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CAMBRIDGE ASSOCIATES LLC

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C O N T E N T S

C O N T E N T S

Exhibits (continued)

Real Estate Managers

ABSTRACT

1. Throughout 2006, real estate values rose, driven by steady investor demand and strong property market fundamentals. Real estate fundamentals improved throughout the year, although the pace of improvement began decelerating in the second half. Now that net operating income (NOI) is finally reflecting strong office rent growth, all four major property types—office, industrial, retail, apartment—are experiencing income growth at the national level, the first such occurrence in almost five years. Notwithstanding the fact that most market participants appear to be pricing a period of continued healthy real estate fundamentals into their acquisition underwriting, we believe that private equity real estate funds are likely to generate decent returns over the next few years, barring a significant economic slowdown. Capital flows show no signs of abating; an aggressive rotation out of real estate into other sectors appears unlikely given the dearth of undervalued asset classes.

2. While the torrential flow of capital may have eased somewhat in 2006, U.S. real estate continues to attract significant volumes of both debt and equity from global sources. Investors, particularly those seeking current income, still regard the sector as appealing relative to equities and bonds, though the valuation gap has narrowed. In addition, real estate appears to have gained greater acceptance as a viable investment alternative, resulting in increasing institutional allocations to the asset class. These trends have conspired to drive down capitalization (cap) rates to record lows in all major property sectors. The key question for investors going forward is whether current real estate valuations are at a cyclical high, or have shifted upward to reflect a secular change based on the maturation and greater acceptance of the asset class.

3. The combination of improving fundamentals and robust capital flows had a predictably positive effect on investment returns. The total return for the year ended December 31, 2006, as measured by the NCREIF Property Index (NPI), was 16.6%, consisting of a 6.2% income component and 9.9% appreciation. This return far exceeds the average nominal return generated by the NPI over the past 20 years (8.4%), ten years (12.7%), and five years (13.3%). REIT shares also continued to reward investors with stellar performance in 2006, with the FTSE NAREIT Equity REIT Index returning 35.1%.

4. We believe that investors need to reduce their return expectations for the asset class going forward. The U.S. real estate market appears to be in the midst of a shift from record returns fueled by cap rate compression (which is analogous to a rally in the equities market driven by an expansion of price-earnings ratios) toward more normal returns driven by fundamentals. Going forward, real estate returns will likely be more reliant on income and rental rate growth than on asset appreciation. Private real estate funds, which typically finance approximately two-thirds of the cost of their acquisitions with debt, have also benefited from the low interest rate environment. However, the positive spread between acquisition cap rates and financing costs that had existed during this period has narrowed, considerably reducing the benefits of leverage. As such, we view the risks associated with the key drivers of real estate performance as asymmetrically skewed to the downside.

5. With respect to REIT allocation decisions, we believe investors should maintain their policy allocations to the sector. We are comfortable with investors making a new allocation to the sector for its diversification benefits; however, given the sector's phenomenal performance since 2000, return expectations should be modest, in the range of upper single-digits. Investors who use REITs as a temporary placeholder prior to committing to private real estate funds should be aware that while REIT returns are tied to real estate fundamentals over the long term, they continue to be highly correlated to the broader equity markets over short time periods, as evidenced by the recent global equity sell-off in late February.

6. As long as the broader economy continues to expand, REIT prices should remain supported by healthy real estate fundamentals. Supply is expanding modestly, NOI growth continues to be strong, and companies continue to post better-than-expected earnings. In addition, REIT valuations are likely to continue to be buoyed by private real estate investors, many of which are large asset management firms with significant capital to deploy in the sector. One risk that would likely thwart continued high levels of merger and acquisition activity, and thus pressure REIT valuations, is the potential of rising long-term interest rates, which would diminish the attractiveness of the leverage play by private equity firms.

7. Given the current state of the U.S. real estate market, it is imperative that investors proceed in a disciplined manner. At the margin, we prefer private, as opposed to public, opportunities given the relative inefficiency of the private market, and greater ability of private managers to pursue niche strategies. For investors seeking exposure to the sector through private partnerships, it is impractical to attempt to time the market, considering that the deployment of capital can lag the initial allocation decision by as much as three years given fund-raising cycles and multiyear investment periods. Investors should continue to allocate capital to managers with a competitive knowledge advantage with respect to a particular market or property type, or those managers who have a unique transaction origination platform. It is crucial to invest with managers who are co-investing a meaningful portion of capital alongside their limited partners, and given current real estate valuations, have the discipline and patience to remain on the sidelines if that is the most prudent course of action. Among REIT managers, we continue to favor firms that are managing what can most accurately be described as a "best ideas" strategy. These funds are typically more concentrated, less benchmark sensitive, and have limited assets under management to allow for maximum investment flexibility.

SUMMARY

Introduction

Throughout 2006, real estate values rose, driven by steady investor demand and strong property market fundamentals. Real estate fundamentals improved throughout the year, although the pace of improvement began decelerating in the second half. Now that net operating income (NOI) is finally reflecting strong office rent growth, all four major property types—office, industrial, retail, apartment—are experiencing income growth at the national level, the first such occurrence in almost five years. Capitalization (cap) rates across all property types are at record lows, but appear to have bottomed.

While the torrential flow of capital may have eased somewhat in 2006, U.S. real estate continues to attract significant volumes of both debt and equity from global sources. Investors, particularly those seeking current income, still regard the sector as appealing relative to equities and bonds, though the valuation gap has narrowed. Real estate has also benefited from the increased demand for assets that can maintain or increase in value in a rising inflation environment, as real estate investments have historically had a positive correlation with inflation. Finally, over the past few years real estate appears to have gained greater acceptance as a viable investment alternative, resulting in increasing institutional allocations to the asset class. These trends, combined with inexpensive, readily available debt financing, have conspired to drive down cap rates to record lows in all major property sectors. At the same time, steady increases in the price of construction materials and labor have resulted in higher replacement costs and muted the typical supply response to improving fundamentals.

The key question for investors going forward is whether current real estate valuations are at a cyclical high, or have shifted upward to reflect a secular change based on the maturation and greater acceptance of the asset class (i.e., a reduction of the risk premium investors have historically demanded). We believe certain aspects of the secular case have merit. The sector's improved transparency and solid long-term performance justifies the use of a lower discount rate than the level assigned to real estate cash flows in the past. However, real estate will continue to be cyclical and tied to overall economic factors. Low interest rates and an accommodative lending environment have had a significant impact on real estate prices, and we view real estate valuations as vulnerable to a rise in longer-term rates and/or a tightening in the credit markets. That said, so long as the economy continues to expand, fundamentals should support valuations or at least reduce the likelihood of a significant near-term correction. Most market participants expect cap rates to move higher over the next few years, but not necessarily return to the levels experienced in the late 1990s. Investors must be cognizant of the potential negative impact of cap-rate expansion and pursue opportunities with managers that are able to generate returns through the enhancement of a property's NOI and still sell at more normalized cap rates that are likely to prevail over the next few years.

Private Real Estate

The combination of robust capital flows and improving fundamentals had a predictably positive effect on investment returns in 2006. The total return for the year ended December 31, 2006, as measured by the NCREIF Property Index (NPI), was 16.6%, consisting of a 6.2% income component and 9.9%

appreciation. This return far exceeds the average nominal return generated by the NPI over the past 20 years (8.4%), ten years (12.7%), and five years (13.3%). The 6.2% income component, which compares to an average income component of 7.9% over the past 20 years, represents the lowest yield since the NPI was created in 1978.

Since peaking in the first quarter of 2006 at 20.2%, one-year returns for the NPI have decreased for three consecutive quarters, following 15 consecutive quarters of accelerating performance. Most market participants expect the NPI to generate returns in the range of 10% to 12% in 2007.

Tracking the performance of over 5,300 properties valued in excess of $247 billion, the NPI provides a useful benchmark to assess the performance of stabilized or "core" domestic real estate assets. However, its relevance as a benchmark against "value-added" and "opportunistic" commingled real estate funds (which make up the bulk of our clients' private real estate portfolios) is limited. The NPI is an unleveraged index, whereas value-added and opportunity funds typically lever their investments at debt-to-capital ratios ranging from 50% to 70%. In addition, value-added and opportunistic real estate funds typically acquire properties with more aggressive risk-reward profiles, as opposed to the fully leased, "trophy-quality" assets that make up the NPI. For example, value-added funds generally target assets requiring some level of repositioning, renovation, or re-leasing, and in some cases engage also in new development projects. Given the higher level of both financial and operating leverage inherent in these value-added and opportunistic strategies, clients should expect to outperform (underperform) the NPI during periods of improvement (deterioration) in property markets.

Real estate-oriented private equity partnerships, which generally target assets with a higher risk-reward profile relative to the properties that make up the NPI, have generated strong recent returns. According to the Cambridge Associates LLC Real Estate Index®, returns for the one-, three-, and five-year periods ended September 30, 2006 averaged 33.1%, 27.1%, and 17.3%, respectively. These partnerships have benefited not only from improving real estate fundamentals, but also from low interest rates, given their use of debt financing. This last point is particularly relevant when assessing the performance of a specific manager to the benchmark. The managers clustered in the top quartile can generally be characterized as effecting strategies utilizing significant financial leverage and relatively short holding periods. This approach has worked particularly well over the past five years, though will likely be less effective going forward given the narrowing spread between borrowing costs and cap rates.

The implied cap rate for real estate assets, which serves as a useful valuation indicator for core properties, has declined by over 200 basis points (bps) since the beginning of 2003, as measured by the trailing one-year income return of the NPI.[1] The current implied cap rate stands at 6.2%, which compares to a high of 9.1% as of the first quarter of 1998 and a ten-year average cap rate of 8.1%. Implied cap rates for commercial properties—office, industrial, and retail—ranged between 6.3% and 6.6%, while implied cap rates for apartments were 5.4%. Condominium converters have played a meaningful role in driving down apartment cap rates, though this trend has moderated considerably in the past six months.

[1] Implied cap rates are calculated by annualizing the most recent quarter's income return as measured by the NPI.

While appraisal-based NCREIF derived cap rates continue to edge down slightly, spot market transaction cap rates appear to be flat across all property types. Transaction cap rates appear to be edging up for weaker assets in weaker markets, but upward pressure is limited in fundamentally strong markets. Most market participants believe that while cap rates have bottomed, they are not likely to move significantly higher given ample capital and rising rents.

The U.S. real estate market appears to be in the midst of a shift from record returns fueled by cap-rate compression toward more normal returns driven by fundamentals. Although returns are off their peak, they remain strong due to continued improvement in real estate fundamentals and a lack of substantial upward pressure on cap rates. Going forward, real estate returns will likely be more reliant on income and rental rate growth than on asset appreciation.

Public Real Estate Securities

REIT shares continued to reward investors with stellar performance in 2006. The FTSE NAREIT Equity REIT Index returned 35.1% in 2006, easily outperforming the S&P 500 for a remarkable seventh consecutive year. Notably, the entire REIT market participated in the rally in 2006. According to NAREIT, office REITs were the top-performing sector among the major property types, with a total return of about 45%, followed closely by apartment REITs (40%). REIT shares within these sectors, particularly those located in coastal markets, have benefited from both rising rents and declining cap rates, as investors expect strong rent growth to continue in 2007. For the trailing five-year period ending December 31, 2006, REITs generated an annualized return of 23.2%, compared to 6.2% for the S&P 500 and 5.2% for the Lehman Brothers Government/Credit Bond Index. Thus far in 2007, REITs have continued to perform well, up about 5.5% through mid-March, although the sector sold off along with the broader equity markets in late February.

Much of the strong REIT performance in 2006 can be attributed to merger and acquisition (M&A) activity and subsequent takeover speculation. Tripling the previous record reached in 2005, 2006 witnessed the announcement of 17 transactions valued at $60 billion involving public REITs. Including debt, M&A transactions totaled $103 billion for the year, which compares with a total of $92 billion in transactions for the last six years combined! Privatization mania reached a climax in late November when Blackstone Group offered $36 billion (subsequently increased to $38 billion), including the assumption of debt, for Equity Office Properties, one of the largest REITs and the largest office landlord in the United States. While this trend could cool in 2007, investors should expect further consolidation as long as arbitrage opportunities between public and private markets persist and lenders remain accommodative.

Notwithstanding the substantial public-to-private activity that occurred in 2006, the combination of rising share prices and new equity issuance pushed the equity market capitalization of the public real estate sector (REITs and real estate operating companies) over $400 billion, according to data from NAREIT. This compares to $50 billion in 1995 and $134 billion in 2000.

Despite the healthy returns generated by REIT shares over the past five years, the sector trades at only a modest premium to net asset value (NAV). The upward trend in commodity prices over the past few years has pushed replacement costs higher and resulted in a corresponding increase in NAVs.

Property Sector Trends

Office

Demand for office space is closely tied to job growth. The United States generated reasonably strong job growth in 2006, creating approximately 1.8 million new jobs, equivalent to a 1.4% annual growth, a slight decline from 1.5% growth in 2005. That said, the current job growth rate is not nearly as strong as it was during the mid- to late 1990s office market recovery, when the economy was adding roughly 250,000 jobs per month. Of greater relevance is the trend in office-using employment. Here the data are more encouraging; office-using employment has grown by 1.8% over the past year, exceeding the 1.3% gain in non-office-using jobs. This trend is expected to persist as the structure of U.S. employment continues to shift toward office-using industries.

Despite the positive outlook for office demand, the construction pipeline remains relatively restrained. As of the end of the fourth quarter of 2006 construction underway was equal to 2.2% of current inventory, according to Beacon Capital. While this level of activity represents an increase relative to year-ago levels, the level is still quite low: since 1982, current construction underway has averaged more than 4% of inventory. New development has remained in check due to the increase in construction costs, as current rental rates do not support new construction. According to Beacon Capital, over the past five years U.S. construction costs have increased by 30% while rental rates are approximately 18% below their peak in 2001. Although new construction has remained tame, it is beginning to ramp up in some markets. This is obviously a trend worth monitoring closely, particularly given the uncertain direction of the U.S. economy.

Favorable supply and demand trends are having a predictable impact on office vacancy rates. According to CB Richard Ellis, national office vacancies were 12.6% as of the fourth quarter of 2006, a 130-bp improvement relative to year-ago levels. Vacancies in downtown markets improved by 190 bps to 10.8% over the same time period, while suburban vacancies improved by 100 bps to 13.6%. A tightening office space market has led to accelerated rent growth in most markets. Strong rent growth and improving occupancy is generating improved NOI, such that the sector is now showing positive growth (8.6% in 2006 based on NPI data) for the first time in four years.

Investors believe that most office markets will likely experience rent and income growth over the next several years, and are pricing some of that expected growth into their acquisition underwriting. Office property cap rates, as measured by the NPI, have been trending downward, ending the fourth quarter of 2006 at 5.7%. This compares to cap rates of 6.3% and 7.1% for the rolling three- and five-year periods, respectively.

After lagging for much of the decade, the office sector generated the highest trailing one-year return among the major property types in 2006. For the year, the office sub-index of the NPI returned 19.2%, composed of a 6.3% income return and 12.3% price appreciation. The sector has generated three- and five-year total returns of 16.8% and 11.6%, respectively. Downtown markets registered a 23.8% total return, while suburban markets posted a 16.2% return for the time period. Office properties located in downtowns have outperformed their suburban counterparts over the past five years by an average of 2.2% per annum. Regional performance was strongest in the supply-constrained East (21.5%) and West (20.3%) and lagged in the South (15.0%) and Midwest (11.7%).

Apartment

Two important shifts in the U.S. economy are redefining the landscape for apartment demand. Following ten years of basically flat homeownership rates, homeownership climbed from 64% in 1994 to a peak of 69% in 2004. As the housing market cooled in 2006 and home affordability reached new lows, apartment demand enjoyed a boost when more households made the decision to rent. Affordability remains low in most major coastal markets, and many of the major cities in California and South Florida, which augurs well for future apartment demand.

The second major shift is the reversal of demographic trends in the prime renter-age cohort. Demographics play a significant role in the long-term demand for apartments, and support a very positive outlook. According to the U.S. Census Bureau, the U.S. population aged 18 to 35 is expected to grow by approximately 5.3 million. This age group is more likely to rent their homes versus own them. In addition, the graying of the Baby Boom generation will shift housing demand from homeownership toward both luxury units and Class B apartments. Also bolstering the demand for rental housing is the influx of immigrants, who are typically younger and also have a high propensity to rent.

As demand fundamentals have strengthened, total multifamily completions have remained stable. According to the U.S. Census Bureau, over the past five years, completions of apartment buildings (with five or more units) have remained in the range of 250,000 to 300,000 units annually. However, condominiums, which are included in that total, have increased sharply over the 2000-03 period from approximately 20% of total multifamily completions to 33% of completions in 2005. According to RREEF, rental completions in 2005 were 12% lower than the historic trend while for-sale housing was 140% higher than the norm. Apartment completions have actually been declining since 2002. However, with the condo conversion play all but over and solid rent growth expected in an increasing number of markets, apartment supply growth should accelerate in 2007 and beyond.

Favorable supply-demand trends are having a positive impact on apartment vacancies. National vacancies, which peaked in 2003 and 2004 at 7.4%, ended the fourth quarter of 2006 at 5.7% and are projected by PPR to improve by an additional 10 bps in 2007.

Most investors are aware of the strong demographic trends supporting the property type, and have bid up apartment assets accordingly. Cap rates appear to be stabilizing at the current historic low, with an average cap rate of 5.2% over the last four quarters. The stability of cap rates is notable in light of the enormous drop in condo conversion activity, and is attributable to strong NOI growth in the sector. Apartments generated the highest year-over-year NOI growth (10.8%) of any property type, based on NPI data.

For the year ended December 31, 2006, the apartment sub-index of the NPI returned 14.6%, composed of a 5.4% income return and 8.9% appreciation. The sector has generated three- and five-year total returns of 16.2% and 13.2%, respectively. Performance was strongest in the higher growth markets, led by the West (16.4%) and South (14.7%) regions, while the East and Midwest regions generated total returns of 13.7% and 11.8%, respectively.

Retail

Of the major property types, retail was the most out of favor during the late 1990s, when its steady but slow growth performance was viewed as a negative in an economy that was seeing significant rent growth in the office, industrial, and apartment sectors. During the economic downturn and subsequent recovery from 2001 through 2005, retail properties received renewed respect, as consumer spending held up, providing stability that was particularly valued during this period.

The retail sector appears to be weathering the downturn in the housing market relatively well thus far. Following three years of 7% annual growth in consumer spending, total retail sales (ex auto) increased at a strong 6% annual pace for 2006. However, sales growth clearly weakened in the second half of the year, and consumer spending is expected to weaken further in 2007.

New supply remains brisk as retailers continue to expand in search of increased market share, although a few retailers (most notably Wal-Mart) have announced plans to reduce the pace of new store openings. Despite the increase in supply, vacancy rates have continued to decline, ending the fourth quarter at 9.3%, according to PPR. For additional context, retail vacancy rates have improved steadily from the 12% to 13% levels experienced during the 2002-03 period. However, vacancy rates are starting to edge up in some markets and PPR projects national vacancy rates to begin moving higher in 2007.

Similar to other property types, cap rates continue to trend downward, but appear to be stabilizing, averaging 6.1% in the last four quarters. NOI growth weakened but remained positive for the year, averaging 5.5%. NOI growth is expected to moderate going forward as the consumer sector slows.

Between 2002 and 2004, the retail sector generated average annualized returns of 17.9%, exceeding the return of the other property types by an incredible 780 bps! However, returns have started to moderate, and the sector’s run of outperformance appears to be over. For the year ended December 31, 2006, the retail sub-index of the NPI returned 13.4%, composed of a 6.3% income return and 6.8% price appreciation. Since peaking in the first quarter of 2005 and at a rolling one-year return of 24.7%, performance has declined for seven consecutive quarters. The sector has generated three- and five-year total returns of 18.7% and 17.4%, respectively. Returns were fairly consistent across the major geographic regions with the exception of the

Midwest (10.0%). The West posted the highest return at 14.4%, followed by the South (14.1%) and East (13.4%) regions.

Industrial

Historically, demand for industrial property has been correlated with growth in the national economy, as measured by the gross domestic product (GDP). In 2006, GDP grew at a healthy 3.4% rate. Another driver of demand for industrial space is robust international trade. Imports and exports of goods grew by 11% and 14%, respectively, in 2005 and by 6% and 9% in 2006. In general, macro drivers remain supportive for industrial sector fundamentals. The economy is decelerating, but continues to expand at a moderate pace.

Industrial space seldom gets overbuilt to the same extent as office space, as the sector's shorter construction cycle permits developers to promptly cut back when demand slows. Industrial construction has been fairly stable, and generally below absorption rates. This is evident in the sector's improving vacancy data. According to PPR, the average vacancy rate declined to 8.7% in the fourth quarter of 2006, a 20-bp improvement from year-ago levels. However, PPR expects vacancy rates to rise back to the 9.0% level over the next 12 months. For additional perspective, national vacancy rates bottomed at 14.2% in 1992, peaked in the second half of 2000 at 7.1%, and have averaged 8.7% over the past ten years.

Industrial cap rates continued their downward trend over the last four quarters, averaging 6.0% in the fourth quarter and 6.2% for the year. Cap rates are higher in the industrial sector than in the other major property types, perhaps reflective of lower expected growth rates going forward. The pace of improvement in industrial property fundamentals slowed in the fourth quarter; NOI growth in the fourth quarter of 2006 was 2.3% compared with 5.4% for the four-quarter period.

Industrial properties performed well in 2006, generating a total return of 17.0%, consisting of a 6.6% income return and 9.8% of appreciation. The sector has generated three- and five-year total returns of 16.4% and 12.7%, respectively. Booming trade with the Pacific Rim is evident in the strong returns generated by the West region (20.3%), which substantially outperformed the South (14.6%), East (15.5%), and Midwest (12.0%) regions.

Hotel

The hotel sector has been characterized by exceptional supply-demand dynamics since 2004. Room demand growth has outpaced supply growth for the past three years. Business travel remained strong in 2006, while the weak dollar made U.S. destinations attractive for U.S. and non-U.S. leisure travelers. Leisure travel further benefited from the decline in gasoline prices during the second half of 2006.

