



# LUCRUM

## COMPANIES

**Lucrum Companies, Inc.**  
**General Disclosures**  
**December 1st, 2023**

### **Overview of Lucrum Companies**

Lucrum Companies operates as the parent company to a diverse group of subsidiaries, which include Lucrum Capital Advisors, Lucrum Capital Securities, Lucrum Realty, and Lucrum Capital. These entities specialize in various sectors of alternative investment management and services. This General Disclosures document provides an overview of our corporate practices, governance, and overarching policies.

It covers the following topics: 1) Affiliate Companies and Subsidiaries, 2) Corporate Governance and Ethics, 3) Group-Wide Risk and Risk Management, 4) Conflicts of Interests, 5) Group-Wide Fee and Compensation Structures, 6) Group-Wide Operational Standards, 7) Regulatory Compliance and Oversight, 8) Liquidity and Capital Management, 9) Client Relationship and Communication Policies, 10) Cybersecurity Measures, 11) Third-Party and Vendor Management, 12) Performance Reporting and Benchmarking, 13) Intellectual Property Rights, 14) Audit and Financial Reporting, Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) Policies, 15) Investment, Product, and Service Risks Disclosures, 16) Complaints and Grievances Redressal Disclosure, 17) Business Continuity Plan Disclosure, and 18) Research and Information Sources Disclosure

Should you or any interested third party have any further questions or concerns regarding these or other related disclosures, please email Edrees Feda at [efeda@lucrumcompanies.com](mailto:efeda@lucrumcompanies.com) or call at 703-206-8116.

## **Affiliate Companies and Subsidiaries Disclosures**

Lucrum Companies, as a diversified alternative investment management and services group, encompasses several subsidiary businesses, each specializing in different facets of the investment and real estate sectors. While each firm operates autonomously, they all abide by the overarching vision and standards of Lucrum Companies.

This disclosure provides detailed insights into the interrelationships and collaborative dynamics among these subsidiaries.

### **1. Subsidiary Firms and Their Roles**

- **Lucrum Capital**: Specializes in alternative investment management with a focus on quantitative and events-driven strategies, particularly in real estate private equity and development.
- **Lucrum Capital Advisors (LCA)**: Concentrates on alternative assets investment advisory services, catering to a wide range of clients with a focus on asset management and investment acquisitions underwriting.
- **Lucrum Capital Securities (LCS)**: Functions as a real asset investment bank and broker-dealer, focusing on private placements underwriting and brokerage in real estate and other real assets.
- **Lucrum Realty**: Operates as a real estate brokerage and capital advisory firm, offering services in investment brokerage, debt brokerage, and equity brokerage for various real estate investments.

### **2. Synergistic Relationships Among Subsidiaries**

- **Collaborative Investment Strategies**: Lucrum Capital, LCA, and LCS frequently collaborate on investment strategies, leveraging their respective strengths in fund management, advisory services, and capital raising.
- **Real Estate Investment Synergies**: Lucrum Realty's expertise in real estate brokerage complements the real estate investment and development activities of Lucrum Capital. Insights and opportunities identified by Lucrum Realty can be pivotal in guiding investment decisions.
- **Financial Transactions**: Occasionally, Lucrum Companies may enter into financial transactions with its affiliates, including loans, capital contributions, and other forms of financial engagements.
- **Shared Resources**: There may be instances where Lucrum Companies and its affiliates share resources, including but not limited to market research, operational infrastructure, and administrative support.
- **Fee Arrangements**: Lucrum Companies and its affiliates may have fee-sharing arrangements for clients referred between entities. All such fee structures are designed to be transparent and in the best interests of the client.

*For more information on the relationships between each of the subsidiaries, visit each firm's website and read its respective General Disclosures details on Affiliate Relationships.*

### **3. Client Referral and Service Integration**

- Referral Mechanisms: There are established referral mechanisms between the subsidiaries, ensuring clients can access a broad spectrum of services within the Lucrum Companies group. For instance, clients of Lucrum Realty seeking investment advice may be referred to LCA or LCS.
- Integrated Service Offerings: The subsidiaries work together to provide integrated services, particularly in complex transactions involving multiple aspects of investment management, advisory, and real estate services.

### **4. Compliance and Ethical Management of Interrelations**

- Ethical Standards and Compliance: All interactions and collaborations among the subsidiaries are governed by strict ethical standards and compliance with relevant regulatory guidelines.
- Managing Conflicts of Interest: Lucrum Companies is vigilant in identifying and managing any potential conflicts of interest that may arise from the interrelationships of its subsidiaries, ensuring decisions are made in the best interests of clients.
- Client Protections: Lucrum Companies offers the following client protection mechanism to ensure our clients have influence over how they are serviced:
  - Informed Decisions: Any time a product or service of an affiliate is recommended, clients will be provided with sufficient information to make informed decisions.
  - Opt-Out Provisions: Clients will always have the option to opt-out of any product or service offering from any affiliate of Lucrum Companies.
  - Fee Transparency: All fees, including those from affiliate engagements or referrals, will be disclosed transparently to the client.

### **5. Transparency and Client Communication**

- Open Disclosure: We maintain transparency with clients regarding the relationships among our subsidiaries and how these interrelations can benefit their investment and real estate endeavors.
- Client-Centric Approach: Our focus remains steadfastly on delivering value to our clients, ensuring that the synergies among our subsidiaries translate into enhanced services and outcomes for our clients.

## **Affiliates, Non-Affiliates, and Material Relationships Summary:**

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

### **Relationship with Feda Enterprises and Lucrum Subsidiaries**

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, that, 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](http://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 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.

### **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 activities of the Firm, in which a full written disclosure will be made by both firms to clients and customers of such participation. 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 or service, 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.

### **Corporate Governance and Ethics**

Lucrum Companies is dedicated to upholding the highest standards of corporate governance and ethical conduct across all its operations and subsidiaries. This disclosure outlines our governance framework and ethical commitments that guide our corporate practices and decision-making processes.

#### **1. Corporate Governance Framework**

- Executive Leadership: Edrees Feda is the Sole Owner (100%) and Founder of Lucrum Companies and its subsidiaries. Mr. Feda is also the CEO, President, and Chairman of

the Firm. As such, the Firm conducts its operations and determines its strategic focus at the sole discretion of Mr. Feda.

- Board Oversight: Our Board of Directors (which solely is Edrees Feda as of this version of our General Disclosures) plays a pivotal role in setting strategic direction and ensuring robust governance across Lucrum Companies and its subsidiaries.
- Subsidiary Governance: Each subsidiary within Lucrum Companies operates under a governance framework that aligns with the parent company's principles while being tailored to their specific business models and industry requirements.

## **2. Ethical Conduct and Integrity**

- Code of Ethics: Lucrum Companies adheres to a comprehensive Code of Ethics that sets forth the standards of conduct expected of our employees, management, and board members. This code covers aspects such as conflicts of interest, compliance with laws, fair dealing, and confidentiality.
- Employee Training and Compliance: Regular training programs are conducted to ensure all employees understand and can effectively apply ethical standards and compliance requirements in their daily activities.

