



**TOWNSEND<sup>®</sup>**  
GROUP

an Aon company

Real Estate Portfolio

# Performance Review

FOURTH QUARTER 2017



## Portfolio Funding Status

- The following slides provide a review of key information pertaining to the Los Angeles City Employees' Retirement System ("LACERS") Real Estate Portfolio (the "Portfolio") through December 31, 2017. A detailed performance report is also provided as **Exhibit A**.
- The System is above its 5.0% target to Real Estate as of year-end.

	Market Value (\$ millions)*	% LACERS Plan*
<b>LACERS Total Plan Assets</b>	17,237	
<b>Real Estate Target</b>	862	5.0%
RE Market Value:		
Core	530	
Non-Core	264	
Timber	21	
<b>Total RE Market Value</b>	814	4.7%
Unfunded Commitments	117	0.7%
<b>RE Market Value &amp; Unfunded Commitments</b>	931	5.4%
<b>Remaining Allocation</b>	(70)	(0.4%)

\*Figures may not add due to rounding.

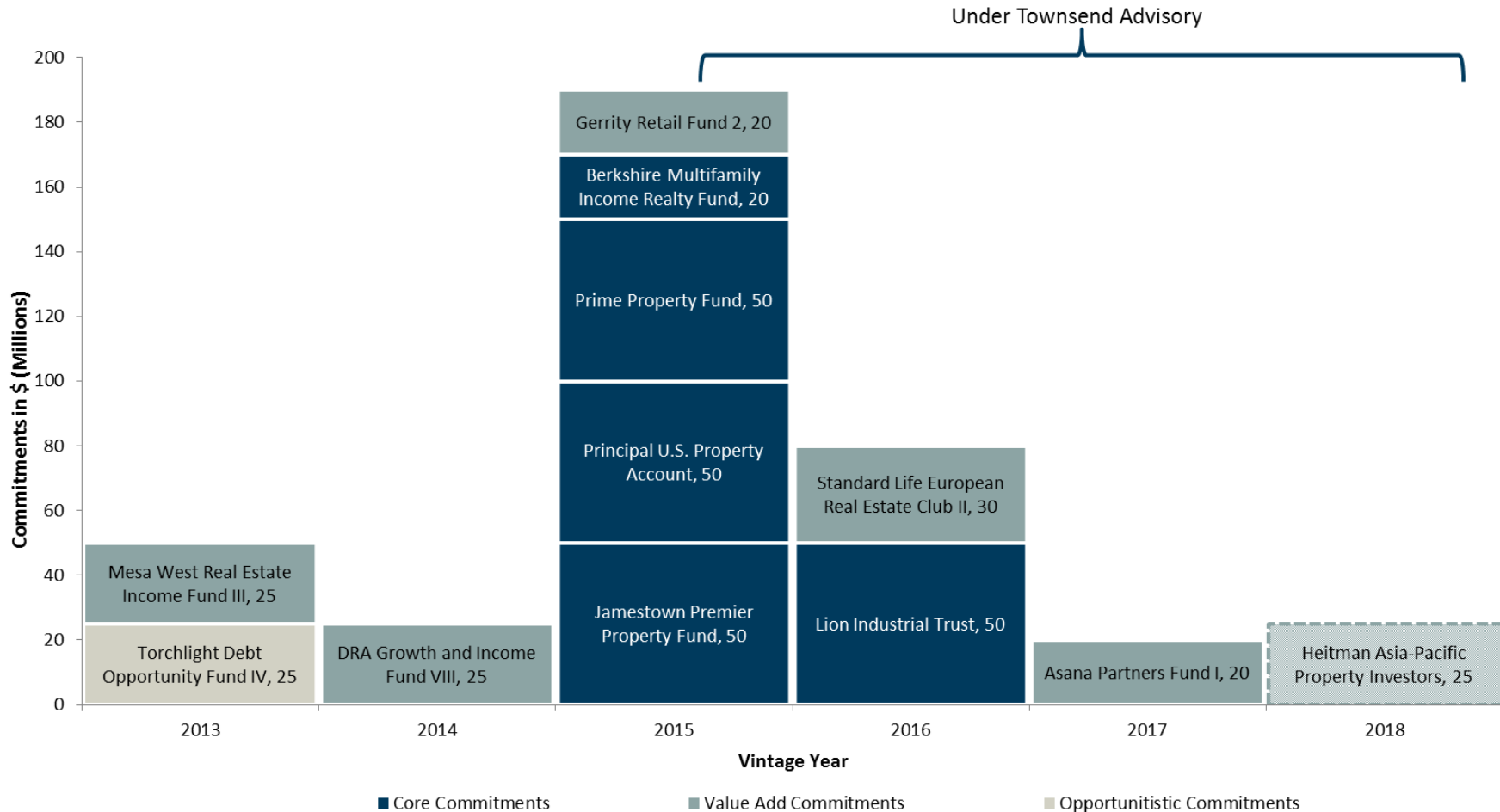
## Real Estate Portfolio Composition

	<i>Strategic Targets</i>		<i>Portfolio Composition (12/31/2017)*</i>	
	<b>Target Allocation</b>	<b>Tactical Range</b>	<b>Market Value</b>	<b>Market Value &amp; Unfunded Commitments</b>
<b>Core</b>	<b>60%</b>	<b>40% - 80%</b>	<b>65.1%</b>	<b>56.9%</b>
<b>Non-Core</b>	<b>40%</b>	<b>20% - 60%</b>	<b>32.4%</b>	<b>40.9%</b>
<i>Value Add Portfolio</i>	<i>N/A</i>	<i>N/A</i>	<i>14.7%</i>	<i>21.8%</i>
<i>Opportunistic Portfolio</i>	<i>N/A</i>	<i>N/A</i>	<i>17.6%</i>	<i>19.1%</i>
<b>Timber</b>	<b>N/A</b>	<b>N/A</b>	<b>2.6%</b>	<b>2.2%</b>

- In May 2014, the Board approved the strategic targets displayed above in order to reflect a more conservative risk profile going-forward. At the time, the Portfolio had 30% exposure to Core and 70% exposure to Non-Core.
- Since that time, and in an effort to transition the Portfolio, the LACERS Board has approved \$220 million in Core commitments, which have all been funded to date.
- The LACERS Board approved \$95 million in Non-Core investments since 2014. These investments focused on Value Add strategies with pre-specified portfolios, embedded value and/or an element of current income.
- On a funded and committed basis, the LACERS Core and Non-Core allocations are in line with the strategic targets.
- The Core Portfolio utilizes 26.6% leverage, measured on a loan-to-value (LTV) basis, well below the 40.0% constraint.
- The Non-Core Portfolio has a 46.0% LTV ratio, well below the 75.0% constraint.

\*Figures may not add due to rounding.

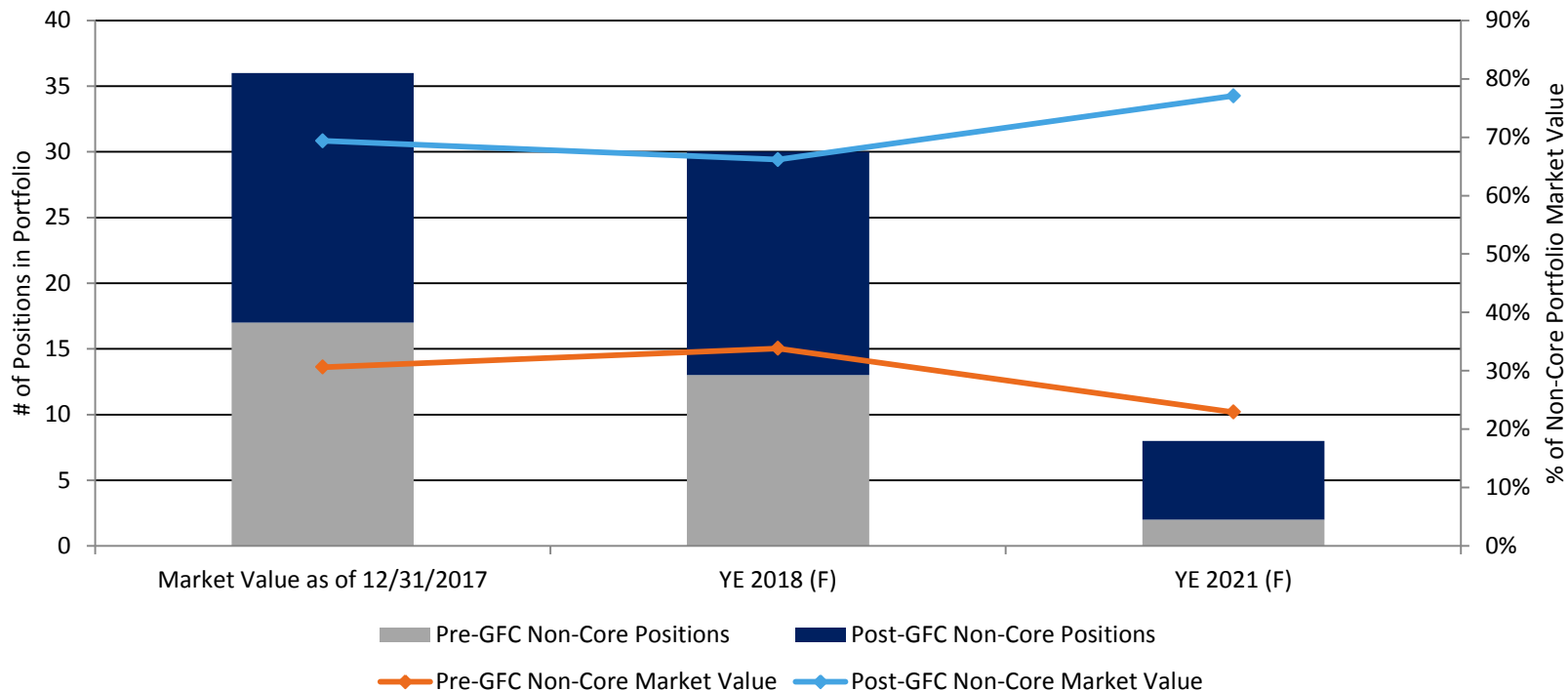
## LACERS Commitment Activity – Last Five Years



- LACERS has committed \$390 million since 2013, of which \$315 million (~80%) have been Townsend-initiated activities since 2015.
- 42% of Non-Core commitments since 2015 (Gerrity and Asana) met LACERS Emerging Manager guidelines.
- In the Core OECF space, there are currently no managers meeting these guidelines.
- Vintage year classifications are based on LACERS' first capital call (or expected capital call), though commitments may have been approved in prior years.
- Heitman Asia-Pacific Property Investors was approved in 2017, but had not called any capital as of December 31, 2017.

## Projected Non-Core Liquidations

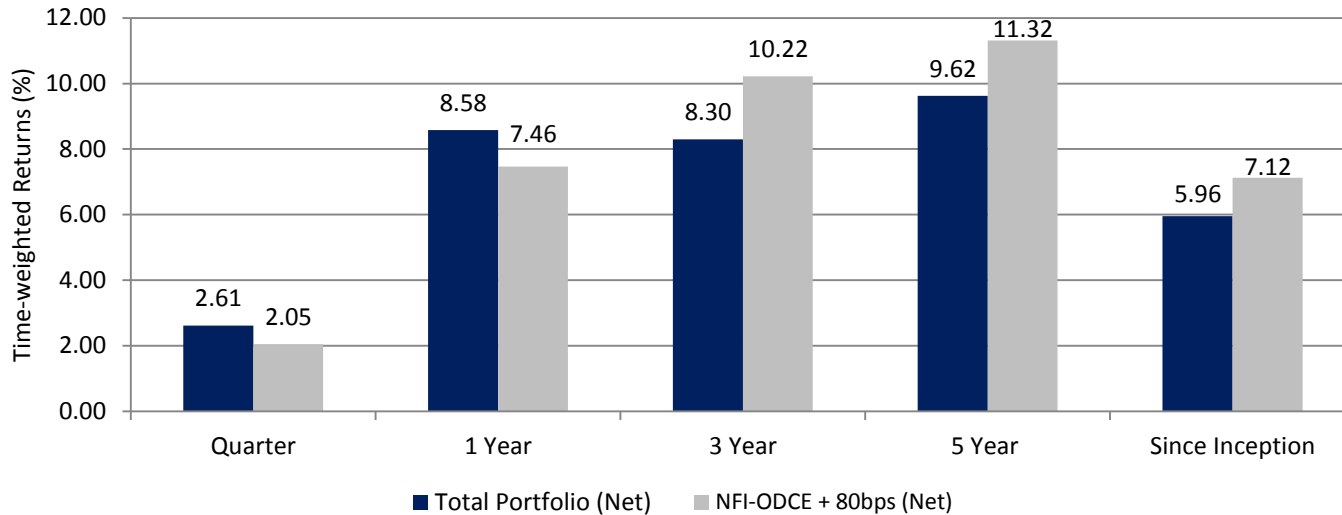
Non-Core Investments - Pre-GFC vs. Post-GFC Vintage Years



- 6 out of 36 Non-Core funds are projected to liquidate through year-end 2018, and 28 through year-end 2021.
- The number of Pre-Global Financial Crisis (“Pre-GFC”) Non-Core positions is also projected to decrease significantly over the next few years. Only 13 of the Non-Core investments made before the Global Financial Crisis are projected to remain through year-end 2018 (two through year-end 2021). As of 12/31/17, there are still 17 Pre-GFC Non-Core positions in the portfolio.
- The Non-Core Portfolio, which currently consists of 31% Pre-GFC investments on a market value basis, is projected to be made up of mostly Post-GFC investments by year-end 2021 (77% of projected market value).