Revenue Per Available Room (RevPAR) is a key productivity measure for the sector that combines occupancy rates and average room rates. According to Smith Travel Research, occupancy for 2006 was 63.4%, up 0.5% versus 2005 while the average room rate increased 7% to \$97.31. Together, higher occupancies and increasing room rates produced a 7.5% rise in RevPAR to $61.69, which is comparable to the RevPAR growth achieved in 2004 and 2005. PriceWaterhouseCoopers projects RevPAR growth to decelerate in 2007 to approximately 5.9%.

Hotel construction finally picked up in 2006 in response to strong demand fundamentals. According to McGraw Hill, hotel construction starts in 2006 were approximately $13.3 billion, an 83% increase from 2005 levels. The majority of the anticipated new supply is in the limited service sector in suburban and highway locations. New supply remains muted in most urban markets, as the economics still do not justify new construction. New rooms in the luxury and upper upscale sectors in major downtowns are not expected to come on line until 2008.

The exceptional supply-demand dynamic is evident in the recent returns generated by the hotel sector. While NPI data are less useful in the hotel sector, as the benchmark only captures the performance of 85 properties valued at $5.7 billion, for the year the hotel sector returned 23.6%, consisting of an 8.6% income component and 14.0% appreciation.

Investment Strategy

There are a number of reasons to include real estate in an investment portfolio today. From a strategic or long-term perspective, the asset class offers diversification, some inflation protection, and a decent cash yield. It is also an inefficient, fragmented asset class that offers both public and private managers the opportunity to add alpha. From a tactical perspective, the decision to either start or add to an existing real estate allocation in the current environment is complicated by the fact that real estate cap rates are at record lows.

Notwithstanding the fact that most market participants appear to be pricing a period of continued healthy real estate fundamentals into their acquisition underwriting, we believe that private equity real estate funds are likely to generate decent returns over the next few years, barring a significant economic slowdown. Real estate fundamentals are healthy across most property types and markets. Capital flows show no signs of abating; an aggressive rotation out of real estate into other sectors appears unlikely given the dearth of undervalued asset classes. Most important, despite the abundance of capital in the market and the downward pressure it has put on cap rates, we continue to be reminded that the U.S. real estate market is vast, and remains inefficient, allowing creative real estate groups to consistently identify opportunities where further value can be created through complex redevelopment or more simply through more attentive property management.

We also believe that investors need to reduce their return expectations for the asset class going forward. Clearly, both absolute and relative investment returns over the past few years have been exceptional. However, a significant portion of the returns generated during this period can be attributed to cap rate compression (which is analogous to a rally in the equities market driven by an expansion of price-earnings ratios). Private real estate funds, which typically finance approximately two-thirds of their acquisitions with debt, have also benefited from the low interest rate environment. However, the positive spread between acquisition cap rates and financing costs that had existed during this period has narrowed considerably (and is negative in markets where income growth is projected to be particularly strong, such as midtown Manhattan) reducing the benefits of leverage. In addition, real estate performance going forward is unlikely to be facilitated by further cap-rate compression, but rather will be driven by income growth. As such, we view the risks associated with the key drivers of real estate performance as asymmetrically skewed to the downside.

Given the current state of the U.S. real estate market, it is imperative that investors proceed in a disciplined manner. At the margin, we prefer private, as opposed to public, opportunities given the relative inefficiency of the private market, and greater ability of private managers to pursue niche strategies. For investors seeking exposure to the sector through private partnerships, it is impractical to attempt to time the market, considering that the deployment of capital can lag the initial allocation decision by as much as three years given fund-raising cycles and multiyear investment periods. Investors should continue to allocate capital to managers with a competitive knowledge advantage with respect to a particular market or property type, or those managers who have a unique transaction origination platform. It is crucial to invest with managers who are co-investing a meaningful portion of capital alongside their limited partners, and given current real estate valuations, have the discipline and patience to remain on the sidelines if that is the most prudent course of action.

Our outlook for office-focused strategies remains positive, so long as job growth trends continue to remain healthy. New office supply is rising, but remains limited. The only markets experiencing significant new supply are generally those that have single-digit vacancies or large corporate expansions/relocations. Office properties are likely to generate stronger rent growth than the other major property types. In many markets, replacement cost rents are well above current market rents, which should allow for further rent growth.

While current market conditions may justify additional allocations to the office sector, it is worth noting that most investors are overweight office properties even though the office sector has generated relatively poor performance over longer periods. We suspect that the decision to overweight the office sector was not necessarily a conscious choice on the part of many investors, but rather reflective of the fact that real estate managers can earn significantly greater profits by raising larger partnerships. Office properties typically require a larger amount of equity than industrial, apartment, or retail assets, though the level of due diligence required to complete an office transaction is similar. Thus, a manager who has raised a larger fund has little choice but to allocate a significant amount of the capital to the office sector.

Despite the robust valuations being ascribed to apartment properties, favorable long-term trends justify making the effort to identify quality apartment-focused managers for potential investment. The combination of strong demographics, declining single-family affordability and stronger job growth should all contribute to improved demand over the next few years. While it may take several more years to fully develop, the impact of the echo-boomers on the apartment market should not be underestimated. According to Citigroup, for the next 15 years the number of Americans turning 22 is expected to increase, fueling apartment demand. That said, the record low cap-rate environment for apartments puts a prerequisite on investing with managers who possess the necessary operational skills to drive NOI growth through asset-repositioning strategies and offset any potential deterioration in cap rates.

Our outlook for industrial real estate remains positive, although we are wary of the strong capital flows into the sector. Demand should remain robust for the next few years, driven by strong import growth and rational levels of new supply. The industrial sector has historically been characterized by relatively high income, high operating margins, and low volatility (attributable primarily to a number of factors, including lower capital requirements and limited operating leverage). Most important is the relatively short development cycle for industrial properties, which allows the sector to be more responsive to changes in demand patterns and therefore less susceptible to the boom and bust cycles that are more prevalent with other property types.

As we have highlighted in the past, managers pursuing acquisition strategies focused on smaller industrial properties are particularly appealing since competition for smaller transactions is typically limited, as many institutional investors cannot justify the level of due diligence required for an industrial transaction which will only require $3 million to $5 million of equity. In addition, smaller transactions are much more likely to be sold via direct negotiation with a buyer than are larger deals, which are usually marketed more broadly through an auction process. Sellers of smaller properties are not always institutional-quality owners, creating a greater possibility of acquiring an undermanaged asset at a lower price point. Managers buying smaller properties can typically exploit this market inefficiency (that is, the higher prices typically realized by larger portfolios) by aggregating smaller properties into regional and/or national portfolios and selling them as a single transaction. Fortunately, there does exist a short list of industrial-focused real estate managers that possess both the willingness and the skill set to pursue this strategy.

We are less enthusiastic about retail-focused strategies. Although the sector remains generally healthy, market fundamentals are starting to deteriorate. The cooling housing market and still elevated energy costs should eventually have an adverse impact on consumers' willingness and ability to spend.

As a practical matter, most retail exposure is typically obtained through the public sector. There are very few private managers engaged in retail ownership and those few focus predominantly on neighborhood shopping centers rather than the larger regional malls, which are primarily owned by REITs. In addition, value-added plays, the primary strategy for private equity real estate funds, are harder to find because the retail markets have been much more stable than office, industrial, and multifamily markets.

We are also less enthusiastic about the hotel-focused strategies at this point in the cycle. After three years of improving fundamentals, occupancy rates appear to have peaked, while the strongest rate increases have already occurred. Meanwhile, hotel developers are becoming more active, and the sector is no longer benefiting from condominium conversion activity, which reduced the number of hotel rooms in many urban markets in 2005 and 2006. However, longer term, demographic trends should provide a powerful tailwind for the sector, as baby boomers begin to retire, spending more time on travel and leisure-related activities.

While there are not many sponsors pursuing land-oriented strategies, we think this is a compelling area for investment. Unlike physical structures such as offices, warehouses, and residential homes, land supply is finite. Over the long term, changes in land values are driven by demand trends including population growth and new household formation. In the short run, land values typically move with the housing market. The slowdown in the residential housing sector could create attractive investment opportunities for these sponsors.

We are particularly interested in sponsors structuring their funds to accommodate longer duration (15- to 20-year) land strategies, as the competitive landscape for land parcels that support longer-term development strategies is limited. The majority of real estate buyers today focus on either cash-flowing properties or transactions requiring shorter holding periods to execute a value-added strategy.

Operating within a longer-term timeframe also allows sponsors to consider unentitled land parcels. The entitlement process, which varies considerably by municipality, involves working with local and state authorities to determine the timing and scope of a development project. The process is typically complex, lengthy, and contentious, but also highly profitable for firms that can assess the nuances of a particular entitlement process and successfully entitle it for commercial and/or residential use.

For real estate investors that place a premium on simplicity and liquidity, the long-term case for a REIT allocation remains persuasive, though less compelling in the near term due to the phenomenal run the shares have experienced since 2000. The run-up in prices reflects trends in the private markets and we believe is a derivative of the fact that the two markets should move in tandem over the long run. In the short term, however, the greater liquidity of the public side implies more volatility and may be the first place any momentum or interest rate-driven capital would be withdrawn as conditions change.

The REIT sector is clearly overvalued based on several metrics. The price to funds-from-operations multiple has reached an all-time high of 20.3 at the end of December 2006, 56% above its post-1986 average of 13.0. The average equity REIT dividend yield was 3.7% at the end of December 2006, which is 102 bps below ten-year U.S. Treasury yields, the lowest spread in a decade.

However, at the end of February 2007 REITs traded at only a modest premium (3.4%) to NAV. Over the past decade, REIT shares have traded at an average premium to NAV of roughly 4.3%, ranging from a discount of 20% in February 2000 to a 34% premium in September 1997. The current premium to NAV does not appear excessive given the considerable level of private capital in the market and the prospects for continued income growth in 2007.

As long as the broader economy continues to expand, REIT prices should remain supported by healthy real estate fundamentals. Supply is expanding modestly, NOI growth continues to be strong, and companies continue to post better-than-expected earnings. In addition, REIT valuations are likely to continue to be buoyed by private real estate investors, many of which are large asset management firms with significant capital to deploy in the sector. One risk that would likely thwart continued high levels of M&A

activity, and thus pressure REIT valuations, is the potential of rising long-term interest rates, which would diminish the attractiveness of the leverage play by private equity firms.

We continue to favor the REIT firms that are managing what can most accurately be described as a "best ideas" strategy. These funds are typically more concentrated, less benchmark sensitive, and have limited assets under management to allow for maximum investment flexibility.

With respect to REIT allocation decisions, we believe investors should maintain their policy allocations to the sector. We are comfortable with investors making a new allocation to the sector for its diversification benefits; however, given the sector's phenomenal performance since 2000, return expectations should be modest, in the range of upper single-digits. Investors who use REITs as a temporary placeholder prior to committing to private real estate funds should be aware that while REIT returns are tied to real estate fundamentals over the long term, they continue to be highly correlated to the broader equity markets over short time periods, as evidenced by the recent global equity sell-off in late February.

EXHIBITS

Private Real Estate

Exhibit 1

NCREIF PROPERTY INDEX RETURNS

Annual Returns (%)

Year Ended	Appreciation	Income	Nominal Total	Real Total	Change in Income	Change in Income
1987	0.7	7.3	8.0	3.4	-0.7	-4.9
1988	2.5	7.0	9.6	5.0	-2.0	-6.2
1989	1.1	6.7	7.8	3.0	-3.2	-7.5
1990	-4.1	6.6	2.3	-3.6	-0.6	-6.3
1991	-11.8	6.8	-5.6	-8.4	-3.8	-6.7
1992	-11.2	7.6	-4.3	-7.0	-2.6	-5.4
1993	-6.4	8.2	1.4	-1.3	-2.9	-5.5
1994	-2.2	8.7	6.4	3.6	0.8	-1.8
1995	-1.5	9.1	7.5	4.9	2.9	0.3
1996	1.3	8.9	10.3	6.8	-3.7	-6.8
1997	4.5	9.1	13.9	12.0	4.1	2.4
1998	7.0	8.8	16.2	14.4	3.4	1.8
1999	2.8	8.4	11.4	8.5	0.4	-2.2
2000	3.5	8.6	12.3	8.6	5.4	2.0
2001	-1.3	8.7	7.3	5.6	4.0	2.4
2002	-1.6	8.4	6.7	4.3	-5.2	-7.4
2003	1.0	8.0	9.0	7.0	-6.2	-8.0
2004	6.7	7.5	14.5	10.9	-4.0	-7.1
2005	12.7	6.8	20.1	16.1	-1.1	-4.3
2006	9.9	6.2	16.6	13.7	3.6	1.1

Average Annual Compound Returns (%)

Through Dec 31, 2006	Appreciation	Income	Nominal Total	Real Total	Nominal Change in Income	Real Change in Income
20 Yrs	0.5	7.9	8.4	5.2	-0.6	-3.6
19 Yrs	0.5	7.9	8.4	5.3	-0.6	-3.5
18 Yrs	0.4	7.9	8.3	5.3	-0.5	-3.4
17 Yrs	0.3	8.0	8.4	5.4	-0.4	-3.1
16 Yrs	0.6	8.1	8.8	6.0	-0.4	-2.9
15 Yrs	1.5	8.2	9.8	7.0	-0.1	-2.6
14 Yrs	2.5	8.2	10.9	8.1	0.0	-2.5
13 Yrs	3.2	8.2	11.6	8.9	0.3	-2.2
12 Yrs	3.7	8.2	12.1	9.3	0.2	-2.2
11 Yrs	4.1	8.1	12.5	9.7	0.0	-2.5
10 Yrs	4.4	8.0	12.7	10.0	0.4	-2.0
9 Yrs	4.4	7.9	12.6	9.8	-0.1	-2.5
8 Yrs	4.1	7.8	12.1	9.3	-0.5	-3.0
7 Yrs	4.3	7.7	12.3	9.4	-0.6	-3.1
6 Yrs	4.4	7.6	12.3	9.5	-1.6	-4.0
5 Yrs	5.6	7.4	13.3	10.3	-2.6	-5.2
4 Yrs	7.5	7.1	15.0	11.9	-2.0	-4.6
3 Yrs	9.7	6.8	17.0	13.5	-0.5	-3.5
2 Yrs	11.3	6.5	18.3	14.9	1.3	-1.7
1 Yr	9.9	6.2	16.6	13.7	3.6	1.1

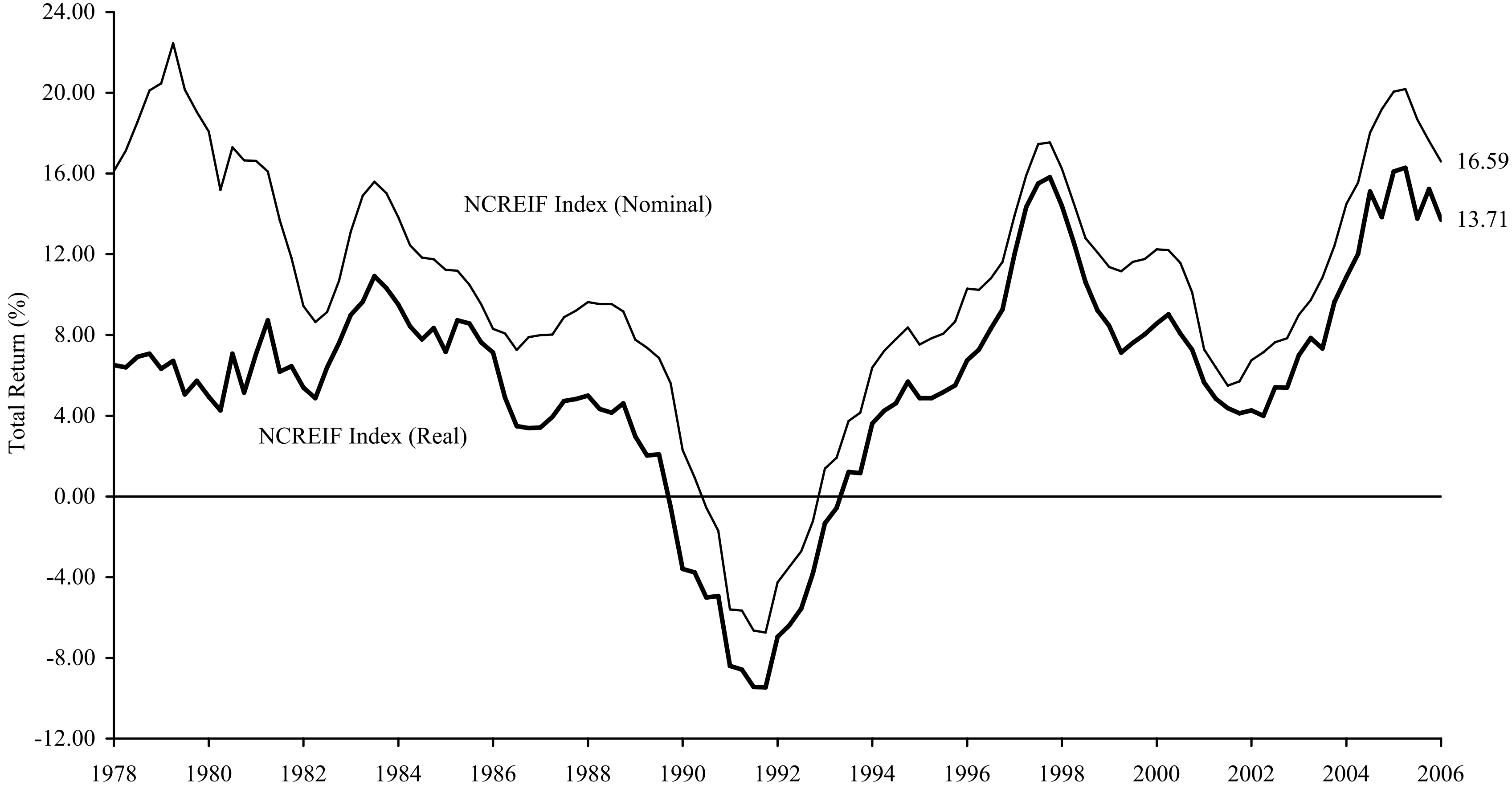
Sources: Bureau of Labor Statistics and National Council of Real Estate Investment Fiduciaries.

Notes: Data for 2006 represent year-to-date figures through December 31. Average annual compound returns are based on annual data from 1987 through 2006. Annual income is the sum of four quarterly yield payments based on an initial $100 investment in 1978.
341q

Exhibit 2

NCREIF PROPERTY INDEX

January 1, 1978 - December 31, 2006



Sources: Bureau of Labor Statistics and National Council of Real Estate Investment Fiduciaries.

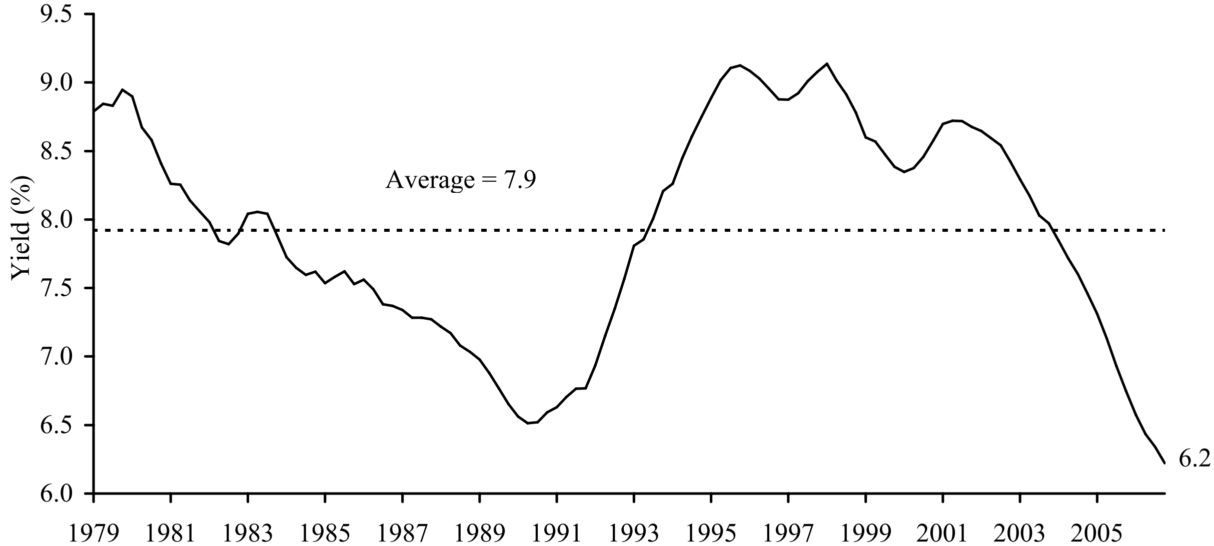
Notes: The NCREIF Property Index is reported on a gross basis. Returns are represented on a rolling four-quarter basis.
340q

Exhibit 3

NCREIF PROPERTY INDEX YIELD

First Quarter 1979 - Fourth Quarter 2006

NCREIF Nominal Property Index Yields



Ratio of NCREIF Property Index Yields to the FTSE NAREIT Equity REIT Dividend Yields

