Griffin Capital and the Case for Multifamily

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The property depicted is a representative example of the types of multifamily development properties Griffin Capital has been involved in. This property is owned by Griffin Capital or its affiliates but is not included in an open offering.

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THE TERMS OUTLINED HEREIN REMAIN SUBJECT TO CHANGE AS NEEDED BASED UPON REGULATORY GUIDANCE ISSUED UNDER SUBCHAPTER Z OF THE INTERNAL REVENUE CODE. SUCH GUIDANCE MAY BE ISSUED IN THE NEAR FUTURE.

Past performance is no guarantee of future results. These predictions contain certain forward-looking statements. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “anticipate,” “estimate,” “believe,” “continue,” or other similar words. Because such statements include risks, uncertainties and contingencies, actual results may differ materially from the expectations, intentions, beliefs, plans or predictions of the future expressed or implied by such forward-looking statements. These risks, uncertainties and contingencies include, but are not limited to uncertainties relating to changes in general economic and real estate conditions.

Risk Disclosures (continued)

IMPORTANT RISK FACTORS

Not all investors are suitable or qualify to invest into a QOZF. You should always read the offering memorandum of any QOZF and consult with your financial professional before investing into a QOZF.

An investment in a Qualified Opportunity Zone Fund is subject to various risks, including but not limited to:

- No public market currently exists, and one may never exist, for the interests of any Qualified Opportunity Zone Fund. Qualified Opportunity Zone Funds are not liquid.
- Qualified Opportunity Zone Funds offer and sell interests pursuant to exemptions from the registration provisions of federal and state law and, accordingly, those interests are subject to restrictions on transfer.
- There is no guarantee that the investment objectives of any particular Qualified Opportunity Zone Fund will be achieved.
- Investments in real estate are subject to varying degrees of risk, including, among other things, local conditions such as an oversupply of space or reduced demand for properties, an inability to collect rent, vacancies, inflation and other increases in operating costs, adverse changes in laws and regulations applicable to owners of real estate and changing market demographics.
- The acquisition of interests in a Qualified Opportunity Zone Fund may not qualify under Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code") for tax-deferred exchange treatment.
- The actual amount and timing of distributions paid by a Qualified Opportunity Zone Fund is not guaranteed and may vary. There is no guarantee that investors will receive distributions or a return of their capital.

Risk Disclosures (continued)

- Qualified Opportunity Zone Funds depend on tenants for their revenue and may suffer adverse consequences as a result of any financial difficulties, bankruptcy or insolvency of their tenants.
- Disruptions in the financial markets and challenging economic conditions could adversely affect a Qualified Opportunity Zone Fund.
- Disruptions in the financial markets and challenging economic conditions, including as a result of a pandemic such as the outbreak of COVID-19, could adversely affect a Qualified Opportunity Zone Fund.

Before purchasing interests, prospective investors should review a fund's offering memorandum, as may be supplemented from time to time, for a more complete description of the risks and other disclosure related to participating in the offering.

Presentation Contents

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- Impact of COVID

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Griffin Capital Overview

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Introduction to Griffin Capital

Privately-held alternative investment asset manager

- A reputation for industry leadership
- Innovative investment strategies and solutions
- Depth and expertise of management
- Insight into macro economic trends and capital markets
- 650 transactions totaling in excess of $25 billion in value
- In-house expertise in real estate and portfolio management
- Best-in-class institutional partners
- Over $300 million co-invested since 1995

Griffin Capital established in
1995

Owned, managed, sponsored and/or co-sponsored approximately
$20B

Senior management team with average experience over
25 years

Griffin, executive and employee investment of over
$300M

Leveraging a complementary skillset of
Investment Insight | Asset & Fund Management Global Capital Markets | Endowment Advisory

Data as of June 30, 2021.

About Our 'Best-in-class' Advisers and Subadvisors

AON

BainCapital

CenterSquare INVESTMENT MANAGEMENT

GREYSTAR®

ALLIANCE RESIDENTIAL COMPANY

FAIRFIELD RESIDENTIAL

RANGEWATER

LEGACY PARTNERS®

TRANSWESTERN®

OPUS® THE OPUS GROUP

MILL CREEK RESIDENTIAL

Qualified Opportunity Zone Legislation

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What Is Subchapter Z and the Associated Tax Benefits?

