Table of Contents

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, 2016
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

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 and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐

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, 2016, the aggregate market value of the 52,737,909 shares of Class A common stock, 31,618,872 shares of Class M common stock, 9,564,364 shares of Class A-I common stock, 5,489,056 shares of Class M-I common stock and 6,387,184 shares of Class D common stock held by non-affiliates of the Registrant was $589,926, $354,532, $107,279, $61,584, and $71,567 for Class A, Class M, Class A-I, Class M-I and Class D shares, respectively, based upon the last net asset value of $11.19, $11.21, $11.22, $11.22 and $11.20 per share for Class A, Class M, Class A-I, Class M-I and Class D shares, respectively.

As of March 9, 2017, there were 70,146,256 shares of Class A Common Stock, 36,884,036 shares of Class M Common Stock, 13,122,869 shares of Class A-I Common Stock, 7,568,608 shares of Class M-I Common Stock and 7,963,493 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 2017 Annual Meeting of Stockholders, are incorporated by reference into Part III of this annual report.

TABLE OF CONTENTS

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 (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.

JLL Income Property Trust is an externally managed, daily valued perpetual-life real estate investment trust ("REIT") that owns and manages a diversified portfolio of apartment, industrial, office, retail and other properties located primarily in the United States. We expect over time that our real estate portfolio will be further diversified on a global basis through the acquisition of additional properties outside of the United States and will be complemented by investments in real estate-related debt and 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, 2016, we owned interests in a total of 70 properties, 69 of which are located in 18 U.S. states and one of which is located in Canada.

From our inception through October 1, 2012, we raised proceeds through private offerings of shares of our undesignated common stock. On October 1, 2012, the Securities and Exchange Commission (the "SEC") declared effective our Registration Statement on Form S-11 with respect to our continuous Public Offering of up to $3,000,000 in any combination of Class A and Class M shares of common stock (the "Initial Public Offering"). As of January 15, 2015, the date our Initial Public Offering terminated, we had raised aggregate gross proceeds from the sale of shares of our Class A and Class M common stock in our Initial Public Offering of $268,981.

On January 16, 2015, our follow-on Registration Statement on Form S-11 was declared effective by the SEC (Commission File No. 333-196886) with respect to our continuous public offering of up to $2,700,000 in any combination of shares of our Class A, Class M, Class A-I and Class M-I common stock, consisting of up to $2,400,000 of shares offered in our primary offering and up to $300,000 in shares offered pursuant to our distribution reinvestment plan (the "First Extended Public Offering"). We reserve the right to terminate the First Extended Public Offering at any time and to extend the First Extended Public Offering term to the extent permissible under applicable law. As of December 31, 2016, we have raised aggregate gross proceeds from the sale of shares of our Class A, Class M, Class A-I and Class M-I shares in our First Extended Public Offering of $988,267.

On June 19, 2014, we began a private offering of up to $400,000 in any combination of our Class A-I, Class M-I and Class D shares of common stock (the "Initial Private Offering"). Upon the SEC declaring the registration statement for our First Extended Public Offering effective, we terminated the Initial Private Offering. As of January 15, 2015, we had raised aggregate gross proceeds from the sale of shares of our Class A-I, Class M-I and Class D common stock in our Initial Private Offering of approximately $43,510. On March 3, 2015, we commenced a new private offering (the "Follow-on Private Offering") of up to $350,000 in shares of our Class D common stock with an indefinite duration. As of December 31, 2016, we have raised aggregate gross proceeds from the sale of shares of our Class D common stock in our Follow-on Private Offering of approximately $68,591.

From October 1, 2012 through December 31, 2016, we raised aggregate gross proceeds of approximately $1,419,959 from the sale of our five classes of common stock through our public and private offerings described above. The outstanding stock was held by 12,351 stockholders as of December 31, 2016.

LaSalle acts as our advisor pursuant to the second amended and restated advisory agreement between the Company and LaSalle (the "Advisory Agreement"). On May 10, 2016 we renewed our Advisory Agreement with our Advisor for a one-year term expiring on June 5, 2017. 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, as all operations are managed by our Advisor.

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. Affiliates of JLL have invested an aggregate of $50,200 through purchases of shares of our common stock.

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 net asset value ("NAV") over time; and
- to enable stockholders to utilize real estate as an asset class in diversified, long-term investment portfolios.

We cannot assure 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.

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 35% at December 31, 2016 and 39% at December 31, 2015. 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 acquire 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.

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 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 an allocation to international investments that meet our investment objectives and guidelines will contribute meaningfully 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 within the United States and globally. 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, 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.

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. They 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 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, 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.

ENVIRONMENTAL STRATEGIES

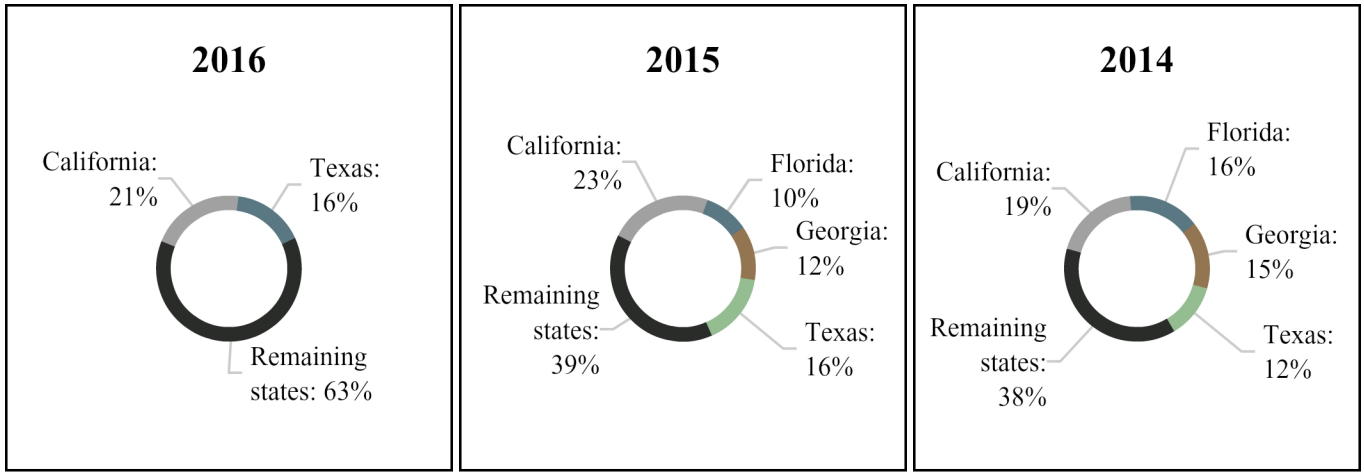
As an owner and operator of real estate, we are subject to various environmental laws. Compliance with existing laws has not had a material adverse effect on our financial condition and results of operations, and we do not believe it will have such an impact in the future. However, we cannot predict the impact of unforeseen environmental contingencies or new or changed environmental laws or regulations applicable to our current investments in properties or investments in properties we may make in the future. During our due diligence prior to making investments in properties, we retain qualified environmental consultants to assist us in identifying and quantifying environmental risks associated with such investments.

GEOGRAPHIC CONCENTRATION

The following table provides information regarding the geographic concentration of our real estate portfolio as of December 31, 2016:

	Real Estate Portfolio		
	Number of Properties	Net Rentable Square Feet	Estimated Percent of Fair Value
South	13	3,801,000	22%
West	23	2,949,500	40
East	19	3,647,700	20
Midwest	14	2,645,300	17
International	1	135,100	1
Total	70	13,178,600	100%

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 2016, 2015 and 2014:



FOREIGN OPERATIONS

We currently own one property outside the United States, a multi-tenant office building located in Calgary, Canada. We are subject to currency risk and general Canadian economy risks associated with this investment. This property accounted for approximately 8%, 11% and 15% of our consolidated office revenues for the years ended December 31, 2016, 2015 and 2014, respectively, and approximately 2% of our consolidated revenues for the year ended December 31, 2016 and 4% of our consolidated revenues for the years ended 2015 and 2014.

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, 2016, 2015 and 2014 were as follows:

	For the year ended December 31,		
	2016	**2015**	**2014**
Office			
Amazon (1)	27%	20%	12%
Industrial			
Mitsubishi Electric	10%	16%	21%
Musician's Friend	10%	15%	21%
Acuity Specialty Products (2)	5%	8%	10%

(1) Amazon also accounted for 2% of the consolidated revenues in the industrial segment in 2016.

(2) This lease expires on August 31, 2017.

REPORTABLE SEGMENTS

We align our internal operations along the primary property types we are targeting for investments, resulting in five operating segments: apartment properties, industrial properties, office 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.

Apartment Properties

Apartment properties 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 one-story apartments), low-rise and high-rise. Apartments generally have the lowest vacancy rates of any property type, with the better performing properties typically located in urban markets or locations with strong employment and demographic dynamics. We plan to invest in apartment properties that are located in 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.

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. In addition, 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.

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 large and fragmented 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 Securities Exchange Act of 1934, as amended (the “Exchange Act”). Therefore, we file periodic reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, DC 20549 or by calling the SEC at 1-800-SEC-0330. In addition, 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*. 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.

EMPLOYEES

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

On November 4, 2014, as contemplated in our in Advisory Agreement, we agreed to reimburse LaSalle for a portion of certain of our executive officers’ compensation associated with work performed on the First Extended Public Offering prior to the effective date. Under this arrangement a total of $125 will be reimbursed over a three year period beginning on January 16, 2015.

Item 1A. Risk Factors.

You should consider carefully the risks 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. 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; 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.

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, we limit repurchases to approximately 20% of our total NAV. 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. 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 in us.

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

Since our inception in 2004, we have experienced net losses (calculated in accordance with U.S. generally accepted accounting principles ("GAAP")) each fiscal year, except for the years ended December 31 of 2005, 2012, 2014, 2015 and 2016. As of December 31, 2016, we had an accumulated deficit of $118,765. The extent of our future operating losses and the timing of profitability are highly uncertain, and we may never achieve or sustain profitability.

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

Our board of directors declared quarterly distributions for our stockholders beginning in the first quarterly period following the initial closing of our first offering on December 23, 2004 through March 31, 2009. We did not pay distributions for the nine quarterly periods from March 2009 to September 30, 2011, we however have declared quarterly distributions for our stockholders every quarter since. Most recently, on March 7, 2017, our board of directors declared a quarterly distribution of $0.125 per share for the first quarter of 2017. 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 between 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.

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 flow from our operations and borrowings. We may not generate sufficient cash flow from operations to fully fund distributions to stockholders. Therefore, we may choose to use cash flows from financing activities, which include borrowings (including borrowings secured by our assets), net proceeds of our public and private offerings or other sources to fund distributions to our stockholders. 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, 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.

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 will identify potential investments in properties and other real estate-related assets which 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 will advise other investment programs that invest in properties and real estate-related assets in which we may be interested. 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.

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, which is calculated by our Advisor.

Our Advisor is paid a fee for its services based on our NAV, which is calculated by 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'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; and
- asset sales, which may allow LaSalle or its affiliates to earn disposition fees and commissions.

We currently have, and may enter into, 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 transactions 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.

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.

Risks Related to Adverse Changes in General Economic Conditions

Changes in global 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-related assets, 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. 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.

We have recorded impairments of our real estate as a result of such conditions. 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 our revenues, results from operations, financial condition, liquidity, overall business prospects and ultimately our ability to pay distributions to our stockholders.

Historic market conditions and the risk of renewed market deterioration have caused and may in the future cause the value of our real estate investments to decline.

The historic economic environment and credit market conditions impacted the performance and value of our real estate investments. If the current economic or real estate environment were to worsen in the markets where our properties are located, the NAV per share of our common stock may experience more volatility or decline as a result. 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 the NAV per share of our common stock in future periods. In addition, to the extent that volatile markets exist, 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.

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.

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, our 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.

If we internalize our management functions, the percentage of our outstanding common stock owned by our existing stockholders could be reduced, we could incur other significant costs associated with being self-managed, and any internalization could have other adverse effects on our business and financial condition.

At some point in the future, we may consider internalizing the functions performed for us by our Advisor. The method by which we could internalize these functions could take many forms. We may hire our own group of executives and other employees or we may acquire a subsidiary or division of our Advisor that has performed services for us pursuant to our Advisory Agreement, including its existing workforce. Any internalization transaction could result in significant payments to the owners of our Advisor, possibly in the form of our common stock, which could reduce the percentage ownership of our then existing stockholders and increase the percentage ownership held by our Advisor and its affiliates. In addition, there is no

assurance that internalizing our management functions will be beneficial to us and our stockholders. For example, we may not realize the perceived benefits because of the costs of being self-managed; we may not be able to properly integrate a new staff of managers and employees; or we may not be able to effectively replicate the services provided previously by our Advisor and its affiliates. Internalization transactions have also, in some cases, been the subject of litigation. Even if these claims are without merit, we could be forced to spend significant amounts of money defending claims which would reduce the amount of funds available for us to invest in real estate assets or to pay distributions.

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.

The termination or replacement of our Advisor could trigger a repayment event under the mortgage loans for some of our properties.

Lenders for certain of our properties may request provisions in the mortgage loan documentation that would make the termination or replacement of our Advisor an event requiring the immediate repayment of the full outstanding balance of the loan. If a repayment event occurs with respect to any of our properties, our ability to achieve our investment objectives could be materially adversely affected.

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 under 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.

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 subsidiaries are investment companies under the Investment Company Act of 1940, as amended (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 we will not be considered an investment company under Section 3(a)(1)(A) of the Investment Company Act because we will not engage primarily or hold ourselves out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, through our wholly owned or majority-owned subsidiaries, we 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.

A change in the value of any of our assets could cause us or one or more of our subsidiaries to fall within the definition of “investment company” and negatively affect our ability to maintain our exemption from regulation under the Investment Company Act. To maintain compliance with this exception from the definition of 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.

We believe that we and our subsidiaries will satisfy this exclusion. 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 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, it is possible that our security measures will not 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, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can 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.

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, 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 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. 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. As lead tenants, 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 apartment, industrial, office, 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, 2016, our diversification of current fair value of our consolidated properties by property type consisted of 27% in the apartment property sector, 27% in the industrial property sector, 26% in the retail sector, 19% in the office property sector and 1% in the other property sector. As of December 31, 2016, we also owned an interest in unconsolidated properties in the office, retail and other property sectors. Because our portfolio consists primarily of apartment, industrial, office, retail and other properties, we are subject to risks inherent in investments in these property types. 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, 2016, approximately 40% and 22% 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 and Texas accounted for approximately 21% and 16% 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 apartment 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 apartment 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 real estate-related investments. 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 investments. The marketability and value of our investments will depend on many factors beyond our control. The ultimate performance of our investments will be subject to the varying degrees of risk generally incident to the ownership and operation of the underlying real properties. The ultimate value of our investment in the underlying real 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 cyclicality 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;
- 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;
- acts of God, including earthquakes, hurricanes, climate change and other natural disasters, acts of war, acts of terrorism (any of which may result in uninsured losses);
- adverse changes in zoning laws; and
- other factors that are beyond our control or the control of the real property owners.

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.

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 apartment properties) representing approximately 7% and 8% of the annualized minimum base rent from our consolidated properties, as of December 31, 2016, were scheduled to expire in 2017 and 2018, respectively. Because we compete with a number of other developers, owners and managers of office, retail, industrial and apartment 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, the economic turmoil of the last several years has led to foreclosures and sales of foreclosed properties at depressed values, and we may have difficulty competing with competitors who have purchased 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 have materially impacted the cost and availability of debt to finance real estate acquisitions, which is a key component of our acquisition strategy. This 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, as the economy recovers, the number of entities and the amount of funds competing for suitable investments may 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 resume acquiring 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. 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.

In the event we obtain options to acquire properties, we may lose the amount paid for such options whether or not the underlying property is purchased.

We may obtain options to acquire certain properties. The amount paid for an option, if any, is normally surrendered if the property is not purchased and may or may not be credited against the purchase price if the property is purchased. Any unreturned option payments will reduce the amount of cash available for further investments or distributions to our stockholders.

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, 2016, we had interests in five joint ventures that collectively own eighteen properties across the United States accounting for 13% 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.

Our properties may contain or develop harmful mold, which could lead to liability for adverse health effects and remediation costs.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed within a certain period of time. Some molds may produce airborne toxins or irritants. Public concern about indoor exposure to mold has been increasing along with awareness that exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of a significant amount of mold at any of our properties could require us to undertake a costly remediation program to contain or remove the mold from the affected properties. In addition, the presence of mold could expose us to liability from tenants, employees of tenants and others if property damage or health concerns arise as a result of the presence of mold in or on our properties. If we ever become subject to mold-related liabilities, our business, financial condition and results of operations could be materially and adversely affected.

Compliance or failure to comply with the Americans with Disabilities Act and other similar regulations could result in substantial costs.

Our properties are, or may become, subject to the Americans with Disabilities Act of 1990, as amended, or the ADA. Under the ADA, all places of public accommodation must meet federal requirements related to access and use by persons with disabilities. The ADA's requirements could require removal of access barriers and could result in the imposition of injunctive relief, monetary penalties or, in some cases, an award of damages. New legislation at the federal, state and local levels also may require modifications to our properties, or restrict our ability to renovate properties. We will attempt to acquire properties that comply with the ADA and other similar legislation or place the burden on the seller or other third party to ensure compliance with such legislation. However, we may not be able to acquire properties or allocate responsibilities in this manner which could reduce cash available for investments and the amount of distributions to stockholders.

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 was extended through 2020 by the Terrorism Risk Insurance Program Reauthorization Act of 2015, 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, except for Railway Street Corporate Centre, an office building located in Calgary, Canada.

We are subject to additional risks from our international investments.

We own one property located outside the United States as of December 31, 2016 and expect to purchase additional 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 this prospectus.

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, which 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 distribution 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, 2016, we had total outstanding indebtedness of $695,613. 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 35% as of December 31, 2016 and 39% as of December 31, 2015. 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 experienced severe dislocations and liquidity disruptions in recent years, 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 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, 2016, we had $695,613 in aggregate outstanding mortgage notes payable, which had maturity dates through March 1, 2054.

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.

The mortgage loan on one of our properties provides that the issuance, transfer and redemption of our shares are permitted only so long as we are advised by LaSalle, its affiliate, or a suitable successor or replacement, which could limit our ability to terminate our advisor or make such termination costly.

The deed of trust executed on June 17, 2005 in connection with the mortgage loan on 111 Sutter Street provides that the issuance, transfer or redemption of shares of our common stock are permitted transfers under the deed of trust only so long as we are advised by LaSalle or its affiliate, a successor by merger to LaSalle or its affiliate or any entity that, together with its affiliates, owns, manages, advises or lends against commercial real estate assets of at least $3.0 billion. In the event that we ceased to be advised by LaSalle or its affiliate or another qualifying entity under the deed of trust, any issuance, transfer or redemption of shares of our common stock could be deemed an event of default. Such an event of default would entitle the beneficiary to exercise all rights and remedies available under the deed of trust and the other loan documents and at law and in equity, including, without limitation, declaring the full amount of the loan immediately due and payable and seeking foreclosure. The loan on 111 Sutter Street may be prepaid, subject to the payment of a prepayment fee equal to the greater of 3.0% of the outstanding loan balance or yield maintenance.

The foregoing provisions could have the effect of limiting our ability to terminate our Advisor or, in the event that we incur a fee in connection with the prepayment of the loan on 111 Sutter Street, make such a termination more costly. In addition, in the event that we were to default under the loan agreement or the deed of trust we may not be able to continue to raise capital through our public offering or repurchase shares pursuant to our share repurchase plan, which could have a material adverse effect on our business, results of operations or financial condition.

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 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 could be applied retroactively, which could result in our disqualification as a REIT. If 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 because:

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

The increased taxes would cause a reduction in our NAV and in cash available for distribution to stockholders. 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.

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

To qualify as a REIT, we generally must distribute annually to our stockholders a minimum of 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 each year. Additionally, we will be subject to a 4% nondeductible excise tax on any amount by which distributions 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 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 qualify 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 qualify 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 qualified real estate assets and government securities) 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 government securities and qualified real estate assets) can consist of the securities of any one issuer, and no more than 25% (20% after 2017) of the value of our assets may be represented by securities of one or more taxable REIT subsidiaries. Finally, for taxable years after 2015, no more than 25% of our assets may consist of debt investments 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 determine that the gains from sales of our properties are subject to a 100% prohibited transaction tax.

From time to time, we may be forced to sell assets to fund repurchase requests, to satisfy our REIT distribution requirements, to satisfy other REIT requirements, or for other purposes. The IRS may determine that one or more sales of our properties are “prohibited transactions.” If the IRS takes the position that we have engaged in a “prohibited transaction” (*i.e.*, sales of property held by us primarily for sale in the ordinary course of our trade or business), 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 for the safe harbor. We do not intend to hold property 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 sales or 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 present complications to 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:

- in order to qualify as a REIT, we are required to distribute annually at least 90% of our REIT taxable income (determined without regard to the dividends-paid deduction or 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;
- 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.

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 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.

Generally, ordinary dividends payable by REITs do not qualify for reduced U.S. federal income tax rates on qualified dividends.

The maximum U.S. federal income tax rate for "qualified dividends" payable by U.S. corporations to individual U.S. stockholders is currently 20%. However, ordinary dividends payable by REITs are generally not eligible for the reduced rates and generally are taxed at ordinary income rates (the maximum individual rate currently being 39.6%). Non-corporate investors may perceive investment in REITs to be relatively less attractive than investments in the stocks of other corporations whose dividends are taxed at lower rates as qualified dividends.

We may be subject to adverse legislative or regulatory tax changes.

At any time, the federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be amended. We cannot predict when or if any new federal income tax law, regulation or administrative interpretation, or any amendment to any existing federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in, or any new, federal income tax law, regulation or administrative interpretation.

Some of the tax benefits identified by the new political administration as possibly being eliminated or reduced include various tax benefits that have been important to the real estate industry, including REITs, such as eliminating the like-kind exchange rules or the deduction of net interest expense. Loss of a deduction for net interest expense would substantially increase our REIT taxable income and, absent amendments to the REIT rules, our distribution obligations. In addition, it is possible that substantially reduced corporate tax rates or interest in integrating taxation of stockholders and corporations could reduce or eliminate the relative attractiveness of REITs as a vehicle for owning real estate.

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 asset 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.

Retirement Plan Risks

If the fiduciary of an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended, or 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 criminal and civil 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, stockholders subject to ERISA and the related excise tax provisions of the Internal Revenue Code may be subject to adverse financial and legal consequences.

Stockholders subject to ERISA should consult their own advisors as to the effect of ERISA on 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.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

DESCRIPTION OF REAL ESTATE

Our investments in real estate assets as of December 31, 2016 consisted of interests in wholly-owned properties and five joint ventures. The following table sets forth information with respect to our real estate assets by segment as of December 31, 2016. 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
Consolidated Properties:						
Apartment Segment:						
Station Nine Apartments	Durham, NC	100%	2005	April 16, 2007	312,000	93%
The Edge at Lafayette (1)	Lafayette, LA	78%	2007	January 15, 2008	207,000	94%
Townlake of Coppell (1)	Coppell, TX	90%	1986	May 22, 2015	351,000	93%
AQ Rittenhouse	Philadelphia, PA	100%	2015	July 30, 2015	92,000	90%
Lane Parke Apartments	Mountain Brook, AL	100%	2014	May 26, 2016	263,000	96%
Dylan Point Loma (2)	San Diego, CA	100%	2016	August 9, 2016	204,000	57%
The Penfield	St. Paul, MN	100%	2013	September 22, 2016	245,000	95%
180 North Jefferson	Chicago, IL	100%	2004	December 1, 2016	217,000	95%
Industrial Segment:						
Kendall Distribution Center	Atlanta, GA	100%	2002	June 30, 2005	409,000	100%
Norfleet Distribution Center	Kansas City, MO	100%	2007	February 27, 2007	702,000	100%
Joliet Distribution Center	Joliet, IL	100%	2005	June 26, 2013	442,000	53%
Suwanee Distribution Center	Suwanee, GA	100%	2013	June 28, 2013	559,000	100%
South Seattle Distribution Center						
3800 1st Avenue South	Seattle, WA	100%	1968	December 18, 2013	162,000	100%
3844 1st Avenue South	Seattle, WA	100%	1949	December 18, 2013	101,000	100%
3601 2nd Avenue South	Seattle, WA	100%	1980	December 18, 2013	60,000	100%
Grand Prairie Distribution Center	Grand Prairie, TX	100%	2013	January 22, 2014	277,000	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	100%
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 Avenue Paine	Valencia, CA	100%	1999	June 29, 2016	117,000	100%
24823 Anza Drive	Santa Clarita, CA	100%	1988	June 29, 2016	31,000	100%
25045 Avenue Tibbitts	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%
Office Segment:						
Monument IV at Worldgate	Herndon, VA	100%	2001	August 27, 2004	228,000	100%

111 Sutter Street	San Francisco, CA	100%	1926/2001(3)	March 29, 2005	286,000	77%
14600 Sherman Way	Van Nuys, CA	100%	1991	December 21, 2005	50,000	99%
14624 Sherman Way	Van Nuys, CA	100%	1981	December 21, 2005	53,000	97%
Railway Street Corporate Centre	Calgary, Canada	100%	2007	August 30, 2007	135,000	72%
140 Park Avenue	Florham Park, NJ	100%	2015	December 21, 2015	100,000	100%
San Juan Medical Center	San Juan Capistrano, CA	100%	2015	April 1, 2016	40,000	100%
Retail Segment:						
The District at Howell Mill (1)	Atlanta, GA	88%	2006	June 15, 2007	306,000	99%
Grand Lakes Marketplace (1)	Katy, TX	90%	2012	September 17, 2013	131,000	100%
Oak Grove Plaza	Sachse, TX	100%	2003	January 17, 2014	120,000	92%
Rancho Temecula Town Center	Temecula, CA	100%	2007	June 16, 2014	165,000	90%
Skokie Commons	Skokie, IL	100%	2015	May 15, 2015	97,000	100%
Whitestone Market	Austin, TX	100%	2003	September 30, 2015	145,000	98%
Maui Mall	Kahului, HI	100%	1971	December 22, 2015	235,000	92%
Silverstone Marketplace	Scottsdale, AZ	100%	2015	July 27, 2016	78,000	97%
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	97%
Other Segment:						
South Beach Parking Garage (4)	Miami Beach, FL	100%	2001	January 28, 2014	130,000	N/A
Unconsolidated Properties:						
Chicago Parking Garage (5)	Chicago, IL	100%	2003	December 23, 2014	167,000	N/A
NYC Retail Portfolio (6)	NY/NJ	14%	1996 - 2004	December 8, 2015	2,567,000	97%
Pioneer Tower (7)	Portland, OR	100%	1990	June 28, 2016	296,000	98%

(1) We own a majority interest in the joint venture that owns a fee simple interest in this property.
(2) The property was acquired newly constructed and is currently undergoing initial leasing.
(3) Built in 1926 and renovated in 2001.
(4) The parking garage contains 343 stalls. This property is owned leasehold.
(5) We own a condominium interest in the building that contains a 366 stall parking garage.
(6) We own an approximate 14% interest in a portfolio of 14 urban infill retail properties located in the greater New York City area.
(7) We own a condominium interest in the building that contains a 17 story multi-tenant office property.

ACQUISITIONS

2016 Acquisitions

On April 1, 2016, we acquired San Juan Medical Center, a newly constructed 40,000 square foot medical office building located in San Juan Capistrano, California, for approximately $26,390. The acquisition was funded with cash on hand.

