Black Creek Group

# Black Creek Diversified Property Fund

## New Acquisition — The Daley

ROCKVILLE, MD

Black Creek Diversified Property Fund (DPF) recently acquired a Class-A multifamily asset in Rockville, MD — just outside Washington DC —for $93.5 Million. Multifamily is an attractive asset class for DPF, has strong operating fundamentals and benefits from demographic tailwinds of generations Y & Z.

### PROPERTY SUMMARY

**The Daley is the first property delivered as part of the master planned Shady Grove Metro Community development. Best-in-class unit finishes and amenities, coupled with a transit-oriented location that uniquely positions it amongst its competitors.**

- High quality amenities such as resort-style pool, courtyard, fitness center, business center, pet spa, club room with gaming space, Amazon hub package service
- Onsite retail tenants: Starbucks, Inspire Nails, Joy Park (childcare facility), Westside Wine Cellar, Fashion Cleaners
- Three minute walk to DC Metro; last stop on the Red Line
- Easy access to major commuter roadways; I-270 and I-370; 36 minutes to Washington DC's Central Business District

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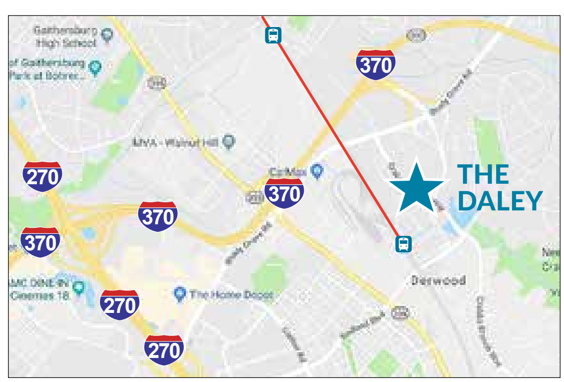
| **Location** | Rockville, MD |
| **Total Units** | 333 |
| **Building Size** | Total Square Feet: 288,000<br>Residential Square Feet: 273,000<br>Retail Square Feet: Approximately 15,000 |
| **Acquisition Cost** | $93.5 Million |
| **Acquisition Date** | XX/XX/XXXX |
| **Year Built** | 2017 |
| **Occupancy at Acquisition** | 95.2% |

### MARKET SUMMARY[1]

- Much of the population growth in Montgomery County — where The Daley is located — has been fueled by lower cost of living than other nearby counties
- Over the next three years, the number of households in Montgomery County is expected to increase 1.2% per year, outpacing both the state and U.S.
- Montgomery County is one of the top 20 most affluent counties in the U.S. — average incomes within a five-mile radius exceed $135,000
- Coupled with strong employment growth of 20% since 2010, Montgomery County employs over 550,000 people in top-tier corporations from a variety of industries including life sciences, government, financial services and education




[1] Cushman and Wakefield, 1Q19

These case studies are for illustrative purposes only and should not be considered indicative of the entire portfolio.

# Risk Factors

- **Past performance is not a guarantee of future results. Investing in shares of Black Creek Diversified Property Fund (DPF) common stock involves a high degree of risk.**
- Investing in real estate assets entails certain risks, including changes in: the economy, supply and demand, laws, tenant turnover, interest rates (including periods of high interest rates), availability of mortgage funds, operating expenses and cost of insurance. This investment will offer limited liquidity options to investors. There is no guarantee of any return on investment and stockholders may lose the amount they invest. Real estate investment trusts (REITs) are not suitable for all investors.
- An investment in DPF is not a direct investment in commercial real estate, but rather an investment in a REIT that owns commercial real estate.
- Further, investing in DPF stock involves additional and substantial risks specific to DPF, including, among others, that:

i. There is no public trading market for shares of DPF's common stock, and DPF does not expect that there will ever be a public trading market for its shares, so redemption of shares by them will likely be the only way to dispose of your shares.

