

Disclosure Brochure

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This brochure provides information about the qualifications and business practices of Fairway America Investment Advisors, LLC (hereinafter “FAIA”). If you have any questions about the contents of this brochure, please contact us at 503.906.9100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about FAIA is available on the SEC’s website at www.adviserinfo.sec.gov.

FAIA is a registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

Since FAIA's last brochure dated March 31, 2019, FAIA has surpassed \$100 million in assets under management and moved its registration from the State of Oregon to the SEC. FAIA has revised this brochure extensively in order to comply with the SEC's guidelines for similarly situated advisers and to more accurately reflect FAIA's current business practices.

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Item 4. Advisory Business

Fairway America Investment Advisors, LLC, founded in 2016, (together with its relying advisers, “FAIA”), provides advisory services solely to five private real estate investment funds (each a “Fairway Fund” or “Fund” and collectively, the “Fairway Funds” or “Funds”). The Fairway Funds invest exclusively in real estate-related assets in what FAIA refers to as the “middle market,” “small balance real estate” or “SBRE” industry—a distinct sub-set of the U.S. commercial real estate market.

The Fairway Funds include Fairway America Fund V, LLC (“Fund V”), a fund that is expected to be fully wound down by the end of 2019 and not making any additional investments or accepting any new investors, and four open private funds that are actively making investments in real estate-related assets: Fairway America Fund VI, LLC (“Fund VI”); Fairway America Fund VII, LP (“Fund VII”); Fairway America Fund VIIQP, LP (“Fund VIIQP”); and Fairway America Value-Add Self-Storage Fund LLC (“FAVS”). Information about each Fund’s investment strategy is provided in other sections of this brochure.

FAIA is wholly owned by Fairway America, LLC (“Fairway”), a real estate origination, servicing and consulting firm, which, through its affiliated companies, also provides private fund administrative services, private fund consulting services, capital raising services, and other related services. The principal owner of Fairway is Eastridge Investment Group, LLC, which is principally owned by Skylands Investment Corporation, which is wholly owned by Matt Burk, Fairway’s CEO and FAIA’s Chief Investment Officer.

FAIA provides its advisory services to the Fairway Funds in accordance with each Fairway Fund’s respective private placement memorandum and limited partnership agreement or operating agreement (“Offering Documents”), pursuant to an advisory services agreement with the Manager or General Partner of each Fairway Fund. Fairway America Management Group II, LLC, which acts as the Manager of Fund VI and General Partner of Funds VII and VIIQP, and Fairway America Management Group III, LLC, which acts as the Manager of FAVS, are relying advisers of FAIA. FAIA does not tailor its advice to the individual needs of any specific investor in a Fairway Fund and no investor may impose investment restrictions on FAIA.

As of September 30, 2019, FAIA managed approximately \$105,212,564 on a discretionary basis and no assets on a non-discretionary basis.

Item 5. Fees and Compensation

FAIA is compensated for its advisory services through asset-based management fees and other sources of income, which are significant. In addition, affiliates of FAIA, including Fairway, are eligible to earn various fees and income as described below that will, if earned, reduce the returns to equity investors in each Fairway Fund, as well as the value of the Funds’ assets, which are provided as collateral to debt investors in the Fairway Funds that accept debt investments.

Management Related Fees: FAIA earns management fees, as disclosed in each Fairway Fund's Offering Documents ("Management Fees"). The structure and calculation of FAIA's Management Fees is materially different for the different Fairway Funds. Management Fees for Fund VI, Fund VII, and Fund VIIQP are 1.5% of the total of each Fund's assets under management ("AUM"). Management Fees for FAVS are 1.5% of all capital commitments made by FAVS investors, less (i) the aggregate amount of all capital contributions returned to investors following the sale of any FAVS asset and (ii) following FAVS' investment period, the aggregate amount of all capital commitments that have not then been called by the Manager. The Management Fees for Fund V were originally set at 2.25%, but have been reduced to 1% as the amount of AUM in that Fund has diminished over time. Management Fees for each of the Fairway Funds are deemed earned and accrued daily and are paid monthly, as and when cash is available to pay them. Management Fees are paid from each Fairway Fund prior to any distributions made to investors in the Fund.

With respect to each of the Fairway Funds other than Fund V, FAIA has negotiated, and may again in the future negotiate, with investors who have invested through the respective Fairway Fund's Manager or General Partner to earn a portion of that Fairway Fund's Management Fee. Each Fairway Fund's Manager or General Partner has also previously entered into, and may in the future, in its sole discretion, enter into additional agreements or "side letters" with certain investors to provide specific investors benefits in addition to the benefits available to all other similarly situated investors, such as a greater share of any excess distributable cash generated by that Fund, a waiver of any early redemption fees, or a reimbursement of all or a portion of an acquisition fee, Management Fee, or similar benefits and rights not extended to other investors pursuant to the Fund's Offering Documents.

