

FIRM BROCHURE

GREYSTAR INVESTMENT GROUP, LLC

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This brochure provides information about the qualifications and business practices of Greystar Investment Group, LLC. If you have any questions about the information contained in this brochure, please contact us at (843) 579-9400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any other regulatory authority.

This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of applicable offering and governing documents that contain a description of the material terms relating to such investments, products or services.

Additional information about Greystar Investment Group, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

MARCH 30, 2016

Item 2: Material Changes

The date of the last annual updating amendment to our firm brochure was on March 31, 2015, which was amended by an other-than-annual amendment to our firm brochure on April 16, 2015. A summary of material changes made to our firm brochure since the date of our last amendment is set forth below:

- We began providing investment advice to Fund IX (as defined below) and certain additional Co-Investment Vehicles (as defined below) and have updated our regulatory assets under management as of December 31, 2015. **See Item 4.**
- In Item 8, we added disclosure regarding certain cybersecurity risks.

The information set forth in this brochure is qualified in its entirety by the applicable offering materials and/or governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing and offering documents, such documents shall control.

We encourage all clients and investors to carefully review this brochure in its entirety.

Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business	4
Item 5: Fees and Compensation	6
Item 6: Performance-Based Fees and Side-By-Side Management	8
Item 7: Types of Clients	9
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9: Disciplinary Information.....	21
Item 10: Other Financial Industry Activities and Affiliations	22
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	23
Item 12: Brokerage Practices.....	25
Item 13: Review of Accounts	26
Item 14: Client Referrals and Other Compensation	27
Item 15: Custody.....	28
Item 16: Investment Discretion	29
Item 17: Voting Client Securities	30
Item 18: Financial Information	31

Item 4: Advisory Business

FIRM DESCRIPTION

Greystar Investment Group, LLC, a Delaware limited liability company (“Greystar,” “we,” “our” or “us”), was organized in June 2002. We (and certain of our affiliates) provide and/or may provide investment advisory services to private pooled investment vehicles and other entities primarily with respect to direct or indirect investments in real estate properties, interests and assets. Our investment advice is provided in accordance with the investment objectives and strategies described in the applicable offering and/or governing documents, and the information in this brochure is qualified in its entirety by the information set forth in such documents.

PRINCIPAL OWNERS

We are a wholly-owned subsidiary of Greystar Real Estate Partners, LLC, a Delaware limited liability company (“GREP”). GREP is ultimately owned and controlled (directly or indirectly) by each of Robert A. Faith, William C. Maddux, JMI Holdings, LLC, Burke Family Trust, Whitman Peterson Greystar, LLC, and certain of our executive employees. For more information regarding our ownership structure and executive officers, please refer to Schedules A and B of Part I of Form ADV.

TYPES OF ADVISORY SERVICES

Partners Funds

We and/or our affiliates provide investment management and other services to Greystar Equity Partners VIII, L.P. (“Fund VIII”) and Greystar Equity Partners IX, L.P. (“Fund IX” and, together with Fund VIII, the “Partners Funds”) primarily with respect to investments in equity and debt interests relating to real estate and real estate-related assets and portfolios in the multifamily property sector located in the United States. Where deemed appropriate, the Partners Funds utilize special purpose entities as subsidiaries, including, but not limited to, corporations, limited liability companies, limited partnerships and real estate investment trusts (“REITs”) to make and hold investments. **See Item 8.**

Special Purpose Vehicles

We provide and may in the future provide non-discretionary investment management and other services with respect to special purpose investment and co-investment vehicles (“SPVs”) that invest primarily in multi-family real estate and a small amount of bonds, mortgage-backed securities and/or other securities. SPVs generally make their investments through one or more subsidiary entities, including, but not limited to, subsidiary REITs, corporations, limited liability companies, limited partnerships, parallel entities, joint ventures and other arrangements in which the SPVs have an indirect or direct economic interest. The primary investment objective of each SPV generally is to invest indirectly in multifamily real estate in the United States. **See Item 8.**

Co-Investment Vehicles

We and/or certain of our affiliates have formed and/or sponsored co-investment vehicles (“Co-Investment Vehicles” and, together with SPVs and the Partners Funds, the “Funds”) that pool funds of employees, affiliates and/or third parties to co-invest directly or indirectly as limited partners or equity owners in entities sponsored and operated by GIG and/or its affiliates (“GIG Affiliated Entities”). To implement its investment strategy, a Co-Investment Vehicle typically acquires minority equity ownership interests in one or more GIG Affiliated Entities (typically 5% or 10% limited partnership interests or membership interests) and participates as an equity owner in all investments made by such GIG Affiliated Entity. Co-Investment Vehicles may also receive a percentage of any net asset management fees payable to us and our affiliates and/or a share of any promote realized by us and/or our affiliates with respect to one or more GIG Affiliated Entities. GIG Affiliated Entities typically invest either directly or indirectly in real estate and real estate related assets. Co-Investment Vehicles may be structured as directed feeder funds through which certain of our employees, affiliates and/or third parties may participate (directly or indirectly) in entities that are managed and/or operated by GIG Affiliated Entities (including the Partners Funds). In general, we do not provide any ongoing or continuous investment advisory services with respect to any Co-Investment Vehicles that are structured as directed feeder funds, but may provide such services

in the future. **See Item 8.**

* * * *

We provide advisory services solely with respect to the applicable Funds, and no person should look to us or our affiliates for advice regarding any of its own investment decisions, including any decision to invest in the Funds. We treat the Partners Funds and certain of the SPVs and Co-Investment Vehicles, and not their underlying investors, as our “clients” for purposes of the Advisers Act and other applicable laws and regulations, to the extent permitted under such laws. Among other things, this generally means that disclosures required to be made by us to our clients are made to Partners Funds and the applicable SPVs and Co-Investment Vehicles, and not to the investors, and that necessary consents generally may be given by us and/or our affiliates on behalf of the Partners Funds and/or applicable SPVs and Co-Investment Vehicles.

INVESTMENT RESTRICTIONS

We provide investment advice to the Partners Funds in accordance with the investment objectives, strategies and limitations set forth their applicable offering and governing documents, and not in accordance with the individual needs or objectives of any particular investor(s) in the Partners Funds. Investors may not impose any restrictions or limitations on the management or operation of the Partners Funds. Nevertheless, we may enter into side letters or similar arrangements with certain investors that provide such investors with preferential terms or rights, including reduced fees and information rights.

Each SPV and Co-Investment Vehicle is managed and/or operated in accordance with the terms and conditions set forth in its governing documents. In general, Co-Investment Vehicles are typically established as directed feeder funds through which employees, certain of our affiliates and/or third parties may invest, directly or indirectly, in entities that are managed and/or operated by GIG Affiliated Entities (including the Partners Funds). SPVs generally are established as pooled investment vehicles through which one or a small group of institutional investors may invest indirectly in real estate and real estate related assets. We oftentimes do not have any discretionary investment management authority with respect to SPVs. We also provide and may in the future provide certain non-discretionary investment advisory services to an SPV or a Co-Investment Vehicle, whereby we make investment recommendations and the investors in such SPV or Co-Investment Vehicle ultimately have the authority to decide whether or not to accept such recommendations.

REGULATORY ASSETS UNDER MANAGEMENT

As of December 31, 2015, we had approximately \$2,395,294,590 in regulatory assets under management (as reflected in Item 5.F.(2) of Part I of our Form ADV). Approximately \$2,170,379,546 of these assets were managed on a discretionary basis and approximately \$224,915,044 of these assets were managed on a non-discretionary or limited discretionary basis. For purposes of calculating our regulatory assets under management, we have only included the assets of a subset of our clients for which we provide or may be deemed to provide “continuous and regular supervisory or management services” with respect to “securities portfolios” (as such concepts are described in the instructions to Part IA of Form ADV). Accordingly, only the assets of Fund VIII (discretionary), Fund IX (discretionary), Greystar Equity Partners VIII REIT, LLC (discretionary), Greystar Coinvestment IV, LLC (non-discretionary), Greystar Coinvestment VI, LLC (non-discretionary), Greystar Coinvestment VII B, LLC (non-discretionary), and Greystar Coinvestment IX, LLC (non-discretionary) are included and reflected in the “regulatory assets under management” number set forth above and in Part I of Form ADV. We have excluded the assets and commitments of Greystar Equity Partners VIII REIT, LLC that are attributable to Fund VIII in order to avoid double counting. If all of our clients were to be included in this calculation, our total “regulatory assets under management” would be approximately \$5,382,536,370 of which \$2,170,379,546 were managed on a discretionary basis and \$3,212,156,825 on a non-discretionary or other basis.

