Executive Summary
2Q 2012

Index Composition

Property Index Name	#Props/Constituents	MV ($ Billions)	IncRet/Div Yield	CurrQtr TotRet	1 YrTotRet	3 YrTotRet	5 YrTotRet
NPI Leverage	4292	$202	3	4.17	23.85	13.11	0.72
NPI	7360	$311	1.45	2.68	12.04	8.82	2.51
FTSE NAREIT Mortgage REITs	27	$55	12.92	8.53	10.94	19	-2.67
FTSE NAREIT Equity REITs	123	$431	3.46	3.71	12.92	32.41	2.6
FTSE NAREIT All Equity REITs	128	$484	3.29	4	12.48	32.4	2.6

Fund Index Name	#Funds	Gross RE ($ Billions)	Net RE ($ Billions)	Inception Data	Leverage	Curr Qtr Gross Return	Curr Qtr Net Return	1 Year Gross Return	1 Year Net Return
NFI-ODCE	18	$108	$82	1978 Q4	23%	2.58%	2.29%	12.42%	11.3%

Summary Statistics

NCREIF Occupancy

Current Value	Previous Value	Change
89.57%	88.96%	0.61%

NCREIF NOI Growth

Current Value	Previous Value	Change
1.73%	1.38%	0.35%

NCREIF CF Returns

Current Value	Previous Value	Change
1.02%	1.06%	-0.04%

NAREIT Equity Offerings ($Bil)

Current Value	Previous Value	Change
$7.15	$14.68	-$7.53

NAREIT Debt Offerings ($Bil)

Current Value	Previous Value	Change
$4.53	$6.33	$-1.8

Returns: The second quarter saw a narrowing of the performance gap between the public and private markets. After a spectacular first quarter, public market returns slowed in the second quarter with the FTSE NAREIT Equity REITs Index returning 3.7% and the FTSE NAREIT All Equity REITs Index 4.0%. In contrast, NPI returns increased a tad to 2.7% from last quarter's 2.6%. However, ODCE returns fell to 2.6% from 2.82% last quarter. The one year returns for all the indices are in the 12% range. This is a little high for the NPI long-term average.

Fundamentals: Despite the slowing of returns, fundamentals continue to improve. Occupancy increased 60 basis points to 89.6% and NOI continued its upward trend in the NCREIF data. On a rolling four quarter basis, all four property types have increased NOI over the past year.Appraisal cap rates were flat with apartment's slight increase offset by office and industrial's slight decrease. REIT Equity offerings dropped by half in the second quarter as the market was impacted by economic uncertainty in Europe and political uncertainty in the United States. Debt offerings also fell despite the continued low interest rates.

Market Indices (%)

Index Name	Current Qtr Total Return	1 Yr Total Return	3 Yr Total Return
Barclays Capital Govt Bond	2.63	8.32	5.65
T-Bills (90 day)	0.02	0.04	0.1
Barclays Capital U.S. Govt/Credit	2.56	8.78	7.34
S&P 500 Index	-2.75	5.45	16.4
Consumer Price Index	0.04	1.66	2.09
NCREIF Property Index	2.68	12.04	8.82
NFI-ODCE	2.82	14.7	4.1
NTBI	3.35	11.19	5.35
NAREIT All Equity REIT Index	4	12.48	32.4
NAREIT Equity REIT Index	3.71	12.92	32.41

Residential: After a strong run, the other property types are starting to catch up to apartments. This isn't to say apartments are performing poorly, far from it. Second quarter returns were 2.8% for the NCREIF index and 2.9% for the FTSE NAREIT. This is the first time in over a year that apartments weren't one of the top two property types. The manufactured housing sub index outperformed traditional apartments with a 3.6%second quarter total return.

Industrial: The industrial market continues to improve after lagging for most of the past few years. NCREIF returns were 2.9% for the quarter and FTSE NAREIT industrial was 3.4%. On a one year basis, the NAREIT industrial subsector index is back into positive territory, recovering from losses in 2011. NCREIF occupancy levels continue to increase, up 40 basis points this quarter. NOI increased 0.2% in the second quarter and is up 0.6% year over year.

Office: Even the office market is beginning to see green shoots after a rough couple years. Returns are still trailing the other property types and the overall index averages, up 3.3% in the public markets and 2.3% in the private for the second quarter, but that is an improvement from earlier in the year and last year. The NAREIT mixed industrial/office subsector index was among the best performers returning 4.8% for the quarter.

Retail: Retail was NCREIF's best performing sector with a total return greater than 3%. Neighborhood centers led the way with a 4.7% return. Retail is also the best performing sector on a one year basis at 13.4%. Within the public markets retail was below average, but malls are the best performer on a one year basis. Total returns in that sector are almost 30% over the past year.

Misc: It was a mixed bag for the property types outside the 'big 4' with healthcare the best performing subsector index in FTSE NAREIT and hotel being a laggard for both FTSE NAREIT and NCREIF. FTSE NAREIT's timber sub index was about average while NCREIF's timberland index was the worst performer.

Property Type Returns

Residental

Sector	Qtr Tot Ret	1 Year Tot Ret	3 Year Tot Ret
NAREIT Apt Total	2.86	10.44	40.98
NAREIT Manu Homes	3.59	16.44	33.2
NCREIF Apt Total	2.77	13.24	11.15
NCREIF Garden	2.62	12.86	10.59
NCREIF High Rise	2.96	14.8	12.35
NCREIF Low Rise	2.86	13.11	11.6

Industrial

Sector	Qtr Tot Ret	1 Year Tot Ret	3 Year Tot Ret
NAREIT Ind Total	3.41	1.63	26.41
NCREIF Flex Space	1.96	6.68	4.68
NCREIF Ind Total	2.92	12.22	7.42
NCREIF Manufacturing	1.99	10.62	6.89
NCREIF R&D	3.63	12.17	10.11
NCREIF Warehouse	2.95	12.93	7.69

Office

Sector	Qtr Tot Ret	1 Year Tot Ret	3 Year Tot Ret
NAREIT Mixed	4.82	15.36	22.76
NAREIT Off Total	3.33	0.32	27.65
NCREIF CBD	2.38	11.47	10.34
NCREIF Off Total	2.34	10.54	7.78
NCREIF R&D	3.63	12.17	10.11
NCREIF Suburban	2.3	9.7	6.01

Retail

Sector	Qtr Tot Ret	1 Year Tot Ret	3 Year Tot Ret
NAREIT Regional Malls	2.75	29.28	37.84
NAREIT Ret Total	3.15	23.19	48.44
NAREIT Shopping Center	3.63	13.1	26.17
NCREIF Neighborhood	4.7	12.22	8.8
NCREIF Regional	3.01	14.35	9.24
NCREIF Ret Total	3.04	13.44	9.21

Miscellaneous

Sector	Qtr Tot Ret	1 Year Tot Ret	3 Year Tot Ret
NAREIT Diversified	3.93	2.19	29.07
NAREIT HealthCare	4.87	20.85	29.59
NAREIT Lodging	2.77	-0.96	28.84
NAREIT Timber	3.33	4.49	
NCREIF Farmland Total	2.34	17.72	11.35
NCREIF Hotel Total	2.13	7.96	5.15
NCREIF Timberland Total	0.61	1.13	-0.67