

**Item 1 - Cover Page**

**SWVP FUND XIX GP LLC**

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Form ADV, Part 2A Brochure

as of October 25, 2018

*This “Disclosure Brochure” or “Brochure” provides information about the qualifications and business practices of SWVP FUND XIX GP LLC (“Adviser” or “SWVP”). If you have any questions about the contents of this brochure, please contact us at (858) 480-2900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Adviser is registered with the SEC which does not imply any level of skill or training.*

*Additional information about Adviser is also available at the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Adviser’s CRD number is 292772.*

## **Item 2 – Material Changes**

This amendment of SWVP's Form ADV Part 2A updates its previously filed Form ADV Part 2A dated July 3, 2018 to update the Adviser's Chief Compliance Officer.

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

SWVP was formed in September 2017 and is registered with the SEC as an investment adviser with its principal place of business located in San Diego, California. SWVP is the investment adviser and general partner (“General Partner”) to Southwest Value Partners Fund XIX LP, a private equity real estate fund (“Fund”), any future affiliated Parallel Funds, Sidecar Funds and Special Purpose Investment Funds (collectively, “Funds”).

The principal owners of SWVP are MAS Limited Partners LP, managed by Mark Schlossberg, and Result VII, LLC, managed by Cary Mack.

SWVP relies on the exemption from the prohibition on registration with the SEC under Section 203A-2(b) of the Investment Advisers Act of 1940 (the “Advisers Act”) because it is related to Southwest Value Partners Enterprise, LLC (“SWVPE”), a SEC registered investment adviser (CRD No. 161582). Both SWVP and SWVPE are under common ownership and control, operate from the same principal office and place of business and are herein collectively referred to as “we”, “us”, or “our”.

#### **Description of Advisory Services:**

SWVP serves as investment adviser to the Fund as set forth in the Agreement of Limited Partnership (“Limited Partnership Agreement”). SWVP focuses its advisory services on the acquisition, financing, development and construction of a Hyatt Regency Hotel (“Hotel”) in Nashville, TN (“Hotel Property”) through a joint venture with a hotel development and management company. The joint venture is organized as a limited liability company (“Project Company”). As investment adviser to the Fund, SWVP manages the business and affairs of the Fund and has the responsibility for, among other things, providing advice, consultation, analysis and supervision with respect to the functions of the Fund, including decisions regarding the sale or refinancing or other disposition of the Project Company or the Hotel Property.

SWVP may establish one or more parallel funds that invest alongside the Fund, feeder funds that invest directly or indirectly in the Fund, and/or separate accounts in each to accommodate certain investors.

The individual needs of the investors in the Fund are not the basis of investment decisions by SWVP. Investment advice is provided directly to the Fund by SWVP and not individually to the Fund’s investors.

#### **Assets Under Management**

SWVP does not currently have “Regulatory Assets Under Management” (“RAUM”) as described under Rule 203A-3(d); Form ADV, Part 1A, Instruction 5.b of the Advisers Act. SWVP’s only client is the Fund which relies on the exemption from the definition of an Investment Company under Section 3(c)(5) of the Investment Company Act of 1940 (the “40 Act”) and would not be an investment company as defined in the Investment Company Act of 1940 but for Section 3(c)(1) or Section 3(c)(7) of that act. As such, the Fund does not meet the definition of a “Private Fund” under Section 202(a)(29) of the Advisers Act and the assets of the Fund are not permitted to be included in the calculation of RAUM required by Form ADV Part 1.

As of July 3, 2018, SWVP currently manages Fund assets in the amount of \$45,963,414.00.

## **Item 5 - Fees and Compensation**

Per the Limited Partnership Agreement, SWVP (the General Partner of the Fund) is entitled to compensation for its services in the form of a management fee (the “Management Fee”), payable monthly in arrears. The management fees equal two percent (2%) per annum of total capital contributions made by the Fund’s limited partners. Because this fee is payable regardless of the performance of the Fund, a conflict of interest may arise because it might reduce SWVP’s and its affiliates incentive to devote time to the Fund.

As set forth in Item 6 below, SWVP is eligible to receive performance-based compensation in the form of carried interest. The Fund’s Private Placement Memorandum (“PPM”, as supplemented from time to time) and the Limited Partnership Agreement of the Fund includes further details on fees and compensation and related matters.

In addition to the Management Fee and carried interest (see below), Fund investors will bear indirectly as partnership expenses any fees and expenses charged by SWVP as General Partner and deducted directly from the Fund. Those fees will vary, but typically include professional fees such as legal and accounting fees.

SWVP’s advisory fees and General Partner’s fees are not inclusive of all the fees and expenses that the Fund may bear. The Fund generally must pay directly or reimburse the General Partner or its affiliates for all costs and expenses of the Fund’s operations. The following is a list of fees and/or expenses that a Fund may pay directly or reimburse. This list is not complete; existing investors in the Fund are advised to review the applicable Fund PPM and Limited Partnership Agreement for a more extensive description of the fees and expenses associated with an investment in the Fund.

- Organization and Offering Expenses
- Costs of Borrowed Money, Taxes and Assessments on Personal or Real Property and Other Taxes Applicable to the Fund
- Legal, Accounting, Audit, Brokerage Fees
- Fees and Expenses Paid to Independent Contractors, Mortgage Bankers, Real Estate Brokers, and Other Agents
- Books, Records and Tax Return Preparation Expenses
- Regulatory Filing and Compliance Fees and Expenses
- Regulatory Reporting Expenses
- Insurance Expenses
- Litigation and Regulatory Examination and Investigation Expenses
- Costs of Goods and Materials Used by or for the Partnership
- Costs of Personnel Employed by the Fund
- Costs of Acquiring, Owning, Developing, Improving, Operating, and Disposing of Fund Property
- Costs Incurred in Connection with the Development, Alteration, Maintenance, Repair, Remodeling, Refurbishment of Fund Property
- Expenses of Fund Accounting, Documentation and Reporting
- Expenses of Revising, Amending, Modifying or Terminating the Limited Partnership Agreement
- Travel Expenses
- Expenses of the LP Committee (see Item 8 below)

Additionally, the Fund may pay the cost of services that could be performed directly for the Fund by independent third parties (such as, but not limited to, legal, accounting, reporting, consulting, transfer agent, data processing and duplication services) but which are in fact performed by the General Partner or its affiliates,

but not in excess of the lesser of (i) the actual costs to the General Partner or its affiliates of providing such services; or (ii) the amounts which the Fund would otherwise be required to pay to independent parties for comparable services in the same geographic locale.