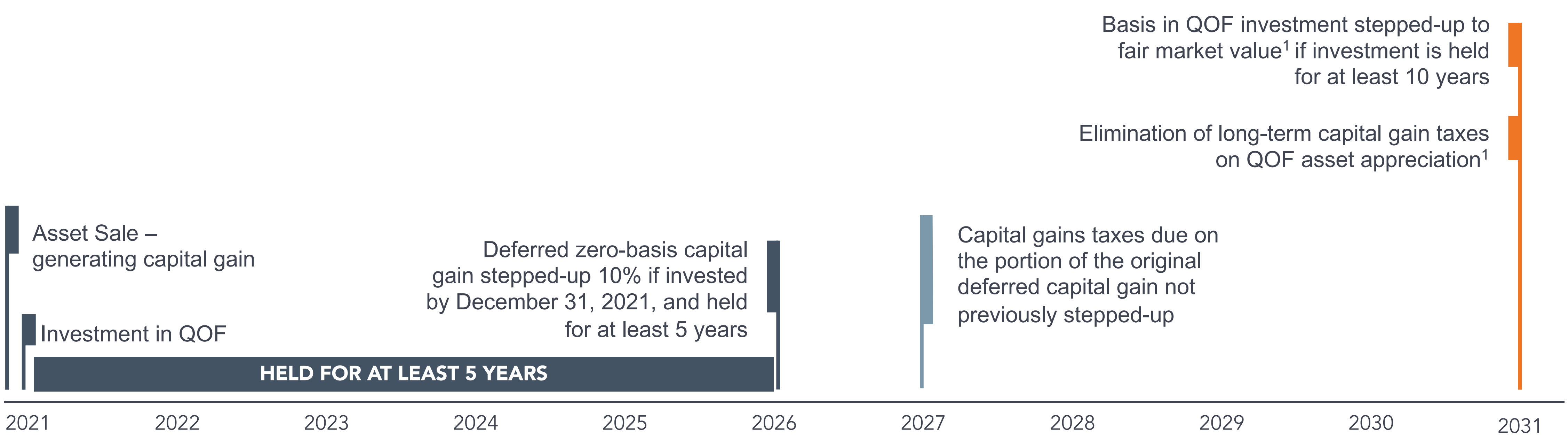
- ‘Invest in Opportunities Act’ part of the Tax Cuts and Jobs Act passed December 2017
- The Act included I.R.C. Sections 1400Z-1 and 1400Z-2 (“Subchapter Z”)
  - ability to defer capital gains
  - potentially reduce gains recognized prior to December 31, 2026
- Qualified Opportunity Zones (“QOZ”)

What Is Subchapter Z and the Associated Tax Benefits?

- Timeline
  - Investors sells asset generating capital gain
  - Invests amount equal to, or less than, capital gain in a Qualified Opportunity Fund ("QOF") in 180 days
  - Basis step-up of 10% if invested for five years[1]
  - Payment of capital gains deferred through December 31, 2026
- 100% fair market value basis step-up when QOF investment held 10 years – eliminating long-term capital gains[2]

1. Prior to 12/31/2026. Therefore QOF investment must be made by 12/31/21 to qualify for a 10% basis step-up.
2. Basis step-up to fair market value and elimination of long-term capital gain taxes on QOF asset appreciation are applicable to federal and most state taxes, however, some states have not conformed to this federal legislation. Investors should consult their own tax advisor to determine their individual benefits in a QOF investment.

Qualified Opportunity Tax Benefit Timeline



1. Basis step-up to fair market value if held for at least 10 years and elimination of long-term capital gain taxes on QOF asset appreciation are applicable to federal and most state taxes, however, some states have not conformed to this federal legislation. Investors should consult their own tax advisor to determine their individual benefits in a QOF investment.

What Is a Qualified Opportunity Zone?

- Poverty rate is at least 20%
- Median household income does not exceed 80% of the metropolitan area median household income
- Governors select up to 25% of qualifying tracts – and up to 5% adjacent tracts
- Over 8,700 QOZs chosen
- Designation remains through December 31, 2047
- Multiple low-income community areas designated as QOZs already experienced meaningful investment

Hypothetical QOF Investment Example

This illustration does not represent any particular QOF investment. It is merely a hypothetical illustration based on the assumptions listed to show the potential tax benefits of investing in a QOF investment. The tax rates and returns used in the assumptions of this example may vary greatly and should not be construed as any results you would achieve in a QOF investment. This information should not be construed as tax advice. Investors should consult their own tax advisors to determine their individual benefits in a QOF investment.

Assumptions:

Capital Gain Proceeds from Sale	$1,000,000
LT Gap Gains Rate (Federal + ACA)	23.8%
Percent of Capital Gains Taxes Stepped Up in QOF Investment Held For at Least 10yrs	10.00%
State (Conforming) Tax[1]	5%
Non-QOF Private Placement Investment (internal rate of return)[2]	9%
QOF (internal rate of return)[2]	9%

1. **We used a hypothetical state tax of 5%; state taxes vary, and calculations will change based on both state tax rates and conformance with the QOZ rules. Some states don't have any taxes or have tax rates under the 5% used in this illustration, and as such the tax benefit differential for residents of those states could be substantially lower than what is shown. Likewise, there are some states that have tax rates above 5% and residents of those states could have a substantially higher tax benefit differential than what is shown in this hypothetical illustration.**
2. **Represents the incremental, pre-tax, internal rate of return (IRR) necessary for the Non-QOF Private Placement Investment to achieve the same IRR as the QOF investment.**
   - If the Non-QOF Private Placement Investment and QOF Investment each were to achieve a 6.0% IRR instead of a 9% IRR, the resulting Pre-Tax Equivalent of IRR Benefit of the QOF Investment drops from 4.13% to 2.94% with an after-tax difference of $256,564 between the two investments.
   - If each were to achieve a 3% IRR, the resulting Pre-Tax Equivalent of IRR Benefit of the QOF Investment drops to 1.52% with an after-tax difference of $127,848.
   However, there are no guarantees there will be a positive IRR in any investment.

