



**TOWNSEND**  
GROUP

Real Estate Portfolio

# Performance Review

SECOND QUARTER 2015



## Portfolio Funding Status

- The following slides provide a review of key information of the Los Angeles City Employees' Retirement System ("LACERS") Real Estate Portfolio (the "Portfolio") through June 30, 2015. A detailed performance report is also provided as **Exhibit A**.
- The System is in-line with its 5.0% target to Real Estate (at 4.9%).

	Market Value (\$ millions)*	% LACERS Plan
<b>LACERS Total Plan Assets</b>	<b>14,149</b>	
<b>Real Estate Target</b>	<b>707</b>	<b>5.0%</b>
RE Market Value:		
<i>Core</i>	262	
<i>Non-Core</i>	414	
<i>Timber</i>	12	
<b>Total RE Market Value</b>	<b>689</b>	<b>4.9%</b>
Unfunded Commitments	326	2.3%
<b>RE Market Value &amp; Unfunded Commitments</b>	<b>1,014</b>	<b>7.2%</b>
<b>Remaining Allocation</b>	<b>(307)</b>	<b>(2.2%)</b>



## Real Estate Portfolio Composition

	<b>Strategic Targets</b>		<b>Portfolio Composition (6/30/2015)*</b>		<b>Projected Portfolio Composition*</b>
	<b>Target Allocation</b>	<b>Tactical Range</b>	<b>Funded</b>	<b>Funded &amp; Committed<sup>1</sup></b>	<b>Funded &amp; Committed<sup>2</sup></b>
<b>Core</b>	<b>60%</b>	<b>40% - 80%</b>	<b>38.1%</b>	<b>39.7%</b>	<b>44.1%</b>
<b>Non-Core</b>	<b>40%</b>	<b>20% - 60%</b>	<b>60.2%</b>	<b>58.2%</b>	<b>53.9%</b>
<i>Value-Added Portfolio</i>	<i>N/A</i>	<i>N/A</i>	<i>21.1%</i>	<i>24.5%</i>	<i>22.7%</i>
<i>Opportunistic Portfolio</i>	<i>N/A</i>	<i>N/A</i>	<i>39.1%</i>	<i>33.7%</i>	<i>31.2%</i>
<b>Timber</b>	<b>N/A</b>	<b>N/A</b>	<b>1.7%</b>	<b>2.1%</b>	<b>2.0%</b>

- In May 2014, the Board approved the strategic targets displayed above in order to reflect a more conservative risk profile going-forward.
- Since that time, and in an effort to transition the Portfolio, the LACERS Board has approved \$220 million in new Core commitments, to be funded in 2015 / 2016<sup>2</sup>.
  - Subsequent to the Quarter end, the LACERS Board approved an additional \$60 million in re-up commitments to the recent Core funds and a \$20 million commitment to Berkshire Multifamily Income Realty Fund.
- Until capital is called, LACERS will remain overweight to Non-Core strategies.
- Liquidations from the Non-Core Portfolio and additional Core commitments show LACERS coming in-line with its strategic targets by year-end 2016. However, capital calls for the Core funds may be delayed due to the size of deposit queues.
- The Core Portfolio utilizes 22.4% leverage, measured on a loan-to-value (LTV) basis, well below the 40.0% constraint.
- The Non-Core Portfolio has a 49.3% LTV ratio, well below the 75.0% constraint.

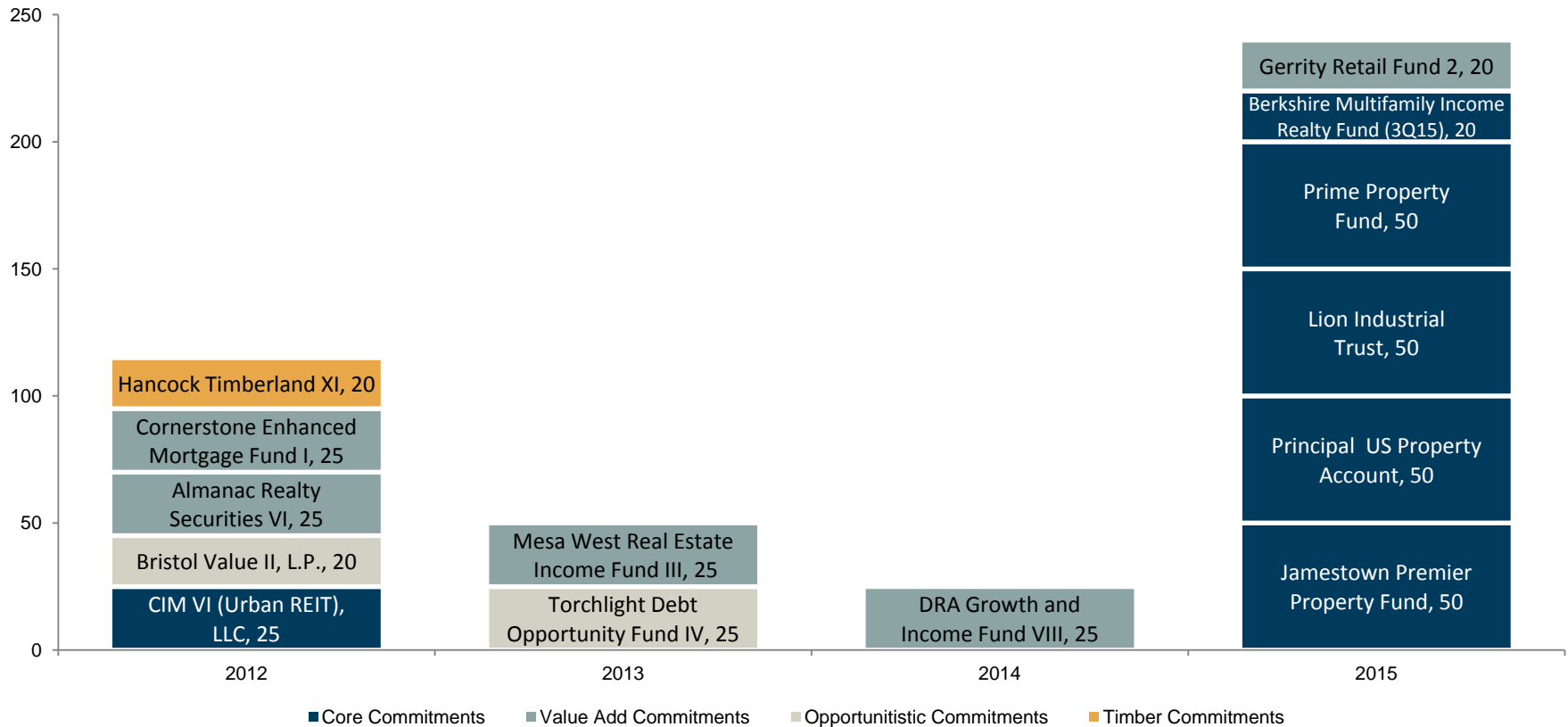
\*Figures may not add due to rounding.

<sup>1</sup> Does not include investments approved subsequent to Quarter end.

<sup>2</sup> Includes investments approved subsequent to Quarter end (Berkshire and re-ups to Jamestown, Principal, LIT and Prime).



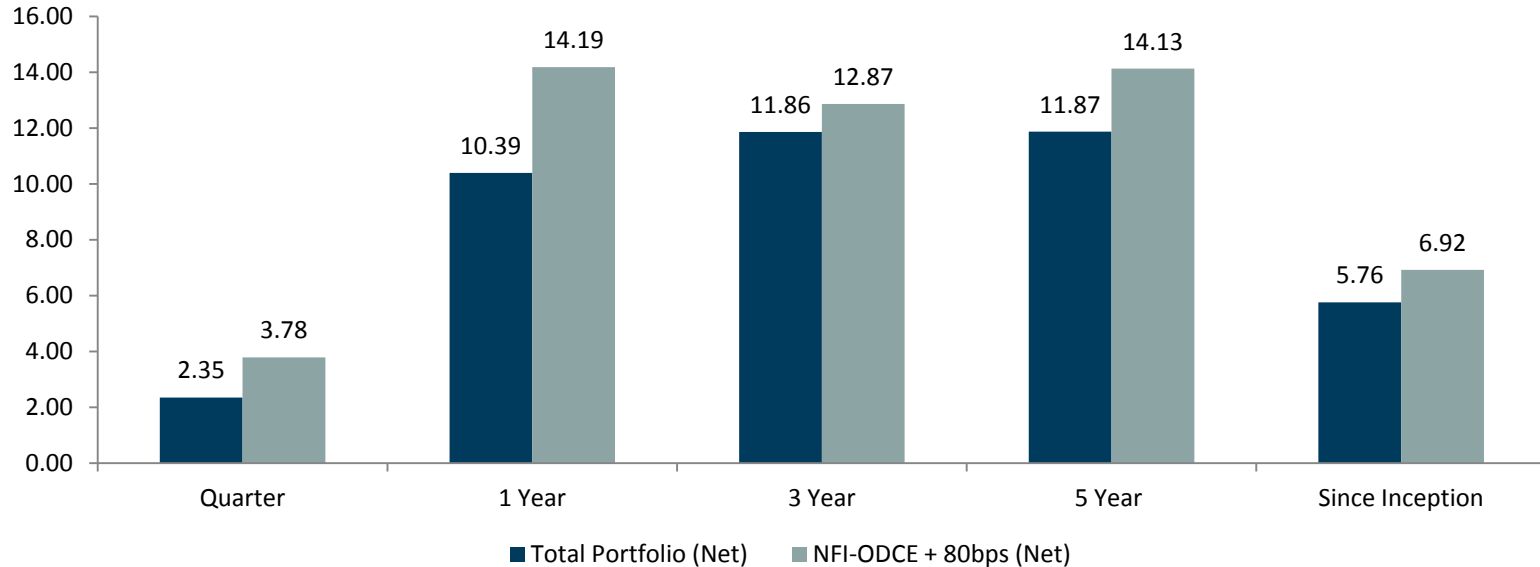
## Commitments Since 2012



- LACERS has committed \$430 million since 2012, including investments made subsequent to Quarter end.
- Vintage year classifications are based on LACERS' first capital call (or expected capital call), though commitments may have been approved in prior years.

## Total Portfolio Performance

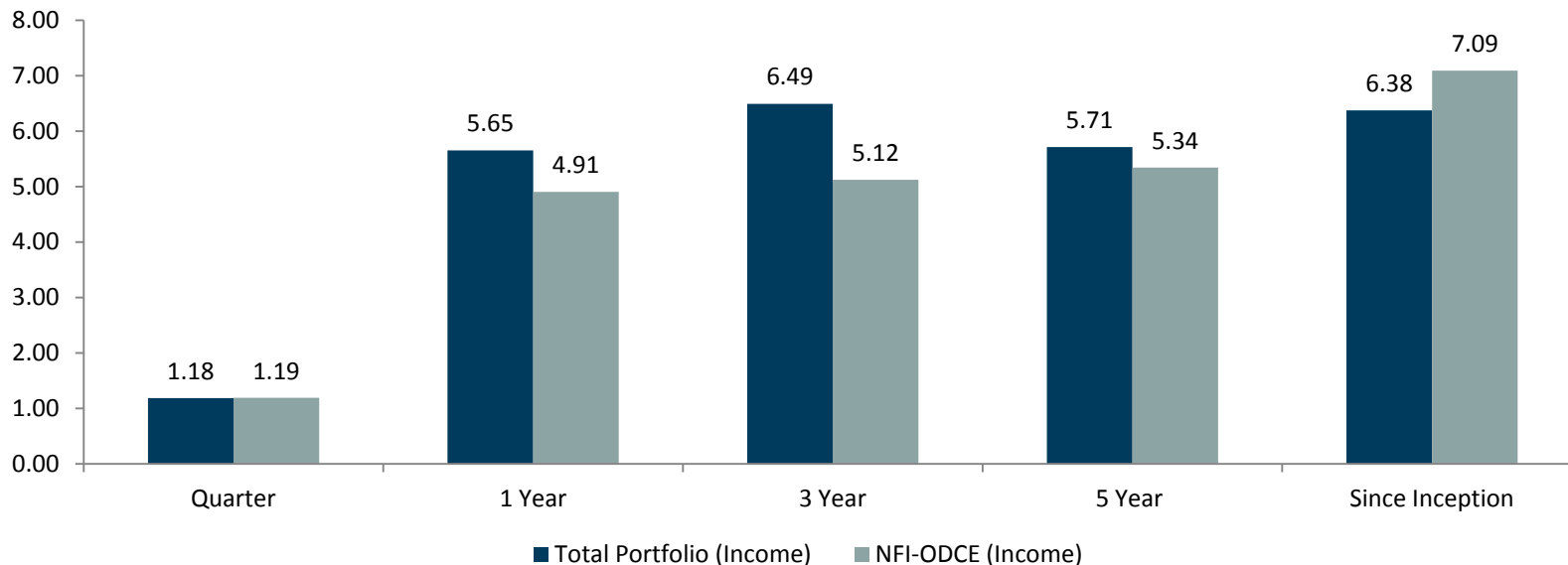
LACERS Total Real Estate Portfolio vs. NFI-ODCE + 80 bps



- The benchmark for the LACERS Total Real Estate Portfolio is the NFI-ODCE + 80 basis points (defined below), measured over five year time periods, net of fees. LACERS underperformed this benchmark over all periods. Relative underperformance by strategy is addressed on the following slides.
- The NFI-ODCE stands for the NCREIF Fund Index of Open-End Diversified Core Equity funds. The NFI-ODCE is a Core index that includes Core open-end diversified funds with at least 95% of their investments in US markets. The NFI-ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical (back to 1978) and current basis (23 active vehicles), utilizing approximately 21.4% leverage.
  - The 80 basis point (“bps”) premium is a reflection of the incremental return expected from Non-Core exposure in the Portfolio, which is not included in the NFI-ODCE.

