About Grubb Properties

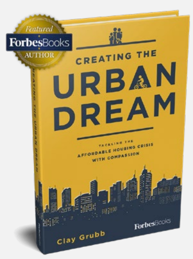
Grubb Properties, founded in 1963, is a vertically integrated real estate fund manager focused on the Essential Housing space through its Link Apartments[SM] brand. The company targets residents earning between 60% and 140% of local area median income (AMI), directly addressing a growing crisis for essential housing, while providing residents with exceptional living spaces. Grubb Properties maintains a long-term perspective and its careful and measured approach to real estate investment has delivered resilient and impressive returns. Grubb Properties has received numerous sustainability designations and recognitions, and undergoes annual ESG assessments through GRESB. For more information, visit www.grubbproperties.com.

Grubb Properties' CEO Clay Grubb is the author of the book "Creating the Urban Dream: Tackling the Affordable Housing Crisis with Compassion."

Media Contacts:
Emily Ethridge, Corporate Communications Director
eethridge@grubbproperties.com
(704) 405-5148

Michael Van Dam, Dobbins Communications
michael@dobbcomm.com
(312) 375-0872

W. Clay Grubb – CEO, Grubb Properties



Professional Highlights:

More than $2 billion in acquisitions and development under Clay's leadership

Author of "Creating the Urban Dream," published by Forbes Books

2019 Impact Award Vistage Worldwide Inc. – Charlotte Region

Class of 2018 Aspen Institute Finance Leaders Fellowship

The Lex Marsh Award Greater Charlotte Apartment Association

Young Bishop Award Virginia Episcopal School

Clay Grubb is the CEO and chairman of Grubb Properties, a vertically integrated real estate fund manager founded in 1963 that is today focused on the Essential Housing space through its Link Apartments® brand. Clay started working at the company at age 12, specializing in residential mortgage collection, and has seen how important long-term perspective is to successful investment strategies.

Since 2002, when Clay became the CEO of Grubb Properties, the company has grown significantly and been a top quartile producer of returns for its real estate investment funds. The company has received numerous sustainability designations and recognitions. It maintains corporate offices in Atlanta, Ga.; Charlotte, Cary, and Winston-Salem, N.C.; and San Jose, California.

Clay leads the long-term, strategic vision for Grubb Properties and plans an active role in all investment decisions. Under his leadership, Grubb Properties successfully transformed from a family-owned business to an employee- and board-owned company. The company has been profiled in numerous publications including *The Wall Street Journal*'s Deal of the Week and the cover of *Business North Carolina*.

Clay is an adjunct professor of real estate at Tulane University. He received his Juris Doctorate in law from The University of North Carolina School of Law and his Bachelor of Science in Management from the A. B. Freeman School of Business at Tulane University, with a concentration in finance and a second major in economics.

Professional and Civic Organizations

- Member of the University of North Carolina Board of Visitors
- Chair of the Grubb Real Estate Preservation Foundation
- Advisory Board Member of Charlotte's Knight Foundation
- Board of Advisors for the Division of Academic and Student Affairs at North Carolina State University
- Past Chair of University of North Carolina at Charlotte's Childress Klein Center for Real Estate
- Past Member of Board of Trustees for the Children's Defense Fund, where he served as Chair of the National Freedom School Advisory Committee
- Past Board Member of Aymira, a home health care company, when it grew from less than $2 million in revenue to more than $70 million
- Past Chair of Freedom School Partners
- Past President of the Greater Charlotte Apartment Association
- Past Chair of the Board for the Mint Museum of Craft + Design
- Past Member of the Mint Museum Board of Trustees
- Past Member of the Kenan-Flagler School of Business' Real Estate Advisory Board
- Past Member of North Carolina's Environmental Defense Fund Board
- Past Member of Queens University's Presidential Advisory Board
- Past Member of the Executive Committee for Queens University's Learning Society
- Past Member of the Board of Trustees for the Charlotte Ballet
- Founding Vice Chair of the Young Presidents Organization's People Action Network and Past Vice Chair of its Helping Disadvantaged Kids Network
- Past N.C. Forum Chair for Young Presidents Organization

Todd Williams – Chief Investment Officer, Grubb Properties

Todd Williams is the Chief Investment Officer at Grubb Properties and is responsible for leading the company's private equity real estate investment programs and institutional joint ventures, including the development, launch and fundraising for discretionary funds that provide equity capital for the company's real estate investments. He currently oversees the company's investment relations, communications and fundraising teams, and is a member of the company's investment committee, senior management group and executive team.

