



Higher interest rates, lower appraised values, banks unwilling to rollover loans, a lack of replacement financing, and pressure on rents can be expected to reduce the dollars available for distribution in recent vintage development joint ventures when and if the capital event takes place. The potential outcome may be capital calls and equity multiples below 1.0x.

Plan sponsors investing alongside developers or in operating companies in late cycle development projects may be at risk of finding their interests unaligned with those of their development partners. Staff hired by these entities to interact with plan sponsors could become expensive overhead. If developers and operating companies reduce staff when profits on development deals become losses, it could put staffing pressure on those plan sponsors who skipped the traditional advisor path to joint venture investments.

L&B has been in the real estate investment management business since its inception in 1965. Representing clients as a fiduciary is our only business. We provide investment management services for multifamily, industrial, office, retail, cold storage, life science, student housing, and build-to-rent housing. We have put our varied investment approaches to work at the proper times ranging from investing in core to value-add properties to direct development without development partners. In 2011, our vision expanded to include a Build-to-Core (BTC) with development partners.

L&B was an early adapter in BTC when we recognized an opportunity to lower risk and increase returns by guiding clients into BTC joint venture development projects. In the early days of BTC's popularity, L&B could secure BTC deals using achievable assumptions versus the aggressive assumptions needed to win core real estate deals. Since 2011, L&B's clients have invested \$2 billion in BTC projects under our guidance. In BTC investing, L&B blended our strong history of core investing with our solid development background.

Our investment management services include representing clients as limited partners in development ventures and when they invest in operating companies. This includes handling inherited assignments, and, at times, representing clients in workout situations involving large, sophisticated, yet difficult partners. L&B believes the need for this kind of service will expand over the next 24 months as the Federal Reserve's high interest rate policy disrupts the real estate cycle. This is the natural space for an advisor such as L&B to protect capital and reward risk intelligently taken.

We are decisive representatives of our clients' interests. The freedom from dependency upon capital gains from development deals/trading assets provides us the necessary space to put our entrepreneurial spirit to work while rewarding our clients with the trust deeply needed from fiduciary commitment to excellence.

For informational and discussion purposes only. Does not constitute an offer to sell or a solicitation of an offer to purchase any security. There can be no assurance that L&B's objectives or expectations described herein will be achieved or that any investment will be profitable. Any investment guided by L&B involves significant risks, including the risk of total loss of capital.

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Past performance is not indicative of future performance or the profitability of any investment. Nothing herein is or should be relied upon as a promise, representation or guarantee as to the future performance of any investment.