LEM MULTIFAMILY FUND VI, L.P.

PRESENTATION TO:

pennsylvania
STATE EMPLOYEES' RETIREMENT SYSTEM

DECEMBER 2021

L·E·M CAPITAL

Disclaimer & Confidentiality

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In considering the Fund's proposed target IRR, prospective investors should bear in mind that such targeted performance is not a guarantee and is not necessarily indicative of future results. There can be no assurance that this proposed Fund will be able to implement its investment strategy or achieve its investment objective. Actual returns and individual limited partners participating directly or indirectly in a LEM Fund may vary significantly from the targeted returns set forth herein and targeted returns on individual investments may be outside the ranges set forth herein. Projected returns are inherently subject to significant geopolitical, economic, market and other uncertainties and risks that may adversely affect performance and are not guarantees of future performance. The target returns set forth herein are based on the Firm's belief about the returns that may be achievable on investments that the proposed Fund intends to pursue in light of the Firm's experience with similar transactions, the Firm's knowledge of and experience with similar investments and certain assumptions about investing conditions and market fluctuation or recovery. Targeted returns were also based on models, estimates and assumptions about performance believed to be reasonable under the circumstances. There is no guarantee that the facts on which such assumptions are based will materialize as anticipated and will be applicable to any real estate investments. Any target return is hypothetical and is not a guarantee of future performance.

MULTIFAMILY EXPERTS

EXPERIENCED. DISCIPLINED. DILIGENT.

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Organization

L·E·M CAPITAL

$3.5+ Billion Multifamily Acquisitions[1]

Focus on **Downside Protection** and **Current Cashflow**

Experienced Team

With dedicated acquisitions, asset management, portfolio management, investor relations, accounting and institutional reporting experience

Value-Add Fund III, IV & V Ranked #2, #3 & #1 by Cambridge Associates[2]

103 Multifamily Properties Acquired

24,000+ Units[3]

LEM Snapshot

LEM's top tier value-add performance[2] is fueled by our seasoned operating partner network, LEM's robust participation and oversight, and our disciplined fund size

Positive Returns in Two Funds Active During The Great Recession[4]

71 Multifamily Value-Add Properties Sold

Gross Investment-Level IRR 24.7%[5]
Gross Investment-Level Multiple 2.2x[5]

Strong Alignment of Interests

With our investors, operating partners and employees helps drive overall performance

Invested across 27 MSA's

20+ Best-in-Class Operating Partners

Culture of Respect for our Investors' Capital

19 Years Experience Investing in Multifamily

All information is as of the date of this presentation unless otherwise indicated. 1 Acquisitions reflect total cost basis of all multifamily acquisitions as of September 10, 2021. 2 The Cambridge Associates benchmark pooled return is for 2012, 2015 & 2018 vintage value-add real-estate funds. Real Estate Benchmark statistics are provided by Cambridge Associates at no cost and are "as is" as of March 31, 2021. Fund I (2002 vintage) and Fund II (2006 vintage), which were structured debt funds, are not compared to the Cambridge Associates index as they do not benchmark for debt funds. 3 As of September 10, 2021. 4 Please reference LEM Track Record at the end of this presentation for LEM Fund I and LEM Fund II returns. 5 For 59 realized investment sales (69 properties) from October 2014 through September 7, 2021. Figures based on actual disposition values. These are gross property-level profits and do not include any fund level fees or expenses. Please refer to the performance disclosures on slide 2 and the Footnotes and Definitions. Investors should bear in mind that the past or target performance is not necessarily indicative of future results.

Top Tier Performance vs. Cambridge and Preqin Value-Add Benchmarks

CAMBRIDGE ASSOCIATES VALUE-ADD BENCHMARKS

LEM FUND III

Ranked #2 of 33 Constituent Funds[2]

LEM III[1]	24.1%
Top 5%	24.1%
Top Quartile	17.5%
Median	12.0%

2X Median

LEM FUND IV

Ranked #3 of 32 Constituent Funds[2]

Top 5%	22.1%
LEM IV[1]	20.3%
Top Quartile	12.6%
Median	9.7%

2X Median

LEM FUND V

Ranked #1 of 23 Constituent Funds[2]

LEM V[1]	38.2%
Top 5%	20.7%
Top Quartile	13.1%
Median	8.6%

These are early results and are expected to normalize in our targeted 12- 15 % range

VALUE-ADD FUNDS RANKED TOP QUARTILE BY PREQIN[3]

1 Values shown are Net to Limited Partners since inception as of June 30,2021 for LEM Fund III, LEM Fund IV, and LEM V. 2 The Cambridge Associates benchmark pooled return is for 2012, 2015, and 2018 vintage value-add real-estate funds for Funds III and IV, respectively. Real Estate Benchmark statistics are provided by Cambridge Associates at no cost and are "as is" as of March 31, 2021. Fund I and Fund II, which were structured debt funds, are not compared to the Cambridge Associates index as they do not benchmark for debt funds. 3 The Preqin Quarterly Benchmark is 2012, 2015, and 2018 vintage value-add real estate funds. Real estate statistics are provided by Preqin at no cost and are "as is" as of March 31, 2021 (FIII, FIV and FV). Preqin does not have specific benchmarks for debt funds so both Fund I and Fund II are included in the "Real Estate – North America" category, which includes a range of fund strategies and may not be as representative of relative performance. Please refer to the performance disclosures on slide 2 and the Footnotes and Definitions. Investors should bear in mind that the past performance shown for these investments is not necessarily indicative of future results and there can be no assurance that the Fund will achieve comparable results.

