Lucrum Capital Securities, Inc.
General Disclosures
December 1st, 2023

Overview of The General Disclosures Document

The purpose of this document is to provide clients and customers of Lucrum Capital Securities, Inc. ("the Firm", "LCS" or "Lucrum Capital Securities") written disclosures of the general nature of engagement with the Firm and its affiliates. This document is considered a separate document from Form CRS, which is a required disclosure document under Regulation Best Interest to be distributed to clients. Other disclosure documents may be separately provided that delve further into specific material information regarding a particular offering or engagement. The topics covered under these General Disclosures are the following:

1. **Relationships Disclosures:** Affiliate Relationships, Potential Conflicts of Interest w/ Affiliates, Affiliates, Non-Affiliates, and Material Relationships Summaries, and Affiliate Compensation
2. **LCS Fees and Compensation**
3. **Risk Disclosures:** Investment Risks, Past Performance Disclaimer, No Guarantee of Returns, Diversification, Operational Risk, Potential Market Changes Impact, Acts of God and Pandemics, Structuring and Allocations Risks, Regulatory Changes in Regulatory Landscape, and Private Placement Liquidity
4. **Other Disclosures:** Private Placement Practice, Dual/Cross Agency, Investment Suitability, Research and Sources Information, Cybersecurity Risks, Third Party Vendors, Regulator Oversight and Compliance, and Disclosure of Financial Condition

Should you or any interested third party have any further questions or concerns regarding these or other related disclosures, please email the firm's Chief Compliance Officer, Edrees Feda, at efeda@lucrumcapitalsecurities.com.

Relationships Disclosures

Affiliate Relationships Disclosure

1. Overview of Affiliate Relationships

LCS is part of the Lucrum Companies group, which includes several affiliated entities. These entities, although operating independently, are connected through common ownership and potential business interactions. The affiliates include Lucrum Capital, Lucrum Capital Advisors, and Lucrum Realty, among others. Some examples of how LCS interacts with its affiliates include the following:

- Lucrum Capital: This affiliate pursues alternative investment management, focusing on real estate private equity investing on behalf of limited partnership investors. Lucrum Capital may interact with its affiliates by acting as a source of liquidity for investments or property advised or brokered on. Additionally, Lucrum Capital and its affiliates may share proprietary investment research information and resources to further business development across all subsidiaries.
- Lucrum Capital Advisors: This affiliate offers investment advisory services, focusing on alternative assets. LCS may refer clients to Lucrum Capital Advisors for specialized advisory needs that LCS itself does not fulfill. Similarly, Lucrum Capital Advisors may refer clients to LCS for private placement opportunities.
- Lucrum Realty: Specializing in real estate finance and brokerage, Lucrum Realty collaborates with LCS in real estate investment banking services. LCS might direct clients to Lucrum Realty for real estate transactions while receiving referrals for clients needing investment banking services.

2. Nature of Affiliate Relationships

The relationships between LCS and its affiliates involve various business interactions, including but not limited to:

- Shared services and resources: LCS and its affiliates may share operational resources such as technology, administrative support, and personnel.
- Referral arrangements: LCS may refer clients to its affiliates for services that it does not provide, and vice versa.
- Joint business ventures: LCS and its affiliates may collaborate on certain business ventures that leverage the strengths of each entity.

3. Disclosure of Shared Ownership and Control

LCS is part of a group of companies under common ownership known as Lucrum Companies. This shared ownership may influence certain business decisions, and we ensure that such influence is managed in a manner that prioritizes our clients' best interests. The control mechanisms within LCS are designed to maintain independent and unbiased decision-making, notwithstanding the common ownership.

4. Potential Conflicts of Interest

Due to the shared ownership and business relationships with its affiliates, potential conflicts of interest may arise. LCS is committed to identifying, disclosing, and managing these conflicts to protect the interests of its clients. This includes:

- Implementing a robust conflict of interest policy.
- Ensuring transparency in all dealings with affiliates.
- Providing clients with clear information about the nature of the relationships with affiliates.

5. Affiliate Compensation Arrangements

Potential compensation arrangements between LCS and its affiliates are structured in compliance with industry standards. These may <u>not</u> include giving referral fees or shared securities related revenues, as securities related revenue cannot, under any circumstances, be shared in any way with non-member firms.

Depending on the nature of the service provided, LCS can compensate its affiliates for actual services rendered in connection with or not in connection with a particular transaction, so as long the compensation is not proportional in any way to be interpreted as commission of securities transacted.

Additionally, as a side note, the Firm does not engage in any soft dollar arrangements with its RIA affiliate, Lucrum Capital Advisors.

We ensure that all such compensation arrangements are disclosed to our clients as and when applicable.

6. Client Consent and Opt-Out Options

Clients are informed about LCS's relationships with its affiliates and the nature of interactions that may occur. Clients have the option to consent to or opt out of certain services that involve our affiliates. Our procedures for obtaining and recording client consent are rigorous and comply with regulatory requirements.

7. Oversight and Compliance

LCS maintains a rigorous compliance program to oversee affiliate interactions. This program includes regular monitoring and auditing of transactions involving affiliates to ensure adherence to legal and ethical standards. Our compliance team is dedicated to ensuring that all affiliate interactions are conducted in the best interest of our clients.

8. Affiliate Services and Products

When recommending products or services provided by our affiliates, we adhere to a stringent process of evaluating their suitability for our clients. All such recommendations are based on a thorough assessment of each client's investment profile and objectives. Detailed disclosures regarding these products and services, including associated risks and benefits, are provided to clients.

9. Client Information Sharing

Client information may be shared, at our client's consent, between LCS and its affiliates for purposes such as service enhancement and operational efficiency. All information sharing is conducted in accordance with strict confidentiality agreements and privacy laws. Clients are duly informed about the extent and nature of such information sharing practices.

10. Regulatory Disclosures

Our affiliate relationships and any potential conflicts of interest are disclosed in regulatory filings with bodies such as FINRA and the SEC. These filings are made available to our clients and the public, ensuring transparency and regulatory compliance.

Potential Conflicts with Affiliates Disclosure

Lucrum Capital Securities (LCS), as part of the Lucrum Companies group, operates in conjunction with various affiliates. While these relationships enhance our service offerings and capabilities, they may also give rise to potential conflicts of interest. The Firm maintains a few focal points of potential conflicts of interest that may impact an investor's perception or decision of whether to do business with the Firm.

Specifically, the Firm is one of several securities and investments related affiliate companies that all may interact with each other on a singular offering or completely separately in other cases. Given the sensitive nature of the Firm's activities, it is important for the investor to understand what these affiliates are and how they operate and interact in different scenarios. Recognizing the importance of managing these conflicts transparently and ethically, we outline our approach to identifying, disclosing, and resolving such conflicts.

1. Identification of Potential Conflicts

Potential conflicts of interest between LCS and its affiliates may arise in several scenarios, including but not limited to:

- Shared Financial Interests: LCS and/or its affiliates may have shared financial interests in certain transactions or business dealings, which could influence our recommendations or decisions.
  - LCS holds a policy to not directly invest in private placements or any securities, as an introducing broker-dealer. However, its investment management affiliate, Lucrum Capital, may hold such financial interests in which certain disclosures shall be made. Please read below for more detail
- Client Referrals: Referral arrangements between LCS and its affiliates might create a conflict if there is a financial incentive to favor one affiliate's services over another.
  - However, it should be noted that LCS does not permit referral fees to be given to any affiliate or non-affiliate non-member firm or member firm that doesn't adhere to regulatory guidelines for referral fees and related disclosures.
  - Referral fees may still be received by LCS, as long as the referral fee is disclosed upfront and in detail to all relevant parties to the related transaction and/or client
- Product and Service Offerings: LCS may recommend products or services offered by its affiliates, which could be perceived as a conflict if not based solely on client suitability and interests.
- Information Sharing: Sharing client information between LCS and its affiliates might create a conflict if this information is used for the benefit of an affiliate rather than the client.
  - Under no circumstances does LCS give or receive privileged client information that violates the Firm's Privacy Policy or Cybersecurity Risks Policies, as disclosed to its clients. As long as a client understands and acknowledges the collection and treatment of their information, LCS may share only necessary client information with affiliate entities for commercial purposes.
  - However, due to certain LCS staff or executives simultaneously working in other affiliates, such knowledge of personal information between firms with certain personnel is inevitable. Having said that, this does not mean that the Privacy Policy of LCS can or should be violated.
  - Please read the firm's Privacy Policy for more information

2. Disclosure of Conflicts

In situations where a potential conflict of interest is identified, LCS commits to full transparency by disclosing the conflict to the affected parties. This disclosure includes:

- Nature of the Conflict: A clear description of the conflict, explaining how it might affect the client.

- LCS's Position: An explanation of LCS's role and relationship to the affiliate involved in the conflict.
- Options for the Client: Providing clients with options on how to proceed in light of the disclosed conflict.