# Income Performance

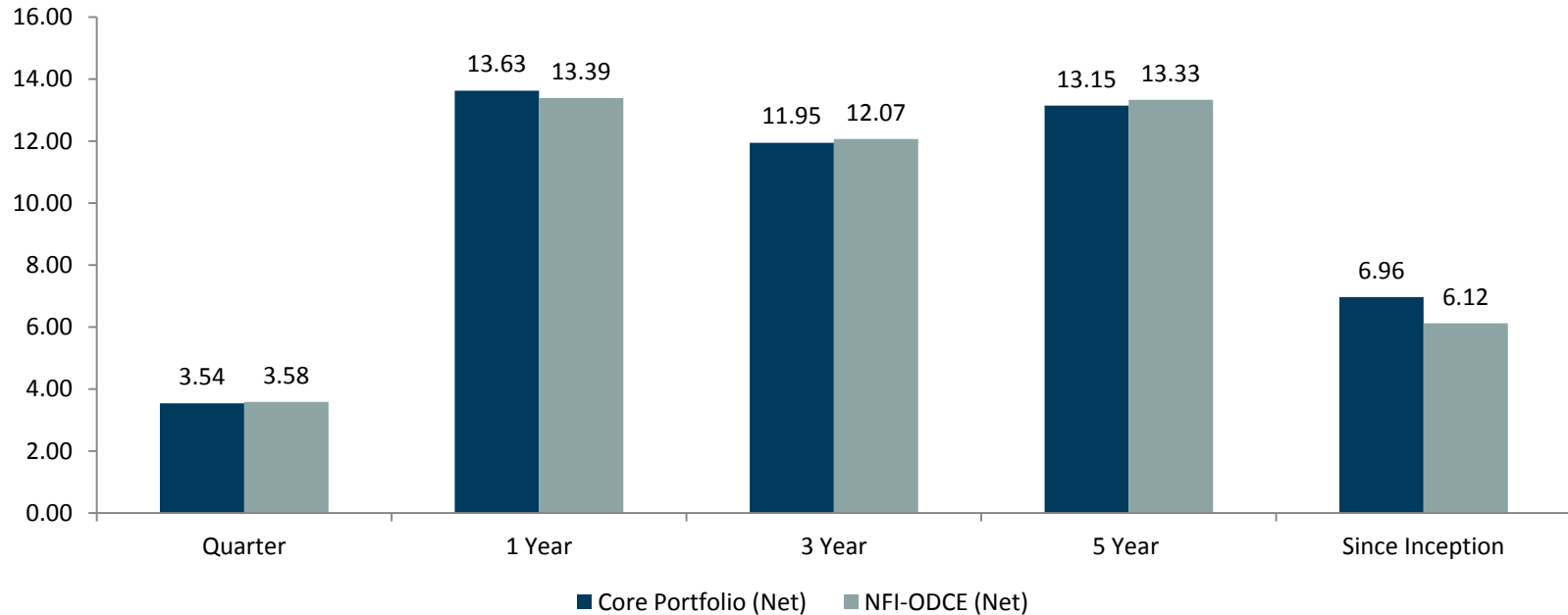
LACERS Income Return vs. NFI-ODCE



- As outlined in the Real Estate Strategic Plan, an objective for real estate is to generate income. Historically, real estate has generated returns comprised primarily of income.
- The LACERS Portfolio has outperformed the NFI-ODCE, on an income basis, across the one, three and five year time periods. The Portfolio tracked the NFI-ODCE income return over the Quarter and underperformed over the since inception time period.

## Relative Performance by Strategy: Core

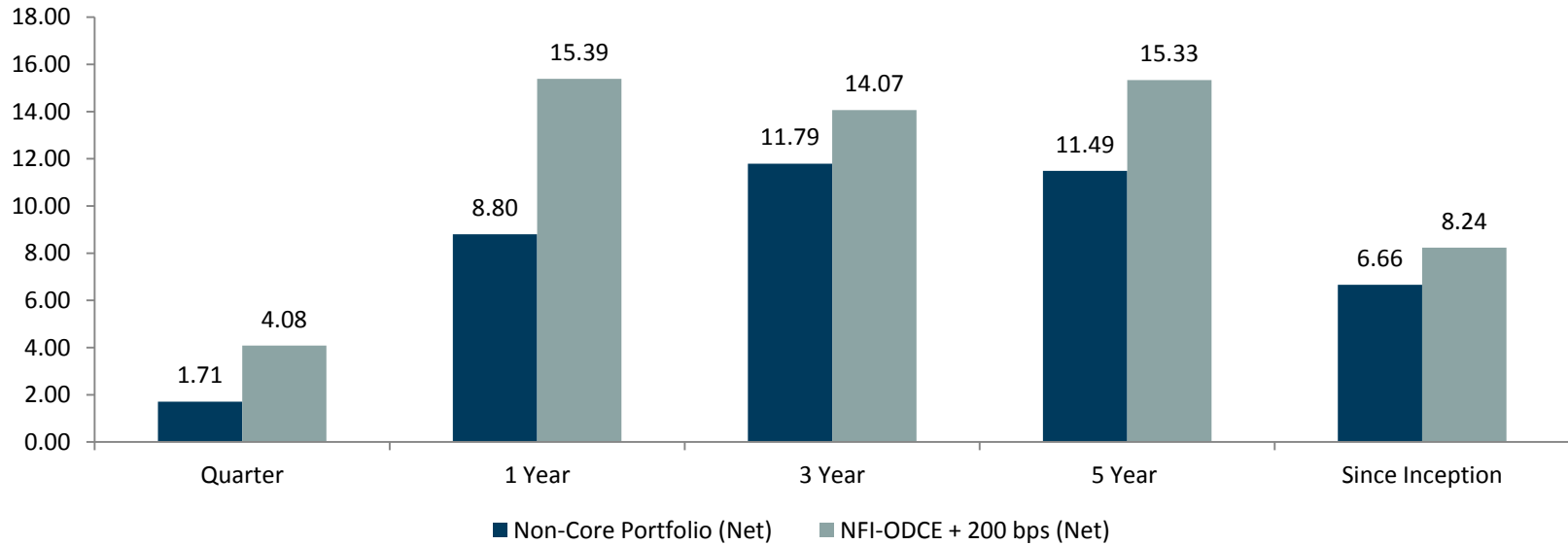
LACERS Core Real Estate Portfolio vs NFI-ODCE



- The LACERS Core benchmark is the NFI-ODCE, measured over five year time periods, net of fees.
- The Core Portfolio outperformed the benchmark over the one year and since inception time periods. However, it tracked the benchmark over all other time periods.
- Invesco Core Real Estate was the strongest performer during the Quarter due to strong unlevered write ups of the fund's office and retail assets. The CIM Funds (CMCT and CIM VI) underperformed due to off cycle valuation.
- New investments approved by the LACERS Board in 2014 and 2015 are expected to call capital in 2015 and 2016, respectively, and will further compliment the Core Portfolio.

## Relative Performance by Strategy: Non-Core

LACERS Non-Core Real Estate Portfolio vs. NFI-ODCE + 200 bps

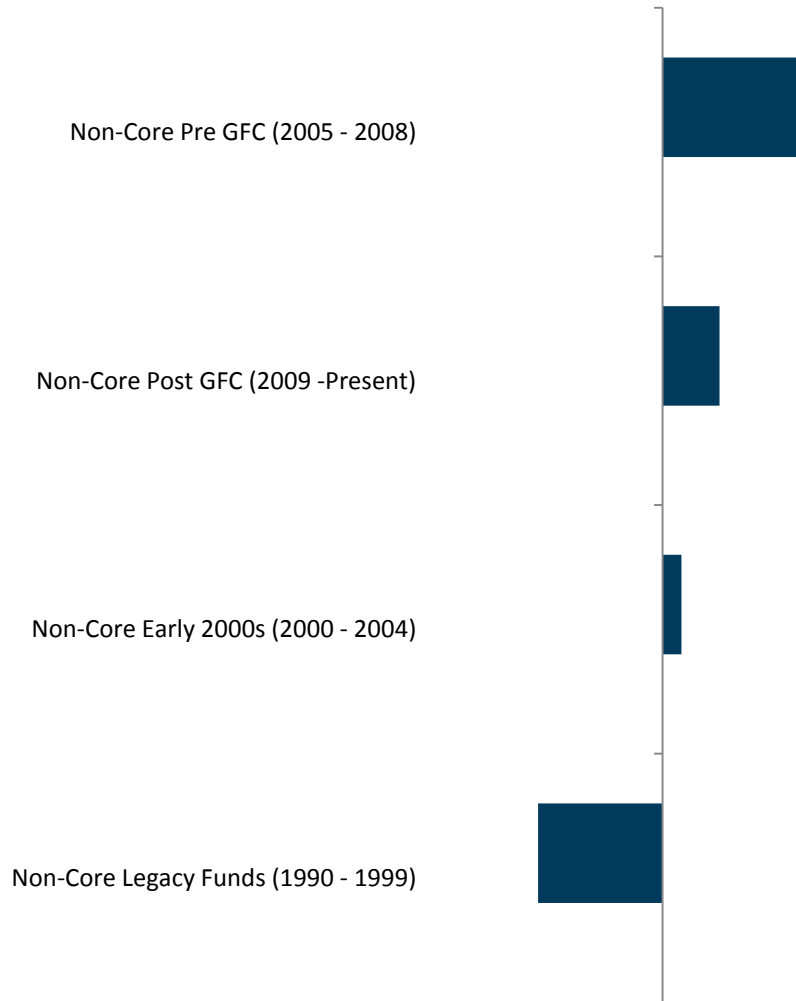


- LACERS Non-Core benchmark is the NFI-ODCE + 200 bps, measured over five year time periods, net of fees. The 200 basis point premium is a reflection of the incremental return expected from additional risk inherent in Non-Core strategies.
- The Non-Core Portfolio underperformed the NFI-ODCE + 200 bps benchmark over all time periods of measure.
- As displayed on the following slide, the main detractor of performance over the Quarter were liquidating Non-Core Legacy Funds with commitments prior to 1999. In particular, the performance reported for DLJ II was the main detractor of performance over the Quarter. DLJ II's performance is attributable to the fund liquidating its remaining assets at an 18.1% discount for an "as is" offer that sped up the liquidation of the fund (1999 vintage). However, note that DLJ II has performed in-line with original expectations since inception (17.4% net IRR), despite the write down over the Quarter.
- Underperformance over all other time periods is primarily the result of significant Non-Core commitments made prior to the Global Financial Crisis (2005 – 2008). These Non-Core funds purchased assets at or near peak pricing and were reliant on an improvement to fundamentals that did not come to fruition. Their underperformance relative to other Non-Core commitments by grouped vintage years is displayed on the following slide.

