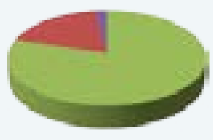
CLOSED REIT

Nontraded REIT Industry Review: First Quarter 2014

CNL Growth Properties, Inc.

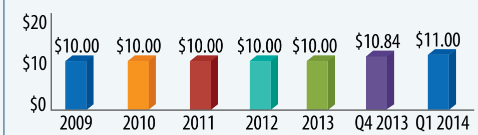
Total Assets............................ $342.1 Million
- Real Estate Assets .... $273.5 Million
- Cash .... $61.2 Million
- Securities .... $0.0 Million
- Other .... $7.5 Million



Cash to Total Assets Ratio: 17.9%
Asset Type: .... Multifamily
Number of Properties: 14
Square Feet / Units / Rooms / Acres:.............................. 1,419 Units
Occupancy: ....Not Available
Weighted Average Lease Term Remaining:...................Not Available
LifeStage...Maturing
Investment Style ....Opportunistic
Weighted Average Shares Outstanding: 17,178,038

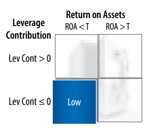
Initial Offering Date: ....October 20, 2009
Offering Close Date: ....April 11, 2014
Current Price per Share: $11.00
Reinvestment Price per Share: .... Not Applicable
Cumulative Capital Raised during
Offering (including DRP)..$208.3 Million

Historical Price



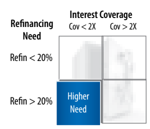
Performance Profiles

Operating Performance



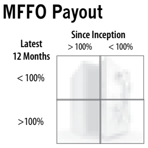
The REIT's recent 12-month average return on assets is less than yields on 10-year Treasuries, indicating negative risk adjusted returns. At its current cost of debt and level of borrowing, the use of debt is not increasing returns to shareholders. Earnings must improve to cover costs of debt.

Financing Outlook



More than 20% of REIT's debt must be repaid within two years or is at unhedged variable rates, and interest coverage is below the 2.0X benchmark. The REIT may face difficulties in refinancing its borrowings, interest rate risks from increasing rates, and need to increase earnings to reassure lenders.

Cumulative MFFO Payout



Because the REIT has not paid cash distributions, this profile metric is not meaningful.

Summary

The REIT's 12-month return on assets of -.02% does not provide shareholders with a positive return, and it has a negative leverage contribution given the 40.3% debt ratio and 2.66% average cost of debt. The REIT's interest coverage ratio was not meaningful for the last four quarters because Adjusted EBITDA was negative $232,000. Over 71% of the REIT's debt matures in the next two years, and 100% of its debt is at unhedged variable rates, indicating a serious need for refinancing and considerable interest rate risk, with the added problem of negative interest coverage. The REIT has not paid cash distributions to shareholders since inception, and has negative cumulative MFFO since inception in 2009 and negative MFFO for the last four quarters.

Contact Information

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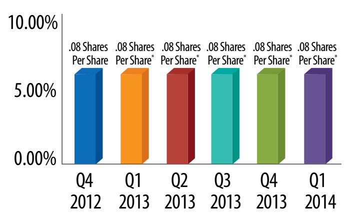
Historical Distribution



*Annualized

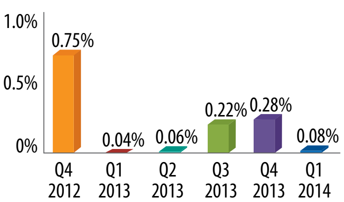
Historical FFO Payout Ratio

Not Applicable

Historical MFFO Payout Ratio

Not Applicable

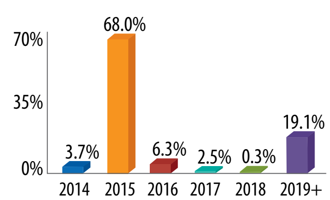
Redemptions



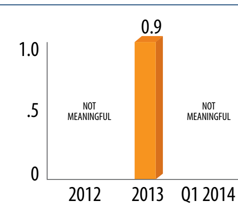
Debt Breakdown

Debt to Total Assets Ratio:...............40.3%
Total: .... $137.7 Million
Fixed: .... $0.0 Million
Variable: .... $137.7 Million
Avg. Wtd. Rate: 2.66%
Loan Term: .... 1 – 10 yrs

Debt Repayment Schedule



Interest Coverage Ratio



Source of Distributions, Trends and Items of Note

- During 1Q 2014 the Company acquired 3 properties for $20.2 million.
- On April 17, 2014, for the purpose of funding the balance of development, construction and other costs associated with the Aura at The Rim Project, the Aura at The Rim Joint Venture closed on a construction loan in the original principal amount of approximately $27.7 million from Regions Bank. The Rim is a mixed-use development in northwest San Antonio, Texas on which it will develop, construct and operate a 308-unit Class A, urban style, multifamily residential community.
- The REIT's Cash to Total Assets ratio increased to 17.9% as of 1Q 2014 compared to 16.8% as of 1Q 2013.
- The REIT's Debt to Total Assets ratio increased to 40.3% as of 1Q 2014 compared to 39.7% as of 1Q 2013.
- Because the Company did not pay cash distributions during the period, the FFO and MFFO payout ratios are not applicable.