Additional Management Compensation: In addition to the Management Fees, the Manager or General Partner of each Fairway Fund other than Fund V is entitled to receive a portion of any excess distributable cash (including "available cash" as that term is used in the FAVS Offering Documents) generated by each Fairway Fund according to the stated distribution waterfall (the "Waterfall") set forth in each Fund's Offering Documents. The Waterfalls for Funds VI, VII, and VII QP call for payments of all interest and principal due on any credit facility, Fund expenses, Management Fees, and debt obligations to be paid prior to any preferred return to investors in those Fairway Funds. After payment of these expenses and any outstanding preferred return, any available excess distributable cash, as determined by the Manager or General Partner, is then split between the members or limited partners and the Manager or General Partner in the appropriate percentages identified in the Fund's Offering Documents. The percentage of excess distributable cash payable to the Manager or General Partner of Funds VI, VII, and VIIQP ranges from 20% to 40%. The Manager of FAVS is entitled to receive 20% to 30% of any available cash generated by that Fund pursuant to a similar Waterfall, but only after all capital is returned to investors.

As the availability of any excess distributable cash is determined by the Manager or General Partner of each Fairway Fund, a conflict of interest exists for that entity, as it has an incentive to increase its determination of the amount of excess distributable cash, which could involve underestimating capital needed for future

Fund operations, investing in riskier assets, or converting assets into cash prematurely and not in the best interest of the respective Fairway Fund or investors in that Fund. FAIA believes its investment policies and procedures mitigate this risk, in part by requiring FAIA to monitor such risks and adhere to its fiduciary duty.

In addition to equity investments from investors, Funds VI, VII, and VIIQP issue notes to debt investors subject to an intercreditor security agreement in exchange for debt investments by those investors. These notes are subordinated to any credit facility of the respective Fairway Fund, but are otherwise secured by a senior security interest on the respective Fairway Fund's assets. Holders of these notes earn a fixed rate of interest, as specified in each note. Holders of the notes do not pay any Management Fee. However, as the Management Fees for the Fairway Funds that issue notes are based on the Fund's total AUM, and the proceeds from the notes contribute to the total assets of each fund, issuing these notes generates additional Management Fees payable to FAIA, which in turn reduce the value of the assets securing the Funds' obligation to repay the notes. The parties to each Fund's intercreditor security agreement are the note holders and the Manager or General Partner of the respective fund. As note holder representative, the Manager or General Partner of the Fund is granted an irrevocable, full power-of-attorney by the note holders to act in their interests with respect to all matters relating to the notes. The fact that the representative is the Manager or General Partner creates a conflict of interest as the representative has an incentive to act in its best interest, rather than the interests of the note holders. FAIA believes this risk is mitigated in part through its policies and procedures that require FAIA to monitor such conflicts and adhere to its fiduciary duty and act in the best interest of note holders.

Fund Expenses: Each Fairway Fund is required to pay all of its related expenses, as defined and set forth in the respective Fairway Fund's Offering Documents, prior to making any distributions to investors in the Funds. The expenses payable by each Fund, some of which may be paid to affiliates, include, without limitation: accounting related costs for tax return preparation, financial statement preparation, audits, legal fees and costs, the costs of obtaining insurance coverage for actions of the respective Fairway Fund's Manager or General Partner relating to the operation of the Fairway Fund, filing, licensing or other governmental fees, other third-party audits, fund organizational costs, fund administration costs, including fees paid to affiliates, loan servicing fees, loan origination and other fees associated with any credit or similar facilities, costs associated with ownership of real property and ownership of any interests in real property, including but not limited to, property improvement and rehabilitation costs not otherwise capitalized, sales commissions and other capital raising expenses, property taxes, property management, hazard insurance, utilities, pursuit costs of assets, including lost deposits and other costs relating to assets pursued but not acquired, due diligence costs, including travel costs, litigation and other extraordinary expenses, the costs and expenses of any meetings of investors or advisory committees, and any and all other expenses associated with the operation of the respective Fairway Fund or management of its assets that are authorized in that Fund's Offering Documents. To the extent FAIA invests on behalf of a Fairway Fund in other investment vehicles where a third-party manager earns a management or other fees, the applicable Fairway Fund will indirectly be paying such fees.

Additional Affiliate Compensation: As described in each Fairway Fund's Offering Documents, and depending on the specific Fairway Fund, several of FAIA's affiliates are entitled to receive from one or more Fairway Funds all or some portion of various specified fees and expenses, including asset level fees actually collected (e.g., loan origination fees), as well as processing, underwriting, due diligence, and acquisition fees charged to third-party sponsors of potential investments or the special purpose entities ("SPEs") used to facilitate those investments in exchange for evaluating the investment, an acquisition fee upon the closing of the acquisition of each new asset, or both.

If a Fairway Fund owns any mortgage loans, FAIA will, in most cases, engage Fairway America, LLC ("Fairway") as loan servicing agent to perform servicing and collection activities on the Fund's behalf and will pay a loan servicing fee on such assets, typically with a cap at or about 1% (annualized) of the unpaid principal balance of any loan being serviced. Redwood Real Estate Administration, LLC ("Redwood"), an affiliate of FAIA, has also been engaged as the fund administrator for each Fairway Fund and charges a fee, which is comparable to fees Redwood charges other non-affiliated SBRE funds.