Item 5: Fees and Compensation

DESCRIPTION OF COMPENSATION AND FEE SCHEDULE

Partners Funds

Management Fees

One of our affiliates generally receives a management fee from each Partners Fund, payable with respect to each calendar quarter in arrears, equal to:

- (i) during the investment period, 1.5% per annum of the aggregate capital commitments of all investors; and
- (ii) after the investment period, 1.5% per annum of each investor's invested capital (as of such date of determination).

Management fees may be reduced under certain circumstances described in the governing and offering documents of each Partners Fund.

Carried Interest Distributions

Following a return of capital to each non-affiliated investor and after such non-affiliated investor has received distributions sufficient to provide it with a cumulative, quarterly compounded return of 9.5% or 10% per annum on the unreturned capital contributions thereof, our affiliate generally is entitled to receive carried interest distributions equal to either 15% or 20% of the aggregate cash flow distributions made by each Partners Fund.

Upon liquidation of each Partners Fund, our affiliate may be required to return to that Partners Fund for distribution to each investor the amount, if any, equal to any carried interest paid to our affiliate (other than the portion equal to its carried interest tax liability) to the extent the investors do not receive their preferred return, plus a return of their capital contributions, or take such other actions to remediate such occurrence as are set forth in the governing documents of the Partners Funds.

Management fees and carried interest distributions generally are not negotiable. Nevertheless, we and/or our affiliate have entered into side agreements or arrangements with certain investors that provide such investors with preferential terms or rights, including reduced fees and/or carried interest.

SPVs

We or our affiliates receive and may receive various types and forms of compensation with respect to SPVs, including, without limitation, (i) venture management fees, (ii) asset management fees, (iii) property management fees, (iv) general contracting fees, (v) development fees, (vi) construction services fees, (vii) acquisition fees; and (viii) performance-based compensation (i.e., carried interest distributions, profits interests, etc.). In addition, following a return of capital to each investor and after such investor has received distributions sufficient to provide it with an internal rate of return of nine percent (9%) (or such lesser or greater percentage as set forth in the applicable governing documents) on contributed capital, we or an affiliate may be entitled to receive carried interest distributions equal to a percentage of the aggregate cash flow distributions made by a SPV. The applicable carried interest percentage payable to us or our affiliates generally may increase after the investors have received distributions sufficient to provide them with higher internal rates of return.

Co-Investment Vehicles

Neither we nor any of our affiliates generally are entitled to receive any management fees or performance-based distributions or fees with respect to Co-Investment Vehicles established for the benefit of our employees and affiliates (except with respect to the reimbursement of expenses incurred on behalf of such vehicles or fixed administrative fees payable on a periodic basis that are designed to cover such expenses).

With respect to Co-Investment Vehicles established for the benefit of third party investors, we or our affiliates may be entitled to receive various types of compensation including, without limitation, (i) coinvestment equity ownership interests in entities formed to hold real estate investments, (ii) a percentage of all development fees

payable in connection with property development, and (iii) a promote, carried, profits or similar interest in entities formed to hold real estate investments.

PAYMENT OF FEES

Management fees typically are payable quarterly, in arrears, as of the last day of each calendar quarter. Management fees may be paid from capital contributions drawn for such purpose, proceeds received in respect of any investments or any other funds or other assets determined by us or our affiliates to be available. With respect to SPVs, management fees (if applicable) generally are calculated and payable on a periodic basis (monthly or quarterly) in accordance with the formula set forth in the applicable governing documents.

Carried interest distributions generally are distributed to our affiliates from time to time upon the disposition of investments by each Fund and are distributed to us and/or our affiliate (in accordance with the terms of the applicable governing document(s)). Co-investment vehicles may receive or share in a portion of carried interest distributions or promote compensation received by us and/or our affiliates.

Any other applicable fees or compensation with respect to a Fund are payable in accordance with the terms set forth in the applicable governing documents relating thereto.

OTHER FEES AND EXPENSES

Other Fees and Compensation

In addition to management fees, carried interest distributions, development fees, general contractor fees, accounting fees and property management fees, we and/or our affiliates may receive various other types of fees, payments or other compensation in connection with our investment management and/or other services provided by or with respect to our clients.

Costs and Expenses

A Fund typically pays for all of its organizational and offering expenses and all placement agent fees of any placement agent relating to the sale of interests in the Fund; however, management fees may be reduced by any organizational expenses over a certain threshold and by any placement fees paid by the Fund (in accordance with the terms of the applicable governing document(s)). Organizational expenses typically include all expenses incurred in connection with forming and establishing such entity and in connection with the Fund's investment activities and the offering and sale of interests (excluding placement fees), including attorneys' fees, expenses for travel (limited, in the case of air travel, to the cost of commercial coach flights) and printing, all filing fees and expenses, any associated taxes and fees, accountants' fees and costs, our-of-pocket expenses incurred by any placement agent in connection with the offering and sale of interests, charges of escrow holders, depositaries and experts, and expenses of complying with registration, qualification or exemption requirements under applicable Federal and State securities laws. In addition, a Fund also typically is responsible for all fees and expenses incurred with respect to the business of the Fund (including all costs related to the Fund's investment activities and whether or not investment transactions are consummated) and reimburses us or our affiliate, as applicable, for the reasonable expenses, obligations and other liabilities incurred or paid by us and/or our affiliates in performing obligations with respect to the Fund or otherwise providing services to or for the benefit of the Fund. Each Fund also is responsible for and pays any custodial fees and expenses applicable to its investment activities. See **Item 12 below**.

COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS

Neither we nor any of our supervised persons accept compensation for the sale of securities or other investment products.

Item 6: Performance-Based Fees and Side-By-Side Management

PERFORMANCE-BASED FEES

As noted under Item 5 above, we and/or an affiliate are entitled to receive performance-based compensation (in the form of carried interest distributions, incentive distributions or other promote interests) with respect to various clients. The carried interest or incentive distribution is effectively equivalent to a percentage of a client's net profits, subject to certain terms and conditions set forth in the governing documents of the applicable client. Any share of client net profits paid to us or an affiliate is separate and distinct from any annual management fees and other fees or expenses charged by us or any of our affiliates to our clients. As a fiduciary, we recognize that we must treat all our clients fairly and must refrain from favoring one client's interests (or our own interests) over another client(s) absent any disclosure to the contrary.

Carried interest distributions could motivate us (and our affiliates) to make investment decisions or recommend investments that are riskier or more speculative than would be the case if these arrangements were not in effect. For example, a carried interest distribution with respect to a client generally entitles us or an affiliate to a percentage of the net profits of the client; however, neither we nor our affiliate are or is required to bear the same proportion of the net losses, if any, suffered or incurred by a client. We attempt to mitigate conflicts of interest associated with carried interest distributions through (i) the requirement that invested capital, a preferred return and expenses be returned to investors before we or our affiliate is entitled to receive any performance-based compensation; (ii) the requirement that we and/or our affiliates have a capital commitment to the applicable client; and (iii) the clawback obligation of us or our affiliate upon liquidation of the applicable client.

In addition, in allocating investment opportunities, there could be potential incentives to favor a client with higher potential performance-based compensation over clients with lower or no potential performance-based compensation. We are focused on managing conflicts of interest and monitoring the allocation of investment opportunities in these contexts and endeavor to resolve any material conflict with respect to investment opportunities in a manner that we deem to be fair and equitable under the particular facts and circumstances, consistent with our fiduciary duties (and otherwise in accordance with the applicable governing and disclosure documents with respect to applicable clients). We have implemented policies and procedures in an attempt to ensure that all of our clients are treated in a fair and equitable manner (including a policy relating to the allocation of investment opportunities). **See Item 12.** We will also attempt to address these conflicts through full and fair disclosure in the applicable governing, account and/or offering documents and/or this brochure.

The method of calculating the carried interest may result in conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions.

Certain of our individual employees, agents and affiliates may be compensated to some extent based upon investment profits for which they are responsible and, accordingly, may face the same potential conflicts described above. Also, certain Co-Investment Vehicles established for the benefit of our employees and affiliates may receive or share in a portion of the carried interest distributions or promote compensation received by us and/or our affiliates.

