

**Item 1**  
**Cover Page**

PART 2A OF FORM ADV: FIRM BROCHURE

**Savanna Investment Management, LLC**

10 East 53<sup>rd</sup> Street  
37<sup>th</sup> Floor  
New York, NY 10022  
Tel: 212-229-0101  
Fax: 212-229-1113

March 2013

This brochure provides information about the qualifications and business practices of Savanna Investment Management, LLC ("Savanna" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at (212) 229-0101. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

From time to time in this and other documents Savanna may refer to itself as a "registered investment adviser" by virtue of its registration with the SEC. This title does not imply any level of training or skill.

Additional information about Savanna is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2**  
**Material Changes**

This amendment to the brochure, dated March 25, 2013, contains no material changes from the Firm's previous brochure, which was filed on February 14, 2012.

### Item 3

## Table of Contents

<u>Item 1</u>	<u>Cover Page</u> .....	1
<u>Item 2</u>	<u>Material Changes</u> .....	2
<u>Item 3</u>	<u>Table of Contents</u> .....	3
<u>Item 4</u>	<u>Advisory Business</u> .....	4
<u>Item 5</u>	<u>Fees and Compensation</u> .....	6
<u>Item 6</u>	<u>Performance-Based Fees and Side-By-Side Management</u> .....	7
<u>Item 7</u>	<u>Types of Clients</u> .....	8
<u>Item 8</u>	<u>Methods of Analysis, Investment Strategies and Risk of Loss</u> .....	9
<u>Item 9</u>	<u>Disciplinary Information</u> .....	16
<u>Item 10</u>	<u>Other Financial Industry Activities and Affiliations</u> .....	17
<u>Item 11</u>	<u>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</u> .....	18
<u>Item 12</u>	<u>Brokerage Practices</u> .....	19
<u>Item 13</u>	<u>Review of Accounts</u> .....	20
<u>Item 14</u>	<u>Client Referrals and Other Compensation</u> .....	21
<u>Item 15</u>	<u>Custody</u> .....	22
<u>Item 16</u>	<u>Investment Discretion</u> .....	23
<u>Item 17</u>	<u>Voting Client Securities</u> .....	24
<u>Item 18</u>	<u>Financial Information</u> .....	25

## **Item 4**

### **Advisory Business**

**A.** Savanna Investment Management, LLC (along with its affiliates, “Savanna” or the “Firm”), a Delaware limited liability company, is an investment adviser located in New York, New York, formed in 2003. Savanna serves as an investment adviser to pooled investment vehicles (the “Funds”) and proprietary investment vehicles (“Proprietary Entities”) collectively referred to as “Clients”. The Funds are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), pursuant to one or more of Section 3(c)(1), 3(c)(5), 3(c)(6) and/or 3(c)(7) of the Investment Company Act. Interests in the Funds were privately offered only to qualified investors and these interests were offered under the private placement exemptions provided by Section 4(2) of the Securities Act of 1933, Regulation D and/or Regulation S promulgated thereunder.

Currently, Savanna currently has 23 employees, 16 of whom perform investment advisory functions. Savanna’s principal owners are Nicholas Bienstock and Christopher Schlank.

From its inception in November 2003 through December 2006, Savanna provided advisory services exclusively to the Proprietary Entities, which are limited liability companies formed for the purposes of “one-off” real estate acquisitions, and owned primarily by Savanna’s affiliated persons, friends & family, and, in some instances, joint ventures between such persons and other real estate firms. Due to the nature and ownership structure of these vehicles, the Proprietary Entities pay minimal fees to the Firm.

In December 2006, Savanna completed the initial closing of its first Fund, and has subsequently closed two additional Funds. The Funds are pooled investment vehicle comprised of capital from various institutional and high net worth investors. Except as set forth below, Savanna’s business currently, and for the foreseeable future, is focused entirely on the Funds. However, Savanna continues to provide management services to the Proprietary Entities due to the nature of the assets Savanna invests in (as described more fully below), which are extremely illiquid and often require multiple-year holding periods before they can realize gains.

Due to the fact that the Proprietary Entities will not be acquiring new investments or accepting new investors, and reflect a prior business model of Savanna’s that is currently winding down, the remainder of this brochure will focus on the Funds, and the advisory services Savanna provides to the Funds.