Todd has more than 25 years of industry experience including prior executive and senior-level roles at Grubb Properties in development, acquisitions, underwriting and debt financing. He has overseen fundraising for more than $750 million in equity capital deployed across $1.5 billion in real estate transactions during his career with the company.

He joined the company in 2005 after 12 years in real estate advisory services, entitlement, and urban planning, where he provided consulting services to cities, states and quasi-governmental bodies as well as to a wide variety of institutional investors, private companies, public companies and real estate investment trusts. Todd has multi-jurisdictional experience in securing more than 10 million square feet of zoning entitlements, significant local subsidies and Brownfield redevelopment agreements.

Todd has served on a wide range of community boards and committees, including the Board of Directors and Executive Committee of Habitat for Humanity of Charlotte, as chair of an affiliate's real estate committee, and as vice chair of the affiliate's Executive Committee and Board of Directors.

Todd served on the Charlotte Department of Transportation Advisory Team for Street Development Guidelines, was appointed in 2004 by the Charlotte City Council to the Mecklenburg County Schools Task Force – Long Range Strategic Planning Advisory Committee, served as a staff resource to the Committee of 100 for Charlotte's long-range regional planning, served on the Glen Lennox Neighborhood Conservation District Committee in Chapel Hill, North Carolina, and was a past Board Member of the Elizabeth Community Association in Charlotte, North Carolina.

Todd is a licensed North Carolina Real Estate Broker and graduated from the College of Architecture at the University of North Carolina at Charlotte, where he received his BA and BARCH. Additionally, Todd served as a staff associate to the UNCC Urban Institute, as a research and teaching associate in the Architecture Department, and as an adjunct faculty member and guest lecturer for the Childress Klein Center for Real Estate at UNCC.

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Perspective drives performance.

Top ten questions to ask when investing in an Opportunity Zone Fund

Authored by: Clark Spencer, Managing Director, Investments
Grubb Properties
Updated February 2022

Qualified Opportunity Zone ("QOZ") investing represents one of the greatest confluences of tax incentives, capital deployment opportunities and community impact made available to investors in decades. The essence of the program is the promotion of the reinvestment of capital gains into low-income areas by providing significant tax benefits to investors. When a person reinvests a capital gain into a qualified opportunity fund ("QOF"), they receive two tax benefits:

1. Deferral of the recognition of the original gain until 2026
2. Tax-free appreciation on their investment in the QOF if the investment is held for 10 years

Grubb Properties launched its first QOF in 2019 and has since raised more than $370 million in the program. But Grubb was investing in these areas long before there was any tax incentive for their investors. In fact, the first Link Apartments® project in the Grubb Properties portfolio – Link Apartments® Manchester – which was developed in 2012, sits in a location which has since been designated a QOZ.

By the time QOZ legislation was implemented, Grubb Properties already had four Link Apartments® sites in service or development in QOZs. As of 2021, we have completed ten new investments under the program and are excited to continue to grow our portfolio in 2022 and beyond.

The first step is to determine whether this investment vehicle is right for you or for a portfolio of investments that you manage. Here are ten questions you should know the answers to before making any big decisions.

01

Has the sponsor completed development projects in QOZ locations before?

You will want to know how much experience the sponsor has in QOZ locations. QOZ locations are, by definition, low-income Census tracts, which inherently makes them riskier investment locations than traditional market locations. While many QOZ locations are in path-of-growth areas and present great investment opportunities, knowing how to navigate the needs of an emerging and changing community is critical.

02

Is the sponsor a fund manager, developer, or both, and what is their track record?

A fund manager who also takes accountability as the developer provides another layer of certainty in QOZ markets, especially when their track record is transparent, and you can see how well they have performed. A "boots on the ground" approach to QOZ investment is important to maintain control in a project and to ensure both that the requirements of the QOZ program are met and that the investment achieves its anticipated returns. If the sponsor is not a fund manager and a developer, understanding how they are engaged with the asset to ensure compliance and return is imperative.

