

**FIRM BROCHURE**  
**(PART 2A OF FORM ADV)**

The Davis Companies

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**This Brochure provides information about the qualifications and business practices of Davis Investment Ventures, LLC (“DIV”).**

**If you have any questions about the contents of this Brochure, please contact Ravi Ragnauth at 617-451-1300 or by email at [rragnauth@thedaviscompanies.com](mailto:rragnauth@thedaviscompanies.com).**

**The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority, and references in this Brochure to DIV as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

## **ITEM 2 – MATERIAL CHANGES**

### **Annual Update**

This Item describes the material changes to the Form ADV Part 2 since the last annual amendment of our Form ADV on March 26, 2018. This Item is updated if material changes have occurred during the course of the Firm's fiscal year or with the Firm's annual updating amendment.

### **Material Changes since the Last Update**

The Form ADV Part 2A has been updated to reflect the appointment of Ravi Ragnauth as Chief Compliance Officer.

### ITEM 3 - TABLE OF CONTENTS

	<u>Page</u>
ITEM 2 – MATERIAL CHANGES .....	I
ITEM 3 - TABLE OF CONTENTS.....	II
ITEM 4 – ADVISORY BUSINESS .....	1
ITEM 5 – FEES AND COMPENSATION .....	4
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT ..	7
ITEM 7 – TYPES OF CLIENTS .....	8
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	9
ITEM 9 – DISCIPLINARY INFORMATION.....	22
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.	24
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	27
ITEM 12 – BROKERAGE PRACTICES.....	28
ITEM 13 – REVIEW OF ACCOUNTS.....	32
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	34
ITEM 15 – CUSTODY .....	35
ITEM 16 – INVESTMENT DISCRETION .....	36
ITEM 17 – VOTING CLIENT SECURITIES.....	37
ITEM 18 – FINANCIAL INFORMATION .....	38

## ITEM 4 – ADVISORY BUSINESS

Item 4.A	<p><b>Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).</b></p> <p><b><u>Description of Advisory Firm</u></b></p> <p>Davis Investment Ventures, LLC (“DIV”), doing business as The Davis Companies (DIV, together with its affiliated entities, “TDC” or the “Company”) is a Boston based private equity real estate investment firm and became a SEC registered investment adviser effective March 28, 2012. DIV provides real estate investment management services to one or more commingled private investment funds and pooled fund vehicles sponsored by the firm’s owners.</p> <p>DIV sponsors Davis Investment Ventures Value Opportunity Fund I, L.P. (and its parallel funds, collectively “Fund I”), Davis Investment Ventures Fund II, L.P. (and its parallel funds, collectively “Fund II”), and Davis Investment Ventures Fund III, L.P. (and its parallel funds, collectively, “Fund III” and together with Fund I and Fund II, each a “Fund”, and collectively, the “Funds”). In addition to the Funds, DIV provides investment management services to DIV Loan Portfolio I, LLC (the “Mortgage Loan Account,” and together with the Funds, the “Advisory Clients”). It should be noted that as of December 31, 2017, the Mortgage Loan Account has divested all asset holdings and currently only holds cash. The Mortgage Loan Account will be fully liquidated by the end of the 2018 fiscal year. DIV is the investment manager, as applicable, for all Advisory Clients. The objective of each Fund is to generate investment returns primarily through opportunistic investing in a diversified portfolio of U.S. private real estate debt and equity transactions, with a limited portion potentially invested in marketable real estate securities such as equity securities of real estate investment trusts (REITs) and commercial mortgage-backed securities; the objective of the Mortgage Loan Accounts is to generate investment returns primarily through opportunistic investing in a diversified portfolio of U.S. private real estate debt. In connection with the Funds, DIV has formed certain limited partnerships, limited liability companies and corporations, and may form additional vehicles, as appropriate, for the Funds.</p> <p>DIV is organized as a limited liability company, and its headquarters reside at 125 High Street, 21<sup>st</sup> Floor, Boston, MA 02110. The majority of investment advisory related activities and compliance program administration are primarily handled within this office. DIV also maintains an office location at 200 Connecticut Avenue in Norwalk, CT, 06854.</p> <p><b><u>Management Team and Principal Owners</u></b></p> <p>Founded in 1976, TDC has a history of more than 40 years of successfully investing, managing and developing real estate for its own account and on behalf of private and institutional investors. A fully integrated, hands-on operating company, TDC has strong investment, management, leasing, development, and loan servicing/workout capabilities. The Company’s founder, CEO &amp; Chief Investment Officer, Jonathan Davis, has been continuously involved in the company’s operations since inception and remains active in developing strategy and overseeing management and deal execution.</p> <p>DIV, and its affiliated property management company, Davis Management Company, LLC (“DMC”), and its affiliated development company, TDC Development Group, LLC, are principally owned by Jonathan Davis.</p> <p>Mr. Davis maintains responsibility for the general oversight of TDC. He is responsible for overseeing the development and execution of the Advisory Clients’ investment strategy and the management or co-management of the Advisory Clients’ investment activities. Mr. Davis has over 40 years of real estate management and development experience</p>
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	<p>and plays a central role in the identification and evaluation of new opportunities, capital raising and management of the existing investment portfolios.</p> <p>Additional information relating to DIV's ownership can be found on Schedules A and B of Form ADV Part 1.</p>
<b>Item 4.B</b>	<p><b>Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.</b></p> <p>DIV provides discretionary investment advisory services, managing and directing the investment and reinvestment of assets, for pooled investment vehicles operating as private real estate investment funds. DIV provides such services to the Advisory Clients which invest in equity and debt interests in real estate related assets and real estate operating companies.</p> <p>Admission to the Funds is only through a "private offering" as such term is defined in Section 4(2) of the Securities Act of 1933 (i.e. not open to the general public) or negotiated joint venture (in the case of a managed account). The Funds offer interests/shares only to certain qualified investors who are (i) U.S. investors who are (a) accredited investors within the meaning of Rule 501 of Regulation D of the Securities Act of 1933, as amended, or (b) qualified purchasers within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended; (ii) non-U.S. investors, or (iii) "knowledgeable employees", as such term is defined in Rule 3c-5 of the Investment Company Act of 1940.</p> <p>Outside of providing investment management to the Advisory Clients, DIV offers no other advisory services. DIV does not perform any type of financial planning, quantitative analysis, tax planning or market timing services.</p>
<b>Item 4.C</b>	<p><b>Explain whether (and, if so, how) you tailor your advisory services to the individual needs of <i>clients</i>. Explain whether <i>clients</i> may impose restrictions on investing in certain securities or types of securities.</b></p> <p>DIV provides investment advice to the Funds and, as such, neither tailors its advisory services to the individual needs of Funds or investors, nor accepts client-imposed investment restrictions unless documented in a side letter agreement that is approved by the CEO and reviewed and approved by the General Counsel and Chief Compliance Officer from a compliance perspective. Advisory Client assets are managed in accordance with the investment guidelines described in written investment management agreements ("IMA") between DIV and the respective Advisory Client.</p> <p>Co-investment opportunities have been (and may in the future be) made available to Fund investors. If such investors do not wish to take advantage of the offered opportunity DIV may approach other investors not meeting the investment threshold or other appropriate third parties.</p> <p>Certain side letter agreements have been (and may in the future be) entered into with certain large and strategic investors in Fund I, Fund II and Fund III. Such arrangements may have the effect of establishing additional rights or altering or supplementing the terms of the governing documents of the applicable Fund with respect to one or more such investors in a manner more favorable to such investors than those applicable to other investors. These additional rights may include: reporting rights, additional advisory committee participation rights, liquidation rights, fee transferability rights,</p>

	<p>and/or other rights permitted as disclosed in the applicable Fund’s governing documents and in accordance with applicable law.</p> <p>The Funds have the flexibility to enter into additional agreements with certain large and strategic investors in connection with their admission to such Fund granting other rights without the approval of any other investor.</p>
<b>Item 4.D</b>	<p><b>If you participate in <i>wrap fee programs</i> by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.</b></p> <p>DIV does not participate in wrap fee programs.</p>
<b>Item 4.E</b>	<p><b>If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.</b></p> <p><b>Note: Your method for computing the amount of “client assets you manage” can be different from the method for computing “assets under management” required for Item 5.F in Part 1A. However, if you choose to use a different method to compute “client assets you manage,” you must keep documentation describing the method you use. The amount you disclose may be rounded to the nearest \$100,000. Your “as of” date must not be more than 90 days before the date you last updated your brochure in response to this Item 4.E.</b></p> <p>As of December 31, 2017 DIV managed approximately \$1,207,913,134 of Regulatory Assets Under Management on a discretionary basis. It should be noted that for the purposes of calculating Regulatory Assets Under Management and consistent with SEC guidance, DIV included all committed assets of the Advisory Clients managed by DIV.</p>

## ITEM 5 – FEES AND COMPENSATION

**Disclaimer applicable to all sub-items hereto: Investors in the Funds should refer to the appropriate governing documents for a complete and detailed understanding of how DIV is compensated for its advisory services. The information contained herein is a summary and is qualified in its entirety by the relevant Fund’s governing documents.**

