



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

September 20, 2017

**Response of the Office of Mergers and Acquisitions
Division of Corporation Finance**

Janis F. Kerns, Esq.
Nelson Mullins Riley & Scarborough LLP
101 Constitution Avenue, NW, Suite 900
Washington, D.C. 20001

**Re: Griffin Capital Essential Asset REIT II, Inc.
Request for No-Action Relief Under Rule 13e-4**

Dear Ms. Kerns:

We are responding to your letter dated September 20, 2017, addressed to Ted Yu and Perry Hindin, as supplemented by telephone conversations with the staff, with regard to your request for no-action relief. To avoid having to recite or summarize the facts set forth in your letter, we attach the enclosed copy of your letter. Unless otherwise noted, capitalized terms in this response letter have the same meanings as in your letter dated September 20, 2017.

On the basis of the representations and the facts presented in your letter and your belief that the proposed transaction does not constitute an issuer tender offer subject to Exchange Act Rule 13e-4, the staff of the Division of Corporation Finance will not recommend enforcement action under Rule 13e-4 if the Company repurchases shares from its stockholders under the New Redemption Program in the manner described in your letter. In issuing this no-action letter, we considered the following facts, among others:

- All material information relating to the New Redemption Program will be fully and timely disclosed to all stockholders. The terms of the New Redemption Program will be fully disclosed in the prospectus as well as any prospectus used for subsequent offerings, and the NAV per share for each class will always be available on the Company's website and toll-free information line;
- The Company will not solicit redemptions under the New Redemption Program other than through the prospectus for the Offering and prospectus supplements disclosing the Redemption NAV per share of each class of shares. Stockholders desiring to request redemption of all or a portion of their shares will do so of their own volition and not at the behest, invitation or encouragement of the Company. The role of the Company in effectuating redemptions under the New Redemption Program will be ministerial;

- The shares will be redeemed quarterly under the New Redemption Program at the quarterly Redemption NAV of the class of shares being redeemed, and the Company will file prospectus supplements with the Commission with such frequency as is required by the Securities Act disclosing the historical NAV per share of each class of shares and also provide each quarterly Redemption NAV per share for each class of shares on its website and toll-free information line. Subject to the terms of the New Redemption Program, the Company will be obligated to redeem shares at the published Redemption NAV for the applicable class of shares;
- Redemptions will be made on a quarterly basis. The redemption price normally will be paid in cash no later than five business days following the last calendar day of the applicable quarter and will be the same for all shares of the same class redeemed in a given quarter;
- Redemptions under the New Redemption Program will be limited in any calendar quarter to an amount equal to 5% of the aggregate NAV of the outstanding shares of all classes of shares as of the last calendar day of the previous calendar quarter;
- If the quarterly volume limitation is reached in any given quarter or the Company determines to redeem fewer shares than have been requested to be redeemed in any particular quarter, redemptions under the New Redemption Program for such quarter will be made on a *pro rata* basis;
- Stockholders may withdraw any redemption request up until the Redemption Date by notifying the Company's transfer agent on the Company's toll-free information line before 4:00 p.m. Eastern time on the last business day of the quarter;
- Material modifications, including any reduction to the quarterly limitations on redemptions, and suspensions of the New Redemption Program will be promptly disclosed in a prospectus supplement (or post-effective amendment if required by the Securities Act), or current or periodic report filed by the Company, as well as on the Company's website;
- There will be no established regular trading market for the Company's common stock. The New Redemption Program will be terminated if the Company's shares are listed on a national securities exchange or included for quotation in a national securities market, or in the event a secondary market for the Company's shares develops;
- The New Redemption Program is intended to remain open indefinitely for the life of the Company unless modified or suspended by the board of directors. The Company

is structured as a perpetual-life entity and has no intention to list its shares for trading on an exchange or other trading market; and

- The New Redemption Program is open to all stockholders. Those stockholders purchasing in the Offering who have generally held their shares less than one year, and holders of IPO Shares who have held their shares less than four years from the original date of purchase, will not be permitted to participate in the New Redemption Program.

The foregoing no-action position is based solely on the representations and the facts presented in your letter dated September 20, 2017 and does not represent a legal conclusion with respect to the applicability of the statutory or regulatory provisions of the federal securities laws. The relief is strictly limited to the application of the rule listed above to this transaction. You should discontinue this transaction pending further consultations with the staff if any of the facts or representations set forth in your letter change. In addition, this position is subject to modification or revocation if at any time the Commission or the Division determines that such action is necessary or appropriate in furtherance of the purposes of the Exchange Act.

We also direct your attention to the anti-fraud and anti-manipulation provisions of the federal securities laws, including Sections 10(b) and 14(e) of the Exchange Act and Rule 10b-5 thereunder. Responsibility for compliance with these and any other applicable provisions of the federal securities laws rests with the participants in this transaction. The Division of Corporation Finance expresses no view with respect to any other questions that this transaction may raise, including, but not limited to, the adequacy of disclosure concerning, and the applicability of any other federal or state laws to, this transaction.

Sincerely,

/s/ Ted Yu

Ted Yu
Chief, Office of Mergers & Acquisitions
Division of Corporation Finance

Janis F. Kerns
T 202.689.2813
janis.kerns@nelsonmullins.com

101 Constitution Avenue, NW | Suite 900
Washington, DC 20001
T 202.712.2800 F 202.712.2860
nelsonmullins.com

September 20, 2017

By E-mail Delivery

Ted Yu, Chief
Perry Hindin, Special Counsel
Office of Mergers and Acquisitions
Division of Corporation Finance
U.S. SECURITIES AND EXCHANGE COMMISSION
100 F Street, NE
Washington, DC 20549

**Re: Griffin Capital Essential Asset REIT II, Inc.
Request for No-Action Relief Under Rule 13e-4**

Dear Mr. Yu and Mr. Hindin:

We are counsel to Griffin Capital Essential Asset REIT II, Inc. (the "Company") in connection with its Registration Statement on Form S-11 under the Securities Act of 1933, as amended (the "Securities Act") (Registration Number 333-217223), filed with the Securities and Exchange Commission (the "SEC") on April 10, 2017, as amended from time to time (the "Registration Statement"), to register the offer and sale of up to \$2,200,000,000 of its shares of common stock (or "shares"), in a public offering (the "Offering"), of which \$2,000,000,000 of shares are expected to be offered to the public in a primary offering and \$200,000,000 of shares will be offered to stockholders of the Company pursuant to the Company's distribution reinvestment plan. The Company will offer to the public four classes of common stock: Class T common stock (the "Class T Shares"), Class S common stock (the "Class S Shares"), Class D common stock (the "Class D Shares"), and Class I common stock (the "Class I Shares"). The Class T Shares, Class S Shares, Class D Shares and Class I Shares will have different selling commissions, dealer manager fees and ongoing distribution fees. The Class T Shares will have selling commissions, dealer manager fees, and ongoing advisor distribution fees and dealer distribution fees, the Class S Shares will have selling commissions, no dealer manager fees and ongoing distribution fees, the Class D Shares will have only ongoing distribution fees, and no fees will be paid with respect to Class I Shares. The Company will offer to sell any combination of Class T Shares, Class S Shares, Class D Shares and Class I Shares with a dollar value up to the maximum offering amount. The Company has existing Class A, Class T and Class I stockholders from its initial public offering. Prior to the commencement of

the Offering, Class T shares will be redesignated as Class AA shares (the "Class AA Shares") and the Class I shares will be redesignated as Class AAA shares (the "Class AAA Shares"). Class A Shares, Class AA Shares, and Class AAA Shares will be offered pursuant to the Company's distribution reinvestment plan along with the Class T, Class S, Class D and Class I Shares to be offered in the Offering. We refer to the existing and redesignated shares herein collectively as the "IPO Shares" in order to more easily distinguish them from the Class T Shares, Class S Shares, Class D Shares and Class I Shares to be offered in the distribution reinvestment plan portion of the Offering.

The Company was formed as a Maryland corporation on November 20, 2013 for the purpose of investing in real property, consisting of primarily single tenant business essential properties throughout the United States. The Company has operated in such a manner to qualify as a real estate investment trust ("REIT") for federal income tax purposes, commencing with the taxable year ended December 31, 2015, when it first elected REIT status. The Company does not intend to register as an investment company under the Investment Company Act of 1940, as amended.

The Company considers itself to be a perpetual-life investment vehicle because it has no finite date for liquidation and no current intention to list its shares of common stock for trading on a national securities exchange or other over-the-counter trading market. Although the Company is registering a fixed amount of its shares pursuant to the Registration Statement, it intends to effectively conduct a continuous offering of an unlimited amount of shares of common stock over an unlimited time period by filing a new registration statement prior to the end of the three-year period described in Rule 415 under the Securities Act. This perpetual-life structure is aligned with the Company's overall objective of investing in real estate and real estate-related assets to enable the Company to provide income in the form of regular cash distributions, while preserving and protecting invested capital and realizing appreciation in net asset value ("NAV").