Item 7: Types of Clients

DESCRIPTION

We currently provide investment advisory services to the Partners Funds, SPVs and Co-Investment Vehicles. We may, in our sole discretion, elect to provide investment advisory services to one or more additional private pooled investment vehicles and/or other types of clients in the future.

ACCOUNT REQUIREMENTS

The minimum initial capital commitment or subscription amount required with respect to each Fund, if any, is set forth in its applicable offering and/or governing documents.

Investors in the Partners Funds and other Funds generally are required to certify that they are “accredited investors,” as such term is defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended. In addition, investors in the Partners Funds generally are also required to certify that they are “qualified purchasers” as such term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended, or knowledgeable employees of us.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

Partners Funds

The Partners Funds invest (directly or indirectly) in equity and debt interests relating to real estate and real estate-related assets and portfolios in the multifamily property sector located in the United States (and, to the extent approved by the applicable advisory committee, in the Vancouver, Montreal or Toronto, Canada Metropolitan Statistical Areas). The Partners Funds may also acquire debt investments for the purpose of ultimately acquiring fee simple interests in the underlying real estate. The Partners Funds typically utilize one or more special purpose entities as subsidiaries to make and hold investments, including, without limitation, limited partnerships, limited liability companies and REITs. We have exclusive discretionary investment management authority with respect to the Partners Funds.

Our primary objective is to increase the value of multi-family properties and assets through strategic and operational enhancements. Each Partners Fund acquires equity and equity-related interests (or debt investments) in undervalued, well-located, institutional-quality properties. In particular, we target assets with in-place cash flow that may be suffering from physical, operational and/or managerial inefficiencies. Each Partners Fund generally has a national scope while relying on our local presence and market knowledge to source and execute attractive investment opportunities. We typically apply various criteria when evaluating investment opportunities, including, but not limited to, the following:

- *Favorable Macro Market Characteristics.* Our geographic breadth provides each Partners Fund with ongoing analyses of market fundamentals and supply/demand drivers on a national basis. We emphasize larger markets with attractive long-term supply and demand dynamics. In particular, preferred locations typically have a diversified, stable employment base evidencing job growth potential that, when coupled with demographic drivers, have the ability to attract a strong renter demographic.
- *Compelling Micro Market Characteristics.* Each Partners Fund leverages our local expertise to identify the most attractive submarket locations. Asset and property managers intimately familiar with tenant demand drivers focus on specific opportunities proximate to employment centers, transit nodes and lifestyle conveniences that are most appealing to the region's prevailing renter base.
- *Superior Asset Quality.* We intend to seek institutional-quality assets with physical or operational impairments where value can be enhanced through a combination of intensive asset management, streamlined operations and/or capital improvements.
- *Attractive Return Characteristics.* We typically target assets with strong levels of current income and utilize moderate leverage, underwriting conservative debt coverage ratios. We expect that a portion of each Partners Fund's total return will be derived from operating cash flow from its investments.

Our distinctive, vertically integrated national platform typically provides us with the ability to identify, and execute on, compelling investment situations across the U.S. Attractive opportunities are anticipated to be associated with (i) assets with upcoming debt maturities that are unable to be refinanced, (ii) non-performing loans collateralized by multifamily real estate assets, (iii) lender foreclosures and bankruptcies, (iv) public companies under pressure to reduce their real estate holdings, (v) failed condominium developments and conversions, (vi) mis-managed/underperforming properties, and (vii) assets located in markets poised for strong recoveries.

Our local platform enables us to identify assets that can be improved and their profitability significantly increased. Asset management, property management and capital projects teams collaborate to execute repositioning plans and implement our operational standards and efficiencies through a combination of capital improvements, re-branding and re-tenanting. Under the oversight of our asset management team, on-the-ground property managers carry out the business plan for each property, resulting in seamless, consistent and institutional-quality execution.

As a vertically integrated firm, our execution teams concentrate on harvesting value over all stages of a project's

life cycle, from inception through monetization. Each potential investment undergoes an intensive underwriting process focusing on risk mitigation, utilizing resources from each of our operating disciplines (asset managers, capital project experts, operating, marketing and risk management professionals, and engineers) in order to identify inherent risks and potential issues. Extensive physical and financial due diligence is conducted, which is critical to initial evaluation, business plan formulation and purchase negotiations. Based on these thorough underwriting and diligence procedures, we price and structure potential transactions on behalf of each Partners Fund.

Beginning with the initial underwriting process and continuing through realization, we focus on enhancing cash flow through various initiatives, including, but not limited to, the following:

- Driving top line revenue;
- Implementing operational efficiencies; and
- Repositioning and redevelopment.

Our stable presence in over 50 markets provides each Partners Fund with the flexibility to enter and to exit investments opportunistically. Importantly, it also provides us with the ability to track trends and macro/micro market movements for the benefit of our clients and their portfolios, with regard to hold/sell analyses.

The investment strategies summarized above are not intended to be comprehensive. For more information regarding the investment strategies of each Partners Fund, please see its governing and offering documents.

SVPs

GIG and its affiliates provide and may provide non-discretionary and other investment management services with respect to SPVs that invest indirectly in multi-family real estate and a small amount of bonds, mortgage-backed securities and/or other securities. The specific investment objectives, strategies and guidelines applicable to each SPV are negotiated with the institutional investor(s) in such SPV. Nevertheless, the SPVs invest primarily in multi-family real estate properties and assets indirectly through one or more subsidiary entities, including, but not limited to, REITs, limited liability companies, partnerships, limited partnerships, trusts and other entities. SPVs may also invest from time to time in a small amount of bonds, mortgage-backed securities and/or other securities in order to maintain REIT status during the development period of certain properties or for reasons that are ancillary to the overall investment objectives of the SPV. The specific investment objectives, strategies and investment processes applicable to each SPV are set forth in its governing documents.

Co-Investment Vehicles

As described in Item 4 above, GIG and its affiliates form and/or sponsor Co-Investment Vehicles that pool funds of employees, affiliates and/or third parties to co-invest (directly or indirectly) as limited partners or equity owners in entities sponsored, operated and/or managed by GIG Affiliated Entities and others. To implement its investment strategy, a Co-Investment Vehicle typically acquires minority equity ownership interests in one or more GIG Affiliated Entities (typically 5% or 10% limited partnership interests or membership interests) and participates as an equity owner in investments made by such GIG Affiliated Entity. GIG Affiliated Entities typically invest either directly or indirectly in real estate and real estate related assets. As noted above, Co-Investment Vehicles may be structured as directed feeder funds through which employees, certain of our affiliates and/or third parties may participate (directly or indirectly) in entities sponsored and/or operated by GIG Affiliated Entities. We may share in any fees received by GIG.

CERTAIN RISK FACTORS

There can be no assurance that clients will achieve their investment objectives or that investments will be successful. Our investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that our investment strategies are low risk or risk free. Our investment strategies are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. The various risks outlined below are not the only risks associated with our investment strategies and processes and may not necessarily apply to each Fund. With

respect to the Funds, the following risks are qualified in their entirety by the risks set forth in the applicable offering documents.

Real estate investments are speculative by nature.

No assurance can be given that the client accounts will be able to generate returns or that the returns, if any, will be commensurate with the risks of investing in the type of investments made on behalf of our clients. Investments made on behalf of our clients are subject to a wide range of significant risks that could cause such investments to lose value. The investments made on behalf of our clients are speculative in nature and the possibility of partial or total loss exists.

Economic and regulatory changes that impact the real estate market generally may decrease the value of client investments.

Client investments (whether in equity or debt) are subject to the risks incident to the ownership and operation of real estate, including risks associated with the general economic climate, conditions of domestic and international financial markets, real estate values, local real estate conditions (including the availability of excess supply of properties relative to demand), changes in the availability of debt financing, credit risk arising from the financial condition of tenants, buyers, and sellers of properties, geographic or market concentration, competition from other space, our ability or the ability of our affiliates or property managers to manage the investments, government regulations (such as changes in regulations governing land usage, improvements, zoning, and environmental issues), liability arising out of the presence of certain construction materials, uninsurable losses, and fluctuations in interest rates. Clients incur the burdens of ownership of real property, which include paying expenses and taxes, maintaining the investments, and ultimately disposing of the investments. The possibility of partial or total loss exists, and prospective clients or investors should be able to readily bear the consequences of such loss. The current global capital market slowdown may make debt financing unavailable to client accounts, or available at greater cost or on more burdensome terms (each of which could prevent clients from achieving their objectives).

