



NFI-ODCE Index Update

March 2023



AGENDA

1. Index Overview

The NFI-ODCE Index has changed rapidly

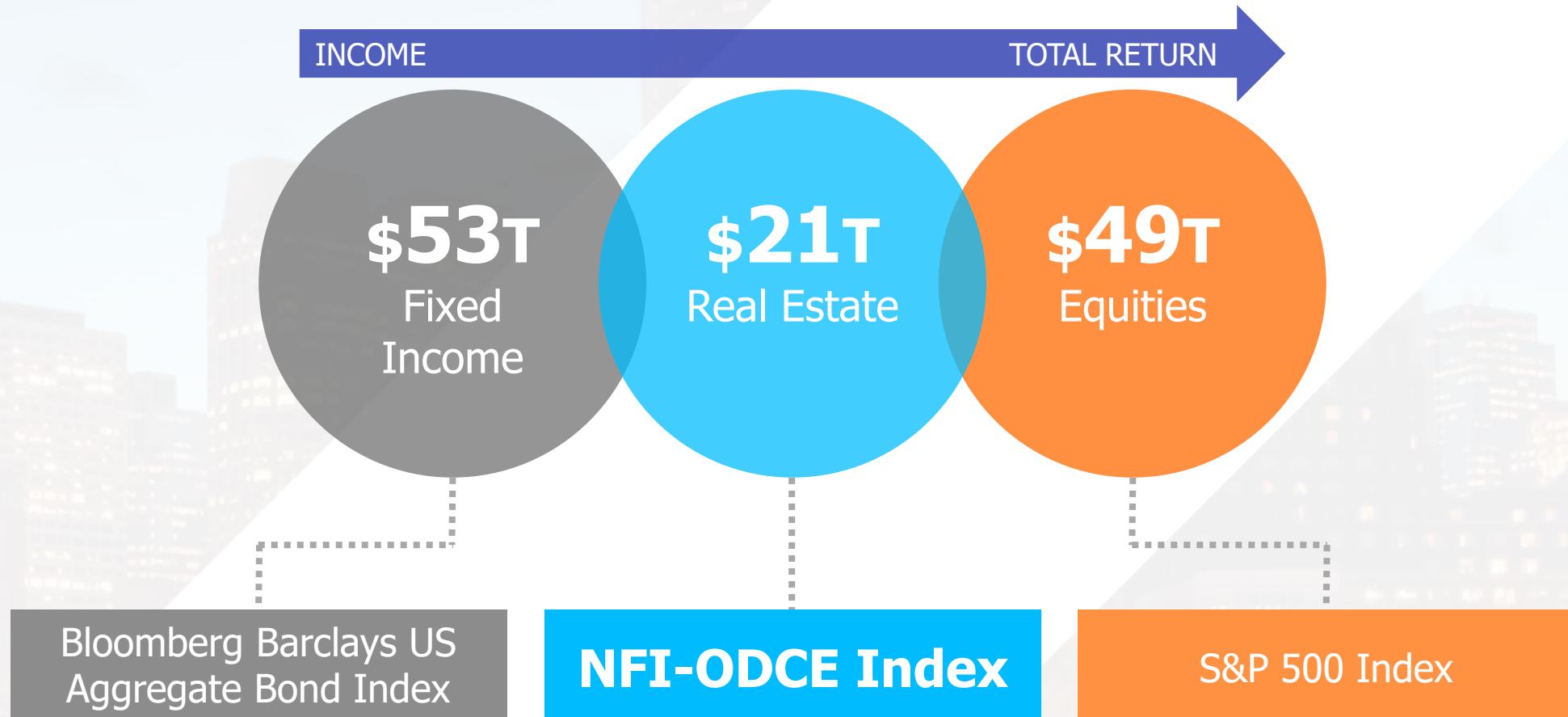
2. ODCE in a Diversified Portfolio

Private Real Estate relative to other asset classes

3. Market Outlook

Fundamentals & Liquidity

Common Asset Class Benchmarks



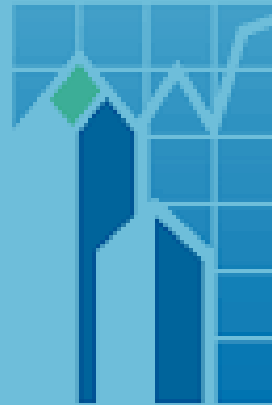
WHAT IS ODCE?