The Offering provides for the sale, on a daily basis, of new Class T Shares, Class S Shares, Class D Shares and Class I Shares at a price equal to the Company's NAV for such class divided by the number of shares of that class outstanding as of the end of business each day ("NAV per share"), plus, for Class T Shares and Class S Shares, applicable selling commissions, and for the Class T Shares, applicable dealer manager fees. The NAV for each class of shares will be calculated at the close of each business day in accordance with valuation procedures approved by the Company's board of directors. A fundamental feature of the Offering is the Company's share redemption program

(the "New Redemption Program"), which will serve as the primary source of liquidity for stockholders.¹ Redemptions under the New Redemption Program are not contingent on the sale of a certain number of shares in a given period. Following a one-year minimum holding period, holders of Class T Shares, Class S Shares, Class D Shares, and Class I Shares will be offered the opportunity to request that the Company redeem their shares on a quarterly basis at a price that may vary each quarter based on the NAV of such class of shares. The New Redemption Program is similar to the redemption plans of other perpetual-life, non-listed REITs with respect to which the staff of the Division of Corporation Finance of the SEC (the "Staff") has recently granted no-action relief.² The Company's current perpetual-life structure is designed to benefit investors by: (A) providing investors the flexibility to increase or decrease their investments in the Company as their individual situations change; (B) minimizing the risk that their long-term investment goals will conflict with short-term liquidity needs; and (C) allowing investors to seek returns of their capital and monetize any investment gain at a time of their choice, rather than being forced to wait for a terminal liquidity event outside their control. Shares redeemed by the Company will become authorized but unissued shares and will not be resold to the public unless their sale has been registered with the SEC under the Securities Act and under appropriate state securities laws or otherwise sold in compliance with such laws.

Unlike many of the Other NAV Offerings, which commenced with newly formed issuers without any investments, the Offering will be conducted by an issuer with a significant portfolio of assets and an existing stockholder base. Accordingly, investors in the Offering will be able to invest with more transparency than investors in a newly formed non-traded REIT with respect to:

¹ The New Redemption Program meets the conditions for exemption from Rule 102(a) of Regulation M, as articulated in the SEC's letter to Alston & Bird LLP dated October 22, 2007 granting class relief for non-listed REIT share redemption programs (Regulation M Rule 102 — TP File No. 08-06).

² See Rich Uncles NNN REIT, Inc., SEC No-Action Letter (December 21, 2016); Blackstone Real Estate Income Trust, Inc. ("Blackstone") SEC No-Action Letter (September 12, 2016); RREEF Property Trust, Inc. SEC No-Action Letter, 2013 WL 65987 (January 4, 2013); Jones Lang LaSalle Income Property Trust SEC No-Action Letter, 2012 WL 5450035 (October 11, 2012); Dividend Capital Diversified Property Fund (formerly Dividend Capital Total Realty Trust, Inc.) SEC No-Action Letter, 2012 WL 2903983 (July 10, 2012); Cole Real Estate Income Strategy (Daily NAV), Inc. SEC No-Action Letter, 2011 WL 6071983 (December 6, 2011); American Realty Capital Daily Net Asset Value Trust, Inc. SEC No-Action Letter, 2011 WL 2938525 (July 21, 2011); Clarion Partners Property Trust SEC No-Action Letters, 2012 WL 1999926 (February 24, 2012); Clarion Partners Property Trust SEC No-Action Letters, 2011 WL 1999926 (May 17, 2011); and American Realty Capital Global Daily Net Asset Value Trust, Inc. SEC No-Action Letter (April 18, 2012), collectively referred to herein as the "Other NAV Offerings".

(1) whether the Company will raise enough capital to justify the costs of being a public company and (2) the number, size and types of assets in which the Company will invest. The holders of the IPO Shares in the Company are expected to benefit from the Offering and New Redemption Program because the new capital should permit the Company to invest in additional real properties and real estate-related assets, potentially pay down existing debt financings, use such capital for general corporate purposes, and improve the liquidity of the IPO Shares, initially pursuant to the existing separate share redemption program for them as redesignated Class A, Class AA, and Class AAA stockholders (the "IPO Share Redemption Program"), and ultimately through the New Redemption Program after the IPO Shares have been held for four years after purchase.

The IPO Share Redemption Program provides limited liquidity to holders of IPO Shares that have held the shares for at least one year and less than four years after purchase. Share redemptions are limited to 5% of the weighted average number of IPO Shares outstanding during the prior calendar year and funding for the redemption of IPO Shares is limited to the amount of net proceeds the Company receives from the sale of IPO Shares under the Company's distribution reinvestment plan ("DRP") for such shares. The Company treats the IPO Shares received in the DRP as having the same age of the IPO Shares receiving the distribution. Four years after purchase of the IPO Shares, such shares will participate in the New Redemption Program and no longer participate in the IPO Share Redemption Program. The IPO Share Redemption Program will terminate in January 2021 on the four year anniversary of the termination of the offering of such shares. Similar to the New Redemption Program, the IPO Share Redemption Program may waive certain redemption restrictions in the event of the death or qualifying disability of a stockholder, and in the event of bankruptcy.³

By this letter, the Company is seeking no-action relief with respect to the New Redemption Program and with respect to migration of the IPO Shares into the New Redemption Program subsequent to an established holding period. Unless the context otherwise requires, when we refer to redemptions in this letter we are referring to redemptions under the New Redemption Program, and when we refer to stockholders in this letter we are referring to holders of Class T Shares, Class S Shares, Class D Shares and Class I Shares.

³ See *infra*, note 9. Consistent with these prior letters, the IPO Share Redemption Program is limited to 5% of the weighted average number of shares outstanding during the prior calendar year, and is further limited to redemptions that may be funded by the net proceeds of the Company's distribution reinvestment plan.

NO-ACTION REQUEST UNDER RULE 13e-4

In connection with the launch of the Offering, the Company will adopt the New Redemption Program in an effort to provide liquidity to holders of Class T Shares, Class S Shares, Class D Shares and Class I Shares (as well as IPO Shares that have been held for four years). The Company believes that many features of its New Redemption Program are substantially similar to redemption plans of other companies with respect to which the Staff has granted no-action relief relative to the issuer tender offer rules found in Rule 13e-4 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

The features of the New Redemption Program are similar to the features of the redemption plans with respect to which, as described above, the Staff has granted no-action relief, with certain variations described below that the Company does not believe impact the analysis of whether the New Redemption Program constitutes an issuer tender offer. The New Redemption Program provides for quarterly redemptions, the redemption price will vary based on the NAV per share of the class of shares being redeemed generally on the 13th of the month immediately prior to the end of the applicable quarter, and under all circumstances on a date that is at least ten business days prior to the second to last business day of the applicable quarter (the redemption request deadline), and the redemption of shares at the end of any calendar quarter will be limited to 5% of the aggregate NAV of the outstanding shares of all classes of shares subject to the New Redemption Program as of the last business day of the previous calendar quarter. As a result, we respectfully submit that redemptions pursuant to the New Redemption Program do not implicate the concerns that the issuer tender offer rules were adopted to address. Specifically, the New Redemption Program, which offers stockholders no premium, will have no set termination date and provides stockholders with adequate substantive disclosure upon which to base a decision to redeem their shares, and will not have the effect of pressuring uninformed stockholders to redeem their shares.

The Company requests that the Staff issue the Company a letter stating that it will not recommend that the SEC take enforcement action under Rule 13e-4 with respect to redemptions of Class T Shares, Class S Shares, Class D Shares and Class I Shares (including IPO Shares that have been held for four years or longer from the original purchase date) made under the New Redemption Program.

OVERVIEW OF THE COMPANY AND THE NEW REDEMPTION PROGRAM

The Company

The Company is externally managed by its advisor, Griffin Capital Essential Asset Advisor II, LLC (the "Advisor"), a Delaware limited liability company. The dealer manager for the Offering is Griffin Capital Securities, LLC (the "Dealer Manager"), also a Delaware limited liability company and a related party to the Advisor. The Dealer Manager is not required to sell any specific number or dollar amount of the shares, but will use its "best efforts" to sell the shares offered in the Offering.

The Company invests primarily in single tenant net-leased business essential properties throughout the United States diversified by corporate credit, physical geography, product type and lease duration. As of December 31, 2016, the Company owned 33 buildings located on 25 properties in 15 states at a total gross investment amount of approximately \$1.1 billion comprising approximately 7.1 million rentable square feet.

The Company commenced a "best efforts" initial public offering on July 31, 2014 for up to \$2,000,000,000 in shares of its common stock, which terminated on January 20, 2017. The Company's initial registration statement also provided for the sale of up to \$200,000,000 in shares of its common stock pursuant to its distribution reinvestment plan. On April 6, 2017, the Company filed a Registration Statement on Form S-3 (Registration Number 333-217178) to register 3 million shares of the IPO Shares pursuant to its distribution reinvestment plan. This distribution reinvestment plan offering is ongoing. As of June 30, 2017, the Company had 75,986,325 shares of its common stock outstanding held by a total of 16,796 stockholders – 25,784,320 Class A shares, 49,220,888 Class T shares, and 949,909 Class I shares. The Class T shares will be redesignated as Class AA Shares and the Class I shares will be redesignated as Class AAA Shares upon commencement of the Offering. As noted above, we refer to these existing and redesignated shares herein collectively as the "IPO Shares" in order to more easily distinguish them from the Class T Shares, Class S Shares, Class D Shares and Class I Shares to be offered in the Offering.