3. Management and Resolution of Conflicts

To effectively manage and resolve conflicts of interest, LCS implements the following measures:

- Conflict of Interest Policy: A comprehensive policy outlining the procedures for identifying, disclosing, and managing conflicts of interest.
- Regular Review: Engaging in regular review processes to ensure decisions are made in the best interest of clients, irrespective of affiliate relationships.
- Client-Centric Approach: Ensuring that all recommendations and decisions are made with the client's best interests as the paramount consideration.
- Staff Training and Awareness: Regular training for our staff to recognize and appropriately handle potential conflicts of interest.
- Regular Monitoring and Auditing: Ongoing monitoring and periodic auditing of transactions and activities involving affiliates to identify and manage potential conflicts.
- Client Feedback and Grievance Redressal: Establishing channels for clients to provide feedback or raise concerns about conflicts of interest, with procedures in place for prompt and fair resolution.

4. Commitment to Ethical Practices

LCS is committed to upholding the highest standards of integrity and ethical conduct in all its business dealings. This includes managing affiliate relationships in a manner that prioritizes our clients' interests and maintains their trust and confidence in our services.

Affiliates, Non-Affiliates, and Material Relationships Summaries

Additionally, here is the following detailed description of relationships with affiliate and non-affiliate entities:

Relationship with Feda Enterprises and Lucrum Companies

Lucrum Companies is a holding company that directly owns 100% of Lucrum Capital Securities. Feda Enterprises is a holding company, owned 100% by Edrees Feda, which, in turn, owns 100% of Lucrum Companies. Essentially, these firms are ultimately owned and controlled by Edrees Feda, who is the owner and CEO of the Firm. There are no known actual conflicts of interest with these firms, as they are simply holding companies for Mr. Feda to organize his ownership of his portfolio of companies.

However, it may be perceived that Lucrum Companies, as distincted by its separate website of www.lucrumcompanies.com, is an entirely separate operation from its subsidiaries. This is not the case. Lucrum Companies is, again, a holding company that does not have separate business lines or operations outside of subsidiaries activities. Lucrum Companies is primarily held for asset ownership of equity, intellectual property (e.g. invention or trademark assignments), and other assets such as tools, equipment, cash, etc. that can be deployed or used by subsidiary entities.

Relationship with Lucrum Capital

Lucrum Capital is a private alternative investment management firm that focuses on investing in real estate and real estate related securities. As an affiliate private investment company, there can be the perception of self-dealing on investment opportunities Lucrum Capital Securities and its affiliates may be marketing/selling to investors.

The Firm and Lucrum Capital will not, for the foreseeable future, be underwriting any private offerings with Lucrum Capital as the sponsor or issuer. However, while Lucrum Capital retains the full right to invest, participate, and/or manage an offering, both the Firm and Lucrum Capital must separately disclose in writing to investors and clients specific detailed information related to compensation, fees, and all material aspects of an arrangement that could be perceived as a conflict of interest prior to any execution of a transaction.

Lucrum Capital, if actively participating in an offering in any material way or acting as a counterparty or relevant third party, will only do so in a manner that the Firm maintains full compliance to Regulation BI, suitability, and fiduciary standards to its investors and clients.

Should any clients of the Firm be interested in investing in or with and/or doing business of any kind with Lucrum Capital, Lucrum Capital is required to provide its relevant company-level information by distributing its corporate deck and/or other supplementary materials, if requested by the client.

Relationship with Lucrum Capital Advisors
Lucrum Capital Advisors (“LCA”) is an RIA in the Commonwealth of Virginia providing investment alternative asset management and alternative investment acquisition analysis and valuation services to investors. Since Lucrum Capital Advisors will be an affiliate RIA with Lucrum Capital Securities, there are potential conflicts of interest in cross-selling advisory services to broker-dealer clients of Lucrum Capital Securities.

Should the Firm, LCA, or the client see a suitability in a client's needs that are directly or indirectly related to a transaction of the Firm, both LCA and the Firm are to separately disclose in writing to clients prior to any execution of related contracts or transactions of all related fees and costs of arrangements will be separately disclosed. For example, if a client retains Lucrum Capital Advisors to provide investment advisory services, such fee amounts are to be disclosed in the investment advisory agreement between Lucrum Capital Advisors and the client. Such fees and commissions are negotiable. Lucrum Capital Advisors' fee arrangements are available for review upon receipt of the Form ADV, which is also available online by clicking here.

If Lucrum Capital Advisors provides such services on an active offering underwritten by the Firm, all compensation and other material information must be separately disclosed or clearly disclosed in PPM or related private placement sales literature to measure the impact of any fees on the nature of the investment as well as the influence of any services LCA has provided to the execution risk of the offering.

If Lucrum Capital Advisors provides such services in unaffiliated transactions for an offering or if there is considered to be a separate working relationship between the LCA and the client who is the counterparty to an active transaction, the existence of that relationship and the nature of it must be disclosed to all interested counterparties to the active transaction.

Relationship with Lucrum Realty

Lucrum Realty is a real estate brokerage firm licensed in sixteen jurisdictions across the United States: Virginia, Maryland, District of Columbia, Illinois, Florida, California, New York, Colorado, Georgia, North Carolina, Tennessee, Pennsylvania, Massachusetts, Texas, Nevada, and Washington. Since the Firm will be engaging in underwriting and sales for real estate private placement securities, there will be opportunities to cross-sell clients of the Firm with real estate brokerage services. These services can range in providing asset/site identification, transaction management, investment sales, real estate debt and JV/Co-GP equity financing, and real estate asset management services. Lucrum Realty may be compensated in the form of commissions and proportional fees only for bona fide real estate work for which a real estate license is needed to conduct the activity. Lucrum Realty may also provide additional, separate advisory or consulting work that don't require a real estate license to conduct and charge fees for those services.

All related fees and costs of arrangements will be separately disclosed in writing by Lucrum Realty to clients prior to any execution of related contracts or transactions. For example, if a client retains Lucrum Realty to provide brokerage services, such fees and commissions amounts are to be fully disclosed in the written brokerage representation agreement between Lucrum Realty and the client. Such fees and commissions are negotiable.

If Lucrum Realty provides such services on an active offering underwritten by the Firm, all compensation and other material information must separately disclosed or clearly disclosed in the PPM or related private placement sales literature to measure the impact of any fees on the nature of the investment as well as the influence of any services Lucrum Realty has provided to the execution risk of the offering.

If Lucrum Realty provides such services in unaffiliated transactions for an offering or if there is considered to be a separate working relationship between Lucrum Realty and the client who is the counterparty to an active transaction, the existence of that relationship and the nature of it must be disclosed to all interested counterparties to the active transaction.

Relationship with Orbis Realty

Please Note: Orbis Realty is the original real estate brokerage Edrees Feda owned and operated prior to the founding of Lucrum Realty. His intention is to wind down the firm over time and provide limited residential real estate services in only the following jurisdiction: Virginia, Maryland, and Florida. All material operational assets of Orbis Realty will be transferred to Lucrum Realty.

Orbis Realty is a real estate brokerage firm licensed in sixteen jurisdictions across the United States: Virginia, Maryland, District of Columbia, Illinois, Florida, California, New York, Colorado, Georgia, North Carolina, Tennessee, Pennsylvania, Massachusetts, Texas, Nevada, and Washington. Since the Firm will be engaging in underwriting and sales for real estate private placement securities, there will be opportunities to cross-sell clients of the Firm with real estate brokerage services. These services can range in providing asset/site identification, transaction management, investment sales, and real estate asset management services. Orbis Realty may be compensated in the form of commissions and fees only for bona fide real estate work for which a real estate license is needed to conduct the activity.

All related fees and costs of arrangements will be separately disclosed in writing to clients prior to any execution of related contracts or transactions. For example, if a client retains Orbis Realty to provide brokerage services, such fees and commissions amounts are to be fully disclosed in the written brokerage representation agreement between Orbis Realty and the client. Such fees and commissions are negotiable.

If Orbis Realty provides such services on an active offering underwritten by the Firm, all compensation and other material information must separately disclosed or clearly disclosed in the PPM or related private placement sales literature to measure the impact of any fees on the nature of the investment as well as the influence of any services Orbis has provided to the execution risk of the offering.

If Orbis Realty provides such services in unaffiliated transactions for an offering or if there is considered to be a separate working relationship between the Orbis and the client who is the counterparty to an active transaction, the existence of that relationship and the nature of it must be disclosed to all interested counterparties to the active transaction.

Relationship with Feda Investments

Feda Investments doesn't provide any services or produce any goods. It is simply a holding company for the personal future investments of Edrees Feda and his immediate family. There is potential at some point in the future for Feda Investments to participate in offerings of the Firm, in which a full written disclosure will be made by both firms to investors prior to any sale of private placement securities. Such commencement of investment activity will warrant an amendment of these general disclosures.

Relationship with Other Outside Business Activities and Previous Employers

As Mr. Feda may, at his own discretion and in compliance with maintaining fiduciary and suitability standards for his clients of the Firm and affiliates, undertake employment via independent contractor opportunities to generate additional income to support the Firm. For example, Mr. Feda was previously employed by M.C. Dean, Inc. as a Senior Financial Analyst, which entailed him overseeing the company's corporate development activities, corporate real estate portfolio, and investment activity of the owners of the firm. In addition, Mr. Feda has been employed at other firms such as Crowdstreet and PPR Capital Management.

