

Policies

<p>Indices Overview</p>	<p>Core, Value-Added and Opportunistic Fund Indices (Index or Indices) demonstrate the general risk / return characteristics of the three broad investment styles within real estate. The Indices are designed to reflect the performance of funds available to U.S. institutional investors, investing in private real estate equity / equity-oriented investments, without regard to geographic location.</p> <p>Core funds typically utilize low leverage and invest domestically in stabilized assets, whereas Opportunistic funds typically utilize high leverage, take on more market risk, and may invest domestically and/or internationally. Value-Added funds generally fall somewhere between the two. Currently, all funds are being reported by the managers in U.S. dollar terms. Over time, the intent is to collect data in other currencies and apply currency conversions, if necessary, to increase the representation of non-U.S. dollar denominated funds. In the future, multiple sub-indices may be created within each broad style to provide more insight as to the performance of specific investment strategies. One example of this that exists today is the NCREIF Fund Index-Open-end Diversified Core Equity (NFI-ODCE), 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.</p> <p>The Indices are jointly produced by the National Council of Real Estate Investment Fiduciaries (NCREIF) and The Townsend Group (TTG). The NFI-ODCE was created by NCREIF in May 2005 and is a specialized sub-index with its own set of index criteria. Please refer to the NFI-ODCE detail report at www.NCREIF.org for further information.</p>
<p>Index Style Definitions</p>	<p>Funds are classified into a style index based on various qualitative criteria. The starting point is the style classification that the manager uses when marketing the fund to prospective investors. TTG and NCREIF personnel (Staff) will assess new fund classifications based on the funds' overall goals, objectives, and strategies. Because new funds may have broad investment discretion, various layers of portfolio and investment level risks, and limited performance history, classifications are somewhat subjective. Although it is generally not expected, in the cases where Staff believe a classification is deemed not appropriate, the situation will be discussed with the fund's portfolio manager and Staff will make a final decision as to which style Index to include the fund. Historically, fund classifications were evaluated by TTG during their due diligence process.</p> <p>Staff believes that turnover in each respective style Index should be limited and avoided when possible; however, classification changes will be made if the conditions clearly warrant it. For purposes of the time-weighted Index, if it is decided that a fund should be removed, such fund's historical data will remain. For purposes of the IRR Vintage Period composites, Staff will decide how to classify the fund's performance based on the facts and circumstances at the time.</p>
<p>Index Methodology</p>	<p>Indices represent gross of fee time-weighted returns (TWR) of the Limited Partners (common investors) in the respective funds weighted based on the Limited Partners' net invested capital of each fund. A TWR is an investment performance return measure that excludes the effects of external cash flows (investor contributions and distributions) from the calculation. For real estate investments, the Global Investment Performance Standards (GIPS) require the use of a TWR for calculating the performance of funds within a composite. The TWR provides a composite level comparability measure both within real estate and across other asset classes.</p> <p>Generally, funds are included when the fund receives its first contribution from common investors and when such fund makes substantial real estate investments (i.e. the Indices are designed to track real estate performance, not cash returns). Funds are excluded from the Index when the fund disposes its final real estate investments. In both cases, however, the partial periods are excluded from the Index. The funds included in the Indices, especially for All Opportunistic, may vary from quarter to quarter since data collection is voluntary for non-NCREIF members; however, the objective is to limit, to the extent possible, the amount of volatility related to funds entering and exiting the composite.</p>

