



Real Estate Portfolio Performance Measurement Report

Fourth Quarter 2013

The Townsend Group

Portfolio Funding Status

- The following slides provide a review of key information of the Los Angeles City Employees' Retirement System (the "Portfolio" or the "System") through December 31, 2013. A detailed performance report is also provided as Exhibit A.

	<u>Market Value (\$ Millions)</u>	<u>% LACERS Plan</u>
LACERS Total Plan Assets	13,476	
Real Estate Target	674	5.0%
Real Estate Market Value	722	5.4%
<i>Core</i>	225	
<i>Non-Core</i>	480	
<i>Timber</i>	17	
Unfunded Commitments	142	1.1%
Real Estate & Market Value *	864	6.4%
Remaining Allocation	(190)	(1.4%)

* May not add due to rounding.

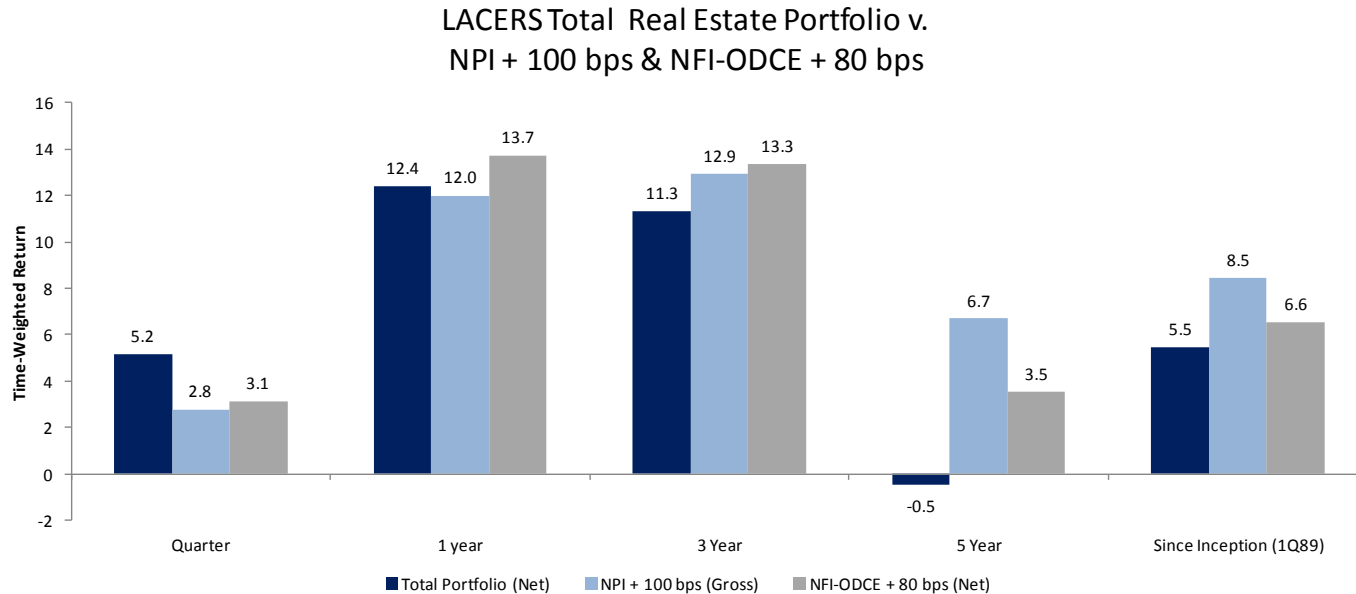
Real Estate Portfolio Composition

	Current Target	Funded Exposure as of 12/31/2013*	Funded & Committed Exposure as of 12/31/13*
Core	30% - 40%	31%	26%
Non-Core	N/A	67%	72%
<i>Value Add</i>	30% - 40%	19%	22%
<i>Opportunistic</i>	20% - 30%	47%	50%
Timber / REITs	0% - 10%	2%	2%

- The table above displays the LACERS Real Estate Portfolio relative to the established portfolio composition.
- LACERS is currently in-line with the established ranges for Core Real Estate, but is underweight to Value Add and overweight Opportunistic strategies.
- The Total Portfolio currently utilizes 38.1% leverage, measured on a loan-to-value basis, in-line with established targets and ranges.

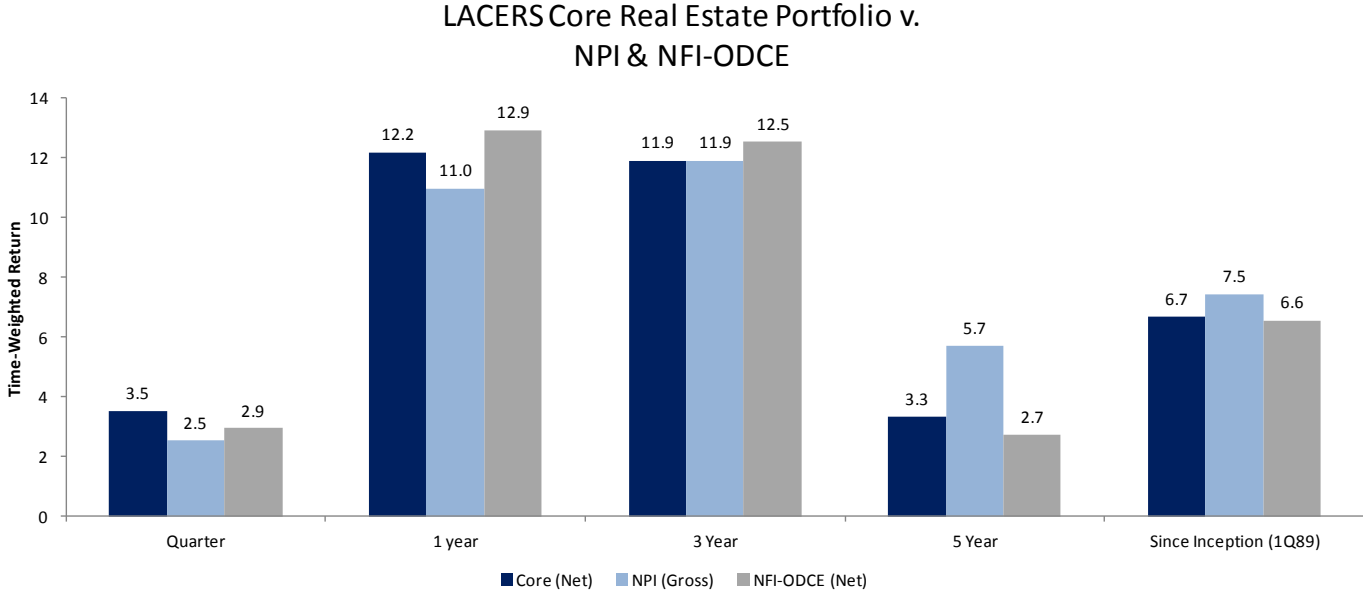
* May not add due to rounding.

Total Portfolio Performance



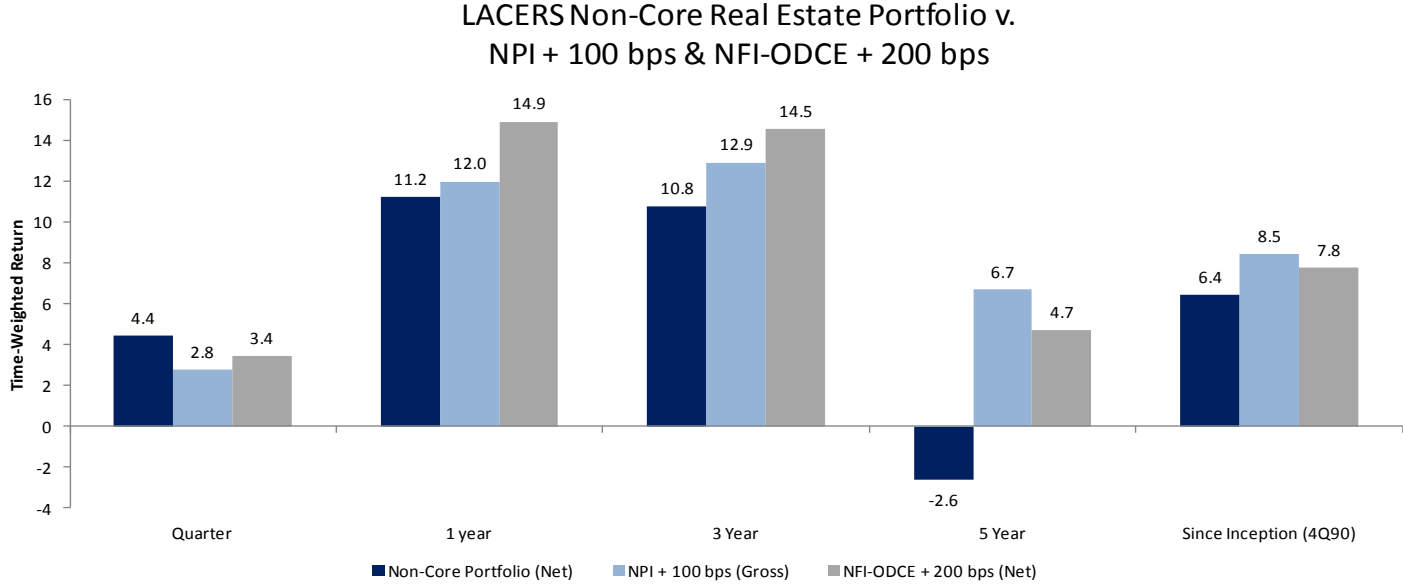
- The LACERS Real Estate Portfolio is currently benchmarked against the de-levered NCREIF Property Index (“NPI”) + 100 basis points. LACERS outperforms this benchmark over the shorter Quarter and One Year time periods, but underperforms over all other time periods of measure, displayed above.
- NFI-ODCE stands for the NCREIF Fund Index of Open-end Diversified Core Equity funds. The NFI-ODCE is a core index that includes open-end diversified core strategy 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 and current basis (21 active vehicles), utilizing approximately 22.3% leverage.