	Non-QOF Private Placement Investment	QOF Investment
Investment Year	**2021**	**2021**
Capital Gain Reinvested	$ 1,000,000	$ 1,000,000
Capital Gain Tax Paid on Realized Gain	(288,000)	-
End of Deferral Period	**2026**	**2026**
Capital Gain Taxes Payable	-	(259,200)
End of 10-Year Investment Period	**2031**	**2031**
Future Value of Investment	2,367,364	2,367,364
Taxes due	(393,801)	-
Net After Tax Sales Proceeds	$ 1,973,563	$ 2,367,364

Summary of QOF Tax Benefit Differential		
Initial Capital Gain	$ 1,000,000	$ 1,000,000
Gain on Investment	1,367,364	1,367,364
Taxes Paid	(681,801)	(259,200)
Net After Tax Proceeds	$ 1,685,563	$ 2,108,164
Net After-Tax Cash Benefit of QOF Investment		$ 422,601
Relative Increase in Distributable After-Tax Cash		25.07%
Net After-Tax IRR Benefit of QOF Investment		2.94%
Pre-Tax Equivalent IRR Benefit of QOF Investment[2]		4.13%

Difference with QOF $422,601

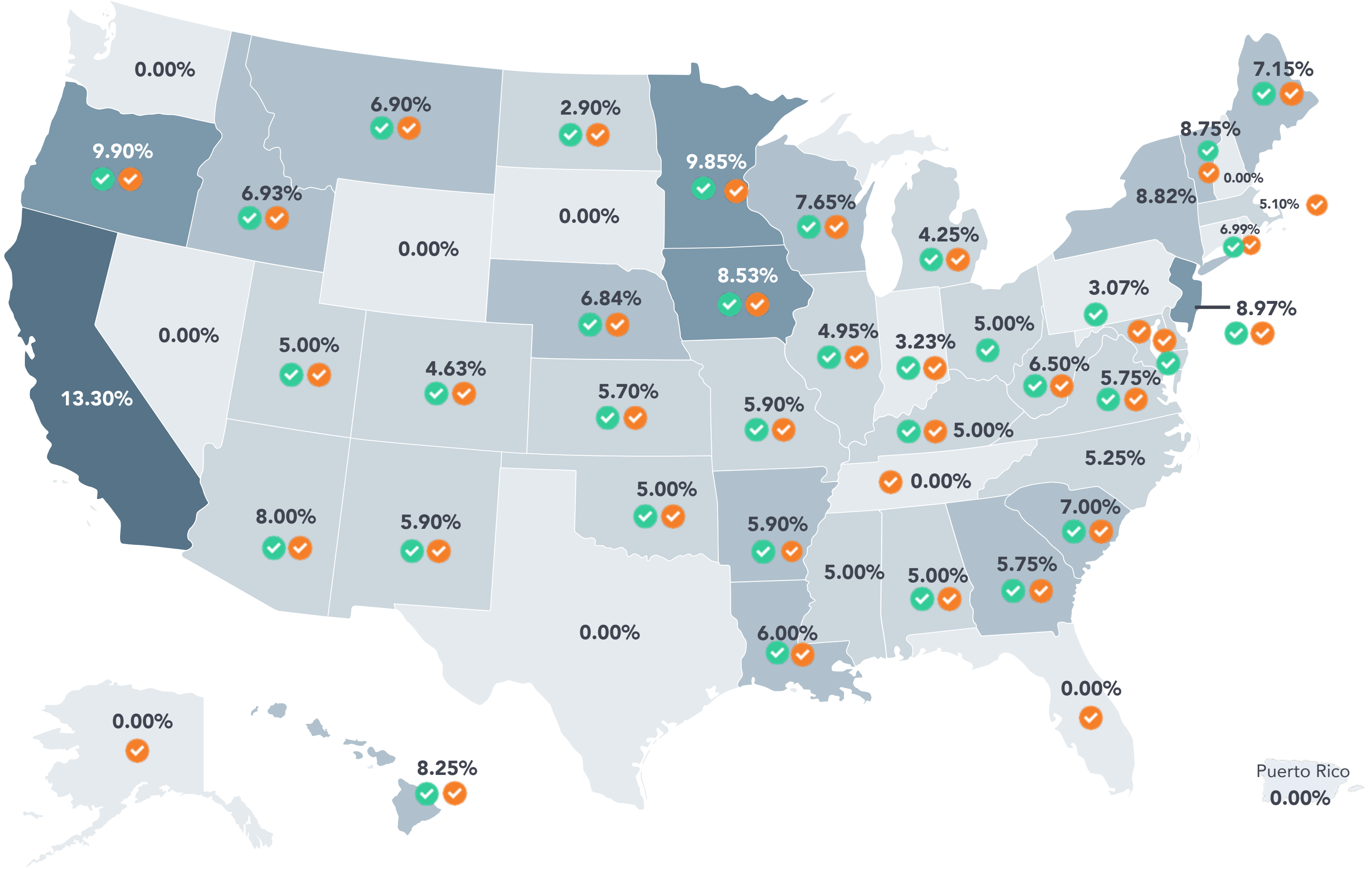
Capital Gains Tax Rate by State[1]

State Tax Rates

0.00% 13.30%

Personal Income State Tax Code Conformity[2]

Corporate Income State Tax Code Conformity[2]



