

# 2020 Annual Report

*Supplement*



Perspective  
drives  
performance.

## Grubb Properties

Founded in 1963, Grubb Properties is a real estate investment and development firm. It creates exceptional real estate value through the repositioning of distressed office buildings and the development of multifamily communities under its nationally registered Link Apartments<sup>SM</sup> brand. In addition to real estate operations, the company is also a direct investor in real estate properties through its affiliate, Grubb Real Estate Investment Company (GREIC), and is the sponsor of numerous private equity real estate investment fund vehicles.

Since 2002 it has made investments in more than \$2.46 billion of real estate including approximately 3.2 million sq ft of commercial property and approximately 8,700 apartment units. Its current portfolio constitutes investments in approximately \$1.25 billion of real estate, including approximately 2.60 million of commercial property and more than 6,500 apartment units. The current investment strategy is born from the firm's experience in both multifamily and office investment and focus on development of Link Apartments<sup>SM</sup> to drive investment returns.

### Disclaimer

This report contains and is based on internally and externally sourced information that Grubb Properties believes is reliable, but that has not been audited or otherwise verified by independent third parties. Investment valuations contained in this report include estimates of unrealized values of investments determined by Grubb Properties in accordance with valuation methodologies referenced in the applicable fund or joint venture documents or otherwise determined to be appropriate by Grubb Properties. No representation or warranty is made as to the accuracy or completeness of the information or valuations contained in this report. Any summary of a document contained in this report is qualified in its entirety by the full referenced document. This report contains estimates of unrealized investment values and other forward-looking statements that are based on assumptions that could prove incorrect and are subject to numerous other known and unknown risks and uncertainties, any of which may cause actual results to differ materially from our expectations. This report contains information regarding the historical investment performance of investments made by affiliates of Grubb Properties. Such historical investment performance is not indicative of future results and there can be no assurance that unrealized current investments or future investments will achieve comparable results.

# Welcome

Welcome to the Grubb Properties 2020 Annual Report. In these pages you will hear from a range of our team members, all sharing a different component of what makes our 57-year-old company unique. Our goal is to give you insight into what informs our perspective and drives our performance.

Our investment strategy is focused on Essential Housing, which we believe to be one of the most resilient and yet the least-talked-about asset classes. This housing is critical to solving America's housing crisis, a problem that continues to worsen. Chief Investment Officer Todd Williams talks more about Essential Housing and how we can meet the growing need on page 10. You will also hear from our team members on Opportunity Zone and impact investing; Environmental, Social and Governance (ESG) objectives and performance; and how we're improving the investor experience.

As the world comes out of the pandemic, we are seeing generational buying opportunities in resilient and gateway markets. Our decades of experience have us well-positioned and prepared to take advantage of this moment, and we hope you will join us.

Thank you for spending time with this report and thank you for your continued support of Grubb Properties.

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## Perspective drives *Resiliency*

2020 and COVID-19 will be etched in our collective memory for generations. The global pandemic upended business as usual and cascaded to affect nearly every aspect of daily life. People, businesses, and institutions were thrust into having to restructure a broad range of activities in real time. Resiliency in the face of such a challenge was suddenly a topic everyone had to confront, and for Grubb Properties, it proved just how agile we could be.

As the impacts of COVID-19 spread across the globe, senior leadership at Grubb Properties convened a broad task force that represented all facets of our company. The task force began meeting early to discuss the events that were unfolding and develop a plan for what might happen if those same effects arrived in our communities. And while this task force could not predict the COVID-fueled interruptions and the varied and diverse policy responses across cities and states, the act of planning allowed our firm to explore vulnerabilities in our business and our investment portfolio and plan for ways to mitigate and strengthen our position.

Navigating COVID-19 as a team was not limited to just looking out for the health and well-being of our people, but extended to our tenants, residents, and business partners. We created plans to be reliable partners to our full range of relationships, knowing that their health and ability to navigate the pandemic was key to our ability to respond.





**Residential** – Each property was tasked to deliver policies that would help to limit the spread of COVID-19 and promote social distancing. Additionally, residents were incentivized to pay rent on time through rebates, and property management worked proactively with residents who experienced a downturn in personal financial conditions so they could exit the property without penalty. Leasing teams navigated and adapted to helping prospective residents tour properties and units in a fully virtual setting and kept community engagement active through creative resident programs.

**Commercial** – We contacted each tenant to discuss the impacts of COVID-19 related closures and business interruptions. Leases were restructured to offer alternative rent structures and free rent in exchange for rent term extensions, which helped tenants bridge the initial shutdowns and protected the long-term value of investor assets.

**Corporate** – We shifted to a fully remote-enabled workforce and made changes to speed up the payment of payable invoices to help our various service providers. We also fortified our internal technology platform and tools and learned how to stay connected in a temporarily disconnected world.

### **Operational highlights from Scott Brown, President, Grubb Properties**



Our teams reached significant goals as our portfolio grew in new markets. They did all this while operating in a uniquely challenging environment, making their accomplishments even more impressive. Following are some key 2020 highlights:

- Record multifamily year-end portfolio average rent per sq ft of \$1.26, up from \$1.21 in 2019.
- Link Apartments<sup>SM</sup> Innovation Quarter, our largest Link Apartments<sup>SM</sup> community to date, stabilized three months ahead of pro forma.
- Our construction management team turned over 39 office upfits totaling 170,083 sq ft of work – more than doubling the prior year's numbers.
- Our commercial leasing team negotiated 77 leases, up 35% from 2019, equaling 686,158 sq ft and valued at \$153 million. Anticipating the impact of COVID-19, 34 leases were done in six weeks to shore up occupancy of existing buildings.
- Included in those numbers, the commercial development team secured a lease for the 5995 Windward office building in Atlanta, Ga. for over 200,000 sq ft, valued at \$93 million and stabilizing the building once occupied eight months early. *This was the second-largest lease in the company's history.*
- We earned the highest employee satisfaction score in the history of the company of 97%. We also were named to the 'Best Places to Work' list by the Charlotte Business Journal, based on employee survey responses.