SWVP and its affiliates may provide property management services and those services customarily provided for in property management agreements, development, construction management, brokerage and leasing services (or equivalent services) to the Fund's properties, and in each such case will be entitled to receive fees from the Fund at competitive rates not in excess of those customarily paid for such work. SWVP may also participate with third parties for such services, but in no event will the aggregate fee paid to SWVP, or to SWVP and third parties for any service exceed the fair market rate for that service.

In the event that SWVP creates a parallel fund, it may elect to charge any parallel fund no or a reduced management fee and/or carried interest or similar fee on net capital gains realized on investments made by that parallel fund.

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

As the General Partner to the Fund, SWVP may receive performance-based compensation in the form of carried interest pursuant to the Fund's Limited Partnership Agreement. Distributions of carried interest generally are made from available cash after partners receive a return of their capital contributions. We may, from time to time, elect to reduce, waive or calculate differently carried interest in a fund or we may advise additional funds or clients with different performance-based compensation arrangements.

SWVP manages the Fund in accordance with the investment strategy disclosed in the Fund's PPM to help ensure that investors are aware of the investment strategy and the risks associated with the strategy. The PPM of the Fund contains further details regarding investment risks and strategies.

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

As disclosed in Item 4, SWVP provides advisory services to the Fund, any future affiliated parallel funds, feeder funds, and/or separate accounts. Investors in the Fund are subject to minimum investment amounts and suitability requirements as set forth in the Fund PPM and organizational documents.

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

##### **Investment Strategies and Methods of Analysis:**

The limited and only purposes of the Fund are to form, organize and capitalize the Project Company; acquire the Hotel Property; own, develop, operate, manage, maintain, improve, market, lease, finance, refinance, and ultimately sell and otherwise realize the economic benefit from the Hotel Property; own, manage and potentially dispose of its interest in the Project Company; enforce its rights under the Project Company's limited liability company agreement; and to conduct such other activities with respect to the Hotel Property and Project Company as are appropriate to carrying out the foregoing purposes, and to do all things incidental to or in furtherance of these purposes.

SWVP's investment analysis methods may include analysis of short and long term economic and real estate trends, short-term pricing opportunities, an analysis of the overall market in the area in which the real property in question is located (whether such real property is being acquired directly, serves as security for a mortgage being acquired, or is or will be owned by an entity into which the Fund is acquiring an interest), as well as consideration of relevant real property and financial factors, such as the age, condition and use of the

underlying property, and its income-producing capacity, including an analysis of the property's cash flow and cash flow potential.

SWVP may from time to time on an ad hoc basis, establish an advisory committee comprised exclusively of representatives of limited partners (excluding any affiliates of SWVP) ("LP Committee"). The LP Committee provides such advice and counsel to the Fund as may be requested by SWVP, including advising or approving potential conflicts of interest, valuation issues, and other similar matters not contemplated by the Limited Partnership Agreement as SWVP deems appropriate. Members of the LP Committee will not be compensated for their services, but will have their out-of-pocket costs in attending LP Committee meetings borne by the Fund. None of the transactions specifically authorized by or described in the Limited Partnership Agreement requires approval by the LP Committee.

### **Risk of Loss:**

An investment in the Fund entails a significant degree of risk and therefore should be undertaken only by investors capable of evaluating the risks of the Fund and bearing the risks such investments represent. These risks are described in Appendix I of the PPM and include, but are not limited to the following:

### **No History of Operations**

Although SWVPE has been in existence since 1990, the Fund was only recently organized and has no operating history. The past success of SWVPE, the principals of SWVPE and its affiliates is not necessarily indicative of future success.

### **Prior Investment Performance Not Indicative of Future Results**

The prior investment performance of the principals and other investment professionals described in the PPM does not necessarily represent the prior performance of the investment program to be pursued by the Fund and is not indicative of the future results of the Fund. The Fund will develop and own a single asset unlike the pooled investment programs and returns of the prior investment funds formed by those principals and investment.

### **Long-Term Nature of Investment**

An investment in the Fund requires a long-term commitment, with no certainty of return. Because of the nature of the Fund's investment and investment strategy, there can be no assurance that the Fund will be able to realize returns on such investment in a timely manner or at all. The return of capital and the realization of gains, if any, may not occur until a number of years after such investment is made, if at all.

### **The Offering of units in the Fund Was Not Registered with the SEC or Any State Securities Authority**

The offer and sale of units in the Fund was not be registered with the SEC under the Securities Act of 1933 ("Securities Act") or the securities agency of any state in reliance upon an exemption from the registration provisions of that act and state securities laws applicable only to offers and sales to investors meeting the suitability requirements set forth in investor questionnaires. Therefore, prospective investors did not have the benefit of review by the SEC or any state securities regulatory authority. The terms and conditions of the offering may not comply with the guidelines and regulations established for real estate or mortgage programs that are required to be registered and qualified with those agencies. If the Fund should fail to comply with the requirements of such exemptions, one or more of the investors may have the right, if they so desire, to rescind their purchase. It is possible that one or more investors seeking rescission would succeed. This might also occur under the applicable state securities or "Blue Sky" laws and regulations in states where the units will be offered without registration or qualification pursuant to a private offering or other exemption. If

a number of limited partners were successful in seeking rescission, the Fund would face severe financial demands that would adversely affect the Fund as a whole and, thus, the investment by the remaining limited partners.

### **Liquidity of units; Restrictions on Transfer**

Each limited partner was required to represent that the Fund units are being acquired for investment and not with a view to distribution or resale, that such limited partner understands the units are not freely transferable and that such limited partner must bear the economic risk of the investment for an indefinite period of time because the units: (i) have not been registered under the Securities Act or applicable state “Blue Sky” or securities laws; and (ii) cannot be sold unless they are subsequently registered or an exemption from such registration is available and limited partner complies with the other applicable provisions of the Limited Partnership Agreement. There will be no market for the units and limited partners cannot expect to be able to liquidate their investment in case of an emergency. Further, the sale of the units may have adverse federal income tax consequences. A limited partner will not be permitted to assign, sell, exchange or transfer any of its interests, rights or obligations with respect to its units without the prior written consent of SWVP, which consent may be given or withheld in the sole and absolute discretion of SWVP.