Should there be any instance in which M.C. Dean. Crowdstreet, and/or PPR or any of their affiliates or commonly controlled entities are a counterparty to an active transaction, such disclosure of the nature of ex-employment and current relationship with Mr. Feda must be given in writing to all relevant counterparties prior to execution of any transaction. The same procedure applies for any other future employment Mr. Feda may engage in the future.

Agency Representation with Counterparties

The Firm, depending on the nature of the engagement or transaction, may act as a sole placement agent or dual cross agent in an active offering/transaction, where the Firm may be representing both the Issuer/Sponsor of an offering as well as the Investor it may solicit to the same offering. Under any such engagement, the Firm shall provide any relevant disclosure that isn't already described in its Form CRS if a particular offering or transaction has unique characteristics in the Firm's capacity as a broker-dealer for its clients and customers. Please review the Dual and Cross Agency disclosure section in this document for further detail on this scenario.

Affiliate Compensation Disclosure

This document outlines the compensation structures and arrangements between Lucrum Capital Securities (LCS) and its affiliates within the Lucrum Companies group. Our goal is to maintain transparency and integrity in our financial interactions with our affiliates, ensuring our clients are fully informed about these relationships.

1. Overview of Affiliate Compensation Structures

LCS engages in various business transactions and collaborations with its affiliates. As part of these interactions, there may be compensation arrangements in place. These include, but are not limited to:

- Referral Fees: LCS may receive client referrals from its affiliates, but never pay referral fees itself to these affiliates. The fee structure is based on the nature and scope of services provided by the affiliate to the referred client.
- Shared Revenue Agreements: In certain joint ventures or collaborative projects, LCS and its affiliates may enter into shared revenue arrangements in which it can only receive revenue generated from other affiliates, not share its own securities related revenue with said affiliate firms. The specifics of these arrangements are based on the contribution and role of each party in the transaction.
- Services Rendered: For services rendered, LCS and its affiliates may compensate each other at fair market rates that are disclosed in detail and upfront to all relevant parties to the service and related transaction.
- Third Party Service Fees: For shared services or resources, including administrative, technological, or operational support, there may be fees exchanged between LCS and its affiliates.

2. Compliance with Regulatory Standards

All compensation arrangements between LCS and its affiliates are structured in compliance with applicable financial industry regulations. This includes adherence to standards set by regulatory bodies such as FINRA and the SEC, ensuring all compensation practices are fair, reasonable, and in the best interest of our clients.

3. Transparency in Compensation Arrangements

LCS is committed to full transparency regarding its affiliate compensation arrangements. Clients are informed about:

- Nature of the Compensation: Clear details about the type of compensation being exchanged between LCS and its affiliates.
- Purpose of the Compensation: Explanation of the reasons for the compensation, including the services or benefits provided in exchange.
- Impact on Client Services: Assurance that these compensation arrangements do not adversely affect the quality or impartiality of the services provided to clients.

4. Regular Review and Disclosure

LCS conducts regular reviews of its affiliate compensation arrangements to ensure ongoing compliance and relevance. Changes to these arrangements are disclosed to clients in a timely manner, maintaining an open and transparent communication channel.

5. Client Consent

Where applicable, LCS obtains explicit client consent for any service that involves affiliate compensation. This consent is based on a clear understanding of the arrangement and its implications for the client.

6. Conflict of Interest Management

In line with our conflict of interest policy, any compensation arrangement that might lead to a potential conflict of interest is managed with the utmost care. LCS ensures that such arrangements do not compromise our commitment to act in the best interests of our clients.

LCS Fees/Compensation

Overview

The Firm is a for-profit business and is incentivized to participate in activities that maximize its generation of revenue and profits. The Firm generates its revenue by charging commissions and fees to its clients, which incentivize the Firm to maximize volume and transaction sizes in order to generate the highest potential revenue and profit for the Firm. While this may be inherently obvious to some clients, it is important for investors and clients to realize there remains a potential conflict of interest for the Firm and its affiliates to close transactions that may be perceived by some investors as suboptimal from a risk-adjusted standpoint.

Representative Compensation

Mr. Feda, the principal, receives no direct commission and will not pay himself a salary, the Firm will be compensated on a commission basis, with the bulk of the commissions being generated as a percentage of equity raised for an Issuer and charging the Issuer directly for successful completion of a private placement transaction.

Firm Compensation

Additionally, the Firm may also charge Investors commissions who are seeking private placements as a buyer when the Firm is acting as a placement agent or as an underwriter on behalf of an Issuer. The Firm charges at-cost fees to both Investors and Issuers that are directly related to the legal and administrative costs (i.e. PPM preparations and escrow agent fees) should the Firm be tasked to arrange/manage these tasks to complete the offering.

Of course, all Investors and Issuers are provided, in writing, prior to any execution of any investment of private placements, a schedule of all fees and commissions amounts that will be charged to the client. The commissions charges for underwritings can range between 2% and 5% (Abiding by the 5% Markup Policy Guidelines from FINRA) of the total capital (including both applicable equity and debt) raised by the Firm for the Issuer depending on key factors that include, but are not limited to the following:

1. Underwriting vs. Placement Agent Transactions
2. Complexity of Business Plan of Offering (e.g. opportunistic ground-up multifamily development with affordable housing and tax credits in a secondary/tertiary market)
3. Capital Raise Amount (i.e. the larger the raise, the less of a percentage to charge and vice versa)
4. Capital Raise Type (i.e. common equity and preferred equity investments charge higher commissions than mezzanine or debt capital investments)
5. Sponsorship Quality and Experience of Issuer (i.e. Less experienced Sponsors of offerings may be charged more due to higher sponsorship due diligence work and difficulty of underwriting new offerings for said Sponsors)

The commissions the Firm charges Investors as a placement agent are a lower range between 1% and 3.5% depending on the same factors as outlined above. Finally, there may be situations in which the firm may represent and charge both parties to a transaction (i.e. the Issuer and the Investor). These types of transactions will have all relevant disclosures delivered in writing and confirming for written consent and acknowledgement of both parties at or prior to any execution of the private placement transaction. The firm will treat these transactions under the same 5% Markup Policy Guidelines provided by FINRA.

All compensation is negotiable on a case-by-case basis. Any material changes in fee structures or amounts are to be disclosed promptly to all relevant counterparties in an active transaction. With each transaction, all related compensation will be detailed and itemized in separate literature and legal documents when executing private placement transactions<u>. Under no circumstance will Lucrum or any of its affiliates change its compensation after disclosures have been made without the written consent of all relevant counterparties to the transaction.</u>

<u>Risk Disclosure Disclosures</u>

<u>Investment Risk Disclosure Statement</u>

Investment opportunities available through Lucrum Capital Securities are speculative and involve substantial risk. Investors should not invest unless they can sustain the risk of loss of capital, including the risk of total loss of capital. Direct and indirect purchase of real property and commercial real estate involves significant risk, including, market risks, risks related to the sale of land, risks specific to a given property, principal risk and liquidity risk. All investors must make their own determination of whether or not to make an investment, based on their own independent evaluation of the investment and their risk tolerance. Investments should be chosen based on your objectives, timeframe, and risk tolerance. Investors should consult with a financial advisor, attorney, accountant, and any other professional that can help in understanding and assessing the risks associated with any investment opportunity and deciding if an investment is appropriate. Private placements are illiquid investments and are intended for investors who do not need a liquid investment.

Below is a summary of certain risks that apply to the Firm's website, services, and securities products. The occurrence of any of these or other risks could result in losses and damages to you. <u>This is not an exhaustive list of all of the risks that could impact you.</u>

In connection with any investment you may consider and purchase, it is important to read, review and understand all related information, all the features, risks, benefits, terms and conditions, as well as the other factors associated with the product or service, before making any financial decisions. In particular, it is your responsibility to read thoroughly the specific product materials including prospectuses and offering materials. All investments involve some degree of risk, and the outcome of any investment is uncertain.

1. General Real Estate Risks. Investments will be subject to the risks inherent in the ownership of real estate assets. These risks include, but are not limited to:

1.1. General and local economic conditions and negative developments in the business economy, the supply and demand for properties, and the financial resources of tenants;

1.2. Changes in building, environmental, zoning, and other laws;

1.3. Changes in real property tax rates;

1.4. Changes in interest rates and the availability of mortgage funds, which may render the purchase, sale, or refinancing of properties difficult or impracticable;

1.5. Environmental cleanup costs and other liabilities from hazardous waste, mold, or indoor air pollution;

1.6. Uninsured casualties, acts of God (such as earthquakes, tsunamis, hurricanes, wind storms, floods), epidemics, war, terrorism, nuclear accidents, labor disputes, riots, and other factors that are beyond the control of real estate issuers, operators and sponsors (collectively, "Sponsors");

1.7. Property damage and business interruptions that may not be insurable, or may not be insurable at reasonable cost to the full extent needed to protect the real estate or its revenue-generating capacity;

1.8. Development, redevelopment, and construction delays and cost overruns.

2. Unsuccessful Real Estate Investments May Result in Poor Returns. Real estate investments entail risks such as, without limitation, the risk of not correctly anticipating conditions or trends in the real estate market or misevaluating a Sponsor's ability to adequately complete a project, and therefore not being able to generate profit from the real estate investments.

