2012

MARIANAS PUBLIC LAND TRUST

MPLT

ANNUAL REPORT

MPLT TRUSTEES

Pedro R. Deleon Guerrero
Chairman
Saipan
Confirmed: 12/30/2009 Expires: 1/9/2016

Peter Q. Cruz Jr, AIF®
Vice Chairman
Tinian
Confirmed: 2/11/2011 Expires: 1/9/2016

Melchor J. Mendiola, AIF®
Treasurer
Rota
Confirmed: 3/12/2010 Expires: 1/9/2016

Vacant: Women Representative and one (1) Third Senatorial Representative

A Message from the Chairman

Dear People of the Commonwealth,

In compliance with Article XI, Section 6(e), of the Commonwealth Constitution, the Trustees of the Marianas Public Land Trust makes this report on its investments and related activities for the year 2012.

This report is aimed at providing to all of MPLT's interested parties an update of not only the financial aspects of the Trust relating to financial position and activities for FY 2012, investment returns, etc., but also to inform the public as to the benefits that MPLT has provided to the Commonwealth over its thirty years of existence. Since inception, the Trust's financial statements is audited by an independent auditor on an annual basis. To date, the Trusts' audited reports is in compliance and accordance to the Government Auditing Standards.

Currently, the Trust has been the focus of various legislative initiatives to amend the Constitution in order (1) to change the primary beneficiary from the CNMI General Fund to the persons of Northern Mariana Descent and (2) to allow for the Department of Public Lands to use the revenues from the lease of public lands to pay land compensation claims instead of requiring them to distribute the net proceeds to the Trust. The criticism is that the interest earnings on the investments is not being distributed to the people of Northern Marianas Descent. The Trustees take that public lands belong collectively to persons of Northern Marianas Descent, however, the trustees are mandated to distribute the earnings to the general revenue of the Commonwealth pursuant to Article XI Section 6(b) of the Constitution of the Commonwealth of the Northern Mariana Islands. Such benefits will be described more fully in this annual report, but in summary, the following are highlights of such benefits

- Distribution to the CNMI General Fund in the amount of $51,868,580 pursuant to Article XI Section 6(b) of the Constitution which the legislature appropriated for various public services such as, the public school system, department of public safety, department of public works, department of health services, etc.
- Distribution to the American Memorial Park in the amount of $5,382,001, pursuant to the Technical Agreement of the Covenant.
- Growing the Principal of Trust Funds (General & Park) from their original corpus contributions of $32,692,602 to a current Principal Fund Balance of $76,725,207.
- Loan to the Northern Marianas Housing Corporation in the amount of $10,000,000 in order to finance mortgage loans and enable local homeownership.
- Direct remediation of the NMHC loan portfolio in order to prevent mass foreclosures by reducing the interest rate and restructuring the term of the loans.
- Loan to Commonwealth Utilities Corporation in the amount of $3,500,000 in order to stabilize the fragile power supply.
- Advance distribution to the general fund the amount of $4,000,000 in order to meet obligations for payroll, utilities, vendors, etc., as authorized by Public Law 17-7.
- Line of credit to the Commonwealth Health Corporation in the amount of $3,000,000 in order to prevent its collapse due to insufficient support from the central government and poor collections due to issues of billings and collections.
- Continuation of financial support to the Commonwealth Health Corporation through a five year commitment of short term financing and the development of additional revenue sources, e.g., Health Incentive Tax.
- An additional $7,000,000 of long term financing to the Commonwealth Health Corporation,

which is intended to be supported by enactment of the Health Incentive Tax.

The Trust has enjoyed a very good return on its investments this year. The annual rate of return for each of MPLT's Trust Funds as summarized as follows:

- General Trust Fund – 11.03%.
- Park Trust Fund – 13.61%

As the CNMI Government continues to incur huge annual deficits and struggles to meet its financial obligations, especially with the mandated requirements of the Retirement Fund settlement, the Trust will continue to be a stabilizing force by providing financial assistance to meet payrolls, pay utility bills, buy fuel for the Commonwealth Utilities Corporation, and keep the Commonwealth Healthcare Corporation from collapsing. MPLT is the only source of savings in the Commonwealth and is the only remaining resource that can be employed in a crisis.

We hope this report provides an insight into the operations of the Trust and provides useful information to all our beneficiaries. The Trustees take their fiduciary duty very seriously and welcomes any question or suggestion regarding the operation of the Marianas Public Land Trust.

Respectfully submitted,

Pedro R. DL Guerrero
Chairman, MPLT Trustees

CONTENTS

OVERVIEW

The Marianas Public Land Trust (MPLT) was established to preserve and enhance the net revenues received from the lease of public lands for the benefit of future generations of persons of NMD. MPLT functions, therefore, as the money or financial manager for the net revenues distributed to it by the Marianas Public Land Corporation (MPLC) or its successor organization, the Marianas Public Land Authority (MPLA) or the Department of Public Lands (DPL).