1. Represents state conformity as of August 31, 2021. Source: https://www.1031realized.com/capital-gains-tax-rate
2. "Conformity" as defined by Novogradac as of February 04, 2019: https://www.novoco.com/resource-centers/opportunity-zone-resource-center/guidance

Case for Multifamily

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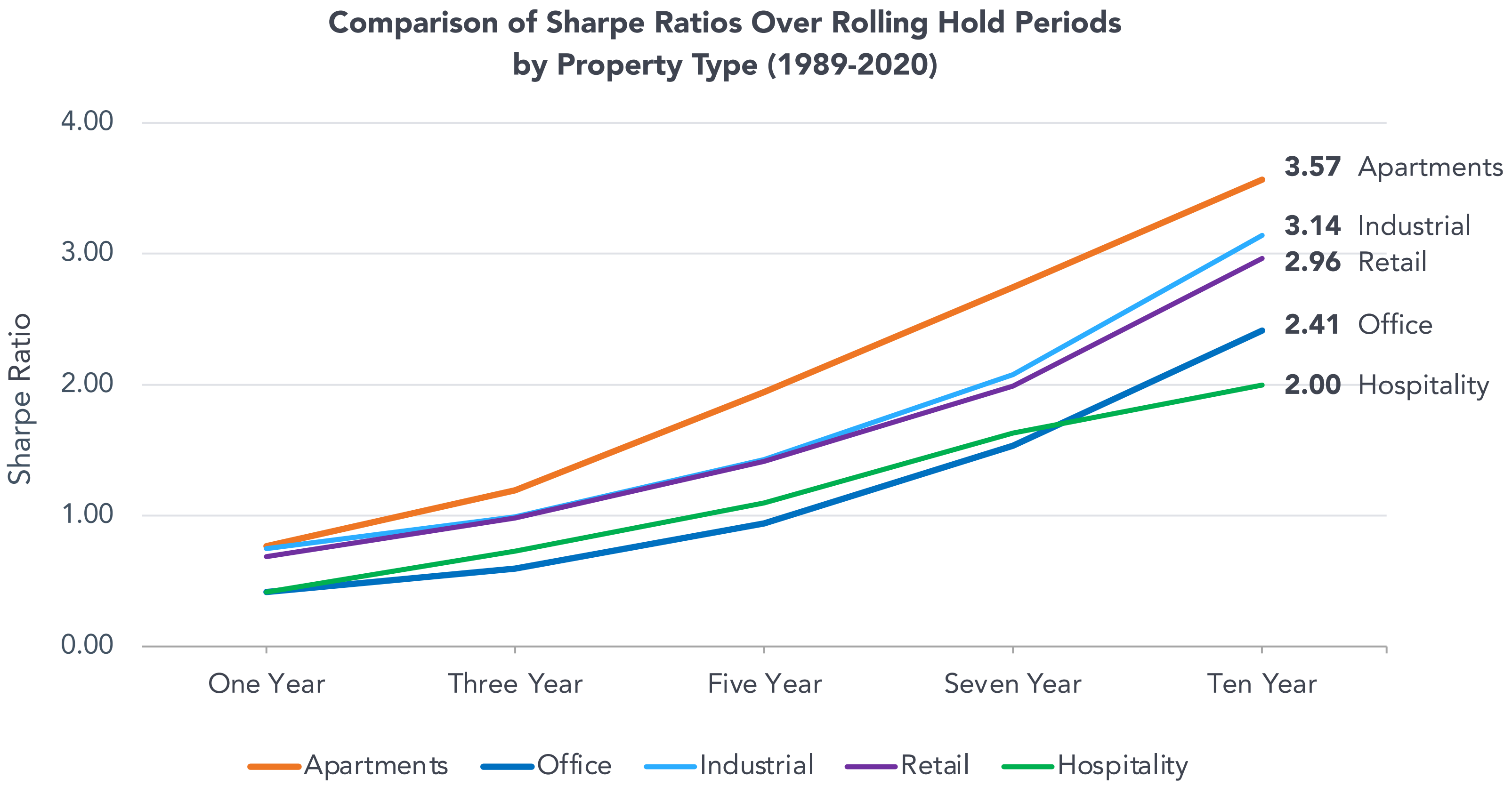
Multifamily is Necessity-Based Real Estate

- An investment strategy focused on necessity-based real estate can provide attractive returns during periods of growth and downside protection in recessionary environments
- Housing is among the top necessities in the world
- Office, hospitality, and most retail use become less vital during periods of weak economic performance (i.e. Great Financial Crisis and COVID-19 pandemic)
- Multifamily typically provides more stable occupancy throughout market cycles than other property types as affordable housing becomes increasingly important during recessions

The Real Estate: Multifamily

Attractive historical risk-adjusted returns*



Sharpe Ratio: A ratio used to compare risk-adjusted returns, which shows an investment's excess return (above the risk-free rate) per unit of risk (standard deviation). The higher the ratio, the better the risk-adjusted return. The average three-month U.S. Treasury T-bill auction was used as the risk-free rate in this analysis.

Source: National Council of Real Estate Investment Fiduciaries (NCREIF) through 4Q 2020.

* Returns were calculated as the average for each specified holding period on a rolling quarterly basis between 1Q 1989 and 4Q 2020.

