

Form ADV Part 2A – Firm Brochure

Securities Capital Partners Management Company, LLC

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This brochure provides information about the qualifications and business practices of Securities Capital Partners Management Company, LLC. If you have any questions about the contents of this brochure, please contact us at 407-476-2500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Securities Capital Partners Management Company, LLC (CRD#: 329038) is available on the SEC's website at www.adviserinfo.sec.gov.

Registration does not imply a certain level of skill or training.

ITEM 2 MATERIAL CHANGES

Our initial firm brochure was filed December 21, 2023. There are no material changes to report in response to this item.

If you would like a copy of our firm brochure, please contact us by telephone at: 407-476-2500.

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ITEM 4 ADVISORY BUSINESS

A. DESCRIPTION OF BUSINESS AND OWNERSHIP

Securities Capital Partners Management Company, LLC (referred to as “we”, “us”, “our”, or “Manager”) is a Delaware limited liability company that was formed in 2023. The Manager is owned by Securities Capital Partners, LLC, a Florida limited liability company.

B. ADVISORY SERVICES OFFERED

Generally, the Manager provides investment advisory services to a pooled investment vehicle, LYNK Capital, LLC (the “Fund”). The Fund is a Florida limited liability company that is not registered or required to be registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The primary focus of the Manager’s investment advisory activity is researching and advising on real estate and real estate-related investments. Such investments may take the form of direct or indirect real estate related debt instruments and direct or indirect investments in real estate assets or real estate-related assets.

Interests in the Fund are offered to investors that meet the necessary eligibility thresholds. This may require that the investor be an “accredited investor” as defined in Section 501(a) of Regulation D under the Securities Act, as amended, or a “qualified client” under Rule 205-3 of the Investment Advisers Act of 1940, as amended (“Advisers Act”).

Please refer to the Fund’s respective Governing Documents (defined below) for more detailed information.

C. CLIENT NEEDS AND RESTRICTIONS

The Manager provides investment advisory services to the Fund in accordance with the investment objectives and investment restrictions set forth in the Amended and Restated Operating Agreement (“OA”) and confidential private placement memorandum (“PPM”) (collectively the “Governing Documents”). Investment advice is provided by the Manager directly to the applicable Fund and not individually to the investors in the Fund. The investment objective, strategy, and restrictions (if any) of the Fund are set forth in the Governing Documents, provided to each member prior to their investment in the Fund. Generally, once invested in the Fund, investors cannot impose restrictions on the types of securities in which the Fund may invest.

All descriptions of the Fund in this brochure, including but not limited to, its investments, investment management strategies, fees, costs, and the conflicts of interest are qualified in their entirety by reference to the Fund’s Governing Documents.

D. WRAP FEE PROGRAMS

Not applicable.

E. ASSETS UNDER MANAGEMENT

As of December 31, 2023, the Manager has \$186,904,399 in discretionary regulatory assets under management in the Fund.

ITEM 5 FEES AND COMPENSATION

A. TYPES OF FEES

In exchange for the performance of the duties described above, the Manager and/or an affiliate will be paid the amounts described in the following sections as compensation. These amounts will be paid regardless of the success or profitability of the Fund, and none of these amounts were determined through arm’s-length negotiations. Please refer to the Fund’s Governing Documents for more detailed information about the applicable fees, compensation, and expenses.

1. MANAGEMENT FEE

Generally, as compensation for investment advisory services rendered to the Fund, the Manager receives a monthly investment management fee of 1.0% per annum of the total outstanding balance of assets under management during that month, calculated on an average daily basis. ("Management Fee") "Assets under management" in this context is defined as the outstanding principal balance of the loans owned by the Fund, excluding any loans in non-accrual status and the booked amount of any real estate owned by the Fund. Management Fees paid by the Fund are indirectly borne by the members of the Fund.

2. MANAGEMENT INCENTIVE FEE

An affiliate of the Fund and the Manager, as described in the Fund's Governing Documents, is entitled to receive on a quarterly basis, an amount equal to 30% of the net profit of the Fund in excess of each Member's Preferred Return Rate. Any such Management Incentive Fees allocated to the affiliate shall be promptly reinvested into its Incentive Capital Account as a member of the Fund. These reinvested incentive fees may not be withdrawn as distributions until the final dissolution of the Fund, except for yearly withdrawals equal to the actual tax liability incurred by the affiliate and its members on such incentive fees. This requirement shall not prohibit the affiliate from receiving any future distributions associated with such contributions/reinvestments that would ordinarily be due to the affiliate as a Member. The Management Incentive Fee is subject to Clawback provisions fully described in the Fund's Governing Documents.

See *Item 6 – Performance-Based Fees and Side-By-Side Management* for a detailed discussion.

3. LOAN TRANSACTION FEE

A one-time transaction fee in an amount equal to (a) the amount of any origination fees paid by the borrower in association with each loan made by the Fund, up to a maximum of 4.0% of the Note loan amount or (b) 2.0% of the outstanding loan balance of each existing loan purchased by the Fund, unless the loan is purchased from an entity owned or controlled by, or affiliated with, the Manager, in which case no fee will be paid.

4. UNDERWRITING AND FULFILLMENT FEE

An amount equal to any underwriting, site inspection, administration, document prep, or similar fees paid by the borrower in association with a loan made by the Fund, if such services were performed by the Manager or one of its affiliates, as reimbursement for such services.

