# UFCW Union & Participating Employers Pension Fund

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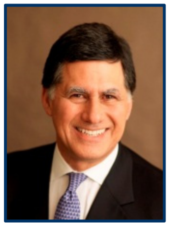
**American Core Realty Fund, LLC** - September 18, 2013

Todd Fowler
*Director, Marketing and Client Service*

## Mission Statement

"Our mission is to create and implement client-focused institutional real estate investment strategies designed to provide superior returns, capital preservation and growth, delivered with a high level of integrity, communication, and service."



**Stanley L. Iezman**
*Chairman & CEO*

**Todd Fowler**
*Director, Marketing and Client Service*

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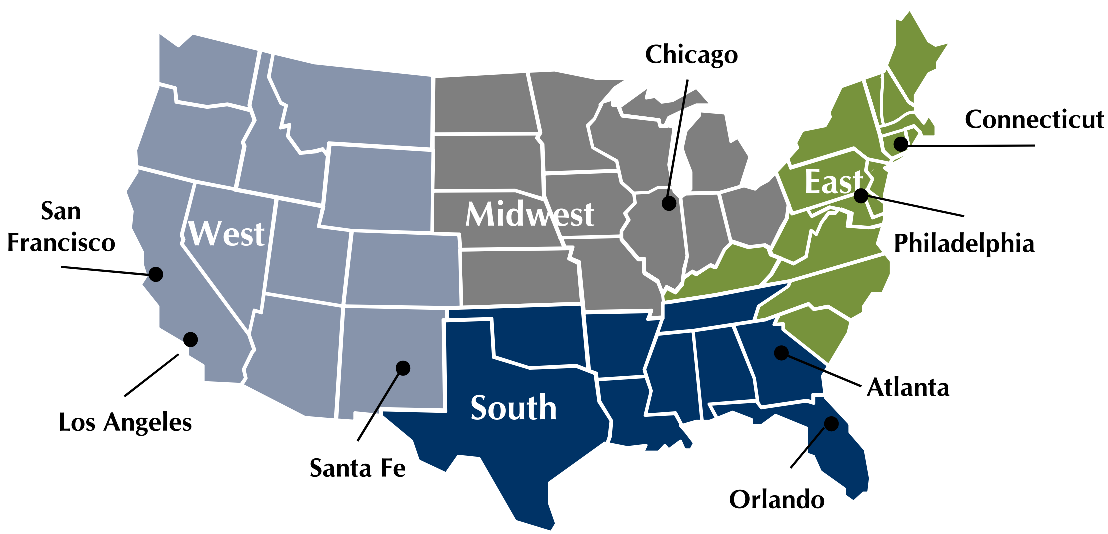
# A Leader in the Real Estate Investment Management Industry

- **One of the largest privately-held real estate managers in the US**
- **Seasoned professionals with an average of 23 years** of investment management experience
- **Over $5.7 billion** in assets under management
- **More than 160 properties** primarily in major MSAs across the U.S.
- **300+** institutional investors trust American to invest their capital
- **Eight offices** nationwide providing accessibility to meet investor needs




| Location | Function |
|---|---|
| Los Angeles (Headquarters) | Investments, Asset Management, Research, Portfolio Management, Marketing/Client Service, Accounting, Legal/Compliance, Administration |
| Atlanta | Asset Management |
| Chicago | Investments, Asset Management, Dispositions, Marketing/Client Service |
| Connecticut | Investments |
| Orlando | Marketing/Client Service |
| Philadelphia | Investments |
| San Francisco | Asset Management, Investments |
| Santa Fe | Marketing/Client Service |

Assets under management represent approximate gross market value of all assets and accounts managed by American excluding partners' share of equity and partners' share of debt on partnership investments). All data above is as of June 30, 2013.

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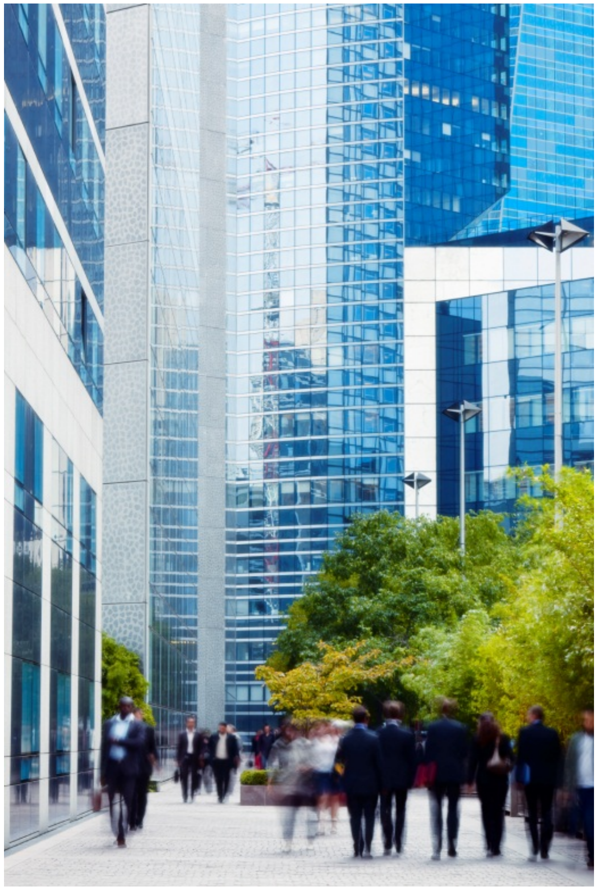
# Risk Management and Client Focus: The Foundation of Our Firm

- Extensive experience acting as an ERISA fiduciary and Prudent Person investing in accordance with fiduciary guidelines
- Risk control forms the basis of our investment process
- Firm risk control:
  - **No changes** in the structure of the firm
  - **Avoidance** of conflicts of interest
  - **No litigation** with clients concerning investment management services provided by American
- Defined culture of teamwork and integrity
- Sole focus on institutional real estate investment builds strong alignment of interests with our investors
- Recognition of our role as a steward of the capital for plan participants and their beneficiaries



# Investment Process Begins with Research

- Economic scenario
- Interest rate environment
- Real estate capital flows

**Macro House View**

- Industry and market selection
- Property type weights
- Debt strategy

**Portfolio Strategy**

**Acquisitions**

- Submarket selection
- Industry analysis
- Asset functionality

**Asset Management**

- Business plan development
- Leasing strategies
- Capital expenditure planning

**Dispositions**

- Hold/sell analysis
- Portfolio rebalancing
- Re-investment strategies

# Core Strategy Implementation Derived from Research

## Focus on Income

Yields have compressed due to high demand for all income producing asset classes including real estate. American identifies assets with high-quality in-place cash flows and opportunities to grow that income over time.

## Invest in  Markets that are Significant Innovation Hubs/Growth Clusters

In a slow growth economy, it is essential to identify markets and sectors that will outperform. American goes beyond traditional market analysis and focuses on submarkets that are innovation hubs where sustained growth is expected to occur.


## Exploit Supply Constraints

Local and regional constraints can limit new supply in key locations and provide opportunities to increase value of existing assets in these markets. American identifies and targets those uniquely positioned assets in demand from growing industries and located in in-fill and “irreplaceable” locations.

## Expand Economic Diversity to Reduce Risk

Diversification is more than just different property types and markets. American’s analysis also identifies and manages tenant and industry economic exposure at the market and submarket level to enhance asset values and reduce volatility.

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# AMERICAN CORE REALTY FUND, LLC

## A Diversified Core Equity Real Estate Strategy

**THE AMERICAN CORE REALTY FUND, LLC** is a diversified open-end commingled fund that invests primarily in high quality core income-producing office, industrial, retail and multi-family properties that are well located in or near major metropolitan markets/submarkets nationwide.

# Focused on a Pure Core Strategy to Manage Risk

- **Investment Strategy: Diversified High-Quality Income-Producing Real Estate Assets**
  - Geographic, property type, economic and tenant diversification designed to reduce risk
  - Ideally situated in strong, growing, and/or supply-constrained metropolitan areas across U.S.
  - Limited or no deferred maintenance

- **No Style Drift**
  - Consistent long-term investment in core assets: office, industrial, multi-family and retail assets

- **Stable Income-Producing Assets**
  - Consistent long-term tenant and buyer demand
  - Income helps offset the impact of weak economy

Cupertino City Center I & II | **Silicon Valley, CA**

- **Substantially Leased with Low Lease Rollover**
  - High-quality tenant base
  - At-market rents with staggered leases

- **Disciplined Use of Leverage**
  - As of 2Q13, the Core Fund's Debt to Total Assets was 24.4%

**Please note:** Use of leverage may create additional risks. Please refer to disclosures at the end of this presentation.