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LEM's Unique Value Proposition

LEM TEAM

Institutional Investment Process

Operational Experience

Robust Asset Management and National Reach

OPERATING PARTNER NETWORK

Drives Deal Flow & Execution

Local Ownership and Management Integrated with LEM Team

FUND SIZE

Allows LEM to Maintain a Disciplined Investment Selection Process While Building a Diversified Portfolio

LEM VALUE CREATION

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Please refer to the performance disclosures on slide 2 and the Footnotes and Definitions.

Philadelphia Presence & Support in Pennsylvania

Live, Work and Learn in Philadelphia

- ✓ 19 LEM Team Members work in LEM's Philadelphia Headquarters
- ✓ 15 LEM Team Members live in Philadelphia
- ✓ 10 LEM Team Members attended college/grad school in PA

Long Term Relationship with PA SERS

- ✓ PA SERS was instrumental in strategy shift in Fund III (2012)
- ✓ Consultant NEPC rated LEM Fund VI a 1 out of 5 rating and denoted a "Best Ideas" Fund on its Focused Placement List

Supporting Philadelphia

Non-profit: Philly Youth Basketball

- A youth development and community empowerment organization
  - ✓ COVID Learning Pods
  - ✓ Volunteerism

Internship: 2022 Drexel University Co-Op

- Six-month full-time rotational internship
  - ✓ Exposure to investor relations, acquisitions and asset and property management
  - ✓ Two students per year

As of December 2021. Please refer to the performance disclosures on slide 2 and the Footnotes and Definitions. Investors should bear in mind that the past or targeted performance shown for these investments is not necessarily indicative of future results.

ESG Initiatives

Where We Are Now

2020

- Developed and launched Environmental, Social and Governance policy and committee
- Firm headquarters in a Gold LEED certified building
- 10-year strategy focuses on at-risk housing stock that caters to middle income working American
- Business plans include a variety of environmentally-conscious initiatives, including low-flow toilets, LED lighting, hardscaping or synthetic ground cover
- Utilize paperless resident application process and on-line bill pay for rent collection

2021

- Rolled out Responsible Contractor Policy to all Operating Partners
- Began interviewing ESG consultants to help formalize environmental measurement

Our Path Forward

2022 - 2023

- Select ESG technology platform to help enhance our ESG program
- Develop specific ESG due diligence assessment for each acquisition
- Further integrate environmental consideration into our investment process through:
    - Measuring waste, water and/or energy
    - Establishing reduction goals
    - Benchmarking
- Evaluate GRESB Assessment participation

All information as September 7, 2021

DE&I Initiatives

Where We Are Now

2020

- Established **Diversity, Equity & Inclusion** committee
- Hosted **Philadelphia Youth Basketball** learning pods
- Sponsor and participant in Industry Groups targeting **women in private markets** - Kayo Conferences and PEAK

2021

- Joined **Project Elevation: Real Estate Diversity Council**
- Initiated philanthropic program and partnerships
- Established baselines for diversity in recruiting process
- Introduced **Diversity, Equity & Inclusion** policy
- Partnered with Path Forward to establish internal DE&I training program
- Applicant for **ILPA Diversity in Action Initiative** Signatory
- Partner with **HBCU Connect** to seek diverse candidates for open job postings and internship program

Our Path Forward

2022 - 2023

- **Foster diversity and inclusion** in our **recruiting and retention** practices
  - Partner with **BRIDGE Program** at Drexel
  - **Spring Co-Op Program** for Drexel Students
- Continue annual DE&I training program
- Seek **partnerships with MWBE vendors** and others committed to DE&I through their own internal policies
- Survey Operating Partners to assess current stage of adoption of **Diversity, Equity & Inclusion** initiatives
- Seek new MWBE Operating Partners
- Identify additional local partnerships for community events and volunteer opportunities
- Join additional industry initiatives that support expanding Diversity, Equity & Inclusion across Private Equity

All information as September 7, 2021

Multifamily Macro Opportunity

Multifamily: Strong Imbalance Between Supply and Demand

Persistent undersupply of total housing: Single and Multifamily

UNDERSUPPLY OF
4.4 MM HOUSING
UNITS FROM 2011-2020[1]

VERY LIMITED
CLASS B
CONSTRUCTION[2]

WORKFORCE
OCCUPANCY
AT 96%+[3]

- **DELAYS IN LIFE EVENTS**
- **STUDENT DEBT**
- **COSTS AND BENEFITS OF HOME OWNERSHIP**
- **SLOWER WAGE GROWTH**
- **FLEXIBLE LIFESTYLE CHOICES**
- **UNDER-EMPLOYMENT**

LONGER-TERM AND MORE PERMANENT RENTER BASE[4,5]

1 New Privately Owned Housing Completions, 1991-2020, US Census Bureau. 2 U.S. Census Bureau New Housing Completions Annual Historical through 2017 excel including REIS Completions Q3 2017.3 CBRE National Multifamily Figures Report 2021. 4 "Here's Why Renting is Eclipsing Home Ownership", October 3, 2018, RentCafe. 5 "Some 43% of College Grads Are Underemployed in First Job", October 30, 2018, Wall Street Journal. Please refer to the performance disclosures on slide 2 and the Footnotes and Definitions. Investors should bear in mind that the past performance shown for these investments is not necessarily indicative of future results and there can be no assurance that the Fund will achieve comparable results.