<p><b>Item 5.A</b></p>	<p><b>Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.</b></p> <p><b>Note: If you are an SEC-registered adviser, you do not need to include this information in a <i>brochure</i> that is delivered only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940.</b></p> <p>Investors and prospective investors in the Advisory Clients should refer to the Confidential Private Placement Memorandum (“PPM”), IMA or organizational documents for the Funds for a detailed description of fees paid by the Advisory Clients to DIV. Fees are negotiable, at the discretion of DIV.</p> <p>Each investor in the Funds must meet certain eligibility provisions whereby interests/shares are generally only offered to certain qualified investors who are (i) U.S. investors who are (a) accredited investors within the meaning of Rule 501 of Regulation D of the Securities Act of 1933, as amended, or (b) qualified purchasers within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended; (ii) non-U.S. investors, or (iii) “knowledgeable employees”, as such term is defined in Rule 3c-5 of the Investment Company Act of 1940. Admission to the Funds managed by DIV is <u>not</u> open to the general public. Investors and prospective investors in the Funds should refer to the PPM, IMA, or organizational documents, as applicable, for a detailed description of the fee schedules. DIV, or an affiliated entity, may in its sole discretion, waive or reduce the fees to be paid by any Fund investor, including investors that are principals, employees or affiliates of DIV or relatives of such persons and for certain large or strategic investors.</p> <p>As described in Item 6 below, the general partner of each DIV Fund is entitled to receive incentive payments in certain circumstances. Similarly, certain executives of DIV are entitled to receive incentive payments in certain circumstances with regards to the Mortgage Loan Accounts.</p>
<p><b>Item 5.B</b></p>	<p><b>Describe whether you deduct fees from <i>clients</i>’ assets or bill <i>clients</i> for fees incurred. If <i>clients</i> may select either method, disclose this fact. Explain how often you bill <i>clients</i> or deduct your fees.</b></p> <p>For all Advisory Clients, applicable fees are described fully in the applicable PPM, IMA or organizational documents for the Advisory Client. DIV and/or its affiliates are paid in accordance with the relevant Advisory Client’s governing documents, and fees are payable periodically depending on the nature of the fee as described in more detail below.</p> <p><b><u>Management Fees</u></b></p> <p>To the extent applicable, an asset management fee is payable by the Funds to DIV on a periodic basis in arrears. Fund governing documents generally do not require DIV to generate an invoice; instead, the governing documents generally require the Funds to calculate the fees payable by the Funds and disburse the funds from the Fund’s account to DIV.</p>

	DIV, in its sole discretion, may waive or reduce fees to be paid by any investors in the Funds.
<b>Item 5.C</b>	<p><b>Describe any other types of fees or expenses <i>clients</i> may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that <i>clients</i> will incur brokerage and other transaction costs, and direct <i>clients</i> to the section(s) of your <i>brochure</i> that discuss brokerage.</b></p> <p><b><u>Transaction Fees</u></b>  As described in Item 5.B, DIV and its affiliates perform services for the Funds and receive market rate compensation and fees including without limitation, property management fees, design and construction fees, development fees, and, in certain instances, leasing commissions. The fees will be used to pay overhead and expenses of DIV and its affiliates and will compensate DIV for administration of the Funds, and in the case of DMC, for property management and other related services, and in the case of TDG, for development management and oversight and other related services. Such fees and compensation will not be shared with the Funds or their investors.</p> <p>The Funds pay all third party costs and expenses incurred in developing, underwriting, originating, negotiating and structuring investments, whether consummated or not consummated, and acquiring, financing, disposing of or otherwise dealing with investments.</p> <p>The Funds will pay to or reimburse DIV for the expenses, obligations or other liabilities incurred or paid by DIV and its affiliates in performing its obligations to its clients or otherwise providing services to or for the benefit of those clients, excluding salaries and other compensation in respect of DIV and its affiliates.</p> <p><b><u>Organizational Expenses</u></b>  Certain of the Funds will bear all organizational expenses in an amount capped pursuant to the respective Funds' governing documents. Any excess will be borne by DIV and/or the general partner/manager/managing member.</p>
<b>Item 5.D</b>	<p><b>If your <i>clients</i> either may or must pay your fees in advance, disclose this fact. Explain how a <i>client</i> may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.</b></p> <p>Not applicable to DIV.</p>
<b>Item 5.E</b>	<p><b>If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.</b></p> <p>Not applicable to DIV.</p>
<b>Item 5.E.1</b>	<p><b>Explain that this practice presents a conflict of interest and gives you or your supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to clients. If you primarily recommend mutual funds, disclose whether you will recommend "no-load" funds.</b></p> <p>Not applicable to DIV.</p>



<b>Item 5.E.2</b>	<p><b>Explain that clients have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.</b></p> <p>Not applicable to DIV.</p>
<b>Item 5.E.3</b>	<p><b>If more than 50% of your revenue from advisory clients results from commissions and other compensation for the sale of investment products you recommend to your clients, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.</b></p> <p>Not applicable to DIV.</p>
<b>Item 5.E.4</b>	<p><b>If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.</b></p> <p><b>Note: If you receive compensation in connection with the purchase or sale of securities, you should carefully consider the applicability of the broker-dealer registration requirements of the Securities Exchange Act of 1934 and any applicable state securities statutes.</b></p> <p>Not applicable to DIV.</p>

## ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

**Item 6:** If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

DIV, or an affiliated entity or affiliated persons, is entitled to incentive distributions to the extent returns to investors exceed certain thresholds. The calculation for these incentive distributions is calculated pursuant to the waterfall schedules described in the Advisory Client's respective PPM, IMA, or organizational documents, as applicable. Differences in the calculation of incentive distributions for different Advisory Clients could create incentives to favor one Advisory Client over another. Potential conflicts are generally mitigated by restrictions on forming a new DIV Fund that would compete with a prior DIV Fund for comparable investments until the prior DIV Fund is substantially invested or committed for investment.

The possibility that DIV or affiliated entities or persons may receive performance-based compensation creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such a performance-based fee. Per SEC Rule 205-3, performance fees based upon appreciation or growth in a client account strictly require prior written approval from the client. The Chief Compliance Officer is responsible for ensuring such arrangements are established in accordance with SEC Rule 205-3. Investors are provided with clear disclosure as to how performance-based compensation is charged with respect to a particular Advisory Client and the risks associated with such performance based compensation prior to making an investment.

## ITEM 7 – TYPES OF CLIENTS

**Item 7: Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

The clients of DIV include the Funds and the Mortgage Loan Accounts. Investors in the Funds and the Mortgage Loan Accounts may include, but are not limited to, pension plans, endowments, insurance companies, investment banks, retail banks, corporate entities, endowments and foundations, trusts, family offices (both single and multi), high net worth individuals and “knowledgeable employees”.

Admission to the Funds and the Mortgage Loan Accounts managed by DIV is not open to the general public. Each investor must meet certain eligibility provisions whereby interests/shares are generally only offered to (i) U.S. investors who are (a) accredited investors within the meaning of Regulation D of the Securities Act of 1933, as amended or (b) qualified purchasers within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended; (ii) non-U.S. investors, and (iii) “knowledgeable employees” as such term is defined in Rule 3c-5 of the Investment Company Act of 1940.

Each of the Funds may have minimum capital commitments for investors, as specified in the applicable PPM for each respective Fund. However, the general partner has discretion to negotiate the terms of, or waive, this provision. The capital commitments for the Mortgage Loan Accounts are negotiated, thus a minimum is not applicable.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Item 8.A	<p><b>Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that <i>clients</i> should be prepared to bear.</b></p> <p><b><u>Investment Strategies</u></b></p> <p>DIV provides advice to the Funds to invest in equity and debt real estate investment vehicles and offerings. The Funds are generally investing their assets in limited partnerships, private real estate investment trusts (“REITs”), and limited liability companies that were structured for the purpose of holding underlying real estate assets. DIV may participate in joint ventures with unaffiliated third party entities in certain real estate transactions.</p> <p>With respect to Funds specifically, as described in the applicable Funds’ PPM, DIV seeks to generate returns primarily through opportunistic investing in a diversified portfolio of U.S. private real estate debt and equity transactions, including commercial, office, hotel and retail properties, with a limited portion of the Fund potentially invested in marketable real estate securities such as equity securities of REITs, real estate operating companies and CMBS; the objective of the Mortgage Loan Accounts is to generate investment returns primarily through opportunistic investing in a diversified portfolio of U.S. private real estate debt.</p> <p>There are a number of risks associated with DIV’s business, including the risk that the Funds or the Mortgage Loan Accounts may not achieve their investment objectives, causing investors to lose some or all of their investment. TDC relies significantly on the experience, relationships and expertise of its management team and key employees to manage the Advisory Clients’ affairs successfully and depends on its management team’s ability to identify, structure and manage investments to minimize risk throughout the investment life cycle. With respect to major investment risk, TDC employs the following risk mitigation practices:</p> <p><b><u>Screening</u></b></p> <p>The screening process for potential investments involves several steps, which may vary depending on the type of asset being proposed for acquisition. TDC’s Acquisitions team reviews hundreds of potential investment transactions, selecting only the most compelling for further underwriting. TDC’s 40 years of experience in real estate investment, management and development has led to the development of an efficient screening process in targeting opportunities and understanding risks. The Acquisitions Committee (composed of members from the Acquisitions and Asset Management teams and including the CEO &amp; Chief Investment Officer of the Company) meets weekly to determine which potential investments are worthy of underwriting.</p> <p><b><u>Underwriting</u></b></p> <p>After careful screening, TDC selects investments based on the price versus value relationship of the investment and the potential to create value through TDC’s management, leasing, workout, repositioning, redevelopment or development capabilities. Investments are thoroughly underwritten to seek to provide comfort that there is sufficient underlying asset value and to understand potential risks and sensitivities. Maximizing returns while maintaining capital preservation is stressed. For loan investments, both a performing loan analysis and a non-performing loan-to-own analysis are evaluated, based on generally conservative underwriting assumptions. For each investment, a written summary is prepared describing the due diligence conducted on the proposed acquisition and the investment proposition, and this summary is provided to the Investment Committee (“IC”) for approval to spend money and resources pursuing due diligence.</p>
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	<p><b><u>Due Diligence</u></b>  A team effort including acquisitions, asset and property management, leasing, legal, and finance personnel is employed. Senior management of TDC is actively involved in all aspects of the due diligence process. When prudent, third-party experts are engaged to provide further evaluation. All assets are physically inspected by key members of the due diligence team. The evaluation of potential investments is initiated and subsequently managed by TDC's Acquisitions team. TDC's Acquisition and Leasing teams work with market experts to evaluate strengths and weaknesses of an asset and its perception in the marketplace. Achievable rents are analyzed and opportunities to enhance operating income through repositioning of the asset are explored. TDC's Finance team is consulted to determine the likely sources and pricing/availability for mortgage financing, and to determine optimal debt structure. Each opportunity's underlying assumptions and investment rationale is stress tested and challenged in preliminary meetings and progress is monitored by the IC. All transactions require the final review and approval of the IC.</p> <p><b><u>Investment Committee Approval</u></b>  The IC is composed of the CEO &amp; Chief Investment Officer, President, and other key executives of the Company. Weekly IC meetings (or periodic sub-committee meetings in the case of investments in CMBS) take place to discuss transaction proposals, investment approval and pricing, due diligence issues and closing, and asset business plan execution issues. The CMBS sub-committee is comprised of key members of IC. IC or sub-committee approval is required before undertaking any investment or disposition of investment. The executive members of IC also oversee existing investments and therefore receive regular updates from TDC's Property Management, Leasing, Development, Design and Construction personnel on the implementation of TDC's investment strategy including the current leasing situation of each asset, future leasing strategy, on-going or potential capital expenditure projects, property operating expenses and financing. The process is continually measured and reviewed until the time the asset is divested.</p> <p><b><u>Advisory Board Approval</u></b>  Each Fund has an Advisory Board comprised of voting members appointed from among the respective Funds' investors. The general partner of each Fund may also designate additional non-voting members to the Advisory Board. The Advisory Board meets at least twice annually or upon request of the general partner to consult on various matters, including financial statements, asset valuations, property services fees, the status of existing investments and such other matters as the general partner may determine. Advisory Board approval shall only be required (i) in order to waive diversification and leverage limits established in each Fund's governing documents, extend the investment period or, in certain circumstances, the term of the Fund, or approve the rejection of certain investment opportunities for the Fund and (ii) with respect to certain other matters involving risks associated with potential conflicts of interests.</p>
Item 8.B	<p><b>For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.</b></p> <p>For a more detailed disclosure of the potential risk factors associated with investing in the Funds or the Mortgage Loan Accounts, prospective investors should refer to the respective Advisory Client's PPM, IMA and/or governing documents. They should carefully consider the risk factors, together with all of the other information included in the PPM, governing documents or IMA, as applicable, before deciding to purchase the interests.</p>

