

**Item 1          Cover Page**

Part 2A of Form ADV: Firm Brochure

GreenLake Asset Management LLC  
1416 El Centro Street #200  
South Pasadena, CA 91030

Telephone: 626-529-1080

March 29, 2023

This brochure provides information about the qualifications and business practices of GreenLake Asset Management LLC (the “Firm”). If you have any questions about the contents of this brochure, please contact us at 626-529-1080 or email at [compliance@greenlakefund.com](mailto:compliance@greenlakefund.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about GreenLake Asset Management LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

While GreenLake Asset Management LLC is a SEC-registered investment adviser, such registration does not imply a requisite level of skill or training.

## **Item 2            Material Changes**

Item 2 discusses only material changes to the Brochure since the Firm's previous Brochure dated March 31, 2022.

Since the Firm's previous Brochure, there have been no material changes to the information provided in this Brochure.

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

##### **A.        General Description of the Firm**

This Brochure relates to GreenLake Asset Management LLC (the “Firm”). GreenLake Asset Management is a real estate investment advisory and management business with its principal place of business located in California. The Firm began conducting business in April 2018; prior to 2018, the Firm conducted business as GreenLake Investment Management LLC. The Firm is wholly owned by Grun Assets LLC.

##### **B.        Description of the Firm’s Services**

The Firm offers real estate investment advisory and management services to its clients. The Firm also originates, underwrites, services, and asset manages loans to borrowers in addition to managing investments. For purposes of this Brochure all references to “client” shall be a reference to the pooled investment vehicles (“Funds”) for which the Firm provides investment advisory services and shall not include the underlying individual investors (“Investors”) in a Fund unless otherwise specified.

##### **C.        Availability of Customized Services for Individuals Clients**

Advisory services are tailored to achieve the Funds’ investment objectives, as set forth in the agreement(s) governing the relationship between the Firm and the Funds (“the Governing Documents”). Advisory services are not tailored to the individual needs of Investors in the Funds. Generally, the Firm has the authority to select Fund investments and strategies without consulting Investors.

##### **D.        Wrap Fee Programs**

The Firm does not participate in wrap fee programs.

##### **E.        Assets Under Management**

As of December 31, 2022, the total amount of assets that the Firm was actively managing on a discretionary basis was \$679,423,126.

## **Item 5            Fees and Compensation**

### **A.        The Firm's Fees and Compensation**

The Firm (or its affiliates) charges fees to its Funds for its investment advisory and management services ("Management Fees") that are equal to 1% of Net Assets Under Management on an annual basis, payable monthly.

In addition, if the Firm acts a servicer for any loan, it may receive an additional fee up to 2% of the principal amount of any loan ("Servicing Fees") which is payable on a monthly or quarterly basis, paid by the Funds.

In addition, the Firm also receives or may receive the following compensation from borrowers (not from the Funds and not Investors), not associated with investment advice to the Funds: Origination Fees, Extension Fees, Loan Processing and Documentation Fees, Break Up Fees, Late Charges, Default Interest Payments, Exit Fees and Profit Participation Fees. These fees are paid directly by borrowers on Fund loans. These fees are negotiable and vary on market conditions.

### **B.        Payment of Compensation**

Investors permit the Firm (or, if applicable, its affiliates) to directly deduct the Management Fees and Servicing Fees from the Funds. However, the Firm (or, if applicable, its affiliates), in accordance with Governing Documents, can also request that Investors remit the Management Fees to the Funds, which then pay the Firm.

### **C.        Additional Fees and Expenses**

Generally, the Funds will be responsible for their organizational expenses, up to the maximum set forth in the Governing Documents. In addition, the Funds will be responsible for expenses incurred in connection with structuring and negotiating the acquisition, financing and disposition of investments, insurance and litigation expenses, legal and accounting expenses and custodial, compliance and administrative expenses. A detailed description of such costs and expenses is disclosed in the Governing Documents.

### **D.        Prepayment of Management Fees**

Generally, Management Fees are paid monthly in arrears. If the Firm (or any affiliate thereof) is terminated, then any Management Fees paid in advance will be prorated and amounts attributable to the period following such termination shall be returned to the Funds.

### **E.        Additional Compensation and Conflicts of Interest**

No employee of the Firm may accept direct compensation for the sale of securities or other investment products.