**B.** Savanna provides discretionary investment advisory services to the Funds. The Funds invest primarily in real estate equity and real estate debt assets, as more particularly described in each Fund’s governing documents. The Firm focuses on properties located in the major markets and “central business districts” in the Northeast and Mid-Atlantic Corridor of the United States, with a particular emphasis on New York City and the tri-state metropolitan region. The Firm pursues opportunities to invest in transitional and undervalued assets that have the potential to be successfully redeveloped, repositioned and re-tenanted.

Savanna is affiliated with entities that serve as the general partners to each of the Funds (each, a “General Partner” and, collectively, the “General Partners”) and each of the Funds is controlled by its respective General Partner. The following is a list of each of the General Partners, each of which is an affiliated investment adviser of Savanna:

General Partners:

- Savanna I GP, LLC
- Savanna II GP, LLC
- Savanna IIA GP, LLC

The advisory services of Savanna and each of the General Partners, as affiliated investment advisers, are described in this brochure. Each General Partner is deemed registered under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to Savanna’s registration in accordance with SEC guidance and the information set forth herein regarding the investment advisory services provided by Savanna shall also apply in respect of the General Partners

**C.** Savanna manages the Funds in accordance with the investment objectives and limitations set forth in each Fund’s offering memoranda, governing documents, including subscription agreements and side letters, and the investment management agreement between Savanna and each Fund (“Operative Documents”). Savanna utilizes a similar strategy for all its Funds; however, some Funds may differ in their particular investing approach, as specified in each Fund’s Operative Documents.

Savanna may enter into agreements, commonly known as “side letters,” with certain investors under which Savanna waives or modifies the application of certain investment terms applicable to such investors, without obtaining the consent of any other investor in the Fund (other than an investor whose rights would be materially and adversely affected by the waiver or modification). Generally, when Savanna does enter into side letters, the provisions are designed to address an investor’s legal, tax, investment, or other limitations/objections. Side letters are not intended to alter the material terms by which Savanna provides advisory services.

**D.** Savanna does not participate in wrap fee programs.

**E.** As of December 31, 2012 Savanna managed \$992,021,062 in assets on a discretionary basis and \$0 on a non-discretionary basis.

## **Item 5**

### **Fees and Compensation**

**A.** Interests in the Funds were only offered to “qualified purchasers” as defined in the Investment Company Act. Investors and prospective investors should refer to the Funds’ Operative Documents for a detailed description of the fees associated with investments in the Funds.

**B.** Savanna deducts management fees (the “Management Fee”) directly from the Funds’ assets on a quarterly basis. The Firm may also be entitled to a performance fee (the “Carried Interest Distribution”), based on realized gains from investments above a performance benchmark. Carried Interest Distributions, if applicable, are deducted directly from Funds’ assets as investments realize gains and not on a pre-determined schedule.

**C.** The Funds will generally bear their own expenses, such as investment expenses (e.g., custodial fees, interest expense, consulting and other professional fees relating to particular investments, research related investments and travel expenses incurred in connection with due diligence and monitoring), legal expenses, systems and technology, audit and tax preparation expenses, organizational expenses, expenses relating to the offer and sale of interests in the Funds and extraordinary expenses, and expenses related to services performed by the administrator. Investors and prospective investors should refer to the Funds’ Operative Documents for a detailed description of the expenses borne by the Funds.

Clients may incur brokerage and other transaction costs. Please see Item 12 “Brokerage Practices” for more information.

**D.** Clients are generally required to pay Management Fees quarterly in advance, as specified in each Fund’s Operative Documents. In the event Savanna does not provide services for the full period, the Management Fee is typically required to be returned to investors in the applicable Fund. In general, the amount of fees returned is calculated based on the number of days remaining in the applicable period.

**E.** Neither Savanna nor any of its supervised persons receive, directly or indirectly, any compensation from the sale of securities or other investment products.