	<p>Risk management planning is an ongoing effort at TDC. TDC's Chief Compliance Officer oversees a tailored compliance program with written policies and procedures and an effective surveillance and testing program. TDC's risk management includes front-end planning of how major risks will be mitigated and managed once identified. TDC's risk mitigation process includes:</p> <ul style="list-style-type: none"> <li>• Characterizing the root causes of risks that have been identified and quantified in earlier phases of the risk management process.</li> <li>• Evaluating risk interactions and common causes.</li> <li>• Identifying alternative mitigation strategies, methods, and tools for each major risk.</li> <li>• Assessing and prioritizing mitigation alternatives.</li> <li>• Selecting and committing the resources required for specific risk mitigation alternatives.</li> </ul> <p>Investments in the Funds and Mortgage Loan Accounts entail a significant degree of risk and should be undertaken only by investors capable of evaluating the risks of the Advisory Clients and bearing the risks they represent. There can be no assurance that Advisory Clients' investment objectives will be achieved, and an investor must be prepared to bear capital losses which might result from investments.</p> <p>Advisory Client investments may entail the following risks:</p> <p style="text-align: center;"><b>General business and investment risks</b></p> <p><b>Investing in real estate will expose the Funds to a high degree of risk</b> - Real estate historically has experienced significant fluctuations and cycles in value and the Funds may buy and/or sell investments at less than optimal times. The marketability and value of the Funds' investments will depend on many factors beyond the control of the Funds. The ultimate performance of the Funds' investments will be subject to the varying degrees of risk generally incident to the ownership and management of interests in, or related to, real property. The ultimate value of the Funds' investments depends upon the Funds' ability to identify, acquire, develop and dispose of investments in a profitable manner. Revenues may be adversely affected by changes in national or international economic conditions; changes in local market conditions due to changes in general or local economic conditions and neighborhood characteristics; the financial condition of tenants, buyers and sellers of properties; competition from prospective buyers for, and sellers of, other similar properties; changes in interest rates and in the availability, cost and terms of financing; the impact of present or future environmental legislation and compliance with environmental laws; changes in tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; civil unrest; acts of God, including earthquakes, hurricanes and other natural disasters; acts of war; acts of terrorism (any of which may result in uninsured losses); adverse changes in zoning laws; and other factors that are beyond the control of the Funds. In the event that any of the properties that comprise or secure the Funds' investments experience any of the foregoing events or occurrences, the value of and return on such investments would be negatively impacted.</p> <p><b>Competitive nature of the Funds' business</b> - The Funds may be competing for suitable investments with other prospective purchasers that have greater resources than the Funds, or that have better relationships with particular sellers of assets, lenders or brokers. These competitors may have different investment objectives than the Funds, enabling them to accept more risk or pay higher prices than are deemed reasonable or appropriate for the Funds. In addition, the Funds' properties may face competition for quality tenants from</p>
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	<p>other properties. These factors may affect the Funds' ability to invest the Capital Commitments.</p> <p><b>Lack of liquidity of investments</b> - Real estate investments are relatively illiquid. Such illiquidity may limit the Funds' 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 or securing one of the Funds' investments. There can be no assurances that the fair market value of any investments held by the Funds will not decrease in the future, leaving the Funds' investment relatively illiquid.</p> <p>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. The possibility of a partial or total loss of capital exists.</p> <p><b>The Funds will be subject to credit risk</b> - The Funds and Mortgage Loan Accounts will be subject to credit risk, i.e., the risk that an issuer or borrower will default in the payment of principal and/or interest on an instrument. Credit risk also includes the risk that a counterparty to a derivatives instrument (e.g., a swap counterparty) will be unwilling or unable to meet its obligations. Financial strength and solvency of an issuer or borrower are the primary factors influencing credit risk. In particular, with respect to CMBS and related investments in which the Funds may invest, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect the Funds' credit risk. There are no restrictions on the credit quality of the Funds' investments. Securities in which the Funds may invest may be deemed by ratings agencies to have substantial vulnerability to default in payment of interest and/or principal. Other securities may have the lowest quality ratings or may be unrated. In the case of below-investment-grade (or unrated) CMBS and related investments, these securities will generally be subordinated to other more "senior" securities of the same issue or series. The default-related risks of the underlying mortgages or assets will be severely magnified in subordinated securities. Default risks may be further pronounced in the case of CMBS and related investments secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying mortgage loans or assets. Accordingly, these securities may experience significant price and performance volatility with respect to a variety of market and non-market factors.</p> <p>In general, credit risk is broadly gauged by the credit ratings of the securities in which the Funds invest. However, ratings are only the opinions of the agencies issuing them, may change less quickly than relevant circumstances, are not absolute guarantees of the quality of the securities and are subject to downgrade. Credit ratings and ratings agencies have recently been criticized for ratings which did not fully reflect the risks of certain securities or which did not reflect such risks in a timely manner. Furthermore, the Funds' assets may not be rated by any rating agency or may be below investment grade. The Funds will be more dependent upon the judgment of the investment manager as to the credit quality of such unrated securities. Therefore, the investment manager's capabilities in analyzing credit quality and associated risks will be particularly important, and there can be no assurance that the investment manager will be successful in this regard.</p> <p style="text-align: center;"><b>Risks associated with real estate development</b></p> <p><b>The Funds may acquire direct and indirect equity interests in real estate developments</b> - To the extent that the Funds invest in such development activities, they will be subject to the risks normally associated with such activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the</p>
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	<p>Funds, such as weather or labor conditions, fluctuations in the price of materials or material shortages) and the availability of both construction and permanent financing on favorable terms. No commitments have been obtained with respect to development financing and no assurance can be given that financing will be obtainable on acceptable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of the Funds and on the amount of funds available for distribution.</p> <p><b>Potential environmental liabilities</b> - 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 such property. Such enactments often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. For example, the current owner of a parcel of land may be liable for environmental problems at, or emanating from, the parcel of land that were caused by a past owner or current operator of the site. The cost of any required remediation and the owner's liability remediation 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. Finally, it is also possible that the owners of properties with significant contamination could be exposed to property damage in personal injury claims by adjoining or nearby landowners or residents.</p> <p>To reduce the possibility of liability under environmental laws, the Funds may hire environmental consultants prior to making an investment. In addition, where the investment manager deems it appropriate, the Funds will seek to obtain indemnities from sellers, purchase environmental insurance or hold title in limited liability entities.</p> <p>There can be no assurance that environmental laws relating to real estate transactions will not be amended in the future in ways that could adversely affect the Funds' investments.</p> <p><b>Unanticipated problems and undisclosed liabilities</b> - The Funds may acquire existing real estate from third parties, including off-market and non-intermediated transactions, portfolio acquisitions and future purchase transactions. There can be no assurance that unanticipated problems and undisclosed liabilities or contingencies will not arise with respect to the acquired properties or that the acquired properties will achieve the anticipated rental rates or occupancy levels factored into the pricing of the transaction. Investments involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of properties as well as the potential improvements needed to increase financial returns. Although the investment manager expects that opportunities for the advantageous acquisition of properties will arise for the Funds, there can be no assurance that any such investment opportunities will arise.</p> <p><b>Leasing delays or tenant bankruptcies</b> - The Funds may receive a portion of their income as lease payments, and the returns from investments in real estate often may depend to a large extent on the amount of rental income generated from the properties and the expenses incurred by managing the properties, as well as on changes in their market value.</p>
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	<p>The market values are in turn affected by the rental incomes realizable on, and expenses associated with, the properties. Rental income received by the Funds and the value of their properties may be adversely affected by the cyclical nature of the real estate market, the perceptions of prospective tenants of the attractiveness, convenience and safety of the locations, the levels of demand and supply of commercial properties, competition from other real estate owners, changes in market rental rates, the inability to collect rents because of bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair and release space, costs of maintenance and insurance and increased operating costs.</p> <p>The Funds have no control over the success or failure of tenants' businesses and, at any time, any tenant may experience a downturn in its business that may weaken its financial condition. As a result, tenants may delay lease commencements or renewals, fail to make lease payments when due or declare bankruptcy. If tenants are unable to comply with lease terms, the Funds or a vehicle thereof may be forced to modify lease terms in ways that are unfavorable, declare a default, repossess the property, find a suitable replacement tenant, operate the property or sell the property. There is no assurance that an investment made by the Funds could be leased at all or on terms substantially similar to or better than those of the prior lease, successfully repositioned for other uses, successfully operated or sold on terms that are favorable to the Funds. A tenant bankruptcy could also delay the Funds' efforts to collect past due balances under the relevant lease and could ultimately preclude full collection of these sums.</p> <p>Upon the expiration of leases, leases may not be renewed by existing tenants, the space may not be released to new tenants or the terms of renewal or re-leasing (including the cost of required renovations or concessions to tenants) may be less favorable to the Funds than previous lease conditions. If the Funds are unable to re-let or renew lease contracts promptly, if the rentals upon such renewal or re-leasing are significantly lower than expected or if the Funds' reserves for these purposes (if any) prove inadequate, the Funds' results from operations, financial condition and the value of its real estate assets could be adversely affected.</p> <p><b>Risks associated with the use of leverage</b> - The investment manager will utilize leverage with the goal of enhancing the Funds' returns. The Funds' failure to obtain leverage at the contemplated levels, or to obtain leverage on attractive terms, could have a material adverse effect on the Funds. The use of leverage has the potential to magnify the gains or losses on the Funds' investments and to make the Funds' returns more volatile. Furthermore, the use of leverage will subject the Funds to risks normally associated with debt financing, including the risk that the Funds' cash flow 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 and the risk that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness. Moreover, if the Funds are required to deleverage as a result of changing market conditions, to comply with the limitations on its ability to leverage or otherwise, it may be forced to sell investments at inopportune times or at disadvantageous prices. The Funds may incur indebtedness in which recourse is not limited to specific assets of the Funds and indebtedness that is collateralized by more than one Fund asset. In addition, the Funds may incur indebtedness that may bear interest at variable rates. Variable rate debt creates higher debt service requirements if market interest rates increase, which would adversely affect the Funds. The Funds may in the future engage in transactions to limit its exposure to rising interest rates as it deems appropriate and cost effective, which transactions could expose the Funds to the risk that counter parties to such transactions may not perform and cause the Funds to lose the anticipated benefits therefrom, which would have the adverse effects associated with increases in market interest rates.</p> <p><b>Fluctuations in interest rates</b> - The Funds 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</p>
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strategy can completely insulate the Funds 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 certain additional risks, such as counterparty risk, the legal enforceability of hedging contracts, the early repayment of hedged transactions and 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. The Funds cannot give any assurances that it will be able to enter into hedging transactions or that such hedging transactions will adequately protect the Funds against the foregoing risks. In addition, cash flow hedges which are not perfectly correlated (and appropriately designated/documented as such) with a variable rate financing will impact the Funds' reported income as gains and losses and the ineffective portion of such hedges will be recorded.