03

What are the ongoing tax requirements for the investors – will they receive K-1s or 1099s?

When investing in a QOF, investors must consider their ongoing obligations for tax reporting, particularly if they are using the program as a tool to diversify their portfolio into real estate. Many funds are structured as partnerships which produce K-1 tax obligations at the federal level and often require tax filings in states where properties are located, even if it is not the investor's state of residence. These obligations can be time-consuming and expensive for tax preparation. Other structures, including REITs and other corporate structured entities, will produce 1099s, a much simpler tax form, though they may not get the benefit of partnership tax treatment. Understanding these differences and how they fit into your portfolio is important for you and your tax advisor.

04

When will the fund close and what does that mean for investors' holding periods?

QOFs that are set up to take in capital over multiple years can create a longer realization timeline for investors if the fund's strategy is a portfolio sale after all investors have achieved their 10-year hold. Alternatively, such funds may leave it up to the investor to sell their investment after achieving their own holding period. Such strategies can provide flexibility for investors, but also increase their management responsibility. In contrast, a "vintage year" fund in which all investors invest in the same calendar year can provide a more hands-off approach for investors when it comes time to realize their investments.

05

How does the fund's strategy take into account its investors' deferred tax obligations?

It is important to ask if the fund intends to have a refinance or other cash event in late 2026 or early 2027. Investors will owe their deferred tax obligations with their 2026 tax filings, and, based on the generally illiquid nature of QOZ investments, investors won't be able to count on selling their investments to pay tax on their deferred gains, and any such sale wouldn't get the 10-year benefit of the program if it were sold. As an investor, you will need to know if a fund does not intend to create a cash event around the time taxes are due and will need to be aware of any deferred tax obligations and prepare accordingly.

06

How many projects are targeted and where are they located?

The construction of the fund is critical. Understanding the investment strategy, approach and methods used by sponsors and fund managers to build the fund's portfolio is one of the most important aspects of the investment. If the investment is in a single asset, is the investor confident enough in the asset and strategy to take a non-diversified risk? If the fund intends to invest in multiple assets, is there diversification in the markets the fund will target to create a well-rounded portfolio? Knowing the answers to these questions will help you assess what works best for your portfolio.

07

What is the fund’s projected return?

Is the fund manager promising a return that seems too good to be true? Internal Rate of Return, or IRR, is a common measure for evaluating real estate investments and is heavily influenced by the amount of time an investment is held. The same project with the same return profile held for five years versus ten years would result in a very different IRR. It should be a red flag for investors if a manager is not adjusting its IRR targets for a longer-than-normal holding period. Additionally, long term appreciation, often represented by an equity multiple, can be more powerful in the QOZ program based on the tax forgiveness for gains realized after the 10-year holding period.

08

What are the terms of the fund – what types of fees are charged to investors and what is the manager’s share of profits?

Real estate funds will almost always have an asset management fee and carried interest. These are the primary ways the manager is compensated. The asset management fee is a small, yearly fee generally seen as supporting the manager’s ongoing operations, while the carried interest is a performance-based incentive earned by the manager for passing pre-defined return targets. If a manager is charging higher fees or taking more carried interest in a QOZ investment than one of their other funds or investments, the investor should understand why. Additionally, investors should look out for QOZ investments that charge additional fees, such as acquisition and disposition fees, and understand fully how the manager is getting compensated.

09

Which service providers does your fund manager use?

Has your fund manager engaged sophisticated legal and tax counsel with relation to their investments? The QOZ program is still relatively new and remains an evolving area of investment with a complicated set of rules and requirements. Receiving proper counsel in navigating the program is just as important for the fund as it is for its investors. Make sure to review who is associated with a particular fund offering and check that there is appropriate representation from experts.

10

Transparency – How often does your fund manager send updates and what types are they?

Good, responsive investor relations and quality reporting are an important aspect of keeping track of your investment and understanding the fund’s value. Make sure reporting is comprehensive, transparent, and regular so that you are informed about your fund’s performance.

