

**Item 1. Cover Page**

**PART 2A OF FORM ADV UNIFORM APPLICATION FOR INVESTMENT ADVISER REGISTRATION**

**FIRM BROCHURE**

**FOR**

## **GREENFIELD PARTNERS, LLC**

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**This brochure provides information about the qualifications and business practices of Greenfield Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 203-354-5000 and/or [marcusb@greenfieldpartners.com](mailto:marcusb@greenfieldpartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Greenfield Partners, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2. Material Changes**

The following are the material changes made to this brochure since March 23, 2012, the last date the brochure was updated:

1. The first sentence of Item 4E has been replaced with the following sentence: "As of December 31, 2012, Greenfield manages approximately \$2,410,011,000 in client assets on a discretionary basis, and \$0 in client assets on a non-discretionary basis."
2. A second paragraph has been added to Item 5C.
3. Item 6 has been modified to include the following sentence in the first paragraph, "In addition, certain of Greenfield's supervised persons may receive performance-based compensation."
4. The seventh paragraph of Item 8C has been modified to include GAP VI Office Co-Investor, L.P. in the last sentence.
5. The second paragraph of Item 11 has been deleted in its entirety; all references to Greenfield Advisors providing sub-advisory services to AllianceBernstein L.P. in connection with AB's provision of investment management services to a Public-Private Investment Fund (the "PPIF") organized under the US government's Legacy Securities Program have been deleted. Likewise, the reference to PPIP has been deleted from the third paragraph.

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#### **Item 4. Advisory Business**

- A. Greenfield Partners, LLC (which is referred to in this brochure as "Greenfield") was founded in March 1997, and has been in business since then. Greenfield is a private company, organized as a Connecticut limited liability company, and is based in South Norwalk, Connecticut, with other offices in Chicago, IL and Reston, VA. The principal owner of Greenfield is Eugene A. Gorab.
- B. Greenfield's business is investment management, principally in the field of real estate. Greenfield manages equity and debt investments in (1) entities that own and develop land, office buildings, shopping centers, hotels, multi-family rental buildings, residential condominiums, single-family homes, industrial properties and other types of real estate, (2) debt instruments secured by direct or indirect interests in real estate, and (3) companies that provide services to the real estate industry (collectively, "Real Estate Investments"). Greenfield finds, investigates, underwrites and executes each investment, actively manages each investment during the ownership period, and then executes the sale or other disposition of each investment.
- C. Greenfield tailors its advisory services to the individual needs of its clients, which are pooled investment vehicles that Greenfield forms (each, a "Partnership"). It makes and manages each investment in accordance with the purposes, terms, restrictions and limitations set forth in the governing documents of each Partnership, consisting principally of the Partnership's limited partnership agreement. Each Partnership's limited partnership agreement contains certain restrictions on the types of investments that may be made by it, including limitations on (1) amounts that may be invested in a single investment or portfolio of related investments, (2) amounts that may be invested in marketable securities, (3) investments that produce certain types of taxable income, (4) foreign investments, (5) investments in derivatives and (6) privately negotiated equity investments in publicly-traded entities.
- D. Greenfield does not participate in wrap fee programs.
- E. As of December 31, 2012, Greenfield manages approximately \$2,410,011,000 in client assets on a discretionary basis, and \$0 in client assets on a non-discretionary basis.

#### **Item 5. Fees and Compensation**

- A. Greenfield and its affiliates are compensated for advisory services with asset management fees that are determined based upon a percentage of assets under management as well as performance-based fees, as discussed in the next section. These fees are negotiable on a client-by-client basis and may be suspended or otherwise limited in duration. Because this brochure will only be delivered to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940, as amended ("qualified purchasers"), this brochure does not include a fee schedule.
- B. Greenfield or its applicable affiliates deduct fees from Partnerships' assets on a quarterly basis.

- C. Partnerships do not pay other types of fees to Greenfield or its affiliates for advisory services, but Partnerships pay transaction costs and other expenses of forming investment vehicles and making, holding, managing and disposing of investments, such as travel and administrative expenses, fees of attorneys, accountants and other professionals and consultants, fees of real estate brokers and property managers, and fees and other charges of lenders. Greenfield and its affiliates may receive certain transaction and monitoring fees from entities in which a Partnership invests. The management fee payable by the Partnership is generally reduced by the net proceeds of all such fees allocable to the Partnership.

Certain Partnerships may operate in parallel or may co-invest in the same investments. Greenfield may allocate certain expenses or liabilities among such Partnerships pro rata, based on the relative amounts of their capital commitments. Alternatively, to the extent Greenfield determines that any such expenses or liabilities are specific to one or more particular Partnerships, Greenfield may allocate such expenses solely to such Partnership(s) on a basis that Greenfield determines is fair and reasonable.

- D. Partnerships pay asset management fees to Greenfield or its applicable affiliates quarterly in advance. In general, if an advisory contract is terminated, the asset management fee for the quarter in which the termination occurs would be prorated to the termination date, with the overpayment refunded to the Partnership. If the general partner of certain of Greenfield's Partnerships were to be removed without cause, an amount will be payable upon such removal equal to the asset management fee that would otherwise be payable for the one year period following the effectiveness of such removal. This provision (i) takes into account the extensive amount of work done and expenses incurred by Greenfield and its affiliates in advance of organizing a Partnership and making investments, (ii) is applicable for Partnerships and investors in the Partnerships who are qualified purchasers, (iii) is disclosed in advance to all Partnerships and investors in the Partnerships, and (iv) is the result of extensive negotiations with the investors in the Partnerships.
- E. Neither Greenfield nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

#### **Item 6. Performance-Based Fees and Side-by-Side Management**

Greenfield or its affiliates may receive performance-based fees for their advisory services from their Partnerships. In addition, certain of Greenfield's supervised persons may receive performance-based compensation. These fees are based upon a percentage of the net profits realized by Partnerships after receiving back their invested capital together with a specified rate of return on such capital. Neither Greenfield nor any of its supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee. The existence of such performance-based fees may create an incentive for Greenfield to make more speculative investments than it would otherwise make in an absence of such performance-based compensation. In addition, Greenfield's affiliates may receive such performance-based fees as a distribution in-kind of securities for which

market quotations are not readily available. The valuation of such securities for such purposes will generally be determined by Greenfield.

#### **Item 7. Types of Clients**

Greenfield generally provides investment advice to its Partnerships. Greenfield does not manage any accounts other than Partnerships and therefore does not have requirements for opening or maintaining accounts.

