

Diversy Advisory Services, LLC - FORM CRS

October 8, 2021

Diversy Advisory Services, LLC is registered with the Securities and Exchange Commission as an investment adviser. As such, we provide advisory services rather than brokerage services. Brokerage and investment advisory services and fees differ and it's important for you to understand the differences. Additionally, free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing. This document is a summary of the services and fees we offer to "retail" investors, (i.e., natural persons who seek or receive services primarily for personal, family, or household purposes).

What investment services and advice can you provide me?

Diversy Advisory Services, LLC ("DA Services") advises Individual Clients who have signed up for different investment plans on investment opportunities solely in relation to portfolios of real estate investments. Our services include providing advice with respect to investments in securities to individuals using computer software-based models or applications by means of the DiversyFund Platform, an "interactive website", based upon personal preferences that each client supplies through the DiversyFund Platform. All DA Services clients will be investing in affiliates of DA Services, DF Growth REIT, LLC and DF Growth REIT II LLC ("the Funds") and other Regulation A+ funds not yet created. The Funds are managed by DF Manager LLC, a Delaware limited liability company, (the "Manager,") that controls all of the aspects of the Funds' business and operations, including investment decisions (that is, deciding which properties to buy and sell and when to buy and sell them). DF Manager targets real estate investment opportunities on behalf of the Funds which, through the use of Special Purpose Vehicles ("SPVs" or "Project Entities") whose primary business is to own and renovate and/or operate one commercial real estate project each. Detailed information regarding our services, fees and other disclosures can be found in our Form ADV Part 2A Items 4, 7, and 8 by clicking this link: <https://adviserinfo.sec.gov/>.

Account Monitoring: As part of our standard services, we monitor your investment on an annual basis. In addition, we contact Clients on an annual basis electronically to determine whether there have been any changes to the client's financial situation or investment objectives.

Investment Offerings: We primarily offer advice on portfolios of real estate investments.

Account Minimums and Requirements: As Plans are currently only available to individuals who have become Investors of the Funds, there is no minimum amount required to open and maintain a Plan (however, there may be minimum amounts required to become an Investor of the Funds).

Key Questions to Ask Your Financial Professional

- **Given my financial situation, should I choose an investment advisory service? Why or Why Not?**
- **How will you choose investments to recommend to me?**
- **What is your relevant experience, including your licenses, education and other qualifications?**
- **What do these qualifications mean?**

What fees will I pay?

While DA Services does not directly receive fees from Individual Clients or other entities, we may be deemed to be receiving fees indirectly through our affiliation with DiversyFund Inc. ("DiversyFund") and its subsidiaries which do in fact receive fees in connection with investments in which DA Services has advised its clients to participate in. As an adviser on real estate investments, DA Services advises its clients to invest in products owned and operated by its entities it is affiliated with through common ownership by DiversyFund.

The following summarizes the principal fees and costs associated with engaging our firm for investment advisory services. For detailed information, refer to our Form ADV Part 2A, Items 5 and 6 by clicking this link <https://adviserinfo.sec.gov/>

- **Reimbursement Fees:** The Funds will reimburse DiversyFund for expenses DiversyFund incurs in connection with the Regulation A+ offering ("the Offering"), before the Offering is "qualified" by the SEC.
- **Acquisition Fees:** DiversyFund, its affiliate, and/or third party deal sponsor ("Sponsor") will charge each Project Entity (or the Funds themselves, if they own real estate directly) a sponsor fee between 1% and 8% of the total project costs.
- **Property Disposition Fee:** Where the Funds own property directly or is the sole owner of a Project Entity, the Sponsor will receive a property disposition fee equal to (i) 1% of the total sale price of each property.
- **Financing Fee:** The Sponsor will receive a financing fee equal to 1% of the amount of each loan placed on a property. This financing fee will be in addition to any fees paid to third parties, such as mortgage brokers.
- **Construction Management Fee:** The Sponsor may be entitled to a construction management fee equal to (i) 7.5% of actual construction costs.
- **Guaranty Fee:** If the Sponsor guaranties indebtedness of the Funds or a Project Entity, including guaranties of

- any "bad boy" carveouts, the guarantor will be entitled to a guaranty fee equal to 0.5% of the loan.
- **Other Fees:** The Funds or Project Entities might engage the Sponsor to perform other services. Compensation paid to the Sponsor in each case must be (i) fair to the Funds and Project Entities, (ii) comparable to compensation that would be paid to an unrelated party, and (iii) disclosed to Investors.
- **Promoted Interest** Promoted Interest is paid in two levels: first, after Investors have received a (i) 7% internal rate of return ("IRR") preferred return on their investment, the Sponsor is entitled to a catchup return equal to approximately (ii) 53.85% of the preferred return paid to Investors; and second, the Sponsor is entitled to (iii) 35% of the remaining profits until the investors have received a 12% IRR preferred return on their investment and (iv) thereafter 50% of the remaining profits.
- **Asset Management Fee:** The Sponsor may charge the Company an annual asset management fee equal to 2% of the capital raised from the sale of Class A Investor Shares.
- **Co-investment:** The Sponsor might purchase Fund shares. If so, it will be entitled to the same distributions as other Investors.
- **Marketing Expense Reimbursement Fee:** The Company will reimburse the Sponsor up to 1% but not exceeding \$750,000 for direct expenses incurred by the Sponsor to organize and operate the Company and conduct the Offering, including marketing expenses paid to vendors, contractors, and consultants. The Marketing Expense Reimbursement Fee is specific to the DF Growth REIT.
- **Organization & Offering Expense Reimbursement:** The Company will reimburse the Sponsor for direct expenses incurred by the Sponsor to organize and operate the Company and conduct the Offering which may not exceed 10% of the capital raised from the sale of Class A Investor Shares. The Organization & Offering Reimbursement is specific to the DF Growth REIT II.

You will pay fees and costs whether you make or lose money on your investments which will reduce any amount of money you make on your investments over time. Make sure you understand the fees and costs you are paying.

Key Questions to Ask Your Financial Professional

- **Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?**

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. An example of what this means is:

- ***Compensation from Third Parties:*** Individuals associated with our firm are paid by DiversyFund. In the event an investment made by a Fund is sponsored by a third party, DiversyFund will share in the fees entitled to the third party entity for serving as the Sponsor. While DA Services won't receive compensation directly from third parties, it may be deemed to be receiving compensation indirectly from them. This presents a conflict of interest because persons affiliated with our firm may have made an investment in the Funds and may have an incentive to recommend the Funds over other investment strategies.

Refer to our Form ADV Part 2A Brochure by clicking here <https://adviserinfo.sec.gov/> to understand what conflicts exist.

Key Questions to Ask Your Financial Professional

- **How might your conflicts of interest affect me, and how will you address them?**

How do your financial professionals make money?

Our personnel are employees of our parent company DiversyFund and are paid a salary and a discretionary bonus based on the Fund's performance.

Do you or your financial professionals have legal or disciplinary history?

No, our firm and our financial professionals currently do not have any legal or disciplinary history to disclose.

Visit Investor.gov/CRS for a free and simple research tool.

Key Questions to Ask Your Financial Professional

- **As a financial professional, do you have any disciplinary history? For what type of conduct?**

You can find additional information about your investment advisory services and request a copy of the relationship summary at 858-430-8528 or click the link provided <https://adviserinfo.sec.gov/>

Key Questions to Ask Your Financial Professional

- **Who is my primary contact person?**
- **Is he or she a representative of an investment adviser or a broker-dealer?**
- **Who can I talk to if I have concerns about how this person is treating me?**