# UFCW Union & Participating Employers Pension Fund

- **Total Commitment:** $9,500,000 with initial investment made on July 1, 2004

| Contributions/Redemptions | | |
|---|---|---|
| **2004** | **Contribution** | $1,769,000 |
| **2005** | **Contribution** | $2,592,000 |
| **2006** | **Contribution** | $2,589,000 |
| **2007** | **Contribution** | $2,550,000 |
| **2008** | **Redemption** | ($4,575,000) |
| **2009** | **Redemption** | ($461,314) |
| **2010** | **Redemption** | ($220,224) |
| **Net Investment:** | | **$4,243,462** |

| Investment Summary as of June 30, 2013 | | |
|---|---|---|
| | **Inception-to-Date** | |
| **Contributions to Date** | $ | 9,500,000 |
| **Redemptions** | $ | (5,256,538) |
| **Net Investment** | $ | 4,243,462 |
| **Distributions** | $ | (162,446) |
| **Net Income** | $ | 2,284,073 |
| **Appreciation** | $ | (97,484) |
| **Ending Net Asset Value** | **$** | **6,267,605** |

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# UFCW Union & Participating Employers Pension Fund

## Performance History (as of June 30, 2013)

**Gross of Fees**

| | 2Q13 | Year-to-Date | One-Year | Three-Year* | Five-Year* | Since Inception* (7/1/2004) |
|---|---|---|---|---|---|---|
| Income | 1.23% | 2.62% | 5.25% | 5.23% | 5.31% | 5.31% |
| Appreciation | 2.14% | 3.27% | 5.91% | 8.17% | -5.62% | 0.46% |
| **Total Return** | **3.36%** | **5.93%** | **11.38%** | **13.72%** | **-0.53%** | **5.80%** |

**Net of Fees**

| | 2Q13 | Year-to-Date | One-Year | Three-Year* | Five-Year* | Since Inception* (7/1/2004) |
|---|---|---|---|---|---|---|
| Income | 0.94% | 2.05% | 4.09% | 4.10% | 4.21% | 4.22% |
| Appreciation | 2.14% | 3.27% | 5.91% | 8.17% | -5.62% | 0.46% |
| **Total Return** | **3.08%** | **5.35%** | **10.17%** | **12.52%** | **-1.58%** | **4.70%** |

***Annualized**

**PERFORMANCE DISCLAIMER:**

The returns above are for the UFCW Union & Participating Employers Pension Fund's investment in the American Core Realty Fund, LLC, include leveraged returns before (gross) and after (net) the deduction of investment management fees and include the reinvestment of some income. The sum of annualized component returns may not equal the total return due to the chain-linking of quarterly returns. The above performance is considered supplemental information and complements the attached Core Equity Real Estate Investments Composite performance. Past performance is not a guarantee of future results and it is important to understand that investments of the type made by the Fund pose the potential for loss of capital over any time period. Many factors affect fund performance including changes in market conditions and interest rates in response to other economic, political, or financial developments. Investment returns, and the principal value of any investment will fluctuate, so that when an investment is sold, the amount received could be less than what was originally invested.

# Fund Objectives

## Investment Objectives

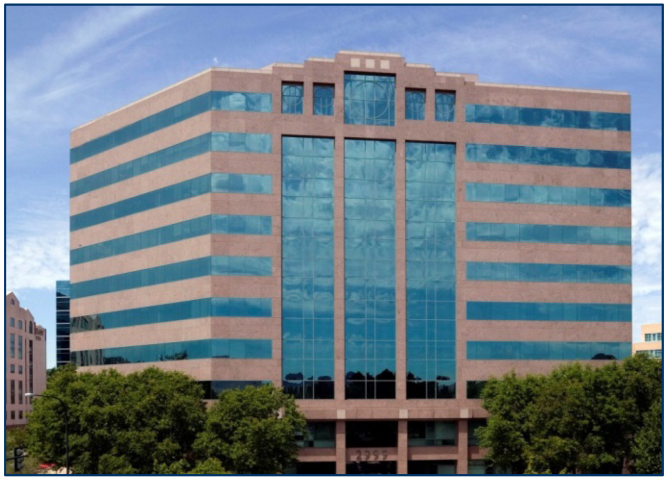
- Steady Income Returns
  - currently pays an **annual gross distribution of 6%** (based on Net Asset Value*)
- Long-term Appreciation

## Fiduciary Responsibility

**American is an ERISA fiduciary** with respect to the American Core Realty Fund

## Union Labor Guidelines

Any work undertaken on properties in the American Core Realty Fund will be operated within the guidelines of **American's Responsible Contractor Policy**



2999 Oak Road | **East Bay, CA**

**PLEASE NOTE:** All investments such as the American Core Realty Fund may be subject to loss of capital and there is no guarantee that the above goals will be achieved over all time periods. *Investors may elect to receive the distribution paid in cash or to be reinvested in additional units in the Core Fund.

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# American Core Realty Fund Investment Highlights

## Fund Snapshot
(as of June 30, 2013)

| | |
|---|---|
| **Gross Asset Value** (millions) | $3,577 |
| **Net Asset Value** (millions) | $2,688 |
| **Number of Investors** | 256 |
| **Number of Properties** | 72 |
| **Cash Position (GFV)** | 0.9% |
| **Debt to Total Assets** | 24.4% |
| **Total Square Footage** | 13,285,815 |
| **Total Commercial Tenants** | 982 |
| **Units (Multi-Family)** | 4,266 |
| **Gross Quarterly Distribution** | 1.5% |
| **Undrawn Commitments** (millions) | $218.2 |
| **% Leased** | 89.6% |
| **Redemption Queue** (millions) | $0.0 |




The American Core Realty Fund currently declares a gross quarterly distribution of 1.5% of Net Asset Value.
Investors may elect to receive the distribution paid in cash or to be reinvested in additional units in the Core Fund.

**Please note:** Use of leverage may create additional risks. Please refer to disclosures at the end of this presentation.

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# Identify Key Metros that Represent Innovation Hubs


- American's research identifies specific demand drivers in high-potential barrier-to-entry markets with strong demand from globally competitive industries
- Diversification in these markets and industries provide opportunity for more stabilized income opportunities throughout the market cycle
- Detailed submarket analysis targets specific property types and locations best positioned to benefit from our strategies

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# American's Property Type Strategies

## Office Strategy

Ballston Gateway | **Washington, D.C.**

- Best-in-class office properties
- CBD/in-fill suburban
- Transit-oriented properties
- Strong industry demand drivers

## Industrial Strategy

Safari Industrial Park | **Inland Empire, CA**

- Class A bulk distribution and light manufacturing
- Port and supply-constrained locations
- Newer or functional older properties

## Retail Strategy

Weston Lakes Plaza | **Ft. Lauderdale, FL**

- Needs-based neighborhood and community centers
- Market-leading grocer anchor with strong occupancy
- High-income in-fill demographics

## Multi-Family Strategy

111 Kent | **New York, NY**

- Strong housing markets
- High-income demographics
- Modern design
- Transit-oriented locations
- Near employment and retail centers

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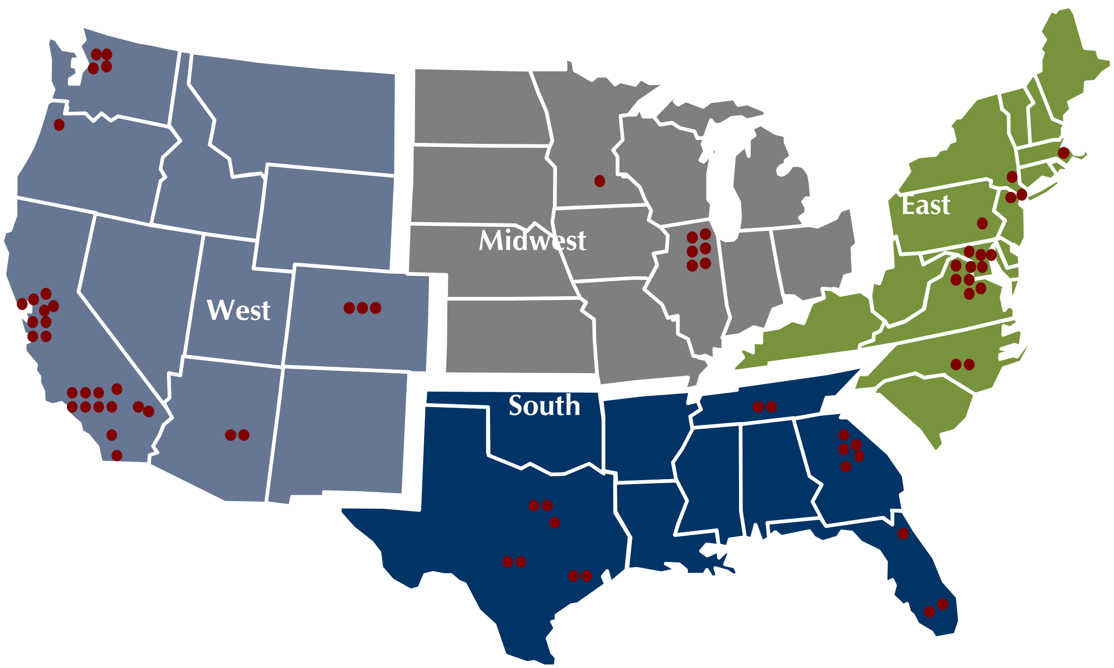
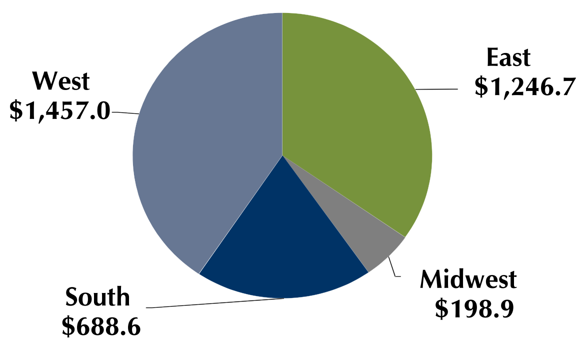
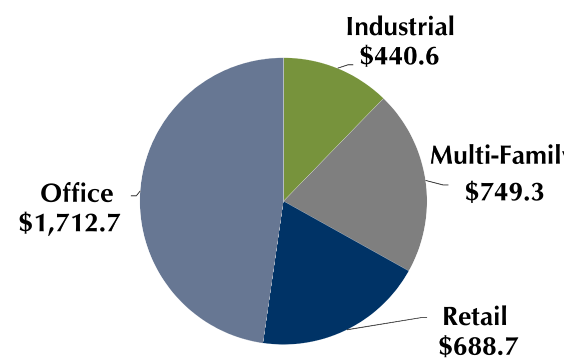
# Core Fund Portfolio Composition




Above $ amounts are in millions as of June 30, 2013.