On April 11, 2016, we acquired Tampa Distribution Center, a 386,000 square foot industrial building located in Tampa, Florida, for approximately $28,300. The acquisition was funded with cash on hand.

On May 19, 2016, we acquired Aurora Distribution Center, a newly constructed 305,000 square foot industrial building located in Aurora, Illinois, for approximately $27,700. The acquisition was financed with a seven-year mortgage loan that bears interest at a fixed rate of 3.39% in the amount of $13,850 and cash on hand.

On May 26, 2016, we acquired Lane Parke Apartments, a 276 unit apartment building located in Mountain Brook, Alabama, for approximately $73,300. The acquisition was funded with cash on hand. On October 6, 2016, we entered into a ten-year mortgage loan that bears interest at a fixed-rate of 3.18%, in the amount of approximately $37,000.

On June 28, 2016, we acquired Pioneer Tower, a 17 story, 296,000 square foot multi-tenant office property in Portland, Oregon for approximately $121,750. Pioneer Tower is a component of a mixed-use property that includes Portland's largest urban regional mall owned by an independent third party. The land component of this mixed-use property is owned as a condominium interest with the owner of the regional mall. The acquisition was funded with cash on hand. In accordance with authoritative guidance, Pioneer Tower is accounted for as an investment in an unconsolidated real estate affiliate.

On June 29, 2016, we acquired Valencia Industrial Portfolio, a five property, 491,000 square foot industrial portfolio for approximately $64,500. Valencia Industrial Portfolio is located in Valencia, California and was funded with cash on hand and a draw on our line of credit.

On July 27, 2016, we acquired Silverstone Marketplace, a newly constructed 78,000 square foot grocery-anchored retail center located in Scottsdale, Arizona for approximately $47,000. The acquisition was funded with cash on hand.

On August 9, 2016, we acquired Dylan Point Loma, a newly constructed 180-unit luxury apartment community located in the coastal town of Point Loma just north of San Diego, California for approximately $90,000. The acquisition was financed with a ten-year mortgage loan that bears interest at a fixed-rate of 3.83%, in the amount of $40,500, a draw on our line of credit and cash on hand.

On September 8, 2016, we acquired Pinole Point Distribution Center, a newly constructed, two building 477,000 square foot industrial portfolio located in Richmond, California for approximately $76,200. The acquisition was funded by a draw on our line of credit and cash on hand. On December 29, 2016, we acquired a 41,000 square foot industrial property at Pinole Point Distribution Center for approximately $8,000 using cash on hand.

On September 22, 2016, we acquired The Penfield, a 254-unit apartment complex located in downtown Saint Paul, Minnesota for approximately $65,500. The acquisition was financed by the assumption of a mortgage loan that bears interest at a fixed-rate of 3.57% in the amount of $39,305, a draw on our line of credit and cash on hand. The mortgage loan matures in March 2054.

On September 30, 2016, we acquired Kierland Village Center, a 118,000 square foot grocery-anchored retail center located in Scottsdale, Arizona, for approximately $34,500. The acquisition was funded by a draw on our line of credit and cash on hand.

On September 30, 2016, we acquired Timberland Town Center, a newly constructed 92,000 square foot grocery-anchored shopping center located in Beaverton, Oregon for approximately $42,600. The acquisition was financed by the assumption of a nine-year mortgage loan that bears interest at a fixed-rate of 4.07% in the amount of $22,634, a draw on our line of credit and cash on hand.

On December 1, 2016, we acquired 180 North Jefferson, a 28-story, 274-unit apartment tower in Chicago, Illinois. The purchase price was approximately $96,500. The acquisition was financed with a one-year mortgage loan that bears a floating interest rate equal to LIBOR plus 1.40% in the amount of $48,250, a draw on our line of credit and cash on hand.

2015 Acquisitions

On April 15, 2015, we acquired DFW Distribution Center, a two building, 643,000 square foot industrial property located in Grapevine, Texas, for approximately $44,200. The acquisition was financed with a ten-year mortgage loan in the amount of $17,720 that bears interest at a fixed-rate of 3.23%, and cash on hand.

On May 15, 2015, we acquired Skokie Commons, a newly constructed 93,000 square foot grocery-anchored retail center located in Skokie, Illinois, for approximately $43,800. The acquisition was financed with a ten-year mortgage loan in the amount of $24,400 that bears interest at a fixed-rate of 3.31%, and cash on hand. On December 18, 2015, we acquired an adjacent parcel of land under a ground lease to Bank of America. The land was acquired for $4,700 and was funded with cash on hand.

On May 22, 2015, we acquired a 90% interest in Townlake of Coppell, a 398 unit apartment property located in Coppell, Texas, for approximately $43,200. The acquisition was financed with a five-year mortgage loan in the amount of $28,800 that bears interest at a fixed-rate of 3.25%, and cash on hand.

On July 30, 2015, we acquired AQ Rittenhouse, a newly constructed apartment property located near Rittenhouse Square in Philadelphia, Pennsylvania, for approximately $51,000. The 110 unit, 12 story apartment building is complemented by 13,000 square feet of ground floor commercial space. The acquisition was financed with a ten-year mortgage loan in the amount of $26,370 that bears interest at a fixed-rate of 3.65%, and cash on hand.

On September 30, 2015, we acquired Whitestone Market, a 145,000 square foot, 100% leased, grocery anchored retail center for approximately $51,500 located in Austin, Texas. The acquisition was funded with cash on hand. On November 23, 2015, we entered into a ten-year mortgage loan in the amount of approximately $25,800 that bears interest at a fixed-rate of 3.58%.

On September 30, 2015, we acquired O'Hare Industrial Portfolio, a seven property, 642,000 square foot, 92% occupied industrial portfolio for approximately $71,000. O'Hare Industrial Portfolio is located near O'Hare Airport just outside Chicago, Illinois and was funded with cash on hand.

On December 8, 2015, we acquired an approximate 28% interest in a newly formed fund, Madison NYC Core Retail Partners, L.P. (the "Retail Fund"), which acquired an approximate 49% interest in entities that 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 was approximately $85,600 including closing costs. The NYC Retail Portfolio contained approximately 2,700,000 square feet across urban infill locations in Manhattan, Brooklyn, Queens, the Bronx, Staten Island and New Jersey. In accordance with authoritative guidance the NYC Retail Portfolio is accounted for as an investment in an unconsolidated real estate affiliate. The acquisition was funded with cash on hand. LaSalle advises two other institutional clients who also entered into agreements to acquire interests in the Retail Fund as limited partners. As a result, LaSalle advises clients representing an approximate 90% ownership in the Retail Fund. As of December 31, 2016, the NYC Retail Portfolio owned 14 retail properties totaling approximately 2,567,000 square feet.

On December 21, 2015, we acquired 140 Park Avenue, a newly constructed 100,000 square foot medical office building located in Florham Park, New Jersey, for approximately $45,600. The acquisition was funded using cash on hand. On March 17, 2016, we entered into a $22,800 mortgage note payable on 140 Park Avenue. The mortgage note is for five years and bears a floating interest rate equal to LIBOR plus 1.75%. We entered into an interest rate swap for this loan which fixed the interest rate at 3.00% for the five year term.

On December 22, 2015, we acquired Maui Mall, a 235,000 square foot, grocery anchored retail center built in 1971 and expanded in 1995, located on the island of Maui in Hawaii for approximately $91,100. The acquisition was funded using a draw on our line of credit and cash on hand. On May 25, 2016, we entered into a $39,000 mortgage note payable on Maui Mall. The mortgage note bears an interest rate of 3.64% for the ten year term.

2014 Acquisitions

On January 17, 2014, we acquired Oak Grove Plaza, a 120,000 square foot retail property located in Sachse, Texas, for approximately $22,525. The acquisition was financed with a ten-year mortgage loan in the amount of $10,550 that bears interest at fixed rate of 4.17% and cash on hand.

On January 22, 2014, we acquired Grand Prairie Distribution Center, a 277,000 square foot industrial building located in Grand Prairie, Texas for approximately $17,200, using cash on hand. In April 2014, we entered into a five-year mortgage loan for $8,600 and bears a floating interest rate equal to LIBOR plus 1.80%. We entered into an interest rate swap for this loan which fixed the interest at 3.58% for the five year term.

On January 28, 2014, we acquired South Beach Parking Garage, a 343 stall, multi-level parking facility located on South Beach in Miami, Florida for approximately $22,050, using cash on hand and a draw on our line of credit.

On June 16, 2014, we acquired Rancho Temecula Town Center, a 165,000 square foot retail property located in Temecula, California, for approximately $60,000. The acquisition was financed with a 12-year fixed rate mortgage loan in the amount of $28,000 which bears interest at a fixed rate of 4.02%, interest-only and cash on hand.

On June 27, 2014, we acquired Charlotte Distribution Center, a 347,000 square foot industrial building located in Charlotte, North Carolina, for approximately $25,550, using cash on hand.

On December 23, 2014, we acquired a condominium interest in Chicago Parking Garage, a 366 stall, multi-level parking facility located in Chicago, Illinois for approximately $16,900, using cash on hand. In accordance with authoritative guidance, Chicago Parking Garage is accounted for as an investment in an unconsolidated real estate affiliate.

DISPOSITIONS

2016 Dispositions

On March 1, 2016, we sold 36 Research Park Drive for approximately $7,900, less closing costs. We recorded a gain on the sale of the property in the amount of $40.

On June 7, 2016, an 84,000 square foot retail property in the NYC Retail Portfolio was sold and its mortgage loan extinguished. We received return of capital distributions of $4,495 from sale proceeds.

On September 6, 2016, we sold Campus Lodge Tampa for approximately $37,750, less closing costs. In connection with the disposition, the mortgage loan associated with the property totaling $31,367 was repaid. We recorded a gain on the sale of the property in the amount of $1,624 and recorded a gain on the extinguishment of the debt of $40.

2015 Dispositions

On January 18, 2015, we sold Cabana Beach San Marcos, Cabana Beach Gainesville, Campus Lodge Athens and Campus Lodge Columbia for a total of approximately $123,800. In connection with the disposition, the mortgage loans associated with the four properties totaling $71,000 were retired. We recorded a gain on the sale of the properties in the amount of $30,454 and recorded a loss on the extinguishment of the debt of $1,318.

2014 Dispositions

On August 8, 2014, we sold Stirling Slidell Shopping Centre, a 139,000 square foot retail property located in Slidell, Louisana for $14,600. In conjunction with the sale, we paid off the mortgage loan for $12,007. We recorded a gain on the sale of the property in the amount of $181 and recorded a loss on the extinguishment of the debt of $236.

On September 30, 2014, we transferred our ownership in 4 Research Park Drive, a 60,000 square foot office building located in St. Charles, Missouri, to the lender. We were relieved of a $6,049 mortgage debt obligation as part of the transfer. As a result, a $260 non-cash accounting gain was recognized on the transfer of property representing the difference between the fair value and net book value of the property transferred as of the date of transfer. Upon extinguishment of the mortgage debt obligation, a $384 non-cash accounting gain was recognized representing the difference between the book value of debt, interest payable and other obligations extinguished over the fair value of the property and other assets transferred as of the transfer date. The transfer resulted in a total non-cash accounting gain of $644.

FINANCING

The following is a summary of the mortgage notes for our consolidated properties as of December 31, 2016:

Property	Interest Rate	Maturity Date	Principal Balance
Norfleet Distribution Center [1]	LIBOR + 2.75%	February 1, 2017	$ 12,000
The District at Howell Mill	6.14	June 1, 2017	9,386
Railway Street Corporate Centre [2]	5.16	September 1, 2017	20,565
180 North Jefferson	LIBOR + 1.40	December 1, 2017	48,250
The Edge at Lafayette	LIBOR + 2.49	December 1, 2018	17,680
Grand Prairie Distribution Center	3.58	April 1, 2019	8,600
Townlake of Coppell	3.25	June 1, 2020	28,800
Suwanee Distribution Center	3.66	October 1, 2020	19,100
140 Park Avenue	3.00	March 1, 2021	22,800
Monument IV at Worldgate	3.13	February 1, 2023	40,000
111 Sutter Street	4.50	April 1, 2023	53,922
Aurora Distribution Center	3.39	June 1, 2023	13,850
Grand Lakes Marketplace	4.20	October 1, 2023	23,900
Oak Grove Plaza	4.17	February 1, 2024	10,019
South Seattle Distribution Center	4.38	March 1, 2024	19,287
Charlotte Distribution Center	3.66	September 1, 2024	10,220
Skokie Commons	3.31	June 1, 2025	24,400
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	22,532
Whitestone Market	3.58	December 1, 2025	25,750
Maui Mall	3.64	June 1, 2026	39,000
Rancho Temecula Town Center	4.02	July 1, 2026	28,000
Dylan Point Loma	3.83	September 1, 2026	40,500
Lane Parke Apartments	3.18	November 1, 2026	37,000
The District at Howell Mill	5.30	March 1, 2027	32,377
The Penfield	3.57	March 1, 2054	39,135

(1) This mortgage loan was retired on February 1, 2017.

(2) This loan is denominated in Canadian dollars, but is reported in U.S. dollars at the exchange rate in effect on the balance sheet date.

On September 19, 2016, we extended and expanded our existing $100,000 revolving line of credit agreement with Bank of America, N.A to $150,000. The line of credit has a one-year term with a $75,000 six-month extension at our option and bears interest based on LIBOR plus a spread ranging from 1.55% to 2.25% depending on our leverage ratio (1.55% spread at December 31, 2016). We intend to use the line of credit to cover short-term capital needs, for new property acquisitions and working capital. We may not draw funds on our line of credit if we experience a material adverse effect, which is defined to include, among other things, (a) a material adverse effect upon the operations, business, assets, liabilities or financial condition of the Company, taken as a whole; (b) a material impairment of the rights and remedies of any lender under any loan document or the ability of any loan party to perform its obligations under any loan document; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any loan party of any loan document to which it is a party. As of December 31, 2016, we believe no material adverse effects had occurred. Our line of credit requires us to meet certain customary debt covenants which include a maximum leverage ratio, a minimum debt service coverage ratio as well as maintaining minimum amounts of equity and liquidity. As of December 31, 2016, we had $10,000 in borrowings outstanding on the revolving line of credit.

At December 31, 2016, we were in compliance with all debt covenants.

INSURANCE

We believe our properties are adequately covered by insurance consistent with the terms and levels of coverage that are standard in our industry.

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, 2016:

	Number of Properties	Total Area (Sq Ft)	% of Total Area	Occupancy %	Estimated Percent of Fair Value	Average Minimum Base Rent per Occupied Sq Ft (1)
Apartment	8	1,890,000	18%	90%	27%	$ 21.97
Industrial	28	6,044,000	58	97	27	4.85
Office	7	893,000	9	88	19	34.83
Retail	10	1,485,000	14	96	26	20.12
Other	1	130,000	1	N/A	1	N/A
Total	54	10,442,000	100%	95%	100%	$ 12.49

(1) Amount calculated as in-place minimum base rent for all occupied space at December 31, 2016 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, 2016:

	Number of Properties	Total Area (Sq Ft)	% of Total Area	Occupancy %	Estimated Percent of Fair Value	Average Minimum Base Rent per Occupied Sq Ft (1)
Office	1	296,000	10%	98%	9%	29.60
Retail	14	2,567,000	85	97	90	29.46
Other	1	167,000	5	N/A	1	N/A
Total	16	3,030,000	100%	97%	100%	$ 29.48

(1) Amount calculated as in-place minimum base rent for all occupied space at December 31, 2016 and excludes any straight line rents, tenant recoveries and percentage rent revenues.

As of December 31, 2016, our average effective annual rent per square foot, calculated as average minimum base rent per occupied square foot less tenant concessions and allowances, was $11.46 for our consolidated properties. As of December 31, 2016, 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
2017 (2)	33	$ 5,931	672,000	7%
2018	50	6,337	773,000	8
2019	40	5,866	580,000	7
2020	56	7,156	562,000	9
2021	44	8,339	535,000	10
2022 and thereafter	145	49,830	4,861,000	59
Total	368	$ 83,459	7,983,000	

(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, 2016 presented in the year of lease expiration.

(2) Does not include 2,136 leases totaling approximately 1,706,000 square feet and approximately $37,475 in annualized minimum base rent associated with the eight apartment properties we owned as of December 31, 2016.

As of December 31, 2016, 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
2017	24	$ 6,690	170,000	8%
2018	12	5,481	224,000	7
2019	24	10,823	324,000	13
2020	23	12,680	292,000	16
2021	29	18,705	490,000	23
2022 and thereafter	59	27,352	1,198,000	33
Total	171	$ 81,731	2,698,000	

(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, 2016 presented in the year of lease expiration.

The following table shows the aggregate occupancy rates for our consolidated properties as of December 31, 2016 and each of the previous five years:

As of December 31,	Occupancy Rate for Consolidated Properties	Occupancy Rate for Unconsolidated Properties
2016	95%	97%
2015	97	98
2014	97	—
2013	96	—
2012	92	96
2011	93	92

The following tables show the 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, 2016 and 2015:

	Occupancy Rate at December 31, 2016	Occupancy Rate at December 31, 2015	Change
Apartments	90%	95%	(5)%
Industrial	97	99	(2)
Office	88	93	(5)
Retail	96	94	2
Total	95%	97%	(2)%

	Average Minimum Base Rent per Occupied Square Foot (1)		
	December 31, 2016	December 31, 2015	Change
Apartments	$ 21.97	$ 16.48	$ 5.49
Industrial	4.85	4.28	0.57
Office	34.83	32.74	2.09
Retail	20.12	19.22	0.90
Total	$ 12.49	$ 11.62	$ 0.87

(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 apartment properties occupancy rate decreased while average minimum base rents per occupied square foot increased at December 31, 2016 when compared to December 31, 2015. During 2016, we sold Campus Lodge Tampa which had lower base rents per square foot than the properties we acquired, which were Lane Parke Apartments, Dylan Point Loma,

The Penfield, and 180 North Jefferson. Dylan Point Loma is newly constructed and is currently undergoing initial lease up which caused the segment occupancy rate to decrease.

Our industrial properties occupancy rate remained very high while average minimum base rents per occupied square foot at December 31, 2016 increased slightly when compared to December 31, 2015 primarily due to the properties acquired during 2016.

Our office properties occupancy rate decreased from December 31, 2015 to December 31, 2016 as a result of multiple tenant lease expirations at 111 Sutter Street and Railway Street Corporate Centre. The average minimum base rent per occupied square foot for our office properties at December 31, 2016 increased when compared to December 31, 2015, primarily due to increases of rents from our in-place leases at 111 Sutter Street as well as the disposition of 36 Research Park which had lower rental rates relative to the other properties within the office segment.

Our retail properties occupancy rate and average minimum base rent per occupied square foot increased as of December 31, 2016 when compared to December 31, 2015, primarily due to the acquisitions of Silverstone Marketplace, Kierland Village Center and Timberland Town Center during 2016.

The overall occupancy rate of our properties decreased slightly from December 31, 2015 to December 31, 2016 due to the initial lease up at Dylan Point Loma, a vacancy at Joliet Distribution Center and tenant lease expirations at 111 Sutter Street. The average minimum base rent per occupied square foot increased from December 31, 2015 to December 31, 2016, primarily due to our apartment property acquisitions which have significantly higher rents per square foot than in the previous year.

111 Sutter Street

As of December 31, 2016, 111 Sutter Street comprised approximately 6% of our total book value of assets and for the year ended December 31, 2016, 111 Sutter Street represented approximately 10% of our consolidated gross revenues.

	Total Area (Sq Ft)	% of Total Area	Estimated Percent of Fair Value	Average Minimum Base Rent per Occupied Sq Ft (1)
111 Sutter Street	286,000	2%	8%	$ 52.70

(1) Amount calculated as in-place minimum base rent for all occupied space at December 31, 2016 and excludes any straight line rents, tenant recoveries and percentage rent revenues.

As of December 31, 2016, the scheduled lease expirations at 111 Sutter Street are as follows:

Year	Number of Leases Expiring	Annualized Minimum Base Rent (1)	Square Footage	Percentage of Annualized Minimum Base Rent
2017	3	$ 597	12,000	5%
2018	3	705	15,000	6
2019	5	2,022	31,000	18
2020	13	2,172	49,000	19
2021	8	3,296	59,000	29
2022 and thereafter	10	2,578	51,000	23
Total	42	$ 11,370	217,000	

(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, 2016 presented in the year of lease expiration.

The following table shows the aggregate occupancy rates for 111 Sutter Street as of December 31, 2016 and each of the previous five years.

As of December 31,	Occupancy Rate
2016	77%
2015	94
2014	94
2013	90
2012	98
2011	92

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, 2016:

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 (3)	Monument IV at Worldgate & Pinole Point Distribution Center	Online Retailer	Various	Various	$ 9,501	4%	7%
Musician's Friend	Norfleet Distribution Center	Online Retailer	December 31, 2026	Three 5-year options	2,601	7	2
Sugar Publishing	111 Sutter Street	Publishing	January 31, 2021	One 5-year option	2,527	—	2
Summit Medical Group	140 Park Avenue	Medical Practice	April 30, 2030	Three 5-year options	2,500	1	1
Mitsubishi Electric	Suwanee Distribution Center	HVAC Systems	July 31, 2023	Two 5-year options	2,375	6	2
Kroger	Oak Grove Plaza & Skokie Commons	Grocery Store	Various	Various	2,130	1	2
Tapjoy	111 Sutter Street	Mobile Technology Services	January 31, 2019	One 5-year option	1,773	—	1
Williams-Sonoma	Pinole Point Distribution Center	Home Products Retailer	October 31, 2025	Two 5-year options	1,747	2	1
HEB	Whitestone Market	Grocery Store	November 30, 2032	Six 5-year options	1,658	1	1
Michelin	Charlotte Distribution Center	Aircraft Ties	October 31, 2028	One 5-year option	1,593	3	1
Total					$ 28,405	25%	20%

(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) The lease at Monument IV at Worldgate contains a one-time early termination option whereby the tenant can decrease their leased square footage by 108,206 square feet in May 2022. The tenant must provide notice of its intent to reduce its space by August 2021.

PRINCIPAL PROPERTIES

The following table sets forth our top ten consolidated properties based on percentage of annualized minimum base rent as of December 31, 2016:

Properties	% of Total Area	% of Minimum Base Rent (1)
111 Sutter Street	3%	10%
Monument IV at Worldgate	2	7
180 North Jefferson	2	5
Lane Park Apartments	3	5
Station Nine Apartments	3	4
Townlake of Coppell	3	4
The Penfield	2	4
The District at Howell Mill	3	4
Maui Mall	2	4
Rancho Temecula Town Center	2	3
Total	25%	50%

(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.

MARKET FOR COMMON EQUITY

We have five classes of common stock authorized as of December 31, 2016, Class A, Class M, Class A-I, Class M-I and Class D. On January 16, 2015, our First Extended Public Offering was declared effective, pursuant to which we sell to the public shares of Class A, Class M, Class A-I and Class M-I common stock. On March 3, 2015, we commenced a new private offering of up to $350,000 in shares of our Class D common stock with an indefinite duration. The fees payable to our dealer manager with respect to each outstanding share of each class, as a percentage of NAV, are as follows:

First Extended Public Offering

	Selling Commission	Dealer Manager Fee
Class A Shares	up to 3.5%	1.05%
Class M Shares	None	0.30%
Class A-I Shares	up to 1.5%	0.30%
Class M-I Shares	None	0.05%

Private Offering

	Selling Commission	Dealer Manager Fee
Class D Shares	up to 1.0%	None

The selling commission and dealer manager fee are offering costs and will be recorded as a reduction of capital in excess of par value. Selling commissions are paid on the date of sale of our common stock. We accrue all future dealer manager fees up to the ten percent regulatory limit on the date of sale of our common stock. For NAV calculation purposes, dealer manger fees are accrued daily, on a continuous basis equal to 1/365th of the stated fee.

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 9, 2017, there were 12,435 stockholders of record of our common stock, including 8,875 holders of Class A, 3,381 holders Class M, 83 holders Class A-I, 95 holders of Class M-I and 1 holder of Class D shares.

NAV per Share

Beginning on October 1, 2012, 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 the Company's 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. 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.

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.

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, 2016

The following table presents our historical NAV per share for each period indicated below:

	NAV per Share				
Quarter Ended	**Class A**	**Class M**	**Class A-I**	**Class M-I**	**Class D**
December 31, 2016	$ 11.22	$ 11.25	$ 11.26	$ 11.26	$ 11.25
September 30, 2016	11.22	11.25	11.25	11.25	11.24
June 30, 2016	11.19	11.21	11.22	11.22	11.20
March 31, 2016	11.15	11.17	11.18	11.18	11.17
December 31, 2015	11.17	11.20	11.20	11.20	11.19
September 30, 2015	11.08	11.10	11.11	11.11	11.10
June 30, 2015	10.76	10.78	10.79	10.79	10.78
March 31, 2015	10.64	10.66	10.67	10.67	10.66

The increase in NAV from December 31, 2015 to December 31, 2016 is primarily related to an overall 0.9% increase in the values of our properties during 2016.

The following table provides a breakdown of the major components of our NAV per share as of December 31, 2016:

	December 31, 2016				
Component of NAV	**Class A Shares**	**Class M Shares**	**Class A-I Shares**	**Class M-I Shares**	**Class D Shares**
Real estate investments (1)	$ 1,160,702	$ 608,854	$ 213,621	$ 126,613	$ 132,639
Debt	(395,838)	(207,639)	(72,852)	(43,179)	(45,234)
Other assets and liabilities, net	18,952	9,815	3,470	2,057	2,154
Estimated enterprise value premium	None assumed	None assumed	None assumed	None assumed	None assumed
NAV	$ 783,816	$ 411,030	$ 144,239	$ 85,491	$ 89,559
Number of outstanding shares	69,837,581	36,522,305	12,812,637	7,591,239	7,963,493
NAV per share	$ 11.22	$ 11.25	$ 11.26	$ 11.26	$ 11.25

(1) The value of our real estate investments was greater than the historical cost by approximately 4.7% as of December 31, 2016.

The following table provides a breakdown of the major components of our NAV per share as of December 31, 2015:

	December 31, 2015				
Component of NAV	**Class A Shares**	**Class M Shares**	**Class A-I Shares**	**Class M-I Shares**	**Class D Shares**
Real estate investments (1)	$ 649,538	$ 489,821	$ 107,397	$ 58,934	$ 136,610
Debt	(246,853)	(186,153)	(40,816)	(22,398)	(51,918)
Other assets and liabilities, net	11,576	8,778	1,915	1,051	2,435
Estimated enterprise value premium	None assumed	None assumed	None assumed	None assumed	None assumed
NAV	$ 414,261	$ 312,446	$ 68,496	$ 37,587	$ 87,127
Number of outstanding shares	37,092,768	27,909,411	6,116,812	3,356,619	7,787,823
NAV per share	$ 11.17	$ 11.20	$ 11.20	$ 11.20	$ 11.19

(1) The value of our real estate investments was greater than the historical cost by approximately 3.3% as of December 31, 2015.