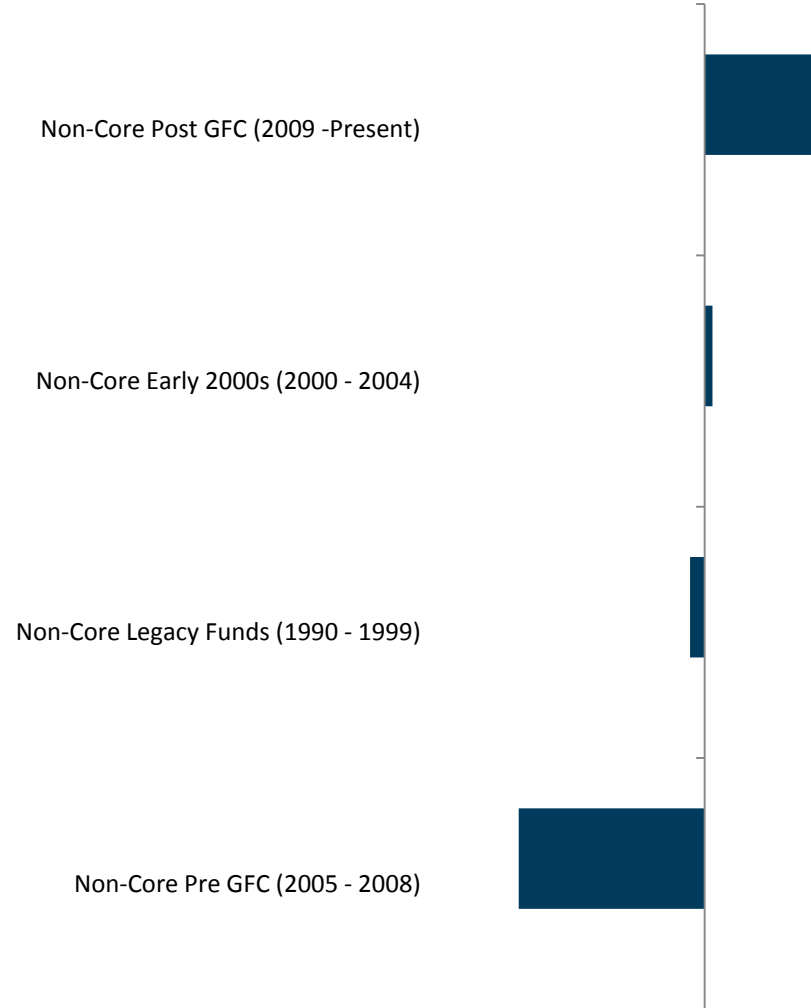


# Attribution by Vintage Year: Non-Core

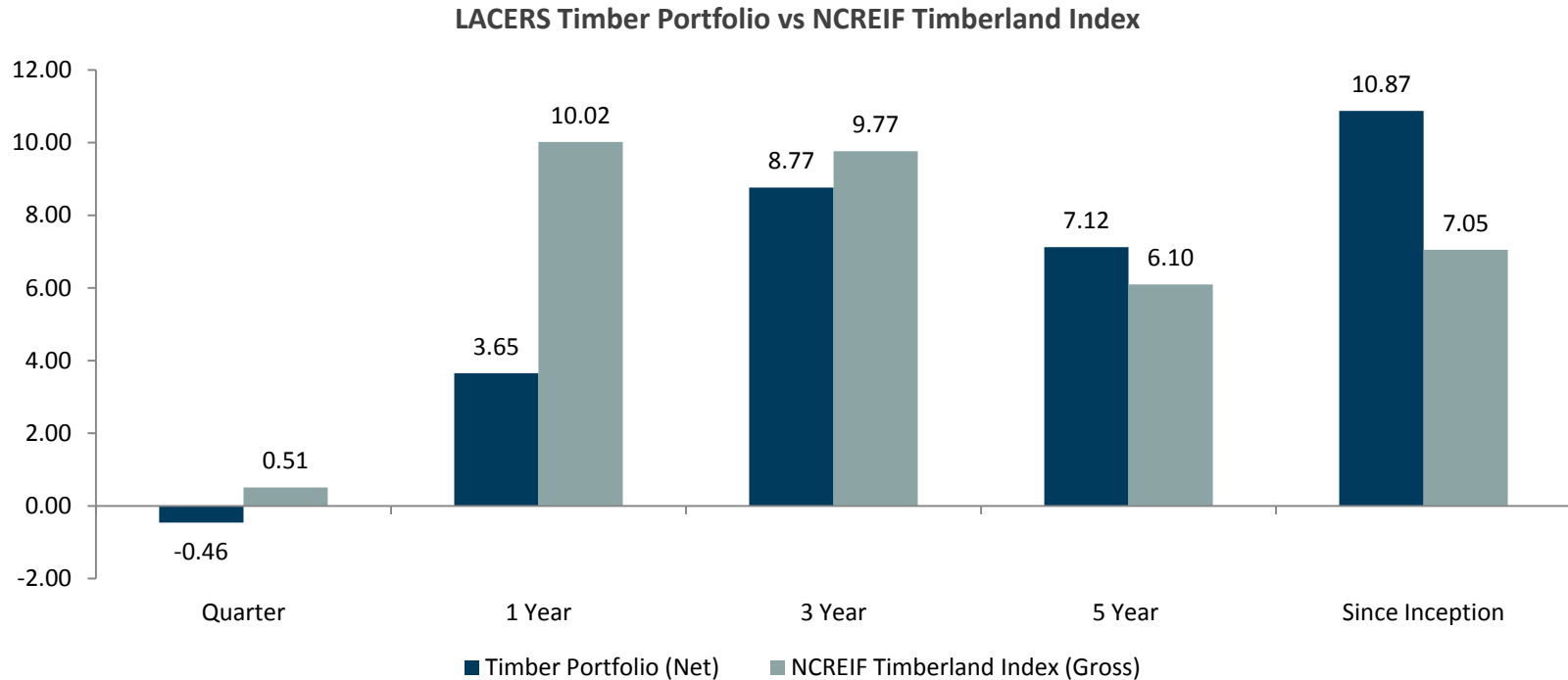
Contribution to Quarter Return



Contribution to 5 Year Return



## Relative Performance by Strategy: Timber

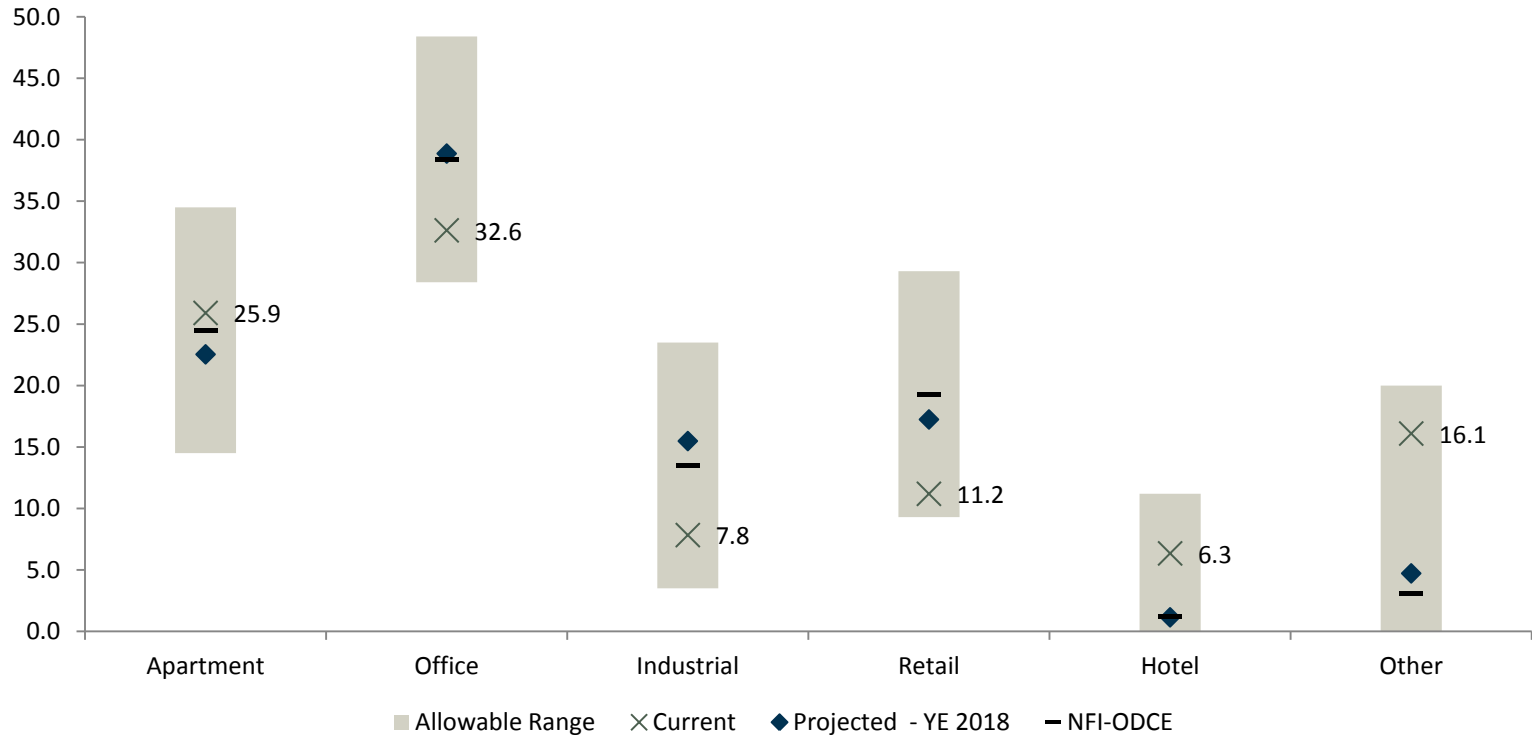


- The Timber Portfolio, net of fees, outperformed its benchmark, the NCREIF Timberland Index, gross of fees, over the five year and since inception time periods, but underperformed over the Quarter, one year and three year time periods.
- Hancock Timberland XI's underperformance over the Quarter is due to the performance of the Chilean investment. Underperformance over the one and three year time periods is attributable to modest appraisal increases experienced by Hancock Timberland XI at the end of 2014 and significant gains realized by the benchmark (NCREIF Timberland Index) for dispositions that occurred over the same time period.



# Real Estate Portfolio Diversification

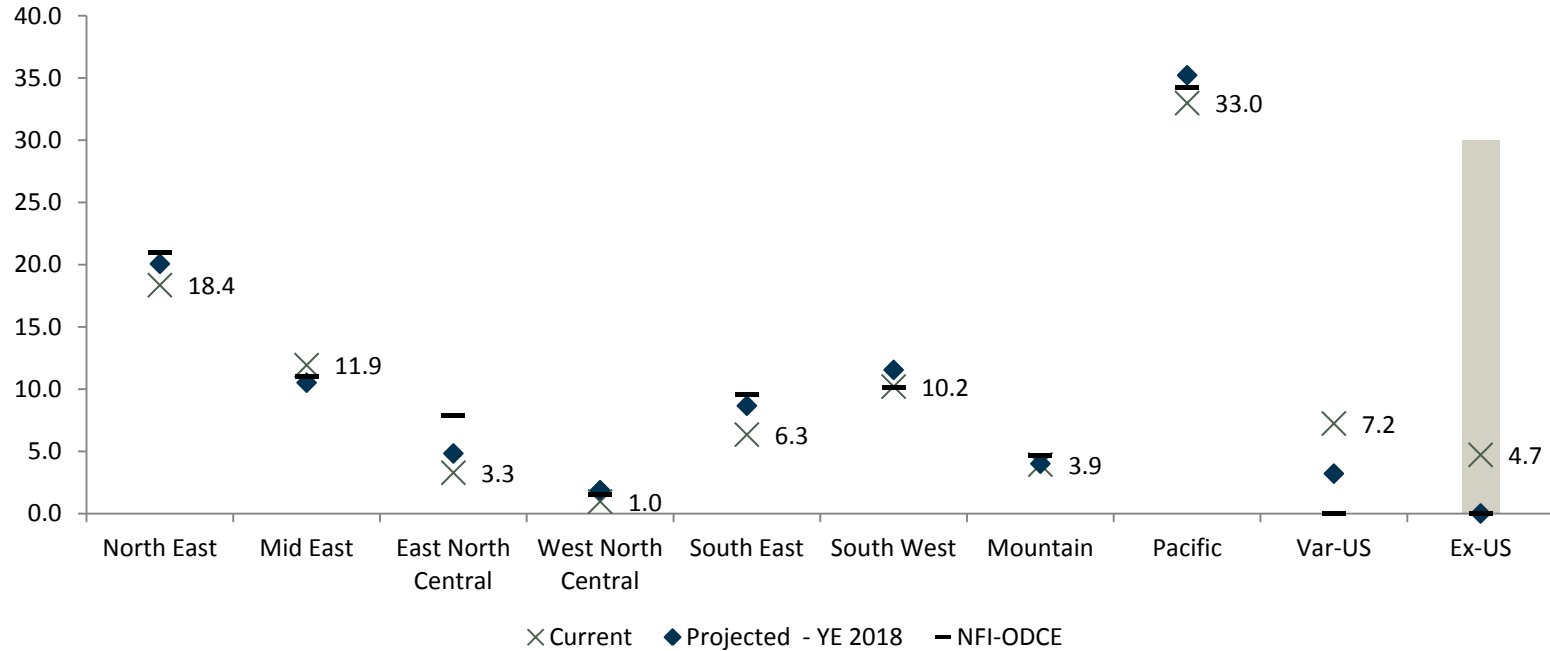
LACERS Private Portfolio Property Type Diversification



- The diversification of the Private Portfolio is measured against the diversification of the NFI-ODCE  $\pm$  10.0% with up to 20.0% of the Portfolio allowed in Other.
- LACERS is in-compliance with diversification by property type but note an overweight to Other, nearing its maximum of 20.0%.
- As the new commitments are called, diversification is expected to shift more inline with the NFI-ODCE.

# Real Estate Portfolio Diversification

LACERS Private Portfolio Geographic Diversification



- The diversification of the Private Portfolio is to be well diversified across the US and the only constraint is a 30.0% maximum to Ex-US investments. NFI-ODCE diversification is provided for reference.
- LACERS is in-compliance with the Ex-US constraint and is well diversified.
- The Portfolio currently has an aggregate exposure to the Los Angeles metropolitan area of 7.9%, with a 5.0% exposure to Los Angeles City. The NFI-ODCE's exposure to the Los Angeles metropolitan area is 10.6%\*.