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

The General Partners may be entitled to receive a Carried Interest Distribution, which is based on realized gains from investments above a performance benchmark specified in each Fund's Operative Documents. As interests in the Funds were privately offered only to qualified investors, the Carried Interest Distributions are structured in accordance with the available exemption under Rule 205-3 promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

The Carried Interest Distribution may create an incentive for the Firm to recommend to the Funds investments that are riskier or more speculative than those which would be made under a different fee arrangement. However, the Firm is committed acting at all times in the best interests of the Funds. To this end, the Firm has implemented internal controls to address the potential conflicts associated with performance based fees, as more fully described in each Fund's Operative Documents.

The Firm does not manage any Funds that do not charge a Carried Interest Distribution.

## **Item 7**

### **Types of Clients**

Savanna provides investment advice to the Funds, which are private investment vehicles that are exempt from registration under the Investment Company Act. The Funds investors are limited to individuals and entities that meet certain suitability criteria including “accredited investors”, “qualified clients” and “qualified purchasers.” The Funds are marketed exclusively to institutional investors and high net worth individuals that meet these criteria.

In general, the minimum investment in a Fund is \$10 million; however, this minimum may be waived at the discretion of the General Partner of each Fund.



## Item 8

### Methods of Analysis, Investment Strategies and Risk of Loss

**A.** The Funds invest primarily in real estate equity and real estate debt assets, as more particularly described in each Fund's Operative Documents. The Firm focuses on properties located in the major markets and "central business districts" in the Northeast and Mid-Atlantic Corridor of the United States, with a particular emphasis on New York City and the tri-state metropolitan region. The Firm pursues opportunities to invest in transitional and undervalued assets that have the potential to be successfully redeveloped, repositioned and re-tenanted.

Savanna employs an opportunistic and value-add strategy to invest in office, retail, residential and industrial real estate. Savanna's in-house operator expertise and experience allow it to act quickly to underwrite and execute complex transactions in the short time frames often required to secure the most attractive deals. Generally, Savanna makes investments in three categories:

**Direct Equity Investments** – Directly owning, developing, redeveloping, repositioning, and operating real estate often located in dense, highly-regulated central business district submarkets.

**Joint Venture Partnerships** – Savanna works as the direct operating partner in joint ventures, sourcing, acquiring, and executing transactions on behalf of and in partnership with major institutional partners. Consistent with past transactions, Savanna, in certain investments, may use joint ventures to leverage the Funds capital with third-party capital to achieve higher returns with a reduced risk basis for the Funds' investors. In these instances, investors in the Funds may benefit from third-party promotes paid into the Funds by outside partners. Conversely, in other instances investors may be required to pay such promotes to third-parties.

**Debt Acquisition and Origination** – Savanna selectively invests in performing and nonperforming loans, including first-mortgage interests, B-Notes, bridge loans and other debt investments that present compelling opportunities.

Across investment structures, Savanna targets investments in both (i) high-quality real estate where distress in the capital stack at the lender and/or sponsor level has created an opportunity to achieve attractive risk-adjusted returns by investing at a significant discount to intrinsic value and replacement cost; and (ii) transitional, undervalued assets where Savanna can utilize its operational expertise to create value through a repositioning, re-tenanting or redevelopment program. Savanna has an established track record in this space and has solidified a set of relationships with many of the lenders and sponsors that are presently selling and will continue to sell distressed assets. At the core of Savanna's investment approach is a consistent focus on underlying property cash flow and cost basis coupled with strategies to "buy and enhance" to create value.

There can be no assurance that Savanna and the Funds will achieve their investment objectives or that investment strategies employed by Savanna will be successful. The Firm's investment program is speculative and entails substantial risks, including risk of loss of the entire investment, a risk which the Funds and its investors should be prepared to bear.

As a general matter, Savanna utilizes the methods of analysis and investment strategies described in the Operative Documents. The information contained herein is a summary only. Investors and prospective

investors should refer to the Operative Documents for a complete overview of Savanna's methods of analysis and investment strategies.

**B/C** There can be no assurance that the Firm's investment objectives will be achieved, and actual investment results may vary substantially from the investment objective. Investors should be prepared to bear these risks. The success of the Savanna's investment activities will depend on its ability to identify investment opportunities that have the proper risk/reward balance.

An investment in the Funds involves a significant degree of risk. There can be no assurance that the Funds' targeted rate of return will be achieved or that there will be any return of capital. The environment for real estate investments is increasingly competitive and an investor should only invest in the Funds if the investor can withstand a total loss of its investment.

