New Mexico Educational Retirement Board

Real Estate and Natural Resources Portfolio Quarterly Staff Summary

March 31, 2016

REAL ASSET
PORTFOLIO MANAGEMENT

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Portfolio Summary

Portfolio Review

As of March 31, 2016, New Mexico Educational Retirement Board ("NMERB") had a total portfolio value of $11,145,741,106. NMERB's long-term target allocations to real estate and natural resources are 7% ($780,201,877) and 4.5% ($501,558,350), respectively. As of March 31, 2016, net asset value ("NAV") of the real estate portfolio was $856,930,112 and NAV for the natural resources portfolio was $250,909,960.

As of March 31, 2016, NMERB had $356,254,661 of committed but uncalled allocations to private real estate managers and $249,899,890 of committed but uncalled allocations to Natural Resources managers.

Returns Summary

	Time Weighted Returns		Since Inception Net IRR
	Current Quarter	Since Inception	
Public Real Estate	3.98%	9.71%	12.93%
Wilshire REIT Index	5.20%	10.04%	
Private Real Estate	1.76%	7.72%	10.15%
NCREIF Property Index	2.21%	5.82%	
Natural Resources	-0.20%	3.61%	4.38%
NCREIF Timberland Index	-0.26%	3.95%	
NCREIF Farmland Index	1.38%	13.16%	
CPI (All Consumers)	0.68%	1.63%	

Portfolio Highlights

The real estate portfolio is expected to generate returns in excess of the National Council of Real Estate Investment Fiduciaries Index ("NCREIF Index") over rolling five year investment time horizons.

Key Private Asset Ratios
as of 03/31/2016

Paid in Capital (PIC) 0.64x

Distribution Paid in Capital (DPI) 0.42x

Residual Value Paid in Capital (RVPI) 0.78x

Total Value Paid in Capital (TVPI) 1.20x

Trailing Period Time Weighted Returns – *Net of Fees*

	QTR	1 Year	3 Year	5 Year	7 Year	Since Inception	SI Date
Public Real Estate	3.98%	-1.33%	8.99%	11.16%	24.11%	9.71%	3/31/2004
In-House REIT	4.97%	4.56%	10.81%	11.86%	24.67%	9.98%	3/31/2004
Wilshire REIT - U.S. Equity	5.20%	4.76%	11.07%	12.11%	24.86%	10.04%	3/31/2004
Brookfield U.S. Value REIT	3.36%	-4.74%	8.31%	-	-	11.45%	9/30/2011
MSCI REIT Index	6.31%	4.05%	10.45%	11.85%	24.28%	11.68%	9/30/2011
Private Real Estate	1.76%	12.20%	16.03%	14.84%	13.67%	7.72%	6/30/2008
NCREIF Property Index	2.21%	11.84%	11.91%	11.93%	9.12%	5.82%	6/30/2008
Natural Resources	-0.20%	5.63%	6.81%	5.14%	3.61%	3.61%	6/30/2009
NCREIF Timberland Index	-0.26%	2.90%	7.71%	6.63%	3.95%	3.95%	6/30/2009
NCREIF Farmland Index	1.38%	9.59%	13.05%	15.24%	13.16%	13.16%	6/30/2009
CPI (All Consumers)	0.68%	0.85%	0.76%	1.28%	1.63%	1.63%	6/30/2009

Calendar Year Time Weighted Returns – *Net of Fees*

	YTD	2015	2014	2013	2012	2011
Public Real Estate	3.98%	-1.01%	30.71%	3.48%	19.60%	8.78%
In-House REIT	4.97%	4.28%	31.57%	1.47%	17.11%	9.17%
Wilshire REIT - U.S. Equity	5.20%	4.23%	31.78%	1.86%	17.58%	9.24%
Brookfield U.S. Value REIT	3.36%	-4.06%	29.80%	6.40%	25.80%	-
MSCI REIT Index	6.31%	2.52%	30.38%	2.47%	17.77%	8.69%
Private Real Estate	1.76%	12.92%	18.15%	19.73%	14.33%	8.33%
NCREIF Property Index	2.21%	13.33%	11.81%	10.99%	10.54%	14.26%
Natural Resources	-0.20%	7.25%	2.08%	11.33%	2.61%	2.89%
NCREIF Timberland Index	-0.26%	4.97%	10.48%	9.68%	7.75%	1.57%
NCREIF Farmland Index	1.38%	10.34%	12.63%	20.93%	18.58%	15.16%
CPI (All Consumers)	0.68%	0.73%	0.76%	1.50%	1.74%	2.96%

Private Portfolio Statistics

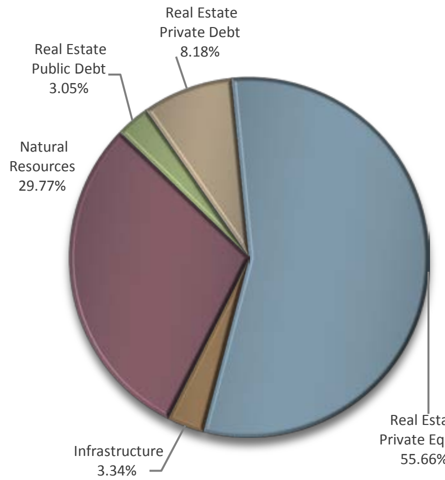
	03/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
Private Portfolio Market Value	$ 725,811,658	$ 691,163,227	$ 563,535,356	$ 295,792,339	$ 260,579,714
Committed Uncalled	606,154,551	650,114,560	500,638,903	569,522,524	231,187,026
Private Portfolio Market Value + Committed Uncalled	$ 1,331,966,209	$ 1,341,277,787	$ 1,064,174,260	$ 865,314,862	$ 491,766,740
Total Number of Fund Investments	38	38	32	26	17
Total Number of Managers	27	27	25	21	14

Private Asset Multiples

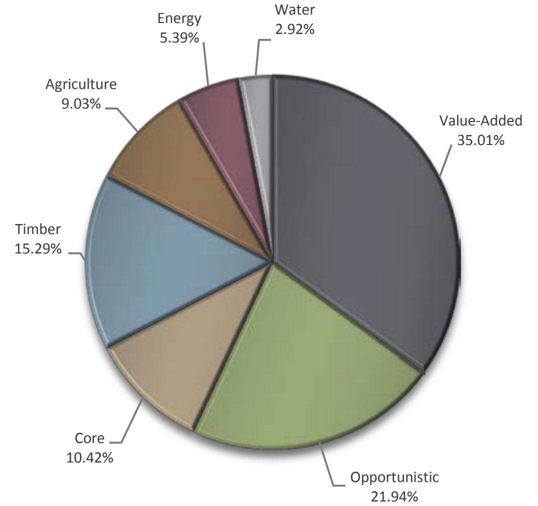
	3/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012
PIC Multiple	.64 x	.61 x	.58 x	.41 x	.57 x
Distribution Multiple	.42 x	.42 x	.36 x	.40 x	.21 x
Residual Value Multiple	.78 x	.79 x	.82 x	.79 x	.89 x
Total Value Multiple	1.20 x	1.21 x	1.18 x	1.19 x	1.09 x

