

Dear Partner,

I hope you and your family are well and wish you a Happy Thanksgiving. Following is a brief update on our current investments.

Industrial Portfolio

The industrial portfolio is performing well. We are on target to make our 5th distribution in January from operating income generated by the industrial portfolio for the six-month period ending on December 31, 2022. The dividend from operating income will be \$596,480, shared \$524,438 to the Limited Partners (Full Share LP at 3.33% is \$17,463), and \$72,042 to the General Partner. Checks will be sent by mail in early January. The current dividend payment includes operating income generated by 770-790 Marshall Phelps Road in Windsor, CT the Fund's most recent acquisition made in April. On an annualized basis this property generated a 10.17% dividend yield. The total portfolio of four properties generated a 10.61% dividend yield to the Limited Partners on an annualized basis for 2022.

Portfolio Sale

We are excited to announce that we have entered into a contract to sell two of the three buildings in the portfolio we began marketing during the summer. As you might expect the current market conditions have presented a challenge to the execution of the sale and consequently the buyer decided to only move forward with the purchase of 410 Forest Street and 305 Kenneth Welch Drive. The buyer is Foxfield Real Estate who is also our partner in the Day Hill Road Redevelopment project located in Windsor, CT. Foxfield has completed their due diligence, posted their non-refundable deposit, and we expect to close on the sale around December 20th. The distribution of sales proceeds will be included with the January operating distribution summarized above. Although the transaction represents a sale of only a portion of the portfolio, we believe it is important to continue with the sale process given the strong yields generated by the two properties (weighted average exit cap rate of 5.39%) and the opportunity to return \$3,036,000 of capital to the Limited Partners. In addition to the operating dividend mentioned above, the estimated distribution from the capital event will be \$3,733,913 (Full Share LP at 3.33% is +/- \$120,332). In addition, to the distribution from sale, we will include a return of capital in the amount of \$254,941 representing a return of a portion of the previously contributed capital for the Fund Management Fee. The sale transaction will be reported as a gain on your 2022 K-1 Information Return. The Table below summarizes the major return metrics for the transaction.

Industrial Portfolio Sale Metrics					Gross		Net to LP	
Property	Exit Cap	Value	SF	Price/SF	IRR	Multiple	IRR	Multiple
410 Forest	5.31%	\$5,000,000	32,500	\$154	19.34%	1.54	14.15%	1.38
305 Kenneth Welch Drive	5.47%	\$5,750,000	33,600	\$171	66.98%	2.17	30.81%	1.50
	5.39%	\$10,750,000	66,100	\$163				

Day Hill Road Redevelopment

We are happy to report that the Venture has received full site plan and environmental approvals from the Town of Windsor, CT for a 170,300 SF warehouse/manufacturing building. Many thanks to Tom Riley and the consulting team we had on the ground who all did a fantastic job. The approvals were received in-line with our underwritten schedule and the next steps will include closing on the land option (anticipated to occur in December), completion of construction drawings, purchase of construction services, and obtaining a building permit. Obviously, we will continue to monitor the capital markets and macro-economic conditions prior to commencing construction. The Venture has retained CBRE to market the building for lease. We will be making our next capital call for this project in early December. The equity required at the joint venture level is \$1,664,265, which will be funded 50/50 by Fund III and our partner Foxfield, representing \$832,132 each. A portion of this contribution required by Fund III (\$678,401) will be funded by reserves held at Fund III. The balance, \$153,731 (\$832,132 - \$678,401) will be included in our upcoming capital call in early December. Notices will be forwarded after Thanksgiving. The joint venture funding mentioned above will cover closing on the land option, completing construction drawings, and commencing the following work: demolition of the first office building, site work, and wetlands improvement work.

We are in a great position with this investment in that we currently have no debt, and our strategy is to fund pre-development and a portion of site work with equity. We will close on a construction loan at the time we begin vertical construction.



Fund III Capital Calls and Reporting Calendar

Projected Capital Calls (Full Share Limited Partner interest is 3.33%)

- December 5, 2022: Total call \$346,731 (Full Share Capital Call \$11,546)
 - Capital Call for the 2022 Fund Management Fee of \$193,000 (Full Share Capital Call: \$6,427)
 - Capital Call #2 for Day Hill Road Redevelopment \$153,731 (Full Share Capital Call: \$5,119)
- February 2023 (capital call amount is subject to change)
 - Capital Call #3 for Day Hill Road Redevelopment \$760,000 (Full Share Capital Call: \$25,300)

Reporting and Distribution Calendar

- January 2023: Semi-annual distribution for the second half of calendar year 2022 operations and distribution from industrial sale
- February 2023: next update letter
- March 2023: K-1 Information Returns.

From all of us at Luzern we wish you and your family a safe and happy holiday season. As always thank you for your continued support and as always feel free to reach out directly with any questions or concerns.

Best Regards,

Sal

Salvatore Campofranco
Founder, Managing Partner
Luzern Associates LLC

