New Mexico Educational Retirement Board

Real Estate and Natural Resources Portfolio
Quarterly Board Summary

September 30, 2013

Presented By

REAL ASSET Portfolio Management
Real Estate
Natural Resources
Infrastructure

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Portfolio Summary

Portfolio Review

As of September 30, 2013, New Mexico Educational Retirement Board ("NMERB") had a total portfolio value of $10,369,878,615. NMERB's long-term target allocations to real estate and natural resources are 5% ($518,493,931) and 3.5% ($362,945,752), respectively. As of September 30, 2013, net asset value ("NAV") of the real estate portfolio was $513,631,054 and NAV for the Natural Resources portfolio was $54,213,616.

As of September 30, 2013, NMERB had $236,146,318 of committed but uncalled allocations to private real estate managers and $134,527,705 of committed but uncalled allocations to Natural Resources managers.

Returns Summary

	Time Weighted Returns		Since Inception Net IRR
	Current Quarter	Since Inception	
Public Real Estate	-2.41%	8.98%	12.99%
Wilshire REIT Index	-3.04%	8.69%	
Private Real Estate	4.50%	4.70%	7.05%
NCREIF Property Index	2.59%	3.11%	
Natural Resources	2.49%	2.46%	4.42%
NCREIF Timberland Index	1.05%	1.52%	
NCREIF Farmland Index	2.94%	12.89%	
CPI (All Consumers)	0.28%	2.16%	

Portfolio Highlights

The real estate portfolio is expected to generate returns in excess of the National Council of Real Estate Investment Fiduciaries Index ("NCREIF Index") over rolling five year investment time horizons.

Key Private Asset Ratios
as of 09/30/2013

Paid in Capital (PIC) 0.50x

Distribution Paid in Capital (DPI) 0.36x

Residual Value Paid in Capital (RVPI) 0.82x

Total Value Paid in Capital (TVPI) 1.17x

Trailing Period Time Weighted Returns – *Net of Fees*

	QTR	1 Year	3 Year	5 Year	Since Inception
Public Real Estate	-2.41%	6.73%	13.26%	6.13%	8.98%
In-House REIT	-3.04%	4.86%	12.15%	5.50%	8.65%
Wilshire REIT - U.S. Equity	-3.04%	5.26%	12.48%	5.55%	8.69%
Brookfield U.S. Value REIT	-1.61%	10.05%	-	-	11.94%
MSCI REIT Index	-3.00%	5.75%	12.36%	5.87%	8.33%
Private Real Estate	4.50%	21.11%	16.56%	6.26%	4.70%
NCREIF Property Index	2.59%	11.00%	12.67%	3.35%	3.11%
Natural Resources	2.49%	10.25%	4.82%	-	2.46%
NCREIF Timberland Index	1.05%	9.68%	3.98%	2.06%	1.52%
NCREIF Farmland Index	2.94%	21.26%	16.94%	13.42%	12.89%
CPI (All Consumers)	0.28%	1.18%	2.34%	1.37%	2.16%

Calendar Year Time Weighted Returns – *Net of Fees*

	YTD	2012	2011	2010	2009
Public Real Estate	3.55%	19.60%	8.78%	28.77%	27.90%
In-House REIT	2.30%	17.11%	9.17%	28.77%	27.90%
Wilshire REIT - U.S. Equity	2.71%	17.58%	9.24%	28.60%	28.60%
Brookfield U.S. Value REIT	5.48%	25.80%	-	-	-
MSCI REIT Index	3.17%	17.77%	8.69%	28.48%	28.61%
Private Real Estate	15.45%	14.33%	8.33%	22.97%	-1.05%
NCREIF Property Index	8.25%	10.54%	14.26%	13.11%	-16.86%
Natural Resources	5.91%	2.61%	2.89%	7.41%	-
NCREIF Timberland Index	3.55%	7.75%	1.57%	-0.15%	-4.75%
NCREIF Farmland Index	10.68%	18.58%	15.16%	8.81%	6.32%
CPI (All Consumers)	1.98%	1.74%	2.96%	1.50%	2.72%

Portfolio Statistics

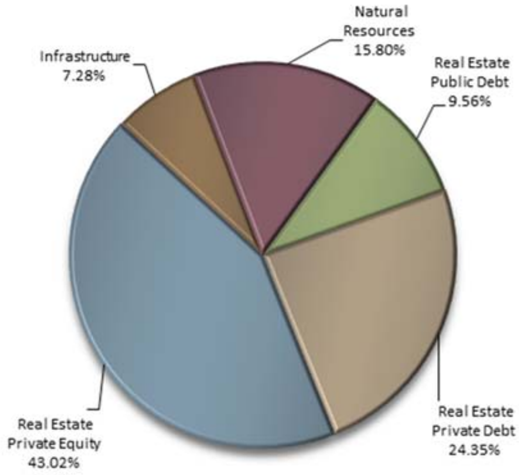
	09/30/2013	12/31/2012	12/31/2011	12/31/2010
Portfolio Market Value	$ 567,844,671	$ 595,319,392	$ 543,006,209	$ 476,599,485
Committed Uncalled	370,674,023	231,187,026	131,314,468	31,375,528
Portfolio Market Value + Committed Uncalled	$ 938,518,693	$ 826,506,418	$ 674,320,677	$ 507,975,012
Total Number of Fund Investments	21	17	13	8
Total Number of Managers	18	15	11	7