Portfolio Diversification

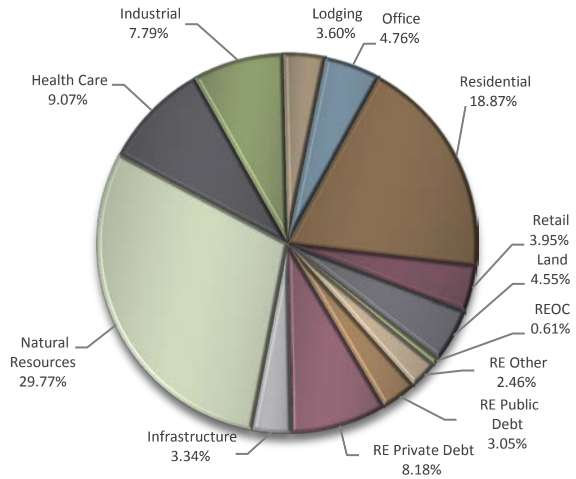
Private Diversification by Investment Class



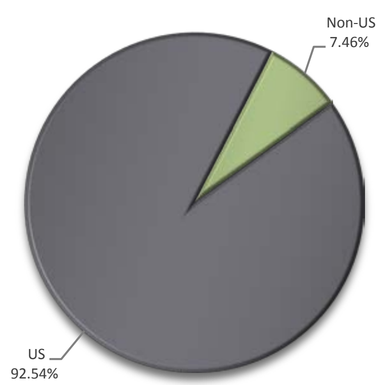
Private Asset Risk Category



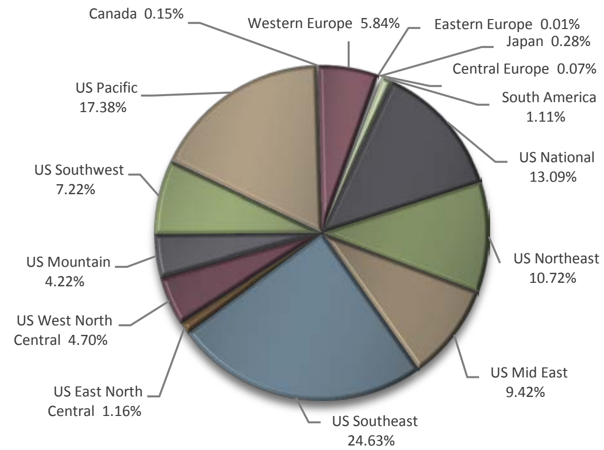
Private Asset Diversification by Investment Type



Private Asset US vs. Non-US Diversification



Private Asset Global Diversification



Manager Statistics

Manager Performance – *Net of Fees*

	Commitment ($)	Market Value ($)	Time Weighted Returns YTD	1 Year	3 Year	5 Year	Since Inception	Since Inception Net IRR
Private Real Estate								
PRIMA Mortgage Investment Trust, LLC	50,000,000	49,090,837	0.81%	1.48%	3.63%	4.99%	5.15%	5.46%
Prologis Targeted Europe Logistics Fund, FCP-FIS	12,106,915	6,887,241	0.31%	12.47%	6.25%	2.58%	-4.73%	-4.72%
Prologis Targeted US Logistics Fund	23,844,842	21,503,822	2.03%	14.33%	15.99%	14.92%	1.04%	1.04%
Core Total	**85,951,756**	**77,481,899**	**1.10%**	**5.64%**	**6.64%**	**6.89%**	**2.32%**	**3.06%**
Crow Holdings Realty Partners VI, LP	50,000,000	44,989,220	3.77%	15.66%	-	-	7.23%	8.94%
Crow Holdings Realty Fund VII, LP	35,000,000	11,473,604	-	-	-	-	-	-
Hammes Partners II, L.P.	50,000,000	11,544,447	2.83%	-	-	-	6.63%	-
Prudential Senior Housing Partners IV	50,000,000	45,620,975	2.77%	17.74%	15.18%	-	12.51%	14.67%
Prudential Senior Housing V	35,000,000	5,068,801	-0.93%	-	-	-	-6.43%	-
RAM Realty Partners III	30,000,000	31,039,256	3.50%	21.38%	18.89%	-	16.85%	17.09%
RAM Realty Partners IV	40,000,000	-	-	-	-	-	-	-
Realterm Logistics Fund, L.P.	25,000,000	15,471,410	4.22%	14.99%	-	-	19.80%	17.97%
Rockpoint Real Estate Fund IV, L.P.	45,454,545	28,182,882	2.08%	24.01%	29.58%	-	55.36%	27.68%
Rockpoint Real Estate Fund V, L.P.	35,000,000	1,294,704	10.41%	-	-	-	10.41%	-
Sares-Regis Multifamily Fund, L.P.	30,000,000	35,012,267	6.05%	30.51%	-	-	11.48%	14.67%
Sares-Regis Multifamily Value-Add Fund II, L.P.	30,000,000	14,301,325	0.91%	-	-	-	1.65%	-
Value-Added Total	**455,454,545**	**243,998,890**	**3.38%**	**19.47%**	**16.79%**	**-**	**14.77%**	**15.24%**
Greenfield Acquisition Partners V, L.P.	25,000,000	2,890,088	0.02%	-7.38%	5.64%	8.03%	2.46%	8.54%
Kildare European Partners I, L.P.	50,000,000	24,423,220	2.20%	13.62%	-	-	14.81%	13.41%
Lone Star Fund VII (U.S.), L.P.	50,000,000	9,215,001	-4.70%	-0.55%	27.94%	-	36.62%	48.69%
Lone Star Fund VIII (U.S.), L.P.	50,000,000	26,704,991	-8.46%	-2.62%	-	-	39.13%	27.36%
Lone Star Real Estate Fund II (U.S.), L.P.	25,000,000	4,766,104	2.19%	22.14%	31.00%	-	31.57%	26.53%
Raith Real Estate Fund I-A LP	50,000,000	13,537,070	2.19%	-14.80%	-	-	1.24%	1.78%
RAPM NM Secondary Opportunity Fund, L.P.	40,000,000	17,476,702	2.23%	-13.90%	-3.29%	0.74%	-27.62%	9.59%
RAPM-NMERB Co-Investment Fund, L.P.	79,520,000	54,407,733	2.35%	32.79%	-	-	27.29%	29.45%
Opportunistic Total	**369,520,000**	**153,420,908**	**-0.32%**	**6.61%**	**20.49%**	**19.72%**	**10.65%**	**14.87%**
Private Real Estate Total	**910,926,301**	**474,901,698**	**1.76%**	**12.20%**	**16.03%**	**14.84%**	**7.72%**	**10.15%**
NCREIF Property Index			*2.21%*	*11.84%*	*11.91%*	*11.93%*	*5.82%*	
Public Real Estate								
In-House REIT	-	145,339,286	4.97%	4.56%	10.81%	11.86%	9.98%	13.20%
U.S. Value Income REIT Strategy	160,000,000	236,689,128	3.36%	-4.74%	8.31%	-	11.45%	10.65%
Public Real Estate Total	**160,000,000**	**382,028,414**	**3.98%**	**-1.33%**	**8.99%**	**11.16%**	**9.71%**	**12.93%**
Wilshire REIT - U.S. Equity			*5.20%*	*4.76%*	*11.07%*	*12.11%*	*10.04%*	
Real Estate Total	**1,070,926,301**	**856,930,112**						**12.29%**

* For individual Fund performance numbers please see disclosure statements in the Appendix C.