The Fairway Funds other than Fund V have engaged North Capital Private Securities Corporation ("NCPSC"), a third-party FINRA registered broker/dealer, to raise capital for those Funds. Each of the Fairway Funds that have engaged NCPSC other than FAVS pays NCPSC a one-time capital raise fee equal to 0.2% of all capital raised in exchange for these services, as capital is raised. The Manager of FAVS pays this fee to NCPSC for capital raised for FAVS, without charging that fee to FAVS. Funds VII and VIIQP have agreed to pay NCPSC an additional capital raise fee of 1.25%, payable quarterly, in advance, based on each of those Funds' General Partner's projections of how much capital will be raised during the upcoming quarter, and then the amount of the capital raise fee is trued up each quarter based on the amounts of capital actually raised during that quarter. Certain registered representatives of NCPSC are also employees of Fairway America Capital Markets Group, LLC ("CMG"), an affiliate of FAIA, and those registered representatives raise capital for the Fairway Funds and receive commissions from NCPSC based on the amount of capital they raise. CMG receives expense reimbursements from NCPSC up to an amount equal to the cumulative salaries and direct expenses paid by CMG to registered representatives who are involved in capital raising activities for the Fairway Funds. NCPSC also pays a fixed fee to CMG for NCPSC's use of the internet portal maintained by CMG. The use of related registered representatives employed by CMG represents a conflict of interest because such representatives have a financial interest in raising capital for the Fairway Funds. FAIA mitigates this conflict by, among other things, monitoring the conflict and ensuring that it makes investment decisions consistent with its obligations to investors, and by separating CMG's registered representatives from decisions about investments that the Fairway Funds make.

CMG also engages NCPSC to raise capital for single-property investment opportunities managed by unaffiliated third parties ("Syndications"). In connection with these Syndications, the Fairway Funds have previously invested and expect in the future to invest at the general partner or the limited partnership levels, or both, and Fairway may act as a member of the general partner, the manager of the investment vehicle

used to raise capital for the Syndication, or both. As a member of the general partner or manager of some Syndications and related entities, Fairway is entitled to receive a “carried interest” or “promoted interest”—the right to receive a portion of the profits of the Syndication, including profits generated as the result of capital contributed by one or more of the Fairway Funds. This creates a conflict of interest as Fairway has an incentive to cause FAIA to invest on behalf of the Fairway Funds in investment opportunities that FAIA might otherwise not make in an effort to earn a carried or promoted interest in a Syndication for Fairway or provide capital to support a single-property SBRE investment for the benefit of Fairway. Alternatively, a conflict of interest exists as Fairway may have an incentive in certain situations to cause a suitable investment opportunity to be offered to another party and not the Fairway Funds. However, FAIA believes it has policies and procedures in place to mitigate this risk by monitoring such conflicts and adhering to its fiduciary duty.

Item 6. Performance-Based Fees and Side-by-Side Management

FAIA does not earn a fee based on a share of capital gains on, or capital appreciation of the assets of the Fairway Funds other than FAVS. FAIA is entitled to receive a portion of any profits generated by the activities of FAVS. FAIA is permitted to receive this performance-based fee pursuant to Rule 205-3 promulgated under the Investment Advisers Act of 1940, because FAVS only accepts investments from clients who are “qualified clients,” as that term is defined in the rule.

Item 7. Types of Clients

FAIA only provides discretionary investment advisory services to the five Fairway Funds. Other than Fund V, each Fairway Fund is a pooled investment vehicle operating as a limited partnership or limited liability company exempt from registration as investment company pursuant to Section 3(c)(1), 3(c)(5) and/or 3(c)(7) of the Investment Company Act and marketed using general solicitation under SEC Rule 506(c). Fund VII and FAVS claim exemption under Section 3(c)(1) of the Investment Company Act, and are available to only accredited investors. Investors in FAVS must also be “qualified clients,” as that term is defined under Rule 205-3 of the Investment Advisers Act of 1940. Fund VIIQP claims exemption under Section 3(c)(7) of the Investment Company Act, and is available to only accredited investors who are also “qualified purchasers,” as that term is defined in the Investment Company Act. Fund VI claims exemption under Section 3(c)(5) of the Investment company Act, and is available to only accredited investors. Investors in any Fairway Funds (including both equity and debt investors) must satisfy certain eligibility and suitability requirements, as described in each Fund’s Offering Documents. FAIA does not provide any investment advice to investors in the Fairway Funds or to other investors. The Fairway Funds are FAIA’s only clients.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Fund V does not actively invest in assets and its activities are limited to liquidating the assets it acquired from a related fund that has since been dissolved. Its strategy is to maximize the Fund’s return to its

investors by maximizing and liquidating the value of the few remaining assets in that fund over time, based on changing market conditions, rather than selling those assets as soon as possible, where doing so would like result in a steep discount to the intrinsic value of the assets. FAIA currently expects that Fund V will liquidate its final asset and dissolve by the end of 2019. Funds VI, VII, and VIIQP seek to create highly diversified portfolios of small balance real estate (“SBRE”)-based assets by investing in a multitude and variety of real estate-based assets. FAVS invests primarily in vacant “big-box” retail, single-use industrial or commercial properties that are being converted into self-storage facilities, and may also invest in existing self-storage facilities. The investment strategies, methods of analysis, and risks associated with each Fairway Fund other than Fund V are discussed in more detail below.

Investment Strategies:

Funds VI, VII, and VIIQP:

FAIA provides advice to the Fairway Funds regarding SBRE investments made both directly and through other SBRE managers, syndicators, and operators (“Sponsors”). The goal of Funds VI, VII, and VIIQP is to create a highly diversified portfolio of SBRE assets, with geographical and asset type diversification. Fairway has broad discretion with respect to investing in various types of real estate assets, including without limitation, individual whole loans secured by deeds of trust, participation interests, equity investments in other SBRE funds, Syndications, and other types of offerings, debt investments, and direct ownership.

