



Green Cities Investment Management

Client Brochure

March 28, 2023

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Portland, OR 97209

www.greencities.com

This Brochure provides information about the qualifications and business practice of Green Cities Investment Management, LLC,. If you have any questions about the contents of this Brochure, please contact us at 503-299-6000 or **neil.riordan@greencities.com**.

Green Cities Investment Management, LLC, , is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Our oral and written communications are intended to provide you with information, which you may use to determine to hire or retain us to provide investment advice.

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

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The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority

Item 2: Material Changes

The material changes incorporated herein since Green Cities Investment Management's last posting of this document on March 31, 2022, include the following:

- **Assets Under Management:** Assets under management are updated as of December 31, 2022. See Item 4.E on page 4.
- **Additional Relying Advisor:** Green Cities Investment Management has added an additional Relying Advisor – Green Cities Fund Management V

We will deliver an updated Firm Brochure annually to clients, together with a summary of material changes, within 120 days of the close of our fiscal year. We may provide other ongoing foreclosure information about material changes as necessary. Based on changes in our operations or new information, we will deliver a revised Firm Brochure as necessary, at any time, without charge.

You may request a copy of our Firm Brochure by contacting **Neil Riordan or Molly Bordonaro at 503-299-6000** or by e-mailing **neil.riordan@greencities.com**. This Brochure has been compiled to satisfy a regulatory requirement and is not an attempt to advertise.

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Item 4: Advisory Business

A. DESCRIPTION OF THE FIRM

Green Cities Investment Management, LLC (“we” or “us” or “our” or “**Green Cities**”) is an experienced real estate investment manager established in 2012 that provides investors with a vertically integrated real estate platform to invest in multifamily, commercial, and mixed-use real estate assets and increase investment value through accretive acquisitions, design-centered capital improvements and strong operational and asset management. The four owners and co-managing partners, Molly Bordonaro, Kelly Saito, Brent Gaulke and Patrick Wilde have driven the strategy of Green Cities since its founding and collectively represent over 80 years of dedicated investment management, deal sourcing, development, construction management, ESG, and asset and operations management experience.

In 2020, Kelly Saito, Molly Bordonaro, Brent Gaulke and Patrick Wilde through a newly created company called The Green Cities Company bought out the firm’s other owners which included the firm’s predecessor in interest, GEDI, Inc (DBA Gerding Edlen), retired partners, and one outside investor, creating greater alignment with investors and positioning the firm for future growth and success. Upon completing the buyout, the partners re-branded the company to The Green Cities Company (formerly Gerding Edlen).

We provide investment management and advisory services described more fully in Item 8 to four pooled real estate private equity funds we have sponsored and organized (each, a “**Fund**” and collectively, the “**Funds**”). We also advise and manage, on a non-discretionary basis, a real estate investment vehicle established for a separate account client that owns a single real estate asset (the “**Separate Account**”). We may in the future provide investment advisory services to other separate accounts that own single or multiple real estate assets. We are under common control with, and oversee the operations of, (i) four affiliated investment management entities called, Green Cities Fund Management II, LLC, Green Cities Fund Management III, LLC, Green Cities Fund Management IV, LLC and Green Cities Fund Management V, LLC each of which acts as a general partner to one or more Funds (each, a “**General Partner**”) and (ii) one affiliated investment management entity controlled and managed by us which acts as the managing member of the Separate Account (the “**Managing Member**”). Each General Partner and the Managing Member is listed as a “relying adviser” in Schedule R of our Form ADV Part 1A and, accordingly, is also considered to be registered with the U.S. Securities and Exchange Commission (the “**SEC**”) pursuant to the Investment Advisers Act of 1940 (the “**1940 Act**”). References in this Brochure to “we”, “us”, “our” and “Green Cities”, except where noted, apply to Green Cities and each of the relying advisers.

Since 2009, Green Cities (first under our predecessor-in-interest GEDI, Inc DBA Gerding Edlen from 2009 to 2012) has raised and invested four Funds with an aggregate of \$1.2 billion of equity and is now investing capital committed to our fifth Fund. The strategy of all the Funds reflects the Firm's long-standing niche expertise in executing residential, commercial, and mixed-use investments and developments in specific targeted markets in the United States. All

of the investments purchased by the first Fund we raised, Gerding Edlen Green Cities Fund I, LP (“**Fund I**”), have been liquidated. Fund I was wound up and dissolved on June 23, 2020. Accordingly, unless the context makes clear otherwise, references in this Brochure to a “Fund” or the “Funds” herein does not include Fund I.

The four owners oversee a team of 29 professionals with an average of 15 years of experience among the senior management team in real estate acquisitions, underwriting, debt capitalization, asset management, property management, accounting, financing, construction management and disposition.

B. TYPES OF ADVISORY SERVICES

Green Cities specialize in real estate investment advisory, development and management services. We operate as a single advisory business and serve as the investment management and adviser for the Funds and the Separate Account. We may advise other separate accounts in the future. We are not involved in investments which are not related to real estate.

Each of the Funds is structured as a limited partnership. We have been delegated full investment discretion and management authority with respect to each Fund. The advisory and management services we provide to the Funds include: organizing and managing the Fund’s business affairs; acquiring, financing, developing, managing and disposing of investments; preparing financial statements; preparing tax-related schedules; and providing investor relations functions such as drafting, printing and distributing correspondence to investors and prospective investors. Since we invest our own capital in the Funds up to a certain percentage of investor capital commitments, we have a substantial personal investment in the Funds.

Each of the Funds is excluded from the definition of “investment company” under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), and who securities are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”). Each purchaser of limited partnership interests (the “**Interests**”) in a Fund must be: (a) an “accredited investor” as such term is defined in Regulation D promulgated by the SEC under the Securities Act; and (b) either (i) a “qualified purchaser” as such term is defined in Section 2(a)(51) of the Investment Company Act or (ii) a “knowledgeable employee” as such term is defined in Rule 3c-5 of the Investment Company Act. Each person who meets the requirements of this paragraph is referred to herein as a “**Qualified Investor**”. A Qualified Investor who invests in a Fund is referred to herein as a “limited partner” or an “investor”.

The Separate Account is structured as a limited liability company entity to accommodate the structure desired by the client. The Managing Member and Green Cities provide non-discretionary investment advisory services to the Separate Account subject to the client’s full discretion with respect to the Separate Account’s investment decisions. The Separate Account holds an investment in a single real estate asset. The services the Managing Member and Green Cities provide to the Separate Account include strategic advice and management of the asset

and the structuring, acquiring, financing and disposing of the asset. The Managing Member co-invested with the Separate Account on the investment acquired by the Separate Account.