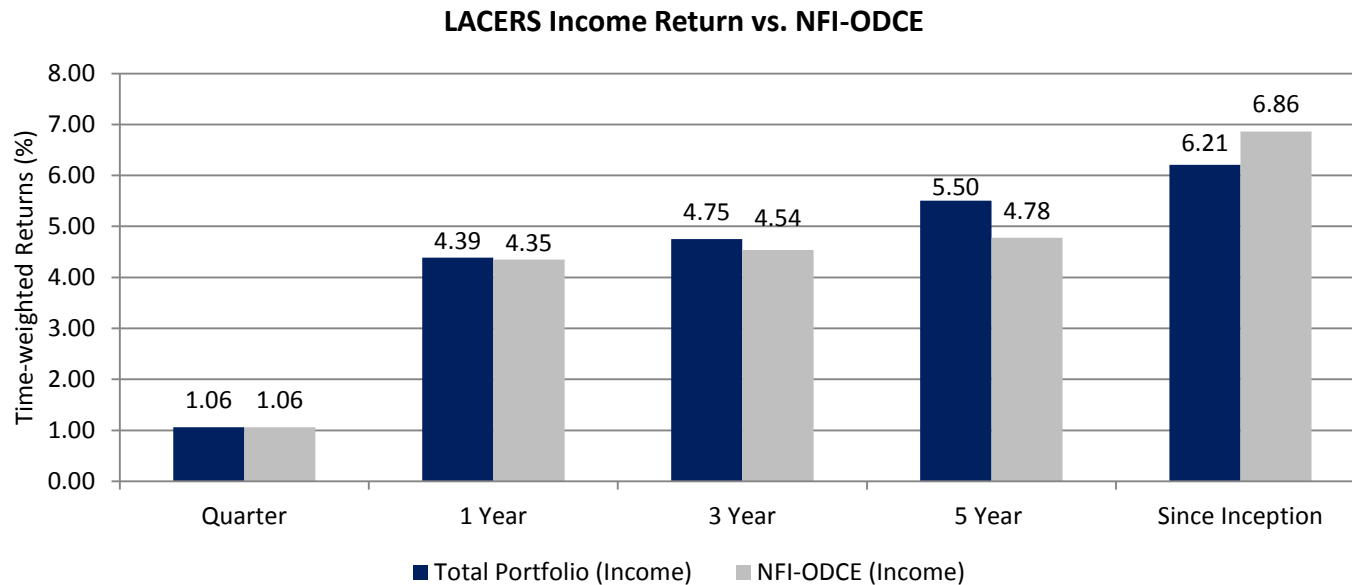
# Total Portfolio Performance

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



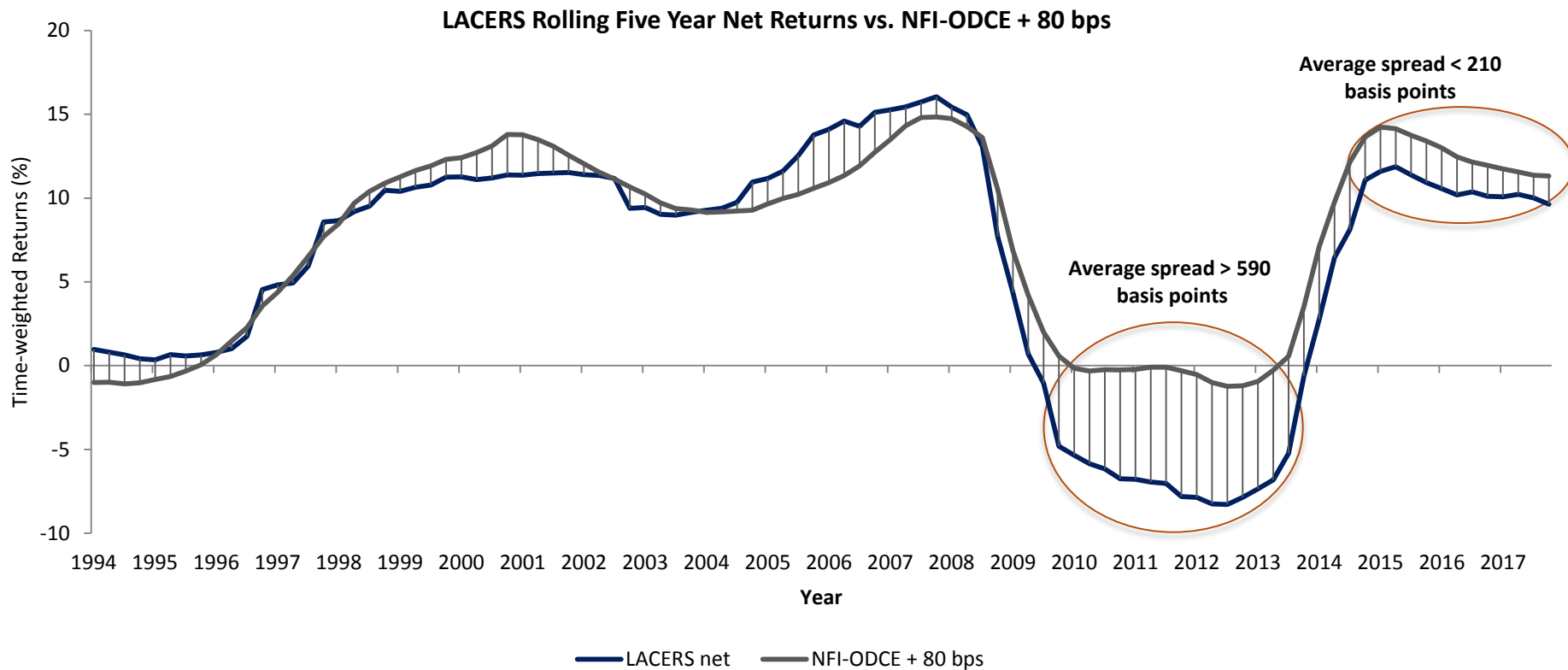
- The benchmark for the LACERS Total Real Estate Portfolio is the NFI-ODCE + 80 basis points (“bps”), measured over five year time periods, net of fees (defined below). LACERS has outperformed this benchmark over the most recent Quarter and the trailing year, but underperformed over the medium and long term, mostly due to weak performance of Non-Core legacy funds. Improving relative performance is driven by recent investment activity.
- When the LACERS benchmark was restructured in 2014, Townsend advised the Board that it could take up to five years for outperformance to begin, given the heavy concentration in Non-Core legacy funds that were expected to underperform until liquidation.
- 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 (24 active vehicles), utilizing approximately 21.3% 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.

## Total Portfolio Income Performance



- As outlined in the Real Estate Strategic Plan, a primary objective for real estate is to generate income for the LACERS program.
- Historically, real estate has generated returns comprised primarily of income.
- The income return for the LACERS Portfolio has performed in line with or above the income return of the NFI-ODCE across all time periods with the exception of the Since Inception time period. Recent outperformance on an income basis is attributable to Townsend-advised Core investments made since 2014, which are positioned to achieve a predominant portion of their returns through income.

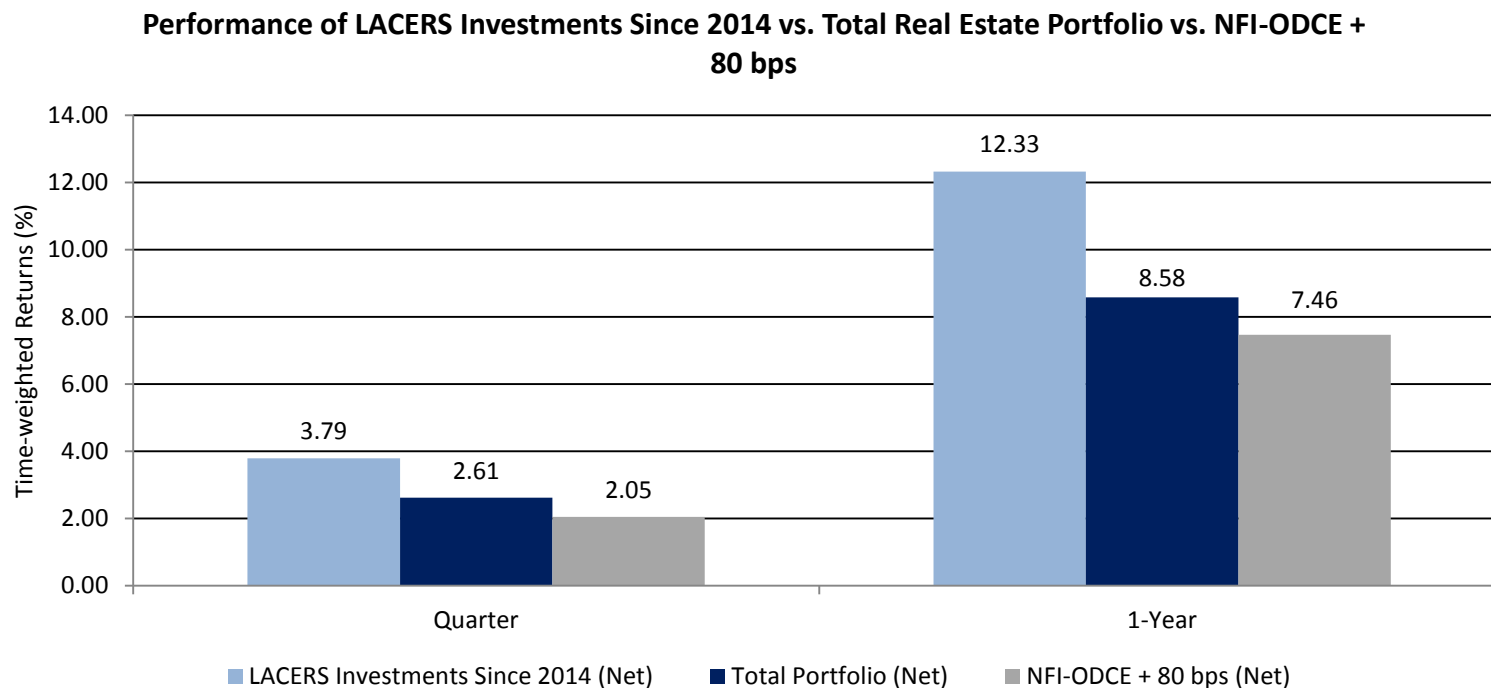
## Improving Relative Total Portfolio Performance



- The chart above displays rolling five-year time-weighted returns for the Total LACERS Portfolio, net of fees, relative to the benchmark.
- While LACERS continues to underperform the benchmark on a rolling five-year basis, performance should improve as accretive investments approved since 2014 continue to fund into the Portfolio and legacy investments fully liquidate. The number of positions in the Portfolio is projected to decline by roughly 10% through year-end 2018.
- Townsend also analyzed this performance trend by strategy within the LACERS Portfolio. The same trend existed by strategy but Core holdings tracked the benchmark closer than Non-Core strategies.



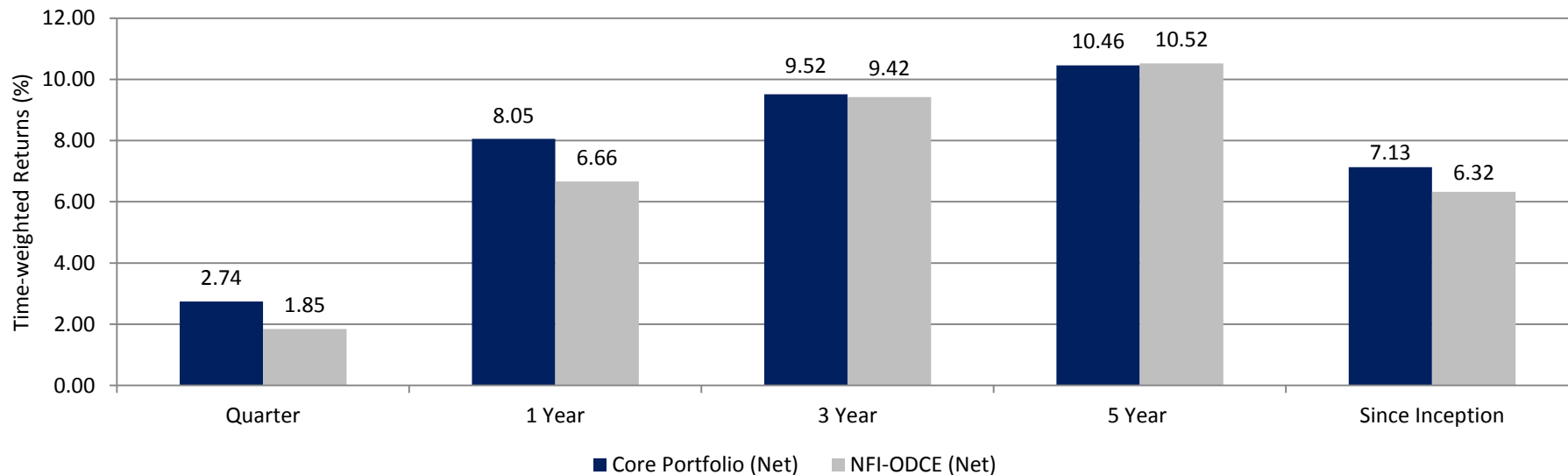
## Post-GFC Investments Accretive to Performance



- Since 2014, Townsend has recommended ten investments to LACERS staff and nine (including two emerging managers) ultimately were brought forth for Board recommendation. The first of these investments to call capital was Jamestown Premier Property Fund in 3Q15. Eight of these Townsend-advised investments have called capital to-date and are included in performance figures throughout the report. Core investments include Berkshire, Jamestown, Lion Industrial Trust, Prime, and Principal. Non-Core investments include Gerrity, Standard Life, and Asana, and Heitman Asia.
- Performance of Townsend-advised investments since 2014 exceeds performance of the Total Portfolio and the benchmark over the trailing year and these investments are expected to drive performance going forward.

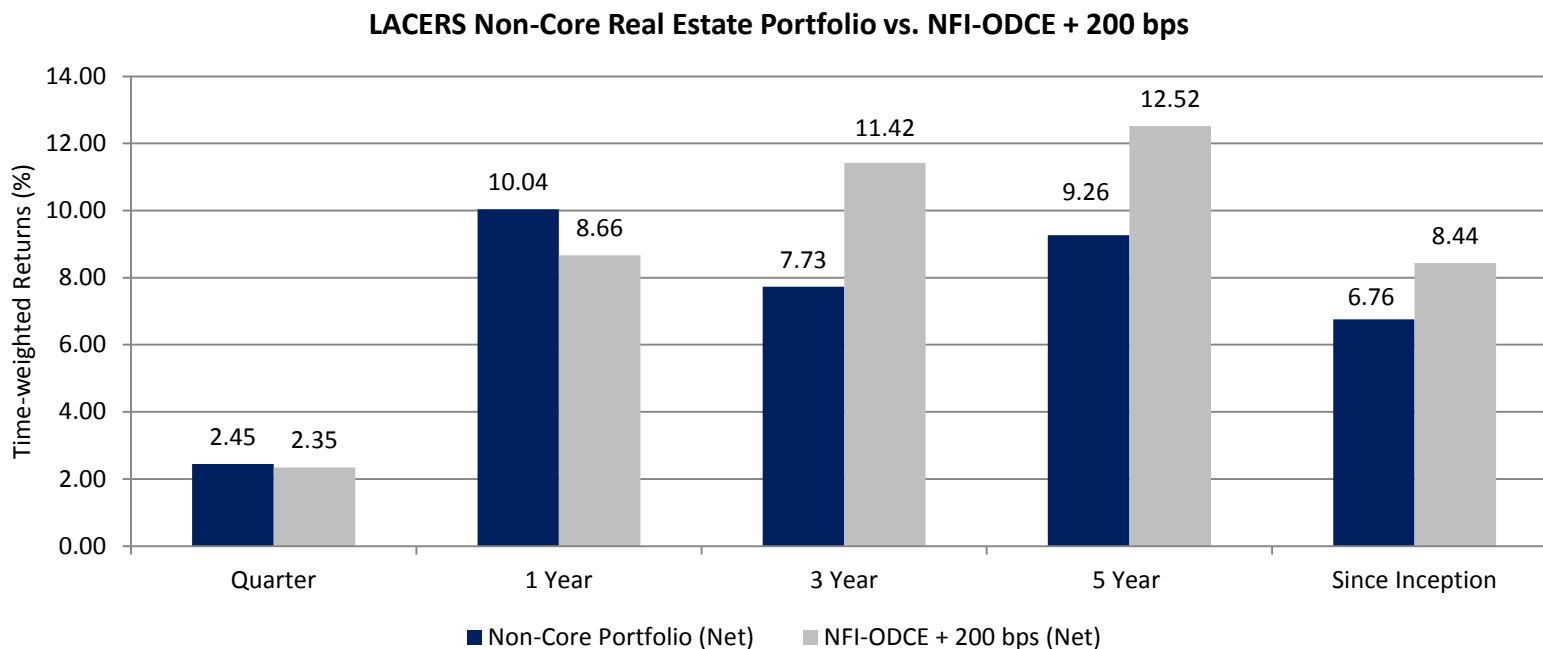
## Relative Performance by Strategy: Core

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 across all time periods except for the five-year period (underperformed by 6 basis points).
- Jamestown and CMCT were the largest contributors to Core performance over the Quarter, outperforming the NFI-ODCE by 650 bps and 400 bps respectively.
- Berkshire, CIM VI and JP Morgan Strategic Property Fund lagged the NFI-ODCE, with underperformance ranging from 20 to 70 bps.
- Townsend-advised investments approved by the LACERS Board in 2015 are positioned to outperform the NFI-ODCE with a predominant portion of return coming through income. Over the most recent Quarter, three of these investments (Jamestown, Lion Industrial Trust, and Prime Property Fund) outperformed the NFI-ODCE.

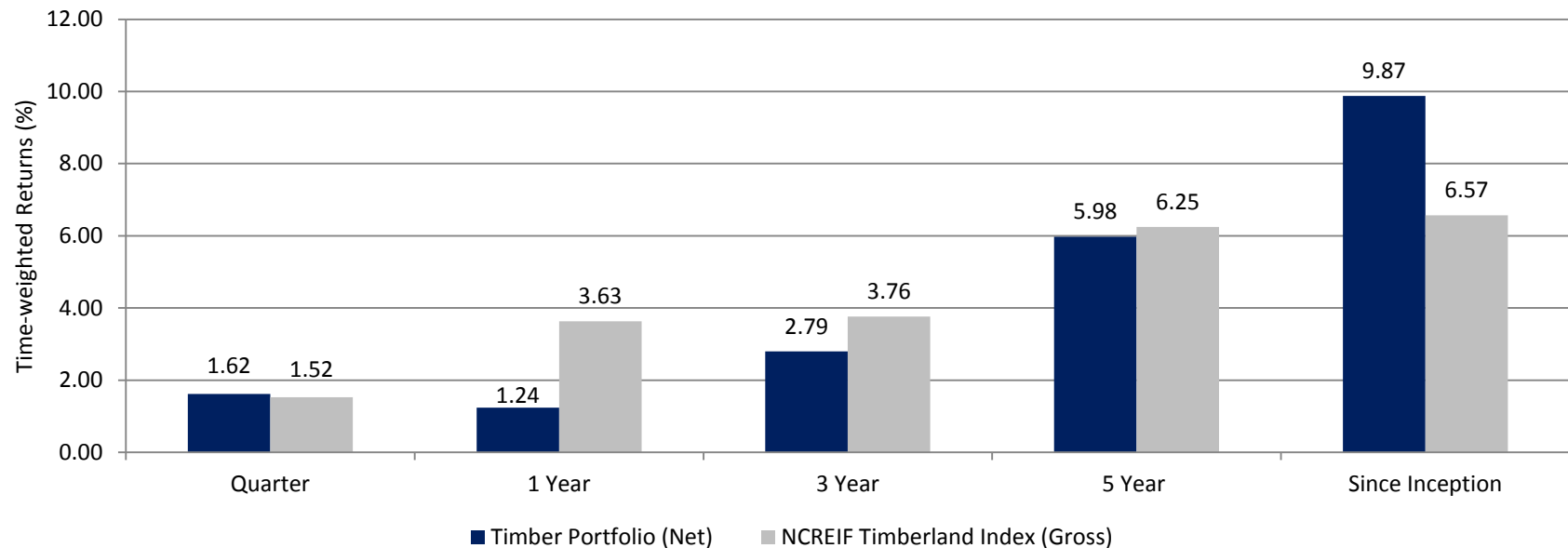
## Relative Performance by Strategy: Non-Core



- The LACERS Non-Core benchmark is the NFI-ODCE + 200 bps, measured over five-year time periods, net of fees. The 200 bps premium is a reflection of the incremental return expected from additional risk inherent in Non-Core strategies.
- The Non-Core Portfolio outperformed the NFI-ODCE + 200 bps benchmark over the most recent Quarter and the trailing year. Underperformance over long time periods is mostly due to Non-Core legacy funds that are due to liquidate over the next few years. As discussed on page 5, there are currently 17 Non-Core funds in the portfolio that were committed to before the Global Financial Crisis. As these funds liquidate and approved investments are funded, Non-Core portfolio performance is expected to improve, as has already shown through three consecutive Quarters of outperformance.