FAIA sources investments through Sponsors throughout the U.S. Its focus is on finding Sponsors with a high level of experience and integrity within their specific market or asset model. For Fund VI, FAIA’s typical investment is less than \$2,000,000, with an average of \$1,000,000, and for Funds VII and VIIQP, FAIA caps concentration to no more than 20% of the Fund for any one investment (10% once a Fund reaches \$150,000,000 of assets). Funds VI, VII, and VIIQP can invest in multiple categories of assets. For fund to fund investments, FAIA makes investments into other SBRE funds, through both debt and equity positions, and in both general partner and limited partner interests, with many different structures and asset strategies throughout the United States. The investment strategy of each of these Funds is described in more detail in the Fund’s Offering Documents.

Specific investment strategies for Fund VI, VII, and VIIQP include, but are not limited to, buy and hold, fix and flip, value-add repositioning, acquisition through auctions and foreclosures, tax lien certificates, distressed and performing note acquisition, and mortgage pool funds of varying strategies, including bridge, construction, rehab, and permanent loans. Assets involved include, but are not be limited to, single-family residences (non-owner occupied), multifamily, retail, industrial, office, warehouse, self-storage, land, medical office, assisted living, student housing, and more, as well as loans or other liens (such as tax liens) secured by such property. The value of these assets varies widely but can be considered “small balance” in nature, generally from \$10,000 to \$25,000,000. Sponsors, assets, and property are located mostly in

metropolitan areas throughout the United States. The Fairway Funds may consider investing in funds or other assets based and operating outside the United States on an infrequent basis.

As described in part in Item 5 above, as part of Fund VI, VII, and VIIQP's strategy, each of those Funds borrows money from time to time from note holders who are issued promissory notes of maturities varying between one and five years. Note holders are lenders to the Fund and receive monthly interest payments to the extent the applicable Fund has cash available to make interest payments, and have a blanket secured interest in that Fund's assets. This secured interest is in a senior position except in circumstances where Fund assets have been or are being pledged by the Fund to any senior lender ("Credit Facility or "Facility"). Each Fund may have multiple tiers of note rates based on the amount of money lent and the duration of the maturity. FAIA is not an investment advisor to note holders and does not provide individuals with investment advice regarding whether to execute a note with a Fund as issuer.

FAVS:

FAVS' investment strategy is to attempt to leverage Fairway's national network of Sponsor relationships to identify what FAIA believes are experienced, capable Sponsors with a proven track record of completing projects of similar size, scale, type, and/or scope; partner with those Sponsors to acquire vacant "big-box" retail, single-use industrial and commercial properties in target markets throughout the United States; and then convert some portion (up to 100%) of each property into a class-A or similar quality self-storage facility. FAVS may also opportunistically acquire existing self-storage facilities, typically facilities currently operated by a "mom and pop" operator or facilities that are mismanaged or underperforming, or that have other characteristics that FAIA believes will provide a strong value-add opportunity. FAVS intends to make these investments through SPEs created to own each property, and may invest in an SPE as a general partner or manager, a limited partner or member, or both.

Investment Analysis:

FAIA relies on its relationships with regionally-based real estate professionals knowledgeable in the markets in which it seeks to invest in order to originate potential opportunities for the active Fairway Funds. A key part of FAIA's investment strategy is to locate, vet, and approve high quality Sponsors with demonstrable character, integrity, track record, experience, and managerial capabilities in their particular geographic area and asset type niche. By finding, vetting, and approving high quality localized Sponsors, and diversifying each Fund's holdings over a widespread geographic territory and number of Sponsors, FAIA believes it can produce attractive risk adjusted returns for the Fairway Funds' investors.

FAIA attempts to be geographically diverse by investing in assets located throughout the United States in markets with solid economic characteristics (industry, employment, government, housing statistics, real estate demand, and other identifiable factors). It also seeks to diversify risk by investing in many assets of relatively small size, and have strong underwriting criteria which include, without limitation, credit and background checks on Sponsors, and review of investor references, financial statements, documentation of prior performance in their specific investment types, contracts, public records searches, and other types of

due diligence used to determine character, integrity, competency, and suitability. Other considerations include: cash flow projections, expected investment maturity dates, exit strategies, and other factors.

For FAIA's fund to funds investment strategy, one of the critical success factors when investing in SBRE funds managed by others is having strong visibility into the asset level decision making, both when initially investing and on an ongoing basis. From there, it is necessary to monitor the assets, as well as the cash management and operational procedures and controls being utilized by the fund manager. Fairway, primarily through its affiliate Redwood, maintains an active advisory and consulting practice that both helps to create SBRE funds on behalf of other managers around the U.S. and performs ongoing fund administration for many of these same funds (as well as others who Fairway's affiliates did not advise on the creation). Administering funds gives Fairway operational visibility into the daily performance of those funds, including seeing every dollar that goes into and out of those funds. FAIA believes this relationship is likely to make each Fairway Fund a much better and more aware investor, should it choose to invest in any given fund which Redwood is administering, by providing greatly enhanced awareness of the funds' trends, direction, and performance.

Risk of Loss & Conflicts of Interest:

Any investment in a Fairway Fund is speculative and involves certain risks. There is no public secondary market for investments in the Fairway Funds, nor will one develop. All investments in a Fairway Fund are also subject to material restrictions on transfer.