\$341B

Largest Investable
U.S Private
Real Estate Index

ABOUT THE NFI-ODCE INDEX



4,000+

Global
Institutional
Investors

Managers in the Index

J.P.Morgan
Asset Management

Morgan Stanley



HEITMAN
A REAL ESTATE INVESTMENT MANAGEMENT FIRM



ODCE INDEX TODAY – 4Q 2022

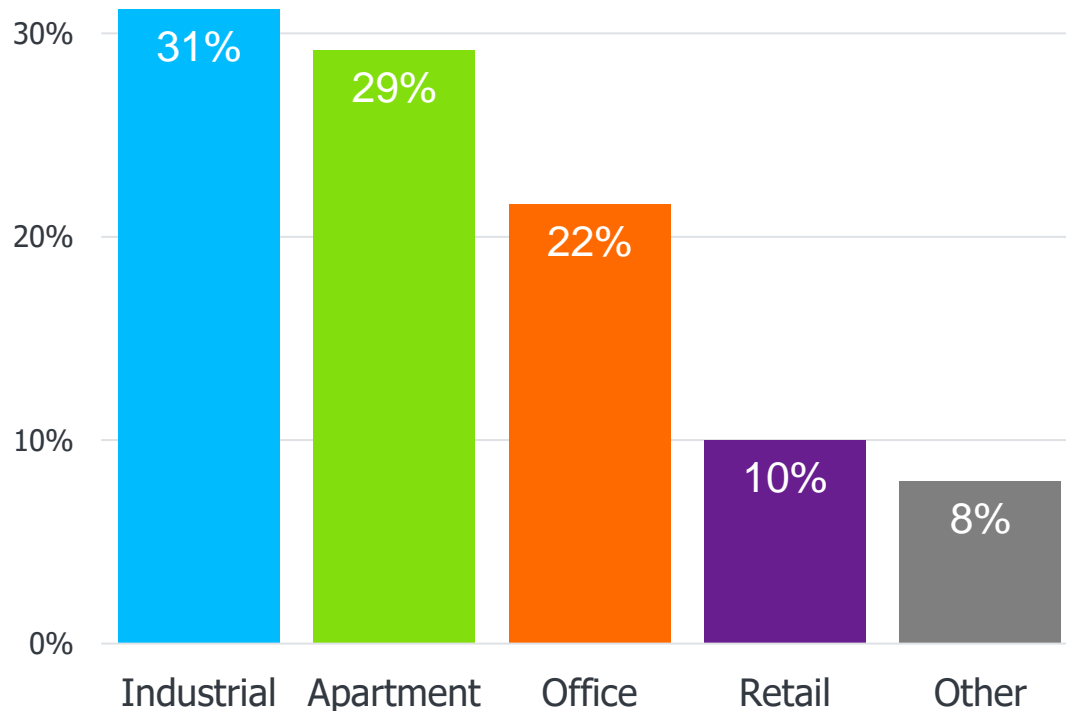
3,544
Properties

93%
Occupancy