# Perspective drives *Growth*

2020 was a true test of business resiliency in the face of the most sudden and broad economic shock in history. For Grubb Properties, in spite of COVID-19, we performed. *We grew.*

We ended 2020 with record multifamily occupancy of 97.2% compared to the 94.8% reported by Yardi Matrix for the southeastern United States. Multifamily rent collections exceeded 98.0% each month of 2020, compared to 94.8% average reported by the National Multifamily Housing Council for 2020. Our results are phenomenal given the circumstances and speak to the underlying investment thesis in our multifamily portfolio and our approach to navigating the pandemic with care for our residents and our staff.

Being an early mover in 2020 created a significant advantage for Grubb Properties across all our businesses. By finding a fast path to resiliency, we were able to move past the distractions of COVID-19 that continue to weigh on our competitors and on many businesses.

Our research on resiliency in growth markets and identifying the most important factors, while observing the growing correlation of markets over time, has confirmed our

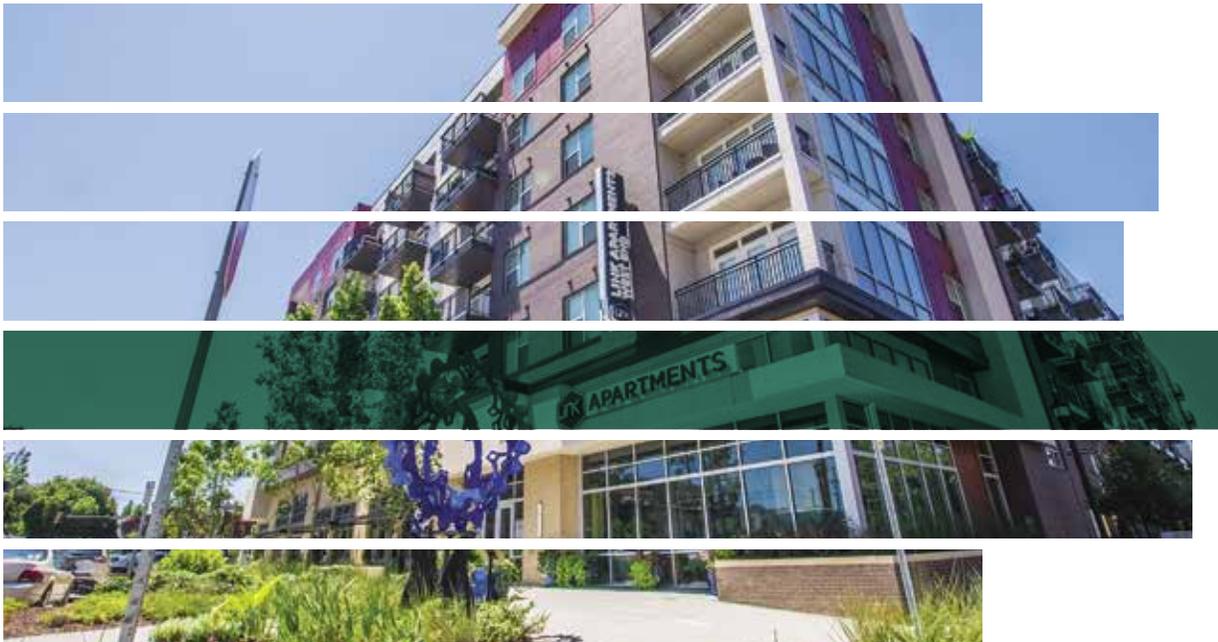
investment approach. The five pillars of market resilience core to the Grubb Properties investment strategy are:

**Climate exposure** – Our exposure is focused away from coastal regions where rising sea levels create tail risk and raise risk premia for borrowers through higher financing and insurance costs.

**Government** – Government spending through fiscal policy is a counter-cyclical force that helps dampen the downside amplitude of normal economic cycles. Unlike previous cycles, fiscal policy remains aggressively expansionary.

**University** – Proximity to public state-funded universities and higher education institutions is another pillar of market resilience and long-term performance that has proven to be a strong counter-cyclical real estate investment through three recessions.

**Hospital/medical infrastructure** – Proximity to a highly developed hospital and medical infrastructure is often related to the public university education system and provides further resiliency in volatile markets.



**Transportation** – A public transportation infrastructure contributes to a more resilient urban environment with lower traffic levels and less pollution, and provides for corridors of high-density land utilization with efficient concentrations of housing and employment.

Our financial strength allowed us to expand our footprint into new geographies that were previously cost-prohibitive to our business strategy. We hit a record number of Link Apartments<sup>SM</sup> projects under construction with 10 projects in six cities totaling 2,593 units.



### Our National Coverage

New 2020 Markets include: Los Angeles, Washington D.C., Denver, New York City, Memphis



## Perspective drives *Opportunity*



Dear Investors,

I have to say it is truly humbling to be a member of the Grubb Properties team. Our core team has always leaned in and put their heart and soul into protecting the savings and investments our investors have entrusted to us. I never thought that I would be able to say that we have over 200 team members who are that committed, but we do, and they delivered the results in 2020 to prove it.

At Grubb Properties, we combine our deep research with our commitment to being prepared for the worst to create a unique perspective on real estate investing. Having weathered eight recessions and numerous disasters, we are prudent and skilled at finding the best financial opportunities in even the darkest times. And in the good times, we remain disciplined and stick to our strategy.