An investment in a Fairway Fund is suitable only for sophisticated investors for whom an investment in one or more of the Fairway Funds does not constitute a complete investment program and who fully understand, are willing to assume and have the financial resources necessary to withstand the risks involved in the investment program in which the applicable Fairway Fund will engage. Accordingly, offers and sales of securities in any of the Fairway Funds are limited to persons who meet certain suitability requirements. Each investor in one of the Fairway Funds will be required to make certain representations to that Fund, including representations as to investment intent, degree of sophistication, having access to information concerning the Fund and ability to bear the economic risk of the investment.

An investor's decision to invest in a Fairway Fund entails risk. All investments have risk of loss, including the risk of a total loss of investment. There are no guarantees that any past success of any Fairway Fund, or prior funds operated by Fairway, FAIA, or their affiliates, will result in positive investor investment returns in the future. Private investment partnerships have their own set of risks, including, but not limited to lack of liquidity and diversification, strategy risk and conflicts of interest related to affiliated party transactions as described elsewhere in this brochure and in each Fairway Fund's Offering Documents. Moreover, no investor may sell, transfer, assign, convey, pledge, mortgage, encumber, hypothecate or otherwise dispose of all or any part of its interests in a Fairway Fund without the Manager or General Partner's consent.

A more complete discussion of the risks associated with an investment in each Fairway Fund is set forth in the respective Fund's Offering Documents, and **investors are strongly encouraged to carefully review the Offering Documents for any Fairway Fund in which the investor is considering an investment prior to making an investment decision.** Below is a non-exhaustive discussion of some of the types of risks an investor may face with respect to private real estate funds.

Borrower Risk, General Market & Real Property Risk and Competition:

Investments related to real property carry specific risks, including but not limited to: foreclosure risk and local rules and regulations affecting the ability to foreclose on properties; vacancy rates and general financial condition of buyers and sellers; condemnation, environmental contamination and eminent domain; state and local regulations and ordinances affecting the purchase, sale or management of properties; litigation and insurance risk; geographic market concentrations, general credit risk, and other risks.

The Fairway Funds' investments are speculative and profitability depends, in part, on the ability of borrowers to repay their loans and the ability of Sponsor's to effectively manage their projects. The ability of a borrower to repay may be affected by local, regional, and national real estate market and economic conditions beyond the control of the Fund. Delinquencies and defaults are sensitive to local and national business and economic conditions. Favorable real estate and economic conditions may not necessarily enhance a borrower's ability to repay due to circumstances specific to a borrower that are beyond the Fund's control.

Each type of property on which Fairway or its affiliates underwrite loans or investments has its own specific set of risks, including general economic conditions, business conditions, local market competition and conditions. Competition amongst loan originators and equity investors can vary from market to market, and the Fairway Funds' returns can be affected by heavy competition in the loan origination space.

Rising or falling interest rates may increase risk associated with the Fairway Funds' investment strategy, including but not limited to increased competition, the Fund's ability to close loans at targeted interest rates, a borrower's ability to refinance an existing loan, and lower investment returns due to the inability to close loans at higher interest rates.

Some of the key risks specific to FAVS include a lack of diversification, given that all assets will be primarily self-storage facilities, changing buying patterns within the self-storage market, increasing competition and consolidation among self-storage providers, lack of control over SPEs, the use of leverage by those SPEs, and other risks explained in detail the FAVS Offering Documents.

Lack of Diversification and Liquidity and Investment Concentration:

The Fairway Funds' investment strategies are solely focused in the real estate industry and real estate securities. Although FAIA seeks to diversify Fund investments and managers with respect to the types of real estate securities and geography, its Fund investments, especially investments in FAVS, which is focused on a single asset class, should be considered concentrated, which has its risks. For example, although FAIA has identified an investment strategy that it believes will protect, and potentially even

enhance, investor capital in a down real estate market, a significant downturn in the real estate market could have a material adverse effect on the Funds' overall financial condition that would disproportionately impact an investment in the Funds, as compared to the impact on investments that might occur if investments were diversified outside of the real estate industry. Moreover, the Fairway Funds may have a relatively high degree of concentration at any given time.

It would not be appropriate for an investor to invest a substantial portion of his or her wealth in any single investment, fund or note. An investment in a Fairway Fund should be part of a comprehensive investment portfolio strategy, which includes a broad diversification of investments.

Most of the Fairway Funds' fund to fund investments will be in securities that are illiquid because they are privately placed, restricted, thinly traded, or otherwise. A Fund may not be able to liquidate those investments if the need should arise, and its ability to realize gains or to avoid losses in periods of rapid market activity may therefore be affected. In addition, the value assigned to such securities for purposes of determining each investor's ownership interest in a Fairway Fund may differ substantially from the value that Fund is ultimately able to realize.

Each of the Fairway Funds also limits its investors' redemption rights. FAVS is a closed-ended fund with no redemption rights. The initial lockup period for Funds VI, VII, and VIIQP ranges from 12 months to 24 months, with limited redemption request rights thereafter, as described in each Fund's Offering Documents. This means that investors may not ask to liquidate their investment in a Fairway Fund for one to two years, if at all (other than for hardship reasons), and Fairway has discretion whether to process redemption requests after the initial lockup period by limiting all or a percentage of any requested redemption over a 12-month period.