Past performance is no guarantee of future results. This chart is for illustrative purposes only and not indicative of any investment. The data used to create the chart is provided by NCREIF.

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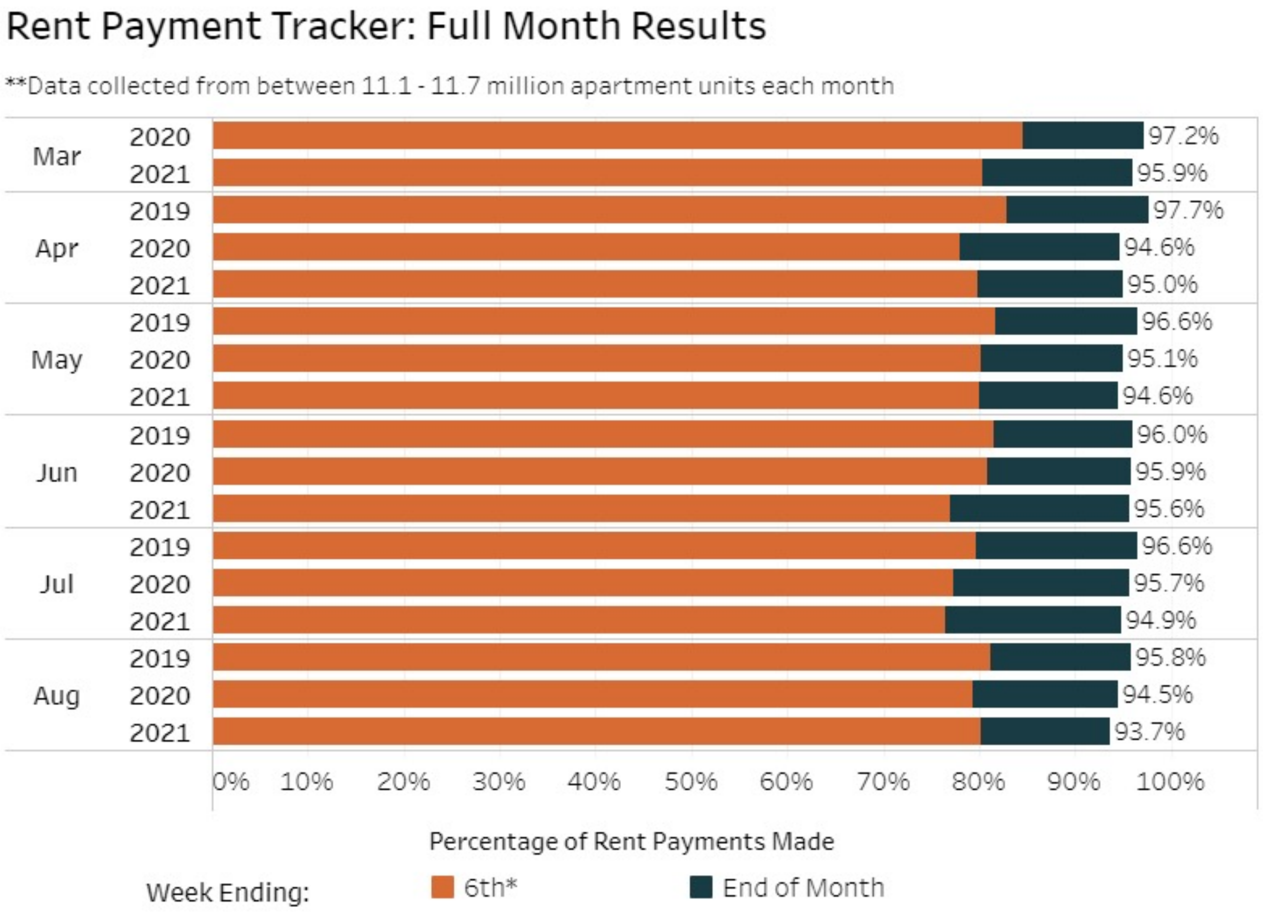
Strength of Cash Flow



- Despite the economic impact of COVID-19, rental collections for the multifamily sector experienced minimal change
- These collection rates highlight apartment renting as "necessity" based – a top priority for tenants' dollars amid economic uncertainty

Past performance is no guarantee of future results.
Source: National Multifamily Housing Council: https://www.nmhc.org/research-insight/nmhc-rent-payment-tracker/

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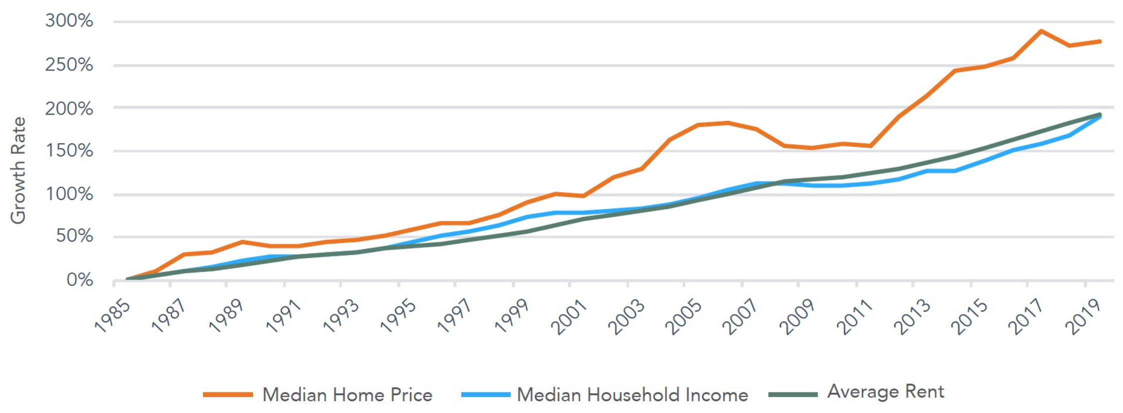
Tenant Diversification and Staggered Expirations