Real estate historically has experienced fluctuations and cycles in value, and local market conditions may result in reductions in the value of real property. The marketability and value of real property depends on many factors beyond our control, including changes in general or local economic conditions in various markets; changes in supply of, or demand for, competing properties in an area; changes in interest rates; the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions; issues relating to environmental protection and occupational safety; condemnation or other taking of property by the government; unavailability of debt financing, which may render the sale of a property difficult; the financial condition of tenants, buyers, borrowers and sellers of properties; changes in real estate tax rates and operating expenses; and energy and supply shortages.

Properties that have significant vacancies could be difficult to sell, which could diminish the return on client investments.

A property may incur vacancies either by the continued default of tenants under their leases or the expiration of tenant leases. If vacancies continue for a long period of time, clients may suffer reduced revenues. In addition, because properties' market values depend principally upon the value of the properties' leases, the resale value of properties with high or prolonged vacancies or with tenants suffering economically (for example, because of the current global financial markets crisis) could suffer, which could further reduce client or investor returns.

Lease terminations or tenant defaults could reduce client income.

The success of the client investments materially depends on the financial stability of client tenants. A default by a significant number of tenants on their lease payments would cause a client to lose the revenue associated with such leases and require us to find an alternative source of revenue to meet mortgage payments and to prevent a foreclosure if the property is subject to a mortgage. Such situations, given the current state of the economy, may be more common than in the recent past, and we may fail to, or may not be able to, discover factors that would indicate a heightened level of uncertainty with respect to tenant defaults when performing due diligence on prospective investments. Tenant defaults thus increase the risk that clients or investors could suffer a loss.

In addition, if a tenant defaults or goes bankrupt, we may experience delays in enforcing our client's rights as landlord and may incur substantial costs in protecting its investment and re-letting the property. If a significant number of leases are terminated, we may be unable to lease the property for the rent previously received or sell the property without incurring a loss. These events could decrease the value of client investments.

Uninsured losses relating to real property or excessively expensive premiums for insurance coverage could reduce client income and return on investment.

We attempt to obtain insurance on all client investments to cover casualty losses at the levels we consider adequate and to the extent we are able to do so cost effectively. However, there are types of losses, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters that are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. Insurance risks associated with potential terrorist acts could sharply increase the premiums clients pay for coverage against property and casualty claims. Additionally, mortgage lenders often insist that commercial property owners purchase coverage against terrorism as a condition of providing mortgage loans. Such insurance policies may not be available at reasonable cost, if at all, which could inhibit our ability to finance or refinance client investments or be protected with respect to debt investments. In such instances, clients could be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. Clients may not have adequate coverage for such losses. If any client investments incur a casualty loss that is not fully insured (or the issuer of debt held by a client incurs such a loss), the value of a client's investments will be reduced commensurate with such uninsured loss. In addition, other than any working capital reserve or other reserves we may establish on behalf of a client, the client may have no source of funding to repair or reconstruct any uninsured damaged property. Also, to the extent clients must pay unexpectedly large amounts for insurance, clients could suffer reduced earnings.

Operating results may suffer because of potential redevelopment and attendant costs and risks.

On behalf of our clients, we may acquire investments requiring redevelopment or debt investments relating thereto. Redevelopment projects are subject to more numerous risks, including the possibility of incurring development costs and deal expenses in connection with Investments that are not pursued to completion. Such investments are also subject to construction delays; cost overruns or force majeure that may increase project costs; commencement risks, such as the receipt of zoning, occupancy and other required governmental approvals and permits; environmental concerns of governmental entities and/or community groups; and the contractor's ability to build or redevelop in conformity with plans, specifications, budgeted costs and timetables. If a contractor fails to perform, a client could resort to legal action to rescind the purchase or the construction contract or to compel performance. A contractor's performance may also be affected or delayed by conditions beyond its control. Delays in completing redevelopment projects could also give tenants the right to terminate preconstruction leases. A client may incur additional risks when it makes periodic progress payments or other advances to contractors before they complete construction. These and other factors can result in increased costs of an investment or loss of an investment. In addition, clients would be subject to normal lease-up risks relating to redeveloped Investments. We also must rely on rental income and expense projections and estimates of the fair market value of property upon completion of redevelopment when agreeing upon a purchase price. If our projections are inaccurate, our clients may overpay for an investment, and a client's return on investment could suffer. A contractor, joint venture partner or borrower with or from a client could experience financial difficulties (including bankruptcy) that could impair our ability to achieve client objectives or enforce their rights (including rights as a lender or note holder). Furthermore, some acquisitions and redevelopments may be financed using the proceeds of lines of credit or other forms of temporary secured or unsecured financing that will have less advantageous terms than permanent debt financing. Use of these forms of financing will result in a risk that permanent financing for these projects might not be available or would be available only on disadvantageous terms. If permanent debt financing is not available on acceptable terms to refinance investments undertaken without permanent financing, further acquisitions may be curtailed and investment returns would be adversely affected.

Continued disruptions in the financial markets and deteriorating economic conditions could adversely impact our ability to implement our business strategy and generate returns for our clients.

The capital and credit markets have been experiencing extreme volatility and disruption for more than five years. Turmoil in the capital markets has constrained equity and debt capital available for investment in the real estate market, resulting in fewer buyers seeking to acquire properties, increases in cap rates and lower property values. Furthermore, volatile economic conditions have negatively impacted real estate fundamentals. Risks of defaults on loans and foreclosures on mortgages have increased. Financial market and economic conditions may deteriorate, and we cannot foresee when these conditions will stabilize or improve.

Continued disruptions in the financial markets and deteriorating economic conditions may also impact the market for client investments and the volatility of client investments. The returns from client investments are determined, in part, by: (i) the supply and demand for such investments and (ii) the existence of a market for such investments, which includes the ability to sell or finance such investments. During periods of volatility, the number of investors participating in the market may change at an accelerated pace. As liquidity or “demand” increases, the returns available to investors will increase. Conversely, a lack of liquidity will cause the returns available to investors to decrease.

We expect to use leverage to acquire client investments. If the debt markets deteriorate, our clients may not be able to obtain debt financing on attractive terms. As such, we may be forced to use a greater proportion of client funds to finance acquisitions and originations, reducing the number of investments we would otherwise make on behalf of our clients. We have the right to modify client investment strategies in an effort to optimize portfolio performance. Our options would include limiting or eliminating the use of debt and focusing on those investments that do not require the use of leverage to meet portfolio goals. In addition, if we use leverage to acquire client investments and the value of client investments decline, we could be forced to dispose of client investments at inopportune times to repay debt or use capital contributions to repay debt.

All of the factors described above could adversely impact our ability to implement our business strategy and could decrease the value of client investments.

Changes in law; regulation of private investment funds

Legal, tax, and regulatory changes could occur that may adversely affect the Funds at any time during the term of the Funds. The legal, tax, and regulatory environment for private investment funds is evolving, and changes in the regulation of such funds, including changes to existing laws and regulations, may adversely affect the ability of the Funds to pursue their investment strategies, their ability to obtain financing, and the value of investments held by the Funds. Furthermore, recent changes to legal, tax and regulatory environment, may have a material adverse effect on the Funds’ activities, including the ability of the Funds to implement operating improvements or otherwise execute their investment strategies or achieve their investment objectives. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) was enacted in July 2010. The Act creates a number of new regulatory, supervisory and advisory bodies and affects the regulation of virtually every aspect of U.S. financial markets. Few provisions of the Act are effective immediately and Congress has designed the Act to become effective in stages. The Act leaves a large number of matters to be addressed through the rulemaking authority of governmental agencies and other regulatory action, giving regulators significant discretion in many areas. The Act also mandates the preparation of studies of a wide range of issues which could lead to additional regulatory change. The legislation is complicated and contains substantial ambiguities, many of which will not be resolved until implementing regulations are adopted. Until the final regulations are adopted, it is not possible us to predict what effect the Act will have on the business and operations of the Funds, us or our affiliates or on their ability to perform their respective obligations under existing agreements. New legislation may be enacted into law or interpretations, rulings or regulations could be adopted, any of which could harm the Funds, us or our affiliates and the Funds’ investors, potentially with retroactive effect. It is not possible to predict at this time whether any such change will benefit or adversely impact the Funds, us or the Funds’ investors.

