

**FIRM BROCHURE**

**GREYSTAR INVESTMENT GROUP, LLC**

465 Meeting Street, Suite 500  
Charleston, South Carolina 29403  
(843) 579-9400 (telephone)  
(843) 579-9420 (facsimile)  
[www.greystar.com](http://www.greystar.com)

**This brochure provides information about the qualifications and business practices of Greystar Investment Group, LLC and its relying advisers. 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](http://www.adviserinfo.sec.gov).**

MARCH 30, 2021

## Item 2: Material Changes

The date of the last annual updating amendment to our firm brochure was on March 30, 2020. The following is a summary of the material changes made to our firm brochure since that date:

- we updated disclosures related to the fees and expenses borne by our clients (including information about fees related to affiliated service providers) (**Item 5**);
- we updated risk factors related to Brexit, climate change, tax, and pandemics and epidemics (**Item 8**);
- we updated our conflicts disclosures to reflect conflicts related to affiliated service providers and outsourcing (including an updated description of GREP's master insurance program and added disclosures related to other insurance procurement, expenses and revenue arrangements) (**Items 10**); and
- we added conflicts of interest disclosures for additional affiliated services (Item 10).

*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 investors to review those documents very carefully before investing.*

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

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## Item 4: Advisory Business

### FIRM DESCRIPTION

Greystar Investment Group, LLC, a Delaware limited liability company (“Greystar,” “GIG,” “we,” “our” or “us”), was organized in June 2002. We provide investment advisory, management, administrative and other services to private pooled investment vehicles and other entities and ventures 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, strategies, restrictions, terms and conditions described or set forth 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. As the context requires, any reference in this brochure to “we,” “our,” or “us” includes applicable affiliates and relying advisers (as included on Schedule R).

### PRINCIPAL OWNERS

GIG is a wholly-owned subsidiary of Greystar Real Estate Partners, LLC, a Delaware limited liability company (“GREP”). The principal owner of GREP is Robert A. Faith, indirectly through Faith Family Holdings, LP (“FFH”) and RAF Holdings, LLC (the general partner of FFH). For more information regarding our ownership structure and executive officers, please refer to Schedules A and B of Part I of Form ADV for GIG and to Schedules R for each of the applicable relying advisers.

### TYPES OF ADVISORY SERVICES

#### Investment Vehicles

##### *Institutional Funds*

We provide investment management, advisory and other services to various private institutional investment funds (“Institutional Funds”) primarily with respect to direct and indirect investments in real estate and real estate related assets or interests (some including debt and equity investments). An overview of the strategies pursued by each Institutional Fund is set forth in **Item 8**. Where deemed appropriate, the Institutional 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.

##### *Special Purpose Vehicles*

We provide investment management and other services with respect to some special purpose investment and co-investment vehicles (“SPVs”) with third party investors that invest primarily in multifamily real estate, industrial or other real estate related assets or interests and/or 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, joint ventures and other arrangements in which the SPVs have an indirect or direct economic interest. Many SPVs do not require or receive continuous and regular supervisory or management services and/or do not invest directly or indirectly in securities and, thus, are not advisory clients.

##### *Co-Investment Vehicles*

We have formed (and continue to form) and manage co-investment vehicles (“Co-Investment Vehicles”) that pool funds of related persons, 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 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% to 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 or other 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 related persons,

affiliates and/or third parties may participate (directly or indirectly) in entities that are managed and/or operated by GIG Affiliated Entities (including the Institutional Funds). We generally do not provide any continuous and regular supervisory or management services with respect to Co-Investment Vehicles that are structured as directed feeder funds into one or more GIG Affiliated Entities. Moreover, many Co-Investment Vehicles do not invest directly or indirectly in securities and, thus, are not advisory clients.

The Institutional Funds, and certain of the SPVs and the Co-Investment Vehicles are sometimes collectively referred to herein as the “Funds.”

\* \* \* \*

We provide advisory services solely with respect to the applicable advisory client 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 applicable Funds, and not their underlying investors, as our “clients” for purposes of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and other applicable laws and regulations, to the extent permitted under such laws. Among other things, this generally means that, to the extent permitted under such laws, disclosures required to be made by us to our clients are made to the Funds, and not to the investors, and that necessary consents generally may be given by us and/or our affiliates on behalf of the Funds.

#### **INVESTMENT RESTRICTIONS**

We provide investment advice to the Institutional Funds in accordance with the investment objectives, strategies, policies, guidelines, limitations and restrictions set forth in their applicable offering and governing documents, and not in accordance with the individual needs or objectives of any particular investor(s) in the Institutional Funds. Except as otherwise set forth in the applicable offering and/or governing documents, investors generally may not impose any restrictions or limitations on the management or operation of any of the Institutional Funds. The Institutional Funds and their respective general partners and affiliates have entered into, and may in the future enter into, side letter agreements and other similar agreements (commonly referred to as “side letters”) with certain investors in the Institutional Funds that have the effect of establishing rights and/or otherwise benefitting such investors in a manner that is more favorable in various material respects than the rights and benefits established in favor of one or more other investors pursuant to the applicable governing documents. Such rights or benefits in any side letter or similar agreement with respect to an investor in the Institutional Funds, as applicable, include or may include, without limitation: (i) investment capacity rights; (ii) reporting obligations of the applicable general partner, manager or us and/or preferential information rights (including portfolio transparency or more favorable reporting rights); (iii) waiver of certain confidentiality obligations; (iv) consent of the general partner to certain transfers by such investor; (v) most favored nations status; (vi) waivers or reductions or changes to the fees and/or carried interest distributions or performance-based allocations applicable to an investor; (vii) preferential co-investment opportunity allocation rights; (viii) right to designate a person to serve on the applicable advisory committee with respect to a Fund; (ix) special withdrawal or redemption rights or the right to cancel or suspend capital contribution obligations; and (x) rights or terms necessary or advisable in light of particular legal, regulatory, tax or public policy considerations of an investor.

Each applicable SPV and Co-Investment Vehicle is managed and/or operated in accordance with the terms, conditions, objectives, guidelines, restrictions or limitations set forth in its governing documents. Co-Investment Vehicles are oftentimes established as directed feeder funds (or discretionary pooled investment vehicles). 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 may not have any discretionary investment management or advisory authority with respect to certain SPVs. We 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 to the SPV or Co-Investment Vehicle and the investors in such SPV or Co-Investment Vehicle ultimately have the authority to decide whether to accept such recommendations.

#### **REGULATORY ASSETS UNDER MANAGEMENT**

As of December 31, 2020, we had approximately \$ 18,980,594,643 in regulatory assets under management (as reflected in Item 5.F(2) of Part I of our Form ADV). Approximately \$ 18,807,500,114 of these assets were managed on a discretionary basis and approximately \$ 173,094,529 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 advisory clients for which we provided (or may be deemed to have provided) “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) as of December 31, 2020. We have excluded the assets and commitments of certain REITs that are subsidiaries of the Institutional Funds in order to avoid double counting. Please note that the foregoing amounts do not include any assets attributable to Funds that launched after December 31, 2020.

As of December 31, 2020, certain of the Institutional Funds intend to rely upon and qualify for, to the extent applicable, the exclusions from the definition of “investment company” set forth in Sections 3(c)(1), 3(c)(7), 3(c)(5)(C) and/or 3(c)(6) of the Investment Company Act of 1940, as amended (the “Company Act”). Since certain Institutional Funds qualify for and rely upon one or more exclusions from registration under the Company Act other than or in addition to Section 3(c)(1) and/or 3(c)(7), they have elected to rely on those other exclusions and therefore currently do not constitute a “private fund” for purposes of the Advisers Act, Form ADV or Form PF.

## Item 5: Fees and Compensation

### DESCRIPTION OF COMPENSATION AND FEE SCHEDULE

We and our affiliates generally receive management or asset-based fees and carried interest or similar profit allocations or fees from the Funds. The Funds and their underlying investment assets frequently, directly or indirectly, incur or generate other fees payable to GIG and/or affiliates or third parties based upon the investment strategies and activities thereof and we earn fees and other compensation from prospective and actual real estate properties and investments and other parties as compensation for services. For example, we and our related persons oftentimes charge or are otherwise entitled to receive, directly or indirectly, fees from the Funds, reimbursements and other compensation for providing property management and related property services, brand licensing assistance, venture management, general contracting, development, construction and/or other services (including in certain instances, an accounting/administrative fee for Fund-related accounting work, or risk management related to insurance, licensing fees related to other services), and such fees generally are not subject to offset of management or advisory fees (and are ultimately borne by applicable advisory clients). In general, the applicable governing and offering documents of each Fund, the investment management agreement between us and such Fund or the agreements in respect of the real estate properties or investments (including property management, development management and construction management agreements) describe the basic fee structure relevant to the investors in such Fund. These arrangements also present significant conflicts of interest that we seek to address on a case by case basis in the aforementioned governing and offering documents of each Fund.

We and our personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of clients that will not be subject to any management fee offset or otherwise shared with clients, investors and/or portfolio investments. For example, airline travel or hotel stays incurred as client expenses typically result in “miles” or “points” or credit in loyalty/status programs or similar rate programs, and such benefits and/or amounts will, whether or not *de minimis* or difficult to value, inure exclusively to us and/or such personnel (and not the clients, investors and/or portfolio companies) even though the cost of the underlying service is borne by clients, investors and/or underlying investments.

Clients also typically bear certain out-of-pocket expenses incurred by us in connection with the services provided to such clients. An overview of the typical fees and expenses applicable to our clients is set forth below.

### TYPES OF MANAGEMENT FEES AND ASSET BASED FEES

With respect to our closed-end funds, the annual management fee is typically 1.5% of the third-party investors’ committed capital during the relevant investment period. After such investment period, the fee percentage is typically applied only to the invested capital of each non-affiliated investor. With respect to our open-end funds and certain of our closed-end funds: (i) each REIT subsidiary, corporation or the operating partnership, as applicable, generally pays asset-based fees equal to the product of (A) the asset management rate determined by the applicable general partner after obtaining a third-party transfer pricing study report and (B) such REIT subsidiary’s, corporation’s or operating partnership’s, as applicable, net asset value, and; (ii) each open-end fund generally pays asset-based fees equal to the product of (A) the rate applicable to such investor (typically ranging from 0.80% to 1.10% per annum, and up to 1.25% with respect to the European open-end fund, for investors with lower commitments) multiplied by (B) the net asset value of such investor’s units less (C) the investor’s portion of the REIT fees. With respect to the credit fund, the annual management fee is 0.50% per annum of the aggregate weighted average daily capital contributions in the applicable quarter by all non-affiliated investors in respect of portfolio investments.

We generally are not entitled to receive any management fees or performance-based compensation with respect to Co-Investment Vehicles established for the benefit of our related persons and affiliates or third-parties unless otherwise required due to tax requirements related to distributions from our REIT entities and fees charged at those entities (although we may be entitled to receive reimbursement of expenses and costs incurred on behalf of such vehicles or fixed administrative fees payable on a periodic basis that are intended to cover such costs and expenses (and payable in a manner similar to the management fee provisions described above)).

Management and asset-based fees generally may be paid or satisfied by requiring investors in such client to make capital contributions in respect of such fees, paying or withholding the amount of such fees from investment proceeds that would otherwise be distributable to the investors of such client, causing the redemption or cancellation of Fund equity units held by the investors or causing a client to borrow money or incur indebtedness for the payment of such fees.

Depending on the client Fund, management or asset-based fees may be paid in arrears or in advance and may vary for different third-party investors, typically based on the timing of investment and/or commitment or investment size or amount. In cases in which an investor in a Fund pays fees in advance and the investor terminates its investment in such Fund in accordance with the termination provisions governing such Fund prior to the expiration of the period for which the advance fee was paid, except as otherwise agreed with the investor, we pay an appropriate pro rata refund to the investor, or make a pro rata credit to the investor, designed to ensure that the investor pays a fee only for the portion of the period preceding the effectiveness of the termination. We have agreed, and may in the future agree, to reduce, waive, modify or change the management or asset-based fees applicable to certain investors based upon various factors, including investment size or timing of investment.

#### Performance-Based Compensation

Distributions to investors in the Institutional Funds and SPVs typically are subject to a form of carried interest or similar profit allocation or fee payable to or for the benefit of us. Generally, these profit allocations or fees represent a share of distributions made by a Fund in excess of the relevant investors' invested capital, and allocable fees and expenses. Performance-based profit allocations or fees may be applied each time a distribution is made, or an investment is realized or disposed of or on a periodic basis with respect to certain clients. With respect to our open-end Funds, incentive allocations generally will be made to us at the earliest of: (i) the end of each five-year period with respect to an investor's capital commitment; (ii) any redemption of amounts by an investor; or (iii) upon the termination of such Fund.

With respect to any client, performance-based compensation generally does not exceed 20% of distributable capital, and may be subject to certain preferred return hurdles, catch-up allocations, clawback obligations and high-water marks. In the case of open-ended funds, the incentive allocation is generally calculated on a basis that includes unrealized appreciation of the Fund's assets. The manner of calculation and application of performance-based compensation arrangements are disclosed and described in the applicable offering and governing documents of each client.

We have agreed and may in the future agree, to reduce, modify, waive or otherwise change the performance-based compensation applicable with respect to certain investors. As with the management fee, performance or incentive allocations or fees may vary for different third-party investors based upon various factors, including investment size or timing of investment.

#### Other Fees

With respect to Co-Investment Vehicles established for the benefit of third party investors (in whole or in part), we may be entitled to receive various types or forms of compensation including, without limitation: (i) co-investment equity ownership interests in entities formed to hold real estate properties or investments; (ii) additional fees payable with respect to property acquisition, development or disposition; and (iii) a promote, carried, profits or similar interest in entities formed to hold real estate investments.

We and our related persons oftentimes receive fees and expense reimbursements for project management, asset management, construction management, leasing, general contractor, risk and or insurance management, marketing and brand licensing, development or development management and other similar services provided with respect to client investments in accordance with the terms and conditions set forth in the applicable offering and governing documents, and such fees and expenses are not subject to offset of any management or asset-based fees received by us with respect to our clients. Subject to the terms and conditions set forth in the applicable governing and/or account documents, we receive and may receive various other types of fees, profit share, salary or other compensation in connection with our investment management or administrative services or in consideration of us providing bona fide asset management, development, disposition or other services in connection with or with



respect to a client or any of its investments. See **Items 10 and 11** for further disclosures related to fees paid to our affiliates.