Private Asset Multiples

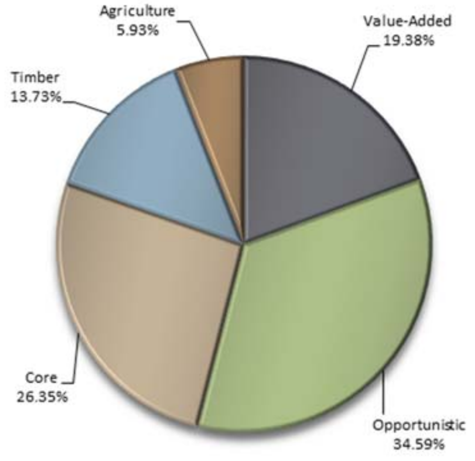
	9/30/2013	12/31/2012	12/31/2011	12/31/2010
PIC Multiple	.50 x	.58 x	.51 x	.50 x
Distribution Multiple	.36 x	.21 x	.19 x	.11 x
Residual Value Multiple	.82 x	.89 x	.83 x	.85 x
Total Value Multiple	1.17 x	1.09 x	1.02 x	.97 x

Portfolio Diversification as of September 30, 2013

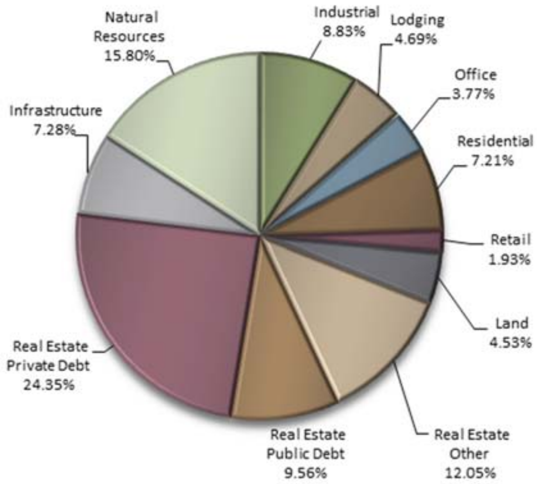
Private Diversification by Investment Class



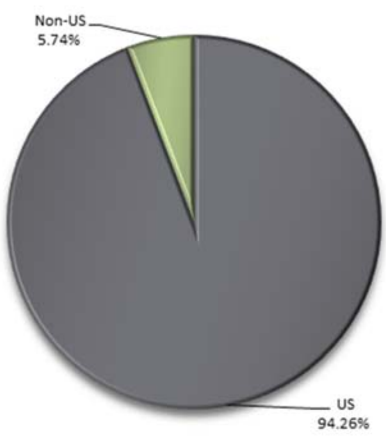
Private Asset Risk Category



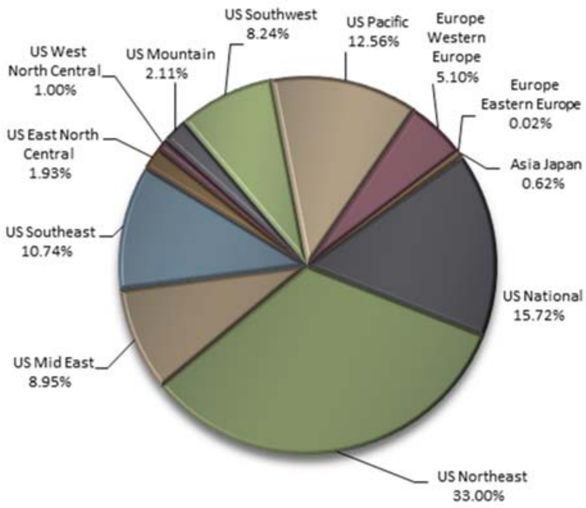
Private Asset Diversification by Investment Type