In addition, in recent years, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies have led to increased and governmental as well as self-regulatory scrutiny of the private investment fund industry in general, and certain legislation proposing greater regulation of the industry periodically is being considered by the U.S. Congress, the SEC, Federal Reserve Board and other bank regulatory authorities and the Financial Stability Oversight Council (FSOC), as well as the governing bodies of non-U.S. jurisdictions. It is impossible to predict what, if any, changes may be instituted with respect to the regulations

applicable to the Funds, us, our affiliates, the markets in which they trade and invest, or the counterparties with which they do business, or what effect such legislation or regulations might have. There can be no assurance that we, the Funds or our affiliates will be able, for financial reasons or otherwise, to comply with future laws and regulations, and any regulations that restrict the ability of the Funds to implement their investment strategies could have a material adverse impact on the Funds' portfolios. To the extent that the Funds' investments are or may become subject to regulation by various agencies in the U.S., the costs of compliance will be borne by the Funds. The impact of any such future laws or regulations on the Funds and their investors is uncertain.

Economic and political conditions

The current global economic and political climate is one of uncertainty. We anticipate the potential for increased regulation of the financial markets, compliance with which may increase costs and limit our clients' abilities to pursue business and investment opportunities. Any further material changes in the economic environment, including a further slow-down in economic growth and/or changes in interest rates could have a negative impact on the performance and/or valuation of client investments. Client performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis described above (both in the U.S. and globally). The rate of future investment by real estate investment funds has slowed and may continue to slow as the pricing of new transactions adjusts to reflect the current economic uncertainty and the lack of credit in the markets. Holdings periods may also be longer as the rate of realization slows in light of the deterioration in market conditions for investment realizations. The impact of the credit crisis may also affect the profitability achieved on realizations of client investments.

Direction of real estate market is unknown

The U.S. real estate market, along with the broader economy (both in the U.S. and globally), is in the midst of recovering from a severe recession. As foreclosures increase and sellers attempt to dispose of properties to avoid foreclosures, we anticipate that the current environment will provide our clients with opportunities to acquire investments on favorable terms and prices. However, there can be no guarantee that the elements that determine real estate values, such as tenant creditworthiness and the demand for real estate, will not further soften, and the real estate market thus may suffer further declines. Such a scenario could result in our clients acquiring properties that lose value.

Uncertain market conditions relating to the future disposition of properties could adversely affect our ability to generate returns for our clients

Although our principal investment strategy does not depend on market-driven capital appreciation, the investment strategy for certain assets may rely, in part, upon local market recoveries or economic rent growth during the term of the investment. No assurance can be given that any such markets will recover or provide economic rent growth because this will depend, in part, upon events and factors outside our control.

Costs of complying with governmental laws and regulations may reduce client income.

Real property and the operations conducted on real property are subject to federal, state and local laws and regulations relating to, among other things, environmental protection, human health and safety and access by persons with disabilities. Clients could be subject to liability in the form of fines or damages for noncompliance with these laws and regulations (or its borrowers could suffer such liability), even if they did not cause the events(s) resulting in liability.

Environmental Laws Generally. Environmental laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid hazardous materials, the remediation of contaminated property associated with the disposal of solid and hazardous materials and other health and safety-related concerns. Some of these laws and regulations may impose joint and several liability on tenants, owners or operators of real property for the costs to investigate or remediate contaminated properties, regardless of fault, whether the acts causing the contamination were legal, regardless of whether the contamination was present prior to a purchaser's acquisition of a property, and whether an owner knew of such contamination. Clients' tenants' and borrowers' operations, the conditions of investments at the time they are acquired, operations in the vicinity of client

investments, such as the presence of underground tanks, or activities of unrelated third parties may affect the value or performance of client investments.

Hazardous Substances. The presence of hazardous substances (on owned real estate and on real estate that is subject to notes owned by clients), or the failure to properly remediate these substances, may hinder our ability to sell, rent or pledge client investments as collateral for future borrowings. Any material expenditures, fines, or damages that clients must pay may reduce the value of client investments.

Asbestos Containing Materials. Certain U.S. federal, state, and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos containing materials (“ACMs”) when such materials are in poor condition or in the event of construction, remodeling, renovation, or demolition of a building. Such laws may impose liability for release of ACMs and may provide for third parties to seek recovery from owners or operators of real property for personal injury associated with ACMs. In connection with its ownership and operation of real estate, clients may incur costs associated with the removal of ACMs or liability to third parties.

Americans with Disabilities Act. It is likely that any property acquired by us on behalf of our clients will be required to comply with the Americans with Disabilities Act, or the ADA, subject to the local municipality’s interpretation of ADA and ordinances and practices with respect to compliance with the ADA. The ADA requires that “public accommodations” such as hotels and office buildings be made accessible to people with disabilities. Compliance with the ADA requirements could require removal of access barriers, and non-compliance could result in imposition of fines by the U.S. government or an award of damages to private litigants, or both, which could be imposed upon our clients or issuers of debt held by our clients. Clients may be required to expend funds to comply with the provisions of the ADA.

Other Regulations. We are required to operate client properties in compliance with fire and safety regulations, building codes and other land use regulations, as they may be adopted by governmental agencies and bodies and become applicable to the properties. Clients or their borrowers may be required to make substantial capital expenditures to comply with those requirements, and these expenditures could adversely affect client performance.

U.S. military action abroad and future possible terrorist attacks could adversely affect client performance.

The US military actions in Afghanistan and Iraq; the threat or occurrence of terrorist attacks in the future; rising oil, energy and other commodity or material prices (including those resulting from the unavailability thereof); and the United States’ military, economic and political response to terrorism all may have material consequences on the U.S. and global economy. We are not able to predict the extent, severity or duration of the effect of any past or future terrorist attacks and related events or quantify the impact that these events may have on investment objectives or the real estate markets where client investments are located.

Due diligence on properties may not reveal all conditions that may decrease the value of client investments.

We perform due diligence on each client investment prior to its acquisition. Regardless of the thoroughness of the due diligence process, not all circumstances affecting the value of an investment can be ascertained through the due diligence process. If the materials provided to us are inaccurate, if we do not sufficiently investigate or follow up on matters brought to its attention as part of the due diligence process, or if the due diligence process fails to detect material facts that impact the value determination, we may acquire an investment on behalf of our clients that results in significant losses to clients or may overpay for an investment, which would cause client performance to suffer.

Clients are likely to incur mortgage and other indebtedness, which may increase business risks.

We may employ leverage and may enter into hedging agreements related to client debt in connection with client investments. Use of leverage will subject the investments to risks normally associated with debt financing, including the risk that indebtedness on the investments will not be able to be refinanced or that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness.

In addition, if there is a shortfall between the cash flow from investments and the cash flow needed to service a client’s indebtedness. Incurring mortgage debt increases the risk of loss because defaults on indebtedness secured

by a property may result in lenders initiating foreclosure actions. In that case, a client could lose the investment securing the loan that is in default, thus reducing the value of client investments. For tax purposes, a foreclosure of any of a client's investments would be treated as a sale of such investments for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds a client's tax basis in such investments, the client would recognize taxable income on foreclosure, but the client would not receive any cash proceeds to pay its income tax liability with respect to such income.

Clients may be liable on guarantees.

We may give full or partial guarantees to lenders of mortgage debt on behalf of the subsidiary entities or joint ventures that own client investments. When we provide a guaranty on behalf of an entity that owns one of our client's investments, clients will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. Additionally, we will have the right, at our option, to cause our clients to borrow money from any person (including the us and our affiliates), guarantee loans made to any person in connection with an investment, pledge client assets to secure such loans, and enter into agreements with any person to provide any financial guarantees in connection with loans entered into by our clients. If we or one of our affiliates provides a guaranty on behalf of a client in connection with an investment, pledges its assets to secure such loans, and enters into agreements to provide any financial guarantees in connection with loans entered into by a client, the client will be required to indemnify us and our affiliates for any losses incurred in connection with these guaranties except to the extent such loss results from us or our affiliates having committed a breach of our Standard of Conduct.

A client may borrow directly, which increases the risks to the client if a property fails to produce projected cash flow.