Acquisition and disposition fees are one-time fees paid to us in connection with an investment or disposition by a client in respect of its real estate investments. Such fees may be paid or incurred by underlying investments or directly by a client.

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.

#### **COSTS AND EXPENSES**

A Fund typically pays for all of its own organizational and offering expenses and, except as otherwise set forth in the applicable governing documents, all placement agent fees of any placement agent relating to the sale of interests or units in the Fund, if applicable; however, management fees or other asset-based 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, its general partner, manager and/or affiliated entities (before, on, or after the date of formation or establishment) and the marketing, offering and sale of interests, including attorneys' fees of such entity or sponsor for preparing organizational documents and related agreements and resolutions, fees of attorneys engaged with respect to a Fund, general partner, managing member, GIG, members, partners, or shareholders of a Fund, general partner, GIG and their affiliates (as determined by the general partner, or managing member, in its sole discretion), expenses for travel and printing, all filing fees and expenses, any associated taxes and fees, accountants' fees and costs, charges of escrow holders, depositaries and experts, expenses of complying with registration, qualification or exemption requirements under any securities laws (whether federal, state, or foreign), and each closing of a Fund. In addition, in connection with the formation and organization of the open-end Funds, the general partner caused certain of such Funds to reimburse each initial founder limited partner for a portion of such investor's third party, out-of-pocket expenses, including attorneys' and accountants' fees, incurred in connection with making investments in such Funds, as disclosed in the offering and governing documents.

Subject to the terms and conditions set forth in the applicable governing documents, a Fund and its subsidiaries will bear and be charged with costs and expenses incurred in connection with the business of that Fund including, without limitation: (i) out-of-pocket investment costs and expenses, such as brokerage commissions and finders' fees, transfer taxes; (ii) out-of-pocket costs and expenses of a Fund relating to identifying, sourcing, evaluating, investigating, developing, negotiating, structuring, acquiring, monitoring, trading, settling, holding, protecting, strengthening, operating, managing, constructing, rehabilitating, zoning, marketing, advertising, financing, refinancing, mortgaging, exchanging, realizing, hedging and disposing of investments (including expenses for travel air travel, meals, entertainment and lodging subject to any internal travel policies or other policies or guidance set forth in any applicable Fund governing documents) and other out-of-pocket costs and expenses incurred with respect to investments (regardless of whether the potential investment is acquired or the investment is disposed of); (iii) out-of-pocket fees and disbursements to third parties relating to any audit and accounting or bookkeeping or tax services with respect to, the books and records of a Fund including the preparation of the periodic reports required to be delivered pursuant to the applicable governing documents, tax advice, tax projections, tax returns and K-1s, the out-of-pocket costs and expenses of verifying distributions, models, valuations and tax allocations; (iv) out-of-pocket costs and expenses of attorneys, consultants, accountants, trustees, transfer agents, paying agents, corporate agents, tax advisors, bookkeepers, administrators, valuation agents, appraisers, brokers, third-party due diligence, third-party research services, and other professionals (including legal fees in connection with any legal opinions required to be delivered by or on behalf of a Fund); (v) principal, interest on and fees, expenses and costs arising out of borrowings permitted by the terms of the applicable governing documents and all out-of-pocket costs and expenses incurred in negotiating, entering into, effecting, maintaining, varying and terminating any borrowing or guarantee permitted to be incurred by the applicable governing documents; (vi) out-of-pocket controversy and controversy settlement costs and expenses; (vii) out-of-pocket costs and expenses incurred by members of the advisory committee along with any other advisory councils and meetings of the advisory committee; (viii) the amounts required to be paid to any indemnitee pursuant to the applicable governing documents; (ix) insurance

premiums or expenses (including deductibles and reserves for the same), finance charges, any out-of-pocket costs and expenses of brokers, agents, attorneys and advisors, and third-party charges for risk management services or similar expenses incurred by a Fund, its general partner or its manager in connection with the activities and management of such Fund (including fidelity and directors' and officers' insurance); (x) out-of-pocket costs and expenses of maintaining records and books of account in relation to the business of a Fund; (xi) out-of-pocket costs and expenses incurred in relation to obtaining waivers, consents or approvals pursuant to the applicable governing documents and all reasonable out-of-pocket costs and expenses of, and/or incidental to, the preparation of amendments to the governing documents; (xii) out-of-pocket costs and expenses of, and/or incidental to, the preparation and dispatch to the investors of all checks, reports, circulars, forms and notices and any other documents necessary or desirable in connection with the business and administration of a Fund; (xiii) out-of-pocket costs and expenses incurred as a result of dissolution of the Fund and the distribution, realization or disposal of investments pursuant thereto; (xiv) out-of-pocket costs and expenses of any threatened or actual litigation involving a Fund and the amount of any judgment or settlement paid in connection therewith, excluding however the costs and expenses of any litigation, judgment or settlement with respect to which an indemnitee is not entitled to indemnity pursuant to the governing documents; (xv) out-of-pocket costs and expenses incurred in connection with meetings of a Fund including any annual meetings; (xvi) out-of-pocket costs and expenses incurred in relation to maintaining custody of any and all Fund documents that the general partner of the Fund deems appropriate in connection with the business activities of the Fund (including bank charges, insurance of documents of title against loss in shipment, transit, or otherwise), and charges by the general partner, manager or any affiliate of such Fund for document retention; (xvii) out-of-pocket costs and expenses incurred in connection with the valuation of the investments and other assets of a Fund; (xviii) construction management, development, general contractor, leasing, property management fees and any other project fees and expenses relating to investments, which may be provided by an affiliate of the general partner or the manager pursuant to the applicable governing documents; (xix) organizational expenses (as described above and in the applicable governing documents and generally subject to a cap); (xx) out-of-pocket costs and expenses associated with third-party investment level hedging, third-party environmental and other third-party services; (xxi) out of pocket costs and expenses related to software used in connection with the business of a Fund; and (xxii) out of pocket costs and expenses related to complying with side letter provisions and/or most-favored-nations treatment clauses. A Fund may also be required to pay or bear the broken deal expenses with respect to any proposed co-investment to the extent not paid by the proposed co-investors with respect to such proposed co-investment and out of pocket costs and expenses relating to Fund investors who breach or default with respect to their obligations under the documents that govern the Fund in which they are an investor. All of the foregoing expenses are Fund costs and reimbursable to GIG or its affiliates, as the case may be, and shall be due and payable promptly following receipt of invoices thereof, subject to any deferral as described in the applicable governing documents.

In addition, subject to the terms and conditions set forth in the applicable governing documents, a Fund may be required to bear and pay any and all out-of-pocket costs and expenses (including legal fees and expenses) incurred with respect to any applicable legal and/or regulatory compliance-related matters (including out-of-pocket costs and expenses incurred by the general partner or an affiliate in complying with laws and regulations that apply to any such entity or entities as a result of its or their services to or the activities or operations of such Fund) and regulatory filings with U.S. federal, state, local or non-U.S. or other law and regulation (including, without limitation, costs and expenses relating to the preparation and filing of Form PF, Form ADV and/or other regulatory filings or reports of us, the general partner or any of their affiliates relating to such Fund's activities, as well as any and all filings with the Commodity Futures Trading Commission ("CFTC") and the National Futures Association ("NFA")), including but not limited to all filings and registration with the NFA or CFTC, any other similar fees or expenses including its applicable portion of compliance consultant fees and/or legal consultant fees or expenses, as determined in a general partner's or managing member's sole discretion, as such fees relate to the review of documents and other materials, the investment of a Fund's assets and similar matters, obtaining exemptions, maintaining qualifications and satisfying any regulatory or other jurisdictional fees, such as filing, notice, and registration fees, and any applicable parallel fund's share of compliance, legal, and consultant fees and costs as determined in a general partner's or managing member's sole discretion, as such fees relate to the review of marketing materials or other activities or operations of a Fund.

To the extent set forth in the applicable governing documents, a Fund may be required to bear and be charged with all or certain costs and expenses (including overhead expenses, employee compensation and other related expenses) incurred for a specified period with respect to terminated, temporary or transitional employees in connection with the acquisition and integration of the initial operating company, and its portfolio of assets, acquired by such Fund, as further detailed in the applicable offering and governing documents. None of these expenses or costs generally will offset any management or asset-based fees.

Certain Funds may be required to bear the allocable compensation and/or other expenses or costs of in-house accountants, administrators, legal, tax, compliance and other professionals whose roles with respect to a client may include, without limitation, the preparation of financial statements, investor reporting, tax returns, the administration of assets or providing administrative services and other services. In connection with such expenses, we have a conflict of interest in allocating certain expenses or costs among investors in a client as well as among other applicable investment vehicles sponsored by us. In addition, certain of our clients pay to GREP a management and reporting charge that is based on each such client's allocable share of the annual operating expenses of GREP's "Internal Coinvestment Department" (as more fully described in the governing documents of such clients).

In situations where expenses are incurred by or relate to more than one of our clients we typically allocate aggregate costs among the applicable clients (and, in certain cases, among us, our affiliates and applicable clients) in accordance with allocation policies and procedures which are reasonably designed to allocate expenses in a fair and equitable manner over time among such applicable clients. However, expense allocation determinations involve potential conflicts of interest (e.g., an incentive to favor advisory clients that pay higher incentive fees or conflicts relating to different expense arrangements with certain clients). In general, we allocate expenses among applicable advisory clients in proportion to the size of the investment made by each such client or entity to which the expense relates. We may, however, use other methods to allocate certain expenses among applicable clients if we deem another method to be more appropriate based upon the relative use of a product or service, the nature or source of the product or service, the relative benefits derived by applicable clients from the product or service, or other relevant factors. Nevertheless, the portion of a common expense that we allocate to an advisory client for a particular product or service may not reflect the relative benefit derived by such client from that product or service in any particular instance. Our expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by us in good faith generally will be binding and final on each client.

Expenses paid to third parties in connection with the acquisition or disposition of investments generally are borne by our clients. These expenses include brokerage commissions (direct or in the form of a spread), prime brokerage and other account fees, custodial expenses and bank service fees, travel and related expenses and other investment costs, fees and expenses incurred in connection with investments. See **Item 12 below**.

*The foregoing list is not intended to be exhaustive or complete with respect to any Fund and is qualified in its entirety by the applicable governing and offering documents of each Fund.*

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

### PERFORMANCE-BASED FEES

As noted under Item 5 above, we generally are entitled to receive performance-based compensation (in the form of carried interest distributions, incentive allocations, incentive distributions or other promote interests) from the Institutional Funds and SPVs in connection with the advisory and other services provided to clients. The carried interest distribution or incentive allocation 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 or allocated or distributed to us is and will be separate and distinct from any management or asset-based fees and other fees or expenses charged by or payable to us. 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 other client(s) absent any disclosure to the contrary or consent.

Carried interest distributions, incentive allocations, incentive distributions and other performance-based fees or compensation could motivate us 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 or incentive allocation with respect to a client generally entitles us or an affiliate to a percentage of the net profits of the client; however, we are not 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 and incentive allocations through (i) the requirement that invested capital, a preferred return or hurdle and expenses be returned to investors before we are entitled to receive any performance-based compensation; (ii) the requirement that we have a capital commitment to the applicable client; (iii) clawback obligations upon liquidation of the client or as otherwise provided in the governing documents of the client, as applicable, and/or (iv) high water mark limitations.

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. We prohibit the allocation of investment opportunities based solely on anticipated compensation or profits to us.

The method of calculating the carried interest results 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 are compensated to some extent based upon investment profits for which they are responsible and, accordingly, face the same potential conflicts described above. Also, certain Co-Investment Vehicles established for the benefit of our employees and affiliates 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 our pooled investment vehicles, and certain joint ventures and other entities including, without limitation, the Funds. We may, in our sole discretion, elect to provide investment advisory and other 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.

Interests in the Funds are privately offered only to eligible investors pursuant to exemptions under the Securities Act of 1933, as amended, and the regulations promulgated thereunder (including Rule 506 of Regulation D under the Securities Act of 1933, as amended). Such Funds are not registered with the SEC as investment companies based on one or more specific exclusions from the definition of an “investment company” under the Company Act or exemptions thereunder.

Investors in the Institutional Funds generally are required to certify that they are, among other things, (i) “accredited investors,” as such term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended and/or (ii) “qualified purchasers” as such term is defined in Section 2(a)(51) of the Company Act (or knowledgeable employees).

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

### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

#### Value Add Funds

Our value-add 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. The value-add Funds may also acquire debt investments for the purpose of ultimately acquiring fee simple interests in the underlying real estate. The value-add 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.

The primary objective is to increase the value of multifamily properties and assets through strategic and operational enhancements. Each value-add 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 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 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 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 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 with physical or operational deficiencies that Greystar could improve.

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 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 value-add 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, development and redevelopment.

Our stable presence in over 50 markets provides each 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.

#### **Core-Plus Fund**

Our primary investment objective with respect to the core-plus Fund is to protect equity and limit downside risk while assembling a portfolio of appropriately priced, institutional quality multifamily real estate and real estate-related cash flowing urban assets within the “Core-Plus” investment space in the United States, as further described in the offering and governing documents of the core-plus Fund. To achieve our investment objective, in accordance with the applicable investment guidelines of the core-plus Fund, we attempt to implement a core investment strategy that prudently utilizes leverage, with a primary focus on the distribution of cash flow from property operations to the Fund and its investors.

In attempting to construct a portfolio capable of producing long-term sustained rent and net operating income growth, strong cash flow, and capital appreciation, we will (among other things):

- seek out property owners motivated to sell quality assets at prices expected to provide the core-plus fund with the desired rate of return, with quantifiable downside risk;
- seek to acquire assets at attractive pricing that will benefit from optimization of operations and minor capital improvements;
- invest in major U.S. metropolitan areas that afford long term sustainable job growth, and avoid investments in markets where employment is prone to excessive volatility because of cyclical and other short-term influences; and
- select asset locations using proprietary research and market rankings and superior local market knowledge gained by the first-hand experience of us and our strategic partners.

In addition to individual asset acquisitions, the Fund may also invest in portfolio acquisitions if they are compelling and fit within the Fund’s stated strategy.

Any liquid assets held by the Fund from time to time pending investment and funds reserved for the payment of fund expenses may be invested in temporary investments.

“Core Plus” multifamily investment opportunities typically consist of institutional quality multifamily assets, as more fully defined and described in the offering and governing documents of the core-plus Fund.