As noted above in Item 5, the Firm will receive additional fees payable by the loan borrowers for

each loan that the Funds invest in. As a result of this, the Firm has an incentive to underwrite all loans, regardless of whether they would be profitable to the Funds. The Firm mitigates this potential conflict of interest by managing the Funds in accordance with each Fund's investment objectives.

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

As noted above in Item 5, the Firm or its affiliates are entitled to receive Management Fees, and Servicing Fees. Currently, the Firm does not receive performance-based compensation.

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

The Firm provides investment advice to the Funds, which are pooled investment vehicles, generally organized as limited liability companies or limited partnerships that are exempt from registration under the Investment Company Act. Investors in the Funds may include insurance companies, fund-of-funds, endowments and foundations and other institutional investors and high net worth individuals. The Fund sets a target fund size for each Fund, and typically sets a minimum investment amount for Client Investors (typically around \$100,000 - \$500,000 per Investor, but the Fund can accept lesser amounts at its discretion).

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

##### **A.            Methods of Analysis**

The Firm's mandate is to build an equity rich, short-term loan portfolio, secured by conservatively valued assets to weather against market downturns. The Firm seeks to protect and diversify principal through well allocated portfolios of short-term commercial loans, collateralized by low loan-to-value first deed trust mortgages. To achieve this, the Firm's own underwriting team conducts extensive underwriting analysis and personally conducts all site visits and borrower interviews.

##### **B.            Investment Strategies**

Generally, the Firm's investment strategy for the Funds will be executed in a systematic and comprehensive manner that incorporates several key elements including: proactive transaction sourcing; thoughtful consideration of each potential investment; disciplined underwriting; thorough due diligence; the utilization of prudent leverage; sound portfolio oversight and the implementation of timely exit strategies.

##### **C.            Material, Significant or Unusual Risks Relating to Investment Strategies**

The Funds and their Investors bear the risk of loss associated with the Firm's investment strategy. The risks involved with the Firm's investment strategy and an investment in the Funds include, but are not limited to:

**Distressed Borrowers.** In many cases, the borrowers that the Funds provide loans to are distressed such that the loans carry a greater risk of default than those provided by traditional real estate lenders. Often, such borrowers do not have the credit rating, cash flow or assets, or meet the

documentation requirements needed to borrow money from traditional lenders. Therefore, risks are present that are not typically present with other borrowers. Investors in the Funds should be aware that these loans may carry a greater risk of default than loans made by traditional lenders.

**Real Estate Market Cycles** Since 2009, real estate prices in many U.S. markets have steadily increased, and real estate investors have achieved returns in a generally healthy real estate market with rising real estate prices. Many predict that the United States will experience another real estate market downturn, although whether this will actually happen, and the timing, are impossible to predict. Should such a downturn occur, the Funds could see a substantial increase in the default rate of their loans. They could also find themselves in “workout” situations and other circumstances where the Funds have to defer payment on loans, reduce loans’ principal or accept distressed real estate in return for writing-off loans or as a consequence of borrower defaults. A significant and prolonged downturn in the real estate market could have a substantial and negative impact on returns of the Funds to investors and may yield principal investment losses.

**Loan Defaults** The Funds are in the business of lending money and, as such, take the risk of default by borrowers and other risks faced by lenders. Some Fund loans provide for monthly payments of interest only or have amortization schedules but are generally due and payable in three (3) years or less. Thus, borrowers are required to make large “balloon” payments of principal due at the end of the loan term. Many borrowers are unable to repay such loans out of their own funds and are compelled to refinance. Fluctuations in interest rates and the lack of availability of mortgage funds could adversely affect the ability of borrowers to refinance their loans at maturity.

**Real Property Market Value** All borrowers will need to demonstrate adequate ability to meet their financial obligations under the terms of any loan in which the Funds may invest, and the Funds may be “asset” rather than a “credit” lenders. This means that the Funds may rely primarily on the value of the real property to secure loans to protect their investments, with repayment ability always being taken into consideration. There are a number of factors which could adversely affect the value of any such real property securing a loan, including, among other things, the following:

- The Funds will rely on independent appraisals or opinions of value rendered by the Firm or third-party brokers to determine the fair market value of real property. No assurance can be given that such appraisals or other valuations will, in any or all cases, be accurate. Moreover, since an appraisal fixes the value of real property at a given point in time, subsequent events could adversely affect the value of real property. Such subsequent events may include nationwide, statewide or local economic, demographic, property or other trends, or may include specific local events such as freeway construction or adverse weather conditions. Neither an appraiser nor the Firm will be able to predict with any certainty whether these events will occur after a loan is made.
- Construction rehabilitation loans will be based upon an appraisal performed on an “as- completed” basis before the improvements are actually completed. Thus, the Funds are subject to the risks that actual construction costs may exceed budget, construction delays could occur, labor or supply shortages may exist, or the market value of the project once completed could be less than anticipated. Also, if the