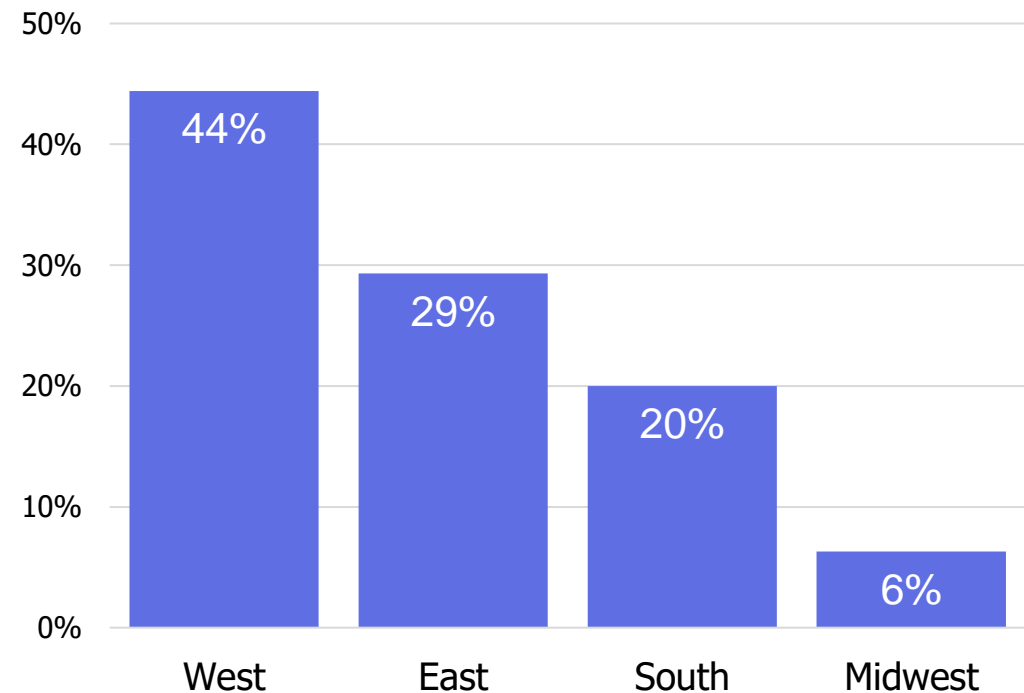
26
Funds

23%
Leverage

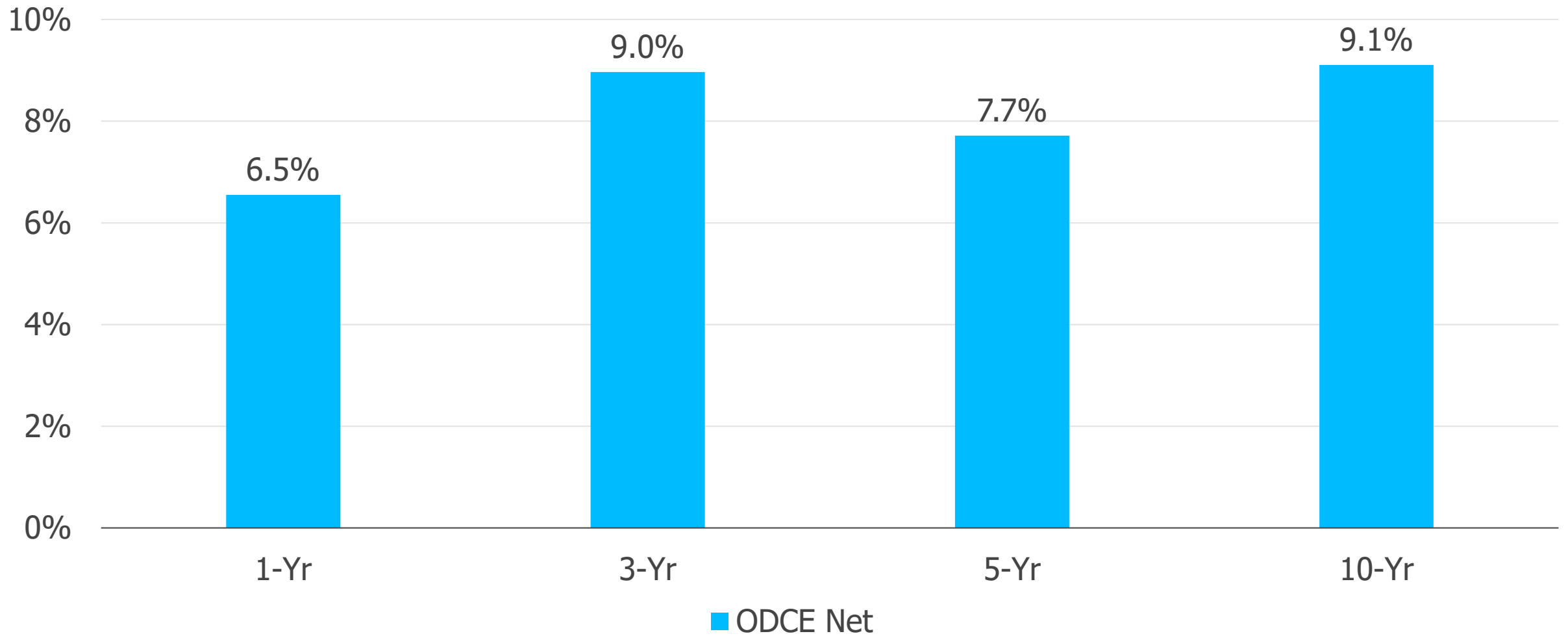
Property Type



Geography



ODCE RETURN

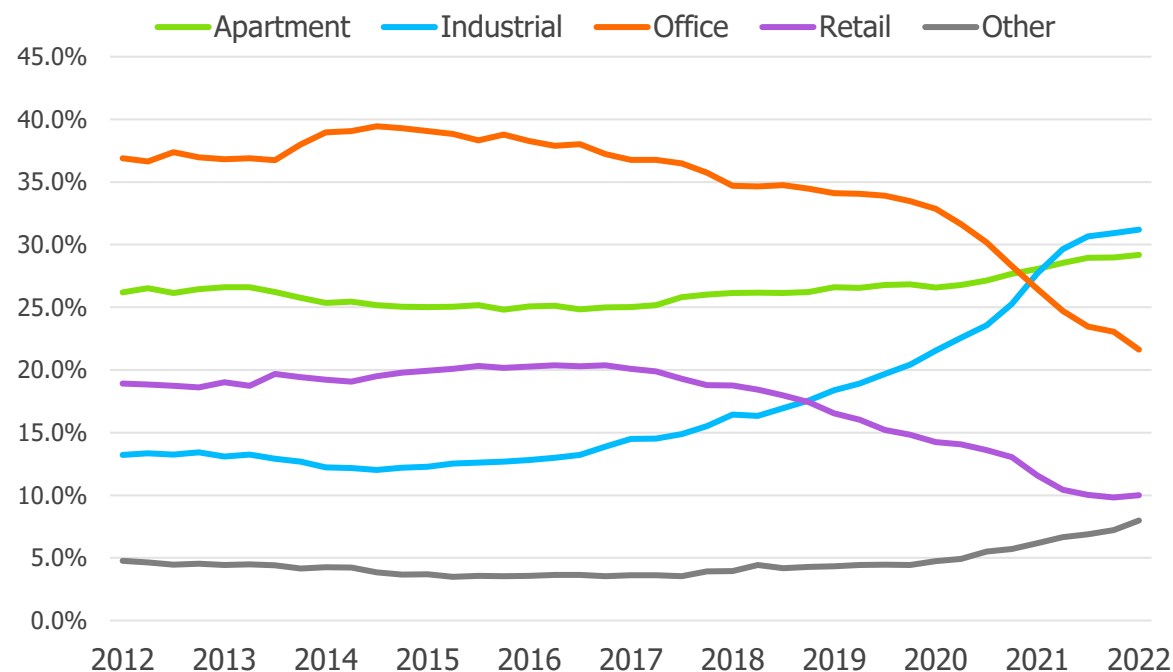


ODCE Index Evolution

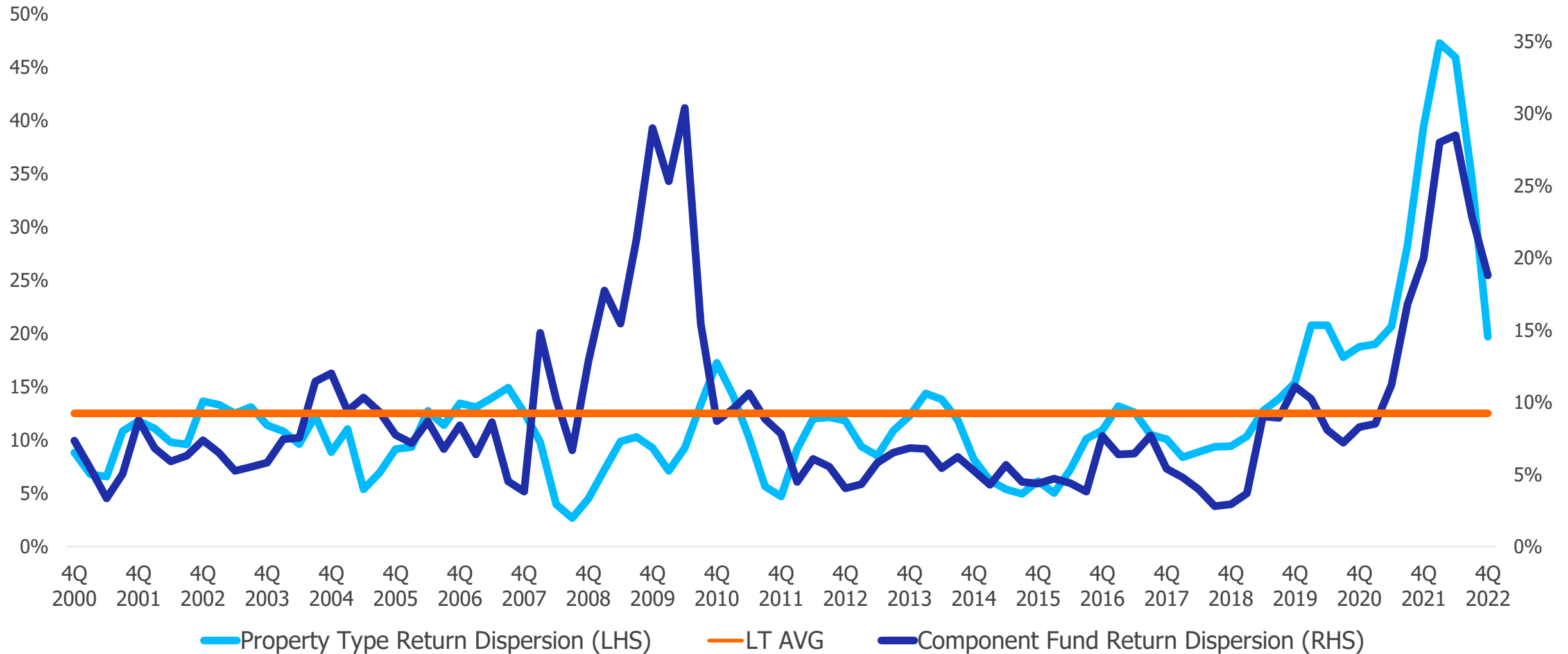
Exposure

	2000	2022
Gross Market Value	\$22 B	\$341 B
# of Investments	831	3,544
Component Funds*	11	26
Top 5 Exposure	85%	50%

