

Introduction

Direct Realty Securities, Inc. ("DRSI") is registered with the Securities and Exchange Commission (SEC) as a broker dealer and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at <http://www.Investor.gov/CRS>, which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

We are a limited purpose broker-dealer and conduct business primarily in real estate related securities. The firm was formed to act as a placement agent or best-efforts underwriter for debt and/or equity securities, private placements, tenant in common interests, and limited partner interests. DRSI conducts retail business where it directly sells securities to the investing public and is also in the business of wholesaling to various soliciting broker-dealer firms or investment advisor firms. We offer securities that are primarily sponsored by U.S. Realty Partners, Inc ("USRP") and do not perform any type of clearing function for itself or others. We are affiliated with USRP and under common ownership. DRSI accepts investments from new investors in the investment funds that have been identified, qualified, and introduced by the *soliciting* broker/dealer firms or registered investment adviser firms, in each case pursuant to soliciting dealer agreements or investment adviser introductory agreement with these firms, as the case may be. DRSI sells securities that are processed on a subscription basis internally and held directly with the Single Purpose Ownership Entity, and not a transfer agent. The Entity tracks, records, and confirms the investments and the investor ownership percentage allocations in most of the investment funds, and handles all aspects of the investment distributions to the investors. Furthermore, we do not hold customer funds or securities, do not carry accounts of or for retail investors, and do not manage or monitor a retail investor's account.

For more information about our firm: Visit our website at www.DirectRealtySecurities.com.

Questions to ask your financial professional:

- "Given my financial situation, should I choose a brokerage service? Why or why not?"*
- "How will you choose investments to recommend to me?"*
- "What is your relevant experience, including your licenses, education and other qualifications?"*
"What do these qualifications mean?"

What fees will I pay?

As part of your investment decision-making process, we feel that it is important for you to know the fees and costs that you will incur for your specific investment, including how frequently they are assessed and the conflicts of interest they create. We provide transaction-specific recommendations and receive a commission on a transaction-by-transaction basis every time you invest. The commission, which can also be called a sales load or sales charge, is typically paid at the time of the sale and can reduce the amount available to invest.

When investing in a debt and/or equity securities, private placements, tenant in common interests, and limited partner interests, there will be additional fees and expenses incurred, such as a dealer-manager fee, general partner fee, asset management fees, acquisition and disposition fees, construction fees, developer fees, and loan origination fees. These fees, and possibly others, are automatically taken out of your investment.

For additional information regarding the fees and expenses for your specific investment, please refer to the Private Placement Memorandum (PPM).

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time.

*****Please make sure you understand what fees and costs you are paying.*****

Questions to ask your financial professional:

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

What are your legal obligations to me when providing recommendations? How else does your firm make money and what conflicts of interest do you have?

When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they affect the recommendations we provide you.

Here are some examples to help you understand what this means.

Affiliated Compensation – DRSI and USRP are affiliated entities under common ownership, which in and of itself creates an inherent conflict of interest. When you make an investment with DRSI, both entities and its ownership benefit financially.

Proprietary Products – DRSI only offers proprietary products that are managed, issued, and/or sponsored by USRP, which places a material limitation on our recommendations to you. We recommend you independently research other investment opportunities to ensure this investment is best for you.

Common Ownership - DRSI, any of its qualified registered representatives and "friends and family" as defined in the specific PPM may purchase the same investment as our clients in accordance with our compliance procedures. This ownership stake in the investment being offered creates an inherent conflict of interest.

For additional information regarding other conflicts of interest for your specific investment, please refer to the Private Placement Memorandum (PPM).

Question to ask your financial professional:

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

How Do Your Financial Professionals Make Money?

DRSI's registered representatives are also employees of USRP. DRSI and USRP have entered into an expense sharing agreement. The compensation for DRSI's registered representatives may include two components: base pay and commission. The amount each representative receives is generally determined by the representative's role, responsibilities and performance measures. At times our registered representative may receive bonuses based on individual revenue produced, or overall profits of the firm.

In an attempt to mitigate any further conflicts of interest, we do not have sales contests, sales quotas, and/or noncash compensation that are based on the sale of a specific investment opportunity.

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

No. Neither DRSI nor our financial professionals have a legal or disciplinary history. If you would like more information about our firm and/or our financial professionals, visit Investor.gov/CRS for a free and simple search tool to research us and our financial professionals.

Questions to ask your financial professional:

- *"As a financial professional, do you have any disciplinary history? For what type of conduct?"*
- *"Are there any restrictions on your ability to manage my investment?"*

Additional Information

If you would like additional, up-to-date information or a copy of this disclosure, please call (818) 575-6006 or email JKerner@DirectRealtySecurities.com.

Questions to ask your financial professional:

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