3. Real Estate Valuation Is Inherently Inexact. Real estate valuation is an inherently inexact process and depends on numerous factors, all of which are subject to change. The property valuation models and methods may be deficient and may increase the risk of Default.

4. Returns and Loss Rates on Underlying Investments May Be Uncertain. Private real estate investment projects ("CRE Projects") generally do not have significant historical performance data available about returns or the rates of loss and, even if an abundance of data was available, historical returns are not necessarily an accurate indicator or predictor of future performance. CRE Projects may lose value at a faster rate than anticipated. No one can predict with certainty what the long-term rates of return or loss will be on any of the CRE Projects, which could increase or decrease as a result of factors beyond the Sponsors' control and beyond the control of any lender, borrower or other person involved in the performance of an CRE Project, including prevailing interest rates, the rate of unemployment, the level of consumer confidence, decline in property values, degradation of specific properties, the value of the U.S. dollar, energy prices, changes in consumer spending or sentiment, the number of personal bankruptcies, disruptions in the credit markets and other factors.

5. Investment Diversification. Investment professionals generally agree that diversification of an investor's investment portfolio is an important component of reaching long-range financial goals while minimizing risk. Investments in real estate can help diversify a portfolio of investments in other types of assets. However, a concentrated investment strategy solely in real estate would increase an investor's risk and is not recommended.

6. Risk of Loss. All investing and trading activities risk the loss of capital, including the total loss of investment. There can be no assurance that any investment activity will be successful, or that investors will not suffer significant losses. No guarantee or representation is made, and investments through Lucrum Capital Securities are suitable only for investors of adequate financial means. If an investor cannot afford to lose the entire amount of such investor's investment, the investor should not invest in private CRE Projects.

7. Real Estate Investments are Risky. Investments through Lucrum Capital Securities are subject to risks generally attributable to the ownership of real estate investments. These include changes in global, national, regional or local economic, demographic or capital market conditions; current and future adverse national real estate trends, including increasing vacancy rates, which may negatively impact resale value, declining rental rates and general deterioration of market conditions; changes in supply of or demand for properties in a given market or metropolitan area that result in changes in market rental rates or occupancy levels; increased competition for real property assets; bankruptcies, financial difficulties or lease defaults by borrowers and/or tenants; changes in interest rates and availability of financing; potential misconduct by third-parties, including, but not limited to, borrowers, tenants, lenders, vendors, and service providers; and changes in government rules, regulations and fiscal policies, including changes in tax, real estate, environmental and zoning laws. Many of these factors are beyond the Sponsors' control. Any changes in these factors may adversely affect the returns on an investment.

8. General Economic and Market Conditions. The success of investment activities will be affected by general economic risks such as interest rates, availability of credit, inflation rates, economic uncertainty, and changes in laws. These factors may affect the level and volatility of asset prices and the liquidity of investment assets. Volatility or lack of liquidity could impair an investment's profitability or result in losses.

9. Various Tax Risks. Many of the CRE Projects are organized as partnerships or limited liability companies. These entities can have complex tax provisions relating to the treatment of income, gain, losses, and other allocations, as well as the need to avoid publicly-traded partnership status. Also, the positions taken by a Sponsor could be subject to challenge by the Internal Revenue Service. To the extent an investor is either a tax-exempt or a foreign investor, additional special tax considerations may apply such as the need or desire to minimize unrelated business taxable income ("UBTI"), to make withholding for taxes due under the Foreign Investments in Real Property Tax Act ("FIRPTA"), and to comply with the reporting and withholding obligations imposed by the Foreign Account Tax Compliance Act ("FATCA"). These tax considerations are in addition to transfer tax and federal, state, and local income tax considerations, and all tax regulations are subject to change. At a minimum, investors should be prepared to include K-1 statements and certain required filings in other states as part of their tax preparation process. Only investors who are prepared and able to deal with the tax implications of private placements should invest. Clients are strongly encouraged to consult with their tax advisors regarding their investments.

10. No Assurance of Investment Return. There is no assurance that any investor will be able to invest their capital on attractive terms or continue to generate positive returns or avoid losses over the long term.

11. Illiquid and Long-Term Investments. Although investments in CRE Projects may generate current income, the return of capital and the realization of gains to investors, if any, from an investment will generally occur only upon the partial or complete disposition or refinancing of such investment. Further, investment Sponsors determine solely and completely when and if a disposition or refinancing of a property will occur, subjected to the limitations of the offering documents for each deal. While an investment may be realized at any time, usually at the discretion of the Sponsor, it is not generally expected that this will occur for several years after the investment is made. Dispositions of investments may also be subject to contractual limitations on transfer, the desire to minimize or delay transfer or taxes, or other restrictions that would interfere with the subsequent disposition of such investments or adversely affect the terms that could be obtained upon any disposition thereof. As a result, there is a significant risk that an investor may be unable to realize its investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy.

12. Transfer Restrictions and Fees. Investors wishing to transfer their holdings, whether through sale, gift, or otherwise, generally will have to obtain approval of the Sponsor to complete the transaction, and some transactions may be prohibited. The Sponsor may charge fees in connection with such transfer.

13. Passive Investments. Our CRE Projects are passive investment opportunities. As passive investors, investors generally have no control over the day-to-day operations of the assets or investment entity and limited rights to protect themselves if they are dissatisfied with the manner in which the asset is being operated. Passive investors are highly dependent on the management abilities of the Sponsors.

14. Accuracy of Information. Sponsors supply a variety of information regarding the purpose of funding a CRE Project through an offering of CRE interests through Lucrum Capital Securities, including track records, estimated and actual costs, financial projections, and property titles. While we screen Sponsors and investment opportunities and conduct due diligence as we endeavor to ensure accurate and complete information, we cannot ensure that the information provided by third parties is complete or accurate.

15. Risk of Default and No Security Interest. If a Sponsor's Project fails or defaults for any reason, the investors may no longer or will not receive any returns on their investment. Investors will not be able to pursue collection against the Sponsor or its affiliates. Equity interests in CRE Projects are not secured, guaranteed, or insured by any collateral, including any of the underlying real estate assets that were bought by the proceeds of the Offering.

16. Business Disruption Due to Pandemics. The success of each investor and their investment strategies could be significantly impacted by changing external economic conditions in the United States and globally. The stability and sustainability of growth in global economies may be impacted by terrorism, acts of war, pandemics or other unforeseen disasters. Changing economic conditions could potentially adversely impact the performance and valuation of portfolio holdings. In addition, the availability, unavailability, or hindered operation of external credit markets, equity markets, and other economic systems which Sponsors may depend upon may have a significant negative impact on real estate operations and profitability. The spread of COVID-19 in 2020 demonstrated how global events can result in broad-based economic decline and significant market volatility. Aside from the broad effects on the economy, a global event like a pandemic may also have specific implications for Lucrum Capital Securities' operations and activities of its personnel, which can range from employees working remotely to more significant impacts such as illness and restrictions on non-essential travel.

17. Investments May Not Achieve Results Similar to Past Performance. There can be no assurance that returns achieved by Users through Lucrum Capital Securities will ultimately equal or exceed the level of returns that Users have achieved in the past or that they will achieve the individual or collective performance of previous investment opportunities. Historical performance does not indicate future performance or return.

18. Risk of Limited Number of Investments. Users may participate in a limited number of investments and, consequently, the aggregate return of a Client may be substantially adversely affected by the unfavorable performance of a single or a few portfolio Investments.

19. Securities Act Risk. The offerings of CRE Securities have not been registered under the Securities Act of 1933 (the "Securities Act") or the securities laws of any U.S. state or other jurisdiction, and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or unless an exemption from registration is available. It is not contemplated that registration of the offer of the CRE Securities under the Securities Act will ever be effected. In addition, because the Sponsors will not register offerings of the CRE Securities under the Securities Act or any similar laws, investors will not receive the benefit of certain protections under the provisions of the Securities Act.

20. Security Risk. Hackers or others may attempt to interfere with, attack, or take over Lucrum Capital Securities, the Website, your Investing Account, your email, your device, your bank account, your personal information, or Sponsor systems, emails, or bank accounts and related information through malware attacks, phishing, and many other types of malicious activity. While we utilize measures reasonably designed to protect the Website, your Investing Account, and your personal information, no system is immune to this type of malicious activity. Further, Lucrum Capital Securities has no control over your email, your device, your bank account, Sponsors' systems and accounts, or those of other third parties.

Past Performance Disclaimer

The purpose of this disclaimer is to inform clients and potential investor clients of Lucrum Capital Securities (LCS) that past performance of our investment products, including real estate private equity investments and private placement securities, is not a reliable indicator of future results.

1. Nature of Past Performance Data

Past performance data represents historical results and should be understood as such. It includes previous returns, market behavior, and investment trends related to LCS's offerings.

This data is provided for informational purposes only and should not be the sole basis for investment decisions.

2. No Guarantee of Future Performance

Past performance is not an assurance of future returns. Investment markets are subject to fluctuations and changes, often driven by external factors beyond our control. As such, previous success or profitability should not be taken as a guarantee of future performance.

3. Changes in Market Conditions

Market conditions, economic factors, and investment strategies that may have influenced past performance can change. This may result in different investment outcomes than what was experienced historically.