** The time-weighted return calculations begin with the first full quarter following the initial capital investment. The IRR calculation begins with the first full year following the initial capital investment.

*** Performance information for the liquidated funds is not shown above, but it is included in composite performance.

Manager Performance – *Net of Fees* - Continued

	Commitment ($)	Market Value ($)	Time Weighted Returns					Since Inception Net IRR
			YTD	1 Year	3 Year	5 Year	Since Inception	
Natural Resources								
Brookfield Brazil Timber Fund II, LP	30,000,000	7,681,804	2.55%	-5.85%	-	-	3.54%	2.92%
Conservation Forestry Capital Fund II, LP	25,000,000	26,654,519	-0.01%	6.25%	8.12%	6.63%	4.65%	5.71%
Eastern Timberland Opportunities II	45,000,000	47,393,841	-0.08%	10.17%	-	-	12.17%	12.23%
Ecosystem Investment Partners II, LP	30,000,000	30,226,528	0.16%	15.22%	14.63%	1.11%	1.11%	11.40%
Ecosystem Investment Partners III, LP	50,000,000	1,758,731	-21.62%	-	-	-	207.24%	-
Timber Total	**180,000,000**	**113,715,423**	**0.00%**	**8.85%**	**10.71%**	**7.61%**	**5.34%**	**7.63%**
NCREIF Timberland Index			*-0.26%*	*2.90%*	*7.71%*	*6.63%*	*3.95%*	
Blue Road Capital, L.P.	30,000,000	13,524,057	-2.33%	9.65%	-	-	9.65%	1.81%
Halderman Farmland Separate Account	50,000,000	22,142,711	-0.64%	3.88%	-	-	-	3.15%
Hancock GLC Farms, LLC	50,000,000	30,820,813	0.16%	12.84%	10.39%	-	9.10%	9.75%
Agriculture Total	**130,000,000**	**66,487,581**	**-0.66%**	**9.76%**	**8.64%**	**-**	**7.61%**	**6.78%**
NCREIF Farmland Index			*1.38%*	*9.59%*	*13.05%*	*15.24%*	*13.16%*	
BP Natural Gas Opportunity Partners, L.P.	30,000,000	5,931,827	-0.41%	-	-	-	-0.41%	-
EnerVest Energy Institutional Fund XIV-A, L.P.	37,500,000	12,968,324	-1.26%	-	-	-	-11.67%	-
Five Point Capital Midstream Fund II L.P.	50,000,000	6,352,119	-3.82%	-13.79%	-	-	0.42%	-3.25%
Lime Rock Resources III	34,250,000	25,237,518	1.81%	-10.16%	-	-	-32.90%	-24.08%
Energy Total	**151,750,000**	**50,489,788**	**0.04%**	**-11.63%**	**-**	**-**	**-22.18%**	**-16.84%**
Water Property Investor, L.P.	30,000,000	20,217,168	-0.38%	-3.92%	-	-	-3.80%	-2.84%
Water Total	**30,000,000**	**20,217,168**	**-0.38%**	**-3.92%**	**-**	**-**	**-3.80%**	**-2.84%**
Natural Resources Total	**491,750,000**	**250,909,960**	**-0.20%**	**5.63%**	**6.81%**	**5.14%**	**3.61%**	**4.38%**
Grand Total	**1,562,676,301**	**1,107,840,073**						**11.85%**

* For individual Fund performance numbers please see disclosure statements in the Appendix C.

** The time-weighted return calculations begin with the first full quarter following the initial capital investment. The IRR calculation begins with the first full year following the initial capital investment.

*** Ecosystem Partners III used a subscription line to cover the organizational expenses and management fees that exceeded the amount of capital called in Q3 2015. The Q3 2015 negative market value changed to positive in Q4 2015, leading to an amplified return.

****EnerVest Energy Institutional Fund XIV-A, L.P. does not report 'Market Value' on Fair Market Value basis, as per US GAAP standards.

Manager Asset Detail

	Commitment ($)	Market Value ($)	Contributions ($)	Distributions ($)	Since Inception Net IRR
Private Real Estate					
PRIMA Mortgage Investment Trust, LLC	50,000,000	49,090,837	50,000,000	(20,527,880)	5.46%
Prologis Targeted Europe Logistics Fund, FCP-FIS	12,106,915	6,887,241	12,126,262	(2,069,572)	-4.72%
Prologis Targeted US Logistics Fund	23,844,842	21,503,822	23,844,841	(4,071,722)	1.04%
Core Total	**85,951,756**	**77,481,899**	**85,971,104**	**(26,669,174)**	**3.06%**
Crow Holdings Realty Partners VI, LP	50,000,000	44,989,220	40,999,077	(2,451,292)	8.94%
Crow Holdings Realty Fund VII, LP	35,000,000	11,473,604	11,384,333	-	-
Hammes Partners II, L.P.	50,000,000	11,544,447	12,221,764	(1,267,456)	-
Prudential Senior Housing Partners IV	50,000,000	45,620,975	49,593,854	(20,098,806)	14.67%
Prudential Senior Housing V	35,000,000	5,068,801	5,372,073	-	-
RAM Realty Partners III	30,000,000	31,039,256	27,726,971	(7,994,123)	17.09%
RAM Realty Partners IV	40,000,000	-	-	-	-
Realterm Logistics Fund, L.P.	25,000,000	15,471,410	13,644,437	(1,181,489)	17.97%
Rockpoint Real Estate Fund IV, L.P.	45,454,545	28,182,882	41,422,033	(26,767,098)	27.68%
Rockpoint Real Estate Fund V, L.P.	35,000,000	1,294,704	1,521,027	-	-
Sares-Regis Multifamily Fund, L.P.	30,000,000	35,012,267	27,988,508	(1,838,074)	14.67%
Sares-Regis Multifamily Value-Add Fund II, L.P.	30,000,000	14,301,325	14,331,712	-	-
Value-Added Total	**455,454,545**	**243,998,890**	**205,206,711**	**(59,147,047)**	**15.24%**
Greenfield Acquisition Partners V, L.P.	25,000,000	2,890,088	24,650,000	(31,026,149)	8.54%
Kildare European Partners I, L.P.	50,000,000	24,423,220	40,049,330	(19,403,754)	13.41%
Lone Star Fund VII (U.S.), L.P.	50,000,000	9,215,001	49,554,503	(78,235,055)	48.69%
Lone Star Fund VIII (U.S.), L.P.	50,000,000	26,704,991	41,972,379	(29,337,662)	27.36%
Lone Star Real Estate Fund II (U.S.), L.P.	25,000,000	4,766,104	24,260,741	(30,849,610)	26.53%
Raith Real Estate Fund I-A LP	50,000,000	13,537,070	40,472,950	(27,252,757)	1.78%
RAPM NM Secondary Opportunity Fund, L.P.	40,000,000	17,476,702	24,153,653	(14,772,040)	9.59%
RAPM-NMERB Co-Investment Fund, L.P.	79,520,000	54,407,733	47,651,283	(7,161,932)	29.45%
Opportunistic Total	**369,520,000**	**153,420,908**	**292,764,841**	**(238,038,959)**	**14.87%**
Private Real Estate Total	**910,926,301**	**474,901,698**	**583,942,656**	**(323,855,180)**	**10.15%**
Private Real Estate Total					
In-House REIT	-	145,339,286	775,670,071	(1,037,124,640)	13.20%
U.S. Value Income REIT Strategy	160,000,000	236,689,128	162,302,352	-	10.65%
Public Real Estate Total	**160,000,000**	**382,028,414**	**937,972,423**	**(1,037,124,640)**	**12.93%**
Real Estate Total	**1,070,926,301**	**856,930,112**	**1,521,915,079**	**(1,360,979,821)**	**12.29%**

