Disclosure Brochure

March 31, 2019

Fairway America Investment Advisors, LLC
6650 SE Redwood Ln #290
Portland, OR 97224
503.906.9100

CRD#: 284847

www.fairwayamerica.com

This brochure provides information about the qualifications and business practices of Fairway America Investment Advisors, LLC (hereinafter "Fairway"). 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 Fairway is available on the SEC's website at www.adviserinfo.sec.gov.

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

Item 2. Material Changes

Since Fairway's last brochure dated March 31, 2018, Fairway has been engaged to offer investment advice to a new fund, Fairway America Value-Add Self-Storage Fund LLC ("FAVS"), which is a 3(c)(1) fund.

In 2018, Fiducia Labs, LLC, a subsidiary of Fairway America, LLC, that previously provided software and related technical services to Fairway and the Funds it advises, as described in Fairway's last brochure, was later renamed Marko Technologies Inc. and merged into Redwood Real Estate Administration Services, LLC, another Fairway America, LLC subsidiary.

Item 3. Table of Contents

Item 4. Advisory Business

Fairway America Investment Advisors, LLC ("Fairway"), founded in 2016, is an advisory firm to private real estate investment funds that focus on assets related to the small balance real estate finance industry. Fairway is an investment adviser registered with the State of Oregon, along with two affiliates registering as relying advisers, Fairway America Management Group II, LLC ("FAMG II") and Fairway America Management Group III, LLC ("FAMG III"). Fairway is solely owned by Fairway America, LLC, an affiliated real estate origination and consulting firm, which, through its affiliated companies, also provides private fund administrative and accounting services, private fund formation consulting services, SBRE educational seminars, private fund capital raising services, and similar services. Fairway America, LLC's CEO and Principal is Matt Burk. Fairway's leadership team also includes General Counsel, CCO, and Principal Jay Zollinger, and Chief Financial Officer John Wilson.

Fairway advises one closed fund, Fairway America Fund V, LLC ("Fund V"), whose manager is Fairway America, LLC. Fund V is a roll-over fund which converted investors who purchased promissory notes of Fund IV as a debt investment ("Note Holders") to equity members of Fund V, and which is in wind-down operations at this time.

Fairway advises four open private funds on behalf of each respective fund's manager or general partner: Fairway America Fund VI, LLC ("Fund VI"), whose manager is FAMG II; Fairway America Fund VII, LP ("Fund VII"), whose general partner is FAMG II; Fairway America Fund VIIQP, LP ("Fund VIIQP"), whose general partner is FAMG II, and Fairway America Value-Add Self-Storage Fund LLC ("FAVS"), whose manager is FAMG III. Fund V, Fund VI, Fund VII, Fund VIIQP, and FAVS are each referred to as a "Fund," and are collectively referred to as the "Fairway Funds." The general partner or manager of each Fund is referred to as the "GP" or "Manager," and investors in each Fund, whether members or limited partners, are referred to herein as "Investors."

Other than Fund V, which is not accepting any new investments, the Fairway Funds are 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.

Fairway provides advisory and other services solely to private real estate investment funds employing unique investment strategies relating to investing in small balance real estate ("SBRE") assets. Over the past 20 years, its parent company's professionals have successfully launched, operated, and concluded multiple proprietary funds and have either funded, brokered, and/or serviced several hundred million dollars in commercial real estate loans and investments. Fairway's investment advice is tailored to the investment objectives, investment strategy and restrictions (if any) set forth in each of the respective Fairway Fund's operating agreement or agreement of limited partnership and private placement memorandum ("Offering Documents").

Funds VI, VII, and VIIQP seek to create highly diversified portfolios of SBRE-based assets by investing in a multitude of real estate-based assets, and FAVS invests primarily in vacant "big-box" retail, single-use industrial or commercial properties that are being converted into self-storage facilities. Fairway attempts to preserve and protect Investor capital, provide a reliable income stream to Investors in Funds VI, VII, and VIIQP (both Note Holders and equity Investors), and provide an attractive return to Investors in FAVS, all while mitigating known risks. Fairway attempts to accomplish these goals either through direct investment in Fund Assets or through quality fund managers and real estate deal syndicators and originators ("Sponsors") with demonstrable character, integrity, track record, and managerial capabilities in their particular geographic area and real estate based asset type niche (the underlying portfolio funds in which Fund VI, VII, or VIIQP may invest are referred to as "Portfolio Funds" or "Target Funds").