#### **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

- A. The general investment strategy of Greenfield's Partnerships is opportunistic investing in a variety of property types, primarily in the United States, which may include, without limitation, multi-family, office, hotel, industrial, retail, land and assisted living facilities, as well as long-term investments in land. Greenfield believes that a true opportunistic investor should be qualified to invest skillfully in all property types, environments, and elements of the capital structure.

Greenfield utilizes less leverage than most opportunistic managers (typically less than 50%) and largely avoids the use of fund-level guaranties of property debt (typically 2-3% fund recourse exposure across any portfolio). Greenfield manages its Partnerships' balance sheets as a core investor would, while at the same time pursuing opportunistic strategies.

Greenfield's investment strategy also includes pursuing opportunities to acquire debt from "disinterested sellers" (sellers whose prime objective is to execute an orderly liquidation of the real estate collateral without regard to the original basis of the loan or asset). Greenfield also may pursue opportunities to acquire debt from "interested sellers" (sellers that liquidate assets, but are concerned more about basis and the impact of an individual asset sale on the perceived valuation).

In addition, Greenfield's investment strategy includes pursuing recapitalization, participating debt and preferred equity opportunities. Greenfield may also pursue opportunities generated by bank portfolios.

The following is Greenfield's typical approach to the investment process:

- Greenfield typically sources transactions through relationships with operating partners, developers, advisors, and lenders nationwide. Greenfield focuses predominately on negotiated transactions.
- The majority of Greenfield's Partnership investments are made without broker or other intermediary involvement.
- Greenfield targets investments of all asset types primarily in the \$10 to \$50 million range. Greenfield's Partnerships invest directly and in conjunction with strategic operating partners. Investment structures are incentive-based. The applicable Partnership normally assumes the

role of sole or co-managing partner in each investment partnership, retaining major decision-making control over the investment.

- Due diligence generally includes market, environmental, physical, legal, and financial analyses.
- Once an acquisition is complete, the asset is managed with regard to budgeting, leasing, financing, and capital investment. Greenfield carefully monitors each investment and generally evaluates such investments on an ongoing basis.

In addition to services provided by Greenfield, certain of Greenfield's Partnerships may enter into agreements pursuant to which Clayton Holdings, LLC ("Clayton"), which is affiliated with Greenfield as described in more detail in Item 10.C, or subsidiaries of Clayton, will provide services to such Partnerships. The Partnership's general partner shall generally provide prior written notice to the relevant Partnership's advisory committee of any such transactions with such Partnership, and may be required to obtain the approval of such Partnership's advisory committee or, in certain cases, the limited partners of such Partnership. The Partnership's general partner may cause or permit the Partnership, any investment vehicle through which the Partnership invests, or any Real Estate Investment, directly or indirectly, to enter into contracts and transactions with Clayton for the provision to the Partnership, such investment vehicle or Real Estate Investment of services which would otherwise be provided by a third party service provider (including, without limitation, performing due diligence, conducting surveillance, credit risk management and providing related analytical, operational, valuation and systems support), provided that the applicable terms of the Partnership's limited partnership agreement (including, if necessary, advisory committee approval) are met.

Investing in securities involves risk of loss that clients should be prepared to bear.

- B. The following risks apply to Real Estate Investments that Greenfield makes on behalf of the Partnerships. References in this Item 8 to investments by Greenfield refer solely to investments by Greenfield on behalf of the Partnerships.

1. General Real Estate Risks. There is no assurance that the operations of the applicable Partnerships will be profitable or that cash from operations will be available for distribution to the investors. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of the Real Estate Investments. The marketability and value of the Real Estate Investments will depend on many factors beyond Greenfield's control, including, without limitation: changes in general economic or local conditions and/or specific industry segments; declines in rental or occupancy rates; competition from other developments; changes in supply of or demand for competing properties in an area (as a result, for instance, of over-building); geographic or market concentration; Greenfield's or the property managers' ability to manage the real properties; changes in interest rates; the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety; unavailability of mortgage funds which may render the sale or refinancing of a property difficult; location of the properties; the financial condition of borrowers and of tenants, buyers and sellers of property; changes

in real estate tax rates and other operating expenses; the imposition of rent controls; energy and supply shortages; various uninsured or uninsurable risks; and natural disasters.

2. Unidentified Properties. Greenfield will have sole and absolute discretion in structuring, negotiating and purchasing and eventually divesting Real Estate Investments on behalf of the Partnerships. Consequently, investors will not be able to evaluate for themselves the merits of particular investments in Real Estate Investments prior to the investor's subscription for an interest in the applicable Partnership or prior to the making of an investment, nor will investors be entitled to participate in any manner in decisions regarding refinancing or divestiture of Real Estate Investments. As a result, investors must rely upon Greenfield to select suitable Real Estate Investments. No assurances can be given that Greenfield will be successful in acquiring economically desirable assets or that the assets, once acquired, will maintain their economic desirability.

3. Less Marketable and Illiquid Assets. It is expected that a substantial portion of the Partnerships' portfolios will consist of assets which are illiquid or for which there currently is no well developed secondary market. While substantial portions of any Real Estate Investment are anticipated to be sold from time to time, it is not expected that all portions of each Real Estate Investment will be sold in the ordinary course prior to the expiration of the term of the applicable Partnership, and, as a result, the applicable Partnership may be required to sell certain portions of a Real Estate Investment prior to the time which would optimize the returns. Liquidity relates to the ability of the owner to dispose of assets readily and the price to be paid for them. In addition, less marketable or illiquid assets may be more difficult to value due to the unavailability of reliable market quotations. The sale of less marketable assets may require more time and result in lower prices, due to higher brokerage charges or dealer discounts and other selling expenses, than the sale of more marketable assets. Greenfield may not be able to sell any Real Estate Investment (or any portion thereof) at the time that would be in the best interests of the applicable Partnership to sell.

4. Leverage. Greenfield may use a substantial amount of leverage in connection with certain investments. This leverage will increase the exposure of such investments to adverse economic factors such as significantly rising interest rates, severe economic downturns or deteriorations in the condition of the Real Estate Investment or its market. In the event a Real Estate Investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the equity investment in such Real Estate Investment could be significantly reduced or even eliminated. Borrowings under a proposed credit facility may be secured, among other things, by investors' interests in the applicable Partnership and obligations to make capital contributions. Any inability of the applicable Partnership to repay such borrowings could result in a reduction or complete loss of an investor's interest in such Partnership.

