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**ITEM 1. COVER PAGE FOR PART 2A OF FORM ADV:  
FIRM BROCHURE**

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**September 2020**

**Green Street**

**100 BAYVIEW CIRCLE, SUITE 400  
NEWPORT BEACH, CA 92660**

**FIRM CONTACT:  
ROBYN FRANCIS  
CHIEF COMPLIANCE OFFICER**

**FIRM WEBSITE ADDRESS:  
WWW.GREENSTREET.COM**

This brochure provides information about the qualifications and business practices of Green Street (hereinafter “We”, “us”, or “our”). If you have any questions about the contents of this brochure, please contact Robyn Francis, Chief Compliance Officer, by telephone at (949) 640-8780 or by email at [rfrancis@greenstreet.com](mailto:rfrancis@greenstreet.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Green Street is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD#: 172378.

Please note that the use of the term “registered investment adviser” and description of Green Street and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firms’ associates who advise you for more information on the qualifications of our firm and its employees.

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## ITEM 2. MATERIAL CHANGES TO OUR PART 2A OF FORM ADV: FIRM BROCHURE

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Green Street is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

### **Previous Annual Amendment Filing: 02/04/2019**

This Item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year's Brochure and that may be important to them.

Since our last annual amendment, Green Street has made the following changes:

- 1) The firm moved its headquarters to 100 Bayview Circle, Suite 400, Newport Beach, CA 92660.
- 2) Jeff Stuek replaced Craig Leupold as Chief Executive Officer, effective January 13, 2020.
- 3) Green Street's affiliated broker dealer, Green Street Trading, terminated its registration with FINRA and the SEC, effective January 27, 2020 and is no longer doing business.
- 4) Green Street, LLC underwent a change in indirect ownership. The transaction closed on August 27, 2019. Please visit Broker Check for more information.

Green Street's Form ADV Part 2A Firm Brochure is available in hard copy or electronic form upon request. Alternatively, you can obtain a copy at <http://www.adviserinfo.sec.gov>, under 'Part 2 Brochures' on the left hand side of the screen.

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## Item 4. Advisory Business

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For more than 25 years the Green Street team has been committed to discovering and delivering insights and foresight to our clients. We have roughly 40 research professionals covering the commercial real estate industry in the U.S. Our affiliate Green Street (UK) Limited (Green Street-UK) also provides coverage for the European real estate industry. Our research staff analyze data as well as evaluate properties, markets, and companies in depth. We specialize in providing research and data analytics on publicly traded Real Estate Investment Trusts (REITs) and cover over 100 companies together with Green Street-UK as of the date of this brochure. We also analyze broader trends in the private real estate markets. In addition, we provide a broad range of advisory & consulting services to commercial real estate market participants.

Green Street Advisors, LLC doing business as Green Street is a Delaware limited liability company wholly owned by Green Street Parent LLC (GSP). GSP's Parent, Green Street Intermediate Holdings, LLC and subsidiaries is a limited liability company formed in the State of Delaware. In August of 2019, a controlling interest of Green Street Intermediate Holdings, LLC was sold to private investment funds affiliated with Welsh Carson Anderson & Stowe ("WCAS"). WCAS is a U.S. private equity firm founded in 1979.

More information on WCAS and its affiliates is available at <https://www.wcas.com/>.

Information on indirect ownership of Green Street can be found on the firm's ADV Part 1 public disclosure under schedule B, located here:

[https://files.adviserinfo.sec.gov/IAPD/content/viewform/adv102017/Sections/iapd\\_AdvScheduleBSection.aspx?ORG\\_PK=172378&FLNG\\_PK=01A7BE2A000801AE042E4061026E3629056C8CC0](https://files.adviserinfo.sec.gov/IAPD/content/viewform/adv102017/Sections/iapd_AdvScheduleBSection.aspx?ORG_PK=172378&FLNG_PK=01A7BE2A000801AE042E4061026E3629056C8CC0)

A brief breakdown of what our team provides and their experience follows:

### **Senior Management Team:**

Our senior management team provides experience, insight, and innovative thinking in specialized property fields such as apartment, industrial, office, mall, healthcare, lab space, student housing, self storage, lodging and strip center properties.

### **Managing Directors:**

The ten (10) managing directors of the firm directly involved in research have an average tenure in the industry of over eighteen (18) years.

## Description of the Types of Advisory Services We Offer

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### Research:

- **North America:**

We publish a variety of research reports and statistical analyses covering the public and private real estate markets on a monthly, quarterly, and ad hoc basis. Our research explores the property sector fundamentals and valuations in both the private and public markets. We provide coverage of individual publicly traded REIT securities as well as broader sector and macro trends. We also offer a research product called Real Estate Analytics that provides analysis on the private commercial real estate markets through digestible, conclusion-driven reports to help real estate investors and service providers make capital allocation decisions. In addition, Green Street offers online access to our extensive proprietary databases, built through years of research, analysis, and property visits conducted by our dedicated research team, enabling clients to carry out customized detailed analyses on a variety of topics at the company and property-sector levels. Clients can also generate custom Portfolio Analytics reports which leverage an automated valuation model to estimate values on portfolios and individual assets.

