DISCLOSURES FOR RETAIL BROKER-DEALER CLIENTS

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Thornhill Securities, Inc.

Disclosures for Retail Broker-Dealer Clients

Thornhill Securities, Inc. ("TSI" or "Firm") is providing this information to enhance the transparency of our relationship by disclosing conflicts of interest connected with recommendations and services we provide. These conflicts result from the practices of the financial services industry, TSI’s business model and our compensation structure, including conflicts arising from the transaction-based commissions we pay our financial professionals. This document also clarifies the different standards of conduct that apply to TSI and our financial professionals depending on whether your applicable account is a commission-based broker-dealer ("BD") account or a fee-based advisory account.

Introduction

About Thornhill Securities, Inc. ("TSI" or "Firm"): TSI is a broker-dealer registered with the Securities and Exchange Commission (SEC) and member of the Financial Industry Regulatory Authority (FINRA). TSI is also registered as an investment adviser with Texas and New Jersey. TSI serves clients across the United States and offers private placements in all 50 states.

TSI maintains a team of individuals, referred to as “financial professionals”, who offer BD account services, investment advisory services, or both, depending on their licenses, through TSI. Some of TSI’s financial professionals are investment adviser representatives (IARs) of TSI.

TSI’s financial professionals are primarily independent contractors and employees of TSI’s parent company, Realized Holdings, Inc. TSI only offers private placements to its clients including, but not limited to, Delaware Statutory Trusts ("DSTs") and Qualified Opportunity Zone Funds ("QOZs"). TSI also assists clients in executing secondary transactions in certain DSTs.

This disclosure contains information about the business practices, compensation and conflicts of interest related to the BD business of TSI. Additional information about TSI and its financial professionals can be found in our Form CRS and is available on FINRA’s website at http://brokercheck.finra.org. Information related to our advisory practices can be found in our Form ADV 2A and in our Form CRS.

Important Information to Consider Before Reading Further

As you read the information in this disclosure, it is important for you to consider and understand the following:

This disclosure is intended to comply with our obligations under Regulation Best Interest (Rule 15l-1 under the Securities and Exchange Act of 1934), and, in certain cases, with other regulatory disclosure requirements.

- This disclosure does not otherwise change, alter or modify our other obligations under the federal securities laws, nor does this disclosure otherwise change, alter or modify the terms and conditions of any client agreement(s) you enter into with us.

- Our obligations under Regulation Best Interest apply only when we recommend a type of account, a securities transaction in your BD account, an investment strategy involving securities in your BD account, or recommend that you roll over or transfer assets from one type of account to another (i.e., a workplace retirement plan account to an IRA). Our obligations under Regulation Best Interest do not extend to other dealings we have with you, including when we execute transactions where we have not made a recommendation, where you deviate from our recommendation(s), how we market securities and our services, or in determining the fees we charge.

- Our obligations under Regulation Best Interest do not extend beyond a particular recommendation, nor do they create an ongoing duty to you, or impose on us any duty to monitor your BD account or to monitor specific investments in your BD account.

Capacity and Restrictions on Recommendations

Capacity: Broker-Dealer and Advisory Services

As a TSI client, you receive a broad scope of services whether we serve you as a broker-dealer, investment adviser or both. While...
there are similarities between the BD and advisory services we provide, there are important differences, including the pricing structures for these services and the provision of ongoing monitoring of accounts.

BD relationships generate transaction-based compensation. In BD relationships, investors pay transaction-based fees in connection with the products and services they receive, such as buying private placements. These include commissions, transaction fees, loads and sales charges. Compensation to TSI includes these commissions, transaction fees, loads and sales charges. The sponsors of most private placements offered through TSI also charge other fees that may be termed a Due Diligence fee and/or Marketing fee that is disclosed in the offering documents and paid in part or whole to TSI.

In a BD relationship, your total costs generally increase or decrease as a result of the frequency and/or size of transactions in the account as well as the types of securities you purchase. This presents a conflict in that the more you invest, the more revenue we can generate from your account. When handling your account, we are obligated to ensure that our recommendations are in your best interest.

**No Ongoing Monitoring in Broker-Dealer Accounts:** In a BD relationship, our financial professionals do not provide ongoing monitoring of your account after the recommendation. Our best interest obligation to you applies only at the time of the recommendation. If you desire to have your account monitored on an ongoing basis, ask your financial professional about an advisory account relationship.

**Advisory relationships:** Advisory relationships have fee-based compensation. In advisory relationships, clients pay a set fee, or a fee based on a percentage of the assets in the account according to an investment advisory program agreement.