# Exhibit A: Performance Flash Report



Portfolio Composition (\$)								
Total Plan Assets	Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
14,148,849,493	707,442,475	5.0%	688,571,088	4.9%	325,603,669	2.3%	-306,732,282	-2.2%

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
LACERS	2.8	2.3	12.1	10.4	13.7	11.9	13.8	11.9
NFI-ODCE + 80 bps	4.0	3.8	15.2	14.2	13.9	12.9	15.2	14.1

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
<b>Core</b>	<b>1989</b>	<b>298,867,553</b>	<b>198,568,814</b>	<b>140,000,000</b>	<b>45,035,281</b>	<b>262,449,915</b>	<b>38.1</b>	<b>39.7</b>
<b>Non-Core Portfolio</b>	<b>1990</b>	<b>1,079,874,744</b>	<b>1,026,001,380</b>	<b>175,940,030</b>	<b>645,096,287</b>	<b>414,310,872</b>	<b>60.2</b>	<b>58.2</b>
<i>Value Added</i>	1990	380,000,000	302,180,884	103,545,595	201,103,829	145,139,053	21.1	24.5
<i>Opportunistic</i>	1996	699,874,744	723,820,496	72,394,435	443,992,458	269,171,819	39.1	33.7
<b>Timber</b>	<b>1999</b>	<b>30,000,000</b>	<b>20,336,361</b>	<b>9,663,639</b>	<b>26,118,093</b>	<b>11,810,301</b>	<b>1.7</b>	<b>2.1</b>

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
<b>Core</b>								
CIM Commercial Trust Corporation ("CMCT")	2014	40,000,000	46,417,723	0	2,825,885	48,990,087	7.1	4.8
CIM VI (Urban REIT), LLC	2012	25,000,000	25,000,000	0	1,643,536	28,317,585	4.1	2.8
INVESCO Core Real Estate	2004	63,867,553	96,729,209	0	37,707,361	132,000,710	19.2	13.0
Jamestown Premier Property Fund	2015	35,000,000	0	35,000,000	0	0	0.0	3.5
JP Morgan Strategic Property Fund	2005	30,000,000	30,421,882	0	2,858,499	53,141,533	7.7	5.2
Lion Industrial Trust - 2007	2015	35,000,000	0	35,000,000	0	0	0.0	3.5
Prime Property Fund	2015	35,000,000	0	35,000,000	0	0	0.0	3.5
Principal US Property Account	2015	35,000,000	0	35,000,000	0	0	0.0	3.5
<b>Core</b>	<b>1989</b>	<b>298,867,553</b>	<b>198,568,814</b>	<b>140,000,000</b>	<b>45,035,281</b>	<b>262,449,915</b>	<b>38.1</b>	<b>39.7</b>
<b>Timber</b>								
Hancock ForesTree V	1999	10,000,000	10,000,000	0	25,782,897	7,864	0.0	0.0
Hancock Timberland XI	2012	20,000,000	10,336,361	9,663,639	335,196	11,802,437	1.7	2.1
<b>Timber</b>	<b>1999</b>	<b>30,000,000</b>	<b>20,336,361</b>	<b>9,663,639</b>	<b>26,118,093</b>	<b>11,810,301</b>	<b>1.7</b>	<b>2.1</b>
<b>Value Added</b>								
Almanac Realty Securities VI	2012	25,000,000	12,594,929	18,308,985	8,047,601	7,403,720	1.1	2.5
CBRE Strategic Partners III	2003	25,000,000	25,000,000	0	32,718,816	48,056	0.0	0.0
CBRE Strategic Partners IV	2005	25,000,000	25,000,000	0	872,248	2,143,016	0.3	0.2
CBRE Strategic Partners U.S. Value V	2008	30,000,000	30,000,000	0	42,418,896	51,448	0.0	0.0
Cornerstone Enhanced Mortgage Fund I	2012	25,000,000	13,436,224	11,563,777	3,125,948	12,707,694	1.8	2.4
DRA Growth and Income Fund VII	2011	25,000,000	25,390,000	1,365,000	8,343,176	25,626,615	3.7	2.7
DRA Growth and Income Fund VIII	2014	25,000,000	5,555,555	19,645,445	420,145	5,512,998	0.8	2.5
Gerrity Retail Fund II	2015	20,000,000	0	20,000,000	0	0	0.0	2.0
Heitman Value Partners	2004	15,000,000	14,880,694	119,306	18,984,483	35,159	0.0	0.0
JP Morgan Alternative Property Fund	2006	25,000,000	25,000,000	0	18,397,972	269,277	0.0	0.0
Mesa West Real Estate Income Fund II	2010	20,000,000	16,686,322	17,864,188	18,174,553	4,986,205	0.7	2.3
Mesa West Real Estate Income Fund III	2013	25,000,000	13,955,461	11,058,874	909,305	14,019,234	2.0	2.5
PRISA II	2004	30,000,000	30,000,000	0	1,395,448	44,323,213	6.4	4.4
Realty Associates Fund IX	2010	15,000,000	15,000,000	0	9,265,967	13,243,318	1.9	1.3
RREEF America REIT III - 1410	2005	15,000,000	18,301,718	0	11,711,960	3,656,657	0.5	0.4
TA Fund VII	2005	15,000,000	15,000,000	0	7,649,481	8,088,755	1.2	0.8
Urdang Value Added Fund II	2008	20,000,000	16,379,981	3,620,020	18,667,830	3,023,688	0.4	0.7
<b>Value Added</b>	<b>1990</b>	<b>380,000,000</b>	<b>302,180,884</b>	<b>103,545,595</b>	<b>201,103,829</b>	<b>145,139,053</b>	<b>21.1</b>	<b>24.5</b>
<b>Total Current Portfolio</b>								
Los Angeles City Employees' Retirement System	1989	1,408,742,297	1,244,906,555	325,603,669	716,249,661	688,571,088	100.0	100.0

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
<b>Opportunistic</b>								
Apollo CPI Europe I	2006	25,522,900	22,356,002	1,656,421	8,709,530	3,779,554	0.5	0.5
Bristol Value II, L.P.	2012	20,000,000	11,256,054	13,642,680	5,391,761	6,916,475	1.0	2.0
Bryanston Retail Opportunity Fund	2005	10,000,000	4,271,584	5,885,919	9,306,345	2,092,074	0.3	0.8
California Smart Growth Fund IV	2006	30,000,000	31,056,625	33,153	20,980,600	11,711,917	1.7	1.2
Canyon Johnson Urban Fund II	2005	10,000,000	8,988,718	1,011,296	1,931,982	2,428,123	0.4	0.3
CBRE Strategic Partners UK Fund III	2007	29,877,502	25,825,476	0	3,153,478	1,140,786	0.2	0.1
CIM Real Estate Fund III	2007	15,000,000	16,763,475	0	4,249,679	22,181,539	3.2	2.2
CityView LA Urban Land Fund I	2007	25,000,000	61,224,571	22,470,143	58,694,709	12,297,183	1.8	3.4
Colony Investors VIII	2007	30,000,000	28,963,224	1,023,200	7,572,803	7,327,607	1.1	0.8
DLJ Real Estate Capital Partners II	1999	40,000,000	48,662,031	2,190,337	69,703,132	3,044,244	0.4	0.5
DLJ Real Estate Capital Partners IV	2008	40,000,000	45,281,165	5,644,774	17,306,418	32,010,994	4.6	3.7
DRA Growth and Income Fund VI	2007	25,000,000	16,788,945	1,457,630	20,174,584	5,278,992	0.8	0.7
Genesis Workforce Housing Fund II	2006	20,000,000	19,999,316	0	4,227,078	25,596,436	3.7	2.5
Integrated Capital Hospitality Fund	2009	10,000,000	6,006,797	798,641	2,671,245	9,050,497	1.3	1.0
LaSalle Asia Fund II	2005	25,000,000	24,016,560	0	25,752,817	227,292	0.0	0.0
Latin America Investors III	2008	20,000,000	20,686,689	0	3,886,924	10,293,714	1.5	1.0
Lone Star Fund VII	2011	15,000,000	14,075,468	924,533	22,012,125	3,431,738	0.5	0.4
Lone Star Real Estate Fund II	2011	15,000,000	13,069,804	1,930,196	15,529,067	4,077,826	0.6	0.6
Low Hospitality Investment Partners	2004	25,000,000	36,431,477	0	20,631,710	427,298	0.1	0.0
MacFarlane Urban Real Estate Fund II	2008	40,000,000	40,679,342	0	679,340	9,395,692	1.4	0.9
Southern California Smart Growth Fund	2004	10,000,000	18,721,435	68,213	15,578,632	1,786,114	0.3	0.2
Stockbridge Real Estate Fund II	2006	30,000,000	30,000,000	0	0	13,536,375	2.0	1.3
The Buchanan Fund V	2007	30,000,000	27,000,000	3,000,000	21,322,688	3,930,650	0.6	0.7
Torchlight Debt Opportunity Fund II	2007	25,000,000	24,703,453	0	9,584,921	11,354,799	1.6	1.1
Torchlight Debt Opportunity Fund III	2009	25,000,000	24,890,796	0	33,878,125	3,334,818	0.5	0.3
Torchlight Debt Opportunity Fund IV	2013	24,474,342	19,586,486	4,896,620	1,651,402	21,205,374	3.1	2.6
Tuckerman Group Residential Income & Value Added Fund	2004	25,000,000	26,064,010	0	15,891,774	10,484,806	1.5	1.0
UrbanAmerica II	2007	10,000,000	9,289,026	710,974	375,255	1,427,236	0.2	0.2
Walton Street Real Estate Fund V	2006	25,000,000	25,000,001	0	8,581,244	11,160,188	1.6	1.1
Walton Street Real Estate Fund VI	2009	25,000,000	22,161,966	5,049,705	14,563,090	18,241,478	2.6	2.3
<b>Opportunistic</b>	<b>1996</b>	<b>699,874,744</b>	<b>723,820,496</b>	<b>72,394,435</b>	<b>443,992,458</b>	<b>269,171,819</b>	<b>39.1</b>	<b>33.7</b>
<b>Private Portfolio</b>	<b>1989</b>	<b>1,378,742,297</b>	<b>1,224,570,194</b>	<b>315,940,030</b>	<b>690,131,568</b>	<b>676,760,787</b>	<b>98.3</b>	<b>97.9</b>
<b>Non-Core Portfolio</b>	<b>1990</b>	<b>1,079,874,744</b>	<b>1,026,001,380</b>	<b>175,940,030</b>	<b>645,096,287</b>	<b>414,310,872</b>	<b>60.2</b>	<b>58.2</b>
<b>Total Current Portfolio</b>								
Los Angeles City Employees' Retirement System	1989	1,408,742,297	1,244,906,555	325,603,669	716,249,661	688,571,088	100.0	100.0