## Relative Performance by Strategy: Timber

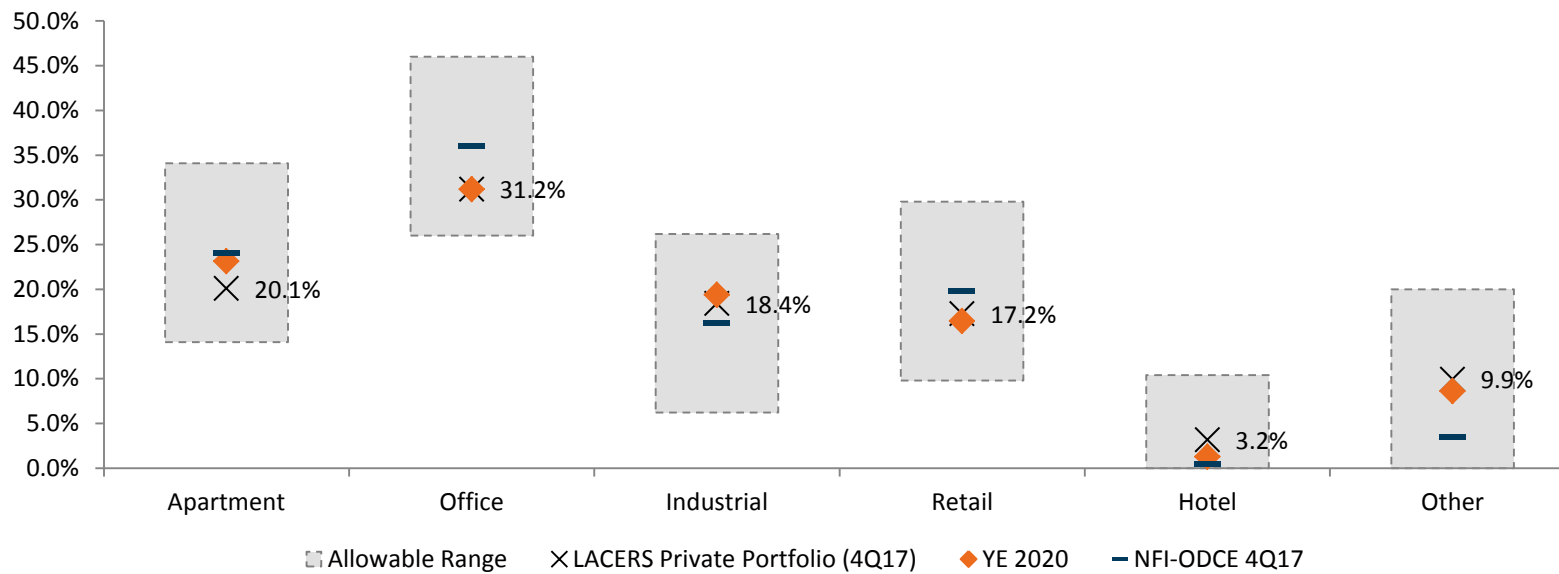
LACERS Timber Portfolio vs. NCREIF Timberland Index



- The Timber Portfolio, net of fees, outperformed its benchmark, the NCREIF Timberland Index, gross of fees, over the most recent Quarter and since inception time periods, but underperformed over all other time periods.
- Outperformance over the long-term is mostly related to strong performance of Hancock ForesTree V, which was fully liquidated by year-end 2015.
- The LACERS active timberland investment is Hancock Timberland IX. The Fund's assets are located in the United States (87%, split between the South and the Northwest) and Chile (13%). The Northwest region was the strongest performing region in the NCREIF Timberland Index over the Quarter.
- Income returns for timber investments tend to be infrequent and are realized through harvest. To date, there has been no meaningful income from the fund due to limited harvest activity during a period of lower timber prices. This has impacted total returns.
- Further, all assets in Hancock Timberland IX are appraised at year-end, which is why appreciation usually remains relatively flat from the First Quarter through the Third Quarter of each year. The effect of year-end appraisals is demonstrated in the annualized returns.

## Real Estate Portfolio Diversification

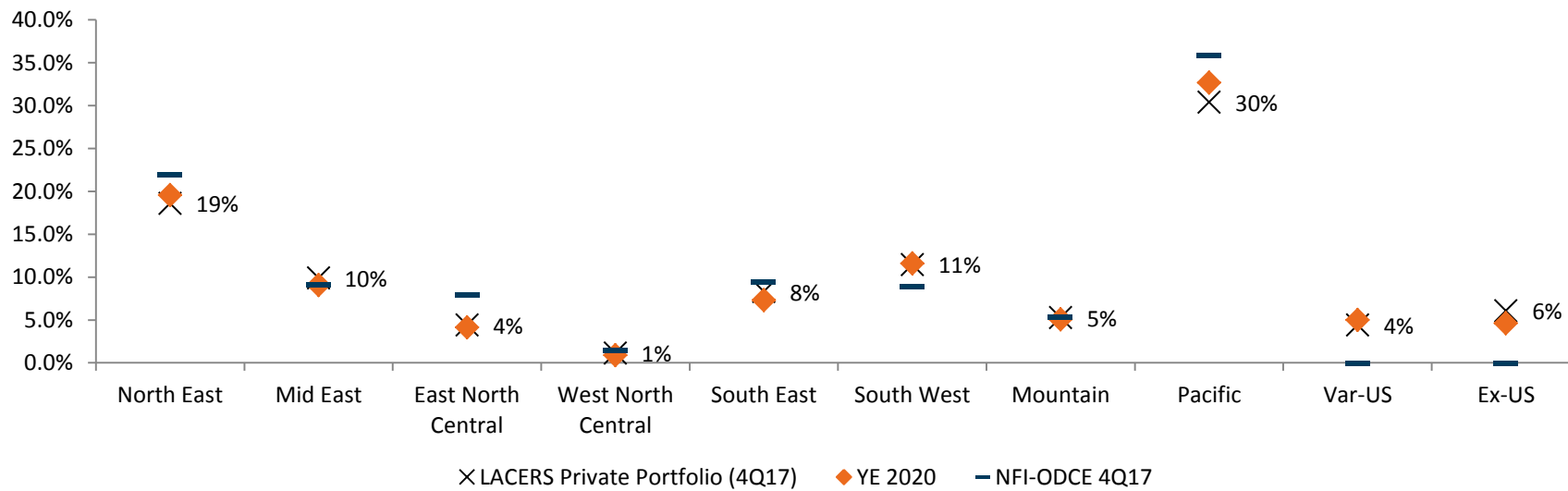
Private Real Estate Portfolio (Ex. Timber) - Property Type Diversification  
4Q17 vs. Projected Year-End 2020 Exposure



- 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". Currently, the "Other" category includes investments in alternative property types including Self Storage, Student Housing, Senior Housing, For Sale Residential, and Land.

## Real Estate Portfolio Diversification

Private Real Estate Portfolio (Ex. Timber) – Geographic Diversification  
4Q17 vs. Projected Year-End 2020 Exposure



- The diversification goal of the Private Portfolio is to be well diversified across the US. The only constraint is a 30.0% maximum allocation to Ex-US investments. NFI-ODCE diversification is provided as a benchmark.
- The LACERS Projected Private Portfolio (YE 2020) includes all commitments approved by the Board.
- The Portfolio currently has an aggregate exposure to the Los Angeles metropolitan area of 8.8%, with a 4.9% exposure to Los Angeles City. The NFI-ODCE's exposure to the Los Angeles metropolitan area is 9.6%\*.
- During the Second Quarter 2017, the LACERS Board approved a \$25 million commitment to Heitman Asia-Pacific Property Investors. This investment will offset other liquidating ex-US investments.
- The 6% Ex-US exposure can be broken out into Europe (3.9%), Asia (1.4%), Emerging Americas (0.7%) and Other.

\*Collected by Townsend bi-annually, as of 3Q17. Based on % NAV.

## Exhibit A: Performance Flash Report



Portfolio Composition (\$)								
Total Plan Assets	Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
17,237,000,000	861,850,000	5.0%	814,452,881	4.7%	116,916,873	0.7%	-69,519,754	-0.4%

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
LACERS	3.1	2.6	10.0	8.6	9.7	9.6	11.3	9.6
NFI-ODCE + 80 basis points	2.3	2.0	8.4	7.5	11.2	10.2	12.3	11.3

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
<b>Core Portfolio</b>	<b>1989</b>	<b>378,867,553</b>	<b>432,028,488</b>	<b>0</b>	<b>106,259,576</b>	<b>529,968,941</b>	<b>65.1</b>	<b>56.9</b>
<b>Non-Core Portfolio</b>	<b>1990</b>	<b>968,407,806</b>	<b>934,437,840</b>	<b>116,916,873</b>	<b>699,748,411</b>	<b>263,639,726</b>	<b>32.4</b>	<b>40.9</b>
Value Added Portfolio	1990	318,531,885	252,244,483	82,985,935	167,953,753	120,065,734	14.7	21.8
Opportunistic Portfolio	1996	649,875,921	682,193,357	33,930,938	531,794,658	143,573,992	17.6	19.1
<b>Timber Portfolio</b>	<b>1999</b>	<b>20,000,000</b>	<b>18,601,851</b>	<b>0</b>	<b>1,209,619</b>	<b>20,844,214</b>	<b>2.6</b>	<b>2.2</b>
<b>Total Current Portfolio</b>								
LACERS	1989	1,367,275,359	1,385,068,179	116,916,873	807,217,606	814,452,881	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>Core</b>								
Berkshire Multifamily Income Realty Fund	2015	20,000,000	20,000,000	0	1,414,816	23,842,031	2.9	2.6
CIM Commercial Trust Corporation ("CMCT")	2014	40,000,000	46,417,723	0	32,790,384	22,535,483	2.8	2.4
CIM VI (Urban REIT), LLC	2012	25,000,000	25,000,000	0	3,985,717	30,348,090	3.7	3.3
INVESCO Core Real Estate	2004	63,867,553	109,001,167	0	50,078,501	163,678,336	20.1	17.6
Jamestown Premier Property Fund	2015	50,000,000	50,543,930	0	8,053,727	51,841,096	6.4	5.6
JP Morgan Strategic Property Fund	2005	30,000,000	30,421,882	0	2,858,499	64,412,834	7.9	6.9
Lion Industrial Trust - 2007	2016	50,000,000	50,643,786	0	3,281,869	59,548,690	7.3	6.4
Prime Property Fund	2015	50,000,000	50,000,000	0	3,796,063	54,585,896	6.7	5.9
Principal U.S. Property Account	2015	50,000,000	50,000,000	0	0	59,176,485	7.3	6.4
<b>Core</b>	<b>1989</b>	<b>378,867,553</b>	<b>432,028,488</b>	<b>0</b>	<b>106,259,576</b>	<b>529,968,941</b>	<b>65.1</b>	<b>56.9</b>
<b>Timber</b>								
Hancock Timberland XI	2012	20,000,000	18,601,851	0	1,209,619	20,844,214	2.6	2.2
<b>Timber</b>	<b>1999</b>	<b>20,000,000</b>	<b>18,601,851</b>	<b>0</b>	<b>1,209,619</b>	<b>20,844,214</b>	<b>2.6</b>	<b>2.2</b>
<b>Value Added</b>								
Almanac Realty Securities VI	2012	25,000,000	15,475,571	3,750,000	12,384,263	9,183,767	1.1	1.4
Asana Partners Fund I	2016	20,000,000	7,810,965	12,189,035	0	8,628,406	1.1	2.2
CBRE Strategic Partners IV	2005	25,000,000	25,000,000	0	1,068,123	0	0.0	0.0
Cornerstone Enhanced Mortgage Fund I	2012	25,000,000	13,436,224	11,563,777	16,057,544	1,223,137	0.2	1.4
DRA Growth and Income Fund VII	2011	25,000,000	26,015,000	740,000	31,810,576	16,488,373	2.0	1.8
DRA Growth and Income Fund VIII	2014	25,000,000	28,187,182	1,904,407	11,399,553	22,513,374	2.8	2.6
Gerrity Retail Fund 2	2015	20,000,000	14,564,251	5,513,603	1,629,155	15,039,427	1.8	2.2
Heitman Asia-Pacific Property Investors	2017	25,000,000	0	25,000,000	0	-305,042	0.0	2.7
JP Morgan Alternative Property Fund	2006	25,000,000	25,000,000	0	18,465,738	238,560	0.0	0.0
Mesa West Real Estate Income Fund III	2013	25,000,000	18,939,181	17,371,586	14,747,200	8,691,628	1.1	2.8
RREEF America REIT III - 1410	2005	15,000,000	18,301,718	0	14,970,900	0	0.0	0.0
Standard Life Investments European Real Estate Club II	2015	28,531,885	28,134,410	1,333,507	501,893	37,741,796	4.6	4.2
The Realty Associates Fund IX, L.P.	2010	15,000,000	15,000,000	0	23,429,474	622,308	0.1	0.1
Urdang Value Added Fund II	2008	20,000,000	16,379,981	3,620,020	21,489,334	0	0.0	0.4
<b>Value Added</b>	<b>1990</b>	<b>318,531,885</b>	<b>252,244,483</b>	<b>82,985,935</b>	<b>167,953,753</b>	<b>120,065,734</b>	<b>14.7</b>	<b>21.8</b>
<b>Total Current Portfolio</b>								
<b>LACERS</b>	<b>1989</b>	<b>1,367,275,359</b>	<b>1,385,068,179</b>	<b>116,916,873</b>	<b>807,217,606</b>	<b>814,452,881</b>	<b>100.0</b>	<b>100.0</b>

