	4/25/2013	4/12/2013	2/3/2014	5/29/2014	2/11/2015	10/17/2014
Date Initial Offering Closed to New Investments	4/30/2015	9/12/2014	1/27/2016*	10/31/2013	11/17/2014	12/31/2015*	5/31/2015	12/31/2015*	12/31/2015*
Date 150 days after the Two Year Anniversary of Initial Escrow Break	NAV Published Quarterly	Appraised Value Methodology Used (see below)				7/2/2016	10/26/2016	7/11/2017	3/16/2017
Status	Public, Non-Listed - Operational Stage	Public, Non-Listed - Operational Stage	Public, Non-Listed - Operational Stage	Public, Non-Listed - Operational Stage	Public, Non-Listed - Operational Stage	Public, Non-Listed - Operational Stage	Public, Non-Listed - Operational Stage	Public, Non-Listed - Operational Stage	Public, Non-Listed - Operational Stage
Estimated Holding Period (as disclosed in the prospectus)	5 - 7 Years from Close of Initial Offering	3 - 6 Years from Close of Initial Offering	5 - 7 Years from Close of Initial Offering	3 - 6 Years from Close of Initial Offering	3 - 6 Years from Close of Initial Offering	3 - 6 Years from Close of Initial Offering	3 - 6 Years from Close of Initial Offering	3 - 6 Years from Close of Initial Offering	3 - 6 Years from Close of Initial Offering
Initial Offering Price	\$10.00 (varied over life of offering)	\$10.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Selling Commissions, Dealer Manager Fees and Estimated Organizational and Offering Costs (as disclosed in the prospectus)	\$1.15 initially (11.5% of offering price throughout offering)	\$1.15	\$2.88	\$2.88	\$2.88	\$3.00	\$3.00	\$3.00	\$3.00
Net Investment	\$8.85 initially (88.5% of offering price throughout offering)	\$8.85	\$22.13	\$22.13	\$22.13	\$22.00	\$22.00	\$22.00	\$22.00
Appraised Value	\$8.97	\$9.00	\$25.27	\$24.17	\$22.27	Net Investment Methodology Used (Appraised Value Methodology will be used no later than 150 days after the two year anniversary of the initial escrow break)			
Appraisal as of Date	12/31/2015	12/31/2015	9/30/2015	12/31/2015	12/31/2015				

* Indicates date offering was suspended

This does not constitute an offer to sell or the solicitation of an offer to buy securities, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.