Funds must foreclose on the property before the project is completed, it is unlikely that the property will then have a value as high as its analyzed value “as constructed” or “as rehabilitated” and therefore there is a greater likelihood that the Fund will not be able to sell the property for the full amount owing to the Fund. Furthermore, if the Fund must foreclose before construction or rehabilitation is completed, and if there are insufficient funds in any construction disbursement account to complete construction, the Firm will need to choose between selling the property with construction incomplete or incurring debt to finance completion of the project before it is sold. If the Firm elects to sell the property before completing construction, the property is more likely to sell at a price which will not return to the Funds the amount owed on that loan. On the other hand, if monies are borrowed to complete construction, those monies will have to be repaid before the Fund will receive the amount invested. Under the construction loan agreement or the rehabilitation loan disbursement agreement, the Firm may, but will not be obligated to, advance the funds required to complete construction of a property or to otherwise increase its marketability. If the Firm advances funds, the advances plus interest will be repayable out of proceeds from the sale or refinancing of the property before payments will be made to the Fund.

- If a Fund cannot quickly sell the real property, and the property does not produce any significant income, the Fund’s profitability will be adversely affected.
- Real property improvements will constitute a significant portion of the value of the real property. In the event that such improvements are destroyed or damaged, the value of the real property will be correspondingly diminished to the extent not covered by insurance.
- Due to certain provisions of law applicable to all real estate loans, if the real property proves insufficient to repay amounts owing to the Fund, it is unlikely that the Fund would have any right to recover any deficiency from the borrower.
- A number of the Funds’ loans will be secured by additional or other junior deeds of trust. In the event of foreclosure on a loan that is so secured, the debt secured by the senior deeds of trust must be satisfied before any proceeds from the sale of the property can be applied toward the debt owed to the Funds. Furthermore, to protect its junior security interest, the Funds may be required to make substantial cash outlays for such items as loan payments to senior lienholders to prevent their foreclosure, property taxes, insurance, property maintenance or repair, etc. The Funds may not have adequate cash reserves on hand at all times to protect its security, in which event the Funds could suffer the loss of its invested capital in such a loan. Therefore, investments in loans secured by junior deeds of trust are subject to greater risk in the event of a decline in property values than are loans secured by first deeds of trust.
- The recovery of sums advanced by the Funds in making or investing in loans and



protecting its security may also be delayed or impaired by the operation of the federal bankruptcy laws or by irregularities in the manner in which the loan was made. Any borrower has the ability to delay a foreclosure sale by the Funds for a period ranging from several months to several years simply by filing a petition for bankruptcy which automatically stays any actions to enforce the terms of the loan. The length of this delay and the costs associated therewith may have an adverse impact on the Funds' profitability.

- The value of real property could be adversely affected by earthquakes, floods, mudslides, similar events and acts of God that may not be insured.

**Encumbrance Clauses** A "due-on-encumbrance" clause contained in a senior deed of trust, which permits the holder of the deed of trust to accelerate the loan if the borrower executes an additional deed of trust on the security property in favor of a junior lienholder and is enforceable in all cases except when the security property consists of residential property consisting of four or fewer units. The Firm intends to follow customary and prudent lending practices when potential security property for a loan (except residences with four or fewer units) is already encumbered by a senior deed of trust.

**Cross-Default Clause** The Funds may make loans secured by second or other junior deeds of trust on real property, which means that another lender may hold a senior deed of trust securing one of several loans to the borrower. The loan secured by the senior deed of trust may contain a "cross-default clause" which would entitle the senior lender to accelerate the balance of the senior loan if the borrower defaults on another obligation to the senior lender which is not secured by the subject property. In such circumstances, the senior lender may be entitled to accelerate and foreclose upon the senior loan even if the borrower is not in default under the particular loan secured by the property but under a different unrelated loan. In this situation, the Fund's security could be at risk even though the property securing the Funds' loan is performing well and is able to pay its own debt service.

**Risks of Leverage** The Funds may borrow funds from third-party lenders in order to fund additional mortgage loans. The Funds may assign most or its entire loan portfolio to such lenders for the loans.