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	25,533,001	22,385,238	1,785,474	11,493,929	610,930	0.1	0.3
Bristol Value II, L.P.	2012	20,000,000	17,572,245	8,458,068	8,282,450	13,232,538	1.6	2.3
Bryanston Retail Opportunity Fund	2005	10,000,000	4,271,584	5,885,919	9,569,780	3,460,182	0.4	1.0
California Smart Growth Fund IV	2006	30,000,000	31,522,663	33,153	31,885,362	4,980,749	0.6	0.5
Canyon Johnson Urban Fund II	2005	10,000,000	8,988,718	1,011,296	3,974,652	29,108	0.0	0.1
CBRE Strategic Partners UK Fund III	2007	29,868,578	25,901,670	0	4,057,594	0	0.0	0.0
CIM Real Estate Fund III	2007	15,000,000	16,763,475	0	20,587,454	7,605,423	0.9	0.8
CityView LA Urban Fund I	2007	25,000,000	61,482,527	2,271,500	73,592,830	267,724	0.0	0.3
Colony Investors VIII	2007	30,000,000	28,963,224	1,023,167	12,378,404	748,407	0.1	0.2
DRA Growth and Income Fund VI	2007	25,000,000	16,788,945	0	25,879,936	2,645,539	0.3	0.3
Genesis Workforce Housing Fund II	2006	20,000,000	19,999,316	0	29,103,609	-44,467	0.0	0.0
Integrated Capital Hospitality Fund	2009	10,000,000	6,006,797	798,641	2,728,129	3,925,468	0.5	0.5
LaSalle Asia Fund II	2005	25,000,000	24,016,560	0	25,752,817	231,047	0.0	0.0
Latin America Investors III	2008	20,000,000	20,686,689	0	3,886,924	4,839,234	0.6	0.5
Lone Star Fund VII	2011	15,000,000	14,075,468	924,533	24,557,560	211,702	0.0	0.1
Lone Star Real Estate Fund II	2011	15,000,000	13,291,475	1,708,525	19,126,315	1,503,449	0.2	0.3
Low Hospitality Investment Partners	2004	25,000,000	36,431,477	0	20,981,277	0	0.0	0.0
MacFarlane Urban Real Estate Fund II	2008	40,000,000	40,679,342	1	10,884,155	0	0.0	0.0
RECP Fund IV, L.P.	2008	40,000,000	49,225,878	3,077,052	23,162,694	37,183,814	4.6	4.3
Southern California Smart Growth Fund	2004	10,000,000	18,836,734	68,213	16,800,333	1,011,416	0.1	0.1
Stockbridge Real Estate Fund II	2006	30,000,000	30,000,000	0	4,049,560	10,353,669	1.3	1.1
The Buchanan Fund V	2007	30,000,000	27,000,000	3,000,000	22,340,980	3,558,864	0.4	0.7
Torchlight Debt Opportunity Fund II	2007	25,000,000	24,703,453	0	14,101,920	7,955,313	1.0	0.9
Torchlight Debt Opportunity Fund III	2009	25,000,000	24,890,796	0	36,181,825	1,924,890	0.2	0.2
Torchlight Debt Opportunity Fund IV	2013	24,474,342	24,483,106	0	13,976,023	19,360,720	2.4	2.1
Tuckerman Group Residential Income & Value Added Fund	2004	25,000,000	26,064,010	0	25,409,679	949,171	0.1	0.1
Walton Street Real Estate Fund V	2006	25,000,000	25,000,001	0	13,764,440	6,565,556	0.8	0.7
Walton Street Real Estate Fund VI	2009	25,000,000	22,161,966	3,885,396	23,284,027	10,463,546	1.3	1.5
<b>Opportunistic</b>	<b>1996</b>	<b>649,875,921</b>	<b>682,193,357</b>	<b>33,930,938</b>	<b>531,794,658</b>	<b>143,573,992</b>	<b>17.6</b>	<b>19.1</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>1989</b>	<b>1,347,275,359</b>	<b>1,366,466,328</b>	<b>116,916,873</b>	<b>806,007,987</b>	<b>793,608,667</b>	<b>97.4</b>	<b>97.8</b>
<b>Non-Core Portfolio</b>	<b>1990</b>	<b>968,407,806</b>	<b>934,437,840</b>	<b>116,916,873</b>	<b>699,748,411</b>	<b>263,639,726</b>	<b>32.4</b>	<b>40.9</b>
<b>Total Current Portfolio</b>								
<b>LACERS</b>	<b>1989</b>	<b>1,367,275,359</b>	<b>1,385,068,179</b>	<b>116,916,873</b>	<b>807,217,606</b>	<b>814,452,881</b>	<b>100.0</b>	<b>100.0</b>

Returns (%)	Market Value (\$)	Quarter				1 Year				3 Year			
		INC <sup>2</sup>	APP <sup>2</sup>	TGRS <sup>2</sup>	TNET <sup>2</sup>	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
<b>Core</b>													
Berkshire Multifamily Income Realty Fund	23,842,031	1.1	0.3	1.4	1.3	4.1	1.3	5.4	4.7				
CIM Commercial Trust Corporation ("CMCT") <sup>1</sup>	22,535,483	0.7	5.2	5.8	5.8	2.5	0.3	2.8	2.8	3.0	0.7	3.7	3.7
CIM VI (Urban REIT), LLC	30,348,090	1.0	0.5	1.4	1.1	4.0	1.1	5.2	3.7	4.2	2.7	7.0	5.6
INVESCO Core Real Estate	163,678,336	0.9	1.4	2.3	2.2	3.7	4.6	8.4	8.0	3.9	6.6	10.7	10.4
Jamestown Premier Property Fund	51,841,096	1.2	9.4	10.6	8.3	4.8	12.7	18.0	14.2				
JP Morgan Strategic Property Fund	64,412,834	1.0	0.8	1.8	1.6	4.2	2.9	7.2	6.2	4.8	5.2	10.2	9.2
Lion Industrial Trust - 2007	59,548,690	1.3	1.6	3.0	2.6	5.4	8.6	14.4	12.3				
Prime Property Fund	54,585,896	1.0	1.3	2.3	2.1	4.1	5.6	9.9	8.8				
Principal U.S. Property Account	59,176,485	1.1	1.0	2.1	1.8	4.7	4.3	9.1	8.1				
<b>Core</b>	<b>529,968,941</b>	<b>1.0</b>	<b>2.1</b>	<b>3.1</b>	<b>2.7</b>	<b>4.1</b>	<b>4.9</b>	<b>9.2</b>	<b>8.1</b>	<b>4.3</b>	<b>5.9</b>	<b>10.4</b>	<b>9.5</b>
<b>Timber</b>													
Hancock Timberland XI	20,844,214	-0.2	2.1	1.8	1.6	0.1	2.0	2.1	1.2	-0.4	4.1	3.7	2.8
<b>Timber</b>	<b>20,844,214</b>	<b>-0.2</b>	<b>2.1</b>	<b>1.8</b>	<b>1.6</b>	<b>0.1</b>	<b>2.0</b>	<b>2.1</b>	<b>1.2</b>	<b>-0.4</b>	<b>4.1</b>	<b>3.7</b>	<b>2.8</b>
<b>Value Added</b>													
Almanac Realty Securities VI	9,183,767	1.9	-3.5	-1.6	-1.8	7.5	-6.7	0.4	-0.3	7.0	5.3	12.6	11.4
Asana Partners Fund I	8,628,406	0.6	7.0	7.7	4.2								
CBRE Strategic Partners IV <sup>3</sup>	0												
Cornerstone Enhanced Mortgage Fund I	1,223,137	2.1	0.0	2.1	2.0	7.2	0.0	7.2	6.6	9.7	0.0	9.7	8.4
DRA Growth and Income Fund VII	16,488,373	3.8	3.9	7.7	6.0	10.2	19.8	31.5	26.0	10.9	17.5	29.8	23.5
DRA Growth and Income Fund VIII	22,513,374	1.9	0.6	2.5	2.0	11.6	2.4	14.2	11.7	12.8	2.0	15.0	12.1
Gerrity Retail Fund 2	15,039,427	2.1	1.0	3.1	2.6	8.7	1.0	9.8	7.6				
Heitman Asia-Pacific Property Investors <sup>4</sup>	-305,042												
JP Morgan Alternative Property Fund <sup>3</sup>	238,560												
Mesa West Real Estate Income Fund III	8,691,628	3.2	0.0	3.2	2.6	12.6	0.0	12.6	10.1	12.5	-0.2	12.3	9.7
RREEF America REIT III - 1410 <sup>3</sup>	0												
Standard Life Investments European Real Estate Club II	37,741,796	1.0	7.0	8.0	7.8	0.9	32.6	33.8	32.6				
The Realty Associates Fund IX, L.P. <sup>3</sup>	622,308												
Urdang Value Added Fund II <sup>3</sup>	0												
<b>Value Added</b>	<b>120,065,734</b>	<b>1.9</b>	<b>3.0</b>	<b>4.8</b>	<b>4.1</b>	<b>7.3</b>	<b>10.4</b>	<b>18.3</b>	<b>15.7</b>	<b>7.8</b>	<b>7.5</b>	<b>15.8</b>	<b>13.2</b>
<b>Total Portfolio</b>													
<b>LACERS</b>	<b>814,452,881</b>	<b>1.1</b>	<b>2.0</b>	<b>3.1</b>	<b>2.6</b>	<b>4.4</b>	<b>5.5</b>	<b>10.0</b>	<b>8.6</b>	<b>4.8</b>	<b>4.8</b>	<b>9.7</b>	<b>8.3</b>
<b>Indices</b>													
NFI-ODCE (Core)		1.1	1.0	2.1	1.8	4.3	3.2	7.6	6.7	4.5	5.7	10.4	9.4
NFI-ODCE + 80 bps (Total Portfolio)				2.3	2.0			8.4	7.5			11.2	10.2
NFI-ODCE + 200 bps (Non-Core Portfolio)				2.6	2.3			9.6	8.7			12.4	11.4
NFI -ODCE + 50 bps (Value Add)				2.2	2.0			8.1	7.2			10.9	9.9
NFI -ODCE + 300 bps (Opportunistic)				2.8	2.6			10.6	9.7			13.4	12.4
NCREIF Timberland Property Index "NTI"		0.7	0.8	1.5		2.8	0.8	3.6		2.7	1.1	3.8	

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

<sup>1</sup> Originally CIM IV. Data shown only reflects performance since the formation of CMCT. Combined, CIM IV/CMCT has achieved a 6.3% net IRR nad 1.3x net equity multiple since inception (1Q06).

<sup>2</sup> INC: Income Return; APP: Appreciation Return; TGRS: Total Gross Return; TNET: Total Net Return. Please refer to Exhibit C for more detailed definitions.

<sup>3</sup> Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

<sup>4</sup> Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

Returns (%)	Market Value (\$)	5 Year				Inception				TWR Calculation Inception	Net IRR*	Equity Multiple*
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
<b>Core</b>												
Berkshire Multifamily Income Realty Fund	23,842,031					4.4	3.4	7.9	7.1	1Q16	11.8	1.3
CIM Commercial Trust Corporation ("CMCT") <sup>1</sup>	22,535,483					3.3	1.9	5.2	5.2	1Q14	5.2	1.2
CIM VI (Urban REIT), LLC	30,348,090	4.0	4.3	8.5	7.1	3.8	6.2	10.2	8.9	3Q12	7.9	1.4
INVESCO Core Real Estate	163,678,336	4.2	7.3	11.8	11.4	5.3	2.9	8.3	7.8	4Q04	7.8	2.0
Jamestown Premier Property Fund	51,841,096					4.7	8.4	13.3	10.6	3Q15	10.6	1.2
JP Morgan Strategic Property Fund	64,412,834	5.0	6.3	11.5	10.4	5.4	2.2	7.7	6.7	4Q05	6.8	2.2
Lion Industrial Trust - 2007	59,548,690					5.6	8.7	14.7	12.5	1Q16	12.6	1.2
Prime Property Fund	54,585,896					4.2	5.7	10.1	9.0	1Q16	9.0	1.2
Principal U.S. Property Account	59,176,485					4.8	4.9	9.9	8.9	4Q15	8.8	1.2
<b>Core</b>	<b>529,968,941</b>	<b>4.4</b>	<b>6.6</b>	<b>11.3</b>	<b>10.5</b>	<b>6.5</b>	<b>1.5</b>	<b>8.0</b>	<b>7.1</b>	<b>1Q89</b>	<b>5.8</b>	<b>1.4</b>
<b>Timber</b>												
Hancock Timberland XI	20,844,214	-0.5	5.7	5.2	4.3	-0.6	6.5	5.9	5.1	2Q12	4.7	1.2
<b>Timber</b>	<b>20,844,214</b>	<b>4.5</b>	<b>2.7</b>	<b>7.8</b>	<b>6.0</b>	<b>5.1</b>	<b>5.8</b>	<b>11.3</b>	<b>9.9</b>	<b>4Q99</b>	<b>10.3</b>	<b>1.7</b>
<b>Value Added</b>												
Almanac Realty Securities VI	9,183,767	8.6	7.7	16.7	14.4	8.6	7.7	16.7	14.4	1Q13	14.7	1.4
Asana Partners Fund I	8,628,406					1.2	16.7	18.1	10.8	2Q17	19.3	1.1
CBRE Strategic Partners IV <sup>3</sup>	0									1Q06	-33.4	0.0
Cornerstone Enhanced Mortgage Fund I	1,223,137	10.3	0.5	10.8	9.2	11.5	1.3	12.8	11.2	4Q12	9.3	1.3
DRA Growth and Income Fund VII	16,488,373	12.2	12.3	25.6	20.7	12.4	10.7	24.2	19.6	1Q12	19.4	1.9
DRA Growth and Income Fund VIII	22,513,374					12.7	1.8	14.7	11.8	4Q14	12.2	1.2
Gerrity Retail Fund 2	15,039,427					9.1	5.1	14.5	11.3	4Q15	8.9	1.1
Heitman Asia-Pacific Property Investors <sup>4</sup>	-305,042									1Q18		
JP Morgan Alternative Property Fund <sup>3</sup>	238,560									1Q06	-4.2	0.7
Mesa West Real Estate Income Fund III	8,691,628					12.4	0.1	12.6	8.7	4Q13	8.3	1.2
RREEF America REIT III - 1410 <sup>3</sup>	0									1Q06	-2.7	0.8
Standard Life Investments European Real Estate Club II	37,741,796					1.1	19.0	20.3	19.2	1Q16	21.9	1.4
The Realty Associates Fund IX, L.P. <sup>3</sup>	622,308									3Q10	10.5	1.6
Urdang Value Added Fund II <sup>3</sup>	0									2Q08	6.1	1.3
<b>Value Added</b>	<b>120,065,734</b>	<b>7.9</b>	<b>5.6</b>	<b>13.9</b>	<b>11.6</b>	<b>7.7</b>	<b>2.3</b>	<b>10.1</b>	<b>8.2</b>	<b>4Q90</b>		
<b>Total Portfolio</b>												
<b>LACERS</b>	<b>814,452,881</b>	<b>5.5</b>	<b>5.5</b>	<b>11.3</b>	<b>9.6</b>	<b>6.2</b>	<b>1.4</b>	<b>7.6</b>	<b>6.0</b>	<b>1Q89</b>		
<b>Indices</b>												
NFI-ODCE (Core)		4.8	6.5	11.5	10.5	6.9	0.5	7.3	6.3	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				12.3	11.3			8.1	7.1	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				13.5	12.5			9.5	8.4	4Q90		
NFI -ODCE + 50 bps (Value Add)				12.0	11.0			8.0	6.9	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				14.5	13.5			12.3	11.2	4Q96		
NCREIF Timberland Property Index "NTI"		2.7	3.4	6.2		3.3	3.2	6.6		4Q99		

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

<sup>1</sup> Originally CIM IV. Data shown only reflects performance since the formation of CMCT. Combined, CIM IV/CMCT has achieved a 6.3% net IRR nad 1.3x net equity multiple since inception (1Q06).

<sup>2</sup> INC: Income Return; APP: Appreciation Return; TGRS: Total Gross Return; TNET: Total Net Return. Please refer to Exhibit C for more detailed definitions.