No guarantee or representation is made that the Funds' investment program will be successful

### **General Risks of Real Estate Investment**

All real estate investments are subject to certain risks. Real estate investments are relatively illiquid and, therefore, will tend to limit the Firm's ability to vary the Funds' portfolio promptly in response to changes in economic or other conditions. No assurances can be given that the fair market value of any real estate investments will not decrease in the future or that the Firm will recognize full value for any investment that the Funds are required to sell for liquidity reasons. In addition, the ability of the Funds to realize anticipated rental and interest income on equity and debt investments will depend, among other factors, on the financial reliability of its tenants and borrowers, the location and attractiveness of the properties, the supply of comparable space in the areas in which properties are located and general economic conditions.

Other risks include changes in zoning, building, environmental and other governmental laws, changes in operating expenses, changes in real estate tax rates, changes in interest rates, changes in the availability of property relative to demand, changes in costs and terms of mortgage funds, energy prices, changes in the relative popularity of properties, changes in the number of buyers and sellers of properties, the ongoing need for capital improvements, cash-flow risks, construction risks, as well as natural catastrophes, acts of war, terrorism, civil unrest, uninsurable losses and other factors beyond the control of the Firm's management. Additionally, the Funds may, in certain instances, be responsible for structural repairs, improvements and general maintenance of real property. The expenditure of any sums in connection therewith beyond those budgeted for by the Funds will reduce the cash available for distribution and may require the Funds to fund deficits resulting from the operation of a property. No assurance can be given that the Funds will have funds available to make such repairs or improvements. These factors and any others that would impede the Funds' ability to respond to adverse changes in the performance of its assets could significantly affect the Funds' financial condition and operating results.

### **Investment Performance**

The Firm makes investments on behalf of the Funds based upon analyses of current returns and estimates and projections of internal rates of return that may be available in potential investments. Investors have no assurance that the Funds' investments will yield the returns expected by the Firm. It is possible that the Funds will not be able to acquire assets at favorable prices or on favorable terms and conditions, thereby reducing expected returns. Acquisitions and debt investments entail risks that investments may not perform in accordance with expectations and that anticipated costs of

improvements to bring an acquired property up to standards established for the market position intended for that property may exceed budgeted amounts, as well as general investment risks associated with any new real estate investment. The Firm may not be successful in identifying suitable assets that meet the investment criteria of the Funds or in consummating acquisitions or investments on satisfactory terms. Failures in identifying or consummating investments on satisfactory terms could reduce the number of investments that are completed and slow the Funds' growth.

### **Potential Lack of Diversification**

To the extent the Funds concentrate their investments in one or more specific property types or in a limited number of properties or geographic areas; the Funds will be subject to certain risks relating to concentrated investments. For example, the Funds' financial condition and results of operations could be adversely affected by conditions affecting the Funds' specific property types. Further, if the Funds concentrates their investments in one or more geographic areas, adverse events or conditions which affect that area particularly could have a more negative effect on the financial condition and operations of the Funds than if its investments were more geographically diverse. And, because the Funds will have only a limited number of investments, adverse events affecting a particular asset could have a significant negative impact on the financial condition and results of operation of the Funds.

### **Risks of Potential Leverage**

Although the use of leverage may increase the return on Funds capital and offer inflation protection, it also creates greater potential for loss. The objectives of the Funds and the nature the Firm's interest in the Funds will likely encourage the Firm to use leverage in structuring transactions. The Firm anticipates that leverage will be incurred by the Funds and/or its subsidiaries. Absent the consent of the Board of Advisors, the Funds' Operative Documents restrict the aggregate amount of leverage that may be incurred by the Funds. There can be no assurance, however, that the Funds will incur any leverage with respect to its investments, as to the amount of leverage, if any, or whether the use of leverage will increase the return on the Funds' equity.