## **3. Transparency and Accountability**

- Financial Reporting: We are committed to accurate and transparent financial reporting, adhering to the highest standards of accounting and financial integrity.
- Stakeholder Communication: Lucrum Companies maintains open and honest communication with all stakeholders, including clients, employees, investors, and regulatory bodies. We believe in the importance of transparency and accountability in building trust and long-term relationships.

## **4. Conflict of Interest Management**

- Identifying and Addressing Conflicts: Lucrum Companies has established processes to identify and manage potential conflicts of interest, ensuring that all business decisions are made in the best interests of our clients and stakeholders.
- Disclosure Practices: We maintain a policy of disclosing any potential conflicts to relevant parties and take appropriate measures to manage or mitigate such conflicts.

## **5. Regulatory Compliance**

- Adherence to Laws and Regulations: We ensure strict compliance with all applicable laws, regulations, and industry standards across our various lines of business and in all jurisdictions where we operate.

## **Group-Wide Risk and Risk Management Disclosure**

Lucrum Companies, along with its subsidiaries, recognizes the importance of robust risk management in navigating the complexities and uncertainties inherent in the investment management and real estate sectors. Risk management is a cornerstone of our corporate governance, with strategies implemented across the group to mitigate these risks.

This disclosure provides an overview of our group-wide approach to identifying, assessing, and mitigating a variety of risks.

### **1. Risk Landscape in Our Operations**

- **Market and Economic Volatility:** We are cognizant of the risks posed by market fluctuations and economic changes that can impact investment performance and real estate valuations.
- **Regulatory and Compliance Risks:** Our operations are subject to regulatory changes and compliance requirements across different jurisdictions and sectors.
- **Operational Challenges:** We address risks associated with our internal processes, technology systems, and human resources to ensure operational efficiency and security.

### **2. Risk Management Framework**

- **Integrated Risk Management Strategy:** Lucrum Companies implements a group-wide risk management strategy that encompasses all subsidiaries. This strategy is tailored to the specific risks faced in each subsidiary's line of business.
- **Risk Assessment Processes:** Regular risk assessments are conducted to identify and evaluate potential risks, including emerging risks in the financial and real estate markets.

### **3. Mitigation and Control Measures**

- **Macroeconomic Analysis:** We establish periodic macroeconomic data review sessions to gauge overall corporate strategy as well as to guide risk management decisions.
- **Diversification Strategies:** We employ diversification in investment portfolios and business operations to mitigate the impact of market volatility and economic fluctuations.
- **Compliance Programs:** Comprehensive compliance programs are in place to ensure adherence to all regulatory requirements and industry best practices.
- **Operational Controls:** Strong internal controls, including advanced cybersecurity measures, are implemented to safeguard against operational risks.

### **4. Governance and Oversight**

- **Board-Level Oversight:** Risk management is overseen at the board level, ensuring it receives the necessary attention and resources across the group.

- Risk Management Committees: Dedicated risk management committees can operate within each subsidiary, responsible for implementing risk strategies and monitoring their effectiveness.

## 5. Training and Awareness

- Employee Training: Staff across all levels are trained in risk awareness and management, reinforcing a culture of risk mindfulness throughout the organization.
- Continuous Learning: We invest in ongoing learning and development to stay abreast of evolving risks and the latest risk management techniques.

## 6. Reporting and Transparency

- Regular Risk Reporting: Lucrum Companies maintains a system of regular reporting on risk exposure and management activities to the board and relevant stakeholders.
- Client Communication: We believe in transparent communication with our clients regarding how risks are managed and how they might impact investment strategies and outcomes.

## Conflicts of Interest Disclosure

Lucrum Companies is committed to identifying, disclosing, and effectively managing any conflicts of interest that may arise within our business operations or between our subsidiaries. This disclosure outlines our approach to ensuring that all business decisions are made with integrity and in the best interests of our clients and stakeholders.

### 1. Understanding Conflicts of Interest

- Potential for Conflicts: Given the diverse range of services offered by Lucrum Companies and its subsidiaries, there may be situations where the company's interests or those of its employees or directors conflict with the interests of clients or between different client groups.
- Types of Conflicts: These conflicts might arise from shared business activities among subsidiaries, personal interests of staff or management, or through business relationships with third parties.

Some examples of these conflicts of interest include, but are not limited to, the following:

1. Inter-Entity Collaboration: With operations sometimes intertwining between our entities, there's an inherent potential for perceived conflicts. While these collaborations are intended to harness collective expertise, we uphold strict guidelines to ensure that clients' best interests remain the central focus.



2. Cross-Selling: There might be attempts to cross-sell services of one affiliate to the clients of another. We ensure that such recommendations are made with the client's best interests in mind.
3. Self-Dealing: There might be a perception of self-dealing when certain Lucrum businesses transact with each other for prime investment opportunities as opposed to providing those opportunities to the Firm's clients.
4. Information Sharing: Shared access to research and other proprietary information could pose potential conflicts. Lucrum Companies has robust protocols in place to ensure information integrity. *Please refer to our respective Privacy Policy for Lucrum Companies, LCS, and LCA that are found on their respective websites.*
5. Financial Interests: Potential financial transactions between Lucrum Companies and its affiliates could lead to perceived conflicts. Such transactions are conducted at arm's length and with full disclosure.
6. Compensation Structures: Different entities under Lucrum Companies might have diverse compensation models, leading to a possible incentive bias. We continually review our compensation structures, ensuring they align with industry best practices and are openly disclosed to clients.
7. Outside Activities of Management: Key personnel may have roles across multiple Lucrum entities. While this provides them a holistic view, it's essential to ensure one role doesn't unduly influence another. We maintain a clear record of such affiliations and implement a 'Chinese wall' when necessary to prevent information misuse.
8. Investment Overlaps: Overlapping investment interests across our entities could be perceived as conflicts. We enforce a clear code of conduct and use tracking systems to ensure that investment decisions remain unbiased and in the best interests of the client.
9. Dual Roles: Some staff may serve roles in more than one Lucrum entity. Regular audits and mandatory disclosure of such roles are enforced to ensure unbiased decision-making.
10. Employee Personal Interests: Employees could own securities in, or have other interests with, entities that Lucrum Companies transacts with, which could affect their judgment.
11. Third-party Affiliations: Relationships with third-party vendors or service providers that cater to more than one Lucrum business unit could lead to conflicts, especially if terms are negotiated differently.
12. Client Overlapping: Shared clients between units might be privy to preferential treatments or terms, creating a bias.
13. Information Asymmetry: Given the integrated nature of financial services, one unit could potentially access sensitive information relevant to another, leading to an unfair advantage.
14. Property Listings & Investments: Lucrum Realty's property listings might intersect with properties Lucrum Capital has an interest in.