Returns (%)	Market Value (\$)	Quarter				1 Year				3 Year				5 Year				Inception				TWR Calculation Inception	Net IRR*	Equity Multiple*
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
<b>Core</b>																								
CIM Commercial Trust Corporation ("CMCT")	48,990,087	0.95	0.01	0.96	0.96	3.96	4.92	9.03	9.03									3.97	3.67	7.76	7.76	1Q14	7.84	1.12
CIM VI (Urban REIT), LLC	28,317,585	1.19	0.00	1.19	0.86	4.48	10.39	15.23	13.72	3.60	8.85	12.70	11.26					3.60	8.85	12.70	11.26	3Q12	10.02	1.20
INVESCO Core Real Estate	132,000,710	1.04	4.21	5.26	5.17	4.33	11.68	16.38	15.97	4.66	8.62	13.58	13.14	4.96	9.49	14.79	14.32	5.63	2.33	8.06	7.56	4Q04	7.49	1.75
JP Morgan Strategic Property Fund	53,141,533	1.21	2.49	3.69	3.46	5.57	7.46	13.34	12.29	5.32	8.26	13.90	12.85	5.47	8.66	14.48	13.42	5.59	1.65	7.32	6.31	4Q05	6.55	1.84
<b>Core</b>	<b>262,449,915</b>	<b>1.07</b>	<b>2.59</b>	<b>3.67</b>	<b>3.54</b>	<b>4.52</b>	<b>9.37</b>	<b>14.20</b>	<b>13.63</b>	<b>4.72</b>	<b>7.64</b>	<b>12.63</b>	<b>11.95</b>	<b>4.95</b>	<b>8.62</b>	<b>13.88</b>	<b>13.15</b>	<b>6.69</b>	<b>1.14</b>	<b>7.88</b>	<b>6.96</b>	<b>1Q89</b>	<b>5.39</b>	<b>1.42</b>
<b>Timber</b>																								
Hancock ForesTree V <sup>1</sup>	7,864																	4.72	10.84	16.93	8.70	4Q99	11.50	2.58
Hancock Timberland XI	11,802,437	-0.17	-0.04	-0.21	-0.42	-0.57	5.16	4.57	3.71	-0.80	8.37	7.53	6.68					-0.74	7.70	6.92	6.14	2Q12	6.33	1.17
<b>Timber</b>	<b>11,810,301</b>	<b>-0.21</b>	<b>-0.04</b>	<b>-0.25</b>	<b>-0.46</b>	<b>-0.64</b>	<b>8.10</b>	<b>7.42</b>	<b>3.65</b>	<b>10.21</b>	<b>0.29</b>	<b>11.42</b>	<b>8.77</b>	<b>8.35</b>	<b>-0.15</b>	<b>8.74</b>	<b>7.12</b>	<b>5.99</b>	<b>5.93</b>	<b>12.34</b>	<b>10.87</b>	<b>4Q99</b>	<b>11.05</b>	<b>1.87</b>
<b>Value Added</b>																								
Almanac Realty Securities VI	7,403,720	1.73	-0.51	1.23	0.63	6.43	1.75	8.26	5.57									10.11	7.71	18.28	14.57	1Q13		
CBRE Strategic Partners III <sup>1</sup>	48,056																	3.02	0.10	2.97	0.79	1Q04	8.70	1.31
CBRE Strategic Partners IV	2,143,016	0.20	0.00	0.20	0.20	1.55	-19.70	-18.40	-18.64	3.67	-22.79	-19.83	-20.81	2.65	-13.59	-11.19	-12.79	-0.82	-17.30	-18.04	-21.70	1Q06	-24.08	0.12
CBRE Strategic Partners U.S. Value V <sup>1</sup>	51,448																	3.76	-3.21	0.72	-1.21	3Q08	16.17	1.42
Cornerstone Enhanced Mortgage Fund I	12,707,694	2.54	0.00	2.54	2.19	10.14	-0.73	9.35	8.02									13.24	2.51	15.92	13.95	4Q12		
DRA Growth and Income Fund VII	25,626,615	2.33	3.38	5.71	2.23	12.43	6.21	19.24	13.75	14.12	4.40	19.01	15.10					13.85	4.79	19.16	15.32	1Q12	15.52	1.34
DRA Growth and Income Fund VIII	5,512,998	4.39	0.00	4.39	3.71													9.58	-0.17	9.39	7.29	4Q14	11.97	1.07
Heitman Value Partners <sup>1</sup>	35,159																	5.49	7.70	13.64	12.12	3Q04	4.94	1.28
JP Morgan Alternative Property Fund <sup>1</sup>	269,277																	3.72	-8.11	-4.18	-4.94	1Q06		
Mesa West Real Estate Income Fund II	4,986,205	1.85	-22.67	-20.82	-20.93	9.24	-27.57	-20.34	-20.84	13.17	-9.75	2.38	1.46	15.70	-5.20	9.81	7.17	14.07	-5.21	8.23	4.91	2Q10		
Mesa West Real Estate Income Fund III	14,019,234	3.37	0.08	3.45	2.84	13.14	-0.25	12.87	9.63									12.62	0.84	13.54	7.68	4Q13		
PRISA II	44,323,213	1.19	2.35	3.54	3.30	4.71	9.53	14.57	13.48	4.70	9.17	14.19	13.07	5.00	11.94	17.38	16.14	5.61	1.46	7.16	6.01	4Q04	4.39	1.52
Realty Associates Fund IX	13,243,318	1.97	3.48	5.45	4.41	7.65	10.03	18.24	14.33	7.41	7.14	14.94	11.87	6.97	7.17	14.51	12.02	6.97	7.17	14.51	12.02	3Q10	11.18	1.50
RREEF America REIT III - 1410	3,656,657	1.23	10.99	12.22	11.98	5.26	18.61	24.59	22.86	4.98	18.01	23.64	22.21	1.97	27.94	30.42	28.97	2.85	-2.49	0.51	-0.75	1Q06	-2.41	0.84
TA Fund VII	8,088,755	1.83	0.03	1.86	1.60	7.66	0.92	8.64	7.34	8.58	-3.16	5.21	3.75	8.45	-3.44	4.80	3.26	7.02	-3.36	3.53	2.00	4Q05	0.71	1.05
Urdang Value Added Fund II	3,023,688	0.60	-1.79	-1.19	-1.19	3.71	-0.62	3.07	2.58	5.15	4.85	10.19	9.50	5.36	10.19	15.95	14.97	4.38	0.12	4.53	2.57	2Q08	6.53	1.32
<b>Value Added</b>	<b>145,139,053</b>	<b>1.95</b>	<b>0.92</b>	<b>2.87</b>	<b>1.93</b>	<b>7.98</b>	<b>3.54</b>	<b>11.74</b>	<b>9.41</b>	<b>8.03</b>	<b>4.51</b>	<b>12.82</b>	<b>10.95</b>	<b>7.13</b>	<b>6.96</b>	<b>14.47</b>	<b>12.50</b>	<b>7.65</b>	<b>1.73</b>	<b>9.47</b>	<b>7.64</b>	<b>4Q90</b>		
<b>Total Portfolio</b>																								
<b>Los Angeles City Employees' Retirement System</b>	<b>688,571,088</b>	<b>1.18</b>	<b>1.63</b>	<b>2.81</b>	<b>2.35</b>	<b>5.65</b>	<b>6.20</b>	<b>12.11</b>	<b>10.39</b>	<b>6.49</b>	<b>6.92</b>	<b>13.74</b>	<b>11.86</b>	<b>5.71</b>	<b>7.75</b>	<b>13.80</b>	<b>11.87</b>	<b>6.38</b>	<b>1.06</b>	<b>7.47</b>	<b>5.76</b>	<b>1Q89</b>		
<b>Indices</b>																								
NFI-ODCE (Core)		1.19	2.62	3.82	3.58	4.91	9.17	14.43	13.39	5.12	7.67	13.11	12.07	5.34	8.69	14.41	13.33	7.09	0.05	7.15	6.12	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				4.02	3.78			15.23	14.19			13.91	12.87			15.21	14.13			7.95	6.92	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				4.32	4.08			16.43	15.39			15.11	14.07			16.41	15.33			9.26	8.24	4Q90		
NFI -ODCE + 50 bps (Value Add)				3.95	3.71			14.93	13.89			13.61	12.57			14.91	13.83			7.76	6.74	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				4.57	4.33			17.43	16.39			16.11	15.07			17.41	16.33			12.23	11.20	4Q96		
NCREIF Timberland Index (Timber)		0.56	-0.05	0.51		2.86	7.01	10.02		2.72	6.91	9.77		2.73	3.30	6.10		3.40	3.56	7.05		4Q99		

\* Net IRR and Equity Multiple may be missing due to hard coded data.

<sup>1</sup> Liquidating investment.



Returns (%)	Market Value (\$)	2015*		2014		2013		2012		2011		2010		2009		2008		2007		2006		2005	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core</b>																							
CIM Commercial Trust Corporation ("CMCT")	48,990,087	1.94	1.94	9.73	9.73																		
CIM VI (Urban REIT), LLC	28,317,585	2.48	1.79	14.95	13.45	6.80	5.45	13.76	13.11														
INVESCO Core Real Estate	132,000,710	8.71	8.52	12.35	11.92	14.26	13.81	8.65	8.20	16.93	16.42	16.70	16.07	-32.20	-32.58	-4.61	-5.02	13.62	13.11	19.21	18.56	20.81	20.19
JP Morgan Strategic Property Fund	53,141,533	7.79	7.30	11.11	10.07	15.86	14.80	12.09	11.04	15.91	14.85	14.11	13.00	-26.47	-27.40	-8.07	-8.99	16.64	15.58	16.55	15.51	5.34	5.34
<b>Core</b>	<b>262,449,915</b>	<b>6.50</b>	<b>6.23</b>	<b>11.85</b>	<b>11.27</b>	<b>13.30</b>	<b>12.52</b>	<b>9.64</b>	<b>8.87</b>	<b>15.59</b>	<b>14.78</b>	<b>16.06</b>	<b>15.16</b>	<b>-26.44</b>	<b>-27.07</b>	<b>-4.94</b>	<b>-5.57</b>	<b>14.35</b>	<b>13.63</b>	<b>17.73</b>	<b>16.91</b>	<b>21.19</b>	<b>20.65</b>
<b>Timber</b>																							
Hancock ForesTree V	7,864	-38.19	-38.19	179.21	9.09	42.76	33.91	8.94	7.64	3.87	4.19	2.90	2.67	-7.40	-5.47	7.64	6.52	22.14	17.26	24.79	22.49	26.81	23.03
Hancock Timberland XI	11,802,437	-0.54	-0.95	5.23	4.55	9.88	8.91	8.09	7.61														
<b>Timber</b>	<b>11,810,301</b>	<b>-0.58</b>	<b>-0.99</b>	<b>8.12</b>	<b>4.48</b>	<b>20.92</b>	<b>17.79</b>	<b>9.94</b>	<b>8.94</b>	<b>3.87</b>	<b>4.19</b>	<b>2.90</b>	<b>2.67</b>	<b>-7.40</b>	<b>-5.47</b>	<b>7.64</b>	<b>6.52</b>	<b>22.14</b>	<b>17.26</b>	<b>24.79</b>	<b>22.49</b>	<b>26.81</b>	<b>23.03</b>
<b>Value Added</b>																							
Almanac Realty Securities VI	7,403,720	0.36	-1.15	15.24	12.75	31.57	26.06																
CBRE Strategic Partners III	48,056	-0.08	-0.08	10.89	10.89	2.61	1.93	-2.77	-4.00	-3.80	-4.78	-5.29	-4.07	-18.03	-14.85	-35.57	-20.25	29.89	22.92	25.41	19.60	31.05	22.60
CBRE Strategic Partners IV	2,143,016	0.81	0.81	-10.78	-11.37	-35.94	-37.09	-10.92	-12.98	8.66	5.93	-46.24	-48.04	-53.76	-54.48	-20.07	-18.14	18.51	12.93	15.07	-13.64		
CBRE Strategic Partners U.S. Value V	51,448	0.73	0.58	-10.29	-8.23	-14.78	-11.66	10.93	9.25	26.71	21.65	33.18	26.57	-27.47	-31.98	0.58	-1.58						
Cornerstone Enhanced Mortgage Fund I	12,707,694	5.13	4.37	5.51	4.98	19.98	16.39	12.79	12.31														
DRA Growth and Income Fund VII	25,626,615	9.97	5.93	20.30	17.70	18.67	15.55	17.64	14.32														
DRA Growth and Income Fund VIII	5,512,998	6.54	5.11	2.68	2.07																		
Heitman Value Partners	35,159	1.12	1.12	25.09	24.62	35.30	34.67	37.44	36.16	18.88	18.08	21.75	20.96	-2.48	-3.53	-40.08	-40.41	7.59	6.89	32.47	28.47	32.19	26.95
JP Morgan Alternative Property Fund	269,277	0.32	0.32	-24.94	-24.94	-1.62	-1.62	21.67	21.43	23.04	22.43	5.67	4.71	-43.77	-44.67	-10.93	-12.13	9.64	8.06	3.64	2.00		
Mesa West Real Estate Income Fund II	4,986,205	-18.93	-19.12	-3.98	-4.76	5.32	4.35	43.61	41.47	17.65	14.89	9.33	-1.53										
Mesa West Real Estate Income Fund III	14,019,234	6.84	5.44	13.26	8.66	3.21	-0.65																
PRISA II	44,323,213	7.23	6.74	14.22	13.15	15.17	14.01	14.38	13.16	20.72	19.25	24.86	23.23	-44.99	-45.70	-16.10	-16.88	17.79	16.71	18.65	17.33	27.17	25.77
Realty Associates Fund IX	13,243,318	9.46	7.72	18.50	14.34	11.05	8.74	11.25	9.42	14.33	13.05	7.47	6.50										
RREEF America REIT III - 1410	3,656,657	15.05	14.51	27.82	25.78	16.93	15.65	23.70	22.85	55.32	53.76	9.04	7.35	-64.03	-64.62	-41.59	-41.59	18.16	15.89	17.37	15.09		
TA Fund VII	8,088,755	4.01	3.44	11.15	9.56	-3.64	-5.03	7.60	6.03	7.71	6.14	-1.01	-3.05	-27.00	-28.34	-10.80	-12.09	19.77	18.47	16.51	15.03	20.74	20.35
Urdang Value Added Fund II	3,023,688	0.37	0.18	7.41	6.77	12.25	11.51	18.79	17.73	27.50	26.21	37.00	33.29	-37.31	-39.96	-12.38	-15.24						
<b>Value Added</b>	<b>145,139,053</b>	<b>5.95</b>	<b>4.58</b>	<b>12.64</b>	<b>10.85</b>	<b>9.48</b>	<b>7.93</b>	<b>17.08</b>	<b>15.63</b>	<b>18.29</b>	<b>16.15</b>	<b>4.08</b>	<b>1.83</b>	<b>-38.52</b>	<b>-39.35</b>	<b>-20.69</b>	<b>-20.01</b>	<b>17.78</b>	<b>15.18</b>	<b>15.33</b>	<b>12.86</b>	<b>26.04</b>	<b>23.11</b>
<b>Total Portfolio</b>																							
<b>Los Angeles City Employees' Retirement System</b>	<b>688,571,088</b>	<b>5.26</b>	<b>4.46</b>	<b>13.62</b>	<b>11.85</b>	<b>13.52</b>	<b>11.43</b>	<b>12.81</b>	<b>11.08</b>	<b>12.59</b>	<b>10.75</b>	<b>12.92</b>	<b>10.19</b>	<b>-34.35</b>	<b>-35.81</b>	<b>-22.44</b>	<b>-23.59</b>	<b>14.42</b>	<b>11.22</b>	<b>20.22</b>	<b>17.36</b>	<b>25.40</b>	<b>22.28</b>
<b>Indices</b>																							
NFI-ODCE (Core)		7.34	6.85	12.50	11.46	13.94	12.90	10.94	9.79	15.99	14.96	16.36	15.26	-29.76	-30.40	-10.01	-10.70	15.97	14.84	16.32	15.27	21.39	20.15
NFI-ODCE + 80 bps (Total Portfolio)		7.74	7.25	13.30	12.26	14.74	13.70	11.74	10.59	16.79	15.76	17.16	16.06	-28.96	-29.60	-9.21	-9.90	16.77	15.64	17.12	16.07	22.19	20.95
NFIODCE + 200 bps (Non-Core Portfolio)		8.34	7.85	14.50	13.46	15.94	14.90	12.94	11.79	17.99	16.96	18.36	17.26	-27.76	-28.40	-8.01	-8.70	17.97	16.84	18.32	17.27	23.39	22.15
NFI-ODCE + 50 bps (Value Add)		7.59	7.10	13.00	11.96	14.44	13.40	11.44	10.29	16.49	15.46	16.86	15.76	-29.26	-29.90	-9.51	-10.20	16.47	15.34	16.82	15.77	21.89	20.65
NFI-ODCE + 300 bps (Opportunistic)		8.84	8.35	15.50	14.46	16.94	15.90	13.94	12.79	18.99	17.96	19.36	18.26	-26.76	-27.40	-7.01	-7.70	18.97	17.84	19.32	18.27	24.39	23.15
NCREIF Timberland Index (Timber)		2.26		10.48		9.69		7.75		1.57		-0.15		-4.75		9.52		18.44		13.68		19.36	