**Availability of insurance against certain catastrophic losses** - The Funds plan to obtain liability, fire, flood (if required), extended coverage and rental loss insurance for its investments with such insured limits and policy specifications as the general partner and the investment manager believe are customary. However, certain losses of a catastrophic nature, such as those caused by wars, mold, earthquakes, hurricanes, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates as to adversely impact the Funds' profitability. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total cost of casualty insurance for a property. As a result, it is possible that not all of the Funds' portfolio investments will be insured against damages attributable to acts of terrorism. If a major uninsured loss were to occur with respect to a portfolio investment, the Funds could lose both its invested capital and anticipated profits related to such portfolio investment.

**A Fund may not achieve its targeted rate of return on its investments** - The Funds will make investments based on the general partner's and the investment manager's estimates or projections of internal rates of return and current returns, which in turn are based on, among other considerations, assumptions regarding the performance of Fund assets, the amount and terms of available financing and the manner and timing of dispositions, including possible asset recovery and remediation strategies, 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 the Funds' investments.

#### **Risks relating to an investment in the Funds**

**An investment in the Funds involves a high degree of risk and reliance on Management** - An investment in the Funds requires a long-term commitment, with no certainty of return. Generally, the Funds are discretionary Funds. Accordingly, investors will not have an opportunity to evaluate or approve specific investments prior to investing. Investors will be relying on the ability of the investment manager and the general partner to identify, consummate and manage investments. The Limited Partners or members have no right or power to take part in the Funds' management, other than by voting on certain other matters as provided in the Partnership Agreement. Accordingly, no person should purchase an Interest unless such person is willing to entrust all aspects of the Funds' management to the general partner and the investment manager.

**The past performance of the investment manager is not a predictor of future results of the Funds** - The investment manager's performance and the performance of the Funds are dependent on future events and are, therefore, inherently uncertain. The track record of the investment manager cannot be relied upon to predict future performance due to a variety of factors, including varying business strategies, changes in personnel, different local

and national economic circumstances, different supply and demand characteristics, varying degrees of competition and varying circumstances pertaining to the real estate markets. Furthermore, there can be no assurance that the Funds' investments will meet the Funds' targeted internal rate of return.

**No market for Interests in the Funds** - Interests in the Funds and Mortgage Loan Accounts are not transferable or assignable except with the consent of the general partner, which generally may be withheld by the general partner in its sole discretion, and transfers are subject to the terms and conditions of the Funds' governing documents. Further, voluntary withdrawal from the Funds by an investor is not allowed. In addition, transfer of interests may be affected by restrictions on re-sales imposed by federal and state securities laws. The interests will not be registered under the Securities Act or any state securities laws and may not be transferred unless registered under applicable federal and state securities laws or unless an exemption from such laws is available. The Funds have no plans, and are under no obligation, to register the interests under the Securities Act. No market exists for the interests, and none is expected to develop. Therefore, an investment in the Funds should be considered illiquid and should only be made by persons that are able to bear the risk of their investment in the Interests for an extended period of time.

**The Funds and Mortgage Loan Accounts will not be registered under the Investment Company Act** - The Funds are not currently, and will not in the future be, registered under the Investment Company Act. As a result, the Funds will not be subject to the provisions of the Investment Company Act that apply to registered investment companies. These provisions, among other things (1) place restrictions on certain investment practices, such as short sales and leverage, (2) require securities held in custody for the account of the investment company to be segregated from the securities of any other person and marked to clearly identify the securities as the property of the investment company, and (3) regulate the relationship between the investment company and its investment adviser and its affiliates. If the Funds fail to qualify for exemption from registration as an investment company, its ability to use leverage would be substantially reduced and it may be unable to conduct its business as described herein. Any such failure to qualify for such exemption could have a material adverse effect on the Funds.

**The Funds and Mortgage Loan Accounts will be dependent on the investment manager and its key personnel** - The ability of the investment manager to manage the Funds' affairs successfully will depend on its management team and its ability to identify, structure and manage investments. The investment manager will rely on the experience, relationships and expertise of its management team and key employees. There can be no assurance that these individuals will remain in the employ of the investment manager or otherwise continue to be able to carry on their current duties throughout the Funds' term. The loss of the services of any of such individuals could have a material adverse effect on the Funds' operations. In addition, the investment manager and its affiliates have investments in real estate in which the Funds do not have an ownership interest. Consequently, certain members of the management team may have conflicts in allocating their time and services among the Funds and other ventures they may be involved in.

**Conflicts of interests – carried interest distributions** – Each Funds' general partner or Managing Member will receive a carried interest in its Fund. The existence of the general partner's carried interest may create an incentive for the general partner to make more speculative investments on behalf of the Funds than it would otherwise make in the absence of such carried interest. Although TDC is investing its own capital in the Funds alongside that of the other investors, the general partner's interests may under some circumstances differ from those of the Funds or the investors. Such conflicting interests could potentially affect the decisions of the general partners in purchasing, holding and disposing of the investments of the Funds.