The New Redemption Program

Purpose of the New Redemption Program

In connection with the Offering, the Company intends to adopt the New Redemption Program in an effort to provide the holders of Class T Shares, Class S Shares, Class D Shares and Class I Shares (including IPO Shares that

have been held for four years or longer from the original purchase date) with liquidity with respect to their investment in the Company's common stock, subject to specified limitations. Through the New Redemption Program, Class T, Class S, Class D, and Class I stockholders (including holders of IPO Shares that have held their shares for four years or longer from the original purchase date) can liquidate all or a portion of their investment. The New Redemption Program is an important feature of the investment in the shares, since the Company expects the New Redemption Program will serve as its stockholders' sole meaningful source of liquidity. Without an effective redemption program, stockholders in the Company would generally be required to hold their shares for an indefinite time period because (1) there will be no established trading market for the shares upon issuance, (2) the Company does not anticipate that a secondary trading market (except for limited or sporadic quotations) will develop, and (3) unlike traditional non-listed REITs, the Company is not required, and does not intend, to consummate a transaction providing liquidity to its stockholders by a future date (such as listing its common stock on a securities exchange, merger with a publicly traded company or liquidation).

The Company is aware that a limited secondary market has in some cases developed for traditional non-listed REITs. However, these markets are very small and inefficient. Additionally, third parties have at times made "mini-tender offers" to stockholders in non-listed REITs. These limited secondary markets and mini-tender offers to date have generally resulted in purchase prices that are typically at a substantial discount to the offering price for the shares and the prices offered in redemption plans made available by the issuers. Mini-tender offers are also subject to potential manipulation by the purchaser, and stockholders often receive limited disclosure about the terms, structure and conditions of the offer. The Company believes that the mini-tender offers further evidence that sufficient liquidity options may not always exist for stockholders in non-listed REITs with traditional redemption plans and that stockholders in these types of non-listed REITs often suffer financially as a result. The Company also notes that the lack of liquidity is often cited in the investment community as a primary disadvantage of investing in non-listed REITs, as most non-listed REITs have stated time periods for the board of directors to consider a liquidity event and offer redemption plans that are subject to substantial limitations on redemptions. The Company believes that many investment professionals and investors consider traditional non-listed REIT redemption plans to be inadequate to provide stockholders with a viable liquidity option. Because the Company intends to engage in a continuous offering of its shares of an unlimited duration, a redemption program that provides a source of liquidity is especially important to the Company, because, absent this feature, potential new investors would be reluctant to purchase shares in the Offering.

The Offering and the New Redemption Program are designed to provide investors with an investment vehicle that the Company believes is a superior alternative to traditional non-listed REITs. Unlike traditional non-listed REIT offerings, the price of the Company's shares will be based on the underlying fair value of its assets (the daily NAV), rather than an arbitrary dollar amount. The New Redemption Program provides the Company's stockholders with greater liquidity than traditional non-listed REITs by allowing stockholders to request the redemption of all or a portion of their shares on a quarterly basis, with less restrictive limitations on the aggregate number of shares that may be redeemed in any particular period and no limitation on the sources of cash used by the Company to fund redemptions (as compared to the typical traditional non-listed REIT redemption plan in which the sources of cash are limited to proceeds from the sale of additional shares through the distribution reinvestment plan).

The New Redemption Program provides a redemption priority for requests made upon a stockholder's death or qualifying disability. The New Redemption Program also provides for full redemption of a stockholder's account where a redemption request results in a remaining account balance below the required minimum balance of \$2,500. The Company may also redeem all shares held by a stockholder in the event that such stockholder fails to maintain the minimum balance of \$2,500, including in the event that the failure to meet the minimum balance is caused solely by a decline in the Company's NAV.⁴ Minimum balance redemptions will occur at the Redemption NAV applicable to the quarter in which it is determined that the stockholder has failed to meet the minimum balance.

Valuation of the Company's Assets and Liabilities

The Company's board of directors, including a majority of its independent directors, will adopt valuation procedures that contain a comprehensive set of methodologies that will be used in connection with the calculation of NAV. One fundamental element of the valuation process, the valuation of the Company's real property portfolio, will be managed by an independent valuation firm which will be approved by the Company's board of directors, including a majority of the Company's independent directors. The foundation for the real property portfolio valuation is periodic appraisals. The overarching principle of the appraisals is to produce valuations that represent fair and accurate estimates of the unencumbered values of the Company's real estate or the prices that would be received for the Company's real properties in arm's-length transactions between market participants before considering underlying debt. At least once each

⁴ The minimum balance redemption provisions are also in place for the IPO Share Redemption Program.

calendar year the Company's board of directors, including a majority of its independent directors, will review the appropriateness of the Company's valuation procedures. From time to time, the Company's board of directors, including a majority of its independent directors, may adopt changes to the valuation procedures if it (1) determines that such changes are likely to result in a more accurate reflection of NAV or a more efficient or less costly procedure for the determination of NAV without having a material adverse effect on the accuracy of such determination or (2) otherwise reasonably believes a change is appropriate for the determination of NAV.

The Company will obtain ongoing appraisals pursuant to schedules prepared by the independent valuation firm and the Company's Advisor that are designed to conduct appraisals on each of the Company's properties throughout any given calendar year. The Company seeks to have approximately 1/12th of the portfolio appraised each month, although the Company may have more or less appraised in a month. In no event will a calendar year pass without having each and every property valued by appraisal unless such asset is bought or sold in such calendar year. Newly-acquired properties will generally be valued at cost, and will then be valued by an independent third-party appraisal firm within twelve months after acquisition and no less than annually thereafter. Each third-party appraisal is performed in accordance with the Code of Ethics and the Uniform Standards of Professional Appraisal Practice and reviewed by the independent valuation firm for reasonableness. Upon conclusion of the appraisal, the independent third-party appraisal firm prepares a written report with an estimated range of gross market value of the property. Concurrent with the appraisal process, the Advisor values each property and, taking into account the appraisal, among other factors, determines the appropriate valuation within the range provided by the independent third-party appraisal firm. Each appraisal must be reviewed, approved and signed by an individual with the professional designation of MAI (Member of the Appraisal Institute). The Company believes its policy of obtaining appraisals by independent third parties will meaningfully enhance the accuracy of the Company's NAV calculation. Any appraisal provided by an independent third-party appraisal firm will be performed in accordance with the Company's valuation procedures, and the Company's independent valuation firm will confirm the reasonableness of such appraisal before reflecting any valuation change in its valuation of the Company's real property portfolio.

On each business day, the independent valuation firm will adjust a real property's valuation, as necessary, based on known events that have a material impact on the most recent value (adjustments for non-material events may also be made). The Advisor will promptly notify the independent valuation firm upon

becoming aware of the occurrence of a material event impacting property-level information.

While the methodologies contained in the Company's valuation procedures are designed to operate reliably within a wide variety of circumstances, it is possible that in certain unanticipated situations or after the occurrence of certain extraordinary events (such as a terrorist attack or an act of nature), the Company's ability to implement and coordinate NAV procedures may be impaired or delayed, including, without limitation, circumstances where there is a delay in accessing or receiving information from vendors or other reporting agents upon which the Company may rely in determining the Company's NAV. The Company's board of directors may suspend the Offering, the New Redemption Program, and/or the IPO Share Redemption Program if it determines that the calculation of NAV may be materially incorrect or there is a condition that restricts the valuation of a material portion of the Company's assets.

The Daily NAV Calculation

In the Offering, the purchase price for Class T Shares, Class S Shares, Class D Shares and Class I Shares will vary from day to day, and on any given day will be equal to the Company's NAV per share for such class, plus, for Class T Shares only, applicable selling commissions of up to 3.0% and dealer manager fees of up to 0.5% of the NAV per share and for the Class S Shares only, applicable selling commissions of up to 3.5% of the NAV per share. The Company will amend its current distribution reinvestment plan so that the purchase price for each class of IPO Shares will also vary from day to day, and on any given day will be equal to the Company's NAV per share for such classes (with purchases made only on distribution payment dates).

The Company's NAV per share for each class (including the IPO Shares) will be calculated by a third-party firm (the "NAV Accountant") after the end of each business day that the New York Stock Exchange is open for unrestricted trading in accordance with a comprehensive set of valuation procedures approved by the Company's board of directors. At the end of each such trading day, before taking into consideration accrued distributions or class-specific expense accruals, any change in the aggregate Company NAV (whether an increase or decrease) is allocated among each class of shares based on each class's relative percentage of the previous aggregate Company NAV. Changes in the aggregate Company NAV will reflect factors including, but not limited to, unrealized/realized gains (losses) on the value of the Company's real property portfolio, real estate-related liabilities, and daily accruals for income and

expenses (including accruals for performance based fees, if any, asset management fees, and the distribution fees) and distributions paid to investors.

The Company's most significant source of net income is property income. The Company will accrue estimated income and expenses on a daily basis based on annual budgets as adjusted from time to time to reflect changes in the business throughout the year. For the first month following a property acquisition, the Company will calculate and accrue portfolio income with respect to such property based on the performance of the property before the acquisition and the contractual arrangements in place at the time of the acquisition, as identified and reviewed through the Company's due diligence and underwriting process in connection with the acquisition. On a periodic basis, the accruals will be adjusted based on information derived from actual operating results. Following the calculation and allocation of changes in the aggregate Company NAV as described above, NAV for each class will be adjusted for accrued distributions and the distribution fees, to determine the current day's NAV. NAV per share for each class will be calculated by dividing such class's NAV at the end of each trading day by the number of shares outstanding for that class on such day.