Today, we not only remain optimistic, but our perspective drives opportunity – and that moment has arrived. We are at the beginning of a new cycle and we have the infrastructure in place to capitalize on it.

In gateway markets such as Los Angeles and New York, where the largest real estate companies are reeling from the pandemic recession, Grubb Properties is using its nimble approach to pick off some of the most resilient opportunities in the country at bargain prices. These markets are the most cost-burdened cities in the country, with some requiring their residents who earn the median wage to save for more than 40 years to have enough money to make a down payment on the median home.

We are using our talents honed over decades of experience to sniff out these generational buying opportunities. In Los Angeles, a typical multifamily site can sell for more than \$200,000 per unit just for the land, while our most recent acquisition there, just off of Sunset Boulevard on Western Avenue, was purchased for \$50,000 per unit. We are securing sites that had been occupied by uses now closed due to the pandemic, such as movie theaters and hotels. These sites are not only near many transit options, but in some cases, they are directly attached to the transit stations, and we have two sites each adjacent to three major hospital systems.

We have spent a decade perfecting our Link Apartments<sup>SM</sup> product, and I am confident no competitor has a more efficient design. Nor has there been a better time in history for a product that can deliver the Essential Housing that is desperately needed throughout America. The United States has fallen woefully short on delivering housing for its essential workers over the past decade, and Grubb Properties may be one of the only companies in the country to dedicate its focus solely to this critical component of our society. One of the largest segments of our resident population is made up of the very nurses and doctors we are dependent upon to keep our communities healthy during this pandemic.

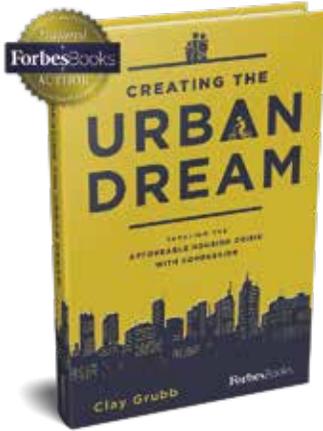
At Grubb Properties, we are committed to delivering top-tier investment returns while avoiding any undue risks. Essential housing was one of the most resilient asset classes in 2020 and I am confident that will be the case during the next recession. We are excited about the launch of Fund VII and I am confident it will be our most successful.

Thank you for your continued support!

A handwritten signature in black ink, appearing to read "W. Clay Grubb". The signature is fluid and cursive, written over a white background.

**W. Clay Grubb**  
Chief Executive Officer

## Creating the Urban Dream

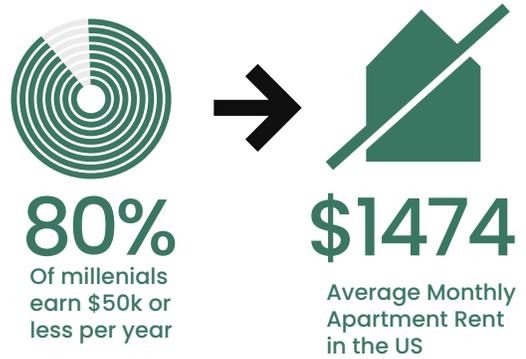


Clay Grubb published his book, "Creating the Urban Dream," with ForbesBooks in 2020. The book focuses on finding concrete, creative solutions to the growing housing affordability crisis in America. Sharing stories and lessons learned from his decades-long career in real estate, Clay offers a path for private developers, investors, public officials, and neighbors to enhance housing opportunities in their communities.

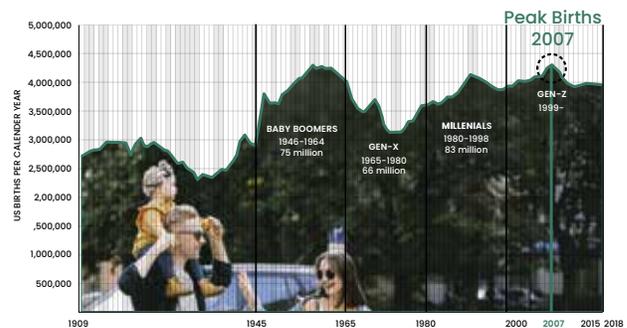
“For generations, homeownership has been an avenue to a better life. But discriminatory policies left many people out, and today’s trend of rising home prices continues to put housing beyond the reach of significant sectors of the workforce. This is particularly true in America’s urban centers, where a shortage of affordable housing is stifling social and economic mobility.”

The book is available for purchase on Amazon, Indiebound, and Audible. All book sale profits are donated to the Urban Institute’s Housing Matters Initiative.

### The Housing Crisis in America Today

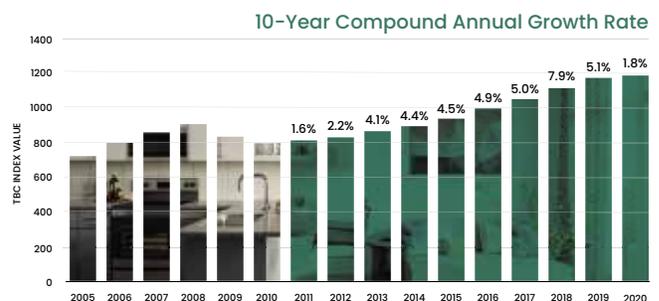


### US Births Drive Housing and Office Demand



Source: US Census Bureau

### 2020 Housing Cost Exceeds Inflation & Wage Growth



Source: Turner Construction Company - Turner Building Cost Index

# Opportunity from Crisis

James Hochman, Chief Financial Officer



Black Swan events are central to risk management models based around probability distributions. Models expect these events to occur less frequently than one day in every 125 years. But in 2020 alone, the U.S. stock market saw no fewer than 12. Unfortunately for investors who ground their strategies in these models, the COVID-19 pandemic of 2020 is one of countless Black Swans that have occurred over the last 20 years. Grubb Properties does not think about risk management in this way and as a result, we have come through the other side of 2020 strong. Our strategy is defensively underpinned against tail risk and offensively positioned for the best macro set up in decades. It's focused on intensifying demographic pressures and a shrinking stock of housing that is becoming increasingly expensive.