Property Type

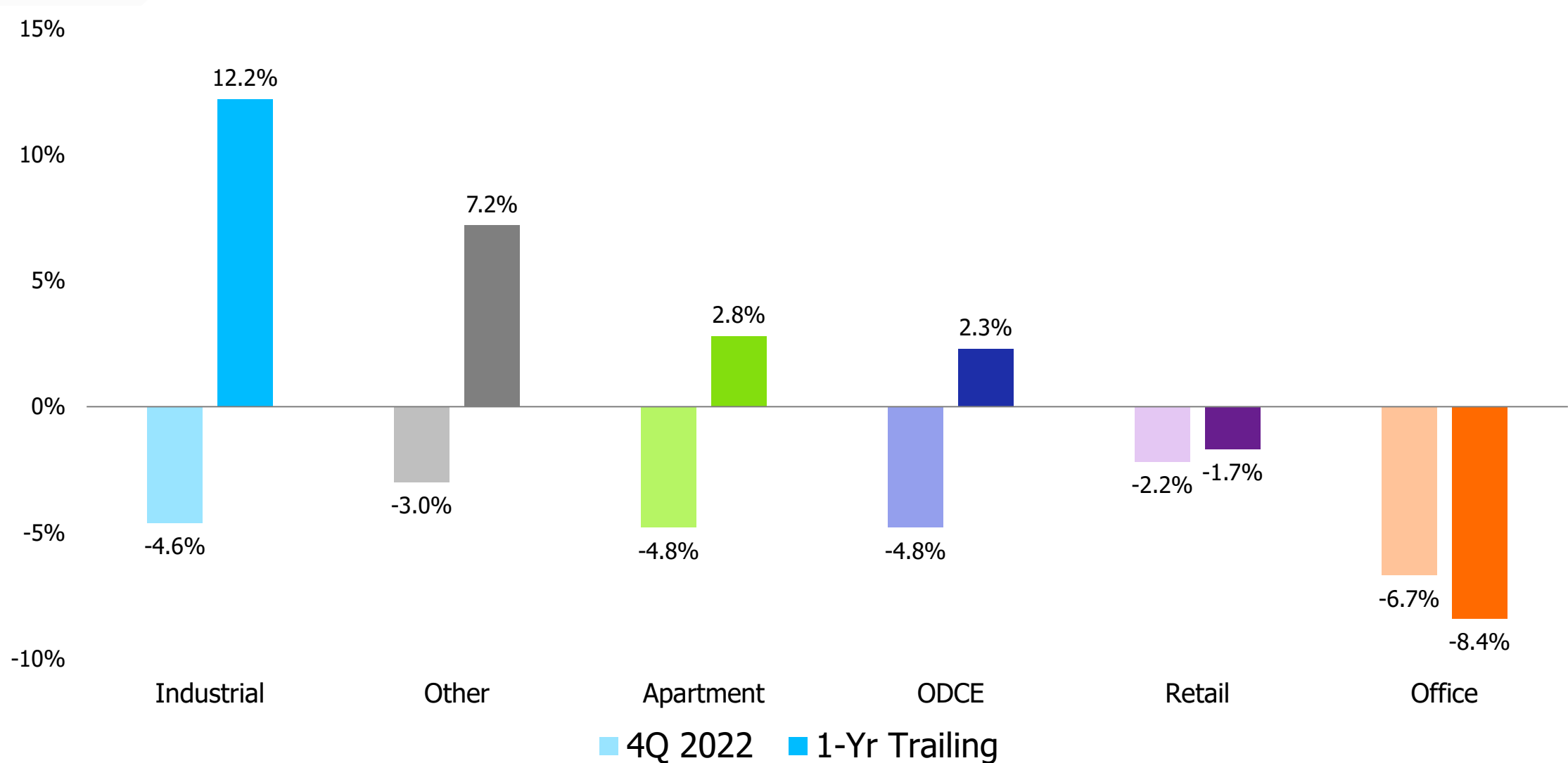


Fund & Property Type Return Dispersion



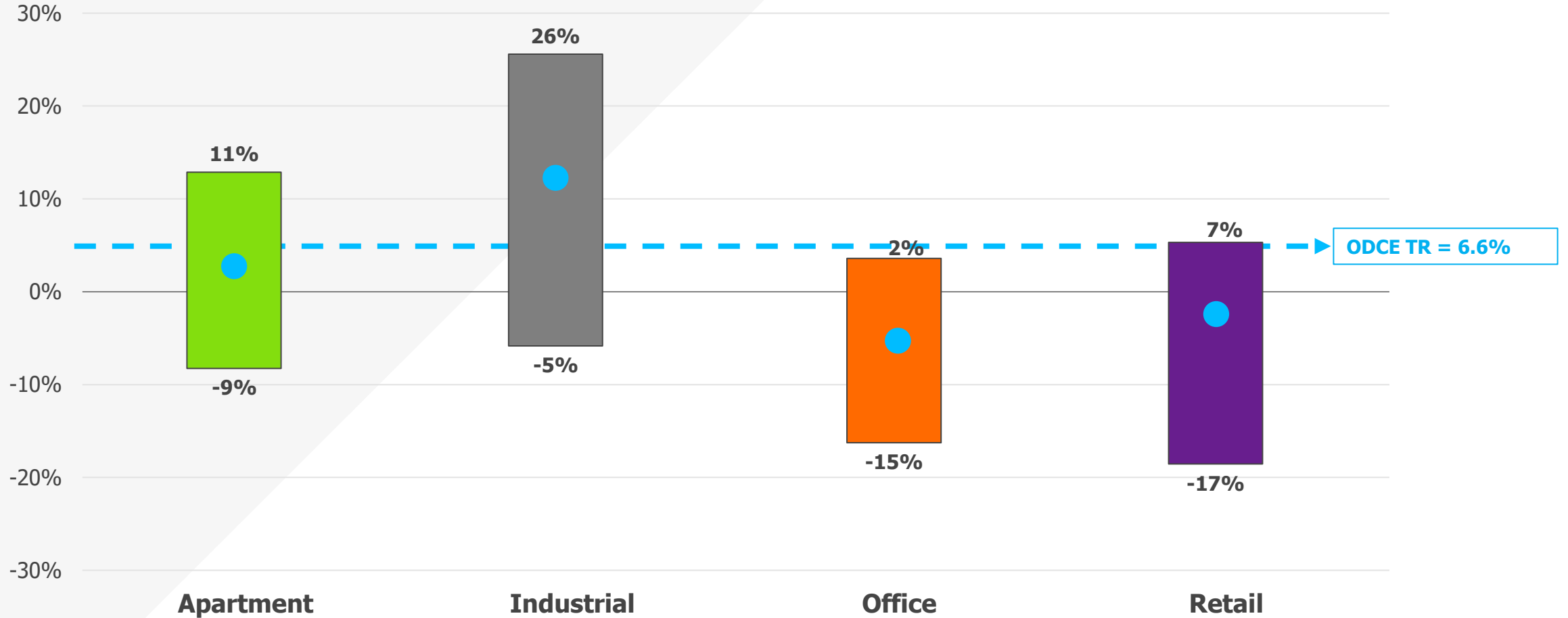
Source: IDR, NFI-ODCE. Property type return dispersion based on 1-year trailing property type appreciation returns of top and bottom performing sectors. Component Fund return dispersion uses 1-year trailing net total returns of the top and bottom performing component funds. Data as of 4Q 2022.

ODCE Property Type Valuation Changes

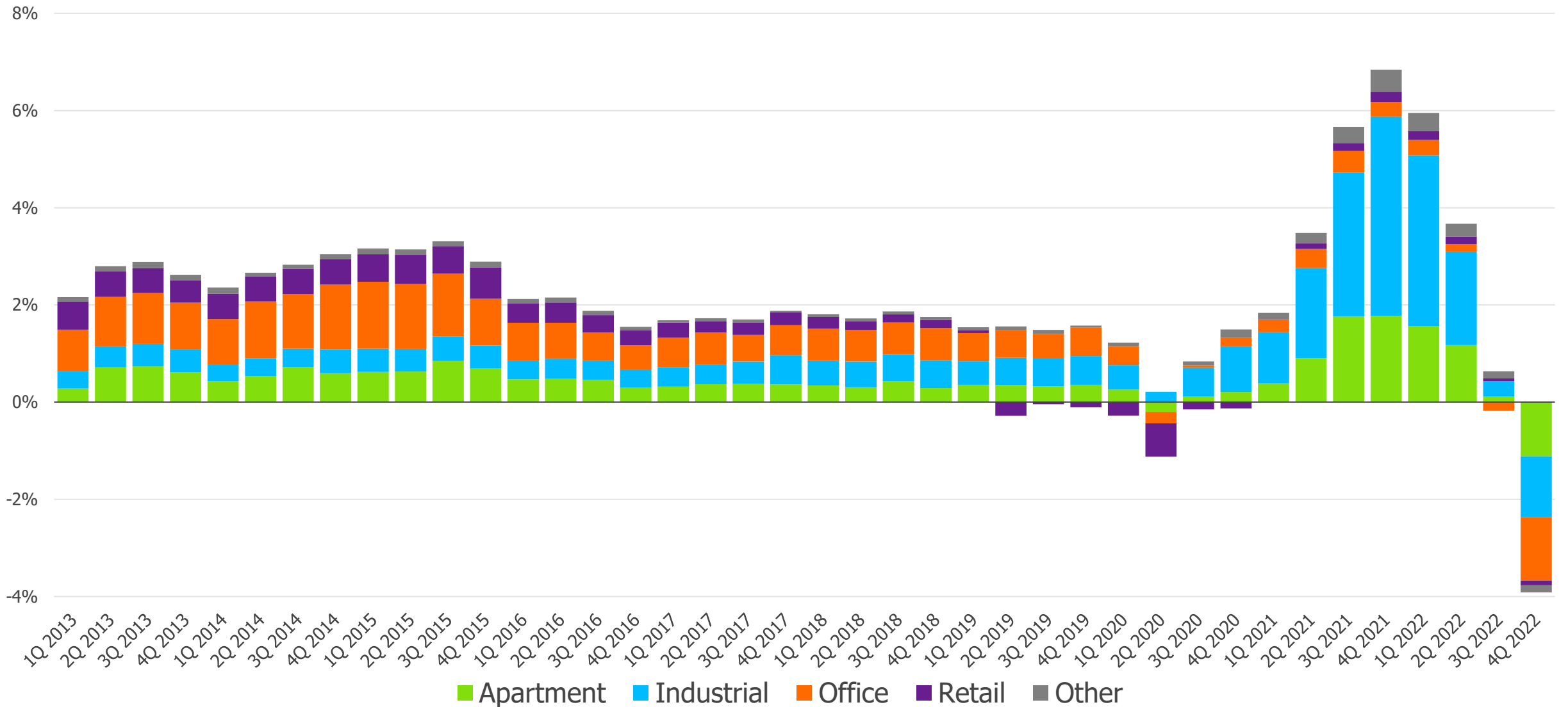


ODCE Appreciation By Property Type

Trailing 12 months



Contribution to Return by Property Type



ODCE IN A DIVERSIFIED PORTFOLIO

ADDING PURE REAL ESTATE CAN HELP ENHANCE PORTFOLIO RETURN

Asset Class Risk & Return

15-Year Annualized



Bond Alternative

- Higher total return
- Consistent income

Lower risk than
stocks / REITs but strong
total return

HISTORICAL PORTFOLIO BENEFITS OF PERE

COMPARED TO STOCKS & BONDS, PERE PROVIDES:

- 1** Attractive total returns
- 2** Low volatility & correlation
- 3** Fewest quarters of negative returns

Investment attributes are similar over short and long-term periods

5-YEAR

	NFI-ODCE	REITs	Stocks	Bonds	International Stocks
Annualized Return	7.7%	4.4%	9.1%	0.0%	1.1%
Standard Deviation	5.9%	21.1%	20.6%	5.5%	21.1%
Correlation with ODCE	-	-0.02	-0.22	-0.45	-0.36
Negative Return Quarters	2	6	6	6	9