ii. DPF's redemption program imposes limits on redemptions. DPF may amend, suspend or terminate its share redemption program at any time. As a result, DPF's shares have only limited liquidity and may become illiquid. Beginning in the first quarter of 2009 through the third quarter of 2016, redemption requests for Class E shareholders exceeded the redemption limits set forth in DPF's Class E share redemption program and associated offering materials, which during that time frame was limited to a 5% per year cap and other limitations with respect to Class E shareholders and DPF conducted a number of self-tender offers to supplement this liquidity. As a result, investors who sought to redeem their Class E shares during that period only received a portion of the proceeds they requested, either through the redemption program or self-tender offers that were conducted by DPF, and were required to resubmit redemption requests periodically in order to renew their request to either have their shares tendered or purchased pursuant to a tender offer. During this time period, these Class E shareholders did continue to receive distributions on the shares they retained.

iii. The purchase and redemption price for shares of DPF's common stock will be generally based on the NAV of each class of common stock and will not be based on any public trading market. DPF's NAV will not represent DPF's enterprise value and may not accurately reflect the actual prices at which DPF's assets could be liquidated on any given day, the value a third party would pay for all or substantially all of DPF's shares, or the price that DPF's shares would trade at on a national stock exchange. The board of directors may amend DPF's NAV procedures from time to time.

iv. Some of DPF's executive officers and directors and other key personnel are also officers, directors, managers, key personnel and/or holders of an ownership interest in its advisor, its dealer manager and/or other entities related to its advisor. As a result, they face conflicts of interest, including but not limited to conflicts arising from time constraints, allocation of investment opportunities and the fact that the fees its advisor will receive for services rendered to DPF will be based on DPF's NAV, the procedures for which its advisor will assist its board of directors in developing, overseeing, implementing and coordinating.

v. If DPF fails to maintain its status as a REIT, it would adversely affect its results of operations and its ability to make distributions to its stockholders.

vi. The amount of distributions DPF may make is uncertain, is not guaranteed, may be modified at the program's discretion, and is subject to board approval. DPF may pay distributions from sources other than cash flow from operations including, without limitation, the sale of assets, borrowings or offering proceeds (including the return of principal amounts invested). The use of these sources for distributions would decrease the amount of cash DPF has available for new investments, repayment of debt, share redemptions and other corporate purposes, and could reduce your overall return and dilute the value of your investment in shares of DPF common stock. Our distributions for the quarter ending March 31, 2019 were 41.8% funded from cash flows from operations. Our distributions for the years ended December 31, 2018, 2017 and 2016, on an annualized basis, were fully funded from our operations. When looking at individual quarters within those periods, in some cases our distributions were not fully funded from our operations for such quarters. In such cases, the shortfall was funded from borrowings, and ultimately made up with excess cash from operations from other quarters during the same period. Cash flow from operations does not include a reduction to cash flow resulting from on-going capital expenditures as GAAP defines those cash outflows as part of investment activities. Nonetheless, capital expenditures are inherently a significant and material part of the on-going business of DPF. Furthermore, cash flow from operations, after deducting capital expenditures, may not be sufficient to fund 100% of DPF's distribution. For example, cash flow from operations, after deducting capital expenditures, for each of the years ended December 31, 2017 and 2016, would not have been sufficient to fund DPF's entire distribution amounts. Furthermore, due to two recent large lease expirations, DPF may incur higher capital expenditures over the next two years, continuing to make funding distributions through cash flows from operations, after deducting capital expenditures, unlikely over that period of time.

vii. The payment of fees by DPF to its advisor and its dealer manager will reduce the cash available for distribution and will increase the likelihood that investors are unable to recover the amount of their investment in DPF.

viii. In connection with DPF's offering, it incurs fees and expenses. In particular, DPF expects to incur a dealer manager and distribution fee which are expected to reduce the amount of distributions received by certain investors and as a result will lower the overall return to such investors. Also, DPF has and expects to continue to incur organizational and offering related expenses which reduce the overall cash flow of DPF and negatively impact its NAV and could negatively impact your overall return.

This material must be read in conjunction with the DPF prospectus in order to understand fully all of the implications and risks of the offering of securities to which it relates. This document must be preceded or be accompanied by a prospectus, which contains important information about DPF. **This is neither an offer to sell nor a solicitation of an offer to buy the securities described in the DPF prospectus.** The offering is being made only by the DPF prospectus.

Neither the Securities and Exchange Commission nor any other state securities regulator has approved or disapproved of the securities or determined if the prospectus is truthful or complete. In addition, the Attorney General of the State of New York has not passed on or endorsed the merits of the offering. Any representation to the contrary is unlawful. DPF is not an investment company registered under the Investment Company Act of 1940.