5. REAL ESTATE BROKERAGE AND REFERRAL FEES

In instances where the Manager or one of its affiliates acts as a selling or listing agent on the sale of a property owned by the Fund (whether by foreclosure or direct investment), the Fund will pay such affiliate a sales commission/fee not to exceed the prevailing rate in the area where the property is located.

Additionally, the Manager or one of its affiliates may earn or accept brokerage commissions and/or referral fees related to (1) the purchase or sale of real properties owned by the Fund; or (2) the brokering of loans to other lenders for prospective borrowers that do not fit the Fund's investment criteria or for existing borrower that are refinancing a loan owned by the Fund. The amount of such commissions and/or referral fees may not exceed the prevailing rate that is common and customary in the local market.

B. FEE DEDUCTION

Management Fees are deducted monthly in arrears as set forth in the Fund's Governing Documents. The Management Incentive Fee is paid out in arrears in accordance with the Fund's Governing Documents.

C. OTHER COSTS AND EXPENSES

Pursuant to the terms of the Fund's Governing Documents, the Fund will pay all of its expenses related to the following matters: third-party audits; legal services; licensing; insurance; banking; advertising for the purposes of acquiring capital, debt, or loans; sales commissions paid to broker-dealers or similar parties for the sale of equity or debt instruments; due diligence, commitment, and other upfront or renewal fees associated with acquiring and maintaining

credit facilities; pass-through fees paid by borrowers; and the fees payable to the Manager and/or its affiliates. The Fund may choose to capitalize and amortize certain of these expenses over a number of quarters or years in accordance with IRS regulations and U.S. GAAP.

D. FREQUENCY, TIMING, AND REFUNDS

Management Fees are deducted monthly in arrears as set forth in the Fund's Governing Documents. The Management Incentive Fee is paid out in arrears in accordance with the Fund's Governing Documents.

E. COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS

The Manager, its affiliates and its employees do not directly receive any compensation or sales commission from the purchase or sale of securities or interests in the Fund.

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As set forth above in *Item 5 - Fees and Compensation*, pursuant to the Fund's Governing Documents, an affiliate of the Manager is entitled to receive on a quarterly basis, an amount equal to 30% of the net profit of the Fund in excess of each Member's Preferred Return Rate. Any such Management Incentive Fees allocated to the affiliate shall be promptly reinvested into its Incentive Capital Account as a member of the Fund. These reinvested incentive fees may not be withdrawn as distributions until the final dissolution of the Fund, except for yearly withdrawals equal to the actual tax liability incurred by the affiliate and its members on such incentive fees. This requirement shall not prohibit the affiliate from receiving any future distributions associated with such contributions/reinvestments that would ordinarily be due to the affiliate as a Member. Please note that the Management Incentive Fee is subject to Clawback provisions fully described in the Fund's Governing Documents.

Performance-based compensation creates conflicts of interest. Performance-based compensation can incentivize the Manager to make investments that are riskier than it would otherwise make due to the higher return potential associated with higher risk investments. In addition, the terms of the performance-based compensation could incentivize the Manager to make decisions regarding the timing, structure or realization of transactions that are not in the best interest of the Fund's members. However, the Manager seeks to mitigate such conflicts and align interests through equity commitments by its affiliates in the Fund itself.

It is believed that the commitments of the Manager's related persons to the Fund are sufficient to align our interests with those of the members, and to mitigate these conflicts of interest. Additionally, investment recommendations are subject to the Fund's investment guidelines and the Manager's allocation policies and procedures. Our policies and procedures have been designed and implemented to ensure that Fund investors are treated fairly and equitably, and to prevent these conflicts from influencing the allocation of investment opportunities among clients. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* below for additional information relating to how we generally address conflicts of interest.

Performance-based distributions and fees are calculated and paid in accordance with Section 205 and Rule 205-3 under the Advisers Act.

ITEM 7 TYPES OF CLIENTS

The Manager provides investment advice to the Fund, a pooled investment vehicle. Investors in the Fund are required to represent that they meet the requirements of an "accredited investor" as such term is defined in Rule 501 of Regulation D of the Securities Act and, if applicable, that they meet the requirements of a "qualified client" or a "qualified purchaser" as such terms are defined in the Investment Company Act or are an eligible employee. The minimum investment for the Fund is provided in the Fund's Governing Documents and may be waived.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. ANALYSIS AND INVESTMENT STRATEGIES

For the Fund, the Manager, directly or through an affiliate, primarily makes or acquires short-term construction, renovation, and bridge loans to owners of "transitional" real estate properties, with the intent to hold such loans to

maturity. The owner must have a viable plan for improving or repositioning the property that will result either in the property being resold for a profit or the borrower refinancing the loan with permanent bank financing.

The Manager will primarily (but not exclusively) conduct these businesses in a select number of states. The states have been carefully chosen by the Manager due to the local knowledge and experience of these markets possessed by its managers. States may be added or removed at any time, based on market conditions and at the sole discretion of the Manager or one of its affiliates.

The Manager relies on the thesis that there is a strong need for short-term real estate financing for certain “transitional” property types. These opportunities exist because banks and traditional lenders, still struggling to cope with increasing regulation and capital requirements, are unwilling or unable to lend on anything other than the lowest-risk properties, and to the most pristine borrowers.