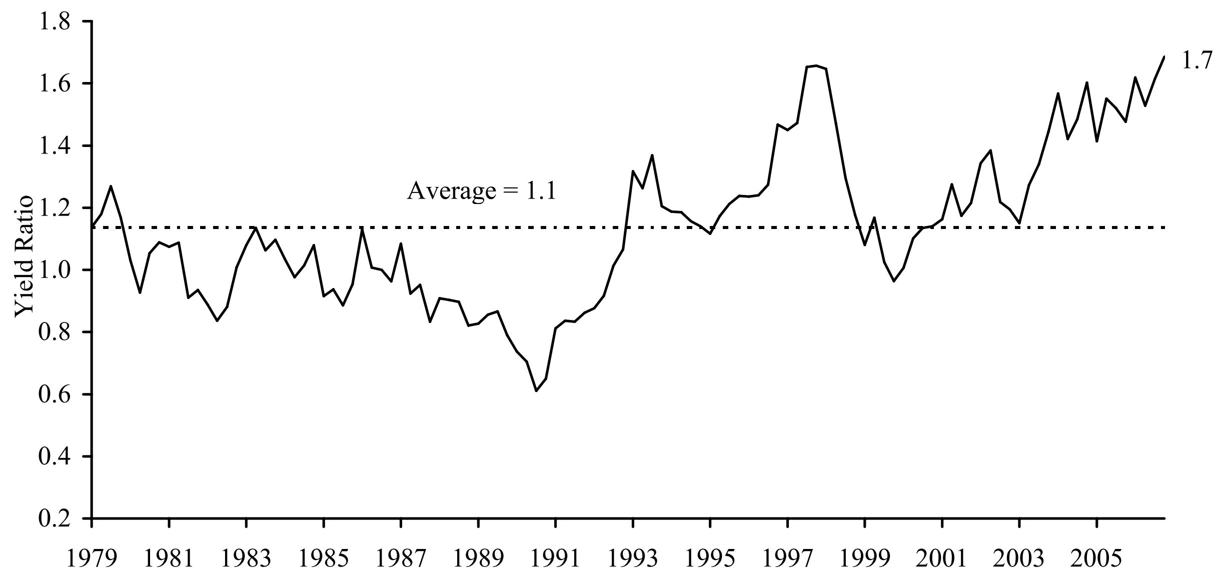
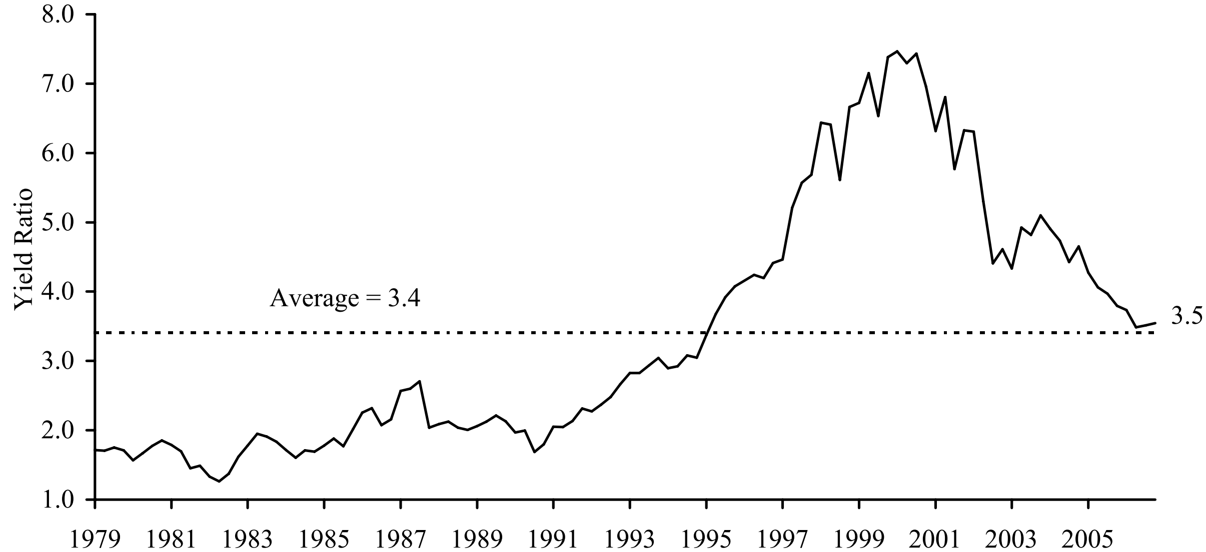


Exhibit 3 (continued)

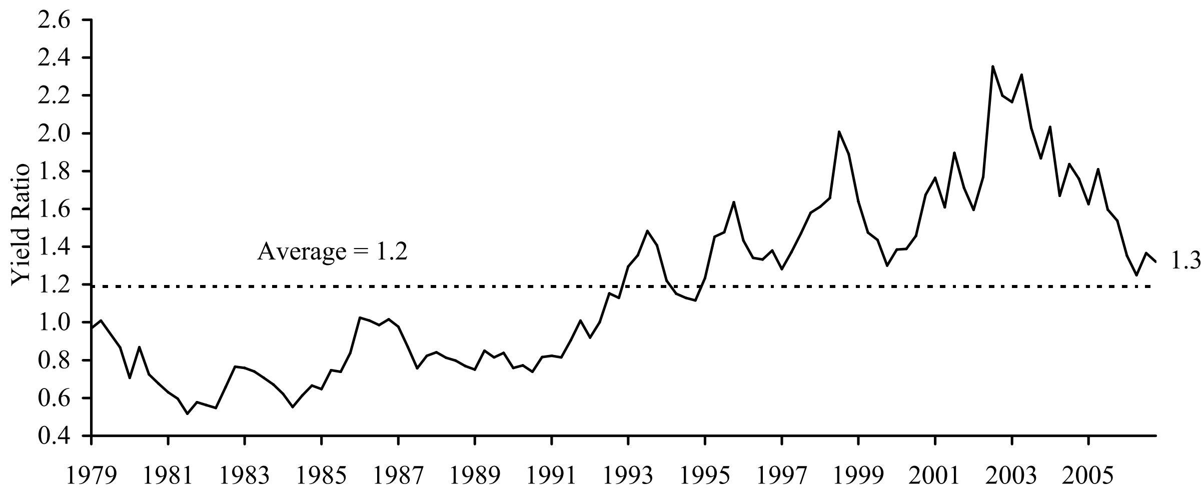
NCREIF PROPERTY INDEX YIELD

First Quarter 1979 - Fourth Quarter 2006

Ratio of the NCREIF Property Index Yield to the S&P 500 Dividend Yield



Ratio of the NCREIF Property Index Yield to the Ten-Year Treasury Bond Yield



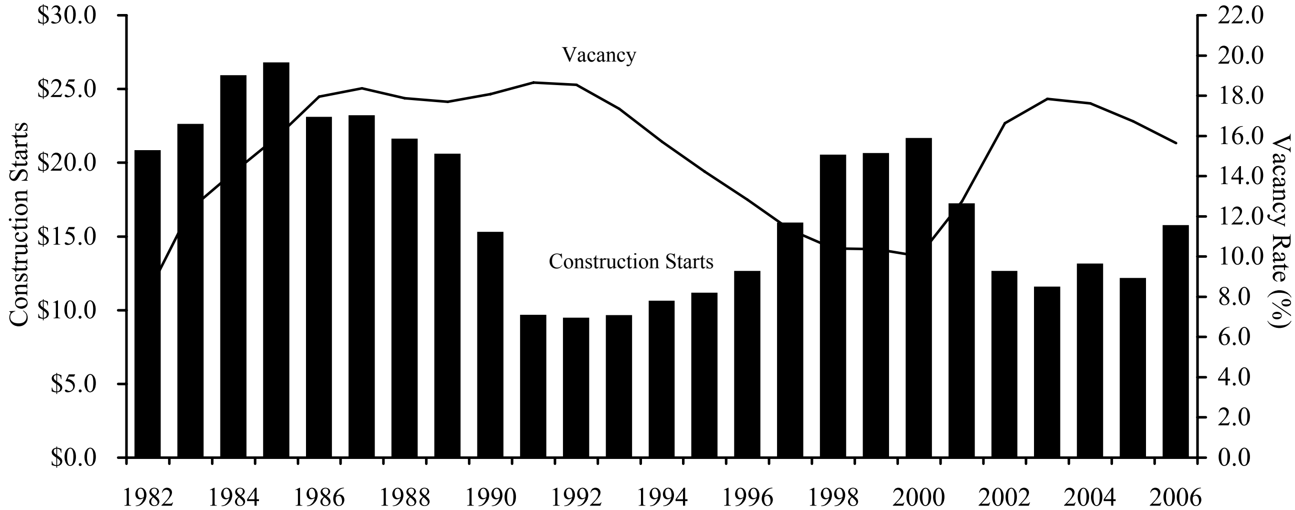
Sources: Calculated from data provided by FTSE International Limited, National Association of Real Estate Investment Trusts, National Council of Real Estate Investment Fiduciaries, Standard & Poor's, Standard & Poor's Compustat, and Thomson Datastream.

Note: Yields are represented on a rolling four-quarter basis.
116q

Exhibit 4

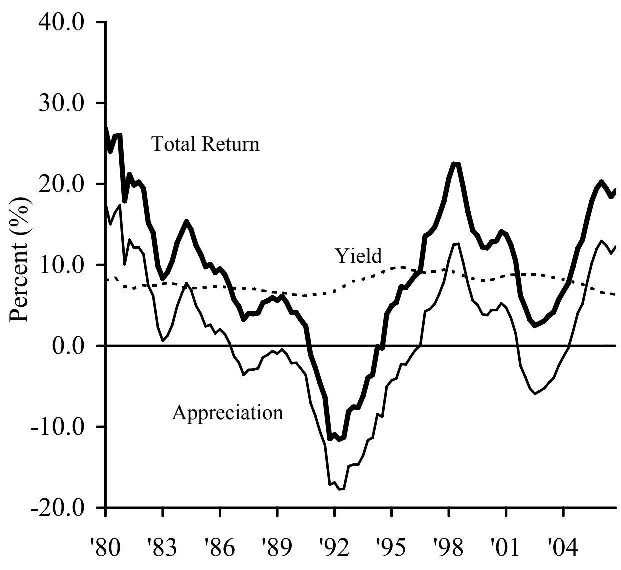
OFFICE PROPERTY INVESTMENT

Office Vacancy Rates and New Office Construction Starts
(billions of 1987 dollars)

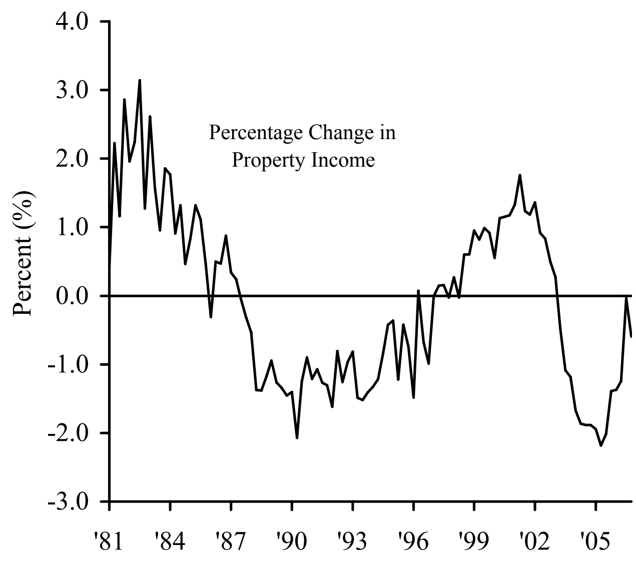


NCREIF Office Index Returns

January 1, 1980 - December 31, 2006



January 1, 1981 - December 31, 2006



Sources: Bureau of Labor Statistics, McGraw-Hill Construction Dodge, National Council of Real Estate Investment Fiduciaries, Property & Portfolio Research, Inc., and Torto Wheaton Research.

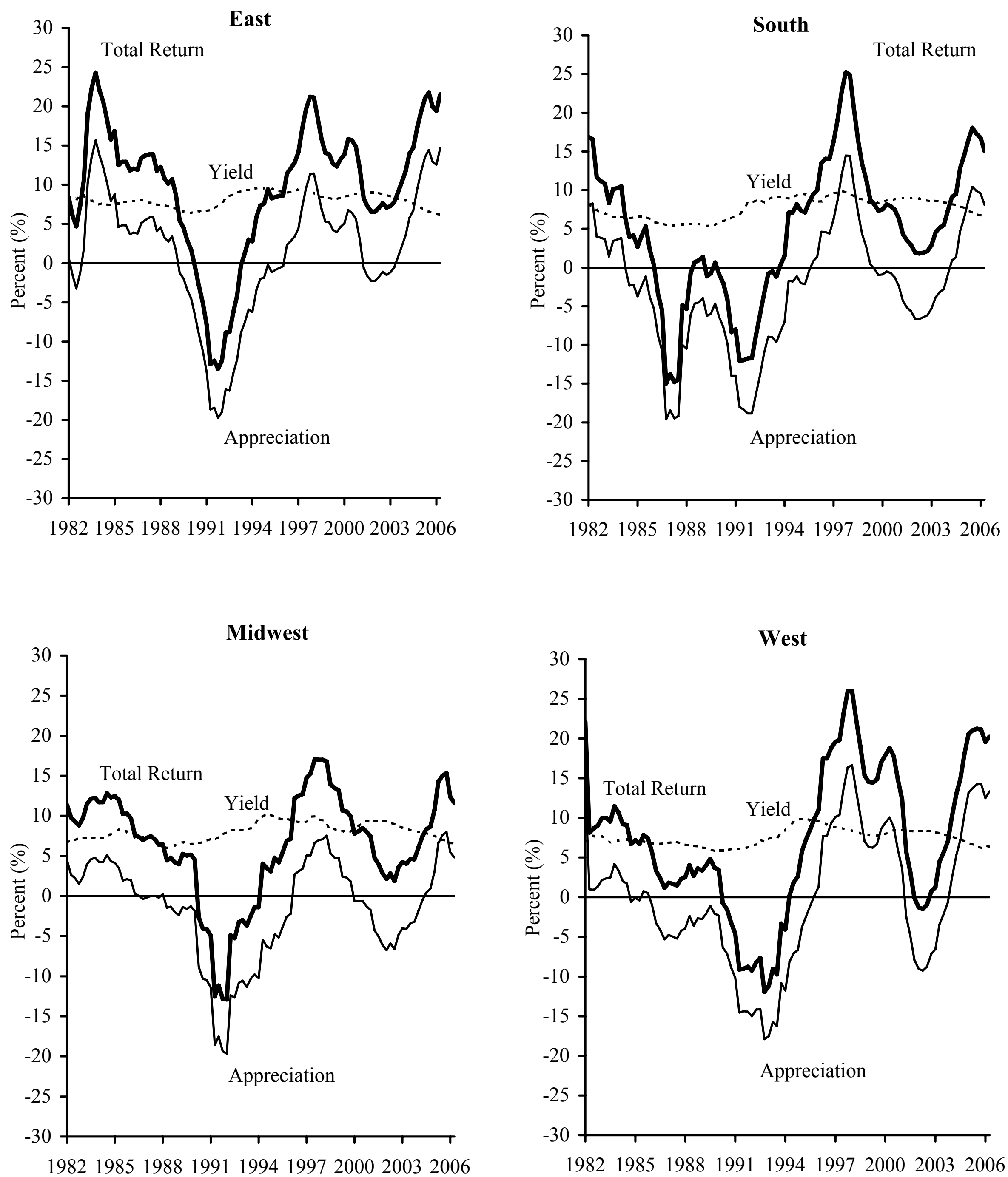
Notes: Data for 2006 are as of December 31. The vacancy rates are averages based on quarterly data provided by Property & Portfolio Research, Inc. NCREIF office returns and income are represented on a rolling four-quarter basis. Percentage change in property income is represented on a rolling 12-quarter basis and derived from yield and price appreciation data. Construction starts for the fourth quarter of 2006 are estimates.

342q

Exhibit 5

NCREIF OFFICE PROPERTY INDEX REGIONAL RETURNS

July 1, 1982 - December 31, 2006



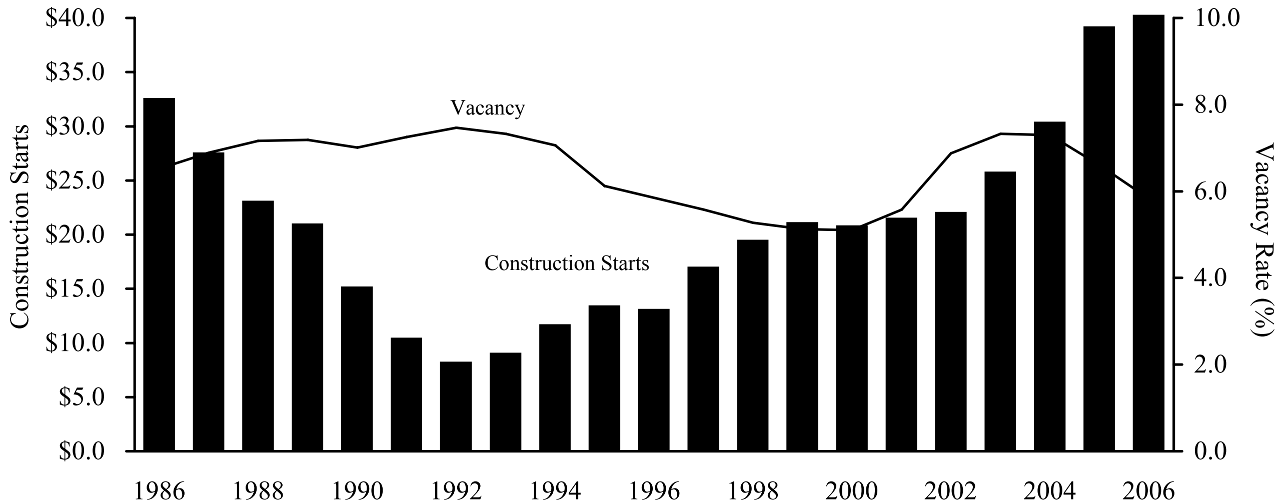
Source: National Council of Real Estate Investment Fiduciaries.

Note: Returns are represented on a rolling four-quarter basis.
343q

Exhibit 6

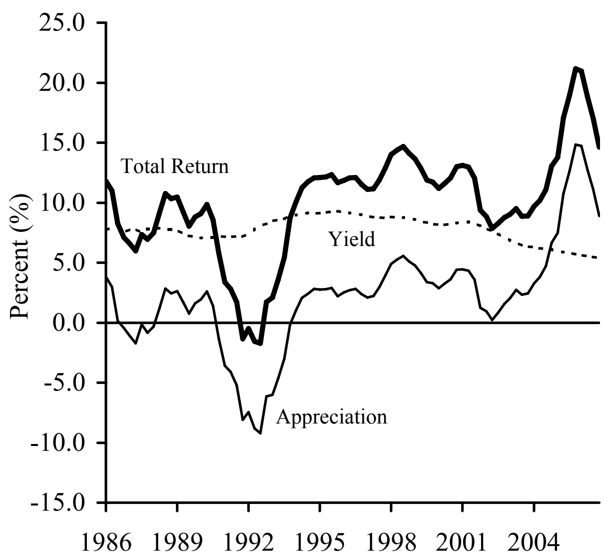
APARTMENT PROPERTY INVESTMENT

Apartment Vacancy Rates and New Apartment Construction Starts
(billions of 1987 dollars)

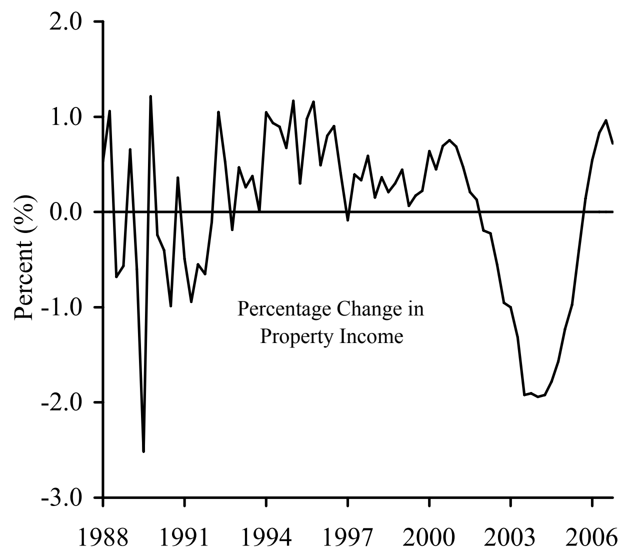


NCREIF Apartment Index Returns

January 1, 1986 - December 31, 2006



January 1, 1988 - December 31, 2006



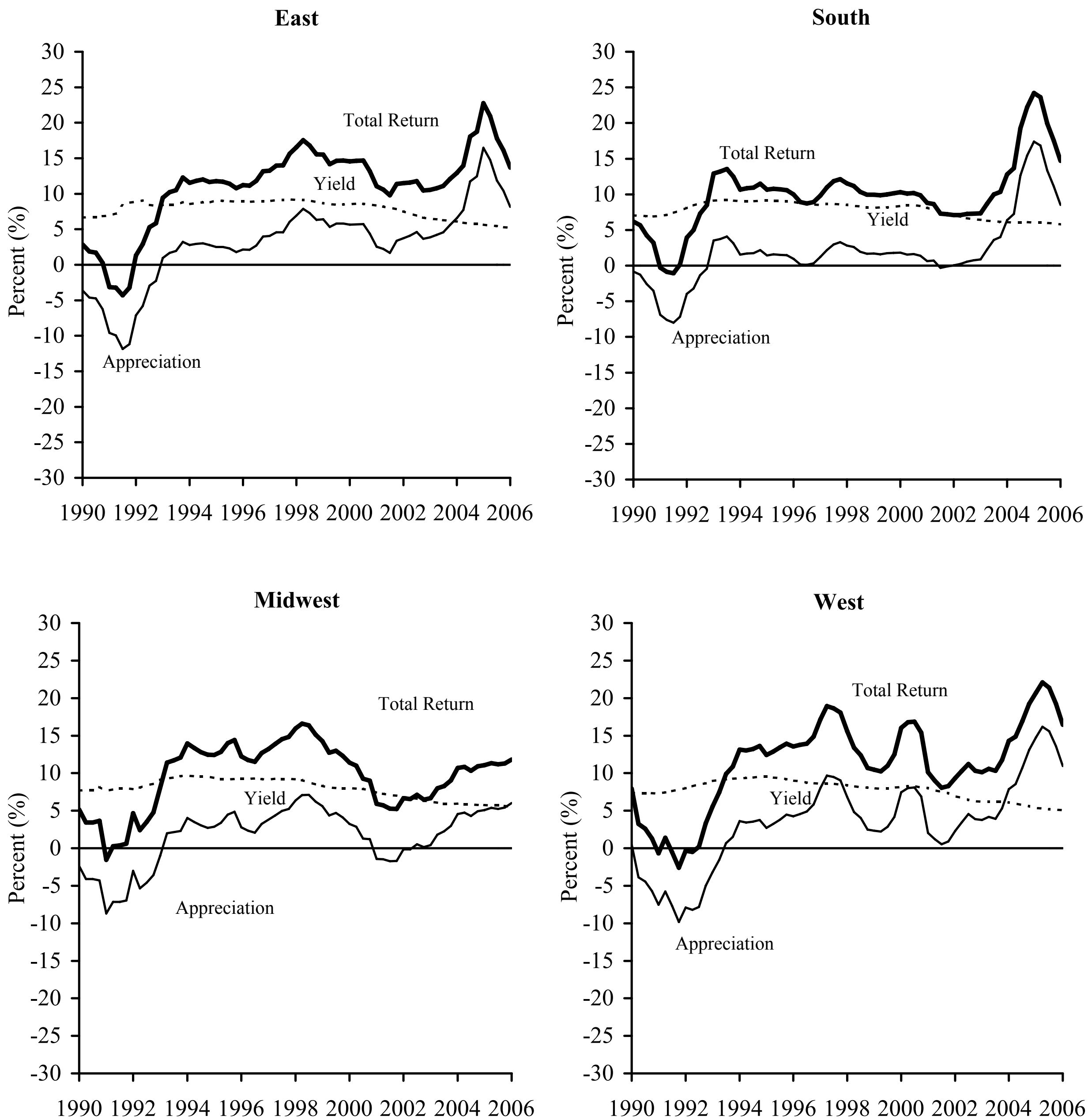
Sources: Bureau of Labor Statistics, McGraw-Hill Construction Dodge, National Council of Real Estate Investment Fiduciaries, Property & Portfolio Research, Inc., and Torto Wheaton Research.