On any day, the Company's share sales are made based on the day's applicable per share NAV carried out to four decimal places. On each business day, the Company's NAV per share for each class is (i) posted on the Company's website, www.griffincapital.com, (ii) made available on its toll-free, automated telephone line; and (iii) made available on www.nasdaq.com. In addition, on at least a monthly basis, the Company will disclose in a prospectus or prospectus supplement filed with the SEC the NAV per share for each share class for each business day during the prior month. On at least a quarterly basis, the Company will disclose in a prospectus or prospectus supplement filed with the SEC the principal valuation components of its NAV.

Timing and Settlement

Under the New Redemption Program, and subject to specified limitations, stockholders may request that the Company redeem all or a portion of their shares as of the close of business on the last business day of each full calendar quarter (the "Redemption Date"). To have their shares redeemed, stockholders' redemption requests and required documentation must be received in good order by the Company's transfer agent by 4:00 p.m. Eastern time on the second to last business day of the applicable quarter. If a redemption request is received after such time, the redemption order will be carried forward to the next quarter's Redemption Date at the NAV per share applicable to that quarter's redemption, unless such request is withdrawn by

4:00 p.m. Eastern time on that Redemption Date. Redemption requests timely received and processed by the Company's transfer agent will be effected at a redemption price equal to the NAV per share for the applicable class generally on the 13th of the month immediately prior to the end of the applicable quarter, and under all circumstances on a date that is at least ten business days prior to the second to last business day of the applicable quarter (the "Redemption NAV").⁵ Investors will have at least 20 business days (from the last business day of the previous quarter to the second to last business day of the current quarter) during which to decide whether to request a redemption of their shares as of the end of the current quarter. Investors may withdraw their redemption requests before they have been processed by notifying a customer service representative available on the Company's toll-free information line before 4:00 p.m. Eastern time on the last business day of the applicable quarter. Settlements of share redemptions generally will be made within five business days after the Redemption Date.

As discussed above, under normal circumstances the Redemption NAV for each quarter will be equal to the NAV per share for the applicable class of shares determined and made publicly available at least ten business days prior to the second to last business day of the applicable quarter. However, unforeseen circumstances may arise over the indefinite life of the Company that may result in the NAV per share calculation at least ten business days prior to the second to last business day of the applicable quarter not being available within that timeframe in any particular quarter. In addition, the NAV per share on the last business day of any calendar quarter may be a price other than the Redemption NAV. Also, the Company may adjust the previously disclosed Redemption NAV where a change in daily NAV per share over the time span since determination of the Redemption NAV for the applicable quarter would be considered "material." The Company considers a material change to be five percent or more of NAV per share. In the unlikely case that the NAV per share for the applicable quarter is not made available by the tenth business day prior to the second to last business day of the applicable quarter (or is materially changed after such date), then no redemption requests will be accepted for such

⁵ The Company acknowledges that the 4:00 p.m. Eastern time deadline is technically not a "business day" as that term is defined in Rule 13e-4(a)(3) ("business day means any day, other than Saturday, Sunday, or a federal holiday, and shall consist of the time period from 12:01 a.m. through 12:00 midnight Eastern Time"). However, this timing has not been objectionable to the staff in prior relief. See Blackstone Real Estate Income Trust, Inc. ("Blackstone") SEC No-Action Letter (September 12, 2016); RREEF Property Trust, Inc. SEC No-Action Letter, 2013 WL 65987 (January 4, 2013); Jones Lang LaSalle Income Property Trust SEC No-Action Letter, 2012 WL 5450035 (October 11, 2012); Dividend Capital Diversified Property Fund (formerly Dividend Capital Total Realty Trust, Inc.) SEC No-Action Letter, 2012 WL 2903983 (July 10, 2012), et al.

quarter and stockholders who wish to have their shares redeemed the following quarter must resubmit their redemption requests.

A stockholder may make a redemption request for a particular Redemption Date before the Redemption NAV is made available, but such stockholder will know the price at least ten business days prior to the second to last business day of the applicable quarter and, as a result, will have at least a ten business day period to consider the transaction price before the deadline to submit a redemption request (the first day of the ten business day period is the day the transaction price is made available and the tenth day of the period is the redemption request deadline (the second to last business day of the quarter)). A stockholder will also have an opportunity to withdraw his or her request after the price is made available and up until the last business day of the quarter by notifying the Company's transfer agent, directly or through the stockholder's financial intermediary. Stockholders who make their redemption request after the tenth business day prior to the second to last business day of the applicable quarter will know the Redemption NAV at the time of their request.

The Company's daily NAV per share and Redemption NAV for each class will be posted on its website (www.griffincapital.com) promptly after it has become available and will also be available through the Company's toll-free information line. In addition, the Company's daily NAV will be available on www.nasdaq.com. Subject to the terms of the New Redemption Program, to the extent it determines to redeem Class T Shares, Class S Shares, Class D Shares and Class I Shares (including IPO Shares that have been held for four years or longer from the original purchase date) in any quarter, the Company will be obligated to redeem such shares at their published Redemption NAV. Under normal circumstances, the Company expects to fulfill redemption requests, subject to the 5% quarterly redemption limitations. The Company's website will contain the current prospectus, including all supplements thereto. The Company will also disclose its daily NAV and Redemption NAV per share in prospectus supplements it files with the SEC on a monthly basis and will file post-effective amendments to its Registration Statement as required by the Securities Act. In addition, the Company will also disclose, on a quarterly basis in a prospectus supplement filed with the SEC, the primary valuation components of its NAV. Each of the Company's prospectus supplements will provide the historical NAV per share for each class of shares since it was last reported in a prospectus supplement.

In contrast to the market prices of exchange-traded securities, which often fluctuate as a result of, among other things, supply and demand in the trading market, the purchase and redemption prices of the Company's shares

will reflect NAV and will not change based on the level of demand for new shares or the volume of requests for redemption of outstanding shares. As described above, NAV per share of each class of shares will be determined after the close of each business day using the Company's valuation policies and procedures and none of the Company, the Advisor, the Dealer Manager or any financial intermediary will be able to change the manner in which NAV is determined, other than by first modifying the valuation procedures as described above, nor will they have any discretion to set a "clearing" price. Because a substantial portion of the Company's portfolio is and will be in investments in stabilized commercial real estate, it is not anticipated that the NAV or Redemption NAV per share will often fluctuate materially from one quarter to the next.

The Company's ability to use a Redemption NAV other than the prior quarter's NAV per share allows it to use a Redemption NAV that it believes is more representative of the current daily NAV per share (i.e., as of the tenth business day prior to the second to last business day of the applicable quarter as described above) than the prior quarter's NAV per share would be in cases where there has been a material change since the end of the prior quarter. This also serves to protect the Company and its stockholders from market timing by opportunistic, short-term investors. For example, if a material event related to the Company or the real estate markets generally became known to the market that would be expected to materially change the Company's NAV per share, and the Company used the prior quarter's Redemption NAV as the NAV per share, current investors would have an opportunity to exit the Company, and new or existing investors would have an opportunity to enter or increase their holdings in the Company, at the previous quarter's NAV per share based on knowledge of events that have taken place since then, which may cause the current NAV per share to be higher or lower than the previous quarter's NAV per share. If instead the Company is able to use a Redemption NAV that it believes is more representative of the current daily NAV per share, this opportunity for short-term arbitrage would not exist. Market timing harms legitimate, long-term investors because market timers capture an unfair share of gains or avoid their fair share of losses.

Funding and Limitations of the New Redemption Program

The New Redemption Program will permit the redemption during any calendar quarter of Class T Shares, Class S Shares, Class D Share and Class I Shares (including IPO Shares that have been held for four years or longer from the original purchase date) equal to a value of up to 5% of the aggregate NAV of the outstanding shares of all classes of shares subject to the

New Redemption Program as of the last calendar day of the prior calendar quarter.⁶

The Company intends to fund redemptions from any available cash sources at its disposal, including available cash, cash flow from operations, the sale of real estate-related securities and other assets, borrowings or offering proceeds, and the Company has no limits on the amounts it may pay from such sources, other than the quarterly cap on redemptions. However, the Company has disclosed in its prospectus that it may redeem fewer shares than have been requested to be redeemed in any particular quarter, or none at all, in its discretion, including due to the lack of readily available funds because of market conditions beyond its control, the need to maintain liquidity for its operations or because it has determined that investing in real property or other illiquid investments is a better use of its capital than repurchasing its shares. Although management of the Company believes it is important to provide the Company's stockholders with liquidity with respect to their investment in the Company's common stock and has no current intention to redeem fewer shares than have been requested to be redeemed in any particular quarter, management believes it is equally important to have the flexibility to maintain liquidity for the Company's operations or invest the Company's capital as it determines is in the best interest of all of the Company's stockholders from time to time. Any determination to redeem fewer shares than have been requested to be redeemed may be made immediately prior to the applicable Redemption Date, and will be disclosed subsequently to prospective investors and stockholders in periodic prospectus supplements and/or reports filed by the Company, or more frequently as required by applicable securities laws.