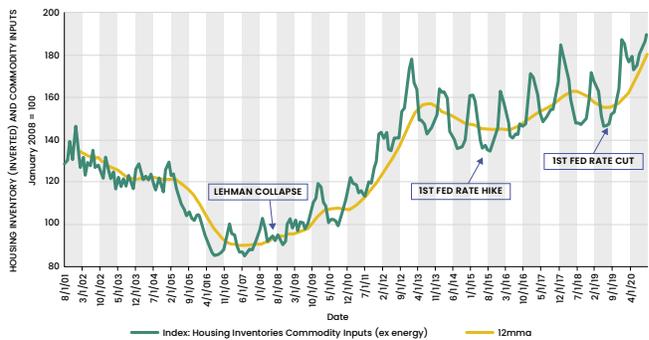
Were it not for the pandemic, the Federal Reserve (the Fed) could have conducted a modest rate-cutting cycle to offset its diminishing asset purchases. Instead, cratering economies and asset markets induced a massive policy response. It forced policy interest rates dramatically lower and ballooned the Fed's balance sheet by nearly \$4 trillion in just nine months to \$7 trillion. The Fed also introduced a new framework that mandates overshoots in its 2% inflation target.

Today there are strong inflationary impulses evident in many things we want and need, including commodities such as lumber, financial assets such as equities, and hard assets such as housing.

Our proprietary index (Chart 1) illustrates those intensifying pressures in housing and commodities excluding energy. The stock of available housing is the smallest it has been in over 20 years and the commodity inputs required to build them are at their most expensive. **In other words, housing is becoming more scarce and more expensive.**

Chart 1

## Housing Inventory and Commodity Related Inputs at Tightest Levels in Over 20 Years



Many of the 59 proprietary, proven levers in our Link Apartments<sup>SM</sup> strategy allow us to execute more efficiently in a difficult environment of rising inputs. That allows us to remain big beneficiaries of this powerful trend in housing. For investor portfolios, our strategy should act as a bulwark against inflationary pressures.

Rents in gateway markets such as Los Angeles, New York City, and Washington, DC are the elephant in the room. The 2020 Rent Café Annual Report highlighted rental weakness in LA of (5.8%), Manhattan (10.8%), and DC (6.8%). This profound weakness in historically resilient markets has created a generational opportunity for investors. The pandemic and the affordability crisis have forced down the drawbridge of these fortress markets and reset prices for the next bull run.

Our working hypothesis is that the major price capitulation in these fortress markets is temporary. Gateway markets have historically

entered and exited periods of weakness earlier in the cycle than non-gateway markets. Importantly, 2020 performance in Charlotte, N.C.—a major exposure for us—and Memphis, Tenn.—a new market for us—was robust, exhibiting general annualized rental growth of 2.3% and 5.4%, respectively.

Intense demographic pressures and the tailwinds from government and central bank policies are the backdrop for this investment cycle. Our ability to execute efficiently now while the drawbridge is down is central to our differentiated outperformance over its course.

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## Qualified *Opportunity* Zones in 2021

*Clark Spencer, Fund Manager of Opportunity Zone Funds*



Qualified Opportunity Zone (“QOZ”) investing represents one of the greatest confluences of tax incentives, capital deployment opportunities, and community impact to become 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 three tax benefits: a deferral of the recognition of the original gain until 2026, a 10% reduction in the tax liability on the original gain, and tax-free appreciation on their investment in the QOF.

Grubb Properties launched its first QOF in 2019 and has since raised more than \$200 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<sup>SM</sup> project in the Grubb portfolio,

Link Apartments<sup>SM</sup> Manchester, which was developed in 2012, sits in a location that has since been designated a QOZ. By the time the QOZ legislation was implemented, Grubb already had four Link Apartments<sup>SM</sup> sites in service or development in QOZs. Since then, we have made 10 new investments under the program and are excited to continue to grow our portfolio.

Link Apartments<sup>SM</sup> is what gives Grubb its advantage in QOZs. As a multifamily brand serving the essential housing market, our strategy meshes perfectly with Opportunity Zone locations. We believe that by providing moderately priced rental housing in QOZ locations, we can add valuable housing stock to these underinvested areas while preserving neighborhood character and building local communities. The process, we can address – as well as capitalize on – the essential housing crisis we now face.

If you are interested in investing in QOZs, 2021 is the time to do it. After the end of the year, the benefit of the discount on investors’ deferred tax obligations under the program will no longer be available. Grubb’s 2021 QOF will be our investors’ last chance to save 10% on their deferred gains. Our 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.