*Note:** Based on NFI-ODCE Equal-Weight as of June 30, 2013.

NFI-ODCE is an unmanaged Equal Weighted Index published by the National Council of Real Estate Investment Fiduciaries. Portfolio diversification based on gross fair values.

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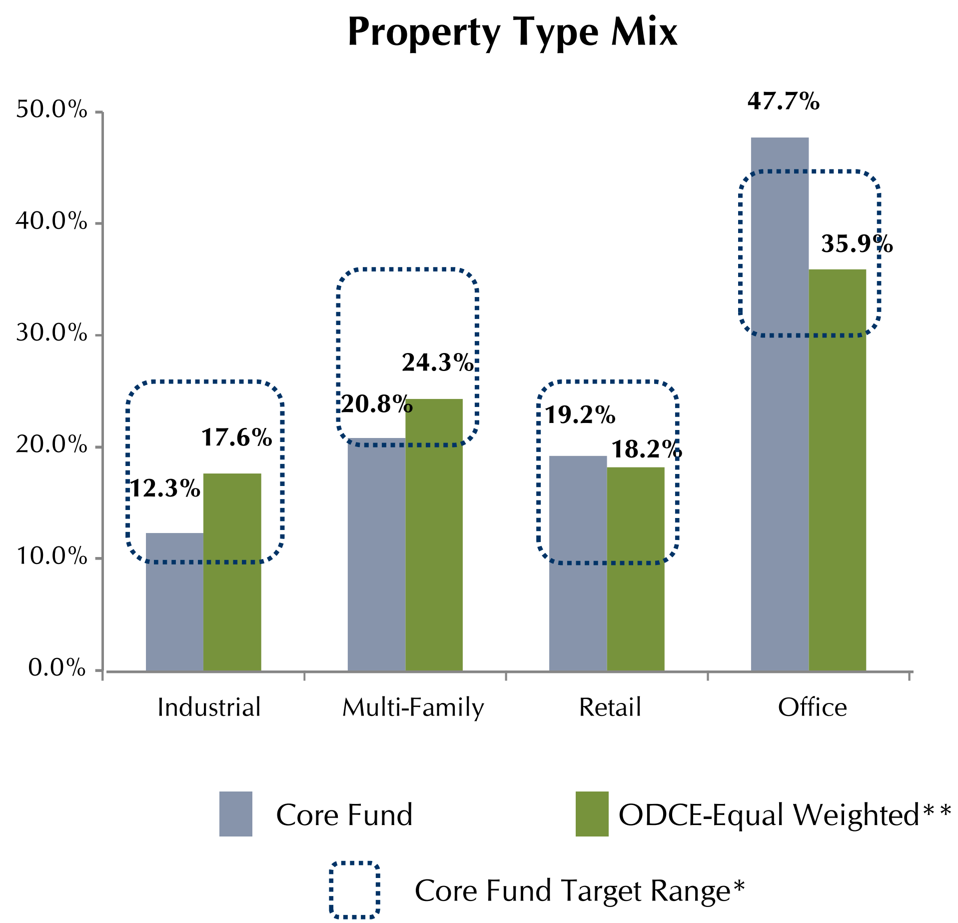
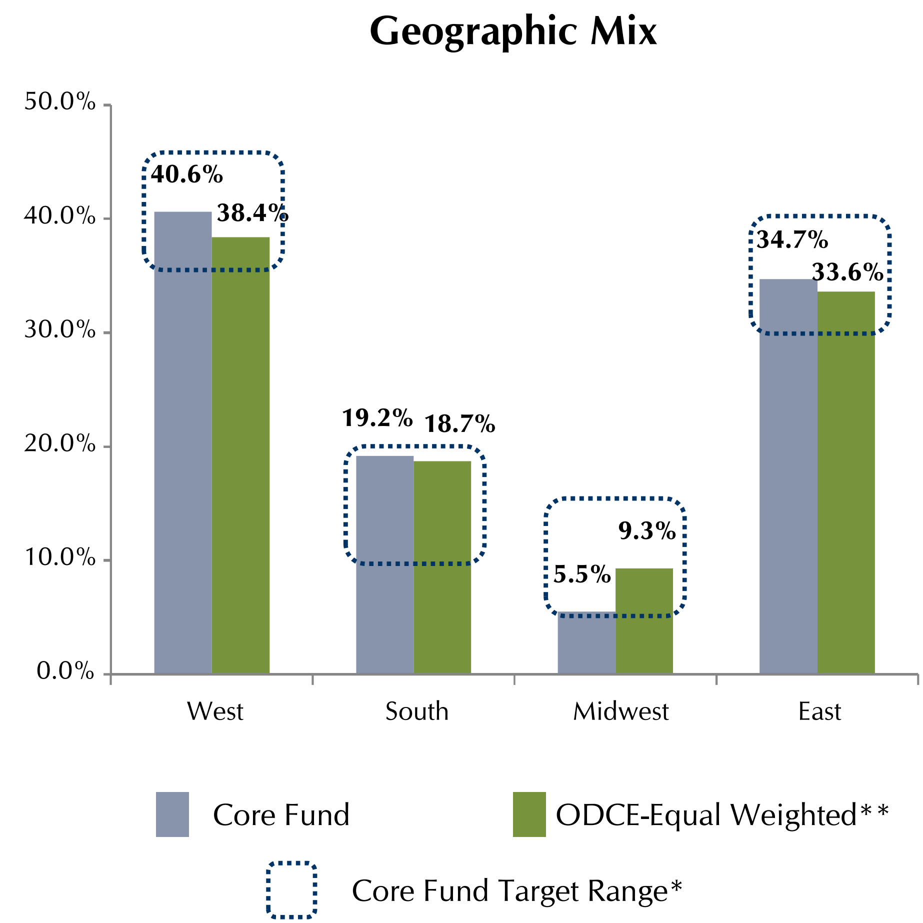
# Portfolio Holdings vs. Target Ranges




*Target diversification may change based on changes in market conditions.
**NFI-ODCE-Equal Weighted % will not total to 100% with the difference being investments in other property types.

Source: ODCE Index as of June 30, 2013

This analysis represents the American Core Realty Fund portfolio as of 6/30/2013 using gross property value. Information is taken from sources believed to be reliable, but accuracy cannot be guaranteed.

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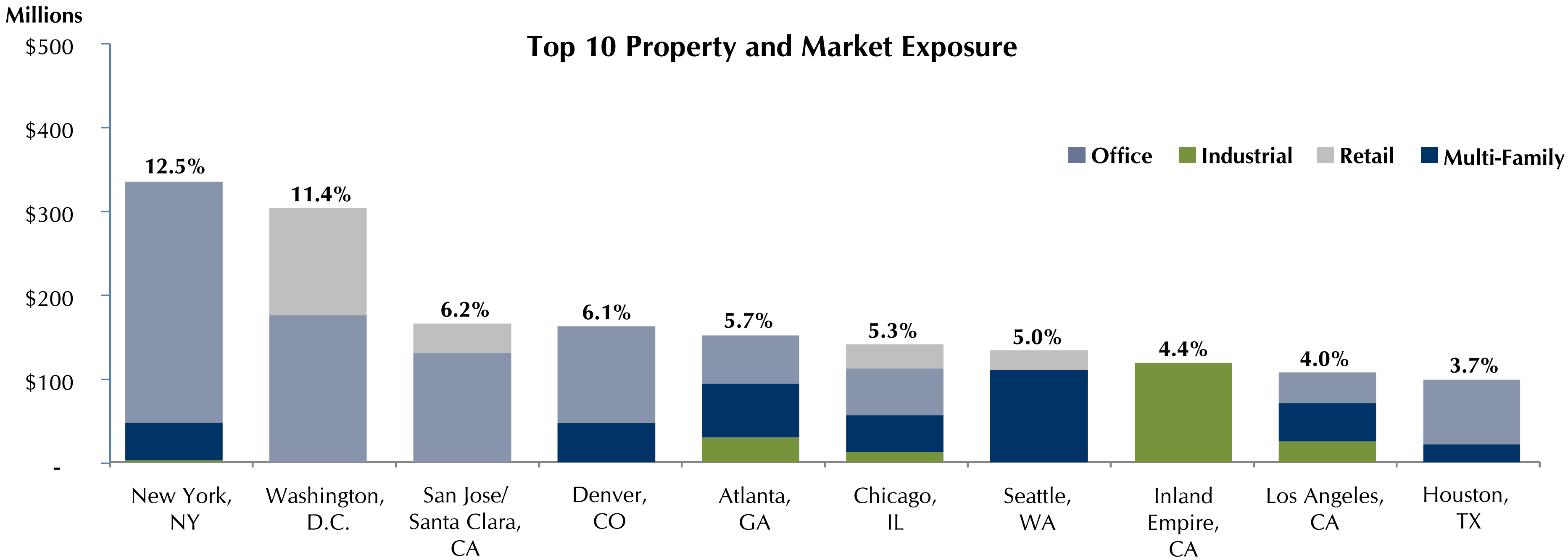
# Diversification Across Target Markets and Property Type




| Property | Property Type | MSA | GFV | Percentage of Fund GFV |
|---|---|---|---|---|
| 499 Park Avenue | Office Urban Infill | New York, NY | $386,515,633 | 10.76% |
| Cupertino City Center I & II | Office Suburban | San Jose/Santa Clara, CA | 148,000,000 | 4.12% |
| 1515 Wynkoop | Office Urban Infill | Denver, CO | 130,000,000 | 3.62% |
| Festival at Riva | Retail Grocery-Anchored | Baltimore/Towson, MD | 114,000,000 | 3.17% |
| Energy Center | Office Suburban | Houston, TX | 104,000,000 | 2.90% |
| Waltham Corporate Center | Office Suburban | Boston, MA | 102,600,000 | 2.86% |
| 153 Townsend Street | Office Urban Infill | San Francisco, CA | 93,800,000 | 2.61% |
| Columbia Maryland Marshfield | Industrial National/Regional Distribution | Baltimore, MD | 91,000,000 | 2.53% |
| Kendall Mall | Retail Grocery-Anchored | Miami, FL | 81,700,000 | 2.27% |
| Piedmont Center | Office Urban Infill | Atlanta, GA | 77,609,746 | 2.16% |
| **Total** | | | **$1,329,225,379** | **37.01%** |

Based on gross fair value as of June 30, 2013.

