

Dear Partner,

I hope you and your family are well and enjoying your new freedom this summer. Below is a brief update on our current investments and opportunities we have been evaluating.

305 Kenneth Welch Drive

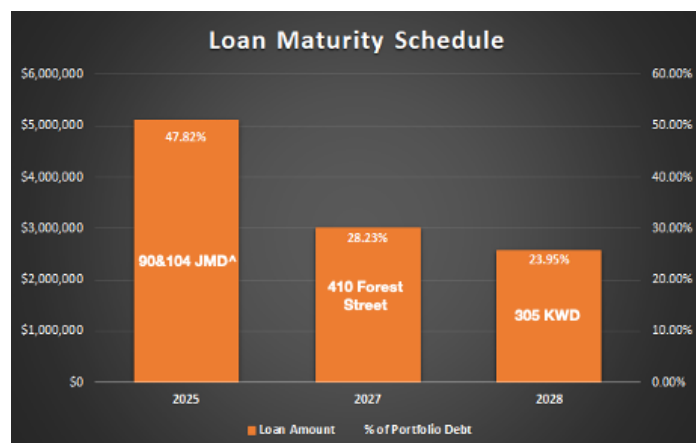
On June 10, 2021, Luzern closed on the acquisition of 305 Kenneth Welch Drive ("305 KWD") located in Lakeville, MA. The building is currently vacant and undergoing a renovation including extensive cleaning, painting of the interior and exterior, installation of new warehouse lighting and renovation of the office area. The location of the property is excellent and the physical aspects of the building and site - parking ratio, ceiling height and truck circulation – are very strong. We have received a number of leasing inquiries with multiple tours by prospective tenants. Current, underwriting targets March 2022 for completion of the renovation and leasing program. We are excited to have completed this off-market acquisition and look forward to successfully executing our business plan. See included photos of renovation progress.

Critical metrics for 305 KWD:

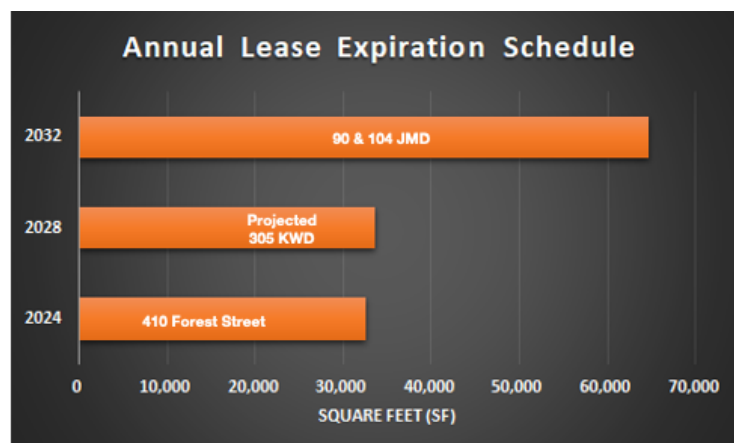
- Invested Capital: \$1,521,335
- Projected Average Annual Dividend Yield: 8.66%
- Debt Financing:
 - Principal Balance: \$1,655,261
 - Average Fixed Rate during hold period: 3.50%
 - Term: 7 years
 - Interest Only Period: Twenty-four (24) months
 - Amortization: 28 Years

Industrial Portfolio

Luzern Realty Fund III now owns three industrial properties: 410 Forest Street located in Marlborough, MA; 90 & 104 John Murphy Drive located in New Haven, CT; and 305 Kenneth Welch Drive located in Lakeville, MA. The Portfolio now totals 130,822 SF and has a combined asset value of \$14,500,000 representing \$5,657,319 of invested equity. The Charts below summarize the annual loan maturity and lease expiration schedules for the Portfolio.