- **Europe**

Our international expansion began in early 2008 with the formation of our affiliate Green Street-UK and the opening of an office in London. This expansion was driven by client demand for the type of research and analysis on European companies that we provide in North America. We also offer a European Real Estate Analytics research product that guides long-term private market investment and capital allocation strategies. Green Street-UK has assembled a team of industry professionals that apply the same core operating principles as Green Street.

Our research reports are based on extensive quantitative and qualitative analyses and they include “BUY,” “SELL,” or “HOLD” recommendations based on the strength of a company and how its shares are currently priced. Research reports are typically sold pursuant to individually negotiated agreements with individually negotiated pricing.

### Advisory & Consulting Services:

Green Street’s advisory & consulting group provides our broad range of clients with tailored solutions that address their specific needs. Some of the advisory & consulting services that we offer are:

- Strategic Planning:

Green Street's advisory & consulting team conducts research and valuation studies to identify optimal public and private market strategies designed to maximize value, mitigate risk, reduce conflicts of interest, enhance competitive positioning and increase liquidity. We provide insight and guidance on analyzing, structuring, and executing firm-level planning and re-organization activities for publicly traded REITs, and private real estate companies. Our strategic planning assignments have included initial public offerings (IPOs), privatizations, mergers, acquisitions and sales.

- Valuation:

Green Street's advisory & consulting team uses our proprietary net asset value (NAV) methodology and recurring cash flow analysis to value a variety of real estate entities, including publicly traded REITs, public non-traded REITs, private REITs and private real estate companies. This quantitative and qualitative analysis identifies strengths and weaknesses of the public REIT peer group. We also provide insight in valuing real estate as an asset class by comparing real estate's risk-adjusted returns to the broader equity and debt markets.

- Custom Research:

Our advisory & consulting group aims to present analysis with clarity and insight. We execute a diverse range of assignments while leveraging our understanding of the most effective structures and strategies in operating, capitalizing and financing a competitive real estate business. We offer a customized product for each client to accommodate specific profiles and objectives. Our clients have included private REIT management teams, boards of directors, legal practitioners, institutional investors, and individual property owners.

- Benchmarking:

Utilizing publicly available and proprietary data, Green Street delivers direct, insightful comparisons between companies and sectors, thus providing a platform for knowledge enhancement and informed decision making. The spectrum of metrics studied may include historical and projected operating performance, key valuation drivers, and analysis of capital structure, among others. Green Street consultants focus on each client's unique areas of interest to provide information that is tailored to meet their specific needs.

- Operating Partnership Unit (OP unit) Advisory:

In an OP unit transaction, we capitalize on our expertise to assist clients with analyzing opportunities to sell assets, provide independent valuation of REIT stock and OP units offered, and recommend the best REIT partner. Green Street helps structure OP unit transaction terms and explains the investment merits represented by the potential REIT buyers.

- Transaction Advisory:

Green Street provides advisory services to support commercial real estate transactions across all major asset classes and geographic markets. Green Street's team assists clients in numerous ways, including investment identification and selection, acquisition/disposition analysis, analysis of strategic alternatives, and OP unit advisory services. We believe the combination of deep transactional experience and our robust REIT research enables Green Street to add value during all phases of a transaction.

- Investment Fund Advisory:

Green Street works with money managers to devise capital allocation strategies for public and private real estate assets and to evaluate potential investments from a risk/return and fair value

perspective. The investment analysis techniques and methodologies that Green Street has developed and refined over the past 25 years provide a time-tested platform from which sound investment frameworks and strategies can be developed.

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#### **Tailoring of Advisory Services**

We offer customized research and advisory & consulting services, including tailored research projects in the public and private real estate arenas.

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#### **Participation in Wrap Fee Programs**

We do not offer wrap fee programs.

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#### **Regulatory Assets Under Management**

Green Street provides a variety of research reports and statistical analyses to our research and advisory & consulting clients; however, it does not provide continuous and regular supervisory or management services to clients.

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### **Item 5. Fees & Compensation**

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We are required to describe our brokerage, custody, fees and fund expenses so our clients will know how much they are charged and by whom. Our fees are generally negotiable.

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#### **How We Are Compensated for Our Advisory Services**

##### **Research:**

Research reports are typically sold pursuant to individually negotiated agreements with individually negotiated pricing. These agreements typically require clients to pay for our research in advance. The cost of our research will depend upon the type of subscription purchased.

Fees for research subscriptions are typically paid in advance on an annual basis and due within thirty (30) days of receipt of invoice.

##### **Advisory & Consulting Services:**

Advisory & consulting clients are invoiced based on the size and scope of the engagement. Fees are billed on a flat fee basis and are variable and negotiable.

Advisory & consulting services payment terms are determined on a case by case basis. Generally, one half of the fees will be due at the commencement of our work, and the other half upon completion of the advisory & consulting services.