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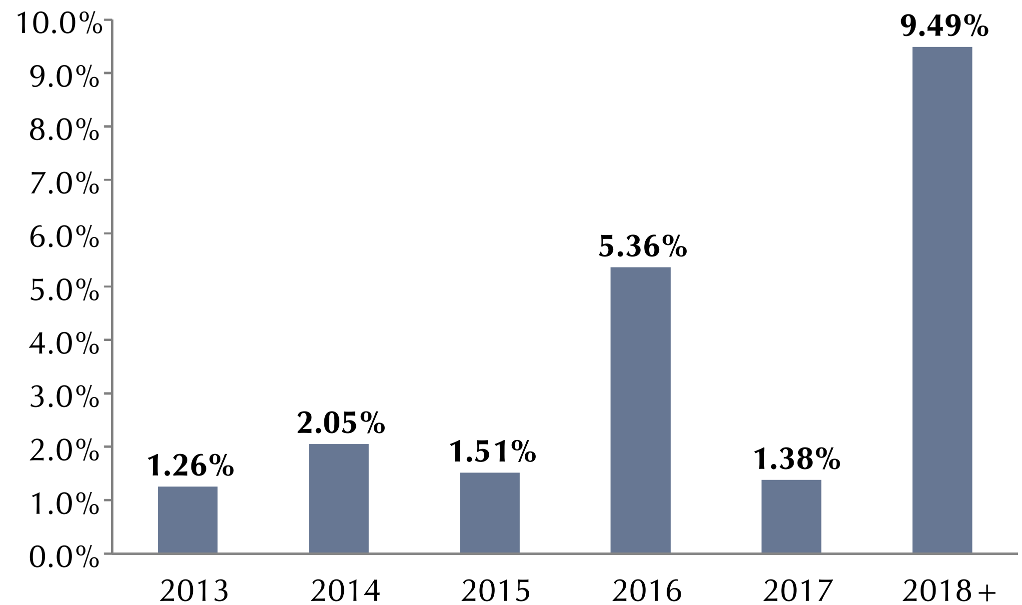
# Debt Maturity

## A conservative approach to the use of leverage

- Integration of leverage with asset management strategy – use of debt enhances return in a recovering market
- As of 2Q13, 78.6% of the Core Fund's debt was fixed rate
- Staggered Debt Maturities
  - — No significant debt maturity in any one year and all future maturities are expected to be refinanced with existing anticipated cash flow

**Current Debt Maturities (% of Fund GFV)**




| | | | | | | |
|---|---|---|---|---|---|---|
| **Dollar Amount** (USD in millions) | $45.3 | $73.7 | $54.4 | $192.7 | $49.5 | $340.9 |

**Note:** Current Debt Maturities above represent the Core Fund's effective ownership share of the debt principal balances having terminal maturities occurring in each year as a percentage of the total gross fair value of the Core Fund's real estate investments as of June 30, 2013. Above reference to 2018+ is the time period of January 1, 2018 to June 1, 2023. Debt Maturity above excludes the fund level Line of Credit, which had a balance of $130,000,000 as of June 30, 2013 and matures on July 31, 2016.

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# Transaction Activity – Recent Investments

## 499 Park Avenue

**Location: Midtown Manhattan, NY**

**Property Type: Office Urban Infill**

**Key Industry: Finance/Professional Services**

- 303,000 square-foot multi-tenant office tower developed in 1980
- Trophy-quality asset located on one of the city's most desirable corners at the entry to Manhattan's affluent Upper East Side
- Ideal for professional mid-sized tenants seeking a high-profile and iconic address

### Investment Rationale

499 Park Avenue is located on one of New York City's most desirable corners in the heart of midtown Manhattan's highly-prized Plaza District. The property's reliable cash flow stream is anchored by a number of long-term leases. This acquisition will allow the Core Fund to capitalize on the opportunity provided by a supply-constrained submarket and the asset's overall quality as one of the highest-end boutique office buildings in the area.

### 2Q13 Financial Metrics

| | |
|---|---|
| **Occupancy** | 88.88% |
| **Gross Fair Value** | $386,515,633 |
| **Net Fair Value** | $386,515,633 |
| **Debt Fair Value** | $0 |

### Total Lease Rollover (%Square Footage)

| | |
|---|---|
| **2013** | N/A |
| **2014** | N/A |
| **2015** | N/A |
| **2016** | N/A |

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# Transaction Activity – Recent Investments

## Investment Rationale

As the economy continues to recover and exhibit signs of increasing stability, American believes that it is prudent to focus on high-quality real estate investments in markets with strong globally-competitive industries. As technology markets like San Francisco continue to enjoy large increases in occupancy and rents, the acquisition of 153 Townsend represents an outstanding opportunity to own a premier asset, with secure long-term cash flows, in a dynamic and growing market.

## 153 Townsend

**Location: San Francisco, CA**

**Property Type: Office Urban Infill**

**Key Industry: Professional Services and Technology**

- Nine-story, 168,000 SF state-of-the-art Class A office building, Located in the prestigious SoMa district, one of San-Francisco's top-performing submarkets
- ENERGY STAR® rated asset that benefits from a highly functional floor plan and sustainability attributes that are required by today's globally competitive companies and their employees

**2Q13 Financial Metrics**

| | |
|---|---|
| **Occupancy** | 95.98% |
| **Gross Fair Value** | $93,800,000 |
| **Net Fair Value** | $93,800,000 |
| **Debt Fair Value** | $0 |

**Total Lease Rollover (%Square Footage)**

| | |
|---|---|
| **2013** | 1.90% |
| **2014** | 0.00% |
| **2015** | 24.95% |
| **2016** | 0.00% |

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# Transaction Activity – Recent Investments

## 10825 Production Avenue

**Location: Inland Empire, CA**

**Property Type: Industrial National/Regional Distribution**

**Key Industry: Transportation**

- 100% leased 753,170 SF industrial building situated on 29.8 acres
- Convenient accessibility to Ontario International Airport, the I-10, I-15 and CA-60 freeways
- Strategically located in one of the nation's most dominant and supply-constrained industrial markets

### Investment Rationale

Continuing innovations in large-scale supply chain management have increased demand for the highly functional space offered by 10825 Production Avenue. With less than 2% vacancy in industrial properties greater than 500,000 SF in this market, the scarcity of core-quality assets like this will likely generate strong rent growth and tenant demand during the asset's anticipated holding period and is expected to generate superior returns for our investors. This acquisition reflects our commitment to enhancing our investors' portfolios with best-in-class assets in high-performing markets across the U.S.

### 2Q13 Financial Metrics

| | |
|---|---|
| **Occupancy** | 100.0% |
| **Gross Fair Value** | $66,100,000 |
| **Net Fair Value** | $66,100,000 |
| **Debt Fair Value** | $0 |

### Total Lease Rollover (%Square Footage)

| | |
|---|---|
| **2013** | 0.00% |
| **2014** | 0.00% |
| **2015** | 0.00% |
| **2016** | 0.00% |

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# Transaction Activity – Recent Investments


### Investment Rationale

American's research demonstrates that grocery-anchored retail centers should be a key foundation in a core real estate portfolio. Asset selection and successful retail centers are distinguished by a dominant daily-needs anchor like Vons (Safeway). The acquisition represents an excellent opportunity to capitalize on long-term cash flow stability backed by one of the largest food and drug retailers in North America.

## Mission Hills Vons

**Location: San Diego, CA**

**Property Type: Retail Grocery-Anchored**

**Key Industry: Surrounding Biotechnology Industry**

- Urban-style 63,992 SF retail center in the affluent densely-populated Mission Hills neighborhood of San Diego
- Vibrant day and night patronage resulting from approximately 162,000 employees working within a three-mile radius
- Convenient access from the I-5 and I-8, San Diego's two major freeways

### 2Q13 Financial Metrics

| | |
|---|---|
| **Occupancy** | 100.0% |
| **Gross Fair Value** | $28,700,000 |
| **Net Fair Value** | $14,200,000 |
| **Debt Fair Value** | $14,500,000 |

### Total Lease Rollover (%Square Footage)

| | |
|---|---|
| **2013** | 0.00% |
| **2014** | 0.00% |
| **2015** | 0.00% |
| **2016** | 0.00% |

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# Transaction Activity – Recent Investments

## Investment Rationale

The acquisition of 111 Kent provided an excellent opportunity to invest in an exceptional waterfront multi-family building in one of the strongest growth submarkets in New York City. As demand continues pushing out of Manhattan, the prestigious Williamsburg market has emerged as the primary receiver of the growing tenant base. American's implementation of a proactive management strategy will help capitalize on the market's escalating rental demand and will likely generate favorable returns for our investors during the anticipated holding period.