5. Inability to Obtain Favorable Financing for or Refinance Investments. If a Partnership makes an investment with the intent of financing or refinancing a portion of such investment, there is a risk that the Partnerships will be unable to successfully complete such financing or refinancing. In particular, because of the current conditions in the credit market, the applicable Partnership may be subject to increased cost for debt, tightening underwriting standards and reduced liquidity. These factors could result in delays in closing acquisitions, longer development times, increases in overall costs, and possibly a greater reliance on subscription-backed financing to fund investments until the debt market stabilizes. This could lead to increased risk as a result of having a longer-term investment than expected, a larger equity investment than expected, reduced diversification and the possibility of the applicable



Partnership selling investments in markets that it typically would not as a result of an inability to secure favorable refinancing or the inability of potential buyers to procure acceptable financing.

6. Potential Adverse Economic Conditions. General local economic conditions with respect to any of the Real Estate Investments, as well as conditions of domestic and international financial markets, may adversely affect the Real Estate Investments. Unemployment, inflation, local recessions or other economic events could have a material adverse effect on the value of a Real Estate Investment. Furthermore, if the United States and other countries are in a period of slowing economic growth or perhaps a recession and these conditions continue for a prolonged period of time or worsen in the future, this may negatively impact the performance of investments.

7. Development Risks. The Partnerships will acquire equity and/or debt interests in real estate developments, undeveloped land and/or in businesses that engage in real estate development and development or redevelopment of undeveloped land. As a result, the Partnerships will be subject to the risks normally associated with development activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond Greenfield's control, such as adverse weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of the Partnerships and on the amount of funds available for distribution to the investors.

8. Compliance with Laws. The purchase and divestment of Real Estate Investments in land will require certain Partnerships to comply with certain state laws and regulations relating to the acquisition, use and sale of developed and undeveloped land, and a Partnership's obligations to comply with them may result in delays in such purchase, development or divestment and cause such Partnership to incur substantial compliance and other increased costs. Such state and local laws may inhibit a Partnership's ability to make certain investments in Real Estate Investments, including, but not limited to, through the adoption of slow or no-growth initiatives or laws that would reduce such Partnership's ability to invest in certain areas and thus could adversely affect such Partnership's revenues and earnings. If a Partnership is unable to continue to purchase, develop and/or divest Real Estate Investments as a result of these restrictions or laws, or if a Partnership's compliance costs increase substantially, such Partnership's revenues may be reduced.

9. Timing Risks. Certain Partnerships may be subject to potential significant fluctuations in the cost and availability of land, including, but not limited to, undeveloped or partially developed land and undervalued or distressed land. A Partnership's investment focus may be on long-term investments in undeveloped, developed, undervalued or distressed land, and thus there will be a substantial lag between the time such Partnership acquires an interest in such properties and the time that such land can be brought to market. This lag time varies from site to site as it is impossible to determine in advance the length of time it will take to obtain governmental approvals and development related permits. The risk of owning undeveloped, developed, undervalued or distressed land can be substantial. The market value of undeveloped, developed, undervalued or distressed land can fluctuate significantly as a result of changing economic and market conditions. Material write-downs of the estimated value of the land in which the applicable Partnership owns an interest could occur if market conditions deteriorate or if the applicable Partnership purchases an interest in land at higher prices during stronger economic periods and the value of that land subsequently declines during weaker economic periods.

10. Uncertainty of Cash Flows from Operations. Greenfield has made long-term investments in real estate properties for certain Partnerships, including, but not limited to, undeveloped land located primarily in the United States. Risks associated with a Partnership's investments in such properties include the risks that the sales prices for portions of improved or unimproved portions of the land may not equal the projected sales prices thereof; the applicable Partnership may abandon development opportunities after expending resources to determine feasibility; construction and development costs of a project may exceed original estimates; sales prices for portions of the land may not be sufficient to make the property profitable; and development or construction may not be completed on schedule (including risks beyond the control of the applicable Partnership, such as weather or labor conditions or material shortages) resulting in increased debt service expenses and development costs. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development, construction and renovation activities, any of which could adversely affect the financial condition and results of operations of the applicable Partnership. Real Estate Investments under development or acquired for development may generate little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. Since the Real Estate Investments in the aggregate may have increases in operating costs without increases in operating revenues, there is no assurance as to when or whether cash will be available for distributions to investors. Moreover, a Partnership may be restricted from making distributions under the terms of notes, mortgages or other debt obligations which it enters into in connection with its borrowings.

11. Environmental Liabilities. The Partnerships may incur environmental liabilities in connection with investing in real property and such liabilities may diminish the value of the real property. While Greenfield intends to exercise due diligence to discover potential environmental liabilities prior to acquisition of any property, hazardous substances or wastes, contaminants, pollutants or sources thereof (as defined by state and federal laws and regulations) may be discovered on properties following acquisition, or following foreclosure, during the applicable Partnership's ownership or after a sale thereof to a third party. There can be no assurances that the applicable Partnership will not incur full recourse liability for the entire cost of any removal and clean-up, that the cost of such removal and clean-up would not exceed the value of the property or that the applicable Partnership could recoup any of such costs from any third party. As an owner, the applicable Partnership may also be liable to an owner, tenant or other users of neighboring properties. In addition, Greenfield may find it difficult or impossible to sell a property prior to or following any such clean-up.

12. Competition for Real Estate Investments. While Greenfield has attempted to distinguish itself from other opportunistic investors in the real estate market, Greenfield will encounter competition from numerous real estate investment partnerships and trusts, as well as from individuals, corporations, bank and insurance company investment accounts, foreign investors and other entities engaged in real estate investment activities. Competition for investments may have the effect of increasing costs of investments, thereby reducing returns to the Partnerships. Certain of Greenfield's competitors may have greater financial and other resources and better access to suitable investment opportunities. Whether or not suitable investment opportunities are available, the Partnerships will bear management fees and other expenses.

13. Expedited Transactions. Investment analyses by Greenfield may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to Greenfield at the time of making an investment recommendation may be limited, and Greenfield may not have access to detailed information regarding the investment property,

such as physical characteristics, environmental matters, zoning regulations or other local conditions that may affect an investment property. Greenfield may also not have access to all available information to fully determine the origination, credit appraisal, and underwriting practices utilized with respect to Real Estate Investments or the manner in which the Real Estate Investments have been serviced and/or operated. In addition, Greenfield expects to rely upon independent consultants in connection with its evaluation of proposed investment properties, and no assurance can be given as to the accuracy or completeness of the information provided by such independent consultants or to any recourse against them in the event errors or omissions do occur.

