

**A5 Securities LLC**  
**Additional Information About Our Relationship**  
**August 6, 2024**

These additional disclosures should be read in conjunction with our [Relationship Summary – Form CRS](#). Regulation Best Interest limits the Relationship Summary to two pages and requires that we provide additional information regarding our recommendations, risks of the recommendations, our fees, and other information about our relationship with retail investors.

**Eligibility for the Offerings and Suitability of the Securities We Sell**

We currently limit our business to the sale of preferred shares offered in private placements (securities that are not registered with the Securities and Exchange Commission for sale to the general public). Requirements for investing in these securities and the risks generally applicable to the securities and to our recommendations of them are described below. Even if you satisfy the requirements to participate in an offering, you should have the financial ability and willingness to bear the risks of the investments and the financial sophistication to understand the investments and the risks, i.e., the investment should be suitable or appropriate for you in light of your individual circumstances. You should not acquire these and other illiquid investments that, in total, exceed your ability and willingness to hold illiquid investments indefinitely.

To participate in these offerings, you must be an “accredited investor.” Some offerings require an investor also be a “qualified purchaser.” In general, an accredited investor includes a natural person that (1) had at least \$200,000 of income (or \$300,000 of income jointly with a spouse or spousal equivalent) for the past two years and a reasonable expectation of that income in the current year, (2) has net worth of at least \$1,000,000 (individually or jointly with a spouse or spousal equivalent) excluding the principal residence, or (3) holds one or more of the following securities licenses in good standing: General Securities Representative (Series 7), Private Securities Offering Representative (Series 82) or Investment Adviser Representative (Series 65). “Spousal equivalent” means a cohabitant occupying a relationship generally equivalent to that of a spouse. A qualified purchaser includes an individual with at least \$5,000,000 of net investment assets which exclude, among other things, personal residences and other personal assets, and interests in certain closely-held businesses.

You must also be a resident of a state where we are registered to sell securities. If you relocate to a state where we are not registered or if we discontinue our registration in the state where you reside, we will not be able to sell additional securities to you.

**The Securities that We Sell**

The companies that issue the securities that we sell (the “issuers”) concentrate their investments in direct or indirect ownership of interests in real property or loans secured by direct or indirect interests in real property. These companies generally intend to elect to be taxed as a real estate investment trust (“REIT”) for federal income tax purposes, but may decide not to make the election, may fail to qualify, or may later decide to terminate the election. An entity must have at least 100 shareholders to qualify as a REIT beginning with its second year as a REIT. An entity

generally issues one preferred share to each of 110 to 125 investors to satisfy this requirement. The preferred shares carry a fixed dividend rate, and the preferred shareholders do not participate in the upside of the issuer's property. The dividend rate and other terms of the preferred shares are disclosed in the private placement memorandum for each offering.

The preferred dividend rate reflects many factors including the following:

- The position of the preferred shares in the capital structure of the issuer. Distributions on the preferred shares are payable after the expenses and debts of the issuer. The issuer must be able to pay its expenses, debt service and other obligations before paying the preferred dividend or redeeming the preferred shares. Preferred shares have priority over the common shares in payment of dividends and upon liquidation. The issuer may increase the amount of its indebtedness or acquire or sell assets post-closing without the consent of the preferred shareholders.
- Lack of liquidity. There is no public market for the securities, and there are substantial restrictions on your ability to resell them and financial reports are generally not provided after closing. Even if you find a buyer, the price may not be attractive, and the process to sell the shares is cumbersome and may be lengthy and expensive. The life of the investment is indefinite. You do not have a right to require the issuer to redeem the shares although the issuer may redeem the preferred shares at any time.
- Limited investment amount. You may purchase only one share in each issuer. An offering may include a single issuer or multiple issuers. In the case of a multi-issuer offering, you must subscribe either to all issuers in an offering or to none. Offerings that include one or a few issuers are generally priced at \$1,000 per share. In some cases, such as larger, multi-issuer offerings or for competitive reasons, the shares may be offered at \$500 per share.
- The dividend rate at which competing brokers sell similar offerings.

### **General Basis for Recommendations**

We make an initial recommendation to you to participate in private placements based upon the financial profile and other information that you provide when establishing a relationship with us. Your financial profile includes information regarding your income, employment status, net worth, investment experience, risk tolerance, investment objectives and time horizon for investments. Because of the risks inherent in these investments, restrictions on resale and the lack of liquidity for the investments, we recommend that you limit the amount of your aggregate investment in private REIT preferred shares combined with other illiquid investments so that you will be able to hold these illiquid investments indefinitely and have other financial resources for living expenses, emergency reserve and other needs such as purchase of a home or second home, education of children and life-style choices.