## 111 Kent

**Location: Brooklyn, NY**

**Property Type: Multi-Family Urban Infill**

**Key Industry: Finance**

- 62-unit, waterfront luxury apartment complex with high-quality condominium-style features with on-site amenities including a fitness center, yoga room, pool and roof deck with unobstructed 360° views
- Located in the heart of Williamsburg which is particularly attractive to professionals working in Manhattan's globally-competitive finance and technology industries

### 2Q13 Financial Metrics

| | |
|---|---|
| **Occupancy** | 98.39% |
| **Gross Fair Value** | $60,500,000 |
| **Net Fair Value** | $60,500,000 |
| **Debt Fair Value** | $0 |

### Total Lease Rollover (%Square Footage)

| | |
|---|---|
| **2013** | N/A |
| **2014** | N/A |
| **2015** | N/A |
| **2016** | N/A |

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# Rolling Four Quarters - Core Fund Dispositions

**The Core Fund's recent dispositions are in line with the execution of the Fund's on-going strategic investment plan**

**3rd Quarter 2012**

| Property Name | MSA | Property Type | Disposition Price* |
|---|---|---|---|
| Miramar Activity Road | San Diego, CA | Industrial | $10,171,600 |

**4th Quarter 2012**

| Property Name | MSA | Property Type | Disposition Price* |
|---|---|---|---|
| Edinborough Corporate Center | Minneapolis, MN | Office | $10,470,000 |
| Colorado Midway | Denver, CO | Office | $5,500,000 |

**1st Quarter 2013**

| Property Name | MSA | Property Type | Disposition Price* |
|---|---|---|---|
| ALARA® Highland Park | Atlanta, GA | Multi-Family | $19,690,000 |
| ALARA® State Bridge | Atlanta, GA | Multi-Family | $25,785,000 |
| 4151 State Highway | Dallas, TX | Industrial | $6,209,672 |
| Texas Century Center | Dallas, TX | Industrial | $4,160,825 |
| Camp Creek | Atlanta, GA | Industrial | $12,629,503 |

*Disposition price represents Core Fund's proportionate share of investment.

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# American's Competitive Advantages

| | |
|---|---|
| **Real Estate Focus** | Firm philosophy and process focused exclusively on private real estate transactions |
| **Working with Decision Makers** | Firm is 100% owned by senior management who have extensive real estate investment management experience |
| **Fiduciary Standard** | American is an ERISA fiduciary to the American Core Realty Fund, LLC |
| **Disciplined Process** | Research-based investment management focusing on risk control and value realization |
| **Active Management** | Operating real estate with hands-on expertise |
| **Risk Control** | Over 25-year track record understanding and underwriting risk |
| **Performance** | Steady long-term performance with experience investing in all phases of the real estate cycle |

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# APPENDIX

Biographies
Summary of Holdings
Disclosures and Forward Looking Statements

# Today's Presenter

**Todd Fowler**

Director, Marketing and Client Service

**Years of real estate experience: 21 years**
**Education: University of Kansas: B.A.**

Todd Fowler is responsible for developing and maintaining new and existing institutional business relationships for the firm's full range of real estate investment products. Mr. Fowler is based out of the firm's Central Region Office in Chicago, IL. Prior to joining American, he served as Head of Investor Relations for Mesirow Financial Institutional Real Estate where he was responsible for developing new business opportunities nationwide. Prior to that, he was a Vice-President and portfolio manager for Verde Realty, a private REIT, located in El Paso, TX.

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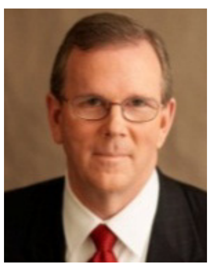
# Key Professionals

## Stanley L. Iezman

### Chairman & Chief Executive Officer

**Years of real estate experience: 39 years**
**Education: University of California, Santa Barbara: B.A.**
**University of Southern California: J.D.**

Stanley Iezman is responsible for the strategic planning and direction of all of the firm activities and is a member of the firm's Investment and Management Committees. He has directed the acquisition, structuring and management of approximately $10 billion of real estate located throughout the United States, is a noted speaker in the real estate arena, where he has addressed a number of industry groups and authored numerous articles for real estate, pension and legal industry publications. Mr. Iezman is a member of the Executive Committee of the USC Lusk Center for Real Estate and an Adjunct Professor at the University of Southern California's Sol Price School of Public Policy where he teaches real estate asset management in the Master of Real Estate Development Program and also serves on the USC Hillel Board of Directors. He is a member of The Urban Land Institute, where he serves on their Industrial & Office Park Development Council, the International Council of Shopping Centers, National Association of Real Estate Investment Managers, Pension Real Estate Association, International Foundation of Employee Benefit Plans, Los Angeles County Bar Association, and the American Bar Association. Mr. Iezman was Chair of the NYU Real Estate Institute's Annual Conference on Pension Fund Investment in Real Estate for ten years.



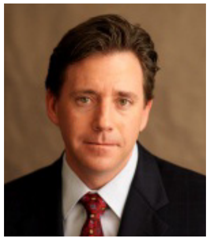
## Scott W. Darling

### President/Executive Managing Director, Portfolio Management

**Years of real estate experience: 34 years**
**Education: Florida State University: B.S.**
**University of Southern California: J.D.**

Scott Darling is the President of American and serves as Executive Managing Director for the firm's Portfolio Management Team. Mr. Darling is the Portfolio Manager for the American Core Realty Fund responsible for the implementation of the Core Fund's investment strategy. In addition, Mr. Darling also serves as a member of the firm's Investment and Management Committees. Prior to joining American, Mr. Darling was employed by the Resolution Trust Corporation. At RTC, he was Director of Asset Management and Sales for the California Office, where he was the senior asset officer, responsible for the management and sale of over $60 billion in assets from failed savings and loans.

# Key Professionals



## Kirk V. Helgeson

EVP/Executive Managing Director, Investments

**Years of real estate experience: 24 years**
**Education: University of Southern California: B.S.**
**University of Southern California: M.B.A.**

Kirk Helgeson is Executive Vice President of American and serves as Executive Managing Director for the firm's Investment Group, where he is responsible for overseeing all acquisition/disposition activity for the firm's investment portfolios. In addition, Mr. Helgeson manages the development, implementation and oversight for American's value-added strategy, through its open-end commingled fund, the American Strategic Value Realty Fund, LP as well as through separate accounts and closed-end commingled funds. Mr. Helgeson is the Chairman of the firm's Investment Committee and a member of the Management Committee. Prior to joining American, Mr. Helgeson worked for AFP Properties USA, Inc. as the Investment Manager. At AFP, Mr. Helgeson was responsible for all aspects of the acquisition and disposition process and asset management for a multi-class real estate portfolio in excess of $450 million. Before AFP, Mr. Helgeson was a Senior Appraiser for Eichel Inc., where he was responsible for completing complex appraisal and consulting assignments encompassing a wide range of property types.

## Jay Butterfield

Managing Director, Fund/Separate Account Operations

**Years of real estate experience: 35 years**
**Education: University of California, Berkeley: B.A.**
**University of California, Los Angeles: M.A., Economics**

Jay Butterfield is Managing Director, Fund/Separate Account Operations, responsible for overseeing the Fund level operations of American's commingled and separate accounts and for directing marketing and client service for American's real estate products and services to the institutional investment community. In addition, Mr. Butterfield serves as a member of the firm's Management Committee. Prior to joining American, Mr. Butterfield was Vice-President with Prudential Investments, where he represented the firm's multi-asset investment capabilities to Taft-Hartley plans, public employee retirement systems and corporate plan sponsors in the Western United States and Canada.

# Key Professionals

## Paul Vacheron, CPA

Managing Director, Asset Management

**Years of real estate experience: 30 years**

**Education: University of California, Berkeley: B.S.**
**University of California, Los Angeles: M.B.A.**

Paul Vacheron is Managing Director for the firm's Asset Management Team. Mr. Vacheron is responsible for directing all aspects of the organization's nationwide asset management operations. Within this capacity, Mr. Vacheron is actively involved with the management, leasing, financing and disposition of assets within the firm's real estate investment portfolio. Mr. Vacheron is also a member of the firm's Investment and Management Committees. Prior to joining American, Mr. Vacheron held the position of Senior Vice President - Asset and Portfolio Management for PM Realty Advisors, where he served as Co-Head of Asset Management for the company's national real estate investment portfolio, as well as Portfolio Manager for several pension fund separate accounts. Previously, he held the position of Senior Vice President - Asset and Portfolio Management for KBS Realty Advisors, where he served as Portfolio Manager for both commingled and separate accounts, as well as handling asset management responsibilities within that company's real estate investment portfolio. Mr. Vacheron is a Certified Public Accountant in the state of California.