#### **Student Housing Fund**

Our primary investment objective with respect to a Fund pursuing our student housing strategy is to protect equity and minimize downside risk while assembling an acquisition and development portfolio of “purpose-built” student housing assets that exhibit long-lasting sustainability and durability, while providing stable, recurring income and moderate capital growth over time, as further described in the offering and governing documents of the student housing Funds. To achieve our investment objective, in accordance with the applicable investment guidelines of the student housing Fund, we attempt to implement a “core plus” investment strategy that seeks to acquire and develop

high quality student housing properties that we believe will exhibit attractive long-term growth potential with relatively lower risk and that employs accretive leverage, with a primary focus on the distribution of cash flow from property operations to the Fund and its investors.

In attempting to construct a student housing portfolio capable of producing stable and recurring income and net operating income growth, strong cash flow, and capital appreciation, we will (among other things):

- seek out student housing owners motivated to sell quality assets at prices expected to provide them with the desired rate of return, with quantifiable downside risk;
- seek to acquire student housing assets at attractive pricing that will benefit from optimization of operations and minor capital improvements;
- seek to develop high-quality, “purpose-built” student housing assets and further grow relationships with universities that fit into the investment criteria;
- seek to acquire student housing assets located pedestrian (*i.e.*, within walking distance) to each market’s university campus;
- invest in U.S. university markets with top ranking Division I universities as ranked by U.S. news, “Power 5” & Ivy League schools, evidence of attractive returns on investment for students’ education, and attractive “purpose-built” bed to enrollment ratios; and
- select student housing asset locations using proprietary research and market rankings and superior local market knowledge gained by the first-hand experience of us and our strategic partners.

In addition to individual asset acquisitions, the Fund may also invest in portfolio acquisitions if they are compelling and fit within their stated strategy.

Any liquid assets held by the Fund from time to time pending investment and funds reserved for the payment of Fund expenses may be invested in temporary investments.

As described above, the student housing Funds generally target “Core Plus” student housing investment opportunities, consisting of “purpose-built” student housing assets that exhibit long-lasting sustainability and durability, as more fully defined and described in the offering and governing documents of the student housing Fund.

### **Credit Funds**

The primary investment objective of our credit Funds is to generate attractive risk-adjusted returns through investments primarily in (i) securitized products comprised of pools of multifamily mortgages originated through various Freddie Mac loan programs or, in certain cases, other financial intermediaries and (ii) non-securitized products sold by Freddie Mac or other financial intermediaries in the form of mezzanine, junior or subordinated notes, or pari-passu mortgages (“Target Credit Investments”), subject to the specific terms, conditions, guidelines and limitations set forth in the governing documents of the credit Funds.

The Funds may purchase interests in loans, debt securities or other debt investments, in each case, that are Target Credit Investments, including purchases from sellers that have closed and funded the investments prior to the time of the Fund’s purchase.

Unless any required investor consents are obtained, the Funds will not commit to purchase an investment if GIG, any affiliate of GIG, any GIG Affiliated Entities, or affiliate of the Funds has participated or will participate, directly or indirectly, in structuring or negotiating material terms of such investment.

Unless otherwise approved by the investor limited partner, the Funds may only make Target Credit Investments and temporary investments in accordance with the investment guidelines and limitations set forth as an exhibit to the governing documents of the Funds.

### **SPVs**

We provide non-discretionary and other investment management services with respect to SPVs that invest indirectly in multi-family real estate, industrial or other properties and/or a small amount of bonds, mortgage-backed



securities and/or other securities or assets. 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 multifamily 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. Industrial or other property SPVs invest primarily in industrial or other 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. 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, we form, sponsor and/or manage Co-Investment Vehicles that pool funds of related persons, affiliates and/or third parties to co-invest (directly or indirectly) as limited partners or equity owners in GIG Affiliated Entities and/or 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% to 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 certain of our related persons, affiliates and/or third parties may participate (directly or indirectly) in entities sponsored and/or operated by GIG Affiliated Entities. The applicable Co-Investment Vehicle may share in certain fees and carried interest received by GIG or its affiliates.

\* \* \* \*

*The investment strategies summarized above are not intended to be comprehensive or complete. For detailed information regarding the investment strategies and investment objectives of each Fund, please refer to the applicable governing and/or offering documents. The foregoing summaries are qualified in their entirety by the disclosures set forth in the applicable governing and/or offering documents.*

#### **CERTAIN RISK FACTORS**

##### 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.

##### Finding suitable investment opportunities.

Our success as a whole depends on the identification and availability of suitable investments. The process of identifying and purchasing real estate investments is highly competitive and involves a high degree of uncertainty. We will be competing for investment opportunities with many other real estate investment investors, including individuals, other real estate funds, financial institutions (such as mortgage banks, pension funds, and real estate investment trusts), and other institutional investors. Over the past several years, an increasing number of real estate funds have been formed for the purpose of investing in real estate assets. Other funds with similar investment objectives will be formed in the future by other unrelated parties, many of which have greater resources and a greater need to quickly deploy capital. Thus, the availability of investments will be subject to market conditions and other factors outside of our control.

Economic and regulatory changes that impact the real estate market generally may cause client operating results to suffer and 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 property managers (including our affiliates) 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. Changes to the global capital market 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, any of which would 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.

Competition in the multifamily market may adversely affect a Fund's operations and the rental demand for a Fund's multifamily communities.

There are numerous housing alternatives that compete in attracting residents within the multifamily communities in which our clients invest. These include other multifamily communities, condominiums and single-family homes that are available for rent in the markets in which our client's multifamily communities are located. If the demand for our client's multifamily communities declines or if competitors develop and/or acquire competing multifamily communities, rental rates will likely drop, which may have a material adverse effect on the financial condition and results of our clients. We also face competition from other REITs, businesses and other entities in the acquisition, development and operation of multifamily communities. This competition may result in an increase in costs and prices of multifamily communities that our clients acquire and/or develop.

Brexit Risks.

On 23 June 2016, the United Kingdom held a referendum on its membership in the European Union and voted to leave ("Brexit"). After a number of iterations, the European Commission and the United Kingdom's negotiators reached agreement on the terms of the UK's withdrawal from the EU, and these terms were approved by the UK and EU Parliaments. The UK formally left the EU on 31 January 2020 at 11.00 pm after which the UK entered the transition period specified in the withdrawal agreement. This transition period ended on 31 December 2020.

As a consequence of leaving the EU, the UK is no longer part of the EU customs union and single market and so does not enjoy the same free market access that it possessed before 31 December 2020 in respect of goods and services. The UK and the EU did, however, agree a free trade and cooperation agreement in principle on 24 December 2020 (the "Agreement"), which came into force on 1 January 2021, and which will govern the post-Brexit trading relationship between the UK and the EU. Despite the completion of the Agreement, which is concerned predominately with the import and export of goods between the UK and the EU, the position in terms of financial services is still subject to further discussion and negotiation. As such, there can be no assurance that laws or regulations that become applicable to the investment fund industry in the United Kingdom as a result of continued negotiations between the UK and the EU in this area will not have an adverse impact on the Institutional Funds, the SPVs, the Co-Investment Vehicles and their respective existing and future investments, including the ability of the Funds to achieve their investment objective. There can also be no assurance that the legal and

regulatory developments stemming from Brexit will not significantly hinder the ability of investment funds to operate within the UK and / or the EU and will not negatively affect the ability of the Funds to raise capital and otherwise achieve their investment objectives. The legal, political and economic effects of the UK's exit from the EU may also adversely affect both EU and UK-based businesses and real estate assets. These effects may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States. This would likely have a pronounced impact on the Funds, particularly those exposed to the UK and EU, and could adversely affect their profitability, impede the ability of the underlying investments to perform under or refinance their existing obligations, and impair the Funds' ability to make payment obligations or realize expected returns and may have an adverse impact on the business and operations of the Funds.

#### Properties with Limited Operating History.

Newly-developed or newly-renovated properties do not have the operating history that allows us to make objective pricing decisions in acquisitions. The purchase prices of these properties are oftentimes based upon projections by us as to the expected operating results of such properties, subjecting us to risks that such properties may not achieve anticipated operating results or may not achieve these results within anticipated time frames.

#### Integration of operations following the acquisition of large portfolios or existing operating companies.

An acquisition of an existing portfolio of assets or operating company will require us to devote significant management attention and resources to integrating the business practices and operations of the acquired portfolio or company. Potential difficulties we may encounter in the integration process may include: (i) the inability to successfully combine the businesses in a manner that permits us to achieve the cost savings anticipated to result from the combination of the portfolio or company with a Fund, which would result in the anticipated benefits not being realized in the anticipated timeframe or at all; (ii) the complexities associated with managing the combined businesses out of several different locations and integrating personnel; (iii) the failure to retain key employees of the companies; (iv) potential unknown liabilities and unforeseen increased expenses; (v) delays or regulatory conditions associated with the acquisition of the portfolio or company and performance shortfalls as a result of the diversion of management's attention caused by completing the acquisition of the portfolio or company and integrating the operations with a Fund. It is possible that the integration process could result in the distraction of management, the disruption of its ongoing business or inconsistencies in its services, standards, controls, procedures and policies, any of which would adversely affect our operations, performance and financial results of a Fund.

#### 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 or other exogenous factors discussed below. If vacancies continue for a long period of time, clients will suffer reduced revenues resulting in less cash available to distribute to investors. 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 novel coronavirus or a 2008 global financial markets like crisis) could suffer, which would further reduce client or investor returns.

#### Reliance on Property Management.

We are in part dependent upon the property managers we engage, including our affiliated property management business which also provides services to third parties. These property managers may not have sufficient resources to provide adequate services. The failure to provide adequate service would adversely affect our operations, performance and financial results.

#### Lease terminations or tenant defaults could reduce client income and limit a Fund's ability to make distributions.

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. Depending on the overall performance of the economy, such situations may be more or less 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, and hence their investors, would suffer a loss.

In addition, if a tenant defaults or goes bankrupt, we will 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 or not renewed, we may be unable to lease the property for the rent previously received or sell the property without incurring a loss. These events would limit a Fund's ability to make distributions and 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, climate change, 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. For example, mortgage lenders often insist that commercial property owners purchase coverage against terrorism as a condition to providing mortgage loans. This may become the practice for any of these types of risks. Such insurance policies may not be available at reasonable cost, if at all, which would 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 would suffer reduced earnings that would result in lower Fund distributions.

Investments are subject to risks from natural disasters, such as earthquakes and severe weather.

Natural disasters and severe weather, such as earthquakes, tornadoes or hurricanes may result in significant damage to client investments. The extent of the casualty losses and loss in operating income of any client in connection with such events will be a function of the severity of the event and the total amount of exposure in the affected area. To the extent client investments are geographically concentrated, a single catastrophe (such as an earthquake) or destructive weather event (such as a hurricane) affecting a region may have a significant negative effect on such client's financial condition and our business operations. Inclement weather also could increase the need for maintenance and repair of client investments, which would decrease operating income to be distributed from such investments and decrease overall returns to clients and their investors. Uninsured losses relating to real property or excessively expensive premiums for insurance coverage could reduce a Fund's income and the return on an investor's investment.

Climate change may adversely affect our business.

Concern has been expressed among members of the scientific community, lawmakers and the general public that an increase in global temperatures have or will result in significant changes in weather patterns and increase the frequency and severity of natural disasters or climate stress events (*i.e.*, climate change). Climate change creates potential physical and financial risk.

To the extent that climate change does occur, countries where our clients invest may experience an increase in sea level, changes in weather conditions and/or the occurrence of one or more extreme weather events or natural disasters, such as hurricanes, heavy rains, tropical and non-tropical storms, excessive heat, extreme cold waves, fires, floods and earthquakes (whether or not caused by climate change), all of which may result in physical damage to or a decrease in demand for the multifamily communities located in these areas or affected by these conditions. Climate change-driven events could result in, among other things: (i) significant expenses to restore and

remediate multifamily communities; (ii) increases in fuel (or other energy) prices or a fuel shortage; and (iii) a rise in the cost of insurance if such events result in substantial loss of property or other insurable damage. Should the impact of climate change be material in nature or occur for lengthy periods of time, the financial condition of our clients and/or the results of our operations would likely be adversely affected.

In addition, changes in government legislation and regulation concerning climate change could result in increased capital expenditures to improve the energy efficiency and other aspects of the multifamily communities in which our clients invest. For example, various U.S. federal, regional and state laws and regulations have been implemented or are under consideration to mitigate the effects of climate change caused by greenhouse gas emissions. Among other things, “green” building codes may seek to reduce emissions through the imposition of standards for design, construction materials, water and energy usage and efficiency and waste management. The imposition of such requirements in the future could increase the costs of maintaining or improving the multifamily communities in which our clients invest.

Operating results are directly related to 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 will 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 would 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.

In addition, when residents do not renew their leases or otherwise vacate their space, in order to attract replacement residents, or to attract new residents, we may be required to make expenditures for capital improvements to the vacated residential units. Also, substantial funds may be required to renovate an apartment community in order to sell it, upgrade it or reposition it in the market.

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

Turmoil in the capital markets may constrain 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 may negatively impact real estate fundamentals. Risks of defaults on loans and foreclosures on mortgages may increase. Financial market and economic conditions have deteriorated in the past and may deteriorate in the future and, in the event of such deterioration, we cannot foresee when these conditions will stabilize or improve.

Disruptions in the financial markets, including capital 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, we will have more options to capture the appreciation in the value of client investments. Conversely, a lack of liquidity will cause us to have fewer exit opportunities, resulting in decreased or delayed returns to client and their investors.

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 make distributions to investors and could decrease the value of client investments.

Changes in law or regulations applicable to private investment funds may increase expenses or otherwise impact operations.

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 private investment 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, any 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. 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 the past, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies led to increased 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.

There is 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 material changes in the economic environment, including a slow-down in economic growth and/or increases 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 a credit crisis (both in the U.S. and

globally). The rate of future investment by real estate investment funds may slow if the pricing of new transactions adjusts to reflect any future economic uncertainty. Holding periods will also be longer if the rate of realization slows as a result of deterioration in market conditions for investment realizations. Any such uncertainty or material changes may also negatively affect the profitability achieved on realizations of client investments. The impact of a credit crisis may also negatively affect the profitability achieved on realizations of client investments.

Direction of real estate market is unknown.

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 continue at current levels, 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 exclusively depend on market-driven capital appreciation, the investment strategy for certain assets may rely, in part, upon local market developments. No assurance can be given that any such markets will recover or provide anticipated economic rent growth because this will depend, in part, upon events and factors outside our control.