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, 2016:

	Apartment	Industrial	Office	Retail	Other [1]	Total Company
Exit capitalization rate	5.95%	5.94%	6.00%	5.78%	6.75%	5.93%
Discount rate/internal rate of return (IRR)	7.35	6.77	6.70	6.63	8.17	6.82
Annual market rent growth rate	3.04	3.06	2.89	3.32	3.41	3.10
Holding period (years)	10.00	10.00	10.00	10.00	22.90	10.23

(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, 2015:

	Apartment	Industrial	Office	Retail	Other [1]	Total Company
Exit capitalization rate	6.54%	6.31%	6.36%	6.07%	7.25%	6.32%
Discount rate/internal rate of return (IRR)	7.84	7.06	7.28	6.94	8.39%	7.29
Annual market rent growth rate	2.98	3.10	2.96	3.11	3.59	3.06
Holding period (years)	10.00	10.00	10.00	10.00	23.63	10.38

(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, an increase in the weighted-average discount rate/internal rate of return (IRR) used as of December 31, 2016 of 0.25% would yield a decrease in our total real estate investment value of 1.5% and our NAV per share class would have been $10.97, $11.00, $11.00, $11.00 and $10.99 for Class A, Class M, Class A-I, Class M-I and Class D, respectively. An increase in the weighted-average discount rate/internal rate of return (IRR) used as of December 31, 2015 of 0.25% would yield a decrease in our total real estate investment value of 1.20% and our NAV per share would have been $10.96, $10.98, $10.99, $10.98 and $10.97 for Class A, Class M, Class A-I, Class M-I and Class D, respectively.

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. 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.

REGISTERED SALES OF EQUITY SECURITIES

On June 18, 2014, we filed a registration statement on Form S-11 (Commission File No. 333-196886) with the SEC to register a public offering of up to $2,700,000 in any combination of shares of our Class A, Class M, Class A-I and Class M-I common stock, consisting of up to $2,400,000 of shares offered in our primary offering and up to $300,000 in shares offered pursuant to our distribution reinvestment plan. On January 16, 2015, this First Extended Public Offering was declared effective by the SEC and the Initial Public Offering automatically terminated. We reserve the right to terminate the First Extended Public Offering at any time and to extend the First Extended Public Offering term to the extent permissible under applicable law. LaSalle Investment Management Distributors, LLC, an affiliate of our Advisor (the "Dealer Manager") served as the dealer manager for our Initial Public Offering and continues to serve as the dealer manager for the First Extended Public Offering.

From January 16, 2015 through December 31, 2016, we recognized selling commissions, dealer manager fees and organization and other offering costs in our First Extended Public Offering in the amounts set forth below:

Selling commissions and dealer manager fees	$	17,288
Other organization and offering costs		12,038
Total expenses		29,326
Total public offering proceeds (excluding DRIP proceeds)		950,557
Percentage of public offering proceeds used to pay for other organization and offering costs		1.27%

From January 16, 2015 through December 31, 2016, the net offering proceeds to us from the sale of Class A, Class M, Class A-I and Class M-I shares in the First Extended Public Offering, after deducting the total expenses incurred as described above, were approximately $574,072, $179,821, $94,964, and $72,374, respectively.

For the year ended December 31, 2016, we have raised $29,668 from the sale of shares pursuant to our distribution reinvestment plan, including $16,646 from the sale of 1,482,850 Class A shares, $5,649 from the sale of 501,803 Class M shares, $2,008 from the sale of 178,231 Class A-I shares, $1,921 from the sale of 170,536 Class M-I shares, and $3,444 from the sale of 306,129 Class D shares.

As of December 31, 2016, 69,837,581 shares of Class A common stock, 36,522,305 shares of Class M common stock, 12,812,637 shares of Class A-I common stock, and 7,591,239 shares of Class M-I common stock were outstanding, and held by a total of 12,351 stockholders.

We intend to use the net proceeds from our offerings, 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 guidelines, (2) reduce borrowings and repay indebtedness incurred under various financing instruments and (3) fund repurchases under our share repurchase plan. As of December 31, 2016, net proceeds from our First Extended Public Offering have been allocated to reduce borrowings by $11,331 and to purchase interests in real estate of $909,900.

UNREGISTERED SALES OF EQUITY SECURITIES

On March 3, 2015, we commenced the Follow-on Private Offering of up to $350,000 in shares of our Class D common stock with indefinite duration. As of December 31, 2016, we have raised aggregate gross proceeds from the sale of 6,156,350 Class D shares in our Follow-on Private Offering of $68,591. 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 Follow-on Private Offering. No commissions were paid with respect to the placement of shares in connection with the Follow-on Private Offering.

In addition to sales previously disclosed in our current and quarterly reports, during the year ended December 31, 2016, we have received $3,444 from the sale of 306,129 Class D shares pursuant to our distribution reinvestment plan. On February 8, 2016, we received $935 from the sale of 83,070 Class D shares pursuant to our distribution reinvestment plan. On April 28, 2016, we received $758 from the sale of 67,709 Class D shares pursuant to our distribution reinvestment plan. On July 28, 2016, we received $766 from the sale of 68,069 Class D shares pursuant to our distribution reinvestment plan. On October 27, 2016, we received $985 from the sale of 87,281 Class D shares pursuant to our distribution reinvestment plan.

ISSUER PURCHASES OF EQUITY SECURITIES

Share Repurchase Plan

On October 1, 2012, 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. On December 2, 2014, our board of directors voted unanimously to increase the repurchase limitation under our share repurchase plan for the quarter ended December 31, 2014 from 5% of the combined NAV of all classes of shares to 6% of the combined NAV of all classes of shares as of September 30, 2014. For the year ended December 31, 2014, we repurchased 292,407 and 2,814,586 shares of Class A and Class M common stock, respectively, for a total of $32,604 pursuant to our share repurchase plan. For the year ended December 31, 2015, we repurchased 494,216, 1,840,770, and 615,509 shares of Class A, Class M and Class A-I common stock, respectively, for a total of $32,082 pursuant to our share repurchase plan. For the year ended December 31, 2016, we repurchased 1,219,913, 2,347,619, 97,431, and 1,551,418 shares of Class A, Class M, Class A-I and Class D common stock, respectively, for a total of $58,841 pursuant to our share repurchase plan. 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, 2016, we fulfilled redemption requests and repurchased shares of our common stock pursuant to our share repurchase plan as follows:

Period	Total Number of Shares Redeemed	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 Program (1)
October 1-October 31, 2016	279,047	$11.26	279,047	—
November 1-November 30, 2016	475,233	$11.30	475,233	—
December 1-December 31, 2016	570,146	$11.34	570,146	—

(1) Redemptions are limited as described above.

DIVIDEND POLICY

To comply with current tax laws necessary to qualify as a REIT, we expect to distribute at least 90% of our taxable income to our stockholders. Accordingly, we currently intend to make distributions to our stockholders in amounts sufficient to maintain our qualification as a REIT. Before payment of any distribution, we must have cash available after payment of both operating requirements and scheduled debt service on mortgages and loans payable. The declaration of distributions is at the discretion of our board of directors, which decision is made from time to time based on then prevailing circumstances.

Our board of directors and the Advisor will periodically review the dividend policy to determine the appropriateness of our distribution rate relative to our current and forecasted cash flows.

Our board of directors declared quarterly distributions of $0.11 per share for the first and second quarters of 2014. Our board of directors declared quarterly distributions of $0.12 per share for each of the third and fourth quarters of 2014 and for each of the quarters of 2015 as well as the first and second quarters of 2016. Our board of directors declared quarterly distributions of $0.125 per share for each of the third and fourth quarters of 2016. On March 7, 2017, our board of directors declared a quarterly dividend of $0.125 per share for the first quarter of 2017. The distribution will be paid on or around May 1, 2017 to stockholders of record as of March 30, 2017. Stockholders will receive $0.125 per share less applicable class-specific fees. There is no guarantee that we will continue to pay distributions at this rate in the future, or at all.

Year	Distributions Declared Per Share	Total Distributions Declared	Annualized Rate of Return (1)
2014	$ 0.46	$ 18,421	4.35%
2015	0.48	27,937	4.33
2016	0.49	48,040	4.31

(1) Annualized rate of return calculated using the weighted average NAV of our common stock as of December 31.

The following table summarizes our distributions paid over the last three fiscal years:

	For the Year Ended December 31,		
	2016	2015	2014
Distributions:			
Paid in cash	$ 12,450	$ 10,811	$ 11,631
Reinvested in shares	29,668	13,630	5,505
Total Distributions	42,118	24,441	17,136
Source of Distributions:			
Cash flow from operating activities	39,508	24,441	17,136
Cash flow from investing activities	2,610	—	—
Total Sources of Distributions	$ 42,118	$ 24,441	$ 17,136

The following table summarizes our distributions paid for each quarter of the last fiscal year:

	For the three months ended			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Paid in cash	$ 3,453	$ 3,190	$ 2,938	$ 2,869
Reinvested in shares	9,595	7,784	6,514	5,775
Total distributions	$ 13,048	$ 10,974	$ 9,452	$ 8,644
Net cash provided by operating activities	$ 6,257	$ 15,032	$ 10,281	$ 7,938
Funds from operations	17,029	13,205	9,305	10,118
Total net income (loss) attributable to Jones Lang LaSalle Income Property Trust, Inc.	4,016	(396)	(171)	1,486

Distribution Reinvestment Plan

Our distribution reinvestment plan allows stockholders to elect to have their cash distributions reinvested in additional shares of our common stock at the NAV per share on the distribution date. For the year ended December 31, 2014, we issued 529,036 shares of common stock for $5,505 under the distribution reinvestment plan. For the year ended December 31, 2015, we issued 1,240,552 shares of common stock for $13,630 under the distribution reinvestment plan. For the year ended December 31, 2016, we issued 2,639,549 shares of common stock for $29,668 under the distribution reinvestment plan.

Tax Treatment of Distributions

For the year ended December 31, 2016, we paid distributions to stockholders of approximately $42,118 and for the year ended December 31, 2015, we paid distributions to stockholders of approximately $24,441. For income tax purposes, 100% of the distributions paid in 2016 and 2015 will qualify as a nondividend distribution or return of capital. The distribution declared on November 18, 2016, paid on February 1, 2017, will be a 2017 tax event and is not reflected in the 2016 tax allocation.

The table below summarizes the income tax treatment of distributions paid to Class A stockholders during the year ended December 31, 2016:

Record Date	Payment Date	Net Distribution per share (1)	Ordinary Income		Capital Gain Income		Return of Capital	
12/30/2015	2/5/2016	$ 0.09431	$ —	—%	$ —	—%	$ 0.09431	100.00%
3/30/2016	5/2/2016	0.09424	—	—	—	—	0.09424	100.00
6/29/2016	8/1/2016	0.09381	—	—	—	—	0.09381	100.00
9/29/2016	11/1/2016	0.09842	—	—	—	—	0.09842	100.00
Total		$ 0.38078	$ —	—%	$ —	—%	$ 0.38078	100.00%

(1) Distributions per share are net of dealer manager fees of 1.05% of NAV.

The table below summarizes the income tax treatment of distributions paid to Class M stockholders during the year ended December 31, 2016:

Record Date	Payment Date	Net Distribution per share (1)	Ordinary Income		Capital Gain Income		Return of Capital	
12/30/2015	2/5/2016	$ 0.11181	$ —	—%	$ —	—%	$ 0.11181	100.00%
3/30/2016	5/2/2016	0.11181	—	—	—	—	0.11181	100.00
6/29/2016	8/1/2016	0.11206	—	—	—	—	0.11206	100.00
9/29/2016	11/1/2016	0.11692	—	—	—	—	0.11692	100.00
Total		$ 0.45260	$ —	—%	$ —	—%	$ 0.45260	100.00%

(1) Distributions per share are net of dealer manager fees of 0.30% of NAV.

The table below summarizes the income tax treatment of distributions paid to Class A-I stockholders during the year ended December 31, 2016:

Record Date	Payment Date	Net Distribution per share (1)	Ordinary Income		Capital Gain Income		Return of Capital	
12/30/2015	2/5/2016	$ 0.11194	$ —	—%	$ —	—%	$ 0.11194	100.00%
3/30/2016	5/2/2016	0.11206	—	—	—	—	0.11206	100.00
6/29/2016	8/1/2016	0.11329	—	—	—	—	0.11329	100.00
9/29/2016	11/1/2016	0.11685	—	—	—	—	0.11685	100.00
Total		$ 0.45414	$ —	—%	$ —	—%	$ 0.45414	100.00%

(1) Distributions per share are net of dealer manager fees of 0.30% of NAV.

The table below summarizes the income tax treatment of distributions paid to Class M-I stockholders during the year ended December 31, 2016:

Record Date	Payment Date	Net Distribution per share (1)	Ordinary Income		Capital Gain Income		Return of Capital	
12/30/2015	2/5/2016	$ 0.11873	$ —	—%	$ —	—%	$ 0.11873	100.00%
3/30/2016	5/2/2016	0.11874	—	—	—	—	0.11874	100.00
6/29/2016	8/1/2016	0.11876	—	—	—	—	0.11876	100.00
9/29/2016	11/1/2016	0.12368	—	—	—	—	0.12368	100.00
Total		$ 0.47991	$ —	—%	$ —	—%	$ 0.47991	100.00%

(1) Distributions per share are net of dealer manager fees of 0.05% of NAV.

The table below summarizes the income tax treatment of distributions paid to Class D stockholders during the year ended December 31, 2016:

Record Date	Payment Date	Net Distribution per share	Ordinary Income		Capital Gain Income		Return of Capital	
12/30/2015	2/5/2016	$ 0.12000	$ —	—%	$ —	—%	$ 0.12000	100.00%
3/30/2016	5/2/2016	$ 0.12000	—	—	—	—	0.12000	100.00
6/29/2016	8/1/2016	$ 0.12000	—	—	—	—	0.12000	100.00
9/29/2016	11/1/2016	$ 0.12500	—	—	—	—	0.12500	100.00
Total		$ 0.48500	$ —	—%	$ —	—%	$ 0.48500	100.00%

The table below summarizes the income tax treatment of distributions paid to Class A stockholders during the year ended December 31, 2015:

Record Date	Payment Date	Net Distribution per share (1)	Ordinary Income		Capital Gain Income		Return of Capital	
12/30/2014	2/6/2015	$ 0.09345	$ —	—%	$ —	—%	$ 0.09345	100.00%
3/30/2015	5/1/2015	0.09447	—	—	—	—	0.09447	100.00
6/29/2015	8/7/2015	0.09557	—	—	—	—	0.09557	100.00
9/29/2015	11/6/2015	0.09501	—	—	—	—	0.09501	100.00
Total		$ 0.37850	$ —	—%	$ —	—%	$ 0.37850	100.00%

(1) Distributions per share are net of dealer manager fees of 1.05% of NAV.

The table below summarizes the income tax treatment of distributions paid to Class M stockholders during the year ended December 31, 2015:

Record Date	Payment Date	Net Distribution per share (1)	Ordinary Income		Capital Gain Income		Return of Capital	
12/30/2014	2/6/2015	$ 0.11190	$ —	—%	$ —	—%	$ 0.11190	100.00%
3/30/2015	5/1/2015	0.11209	—	—	—	—	0.11209	100.00
6/29/2015	8/7/2015	0.11218	—	—	—	—	0.11218	100.00
9/29/2015	11/6/2015	0.11203	—	—	—	—	0.11203	100.00
Total		$ 0.44820	$ —	—%	$ —	—%	$ 0.44820	100.00%

(1) Distributions per share are net of dealer manager fees of 0.30% of NAV.

The table below summarizes the income tax treatment of distributions paid to Class A-I stockholders during the year ended December 31, 2015:

Record Date	Payment Date	Net Distribution per share (1)	Ordinary Income		Capital Gain Income		Return of Capital	
12/30/2014	2/6/2015	$ 0.11255	$ —	—%	$ —	—%	$ 0.11255	100.00%
3/30/2015	5/1/2015	0.11223	—	—	—	—	0.11223	100.00
6/29/2015	8/7/2015	0.11221	—	—	—	—	0.11221	100.00
9/29/2015	11/6/2015	0.11209	—	—	—	—	0.11209	100.00
Total		$ 0.44908	$ —	—%	$ —	—%	$ 0.44908	100.00%

(1) Distributions per share are net of dealer manager fees of 0.30% of NAV.

The table below summarizes the income tax treatment of distributions paid to Class M-I stockholders during the year ended December 31, 2015:

Record Date	Payment Date	Net Distribution per share (1)	Ordinary Income		Capital Gain Income		Return of Capital	
12/30/2014	2/6/2015	$ 0.11897	$ —	—%	$ —	—%	$ 0.11897	100.00%
3/30/2015	5/1/2015	0.11935	—	—	—	—	0.11935	100.00
6/29/2015	8/7/2015	0.11883	—	—	—	—	0.11883	100.00
9/29/2015	11/6/2015	0.11877	—	—	—	—	0.11877	100.00
Total		$ 0.47592	$ —	—%	$ —	—%	$ 0.47592	100.00%

(1) Distributions per share are net of dealer manager fees of 0.05% of NAV.

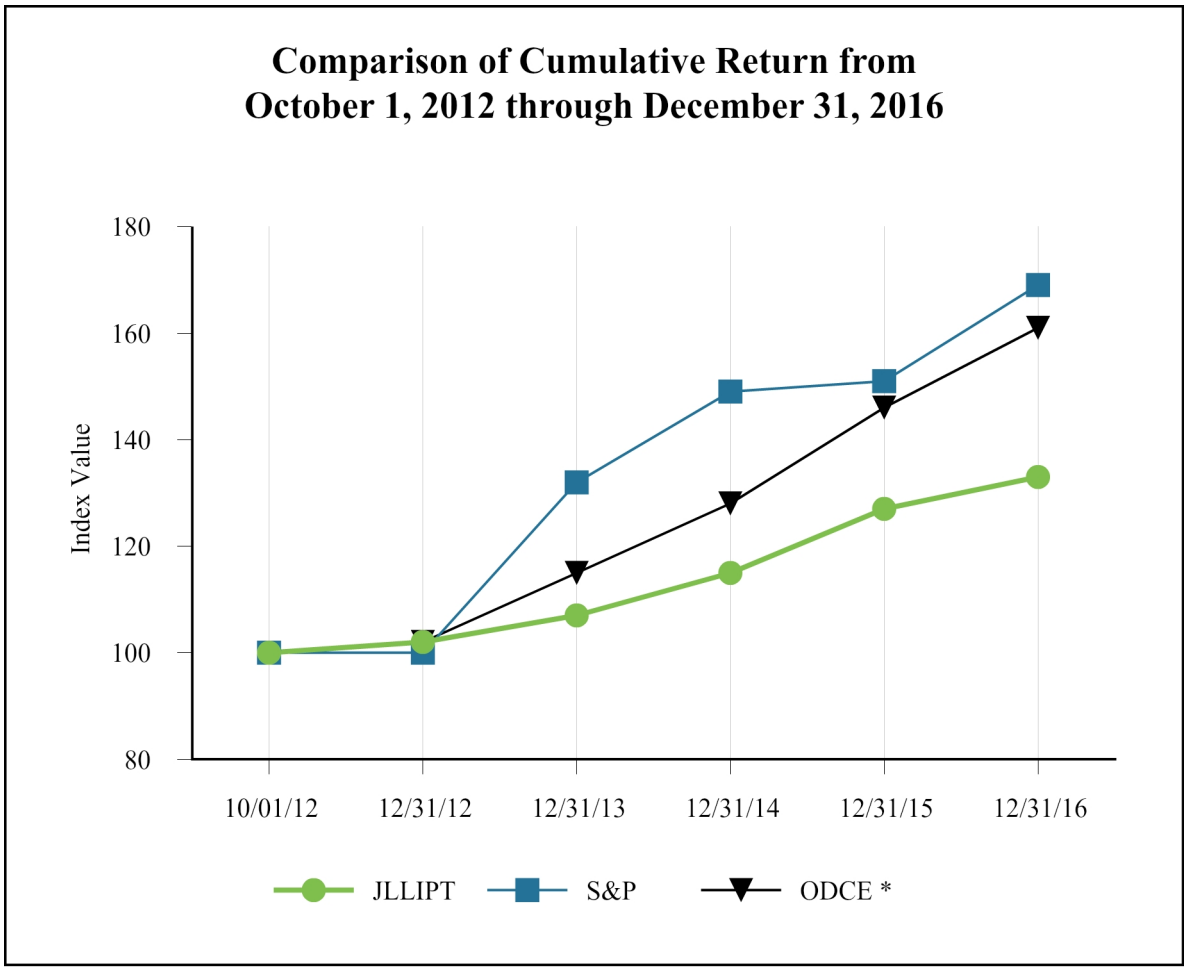
The table below summarizes the income tax treatment of distributions paid to Class D stockholders during the year ended December 31, 2015:

Record Date	Payment Date	Net Distribution per share	Ordinary Income		Capital Gain Income		Return of Capital	
12/30/2014	2/6/2015	$ 0.12000	$ —	—%	$ —	—%	$ 0.12000	100.00%
3/30/2015	5/1/2015	$ 0.12000	—	—	—	—	0.12000	100.00
6/29/2015	8/7/2015	$ 0.12000	—	—	—	—	0.12000	100.00
9/29/2015	11/6/2015	$ 0.12000	—	—	—	—	0.12000	100.00
Total		$ 0.48000	$ —	—%	$ —	—%	$ 0.48000	100.00%

Future distributions may have different allocations than historical distributions. Stockholders are advised to consult with their tax advisors about the specific tax treatment of distributions we paid.

Performance Graph (Dollars in whole dollars)

The following graph is a comparison of the cumulative return of our shares of Class M 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 ("NCREIF") Fund Index-Open-End Diversified Core Equity ("ODCE"). The graph assumes that $100 was invested on October 1, 2012 in each of shares of Class M 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. Selected Financial Data.

The following table sets forth our selected financial and operating data on a historical basis. The following data should be read in conjunction with our consolidated financial statements and the accompanying notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this Form 10-K. On October 1, 2012, we declared a stock dividend with respect to all Class E shares at a ratio of 4.786-to-1. The effects of the stock dividend have been applied retroactively to all share and per share amounts for all periods presented.

	Year ended December 31,				
	2016	2015	2014	2013	2012
Operating Data:					
Total revenues	$ 131,859	$ 93,230	$ 98,202	$ 76,516	$ 57,108
Income (loss) from continuing operations	5,540	18,351	5,007	(34,804)	25,304
Income from discontinued operations	—	—	808	4,363	12,031
Income (loss) from continuing operations attributable to Jones Lang LaSalle Income Property Trust, Inc. per share-basic and diluted	$ 0.05	$ 0.20	$ 0.09	$ (0.80)	$ 0.99
Weighted average shares outstanding	106,916,148	61,237,711	45,658,735	36,681,847	25,651,220
Cash distributions declared per common share	$ 0.49000	$ 0.48000	$ 0.46000	$ 0.41000	$ 0.38517
Other Data:					
Funds from operations attributable to Jones Lang LaSalle Income Property Trust, Inc. (1)	$ 49,657	$ 26,226	$ 31,128	$ 28,268	$ 21,544
Funds from operations per share–basic and diluted (1)	$ 0.46	$ 0.43	$ 0.68	$ 0.77	$ 0.84

	December 31,				
	2016	2015	2014	2013	2012
Balance Sheet Data:					
Total assets	$ 2,074,633	$ 1,319,778	$ 896,809	$ 772,183	$ 840,641
Total mortgage notes and other debt payable (2)	695,613	485,178	348,373	355,050	491,592
Total equity	1,234,541	745,490	425,293	380,305	313,836

(1) Funds from operations ("FFO") does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to GAAP net income and is not necessarily indicative of cash available to fund all cash requirements. Please see below for a reconciliation of net income to FFO. Prior year amounts have been recalculated to conform to current year presentation.

(2) Includes $71,000 of mortgage notes classified as held for sale as of December 31, 2014.

The selected financial data presented above has been impacted by acquisitions and dispositions made during the periods presented as well as by new accounting guidance impacting the accounting for discontinued operations which we adopted on January 1, 2014. These acquisitions, dispositions and new accounting guidance impact the comparability of our results from operations, financial position and cash flows. We are uncertain how the results from operations, financial position and cash flows will be impacted should we make future acquisitions or dispositions.

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 (loss) 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 and acquisition related costs.

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 (loss) 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, 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 (loss) to NAREIT FFO for the periods presented:

Reconciliation of net income (loss) to NAREIT FFO	**Year ended December 31,**				
	2016	**2015**	**2014**	**2013**	**2012**
Net income (loss) attributable to Jones Lang LaSalle Income Property Trust, Inc.	4,935	12,045	5,053	(24,947)	37,476
Real estate depreciation and amortization (1)	47,731	33,007	26,516	32,396	23,902
(Gain) loss on disposition of property and unrealized gain on investment in unconsolidated real estate affiliate (1)	(9,885)	(23,754)	(181)	(22,556)	117
Gain on consolidation of real estate affiliate	—	—	—	—	(34,852)
Gain on transfer of property	—	—	(260)	—	(6,012)
Impairment of depreciable real estate (1)	6,876	4,928	—	43,375	913
NAREIT FFO attributable to Jones Lang LaSalle Income Property Trust, Inc.	$ 49,657	$ 26,226	$ 31,128	$ 28,268	$ 21,544
Weighted average shares outstanding, basic and diluted (2)	106,916,148	61,237,711	45,658,735	36,681,847	25,651,220
NAREIT FFO per share, basic and diluted (2)	$ 0.46	$ 0.43	$ 0.68	$ 0.77	$ 0.84

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

(2) On October 1, 2012, we declared a stock dividend with respect to all Class E shares at a ratio of 4.786-to-1. The effects of the stock dividend have been applied retroactively to all share and per share amounts for all periods presented.

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,				
	2016	2015	2014	2013	2012
NAREIT FFO attributable to Jones Lang LaSalle Income Property Trust, Inc.	$ 49,657	$ 26,226	$ 31,128	$ 28,268	$ 21,544
Straight-line rental income (1)	(6,227)	(1,588)	(2,245)	(3,178)	(269)
Amortization of above- and below-market leases (1)	(3,058)	(1,584)	(1,395)	(4,844)	(886)
Amortization of net discount on assumed debt (1)	(259)	(319)	(311)	(687)	(364)
Loss (gain) on derivative instruments and extinguishment or modification of debt (1)	(1,779)	1,183	(34)	(184)	(8,595)
Adjustment for investment accounted for under the fair value option (2)	3,077	305	—	—	—
Performance fees	—	2,280	251	—	—
Acquisition expenses (1)	3,918	2,868	545	566	33
AFFO attributable to Jones Lang LaSalle Income Property Trust, Inc.	$ 45,329	$ 29,371	$ 27,939	$ 19,941	$ 11,463
Weighted average shares outstanding, basic and diluted (3)	106,916,148	61,237,711	45,658,735	36,681,847	25,651,220
AFFO per share, basic and diluted (3)	$ 0.42	$ 0.48	$ 0.61	$ 0.54	$ 0.45

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

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

(3) On October 1, 2012, we declared a stock dividend with respect to all Class E shares at a ratio of 4.786-to-1. The effects of the stock dividend have been applied retroactively to all share and per share amounts for all periods presented.

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, 2016 were comprised of:

Apartments

- Station Nine Apartments,
- The Edge at Lafayette,
- Townlake of Coppell (acquired in 2015),
- AQ Rittenhouse (acquired in 2015),
- Lane Park Apartments (acquired in 2016),
- Dylan Point Loma (acquired in 2016),
- The Penfield (acquired in 2016) and
- 180 North Jefferson (acquired in 2016).