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<p>Supplemental Data (IRR's, Multiples and Vintage Periods)</p>	<p>The distribution or range of IRR's and Multiples are presented on an equal-weighted basis for each Vintage Period. A Vintage Period will be created every calendar year for new funds drawing down capital and investing in real estate assets as long as there is a minimum of eight funds. For periods when the minimum is not achievable, multiple years will be combined to derive a Vintage Period.</p> <p>A data field within a Vintage Period composite is shown as long as either eight funds or 50% or more of the funds within that Vintage Period report such data field. The number of funds reporting each of the data fields is listed on the line referenced by the term "# of Funds Reporting". NOTE: Not all the funds may report all the same data fields each quarter, therefore, direct comparison between data fields may not be appropriate. Please refer to the definition of "# of Funds Reporting" in the glossary of terms for further details.</p> <p>When presenting the first year or two of a Vintage Period composite, only certain data fields, such as net assets, are shown since other data points will not be meaningful due to lack of underlying asset sales transactions within the individual funds. Further, Vintage Periods will be created in "arrears" since the number of funds within a Vintage Period will not be known until the first quarter of the next year.</p> <p>In this report, in order to keep the IRR since inception data current, useful and comparable, funds are only included in the Vintage Period composites if a current quarter questionnaire is received or if a prior quarter questionnaire has been returned indicating a fund is 100% complete. If a fund does not report in time, all of the funds' balance sheet and since inception IRR and Multiple data will be excluded from the Vintage Period composite. If a questionnaire is submitted timely in the next quarter, the fund's balance sheet and since inception IRR and Multiple data will be added back in the Vintage Period composite. This policy may or may not impact the presentation of Vintage Periods, although the intent is to maintain composite construction and consistency in reporting from quarter to quarter.</p>
<p>Index Contributors</p>	<p>Fund Data Contributing Manager (FDCM) must be an investment management company offering a commingled fund vehicle to multiple U.S. Institutional Investors, which are generally characterized as non-individual investors, tax-exempt or taxable, including but not limited to, pension funds, endowments, insurance companies, banks, profit sharing trusts, etc. FDCM's consist of both NCREIF and non-NCREIF members.</p> <p>All information presented is based on data provided by the FDCM's. Although funds included in the Index are available to U.S. institutional investors, certain non-U.S. funds may follow local accounting, valuation and performance measurement standards which may or may not be comparable to U.S. standards. Such differences, if any, predominantly apply to opportunistic funds where investments are made outside the U.S. and are not believed to be material. NCREIF and TTG do not calculate any individual fund's returns or other data points. As a result, NCREIF and TTG do not provide any guarantees as to the accuracy or completeness of the data.</p>
<p>Data Collection Process</p>	<p>The Townsend Group, a real estate advisory company, is responsible for collecting data from the FDCM's. NCREIF produces the Indices based on such data. Data is collected via excel and word questionnaires. Generally the data for open-end funds is due by the 25th of the month following quarter-end and for closed-end funds by the 15th of the second month following quarter-end, but no later than the end of the third month following quarter-end. Individual fund performance is not disclosed as a condition of the data collection.</p>
<p>Index Schedule</p>	<p>The timing of publication for this report is anticipated to be quarterly in arrears approximately on the 15th of the fourth month following quarter-end.</p>

Risks and Disclaimers	<p>The underlying data in this report has been obtained from sources considered to be reliable, and is believed to be accurate, but is not guaranteed. Generally, data is supplied by the FDCM's, however for certain inactive funds, the data may have been obtained from other sources such as financial statements and annual reports. For all funds there is a risk that data was supplied using older questionnaires and differing standards of practice and therefore such data may not be consistent with the current definitions used in this report. Previously reported results may be revised for various reasons, including but not limited to data corrections, audit adjustments, and certain funds (primarily opportunistic) not meeting reporting deadlines from quarter to quarter. If a fund is not submitted by the deadline the revision to the previous reported results will appear in the next quarter's report. Such revisions will be monitored but are not anticipated to have a significant impact on the long term time-weighted Index return and risk characteristics.</p> <p>This report is for informational purposes only and is not to be an offer, solicitation, or recommendation with respect to the purchase or sale of any security or a recommendation of the services supplied by any advisory management organization. Past performance is no guarantee of future results.</p> <p>The information in this report is proprietary and may not be reported in whole or part without written permission. Copyright © 2009 by the National Council of Real Estate Investment Fiduciaries and The Townsend Group.</p>
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