Relative Performance by Strategy: Core



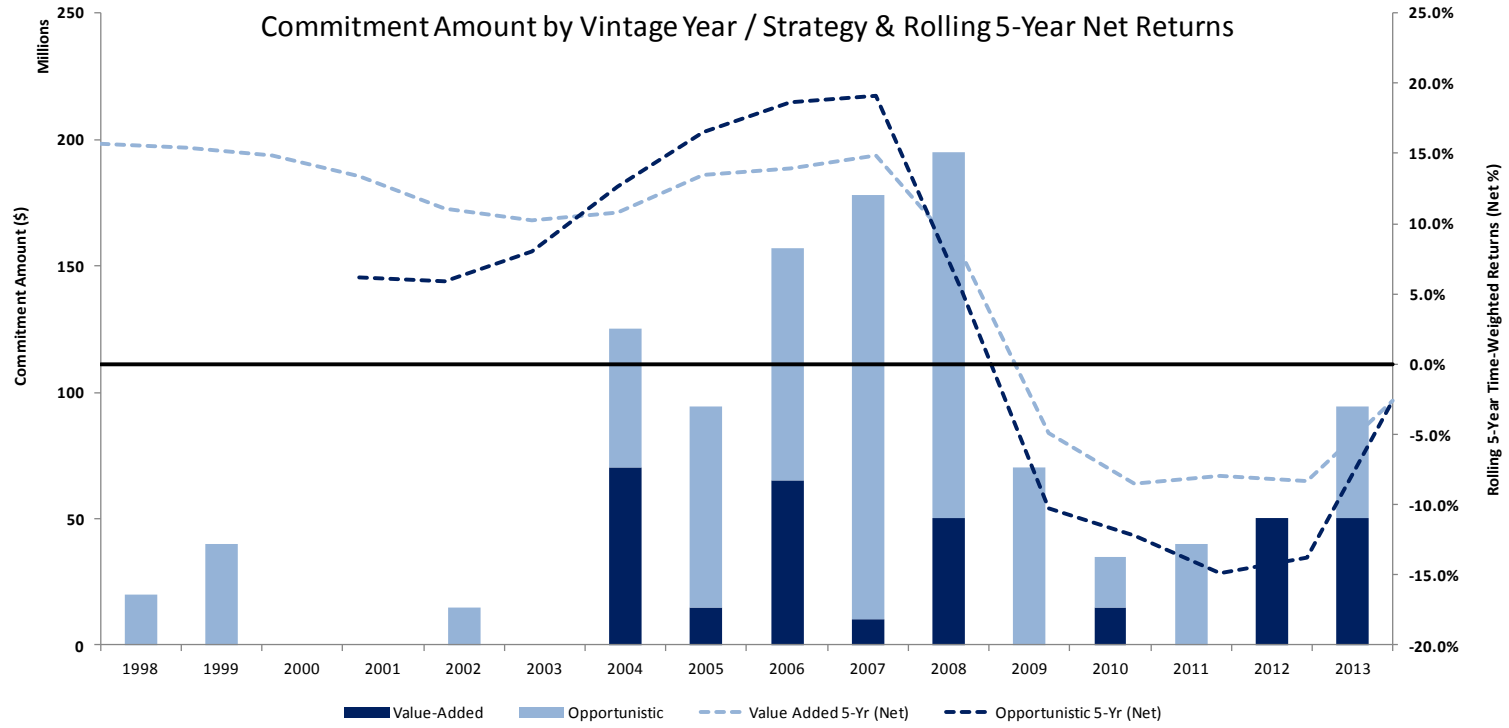
- The Core Portfolio outperformed the NPI over the shorter Quarter, One and Three Year time periods, but underperformed over the longer Five Year and Since Inception time periods.
 - Underperformance over the longer time periods is attributable to the use of leverage, which is not reflected in the NPI.
- Relative to the NFI-ODCE, the Portfolio underperforms over the One and Three Year time periods, but outperforms over all other time periods.
- Underperformance over the One and Three Year time periods is primarily attributable to the CIM Urban REIT series of funds. Underperformance is attributable to the utilization of lower leverage and external appraisers viewing the assets as already fully stabilized, resulting in less appreciation relative to the NFI-ODCE.

Relative Performance by Strategy: Non-Core



- The Non-Core Portfolio has underperformed the NPI + 100 bps over all time periods with the exception of the most recent Quarter.
- The Non-Core Portfolio has also underperformed Townsend’s proposed relative performance comparison, the NFI-ODCE + 200 bps, over all time periods with the exception of the most recent Quarter.
- Underperformance relative to both indices is primarily the result of significant Non-Core commitments made prior to the Global Financial Crisis, detailed on the next slide.
- As a result of underperforming legacy investments, LACERS may continue to underperform the NPI + 100 bps and the Townsend proposed relative performance comparison, the NFI-ODCE + 200 bps, until new Non-Core commitments are made.

Relative Performance by Strategy: Non-Core



- As displayed above, significant commitments were made to Non-Core strategies prior to the Global Financial Crisis (2006 - 2008). As a result, rolling 5-year net returns for the Value Add and Opportunistic Portfolios dropped precipitously. 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.

Relative Performance by Strategy: Non-Core

	LACERS Performance - As of 4Q 2013				NCREIF/Townsend Fund Level Comparison - Net IRR's by Vintage Year & Strategy - As of 3Q 2013		
	Vintage Year	Net IRR	Equity Multiple	Aggregate Vintage Year IRR	Bottom Quartile	Median Quartile	Top Quartile
Value Add Commingled Funds							
CBRE Strategic Partners III	2004	8.7	1.3				
Heitman Value Partners	2004	4.9	1.3	2.4	1.2	7.5	10.1
PRISA II	2004	2.9	1.3				
TA Fund VII	2005	-0.3	1.0	-0.3	-6.4	-5.3	2.5
CBRE Strategic Partners IV	2006	-27.6	0.1				
JP Morgan Alternative Property Fund	2006	-4.4	0.7	-10.4	-0.2	1.1	5.3
RREEF America REIT III	2006	-5.2	0.7				
Next Block Medical Fund	2007	-51.9	0.2	-51.9	-0.2	1.1	5.3

* Purple indicates underperformance relative to Townsend Median Quartile Net IRR

- The above table displays net IRR's and equity multiples for LACERS's Value Add commingled funds by vintage year relative to the NCREIF / Townsend Value Added Funds Index, between 2004 and 2007, as of September 30, 2013 (given that data as of December 31, 2013 is not yet available).
- LACERS's Value Add fund selection has lagged the NCREIF / Townsend Value Added Funds Index by vintage year during 2004, 2006 and 2007, but outperformed in 2005.

Relative Performance by Strategy: Non-Core

	LACERS Performance - As of 4Q 2013				NCREIF/Townsend Fund Level Comparison - Net IRR's by Vintage Year & Strategy - As of 3Q 2013		
	Vintage Year	Net IRR	Equity Multiple	Aggregate Vintage Year IRR	Bottom Quartile	Median Quartile	Top Quartile
Opportunistic Commingled Funds							
Westbrook Real Estate Fund III	1998	7.4	1.3	7.4	7.2	8.1	10.8
DLJ Real Estate Capital Partners II	1999	17.7	1.5	17.7	15.2	15.9	18.3
Tuckerman Multi-Family Development Fund III	2002	27.6	1.7	27.6	13.9	16.0	28.9
Lowe Hospitality Investment Partners*		-18.0	0.6				
The Buchanan Fund III	2004	17.6	1.5	-4.5	-4.8	7.0	37.4
Tuckerman Group Residential Income & Value Added Fund		0.8	1.0				
Bryanston Retail Opportunity Fund		80.3	2.6				
Canyon Johnson Urban Fund II		-10.7	0.5				
LaSalle Asia Fund II	2005	0.3	1.0	2.0	-6.3	0.1	2.3
Prologis Japan Fund		4.1	1.3				
Southern California Smart Growth Fund		-7.8	0.9				
Apollo CPI Europe I		-10.8	0.6				
Stockbridge Real Estate Fund II	2006	-18.1	0.4	-11.1	-5.7	-0.4	6.5
Walton Street Real Estate Fund V		-5.5	0.7				
California Smart Growth Fund IV		-1.0	1.0				
CBRE Strategic Partners UK Fund III		-23.6	0.2				
CityView LA Urban Land Fund I		-0.2	1.0				
Colony Investors VIII	2007	-13.5	0.5	-6.4	-2.0	2.6	9.3
Genesis Workforce Housing Fund II		8.8	1.3				
The Buchanan Fund V		-3.3	0.9				
UrbanAmerica II		-14.9	0.4				
CIM Real Estate Fund III		13.6	1.4				
DLJ Real Estate Capital Partners IV		1.6	1.0				
DRA Growth and Income Fund VI	2008	7.1	1.3	-3.7	0.5	6.3	11.2
MacFarlane Urban Real Estate Fund II		-24.0	0.3				
Torchlight Debt Opportunity Fund II		-4.4	0.8				
Latin America Investors III		-24.2	0.7				
Torchlight Debt Opportunity Fund III	2009	11.2	1.3	5.3	5.7	9.0	14.6
Walton Street Real Estate Fund VI		10.0	1.3				

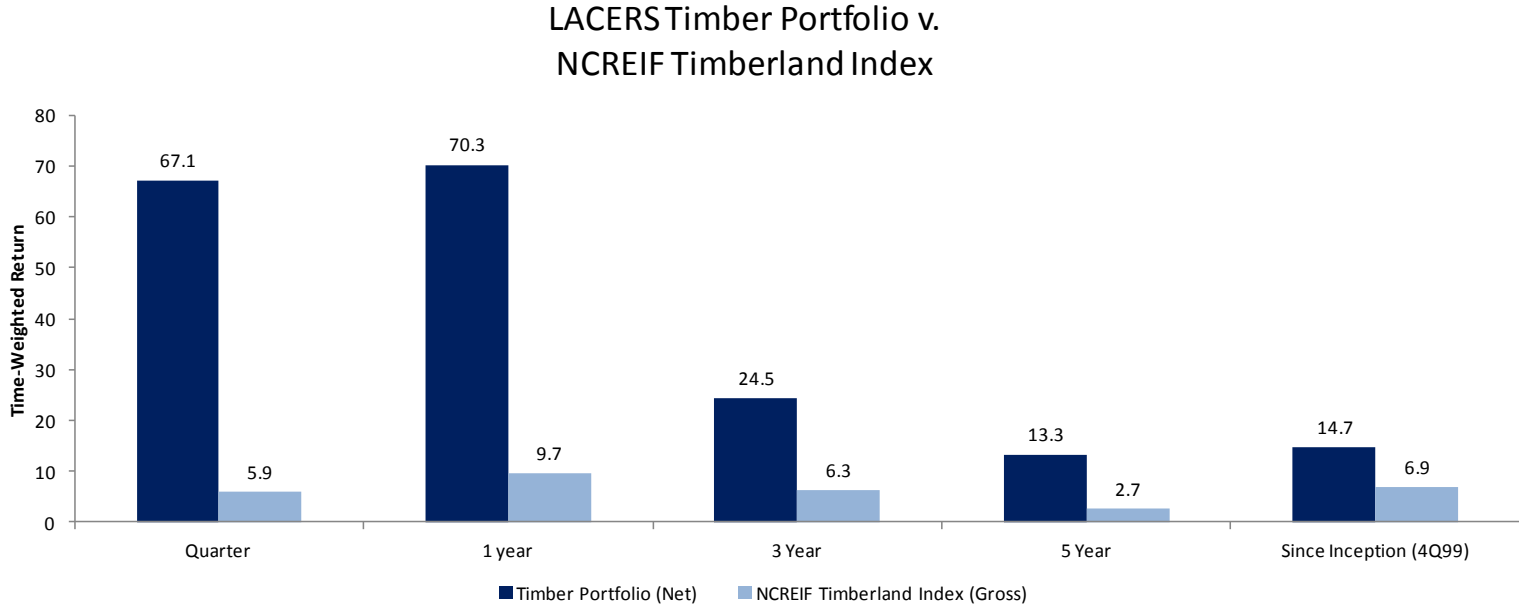
* Purple indicates underperformance relative to NCREIF/Townsend Median Quartile Net IRR

Notes on relative performance for Opportunistic investments are provided on the next slide.

