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RREAL Insights

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RREEF Property Trust is a speculative security and, as such, involves a high degree of risk. An investment in us involves the same risks associated with an investment in real estate, such as market risk, interest rate risk, risks related to property diversification, tenant turnover and the use of leverage. There is no guarantee that any real estate strategy, including ours, will be successful. There is no public market for our shares of common stock. Our shares should be considered as having only limited liquidity and at times may be illiquid. Our failure to remain qualified as a REIT would have an adverse effect on our operations and our ability to make distributions to our stockholders. Distributions are not guaranteed, are made at the discretion of the board and may be paid from sources other than cash flow from operations, including, without limitation, the sale of assets, borrowings or offering proceeds, and we have no limits on the amounts we may pay from such sources. Data provided by RREEF America, L.L.C., the advisor to RREEF Property Trust.

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A healthy balance of demand and supply should continue to drive sturdy rent and Net Operating Income (NOI) growth, pushing real estate values gradually higher. We believe that the cycle has further to run, even if it is in its later stages. We are focused on income-driven total returns.

Looking back

_ 2018 was a good year for U.S. real estate. As of the fourth quarter, vacancy rates were at their lowest level in nearly 18 years and net operating incomes (NOIs) were up 3.9%.[1] Despite four Federal Reserve interest-rate hikes, cap rates declined slightly.[2] Total unlevered returns for core real estate held at 6.7% in 2018, down only slightly from 7% in 2017.[3]

Looking forward

_ In our view, the near-term outlook remains positive.The U.S. economy is generally strong, with unemployment near a 50-year low and more job openings than there are unemployed people to fill them.[4] We expect that positive momentum and fiscal stimulus will sustain a solid pace of growth — and real-estate absorption — through 2019 and likely 2020.

_ Meanwhile, supply should remain manageable, constrained by labor shortages and rising construction costs. With vacancy rates already low, this environment should be conducive to healthy rent growth.

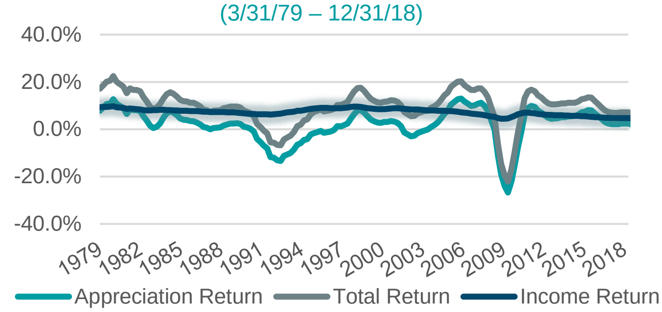
_ We believe that cap rates will remain broadly stable, resulting in modest capital appreciation.

Cycle

_ Cyclical risks appear to be increasing. The yield curve has flattened,[5] raising the specter of an inversion (long-term interest rates falling below short-term rates), a historically reliable predictor of recession.

_ This does not mean that a downturn is imminent: recessions typically follow 18-24 months after a yield-curve inversion, and the curve currently remains positively sloped.[6] The current curve does imply that the cycle is in its later stages.

NCREIF PROPERTY INDEX
TRAILING 12-MONTH TOTAL RETURNS
(3/31/79 – 12/31/18)



What are the implications for investment strategy?

_ In our view, core real estate with long term leases in supply constrained growth-orientated markets should thrive amid current market fundamentals.

_ We favor Industrial property (supported by e-commerce) and growth markets (driven by technology and/or strong demographics).

Kevin White
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[1] Source: NCREIF. As of December 2018.
[2] Sources: Federal Reserve (interest rates); NCREIF (cap rates). As of December 2018.
[3] Source: NCREIF. As of December 2018.
[4] Source: Bureau of Labor Statistics. As of December 2018.
[5] Sources: Federal Reserve (interest rates); DWS calculations. As of January 2019.
[6] Source: Federal Reserve. As of January 2019.

Definition:
The NCREIF Property Index is an index of quarterly returns reported by institutional investors on investment grade commercial properties owned by those investors and is not a measure of non listed REIT performance. The NCREIF Property Index is based on appraisals and is leverage free. Real estate, like any other investment, may go down in value. The data does not account for taxes or transaction costs. Investments in real estate do not factor in expenses related to being a public company. The NCREIF Index does not reflect the impact of management and other investment-entity fees and expenses as well as those associated with raising capital, which lowers returns. It is not possible to invest directly into an index. RREEF Property Trust will own different types of assets than in NCREIF and will employ leverage. See definitions slide at the end of the presentation for more information.

All opinions and forecasts reflect our judgment on the date of this document, are subject to change without notice and may not come to pass.

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