In the event that the Company determines to redeem some but not all of the shares submitted for redemption during any quarter for any reason discussed in the prior paragraph, shares submitted for redemption during such quarter will be redeemed on a *pro rata* basis, provided, however, that with

⁶ Although it may appear that the simultaneous operation of the New Redemption Program and the redemption program for the IPO Shares could result in total redemptions of up to 25% in a given year, in actuality this is not the case. Each redemption program will operate independently based on the Company's historic sales rates and the relatively limited four-year period of time during the perpetual life of the Company before the IPO Shares will be able to participate in the New Redemption Program. The maximum 20% annual redemption cap will apply to shares purchased in the Offering only, which based on historic sales rates will not reach IPO Share asset levels over the four-year period. The Company has calculated that the maximum redemptions permitted under the New Redemption Program combined with maximum redemptions permitted under the IPO Share Redemption Program prior to the migration of the IPO Shares into a single program would result in maximum total redemptions that would not reach 20% of the Company's NAV. The Company believes this maximum is theoretical, and one that is not expected to occur.

respect to any *pro rata* treatment, redemption requests following the death or qualifying disability of a stockholder will be considered first, as a group, followed by requests where *pro rata* redemption would result in a stockholder owning less than the minimum balance of \$2,500 of shares of the Company's common stock, which will be redeemed in full to the extent there are available funds, with any remaining available funds allocated *pro rata* among all other redemption requests. All unsatisfied redemption requests due to any of the limitations described above must be resubmitted after the start of the next quarter, or upon the recommencement of the New Redemption Program, as applicable. Such determinations will not affect any determinations that may be made by the board of directors regarding requests by holder of IPO Shares for redemption of their IPO Shares pursuant to the IPO Share Redemption Program.

The board of directors' primary objective regarding the New Redemption Program is to maintain the uninterrupted redemption of shares in order to provide stockholders with liquidity with respect to their investment in the Company. Nonetheless, the board must exercise its oversight responsibilities in light of its fiduciary duties to all stockholders and must have the ability to suspend the redemption of shares under the appropriate circumstances, as well as to make appropriate modifications to the New Redemption Program to ensure its effective operation. Those fiduciary duties require that, as with any decision made by the board, any decision to modify or suspend the New Redemption Program be made in good faith, with a reasonable belief that the action is in the best interests of the Company and its stockholders, and with the care of an ordinarily prudent person in a like position under similar circumstances. The Company believes that the board's responsibility to monitor and, under unusual or compelling circumstances, suspend the redemption of shares is necessary to ensure the integrity and long-term operation of the New Redemption Program. Accordingly, should redemption requests, in the business judgment of the board of directors, place an undue burden on the Company's liquidity, adversely affect the Company's operations or risk having an adverse impact on the Company as a whole, the Company may choose to redeem fewer shares in any particular quarter than have been requested to be redeemed, or none at all. Further, the Company's board of directors may modify, suspend or terminate the New Redemption Program upon 30 days' notice at any time if it deems such action to be in the Company's best interest and the best interest of the Company's stockholders. In addition, the board of directors may determine to suspend the New Redemption Program due to regulatory changes, changes in law or if the board of directors becomes aware of undisclosed material information that it believes should be publicly disclosed before shares are redeemed. Material modifications, including any reduction to the quarterly limitations on redemptions, and suspensions to the New Redemption Program will be promptly

disclosed to stockholders in a prospectus supplement (or post-effective amendment if required by the Securities Act) or current or periodic report filed by the Company. Material modifications will also be disclosed on the Company's website.

The Company believes that, in the face of such unforeseen circumstances as may arise over the indefinite life of the Company, a degree of flexibility in the administration of the New Redemption Program is necessary and warranted to ensure that the board can discharge its fiduciary duties to promote the long-term efficacy of the New Redemption Program, while also ensuring the equitable treatment of stockholders who do and do not request redemption of their shares. Notwithstanding the foregoing, the board of directors has no current intention to modify or suspend the New Redemption Program and expects that the New Redemption Program will continue indefinitely. In addition, the Company will seek confirmation of the no-action relief requested hereby if the board proposes to (1) modify the New Redemption Program from quarterly to more or less frequent redemptions, (2) reduce the redemption price to an amount that reflects a discount to the NAV or (3) modify other aspects of the New Redemption Program upon which the Company's request for no-action relief is predicated other than immaterial modifications for the proper administration and operation of the New Redemption Program which are consistent with the factual and legal representations contained in this letter.

Disclosure

The Company does not intend to publicize separately the existence of the New Redemption Program or engage in any activity to encourage stockholders to submit requests for redemption of their shares other than disclosures described in this request for no-action relief or required under federal securities laws, disclosure in offering materials used in connection with the Offering, procedural/redemption price disclosure in stockholder communications after the commencement of the Offering and the provision of the NAV and NAV per share on the Company's website, toll-free information line, www.nasdaq.com, and in prospectus supplements filed with the SEC. Neither the Company nor any of its affiliates will make any recommendation to holders of shares of the Company's common stock as to whether to participate in the New Redemption Program. The prospectus for the Offering will contain a comprehensive description of all terms, conditions and features of the New Redemption Program and will be updated to reflect any material modifications made during the Offering. As a result, with the exception of the Redemption NAV, an investor will have all of the material information necessary to make a redemption decision at the time the investor makes an investment decision.

LEGAL DISCUSSION

Reasons for No-Action Relief

The Company's request for no-action relief is substantially similar to the no-action requests of other perpetual-life non-listed REITs that have recently commenced similar public offerings.⁷ The Company's request for no-action relief includes: (1) a limitation on the number of shares of all classes that will be redeemed, (2) the pricing of redemptions based on a Redemption NAV, a NAV-based price determined prior to the Redemption Date that is used for redemptions. These features are designed to offer liquidity to investors and provide investors with a redemption price that is based on the Company's NAV rather than an arbitrary fixed price or a discount to NAV, as is the case in traditional non-listed REIT offerings currently available to public investors.

The Company acknowledges that the relief granted to other non-listed REITs has generally been for either daily NAV non-listed REITs⁸ or non-listed REITs that offer quarterly redemptions for limited numbers of shares at an arbitrary fixed price rather than at a NAV-based Redemption NAV (although certain REITs that rely on the relief related to arbitrary fixed price REITs also plan to make quarterly redemptions based on NAV).⁹ The Company's New Redemption Program, in contrast, provides for quarterly redemptions using a Redemption NAV that under normal circumstances will be determined generally on the 13th of the month immediately prior to the end of the applicable quarter, and under all circumstances on a date that is at least ten business days prior to the last business day of the applicable quarter. As described in more detail below, the Company does not believe these differences from other non-traded REITs' redemption programs materially impact the analysis of whether the New Redemption Program constitutes an issuer tender offer. See "Rule 13e-4 No-

⁷ See *supra* note 2.

⁸ See *supra* note 2.

⁹ See Hines Real Estate Investment Trust, Inc., SEC No-Action Letter, 2006 WL 3007365 (September 7, 2006); Apple REIT Six, Inc., SEC No-Action Letter, 2006 WL 1880375 (June 30, 2006); Behringer Harvard REIT I, Inc., SEC No-Action Letter, 2004 WL 2439520 (October 26, 2004); Paladin Realty Income Properties, Inc., SEC No-Action Letter, 2004 WL 2375781 (October 22, 2004); Orange Hospitality, Inc., SEC No-Action Letter, 2004 WL 2065831 (September 9, 2004); Hines Real Estate Investment Trust, Inc., SEC No-Action Letter, 2004 WL 1432321 (June 18, 2004); CNL Income Properties, Inc., SEC No-Action Letter, 2004 WL 892249 (March 10, 2004); Inland Western Retail Real Estate Trust, Inc., SEC No-Action Letter, 2003 WL 22119707 (August 25, 2003); T REIT Inc., SEC No-Action Letter, 2001 WL 649546 (June 4, 2001); CNL American Properties Fund, Inc., SEC No-Action Letter, 1998 WL 476210 (August 13, 1998).

Action Request—The New Redemption Program is not an Issuer Tender Offer" and "—Analysis of the Wellman Factors" below.

The Company has adopted its NAV-based pricing methodology with the objective of having its shares sold on a daily basis and redeemed quarterly at a price that reflects a relatively current value of its investments. Absent extraordinary circumstances, the price at which the Company sells new shares and redeems outstanding shares will not be affected by the volume of sales and redemptions. Stockholders may request the redemption of all or a portion of their shares on a quarterly basis. However, if a significant or protracted imbalance develops between sales and redemptions or other extraordinary events occur (as described above), then the board of directors maintains the discretion to modify or suspend the New Redemption Program to ensure viability of the investment for continuing stockholders.

Redemptions will not be solicited by the Company and will not be made with the purpose of trading in, and should not have the effect of manipulating or raising the offering price of, the Company's common stock. Although stockholders of the Company are made aware of the availability of the New Redemption Program at the time they purchase their shares by means of prospectus disclosure, and will be informed in writing of any changes to the program, the Company will not affirmatively solicit participation by its stockholders in the New Redemption Program. Stockholders desiring to present all or a portion of their shares for redemption will do so of their own volition and not at the behest, invitation or encouragement of the Company.

The role of the Company in effectuating redemptions under the New Redemption Program will be ministerial and will merely facilitate the stockholders' decision to exit from their investment in the Company. Shares redeemed by the Company will become authorized but unissued shares and will not be resold to the public unless their sale has been registered with the SEC under the Securities Act and under appropriate state securities laws or otherwise sold in compliance with such laws. The Company will terminate the New Redemption Program in the event the shares are listed on a national securities exchange or included for quotation on a national securities market, or in the event a secondary market (other than limited or sporadic quotations) for the Company's shares develops. However, the Company currently does not intend to list its shares for trading on any exchange or other trading market and does not expect that a secondary trading market (other than limited or sporadic quotations) will develop.