Clients may engage in financings directly (rather than at the subsidiary level of the particular investments or investment vehicles in which the client invests). The rights of any lenders making loans directly to a Fund to receive payments of interest or repayments of principal will be senior to distributions to the Fund's investors, and the terms of any borrowings may contain provisions that limit distributions to the investors or certain other activities of the Fund. Payments of principal and interest on such loans will not be limited to the cash flows generated by any single property. Payments of interest and fees incurred in connection with the borrowings will reduce any income the Fund would otherwise have available. A client's obligations to make interest or principal payments on borrowings may prevent the client from taking advantage of attractive investment opportunities. In addition, a client does not generate sufficient cash flow, it may not be able to repay borrowings or it may be forced to sell investments at disadvantageous times to repay borrowings. Moreover in these circumstances, we would likely first sell a client's more liquid assets to repay borrowings, thus increasing its concentration of investments that are not liquid or readily marketable and the associated risks appurtenant to such investments.

Client borrowings may be cross-collateralized, which increases the risks associated with a single underperforming property.

If any mortgages or other indebtedness contain cross-collateralization or cross-default provisions, a default on a single loan could affect multiple investments. Any future credit facility or other borrowing could include a cross-default provision that would provide that a default under any obligation of a certain dollar threshold or more by a client or certain of its affiliates constitutes a default under the credit facility or other borrowing. If any of the client's future investments are foreclosed upon due to a default, a client or investor could lose its entire investment.

Mortgage financing may be unavailable or available on unfavorable terms, which could reduce a client's performance.

If mortgage debt is unavailable at what we deem to be reasonable interest rates, a client may not be able to finance the purchase of investments. If we place mortgage debt on client investments, we run the risk of being unable to refinance such borrowings when they become due, or of being unable to refinance such loans on favorable terms. If interest rates are higher when we refinance investments, a client's income and cash flows could be reduced. In addition, the income and value of leveraged investments will tend to increase or decrease at a greater rate than if borrowed money were not used. Leveraging client investments will involve significant

complexity. Failure to obtain leverage may have a negative impact on client returns. The United States has recently suffered a liquidity crisis as a result of which many loans (including those previously committed) were not made by lenders for commercial and residential acquisitions, or were made less available and more expensive. The duration of the liquidity crisis is unpredictable, and the liquidity crisis could hamper our ability to borrow needed cash for our clients and adversely affect our clients' profitability.

Lenders may require Funds to enter into restrictive covenants relating to the Funds' operations and their ability to make distributions, which could limit the ability to achieve the Funds' goals.

When providing financing, a lender may impose restrictions on a Fund that affect its distribution and operating policies and the Fund's ability to incur additional debt. Loan documents that the Fund or an affiliate enters into may contain covenants that limit its ability to further mortgage its investments, discontinue insurance coverage or replace us or the Fund's general partner. These or other limitations may limit the Fund's flexibility and its ability to achieve its investment objectives.

Increases in interest rates could increase the amount of future debt payments and reduce a client's income.

Higher interest rates will increase clients' cost of borrowing. Additionally, some of the clients' borrowings may bear interest at variable rates. Interest rate increases would increase the interest cost on such borrowings. These factors would reduce client cash flows.

We may engage in hedging transactions on behalf of our clients, which may fail to achieve their goal or may adversely affect client performance.

We may pursue various hedging strategies to seek to reduce our clients' exposure to losses from adverse changes in interest rates. Our hedging activity varies in scope based on the level and volatility of interest rates, the type of assets held and other changing market conditions. We may determine not to engage in hedging transactions (for cost or other reasons). Additionally, interest rate hedging may fail to protect or could adversely affect a client's performance because, among other things:

- interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates;
- available interest rate hedges may not correspond directly with the interest rate risk for which protection is sought;
- the duration of the hedge may not match the duration of the related liability;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign a client's side of the hedging transaction; and
- the party owing money in the hedging transaction may default on its obligation to pay.

Client hedging transactions, which would be intended to limit losses, may not completely insulate clients from interest rate risk and may actually limit gains and increase clients' exposure to losses. The failure to engage in hedging transactions would leave clients exposed to losses resulting from increases in applicable interest rates.

There may be situations in which the interests of us or our affiliates conflict with those of our clients.

Subject to the limitations set forth in applicable governing and/or account documents, we and/or our affiliates may (i) be interested in parties involved in transactions with our clients, or (ii) be interested in or provide services to a real estate-related entity in which a client invests. While we seek to avoid situations involving conflicts of interest between ourselves and our clients, there may be situations in which the interests of a client may conflict with the interests of any other client, us or our affiliates. While we believe that our interests are generally aligned with the interests of our clients and investors, it is possible that conflicts of interest between us and our clients might arise.

Third-parties with which our clients co-invest may have goals that are inconsistent with those of our clients.

In limited circumstances, our clients may co-invest with third parties through joint ventures or other structures. Such investments may involve risks not present in investments where a third party is not involved, including the

possibility that a co-venturer or partner of a client may at any time have economic or business interests or goals which are inconsistent with those of the client, or may be in a position to take actions contrary to our investment objectives. In addition, such investments may involve risks not otherwise present with other methods of investment in real estate, including, for example, the possibility that a co-venturer in an investment might suffer financial or other difficulties and might become bankrupt. As a result, clients may be unable to fully realize their expected return on any such investment. In addition, in certain circumstances clients may be liable for actions of their co-venturers. Any of the above might subject a property to liabilities in excess of those contemplated or otherwise adversely affect a client's investment in the joint venture and thus reduce client returns. In certain circumstances, actions of our clients may be subject to consent rights held by its co-venturers or partners, the exercise of which could adversely affect its interests.

Risks Associated with Mortgage-Backed Securities.

Subject to the terms and conditions set forth in the governing documents, certain of our clients may invest directly or indirectly in a small amount of mortgage-backed securities, which represent an interest in a pool of mortgages. Investing in commercial and residential mortgage-backed securities involves the general risks typically associated with investing in traditional fixed-income securities (including interest-rate and credit risk) and certain additional risks and special considerations (including the risk of principal prepayment and the risk of investing in real estate). When market interest rates decline, more mortgages may be refinanced and the securities could be 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 certain mortgage-backed securities may decline. At the same time, however, mortgage refinancings and prepayments slow, which lengthens 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. Further, different types of mortgage-backed securities are subject to varying degrees of prepayment risk. Finally, the risks of investing in such instruments reflect the risks of investing in real estate securing the underlying loans, including the effect of local and other economic conditions, the ability of tenants to make payments, and the ability to attract and retain tenants. If residential or commercial property prices decline more than anticipated, it is possible that certain securities could lose all of their value.

Risks Associated with Bonds and Debt Investments.

Bonds and debt securities of all types of issuers have speculative characteristics, regardless of whether they are rated. The issuers of such investments may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations. Changes in interest rates can affect the value of investments in fixed income instruments. Increases in interest rates may cause the value of the debt investments to decline. Bonds and other fixed-income securities are generally not exchange-traded and, as a result, these securities trade in the over-the-counter marketplace which is less transparent and has wider uncertainties and exposure to adverse financial or market conditions which could lead to the issuer's inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. Clients may be subject to claims from creditors of an obligor that debt held by a client should be equitably subordinated.

Cybersecurity.

We, our clients and our respective service providers depend on information technology systems and, notwithstanding the diligence that we may perform on such service providers, we may not be in a position to verify the risks or reliability of such information technology systems. We, our clients and our respective service providers are subject to risks associated with a breach in cybersecurity. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. Our, our clients' and our service providers' information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security

breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although we and our affiliates have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, we and/or our clients may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our and our clients' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm our or our clients' reputations, subject any such entity and its respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to our clients or individual Investors by interfering with our or any affiliates' operations. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose one or more of our clients or us to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and clients may be required to indemnify us against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS ASSOCIATED WITH A CLIENT'S INVESTMENT PROGRAM. THE INVESTMENT PROGRAM OF EACH CLIENT INVOLVES A SIGNIFICANT AMOUNT OF RISK, INCLUDING RISK OF COMPLETE LOSS OF INVESTMENT. CLIENTS AND INVESTORS ARE ENCOURAGED TO CONSULT WITH THEIR OWN TAX, LEGAL, INVESTMENT AND/OR OTHER INDEPENDENT ADVISORS REGARDING THE MATTERS OUTLINED HEREIN.