Specific descriptions of such strategies and methods are included in the Fund’s Governing Documents. There can be no assurance that the investment objectives of the Manager will be achieved, that the Manager will otherwise be able to successfully carry out its investment program, or that a member will receive a return on its capital contributed to the Fund.

B. ANALYSIS, INVESTMENT STRATEGY, AND SECURITY RISKS

AN INVESTMENT IN A FUND INVOLVES A HIGH DEGREE OF RISK. THERE IS NO ASSURANCE THAT INVESTORS WILL REALIZE A RETURN ON THEIR INVESTMENT OR A RETURN OF PRINCIPAL. INVESTMENT IN A FUND SHOULD BE CONSIDERED ONLY BY INVESTORS WHO CAN AFFORD THE LOSS OF THEIR ENTIRE INVESTMENT AND DO NOT NEED LIQUIDITY IN THIS INVESTMENT.

THE FOLLOWING RISK FACTORS (TOGETHER WITH OTHER FACTORS SET FORTH IN THE FUND’S GOVERNING DOCUMENTS) SHOULD BE CONSIDERED CAREFULLY BUT ARE NOT MEANT TO BE AN EXHAUSTIVE LISTING OF ALL POTENTIAL RISKS ASSOCIATED WITH AN INVESTMENT IN A FUND. INVESTORS SHOULD ASK QUESTIONS AND SHOULD CONSULT THEIR OWN FINANCIAL, LEGAL AND TAX ADVISORS PRIOR TO INVESTING.

EACH INVESTOR IS STRONGLY CAUTIONED AND ADVISED TO SEEK OR MAKE AN INDEPENDENT EVALUATION OF THE RISKS PRIOR TO INVESTING.

Risks Related to the Fund’s Asset Portfolio

- **Payment Defaults.** By engaging in the lending business, the Fund is exposed to the risk that, at any time, borrowers may fail to make required loan payments. Such payment defaults may severely impact the Fund’s cash flow and restrict its ability to make distributions to its members. The Fund will typically be well secured by the value of the underlying collateral; however, accessing this value may require a lengthy and costly foreclosure action, after which the Fund must still market and sell the property. During this time, the cash flow and profitability of the Fund may be severely impaired.
- **Unidentified Investments.** The Fund will invest in real estate assets on an ongoing basis subsequent to the date of this disclosure, so investors will not be able to review or analyze the Fund’s specific loans, properties, and other assets, as may be acquired, prior to investing. Future assets acquired by the Fund may have substantially different characteristics than the assets owned by the Fund at the time of an individual investment.
- **Lack of Liquidity.** The assets held by the Fund are anticipated to be illiquid, with no market readily available in the event that the Fund wishes to sell or liquidate assets. There is no guarantee that assets will be able to be liquidated in a timely manner in order to meet investor withdrawal requests or the Fund’s general cash flow needs. Additionally, the lack of liquidity in the Fund’s asset portfolio may prevent the Fund from promptly reacting to, or benefiting from, changes in economic, financial, or investment conditions.
- **Changes in Future Property Value or Marketability.** During the underwriting process, the Fund will rely on opinions of a property’s value and marketability at that point in time; however, subsequent events may drastically alter the value or marketability of the property and negatively affect the Fund’s ability to recover its capital in a timely manner. Such events may include, but are not limited to, local demand for real estate, prevailing interest rates, general economic conditions, the performance of other similar properties in the area, changes to zoning or other permitted use laws, the discovery or introduction of environmental impairments, natural disasters, and other similar factors.