Relative Performance by Strategy: Non-Core

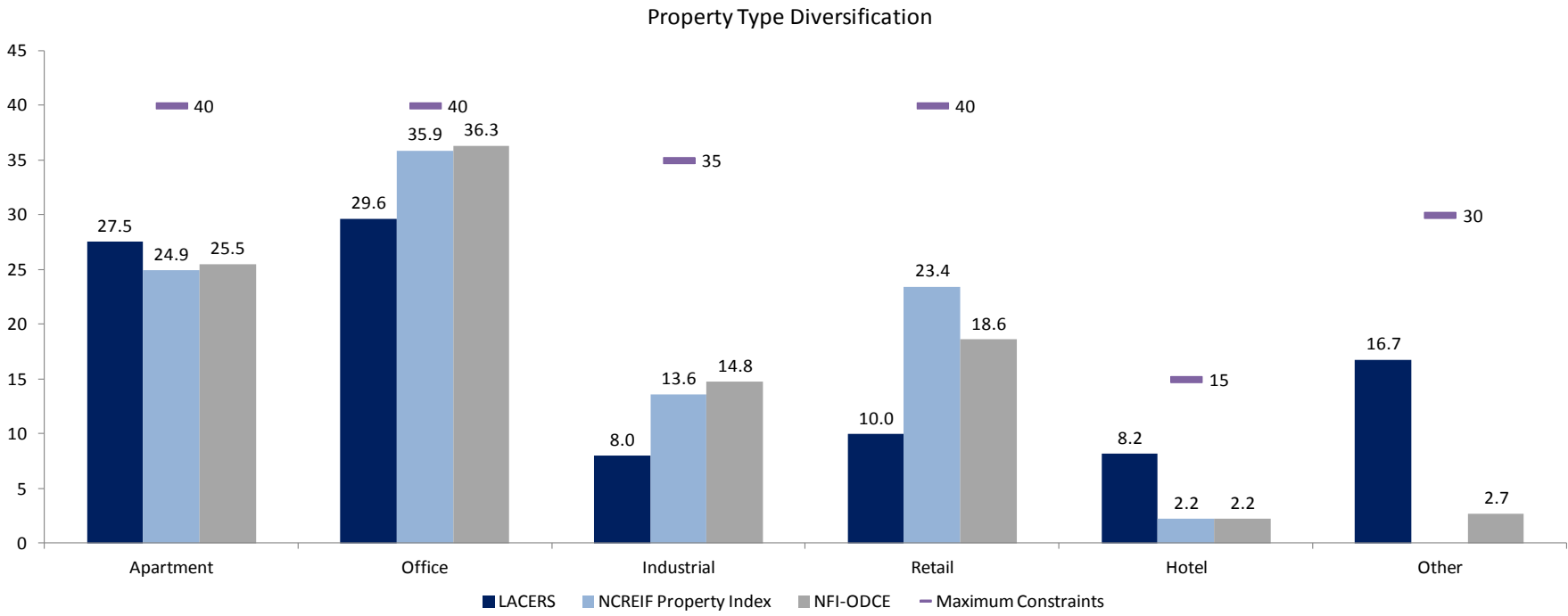
- The table on the previous slide displays net IRRs and equity multiples for LACERS's Opportunistic commingled funds between 1998 and 2009 by vintage year relative to the NCREIF / Townsend Opportunistic Funds Index as of September 30, 2013 (given that data as of December 31, 2013 is not yet available).
- With the exception of 1999, 2002 and 2005, LACERS's Opportunistic fund selection has underperformed the NCREIF / Townsend Opportunistic Funds Index by vintage year.

Relative Performance by Strategy: Timber



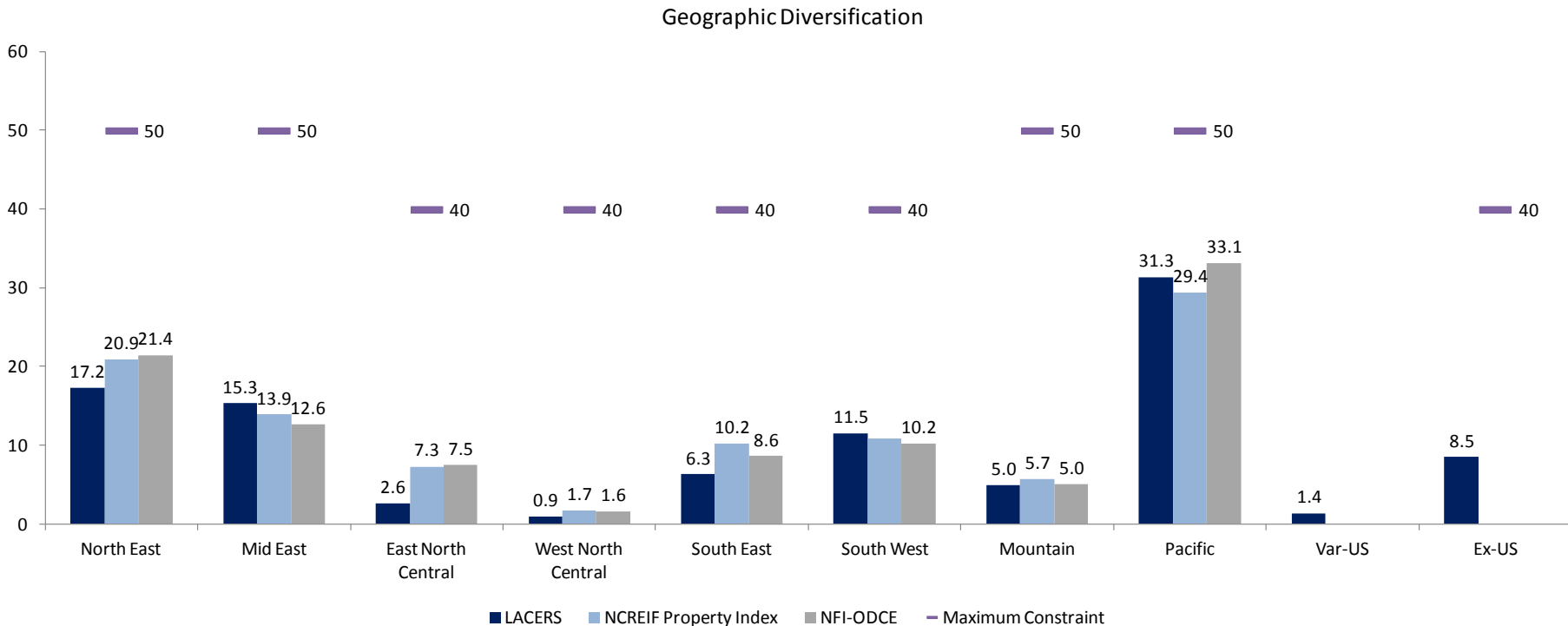
- The Timber Portfolio has outperformed the NCREIF Timberland Index over all time periods of measure.
- Townsend has proposed the NCREIF Timberland Index as the appropriate relative performance comparison for the Timber Portfolio.

Real Estate Portfolio Diversification



- LACERS is underweight to Industrial and overweight to Hotels and Other based on strategic targets currently in place. However, LACERS is in-compliance of all policy maximums as provided above. Considerations will be made in 2014 in order to bring these exposures more in-line with the NFI-ODCE.

Real Estate Portfolio Diversification



- LACERS is overweight to the North (North East and Mid East) and underweight to Ex-US markets based on currently approved strategic targets by geography. However, LACERS is in-compliance of all policy maximums as provided above. Lastly, the Real Estate Portfolio currently has a 9.2% exposure to Los Angeles County, for reference.

Exhibit A: Performance Flash Report

Fourth Quarter 2013

Portfolio Composition (\$)								
Total Plan Assets	Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
13,479,332,111	673,966,606	5.0%	721,891,395	5.4%	142,009,620	1.1%	-189,934,409	-1.4%

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Los Angeles City Employees' Retirement System	5.8	5.2	14.5	12.4	13.2	11.3	1.5	-0.5
NCREIF Property Index + 100 basis points	2.8		12.0		12.9		6.7	

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core Portfolio	1989	158,867,553	188,083,217	0	46,740,499	225,118,667	31.2	26.1
Non-Core Portfolio	1990	1,113,674,137	1,050,962,313	142,009,620	552,529,649	480,024,092	66.5	72.0
<i>Value Added Portfolio</i>	1990	325,000,000	269,851,796	53,951,229	139,933,418	135,464,053	18.8	21.9
<i>Opportunistic Portfolio</i>	1996	788,674,137	781,110,517	88,058,391	412,596,231	344,560,039	47.7	50.1
Timber Portfolio	1999	30,000,000	18,171,212	0	24,557,164	16,748,636	2.3	1.9
Total Real Estate Portfolio								
LACERS	1989	1,302,541,690	1,257,216,742	142,009,620	623,827,312	721,891,395	100.0	100.0

Fourth Quarter 2013

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core Portfolio								
<i>See footnote (1) below</i>								
CIM VI (Urban REIT), LLC	2012	25,000,000	25,000,000	0	279,014	25,133,742	3.5	2.9
INVESCO Core Real Estate	2004	63,867,553	90,089,632	0	30,993,939	108,572,287	15.0	12.6
JP Morgan Strategic Property Fund	2005	30,000,000	30,089,780	0	2,526,397	44,994,916	6.2	5.2
Core Portfolio	1989	158,867,553	188,083,217	0	46,740,499	225,118,667	31.2	26.1
Timber Portfolio								
Hancock ForesTree V	1999	10,000,000	10,046,801	0	24,455,148	7,333,535	1.0	0.8
Hancock Timberland XI	2012	20,000,000	8,124,411	0	102,016	9,415,101	1.3	1.1
Timber Portfolio	1999	30,000,000	18,171,212	0	24,557,164	16,748,636	2.3	1.9

(1) Performance of all holdings are aggregated and included at the Portfolio level.

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Value Added Portfolio								
Almanac Realty Securities VI	2013	25,000,000	7,169,558	17,830,444	348,762	8,451,980	1.2	3.0
CBRE Strategic Partners III	2004	25,000,000	25,000,000	0	31,747,427	920,294	0.1	0.1
CBRE Strategic Partners IV	2006	25,000,000	25,000,000	0	0	3,189,151	0.4	0.4
CBRE Strategic Partners U.S. Value V	2008	30,000,000	30,000,000	0	42,122,389	373,201	0.1	0.0
Cornerstone Enhanced Mortgage Fund I	2012	25,000,000	11,690,192	13,309,808	581,101	12,351,850	1.7	3.0
DRA Growth and Income Fund VII	2012	25,000,000	20,890,000	0	1,773,114	22,155,008	3.1	2.6
Heitman Value Partners	2004	15,000,000	14,880,694	119,306	18,649,028	316,749	0.0	0.1
JP Morgan Alternative Property Fund	2006	25,000,000	25,000,000	0	15,061,819	3,576,561	0.5	0.4
Mesa West Real Estate Income Fund III	2013	25,000,000	5,928,349	19,071,651	59,945	5,587,216	0.8	2.9
Next Block Medical Fund	2007	10,000,000	9,611,304	0	1,786,938	0	0.0	0.0
PRISA II	2004	30,000,000	30,000,000	0	0	37,910,019	5.3	4.4
Realty Associates Fund IX	2010	15,000,000	15,000,000	0	4,597,802	14,980,401	2.1	1.7
RREEF America REIT III	2006	15,000,000	18,301,718	0	6,014,700	7,105,617	1.0	0.8
TA Fund VII	2005	15,000,000	15,000,000	0	7,359,533	7,407,838	1.0	0.9
Urdang Value Added Fund II	2008	20,000,000	16,379,981	3,620,020	9,830,860	11,138,168	1.5	1.7
Value Added Portfolio	1990	325,000,000	269,851,796	53,951,229	139,933,418	135,464,053	18.8	21.9