**Conflicts of interests – other investment activities of TDC** - TDC and its affiliates presently manage and/or have significant ownership interests in a large number of properties. Any

	<p>properties in which the Funds may have an ownership interest may be in direct competition with properties and entities in which TDC or its affiliates have an ownership or management interest, and TDC or its affiliates may be subject to conflicts of interest with respect to the sale, management, or financing of properties owned by the Funds or owned by entities in which the Funds have an ownership interest. TDC and the management team of the Funds may devote significant time to the management of other client accounts or investment entities sponsored by TDC. The Funds will have no interest in such entities or accounts.</p> <p><b>Transactions with affiliates</b> - TDC and its affiliates may provide additional services to the Funds, including property management, leasing, loan servicing, construction management, development and legal and financing services in connection with the Funds' investments. These are all services that would typically be performed for the Funds' investments by third parties. Fees for any such services provided with respect to the Funds' investments will be based on market rates. However, such fees will not be determined through arm's-length negotiation. Any such fees will be solely for the account of TDC and its affiliates, as applicable, and will not be shared with the Funds.</p> <p><b>The Funds may invest in distressed assets</b> - The Funds may make investments in non-performing or other distressed assets that involve a high degree of financial risk and there can be no assurance that the Funds' investment objectives will be realized or that there will be any return of capital to the investors. Furthermore, investments in properties operating in work-out modes or under bankruptcy protection laws may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of an investor's original investment. In addition, under certain circumstances, payments to the Funds and distributions by the Funds to its investors may be reclaimed if any such payments or distributions are later determined to have been fraudulent conveyances or preferential payments under applicable law.</p> <p><b>The Funds may not have control over its investments</b> - In certain situations, the Funds may (a) acquire only a minority interest in a company or other asset in which it invests, (b) rely on independent third party management with respect to the operations of a company or other asset in which it invests, (c) acquire only a participation in an asset underlying an investment or (d) acquire a subordinate loan position with respect to a company or an asset in which it invests and, therefore, may not be able to exercise control over the management of such company or investment. The Funds may also co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring non-controlling interests in certain investments. Although the Funds may not have control over these investments and, therefore, may have a limited ability to protect its position therein, the general partners and the investment manager expect to negotiate appropriate rights to protect the Funds' interests. Nevertheless, such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party partner or co-venturer may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take action contrary to the Funds' investment objectives. The Funds also may, in certain circumstances, be liable for the actions of its third party partners or co-venturers.</p> <p><b>If an investor defaults, it may be subject to various remedies</b> - If an investor defaults in making its required Capital Contributions to the Funds, the investor may be subject to various remedies including, without limitation, forfeiture of its interest in the Funds. If an investor defaults or is excused from an investment, it may be difficult for the Funds to make up the shortfall from other sources, which may be detrimental to the Funds. The other investors may be required to make additional contributions to replace such shortfall, thereby reducing the diversification of their investments.</p> <p>If an investor fails to fund any capital call when due, and the capital commitments made by non-defaulting investors and borrowings by the Funds are inadequate to cover the</p>
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	<p>defaulted capital contribution, the Funds may be unable to pay their obligations when due. As a result, the Funds may be subjected to penalties that could materially and adversely affect the returns to the investors.</p> <p><b>Investors may be required to fund an aggregate amount in excess of capital commitments</b> - Under certain circumstances, proceeds distributable (or previously distributed) to the investors may be retained or recalled and reinvested by the general partners or investment manager or used to meet Fund liabilities. Accordingly, because of such recycling, it is possible that investors may have to fund an aggregate amount in excess of their capital commitment.</p> <p><b>U.S. federal income tax risks</b> - The investors may be obligated to pay tax arising from phantom income. The investors will be required to take into account their allocable share of the Funds' or Mortgage Loan Accounts' items of income, gain, loss, deduction and credit, without regard to whether they have received or will receive any distributions from the Funds or Mortgage Loan Accounts. Thus, each investor may be taxed on its distributive share of the taxable income of the Funds or Mortgage Loan Accounts regardless of whether such investor receives any actual cash distributions from the Funds or Mortgage Loan Accounts. Accordingly, an investor's tax liability for any taxable year attributable to its investment in the Funds or Mortgage Loan Accounts may exceed (and perhaps to a substantial extent) the cash distributed to that investor during the taxable year. Consequently, investors should plan to satisfy any tax obligations arising from their investment in the Funds or Mortgage Loan Accounts from sources other than distributions from the Funds or Mortgage Loan Accounts.</p> <p><b>The Funds may generate unrelated business taxable income taxable to certain tax-exempt investors and effectively connected income taxable to non-U.S. investors.</b> - Although the general partners or investment manager intend, but are not obligated, to form alternative feeder, parallel or other investment vehicles in order to address certain tax, legal or other regulatory considerations, the Funds nevertheless may generate unrelated business taxable income ("UBTI") and income effectively-connected with the conduct of a U.S. trade or business ("ECI"), including possibly gains attributable to the disposition of US real property interests subject to so-called "FIRPTA" tax.</p> <p><b>Risks associated with REIT tax qualification</b> - In order to minimize the taxes payable by certain tax exempt and non-U.S. investors, the general partners and the investment manager may form a real estate investment trust (a "REIT") as either a vehicle for those and other investors to invest in the Funds, or a vehicle through which the Funds may make some or all of its investments. If the Funds form a REIT, the REIT will endeavor to qualify as a REIT for tax purposes. However, qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which only a limited number of judicial or administrative interpretations exist. Failure to comply with these requirements, even if inadvertent, could jeopardize a REIT's tax status. Furthermore, new tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible to qualify or continue to qualify as a REIT. If a REIT fails to qualify as a REIT in any tax year, unless the REIT was eligible for certain provisions granting relief, then:</p> <ul style="list-style-type: none"> <li>• the REIT would be taxed as a regular domestic corporation, which under current laws, among other things, means being unable to deduct distributions to its shareholders in computing taxable income and being subject to federal income tax on its taxable income at regular corporate rates;</li> <li>• the REIT would be required to pay taxes and, thus, its cash available for distribution to its shareholders (e.g., the Funds and, in turn, the Funds' investors) would be substantially reduced for each of the years during which the REIT did not qualify as a REIT; and</li> </ul>
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	<ul style="list-style-type: none"> <li>the REIT may also be disqualified from re-electing REIT status for the year of the disqualification and the four taxable years following the year during which it became disqualified.</li> </ul> <p>In order to qualify as a REIT for federal income tax purposes, a REIT is required to continuously satisfy tests concerning, among other things, its sources of income, the nature and diversification of its investments, the amounts it distributes to its shareholders and the ownership of its stock. A REIT may be forced to dispose of an asset in order to stay in compliance with such tests. A REIT may also be required to make distributions to its shareholders at disadvantageous times or when it does not have funds readily available for distribution. The REIT provisions of the Internal Revenue Code could limit the Funds' ability to hedge the REIT's financial assets and related borrowings. Thus, compliance with REIT requirements could hinder the Funds' ability to operate solely with the objective of maximizing profits.</p>
Item 8.C	<p><b>If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.</b></p> <p>In addition to the risks described above, other material risks associated with the Funds may include:</p> <p><b><u>Credit Risk of Tenants</u></b></p> <p>Funds may invest in properties in which tenant leases will generate a significant portion of a Fund's revenue. As a result, such a Fund is subject to the credit risk of its tenants. In particular, local economic conditions and factors affecting the industries in which a Fund's tenants operate may affect the tenants' ability to make lease payments. In the event that a Fund's tenants default on their leases and fail to make rental payments when due, there could be a significant decrease in a Fund's revenues. This loss of revenues could adversely affect a Fund's profitability and its ability to meet its financial obligations. In addition, a Fund may be unable to locate replacement tenants in a timely manner or on comparable or better terms if tenants default on their leases. These risks can be magnified in those instances where a single tenant occupies, or small numbers of tenants occupy, an entire building.</p> <p><b><u>Office Properties</u></b></p> <p>Funds may invest in office properties, which subject a Fund to particular risks. These risk factors include the effect on such properties by the demand for office space locally, the impact of a recession on the local market and the building's tenants; the quality of an office building's tenants; an economic decline in the business operated by the tenants or the local economy in general; the physical attributes of the building in relation to competing buildings (e.g., age, condition, design, appearance, amenities and location), access to transportation, and the reliance on a single or dominant tenant.</p> <p><b><u>Retail Properties</u></b></p> <p>Funds may invest in retail properties, which subject a Fund to particular risks. The value and successful operation of a retail property is sensitive to a number of risk factors, including, but not limited to: changes in consumer spending patterns, local competitive conditions that could affect the level of retail sales (such as the supply of retail space or the existence or construction of new competitive shopping centers or shopping malls, the bankruptcy or distress of tenants; the availability of sublease space; alternative forms of retailing (such as direct mail, video shopping networks and internet web sites, which reduce the need for retail space by retail companies); the safety, convenience and attractiveness of the property to tenants and their customers; the need to make major repairs or improvements to satisfy the needs of major tenants; traffic patterns and access to major thoroughfares; and local unemployment rates.</p>

**Multi-Family Properties**

The Funds may invest in multifamily residential properties which may involve particular risks. These risk factors may affect the value and successful operation of such properties, including: physical attributes of the property such as its age, condition, design, appearance, 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, presence of competing properties; the tenant mix, (such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or local industry); and adverse local economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels.

State and local regulations may affect the building owner's ability to increase rent to the level of market rents for an equivalent apartment; government assistance/rent subsidy programs; and the inventory of unsold condominium units in the local market that are being rented until economic conditions in the condominium market improve. If any of such risk factors increase or cited conditions deteriorates in the continuing economic crisis, the Fund's investments in multifamily properties may incur losses. Besides, local, state and federal ordinances and regulation that govern the landlord-tenant relationship, some counties and/or municipalities impose rent control on apartment buildings. These ordinances may limit rent increases to fixed percentages approved by a government agency or limited to increases in the consumer price index, or encourage individuals to own rather than lease properties.

**Industrial/Warehouse Properties**

The Funds may invest in industrial properties, which subjects the Funds to particular risks. Significant factors determining the value of industrial properties are: the location of the property (including proximity to supply sources and customers and accessibility to rail lines, major roadways and other distribution channels and transportation routes); the quality of tenants; a reduced demand for industrial space because of a decline in a particular industry segment, property becoming functionally obsolete, building design and adaptability, scarcity of labor sources, changes in access, energy prices, strikes, relocation of highways, the construction of additional highways or other factors; changes in proximity of supply sources; the expenses of converting a previously adapted space to general use; and the location of the property.

**Commercial Mortgage Loans and CMBS**

The Funds or Mortgage Loan Accounts may invest in or originate commercial mortgage loans, especially in "loan-to-own" situations. The value of these loans will be influenced by the historical rate of delinquencies and defaults experienced on the commercial mortgage loans and by the severity of loss incurred as a result of such defaults. The factors influencing delinquencies, defaults and loss severity include (i) economic and real estate market conditions by industry sectors (e.g., multifamily, retail, office); (ii) the terms and structure of the mortgage loans; and (iii) any specific limits to legal and financial recourse upon a default under the terms of the mortgage loan.