**Other Fees:**

Clients may incur brokerage expenses such as commissions from trading or other transaction-based fees when buying shares using our “Buy,” “Hold,” “Sell” research reports. These transaction fees are separate from our fees and should be disclosed by the firm through which the trades are executed.

**Policy Regarding Fees Due In Advance**

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We charge advisory fees for our research reports on an individual basis in advance. In the event that a customer wishes to terminate our services, we typically will not refund the unearned portion of our advisory fee, unless Green Street terminates our advisory agreement with the client. If a client wishes to terminate our services, they will need to notify us in writing.

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**Item 6. Performance-Based Fees & Side-By-Side Management**

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We do not charge performance-based fees to our clients.

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**Item 7. Types of Clients & Account Requirements**

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We have the following types of clients:

- High Net Worth Individuals;
- Banking or Thrift Institutions;
- Investment Companies;
- Pensions, Endowments, Foundations, and Profit Sharing Plans;
- State or Municipal Government Entities;
- Corporations, Limited Liability Companies and/or Other Business Types;
- Real Estate Owners, Managers, and Operators; and
- Professional Organizations, Accountants, Lawyers, and Consultants;
- Insurance Companies

We generally do not require a minimum account balance nor do we require a minimum fee for research-based projects.

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

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We employ a multi-step process of REIT valuation. Our company-level analytical work includes the following:

- Extensive quantitative and qualitative analyses to assess the current market value of each company’s assets and liabilities, for example:



- Estimating NAVs based on the characteristics of a REIT’s underlying property portfolio including location, quality, lease structure and growth prospects
  - Applying prevailing cap rates, as determined by the generally active and liquid real estate markets, to forward looking NOI estimates. Our analysts spend significant time speaking with market participants (e.g. REIT executives, private real estate market participants, brokers, etc.), tracking comparable transactions, reading trade publications and reviewing findings of providers of transaction information to determine the appropriate cap rate
  - Employing a discounted cash flow approach to determine whether current private-market cap rates (and the NAVs estimated from them) represent a fair price. Where they do not, we use Intrinsic NAV (our estimate of fair value) in place of NAV.
- A systematic approach to evaluating the best REITs on a variety of critical factors to determine their merits relative to their peers, including:
    - Franchise value
    - General and administrative overhead
    - Balance sheet risk
    - Corporate governance/Takeout odds
  - Translating these evaluations into premiums/discounts to asset value at which the REITs’ shares should be valued
  - Applying the warranted premiums/discounts to the NAV estimates to determine the warranted share prices
  - Comparing the warranted share prices to the current stock prices to form our BUY/HOLD/SELL recommendations for REIT stocks.

It is important to note that we employ a relative pricing model when conducting our REIT analysis and making our company-specific BUY/HOLD/SELL recommendations. We generally have an equal number of Buy-rated stocks and Sell-rated stocks within each property sector. In essence, we answer the question of which REIT stocks are overpriced and which stocks are underpriced at any point in time relative to their respective property-sector peers. The strength of our research is rooted in the focus that we place on property-level analysis through our published reports. Green Street analysts focus solely on their analytical work and providing support to our clients – we are not distracted by obligations faced by typical Wall Street analysts, whose firms are involved in investment banking activities.

**Please Note the Following Risks:**

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear. While asset markets may increase and your account(s) could enjoy a gain, it is also possible that asset markets may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in asset markets, and that you are appropriately diversified in your investments.

Advisory Risk. The success of our research, advisory & consulting, and investment strategies depends on our ability to effectively analyze and evaluate securities. However, our analyses and evaluations may fail to predict the future performance of securities.

REIT Risk. REITs are susceptible to many of the same risks associated with direct ownership of real estate, such as the following: declines in property values; increases in property taxes, operating expenses, interest rates or competition; overbuilding; zoning changes; and losses from casualty or condemnation. Additionally, REITs are reliant on the ability of their managers to effectively manage their properties, have limited diversification across asset classes, and could be significantly affected by changes in tax laws.

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## **Item 9. Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither Green Street nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

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

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We have entered into a "participating affiliate" arrangement with our non-U.S. advisory affiliate, Green Street (UK) Limited ("Green Street UK"). Certain employees of Green Street UK are considered "associated persons" of ours when providing certain advisory services through us for our U.S. clients, including (but not limited to), providing research, and in this capacity are subject to our oversight and regulatory supervision. Green Street UK is authorized and regulated by the United Kingdom Financial Conduct Authority.

Green Street has an additional affiliation with Green Street Investors, LLC (GSI). GSI is under common control with Green Street and is a registered investment adviser. While GSI shares a physical address with us, GSI is in a separate locked office. GSI does not have preferred access to our research as a result of this arrangement. We do not believe this relationship will adversely affect Green Street clients or create any material conflicts of interests. Green Street also has an arrangement to provide access to their proprietary research to certain GSI clients. There may be fees paid for these services between the firms, but no additional cost is passed on to clients for the provision of these services.