Item 9: Disciplinary Information

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

Item 10: Other Financial Industry Activities and Affiliations

RELYING ADVISERS

Certain of our affiliates (each, a “Relying Adviser” and, collectively, “Relying Advisers”) serve as general partner, manager, managing member or investment manager with respect to one or more of the Funds. While we and the Relying Advisers have been organized as separate legal entities, we collectively conduct a single investment advisory business. Accordingly, each Relying Adviser relies and/or will rely on our investment adviser registration instead of separately registering as an investment adviser with the SEC under the Advisers Act. To rely on our registration, (i) the Relying Adviser, its employees and persons acting on its behalf generally are “persons associated with” and “supervised persons” (as each term is defined in the Advisers Act) of GIG (to the extent advisory services are provided thereby), (ii) any investment advisory services are subject to our supervision and control, (iii) any investment advisory functions are subject to the Advisers Act and the rules and regulations thereunder, and (iv) the activities and books and records of the Relying Adviser are subject to inspection and examination by the SEC. Each Relying Adviser is subject to our compliance policies and procedures and, except as the context otherwise requires, any reference in this brochure to “we,” “us,” “our” includes us and the Relying Advisers. We have disclosed in the Miscellaneous Section of Schedule D of Part 1A of our Form ADV that we and each of the Relying Advisers are together filing a single Form ADV in reliance upon guidance expressed in a recent SEC no-action letter.

OTHER ACTIVITIES OF OUR PRINCIPALS AND AFFILIATES

We and our affiliates engage in a wide variety of activities, some of which may be carried out on behalf of entities and real estate projects that are in competition with our clients. Subject in each case to the limitations set forth in applicable governing and account documents, we and our affiliates may (i) exercise investment responsibility, or otherwise engage, directly or indirectly, in any other business, whether or not similar to, or identical with, the business of our clients (which may include purchasing, selling, holding or otherwise dealing with investments), (ii) act as partners or advisors to other present or future private equity funds including, without limitation, any such funds managed by us or our affiliates, and (iii) make investments, including investments in, and financings, acquisitions and dispositions of, investments for their own accounts, in each case without any obligation to offer investment opportunities to our clients, subject to the limitations set forth in the applicable governing and/or account documents, and we and our respective members, managers, directors, officers, partners, employees, agents and affiliates may directly or indirectly purchase, sell, hold or otherwise deal with investments and pursue investment opportunities, even if the investment or the prospective investment is of a character which, if presented to a client could be acquired by the client for investment, except to the extent set forth in the applicable governing and/or account documents.

CFTC REGISTRATION EXEMPTIONS

We and/or certain of our affiliates and/or clients utilize various types of over-the-counter derivative instruments (including interest rate caps and swaps) for risk management purposes. Nevertheless, neither we nor any of our affiliates currently is registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator or commodity trading advisor pursuant to one or more exceptions or exclusions from registration or regulation thereunder.

INSURANCE AFFILIATE

Greystar Insurance Agency Inc., an affiliated property and casualty insurance agency licensed in the state of Texas, primarily acts as repository for risk management fees and deductibles charged to properties insured under its insurance programs. Two licensed insurance agents are employed within the risk management department.

REAL ESTATE BUSINESS AND OTHER ACTIVITIES

We and our affiliates provide various types of services in the multi-family real estate business. In addition to investment management services, we also provide property management and construction and development services. Investment advisory services only constitute a small portion of our overall business activities.

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

CODE OF ETHICS

We have adopted and implemented a code of ethics, which sets forth standards of business conduct for our supervised persons. Our code of ethics is primarily designed to educate supervised persons about our philosophy regarding ethics and professionalism, emphasize fiduciary duties to our clients, encourage supervised persons to comply with applicable laws, rules and regulations, prevent the misuse of material non-public information (insider trading policy), restrict the circulation of rumors and other forms of market abuse and address conflicts of interest that arise from personal trading or other personal transactions by supervised persons. The code sets forth formal policies and procedures with respect to the personal securities trading activities of our access persons. Among other things, access persons generally are required to pre-clear certain public and private personal securities transactions, report all transactions in reportable securities on at least a quarterly basis and provide us with a summary of personal securities holdings on at least an annual basis. Supervised persons are subject to certain restrictions and pre-clearance requirements relating to the purchase or sale of commercial real estate for their own accounts and the accounts of certain affiliated persons. Our code also addresses outside activities of certain supervised persons, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of gifts, the reporting of certain gifts and business entertainment items and the pre-clearance and reporting of political contributions. All supervised persons must confirm on an annual basis that they have read and understand our code of ethics and compliance manual, including the personal securities trading policy. We will furnish a copy of our code of ethics to our clients upon request.

ADVISORY COMMITTEE

An advisory committee ("Advisory Committee") has been and may be established for or with respect to one or more of the Funds. While the Advisory Committee does not have a direct role in the management of any applicable Fund, it may be called upon to resolve potential conflicts of interest presented to it by us or our affiliate or consider other matters in accordance with the applicable governing documents.

We or our affiliate will prepare materials and presentations for the Advisory Committee with respect to any matters requiring their approval and the consents of members required to be received are generally documented via written or email communications.

TRANSACTIONS INVOLVING CONFLICTS OF INTEREST

Except as otherwise set forth in the applicable governing documents of a client, neither we nor any of our affiliates may (i) engage in any transaction with the client, (ii) seek to acquire for the client interests in potential investments that we or our affiliates manage, control or in which any of them have a financial or economic interest, or (iii) engage in any other transaction involving material conflicts of interest between us and our affiliates, on the one hand, and a client, on the other hand, unless, in each case, such transaction or acquisition has been approved by the client, the Advisory Committee of such client or in accordance with the terms set forth in the applicable governing documents of that client (including approval of all or a majority in interest of the applicable investors).

CO-INVESTMENT OPPORTUNITIES

Subject to the terms and conditions set forth in the applicable governing documents, we may offer co-investment opportunities to certain investors and third parties from time to time as we deem appropriate. Notwithstanding the foregoing, any such co-investments generally are consummated and disposed of at substantially the same time, on an arm's length basis, and on terms and conditions that are substantially similar to those obtained by the applicable client(s).

POLITICAL CONTRIBUTIONS

We and our supervised persons may make political contributions to persons who may serve or seek to serve in elected capacities with certain public entities. Any such political contributions generally are permitted only to the extent such contributions are in accordance with our policies and procedures regarding political contributions and

do not violate Rule 206(4)-5 under the Advisers Act (or applicable state and/or local laws).

GIFTS AND ENTERTAINMENT

In the normal course of business, we and our supervised persons may provide gifts and/or business entertainment to certain individuals and/or entities such as clients, investors, vendors, consultants, and service providers. Any such gift or entertainment is not premised upon any specific client referral or any expectation of any other type of benefit to us. We have adopted formal policies and procedures requiring pre-approval and recordkeeping of certain gifts and business entertainment.

Item 12: Brokerage Practices

BROKERAGE PRACTICES

As we focus on providing advice with respect to direct and indirect investments in real estate properties, interests and assets, we generally do not select or recommend broker-dealers in connection with the investment activities of our clients. In the event that we select or recommend broker-dealers to clients, we will endeavor to select such brokers in a fair and equitable manner on the basis of best overall execution, taking into account a number of factors, and will implement and adopt policies and procedures reasonably designed to ensure that our clients achieve best overall execution and that brokers utilized, if any, have been selected based on our clients' best interests. In the event such policies and procedures are adopted, we will promptly amend our brochure to disclose such policies and procedures.

ALLOCATION OF INVESTMENT OPPORTUNITIES

Subject to the limitations set forth in applicable governing documents, we allocate investment opportunities among our clients on a basis that we believe to be fair and equitable under the circumstances and in a manner that complies with applicable laws. In resolving any such conflicts, we take into account and/or may take into account a number of factors, including, but not limited to, the following:

- Existing contractual requirements governing exclusivity or investment allocation,
- Availability of capital to invest in a property,
- Timing restrictions on deployment of capital,
- Each client's investment restrictions and diversification goals,
- An existing client's current portfolio composition,
- Size of available investment opportunity,
- Existence of similar investment opportunities and/or uniqueness of investment opportunity, and
- Timing of cash flows and account liquidity.