Industrial

- Kendall Distribution Center,
- Norfleet Distribution Center,
- Joliet Distribution Center,
- Suwanee Distribution Center,
- South Seattle Distribution Center,
- Grand Prairie Distribution Center (acquired in 2014),
- Charlotte Distribution Center (acquired in 2014),
- DFW Distribution Center (acquired in 2015),
- O'Hare Industrial Portfolio (acquired in 2015),
- Tampa Distribution Center (acquired in 2016),
- Aurora Distribution Center (acquired in 2016),
- Valencia Industrial Portfolio (acquired in 2016) and
- Pinole Point Distribution Center (acquired in 2016).

Office

- Monument IV at Worldgate,
- 111 Sutter Street,
- 14600 Sherman Way,
- 14624 Sherman Way,
- Railway Street Corporate Centre,
- 140 Park Avenue (acquired in 2015) and
- San Juan Medical Center (acquired in 2016).

Retail

- The District at Howell Mill,
- Grand Lakes Marketplace,
- Oak Grove Plaza (acquired in 2014),
- Rancho Temecula Town Center (acquired in 2014),
- Skokie Commons (acquired in 2015),
- Whitestone Market (acquired in 2015),
- Maui Mall (acquired in 2015),
- Silverstone Marketplace (acquired in 2016),
- Kierland Village Center (acquired in 2016) and
- Timberland Town Center (acquired in 2016).

Other

- South Beach Parking Garage (acquired in 2014).

Sold Properties

- Stirling Slidell Shopping Centre (sold in 2014, excluded from December 31, 2014 Consolidated Properties)
- 4 Research Park Drive (disposed of in 2014, excluded from December 31, 2014 Consolidated Properties),
- Cabana Beach San Marcos (sold in 2015, excluded from December 31, 2015 Consolidated Properties),
- Cabana Beach Gainesville (sold in 2015, excluded from December 31, 2015 Consolidated Properties),
- Campus Lodge Athens (sold in 2015, excluded from December 31, 2015 Consolidated Properties),
- Campus Lodge Columbia (sold in 2015, excluded from December 31, 2015 Consolidated Properties),

- 36 Research Park Drive (sold in 2016, excluded from December 31, 2016 Consolidated Properties) and
- Campus Lodge Tampa (sold in 2016, excluded from December 31, 2016 Consolidated Properties).

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

December 31, 2016	December 31, 2015	December 31, 2014
Pioneer Tower (1)	NYC Retail Portfolio (2)	Chicago Parking Garage (3)
NYC Retail Portfolio (2)	Chicago Parking Garage (3)	
Chicago Parking Garage (3)		

(1) Investment was acquired on June 28, 2016.

(2) Investment was acquired on December 8, 2015. The Company has elected the Fair Value Option to account for this investment.

(3) Investment was acquired on December 23, 2014.

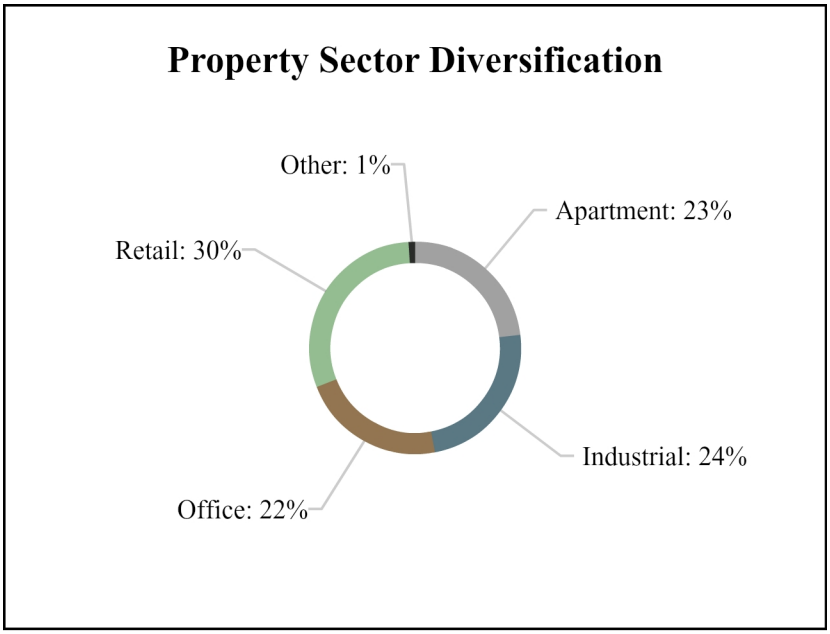
Our primary business is the ownership and management of a diversified portfolio of apartment, industrial, office, retail and other properties primarily located in the United States. It is expected that over time our real estate portfolio will be further diversified on a global basis and will be complemented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

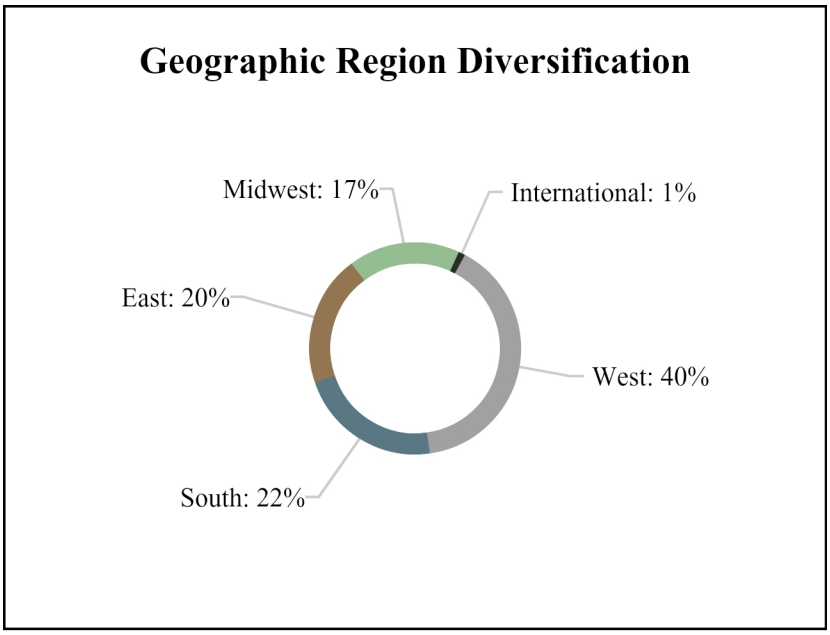
We are managed by our Advisor, LaSalle Investment Management, Inc., a subsidiary of our Sponsor, Jones Lang LaSalle Incorporated (NYSE: JLL), a New York Stock Exchange-listed leading professional services firm that specializes in real estate and investment management. We hire property management and 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 (“Sarbanes-Oxley”) 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 apartment, industrial, office, 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, 2016





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 apartment properties).

Year	Total Occupied Square Footage	Annualized Minimum Base Rents (1)	Percent of Annualized Minimum Base Rents
2017 (2)	672,000	$ 5,931	7%
2018	773,000	6,337	8
2019	580,000	5,866	7
2020	562,000	7,156	9
2021	535,000	8,339	10
2022	439,000	5,541	7
2023	1,108,000	6,485	8
2024	446,000	4,397	5
2025	345,000	4,606	6
2026 and thereafter	2,523,000	28,801	33

(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 2,136 short-term leases totaling approximately 1,706,000 square feet and approximately $37,475 in annualized minimum base rent associated with the eight apartment properties as of December 31, 2016.

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.

Year	Principal Repayments and Maturities	Percent of Total Outstanding Debt	Weighted Average Interest Rate
2017	$ 93,122	13%	3.13%
2018	21,510	3	3.42
2019	13,248	2	3.76
2020	52,575	8	3.48
2021	28,488	4	3.21
2022	6,475	1	4.02
2023	130,812	19	3.89
2024	38,501	6	4.11
2025	114,147	17	3.58
2026 and thereafter	192,284	28	3.78

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 and Estimated Useful Lives or Amortization Periods for Real Estate Investments and Intangibles

These estimates are particularly important as they are used for the allocation of purchase price between depreciable and non-depreciable real estate and other identifiable intangibles, including 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.

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 reduction in the holding period and an earlier sale date, an impairment loss could be recognized and such loss could be material.

Recent Events and Outlook

General Company and Market Commentary

On January 16, 2015, we commenced our First Extended Public Offering of up to $2,700,000 in any combination of Class A, Class M, Class A-I and Class M-I shares of common stock, consisting of up to $2,400,000 of shares in our primary offering and up to $300,000 of shares pursuant to our distribution reinvestment plan, and our Initial Public Offering automatically terminated. 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 has agreed to distribute shares of our common stock in our First Extended 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 a new private offering of up to $350,000 in shares of our Class D common stock with an indefinite duration. Proceeds from our private offerings will be used for the same corporate purposes as the proceeds of the First Extended Public Offering.

Over the past four years we have acquired 61 properties (all of these consistent with our investment strategy), sold 24 non-strategic properties, reduced our Company leverage ratio, decreased our average interest rate on debt, and increased cash reserves and Company-wide liquidity, while also providing increasing cash flow to our stockholders through our regular quarterly dividend payments.

Capital Raised and Use of Proceeds

As of December 31, 2016, we have raised gross proceeds of approximately $1,421,000 from our offerings and private share sales since 2012. We used these proceeds along with proceeds from borrowings to acquire approximately $1,740,000 of real estate investments, deleverage the Company by repaying mortgage loans of approximately $405,000 and repurchase shares of our common stock of approximately $202,000.

We have executed on a number of our key strategic initiatives during 2016, including:

Property Acquisitions

- San Juan Medical Center for $26,390;
- Tampa Distribution Center for $28,300;

- Aurora Distribution Center for $27,700;
- Lane Parke Apartments for $73,300;
- Pioneer Tower for $121,750;
- Valencia Industrial Portfolio for $64,500;
- Silverstone Marketplace for $47,000;
- Dylan Point Loma for $90,000;
- Pinole Point Distribution Center for $84,200;
- The Penfield for $65,500;
- Kierland Village Center for $34,500;
- Timberland Town Center for $42,600; and
- 180 North Jefferson for $96,500.

Property Dispositions

- 36 Research Park Drive for approximately $7,900;
- Campus Lodge Tampa for approximately $37,750; and
- 84,000 square foot property within the NYC Retail Portfolio from which we received a $4,375 return of capital distribution.

Financings

- $40,000 mortgage note payable on Monument IV at Worldgate;
- $22,800 mortgage note payable on 140 Park Avenue;
- $13,850 mortgage note payable on Aurora Distribution Center;
- $39,000 mortgage note payable on Maui Mall;
- $40,500 mortgage note payable on Dylan Point Loma;
- $39,305 mortgage note payable on The Penfield;
- $22,634 mortgage note payable on Timberland Town Center;
- $37,000 mortgage note payable on Lane Parke Apartments;
- $48,250 mortgage note payable on 180 North Jefferson; and
- expanded our line of credit facility to $150,000.

Leasing and Occupancy

We ended 2016 with portfolio occupancy at 95%. During the year we signed 67 new or renewal leases encompassing almost 380,000 square feet of industrial, office and retail property space. Additionally, we had 61% of our expiring apartment leases renew. Our portfolio-wide occupancy decreased modestly from 97% at the end of 2015 as a result of the acquisition of the newly developed Dylan Point Loma apartments as described below and a few other releasing opportunities across our industrial and office segments.

In 2015 we implemented a two tiered acquisition strategy for our apartment portfolio. The first tier is finding apartment properties in highly rated school districts in zip codes ranking in the top 25% in terms of demographics (household income, household growth, population growth, etc.). These markets generally have supply constraints. An example of this was our acquisition of Lane Parke Apartments in Mountain Brook, Alabama. Mountain Brook is a suburb of Birmingham and is one of the top 5% wealthiest zip codes in the United Sates and has a top 100 nationally ranked high school. The second tier is acquiring newly constructed apartment properties that have not yet leased up to stabilization. By taking advantage of urbanization trends we will identify locations that are extremely walkable or transit oriented, as was the case with AQ Rittenhouse in which we acquired the property at 40% leased and have now brought it to a stabilized occupancy of over 90% leased. Another example of this apartment strategy is Dylan Point Loma in San Diego, California. Dylan Point Loma was acquired at 30% leased, finished 2016 at 57% leased and continues to increase occupancy in line with our underwriting. Dylan Point Loma is an ultra-luxury apartment community in walking distance to the Pacific Ocean in a location that has not had any new apartment developments in the last 30 years. This "lease-to-core" apartment strategy causes dividend coverage dilution in the short-term, but allows us to acquire properties at a lower basis and should enhance dividend coverage as these investments achieve stabilized occupancy. We expect to continue these apartment acquisition strategies into 2017.

We are optimistic about our leasing prospects within our industrial segment both in Chicago and Atlanta and in our office segment in San Francisco and Portland as current market rental rates exceed our expiring lease rental rates. Railway Street Corporate Centre has suffered from the prolonged decrease in energy prices causing a sharp slowdown in office leasing in the overall Calgary market. Railway Street Corporate Centre’s debt matures in September 2017 and we will look to dispose of the property through a sale or a transfer to the lender prior to maturity. Our independent valuation advisor has determined the value of the property has fallen below the outstanding debt balance and we now attribute no NAV to the investment.

During 2016, we raised $648,000 of new capital and acquired over $800,000 of real estate investments showing the breadth and depth of LaSalle's investment platform. We acquired four apartment properties, ten industrial properties, three grocery anchored retail properties, a central business district office tower and a medical office building. These properties are in keeping with the investment strategy we began over four years ago and provide solid cash flow and good dividend coverage. We will continue to acquire these types of properties in 2017 and beyond.

The 2016 property sales, new acquisitions and leasing activity are in line with our long-term strategic objectives of generating attractive income, preserving stockholder capital and realizing moderate appreciation over time. Some of these longer-term focused activities resulted in a near-term reduction in FFO/AFFO for the year. FFO increased from $0.43 per share in 2015 to $0.46 per share in 2016 and AFFO decreased from $0.48 per share in 2015 to $0.42 per share in 2016. Our gross dividends paid in 2016 was $0.49 per share. As the items highlighted above work through the portfolio over time, we anticipate our dividend coverage will improve.

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 35% as of December 31, 2016.

Net Asset Value

The NAV per share for our five classes of common stock was between $11.22 and $11.26 as of December 31, 2016. The increase of approximately $0.01 per share in NAV from September 30, 2016 is primarily related to an increase in the values of our properties and the accrual of property income. Additionally, we paid a distribution of $0.125 per share during the quarter ended December 31, 2016, less share class specific fees. For 2016, our Class A, Class M, Class A-I, and Class M-I common stock had total net returns of 3.94%, 4.61%, 4.72% and 4.95%, respectively, including cash distributions of $0.49 per share, less share class specific fees.

2017 Key Initiatives

During 2017, we intend to use capital raised from our public and private offerings to make new acquisitions that will further our investment objectives and are in keeping with our investment strategy. Likely acquisition candidates may include well-located, well-leased industrial properties, grocery-anchored community oriented retail properties and apartment properties. We will look to acquire other property types when the opportunities and risk profile match our investment objectives and strategy. 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 line of credit to allow us to efficiently manage our cash flows.

2016 Key Events and Accomplishments

On February 17, 2016, we entered into a $40,000 mortgage note payable on Monument IV at Worldgate. The mortgage note is for seven years and bears a floating interest rate equal to LIBOR plus 1.75%. We entered into an interest rate swap for this loan which fixed the interest rate at 3.13% for the seven year term.

On March 1, 2016, we sold 36 Research Park Drive for approximately $7,900 less closing costs. We recorded a gain on the sale of the property in the amount of $40.

On March 17, 2016, we entered into a $22,800 mortgage note payable on 140 Park Avenue. The mortgage note is for five years and bears a floating interest rate equal to LIBOR plus 1.75%. We entered into an interest rate swap for this loan which fixed the interest rate at 3.00% for the five year term.

On April 1, 2016, we acquired San Juan Medical Center, a newly constructed 40,000 square foot medical office building located in San Juan Capistrano, California, for approximately $26,390. The property is 100% leased to four tenants. The acquisition was funded with cash on hand.

On April 11, 2016, we acquired Tampa Distribution Center, a 386,000 square foot industrial building located in Tampa, Florida, for approximately $28,300. The property is leased to two tenants. The acquisition was funded with cash on hand.

On May 19, 2016, we acquired Aurora Distribution Center, a newly constructed 305,000 square foot industrial building located in Aurora, Illinois, for approximately $27,700. The acquisition was financed with a seven-year mortgage loan that bears interest at a fixed rate of 3.39% in the amount of $13,850 and cash on hand. The property is 100% leased to a single tenant.

On May 25, 2016, we entered into a $39,000 mortgage note payable on Maui Mall in Kahalai, Maui, Hawaii. The mortgage note is for ten years and bears interest at a fixed rate of 3.64%.

On May 26, 2016, we acquired Lane Parke Apartments, a 276 unit apartment building located in Mountain Brook, Alabama, for approximately $73,300. The property was 97% leased at acquisition and the acquisition was funded with cash on hand.

On June 7, 2016, an 84,000 square foot retail property in the NYC Retail Portfolio was sold and its mortgage loan extinguished. We received return of capital distributions of $4,495 from sale proceeds.

On June 28, 2016, we acquired Pioneer Tower, a 17 story, 296,000 square foot multi-tenant office property in Portland, Oregon for approximately $121,750. Pioneer Tower sits atop a retail property owned by an independent third party. The land under the property is owned as a condominium interest with the owner of the retail property. The property was 94% leased to 19 tenants at acquisition and the acquisition was funded with cash on hand.

On June 29, 2016, we acquired Valencia Industrial Portfolio, a five property, 491,000 square foot industrial portfolio for approximately $64,500. The portfolio is 100% leased to eight tenants. Valencia Industrial Portfolio is located in Valencia, California and the acquisition was funded with cash on hand and a draw on our line of credit.

On July 27, 2016, we acquired Silverstone Marketplace, a newly constructed 78,000 square foot grocery-anchored retail center for approximately $47,000. The property is 100% leased to 20 tenants and is anchored by a Sprouts Farmers Market. The property is located in Scottsdale, Arizona and the acquisition was funded with cash on hand.

On August 9, 2016, we acquired Dylan Point Loma, a newly constructed 180-unit luxury apartment community located in the coastal town of Point Loma just north of San Diego, California for approximately $90,000. The acquisition was financed with a ten-year mortgage loan that bears interest at a fixed-rate of 3.83%, in the amount of $40,500, a draw on our line of credit and cash on hand.

On September 6, 2016, we sold Campus Lodge Tampa for approximately $37,750 less closing costs. In connection with the disposition, the mortgage loan associated with the property totaling $31,393 was retired. We recorded a gain on the sale of the property in the amount of $1,664.

On September 8, 2016, we acquired Pinole Point Distribution Center, a newly constructed, two building, 477,000 square foot industrial portfolio located in Richmond, California for approximately $76,200. The two buildings are 100% leased to Amazon and Williams-Sonoma. The acquisition was funded by a draw on our line of credit and cash on hand. On December 29, 2016, we acquired the third 41,000 square foot state-of-the-art warehouse at Pinole Point Distribution Center for approximately $8,000. The building is 100% leased and the acquisition was funded with cash on hand.

On September 22, 2016, we acquired The Penfield, a 254-unit apartment complex located in downtown Saint Paul, Minnesota which is 94% leased for approximately $65,500. The acquisition was financed by the assumption of a mortgage loan that bears interest at a fixed-rate of 3.57% in the amount of $39,305, a draw on our line of credit and cash on hand. The mortgage loan matures in March 2054.

On September 30, 2016, we acquired Kierland Village Center, a 118,000 square-foot grocery-anchored retail center for approximately $34,500. The property, located in the affluent Phoenix suburb of Scottsdale, Arizona, is 98% leased to 23 tenants featuring a complementary mix of necessity and service-based tenants. The acquisition was funded by a draw on our line of credit and cash on hand.

On September 30, 2016, we acquired Timberland Town Center, a newly constructed 92,000 square foot grocery-anchored shopping center located in the affluent Portland suburb of Beaverton, Oregon for approximately $42,600. The property is 100% leased to a complementary mix of grocery, retail, restaurant, personal and professional service tenants with an average remaining lease term of 14 years. The acquisition was financed by the assumption of a nine-year mortgage loan that bears interest at a fixed-rate of 4.07% in the amount of $22,634, a draw on our line of credit and cash on hand.

On October 13, 2016, we entered into a $37,000 mortgage note payable on Lane Parke Apartments. The mortgage note is for ten years and bears interest at a fixed rate of 3.18%.

On December 1, 2016, we acquired 180 North Jefferson, a 28-story, 274-unit apartment tower located in the West Loop neighborhood of downtown Chicago, Illinois, which is 95% leased for approximately $96,500. The acquisition was financed with a one-year mortgage loan that bears a floating interest rate equal to LIBOR plus 1.40%, in the amount of $48,250, a draw on our line of credit and cash on hand.

For the year ended December 31, 2016, we repurchased $58,841 of shares of our common stock through the share repurchase plan.

Subsequent Events

On January 17, 2017, a 116,000 square foot retail property in the NYC Retail Portfolio was sold and its mortgage loan extinguished. Sale proceeds will be maintained by the limited partnership for operating needs.

On January 31, 2017, we entered into an agreement to sell The Edge at Lafayette, a 207,000 square foot student-oriented apartment property located in Lafayette, LA, and reclassified the property as held for sale on January 31, 2017.

On February 1, 2017, we repaid the mortgage note payable collateralized by Norfleet Distribution Center in the amount of $12,000.

On March 7, 2017, our board of directors approved a gross distribution for the first quarter of 2017 of $0.125 per share to stockholders of record as of March 30, 2017, payable on or around May 2, 2017.

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: apartment, industrial, office, 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, 2016 and 2015:

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, 2016 and 2015 are referred to as our comparable properties.

Revenues

The following chart sets forth revenues, by reportable segment, for the years ended December 31, 2016 and 2015:

	Year Ended December 31, 2016	Year Ended December 31, 2015	$ Change	% Change
Revenues:				
Minimum rents				
Apartments	$ 8,613	$ 8,690	$ (77)	(0.9)%
Industrial	12,864	12,987	(123)	(0.9)
Office	24,004	22,972	1,032	4.5
Retail	13,267	13,715	(448)	(3.3)
Other	277	271	6	2.2
Comparable properties total	$ 59,025	$ 58,635	$ 390	0.7 %
Recent acquisitions and sold properties	47,245	17,669	29,576	167.4
Total	$ 106,270	$ 76,304	$ 29,966	39.3 %
Tenant recoveries and other rental income				
Apartments	$ 446	$ 445	$ 1	0.2 %
Industrial	3,046	3,049	(3)	(0.1)
Office	4,132	4,368	(236)	(5.4)
Retail	4,632	4,319	313	7.2
Other	2,244	2,518	(274)	(10.9)
Comparable properties total	$ 14,500	$ 14,699	$ (199)	(1.4)%
Recent acquisitions and sold properties	11,089	2,227	8,862	397.9
Total	$ 25,589	$ 16,926	$ 8,663	51.2 %
Total revenues	$ 131,859	$ 93,230	$ 38,629	41.4 %

Minimum rents at comparable properties increased by $390 for the year ended December 31, 2016 as compared to the same period in 2015. The increase is primarily due to an increase of $696 at 111 Sutter Street related to increased rental rates during the year ended December 31, 2016 as compared to the same period in 2015. Additionally, there was an increase of $688 at Monument IV at Worldgate as a result of Amazon executing a new lease in late 2015. Partially offsetting these increases was a decrease of $418 at Rancho Temecula Town Center primarily related to the acceleration of a below-market in-place lease liability during the year ended December 31, 2015 as a result of a tenant bankruptcy. There was also a decrease of $387 at Railway Street Corporate Centre related to lower occupancy during 2016.

Tenant recoveries and other rental income relate mainly to real estate taxes and certain property operating expenses that are paid by us and are recoverable under the various tenants' leases. Other rental income included daily transient parking, percentage rents and other non-recurring tenant charges. Tenant recoveries and other rental income at comparable properties decreased by $199 for the year ended December 31, 2016 as compared to the same period in 2015. The decrease is primarily related to a decrease of $274 in parking revenue at South Beach Parking Garage due to a lower volume of daily pay parkers during the year ended December 31, 2016 as compared to the same period in 2015. Additionally, there was a decrease of $156 at 111 Sutter Street related to lower operating expenses. Partially offsetting theses decreases was an increase in recoveries in the retail segment of $161 at Rancho Temecula Town Center and of $85 at The District at Howell Mill related to higher real estate taxes and higher operating expenses.

Operating Expenses

The following chart sets forth real estate taxes, property operating expenses and net provisions for doubtful accounts, by reportable segment, for the years ended December 31, 2016 and 2015:

	Year Ended December 31, 2016	Year Ended December 31, 2015	$ Change	% Change
Operating expenses:				
Real estate taxes				
Apartments	$ 890	$ 911	$ (21)	(2.3)%
Industrial	2,390	2,427	(37)	(1.5)
Office	2,814	2,842	(28)	(1.0)
Retail	2,874	2,848	26	0.9
Other	363	441	(78)	(17.7)
Comparable properties total	$ 9,331	$ 9,469	$ (138)	(1.5)%
Recent acquisitions and sold properties	8,284	2,316	5,968	257.7
Total	$ 17,615	$ 11,785	$ 5,830	49.5 %
Property operating expenses:				
Apartments	$ 2,786	$ 2,629	$ 157	6.0 %
Industrial	782	778	4	0.5
Office	6,962	7,154	(192)	(2.7)
Retail	2,305	2,312	(7)	(0.3)
Other	903	908	(5)	(0.6)
Comparable properties total	$ 13,738	$ 13,781	$ (43)	(0.3)%
Recent acquisitions and sold properties	10,132	5,795	4,337	74.8
Total	$ 23,870	$ 19,576	$ 4,294	21.9 %
Net provision for doubtful accounts				
Apartments	$ 24	$ 28	$ (4)	(14.3)%
Office	17	1	16	1,600.0
Retail	119	327	(208)	(63.6)
Comparable properties total	$ 160	$ 356	$ (196)	(55.1)%
Recent acquisitions	38	142	(104)	(73.2)
Total	$ 198	$ 498	$ (300)	(60.2)%
Total operating expenses	$ 41,683	$ 31,859	$ 9,928	31.2 %

Real estate taxes at comparable properties decreased by $138 for the year ended December 31, 2016 as compared to the same period in 2015. The decrease is primarily related to a decrease of $95 at Station Nine Apartments and $48 at the Sherman Way properties related to lower tax reassessments during the year ended December 31, 2016. Additionally, there was a decrease of $78 at South Beach Parking Garage related to a 2015 tax refund received during the year ended December 31, 2016. Our properties are reassessed periodically by the taxing authorities which may result in increases or decreases in real estate 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. Property operating expenses at comparable properties decreased $43 for the year ended December 31, 2016 as compared to the same period in 2015. The decrease is primarily related to lower repairs and maintenance and utilities expenses of $231 at 111 Sutter Street. The decrease is partially offset by an increase of $112 at Station Nine Apartments due to higher repairs and maintenance expense for the year ended December 31, 2016 as compared to the same period in 2015.

Net provision for doubtful accounts relates to receivables deemed potentially uncollectible due to the age of the receivable or the status of the tenant. Provision for doubtful accounts decreased by $196 for the year ended December 31, 2016 as compared to the same period of 2015, primarily related to lower bad debts of $216 at The District at Howell Mill as a result of a tenant bankruptcy in 2015.