## **2. Principles of Conflict Management**

- Transparency: Lucrum Companies maintains a policy of transparency in disclosing any actual, potential, or perceived conflicts of interest to affected parties.
- Client Priority: Our primary obligation is to act in the best interests of our clients. Decisions are made to prioritize client interests over any conflicting interest of the company or its personnel.
- Urgency: It is our duty to ensure that any potential conflict of interest be identified, managed, and monitored in the essence of time to prevent any harm to our clients or customers

### **3. Conflict Identification and Disclosure**

- Regular Assessments and Audits: We conduct regular assessments and audits to identify and evaluate potential conflicts of interest within our business operations.
- Open Communication: Upon identification of a conflict, we communicate this openly to our clients and take appropriate steps to manage or resolve the conflict.
- Reporting Conflicts: Any detected or suspected conflicts should be reported immediately. Lucrum Companies enforces a comprehensive whistleblowing policy to protect reporters.

### **4. Conflict Management Strategies**

- Avoidance and Separation: Where possible, we avoid conflicts of interest. If avoidance is not feasible, we implement measures such as the separation of duties and independent oversight to manage the conflict.
- Ethical Standards: All employees and management are bound by a code of ethics that guides their professional conduct and decision-making.
- Employee Trading Restrictions: Employees must adhere to trading restrictions, ensuring their personal trades don't conflict with business interests.
- Compensation Transparency: Uniform and transparent compensation structures are in place to negate undue internal competition.
- Recusal: Employees in potential conflict situations are encouraged to recuse themselves from related decision-making processes.

### **5. Training and Compliance**

- Employee Training: Regular training programs ensure that our staff are aware of their responsibilities in identifying and managing conflicts of interest.
- Monitoring and Enforcement: Lucrum Companies actively monitors compliance with its conflict of interest policies and takes corrective action when necessary.

### **6. Governance and Oversight**

- Board Oversight: The Board of Directors oversees the implementation and effectiveness of our conflict of interest policies.

- Regular Policy Review: Our conflict of interest policies are reviewed and updated regularly to reflect changes in our business operations and regulatory requirements.
- Continual Commitment: Lucrum Companies pledges ongoing dedication to refining its policies, ensuring ethical conduct remains central to its operations. We treasure the trust our clientele invests in us, vowing to reciprocate with unwavering transparency and integrity.

## **Group-Wide Fee and Compensation Structures**

Lucrum Companies is committed to maintaining transparent and fair fee structures across all its subsidiaries. This disclosure provides an overview of our group-wide approach to fees and compensation, highlighting how these structures are aligned with client interests and industry standards.

### **1. Fee Structures Across Subsidiaries**

- Investment Management Fees (Lucrum Capital): Fees are typically based on assets under management (AUM) and may include performance-based components such as carried interest. Some examples of fees charged to investors include the following:
  - Management Fees
  - Performance Based Fees and Carried Interest
  - Acquisition and Disposition Fees
  - Brokerage and Transaction Fees
  - Due Diligence Fees
  - Redemption Fees
  - Real-Estate Specific Fees (Development, Property Management, etc.)
- Advisory Fees (Lucrum Capital Advisors): Fees for advisory services are often structured as a percentage of assets under advisement or as fixed fees for specific services. Here's more detailed description of the fees LCS may charge to its investors
  - Asset Under Management (AUM) Fees: We charge a percentage of the total assets we manage for you. The specific percentage will vary based on the complexity and nature of the services but typically ranges from 0% to 2%.
  - Hourly Fees: In some cases, we may charge an hourly fee for specific advisory services. The hourly rate is determined based on the complexity of the service and will be communicated to clients in advance.
  - Fixed Fees: For certain services, a fixed fee may be charged. Such fees are agreed upon in advance and are based on the specific service rendered.
- Brokerage and Transaction Fees (Lucrum Realty and Lucrum Capital Securities): Fees in real estate and securities brokerage are generally commission-based, related to the value of the transactions facilitated.
  - Sales Commission: Upon the successful sale of a property, a commission based on a percentage of the sale price is charged. The specific percentage varies by property type and location.

- **Equity or Debt Commission:** Upon the successful financing of a property, a commission based on a percentage of the brokered capital is charged. The specific percentage varies by property type and location.
- **Leasing Commission:** For lease transactions, a commission based on a percentage of the total lease value is charged.
- **Consultancy Fees:** For specialized real estate advisory services, a fee may be charged, which can be a fixed amount or an hourly rate.

## **2. Transparency and Alignment with Client Interests**

- **Clear Communication:** We ensure that all fees are clearly communicated to clients before entering into any agreement. Fee schedules are detailed in client contracts and disclosure documents.
- **Alignment with Client Goals:** Fee structures across the subsidiaries are designed to align with clients' objectives, ensuring that our success is linked with the success of our clients.
- **Performance-Based Fees:** Where applicable, performance-based fees align our interests with those of our clients, incentivizing superior performance and alignment with client objectives.
- **Reasonable and Competitive Fees:** Our fee structures are designed to be competitive and reasonable, reflecting the value of the services provided.
- **Detailed Fee Disclosures:** We provide detailed disclosures about how fees are calculated, billed, and the services they cover.
- **No Hidden Costs:** Lucrum Companies is committed to transparency, ensuring there are no hidden costs or unexpected charges.

## **3. Performance-Based Compensation**

- **Incentive Alignment:** Performance-based fees, where applicable, are structured to align the interests of our investment managers with those of our clients, rewarding strong performance.
- **Benchmarking and Thresholds:** Performance fees are typically benchmarked against industry standards and are subject to predefined performance thresholds.
- *In some investment arrangements, we charge a performance fee based on the profits earned in your account. This aligns our interests with yours, as we only benefit when you do. The specific percentage and calculation methodology will be provided in the individual client agreement.*

## **4. Compliance with Regulatory Standards**

- **Regulatory Adherence:** Our fee and compensation models comply with all relevant financial and securities regulations, ensuring transparency and fairness.
- **Regular Reviews:** Fee structures are regularly reviewed and adjusted as necessary to stay competitive and in compliance with evolving regulatory landscapes.

- Regulatory Compliance: All fee and compensation structures are designed to comply with relevant financial and securities regulations, ensuring transparency and fairness.
- Regular Reviews: Fee structures are regularly reviewed and adjusted as necessary to remain aligned with market standards and regulatory changes

## 5. Compensation Policies for Employees

- Fair and Competitive Compensation: Lucrum Companies ensures that compensation for employees, including bonuses and incentives, is fair, competitive, and reflective of individual and team contributions to the firm's success.
- Ethical Standards in Compensation: We adhere to ethical standards in our compensation policies, avoiding conflicts of interest and ensuring that compensation practices are consistent with industry best practices.
- Fair and Incentivized Compensation Models: Employee compensation within Lucrum Companies is structured to incentivize performance, aligning employee interests with those of the company and its clients.
- Transparent Compensation Policies: Our compensation policies are transparent, adhering to industry standards and regulatory requirements.

## 6. Commission and Transaction-Based Fees

- Brokerage Services: For brokerage services, including those provided by Lucrum Realty and Lucrum Capital Securities, fees are often commission-based, related to the value of the transactions facilitated.
- Full Disclosure of Brokerage Fees: All commission rates and transaction fees are fully disclosed upfront.

## 7. Advisory and Management Fees

- Asset-Based Fees: For advisory and asset management services, fees are often based on the assets under management or advisement, providing a clear, predictable fee structure for clients.
- Performance Thresholds: Performance fees, where applicable, are subject to predefined thresholds and benchmarks.