Through an asset purchase in February 2020, Green Street now owns four news publications that it acquired from Harrison Scott Publishing. This service is referred to as 'News'. The News publications are not a product of the firm's Research Department. They are produced by an independent business unit of Green Street that is operated separately from its advisory business. This independent business line is located in Hoboken, New Jersey and operates behind a robust information barrier designed to ensure that the News Alerts staff does not have preferential access to, and does not influence or otherwise play any part in Green Street's research or advisory process. Interaction between news employees and the

research staff is monitored by the firm's Compliance Department. Green Street clients may be solicited to purchase these News Alerts, but are under no obligation to do so. To alleviate any potential conflicts of interest, Green Street representatives shall receive no compensation beyond the separately agreed upon advisory fees based upon client subscriptions to this service.

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

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Our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Additionally, we require that the personal investment transactions of members and employees of our firm comply with our Code of Ethics and that all such transactions be carried out in a way that does not endanger the interest of any client. Accordingly, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates. Further, the firm's related persons may not trade for their own individual accounts and are not allowed to own REIT stocks.

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## **Item 12. Brokerage Practices**

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We do not utilize nor recommend custodians.

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<sup>1</sup> For purposes of the policy, our associate's personal accounts generally includes any accounts (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

### **Item 13. Review of Accounts or Financial Plans**

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Due to the nature of our business (providing research reports and advisory & consulting services), we do not hold any reviews.

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

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Green Street clients may enter into arrangements with unaffiliated broker-dealers to pay our research fees on our clients' behalf.

We do pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm.

Our firm's analysts will occasionally accept travel expense reimbursement to speak at events. Some of these events are hosted by companies covered by the analysts. These events are educational in nature, and reimbursement is not directly dependent upon the views expressed by the analyst. While a conflict of interest may exist to speak favorably of companies that provide such reimbursements, our representatives shall adhere to their fiduciary duty to provide an impartial assessment of the sectors/companies they cover.

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### **Item 15. Custody**

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We do not have custody of our clients' funds. Due to the nature of our business, our clients do not receive periodic account statements from Green Street.

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### **Item 16. Investment Discretion**

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Green Street does not accept discretionary authority to manage securities accounts on behalf of our clients.

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### **Item 17. Voting Client Securities**

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We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the unlikely event that proxies are sent to our firm, we will forward them on to our client and ask the party who sent them to mail them directly to our client in the future.

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## **Item 18. Financial Information**

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- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.
- See attached balance sheet

Green Street has never been the subject of a bankruptcy proceeding.

CONSOLIDATED BALANCE SHEET

Green Street Advisors, LLC  
December 31, 2019  
With Independent Auditors' Report

**Green Street Advisors, LLC**  
**Consolidated Balance Sheet**  
**December 31, 2019**

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KPMG LLP  
Suite 700  
20 Pacifica  
Irvine, CA 92618-3391

## **Independent Auditors' Report**

The Member  
Green Street Advisors, LLC:

We have audited the accompanying consolidated balance sheet of Green Street Advisors, LLC and its subsidiaries as of December 31, 2019 and the related notes to the consolidated balance sheet.

### *Management's Responsibility for the Consolidated Balance Sheet*

Management is responsible for the preparation and fair presentation of this consolidated balance sheet in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated balance sheet that is free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the consolidated balance sheet based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated balance sheet is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated balance sheet. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated balance sheet, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated balance sheet in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated balance sheet.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated balance sheet referred to above presents fairly, in all material respects, the financial position of Green Street Advisors, LLC and its subsidiaries as of December 31, 2019, in accordance with U.S. generally accepted accounting principles.





*Emphasis of Matter*

As discussed in Note 2 to the consolidated financial statements, in 2019, the Company adopted new accounting guidance related to recognition of revenue from contracts with customers. Our opinion is not modified with respect to this matter.

KPMG LLP

Los Angeles, California  
March 27, 2020

**Green Street Advisors, LLC**  
**Consolidated Balance Sheet**  
**December 31, 2019**

**Assets**

Cash	\$ 14,432,670
Accounts receivable	9,557,570
Property and equipment, net of accumulated depreciation \$231,711	1,027,961
Intangible assets, net of accumulated amortization of \$31,902,932	47,865,107
Goodwill	121,495,477
Other assets	2,485,667
Due from related party	102,002
Assets of discontinued operations	1,955,207
Total assets	<u>\$ 198,921,661</u>

**Liabilities and member's equity**

Employee compensation and benefits payable	\$ 9,977,738
Accounts payable and accrued expenses	1,182,639
Deferred revenue	21,176,926
Deferred tax liability	248,941
Liabilities of discontinued operations	108,882
Total liabilities	<u>32,695,126</u>
Commitment and contingencies (Note 10)	
Member's equity	<u>166,226,535</u>
Total liabilities and member's equity	<u>\$ 198,921,661</u>

*The accompanying notes are an integral part of this consolidated balance sheet.*

**Green Street Advisors, LLC**  
**Notes to Consolidated Balance Sheet**  
**December 31, 2019**

**1. ORGANIZATION AND BASIS OF PRESENTATION**

Green Street Advisors, LLC and subsidiaries (the “Company”) is a limited liability company formed in the State of Delaware in June 2014. The Company is a wholly-owned subsidiary of Green Street Parent, LLC (“GSP”) and was formed in conjunction with a business combination in which it became the sole member of Green Street Investors, LLC (“GSI”), Green Street Advisors UK, Ltd. (“GSA-UK”), and Green Street Trading, LLC (“GST”) in December 2014. On August 26, 2019, a controlling interest of GSP’s parent company was sold.