<sup>3</sup> Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

<sup>4</sup> Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

Returns (%)	Market Value (\$)	Quarter				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
<b>Opportunistic</b>													
Apollo CPI Europe I <sup>2</sup>	610,930												
Bristol Value II, L.P.	13,232,538	0.2	14.4	14.6	14.2	2.4	14.4	17.1	15.3	2.9	9.0	12.0	10.1
Bryanston Retail Opportunity Fund	3,460,182	0.0	-24.7	-24.8	-24.8	-0.1	-22.0	-22.1	-22.4	-0.3	23.2	22.9	22.2
California Smart Growth Fund IV	4,980,749	0.7	7.0	7.8	6.5	5.5	15.1	21.3	19.8	4.5	10.8	15.6	14.6
Canyon Johnson Urban Fund II <sup>2</sup>	29,108												
CBRE Strategic Partners UK Fund III <sup>2</sup>	0												
CIM Real Estate Fund III <sup>1</sup>	7,605,423	-0.7	3.1	2.4	2.0	0.3	6.4	6.8	5.3	7.6	-2.4	6.8	5.4
CityView LA Urban Fund I <sup>2</sup>	267,724												
Colony Investors VIII <sup>2</sup>	748,407												
DRA Growth and Income Fund VI	2,645,539	3.2	0.0	3.2	2.5	7.7	-2.7	4.7	2.9	6.5	7.2	14.1	10.5
Genesis Workforce Housing Fund II <sup>2</sup>	-44,467												
Integrated Capital Hospitality Fund	3,925,468	-10.5	-11.5	-21.9	-22.2	-5.5	-11.5	-17.6	-18.7	-8.4	-13.4	-22.5	-23.3
LaSalle Asia Fund II <sup>2</sup>	231,047												
Latin America Investors III	4,839,234	-0.5	-17.3	-17.8	-18.6	-3.6	-18.8	-21.9	-24.6	-3.1	-17.0	-19.7	-22.1
Lone Star Fund VII <sup>2</sup>	211,702												
Lone Star Real Estate Fund II	1,503,449	2.0	0.7	2.7	2.5	6.6	-7.0	-0.7	5.4	5.1	12.6	18.1	16.8
Lowe Hospitality Investment Partners <sup>2</sup>	0												
MacFarlane Urban Real Estate Fund II <sup>2</sup>	0												
RECP Fund IV, L.P.	37,183,814	2.9	1.3	4.2	3.7	3.4	10.9	14.6	12.4	2.5	7.3	9.9	7.9
Southern California Smart Growth Fund <sup>1</sup>	1,011,416	0.0	0.0	0.0	0.0	-1.1	0.0	-1.1	-1.1	14.6	4.7	20.0	19.1
Stockbridge Real Estate Fund II	10,353,669	-0.1	0.4	0.3	0.2	1.5	19.6	21.2	20.6	0.0	6.3	6.3	5.4
The Buchanan Fund V	3,558,864	0.3	-1.6	-1.3	-1.5	2.6	-0.2	2.3	1.3	2.4	5.4	7.8	6.7
Torchlight Debt Opportunity Fund II	7,955,313	0.0	0.7	0.7	0.6	2.5	0.8	3.4	3.1	3.7	1.7	5.3	5.0
Torchlight Debt Opportunity Fund III	1,924,890	2.9	11.4	14.3	11.2	10.1	13.3	24.4	18.2	10.7	12.1	23.8	17.8
Torchlight Debt Opportunity Fund IV	19,360,720	2.5	2.0	4.5	3.1	10.6	4.3	15.2	11.3	9.3	3.5	13.0	10.3
Tuckerman Group Residential Income & Value Added Fund <sup>2</sup>	949,171												
Walton Street Real Estate Fund V	6,565,556	0.3	2.4	2.7	2.5	4.7	-0.3	4.5	3.5	3.8	2.1	6.1	4.8
Walton Street Real Estate Fund VI	10,463,546	0.6	1.9	2.4	2.1	3.3	5.7	9.2	7.9	2.5	2.9	5.4	4.2
<b>Opportunistic</b>	<b>143,573,992</b>	<b>0.8</b>	<b>1.0</b>	<b>1.7</b>	<b>1.2</b>	<b>3.5</b>	<b>4.0</b>	<b>7.7</b>	<b>6.0</b>	<b>3.9</b>	<b>1.9</b>	<b>5.9</b>	<b>4.2</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>793,608,667</b>	<b>1.1</b>	<b>2.0</b>	<b>3.1</b>	<b>2.6</b>	<b>4.5</b>	<b>5.5</b>	<b>10.2</b>	<b>8.8</b>	<b>4.9</b>	<b>4.8</b>	<b>9.9</b>	<b>8.4</b>
<b>Non-Core Portfolio</b>	<b>263,639,726</b>	<b>1.2</b>	<b>1.8</b>	<b>3.1</b>	<b>2.4</b>	<b>5.1</b>	<b>6.7</b>	<b>12.1</b>	<b>10.0</b>	<b>5.4</b>	<b>4.1</b>	<b>9.8</b>	<b>7.7</b>
<b>Total Portfolio</b>													
<b>LACERS</b>	<b>814,452,881</b>	<b>1.1</b>	<b>2.0</b>	<b>3.1</b>	<b>2.6</b>	<b>4.4</b>	<b>5.5</b>	<b>10.0</b>	<b>8.6</b>	<b>4.8</b>	<b>4.8</b>	<b>9.7</b>	<b>8.3</b>
<b>Indices</b>													
NFI-ODCE (Core)		1.1	1.0	2.1	1.8	4.3	3.2	7.6	6.7	4.5	5.7	10.4	9.4
NFI-ODCE + 80 bps (Total Portfolio)				2.3	2.0			8.4	7.5			11.2	10.2
NFI-ODCE + 200 bps (Non-Core Portfolio)				2.6	2.3			9.6	8.7			12.4	11.4
NFI -ODCE + 50 bps (Value Add)				2.2	2.0			8.1	7.2			10.9	9.9
NFI -ODCE + 300 bps (Opportunistic)				2.8	2.6			10.6	9.7			13.4	12.4
NCREIF Timberland Property Index "NTI"		0.7	0.8	1.5		2.8	0.8	3.6		2.7	1.1	3.8	

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

<sup>1</sup> '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.

<sup>2</sup> Liquidating investment.

Returns (%)	Market Value (\$)	5 Year				Inception				TWR Calculation Inception	Net IRR*	Equity Multiple*
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
<b>Opportunistic</b>												
Apollo CPI Europe I <sup>2</sup>	610,930									4Q06	-9.3	0.5
Bristol Value II, L.P.	13,232,538	3.5	12.6	16.4	14.4	3.5	12.6	16.4	14.4	1Q13	11.9	1.2
Bryanston Retail Opportunity Fund	3,460,182	1.5	22.9	24.5	23.3	8.1	23.1	30.6	27.0	2Q05	79.7	3.1
California Smart Growth Fund IV	4,980,749	3.8	11.4	15.6	14.3	2.5	0.4	2.8	0.4	1Q07	2.6	1.2
Canyon Johnson Urban Fund II <sup>2</sup>	29,108									3Q05	-10.5	0.4
CBRE Strategic Partners UK Fund III <sup>2</sup>	0									3Q07	-24.5	0.2
CIM Real Estate Fund III <sup>1</sup>	7,605,423	5.5	1.8	8.5	7.2	-9.4	11.7	1.9	-12.9	1Q09	10.5	1.7
CityView LA Urban Fund I <sup>2</sup>	267,724									3Q07	11.8	1.2
Colony Investors VIII <sup>2</sup>	748,407									4Q07	-11.6	0.5
DRA Growth and Income Fund VI	2,645,539	6.9	13.5	21.1	15.6	8.9	4.4	13.7	9.0	2Q08	11.0	1.7
Genesis Workforce Housing Fund II <sup>2</sup>	-44,467									2Q07	8.7	1.5
Integrated Capital Hospitality Fund	3,925,468	-1.6	-4.9	-7.8	-8.6	6.0	1.9	5.2	3.2	3Q11	2.5	1.1
LaSalle Asia Fund II <sup>2</sup>	231,047									4Q05	1.8	1.1
Latin America Investors III	4,839,234	-2.2	-13.6	-15.6	-19.0	-3.4	-9.9	-13.2	-16.9	1Q09	-19.6	0.4
Lone Star Fund VII <sup>2</sup>	211,702									3Q11	50.3	1.8
Lone Star Real Estate Fund II	1,503,449	8.6	17.8	27.8	23.0	10.7	22.3	34.7	27.4	3Q11	27.0	1.6
Lowe Hospitality Investment Partners <sup>2</sup>	0									3Q04	-17.7	0.6
MacFarlane Urban Real Estate Fund II <sup>2</sup>	0									2Q08	-16.8	0.3
RECP Fund IV, L.P.	37,183,814	2.1	6.7	8.9	7.0	3.7	-7.1	-3.6	-7.7	4Q08	4.3	1.2
Southern California Smart Growth Fund <sup>1</sup>	1,011,416	9.1	9.4	19.3	17.6	1.9	6.0	6.7	5.9	1Q05	-2.0	0.9
Stockbridge Real Estate Fund II	10,353,669	-1.8	19.0	16.9	15.6	-10.1	-10.2	-19.1	-21.5	4Q06	-8.0	0.5
The Buchanan Fund V	3,558,864	4.0	8.5	12.8	11.6	-2.0	1.2	-0.8	-2.6	3Q07	-0.7	1.0
Torchlight Debt Opportunity Fund II	7,955,313	4.5	4.6	9.2	8.6	12.7	-9.1	3.2	1.5	1Q08	-1.5	0.9
Torchlight Debt Opportunity Fund III	1,924,890	12.7	22.7	37.4	26.7	12.0	15.0	28.3	20.2	3Q09	13.8	1.5
Torchlight Debt Opportunity Fund IV	19,360,720					9.9	3.2	13.3	10.4	4Q13	10.2	1.4
Tuckerman Group Residential Income & Value Added Fund <sup>2</sup>	949,171									4Q04	0.2	1.0
Walton Street Real Estate Fund V	6,565,556	3.8	4.8	8.8	7.4	2.3	-0.5	1.8	-0.2	4Q06	-2.4	0.8
Walton Street Real Estate Fund VI	10,463,546	3.0	6.1	9.3	8.0	-11.2	16.8	2.2	-3.1	3Q09	9.3	1.5
<b>Opportunistic</b>	<b>143,573,992</b>	<b>5.1</b>	<b>4.4</b>	<b>9.6</b>	<b>7.5</b>	<b>4.3</b>	<b>3.1</b>	<b>7.5</b>	<b>3.8</b>	<b>4Q96</b>		
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>793,608,667</b>	<b>5.5</b>	<b>5.6</b>	<b>11.4</b>	<b>9.7</b>	<b>6.2</b>	<b>1.3</b>	<b>7.6</b>	<b>5.9</b>	<b>1Q89</b>		
<b>Non-Core Portfolio</b>	<b>263,639,726</b>	<b>6.2</b>	<b>5.1</b>	<b>11.5</b>	<b>9.3</b>	<b>6.6</b>	<b>2.6</b>	<b>9.3</b>	<b>6.8</b>	<b>4Q90</b>		
<b>Total Portfolio</b>												
<b>LACERS</b>	<b>814,452,881</b>	<b>5.5</b>	<b>5.5</b>	<b>11.3</b>	<b>9.6</b>	<b>6.2</b>	<b>1.4</b>	<b>7.6</b>	<b>6.0</b>	<b>1Q89</b>		
<b>Indices</b>												
NFI-ODCE (Core)		4.8	6.5	11.5	10.5	6.9	0.5	7.3	6.3	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				12.3	11.3			8.1	7.1	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				13.5	12.5			9.5	8.4	4Q90		
NFI -ODCE + 50 bps (Value Add)				12.0	11.0			8.0	6.9	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				14.5	13.5			12.3	11.2	4Q96		
NCREIF Timberland Property Index "NTI"		2.7	3.4	6.2		3.3	3.2	6.6		4Q99		

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

<sup>1</sup> '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.

<sup>2</sup> Liquidating investment.

Returns (%)	Market Value (\$)	2017		2016		2015		2014		2013		2012	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core</b>													
Berkshire Multifamily Income Realty Fund	23,842,031	5.4	4.7	10.4	9.5								
CIM Commercial Trust Corporation ("CMCT")	22,535,483	2.8	2.8	3.3	3.3	5.0	5.0	9.7	9.7				
CIM VI (Urban REIT), LLC	30,348,090	5.2	3.7	2.6	2.4	13.4	11.0	15.0	13.5	6.8	5.4	13.8	13.1
INVESCO Core Real Estate	163,678,336	8.4	8.0	9.2	8.9	14.7	14.3	12.4	11.9	14.3	13.8	8.7	8.2
Jamestown Premier Property Fund	51,841,096	18.0	14.2	6.7	5.4	8.5	7.0						
JP Morgan Strategic Property Fund	64,412,834	7.2	6.2	8.4	7.3	15.2	14.1	11.1	10.1	15.9	14.8	12.1	11.0
Lion Industrial Trust - 2007	59,548,690	14.4	12.3	14.9	12.8								
Prime Property Fund	54,585,896	9.9	8.8	10.4	9.2								
Principal U.S. Property Account	59,176,485	9.1	8.1	10.1	9.0	3.0	2.8						
<b>Core</b>	<b>529,968,941</b>	<b>9.2</b>	<b>8.1</b>	<b>8.7</b>	<b>7.9</b>	<b>13.4</b>	<b>12.7</b>	<b>11.8</b>	<b>11.3</b>	<b>13.3</b>	<b>12.5</b>	<b>9.6</b>	<b>8.9</b>
<b>Timber</b>													
Hancock Timberland XI	20,844,214	2.1	1.2	3.5	2.6	5.4	4.6	5.2	4.6	9.9	8.9	8.1	7.6
<b>Timber</b>	<b>20,844,214</b>	<b>2.1</b>	<b>1.2</b>	<b>3.5</b>	<b>2.6</b>	<b>5.4</b>	<b>4.5</b>	<b>8.1</b>	<b>4.5</b>	<b>20.9</b>	<b>17.8</b>	<b>9.9</b>	<b>8.9</b>
<b>Value Added</b>													
Almanac Realty Securities VI	9,183,767	0.4	-0.3	15.2	14.3	23.5	21.2	15.2	12.8	31.6	26.1		
Asana Partners Fund I	8,628,406	18.1	10.8										
CBRE Strategic Partners IV	0												
Cornerstone Enhanced Mortgage Fund I	1,223,137	7.2	6.6	10.9	9.2	11.1	9.4	5.5	5.0	20.0	16.4	12.8	12.3
DRA Growth and Income Fund VII	16,488,373	31.5	26.0	35.2	28.8	22.9	16.2	20.3	17.7	18.7	15.5	17.6	14.3
DRA Growth and Income Fund VIII	22,513,374	14.2	11.7	14.7	11.8	16.0	12.9	2.7	2.1				
Gerrity Retail Fund 2	15,039,427	9.8	7.6	21.4	17.7	1.7	0.6						
Heitman Asia-Pacific Property Investors	-305,042												
JP Morgan Alternative Property Fund	238,560												
Mesa West Real Estate Income Fund III	8,691,628	12.6	10.1	11.2	8.8	13.0	10.2	13.3	8.7	3.2	-0.6		
RREEF America REIT III - 1410	0												
Standard Life Investments European Real Estate Club II	37,741,796	33.8	32.6	8.1	7.1								
The Realty Associates Fund IX, L.P.	622,308												
Urdang Value Added Fund II	0												
<b>Value Added</b>	<b>120,065,734</b>	<b>18.3</b>	<b>15.7</b>	<b>14.6</b>	<b>12.1</b>	<b>14.5</b>	<b>11.7</b>	<b>12.6</b>	<b>10.9</b>	<b>9.5</b>	<b>7.9</b>	<b>17.1</b>	<b>15.6</b>
<b>Total Portfolio</b>													
<b>LACERS</b>	<b>814,452,881</b>	<b>10.0</b>	<b>8.6</b>	<b>8.1</b>	<b>6.8</b>	<b>11.2</b>	<b>9.5</b>	<b>13.7</b>	<b>11.9</b>	<b>13.5</b>	<b>11.4</b>	<b>12.8</b>	<b>11.0</b>
<b>Indices</b>													
NFI-ODCE (Core)		7.6	6.7	8.8	7.8	15.0	14.0	12.5	11.5	13.9	12.9	10.9	9.8
NFI-ODCE + 80 bps (Total Portfolio)		8.0	7.1	9.6	8.6	15.8	14.8	13.3	12.3	14.7	13.7	11.7	10.6
NFI-ODCE + 200 bps (Non-Core Portfolio)		8.6	7.7	10.8	9.8	17.0	16.0	14.5	13.5	15.9	14.9	12.9	11.8
NFI-ODCE + 50 bps (Value Add)		7.9	6.9	9.3	8.3	15.5	14.5	13.0	12.0	14.4	13.4	11.4	10.3
NFI-ODCE + 300 bps (Opportunistic)		9.1	8.2	11.8	10.8	18.0	17.0	15.5	14.5	16.9	15.9	13.9	12.8
NCREIF Timberland Index (Timber)		3.6		2.7		5.0		10.5		9.7		7.8	