- **Balloon Payments.** Most loans made by the Fund will be “interest-only” loans that require the borrower to only pay interest during the loan term with a “balloon” payment of the entire principal balance due at maturity. Accordingly, no principal payments will be required during the loan term and the loan will not amortize to a lower outstanding balance over time. The Fund will use its best efforts during the underwriting process to ensure that a viable exit strategy exists for the borrower, either by selling the property or by obtaining a new loan from another lender; however, there can be no guarantees that either of these strategies will ultimately be successful. Fluctuations in property values, interest rates, and the availability of mortgage credit may adversely affect the ability of borrowers to pay off their loans at maturity.
- **Reliance on Third Parties.** During the underwriting process, the Fund will rely on subjective opinions from third parties, including with respect to property valuations. The Fund recognizes that appraisals performed by even the best and most professional appraisers contain some level of subjectivity, and that various appraisers may arrive at different values for the same property. The Fund will strive to validate the appraiser’s conclusions by reviewing multiple data sources and performing a site visit prior to closing; however, there can be no assurances that the property value used for underwriting is accurate.
- **Project Execution Risk.** Because a large percentage of the Fund’s assets will involve a renovation, construction, or development plan, the Fund will be dependent upon the performance of third-party developers and contractors to complete such plans in accordance with the pre-approved budgets, specifications, and schedules. Completion of the plans may also be subject to certain governmental inspections or approvals, the timing of which cannot be controlled by any party to the transaction. In the event that improvements to a property cannot be made on time and within budget, the Fund and its borrowers may be exposed to risks such as loss of income, increased carrying costs, the termination of pre-construction contracts for sale or occupancy, the loss of market opportunities, and legal costs. Additionally, if a contractor fails to perform work in accordance with approved plans and permits, the Fund may be liable for the additional costs of correcting such unacceptable work.
- **Risk of Property Ownership.** When the Fund owns real properties in its asset portfolio, such as by way of foreclosure, the Fund becomes subject to the risks of property ownership including, but not limited to (1) the legal rights of tenants; (2) ongoing expenses for maintenance, taxes, and insurance; (3) the costs and administrative burden of property management; (4) coping with local market conditions; (5) potential liability for injury to persons and property; (6) other similar risks.
- **Underwriting Philosophy.** Since the Fund will be relying on its security interest in the collateral property to protect its investment to a greater extent than the creditworthiness of its borrowers, the Fund may experience a borrower default rate that is higher than would be expected if its loan portfolio were more heavily focused on borrower creditworthiness. Because of the Fund’s underwriting criteria, the Fund may make loans to borrowers who would not otherwise qualify for loans from traditional institutional lenders (banks and credit unions, etc.).
- **Loans Not Guaranteed.** The loans made by the Fund are not guaranteed by any government agency, nor do they carry any sort of third-party credit enhancement such as private mortgage insurance. In the event of a default and subsequent loss, all financial risks will be borne solely by the Fund.
- **Lack of Geographic Diversity.** The Fund intends to attempt to diversify itself geographically; however, it may at any given time have a higher concentration of its assets in one or more particular markets, which could expose the Fund to adverse local market effects.
- **Limited Rights to Recover from Borrowers.** The Fund will typically seek to obtain personal guarantees from the individual borrowers and sponsors of its loans; however, the enforceability of these guarantees is not absolute. The provisions of certain state laws may prohibit the Fund from recovering any amounts from the individual guarantors after a foreclosure sale if the proceeds from the foreclosure were insufficient to repay the loan.
- **Bankruptcy Laws.** In the event of a default, the recovery of capital by the Fund through a foreclosure action may be delayed or impaired by Federal bankruptcy laws. Under such laws, borrowers may have the ability to delay a foreclosure sale for a period of several months to several years by filing a petition for bankruptcy that may automatically stay an action to enforce the terms of the loan. During this time, the borrower may not be required to pay interest on the loan (though interest would continue to accrue, possibly to the point where the accrued amount due from the borrower exceeds the property value). Additionally, bankruptcy courts have broad powers to compel the Fund to accept an amount less than the outstanding loan balance and to permit the borrower to repay the loan over a term that may be substantially longer than the original term of the loan. The Fund will pursue all legal avenues to recover its capital from defaulted borrowers; however, delays introduced by bankruptcy proceedings may severely impair the Fund’s profitability and cash flow.
- **Lender Liability Risks.** In recent years, a number of judicial decisions in the U.S. have upheld the rights of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed “lender

liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of the Fund's investments, the Fund could be subject to allegations of lender liability. In addition, under common law principles that, in some cases, form the basis for lender liability claims, if a lending institution (1) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower; (2) engages in other inequitable conduct to the detriment of such other creditors; (3) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (4) uses its influence as an equity holder to dominate or control a borrower to the detriment of the other creditors of such borrower, a court applying bankruptcy laws may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." The Fund could be subject to claims from creditors of an obligor that the Fund's investments in debt obligations of such obligor should be equitably subordinated. Alternatively, in bankruptcy a court may re-characterize the Fund's claims or restructure the debt using "cram down" provisions of the bankruptcy laws.

- **Property Casualties and Uninsured Losses.** The Fund will attempt to ensure that all real assets are insured to cover casualty losses; however, some types of casualties are uninsurable (such as losses due to war, terrorism, flooding, mudslides, etc.). In the event of any casualty losses that are not fully covered by insurance, the value of the Fund's assets will be reduced by any such uninsured losses, and the Fund may not have the financial capacity to repair or re-build the property. In such event, the property may need to be sold "as-is" with a resulting loss of capital. Additionally, even insured casualty losses may result in a loss of income to the Fund if the property improvement plan is delayed or if tenants refuse to pay rent until repairs have been completed.
- **Environmental Impairments.** By law, owners of, and lenders to, environmentally impaired properties may be liable for the cost of remediation of environmental hazards. Such laws often impose liability regardless of whether or not the owner or lender knew of, or was responsible for, the presence of the impairment. The Fund intends to avoid involvement in any environmentally impaired properties; however, in the event that an impairment is discovered after the Fund's involvement, significant expenses may be required to remediate the property, and the property may be entirely illiquid until such remediation is complete.

Risks Related to the Fund's Management

- **Reliance on the Manager.** The Manager will be tasked with making virtually all decisions with respect to the management of the Fund, including the determination of which loans to make and which assets to acquire. Accordingly, the Fund's success is dependent upon the performance and judgment of the Manager. The Fund's members will not have a voice in the management decisions of the Fund and can exercise only a limited amount of control over the Manager. In the event of the withdrawal, dissolution, or bankruptcy of the Manager, a similarly qualified substitute manager may be difficult to find, and the business and operations of the Fund may be adversely affected.
- **Manager's Discretion as to the Use of Proceeds.** The proceeds from the Fund will be used generally as described in the Offering Documents; however, the Fund reserves the right to use the proceeds for other purposes not presently contemplated, provided that the Manager deems such uses to be in the best interest of the Fund in order to react to changed circumstances or opportunities. The success of the Fund will be substantially dependent upon the discretion and judgment of the Manager with respect to the application and allocations of the Fund's capital and the proceeds of the Fund. Investors in the Fund will be entrusting their funds to the Manager, upon whose judgment and discretion the investors must depend.
- **Manager not Required to Devote Full Time to the Fund.** The Manager is required to devote to the Fund the amount of time reasonably required to discharge its responsibilities; however, the Manager is not required to devote its full time to the management of the Fund.
- **Reliance on Key Officers of the Manager.** The Manager is a limited liability company that consists of a few key officers whose temporary or permanent withdrawal, whether because of death, illness, or other type of event, may adversely affect the performance of the Manager, and thereby the Fund.
- **Conflicts of Interest.** Although the interests of the Fund, the Fund Manager and its affiliates will often be aligned, it is unavoidable that, at some point, a conflict of interest will arise. It is anticipated that the controls outline above, as well as the Fund Manager's fiduciary duty to the Fund, will mitigate these conflicts of interest; however, it is possible that the broad management authority delegated to the Manager may be abused to the detriment of the Fund.