* For individual Fund performance numbers please see disclosure statements in the Appendix C.

** The IRR calculation begins with the first full year following the initial capital investment.

Manager Asset Detail - Continued

	Commitment ($)	Market Value ($)	Contributions ($)	Distributions ($)	Since Inception Net IRR
Natural Resources					
Brookfield Brazil Timber Fund II, LP	30,000,000	7,681,804	8,188,126	(1,015,924)	2.92%
Conservation Forestry Capital Fund II, LP	25,000,000	26,654,519	27,450,939	(9,653,558)	5.71%
Eastern Timberland Opportunities II	45,000,000	47,393,841	40,709,961	(384,005)	12.23%
Ecosystem Investment Partners II, LP	30,000,000	30,226,528	26,858,557	(3,493,670)	11.40%
Ecosystem Investment Partners III, LP	50,000,000	1,758,731	2,410,143	-	-
Timber Total	**180,000,000**	**113,715,423**	**105,617,727**	**(14,547,157)**	**7.63%**
Blue Road Capital, L.P.	30,000,000	13,524,057	29,134,913	(15,811,295)	1.81%
Halderman Farmland Separate Account	50,000,000	22,142,711	22,660,309	(1,834,320)	3.15%
Hancock GLC Farms, LLC	50,000,000	30,820,813	24,320,000	-	9.75%
Agriculture Total	**130,000,000**	**66,487,581**	**76,115,222**	**(17,645,615)**	**6.78%**
BP Natural Gas Opportunity Partners, L.P.	30,000,000	5,931,827	4,892,741	-	-
EnerVest Energy Institutional Fund XIV-A, L.P.	37,500,000	12,968,324	13,790,803	(115,234)	-
Five Point Capital Midstream Fund II L.P.	50,000,000	6,352,119	10,894,543	(4,227,387)	-3.25%
Lime Rock Resources III	34,250,000	25,237,518	34,989,594	(867,093)	-24.08%
Energy Total	**151,750,000**	**50,489,788**	**64,567,681**	**(5,209,714)**	**-16.84%**
Water Property Investor, L.P.	30,000,000	20,217,168	20,988,984	-	-2.84%
Water Total	**30,000,000**	**20,217,168**	**20,988,984**	**-**	**-2.84%**
Natural Resources Total	**491,750,000**	**250,909,960**	**267,289,613**	**(37,402,486)**	**4.38%**
Grand Total	**1,562,676,301**	**1,107,840,073**	**1,789,204,692**	**(1,398,382,307)**	**11.85%**

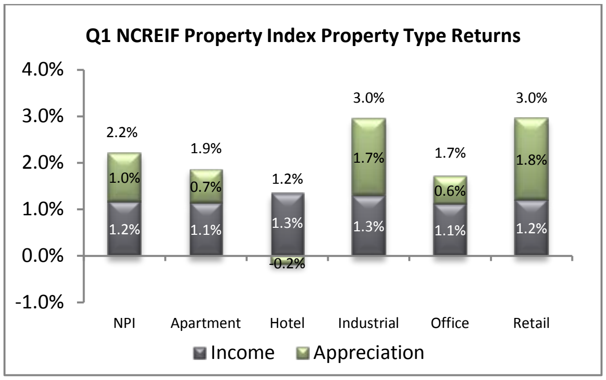
* For individual Fund performance numbers please see disclosure statements in the Appendix C.

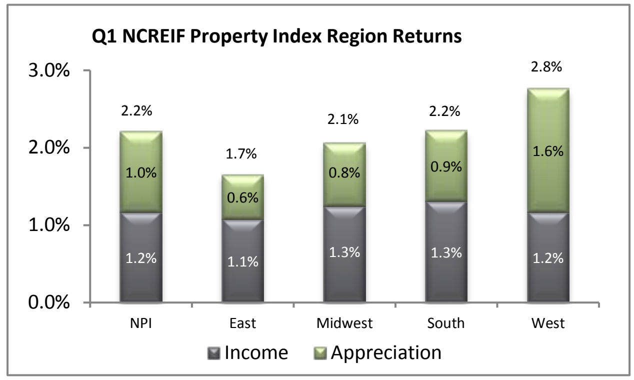
** The IRR calculation begins with the first full year following the initial capital investment.

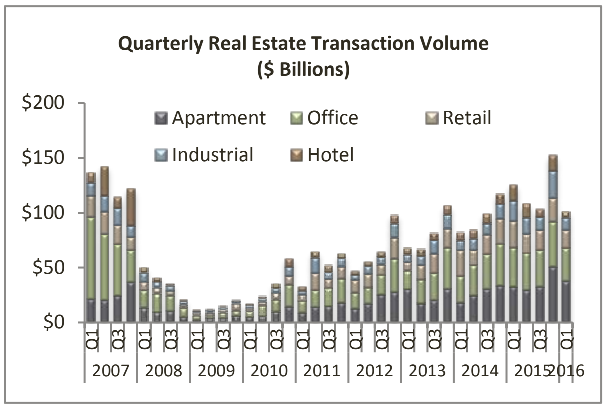
***EnerVest Energy Institutional Fund XIV-A, L.P. does not report 'Market Value' on Fair Market Value basis, as per US GAAP standards.