The ability of a borrower to repay a commercial mortgage loan secured by income-producing property typically is dependent primarily upon the successful operation and operating income of such property (i.e., the ability of tenants to make lease payments, the ability of a property to attract and retain tenants, and the ability of the owner to maintain the property, minimize operating expenses, and comply with applicable zoning and other laws) rather than upon the existence of independent income or assets of the borrower and many commercial mortgage loans may provide recourse only to specific assets, such as the property, and not against the borrower's other assets or personal guarantees. Accordingly,

	investors in and originators of such loans bear the risk that the borrower will be unable to refinance or otherwise repay the mortgage at maturity, thereby increasing the likelihood of a default on the borrower's obligation.
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## ITEM 9 – DISCIPLINARY INFORMATION

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events. Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the “date” of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

Item 9.A	<ol style="list-style-type: none"> <li>1. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i> was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any <i>felony</i>; (b) a <i>misdemeanor</i> that involved investments or an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;</li> <li>2. is the named subject of a pending criminal <i>proceeding</i> that involves an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;</li> <li>3. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation; or</li> <li>4. was the subject of any <i>order</i>, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a <i>management person</i> from engaging in any <i>investment-related</i> activity, or from violating any <i>investment-related</i> statute, rule, or <i>order</i></li> </ol> <p>Not applicable. There are no pending legal, regulatory or industry proceedings against DIV or any of its professionals.</p>
Item 9.B	<p><b>An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person</b></p> <ol style="list-style-type: none"> <li>1. was found to have caused an investment-related business to lose its authorization to do business; or</li> <li>2. was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority <ol style="list-style-type: none"> <li>(a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;</li> <li>(b) barring or suspending your firm’s or a management person’s association with an investment-related business;</li> </ol> </li> </ol>

	<p>(c) otherwise significantly limiting your firm's or a management person's investment-related activities; or</p> <p>(d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.</p> <p>Not applicable. There are no pending legal, regulatory or industry proceedings against DIV or any of its professionals.</p>
Item 9.C	<p><b>A self-regulatory organization (SRO) proceeding in which your firm or a management person</b></p> <ol style="list-style-type: none"> <li>1. was found to have caused an investment-related business to lose its authorization to do business; or</li> <li>2. was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.</li> </ol> <p><b>Note:</b> You may, under certain circumstances, rebut the presumption that a disciplinary event is material. If an event is immaterial, you are not required to disclose it. When you review a legal or disciplinary event involving your firm or a management person to determine whether it is appropriate to rebut the presumption of materiality, you should consider all of the following factors: (1) the proximity of the person involved in the disciplinary event to the advisory function; (2) the nature of the infraction that led to the disciplinary event; (3) the severity of the disciplinary sanction; and (4) the time elapsed since the date of the disciplinary event. If you conclude that the materiality presumption has been overcome, you must prepare and maintain a file memorandum of your determination in your records. See SEC rule 204-2(a)(14)(iii).</p> <p>Not applicable. There are no pending legal, regulatory or industry proceedings against DIV or any of its professionals.</p>

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item 10.A	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.</p> <p>Not applicable to DIV.</p>
Item 10.B	<p>If you or any of your <i>management persons</i> 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, disclose this fact.</p> <p>Not applicable to DIV.</p>
Item 10.C	<p><b>Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.</b></p> <p><b><u>Potential Conflicts of Interest</u></b> For a more detailed disclosure of the potential conflicts of interest associated with investing in one of the Advisory Clients, prospective investors should refer to the respective Advisory Client's PPM or IMA, as applicable.</p> <p><b><u>Performance &amp; Management Fee Compensation</u></b> As described in Item 6 above, the performance compensation payable to the general partners or managing members or their affiliated persons, and the management fees payable to DIV, may influence them or DIV to make investments they would not otherwise make by providing a financial incentive to make investments with a greater risk/reward profile than would be the case the in absence of the such compensation. In addition, DIV has the following two affiliate companies: (i) DMC, which provides property management and other related services for DIV and the Funds; and (ii) TDG, which provides development services for DIV and the Funds.</p> <p><b><u>Allocation of Investment Opportunities</u></b> DIV and/or its affiliates may, from time to time, be presented with investment opportunities that fall within the investment objective of one or more Advisory Clients, one or more funds formed in the future by DIV or its affiliates, or other persons or entities whose investments are managed or controlled by DIV and/or its affiliates.</p> <p>With respect to the Funds generally, until the investment period termination date to the extent provided for in each such Fund's governing documents, none of the general partner, investment manager, Jonathan Davis, or any entity under majority control by any of them shall make any investment if, in such person's good faith judgment, such investment fits the respective Fund's investment objectives and strategy, diversification and leverage restrictions and other investment guidelines, and is within the Fund's capacity, unless such investment opportunity was first considered and rejected for the Fund (with the approval of the applicable Advisory Board, to the extent required). The investment period for Fund I expired on July 31, 2013. The investment period for Fund II expired on November 7, 2016. The investment period for Fund III will expire on the earlier of (a) the date on which all capital commitments have been drawn or allocated to specific investments and reserves to pay expenses, or (b) the fourth anniversary of the final closing date (December 30, 2020). In addition, the requirement to offer investment opportunities to the Funds shall not apply to (a) any restructuring of the ownership of,</p>

or follow-on investment relating to, a property or asset owned by the general partner, the investment manager, Jonathan Davis or their affiliates, or (b) any property or interest which is subject to a letter of intent, binding commitment or agreement entered into by the general partner, the investment manager, Jonathan Davis or their affiliates prior to the initial closing of such Fund.

DIV has an allocation policy consistent with the governing documents of each Fund in order to address potential conflicts of interest.

**Allocation of Personnel**

DIV and its affiliates will devote such time as shall be necessary to conduct the business affairs of the Funds in an appropriate manner. However, management agreements between DIV and the Advisory Clients do not impose any specific obligations or requirements concerning the specific amount of time or resources devoted to the affairs of the Advisory Clients. Personnel of DIV and its affiliates will work on other projects, and, therefore, conflicts may arise in the allocation of personnel time. In this regard, however, a core group of DIV real estate professionals will devote substantially all of their business time to the business related to the Funds and related investment entities.

**Co-investments**

In addition to the Funds, certain other collective investment vehicles or other arrangements may possibly be established (each such vehicle or arrangement a “parallel fund”) for certain investors who for tax or other reasons deemed necessary by DIV would be disadvantaged by a direct investment in such Fund. Investors in these parallel funds will generally co-invest and vote with the Fund as if a part thereof as provided in the respective Fund’s governing documents. DIV is highly focused on managing conflicts of interest and in cases where they may be cross-fund investing. In addition, to the extent applicable, DIV will work closely with the Advisory Boards of the Funds to ensure that all potential conflicts are properly managed.

**Other Business Activities**

DIV does not conduct other business in any material respect apart from DIV’s management of the Advisory Clients. TDC and its related or affiliated entities may act as advisors to other collective investment vehicles or clients, may have, make and maintain investments in their own names and through other entities (“Related Parties”), who may serve as consultants, partners or stockholders of one or more investment funds, limited partnerships, or advisory firms and may act as directors, officers and/or employees of any bank or corporation, trustees of any trust, executors or administrators of any estate, or administrative officials of any other business entity including affiliates. These include each of the Advisory Clients and various related vehicles organized in the U.S. and abroad, as parallel funds, feeder funds, or strategic investors in the Advisory Clients.

In some instances, these other business activities may involve providing investment advice to clients concerning, or managing, investments that are substantially similar to, the types of investments targeted for the Funds.

**Valuation**

Assets based on fair value methodology are valued based on management’s judgment and estimation in accordance with the valuation policies and procedures of DIV. Valuation methods, inputs and the pricing of events (such as an impairment, a sale, a recapitalization), that produce a realized or unrealized gain or loss that may be recognized are inherently subjective. There may be situations in which DIV’s valuation procedures could adversely affect an investor’s interest. See discussion of Valuation under Item 13.A for more details.

	<p><b><u>Policies and Procedures</u></b></p> <p>DIV has adopted policies and procedures designed to address and mitigate potential conflicts of interest as it relates to DIV’s regulatory requirements and contractual restrictions. These procedures will be revised as needed. See discussion of Code of Ethics under Item 11.A for more details.</p> <p><b><u>In-house Legal</u></b></p> <p>Legal services may be provided by the in-house legal staff of the investment manager or its affiliates and the Funds shall reimburse the investment manager or its affiliates for the time spent by such in-house legal staff on fund matters at hourly rates equal to or less than the hourly rates charged by lawyers and paralegals with comparable seniority and experience.</p>
<b>Item 10.D</b>	<p><b>If you recommend or select other investment advisers for your <i>clients</i> and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.</b></p> <p>DIV or its affiliates will on occasion joint venture with local operators or funds managed by well-known institutional third parties which sometimes act as the operating partner. In certain joint ventures, a DIV fund affiliate would have a controlling interest in the asset and TDC entities would be appointed as the asset and property manager. The terms of these joint ventures tend to follow market standard practices e.g., a substantial partner, even if a minority partner, can expect to have voting rights on major decisions and the ability to force exit for its interest after, in most instances, a lock-out period. Smaller partners may have no such rights. To the extent DIV or its affiliates conduct business through a third party, DIV and its affiliates perform due diligence to ensure that the third parties serve the best interests of the Funds’ investors.</p>

## ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Item 11.A	<p><b>If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any <i>client</i> or prospective <i>client</i> upon request.</b></p> <p>DIV has adopted a Code of Ethics (the “Code”) designed to comply with the requirements of Rule 204A-1 of the Investment Adviser’s Act of 1940 (the “Adviser’s Act”). The Code applies to all DIV, DMC and TDG employees, including Access Persons (as defined in the company’s compliance manual), and immediate family members who live in the same house as a DIV/DMC/TDG employee and may have control over investment decisions, and sets forth a standard of business conduct that takes into account DIV’s status as a fiduciary and requires Access Persons to place the interests of Funds and investors above their own interests. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of DIV’s Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code of Ethics on at least an annual basis.</p> <p>Among other requirements, the Code sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. DIV’s Access Persons must provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. Such Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1.</p> <p>The Code also addresses activities which may lead to or give the appearance of conflicts of interest or prohibited or unethical business conduct. This includes provisions relating to the protection of non-public information (for both investors and the Advisory Clients) and a prohibition on insider trading. It also includes limitations on outside affiliations, de minimis limits on reporting gifts and business entertainment items, the reporting of political contributions, and the cited limitations and supervision of personal securities transactions and holdings in reportable securities.</p> <p>Clients or prospective clients may obtain a copy of DIV’s Code by contacting the CFO &amp; Chief Compliance Officer, Ravi Ragnauth, at 617-451-1300 or by email at <a href="mailto:rragnauth@thedaviscompanies.com">rragnauth@thedaviscompanies.com</a>.</p>
Item 11.B	<p><b>If you or a <i>related person</i> recommends to <i>clients</i>, or buys or sells for <i>client</i> accounts, securities in which you or a <i>related person</i> has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</b></p> <p><b>Examples: (1) You or a <i>related person</i>, as principal, buys securities from (or sells to) your <i>clients</i>; (2) you or a <i>related person</i> acts as general partner in a partnership in which you solicit <i>client</i> investments; or (3) you or a <i>related person</i> acts as an investment adviser to an investment company that you recommend to <i>clients</i>.</b></p> <p>DIV, its officers, members and employees may invest in certain funds for which DIV serves as investment manager or adviser. Besides owning interests in the same funds, however, no person related with DIV is permitted to buy from, sell to, borrow from or lend to an Advisory Client except as expressly permitted in the Advisory Clients’ governing documents. Moreover, DIV’s affiliates and related persons are subject to its policies and procedures regarding confidential or proprietary information, the information barriers and personal trading.</p>

<p><b>Item 11.C</b></p>	<p><b>If you or a <i>related person</i> invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a <i>related person</i> recommends to <i>clients</i>, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.</b></p> <p>DIV and its affiliates may give advice and recommend the purchase or sale of securities and other financial instruments, or buy or sell such securities, and instruments for their own account or that of other Advisory Clients, which advice or instruments may differ from advice given to, or instruments recommended or bought or sold for, the Advisory Clients, even though their investment objectives may be the same or similar. Potential conflicts of interest may arise in connection with the personal trading activities of DIV's employees.</p> <p>In order to prevent such conflicts, DIV's Code is designed to ensure that the personal securities transactions of DIV and its affiliates, officers and employees, and members of their families, do not conflict with transactions effected on behalf of the Advisory Clients. Access Persons of DIV must (i) place the interests of the Advisory Clients and their investors first, (ii) avoid taking inappropriate advantage of their positions within the firm, and (iii) conduct their personal securities transactions in full compliance with the Code.</p> <p>As required by Rule 204A-1 of the Advisers Act, DIV requires its Access Persons to report their securities transactions on at least a quarterly basis and disclose their securities holdings upon becoming an Access Person and on an annual basis thereafter. DIV also restricts the personal trading of its Access Persons. In particular, when applicable, DIV maintains a watch list containing the names of securities which Access Persons must pre-clear and may be prohibited from trading. DIV also maintains policies and procedures to prevent insider trading that are designed to prevent the misuse of material, non-public information. DIV's Access Persons are required to certify on an annual basis their compliance with such policies and procedures as well as the Code.</p>
<p><b>Item 11.D</b></p>	<p><b>If you or a <i>related person</i> recommends securities to <i>clients</i>, or buys or sells securities for <i>client</i> accounts, at or about the same time that you or a <i>related person</i> buys or sells the same securities for your own (or the <i>related person's</i> own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</b></p> <p><b>Note:</b> The description required by Item 11.A may include information responsive to Item 11.B, C or D. If so, it is not necessary to make repeated disclosures of the same information. You do not have to provide disclosure in response to Item 11.B, 11.C, or 11.D with respect to securities that are not "reportable securities" under SEC rule 204A-1(e)(10) and similar state rules.</p> <p>Please refer to the responses in Items 11.A, 11.B, and 11.C.</p>

## ITEM 12 – BROKERAGE PRACTICES

Item 12.A.1	<p>Describe the factors that you consider in selecting or recommending broker-dealers for <i>client</i> transactions and determining the reasonableness of their compensation (e.g., commissions).</p> <p>1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.</p> <p><b>Note:</b> Your disclosure and discussion must include all soft dollar benefits you receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.</p> <ul style="list-style-type: none"> <li>a. Explain that when you use <i>client</i> brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services.</li> <li>b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your <i>clients’</i> interest in receiving most favorable execution.</li> <li>c. If you may cause <i>clients</i> to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits), disclose this fact.</li> <li>d. Disclose whether you use soft dollar benefits to service all of your <i>clients’</i> accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to <i>client</i> accounts proportionately to the soft dollar credits the accounts generate.</li> <li>e. Describe the types of products and services you or any of your <i>related persons</i> acquired with <i>client</i> brokerage commissions (or markups or markdowns) within your last fiscal year.</li> </ul> <p><b>Note:</b> This description must be specific enough for your clients to understand the types of products or services that you are acquiring and to permit them to evaluate possible conflicts of interest. Your description must be more detailed for products or services that do not qualify for the safe harbor in section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that you obtain various research reports and products is not specific enough.</p> <ul style="list-style-type: none"> <li>f. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for soft dollar benefits you received.</li> </ul>
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	<p><b><u>Best Execution</u></b></p> <p>DIV's advisory business generally involves privately negotiated transactions in which best execution obligations do not arise in the same context as transactions in publicly-traded securities. However, in those instances where DIV purchases or sells publicly-traded securities, it will, in those circumstances, seek to achieve the "best price and execution." DIV maintains a policy and procedures to ensure best execution is sought, seeking to obtain the best price available for the securities in each transaction. In so doing, DIV may take into account a number of factors, including a broker's trading expertise, reliability, responsiveness, reputation, execution, clearance, settlement and error correction capabilities, availability of securities to borrow or short sales, and the value of research it provides. DIV's policy and procedures include periodic monitoring by the CCO, and written copies of the review are maintained.</p> <p><b><u>Soft Dollars</u></b></p> <p>DIV, as a matter of policy, does not affect soft dollar transactions and does not enter into soft dollar arrangements in respect of transactions for any Advisory Clients.</p>
Item 12.A.2	<p><b><u>Brokerage for Client Referrals.</u></b> If you consider, in selecting or recommending broker-dealers, whether you or a <i>related person</i> receives <i>client</i> referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.</p> <ol style="list-style-type: none"> <li>Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving <i>client</i> referrals, rather than on your <i>clients'</i> interest in receiving most favorable execution.</li> <li>Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for <i>client</i> referrals.</li> </ol> <p>Not applicable to DIV.</p>
Item 12.A.3	<p><b><u>Directed Brokerage.</u></b></p> <ol style="list-style-type: none"> <li>If you routinely <u>recommend</u>, <u>request</u> or <u>require</u> that a <i>client</i> direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their <i>clients</i> to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of <i>client</i> transactions, and that this practice may cost <i>clients</i> more money.</li> <li>If you <u>permit</u> a <i>client</i> to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of <i>client</i> transactions. Explain that directing brokerage may cost <i>clients</i> more money. For example, in a directed brokerage account, the <i>client</i> may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the <i>client</i> may receive less favorable prices.</li> </ol> <p><b>Note:</b> If your clients only have directed brokerage arrangements subject to most favorable execution of client transactions, you do not need to respond to the last sentence of Item 12.A.3.a. or to the second or third sentences of Item 12.A.3.b.</p> <p>Not applicable to DIV.</p>

<b>Item 12.B</b>	<p><b>Discuss whether and under what conditions you aggregate the purchase or sale of securities for various <i>client</i> accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to <i>clients</i> of not aggregating.</b></p> <p>DIV provides investment advisory services to a select and limited number of distinct client portfolios. As such, DIV never aggregates the purchase or sale of securities for multiple client accounts.</p>
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## ITEM 13 – REVIEW OF ACCOUNTS