- **Indemnification of the Fund Manager.** The Fund agrees to indemnify the Manager for certain liabilities incurred in connection with the affairs of the Fund. Such liabilities may be material and have an adverse effect on the performance of the Fund.

Risks Related to the Fund's Business Model

- **Limited Operating History.** The Fund has limited operating history and cannot guarantee that it will operate at a profit or that the business models and strategies described herein are valid or have merit. The Fund, the Manager and its affiliates have made, and will continue to make, numerous assumptions in the operation of the Fund's business, and the actual result may vary from these assumptions.
- **General Market Conditions.** The financial success of the Fund is sensitive to, and may be affected by, general economic conditions including, but not limited to, inflation, unemployment, banking and housing policies, interest rates, consumer confidence, and the demand for real estate. Changing conditions could reduce the demand for the Fund's products, increase the cost of its operations and funding, or impair its ability to operate in certain markets. Additionally, several of the local markets in which the Fund operates experienced significant downturns during the last economic cycle. If such conditions were to recur, the performance of the Fund could be significantly degraded.
- **Competition.** The Fund's profitability will depend to a large degree upon the future availability of secured loans and investment properties fitting the Fund's investment criteria. The Fund expects that it will face significant competition for attractive investments opportunities from other well-capitalized investors such as institutional lenders, pension funds, and private investors, many of whom have greater financial resources and experience than the Fund, the Manager and/or their affiliates. This competition is expected to increase as the attractiveness of the asset increases relative to other forms of investment, and the costs to acquire attractive investments may increase as a result. If the Fund is unable to acquire assets at a pace necessary to fully deploy its capital, the performance of the Fund could be significantly degraded.
- **Fluctuations in Interest Rates.** Recent years have demonstrated that mortgage interest rates are subject to abrupt and substantial fluctuations. The Fund intends to make loans with fixed interest rates with terms of up to several years. If prevailing interest rates rise above the rates being earned from the Fund's loan portfolio, investors may be unable to liquidate their investment in order to take advantage of higher returns from other available investments. If prevailing interest rates fall significantly below the rates being earned from the Fund's loan portfolio, borrowers may elect to prepay their loans, thereby reducing the overall interest earned by the Fund.
- **Regulatory Risks.** In recent years, the regulatory requirements placed on the United States mortgage market by various state and federal government agencies have increased exponentially. The majority of these new regulations have targeted banks and the making of mortgage loans made to owners of 1-4 unit residential properties that are used as primary residences or second homes ("consumer residential loans"). Partly to avoid the costly requirements of these regulations, it is the Fund's intent to avoid consumer residential loans and to make only "commercial" or "business purpose" loans that are secured by properties that are defined as exempt under the Truth in Lending Act (12 CFR 1026, Regulation Z) ("non-residential properties"), and to operate the Fund within the scope of available exemptions from the registration requirements of the Securities Act. While these decisions are based on current regulatory requirements, there can be no guarantee that these regulations, or new regulations, will not be amended or enhanced. In the event that new regulatory requirements are introduced, the Fund's operating expenses may increase significantly, the interest rates it can charge may be reduced, or the types of loans it can offer may be restricted.
- **Legal Representation – Investors Not Independently Represented.** Legal counsel has been selected and represents the Manager and its affiliates from time to time in a variety of different matters, including decisions with respect to investments and the organization and offering of interests in the Fund and Other Managed Entities. Legal counsel does not represent the other members in connection with matters relating to the Fund or its investments. Separate counsel has not been engaged to act on behalf of investors in the Fund. Furthermore, in the event a conflict of interest or dispute arises between the Manager, on the one hand, and the Fund or the members, on the other hand, it will be accepted that counsel to the Manager is not counsel to the Fund or the other members, notwithstanding the fact that, in certain cases, such counsel's fees are paid through or by the Fund (and therefore in effect by the members).

Documents relating to the Fund, including the terms set forth in the Governing Documents, are detailed and often technical in nature. Legal counsel has represented the interests of the Fund, the Manager and their affiliates in connection with the formation of the Fund and the offering of interests therein and will not represent the interests of any of the members in the organization and operation of the Fund. Accordingly, each prospective investor is urged to consult with its own legal counsel before investing in the Fund. Counsel disclaims any obligation to verify the

Manager's and/or its affiliates' compliance with its obligations either under applicable law or the Governing Documents of the Fund.