Notwithstanding the foregoing, until the termination of the investment period of the Partners Funds, or if earlier, until such time that we or any of our affiliates actively markets a new investment fund or investment vehicle as permitted in accordance with the partnership agreement of each of the Partners Funds, the Partners Funds will be our (and our affiliates') exclusive investment vehicles for making multifamily investments and co-investments in accordance with the partnership agreement of each of the Partners Funds. Notwithstanding the foregoing, we and our affiliates may invest in (i) ground-up development projects in sub-markets outside of the Primary MSAs, Secondary MSAs or Tertiary MSAs (as such terms are defined in the partnership agreements of the Partners Funds), (ii) ground-up development projects that are outside of a two-mile radius of any existing investments, or within a two mile radius of any existing investment with the prior approval of the Advisory Committee of such Partners Fund, as applicable, (iii) ground-up development projects for which we and our affiliates entered into a binding agreement to acquire land before an investment was made within a two-mile radius of such project, (iv) up to three percent (3%) of the outstanding securities of a publicly-traded entity, and (v) without the prior approval of the Advisory Committee of such Partners Fund, as applicable, a transaction or series of related transactions whereby our affiliates acquire multifamily properties (or one or more entities owning such properties) if such transaction facilitates the acquisition of assets for a Partners Fund that meet the investment criteria of such Partners Fund.

Notwithstanding the foregoing, to the extent permitted under applicable governing documents and/or existing contractual arrangements, we may choose a rotation system or some other methodology for fairly and equitably allocating investment opportunities among applicable clients.

Item 13: Review of Accounts

REVIEWS OF ACCOUNTS

As noted above, we provide investment advisory services with respect to direct and indirect investments in real estate properties, interests and assets and other real estate related investments.

Our asset management group is responsible for the day-to-day oversight and management of each investment, providing analytical, operational, and financial support for the Funds. Our asset management group's approach to asset management focuses on maximizing returns through active management and incorporating the flexibility to respond to the dynamics of a changing environment. The responsibilities of the asset management group are designed to enhance asset value through such measures as cash flow management, optimizing pricing and occupancy, efficient renovation execution, risk mitigation and insurance claim resolution. The Funds and their investments generally are reviewed on at least a weekly basis by the associates, directors and managing directors of the asset management group and are reviewed on at least a quarterly basis by the executive team.

ADDITIONAL REVIEWS

We may conduct additional or more frequent reviews of investments in the event of certain material events or circumstances, including, but not limited to, the following: property casualties, dispositions, refinancings, recapitalizations, additional capital requests, major economic changes, microeconomic changes or capital markets events.

REPORTS

We typically provide periodic performance reports to clients and/or investors. In addition, the Partners Funds generally provide the following information to investors: (i) quarterly unaudited financial statements of the Partners Fund and (ii) annual audited financial statements of the Partners Fund (prepared in accordance with generally accepted accounting principles). With respect to the SPVs and Co-Investment Vehicles, investors generally receive annual audited financial statements (prepared in accordance with GAAP) and periodic performance and other reports in accordance with the terms set forth in the applicable governing documents. All reports delivered to clients and/or their investors are written.

Item 14: Client Referrals and Other Compensation

We have entered into and may in the future enter into agreements or arrangements with placement agents, solicitors or other third parties who refer prospective investors in Fund IX and other clients to us. In consideration of these referral services, such persons generally receive compensation from us (or our affiliates) which consists and/or may consist of, among other things, a percentage of the management fee and/or performance compensation otherwise payable to us or our affiliates, a percentage of an investor's commitment or a flat fee. As disclosed in the applicable offering and/or governing documents of Fund IX, any placement fees will be paid by Fund IX, but the management fee otherwise payable to us or our affiliates will be reduced by the amount of any placement fees paid by Fund IX. Investors generally are not charged any higher or additional fees as a result of any placement agent arrangements. In every instance, all arrangements and payments of referral or placement agent fees are disclosed to applicable investors. HFF Securities, L.P. has acted as placement agent in connection with the offering of interests in Fund IX.

Item 15: Custody

We generally are deemed to have custody over our clients' cash and securities for purposes of Rule 206(4)-2 under the Advisers Act. To the extent required by Rule 206(4)-2, a Fund's cash and securities are held with one or more qualified custodians either (i) in a separate account under the Fund's name, or (ii) in accounts that contain only that Fund's assets in the name of us and/or an affiliate as agent or trustee for that Fund. We and/or the general partner of such Fund generally are permitted to change the custodians in our or their discretion.

Independent public auditors have been engaged to conduct annual audits of the Funds, and, to the extent required pursuant to Rule 206(4)-2, audited financial statements (prepared in accordance with U.S. generally accepted accounting principles) generally are provided to investors on an annual basis. We generally endeavor to provide such audited financial statements to investors within 120 days after the end of each fiscal year (or such earlier time period required in the applicable governing documents of a Fund or such later time period permitted by applicable law). Qualified custodians typically do not provide statements directly to investors in the Funds.

Item 16: Investment Discretion

DISCRETIONARY AUTHORITY

Partners Funds

Subject to the terms and limitations set forth in the governing documents, we and/or our affiliates have exclusive discretionary power and authority over the types of investments to be bought or sold, as well as the amount to be bought or sold, on behalf of the Partners Funds. We select and purchase investments on behalf of each of the Partners Funds.

SPVs

Neither we nor any of our affiliates generally are authorized to make any investment decisions or implement any transactions with respect to SPVs or any assets therein without the prior approval of the applicable institutional investors in such SPVs. To the extent approved or authorized by the applicable investors, we or our affiliate generally may make or implement a transaction or an investment. Nevertheless, we have and may have discretion to make investment decisions or limited investment discretion with respect to SPVs, in accordance with the terms and conditions set forth in the applicable governing documents.

Co-Investment Vehicles

In general, many of the Co-Investment Vehicles are structured as directed feeder funds through which our employees and/or certain of our affiliates may participate (directly or indirectly) in an investment in entities that are managed and/or operated by GIG Affiliated Entities or other persons and neither we nor any of our affiliates exercise any discretionary authority or control with respect to the investment of the assets or investments of such directed Co-Investment Vehicles. Neither we nor any of our affiliates generally provide any ongoing investment advisory services with respect to Co-Investment Vehicles that are structured as directed feeder funds, but we expect to do so in the future with respect to certain Co-Investment Vehicles.

Notwithstanding the foregoing, pursuant to the terms of the applicable governing documents, we may either (i) have discretionary power and authority over the types and amounts of investments to be bought or sold with respect to a Co-Investment Vehicle or (ii) provide non-discretionary investment advisory services with respect to a Co-Investment Vehicle, whereby we make investment recommendations and investors in such Co-Investment Vehicle have the ultimate discretion to determine whether or not to take our recommendations. In such event, these Co-Investment Vehicles generally are treated as investment advisory clients of GIG.

LIMITED POWER OF ATTORNEY

Investors in one or more of the Funds may grant a limited power of attorney to us and/or our affiliates in order to take certain actions with respect thereto. We typically have a limited or special power of attorney with respect to each Fund in order to permit us (or our affiliates) to manage and operate such Fund in accordance with the terms of the applicable governing documents.

SERVICES TO OTHERS

Neither we nor any of our affiliates are required to devote full time to managing any single client. We may conduct other businesses and provide investment advisory, management, development and other services to other clients and persons, including, without limitation, other affiliate investment funds and managed accounts (such as corporations, institutional investors and other persons), some of whom may have objectives similar to those of other clients. We may give advice and make recommendations to such other clients and persons, which may be the same, similar to, or different from those rendered to another client. The compensation arrangements with our clients may create incentives for us and/or our affiliates to favor such other clients. However, we will not knowingly or deliberately favor any client over another client as a result of different compensation arrangements except as otherwise disclosed. Decisions affecting one client may be made independently from such other clients.

Item 17: Voting Client Securities

Rule 206(4)-6 under the Advisers Act requires every investment adviser who exercises voting authority with respect to client securities to adopt and implement written policies and procedures, reasonably designed to ensure that the adviser votes proxies in the best interest of its clients. Rule 206(4)-6 further requires an adviser to provide a concise summary of its proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Lastly, Rule 206(4)-6 requires that each adviser disclose to clients how they may obtain information on how the adviser voted their proxies.

We generally do not provide investment advisory services with respect to publicly traded securities or any other securities that would require us or an affiliate to vote proxies on behalf of clients. As such, we do not currently exercise voting authority on behalf of clients. In the event that we or an affiliate (a) have proxy voting authority with respect to our clients and (b) are called upon to exercise such proxy voting authority, our policy will be to exercise reasonable care to ensure that proxies are voted in the best interests of each applicable client, as determined in our discretion, taking into account various factors, and we will adopt procedures reasonably designed to ensure compliance with such policy.

Item 18: Financial Information

There are no financial conditions applicable to us that are reasonably likely to impair our ability to meet contractual commitments to clients.