The following chart sets forth expenses not directly related to the operations of the reportable segments for the years ended December 31, 2016 and 2015:

	Year Ended December 31, 2016	Year Ended December 31, 2015	$ Change	% Change
Property general and administrative	$ 1,059	$ 705	$ 354	50.2%
Advisor fees	15,014	10,654	4,360	40.9
Company level expenses	2,220	2,035	185	9.1
Acquisition related expenses	3,918	2,336	1,582	67.7
Provision for impairment of real estate	6,876	4,928	1,948	39.5
Depreciation and amortization	44,950	33,674	11,276	33.5
Interest expense	22,612	17,940	4,672	26.0
Equity in income of unconsolidated affiliates	(10,309)	(243)	(10,066)	4,142.4
Gain on disposition of property and extinguishment of debt	(1,704)	(29,009)	27,305	(94.1)
Total expenses	$ 84,636	$ 43,020	$ 41,616	96.7%

Property general and administrative expenses relate mainly to property expenses unrelated to the operations of the property. Property general and administrative expenses increased $354 primarily due to properties acquired during 2016 and 2015.

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 $4,360 for the year ended December 31, 2016 as compared to the same period of 2015 is related to the increase in our NAV attributable to capital raised over the past year.

Company level expenses relate mainly to our compliance and administration related costs. Company level expenses increased $185 for the year ended December 31, 2016 as compared to the same period in 2015 primarily due to an increase in stockholder servicing costs and other professional service fees.

Acquisition related expenses relate to expenses incurred during the acquisition of a property. Acquisition related expenses increased $1,582 for the year ended December 31, 2016 as compared to the same period in 2015. The properties we acquired during both periods are listed above in the Management Overview and Properties sections. Commencing on January 1, 2017, we will be adopting new accounting guidance which will require us to capitalize most acquisition related expenses for successful acquisitions of real estate properties.

The provision for impairment of real estate relates to real estate investments whose 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 provisions for impairment of real estate for the year ended December 31, 2016 of $6,876 at Railway Street Corporate Centre and for the year ended December 31, 2015 of $4,928 at 36 Research Park Drive. We lowered the expected holding period for both investments as we considered them non-strategic investments during their respective years. The impairment charges had no impact on our NAV as we had previously written the properties down to their fair value.

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 $11,276 in depreciation and amortization expense for the year ended December 31, 2016 as compared to the same period in 2015 is primarily related to an increase of $15,332 for our 2016 and 2015 acquisitions. These increases were partially offset by decreases of $3,183 at 111 Sutter Street related to intangible assets that were fully depreciated at the end of 2015 and $1,049 related to the sales of 36 Research Park Drive and Campus Lodge Tampa during the current year.

Interest expense increased by $4,672 for the year ended December 31, 2016 as compared to the same period in 2015 as a result of new debt on our 2016 and 2015 acquisitions and new debt on Monument IV at Worldgate as well as increased use of our line of credit to acquire properties during 2016.

Equity in income of unconsolidated affiliates relates to income from Chicago Parking Garage and Pioneer Tower, as well as changes in fair value and operating distributions received from our investment in the NYC Retail Portfolio. During the year ended December 31, 2016, we recorded a $8,578 increase in the fair value and received $1,125 in operating distributions from our investment in the NYC Retail Portfolio.

Gain on disposition of property and extinguishment of debt of $1,704 is related to the dispositions of 36 Research Park Drive and Campus Lodge Tampa during the year ended December 31, 2016. During the year ended December 31, 2015, the gain on disposition of property and extinguishment of debt of $29,009 was related to the disposition of four student-oriented apartment properties as well as the payoff of a mortgage note payable.

Results of Operations for the Years ended December 31, 2015 and 2014:

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, 2015 and 2014 are referred to as our comparable properties.

Revenues

The following chart sets forth revenues from continuing operations, by reportable segment, for the years ended December 31, 2015 and 2014:

	Year Ended December 31, 2015	Year Ended December 31, 2014	$ Change	% Change
Revenues:				
Minimum rents				
Apartments	$ 14,559	$ 14,151	$ 408	2.9 %
Industrial	10,236	10,236	—	—
Office	24,287	24,447	(160)	(0.7)
Retail	7,542	7,528	14	0.2
Comparable properties total	$ 56,624	$ 56,362	$ 262	0.5 %
Recent acquisitions and sold properties	19,680	25,133	(5,453)	(21.7)
Total	$ 76,304	$ 81,495	$ (5,191)	(6.4)%
Tenant recoveries and other rental income				
Apartments	$ 698	$ 704	$ (6)	(0.9)%
Industrial	2,501	2,775	(274)	(9.9)
Office	4,656	4,127	529	12.8
Retail	2,818	3,198	(380)	(11.9)
Comparable properties total	$ 10,673	$ 10,804	$ (131)	(1.2)%
Recent acquisitions and sold properties	6,253	5,903	350	5.9
Total	$ 16,926	$ 16,707	$ 219	1.3 %
Total revenues	$ 93,230	$ 98,202	$ (4,972)	(5.1)%

Minimum rents at comparable properties increased by $262 for the year ended December 31, 2015 as compared to the same period in 2014. The increase is primarily due to an increase of $408 at our student-oriented apartment properties due to higher occupancy and rental rates during the year ended December 31, 2015 as compared to the same period in 2014.

Tenant recoveries and other rental income relate mainly to real estate taxes and certain property operating expenses that are paid by us and are recoverable under the various tenants' leases. Tenant recoveries and other rental income at comparable properties decreased by $131 for the year ended December 31, 2015 as compared to the same period in 2014. The decrease in our retail and industrial segments is primarily related to lower real estate taxes of $319 at The District at Howell Mill and lower repair and maintenance expenses of $119 at South Seattle Distribution Center during the year ended December 31, 2015 as compared to the same period in 2014. Partially offsetting these decreases was an increase in recoveries in our office segment of $436 at 111 Sutter Street and $385 at Monument IV at Worldgate related to higher operating expenses. The increase in office segment recoveries was partially offset by a decrease of $430 at Railway Street Corporate Centre related to lower occupancy and an unfavorable exchange rate during the year ended December 31, 2015 as compared to the same period in 2014.

Operating Expenses

The following chart sets forth real estate taxes, property operating expenses and net provisions for doubtful accounts from continuing operations, by reportable segment, for the years ended December 31, 2015 and 2014:

	Year Ended December 31, 2015	Year Ended December 31, 2014	$ Change	% Change
Operating expenses:				
Real estate taxes				
Apartments	$ 1,384	$ 1,387	$ (3)	(0.2)%
Industrial	2,013	2,036	(23)	(1.1)
Office	3,063	3,092	(29)	(0.9)
Retail	1,619	1,935	(316)	(16.3)
Comparable properties total	$ 8,079	$ 8,450	$ (371)	(4.4)%
Recent acquisitions and sold properties	3,706	3,474	232	6.7
Total	$ 11,785	$ 11,924	$ (139)	(1.2)%
Property operating expenses:				
Apartments	$ 5,735	$ 5,637	$ 98	1.7 %
Industrial	622	714	(92)	(12.9)
Office	7,169	6,886	283	4.1
Retail	1,480	1,489	(9)	(0.6)
Comparable properties total	$ 15,006	$ 14,726	$ 280	1.9 %
Recent acquisitions and sold properties	4,570	10,603	(6,033)	(56.9)
Total	$ 19,576	$ 25,329	$ (5,753)	(22.7)%
Net provision for doubtful accounts				
Apartments	$ 155	$ 60	$ 95	158.3 %
Office	1	63	(62)	(98.4)
Retail	240	1	239	23,900.0
Comparable properties total	$ 396	$ 124	$ 272	219.4 %
Recent acquisitions	102	241	(139)	(57.7)
Total	$ 498	$ 365	$ 133	36.4 %
Total operating expenses	$ 31,859	$ 37,618	$ (5,620)	(14.9)%

Real estate taxes at comparable properties decreased by $371 for the year ended December 31, 2015 as compared to the same period in 2014. The decrease is primarily related to a decrease of $319 at The District at Howell Mill related to a refund for 2014 taxes received during the year ended December 31, 2015. Properties are reassessed periodically by the taxing authorities which may result in increases or decreases in real estate taxes owed. 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. Property operating expenses at comparable properties increased $280 for the year ended December 31, 2015 as compared to the same period in 2014. The increase is primarily related to higher repairs and maintenance and utilities expenses of $436 at 111 Sutter Street and increased turn costs and repairs and maintenance expenses of $85 at our student-oriented apartment properties. These increases were partially offset by a decrease of $220 at Railway Street Corporate Centre due to lower occupancy and the impact of exchange rates for the year ended December 31, 2015 as compared to the same period in 2014.

Net provision for doubtful accounts relates to receivables deemed potentially uncollectible due to the age of the receivable or the status of the tenant. Provision for doubtful accounts increased by $272 for the year ended December 31, 2015 as compared to the same period of 2014, primarily related to $239 of receivables deemed uncollectible at The District at Howell Mill from a tenant bankruptcy that occurred during 2015. Additionally, Campus Lodge Tampa had $90 of higher bad debts related to early move outs that occurred during the year ended December 31, 2015. Partially offsetting these increases were lower bad debts of $62 at the Sherman Way properties related to tenant defaults that occurred during the year ended December 31, 2014.

The following chart sets forth expenses not directly related to the operations of the reportable segments for the years ended December 31, 2015 and 2014:

	Year Ended December 31, 2015	Year Ended December 31, 2014	$ Change	% Change
Property general and administrative	$ 705	$ 831	$ (126)	(15.2)%
Advisor fees	10,654	6,181	4,473	72.4
Company level expenses	2,035	2,361	(326)	(13.8)
Acquisition related expenses	2,336	545	1,791	328.6
Provision for impairment of real estate	4,928	—	4,928	100.0
Depreciation and amortization	33,674	27,854	5,820	20.9
Interest expense	17,940	18,394	(454)	(2.5)
Equity in income of unconsolidated affiliates	(243)	—	(243)	100.0
Gain on disposition of property and extinguishment of debt	(29,009)	(589)	(28,420)	4,825.1
Income from discontinued operations	—	(808)	808	(100.0)
Total expenses	$ 43,020	$ 54,769	$ (11,749)	(21.5)%

Property general and administrative expenses relate mainly to property expenses unrelated to the operations of the property. Property general and administrative expenses decreased $126 primarily due to the dispositions of four student-oriented apartment properties in January 2015.

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, wherein our Advisor will receive 10% of the excess total return above the 7% threshold. The increase in advisor fees of $4,473 for the year ended December 31, 2015 as compared to the same period of 2014 is primarily related to the increase in our NAV attributable to capital raised over the past year as well as the performance fee of $2,280 accrued during the year ended December 31, 2015. We accrued $250 of performance fee during the year ended December 31, 2014.

Company level expenses relate mainly to our compliance and administration related costs. Company level expenses decreased $326 for the year ended December 31, 2015 as compared to the same period in 2014 primarily due to costs related to the tender offer conducted in 2014 and reduced professional service fees in 2015.

Acquisition related expenses relate to expenses incurred during the acquisition of a property. Acquisition related expenses increased $1,791 for the year ended December 31, 2015 as compared to the same period in 2014 as we acquired significantly more properties in 2015 than 2014.

The provision for impairment of real estate relates to real estate investments whose 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. Provision for impairment of real estate at December 31, 2015 is due to impairment charges of $4,928 at 36 Research Park Drive as we lowered the expected holding period for the investment

as we consider it a non-strategic investment. The impairment charges had no impact on our NAV as we had previously written the property down to its fair value.

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 $5,820 in depreciation and amortization expense for the year ended December 31, 2015 as compared to the same period in 2014 is primarily related to an increase of $8,411 related to our 2014 and 2015 acquisitions. These increases were partially offset by a decrease of $2,123 related to our four student-oriented apartment properties sold during the year ended December 31, 2015.

Interest expense decreased by $454 for the year ended December 31, 2015 as compared to the same period in 2014 as debt payoffs and interest savings from refinancing loans more than offset new debt incurred as part of our new property acquisitions.

Equity in income of unconsolidated affiliates relates to income from Chicago Parking Garage, which we acquired on December 23, 2014. Going forward, in addition to income from Chicago Parking Garage, changes in the fair value and distributions received from our investment in NYC Retail Portfolio will also be included in equity in income of unconsolidated affiliates.

Gain on disposition of property and extinguishment of debt of $29,009 is related to the dispositions of Cabana Beach San Marcos, Cabana Beach Gainesville, Campus Lodge Athens and Campus Lodge Columbia as well as the payoff of the mortgage note payable on South Beach Parking Garage during the year ended December 31, 2015. During the year ended December 31, 2014, the gain on disposition of property and extinguishment of debt of $589 is related to the dispositions of Stirling Slidell Shopping Centre and 4 Research Park Drive.

Income from discontinued operations for the year ended December 31, 2014 is related to bankruptcy proceeds from the former tenant at Canyon Plaza, a property we sold in 2013.

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 First Extended 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
Short-term liquidity and capital needs such as: • 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	• 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 revolving line of credit • Sales of our shares • Sales of real estate investments • Draws from lender escrow accounts
Longer-term liquidity and capital needs such as: • Acquisitions of new 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	

The sources and uses of cash for the years ended December 31, 2016 and 2015 were as follows:

	Year Ended December 31, 2016	Year Ended December 31, 2015	$ Change
Net cash provided by operating activities	$ 39,508	$ 26,921	$ 12,587
Net cash used in investing activities	(708,736)	(423,709)	(285,027)
Net cash provided by financing activities	680,157	399,646	280,511

Cash provided by operating activities increased by $12,587 for the year ending December 31, 2016, as compared to the same period in 2015. Cash from operating activities increased $13,353 primarily related to acquisitions of properties and investments in unconsolidated real estate affiliates that occurred in 2016 and 2015. Also impacting our cash provided by operating activities are increases in distributions from unconsolidated real estate affiliates of $1,512 and changes in our working capital, which include tenant accounts receivable, prepaid expenses and other assets, advisor fee payable, and accounts payable and other accrued expenses. These changes in our working capital caused a decrease to cash provided by operating activities of $2,278 between the year ended December 31, 2016 and the same period in 2015, primarily related to an decrease in accounts payable and accrued expenses.

Cash used in investing activities increased by $285,027 for the year ending December 31, 2016, as compared to the same period in 2015. The increase was primarily related to cash used to purchase new properties of $166,510 and cash used for investments in unconsolidated real estate affiliates of $35,785. During the year ended December 31, 2015, we received cash in the amount of $121,694 from the sale of four student-oriented apartment properties as compared to $45,462 during the year ended December 31, 2016 related to the sales of 36 Research Park Drive and Campus Lodge Tampa.

Cash provided by financing activities increased by $280,511 for the year ending December 31, 2016 as compared to the same period in 2015. The increase primarily related to an increase in net proceeds received from the sale of common stock of

$196,609 during 2016 as compared to the same period in 2015. Additionally, there is an increase of $147,274 in net proceeds from mortgage note payables and draws on our line of credit received during the year ended December 31, 2016 as compared to net proceeds of $67,903 during the same period in 2015. Also increasing cash provided by financing activities for the year ended December 31, 2016 was a decrease in distributions to noncontrolling interests of $8,597 related to the sale of four student-oriented apartment properties in 2015.

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, 2016 and 2015 for such debt.

Consolidated Debt

	December 31, 2016		December 31, 2015	
	Principal Balance	Weighted Average Interest Rate	Principal Balance	Weighted Average Interest Rate
Fixed	$ 613,233	3.85%	$ 427,935	4.37%
Variable	87,930	2.59	59,680	2.40
Total	$ 701,163	3.69%	$ 487,615	4.13%

Covenants

At December 31, 2016, we were in compliance with all debt covenants.

Other Sources

On January 16, 2015, our First Extended Public Offering registration statement was declared effective with the SEC (Commission File No. 333-196886) to register up to $2,700,000 in any combination of shares of our Class A, Class M, Class A-I and Class M-I common stock, consisting of up to $2,400,000 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 First Extended 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) reduce borrowings and repay indebtedness incurred under various financing instruments and (3) fund repurchases under our share repurchase plan.

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

Contractual Cash Obligations and Commitments

The following table aggregates our contractual obligations and commitments with payments due subsequent to December 31, 2016. The table does not include commitments with respect to the purchase of services from our Advisor, as future payments due on such commitments cannot be determined.

		Payments due by period			
Obligations	**Total**	**Less than 1 year**	**1 – 3 years**	**3 – 5 years**	**More than 5 years**
Long-term debt (1)	$ 887,272	$ 128,148	$ 78,594	$ 120,381	$ 560,149
Loan escrows	86	79	7	—	—
Tenant obligations	2,747	2,747	—	—	—
Offering costs	84,381	7,448	22,344	14,896	39,693
Other	1,715	1,667	48	—	—
Total	$ 976,201	$ 140,089	$ 100,993	$ 135,277	$ 599,842

(1) Includes interest expense calculated using the effective interest rates of the underlying borrowings for all fixed-rate debt at December 31, 2016, which was 3.85%. Since the interest rates on certain loans are based on a spread over LIBOR, the rates will periodically change; therefore, interest expense for all variable-rate debt was calculated using the effective interest rates of the underlying borrowings at December 31, 2016, which was 2.59%.

We have four long-term debt maturity balloon payments that come due in 2017. We repaid the mortgage note payable collateralized by Norfleet Distribution Center in the amount of $12,000 on February 1, 2017. We plan on either repaying, refinancing or disposing of the properties prior to when the remaining three payments come due in 2017.

We intend to actively monitor and manage our available liquidity to ensure the long-term viability of our Company.

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 $100 per year until September 30, 2021 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 Townlake of Coppell allows the unrelated third party joint venture partner, owning a 10% interest, to put their interest to us at a market determined value for a period of 90 days beginning in 2018.

Off Balance Sheet Arrangements

We have no 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; 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 Internal Revenue Code of 1986, as amended.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standard Update 2014-09 *Revenue from Contracts with Customers,* which will use a five step model to recognize revenue from customer contracts in an effort to increase consistency and comparability throughout global capital markets and across industries. The model will identify the contract, identify any separate performance obligations in the contract, determine and allocate the transaction price, and recognize revenue when the performance obligation is satisfied. The new standard will replace most existing revenue recognition in GAAP when it becomes effective for us on January 1, 2018. We are in the process of evaluating whether the guidance will impact the accounting for tenant reimbursements, but we currently do not believe this will have a material impact on our consolidated financial statements and notes to our consolidated financial statements. Additionally, we are evaluating the impact on the timing of gain recognition for dispositions, but currently do not believe there will be a material impact to our consolidated financial statements for dispositions given the simplicity of our historical disposition transactions. We expect to adopt the standard on a cumulative effect method.

In January 2016, the FASB issued Accounting Standard Update 2016-01 *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. The new standard requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The standard will become effective for reporting periods beginning after December 15, 2017, with early adoption permitted. We are in the process of evaluating the impact of this new guidance.

In February 2016, the FASB issued Accounting Standard Update 2016-02 *Leases* (ASC 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The update is expected to impact our consolidated financial statements as we have a ground lease arrangement for which we are the lessee. ASC 842 supersedes the previous leases standard, ASC 840 *Leases*. The standard is effective on January 1, 2019, with early adoption permitted. We currently believe the adoption of the standard will not have a material impact for leases where we are the lessor. We are the lessee on one ground lease which will require us to record a right-of-use asset and a lease liability. We have preliminarily concluded that the adoption of the standard will not have a material impact on the consolidated financial statements for leases where we are the lessee.

In August 2016, the FASB issued Accounting Standard Update 2016-15 *Statement of Cash Flows* (Topic 230). The new guidance is intended to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The core principle of the standard requires the classification of eight specific issues identified under ASC 230 to be presented as either financing, investing or operating, or some combination thereof, depending upon the nature of the issue. The standard will be effective for annual reporting periods, including interim periods within those annual periods, beginning after December 15, 2017, with early adoption permitted. Entities are required to use a retrospective transition approach for all of the issues identified to each period presented. We do not expect this standard to materially effect our consolidated financial statements and related disclosures.

In November 2016, the FASB issued Accounting Standard Update 2016-18 *Statement of Cash Flows* (Topic 230) – *Restricted Cash.* The new guidance requires that restricted cash be included as a component of total cash and cash equivalents as presented on the statement of cash flows. The standard is effective for annual periods, and interim periods therein, beginning

after December 15, 2017. Early application is permitted in any interim or annual period. We do not expect the application of this standard to materially effect our consolidated financial statements and related disclosures.

In January 2017, the FASB issued Accounting Standard Update 2017-01 *Business Combinations* (Topic 805): Clarifying the Definition of a Business ("ASU 2017-01"), which clarifies the definition of a business by adding guidance to assist entities in evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within those periods, with early adoption permitted and is required to be applied prospectively to any transactions occurring within the period of adoption. We plan to adopt this standard effective January 1, 2017 and expect that most future acquisitions (or disposals) will qualify as asset acquisitions (or disposals). As such, future acquisition related expenses associated with these asset acquisitions will be capitalized.

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, 2016, we had consolidated debt of $701,163, which included $87,930 of variable-rate debt. Including the $5,550 net discount on the assumption of debt and debt issuance costs, we have consolidated debt of $695,613 at December 31, 2016. We also entered into interest rate cap agreements on $8,600 of the variable rate debt which cap the LIBOR rate at between 1.0% and 3.3% over the next year. A 0.25% movement in the interest rate on the $87,930 of variable-rate debt would result in an approximately $220 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, 2016, the fair value of our mortgage notes payable was estimated to be approximately $5,729 lower than the carrying value of $695,613. If treasury rates were 0.25% higher at December 31, 2016, the fair value of our mortgage notes payable would have been approximately $11,997 lower than the carrying value.

In August 2007, we purchased Railway Street Corporate Centre located in Calgary, Canada. For this investment, we use the Canadian dollar as the functional currency. When preparing consolidated financial statements, assets and liabilities of foreign entities are translated at the exchange rates at the balance sheet date, while income and expense items are translated at weighted average rates for the period. Foreign currency translation adjustments are recorded in accumulated other comprehensive loss on the Consolidated Balance Sheets and foreign currency translation adjustment on the Consolidated Statements of Operations and Comprehensive Income.

As a result of our Canadian investment, we are subject to market risk associated with changes in foreign currency exchange rates. These risks include the translation of local currency balances of our Canadian investment and transactions denominated in Canadian dollars. Our objective is to control our exposure to these risks through our normal operating activities. For the year ended December 31, 2016, we recognized a foreign currency translation gain of $452 and for the year ended December 31, 2015, we recognized a foreign currency translation loss of $1,448. At December 31, 2016, a 10% unfavorable exchange rate movement would cause our $452 foreign currency translation gain to be decreased by $736 resulting in a foreign currency translation loss of approximately $284.

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, 2016, 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, 2016, 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, 2016 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, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

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 "2017 Proxy Statement") relating to our 2017 annual meeting of stockholders (our “2017 Annual Meeting”) that we intend to file with the SEC no later than April 1, 2017.

On March 7, 2017, our board of directors determined to hold the 2017 Annual Meeting on May 9, 2017.

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item is incorporated by reference to our 2017 Proxy Statement.

Item 11. Executive Compensation.

The information required by this Item is incorporated by reference to our 2017 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 2017 Proxy Statement.

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

The information required by this Item is incorporated by reference to our 2017 Proxy Statement.

Item 14. Principal Accounting Fees and Services.

The information required by this Item is incorporated by reference to our 2017 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, 2016” at page F-32 below.

(3) The Index of Exhibits below is incorporated herein by reference.

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 9, 2017

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.

Signature	Title	Date
/S/ LYNN C. THURBER	Chairman of the Board of Directors, Director	March 9, 2017
/S/ C. ALLAN SWARINGEN	President, Chief Executive Officer (Principal Executive Officer)	March 9, 2017
/S/ GREGORY A. FALK	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 9, 2017
/S/ VIRGINIA G. BREEN	Director	March 9, 2017
/S/ JONATHAN B. BULKELEY	Director	March 9, 2017
/S/ R. MARTEL DAY	Director	March 9, 2017
/S/ JACQUES N. GORDON	Director	March 9, 2017
/S/ JASON B. KERN	Director	March 9, 2017
/S/ WILLIAM E. SULLIVAN	Director	March 9, 2017

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 Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 8, 2014).
3.3	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).
3.4	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).
3.5	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).
3.6	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).
3.7	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	Form of Subscription Agreement (incorporated by reference to Appendix A to the Company's prospectus, dated January 16, 2015).
4.2	Amended and Restated Distribution Reinvestment Plan (incorporated by reference to Exhibit 4.2 to Company's Current Report on Form 8-K filed with the SEC on June 9, 2014).
10.1	First Amended and Restated Advisory Agreement between Jones Lang LaSalle Income Property Trust, Inc. 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 September 28, 2012).
10.2	Second Amended and Restated Advisory Agreement between Jones Lang LaSalle Income Property Trust, Inc. 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 June 9, 2014).
10.3	Jones Lang LaSalle Income Property Trust, Inc. 2012 Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 28, 2012).
10.4	Second Amended and Restated Independent Directors Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 12, 2015).
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	Purchase and Sale Agreement for Dignity Health Office Portfolio, dated August 30, 2013, by and among ELPF Glendale 1500 South Central LLC, ELPF Northridge 18350 Roscoe LLC, ELPF Northridge 18546 Roscoe LLC, ELPF Northridge 18460 Roscoe LLC, ELPF Bakersfield 300 Old River LLC, ELPF Bakersfield 500 Old River LLC, ELPF Santa Maria 116 S. Palisades, LLC, ELPF Santa Maria 525 E. Plaza LLC, ELPF Chandler 485 South Dobson LLC, ELPF Gilbert 1501 North Gilbert LLC, ELPF Phoenix 4545 East Chandler LLC, ELPF Sun Lakes 10440 East Riggs LLC, ELPF Phoenix 500 West Thomas LLC and NexCore Development LLC (incorporated by reference to Exhibit 10.6 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 filed on November 7, 2013).

Exhibit Number	Description
10.8	Purchase and Sale Agreement for the sale of four Student-oriented Apartment Communities, dated December 19, 2014, by and among LIPT San Marcos, LLC, LIPT Columbia, LLC, LIPT Gainesville, LLC, LIPT Athens, LLC and LSH Acquisitions, L.L.C. (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on December 22, 2014).
10.9	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 10.2 to the Company's Annual Report on Form 10-K filed with the SEC on March 5, 2015).
10.10	Purchase and Sale Agreement for Dylan Point Loma, dated November 9, 2015, between LIPT San Diego, Inc and Monarch at Point Loma Owner, LLC.
10.11	Purchase and Sale Agreement for Maui Mall, dated December 22, 2015, between LIPT East Kaahumanu Avenue, LLC and W-ADP Maui VII, LLC.
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	Madison NYC Core Retail Partners, L.P Financial Statements as of and for the year ended December 31, 2016.
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.

* Pursuant to Rule 406T of Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

Jones Lang LaSalle Income Property Trust, Inc.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of Jones Lang LaSalle Income Property Trust, Inc. (the Company) and subsidiaries as of December 31, 2016 and 2015, and 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, 2016. In connection with our audits of the consolidated financial statements we also have audited the 2016 financial statement schedule III. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jones Lang LaSalle Income Property Trust, Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Chicago, Illinois
March 9, 2017

Jones Lang LaSalle Income Property Trust, Inc.