### **Draw-Down Requests and Forfeitures**

Capital commitments will be drawn down by the Fund pro rata from the partners, as needed, upon at least ten business days’ prior written notice, to pay for the purchase of Hotel Property, development of the Hotel and related improvements, and expenses of the Fund. In the event that any limited partner does not timely honor any draw-down request, the Limited Partnership Agreement provides that SWVP has the right to take certain actions with respect to such limited partner and his, her or its units. Among other rights, SWVP can force the forfeiture of such limited partner’s entire interest in the Fund and reallocate such interest to the remaining partners pro rata based on their ownership interests in the Fund. However, the enforceability of these provisions may be subject to successful challenge under applicable law; and, in any event, the failure of a significant percentage in interest of limited partners to timely honor their capital commitments duties could have a material adverse effect on the Fund.

### **Management of the Fund**

The responsibility for the management and conduct of the business affairs of the Fund is vested solely in SWVP. No limited partner in its capacity as such will have the right to participate in the management of the Fund. Accordingly, no person should purchase the units unless that person is willing to entrust all aspects of management of the Fund to SWVP. Potential purchasers must carefully evaluate the experience and business performance of SWVP and the management team. The loss of one or more individuals employed by SWVP, or if key individuals no longer serve in their current capacity, could have an adverse effect on the performance of the Fund. Further, the Fund does not maintain key person life insurance as of the date of the PPM.

### **Joint Venture Risks**

The Fund will own and develop Hotel Property and the Hotel through the Project Company, a joint venture entity co-owned by the Fund and its joint venture partner. Investments held through joint ventures may present risks not present in investments where a third party is not involved, including the possibility that a joint venture partner could fail to meet capital commitment obligations or file for bankruptcy, that a joint venture partner may at any time have economic or business interests or goals which are inconsistent with those of the Fund or that a joint venture partner may be in a position to take action contrary to Fund’s investment objectives. Such risks may increase the possibility of defaults arising under agreements binding the Fund and the Hotel Property. The Fund cannot assure that its joint venture partner will properly perform its obligations with respect to the Project. Finally, the possibility exists that the Fund could be liable for



actions of its joint venture partner.

## **Projections**

Certain of the information contained in the PPM concerning economic trends and performance is based upon or derived from information provided by industry sources. SWVP believes that such information is accurate and that the sources from which it has been obtained are reliable. SWVP cannot guarantee the accuracy of such information, however, and has not independently verified the assumptions on which projections of future trends and performance are based. Actual results achieved during projection periods may differ substantially from those projected.

## **Conflicts**

While SWVP will attempt to avoid situations involving conflicts of interest, there may be situations in which the interests of the Fund, may conflict with the interests of SWVP or and its affiliates. *See* Item 10 below. Both SWVP and its affiliates expect to focus their efforts on the business of the Fund; however, there is no requirement that SWVP or its affiliates devote any fixed amount of time to the affairs of the Fund. SWVP and its affiliates may continue to engage in business activities (including real estate activities and the investments by SWVP affiliated real estate funds preceding the Fund) that may involve a conflict of interest with the business of the Fund. SWVP and its affiliates may engage for their own account, or for the account of others, including other limited Funds, in other business ventures, real estate or otherwise, possibly in areas in which the Fund will acquire property, and neither the Fund nor any holder of the units will be entitled to any interest in any such venture. There may be conflicts of interest between SWVP and its affiliates, on the one hand, and the Fund, on the other hand, with respect to other real estate investments with which SWVP or its affiliates are involved at such time as the Fund attempts to sell property, as well as in other circumstances. SWVP, its affiliates and the Fund may have different incentives and payment rights in connection with the sale, merger, roll-up or other exit by the Fund from Hotel Property and the Hotel.

In addition to the Fund, SWVP is involved in managing other SWVP affiliate activities and has ongoing fiduciary duties with respect to such SWVP affiliate activities. SWVP's personnel will devote time and attention as necessary to manage, improve, and/or enhance, as applicable, SWVP affiliate activities, including, without limitation, capital raising, follow-on investments, joint venture investments and other investment offering activities, and SWVP is not prohibited or limited from commencing, participating in and consummating such SWVP Affiliate Activities.

## **Limited Partners May Fail to Make Requested Capital Contributions**

SWVP, in its sole discretion, may request that limited partners make their initial capital contributions at the time of their admission to the Fund or at a later date. Each limited partner will be required to make incremental contributions pursuant to capital calls issued by SWVP from time to time. Limited partners who fail to satisfy a capital call in a timely manner generally will be subject to significant penalties as described herein and in the Limited Partnership Agreement. Nevertheless, limited partners may default upon a capital call for a variety of reasons including their own insolvency, bankruptcy or subjective determination that a default is more attractive than compliance. Any failure by any limited partner to make timely capital contributions may impair the ability of the Fund to pursue its investment objective, force the Fund to borrow funds, admit additional investors or cause other damage.

## **Indemnification of SWVP and Affiliates**

Under the Limited Partnership Agreement, SWVP and its affiliates are not liable to the Fund or to the limited partners for any act or omission except for acts of fraud or willful misconduct, and under certain circumstances, SWVP and its affiliates will be entitled to indemnification from the Fund for certain losses. Such indemnification obligations may be material. The indemnification obligations of the Fund would be

payable from the assets of the Fund, including the unfunded capital commitments of the limited partners.

### **Liability to Creditors**

The Delaware Revised Uniform Limited Partnership Act provides that even though a limited partner has rightfully received a return of his, her or its capital contribution, such limited partner may nevertheless be liable to the Fund or to creditors thereof, up to the amount of the capital returned together with interest, for any liability or claim arising before the return of such capital.

### **Subordinate to Creditors**

In the event of a dissolution or termination of the Fund, the proceeds realized from the liquidation of assets, if any, will be distributed to the Partners in accordance with the distribution priorities set forth in the Limited Partnership Agreement; however, in each case distributions will be made only after the satisfaction of claims of creditors and the establishment of reserves. Accordingly, the ability of the limited partners to recover all or any portion of their investment under such circumstances will depend on the amount of funds so realized and the claims to be satisfied therefrom.