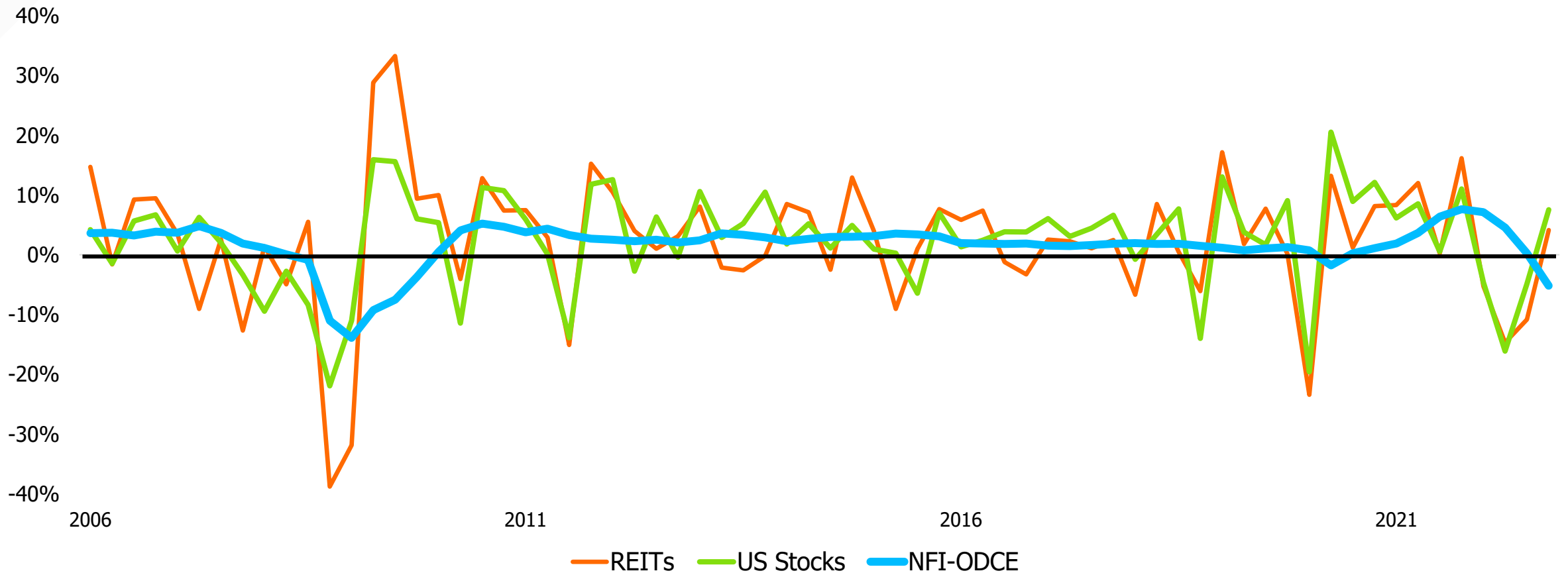
15-YEAR

	NFI-ODCE	REITs	Stocks	Bonds	International Stocks
Annualized Return	5.3%	6.6%	8.7%	2.7%	1.7%
Standard Deviation	7.7%	23.4%	17.7%	4.2%	20.5%
Correlation with ODCE	-	0.17	0.09	-0.29	-0.06
Negative Return Quarters	8	18	16	15	24

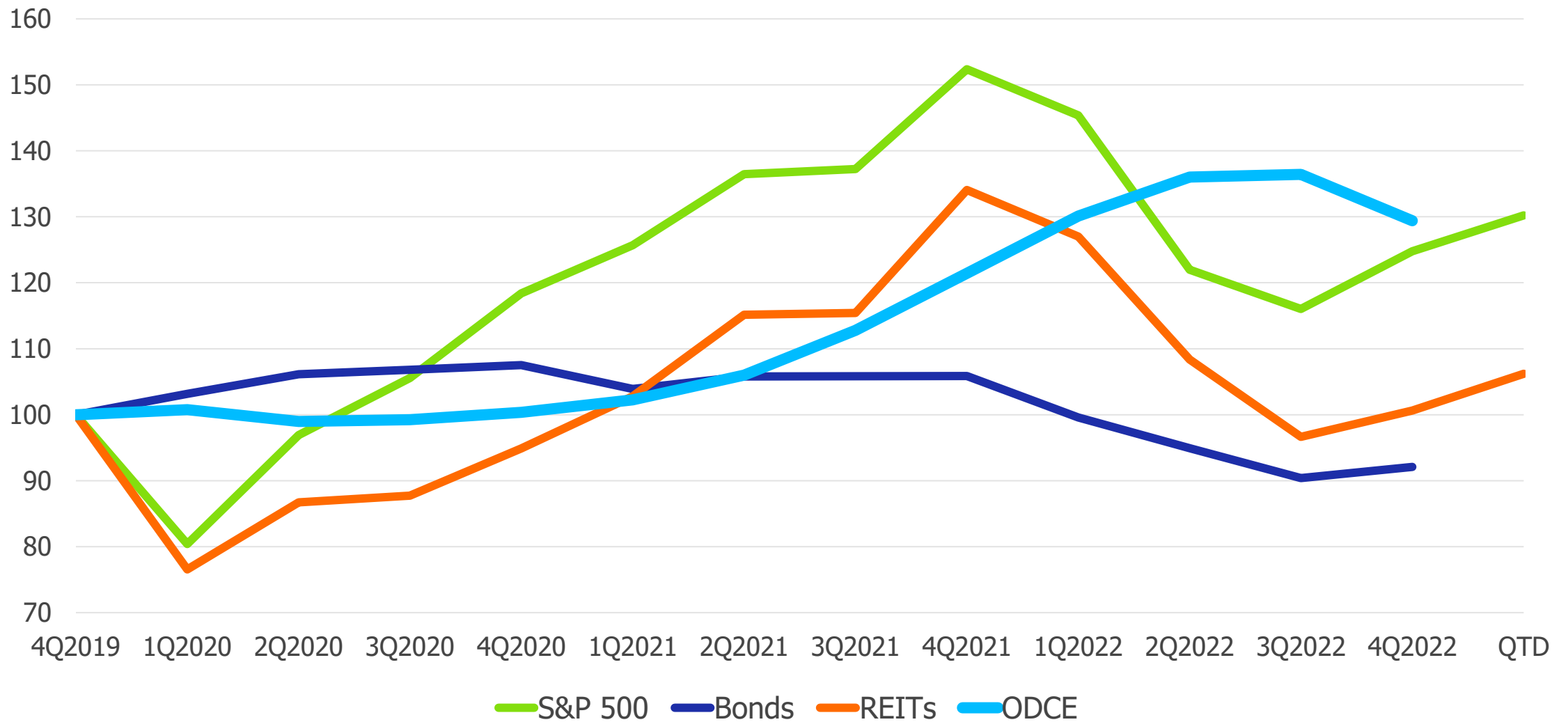
Sources: PERE- NFI-ODCE Index ("NFI-ODCE"), FTSE/NAREIT All Equity REITs ("REITs"), S&P 500 Index ("Stocks"), Bloomberg Barclays U.S. Aggregate Bond Index ("Bonds"), and Spl Total International Stock Index ("International Stocks"). Quarterly returns for NFI-ODCE are shown net of fees. Quarterly total returns for all other asset classes are shown gross of any investment management advisory fees. Asset class 5-Year and 15-Year calculations are annualized quarterly data as of 4Q 2022. Spl Total International Stock Index is comprised of Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex USA IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter. Standard deviation (risk) is a measure of the volatility or dispersion of historical returns around their central tendency or mean return. Correlation measures the degree to which investments move in relation to each other. Past performance is not indicative of future results.