The investment committees for each of Fund II, Fund III, Fund IV and Fund V consists of our owners, Kelly Saito, Molly Bordonaro, Brent Gaulke and Patrick Wilde. The investment committee assists in the development of a Fund's and any separate account's investment objectives; identifying potential investments which are consistent with a Fund's investment objectives; evaluating specific real estate investments; analyzing, structuring and negotiating investments; providing ongoing asset management of real estate investments; identifying opportunities to enhance investor returns; developing strategies relative to investment holding periods and dispositions; and identifying opportunities to dispose of a Fund's and any separate account's investments and managing the disposition process.

We provide investment advice directly to the Funds and not individually to the limited partners of the Funds. If we advise in the future any separate account, we will provide investment advice directly to the separate account. At the present time, the Funds invest in interests in real estate. We or the Funds, from time to time, employ various hedging strategies to limit the effects of changes in interest rates (and in some cases credit spreads), including engaging in interest rate caps, swaps, floors and other interest rate derivative products. We operate each Fund in accordance with an exemption from registration with the U.S. Commodity Futures Trading Commission (the "**CFTC**") as a commodity pool operator ("**CPO**") under CFTC Rule 4.13(a)(3). See Item 10 (B) for more information. At the present time, none of the Funds invests in securities or other equity investments (except for real estate investments) other than interest rate swaps, floors and other interest rate derivative products as hedging strategies to limit the effects of interest rate changes, but may do so in the future to the extent permitted by a Fund's Partnership Agreements (as defined below) or the Separate Account's investment guidelines and other documents governing the Separate Account's investments ("**Governing Documents**").

C. CLIENT TAILORED SERVICES AND CLIENT TAILORED RESTRICTIONS

FUNDS

We manage the Funds based on the investment objectives and investment restrictions set forth in each Fund's limited partnership agreement (each, a "**Partnership Agreement**" and collectively, the "**Partnership Agreements**") and investment management agreement (each, an "**Advisory Agreement**" and collectively, the "**Advisory Agreements**"), and in any other written materials furnished from time to time by the Funds to us. We may impose investment restrictions as we deem appropriate. Pursuant to the Partnership Agreements, we are prohibited from investing more than a certain percentage of a Fund's assets in any single investment and cannot leverage assets with borrowed debt above a certain maximum percentage. Other such investment restrictions are set forth in each Fund's confidential offering memorandum and/or Partnership Agreement (collectively, the "**Offering Documents**").

SEPARATE ACCOUNT(S)

We manage the Separate Account based on its Governing Documents or other written materials furnished to us from time to time. The Governing Documents for any separate account client we may manage or advise in the future may differ from client to client.

D. WRAP PROGRAMS

We do not participate in wrap fee programs.

E. ASSETS UNDER MANAGEMENT

	DISCRETIONARY AMOUNTS:	NON-DISCRETIONARY AMOUNTS:	DATE CALCULATED:
Private Funds (RAUM)¹	\$1,803,172,879	\$0	12/31/2022
Separate Account	\$0	\$51,022,448	12/31/2022
Total RAUM	\$1,803,172,879	\$51,022,448	12/31/2022

¹ Gross AUM includes uncalled capital commitments to the Funds along with the uncalled capital for Fund V which closed on March 20, 2023.

Item 5: Fees and Compensation

A. FEE SCHEDULE

We are compensated for our advisory services to the Funds based on a percentage of capital commitments and performance-based amounts. We are compensated for our advisory services to the Separate Account based on a percentage of the client's capital commitment.

FUNDS

Typically, from the initial closing date of a Fund until the third anniversary thereof, the Fund pays to us an annual advisory fee (a **"Management Fee"**) equal to a certain percentage of the total capital commitments (regardless of whether such capital has been invested) of the limited partners of the Fund. Thereafter, the Management Fee is equal to a certain percentage of the aggregate unreturned capital contributions made to the Fund.

We, in our discretion, may waive or reduce the Management Fee applicable to all or any of the limited partners in the Funds or agree to waive or alter the Management Fee as to a limited partner. The Management Fee charged by the Funds is reduced by the amount of any transaction, break-up or similar fees received by us as described in the Partnership Agreements.

There can be no assurance as to when a Fund's committed capital will be invested or that the entire capital commitment of an investor will be invested.

We are also apportioned carried interest distributions from the Funds based on the net cash proceeds attributable to a Fund's investments (**"Carried Interest"**). We, in our discretion, may waive or reduce the Carried Interest as to all or any of the investors in the Funds or agree with an investor to waive or alter the Carried Interest distribution as to that investor. Our Carried Interest is also subject to a "clawback", which means that we are required to return to the limited partners distributions we receive from the Funds which constitute Carried Interest under the Partnership Agreements if the limited partners do not receive the return of their capital contributions made to a Fund plus a certain stated preferred return on their investment from the Fund on an aggregate basis, covering all the Fund's investments.

Our Management Fee for each of our existing Funds is 1.50% per annum, and our Carried Interest distributions do not exceed 30% of the profits earned by a Fund.

We may from time to time enter into a side letter agreement with one or more investors in a Fund which may, among other terms, provide for (a) withdrawal and/or transfer rights that are more favorable than the rights granted to all other investors in such Fund, (b) a reduced management fee and/or performance-based fee or allocation, or (c) greater or more frequent transparency with respect to that Fund.

Investors should refer to a Fund's Offering Documents for additional or supplementary information regarding any of the Funds as well as the fees paid by the Funds.

SEPARATE ACCOUNT(S)

We will generally receive an annual asset management fee that is calculated as a percentage of a separate account client's capital commitment, net invested capital or gross asset value.

We may also receive performance fees that are paid when distributions of the profits are made from a separate account in excess of the separate account's invested capital and a stated minimum return on investment applicable to the separate account ("**Separate Account Performance Fee**").

B. PAYMENT METHOD

FUNDS

The Management Fee generally will be paid either by the Funds quarterly by issuing capital calls to the investors or by paying the Management Fee from investment proceeds or other cash held by a Fund. The Carried Interest for a Fund generally is paid out as a distribution of the net cash proceeds attributable to dispositions of portfolio investments of that Fund.

SEPARATE ACCOUNT(S)

Generally, asset management fees for a separate account will be payable quarterly from investment proceeds or other cash held by the separate account. Performance fees, if applicable and if earned, will be paid from net cash proceeds of the separate account's investment after the relevant return hurdles have been achieved.

C. OTHER FEES AND EXPENSES

FUNDS

The Funds bear all expenses of their operations, expenses incurred in connection with the purchase, sale and financing of investments, and the fees and expenses of third party service providers to the Funds. Such expenses include but are not limited to:

- (i) legal, auditing, consulting, financing and accounting fees and expenses of the Fund;
- (ii) expenses associated with the preparation and distribution of the Fund's financial statements and reports to Fund investors and the costs of preparing and filing the Fund's tax returns;
- (iii) out-of-pocket expenses and other expenses incurred in connection with the operation of the Fund under the laws of the jurisdiction in which it is organized;

- (iv) expenses incurred in connection with transactions pursued but not ultimately consummated;
- (v) expenses of appraisers and consultants;
- (vi) expenses of litigation and indemnification;
- (vii) insurance premiums;
- (viii) expenses of advisory committee meetings and meetings of the Fund investors;
- (ix) other expenses associated with the acquisition, holding, financing, refinancing and disposition of the Fund's investments, including extraordinary expenses; and
- (x) any taxes, fees or other governmental charges levied against the Fund.