## Raymond E. Kivett, CPA

Managing Director, Investments

**Years of real estate experience: 28 years**

**Education: University of Iowa: B.B.A.**

Ray Kivett is the Managing Director of Investments and is responsible for overseeing acquisition activity for the firm's investment portfolios. In addition, Mr. Kivett oversees the solicitation, analysis, underwriting and negotiation of debt and equity real estate acquisitions and investments on a nationwide level. Mr. Kivett is also a member of the firm's Investment Committee. Prior to joining American, Mr. Kivett served as Executive Vice-President - Chief Investment Officer of Ridge Property Trust, a subsidiary of Prudential Financial, Inc., where he oversaw the firm's acquisition activity, and under his leadership, assets experienced impressive growth, tripling in size. Prior to Ridge Property Trust, Mr. Kivett was the Vice President of Acquisitions at Prudential Real Estate Investors. Mr. Kivett is a Certified Public Accountant and a member of the Association of Industrial Real Estate Brokers, the National Association of Industrial and Office Properties, the American Institute of Certified Public Accountants, and the Real Estate Financial Executives Association.

# Key Professionals

## Lee Menifee

Managing Director, Research and Strategy

**Years of real estate experience: 17 years**
**Education: University of California, Santa Barbara: B.A.**
**University of Southern California: Master of Planning**

Lee Menifee is the Managing Director of Research and Strategy for American. In this role, Mr. Menifee is responsible for leading the firm's research efforts, and is a member of American's Investment Committee. Most recently, Mr. Menifee served as a Managing Editor for BCA Research, where he was responsible for establishing the firm's global real estate strategy service. Prior to this position, Mr. Menifee was with CBRE Global Investors for 14 years, most recently as Senior Director in the Research Department, where he was responsible for establishing and overseeing the new division dedicated to global strategy, and was responsible for the firm's Global House View, a summary of major global risk and return outlooks affecting real estate. Mr. Menifee is a member of The Urban Land Institute and is a member of the Research Forum.

## Daniel S. Robinson

Managing Director, Finance/Investment Consulting

**Years of real estate experience: 29 years**
**Education: Utah State University: B.S.**
**Brigham Young University: M.B.A.**

Daniel Robinson is the Managing Director for the firm's Finance/Investment Consulting division. Mr. Robinson leads American's consulting division, which provides real estate consulting services to pension plans throughout the United States. These services include Qualified Professional Asset Manager (QPAM) services provided to ERISA governed pension plans. Mr. Robinson oversees the origination, underwriting, and management of American's senior mortgage investment portfolios and manages all borrowing activity for the firm. Mr. Robinson is also a member of the firm's Investment Committee. Prior to joining American in 1993, Mr. Robinson held senior positions at American Real Estate Group and Metropolitan Life. Mr. Robinson is also a licensed real estate broker in the state of California.

# Key Professionals

**Kristin Adrian**

General Counsel and Chief Compliance Officer

**Years of legal experience: 34 years**

**Education: University of California, Irvine: B.A.**
**University of California, Hastings College of Law: J.D.**

Kristin Adrian is the General Counsel and Chief Compliance Officer for American Realty Advisors and is responsible for overseeing compliance with the Investment Advisers Act of 1940, as amended, with the Employee Retirement Income Securities Act of 1974, as amended, and with the firm's policies and procedures. In addition, Ms. Adrian is responsible for overseeing legal issues related to the firm's operations and the operations of the commingled funds sponsored by American. She is also responsible for the firm's SEC filings, its business recovery plan, and its records retention program. Prior to joining American, Ms. Adrian was Senior Vice President, General Counsel for Nestlé USA, where she was responsible for legal matters associated with its US operations, including those related to acquisitions and divestitures. Before joining Nestlé, Ms. Adrian was a Partner with the law firm of Bronson, Bronson & McKinnon, where she was responsible for legal advice in the areas of real estate syndications, private placements and general Investment Advisers Act issues. Ms. Adrian is a member of the Executive Committee of the Corporate Law Departments Section of the Los Angeles County Bar Association.

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# American Core Realty Fund – Summary of Holdings

## Office Properties as of June 30, 2013

| Investment | MSA | Investment Date | Property Type | SF Units | Stated Ownership | Net Fair Value (4) | Gross Fair Value (5) |
|---|---|---|---|---|---|---|---|
| Ballston Gateway | Washington, DC | 12/23/2003 | Office | 136,516 | 100% | $44,749,935 | $68,100,000 |
| 1600 International Drive (3) | Washington, DC | 1/12/2005 | Office | 91,928 | 90% | $12,421,966 | $20,679,300 |
| 8300 Greensboro Drive (3) | Washington, DC | 1/12/2005 | Office | 266,692 | 90% | $37,657,904 | $58,891,050 |
| Highland Ridge I & II (2) | Nashville, TN | 12/30/2005 | Office | 341,096 | 70% | $7,593,600 | $25,513,600 |
| 200 South Los Robles | Los Angeles, CA | 1/1/2006 | Office | 130,818 | 100% | $20,110,992 | $37,100,000 |
| Piedmont Center (3) | Atlanta, GA | 3/16/2006 | Office | 550,165 | 99% | $13,100,366 | $77,609,746 |
| 100 Tournament Drive | Philadelphia, PA | 6/13/2006 | Office | 115,850 | 100% | $18,400,000 | $18,400,000 |
| Wilshire Center | Los Angeles, CA | 7/1/2006 | Office | 46,579 | 100% | $12,600,000 | $12,600,000 |
| Deerbrook Corporate Center | Chicago, IL | 7/1/2006 | Office | 133,985 | 100% | $18,000,000 | $18,000,000 |
| K Street Office (2) | Washington, DC | 3/19/2007 | Office | 120,778 | 85% | $24,532,855 | $38,344,620 |
| Waltham Corporate Center (2) | Boston, MA | 4/12/2007 | Office | 294,180 | 95% | $64,600,000 | $102,600,000 |
| Great American Tower (2) (6) | Phoenix, AZ | 6/6/2007 | Office | 344,527 | 70%(2) / 100% (6) | $32,646,685 | $32,646,685 |
| 2999 Oak Road | East Bay, CA | 9/12/2007 | Office | 201,112 | 100% | $60,100,000 | $60,100,000 |
| 150 North Wacker Drive | Chicago, IL | 9/28/2007 | Office | 243,616 | 100% | $43,800,000 | $43,800,000 |
| Great America Tech Center | San Jose/Santa Clara, CA | 12/6/2007 | Office | 120,200 | 100% | $27,200,000 | $27,200,000 |
| 1515 Wynkoop | Denver, CO | 6/15/2011 | Office | 306,791 | 100% | $67,000,000 | $130,000,000 |
| Energy Center | Houston, TX | 6/27/2011 | Office | 305,586 | 100% | $104,000,000 | $104,000,000 |
| Cupertino City Center I & II | San Jose/Santa Clara, CA | 9/28/2011 | Office | 311,240 | 100% | $148,000,000 | $148,000,000 |
| Crescent VII | Denver, CO | 9/30/2011 | Office | 135,044 | 100% | $25,300,000 | $25,300,000 |
| 1900 Spring Road | Chicago, IL | 9/30/2011 | Office | 100,303 | 100% | $12,700,000 | $12,700,000 |
| Newport Corporate Tower | Orange County, CA | 12/31/2011 | Office | 190,405 | 100% | $34,101,561 | $46,700,000 |
| 1101 14th Street | Washington, DC | 12/31/2011 | Office | 119,963 | 100% | $41,239,676 | $50,200,000 |
| 18401 Von Karman | Orange County, CA | 3/31/2012 | Office | 112,298 | 100% | $29,000,000 | $29,000,000 |
| The Quadrangle | Dallas, TX | 3/31/2012 | Office | 194,221 | 100% | $35,500,000 | $35,500,000 |
| 153 Townsend Street | San Francisco, CA | 12/4/2012 | Office | 167,986 | 100% | $93,800,000 | $93,800,000 |
| Edinborough Corporate Center (6) | Minneapolis, MN | 12/19/2012 | Office | n/a | 100% | $9,423,000 | $9,423,000 |
| 499 Park Avenue | New York, NY | 6/28/2013 | Office | 302,982 | 100% | $386,515,633 | $386,515,633 |
| **TOTAL OFFICE REAL ESTATE INVESTMENTS** | | | | | | **$1,424,094,173** | **$1,712,723,634** |

(1) ALARA® is a registered service mark of American Realty Advisors and is used under license
(2) Joint venture investment partnership accounted for using the equity method
(3) Joint venture investment partnership (consolidated)
(4) Reflects American Core Realty Fund's effective ownership share of the gross fair value of the real estate investment less the gross fair value of the mortgage loan
(5) Reflects American Core Realty Fund's effective ownership share of the gross fair value of the real estate investment
(6) Note Receivable

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# American Core Realty Fund – Summary of Holdings