Private Asset US vs. Non-US Diversification



Private Asset Global Diversification



Manager Statistics

Manager Performance – *Net of Fees*

	Commitment ($)	Market Value ($)	Time Weighted Returns YTD	1 Year	3 Year	5 Year	Since Inception	Since Inception Net IRR
Private Real Estate								
PRIMA Mortgage Investment Trust, LLC	50,000,000	49,913,387	2.96%	4.24%	4.70%	5.72%	5.72%	6.03%
Prologis Targeted Europe Logistics Fund, FCP-FIS	11,188,859	6,196,715	5.66%	9.90%	4.50%	-8.61%	-8.73%	-8.73%
Prologis Targeted US Logistics Fund	22,122,083	15,265,997	13.22%	16.76%	17.59%	-1.95%	-4.62%	-4.61%
Core Total	**83,310,942**	**71,376,099**	**5.23%**	**7.16%**	**6.84%**	**2.68%**	**0.45%**	**1.60%**
Crow Holdings Realty Partners VI, LP	50,000,000	7,182,159	-	-	-	-	-	-
Prudential Senior Housing Partners IV	50,000,000	18,870,346	4.95%	6.49%	-	-	6.76%	4.80%
RAM Realty Partners III	30,000,000	11,495,139	6.26%	-	-	-	6.26%	7.90%
Rockpoint Real Estate Fund IV, L.P.	45,454,545	14,563,318	17.52%	158.22%	-	-	158.22%	33.52%
SRG Western States Multifamily Fund	30,000,000	6,868,233	-1.07%	-	-	-	-1.07%	-
Value-Added Total	**205,454,545**	**58,979,195**	**8.82%**	**16.70%**	**-**	**-**	**12.49%**	**6.90%**
Greenfield Acquisition Partners V, L.P.	25,000,000	23,330,503	12.54%	17.86%	17.91%	2.31%	2.59%	8.91%
Guggenheim Structured Real Estate III, LP	25,000,000	6,652,828	4.23%	5.29%	4.13%	-6.09%	-4.82%	-6.32%
Lone Star Fund VII (U.S.), L.P.	50,000,000	25,644,566	66.99%	93.32%	-	-	64.95%	55.84%
Lone Star Fund VIII (U.S.), L.P.	50,000,000	2,133,685	-	-	-	-	-	-
Lone Star Real Estate Fund II (U.S.), L.P.	25,000,000	13,900,843	17.82%	23.40%	-	-	30.15%	19.29%
RAPM NM Secondary Opportunity Fund, L.P.	40,000,000	22,621,565	2.23%	-0.69%	44.27%	-	-39.64%	22.09%
Opportunistic Total	**215,000,000**	**94,283,990**	**25.61%**	**33.96%**	**29.15%**	**7.61%**	**7.78%**	**13.70%**
Private Real Estate Total	**503,765,487**	**224,639,284**	**15.45%**	**21.11%**	**16.56%**	**6.26%**	**4.70%**	**7.05%**
NCREIF Property Index			*8.25%*	*11.00%*	*12.67%*	*3.35%*	*3.11%*	
Public Real Estate								
In-House REIT	450,000,000	161,265,720	2.30%	4.86%	12.15%	5.50%	8.65%	13.05%
U.S. Value Income REIT Strategy	100,000,000	127,726,051	5.48%	10.05%	-	-	11.94%	11.82%
Public Real Estate Total	**550,000,000**	**288,991,770**	**3.55%**	**6.73%**	**13.26%**	**6.13%**	**8.98%**	**12.99%**
Wilshire REIT - U.S. Equity			*2.71%*	*5.26%*	*12.48%*	*5.55%*	*8.69%*	
Natural Resources								
Brookfield Brazil Timber Fund II, LP	30,000,000	-	-	-	-	-	-	-
Conservation Forestry Capital Fund II, LP	25,000,000	27,446,271	4.36%	8.88%	5.52%	-	2.92%	4.12%
Ecosystem Investment Partners II, LP	30,000,000	10,328,650	7.05%	20.33%	-	-	-10.34%	0.47%
Timber Total	**85,000,000**	**37,774,921**	**4.82%**	**10.34%**	**4.85%**	**-**	**2.48%**	**3.74%**
NCREIF Timberland Index			*3.55%*	*9.68%*	*3.98%*	*2.06%*	*1.52%*	
Halderman Farmland Separate Account	50,000,000	(1,431)	-	-	-	-	-	-
Hancock GLC Farms, LLC	50,000,000	16,440,127	9.05%	9.47%	-	-	9.47%	10.44%
Agriculture Total	**100,000,000**	**16,438,696**	**8.55%**	**8.96%**	**-**	**-**	**8.96%**	**9.34%**
NCREIF Farmland Index			*10.68%*	*21.26%*	*16.94%*	*13.42%*	*12.89%*	
Natural Resources Total	**185,000,000**	**54,213,616**	**5.91%**	**10.25%**	**4.82%**	**-**	**2.46%**	**4.42%**
Grand Total	**1,238,765,487**	**567,844,671**						

Note: As of Q3 end, Halderman has not yet called capital for investments. The market value shown represents the Q2 ending market value of $502, representing residual cash from contributed capital for management fees and expenses, and $1,932 in fund expenses incurred during Q3.