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 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 reduce client income and cash available for distribution.

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, hinders our ability to sell, rent or pledge client investments as collateral for future borrowings. Any material expenditures, fines, or damages that clients must pay will reduce a Fund's ability to make distributions and 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 will 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, which would adversely affect a fund's ability to make distributions.

*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 would adversely affect client performance and a Fund's ability to make distributions.

Military action and future possible terrorist attacks could adversely affect client performance.

The military actions around the globe by the U.S. military and others ; 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 military, economic and political responses to terrorism all may have material consequences on the U.S. and global economies. 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 our 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.

Subject to any limitations under the governing documents of a Fund, 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, then returns (and the amount available for distributions to investors) will be reduced or delayed. 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 investment, 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



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 guarantees except to the extent such loss results from us or our affiliates having committed bad acts.

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, if a client does not generate sufficient cash flow from operations, 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 Fund's ability to pay cash distributions may be limited, and a client or investor could lose its entire investment.

Mortgage financing may be unavailable or available on unfavorable terms, which would 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. This, in turn, would reduce cash available for distributions to investors. 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.

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 limit the Fund's flexibility and its ability to achieve its investment objectives.

In order to obtain financing, a Fund may be required to make "Bad Boy" Guarantees.

Generally, commercial real estate financings are structured as non-recourse to the borrower, which limits a lender's recourse to the property pledged as collateral for the loan, and not the other assets of the borrower or to any parent

of borrower, in the event of a loan default. However, lenders customarily will require that a creditworthy parent entity enter into so-called “recourse carveout” guarantees to protect the lender against certain bad-faith or other intentional acts of the borrower in violation of the loan documents. A “bad boy” guarantee typically provides that the lender can recover losses from the guarantors for certain bad acts, such as fraud or intentional misrepresentation, intentional waste, willful misconduct, criminal acts, misappropriation of funds, voluntary incurrence of prohibited debt and environmental losses sustained by lender. In addition, “bad boy” guarantees typically provide that the loan will be a full personal recourse obligation of the guarantor, for certain actions, such as prohibited transfers of the collateral or changes of control and voluntary bankruptcy of the borrower. It is expected that the financing arrangements with respect to a Fund’s investments generally will require “bad boy” guarantees from such Fund and in the event that such a guarantee is called, such Fund’s assets could be adversely affected. Moreover, a Fund’s “bad boy” guarantees could apply to actions of the joint venture partners associated with such Fund’s investments. While we expect to negotiate indemnities from such joint venture partners to protect against such risks, there remains the possibility that the acts of such joint venture partner would result in liability to a Fund under such guarantees. The Fund may provide “bad boy” guarantees on behalf of a parallel fund, intermediate entity, alternative investment vehicle or co investment vehicle. The Fund may in certain circumstances, but is not, and shall not, be required to, receive a fee or other consideration for providing guarantees for the benefit of a parallel fund, intermediate entity, alternative investment vehicle or co investment vehicle.

Increases in interest rates could increase the amount of future debt payments and reduce a client’s income and a Fund’s ability to make distributions.

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 and a Fund’s ability to pay distributions.

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 (but generally are not required to) 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. As a result, any hedging activity may reduce cash available for distribution to investors. The failure to engage in hedging transactions would leave clients exposed to losses resulting from increases in applicable interest rates.

Inability to Sell Property.

The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. We cannot predict whether we will be able to sell any property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser will be acceptable to us. We cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. We may be required to expend funds to correct defects

or to make improvements before a property can be sold, which will reduce the proceeds from such investment. We cannot assure you that we will have funds available to correct such defects or to make such improvements, which could result in the inability to dispose of assets at optimal times or at all.

There are situations in which our interests or the interests of 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, or may continue to: (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 mitigate situations involving conflicts of interest between ourselves and our clients, there may be situations in which the interests of a client will 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, certain conflicts of interest between us and our clients will arise. See **Items 10, 11 and 12** below for certain disclosures related to actual and potential conflicts of interest.

There may be conflicts of interest with respect to our service providers.

We and our affiliates may from time to time engage, or cause a Fund, client or certain subsidiaries or properties of a Fund or client to engage, service providers and joint venture partners in connection with the operations of such Fund or client or one of its investments or subsidiaries. Such service providers and joint venture partners may be: (i) service providers or joint venture partners to other Funds, clients, GIG, GREP and their respective affiliates or properties or subsidiaries owned by such other Funds, clients or affiliates; (ii) affiliates or related persons of GIG, GREP or their respective affiliates; or (iii) sources of investment opportunities. These factors may influence us or our affiliates in determining whether or not to select any particular service provider or joint venture partner for a Fund or client or for properties, subsidiaries or investments of such Fund or client. See **Item 11** for additional conflicts of interest disclosures related to affiliated service providers.

Risks Related to Modern Living Solutions (“MLS”) affiliate Clients may purchase certain fixture and lavatory or complete room solutions (“Living Solutions” or “Products/Solutions”) from MLS, a wholly owned affiliate of the Adviser. These products can potentially be used in any or all of the buildings owned by Greystar or an affiliate advised investment fund and/or managed by Greystar or one of its affiliates. Innovations in the market may impact the quality of products or the costs of manufacturing, and we will have a conflict when choosing between products offered by MLS and those offered by third parties. MLS’s ability to provide products is also expected to be subject to substantial operational risks, such as underestimated capital costs and marketing projections, unanticipated operating and maintenance expenses, loss of government subsidies or an inability to deliver cost-effective products. If a Fund is dependent on MLS and MLS is not able to adequately provide its products the Fund would face potential delays completing and leasing units that would otherwise be generating revenue which in turn would impair investor returns.

Reliance on third parties may result in unanticipated delays, expenses and losses.

We rely on third-party consultants, advisors and service providers. If those third parties do not timely provide their services to us or our clients, there is a risk that our clients could suffer unanticipated delays, expenses and losses. There is also a risk that individuals employed by third-party service providers may engage in the fraudulent misappropriation of assets or other misconduct that adversely affects our business or reputation. It is not always possible to detect or deter such misconduct, and precautions taken to detect and prevent this activity may not be effective in all cases.

In certain circumstances, service providers or their affiliates may charge different rates or have different arrangements for services provided to us, the general partner of a Fund or their affiliates as compared to service provided to advisory clients and their investments, which may result in more favorable rates or arrangements than those payable by the advisory clients or portfolio investments.

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, including making up for any shortfall in the event a co-venturer defaults on its funding obligations. 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 Related to RE Technology Investments

Certain of the Funds currently, or may, in the future, participate in "RE Tech Investments" which include interests in, or the right to receive distributions from, companies ("RE Tech Companies") that produce products or provide services that can potentially be used in the buildings owned the Funds and/or managed by us or one of our affiliates. Some RE Tech Companies have narrow product lines and small market shares, which tend to render them more vulnerable to competitors' actions and market conditions, as well as to general economic downturns. The revenues, income (or losses), and valuations of RE Tech Companies can and often do fluctuate suddenly and dramatically. Our investments in RE Tech Companies are expected to be subject to substantial operational risks, such as underestimated capital cost and marketing projections, unanticipated operating and maintenance expenses, potential loss of government subsidies, an inability to deliver cost-effective products and services, increased regulatory scrutiny, potential litigation, changing technology, shifting user needs and frequent introductions of new products and services. In addition, technology-related markets are generally characterized by intense competition, where the leading companies in any particular category may hold a highly concentrated percentage of the overall market share. Therefore, our RE Tech Investments may face considerably more risk of loss than do investments in companies in other industry sectors. Because of rapid technological change, the selling prices of products and services provided by RE Tech Companies have historically decreased over their productive lives. These companies also face potential claims under both US and non-US laws for defamation, invasion of privacy and other tort claims, unlawful activity, copyright, trademark and patent infringement, or other theories based on the nature and content of their products and services. As a result, the selling prices of products and services offered by RE Tech Companies may decrease over time, which could adversely affect their operating results and the value of their equity. This could, in turn, adversely affect the value of our investments in RE Tech Companies. See **Items 10 and 11** below for certain disclosures related to actual or potential conflicts of interest related to RE Tech Investments, including RE Tech Investments in which we, or our affiliates, and/or employees participate as investors with or without the Funds.

#### Bond Investment Risks.

To the extent that we engage in transactions in individual debt instruments, we will be subject to the risk of issuer default. We may invest in bonds that are highly rated and/or have insurance features in order to minimize this risk. However, certain bonds with high coupons may have early redemption features and, to the extent that they get called away prior to maturity, our clients will be deprived of the benefits thereof. In addition, the market value of debt instruments is a function of current interest rates and maturity.

#### 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.

If we invest in loans secured directly or indirectly by real estate, we will face risks with respect to such Investments that are typical of real estate related loans.

If we invest in loans secured directly or indirectly by real estate, we will face risks with respect to such investments that are typical of real estate related loans, including, without limitation, (i) fluctuation in interest rates, (ii) fluctuation in the value of the underlying real estate that serves as collateral for any such loan, (iii) failure by a borrower to repay loans or interest on loans, and (iv) changes in tax, financing, environmental and other laws affecting real estate.

#### Interest Rate Risks.

We make investments in bonds, term loans and other debt securities, which results in client exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect the value of assets held by our clients. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond our control. Generally, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income instruments tends to decrease. Conversely, as interest rates fall, the market value of fixed income instruments tends to increase. This risk will typically be greater for long-term debt than for short-term debt. Furthermore, our clients could experience a loss as a result of its exposure to a higher interest rate environment (interest rate risk) and the possibility that at the end of a mortgage term the borrower would be unable to renew the maturing debt either with us or a new lender (renewal risk). With the uncertain world economic times, there is heightened risk that not only will existing maturing mortgages be subject to increased interest rates, but the distinct possibility also exists that maturing mortgages will not be renewed or, if they are renewed, they will be renewed at significantly higher loan-to-value ratios.

#### Credit Ratings.

Credit ratings of debt securities are not a guarantee of quality. A credit rating represents only the applicable rating agency's opinion regarding credit quality based on the rating agency's evaluation of the safety of the principal and interest payments. In determining a credit rating, rating agencies do not evaluate the risks of fluctuations in market value. As a result, a credit rating may not fully reflect the risks inherent in the relevant security. Rating agencies may fail to make timely changes to credit ratings in response to subsequent events. In addition, to the extent that a rating agency rates a security at the request of an issuer, the rating agency has a conflict of interest in providing such rating.

#### 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 Relating to CMBS.

The portfolios of our clients or their subsidiaries or investments may include commercial mortgage-backed securities, which are securities backed by obligations (including certificates of participation in obligations) that are principally secured by interests in real property having a commercial use, such as multifamily, regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, nursing homes and senior living centers. Commercial mortgage-backed securities ("CMBS") are issued in public and private transactions by a variety of public and private issuers using a variety of structures, including senior and subordinated classes. CMBS generally lack standardized terms, tend to have shorter maturities than residential mortgage-backed securities and may provide for the repayment of all or substantially all of the principal only at maturity. All of these factors increase the risk involved with commercial real estate lending. Commercial properties tend to be unique and are more difficult to value than single-family residential properties. Commercial lending is generally viewed as exposing a lender to a greater risk of loss than residential one-to-four family lending since it typically involves larger loans to a single borrower than residential one-to-four family lending.

Commercial mortgage lenders typically look to the debt service coverage ratio of a mortgage secured by income-producing property as an important measure of the risk of default on a mortgage. Commercial property values and net operating income are subject to volatility, and net operating income may be sufficient or insufficient to cover debt service on the related mortgage at any given time. The repayment of mortgages secured by income-producing properties is typically dependent upon the successful operation of the related real estate project as well as upon the liquidation value of the underlying real estate. The value of commercial real estate is also subject to a number of laws and regulations, such as regulations and laws regarding environmental clean-up and limitations on remedies imposed by bankruptcy laws and state laws regarding foreclosures and rights of redemption.

Most CMBS are effectively non-recourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgages, payments on the subordinated classes of the related mortgage-backed securities ("MBS") are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed-in-lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third-party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related MBS. Revenues from the assets underlying such MBS may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court-appointed receiver to control collateral cash flow.

A CMBS may pay fixed or floating rates of interest. A fixed-rate CMBS, like all fixed income securities, generally declines in value as rates rise. Moreover, although generally the value of fixed income securities increases during periods of falling interest rates, the inverse relationship may not be as marked in the case of CMBS due to the increased likelihood of prepayments during periods of falling interest rates. This effect is mitigated to some degree for CMBS providing for a period during which no prepayments may be made.

Certain CMBS lack regular amortization of principal, resulting in a single "balloon" payment due at maturity. If the underlying mortgage borrower experiences business problems, or other factors limit refinancing alternatives, such balloon payment mortgages are likely to experience payment delays or even default.

#### Debt and Fixed Income Investments.

We may invest in debt securities and other fixed income financial instruments. The value of debt securities and other fixed income financial instruments will change as the general levels of volatility and interest rates fluctuate. When interest rates decline, the value of debt securities and other fixed income financial instruments can be

expected to rise. Conversely, when interest rates rise, the value of such financial instruments can be expected to decline. To the extent that interest rates move in a direction contrary to the direction anticipated by us, our overall investment performance will be affected. The market value of debt securities and fixed income financial instruments also varies according to the relative financial condition of the issuer. Investments in lower rated or unrated debt securities and other fixed income financial instruments, while generally providing greater opportunity for gain and income than investments in higher rated financial instruments, usually entail greater risk (including the possibility of default or bankruptcy of the issuers of such financial instruments).

#### Risks Associated with the ownership of multifamily residential real estate.

We invest in multifamily residential investments, the performance of which is subject to many of the risks associated with owning and operating other types of real estate. In addition, competition in the residential real estate marketplace is strong, and there are numerous housing alternatives that compete with multifamily properties attracting residents. A large number of factors may adversely affect the value and successful operation of a multifamily property, including: physical attributes of the apartment building; location of the property; the types of services or amenities that the property provides; the property's reputation; the level of mortgage interest rates, which may encourage tenants to purchase rather than lease housing; presence of competing properties; the tenant mix, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or personnel from a local military base; governmental programs that provide rent subsidies to tenants pursuant to tenant voucher programs, which vouchers may be used at other properties and influence tenant mobility; and adverse local or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels. If the demand for multifamily properties is reduced, or if competitors develop and/or acquire competing properties on a more cost-effective basis, income generated from client investments and the underlying value of such investments may be adversely affected.