The cost of the funds that the Funds will be borrowing from lenders may accrue interest at a floating rate of interest. If the adjustable rate should increase such that the Fund's cost of borrowed funds exceeds the fixed rate of interest from its loans that it is earning on the fixed rate portion of its loan portfolio, the Funds may default under its loan and security agreement with a lender. If most or all of the Funds' loan portfolio is assigned to a lender as security for the loan, the Funds would be at risk of losing their assets (i.e., the Funds loan and/or the underlying real property security) to a lender if a lender elected to foreclose on this collateral as a result of a default by the Funds, causing losses to Investors. If the Firm leverages the portfolio, it intends to lend to borrowers at a variable rate to the extent possible to reduce or eliminate interest rate risk.

Various other events may cause the Funds to default under a third-party loan thereby allowing a third-party lender to foreclose on the Funds' loan portfolio. These events may include the failure

of the Fund to observe any of the covenants contained in the loan agreement, the default by the Fund under any other loan agreement to which it is a party, the bankruptcy or insolvency of the Firm, and other events specified in the loan agreement. Thus, the Funds are at risk of losing most or its entire loan portfolio on the occurrence of many events that do not directly relate to the ability of the Funds to service the third-party loans and some of which are not within the control of the Funds.

**Unspecified Loans; Reliance on the Firm** Investors will have no opportunity to review potential Funds loans. The Firm will participate in all decisions with respect to the management of the Funds, including the determination as to what loans to make or purchase, and the Funds are dependent to a substantial degree on the Firm's continued services. In the event of the dissolution, death, retirement or other incapacity of the Firm or its principals, the business and operations of the Funds may be adversely affected.

**Uninsured Losses** The Firm will arrange for comprehensive title, fire and casualty insurance on the properties securing the Funds' loans. The Firm may also, but is not required to, arrange for earthquake insurance. However, there are certain types of losses (generally of a catastrophic nature) which are either uninsurable or not economically insurable, such as losses due to war, floods, mudslides or other acts of God. Should any such disaster occur, or if casualty insurance is allowed to lapse through oversight, the Funds could suffer a loss of its principal and interest on the loan secured by the uninsured property. Furthermore, other losses could occur which may result in the denial of insurance coverage or inadequate or inaccurate coverage or other unforeseen circumstances and may also lead to loss of the Fund's principal and/or interest or damages on a loan investment.

## **Item 9            Disciplinary Information**

The Firm is required to disclose any legal or disciplinary events that are material to the Funds' or prospective client's evaluation of the Firm's advisory business or the integrity of the Firm's management.

### **A.            Criminal or Civil Proceedings**

None to report.

### **B.            Administrative Proceedings Before Regulatory Authorities**

None to report.

### **C.            Self-Regulatory Organization (SRO) Proceedings**

None to report.

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

A. Broker-Dealer Registration Status

A registered investment adviser is required to disclose whether it or any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Neither the Firm nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Broker-Dealer Registration Status Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor Registration Status

A registered investment adviser is required to disclose whether it or any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. Neither the Firm nor any of its management persons are registered as such or have any application for such registration pending.

C. Material Relationships and Arrangements

Certain affiliates of the Firm serve as General Partners to the Funds, (the “GP Entities”). Pursuant to management agreements between the Funds and the GP Entities, the Firm provides investment advisory services to the Funds.

D. Material Conflicts of Interest Relating to Other Investment Advisors

None to report.

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

The Firm has adopted a Code of Ethics (the “Code”), which describes the Firm’s fiduciary duties and responsibilities to the Funds, requires that the Firm’s employees act in the best interests of the Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. The Firm’s employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by the Firm or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of the Firm’s employees. The Code prohibits employees from engaging in personal trading in the securities of issuers on the Firm’s restricted list, requires employees to provide duplicate brokerage account statements and trade confirmations to the Firm or to report all securities transactions on at least a quarterly basis, and requires employees to provide a summary of securities holdings on at least an annual basis. The Code also includes policies and procedures to prevent the misuse and disclosure of material non-public information (“insider trading”) and other confidential information, and also addresses conflicts of interest,

outside activities of employees, gifts and business entertainment, including limitations and reporting requirements, and pre-clearance and reporting of political contributions. The Firm will provide a complete copy of its Code to any Investor.