Returns (%)	Market Value (\$)	2011		2010		2009		2008		2007		2006		2005	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core</b>															
Berkshire Multifamily Income Realty Fund	23,842,031														
CIM Commercial Trust Corporation ("CMCT")	22,535,483														
CIM VI (Urban REIT), LLC	30,348,090														
INVESCO Core Real Estate	163,678,336	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
Jamestown Premier Property Fund	51,841,096														
JP Morgan Strategic Property Fund	64,412,834	15.9	14.8	14.1	13.0	-26.5	-27.4	-8.1	-9.0	16.6	15.6	16.6	15.5	5.3	5.3
Lion Industrial Trust - 2007	59,548,690														
Prime Property Fund	54,585,896														
Principal U.S. Property Account	59,176,485														
<b>Core</b>	<b>529,968,941</b>	<b>15.6</b>	<b>14.8</b>	<b>16.1</b>	<b>15.2</b>	<b>-26.4</b>	<b>-27.1</b>	<b>-4.9</b>	<b>-5.6</b>	<b>14.4</b>	<b>13.6</b>	<b>17.7</b>	<b>16.9</b>	<b>21.2</b>	<b>20.7</b>
<b>Timber</b>															
Hancock Timberland XI	20,844,214														
<b>Timber</b>	<b>20,844,214</b>	<b>3.9</b>	<b>4.2</b>	<b>2.9</b>	<b>2.7</b>	<b>-7.4</b>	<b>-5.5</b>	<b>7.6</b>	<b>6.5</b>	<b>22.1</b>	<b>17.3</b>	<b>24.8</b>	<b>22.5</b>	<b>26.8</b>	<b>23.0</b>
<b>Value Added</b>															
Almanac Realty Securities VI	9,183,767														
Asana Partners Fund I	8,628,406														
CBRE Strategic Partners IV	0														
Cornerstone Enhanced Mortgage Fund I	1,223,137														
DRA Growth and Income Fund VII	16,488,373														
DRA Growth and Income Fund VIII	22,513,374														
Gerrity Retail Fund 2	15,039,427														
Heitman Asia-Pacific Property Investors	-305,042														
JP Morgan Alternative Property Fund	238,560														
Mesa West Real Estate Income Fund III	8,691,628														
RREEF America REIT III - 1410	0														
Standard Life Investments European Real Estate Club II	37,741,796														
The Realty Associates Fund IX, L.P.	622,308														
Urdang Value Added Fund II	0														
<b>Value Added</b>	<b>120,065,734</b>	<b>18.3</b>	<b>16.2</b>	<b>4.1</b>	<b>1.8</b>	<b>-38.5</b>	<b>-39.4</b>	<b>-20.7</b>	<b>-20.0</b>	<b>17.8</b>	<b>15.2</b>	<b>15.3</b>	<b>12.9</b>	<b>26.0</b>	<b>23.1</b>
<b>Total Portfolio</b>															
<b>LACERS</b>	<b>814,452,881</b>	<b>12.6</b>	<b>10.8</b>	<b>13.0</b>	<b>10.3</b>	<b>-34.4</b>	<b>-35.9</b>	<b>-22.5</b>	<b>-23.6</b>	<b>14.5</b>	<b>11.3</b>	<b>20.2</b>	<b>17.4</b>	<b>25.4</b>	<b>22.3</b>
<b>Indices</b>															
NFI-ODCE (Core)		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
NFI-ODCE + 80 bps (Total Portfolio)		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
NFI-ODCE + 200 bps (Non-Core Portfolio)		18.0	17.0	18.4	17.3	-27.8	-28.4	-8.0	-8.7	18.0	16.8	18.3	17.3	23.4	22.2
NFI-ODCE + 50 bps (Value Add)		16.5	15.5	16.9	15.8	-29.3	-29.9	-9.5	-10.2	16.5	15.3	16.8	15.8	21.9	20.7
NFI-ODCE + 300 bps (Opportunistic)		19.0	18.0	19.4	18.3	-26.8	-27.4	-7.0	-7.7	19.0	17.8	19.3	18.3	24.4	23.2
NCREIF Timberland Index (Timber)		1.6		-0.1		-4.7		9.5		18.4		13.7		19.4	



Returns (%)	Market Value (\$)	2017		2016		2015		2014		2013		2012	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Opportunistic</b>													
Apollo CPI Europe I	610,930												
Bristol Value II, L.P.	13,232,538	17.1	15.3	11.0	9.1	8.2	6.1	12.4	10.6	35.0	33.0		
Bryanston Retail Opportunity Fund	3,460,182	-22.1	-22.4	-2.5	-2.8	144.0	142.1	7.3	5.8	50.5	47.5	40.1	37.2
California Smart Growth Fund IV	4,980,749	21.3	19.8	5.9	5.4	20.3	19.2	17.9	16.2	13.1	11.6	19.9	18.3
Canyon Johnson Urban Fund II	29,108												
CBRE Strategic Partners UK Fund III	0												
CIM Real Estate Fund III	7,605,423	6.8	5.3	5.4	4.0	8.3	7.1	11.0	9.8	11.1	9.9	20.8	19.4
CityView LA Urban Fund I	267,724												
Colony Investors VIII	748,407												
DRA Growth and Income Fund VI	2,645,539	4.7	2.9	11.3	8.3	27.4	21.1	49.0	32.7	17.6	15.1	4.3	2.1
Genesis Workforce Housing Fund II	-44,467												
Integrated Capital Hospitality Fund	3,925,468	-17.6	-18.7	-34.0	-34.6	-14.6	-15.2	28.2	27.2	12.1	11.0	96.8	87.9
LaSalle Asia Fund II	231,047												
Latin America Investors III	4,839,234	-21.9	-24.6	-4.9	-6.9	-30.3	-32.8	0.4	-4.6	-17.9	-22.4	-60.0	-62.6
Lone Star Fund VII	211,702												
Lone Star Real Estate Fund II	1,503,449	-0.7	5.4	16.4	13.8	42.5	32.9	58.3	44.7	30.5	22.3	40.2	30.6
Lowe Hospitality Investment Partners	0												
MacFarlane Urban Real Estate Fund II	0												
RECP Fund IV, L.P.	37,183,814	14.6	12.4	6.9	5.3	8.3	6.2	6.4	4.6	8.5	6.7	23.4	21.1
Southern California Smart Growth Fund	1,011,416	-1.1	-1.1	44.3	43.3	21.0	19.2	21.8	19.3	14.9	11.4	-33.5	-33.6
Stockbridge Real Estate Fund II	10,353,669	21.2	20.6	-4.7	-5.5	3.9	2.6	24.4	22.8	46.5	43.7	3.2	0.7
The Buchanan Fund V	3,558,864	2.3	1.3	20.1	18.8	2.1	0.9	19.2	17.8	22.4	21.2	10.2	9.2
Torchlight Debt Opportunity Fund II	7,955,313	3.4	3.1	-2.3	-2.6	15.7	15.2	6.7	6.0	24.6	23.5	24.5	23.1
Torchlight Debt Opportunity Fund III	1,924,890	24.4	18.2	14.2	10.4	33.6	25.4	92.7	65.6	33.8	20.3	17.7	15.2
Torchlight Debt Opportunity Fund IV	19,360,720	15.2	11.3	11.8	9.8	12.0	9.8	13.9	10.4	3.6	3.0		
Tuckerman Group Residential Income & Value Added Fund	949,171												
Walton Street Real Estate Fund V	6,565,556	4.5	3.5	2.1	0.7	11.9	10.4	13.2	11.7	12.9	11.2	9.5	7.8
Walton Street Real Estate Fund VI	10,463,546	9.2	7.9	-5.4	-6.6	13.5	12.2	14.8	13.4	16.0	14.3	12.1	10.4
<b>Opportunistic</b>	<b>143,573,992</b>	<b>7.7</b>	<b>6.0</b>	<b>2.8</b>	<b>1.3</b>	<b>7.2</b>	<b>5.3</b>	<b>15.7</b>	<b>12.9</b>	<b>15.3</b>	<b>12.3</b>	<b>12.5</b>	<b>10.1</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>793,608,667</b>	<b>10.2</b>	<b>8.8</b>	<b>8.2</b>	<b>6.9</b>	<b>11.3</b>	<b>9.6</b>	<b>13.8</b>	<b>12.0</b>	<b>13.4</b>	<b>11.4</b>	<b>12.8</b>	<b>11.1</b>
<b>Non-Core Portfolio</b>	<b>263,639,726</b>	<b>12.1</b>	<b>10.0</b>	<b>7.5</b>	<b>5.6</b>	<b>9.8</b>	<b>7.6</b>	<b>14.7</b>	<b>12.3</b>	<b>13.6</b>	<b>11.0</b>	<b>14.0</b>	<b>11.9</b>
<b>Total Portfolio</b>													
<b>LACERS</b>	<b>814,452,881</b>	<b>10.0</b>	<b>8.6</b>	<b>8.1</b>	<b>6.8</b>	<b>11.2</b>	<b>9.5</b>	<b>13.7</b>	<b>11.9</b>	<b>13.5</b>	<b>11.4</b>	<b>12.8</b>	<b>11.0</b>
<b>Indices</b>													
NFI-ODCE (Core)		7.6	6.7	8.8	7.8	15.0	14.0	12.5	11.5	13.9	12.9	10.9	9.8
NFI-ODCE + 80 bps (Total Portfolio)		8.0	7.1	9.6	8.6	15.8	14.8	13.3	12.3	14.7	13.7	11.7	10.6
NFI-ODCE + 200 bps (Non-Core Portfolio)		8.6	7.7	10.8	9.8	17.0	16.0	14.5	13.5	15.9	14.9	12.9	11.8
NFI-ODCE + 50 bps (Value Add)		7.9	6.9	9.3	8.3	15.5	14.5	13.0	12.0	14.4	13.4	11.4	10.3
NFI-ODCE + 300 bps (Opportunistic)		9.1	8.2	11.8	10.8	18.0	17.0	15.5	14.5	16.9	15.9	13.9	12.8
NCREIF Timberland Index (Timber)		3.6		2.7		5.0		10.5		9.7		7.8	

Returns (%)	Market Value (\$)	2011		2010		2009		2008		2007		2006		2005	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Opportunistic</b>															
Apollo CPI Europe I	610,930														
Bristol Value II, L.P.	13,232,538														
Bryanston Retail Opportunity Fund	3,460,182	-4.3	-7.2	20.9	18.3	12.8	10.2	73.9	69.4	-43.1	-45.5	112.8	98.1	161.3	143.3
California Smart Growth Fund IV	4,980,749	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	29,108														
CBRE Strategic Partners UK Fund III	0														
CIM Real Estate Fund III	7,605,423	21.8	19.8	15.3	-13.8	-53.5	-83.5	-117.3	-113.8						
CityView LA Urban Fund I	267,724														
Colony Investors VIII	748,407														
DRA Growth and Income Fund VI	2,645,539	32.6	29.1	15.9	11.1	-10.2	-14.7	-6.9	-10.3						
Genesis Workforce Housing Fund II	-44,467														
Integrated Capital Hospitality Fund	3,925,468	6.0	2.6												
LaSalle Asia Fund II	231,047														
Latin America Investors III	4,839,234	-32.5	-34.9	20.8	15.3	100.5	93.8								
Lone Star Fund VII	211,702														
Lone Star Real Estate Fund II	1,503,449	45.3	30.8												
Lowe Hospitality Investment Partners	0														
MacFarlane Urban Real Estate Fund II	0														
RECP Fund IV, L.P.	37,183,814	2.4	-1.4	12.5	4.3	-45.6	-54.8	-40.0	-40.0						
Southern California Smart Growth Fund	1,011,416	-5.3	-5.4	-7.5	-7.7	-40.5	-40.6	-19.2	-19.3	75.6	75.3	82.2	81.0	-212.5	-216.2
Stockbridge Real Estate Fund II	10,353,669	7.2	4.2	21.8	16.8	-86.3	-86.8	-83.4	-84.0	-27.9	-31.9	91.0	80.1		
The Buchanan Fund V	3,558,864	10.4	9.4	8.1	6.3	-45.9	-48.2	-30.5	-33.0	1.1	-1.1				
Torchlight Debt Opportunity Fund II	7,955,313	23.7	22.0	41.4	36.1	29.9	23.6	-68.7	-69.7						
Torchlight Debt Opportunity Fund III	1,924,890	1.2	1.0	12.7	2.8	26.4	22.7								
Torchlight Debt Opportunity Fund IV	19,360,720														
Tuckerman Group Residential Income & Value Added Fund	949,171														
Walton Street Real Estate Fund V	6,565,556	10.1	8.0	48.0	44.0	-27.8	-31.1	-47.7	-48.7	10.3	8.6	7.2	6.6		
Walton Street Real Estate Fund VI	10,463,546	14.3	12.3	173.3	162.1	-78.1	-84.0								
<b>Opportunistic</b>	<b>143,573,992</b>	<b>8.8</b>	<b>6.5</b>	<b>17.1</b>	<b>12.6</b>	<b>-39.0</b>	<b>-41.6</b>	<b>-36.6</b>	<b>-39.2</b>	<b>10.6</b>	<b>4.6</b>	<b>31.4</b>	<b>24.5</b>	<b>32.0</b>	<b>25.2</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>793,608,667</b>	<b>12.8</b>	<b>10.9</b>	<b>13.3</b>	<b>10.5</b>	<b>-35.1</b>	<b>-36.7</b>	<b>-23.1</b>	<b>-24.3</b>	<b>14.3</b>	<b>11.1</b>	<b>20.1</b>	<b>17.2</b>	<b>25.4</b>	<b>22.3</b>
<b>Non-Core Portfolio</b>	<b>263,639,726</b>	<b>11.9</b>	<b>9.6</b>	<b>12.2</b>	<b>8.5</b>	<b>-38.8</b>	<b>-40.7</b>	<b>-30.0</b>	<b>-31.3</b>	<b>14.2</b>	<b>10.0</b>	<b>21.1</b>	<b>17.1</b>	<b>28.9</b>	<b>24.2</b>
<b>Total Portfolio</b>															
<b>LACERS</b>	<b>814,452,881</b>	<b>12.6</b>	<b>10.8</b>	<b>13.0</b>	<b>10.3</b>	<b>-34.4</b>	<b>-35.9</b>	<b>-22.5</b>	<b>-23.6</b>	<b>14.5</b>	<b>11.3</b>	<b>20.2</b>	<b>17.4</b>	<b>25.4</b>	<b>22.3</b>
<b>Indices</b>															
NFI-ODCE (Core)		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
NFI-ODCE + 80 bps (Total Portfolio)		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
NFI-ODCE + 200 bps (Non-Core Portfolio)		18.0	17.0	18.4	17.3	-27.8	-28.4	-8.0	-8.7	18.0	16.8	18.3	17.3	23.4	22.2
NFI-ODCE + 50 bps (Value Add)		16.5	15.5	16.9	15.8	-29.3	-29.9	-9.5	-10.2	16.5	15.3	16.8	15.8	21.9	20.7
NFI-ODCE + 300 bps (Opportunistic)		19.0	18.0	19.4	18.3	-26.8	-27.4	-7.0	-7.7	19.0	17.8	19.3	18.3	24.4	23.2
NCREIF Timberland Index (Timber)		1.6		-0.1		-4.7		9.5		18.4		13.7		19.4	