14. Contingent Liabilities on Disposition of the Property. In connection with the disposition from time to time of any of the Real Estate Investments, the applicable Partnership may be required to make representations about such disposed Real Estate Investment. The applicable Partnership also may be required to indemnify the purchasers of such disposed Real Estate Investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the applicable Partnership may establish reserves or escrow accounts. In that regard, investors may be required to return amounts distributed to them to fund the applicable Partnership's obligations, including indemnity obligations, before or after the termination and dissolution of the applicable Partnership. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, each limited partner that receives a distribution in violation of such Act will, under certain circumstances, be obligated to recontribute such distribution to the applicable Partnership.

15. Investments in Undervalued Assets. The Partnerships may invest in undervalued assets. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized, acquired or sold. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from investments may not adequately compensate for the business and financial risks assumed. Investors may lose all or part of their investment in the applicable Partnership.

16. Troubled Origination. Real Estate Investments may have been originated by financial institutions that are insolvent, in serious financial difficulty, or no longer in existence. As a result, the standards by which such Real Estate Investments were originated, the recourse to the selling institution, or the standards by which such Real Estate Investments are being serviced or operated may be adversely affected.

17. Nature of Non-Performing Assets. The real estate in which the Partnerships will invest may involve non-performing assets utilizing leveraged capital structures. By their nature, these investments will involve a high degree of financial risk, a long-term commitment and the possibility for no return of capital.

18. Availability of Insurance Against Certain Catastrophic Losses. Certain losses of a catastrophic nature, such as wars, natural disasters, terrorist attacks, or other similar events, may be either uninsurable or, insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, insurers are offering significantly limited coverage against terrorist acts for additional premiums which can greatly increase the total costs of casualty insurance for a property. As a result, not all investments may be insured against terrorism. If a major uninsured loss occurs, the

applicable Partnership could lose both invested capital in and anticipated profits from the affected Real Estate Investments.

19. Investment in Foreign Real Estate Investments. The Partnerships may invest in properties located outside of the United States, which will be subject to different tax, legal, monetary and political risks, as well as currency exchange risks, and may cause unpredictability in a significant source of cash flows that could adversely affect returns and the ability to make distributions to investors. Investment in properties located outside the United States could be subject to the following risks:

- the enactment of laws prohibiting or restricting the foreign ownership of property;
- changing governmental rules and policies, including changes in land use and zoning laws;
- enactment of laws relating to the foreign ownership of real property and laws restricting the ability of foreign persons or companies to remove profits earned from activities within the country to the person's or company's country of origin;
- variations in the currency exchange rates, mostly arising from revenues made in local currencies;
- change in the availability, cost and terms of mortgage funds resulting from varying national economic policies;
- adverse market conditions caused by terrorism, civil unrest and changes in national or local governmental or economic conditions;
- the imposition of unique tax structures and changes in real estate and other tax rates and other operating expenses in particular countries; and
- more stringent environmental laws or changes in such laws.

In addition, currency devaluations and unfavorable changes in international monetary and tax policies could have a material adverse effect on the applicable Partnership's profitability and financing plans, as could other changes in the international regulatory climate and international economic conditions. Liabilities arising from differing legal, monetary and political risks as well as currency fluctuations could adversely affect the applicable Partnership's financial condition, operating results and its ability to make distributions to its investors.

The risks associated with foreign Real Estate Investments described above may be significantly higher with respect to any investments the Partnerships may make in emerging markets, where the likelihood of adverse political, social, legal and economic developments may be magnified. In addition, the real estate, credit and securities markets in emerging markets are generally not as developed or efficient as those in the United States, and there may be significantly less liquidity in such markets. There may be additional risks associated with Real Estate Investments in emerging markets which are not applicable to investments in more developed foreign markets or the United States, or it may be more costly or difficult to manage certain risks associated with emerging market investments than it would be with respect to investments in more developed foreign markets or the United States. Some emerging markets may have or develop hyper-inflationary economies where the risks associated with holding foreign currency or properties expected to generate foreign currency are significantly greater than in other, less inflationary markets.

20. Investment in Foreign Real Estate Investments; Taxes. The Partnerships may invest in Real Estate Investments located outside the United States. Jurisdictions outside the United States may impose taxes on properties and operations within their jurisdictions. Credits for such taxes may be

unavailable to investors or otherwise be of limited benefit under the Internal Revenue Code of 1986, as amended (the "Code"). To the extent possible, Greenfield will structure investments and activities to minimize foreign tax liability, but the applicable Partnership may incur foreign taxes with respect to non-U.S. properties. As a result, the foreign taxes the applicable Partnership pays will reduce the applicable Partnership's income and available cash flow from foreign Real Estate Investments, which, in turn, could have a material adverse effect on the applicable Partnership's business, financial condition, results of operations and ability to make distributions to investors.

21. Foreign Currency and Exchange Rates; Currency Hedging and Derivative Transactions. Investments in non-U.S. properties will involve non-U.S. dollar currencies. The applicable Partnership may also temporarily hold funds in bank deposits in such currencies during the completion of investment programs. The applicable Partnership will be affected favorably or unfavorably by changes in currency rates and in exchange control regulations and will incur costs in connection with conversions between various currencies.

In connection with non-U.S. investments, Greenfield may employ hedging techniques involving risks different from those of underlying investments. Such techniques involve transactions in forward foreign currency, currency options, and currency and interest rate swaps and other derivative instruments. In the event of an imperfect correlation between a hedged position and the portfolio position that is intended to be protected, the desired protection will not be obtained, and the applicable Partnership may be exposed to risk of loss. In addition, it is not possible to hedge fully or protect perfectly against currency fluctuations affecting the value of securities or other investments denominated in non-U.S. currencies because the value of such securities or other investments is likely to fluctuate as a result of independent factors not related to currency fluctuations. Finally, the company issuing a hedging instrument (i.e., the counterparty) may be unable to pay the amount due on such instrument.

It is possible that Greenfield will leave unhedged certain investments denominated in non-U.S. currencies and in any such case, the applicable Partnership will be exposed to risk that such currency will decline in value against the U.S. Dollar during the term of the investment such that the results of such investment will be worse in U.S. Dollar terms than the results based upon the local currency.

22. Management of Properties. It is expected that most properties acquired by the Partnerships will be managed by property managers or by Greenfield or its affiliates. Though the property management experience of managers may vary, Greenfield will not retain a manager unless it believes that the manager is competent to manage the property. In the event that Greenfield or its affiliate is selected to manage such properties, such management services will be retained at rates and on terms that Greenfield believes are no less favorable to the applicable Partnership than those customary for similar services. Nevertheless, it is unlikely that any such management services will be put up for competitive bidding by third parties.