4. Risk of Investment

All investments carry inherent risks, including the potential for loss of principal. The risks associated with real estate private equity investments and private placement securities may differ from those of other investment types. It is important for investors to understand these risks fully.

5. Individual Investor Circumstances

Past performance may not consider the individual circumstances, financial situation, or investment objectives of each investor. Investment decisions should be made based on an investor's specific financial needs, goals, and risk tolerance.

6. Professional Advice Recommended

We strongly recommend that investors seek professional financial advice when considering investment decisions. A financial advisor can provide guidance based on current market analysis, individual investor profiles, and an understanding of emerging trends.

7. Continuous Review

LCS is committed to providing up-to-date and accurate performance data. However, investors are encouraged to review their investments regularly and stay informed about market conditions and the potential impact on their investment portfolios.

No Guarantee of Returns Disclosure

At Lucrum Capital Securities (LCS), we strive to provide high-quality investment opportunities in real estate private equity and private placement securities. However, it is crucial for our clients and potential investors to understand that all investments carry risk, and there can be no guarantee of returns or preservation of capital.

1. Uncertainty of Investment Outcomes
Investing in financial markets involves inherent risks, and the performance of investments can be unpredictable. Despite rigorous analysis and strategic planning, LCS cannot guarantee any specific investment results or returns.

2. No Assurance of Profit or Protection from Loss
Investments made through LCS, including in real estate private equity and private placement securities, do not guarantee a profit. Similarly, there is no guarantee against loss of principal. Market fluctuations, economic changes, and various external factors can impact investment performance.

3. Investment Performance Variables
Several factors can influence the performance of an investment, including but not limited to market volatility, interest rate changes, economic cycles, and developments in the specific sectors or geographies where the investments are made.

4. Individual Investment Strategy and Risk Tolerance
Each investor's financial situation, investment strategy, and risk tolerance are unique. The suitability of an investment should be considered based on an individual's personal financial goals and risk appetite.

5. Long-Term Investment Perspective
Many investments, particularly in real estate private equity and private placement securities, are designed for long-term engagement. Short-term performance fluctuations are common, and an extended investment horizon is often necessary to realize potential returns.

6. Independent Professional Advice
LCS recommends that investors seek independent financial advice tailored to their personal circumstances before making any investment decisions. A professional advisor can provide valuable insights into risk management and investment suitability.

7. LCS' Commitment to Transparency
We are committed to transparency in our communications with clients. While we endeavor to provide comprehensive information about potential investments, including their risks and opportunities, we emphasize the absence of guaranteed returns in the realm of financial investments.

Diversification Disclosure

At Lucrum Capital Securities (LCS), we recognize the value of diversification as a risk management tool in investment portfolios. However, it is essential for our clients and potential investors to understand both the benefits and limitations of diversification.

1. Purpose of Diversification

Diversification is a strategy used to spread investment risk across various assets, industries, geographic regions, or investment types. The primary goal is to mitigate the impact of volatility in any single investment or market sector on the overall portfolio performance.

2. Benefits of Diversification

Risk Reduction: By investing in a range of assets, the risk of significant loss can be reduced if one particular asset or market underperforms.

Balanced Portfolio: Diversification can lead to a more balanced portfolio, potentially smoothing out returns over time.

3. Limitations of Diversification

No Guarantee of Protection: While diversification can reduce risk, it does not eliminate the risk of investment losses. Market-wide downturns can affect a wide range of asset classes simultaneously.

Dilution of Returns: In some cases, diversification may dilute the potential high returns that might be obtained from a single investment, as not all investments will perform at the same level.

4. Individual Investor Circumstances

Diversification strategies should be tailored to each investor's specific financial situation, goals, and risk tolerance. Not every diversified portfolio will be appropriate for every investor.

5. Market and Economic Factors

Economic and market conditions can influence the effectiveness of diversification strategies. LCS continuously monitors these conditions and adjusts strategies as necessary, but it is important for investors to remain aware of these external influences.

6. Need for Professional Advice

We strongly recommend that investors consult with financial advisors to understand how diversification fits into their overall investment strategy. A professional advisor can help tailor a diversification strategy that aligns with individual investment objectives and risk tolerance.

7. Ongoing Review and Adjustment

Diversification strategies should be reviewed and adjusted periodically in response to changes in market conditions, economic factors, and individual investment goals.

Operational Risk Disclosure

Lucrum Capital Securities (LCS) is committed to maintaining high standards in our operational processes. However, it is important for our clients to understand that all private placement activities are subject to operational risks. These risks are non-market related and can arise from various internal and external factors affecting the investment's administration, management, and infrastructure.

1. Nature of Operational Risks

Operational risks refer to the potential losses due to inadequacies or failures in internal processes, people, systems, or external events. These risks can manifest in various forms, including:

- <u>System Failures or Disruptions:</u> Issues related to technology systems, including hardware and software failures, cybersecurity breaches, and data management errors.
- <u>Human Error:</u> Mistakes or oversights made by employees, management, or third-party service providers.
- <u>Process Inefficiencies:</u> Flaws or breakdowns in internal operational processes, including trade execution, record keeping, and client reporting.
- <u>External Events:</u> Unforeseen events such as natural disasters, political upheaval, or major economic shifts that disrupt normal business operations.

2. Mitigation and Management of Operational Risks

LCS employs various measures to mitigate and manage operational risks:

- <u>Robust Internal Systems:</u> We maintain and regularly update our technology systems to ensure reliability and security.
- <u>Employee Training and Oversight:</u> LCS invests in continuous training for our staff and maintains strict oversight and quality control in all operational processes.
- <u>Effective Risk Management Strategies:</u> We have comprehensive risk management policies in place, including regular risk assessments and audits.

- Business Continuity Plans: LCS has business continuity and disaster recovery plans to ensure operations can be maintained in the event of major disruptions.

3. Impact on Firm Performance

While LCS makes every effort to manage operational risks effectively, these risks can potentially impact the firm's performance. Operational issues may lead to delays, errors, or disruptions in private placement activities.

4. Client Responsibility

Clients are encouraged to understand the nature of operational risks and consider them when making investment decisions. While LCS is dedicated to minimizing these risks, it is important for investors to be aware of their potential impact.

5. Ongoing Monitoring and Review

LCS is committed to ongoing monitoring and review of our operational risk management strategies. We adapt our processes and controls in response to evolving risks and changes in the operational environment.

Potential Market Changes Impact Disclosure

At Lucrum Capital Securities (LCS), we recognize that market conditions are dynamic and can change rapidly, impacting investment portfolios. This disclosure is intended to inform our clients about how potential market changes can affect their investment strategies and outcomes.

1. Market Volatility

Market volatility is an inherent aspect of investing. Financial markets can fluctuate widely due to various factors, including economic data releases, geopolitical events, changes in government policies, and global financial crises. These fluctuations can affect the value of investments and the potential returns.

2. Interest Rate Changes

Interest rates are a critical component of the investment landscape. Changes in interest rates, whether due to monetary policy adjustments by central banks or market forces, can significantly impact various investment types, particularly bonds, real estate investments, and dividend-paying stocks.

3. Economic Cycles

The economy goes through various cycles, including periods of growth, recession, inflation, and deflation. These cycles can influence investment returns, with different asset classes responding differently to economic conditions.

4. Sector-Specific Changes

Investments in specific sectors or industries can be affected by changes unique to those areas. Technological advancements, regulatory changes, consumer trends, and other sector-specific factors can impact the performance of investments in these sectors.

5. Global Events and Geopolitical Risks

Global events, such as political instability, trade disputes, and international conflicts, can create uncertainty in the markets. Geopolitical risks can lead to changes in investment valuations and the overall investment climate.

6. Regulatory and Legislative Changes

Changes in laws, regulations, and fiscal policies can have a significant impact on investments. Tax laws, environmental regulations, and changes in investment and banking regulations can influence investment strategies and outcomes.

7. Adaptability of Investment Strategies

LCS strives to develop investment strategies that are adaptable to changing market conditions. However, it is important for investors to understand that flexibility and responsiveness to market changes are crucial in managing investment portfolios.

8. Importance of Diversification

Diversification across different asset classes, sectors, and geographies can help mitigate the impact of market changes. However, diversification itself does not guarantee protection against market risk or loss.

9. Continuous Monitoring and Review

LCS advises clients to engage in continuous monitoring and regular review of their investment portfolios. Keeping abreast of market changes and understanding their potential impact is crucial for effective investment management.

10. Professional Guidance

Given the complexities of market dynamics, LCS recommends that clients consult with financial advisors to navigate market changes and align their investment strategies with current market conditions and their individual financial goals.

Acts of God and Pandemics Disclosures

Lucrum Capital Securities (LCS) recognizes the importance of preparing for extraordinary and unforeseen events, often referred to as "Acts of God," including natural disasters and pandemics. This disclosure aims to inform our clients about the potential impact of such events on their investments.

1. Definition of Acts of God and Pandemics

- Acts of God: These are events outside human control, such as natural disasters (earthquakes, hurricanes, floods), and other extreme weather events.
- Pandemics: Global health crises, such as widespread infectious diseases, that can lead to significant economic and social disruption.