The Funds anticipates that only a small portion of the principal of any mortgage indebtedness, if any, will be repaid prior to its maturity. While, as discussed above, the Funds intend to maintain leverage limits there remains a risk that the Funds may not have funds sufficient to repay such indebtedness at maturity and it may be necessary for the Funds to refinance indebtedness through additional debt financing or equity offerings. If the Funds are unable to refinance this indebtedness on acceptable terms, then the Funds may be forced to dispose of properties upon disadvantageous terms, which could result in losses to the Funds and adversely affect the returns and the amount of cash available for distribution to the investors. If prevailing interest rates or other factors result in higher interest rates at a time when the Funds must refinance such indebtedness, the Funds' interest expense would increase, which would adversely affect the Funds' results of operations and its ability to pay expected distributions to investors. Further, if a property is mortgaged to secure payment of indebtedness and the Funds is unable to meet mortgage payments, the property could be foreclosed upon by, or otherwise transferred to, the mortgagee with a consequent loss of income and asset value to the Funds. Even with respect to nonrecourse indebtedness, the lender may have the right to recover deficiencies from the Funds in certain circumstances, including, but not limited to, fraud and environmental liabilities. Many of these same issues also apply to fund-level credit facilities which are expected to be in place at various times as well. For example, the loan documents for such facilities may include various coverage ratios, the continued compliance with which may not be completely within the control of the

Funds. If such coverage ratios are not met, the lenders under such fund-level credit facilities may declare any unfunded commitments to be terminated and declare any amounts outstanding to be due and payable.

### **Credit Facility Leverage**

The Funds may obtain, or cause one or more subsidiaries to obtain, one or more revolving credit or repurchase facilities based on the aggregate commitments in a Fund as of such date. In connection with any credit facility leverage used by a Fund, the borrowers thereon (and the investors of such Fund) may be required to make certain representations and warranties to one or more lenders. The borrowers thereon (and the investors of such Fund) may also be required to indemnify the lenders pursuant to any credit facility in case any such representations and warranties are inaccurate. These arrangements may create contingent liabilities of the Fund and/or its subsidiaries, for which the Firm may establish reserves or escrow accounts which the Fund will be required to fund a pro rata share. Additionally, if one or more banking institutions, which are a party to such credit facility, fails to fund a request (or any portion of such request) by a Fund to borrow money, the Fund's ability to make investments, fund operations and pay debt service could be reduced, each of which could adversely affect the Fund's operations.

### **Risk of Bridge Financings**

The Funds may make an investment with the intent of financing or otherwise reducing a Fund's investment shortly after the closing of such investment. There can be no assurance in such instances that the Fund will be successful in completing such financings or other transactions designed to reduce or leverage the Fund's investment, or that the terms of such financings will be attractive when closed. If the Fund is unable to complete such an anticipated transaction, then its investments will be less diversified than management and the Savanna may have intended.

### **Interest Rate and Hedging Risks**

The Funds may incur indebtedness that may bear interest at variable interest rates. Variable interest rate debt creates higher debt service requirements if market interest rates increase, which would adversely affect the Funds (for example, borrowing costs may increase but there may not be a corollary increase in tenant rent payments to the Funds). The Funds' performance may be adversely affected by a fluctuation in interest rates if it utilizes variable rate mortgage financing and fails to employ an effective hedging strategy to mitigate such risks, including engaging in interest rate swaps, caps, floors and other interest rate contracts, and buying and selling interest rate futures and options on such futures. Should the Funds elect to borrow at a variable interest rate and to employ such a hedging strategy, the use of these instruments to hedge a portfolio carries certain risks, including the risks that losses on a hedge position will reduce the Funds' earnings and funds available for distribution to the investors and that such losses may exceed the amount invested in such instruments. Even if used, hedges may not perform their intended purpose of minimizing and offsetting losses on an investment. In addition, to the extent that the Funds conducts such activities through a REIT Subsidiary, it will be subject to the limitations on such activities applicable to REITs.

### **Investments Unspecified**

The capital contributions of the investors are intended to be invested in assets that have not yet been selected. Investors will not have an opportunity to evaluate for themselves the investments in which the Funds' capital will be invested or the terms of these investments. The investors must depend upon the

abilities of the General Partners and the Firm with respect to the selection of investments. Because such investments may occur over a substantial period of time, the Funds face the risk of changes in long-term interest rates and other adverse changes in market conditions.