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Opportunistic Portfolio								
Apollo CPI Europe I	2006	36,963,034	22,356,002	2,043,837	2,209,928	10,467,913	1.5	1.4
Bristol Value II, L.P.	2013	20,000,000	5,530,341	17,350,003	2,977,706	2,930,763	0.4	2.3
Bryanston Retail Opportunity Fund	2005	10,000,000	4,271,584	5,885,919	8,913,363	2,322,974	0.3	1.0
California Smart Growth Fund IV	2007	30,000,000	30,778,663	33,153	13,712,958	15,774,028	2.2	1.8
Canyon Johnson Urban Fund II	2005	10,000,000	8,988,718	1,011,296	727,287	3,819,070	0.5	0.6
CBRE Strategic Partners UK Fund III	2007	22,810,228	25,825,476	0	289,055	5,941,815	0.8	0.7
CIM Real Estate Fund III	2008	15,000,000	15,376,801	1,386,674	1,698,636	20,534,374	2.8	2.5
CityView LA Urban Land Fund I	2007	25,000,000	53,128,658	14,325,075	42,453,727	10,564,949	1.5	2.9
Colony Investors VIII	2007	30,000,000	28,963,224	1,023,200	4,232,016	10,753,694	1.5	1.4
DLJ Real Estate Capital Partners II	1999	40,000,000	48,622,948	2,190,337	69,703,132	3,722,371	0.5	0.7
DLJ Real Estate Capital Partners IV	2008	40,000,000	44,026,763	5,960,405	12,942,971	32,967,126	4.6	4.5
DRA Growth and Income Fund VI	2008	25,000,000	16,706,767	0	8,283,149	13,594,450	1.9	1.6
Genesis Workforce Housing Fund II	2007	20,000,000	19,999,316	0	2,161,390	23,322,191	3.2	2.7
Integrated Capital Hospitality Fund	2011	10,000,000	6,006,797	3,993,203	2,291,856	6,115,797	0.8	1.2
LaSalle Asia Fund II	2005	25,000,000	24,016,560	0	20,277,848	4,045,089	0.6	0.5
Latin America Investors III	2009	20,000,000	20,686,689	0	3,886,924	10,743,566	1.5	1.2
Lone Star Fund VII	2011	15,000,000	14,075,468	924,533	16,710,641	7,449,680	1.0	1.0
Lone Star Real Estate Fund II	2011	15,000,000	11,401,190	3,598,810	4,934,219	8,864,061	1.2	1.4
Lowe Hospitality Investment Partners	2004	25,000,000	36,431,477	0	19,992,750	1,316,583	0.2	0.2
MacFarlane Urban Real Estate Fund II	2008	40,000,000	40,679,342	0	679,340	13,009,468	1.8	1.5
Mesa West Real Estate Income Fund II	2010	20,000,000	16,686,322	3,313,678	11,994,081	12,913,389	1.8	1.9
Prologis Japan Fund	2005	24,540,168	25,627,604	0	32,103,645	164,793	0.0	0.0
Southern California Smart Growth Fund	2005	10,000,000	18,631,811	68,213	12,965,464	3,150,512	0.4	0.4
Stockbridge Real Estate Fund II	2006	30,000,000	30,000,000	0	0	10,752,651	1.5	1.2
The Buchanan Fund III	2004	4,886,365	4,886,365	0	7,316,999	68,382	0.0	0.0
The Buchanan Fund V	2007	30,000,000	27,000,000	3,000,000	10,855,303	12,190,444	1.7	1.8
Torchlight Debt Opportunity Fund II	2008	25,000,000	24,703,453	0	4,226,200	15,473,466	2.1	1.8
Torchlight Debt Opportunity Fund III	2009	25,000,000	24,890,796	0	22,186,021	11,248,275	1.6	1.3
Torchlight Debt Opportunity Fund IV	2013	24,474,342	9,793,242	14,689,864	0	10,202,971	1.4	2.9
Tuckerman Group Residential Income & Value Added Fund	2004	25,000,000	26,064,010	0	9,240,248	17,937,164	2.5	2.1
Tuckerman Multi-Family Development Fund III	2002	15,000,000	15,328,962	0	25,409,546	1	0.0	0.0
UrbanAmerica II	2007	10,000,000	9,289,026	710,974	0	3,791,498	0.5	0.5
Walton Street Real Estate Fund V	2006	25,000,000	25,000,001	0	3,131,841	14,381,870	2.0	1.7
Walton Street Real Estate Fund VI	2009	25,000,000	22,161,966	6,549,217	4,520,912	23,992,641	3.3	3.5
Westbrook Real Estate Fund III	1998	20,000,000	23,174,175	0	29,567,075	32,020	0.0	0.0
Opportunistic Portfolio	1996	788,674,137	781,110,517	88,058,391	412,596,231	344,560,039	47.7	50.1
Total Real Estate Portfolio								
LACERS	1989	1,302,541,690	1,257,216,742	142,009,620	623,827,312	721,891,395	100.0	100.0

Fourth Quarter 2013

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			
Core Portfolio																								
		<i>See footnote (1) below</i>																						
CIM VI (Urban REIT), LLC	25,133,742	0.8	0.0	0.8	0.5	3.5	0.0	3.5	2.2	5.0	8.0	13.2	12.8	5.4	-2.5	2.8	2.3	2.9	8.4	11.5	10.2	3Q12	3.8	1.0
INVESCO Core Real Estate	108,572,287	1.2	2.2	3.4	3.3	4.8	9.2	14.3	13.8	5.8	1.2	7.1	6.6	5.8	1.2	7.1	6.6	4Q04	6.5	1.5				
JP Morgan Strategic Property Fund	44,994,916	1.2	2.4	3.6	3.4	5.3	10.2	15.9	14.8	5.3	8.9	14.6	13.5	5.7	-0.9	4.8	3.7	4Q05	5.7	1.6				
Core Portfolio	225,118,667	1.1	2.6	3.7	3.5	4.8	7.9	13.0	12.2	5.0	7.5	12.7	11.9	5.4	-1.2	4.1	3.3	1Q89	5.0	1.4				
Timber Portfolio																								
Hancock ForesTree V	7,333,535	201.8	25.2	227.0	217.3	202.5	33.7	250.1	237.3	45.2	14.7	58.7	55.7	25.3	8.2	31.7	29.6	4Q99	13.3	3.2				
Hancock Timberland XI	9,415,101	-0.2	12.3	12.1	11.9	-0.8	10.7	9.9	8.9	15.8	10.8	26.3	24.5	9.4	6.0	14.8	13.3	2Q12	11.0	1.2				
Timber Portfolio	16,748,636	54.1	15.8	69.9	67.1	53.9	18.9	74.3	70.3	15.8	10.8	26.3	24.5	9.4	6.0	14.8	13.3	4Q99	13.2	2.3				
Indices																								
NCREIF Property Index		1.3	1.2	2.5		5.6	5.2	11.0		5.9	5.8	11.9		6.1	-0.4	5.7		1Q89						
NPI + 100 BPS				2.8				12.0				12.9				6.7		1Q89						
NCREIF Timberland Index		0.6	5.3	5.9		2.8	6.7	9.7		2.7	3.5	6.3		2.4	0.2	2.7		4Q99						
NFI-ODCE		1.3	1.9	3.2	2.9	5.2	8.4	13.9	12.9	5.4	7.9	13.6	12.5	5.8	-2.0	3.7	2.7	1Q89						
NFI-ODCE + 80 BPS					3.1				13.7				13.3				3.5	1Q89						

(1) Performance of all holdings are aggregated and included at the Portfolio level.

Fourth Quarter 2013

Returns (%)	Market Value (\$)	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004		2003		2002		2001		2000	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Portfolio																													
		<i>See footnote (1) below</i>																											
CIM VI (Urban REIT), LLC	25,133,742	3.5	2.2	8.7	8.2	16.9	16.4	16.7	16.1	-32.2	-32.6	-4.6	-5.0	13.6	13.1	19.2	18.6	20.8	20.2										
INVESCO Core Real Estate	108,572,287	14.3	13.8	12.1	11.0	15.9	14.8	14.1	13.0	-26.5	-27.4	-8.1	-9.0	16.6	15.6	16.6	15.5												
JP Morgan Strategic Property Fund	44,994,916	15.9	14.8	12.1	11.0	15.9	14.8	14.1	13.0	-26.5	-27.4	-8.1	-9.0	16.6	15.6	16.6	15.5												
Core Portfolio	225,118,668	13.0	12.2	9.6	8.9	15.6	14.8	16.1	15.2	-26.4	-27.1	-4.9	-5.6	14.4	13.6	17.7	16.9	21.2	20.7	13.2	11.3	10.0	9.2	9.9	9.0	7.1	6.3	13.2	11.9
Timber Portfolio																													
Hancock ForesTree V	7,333,535	250.1	237.3	8.4	7.3	5.3	4.2	3.7	2.7	-4.6	-5.5	7.5	6.5	18.4	17.2	23.6	22.5	24.3	23.0	20.2	19.0	12.4	11.3	6.6	5.7	4.0	3.1	11.4	10.5
Hancock Timberland XI	9,415,101	9.9	8.9																										
Timber Portfolio	16,748,636	74.3	70.3	9.7	8.7	5.3	4.2	3.7	2.7	-4.6	-5.5	7.5	6.5	18.4	17.2	23.6	22.5	24.3	23.0	20.2	19.0	12.4	11.3	6.6	5.7	4.0	3.1	11.4	10.5
Indices																													
NCREIF Property Index		11.0		10.5		14.3		13.1		-16.8		-6.5		15.8		16.6		20.1		14.5		9.0		6.7		7.3		12.3	
NPI + 100 BPS		12.1		11.7		15.4		14.2		-16.0		-5.5		17.0		17.8		21.3		15.6		10.1		7.8		8.4		13.4	
NFI-ODCE		13.9	12.9	10.9	9.8	16.0	15.0	16.4	15.3	-29.8	-30.4	-10.0	-10.7	16.0	14.8	16.3	15.3	21.4	20.2	13.1	12.0	9.3	8.3	5.5	4.6	5.6	4.6	14.3	13.2
NFI-ODCE + 80 BPS		14.7	13.7	11.7	10.6	16.8	15.8	17.2	16.1	-29.0	-29.6	-9.2	-9.9	16.8	15.6	17.1	16.1	22.2	21.0	13.9	12.8	10.1	9.1	6.3	5.4	6.4	5.4	15.1	14.0

(1) Performance of all holdings are aggregated and included at the Portfolio level.

