



CUSTOMER RELATIONSHIP SUMMARY

INTRODUCTION

LEC Investment Corp. ("LEC") is registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer and is also a member of the Financial Industry Regulatory Authority (FINRA). LEC does not charge any fees for its broker-dealer services. Brokerage services and investment advisory services and fees differ and it is important you understand the differences between these services. This document provides answers to questions you might have about the services we offer and to disclose that we do not charge fees for these services. Free and simple tools are available to research firms and financial professionals at 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 offer brokerage services to retail investors, including selling limited partnership units in partnerships formed to invest in commercial real estate. These partnerships are single-property investment partnerships or real estate funds issued in private placement transactions. We do not sell any securities other than these limited partnership units in private placement transactions and we do not have discretionary authority over investment accounts. Our individual investors make the sole decision whether or not to invest in these limited partnership units. We do not hold customers' funds, and we do not monitor investors' brokerage accounts. Our private placements are only offered to accredited investors. If you want additional information about accredited investor requirements, you can find it in the following website: Investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/updated-3.

QUESTIONS YOU MIGHT WISH TO ASK WHEN CONSIDERING OUR SERVICES:

- 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?

You will not pay LEC any transaction fees or other fees for LEC's services. However, specific fees paid to LEC's affiliates are stated in the Private Placement Memorandum for that partnership. Generally, our affiliates are paid fees or earn subordinated ownership positions for specific services rendered to the partnership.

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. The fees typically charged by our firm's affiliates and other allocated benefits are listed below. No fees are charged unless disclosed in the offering documents.

Property Management Fee: Crowne Partners, Inc. may be paid a fee of up to 5% of the collected gross revenue for property management services.

Development Overhead Fee: An affiliate of our firm may receive a fee of up to \$1,500/apartment unit developed to cover overhead costs relating to development and construction administration.

Disposition Fee: An affiliate of our firm may receive a fee of up to 1.75% of the sales price in exchange for procuring a buyer and negotiating and administering the sale. This fee is not guaranteed and charged only if and when the service is provided and in accordance with what was disclosed in the Private Placement Memorandum.

General Partner Ownership: Affiliates of our firm receive an ownership share in the partnership. As part of this, the affiliates of our firm generally receive (i) up to 20% of the operational cash flow, refinancing proceeds and other proceeds distributed over the life of the partnership, (ii) a range of 10-20% of the equity in the partnership and (iii) up to 20% of the gross sales proceeds remaining after

all partners receive the entirety of their capital back (inclusive of the general partner's receipt of its equity interest referenced in (ii), to the extent not already paid).

QUESTION YOU MIGHT WISH TO ASK US:

- Help me understand how these fees and costs might affect my investments. If I give you \$100,000 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 understand what this means.

- **Proprietary Products** – Affiliates of our firm serve as general partners, sponsors, and managers of the investment offerings we sell. Additionally, an affiliate of our firm acts as the property manager for all commercial real estate assets held in the limited partnerships. As discussed above, affiliates of our firm earn fees and receive equity ownership in all limited partnership offerings.
- **No Independent Distribution** – Our firm is not an independent underwriter for any offering of limited partnership units and, accordingly, the limited partnership offerings will not have the benefit of an independent “due diligence” review and investigation of the type normally performed by an unaffiliated, independent managing underwriter. Although LEC believes that its investigations of the limited partnership offerings it conducts are as complete as would be the case in dealing with unaffiliated persons, there is no assurance that such due diligence has been performed in the same manner as that of an independent managing underwriter.

QUESTION YOU MIGHT WISH TO ASK US:

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

HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?

Our financial professionals (as registered representatives of our broker-dealer, LEC Investment Corp.) do not make money by earning commissions from the sale of securities. Rather, they are compensated through their roles and positions in the affiliates of our firm. The affiliates of our firm can only be successful if the limited partnership units are successfully sold by our registered representatives.

DO YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?

Yes. Visit [investor.gov/CRS](https://www.investor.gov/CRS) for a free and simple search tool to research our firm and financial professionals.

QUESTION YOU MIGHT WISH TO ASK US:

- As a financial professional, do you have any disciplinary history? For what type of conduct?

ADDITIONAL INFORMATION

If you would like additional, up-to-date information or a copy of this disclosure, please call (205) 328-3120, email us at crowne@crownepartners.com, or visit our office at 505 20th St. North, Suite 1150, Birmingham, Alabama 35203.

QUESTIONS YOU MIGHT WISH TO ASK US:

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



EXHIBIT TO FORM CRS

LEC Investment Corp. ("LEC") is required to update its Form CRS when information in the Form CRS becomes materially inaccurate. This Exhibit summarizes the following material changes to LEC's Form CRS:

- Clarifying changes were made to the paragraph "What Fees Will I Pay":
 - Added the following statement: "No fees are charged unless disclosed in the offering documents."
- Disposition Fee:
 - updated percent of sales to 1.75%
 - added statement that fee is in accordance with what was disclosed in PPM.

Revision Date: November 10, 2023

- Clarifying changes were made to the paragraph "What Fees Will I Pay":
 - Added the following statement regarding fees paid to affiliates: "or earn subordinated ownership positions."
 - Updated statement about fees typically charged by affiliates to include the following language: "and other allocated benefits".
- Development Overhead Fee updated to \$1,500/apartment unit

Revision Date: October 10, 2022

- Information was added regarding Property Acquisition Fees

Revision Date: September 10, 2021



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