23. Non-Control Investments and/or Investments with Third Parties in Joint Ventures and Other Entities. The Partnerships may invest in non-controlling interests in certain Real Estate Investments or, similarly, may co-invest with third parties through partnerships, joint ventures or other entities and thereby acquire non-controlling interests in certain Real Estate Investments. In the case of certain such Real Estate Investments in portfolio companies, Greenfield will be significantly reliant on the existing management and board of directors of such companies, which may include representation of other financial investors with whom Greenfield is not affiliated and whose interests may conflict with the



interests of Greenfield. In a co-investment situation, such investments may involve risks not present in Real Estate Investments where a third party is not involved, including the possibility that a third-party partner or co-venturer may have financial difficulties resulting in a negative impact on such Real Estate Investment, may have economic or business interests or goals which are inconsistent with those of Greenfield, or may be in a position to take action contrary to Greenfield's investment objectives. In addition, the applicable Partnership may in certain circumstances be liable for the actions of its third-party partners or co-venturers. Real Estate Investments made with third parties in joint ventures or other entities may involve carried interests and/or other fees payable to such third party partners or co-venturers.

24. Board Participation. Greenfield anticipates that its investment programs may from time to time enable it to place its representatives on boards and/or creditors committees of certain companies in which the applicable Partnership has invested. While such representation may enable the applicable Partnership to enhance the value of its investments, it may subject the applicable Partnership to additional liability. The applicable Partnership will indemnify Greenfield or any other person designated by Greenfield for claims arising from such board and/or creditors committee representation. The applicable Partnership will attempt to balance the advantages and disadvantages of such representation when deciding whether and how to exercise its rights with respect to such companies, but the exercise of such rights could produce adverse consequences in particular situations.

25. Hedging Policies/Derivative Instruments. In connection with the financing of certain investments, Greenfield may employ hedging techniques designed to protect the applicable Partnership against adverse price movements. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the applicable Partnership may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, or securities prices may result in a poorer overall performance for the applicable Partnership than if it had not entered into such hedging transactions. Nothing will require the applicable Partnership to hedge such risks.

Greenfield may make use of various derivative instruments, such as swaps, warrants, options and forward contracts. The use of derivative instruments involves a variety of material risks. These risks include the extremely high degree of leverage which can be embedded in such instruments, a risk which can be materially increased by the limited liquidity which often characterizes the derivatives markets. As a result, prices of these instruments are highly volatile and could have a material impact on the applicable Partnership's returns.

26. Plan Assets. The following risk factors pertain to the application of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the prohibited transaction provisions of Section 4975 of the Code to an investment in a Partnership by any employee benefit plan investor. As described below, the risk factors with respect to the application of ERISA and the Code to a Partnership may adversely affect both investors that are subject to ERISA and those that are not.

To the extent the applicable Partnership is operated as a venture capital operating company ("VCOC") or real estate operating company ("REOC"), Greenfield intends to select what it believes are the best investments, taking into consideration whether such investment will be counted positively or negatively toward satisfaction of the requirements of a VCOC or REOC. However, because (i) the guidance provided under the Department of Labor's regulations defining plan assets (29 C.F.R. § 2510.3-101) as modified by Section 3(42) of ERISA (the "Plan Assets Regulations") and other provisions of ERISA is somewhat limited and (ii) any legal determination of whether the applicable Partnership's assets will

be treated as assets of an employee benefit plan under ERISA and the Code ("Plan Assets") is factually based, neither Greenfield nor its counsel can make any definite assurances that the applicable Partnership will indeed qualify as a VCOC or REOC or as to whether the assets of the applicable Partnership will be treated as Plan Assets.

Greenfield will use reasonable efforts to operate each of the Partnerships and conduct each such Partnership's business and affairs so that the assets of such Partnership will not constitute Plan Assets. Accordingly, Greenfield may, among other remedies, make operating changes in the applicable Partnership, sell or otherwise dispose of a Real Estate Investment, cancel the remaining capital commitments of any investor, restrict the purchase or transfer of interests in the applicable Partnership by investors or require the sale or withdrawal in whole or in part of any investor's interest. If the applicable Partnership seeks to qualify as a VCOC or REOC, the applicable Partnership could be precluded from making certain investments that may count negatively towards the VCOC or REOC requirements of the Plan Assets Regulations, and such avoidance could further require Greenfield to liquidate investments at a disadvantageous time, resulting in lower proceeds than might have been the case without the need for such compliance.

27. Investments Longer Than Term. The Partnerships may invest in Real Estate Investments in which the termination or maturity date is later than that date which the applicable Partnership will be dissolved, either by expiration of the applicable Partnership's term or otherwise. Although it is the expectation of Greenfield that such Real Estate Investments will be refinanced, resold or repaid prior to such dissolution date, the Partnerships may have to sell, distribute or otherwise dispose of Real Estate Investments at a disadvantageous time as a result of dissolution.

28. Diversification of Risk. The opportunity for diversification of the Real Estate Investments will depend on the amount of capital committed to the applicable Partnership and the returns on those Real Estate Investments sold will be reduced as a result of allocating all expenses among such Real Estate Investments. In addition, the ability of Greenfield to diversify the risks of Real Estate Investments will depend upon the size, characteristics, types and class of investments available. Such lack of diversification (or a limited degree of diversification) increases risk because the aggregate return may be substantially adversely affected by the unfavorable performance of even a single investment.

29. Follow-on Investments. The Partnerships may be called upon to provide follow-on funding for Real Estate Investments or have the opportunity to increase investment in such Real Estate Investments. There can be no assurance that Greenfield will wish to make follow-on investments or that the relevant Partnerships will have sufficient funds to do so. Any decision by Greenfield not to make follow-on investments or its inability to make them may have a substantial negative impact on a Real Estate Investment in need of such an investment or may diminish Greenfield's ability to influence the Real Estate Investment's future development.

30. Risks Relating to REIT Qualification. Certain of the Partnerships have formed and expect to form in the future entities to serve as real estate investment trusts (each, a "REIT") and intend for the REITs to satisfy the requirements for qualification as "real estate investment trusts" and that their proposed method of operation will enable the REITs to meet the requirements for continued qualification as "real estate investment trusts" under the Code. Such qualification and taxation as a "real estate investment trust," however, depends upon each REIT's ability to meet, through actual annual operating results, asset types, distribution levels and diversity of stock ownership, the various qualification tests imposed under the Code. Accordingly, no assurance can be given that the actual

results of any REIT's operation for any particular taxable year will satisfy such requirements. Further, the anticipated income tax treatment described herein may be changed, perhaps retroactively, by legislative or administrative action at any time.

