

Current Policy Exposures & Compliance

Investment Parameters	Interim (thru 6/30/13) Range/Limit as % of Total	Interim (thru 6/30/15) Range/Limit as % of Total	Long-Term Strategic Range/Limit as % of Total	NAV % ¹	GAV %	NAV \$ Millions	Compliance Interim (thru 6/30/13)	Compliance Interim (thru 6/30/15)	Compliance July 1, 2015 Forward
Strategy									
Base	0 - 100%	25 - 100%	60 - 100%	0.4%	0.1%	\$82	✓	✗	✗
Domestic Tactical	0 - 100%	0 - 60%	0 - 30%	55.5%	54.1%	\$12,220	✓	✓	✗
International Tactical	0 - 30%	0 - 25%	0 - 15%	8.3%	6.9%	\$1,828	✓	✓	✓
Legacy	n/a	n/a	n/a	35.8%	38.9%	\$7,870	n/a	n/a	n/a
Risk Classification									
Core	20 - 100%	50 - 100%	75 - 100%	43.4%	42.7%	\$9,545	✓	✗	✗
Value Add	0 - 50%	0 - 40%	0 - 25%	20.4%	16.7%	\$4,481	✓	✓	✓
Opportunistic	0 - 60%	0 - 40%	0 - 25%	36.2%	40.7%	\$7,974	✓	✓	✗
REITS	0 - 10%	0 - 7.5%	0 - 5%	4.9%	n/a	\$1,087	✓	✓	✓
Property Type									
Office	45%	45%	45%	14.9%	15.1%	\$3,269	✓	✓	✓
Industrial	45%	45%	45%	15.5%	14.7%	\$3,420	✓	✓	✓
Retail	45%	45%	45%	21.5%	24.0%	\$4,719	✓	✓	✓
Multifamily	45%	45%	45%	14.9%	16.1%	\$3,275	✓	✓	✓
For Sale Residential & Land Dev.	15%	10%	10%	12.3%	9.1%	\$2,708	✓	✗	✗
Hotels	10%	10%	10%	5.2%	6.6%	\$1,153	✓	✓	✓
Mixed-Use	10%	10%	10%	4.7%	4.8%	\$1,025	✓	✓	✓
Other Property Types	15%	10%	10%	11.0%	9.5%	\$2,430	✓	✗	✗
Geography									
Developed Markets	75 - 100%	75 - 100%	75 - 100%	90.9%	92.4%		✓	✓	✓
Developed - US	60 - 100%	70 - 100%	85 - 100%	86.0%	81.7%	\$18,929	✓	✓	✓
Developed - ex US	0 - 25%	0 - 25%	0 - 25%	14.0%	18.3%	\$3,070	✓	✓	✓
Emerging Markets	0 - 15%	0 - 15%	0 - 15%	9.0%	7.5%	\$1,973	✓	✓	✓
Frontier Markets	0 - 5%	0 - 5%	0 - 5%	0.1%	0.1%	\$18	✓	✓	✓
REAL ESTATE PROGRAM	7 - 13%	7 - 13%	7 - 13%	9.0%	14.5%	\$21,999	✓	✓	✓

¹Other Property Types Actuals (NAV) is comprised of Other 4.13%, Senior Housing 1.54%, Healthcare Facilities 1.46%, Technology 2.23%, Vineyards 1.28%, Self Storage 0.25%, Entertainment 0.09%, Recreation 0.05%, and Agricultural Land 0.002%.

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Loan to Value (LTV)							
Total Portfolio	60%	55%	50%	40.7%	✓	✓	✓
Core	50%	50%	50%	41.0%	✓	✓	✓
Value Add	65%	60%	50%	24.1%	✓	✓	✓
Opportunistic	75%	65%	50%	43.7%	✓	✓	✓
Debt Service Coverage Ratio (DSCR)							
Total Strategic Portfolio	n/a	≥ 1.0	≥ 1.5	n/a	n/a	n/a	n/a
Strategic Core	≥ 1.5	≥ 1.75	≥ 2.0	2.28	✓	✓	✓
Recourse Debt							
Total Permitted Amount	10% of lower of current NAV or Target NAV			2.8%	✓	✓	✓

Delegated Authority	Long-Term Strategic Limit as % of Total	Investment Amount	Disposition Amount	Debt Financing Amount	Compliance Investment	Compliance Disposition	Compliance Debt Financing
Max Relationship Exposure ²							
Total Portfolio	25%	17.0%	n/a	n/a	✓	n/a	n/a
Base Core	25%	1.7%	n/a	n/a	✓	n/a	n/a
Domestic Tactical	15%	11.2%	n/a	n/a	✓	n/a	n/a
International Tactical	10%	5.8%	n/a	n/a	✓	n/a	n/a
Legacy	10%	5.6%	n/a	n/a	✓	n/a	n/a
	Annual Delegation Limit						
New Investments							
Total Portfolio	30%	0.0%	0.0%	0.0%	✓	✓	✓
Base Core	25%	0.0%	0.0%	0.0%	✓	✓	✓
Domestic Tactical	10%	0.0%	0.0%	0.0%	✓	✓	✓
International Tactical	10%	0.0%	0.0%	0.0%	✓	✓	✓
Existing Investments							
Follow-on Investment	20%	0.3%	0.0%	0.0%	✓	✓	✓
Debt Financing Management	30%	n/a	n/a	0.0%	n/a	n/a	✓

¹ Total Strategic Portfolio DSCR data will not be available until after completion of AREIS enhancements no later than July 1, 2013.

² The largest relationship exposures in the reported areas are comprised of: GI Partners (Total RE Portfolio), GI Partners (Domestic Tactical), Hines (International Tactical), and CalPERS (Legacy).