PRIVATE REAL ESTATE HAS EXHIBITED LOWER VOLATILITY

REITs have correlated to stocks and with higher volatility



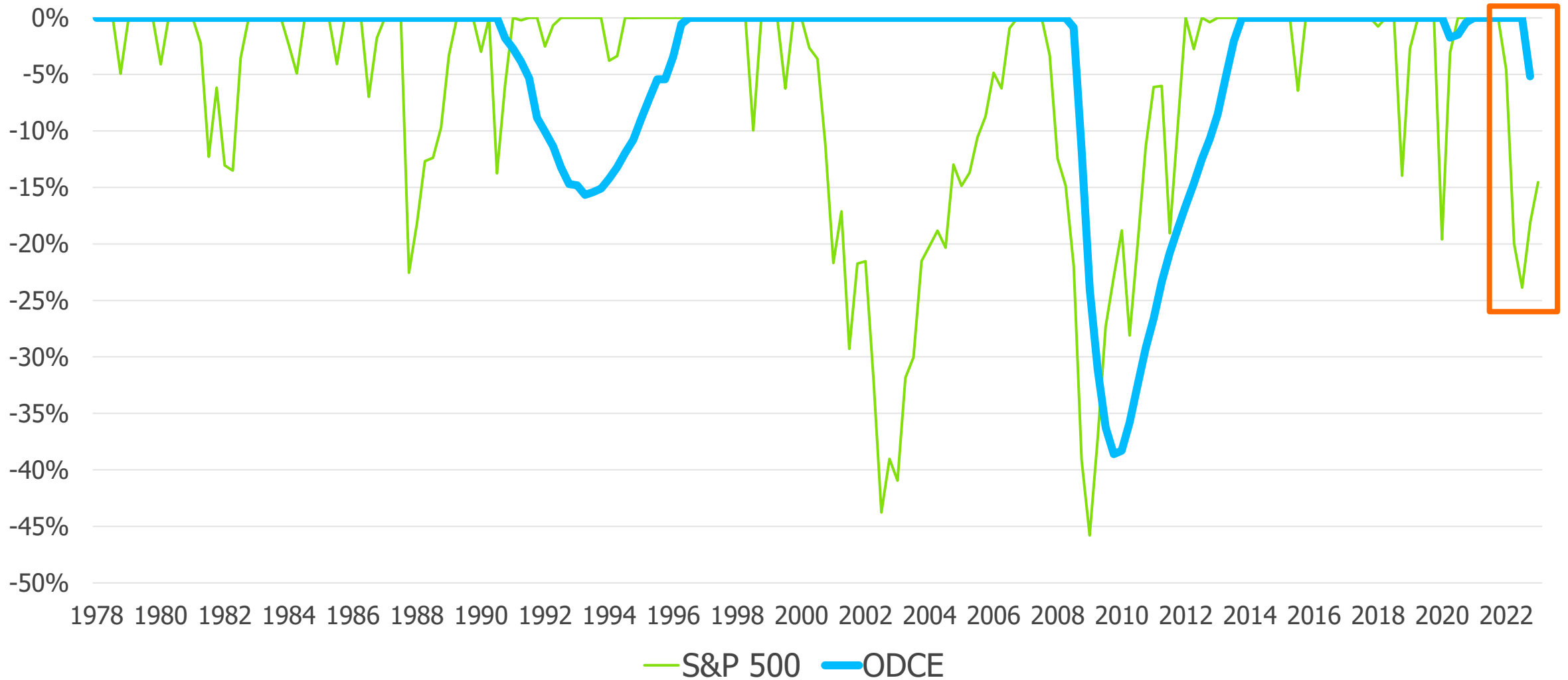
Asset Class Comparison – Pre-COVID Peak to Present



Source: NFI-ODCE, IDR. S&P 500 Index ("S&P 500"), FTSE/NAREIT All Equity REIT Index ("REITs") gross total return quarter-to-date as of February 21, 2023. Bloomberg Barclays US Aggregate Bond Index ("Bonds") gross total returns as of 4Q 2022. NFI-ODCE Index ("ODCE") net total return as of 4Q 2022. Asset class returns indexed to 100 (4Q 2019 = 100). The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. Past performance is not indicative of future results.

Historical Drawdowns

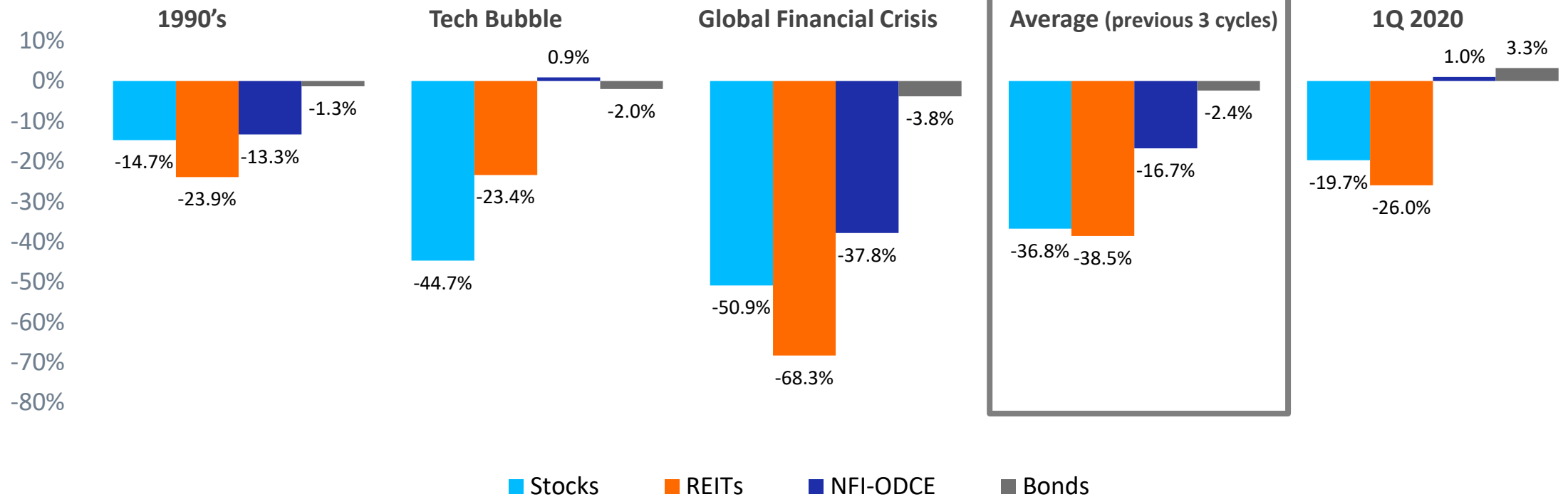
Equities always first, but many false indicators



PEAK-TO-TROUGH RETURN COMPARISON

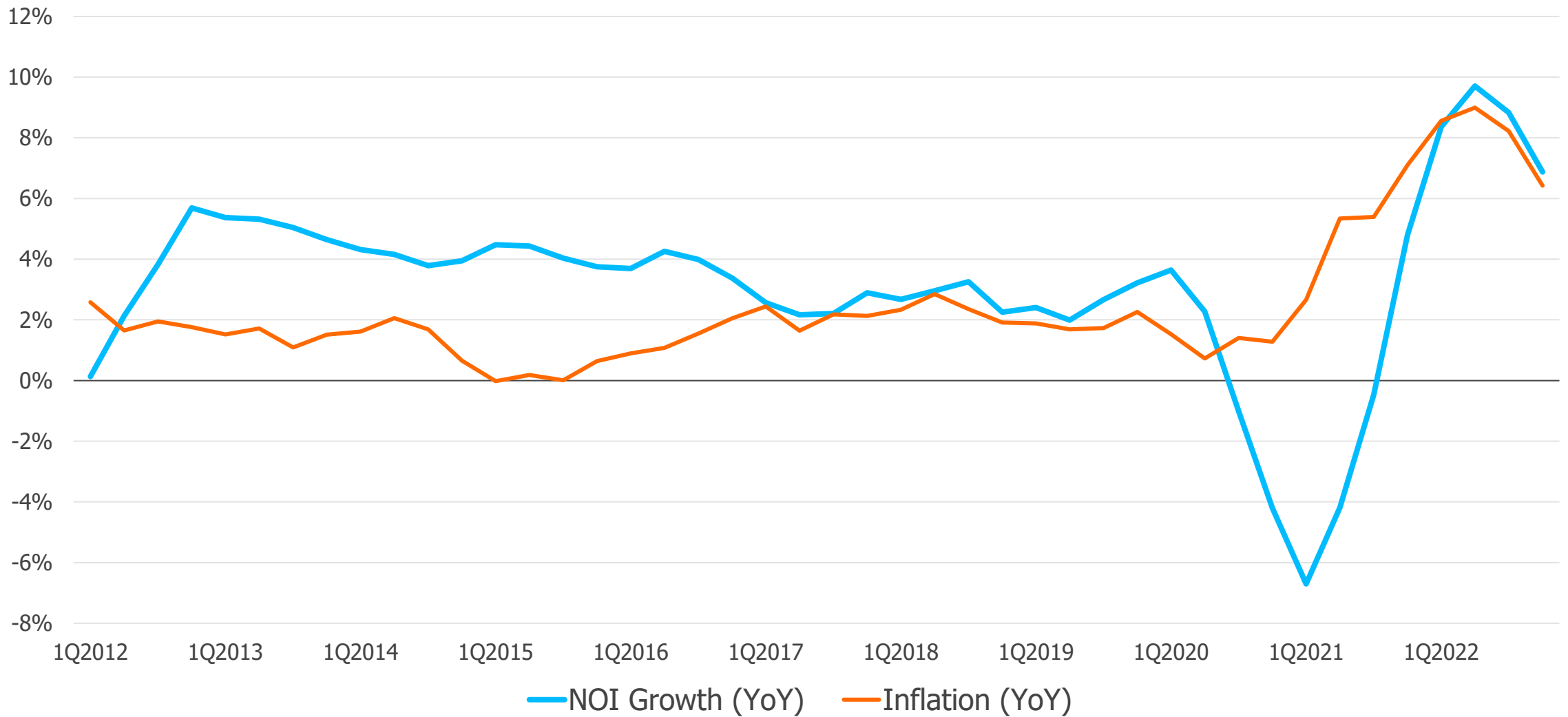
Less than half the losses experienced by stocks and REITs