## Retail Properties as of June 30, 2013

| Investment | MSA | Investment Date | Property Type | SF Units | Stated Ownership | Net Fair Value (4) | Gross Fair Value (5) |
|---|---|---|---|---|---|---|---|
| Waldorf Marketplace I | Washington, DC | 6/29/2005 | Retail | 205,285 | 100% | $58,800,000 | $58,800,000 |
| South Loop Marketplace | Chicago, IL | 8/5/2005 | Retail | 102,266 | 100% | $39,100,000 | $39,100,000 |
| Kendall Mall | Miami, FL | 3/15/2007 | Retail | 278,747 | 100% | $81,700,000 | $81,700,000 |
| Waldorf Marketplace II | Washington, DC | 6/28/2007 | Retail | 168,519 | 100% | $42,000,000 | $42,000,000 |
| St. John's Town Center North | Jacksonville, FL | 1/7/2010 | Retail | 98,900 | 100% | $34,700,000 | $34,700,000 |
| Festival at Riva | Baltimore/Towson, MD | 12/29/2010 | Retail | 300,963 | 100% | $58,500,000 | $114,000,000 |
| Shops at Waterford | East Bay, CA | 1/27/2011 | Retail | 124,826 | 100% | $43,384,270 | $68,000,000 |
| Alexandria Commons | Washington, DC | 6/30/2011 | Retail | 145,294 | 100% | $46,380,479 | $71,500,000 |
| Creekside Plaza Shopping Center | San Diego, CA | 12/31/2011 | Retail | 145,963 | 100% | $42,370,000 | $42,370,000 |
| Weston Lakes Plaza | Miami/ Fort Lauderdale, FL | 3/31/2012 | Retail | 96,342 | 100% | $17,515,002 | $29,400,000 |
| @First Retail Center | San Jose/Santa Clara, CA | 5/3/2012 | Retail | 84,001 | 100% | $47,600,000 | $47,600,000 |
| Mission Hills Vons | San Diego, CA | 7/24/2012 | Retail | 63,992 | 100% | $14,200,000 | $28,700,000 |
| Admiral Safeway | Seattle, WA | 7/24/2012 | Retail | 67,992 | 100% | $15,300,000 | $30,800,000 |
| **TOTAL RETAIL REAL ESTATE INVESTMENTS** | | | | | | **$541,549,751** | **$688,670,000** |

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(6) Note Receivable

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# American Core Realty Fund – Summary of Holdings

## Multi-Family Properties as of June 30, 2013

| Investment | MSA | Investment Date | Property Type | SF Units | Stated Ownership | Net Fair Value (4) | Gross Fair Value (5) |
|---|---|---|---|---|---|---|---|
| ALARA Park Bridge (1) | Atlanta, GA | 12/22/2003 | Multi-Family | 352 units | 100% | $38,950,888 | $51,600,000 |
| ALARA Links at Westridge (1) | Los Angeles, CA | 12/14/2004 | Multi-Family | 230 units | 100% | $33,394,022 | $61,100,000 |
| ALARA River Oaks (1) | Nashville, TN | 1/1/2006 | Multi-Family | 200 units | 100% | $19,300,000 | $27,200,000 |
| ALARA Cantebrea Crossing (1) | Austin, TX | 5/17/2006 | Multi-Family | 288 units | 100% | $29,400,000 | $29,400,000 |
| ALARA at Summerfield (1) | Chicago, IL | 8/9/2006 | Multi-Family | 368 units | 100% | $36,393,225 | $59,800,000 |
| ALARA Villages of Addison (1) | Dallas, TX | 12/28/2006 | Multi-Family | 264 units | 100% | $22,547,012 | $36,400,000 |
| Weston Lakeside | Raleigh, NC | 2/22/2007 | Multi-Family | 332 units | 100% | $30,414,740 | $50,000,000 |
| ALARA Canyon Creek (1) | Austin, TX | 5/1/2007 | Multi-Family | 444 units | 100% | $40,300,000 | $40,300,000 |
| ALARA Hedges Creek (1) | Portland, OR | 12/27/2007 | Multi-Family | 408 units | 100% | $36,126,293 | $58,100,000 |
| ALARA Harbour Pointe (1) | Seattle, WA | 2/26/2008 | Multi-Family | 230 units | 100% | $39,900,000 | $39,900,000 |
| ALARA Greenwood Village (1) | Denver, CO | 9/26/2008 | Multi-Family | 304 units | 100% | $35,671,712 | $62,900,000 |
| Deerwood Apartments | Houston, TX | 9/30/2011 | Multi-Family | 186 units | 100% | $28,700,000 | $28,700,000 |
| Mural Apartments | Seattle, WA | 3/22/2012 | Multi-Family | 139 units | 100% | $44,600,000 | $44,600,000 |
| Link Apartments | Seattle, WA | 3/22/2012 | Multi-Family | 195 units | 100% | $64,100,000 | $64,100,000 |
| ALARA North Point (1) | Atlanta, GA | 3/31/2012 | Multi-Family | 262 units | 100% | $19,757,917 | $34,700,000 |
| 111 Kent Avenue | New York, NY | 5/9/2012 | Multi-Family | 62 units | 100% | $60,500,000 | $60,500,000 |
| **TOTAL MULTI-FAMILY REAL ESTATE INVESTMENTS** | | | | | | **$580,055,809** | **$749,300,000** |

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(2) Joint venture investment partnership accounted for using the equity method
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(5) Reflects American Core Realty Fund's effective ownership share of the gross fair value of the real estate investment
(6) Note Receivable

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# American Core Realty Fund – Summary of Holdings

## Industrial Properties as of June 30, 2013

| Investment | MSA | Investment Date | Property Type | SF Units | Stated Ownership | Net Fair Value (4) | Gross Fair Value (5) |
|---|---|---|---|---|---|---|---|
| Safari Business Center | Inland Empire, CA | 5/17/2005 | Industrial | 712,645 | 100% | $57,700,000 | $57,700,000 |
| California Rosslynn | Orange County, CA | 8/5/2005 | Industrial | 257,246 | 100% | $28,800,000 | $28,800,000 |
| Texas Lombardy | Dallas, TX | 8/5/2005 | Industrial | 267,488 | 100% | $9,200,000 | $12,200,000 |
| Columbia Maryland Marshfield | Baltimore, MD | 8/5/2005 | Industrial | 1,334,755 | 100% | $91,000,000 | $91,000,000 |
| Marquardt Distribution Center | Los Angeles, CA | 12/13/2005 | Industrial | 123,058 | 100% | $15,400,000 | $15,400,000 |
| 3555-3602 West Washington | Phoenix, AZ | 1/1/2006 | Industrial | 325,004 | 100% | $17,000,000 | $17,000,000 |
| Mann New York (3) | New York, NY | 3/31/2006 | Industrial | 50,600 | 97% | $157,253 | $3,307,175 |
| Miramar Activity Road | San Diego, CA | 7/1/2006 | Industrial | 83,520 | 100% | $10,400,000 | $10,400,000 |
| Gateway Centre | Raleigh, NC | 7/1/2006 | Industrial | 163,410 | 100% | $11,878,000 | $11,878,000 |
| Peachtree Corners Distribution Center | Atlanta, GA | 7/1/2006 | Industrial | 356,355 | 100% | $13,200,000 | $13,200,000 |
| Swift Center | Chicago, IL | 7/27/2007 | Industrial | 265,058 | 100% | $16,100,000 | $16,100,000 |
| Broadway Center Business Park | Los Angeles, CA | 8/5/2008 | Industrial | 189,714 | 100% | $18,100,000 | $18,100,000 |
| Walnut Avenue Industrial Park | Orange County, CA | 8/5/2008 | Industrial | 169,196 | 100% | $17,100,000 | $17,100,000 |
| SouthWoods Business Center | Atlanta, GA | 12/31/2011 | Industrial | 531,774 | 100% | $15,628,365 | $26,500,000 |
| Rancho Cucamonga Distribution Center | Inland Empire, CA | 3/31/2012 | Industrial | 434,871 | 100% | $35,800,000 | $35,800,000 |
| 10825 Production Avenue | Inland Empire, CA | 9/18/2012 | Industrial | 753,170 | 100% | $66,100,000 | $66,100,000 |
| **TOTAL INDUSTRIAL REAL ESTATE INVESTMENTS** | | | | | | **$423,563,618** | **$440,585,175** |

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(6) Note Receivable

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# Disclosures

This presentation is for your information only and is neither an offer to sell nor a solicitation of an offer to buy any securities or financial instruments. The information in these materials is intended solely for "Accredited Investors" within the meaning of Rule 501 of Regulation D under the U.S. Securities Act of 1993. Any product or service referred to herein may not be suitable for any or all persons.

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No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Photos used in this presentation were selected based on visual appearance and are used for illustrative purposes only. Investments discussed in this presentation are expected to involve the economic and business risks generally inherent in real estate investments of the type the Fund intends to make. A major risk of owning income-producing properties is the possibility that the properties will not generate income sufficient to meet operating expenses, to service any loans that are secured by the properties or to fund adequate reserves for capital expenditures. The income from properties may be affected by many factors, including, but not limited to, fluctuations in occupancy levels, operating expenses and rental income (which in turn may be adversely affected by general and local economic conditions); the supply of and demand for properties of the type in which the Fund invests; energy shortages; compliance by tenants with the terms of their leases; collection difficulties; the enactment of unfavorable environmental or zoning laws; Federal and local rent controls; other laws and regulations; and changes in real property tax rates. The marketability and value of any properties of the Fund will depend on a number of factors beyond the control of the Fund, including, but not limited to, those previously described. Furthermore, there can be no assurance that a ready market for the properties of the Fund will exist at any particular time, since investments in real properties are generally considered to be more illiquid than publicly-traded securities. Any return to the investors on their investment will depend upon factors that cannot be predicted at the time of investment, that may be beyond the control of the Fund, or that may be uninsurable or not economically insurable (such as losses caused by earthquakes, terrorism or floods). Such factors will also affect the return to the investors on their investment.