The Company operates an independent research and consulting practice concentrating primarily on publicly traded real estate securities and the private commercial real estate markets. The accompanying consolidated balance sheet includes the accounts of the Company, and its wholly-owned subsidiaries GSA-UK and GST. All significant intercompany accounts and transactions have been eliminated in consolidation.

In January 2017, the Company distributed 100% of its interest in GSI and the associated goodwill to GSP. GSA-UK is registered as a broker-dealer with the Financial Conduct Authority, a regulator of the financial services industry in the United Kingdom. GST is a registered broker-dealer with the Securities and Exchange Commission under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority and the Security Investor Protection Corporation (“SIPC”).

In September 2019, the Company elected to cease the operation of GST’s trading desk. In the recent years, GST’s trading desk experienced significant reduction in trading revenue from downward pressure on commission rates and less activity in REIT trading. On November 27, 2019, the Company discontinued the operations of the GST trading desk. The assets and liabilities of the GST trading desk have been segregated and reported as discontinued operations as of December 31, 2019. See Note 8 for a further discussion.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Use of Estimates***

The presentation of the consolidated balance sheet in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated balance sheet. Actual results could differ from those estimates. Management adjusts estimates and assumptions when facts and circumstances change.

Significant estimates and assumptions made by Company management include the determination of the average period of benefit associated with costs capitalized to obtain revenue contracts.

**Green Street Advisors, LLC**  
**Notes to Consolidated Balance Sheet**  
**December 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Adoption of New Accounting Pronouncement***

On May 28, 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers, (Topic 606) (“ASU 2014-09”), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 also includes Subtopic 340-40, Other Assets and Deferred Costs – Contracts with Customers, which requires the capitalization of incremental costs to obtain a contract with a customer. The new revenue standard replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles and permits the use of either the full retrospective or modified retrospective transition method.

The Company adopted the requirements of ASU 2014-09 as of January 1, 2019, and utilized the modified retrospective transition method. The Company recognized the following cumulative effects of initially applying the new revenue standard:

	As of December 31, 2018	Topic 606 adoption adjustments	As of January 1, 2019
<b>Assets</b>			
Accounts receivable	\$ 10,217,934	\$ 25,642	\$ 10,240,346
Costs capitalized to obtain revenue contracts	–	908,678	908,678
<b>Liabilities and member’s equity</b>			
Deferred revenue	\$ 16,856,616	\$ 26,366	\$ 16,882,982
Member’s equity	182,557,682	907,955	183,465,637

The following is a summary of the adoption impacts of the new revenue standard:

- The Company capitalized \$908,678 of contract acquisition costs comprised of sales commissions and related payroll taxes at adoption date with a corresponding adjustment to member’s equity. The Company is amortizing these costs over their respective expected period of benefit.
- Upon adoption, the Company recorded an increase in deferred revenue of \$26,366 that will be recognized in future periods for such contracts, with a corresponding adjustment to member’s equity.

**Green Street Advisors, LLC**  
**Notes to Consolidated Balance Sheet**  
**December 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Adoption of New Accounting Pronouncement (continued)***

Adoption of the new revenue standard impacted the Company's consolidated balance sheet as of December 31, 2019 as follows:

	<u>As reported</u>	<u>Topic 606 adoption adjustments</u>
<b>Assets</b>		
Accounts receivable	\$	— \$ (70,131)
Costs capitalized to obtain revenue contracts	—	95,259
<b>Liabilities and member's equity</b>		
Deferred revenue	\$	— \$ (35,387)
Member's equity	—	(10,259)

The most significant impact of the new revenue standard relates to the Company's capitalization of certain incremental costs to acquire contracts and the requirement to amortize these amounts over the expected period of benefit. Under the previous standard, the Company expensed costs related to the acquisition of revenue-generating contracts as incurred.

The Company utilized the transitional practical expedient provisions in adopting ASU 2014-09 to apply the new revenue standard and the related changes retrospectively to contracts that were not completed contracts upon initial application.

***Accounts Receivable***

A receivable is recorded when an unconditional right to invoice and receive payment exists, such that only the passage of time is required before payment of consideration is due. Timing of revenue recognition may differ from the timing of invoicing to customers. Most of the Company's performance obligations require payment before delivery of the service to the customer. The timing and amount of revenue recognition may differ in certain situations from the revenue recognized under previous accounting guidance that limited subscription revenue to the customer invoice amount for the period of service. The Company recognizes a contract asset in the form of accounts receivable when it has an unconditional right to payment. Generally, the Company's standard billing terms are annual in advance for subscriptions and 50% of the fees for Advisory contracts at signing and remaining 50% upon completion of the project.