## 8. Other Fees and Expenses

- Custodial Fees: External custodial entities might charge fees for holding and safeguarding assets. These fees are separate from our charges and will be disclosed by the custodian.
- Fund Expenses: When investing in pooled investment vehicles, there are inherent expenses related to the fund's management, which are separate from our advisory fees.
- Transaction Costs: These are costs related to the buying or selling of investments. While we aim to minimize these, they are inherent in certain types of transactions.

- Third Party Compensation: Lucrum Companies and its affiliates might receive compensation from third parties for certain products or services. Any such compensation will be disclosed to the client, and we ensure it does not compromise the integrity of our advice or create a conflict of interest.

## **Group-Wide Operational Standards**

At Lucrum Companies, we understand the critical role that accurate and comprehensive research plays in our decision-making processes and the services we offer to our clients. This disclosure provides an overview of our research methodologies and the sources of information that we rely upon across our subsidiaries.

### **1. Research Methodologies**

- Data-Driven Analysis: Across our subsidiaries, we employ data-driven research methodologies, incorporating quantitative analysis, market research, and financial modeling to inform investment and advisory decisions.
- Sector-Specific Research: Each subsidiary specializes in sector-specific research, whether it's market trends in real estate for Lucrum Realty or financial market dynamics for Lucrum Capital.

### **2. Sources of Information**

- Market and Economic Data: We utilize a wide range of sources for market and economic data, including financial market databases, real estate market reports, economic forecasts, and industry publications.
- Third-Party Research Providers: Recognized third-party research providers and consultants are engaged to supplement our internal research, particularly for specialized market segments or complex analysis.

### **3. Due Diligence and Validation**

- Rigorous Due Diligence: Our investment decisions are backed by thorough due diligence processes, ensuring a deep understanding of the investment opportunities and risks.
- Cross-Verification: Information from various sources is cross-verified to ensure accuracy and reliability.

### **4. Compliance with Standards**

- Ethical Research Practices: We adhere to ethical standards in our research practices, ensuring that all information is obtained and used in compliance with legal and regulatory guidelines.

- Confidentiality and Data Protection: Confidentiality of information is maintained rigorously, and we adhere to strict data protection standards to safeguard sensitive information.

## **5. Integration of Research Across Subsidiaries**

- Collaborative Insights: Research insights are shared across subsidiaries, fostering a collaborative environment that benefits from diverse perspectives and expertise.
- Tailored to Client Needs: Research outputs are tailored to meet the specific needs of clients across our various service offerings.

## **6. Continuous Improvement and Development**

- Ongoing Training and Development: Our research teams engage in continuous learning and development to stay abreast of the latest market developments and research methodologies.
- Investment in Research Capabilities: Lucrum Companies is committed to investing in research capabilities, including technology and talent, to enhance the quality and scope of our research.

## **Regulatory Compliance and Oversight**

Lucrum Companies, along with its subsidiaries, places a strong emphasis on adhering to the highest standards of regulatory compliance and oversight. This disclosure outlines our approach to ensuring that our business practices and operations not only meet but exceed regulatory requirements and standards.

### **1. Regulatory Compliance Framework**

- Comprehensive Compliance Programs: Each subsidiary within Lucrum Companies operates under a comprehensive compliance program tailored to its specific sector and regulatory environment. These programs cover aspects such as financial reporting, client dealings, investment practices, and data protection.
- Alignment with Regulatory Requirements: Our compliance framework is designed to align with the rules and regulations of the financial and real estate sectors, including those set by bodies like FINRA, the SEC, and real estate commissions in various jurisdictions.

### **2. Oversight Mechanisms**

- Dedicated Compliance Teams: Each subsidiary has a dedicated compliance team responsible for implementing, monitoring, and enforcing compliance policies and procedures.
- Board-Level Oversight: Compliance is also overseen at the board level, ensuring that it receives the necessary attention and resources across the group.

### **3. Regular Audits and Reviews**

- Internal Audits: We conduct regular internal audits to assess compliance with regulatory standards and internal policies.
- External Audits: External audits are also undertaken periodically to provide independent assurance of our compliance status.

### **4. Training and Awareness**

- Employee Training: Staff across all subsidiaries receive regular training on regulatory compliance matters, ensuring they are aware of and understand their responsibilities.
- Ongoing Education: We invest in ongoing education and staying abreast of regulatory changes to ensure our practices remain compliant.

### **5. Risk Management and Reporting**

- Compliance Risk Management: Part of our risk management strategy includes identifying and mitigating risks related to regulatory non-compliance.
- Transparency in Reporting: Compliance statuses and issues are transparently reported to the management and board, ensuring informed decision-making.

### **6. Ethical Standards and Professional Conduct**

- Ethical Business Practices: We maintain a culture of ethical business practices and professional conduct, which forms the foundation of our compliance efforts.
- Code of Ethics: A group-wide code of ethics reinforces our commitment to integrity, honesty, and respect for the law.

### **7. Client and Stakeholder Communication**

- Client Assurance: We provide assurance to our clients and stakeholders regarding our commitment to regulatory compliance and the measures we take to uphold their trust.
- Open Channels for Queries: Channels are available for clients and stakeholders to raise any compliance-related queries or concerns.



## **Liquidity and Capital Management**

Lucrum Companies is committed to prudent liquidity and capital management across all its subsidiaries. This disclosure outlines our approach to ensuring financial stability and operational efficiency through effective management of liquidity and capital resources.

### **1. Liquidity Management Principles**

- **Ensuring Sufficient Liquidity:** Our primary goal in liquidity management is to ensure that each subsidiary maintains sufficient liquid resources to meet operational needs, client obligations, and investment commitments.
- **Liquidity Risk Assessment:** Regular assessments of liquidity risks are conducted, taking into account factors like cash flow projections, market conditions, and investment timelines.

### **2. Capital Allocation and Management**

- **Optimal Capital Utilization:** We focus on the optimal utilization of capital, balancing between investment opportunities and the need to maintain a robust financial position.
- **Capital Allocation Strategies:** Capital allocation decisions are made based on strategic priorities, risk-return profiles, and the long-term objectives of each subsidiary.

### **3. Financial Stability and Risk Mitigation**

- **Buffer Against Market Fluctuations:** Adequate capital and liquidity buffers are maintained to safeguard against market volatility and unforeseen financial stresses.
- **Diversification of Funding Sources:** We diversify our funding sources to reduce reliance on any single channel, thus mitigating financial risks.

### **4. Regulatory Capital Compliance**

- **Adherence to Capital Requirements:** All subsidiaries comply with relevant regulatory capital requirements, ensuring financial soundness and integrity.
- **Monitoring and Reporting:** Regular monitoring and reporting of capital ratios and liquidity positions are conducted to maintain compliance and financial health.

### **5. Investment and Funding Decisions**

- **Strategic Investment Decisions:** Investment decisions across the group are made with a keen eye on their impact on liquidity and capital resources.
- **Prudent Funding Choices:** We employ prudent funding strategies, aligning our investment choices with appropriate financing structures.