In addition, the relationship of an owner and its tenants is regulated by applicable national law. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees, and notification to residents of changed land use, while prohibiting unreasonable rules, retaliatory evictions, and restrictions on a resident's choice of unit vendors. For example, there may be provisions that limit the bases on which a landlord may terminate a tenancy or increase its rent or prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner's building. In addition to state regulation of the landlord-tenant relationship, numerous towns and municipalities impose rent control on apartment buildings. These ordinances may limit rent increases to fixed percentages, to percentages of increases in the consumer price index, to increases set or approved by a governmental agency, or to increases determined through mediation or binding arbitration.

#### General Risks of Collegiate Housing Industry.

The performance of the student housing funds depends on our ability to generate cash revenues in excess of expenses, scheduled debt service obligations and capital expenditure requirements. Events, circumstances and conditions generally applicable to owners and operators of real property that are beyond our control may decrease the value of properties owned by the student housing funds and the performance of such funds. Certain events applicable to the student housing funds include: local oversupply of collegiate housing units, increased competition or reduction in demand for collegiate housing, changing student demographics at universities, decreases in student enrollment at particular universities and colleges, and changes in university policies related to admissions.

#### Leasing Risks Applicable to Collegiate Housing Industry.

With respect to the student housing funds, leases are predominantly entered into with students with relatively minimal income and/or credit history. To mitigate credit and default risk associated with this demographic, Greystar requires parent a parent or legal guardian to guarantee lease payments.

Additionally, student properties generally sign 11.5-month leases at off-campus properties and 9- or 10-month leases at on-campus properties with start dates that align with the commencement of an academic year. The concentration of lease start and end dates, combined with a 70% turnover ratio, on average, exposes clients to elevated leasing risk relative to conventional multifamily. We may not be able to re-lease properties on similar terms, if we are able to re-lease our properties at all. The terms of renewal or re-lease (including the cost of required

renovations) may be less favorable to clients than the prior lease. If we are unable to re-lease all or a substantial portion of a client's properties, or if the rental rates upon such re-leasing are significantly lower than expected rates, cash flows from operations and our ability to service indebtedness could be adversely affected.

In addition, student housing funds are subject to increased leasing risk at newly acquired or developed properties in markets where Greystar does not have previous ownership / management experience and is thus less familiar with the markets' leasing cycles. Collegiate housing communities are typically leased during a leasing season that begins in October and ends in August of the following year. We are therefore highly dependent on the effectiveness of our marketing and leasing efforts and personnel during this season. Prior to the commencement of each new lease period, mostly during the first two weeks of August (*i.e.*, "turn"), we prepare the units for new incoming residents. Other than revenue generated by in-place leases for returning residents, clients do not generally recognize lease revenue during the turn period as we have no leases in place. In addition, during turn, we incur significant expenses preparing units for occupancy, which clients recognize immediately. The turn period results in seasonality in operating results during the second and third quarter of each year. As a result, clients may likely experience significantly reduced cash flows during the summer months, particularly at properties leased for terms shorter than 12 months.

In addition, students leasing under 11.5 month leases may be more likely to default on their rental payments during the summer months. Although we typically require a student's parents to guarantee the student's lease, we may have to spend considerable effort and expense in pursuing payment upon a defaulted lease, and our efforts may not be successful.

#### Relationships with Universities and Changes to University Policies, Personnel and/or Reputation.

In some cases, we rely on our relationships with universities for referrals of prospective residents or for mailing lists of prospective residents and their parents. The failure to maintain good relationships with personnel at these universities could therefore have a material adverse effect on certain of our clients. If universities refuse to make their lists of prospective student-residents and their parents available to us or increase the costs of these lists, the increased costs or failure to obtain such lists could also have a material adverse effect on our applicable clients.

In addition, clients may be adversely affected by a change in university admission policies. For example, if a university reduces the number of student admissions, the demand for properties may be reduced and occupancy rates may decline. In addition, universities may institute a policy that a certain class of students, such as freshmen, must live in a university-owned facility, which would also reduce the demand for off-campus properties. While we will engage in marketing efforts to compensate for such policy changes, we may not be able to implement such marketing efforts prior to the commencement of the annual lease-up period.

It is also important that the universities from which communities draw residents maintain good reputations and are able to attract the desired number of incoming students. Any degradation in a university's reputation or financial stability could inhibit its ability to attract students and reduce the demand for communities.

#### Competition from University-Owned Collegiate Housing and from Other Private Collegiate Housing Communities.

Many incoming students (*i.e.*, freshmen) prefer on-campus housing to off-campus housing because of the closer physical proximity to campus and the integration of on-campus facilities into the academic community. Universities can generally avoid real estate taxes and borrow funds at lower interest rates, while we and other private-sector operators pay full real estate tax rates and incur higher borrowing costs. Consequently, universities can typically offer more convenient and/or less expensive collegiate housing than we can, which can adversely affect occupancy and rental rates at off-campus properties.

We also compete with other national, regional and local owner-operators of off-campus collegiate housing in a number of markets. There are a number of purpose-built collegiate housing properties that compete directly with us located near or in the same general vicinity of many collegiate housing communities. Such competing collegiate housing communities may be newer than our collegiate housing communities, be located closer to campus, charge less rent, possess more attractive amenities, or offer more services, shorter lease terms or more flexible leases. The construction of competing properties or decreases in rents in competing properties could adversely affect a client's rental income.



We believe that a number of other large national real estate developers may be potential entrants in the collegiate housing business. The entry of one or more of these companies into the collegiate housing market could increase competition for residents and for the acquisition, development and management of other collegiate housing communities.

#### Cybersecurity.

We, our clients and our respective service providers depend on various IT systems, technology, data, and communication systems to conduct business and perform our day-to-day operations. Some of our systems, technology and data, are increasingly developed, hosted, managed, maintained, and/or protected by service providers, such as SaaS and other cloud-based technologies. We are also exploring and in many cases implementing new technologies, such as connected devices (aka “IoT”), mobile devices (e.g., smartphones), and technologies incorporating artificial intelligence. With the evolving technologies we are adopting, we are also collecting more sensitive, competitive, and personal information.

Such systems, technologies and data are subject to a number of different risks that might adversely affect their security, confidentiality, integrity or availability, notwithstanding the efforts taken to mitigate these risks, such as the adoption of technologies, controls, processes, and practices intended to address these risks. For example, we, our clients and our respective service providers are subject to risks associated with unauthorized third parties or insiders attempting to access, compromise, disrupt, modify, or destroy our systems, technologies or data. Our, or our clients’ and our service providers’ systems, technologies and data may also be subject to damage, compromise, loss, or interruption from computer malware, system and telecommunication failures, user errors, power outages and catastrophic events such as pandemics, fires, tornadoes, floods, hurricanes and earthquakes. Further, third parties may attempt to induce employees, including those of our other clients and service providers, to disclose or compromise our data, including data in order to gain access to our data or that of separate clients or fund investors.

Moreover, while we conduct reviews or assess the security posture of service providers, within market and other limitations, we cannot always verify or confirm the reliability of, or risk associated with our service providers. And, our service providers may themselves rely on service providers with or without our knowledge and without means for us to assess or verify their security posture and risk.

If our systems, technologies or data are subject to a compromise or incident, or if our efforts to secure the security, confidentiality, integrity or availability of our systems, technologies, or data are otherwise circumvented or defeated, such event could result in the loss, theft, or modification of our or our client’s data, funds, or other sensitive, financial, or personal information. Any such event could cause us or our clients to incur substantial costs and incur other consequences, such as exposing one or more of our clients or us to civil, legal or regulatory investigation, claims, actions or liability, and clients may be required to indemnify us against any losses incurred in connection therewith. Any of the described events could interfere with our ability to conduct business, including for a significant period of time and causing us and/or our clients to have to make a significant investment to mitigate the effects of the event. Also, an event could harm our or our clients’ reputations. Further, a data breach involving personal information will likely, in addition to the consequences noted above, require us and our clients to incur costs associated with conducting a forensic investigation, retaining legal counsel, informing regulators and individuals affected by the incident, implementing temporary and long term mitigation measures, retaining a public relations firm, providing credit monitoring to affected individuals, and increasing and upgrading controls and technology.

#### Valuation Risks.

The open-end nature of our open-end Funds, including the provisions relating to the admission of new investors and redemption of units, presents certain unique risks that generally are not applicable with respect to closed-end funds. The valuation for calculating net asset value and the net asset value per unit, including in connection with redemption amounts payable to redeeming investors and the number of units issued with respect to capital contributions, is based upon the net asset value of each open-end fund, as applicable. The management fees and incentive allocations payable to us with respect to each open-end fund are also determined and calculated based upon its net asset values.

Each open-end fund’s net asset value is determined by the general partner as of the last day of the most recently completed fiscal quarter (and at such other times determined by the general partner) based upon appraised values

of properties and assets in accordance with our valuation policy and appraisal procedures and the valuation provisions set forth in the applicable governing documents. An appraisal or a valuation is only an estimate of value and is not a precise measure of realizable value, however, and the ultimate realization of the market value of a real estate asset depends to a great extent on the economic, market and other conditions applicable at the time of such realization, many of which are beyond our control. Appraisals are likely to be less reliable during periods of significantly reduced transaction volume than during periods of higher transaction volume. Further, appraised or otherwise determined values do not necessarily represent the price at which a real estate investment would sell since market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. If an open-end fund were to liquidate a particular real estate investment, the realized value may be more than or less than the appraised value or valuation of such asset. Accordingly, such appraised values may not accurately reflect the actual market values of the properties, and, thus, investors may make decisions as to whether to invest in or redeem units or make additional investments in an open-end fund without complete and accurate valuation information. Prospective investors should be aware that the net asset value is only a proxy for the actual value of units. Appraised values that are higher than realizable values could result in (i) greater management fees and incentive allocations than otherwise would be payable if realizable values were able to be used for the calculation of such distributions and (ii) redemptions and purchases of units at values that exceed the actual market value thereof. Appraised values that are less than realizable values could result in the dilution of value attributable to existing limited partners as new limited partners acquire units at prices that are less than the actual market value thereof. In addition, the aggregate amount of liabilities reflected in net asset value will be adjusted for the difference in interest rates between the face rate of such indebtedness and the current market interest rates for similar loans.

#### Investment Company Act Considerations.

It is intended that certain of the Funds will rely on exemptions or exclusions from the registration requirements of, or the definition of “investment company” under, the Company Act, other than or in addition to Section 3(c)(1) or Section 3(c)(7) thereof. These are expected to include, among others, the exclusions from the definition of “investment company” set forth in Sections 3(c)(5)(C) and Section 3(c)(6) of the Company Act. For example, to qualify for the exclusion set forth in 3(c)(5)(C) of the Company Act, the Funds (on a Fund by Fund basis) generally will be required to hold at least (i) 55% of their assets in “qualifying” real estate assets and (ii) at least another 25% of assets (subject to reduction to the extent the Fund invests more than 55% of its total assets in qualifying real estate assets) must be comprised of “real estate-related assets” (and no more than 20% comprised of miscellaneous assets). As a consequence of the Funds seeking to comply with such tests on an ongoing basis, the Funds may be restricted (or we may be incentivized to restrict the Funds) from making certain investments or may be required to structure investments in a manner that would be less advantageous to the Funds than would be the case in the absence of such requirements. In addition, seeking to be in compliance with such tests may cause the Funds to dispose or not dispose of investments at different times than they would otherwise, which could result in lower proceeds to the Funds than it would have received if it were not seeking to comply with such requirements. Certain of the Funds may also operate such that they do not fall within the definition of an “investment company” under Section 3(a)(1) of the Company Act.

#### Tax Law Developments.

On December 22, 2017, the President signed into law comprehensive tax legislation commonly known as the Tax Cuts and Jobs Act (the “TCJA”). The TCJA makes many changes to the U.S. federal income tax laws that significantly impact the taxation of individuals, corporations, and other taxpayers. These changes are generally effective for taxable years beginning after December 31, 2017. However, a number of changes that reduce the tax rates applicable to non-corporate taxpayers (including a new 20% deduction for certain qualified business income), and also limit the ability of such taxpayers to claim certain deductions, will expire for taxable years beginning after 2025 unless Congress acts to reinstate them.

These changes will affect the taxation of investors in various ways, some of which are adverse relative to prior law. To date, the IRS has issued only limited guidance with respect to certain provisions of the new law. There are numerous interpretive issues and ambiguities that will require guidance and that are not clearly addressed in the Conference Report that accompanied the TCJA. Technical corrections legislation will likely be needed to clarify certain of the new provisions and give proper effect to Congressional intent. There can be no assurance, however,

that technical clarifications or other legislative changes that may be needed to prevent unintended or unforeseen tax consequences will be enacted by Congress anytime soon.

Presentation of Performance.

For most clients, especially those that are pooled investment vehicles, net performance is calculated on an aggregate basis after taking into account all fees and expenses actually borne by investors in the client as a group but does not take into account any taxes borne or deemed to be borne by investors (such as taxes applicable to an investor because of its domicile). With respect to any particular investment vehicle, differences in timing of an investor's investment to the vehicle and the economic and other terms applicable to certain investors therein may increase or decrease the net performance information realized by such investors and, accordingly, the actual net performance information of a particular investor may differ from the net performance information disclosed to such investors.

The Funds' investments are subject to risks from the effects of epidemics, pandemics, and other human health crises.

A global pandemic, an epidemic affecting a geographic region where the underlying properties of the Funds' Investments are concentrated, and other large-scale human health crises would result in significant disruptions to the development or operations of the Funds' Investments. The extent of development and other operational delays, increased costs (including potential financing penalties as a result of delays), and losses in operating income in connection with such events will be a function of the severity of the event, the nature and scope of governmental responses to such event, the impact of the event on the workforce relied upon by a Fund and its Investments, and the total amount of exposure in the affected area. To the extent the underlying properties of a Fund's Investments are geographically concentrated, a regional epidemic particularly affecting this geographic region would adversely affect the Fund's financial condition and business operations. Further, to the extent the Fund's Investments are specifically affected by or exposed to (or perceived to be affected by or exposed to) the occurrence of a contagious disease or illness, this would adversely impact lease renewal rates for the affected underlying properties of the Fund's Investments. Although it is expected that the Funds and the Fund Vehicles and Direct Real Estate Vehicles in which they invest will maintain customary business interruption insurance to cover income losses as a result of unanticipated business disruptions, such policies may exclude disruptions as a result of contagious diseases or other health crises. In addition, pandemics, epidemics and other human health crises could have negative impacts on the Funds' Investments outside of the areas directly affected. To the extent that a disruptive health event adversely impacts travel and personnel movement, workforce availability and efficiency, and global manufacturing and supply chains for components and systems integrated into the operations of the Funds' Investments, such an event could have a significant adverse effect on the underlying properties of the Funds' Investments in jurisdictions not otherwise directly affected. Any decrease in operating income reduces amounts available to be distributed from such Investments and decreases overall returns to Limited Partners.