LEM Value-Add Strategy & Performance

LEM's Value-Add Investment Strategy

Manufacture yield by acquiring well-located, suburban **Class B multifamily** properties that are **under-managed and capital-starved** and then increase rents and NOI **by modernizing** the properties and **upgrading** management to provide middle-income tenants a like-new product at an **affordable** price point.

The Montana

Fund V

Phoenix, AZ

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Please refer to the performance disclosures on slide 2 and the Footnotes and Definitions.

Before

Skyview 3322 Fund IV Kent (Seattle), WA

After

Skyview 3322 Fund IV Kent (Seattle), WA

Before

Arbors at Carrollwood Fund V Tampa, FL

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After

Arbors at Carrollwood Fund V Tampa, FL

Before

Asheville at Spring Branch Fund V Houston, TX

L·E·M CAPITAL

After

Asheville at Spring Branch Fund V Houston, TX

Investing in Diversified Growth Markets with Local Operating Partners

LEM invests in specific Growth Markets that we believe **offer strong downside protection**

These markets are **experiencing outsized growth in population, employment, education, and net migration while offering an affordable lifestyle and work-life balance**

+6.8mm (+19%)
Employment Growth
(2012-2019)[1]

+7.1mm (+9%)
Population Growth
(2012-2019)[2]

+5.1mm
Net Migration
(2012-2019)[3]

The above markets represent LEM Target markets. Size of market arrows not indicative of market share or targeted equity exposure. Employment Growth, Population Growth and Net Migration shown as the absolute growth from January 2012 through December 2019 for all LEM Target Markets shown on this map. Percentage growth is the percentage change of the absolute growth over the same time frame for the same subset of markets. 1 Employment, 2012-2019, Bureau of Labor statistics. 2 Population: 2012-2019, Annual Estimates of the Resident Population for Metropolitan Statistical Areas in the United States and Puerto Rico: April 1, 2010 to July 1, 2019 (CBSA-MET-EST2019-ANNRES), U.S. Census Bureau, Population Division. 3 Net Migration: 2012-2019, U.S. Census Bureau, Population Division. Please refer to the performance disclosures on slide 2 and the Footnotes and Definitions. Investors should bear in mind that the past or target performance is not necessarily indicative of future results.

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LEM Investment Criteria

- ✓ **1st and 2nd tier markets**
- ✓ **Suburban location**
- ✓ **Built between late 1980s and early 2000s**
- ✓ **200 to 400 units in size**
- ✓ **Markets with proven institutional appeal**
- ✓ **“B” or better location within the market**
- ✓ **Easy highway access**
- ✓ **Infill locations with high barriers to entry**
- ✓ **Diverse employment drivers**
- ✓ **Good school systems**
- ✓ **Quality tenant base**
- ✓ **Well-built with a full amenity package**
- ✓ **Value-add upside**
- ✓ **Unencumbered with long term debt**
- ✓ **Deal metrics meet requirements**
- ✓ **Strong current cash flow**
- ✓ **Solid operating partner**
- ✓ **Intangible, “Special” characteristics**

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Please refer to the performance disclosures on slide 2 and the Footnotes and Definitions

COVID Outcomes and Key Takeaways

Proactive Communication: Ongoing communication strategy with Operating Partners sharing strategies around resident communication and best practices during uncertain times

Collections & Payment Plans: Proactive communication and compassionate approach to help residents impacted by unemployment secure financial assistance, implement payment plans and remain in their homes

OPERATIONAL RESULTS: MARCH 2020 THROUGH MARCH 2021

Consistent occupancy levels and higher retention rates[1]

Rent collections slightly behind historical trend 3/20-3/21[2]

Helped financially impacted residents access govt assistance or provided flexible payment plans

Minor concessions for new leases and reversion to normal Fall 2020

Dip in leasing traffic reverting to normal in June 2020

OPERATIONAL PERFORMANCE THROUGH 2020 REMAINED STEADY WITH MINIMAL IMPACT ON THE PORTFOLIO

1 Occupancy figures for the Fund IV and Fund V portfolios as of the first Monday of each month for January 2020 through March 2021. 2 Represents the total actual collections (less bad debt and any outstanding rent payments over 90 days+ past due) over total billings for March 2020 through March 2021. Please refer to the performance disclosures on slide 2 and the Footnotes and Definitions. Investors should bear in mind that the past performance shown for these investments is not necessarily indicative of future results and there can be no assurance that the Fund will achieve comparable results.