Risks Related to the Fund's Use of Debt/Leverage

- **Priority of Repayment.** The Fund plans to fund a portion of its business by obtaining debt financing from one or more sources, including individuals and financial institutions. The repayment of this debt will be senior to, and have priority over, the repayment of capital to the Fund's members and, in the event a dissolution of the Fund, either through bankruptcy or otherwise, the Fund's creditors will have first priority to the Fund's assets. In some cases, this right may be secured by a recorded lien on certain Fund assets in favor of the lender. In the event that the Fund defaults on any debt agreement, a creditor may have the right to foreclose on some or all of the Fund's assets, resulting in a material and adverse effect on the Fund's performance.
- **Priority of Cash Flows.** Interest payments to creditors must be made regardless of the payment performance of the Fund's assets. In order to avoid defaulting on debt agreements and risking a loss of assets through a creditor foreclosure, the Fund may need to prioritize payments to creditors over the payments of distributions to members. Additionally, the Fund, as the Lead Lender, may be required to advance interest payments to certain Participants in Participation Agreements when such loans are in default. In the event that the Fund's operating cash flow is impaired and it is unable to make all planned payments and distributions in any period, members must be prepared to forfeit or defer any anticipated distributions.
- **Uncertain Availability of Leverage.** The Fund can make no guarantees that it will be able to obtain any amount of debt financing, or if so, the terms and conditions that such financing may require. If debt cannot be obtained, the growth of the Fund's asset portfolio will be constrained and the financial performance of the Fund may be degraded.
- **Fluctuations in Interest Rates.** Due to prevailing market requirements, the Fund may be required to obtain debt financing at variable rates that may change as frequently as daily. The Fund will be investing primarily in loans with fixed interest rates, so it is possible that the financial benefits of debt may decrease, or even become negative, in the event that interest rates rise sharply. Depending on its financial position, the Fund may be unable to quickly exit such a negative debt position and may suffer a loss of income as a result.
- **Restrictive Covenants.** Debt providers may enforce restrictive covenants on the Fund, including (1) limits on loan terms and the types of properties secured as collateral; (2) additional servicing requirements for secured loans; and (3) minimum financial requirements for the Fund as a whole. The Fund will strive to use debt only in a manner that is advantageous to the Fund; however, such restrictive covenants could impair the Fund's operational or financial flexibility.

Coronavirus and Other Global Health Events. Epidemics, pandemics, and other widespread public health problems could adversely affect the Fund's performance. As the potential impact on global markets from COVID-19, or future epidemics, pandemics or other health crises, is impossible to predict, the extent to which any such crisis may negatively affect the performance of any Fund or the duration of any potential business disruption is uncertain. Precautions or restrictions imposed by governmental authorities and public health departments related to a pandemic can be expected to result in indeterminate periods of decreased economic activity throughout the U.S. and globally, including reduced or ceased business operations, decline in international trade and shortages of supplies, goods, and services. A future outbreak, and the reactions to such an outbreak, can be expected to cause uncertainty in the markets and businesses and are generally expected to adversely affect the performance of the U.S. and global economy for multiple reasons including but not limited to market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees to work at external locations and extensive medical absences among the workforce. As a reaction to such an outbreak, it is possible that governmental fiscal and economic measures will lead to an increase in spending and other forms of financial stimuli, and it is difficult to predict what effect such measures will have on the U.S. and global economies.

The impact that pandemics and other public health events will have on the performance of the Fund is uncertain and will depend on future developments and new information that may emerge regarding the duration and severity of COVID-19 or other health crisis, and the actions taken by authorities and other entities to contain such crisis or treat its impact, all of which are beyond the Manager's control.

Please see the Fund's Governing Documents for a discussion of these risks and more.

A. CRIMINAL OR CIVIL ACTIONS

The Manager and its management persons have no criminal or civil actions to disclose.

B. ADMINISTRATIVE PROCEEDING BEFORE A FEDERAL, STATE, OR FOREIGN REGULATORY AUTHORITY

The Manager and its management persons have no administrative proceedings before a federal, state, or foreign regulatory authority to disclose.

C. SELF-REGULATORY ORGANIZATION (SRO) PROCEEDING

The Manager and its management persons have no SRO proceedings to disclose.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. RELATIONSHIP WITH A FIRM REGULATED BY FINRA

Neither the Manager nor any of its management persons are registered or have an application pending to register, as a broker-dealer or registered representative of a broker-dealer.

B. RELATIONSHIP WITH A FIRM REGULATED BY THE CFTC

Neither the Manager nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. OTHER RELATIONSHIPS – CONFLICTS OF INTEREST

The Manager and its affiliates engage in a broad spectrum of activities, including financial services, sponsoring, and managing pooled investment vehicles, and other activities. These other activities may be in competition with the Fund and may involve substantial time and resources. This is a conflict of interest. Additionally, as related entities, the entities do not negotiate their terms on an arm's length basis with the Manager. Fees are disclosed to investors prior to their purchase of interests in the Fund. The Managers affiliated entities include:

- Securities Capital Partners, LLC, the Manager's parent company, is a Florida limited liability company that engages in real estate and real estate-related activities. Such activities may take the form of funding direct or indirect real estate related debt instruments and direct or indirect investments in real estate assets or real estate-related assets.
- Securities Capital Partners GP I, LLC, a Delaware limited liability company, is the affiliate established to receive the Management Incentive Fee, as described in *Item 5 – Fees and Compensation* and *Item 6 – Performance-Based Fees and Side-by-Side Management*. The conflicts of interest related to these fees are discussed in these items.
- Relevant Construction, LLC, a Florida limited liability company, is a general construction company. It has not provided services to the Fund.
- Relevant Development Group, LLC, a Florida limited liability company, is a property management and development company. It performs services for the Fund.
- MBAS Development, LLC, a Florida limited liability company, is a property management and development company. It performs services for the Fund.
- Additionally, the Fund, has several wholly owned special purpose vehicles including LYNK Investments, LLC, a Florida limited liability company; LC Investment Funding LLC, a Delaware limited liability company; and LC-V Investment Funding LLC, a Florida limited liability company.