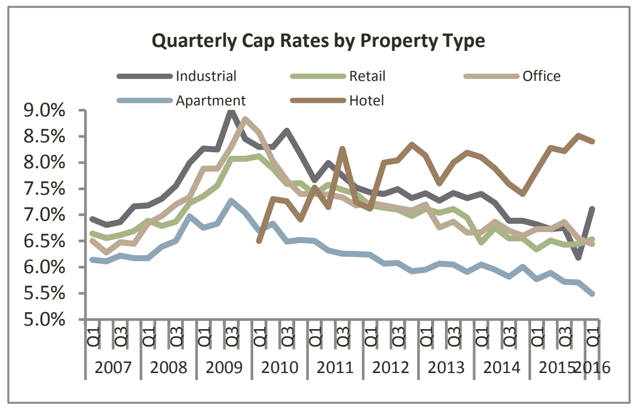
Market Overview

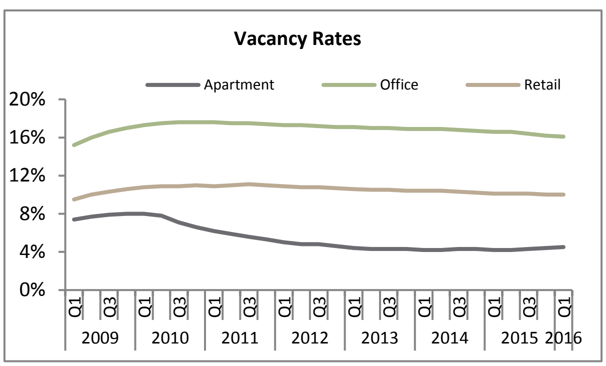
Real Estate Market Overview

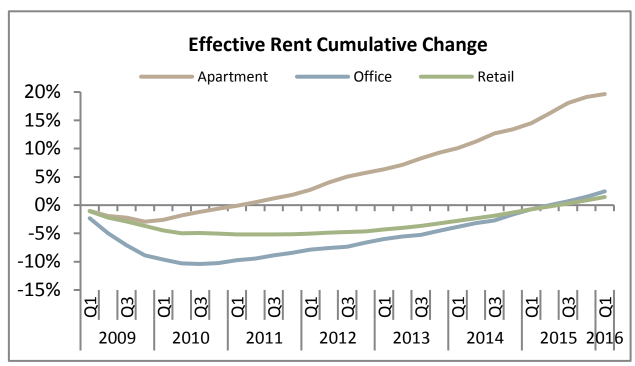


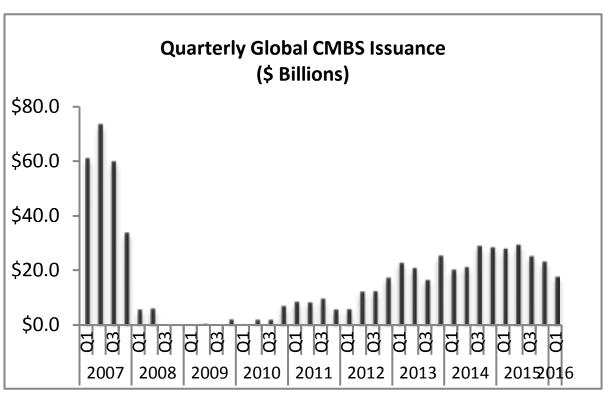


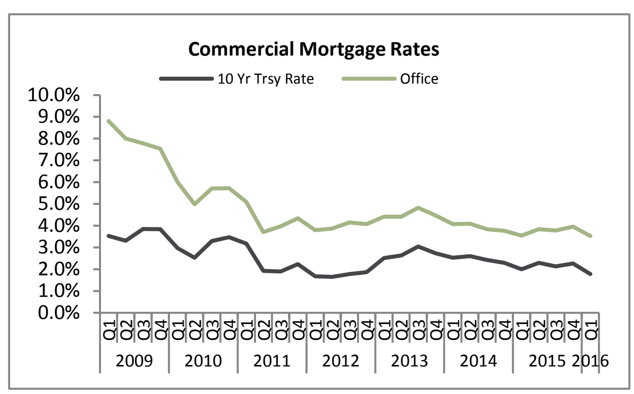












Real Estate Market Commentary

The NCREIF Property Index ("NPI") returned 2.21% in the first quarter of 2016, consisting of 1.17% income and 1.04% appreciation. The first quarter's posting by the NPI marks the lowest one-quarter return since 2010, and is 136 bps below Q1 2015. The NCREIF Open-end Diversified Core Equity Index ("ODCE") also slowed its momentum in the first quarter, returning 2.18%, gross of fees, departing from the preceding six quarter trend of 3.00%+ returns. This quarter's postings for the NPI and ODCE are certainly a break from recent trend, however they neatly present as a return to the indexes' long-term quarterly averages of 2.22% and 2.16%, respectively. Over the trailing 5 year period ending Q1 2015 the NPI and ODCE returned 11.93% and 13.26% annually exceeding their since inception annual returns by 261 and 451 basis points, respectively.

When looking at performance by NPI property type, industrial and retail led the field through the quarter, both returning 2.96%. Apartment and office returned 1.87% and 1.72%, respectively, while hotel returned 1.16%. With all that said, the unofficial sixth NCREIF property type, seniors housing, took the pole position for the quarter returning 3.23%. Over the trailing one-year seniors housing returned 14.52% overshadowing the NPI by 268 bps. For context as of quarter end, the seniors housing portfolio was valued at $3.5B vs. $490B for the NPI.

It will come as no secret that real estate performance over the last five years has been fueled by cap rate compression, but to highlight its impact nearly 50% of the ODCE's return for this period is attributable to cap rate compression. While we expect additional quarterly jostling of cap rates, we have seen a slowing of momentum over the last year and in some instances increases, such as hotels. With that said, fundamentals remain attractive as rents and occupancy continue to notch gains, while threat of new supply remains subdued.

Key Real Estate Indicators

Trailing 1-Year Ended Q1 2016

Property Type	Vacancy Rates	Rents	Absorption	Completions	Cap Rates	Transaction Volume
Office	↘	↗	↑	↑	↘	↗
Industrial	↓	↗	↑	↔	↗	↑
Retail	↔	↗	↓	↓	↗	↓
Multifamily	↑	↗	↘	↑	↘	↑

Key: ↑↓ = More than 5% change, ↗↘= Between 1-4% change, ↔ = Between 0-1% change

During the quarter 57 private real estate funds raised $23.5B in new fund equity, bringing the dry powder total to over $225B setting the high water mark for the trailing 13 year period. The majority of capital is slated for investment in North America at around $120B, followed by Europe at $60B and Asia at $25B. By risk category, opportunistic is in the lead by far at around $100B followed by value add at $50B. Although equity fundraising levels are high, CMBS issuance in the first quarter was subdued at $17.8B, down $9.0B from the first quarter of 2015. The slowdown in issuance is attributable to the shrinking margins reported by some conduit lenders in the face of choppy market conditions that have made it difficult to profitably price loans destined for securitization. Also, activity in the first quarter of 2015 was markedly higher due to heightened single entity issuance with 18 deals completed versus only 8 in the first quarter of 2016.