The membership units ("Units") and promissory notes ("Notes") offered by each of the Fairway Funds (as defined more fully in each Fund's Offering Documents), are speculative and involve certain risks. There is no public market for the Units and Notes, nor will one develop. The fact that the price of the Units and Notes fluctuate does not imply a public market or an accurate valuation of the Units and Notes. The Units and Notes are subject to restrictions on transfer.

The Units and Notes are 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.

Fairway does not participate in any wrap fee programs.

As of September 30, 2018, Fairway managed approximately $89,095,856.33 on a discretionary basis across its three Fund clients that were then active (Fund VI, Fund VII, and Fund VIIQP).

Item 5. Fees and Compensation

<u>Management Fees:</u> The GPs of the Fairway Funds are entitled to management fees as set forth in the respective Fairway Fund's Offering Documents ("Management Fees"). The Management Fees are paid to Fairway pursuant to an investment advisory agreement executed between Fairway and the GPs of the Funds. Management Fees for Fund VI, Fund VII, and Fund VIIQP are 1.5% of the total of each Fund's assets under management. 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%, but have been reduced to 1% as the amount of AUM has diminished over time. Management Fees are deemed earned and accrued daily and are paid to Fairway on the last day of each calendar month. However, Fairway has arrangements with third parties and/or limited partners who assist in seeding a Fairway Fund to share a portion of the management fees with that party. For Funds VI, VII and VIIQP, 0.45% of the Management Fee is dedicated to a limited partner who assisted in seeding Fund VII, and is not allocated to Fairway as an advisory fee. Fairway expects to enter into a similar arrangement with respect to FAVS but, as of the date of this Brochure, has not yet finalized the terms of that agreement.

As set forth in Item 8 below, as part of the strategy for Fund VI, VII, and VIIQP, each of those Funds will borrow money from time to time from note holders (Note Holders and Notes are defined in each respective Funds' Offering Documents) who will be issued Notes of varying maturities between 1 and 5 years. Note Holders will be lenders to the Fund who will, along with all other Note Holders in that Fund, receive monthly interest payments to the extent the Fund has cash available to make interest payments, and have a blanket secured interest in the Fund's assets. The total assets of Funds VI, VII, and VIIQP, on which Management Fees are charged, includes the capital contributed by Note Holders of the Fund.

<u>Additional Fairway Compensation:</u>

Fairway's affiliate, Fairway America, LLC, is entitled to receive as income some portion of asset level fees actually collected (e.g., loan origination fees), as well as processing, underwriting, and/or due diligence fees charged to sponsors when evaluating potential investments for Funds VI, VII, and VIIQP. The amount of fees Fairway America is entitled to receive varies from Fund to Fund. The Manager of FAVS is also entitled to receive an acquisition fee upon the closing of the acquisition of each new Asset in an amount equal to 1% of the Fund's equity investment in that Asset. If Fund VI, VII, VIIQP, or any one of them, owns any mortgage loans, it typically engages Fairway as loan servicing agent to perform servicing and collection activities on its behalf and will pay a reasonable 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. Fairway America, LLC's affiliated company, Redwood Real Estate Administration, LLC ("Redwood") has also been engaged to perform fund administration services for the Fairway Funds pursuant to standard client engagement agreements at Redwood's customary market pricing offered to other third party SBRE funds.

The GP of each Fairway Fund is entitled to a percentage of excess distributable cash ("EDC") (including "available cash" as that term is used in the FAVS Offering Documents) generated by each respective Fairway Fund according to the stated distribution waterfall ("Waterfall") set forth in the fund's Offering Documents. For example, a typical Waterfall calls for interest and principal payments on any credit facility, Fund expenses, Management Fees, and Note Holder interest and principal to be paid prior to any Preferred Return to Investors. Any available EDC, as determined by the general partner, is then split between the limited partners and the GP in the appropriate percentages. The percentage of EDC payable to the GP for Funds VI, VII, and VIIQP ranges from 20% to 40% of EDC. The Manager of FAVS is entitled to receive 20% to 30% of any available cash generated by that Fund after payment of an 8% preferred return and a return of capital to Investors.

Management fees are paid to the GP of each Fairway Fund at the end of each calendar month, and are negotiable only as set forth in a side letter executed by Fairway, and at Fairway's sole discretion.