2. Impact on Financial Markets

- Market Volatility: Acts of God and pandemics can cause heightened volatility in financial markets due to uncertainty and disruptions in economic activities.
- Economic Impact: These events can have a profound impact on the global and local economies, affecting investment values and returns.

3. Operational Disruptions

- Business Operations: Natural disasters and pandemics can disrupt the operations of businesses, including those in which clients have invested, potentially impacting their performance and value.
- Service Continuity: LCS's own operations might be affected, although we have contingency plans in place to minimize disruptions to our services.

4. Investment Strategy Considerations

- Long-term Perspective: Unforeseen events can have short-term impacts but may not necessarily affect long-term investment objectives.
- Diversification: Diversifying investments can provide some protection against the localized impact of these events, though it is not a failsafe.

5. Risk Management

- Proactive Monitoring: LCS actively monitors the potential risks associated with Acts of God and pandemics and adjusts investment strategies as necessary.
- Client Communication: We commit to keeping our clients informed about any significant impacts on their investments due to these events.

6. Limitation of Liability

- Unpredictable Nature: Given the unpredictable nature of Acts of God and pandemics, LCS cannot be held liable for investment losses directly or indirectly attributed to such events.
- Risk Acknowledgment: Investors should acknowledge the inherent risk of such events in their investment decisions.

7. Review and Adaptation of Investment Plans

- Regular Reviews: LCS advises clients to review their investment plans regularly in light of changing global circumstances, including the potential occurrence of Acts of God and pandemics.
- Adaptability: Flexibility in investment strategies can be crucial in adapting to the economic and market changes these events can precipitate.

Structuring and Allocation Risks Disclosures

At Lucrum Capital Securities (LCS), we understand that the structuring and allocation of investments are critical components of investment management. However, these activities involve inherent risks that may affect the performance and outcomes of investments. This disclosure aims to inform our clients about these risks.

1. Investment Structuring Risks

- Complexity of Structures: Investment structures, particularly in private equity and alternative investments, can be complex and involve multiple layers, including debt and equity components, which can increase risk.
- Dependency on Assumptions: The structuring of investments often relies on assumptions regarding market conditions, interest rates, and economic factors. If these assumptions prove inaccurate, the investment structure may not perform as expected.
- Liquidity Constraints: Certain investment structures may impose limitations on liquidity, affecting the ability to exit the investment under favorable conditions.

2. Allocation Risks

- Market Misalignment: Asset allocation decisions are based on an assessment of market conditions and trends. Misalignment with market movements can lead to suboptimal performance.
- Concentration Risk: Over-concentration in specific assets, sectors, or regions can expose the portfolio to heightened risk if those areas underperform.
- Timing Risks: The timing of asset allocation decisions can significantly impact investment performance, particularly in volatile markets.

3. Impact of Economic and Market Changes

- Responsiveness to Change: Economic and market conditions can change rapidly. The inability to adapt investment structures and allocations in response to these changes can adversely affect investment outcomes.
- Interest Rate and Inflation Risks: Fluctuations in interest rates and inflation can impact the performance of certain investment structures and asset allocations.

4. Diversification Strategies

- Role of Diversification: While diversification is a key strategy in mitigating allocation risks, it does not eliminate the risks entirely and may not protect against market-wide downturns.

5. Professional Management and Oversight

- Expertise in Structuring and Allocation: LCS employs professional management and oversight in structuring and allocating investments. However, even expert analysis cannot fully eliminate structuring and allocation risks.

6. Client Responsibility

- Informed Decision Making: Clients are encouraged to understand the risks associated with investment structuring and allocation and to make informed decisions based on their individual investment objectives and risk tolerance.

7. Ongoing Review and Adjustment

- Dynamic Management: LCS advises continuous monitoring and periodic adjustment of investment structures and allocations to align with changing market conditions and investment goals.

Changes in Regulatory Landscape Disclosure

Lucrum Capital Securities (LCS) operates in a financial environment that is subject to continuous regulatory changes. These changes can significantly impact our investment products, services, and strategies. This disclosure aims to inform our clients about the nature of such changes and their potential effects.

1. Nature of Regulatory Changes

- Financial Regulations: Changes in financial regulations can occur due to shifts in government policies, economic conditions, or in response to financial market developments. These changes might include alterations in investment and banking laws, tax regulations, reporting standards, and compliance requirements.
- Impact on Investment Products and Services: Regulatory changes can affect the features, availability, and performance of various investment products and services offered by LCS.

2. Compliance and Adaptation

- LCS's Commitment to Compliance: LCS is committed to full compliance with all applicable laws and regulations. We continuously monitor regulatory developments to ensure our practices remain aligned with current legal standards.
- Adaptation of Strategies and Products: LCS may modify investment products and services in response to regulatory changes. This could involve altering investment structures, adjusting compliance procedures, or revising client agreements.

3. Communication with Clients

- Informing Clients of Relevant Changes: LCS will inform clients of significant regulatory changes that might impact their investments or our services. This communication is aimed at ensuring clients understand the implications of these changes.

4. Potential Impact on Investment Performance

- Performance and Risk Profile: Changes in regulations can affect the risk profile and performance potential of certain investments. For example, new taxation laws might impact the after-tax returns of investments.
- Transaction and Operational Costs: Regulatory changes may lead to increased transaction or operational costs, which could affect overall investment returns.

5. Client Responsibility

- Informed Decision Making: Clients are encouraged to stay informed about regulatory changes and consider their impact when making investment decisions.

- <u>Consultation with Advisors:</u> LCS recommends that clients consult with their financial advisors or legal counsel to understand the implications of regulatory changes on their personal investment portfolios.

6. Ongoing Monitoring and Review

- <u>LCS's Role in Monitoring:</u> LCS actively monitors the regulatory environment and reviews its practices to ensure ongoing compliance and optimal alignment with client interests.
- <u>Adjustment of Client Portfolios:</u> As necessary, LCS will guide clients in adjusting their portfolios in response to regulatory changes.

<u>Private Placements Liquidity Disclosure</u>

Private placement investments offered by Lucrum Capital Securities (LCS) typically involve securities that are not publicly traded on an exchange. This disclosure aims to inform our clients about the liquidity risks inherent in these types of investments.

1. Nature of Liquidity Risk in Private Placements

- <u>Limited Marketability:</u> Private placement securities often lack a public or secondary trading market, making them less liquid and harder to sell compared to publicly traded securities.
- <u>Extended Holding Periods:</u> Investors in private placements should be prepared for potentially long holding periods, during which their capital may be locked in without the opportunity for liquidation.

2. Impact on Investment Strategy

- <u>Alignment with Investment Objectives:</u> The illiquid nature of private placements requires alignment with the long-term investment objectives of the investor. These investments may not be suitable for investors who require short-term liquidity.
- <u>Portfolio Diversification:</u> Given the liquidity risk, private placements should be considered as part of a broader, diversified investment portfolio.

3. Valuation and Pricing Challenges

- <u>Valuation Uncertainties:</u> The absence of a public trading market can lead to difficulties in valuing private placement securities, potentially impacting pricing when a sale is possible.
- <u>Price Volatility:</u> When sales opportunities arise, the prices obtained may be significantly different from the estimated valuations, reflecting market demand and negotiation outcomes.

4. Exit Strategies

- Limited Exit Options: The options for exiting a private placement investment are often limited and may potentially include private sales to other investors and buybacks by the issuer, or waiting for a liquidity event such as property/asset disposition, refinance, or recapitalization.
- Timeframe Considerations: The timeframe for an exit can be uncertain and contingent on factors outside the investor’s control.

5. Regulatory and Contractual Restrictions

- Transfer Restrictions: Private placements are often subject to contractual and regulatory transfer restrictions, further limiting the ability to sell or transfer the securities.
- Holding Period Requirements: There may be statutory or contractual holding period requirements before a sale or transfer can be made.

6. Consideration of Individual Investor Circumstances

- Assessment of Liquidity Needs: Investors should assess their liquidity needs and tolerance for extended holding periods before investing in private placements.
- Consultation with Advisors: LCS recommends that investors consult with financial advisors to understand the implications of the liquidity risk on their overall investment portfolio.

7. LCS’s Approach to Managing Liquidity Risk

- Thorough Disclosure: LCS provides thorough disclosure of the liquidity risks associated with each private placement offering.
- Investor Suitability Verification: We assess the suitability of private placement investments for each investor, considering their financial situation and liquidity requirements.

Other Disclosures

Private Placements Practices Disclosure

Private placement investments offered by Lucrum Capital Securities (LCS) involve the sale of securities to a relatively small number of select investors. This disclosure is intended to provide clients with comprehensive information about our private placement practices and the inherent characteristics of these investments.

1. Nature of Private Placements

- Limited Accessibility: Private placements are typically offered to accredited investors or qualified clients, limiting their availability to a broader investor base.
- Investment Characteristics: These securities are generally not registered with financial regulatory authorities and are not publicly traded, resulting in less public information available about them.

2. Risks and Considerations

- Liquidity Risk: Private placement securities often have lower liquidity compared to public market investments, potentially making it difficult to sell these securities quickly or without substantial price concessions.
- Valuation Challenges: Determining the fair market value of private placement investments can be complex due to the lack of public market quotations.
- Longer Holding Periods: Investors in private placements should be prepared for potentially longer holding periods and the lack of regular income distributions.