Rule 13e-4 — No-Action Request

Rule 13e-4

We believe that the New Redemption Program is not an "issuer tender offer" subject to Rule 13e-4. We reach this conclusion based on an analysis of the factors expressed in *Wellman v. Dickinson*, 475 F. Supp. 783 (S.D.N.Y. 1979), and applied in subsequent cases by the SEC and its staff in determining what constitutes a tender offer, as well as the fact that the terms of the New Redemption Program will be fully disclosed to potential investors of Class T Shares, Class S Shares, Class D Shares and Class I Shares (including IPO Shares that have been held for four years or longer from the original purchase date) prior to the purchase of shares of the Company's common stock. Stockholders will be aware of the most recent quarterly Redemption NAV and NAV per share for each class of shares through the Company's website, toll-free information line, and www.nasdaq.com, and the historical quarterly NAV per share through the Company's prospectus supplements. Once the Redemption NAV for the applicable Redemption Date is made available through the Company's website, toll-free information line and prospectus supplement, stockholders do not require additional information regarding the New Redemption Program. Stockholders will be given sufficient time after the Redemption NAV is made available to submit their redemption request or, if they had previously submitted their redemption request, to withdraw such request if desired. No new investment decision is being made at the time of redemption. Because the New Redemption Program is not a tender offer, the structural protections generally afforded to stockholders in a tender offer under the tender offer rules are unnecessary for the protection of investors.

We also believe that the New Redemption Program does not raise the same tender offer concerns under Rule 13e-4 that are addressed in the no-action requests by traditional non-listed REITs for redemption plans that offer periodic redemptions for limited numbers of shares at an arbitrary fixed price.¹⁰ We believe the perpetual-life structure of the New Redemption Program, a redemption price that is based on the Company's NAV rather than an arbitrary fixed price and the application of the *pro rata* redemption mechanism if any redemption limitation is exceeded or the Company determines to redeem fewer shares than have been requested to be redeemed in any particular quarter reduces the pressure on stockholders with respect to making a redemption request. There will not be a limited time period in which to redeem. Stockholders may request the redemption of all or a portion of their shares

¹⁰ See *supra* note 7.

throughout the continuous offering, which has no anticipated termination date, at the quarterly Redemption NAV. In addition, redemptions will be reduced *pro rata* in the event the quarterly volume limitations are reached (unlike with other daily NAV non-listed REITs, which primarily offer daily redemptions up to a 5% quarterly limit on a first-come first-serve basis). The combination of the New Redemption Program's *pro rata* mechanism together with the perpetual-life structure of the New Redemption Program, which allows any stockholder whose redemption request was not fully accepted in any particular quarter to request redemption of such shares in the following quarter will alleviate any pressure to request redemptions at the beginning of a particular quarter.

Other daily NAV non-traded REITs conduct redemptions on a daily basis but typically have quarterly limits on the amount of redemptions that will be made. As a result, daily NAV non-traded REITs accept redemptions on a first-come first-serve basis and once the limit is reached, later redemption requests will not be accepted. These daily NAV non-traded REITs have mechanisms designed to remedy this inequity by giving stockholders the opportunity to achieve *pro rata* redemptions in later periods. The Company's New Redemption Program will not face this issue because although it will have a quarterly limit it will conduct its purchases on a quarterly basis. Therefore, stockholders that request a redemption during a quarter will receive equal treatment regardless of what point in the quarter their request was made, and redemption requests will not be accepted on a first-come first-serve basis. If the redemption limit is exceeded for a given quarter, each stockholder's redemption amount for that quarter will be reduced *pro rata*.

A stockholder may withdraw a redemption request up until the Redemption Date by notifying the Company's transfer agent on the Company's toll-free information line before 4:00 p.m. Eastern time on the last business day of the applicable quarter. A stockholder may make a redemption request for a particular Redemption Date before the Redemption NAV is made available, but such stockholder will know the price prior to the Redemption Date and will have an opportunity to withdraw his or her request after the price is made available and up until the last business day of the applicable quarter by notifying the Company's transfer agent, directly or through the stockholder's financial intermediary. Stockholders who make their redemption request after the tenth business day prior to the second to last business day of the applicable quarter will know the Redemption NAV at the time of their request. In the unlikely case that the Redemption NAV for the applicable quarter is not made available by the tenth business day prior to the second to last business day of the applicable quarter (or is materially changed after such date), then no redemption requests

will be accepted for such quarter and stockholders who wish to have their shares redeemed the following quarter must resubmit their redemption requests.

The shares are not subject to the same market supply and demand pressures as securities listed on an exchange or traded over the counter where the price of a security fluctuates based on the supply and demand of a security. Without these market pressures and because the price is based on the Company's NAV, the Company believes that material fluctuations in the NAV per share on a quarter-to-quarter basis are unlikely. The Company believes that, although the Company may invest in real estate-related securities which are subject to greater price fluctuations than its real properties, material fluctuations in NAV per share from one quarter to the next will be unlikely because the substantial majority of the Company's investments will be direct ownership of stabilized commercial real estate properties (which are generally not subject to volatile price fluctuations).

Analysis of the Wellman Factors

An analysis of the *Wellman* factors demonstrates that the New Redemption Program should not be viewed as a tender offer.¹¹ Set forth below is an application of these factors to the New Redemption Program.

(i) *Active and widespread solicitation of public stockholders for the shares of an issuer.* The Company will not engage in an active and widespread solicitation for the redemption of its shares. The New Redemption Program will be described in the prospectus and any communications to stockholders identifying changes to the program will be communicated through reports the Company files with the SEC, a press release or via the Company's website. However, the Company believes that this disclosure is required by the Securities Act and is provided to make stockholders aware of the program's existence. The Company will not make any other significant public communications about the New Redemption Program except as contained in or related to the Offering prospectus and supplements, offering materials used in connection with the Offering, required communications in reports filed under the Exchange Act, the providing of the NAV per share of each class of shares on the Company's website, toll-free information line, and www.nasdaq.com and quarterly Redemption NAV on the Company's website and toll-free information line, and communications required by the program itself. Stockholders desiring to request

¹¹ The absence of one particular factor does not necessarily mean the non-existence of an issuer tender offer and depending upon the circumstances involved in the particular case, one or more of the factors may be found more compelling and determinative than the others. See *Wellman v. Dickinson*, 475 F. Supp. 783, 824 (S.D.N.Y. 1979).

redemption of all or a portion of their shares will do so of their own volition and not at the behest, invitation or encouragement of the Company. The Company will not solicit or encourage stockholders to request redemption of their shares. The role of the Company in effectuating redemptions under the New Redemption Program will be ministerial and will merely facilitate the stockholder's full or partial exit from its investment in the Company.

(ii) *The offer to purchase is made at a premium over the prevailing market price.* No premium will be paid over the prevailing market price by the Company for the shares redeemed. The offering price for shares sold in the Offering will be the NAV per share for each class of shares, plus applicable selling commissions and dealer manager fees, and the redemption price will be the quarterly Redemption NAV of the class of shares being redeemed. Subject to limited exceptions in the event of the death or qualifying disability of a stockholder, shares may not be redeemed within one year of the date of purchase, and the IPO Shares may not participate in the New Redemption Program within four years of the date of purchase. Further, there is no established regular trading market for the Company's common stock. The New Redemption Program will be terminated in the event the Company's shares are listed on a national securities exchange or included for quotation in a national securities market.

Because there is no established trading market and the redemption price each quarter will equal or approximate the offering price (except that selling commissions and dealer manager fees are not included in the calculation of the redemption price) at a given point in time, this factor does not apply.

(iii) *The solicitation is made for a substantial percentage of the issuer's stock.* As noted above, the Company will not actively solicit redemptions under the New Redemption Program. Further, other no-action letters have been issued to non-listed REITs with redemption plans similar to the New Redemption Program. The New Redemption Program limits redemptions in any calendar quarter to an amount equal to 5% of the aggregate NAV of the outstanding shares of all classes of shares of common stock as of the last day of the previous calendar quarter. Other than the "five per centum" threshold contained in Section 14(d)(1) of the Exchange Act, we are not aware of any authority that defines what constitutes a "substantial percentage" of an issuer's stock. However, we believe that whether the New Redemption Program constitutes an issuer tender offer subject to Rule 13e-4 does not hinge on the presence of a 5% limitation on the number of shares of the Company that can be redeemed over a quarterly period. We also believe there is no reasonable likelihood that the New

Redemption Program will have the effect of the Company repurchasing a substantial percentage of the shares of its common stock.

The New Redemption Program's quarterly and annual redemption limits will be based on the eligibility of all outstanding shares, including, after a minimum four-year holding period, the IPO Shares. The inclusion of eligible IPO Shares in the New Redemption Program will facilitate convenience in administering the program while continuing to offer a means of liquidity, and is not in response to any pre-existing demand for redemptions by those shareholders. Historically, the Company has received redemption requests that have been far below the current 5% annual limit. The Company commenced operations on September 23, 2014, and no shares were eligible for redemption in that year. For the fiscal years ended December 31, 2015 and December 31, 2016, 0.008% and 0.408%, respectively, of all shares outstanding were redeemed pursuant to the Company's share redemption program.