We ask you for the amount that you are interested in investing in these securities when you establish a relationship with us and annually thereafter. This amount is merely your indication of your interest in the offerings and is not a commitment on your part to participate in any offering, nor a commitment by us to send you that amount (or any amount) of offerings. If your financial profile or interest in offerings changes, you should contact us so that we can update our

records and current and future recommendations to you. We recommend that you spread the total amount that you want to invest in these offerings over several years to increase your diversification among sponsors, property sectors (office, retail or multi-family, for example), investing trends of sponsors, and economic cycles.

Our primary consideration in recommending a specific offering is our view of the issuer's ability to pay the preferred dividend and the liquidation amount (the price paid for the preferred share when issued) upon redemption or liquidation. Factors that we consider when recommending an offering by a particular issuer generally include the following:

- Leverage of the issuer. Policies of lenders determine the amount of borrowing or leverage that the issuer can obtain. The leverage available to these companies varies by sector, for example, multi-family, retail or office properties. We do not apply fixed limitations on leverage in making recommendations. We consider the initial leverage and the issuer's financing plans. The issuer, however, can increase its leverage following closing of the offering without consent of the preferred shareholders.
- Secondary financing, if any, that the issuer obtains including loans from shareholders or affiliates.
- Business plan. For example, is the asset an operating property, a property to be redeveloped or repositioned, or new construction?
- Capitalization. The amount of capital invested by the common shareholder compared to the preferred share capital.
- Material risks of the investment disclosed in the private placement memorandum for the offering.
- Our past experience, if any, with previous offerings by issuers affiliated with the sponsor.
- Results of the diligence that we conduct for the offering.
- Structuring, if any, to mitigate risks of an offering such as a commitment by the common shareholder to make future capital commitments or a restriction on distributions to the common shareholder.
- Financial capacity of the common shareholder and affiliates.

In the event that the basis for our recommendation for a particular offering varies from that described above, we will provide a revised disclosure at or before the time we send you the private placement memorandum for the offering.

### **Risks Associated with Our Recommendations**

While we will take reasonable care in developing and making recommendations to you, the securities we offer involve risk, and you may lose money. There is no guarantee that you will meet your investment goals, that you will be able to achieve diversification of your investments by sponsor, geography, sector, number of properties or other attributes, or that our recommended investment strategy will perform as anticipated.

Risks related to our recommendations generally include the following:

- Risks common to investments related to real estate including those related to general business and national, state and local economic matters, potential oversupply of properties or a reduction in demand for properties in the areas in which they are located, competition from other properties, increases in operating costs (including insurance premiums, utilities and real estate taxes), the ability of the lessees to make rent payments, landlord-tenant and lender-borrower laws and regulations, environmental liabilities, the cost of compliance with regulations and the potential for liability under applicable laws, including changes in tax laws, uninsured losses, cyber threats, acts of God, war or terrorism (such as those in Ukraine or Israel), effects of global health events (such as the Covid-19 virus and its variants, severe acute respiratory syndrome ("SARS"), H1N1/09 (swine flu), avian flu and ebola) on tenants and their customers, guests, employees and borrowers as well as on the national and local economy, and other factors which are beyond the control of the issuer in whole or in part.
- Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally do not decline when circumstances cause a reduction in income from the property owner.
- Income from a property may depend upon a single tenant or a limited number of major tenants.
- An issuer involved in development or redevelopment is subject to construction-related risks such as construction delays and cost overruns.
- A joint venture presents risks related to governance of the joint venture and the financial position of the joint venture partner.
- The issuer may change its asset(s) during the period the preferred shares are outstanding resulting in a change or increase in these risks.
- In the case of an issuer that holds loans, risks related to real estate ownership generally affect its borrowers.
- Because real estate investments are relatively illiquid, an issuer's ability to vary its portfolio promptly in response to economic or other conditions is limited and may impede the issuer's ability to respond to adverse changes in the performance of its investments.
- Risks resulting from the use of financing including short-term or floating rate borrowing. These risks include the potential for future increases in interest rates or the availability of financing that affects the issuer or the price a prospective buyer is willing or able to pay.
- The terms of an offering generally impose no restriction after closing of the offering on the amount that an issuer can borrow or on the issuer's ability to sell property or acquire other property. An issuer may pledge its property as security for the debts of affiliates. The use of financing can increase the risk that the issuer will not be able to pay the preferred dividend or the issue price upon liquidation.
- An entity is subject to several requirements for qualification as a REIT for income tax purposes, and there is no assurance that the entity will meet those requirements. In addition, the entity generally is not obligated to elect or maintain an election to be a REIT. The tax requirements for qualification as a REIT are subject to change, and a REIT may be subject to federal, state or local taxes. The tax consequences to preferred shareholders are also subject to change.