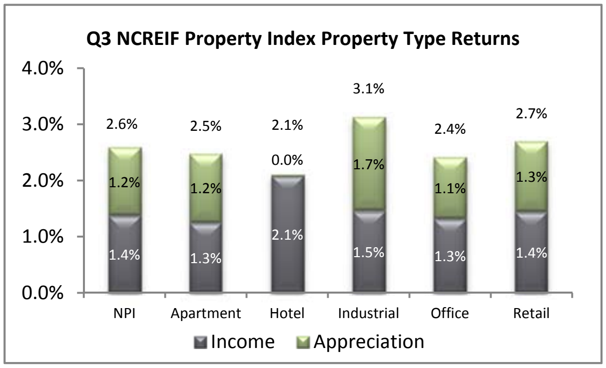
Manager Asset Detail

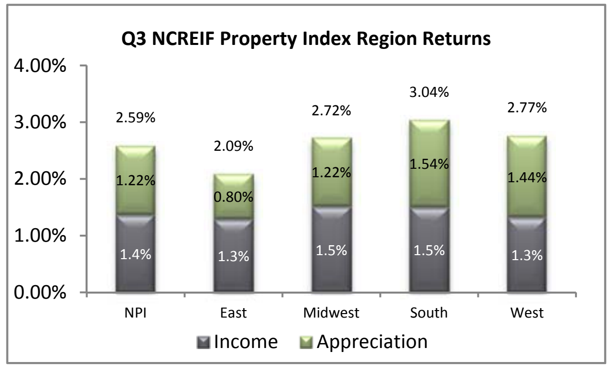
	Commitment ($)	Market Value ($)	Contributions ($)	Distributions ($)	Since Inception Net IRR
Private Real Estate					
PRIMA Mortgage Investment Trust, LLC	50,000,000	49,913,387	50,000,000	(14,757,903)	6.03%
Prologis Targeted Europe Logistics Fund, FCP-FIS	11,188,859	6,196,715	11,187,669	(1,131,927)	-8.73%
Prologis Targeted US Logistics Fund	22,122,083	15,265,997	22,122,083	(2,281,034)	-4.61%
Core Total	**83,310,942**	**71,376,099**	**83,309,752**	**(18,170,864)**	**1.60%**
Crow Holdings Realty Partners VI, LP	50,000,000	7,182,159	7,909,223	-	-
Prudential Senior Housing Partners IV	50,000,000	18,870,346	26,383,217	(8,475,606)	4.80%
RAM Realty Partners III	30,000,000	11,495,139	13,510,570	(2,849,535)	7.90%
Rockpoint Real Estate Fund IV, L.P.	45,454,545	14,563,318	12,915,848	(318,694)	33.52%
SRG Western States Multifamily Fund	30,000,000	6,868,233	7,262,577	-	-
Value-Added Total	**205,454,545**	**58,979,195**	**67,981,435**	**(11,643,835)**	**6.90%**
Greenfield Acquisition Partners V, L.P.	25,000,000	23,330,503	24,650,000	(9,200,000)	8.91%
Guggenheim Structured Real Estate III, LP	25,000,000	6,652,828	25,000,000	(13,046,831)	-6.32%
Lone Star Fund VII (U.S.), L.P.	50,000,000	25,644,566	47,563,881	(52,396,594)	55.84%
Lone Star Fund VIII (U.S.), L.P.	50,000,000	2,133,685	2,535,961	(36,485)	-
Lone Star Real Estate Fund II (U.S.), L.P.	25,000,000	13,900,843	17,768,378	(7,230,425)	19.29%
RAPM NM Secondary Opportunity Fund, L.P.	40,000,000	22,621,565	19,789,027	(7,173,262)	22.09%
Opportunistic Total	**215,000,000**	**94,283,990**	**137,307,247**	**(89,083,597)**	**13.70%**
Private Real Estate Total	**503,765,487**	**224,639,284**	**288,598,434**	**(118,898,296)**	**7.05%**
Public Real Estate					
In-House REIT	450,000,000	161,265,720	773,270,445	(966,575,014)	13.05%
U.S. Value Income REIT Strategy	100,000,000	127,726,051	99,476,136	-	11.82%
Public Real Estate Total	**550,000,000**	**288,991,770**	**872,746,581**	**(966,575,014)**	**12.99%**
Natural Resources					
Brookfield Brazil Timber Fund II, LP	30,000,000	-	-	-	-
Conservation Forestry Capital Fund II, LP	25,000,000	27,446,271	27,450,939	(3,393,922)	4.12%
Ecosystem Investment Partners II, LP	30,000,000	10,328,650	10,552,057	(269,556)	0.47%
Timber Total	**85,000,000**	**37,774,921**	**38,002,997**	**(3,663,478)**	**3.74%**
Halderman Farmland Separate Account	50,000,000	(1,431)	139,795	-	-
Hancock GLC Farms, LLC	50,000,000	16,440,127	76,005,993	(7,326,955)	10.44%
Agriculture Total	**100,000,000**	**16,438,696**	**76,145,788**	**(7,326,955)**	**9.34%**
Natural Resources Total	**185,000,000**	**54,213,616**	**114,148,785**	**(10,990,433)**	**4.42%**
Grand Total	**1,238,765,487**	**567,844,671**	**1,275,493,800**	**(1,096,463,743)**	