### **6. Transparency and Stakeholder Communication**

- Clear Communication with Stakeholders: Lucrum Companies maintains transparency with shareholders, clients, and regulatory bodies about our liquidity and capital management practices.
- Disclosure in Financial Statements: Our approach to liquidity and capital management is reflected in our financial statements, providing stakeholders with a clear picture of our financial health.

## **7. Continuous Review and Adaptation**

- Adaptive Strategies: Our liquidity and capital management strategies are continually reviewed and adapted in response to changing market conditions and business needs.
- Risk Management Integration: Liquidity and capital management are integrated into our overall risk management framework to ensure a holistic approach to financial stability.

## **Client Relationship and Communication Policies**

Lucrum Companies is dedicated to maintaining open, transparent, and effective communication with our clients. This disclosure outlines our policies and practices for client relationships and communications across our subsidiaries.

### **1. Principles of Client Communication**

- Transparency and Clarity: We prioritize clear and transparent communication with our clients, ensuring they are well-informed about their investments, our services, and any relevant company updates.
- Timely and Relevant Information: Our communication is timely and tailored to the specific needs and interests of each client.

### **2. Regular Updates and Reporting**

- Performance Reports: Clients receive regular reports on the performance of their investments, along with market insights and analyses.
- Account Statements: Regular account statements are provided, detailing transactions, holdings, and account activities.

### **3. Client Feedback and Engagement**

- Open Channels for Feedback: We encourage and welcome feedback from our clients, providing multiple channels for them to share their views and suggestions.
- Client Surveys: Periodic surveys are conducted to gather client feedback, which is used to improve our services and communication strategies.

#### **4. Personalized Client Service**

- Dedicated Relationship Managers: Clients have access to dedicated relationship managers who understand their unique needs and investment objectives.
- Customized Service Offerings: Our service offerings are customized based on client profiles, ensuring a personalized experience.

#### **5. Responsiveness to Client Inquiries**

- Prompt Responses: We are committed to responding promptly to client inquiries, providing accurate and helpful information in a timely manner.
- Issue Resolution: Any issues or concerns raised by clients are addressed swiftly and effectively, with a focus on providing satisfactory solutions.

#### **6. Compliance with Communication Standards**

- Regulatory Compliance: All client communications comply with relevant regulatory standards, ensuring accuracy and integrity in the information provided.
- Data Privacy: We adhere to strict data privacy regulations, ensuring that client information is handled securely and confidentially.

#### **7. Digital Communication Platforms**

- Online Access: Clients will have, in the future, access to secure online platforms where they can view their account information, access reports, and communicate with us.
- Technology Integration: We continuously integrate advanced technology to enhance our communication platforms and client interaction experiences.

#### **8. Crisis and Important Updates Communication**

- Proactive Communication in Crisis: In times of market volatility or crisis, we proactively communicate with clients to provide reassurance, updates, and strategic advice.
- Important Notices: Clients are promptly informed about any significant company news, regulatory changes, or events that may impact their investments or our services.

### **Cybersecurity Measures Disclosure**

Lucrum Companies recognizes the critical importance of cybersecurity in safeguarding our clients' information and ensuring the integrity of our digital systems. This disclosure outlines our comprehensive cybersecurity measures and practices implemented across the group.

#### **1. Cybersecurity Framework and Strategy**

- Robust Cybersecurity Infrastructure: We have established a robust cybersecurity framework across all subsidiaries, featuring advanced technologies and best practices to protect against cyber threats and data breaches.
- Strategic Approach: Our cybersecurity strategy encompasses threat prevention, detection, response, and recovery, ensuring comprehensive protection.

## **2. Employee Training and Awareness**

- Regular Cybersecurity Training: All employees across Lucrum Companies undergo regular training on cybersecurity best practices, threat awareness, and preventive measures.
- Building a Security-Conscious Culture: We foster a culture of cybersecurity awareness, emphasizing the role of each individual in maintaining digital security.

## **3. Data Encryption and Access Controls**

- Data Protection Measures: Sensitive data, including client information, is encrypted and securely stored. Access to critical data is strictly controlled and monitored.
- Authentication Protocols: We implement strong authentication protocols, including multi-factor authentication, to enhance access security.

## **4. Continuous Monitoring and Threat Assessment**

- Real-Time Monitoring: Our IT systems are monitored in real-time to detect and respond to potential cybersecurity threats promptly.
- Regular Security Assessments: We conduct regular security assessments and penetration testing to identify vulnerabilities and strengthen our defenses.

## **5. Vendor and Third-Party Security Management**

- Vendor Risk Assessments: Lucrum Companies conducts thorough cybersecurity risk assessments for all vendors and third-party service providers.
- Secure Data Sharing Practices: Agreements with vendors include stringent data security clauses to ensure they uphold our cybersecurity standards.

## **6. Incident Response and Contingency Planning**

- Incident Response Plan: We have a well-defined incident response plan to quickly and effectively address any cybersecurity incidents.
- Business Continuity and Disaster Recovery: Our contingency plans ensure minimal disruption to services and quick recovery in the event of a cybersecurity breach.

## **7. Compliance with Regulatory Standards**

- Regulatory Adherence: Our cybersecurity measures comply with relevant data protection and privacy laws and regulations.
- Regular Compliance Updates: We stay updated on evolving cybersecurity regulations and adjust our practices accordingly.

## **8. Client Communication and Support**

- Client Guidance on Cybersecurity: We provide guidance to clients on protecting their data and securely interacting with our digital platforms.
- Transparency in Case of Incidents: In the unlikely event of a security breach, we are committed to promptly informing affected clients and taking appropriate steps to mitigate any impacts.

## **Third-Party and Vendor Management**

Lucrum Companies acknowledges the critical role that third-party service providers and vendors play in our operational ecosystem. This disclosure outlines our approach to managing these relationships to ensure they align with our high standards of service, integrity, and compliance.

### **1. Vendor Selection and Due Diligence**

- Thorough Evaluation Process: We conduct a comprehensive due diligence process for all potential vendors and third-party service providers, assessing their capabilities, reputation, compliance history, and financial stability.
- Alignment with Our Standards: Vendors are selected based on their ability to meet our high standards for quality, reliability, and adherence to regulatory and ethical guidelines.

### **2. Vendor Contracts and Agreements**

- Clear Contractual Terms: All vendor engagements are governed by clearly defined contracts that stipulate the terms of service, confidentiality obligations, and compliance requirements.
- Compliance Clauses: Contracts include specific clauses requiring vendors to comply with relevant laws and regulations, as well as our internal policies.

### **3. Ongoing Monitoring and Review**

- Regular Performance Assessment: We regularly review and assess the performance of our vendors and third-party service providers to ensure they continue to meet our standards and contractual obligations.
- Risk Monitoring: Continuous monitoring is undertaken to identify and manage any risks that may arise from our third-party engagements.

#### **4. Compliance with Regulations**

- Regulatory Compliance: We ensure that our vendors and third-party service providers adhere to all applicable regulatory requirements, especially those related to data protection, cybersecurity, and financial transactions.
- Audit Rights: Our agreements with vendors typically include audit rights, allowing us to verify their compliance with contractual terms and regulatory standards.