\*Year-to-date



Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
<b>Core</b>									
CIM Commercial Trust Corporation ("CMCT")	48,989,950	0	470,981	0	464,220	0	6,898	48,990,087	23.8
CIM VI (Urban REIT), LLC	28,308,667	0	234,209	0	338,274	95,147	0	28,317,585	20.9
INVESCO Core Real Estate	125,457,694	1,167,290	1,158,826	0	1,319,500	115,845	5,330,897	132,000,710	20.4
JP Morgan Strategic Property Fund	51,366,292	0	0	0	619,854	122,156	1,277,543	53,141,533	26.5
<b>Core</b>	<b>254,122,603</b>	<b>1,167,290</b>	<b>1,864,016</b>	<b>0</b>	<b>2,741,848</b>	<b>333,148</b>	<b>6,615,338</b>	<b>262,449,915</b>	<b>22.4</b>
<b>Timber</b>									
Hancock ForesTree V	12,721	0	0	0	-4,857	0	0	7,864	0.0
Hancock Timberland XI	11,876,281	0	24,290	0	-19,874	24,626	-5,054	11,802,437	0.0
<b>Timber</b>	<b>11,889,002</b>	<b>0</b>	<b>24,290</b>	<b>0</b>	<b>-24,731</b>	<b>24,626</b>	<b>-5,054</b>	<b>11,810,301</b>	<b>0.0</b>
<b>Value Added</b>									
Almanac Realty Securities VI	6,699,360	682,622	21,751	0	119,831	41,383	-34,959	7,403,720	45.4
CBRE Strategic Partners III	47,968	0	0	0	88	0	0	48,056	0.0
CBRE Strategic Partners IV	2,138,651	0	0	0	4,365	0	0	2,143,016	0.0
CBRE Strategic Partners U.S. Value V	50,746	0	0	0	876	175	0	51,448	0.0
Cornerstone Enhanced Mortgage Fund I	12,542,186	0	108,703	0	318,617	44,449	43	12,707,694	48.3
DRA Growth and Income Fund VII	25,687,472	175,000	648,419	151,797	590,460	881,123	855,022	25,626,615	63.4
DRA Growth and Income Fund VIII	5,421,636	0	107,714	0	235,810	36,734	0	5,512,998	71.4
Heitman Value Partners	106,495	0	71,320	0	-16	0	0	35,159	0.0
JP Morgan Alternative Property Fund	274,530	0	0	0	-15,525	0	10,273	269,277	65.6
Mesa West Real Estate Income Fund II	6,359,635	0	42,599	0	117,541	6,742	-1,441,630	4,986,205	67.0
Mesa West Real Estate Income Fund III	11,294,464	2,558,310	225,467	0	465,788	84,375	10,514	14,019,234	62.0
PRISA II	43,249,281	0	354,214	0	515,785	101,903	1,014,263	44,323,213	30.2
Realty Associates Fund IX	13,338,885	0	673,341	0	257,608	135,673	455,839	13,243,318	40.4
RREEF America REIT III - 1410	4,678,915	0	0	1,582,572	57,334	11,436	514,416	3,656,657	44.6
TA Fund VII	7,993,242	0	32,466	0	145,970	20,555	2,564	8,088,755	6.7
Urdang Value Added Fund II	3,060,183	0	0	0	18,217	0	-54,712	3,023,688	57.0
<b>Value Added</b>	<b>142,943,649</b>	<b>3,415,932</b>	<b>2,285,994</b>	<b>1,734,369</b>	<b>2,832,749</b>	<b>1,364,548</b>	<b>1,331,633</b>	<b>145,139,053</b>	<b>50.0</b>
<b>Total Portfolio</b>									
<b>Los Angeles City Employees' Retirement System</b>	<b>701,474,905</b>	<b>5,607,459</b>	<b>26,239,765</b>	<b>8,419,091</b>	<b>8,142,973</b>	<b>3,166,148</b>	<b>11,170,756</b>	<b>688,571,088</b>	<b>41.2</b>

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
<b>Opportunistic</b>									
Apollo CPI Europe I	3,597,661	0	1,677	0	-15,022	9,479	208,071	3,779,554	56.7
Bristol Value II, L.P.	5,940,528	882,539	0	0	43,010	30,632	81,030	6,916,475	32.3
Bryanston Retail Opportunity Fund	2,317,947	0	0	217,992	-4,131	5,017	1,267	2,092,074	24.6
California Smart Growth Fund IV	12,431,509	32,336	0	1,089,868	370,276	32,336	0	11,711,917	39.3
Canyon Johnson Urban Fund II	2,759,296	0	0	0	17,045	9,776	-338,442	2,428,123	64.8
CBRE Strategic Partners UK Fund III	1,714,513	0	0	0	-17,402	6,560	-549,765	1,140,786	0.0
CIM Real Estate Fund III	22,734,710	0	1,020,589	0	499,807	60,769	28,380	22,181,539	10.0
CityView LA Urban Land Fund I	21,107,646	52,241	9,473,333	0	14,379	52,241	648,492	12,297,183	54.2
Colony Investors VIII	8,895,622	0	0	1,263,815	22,200	47,400	-279,000	7,327,607	1.7
DLJ Real Estate Capital Partners II	3,913,892	0	0	0	-85,176	8,685	-775,787	3,044,244	36.2
DLJ Real Estate Capital Partners IV	32,255,906	0	858,807	0	284,016	103,196	433,075	32,010,994	31.0
DRA Growth and Income Fund VI	5,036,191	0	0	0	159,338	70,498	153,961	5,278,992	76.0
Genesis Workforce Housing Fund II	25,357,734	0	217,751	0	399,409	64,061	121,105	25,596,436	53.3
Integrated Capital Hospitality Fund	8,959,617	0	89,150	0	195,327	15,297	0	9,050,497	41.5
LaSalle Asia Fund II	229,089	0	0	0	-1,899	0	102	227,292	0.0
Latin America Investors III	9,149,474	0	0	0	10,887	79,196	1,212,549	10,293,714	15.5
Lone Star Fund VII	3,927,128	0	215,888	218,330	38,371	-11,399	-110,942	3,431,738	64.5
Lone Star Real Estate Fund II	4,761,984	46,937	688,338	474,317	110,939	110,548	431,170	4,077,826	39.6
Low Hospiality Investment Partners	1,052,830	0	140,947	0	-483,077	1,508	0	427,298	37.8
MacFarlane Urban Real Estate Fund II	9,331,838	0	0	0	-26,455	109,774	200,083	9,395,692	85.1
Southern California Smart Growth Fund	3,254,235	10,184	0	1,562,070	93,949	10,184	0	1,786,114	43.3
Stockbridge Real Estate Fund II	13,284,944	0	0	0	-57,397	39,747	348,575	13,536,375	57.6
The Buchanan Fund V	11,169,720	0	7,267,730	0	70,410	21,739	-20,011	3,930,650	21.5
Torchlight Debt Opportunity Fund II	11,766,516	0	668,760	0	68,824	12,038	200,257	11,354,799	18.1
Torchlight Debt Opportunity Fund III	3,276,563	0	0	0	78,807	26,645	6,093	3,334,818	0.0
Torchlight Debt Opportunity Fund IV	20,803,309	0	380,271	0	357,453	394,214	819,097	21,205,374	0.2
Tuckerman Group Residential Income & Value Added Fund	10,406,178	0	0	0	173,012	30,854	-63,530	10,484,806	63.8
UrbanAmerica II	2,168,974	0	375,255	0	33,533	9,368	-390,648	1,427,236	94.6
Walton Street Real Estate Fund V	10,777,737	0	0	0	65,388	38,000	355,063	11,160,188	45.5
Walton Street Real Estate Fund VI	20,136,360	0	666,969	1,858,330	177,286	55,463	508,594	18,241,478	44.1
<b>Opportunistic</b>	<b>292,519,651</b>	<b>1,024,237</b>	<b>22,065,465</b>	<b>6,684,722</b>	<b>2,593,107</b>	<b>1,443,826</b>	<b>3,228,839</b>	<b>269,171,819</b>	<b>49.3</b>
<b>Private Portfolio</b>	<b>689,585,903</b>	<b>5,607,459</b>	<b>26,215,475</b>	<b>8,419,091</b>	<b>8,167,704</b>	<b>3,141,522</b>	<b>11,175,810</b>	<b>676,760,787</b>	<b>41.6</b>
<b>Non-Core Portfolio</b>	<b>435,463,300</b>	<b>4,440,169</b>	<b>24,351,459</b>	<b>8,419,091</b>	<b>5,425,856</b>	<b>2,808,374</b>	<b>4,560,472</b>	<b>414,310,872</b>	<b>49.5</b>
<b>Total Portfolio</b>									
<b>Los Angeles City Employees' Retirement System</b>	<b>701,474,905</b>	<b>5,607,459</b>	<b>26,239,765</b>	<b>8,419,091</b>	<b>8,142,973</b>	<b>3,166,148</b>	<b>11,170,756</b>	<b>688,571,088</b>	<b>41.2</b>

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Core</b>						
CIM Commercial Trust Corporation ("CMCT")	8.6	72.6	-	-	8.4	10.5
CIM VI (Urban REIT), LLC	61.2	21.4	-	13.6	-	3.8
INVESCO Core Real Estate	24.2	42.2	16.1	17.6	-	-
Jamestown Premier Property Fund	-	-	-	-	-	-
JP Morgan Strategic Property Fund	21.1	46.7	7.4	24.0	-	0.8
Lion Industrial Trust - 2007	-	-	-	-	-	-
<b>Core</b>	<b>24.7</b>	<b>46.3</b>	<b>9.8</b>	<b>15.2</b>	<b>1.5</b>	<b>2.4</b>
<b>Other</b>						
Hancock ForesTree V	-	-	-	-	-	-
Hancock Timberland XI	-	-	-	-	-	100.0
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100.0</b>
<b>Value Added</b>						
Almanac Realty Securities VI	42.3	19.9	-	7.5	14.9	15.3
CBRE Strategic Partners III	-	-	-	-	-	-
CBRE Strategic Partners IV	-	0.3	-	-	-	99.7
CBRE Strategic Partners U.S. Value V	-	-	-	-	-	-
Cornerstone Enhanced Mortgage Fund I	15.4	26.0	-	12.9	45.7	-
DRA Growth and Income Fund VII	26.3	24.5	32.9	16.2	-	-
DRA Growth and Income Fund VIII	14.8	53.5	19.4	12.3	-	-
Heitman Value Partners	-	-	-	-	-	-
JP Morgan Alternative Property Fund	-	-	-	-	-	-
Mesa West Real Estate Income Fund II	24.7	40.3	7.3	27.7	-	-
Mesa West Real Estate Income Fund III	23.0	57.4	2.6	1.1	15.8	-
PRISA II	19.7	39.9	1.2	17.0	5.3	16.9
Realty Associates Fund IX	23.8	40.6	31.6	3.9	-	-
RREEF America REIT III - 1410	-	51.5	7.2	16.0	-	25.3
TA Fund VII	-	48.0	49.7	2.3	-	-
Urdang Value Added Fund II	51.6	29.6	1.2	13.3	-	4.3
<b>Value Added</b>	<b>20.9</b>	<b>37.4</b>	<b>14.3</b>	<b>11.7</b>	<b>7.8</b>	<b>8.0</b>
<b>Total Portfolio</b>						
<b>Los Angeles City Employees' Retirement System</b>	<b>22.0</b>	<b>17.7</b>	<b>5.8</b>	<b>4.9</b>	<b>12.5</b>	<b>37.0</b>
<b>Indices</b>						
<b>NFI-ODCE</b>	<b>24.5</b>	<b>38.4</b>	<b>13.5</b>	<b>19.3</b>	<b>1.2</b>	<b>3.1</b>

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Opportunistic</b>						
Apollo CPI Europe I	5.1	41.9	-	53.0	-	-
Bristol Value II, L.P.	20.3	51.8	27.8	-	-	0.1
Bryanston Retail Opportunity Fund	-	-	-	100.0	-	-
California Smart Growth Fund IV	24.2	-	1.9	0.4	30.0	43.5
Canyon Johnson Urban Fund II	-	-	-	13.1	45.1	41.8
CBRE Strategic Partners UK Fund III	-	-	-	63.8	-	36.2
CIM Real Estate Fund III	6.8	14.9	-	14.2	3.2	60.9
CityView LA Urban Land Fund I	100.0	-	-	-	-	-
Colony Investors VIII	3.3	-	-	-	-	96.7
DLJ Real Estate Capital Partners II	4.1	-	-	-	76.9	19.0
DLJ Real Estate Capital Partners IV	20.5	6.6	4.6	-	12.8	55.5
DRA Growth and Income Fund VI	9.6	55.1	-	35.3	-	-
Genesis Workforce Housing Fund II	100.0	-	-	-	-	-
Integrated Capital Hospitality Fund	-	-	-	-	100.0	-
LaSalle Asia Fund II	-	-	-	-	-	-
Latin America Investors III	-	6.0	-	-	-	94.0
Lone Star Fund VII	-	-	-	-	-	100.0
Lone Star Real Estate Fund II	-	0.0	-	-	-	100.0
Lowe Hospitality Investment Partners	-	-	-	-	100.0	-
MacFarlane Urban Real Estate Fund II	52.2	32.2	-	1.5	3.7	10.5
Southern California Smart Growth Fund	-	-	30.2	-	-	69.8
Stockbridge Real Estate Fund II	-	52.2	-	-	-	47.8
The Buchanan Fund V	67.8	15.2	16.4	-	-	0.6
Torchlight Debt Opportunity Fund II	8.5	68.2	9.8	10.6	1.4	1.6
Torchlight Debt Opportunity Fund III	14.8	52.0	2.9	20.9	4.8	4.7
Torchlight Debt Opportunity Fund IV	51.2	20.8	2.3	13.2	5.8	6.7
Tuckerman Group Residential Income & Value Added Fund	100.0	-	-	-	-	-
UrbanAmerica II	-	87.3	12.7	-	-	-
Walton Street Real Estate Fund V	-	9.0	-	1.0	36.1	53.9
Walton Street Real Estate Fund VI	0.2	11.5	-	18.3	15.9	54.1
<b>Opportunistic</b>	<b>30.0</b>	<b>16.0</b>	<b>2.1</b>	<b>6.8</b>	<b>10.5</b>	<b>34.6</b>
<b>Private Portfolio</b>	<b>25.9</b>	<b>32.6</b>	<b>7.8</b>	<b>11.2</b>	<b>6.3</b>	<b>16.1</b>
<b>Non-Core Portfolio</b>	<b>26.7</b>	<b>23.7</b>	<b>6.5</b>	<b>8.6</b>	<b>9.5</b>	<b>25.0</b>
<b>Total Portfolio</b>						
<b>Los Angeles City Employees' Retirement System</b>	<b>25.5</b>	<b>32.1</b>	<b>7.7</b>	<b>11.0</b>	<b>6.2</b>	<b>17.5</b>
<b>Indices</b>						
<b>NFI-ODCE</b>	<b>24.5</b>	<b>38.4</b>	<b>13.5</b>	<b>19.3</b>	<b>1.2</b>	<b>3.1</b>



Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
<b>Core</b>										
CIM Commercial Trust Corporation ("CMCT")	3.1	32.5	-	-	-	17.2	-	47.2	-	-
CIM VI (Urban REIT), LLC	41.0	13.2	-	-	-	26.6	-	19.1	-	-
INVESCO Core Real Estate	15.8	11.6	2.7	1.6	1.5	15.3	7.8	43.7	-	-
JP Morgan Strategic Property Fund	22.8	8.6	5.0	0.2	9.1	14.9	3.0	36.5	-	-
<b>Core</b>	<b>17.5</b>	<b>14.9</b>	<b>2.3</b>	<b>0.9</b>	<b>2.5</b>	<b>16.8</b>	<b>4.7</b>	<b>40.4</b>	-	-
<b>Other</b>										
Hancock ForesTree V	-	-	-	-	-	-	-	-	-	-
Hancock Timberland XI	-	-	-	-	-	-	-	32.4	49.4	18.2
<b>Other</b>	-	-	-	-	-	-	-	<b>32.4</b>	<b>49.4</b>	<b>18.2</b>
<b>Value Added</b>										
Almanac Realty Securities VI	-	-	-	-	-	-	-	-	100.0	-
CBRE Strategic Partners III	-	-	-	-	-	-	-	-	-	-
CBRE Strategic Partners IV	-	-	-	-	100.0	-	-	-	-	-
CBRE Strategic Partners U.S. Value V	-	-	-	-	-	-	-	-	-	-
Cornerstone Enhanced Mortgage Fund I	48.3	17.4	6.7	-	-	12.9	4.6	10.1	-	-
DRA Growth and Income Fund VII	-	8.0	24.1	25.6	3.2	8.8	7.2	23.1	-	-
DRA Growth and Income Fund VIII	-	13.5	36.1	19.7	9.2	3.1	-	18.4	-	-
Heitman Value Partners	-	-	-	-	-	-	-	-	-	-
JP Morgan Alternative Property Fund	-	-	-	-	-	-	-	-	-	-
Mesa West Real Estate Income Fund II	30.9	-	-	-	-	-	41.0	28.1	-	-
Mesa West Real Estate Income Fund III	25.6	18.1	5.5	1.1	6.9	11.5	7.8	23.3	-	-
PRISA II	27.8	11.0	5.2	-	11.9	3.7	2.2	38.1	-	-
Realty Associates Fund IX	6.3	12.2	12.1	3.2	19.5	16.3	4.3	26.2	-	-
RREEF America REIT III - 1410	16.6	-	-	1.8	29.2	37.9	4.9	9.6	-	-
TA Fund VII	2.2	13.0	25.5	2.1	17.1	2.9	-	37.2	-	-
Urdang Value Added Fund II	1.2	21.9	-	-	-	30.7	0.4	45.8	-	-
<b>Value Added</b>	<b>17.0</b>	<b>11.1</b>	<b>11.0</b>	<b>5.7</b>	<b>10.9</b>	<b>8.8</b>	<b>4.3</b>	<b>26.3</b>	<b>4.9</b>	-
<b>Total Portfolio</b>										
<b>Los Angeles City Employees' Retirement System</b>	<b>24.6</b>	<b>14.9</b>	<b>2.2</b>	<b>0.7</b>	<b>5.5</b>	<b>5.0</b>	<b>1.8</b>	<b>24.8</b>	<b>3.5</b>	<b>17.0</b>
<b>Indices</b>										
<b>NFI-ODCE</b>	<b>21.0</b>	<b>11.0</b>	<b>7.9</b>	<b>1.5</b>	<b>9.6</b>	<b>10.1</b>	<b>4.7</b>	<b>34.2</b>	-	-

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
<b>Opportunistic</b>										
Apollo CPI Europe I	-	-	-	-	-	-	-	-	-	100.0
Bristol Value II, L.P.	20.7	-	-	-	79.2	-	-	0.1	-	-
Bryanston Retail Opportunity Fund	14.8	0.0	13.2	-	1.8	12.7	19.8	37.7	-	-
California Smart Growth Fund IV	-	-	-	-	-	-	9.2	90.8	-	-
Canyon Johnson Urban Fund II	13.1	45.1	-	-	-	41.8	-	-	-	-
CBRE Strategic Partners UK Fund III	-	-	-	-	-	-	-	-	-	100.0
CIM Real Estate Fund III	76.3	-	3.6	-	5.2	1.9	3.4	7.6	-	2.0
CityView LA Urban Land Fund I	-	-	-	-	-	-	-	100.0	-	-
Colony Investors VIII	-	-	-	-	-	-	-	7.6	12.8	79.6
DLJ Real Estate Capital Partners II	4.1	-	-	-	76.9	-	-	19.0	-	-
DLJ Real Estate Capital Partners IV	31.9	18.8	0.5	-	-	1.6	0.2	18.2	-	28.8
DRA Growth and Income Fund VI	32.6	-	35.2	-	-	2.1	20.5	9.6	-	-
Genesis Workforce Housing Fund II	-	-	-	-	-	-	-	100.0	-	-
Integrated Capital Hospitality Fund	-	32.0	23.3	-	26.6	18.2	-	-	-	-
LaSalle Asia Fund II	-	-	-	-	-	-	-	-	-	-
Latin America Investors III	-	-	-	-	-	-	-	-	-	100.0
Lone Star Fund VII	-	-	-	-	-	-	-	-	91.6	8.4
Lone Star Real Estate Fund II	-	-	-	-	-	-	-	-	58.7	41.3
Lowe Hospitality Investment Partners	100.0	-	-	-	-	-	-	-	-	-
MacFarlane Urban Real Estate Fund II	-	91.4	-	-	-	-	-	8.6	-	-
Southern California Smart Growth Fund	-	-	-	-	-	-	-	100.0	-	-
Stockbridge Real Estate Fund II	-	-	-	-	-	-	-	100.0	-	-
The Buchanan Fund V	-	-	-	-	10.9	68.4	16.4	4.3	-	-
Torchlight Debt Opportunity Fund II	-	-	-	-	-	-	-	-	-	-
Torchlight Debt Opportunity Fund III	-	-	-	-	-	-	-	-	-	-
Torchlight Debt Opportunity Fund IV	-	-	-	-	-	-	-	-	-	-
Tuckerman Group Residential Income & Value Added Fund	100.0	-	-	-	-	-	-	-	-	-
UrbanAmerica II	21.4	11.8	-	5.6	59.5	-	1.7	-	-	-
Walton Street Real Estate Fund V	-	18.0	4.9	0.3	17.0	0.5	21.1	17.0	-	21.2
Walton Street Real Estate Fund VI	31.7	10.8	5.4	0.9	4.4	7.0	9.1	27.6	-	3.1
<b>Opportunistic</b>	<b>20.0</b>	<b>9.3</b>	<b>2.4</b>	<b>0.3</b>	<b>5.2</b>	<b>2.4</b>	<b>3.0</b>	<b>29.2</b>	<b>15.9</b>	<b>12.2</b>
<b>Private Portfolio</b>	<b>18.4</b>	<b>11.9</b>	<b>3.3</b>	<b>1.0</b>	<b>6.3</b>	<b>10.2</b>	<b>3.9</b>	<b>33.0</b>	<b>7.2</b>	<b>4.7</b>
<b>Non-Core Portfolio</b>	<b>18.9</b>	<b>10.0</b>	<b>3.9</b>	<b>1.0</b>	<b>8.8</b>	<b>5.9</b>	<b>3.5</b>	<b>28.2</b>	<b>12.0</b>	<b>7.8</b>
<b>Total Portfolio</b>										
<b>Los Angeles City Employees' Retirement System</b>	<b>18.1</b>	<b>11.7</b>	<b>3.2</b>	<b>1.0</b>	<b>6.2</b>	<b>10.0</b>	<b>3.9</b>	<b>33.0</b>	<b>7.9</b>	<b>4.9</b>
<b>Indices</b>										
<b>NFI-ODCE</b>	<b>21.0</b>	<b>11.0</b>	<b>7.9</b>	<b>1.5</b>	<b>9.6</b>	<b>10.1</b>	<b>4.7</b>	<b>34.2</b>	<b>-</b>	<b>-</b>

## Advisory Disclosures and Definitions

### Disclosure

Trade Secret and Confidential.

Past performance is not indicative of future results.

Investing involves risk, including the possible loss of principal.

Returns are presented on a time weighted basis and shown both gross and net of underlying third party fees and expenses and may include income, appreciation and/or other earnings. In addition, investment level Net IRR's and equity multiples are reported.

The Townsend Group, on behalf of its client base, collects quarterly limited partner/client level performance data based upon inputs from the underlying investment managers. Data collection is for purposes of calculating investment level performance as well as aggregating and reporting client level total portfolio performance. Quarterly limited partner/client level performance data is collected directly<sup>1</sup> from the investment managers via a secure data collection site.

<sup>1</sup>In select instances where underlying investment managers have ceased reporting limited partner/client level performance data directly to The Townsend Group via a secure data collection site, The Townsend Group may choose to input performance data on behalf of its client based upon the investment managers quarterly capital account statements which are supplied to The Townsend Group and the client alike.

### Benchmarks

The potential universe of available real asset benchmarks are infinite. Any one benchmark, or combination thereof, may be utilized on a gross or net of fees basis with or without basis point premiums attached. These benchmarks may also utilize a blended composition with varying weighting methodologies, including market weighted and static weighted approaches.

# Real Estate Market Update: Second Quarter 2015

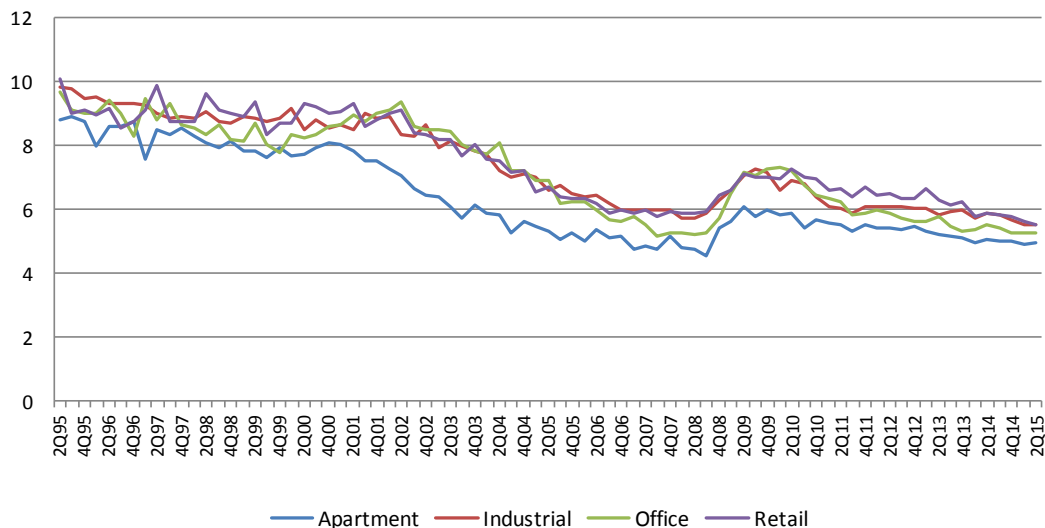


# United States Real Estate Market Update (2Q15)

## General

- As of 2Q15, real GDP exceeded the Commerce department's initial expectations by 140 bps, with a growth rate of 3.7%, 310 bps above 1Q15. After rebounding from temporary winter doldrums, the economic growth was further stimulated by rising consumer and government spending, business investments, private inventory investments, and positive net export.
- As of 2Q15, consumer spending representing two thirds of the GDP, grew by 3.1%, 130 bps above 1Q15 due to a boost in purchasing power, characterized by a 1.3% increase in disposable income, as well as strong fundamentals in the job market. In addition, household wealth was positively influenced by weak energy prices, a strong U.S. Dollar as well as the ongoing housing recovery.
- During the quarter, business investment was the principal catalyst of the GDP's upward revision rising 3.2%, or 380 bps above estimates. This rise was due to higher investment in construction, research and development, equipments, and inventories. While spending on intellectual property rose by 8.6%, the highest since 4Q07, inventory grew to \$121.1 billion, or \$11 billion above estimates. Note, growth in business investment was partially offset by low energy prices and a strong U.S. Dollar due to reduced drilling activities and expensive exports, respectively.
- In 2Q15, CMBS loss severity increased to 41.6%, or 17.1% above 1Q15 and only 50 bps below the total weighted average loss severity between 1Q00 and 2Q15. Although the CMBS market remains strong with issuance up to 8.0%, it has become more volatile due to (i) excess deal supply, (ii) low energy prices, (iii) an expected Fed tightening before year-end 2015, (iv) the Greek debt crisis and (v) the devaluation of the Chinese Yuan.