Use of Leverage:

Since Funds VI, VII, and VIIQP are currently offering investors the opportunity to make equity or debt investments in those Funds, priority will be given with respect to distributions of cash to the payment of interest on the debt investments and, as applicable, principal, as the Funds' obligations to debt investors mature. If a Fund does not have sufficient cash available to make distributions to equity investors and pay its obligations to the debt investors, payments on the debt obligations will be given priority and may result in a decrease of the amount available for distribution to equity investors.

Each Fairway Fund and any SPE may choose from time to time to borrow money by utilizing one or more Credit Facilities and pledge one or more Fund assets as collateral for any such borrowing in a position senior to the Fund's equity investors. Borrowing may have an exaggerated impact on Fund performance, both positive and negative. To the extent a Fund uses a Credit Facility, the priority of distributions to investors will be even further subordinated and risk of nonpayment increased.

Investment in Distressed and Higher Risk Assets

A Fairway Fund or a fund in which it invests may make investments in nonperforming or other troubled assets that involve a greater degree of financial risk than that associated with performing or stabilized assets. In fact, FAVS' explicit strategy is to acquire distressed assets that many institutional investors are currently seeking to liquidate. Accordingly, while such assets may present an opportunity for a better return on investment than an investment in a performing or stabilized asset, they generally also present a greater risk that the Fund's internal rate of return objectives will not be realized on such an investment or that there will be a loss of invested capital.

A Fairway Fund may invest (directly or indirectly) a material amount of assets in loans to borrowers that have higher risk profiles than more traditional real estate lenders. Moreover, equity interests in other funds are not underwritten to traditional guidelines and therefore may not be as secure as more traditional bank type loans. By deploying assets in higher risk transactions, the Fairway Funds and its investors may lose principal. Equity interests by nature are also subordinate to all debt, whether secured or unsecured, and equity interest holders are the last to receive distributions or proceeds of asset liquidations. Moreover, management agreements, compensation, and other methods for distributing assets from companies in which a Fairway Fund might have an equity interest can increase the likelihood that the Fund may not recover anything from an equity investment. Such transactions may also affect the Fairway Funds' ability to pay interest and principal to its debt investors.

Risks Associated with Investments in Other Funds and Syndications

The Fairway Funds have little or no control over the activities of the other funds and Syndications into which they invest. Fund and Syndication managers may make poor underwriting decisions, take undesirable tax positions, employ excessive leverage, impose redemption or other fees, or otherwise manage their respective funds in a manner a Fairway Fund cannot anticipate, or even act in a manner the Fairway Fund actively opposes, and they may be subject to investment and other restrictions that could adversely affect the Fairway Funds' performance. The operations of these other funds and Syndications will be heavily dependent upon their respective managers and if the manager dies, resigns, becomes legally incompetent or insolvent, or experiences a significant change in staffing, their operations may be adversely affected. While investing in other funds and Syndications can provide diversified investment opportunities, no assurance can be given that such diversification will occur, or if it does, that it will increase and not reduce the potential net profits to the Fairway Funds. All of the Fairway Funds and the funds and Syndications in which they invest have expenses, management fees, and will either charge an incentive fee or share in the excess distributable cash in a Waterfall distribution structure, all of which will affect the net return of the Funds. The expenses of the Funds (including each Fund's pro rata share of expenses of any other funds or Syndications into which the Fund invests) may be a higher percentage of net assets than those incurred by other investment funds or accounts.

Insufficient Opportunities

There are a number of institutions and private real estate equity funds, both regionally and nationally, that are actively seeking real estate and equity investment opportunities. FAIA believes that there will be a sufficient number of high-quality investment opportunities for the types of SBRE assets and funds and Syndications in which the Fairway Funds seek to invest. However, increased competition among providers of equity capital and real estate debt could result in fewer available opportunities and lower investment returns. Appropriate investments meeting the Fairway Funds' objectives for the types of investments they seek to make may not be readily available or available at all. The Funds may expend funds in the investigation of opportunities that, after investigation, are determined to be unsuitable for investment. Accordingly, there can be no assurance that the Fairway Funds will be able to identify and complete attractive investments in the future or that it will be able to invest any particular amount of capital.

Valuation Risk

Although the Fairway Funds' Managers and General Partners use valuation methodologies that they deem reasonable based on various valuation practices commonly used in similar businesses in the industry, there is no guarantee that any stated value as determined by them of one or more Fairway Fund assets, including a Fund's equity investment in another fund or a Syndication, is an accurate representation of the true current value of any asset and, as such, the unit price of an equity investment in Funds VI, VII, and VIIQP may not fairly represent the then current true value of that investment.

Conflicts of Interest:

As disclosed more fully in each Fairway Fund's Offering Documents, certain conflicts of interest exist between and amongst FAIA, its affiliates, each Fairway Fund, the Manager or General Partner of each Fairway Fund, and other third parties. Conflicts of interest can cause FAIA to engage in riskier investments, act in FAIA's or its affiliates' best interest to the detriment of investors, or increase the costs associated with an investor's investment in one of the Fairway Funds. Such potential conflicts of interest include: engaging in affiliated party transactions such as the sharing of origination fees with an affiliate loan underwriter, sales transactions between the different Fairway Funds, inter-Fund lending activities, co-investment by a limited partner or affiliate of FAIA, the generation of fees and reimbursement of expenses by Fairway or its affiliates that are not deemed investment income by the Fairway Funds or reimbursable to the Fairway Funds, indemnification of the Manager or General Partner of each Fairway Fund, FAIA, or its affiliates, activities of principals of FAIA that may overlap with the business of FAIA and the Fairway Funds, taking carried interests in Syndications based on investments made by one or more Fairway Funds, the offering of side letters to one or more limited partners, causing such limited partners to pay lower fees or provide other favorable terms to certain limited partners, and the Fairway Funds' preferred return or excess distributable cash distribution provisions, which may impact investment decisions of FAIA. There is also an inherent conflict of interest because the Fairway Funds will also invest in other funds and Syndications for which affiliates of FAIA provide administrative or other consulting services for a fee. As

such, FAIA has an incentive to invest in an opportunity that pays higher fees to its affiliates, irrespective of the potential return on the Fairway Funds' investments.