Approach to Deal Level Value Creation

DEAL SOURCING & UNDERWRITING	• Capitalize on our seasoned operating partner network and robust LEM origination team effort to **source a high percentage of off-market and lightly marketed deals** • Employ disciplined underwriting standards and focus on **affordable Class B properties** in infill suburban locations **acquired at an attractive basis below replacement cost**
+	
PHYSICAL ENHANCEMENTS	• Develop a business plan that includes modernizing amenities, common areas and units to provide a **high quality community with affordable rents** • Continually evaluate renovation plans with the goal of **optimizing return on cost**
+	
OPERATIONAL IMPROVEMENTS	• **Seek to improve property operations** by upgrading management with local operating partners and sharing best practices across the portfolio, while leveraging **real-time data** through centralized portfolio management • **Focus on key operational drivers:** rent, other income, occupancy, controllable expenses and implement energy savings initiatives to reduce utility expenses and environmental impact
+	
CAPITAL MARKETS EXECUTION	• Drive **best debt execution** through LEM lender relationships • Monitor debt markets and asset performance to **take advantage of attractive refinance opportunities** • Conduct regular portfolio reviews to **optimize property sales** based on our direct market experience, deep relationships with local brokers and strong knowledge base of the buyer pool

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There can be no assurance that historical trends will continue. Please refer to the performance disclosures on slide 2 and the Footnotes and Definitions.

Robust Processes & Integration Through Asset Lifecycle

ACQUISITION DUE DILIGENCE

THOUGHTFUL, RESEARCH-DRIVEN decision-making process that is rooted in our experience and incorporates a strong emphasis on disciplined underwriting and thorough due diligence.

LEM TEAM AND OPERATING PARTNERS EMBEDDED IN TARGET MARKETS with active feedback and insight from market participants, industry professionals and local experts

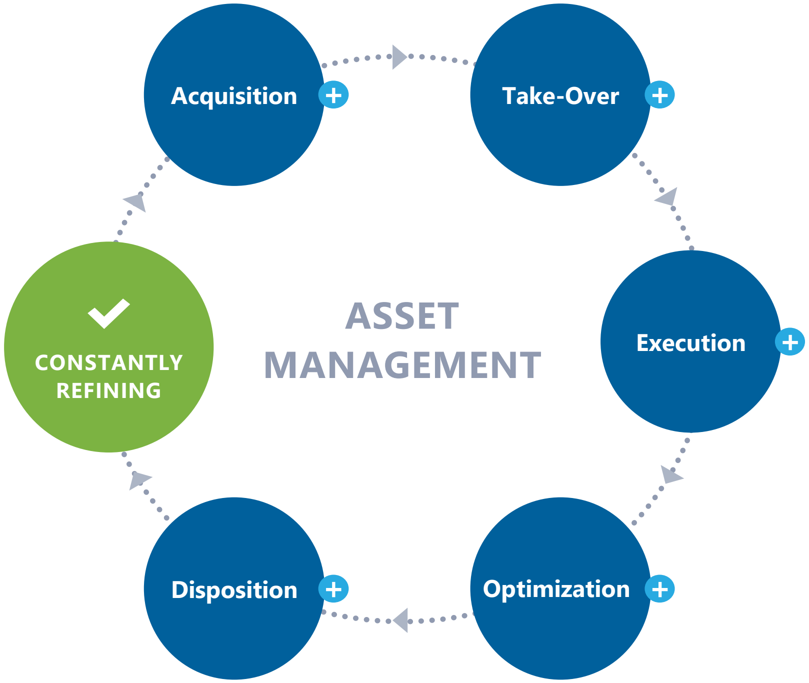
EARLY INVOLVEMENT in the transaction to drive the business plan and help Operating Partners win deals

ASSET MANAGEMENT

INTENSIVE OVERSIGHT throughout the hold, working with operating partners to drive operations and execute the business plans

SOFTWARE CAPABILITIES allow Asset Management to use real-time data to monitor operations

- **RealPage BI**: gather and review property data, including leasing statistics, occupancy trends, and renewal data
- **Pereview**: analyze overall trends in the portfolio, helping us to identify important patterns in financial performance



Please refer to the performance disclosures on slide 2 and the Footnotes and Definitions. Investor should bear in mind that the past performance shown above for these investment is not necessarily indicative of future results and there can be no assurance that future investments will achieve comparable results.