[^]90 & 104 JMD Loan has two (2) twelve (12) month extension options



Luzern Realty Fund III

Investor Update

July of 2021

We are pleased to report that we will be making the second distribution from operating income generated by the industrial portfolio for the six months ended June 30, 2021. Total distribution from operating cash flow is \$213,302 with \$202,586 distributed to the Limited Partners and \$10,715 to the General Partner. Checks were sent by mail on July 17th. The weighted average gross dividend yield generated from operations (not including 305 KWD) is 10.09%, comprised of 12.1% from 410 Forest Street and 8.8% from 90 & 104 John Murphy Dr. As mentioned in our prior letters, one of our goals is to provide a significant portion of the projected returns for the industrial portfolio through semi-annual dividend payments and the balance from long term value appreciation. Please note 305 KWD is not generating a dividend at this time and current underwriting assumes the property will be cash flowing by the end Q1 2022.

Luzern Realty Fund III LP capital summary as of June 30, 2021:

- Invested Equity: \$5,657,319
- Capital Contributed: \$10,964,680
- Total Distributions: \$7,702,604
- Remaining Committed Capital: \$7,035,319

Fund III Potential New Investment Activity

Over the past quarter the Luzern Team was very active closing 305 KWD and evaluating a number of potential new investments in Connecticut and Massachusetts. The scope of our pipeline includes vacant properties in need of renovation and leasing, occupied properties and out of the ground development for the industrial sector. We also continue to review potential multifamily value-add and development opportunities.

LUZERN CURRENTLY ACTIVE & CLOSED DEALS						Project Equity ¹	Call Amount ¹	Returns ¹	
Property Address	State	Type	Status / Notes	Square Feet	Ask / Bid	Fund III	3.33% Full Share	Avg Yield ²	Gross IRR ³
Active Deals									
31 Jytek Rd	MA	WH/Dist	Market Deal; LOI Submitted	34,500	TBD	-	-	-	-
357 Fortune Blvd	MA	WH/Dist	Market Deal; LOI Submitted	32,040	\$3,300,000	\$1,629,286	\$54,309	9.0%	13.1%
63 Neck Road	MA	WH/Dist	Market Deal; LOI Submitted	26,000	\$2,900,000	\$1,317,624	\$43,921	5.8%	15.1%
37 Manning Rd	MA	WH/Dist	Market Deal; LOI Submitted	59,030	\$8,600,000	\$2,688,710	\$89,623	8.2%	14.4%
40 Sebethe Dr	CT	WH/Dist	Off Market Deal; LOI Submitted	64,800	\$7,000,000	\$2,557,950	\$85,265	8.5%	14.2%
Average Active				43,274	\$5,450,000	\$2,048,393	\$68,280	7.9%	14.2%
Closed Deals									
410 Forest St	MA	WH/Dist	Closed in April 13, 2020	32,500	\$4,300,000	\$1,517,783	\$50,593	6.3%	14.9%
90 & 104 John Murphy Dr	CT	WH/Dist	Closed December 22, 2020	64,722	\$7,400,000	\$2,618,202	\$87,273	10.6%	14.6%
305 Kenneth Welch Dr	MA	WH/Dist	Closed June 10, 2021	33,600	\$2,800,000	\$1,521,335	\$50,711	8.4%	14.5%

¹All Figures are Estimates ²Average Yield over Holding Period ³Gross IRR before Profit Sharing

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Fund III Potential Capital Calls and Reporting Calendar

Projected Capital Call Calendar 2021 (Full Share Limited Partner interest is 3.33%)

- 2021 Fund Management Fee Capital Call: \$193,000 (Full Share Capital Call: \$6,427) to be timed with the next acquisition
- Targeted Additional Equity Investment for the 2nd half of 2021: \$3M (Full Share Capital Call: \$100,000)

Reporting/Distribution Calendar

- September 2021 Update Letter
- January 2022 Semi-Annual Distribution

I want to thank you for your continued support of Luzern and the investments we make together.

Best Regards,

Sal

Salvatore Campofranco
Founder, Managing Partner
Luzern Associates LLC

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305 KWD Renovation Photos



Prior Warehouse Condition



Renovation Progress