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
<b>Core</b>									
Berkshire Multifamily Income Realty Fund	23,867,683	0	330,218	0	263,594	38,806	79,778	23,842,031	45.0
CIM Commercial Trust Corporation ("CMCT")	28,074,602	0	117,463	7,002,590	178,114	0	1,402,820	22,535,483	31.6
CIM VI (Urban REIT), LLC	30,258,939	0	234,216	0	291,471	104,299	136,194	30,348,090	0.0
INVESCO Core Real Estate	160,151,805	1,289,325	1,275,563	0	1,399,897	133,399	2,246,271	163,678,336	25.2
Jamestown Premier Property Fund	48,261,482	72,392	486,352	0	579,670	1,143,503	4,557,407	51,841,096	34.5
JP Morgan Strategic Property Fund	63,427,486	0	0	0	633,312	152,897	504,933	64,412,834	23.3
Lion Industrial Trust - 2007	58,445,068	55,455	453,485	0	781,270	243,316	963,698	59,548,690	34.8
Prime Property Fund	53,994,141	0	532,219	0	542,468	130,801	712,307	54,585,896	17.4
Principal U.S. Property Account	58,114,158	0	0	0	631,575	140,551	571,301	59,176,485	22.4
<b>Core</b>	<b>524,595,364</b>	<b>1,417,172</b>	<b>3,429,516</b>	<b>7,002,590</b>	<b>5,301,371</b>	<b>2,087,572</b>	<b>11,174,709</b>	<b>529,968,941</b>	<b>26.6</b>
<b>Timber</b>									
Hancock Timberland XI	20,667,705	0	157,882	0	-50,323	45,698	430,412	20,844,214	0.0
<b>Timber</b>	<b>20,667,705</b>	<b>0</b>	<b>157,882</b>	<b>0</b>	<b>-50,323</b>	<b>45,698</b>	<b>430,412</b>	<b>20,844,214</b>	<b>0.0</b>
<b>Value Added</b>									
Almanac Realty Securities VI	10,031,174	0	255,135	418,961	183,131	17,727	-338,715	9,183,767	64.0
Asana Partners Fund I	7,891,887	400,000	0	0	50,945	271,860	557,434	8,628,406	53.5
CBRE Strategic Partners IV	110,531	0	0	110,531	0	0	0	0	0.0
Cornerstone Enhanced Mortgage Fund I	5,249,251	0	92,517	4,033,361	108,678	8,946	32	1,223,137	0.0
DRA Growth and Income Fund VII	17,840,509	0	2,322,222	0	610,705	269,890	629,271	16,488,373	64.0
DRA Growth and Income Fund VIII	22,933,844	592,593	1,464,586	0	429,634	114,446	136,335	22,513,374	66.4
Gerrity Retail Fund 2	14,051,222	762,742	140,268	0	293,814	68,750	140,668	15,039,427	57.9
Heitman Asia-Pacific Property Investors	-233,207	0	0	0	-44,376	1,951	-25,507	-305,042	151.0
JP Morgan Alternative Property Fund	222,923	0	0	0	-5,471	0	21,108	238,560	69.1
Mesa West Real Estate Income Fund III	11,902,489	0	152,198	3,322,480	333,899	69,822	-260	8,691,628	63.0
RREEF America REIT III - 1410	142,642	0	0	139,012	-3,432	199	0	0	0.0
Standard Life Investments European Real Estate Club II	35,016,942	0	0	0	350,552	81,160	2,455,462	37,741,796	34.5
The Realty Associates Fund IX, L.P.	1,727,296	0	1,119,577	0	21,394	4,506	-2,299	622,308	0.0
Urdang Value Added Fund II	91,815	0	84,625	0	-47,786	0	40,596	0	0.0
<b>Value Added</b>	<b>126,979,318</b>	<b>1,755,335</b>	<b>5,631,128</b>	<b>8,024,345</b>	<b>2,281,687</b>	<b>909,257</b>	<b>3,614,125</b>	<b>120,065,734</b>	<b>53.4</b>
<b>Total Portfolio</b>									
<b>LACERS</b>	<b>835,873,964</b>	<b>4,228,194</b>	<b>19,978,093</b>	<b>27,222,282</b>	<b>8,722,904</b>	<b>3,909,858</b>	<b>16,738,052</b>	<b>814,452,881</b>	<b>33.8</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	892,602	0	0	256,056	-4,726	0	-20,891	610,930	0.0
Bristol Value II, L.P.	11,330,532	342,857	66,159	0	22,284	48,197	1,651,221	13,232,538	35.7
Bryanston Retail Opportunity Fund	4,603,849	0	0	0	-1,721	4,136	-1,137,810	3,460,182	70.7
California Smart Growth Fund IV	6,534,707	74,582	0	2,010,320	42,739	74,582	413,623	4,980,749	0.0
Canyon Johnson Urban Fund II	29,543	0	0	0	-435	0	0	29,108	0.0
CBRE Strategic Partners UK Fund III	227,900	0	0	228,428	686	0	-157	0	0.0
CIM Real Estate Fund III	8,300,983	0	864,948	0	-61,476	28,921	259,785	7,605,423	32.9
CityView LA Urban Fund I	2,454,817	7,669	2,239,788	0	-17,373	7,669	70,068	267,724	0.0
Colony Investors VIII	2,306,955	0	0	1,763,348	20,400	5,800	190,200	748,407	0.0
DRA Growth and Income Fund VI	2,648,229	0	68,000	0	84,313	19,003	0	2,645,539	45.0
Genesis Workforce Housing Fund II	139,741	0	182,439	0	-1,769	0	0	-44,467	0.0
Integrated Capital Hospitality Fund	5,047,377	0	0	0	-527,465	15,762	-578,682	3,925,468	47.1
LaSalle Asia Fund II	214,150	0	0	0	15,686	0	1,211	231,047	0.0
Latin America Investors III	5,946,882	0	0	0	-29,578	50,192	-1,027,878	4,839,234	26.6
Lone Star Fund VII	294,394	0	55,146	0	3,715	-9,884	-41,144	211,702	91.3
Lone Star Real Estate Fund II	2,150,915	0	184,006	510,507	36,993	3,271	13,326	1,503,449	23.0
Lowe Hospitality Investment Partners	76,930	0	0	56,391	-20,539	0	0	0	0.0
MacFarlane Urban Real Estate Fund II	271,520	0	270,541	0	-979	0	0	0	0.0
RECP Fund IV, L.P.	36,883,922	630,579	1,691,081	0	1,065,491	199,850	494,753	37,183,814	31.0
Southern California Smart Growth Fund	1,011,251	0	0	0	165	0	0	1,011,416	69.2
Stockbridge Real Estate Fund II	10,331,893	0	0	0	-8,547	8,808	39,131	10,353,669	48.3
The Buchanan Fund V	3,613,777	0	0	0	12,385	9,567	-57,731	3,558,864	21.9
Torchlight Debt Opportunity Fund II	8,578,861	0	674,726	0	1,233	4,136	54,081	7,955,313	23.5
Torchlight Debt Opportunity Fund III	2,979,871	0	1,327,709	0	70,890	75,874	277,712	1,924,890	0.0
Torchlight Debt Opportunity Fund IV	21,358,737	0	2,618,137	0	490,066	268,914	398,968	19,360,720	16.1
Tuckerman Group Residential Income & Value Added Fund	7,550,124	0	0	6,665,633	-83,659	13,585	161,924	949,171	0.0
Walton Street Real Estate Fund V	7,094,732	0	0	704,664	20,318	8,404	163,574	6,565,556	48.4
Walton Street Real Estate Fund VI	10,756,383	0	516,887	0	61,072	30,544	193,522	10,463,546	59.4
<b>Opportunistic</b>	<b>163,631,577</b>	<b>1,055,687</b>	<b>10,759,567</b>	<b>12,195,347</b>	<b>1,190,169</b>	<b>867,331</b>	<b>1,518,806</b>	<b>143,573,992</b>	<b>37.7</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>815,206,259</b>	<b>4,228,194</b>	<b>19,820,211</b>	<b>27,222,282</b>	<b>8,773,227</b>	<b>3,864,160</b>	<b>16,307,640</b>	<b>793,608,667</b>	<b>34.4</b>
<b>Non-Core Portfolio</b>	<b>290,610,895</b>	<b>2,811,022</b>	<b>16,390,695</b>	<b>20,219,692</b>	<b>3,471,856</b>	<b>1,776,588</b>	<b>5,132,931</b>	<b>263,639,726</b>	<b>46.0</b>
<b>Total Portfolio</b>									
<b>LACERS</b>	<b>835,873,964</b>	<b>4,228,194</b>	<b>19,978,093</b>	<b>27,222,282</b>	<b>8,722,904</b>	<b>3,909,858</b>	<b>16,738,052</b>	<b>814,452,881</b>	<b>33.8</b>

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Core</b>						
Berkshire Multifamily Income Realty Fund	100.0	-	-	-	-	-
CIM Commercial Trust Corporation ("CMCT")	-	83.1	-	-	11.8	5.1
CIM VI (Urban REIT), LLC	57.3	27.9	-	14.8	-	0.0
INVESCO Core Real Estate	31.6	33.9	14.8	19.7	-	0.1
Jamestown Premier Property Fund	-	70.1	-	17.2	-	12.7
JP Morgan Strategic Property Fund	21.3	40.2	10.6	26.4	-	1.6
Lion Industrial Trust - 2007	-	-	100.0	-	-	-
Prime Property Fund	24.4	34.1	16.2	16.4	-	8.9
Principal U.S. Property Account	11.2	41.9	22.4	16.7	1.3	6.6
<b>Core</b>	<b>23.9</b>	<b>35.5</b>	<b>21.3</b>	<b>15.4</b>	<b>0.6</b>	<b>3.3</b>
<b>Timber</b>						
Hancock Timberland XI	-	-	-	-	-	100.0
<b>Timber</b>	-	-	-	-	-	<b>100.0</b>
<b>Value Added</b>						
Almanac Realty Securities VI	29.0	7.0	-	6.1	54.5	3.4
Asana Partners Fund I	-	-	-	100.0	-	-
CBRE Strategic Partners IV	-	-	-	-	-	-
Cornerstone Enhanced Mortgage Fund I	-	100.0	-	-	-	-
DRA Growth and Income Fund VII	35.1	21.5	26.8	16.6	-	-
DRA Growth and Income Fund VIII	10.2	26.0	10.0	50.9	-	2.9
Gerrity Retail Fund 2	-	-	-	100.0	-	-
Heitman Asia-Pacific Property Investors	-	-	-	-	-	-
JP Morgan Alternative Property Fund	-	-	-	-	-	-
Mesa West Real Estate Income Fund III	27.8	60.6	-	-	11.6	-
RREEF America REIT III - 1410	-	-	-	-	-	-
Standard Life Investments European Real Estate Club II	-	40.2	46.2	13.6	-	-
The Realty Associates Fund IX, L.P.	-	100.0	-	-	-	-
Urdang Value Added Fund II	-	-	-	-	-	-
<b>Value Added</b>	<b>11.0</b>	<b>26.9</b>	<b>20.1</b>	<b>36.3</b>	<b>5.0</b>	<b>0.8</b>
<b>Total Portfolio</b>						
<b>LACERS</b>	<b>19.6</b>	<b>31.0</b>	<b>17.9</b>	<b>16.8</b>	<b>3.4</b>	<b>11.3</b>
<b>Indices</b>						
<b>NFI-ODCE</b>	<b>24.1</b>	<b>36.0</b>	<b>16.2</b>	<b>19.8</b>	<b>0.4</b>	<b>3.5</b>

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Opportunistic</b>						
Apollo CPI Europe I	-	-	-	-	-	-
Bristol Value II, L.P.	12.1	49.9	17.1	-	-	20.9
Bryanston Retail Opportunity Fund	-	-	-	100.0	-	-
California Smart Growth Fund IV	3.3	-	53.1	0.4	-	43.2
Canyon Johnson Urban Fund II	-	-	-	-	-	-
CBRE Strategic Partners UK Fund III	-	-	-	-	-	-
CIM Real Estate Fund III	13.6	7.7	-	13.6	4.1	60.9
CityView LA Urban Fund I	100.0	-	-	-	-	-
Colony Investors VIII	-	96.7	-	-	-	3.3
DRA Growth and Income Fund VI	-	42.2	-	57.8	-	-
Genesis Workforce Housing Fund II	-	-	-	-	-	-
Integrated Capital Hospitality Fund	-	-	-	-	100.0	-
LaSalle Asia Fund II	-	-	-	-	-	-
Latin America Investors III	-	10.4	-	-	-	89.6
Lone Star Fund VII	-	-	-	-	-	100.0
Lone Star Real Estate Fund II	-	38.9	0.5	2.9	16.8	41.0
Lowe Hospitality Investment Partners	-	-	-	-	-	-
MacFarlane Urban Real Estate Fund II	-	-	-	-	-	-
RECP Fund IV, L.P.	22.8	8.1	4.5	-	10.7	53.9
Southern California Smart Growth Fund	-	-	-	-	-	-
Stockbridge Real Estate Fund II	-	43.6	-	-	24.2	32.1
The Buchanan Fund V	84.0	-	-	-	-	16.0
Torchlight Debt Opportunity Fund II	0.0	99.9	0.0	0.1	0.0	0.0
Torchlight Debt Opportunity Fund III	1.5	87.7	0.8	7.0	1.5	1.5
Torchlight Debt Opportunity Fund IV	21.9	16.1	11.5	23.3	18.2	9.1
Tuckerman Group Residential Income & Value Added Fund	-	-	-	-	-	100.0
Walton Street Real Estate Fund V	-	-	-	2.1	43.9	53.9
Walton Street Real Estate Fund VI	5.6	9.2	-	7.1	6.0	72.1
<b>Opportunistic</b>	<b>13.7</b>	<b>22.1</b>	<b>6.2</b>	<b>8.2</b>	<b>12.7</b>	<b>37.0</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>20.1</b>	<b>31.8</b>	<b>18.4</b>	<b>17.2</b>	<b>3.5</b>	<b>9.0</b>
<b>Non-Core Portfolio</b>	<b>12.4</b>	<b>24.3</b>	<b>12.6</b>	<b>21.1</b>	<b>9.2</b>	<b>20.4</b>
<b>Total Portfolio</b>						
<b>LACERS</b>	<b>19.6</b>	<b>31.0</b>	<b>17.9</b>	<b>16.8</b>	<b>3.4</b>	<b>11.3</b>
<b>Indices</b>						
<b>NFI-ODCE</b>	<b>24.1</b>	<b>36.0</b>	<b>16.2</b>	<b>19.8</b>	<b>0.4</b>	<b>3.5</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>										
Berkshire Multifamily Income Realty Fund	5.5	9.0	10.7	-	24.7	15.1	7.9	27.1	-	-
CIM Commercial Trust Corporation ("CMCT")	-	24.0	-	-	-	9.3	-	66.7	-	-
CIM VI (Urban REIT), LLC	61.6	-	-	-	-	21.1	-	17.3	-	-
INVESCO Core Real Estate	16.6	9.2	3.5	0.9	2.7	13.7	10.2	43.3	-	-
Jamestown Premier Property Fund	54.0	19.9	-	-	1.9	-	-	24.3	-	-
JP Morgan Strategic Property Fund	24.0	7.7	4.7	0.0	6.6	13.7	2.6	40.7	-	-
Lion Industrial Trust - 2007	19.7	2.2	8.7	2.4	14.5	16.7	2.8	33.0	-	-
Prime Property Fund	21.7	8.0	9.3	2.0	11.8	9.0	4.3	33.7	-	-
Principal U.S. Property Account	15.5	9.2	4.6	1.8	9.0	13.7	10.1	36.2	-	-
<b>Core</b>	<b>22.9</b>	<b>9.1</b>	<b>4.7</b>	<b>1.0</b>	<b>6.9</b>	<b>12.6</b>	<b>5.8</b>	<b>37.0</b>	-	-
<b>Timber</b>										
Hancock Timberland XI	-	-	-	-	-	-	-	21.6	65.1	13.3
<b>Timber</b>	-	-	-	-	-	-	-	<b>21.6</b>	<b>65.1</b>	<b>13.3</b>
<b>Value Added</b>										
Almanac Realty Securities VI	-	-	-	-	-	-	-	-	100.0	-
Asana Partners Fund I	-	45.0	-	-	15.2	39.8	-	-	-	-
CBRE Strategic Partners IV	-	-	-	-	-	-	-	-	-	-
Cornerstone Enhanced Mortgage Fund I	-	-	-	-	-	-	100.0	-	-	-
DRA Growth and Income Fund VII	-	9.9	2.4	6.5	20.0	37.7	9.4	14.1	-	-
DRA Growth and Income Fund VIII	3.8	11.4	27.5	11.2	18.4	13.3	1.8	12.6	-	-
Gerrity Retail Fund 2	-	-	-	-	-	-	-	100.0	-	-
Heitman Asia-Pacific Property Investors	-	-	-	-	-	-	-	-	-	-
JP Morgan Alternative Property Fund	-	-	-	-	-	-	-	-	-	-
Mesa West Real Estate Income Fund III	12.0	23.0	5.2	-	15.8	17.4	10.9	15.8	-	-
RREEF America REIT III - 1410	-	-	-	-	-	-	-	-	-	-
Standard Life Investments European Real Estate Club II	-	-	-	-	-	-	-	-	-	100.0
The Realty Associates Fund IX, L.P.	-	-	-	-	-	-	100.0	-	-	-
Urdang Value Added Fund II	-	-	-	-	-	-	-	-	-	-
<b>Value Added</b>	<b>1.6</b>	<b>8.4</b>	<b>5.9</b>	<b>3.0</b>	<b>8.4</b>	<b>11.8</b>	<b>3.9</b>	<b>18.0</b>	<b>7.6</b>	<b>31.4</b>
<b>Total Portfolio</b>										
<b>LACERS</b>	<b>17.3</b>	<b>8.5</b>	<b>4.0</b>	<b>1.1</b>	<b>7.4</b>	<b>9.9</b>	<b>4.7</b>	<b>28.8</b>	<b>11.6</b>	<b>6.8</b>
<b>Indices</b>										
<b>NFI-ODCE</b>	<b>21.9</b>	<b>9.1</b>	<b>7.9</b>	<b>1.5</b>	<b>9.5</b>	<b>8.9</b>	<b>5.3</b>	<b>35.9</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	-	-	-	-	-	-	-	-	-	-
Bristol Value II, L.P.	38.9	-	-	-	52.9	-	8.2	-	-	-
Bryanston Retail Opportunity Fund	17.0	0.0	9.6	0.2	1.7	11.4	13.2	46.9	-	-
California Smart Growth Fund IV	-	-	-	-	-	-	-	100.0	-	-
Canyon Johnson Urban Fund II	-	-	-	-	-	-	-	-	-	-
CBRE Strategic Partners UK Fund III	-	-	-	-	-	-	-	-	-	-
CIM Real Estate Fund III	26.7	-	18.2	-	32.2	0.1	5.6	16.6	-	0.7
CityView LA Urban Fund I	-	-	-	-	-	-	-	100.0	-	-
Colony Investors VIII	0.2	-	-	-	-	-	-	83.8	-	16.0
DRA Growth and Income Fund VI	5.0	-	-	5.3	37.1	-	52.5	-	-	-
Genesis Workforce Housing Fund II	-	-	-	-	-	-	-	-	-	-
Integrated Capital Hospitality Fund	-	54.7	-	-	31.7	13.6	-	-	-	-
LaSalle Asia Fund II	-	-	-	-	-	-	-	-	-	-
Latin America Investors III	-	-	-	-	-	-	-	-	-	100.0
Lone Star Fund VII	-	6.7	-	-	18.0	1.5	-	-	70.0	3.8
Lone Star Real Estate Fund II	-	-	-	-	-	-	-	-	94.9	5.1
Lowe Hospitality Investment Partners	-	-	-	-	-	-	-	-	-	-
MacFarlane Urban Real Estate Fund II	-	-	-	-	-	-	-	-	-	-
RECP Fund IV, L.P.	28.9	23.6	-	-	-	1.2	0.0	19.1	-	27.1
Southern California Smart Growth Fund	-	-	-	-	-	-	-	-	-	-
Stockbridge Real Estate Fund II	-	-	-	-	-	-	-	100.0	-	-
The Buchanan Fund V	-	-	-	-	-	84.0	-	16.0	-	-
Torchlight Debt Opportunity Fund II	-	-	-	-	-	-	-	-	100.0	-
Torchlight Debt Opportunity Fund III	-	-	-	-	-	-	-	-	100.0	-
Torchlight Debt Opportunity Fund IV	-	-	-	-	-	-	-	-	100.0	-
Tuckerman Group Residential Income & Value Added Fund	100.0	-	-	-	-	-	-	-	-	-
Walton Street Real Estate Fund V	-	12.3	-	-	35.7	-	4.2	11.6	-	36.2
Walton Street Real Estate Fund VI	51.8	14.5	4.3	1.4	8.6	5.7	4.8	4.4	-	4.5
<b>Opportunistic</b>	<b>17.7</b>	<b>9.9</b>	<b>1.7</b>	<b>0.2</b>	<b>11.9</b>	<b>3.4</b>	<b>3.3</b>	<b>17.5</b>	<b>21.7</b>	<b>12.7</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>18.6</b>	<b>9.9</b>	<b>4.4</b>	<b>1.1</b>	<b>8.3</b>	<b>11.5</b>	<b>5.3</b>	<b>30.4</b>	<b>4.4</b>	<b>6.1</b>
<b>Non-Core Portfolio</b>	<b>10.1</b>	<b>11.4</b>	<b>3.9</b>	<b>1.5</b>	<b>11.1</b>	<b>9.3</b>	<b>4.2</b>	<b>17.3</b>	<b>13.2</b>	<b>18.1</b>
<b>Total Portfolio</b>										
<b>LACERS</b>	<b>17.3</b>	<b>8.5</b>	<b>4.0</b>	<b>1.1</b>	<b>7.4</b>	<b>9.9</b>	<b>4.7</b>	<b>28.8</b>	<b>11.6</b>	<b>6.8</b>
<b>Indices</b>										
<b>NFI-ODCE</b>	<b>21.9</b>	<b>9.1</b>	<b>7.9</b>	<b>1.5</b>	<b>9.5</b>	<b>8.9</b>	<b>5.3</b>	<b>35.9</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.