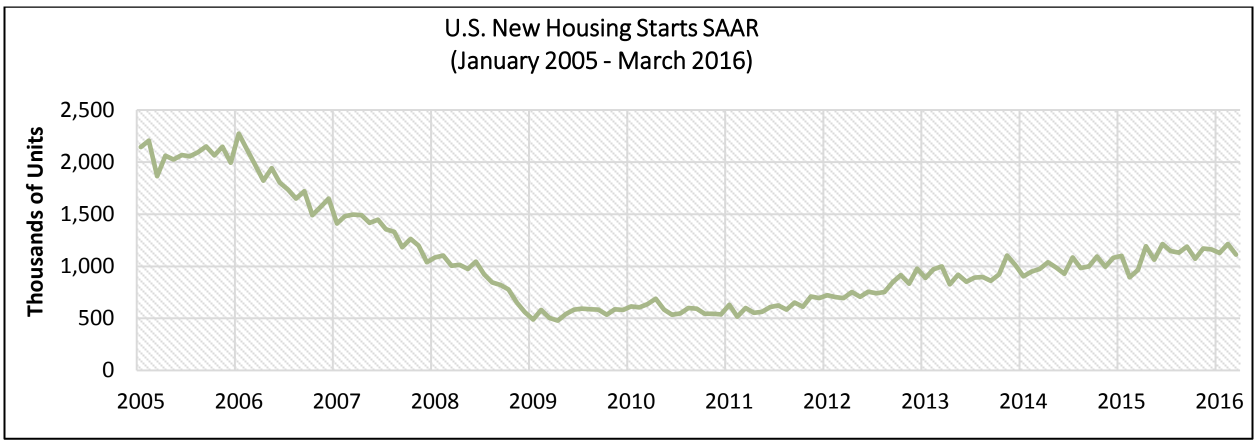
Sources: NCREIF, Reis, Commercial Mortgage Alert, RCA, Preqin, TREPP, Urban Land Institute, RAPM

Timber Market Commentary

During the 1st quarter of 2016 institutional timberland performance, as measured by the NCREIF Timberland Index ("NTI"), posted its first quarterly loss in over four years returning -0.26%, consisting of -0.84% appreciation and 0.58% income. All four NCREIF regions posted negative appreciation returns, and only the South region generated positive total return at 0.28%. This one quarter softening is not expected to become trend. According to TIAA-CREF, discount rates reached historic lows in developed timberland markets. Implied discount rates for several transactions are believed to be lower than 5% real. The discrepancy between high timberland values and flat timber prices can be explained by high institutional interest in the asset class, an expected long-term US housing recovery, and strategic buyers re-entering the asset class.

Timber prices remained essentially flat during the quarter, Chinese demand remained subdued, while domestic housing activity continued its sluggish pace of improvement. The US dollar depreciated slightly against trading partners, yet still remains at a premium to long-term trend thereby helping other comparatively affordable global timber regions such as New Zealand, Russia and Canada. At present Southern timber prices have been slow to increase given ample supply, however yield conscientious owners continue to sell helping to rectify inventory levels.

New housing starts in March registered at 1.18 million units on a seasonally adjusted basis, up 15% YoY, but reflect a slight downward adjustment for the quarter. Existing home sales in March increased 1.5% YoY to a SAAR of 5.33 million homes. Reports indicate that millennials are beginning to slowly enter the home buying market, helping to rejuvenate the lagging first time homebuyers category of the real estate market.



During the quarter two large timberland sales totaling 114,000 acres occurred for an average price of $1,240 per acre. Both acquisitions were executed by Molpus Woodlands Group and consisted of lands in Idaho, Washington, Florida and Georgia. In addition, more than 110,000 acres in conservation transactions occurred during the quarter.

Sources: TimberMart-South, BLS, TIAA-CREF, NCREIF, RAPM

Agriculture Market Commentary

The NCREIF Farmland Index ("NFI") returned 1.38% in the first quarter of 2016 bringing the trailing one-year total to 9.59%, consisting of 5.30% income and 4.14% appreciation. Annual cropland returned 1.59% for the quarter and 5.83% for the trailing one-year, while permanent cropland returned 1.14% and 14.17%, respectively.

Ongoing oversupply issues continue to weigh on grain and oilseed markets through the first quarter, and USDA planting reports offered no reprieve as planting levels remained high. Commodity prices are expected to remain flat in the medium term barring any significant supply shocks, such as lack of moisture or adverse weather. Farmland values in the Midwest continue to decline as margins in some areas have narrowed to breakeven or even unprofitable levels. Reports of declining cash rents are offering some relief, but tend to be on a lagged basis and reflect adjustments from peak levels. The national average for cash rents in 2015 registered at $144 per acre, the highest level on record. To put in context, farm income levels for 2016 are expected to drop 3% from 2015 to the lowest level since 2002 at about $55B, marking more than a 50% decline from peak levels seen in 2013 at $123B, however in 2002 national cash rents averaged $71.60 per acre, more than 50% below 2015 levels.

The St. Louis Federal Reserve reported that the average price of "quality" farmland declined -6.4% during the quarter. While the Chicago Federal Reserve reported its seventh successive quarterly decline at -1% bringing the one-year total to -4%. And finally, the Kansas City Federal Reserve reported a -4% decline in non-irrigated farmland during the quarter.

Production for permanent crops is forecasted down for the 2015/16 season as citrus, apple, and strawberry harvests declined from the preceding year. Almond output in the US, which accounts for nearly two-thirds of US tree nut production, is forecast down 4% from 2014/15, mainly due to lower yields. In contrast, slight increases are forecast for walnut and pecan production, with the walnut harvest potentially the largest on record.

Strength of the US dollar has softened demand for US agricultural goods, while producers in South America, Australia and the Black Sea region have benefited from local currency depreciation relative to major traded currencies as well as liberalizing trade policies.

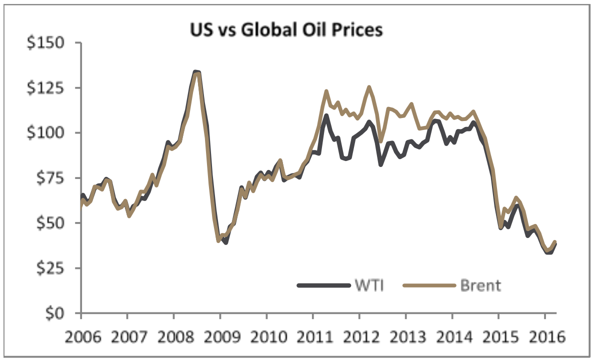
As predicted, El Nino began to weaken in the first quarter after bringing the most statewide water to California since 2011, before the drought began.