The following are the distributions from MPLC & Successor Entities to MPLT and recorded as principal in the General & Park Trust Funds:

July 19, 1983	$ 5,000,000
January 20, 1984	100,000
February 17, 1984	14,080,046
April 13, 1984	5,958,700
August 27, 1984	803,856
May 22, 1991	500,000
December 20, 1991	500,000
September 19, 2007	1,250,000
August 4, 2008	3,500,000
November 23, 2011	1,000,000
Total	$ 32,692,602

DPL's primary duty is to manage the public lands for the benefit of the people of the Commonwealth who are persons of NMD. They have the responsibility to lease out public lands pursuant to the NMI Constitution and to facilitate and manage a homestead development program. The revenues from the lease of public lands, less DPL's reasonable expenses of administration, are distributable to the Trust on an annual basis.

MPLT invests the funds it receives from DPL within clearly established guidelines. The net distributable income received from its investments is distributed to the Commonwealth Government's General Fund and to the American Memorial Park. Monies distributed to the General Fund are subject to appropriation by the CNMI Legislature. Funds distributed to the American Memorial Park are dedicated to the maintenance and development of the Park.

It should be noted that the contributions made to the Trust were derived from the Tinian, Tanapag Harbor and Farallon de Medinilla land leases as provided for in Article VIII, Section 803, of the Covenant. Portions of the single-payment rent has been preserved in the Trust's general and park funds and constitutes the payment from the United States for up to one hundred years usage of the prescribed land area, and the waters immediately adjacent thereto.

IMPLEMENTING AUTHORITY

The origins of the Trust are found both in the ***Constitution of the Northern Mariana Islands*** and Public Law 94-241, ***Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America***. Both of these documents came into full force and effect on January 9, 1978.

Article XI, Section 6 of the ***Constitution*** provides for the establishment of the Trust upon the effective date of the ***Constitution.*** Some excerpts pertaining to the operating requirements for the Trust are:

- "... The number of trustees appointed by the Governor with the advice and consent of the Senate shall be ..[five]. Three shall be from Saipan, one from Rota and one from Tinian. At least one trustee shall be a woman and at least one trustee shall be of Carolinian descent. The trustees shall serve for a term of six years ... [shall] be staggered."
- "... The trustees shall make reasonable, careful and prudent investments."
- "... The trustees shall ...[use] the interest on the amount received for the lease of property at Tanapag Harbor for the development and maintenance of a memorial park. The trustees shall transfer to the general revenues of the Commonwealth the remaining interest accrued ... [except] that the trustees may retain the amount necessary to meet reasonable expenses of administration."
- "... The trustees shall make an annual written report to the people of the Commonwealth accounting for the revenues received and expenses incurred by the Trust and describing the investments and other transactions authorized by the trustees."
- "... The trustees shall be held to strict standards of fiduciary care. Each trustee shall annually submit to the Governor and the presiding officers of the Legislature a report disclosing their financial affairs, as provided by law."

A lease agreement was signed on January 6, 1983 between the Commonwealth and the United States, for the designated premises, for an initial lease term of fifty (50) years.

The CPI adjustment yielded a total price of $33 million for the entire term of the lease, including the fifty (50) year additional option period. From this total amount $6,565,800 was withheld and placed in a joint escrow account pending the Commonwealth's acquisition of private land holdings within the leasehold area. This escrow fund was later transferred to the Commonwealth Superior Court (named the Tinian Land Acquisition Fund) to be used for funding of the condemnation and land acquisition costs. The final balance of this fund was ordered by the Superior Court to be distributed to MPLC on November 25, 1994.

The ***Covenant*** contains key provisions which are fundamental to the Trust's development. Article VIII, Section 802 requires that certain lands be made available to the United States Government by lease in order for it to carry out its defense responsibilities. These lands consist of 7,203 hectares on Tinian and waters immediately adjacent thereto, 72 hectares at Tanapag Harbor in Saipan, and the entire island of Farallon de Medinilla and waters immediately adjacent thereto.

Article VIII, Section 803 of the ***Covenant*** describes the lease terms for the above properties. The Commonwealth will lease the property to the United States for 50 years with the United States having the option of renewing the lease for all or part of the property for an additional term of 50 years. The United States will pay the Commonwealth, in full settlement of the two 50 year lease terms, the total sum of $19,520,600 determined as follows:

- Tinian Island property - $17.5 million;
- Saipan Island property located at Tanapag Harbor - $2 million;
- Farallon de Medinilla Island - $20,600.

The above sum will be adjusted by a percentage, which will be the same as the percentage change in the United States Department of Commerce composite price index from the date of signing the ***Covenant****.* Additional terms and conditions of this lease are found in the ***Technical Agreement Regarding Use of Land To Be Leased by the United States,*** which was executed simultaneously with the ***Covenant.***

Furthermore, Section 803 provides for 54 hectares of the leased property at Tanapag Harbor to be made available by the United States, at no cost to the Commonwealth, to establish an American Memorial Park to honor the American and Marianas dead in the World War II Marianas Campaign. The $2 million received from the United States for the lease of this property would be placed into a trust fund with the "income" to be used for the development and maintenance of the park.