The New Redemption Program merely provides stockholders with a means of liquidity in respect of their investment, as discussed previously in this letter. The New Redemption Program does not exist for the same reasons that issuers typically conduct tender offers. The Company intends to continuously raise capital through a continuous public offering and invest the net proceeds in real properties and real estate-related assets. Repurchasing shares decreases funds available for such investments and reduces NAV, which creates a disincentive for the Company to redeem shares.

Under the New Redemption Program, the maximum amount of shares that may be redeemed over a 12-month period is approximately 20% of the Company's NAV. However, this is a theoretical limit, and one which is not expected to occur.¹²

(iv) *The terms of the offer are firm, rather than negotiable.* The terms of the New Redemption Program are firm with respect to the process by which stockholders may request redemption. While the redemption price is not negotiable, it is not fixed at the same amount for the duration of the New Redemption Program, but rather it is determined each quarter, under normal circumstances based on the NAV per share determined using an established methodology. The Company believes, however, that this feature does not compel the finding of a tender offer because the firmness of the terms of the New Redemption Program will not increase pressure on stockholders to request

¹² See *supra*, note 6. As indicated in that footnote, the Company does not believe it would be possible for the New Redemption Program and the IPO Share Redemption Program in the aggregate to exceed 20% of the Company's NAV over a 12-month period.

redemption of their shares. The pressure on stockholders that Rule 13e-4 attempts to eliminate is that which is caused by "a high premium with a threat that the offer will disappear within a certain time."¹³ Where these factors exist, firmness of the terms of the offer may have the effect of exacerbating the pressure. However, as previously discussed, the New Redemption Program will not offer stockholders a premium for their shares and the Company intends that the New Redemption Program will exist indefinitely (subject to the authority of the board of directors in its reasonable discretion to suspend the program under specified circumstances or to make modifications to promote its proper and fair operation).

Additionally, NAV-based pricing should have the effect of mitigating pressure because stockholders will know that they can request to have their shares redeemed by the Company at the end of any quarter, under normal circumstances at the Redemption NAV. In a typical tender offer, the offeror conceivably has both an incentive and the ability to set the offer price at a level that will maximize the chances of obtaining the desired volume of tenders, while minimizing the overall premium paid. Conversely, the Company, absent extenuating circumstances, will apply, each quarter, the same comprehensive set of valuation policies and procedures to ascertain the Redemption NAV. The Company will have discretion in the determination of the redemption price only in cases where it believes there has been a material change to the NAV per share since the tenth business day prior to the second to last business day of the applicable quarter. In the unlikely event that the Redemption NAV for the applicable quarter is not made available by the tenth business day prior to the second to last business day of the applicable quarter (or is materially changed after such date), then no redemption requests will be accepted for such quarter and stockholders who wish to have their shares redeemed the following quarter must resubmit their redemption requests. Therefore, the quarterly redemption price under the New Redemption Program will be based upon criteria that are beyond the control of the Company.

(v) *The offer is contingent on the tender of a fixed number of shares.* The New Redemption Program is not contingent on a fixed number of shares being redeemed. Stockholders may choose to request the Company to redeem none, all or a portion of their shares on a quarterly basis.

(vi) *The offer is open only for a limited period of time.* The New Redemption Program is open for an indefinite period. The risk of manipulation and pressure to sell typically associated with tender offers are not present in the

¹³ See *Brascan Ltd v. Edper Equities*, 477 F. Supp 773, 792 (S.D.N.Y. 1979).

New Redemption Program. This feature of the New Redemption Program makes it most unlike a tender offer. In addition, for each quarter, the window during which a redemption request can be made will generally be at least 60 business days (from the first business day of the current quarter to the second to last business day of the current quarter). The Redemption NAV will also be made available to investors at least ten business days prior to the second to last business day of the quarter. Investors will also have the opportunity to withdraw their redemption request up until the last business day of the quarter.

In addition, because shares will be redeemed on a *pro rata* basis in the event the quarterly volume limitations are reached or the Company determines to redeem fewer shares than have been requested to be redeemed in any particular quarter, stockholders will be able to request redemption for at least a portion of their shares regardless of the particular day during the quarter when the stockholder chooses to submit its redemption request and therefore will not be pressured to request redemptions at the beginning of a quarter.

(vii) *The offeree is subjected to pressure to sell.* As noted above, the Company will not encourage, invite, solicit or in any way pressure stockholders to participate in the New Redemption Program and will not offer to redeem shares at a premium. The role of the Company in effectuating redemptions under the New Redemption Program will be purely ministerial. Because the New Redemption Program will have no set termination date, stockholders will not feel rushed to make decisions regarding participation in the program. If a quarterly redemption limitation is reached during any given quarter or the Company determines to redeem fewer shares than have been requested to be redeemed in any particular quarter, all redemptions under the New Redemption Program for such quarter will be made on a *pro rata* basis. If the New Redemption Program reaches its quarterly cap, it will automatically reopen in the next calendar quarter. In addition, the combination of (1) disclosure of the New Redemption Program as an integral element of the Offering at the time of the original investment decision with respect to Class T Shares, Class S Shares, Class D Shares and Class I Shares, (2) the quarterly regularity of redemptions and (3) the NAV-based pricing of the redemption price and the comprehensive policies and procedures for determining NAV, collectively should act to decrease pressure on stockholders.

The Company acknowledges that some features of the New Redemption Program may, to a limited extent, encourage a stockholder to request redemption of its shares at a particular time given the perpetual-life structure of the program. Stockholders may feel pressure to request redemption of their shares if the Redemption NAV reaches a certain level at which stockholders may realize an attractive return above the amount of their initial investment. Stockholders may

also feel pressure to request redemption of their shares if they believe the Company may receive redemption requests in a calendar quarter in excess of the established maximum amount for that quarter. However, we do not believe that these pressures are the types of pressures placed on offerees in a tender offer which the tender offer rules were intended to address. As noted, the features of the New Redemption Program are first disclosed to purchasers of Class T Shares, Class S Shares, Class D Shares and Class I Shares at the time the shares are purchased. As such, stockholders are informed of the terms of the New Redemption Program substantially in advance of the time of their decision to participate in the New Redemption Program, including that the Company may determine to redeem fewer shares than have been requested to be redeemed in any particular quarter. Stockholders are therefore not presented with a "new" investment decision at the time they become eligible to request the Company to redeem their shares under the program. Additionally, the pressures inherent in the program noted above exist regardless of whether the redemption price is established quarterly according to the NAV or daily or quarterly by the board of directors as is the case in other redemption plans for which no-action relief has been granted by the Staff. Moreover, even if stockholders believe the Company may receive redemption requests in a calendar quarter in excess of the established maximum for that quarter or that the Company may determine to redeem fewer shares than have been requested to be redeemed in any particular quarter, as a result of the *pro rata* mechanism, they will be assured that they will be able to request redemption for at least a portion of their shares during that quarter, regardless of the particular day during the quarter when the stockholder chooses to submit its redemption request.

(viii) *A public announcement of an acquisition program prior to the accumulation of stock by a purchaser, followed by a rapid accumulation of a large amount of securities.*¹⁴ The intent of the New Redemption Program is to provide the Company's stockholders with ongoing liquidity, not for the Company to continuously re-acquire its own shares. It is possible that the Company, subject to the New Redemption Program's limits, may be requested to redeem a significant number of shares over a short time pursuant to the New Redemption Program depending on stockholders' decisions to exit the investment. Any such shares redeemed by the Company, however, would not be deemed outstanding for purposes of receiving distributions or voting on matters submitted to stockholders.

¹⁴ The *Wellman* case did not include the eighth factor but acknowledged the SEC had listed an eighth factor in *Hoover v. Fuqua Industries, Inc.* See *Wellman*, 475 F. Supp. at 824.

The Company will describe the New Redemption Program in the prospectus and related offering materials, and when required, in filings made pursuant to the Exchange Act. The Company will promptly inform stockholders, as required by the New Redemption Program, of any modification or suspension of the New Redemption Program. The Company will also file prospectus supplements as required by the Securities Act disclosing the historical NAV per share of each class of shares and provide each quarter the NAV per share of each class of shares on its website, toll-free information line, and www.nasdaq.com and the Redemption NAV on its website and toll-free information line. The Company believes, however, that the New Redemption Program is not characteristic of a publicly-announced acquisition plan which is followed by a rapid accumulation of a large amount of stock. Though disclosure of the New Redemption Program as described above constitutes a public announcement of its existence and precedes any redemption, the Company believes that any redemption of shares that might occur will not be driven by pressure exerted by the Company, as the New Redemption Program imposes no deadline and offers no premium. Rather, any such accumulation would occur solely as a result of stockholders opting to exit from the investment at a particular Redemption NAV of their own volition without pressure or prompting by the Company, which is not the type of untoward pressure the tender offer rules were designed to prohibit. Several courts have agreed that offers without a deadline or premium are not tender offers within the meaning of Rule 13e-4, as stockholders are not subjected to the pressure the rule was designed to mitigate.¹⁵

Based on analysis of the eight factors discussed above, the Company believes that redemptions of the Company's shares pursuant to the New Redemption Program do not implicate the concerns that the issuer tender offer rules were intended to address.