**Ongoing Monitoring in Advisory Accounts:** When handling an investment advisory account, your financial professional will act as a fiduciary to you. Advisory services are provided pursuant to a written agreement with you. In an advisory relationship, we do provide ongoing monitoring of your account in accordance with the terms of the written agreement with you.

For more information about TSI and the services financial professionals provide when they act as IARs, please see TSI’s Form ADV disclosure brochure and Form CRS or at www.adviserinfo.sec.gov.

These disclosure documents discuss important information regarding financial professionals who are registered representatives of the Firm.

**Limitations on Investment Recommendations**

Although many financial professionals offer both BD and investment advisory services, some offer only BD services and not investment advisory services. When you are discussing services with a financial professional, you should ask what capacity the financial professional is acting or will be acting – as a broker-dealer registered representative and/or an investment adviser representative – when providing services to you. You should also ask if there are limitations on the products or services a financial professional may offer by virtue of any of the following:

**Limited Product Offering:** There are literally thousands of investment products on the market and TSI does not offer all of them for sale to its clients. Moreover, the scope of products and services we offer is limited to private placements especially DSTs and QOZs. TSI and its financial professionals offer and recommend investment products only from investment sponsors with whom TSI has entered into selling and distribution agreements. Other firms may offer products and services not available through TSI, which presents a conflict since you are not able to purchase those products or services through TSI. Not all investment products, however, are able to support a 1031 Exchange pursuant to IRS regulations or used in support of a Tax Optimized Real Estate Investment Strategy. We disclose this conflict to you and mitigate it by maintaining a robust offering of products and services within the private placement space.

**Restrictions Based on Licensing:** A financial professional’s ability to offer individual products and services depends on his/her licensing. A financial professional holding a Series 22 or 7 securities license is limited to recommending BD accounts only and cannot recommend advisory accounts. A financial professional may also hold either the Series 65 or 66 securities licenses or have attained a certification such as the Certified Financial Professional, which enables them to offer advisory services.

You should ask your financial professional about the investment products or services he/she is licensed or qualified to sell, and his/her ability to service investments that you transfer to TSI from another firm. You should also review the licenses held by your financial professional by visiting the FINRA BrokerCheck system at http://brokercheck.finra.org. Licensing presents a conflict in that individuals have an incentive to offer you products or services that correspond to their licensing. We disclose this conflict to you and mitigate it by reviewing recommendations made to you by our financial professionals to ensure these recommendations are in your best interest.
Minimum Investment Amounts: Some products may impose minimum investment amounts, which precludes purchases under that amount. Purchase minimums can vary by sponsor, but they are common in alternative investments (typically between $25,000 - $100,000). Ask your financial professional or refer to the official product offering document if there are minimum purchase amounts applicable to the investment product you are considering.

Distinction Between Holding Products Directly with Sponsor or in a Brokerage Account: Certain investment products may be owned in either a brokerage account or directly held with the product sponsor ("directly held"). TSI has not entered into a clearing agreement and thus can only hold investment products directly with the product sponsor of the investment. With a directly held account, TSI purchases the investment directly with the product sponsor, which is responsible for sending you confirmations and account statements. In a brokerage account, you can hold several different types of securities, which can be more efficient because all the securities are included on one statement and you receive one Form 1099. With a directly held account, you may only hold products issued by that product sponsor. Brokerage accounts typically have annual maintenance fees and fees for transactions and other services while directly held accounts typically do not charge such fees, which makes directly held accounts less expensive. Throughout this document, the term "BD account" will be used to describe accounts held directly with a sponsor unless specified.

Understanding Risk in your Broker-Dealer Account

While we will take reasonable care in developing and making recommendations to you, investing in securities involves risk, you may lose money, including your entire investment. Further, there is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as expected. Please consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you.

You should also consider that some investments involve more risk than other investments. Higher-risk investments have the potential for higher returns but also for significant losses. The lower your "risk tolerance," meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more we encourage you to avoid higher-risk investments, as these investments pose the potential for significant losses.

To help address these risks, we align investor risk tolerances with investment needs to offer you investment objectives from which to choose. You should select the investment objective and risk tolerance best aligned with your BD account goals and needs. Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum. Risk tolerance also varies, and we measure it on a continuum that increases from conservative to aggressive. You should consider these differences before selecting the investment objective and risk tolerance associated with your BD account(s). For more information concerning our available investment objective options, contact your financial professional.

Firm Revenue: Commissions, Fees, and Third-Party Compensation

We earn revenue primarily from clients. We also earn revenue from product sponsors who assist us in providing the investments and services that we offer you.