How Leasing Profile Can Reduce Volatility

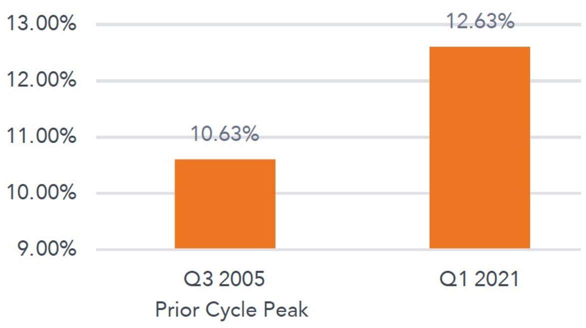
- Multifamily investments typically have lower cash flow volatility compared to other property types
- Leasing exposure is spread across hundreds of tenants, limiting the impact of any single lease expiration
- Re-tenanting costs are very low compared to other asset classes and the timeline is faster
- Shorter lease durations in multifamily properties also enables landlords to control occupancy by quickly adjusting rents; this can reduce cash flow volatility in periods of slow or negative growth and allow owners the ability to take advantage of inflationary environments

Growth of Home Values Have Vastly Outpaced Wage Growth

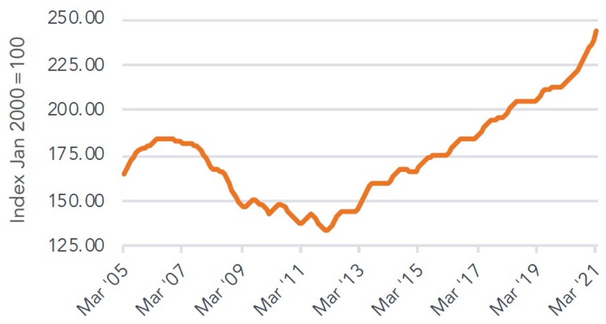
Growth Rate of Median Home Prices vs. Median Household Incomes vs. Average Rents Nationwide[1]



Trailing Four Quarters Growth in U.S. Home Prices[2]



Case-Shiller U.S. Home Price Index[3]



- Growth of median home prices have outpaced that of median household income and average rental rates for three decades
- Home prices have increased at faster than historical rates this cycle, exacerbating the lack of affordability in the single-family market
- COVID-19 and "Work From Home" caused a spike in single family demand as people left high-cost urban looking for more space and relative affordability

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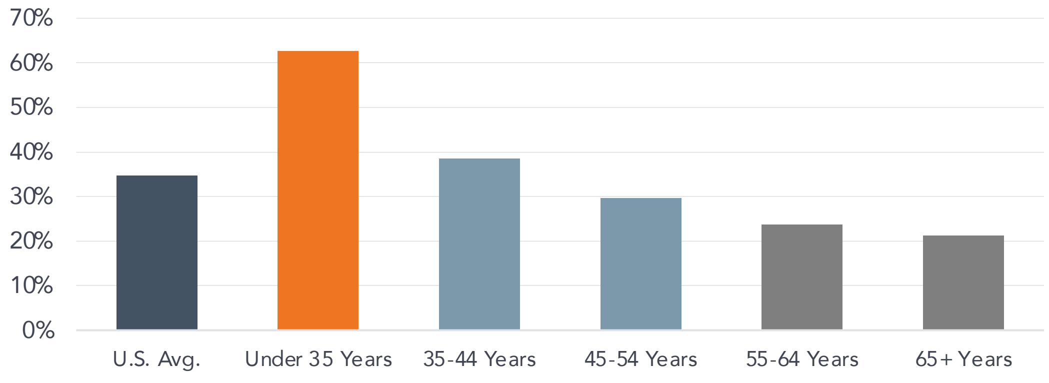
Past performance is no guarantee of future results.

1. Source: Retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org.
2. Source: FHFA Seasonally Adjusted, Purchase-Only Index. https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index-Datasets.aspx#mpo.
3. Source: Retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/CSUSHPINSA.