CONSOLIDATED BALANCE SHEETS

$ in thousands, except per share amounts

	December 31,	
	2016	**2015**
ASSETS		
Investments in real estate:		
Land (including from VIEs of $25,441 and $32,645, respectively)	$ 376,457	$ 251,331
Buildings and equipment (including from VIEs of $153,445 and $187,505, respectively)	1,367,860	889,307
Less accumulated depreciation (including from VIEs of $(19,479) and $(23,146), respectively)	(88,870)	(75,245)
Net property and equipment	1,655,447	1,065,393
Investments in unconsolidated real estate affiliates	228,249	103,003
Net investments in real estate	1,883,696	1,168,396
Cash and cash equivalents (including from VIEs of $9,786 and $13,365, respectively)	45,782	34,739
Restricted cash (including from VIEs of $796 and $666, respectively)	1,967	1,227
Tenant accounts receivable, net (including from VIEs of $1,509 and $1,724, respectively)	3,902	3,500
Deferred expenses, net (including from VIEs of $207 and $118, respectively)	9,498	10,022
Acquired intangible assets, net (including from VIEs of $8,022 and $9,208, respectively)	110,787	86,471
Deferred rent receivable, net (including from VIEs of $901 and $852, respectively)	14,891	9,445
Prepaid expenses and other assets (including from VIEs of $250 and $373, respectively)	4,110	5,978
TOTAL ASSETS	$ 2,074,633	$ 1,319,778
LIABILITIES AND EQUITY		
Mortgage notes and other debt payable, net (including from VIEs of $109,691 and $141,972, respectively)	$ 695,613	$ 485,178
Accounts payable and other accrued expenses (including from VIEs of $1,376 and $2,058, respectively)	13,058	13,991
Accrued offering costs	86,517	42,677
Distributions payable	14,555	8,633
Accrued interest (including from VIEs of $400 and $560, respectively)	1,979	1,659
Accrued real estate taxes (including from VIEs of $1,628 and $802 respectively)	5,022	1,925
Advisor fees payable	1,600	3,241
Acquired intangible liabilities, net	21,748	16,984
TOTAL LIABILITIES	840,092	574,288
Commitments and contingencies	—	—
Equity:		
Class A common stock: $0.01 par value; 200,000,000 shares authorized 69,837,581 and 37,092,768 shares issued and outstanding at December 31, 2016 and 2015, respectively	698	371
Class M common stock: $0.01 par value; 200,000,000 shares authorized 36,522,305 and 27,909,411 shares issued and outstanding at December 31, 2016 and 2015, respectively	365	279
Class A-I common stock: $0.01 par value; 200,000,000 shares authorized 12,812,637 and 6,116,812 shares issued and outstanding at December 31, 2016 and 2015, respectively	128	61
Class M-I common stock: $0.01 par value; 200,000,000 shares authorized 7,591,239 and 3,356,619 shares issued and outstanding at December 31, 2016 and 2015, respectively	76	34
Class D common stock: $0.01 par value; 200,000,000 shares authorized 7,963,493 and 7,787,823 shares issued and outstanding at December 31, 2016 and 2015, respectively	80	78
Additional paid-in capital (net of offering costs of $126,995 and $66,344 as of December 31, 2016 and December 31, 2015, respectively)	1,544,955	1,011,797
Accumulated other comprehensive loss	(1,875)	(2,327)
Distributions to stockholders	(199,317)	(151,277)
Accumulated deficit	(118,765)	(123,700)
Total Jones Lang LaSalle Income Property Trust, Inc. stockholders' equity	1,226,345	735,316
Noncontrolling interests	8,196	10,174
Total equity	1,234,541	745,490
TOTAL LIABILITIES AND EQUITY	$ 2,074,633	$ 1,319,778

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, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Revenues:			
Minimum rents	$ 106,270	$ 76,304	$ 81,495
Tenant recoveries and other rental income	25,589	16,926	16,707
Total revenues	131,859	93,230	98,202
Operating expenses:			
Real estate taxes	17,615	11,785	11,924
Property operating	23,870	19,576	25,329
Provision for doubtful accounts	198	498	365
Property general and administrative	1,059	705	831
Advisor fees	15,014	10,654	6,181
Company level expenses	2,220	2,035	2,361
Acquisition expenses	3,918	2,336	545
Provision for impairment of real estate	6,876	4,928	—
Depreciation and amortization	44,950	33,674	27,854
Total operating expenses	115,720	86,191	75,390
Operating income	16,139	7,039	22,812
Other (expenses) and income:			
Interest expense	(22,612)	(17,940)	(18,394)
Equity in income of unconsolidated affiliates	10,309	243	—
Gain on disposition of property and extinguishment of debt	1,704	29,009	589
Total other (expenses) and income	(10,599)	11,312	(17,805)
Income from continuing operations	5,540	18,351	5,007
Discontinued operations:			
Income from discontinued operations	—	—	808
Total income from discontinued operations	—	—	808
Net income	5,540	18,351	5,815
Net income attributable to the noncontrolling interests	(605)	(6,306)	(762)
Net income attributable to Jones Lang LaSalle Income Property Trust, Inc.	$ 4,935	$ 12,045	$ 5,053
Net income from continuing operations attributable to Jones Lang LaSalle Income Property Trust, Inc. per share-basic and diluted	$ 0.05	$ 0.20	$ 0.09
Total income from discontinued operations per share-basic and diluted	$ —	$ —	$ 0.02
Net income attributable to Jones Lang LaSalle Income Property Trust, Inc. per share-basic and diluted	$ 0.05	$ 0.20	$ 0.11
Weighted average common stock outstanding-basic and diluted	106,916,148	61,237,711	45,658,735
Other comprehensive loss:			
Foreign currency translation adjustment	452	(1,448)	(784)
Total other comprehensive gain (loss)	452	(1,448)	(784)
Net comprehensive income	$ 5,387	$ 10,597	$ 4,269

See notes to consolidated financial statements.

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

	Common Stock		Additional Paid in Capital	Accumulated Other Comprehensive Income (Loss)	Distributions to Stockholders	Accumulated Deficit	Noncontrolling Interests	Total Equity
	Shares	Amount						
Balance, December 31, 2013	41,678,274	$ 416	$ 613,546	$ (95)	$ (104,919)	$ (140,798)	$ 12,155	$ 380,305
Issuance of common stock	14,355,812	144	150,245	—	—	—	—	150,389
Repurchase of shares	(7,676,095)	(77)	(80,350)	—	—	—	—	(80,427)
Offering costs	—	—	(11,329)	—	—	—	—	(11,329)
Stock based compensation	4,000	—	41	—	—	—	—	41
Stock conversion	(12,057)	—	—	—	—	—	—	—
Net income	—	—	—	—	—	5,053	762	5,815
Other comprehensive loss	—	—	—	(784)	—	—	—	(784)
Cash contributed from noncontrolling interests	—	—	—	—	—	—	399	399
Cash distributed to noncontrolling interests	—	—	—	—	—	—	(695)	(695)
Distributions declared ($0.46) per share	—	—	—	—	(18,421)	—	—	(18,421)
Balance, December 31, 2014	48,349,934	$ 483	$ 672,153	$ (879)	$ (123,340)	$ (135,745)	$ 12,621	$ 425,293
Issuance of common stock	36,859,994	368	407,016	—	—	—	—	407,384
Repurchase of shares	(2,950,495)	(28)	(32,054)	—	—	—	—	(32,082)
Offering costs	—	—	(35,361)	—	—	—	—	(35,361)
Stock based compensation	4,000	—	43	—	—	—	—	43
Net income	—	—	—	—	—	12,045	6,306	18,351
Other comprehensive loss	—	—	—	(1,448)	—	—	—	(1,448)
Cash contributed from noncontrolling interests	—	—	—	—	—	—	2,494	2,494
Cash distributed to noncontrolling interests	—	—	—	—	—	—	(11,247)	(11,247)
Distributions declared ($0.48) per share	—	—	—	—	(27,937)	—	—	(27,937)
Balance, December 31, 2015	82,263,433	$ 823	$ 1,011,797	$ (2,327)	$ (151,277)	$ (123,700)	$ 10,174	$ 745,490
Issuance of common stock	57,672,203	577	652,507	—	—	—	—	653,084
Repurchase of shares	(5,216,381)	(53)	(58,788)	—	—	—	—	(58,841)
Offering costs	—	—	(60,651)	—	—	—	—	(60,651)
Stock based compensation	8,000	—	90	—	—	—	—	90
Net income	—	—	—	—	—	4,935	605	5,540
Other comprehensive income	—	—	—	452	—	—	—	452
Cash contributed from noncontrolling interests	—	—	—	—	—	—	67	67
Cash distributed to noncontrolling interests	—	—	—	—	—	—	(2,650)	(2,650)
Distributions declared ($0.49) per share	—	—	—	—	(48,040)	—	—	(48,040)
Balance, December 31, 2016	134,727,25	$ 1,347	$ 1,544,955	$ (1,875)	$ (199,317)	$ (118,765)	$ 8,196	$1,234,541

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, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 5,540	$ 18,351	$ 5,815
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (including discontinued operations)	43,066	32,272	26,885
Gain on disposition of property and extinguishment of debt (including discontinued operations)	(1,704)	(29,009)	(908)
Provision for doubtful accounts (including discontinued operations)	198	498	365
Straight line rent (including discontinued operations)	(5,560)	(1,511)	(2,194)
Provision for impairment of real estate (including discontinued operations)	6,876	4,928	—
Equity in income of unconsolidated affiliates	(10,309)	(775)	—
Distributions received from unconsolidated affiliates	1,512	—	—
Net changes in assets, liabilities and other	(111)	2,167	(270)
Net cash provided by operating activities	39,508	26,921	29,693
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of real estate investments	(615,070)	(448,560)	(136,865)
Proceeds from sales of real estate investments and fixed assets	45,462	121,694	14,013
Capital improvements and lease commissions	(24,628)	(9,986)	(9,095)
Investment in unconsolidated real estate affiliates	(120,944)	(85,159)	(17,069)
Deposits for investments under contract	(200)	(3,600)	—
Deposits refunded for investments under contract	3,600	—	—
Distributions received from unconsolidated affiliates	4,495	—	—
Loan escrows	(1,451)	1,902	1,740
Net cash used in investing activities	(708,736)	(423,709)	(147,276)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of common stock	623,568	394,544	144,047
Offering costs	(16,811)	(11,155)	(8,449)
Repurchase of shares	(58,841)	(32,082)	(80,426)
Distributions to stockholders	(12,450)	(10,811)	(11,631)
Distributions paid to noncontrolling interests	(2,650)	(11,247)	(695)
Contributions received from noncontrolling interests	67	2,494	399
Deposits for loan commitments	—	(851)	—
Draws on credit facility	185,000	37,000	—
Payment on credit facility	(205,000)	(7,000)	—
Proceeds from mortgage notes and other debt payable	241,400	123,040	99,120
Debt issuance costs	(3,709)	(1,618)	(579)
Payment on early extinguishment of debt	—	(711)	—
Principal payments on mortgage notes and other debt payable	(70,417)	(81,957)	(26,952)
Net cash provided by financing activities	680,157	399,646	114,834
Net increase (decrease) in cash and cash equivalents	10,929	2,858	(2,749)
Effect of exchange rates	114	(330)	(164)
Cash and cash equivalents at the beginning of the year	34,739	32,211	35,124
Cash and cash equivalents at the end of the year	$ 45,782	$ 34,739	$ 32,211
Supplemental disclosure of cash flow information:			
Interest paid	$ 23,408	$ 17,410	$ 16,966
Non-cash activities:			
Write-offs of receivables	$ 339	$ 244	$ 348
Write-offs of retired assets and liabilities	2,097	15,491	753
Change in liability for capital expenditures	2,418	34	(2,793)
Restricted cash used in purchase of real estate investment	—	—	(9,712)
Net liabilities transferred at sale of real estate investments	902	973	—
Net liabilities assumed at acquisition	1,048	2,117	748
Change in issuance of common stock receivable	(62)	(747)	878
Change in accrued offering costs	43,840	26,906	2,880
Assumption of mortgage notes payable	(61,939)	—	—
Transfers of property in extinguishment of debt settlement	—	—	5,442

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 managed, daily valued perpetual-life real estate investment trust ("REIT") that owns and manages a diversified portfolio of apartment, industrial, office, retail and other properties located primarily in the United States. We expect over time that our real estate portfolio will be further diversified on a global basis through the acquisition of additional 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, 2016, we owned interests in a total of 70 properties, 69 of which are located in 18 U.S. states and one of which is located in Canada.

From our inception to October 1, 2012, we raised equity proceeds through private offerings of shares of our undesignated common stock. On October 1, 2012, the Securities and Exchange Commission (the "SEC") declared effective our Registration Statement on Form S-11 with respect to our continuous public offering of up to $3,000,000 in any combination of Class A and Class M shares of common stock (the "Initial Public Offering"). As of January 15, 2015, the date our Initial Public Offering terminated, we had raised aggregate gross proceeds from the sale of shares of our Class A and Class M common stock in our Initial Public Offering of $268,981.

On January 16, 2015, our follow-on Registration Statement on Form S-11 was declared effective by the SEC (Commission File No. 333-196886) with respect to our continuous public offering of up to $2,700,000 in any combination of shares of our Class A, Class M, Class A-I and Class M-I common stock, consisting of up to $2,400,000 of shares offered in our primary offering and up to $300,000 in shares offered pursuant to our distribution reinvestment plan (the "First Extended Public Offering"). We reserve the right to terminate the First Extended Public Offering at any time and to extend the First Extended Public Offering term to the extent permissible under applicable law. As of December 31, 2016, we have raised aggregate gross proceeds from the sale of shares of our Class A, Class M, Class A-I and Class M-I shares in our First Extended Public Offering of $988,267.

On June 19, 2014, we began a private offering of up to $400,000 in any combination of our Class A-I, Class M-I and Class D shares of common stock (the "Initial Private Offering"). Upon the SEC declaring the registration statement for our First Extended Public Offering effective, we terminated the Initial Private Offering. As of January 15, 2015, we had raised aggregate gross proceeds from the sale of shares of our Class A-I, Class M-I and Class D common stock in our Initial Private Offering of approximately $43,510. On March 3, 2015, we commenced a new private offering (the "Follow-on Private Offering") of up to $350,000 in shares of our Class D common stock with an indefinite duration. As of December 31, 2016, we have raised aggregate gross proceeds from the sale of shares of our Class D common stock in our Follow-on Private Offering of approximately $68,591.

As of December 31, 2016, 69,837,581 shares of Class A common stock, 36,522,305 shares of Class M common stock, 12,812,637 shares of Class A-I common stock, 7,591,239 shares of Class M-I common stock, and 7,963,493 shares of Class D common stock were outstanding and held by a total of 12,351 stockholders.

LaSalle acts as our advisor pursuant to the second amended and restated advisory agreement between the Company and LaSalle (the "Advisory Agreement"). On May 10, 2016 we renewed our Advisory Agreement with our Advisor for a one-year term expiring on June 5, 2017. 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, as all operations are managed by our Advisor.

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. Affiliates of JLL, have invested an aggregate of $50,200 through purchases of shares of our common stock.

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 variable interest entities 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, 2016, our VIEs include The District at Howell Mill, The Edge at Lafayette, Grand Lakes Marketplace and Townlake of Coppell due to the limited partnership 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. Prior to new consolidation guidance adopted on January 1, 2016, Grand Lakes Marketplace and Townlake of Coppell were not classified as VIEs. VIE disclosures as of December 31, 2015 on our Consolidated Balance Sheets have been updated to include Grand Lakes Marketplace and Townlake of Coppell for comparative purposes.

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, 2016, 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. 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 $6,876 of impairment charges for the year ended December 31, 2016. We recorded $4,928 of impairment charges for the year ended December 31, 2015. We recorded no impairment charges for the year ended December 31, 2014.

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	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

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. We concluded that we did not have any “other than temporary” impairment in our investments in unconsolidated real estate affiliates in 2016, 2015 or 2014 which we account for under the equity method.

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 $5,598, $1,474 and $2,202 for the years ended December 31, 2016, 2015 and 2014, respectively. Also included, as an increase to rent revenue, for the years ended December 31, 2016, 2015 and 2014, are $2,524, $1,584 and $1,395, 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.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided against the portion of accounts receivable and deferred rent receivable that is estimated to be uncollectible. Such allowance is reviewed periodically based upon our recovery experience. At December 31, 2016 and 2015, our allowance for doubtful accounts was $170 and $312, 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 and loan commitments.

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, 2016 and 2015 was $2,180 and $1,234, respectively.

Foreign Exchange

We utilize the U.S. dollar as our functional currency, except for our Canadian operations, which use the Canadian dollar as the functional currency. When preparing consolidated financial statements, assets and liabilities of foreign entities are translated at the exchange rates at the balance sheet date, while income and expense items are translated at average rates for the period. Income statement amounts of significant transactions are translated at the rate in effect as of the date of the transactions. Foreign currency translation adjustments are recorded in accumulated other comprehensive loss.

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. Acquisition related costs are expensed as incurred. We record land and 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, 2016 and 2015, 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 ten 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 $36,345 and $21,660 at December 31, 2016 and 2015, 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 $5,142 and $3,364 at December 31, 2016 and 2015, 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 as of December 31, 2016 is as follows:

	Acquired in-place leases	Acquired above-market leases	Below-market ground leases	Acquired below-market leases
2017	$ 16,210	$ 782	$ 15	$ (3,047)
2018	16,177	655	15	(2,947)
2019	13,038	533	15	(2,634)
2020	11,105	471	15	(2,232)
2021	10,535	432	15	(2,030)
Thereafter	39,103	1,363	308	(8,858)
	$ 106,168	$ 4,236	$ 383	$ (21,748)

Income Taxes

We made the election to be taxed as a REIT under sections 856-860 of the Internal Revenue Code of 1986 (the "Code") as of December 23, 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. Accordingly, the Consolidated Statements of Operations do not reflect a provision for federal income taxes. 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.

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.

Business Segments

We align our internal operations along the five primary property types we are targeting for investments resulting in five operating segments: apartment properties, industrial properties, office properties, retail properties and other properties.

At December 31, 2016 and 2015, we held one investment outside the United States. For the years ended December 31, 2016, 2015 and 2014, total revenues of this foreign investment were $2,793, $3,301 and $4,287, respectively. For the years ended December 31, 2016, 2015 and 2014, total revenues of U.S. domiciled investments were $129,066, $89,929 and $93,915, respectively. At December 31, 2016 and 2015, total assets of our foreign investment were $20,765 and $28,617, respectively. The change in total assets from December 31, 2015 to December 31, 2016 at our foreign investment was mainly a result of the change in foreign currency rate and impairment taken on real estate assets between those dates. At December 31, 2016 and 2015, total assets of U.S. domiciled investments were $2,053,868 and $1,294,075, respectively.

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.

Partnership interests accounted for under the fair value option are stated at the fair value of our ownership in the partnership. The fair value is recorded based upon changes in the net asset values of the limited partnership as determined from the financial statements of the limited partnership. During the year ended December 31, 2016 we recorded unrealized changes in fair value classified within the Level 3 category of $8,578 in our investment in NYC Retail Portfolio (see Note 4-Unconsolidated Real Estate Affiliates). At December 31, 2015, the cost of our investment in NYC Retail Portfolio approximated its fair value.

We have estimated the fair value of our mortgage notes 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 payable using level two inputs was approximately $5,729 lower and $927 higher than the aggregate carrying amounts at December 31, 2016 and 2015, respectively. Such fair value estimates are not necessarily indicative of the amounts that would be realized upon disposition of our mortgage notes 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 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, 2016, 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 Caps	5	$ 88,680
Interest Rate Swap	3	71,400

The fair value of our interest rate caps and swaps represent assets of $1,606 and liabilities of $153 at December 31, 2016 and 2015, respectively.

Discontinued Operations

Effective January 1, 2014, GAAP was amended to require reporting of discontinued operations only if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. Sales and the results of operations of individual properties being sold will be presented in the continuing operations section of our Consolidated Statements of Operations and Comprehensive Income.

Correction of Immaterial Understatement of Liabilities

During the three months ended June 30, 2016, we identified an immaterial understatement of our liability for dealer manager fees. We previously accrued for dealer manager fees on a daily basis as offering costs, which were recorded as a reduction of capital in excess of par value. We have subsequently determined that an estimate for the full amount of the future liability for dealer manager fees, up to the regulatory maximum ten percent of the proceeds from the sale of shares in each of our public offerings (excluding distributing reinvestment plan proceeds), should be accrued on the date of sale. Changes in this estimate will be recorded prospectively as an adjustment to capital in excess of par value. Our consolidated financial statements as of and for the year ended December 31, 2015 have been corrected to record a liability for future dealer manager fees. Accrued offering costs previously recorded will be reclassified from accounts payable and other accrued expenses to accrued offering costs on our Consolidated Balance Sheet. This change in accounting policy for dealer manager fees has no impact on our net income or cash flows. We will also reflect the correction of this immaterial misstatement in comparable prior period amounts in our future filings.

The following table summarizes the effects of this change:

	As of December 31, 2015		
	Previously Reported	Adjustment	Corrected
Accrued offering costs	$ —	$ 42,677	$ 42,677
Accounts payable and other accrued expenses	17,235	(3,244)	13,991
Total liabilities	534,855	39,433	574,288
Additional paid in capital	1,051,230	(39,433)	1,011,797
Total equity	784,923	(39,433)	745,490

	For the period ended December 31, 2015		
	Previously Reported	Adjustment	Corrected
Offering costs	$ (11,759)	$ (23,602)	$ (35,361)

	As of December 31, 2014		
	Previously Reported	Adjustment	Corrected
Additional paid in capital	$ 687,984	$ (15,831)	$ 672,153
Total equity	441,124	(15,831)	425,293

	For the period ended December 31, 2014		
	Previously Reported	Adjustment	Corrected
Offering costs	$ (6,541)	$ (4,788)	$ (11,329)

	As of December 31, 2013		
	Previously Reported	Adjustment	Corrected
Additional paid in capital	$ 624,589	$ (11,043)	$ 613,546
Total equity	391,348	(11,043)	380,305

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.

NOTE 3—PROPERTY

The primary reason we make acquisitions of real estate investments in the apartment, industrial, office, 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.

2016 Acquisitions

On April 1, 2016, we acquired San Juan Medical Center, a newly constructed 40,000 square foot medical office building located in San Juan Capistrano, California, for approximately $26,390. The acquisition was funded with cash on hand.

On April 11, 2016, we acquired Tampa Distribution Center, a 386,000 square foot industrial building located in Tampa, Florida, for approximately $28,300. The acquisition was funded with cash on hand.

On May 19, 2016, we acquired Aurora Distribution Center, a newly constructed 305,000 square foot industrial building located in Aurora, Illinois, for approximately $27,700. The acquisition was financed with a seven-year mortgage loan that bears interest at a fixed rate of 3.39% in the amount of $13,850 and cash on hand.

On May 26, 2016, we acquired Lane Parke Apartments, a 276 unit apartment building located in Mountain Brook, Alabama, for approximately $73,300. The property was funded with cash on hand. On October 13, 2016, we entered into ten-year mortgage loan that bears interest at a fixed-rate of 3.18%, in the amount of approximately $37,000.

On June 29, 2016, we acquired Valencia Industrial Portfolio, a five property, 491,000 square foot industrial portfolio for approximately $64,500. Valencia Industrial Portfolio is located in Valencia, California and was funded with cash on hand and a draw on our line of credit.

On July 27, 2016, we acquired Silverstone Marketplace, a newly constructed 78,000 square foot grocery-anchored retail center located in Scottsdale, Arizona for approximately $47,000. The acquisition was funded with cash on hand.

On August 9, 2016, we acquired Dylan Point Loma, a newly constructed 180-unit luxury apartment community located in the coastal town of Point Loma just north of San Diego, California for approximately $90,000. The acquisition was financed with a ten-year mortgage loan that bears interest at a fixed-rate of 3.83%, in the amount of $40,500, a draw on our line of credit and cash on hand.

On September 8, 2016, we acquired Pinole Point Distribution Center, a newly constructed, two building 477,000 square foot industrial portfolio located in Richmond, California for approximately $76,200. The acquisition was funded by a draw on our line of credit and cash on hand. On December 29, 2016, we acquired a third fully leased Class-A, state-of-the-art warehouse at Pinole Point Distribution Center for approximately $8,000 using cash on hand. This 41,000 square foot warehouse brings the combined distribution center square footage to 518,000 and total acquisition price to $84,200.

On September 22, 2016, we acquired The Penfield, a 254-unit apartment complex located in downtown Saint Paul, Minnesota for approximately $65,500. The acquisition was financed by the assumption of a mortgage loan that bears interest at a fixed-rate of 3.57% in the amount of $39,305, a draw on our line of credit and cash on hand. The mortgage loan matures in March 2054.

On September 30, 2016, we acquired Kierland Village Center, a 118,000 square foot grocery-anchored retail center, located in Scottsdale, Arizona, for approximately $34,500. The acquisition was funded by a draw on our line of credit and cash on hand.

On September 30, 2016, we acquired Timberland Town Center, a newly constructed 92,000 square foot grocery-anchored shopping center located in the affluent Portland suburb of Beaverton, Oregon for approximately $42,600. The acquisition was financed by the assumption of a nine-year mortgage loan that bears interest at a fixed-rate of 4.07% in the amount of $22,634, a draw on our line of credit and cash on hand.

On December 1, 2016, we acquired 180 North Jefferson, a 28-story, 274-unit apartment tower in Chicago, Illinois. The purchase price was approximately $96,500. The acquisition was financed with a one-year mortgage loan that bears a floating interest rate equal to LIBOR plus 1.40% in the amount of $48,250, a draw on our line of credit and cash on hand.

We allocated the purchase price of our 2016 acquisitions in accordance with authoritative guidance as follows:

	2016 Acquisitions
Land	$ 134,978
Building and equipment	509,512
In-place lease intangible (acquired intangible assets)	40,925
Above-market lease intangible (acquired intangible assets)	881
Below-market lease intangible (acquired intangible liabilities)	(8,229)
	$ 678,067
Amortization period for intangible assets and liabilities	4 months - 44 years

During the years ended December 31, 2016, 2015 and 2014, we incurred $3,918, $2,336, and $545, respectively, of acquisition expenses recorded on the Consolidated Statements of Operations and Other Comprehensive Income. For properties acquired during 2016, we recorded total revenue of $18,244 and net loss of $1,276 during the year end December 31, 2016. For properties acquired during 2015, we recorded total revenue of $10,875 and net loss of $2,955 during the year ended December 31, 2015. For properties acquired during 2014, we recorded total revenue of $10,481 and net income of $757 during the year ended December 31, 2014.

Pro Forma Information (Unaudited)

The following pro forma financial information is presented as if our 2016 acquisitions had been consummated on the earlier of January 1, 2015 or the date the property began operations. The pro forma financial information is for comparative purposes only and not necessarily indicative of what our actual results of operations would have been had our 2016 acquisitions been consummated on the earlier of January 1, 2015 or the date the property began operations, nor does it purport to represent the results of operations for future periods.

If these acquisitions had occurred on January 1, 2015, our consolidated total revenues and net income for the year ended December 31, 2016 would have been $154,742 and $10,253, respectively, and our total consolidated revenues and net income for the year ended December 31, 2015 would have been $133,617 and $17,109, respectively. Net income per share for the years ended December 31, 2016 and 2015 would have been $0.10 and $0.28 per share, respectively. Basic per share amounts are based on the weighted average of shares outstanding of 106,916,148 and 61,237,711 for the years ended December 31, 2016 and 2015, respectively.

2015 Acquisitions

On April 15, 2015, we acquired DFW Distribution Center, a two building, 643,000 square foot industrial property located in Grapevine, Texas, for approximately $44,200. The acquisition was financed with a ten-year mortgage loan that bears interest at a fixed-rate of 3.23%, in the amount of $17,720, and cash on hand.