Each Fund bears its organizational expenses, typically up to a maximum of \$500,000. To the extent that a Fund's organizational expenses exceed \$500,000, but are equal to or less than \$750,000, the Fund and we each bear 50% of the organizational expenses incurred in such numerical range, and to the extent that a Fund's organizational expenses exceed \$750,000, we bear such excess expenses.

SEPARATE ACCOUNT(S)

In addition to the asset management fee and any performance-based fee, a separate account client is generally responsible for any fees, expenses or charges incurred by or on behalf of the separate account related to (i) the acquisition, holding and disposition of investments for the separate account, including brokerage and execution charges, markups and commissions, and (ii) any other service provided for the separate account by any person other than us.

D. PREPAYMENT OF FEES AND REFUNDS

Except as otherwise provided in the Offering Documents or the Partnership Agreements, no Qualified Investor may withdraw from a Fund or make a demand for or receive paid-in capital.

We do not require separate account clients to pre-pay advisory fees.

E. SALES COMPENSATION

Neither we nor any of our supervised persons will accept compensation in connection with the sale of interests in the Funds or in connection with the establishment of any separate account vehicle.

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

“Performance-Based Fees” are fees that are based on a share of the capital gains or capital appreciation of the assets of an account. We receive performance-based compensation from the Funds in the form of the Carried Interest and, with respect to the separate account, in the form of the Separate Account Performance Fee. Fees based on performance are only charged in accordance with the provisions of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

Performance-based compensation may create an incentive for us to cause a Fund to make or, in the case of the separate account, for us to recommend investments that are riskier than either would otherwise make.

Generally, we do not begin capital sourcing for a new Fund until our existing Funds have substantially completed their investment phase and as such our side-by-side management issues should be reduced. This issue is addressed and procedures and resolutions are specifically outlined in the Funds' Partnership Agreements. The Separate Account owns only a single real estate asset and, accordingly, follows a more narrow investment strategy. We expect any future separate or managed account we advise will maintain a distinct investment strategy from the strategy the Funds follow. For these reasons, we generally believe that we do not face conflicts related to the side-by-side management of accounts for these purposes. Additionally, because we expect all Funds will pay us roughly equivalent performance-based fees, that the separate accounts will pay, we believe that we do not face conflicts related to the side-by-side management of accounts.

Item 7: Types of Clients

For a discussion of the Funds and the Separate Account, please refer to Item 4 above. We provide investment advice primarily to the Funds, which are privately offered pooled investment vehicles. Investors in the Funds include pension plans, endowments, foundations, and private high-net worth individuals. We do not provide investment advice to the limited partners of the Funds. We also may provide investment advisory services in the future to other separate account advisory clients.

ACCOUNT REQUIREMENTS AND MINIMUMS

We generally require Qualified Investors to make a minimum initial investment and to maintain a minimum investment in the Funds. Qualified Investors must also be eligible to enter into a performance fee arrangement under the Advisers Act. We require Qualified Investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment in a Fund. The minimum investment requirement may be waived by us in our sole discretion.

Separate accounts are subject to negotiation. Generally, we do not require a minimum investment to manage a separate account, but we do require that any advisory client for whom we manage a separate account be eligible to enter into a performance fee arrangement under the Advisers Act.

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

A. METHODS OF ANALYSES

Green Cities provides investors with a vertically integrated real estate platform to invest in multifamily, commercial and mixed-use real estate assets and increase investment value through accretive acquisitions, design-centered capital improvements and strong operational and asset management.

Green Cities also utilizes two proprietary systems, Green Cities Index (GCI) and the Green Cities Heat Map Index (GCHMI) in carrying out its investment strategies for the Funds. The GCHMI is a proprietary, quant-driven approach used to gauge relative value via fundamentals, market pricing and risk assessment across Top-50 US markets and against empirics and alternative assets. The GCHMI weighs over 60 data metrics across Employment, Supply, Affordability, Demographics, Regulatory Risk and Climate Risk and differentiates between short- and long-term fundamentals. It also provides a comparative assessment of Metropolitan Statistical Area-specific market pricing and gauges traditional financial risk measures based on historic and forward-looking performance. The GCI is used to measure the environmental footprint of an asset, the health and wellness strategies for each property's occupants, the diversity and inclusivity initiatives in our communities and the resiliency and carbon footprint of every asset. The ESG goals and initiatives embodied in the GCI not only look to improve neighborhoods, communities, and the planet, but also look to elevate Green Cities value-add strategy by positioning our investments as more attractive to today's users.

Green Cities' analysis of investments is further bolstered by focusing on specific growth markets, where the Firm has deep expertise. Green Cities conducts research on investments of a Fund based on (i) reviews of historic financial information including rent rolls and leases, market comparable data, legal documents, internal market research and knowledge and third-party industry research and reviews; (ii) physical inspection of investment, interviews of key tenants, suppliers and competitors; (iv) application of our proprietary ESG system the GCI, and (v) application of our proprietary research system the GCHMI.

The Firm's vertically integrated acquisition team, with deep market knowledge, research, and strong broker relationships, source deals independently, acquiring well-located undercapitalized, under-managed or outdated apartment properties representing investments with clear strategies for value growth. Green Cities then executes well defined business plans for each property utilizing the Firm's expertise in development/design, asset/property management and ESG to execute capital improvements, enhance leasing and operations, and integrate ESG upgrades for income and value growth.

Investments in real estate and real estate-related assets involve risk of loss that investors must be prepared to bear.

B. INVESTMENT STRATEGIES

Investment Strategies

We currently employ several investment strategies for the Funds, all of which are focused on commercial real estate located in key target markets that are grounded in strong fundamentals of demographic and employment expansion. The Separate Account holds only a single real estate assets and, accordingly, follows a more narrow investment strategy. We seek to utilize our acquisitions team experience and expertise in our targeted markets to acquire well-located but undercapitalized, under-managed or outdated apartment, commercial and mixed-use properties with clear strategies for income and value growth through enhanced management, capital improvements, and superior marketing and leasing capabilities. We also target new apartment development opportunities in our target markets where the demand for apartments, fueled by demographic trends, is outpacing supply. Our specific investment strategies include:

- the purchase, retrofitting and repositioning of under-managed, poorly-capitalized or underperforming apartment properties at an accretive cost basis in our target markets by using our in-house development, design and construction management expertise to execute well-designed capital improvements to each property's common areas, units or both and improve net operating income and building performance through better operations, leasing, marketing and asset management. We also look to drive additional value by integrating ESG pillars— through the application of our Green Cities Index – to create operational savings and optimize leasing and rents by focusing on creating sustainable, healthy, and equitable communities. Some apartment properties may require more significant capital improvements or deeper redevelopment to reposition them into modern, sustainable properties in order to grow rents and income.
- the development, leasing, management and disposition of new, modern sustainably built Class A apartment properties in our target markets with growing rental demand and limiting supply constraints
- the purchase and repositioning of well-located but undervalued and under-managed commercial and mixed-use properties in our targeted markets with forecasted employment growth using capital improvements, better amenities, sustainable features and superior marketing and leasing to enhance the properties' value and income growth.