31. UBTI. An investment in the applicable Partnership likely will result in "unrelated business taxable income" for employee benefit plans and other tax-exempt investors. The applicable Partnership may invest a portion of its capital commitments in a REIT. The applicable REIT would then invest in Real Estate Investments, provided that such investments would allow the REIT to continue to qualify as a real estate investment trust for purposes of the Code. The acquisition of Real Estate Investments, including with debt-financing, by the applicable REIT will not result in UBTI for tax-exempt investors, provided that the REIT is not deemed closely held by pension plans (a so called "pension-held REIT"). The balance of the capital commitments will be invested by the applicable Partnership, directly or indirectly, in Real Estate Investments, without regard to REIT considerations. Such investments may result in the recognition of UBTI by the applicable Partnership. No assurances can be given that the applicable REIT will qualify as a real estate investment trust or that the applicable Partnership will be able to reduce UBTI for tax-exempt investors.

32. Government Regulation. The real estate industry is extensively regulated and subject to frequent regulatory change. The adoption of new legislation or changes in existing laws or new interpretations of existing laws can have a significant impact on methods of doing business, costs of doing business and amounts of reimbursement from governmental and other agencies. The real estate industry is and will continue to be subject to varying degrees of regulation and licensing by federal and state regulatory authorities in various states and localities.

33. Financial Fraud. Instances of fraud and other deceptive practices committed by senior management of certain companies in which the Partnerships invest may undermine Greenfield's due diligence efforts with respect to such companies, and, if such fraud is discovered, negatively affect the valuation of such investments.

34. Counterparty Risk. Greenfield may effect certain transactions in "over-the-counter" or "interdealer" markets or through private transactions. The participants in such markets and the counterparties in such private transactions are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This may expose the applicable Partnership to the risk that a counterparty will not settle a transaction because of a credit or liquidity problem, thus causing the applicable Partnership to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where Greenfield has concentrated its transactions with a single or small group of counterparties. Greenfield is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty.

C. The following risks apply to certain types of securities in which Greenfield may invest on behalf of the Partnerships:

1. Bridge Financings. From time to time, the Partnerships may make short-term, unsecured loans to Real Estate Investments in anticipation of a future issuance of equity or long-term debt securities or other refinancing. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within Greenfield's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the



interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the applicable Partnership.

2. Risks of Acquiring Mortgage Loans; Lender Liability. Any investment by a Partnership in the making or acquiring of mortgage loans will be subject to a variety of legal and non-legal risks. Commercial mortgage loans in which the Partnerships may invest are secured by multifamily or commercial property and are subject to risks of delinquency, foreclosure, and loss that are greater than similar risks associated with loans made on the security of single-family residential property. Loans in which the Partnerships invest may be, at the time of their acquisition, or may become, after acquisition, nonperforming for a wide variety of reasons. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower, but it may also be affected by a number of other factors including changes in laws or regulations and changes in economic conditions. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Certain of the mortgage loans in which the Partnerships invest may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time. If the real estate loans made by the Partnerships become nonperforming loans, such loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such real estate loan, replacement "takeout" financing will not be available. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control. Any loans that are made or acquired by the Partnerships will also be subject to certain risks relating to the legal aspects of mortgage loans. Depending upon the applicable state law governing mortgage loans (which laws may differ substantially), the applicable Partnership may be adversely affected by the operation of state law with respect to its ability to foreclose mortgage loans, the borrower's right of redemption, the enforceability of assignments of rents, due-on-sale and acceleration clauses in loan instruments, as well as other creditor's rights provided in such documents. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. In addition, the applicable Partnership may be subject to liability as a lender with respect to its negotiation, administration, collection and/or foreclosure of mortgage loans. Moreover, because Greenfield will attempt to obtain, in connection with any mortgage loans that it does make or acquire, contractual rights to participate in or substantially influence the management of properties by borrowers, the likelihood is increased that a borrower may claim that the applicable Partnership interfered with the borrower's business, acted in bad faith in exercising its management rights or otherwise acted in a manner giving rise to a claim for lender liability. As a lender, the applicable Partnership may also be subject to penalties for violation of state usury limitations, which penalties may be triggered by contracting for, charging or receiving usurious interest. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states or other jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy, potentially staying the foreclosure action and further delaying the foreclosure process. Bankruptcy laws may also adversely affect the priority of the applicable Partnership's collateral through doctrines such as equitable subordination or may result in a restructure of the debt through principles such as the "cramdown" provisions of the bankruptcy laws. Notwithstanding the outcome of any foreclosure action, in the event of any default under a mortgage loan held directly by the applicable Partnership, it will bear a risk of loss

of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on the profitability of the applicable Partnership. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

3. Loan Participations and Assignments. The Partnerships may invest in fixed- and floating-rate loans, which investments generally will be in the form of loan participations and assignments of portions of such loans. Participations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk, and the risks of being a lender. Participations in commercial loans may be secured or unsecured. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. When purchasing loan participations, the applicable Partnership assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary. In such case, the Partnerships may only be able to enforce their rights through the lender, and may assume the credit risk of the lender in addition to the borrower. The participation interests in which the Partnerships invest may not be rated by any nationally recognized rating service.

Investments in loans through a direct assignment of a financial institution's interests with respect to the loans may involve additional risks. For example, if a loan is foreclosed, the applicable Partnership could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that, under emerging legal theories of lender liability, the applicable Partnership could be held liable as a co-lender. In addition, because of increased instability in the debt market, such investments may have a higher risk of illiquidity.

4. Mortgage-Backed and Asset-Backed Securities. Mortgage-backed securities represent an interest in a pool of mortgages. When market interest rates decline, more mortgages are refinanced and the securities are paid off earlier than expected. Prepayments may also occur on a scheduled basis or due to foreclosure. When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage refinancings and prepayments slow thereby lengthening the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed-income securities. Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include, but are not limited to, such items as leases of various types of real property. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited. Asset-backed securities are subject to many of the same risks as mortgage-backed securities. In addition, due to increased instability in the credit markets, the market for commercial mortgage backed securities has effectively shut down, making the marketing of such securities extremely difficult as well as limiting the ability to use such securities as collateral for other investments because of difficulties in the valuation of such securities.

5. Mezzanine Investments. Certain debt securities in which the Partnerships may invest may be subordinated to substantial amounts of senior indebtedness. The ability of Greenfield to influence a company's affairs, especially during periods of financial distress or following insolvency, is likely to be substantially less than that of senior creditors. Accordingly, Greenfield may not be able to take the steps necessary to protect some of its Real Estate Investments in a timely manner or at all. In addition, certain debt securities in which the Partnerships may invest may not be protected by financial covenants, may have limited liquidity, and may not be rated by a credit rating agency. Such Real Estate

Investments may be subject to early redemption features, refinancing options, pre-payment options, or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation earlier than expected, resulting in a lower return to the applicable Partnership than projected. In many cases, Greenfield's management of its Real Estate Investments and its remedies with respect thereto, including the ability to foreclose on any collateral securing such Real Estate Investments, will be subject to the rights of the senior lenders and contractual inter-creditor provisions.

