

Nontraded REIT Industry Review: Third Quarter 2014



CNL Growth Properties, Inc.

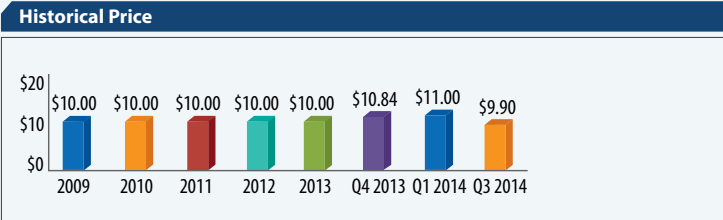
Total Assets.....	\$439.2 Million
Real Estate Assets	\$371.7 Million
Cash	\$60.2 Million
Securities	\$0.0 Million
Other	\$7.2 Million



Cash to Total Assets Ratio:	13.7%
Asset Type:	Multifamily
Number of Properties:	14
Square Feet / Units / Rooms / Acres:	1,677 Units
Occupancy:	Not Available
Weighted Average Lease Term Remaining:	Not Available
LifeStage:	Maturing
Investment Style	Opportunistic
Weighted Average Shares Outstanding:	22,526,171

Initial Offering Date:	October 20, 2009
Offering Close Date:	April 11, 2014
Current Price per Share:	\$9.90
Reinvestment Price per Share:	Not Applicable
Cumulative Capital Raised during Offering (including DRP):	\$208.3 Million

* NAV as of 12/31/2013. \$11.00 offering price through 4/11/14.



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

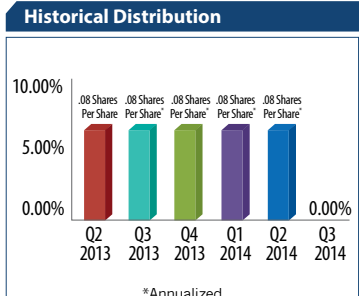
Because the REIT has not paid cash distributions, this metric is not meaningful.

Summary

The REIT's 12-month return on assets of 1.75% does not provide shareholders with a positive return, and it has a negative leverage contribution given the 48.6% debt ratio and 2.69% average cost of debt. The REIT's interest coverage ratio was a low 0.6X for the last four quarters, well below the 2.0X benchmark. 41.7% 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. The REIT has not paid cash distributions to shareholders since inception, and has negative cumulative MFFO since inception in 2009, but has improving and positive MFFO of \$1,364,000 for the last four quarters.

Contact Information

www.CNLGrowthProperties.com
CNL Client Services
P.O. Box 4920
Orlando, FL 32802
866-650-0650

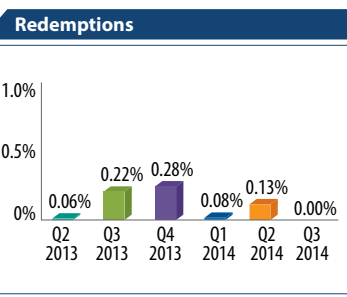


Historical FFO Payout Ratio

Not Applicable

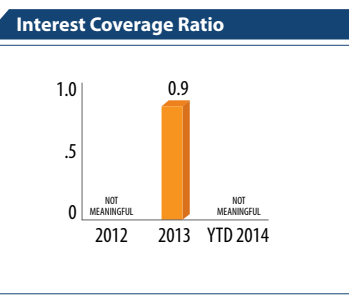
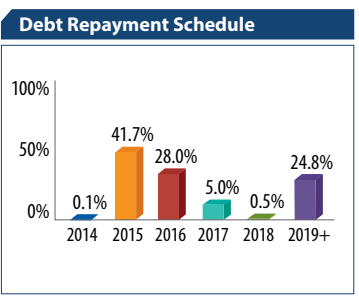
Historical MFFO Payout Ratio

Not Applicable



Debt Breakdown

Debt to Total Assets Ratio:.....48.6%
 Total:\$213.5 Million
 Fixed:\$0.0 Million
 Variable:\$213.5 Million
 Avg. Wtd. Rate:2.69%
 Loan Term:1 - 10 yrs



Source of Distributions, Trends and Items of Note

- During 3Q 2014 the Company did not acquire or sell any properties.
- On September 15, 2014, the Company's Board of Directors approved the termination of the Company's stock distribution policy. As a result, the Company will not declare any further monthly stock distributions, effective October 1, 2014. The Company also amended and restated its distribution reinvestment plan effective as of October 1, 2014.
- The REIT's Cash to Total Assets ratio increased to 13.7% as of 3Q 2014 compared to 9.6% as of 3Q 2013.
- The REIT's Debt to Total Assets ratio increased to 48.6% as of 3Q 2014 compared to 47.1% as of 3Q 2013.
- CNL Growth Properties Inc., through a wholly owned subsidiary of its operating partnership, on Oct. 15 entered into a limited liability company agreement with Daniel Haywood LLC to form a joint venture for the development of a multifamily residential community in Greenville, S.C. According to a Form 8-K filed Oct. 29, the joint venture paid approximately \$4.3 million for a roughly 14.6-acre land parcel to develop a 292-unit residential community, The Residence at Haywood Apartments. The community will comprise 285,466 square feet of net rentable area.
- Because the Company did not pay cash distributions during the period, the FFO and MFFO payout ratios are not applicable. The Company does not use Modified Funds from Operations ("MFFO") as defined by the Investment Program Association ("IPA"). The MFFO calculations used in the Performance Profiles are BVP estimates.