We intend to use, on behalf of the Funds, the Separate Account and any future separate accounts we may manage (collectively, “**Advisory Clients**”), our extensive real estate underwriting experience, deep market knowledge, strong acquisition and management personnel, credibility and relationships to purchase properties in specific metropolitan locations for retrofit or development.

Advisory Clients may engage in joint venture development projects with joint venture partners who have similar investment criteria. If an Advisory Client participates in joint venture opportunities, the Advisory Client will be an active participant and we will seek to obtain

governance rights throughout the holding period of any joint venture investment. In the case of the Funds, we may, in our sole discretion, establish parallel and/or feeder partnerships, real estate investment trusts, group trusts or other investment vehicles to address the tax, regulatory or other concerns of certain prospective investors. In order to insulate the assets of an Advisory Client against liabilities arising from particular investments, to facilitate any financing to be incurred in order to acquire investments and to provide flexibility in disposing of investments, we may use domestic and foreign special purpose vehicles to make investments. The investment strategy of the Funds is more particularly described in each Fund's Offering Documents. Prospective investors should carefully read that Fund's Offering Documents and consult with their own counsel and advisers as to all matters concerning an investment in any of the Funds prior to making an investment.

In the case of the Separate Account and the investment strategy followed is, and for any separate accounts we may advise or manage in the future will be, set forth in the accounts' Governing Documents.

C. MATERIAL RISKS

An investment in real estate, or a real estate-related asset, involves a significant degree of risk including the risk of loss investment. Accordingly, investment in our investment strategies, whether through the Funds or a separate account, is intended for sophisticated investors who can accept a high degree of risk in their portfolio, do not need regular current income from their investment with us and can accept a potential loss of their entire investment. The following is a summary of some of the principal risks associated with an investment in our investment strategies, whether through a Fund or a separate account. This is a summary only. With respect to an investment in any Fund, investors should look to the Offering Documents for a more complete description of these risks and should not rely solely on the descriptions provided below.

For a more complete description of these risks and should not rely solely on the descriptions.

INVESTMENT STRATEGY RISKS:

PORTFOLIO INVESTMENT RISKS

Such risks may include (but are not limited to):

General Real Estate Considerations. Real property investments are subject to varying types of risk. Real estate values are affected by a number of factors. If an Advisory Client's investments do not generate sufficient revenues to meet their operating expenses, the Advisory Client's cash flow and ability to pay distributions will be adversely affected. In addition, in certain circumstances, the Funds may be required to draw down additional capital from its investors to the extent of their unfunded Capital Commitments in order to pay Fund expenses or to make follow-on investments.

Risks Associated with Joint Ventures. Advisory Clients may make investments through partnerships, joint ventures or other entities. Such investments may involve risks not present in direct investments. Furthermore, if such co-venturer or partner defaults on its funding obligations, it may be difficult for the Advisory Client to make up the shortfall from other sources. Advisory Clients may be required to make additional contributions to replace such shortfall. Any default by such co-venturer or partner could have an extremely deleterious effect on an Advisory Client's investment assets and, in the case of a Fund, on its underlying investors. In addition, an Advisory Client may be liable for the actions of its co-venturers or partners.

Competition and Limited Investment Opportunities. The business of real estate investing is highly competitive. Advisory Clients may be competing for suitable investments with other prospective purchasers that have greater resources, or that have better relationships with sellers of assets, lenders, and brokers. These competitors may have different investment objectives than the Advisory Accounts, enabling them to accept more risk or pay higher prices than we deem reasonable or appropriate for the Advisory Accounts. In addition, properties acquired by an Advisory Account may face competition for quality tenants from other properties. The success of an Advisory Account will depend on the availability and identification of suitable high quality real estate investment opportunities. The availability of suitable high quality real estate investment opportunities will also depend on the economic growth in the geographic markets where real estate investments are located. As a result, there is no assurance that any Advisory Account will be able to consummate investments, diversify its portfolio of investments to the extent anticipated or satisfy its return objectives.

Lack of Liquidity of Investments. Real estate investments are relatively illiquid. Such illiquidity may limit an Advisory Client's ability to modify its portfolio of investments in response to changes in economic and other conditions. Illiquidity may result from the absence of an established market for investments as well as the legal or contractual restrictions on their resale. In addition, illiquidity may result from the decline in value of a property comprising one of an Advisory Client's investments. Furthermore, dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof.

Potential Environmental Liability. Under various U.S. federal, state, and local laws, ordinances, and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in the property. Such enactments often impose liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property is generally not limited under such enactments and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell the real estate or to borrow using such property as collateral. In addition, remediated property may attract a limited

number of potential purchasers because of the property's history of contamination, which might also adversely affect the owner's ability to sell the property. Further, a transfer of property does not relieve from liability a person who owned the property at a time when hazardous or toxic substances were disposed of on, or released from, such property. In addition, noncompliance with environmental regulations may allow a governmental authority to order the owner/operator to cease operations at the property or to incur substantial costs and expenses to bring the property into compliance through the implementation of burdensome remediation or prophylactic measures.

Government Regulation. The real estate industry is extensively regulated and subject to frequent regulatory change. The adoption of new legislation, changes in existing laws, or new interpretations of existing laws can have a significant impact on methods of doing business, costs of doing business and amounts of reimbursement from governmental and other agencies.

Possible Lack of Diversification. Investments made by an Advisory Client could potentially be concentrated in one investment type or in relatively few investment types or locations. As a consequence, the aggregate return on investments may be adversely affected by the unfavorable performance of a particular investment type or location and will be at a greater risk to overall changes in the economy or interest rates

Risks Associated with Unspecified Transactions. Advisory Clients rely on our ability to identify suitable investments. Although the members of the Investment Team have been successful in identifying suitable investments in the past, no assurance can be made that a sufficient number of attractive opportunities to meet the investment objectives of an Advisory Client will be identified. Advisory Clients also face the risk of changes in long-term interest rates and adverse changes in the real estate markets. No assurance can be given that the investments will be profitable or achieve targeted returns or that capital losses will not occur.

Risks upon Disposition of Investments. Advisory Clients may be required to make representations about an investment typical of those made in connection with the sale of any property. Advisory Clients may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be incorrect, inaccurate, or misleading.