# Perspective drives *Innovation*

Todd Williams, Chief Investment Officer



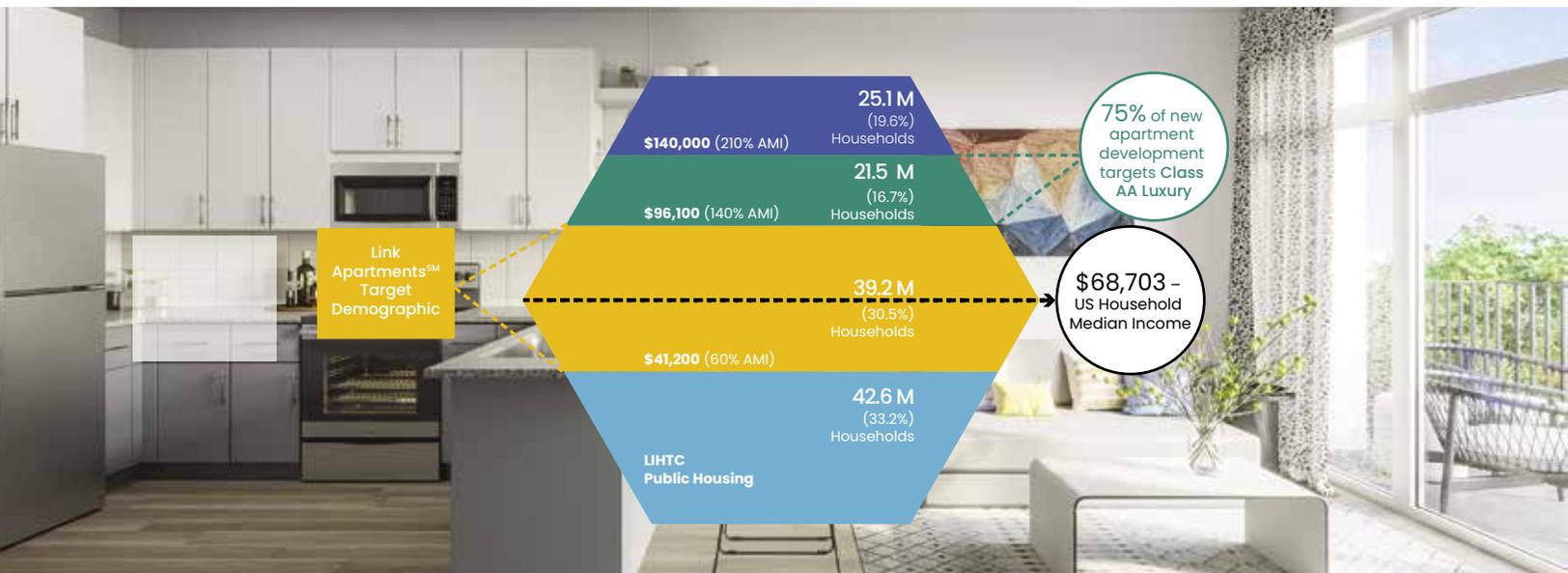
Our investment strategy focuses on **Essential Housing**, which we believe to be one of the most resilient asset classes and a term that will become increasingly talked about. This product is urgently needed throughout the country, and yet very little new construction is built to meet this demand. While a number of factors contribute to the lack of production in this segment, the most impactful is the rapid rise in the cost to build housing. This cost inflation not only creates a lack of affordability, but the eroding margin discourages market developers to enter this segment, compounding the problem over time.

Essential housing falls between luxury rental housing, generally serving those earning above 140% of area median income, and affordable housing, generally serving those earning at or

below 60% of area median income and typically requiring federal, state, and local subsidies. Essential housing serves approximately 41 million households in the U.S. that struggle to make ends meet as rapidly rising housing costs pinch their household incomes.

A portion of this demographic is served by existing rental housing product, largely Class B and Class C apartment communities built from the 1960s-1990s. This workforce housing has average unit sizes in excess of 1,000 sq ft, with unit configurations ranging from one to four bedrooms, and is typically more automobile-oriented. In years past, Grubb Properties invested heavily in this segment, renovating older properties to better meet the needs of these working families, and we are proud of the communities we transformed.

Yet the Young Millennial and coming Generation Z workforce, representing the largest demographic wave in U.S. history, have different housing needs that aren't met by the workforce housing stock. This group flooded the rental housing market over the last ten years, and their demand will accelerate over the next ten. The challenge is that 80% of the Millennial workforce today earns less than \$50,000 per year, meaning they can't afford the nearly \$1,500 monthly average rent. For this group, urban



location and price point are more critical than unit size and bedroom count.

Essential housing is the solution for this demand. As an investment strategy, it provides a stronger margin of safety than building luxury apartments, because it is driven by demographics, not by how well the economy is performing at any given moment.

By making rents more affordable and reducing residents' need to rely on expensive car ownership, we make essential housing appealing and accessible to a much broader audience through our Link Apartments<sup>SM</sup> brand. We focus on urban, transit-oriented locations that are close to major fixed employers such as universities or medical centers. Next, we target rents that are affordable to residents earning 60-140% of the area median income. Virtually no other new multifamily product is being developed in this price segment in these locations.

How do we reach that price point while meeting the demand for essential housing? We focus



on design efficiencies and now offer just six floor plans at our communities. We also use a number of creative development methods such as innovative site acquisition, a shared parking strategy, partnerships, and pursuing tax breaks with localities.

The results speak for themselves. Our Link Apartments<sup>SM</sup> communities maintained high occupancy even throughout the pandemic, and had rent collections markedly above national averages. The growing need for essential housing, combined with our years of work and deep expertise in creative methods, has us well-positioned to take advantage of the current moment.

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## How we do *Essential Housing* – Link Apartments<sup>SM</sup>

*Megan Slocum, Managing Director, Link Apartments<sup>SM</sup> Development*



Our Link Apartments<sup>SM</sup> communities are focused on helping residents link to what matters most. We want residents to feel like they do not have to compromise on anything when living in a Link Apartments<sup>SM</sup> community.

Years of research led us to develop just six floor plans that we can replicate in all our communities. Each of these plans emphasizes functional livable space so residents are not paying for excess square footage. Each unit comes with quality finishes and large closets and vanities. The buildings are appointed with many amenities such as pools, clubrooms, bike rooms, exercise and yoga rooms, and many other features.

Location is also key. Each community is transit-oriented and located near major, fixed employers – specifically medical centers and universities that are resilient and provide good-paying jobs even during economic downturns.