LEM Fund VI Terms

Fund VI – Summary of Key Terms[1]

Investment Objective:	Generate current income and appreciation by investing in quality Class B multifamily properties in strong infill locations in select markets in the U.S. where we can add value by renovating and upgrading the property and adding hands on management by partnering with local real estate operating companies[2]
Investment Profile:	Value Add Multifamily (100%) in the United States
Target Fund Size:	$350 million of Limited Partner Capital (Cap of $450 million, though not including the GP commitment)
General Partner Commitment:	The GP has already committed $20 million to the Fund, exceeding the GP requirement to invest 2% of the limited partner capital up to $9 million based on a $450 million target fundraise
Target Returns:	12% to 15% net IRR to investors; 1.5x to 1.7x net equity multiple; Quarterly cash distributions averaging 5-7% per annum[3]
Leverage:	Not to exceed 70% loan-to-total cost in aggregate across the portfolio; no Fund-level debt other than subscription line
Preferred Return:	8% per annum, compounded annually[4]
Management Fee:	1.50% for commitments up to $25 million; 1.40% for commitments of $25 million up to $50 million; 1.25% for commitments of $50 million up to $75 million; 1.125% for commitments of $75 million up to $100 million; 1% for $100 million or greater; calculated on commitments during investment period and remaining invested capital thereafter
Performance Fees:	50% to the GP after payment of all preferred return and return of all capital until the GP has received 20% of cumulative profits; 20% to the GP thereafter. LP's with commitments of $100 million or more benefit from a modified waterfall schedule per the offering memorandum
Fund Structure:	Closed-end, commingled vehicle structured as Delaware limited partnership with option for one or more parallel funds; Fund may hold investments indirectly through one or more REITs
Investment Limitations:	100% of investments in multifamily properties Maximum single investment: 10% (subject to certain exceptions) At least 75% of investments in states along the east and west coasts, the northeast corridor and the greater metropolitan areas of Dallas, Houston, Austin, San Antonio, Nashville, Chicago, Minneapolis, Phoenix and Denver
Investment Structures:	Joint ventures with operating partners utilizing various equity structures
Commitment Period:	3 years from final closing 1 one-year extension with approval of the advisory board or a majority in interest of the limited partners
Fund Term:	8 years from final closing 2 one-year extensions with approval of the advisory board or a majority in interest of the limited partners

1 Please reference the Fund's Private Placement Memorandum ("PPM") for a full description of the Fund's terms and conditions. 2 There can be no assurance that the Fund will be able to implement its investment strategy or achieve its investment objective. 3 Actual returns for the Fund and individual limited partners participating directly or indirectly in the Fund may vary significantly from the targeted returns. 4 Actual preferred returns may vary significantly from the targeted preferred return.

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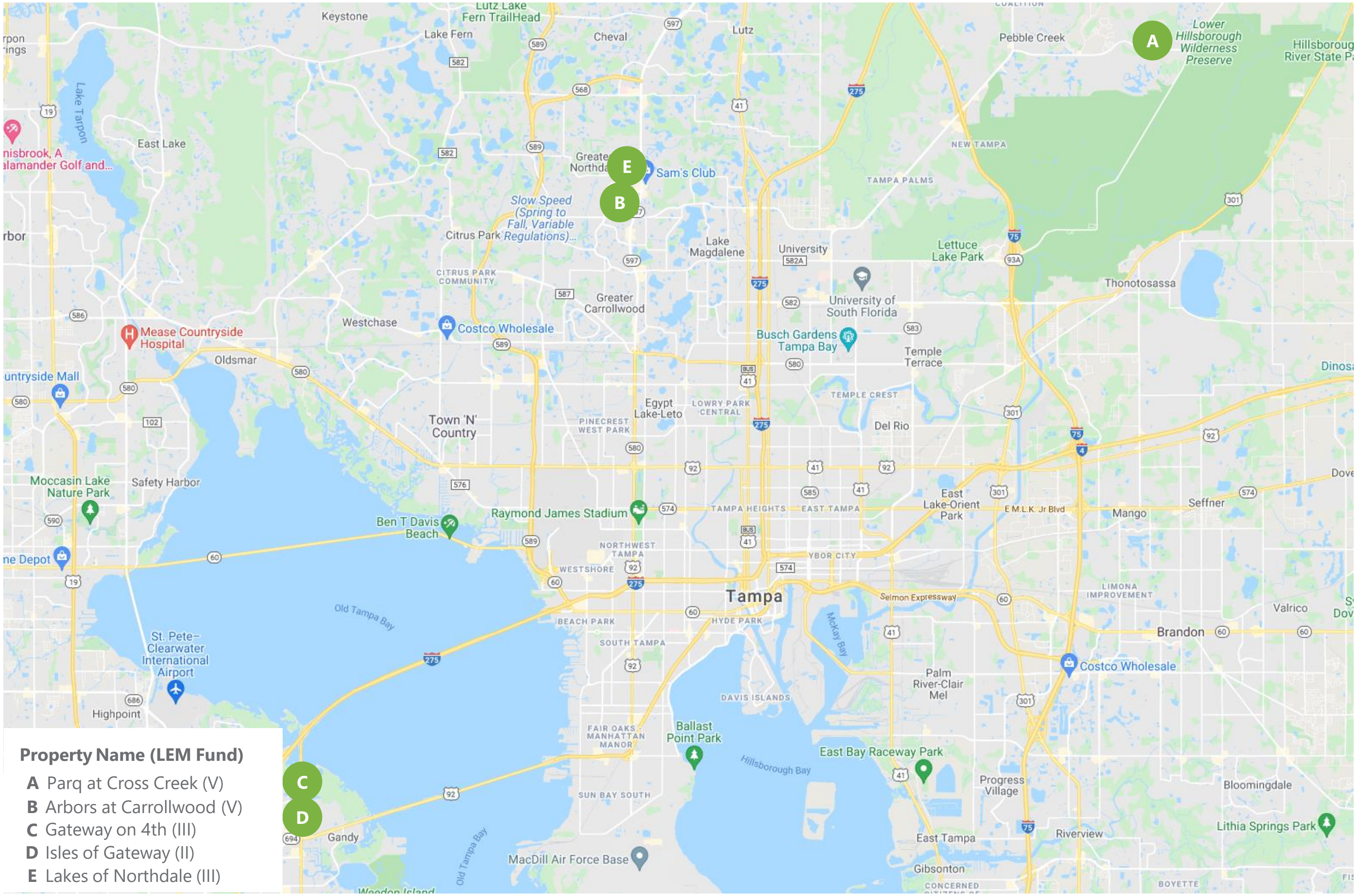
Appendix
LEM Case Studies