Targeted Rate of Return on Investments. Advisory Client generally will make investments based on our estimates or projections of internal rates of return and current returns, which in turn are based on, among other considerations, assumptions regarding the future performance of the Advisory Client's assets, the amount and terms of available financing and the manner and timing of dispositions, all of which are subject to significant uncertainty. In addition, events or conditions that have not been anticipated may occur and may have a significant effect on the actual rate of return on an Advisory Client's investments.

Multi-Sector Investment Strategy. Advisory Clients may acquire assets across a variety of real estate product-types in a variety of geographic locations. This multi-sector approach

could require more management time, staff support and expense than an Advisory Client whose focus is dedicated to a greater extent on a single product-type in fewer jurisdictions.

Office Properties. Advisory Clients may invest in office properties. A large number of factors may adversely affect the value of office properties, including the quality of an office building's tenants; an economic decline in the business operated by the tenants; the physical attributes of the building in relation to competing buildings, the physical attributes of the building with respect to the technological needs of the tenants, the diversity of an office building's tenants (or reliance on a single or dominant tenant); the desirability of the area as a business location; the strength and nature of the local economy, and an adverse change in population, patterns of telecommuting or sharing of office space, and employment growth (which creates demand for office space).

Multi-Family Properties. Advisory Clients may invest in garden-style, mid-rise and high-rise properties. A large number of factors may adversely affect the value and successful operation of such properties, including: physical attributes of the property, access to transportation and construction quality; location of the property; ability of management to provide adequate maintenance and insurance; the types of services or amenities that the property provides; the property's reputation; the level of mortgage interest rates, the presence of competing properties; the tenant mix, adverse local or national economic conditions, and state, local and federal regulations.

Retail Properties. Advisory Clients may invest in retail properties. Several factors may adversely affect the value and successful operation of a retail property, including, but not limited to: (a) changes in consumer spending patterns, local competitive conditions; (b) alternative forms of retailing, (c) the safety, convenience and attractiveness of the property to tenants and their customers or clients; (d) the public perception of the safety of customers at shopping malls and shopping centers; (e) the need to make major repairs or improvements to satisfy the needs of major tenants; and (f) traffic patterns and access to major thoroughfares. The general strength of retail sales also directly affects retail properties.

Development/Construction Risks. Advisory Clients' investments may involve significant construction-related risks, including the risk of substantial delay or increase in cost due to various factors including delays in procuring labor and materials, strikes and other labor disputes or work interruptions, environmental issues, force majeure, and failure by one or more of the project participants to perform in a timely manner their contractual, financial or other commitments. Accordingly, there can be no assurance that these projects will prove to be profitable or generate cash flow sufficient to service their debt or provide a return on or recovery of amounts invested by Advisory Clients.

Leverage. We may utilize leverage on behalf of an Advisory Client with the goal of enhancing the Advisory Client's return on invested capital. An Advisory Client's failure to obtain leverage at the contemplated levels, or to obtain leverage on attractive terms, could have a material adverse effect on an Advisory Client's return on investment. Use of leverage will subject an Advisory Client to risks normally associated with debt financing, including the

risk that cash flow from acquired investments utilizing leverage will be insufficient to meet required payments of principal and interest, the risk that indebtedness on the investments will not be able to be refinanced or the risk that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness.

In addition, Advisory Clients may leverage their investments with non-recourse debt financing, in which case a lender would be entitled to the cash flow generated by such investment prior to the Advisory Client receiving a return of or on its investment. Although the use of leverage may enhance returns and increase the number of investments that can be made, it involves a heightened degree of risk, is inherently more sensitive to adverse economic factors (such as a significant rise in interest rates, a downturn in the economy, deterioration in the condition of such investments, declines in revenues and increases in expenses), and can exaggerate the financial effect of any increase or decrease in the value of such investments.

Fluctuations in Interest Rates. Advisory Client may employ various hedging strategies to limit the effects of changes in interest rates (and in some cases credit spreads), including engaging in interest rate swaps, caps, floors and other interest rate derivative products. No strategy can completely insulate an Advisory Client from the risks associated with interest rate changes and there is a risk that they may provide no protection at all and potentially compound the impact of changes in interest rates. Hedging transactions involve transaction costs and certain additional risks including the risk that unanticipated and significant changes in interest rates may cause a significant loss of basis in the contract and a change in current period expense. Advisory Clients may not be able to enter into hedging transactions and any such hedging transactions may not adequately protect an Advisory Client against the foregoing risks.

Availability of Insurance against Certain Catastrophic Losses. Advisory Clients may obtain liability, fire, flood (if required), extended coverage, and rental loss insurance for their portfolio investments with such insured limits and policy specifications as we believe are customary. However, certain losses of a catastrophic nature may be either uninsurable or insurable at such high rates as to adversely impact the profitability of the portfolio investments. If a major uninsured loss were to occur with respect to a portfolio investment, an Advisory Client could lose both its invested capital and anticipated profits related to such portfolio investment.

RISKS RELATING TO AN INVESTMENT IN THE FUNDS

Past Performance of Green Cities. The performance of the Funds is dependent on future events and is, therefore, inherently uncertain. The track record of Green Cities (including the track record of our investment adviser predecessor-in-interest, GEDI), including all investment funds and client accounts managed by us and our affiliates, cannot be relied upon to predict future events due to a variety of factors.

Risk of Loss. An investment in the Funds entails a high degree of risk with no certainty as to the magnitude or timing of the returns, if any, on an investment. Accordingly, an investment in the Funds should be made only by persons who are able to bear the risk of loss of all capital invested. No guarantee or representation is made that Green Cities will be able to implement its investment strategy or achieve its targeted returns, or that the overall investment program of the Funds will be successful.

Follow-on Investments. The Funds may be called upon to provide follow-up funding for its portfolio investments or have the opportunity to increase its investment in such portfolio investments. There can be no assurance that the Funds will wish to make follow-on investments or that it will have sufficient resources to do so. Any decision by any Fund not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio investment in need of such an investment or may diminish the Fund's ability to influence the portfolio investment's future development.

"Green" Properties. The Funds anticipate investing in modern, energy efficient properties that exhibit sustainable characteristics. Although our business case for acquiring such properties may assume that such properties are likely to outperform conventional properties, there can be no assurance that such properties will in fact experience higher rental growth or greater capital appreciation.

Dependence on Key Personnel. The success of the Funds depends in substantial part on the skill and expertise of the Management Team. There can be no assurance that such key personnel will remain in the employ of Green Cities or any of our affiliates, including The Green Cities Company, LLC, for the life of the Funds. The loss of the services of any of such individuals could have a material adverse effect on a Fund's operations.

Lack of Limited Partner Control Over the Funds' Policies. The management, financing, leasing and disposition policies of each Fund and policies with respect to certain other activities are determined by the General Partner of each Fund and Green Cities. Limited partners in a Fund must rely entirely on the General Partner and Green Cities to conduct and manage the affairs of the Fund.