The Company reviews outstanding receivable balances on a regular basis to assess their collectability. Due to the nature of the Company's customers, the Company has determined that no allowance for doubtful accounts is required.

**Green Street Advisors, LLC**  
**Notes to Consolidated Balance Sheet**  
**December 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Property and Equipment, Net***

Property and equipment are stated at cost, net of accumulated depreciation. Expenditures for major additions and improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed. Depreciation is computed using the straight-line method over useful lives of the related assets. The estimated useful lives for significant property and equipment categories are as follows:

Computer software	5 years
Office equipment	5-7 years
Leasehold improvements	Life of lease

***Goodwill and Indefinite-Lived Intangible Assets***

As discussed in Note 1, the Company was formed in conjunction with a business combination that occurred on December 15, 2014. In 2014, a parent of the Company transferred cash in proportion to the determined fair value for a controlling interest in the Company. As the Company was formed in conjunction with the business combination and has been recognized as the acquirer, it recognized a step-up to fair value of the assets and liabilities acquired, and a corresponding step up to member's equity in 2014. The Company applied the acquisition method to account for the business combination, that requires among other things, assets acquired and liabilities assumed be recorded at their fair values as of the business combination date.

Goodwill was calculated as the excess of the consideration transferred over the net assets recognized and represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. The Company also recorded an indefinite-lived intangible asset related to the Company's trade name.

Under Accounting Standards Codification ("ASC") Topic 350, Intangibles – Goodwill and Other, goodwill and indefinite-lived intangible assets acquired in a business combination are not amortized, rather, evaluated for impairment on an annual basis, by reporting unit, or more often if events or circumstances indicate there may be impairment. The Company's operating segments, Domestic and UK, are the identified reporting units in which goodwill and intangible assets are allocated.

**Green Street Advisors, LLC**  
**Notes to Consolidated Balance Sheet**  
**December 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Goodwill and Indefinite-Lived Intangible Assets (continued)***

Under ASC Topic 350, to determine whether it is necessary to perform the two-step impairment test, a company may assess qualitative factors to evaluate whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If it concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount or if the company elects not to assess qualitative factors, the company then performs the two-step impairment test. The first step is to determine the fair value of each reporting unit. The fair value of each reporting unit is compared to the carrying amount of the reporting unit. If the carrying value of the reporting unit exceeds the fair value, then the second step of the test is performed to measure the impairment loss. The second step of the impairment test compares the fair value of the reporting unit's identifiable assets and liabilities against the fair value of the reporting unit to determine the implied fair value of goodwill. An impairment loss is recorded for the amount of the difference between the carrying amount of the goodwill and the implied fair value of the goodwill. See Note 6 for a further discussion.

***Finite-Lived Intangible Assets, Net***

As part of the business combination described in Note 1, the Company recorded finite-lived intangible assets on its consolidated balance sheet with estimated useful lives as follows:

Acquired internal-use software	4-6 years
Acquired research and analytical tools	5 years
Acquired core database	15 years
Acquired customer base	18-22 years

Under ASC Topic 360, Property, Plant, and Equipment, long-lived assets, including purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by a comparison of the carrying amount of an asset to undiscounted future cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount exceeds the fair value of the asset.

The Company capitalizes certain costs to develop its website and internal-use software when planning stage efforts are successfully completed, management has committed project resourcing, and it is probable that the project will be completed and the software will be used as intended. Such costs are amortized on a straight-line basis over the estimated useful life of the related asset, which is five years. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred.

**Green Street Advisors, LLC**  
**Notes to Consolidated Balance Sheet**  
**December 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Share-Based Compensation – Equity Classified Awards***

Certain employees are issued awards by a parent of the Company. Share-based compensation expense is measured at fair value on the grant date, and is recognized on a straight-line basis as expense over the vesting periods of the awards. As the awards are not equity of the Company, they are recorded in member's equity as deemed contributions.

As discussed in Note 1, a controlling interest of GSP's parent company was sold. The transaction triggered accelerated vesting of any unvested awards.

***Deferred Rent***

The Company leases office space under non-cancelable lease agreements with third parties, which expire on various dates through 2030. The Company reflects lease expense over the lease term on a straight-line basis.

***Deferred Revenue***

On January 1, 2019, the Company adopted the requirements of ASU 2014-09 utilizing the modified retrospective method of transition. The Company applied the new revenue standard to contracts that were not completed as of the adoption date, consistent with the transition guidance. Adoption of the new revenue standard resulted in changes to the Company's accounting policies for revenue recognition and sales commissions as described below.

Deferred revenue primarily consists of billings or payments received in advance of revenue recognition from subscriptions and Advisory, including non-cancellable and non-refundable committed funds and deposits. Deferred revenue is recognized as revenue recognition criteria has been met. Customers are typically invoiced for these agreements in regular annual installments for subscriptions and partial upfront fees for Advisory contracts and revenue is recognized ratably over the contractual subscription period or project duration in the case of Advisory contracts.