On May 15, 2015, we acquired Skokie Commons, a newly constructed 93,000 square foot grocery-anchored retail property located in Skokie, Illinois, for approximately $43,800. The acquisition was financed with a ten-year mortgage loan that bears interest at a fixed-rate of 3.31%, in the amount of $24,400, and cash on hand. On December 18, 2015, we acquired an adjacent parcel of land under a ground lease to Bank of America. The land was acquired for approximately $4,700 and was funded with cash on hand.

On May 22, 2015, we acquired a 90% interest in Townlake of Coppell, a 398 unit garden style apartment property located in Coppell, Texas, for approximately $43,200. The acquisition was financed with a five-year mortgage loan that bears interest at a fixed-rate of 3.25%, in the amount of $28,800, and cash on hand.

On July 30, 2015, we acquired AQ Rittenhouse, a newly constructed Class A apartment property located near Rittenhouse Square in Philadelphia, Pennsylvania, for approximately $51,000. The 110 unit, 12 story apartment building is complemented by 13,000 square feet of ground floor commercial space. The acquisition was financed with a ten-year mortgage loan that bears interest at a fixed-rate of 3.65%, in the amount of $26,370, and cash on hand.

On September 30, 2015, we acquired Whitestone Market, a 145,000 square foot, grocery anchored retail center for approximately $51,500. Whitestone Market, located in Austin, Texas was funded with cash on hand. On November 23, 2015, we entered into ten-year mortgage loan that bears interest at a fixed-rate of 3.58%, in the amount of approximately $25,800.

On September 30, 2015, we acquired O'Hare Industrial Portfolio, a seven property, 642,000 square foot industrial portfolio for approximately $71,000. O'Hare Industrial Portfolio is located near O'Hare Airport just outside Chicago, Illinois and was funded with cash on hand.

On December 21, 2015, we acquired 140 Park Avenue, a newly constructed 100,000 square foot medical office building located in Florham Park, New Jersey, for approximately $45,600. The acquisition was funded using cash on hand. On March 17, 2016, we entered into a $22,800 mortgage note payable on 140 Park Avenue. The mortgage note is for five years and bears a floating interest rate equal to LIBOR plus 1.75%. We entered into an interest rate swap for this loan which fixed the interest rate at 3.00% for the five year term.

On December 22, 2015, we acquired Maui Mall, a 235,000 square foot, grocery anchored retail center for approximately $91,100. The property is located on the island of Maui in Hawaii. The acquisition was funded using a draw on our line of credit and cash on hand. On May 25, 2016, we entered into a $39,000 mortgage note payable on Maui Mall. The mortgage note bears an interest rate of 3.64% for the ten year term.

We allocated the purchase price of our 2015 acquisitions in accordance with authoritative guidance as follows:

	2015 Acquisitions
Land	$ 107,913
Building and equipment	294,910
In-place lease intangible (acquired intangible assets)	53,624
Above-market lease intangible (acquired intangible assets)	2,930
Below-market lease intangible (acquired intangible liabilities)	(8,345)
	$ 451,032
Amortization period for intangible assets and liabilities	1 month - 18 years

Pro Forma Information (Unaudited)

The following pro forma financial information is presented as if our 2015 acquisitions had been consummated on the earlier of January 1, 2014 or the date the property began operations. The pro forma financial information is for comparative purposes only and not necessarily indicative of what our actual results of operations would have been had our 2015 acquisitions been consummated on the earlier of January 1, 2014 or the date the property began operations, nor does it purport to represent the results of operations for future periods.

If these acquisitions had occurred on January 1, 2014, our consolidated total revenues and net income for the year ended December 31, 2015 would have been $107,262 and $15,252, respectively, and our total consolidated revenues and net loss for the year ended December 31, 2014 would have been $123,970 and $4,720, respectively. Net income per share for the years ended December 31, 2015 and 2014 would have been $0.25 and $0.10 per share, respectively. Basic per share amounts are based on the weighted average of shares outstanding of 61,237,711 and 45,658,735 for the years ended December 31, 2015 and 2014, respectively.

2014 Acquisitions

On January 17, 2014, we acquired Oak Grove Plaza, a 120,000 square foot retail property located in Sachse, Texas, for approximately $22,525. The acquisition was financed with a ten-year mortgage loan in the amount of $10,550 that bears interest at fixed rate of 4.17% and cash on hand.

On January 22, 2014, we acquired Grand Prairie Distribution Center, a 277,000 square foot industrial building located in Grand Prairie, Texas for approximately $17,200, using cash on hand.

On January 28, 2014, we acquired South Beach Parking Garage, a 343 stall, multi-level parking facility located on South Beach in Miami, Florida for approximately $22,050, using cash on hand and a draw on our line of credit.

On June 16, 2014, we acquired Rancho Temecula Town Center, a 165,000 square foot retail property located in Temecula, California, for approximately $60,000. The acquisition was financed with a 12-year fixed rate mortgage loan in the amount of $28,000 which bears interest at a fixed rate of 4.02%, interest-only and cash on hand.

On June 27, 2014, we acquired Charlotte Distribution Center, a 347,000 square foot industrial building located in Charlotte, North Carolina, for approximately $25,550, using cash on hand.

We allocated the purchase price of our 2014 acquisitions in accordance with authoritative guidance as follows:

	2014 Acquisitions
Land	$ 26,515
Building and equipment	108,997
Ground lease value (acquired intangible assets)	428
In-place lease intangible (acquired intangible assets)	18,810
Above-market lease intangible (acquired intangible assets)	1,214
Below-market lease intangible (acquired intangible liabilities)	(8,639)
	$ 147,325
Amortization period for intangible assets and liabilities	3 - 14 years

Pro Forma Information (Unaudited)

The following pro forma financial information is presented as if our 2014 acquisitions had been consummated on the earlier of January 1, 2013 or the date the property began operations. The pro forma financial information is for comparative purposes only and not necessarily indicative of what our actual results of operations would have been had our 2014 acquisitions been consummated on the earlier of January 1, 2013 or the date the property began operations, nor does it purport to represent the results of operations for future periods.

If these acquisitions had occurred on January 1, 2013, our consolidated total revenues and net income for the year ended December 31, 2014 would have been $102,702 and $7,419, respectively. Net income per share for the year ended December 31, 2014 would have been $0.16. Basic per share amount is based on the weighted average of shares outstanding of 45,658,735 for the year ended December 31, 2014.

Impairment of Investments in Real Estate

In accordance with authoritative guidance for impairment of long-lived assets, we recorded the following impairments of investments for the years ended December 31, 2016 and 2015:

	Year Ended December 31, 2016	Year Ended December 31, 2015
Railway Street Corporate Centre	$ 6,876	$ —
36 Research Park Drive	—	4,928
Provision for impairment of real estate	$ 6,876	$ 4,928

The valuation of these assets is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each asset as well as the income capitalization approach considering prevailing market capitalization and discount rates. We review each investment based on the highest and best use of the investment and market participation assumptions. The significant assumptions include the capitalization rate used in the income capitalization valuation and projected property net operating income and net cash flows. Additionally, the valuation considered bid and ask prices for similar properties. We have determined that the significant inputs used to value the impaired assets fall within Level 3. These significant inputs are based on market conditions and our expected growth rates. Capitalization rates ranging from 7.00% to 8.00% and discount rates ranging from 8.50% to 9.25% were utilized in the models and are based upon observable rates that we believe to be within a reasonable range of current market rates.

For the year ended December 31, 2016

As of September 30, 2016, we determined that Railway Street Corporate Centre 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 $6,876, which represents the difference between the fair value and the carrying value of the property.

For the year ended December 31, 2015

As of December 31, 2015, we determined that 36 Research Park Drive no longer fit our current investment objectives and strategy and thus reduced our expected hold period. As such we determined this asset was impaired due to the carrying value of the investment exceeding the fair value. We recognized an impairment charge totaling $4,928, which represents the difference between the fair value and the carrying value of the property.

2016 Dispositions

On March 1, 2016, we sold 36 Research Park Drive for approximately $7,900 less closing costs. We recorded a gain on the sale of the property in the amount of $40.

On September 6, 2016, we sold Campus Lodge Tampa for approximately $37,750 less closing costs. In connection with the disposition, the mortgage loan associated with the property totaling $31,367 was repaid. We recorded a gain on the sale of the property in the amount of $1,624 and recorded a gain on the extinguishment of the debt of $40.

2015 Dispositions

On January 18, 2015, we sold Cabana Beach San Marcos, Cabana Beach Gainesville, Campus Lodge Athens and Campus Lodge Columbia for a total of approximately $123,800. In connection with the disposition, the mortgage loans associated with the four properties totaling $71,000 were retired. We recorded a gain on the sale of the properties in the amount of $30,454 and recorded a loss on the extinguishment of the debt of $1,318.

2014 Dispositions

On August 8, 2014, we sold Stirling Slidell Shopping Centre, a 139,000 square foot retail property located in Slidell, Louisiana for $14,600. In conjunction with the sale, we paid off the mortgage loan for $12,007. We recorded a gain on the sale of the property in the amount of $181 and recorded a loss on the extinguishment of the debt of $236.

On September 30, 2014, we transferred our ownership in 4 Research Park Drive, a 60,000 square foot office building located in St. Charles, Missouri, to the lender. We were relieved of a $6,049 mortgage debt obligation as part of the transfer. As a result, a $260 non-cash accounting gain was recognized on the transfer of property representing the difference between the fair value and net book value of the property transferred as of the date of transfer. Upon extinguishment of the mortgage debt obligation, a $384 non-cash accounting gain was recognized representing the difference between the book value of debt, interest payable and other obligations extinguished over the fair value of the property and other assets transferred as of the transfer date. The transfer resulted in a total non-cash accounting gain of $644.

Discontinued Operations

The following table summarizes the loss from discontinued operations for previously disposed of properties for the year ended December 31, 2014:

	Year Ended December 31, 2014
Total revenue	$ 839
Property operating	(26)
General and administrative	(5)
Income from discontinued operations	$ 808

The dispositions of Cabana Beach San Marcos, Cabana Beach Gainesville, Campus Lodge Athens, Campus Lodge Columbia, Stirling Slidell Centre, 4 Research Park Drive, 36 Research Park Drive, and Campus Lodge Tampa are not included in discontinued operations as a result of the adoption of new accounting guidance on January 1, 2014. Discontinued operations presented for the year ended December 31, 2014 relate to operations of properties classified as discontinued operations prior to adopting the guidance on January 1, 2014.

NOTE 4—UNCONSOLIDATED REAL ESTATE AFFILIATES

All references to square footage are unaudited.

Fair Value Option Investments

NYC Retail Portfolio

On December 8, 2015, a wholly-owned subsidiary of the Company 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, 2016, the NYC Retail Portfolio owned 14 retail properties totaling approximately 2,567,000 square feet across urban infill locations in Manhattan, Brooklyn, Queens, the Bronx, Staten Island and New Jersey.

At acquisition we made the election to account for our interest in the NYC Retail Portfolio under the fair value option. Our investment in the NYC Retail Portfolio will be presented on our Consolidated Balance Sheets within investments in unconsolidated real estate affiliates. Changes in the fair value of our investment as well as cash distributions received will be recorded on our Consolidated Statements of Operations and Comprehensive Income within equity in income of unconsolidated affiliates. As of December 31, 2016 and December 31, 2015, the carrying amount of our investment in the NYC Retail Portfolio was $89,151 and $85,068, respectively. During the year ended December 31, 2016 we recorded increases in fair value of our investment in the NYC Retail Portfolio of $8,578. During the year ended December 31, 2016 we received a distribution of income totaling $1,125. This cash distribution increased equity in income of unconsolidated affiliates. During the year ended December 31, 2016, we received return of capital distributions totaling $4,495, related to the sale of an 84,000 square foot retail property and extinguishment of its mortgage loan. These distributions reduced the carrying amount of our investment in the 14 property NYC Retail Portfolio. For the year ended December 31, 2015, we recorded no changes in fair value of our investment in the NYC Retail Portfolio and received no cash distributions. We recorded $532 of acquisition expenses related to the investment for the year ended December 31, 2015 within equity in income of unconsolidated affiliates.

Equity Method Investments

Chicago Parking Garage

On December 23, 2014, we acquired a condominium interest in Chicago Parking Garage, a 366 stall, multi-level parking facility located in a large mixed-use property in Chicago, Illinois for approximately $16,900 using cash on hand. In accordance with authoritative guidance, Chicago Parking Garage is accounted for as an investment in an unconsolidated real estate affiliate. At December 31, 2016 and December 31, 2015, the carrying amount of our investment in Chicago Parking Garage were $18,373 and $17,935, respectively.

Pioneer Tower

On June 28, 2016, we acquired Pioneer Tower, a 17 story, 296,000 square foot multi-tenant office property in Portland, Oregon for approximately $121,750 using cash on hand. Pioneer Tower sits atop a retail property owned by an independent third party. The land under the property is owned as a condominium interest with the owner of the retail property. In accordance with authoritative guidance, Pioneer Tower is accounted for as an investment in an unconsolidated real estate affiliate. At December 31, 2016, the carrying amount of our investment in Pioneer Tower was $120,726.

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

	December 31, 2016	December 31, 2015
Net investments in real estate	$ 114,769	$ 16,803
Acquired intangible assets, net	26,629	—
Other assets	4,833	1,275
Total assets	$ 146,231	$ 18,078
Acquired intangible liabilities, net	$ 6,373	$ —
Other liabilities	768	148
Total liabilities	7,141	148
Members' equity	139,090	17,930
Total liabilities and members' equity	$ 146,231	$ 18,078

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

	Year Ended December 31, 2016	Year Ended December 31, 2015	For the Period From December 23, 2014 through December 31, 2014
Total revenues	$ 6,589	$ 1,704	$ 30
Total operating expenses	5,983	929	30
Net income	$ 606	$ 775	$ —

NOTE 5—MORTGAGE NOTES AND OTHER DEBT PAYABLE

Mortgage notes and other debt payable have various maturities through 2054 and consist of the following:

Property	Maturity/ Extinguishment Date	Fixed / Floating	Interest Rate	Amount payable as of December 31, 2016	Amount payable as of December 31, 2015
Campus Lodge Tampa	October 1, 2016	Fixed	5.95%	$ —	$ 31,730
Station Nine	December 31, 2016	Fixed	5.50	—	36,885
Norfleet Distribution Center	February 1, 2017	Floating	3.52	12,000	12,000
The District at Howell Mill	June 1, 2017	Fixed	6.14	9,386	9,535
Railway Street Corporate Centre [(1)]	September 1, 2017	Fixed	5.16	20,565	20,314
180 North Jefferson	December 1, 2017	Floating	2.17	48,250	—
The Edge at Lafayette	December 1, 2018	Floating	3.26	17,680	17,680
Grand Prairie Distribution Center	April 1, 2019	Fixed	3.58	8,600	8,600
Townlake of Coppell	June 1, 2020	Fixed	3.25	28,800	28,800
Suwanee Distribution Center	October 1, 2020	Fixed	3.66	19,100	19,100
140 Park Avenue	March 1, 2021	Fixed	3.00	22,800	—
Monument IV at Worldgate	February 1, 2023	Fixed	3.13	40,000	—
111 Sutter Street	April 1, 2023	Fixed	4.50	53,922	53,922
Aurora Distribution Center	June 1, 2023	Fixed	3.39	13,850	—
Grand Lakes Marketplace	October 1, 2023	Fixed	4.20	23,900	23,900
Oak Grove Plaza	February 1, 2024	Fixed	4.17	10,019	10,213
South Seattle Distribution Center	March 1, 2024	Fixed	4.38	19,287	19,500
Charlotte Distribution Center	September 1, 2024	Fixed	3.66	10,220	10,220
Skokie Commons	June 1, 2025	Fixed	3.31	24,400	24,400
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	22,532	—
Whitestone Market	December 1, 2025	Fixed	3.58	25,750	25,750
Maui Mall	June 1, 2026	Fixed	3.64	39,000	—
Rancho Temecula Town Center	July 1, 2026	Fixed	4.02	28,000	28,000
Dylan Point Loma	September 1, 2026	Fixed	3.83	40,500	—
Lane Parke Apartments	November 1, 2026	Fixed	3.18	37,000	—
The District at Howell Mill	March 1, 2027	Fixed	5.30	32,377	32,976
The Penfield	March 1, 2054	Fixed	3.57	39,135	—
Line of Credit	September 19, 2017	Floating	2.32	10,000	30,000
TOTAL				$ 701,163	$ 487,615
Net debt discount on assumed debt and debt issuance costs				(5,550)	(2,437)
MORTGAGE NOTES AND OTHER DEBT PAYABLE, NET				$ 695,613	$ 485,178

(1) This loan is denominated in Canadian dollars, but is reported in U.S. dollars at the exchange rate in effect on the balance sheet date.

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, 2016:

Property	Debt Premium (Discount)	Effective Interest Rate
The District at Howell Mill	$ (1,991)	6.34%
111 Sutter Street	2,177	2.66
The Penfield	(2,234)	4.02
Timberland Town Center	890	3.34
Net debt discount on assumed debt	$ (1,158)	

Aggregate future principal payments of mortgage notes payable as of December 31, 2016 are as follows:

Year	Amount
2017	$ 93,122
2018	21,510
2019	13,248
2020	52,575
2021	28,488
Thereafter	482,220
Total	$ 691,163

We have four long-term debt maturity balloon payments that come due in 2017. We repaid the mortgage note payable collateralized by Norfleet Distribution Center in the amount of $12,000 on February 1, 2017. We plan on either repaying, refinancing or disposing of the properties prior to when the remaining three payments come due in 2017.

Land, buildings, equipment and acquired intangible assets related to the mortgage notes payable, with an aggregate cost of approximately $1,429,000 and $915,000 at December 31, 2016 and 2015, 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 First Extended Public Offering.

Line of Credit

On September 19, 2016, we extended and expanded our existing $100,000 revolving line of credit agreement with Bank of America, N.A to $150,000. The line of credit has a one-year term with a $75,000 six-month extension at our option and bears interest based on LIBOR plus a spread ranging from 1.55% to 2.25% depending on our leverage ratio (1.55% spread at December 31, 2016). We intend to use the line of credit to cover short-term capital needs, for new property acquisitions and working capital. We may not draw funds on our line of credit if we experience a material adverse effect, which is defined to include, among other things, (a) a material adverse effect upon the operations, business, assets, liabilities or financial condition of the Company, taken as a whole; (b) a material impairment of the rights and remedies of any lender under any loan document or the ability of any loan party to perform its obligations under any loan document; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any loan party of any loan document to which it is a party. As of December 31, 2016, we believe no material adverse effects had occurred. Our line of credit does require us to meet certain customary debt covenants which include a maximum leverage ratio, a minimum debt service coverage ratio as well as maintaining minimum amounts of equity and liquidity. As of December 31, 2016, we had $10,000 in borrowings outstanding on the revolving line of credit.

Covenants

At December 31, 2016, 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, 2016 and December 31, 2015 were $2,537 and $2,107, respectively. Upon implementing FASB Accounting Standard Update 2015-03, Simplifying the Presentation of Debt

Issuance Costs during the period ended March 31, 2016, we reclassified $2,914 of net debt issuance costs from Deferred expenses, net to Mortgage notes and other debt payable, net on our Consolidated Balance Sheet as of December 31, 2015.

NOTE 6—COMMON STOCK

We have five classes of common stock authorized as of December 31, 2016: Class A, Class M, Class A-I, Class M-I, and Class D. The fees payable to our dealer manager with respect to each outstanding share of each class, as a percentage of net asset value ("NAV"), are as follow:

	Selling Commission (1)	Dealer Manager Fee (2)
Class A Shares	up to 3.5%	1.05%
Class M Shares	None	0.30%
Class A-I Shares	up to 1.5%	0.30%
Class M-I Shares	None	0.05%
Class D Shares (3)	up to 1.0%	None

(1) Selling commissions are paid on the date of purchase.

(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 purposes, dealer manager fees are accrued daily, on a continuous basis equal to 1/365th of the stated fee.

(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, 2016, 2015 and 2014 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, 2013	13,043,452	28,634,822	—	—	—
Issuance of common stock	7,692,796	2,625,546	392,344	286,564	3,358,562
Repurchase of shares	(292,407)	(7,383,688)	—	—	—
Stock based compensation	—	4,000	—	—	—
Stock conversion	(4,200,022)	(448,488)	4,187,965	448,488	—
Balance, December 31, 2014	16,243,819	23,432,192	4,580,309	735,052	3,358,562
Issuance of common stock	21,343,165	6,313,989	2,152,012	2,621,567	4,429,261
Repurchase of shares	(494,216)	(1,840,770)	(615,509)	—	—
Stock based compensation	—	4,000	—	—	—
Balance, December 31, 2015	37,092,768	27,909,411	6,116,812	3,356,619	7,787,823
Issuance of common stock	33,964,726	10,960,513	6,793,256	4,226,620	1,727,088
Repurchase of shares	(1,219,913)	(2,347,619)	(97,431)	—	(1,551,418)
Stock based compensation	—	—	—	8,000	—
Balance, December 31, 2016	69,837,581	36,522,305	12,812,637	7,591,239	7,963,493

Stock Issuances

The stock issuances for our classes of shares, including those issued through our distribution reinvestment plan, for the years ending December 31, 2016, 2015 and 2014 were as follows:

	December 31, 2016		December 31, 2015		December 31, 2014	
	# of shares	$ Amount	# of shares	$ Amount	# of shares	$ Amount
Class A Shares	33,964,726	$ 385,295	21,343,165	$ 236,547	7,692,796	$ 80,485
Class M Shares	10,960,513	123,609	6,313,989	69,445	2,629,546	27,434
Class A-I Shares	6,793,256	77,104	2,152,012	23,655	392,344	4,100
Class M-I Shares	4,234,620	47,716	2,621,567	28,633	286,564	3,012
Class D Shares	1,727,088	19,450	4,429,261	49,147	3,358,562	35,399
Total		$ 653,174		$ 407,427		$ 150,430

Share Repurchase Plan

Our share repurchase plan allows stockholders to request that we repurchase all or a portion of their shares of Class A, Class M, Class A-I, Class M-I and Class D common stock on a daily basis at that day's NAV per share for the class of shares being repurchased. The share repurchase plan is subject to a one-year holding period, with certain exceptions, and limited to 5% of NAV per quarter. On December 2, 2014, our board of directors voted unanimously to increase the repurchase limitation under our share repurchase plan for the quarter ended December 31, 2014 from 5% of the combined NAV of all classes of shares to 6% of the combined NAV of all classes of shares as of September 30, 2014. For the year ended December 31, 2016, we repurchased 1,219,913, 2,347,619, 97,431, and 1,551,418 shares of Class A, Class M, Class A-I, and Class D common stock, respectively, under our share repurchase plan. During the year ended December 31, 2015, we repurchased 494,216, 1,840,770, and 615,509 shares of Class A, Class M, and Class A-I common stock, respectively. During the year ended December 31, 2014, we repurchased 292,407 and 2,814,586 shares of Class A and Class M common stock, respectively.

During the year ended December 31, 2014, we repurchased 179,822 shares of our Class M common stock in private negotiated transactions outside the share repurchase plan described above. The repurchases were made at 2% to 5% discounts to NAV per share on the date of repurchase.

Tender Offers

We also use tender offers to provide liquidity to our stockholders. Beginning on August 25, 2014 and concluding on September 24, 2014, we conducted a tender offer to repurchase up to $40,000 of outstanding shares of Class M common stock at $10.48 per share. Because the tender offer was oversubscribed, we accepted, on a pro rata basis and in accordance with the terms of the tender offer, $46,000, or approximately 71% of each stockholder's validly tendered shares.

Period Ending	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 (or approximate Dollar Value) of Shares That May Yet be Purchased Under the Plans or Programs
September 2014	4,389,280	10.48	4,389,280	— (1)

(1) In compliance with SEC rules, the share repurchase plan for Class M common stock was suspended on August 25, 2014 and reopened for repurchases on October 8, 2014.

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, 2016, we issued 2,639,549 shares of common stock for $29,668 under the distribution reinvestment plan. For the year ended December 31, 2015, we issued 1,240,552 shares of common stock for $13,630 under the distribution reinvestment plan. For the year ended December 31, 2014, we issued 529,036 shares of common stock for $5,505 under the distribution reinvestment plan.

Earnings Per Share ("EPS")

Basic per share amounts are based on the weighted average of shares outstanding of 106,916,148, 61,237,711, and

45,658,735 for the years ended December 31, 2016, 2015 and 2014, respectively. We have no dilutive or potentially dilutive securities.

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 (including reimbursement of personnel costs for our executive officers prior to the commencement of the offerings) attributable to our organization, preparation of the registration statement, registration and qualification of our common stock for sale with the SEC and in the various states and filing fees incurred by our Advisor. LaSalle agreed to fund our organization and offering expenses through January 16, 2015, which is the date the SEC declared our registration statement effective for the First Extended Public Offering, following which time we commenced reimbursing LaSalle over 36 months for organization and offering costs incurred prior to the commencement date of the Initial Public Offering. Following the First Extended 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 First Extended Public Offering period (other than selling commissions and dealer manager fees) as and when incurred. After the termination of the First Extended Public Offering, our Advisor 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 First Extended 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, 2016 and December 31, 2015, LaSalle had paid approximately $1,714 and $2,009, respectively, of organization and offering costs on our behalf which we had not yet reimbursed. These costs are included in Accrued offering costs.

NOTE 7—RENTALS UNDER OPERATING LEASES

We receive rental income from operating leases. The minimum future rentals from consolidated properties based on operating leases in place at December 31, 2016 are as follows:

Year	Amount (1)
2017	$ 103,959
2018	81,550
2019	73,996
2020	68,364
2021	59,561
Thereafter	296,545
Total	$ 683,975

(1) Amounts included related to Railway Street Corporate Centre have been converted from Canadian dollars to U.S. dollars using the appropriate exchange rate as of December 31, 2016.

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, 2016, 2015 and 2014, no individual tenant accounted for greater than 10% of minimum base rents. The majority of the decrease in rents from 2017 future rents to 2018 is related to our apartment properties which usually have a one year lease life.

NOTE 8—RELATED PARTY TRANSACTIONS

Effective as of October 1, 2012, we entered into a first amended and restated advisory agreement with LaSalle, pursuant to which 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. On May 10, 2016, we renewed our Advisory Agreement with our Advisor for a one-year term expiring on June 5, 2017.

The fixed advisory fees for the years ended December 31, 2016, 2015 and 2014 were $15,014, $8,374 and $5,931, respectively. The performance fees for the years ended December 31, 2016, 2015 and 2014 were $0, $2,280 and $250, respectively. Included in Advisor fees payable at December 31, 2016 was $1,600 of fixed fee expense. Included in Advisor fees payable at December 31, 2015 was $3,241 of fixed fee and performance fee expense.

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, on terms no less favorable than we could receive from other third party service providers. For the years ended December 31, 2016, 2015 and 2014, JLL Americas was paid $482, $610 and $918, respectively, for property management and leasing services. During the year ended December 31, 2016, we paid JLL Americas $114 in loan placement fees related to the mortgage notes payable for 140 Park Avenue and $647 in brokerage fees for the 36 Research Park Drive property sale and the Dylan Point Loma acquisition. During the year ended December 31, 2015, we paid JLL Americas $383 in loan placement fees related to the mortgage notes payable on Skokie Commons, AQ Rittenhouse and Whitestone Market. During the year ended December 31, 2014, we paid JLL Americas $201 in loan placement fees related to the mortgage notes payable on South Seattle Distribution Center, Oak Grove Plaza, and Charlotte Distribution Center.