## Current and upcoming Link Apartments<sup>SM</sup> communities that embody our essential housing strategy

### Link Apartments<sup>SM</sup> Innovation Quarter – Winston-Salem, NC – 344 units

Located in an urban biotech district supporting more than 3,800 professionals and featuring an urban park, retail, restaurants, and a medical school.

- 92.2% occupied at year-end, stabilizing three months ahead of pro forma
- Winner of the Downtown Excellence Award from the Downtown Winston-Salem Partnership



### Link Apartments<sup>SM</sup> Montford – Charlotte, NC – 288 units

This community was built on the parking lot for the adjacent office building, along with a new parking deck shared by the office users and tenants.

- 55% occupied at the end of the fourth quarter of 2020
- Estimated construction savings of more than \$5.0 million by deploying shared parking



### Link Apartments<sup>SM</sup> Grant Park – Atlanta, GA – 246 units

This community is adjacent to a planned creative office campus and will have convenient access to the popular Atlanta Beltline Trail.

- 10-year partial property tax abatement secured
- Parking revenue from adjacent office enhances returns



### Link Apartments<sup>SM</sup> Broad Avenue – Memphis, TN – 370 units

Located in the Broad Avenue Arts District and on the Hamplene Corridor, a dedicated bikeway connecting to a major park and other greenways.

- 15-year partial property tax abatement secured



### Link Apartments<sup>SM</sup> Fitzsimons – Aurora, CO – 405 units

Adjacent to Fitzsimons Innovation Community, a 125-acre biomed innovation campus including three hospitals and a medical university supporting more than 25,000 jobs.

- Along bike and pedestrian corridor connecting to Denver's light-rail transit system
- Part of our 2020 Qualified Opportunity Fund. Investors have the opportunity to invest directly in this project.



# Perspective drives *Culture*

Colin Walker, Sustainability Manager



In 2020 we completed our first full assessment under the Global Real Estate Sustainability Benchmark, improving on our 2019 pre-assessment score by over 40%. We kept pace with competitive U.S. and peer groups, of which 80% have multiple years of prior GRESB assessment experience.

Following are the areas of performance where we focused on making an impact:

- **Environmental Stewardship**

- A total of 19% of our 2020 portfolio has earned green building certifications, up from 12% of the total portfolio in 2019.
- We increased our energy and water assessments of stabilized assets from 47% of multifamily properties in 2019 to 63% of multifamily properties in 2020.

- **Housing Affordability**

- Residents on our long-term resident program increased 1.4% from 7.0% in 2019 to 8.4% of our multifamily portfolio in 2020.
- New essential housing units developed through our Link Apartments<sup>SM</sup> brand increased by 810% with 90 units delivered in 2019 and 729 units delivered in 2020.

- **Transportation Innovation**

- We increased bike capacity by 18.5% going from 216 spaces in 2019 to 256 spaces in 2020.
- We eliminated 486 parking spaces through shared uses in 2020.

- **Community Engagement**

- Employees using company-paid volunteer time, including in safe, impactful ways during the COVID-19 pandemic, held at an impressive 374 hours for 15% of available hours used by employees. Understandably, 2019 was higher at 546 hours for 32% of available hours used by employees.
- Funds raised for Habitat for Humanity remained strong –
  - 2019: \$98,896 (\$179,978 cumulatively)
  - 2020: \$113,904 (\$293,882 cumulatively)

- **Business Ethics and Integrity**

- 2019: 75% of new hires were diverse and/or female (data covers April–December 2019).
- 2020: 73% of new hires were diverse and/or female.
- Starting in 2021, we have a new goal that for at least 75% of our new positions, the finalist pools will contain at least 50% diverse and/or female candidates.

## Compliance takes a step forward

In 2020, we took additional steps to formalize and improve our compliance efforts, including establishing a board-level Audit Committee. That committee is led by board member Gaye Montgomery, a risk and compliance executive who founded her own compliance firm. Gaye's 30+ year career included leading Altria's law department's Global Compliance Practice Group and designing Philip Morris's first fiscal compliance and anti-money-laundering program.

“An effective risk and compliance strategy liberates companies to take risks, grow, and sustain their value.”

– Gaye Montgomery



## Perspective drives *Experience*

*Sherry Long, Senior Vice President, Investor Relations*



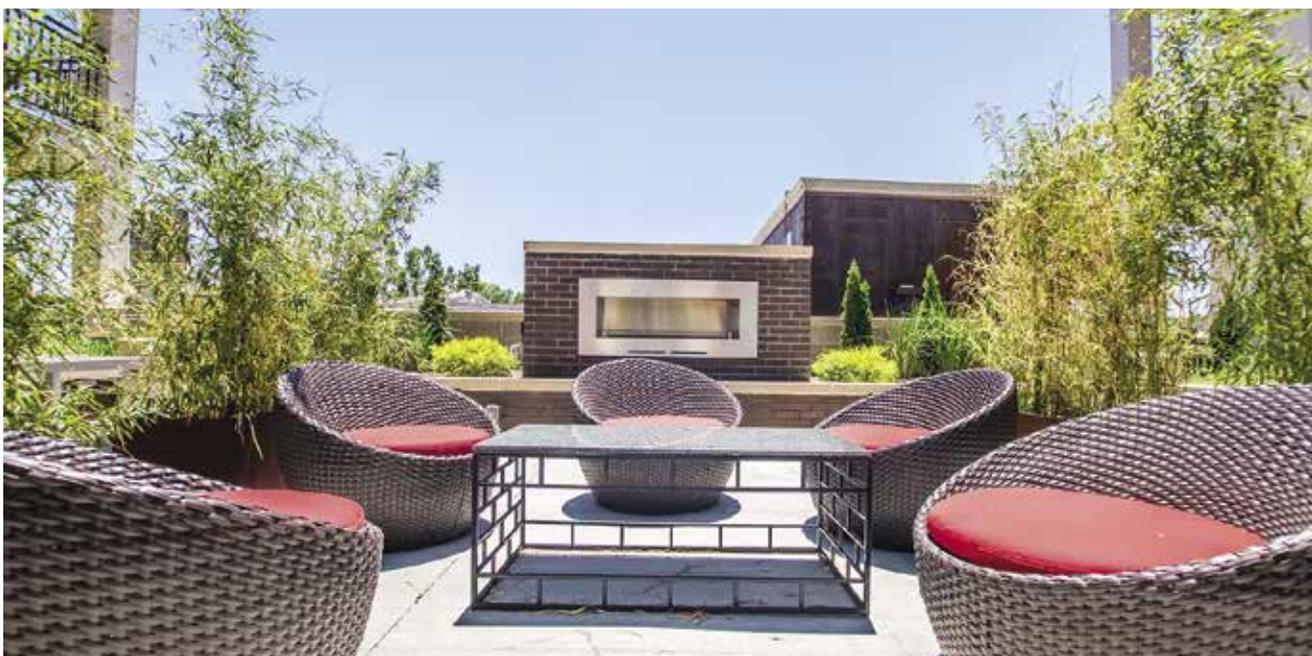
Many of our investors have been with Grubb Properties for years. Our Investor Relations team makes sure our Investors are well cared for through informed fund activity across all investment performance.