Notes: The vacancy rates are averages based on quarterly data provided by Property & Portfolio Research, Inc. NCREIF office returns and income are represented on a rolling four-quarter basis. Percentage change in property income is represented on a rolling 12-quarter basis and derived from yield and price appreciation data. Construction starts for the fourth quarter of 2006 are estimates.
348q

Exhibit 7

NCREIF APARTMENT PROPERTY INDEX REGIONAL RETURNS

January 1, 1990 - December 31, 2006



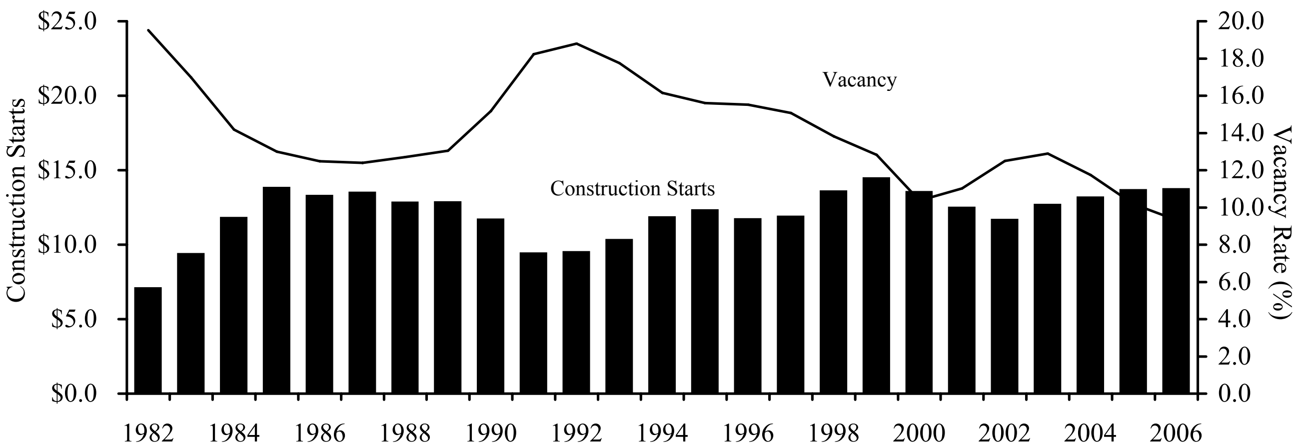
Source: National Council of Real Estate Investment Fiduciaries.

Note: Returns are represented on a rolling four-quarter basis.

Exhibit 8

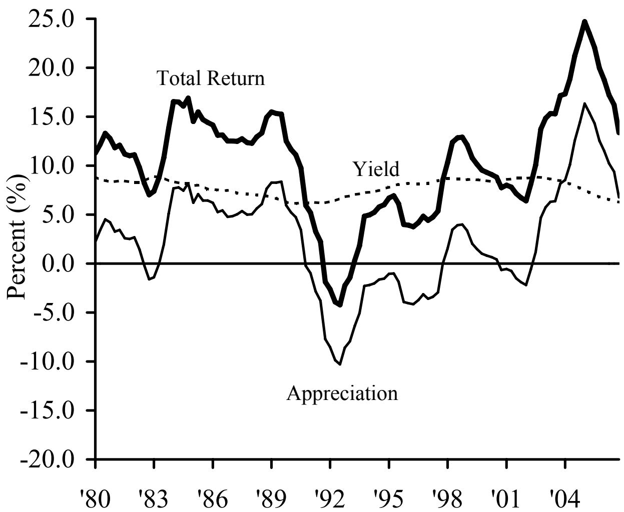
RETAIL PROPERTY INVESTMENT

Retail Vacancy Rates and New Retail Construction Starts
(billions of 1987 dollars)

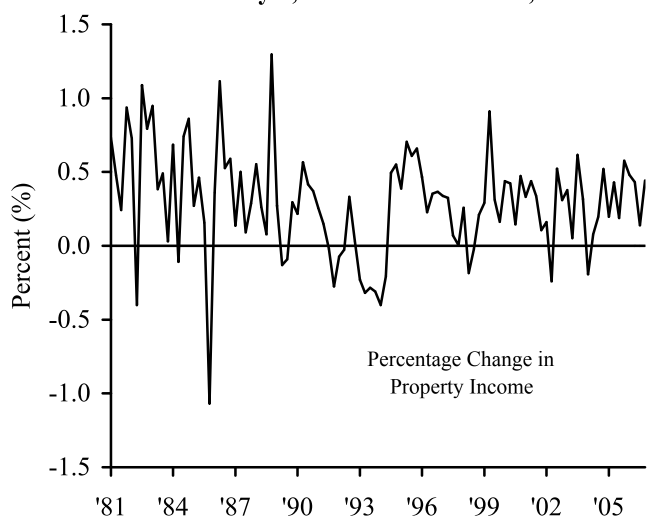


NCREIF Retail Index Returns

January 1, 1980 - December 31, 2006



January 1, 1981 - December 31, 2006



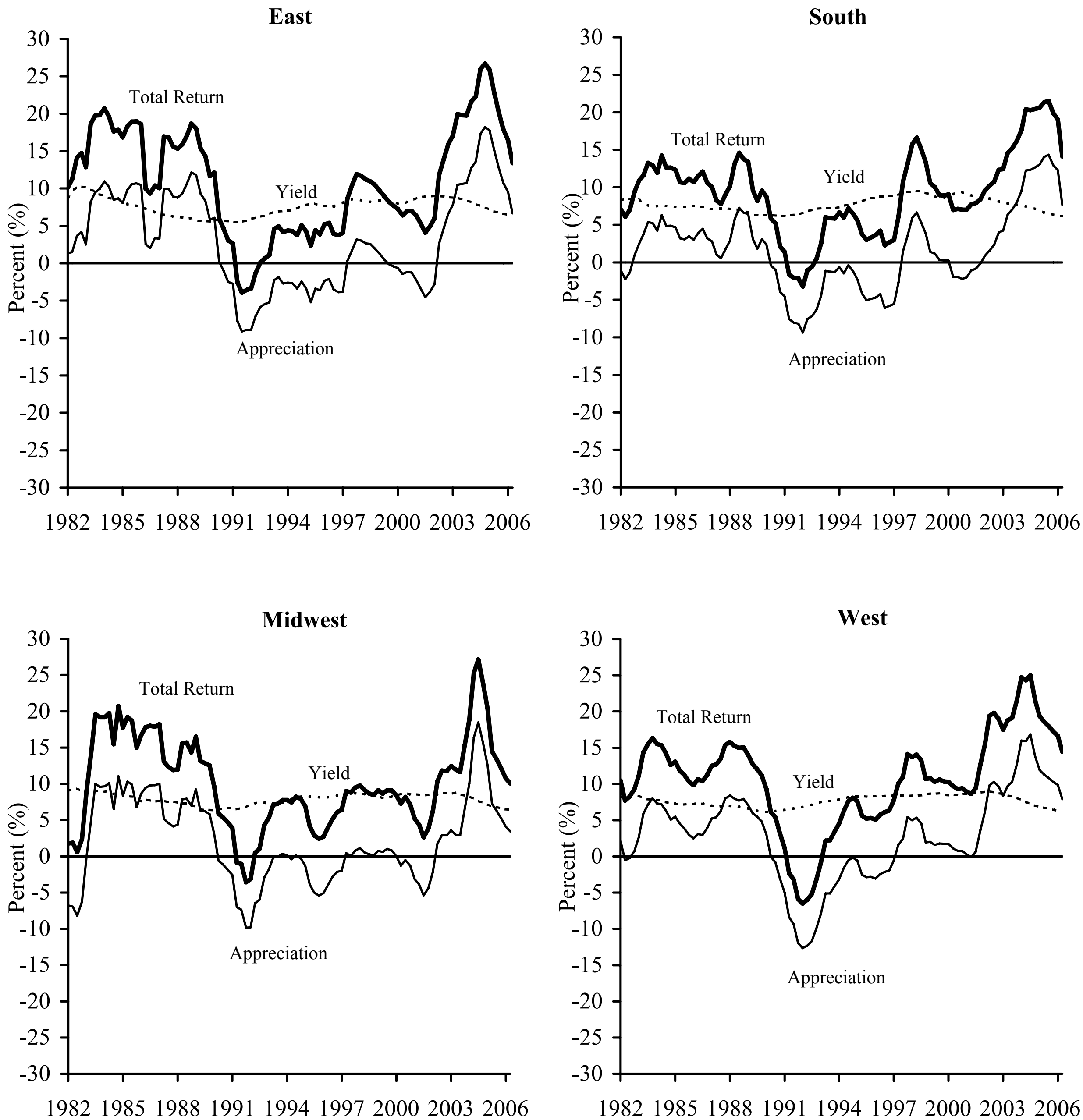
Sources: Bureau of Labor Statistics, McGraw-Hill Construction Dodge, National Council of Real Estate Investment Fiduciaries, Property & Portfolio Research, Inc., and Torto Wheaton Research.

Notes: Data for 2006 are as of December 31. The vacancy rates are averages based on quarterly data provided by Property & Portfolio Research, Inc. NCREIF retail returns and income are represented on a rolling four-quarter basis. Percentage change in property income is represented on a rolling 12-quarter basis and derived from yield and price appreciation data. Construction starts for the fourth quarter of 2006 are estimates.
344q

Exhibit 9

NCREIF RETAIL PROPERTY INDEX REGIONAL RETURNS

July 1, 1982 - December 31, 2006



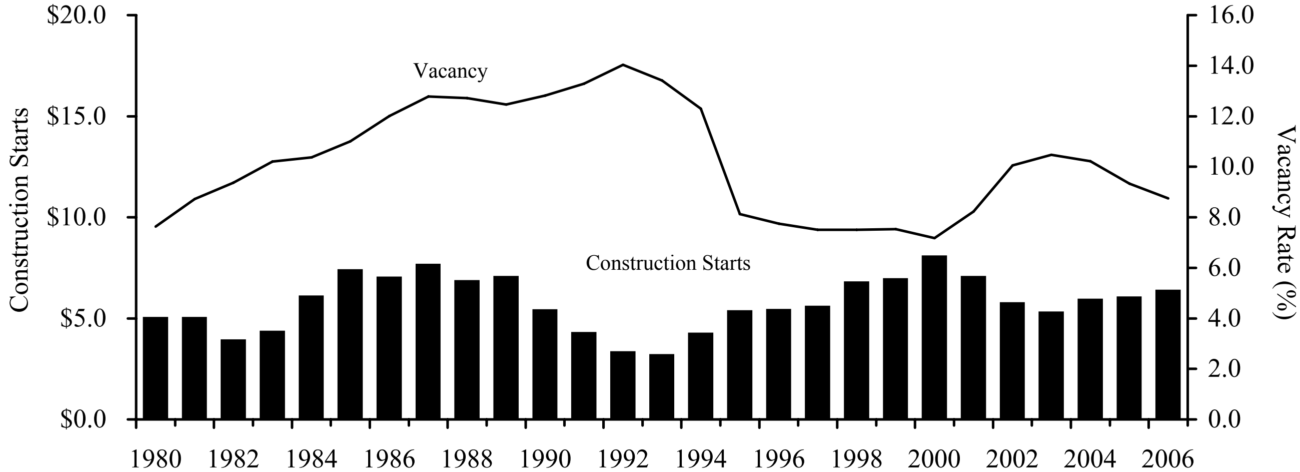
Source: National Council of Real Estate Investment Fiduciaries.

Note: Returns are represented on a rolling four-quarter basis.
345q

Exhibit 10

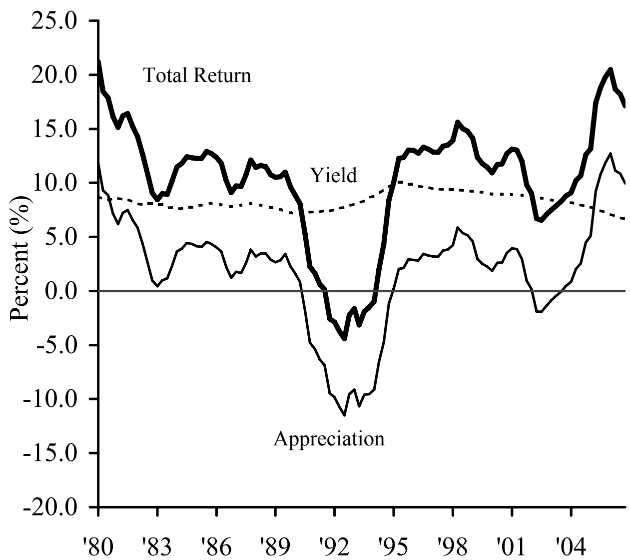
INDUSTRIAL PROPERTY INVESTMENT

Industrial Property Vacancy Rates and New Industrial Construction Starts
(billions of 1987 dollars)

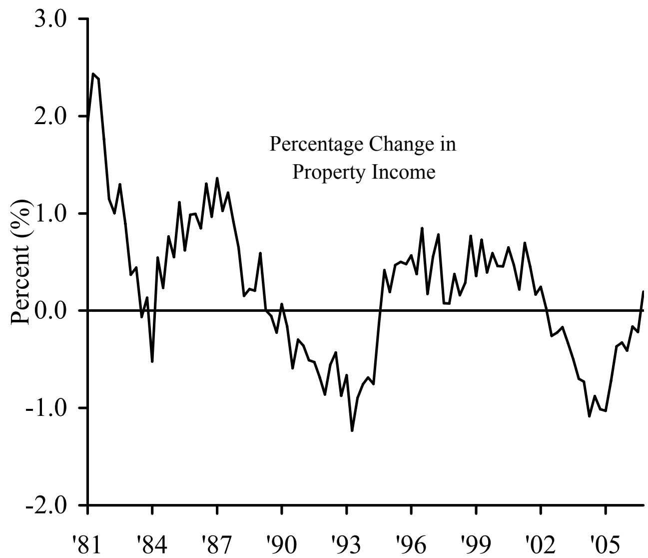


NCREIF Warehouse/Industrial Index Returns

January 1, 1980 - December 31, 2006



January 1, 1981 - December 31, 2006



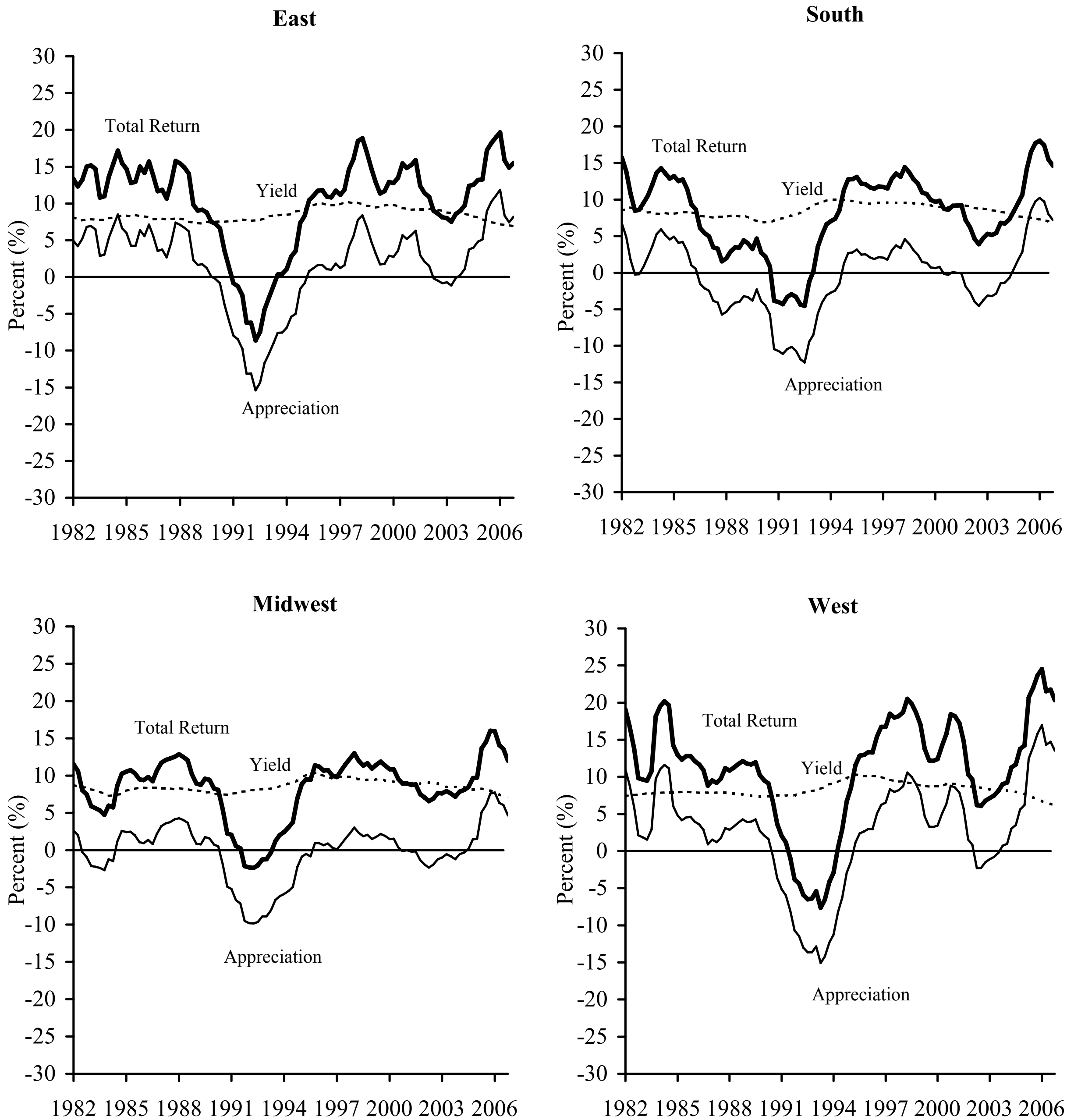
Sources: Bureau of Labor Statistics, McGraw-Hill Construction Dodge, National Council of Real Estate Investment Fiduciaries, Property & Portfolio Research, Inc., and Torto Wheaton Research.

Notes: 2006 data are as of December 31. The vacancy rates are averages based on quarterly data provided by Property & Portfolio Research, Inc. NCREIF office returns and income are represented on a rolling four-quarter basis. Percentage change in property income is represented on a rolling 12-quarter basis and derived from yield and price appreciation data. Construction starts for the fourth quarter of 2006 are estimates.
346q

Exhibit 11

NCREIF INDUSTRIAL PROPERTY INDEX REGIONAL RETURNS

January 1, 1982 - December 31, 2006



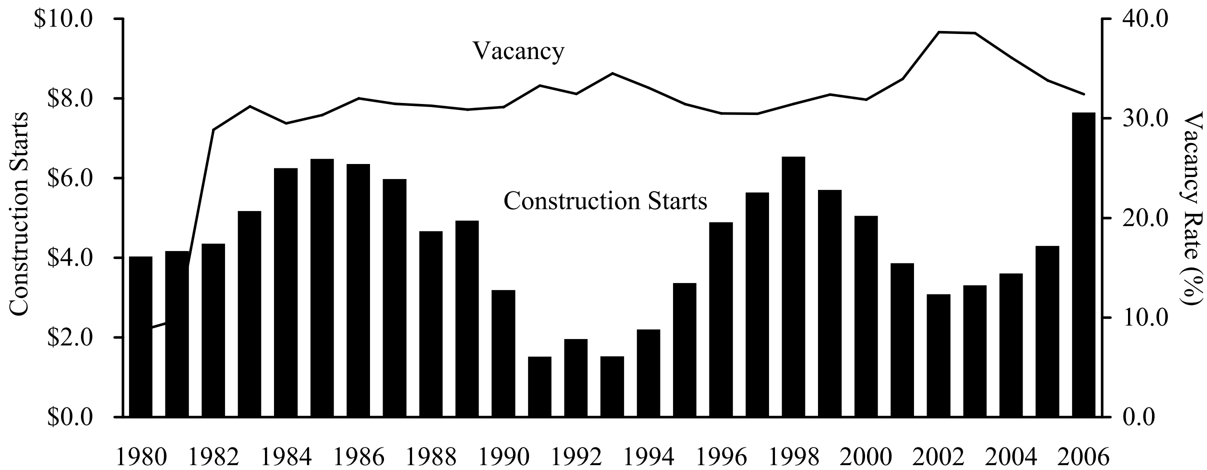
Source: National Council of Real Estate Investment Fiduciaries.

