



Business Continuity Disclosure Statement

Please be advised that we at Preferred Capital Securities, LLC have developed a business continuity plan (“BCP”) in the event of a significant business disruption (“SBD”). We anticipate two different kinds of SBDs, internal and external. Internal SBDs affect only our ability to communicate and do business, such as a fire in our building. External SBDs, on the other hand, prevent the operation of the securities markets or the ability of a number of broker-dealer firms to transact business, such as:

- a terrorist attack;
- a city flood; or
- a wide-scale, regional disruption of some other kind, such as a power outage.

Our response to an external SBD relies more heavily on other organizations and systems, which we do not control, than our response to an internal SBD.

Because we do not carry customer accounts or maintain custody of funds or securities for you or our other customers, our BCP is more limited than it would be if we were a full-service broker-dealer. However, in the event of an internal or external SBD, if telephone service is available our registered persons will call and assist you and our other customers in accessing information regarding your funds and securities from the REIT or issuer of the direct participation programs in which you and our other customers invested directly through us. We will also call and assist the other broker-dealers which participated in a selling group for which we served as dealer-manager with regard to the investments of their customers in those REITs or direct participation programs. If we have a website, this information will also be made available on our website.

We rely on the REIT or issuer of the direct participation program to deliver the cash distributions from the investment to you and the other investors in the REIT or direct participation program. Also, because the direct participation programs we sell usually do not issue certificates to the investors, there are usually no certificates to deliver. If certificates are issued by the REIT or issuer, however, then we rely on the REIT or issuer to deliver the certificate to you and the other investors.

With respect to any ongoing registered offering of non-listed preferred stock of Preferred Apartment Communities, Inc., if your broker-dealer uses DTC Settlement, then you can place an order for the purchase of units through your broker-dealer. A broker-dealer using this service will have an account with Depository Trust & Clearing Corporation (“DTCC”) in which your funds are placed to facilitate the anticipated monthly closing cycle. Orders will be executed by your broker-dealer electronically and you must coordinate with the registered representative of your broker-dealer to pay the full purchase price of the units by the settlement date, which depends on when you place the order during the monthly settlement cycle. This purchase price will not be held in escrow. Also, you have the option to elect to use DRS Settlement. If you elect to use DRS Settlement, you should complete and sign a subscription agreement which will be delivered to the escrow agent. In connection with a DRS Settlement subscription, you should pay the full purchase price of the units to the escrow agent as set forth in the subscription agreement. If an SBD, either internal or external, occurs during an ongoing registered

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offering then, as communications permit, we will inform you and the broker-dealers what options you have to effectuate the orders and the subscriptions.

It is difficult to estimate how long it will take us to recover from SBDs of varying intensities (such as a significant disruption to our building, our business district, our city, or the whole region in which we are situated) and resume business. However, we do intend to stay in business.

Our BCP covers many areas of our business,¹ including our emergency contact persons, who are Gregory A. Mausz and Jeffery A. Smith.

If you have any questions concerning our BCP, or would like to receive a copy of it, please contact Gregory A. Mausz at Preferred Capital Securities, LLC, 3284 Northside Parkway NW, Suite 150, Atlanta, Georgia 30327.

¹ Other areas of our business covered by our BCP include firm policy, business description, office locations, alternative physical location(s) of employees, customers' access to funds and securities, data back-up and recovery (hard copy and electronic), financial and operational assessments, mission critical systems, alternate communications between the Firm and customers, employees, and regulators, critical business constituents, banks and counter-parties, regulatory reporting, disclosure of business continuity plan to customers, and updates and annual review of our BCP.