As part of its adoption of ASU 2014-09, the Company capitalizes incremental costs of obtaining a non-cancelable subscription and Advisory contracts. The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the benefit of those costs to be longer than one year. The Company has determined that certain sales incentive programs meet the requirements to be capitalized. The costs capitalized under the new revenue standard are primarily sales commissions paid to the Company's commissioned sales personnel. Capitalized costs also include certain payroll taxes related to these capitalized sales commissions. Capitalized costs to obtain a contract are amortized over the expected period of benefit, which the Company has determined, based on its analysis, to be three years. Capitalized sales commissions and related payroll taxes are included in intangible assets on the accompanying consolidated balance sheet.



**Green Street Advisors, LLC**  
**Notes to Consolidated Balance Sheet**  
**December 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Income Taxes***

The Company is a limited liability company and is treated as a disregarded entity for tax reporting purposes. The Company does not record a provision for U.S. Federal, State or Local income taxes since the member of GSP reports its share of the Company's company income or loss on its income tax returns. The Company has a deferred tax liability related to the business combination transaction that occurred in 2014. The Company accounts for this deferred tax liability under the asset and liability method.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized.

***Foreign Currency Translation***

GSA-UK uses the local currency of its respective country, United Kingdom Pound Sterling or GBP, as its functional currency. In accordance with ASC Topic 830, Foreign Currency Matters, assets and liabilities are translated at exchange rates prevailing at the consolidated balance sheet date.

***Subsequent Events***

In January 2020, GSA-UK entered into a lease for office space in London, United Kingdom commencing January 2020. The lease will expire in 2025. The tenant or landlord may terminate, with written notice, the lease at least six or nine-months, respectively, before January 2023.

On January 30, 2020, GST's form BDW (broker-dealer withdrawal) was accepted. Consequently, GST is no longer a registered broker-dealer with the Securities and Exchange Commission and is no longer a member of the Financial Industry Regulatory Authority and SIPC.

On February 26, 2020, the Company acquired four publications that serve the commercial real estate and financial industries from Harrison Scott Publications, pursuant to the agreement dated February 4, 2020, subject to an adjustment for working capital and escrow provisions. The fair value of the total consideration transferred for the publications was approximately \$119 million, subject to certain purchase adjustments.

**Green Street Advisors, LLC**  
**Notes to Consolidated Balance Sheet**  
**December 31, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Subsequent Events (continued)***

The Company has evaluated events subsequent to the consolidated balance sheet date for items requiring recording or disclosure. The evaluation was performed through March 27, 2020, which is the date the consolidated balance sheet was available to be issued. Based upon this review, the Company has determined that there were no events, except for the items noted above, which took place that would have a material impact on its consolidated balance sheet at December 31, 2019.

**3. PROPERTY AND EQUIPMENT, NET**

As of December 31, 2019, property and equipment consisted of the following:

Leasehold improvements	\$ 389,445
Office equipment and computer software	870,227
	<hr/> 1,259,672
Less: accumulated depreciation	(231,711)
	<hr/> <u>\$ 1,027,961</u>

**4. GOODWILL AND INTANGIBLE ASSETS, NET**

As described in Note 2, goodwill and indefinite-lived intangible assets are subject to an evaluation of potential impairment on an annual basis. As of December 31, 2019, the Company determined based on an assessment of qualitative factors that it was more likely than not that the fair values were greater than its carrying amount and further testing was not necessary.

Goodwill by reporting units as of December 31, 2019 consisted of the following:

Domestic	\$ 104,342,974
UK	17,152,503
	<hr/> <u>\$ 121,495,477</u>

The carrying value of goodwill includes accumulated impairment loss in the UK reporting unit of \$16,300,244.

**Green Street Advisors, LLC**  
**Notes to Consolidated Balance Sheet**  
**December 31, 2019**

**4. GOODWILL AND INTANGIBLE ASSETS, NET (continued)**

Intangible assets and related accumulated amortization as of December 31, 2019, consisted of the following:

<b>Finite-Lived Intangible Assets</b>	
Acquired customer base	\$ 37,500,000
Acquired research and analytical tools	16,100,000
Acquired core database	9,380,000
Acquired internal-use software	2,110,000
Website re-development	379,800
Internal-use software	1,744,782
Database	160,388
Contract acquisition	1,393,069
	<hr/>
	68,768,039
Less: accumulated amortization	(31,902,932)
	<hr/>
	36,865,107
 <b>Indefinite-Lived Intangible Assets</b>	
Acquired trade name	11,000,000
	<hr/>
	<u>\$ 47,865,107</u>

The Company evaluated its finite-lived intangible assets and concluded it was not unrecoverable and no impairment was recorded at December 31, 2019.

No events have occurred since December 31, 2019 that would cause the Company to update its latest annual goodwill and finite-lived intangible assets impairment testing.