#### **5. Managing Vendor Relationships**

- Collaborative Approach: We foster collaborative relationships with our vendors, encouraging open communication and timely resolution of any issues or concerns.
- Training and Guidelines: Where applicable, vendors are provided with training or guidelines to align their practices with our operational needs and compliance standards.

#### **6. Data Security and Confidentiality**

- Data Protection: Vendors handling sensitive or confidential information are required to implement robust data security measures.
- Privacy Compliance: We ensure that vendors comply with data privacy regulations and our internal data protection policies.

#### **7. Vendor Diversity and Inclusion**

- Promoting Diversity: Lucrum Companies is committed to promoting diversity and inclusion among our vendors, encouraging engagements with diverse and minority-owned businesses.

#### **8. Transparency with Clients and Stakeholders**

- Disclosures to Clients: Where relevant, we disclose to our clients the role and impact of third-party service providers on the services we offer them.

### **Performance Reporting and Benchmarking**

At Lucrum Companies, we understand the importance of accurate performance measurement and the use of appropriate benchmarks. This disclosure outlines our approach to performance reporting and benchmarking across our subsidiaries.

#### **1. Performance Reporting Standards**

- Comprehensive Reporting: We provide detailed performance reports to our clients, encompassing returns, risk metrics, and other key performance indicators relevant to their investments.
- Consistent Methodology: Our performance calculations are based on standardized methodologies that align with industry best practices, ensuring consistency and comparability.

## **2. Use of Benchmarks**

- Relevant and Objective Benchmarks: For each investment or advisory service, we select benchmarks that are relevant to the specific strategy, asset class, or market segment. These benchmarks are used to provide context for the performance of our investments and services.
- Clear Benchmark Disclosure: We clearly disclose the benchmarks used in our performance reports, including explanations of why they are appropriate and how they relate to the client's investment strategy.

## **3. Performance Analysis and Insights**

- In-Depth Analysis: Beyond just reporting numbers, we provide insights into the factors driving performance, including market conditions, investment decisions, and economic trends.
- Client-Specific Considerations: Performance analysis is tailored to the individual needs and objectives of our clients, ensuring that it is relevant and valuable to their decision-making process.

## **4. Regular Review and Updates**

- Ongoing Performance Monitoring: Performance is monitored continuously, with regular updates provided to clients.
- Adaptation to Market Changes: We regularly review and, if necessary, update our benchmarks and performance analysis methods to ensure they remain appropriate in changing market conditions.

## **5. Transparency and Client Communication**

- Transparent Communication: Our approach to performance reporting and benchmarking is communicated transparently to clients, ensuring they understand how their investments are evaluated.
- Client Education: We provide education and resources to clients to help them understand performance metrics and benchmarks, enhancing their engagement and understanding.

## **6. Compliance with Regulatory Standards**

- Regulatory Compliance: Our performance reporting and benchmarking practices comply with relevant regulatory requirements, ensuring accuracy and fairness in our disclosures.
- Ethical Reporting Practices: We adhere to ethical reporting standards, avoiding any misleading representations of performance or benchmarks.

## **Intellectual Property Rights**

Lucrum Companies recognizes the importance of intellectual property (IP) rights and is committed to respecting and protecting these rights across all aspects of our business operations. This disclosure outlines our approach to the management and protection of intellectual property within the organization.

### **1. Ownership of Intellectual Property**

- Company-Owned IP: Intellectual property created, developed, or used by Lucrum Companies and its subsidiaries in the course of our business is owned by the company. This includes trademarks, trade secrets, proprietary methodologies, software, digital content, and marketing materials.
- Legal Protections: We ensure that our IP is legally protected through appropriate registrations, patents, and copyrights, where applicable.

### **2. Use of Third-Party Intellectual Property**

- Respect for Third-Party Rights: We respect the IP rights of third parties and ensure that all third-party IP used in our operations is used in accordance with licensing agreements and legal requirements.
- Due Diligence in Licensing: We conduct thorough due diligence to ensure that any third-party IP integrated into our services or products is properly licensed and does not infringe on the rights of others.

### **3. Confidentiality and Non-Disclosure**

- Protecting Sensitive Information: We maintain strict confidentiality policies to protect our proprietary information and trade secrets.
- Non-Disclosure Agreements: Employees, contractors, and business partners are often required to sign non-disclosure agreements to safeguard our intellectual property.

### **4. Intellectual Property Infringement**

- Monitoring and Enforcement: We actively monitor for any infringement of our IP rights and take appropriate legal action to address any violations.



- Legal Remedies: We are prepared to pursue all available legal remedies to protect our intellectual property and prevent unauthorized use.

## **5. Innovation and Development**

- Encouraging Innovation: Lucrum Companies fosters a culture of innovation, encouraging the development of new ideas, products, and services that can be legally protected as intellectual property.
- Investment in IP Development: We invest resources in the development and enhancement of our intellectual property to maintain our competitive edge.

## **6. IP Rights in Collaborations and Partnerships**

- Collaborative IP Ownership: In joint ventures or collaborations, the ownership of any jointly developed IP is clearly defined and agreed upon by all parties involved.

## **7. Client and Stakeholder Communication**

- Transparency with Clients: We communicate transparently with clients about the use of proprietary methods or tools in our services and how these contribute to the value we provide.

## **Audit and Financial Reporting**

Lucrum Companies is committed to the highest standards of accuracy, integrity, and transparency in our financial reporting and audit processes. This disclosure outlines our approach to financial management, reporting, and auditing across the organization.

### **1. Financial Reporting Standards**

- Compliance with Accounting Principles: Our financial statements are prepared in accordance with generally accepted accounting principles (GAAP) and other applicable financial reporting standards.
- Transparency and Accuracy: We ensure that our financial reports accurately reflect our financial position and performance, providing transparent and detailed information for stakeholders.

### **2. Regular Internal Audits**

- Routine Internal Reviews: Lucrum Companies conducts regular internal audits to assess the effectiveness of internal controls, accuracy of financial reporting, and compliance with laws and regulations.

- Independent Internal Audit Function: Our internal audit function operates independently, providing objective assessments of our financial and operational processes.

### **3. External Audits by Independent Auditors**

- Engagement of External Auditors: We engage reputable independent auditors to conduct annual external audits of our financial statements, ensuring an unbiased and thorough examination.
- Audit Committee Oversight: Our audit committee, comprised of board members, oversees the external audit process, ensuring the auditors' independence and the quality of the audit work.

### **4. Audit Reports and Findings**

- Transparent Disclosure of Audit Results: The findings of both internal and external audits are disclosed to relevant stakeholders, including any identified issues and actions taken to address them.
- Continuous Improvement: Recommendations from audit findings are used to continuously improve our financial processes and controls.

### **5. Regulatory Compliance in Financial Reporting**

- Regulatory Filing and Disclosure: Lucrum Companies adheres to all regulatory filing requirements, ensuring timely and accurate disclosure of financial information as required by regulatory bodies.
- Compliance Monitoring: We continuously monitor changes in financial reporting regulations to ensure ongoing compliance.