3. Due Diligence Process

- Issuer and Investment Analysis: LCS conducts a thorough due diligence process, evaluating the issuer's financial health, business model, management team, and the specific terms of the investment offering.
- Risk Assessment: The due diligence process includes an assessment of the risks associated with the investment, including business risks, financial risks, and market risks.

4. Compliance with Regulatory Requirements

- Regulatory Adherence: LCS ensures that all private placement offerings comply with applicable securities laws and regulations.
- Investor Eligibility Verification: We conduct due diligence to verify the eligibility of investors participating in private placements, in accordance with regulatory standards.

5. Client Suitability and Investment Objectives

- Investor Suitability Assessment: LCS assesses the suitability of private placement investments for each investor, considering their investment objectives, risk tolerance, and financial situation.
- Personalized Investment Advice: Clients are provided with personalized advice to ensure that the private placement investment aligns with their broader investment portfolio and goals.

6. Ongoing Monitoring and Communication

- Performance Monitoring: LCS monitors the performance of private placement investments and provides clients with regular updates and reports.
- Responsive Client Service: We maintain open lines of communication with our clients, addressing any queries or concerns regarding their private placement investments.

Dual/Cross Agency Disclosure

In the course of conducting business, Lucrum Capital Securities (LCS) may occasionally find itself in a dual or cross agency role. This disclosure aims to inform our clients about what dual and cross agency means, the potential conflicts it presents, and how LCS manages these situations to uphold client interests.

1. Definition of Dual/Cross Agency

- Dual/Cross Agency: Occurs when LCS acts as an agent for both the Investor and Issuer in a private placements transaction, or for multiple clients with competing interests in the same transaction.

2. Potential Conflicts in Dual and Cross Agency

- Conflict of Interest: In dual/cross agency role, there is an inherent conflict of interest as LCS has duties to two or more clients whose interests may not always align.
- Confidentiality Concerns: Maintaining client confidentiality can be challenging in such scenarios, especially when handling sensitive information that may benefit one client over another.

3. LCS's Approach to Managing Dual and Cross Agency

- Full Disclosure: LCS commits to full transparency by disclosing any dual or cross agency roles to all involved parties before proceeding with any transaction.
- Written Consent: We obtain clear, written informed consent from all clients involved in the transaction, ensuring they understand the implications of LCS acting in a dual or cross agency capacity.
- Equal Representation: LCS ensures that all clients are represented fairly and equitably, with no undue preference given to one party over another.

4. Segregation of Responsibilities

- Separate Representatives: Whenever feasible, LCS assigns separate representatives or teams to each client in a dual/cross agency situation to mitigate conflicts of interest.
- Confidentiality Protocols: Strict protocols are maintained to ensure the confidentiality and privacy of client information are preserved.

5. Client Options and Alternatives

- Alternative Representation: LCS provides clients with the option to seek alternative representation if they are uncomfortable with a dual or cross agency arrangement.
- Client Autonomy: Clients retain full autonomy in making decisions regarding their participation in transactions where LCS serves in a dual or cross agency role.

6. Compliance with Legal and Ethical Standards

- Regulatory Adherence: LCS adheres to all regulatory requirements governing dual/cross agency practices.
- Ethical Conduct: Our commitment to ethical conduct and client service is paramount, especially in complex dual or cross agency situations.

Investment Suitability

Lucrum Capital Securities (LCS) is dedicated to providing investment solutions that align with our clients' individual financial goals, risk tolerance, and investment objectives. This disclosure outlines our approach to ensuring investment suitability for our clients.

1. Suitability Assessment

- Client Profile Analysis: LCS conducts a thorough analysis of each client’s financial situation, investment objectives, risk tolerance, time horizon, and other relevant factors as part of our suitability assessment process.
    - We employ questionnaires and our New Account Agreement form to ensure we collect all relevant client information to ensure we can objectively determine their financial and investor status to ensure suitability of private placement securities.
- Regular Updates and Reviews: We understand that clients' financial situations and objectives can change over time. Therefore, we encourage regular reviews and updates to their investment profiles to ensure ongoing suitability.

2. Alignment of Investments with Client Objectives

- Personalized Investment Strategies: Based on the suitability assessment, LCS tailors investment recommendations and strategies to each client’s specific needs and goals.
- Consideration of Risk Tolerance: We carefully consider each client’s risk tolerance level in our investment recommendations, ensuring that the proposed investments align with their comfort with risk.

3. Product and Service Suitability

- Investment Options: LCS offers a certain range of private placement products and services. We ensure that the investments we recommend are suitable for the client's investment profile dependent on the nature of the offering.
- Transparency in Investment Features: LCS provides clear information about the features, risks, costs, and expected returns of all private placement products and services.

4. Informed Decision Making

- Client Education: LCS is committed to educating our clients about the various aspects of their investments, enabling them to make informed decisions.
- Disclosure of Material Information: We provide all material information regarding an investment, including potential risks and rewards, to help clients make informed decisions.

5. Ongoing Monitoring and Adjustment

- Regular Portfolio Reviews: LCS conducts regular reviews of client portfolios to ensure continued investment suitability, considering any changes in market conditions or the client's personal circumstances.
- Adaptability of Strategies: We are prepared to adjust investment strategies and allocations as needed to maintain alignment with client objectives and suitability requirements.

6. Professional Advice and Support

- Collaboration with Advisors: LCS works closely with clients and, where appropriate, their other financial advisors, to ensure a comprehensive approach to investment planning and suitability.

For more information on our Investment Suitability policies and procedures, please contact your LCS representative.

Research and Sources Information

At Lucrum Capital Securities (LCS), we are committed to providing well-informed and thorough investment research to guide our clients' investment decisions. This disclosure briefly outlines our approach to research and the sources of information we utilize.

1. Research Approach

- Comprehensive Analysis: LCS employs a comprehensive research approach, combining quantitative and qualitative analysis to evaluate investment opportunities.
    - On our investment underwriting, we leverage Issuer/Sponsor financial models and investment analysis and perform our own sensitivity analyses and modeling to reach our own perspective to compare with the investment outlooks of the Issuer/Sponsor.
    - Additionally, we employ qualitative analysis of sponsorship quality of the private placement by analyzing a firm's track record, background history of the firm and its personnel, and overall business model, strategy, and operational capability.
- Balanced Perspective: We strive to provide a balanced view in our research, considering both potential risks and rewards of investment opportunities.
    - While we value our Clients' perspective and interpretations of the investment quality of a particular offering, LCS prioritizes employing a conservative approach to investment and operating assumptions, scenario analyses, and

2. Sources of Information

- Issuers/Sponsors: For private placement opportunities, LCS leverages information aggregated and provided by Issuers and Sponsors of private placements offerings.
    - This information ranges from financial info such as rent rolls, P&Ls, and proformas to market research on supply and demand dynamics relevant to the underlying asset.
- Government and Public Data Sources: For information such as zoning laws or regulatory data, we analyze information provided directly from municipal, state, and federal websites and public data catalogs.
- Market Data: LCS utilizes various market data sources, including , financial news outlets, market analysis reports, and economic data releases.
- Industry Reports and Publications: We gather information from industry-specific reports, journals, and publications to stay informed about sector trends and developments.
    - This includes research from other broker-dealers, RIAs, or real estate brokerages that generate market research and reports in the real estate asset class.
- Third-Party Research: LCS accesses research from reputable third-party providers, including financial analysts, research firms, and industry experts.
- Regulatory Filings: For publicly traded companies, we review regulatory filings such as annual reports, 10-Ks, 10-Qs, and other disclosures.

3. Due Diligence and Verification

- Verification Process: We conduct a thorough verification process to ensure the accuracy and reliability of the information used in our research. We especially aim to verify information provided to us by Issuers/Sponsors on a given private placement
- Multiple Sources Corroboration: Whenever possible, we corroborate information through multiple sources to reduce the risk of reliance on inaccurate or biased data.

4. Limitations of Information

- No Guarantees: While we make every effort to ensure the accuracy and relevance of our research, LCS does not guarantee the validity of every piece of information that we source, present, or analyze.
- No Endorsements: Using third-party produced reports or other types of information, LCS also does not endorse every piece of content to be accurate or suitable for analysis of a particular private placement offering.
- Dynamic Market Conditions: The financial market is dynamic, and information can become outdated quickly. We encourage continuous review and updating of investment strategies based on the latest information.

5. Client Informed Decision Making

- Client Education: LCS is committed to educating our clients about the research process and the sources of information used, enabling them to make more informed investment decisions.
    - LCS may, in the future, produce educational content, which will not be written as investment advice or recommendations, to support Investors' and Issuers'/Sponsors' understanding of our research process as well as interpretations of general concepts relevant to private placements investments.
- Transparency: We maintain transparency in our research methodologies and sources, providing clients with a clear understanding of how investment recommendations are derived, if requested.
    - We provide references and source links to research that we conduct to ensure clients understand certain claims or suggestions we may make on a given offering or analysis of said offering.