### **Effect of Fees and Expenses**

The Fund will pay the management fee and will bear certain Fund expenses as described in Item 5 above. Such fees and expenses will reduce actual returns to investors. Most of the fees and expenses will be paid regardless of whether the Fund produces positive investment returns. If the Fund does not produce significant positive investment returns, these fees and expenses could reduce the amount of the investment recovered by a limited partner to an amount less than the amount invested in the Fund by such limited partner.

### **Lack of Diversification**

The Fund is acquiring and developing a single property in Nashville, Tennessee. As a result, the Fund's investments will not have the diversification present in some other types of investment programs and such lack of diversification will increase the Fund's exposure to adverse real estate or market conditions or other risk factors. For example, natural disasters, or negative economic or demographic changes in Tennessee, Nashville or the surrounding areas, will have a disproportionately large and adverse effect on the success of the Fund's operations. Lack of diversification of investments will have the effect of increasing the risks associated with an investment in the Fund.

### **The Fund's Investment Will be Leveraged Which Increases the Risk of Foreclosure**

SWVP expects to obtain debt financing to finance a portion of the costs of the development of the Hotel. As a result of the use of leverage, a decrease in revenues from the Hotel may materially and adversely affect the Fund's cash flow and, in turn, the Fund's ability to make distributions. While SWVP's projections show sufficient cash flow SWVP and the Fund cannot assure that future cash flow will be sufficient to make the debt service payments on any borrowed funds and also cover operating expenses. In the event that the Fund is unable to pay the debt service or otherwise defaults on a loan, the lenders could foreclose on Hotel Property and the Hotel and the Fund could lose its entire investment in such assets.

### **Changes in Tax Laws**

Legislative changes, or changes in the interpretation of applicable income tax laws could adversely affect the tax consequences of an investment in the Fund. In addition, any legislative, administrative or judicial changes could be retroactive with respect to transactions entered into prior to the date of passage thereof.

## **Taxes Greater Than Cash Distributions**

For any year in which the Fund has income in excess of deductions, the partners (to the extent they may be subject to taxation) will be required to report their share of such income on their federal and state tax returns. Although SWVP intends to distribute sufficient cash to the partners to pay taxes, if any, attributable to Fund operations, such taxes could in some cases be greater than cash distributions received by the partners from the Fund for the year in question.

## **Income Tax Risks**

The federal and state income tax consequences of an investment in units will have a material effect on the economic return from the investment.

## **Tax Risks for Non-U.S. limited partners**

Non-U.S. limited partners may be subject to a variety of potentially material and adverse U.S. federal, state and local tax filing, payment and withholding tax consequences as a result of an investment in the Fund.

## **Business and Regulatory Risks of Private Investment Funds**

Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund. The regulatory environment for private investment funds is evolving, and changes in the regulation of private capital pools may adversely affect the value of investments held by the Fund and the ability of the Fund to pursue its investment strategies or to obtain the leverage it might otherwise obtain. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory change on the Fund could be substantial and adverse. Events during the past few years (including the bankruptcy, failure, improper practices and adverse financial results of certain financial institutions, trading firms and private investment funds) have led to increased governmental scrutiny of the private investment industry generally. Congressional and governmental agency inquiries have been conducted to ascertain the investor protection implications of the growth of private investment funds, and proposals have been made with regard to additional regulation of such funds, their operators and advisers and certain of their investment activities. The Fund and its profit potential could be adversely impacted to the extent such proposals subject the Fund to additional regulation or limit the investment strategies used by the Fund.

## **No Separate Counsel**

Although SWVP has been represented by counsel in connection with the formation of the Fund and the issuance of interests in the Fund, the Fund will not be separately represented by counsel.

## **General Risks Involved with Real Estate**

Development, repositioning, construction, acquisition and disposition of real estate involves numerous risks, including, without limitation, cost overruns, delays in construction, regulatory delays, adverse changes in local economic conditions or the neighborhood in which the property is located, competition from other properties, population decreases, uninsured losses and mortgage foreclosures. The success of the Fund is totally dependent on the ability of the Fund to own, operate and ultimately sell such properties in a profitable manner. Thus, an investment in the units is subject to the risks attendant to real estate, including, by way of illustration, but not limitation, the following: the risk that the Fund may have underestimated the costs of operating and improving a property; and the risk that the Fund may have overestimated the value of a

property upon completion of the property's stabilization or the time and cost of achieving stabilization.

### **Direct Competition and General Economic Trends Could Reduce Net Income and Value of Parcel 1 and the Hotel**

The Hotel could experience adverse changes in occupancy rates and operating expenses. Competition from existing or future comparable projects in the Hotel's market area could result in lower revenues than projected. Other factors outside of the Fund's control could also adversely affect its income or the value of the Hotel Property and the Hotel. Such factors may include, for instance:

- Unfavorable trends in the national, regional or local economy;
- Increased levels of competition or decreased demand for Hotel facilities in the Hotel's market area;
- Industry overcapacity (by number of rooms);
- Prolonged service disruption in the reservation systems;
- There may be material seasonality for the Hotel which may cause fiscal and administrative operating pressures;
- Adverse changes in the availability, cost or method of use of any transportation systems accessing the Hotel;
- Events that reduce domestic or international travel, such as actual or threatened acts of terrorism or war, epidemics, travel-related accidents, travel-related industrial action, increased transportation and fuel costs and natural disasters;
- Changes in federal, state and local laws, regulations, and requirements affecting energy, environmental, building code, land-use, water conservation or life safety regulations;
- Adverse changes in weather patterns for the area near the Hotel;
- Construction delays, cost overruns, unforeseen circumstances or other construction problems occurring during the construction of any of the buildings or other facilities comprising the Hotel;
- Construction or physical defects in any of the buildings comprising the Hotel after they are completed;
- Adverse use of adjacent or neighboring real estate;
- Changes in real property tax rates and assessments;
- New restrictions or regulations on the use of any of the areas comprising or surrounding the Hotel;
- Adverse environmental or physical conditions on the Hotel Property, like a change in the availability or quality of the water for the Hotel;
- Unexpected expenditures for repairs and maintenance after completion;
- Damage to or destruction of any of the buildings comprising the Hotel, or other catastrophic or uninsurable losses; or
- The availability and cost of financing.