A. Revenue from Clients

Our BD account revenue from clients comes from:

1. **Commissions:** We receive commissions when you invest in private placements. These commissions are paid to us at the time of the investment and are a portion of the amount invested. These commissions are disclosed in the offering documents for each private placement. Please see the offering documents for each investment for the specific commission charges related to your investment. We share this revenue with your financial professional.

2. **Due diligence fees:** Most private placements offered by the Firm also charge fees paid by the client to reimburse TSI for its due diligence expenses. These fees are paid at the time of the sale and reduce the amount available to invest. These fees are disclosed in the offering documents for each private placement. Please see the offering documents for each investment for the specific fees related to your investment. We do not share this revenue with your financial professional.

3. **Other fees:** Most private placements offered by the Firm also charge fees paid by the client which include fees paid to the managing broker-dealer as well as other expenses. These fees are paid at the time of the sale and reduce the amount available to invest. These fees are disclosed in the offering documents for each private placement. Please see the offering documents for each investment for the specific fees related to your investment. Neither TSI nor your financial professional receive any portion of these fees.
4. **Secondary market transaction fees**: TSI also assists clients with investing in private placements in the secondary market. Clients effecting transactions in the secondary market are charged a commission on the investment that is normally a percentage of the investment amount which is paid by the purchaser. There may also be a commission paid by the seller. These commissions are shared with the financial professional.

**Financial Professional Compensation**

TSI generally compensates financial professionals through an independent contractor agreement, and not as employees, through TSI’s parent company, Realized Holdings, Inc., ("Realized"). Most financial professionals are employees of Realized, from which they receive a salary and bonus. Described below are the compensation and other benefits that independent contractor financial professionals receive.

1. **Cash Compensation**: As stated above, financial professionals of TSI are generally compensated by a salary and bonus from the Firm’s parent company.

2. **Noncash Compensation**: Third-party providers and product sponsors may also give financial professionals gifts up to a total value of $100 per provider per year, consistent with industry regulations. Third parties may occasionally provide financial professionals with meals and entertainment of reasonable value. We want you to understand that this creates a potential conflict of interest to the extent that this may cause financial professionals to recommend products that provide these noncash incentives. We address these conflicts of interest by maintaining policies and procedures regarding the sale and supervision of the products and services we offer to you and by disclosing our practices to ensure you make a fully informed decision.

3. **Revenue from a Financial Professional’s Outside Business Activities ("OBAs")**: Financial professionals are permitted to engage in certain TSI-approved business activities other than the provision of BD and advisory services through TSI. Financial professionals receive compensation and benefits from these activities. A financial professional’s OBAs are separate and distinct from their TSI activities. By engaging in OBAs, your financial professional may have an incentive to recommend you purchase products or services through the OBA and away from TSI. If you engage with a financial professional for services separate from TSI, you may wish to discuss with him/her any questions you have about the compensation he/she receives from the engagement. Additional information about your financial professionals outside business activities is available on FINRA’s website at http://brokercheck.finra.org.

**Products: Fees, Costs, and Compensation**

**Private Placements**

TSI offers private placements of securities including Delaware Statutory Trusts ("DSTs"), Qualified Opportunity Zone Funds ("QOZs") and non-traded real estate investment trusts ("non-traded REITs"). The majority of the transactions involve 1031 exchanges.

Private Placements are generally illiquid long-term investments (7-10+ years) and there typically does not exist a secondary trading market. For this reason, converting an alternative investment to cash prior to liquidation is extremely difficult and may not be possible or may result in a large loss to the client. In some cases, it may be difficult to determine the current value of the asset. The value of these types of investments will likely fluctuate. Therefore, at the time of redemption, they may be worth more or less in value than the original amount invested. Most of these offerings are sold by prospectus or offering memorandum, which contains more complete information including risks, costs and expenses. Investors should read these carefully before investing.

Additionally, these investments contain fees and expenses that are higher than those of other investment types. These products are complex, risky, and not appropriate for everyone. For this reason, there are heightened investor qualification requirements for purchases. There also could be a less expensive or less complicated product that is similarly appropriate for you. However, only certain investment products support a 1031 Exchange and/or Qualified Opportunity Zone Investment strategy based on IRS regulations and policy.

When you invest in an alternative investment, the product sponsor pays us a sales charge or commission, which we share with your financial professional. In addition to this sales charge, you will also be responsible for paying additional expenses relating to the organization and operation of the investment. A complete description of these expenses can be found in the product offering document.