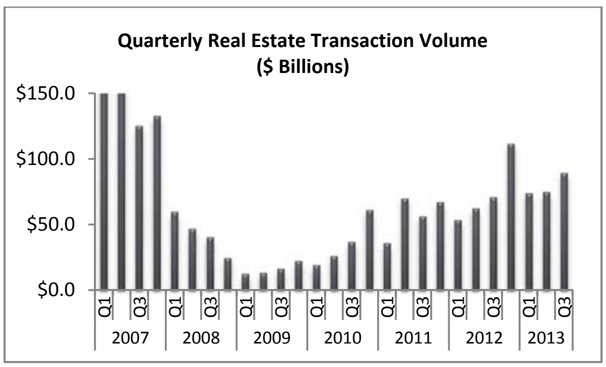
Note: As of Q3 end, Halderman has not yet called capital for investments. The market value shown represents the Q2 ending market value of $502, representing residual cash from contributed capital for management fees and expenses, and $1,932 in fund expenses incurred during Q3.

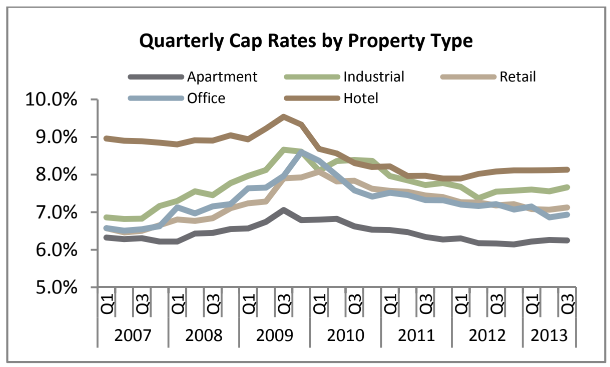
Market Overview

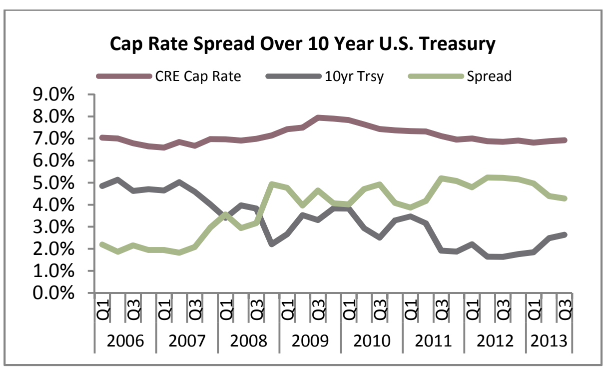
Real Estate Market Overview

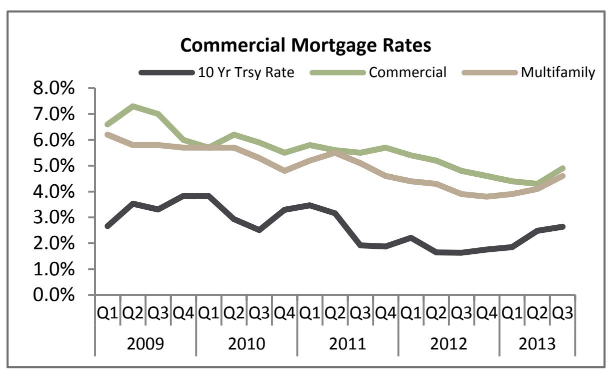


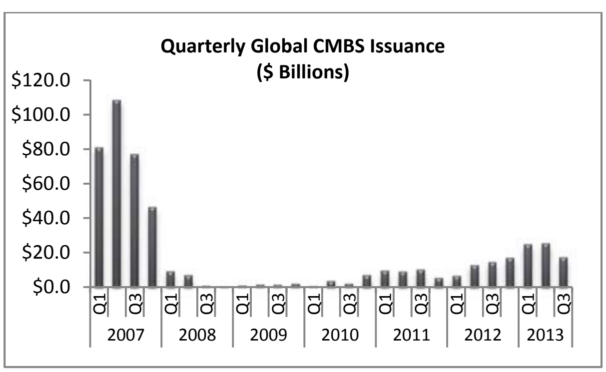


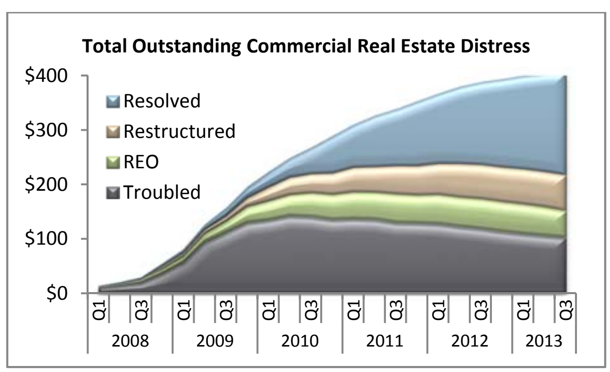












Sources: NCREIF, Real Capital Analytics

Real Estate Market Commentary

The NCREIF Property Index (NPI) had a total return of 2.59% in the third quarter, carrying its performance streak out to eight consecutive quarters with returns in the mid to upper 2% range. For the quarter, NPI total return performance consisted of 1.37% income and 1.22% appreciation. The industrial property type was the highest performing property type for the second consecutive quarter at 3.14%. Conversely, the hotel property type, the perennial laggard, again had the lowest quarterly return at 2.11%. Meanwhile the retail, apartment, and office property types returned 2.70%, 2.48% and 2.42%, respectively, for the period clustering closer to the NPI's aggregate return. The industrial property type continues to benefit from its attractive relative yield, growing macro demand drivers, and substantial quarterly increases in transaction volume. Retail returns broke the "hot" preceding three-quarter trend (3.0%+) and cooled in the third quarter, although the break in performance may be simply seasonal reprieve in lead up to the holiday shopping season.

Commercial real estate transaction volume reached a total of $89.7B in the third quarter, up 19% from the previous quarter and 26% YOY. Year-to-date, commercial property sales have totaled $239.3B, 27% ahead of last year. Portfolio transactions were a significant factor in third quarter volume, totaling $30.2B, of which $7.5B was due to entity deals. Five portfolio deals exceeded $1.0B, and were headlined by the merger of Spirit Realty Capital with Cole Capital totaling $7.6B. The retail and industrial property types were the clear drivers for transaction volume, increasing 104% and 70% YOY, respectively. The office property type increased 36% YOY and 10% from the previous quarter. While the apartment property type, despite increasing 19% from the previous quarter, declined 20% YOY giving indication that apartment acquisition activity is losing momentum to either development or acquisition of other more attractively valued property types. The hotel property type totaled $5.6B in transaction volume for the quarter and increased 14% YOY.