Other Funds. The Manager and its affiliates are authorized to provide investment management and advisory services to certain other entities and are authorized, in the future, to sponsor, advise or manage additional investment vehicles, which may or may not utilize investment programs similar to those of the Fund (subject to the restrictions in the Fund's Governing Documents)(such future investment vehicles are referred to collectively as "Other Managed Entities").

Generally, by the terms of the Amended and Restated Operating Agreement, the Manager and its affiliates are not restricted from forming Other Managed Entities, from entering into other investment advisory relationships, or from

engaging in other activities, even though such activities may be in competition with the Fund and may involve substantial time and resources of the Manager. The Manager and its principals may also engage in other business opportunities with its affiliates, employees, senior advisors, or other personnel as disclosed and permitted by the Fund's Governing Documents. The Manager and its affiliates engage in a broad range of investment management and advisory activities, and the principals will spend a substantial portion of their business time on matters unrelated to the Fund. These other activities could be viewed as creating a conflict of interest in that the time and effort of the members of the Manager and their officers and employees will not be devoted exclusively or even primarily to the business of the Fund, but will, subject to the terms of the Amended and Restated Operating Agreement, be allocated between the business of the Fund and other activities of the Manager and its affiliates (including in respect of Other Managed Entities).

In addition, the Manager and its affiliates will from time to time be presented with investment opportunities appropriate for the Fund as well as Other Managed Entities. The Manager and its affiliates will be under no obligation to make such investments available, in whole or in part, to the Fund and may make such investments on their own behalf or on behalf of any Other Managed Entities. The Fund may also invest in instruments in which Other Managed Entities have invested, which Other Managed Entities may, either concurrently as part of the same financing plan or subsequent to the investment by the Fund, invest in securities of a different class from those in which the Fund is invested, and which may entitle the holder of such securities to greater control or other rights than those to which the Fund is entitled. In connection with any such investments, the Fund, on the one hand, and the Manager's Other Managed Entities, on the other hand, may have conflicting interests and investment objectives.

Inside Information. From time to time, the Manager or its affiliates may come into possession of material, non-public information concerning certain parties that may be involved with one or more transactions contemplated on behalf of the Fund. Manager maintains a Code of Ethics, as described below in *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*, and provides training to its personnel with respect to conflicts of interest and how such conflicts are resolved under the Manager's policies and procedures.

Distressed Investments. If a holding in which the Fund and the Manager's Other Managed Entities (if any), have invested becomes troubled, decisions relating to actions to be taken may raise conflicts of interest. For example, if such holding goes into bankruptcy, becomes insolvent or is otherwise unable to meet its payment obligations or comply with its debt covenants, conflicts of interest could arise between holders of different types of securities as to what actions the holding should take. The Manager will be authorized to resolve such conflicts on a case-by-case basis in their discretion, taking into account the interests of the Fund and such other clients. Such conflicts may not necessarily be resolved in favor of the Fund.

As to the conflicts of interest presented to the Manager, it maintains a Code of Ethics, as described below in *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*, and provides training to its personnel with respect to conflicts of interest and how such conflicts are resolved under the Manager's policies and procedures.

D. RECOMMEND/SELECT OTHER INVESTMENT ADVISERS

The Manager does not recommend or select other investment advisers for its clients.

ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. SUMMARY OF CODE OF ETHICS

The Manager's Code of Ethics ("Code") has been designed to comply with the requirements of Rule 204A-1 of the Advisers Act. The Code (i) requires that employees comply with applicable federal and state securities laws, (ii) requires that access persons submit to the Manager their personal securities holdings and transactions in reportable securities, (iii) requires access persons to obtain pre-approval of certain personal investments; and (iv) contains policies and procedures designed to prevent the misuse of material, non-public information. Personnel of the Manager are required to certify their compliance with the Code of Ethics.

The Manager will provide a copy of its Code of Ethics to a client or prospective client upon request.

B. RELATED PERSON TRANSACTIONS

As previously explained, the Manager and/or its related persons have financial ownership interests in the Fund, as set forth in the applicable Governing Documents, and, in some cases, receive a Management Fee, Management Incentive Fee, and/or other compensation for their services. Additionally, the Manager and its related persons invest directly or indirectly in the Fund, subject to applicable law. The Manager seeks to mitigate these conflicts through its policies and procedures together with our Code. See also *Item 6: Performance-Based Fees and Side-By-Side Management*.