Note: Returns are represented on a rolling four-quarter basis.

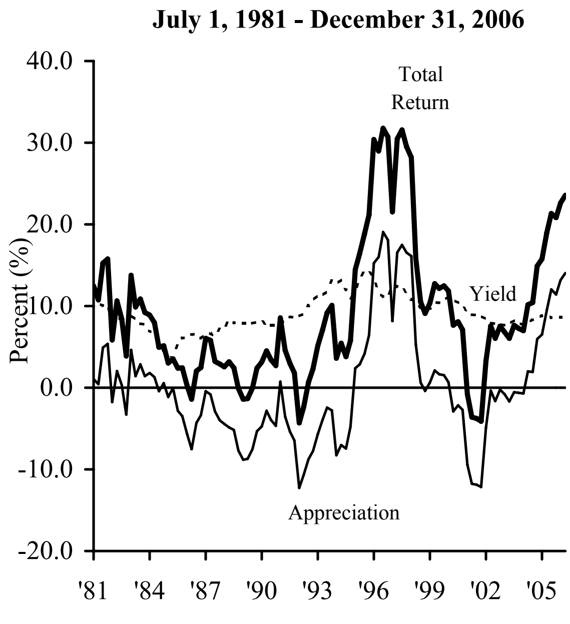
Exhibit 12

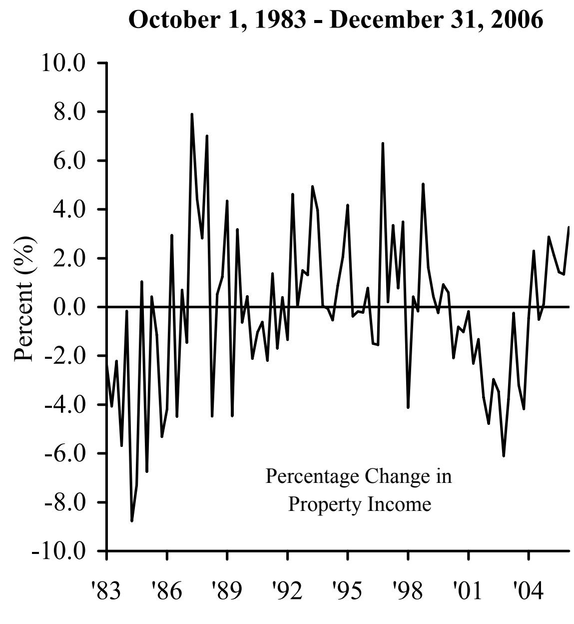
HOTEL PROPERTY INVESTMENT

Hotel Vacancy Rates and New Hotel Construction Starts
(billions of 1987 dollars)



NCREIF Hotel Index Returns





Sources: Bureau of Labor Statistics, McGraw-Hill Construction, National Council of Real Estate Investment Fiduciaries, Property & Portfolio Research, Inc., and Torto Wheaton Research.

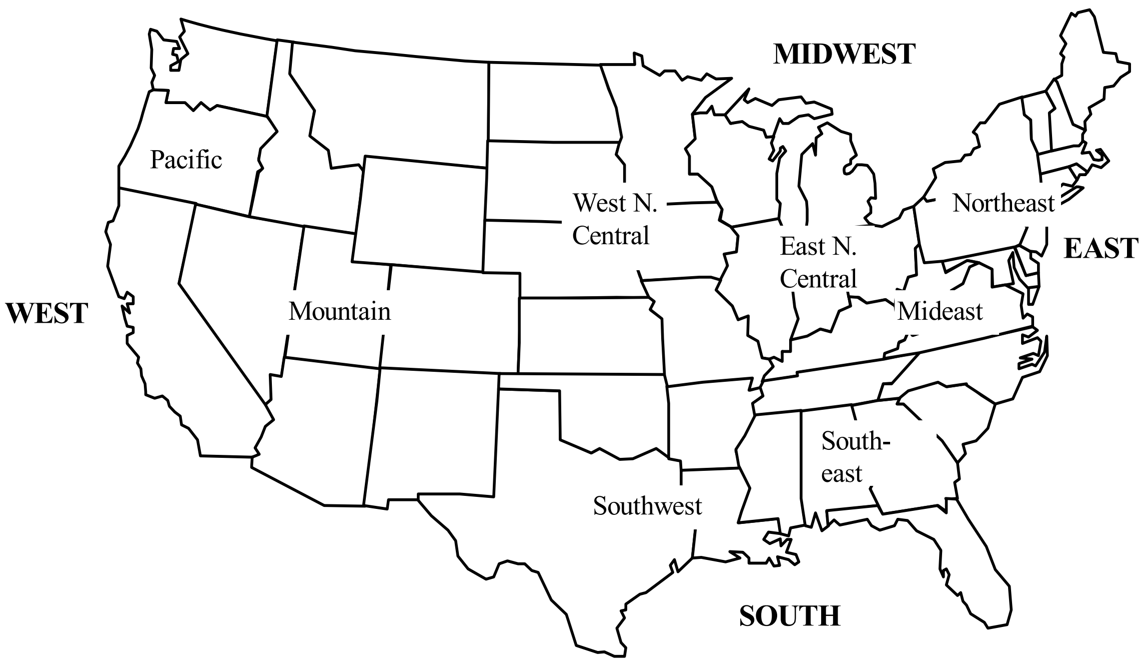
Notes: Data for 2006 are as of fourth quarter. The fourth quarter construction starts data are estimates. The vacancy rates are averages based on quarterly data provided by F.W. Dodge. NCREIF office returns and income are represented on a rolling four-quarter basis. Percentage change in property income is represented on a rolling 12-quarter basis and derived from yield and price appreciation data. Construction starts for fourth quarter 2006 are estimates.

357q

Exhibit 13

NCREIF REGIONAL AND DIVISIONAL BOUNDARIES AND RETURNS

Property Index Boundaries



Annual Total Returns (%) by Regional Division

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
East	7.2	10.1	14.3	16.1	12.1	13.0	8.2	8.9	10.9	15.8	21.6	17.7
Northeast	7.1	10.2	17.2	17.7	11.4	13.7	7.5	7.4	10.1	14.4	20.4	19.0
Mideast	7.4	10.0	11.3	14.3	13.0	12.2	9.0	11.0	11.9	17.7	23.1	16.0
South	7.4	9.1	11.6	15.7	9.6	8.5	6.6	5.3	7.8	12.5	19.8	14.7
Southeast	8.3	9.0	10.2	14.2	9.9	8.7	6.2	5.9	7.6	14.2	22.3	15.4
Southwest	6.0	9.1	13.5	17.7	9.3	8.3	7.0	4.6	8.0	10.5	16.7	13.7
Midwest	6.2	8.0	12.2	13.5	10.6	8.4	5.2	6.1	6.9	12.5	14.1	11.5
East North Central	5.6	7.5	12.6	12.9	10.3	8.4	5.0	6.7	6.8	13.1	13.7	11.3
West North Central	7.7	9.3	11.3	15.1	11.4	8.6	5.9	4.3	6.9	10.5	15.7	11.9
West	8.8	12.8	16.3	18.2	12.3	16.0	8.0	6.1	9.0	15.3	21.0	18.4
Pacific	8.6	13.4	17.5	19.7	12.9	17.9	8.6	5.6	9.2	15.9	20.9	18.7
Mountain	9.8	10.7	11.9	12.5	10.2	9.8	5.8	8.0	8.4	12.7	22.0	17.1

Exhibit 13 (continued)

NCREIF REGIONAL AND DIVISIONAL BOUNDARIES

EAST

Northeast	Mideast
Connecticut	Delaware
Maine	Kentucky
Massachusetts	Maryland
New Hampshire	North Carolina
New Jersey	South Carolina
New York	Virginia
Pennsylvania	Washington, DC
Rhode Island	West Virginia
Vermont	

SOUTH

Southwest	Southeast
Arkansas	Alabama
Louisiana	Florida
Oklahoma	Georgia
Texas	Mississippi
	Tennessee

MIDWEST

East North Central	West North Central
Illinois	Iowa
Indiana	Kansas
Michigan	Minnesota
Ohio	Missouri
Wisconsin	Nebraska
	North Dakota
	South Dakota

WEST

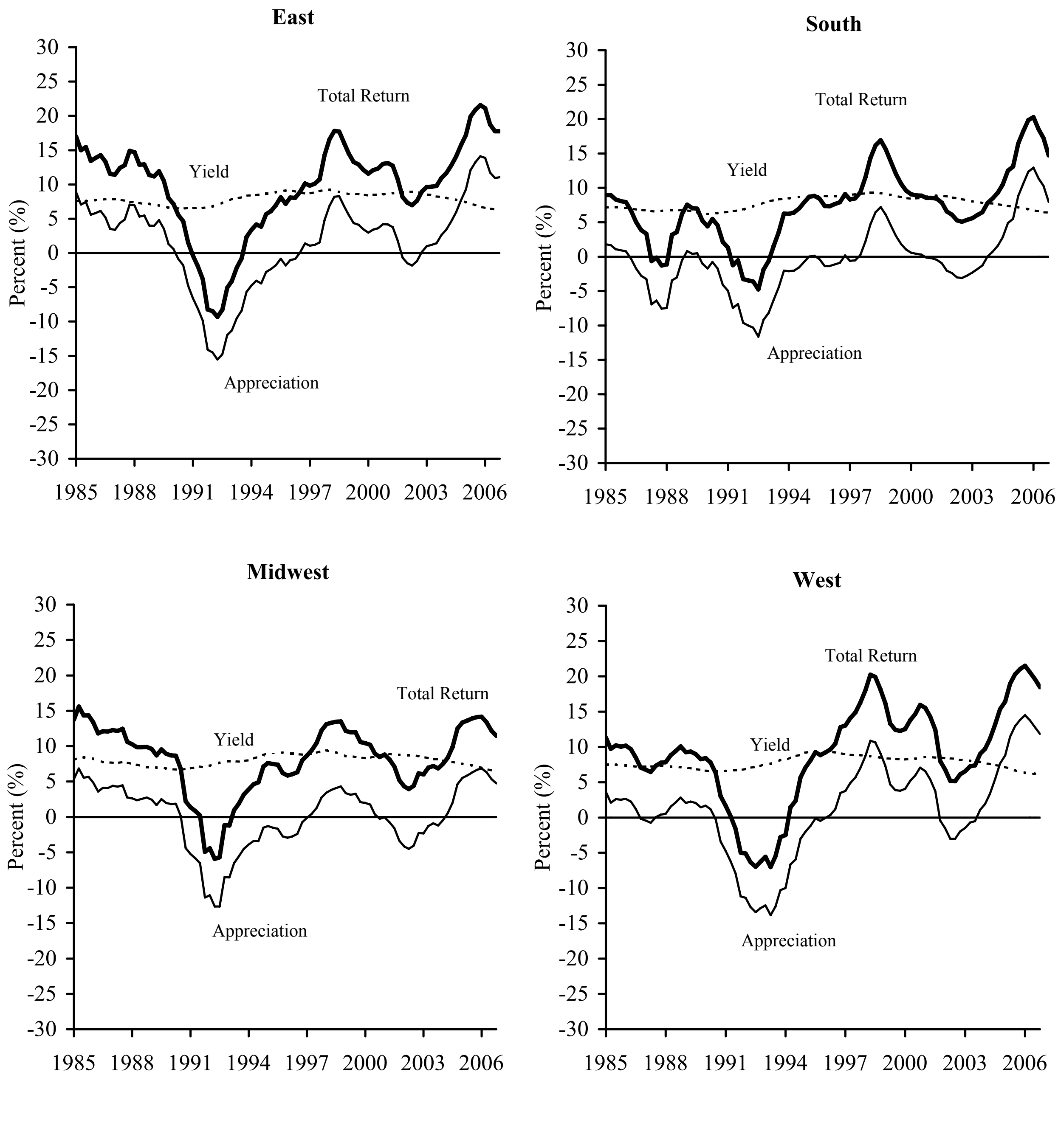
Pacific	Mountain
Alaska	Arizona
California	Colorado
Hawaii	Idaho
Oregon	Montana
Washington	Nevada
	New Mexico
	Utah
	Wyoming

Source: National Council of Real Estate Investment Fiduciaries.

Exhibit 14

NCREIF PROPERTY INDEX REGIONAL RETURNS

January 1, 1985 - December 31, 2006



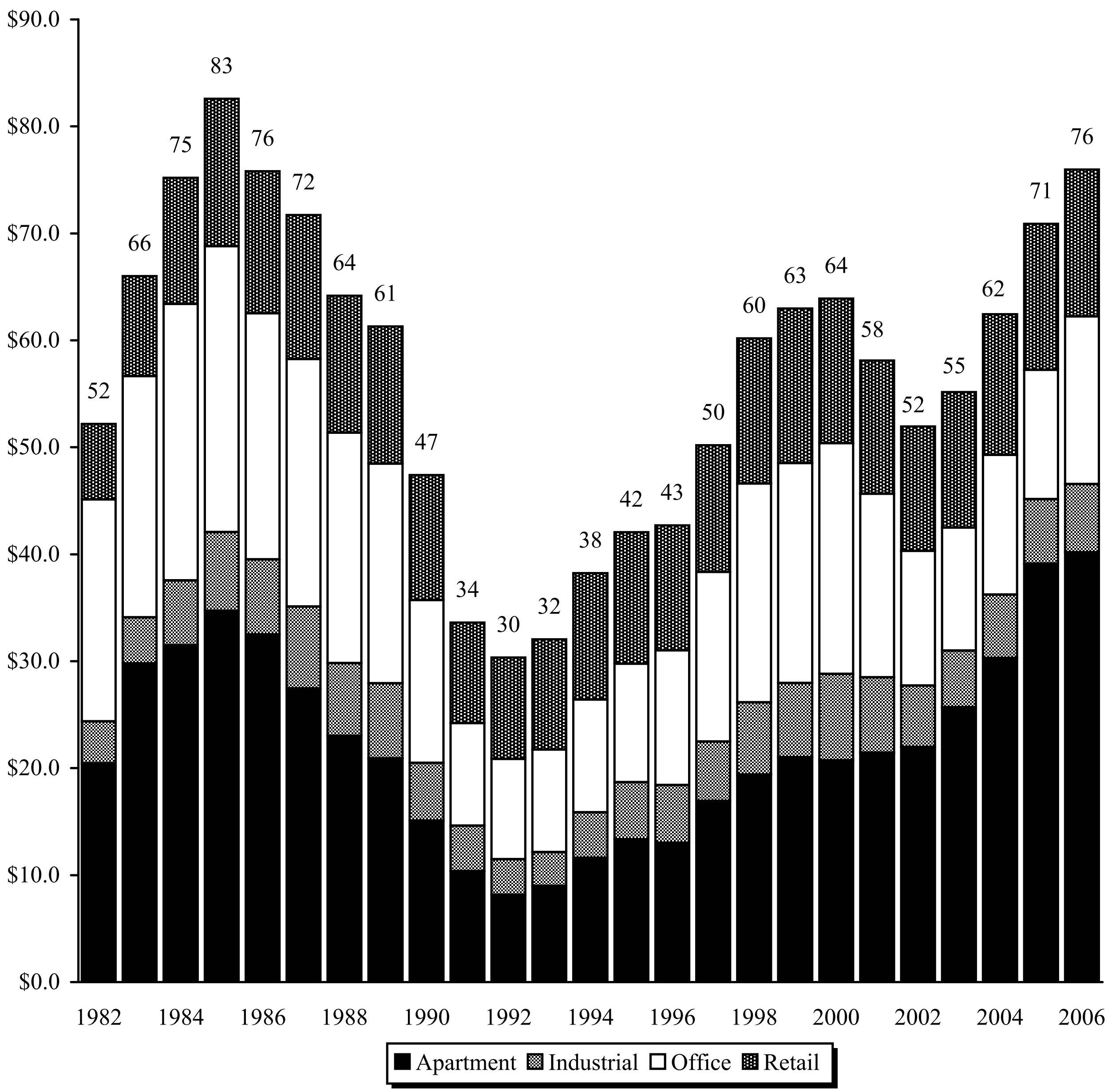
Source: National Council of Real Estate Investment Fiduciaries.

Note: Returns are represented on a rolling four-quarter basis.
349q

Exhibit 15

CONSTRUCTION STARTS

(billions of 1987 dollars)



Sources: Bureau of Labor Statistics, F.W. Dodge: McGraw-Hill Construction Information Group, a Division of The McGraw-Hill Companies, and Torto Wheaton Research.

Notes: Figures may not total due to rounding. Construction starts for the fourth quarter of 2006 are estimates.

Exhibit 16

U.S. POPULATION GROWTH BY AGE GROUP

Age Group	Average Annual Growth Rate (%)				Projected Average Annual Growth Rate (%)			
	1981-85	1986-90	1991-95	1996-2000	2001-05	2006-10	2011-15	2016-20
0-14	0.09	0.99	1.46	0.74	0.43	0.67	1.43	1.16
15-24	-1.21	-1.58	-0.14	1.38	1.62	0.86	-0.09	0.51
25-34	2.18	0.70	-0.89	-0.63	0.11	1.35	1.61	0.94
35-44	4.19	3.59	2.66	0.98	-0.55	-0.89	0.22	1.38
45-54	-0.25	2.34	4.56	3.70	2.37	1.32	-0.47	-0.77
55-64	0.35	-0.95	0.29	2.59	4.46	3.63	2.39	1.36
Over 64	2.03	1.93	1.74	0.57	0.88	1.69	2.92	3.10
Total	0.92	0.96	1.30	1.16	1.09	1.10	1.13	1.13

Source: NPA Data Services, Inc.

Exhibit 17

U.S. POPULATION AND EMPLOYMENT GROWTH BY REGION

	Average Annual Growth Rate (%)				Projected Average Annual Growth Rate (%)			
	1981-85	1986-90	1991-95	1996-2000	2001-05	2006-10	2011-15	2016-20
Total								
Population	0.92	0.96	1.30	1.18	1.07	1.10	1.13	1.13
Employment	1.74	2.29	1.39	2.35	1.02	1.83	1.64	1.26
East								
Population	0.84	1.02	1.12	1.09	0.94	0.93	0.99	1.01
Employment	2.11	2.11	0.80	2.28	0.76	1.66	1.50	1.15
South								
Population	1.35	0.36	1.58	1.38	1.24	1.32	1.30	1.27
Employment	1.80	1.52	2.34	2.45	1.37	2.04	1.81	1.41
Midwest								
Population	-0.03	0.33	0.88	0.65	0.66	0.64	0.69	0.72
Employment	0.67	2.18	1.64	1.77	0.56	1.36	1.21	0.86
West								
Population	1.96	2.12	1.87	1.73	1.59	1.66	1.62	1.55
Employment	2.31	3.32	1.41	3.03	1.64	2.38	2.13	1.69

Source: NPA Data Services, Inc.

Exhibit 18

U.S. EMPLOYMENT GROWTH BY INDUSTRY

	Average Annual Growth Rate (%)				Projected Average Annual Growth Rate (%)			
	1981-85	1986-90	1991-95	1996-2000	2001-05	2006-10	2011-15	2016-20
Total								
Manufacturing	-0.98	-0.08	-0.52	0.04	-0.59	0.81	0.58	0.15
Transportation	0.77	2.19	1.50	3.00	1.34	1.85	1.66	1.29
Retail	2.53	2.50	1.92	1.78	1.04	1.92	1.73	1.35
Office	2.69	3.32	1.86	2.93	1.36	1.96	1.77	1.40
East								
Manufacturing	-1.18	-1.48	-1.65	-0.75	-1.36	0.19	0.02	-0.36
Transportation	1.07	1.86	1.11	2.66	1.06	1.58	1.43	1.08
Retail	3.27	2.28	1.18	1.80	0.86	1.79	1.63	1.27
Office	2.92	3.37	1.47	2.89	1.16	1.82	1.65	1.29
South								
Manufacturing	-0.86	0.91	1.02	-0.09	0.34	1.39	1.04	0.53
Transportation	0.81	2.19	2.30	4.06	1.82	2.49	2.21	1.77
Retail	2.98	1.72	3.09	2.12	1.53	2.24	2.00	1.58
Office	2.88	2.73	2.64	3.08	1.66	2.12	1.91	1.51
Midwest								
Manufacturing	-1.63	0.44	0.62	0.13	-0.82	0.55	0.31	-0.10
Transportation	-0.13	2.20	1.36	2.37	0.73	1.26	1.11	0.78
Retail	1.12	2.58	2.12	1.16	0.48	1.35	1.21	0.87
Office	1.90	2.98	2.04	2.41	1.04	1.54	1.39	1.04
West								
Manufacturing	0.54	1.29	-1.60	1.54	0.31	1.72	1.39	0.85
Transportation	1.31	2.79	1.70	3.37	2.04	2.34	2.08	1.64
Retail	2.60	3.39	2.07	2.21	1.57	2.45	2.19	1.75
Office	2.99	3.98	1.85	3.39	1.81	2.46	2.22	1.79

Source: NPA Data Services, Inc.