While transaction volume growth continues to grow in aggregate for the retail and office property types, secondary market volume is growing faster and tertiary the most for retail. YOY transaction volume for secondary and tertiary retail properties has increased 126% and 162%, respectively, while major metro volume has grown only 42%. Office secondary market volume has increased 50% YOY, while major metro has increased 34% and tertiary remains flat for the period. However, office central business district volume has increased 57% YOY, whereas suburban has only increased 21%. While secondary and tertiary assets are not categorically the clear volume gain winners versus major metros, the consistent quarter-over-quarter volume increases nonetheless indicate steady investor interest in these regions and a noted broadening of the desired base of investable assets.

Cap rates across property types remained essentially unchanged from the previous quarter while spreads over the 10 Year Treasury tightened an additional 10 basis points for the period and 87 basis points since the beginning of the year. Despite the decline in apartment transaction volume, apartment cap rates remain the lowest at 6.0%, and hotel cap rates remain the highest at 8.1%. Office, industrial and retail cap rates are 6.9%, 7.1% and 7.7%, respectively.

For the quarter, the 10-Year US Treasury yield began at 2.49%, fluctuated between 2.48% and 2.98%, and ended at 2.64%. The quarter high of 2.98% was achieved in lead up to the September meeting of the Federal Open Markets Committee (FOMC) in anticipation of tapering QE3, however this never came to fruition and instead the FOMC's forward guidance suggested this will occur at a later, unspecified date. In response to the announcement, the 10 Year Treasury yield declined from the quarterly high; trading for the remainder of the quarter settled in near the quarter ending rate, yet remained a notch above the previous quarter's range. As a result of the quarter and year's rise in the risk free rate the cost of borrowing has also increased, putting downward pressure on highly levered buyer's appetite, particularly for lower yielding, core properties.

Due to the rise in interest rates in the third quarter, CMBS issuance declined 46% from the second quarter to $17.7B of new issuance. Although third quarter issuance was down, the 2013 total of $68.3B is nearly $16.0B ahead of the entire year of 2012.

Headway continues to be made in reducing outstanding distressed commercial real estate. Over the quarter $9.1B of outstanding distressed balances were either restructured or resolved, bringing the total to $255.0B, or 61.0% of the $411.9B of total distressed assets accrued since the first quarter of 2007.