Absence of Recourse to Green Cities and the General Partner. A Fund's Partnership Agreement limits the circumstances under which Green Cities, the General Partner and their respective affiliates, including their officers, directors, partners, employees, shareholders, members and other agents, can be held liable to the Fund and the Fund's investors. As a result, Fund investors may have a more limited right of action in certain cases than they would in the absence of these provisions.

No Market for Interests in the Funds. None of the Interests of any Fund has been registered under the Securities Act or any other applicable securities laws. There is no public market for the Interests and none is expected to develop. In addition, the Interests are not transferable except with the consent of the General Partner, which generally may be withheld by the General Partner in its sole discretion, and are subject to the terms and conditions of

the Fund's governing documents. Fund investors generally may not withdraw capital from the Funds. Consequently, Fund investors may not be able to liquidate their investments prior to the end of a Fund's term.

Fewer than All Interests Offered May be Sold. If fewer than all Interests offered are sold, a Fund's investments may be less diversified and the types of investments available to a Fund may be more limited than if a larger portion of the maximum offering proceeds is obtained. This may have an adverse impact on the ability of a Fund to achieve its investment objectives.

Capital Not Fully Drawn. Under each Fund's governing documents, capital committed by a Fund's limited partners will be drawn down over a period of time as needed to make investments and pay expenses. There can be no assurance that all capital commitments will be honored. To the extent that some Fund investors do not honor their capital commitments to a Fund, the Fund may make drawdowns from the remaining Fund investors to a larger extent or earlier than it otherwise would. In addition, to the extent a Fund investor fails to fund a drawdown on its capital commitment, the Fund may, in certain circumstances, be forced to increase its leverage or breach its contractual obligations and may be subject to liability stemming from potential breach of contract and tort claims.

Recourse to the Funds' Assets. The assets of a Fund, including any investment made by the Fund and any capital held by the Fund, are available to satisfy all liabilities and other obligations of the Fund. If a Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and not be limited to any particular Fund asset, such as the investment giving rise to the liability.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or potential client's evaluation of the firm or the integrity of the firm's management in this item.

We have no such legal or disciplinary events to report.

Item 10: Other Financial Industry Activities and Affiliations

A. REGISTRATION AS A BROKER-DEALER OR REGISTERED REPRESENTATIVE

Neither we nor any management person is registered as a broker-dealer or registered representative.

B. REGISTRATION AS A FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATION, COMMODITY TRADING ADVISOR OR ASSOCIATED PERSON

Each Fund is authorized to trade commodity futures, commodity options, and swaps as hedging strategies to limit the effects of interest rate changes, and its General Partner and we will operate each Fund in accordance with an exemption from registration with the U.S. Commodity Futures Trading Commission (the “**CFTC**”) as a commodity pool operator (“**CPO**”) under CFTC Rule 4.13(a)(3). Consequently, neither we nor any General Partner is required to deliver to prospective investors a CFTC compliant disclosure document or certified annual reports that meet the requirements of CFTC rules applicable to registered CPOs. Nonetheless, each Fund does, in fact, intend to provide investors with annual audited financial statements.

C. MATERIAL RELATIONSHIPS

We currently have certain relationships or arrangements that are material to our advisory business. Below is a discussion of such relationships/arrangements and any conflicts that arise from them.

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker

None

2. Investment Company or other pooled investment vehicle

See Item 7 above. Investors in the Funds must understand that the Funds were formed as an investment product to be managed by us, and that we do not intend to cause any Fund to terminate its investment management relationship with us absent our liquidation or bankruptcy. In addition, a Fund's investors generally are not permitted to withdraw from a Fund prior to its dissolution.

Our Management Team will continue to devote time to the management of the Funds, the Separate Account, and any separate accounts we manage in the future, and this may create conflicts in the allocation of management resources. We maintain a sufficient staff to ensure that no Advisory Client is disadvantaged.

3. Other investment adviser or financial planner

None

4. Futures commission merchant, commodity pool operator, or commodity trading adviser

None

5. Banking or thrift institution

None

6. Accountant or accounting firm

None

7. Lawyer or law firm

None

8. Insurance company or agency

None

9. Pension consultant

None

10. Real estate broker or dealer

None

11. Sponsor or syndicator of limited partnerships

The General Partners serve as the general partners of the Funds.

D. SELECTION OF OTHER INVESTMENT ADVISERS

We do not select other investment advisers to provide services to any Fund or any separate account.

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

A. CODE OF ETHICS

In order to address conflicts of interest, we have adopted a code of ethics (the “**Code**”) which is applicable to certain officers and employees engaged in providing investment advisory services with respect to Advisory Clients (collectively, “**Advisory Personnel**”). The Code generally sets the standard of ethical and professional business conduct that we require of our Advisory Personnel, requires Advisory Personnel to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by Advisory Personnel. Additionally, the Code sets forth our policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary obligations that Adviser and each of its Advisory Personnel owes to each advisory client.

The Code is circulated at least annually to all Advisory Personnel, and each Advisory Personnel at least annually must certify in writing that he or she has received and followed the Code and any amendments thereto.

We will provide a copy of the Code to any client or prospective client upon request.

B. RECOMMENDATIONS INVOLVING MATERIAL FINANCIAL INTERESTS

We may recommend or cause Advisory Clients to make investments in which we have direct or indirect financial interest. The Green Cities Company and its affiliates may provide additional services to an Advisory Client including, without limitation, property management, development, leasing, construction, and other property-related services in connection with an Advisory Client’s investments. These are all services that would typically be performed for an Advisory Client’s portfolio investments by third parties. We or our affiliate will receive fees for such services. Fees for any such services provided with respect to an Advisory Client’s investments will be based on market rates and are subject to the approval of the Advisory Committee which is made up of Investors in the Fund, in the case of the Funds, or the account owner in the case of the separate account, as described below. However, such fees will not be determined through arm’s-length negotiation. Any such fees will be solely for the account of The Green Cities Company and its affiliates, as applicable, and will not be shared with a Fund or any separate accounts. The Green Cities Company may provide additional services to an Advisory Client and receives fees for such services as described in this paragraph.

The potential conflicts of interest of this nature are disclosed to the Funds' investors in the Offering Documents for each Fund and to the account owner of the Separate Account in its Governing Documents. With respect to any future separate accounts we manage, potential conflicts of interest will be disclosed to the account owner of any such separate account in the separate account's Governing Documents.