Certain expenditures associated with the Hotel (principally mortgage payments and real estate taxes) would not be decreased by events adversely affecting the income received from the Hotel. If income from the Hotel is less than debt service and other required expenses, the Fund could face foreclosure of loans secured by the Hotel Property and the Hotel or a sale of the Hotel Property and the Hotel on disadvantageous terms, resulting in a loss of some or all of the limited partners' investment and the possibility that the limited partners would experience adverse income tax consequences.

Generally, real estate operating costs, including utilities, insurance premiums, governmental regulations, taxes, and employees' salaries and benefits have been increasing substantially in the past several years and will probably continue to increase in the foreseeable future. There is no assurance that the Hotel's costs will not exceed its revenues sometime in the future. Furthermore, many operating costs are not based on or tied to revenue and, consequently, it is likely that any decrease in revenues will reduce income and cash flow disproportionately.

**While SWVP has significant experience in successfully acquiring, owning, and renovating numerous hotels under various international brands, SWVP has not engaged in ground-up construction of a new hotel**

SWVP has completed large-scale renovations of hotels on behalf of its other investment vehicles. In many cases renovations of existing hotels can be more complicated and risky than new construction. However, while SWVP believes it has the expertise and ability to complete the Hotel project on behalf of the Fund, SWVP and its management team have never attempted a ground-up construction of a new hotel. SWVP intends to leverage the experience of its management team from renovations and the experience of outside professionals in connection with the development and construction of the Hotel on behalf of the Fund. However, SWVP may encounter complications that may not be encountered by a more experienced hotel developer.

#### **The Fund has Not Finalized the Construction Cost for the Hotel**

Although the Fund has completed a detailed construction estimate for the Hotel and has received some preliminary indications from reputable general contractors on what the construction cost for the Hotel will be, no guaranteed maximum price for the construction in the form of a specific contract with a specific contractor has been agreed upon. Fixing the construction costs for the Hotel is critical to ensure that the Hotel can be completed at the cost used by SWVP in their budgets and financial forecasts.

#### **Inability to Refinance**

SWVP expects that any permanent loan obtained for the Hotel will have a maturity of no more than seven years and will not provide for significant amortization of principal prior to maturity, which will therefore require a large payment of unamortized principal at the maturity date. The Fund's ability to repay any such loan at maturity will depend on its ability to obtain adequate replacement financing or to sell the Hotel, which will in turn be dependent upon prevailing economic conditions in general and the value of the Hotel in particular. A failure to repay the balance of a mortgage loan by its maturity date could result in foreclosure of the Hotel.

#### **Financially Burdensome Debt Prepayment Provisions**

Should SWVP place fixed rate debt on the Hotel, such loan will typically require payment of a prepayment premium or penalty in order to repay the loan before its maturity. Such premiums or penalties may be substantial, and some prepayment provisions may prohibit the Fund altogether from prepaying certain loans for specified periods. If, while such provisions are in effect, more attractive financing were to become available for the Hotel, the existence of such provisions could financially restrain the Fund from pursuing better financing. Similarly, if better financing were available at the time SWVP determined to sell the Hotel, the existence of such provisions could reduce the net proceeds the Fund would otherwise receive, because the purchaser either might insist on using its own financing (in which case the pay-off of the existing loan would require the Fund to pay the premium or penalty out of sales proceeds) or might discount the purchase price as a condition of assuming the then less advantageous debt.

## **Interest Rate Risk**

The Fund plans to obtain a mortgage loan that has a floating or adjustable (rather than fixed) interest rate. Any such loan could expose the Fund to the risk of an increase in the applicable interest rate for the Hotel. The Fund cannot expect to, necessarily, increase the rates for rooms and other amenities and services to offset such increased expense and may lead to the risk of decreased cash flow from the Hotel.

## **A Failure to Market and Manage Hotel Effectively Could Reduce Income And Value of Hotel**

The Fund's financial success will depend largely on the successful operation and marketing of the Hotel at or near projected room rates, occupancy levels and revenue-generating business units. This, in turn, will depend largely on the management and marketing skills of SWVP and its joint venture partner who will be engaged to operate the Hotel. The success of the Hotel is critically dependent on the efforts of these persons and companies.

## **Management of Hotel by Joint Venture Partner**

The Hotel will be managed exclusively by the Fund's joint venture partner. The Fund can provide no assurance that its joint venture partner will manage the Hotel successfully. Failure by the joint venture partner to fully perform the duties agreed to in the management agreements or the failure of the joint venture partner to adequately manage the risks associated with hotel operations could materially and adversely affect the Fund. Among other things, if the joint venture partner fails to manage the Hotel in accordance with the Hyatt Regency standards, the franchise agreement with Hyatt could be terminated by Hyatt. The Fund may have differences with its joint venture partner and other third-party service providers over their performance and compliance with the terms of the management agreements and other service agreements. In these cases, if the Fund is unable to reach satisfactory results through discussions and negotiations, the Fund may choose to litigate the dispute or submit the matter to third-party dispute resolution.

## **Franchise Agreement with Hyatt**

Under the terms of the franchise agreement with Hyatt, the Fund is required to meet specified operating standards and other terms and conditions. Hyatt is expected to periodically inspect the Hotel to ensure that the Hotel is following Hyatt's standards. If the Fund or its joint venture partner fails to maintain brand standards at the Hotel, or otherwise fails to comply with the terms and conditions of the Hyatt franchise agreement, then Hyatt could terminate the franchise agreement for the Hotel. If the Hyatt franchise agreement is terminated, the underlying value and performance of the Hotel could decline significantly from the loss of associated name recognition, participation in the Hyatt guest loyalty program, Hyatt's reservation system and website, and access to Hyatt group sales business, as well as from the costs of "rebranding" the Hotel and the payment of liquidated damages to Hyatt. If any of the foregoing were to occur, it could have a material adverse effect on the financial condition of the Fund.