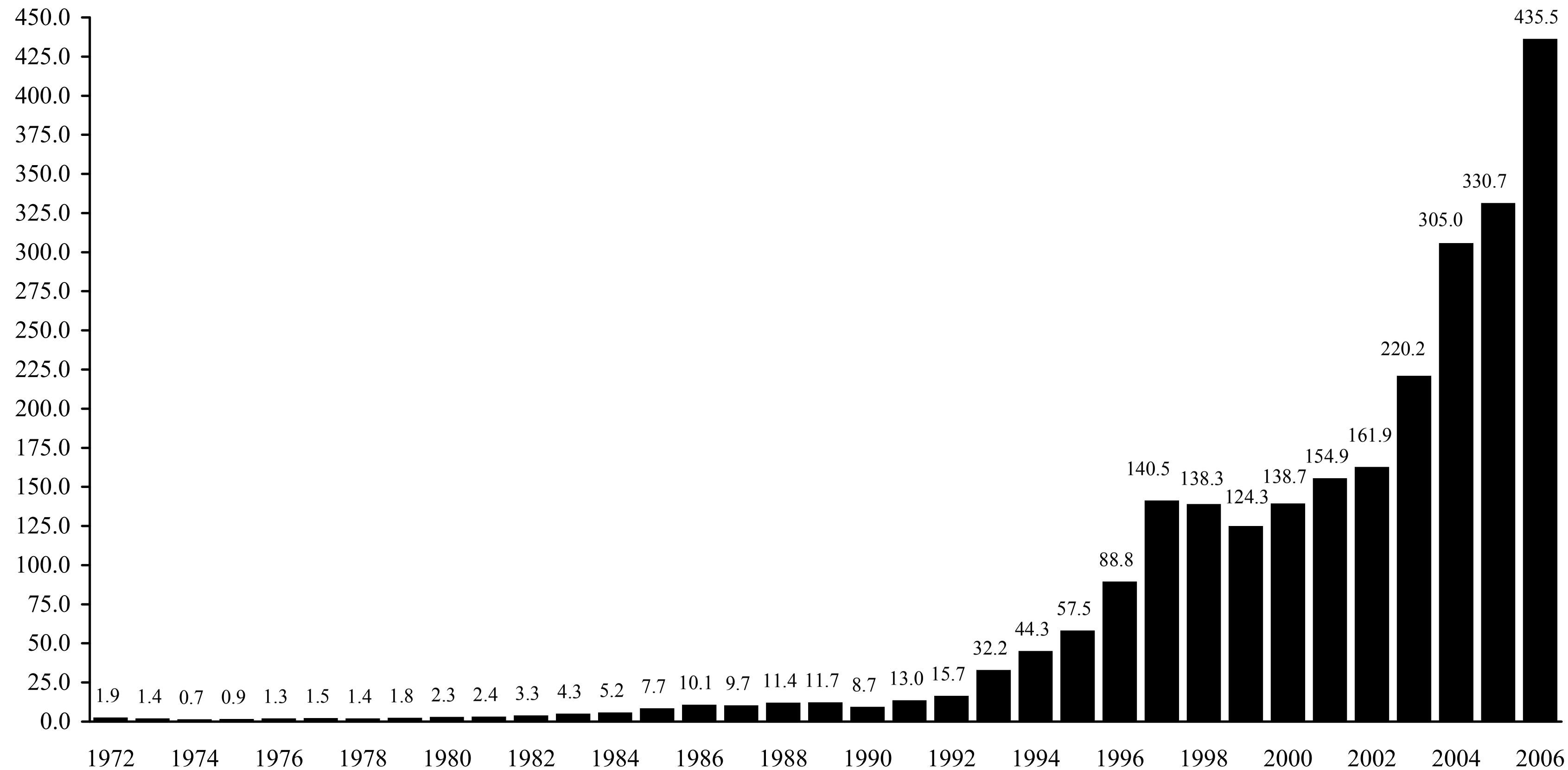
Notes: Office data include finance, insurance, real estate, government, and services. Transportation data also include communications and public utilities.

Publicly Traded REITs

Exhibit 19

MARKET CAPITALIZATION OF THE REIT INDUSTRY

1972-2006
($ billions)



Sources: FTSE International Limited and National Association of Real Estate Investment Trusts.

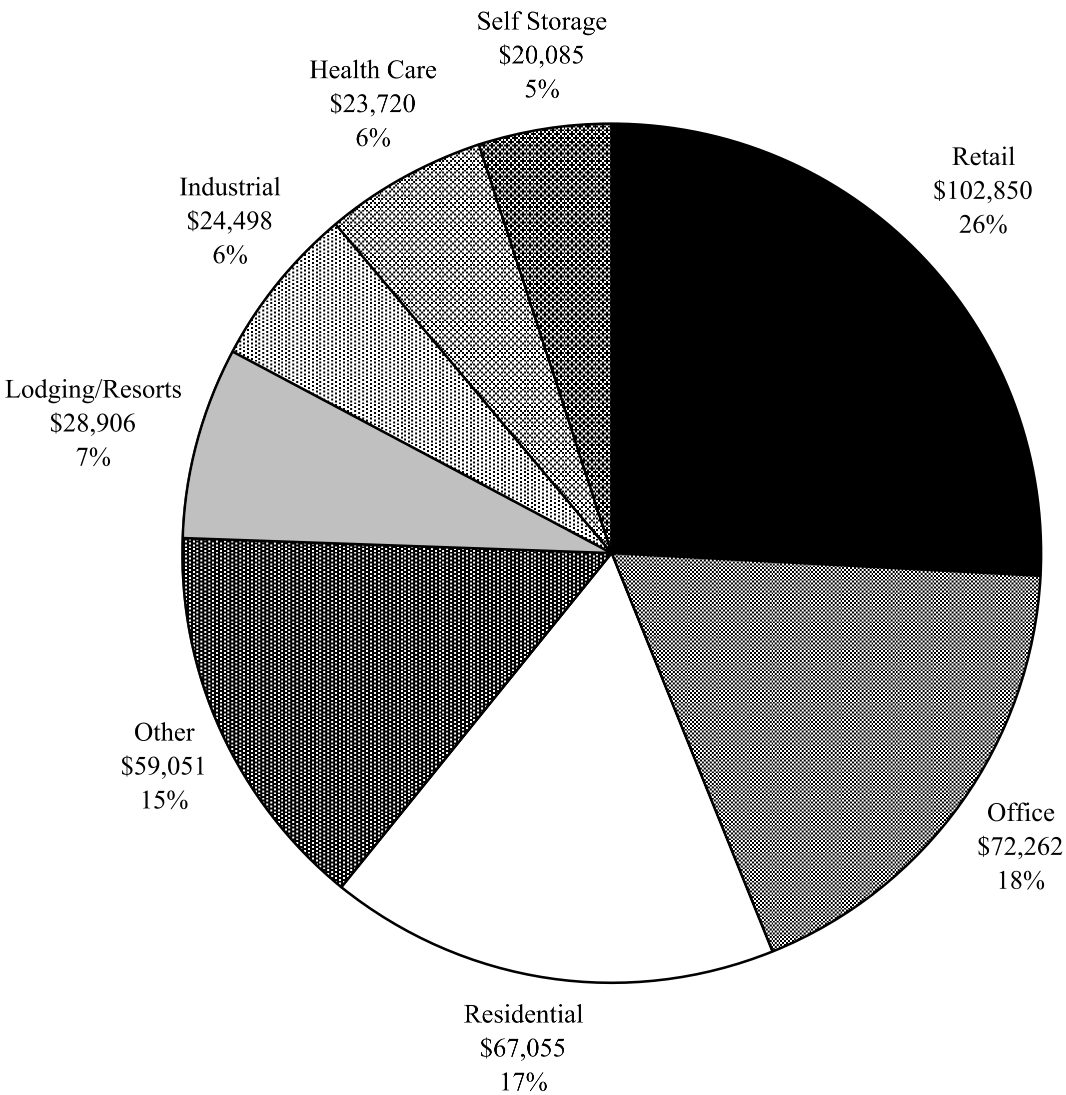
Note: Data for 2006 are as of December 31.
182m

Exhibit 20

HOLDINGS OF PUBLICLY TRADED EQUITY REITS

As of December 31, 2006

FTSE NAREIT Equity REIT Index Total Market Cap $398,428
($ millions)



Sources: FTSE International Limited and National Association of Real Estate Investment Trusts.
180a

Exhibit 21

COMPARATIVE TOTAL RETURNS

Annual Total Returns (%)

Year	NCREIF Property Index	FTSE NAREIT Equity REIT Index	S&P 500 Index	Lehman Brothers Govt/Credit Bond Index	CPI-U
1987	8.0	-3.7	5.1	2.3	4.4
1988	9.6	13.5	16.6	7.6	4.4
1989	7.8	8.8	31.7	14.2	4.6
1990	2.3	-15.3	-3.1	8.3	6.1
1991	-5.6	35.7	30.5	16.1	3.1
1992	-4.3	14.6	7.6	7.6	2.9
1993	1.4	19.7	10.1	11.0	2.7
1994	6.4	3.2	1.3	-3.5	2.7
1995	7.5	15.3	37.6	19.2	2.5
1996	10.3	35.3	23.0	2.9	3.3
1997	13.9	20.3	33.4	9.8	1.7
1998	16.2	-17.5	28.6	9.5	1.6
1999	11.4	-4.6	21.0	-2.1	2.7
2000	12.3	26.4	-9.1	11.9	3.4
2001	7.3	13.9	-11.9	8.5	1.6
2002	6.7	3.8	-22.1	11.0	2.4
2003	9.0	37.1	28.7	4.7	1.9
2004	14.5	31.6	10.9	4.2	3.3
2005	20.1	12.2	4.9	2.4	3.4
2006	16.6	35.0	15.8	3.8	2.5
Mean (1987-2006)	8.4	14.1	13.2	7.4	3.1
Standard Deviation	3.4	14.2	15.8	4.9	1.3

Average Annual Compound Returns (%)

Periods Ended Dec 31, 2006	NCREIF Property Index	FTSE NAREIT Equity REIT Index	S&P 500 Index	Lehman Brothers Govt/Credit Bond Index	CPI-U
20 Yrs	8.4	13.1	11.8	7.3	3.1
19 Yrs	8.4	14.0	12.2	7.6	3.0
18 Yrs	8.3	14.1	11.9	7.6	2.9
17 Yrs	8.4	14.4	10.9	7.2	2.8
16 Yrs	8.8	16.5	11.8	7.1	2.6
15 Yrs	9.8	15.4	10.6	6.6	2.6
14 Yrs	10.9	15.4	10.9	6.5	2.5
13 Yrs	11.6	15.1	10.9	6.2	2.5
12 Yrs	12.1	16.1	11.8	7.0	2.5
11 Yrs	12.5	16.2	9.7	6.0	2.5
10 Yrs	12.7	14.5	8.4	6.3	2.4
9 Yrs	12.6	13.9	6.0	5.9	2.5
8 Yrs	12.1	18.5	3.4	5.4	2.6
7 Yrs	12.3	22.3	1.1	6.6	2.6
6 Yrs	12.3	21.6	2.9	5.7	2.5
5 Yrs	13.3	23.2	6.2	5.2	2.7
4 Yrs	15.0	28.6	14.7	3.7	2.8
3 Yrs	17.0	25.8	10.4	3.4	3.1
2 Yrs	18.3	23.1	10.2	3.1	3.0
1 Yr	16.6	35.0	15.8	3.8	2.5

Sources: Bureau of Labor Statistics, FTSE International Limited, Lehman Brothers, Inc., National Association of Real Estate Investment Trusts, National Council of Real Estate Investment Fiduciaries, and Standard & Poor's.

Notes: Average annual compound returns are based on annual data from 1985 through 2006. Means and standard deviations are calculated and annualized, based on quarterly returns from January 1, 1987 through December 31, 2006.

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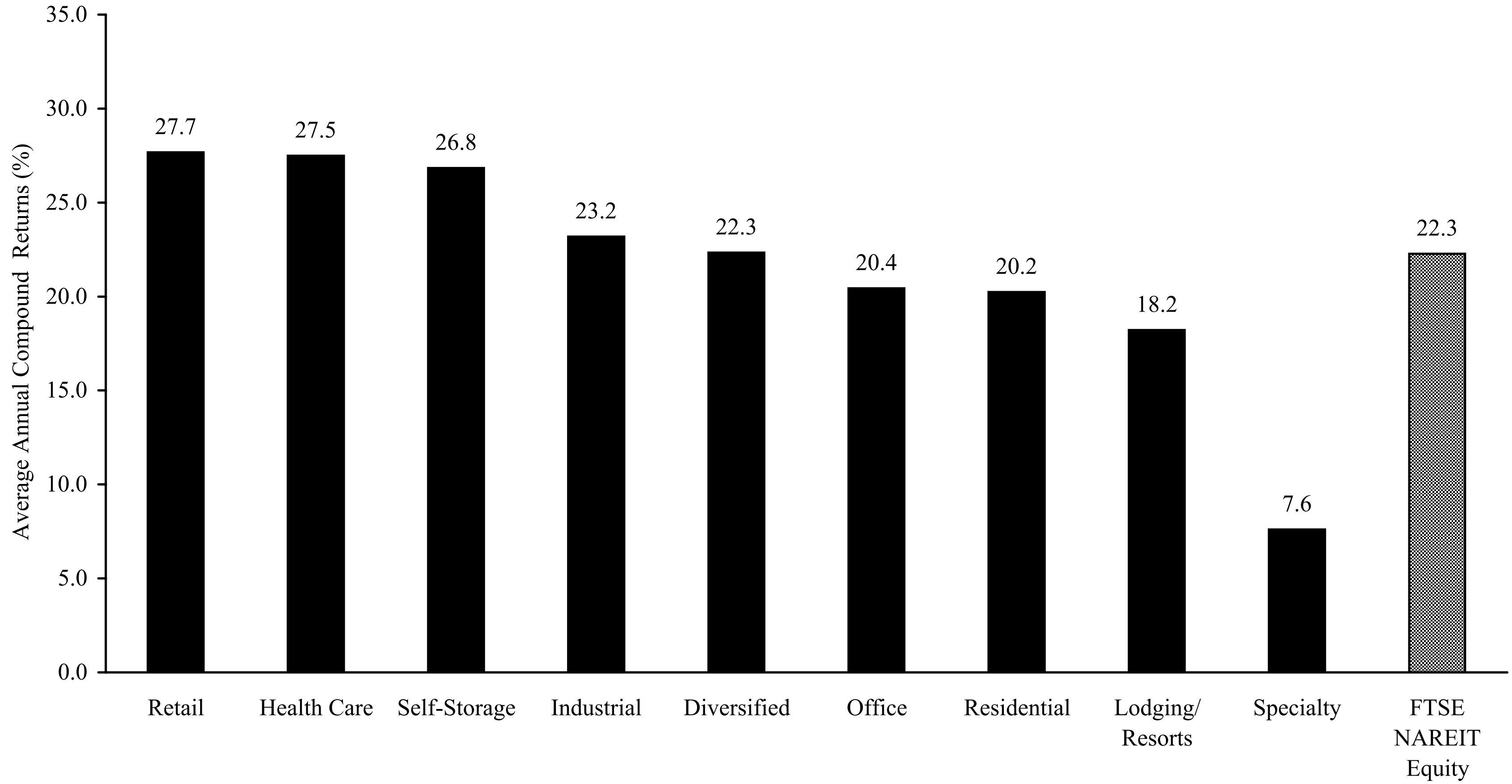
Exhibit 22

FTSE NAREIT EQUITY REIT INDEX SECTOR AVERAGE ANNUAL COMPOUND RETURNS

January 1, 2000 - December 31, 2006



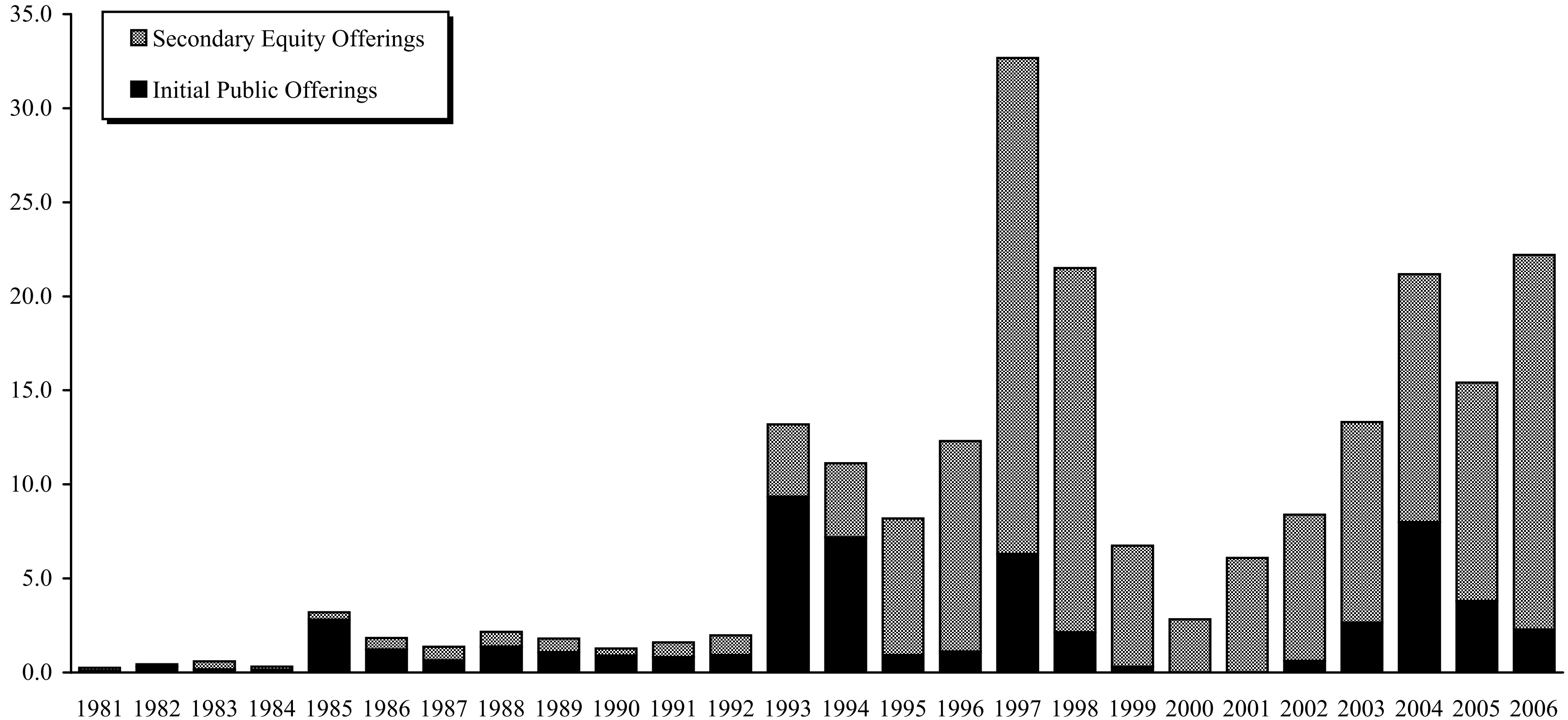
Sources: FTSE International Limited and National Association of Real Estate Investment Trusts.

Exhibit 23

OFFERINGS OF EQUITY REIT SECURITIES

1981-2006

($ billions)



Sources: FTSE International Limited and National Association of Real Estate Investment Trusts.

Note: Data for 2006 are through December 31.
1806a

Exhibit 24

CORRELATION OF THE FTSE NAREIT EQUITY REIT INDEX WITH SELECTED INDICES

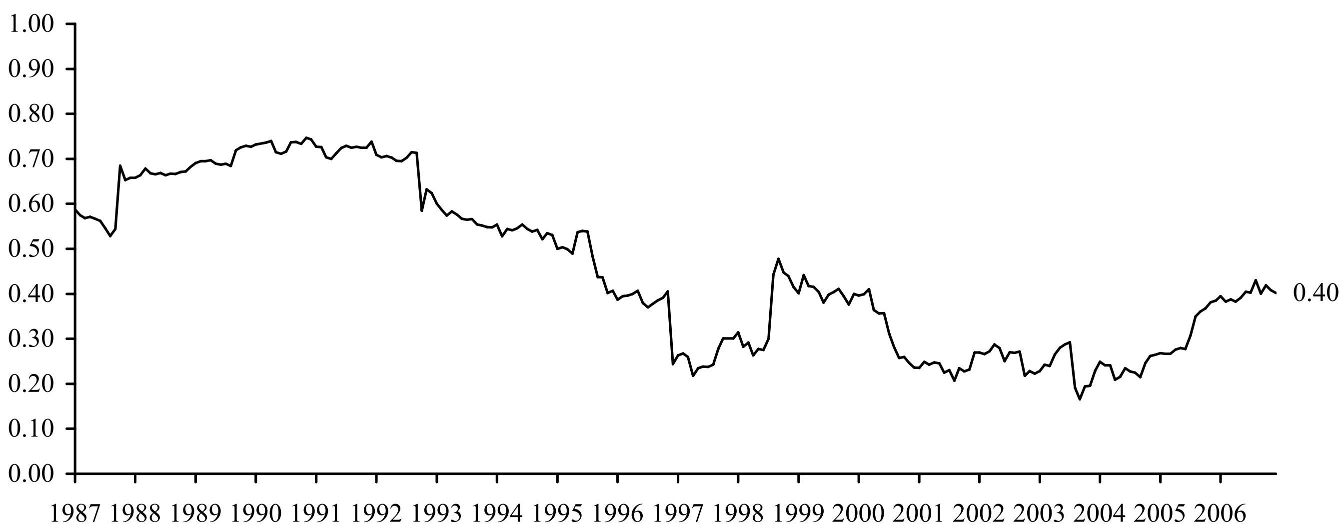
Correlation Matrix

January 1, 1987 - December 31, 2006

Index	FTSE NAREIT Equity REIT Index	NCREIF Property Index	S&P 500	Russell 2000®	Russell 2000® Value	Nasdaq Composite Index	LB High-Yield Bond	Lehman Brothers Govt/Credit	Consumer Price Index
FTSE NAREIT Equity REIT	1.00								
NCREIF Property	0.03	1.00							
S&P 500	0.45	-0.02	1.00						
Russell 2000®	0.64	-0.07	0.87	1.00					
Russell 2000® Value	0.76	-0.05	0.75	0.94	1.00				
Nasdaq Composite	0.36	-0.07	0.87	0.86	0.65	1.00			
LB High-Yield Bond	0.53	-0.16	0.51	0.60	0.60	0.52	1.00		
Lehman Bros Govt/Credit	0.15	-0.17	-0.11	-0.16	-0.10	-0.17	0.18	1.00	
Consumer Price Index	-0.14	-0.10	-0.18	-0.14	-0.14	-0.18	-0.19	-0.19	1.00

Correlation of FTSE NAREIT Equity REIT Returns With S&P 500 Returns over Rolling Five-Year Periods

January 1, 1987 - December 31, 2006



Sources: Bureau of Labor Statistics, FTSE International Limited, Lehman Brothers, Inc., National Association of Real Estate Investment Trusts, National Council of Real Estate Investment Fiduciaries, Standard & Poor's, Thomson Datastream, and *The Wall Street Journal.*

Notes: The correlation matrix of selected market indices was prepared using quarterly returns. The correlation graph of the S&P 500 and FTSE NAREIT Equity REIT Index was prepared using monthly returns.
356q

Exhibit 25

REIT SECTOR CURRENT VALUATION ANALYSIS

As of December 31, 2006

	Market Capitalization (billions)	Premium to NAV (%)	Dividend Yield (%)	FFO[1] Payout Ratio (%)	AFFO[2] Payout Ratio (%)	Debt/ Enterprise Value[3] (%)	FFO Growth (%)	Price/ FFO Multiple	Price/ AFFO Multiple
Apartments	69.0	-0.8	3.4	71.4	91.3	33.5	8.5	21.7	27.5
Diversified Properties	57.1	-1.1	3.4	70.8	86.7	34.9	7.4	25.0	27.3
Factory Outlet Centers	1.5	NA	3.5	54.8	83.4	33.0	9.7	15.9	24.1
Health Care	16.3	20.3	4.4	74.7	78.8	33.3	10.8	15.8	17.0
Hotels	20.4	0.0	3.2	36.3	29.4	31.0	15.3	12.3	5.2
Industrial Properties	26.8	-0.8	3.2	46.0	62.8	35.3	9.4	15.6	21.0
Manufactured Housing	2.3	11.5	2.3	26.5	32.0	53.3	6.2	16.2	20.5
Net Lease	3.3	14.2	6.0	79.5	49.0	41.9	8.4	13.4	8.8
Office Properties	83.9	4.1	3.0	57.1	76.8	35.1	6.4	20.1	26.4
Regional Malls	64.4	-5.4	3.4	54.8	73.4	46.3	7.7	16.4	21.6
Self-Storage	17.8	18.6	2.2	46.1	50.9	9.2	10.7	21.7	23.8
Shopping Centers	39.2	7.2	3.5	61.3	72.7	32.9	8.9	18.0	21.4
All Equity REITs									
Cap-Weighted Mean	402.1	2.2	3.3	60.0	74.9	35.1	8.4	19.4	23.4

Source: Goldman, Sachs & Co.