Fourth Quarter 2013

Returns (%)	Market Value (\$)	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004		2003		2002		2001		2000		
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	
Value Added Portfolio																														
Almanac Realty Securities VI	8,451,980	31.6	26.1																											
CBRE Strategic Partners III	920,294	2.6	1.9	-2.8	-4.0	-3.8	-4.8	-5.3	-4.1	-18.0	-14.9	-35.6	-20.3	29.9	22.9	25.4	19.6	31.1	22.6	23.3	-9.7									
CBRE Strategic Partners IV	3,189,151	-35.9	-37.1	-10.9	-13.0	8.7	5.9	-46.2	-48.0	-53.8	-54.5	-20.1	-18.1	18.5	12.9	15.1	-13.6													
CBRE Strategic Partners U.S. Value V	373,201	-14.8	-11.7	10.9	9.3	26.7	21.6	33.2	26.6	-27.5	-32.0																			
Cornerstone Enhanced Mortgage Fund I	12,351,850	20.0	16.4																											
DRA Growth and Income Fund VII	22,155,008	18.7	15.5	17.6	14.3																									
Heitman Value Partners	316,749	35.3	34.7	37.4	36.2	18.9	18.1	21.7	21.0	-2.5	-3.5	-40.1	-40.4	7.6	6.9	32.5	28.5	32.2	26.9											
JP Morgan Alternative Property Fund	3,576,561	-1.6	-1.6	21.7	21.4	23.0	22.4	5.7	4.7	-43.8	-44.7	-10.9	-12.1	9.6	8.1	3.6	2.0													
Mesa West Real Estate Income Fund III	5,587,216																													
Next Block Medical Fund	0	43.9	43.9	42.3	42.3	-40.5	-47.3	-77.7	-78.7	-29.3	-31.9	3.0	-0.5																	
PRISA II	37,910,019	15.2	14.0	14.4	13.2	20.7	19.2	24.9	23.2	-45.0	-45.7	-16.1	-16.9	17.8	16.7	18.6	17.3	27.2	25.8											
Realty Associates Fund IX	14,980,401	11.0	8.7	11.3	9.4	14.3	13.0																							
RREEF America REIT III	7,105,617	16.9	15.6	23.7	22.8	55.3	53.8	9.0	7.4	-64.0	-64.6	-41.6	-41.6	18.2	15.9	17.4	15.1													
TA Fund VII	7,407,838	-3.6	-5.0	7.6	6.0	7.7	6.1	-1.0	-3.1	-27.0	-28.3	-10.8	-12.1	19.8	18.5	16.5	15.0													
Urdang Value Added Fund II	11,138,168	12.2	11.5	18.8	17.7	27.5	26.2	37.0	33.3	-37.3	-40.0																			
Value Added Portfolio	135,464,053	10.0	8.4	14.0	12.6	18.3	16.2	4.0	1.9	-38.5	-39.4	-20.7	-20.0	17.8	15.2	15.3	12.9	26.0	23.1	15.8	13.9	10.7	9.5	12.1	10.9	11.8	10.4	10.5	9.2	
Indices																														
NCREIF Property Index		11.0		10.5		14.3		13.1		-16.8		-6.5		15.8		16.6		20.1		14.5		9.0		6.7		7.3		12.3		
NPI + 100 BPS		12.1		11.7		15.4		14.2		-16.0		-5.5		17.0		17.8		21.3		15.6		10.1		7.8		8.4		13.4		
NFI-ODCE		13.9	12.9	10.9	9.8	16.0	15.0	16.4	15.3	-29.8	-30.4	-10.0	-10.7	16.0	14.8	16.3	15.3	21.4	20.2	13.1	12.0	9.3	8.3	5.5	4.6	5.6	4.6	14.3	13.2	
NFI-ODCE + 80 BPS		14.7	13.7	11.7	10.6	16.8	15.8	17.2	16.1	-29.0	-29.6	-9.2	-9.9	16.8	15.6	17.1	16.1	22.2	21.0	13.9	12.8	10.1	9.1	6.3	5.4	6.4	5.4	15.1	14.0	

Fourth Quarter 2013

Returns (%)	Market Value (\$)	2013		2012		2011		2010		2009		2008		2007		2006		2005		2004		2003		2002		2001		2000				
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET			
Opportunistic Portfolio																																
Apollo CPI Europe I	10,467,913	0.7	0.1	20.2	19.3	-6.2	-6.9	-31.0	-33.7	9.7	5.6	-41.8	-43.8	17.7	11.3																	
Bristol Value II, L.P.	2,930,763	32.2	30.3																													
Bryanston Retail Opportunity Fund	2,322,974	50.5	47.5	40.1	37.2	-4.3	-7.2	20.9	18.3	12.8	10.2	73.9	69.4	-43.1	-45.5	112.8	98.1															
California Smart Growth Fund IV	15,774,028	13.1	11.6	19.9	18.3	26.7	24.6	20.1	17.0	-34.6	-38.0	-46.3	-48.6	3.0	-2.5																	
Canyon Johnson Urban Fund II	3,819,070	-7.0	-9.3	-4.3	-6.6	-0.6	-3.0	-7.0	-9.2	-27.6	-29.1	-2.6	-6.2	1.4	-4.3	-1.9	-16.7															
CBRE Strategic Partners UK Fund III	5,941,815	12.4	10.0	-9.5	-12.5	-2.2	-5.6	-4.7	-8.3	-50.0	-54.1	-103.7	-104.0																			
CIM Real Estate Fund III (1)	20,534,374	11.1	9.9	20.8	19.4	21.8	19.8	15.3	-13.8																							
CityView LA Urban Land Fund I	10,564,949	10.2	8.3	7.8	5.9	3.9	2.1	-0.1	-32.6	-9.9	-49.6	-35.1	-72.3																			
Colony Investors VIII	10,753,694	45.6	42.0	14.4	10.9	-27.2	-29.2	24.6	20.3	-11.9	-19.0	-90.8	-91.6																			
DLJ Real Estate Capital Partners II	3,722,371	11.0	9.6	14.7	13.3	12.4	10.5	18.3	16.3	-31.2	-32.9	-19.6	-23.3	26.2	15.5	51.3	36.7	62.5	43.0	46.9	32.3	36.7	29.8	27.3	16.6	1.9	-5.6	3.5	-7.8			
DLJ Real Estate Capital Partners IV	32,967,126	8.5	6.7	23.4	21.1	2.4	-1.4	12.5	4.3	-45.6	-54.8																					
DRA Growth and Income Fund VI	13,594,450	17.6	15.1	4.3	2.1	32.6	29.1	15.9	11.1	-10.2	-14.7																					
Genesis Workforce Housing Fund II	23,322,191	22.6	21.1	19.7	18.0	11.1	6.0	-62.0	-71.3	63.2	15.9	-4.4	-39.1																			
Integrated Capital Hospitality Fund	6,115,797	16.0	14.3	55.2	48.7																											
LaSalle Asia Fund II	4,045,089	23.0	22.1	24.4	22.3	41.8	39.5	22.5	19.9	-25.5	-27.3	-37.3	-38.7	28.1	25.1	24.5	7.5															
Latin America Investors III	10,743,566	-17.9	-22.4	-60.0	-62.6	-32.5	-34.9	20.8	15.3	100.5	93.8																					
Lone Star Fund VII	7,449,680	100.6	75.7																													
Lone Star Real Estate Fund II	8,864,061	30.5	22.3	40.2	30.6																											
Low Hospiality Investment Partners	1,316,583	23.0	21.5	39.9	38.4	51.9	49.0	128.0	92.1	-93.4	-93.5	-35.9	-36.5	19.0	17.1	20.3	18.3	2.6	-0.1													
MacFarlane Urban Real Estate Fund II (1)	13,009,468	-16.5	-19.2	61.7	53.6	-5.4	-9.8																									
Mesa West Real Estate Income Fund II	12,913,389	5.3	4.3	43.6	41.5	17.6	14.9																									
Prologis Japan Fund	164,793	-16.6	-17.5	-9.4	-10.7	14.9	13.3	14.8	13.2	-17.8	-16.9	61.8	53.0	26.6	23.7	39.6	28.4															
Southern California Smart Growth Fund (1)	3,150,512	14.9	11.4	-33.5	-33.6	-5.3	-5.4	-7.5	-7.7	-40.5	-40.6	-19.2	-19.3	75.6	75.3																	
Stockbridge Real Estate Fund II	10,752,651	46.5	43.7	3.2	0.7	7.2	4.2	21.8	16.8	-86.3	-86.8	-83.4	-84.0	-27.9	-31.9																	
The Buchanan Fund III	68,382	-16.2	-16.2	47.0	43.6	-1.7	-4.1	-13.1	-14.8	-25.7	-28.6	3.6	-1.5	13.6	10.6	36.7	29.4	34.7	31.5													
The Buchanan Fund V	12,190,444	22.4	21.2	10.2	9.2	10.4	9.4	8.1	6.3	-45.9	-48.2	-30.5	-33.0																			
Torchlight Debt Opportunity Fund II	15,473,466	24.6	23.5	24.5	23.1	23.7	22.0	41.4	36.1	29.9	23.6	-68.7	-69.7																			
Torchlight Debt Opportunity Fund III	11,248,275	33.8	20.3	17.7	15.2	1.2	1.0	12.7	2.8																							
Torchlight Debt Opportunity Fund IV	10,202,971																															
Tuckerman Group Residential Income & Value Added Fund	17,937,164	41.6	39.4	6.5	4.5	10.4	7.8	27.6	23.6	-43.7	-45.7	-13.5	-15.4	9.6	7.1	15.8	13.0	22.7	20.2													
Tuckerman Multi-Family Development Fund III	1	-4.9	-4.9	-69.4	-74.1	8.7	1.8	-27.6	-30.3	15.0	11.3	50.7	41.8	10.0	5.6	99.1	95.4	32.5	29.8	36.7	33.7	8.5	5.8									
UrbanAmerica II	3,791,498	-15.5	-17.6	-18.0	-19.6	6.3	4.1	11.4	9.0	-18.6	-20.4	-38.6	-42.0																			
Walton Street Real Estate Fund V	14,381,870	12.9	11.2	9.5	7.8	10.1	8.0	48.0	44.0	-27.8	-31.1	-47.7	-48.7	10.3	8.6																	
Walton Street Real Estate Fund VI	23,992,641	16.0	14.3	12.1	10.4	14.3	12.3	173.3	162.1																							
Westbrook Real Estate Fund III	32,020	-5.3	-5.3	-9.2	-9.2	-7.9	-8.1	-2.1	-2.5	-14.1	-14.5	13.8	12.8	-47.7	-48.1	1.1	-0.7	5.9	4.4	16.8	15.1	18.8	17.0	-2.8	-4.2	6.1	4.7	16.0	13.7			
Opportunistic Portfolio	344,560,039	15.2	12.3	13.5	11.1	9.0	6.6	16.9	12.5	-38.8	-41.3	-36.5	-39.1	10.5	4.4	31.4	24.5	32.0	25.1	36.0	30.2	15.1	13.1	4.4	2.4	15.9	13.9	7.8	5.3			
Total Portfolio																																
LACERS	721,891,396	14.5	12.4	12.6	10.8	12.6	10.7	13.0	10.3	-34.3	-35.8	-22.4	-23.6	14.3	11.2	20.2	17.4	25.3	22.3	22.1	18.9	12.2	10.8	8.3	6.9	12.1	10.6	9.7	7.9			
Indices																																
NCREIF Property Index		11.0		10.5		14.3		13.1		-16.8		-6.5		15.8		16.6		20.1		14.5		9.0		6.7		7.3		12.3				
NPI + 100 BPS		12.1		11.7		15.4		14.2		-16.0		-5.5		17.0		17.8		21.3		15.6		10.1		7.8		8.4		13.4				
NFI-ODCE		13.9	12.9	10.9	9.8	16.0	15.0	16.4	15.3	-29.8	-30.4	-10.0	-10.7	16.0	14.8	16.3	15.3	21.4	20.2	13.1	12.0	9.3	8.3	5.5	4.6	5.6	4.6	14.3	13.2			
NFI-ODCE + 80 BPS		14.7	13.7	11.7	10.6	16.8	15.8	17.2	16.1	-29.0	-29.6	-9.2	-9.9	16.8	15.6	17.1	16.1	22.2	21.0	13.9	12.8	10.1	9.1	6.3	5.4	6.4	5.4	15.1	14.0			

(1) 'Broken' TWR – In a series of quarterly returns for an investment line item, a single quarter of significant volatility and/or temporary negative market value will 'break' the time weighted calculation and period returns (including since inception) must start anew in a subsequent quarter. Depending upon the timing of the break, TWRs may never accurately reflect performance of the investment line item. Line item data continues to be reflected in the sub-portfolio and portfolio totals, however for the individual line item, the internal rate of return ("IRR") becomes a more appropriate data point for evaluation.