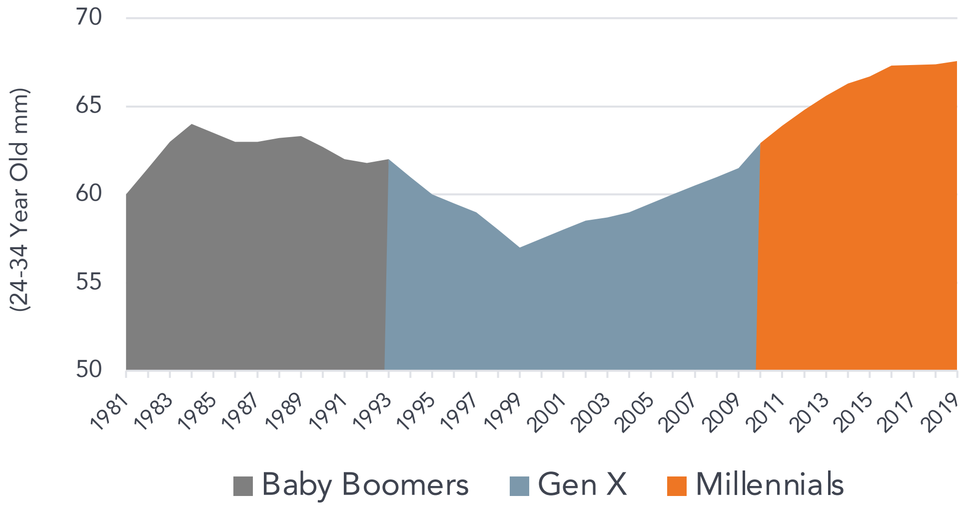
Shifting Demographic Tailwinds

- Millennials (median age 32) are the largest demographic in the United States and over 60% rent rather than own vs 35% across all demographics
- Demand drivers are plentiful: delayed household formation, location flexibility, rising home prices compared to wage growth, student debt, among others
- Behind Millennials, Baby Boomers account for the second largest age group in the United States
- Rising life expectancy and higher medical costs has pushed many seniors into renting in retirement years – this is coupled with the desire to downsize and live in more urban areas

MF Rentership Rate by Age*



Size of U.S. Age Group by Generation



Source: U.S. Census Bureau, Bureau of Labor Statistics, and Zelman and Associates.
*As of Q1 2020.

The statements above reflect Griffin Capital's views and opinions as of the date hereof and not as of any future date. There can be no assurance that views and opinions expressed in this presentation will come to pass.

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Impact of COVID-19

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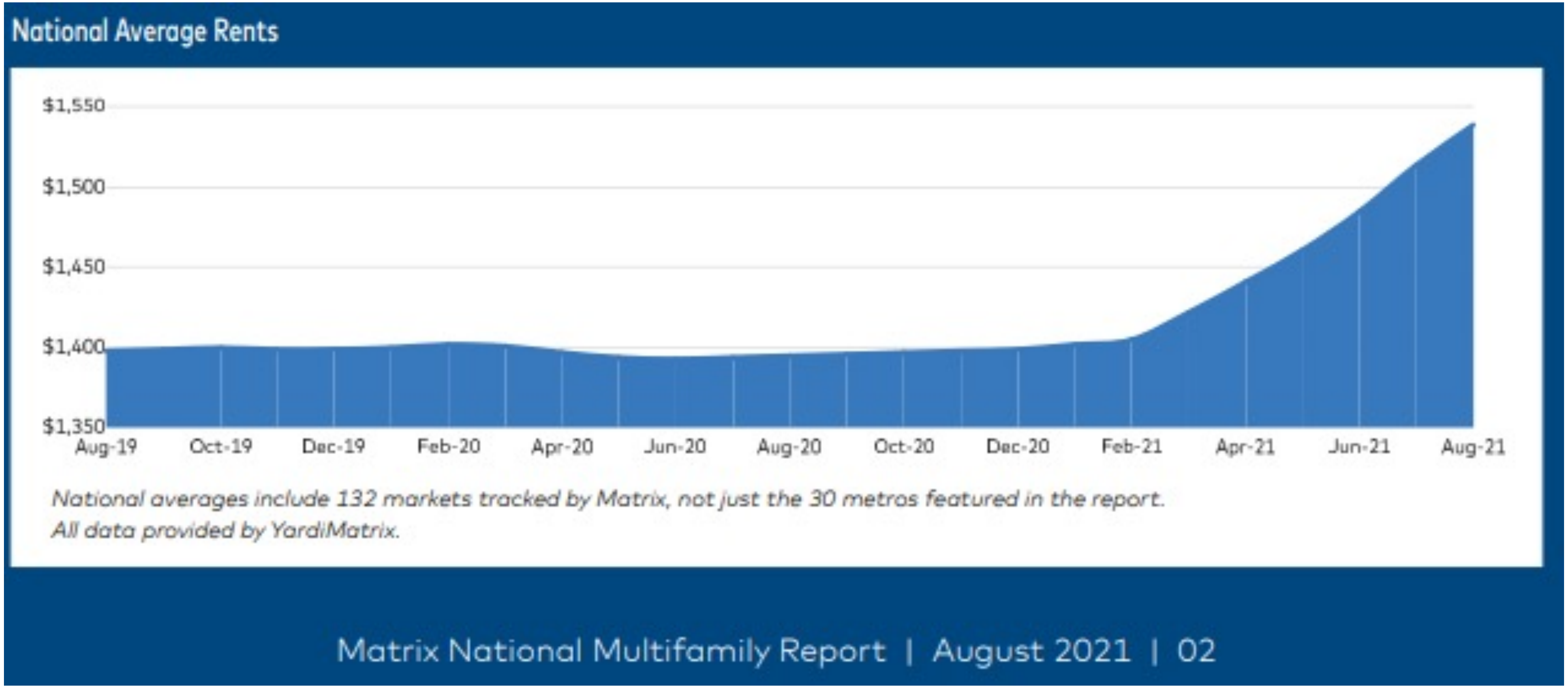
Impact on Multifamily