### **Contingent Liabilities on Disposition of Investments**

In connection with the disposition of an investment, the Funds may be required to make certain representations and warranties about the investment. The Funds may also be required to indemnify the purchasers of such investment in case any of the representations and warranties are inaccurate. These arrangements may create contingent liabilities of the Funds, for which the Firm may establish reserves or escrow accounts, or for which investors' distributions could under certain circumstances be subject to being "clawed back".

### **Redevelopment Risks**

Some assets acquired by the Funds may require redevelopment in order to meet the Funds' investment strategy. Redevelopment activities are subject to risks, including, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, public and private opposition to projects, unexpected increases in cost, delays in the completion of construction and the possibility that construction or permanent financing may not be available on favorable terms. In addition, redevelopment activities may not be completed within budget or on schedule because of cost overruns, work stoppages, shortages of building materials, the inability of contractors to perform their obligations, defects in plans and specifications or other factors. Any delay in completing the redevelopment of an asset may result in increased interest and costs and the potential loss of previously identified purchasers or tenants. If any of these risks should occur they could result in substantial unanticipated delays or expense and, under certain circumstances, could prevent completion of a development or redevelopment opportunity once undertaken, any of which could have a material adverse effect on the Funds and on the amount of funds available for distribution by the Funds.

### **Special Risks Relating to Commercial Mortgage Loans**

Commercial Mortgage Loans have certain distinct risk characteristics. Mortgage loans on commercial properties generally lack standardized terms, which may complicate their structure and increase due diligence costs. Commercial real estate properties tend to be unique and are more difficult to value than residential real estate properties. In addition, commercial real estate properties, particularly industrial and warehouse properties are generally subject to relatively greater environmental risks than non-commercial properties and to the corresponding burdens and costs of compliance with environmental laws and other regulations.

Commercial Mortgage Loans also tend to have shorter maturities than residential mortgage loans and are generally not fully amortizing, which means that they may have a significant principal balance or "balloon" payment due on maturity. Mortgage loans with a balloon payment involve a greater risk to a lender than fully amortizing loans because the ability of a borrower to make a balloon payment typically will depend upon its ability either to fully refinance the loan or to sell the property securing the loan at a price sufficient to permit the borrower to make the balloon payment. The ability of a borrower to effect a refinancing or sale will be affected by a number of factors, including the value of the property, the level of available mortgage rates at the time of sale or refinancing, the borrower's equity in the property, the financial condition and operating history of the property and the borrower, tax laws, prevailing economic conditions and the availability of credit for loans secured by the specific type of

property. Mortgage loans generally are non-recourse to borrowers, although it is occasionally necessary to provide a level of recourse to secure a loan. In the event of foreclosure on a Commercial Mortgage Loan, the value of the collateral securing the mortgage loan at the time of foreclosure may be less than the principal amount outstanding on the mortgage loan and the accrued but unpaid interest thereon. If recourse is provided, the lender may pursue it.

Commercial Mortgage Loans are also subject to the effects of (i) the ability of tenants to make lease payments, (ii) the ability of a property to attract and retain tenants, which may in turn be affected by local conditions such as oversupply of space or a reduction in demand for rental space in the area, the attractiveness of properties to tenants, competition from other available space and the ability of the owner to pay leasing commissions, provide adequate maintenance and insurance, pay tenant improvement costs and make other tenant concessions, (iii) interest rate levels and the availability of credit to refinance such loans at or prior to maturity, (iv) compliance with regulatory requirements and applicable laws, including environmental controls and regulations, and (v) increased operating costs, including energy costs and real estate taxes. Also, there may be costs and delays involved in enforcing rights of a property owner against tenants in default under the terms of leases with respect to commercial properties and such tenants may seek the protection of the bankruptcy laws which can result in termination of lease contracts.

If the properties securing Commercial Mortgage Loans do not generate sufficient income to meet operating expenses, debt service, capital expenditure and tenant improvements, the obligors under the Commercial Mortgage Loans may be unable to make payments of principal and interest in a timely fashion. Income from and values of commercial properties are also affected by such factors as the quality of the property manager, applicable laws, including tax laws, interest rate levels, the availability of financing for owners and tenants and the impact of and costs of compliance with environmental controls and regulations.