- The issuer will generally be a recently formed entity with limited or no operating history, and limited financial information will be provided at the time of the offering. The issuer generally will not provide periodic financial reports to preferred shareholders.
- Some offerings include multiple issuers and require an investment in all issuers or in none. These offerings may increase the concentration of risks.
- The offering documents will be prepared by the issuer's counsel who may also represent affiliates of the issuer. The issuer's counsel does not represent the prospective preferred shareholders in connection with the offering.
- The offerings will not be reviewed or approved by federal or state regulators and the disclosures by the issuer will be less extensive than in the case of publicly-offered securities.
- We will not be able to independently verify much of the information contained in the private placement memorandum. As a result, information provided by the issuer in the private placement memorandum may be incomplete or inaccurate.
- Private offerings are speculative in nature and are subject to the loss of the entire investment.
- It is difficult to establish and verify the value of privately-offered securities as issuers are not required to provide periodic valuation information or financial information.
- The common shareholders of the issuer may sell their shares to a third-party resulting in a change in the control of the issuer without the consent of the preferred shareholders.
- An offering will have risks specific to its property, business, strategy and other factors.
- The preferred shareholders do not participate in the management of the issuer. Affiliates of the common shareholders generally have sole discretion over the management of the issuer. The preferred shares are non-voting except with respect to matters specified in the issuer's organizational documents that adversely affect the economic rights of the preferred shareholders. The subscription agreement for each offering generally provides a proxy for our affiliate A5 REIT Services LLC ("A5 Services") to vote the preferred shares on behalf of the preferred shareholders.
- The issuer will generally rely upon the expertise of affiliated entities, third parties and their personnel who have conflicts of interest with the issuer and/or the preferred shareholders.
- A5 Securities LLC and A5 Services are separate entities affiliated by common control. A5 Services processes distribution, redemption and liquidations payments by the issuers and handles tax reporting and other administrative matters with respect to the preferred shares. A5 Services is not regulated by the Securities and Exchange Commission, FINRA or similar regulators, and funds held by it are not insured by SIPC.

Risks related to each offering are disclosed in the private placement memorandum that you will receive for that offering. You should review the private placement memorandum for each security we recommend for the discussion of risks and other important matters associated with that offering.

### **Compensation and Fees**

The fees that we and A5 Services receive from issuers vary among offerings. Fees are based upon many factors including whether the issuer requires accredited investors or qualified purchasers for the offering, the number of issuers included in the offering, the number of issuers affiliated with the sponsor currently serviced by A5 Services, any special services requested by the issuer, and pricing offered by competitors. The fees for an offering are disclosed in the private placement memorandum for that offering.

We do not charge you a fee for the purchase of these private placements or an on-going administrative, advisory, account maintenance or other periodic fee. In the event that you ask us to sell a private placement security for you, we will charge you a sales fee of up to 10% of the sales price and you may incur your own legal or advisory fees or other expenses in connection with a sale. We do not commit to find a buyer for securities that you purchase through us, and do not represent that a buyer will be available at a price and under terms that will be attractive or acceptable to you.

In certain circumstances, we may be entitled to indemnification and reimbursement of expenses from the issuers or from affiliates thereof. The possibility of such indemnification and/or reimbursement of expenses could incentivize us to engage in conduct that we otherwise would not engage in.

### **Additional Information Regarding Our Relationship**

In addition to the information provided in our Relationship Summary – Form CRS and the additional disclosures above, the following documents provide important information regarding our relationship with our clients: Account Application, Customer Agreement, Agreement for Electronic Delivery of Documents, Business Continuity Plan, Investor Questionnaire, and Privacy Notice. We provide copies of these documents to current or prospective clients as part of our new customer processing or annual updates, as applicable, as well as upon request.

For each offering, you will receive a private placement memorandum describing the terms of the offering, the issuer and its business, risks associated with the investment, requirements and the process for subscribing, and other important information. You will provide us with an investor questionnaire regarding your eligibility to participate in the offerings and sign a subscription agreement with the issuer to subscribe to purchase shares in an offering. An offering is made only through a private placement memorandum, and you subscribe to purchase shares only through a subscription agreement signed by you and accepted by the issuer.

To obtain additional information about our brokerage services, request a copy of our [Relationship Summary – Form CRS](#) or to obtain up-to-date information, visit [www.a5securities.com](http://www.a5securities.com), email [support@a5securities.com](mailto:support@a5securities.com) or call 212.765.0043.