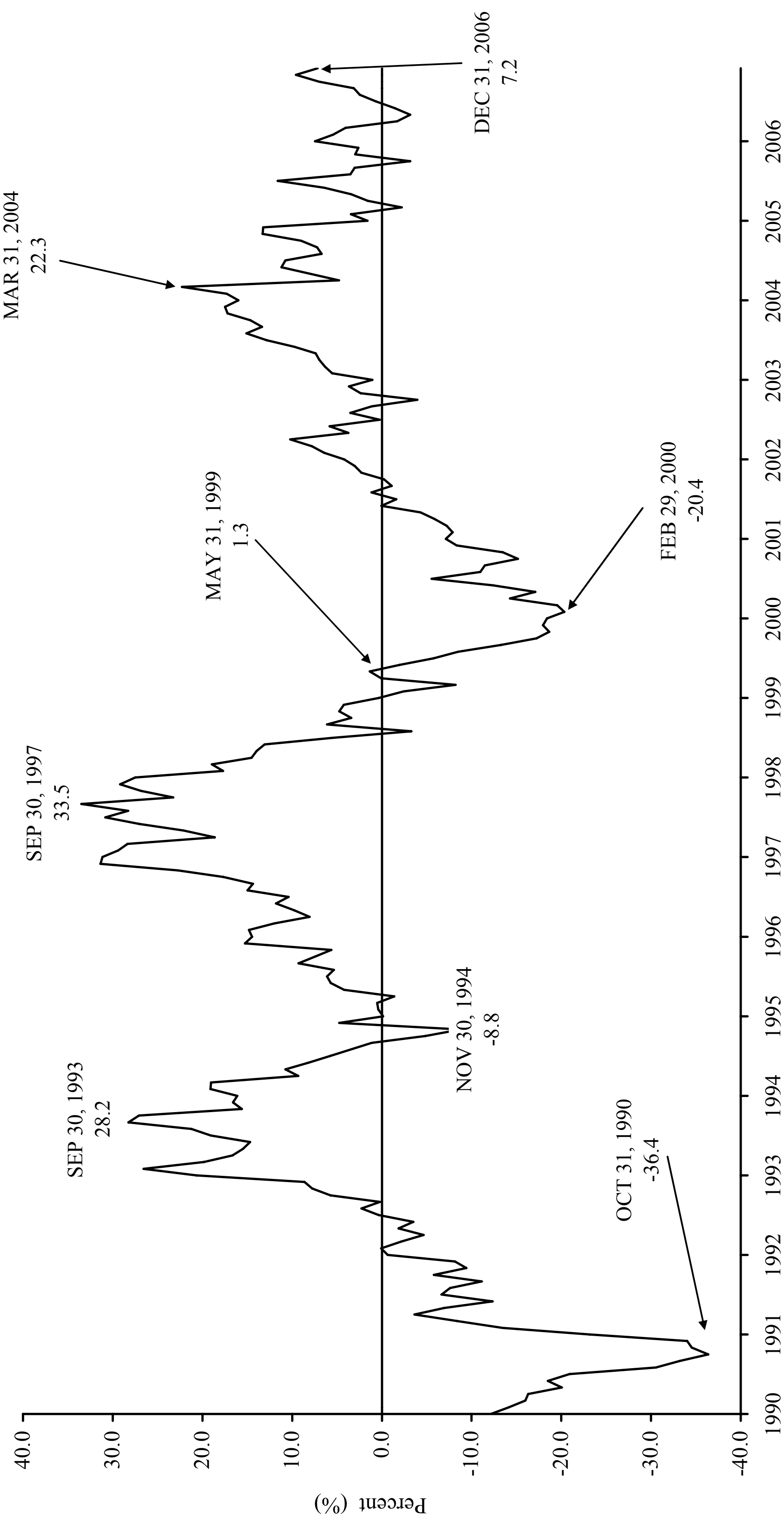
Notes: Funds From Operations (FFO) growth based on estimates for 2007. FFO and Adjusted Funds From Operations (AFFO) multiples based on estimates for 2007. Premium to net asset value (NAV) data not available for factory outlet centers and is not reflected in the All Equity REITs Cap-Weighted Premium to NAV mean.

[1] FFO represents net income after the addition of real estate depreciation and amortization.
[2] AFFO represents FFO less capital expenditures, tenant improvements, lease costs, and straightline rents.
[3] Enterprise Value includes equity market capitalization, total debt, and preferred market capitalization.

Exhibit 26

REIT PRICE PREMIUMS TO NET ASSET VALUE RATIO

January 31, 1990 - December 31, 2006



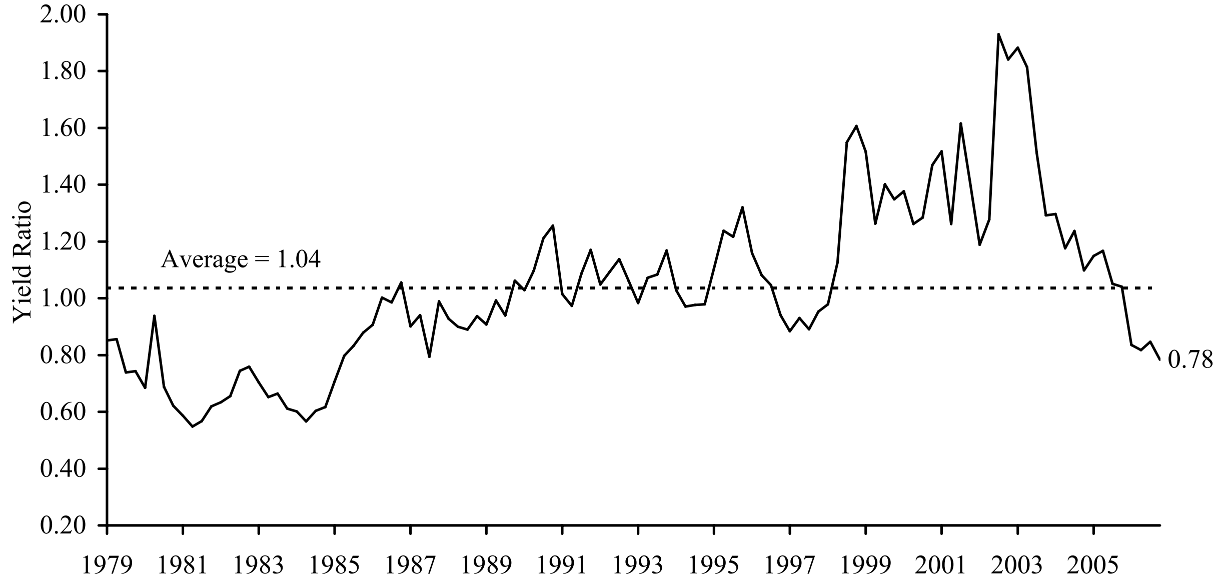
Source: Green Street Advisors, Inc.
1165m

Exhibit 27

EQUITY REIT YIELD RATIOS

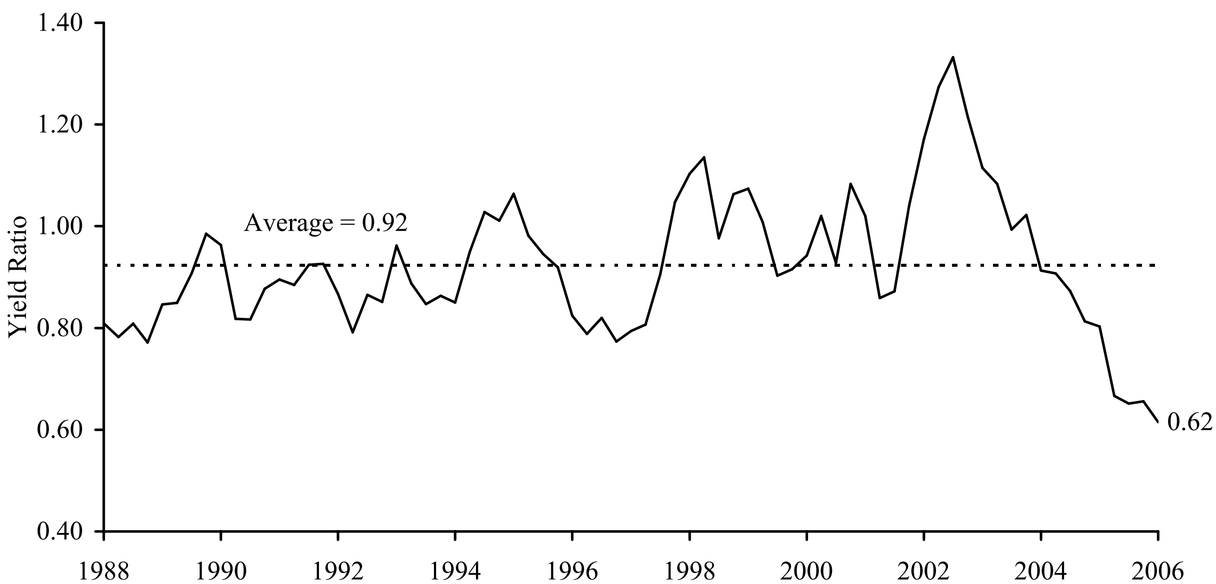
First Quarter 1979 - Fourth Quarter 2006

Ratio of FTSE NAREIT Equity REIT Dividend Yields to Ten-Year Treasury Bond Yields



Fourth Quarter 1988 - Fourth Quarter 2006

Ratio of FTSE NAREIT Equity REIT Dividend Yields to Merrill Lynch U.S. Corporate BBB-Rated Yields

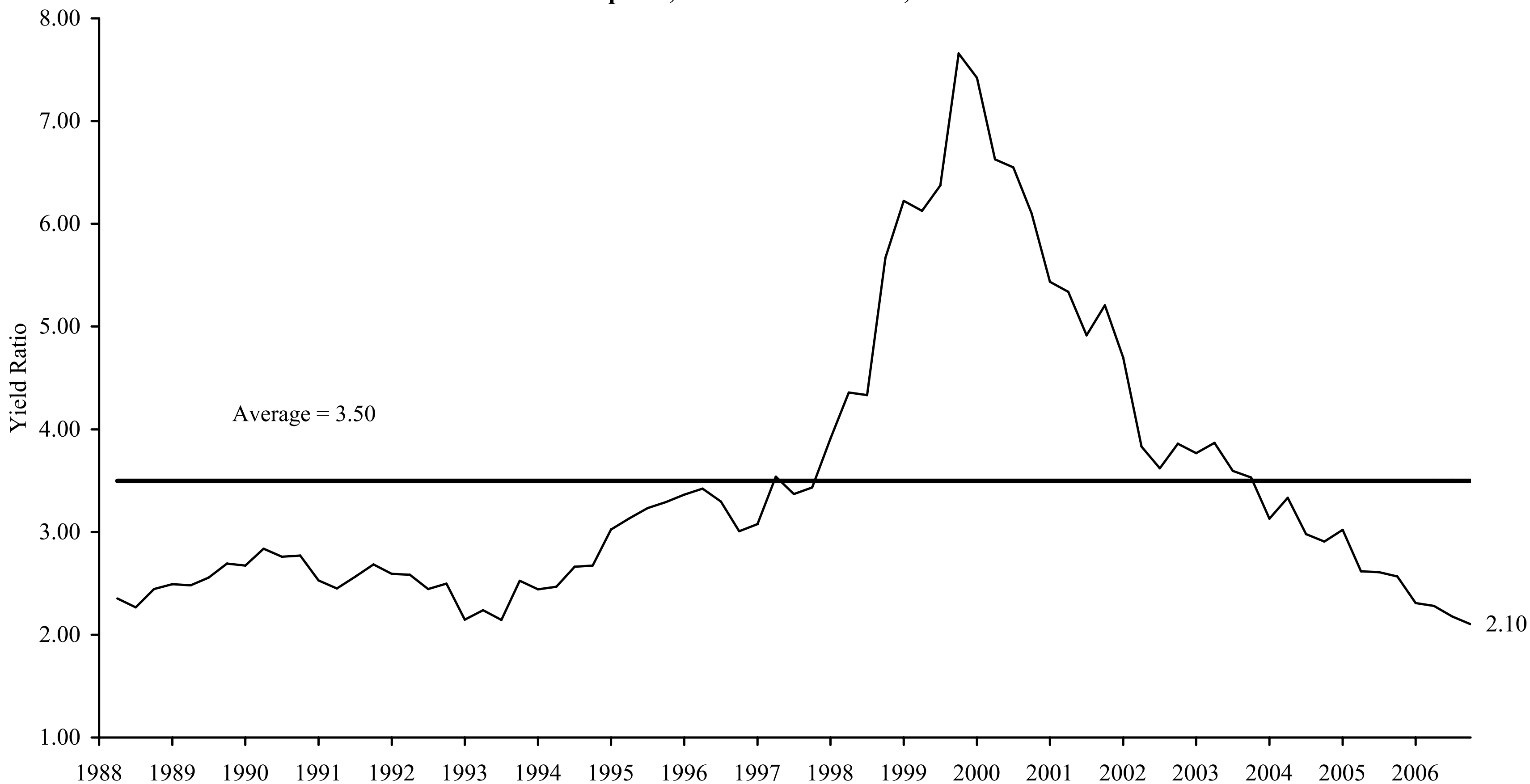


Sources: FTSE International Limited, Merrill Lynch & Company, National Association of Real Estate Investment Trusts, and Thomson Datastream.

Exhibit 28

RATIO OF FTSE NAREIT EQUITY REIT DIVIDEND YIELDS TO S&P 500 DIVIDEND YIELDS

April 1, 1988 - December 31, 2006



Sources: FTSE International Limited, National Association of Real Estate Investment Trusts, Standard & Poor's, Standard & Poor's Compustat, and *The Wall Street Journal.*
1804q

Real Estate Managers

Exhibit 29

REPRESENTATIVE REIT SECURITIES MANAGERS

Annual Total Returns (%)

Firm	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
ABN AMRO Asset Management, Inc.	---	-11.1	-1.8	30.6	8.7	6.0	38.0	34.8	14.7	37.7
Adelante Capital Management LLC	24.7	-12.3	-0.1	33.9	11.5	4.4	35.7	36.4	17.0	38.0
Advantus Capital Management	29.9	-16.3	-3.3	27.3	11.3	7.7	43.8	37.1	12.3	31.8
AEW Capital Management	17.6	-11.0	0.6	31.6	12.7	3.8	37.7	35.9	15.7	37.8
AEW Capital Management	---	---	---	34.2	13.7	7.0	38.1	37.9	18.5	38.5
AllianceBernstein Institutional Investment Management	23.6	-19.4	-5.7	28.4	11.3	4.0	40.8	36.6	17.4	35.9
Alpine Woods Capital Investors LLC	57.8	-19.5	-15.4	25.4	27.7	5.0	83.8	40.8	9.7	-0.4
Capital Growth Management (n)	26.7	-21.2	2.6	29.2	5.1	3.5	89.7	35.5	27.0	29.0
Cliffwood Partners	---	---	---	---	19.5	0.7	31.5	33.0	16.1	30.4
Cohen & Steers Capital Management	22.0	-16.9	3.1	28.7	6.4	4.0	39.1	39.4	15.7	38.4
Cohen & Steers Capital Management	24.8	-10.2	-6.0	29.3	19.6	6.7	36.9	26.6	8.9	30.3
Cohen & Steers Capital Management	---	-31.3	28.5	5.5	6.0	9.3	49.0	43.7	15.7	34.4
Commonfund Group	---	---	-2.0	30.3	10.5	4.4	38.2	35.5	14.0	34.4
Davis Advisors	26.5	-14.5	-6.3	27.0	6.8	7.2	39.2	34.9	13.9	34.7
Delaware Investments	32.5	-11.3	-1.9	33.7	9.8	5.4	35.6	32.7	8.0	33.8
Duff & Phelps Investment Management Company	27.0	-19.3	6.0	32.2	10.0	12.0	39.9	35.5	16.0	38.1
E.I.I. Realty Securities	---	---	---	---	---	5.8	36.2	35.4	16.3	33.7
E.I.I. Realty Securities	23.5	-13.2	-2.7	30.9	10.1	1.2	32.4	36.0	14.8	35.3
FAF Advisors	20.6	-15.3	-2.9	33.3	10.7	8.3	38.9	33.9	16.4	40.8
Goldman Sachs Asset Management	---	---	0.4	33.6	8.3	4.2	41.3	36.2	14.5	36.1
Grantham, Mayo, Van Otterloo & Company	20.2	-23.8	-3.9	30.1	10.3	2.6	34.8	31.3	11.8	36.0
Heitman Real Estate Securities	---	---	---	---	13.0	5.6	36.4	40.5	15.2	28.1
Heitman Real Estate Securities	22.9	-15.2	-0.6	27.2	12.3	4.0	38.3	37.2	13.8	34.0
ING Clarion Real Estate Securities	19.2	-16.3	-2.5	32.5	7.4	4.8	37.5	34.4	13.4	41.8
INVESCO	20.0	-17.8	-1.5	32.0	10.4	7.8	40.0	38.6	14.8	37.8
JPMorgan Asset Management	22.9	-15.8	-1.5	31.6	12.4	6.9	41.7	31.5	17.5	36.2
K.G. Redding & Associates, LLC	---	---	---	---	---	16.6	50.1	36.7	7.4	35.8
Kensington Investment Group	---	---	---	19.9	16.2	7.9	36.9	31.4	13.9	36.3
KRA Capital Management	---	---	-1.2	31.5	10.4	1.7	38.1	39.6	16.2	38.9
Median	23.6	-14.5	-1.1	31.5	10.7	5.6	38.2	35.5	14.8	36.0
FTSE NAREIT Equity REIT Index	20.3	-17.5	-4.6	26.4	13.9	3.8	37.1	31.6	12.2	35.0
DJ Wilshire REIT Index	19.5	-17.0	-2.6	31.0	12.3	3.6	36.2	33.2	14.0	36.1

Notes: Please see individual factsheets for source of historical performance. Returns are gross of fees unless otherwise noted.

(n) Net of fees.