The Fairway Funds other than Fund V have engaged North Capital Private Securities Corporation ("NCPSC"), a FINRA registered Broker/Dealer, to raise investor capital for the Funds. Each of the Fairway Funds other than Fund V and FAVS pays NCPSC a one-time capital raise fee equal to 0.2% of all capital raised by the Funds in exchange for these services, as capital is raised. The Manger of FAVS pays this fee to NCSPSC for capital raised for FAVS. Funds VI, 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' 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. NCPSC uses registered representatives employed by Fairway America Capital Markets Group, LLC ("CMG"), an affiliate of Fairway, to raise capital for the Fairway Funds, and pays CMG 100% of the 1.25% capital raise fee it receives from Fairway Funds VI, VII and VIIQP as a registered representative expense reimbursement. NCPSC does not pay CMG any portion of the separate 0.2% fee it collects from each of the Fairway Funds other than FAVS, and from FAVS' Manager. 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. The Fairway Funds mitigate this conflict by, among other things, separating CMG's registered representatives from decisions about investments that the Fairway Funds make.

CMG also engages NCPSC to raise capital for single-property SBRE investment opportunities offered by third parties ("Syndications"). In connection with these Syndications, the Fairway Funds may invest at either the GP or the LP levels, and Fairway America, LLC may act as a member of the GP, the manager of the investment vehicle used to raise LP money for the Syndication, or both. As a member of the GP, Fairway America, LLC, typically will be entitled to receive what is commonly referred to as a "carried interest" or "promoted interest"—the right to receive a portion of the profits generated by capital contributed to the Syndication, including capital contributed by one or more of the Fairway Funds. In addition, NCPSC may pay CMG a portion of any capital raise fees that NCPSC receives as a result of raising capital for a Syndication, through payments to registered representatives employed by CMG, platform royalty agreements relating to NCPSC's use of an internet portal maintained by CMG, and otherwise.

Partnership Expenses

Each Fairway Fund is required to pay all Fund related expenses as set forth in the Fund's respective Offering Documents. Typically, Fund expenses include, without limitation, items such as: fund organizational costs, third-party CPA costs for tax return preparation, financial statement preparation and/or audits, legal fees and costs, filing, licensing or other governmental fees, other third party audits, loan servicing fees, fund administration costs (including services provided by Redwood, an affiliate of Fairway), capital acquisition fees and costs for Funds VI, VII, and VIIQP (including payment to NCPSC and other duly licensed third parties who are contracted by the GP to raise capital for a Fund), loan origination and/or other fees associated with any credit facilities, costs associated with ownership of real property, e.g., property improvement and rehabilitation costs not otherwise capitalized, sales commissions, property taxes, property management, hazard insurance, utilities, and any other expenses associated with operation of the Fund or management of its assets.

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

How profits and losses are allocated and capital contributions may be returned in each Fairway Fund or Syndication is set forth in each respective Fairway Fund's Offering Documents and in the offering documents for each Syndication, including the Operating Agreements and similar charter documents for the entities involved in each Syndication.

Fairway does not currently employ a master-feeder structure for any of the Fairway Funds, but does intend to develop sometime in 2019 a master-feeder structure for FAVS that will facilitate investments in FAVS by foreign investors. It may also develop a master-feeder structure for one or more of the other Fairway Funds. As of the date of this Amendment, the fees that will be charged by any foreign feeder fund have not yet been determined.

The potential for Fairway America, LLC to earn a carried or promoted interest in a Syndication can motivate Fairway to make more speculative investments on behalf of a Fairway Fund than it would otherwise make. However, this risk is mitigated by the requirement that investors in each Syndication receive a preferred return and a return of invested capital prior to any carried interest or promote being paid, which creates an incentive for Fairway to balance risk and reward potential, as any losses will need to be regained before a promoted interest or similar fees is received.

Item 7. Types of Clients

Fairway provides discretionary investment advisory services to each Fairway Fund's Manager or GP, which in turn manage pooled investment vehicles operating as limited partnerships exempt from registration as investment companies pursuant to Sections 3(c)(1), 3(c)(5) and/or 3(c)(7) of the Investment Company Act. Fund investors and Note Holders in the Fairway Funds are accredited investors. Fairway does not provide any investment advice to investors in the Fairway Fund or other investors. The Fairway Funds are Fairway's only clients. Fairway has a $50,000 minimum investment amount, which may be amended or waived at its discretion.

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

<u>Investment Strategies:</u>

<u>Funds VI, VII, and VIIQP:</u>

Fairway provides advice to the Fairway Funds regarding small balance real estate ("SBRE") investments made both directly and through other SBRE managers. 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, debt investments, and direct ownership.