For example, the novel coronavirus (COVID-19), which first surfaced in Wuhan, China in 2019, has developed into a global pandemic and a significant global public health crisis. Due to the spread of COVID-19, there has been a substantial curtailment of both international and domestic travel as well as the imposition of broad restrictions on ordinary course business operations across numerous affected jurisdictions. As a result of responsive and preventative measures undertaken by governments around the world, including travel restrictions, national and regional quarantines, shelter-in-place orders and lockdowns, restrictions on group assembly, business suspensions (including, in some cases, restrictions on construction) and other emergency public safety measures, the underlying properties of the Funds' Investments located in affected areas, have been, and continue to be, impacted by the following: delays, prolonged development periods, administrative disruptions, lower lease-up rates and increased costs and expenses. Responsive measures continue and may increase in severity depending on a variety of uncertain factors. Many of these adverse impacts were exacerbated by deterioration and volatility in the global business and economic environment. In addition, the COVID-19 pandemic is continuing to cause significant disruptions to travel, workplace operations and global supply chains as affected jurisdictions ease and remove responsive measures on different timeframes.

The extent to which the Funds' results continue to be affected by the COVID-19 pandemic will largely depend on future developments regarding the severity, scope and duration of the pandemic and its broader effect on the global

economy. These factors remain highly uncertain and cannot be accurately predicted. Although we now have experience adjusting to COVID-19, the full impact of the COVID-19 pandemic on the Fund's Investments cannot currently be determined.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE OR COMPREHENSIVE DESCRIPTION OF ALL OF THE RISKS THAT MAY BE 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

### OTHER ACTIVITIES OF OUR PRINCIPALS AND AFFILIATES

We and our affiliates, related persons and supervised persons engage (or may 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 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 (or engage in personal trading), 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.

Greystar also engages in altruistic and other charitable endeavors that are generally separate from its investment advisory affiliates' activities. These charitable endeavors may relate broadly to real estate and the real estate development industry (for example supporting hospitals and children's rehabilitative camps) however, they are mainly focused on financial support. With respect to student housing, Greystar may also elect to subsidize housing costs for certain disadvantaged or other students seeking to reside in properties that are also assets of a client fund.

#### Strategic Partnerships

Greystar has made a strategic minority investment in Thackeray Partners .

#### Licensing, Intellectual Property and Branding.

We provide certain marketing and branding services at the property level. These services include the use of our licensed material and other intellectual property created by us or others and used under license to us. Services will generally be charged at the property level however they will accrue to the Funds as expenses and will eventually be borne by investors. These services include but are not limited to the following: branding strategy, consumer insights and market positioning research, brand creation, evolution, and management (portfolio and asset), marketing playbook development and oversight, name brand position, color palette, design, and help ensuring messaging is consistent, create branded marketing items including marketing collateral, signage, website, floorplans, photography, periodic brand refreshes and maintenance, creation and execution of property marketing strategy, plans and budget, paid media (such as PPC, SEO, etc.), creative content, and digital development for marketing execution, portfolio marketing audits and performance reporting and property on-boarding, lifecycle, and off-boarding management. Some of these services will be provided to certain existing Funds' assets at no additional cost while other Funds will contract for these services as an additional expense. Modern Living Solutions products.

Greystar's affiliate, Modern Living Solutions ("MLS"), develops and manufactures certain fixture and lavatory and complete room solutions ("Living Solutions" or "Products/Solutions"). MLS has received, and may in the future receive industrial grants, tax credits or other incentives for engaging in this business. Greystar may also seek to provide these solutions to other developers and will compete against other vendors in this industry. The Products/Solutions are intended by Greystar to be used, in whole or in part, in, or in relation to, some or all: (i) properties (collectively "Greystar Properties") owned, or investigated for potential ownership, by any of the existing and future real estate funds, joint ventures, separate accounts and other investment vehicles managed by Greystar, including the Fund (collectively, the "Greystar RE Funds"); (ii) properties managed by Greystar but not owned by Greystar RE Funds; and (iii) of the Greystar RE Funds in connection with Greystar's related management activities.

The financial interest of the Greystar Principals in MLS raises a number of potential conflicts of interest for the Greystar Principals as between their duties to the Greystar RE Funds (e.g., in their role as Fund Manager or with GIG)

on the one hand, and the roles of the Greystar Principals in their activities in furtherance of MLS. For example: The Greystar Principals may be incentivized to cause the Greystar RE Funds to initially acquire or utilize, and continue to utilize, the MLS products/solutions where those products/solutions: (i) are not useful or necessary for the Greystar Properties, or post-deployment at Greystar Properties become obsolete; (ii) are faulty or are discovered post-deployment at Greystar Properties to have become faulty; and (iii) are initially, or post-deployment become, available from better qualified providers or at prices that are lower than those being charged by MLS. There is no assurance that any or all of the products/solutions will ultimately be accretive to the value of the related Greystar Properties or to the investments of the Greystar RE Funds therein. In addition, the Greystar Principals may be incentivized to cause the Greystar RE Funds to enter into agreements with MLS for the supply of products which do not reflect arms-length terms with respect to pricing and other matters.

Greystar will determine the circumstances in which, in accordance with the Greystar RE Fund documentation, the consent of Greystar RE Fund investors or their respective LPACs will be sought in respect of the use of MLS products or solutions in, or in relation to, such Greystar RE Fund and/or its Greystar Properties.

#### Alliance Residential Property Management ("Alliance")

Greystar acquired the third party property management business of Alliance Residential Property Management, an unrelated property manager that may also offer property management services on terms that are different from Greystar

#### Financial Lines Program Placement

Greystar and its affiliates procure customary executive risk insurance (e.g., global directors and officers, professional indemnity, and crime) coverage on behalf of the Funds and pass expenses thereof to the Funds based on internal allocation decisions and the applicable governing documents of the Funds.

#### U.S. Construction and Builders Risk Placement

Greystar and its affiliates procure customary construction and development insurance (e.g., builders' risk and liability insurance) on behalf of our assets under development, including assets owned by Funds. The costs of such insurance for Fund assets are generally Fund expenses. Under certain scenarios, Greystar and its affiliates will share in the commissions received by our third-party insurance broker or structure our insurance programs to be loss-sensitive with an opportunity to receive a return premium at the end of a term. Greystar and its affiliates have in the past retained, and will continue to retain, for our own account these commission sharing and return premium amounts as earned revenue. As a result, while the insurance costs are generally borne by the Funds, Greystar and its affiliates have in the past received, and will from time to time continue to receive, a financial benefit on the placement of such insurance, and that financial benefit is not shared with our Funds.

#### U.S. Workers Compensation Program

Greystar and its affiliates procure and manage/self-insure a U.S. workers compensation program on behalf of our employees, and certain of the costs of coverage and risk are passed back at the property level, thereby accruing to the Funds as expenses and eventually being borne by investors. For instance, under the property management agreements applicable to many Fund properties, charges for workers' compensation benefits for property management personnel employed by the Greystar-affiliated property manager are charged back to the Fund or its applicable subsidiary, as property owner. Greystar retains any earned revenue on this program. Further, under certain scenarios, Greystar and its affiliates will share in the commissions received by our third-party insurance broker or structure our insurance programs to be loss-sensitive with an opportunity to receive a return premium at the end of a term. Greystar and its affiliates have in the past retained, and will continue to retain, for our own account these commission sharing and return premium amounts as earned revenue. As a result, while the costs of coverage for certain employees are borne by the Funds, Greystar and its affiliates have in the past received, and will from time to time continue to receive, a financial benefit related to such insurance, and that financial benefit is not shared with our Funds.

#### U.S. Health Insurance Program

Greystar and its affiliates procure, manage and/or self-insure a health insurance program on behalf of our employees, and certain of the costs of coverage and risk are passed back at the property level, thereby accruing to the Funds as expenses and eventually being borne by investors. For instance, under the property management agreements applicable to many Fund properties, charges for health insurance benefits for property management personnel employed by the Greystar-affiliated property manager are charged back to the Fund or its applicable subsidiary, as property owner. Greystar retains any earned revenue on this program. Further, under certain scenarios, Greystar and its affiliates will share in the commissions received by our third-party insurance broker or structure our insurance programs to be loss-sensitive with an opportunity to receive a return premium at the end of a term. Greystar and its affiliates have in the past retained, and will continue to retain, for our own account these commission sharing and return premium amounts as earned revenue. As a result, while the costs of coverage for certain employees are borne by the Funds, Greystar and its affiliates have in the past received, and will from time to time continue to receive, a financial benefit related to such insurance, and that financial benefit is not shared with our Funds.

#### Master Insurance Program

GREP sponsors a master insurance program (the “MIP”) that facilitates the consolidation of property and general liability insurance risk among multiple properties and thereby increases coverage limits and controls costs. All coverage in the MIP is placed by a third-party broker. GREP or its affiliates receive an administrative risk management fee (the “risk management fee”) from the third party broker (the full amount of which is reimbursed to the broker by the Funds) for the servicing, administration, data management and sponsorship of the MIP. The ability of GREP or its affiliates to receive the risk management fee (which is an amount in addition to the related insurance premiums and third party insurance brokerage commission charged to the Funds) is disclosed as part of the property management agreement, the form of which is generally attached to the organizational documents of the Funds or otherwise approved by the applicable investors or Advisory Committee. The amount of the risk management fee charged to each Fund that participates in the MIP is equal to up to 10% of the insurance premiums paid by each particular Fund. The amount of the insurance premiums charged to each Fund is the result of negotiations between GREP or its affiliates and the third-party broker and is based on customary factors such as risk exposure and claims history attributable to the related properties. Under certain scenarios, GREP will share in the commissions received by its third-party insurance broker or structure its insurance programs to be loss-sensitive with an opportunity to receive a return premium at the end of a term. GREP has in the past and may retain for its account these amounts as earned revenue.

Deductibles for the general liability and property coverage provided by the third-party insurance carriers that are part of the MIP are paid into a reserve by the participating Funds (in respect of the properties they own) in an aggregate amount that is based on the “expected” deductible losses in a given policy year. This calculation is performed at the end of each calendar year using a third-party actuarial model to determine the amount of reserve required for each then upcoming policy year. GREP allocates these deductible premium charges to each property that is part of the MIP (the “deductible premium charges”) based on each property’s risk exposure and prior loss experience. To the extent that the deductible premium charges associated with the deductible liability are in excess of losses actually paid from the reserve of deductible premium charges collected, GREP has in the past, and may in the future retain for its own account the excess amounts as earned revenue. GREP and its affiliates deem contributions by the Funds to the deductible reserve to be nonrefundable. In the event that deductible premium charges in any given year are insufficient to cover required deductible payments, GREP, not the related property or Fund, is responsible for the funding the shortfall.

While there are a number of potential benefits to the various Funds and their related properties to participating in the MIP (e.g., a “blanket” limit of property insurance as opposed to insuring each property individually which could result in an uninsured loss in the event of a stated valuation that is not sufficient to cover a total loss, enjoying economies of scale savings that could not be achieved when insuring on a one-off basis, and flexibility for adding and deleting properties or operations to the master policy), the financial interest of GREP and its affiliates in servicing, administering, managing and sponsoring the MIP raises a number of potential conflicts of interest and risks. For example, GREP and its affiliates may be incentivized: (i) to allocate insurance premiums and deductible



premiums in a manner that disproportionately favors the economic interests of the principals of GREP and its affiliates (e.g., allocating lesser charges to the Funds in which such principals have higher investment balances); (ii) in an effort to retain higher amounts of the unused deductible pool, refrain from submitting legitimate loss/damage claims on behalf of insured properties; and/or include insurers in the MIP that require higher deductibles than would otherwise be the case; (iii) to focus primarily or significantly on the inclusion of insurers in the program that pay them higher risk management fees, rather than on the quality of the insurer or its services, or whether the financial and other attributes of the insurer's products are the most beneficial to the Fund (as opposed to other available choices); and (iv) include Funds in the MIP that derive no significant benefit from their participation, but are included in order to increase the dollar amount of the contributions to the reserve of deductible premium charges, and thereby benefit the other participating Funds (and the interests of GREP or its affiliates therein). In addition, because the amount of the deductible premium charges paid into the reserve by each Fund is essentially based on a prediction of potential losses, and because those amounts are non-refundable if not used, it is possible that, in any given year, a participating Fund could realize few benefits from its participation in the deductible payments reserve, and the amounts it contributes could, in whole or in part: (i) be used to support the losses incurred at properties owned by other Funds, or (ii) to the extent such amounts are unused in the MIP, be paid to and retained as revenue by GREP or its affiliates.

#### **CFTC REGISTRATION EXEMPTIONS**

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

#### **E.U. ALTERNATIVE INVESTMENT FUND MANAGER**

Greystar Europe Investment Management B.V. ("GEIM"), our affiliate that is also a wholly-owned subsidiary of GREP, is authorized with the Dutch Authority for the Financial Markets (the "AFM") as an alternative investment fund manager (*beheerder van beleggingsinstellingen*, "AIFM") under the AIFM Directive as implemented in the Netherlands. GEIM acts as the AIFM of one Dutch AIF that invests in real estate.

#### **INSURANCE AFFILIATE**

Greystar Insurance Agency Inc. is an affiliated property and casualty insurance agency licensed in the state of Texas. At present, Greystar Insurance Agency Inc. conducts limited to no activities.

CAS Insurance LLC ("CAS Insurance"), an affiliated renters insurance agency, is licensed in multiple states in the United States. CAS Insurance runs two renter's insurance programs, which are offered at properties managed by GIG Affiliated Entities. In the first program, CAS Insurance receives a fixed-percentage commission for each policy sold to renters at a property. Properties owned by the Funds receive a credit annually for the prior year's commission received by CAS Insurance for the policies attributable to renters at that property. In the second program, CAS Insurance receives a fixed commission and a profit-share of revenues after expenses, including losses paid out, and broker commissions are deducted. It is anticipated that the properties owned by the Fund will be transitioned into the second program going forward. In the event that an asset owned by a Fund is placed in the second program, the property owned by the Fund will receive a credit annually for the prior year's commission and profit share paid to CAS Insurance in respect of the policies sold to residents of that property. See "Transactions Involving Conflicts of Interest" in **Item 11** below for related conflicts of interest disclosures.