6. Debt Securities. Debt securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Debt securities generally involve less market risk than stocks. However, the risk of debt securities can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The debt securities of some companies may be riskier than the stocks of others. The Partnerships may purchase low-rated or unrated debt securities. Such securities may offer higher yields than do higher rated securities, but generally involve greater volatility of price and risk of principal and income, including the possibility of default by, or bankruptcy of, the issuers of the securities. The lack of a liquid secondary market for low and unrated debt securities may have an adverse impact on Greenfield's ability to dispose of such securities and may make it more difficult for Greenfield to obtain accurate market quotations.

7. Distressed Securities. The Partnerships may purchase, directly or indirectly, securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in financial restructurings and bankruptcy or other reorganization and liquidation proceedings, and may have a more active participation in the affairs of the issuer than is generally assumed by an investor. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings, and, as a result, may have to be held for an extended period of time. A wide variety of considerations, including, for example, the possibility of litigation between the participants in a bankruptcy, reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others, may affect the value of these securities and investments. The uncertainties inherent in evaluating such investments may also be increased by legal and practical considerations which limit Greenfield's access to reliable and timely information concerning material developments affecting a company, or which cause lengthy delays in the completion of the bankruptcy, liquidation or reorganization proceedings. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that Greenfield will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action.

For a more detailed discussion of material information relating to Greenfield's Partnerships, including, without limitation, risks and conflicts associated with Greenfield's investment strategies, please refer to the private offering memoranda of Greenfield's Partnerships, including, without limitation, the private offering memoranda of Greenfield Acquisition Partners II, L.P., Greenfield Acquisition Partners III, L.P., Greenfield Acquisition Partners IV, L.P., Greenfield Acquisition Partners V, L.P., Greenfield Acquisition

Partners VI, L.P., Greenfield Land Partners I, L.P., Greenfield Land Partners II, L.P., Greenfield BLR Partners, L.P., Greenfield DWC Co-Invest, L.P., Greenfield Land Finance Partners, L.P. and GAP VI Office Co-Investor, L.P.

#### **Item 9. Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Greenfield's advisory business or the integrity of its management.

#### **Item 10. Other Financial Industry Activities and Affiliations**

- A. Not applicable.
- B. Not applicable.
- C. Greenfield serves as manager to the Partnerships and affiliates of Greenfield serve as their general partners.

Greenfield and its affiliates will devote such time as shall be necessary to conduct the business affairs of each of its Partnerships in an appropriate manner. However, personnel of Greenfield and its affiliates will work on several projects at any time and, therefore, conflicts may arise in the allocation of personnel and other management resources. Greenfield and its affiliates are not required to manage any one Partnership as its sole and exclusive function, and Greenfield, its affiliates and their respective agents, officers, directors and employees may engage in or possess any interests in business ventures and may generally engage in other activities independently or with others, including the rendering of advice or services of any kind to other investors and the making or management of other investments or other investment partnerships.

Not all investments which are consistent with the applicable Partnership's investment objectives will be presented to such Partnership. In some instances, Real Estate Investments may be made available to and shared with other funds managed or advised by Greenfield or its affiliates, and thus the entire investment opportunity relating to a potential Real Estate Investment will not be available to the applicable Partnership. The allocation of investment opportunities among Partnerships for which such investment opportunities may be suitable is determined in accordance with the limited partnership agreements of the relevant Partnerships.

In addition, as described in Item 8.A, Clayton or its subsidiaries may be engaged by Greenfield's Partnerships, their investment vehicles or Real Estate Investments, to provide services to such Partnerships. A Partnership affiliated with Greenfield Partners is the controlling majority owner of Clayton, which is a provider of infrastructure services (due diligence, surveillance, credit risk management, valuation, special servicing and servicer advising) to the residential mortgage and mortgage-backed security investment industries. The services provided by Clayton to the Partnerships are services that would otherwise be provided by third party service providers, and a Partnership, its investment vehicle or Real Estate Investment shall only enter into any contract or

transaction with Clayton if the applicable terms of the Partnership's limited partnership agreement (including, if necessary, advisory committee approval) are met.

From time to time Greenfield may enter, or cause any Partnership to enter, into transactions with other affiliates. Greenfield or the applicable Partnership and the other party to a particular transaction may have divergent interests. Moreover, there may be uncertainties regarding the valuation of investments that are subject to these transactions. Investors other than those represented on the applicable Partnership's advisory committee (if such Partnership has an advisory committee) may have no opportunity to participate in the evaluation of the terms or merits or valuation of any such transactions and will be bound by the consent of such advisory committee.

To the extent any matter relating to a Partnership involves a conflict of interest, as determined by the general partner of the Partnership in good faith, and is not otherwise provided for in the Partnership's limited partnership agreement, such general partner shall generally address such conflict by consulting with the Partnership's advisory committee or, in certain cases, the limited partners of such Partnership.

D. Not applicable.

**Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- A. Greenfield demands the highest standards of ethical conduct and care by all its personnel. In seeking to meet these standards, Greenfield has adopted a Code of Ethics (the "Code of Ethics"). The Code of Ethics incorporates the following general principles that all personnel of Greenfield and its affiliates are expected to uphold: they must at all times place the best interests of clients first; they must at all times comply with all applicable federal and state securities laws and regulations; all personal securities transactions must be conducted in a manner consistent with the Code of Ethics; information concerning the identity of securities and financial circumstances of clients must be kept confidential; and violations of the Code of Ethics must be promptly reported to Greenfield's Chief Compliance Officer (the "CCO"). The Code of Ethics also places restrictions on personal trades by personnel of Greenfield and its affiliates, including requiring that they disclose certain personal securities holdings and transactions to the CCO on a periodic basis and that they obtain pre-approval from the CCO for certain personal securities transactions. Personnel of Greenfield and its affiliates are also required to acknowledge in writing that they have received the Code of Ethics and that they have complied and will comply with the Code of Ethics.

Greenfield will provide copies of the Code of to any client or prospective client upon request.

- B. Greenfield and its affiliates have made investments in the Partnerships. As a consequence, conflicts of interest may arise in connection with decisions made by Greenfield, including with respect to the nature or structuring of investments made by the Partnerships, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting, structuring and managing investments appropriate for the Partnerships, Greenfield will

consider the investment and tax objectives of the Partnerships and their investors as a whole and not the investment, tax or other objectives of any investors in the Partnerships individually.