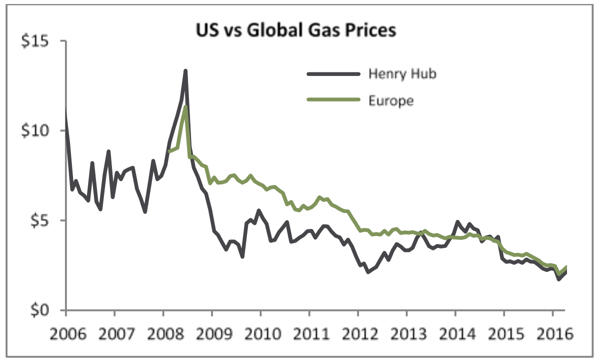
NCREIF Farmland Index Trailing 1-Year Returns as of March 31, 2016

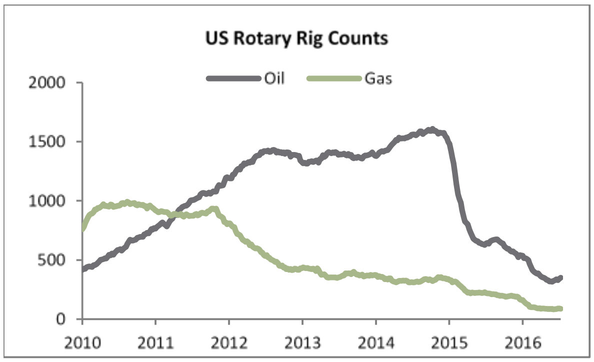
Crop Type	Number of Properties	Market Value ($ MM)	Income Return	Appreciation Return	Total Return
Annual					
Commodity	295	$1,981	3.39%	-1.40%	1.96%
Fresh Produce	25	$363	4.42%	9.59%	14.33%
All Other	113	$1,402	3.97%	5.30%	9.43%
Total Annual	433	$3,745	3.70%	2.06%	5.83%
Permanent					
Apples	23	$155	-4.16%	3.90%	-0.39%
Almonds	58	$881	13.77%	15.49%	30.61%
Citrus	9	$144	7.76%	10.95%	19.49%
Pistachios	15	$468	10.21%	-1.89%	8.27%
Wine Grapes	90	$1,297	3.22%	5.62%	8.94%
All Other	37	$327	9.64%	0.93%	10.64%
Total Permanent	232	$3,271	7.21%	6.67%	14.17%
Total	665	$7,016	5.30%	4.14%	9.59%

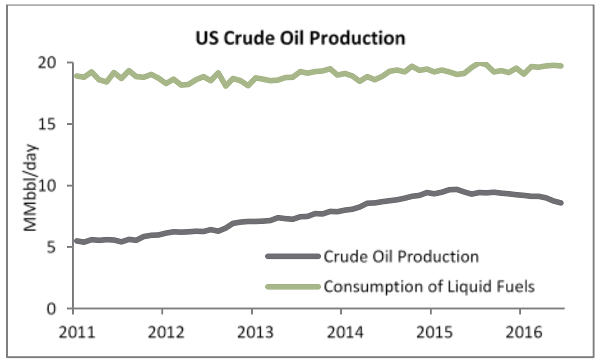
Sources: USDA, NCREIF, TIAA-CREF, WSJ, RAPM

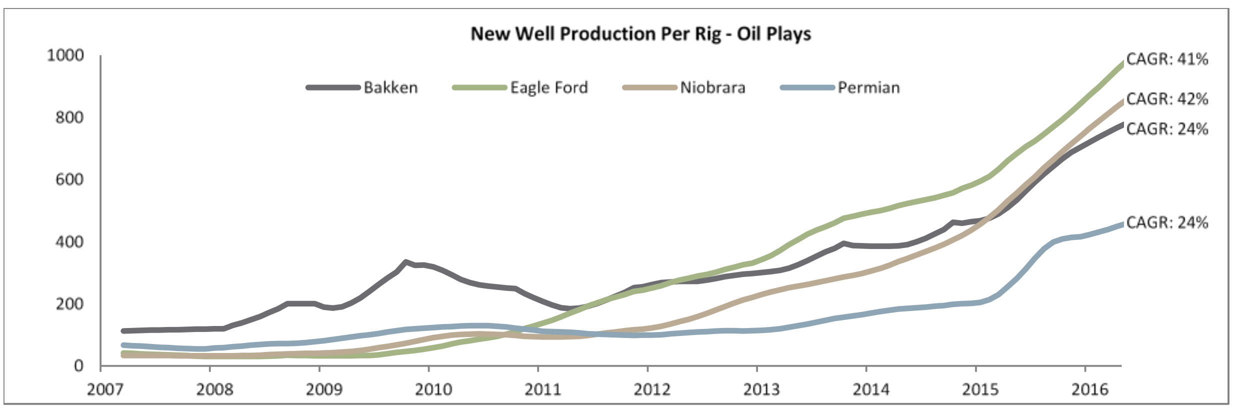
Energy Market Overview

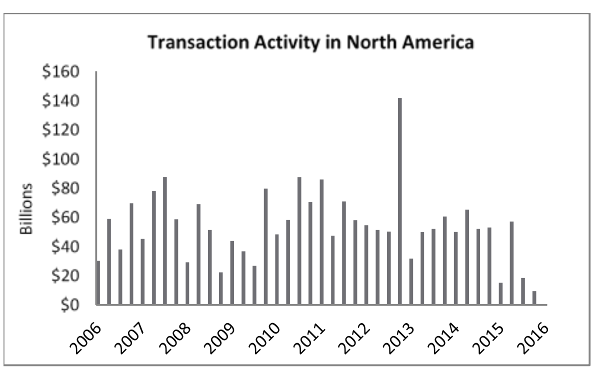


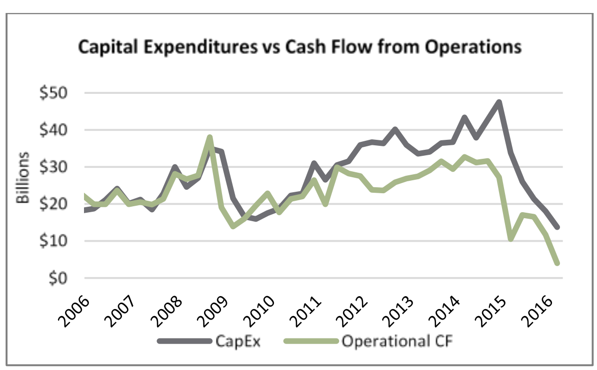












Sources: Baker Hughes, Bloomberg, EIA, Evaluate Energy

Energy Commentary

Both Brent and WTI ended the quarter slightly higher, after reaching low prices not seen in over a decade in February. Brent averaged $33.70/bbl (-23% q-o-q) and WTI averaging $33.18/bbl (-21% q-o-q). The dramatic price moves over the quarter had an abnormally high correlation with the broader global markets.

Oil prices declined to a 13-year low over the quarter, with Brent touching $27.88/bbl and WTI touching $26.21/bbl, according to Bloomberg. Prices have since rebounded from their February lows, but still managed to end the quarter 60% below their June 2014 peak—levels at which much of the industry is uneconomic.

