

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:

- High quality REITs in “out of favor” real estate sectors,
- 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),
- Special situations, pre-IPO companies, 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.

The fund is not an “index hugger”. We do not try to mimic real estate indexes, many of which currently look more like technology indexes due to their overweighting of holdings which are really tech companies, such as Cell Towers and Data Centers, hiding behind the REIT tax structure.

The fund also has high levels of cash. Over the years, the fund has been anywhere from 5% to 20% 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 be able to buy stocks when we spot a particularly good opportunity.

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.

Manager: The fund is managed by the General Partner, Davenport Advisors 14 LLC. The Managing Member (the “Fund Manager”) is John Davenport. He holds a California Real Estate Brokers license, a Series 65 Investment Advisor license and 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 12 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.

In 2002, John co-founded Davenport Partners, a private real estate investment and management company which focuses primarily on office and industrial properties in Southern California and Hawaii. In 2009, he co-founded Davenport Advisors Stock Fund to invest in publicly traded real estate companies.

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.

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 20% of the fund. In addition, John Davenport and other Davenport Principals separately own over 15% of the fund as Limited Partners.

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. We encourage dollar cost averaging.

Distributions: In December, the fund, at its discretion, offers a distribution for approximately the amount of the dividend income received during the year. Each Limited Partner is given the option to receive or reinvest their proportionate share of the dividends.

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. By some strange quirk in the accounting rules, this fee works out to be about 0.80% annually.

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.

Hurdle: Schwab Cash Reserves (SWSXX).

Conflict of Interest:

The General Partner will receive Asset Management Fee and Incentive Management Fees (if any).

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