

Liquidation and Your Tax Implications

On Aug. 4, 2016, our shareholders approved a plan of liquidation and dissolution. The information below is intended to help you understand the tax implications of the distributions you received pursuant to that plan of liquidation. This flyer does not replace advice from a qualified tax professional. CNL Growth Properties is not providing legal or tax advice. Shareholders in CNL Growth Properties are encouraged to consult with a tax professional as to their individual circumstance.

In 2015, we made cash distributions of \$3.00 per share and in 2016 made two cash liquidating distributions totaling \$4.65 per share in connection with our plan of dissolution. The 2017 final liquidating distribution of \$5.35 per share will be reported on shareholders' Form 1099-DIV.

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED					
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1a Total ordinary dividends	OMB No. 1545-0110	2017	Dividends and Distributions
		\$	Form 1099-DIV		
PAYER'S federal identification number		1b Qualified dividends	2b Unrecap. Sec. 1250 gain	Copy 1 For State Tax Department	
RECIPIENT'S identification number		\$	\$		
RECIPIENT'S name		2c Section 1202 gain	2d Collectibles (28%) gain		
Street address (including apt. no.)		\$	\$		
City or town, state or province, country, and ZIP or foreign postal code		3 Nondividend distributions	4 Federal income tax withheld		
FATCA filing requirement <input type="checkbox"/>		\$	5 Investment expenses		
		6 Foreign tax paid	7 Foreign country or U.S. possession		
Account number (see instructions)		8 Cash liquidation distributions	9 Noncash liquidation distributions		
		\$	\$		
		10 Exempt-interest dividends	11 Specified private activity bond interest dividends		
		\$	\$		
		12 State	13 State identification no.	14 State tax withheld	
		\$	\$	\$	
		\$	\$	\$	

Form **1099-DIV** www.irs.gov/form1099div Department of the Treasury - Internal Revenue Service

Cash liquidating distributions that you received in 2017 will be included in **Box 8**.

FREQUENTLY ASKED QUESTIONS

The following questions and answers are provided for illustrative purposes only to provide you with a general understanding of the tax implications of liquidating distributions received in 2017. The questions and answers are based on certain assumptions and may not apply to all CNL Growth Properties shareholders.

Q. HOW DO I FIGURE OUT MY COST BASIS?

- A.** The example below illustrates the cost basis for a shareholder who purchased 1,000 shares of CNL Growth Properties at \$10.00 per share at the beginning of the offering period in April 2010. In this example, the shareholders received an additional 399.96 shares from quarterly stock distributions, resulting in a total of 1,399.96 shares. Shareholders may utilize the methodology in this illustration to calculate their cost basis, timing, and amount of tax gain.

Purchase (initial basis) April 2010 (1,000 shares x \$10.00 per share)	\$10,000.00
2015 return of capital reported on 2015 Form 1099-DIV (Box 3) Two distributions (\$1.30 and \$1.70 per share)	(\$1,954.21)
2016 cash liquidating distributions reported on 2016 Form 1099-DIV (Box 8) Two liquidating distributions (\$2.35 and \$2.30 per share)	(\$6,509.82)
Cost basis as of Dec. 31, 2016	\$1,535.97 ¹
2017 cash liquidating distribution to be reported on 2017 Form 1099-DIV (Box 8) One liquidating distribution (\$5.35 per share)	(\$7,489.79)
Hypothetical estimated gain (not to be used for tax planning purposes)	\$5,953.82

As discussed in the plan of dissolution approved by shareholders, liquidating distributions will be applied to reduce a shareholder's cost basis, but not below zero. The amount of distributions in excess of the basis will be a gain that should be recognized in the year the distribution is received.

Q. WHEN WILL I RECEIVE MY FORM 1099?

- A.** The proceeds from the liquidating distributions will be reflected on a Form 1099-DIV that will be sent to shareholders in January or February 2018.

Q. WHO SHOULD I CONTACT WITH QUESTIONS?

- A.** If you have questions regarding the specifics of CNL Growth Properties' liquidation or when information will be available from CNL Growth Properties, please contact CNL Client Services at 866-650-0650, option 3.

Shareholders should contact their tax advisors with questions regarding their specific tax situation.

Forward-looking statements are based on current expectations and may be identified by words such as "believes," "anticipates," "expects," "may," "could" and terms of similar substance, and speak only as of the date made. Actual results could differ materially due to risks and uncertainties that are beyond the company's ability to control or accurately predict, including the amount and timing of anticipated future distributions, estimated per share net asset value of the company's stock and/or other matters. The company's forward-looking statements are not guarantees of future performance. Shareholders and financial advisors should not place undue reliance on forward-looking statements.

¹If cost basis as of Dec. 31, 2016, was negative, shareholders may have had a gain in 2016 and should consult their tax advisor.