This year, we achieved several milestones in the way we manage and report for our investors. With security being at the top of the list, we implemented multi-factor authentication for our investor portal. Not only is our platform more secure, but we also launched a new portal layout to provide easier access and navigation between investments, reports and important documents, including electronic submission for all fund documents.

Communication is critical, and to ensure we have this just right, we performed our first Annual Investor Experience Survey in 2020. We are proud that the highest score we achieved was for the prompt communication and responsiveness of the Investor Relations Team. We also garnered feedback to help us improve further in 2021 and have several initiatives underway.

Along with our regular communications – Annual Report, Quarterly Investor Summary Reports, individual Investor Fund Financial Statements, electronic delivery of tax documents and others – we held our first virtual Investor Annual Meeting with over 150+ of our investors. The COVID pandemic just meant we needed to communicate through more and different channels to provide opportunities for investors to stay informed.

Transparency of our funds and fund activity remain core to the Grubb Properties business philosophy and open and regular communications are the foundation.



## Our Open Funds:

With a unique generational buying opportunity, we are pleased to present the following 2021 investment opportunities:

### Fund VII (Grubb Real Estate Fund VII, LLC)

Opportunistic, closed-ended fund seeking to combine Grubb Properties' value-add office and multifamily development expertise in a resilient single strategy, leveraging shared parking to achieve above-market returns in markets with lower cyclical correlations and high growth potential. This fund launched in the first quarter of 2021.

**Strategy:** Opportunistic, Development /  
**Sectors:** Multifamily, Commercial /  
**Inception:** 2021 / **Target Raise:** \$400mil

### 2021 QOF (2021 Grubb Qualified Opportunity Fund, LLC)

A private REIT formed as a follow-up to the 2019 and 2020 QOFs, seeking to invest in multifamily development assets under the Link Apartments<sup>SM</sup> brand in resilient markets nationwide through joint ventures. The REIT was launched in the first quarter of 2021.

**Strategy:** Development / **Sectors:** Multifamily /  
**Inception:** 2021 / **Target Raise:** \$200mil

### Glen Lennox (Glen Lennox Fund, LLC)

Opportunistic, closed-ended, asset-specific fund to own and redevelop the historic Glen Lennox property in Chapel Hill, NC. The fund will realize the stability of operating assets while targeting long-term growth through the redevelopment of the property in discrete phases under the 20-year Development Agreement.

**Strategy:** Master Plan Development /  
**Sectors:** Multifamily, Commercial /  
**Inception:** 2016 / **Fund Size:** \$55.7mil

## Currently Active Funds:

Prior funds raised in the platform provided critical capital to deploy in 2020.

### Fund VI (Grubb Southeast Real Estate Fund VI, LLC)

Opportunistic, closed-ended fund seeking to combine Grubb Properties' value-add office and multifamily development expertise into a single strategy, leveraging shared parking to achieve above-market returns.

**Strategy:** Opportunistic, Development /  
**Sectors:** Multifamily, Office / **Inception:** 2017 /  
**Fund Size:** \$169.3mil

### 2019 QOF (2019 Grubb Qualified Opportunity Fund, LLC)

Private REIT formed as a side-car offering to Fund VI seeking to combine Grubb Properties' value-add office and multifamily development expertise and deploy it in Qualified Opportunity Zones nationally.

**Strategy:** Opportunistic, Development /  
**Sectors:** Multifamily, Office / **Inception:** 2019 /  
**Fund Size:** \$142.4mil

### 2020 QOF (2020 Grubb Qualified Opportunity Fund, LLC)

Private REIT formed as a follow-up to the 2019 QOF seeking to invest in multifamily development assets under the Link Apartments<sup>SM</sup> brand in resilient markets nationwide through joint ventures.

**Strategy:** Development / **Sectors:** Multifamily /  
**Inception:** 2020 / **Fund Size:** \$60+mil

## Our Investment Track Record

Over the last two decades, Grubb Properties has attracted more than **\$1.5 billion** in equity capital into our platform through **75 investments** and **12 fund vehicles** with a combined value of **\$2.46 billion**

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Since 2002 we have realized **30 of those investments**

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Totaling over **\$1.2 billion** in value upon sale

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With a gross weighted average IRR of **41.6%**

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Achieving a **2.35x** equity multiple at the property level

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Utilizing less than **57%** leverage at time of sale

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For more information on available investments and funds, contact:





## Perspective drives *Community*

Ingrained in our culture is a commitment to investing in ways and in places that maximize our positive impact. The company was founded with the recognition that being compassionate is good business. In 1963, we began as a homebuilder with the goal of providing homes to lower-income families, particularly Black families, that had been “redlined” from homeownership through banks practicing a form of loan discrimination.