The Chief Compliance Officer reviews access person's personal transaction reports to make sure each access person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

ITEM 12 BROKERAGE PRACTICES

A. SELECTING AND RECOMMENDING BROKER-DEALERS

As the Fund through its construction, renovation, and bridge lending program, directly or through a subsidiary, will make or acquire short-term secured mortgage loans to owners of "transitional" real estate properties, the Manager anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in the lending program). However, to meet its fiduciary duties to the Fund, the Manager has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

For the Fund, the Manager has discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for the Fund involving a broker-dealer, the Manager will seek "best execution" of the transaction. "Best execution" means obtaining for the Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. However, the lowest possible commission cost is not necessarily the determinative factor in achieving best execution.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Manager will into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

1. RESEARCH AND OTHER SOFT DOLLAR BENEFITS

The Manager generally acquires securities in direct transactions with issuers and currently does not have a soft dollar arrangement with any broker or dealer. Any soft dollar arrangements contemplated will be made in a manner that satisfies the requirements of the safe harbor provided by the Securities Exchange Act of 1934, as amended. That is, the Manager will generally determine, considering all appropriate factors, that commissions and fees paid are reasonable in relation to the value of all the brokerage and research products and services provided by the broker-dealer.

2. BROKERAGE FOR CLIENT REFERRALS

Not applicable. The Manager does not receive client referrals from broker-dealers.

3. DIRECTED BROKERAGE

The Manager will direct brokerage for the Fund, as appropriate, and pursuant to its duty of best execution.

B. AGGREGATED TRADING

The Manager generally will not be able to aggregate securities transactions for the Fund. To the extent the Manager aggregates orders for purchase and sale, the Manager will aggregate such orders as it deems appropriate and in accordance with the Fund's Governing Documents and in the best interest of the Fund.

ITEM 13 REVIEW OF ACCOUNTS

A. PERIODIC AND NON-PERIODIC REVIEWS

In addition to the diligence described in *Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss*, the Manager's principals provide ongoing monitoring and will review, quarterly or more frequently (depending on market, political, or economic conditions or in special circumstances), the Fund to ensure consistency with the objectives and restrictions. The Manager monitors the Fund's investment activity to compare it to the Fund's investment guidelines as described in the Fund's Governing Documents.

B. REPORTS

As described in the Governing Documents, the Manager will provide members with

- **Interim Financials.** On a monthly basis, the Fund will make available to all investors its unaudited, interim financial statements (consisting of a current year-to-date income statement and balance sheet).
- **Audited Year-End Financials.** Each year, the Fund will engage a third-party certified public accountant to perform an audit of its year-end financial statements and will provide the results of such audit to all investors.
- **Portfolio Reports.** On an ongoing basis, the Fund will provide investors with reports detailing the characteristics of its asset portfolio through a secure web portal or other similar method. Such reports will include current and projected balances, payment status and history, collateral details, and other information deemed relevant by the Manager.
- **Member Tax Reporting.** Additionally, as soon as practicable after the close of each taxable year, the Fund will prepare and send to the members such reports and information as are reasonably necessary to (1) inform the members of the results of the Fund's operations for the taxable year, and (2) enable the members to completely and accurately reflect their distributive membership units of the Fund's income, gains, deductions, losses and credits in their federal, state, and local income tax returns for the appropriate year.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

A. ECONOMIC BENEFIT

As described in *Item 5 – Fees and Compensation* and *Item 10 – Other Financial Industry Activities and Affiliations*, the Manager and/or its related persons receive fees from third parties in connection with the making or acquiring of the short-term construction, renovation, and bridge loans to owners of “transitional” real estate properties, in which the Fund invests.

B. COMPENSATION FOR REFERRALS

The Manager does not directly or indirectly compensate any person who is not a supervised person for client referrals. However, the Manager has plans to engage an unaffiliated broker-dealer as a placement agent for the referral of investors for the Fund.

ITEM 15 CUSTODY

Pursuant to Rule 206(4)-2 of the Advisers Act (the “Custody Rule”), the Manager has custody of the Fund's assets. To comply with the Custody Rule, the Fund undergoes an annual audit performed by an independent accounting firm registered with, and subject to inspection by, the Public Company Accounting Oversight Board (“PCAOB”). The audited financial statements are distributed to all investors in the Fund within 120 days of the end of the fiscal year.

ITEM 16 INVESTMENT DISCRETION

The Manager provides investment advisory services to the Fund pursuant to the Governing Documents. Investment advice is provided by the Manager directly to the Fund and not individually to the members of the Fund. Any restrictions on investments in certain types of securities are established by the Manager and are set forth in the Governing Documents received by each member prior to investment in the Fund.

ITEM 17 VOTING CLIENT SECURITIES

Generally, the Manager invests on behalf of the Fund, in direct or indirect real estate related debt instruments and direct or indirect investments in real estate assets or real estate-related assets. If the Manager is required to vote proxies on behalf of the Fund, the Manager will vote (by proxy or otherwise) in the best interests of the Fund, taking into account such factors as it deems relevant in its sole discretion and in accordance with the requirements of Rule 206(4)-6 under the Advisers Act.

Consistent with the requirements of Rule 206(4)-6, the Manager will consider all relevant facts and circumstances surrounding the matter to be voted upon, and any documents provided in connection with such matter, and will establish that: there is a clear understanding of the vote at hand, any potential conflicts of interest are identified and communicated to the Fund prior to voting, and disclosure is provided as to how the Fund may obtain information on how its securities are voted.

ITEM 18 FINANCIAL INFORMATION

A. BALANCE SHEET

The Manager does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

B. FINANCIAL CONDITION

The Manager has no financial conditions that are reasonably likely to impair our ability to meet contractual commitments to clients.

C. BANKRUPTCY

The Manager has not been the subject of a bankruptcy petition at any time.