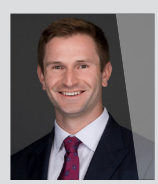
Grubb Properties' innovative product and investor-friendly structure are designed to make QOZ investing simple and profitable, while delivering the community impact the program was designed to create.

Contact us if you would like to explore this opportunity or need further information about investing, or visit us at grubbproperties.com.

James Holleman
Vice President
Capital Formation, Private Wealth
(704) 405-1646
jholleman@grubbproperties.com

John Jarvis
Director
Capital Formation, Private Wealth
(404) 889-2399
jjarvis@grubbproperties.com

Ryan Mula
Director
Capital Formation, Private Wealth
(704) 943-4105
rmula@grubbproperties.com



West Covington
Associate
Capital Formation, Private Wealth
(704) 943-4103
wcovington@grubbproperties.com

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LINK APARTMENTS®

Opportunity Zone Investing Basics

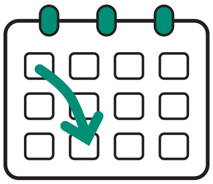
Authored by: Clark Spencer, Managing Director, Investments
Grubb Properties
Updated February 2022

Now in its fourth year of existence, the Qualified Opportunity Zone (QOZ) program remains a new concept for a lot of investors. This is a shame, as QOZs offer investors a once-in-a-lifetime chance to capture incredible tax incentives on their investments while deploying capital into areas of the country that need revitalization. This is truly a win-win scenario. In this piece we will go over some OZ investing basics, while correcting some common misconceptions.

QOZs are physical locations – any of the more than 8,700 low-income Census tracts designated by state governors and approved by the Treasury Department in 2018. Investors can receive the tax benefits outlined below by investing in Qualified Opportunity Funds (QOFs), a new type of investment vehicle created to facilitate the capital flow into these areas. We have found that there are numerous areas in path-of-growth locations that qualify as QOZs. In fact, Grubb Properties had completed or was developing four projects in these areas prior to their designation as QOZs.

A major caveat in QOZ investing is that only investments made with capital gains qualify for the tax incentives. When a person sells any property for a capital gain, they have 180 days from their sale date to invest in a QOF in order to qualify for the program. Once they do, they will receive the following two benefits:

1.



A deferral of the recognition of the investor's underlying capital gain until the earlier of **December 31, 2026** or the sale of their investment in the QOF; and

2.

A complete exclusion on the appreciation investment in the QOF if the QOF investment is held for **ten years**.

Each of the above benefits has significant stand-alone value, and can have profound impact on the value delivered to an investor. By deferring recognition of a capital gain, an investor is able to invest 100% of their capital, rather than paying capital gains now and, based on current federal capital gains rates, investing 76 cents on the dollar. The second benefit, the back-end tax forgiveness, is incredibly valuable in these types of long-term investments that are often weighted toward asset appreciation.

We are often asked what type of gains can be used to make an investment and get the tax benefits. The answer, generally, is any gain that would be treated for federal tax purposes as either a long-term or short-term capital gain – this includes sales of a small business, investment real estate, or even stocks held in a brokerage account.

Additionally, unlike the 1031 Exchange program, which the QOZ program is often compared to, investors have total flexibility and may invest all or any part of their gain in one or multiple QOZ investments. These two features provide an incredible amount of flexibility for people utilizing the program.

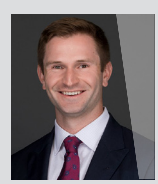
If you are interested in QOZ investing, Grubb Properties may be a good option for you. We have designed an investor-friendly structure to complement our long experience in QOZs, and a unique strategy that we believe fits the needs of QOZ locations. Together, we believe these features can allow us to deliver long-term value to our investors while benefiting communities.

Contact us if you would like to explore this opportunity or need further information about investing, or visit us at grubbproperties.com.

James Holleman
Vice President
Capital Formation, Private Wealth
(704) 405-1646
jholleman@grubbproperties.com

John Jarvis
Director
Capital Formation, Private Wealth
(404) 889-2399
jjarvis@grubbproperties.com

Ryan Mula
Director
Capital Formation, Private Wealth
(704) 943-4105
rmula@grubbproperties.com



West Covington
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