- Urban apartment renters relocated out of expensive, high-rise properties into more affordable garden and mid-rise communities as well as single family
- Space became a premium with work / exercise / relax from home lifestyle
- Young and lower income renters forced to move in with parents or roommates amid economic uncertainty
- National rental rates fell 0.8% in the first half of 2020, peaking in June 2020 at 1.3% below the pre-pandemic high
- Urban core and tech markets like San Francisco and New York were hit the hardest; whereas high-growth and affordable markets like Nashville, Austin, Denver and Phoenix were less impacted
- Despite the economic fallout, national occupancy remained steady at around 94%

Rent Levels Have Increased Beyond Pre-pandemic Levels

- Historic growth in single-family home prices has increased demand for rental product, which have elevated rents.



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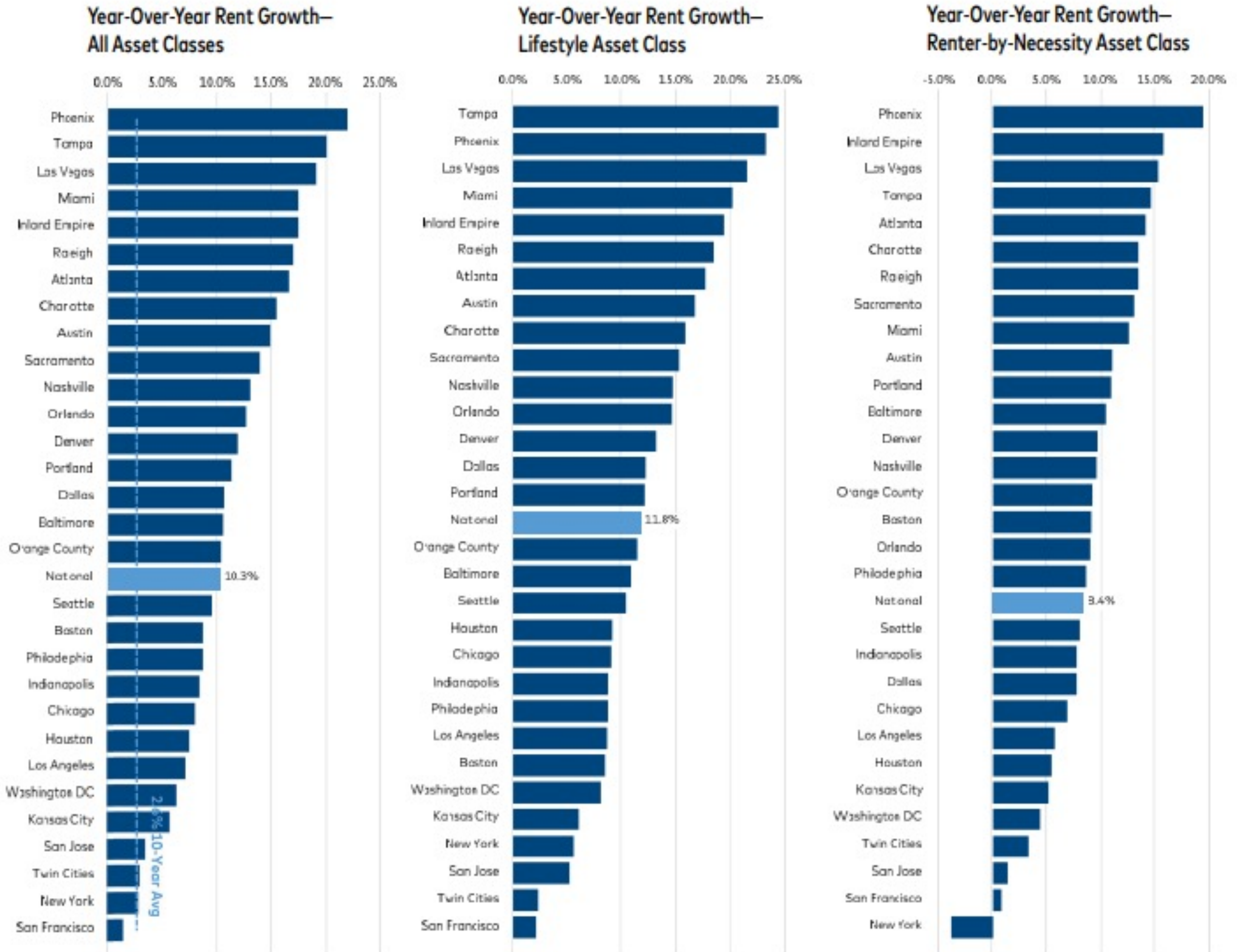
Core Markets Are Recovering Quickly

- Affordable, growth markets with favorable climates have benefited the most (i.e. Phoenix, Tampa, Las Vegas)
- Lifestyle and Affordable communities have shown strong underlying fundamentals
- High density cities, such as New York and San Francisco, lag the national average



Source: Yardi Matrix

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