



Davenport Advisors Stock Fund LP

Investment Strategy: Invest in real estate related stocks. Companies mainly fall in the realm of those with real estate related activities: Real Estate Investment Trusts (REITs), Real Estate Operating Companies, Land and Natural Resource Companies, Hotel Companies, Banks, Lenders, Mortgage Companies, Retailers, Diversified Companies with real estate holdings, Construction Companies, Private Equity companies oriented toward real estate, etc.

We may also make Sector investments such as purchasing Exchange Traded Funds (ETFs), or Funds with specific real estate focus. We may purchase real estate stocks involved in potential mergers or public to private buyouts.

Generally, the focus is on real estate related stocks, which include special situations, often illiquid stocks, or real estate stocks not widely followed by analysts or institutions, or real estate sectors which are currently out of favor and/or not widely traded. This also includes companies focused on other industries but with valuable real estate on the books.

We look for opportunities in what we consider “out of favor” or mispriced stocks. These include real estate companies that have confusing ownership structures or an operating platform in transition, companies in the process of recapitalizing, companies under threat of bankruptcy (or in bankruptcy) or companies in “out of favor” real estate sectors, for example, hotels after 9/11 - or more recently – Commercial Mortgage REITs, Private Equity Companies, Homebuilders and Banks. The stocks of these companies can remain “out of favor” or mispriced for long periods of time or they can become highly volatile. As such, these stocks carry higher than average risk.

This is generally an unleveraged fund. We typically do not borrow money or use margin loans to enhance performance.

The fund has limited diversification. In addition, it is not diversified across industries. At times the fund may be heavily over weighted in one particular stock or real estate sector.

This is not a hedge fund, which typically uses complicated and sometimes esoteric trading strategies to both create profits and limit downside risk.

Manager: The fund is managed by the General Partner, Davenport Advisors 14 LLC, whose Managing Member (the “Fund Manager”) is John Davenport. He is a Registered Investment Advisor.

John has been investing in stocks for over 30 years. Since he resigned from Spieker Properties in July 2001, due to the merger with Equity Office Properties, John has focused on stock investing and has taken a particular interest in real estate and special situation real estate stocks.



Warning: Although John has extensive experience in managing direct real estate investments, wherein he has control over operations; in stock investments the fund will only own a small percentage of each company and does not have control over its operations or the management and their decisions.

Asset Management Fee: 1% annually, calculated quarterly based on 0.25% of the aggregate value of the fund as of the beginning of each calendar quarter.

Incentive Fee to Sponsor/General Partner: 20% of all profits once hurdle has been achieved. Incentive Fee (if any) will be allocated to the GP annually at year end, only to the extent that the fund value exceeds the funds' previous High Water Mark. The ownership interests will be reallocated each year to account for the Incentive Fee.

Hurdle: Schwab Cash Reserves (SWSXX).

(The theory here is that each investor could earn the Schwab Cash Reserves rate so we should only earn the Incentive Fee if we do better. Conversely, we are using the Schwab Cash Reserves rate as the hurdle so there is no pressure to keep cash invested in stocks. We do not want to feel compelled to be fully invested in stocks if there are limited good ideas at the time).

For comparison purposes only, the typical hedge fund has an Asset Management Fee of 2%, an Incentive Fee of 20% and a Hurdle of 0%.

Ownership Structure: Davenport Advisors Stock Fund LP, comprised of the General Partner (Davenport Advisors 14 LLC) and the Limited Partners (which include Davenport Principals and Co-Investors).

John Davenport is invested both as a General Partner and he holds the largest Limited Partner interest.

Short and long term trading gains or losses will flow through to each investor on an annual basis via a K-1. Investors receive a quarterly statement of fund activity and performance.

Initial and Follow-On Minimum Investment: \$25,000 per unit initially. No minimum for additional investments. Buy in quarterly.

All cash and investments will be held in a Schwab Account. All trades handled through Schwab.

Withdrawals: May be taken annually at the end of the fiscal year with 120 day advance written notice.



A Limited Partner may voluntarily make a withdrawal of up to 100% of its capital account balance in the Partnership at the end of any fiscal year, provided that the total amount of withdrawals for all Limited Partners in any fiscal year shall not exceed 10% of the net asset value of the Fund. If requested withdrawals by the Limited Partners exceed the 10% maximum, then the withdrawals shall be pro-rated among Limited Partners based upon the amount of each LP's request. In the case of a partial withdrawal, if the Limited Partner's capital account would be less than \$25,000 after such partial withdrawal, then the General Partner, in its discretion, may require the Limited Partner to withdraw its entire balance.

Conflict of Interest: John Davenport maintains personal/family investment accounts which may hold some of the same stocks.

The General Partner will receive Asset Management Fee and Incentive Management Fees.

The Fund shares office space and equipment, receives administrative support and uses other services for which it reimburses costs to affiliates of the General Partner.

The General Partner and its affiliates are involved in other investment activities and real estate projects. Conflicts may arise as to the allocation of the time devoted by the Fund Manager to the Partnership and his other activities.

Please Note: All investors must be accredited investors.