¹⁵ See *Panter v. Marshall Field & Co.*, 646 F.2d 271, 286 (7th Cir. 1981) (ruling that where no deadline and no premium existed, stockholders "were simply not subjected to the proscribed pressures the Williams Act was designed to alleviate"); *Brascan*, 477 F. Supp. at 792 (ruling that without high premium and threat that the offer will disappear, large purchases in short time do not represent the kind of pressure the Williams Act was designed to prevent); *Kennecott Copper Corp. v. Curtiss-Wright Corp.*, 449 F. Supp. 951, 961 (S.D.N.Y. 1978) (ruling that where no deadline and no premium existed, there was no pressure, other than normal pressure of the marketplace, exerted on the stockholders), *aff'd in relevant part, rev'd in part*, 584 F.2d 1195, 1207 (2d Cir. 1978).

The New Redemption Program Withstands a "Totality of Circumstances" Analysis

We also note that some courts have rejected a rigid application of the *Wellman* test and have, instead, applied what the Company considers a reasonable "totality of circumstances" analysis.¹⁶ This analysis looks to all the circumstances surrounding the transaction to determine whether the chief objectives of the tender offer rules and regulations are being met, specifically, to remove the element of secrecy and undue pressure associated with such transaction and to provide stockholders with adequate information to make an informed investment decision in connection therewith.¹⁷

We believe that the New Redemption Program withstands such a "totality of circumstances" analysis. Purchasers of Class T Shares, Class S Shares, Class D Shares and Class I Shares are provided full disclosure of the program before they purchase shares and invest in the Company and are informed that participation in the New Redemption Program will be their only viable liquidity option if they want to sell their shares. Finally, the perpetual-life structure of the New Redemption Program and the *pro rata* mechanism eliminate any undue pressure on stockholders that is typical in tender offers. The Company believes that the protections afforded to stockholders by the tender offer rules are not needed for stockholders who participate in the New Redemption Program. We do not believe that a "substantial risk of ill-considered sales" made "by ill-informed shareholders" will exist for redemptions under the New Redemption Program if the Rule 13e-4 procedural protections are not implemented.¹⁸

For the reasons described above, we believe that under a "totality of circumstances" analysis, the Company's stockholders are not the "particular class of persons [that] need the protection of the tender offer rules" because the terms of the New Redemption Program were fully disclosed at the time of purchase. Finally, courts have specifically mentioned full disclosure of the time in which to make investment decisions, withdrawal rights, and requirements for *pro rata* purchases of shares accepted in the event the offer is oversubscribed when referring to the substantive and procedural protections provided by Rule 13e-4.¹⁹

¹⁶ See *Hanson Trust PLC v. SCM Corp.*, 774 F.2d 47 (2d. Cir. 1985); see also *Pin v. Texaco Inc.*, 793 F.2d 1448, 1454- 55 (5th Cir. 1986) (applying same analysis to issuer tender offer case).

¹⁷ See, e.g., *Wellman*, 475 F. Supp. at 821-23; *Pin*, 793 F. Supp. at 1454; *Hanson Trust*, 774 F.2d at 54-56.

¹⁸ See *Hanson Trust*, 774 F.2d at 58.

¹⁹ See *SEC v. Carter Hawley Hale Stores, Inc.*, 760 F.2d 945, 949 (9th Cir. 1985).

We note that these protections are already inherent in the New Redemption Program (including the ability to withdraw the redemption request up until the Redemption Date) even if Rule 13e-4 is inapplicable.

Rule 13e-4 No Action Request

We respectfully request that the Staff confirm that it will not recommend that the Commission take enforcement action under Rule 13e-4 with respect to redemptions of any of the Company's shares under the New Redemption Program. Other than the quarterly redemption feature and the inclusion of IPO Shares that have been held for four years or longer from the original purchase date, the New Redemption Program is substantially similar to the redemption plans of other perpetual-life daily NAV non-listed REITs for which the Staff has granted no-action relief.²⁰ We do not believe that (i) having quarterly redemptions based upon a NAV per share determined at least ten business days prior to the second to last business day of the applicable quarter and (ii) allowing holders of IPO Shares to participate in the New Redemption Program after they have held their shares for four years or longer from the original purchase date impact the analysis included in the no-action letters granted to traditional and daily NAV non-listed REITs. Factors we believe that address these objectives and support this request include:

- All material information relating to the New Redemption Program will be fully and timely disclosed to all stockholders. The terms of the New Redemption Program, including the Company's ability to determine to repurchase fewer shares than have been requested to be repurchased in any particular quarter, will be fully disclosed in the prospectus as well as any prospectus used for subsequent offerings, the NAV per share for each class will always be available on the Company's website, toll-free information line, and www.nasdaq.com, and for a period of at least ten business days prior to the second to last business day of the applicable quarter the Redemption NAV will always be available on the Company's website and toll-free information line.
- The Company will not solicit redemptions under the New Redemption Program other than through the prospectus for the Offering and prospectus supplements disclosing the Redemption NAV per share of each class of shares. Stockholders desiring to request redemption of all or a portion of their shares will do so of their own volition and not at

²⁰ See *supra* note 2.

the behest, invitation or encouragement of the Company. The role of the Company in effectuating redemptions under the New Redemption Program will be ministerial.

- The shares will be redeemed quarterly under the New Redemption Program at the quarterly Redemption NAV of the class of shares being redeemed and the Company will file prospectus supplements with the SEC with such frequency as is required by the Securities Act disclosing the historical NAV per share of each class of shares and also provide each quarterly Redemption NAV per share for each class of shares on its website and toll-free information line.
- Repurchases will be made on a quarterly basis. The redemption price normally will be paid in cash no later than five business days following the last calendar day of the applicable quarter and will be the same for all shares of the same class redeemed in a given quarter.
- Repurchases under the New Redemption Program will be limited in any calendar quarter to an amount equal to 5% of the aggregate NAV of the outstanding shares of all classes of shares as of the last calendar day of the previous calendar quarter.
- If the quarterly volume limitation is reached in any given quarter or the Company determines to redeem fewer shares than have been requested to be redeemed in any particular quarter, redemptions under the New Redemption Program for such quarter will be made on a *pro rata* basis.
- There will be no established regular trading market for the Company's common stock. The New Redemption Program will be terminated if the Company's shares are listed on a national securities exchange or included for quotation on a national securities market, or in the event a secondary market (other than limited or sporadic quotations) for the Company's shares develops.
- The New Redemption Program is intended to remain open indefinitely for the life of the Company unless modified or suspended by the board of directors. The Company is structured as a perpetual-life entity and has no intention to list its shares for trading on an exchange or other trading market.
- The New Redemption Program is open to all stockholders. Those stockholders purchasing in the Offering who have generally held their shares less than one year, and holders of IPO Shares who have held

their shares less than four years from the original date of purchase, will not be permitted to participate in the New Redemption Program.

The Company believes the New Redemption Program as proposed would not result in the potential for the abuses Rule 13e-4 was intended to prevent and should not be subject to Rule 13e-4. Rather, the Company believes it would be a disservice to stockholders if the New Redemption Program were not implemented.

Rule 13e-3 — Does Not Apply

Rule 13e-3 should not apply to the New Redemption Program. Rule 13e-3 governs, among other transactions described in paragraph (a)(3)(i) of the rule, purchases of an equity security by the issuer of such security or by an affiliate of such issuer which has either a reasonable likelihood or a purpose of producing, either directly or indirectly, a "going private" transaction as described in paragraph (a)(3)(ii) of the rule. The New Redemption Program is not being undertaken for the purpose of causing the Company's shares to become eligible for termination of registration under Rule 12g-4 or Rule 12h-6 or causing the Company's reporting obligations to become eligible for termination under Rule 12h-6 or suspension under Rule 12h-3 or Section 15(d) of the Exchange Act. Moreover, there is not a reasonable likelihood that any of the foregoing effects would result from the operation of the New Redemption Program insofar as the New Redemption Program has limitations on the amount of redemptions that may be made in each calendar quarter and the Company intends to operate as a perpetual-life vehicle with no finite date set for liquidation by conducting a continuous offering of an unlimited amount of its shares that will be registered under the Securities Act in compliance with Rule 415 under the Securities Act over an unlimited time period.

Under the New Redemption Program, the maximum amount of shares that may be redeemed over a 12-month period is approximately 20% of the Company's NAV. However, this is a theoretical limit, and one which is not expected to occur.²¹

If the extent of redemptions under the New Redemption Program, after considering offers and sales of new shares as part of such continuous offering, were such that any of the effects described in paragraph (a)(3)(ii)(A) of Rule 13e-3

²¹ See *supra*, note 6. As indicated in that footnote, the Company does not believe it would be possible for the New Redemption Program and the IPO Share Redemption Program in the aggregate to exceed 20% of the Company's NAV over a 12-month period.

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If you have any questions or need any additional information, please do not hesitate to contact me at (202) 712-2813.

Very truly yours,

A handwritten signature in black ink that reads "Janis F. Kerns". The signature is written in a cursive style with a large, looping initial "J".

Janis F. Kerns

cc: Kevin A. Shields, Griffin Capital Essential Asset REIT II, Inc.
Michael J. Escalante, Griffin Capital Essential Asset REIT II, Inc.
Howard Hirsch, Griffin Capital Essential Asset REIT II, Inc.
Heather Turner, Griffin Capital Company, LLC
Michael Rafter, Nelson Mullins Riley & Scarborough LLP