### **Variable Rate Mortgages**

The Funds may acquire investments subject to financing that provides for adjustments in the interest rate at various monthly, annual or other intervals. An increase in the interest rate as a consequence of any such adjustment: (i) would result in less income to the Funds; (ii) may reduce distributions to investors; (iii) may cause negative amortization; and (iv) may cause the sale of an investment prematurely or on less favorable terms than might otherwise be obtained. Similarly, with respect to debt held by the Funds that is based on variable interest rates, the Funds are subject to the risk that such interest rates may decline.

### **Property Taxes and Risk of Property Reassessments**

Real property owned by the Funds or real property that secures (directly or indirectly) an investment of the Funds will likely be subject to real property taxes and, in some instances, personal property taxes. Such real and personal property taxes may increase as property tax rates change and as the properties are assessed or reassessed by taxing authorities. An increase in property taxes on the Funds' real property could adversely affect the Funds' results from operations and could decrease the value of that real property. An increase in property taxes on real property that secures an investment of the Funds could adversely affect the ability of the borrower to make payments to the Funds, which in turn may also adversely affect the value of the relevant asset held by the Funds.

### **Litigation at the Property Level**

The acquisition, ownership and disposition of real properties carry certain litigation risks, which could result in losses to the Funds. Litigation may be commenced with respect to a property acquired by the Funds or their subsidiaries in relation to activities that took place during or prior to the Funds' acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made, if such buyer is passed over in favor of another as part of the Funds' efforts to maximize sale proceeds. Similarly, successful buyers may later sue the Funds under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence. The Funds may also be exposed to litigation resulting from the activities of tenants, service providers, visitors, vendors or others who enter the property or engage in business with it.

Investors and prospective investors will be provided with offering memoranda for each Fund that contains a detailed description of certain material risks related to an investment in such Fund. All such risk factors are applicable to the Funds generally. Investors and prospective investors are advised to carefully review all risk factors set forth in such offering memoranda, and current investors may contact Savanna for a complete set of any additional risk factors.

**Item 9**  
**Disciplinary Information**

In the past ten years, there have been no legal or disciplinary events involving either Savanna or any of its management persons that are material to Savanna's advisory business.



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

**A.** Neither Savanna nor any of its management persons are registered, or have an application pending to register, as broker-dealers or registered representatives of a broker-dealer.

**B.** Neither Savanna nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**C.** Savanna does not have any relationship or arrangement that is material to its advisory business or the Funds with the types of entities described in this section.

However, Savanna Commercial Services, LLC, an affiliate under common control with the Firm, is a real estate broker. Savanna Commercial Services, LLC receives leasing commissions from certain properties, which are owned by investment vehicles advised by Savanna. Additionally, Savanna Project Management, LLC, an affiliate under common control with the Firm, receives construction oversight fees from certain properties, which are owned by investment vehicles advised by Savanna.

**D.** Savanna does not recommend or select other investment advisers for the Funds.

## **Item 11**

### **Code of Ethics, Participation or Interests in Client Transactions and Personal Trading**

**A.** Savanna has adopted a Code of Ethics (the “Code”), which describes the Firm’s fiduciary duties and responsibilities to its Clients, requires that the Firm’s employees act in the best interests of Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Savanna’s employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by Savanna or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of Savanna’s employees. The Code prohibits employees from engaging in personal trading in the securities of issuers on the Firm’s restricted list; requires employees to provide duplicate brokerage accounts statements and trade confirmations to the Firm or to report all securities transactions on at least a quarterly basis; and requires employees to provide a summary of securities holdings on at least an annual basis. The Code also includes policies and procedures to prevent the misuse and disclosure of material nonpublic information (“insider trading”) and other confidential information and policies and procedures addressing conflicts of interest; outside activities of employees; gifts and business entertainment, including limitations and reporting requirements; and pre-clearance and reporting of political contributions. Savanna will provide a complete copy of its Code to any Client or investor upon request to Steve Schulman at (212) 821-8105.

**B.** Neither Savanna nor any related person recommends to Clients, or buys or sells for Client accounts, securities in which the Firm or any related person has a material financial interest.

**C.** Neither Savanna nor any related person invests in the same securities that the Firm or any related person recommends to Clients.

**D.** Neither Savanna nor any related person recommends securities to Clients, or buys or sells securities for Client accounts, at or about the same time the Firm or any related person buys or sells the same securities for their own accounts.