Total Return
(Peak-to-trough)



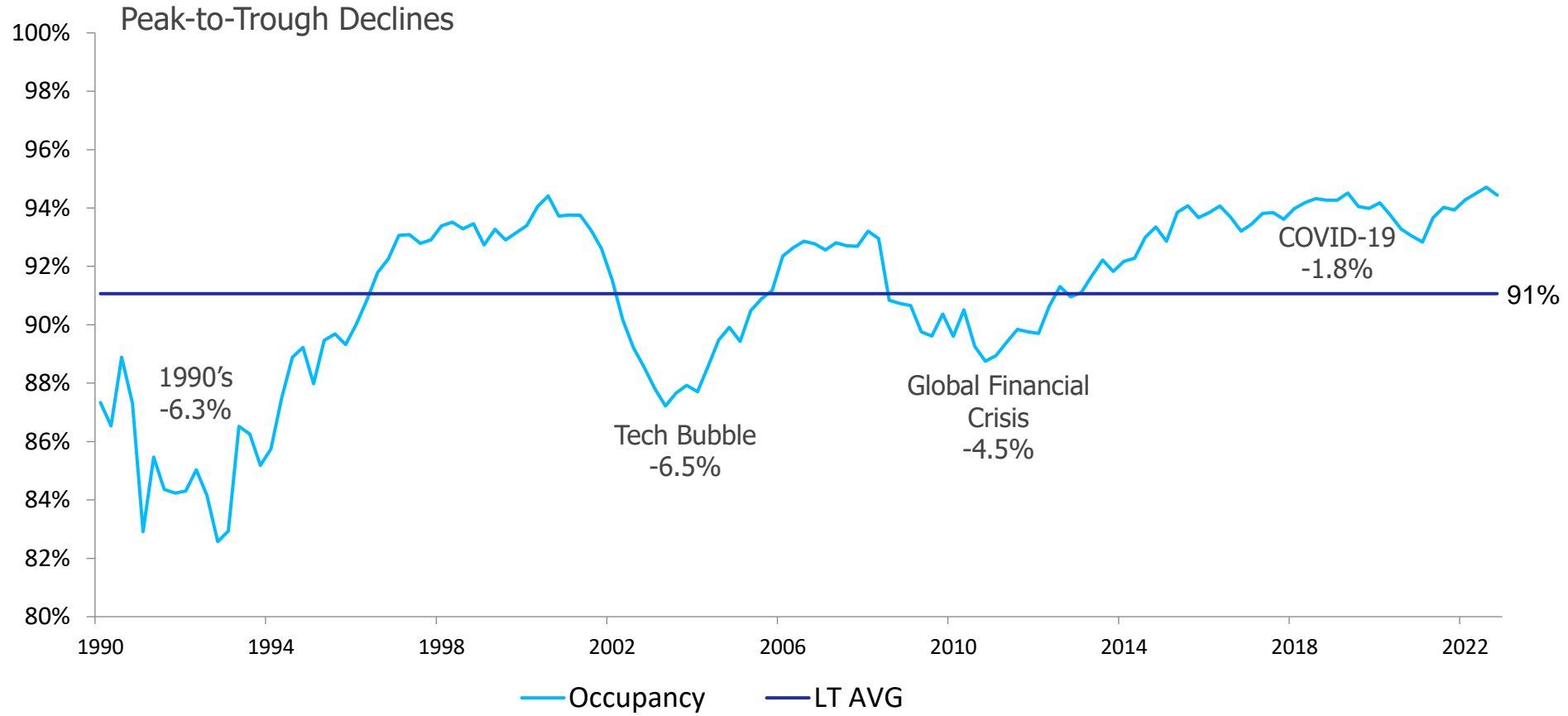
MARKET OUTLOOK

Inflation & NOI Growth



Occupancy

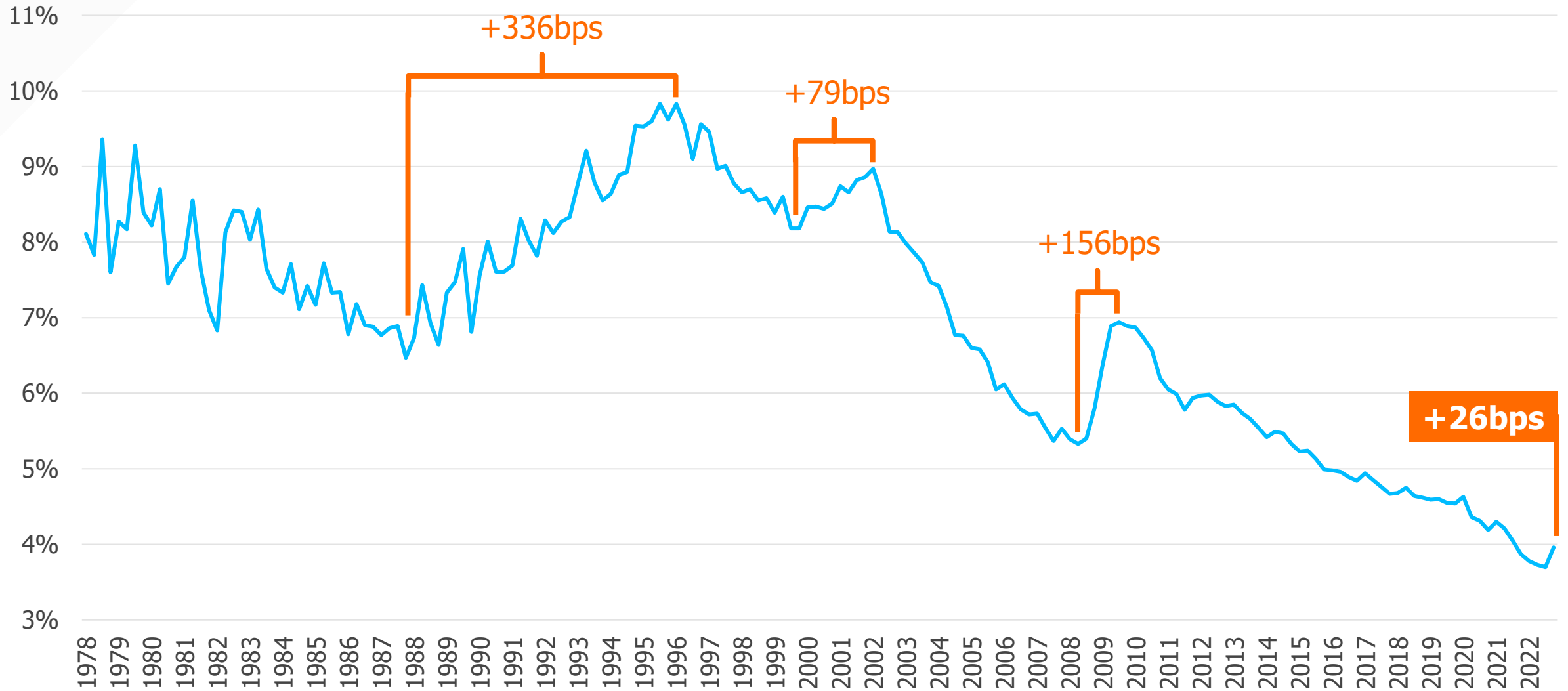
Long-term leases provide protection



Source: IDR, NFI-ODCE. Peak-to-trough declines from 1990 – Present. Data as of 4Q 2022.