## **Ongoing Renovations and Improvements**

The Fund will need to make capital expenditures, including replacements, from time to time, of furniture, fixtures and equipment to the Hotel to comply with Hyatt Regency standards and applicable laws and regulations, remain competitive with other hotels and maintain the economic value of the Hotel. Occupancy is often affected by the maintenance and improvements at a hotel. The costs of capital improvements the Fund needs or chooses to make could harm the Fund's financial condition and reduce amounts available for distribution to the Fund. These capital improvements may give rise to the following additional risks, among others:

- construction cost overruns and delays;

- a possible shortage of available cash to fund capital improvements and the related possibility that financing for these capital improvements may not be available to the Fund on affordable terms;
- uncertainties as to market demand or a loss of market demand after capital improvements have begun;
- disruption in service and room availability causing reduced demand, occupancy and rates; and
- possible environmental problems.

### **Increases in Travel Costs**

Many of the Hotel guests will depend on a combination of scheduled commercial airline services and tour operator services to transport them to the Hotel. Increases in the price of airfare, due to increases in fuel prices or other factors, would increase the overall vacation cost to the Hotel's guests and may adversely affect demand for the Hotel. Changes in commercial airline services or tour operator services as a result of strikes, weather or other events, or the lack of availability due to schedule changes or a high level of airline bookings, could have a material adverse effect on the Hotel, including occupancy rates and revenue and, therefore, the Fund's financial condition.

### **Cyber Risk and the Failure to Maintain the Integrity of Internal or Guest Data**

The Fund, Hyatt and the Fund's joint venture partner will collect, use and retain large volumes of guest data, including credit card numbers and other personally identifiable information, for business, marketing, and other purposes in the Fund's, Hyatt's and the joint venture partner's various information technology systems, which enter, process, summarize and report such data. The Fund, Hyatt and the joint venture partner will store and process such internal and guest data both at on-site facilities and at third-party owned facilities including, for example, in a third-party hosted cloud environment. The integrity and protection of guest, employee and company data, as well as the continuous operation of the Fund's, Hyatt's and the joint venture partner's systems, is critical to the Fund's business. Guests and employees expect that their personal information will be adequately protected. The regulations and contractual obligations applicable to security and privacy are increasingly demanding and cyber-criminals have been recently targeting the lodging industry. Because of the scope and complexity of their information technology structure, reliance on third parties to support and protect structure and data, and the constantly evolving cyber-threat landscape, the Fund's systems may be vulnerable to disruptions, failures, unauthorized access, cyber-terrorism, employee error, negligence, fraud or other misuse. These or similar occurrences, whether accidental or intentional, could result in theft, unauthorized access or disclosure, loss, fraudulent or unlawful use of guest, employee or company data which could harm the Hotel's reputation or result in a loss of business, as well as remedial and other costs, fines, investigations, enforcement actions, or lawsuits. As a result, future incidents could have a material impact on the Fund's business and adversely affect its financial condition.

## **Factors Beyond the Fund's Control May Adversely Affect the Sale of the Hotel**

When SWVP determines to sell the Hotel, its sale price will depend not only on its operating history and its then current income level, but also on the tax treatment then in effect for real estate investments, demographic trends in the area, available credit and potentially many other factors that SWVP and the Fund cannot control or even anticipate. It is possible that limited partners will not realize any significant return on their investments. Furthermore, the timing of any sale cannot be assured. In addition, the market conditions at the time of any sale may encourage or even force the Fund to accept a purchase proposal that provides for deferred payment of a portion of the purchase price, possibly for a period of years. Any such seller-financed sale will extend the period during which the Fund will have an interest in the Hotel while it collects the balance of the sale proceeds. Under such circumstances, the Fund will also have the risk of being unable to collect some or all of the deferred payments.

## **Uninsured or Underinsured Loss**

While SWVP intends to carry reasonable amounts of comprehensive insurance for the Hotel and the Fund, including casualty, liability and extended coverage insurance, there are certain risks which may be uninsurable or not insurable on terms which SWVP believes are economical. Such risks may include, for instance, flooding, certain types of liability claims and defective construction claims. A limited partner's investment could be lost, or its value significantly reduced, in the event of such an uninsured or underinsured casualty or liability loss. The insurance market can be cyclical and that recent trends have been toward reductions in coverage and even in availability, combined with increases including very significant increases, in premiums. As a result, if the Hotel or the Fund were to experience a casualty or liability loss or damage claim, the risk that the loss or claim will be uninsured or underinsured is greater currently than it has been historically, and that the risk may be increasing.

## **Construction Defects and Unexpected Substantial Repairs**

Construction defects can arise from inadequate construction plans and specifications, poor workmanship or defective materials, unforeseen circumstances, or inadequate oversight. Correction of serious defects can be costly and time consuming. Moreover, certain defects may not become apparent until several years of operations and after the expiration of all contractors' or suppliers' warranties. There can be no assurance that SWVP will be able to prevent or discover all, or any, of such potential problems.

## **The Fund's Forecasted Operating and Investment Results May Not Be Accurate**

The financial forecast contained in the Memorandum and/or other materials and financial models delivered to investors by the Fund are based on numerous assumptions, all of which are subject to uncertainty. Forecasted revenues may not be achieved and forecasted expenditures may be exceeded. Moreover, numerous other factors, such as increases in market interest rates above present levels, could adversely affect the value of the Hotel, and also adversely affect the potential return on investment, even if the Fund achieves or exceeds the projected operating results.

## **Insufficient Reserves**

To the extent that the Fund's initial working capital reserves are depleted and not replenished from operating cash flow or refinancing proceeds, the Fund could require additional capital to complete development of the Hotel, to properly maintain and improve the Hotel or to cover operating cash deficits if the operating expenses at the Hotel were to exceed revenues. If additional capital were required, a failure to secure it could result in a reduction of the value, or even a foreclosure and loss, of the Hotel.

To the extent that SWVP determines that additional capital is required, SWVP may solicit additional capital commitments from limited partners and new investors. If a limited partner does not make such optional



additional commitment, the other limited partners will be entitled to make such commitment and the non-contributing limited partner's interest will be diluted. To the extent the limited partners do not contribute the full amount requested, the Fund may be forced to seek capital from third parties. In such cases a limited partner's ownership interest in the Fund could be disproportionately diluted or impaired if additional equity interests in the Fund were sold in order to meet a capital need.