This has not gone unnoticed by the industry's capital providers. The high yield credit markets, which financed much of the energy sector's growth over the past decade, are effectively closed to new issuances. From 2012 to 2014, over $50 billion of new high yield energy debt was issued per year. That number came to $30 billion in 2015. Over the first quarter of 2016, no energy company issued any high yield paper (2016's first deal was an $800 million issuance by Sunoco LP on April 4th).

The current downturn in the energy sector is the worst since the 1980's. The US oil and gas rig count has fallen 75% to 20-year low and global upstream spending is down 27% y-o-y, according to the Barclays Upstream Survey. The last time that the Upstream Survey showed spending down for two years in a row was 1986-1987. This decrease in spending has halted many projects totaling many hundreds of billions of dollars in capex.

According to the EIA, non-OPEC supply growth is now negative y-o-y. Momentum carried some projects that were started at higher prices through to completion, but that backlog has since worked its way through the pipeline without any new projects to replace them. This has led to a decline in production in non-OPEC regions, concurrent with a moderation in OPEC oil supply growth. Wood Mackenzie expects that 2017 will be the year that demand growth once again outpaces supply growth and leads to a tighter market.

Preqin estimates dry powder held by energy-focused private equity funds at over $125 billion, so there is plenty of private equity capital available for any deals that come to market.

Sources: Bloomberg, EIA, Barclays, Preqin

Appendix A

Summary of Portfolio Cash Flows – Private Investments

Quarter	Contributions	Distributions	Total
Q1 2008	9,000,000	-	9,000,000
Q2 2008	25,500,000	(446,462)	25,053,538
Q3 2008	44,852,570	(1,019,994)	43,832,576
Q4 2008	33,979,025	(1,223,450)	32,755,575
Q1 2009	5,572,204	(1,142,560)	4,429,644
Q2 2009	3,320,837	(2,831,451)	489,386
Q3 2009	1,582,090	(3,883,030)	(2,300,940)
Q4 2009	6,713,749	(1,450,747)	5,263,002
Q1 2010	4,451,516	(846,291)	3,605,226
Q2 2010	767,315	(1,188,459)	(421,144)
Q3 2010	674,058	(853,205)	(179,147)
Q4 2010	13,741,534	(1,926,081)	11,815,454
Q1 2011	2,347,300	(4,107,813)	(1,760,513)
Q2 2011	18,061,101	(4,171,517)	13,889,584
Q3 2011	8,660,670	(7,451,229)	1,209,441
Q4 2011	23,900,427	(5,389,008)	18,511,419
Q1 2012	7,907,732	(4,722,068)	3,185,665
Q2 2012	15,087,526	(2,870,248)	12,217,278
Q3 2012	26,488,091	(5,684,184)	20,803,907
Q4 2012	41,374,981	(9,937,326)	31,437,655
Q1 2013	1,622,072	(19,771,643)	(18,149,571)
Q2 2013	24,541,234	(24,772,969)	(231,735)
Q3 2013	21,645,192	(16,872,041)	4,773,151
Q4 2013	33,780,539	(27,918,591)	5,861,949
Q1 2014	68,401,433	(22,342,851)	46,058,582
Q2 2014	32,486,392	(17,048,045)	15,438,346
Q3 2014	86,760,742	(19,956,358)	66,804,383
Q4 2014	120,639,089	(32,994,436)	87,644,653
Q1 2015	37,606,375	(25,131,192)	12,475,183
Q2 2015	29,762,601	(35,017,174)	(5,254,573)
Q3 2015	57,347,509	(22,216,303)	35,131,206
Q4 2015	61,158,743	(38,507,279)	22,651,464
Q1 2016	47,496,699	(20,415,786)	27,080,913
Total	$ 917,231,346	$ (384,109,790)	$ 533,121,556

Combined Quarterly Portfolio Summary

Appendix B

Disclosure Statements

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The information provided in this report contains estimates, return data and valuations that are based upon assumptions and projections. Such estimates and assumptions involve judgments with respect to, among other things, future economic and competitive conditions; real asset market conditions; and the like, which may not be realized and are inherently subject to significant uncertainties and changes, all of which are difficult to predict and many of which are beyond the control of the General Partner and RAPM. Accordingly, no assurance can be given that such projections will be realized, and actual conditions, operations and results may vary materially from those set forth herein. Last, there are inherent limitations to projecting performance including: (i) illiquid assets are generally difficult to value, (ii) these projections typically involve investments that may not be disposed of for many years and RAPM generally does not control the timing or the terms of the disposition, and (iii) the projected performance calculation for a particular investment may relate primarily to residual values or projected future distributions rather than distributions actually received. Limited Partners are cautioned that the predictions and other forward-looking statements reflected in this report involve risks and uncertainty. In light of the foregoing factors, actual returns and results are likely to differ substantially from the forward-looking statements contained in this report, and Limited Partners are cautioned not to place undue reliance on such forward-looking statements and projections. The words “estimate,” “anticipate,” “expect,” “predict,” “believe” and like expressions are intended to identify forward-looking statements.

All performance numbers reflect data as reported to RAPM by the investment managers. RAPM has made an effort to verify the integrity of the data, however RAPM serves as a data aggregator and reporter of fund level performance data and, therefore, cannot guarantee the accuracy of the underlying data reported by fund managers.

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Reported Net IRR is based upon manager reported cash flows to and inflows from investors and the estimated ending values as of the date of this report. Returns are net of underlying investment manager management fees, expenses and carried interest (if any) specific to the investor.

Multiples are calculated net of fees. The Paid in Capital (“PIC”) Multiple is the cumulative contributed amount divided by committed capital. This multiple indicates how much of committed capital has been paid in. The Distribution to Paid in Capital (“DPI”) Multiple measures the portion of fund returns distributed to investors relative to capital contributed. When DPI is the equivalent of 1, the Fund has broken even. A DPI of greater than 1 indicates that the Fund has generated profit to the investors. The Residual Value of Paid in Capital (“RVPI”) Multiple measures the portion of returns that are unrealized. The Total Value of Paid in Capital (“TVPI”) Multiple provides information regarding the value of the investment relative to its cost basis, not taking into consideration the time invested.

Paid in Capital Ratios reflect all contributions made divided by the total commitments, without making adjustments for contributions that may be offset by recallable or true-up distributions. Consistent with calculating Paid in Capital, Distributions to Paid in Capital Ratios reflect all distributions received divided by the aggregate total of contributions. RAPM believes this is the most accurate way to reflect the cash flows experienced during the investment, though Paid in Capital and Distributed to Paid in Capital ratios may not exactly equal those values shown on manager-provided capital statements if the manager is adjusting for recallable distributions or true-up distributions for the Fund. All managers treat these classifications differently and therefore, RAPM utilizes actual cash flows experienced for calculating key ratios as of the quarter end. Notwithstanding the foregoing, in instances of calculating multiples RAPM factors in all available cash flows experienced by a limited partner regardless of whether these cash flows are considered by the manager to be inside or outside of commitment, this includes but is not limited to management fees, true-ups (late closing interest), expenses, recallable distributions, and recycled contributions.