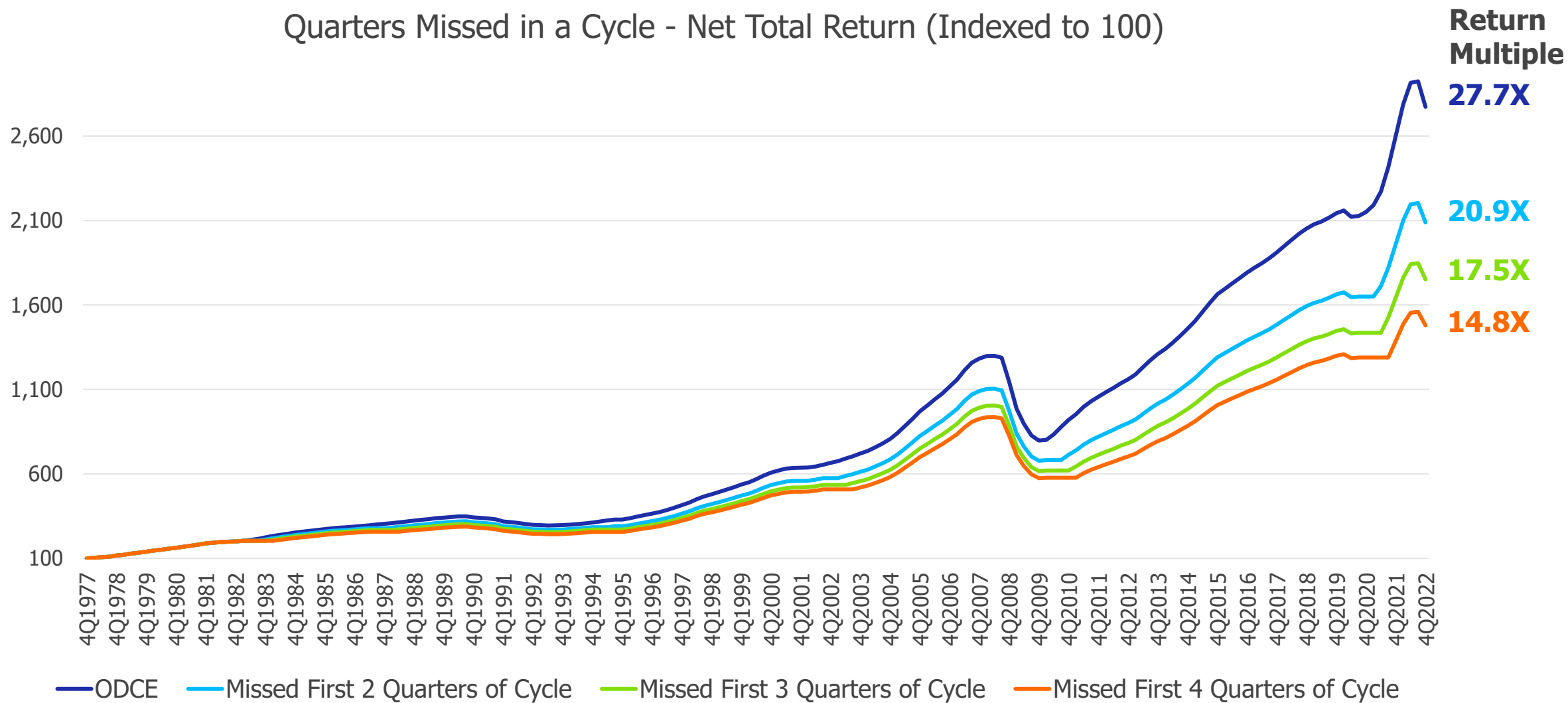
ODCE Historical Cap Rate Expansion

Cycles happening faster



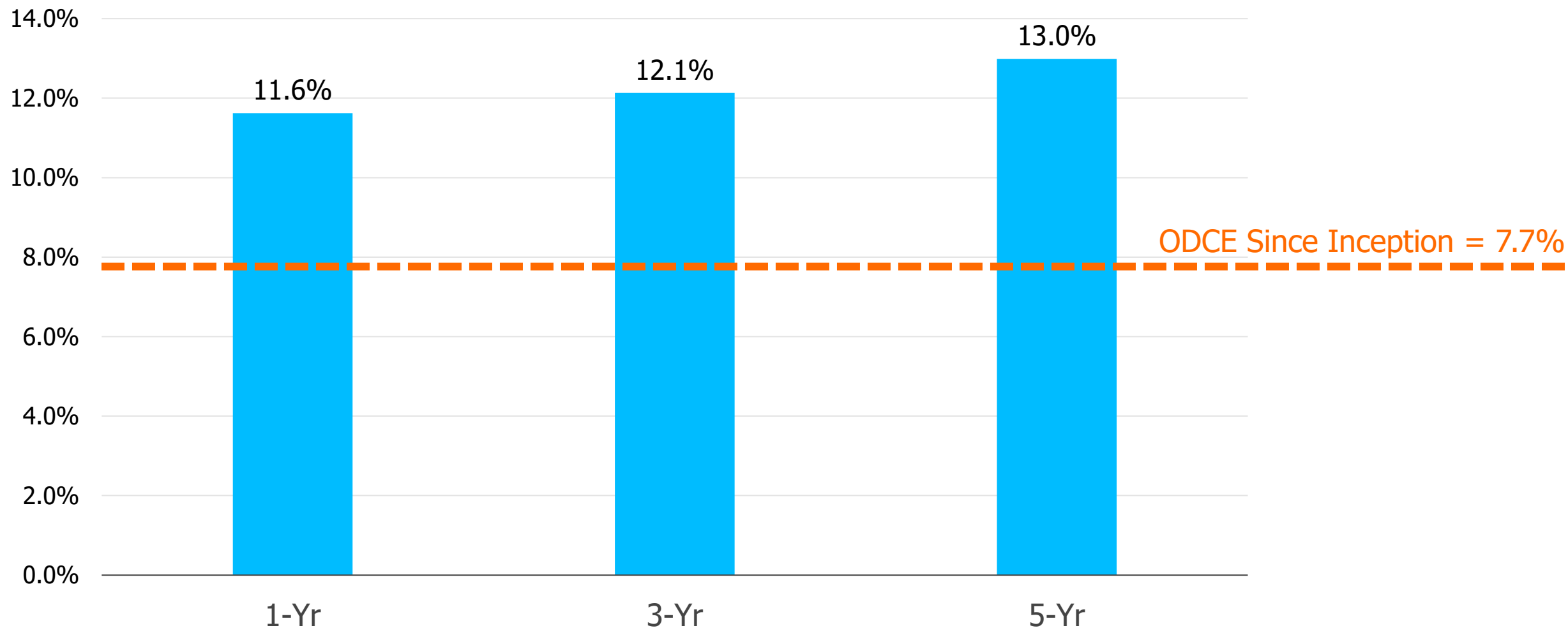
Timing The Cycle Can Be Costly

Quarters Missed in a Cycle - Net Total Return (Indexed to 100)



Start of New Cycle Returns

Average Net Total Return Post-Drawdown



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Actual gross and net returns for the Fund may vary significantly from the targeted returns set forth herein. The Fund's target returns are expected to be realized from the disposition of investments, future cash flows, distributions and proceeds from borrowing, using leverage where the General Partner believes it appropriate. The target returns stated herein are based on the General Partner's belief about what returns may be achievable on the types of investments that the General Partner intends to pursue in light of the General Partner's experience with similar transactions. Further, the target returns stated herein are based on an assumption that economic, market and other conditions will not deteriorate and, in some cases, will improve. Actual realized returns on the Fund's investments will depend on, among other factors, the ability to consummate attractive investments, future cash flows, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the targeted returns are based.

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