Stock markets, bond markets and real estate markets fluctuate substantially over time. As recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets which SWVP or its affiliates manage that may be out of its or its affiliates' control. SWVP cannot guarantee any level of performance or that investors in the Fund will not experience a loss of their account assets. There is no assurance that the Fund will be able to generate returns or that the returns will be commensurate with the risks inherent in the investment strategy. The marketability and value of any such investment will depend upon many factors beyond the control of the Fund. The expenses of the Fund may exceed their income, and an investor in the Fund could lose the entire amount of its contributed capital. Therefore, an investor should invest in the Fund if the investor can withstand a total loss of its investment. The past investment performance of the Fund or other affiliated funds cannot be taken to guarantee future results of the Fund or any investment in the Fund.

The foregoing summary of risk of loss is not complete and is qualified in its entirety by the information set forth in the Fund offering documents. For additional information concerning risk of loss, please see the Fund offering documents.

#### **Item 9 - Disciplinary Information**

SWVP does not have any criminal, civil, administrative, or self-regulatory proceedings to disclose.

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

Neither SWVP nor any of its management persons is registered, nor do any of them have an application pending to register, as a broker-dealer.

Neither SWVP nor any of its management persons is registered as, nor do any of them have any application to register as, a futures commission merchant, commodity pool operator, commodity trading advisor or associated person of the foregoing entities.

SWVP is under common ownership and control with SWVPE (CRD No. 161582); SWVP Fund XV GP, LLC (CRD No. 294633); SWVP Fund XVI GP, LLC (CRD No. 294638); SWVP Fund XVII GP, LLC (CRD No. 294640); and SWVP Fund XVIII GP LLC (CRD No. 288354), each being a SEC registered investment adviser. SWVPE provides investment advisory services to Southwest Value Partners Fund XIV, LP, any future affiliated parallel funds, sidecar funds and special purpose investment funds. SWVP Fund XV GP, LLC provides investment advisory services, serves as investment adviser and general partner to Southwest Value Partners Fund XV, LP, any future affiliated parallel funds, sidecar funds and special purpose investment funds. SWVP Fund XVI GP, LLC provides investment advisory services, serves as investment adviser and general partner to Southwest Value Partners Fund XVI, LP, any future affiliated parallel funds, sidecar funds and special purpose investment funds. SWVP Fund XVII GP, LLC provides investment advisory services, serves as investment adviser and general partner to Southwest Value Partners Fund XVII, LP, any future affiliated parallel funds, sidecar funds and special purpose investment funds. SWVP Fund XVIII GP LLC provides investment advisory services, serves as investment adviser and general partner to Southwest Value Partners Fund XVIII LP, any future affiliated parallel funds, sidecar funds and special purpose investment funds. Each

of these funds is a pooled investment fund that specializes in real property and real estate related investments.

Various potential and actual conflicts of interest may arise from the overall investment activities of SWVP, SWVPE and their affiliates. The following briefly summarizes some of these conflicts but is not intended to be an exclusive list of all such conflicts. Any references to SWVP in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees. **Prospective investors are advised to review the PPM for a more extensive description of the risks of investing in the Fund.**

***Contracts Related to Development of the Hotel Property.*** The Hotel Property is a part of a larger property being redeveloped by an affiliated fund (Southwest Value Partners Fund XVII, LP) and its affiliates. SWVP expects to enter into contracts on behalf of the Fund with that fund and other SWVP affiliates relating to the overall development of the larger property, including agreements relating to the sharing of costs such as demolition and infrastructure development costs and the sharing of state, county or city incentives provided to the overall project. Each of the parties to these agreements will have different stakeholders and potentially differing interests. Accordingly, there will be conflicts of interests among the Fund, SWVP and its affiliates in entering into these agreements. SWVP and its affiliates will act in good faith in allocating these costs, incentives and other items and entering into the related agreements among the applicable entities, including the Fund. However, there can be no assurance that the results will be the same as the Fund would have obtained if the transactions had been negotiated in arms-length, negotiated transactions with independent third parties.

***Acquisition of Hotel Property.*** The acquisition of the Hotel Property from Southwest Value Partners Fund XVII, LP was not an arms-length transaction. While the purchase price for the Hotel Property was based on a third-party appraisal, there can be no assurance that the consideration paid was not greater than the price that an independent third party would pay for the Hotel Property in an arms-length, negotiated transaction.

***Allocation of Personnel.*** SWVP and its affiliates will devote such time as shall be necessary to conduct the business affairs of the Fund in an appropriate manner. However, SWVP personnel will work on other projects and, therefore, conflicts may arise in the allocation of personnel. In this regard, however, a core group of real estate professionals will devote a substantial amount of their business time to the business related to the Fund and related entities.

***Other SWVPE Funds; Allocation of Investment Opportunities.*** In compliance with the terms of the fund private placement memoranda (“PPM”) and Limited Partnership Agreements and SWVP’s conflicts policy, SWVP and its affiliates do currently and may in the future provide investment advice with respect to more than one investment fund (including funds in existence as of the date hereof and those that may be formed in the future, collectively, “Other SWVPE Funds”). Accordingly, investment opportunities may be allocated by SWVP among such Other SWVPE Funds in a manner consistent with the private placement memorandum and the Limited Partnership Agreements for each fund and SWVP’s conflicts policy. This circumstance may in particular occur during the end of the investment period for one fund and the beginning of the investment period of another fund.

***Service Providers.*** The Fund’s service providers (including lenders, depository banks, brokers, attorneys, consultants, and investment banking firms) may be affiliates of SWVP, investors in the Fund and/or sources of investment opportunities and counterparties therein. SWVP may have an incentive to select these service providers either to generate additional fee income or investment opportunities for it. Fees paid to service providers may constitute Fund expenses that are payable prior to making any distributions to Fund investors. A conflict of interest may cause us to hold these service providers to a lower standard of performance.

Notwithstanding the foregoing, investment transactions for the Fund that require the use of a service provider, will generally be allocated to service providers on the basis of best execution (and possibly to a lesser extent in consideration of such service provider's provision of certain investment-related services and/or payments of the costs of investment-related research that the General Partner believes to be of benefit to the Fund).

The members of SWVP are all either direct or indirect investors in the Fund. SWVP may enter into "side letters" with investors in the Fund, which allow for certain additional rights in the event of tax, regulatory or legal circumstances applicable to such investors. A more detailed description of applicable conflicts of interest is set forth in the PPM of the Fund.

#### **Item 11 - Code of Ethics, Participation in Client Transactions and Personal Trading**

SWVP has adopted a Code of Ethics (the "Code") that sets forth standards of integrity and business conduct we expect all SWVP personnel to uphold and follow and requires all employees to comply with relevant federal securities laws.