### **6. Communication with Stakeholders**

- Engaging with Shareholders: Our financial reporting and audit processes are communicated to shareholders, providing them with confidence in the financial integrity of Lucrum Companies.
- Annual Reports and Shareholder Meetings: We provide comprehensive annual reports and conduct shareholder meetings to discuss financial results and company performance.

### **7. Risk Management in Financial Reporting**

- Addressing Financial Reporting Risks: Risk management practices are integrated into our financial reporting processes to identify and mitigate risks related to financial misstatement or fraud.

## **Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) Policies**

Lucrum Companies is firmly committed to adhering to the highest standards in anti-money laundering (AML) and counter-terrorist financing (CTF) practices. This disclosure outlines our comprehensive policies and procedures designed to combat and prevent any illicit financial activities.

### **1. AML and CTF Framework**

- **Comprehensive Policies:** Our AML and CTF policies encompass a range of measures designed to identify, assess, and manage the risks associated with money laundering and terrorist financing.
- **Alignment with Regulations:** Our framework is aligned with national and international regulations and standards on AML and CTF, including compliance with the Financial Action Task Force (FATF) guidelines.

### **2. Due Diligence Processes**

- **Client Identification and Verification:** We conduct thorough due diligence on all clients, including identity verification, to ensure we know our clients (KYC) and understand the nature of their business and financial activities.
- **Enhanced Due Diligence:** For clients and transactions that present a higher risk, enhanced due diligence procedures are employed.

### **3. Monitoring and Reporting**

- **Ongoing Transaction Monitoring:** Transactions across all subsidiaries are continuously monitored for any unusual or suspicious patterns that might indicate money laundering or terrorist financing activities.
- **Suspicious Activity Reporting:** If suspicious activities are detected, we are committed to reporting these to the relevant authorities as required by law.

### **4. Employee Training and Awareness**

- **Regular Training Programs:** All employees receive regular training on AML and CTF policies, enabling them to identify and appropriately respond to potential risks.
- **Cultivating Awareness:** We foster a culture of awareness and vigilance regarding AML and CTF across the organization.

### **5. Compliance Management**

- **Dedicated Compliance Team:** Our dedicated compliance team oversees the implementation and effectiveness of AML and CTF policies.

- Regular Policy Reviews and Updates: AML and CTF policies and procedures are regularly reviewed and updated to reflect changes in laws, regulations, and emerging risks.

## **6. International Cooperation**

- Global Compliance Standards: For our international operations, we comply with global AML and CTF standards, adapting our policies to meet the specific requirements of each jurisdiction.
- Cooperation with International Agencies: We cooperate with international law enforcement and regulatory agencies as needed to support efforts against money laundering and terrorist financing.

## **7. Record Keeping and Documentation**

- Maintaining Records: Detailed records of all client verifications and transactions are maintained for a period as mandated by law, ensuring that we can provide information to authorities if required.

## **Investment, Product, and Service Risks Disclosures**

Lucrum Companies, which includes Lucrum Capital Securities, Inc., Lucrum Capital Advisors, Inc., Lucrum Realty, Inc., and Lucrum Capital, LLC, provides this document to inform clients and investors of the inherent risks associated with our diverse investment products and services.

### **1. General Investment Risks:**

- Market Risk: The value of investments is subject to economic fluctuations, and property values might decrease during market downturns, leading to potential losses.
- Liquidity Risk: Private real estate investments are less liquid compared to publicly traded assets, making it challenging to liquidate investments quickly.
- Interest Rate Risk: Fluctuating interest rates can significantly impact real estate values and the cost of financing.
- Currency Risk: For international properties, fluctuations in currency exchange rates can affect the investment's value and returns.

### **2. Product-Specific Risks:**

#### Real Estate Private Equity:

- Direct Investing involves risks related to market fluctuations and property management decisions.

- Co-Investing carries risks associated with dependency on the expertise and decision-making of partners.
- Real Estate Lending is subject to default risks and changing interest rates, affecting property values.

#### Real Estate Securities and Derivatives:

- These investments are vulnerable to market volatility and changes in regulatory environments.

#### Distressed Assets:

- Investments in these assets involved in legal complexities present inherent risks.

#### Real Estate Development:

- Development projects face challenges and uncertainties, including high initial costs and regulatory hurdles.

### **3. Operational Risks:**

- Management Efficiency: The success of real estate investments heavily relies on competent management decisions.
- Maintenance Needs: Properties may incur unforeseen maintenance or repair costs, affecting profitability.

### **4. External Risks:**

- Regulatory Changes: Investments can be adversely affected by new regulations or zoning restrictions.
- Environmental Factors: Environmental issues could necessitate significant remediation costs and influence property values.
- Macroeconomic Factors: Broader economic conditions such as inflation and unemployment rates can influence the real estate market.

### **5. Financial Risks:**

- Leverage Use: Utilizing borrowed funds to invest in properties can heighten profits and losses, potentially resulting in notable losses if property values decrease.
- Refinancing Challenges: There is no guarantee that properties can be refinanced or that the terms will be favorable.

## **6. Tax-Related Risks:**

- Tax Law Variations: Changes in federal or state tax laws can impact the returns on investments.

## **7. Service-Specific Risks:**

- Advisory Dependability: Advisory services are reliant on human expertise, and potential conflicts of interest could arise with other Lucrum entities.
- Brokerage Market Influence: Brokerage services are impacted by market conditions and regional growth.

## **8. Advanced Strategy Risks:**

- Quantitative Analysis Reliability: Financial models have inherent limitations and can produce inaccurate predictions if based on poor data quality.
- Event-Driven Strategy Dependence: Strategies based on corporate events can result in unpredictable outcomes and financial setbacks.

## **9. Compliance and Conflict Risks:**

- Regulatory Adherence: Investments and strategies must comply with evolving legal frameworks and regulations.
- Potential Conflicts: There may be intersecting interests among various Lucrum Companies entities.

## **Complaints and Grievances Redressal Disclosure**

Lucrum Companies, encompassing Lucrum Capital Securities, Inc., Lucrum Capital Advisors, Inc., Lucrum Realty, Inc., and Lucrum Capital, LLC, is committed to delivering exceptional service. We acknowledge the importance of addressing and resolving customer complaints promptly and fairly to maintain trust and satisfaction.

### **1. Easy Access to Complaint Mechanisms**

- Multiple Channels: Clients can submit complaints through email, phone, our website, or in writing.
- Clear Instructions: Detailed guidance on lodging a complaint is available on our website and in client agreements.

### **2. Complaint Handling Procedure**

- Acknowledgment: Receipt of complaints is promptly acknowledged within five business days.
- Investigation: Each complaint is reviewed and investigated thoroughly, potentially involving additional information requests.
- Resolution: Aim to resolve grievances within 30 business days, with regular updates to the complainant.

### **3. Fair and Transparent Process**

- Objective Evaluation: Every complaint is handled impartially and without bias.
- Feedback: Post-resolution, clients are invited to provide feedback on their experience.

### **4. Dedicated Resolution Team**

- Specialized Personnel: A team trained in customer service and complaint resolution handles all complaints.
- Continuous Training: Regular training ensures staff are equipped with effective resolution techniques.