We pay the Dealer Manager selling commissions and dealer manager fees in connection with our offerings. For the years ended December 31, 2016, 2015 and 2014, we paid the Dealer Manager selling commissions and dealer manager fees totaling $11,317, $5,993 and $3,599, respectively. A majority of the selling commissions and dealer manager fees are reallowed to participating broker-dealers. Included in accrued offering costs at December 31, 2016 and December 31, 2015 were $84,803 and $40,557 of dealer manager fees payable, respectively.

As of December 31, 2016 and 2015, we owed $1,714 and $2,009, respectively, for organization and offering costs paid by LaSalle (see Note 6-Common Stock). These costs are included in Accrued offering costs.

NOTE 9—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 $100 per year until September 30, 2021 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 Townlake of Coppell allows the unrelated third party joint venture partner, owning a 10% interest, to put their interest to us at a market determined value for a period of 90 days beginning in 2018.

NOTE 10—SEGMENT REPORTING

We have five operating segments: apartment, industrial, office, 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 continuing operations for the years ended December 31, 2016, 2015 and 2014:

Year Ended December 31, 2016	Apartments	Industrial	Office	Retail	Other	Total
Assets	$ 492,530	$ 488,454	$ 300,702	$ 517,758	$ 21,313	$ 1,820,757
Revenues:						
Minimum rents	$ 26,835	$ 24,792	$ 28,288	$ 26,078	$ 277	$ 106,270
Tenant recoveries and other rental income	1,675	7,481	4,961	9,228	2,244	25,589
Total revenues	$ 28,510	$ 32,273	$ 33,249	$ 35,306	$ 2,521	$ 131,859
Operating expenses:						
Real estate taxes	$ 3,633	$ 5,472	$ 3,485	$ 4,662	$ 363	$ 17,615
Property operating	8,727	2,138	7,129	4,973	903	23,870
Provision for doubtful accounts	17	—	17	164	—	198
Total segment operating expenses	$ 12,377	$ 7,610	$ 10,631	$ 9,799	$ 1,266	$ 41,683
Operating income - Segments	$ 16,133	$ 24,663	$ 22,618	$ 25,507	$ 1,255	$ 90,176
Capital expenditures by segment	$ 2,702	$ 1,456	$ 13,959	$ 4,186	$ 41	$ 22,344
Reconciliation to income from continuing operations						
Operating income - Segments						$ 90,176
Property general and administrative						1,059
Advisor fees						15,014
Company level expenses						2,220
Acquisition expenses						3,918
Provision for impairment of real estate						6,876
Depreciation and amortization						44,950
Operating income						$ 16,139
Other income and (expenses):						
Interest expense						$ (22,612)
Equity in income of unconsolidated affiliates						10,309
Gain on disposition of property and extinguishment of debt						1,704
Total other income and (expenses)						$ (10,599)
Income from continuing operations						$ 5,540
Reconciliation to total consolidated assets as of December 31, 2016						
Assets per reportable segments						$ 1,820,757
Unconsolidated real estate affiliates and corporate level assets						253,876
Total consolidated assets						$ 2,074,633

Year Ended December 31, 2015	Apartments	Industrial	Office	Retail	Other	Total
Assets	$ 211,532	$ 292,730	$ 281,582	$ 392,718	$ 21,981	$ 1,200,543
Revenues:						
Minimum rents	$ 19,743	$ 15,761	$ 24,361	$ 16,168	$ 271	$ 76,304
Tenant recoveries and other rental income	920	4,192	4,657	4,639	2,518	16,926
Total revenues	$ 20,663	$ 19,953	$ 29,018	$ 20,807	$ 2,789	$ 93,230
Operating expenses:						
Real estate taxes	$ 2,036	$ 3,130	$ 3,062	$ 3,116	$ 441	$ 11,785
Property operating	7,731	1,331	7,170	2,436	908	19,576
Provision for doubtful accounts	170	—	1	327	—	498
Total segment operating expenses	$ 9,937	$ 4,461	$ 10,233	$ 5,879	$ 1,349	$ 31,859
Operating income - Segments	$ 10,726	$ 15,492	$ 18,785	$ 14,928	$ 1,440	$ 61,371
Capital expenditures by segment	$ 1,941	$ 152	$ 7,281	$ 452	$ 353	$ 10,179
Reconciliation to income from continuing operations						
Operating income - Segments						$ 61,371
Property general and administrative						705
Advisor fees						10,654
Company level expenses						2,035
Acquisition expenses						2,336
Provision for impairment of real estate						4,928
Depreciation and amortization						33,674
Operating income						$ 7,039
Other income and (expenses):						
Interest expense						$ (17,940)
Equity in income of unconsolidated affiliates						243
Gain on disposition of property and extinguishment of debt						29,009
Total other income and (expenses)						$ 11,312
Income from continuing operations						$ 18,351
Reconciliation to total consolidation assets as of December 31, 2015						
Assets per reportable segments						$ 1,200,543
Unconsolidated real estate affiliates and corporate level assets						119,235
Total consolidated assets						$ 1,319,778

Year Ended December 31, 2014	Apartments	Industrial	Office	Retail	Other	Total
Revenues:						
Minimum rents	$ 31,643	$ 12,072	$ 25,124	$ 12,394	$ 262	$ 81,495
Tenant recoveries and other rental income	1,824	3,270	4,256	4,784	2,573	16,707
Total revenues	$ 33,467	$ 15,342	$ 29,380	$ 17,178	$ 2,835	$ 98,202
Operating expenses:						
Real estate taxes	$ 2,990	$ 2,472	$ 3,221	$ 2,899	$ 342	$ 11,924
Property operating	14,163	787	6,896	2,186	1,297	25,329
Provision for doubtful accounts	250	—	63	51	1	365
Total segment operating expenses	$ 17,403	$ 3,259	$ 10,180	$ 5,136	$ 1,640	$ 37,618
Operating income - Segments	$ 16,064	$ 12,083	$ 19,200	$ 12,042	$ 1,195	$ 60,584
Capital expenditures by segment	$ 3,225	$ 1,606	$ 6,512	$ 598	$ 28	$ 11,969
Reconciliation to income from continuing operations						
Operating income - Segments						$ 60,584
Property general and administrative						831
Advisor fees						6,181
Company level expenses						2,361
Acquisition expenses						545
Depreciation and amortization						27,854
Operating income						$ 22,812
Other income and (expenses):						
Interest expense						$ (18,394)
Gain on disposition of property and extinguishment of debt						589
Total other income and (expenses)						$ (17,805)
Income from continuing operations						$ 5,007

NOTE 11—DISTRIBUTIONS PAYABLE

On November 18, 2016, our board of directors approved a gross distribution for the fourth quarter of 2016 of $0.125 per share to stockholders of record as of December 29, 2016. The distribution was paid on January 27, 2017. Class A, Class M, Class A-I, Class M-I and Class D stockholders received $0.125 per share, less applicable class-specific fees, if any.

NOTE 12—RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued Accounting Standard Update 2014-09 *Revenue from Contracts with Customers,* which will use a five step model to recognize revenue from customer contracts in an effort to increase consistency and comparability throughout global capital markets and across industries. The model will identify the contract, identify any separate performance obligations in the contract, determine and allocate the transaction price, and recognize revenue when the performance obligation is satisfied. The new standard will replace most existing revenue recognition in GAAP when it becomes effective for us on January 1, 2018. We are in the process of evaluating whether the guidance will impact the accounting for tenant reimbursements, but we currently do not believe this will have a material impact on our consolidated financial statements and notes to our consolidated financial statements. Additionally, we are evaluating the impact on the timing of gain recognition for dispositions, but currently do not believe there will be a material impact to our consolidated financial statements for dispositions given the simplicity of our historical disposition transactions. We expect to adopt the standard on a cumulative effect method.

In January 2016, the FASB issued Accounting Standard Update 2016-01 *Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. The new standard requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The standard will become effective for reporting periods beginning after December 15, 2017, with early adoption permitted. We are in the process of evaluating the impact of this new guidance.

In February 2016, the FASB issued Accounting Standard Update 2016-02 *Leases* (ASC 842), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The update is expected to impact our consolidated financial statements as we have a ground lease arrangement for which we are the lessee. ASC 842 supersedes the previous leases standard, ASC 840 *Leases*. The standard is effective on January 1, 2019, with early adoption permitted. We currently believe the adoption of the standard will not have a material impact for leases where we are the lessor. We are the lessee on one ground lease which will require us to record a right-of-use asset and a lease liability. We have preliminarily concluded that the adoption of the standard will not have a material impact on the consolidated financial statements for leases where we are the lessee.

In August 2016, the FASB issued Accounting Standard Update 2016-15 *Statement of Cash Flows* (Topic 230). The new guidance is intended to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The core principle of the standard requires the classification of eight specific issues identified under ASC 230 to be presented as either financing, investing or operating, or some combination thereof, depending upon the nature of the issue. The standard will be effective for annual reporting periods, including interim periods within those annual periods, beginning after December 15, 2017, with early adoption permitted. Entities are required to use a retrospective transition approach for all of the issues identified to each period presented. We do not expect this standard to materially effect our consolidated financial statements and related disclosures.

In November 2016, the FASB issued Accounting Standard Update 2016-18 *Statement of Cash Flows* (Topic 230) – *Restricted Cash.* The new guidance requires that restricted cash be included as a component of total cash and cash equivalents as presented on the statement of cash flows. The standard is effective for annual periods, and interim periods therein, beginning

after December 15, 2017. Early application is permitted in any interim or annual period. We do not expect the application of this standard to materially effect our consolidated financial statements and related disclosures.

In January 2017, the FASB issued Accounting Standard Update 2017-01 *Business Combinations* (Topic 805): Clarifying the Definition of a Business ("ASU 2017-01"), which clarifies the definition of a business by adding guidance to assist entities in evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within those periods, with early adoption permitted and is required to be applied prospectively to any transactions occurring within the period of adoption. We plan to adopt this standard effective January 1, 2017 and expect that most future acquisitions (or disposals) will qualify as asset acquisitions (or disposals). As such, future acquisition related expenses associated with these asset acquisitions will be capitalized.

NOTE 13—QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	Three Months Ended March 31, 2016	Three Months Ended June 30, 2016	Three Months Ended September 30, 2016	Three Months Ended December 31, 2016
Total revenues	$ 29,346	$ 30,933	$ 34,191	$ 37,389
Operating income (loss)	7,146	6,035	(1,852)	4,810
Income (loss) from continuing operations	1,560	(97)	(1,376)	5,453
Net income (loss) attributable to Jones Lang LaSalle Income Property Trust, Inc.	1,486	(171)	(1,772)	5,392
Net income (loss) attributable to Jones Lang LaSalle Income Property Trust, Inc. per share-basic and diluted	$ 0.02	$ —	$ (0.02)	$ 0.04
Weighted average common stock outstanding-basic and diluted	87,274,769	98,434,716	113,935,929	127,713,494

	Three Months Ended March 31, 2015	Three Months Ended June 30, 2015	Three Months Ended September 30, 2015	Three Months Ended December 31, 2015
Total revenues	$ 21,725	$ 21,474	$ 23,275	$ 26,756
Operating income (loss)	5,103	3,483	978	(2,525)
Income (loss) from continuing operations	30,065	(449)	(3,546)	(7,719)
Net income (loss) attributable to Jones Lang LaSalle Income Property Trust, Inc.	23,512	(352)	(3,289)	(7,826)
Net income (loss) attributable to Jones Lang LaSalle Income Property Trust, Inc. per share-basic and diluted	$ 0.48	$ (0.01)	$ (0.05)	$ (0.10)
Weighted average common stock outstanding-basic and diluted	49,162,338	54,700,285	63,528,103	77,226,550

All significant fluctuations between the quarters are attributable to acquisitions and dispositions made in 2016 and 2015 with the exception of impairment recorded during the quarters ended September 30, 2016, December 31, 2016 and December 31, 2015.

NOTE 14—SUBSEQUENT EVENTS

On January 17, 2017, a 116,000 square foot retail property in the NYC Retail Portfolio was sold and its mortgage loan extinguished. Sale proceeds will be maintained by the limited partnership for operating needs.

On January 31, 2017, we entered into an agreement to sell The Edge at Lafayette, a 207,000 square foot student-oriented apartment property located in Lafayette, LA, for approximately $30,500. The property was reclassified as held for sale on January 31, 2017. We decided to sell the property as it no longer fit our long-term strategic plans. We expect the sale to close during the first quarter of 2017. The following are the assets and liabilities of The Edge at Lafayette, which is included in our apartment segment, as of December 31, 2016:

	The Edge at Lafayette
Land	$ 1,782
Building and equipment, net	17,975
Other assets, net	5,367
Total assets	$ 25,124
Mortgage notes payable, net	$ 17,620
Other liabilities, net	234
Total liabilities	$ 17,854

On February 1, 2017, we repaid the mortgage note payable collateralized by Norfleet Distribution Center in the amount of $12,000.

On March 7, 2017, our board of directors approved a gross distribution for the first quarter of 2017 of $0.125 per share to stockholders of record as of March 30, 2017, payable on or around May 1, 2017. Class A, Class M, Class A-I, Class M-I and Class D stockholders will receive $0.125 per share, less applicable class-specific fees, if any.

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Schedule III—Real Estate and Accumulated Depreciation as of December 31, 2016

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
Apartment Properties:									
Station Nine Apartments—Durham, NC	$ —	$ 9,690	$ 43,400	$ —	$ 1,904	$ —	$ 9,690	$ 45,304	$ 54,994
The Edge at Lafayette—Lafayette, LA	17,680	1,782	23,266	—	(859)	—	1,782	22,407	24,189
Townlake of Coppell—Coppell, TX	28,800	8,444	36,805	—	1,474	—	8,444	38,279	46,723
AQ Rittenhouse—Philadelphia, PA	26,370	11,000	39,963	—	67	—	11,000	40,030	51,030
Lane Park Apartments—Mountain Brook, AL	37,000	5,100	66,428	—	86	—	5,100	66,514	71,614
Dylan Point Loma—Point Loma, CA	40,500	19,000	70,860	—	—	—	19,000	70,860	89,860
The Penfield—St. Paul, MN	39,135	8,021	52,713	—	10	—	8,021	52,723	60,744
180 North Jefferson—Chicago, IL	48,250	18,588	75,435	—	—	—	18,588	75,435	94,023
Total Apartment Properties	**237,735**	**81,625**	**408,870**	**—**	**2,682**	**—**	**81,625**	**411,552**	**493,177**
Industrial Properties:									
Kendall Distribution Center—Atlanta, GA	—	2,656	12,836	(293)	(1,047)	—	2,363	11,789	14,152
Norfleet Distribution Center—Kansas City, MO	12,000	2,134	31,397	(205)	(2,013)	—	1,929	29,384	31,313
Suwanee Distribution Center—Suwanee, GA	19,100	6,155	27,598	—	42	—	6,155	27,640	33,795
Joliet Distribution Center—Joliet, IL	—	2,800	15,762	—	212	—	2,800	15,974	18,774
3800 1st Avenue South —Seattle, WA	9,783	7,238	9,673	—	166	—	7,238	9,839	17,077
3844 1st Avenue South—Seattle, WA	6,100	5,563	6,031	—	104	—	5,563	6,135	11,698
3601 2nd Avenue South—Seattle, WA	3,404	2,774	3,365	—	58	—	2,774	3,423	6,197
Grand Prairie Distribution Center—Grand Prairie, TX	8,600	2,100	12,478	—	—	—	2,100	12,478	14,578
Charlotte Distribution Center—Charlotte, NC	10,220	5,381	15,002	—	146	—	5,381	15,148	20,529
4050 Corporate Drive—Grapevine, TX	12,147	5,200	18,327	—	31	—	5,200	18,358	23,558
4055 Corporate Drive—Grapevine, TX	5,573	2,400	12,737	—	44	—	2,400	12,781	15,181
2501-2575 Allan Drive—Elk Grove, IL	—	4,300	10,926	—	411	—	4,300	11,337	15,637
2601-2651 Allan Drive—Elk Grove, IL	—	2,600	7,726	—	44	—	2,600	7,770	10,370
1300 Michael Drive—Wood Dale, IL	—	1,900	6,770	—	90	—	1,900	6,860	8,760
1350 Michael Drive—Wood Dale, IL	—	1,500	5,059	—	—	—	1,500	5,059	6,559
1225 Michael Drive—Wood Dale, IL	—	2,600	7,149	—	69	—	2,600	7,218	9,818
200 Lewis Drive—Wood Dale, IL	—	1,100	4,165	—	90	—	1,100	4,255	5,355
1301-1365 Mittel Boulevard—Chicago, IL	—	2,700	5,473	—	—	—	2,700	5,473	8,173
Tampa Distribution Center—Tampa, FL	—	3,507	22,485	—	—	—	3,507	22,485	25,992
Aurora Distribution Center—Aurora, IL	13,850	9,861	14,646	—	—	—	9,861	14,646	24,507
28150 West Harrison Parkway—Valencia, CA	—	2,760	8,899	—	—	—	2,760	8,899	11,659

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
28145 West Harrison Parkway—Valencia, CA	—	3,468	10,111	—	—	—	3,468	10,111	13,579
28904 Avenue Paine—Valencia, CA	—	3,812	10,535	—	7	—	3,812	10,542	14,354
24823 Anza Drive—Santa Clarita, CA	—	1,095	2,849	—	—	—	1,095	2,849	3,944
25045 Avenue Tibbitts—Santa Clarita, CA	—	4,087	13,224	—	—	—	4,087	13,224	17,311
6000 Giant Road—Richmond, CA	—	11,572	26,556	—	—	—	11,572	26,556	38,128
6015 Giant Road—Richmond, CA	—	10,468	24,127	—	(1,121)	—	10,468	23,006	33,474
6025 Giant Road—Richmond, CA	—	2,700	4,167	—	—	—	2,700	4,167	6,867
Total Industrial Properties	**100,777**	**114,431**	**350,073**	**(498)**	**(2,667)**	**—**	**113,933**	**347,406**	**461,339**
Office Properties:									
Monument IV at Worldgate—Herndon, VA	40,000	5,186	57,013	—	19,527	—	5,186	76,540	81,726
111 Sutter Street—San Francisco, CA	53,922	39,921	72,712	—	6,849	—	39,921	79,561	119,482
14600 Sherman Way—Van Nuys, CA	—	—	6,348	—	(1,049)	—	—	5,299	5,299
14624 Sherman Way—Van Nuys, CA	—	—	7,685	—	(2,006)	—	—	5,679	5,679
Railway Street Corporate Centre—Calgary, Canada	20,565	6,022	35,441	(2,515)	(18,662)	—	3,507	16,779	20,286
Sherman Way Land	—	4,010	—	(1,082)	—	—	2,928	—	2,928
140 Park Avenue—Florham Park, NJ	22,800	3,162	34,784	—	—	—	3,162	34,784	37,946
San Juan Medical Center—San Juan Capistrano, CA	—	9,807	13,303	—	—	—	9,807	13,303	23,110
Total Office Properties	**137,287**	**68,108**	**227,286**	**(3,597)**	**4,659**	**—**	**64,511**	**231,945**	**296,456**
Retail Properties:									
The District at Howell Mill—Atlanta, GA	41,763	10,000	56,040	—	1,945	—	10,000	57,985	67,985
Grand Lakes Marketplace—Katy, TX	23,900	5,215	34,770	—	4	—	5,215	34,774	39,989
Oak Grove Plaza—Sachse, TX	10,019	4,434	18,869	—	217	—	4,434	19,086	23,520
Rancho Temecula Town Center—Temecula, CA	28,000	14,600	41,180	—	(316)	—	14,600	40,864	55,464
Skokie Commons—Skokie, IL	24,400	8,859	25,705	891	—	—	9,750	25,705	35,455
Whitestone Market—Austin, TX	25,750	7,000	39,868	—	24	—	7,000	39,892	46,892
Maui Mall—Maui, HI	39,000	44,257	39,454	—	3,014	—	44,257	42,468	86,725
Silverstone Marketplace—Scottsdale, AZ	—	8,012	33,771	—	—	—	8,012	33,771	41,783
Kierland Village Center—Scottsdale, AZ	—	7,037	26,693	—	4	—	7,037	26,697	33,734
Timberland Town Center—Beaverton, OR	22,532	6,083	33,826	—	—	—	6,083	33,826	39,909
Total Retail Properties	**215,364**	**115,497**	**350,176**	**891**	**4,892**	**—**	**116,388**	**355,068**	**471,456**
Other Properties:									
South Beach Parking Garage—Miami, FL	—	—	21,467	—	422	—	—	21,889	21,889

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 Other Properties	—	—	21,467	—	422	—	—	21,889	21,889
Total Consolidated Properties:	$ 691,163	$ 379,661	$ 1,357,872	$ (3,204)	$ 9,988	$ —	$ 376,457	$ 1,367,860	$ 1,744,317

The unaudited aggregate cost and accumulated depreciation for tax purposes was approximately $1,903,466 and $153,026, respectively.

(1) Includes net provisions for impairment of real estate taken since acquisition of property.

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**
Apartment Properties:				
Station Nine Apartments—Durham, NC	$ (9,148)	2005	4/16/2007	50 years
The Edge at Lafayette—Lafayette, LA	(4,431)	2007	1/15/2008	50 years
Townlake of Coppell—Coppell, TX	(1,659)	1986	5/22/2015	40 years
AQ Rittenhouse—Philadelphia, PA	(1,308)	2015	7/30/2015	50 years
Lane Park Apartments—Mountain Brook, AL	(867)	2014	5/26/2016	50 years
Dylan Point Loma—Point Loma, CA	(309)	2016	8/9/2016	50 years
The Penfield—St. Paul, MN	(267)	2013	9/22/2016	50 years
180 North Jefferson—Chicago, IL	(158)	2004	12/1/2016	40 years
Total Apartment Properties	**(18,147)**			
Industrial Properties:				
Kendall Distribution Center—Atlanta, GA	(2,778)	2002	6/30/2005	50 years
Norfleet Distribution Center—Kansas City, MO	(5,860)	2007	2/27/2007	50 years
Suwanee Distribution Center—Suwanee, GA	(1,937)	2012	6/28/2013	50 years
Joliet Distribution Center—Joliet, IL	(1,392)	2005	6/26/2013	40 years
3800 1st Avenue South —Seattle, WA	(744)	1968	12/18/2013	40 years
3844 1st Avenue South—Seattle, WA	(464)	1949	12/18/2013	40 years
3601 2nd Avenue South—Seattle, WA	(259)	1980	12/18/2013	40 years
Grand Prairie Distribution Center—Grand Prairie, TX	(749)	2013	1/22/2014	50 years
Charlotte Distribution Center—Charlotte, NC	(940)	1991	6/27/2014	40 years
4050 Corporate Drive—Grapevine, TX	(727)	1996	4/15/2015	40 years
4055 Corporate Drive—Grapevine, TX	(519)	1996	4/15/2015	40 years
2501-2575 Allan Drive—Elk Grove, IL	(355)	1985	9/30/2015	40 years
2601-2651 Allan Drive—Elk Grove, IL	(242)	1985	9/30/2015	40 years
1300 Michael Drive—Wood Dale, IL	(212)	1985	9/30/2015	40 years
1350 Michael Drive—Wood Dale, IL	(158)	1985	9/30/2015	40 years
1225 Michael Drive—Wood Dale, IL	(224)	1985	9/30/2015	40 years
200 Lewis Drive—Wood Dale, IL	(178)	1985	9/30/2015	40 years
1301-1365 Mittel Boulevard—Chicago, IL	(175)	1985	9/30/2015	40 years
Tampa Distribution Center—Tampa, FL	(422)	2009	4/11/2016	40 years
Aurora Distribution Center—Aurora, IL	(171)	2016	5/19/2016	50 years

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**
28150 West Harrison Parkway—Valencia, CA	(111)	1997	6/29/2016	40 years
28145 West Harrison Parkway—Valencia, CA	(126)	1997	6/29/2016	40 years
28904 Avenue Paine—Valencia, CA	(132)	1999	6/29/2016	40 years
24823 Anza Drive—Santa Clarita, CA	(36)	1988	6/29/2016	40 years
25045 Avenue Tibbitts—Santa Clarita, CA	(165)	1988	6/29/2016	40 years
6000 Giant Road—Richmond, CA	(177)	2016	9/8/2016	50 years
6015 Giant Road—Richmond, CA	(161)	2016	9/8/2016	50 years
6025 Giant Road—Richmond, CA	—	2016	12/29/2016	50 years
Total Industrial Properties	**(19,414)**			
Office Properties:				
Monument IV at Worldgate—Herndon, VA	(17,501)	2001	8/27/2004	50 years
111 Sutter Street—San Francisco, CA	(9,108)	1926	12/4/2012	40 years
14600 Sherman Way—Van Nuys, CA	(360)	1991	12/21/2005	40 years
14624 Sherman Way—Van Nuys, CA	(543)	1981	12/21/2005	40 years
Railway Street Corporate Centre—Calgary, Canada	(29)	2007	8/30/2007	50 years
140 Park Avenue—Florham Park, NJ	(696)	2015	12/21/2015	50 years
San Juan Medical Center—San Juan Capistrano, CA	(201)	2015	4/1/2016	50 years
Total Office Properties	**(28,438)**			
Retail Properties:				
The District at Howell Mill—Atlanta, GA	(11,067)	2006	6/15/2007	50 years
Grand Lakes Marketplace—Katy, TX	(2,322)	2012	9/17/2013	50 years
Oak Grove Plaza—Sachse, TX	(1,447)	2003	1/17/2014	40 years
Rancho Temecula Town Center—Temecula, CA	(2,657)	2007	6/16/2014	40 years
Skokie Commons—Skokie, IL	(857)	2015	5/15/2015	50 years
Whitestone Market—Austin, TX	(1,246)	2003	9/30/2015	40 years
Maui Mall—Maui, HI	(1,016)	1971	12/22/2015	40 years
Silverstone Marketplace—Scottsdale, AZ	(281)	2015	7/27/2016	50 years
Kierland Village Center—Scottsdale, AZ	(167)	2001	9/30/2016	40 years
Timberland Town Center—Beaverton, OR	(169)	2015	9/30/2016	50 years
Total Retail Properties	**(21,229)**			

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
Other Properties:				
South Beach Parking Garage—Miami, FL	$ (1,642)	2001	1/28/2014	40 years
Total Other Properties	**(1,642)**			
Total Consolidated Properties:	**$ (88,870)**			

Reconciliation of Real Estate

Consolidated Properties	**2016**	**2015**	**2014**
Balance at beginning of year	$ 1,140,638	$ 746,926	$ 727,485
Additions	670,535	401,209	141,576
Assets sold/ written off	(50,818)	(861)	(19,582)
Write-downs for impairment charges	(16,038)	(6,636)	—
Reclassed as held for sale	—	—	(102,553)
Balance at close of year	$ 1,744,317	$ 1,140,638	$ 746,926

Reconciliation of Accumulated Depreciation

Consolidated Properties	**2016**	**2015**	**2014**
Balance at beginning of year	$ 75,245	$ 60,569	$ 54,686
Additions	28,990	17,430	17,170
Assets sold/ written off	(8,261)	(849)	(946)
Write-downs for impairment charges	(7,104)	(1,905)	—
Reclassed as held for sale	—	—	(10,341)
Balance at close of year	$ 88,870	$ 75,245	$ 60,569