Sources: NCREIF, Real Capital Analytics, Commercial Mortgage Alert

Timber Market Commentary

Timber trends have largely moved in a positive direction in 2013, however the path has not been linear. A combination of factors including interest rate changes and forecasts, recovering US housing, and the broader global economic recovery have collectively contributed to choppy, yet positive progress.

Regional wood markets in the U.S. at times behave differently. Currently in the Pacific Northwest (PNW), lumber and log prices have been moving in synchronous fashion where lumber price increases have caused log prices to increase as well. In the Southeast U.S. (SEUS) however, log prices have remained flat at low levels while lumber prices have increased providing good margins for sawmills. Meanwhile, wood chips and pulpwood prices in the PNW have been steady while rising in the SEUS.

New housing starts were up in the quarter nearly 20% from a year earlier. However, a shortage of buildable lots has developed in the most desirable locations. According to the National Association of Home Builders, 59% of builders indicated a low or very low supply of buildable lots. Housing demand growth in excess of new construction has resulted in a decrease of almost one-half million foreclosed unit inventory, now at 2.4% of all homes with a mortgage.

The U.S. Census Bureau confirmed an upward trend in the average size of a new home to a record 2,642 sq.-ft., as compared to the previous record of 2,561 in Q1-2009. In part this is explained by confident, older, more affluent buyers in the market while younger first-time buyers are constrained by stricter lending requirements.

Global demand for timber products has been on the rise, however it cooled slightly in the second quarter, but appeared to be reenergized in the third quarter, as U.S. lumber and pulp prices improved approximately 20% and 10%, respectively. Log prices in the Pacific Northwest, after dipping in the second quarter, continue to push higher as domestic and foreign demand improved. Japan and South Korea have long been buyers of US timber products, however China has recently become a new entrant for US production, as Canada, their previous supplier, has been increasingly plagued by pine beetle infestation. Thus far, Asian demand has primarily impacted Pacific Northwest supply, however Southern supply will likely have to increase in the coming years to make up for the dwindling supply of Canadian lumber and to meet growing global demand.

Sources: NAHB, CoreLogic, BLS, TMS, Random Lengths, Census Bureau, Chicago Mercantile Exchange, Campbell Group, RAPM.

Agriculture Market Commentary

Following a record setting growing season in 2013, agricultural commodity prices have declined substantially due to oversupply. Projections for 2013 corn production ring in at just below 14 billion bushels, outpacing 2012's drought laden crop by more than 3 billion bushels, and exceeding the previous high-water mark set in 2009 of just over 13 billion bushels. Due to the oversupply many farmers who can afford to are storing crops. Storage temporarily offers farmers flexibility on crop sales, however storage is not a riskless alternative, as crop quality degrades over time and most often farmers sell stored-crops in the first half of the year prior to increasing summer temperatures, as this can substantially degrade crop quality. In addition to domestic oversupply, South American competitors, who have a contrasting growing season, have thus far had favorable growing conditions and projections are for meaningful production.

One of the benefits of annual crop production is that a grower can shift to more profitable crops each year. At planting time in 2013, soybean prices in the U.S. were above $14.50 per bushel while corn prices were above $7.00. At these levels, both were planted extensively versus relatively lower priced commodities such as wheat or cotton. Now that the futures market price for corn has dropped by more than 35%, the market is signaling a shift to fewer 2014 corn plantings, particularly those farms of lower yield capacity. Since soybean futures prices have dropped by just 10%, soybean acreage is likely to remain steady or even increase. Wheat and cotton acreage are also likely to increase.

All these crop alternatives to corn are often grown in rotation with corn to reduce weed and disease pressure that builds in continuous corn. Lower corn prices also result in reduced chemical input use and prices lowering the cost of crop production. Rotation of crops grown on specific farms establishes balance in the soil and long term sustainable productivity.

The annual double digit increases in farmland values appears to have ended in 2013. Land prices are consolidating as farmers and investors pause to evaluate how tenants will adjust practices to profit in a lower commodity price environment. Certain growers will realize smaller profit margins while high cost producers may experience losses. Land values reflect long-term prices despite short-term fluctuations in commodity prices.

Sources: USDA, Wall Street Journal, Reuters, Washington Post, RAPM.