Exhibit 29 (continued)

REPRESENTATIVE REIT SECURITIES MANAGERS

Average Annual Compound Returns (%)
Periods Ended December 31, 2006

Firm	10 Yrs	9 Yrs	8 Yrs	7 Yrs	6 Yrs	5 Yrs	4 Yrs	3 Yrs	2 Yrs	1 Yr
ABN AMRO Asset Management, Inc.	---	16.2	20.2	23.7	22.6	25.5	30.9	28.7	25.7	37.7
Adelante Capital Management LLC	17.7	16.9	21.2	24.6	23.1	25.6	31.5	30.1	27.1	38.0
Advantus Capital Management	16.7	15.3	20.0	23.8	23.2	25.7	30.7	26.6	21.6	31.8
AEW Capital Management	17.1	17.0	21.1	24.3	23.1	25.3	31.4	29.4	26.3	37.8
AEW Capital Management	---	---	---	26.2	24.9	27.3	32.9	31.3	28.1	38.5
AllianceBernstein Institutional Investment Management	15.6	14.8	20.0	24.2	23.5	26.1	32.3	29.6	26.3	35.9
Alpine Woods Capital Investors LLC	17.7	14.0	19.0	25.0	24.9	24.3	29.7	15.4	4.5	-0.4
Capital Growth Management (n)	19.8	19.0	25.3	28.9	28.9	34.2	43.3	30.4	28.0	29.0
Cliffwood Partners	---	---	---	---	21.3	21.7	27.5	26.3	23.0	30.4
Cohen & Steers Capital Management	16.5	15.9	20.9	23.7	22.8	26.4	32.7	30.7	26.5	38.4
Cohen & Steers Capital Management	15.6	14.7	18.2	22.1	21.0	21.3	25.2	21.5	19.1	30.3
Cohen & Steers Capital Management	---	15.3	23.0	22.2	25.2	29.5	35.1	30.7	24.7	34.4
Commonfund Group	---	---	19.7	23.2	22.1	24.5	30.1	27.6	23.8	34.4
Davis Advisors	15.5	14.4	18.6	22.7	22.0	25.3	30.3	27.4	23.9	34.7
Delaware Investments	16.6	14.9	18.7	22.0	20.1	22.3	27.0	24.3	20.2	33.8
Duff & Phelps Investment Management Company	18.3	17.4	23.0	25.6	24.6	27.7	32.0	29.5	26.6	38.1
E.I.I. Realty Securities	---	---	---	---	---	24.9	30.1	28.2	24.7	33.7
E.I.I. Realty Securities	15.6	14.7	18.8	22.3	20.9	23.1	29.3	28.3	24.6	35.3
FAF Advisors	17.1	16.7	21.4	25.4	24.1	27.0	32.1	30.0	28.0	40.8
Goldman Sachs Asset Management	---	---	20.8	24.0	22.5	25.6	31.6	28.5	24.8	36.1
Grantham, Mayo, Van Otterloo & Company	13.3	12.6	18.2	21.7	20.4	22.5	28.1	25.9	23.3	36.0
Heitman Real Estate Securities	---	---	---	---	22.5	24.5	29.7	27.5	21.5	28.1
Heitman Real Estate Securities	16.1	15.4	19.9	23.2	22.5	24.7	30.4	27.9	23.5	34.0
ING Clarion Real Estate Securities	15.7	15.4	20.1	23.7	22.3	25.5	31.3	29.3	26.8	41.8
INVESCO	16.7	16.4	21.5	25.2	24.1	27.1	32.4	29.9	25.8	37.8
JPMorgan Asset Management	17.0	16.4	21.2	24.8	23.7	26.1	31.4	28.1	26.5	36.2
K.G. Redding & Associates, LLC	---	---	---	---	---	28.4	31.5	25.9	20.8	35.8
Kensington Investment Group	---	---	---	22.7	23.2	24.7	29.2	26.8	24.6	36.3
KRA Capital Management	---	---	20.8	24.4	23.2	25.9	32.8	31.1	27.1	38.9
Median	16.7	16.0	20.8	24.2	23.1	25.6	31.3	28.3	25.7	36.0
FTSE NAREIT Equity REIT Index	14.5	13.9	18.5	22.3	21.6	23.2	28.6	25.8	23.1	35.0
DJ Wilshire REIT Index	15.3	14.8	19.6	23.1	21.9	23.9	29.5	27.4	24.6	36.1

Notes: Please see individual factsheets for source of historical performance. Returns are gross of fees unless otherwise noted.

(n) Net of fees.

Exhibit 29 (continued)

REPRESENTATIVE REIT SECURITIES MANAGERS

Annual Total Returns (%)

Firm	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
LaSalle Investment Management	21.4	-18.8	-1.1	31.8	10.1	0.6	38.2	37.0	14.9	39.0
Mercantile-Safe Deposit & Trust Company	---	-12.7	2.4	28.0	13.5	5.8	34.7	32.0	11.4	36.5
Morgan Stanley Investment Management	26.4	-10.8	-0.3	33.0	9.4	1.1	39.8	39.8	18.6	40.0
Neuberger Berman, LLC	---	---	---	---	---	---	41.7	32.6	14.6	39.0
Principal Global Investors	---	-9.0	-1.6	32.8	9.6	8.8	39.8	35.4	16.7	37.6
Real Estate Management Services Group, LLC	---	-10.7	1.1	31.0	24.6	5.0	28.5	23.9	12.3	29.8
Real Estate Management Services Group, LLC	---	---	---	---	---	---	13.2	9.3	3.4	11.2
RREEF Funds (The)	25.8	-17.5	-0.5	31.1	15.6	8.3	40.6	36.1	11.9	41.7
Security Capital Research & Management Incorporated	---	-3.5	5.0	33.9	14.0	13.2	40.8	15.4	43.7	29.8
Security Capital Research & Management Incorporated	---	---	---	42.4	10.0	5.6	37.6	39.6	19.5	42.2
Security Capital Research & Management Incorporated	26.4	-13.6	2.2	38.5	8.7	0.2	36.7	38.6	17.8	39.5
State Street Global Advisors	---	---	-0.5	36.5	7.8	7.9	33.2	39.0	15.3	37.4
Third Avenue Management	---	---	---	22.5	22.8	5.3	38.3	31.2	19.6	33.0
TIAA-CREF	---	---	---	---	---	---	42.5	33.5	7.5	34.0
Uniplan Real Estate Advisors, Inc	19.4	-10.6	-2.1	31.3	12.5	6.3	35.4	33.4	14.6	33.6
Urdang & Associates	22.2	-13.8	2.7	33.7	10.8	7.1	38.0	34.7	14.5	35.3
Vanguard Group (n)	---	---	---	---	---	---	---	30.9	12.0	35.1
Wellington Management Company, LLP	29.4	-13.8	5.1	38.3	14.6	9.1	45.5	42.1	18.4	38.9
Median	23.6	-14.5	-1.1	31.5	10.7	5.6	38.2	35.5	14.8	36.0
FTSE NAREIT Equity REIT Index	20.3	-17.5	-4.6	26.4	13.9	3.8	37.1	31.6	12.2	35.0
DJ Wilshire REIT Index	19.5	-17.0	-2.6	31.0	12.3	3.6	36.2	33.2	14.0	36.1

Notes: Please see individual factsheets for source of historical performance. Returns are gross of fees unless otherwise noted.

(n) Net of fees.

Exhibit 29 (continued)

REPRESENTATIVE REIT SECURITIES MANAGERS

Average Annual Compound Returns (%)
Periods Ended December 31, 2006

Firm	10 Yrs	9 Yrs	8 Yrs	7 Yrs	6 Yrs	5 Yrs	4 Yrs	3 Yrs	2 Yrs	1 Yr
LaSalle Investment Management	15.7	15.1	20.2	23.6	22.3	24.9	31.8	29.8	26.4	39.0
Mercantile-Safe Deposit & Trust Company	---	15.7	19.9	22.6	21.7	23.4	28.2	26.1	23.3	36.5
Morgan Stanley Investment Management	18.3	17.4	21.5	25.0	23.7	26.8	34.2	32.4	28.8	40.0
Neuberger Berman, LLC	---	---	---	---	---	---	31.5	28.3	26.2	39.0
Principal Global Investors	---	17.6	21.5	25.2	23.9	27.0	32.0	29.5	26.7	37.6
Real Estate Management Services Group, LLC	---	15.3	19.0	21.8	20.3	19.5	23.4	21.8	20.8	29.8
Real Estate Management Services Group, LLC	---	---	---	---	---	---	9.2	7.9	7.2	11.2
RREEF Funds (The)	17.8	16.9	22.2	25.8	24.9	26.9	32.0	29.2	25.9	41.7
Security Capital Research & Management Incorporated	---	20.4	23.7	26.7	25.5	28.0	32.0	29.1	36.6	29.8
Security Capital Research & Management Incorporated	---	---	---	27.2	24.9	28.1	34.4	33.4	30.4	42.2
Security Capital Research & Management Incorporated	18.0	17.1	21.7	24.7	22.6	25.6	32.8	31.6	28.2	39.5
State Street Global Advisors	---	---	21.1	24.6	22.7	25.9	30.9	30.1	25.9	37.4
Third Avenue Management	---	---	---	24.2	24.5	24.9	30.3	27.8	26.1	33.0
TIAA-CREF	---	---	---	---	---	---	28.7	24.3	20.0	34.0
Uniplan Real Estate Advisors, Inc	16.3	16.0	19.8	23.3	22.0	24.1	28.9	26.9	23.7	33.6
Urdang & Associates	17.3	16.8	21.3	24.2	22.7	25.3	30.3	27.8	24.4	35.3
Vanguard Group (n)	---	---	---	---	---	---	---	25.6	23.0	35.1
Wellington Management Company, LLP	21.3	20.4	25.6	28.8	27.3	30.0	35.8	32.7	28.2	38.9
Median	16.7	16.0	20.8	24.2	23.1	25.6	31.3	28.3	25.7	36.0
FTSE NAREIT Equity REIT Index	14.5	13.9	18.5	22.3	21.6	23.2	28.6	25.8	23.1	35.0
DJ Wilshire REIT Index	15.3	14.8	19.6	23.1	21.9	23.9	29.5	27.4	24.6	36.1

Notes: Please see individual factsheets for source of historical performance. Returns are gross of fees unless otherwise noted.

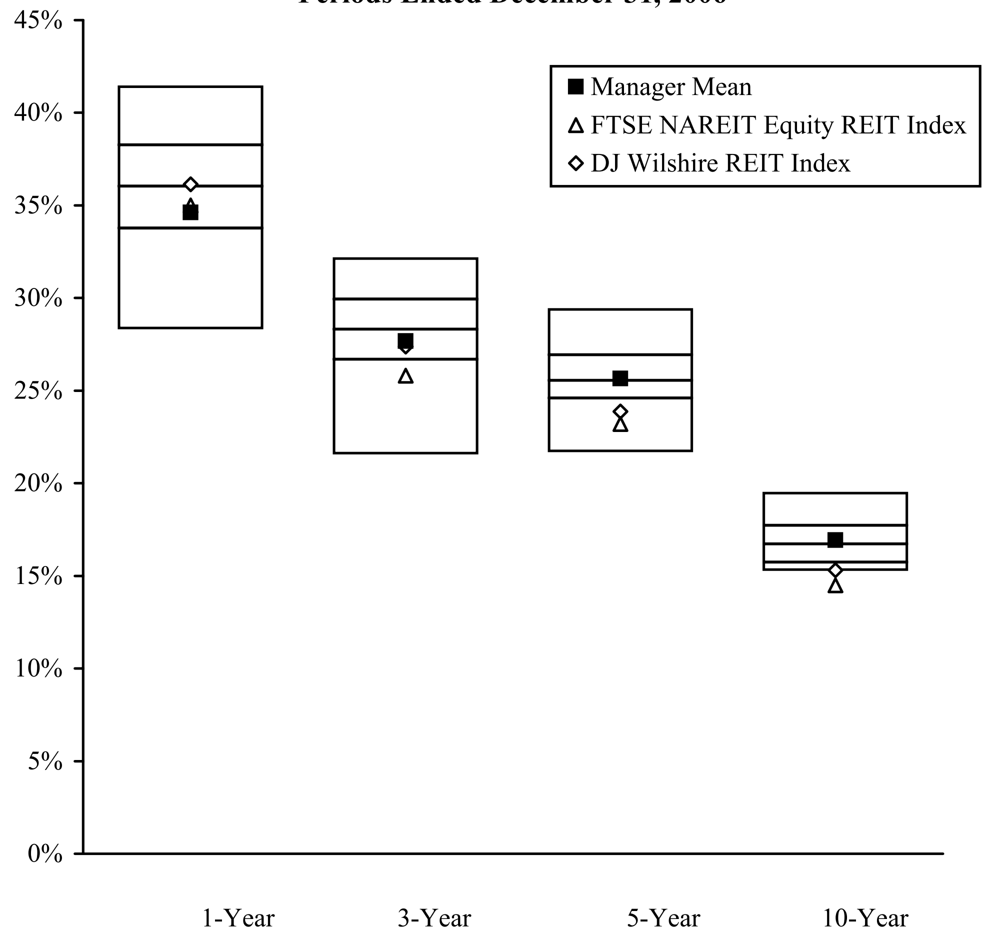
(n) Net of fees.

Exhibit 30

REAL ESTATE INVESTMENT TRUST MANAGER UNIVERSE RETURN QUARTILES

Average Annual Compound Returns

Periods Ended December 31, 2006

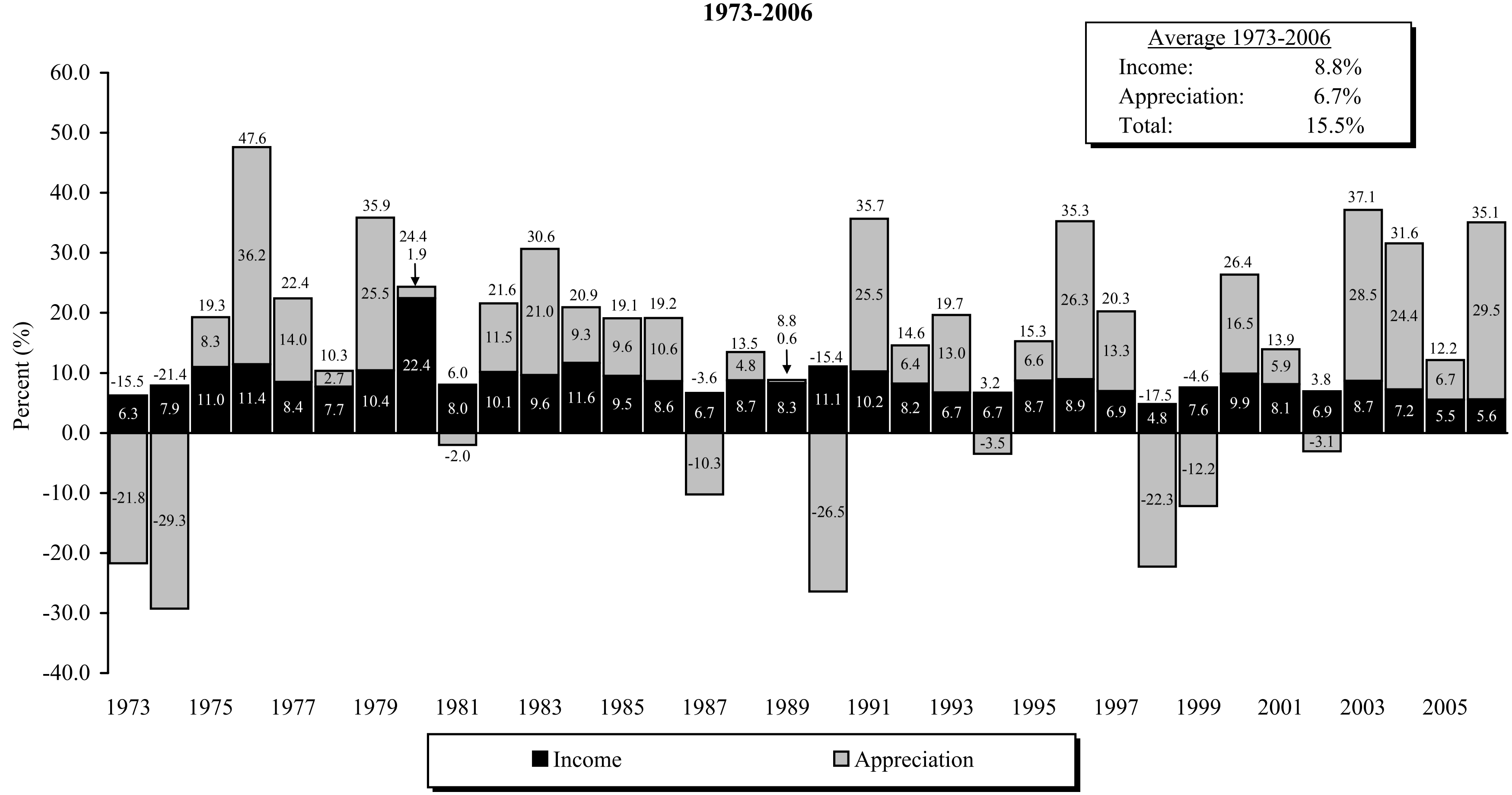


	1-Year	3-Year	5-Year	10-Year
5th Percentile	41.4	32.1	29.4	19.5
25th Percentile	38.3	29.9	26.9	17.7
Median	36.0	28.3	25.6	16.7
75th Percentile	33.8	26.7	24.6	15.7
95th Percentile	28.4	21.6	21.7	15.3
REIT Mean	34.6	27.7	25.7	16.9
FTSE NAREIT REIT	35.0	25.8	23.2	14.5
DJ Wilshire REIT	36.1	27.4	23.9	15.3
Number of Managers in Universe	47	47	43	25

Exhibit 31

FTSE NAREIT EQUITY REIT INDEX: DISAGGREGATION OF TOTAL RETURN

1973-2006



Sources: FTSE International Limited and National Association of Real Estate Investment Trusts.

Notes: Total return values, as indicated above the boxes, may not equal the sum of the income and appreciation returns due to rounding. Data for 2006 are year-to-date through December 31.
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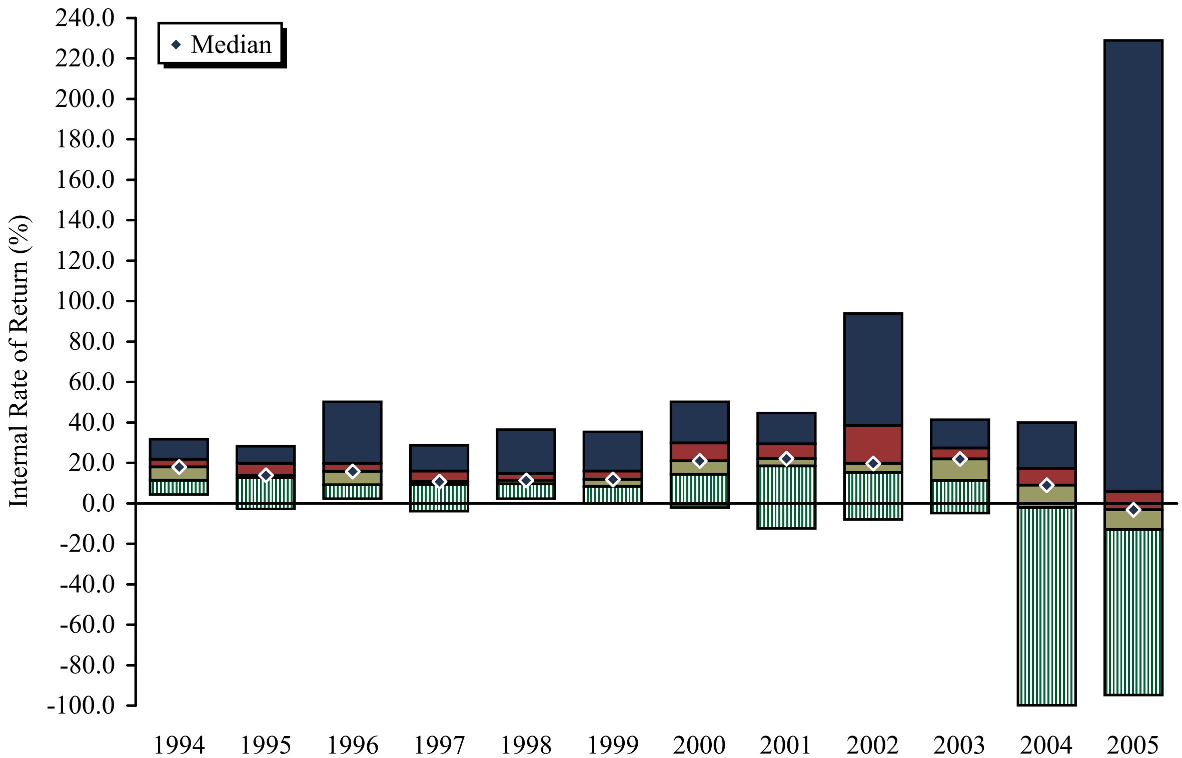
Exhibit 32

INTERNAL RATES OF RETURN (%) NET TO LIMITED PARTNERS OF REAL ESTATE FUNDS BY QUARTILES

Vintage Years 1994-2005

As of September 30, 2006



High	31.7	28.3	50.2	28.7	36.4	35.4	50.2	44.7	94.0	41.3	39.9	229.0
Upper Quartile	21.8	19.7	19.6	15.9	14.6	16.0	29.8	29.3	38.5	27.3	17.2	5.8
Median	17.9	13.9	15.8	10.7	11.3	11.8	21.0	22.0	19.6	21.9	9.0	-3.2
Lower Quartile	11.4	12.5	9.1	9.3	9.6	8.3	14.4	18.4	15.2	11.1	-2.2	-13.0
Low	4.3	-2.9	2.1	-4.0	2.2	0.0	-2.3	-12.6	-8.1	-4.9	-100.0	-94.9
Number of Funds	19	13	18	16	20	15	16	23	16	19	24	37

Source: Cambridge Associates LLC Non-Marketable Alternative Assets Database.

Notes: These internal rates of return have been compiled from U.S. real estate funds with inceptions from 1994 through 2005 and are net of management fees, expenses, and carried interest. Vintage year funds formed since 2002 may be too unseasoned to have produced meaningful returns. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant. Benchmarks with NM (not meaningful) are too young to have produced meaningful returns.

Exhibit 33

INTERNAL RATES OF RETURN (%) AND MEDIANS NET TO LIMITED PARTNERS OF REAL ESTATE FUNDS

As of September 30, 2006

Vintage Year	Pooled Mean Net to Limited Partners (%)	Median Net to Limited Partners (%)	Equal-Weighted Mean Net to Limited Partners (%)
1986	2.58	2.60	3.34
1987	2.79	3.01	1.74
1988	8.30	7.15	7.53
1989	8.67	NA	8.67
1990	5.53	4.36	5.59
1991	12.35	NA	12.33
1992	20.12	14.37	14.72
1993	15.88	NA	15.96
1994	17.73	17.94	12.50
1995	11.12	13.89	14.74
1996	13.03	15.79	14.00
1997	7.32	10.66	11.39
1998	11.16	11.29	31.82
1999	13.92	11.81	12.99
2000	27.40	20.96	21.81
2001	31.25	22.02	22.26
2002	35.23	19.64	27.64
2003	21.42	21.92	22.91
2004	23.45	9.02	5.03
2005	21.86	-3.18	-3.48

Source: Cambridge Associates LLC Non-Marketable Alternative Assets Database.

Notes: Based on data compiled from U.S. real estate funds formed between 1986 and 2005. Returns are net of fees, expenses, and carried interest. Vintage year funds formed since 2002 may be too unseasoned to have produced meaningful returns. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant. Vintage year 2005 represents only those funds formed in 2005 that began investing by September 30, 2006.