Market Overview: Tampa



Property Name (LEM Fund)

- **A** Parq at Cross Creek (V)
- **B** Arbors at Carrollwood (V)
- **C** Gateway on 4th (III)
- **D** Isles of Gateway (II)
- **E** Lakes of Northdale (III)

Represents all LEM owned properties (Fund II, Fund III, Fund IV and Fund V) as of June 30, 2021. Please refer to the performance disclosures on slide 2 and the Footnotes and Definitions. Investors should bear in mind that the past performance shown for these investments is not necessarily indicative of future results and there can be no assurance that the Fund will achieve comparable results.

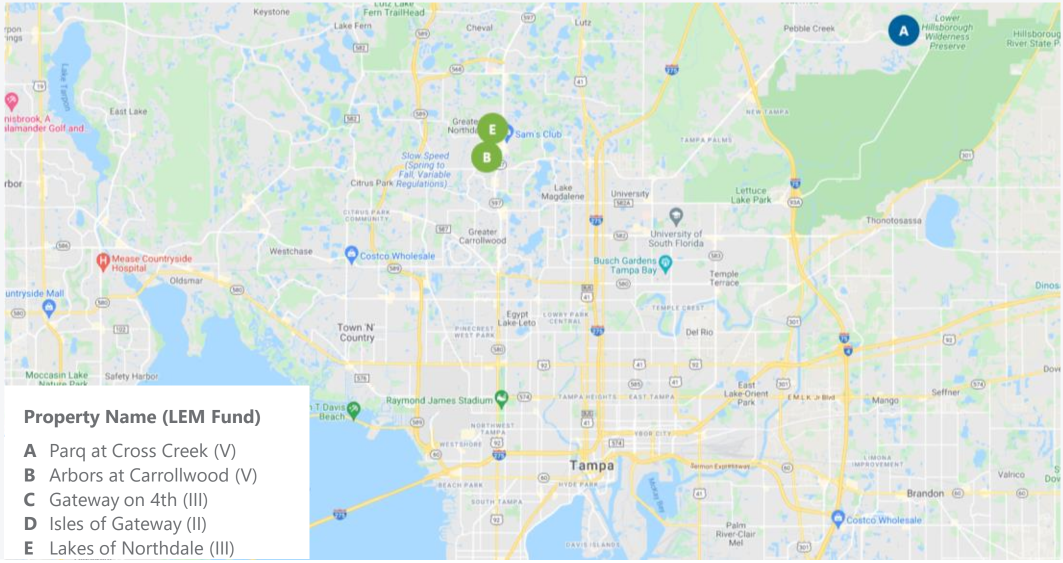
CASE STUDY • FUND V (ACTIVE)

Parq at Cross Creek

Tampa, FL

297 Units

Built 2008/2014



Sourcing

Marketed deal that was awarded to the Partnership largely due to LEM's relationship with the seller on a prior transaction.

Location

The submarket has grown rapidly and transformed over the last two decades due in part to strong recent population growth, which is projected to outpace the broader MSA. Proximate to several major office nodes and benefits from easy access to I-75.

Value-Add

Substantially upgrade interior finishes to create best in class units. Extensive clubhouse renovation that will dramatically expand the existing facility, enlarging both the fitness center and club room. Amenity upgrades include creating a resort-style pool, upgrading the dog park, children's playground area and adding several grilling stations throughout the Property. Curb appeal will be enhanced by painting the exteriors, enhancing the overall sense if arrival with new signage and improving landscaping throughout the property.

Financing

LEM leveraged market intelligence from other active pipeline deals to successfully reduce the loan spread by ~20bps during the final loan negotiation with Freddie Mac.

INVESTMENT LEVEL SUMMARY[1]	
Operating Partner	Robbins Property Associates
Acquisition Date	November 2020
Operating Partner Equity	$3.5mm
LEM Equity	$20.0mm
Purchase Price	$55.5mm ($187k/unit)
Construction Budget	$6.0mm ($20k/unit)
Total Cost Basis	$63.6mm ($214k/unit)
Underwritten IRR/Multiple	15.5%/17.7x

1 As of the original underwriting acquisition. IRR and Multiple values are based on the underwritten projections of a 4-year hold. Please refer to the performance disclosures on slide 2 and the Footnotes and Definitions in the Investor Presentation.

