

Davenport Advisors Stock Fund LP

Davenport Advisors Stock Fund LP was formed in September 2009 to invest in publicly traded real estate and real estate related securities. The original investors in the fund were the principals of Davenport Partners, a private real estate company, and many of its “Friends and Family” investors.

Investment Strategy: The fund invests in real estate related stocks which may include: Real Estate Investment Trusts (REITs), Real Estate Operating Companies, Land and Natural Resource Companies, Hotel REITs and Operating Companies, Banks, Mortgage Companies, Retailers, Homebuilders, Diversified Companies with real estate holdings, Private Equity companies oriented toward real estate, etc.

Generally we have a value driven approach with a focus on buying real estate companies whose stock prices are trading at or below their Net Asset Value/share. At any point in time, real estate companies or entire property sectors may trade in the public stock markets at discounts to the value of their real estate in the private markets. We look for opportunities in what we consider these mispriced stocks or “out of favor” property sectors. We also look for operating companies whose stocks are trading below their private market value based on a low multiple to EBITDA.

Our investments often focus on:

- companies that have confusing ownership structures or an operating platform in transition,
- companies in the process of recapitalizing or under threat of bankruptcy (or in bankruptcy),
- companies in “out of favor” real estate sectors,
- special situations, often illiquid stocks, or real estate stocks not widely followed by analysts or institutions,
- companies that are likely targets or already involved in mergers or public to private buyouts,
- operating companies focused on other industries but with valuable real estate on the books.

Our primary hedging strategy is to hold cash. In fact, over the last few years, the fund has been anywhere from 10% to 40% invested in cash, which may limit our upside in a rising market, but also limits our downside in a falling market. Having readily available cash also allows us to always be able to buy stocks when we spot a particularly good opportunity. Unlike many hedge funds, we do not use complicated nor esoteric trading strategies to generate profits and/or limit downside risk. Nor do we 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 over weighted in one particular stock or real estate sector.

Ownership Structure: Davenport Advisors Stock Fund LP is a limited partnership comprised of the General Partner (Davenport Advisors 14 LLC) and the Limited Partners (which include Davenport Principals and Co-Investors). The General Partner currently owns about 10% of the fund.

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

John began his career in real estate in 1983 when he joined the Trammell Crow Company. In 1993, he helped form Spieker Properties (NYSE: SPK), a public REIT. In 1995, he established the Southern California Region for Spieker Properties and over the next six years, as President of the Region, he oversaw the growth of the region through acquisitions and development to over 11 million square feet in more than 60 projects, then valued at approximately \$1.9 billion. Spieker Properties merged with Equity Office Properties (NYSE: EOP) in July 2001 in a transaction valued at over \$7.2 billion.

John has been investing in stocks for his own account for over thirty-five years. After the merger in 2001, he has focused more of his time on stock investing with a particular interest in real estate related stocks.

He received his B.S. in Mechanical Engineering from U.C. Berkeley in 1979 and an M.B.A. from Harvard Business School in 1983.

John Davenport is invested in the fund both as a General Partner and a Limited Partner.

Initial and Follow-On Minimum Investment: Minimum of \$10,000 initial investment. No minimum for additional investments. We accept initial or follow-on investments at the beginning of each quarter.

Distributions: The fund, at its discretion, has paid annual distributions representing a share of the dividends it collects.

Withdrawals: A Limited Partner may withdraw up to 100% of their capital account balance in the Partnership annually at the end of the fiscal year with 120 day advance written notice.

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

Banking/Brokerage: All cash and investments are held in Wells Fargo Bank or Charles Schwab. All trades are handled through Charles Schwab.

Asset Management Fee: An Asset Management Fee is paid to the General Partner, 1.0% 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: Incentive Fee of 20% (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 plus the Hurdle. The ownership interests will be reallocated each year to account for the Incentive Fee.

Hurdle: Schwab Cash Reserves (SWSXX).

Conflict of Interest:

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. Investors should review the Private Placement Memorandum and then sign the Subscription Agreement and Limited Partnership Agreement before investing.