**5. INCOME TAXES**

The deferred tax liability of \$248,941 is related to the difference in book and tax amortization schedules of the intangible assets acquired as part of the business combination discussed in Note 1. In accordance with ASC Topic 740, Income Taxes, the Company assesses its tax positions based on available positive and negative evidence and, if it concludes that it is not more likely than not that its positions will withstand an examination, the position is unrecognized in the financial statements and a liability for uncertain tax positions is recorded along with respective estimated interest and penalties. At December 31, 2019, the Company had no uncertain tax positions, that are not more likely than not to withstand an examination.

The Company's federal and state income tax returns for the tax years for which the applicable statute of limitations has not expired are subject to examination by the Internal Revenue Service or applicable state departments of revenue.

**Green Street Advisors, LLC**  
**Notes to Consolidated Balance Sheet**  
**December 31, 2019**

**6. RELATED PARTY TRANSACTIONS**

At December 31, 2019, \$102,002 due from a related party was recorded on the consolidated balance sheet. \$68,738 related to state taxes paid by the Company on behalf of its affiliates.

The Company does not purport that the terms of related party transactions are the same as those that would result from transactions among wholly unrelated parties.

**7. EMPLOYEE PENSION PLAN**

The Company, along with other entities under common control, is part of a controlled group. The controlled group maintains a 401(k) Plan as a defined contribution retirement plan for all eligible employees. The 401(k) provides for tax-deferred contributions of employees' salaries, limited to a maximum annual amount as established by the IRS. In 2019, the Company matched 100% of employee contributions up to a maximum of four percent of total compensation.

GSA-UK operates a tax-deferred defined contribution plan for all eligible employees. Contributions are made at nine percent of compensation. Employee contributions are not necessary to receive this contribution. Beginning April 1, 2019, GSA-UK matched 100% of employee contributions up to a maximum of two percent.

**Green Street Advisors, LLC**  
**Notes to Consolidated Balance Sheet**  
**December 31, 2019**

**8. DISCONTINUED OPERATIONS**

As discussed in Note 1, the Company closed the GST trading desk on November 27, 2019. The assets and liabilities of the discontinued operations have been presented separately in the asset and liabilities sections, respectively, of the consolidated balance sheet. The following table presents the carrying amounts of major classes of assets and liabilities of discontinued operations as of December 31, 2019.

**Carrying amounts of major classes of assets included as discontinued operations**

Cash	\$ 1,683,779
Restricted cash	241,598
Deposit with clearing organization	15,035
Other assets	<u>14,795</u>
Total major classes of assets of the discontinued operation	<u><u>\$ 1,955,207</u></u>

**Carrying amounts of major classes of liabilities included as discontinued operations**

Employee compensation and benefits payable	\$ 33,255
Accounts payable and accrued expenses	<u>75,627</u>
Total major classes of liabilities of the discontinued operation	<u><u>\$ 108,882</u></u>

**9. CONCENTRATION OF CREDIT RISK**

The Company maintains several bank accounts at financial institutions. These accounts are insured either by the Federal Deposit Insurance Commission ("FDIC"), up to \$250,000, or SIPC, up to \$500,000. At December 31, 2019, cash balances held in financial institutions were in excess of the FDIC and SIPC's insured limits. The Company has not experienced any losses in such accounts and management believes that it has placed its cash on deposit with financial institutions which are financially stable.

**10. COMMITMENTS AND CONTINGENCIES**

The Company leases office space under non-cancelable lease agreements with third parties, which expire between 2021 and 2030. The Company reflects lease expense over the lease terms on a straight-line basis. Occupancy lease agreements, in addition to base rentals, generally are subject to escalation provisions based on certain costs incurred by the landlord.

**Green Street Advisors, LLC**  
**Notes to Consolidated Balance Sheet**  
**December 31, 2019**

**10. COMMITMENTS AND CONTINGENCIES (continued)**

At December 31, 2019, the minimum annual payments are as follows:

Year ending December 31:

2020	\$ 1,923,386
2021	1,629,190
2022	1,516,953
2023	1,516,953
2024	1,516,953
Thereafter	7,837,592
	<u>\$ 15,941,027</u>

The Company is a guarantor to a loan facility that GSP's parent is a party to. The facility also includes an optional revolver with a maximum commitment of \$25,000,000. If the parent company is unable to meet payment obligations, the Company will be responsible to the lender for satisfaction of all or a part of the loan. As of December 31, 2019, the outstanding balance of the loan facility recorded on GSP's consolidated financial statements was \$149,625,000.

**11. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In February 2016, the FASB issued ASC 842, Leases. The core principle of ASC 842 is that an entity should recognize on its balance sheet assets and liabilities arising from a lease. In accordance with that principle, ASC 842 requires that a lessee recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying leased asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will depend on the lease classification as finance or operating lease. This new accounting guidance is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. For all other entities, the new accounting guidance is effective for fiscal years beginning after December 15, 2020, and interim periods with fiscal years beginning after December 15, 2021. Early adoption is permitted for all entities.

Upon adoption of ASC 842 any remaining future lease payments will result in a gross up of the statement of financial position with a liability for the amount of discounted future lease payments with a corresponding amount allocated to a lease asset. The Company is still evaluating the impact on the consolidated balance sheet.