Fairway sources investments through local 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, Fairway's typical investment is less than $2,000,000, with an average of $1,000,000, and for Funds VII and VIIQP, Fairway 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, Fairway makes investments into other SBRE Portfolio Funds, through both debt and equity positions, and in both GP and LP interests in such portfolios, with many different structures and asset strategies throughout the United States.

Funds VI, VII, and VIIQP each have a specific investment strategy that is described in the Fund's Offering Documents. Strategies 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/or performing note acquisition, and mortgage pool funds of varying strategies, including bridge, construction, rehab, and permanent loans. Assets involved in the strategies of the to be invested into funds 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 based and operating outside the United States on an infrequent basis.

As part of Fund VI, VII, and VIIQP's strategy, each Fund borrows money from time to time from note holders (Note Holders and Notes are defined in each respective Funds' Offering Documents) who are issued Notes of maturities varying between one and five years. Note Holders are lenders to the Fund who, along will all other Note Holders in that Fund, receive monthly interest payments to the extent the 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 rates based on the amount of money lent from a Note Holder and the duration of the maturity. Fairway 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.

<u>FAVS</u>:

FAVS' investment strategy is to attempt to leverage Fairway America, LLC's national network of relationships to identify what the FAVS Manager 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 the Manager believes will provide a strong value-add opportunity. FAVS intends to make these investments through equity investments in Special Purpose Entities ("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:

Fairway relies on its relationships with regionally-based real estate professionals knowledgeable in the markets in which it seeks to invest in order to identify potential opportunities. A key part of Fairway's 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 the Funds' holdings over a widespread geographic territory and number of Sponsors, Fairway believes it can produce superior risk adjusted returns for the Fairway Funds' Investors.

Fairway 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 Fairway'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, through its advisory and consulting practice, both helps to create SBRE funds on behalf of other managers around the U.S. and, through its affiliate, Redwood, performs ongoing fund administration for many of these same funds (as well as others for whom we 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. Fairway 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:

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 America, LLC, 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's consent. There is no public market for interests in the Fairway Funds.

A more complete discussion of the risk associated with an investment in a Fairway Fund is set forth in the respective Fund's private placement memorandum or similar Offering Document ("PPM"), and **Investors are strongly encouraged to carefully review the PPM 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/or ordinances affecting the purchase, sale or management of properties; litigation and insurance risk; geographic market concentrations, general credit risk, and other risks.

Fairway Funds' investments are speculative and profitability depends, in part, on the ability of borrowers to repay their loans. 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. Performance of the Fairway Funds also depends, in large part, on the GPs' and each Portfolio Fund's manager's ability to effectively manage and operate assets given each fund's particular real estate asset-based strategy.

Each type of property on which Fairway or its affiliates underwrite loans has its own specific set of risks, including general economic conditions, business conditions, local market competition and conditions. Competition amongst loan originators 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, lower investment returns due to the inability to close loans at higher interest rates.

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 Fairway 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 Fairway 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' or the GPs' 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 in the Fund's loan portfolio 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 or Note should be part of a comprehensive investment portfolio strategy, which includes a broad diversification of investments. Fairway Note Holders are concentrated in a single debt investment, and rely on the respective Fairway Fund and its Assets to pay interest payments.

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 Investors' Fund percentages and determining net profits and net losses may differ substantially from the value a 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 purchase Units or Notes, priority will be given with respect to distributions of cash to the payment of interest on the Notes and, as applicable, principal as such Notes mature. If a Fund does not have sufficient cash available to make distributions with respect to the Units and pay its obligations with respect to the Notes, payments on the

Note obligations will be given priority and may result in a decrease of the amount available for distribution to Investors.

In addition to the Notes, each Fairway Fund and/or any special purpose vehicle of a Fund may choose from time to time to borrow money from one or more lenders (a “Credit Facility” or “Facility”) and utilize one or more Fund assets as collateral for any such borrowing in a position senior to the Fund’s Note Holders. Borrowing may have an exaggerated impact on Fund performance either positive or 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 Portfolio Fund 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 or a Portfolio Fund may invest a material amount of assets in loans to borrowers that have higher risk profiles than more traditional real estate lenders. Moreover, equity interests in Portfolio 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 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/or principal to Note Holders.