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Before

Parq at Cross Creek Tampa, FL Fund V

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After

Parq at Cross Creek Tampa, FL Fund V

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Before

Parq at Cross Creek Tampa, FL Fund V

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In Progress

Parq at Cross Creek Tampa, FL Fund V

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Before

Parq at Cross Creek Tampa, FL Fund V

After

Parq at Cross Creek Tampa, FL Fund V

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FLOORPLANS – 2x2 – 1,234 SF

Before

Parq at Cross Creek Tampa, FL Fund V

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After

Parq at Cross Creek Tampa, FL Fund V

Footnotes and Definitions

Footnotes and Definitions

The returns, projected returns and operating metrics shown in the presentation were determined based on the following:

Annualized Quarterly Distributions – Cash distributions to investors during a quarter divided by the weighted average unreturned capital during the quarter, expressed as an annual rate.

Annualized Trailing 3-Month Net Cash return on Total Equity – The sum of property-level net cash flows for the prior three months divided by the weighted average equity invested (including Fund equity and operating partner equity), expressed as an annual rate. This metric excludes management fees, fund-level expenses, and carried interest. Actual returns to limited partners were lower.

Acquisition to Sale Revenue Growth - The difference between (a) the monthly average of trailing 3-month revenue as of the most recent reporting period prior to sale and (b) the monthly average of trailing 3-month revenue as of the origination date for each investment, expressed as a percentage change.

Acquisition to Sale NOI Growth - The difference between (a) annualized trailing 3-month income as of the most recent reporting period prior to sale minus actual trailing expenses based on the prior 12 months or a shorter period annualized if less than 12 months have passed since the origination of the investment and (b) net operating income as of the origination date of an investment calculated using trailing 3-month net operating income annualized and trailing 12-month expenses adjusted for anticipated changes in real estate taxes and insurance expenses, expressed as a percentage change.

Average Hold Period – The difference between (a) the acquisition date and (b) the reporting date for an individual asset. Average portfolio hold period takes (a) individual asset hold periods multiplied by (b) the respective initial equity investment at acquisition and divided by (c) the total equity investment for all assets included in the reported portfolio.

Cambridge Associates Benchmark – Real Estate Benchmark statistics are provided by Cambridge Associates at no cost and are "as is" as of March 31, 2021. Internal rates of return are net of fees, expenses and carried interest. Cambridge Associates' research shows that most funds take at least six years to settle into their final ranking, and previous to this settling they typically rank in 2-3 other quartiles; therefore fund or benchmark performance metrics from more recent vintage years may be less meaningful.

Debt Service Coverage Ration (DSCR) – Trailing NOI on a T3/T12 basis divided by debt service as defined by payments of principal (if applicable) and interest that would have been payable under a hypothetical loan assuming (i) a loan balance equal to the aggregate loan balance of the portfolio, (ii) and an interest rate equal to 4.35%

Distributions (Quarterly) – Cash distributions to investors during a quarter divided by the weighted average unreturned capital outstanding during the quarter, expressed as an annual rate.

Distributions (Annual) – Cash distributions to investors during the reported period.

Equity Value Increase – The difference between (a) total Fund equity capital invested in transaction and (b) the current GAAP investment value plus any return of capital proceeds, expressed as a percentage change.

Investment Valuation Increase – The percentage increase from the initial cost basis of the Fund's investment to the sum of (a) the current value of the Fund's investment as of the reporting date and (b) returned capital.

Loan to Cost (LTC) – The total outstanding senior loan balance for an investment, divided by the total cost basis of that investment. Aggregated at the Fund level, the LTC is the average of the individual investments' LTC, weighted by each investment's LEM Fund equity.

NOI Increase – The difference between (a) annualized trailing 3-month income minus actual trailing expenses based on the prior 12 months or a shorter period annualized if less than 12 months have passed since the origination of the investment and (b) net operating income as of the origination date of an investment calculated using trailing 3-month net operating income annualized and trailing 12-month expenses adjusted for anticipated changes in real estate taxes and insurance expenses, expressed as a percentage change.

Operating Yield – The sum of operating cashflows from the Fund's investments divided by the weighted average investment cost of the Fund's investments, expressed as an annual rate.

Preferred Return – 8% per annum, compounded annually.

Projected Average Cash-on-Cash Yield – The average of monthly cash-on-cash distribution for the projected hold period, calculated by averaging the percentages obtained by dividing the applicable month's distribution to the Fund by the outstanding equity investment for the preceding month for all periods of a projected hold period.

Projected Investment-Level IRR and Projected Aggregate Investment-Level IRR – The projected internal rate of return on invested capital, without deduction for management fees, fund-level expenses or carried interest, calculated using monthly cash flows based on actual contributions and distributions from the initial funding of the given investment (or aggregate investments) through the reporting date and projected contributions thereafter until the investment (or aggregate investments) are fully realized. The projected contributions and distributions are based on the general partner's estimate of future net cash flow generated from the Fund's investments as of the reporting date.