6. Continuous Improvement in Research Practices

- Ongoing Evaluation: LCS regularly evaluates and updates its research practices and sources to ensure they meet high standards of accuracy, relevance, and integrity.

For more information on our Research and Information Sources approach, please visit our website at www.lucrumcapitalsecurities.com, or email info@lucrumcapitalsecurities.com.

Cybersecurity Risk Disclosure

In the digital era, cybersecurity is a critical concern for financial institutions like Lucrum Capital Securities (LCS). This disclosure aims to inform our clients about the nature of cybersecurity risks and the steps LCS takes to protect against these risks.

1. Nature of Cybersecurity Risks

- Potential Threats: Cybersecurity risks include unauthorized access to systems, data breaches, hacking, phishing, malware, and other cyber attacks that could compromise client information and financial assets.
- Evolving Risk Landscape: The nature of cybersecurity risks is constantly evolving, requiring continuous vigilance and adaptation of security measures.

2. Impact of Cybersecurity Incidents

- Data Integrity and Confidentiality: A cybersecurity incident can lead to unauthorized access to or disclosure of sensitive client information.
- Operational Disruptions: Cyber attacks can disrupt LCS's operational capabilities, potentially affecting our ability to provide services to clients.
- Financial Losses: Such incidents can lead to financial losses for LCS and its clients, either directly or indirectly.

3. LCS's Cybersecurity Measures

- Robust Security Protocols: LCS employs a comprehensive set of security measures, including firewalls, encryption, intrusion detection systems, and secure access controls to protect against cyber threats.
- Regular System Updates and Maintenance: We continuously update and maintain our IT systems to address vulnerabilities and enhance security.
- Employee Training and Awareness: LCS conducts regular cybersecurity training for our employees to ensure they are aware of the latest cyber threats and best practices in digital security.

4. Client Responsibilities

- Vigilance and Awareness: Clients are encouraged to be vigilant and to protect their personal information and credentials.
- Reporting Suspicious Activities: Clients should promptly report any suspicious activities or suspected security breaches involving their accounts to LCS.

5. Incident Response and Management

- Response Plan: LCS has a cybersecurity incident response plan in place to quickly address and mitigate the impact of any cyber attacks.
- Client Communication: In the event of a significant cybersecurity incident, LCS is committed to communicating transparently with affected clients regarding the nature of the incident and the steps taken in response.

6. Ongoing Monitoring and Improvement

- Continuous Monitoring: LCS continuously monitors its cybersecurity measures to identify and respond to potential threats.
- Adapting to Emerging Risks: We regularly review and update our cybersecurity strategies to adapt to new and emerging cyber risks.

For more information on our cybersecurity risk controls procedures, please email info@lucrumcapitalsecurities.com.

Third-Party Vendor Disclosure

At Lucrum Capital Securities (LCS), we engage with various third-party vendors to enhance our service offerings and operational capabilities. This disclosure is intended to inform our clients about our approach to managing these third-party relationships and the associated risks.

1. Role of Third-Party Vendors

- Service Enhancement: LCS partners with third-party vendors for services such as technology solutions, data analysis, market research, background checks and operational support. These partnerships are integral to providing comprehensive and efficient services to our clients.
- Vendor Selection: We carefully select vendors based on their expertise, reputation, and alignment with our service standards and regulatory obligations.

2. Risk Management and Due Diligence

- Vendor Due Diligence: LCS conducts due diligence on all third-party vendors to assess their ability to meet our standards for security, privacy, and service quality.
- Continuous Monitoring: We continuously monitor vendor performance and compliance with contractual obligations to ensure they uphold LCS's standards.

3. Data Security and Confidentiality

- Data Protection: LCS requires all third-party vendors to adhere to strict data security and confidentiality protocols. We ensure that vendors implement robust measures to protect client information.
- Compliance with Privacy Laws: Our agreements with vendors include provisions for compliance with applicable data protection and privacy laws.

4. Vendor Relationship Oversight

- Regular Reviews: LCS regularly reviews vendor relationships to ensure they continue to meet our operational needs and risk management standards.
- Contract Management: Vendor contracts are managed to ensure they include appropriate terms regarding performance, data security, and regulatory compliance.

5. Client Information and Third Parties

- Limited Information Sharing: When necessary, LCS may share client information with third-party vendors. This sharing is limited to what is required for the vendor to provide their services and is done in compliance with privacy laws.
- Client Consent: Where applicable, LCS obtains client consent before sharing any sensitive or personal information with third-party vendors.

6. Contingency and Exit Strategies

- Service Continuity Plans: LCS has contingency plans in place to ensure service continuity in the event of a vendor's failure or inability to deliver services as expected.
- Exit Strategies: We maintain exit strategies for transitioning services from one vendor to another, minimizing potential disruptions to our clients.

For more information on the vendors we rely on for our operations, please email info@lucrumcapitalsecurities.com.

Regulatory Oversight and Compliance

Lucrum Capital Securities (LCS) operates within a stringent regulatory framework, adhering to the laws and regulations governing the financial services industry. This disclosure is intended to inform our clients about our approach to regulatory compliance and oversight.

1. Regulatory Framework

- Regulatory Bodies: LCS is subject to regulation and oversight by various financial regulatory authorities, including the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA), among others.
- Adherence to Regulations: We comply with all applicable regulations, including those related to securities brokerage, anti-money laundering (AML), and know your customer (KYC) requirements.

2. Compliance Infrastructure

- Compliance Policies and Procedures: LCS has established comprehensive policies and procedures to ensure compliance with regulatory requirements.
    - This includes internal controls, regular auditing, and monitoring systems that are guided by our Written Supervisory Procedures as well as other supplementary procedures such as our Cybersecurity Policies and Controls document.
- Compliance Department: We have a dedicated compliance department responsible for implementing, monitoring, and enforcing compliance policies.

    - Edrees Feda is the sole Chief Compliance Officer of LCS and is primarily responsible for the firm's compliance adherence to advertising, private placement investment banking, and overall operations.

3. Training and Education

- Employee Training: LCS provides ongoing training to all employees on regulatory requirements and compliance best practices. This training ensures that our staff is knowledgeable and equipped to uphold compliance standards.
- Continual Learning: We stay abreast of regulatory changes and industry best practices through continuous education and professional development.
    - The Firm complies with annual continued education requirements by FINRA as well as creates its own internal Needs and Training program for employee skills and knowledge development.

4. Client Protection Measures

- Safeguarding Client Assets: Even as an introducing broker-dealer (we can't hold or take custody of client securities or assets), LCS takes extensive measures to protect client assets.
    - This includes compliance with rules regarding escrow accounts and ensuring client personal data related to financial accounts are secure.
- Transparent Reporting: We provide transparent and accurate reporting to clients and regulatory bodies as required.

5. Regulatory Reporting and Filings

- Timely Reporting: LCS maintains a strict schedule for regulatory reporting and filings, ensuring all required information is submitted accurately and on time to the relevant authorities.
    - For example, we are required to provide FOCUS reports to FINRA every month to ensure compliance in our financial controls.
- Disclosure of Material Information: We disclose material information to clients as required by regulatory authorities, including information about our services, fees, and potential conflicts of interest.

6. Ethical Standards and Conduct

- Code of Ethics: LCS adheres to a strict code of ethics, ensuring that our business practices are conducted with integrity, in the best interest of our clients, and in compliance with legal and regulatory standards.
    - These Code of Ethics, combined with our internal Written Supervisory Procedures (WSPs), forms the basis of our compliance and ethical business practices

- Client-Centric Approach: We prioritize the interests of our clients in all our operations, maintaining high ethical standards in our professional conduct. LCS, as required by Regulation Best Interest, is required to act in the client's interest above its own. To learn more about what this requirement entails, please review the firm's Form CRS, which can be found on our website.

7. Oversight and Auditing

- Internal Audits: LCS conducts periodic internal audits to assess compliance with regulatory requirements and internal policies. We are required, usually in regular frequency (e.g monthly and annually) to conduct certain internal procedures regarding key functions of our business (e.g. annual business continuity plan reviews).
- External Audits and Examinations: We are subject to periodic external audits and regulatory examinations to ensure compliance and the integrity of our operations.
  - As of now, LCS is subject to an annual PCAOB financial audit that is submitted to the SEC and FINRA.
  - LCS is also subject to regular and ad hoc FINRA Examinations, which are holistic audits by FINRA of the firm's and it's personnel's activities and adherence to compliance standards

For more information on compliance information for LCS, please visit our website at www.lucrumcapitalsecurities.com and review our Form CRS, Privacy Policy, BCP, and Regulatory Disclosures. You can also email info@lucrumcapitalsecurities.com if you have any questions.

Disclosure of Financial Condition.

Lucrum Capital Securities will make available to inspection by any bona fide regular customer or client, upon request, the information relative to its financial condition as disclosed in its most recent balance sheet prepared either in accordance with our usual practice or as required by any state or federal securities laws thereunder.

In lieu of making Lucrum Capital Securities balance sheet available for inspection, we may deliver the balance sheet to the requesting bona fide regular customer in paper or electronic form, provided that, with respect to electronic delivery, the customer consents to receive the balance sheet in electronic form.

To make this request, please email info@lucrumcapitalsecurities.com.