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)	
Core Portfolio										
			<i>See footnote (1) below</i>							
CIM VI (Urban REIT), LLC	18,058,845	7,151,873	183,294	0	171,123	64,805	0	25,133,742	16.4	
INVESCO Core Real Estate	105,137,002	1,045,240	1,077,942	0	1,251,684	108,808	2,325,111	108,572,287	22.7	
JP Morgan Strategic Property Fund	43,514,213	103,107	0	103,107	534,274	103,107	1,049,537	44,994,916	23.4	
Core Portfolio	211,098,068	8,300,220	1,735,605	103,107	2,407,951	400,613	5,551,754	225,118,667	20.8	
Timber Portfolio										
Hancock ForesTree V	4,553,122	0	3,945,455	0	6,245,669	298,754	778,953	7,333,535	0.0	
Hancock Timberland XI	8,413,900	0	0	0	-16,998	19,194	1,037,393	9,415,101	0.0	
Timber Portfolio	12,967,022	0	3,945,455	0	6,228,671	317,948	1,816,346	16,748,636	0.0	

(1) Performance of all holdings are aggregated and included at the Portfolio level.

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Value Added Portfolio									
Almanac Realty Securities VI	7,141,061	333,069	71,036	0	143,782	62,705	967,809	8,451,980	66.0
CBRE Strategic Partners III	893,344	0	0	0	-8,100	0	35,050	920,294	0.0
CBRE Strategic Partners IV	3,445,638	0	0	0	78,102	6,320	-328,268	3,189,151	33.1
CBRE Strategic Partners U.S. Value V	5,455,602	0	482,453	0	-16,798	-64,466	-305,532	373,201	0.0
Cornerstone Enhanced Mortgage Fund I	9,131,864	3,174,604	178,313	0	280,573	201,277	144,399	12,351,850	48.0
DRA Growth and Income Fund VII	19,908,577	1,912,500	414,131	0	609,985	131,492	269,569	22,155,008	67.0
Heitman Value Partners	481,699	0	256,796	0	-7,183	1,735	100,764	316,749	91.0
JP Morgan Alternative Property Fund	3,669,336	0	0	266,770	17,007	0	156,988	3,576,561	39.9
Mesa West Real Estate Income Fund III	1,918,118	3,854,077	45,610	14,335	77,387	92,977	0	5,587,216	62.4
Next Block Medical Fund	11,902	0	0	14,791	2,889	0	0	0	0.0
PRISA II	36,266,907	0	0	0	413,076	86,702	1,316,738	37,910,019	31.8
Realty Associates Fund IX	15,399,616	0	929,613	0	261,409	138,409	387,398	14,980,401	36.3
RREEF America REIT III	7,132,863	0	0	226,082	115,536	20,631	103,931	7,105,617	40.3
TA Fund VII	9,274,739	0	1,310,695	0	150,486	30,928	-675,764	7,407,838	49.9
Urdang Value Added Fund II	10,874,684	0	0	0	100,403	7,917	170,999	11,138,168	48.0
Value Added Portfolio	131,005,950	9,274,250	8,030,732	521,978	2,218,554	716,627	2,344,081	135,464,053	50.4

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Opportunistic Portfolio									
Apollo CPI Europe I	10,567,449	0	-9,020	0	26,680	18,282	-116,954	10,467,913	67.7
Bristol Value II, L.P.	1,153,420	1,409,524	0	0	20,131	5,617	353,305	2,930,763	24.8
Bryanston Retail Opportunity Fund	1,526,587	0	0	0	48,388	8,890	756,889	2,322,974	42.0
California Smart Growth Fund IV	16,681,384	59,541	634,996	589,953	107,993	59,541	209,600	15,774,028	37.7
Canyon Johnson Urban Fund II	4,026,209	0	0	0	41,296	23,816	-224,620	3,819,070	62.9
CBRE Strategic Partners UK Fund III	5,728,757	0	0	289,055	-65,773	19,602	587,488	5,941,815	0.0
CIM Real Estate Fund III	19,759,030	0	330,841	548,852	164,012	54,507	1,545,532	20,534,374	13.6
CityView LA Urban Land Fund I	10,065,363	47,899	0	0	499,586	47,899	0	10,564,949	77.5
Colony Investors VIII	9,641,894	0	0	0	43,900	57,500	1,125,400	10,753,694	2.0
DLJ Real Estate Capital Partners II	4,398,615	67,876	851,876	0	-2,983	9,399	120,138	3,722,371	33.9
DLJ Real Estate Capital Partners IV	31,410,404	1,838,778	1,021,423	806,769	168,922	107,328	1,484,542	32,967,126	27.4
DRA Growth and Income Fund VI	16,657,636	360,192	979,220	2,956,550	449,691	80,131	142,833	13,594,450	0.0
Genesis Workforce Housing Fund II	21,249,999	0	164,784	0	236,056	67,376	2,068,296	23,322,191	55.0
Integrated Capital Hospitality Fund	5,756,786	0	115,924	0	303,139	15,762	187,558	6,115,797	48.8
LaSalle Asia Fund II	4,521,665	0	388,546	0	531,264	4,845	-614,449	4,045,089	0.0
Latin America Investors III	10,915,330	0	0	0	-40,558	81,862	-49,344	10,743,566	8.6
Lone Star Fund VII	7,688,990	597,187	1,176,961	542,817	477,050	224,652	630,883	7,449,680	48.6
Lone Star Real Estate Fund II	8,327,712	1,731,465	0	1,506,759	54,445	87,226	344,424	8,864,061	54.1
Lowe Hospitality Investment Partners	1,297,089	0	375,860	0	35,147	3,742	363,949	1,316,583	47.0
MacFarlane Urban Real Estate Fund II	17,854,739	0	0	0	1,018,697	124,083	-5,739,885	13,009,468	0.0
Mesa West Real Estate Income Fund II	14,864,090	0	191,759	1,853,568	572,407	32,385	-445,396	12,913,389	0.0
Prologis Japan Fund	2,009,782	0	1,724,490	0	-1,514	2,030	-116,955	164,793	0.0
Southern California Smart Growth Fund	3,002,513	19,604	0	19,604	167,603	19,604	0	3,150,512	0.0
Stockbridge Real Estate Fund II	9,151,803	0	0	0	-8,346	40,124	1,649,318	10,752,651	44.0
The Buchanan Fund III	76,647	0	0	0	-5,165	0	-3,100	68,382	0.0
The Buchanan Fund V	12,737,643	0	0	1,818,165	602,285	34,145	702,826	12,190,444	57.0
Torchlight Debt Opportunity Fund II	14,676,703	0	0	0	181,861	30,716	645,618	15,473,466	0.0
Torchlight Debt Opportunity Fund III	17,042,574	0	7,643,245	0	657,138	1,560,067	2,751,875	11,248,275	0.0
Torchlight Debt Opportunity Fund IV	14,679,573	-4,893,500	0	0	345,981	76,637	147,554	10,202,971	0.0
Tuckerman Group Residential Income & Value Added Fund	15,943,809	0	577,682	1,577,022	176,718	56,085	4,027,426	17,937,164	60.4
Tuckerman Multi-Family Development Fund III	47,029	0	44,815	0	-2,213	0	0	1	0.0
UrbanAmerica II	4,179,383	0	0	0	19,689	22,714	-384,860	3,791,498	80.5
Walton Street Real Estate Fund V	14,057,306	0	0	0	154,509	45,500	215,555	14,381,870	47.8
Walton Street Real Estate Fund VI	22,963,911	0	0	0	137,245	80,699	972,185	23,992,641	41.2
Westbrook Real Estate Fund III	576,590	0	0	547,696	-2,870	0	5,996	32,020	0.0
Opportunistic Portfolio	355,238,414	1,238,566	16,213,402	13,056,810	7,112,411	3,102,766	13,343,627	344,560,039	41.7
Total Real Estate Portfolio									
LACERS	710,309,454	18,813,036	29,925,194	13,681,895	17,967,587	4,537,954	23,055,808	721,891,395	35.0

Fourth Quarter 2013

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Core Portfolio						
	<i>See footnote (1) below</i>					
CIM VI (Urban REIT), LLC	62.8	19.8	-	13.3	-	4.2
INVESCO Core Real Estate	30.7	33.3	16.5	19.5	-	-
JP Morgan Strategic Property Fund	24.3	46.9	8.6	19.1	-	1.2
Core Portfolio	28.2	44.6	10.0	14.8	1.8	0.6
Timber Portfolio						
Hancock ForesTree V	-	-	-	-	-	-
Hancock Timberland XI	-	-	-	-	-	100.0
Timber Portfolio	-	-	-	-	-	100.0
Value Add Portfolio						
Almanac Realty Securities VI	38.8	53.3	-	6.0	-	1.9
CBRE Strategic Partners III	-	-	-	-	-	-
CBRE Strategic Partners IV	-	20.0	-	-	-	80.0
CBRE Strategic Partners U.S. Value V	-	-	-	-	-	-
Cornerstone Enhanced Mortgage Fund I	8.8	24.4	-	10.3	56.5	-
DRA Growth and Income Fund VII	29.6	22.2	31.6	16.6	-	-
Heitman Value Partners	-	-	87.9	12.1	-	-
JP Morgan Alternative Property Fund	-	-	-	-	44.5	55.5
Mesa West Real Estate Income Fund III	14.7	50.9	6.1	8.5	19.8	-
Next Block Medical Fund	-	-	-	-	-	-
PRISA II	18.0	40.0	-	17.0	6.1	18.9
Realty Associates Fund IX	22.2	39.3	34.7	3.8	-	-
RREEF America REIT III - 1410	9.3	30.2	3.5	11.1	-	45.9
TA Fund VII	-	61.2	37.2	1.7	-	-
Urdang Value Added Fund II	36.8	50.2	3.7	3.4	-	5.8
Value Add Portfolio	19.0	36.8	19.1	7.2	11.5	6.4
Opportunistic Portfolio						
Apollo CPI Europe I	44.0	14.0	0.9	41.1	-	-
Bristol Value II, L.P.	-	50.6	47.4	-	-	2.0
Bryanston Retail Opportunity Fund	-	-	-	100.0	-	-
California Smart Growth Fund IV	30.0	-	9.9	3.8	34.8	21.5
Canyon Johnson Urban Fund II	7.4	-	-	23.1	44.0	25.5
CBRE Strategic Partners UK Fund III	-	18.0	39.1	12.5	-	30.4
CIM Real Estate Fund III	4.4	14.7	-	13.6	10.9	56.4
CityView LA Urban Land Fund I	100.0	-	-	-	-	-
Colony Investors VIII	-	-	0.1	10.5	28.8	60.5
DJL Real Estate Capital Partners II	5.3	-	-	0.3	65.8	28.6
DJL Real Estate Capital Partners IV	20.9	8.4	4.0	-	9.9	56.7
DRA Growth and Income Fund VI	48.7	33.6	6.0	11.7	-	-
Genesis Workforce Housing Fund II	100.0	-	-	-	-	-
Integrated Capital Hospitality Fund	-	-	-	-	100.0	-
LaSalle Asia Fund II	100.0	-	-	-	-	-
Latin America Investors III	-	5.2	-	-	-	94.8
Lone Star Fund VII	-	-	-	-	-	100.0
Lone Star Real Estate Fund II	-	0.7	-	-	-	99.3
Lowe Hospitality Investment Partners	-	-	-	-	100.0	-
MacFarlane Urban Real Estate Fund II	47.7	34.1	-	1.9	11.7	4.5
Mesa West Real Estate Income Fund II	15.9	47.3	4.9	16.3	15.6	-
Prologis Japan Fund	-	-	-	-	-	-
Southern California Smart Growth Fund	-	33.2	-	-	-	66.8
Stockbridge Real Estate Fund II	-	45.2	-	-	-	54.8
The Buchanan Fund III	100.0	-	-	-	-	-
The Buchanan Fund V	41.4	20.5	16.4	21.7	-	-
Torchlight Debt Opportunity Fund II	10.1	58.7	2.1	17.0	2.7	9.3
Torchlight Debt Opportunity Fund III	12.6	31.6	1.5	25.8	18.0	10.5
Torchlight Debt Opportunity Fund IV	57.8	16.1	4.2	8.5	13.2	0.2
Tuckerman Group Residential Income & Value Added Fund	100.0	-	-	-	-	-
Tuckerman Multi-Family Development Fund III	-	-	-	-	-	-
UrbanAmerica II	-	48.3	-	-	51.7	-
Walton Street Real Estate Fund V	-	18.1	-	0.9	25.7	55.3
Walton Street Real Estate Fund VI	2.4	17.3	0.6	12.3	15.3	52.0
Westbrook Real Estate Fund III	-	-	-	-	-	100.0
Opportunistic Portfolio	30.6	17.1	3.1	7.6	12.0	29.6
Total Portfolio						
LACERS	27.5	28.4	7.8	9.6	8.7	18.0
Indices						
NCREIF Property Index	24.9	35.9	13.6	23.4	2.2	-
NFI-ODCE	25.5	36.3	14.8	18.6	2.2	2.7