Projected Net IRR to Limited Partners – The projected internal rate of return on invested capital since inception, net of management fees, fund-level expenses, and net carried interest, based on actual contributions and distributions since inception of the applicable fund through the reporting date and projected contributions and distributions until the applicable fund is fully liquidated. For Funds I and II, Projected Net IRR to Limited Partners ignores management fee rebates paid to limited partners. For Fund III, Projected Net IRR to Limited Partners incorporates management fee rebates paid to limited partners. GP and employee contributions and distributions are included in the calculation of Projected Net IRR for Funds I and II but are disregarded for the Fund III calculation. The projected limited partners' contributions and distributions are based on the applicable general partner's estimate of future net cash flow generated from the applicable fund's investments.

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Footnotes and Definitions

Projected Net Multiple to Limited Partners – The ratio of the total aggregate distributions, net of deduction for management fees, fund-level expenses and net carried interest, based on actual contributions and distributions since inception of the applicable fund through the reporting date and projected contributions and distributions until the applicable fund is fully liquidated. For Funds I and II, Projected Net Multiple to Limited Partners ignores management fee rebates paid to limited partners. For Fund III, Projected Net Multiple incorporates management fee rebates paid to limited partners. GP and employee contributions and distributions are included in the calculation of Projected Net Multiple for Funds I and II but are disregarded for the Fund III calculation. The projected limited partners' contributions and distributions are based on the applicable general partner's estimate of future net cash flow generated from the applicable fund's investments.

Projected Investment-Level Equity Multiple and Projected Aggregate Investment-Level Equity Multiple – The sum of projected distributions to the applicable fund divided by projected total contributions to the investment (or investments, as applicable).

Property Level Cash Flow to the Fund – Cash distributions to the respective fund from the operations of all fund properties as of the reporting date.

Property Value Increase – The difference between (a) the initial purchase price or aggregate purchase prices and (b) the current property valuation or aggregate current property valuation, expressed as a percentage change.

Realized Investment-Level IRR– The internal rate of return on a Fund investment without deduction of management fees, carried interest, or fund-level expenses, calculated based on the sum of actual investment-level contributions and investment-level distributions since inception including proceeds actually realized upon a sale or liquidation of the investment.

Realized Investment-Level Equity Multiple – The sum of actual distributions to the Fund received from a Fund investment divided by the total actual contributions to the investment.

Realized Net IRR to Limited Partners – The realized internal rate of return on invested capital since inception, net of management fees, fund-level expenses, and net carried interest, based on actual contributions and distributions since inception of the applicable fund through the fund liquidation. For Funds I and II, Projected Net IRR to Limited Partners ignores management fee rebates paid to limited partners. For Fund III, Realized Net IRR to Limited Partners incorporates management fee rebates paid to limited partners. GP and employee contributions and distributions are included in the calculation of Realized Net IRR for Funds I and II but are disregarded for the Fund III calculation.

Realized Net Multiple to Limited Partners – The ratio of the total aggregate distributions, net of deduction for management fees, fund-level expenses and net carried interest, based on actual contributions and distributions since inception of the applicable fund through the fund liquidation. For Funds I and II, Realized Net Multiple to Limited Partners ignores management fee rebates paid to limited partners. For Fund III, Realized Net Multiple incorporates management fee rebates paid to limited partners. GP and employee contributions and distributions are included in the calculation of Realized Net Multiple for Funds I and II but are disregarded for the Fund III calculation.

Revenue Increase – The difference between (a) the monthly average of trailing 3-month revenue as of the reporting date and (b) the monthly average of trailing 3-month revenue as of the origination date for each investment, expressed as a percentage change.

Realized Net Profit to the Fund - The difference between (a) total contributions and (b) total distributions over the course of the hold period of the investment based on realized profits to the Fund. .

Since Inception Net IRR to Limited Partners – The internal rate of return on invested capital since inception, net of management fees, fund-level expenses, and carried interest, based on actual contributions and distributions since inception of the Fund and net asset value as of June 30, 2020. Since Inception Net IRR to Limited Partners incorporates management fee rebates paid to limited partners; therefore, the stated Since Inception Net IRR to Limited Partners in the letter differs from the actual Since Inception Net IRR to Limited Partners that each limited partner receives due to the use of a blended management fee rate.

Target Net IRR to Limited Partners – The current targeted internal rate of return on a limited partner's capital, net of management fees, fund-level expenses and carried interest, calculated using quarterly cash flows based on actual limited partner contributions and distributions since the Fund's inception through the reporting date, and targeted limited partners' contributions and distributions thereafter until the Fund is fully liquidated. The targeted limited partners' contributions and distributions are based on the applicable general partner's estimate of future net cash flow generated from the applicable fund's investments.

Total Cost Basis – The sum of the original equity investment plus original property-level leverage.

Underwritten Net Profit to the Fund - The difference between (a) total contributions and (b) total distributions over the course of the hold period of the investment based on LEM's internal underwriting as of acquisition.

The extent of the impact of any public health emergency, including COVID-19, on equity investments and on a portfolio company's operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency, including COVID-19, may materially and adversely impact the value and performance of an LEM Fund, LEM's ability to manage and divest investments and its ability to achieve its investment objectives, all of which could result in significant losses. In addition, LEM, its Fund investments and underlying properties may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

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