Neither the Firm nor any employee recommends to the Funds, or buys or sells on behalf of the Funds, securities in which the Firm or any employee has a material financial interest.

While the Firm for its own account will not invest in the same securities that it invests in on behalf of the Funds, certain employees directly or indirectly may receive from portfolio companies' current compensation. Generally, the Firm or any employee does not (i) invest in the same securities that the Firm or employee recommends to the Funds or (ii) recommend securities to the Funds, or buy or sell securities for the Funds' accounts, at or about the same time that the Firm or employee buys or sells the same securities for the Firm's or the employee's own account. Notwithstanding each of the foregoing statements, from time to time, employees may seek approval from the Chief Compliance Officer in accordance with the Code to purchase certain securities for themselves in which the Funds may hold or may be seeking to acquire an ownership interest.

Neither the Firm nor any employee recommends securities to the Funds or buys or sells securities on behalf of the Funds, at or about the same time the Firm or any employee buys or sells the same securities for their own accounts.

## **Item 12 Brokerage Practices**

### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

Due to the nature of the Firm's business, it does not regularly engage in trading activities. The Firm, as manager of its Funds' accounts, is generally in a position to direct where Fund transactions are executed. To the extent applicable, in placing orders to purchase and sell securities for client accounts, the Firm directs transactions to brokers that it believes can provide favorable prices and efficient execution of transactions (i.e., "best execution"). Consistent with this policy, the Firm selects brokers that charge commissions that it believes are fair and reasonable, without necessarily determining that the lowest commissions are paid in all circumstances.

### **B. Research and Other Soft Dollar Benefits**

The Firm does not receive any research or other products or services other than execution from a broker-dealer or a third-party in connection with securities transactions.

### **C. Brokerage for Client Referrals**

Neither the Firm nor any employee considers the possibility of receiving client referrals from a broker-dealer or third-party when selecting or recommending broker-dealers.

### **D. Directed Brokerage**

The Firm does not accept directed brokerage arrangements.

E. Order Aggregation

The Firm generally does not cause multiple Funds to invest in the same securities or investments, therefore, does not have the opportunity to aggregate orders.

**Item 13      Review of Accounts**

The Firm reviews the Funds' holdings on an ongoing basis to ensure consistency with the Funds' strategy and performance objectives. Asset allocation, cash management, market prospects and individual issue prospects are considered. The reviews are conducted by Senior Management. Reviews may take place more frequently if triggered by economic, market or political conditions.

**Item 14      Client Referrals and Other Compensation**

As a fund manager, the Firm does not have any client referral engagements. However, it does engage with third-party placement agents to assist in the marketing of certain Funds, including introductions to prospective investors. All such referral activities will be conducted in accordance with applicable state and federal law.

**Item 15      Custody**

The Firm has custody of the Funds. With the exception of certain assets, which are defined as "privately offered securities" under the Custody Rule, all assets are held by "qualified custodians."

The Firm's assets under management include the Funds of which it has custody, as well as the value of assets managed by the Firm and unfunded capital commitments.

The Firm complies with the Custody Rule by relying on the "Pooled Vehicle Audit Exception" described in Rule 206(4)-2(b)(4). The Chief Compliance Officer will be responsible for arranging for the annual independent audits of the Funds by an independent auditor in accordance with generally accepted accounting principles and for delivery of the funds audited financial statements to Investors within 120 days of fiscal year end.

**Item 16      Investment Discretion**

The Firm has complete discretion to make all investment decisions for the Funds, subject to any applicable investment criteria or other restrictions and limitations set forth in the Governing Documents.

**Item 17      Voting Client Securities**

The Firm primarily invests on behalf of the Funds in real estate loans and such assets do not require

voting. If the Firm is ever required to vote proxies in any of the Funds, then it will do so in accordance with its proxy voting policies and attempt to address any material conflicts of interest that may arise in the course of such voting.

As required by Rule 204-2 of the Act, the Firm maintains records regarding the manner in which it (i) administers its policies and procedures, and (ii) votes for its client. The Client Investor may obtain additional information regarding the Firm's voting policies and procedures, as well as information regarding how the Firm voted on behalf of the Client Investor by sending a request to the Firm's Chief Compliance Officer.

#### **Item 18      Financial Information**

The Firm does not require or solicit prepayment of fees in excess of \$1,200 more than six months in advance of services rendered. Therefore, the Firm is not required to include a financial statement.

The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

#### **Item 19      Requirements for State-Registered Advisors**

Not applicable.