The Code includes the following:

- Requirements related to confidentiality;
- Ethical conduct premised on fundamental principles of openness, integrity, honesty and trust;
- Pre-clearance of outside business activities; and
- Protection of persons who engage in "whistle blowing" activities from retaliation.

On an annual basis, SWVP requires all employees to certify that they are in compliance with the Code.

The affiliates of SWVP are involved in different services and there are potential conflicts of interest which may arise. Please see Item 10 – Other Financial Industry Activities & Affiliations for a list of investment related potential conflicts.

SWVP's and its affiliate's related persons may from time to time have bought or sold, or may subsequently buy or sell, for their personal accounts, real estate securities or other assets which may also be purchased or sold for the account of our clients. On occasion, a SWVP related person may co-invest in a real estate investment along with a Fund. SWVP and its related personnel are subject to guidelines governing the ability to trade in personal accounts.

As described in Item 8 above, the LP Committee may provide such advice and counsel to the Fund as may be requested by SWVP, including advising or approving potential conflicts of interest, valuation issues, and other similar matters not contemplated by the Limited Partnership Agreement as SWVP deems appropriate.

These policies are designed to comply with SEC requirements that registered investment advisers have a Code of Ethics. SWVP's Code is available for review upon request. You may request a copy of SWVP's Code by contacting SWVP's Chief Compliance Officer, Susanne Fota: (858) 480-2900; [sfota@swvp.com](mailto:sfota@swvp.com).

#### **Item 12 - Brokerage Practices**

SWVP has the authority to originate and recommend to the Fund investment opportunities consistent with the purposes of the Fund, monitor and evaluate investments and provide such other services related thereto as the Fund may reasonably request. Securities brokers are selected primarily on the basis of cost, capacity, ability and dependability to close on a timely basis, market intelligence, reputation, knowledge of the asset, buyer

contact list, recent transactions, fee proposal, execution capability and trading expertise consistent with the effective execution of the transaction. The determination of commission rates and other transaction costs at which securities transactions for the Fund are to be executed will be negotiated by SWVP.

### **Item 13 - Review of Accounts**

#### **Review of Accounts**

Currently, the only account under the supervision of SWVP is the Fund. The Fund's accounts and investment positions are monitored by SWVP personnel on a regular and current basis.

SWVP's Investment Advisory Board (the "Investment Advisory Board") meets as necessary to review the Fund's investment in the Hotel and Hotel Property. The Investment Advisory Board currently consists of at least three persons. SWVP might periodically review on an expedited basis the assets of the Fund following a unique occurrence in the financial industry or market generally.

#### **Reports to Clients**

Investors in the Fund generally will receive semi-annual reports which will include capital balance and Fund performance statistics. Investors also will receive annual audited financial statements for the Fund.

### **Item 14 - Client Referrals and Other Compensation**

SWVPE has retained Stonehaven, LLC ("Stonehaven"), an SEC registered broker-dealer, pursuant to a Management Services Consulting Agreement (the "Consulting Agreement") in connection with the sale of limited partnership interests in investment funds for which SWVPE or an affiliate provides advisory services. Under the Consulting Agreement, SWVPE is obligated to pay Stonehaven ongoing consulting fees. The consulting fees owing with respect to the Fund are calculated commencing on the Fund's final offering closing date. SWVP will pay consulting fees monthly over a three year period with the monthly maximum consulting fees capped at an amount equal to 1/12th of 1/3% of the committed capital plus 1/12th of 1/3% of drawn capital received from investors introduced by Stonehaven to the Fund and the total consulting fees for the Fund capped at an amount equal to 1% of the total aggregate committed capital received from investors introduced by Stonehaven to the Fund (\$443,218.95). The Fund will not reimburse SWVP for the consulting fees paid by SWVP to Stonehaven.

SWVP does not accept or allow its related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-Client in conjunction with the advisory services it provides to Clients.

### **Item 15 – Custody**

In connection with the management of investments for certain investors, SWVP may have, or may be deemed to have, custody of certain funds or securities of its clients. Rule 206(4)-2 (the "Custody Rule") under the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client's accounts or ownership of or access to client funds or securities (such as through fee deductions).

The asset under management by SWVP is a "privately offered security" as defined by the Custody Rule. All other Fund assets are held in custody by an unaffiliated bank acting as a "qualified custodian".

Accordingly, SWVP is deemed to have custody of client funds or securities. SWVP has developed procedures

that ensure the safeguarding and protection of the assets.

The Fund is subject to an annual audit performed by a nationally recognized public accounting firm and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with U.S. generally accepted accounting principles and generally distributed within 120 days of the Fund's fiscal year end.

#### **Item 16 - Investment Discretion**

SWVP maintains the authority to manage the Fund on a discretionary basis, in accordance with the investment guidelines, limitations, other provisions and terms set forth in the Limited Partnership Agreement.

#### **Item 17 - Voting Client Securities**

Rule 206(4)-6 under the Advisers Act (the "Rule") requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Because SWVP may be deemed to have authority to vote proxies relating to the companies in which its clients invest, SWVP has adopted a set of policies and procedures (together, the "Policy") in compliance with the Rule.

To the extent that SWVP exercises or is deemed to be exercising voting authority over its clients' securities, the Policy is designed and implemented in a manner reasonably expected to ensure that voting with respect to proxy proposals, amendments, consents or resolutions (collectively, "proxies") is exercised in a manner that serves the best interest of the clients, as determined by SWVP in its sole discretion. From time to time, conflicts may arise between the interests of the investor, on the one hand, and the interests of SWVP or its affiliates, on the other hand. If SWVP determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, SWVP will address matters involving such conflicts of interest on a case-by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations, and in compliance with SWVP's conflicts policy. SWVP, in its sole discretion, may elect not to vote a proxy if unduly burdensome.

Investors may request a copy of the Policy and the voting records relating to proxies as provided by the Rule by contacting SWVP's Chief Compliance Officer, Susanne Fota: (858) 480-2900; [sfota@swvp.com](mailto:sfota@swvp.com).

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

SWVP has never filed for bankruptcy and is not aware of any financial condition reasonably likely to impair its ability to meet its contractual commitment to its investors.