#### **REAL ESTATE BUSINESS AND OTHER ACTIVITIES**

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

## **AFFILIATED GENERAL PARTNERS AND MANAGEMENT COMPANIES**

Certain of our affiliates serve as special purpose general partners, managing members and investment managers with respect to the Funds. With respect to each of the applicable Funds, we or a relying adviser have been appointed, engaged and retained as investment adviser to provide investment advisory, management, administrative and other services with respect to such Fund. These affiliated entities generally rely on our investment adviser registration instead of separately registering as investment advisers with the SEC under the Advisers Act, to the extent applicable.

## **SERVICE PROVIDERS, OUTSOURCING AND DEAL "SOURCERS"**

***In General.*** Certain advisors, joint venture partners and service providers, or their respective affiliates (including accountants, appraisers, valuation experts, tax advisors, fund administrators, lenders, servicers, asset managers, bankers, brokers or other deal "sourcers", attorneys, real estate professionals, consultants, custodians and investment or commercial banking firms and certain other advisors and agents), to or of any client or any of its direct or indirect investments, or to us or our affiliates, may also provide goods or services to or have business, personal, political, financial or other relationships with us or our affiliates, employees or investments (or other advisory or non-advisory clients of us or our affiliates). Such advisors and service providers may be: (i) investors in our affiliated entities; (ii) affiliates of ours; (iii) sources of investment opportunities; (iv) co-investors or counterparties; or (v) entities in which the Funds, and/or we or our employees or principals have an investment, and payments by the Funds' investments and/or such real estate investments or subsidiaries may indirectly benefit us and/or such other Greystar entities and personnel. These relationships and the potential of leveraging the capabilities of our personnel through the use of service providers (such as, for example, deal "sourcers" and operating or development partners who, in each case may be exclusive to us) may influence us in deciding whether to select such a provider to perform services for the Funds or a Fund's investments or with respect to a real estate investment or property or subsidiary (the cost of which will generally be borne directly or indirectly by the Funds, the Funds' investments or such real estate property or subsidiary, as applicable).

Notwithstanding the foregoing, investment transactions for a Fund and other clients that require the use of a service provider will generally be allocated to service providers based on merit, the evaluation of which includes or may include, among other considerations or factors, such service provider's provision of certain investment-related services and research that we believe to be of benefit to our clients and business in general. In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to us or our affiliates or another client as compared to services provided to a Fund and its investments, which may result in more favorable rates or arrangements than those payable by a Fund or such underlying investments.

***Outsourcing.*** Services required by a Fund or a Fund's investments (including some services historically provided by us or our affiliates) may for certain reasons, including efficiency considerations, be outsourced in whole or in part to third parties in connection with the operation of a particular Fund, and we may have an incentive to outsource such services at the expense of the Funds in order to leverage the use of our employees. Such outsourced services may include, without limitation, deal sourcing, asset or property management, servicing arrangements, information technology, licensed software, data processing, trading, settlement, client relations, administration, custodial, accounting, legal and tax support and other services. Outsourcing may not occur uniformly for all Funds and, accordingly, certain costs may be incurred by a Fund through the use of third-party service providers that are not incurred for comparable services used by other Funds. The decision by us to initially perform particular services in house for a Fund or such investments will not preclude a later decision to outsource such services, or any additional services, in whole or in part to third parties. Subject to a particular Fund's documentation, the costs, fees or expenses of any such third-party service providers to the Fund will be treated as operating expenses borne by that Fund.

In a recent example of outsourcing of services, in December, 2019, we and certain of our affiliates agreed with an internationally-known accounting firm with which we and the Funds have often worked in the past (the "Tax Advisor") that, subject to certain exceptions, the Tax Advisor would be the exclusive provider of, or be provided with the right of first offer to provide, U.S. tax compliance and U.S. tax consulting services (the "Tax Advisory Services") for the Funds (the "Tax Advisory Agreement"). Prior to the Tax Advisory Agreement, certain of the Tax Advisory Services were performed by the Tax Advisor, and certain others were performed by other external advisors and our internal tax staff (the "Greystar Tax Staff"). Concurrently with the Tax Advisory Agreement, it was also agreed that

the Greystar Tax Staff, other than several individuals who hold executive supervisory roles in our Tax department, would become employees of the Tax Advisor, and, in such capacities, some or all of whom participate in the provision of Tax Advisory Services to the Funds under the Tax Advisory Agreement.

***Outsourcing of Administration and Valuation Support.*** As noted above, we engage one or more fund administrators or valuation agents or appraisers to perform certain functions in relation to certain of the Funds, including but not limited to, coordination of the Funds' legal entity management function, execution and recordkeeping associated with applicable tax elections and filings, support for our valuation process and support of certain investor correspondence, investor data management and reporting requests as well as data collection required for various regulatory reporting with which a particular Fund is obligated to comply. Certain employees of such fund administrators may dedicate substantially all or a material portion of their time to the Funds and spend all or a significant majority of their business time at our offices. In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to us or our affiliates as compared to services provided to the Funds and their real estate properties and investments, which may result in more favorable rates or arrangements than those payable by the Funds or such real estate properties and investments. Moreover, we or the Funds may not be in a position to verify the risks or reliability of such third-party service providers. The Funds may suffer adverse consequences from actions, errors or a failure to act by such third parties, and could have obligations, including indemnity obligations, and limited recourse against them.

***Outsourcing and RE Tech Companies.*** Certain of our affiliates and employees (including Mr. Faith) (the "Greystar Principals") have direct or indirect ownership interests in certain "RE Tech Companies" that currently, or may in the future, provide services to Funds' investments and/or other Greystar entities.<sup>1</sup> It is expected that, in the future, the Greystar Principals with or without the participation of Greystar sponsored Funds (collectively, the "Greystar Investors"), will make "RE Tech Investments" consisting of the acquisition, directly or indirectly, of controlling or non-controlling interests in additional RE Tech Companies that produce technology-based products or provide technology-based services (the "RE Tech Products/Services"). The RE Tech Products/Services are intended by us to be used, in whole or in part, in, or in relation to, some or all: (i) properties (collectively "Greystar Properties") owned, or investigated for potential ownership, by any of the existing and future Funds, joint ventures, separate accounts and other investment vehicles managed by us; and (ii) properties managed by us but not owned by Funds. The various rights acquired by the Greystar Investors in RE Tech Companies will vary between RE Tech Investments and may include, among other things, rights to appoint one or more RE Tech Company directors, and corporate governance rights (such as supermajority voting provisions and/or veto rights) with respect to certain RE Tech Company actions. As is the case with one of the current minority RE Tech Investments held by the Greystar Principals, it is also possible that no governance or voting rights will be attached to the investment. The cost of the RE Tech Products/Services will generally be borne directly or indirectly by the Funds, the related Greystar Properties and/or the tenants, and the investors in the Funds will not receive the benefit of fees, expenses, costs or other compensation paid by the Funds, the related Fund investments and/or the tenants to the RE Tech Companies and directly or indirectly received by the Greystar Investors by virtue of their investments therein.

The financial interest of the Greystar Principals in the RE Tech Companies raises a number of potential conflicts of interest for the Greystar Principals as between their duties to the Funds on the one hand, and their pecuniary interest in the RE Tech Companies. For example:

- The Greystar Principals are incentivized to cause the Funds to initially acquire or utilize, and continue to utilize, the Tech Products/Services provided by the RE Tech Companies where those Tech Products/Services: (i) are not useful or necessary for the Funds' properties, or post-deployment become obsolete; (ii) are faulty or are discovered post-deployment to have become faulty; and (iii) are initially, or post-deployment become, available from better qualified service providers or at prices that are lower than

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<sup>1</sup> The current RE Tech Investments include: Airbnb, Inc., a global online lodging internet marketplace, Alfred Club, Inc. (Hello Alfred), a residential hospitality service and Leonardo 247, Inc., which provides on-site performance management software. The Tech Products and Services provided by the foregoing companies are in use at one or more properties owned by the Funds.

those being charged by the RE Tech Companies. There is no assurance that any or all of the Tech Products/Services will ultimately be accretive to the value of the related Funds' properties or to the investments of the Funds therein.

- The Greystar Principals are incentivized to cause the Funds to enter into agreements with vendors for the supply of Tech Products/Services which do not reflect arms-length terms with respect to pricing and other matters.
- The Greystar Principals are incentivized to determine to allocate particular investments in RE Tech Companies to the Greystar Investors to the exclusion of the Funds even though one or more of such Funds may be legally permitted and financially able to participate in those investments.

## **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 disclose brokerage accounts, 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, certain conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of gifts and the reporting of certain gifts and business entertainment items. 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.

We have developed and integrated into our investment process a set of responsible investment guidelines that consider the environmental, social and governance implications of our investment activities.

### **ADVISORY COMMITTEE**

A limited partner advisory committee ("Advisory Committee") has been and/or 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 or required to, among other things, review, resolve and/or consent to or approve certain transactions or matters involving actual or potential conflicts of interest or consider or approve such other matters or transactions in accordance with the applicable governing documents. In particular, an Advisory Committee of a Fund generally may give any approval or consent of the "client" required under the Advisers Act, including Sections 205(a) and 206(3) thereof. We may also disclose or otherwise present our proposed course of action with respect to any actual or potential conflicts of interest to the Advisory Committee or otherwise disclose information relating to perceived conflicts of interest to the Advisory Committee.

We prepare materials, disclosures, memos and/or presentations for an Advisory Committee with respect to any matters or transactions requiring their review, disclosure, consent or approval and Advisory Committee consents or approvals 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, we generally may not: (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, on the one hand, and a client, on the other hand, unless, in each case, such transaction or acquisition has been approved or consented to 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 or an independent third party). As disclosed herein, one or more of our affiliates have been and may be engaged and retained to perform various services (e.g., insurance, property management, construction and development, as described above in **Item 10**) to or on behalf of the Funds and the properties directly or indirectly owned by such Funds. We have an incentive to treat our affiliates differently or more favorably than we otherwise would treat a third party (for example, we may be incentivized to retain, and have retained, an affiliated service provider over an unaffiliated service provider for a client or the underlying property, notwithstanding that the unaffiliated service provider may be or was less expensive

or that the quality of the services provided by the unaffiliated service provider did or will differ). Further, in cases where we provide such services to both clients (i.e., the Institutional Funds) and third parties, under certain circumstances, we charge higher rates to clients. Any such engagements and the terms thereof (including the compensation and fees payable to such affiliate) are specifically authorized and approved in advance pursuant to the terms of the applicable governing documents.

In addition, we and our affiliates, related persons and supervised persons have a financial interest in certain Funds, as investors, or indirectly, as owners of GIG and/or its affiliates. As a result of these interests, an incentive exists to favor such Funds. For example, an incentive exists to allocate limited investment opportunities to or recommend investment in such Funds. We have written policies and procedures to ensure that the allocation of investment opportunities is fair, as more fully described under **Item 11** below.

#### **PRINCIPAL AND CROSS TRANSACTIONS**

To the extent permitted by applicable law, we, acting on behalf of one or more client accounts, may enter into transactions in securities, financial instruments, properties and other assets with ourselves or our affiliates, and may cause client accounts to engage in principal and cross transactions. We may face conflicts of interest that could influence our decision to engage in such transactions for client accounts. Principal transactions may occur if we, on behalf of our client accounts, engage in a transaction in securities or other investments with ourselves acting as principal. We may earn compensation and/or make profits in connection with these transactions. Cross transactions may occur if we cause a client account to buy securities or other investments from, or sell securities or other investments to, another client account or the account of one of our affiliates. We may have conflicting loyalties and responsibilities to the parties in such transactions. We will review each of the foregoing transactions and take such steps as we deem necessary or appropriate under the circumstances (in accordance with applicable law) to ensure that the terms of transactions are fair and reasonable, including, without limitation, seeking the approval of the client or the applicable Advisory Committee, a majority in interest of the investors or an independent third party with respect to such principal and/or cross transaction.

#### **CO-INVESTMENT OPPORTUNITIES**

Subject to the terms and conditions set forth in the applicable governing documents, we are permitted to offer co-investment opportunities to certain investors and/or other persons (including strategic partners) in our sole discretion and may allocate any such opportunities in our sole discretion. Notwithstanding the foregoing, with respect to certain of the Funds, we generally are required to give all or certain of the investors in such Fund the first opportunity to elect to acquire any co-investment opportunity identified by us with respect to such Fund (prior to offering such co-investment opportunity to any third parties). For example, with respect to certain of the funds, we have agreed to offer co-investment opportunities identified with respect to such funds to those limited partners having specified minimum capital commitments or meeting other criteria prior to offering such opportunity to any other limited partners or third parties.

In making any such allocation decisions, subject to the applicable governing documents, we generally will be entitled to consider any interests and factors as we desire, including placing our own interests ahead of the interests of any other person. The allocation of co-investment opportunities will in many or all cases involve a benefit to us including, without limitation, the receipt of fees or allocation of carried interest from the co-investment opportunity, and capital commitments to clients. We may or may not charge management fees and/or carried interest in respect of co-investments, as we determine in our discretion (subject to the applicable governing documents). The criteria that we or our affiliates may consider in assessing potential co-investment opportunities include, among others, the following: (i) whether a potential co-investor expressed an interest in evaluating co-investment opportunities; (ii) the potential co-investor's current relationship with Greystar, including historical investment activity in Funds or clients, the existence of accounts or vehicles formed to co-invest in investments across all or a portion of the Funds or Greystar vehicles or accounts (whether or not formed in connection with the admission of an investor to a Fund) and the overall size of a potential co-investor's potential commitments to the Funds and other Greystar vehicles and accounts; (iii) the timing of the potential co-investor's commitment to a Fund or client; (iv) the size of the potential co-investor's interest to be held in the underlying real estate investment as a result of a Fund or client's investment (which is likely to be based on the size of the potential co-investor's capital commitment and/or investment in such Fund or other client); (v) whether the potential co-investor has demonstrated a long-term and/or continuing

commitment to the potential success of Greystar, one or more of the Funds, or other funds or co-investments, (vi) the potential co-investor's ability to meet investment funding deadlines; (vii) the potential co-investment amount; (viii) the potential co-investor's ability to keep target investment information confidential; (ix) past positive or negative experiences with the potential co-investor; (x) the expected amount of negotiations required in connection with a potential co-investor's commitment; (xi) the potential for competition or other conflicts of interest with the target investment; (xii) the potential co-investor's ability to offer skill sets or relationships that are helpful to the target investment; and (xiii) a belief that co-investment opportunity may cultivate a long-term relationship with the co-investor that may be indirectly beneficial to other or future Funds or clients.