Risks Associated with Investments in Portfolio Funds and Syndications

The Fairway Funds and their GPs have little or no control over the activities of the Portfolio Funds and Syndications into which they invest. Portfolio 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 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 Portfolio 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, the operations of the associated fund 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 that if it does, it will increase and not reduce the potential net profits to the Fairway Funds. All of the Fairway Funds and the Portfolio Funds and Syndications 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. Fairway believes that there will be a sufficient number of high-quality investment opportunities for the types of SBRE assets and Portfolio Funds and Syndications in which the Fairway Funds seek to invest. However, increased competition among providers of equity capital could result in fewer available opportunities and lower investment returns. Appropriate investments meeting the Funds' objectives for the types of investments and the Portfolio Funds and Syndications in which they invest may not be readily available or available at all. The Funds, or the Portfolio 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 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 Fairway uses valuation methodologies that it deems 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 Fairway or the GP or by the manager of one or more Fund assets, including a Fund's equity investment in a Portfolio Fund or a Syndication, is an accurate representation of the true current value of any Fund asset and, as such, the unit price of Fund interests may not fairly represent the then current true value of the units.

Conflicts of Interest:

As disclosed more fully in each Fund's Offering Documents, certain conflicts of interest exist between and amongst Fairway, its affiliates, each Fairway Fund, the GPs of each Fairway Fund, and other third parties. Conflicts of interest can cause Fairway to engage in riskier investments; act in Fairway's or its affiliates' best interest; or increase the costs associated with an Investor's investment in one of the Fairway Funds. Such conflicts of interest include: engaging in affiliated party transactions such as the sharing of origination fees with an affiliate loan underwriter; co-investment by a limited partner or affiliate of Fairway; 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 GP, Fairway, or its affiliates; activities of principals of Fairway that may overlap with the business of Fairway and the Fairway Funds; taking carried interests in Syndications based on LP 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 EDC distribution provisions may impact investment decisions of Fairway. There is also an inherent conflict of interest because the Fairway Funds will also invest in Portfolio Funds for which affiliates of Fairway provide administrative or other consulting services for a fee. As such, Fairway has an incentive to invest in a Portfolio Fund or Syndication that pays higher fees to Fairway, irrespective of the Portfolio Fund's or Syndication's return on Fund investments.

Fairway has discretion and authority to classify certain fees and expenses owed by borrowers of loans in which the Fairway Funds invest. For example, Fairway may negotiate with a borrower to pay higher or lower origination or exit fees, default and/or back interest or late fees, which will 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 regarding how Fairway mitigates such risks.

There is an inherent conflict of interest between a manager's involvement in determining the value of a fund's investments and the manager's responsibilities, as certain Portfolio Fund managers' fees will increase as the value of Fund assets increases.

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 Note Holders of the Fund. This represents a conflict of interest because the general partner of the Fund has discretion to issue Notes to Note Holders on which Management Fees are charged, which will increase risk of loss and expenses to the Fund.

In addition, from time to time, Fairway and the GPs will authorize related party loans between the Fairway Funds. The terms of such loans are intended to be at current market rates and terms, but are not negotiated at arms' length.

Related parties of Fairway, including the GP, often hold interests in the Fairway Funds. Such related parties typically pay the same fees as other limited partners.

The GP 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 (and/or co-investment vehicles and accounts) to be determined by the GP 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 fees to service the co-invested loan investments.

Item 9. Disciplinary Information

Fairway is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Fairway does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Darris Cassidy is a registered representative of North Capital Private Securities Corporation and a principal of Fairway who provides input concerning the management of Fairway's operations. This creates a conflict of interest because Mr. Cassidy receives compensation for capital raised by NCPSC and invested by one of the Fairway Funds, creating an incentive for Mr. Cassidy to raise money for riskier investments. This risk is mitigated, among other things, by limiting Mr. Cassidy's ability to make investment decisions for the Fairway Funds.

Fairway America, LLC is the sole owner of Fairway America Investment Advisors, LLC, as well as a part owner of the manager and general partner and of Fairway Funds V, VI, VII and VIIQP, and FAVS.

Fairway America, LLC is owned, in part, by Outside General Counsel Services, P.C., a law firm owned by Jay Zollinger who is also general counsel to Fairway and Fairway America, LLC.

Redwood Real Estate Administration, an affiliate of Fairway America, LLC, provides accounting administration, private fund formation consulting to the Fairway Funds and third-party investment fund and managers, including the Portfolio Funds.