The Manager and General Partner of each Fairway Fund has discretion and authority to classify certain fees and expenses owed by borrowers of loans in which the Fairway Funds invest. For example, a Fairway Fund's manager may negotiate with a borrower to pay higher or lower origination or exit fees, default or back interest or late fees, which have a direct impact on revenue allocated to the Fairway Funds, since each Fairway Fund may participate in some revenue streams and not others, and in different percentages for each Fund. Other conflicts of interest may exist. Please review the conflicts of interest section of the respective Fairway Fund's Offering Documents for more information and discussion of these risks, and how FAIA and its affiliates attempt to mitigate such risks.

The total value of the assets of Funds VI, VII, and VIIQP, on which Management Fees for those Funds are charged, includes the capital contributed by debt investors in those Funds. This represents a conflict of interest because the Manager or General Partner of each Fairway Fund has discretion to issue debt on which Management Fees are charged, which will increase risk of loss and expenses to the Fund and its equity investors. In addition, from time to time, the Manager or General Partner of the Fairway Funds have previously and may in the future authorize related party loans and other transactions between the Fairway Funds. The terms of such transactions are intended to be at current market rates and terms, but are not negotiated at arms' length.

Related parties of FAIA, including the Manager or General Partner of each Fairway Fund, often hold interests in the Fairway Funds. Such related parties typically pay the same fees as other limited partners.

The Manager and General Partner of each respective Fairway Fund, in its sole discretion, can offer to one or more persons the opportunity to co-invest with the Fairway Fund in any one or more Syndications or other lending or other investment opportunities offered to the Fairway Fund and establish, maintain and manage separate co-investment vehicles and/or accounts in connection therewith, with the allocation of such opportunities between the Fairway Fund and such co-investor (or co-investment vehicles and accounts) to be determined by the Manager or General Partner in good faith. Any such co-investment by an investor or any affiliate of an investor in any such opportunity will be upon terms and conditions no more favorable to such investor or affiliate in any material economic respect than the terms and conditions upon which the Fund is investing in such opportunity. Any such co-investors typically will pay Fairway or its affiliates fees to service the co-invested loan investments.

Item 9. Disciplinary Information

FAIA is required to disclose the facts of certain legal or disciplinary events involving FAIA or its management persons that would be material to an investor's or a prospective investor's evaluation of FAIA's advisory business or the integrity of FAIA's management persons. Neither FAIA nor its management persons have any facts that are required to be disclosed.

Item 10. Other Financial Industry Activities and Affiliations

One person is a principal of Fairway who is compensated, in part, for raising capital for the Fairway Funds and certain investment opportunities in which the Fairway Funds invest, and is also a registered representative of NCPSC. This creates a conflict of interest as there is an incentive to attempt to cause each Fairway Fund to make investments that may not be in the best interests of the respective Fairway Fund or its investors in order to increase this individual's registered representative compensation. FAIA believes it has policies and procedures that mitigate this conflict, including on-going monitoring of the conflict and requiring that FAIA adhere to its fiduciary duty and act in the best interests of the Fairway Funds. FAIA also ensures that this individual does not have the ability to make investment decisions for the Fairway Funds.

Fairway is the sole owner of FAIA, as well as majority owner of FAIA's relying advisers.

Outside General Counsel Services, P.C. ("OGCS"), is a law firm owned by a related person who, through OGCS, provides general counsel services to FAIA and Fairway. OGCS is also a minority owner of Fairway.

Redwood Real Estate Administration, an affiliate of Fairway, provides administration services to the Fairway Funds, and administration services, private fund consulting, and other related services to third-party investment fund and managers, including some investment vehicles in which the Fairway Funds invest.

CMG is an affiliate of FAIA and is wholly owned by Fairway. CMG, through its relationship with NCPSC, raises capital for the Fairway Funds and for others, including through the www.secure.fairwayamerica.com website, which is used by the Fairway Funds and other entities for which CMG and NCPSC raise capital to advertise those opportunities pursuant to SEC Rule 506(c). All securities offered on the website are offered through NCPSC, a duly licensed broker/dealer, and promoted by registered representatives employed by CMG.

While FAIA is compensated for its advisory services through asset-based management fees, FAIA or these affiliates have other sources of income which are significant, including the various fees and income described in Item 5. These will, if earned, reduce the returns to equity investors in each Fairway Fund, as well as the value of the Funds' assets.