**Current Value Cap Rates by Property Type  
as of June 2015**

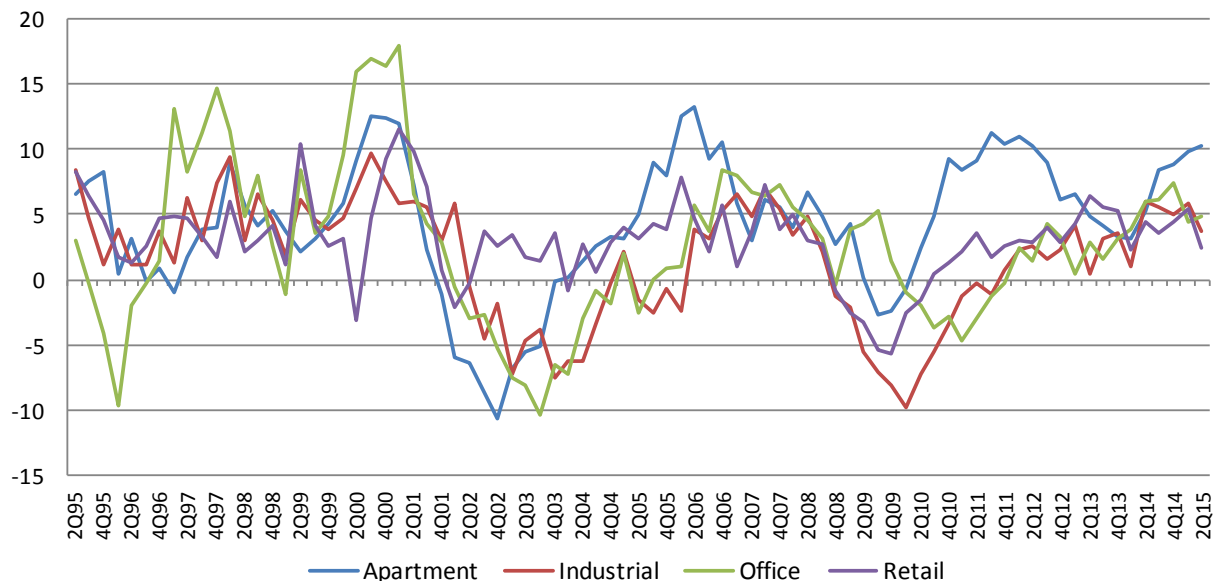


# United States Real Estate Market Update (2Q15)

## Commercial Real Estate

- During 1H15, the U.S. commercial real estate sector remained the strongest on the global scale, with \$232 billion of year-to-date transaction volumes, representing an annual investment sale growth of 46.4%. Consistently, current macroeconomic and financial indicators suggest ample room for continued potential expansion, with an anticipated full year growth of 20%.
- During 1H15, the office sector was the busiest market in the U.S., representing 31.6% of total transaction activities.
- As of 1H15, transaction cap rates from all traditional property sectors continued to decline. Year-to-date, industrial recorded the sharpest cap rate compression (-25 bps), with a primary cap rate of 5.2%. Multifamily recorded the lowest primary cap rate (4.4%) at mid year, with core apartment trading at 30 bps point above 2007 peak level.
- As of 1H15, foreign capital represented 14.8% of total transaction activity, exceeding 2014 year-end figures and nearing 2007 peak levels, with Singapore and China representing two of the five most active investors since 2014. While the office sector has long been representing more than half of total foreign acquisitions on an annual basis, foreign investors have progressively grown interest in large-scale industrial multimarket portfolios in primary locations as well as iconic hotel investments.

**4-Qtr Rolling NOI Growth by Property Type  
as of June 2015**



# United States Property Matrix (2Q15)

## INDUSTRIAL

- As of the 2Q15, the industrial sector absorbed 46.1 msf of space with only 17% of the national market not absorbing industrial space. 1H15 net absorption totaled 86.5 msf a 22% increase over 1H14.
- During the quarter, industrial space under-construction increased 15 msf from 1Q15 to 122.3 msf. New deliveries in 1H15 totaled 72.8 msf.
- Vacancy rates are at a cyclical low of 7.3%, with 19 of 60 markets having vacancy below 5%.
- Investment sales in the first five months of the year totaled \$28.5b, up over 50% from the same period last year.
- As of 2Q15, industrial properties delivered an quarterly return of 3.8% (strongest performance across all property sectors) and outperformed the NPI by 64 bps.

## MULTIFAMILY

- During the quarter, investment activity totaled \$29.0b with total sale volumes up 45.0% year-to-date (\$61.3 billion).
- CBD investment is driving activity with New York, Los Angeles and Washington DC accounting for 47.0% of the total activity during the quarter with each market seeing over \$1.0 billion of transactions.
- Homeownership declined 30 bps over the quarter down to 63.7% with the largest declines coming from the Millennial and Generation X segments at 160 and 230 bps declines, respectively.
- On average, the absorption to delivery gap has narrowed 35.6% annually since 2012, yet demand continues to outpace delivers, supporting annualized rent growth in excess of 3.5%, with no markets seeing systemic overbuilding.
- The apartment sector delivered a 3.0% return during the quarter, underperforming the NPI by 16 basis points.

## OFFICE

- Net absorption rebounded during the quarter increasing from 11.4 msf in 1Q15 to 20.9 msf.
- During 2Q15, office vacancy declined 20 bps to 14.2%, which is a decline of 80 bps from a year ago.
- Rental growth accelerated during the quarter, growing 2.5% year-over-year, marking the 6<sup>th</sup> consecutive quarter of 2+% year-over-year growth.
- In 2Q15, construction volumes reached 108.5 msf, a 10.0 msf increase over 1Q15, though this had been met with demand as net absorption has exceeded deliveries in every quarter since 3Q10.
- As of 2Q15, the office sector underperformed the NPI by 3 basis points over quarter with an 3.1% return.

## RETAIL

- Price per square foot for urban retail assets is up 17.5% year-over-year, while unanchored retail is up 19.8%. Freestanding / single tenant retail properties saw a decline in price per square foot of 29.5% y-o-y.
- Primary markets are achieving nearly a 200 bps premium to secondary markets with most markets averaging cap rates between 6.0 – 7.0%
- Urban / storefront retail represented the greatest portion of transactions over the quarter with 24.5% of the deal flow, following by grocery-anchored centers at 19.6% and malls at 16.8% of the deal flow.
- As of 2Q15, the retail sector delivered a quarterly return of 3.0%, underperforming the NPI by 16 bps.

# Global Real Estate Market Update (2Q15)

## General

- Global commercial real estate markets continue to build momentum with growth in leasing activity matching that of investment for the first time in the current cycle.
- Investor appetite remains strong with no signs of dwindling, even given the potential Grexit during the quarter, volatile Chinese stock market and expectations for rising US interest rates.
- Real estate investment volumes continued to expand with first half volumes, \$177 billion, increasing 9% on 1H14 (19% higher in local currencies).
- As of 1H15, the ten most active markets were led by New York which totaled approximately \$26 billion of sale volumes. Note, U.S. cities dominated global investment activities with seven MSAs ranking among the top ten most active markets.

## Europe

- Commercial real estate investment decreased 2% from 1Q15 to €55.8 billion, but increased 15% from 2Q14
- Finland, Norway, Spain and Portugal all saw investment activity more than double compared to 2Q14, while France and the CEE saw relatively low levels of investment activity.
- Germany, the largest European market, saw €12 billion of investment activity up 62% (€5 billion) over 2Q14.

### Direct Commercial Real Estate Investment - Regional Volumes, 2014-2015

\$ US Billions	Q1 15	Q2 15	% Change Q1 15 - Q2 2015	Q2 14	% Change Q2 14 - Q2 15	YTD 2014	YTD 2015	% Change YTD 2014 - YTD 2015
Americas	73	81	11%	67	20%	129	153	19%
EMEA	59	65	11%	63	3%	120	124	3%
Asia Pacific	25	31	24%	31	-2%	55	56	2%
<b>Total</b>	<b>156</b>	<b>177</b>	<b>13%</b>	<b>162</b>	<b>9%</b>	<b>304</b>	<b>333</b>	<b>9%</b>

Source: Jones Lang LaSalle, July 2015





# Glossary of Terms

## CASH FLOW STATEMENT

Beginning Market Value:	Value of real estate, cash and other holdings from prior period end.
Contributions:	Cash funded to the investment for acquisition and capital items (i.e., initial investment cost or significant capital improvements).
Distributions:	Actual cash returned from the investment, representing distributions of income from operations and gains from sales.
Withdrawals:	Cash returned from the investment, representing a return of capital.
Ending Market Value:	Sum of the beginning market value + contributions – distributions – withdrawals for the quarter.
Unfunded Commitments:	Capital allocated to managers which remains to be called for investment. Amounts are as reported by managers.
Remaining Allocation:	The difference between the ending market value + the unfunded commitments and the target allocation. Represents dollars available for allocation.



# Glossary of Terms

## PRIVATE REAL ESTATE STYLE GROUPS

**Core :** Direct investments in operating, fully leased, office, retail, industrial, or multifamily properties using little or no leverage (normally less than 30%).

**Value-Add:** Core return investments that take on moderate additional risk from one or more of the following sources: leasing, re development, exposure to non-traditional property types, the use of leverage.

A Value-Added fund is one that generally includes a mix of Core investments and other investments that will have less reliable income streams. The fund as a whole is likely to have moderate lease exposure and moderate leverage. As a result, such funds should achieve a significant portion of the return from appreciation and are expected to exhibit moderate volatility. Please refer to NCREIF's Portfolio Management Committee's whitepaper, "Real Estate Investment Styles: Trends from the Catwalk" at [www.NCREIF.org](http://www.NCREIF.org) for more details.

**Opportunistic:** Investments that take on additional risk in order to achieve a higher return. Typical sources of risks are: development, land investing, operating company investing, international exposure, high leverage, distressed properties.

An Opportunistic fund is one that has preponderantly Non-Core investments. The fund as a whole is expected to derive most of its return from appreciation and/or which may exhibit significant volatility in returns. This may be due to a variety of characteristics such as exposure to development, significant leasing risk, high leverage, or a combination of moderate risk factors. Please refer to NCREIF's fund Management Committee's whitepaper, "Real Estate Investment Styles: Trends from the Catwalk" at [www.NCREIF.org](http://www.NCREIF.org) for more details.



# Glossary of Terms

## INDICES

**FTSE NAREIT Index:** This is an index of Equity Real Estate Investment Trust returns reflecting the stock value changes of REIT issues as determined through public market transactions in the United States.

**EPRA/NAREIT Global ex-US Index :** The EPRA/NAREIT Global ex-US Index is a subset of the FTSE EPRA/NAREIT Developed Index and is designed to track the performance of listed real estate companies and REITs. The European Public Real Estate Association (EPRA) is a common interest group, which aims to promote, develop and represent the European public real estate sector. The National Association of Real Estate Investment Trusts (NAREIT) is the trade association of REITs and publicly traded real estate companies with an interest in the US property and investment markets.

**NCREIF Open-End Diversified Core Equity Index (“NFI-ODCE”):** An index of open-end diversified Core strategy funds with at least 95% of their investments in U.S. markets. The ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical and current basis. The ODCE Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.

**Townsend Non-Core Indices:** Townsend Fund Return Indices presents the performance information of private equity real estate funds pursuing value-added and opportunistic investment strategies using both open-ended and closed-ended structures. The performance data is comprised of both active investments, as well as funds that have completed their full lifecycle or discontinued operations and represents over \$300 billion and 260 funds. Return information is represented in a time-weighted format.

# Glossary of Terms

## PERFORMANCE

- Income (“INC”):** Net operating income net of debt service before deduction of capital items (e.g., roof replacement, renovations, etc.).
- Appreciation (“APP”):** Increase or decrease in investment's value based on internal or third party appraisal, recognition of capital expenditures which did not add value or uncollectible accrued income, or realized gain or loss from sales.
- Total Gross (“TGRS”):** The sum of the income return and appreciation return before adjusting for fees paid to and/or accrued by the manager.
- Total Net (“TNET”):** Total gross return less Advisor fees reported. All fees are requested (asset management, accrued incentives, paid incentives). No fee data is verified. May not include any fees paid directly by the investor as opposed to those paid from cash flows.
- Inception Returns:** The total net return for an investment or portfolio over the period of time the client has funds invested. Total portfolio Inception Returns may include returns from investments no longer held in the current portfolio.

# Glossary of Terms

## GEOGRAPHIC REGIONS and DIVISIONS