## Exhibit B: Real Estate Market Update



# United States Real Estate Market Update (4Q17)

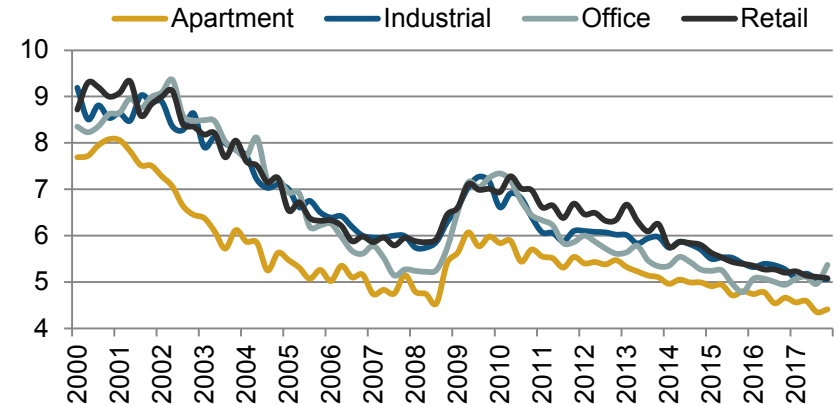
## General

- The S&P 500 produced a gross total return of 6.6% during the Quarter, as markets have continued to rally on the back of tax cuts. MSCI US REIT index produced a more moderate return of 1.4%. REITs underperformed the broader equities market by 16.8%. Consumer Sentiment improved during the Quarter, concluding the year at 95.9. US 10 year treasury bond yields expanded 7 bps during the Quarter.
- Macro indicators for U.S. real estate continue to be positive; GDP grew at an annualized rate of 2.6% in the 4<sup>th</sup> Quarter. With the conclusion of December, the economy has now experienced 87 consecutive months of job growth. For 2017, headline inflation remained healthy at 2.1%, near the Fed's 2% target. The Federal Reserve has continued to tighten their policy, in light of improving economic data, and raised base rates to 1.25-1.5%. In 2018, the consensus expectation is three rate hikes.

## Commercial Real Estate

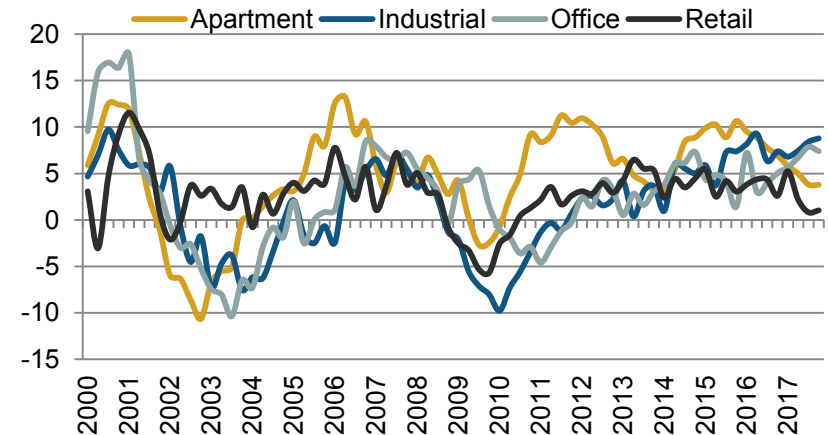
- In 2016, \$124.1bn of aggregate capital was raised by US real estate funds. 2017, Private Equity Real Estate Funds have raised 111.6bn. Continuing on trend since 2012, 2017 has witnessed the largest average fund size at \$444m; this trend which has strengthened as capital has concentrated in a small group of established managers.
- Transaction cap rates (5.87%) on average expanded 5 bps during the 4<sup>th</sup> Quarter of 2017. Office experienced an expansion of current value cap rates of 40 bps; other sectors remained relatively flat.
- 10 year treasury bond yields compressed an expanded 7 bps to 2.4% during the quarter and, subsequent to quarter end, have continued to expand. A combination of fiscal stimulus and tightening from the fed has increased the investor's expectation of inflation.

## Current Value Cap Rates by Property Type



Source: NCREIF

## 4-Qtr Rolling NOI Growth By Property Type



Source: NCREIF

# United States Property Matrix (4Q17)

## INDUSTRIAL

- As of 4Q17, Industrial properties returned 3.3% and outperformed the NPI by 149 bps.
- With nearly 82 million square feet of net absorption in 4Q17 (the highest fourth quarter number on record), 2017 demand reached 245 million square feet. This represents a 6.1% decline from 2016 totals.
- Midsized product (100,000 – 500,000 square feet) significantly increased from 2016 deal volumes, with 73% of transactions falling into this category.
- Construction levels remain elevated, with new deliveries reaching 232.7 million square feet in 2017, with many markets reaching historical highs in new deliveries. Speculative development was 75% of total deliveries for 2017 speaking to continued demand.
- A 20 bps reduction in vacancy has resulted in another all-time low of 5.0%. Strong demand has pushed asking rents up 5.4% year-over-year and now stand at \$5.50 PSF.

## MULTIFAMILY

- Sales volumes decreased by 8.3% in 2017. Despite the slowdown, multifamily led all other property types in terms of transaction volume for the third straight year, speaking to the strong liquidity that remains in the market.
- Primary market transaction activity represented 40.3% of activity, down from 44.0% in 2016. New supply has continued to drive investors' cautious outlook on primary markets.
- Acquisitions by REITs decreased by 23%, as pricing has made it difficult to underwrite required return hurdles. Meanwhile, foreign investment increased 16%, with Canada and Singapore accounting for 66% of foreign investment.
- Annual rent growth ended the year at 2.3%. Concessions continue to increase in many markets nationally, a product of increased supply coming to market.
- The apartment sector delivered a 1.6% return during the Quarter, underperforming the NPI by 18 bps.

## OFFICE

- The Office sector returned 1.7% in 4Q17, 15bps below the NPI.
- For the year, the office market recorded occupancy growth of 36.4 million square feet, 13% less than 2016 numbers, representing a third consecutive year of slowed occupancy growth.
- As a result of slowed expansion activity, vacancy has increased to 14.9%, with levels anticipated to increase through 2018 and 2019.
- Construction starts have dropped sharply in 2017 by 29%, with construction volumes dropping below the 100 million square feet level for the first time in three years.
- New supply has provided some upside for landlords with completions commanding a 43% premium to existing Class A space. Pricing discounts to Core product, as well as increased deliveries, has resulted in suburban office product being able to increase asking rents at a greater pace than urban assets.

## RETAIL

- Transaction volumes totaled \$51.5 billion for 2017, a 22.5% decrease from the prior year. Secondary markets seeing strong population and job growth experienced growth, but not enough to offset the decline in gateway markets.
- Lifestyle centers and malls had transaction volume declines of 48.5% and 53.5%, respectively. One bright spot was general purpose centers, which experienced a 10.5% increase.
- Growth in rent for 2017 was 5.5%, marking a slowdown from that seen in 2016. Store closure announcements remain a headwind for rent growth going forward.
- Institutional retail investment declined 41.8% in 2017. REIT acquisitions increased by 12.0%, focused primarily on general purpose centers. Foreign investment declined by 56.7%, with core assets remaining the predominate component of activity.
- As of 4Q17, the retail sector delivered a quarterly return of 1.3%, which underperformed the NPI by 52 bps.

# Global Real Estate Market Update (4Q17)

## GLOBAL

- Global investment activity during 4Q 2017 totaled \$228 billion, marking a 10% increase as compared to 4Q 2016 levels. This brings full-year 2017 volumes to \$698 billion, which is 6% higher than last year's total. The strong 4Q 2017 performance demonstrated investors' confidence in the real estate sector despite continued political uncertainty. Overall, 2017 produced record volumes for investment activity in the post-crisis era, driven by broad-based growth, low interest rates, and lack of inflationary pressure. Looking forward, global investment volumes in 2018 are expected to soften by 5% - 10% to around \$650 billion due to a relative lack of product combined with continued investor discipline. However, investors are still keen to access the sector and will look for new strategies as the prominence of single-asset transactions has started to decline.

## EUROPE

- European investment increased 31% y/y in 4Q 2017, for a full-year volume of \$300 billion. This was a 22% increase over full-year 2016 volumes and was the strongest year since 2007. Growth was strong across all regions, with investment volumes up 57% in the Benelux region, 24% in Southern Europe, and 27% in the Nordics as compared to 2016. Central and Eastern Europe rose 3% to \$19 billion, surpassing the previous cyclical peak in 2006 by 29%. The U.K. showed continuous recovery following the impact of Brexit, with 4Q volumes up 80% y/y and totaling \$79 billion for the full-year, a 37% increase as compared to full-year 2016 volumes. Germany saw volumes rise 8% in 4Q with full-year volumes up 9% compared to 2016. The French market saw a reversal of the 2Q and 3Q slowdown with investment volumes up 61% y/y.

## ASIA

- Asia Pacific 4Q 2017 investment activity reached a record \$52 billion, up 16% y/y. Full-year volumes were \$249 billion, marking a 13% increase as compared to full-year 2016 volumes. Cross-border investment activity accounted for 40% of total transaction volumes, with Singaporeans being the largest cross-border buyers. Japan's transaction volumes totaled \$37 billion for 2017, up 10% y/y. Australia's full-year investment volume was \$21 billion, up 14% compared to 2016. Investor interest has been shifting towards secondary cities such as Brisbane. Chinese transaction activity marked an all-time record, reaching \$36 billion in 2017. This represents a 5% increase compared to 2016. Specifically, Hong Kong volumes came in at \$16.4 billion, up 58% y/y.

### Direct Commercial Real Estate Investment - Regional Volumes, 2016 - 2017

\$ US Billions	Q3 2017	Q4 2017	% Change		% Change		FY 2016	FY 2017	% Change
			Q3 17 - Q4 17	Q4 2016	Q4 16 - Q4 17	FY 2016			
Americas	61	66	8%	78	-15%	285	249	-13%	
EMEA	73	110	51%	84	31%	245	300	22%	
Asia Pacific	35	52	49%	45	16%	131	149	14%	
<b>Total</b>	<b>169</b>	<b>228</b>	<b>35%</b>	<b>207</b>	<b>10%</b>	<b>661</b>	<b>698</b>	<b>6%</b>	

Source: Jones Lang LaSalle, January 2018

### Global Outlook - GDP (Real) Growth % pa, 2017-2019

	2017	2018	2019
<b>Global</b>	<b>3.6</b>	<b>3.9</b>	<b>3.6</b>
<b>Asia Pacific</b>	<b>5.5</b>	<b>5.5</b>	<b>5.2</b>
Australia	2.2	2.5	2.4
China	6.8	6.4	6.0
India	6.1	7.4	7.1
Japan	1.8	1.7	0.9
<b>North America</b>	<b>2.0</b>	<b>2.6</b>	<b>2.2</b>
US	2.3	2.7	1.9
<b>MENA*</b>	<b>2.0</b>	<b>3.2</b>	<b>3.8</b>
<b>European Union</b>	<b>2.8</b>	<b>2.5</b>	<b>2.0</b>
France	1.8	1.9	1.7
Germany	2.5	2.4	1.8
UK	1.5	1.5	1.6

\*Middle East North Africa

Source: Jones Lang LaSalle (Oxford Economics), January 2018

## Exhibit C: Glossary



# Cash Flow Statement

<b>Beginning Market Value:</b>	<b>Value of real estate, cash and other holdings from prior period end.</b>
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.
Withdrawals:	Cash returned from the investment, representing returns of capital or net sales proceeds.
Ending Market Value:	The value of an investment as determined by actual sales dollars invested and withdrawn plus the effects of appreciation and reinvestment; market value is equal to the ending cumulative balance of the cash flow statement (NAV).
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. This figure represents dollars available for allocation.

## Style Groups

<b>The Style Groups consist of returns from commingled funds with similar risk/return investment strategies. Investor portfolios/investments are compared to comparable style groupings.</b>	
Core:	Direct investments in operating, fully leased, office, retail, industrial, or multifamily properties using little or no leverage (normally less than 30%).
Value-Added:	Core returning 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 (typically between 40% and 65%).
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 (typically between 50% and 65% or higher), distressed properties.



# Indices

<p><b>Stylized Index:</b></p>	<p><b>Weights the various style group participants so as to be comparable to the investor portfolio holdings for each period.</b></p>
<p>Open-End Diversified Core Equity Index (“ODCE”):</p>	<p>A core index 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 (16 active vehicles). The ODCE Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.</p>
<p>NCREIF Timberland Index (“NTI”):</p>	<p>National Index comprised of a large pool of individual timber properties owned by institutions for investment purposes.</p>
<p>NCREIF Property Index (“NPI”):</p>	<p>National Property Index comprised of core equity real estate assets owned by institutions.</p>

## Performance

<b>Income Return (“INC”):</b>	<b>Net operating income net of debt service before deduction of capital items (e.g., roof replacement, renovations, etc.)</b>
Appreciation Return (“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 Return (“TGRS”):	The sum of the income return and appreciation return before adjusting for fees paid to and/or accrued by the manager.
Total Net Return (“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 <sup>1</sup> :	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.
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.
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.

<sup>1</sup> Portfolio level returns include historical returns of managers no longer with assets under management. All returns are calculated on a time-weighted basis.

## GEOGRAPHIC REGIONS and DIVISIONS