Today, we endeavor to invest in projects with community, social, and environmental benefits, making a positive difference for our team members, investors, and the communities in which we operate.

### **Grubb Giving highlights**

We have a longstanding partnership with Habitat for Humanity. To date we have sponsored six homes, sold four additional homes at below-market rates, and donated five lots.

In 2020 we sponsored the third home in our commitment to build 10 Habitat homes in 10 years – this one in Chapel Hill, NC. It also was the 300th house built by Habitat for Humanity of Orange County. We are proud to participate in the monumental effort to bring housing to those less fortunate and it’s become an annual tradition for us as a company to roll up our sleeves and build a house.



## Impact investing since 1963

Impact investing is more important today than ever, and we continue to find creative ways to support communities in ways that matter.

**Creative Car-Free Project Award** – Against all odds, we were awarded #2 on the hottest Charlotte, N.C. rezonings of 2020 for our proposed multifamily development with 104 units and only six parking spaces. Unpopular at the time, our development proved to be “probably the most direction-changing, interesting petition Council approved.” Residents are required to sign a contract saying they don’t own a car and the project meets multiple goals – environmental, sustainability, economic mobility, and essential housing.

**Live Venue Recovery Fund** – The pandemic severely damaged the live music ecosystem because revenue streams were eliminated while many operating expenses remained. Congress included \$15 billion in the December 2020 stimulus package to help these businesses survive, but that was only a short-term solution. Venues haven’t hosted events since March 2020

and hope to be at full capacity by the end of 2021.

These deficits are difficult for operators to overcome, and as a result, many are being forced to permanently shutter their businesses as landlords sell the land to the highest bidder. For example, the famous West Hollywood venue The Troubadour, which opened in 1957, hosted a pre-Grammys salute to Willie Nelson on January 25, 2020 and was out of business by August 2020.

In partnership with First Avenue, a venue operator in Minnesota, our Live Venue Recovery Fund partners with live venue operators to establish long-term ownership and increase the number of owner-operators to create a more diverse and sustainable live music ecosystem. Not only does this position the industry to address future challenges, but it also strengthens communities by preserving the musical history of venues and protecting the local economies they support. **FYI:** \$1 per ticket generates approximately \$12 for the local economy.

## Impact Investing Fund

The Opportunity Zone program allowed us to direct capital into underserved neighborhoods that had been overlooked for investment. In 2020, we partnered with three minority-owned businesses and one woman-owned business for projects in Opportunity Zones. These projects are bringing much-needed retail and health care options to the neighborhoods, helping to invigorate them while providing opportunities for local operators.

**Christopher Dennis**  
E-fix Development Corp.



This development allows me to be part of the change and be part of the history and also tie the pillars together to make an impact in the community.

**Rodney Faulkner**  
Boundary Street Advisors LLC



The area is poised to provide this synergistic neighborhood service, net positive good for the area.

**Brittany Kielhurn**  
Carolina Community Investments



For nearly ten years CCI has been purchasing properties in disrepair across the Triangle and Triad, and investing in their rehabilitation. In partnership with Grubb, CCI has been able to close a number of longstanding condemnation and nuisance cases, and breathe new life into dozens of properties, all with the goal of providing good quality, affordable rental housing.

**Dianna Ward**  
Sankofa Partners



I feel a bigger responsibility to help people, not just with basic needs, but in helping them to build generational wealth.

# Our Family

1. **241**  
team members

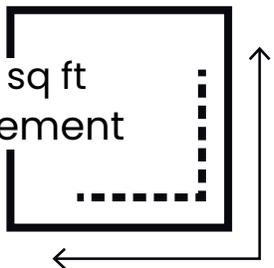
2. **1,111.34**  
combined years  
of employment 

3. **17** cities where  
our teams work 

4. **10**  
languages spoken 

5. **161 / 36**  
children / grandchildren 

6. **Family Business** –  
2nd generation  
established 1963

7. **3,559,626** sq ft  
under management 

8. **15** essential housing  
developments 

9. **4,350**  
families live  
with us 

10. **488**  
companies that stay  
with us 

## Executive Team



Clay Grubb  
Chief Executive Officer



Sherry Long  
Senior Vice President –  
Investor Relations



Frank Tetel  
Senior Vice President –  
Acquisitions & Dispositions



Scott Brown  
President & Chief Operating  
Officer



Megan Slocum  
Managing Director



Rob Miller  
Executive Vice President –  
Finance



Todd Williams  
Chief Investment Officer



Rob Duiguid  
Senior Vice President  
Development



Kay Allen  
Executive Vice President –  
Human Resources



James Hochman  
Chief Financial Officer



Clark Spencer  
Senior Vice President –  
Investments



Shawn Cardner  
Executive Vice President –  
Information Technology



Henry Lomax  
Executive Managing Director  
– Fund Manager



(Jet) J.E. Taylor, III  
Managing Director



Holly Yang  
Senior Vice President  
Corporate Brand Marketing



Joseph S. Dye  
Executive Vice President –  
Commercial



Mark Mallard  
Senior Vice President  
Commercial

## Board of Directors



Jennifer Appleby



Clay Grubb



Laura Schulte



Jimmy Blackmon



Gaye Montgomery



Larry Tarschis



Joseph Gleberman



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**ATLANTA** 47 Perimeter Center East, Atlanta, GA 30346

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