## **Item 12**

### **Brokerage Practices**

Due to the nature of the Firm's strategy, Savanna does not utilize broker-dealers for transactions. If, in the future, the Firm does utilize broker-dealers for transactions, this section will be updated accordingly.

Savanna does not engage in soft dollar arrangements with broker-dealers.

Savanna does not consider Client referrals when selecting or recommending a broker-dealer.

Savanna does not engage in directed brokerage.

Due to exclusivity clauses in each Fund's Operative Documents, and the nature of the assets the Funds invest in, Savanna does not generally aggregate the purchase or sale of securities for various Client accounts. Savanna will only aggregate the purchase or sale of securities for multiple Funds in situations that are beneficial to all Clients involved.

Additionally, in the unlikely event that the Firm decides to aggregate the purchase of a particular investment and allocate such investment among more than one Fund, the Firm will be required to receive approval from each relevant Fund's advisory committee, which is comprised of certain investors in that Fund, that are unaffiliated with Savanna.

**Item 13**  
**Review of Accounts**

**A.** Savanna's Managing Partners, Managing Directors, Directors, Associates and Analysts ("Investment Professionals") review the contents of the Funds' portfolios informally on a continual basis. Additionally, on a weekly basis, Savanna's Investment Professionals formally review the Funds' investments. During these weekly meetings each investment held by a Fund is reviewed and discussed.

**B.** Except as specified above, the Firm does not utilize any specific criteria to trigger a review of Client investments at this time.

**C.** Within 90 days after each Fund's fiscal year-end, audited financial statements are distributed to each investor in the Funds. The Firm also intends for investors to receive unaudited performance information for the Funds within 45 days after each calendar quarter-end. Such reports will include the mark-to-market value of such investor's interest in the Fund, pursuant to GAAP standards of accounting and based on the unaudited fair market value of the holdings in the respective Fund.

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

- A.** No one other than the Clients provides an economic benefit to Savanna for providing investment advice or other advisory services to the Clients.
- B.** Neither Savanna nor any related person directly or indirectly compensates any person who is not a supervised person for Client referrals. However, Savanna does use an unaffiliated third party for investor referrals, the cost of which is borne entirely by the Firm.

## **Item 15**

### **Custody**

Savanna does not maintain physical custody of its Clients' assets. However, Savanna believes that it would generally be viewed by regulators as having custody of the assets of each Fund for which it or an affiliate serves as general partner under Rule 206(4)-2 of the Advisers Act (the "Custody Rule"). Accordingly, Savanna will adhere to the applicable requirements of the Custody Rule with respect to each Fund for which it or an affiliate serves as general partner or managing member. Savanna's Director of Finance will be responsible for arranging for the annual independent audits of the Funds by an independent auditor in accordance with generally accepted accounting principles, and for delivery of the Funds' audited financial statements to investors within 90 days of the Funds' fiscal year end.

**Item 16**  
**Investment Discretion**

Savanna has full discretionary authority to manage the assets of the Funds, subject to limitations set forth in each Fund's Operative Documents. As described more fully in each Fund's Operative Documents, Savanna is granted power of attorney over each Fund's assets, including the right to pursue an investment program in its discretion, subject to certain limitations set forth in each Fund's Operative Documents. When selecting securities and determining amounts, Savanna adheres to the limitations and restrictions of the Funds for which it advises.

**Item 17**  
**Voting Client Securities**

Savanna's investment strategy typically does not involve the acquisition of public securities with voting authority. In the unlikely event that any Funds do come into possession of securities with voting rights, the Firm will have the authority to vote proxies and will do so in accordance with the following:

Savanna will vote generally in line with company management when voting proxies. Savanna reserves the right, however, to vote against management, or abstain from voting, if, in its discretion, the Firm determines that it would be in the best interest of the Funds to do so.

Clients may obtain information about how proxies were voted or a copy of the Firm's proxy voting policies by contacting Thomas Farrell, at (212) 821-8119.



**Item 18**  
**Financial Information**

Savanna does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance.

Savanna does not believe there are any financial conditions reasonably likely to impair its ability to meet contractual or other commitments to Clients.

Savanna has not been the subject of a bankruptcy petition at any time during the past ten years.