Item 11. Code of Ethics

FAIA has adopted a Policies and Procedures Manual and a Code of Ethics (collectively, the "Codes") that apply to all of Fairway affiliates (including FAIA) and are designed to reinforce the Fairway companies' institutional integrity and set forth procedures and limitations which, in part, govern the personal securities transactions of its associated persons. The Codes were developed to attempt to promote the highest standards of behavior and ensure compliance with applicable regulations. The Codes comprise written

standards that are reasonably designed to deter wrongdoing and describe policies and procedures concerning:

- Placing restrictions on associated persons with respect to trading for their own accounts to preclude front-running and insider trading of real estate related securities, and co-investment opportunities;
- Placing restrictions on associated persons that preclude participation in initial public offerings, and limited offerings without prior approval;
- Maintaining confidential client and internal corporate information;
- Reporting requirements and restrictions that limit the value of gifts that associated persons give or receive;
- Complying with anti-money laundering requirements, to the extent currently required by law;
- Managing potential conflicts of interest; and
- Requiring associated persons to obtain pre-approval for any outside business affiliations.

Investor and prospective investors in the Fairway Funds can contact FAIA to request a copy of its Code of Ethics.

Item 12. Brokerage Practices

FAIA's investment advice is limited to advising the Fairway Funds with regards to the real estate-related investments that those Funds make. As such, FAIA does not have traditional brokerage relationships with broker/dealers who execute trades of publicly traded securities and does not maintain any soft dollar relationships with broker/dealers to obtain research or other services.

Item 13. Review of Accounts

FAIA has policies and procedures in place to: continuously monitor all Fairway Fund investments for adherence to each respective Fairway Fund's investment objectives and restrictions, ensure all investors in the Fairway Funds have completed appropriate subscription agreements, and manage all accounts of investors in the Fairway Funds in accordance with each Fund's respective Offering Documents and related agreements.

Reports are provided on a quarterly basis to all investors in the Fairway Funds, and include performance results net of fees, portfolio composition, and other information relevant to the Fairway Funds' performance and operations.

Item 14. Client Referrals and Other Compensation

FAIA does not accept client referrals or accept any new clients other than the Fairway Funds. CMG has previously entered into agreements to compensate unaffiliated parties to introduce potential investors in the Fairway Funds to CMG, has compensated such finders, and may in the future enter into similar relationships. Under certain circumstances, a finder's fee may be borne by a Fairway Fund, or by the investor introduced to the Fund by the finder. All finders' agreements will be entered into in accordance with SEC guidance set forth in SEC No-Action Letter, Mayer Brown LLP, File No. 132-3. All finders' agreements will clearly set forth that finders are not authorized to solicit or offer any security for sale, including interests in any Fairway Fund, to prospective investors, and that such an offer or sale can only take place through the appropriate Offering Documents and Brochure provided to such prospective investors by authorized representatives.

As discussed in Item 5, certain affiliated entities and related persons receive various forms of compensation related to capital raising activities for the Fairway Funds, including related persons who are registered representatives of a third-party broker/dealer.

Item 15. Custody

FAIA is deemed to have custody of the funds and securities of the Fairway Funds pursuant to Rule 206(4)-2, under the Advisers Act, (the "Custody Rule"). The Custody Rule requires the securities and other assets of the Fairway Funds to be maintained at a financial institution meeting the definition of a "qualified custodian" under the Advisers Act. IRA Services Trust Company currently serves as a qualified custodian for the Fairway Funds. Fairway Fund investors do not receive account statements from the custodian.

Each Fairway Fund's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and audited at least annually by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the professional engagement period, and as of each calendar year-end, by the Public Company Accounting Oversight Board in accordance with its rules. FAIA delivers or otherwise makes available those audited financial statements to all investors in each Fairway Fund. Investors should carefully review those financial statements.

Item 16. Investment Discretion

FAIA advises each Fairway Fund on a discretionary basis, subject to each Fairway Fund's investment objectives and guidelines, limitations and restrictions set forth in each Fairway Fund's respective Offering Documents. FAIA does not accept any discretionary authority to manage securities accounts from the investors in the Fairway Funds, who are not FAIA's clients.

Item 17. Voting Client Securities

FAIA has adopted proxy voting policies and procedures for voting proxies that are intended to comply with Section 206 and Rule 206(4)-6 under the Advisers Act. As such, FAIA has adopted a proxy voting policy in which it seeks (i) to address conflicts of interest between FAIA and the Fairway Funds, and (ii) to vote proxies in the best interests of the Fairway Funds.

The Fairway Funds do not invest in publicly traded securities, but can invest in privately held equity investments that may offer both voting and non-voting interests. Such investments rarely hold shareholder, partner or member meetings or present matters for approval by vote. In those limited cases where the Fairway Funds may vote on matters as an investor in another entity, FAIA will seek to vote in the best interest of the respective Fairway Fund and its investors. It will review on a case-by-case basis each proposal submitted for a vote to determine its impact on the investment held by the Fairway Fund.

To ensure that a vote is not a product of a conflict of interest, FAIA requires that (a) anyone involved in the proxy voting process disclose to the CCO any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a vote, and (b) if such person is deemed to have a conflict or has had contact with any interested party regarding a proxy vote, they will not be involved in the decision making and are prohibited from disclosing how FAIA intends to vote, in order to reduce the opportunity for any interested person to attempt to influence the vote.

Investors may obtain, without charge, information about how FAIA voted proxies and may obtain a copy of FAIA's proxy voting policies and procedures by making a written request to: Chief Compliance Officer, c/o Fairway America Investment Advisors, LLC, 6650 SW Redwood Ln #290, Portland, OR 97224.

Item 18. Financial Information

FAIA is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients, the Fairway Funds. FAIA has no disclosures pursuant to this Item.