Fairway America Capital Markets Group, LLC, fka Sequoia Park Capital LLC, and SBRECrowd, LLC ("FACMG"), is an affiliate of Fairway and substantially owned by Fairway America, LLC. FACMG 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 affiliated and unaffiliated private funds to raise capital pursuant to SEC Rule 506(c). FACMG is affiliated with North Capital Private Securities Corporation, a duly licensed broker/dealer.

Item 11. Code of Ethics

Fairway and its affiliates have adopted a Policies and Procedures Manual and a Code of Ethics (collectively, the "Codes") that are designed to reinforce its institutional integrity, and to set forth procedures and limitations which govern the personal securities transactions of its associates. The Codes were developed 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 Fairway's policies and procedures concerning:

- Placing restrictions on employees 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 employees 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 employees give or receive;
- Complying with anti-money laundering requirements, to the extent currently required by law;
- Managing potential conflicts of interest; and
- Requiring employees to obtain pre-approval for any outside business affiliations.

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

Item 12. Brokerage Practices

Fairway specializes in managing portfolios of real estate investments in the SBRE space and the Fairway Funds are designed and formed to provide investors with SBRE investment vehicles. Fairway's investment advice is limited to advising the Fairway Funds on such types of investments. As such, Fairway does not have traditional brokerage relationships with broker/dealers who execute trades of publicly available securities.

Fairway does not maintain any soft dollar relationships with broker-dealers to obtain research or other services. Fairway hires a number of unaffiliated investment managers to manage its multi-manager products. These managers may obtain research and brokerage services from brokers chosen by them to make trades on behalf of Fairway Funds and client accounts, provided in doing so the managers comply with terms within their agreements.

See Item 10 above for a discussion of conflicts of interest regarding employees of Fairway who are registered representatives of a third-party broker-dealer which receives asset-raising fees.

Item 13. Review of Accounts

Fairway has policies and procedures in place to: continuously monitor all Fairway Fund investments for adherence to each respective Fairway Fund's investment objectives, policy and restrictions; ensure all Note Holder, Members and Limited Partners have completed appropriate subscription agreements, and accounts are managed in accordance with their respective agreements.

Reports are provided on a quarterly basis to all Investors, and consist of performance results, portfolio composition, characteristics and comparison to industry benchmarks.

Item 14. Client Referrals and Other Compensation

Fairway does not accept client referrals since the only clients of Fairway are the Fairway Funds. Fairway does, however, execute finders' agreements and/or compensate individuals to introduce prospective investors to Fairway. Fairway will compensate such finders. 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. Nonetheless, Fairway will enter into a written agreement with all finders. 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 Fairway's provision of the appropriate Offering Documents and Brochure to such prospective investors.

Item 15. Custody

Fairway is deemed to have custody of client assets and securities. Each open Fairway Fund will engage an independent national CPA firm to audit the Fund once it hits certain AUM thresholds and complete audited financial statements. Copies of the audited financial statement reports are available upon request by each Fairway Fund Investor. So long as it is registered with the Oregon Department of Consumer and Business Services, Fairway will also engage an independent CPA firm to conduct a custody examination, and Fairway shall cause such accountant conducting the custody examination to file the appropriate certificate with the Director promptly, pursuant to OR Rule 441-205-0180 (e).

The Fairway Funds' limited partnership or member interests are privately offered uncertificated securities. The Fairway Funds hold and invest in only privately offered securities. As such, Fairway is not required to hold limited partnership or member interests or securities with a qualified custodian or to generate an internal control report.

Item 16. Investment Discretion

Fairway America Management Group II, LLC and Fairway America Management Group III, LLC (the GPs of the Fairway Funds) are under common control with Fairway. Fairway can therefore be viewed as having the authority to manage each Fairway Fund's investments on a discretionary basis. This authority is subject to each Fund's investment objectives and guidelines, limitations and restrictions set forth in each Fund's respective Offering Documents.

For Fairway's fund of funds strategy, Fairway maintains investment discretion to invest in third party investment Portfolio Funds. Fairway does not maintain discretion regarding underlying portfolio investments of such Portfolio Funds.

Item 17. Voting Client Securities

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 and the Portfolio Fund managers are often required by the offering documents of the Portfolio Fund to assign the fund's proxies in favor of the manager. In limited cases where a Portfolio Fund manager holds a meeting of shareholders, partners or members, and the Funds have a right to vote at such meetings, the Funds vote in accordance with the best interests of the Funds' Investors.

Item 18. Financial Information

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