(1) Diversification of all holdings are aggregated and included at the Portfolio level.

Real Estate Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
Core Portfolio										
			<i>See footnote (1) below</i>							
CIM VI (Urban REIT), LLC	33.3	15.5	-	-	-	33.0	-	18.3	-	-
INVESCO Core Real Estate	24.2	11.2	1.4	1.7	2.6	15.0	6.6	37.3	-	-
JP Morgan Strategic Property Fund	20.4	10.4	4.3	0.1	11.1	14.9	3.6	35.2	-	-
Core Portfolio	20.4	17.4	1.5	0.9	3.3	14.7	4.0	37.8	-	-
Timber Portfolio										
Hancock ForesTree V	-	-	-	-	-	-	-	-	-	-
Hancock Timberland XI	-	-	-	-	-	-	-	-	-	-
Timber Portfolio	-	-	-	-	-	-	-	-	-	-
Value Add Portfolio										
Almanac Realty Securities VI	1.0	5.1	13.1	4.5	6.9	22.2	14.8	32.4	-	-
CBRE Strategic Partners III	-	-	-	-	-	-	-	-	-	-
CBRE Strategic Partners IV	-	-	-	-	100.0	-	-	-	-	-
CBRE Strategic Partners U.S. Value V	-	-	-	-	-	-	-	-	-	-
Cornerstone Enhanced Mortgage Fund I	47.1	17.2	7.3	-	-	15.0	7.2	6.2	-	-
DRA Growth and Income Fund VII	-	9.5	4.2	9.3	23.9	21.9	8.1	23.0	-	-
Heitman Value Partners	-	-	-	-	12.1	-	-	87.9	-	-
JP Morgan Alternative Property Fund	46.3	-	-	-	53.7	-	-	-	-	-
Mesa West Real Estate Income Fund III	29.8	-	6.1	4.3	-	12.6	15.1	32.1	-	-
Next Block Medical Fund	-	-	-	-	-	-	-	-	-	-
PRISA II	26.5	10.2	5.6	-	13.1	5.0	2.4	37.2	-	-
Realty Associates Fund IX	7.3	11.9	12.9	3.0	18.2	15.0	4.0	27.7	-	-
RREEF America REIT III - 1410	14.4	-	-	1.2	22.7	29.1	2.9	29.6	-	-
TA Fund VII	3.2	10.1	22.9	1.4	15.8	4.3	-	42.3	-	-
Urdang Value Added Fund II	5.7	7.8	-	-	-	63.7	0.5	22.2	-	-
Value Add Portfolio	13.0	9.4	8.9	3.2	16.2	20.5	5.5	23.3	0.0	0.0
Opportunistic Portfolio										
Apollo CPI Europe I	-	-	-	-	-	-	-	-	-	100.0
Bristol Value II, L.P.	-	-	-	-	100.0	-	-	-	-	-
Bryanston Retail Opportunity Fund	0.2	0.1	21.4	0.3	4.5	24.7	29.0	19.9	-	-
California Smart Growth Fund IV	-	-	-	-	-	-	11.9	88.1	-	-
Canyon Johnson Urban Fund II	9.7	51.4	-	-	1.5	37.3	-	-	-	-
CBRE Strategic Partners UK Fund III	-	-	-	-	-	-	-	-	-	100.0
CIM Real Estate Fund III	66.3	-	3.5	-	7.2	1.6	10.0	10.6	-	0.8
CityView LA Urban Land Fund I	-	-	-	-	-	-	-	100.0	-	-
Colony Investors VIII	1.2	-	-	-	0.1	3.9	-	12.6	3.7	78.7
DLJ Real Estate Capital Partners II	29.6	-	-	-	41.5	-	-	15.6	-	13.3
DLJ Real Estate Capital Partners IV	27.5	19.3	0.3	-	-	1.6	0.2	18.6	-	32.5
DRA Growth and Income Fund VI	23.1	21.6	3.5	0.9	21.2	13.6	6.8	9.3	-	-
Genesis Workforce Housing Fund II	-	-	-	-	-	-	-	100.0	-	-
Integrated Capital Hospitality Fund	26.3	31.6	-	-	-	42.1	-	-	-	-
LaSalle Asia Fund II	-	-	-	-	-	-	-	-	-	100.0
Latin America Investors III	-	-	-	-	-	-	-	-	-	100.0
Lone Star Fund VII	-	-	-	-	-	-	-	-	81.6	18.4
Lone Star Real Estate Fund II	-	-	-	-	-	-	-	-	13.7	86.3
Lowe Hospitality Investment Partners	33.1	-	-	-	35.0	-	-	31.8	-	-
MacFarlane Urban Real Estate Fund II	-	99.0	-	-	-	-	-	1	-	-
Mesa West Real Estate Income Fund II	28.1	35	-	-	-	18.4	10.3	8.2	-	-
Prologis Japan Fund	-	-	-	-	-	-	-	-	-	-
Southern California Smart Growth Fund	-	-	-	-	-	-	-	100.0	-	-
Stockbridge Real Estate Fund II	-	-	-	-	-	-	0.7	99.3	-	-
The Buchanan Fund III	-	-	-	-	-	-	100.0	-	-	-
The Buchanan Fund V	-	-	9.9	-	4.3	48.1	35.0	2.7	-	-
Torchlight Debt Opportunity Fund II	-	-	-	-	-	-	-	-	-	-
Torchlight Debt Opportunity Fund III	-	-	-	-	-	-	-	-	-	-
Torchlight Debt Opportunity Fund IV	-	-	-	-	-	-	-	-	-	-
Tuckerman Group Residential Income & Value Added Fund	69.4	-	-	-	-	-	-	30.6	-	-
Tuckerman Multi-Family Development Fund III	-	-	-	-	-	-	-	-	-	-
UrbanAmerica II	-	12.7	-	-	43.6	10.0	4.1	29.6	-	-
Walton Street Real Estate Fund V	-	22.8	3.9	2.0	16.3	6.2	21.2	13.0	-	14.6
Walton Street Real Estate Fund VI	24.1	9.3	3.0	-	4.4	7.0	16.0	33.3	-	2.8
Westbrook Real Estate Fund III	-	-	-	-	-	-	2.8	97.2	-	-
Opportunistic Portfolio	16.2	15.8	1.3	0.1	5.1	5.6	5.5	28.8	3.0	18.5
Total Portfolio										
LACERS	17.0	15.2	2.7	0.9	6.5	11.2	5.0	30.7	1.5	9.2
Indices										
NCREIF Property Index	20.9	13.9	7.3	1.7	10.2	10.9	5.7	29.4	0.0	0.0
NFI-ODCE	21.4	12.6	7.5	1.6	8.6	10.2	5.0	33.1	0.0	0.0

(1) Diversification of all holdings are aggregated and included at the Portfolio level.

Category	Title	Definition
CASH	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
	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.
	Ending Market Value	Sum of the beginning market value + contributions – distributions – withdrawals for the quarter.
	Fees	Fees represent investment management advisory and incentive fees, including promote. To the extent fees are paid outside the fund, a deemed contribution and fee expense is typically recorded to capture the impact of fees in the net of fee returns.
	Income	Net operating income net of debt service before deduction of capital items (e.g., roof replacement, renovations, etc.).
	Leverage (LTV)	Total Leverage, including off-balance sheet. Generally calculated as total debt divided by total assets.
	Unfunded Commitments	Capital allocated to managers which remains to be called for investment. Amounts are as reported by managers.
	Withdrawals	Cash returned from the investment, representing returns of capital or net sales proceeds.

Category	Title	Definition
GENERAL	Annual and Annualized Returns	Computed by chain linking quarterly rates of return to calculate time-weighted rates of return for the annual and annualized periods under study. For periods over one year, returns are expressed on a return-per-year basis.
	Core	A Core fund is one that includes a preponderance of Core attributes. As a whole, the fund will have low lease exposure and low leverage. A low percentage of non-core assets is acceptable. As a result, such funds should achieve relatively high income returns and exhibit relatively low volatility. Please refer to NCREIF's Portfolio Management Committee's whitepaper, "Real Estate Investment Styles: Trends from the Catwalk" at www.NCREIF.org for more details.
	Internal Rate of Return (IRR)	The Internal Rate of Return (IRR) is the annualized implied discount rate (effective compounded rate) that equates the present value of all the appropriate cash inflows (Paid-in Capital, such as drawdowns for net investments) associated with an investment with the sum of the present value of all the appropriate cash outflows (such as Distributions) accruing from it and the present value of the unrealized residual fund (unliquidated holdings). For an interim cumulative return measurement, any IRR depends on the valuation of the residual assets. The IRR is affected by both the timing and amount of cash flows.
	National Council of Real Estate Investment Fiduciaries ("NCREIF ")	An organization which, among other things, maintains an index of real estate performance including data on five major property categories. NCREIF also utilizes four major geographic categories (each with subcategories) that are accepted and utilized by institutions for portfolio planning purposes and for tracking performance.
	National Council of Real Estate Investment Fiduciaries Property Index ("NPI").	The NPI is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors - the great majority being pension funds. As such, all properties are held in a fiduciary environment.