Item 13.A	<p><b>Indicate whether you periodically review <i>client</i> accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the <i>supervised persons</i> who conduct the review.</b></p> <p><b><u>Investment Reviews</u></b></p> <p>DIV neither tailors its advisory services to the individual needs of Advisory Clients or investors, nor accepts client-imposed investment restrictions unless documented in a side letter agreement that is approved by the CEO (the Chief Compliance Officer and General Counsel also review and approve from a compliance perspective). In addition, the prospective investor’s understanding of the investment program is conveyed via the forwarding to DIV of a signed subscription agreement. The executive members of the IC and the Chief Investment Officer routinely review the portfolios. As part of these reviews, the investment professionals monitor operations, overall performance, financial performance, and strategic direction of each investment owned by the Funds and the Mortgage Loan Accounts.</p> <p>It is not typical for an investment to be appropriate for more than one Advisory Client. If this occurs, the allocation decision will be based on investment considerations regarding diversification, size of the position, holding period of the investment and available committed capital.</p> <p><b><u>Advisory Board</u></b></p> <p>To the extent outlined in the respective governing documents of the Funds, such Funds will each have an advisory board (the “Advisory Board”). The Advisory Board shall be comprised of voting members, appointed by the general partner of each Fund in its sole discretion. Such general partner may designate additional non-voting members to the Advisory Board. Voting members shall be representatives of limited partners of the applicable Fund. Non-voting members may be employees or affiliates of DIV. The Advisory Board shall meet at least twice annually or upon request of the general partner to consult on various matters including financial statements, asset valuations, the status of existing investments and such other matters as the general partner may determine. Advisory Board approval shall only be required (i) in order to waive diversification and leverage limits, extend the Investment Period or, in certain circumstances, the term of the Fund, decline certain investment opportunities and (ii) with respect to certain other matters involving potential conflicts of interests.</p> <p>Generally, DIV does not have any investment concentration limits or guidelines. However, with respect to the Funds, investments requiring other than a short-term commitment of equity in a single asset above a certain percentage of the applicable Fund’s commitments will require approval from the applicable Advisory Board.</p> <p><b><u>Valuation</u></b></p> <p>With respect to the Funds during the applicable investment period, DIV is compensated based on the committed capital to each such Fund, and after the investment period, DIV is compensated based on the invested capital (plus reserves) of each such Fund; with respect to each of the Funds, persons or entities affiliated with DIV receive a share in capital gains or the capital appreciation of these assets. As a fiduciary, DIV has an obligation to ensure that Fund assets are valued appropriately in order to provide the most accurate reporting possible. The fair market value of investor account assets shall be determined in accordance with the applicable Fund governing documents, as amended from time to time.</p> <p>DIV provides an internally generated asset valuation at least annually. Generally, valuations are not updated quarterly, unless significant interim events occur, such as new</p>
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	<p>leasing, a pending sale, major market movements, etc. In conducting this internal valuation, DIV relies on current market data, as well as industry publications and guidance. DIV will use as a reference the valuation standards in the most recent version of the Real Estate Information Standards (REIS) which are prepared and updated by the National Association of Real Estate investment managers (NAREIM), the National Council of Real Estate Investment Fiduciaries (NCREIF) and the Pension Real Estate Association (PREA). For publicly traded securities within the Funds' portfolio, pricing information is obtained from Broker-Dealers, and if such is not available, DIV will engage a pricing service such as that offered by Interactive Data Corporation (IDC).</p> <p>It should be noted that DIV's valuation procedures are based on industry accounting and other industry standards. With respect to the Funds and the Mortgage Loan Accounts, DIV values its investments at their fair value, in accordance with the Financial Accounting Standard Committee's Accounting Standards Codification ("ASC") Topic 820-10, "Fair Value Measurements."</p> <p>For more detail on valuation procedures, clients or prospective clients may obtain a more information by contacting the CFO &amp; Chief Compliance Officer, Ravi Ragnauth, at 617-451-1300 or by email at <a href="mailto:rragnauth@thedaviscompanies.com">rragnauth@thedaviscompanies.com</a>.</p>
<b>Item 13.B</b>	<p><b>If you review client accounts on other than a periodic basis, describe the factors that trigger a review.</b></p> <p>Please refer to Item 13.A.</p>
<b>Item 13.C</b>	<p><b>Describe the content and indicate the frequency of regular reports you provide to <i>clients</i> regarding their accounts. State whether these reports are written.</b></p> <p>Generally, investors will receive quarterly unaudited financial reports and/or investor distribution letters for the respective investment vehicle as well as investor capital account performance information. Annual audited financial statements are issued for each Fund and the Mortgage Loan Accounts.</p>

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Item 14.A	<p>If someone who is not a <i>client</i> provides an economic benefit to you for providing investment advice or other advisory services to your <i>clients</i>, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.</p> <p>Not applicable to DIV.</p>
Item 14.B	<p>If you or a <i>related person</i> directly or indirectly compensates any <i>person</i> who is not your <i>supervised person</i> for <i>client</i> referrals, describe the arrangement and the compensation.</p> <p><b>Note:</b> If you compensate any person for client referrals, you should consider whether SEC rule 206(4)-3 or similar state rules regarding solicitation arrangements and/or state rules requiring registration of investment adviser representatives apply.</p> <p>DIV may enter into written selling agreements with third party placement agents to act as solicitors for DIV’s investment management business. As applicable, all such compensation will be fully disclosed to each client consistent with applicable law. All such referral activities will be conducted in accordance with SEC Rule 206(4)-3 under the Advisers Act, as well as relevant SEC guidance.</p> <p>DIV’s fundraising efforts are primarily sourced and negotiated on an exclusive basis via industry based relationships.</p> <p>Third party solicitation firms are generally compensated as a percentage of investor’s capital directly raised by such third party pursuant to a schedule as described in the written selling agreement.</p>

## ITEM 15 – CUSTODY

**Item 15: If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.**

For funds or securities of the Advisory Clients where DIV or an affiliate is deemed to have custody by virtue of its status as investment manager or general partner of a fund, each Advisory Client, as applicable, must establish a custody account with an unaffiliated qualified custodian, which will send statements to the Advisory Client, at least quarterly, as agreed and consistent with applicable legal requirements. In compliance with Rule 206(4)-2 under the Advisers Act, DIV reasonably believes that all investors in the Advisory Clients will be provided with audited financial statements for each Advisory Client, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Advisory Clients' respective fiscal years (*i.e.*, generally by April 30). It is noted that cash assets and CMBS securities of the Advisory Clients are maintained at an unaffiliated qualified custodian as identified in Item 9 of Form ADV Part 1A.

## ITEM 16 – INVESTMENT DISCRETION

**Item 16: If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

DIV, in conjunction with the general partner, manager or managing member, has full investment discretionary authority to manage the Funds and Mortgage Loan Accounts and therefore does not require, and does not seek, approval from the Funds and Mortgage Loan Accounts or the investors in the Funds and Mortgage Loan Accounts with respect to buy or sell investment decisions of interests in Funds and Mortgage Loan Accounts on behalf of these investors. There are no accounts which are sub-advised by either affiliated or non-affiliated portfolio managers.

Each Advisory Client's investment strategy is set forth in detail in its respective PPM, IMA and/or governing documents. Individual investors in the Funds do not have the ability to impose limitations on DIV's discretionary authority. Within any Fund, there are no separate classes and, except as described in Item 4.C above (with respect to side letters), in Item 6 above (with respect to the right of DIV or affiliated entities or persons to receive a portion of each Advisory Client's distributions) and the inapplicability of certain Fund charges to certain entities or persons affiliated with DIV, investors will be acquiring identical interests.

Prospective investors are provided with a PPM, IMA and/or applicable governing documents prior to their investment and are encouraged to carefully review all offering materials and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. When applicable, prospective investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a privately placed investment pool.

## ITEM 17 – VOTING CLIENT SECURITIES

<p><b>Item 17.A</b></p>	<p><b>If you have, or will accept, authority to vote <i>client</i> securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your <i>clients</i> can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your <i>clients</i> with respect to voting their securities. Describe how <i>clients</i> may obtain information from you about how you voted their securities. Explain to <i>clients</i> that they may obtain a copy of your proxy voting policies and procedures upon request.</b></p> <p>Fund governing documents may provide DIV with the authority to vote proxies with respect to the securities owned by the Fund. In such cases, each proxy proposal received by DIV will be thoroughly reviewed by DIV, as necessary, in order to ensure that such proxy is voted in the best interests of the Fund. As it relates to voting proxies, DIV is responsible for the management, policies and operations of each Fund, acting pursuant to and in accordance with each Fund’s partnership agreement and/or other governing documents.</p> <p>DIV has adopted proxy policies and procedures that it believes are reasonably designed to comply with the supervision and recordkeeping requirements of Rule 206(4)-6 of the Advisers Act. To the extent applicable, DIV will generally vote proxies or corporate actions based on what it considers to be in the best financial interest of the Funds and their investors.</p> <p>If at any time, DIV and/or one of its affiliates become aware of a material conflict of interest relating to a particular proxy proposal, DIV will handle such proposal by requiring such proposal to be reviewed by the Chief Compliance Officer, who will determine how to vote the proxy in a manner consistent with the Funds’ best interest.</p> <p>To receive a copy of DIV’s proxy policy contact the CFO &amp; Chief Compliance Officer, Ravi Ragnauth, at 617-451-1300 or by email at <a href="mailto:rragnauth@thedaviscompanies.com">rragnauth@thedaviscompanies.com</a>.</p>
<p><b>Item 17.B</b></p>	<p><b>If you do not have authority to vote <i>client</i> securities, disclose this fact. Explain whether <i>clients</i> will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) <i>clients</i> can contact you with questions about a particular solicitation.</b></p> <p>Not applicable to DIV.</p>



## ITEM 18 – FINANCIAL INFORMATION

Item 18.A	<p>If you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, include a balance sheet for your most recent fiscal year.</p> <ol style="list-style-type: none"> <li>1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.</li> <li>2. Show parenthetically the market or fair value of securities included at cost.</li> <li>3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.</li> </ol> <p><b>Note:</b> If you are a sole proprietor, show investment advisory business assets and liabilities separate from other business and personal assets and liabilities. You may aggregate other business and personal assets unless advisory business liabilities exceed advisory business assets.</p> <p><b>Note:</b> If you have not completed your first fiscal year, include a balance sheet dated not more than 90 days prior to the date of your brochure.</p> <p><b>Exception:</b> You are not required to respond to Item 18.A of Part 2A if you also are: (i) a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules; or (ii) an insurance company.</p> <p>Not applicable to DIV.</p>
Item 18.B	<p>If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.</p> <p><b>Note:</b> With respect to Items 18.A and 18.B, if you are registered or are registering with one or more of the state securities authorities, the dollar amount reporting threshold for including the required balance sheet and for making the required financial condition disclosures is more than \$500 in fees per client, six months or more in advance</p> <p>DIV is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Advisory Clients.</p>
Item 18.C	<p>If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.</p> <p>Not applicable to DIV.</p>