To align our interests with our Advisory Clients, we have invested alongside the Funds. Certain of our key personnel are invested, directly or indirectly, in the Funds. We and certain of our key personnel expect to invest directly with any separate accounts and may invest directly or indirectly in a future Advisory Client. Green Cities has a material personal investment in the Funds through our ownership of the General Partner of each Fund. Our affiliates may also be invested in the Funds and may invest alongside or with other Advisory Clients. We do not believe that these investments cause a conflict of interest between us and our Advisory Client but rather function to better align the interests of the investors with our own interests since our own money is being invested alongside the investors'. However, our interests under some circumstances may differ from those of our Advisory Clients and their underlying investors. Such conflicting interests could potentially affect our decisions in purchasing, holding and disposing of a Fund's or a separate account's investments.

By virtue of our direct and indirect capital investment in the Funds, we may be considered to participate, indirectly, in transactions effected for the Funds. The foregoing relationships, fees and any other actual or potential conflicts of interest arising therefrom are disclosed in the applicable Offering Documents and Governing Documents.

Funds

An advisory committee composed of representatives or designees of certain limited partners of each Fund (each, an **"Advisory Committee"**) approves the Fund's transactions that involve a potential conflict of interests for Green Cities, The Green Cities Company or their affiliates. The Advisory Committee for a Fund also consults with us on the valuation of the Fund's investments, appoints the Fund's independent auditor (which shall be an internationally recognized public accounting firm) and considers such other issues as may be presented to the Advisory Committee by Green Cities or the Fund's General Partner. Each Fund's Advisory Committee meetings are held as necessary, but at least annually. Any Fund's transactions that involve a potential conflict of interest for The Green Cities Company or its affiliates will also be subject to approval by the Fund's Advisory Committee as provided by the Fund's Governing Document.

Subject to approval of a Fund's Advisory Committee, The Green Cities Company or its affiliates may provide development, property management and other services with respect to properties in which the Fund invests in exchange for market rate fees and on terms customary in the real estate industry. Any provision of development, property management and other services with respect to properties in which the Fund invests will also be subject to approval by the Fund's Advisory Committee as provided by the Fund's Governing Document.

Investment opportunities that involve a potential conflict of interest and, therefore, would require Advisory Committee approval to be pursued by a Fund, that are not approved by the Advisory Committee may be pursued by The Green Cities Company or its affiliates outside the Fund for their own accounts or for other accounts.

Separate Account(s)

The Separate Account is structured as a limited liability company entity to accommodate the structure desired by the advisory client. The Managing Member and Green Cities provide non-discretionary investment advisory services subject to the client's full discretion with respect to the Separate Account's investment decisions.

C. PERSONAL TRADING

None of our Advisory Personnel invest for their own account in any individual investment which is eligible to be held by any Advisory Client.

D. CONCURRENT TRADING

We do not invest our corporate investment portfolio in any individual investment which is eligible to be held by any Advisory Client.

E. OTHER CONFLICTS OF INTERESTS

Our Code of Ethics has policies and procedures to address the following additional conflicts of interest:

1. Non-Public Material Inside Information/Insider Trading

We have established policies and procedures reasonably designed to prevent the misuse by us and our Advisory Personnel of material information regarding issuers of securities that has not been publicly disseminated ("**material non-public information**"). In general, under the procedures, when we are in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, neither Green Cities nor its Advisory Personnel are permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such time as the information that we have is no longer deemed to be material non-public information.

2. Gifts/Gratuities

Green Cities has policies and procedures in place which prohibits Advisory Personnel from accepting gifts, entertainment and other things of material value that may create a conflict of interest or give the appearance of a conflict of interest. Gifts and entertainment above a certain amount are logged and reported to the Chief Compliance Officer.

3. Political Contributions

We generally prohibit Advisory Personnel from making political contributions on behalf of Green Cities without written pre-clearance from our Chief Compliance Officer. While employees may make personal political contributions in accordance with requirements and restrictions of applicable law, they are prohibited from making contributions for the purpose of obtaining or retaining business with government entities. Accordingly, to help ensure compliance with SEC rules and state and local pay-to-play rules, all political contributions by an employee require pre-approval from the Chief Compliance Officer with certain exceptions.

4. Valuation

A Fund's or the Separate Account's portfolio investments will be valued periodically in accordance with the terms agreed to with investors in the Offering Documents or Governing Documents, as applicable, which in some cases may require a determination of their fair market value. "Fair market value" is generally defined as the amount for which an asset could be sold in a current transaction between knowledgeable unrelated willing parties when neither is acting under compulsion. The objective is to estimate the sale price at which hypothetical willing marketplace participants would agree to transact.

5. Allocation of Investment Opportunities

The Green Cities Company, the sole owner of Green Cities, engages in a broad spectrum of real estate finance and investment activities that are independent from, and may from time to time conflict with, the Advisory Clients. In the future there might arise instances where Green Cities Partner's interests conflict with the interests of the Advisory Clients and/or their investors. In addition, we and The Green Cities Company may engage in transactions with, provide services to, invest in, advise, sponsor and/or act as investment manager to portfolio companies, investment vehicles and other persons or entities ("**Other Investors**") that may have similar structures and investment objectives and policies to those of a Fund, the Separate Account or any future separate account. These entities may compete with Advisory Clients for investment opportunities, and the Other Investors' investments may compete with Advisory Clients' investments for tenants, financing, and service providers. The Other Investors may also co-invest with Advisory Clients in certain transactions. We attempt to mitigate the risk of these conflicts by our policies on allocation of investment opportunities (See Item 12), however, conflicts of interest may still arise.

The Green Cities Company has investments in real estate and real estate-related assets in which no other Advisory Client has an ownership interest. Certain conflicts of interest may result from such investments. The Green Cities Company may invest in investments that have rights and interests different from or adverse to, the investment opportunities of Advisory Clients. Green Cities Partner's interests in such investments may conflict with the interests of an Advisory Client in related investments at the time of origination or in the event of default or restructuring of the investment. Subject to certain limitations, The Green Cities Company may also invest in real estate and real estate-related assets that may be competitive with an Advisory Client or the properties securing their investments. To the extent The Green Cities Company invests in competitive properties, such properties may impair the performance of an Advisory Client's investments.

The ongoing and expected business activities of The Green Cities Company and its affiliates will also present the same conflicts with Advisory Clients regarding allocation of investment opportunities as described in the paragraph above.

6. Diverse Membership

Investors in the Funds include taxable and tax-exempt entities and may include persons or entities organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by us or the General Partner of a Fund that may be more beneficial for one type of Fund investor than for another type of Fund investor. In addition, the Funds may make investments that may have a negative impact on related investments made by the Fund investors in separate transactions.

In selecting investments appropriate for a Fund, we will consider the investment objectives of a Fund as a whole, not the investment objectives of any Fund investor individually. The General Partner of each Fund has a fiduciary duty to manage the Fund in the best interests of the Fund investors and will in good faith attempt to resolve potential conflicts of interest in a manner that it believes is in, or not opposed to, the best interests of the Fund investors. No assurance can be given that such efforts will be successful.