With respect to any investment in which co-investors directly or indirectly co-invest with or alongside a Fund, any investment expenses and costs related to such investment generally will be borne by the Fund and such co-investors in proportion to the capital invested by each in such investment or on such other basis deemed by us to be fair and equitable under the circumstances. Notwithstanding the foregoing, we may, subject to the terms of the applicable governing documents of a Fund, structure any co-investment opportunity such that the proposed co-investors do not or will not bear or pay any costs or expenses associated with proposed investments that are not consummated and, in such event, a Fund may be required to bear and pay all of such expenses.

Co-investments may be structured as joint ventures in which a Fund and one or more joint venture partners, including entities controlled, advised and/or managed by us, invest on a side-by-side basis in the same investment. Such joint venture partners may or may not be subject to the same terms and conditions as a Fund, including with respect to liquidity rights, buying, selling or otherwise disposing of the underlying real estate asset and participating in major decisions affecting the underlying real estate asset.

As noted above, Co-Investment Vehicles may co-invest alongside one or more other entities or persons in GIG Affiliated Entities or entities controlled by GIG Affiliated Entities.

#### **VALUATIONS**

The fair value or value of all real estate investments generally is determined on a quarterly or annual basis in accordance with our valuation policy and appraisal procedures and/or the applicable governing documents of each client. Subject to the terms and conditions set forth in the applicable governing documents, a Fund may engage or retain (or we may engage on behalf of a Fund) one or more independent valuation experts to conduct periodic appraisals of all or a portion of the assets in the Fund's portfolio.

#### **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 or who may have authority or influence over certain government 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.

#### **OTHER POTENTIAL CONFLICTS**

The legal and/or organizational or governing documents of a Fund or the agreements in respect of portfolio investments establish complex arrangements among the parties, including between investors and the Funds. Questions may arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, many of which may not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and may permit more than one reasonable interpretation. At times there may not be a provision

directly applicable to a situation. While we will construe the relevant agreements in good faith and in a manner consistent with our legal obligations, the interpretations adopted may not be, and need not be, the interpretations that are the most favorable to an advisory client or its investors.



## Item 12: Brokerage Practices

### **BROKERAGE PRACTICES**

We focus on making investments in, and providing advice with respect to, direct and indirect investments in real estate properties and assets, which typically involve privately negotiated transactions between a Fund and the sellers. As a result, except for our credit funds, our investment strategies generally do not involve securities transactions that require the use or selection of brokers or dealers and thus we do not regularly select brokers and dealers to execute transactions in securities for our clients

Notwithstanding the foregoing, we may from time to time cause a Fund or client (or a REIT or other subsidiary thereof) to acquire (and ultimately dispose of) certain types of real estate related securities including, without limitation, mortgage-backed securities, securitized products and certain real estate related bonds and notes, which involve transactions executed by brokers. For example, we may cause a REIT subsidiary of a Fund to acquire a small amount of mortgage-backed securities in order to generate “real estate” related income until such time as the actual real estate asset or property begins generating qualifying real estate income.

We have the discretion to select brokers and dealers to execute transactions in securities for certain of our clients. We are obligated by law to seek best execution of clients’ securities transactions. In furtherance of that obligation, we seek to obtain the execution of transactions for clients in such a manner that the client’s total costs or proceeds in each transaction are the most favorable under the circumstances on an overall basis (or “best execution”), taking into account such qualitative and quantitative factors affecting the execution quality of transactions that we deem to be relevant or appropriate in our discretion including, without limitation, overall price of the order, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, capabilities and financial stability of the broker, and the quality of service rendered by the broker. As a result, although we will seek competitive commissions and spreads, we may not necessarily obtain the most competitive price/commission/spread for securities transactions.

To the extent consistent with achieving best execution, we may also consider other business a particular broker or counterparty has done with us or our affiliates, such as identifying investment opportunities, performing investment banking or banking services and providing services to our affiliates and personnel. A broker providing such brokerage and research products and services will receive a commission in excess of the amount of commission another broker would have received for effecting that transaction provided we determine in our discretion that such commission was reasonable in relation to the value of the research and brokerage products and services provided by a broker. Any such research could be broadly useful and of value to us in rendering advice to all or a material portion of our clients or could be relevant and useful for the management of one or only a few client accounts, regardless of whether such account or accounts paid commissions to the broker through which the research or brokerage product or service was provided. We will only make securities transactions that we in good faith believe are in the best interest of a client. A conflict of interest exists when a broker provides such research and brokerage products and services, however, as we will have an incentive to favor such broker over others that charge lower commissions (*i.e.*, because the broker’s provisions of products and services saves us the expense of paying for same).

### **AGGREGATING TRADES**

Trades may be aggregated if aggregation is believed to benefit the applicable clients and to be consistent with our duty to seek best execution. We are not obligated to aggregate client trades and there may be reasons where aggregation is not possible or practicable. In such situations, the inability to aggregate the trade could result in an increase in transaction costs for certain advisory clients.

### **ALLOCATION OF INVESTMENT OPPORTUNITIES**

Subject to the terms, guidelines and limitations set forth in applicable governing documents, we generally allocate investment opportunities among our applicable clients on a basis that we believe to be fair and equitable under the circumstances. Most investment opportunities that satisfy the investment parameters of a particular client will be allocated to that particular client. In certain cases, however, an opportunity may be appropriate for more than one

client and our allocation policies and procedures are intended to provide general guidelines, procedures and considerations for the equitable allocation of investment opportunities between or among such applicable clients. If an investment opportunity will be allocated (which may include an allocation of 100% of such opportunity to a single client), we will, to the extent applicable, determine in good faith that the allocation is fair and reasonable taking into account the relevant facts, circumstances and considerations we deem relevant or appropriate in our discretion including, but not limited to, the following:

- Existing contractual requirements governing exclusivity or investment allocation (or applicable rights of first refusal or priority) and the parameters of the applicable governing documents,
- Availability of capital to invest in a property,
- Timing restrictions on deployment of capital,
- Each client's investment restrictions, objectives 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.

In certain situations, participation of multiple clients in a single transaction may require consent of the advisory committee of a Fund or client or investors of the participating clients. We manage and advise various client accounts that vary not only in investment strategy but also size, geographic focus, return target and asset or property type or category (among other things). Among the value add funds, the core-plus funds and the student housing funds, subject to the terms and conditions set forth in the applicable governing documents of each such Fund, (i) the current flagship value add fund generally serves as the primary acquisition vehicle for the U.S. conventional multifamily "Value-Add" strategy, as defined and described in the applicable governing documents of such Fund, (ii) the core plus funds generally serve as the primary acquisition vehicles for the U.S. "Core Plus" multifamily strategy, as defined and described in the applicable governing documents of such funds, and (iii) the student housing funds generally serve as the primary acquisition vehicles with respect to investments in student housing real estate and real-estate related assets in accordance with the investment guidelines and other provisions set forth in the governing documents of such funds. Subject to certain terms, limitations and conditions set forth in the governing documents of the credit fund, we generally are required to present all potential Target Credit Investments first to the credit fund for an exclusive review period before pursuing any such investment opportunity with sources of capital other than the credit fund; *provided, however*, the exclusivity obligations of the credit fund will not apply to potential Target Credit Investments that any of us or any other investment vehicle managed or sponsored by us owns substantially all of the assets included in the pool of underlying loans with respect to any potential Target Credit Investment of the credit fund. Other than as specifically set forth or addressed in the applicable governing documents of the Institutional Funds, as applicable, and as described below or above, we do not expect any material allocation conflicts to arise or exist between or among any of the Institutional Funds. Detailed information and disclosures regarding the investment guidelines, allocation procedures, investment limitations and restrictions and other relevant policies and procedures relating to the Institutional Funds are set forth in the applicable governing documents.

Parallel and successor Greystar-sponsored investment vehicles advised by us are subject to specialized allocation procedures set forth in the governing documents of the applicable clients. For such Greystar-sponsored parallel investment vehicles, allocation decisions generally will be made on the basis of the investment vehicles' relative commitments, subject to the applicable governing documents. We typically do not actively market successor Funds until the capital commitments of a predecessor Fund have been substantially invested, committed or reserved. In making allocations between a successor Fund and a predecessor Fund, we may take into consideration, among other things, the relative available capital, investment limitations and investment periods of the Funds. In certain instances, the Advisory Committee of a predecessor Fund may be required to approve any co-investment by a successor Fund in accordance with the terms of the applicable governing documents. Subject to the terms and conditions set forth in the applicable governing documents, we may permit one or more strategic partners to invest

in an opportunity in which one or more of our clients invests if we determine in good faith that their investment or participation would or may be beneficial in consummating the investment or otherwise.

To the extent that an investment opportunity is rejected by the investment committee with respect to a Fund, the applicable general partner or the Advisory Committee, as applicable, we and our affiliates may not be restricted from pursuing such opportunity outside of a Fund's or client's investment program. In such a circumstance, we may allocate such an opportunity to another client or Fund or account or to one or more entities established for the benefit of, or otherwise controlled by, one or more employees or executives of Greystar and/or their family members or affiliates.

We prohibit the allocation of investment opportunities based solely on anticipated compensation or profits to us, our affiliates or their professionals.

## Item 13: Review of Accounts

### REVIEWS OF ACCOUNTS

As noted above, we provide investment advisory and management 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. We engage independent public accounting firms to conduct annual audits of each of the applicable Funds in accordance with US GAAP (or IFRS in the case of certain non-US Funds).

### 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

In addition to annual audited financial statements, we typically provide periodic performance reports, estimated valuations, tax information, statements and other documents to clients and/or investors.

With respect to the closed end funds, we generally provide at least the following information and reports to investors: (i) within 45 days after the end of each fiscal quarter, unaudited financial statements, quarterly asset management reports and budget plans, schedule of certain fees and expenses charged to the funds or any subsidiaries and certain other information and reports set forth in the applicable governing documents, (ii) within 90 days of the end of each fiscal year, annual audited financial statements (prepared by an independent public accounting firm in accordance with GAAP or IFRS, in the case of certain non-US Funds), third party valuations of investments, tax information and estimates of capital calls and distributions for the remaining term (together with any other reports and information set forth in the applicable governing documents), and (iii) within at least 20 days prior to the end of each quarter, information relating to the estimated valuation of investments as of such quarter.

With respect to the open end funds, we generally provide at least the following information and reports to investors: (a) within 30 calendar days after each fiscal quarter, an asset summary report that includes the various items described in the applicable governing documents (including the net asset value as of the end of such quarter), (b) within 45 calendar days after the end of each fiscal quarter, unaudited financial statements prepared in accordance with US GAAP (or IFRS in the case of certain non-US Funds). and a narrative summary of the fund's investment results during such quarter, (c) within 30 calendar days of the end of each fiscal year, an asset summary report that includes the number of outstanding units, the number of units attributable to each limited partner and the net asset value as of the end of such fiscal year, and (d) within 75 or 90 calendar days of the end of each fiscal year (as applicable), annual audited financial statements prepared by an independent public accounting firm in accordance with US GAAP (or IFRS in the case of certain non-US Funds). Further, following delivery of such information, the general partner will hold a conference call or meeting to review the performance of the open-end funds. Each of the open end funds will make commercially reasonable efforts to deliver to each investor and, to the extent necessary, to any former investor, prior to April 15 of each year (subject to reasonable delays in the event of the late receipt of applicable information) a report setting forth in sufficient detail information which will enable the investor to prepare its U.S. federal and state tax returns in accordance with applicable laws and rules. Moreover,

each of the open-end funds will furnish to each investor quarterly information as is reasonably necessary to enable such investor to calculate its estimated income tax payments and prepare its filings.

Certain investors have the right to obtain or are otherwise provided with certain information or reports relating to a Fund or its activities or investments. Accordingly, such investors may possess information regarding the business and affairs of a Fund that may not be known or available to other investors. As a result, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

With respect to the SPVs and Co-Investment Vehicles, investors generally receive annual audited financial statements (prepared in accordance with GAAP or IFRS in the case of certain non-US Funds) 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 enter into other, agreements or arrangements with placement agents, solicitors or other third parties who refer prospective investors in the Funds 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 would be disclosed in the applicable offering and/or governing documents of the applicable Fund, we expect that any placement fees either would be paid by us or would be paid by the applicable Fund, but if paid by the applicable Fund, the management fees otherwise payable to us or our affiliates generally would be reduced by the amount of any placement fees paid by such Fund. Investors generally would not be 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.

### Item 15: Custody

We generally are deemed to have custody over our client Fund's 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 accounting firms have been engaged to conduct annual audits of the client Funds, and, to the extent required pursuant to Rule 206(4)-2, audited financial statements (prepared in accordance with GAAP or IFRS in the case of non-US Funds) are provided to investors on an annual basis. For audited financial statements prepared in accordance with IFRS, material differences with GAAP will be reconciled, with the reconciliation included in the financial statements delivered to US persons. We endeavor to provide such audited financial statements to investors within at least 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**

#### **Institutional Funds**

Subject to the terms and limitations set forth in the governing documents of each applicable Institutional Fund, we generally 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 such Institutional Fund. We select and purchase investments on behalf of each of the Institutional Funds in accordance with the terms, conditions, guidelines and limitations set forth in the applicable governing documents.

#### **SPVs**

We generally are not 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 generally 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 certain of our affiliates and/or third parties 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. We generally do not provide any ongoing investment advisory services with respect to Co-Investment Vehicles that are structured as directed feeder funds, but we may do so 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 to take our recommendations. In such event, these Co-Investment Vehicles generally are treated as our advisory clients.

### **LIMITED POWER OF ATTORNEY**

Investors in one or more of the Funds may grant a limited power of attorney to us 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**

We are not required to devote our full time to managing any single client. We conduct other businesses and provide advisory, management, development and other services to other clients and persons, including, without limitation, other affiliated investment funds and joint ventures or 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 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.