### **5. Escalation and External Dispute Resolution**

- Escalation Procedures: If a satisfactory resolution is not achieved, procedures are in place for escalating the complaint internally, up to the executive level and the board of directors.
- External Mechanisms: Access to external dispute resolution services where appropriate.

### **6. Recording and Tracking**

- Systematic Documentation: All complaints are recorded and tracked for pattern analysis and systemic improvement.
- Regular Audits: Conducted to assess the efficacy of the complaints process.

### **7. Regulatory Compliance**

- Adherence to Standards: Our process complies with relevant regulatory requirements and guidelines.
- Confidentiality: Complaint details are kept confidential, accessible only to those directly involved in the resolution.

### **8. Continuous Improvement**

- Feedback Integration: Insights from complaints are used to enhance services and prevent future issues.

- Regular Reviews: The complaint management system is periodically reviewed for effectiveness.

## 9. Client Communication

- Notification: Clients are informed about the nature of their complaint's resolution.
- Client-Centric Approach: Emphasizes the importance of client feedback in service improvement.

## 10. Contact for Complaints

- Direct Access: Clients can reach out to Lucrum Companies' Grievance Redressal Team at [info@lucrumcompanies.com](mailto:info@lucrumcompanies.com) or through our designated phone line at 703-206-8116.

## **Business Continuity Plan Disclosure**

Lucrum Companies, including its subsidiaries Lucrum Capital Securities, Inc. ("LCS"), Lucrum Capital Advisors, Inc. ("LCA"), Lucrum Realty, Inc. ("Lucrum Realty"), and Lucrum Capital, LLC ("Lucrum Capital"), recognizes the critical importance of business continuity and disaster recovery. This disclosure outlines our comprehensive approach across all subsidiaries to ensure operational resilience and service continuity in the face of unforeseen events.

### 1. Business Continuity Planning (BCP)

- Robust Continuity Plans: Each subsidiary has a detailed BCP to guarantee uninterrupted service under various scenarios, including natural disasters, technological failures, and other disruptive events.
- Plan Components: Strategies for data backup, alternative communication channels, emergency response, employee safety, and rapid recovery are integral parts of our BCPs.

### 2. Risk Assessment & Business Impact Analysis

- Assessment Methodology: Utilizing both qualitative and quantitative techniques to assess risks across operational, financial, reputational, and regulatory categories.

### 3. Disaster Recovery Strategies

- Rapid Recovery Systems: Focused on restoring critical business functions and data access promptly.
- Data Protection: Regular backups and secure offsite data storage safeguard client and company data.



#### **4. Alternate Facilities and Redundancy**

- Alternate Sites: Identified and equipped alternate facilities ensure seamless operational transition during primary facility unavailability.
- Diversified Data Centers: Redundant data storage across multiple geographic locations.

#### **5. Communication During Disruptions**

- Client Communication: Commitment to clear, timely updates regarding operational status and impact.
- Stakeholder Updates: Regular communication with clients, employees, and regulators during and post-disruption.

#### **6. Testing and Validation**

- Regular Drills and Testing: Ensuring preparedness and plan effectiveness.
- Continuous Improvement: Post-exercise reviews for ongoing refinement of BCPs.

#### **7. Employee Training and Awareness**

- Staff Preparedness: Comprehensive training for employees on BCP procedures and their roles during disruptions.

#### **8. Vendor and Third-Party Management**

- Vendor Continuity Assurance: Evaluating key vendors' BCPs to align with our standards.
- Integrated Response with Partners: Collaboration with partners for a unified disruption response.

#### **9. Regulatory Compliance**

- Adherence to Standards: Compliance with relevant regulatory standards and best practices.
- Documentation and Reporting: Maintaining detailed documentation for compliance and auditing.

#### **10. Limitations and Revisions**

- Acknowledgment of Limitations: Recognition that some disruptions may lead to extended recovery times.
- Regular Review and Updates: Periodic BCP reviews to adapt to changes in business, technology, or regulations.

#### **11. Client Data Protection and Security**

- Encrypted Transfers: Enhanced protocols for secure data handling during disruptions.
- Access Controls: Stringent access protocols to ensure data security.

Lucrum Companies is committed to the resilience of its operations and the satisfaction of its clients. Through diligent planning, testing, and refinement, we strive to provide uninterrupted services, even in challenging times. For detailed information or inquiries regarding our BCP, clients may contact our operations department at [info@lucrumcompanies.com](mailto:info@lucrumcompanies.com) or our corporate address.

## **Research and Information Sources Disclosure**

Lucrum Companies is committed to using accurate, comprehensive research in decision-making processes and client services. This disclosure outlines our approach to research methodologies and sources of information, emphasizing transparency and integrity.

### **1. Research Methodologies:**

- Data-Driven Analysis: We employ quantitative analysis, market research, and financial modeling across subsidiaries to inform investment and advisory decisions.
- Sector-Specific Focus: Each subsidiary specializes in research relevant to its sector, ensuring depth and precision in market understanding.

### **2. Sources of Information:**

- Market and Economic Data: A range of sources is used, including financial market databases, real estate market reports, economic forecasts, and industry publications.
- Third-Party Research Providers: We engage recognized third-party providers for specialized market segments and complex analyses.

### **3. Due Diligence and Validation:**

- Rigorous Due Diligence: All potential investments undergo thorough due diligence processes for a deep understanding of opportunities and risks.
- Cross-Verification: Information from various sources is cross-verified for accuracy and reliability.

### **4. Compliance with Standards:**

- Ethical Research Practices: We adhere to ethical standards, complying with legal and regulatory guidelines in all research processes.
- Confidentiality and Data Protection: We maintain strict confidentiality and adhere to data protection standards to safeguard sensitive information.

## **5. Integration of Research Across Subsidiaries:**

- Collaborative Insights: Research insights are shared across subsidiaries, benefiting from diverse perspectives and expertise.
- Client-Centric Research: Research outputs are tailored to meet specific client needs across various service offerings.

## **6. Continuous Improvement and Development:**

- Ongoing Training and Development: Our research teams engage in continuous learning to stay abreast of market developments and research methodologies.
- Investment in Research Capabilities: We commit to enhancing our research capabilities, including technology and talent, to improve research quality and scope.

## **7. Additional Research Components:**

- Primary Research: Surveys, interviews, and site visits are conducted to gather firsthand data, particularly relevant for real estate assessments in Lucrum Realty.
- Secondary Research: Data from vendors, publications, and industry reports complement our internal analysis.
- Third-Party Research: External research undergoes an internal review process for validity and relevance.
- Regulatory and Compliance Data: Sourced directly from official regulatory bodies and legal databases.
- Client-Specific Information: Directly obtained from clients, particularly in Lucrum Capital Advisors, to tailor investment strategies.
- Real Estate Specific Information: Lucrum Realty uses MLS, appraisal reports, and local government sources for accurate real estate data.

## **8. Source Validity and Continuous Monitoring:**

- Reliability Monitoring: The validity of our sources is continuously monitored, although no source is infallible.
- Updates and Changes: We adapt our research methodology and sources to reflect industry, technology, and regulatory changes.