The description of certain risk factors in this presentation does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Investors should read the Fund's confidential offering memorandum and consult with their own advisors before deciding to subscribe or invest. In addition, as the investment markets and Fund develop and change over time, an investment may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

The Fund is authorized to borrow up to 40% of the total gross value of the real estate assets owned by the Fund and is not required to reduce debt in the event the total value of its real estate declines. The use of leverage introduces the risk that cash flow from properties so encumbered, or from other sources, may not be sufficient to service the secured debt and therefore could result in the loss of equity through foreclosure. This presentation should be considered confidential and may not be reproduced in whole or in part, and may not be circulated or redelivered to any person without the prior written consent of American. This presentation is intended for Fund investors, their consultants, and prospective investors only. Past performance is not a guide to or otherwise indicative of future results. As with all investments there are associated inherent risks. The investments made by the Fund and described herein are not FDIC insured, are not bank guaranteed, are not guaranteed by American and may lose value.

# Forward-Looking Statements

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as "trend," "potential," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve," and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" or similar expressions. American Realty Advisors (“American”) cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and American assumes no duty to and does not undertake to update forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

In addition to factors previously disclosed in the Fund’s disclosure documents and those identified elsewhere in this presentation, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: (1) the introduction, withdrawal, success and timing of business initiatives and strategies by American on behalf of the Fund and/or by others in its industry; (2) changes in political, economic or industry conditions, the interest rate environment or financial and capital markets; (3) the relative and absolute investment performance and operations of the Fund’s investments; (4) the impact of increased competition in the financial, capital and real estate markets; (5) the impact of capital improvement projects in the real estate markets; (6) the impact of future acquisitions and divestitures by the Fund, its competitors and other participants in the financial, capital and real estate markets; (7) the favorable or unfavorable resolution of legal proceedings affecting the Fund’s investments; (8) the impact, extent and timing of technological changes; (9) the impact of legislative and regulatory actions and reforms and increasing regulatory, supervisory or enforcement actions of government agencies relating to the Fund’s investments; (10) terrorist activities, which may adversely affect the general economy, real estate, financial and capital markets and specific industries; (11) the ability of American to attract and retain highly talented professionals; and (12) the impact of changes to the tax code and tax legislation in general.

# Core Equity Real Estate Investments Composite

| | Composite Return Data | | | | | | NCREIF Property Index (NPI) | | | Composite Statistics at Year-End | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross-of-Fees Returns | | | Dispersion | | Net-of-Fees | | | Total | # of | Composite | Total Firm | % Externally |
| Year | Total | Income | Appreciation | Low | High | Total Return | Income | Appreciation | Return | Accounts** | Assets ($ mil) | Assets* ($ mil) | Appraised |
| 2011 | 15.73% | 6.19% | 9.12% | 0.82% | 23.10% | 14.57% | 6.11% | 7.80% | 14.26% | 11 | 3,144 | 4,525 | 86% |
| 2010 | 13.47% | 6.85% | 6.30% | 6.11% | 20.91% | 12.41% | 6.76% | 6.05% | 13.11% | 9 | 2,571 | 3,423 | 66% |
| 2009 | (28.83%) | 6.05% | (33.30%) | (34.25%) | (4.20%) | (29.52%) | 6.17% | (21.98%) | (16.85%) | 10 | 2,445 | 3,337 | 87% |
| 2008 | (5.48%) | 4.95% | (10.05%) | (11.81%) | 2.93% | (6.31%) | 5.13% | (11.15%) | (6.46%) | 10 | 3,265 | 4,220 | 82% |
| 2007 | 20.74% | 5.50% | 14.65% | 10.44% | 29.34% | 19.71% | 5.56% | 9.88% | 15.85% | 9 | 3,338 | 4,363 | 53% |
| 2006 | 16.07% | 5.71% | 9.94% | 10.59% | 25.73% | 15.09% | 6.22% | 9.92% | 16.60% | 10 | 2,622 | 3,392 | 51% |
| 2005 | 21.43% | 6.16% | 14.61% | 5.53% | 61.88% | 20.39% | 6.75% | 12.68% | 20.06% | 12 | 2,038 | 2,523 | |
| 2004 | 11.83% | 7.37% | 4.23% | 7.08% | 25.03% | 10.79% | 7.46% | 6.66% | 14.49% | 10 | 1,290 | 1,423 | |
| 2003 | 10.31% | 8.71% | 1.50% | (26.17%) | 24.68% | 9.25% | 7.97% | 0.97% | 9.00% | 8 | 896 | 1,194 | |
| 2002 | 7.50% | 8.69% | (1.12%) | 0.82% | 12.48% | 6.46% | 8.42% | (1.58%) | 6.75% | 6 | 690 | 983 | |
| 2001 | 7.10% | 9.49% | (2.23%) | 2.57% | 13.90% | 6.23% | 8.67% | (1.31%) | 7.28% | 7 | 589 | 1,058 | |
| | Annualized Returns | | | | | | | | | | | | |
| 3 Year | (2.23%) | 6.37% | (8.20%) | | | (3.17%) | | | | | | | |
| 5 Year | 1.30% | 5.91% | (4.41%) | | | 0.36% | | | | | | | |
| 10 Year | 7.14% | 6.61% | (0.51%) | | | 6.16% | | | | | | | |
| Since Inception | 9.44% | 8.36% | 1.02% | | | 8.50% | | | | | | | |

* Assets under management represent the gross value of all assets and accounts managed by American Realty Advisors (excluding partners' share of equity and debt on partnership investments and non-real estate debt assets through 12/31/10). Prior to March 31, 2008, American reported total firm assets as the amount of assets under management plus undrawn capital commitments and noted the amount of such undrawn commitments in a footnote. Effective March 31, 2008, American restated year-end total firm assets from 2001-2007 to omit such undrawn commitments.

** Each account in the composite represents a separate account client or a commingled fund.

## COMPLIANCE STATEMENT

American Realty Advisors ("American") claims compliance with the Global Investment performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. American has not been independently verified.

## THE FIRM

American is an investment advisor registered with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended, and has qualified as a Qualified Professional Asset Manager, investment manager and fiduciary under the Employee Retirement Income Security Act of 1974, as amended.

## THE COMPOSITE

The Core Equity Real Estate Investments Composite was created on January 1, 1992 and consists of all fully discretionary open-end funds and separate accounts managed by the firm using a core investment strategy. American manages Discretionary and Non-Discretionary real estate assets for its clients. American defines a Discretionary Asset as any real estate asset where the firm manages at least a 50% ownership interest, either on behalf of a separate account client or a commingled fund managed by American, and where either (1) the firm has full control over the management of decisions associated with said asset, or (2) with respect to joint venture assets, the partner does not have full discretion. Investments are made primarily in institutional fully operational, stabilized, income-producing properties of four types (institutional office, industrial, retail and multi-family), located in diversified nationwide markets with above-average growth potential. The firm maintains a complete list and description of composites that is available upon request.

## BENCHMARK

This composite is benchmarked against the NCREIF Property Index (NPI) published by the National Council of Real Estate Investment Fiduciaries. NPI returns are unleveraged and are shown before the deduction of investment management or other fees or expenses. However, the NPI should not be relied upon as an exact measure of comparison since the Composite is invested in substantially fewer assets and the weightings of each property type will differ between the two in any measurement period.

## LEVERAGE

Certain assets in the composite are leveraged. Total leverage on the current assets within the Composite does not exceed 30% of the gross fair value of such assets. Both fixed rate and variable rate debt is used. Interest rate caps are considered when using variable rate debt. Loans typically require interest-only payments and sometimes have maturity dates before the loans are fully amortized.

## CALCULATION OF PERFORMANCE RETURNS

Performance is stated in U.S. Dollars, is presented gross and net of management fees, and includes the reinvestment of some income. Net of fee returns are reduced by actual investment advisory fees and certain other expenses that may be incurred in the management of the account (which do not include incentive fees). Performance returns are computed using time-weighted returns that have been adjusted for external cash flows and by geometrically linking component returns. The sum of the income and appreciation may not equal the total return for annualized periods due to the chain-linking of quarterly returns. The dispersion columns represent the lowest and highest annual gross of fee portfolio returns. Until 2012, the dispersion data was incorrectly reported as it was calculated at the property level. Past performance is not a guarantee of future results and it is important to understand that investments of the type included above pose the potential for loss of capital over any time period.

## VALUATIONS

The fair value of real estate is determined as the price that a willing buyer and seller would agree upon in an arm's length transaction, without any pressure to consummate the transaction on the imposed deadline, assuming the highest and best use of each asset. The fair value does not take into account costs to consummate the transaction. Various approaches have been used to determine fair value including the cost, sales comparison and income approaches. All valuations of real estate involve subjective judgments, as the actual fair value price of real estate can be determined only by negotiations between independent parties in sales transactions. The fair value of real estate that is not subject to a current appraisal represents American Realty Advisors' best estimate of the fair value.

Real estate values are based upon independent appraisals performed for assets held by open-end commingled funds annually with restricted-scope appraisals conducted on a quarterly basis for those assets not receiving a full appraisal. Independent appraisals for separate accounts and closed-end commingled funds are conducted at least every three years as required by each account's Investment Management Agreement. Internal valuations are conducted on a quarterly basis between appraisals. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

## FEES

Asset management fees vary for each fund and portfolio managed by American Realty Advisors. The fees are based on a variable that generally consists of the original acquisition cost, net asset value, net operating income or gross value. Some fee arrangements provide for the lower or higher of two variables. The low end of the range is equal to 0.45% of the acquisition cost with the high end of the range based on 0.80% of gross value. The fee structure for the largest fund that American Realty Advisors manages is dependent on the level of commitment made by the investor and ranges from 0.85% to 1.10% of net asset value. Incentive fee structures differ for each client; however, such fees are generally based upon achieving stipulated internal rate of return hurdles.

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