Appendix A

Summary of Portfolio Cash Flows – Private Investments

Quarter	Contributions	Distributions	Total
Q1 2008	9,000,000	-	9,000,000
Q2 2008	25,500,000	(446,462)	25,053,538
Q3 2008	44,852,570	(1,019,994)	43,832,576
Q4 2008	33,979,025	(1,223,450)	32,755,575
Q1 2009	5,572,204	(1,142,560)	4,429,644
Q2 2009	3,320,837	(2,831,451)	489,386
Q3 2009	1,582,090	(3,883,030)	(2,300,940)
Q4 2009	6,713,749	(1,450,747)	5,263,002
Q1 2010	4,451,516	(846,291)	3,605,226
Q2 2010	767,315	(1,188,459)	(421,144)
Q3 2010	674,058	(853,205)	(179,147)
Q4 2010	13,741,534	(1,926,081)	11,815,454
Q1 2011	2,347,300	(4,107,813)	(1,760,513)
Q2 2011	18,061,101	(4,171,517)	13,889,584
Q3 2011	8,660,670	(7,451,229)	1,209,441
Q4 2011	23,900,427	(5,389,008)	18,511,419
Q1 2012	7,907,732	(4,722,068)	3,185,665
Q2 2012	15,087,526	(2,870,248)	12,217,278
Q3 2012	26,488,091	(5,684,184)	20,803,907
Q4 2012	41,374,981	(9,937,326)	31,437,655
Q1 2013	1,622,072	(19,771,643)	(18,149,571)
Q2 2013	24,541,234	(24,772,969)	(231,735)
Q3 2013	21,645,192	(16,872,041)	4,773,151
Total	$ 341,791,225	$ (122,561,774)	$ 219,229,451

Appendix B

Notes to the Performance Report

Multiples are calculated net of fees using private investments only.

The PIC Multiple is the cumulative contributed amount divided by committed capital. This multiple indicates how much of committed capital has been paid in.

The Distribution Multiple (“DPI”) measures the portion of fund returns distributed to investors. When DPI is the equivalent of 1, the Fund has broken even. A DPI of greater than 1 indicates that the Fund has generated profit to the investors.

The Residual Value Multiple (“RVPI”) measures the portion of returns that are unrealized.

The Total Value Multiple (“TVPI”) provides information regarding the value of the investment relative to its cost basis, not taking into consideration the time invested.

Paid in Capital Ratios reflect all contributions made divided by the total commitments, without making adjustments for contributions that may be offset by recallable or true-up distributions.

Consistent with calculating Paid in Capital, Distributions to Paid in Capital Ratios reflect all distributions received divided by the aggregate total of contributions.

RAPM believes this is the most accurate way to reflect the cash flows experienced during the investment, though Paid in Capital and Distributed to Paid in Capital ratios may not exactly equal those values shown on manager-provided capital statements if the manager is adjusting for recallable distributions or true-up distributions for the Fund. All managers treat these classifications differently and therefore, RAPM utilizes actual cash flows experienced for calculating key ratios as of the quarter end.

Diversification statistics are based on net investment value.

All indices are gross of fee indices.

REIT returns and and Private Asset returns are calculated using different methodologies. The REIT returns are based on the monthly returns as reported by the Custodian and is calculated in accordance with accepted standards for daily liquid securities that require interim period monthly calculations for months in which large external cash flows occur. Private Asset returns are also calculated in accordance with accepted standards for these components using time weighted total rate of return that considers the timing of external cash flows; however, it does not distinguish between large and small cash flows and therefore does not utilize interim period performance to mitigate the impact of significant cash-in and outflows.

All performance numbers reflect data as reported to RAPM by the investment managers. RAPM has made an effort to verify the integrity of the data, including cross referencing what was reported for performance with fund financial and investor capital statements. However, RAPM serves as a data aggregator and reporter of fund level performance data and, therefore, cannot guarantee the accuracy of the underlying data reported by fund managers.

Disclosure Statements

NOTE REGARDING PROJECTIONS AND FORWARD-LOOKING STATEMENTS: The information provided in this report contains estimates, return data and valuations that are based upon assumptions and projections. Such estimates and assumptions involve judgments with respect to, among other things, future economic and competitive conditions; real estate market conditions; occupancy and rental rates; and the like, which may not be realized and are inherently subject to significant uncertainties and changes, all of which are difficult to predict and many of which are beyond the control of the General Partner and Real Asset Portfolio Management and the investment managers of the indirect fund investments. Accordingly, no assurance can be given that such projections will be realized, and actual conditions, operations and results may vary materially from those set forth herein. Limited Partners are cautioned that the predictions and other forward-looking statements reflected in this report involve risks and uncertainty, including without limitations, risks incident to investment in core real estate and to investment in "non-core" real estate funds. In light of the foregoing factors, actual returns and results are likely to differ substantially from the forward-looking statements contained in this report, and Limited Partners are cautioned not to place undue reliance on such forward-looking statements and projections. The words "estimate," "anticipate," "expect," "predict," "believe" and like expressions are intended to identify forward-looking statements.

THE PERFORMANCE INFORMATION SET FORTH HEREIN REPRESENTS PAST PERFORMANCE AND IS NOT A GUARANTEE OF FUTURE RESULTS.