7. Other Investment Activities of The Green Cities Company; Conflicts Relating to Business Opportunities.

The Green Cities Company and its affiliates presently manage and/or have significant ownership interests in other properties. Any properties in which an Advisory Client may have an ownership interest may be in direct competition with properties and entities in which The Green Cities Company or its affiliates have an ownership or management interest. Furthermore, The Green Cities Company or its affiliates may be subject to conflicts of interest with respect to the sale, management, or financing of properties owned by an Advisory Client or owned by entities in which an Advisory Client has an ownership interest. The Green Cities Company and the Management Team may devote significant time to the management of other client accounts or investment entities sponsored by The Green Cities Company. Advisory Clients will have no interest in such entities or accounts.

The expected investment activities of The Green Cities Company and its affiliates will also present the same conflicts with Advisory Clients with respect to business opportunities as described in the paragraph above.

Item 12: Brokerage Practices

A. CRITERIA FOR SELECTION OF BROKER-DEALERS

In General—Brokerage Selection

We are authorized to make the following determinations in accordance with the Funds' Offering Documents without obtaining prior consent from the Funds or any of their investors: (1) which securities or other investments to purchase or sell and (2) the total amount of securities or investments to purchase or sell.

Advisory Clients make investments in real estate and real estate-related assets. Due to the nature of real estate investments, we do not utilize the services of a securities broker-dealer in selecting the investments for Advisory Clients.

Research and Other Soft Dollar Benefits

Soft dollar arrangements are arrangements where an adviser directs client securities transactions to broker-dealers in recognition of research services or products provided to the adviser or its clients. Since we do not utilize the services of a securities broker in connection with investments by Advisory Clients, we do not have any soft dollar arrangements have or expect to enter into any in the future.

Brokerage for Client Referrals

Not applicable

Directed Brokerage

Not applicable

B. AGGREGATION OF ORDERS/ALLOCATION OF TRADES

Not applicable

Item 13: Review of Accounts

A. PERIODIC REVIEWS

Each Management Team monitors its Advisory Accounts and their investments on a regular, ongoing basis. Each Management Team meets regularly, generally to review portfolio performance, portfolio diversification, market trends and investments generally. A Management Team also is responsible for approving the acquisition by a Fund of investments meeting established or negotiated investment guidelines. With respect to the Separate Account, a Management Team is responsible for advising on the structuring, acquiring, financing and disposing of the real estate asset. In the case of any separate account we manage in the future, a Management Team will be responsible for recommending suitable eligible investments to acquire.

B. NON-PERIODIC REVIEWS

Not applicable.

C. CLIENT REPORTS

Each Fund's and Separate Account's investors receive such reports as are provided for in the Offering Documents and Governing Documents, respectively. In the case of any separate account we manage in the future, the separate account's investors will receive reports as are provided in the separate account's Governing Documents. A Fund's and the Separate Account's financial statements will be prepared in accordance with GAAP and will be distributed to investors after the end of the Fund's or Separate Account's fiscal year. Generally, a Fund's investors also receive quarterly reports containing information on the Fund's or Separate Account's portfolio holdings, including summary descriptions of investments made and disposed of during such quarter. These reports may include or be accompanied by information with respect to the performance of a Fund or Separate Account, other information about the investor's capital account and certain tax-reporting information (e.g., Form K-1). We or a qualified custodian may distribute these reports (See Item 15). Investors in any separate accounts we manage in the future will receive reports substantially similar to reports provided to a Fund's limited partners.

We may rely on information provided by third parties in preparing reports, and a third party may assist in preparing or distributing reports. To the extent reports include or rely upon information from another source, we attempt to obtain such information from reliable sources; however, the accuracy of such information cannot be guaranteed. Reports may also include or rely upon fair value determinations made by us or a third party. While such valuations are made in good faith, their actual or empirical accuracy cannot be guaranteed.

We, in our discretion, may provide more frequent reports and/or more detailed information to all or any of the investors in the Funds or the Separate Account.

The frequency and detail of reports provided to Advisory Accounts we may advise or manage in the future may vary.

Item 14: Client Referrals and Other Compensation**A. COMPENSATION BY NON-CLIENTS**

We have certain investors that were referred to us through the recommendations of third parties, including consultants that may also be broker-dealers, or may have certain pre-existing financial agreements or relationships with a particular broker-dealer. In addition, from time to time we pay registration or other fees toward or otherwise assist in sponsoring such third parties' industry forums, seminars, or conferences. We also invite consultants from time to time to events or other entertainment hosted by the firm.

B. COMPENSATION FOR CLIENT REFERRALS

We do not now compensate any third parties for client referrals.

In the future, unrelated third parties may be compensated for assistance in arranging capital commitments from both domestic and foreign sources in the Funds. Any such arrangements are conducted pursuant to written agreements. The compensation permitted by law to be paid to such unrelated parties is negotiated on an individual case basis.

Item 15: Custody

We do not and will not in the future maintain physical possession of the funds or securities of any Advisory Client. Custody of the assets of each Fund will be maintained with a qualified custodian selected by us in our exclusive discretion, which selection may change from time to time without the consent of the Fund's investors. An Advisory Client that is a separate account will generally select a qualified custodian for the account. Green Cities, however, has access to the Advisory Clients' accounts because our affiliates serve as the general partners to the Funds and the managing member of the Separate Account. Accordingly, as described in Item 13.C above, we or the qualified custodian will provide the Advisory Client's investors with performance reports and account statements including each Fund's and Separate Account's audited annual financial statements prepared in accordance with GAAP. Investors should carefully read these reports and compare any reports received from us against reports received from the qualified custodian.

Item 16: Investment Discretion

Subject to any investment restrictions set forth in the Offering Documents for the Funds, we have discretionary authority to make the following determinations without obtaining the consent of any Fund investor before the transactions are effected:

- the securities and investments that are to be bought or sold;
- the total amount of the securities or investments to be bought or sold;
- the brokers, investment banks or placement agents, if any, through which securities and investments are to be bought or sold; and
- the acquisition price at which securities transactions for a Fund are effected.

Our discretionary authority is derived from our authority as the investment manager of each of the Funds and our authority pursuant to each of the Advisory Agreements.

The Separate Account is structured as a limited liability company entity to accommodate the structure desired by the client. The Managing Member and Green Cities provide non-discretionary investment advisory services subject to the client's full discretion with respect to the Separate Account's investment decisions.

The investment discretion we may exercise with respect to any other Advisory Account we advise or manage in the future that is a separate account will be determined by the owner of the account and set forth in the Advisory Account's Governing Documents.

Item 17: Voting Client Securities

Not Applicable.

Item 18: Financial Information

A. PREPAYMENT OF FEES (SIX OR MORE MONTHS IN ADVANCE)

Not Applicable.

B. IMPAIRMENT OF CONTRACTUAL COMMITMENTS

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. No financial condition is reasonable likely impair our ability to meet contractual commitments to any Advisory Client.

C. BANKRUPTCY PETITIONS

Not Applicable.