Category	Title	Definition
	NCREIF/Townsend Fund Level Indices	<p>The Indices are jointly produced by NCREIF and The Townsend Group ("Townsend"). The NCREIF/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 both in a time-weighted format and vintage-year descriptive statistics.</p>
	NCREIF Fund Index Open End Diversified Core Equity ("ODCE")	<p>A sub index of core, that includes only 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.</p>
	Opportunistic	<p>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 for more details.</p>
	Value Add	<p>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 for more details.</p>

Category	Title	Definition
FUNDING STATUS	Allocation	Amount of capital allocated to the asset class.
	Capital Returned	Sum of distributions and withdrawals.
	Commitment Amount	Amount committed to the investment. Total Commitment amount may differ from Total Funded + Total Unfunded Amounts due to a reinvestment of capital during the investment period, reallocations of interest before the final close, offering costs, fees paid outside of the client commitment and commitments set aside for reserves.
	Funded Amount	Amount of capital contributed to the investment.
	Investment Vintage Year	The year that the closed-end fund first draws or calls capital from its investors and makes substantial investments in real estate. In the case of an open-end fund, it is the year in which the investor has entered into the investment.
	Remaining Allocation	Amount of capital that can fund before the target allocation is reached.
	Unfunded Commitments	Amount of capital that has been committed to investments, but is yet to be funded.

Category	Title	Definition
RETURNS	Capital Appreciation Return ("APP")	The change in market value adjusted for any capital improvements or partial sales for the quarter. (Ending Market Value - Beginning Market Value) + Partial Sales - Capital Improvements / Beginning Market Value + 1/2 Capital Improvements - 1/2 Partial Sales - 1/3 NOI
	Inception Returns	The total 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.
	Income Return ("INC")	The portion of total return attributable to each property's net operating income or NOI. It is computed by dividing NOI by the average quarterly investment for the quarter. NOI / Beginning Market Value + 1/2 Capital Improvements - 1/2 Partial Sales - 1/3 NOI
	Investment Multiple, Net (Equity Multiple)	The ratio of Total Value to Paid-in-Capital (TVPIC). It represents the Total Return of the investment to the original investment not taking into consideration the time invested. Total Value is computed by adding the Residual Value and Distributions. It is calculated net of all investment advisory and incentive fees and promote.
	Net IRR	IRR after advisory fees, incentive and promote. This includes actual cash flows and a reversion representing the LP Net Assets at market value as of the period end reporting date.
	Time-weighted Return (TWR)	The time-weighted return measure is an investment performance measure that excludes the effects of external cash flows (investor contributions and distributions) from the calculation. The industry standard for approximating the true return for the period is the Modified Dietz Method which calculates an average invested capital for the period as the beginning net assets adjusted by weighting all external cash flows based on the amount of time they are held in the investment or fund using the actual dates of such cash flows. Individual period returns are geometrically linked (compounded) to derive multi-period annualized returns. Each individual period return counts the same weight regardless of how much money is invested.
	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

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 directly¹ from the investment managers via a secure data collection site.

¹In 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.

GEOGRAPHIC REGIONS and DIVISIONS

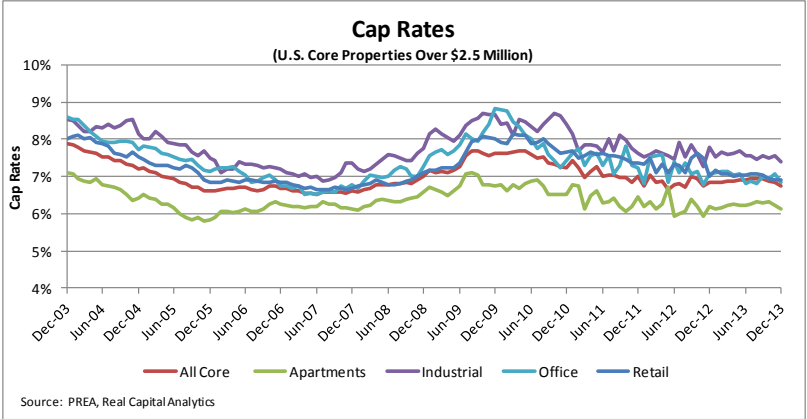


Real Estate Market Update: Fourth Quarter 2013

United States Real Estate Market Update (4Q13)

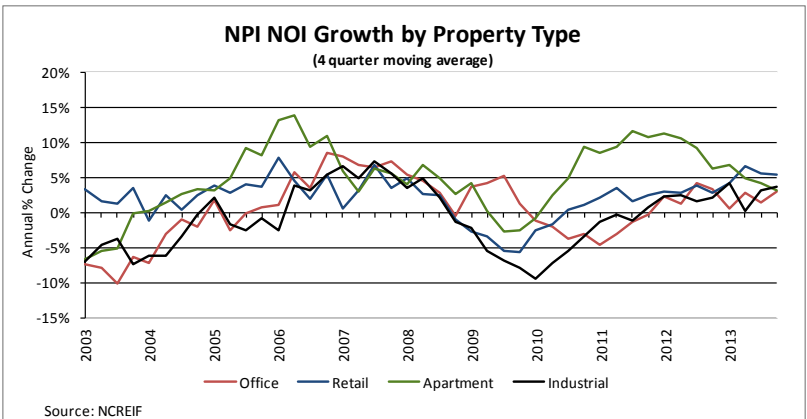
General

- Real GDP grew by 3.7% in the last six months of 2013, the strongest rate of growth in almost two years.
- Employment gains are driving the economy forward with 2.9 million jobs created in 2013, bringing the unemployment rate to 6.7%.
- Both consumer and business balance sheets are at near-record health with consumer credit surging in December (up 7.5% annualized) suggesting renewed consumer optimism.
- The debt ceiling debate remains an unknown risk, although the federal budget deal was passed and signed in December.



Commercial Real Estate

- Higher business confidence in the economic outlook suggests the absorption of real estate space will continue to improve in 2014.
- In general, commercial property values should be able to absorb increases in interest rates as the economy grows and underlying NOI fundamentals continue to improve.
- Supply pipelines are rebuilding in select markets with better demand and rental growth prospects, but still well below historical averages.
- Private real estate values for prime assets have fully recovered and are now, on average, slightly above peak 2007 levels.
- Non-core asset valuations generally have not recovered with the same strength creating a large discrepancy between valuations of high quality assets with secure income streams and secondary assets.



United States Property Matrix (4Q13)

INDUSTRIAL	MULTIFAMILY
<ul style="list-style-type: none"> • Vacancy is tightening rapidly, falling another 50 bps during 2013 to finish the year at 8.2%. • Average asking rents rose 3.3% from a year ago, but are still 9.2% below their peak in 2007. • Demand continues to be submarket specific with approximately 34.8 msf absorbed in 4Q13. • In total, the industrial sector absorbed 121.3 msf in 2013 – the strongest reading since 1998. • By year end, there was 71.1 msf of new industrial space under construction, up 85% compared to a year ago. • Landlords lifted rents for the twelfth consecutive quarter in 4Q13, increasing 0.4% over the past three months and 3.5% in the past 12 months. 	<ul style="list-style-type: none"> • Vacancy rates fell another 10 bps during 4Q13 to 4.1% as strong demand for apartments outstripped an increase in new supply. • Developers completed 186,000 multifamily units in 2013, up from 158,000 in 2012 but still well below the 280,000 units delivered annually from 1997-2008. • Affordability remains a risk as incomes to rent are reaching low points across a majority of markets, although may decelerate as new supply emerges. • Net absorption of apartment units was 19.8% higher in the fourth quarter of 2013 than the same period last year. • Rents grew a healthy 3.1% during 2013, on par with historical averages.
OFFICE	RETAIL
<ul style="list-style-type: none"> • Office vacancy rates dropped 20 bps during 4Q13 to 15.1% and is now 220 bps lower than its recessionary-peak of 17.3%. • In the fourth quarter, the U.S. office market absorbed 15.6 msf bringing the total during 2013 to 51.6 msf and slightly above the 50.1 msf absorbed in 2012. • 2013 was a strong year for price appreciation, with CBD asset values growing by 13% and suburban assets increasing by 7% compared to the previous year. • New supply remains minimal with just 33.3 million square feet of new office buildings delivered in 2013. • In the fourth quarter, average asking rents increased 10 cents psf from 3Q13 bringing total rent appreciation to 1.5% during 2013. 	<ul style="list-style-type: none"> • Retail vacancy rates finished 2013 at 10.4%, down 30 bps from 2012 as continued improvement in the housing market is driving demand for retail space. • Supply remains minimal with expectations for further vacancy declines and accelerating rental growth. • A bifurcation in the retail sector remains as low-productivity mall values remain well below previous peak levels and may never fully recover. • NOI growth is expected to rely more on re-leasing spreads than occupancy gains. • Structural shifts in the retail industry with the continued emergence of e-commerce remains a risk to the sector.

Global Real Estate Market Update (4Q13)

General

- 4Q13 experienced transaction volumes of \$197 billion, 41% higher than 3Q13 and up 20% from 4Q12 as exhibited in the adjacent chart.
- The global economy continues to improve as GDP accelerates and higher business confidence encourages corporations to spend again.
- Strong competition for a limited supply of core assets is forcing investors up the risk spectrum into non-core assets and secondary markets.
- The real estate investment market is being supported by a recovery in the debt markets as demonstrated by CMBS issuance up 78% in 2013 to \$86 billion.

Europe

- 4Q13 volumes of \$72 billion are well ahead of the final quarter of 2012 with all three prior quarters exceeding their 2012 equivalents.
- The wide spread of activity across the continent has raised fears that volumes in London, Paris and German cities may contract, although demand for core assets remains strong.
- The regional vacancy rate has remained at 9.7% for a fourth consecutive quarter.

Asia

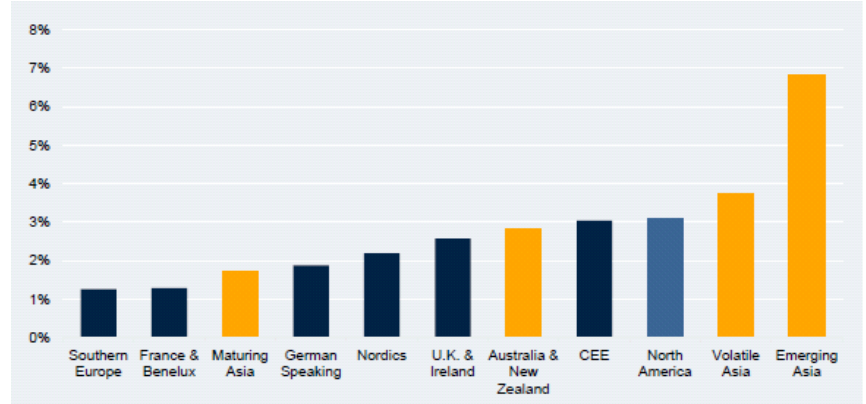
- The Asia Pacific region saw a healthy 24% rise in transaction volumes from the prior quarter, up a strong 39% from the same period in 2012.
- Asia Pacific is now the first region to have surpassed volumes reached during the peak of the last cycle.
- Although Emerging Asia has seen a recent deceleration, the region is likely to recover as global growth accelerates.

Direct Commercial Real Estate Volumes, 2013

\$ US Billions	Q4 13		% Change		Q4 12 - 2012		% Change	
	Q3 13	Q4 13	Q3 13 - Q4 13	Q4 12	Q4 13	2012	2013	2012 - 2013
Americas	63	88	40%	75	18%	204	241	18%
EMEA	47	72	53%	61	18%	161	195	21%
Asia Pacific	30	37	23%	27	39%	98	127	30%
Total	140	197	41%	163	20%	463	563	22%

Source: Jones Lang LaSalle

Average GDP Growth 2014-2018



Source: Oxford Economics. As of September 2013.