As described in more detail in Item 10.C, Greenfield is affiliated with Clayton, which may be engaged to provide services to the Partnerships. Conflicts of interest may arise with respect to the arrangements between Clayton and the Partnerships, their investment vehicles or Real Estate Investments as described in Item 10.C. Any such potential conflicts shall be addressed as described in more detail in Item 10.C.

In limited circumstances, Greenfield or its affiliates may buy for client accounts securities in which Greenfield or its affiliates have a material financial interest. It is possible that, prior to the final closing of a Partnership, Greenfield or its affiliates may identify and use their own capital to acquire investments intended for future transfer to such Partnership ("Warehoused Investments"). Greenfield would address the potential conflicts of interest that could arise in connection with Warehoused Investments by identifying in writing the Warehoused Investments to be transferred to investors in advance. The purchase price that will be paid by the applicable Partnership for a Warehoused Investment upon transfer to such Partnership would be set at the acquisition cost of such Warehoused Investment (including fees, expenses and costs incurred in connection therewith) plus a specified amount that would be disclosed in advance to investors as interest thereon. Generally, the Partnerships may otherwise only purchase assets from the applicable General Partner or its affiliates with the prior approval of the applicable Partnership's advisory committee or, in certain cases, the limited partners of such Partnership, and the terms of any such purchase must be no less favorable to the applicable Partnership than could have been obtained through arm's-length negotiations.

- C. Greenfield and its affiliates have invested in the Partnerships as described in Item 11.B. Greenfield or its affiliates may in limited other circumstances invest in the same securities that it recommends to clients, as follows. To the extent that an investment by a Partnership exceeds the applicable contractual investment limitations or is otherwise not in such Partnership's best interest, Greenfield or its affiliates may co-invest in such investment. The conflict of interest is mitigated by specified co-investment procedures that must be followed before Greenfield or its affiliates may make such co-investment. Before taking any co-investment opportunity, Greenfield must offer such co-investment opportunity to investors in the applicable Partnership, subject to Greenfield's right to allocate investments among the applicable Partnership and any other Partnership managed or advised by Greenfield or its affiliates or a blind pool investment vehicle having investment objectives and strategies substantially similar to the investment objectives and strategies of the applicable Partnership. Greenfield may also offer co-investment opportunities to certain strategic investors before offering them to investors in the applicable Partnership. Only after investors in the applicable Partnership do not elect to contribute all of the co-investment capital may Greenfield and non-strategic investors contribute the co-investment capital. In addition, Greenfield may cause the applicable Partnership to invest in publicly traded entities or mutual funds in which Greenfield or its affiliates own securities representing less than 5% by value. The Partnerships may also invest some of their assets through REITs, in which Greenfield or its affiliates may hold interests that they



purchased in order for such REITs to qualify as "real estate investment trusts" under the Code. Generally, the consent of the applicable Partnership's advisory committee would be required in other circumstances for such Partnership to invest in any entity in which Greenfield or its affiliates have an economic interest.

- D. Greenfield's Code of Ethics prevents the personnel of Greenfield and its affiliates from buying or selling securities at or about the same time as client transactions other than as described in Item 11.C above. Trades will not be permitted in a security if it relates to a company on Greenfield's restricted list, which will include any company under consideration for investment by Greenfield for a Partnership account and any company about which Greenfield has inside information.

#### **Item 12. Brokerage Practices**

- A. Not applicable.
- B. Not applicable.

#### **Item 13. Review of Accounts**

- A. Greenfield continuously reviews its Partnership accounts for purposes of ensuring that each Partnership's investment objectives are satisfied as described in Item 4.C, including in weekly meetings to discuss recent developments in Partnership assets, acquisitions and other matters. Greenfield carefully monitors the Real Estate Investments in which its Partnerships invest and generally evaluates such Real Estate Investments on an ongoing basis. Greenfield's supervised persons also meet semi-annually to evaluate the assets of each Partnership in order to determine their current value. Supervised persons who conduct this review include the President and Senior Vice Presidents.
- B. Not applicable.
- C. Greenfield provides annually to the investors in its Partnerships audited financial statements and a summary of certain fees or expenses paid to third parties for the provision of non-customary goods or services to the applicable Partnership. On a quarterly basis, each investor receives the unaudited financial statements of the applicable Partnership, as well as an unaudited statement of investors' equity and a cash flow transaction report. On a quarterly basis, each investor also receives a schedule and description of the Real Estate Investments owned by the applicable Partnership as of the end of the quarter and a schedule of the Real Estate Investments acquired or disposed of by the applicable Partnership during the quarter. On a semi-annual basis, each investor receives a report on the applicable Partnership's activities and results for the six-month period and an update on each Real Estate Investment. Following the acquisition of Real Estate Investments, the investors receive reports regarding the investment. All such reports are written.

#### **Item 14. Client Referrals and Other Compensation**

Not applicable.

**Item 15. Custody**

Greenfield maintains client funds and securities (other than privately offered securities) with an independent qualified custodian. Because Greenfield's clients are limited partnerships or other pooled investment vehicles subject to annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and audited financial statements prepared in accordance with U.S. generally accepted accounting principles are distributed annually to investors within the prescribed time, Greenfield is exempt from the custody rule requirement to deliver account statements to clients by a qualified custodian.

**Item 16. Investment Discretion**

Greenfield has discretionary authority to manage securities accounts on behalf of clients. Limitations on this authority are described in Item 4.C. above. This authority is granted pursuant to the governing documents of each client, including its limited partnership agreement.

**Item 17. Voting Client Securities**

Due to the nature of Greenfield's investment programs and the types of investments made on behalf of its clients, Greenfield would rarely, if ever, be requested to vote the proxies of traditional operating companies. Nonetheless, Greenfield has adopted proxy voting policies and procedures designed to ensure that proxies are properly voted and that any conflicts of interest are addressed appropriately. The general policy is to vote proxy proposals as well as any amendments, consents or resolutions relating to client securities (collectively, "proxies"), in a manner that serves the best interests of client accounts, as determined by Greenfield in its discretion, taking into account various factors, including, without limitation, the impact on the value of the securities. Clients may request a copy of Greenfield's proxy voting policies and procedures and the proxy voting record relating to their account by contacting Greenfield.

**Item 18. Financial Information**

- A. Not applicable.
- B. No financial condition is reasonably likely to impair Greenfield's ability to meet contractual commitments to clients.
- C. Not applicable.