PERFORMANCE ANALYSIS

The Trust's performance of 11.3% for FY 2012 illustrates an improvement from last year of -.57% and shows compliance with its policy targets of an annual return of 7.5% and a policy index of 10.1%. While the recession of 2008 was officially declared over in June 2009, the U.S. economy has not fully recovered and is very sluggish with very modest economic growth. Unemployment is still very high at over 8% and inflationary pressures are causing very high commodity prices. Given the needs of our beneficiary and the many uncertainties, the Trust has adopted a very risk adverse investment policy. Such an investment policy is aimed at maximizing the distribution to the Commonwealth General Fund and favors fixed income as opposed to equity.

During 2011, the Trust net assets decreased by $3,619,801. This decreased in the net assets for 2011 was due to capital losses resulting from declining market valuations.

While the volatility of the past two years has been extreme, it does illustrate why the Trust invests in fixed income, it is to cushion or offset the volatility of the equity markets and provide a safety net of guaranteed earnings.

MPLT's principal fund is currently $74.7 million. This balance is 2.28 times more than the original principal contributions received from MPLC, etc. This principal growth has occurred while making cumulative distributions of $57.2 million since inception.

With this backdrop in place, why does MPLT invest in equities? The reason is long-term equities outperform all other types or classes of investments. MPLT is a long-term investor who does not allow short-term market declines to influence its long-term time horizon. MPLT has grown its principal through the investment in equities. To do otherwise, would be irresponsible and in contradiction to ***modern portfolio theory***.

MPLT Trustees invest for the long term by analyzing income needs, acceptable risk levels and investment time horizons. This forms the basis for asset allocations.

Market cycle timing is more important than trying to peg annual market fluctuations caused by changing interest rates.

A review of the Trust's annual returns for the last five years (see Table 1) indicates a five year annualized average rate of return of 4.48% on the total portfolio. This five-year average includes a substantial write-downs or losses from the NMHC loan and the 2008 economic crises. By comparison the five-year average for managed portfolio is 4.37% and when compared to the Weighted Average of Target Allocation of 4.18% for the same period, it indicates the Trust has been meeting our targeted return for the asset allocation per the Investment Policy Statement. By being able to meet our target, it demonstrates a sound asset allocation strategy.

Annual rates of return taken alone do not present an accurate picture of investment performance. Investment performance must be analyzed consecutively for a range of three to five years. This is because money managers do not try to time market fluctuations caused by short-term interest rate changes and other economic factors. Their goal is to analyze market cycles in order to be fully invested when markets are in an up-swing pattern. Trying to outguess the market in the short term will not yield continuous portfolio growth over the years. Instead added risk and volatility will mark performance negatively resulting in average yields below the historical trends.

The investment revenue (interest & dividends) for 2012 was $2,949,035 as compared to $3,293,514 for 2011. Likewise, the net capital gains for 2012 were $4,681,748 as compared to a net capital losses for 2011 of $3,551,375. This is indicative of the poor equity markets for 2011 and the continuing sluggish economic recovery since the 2008 “meltdown”. But the trend is improving into 2012.

In summary, MPLT showed that it can maintain its principal even when the stock market has losses or is stagnate. This defensive or conservative investment style has been able to provide reliable distributions to its beneficiaries for this year as well as for the preceding years. We anticipate being able to continue adding value to the portfolio in accordance with our long-term investment strategy as well as meet the needs of our income beneficiaries.

MARIANAS PUBLIC LAND TRUST

ANALYSIS OF INVESTMENT RETURNS - Table 1

	2012	2011	2010	2009	2008	Five Year Average
Investment Returns:						
Interest	$ 2,601,641	$ 2,964,704	$ 2,282,277	$ 2,781,911	$ 3,041,931	$ 2,734,493
Dividends	345,696	328,810	376,702	324,612	380,195	351,203
Realized Capital Gains (Losses)	4,555,454	-1,830,991	-317,891	-834,785	-1,832,256	-52,094
Unrealized Capital Gains (Losses)	110,294	-1,861,384	3,224,438	4,372,166	-6,226,269	-76,151
Totals	$ 7,613,085	$ -398,861	$ 5,565,526	$ 6,643,904	$ -4,636,399	$ 2,957,451
Average Cost of Investments	$ 70,689,862	$ 69,650,243	$ 69,197,912	$ 70,459,762	$ 69,483,856	$ 69,896,327
MPLT Return on Total Investment	11.31%	-.57%	7.97%	9.88%	-6.19%	4.48%
MPLT Return on Managed Investments	11.57%	-.88%	8.76%	11.10%	-8.69%	4.37%
Performance Benchmarks:						
S&P 500	30.20%	1.14%	10.16%	-6.91%	-21.98%	2.52%
S&P Barra						

MARIANAS PUBLIC LAND TRUST ANALYSIS OF INVESTMENT RETURNS - Table 1						
	2012	**2011**	**2010**	**2009**	**2008**	**Five Year Average**
Growth	29.65%	4.85%	11.67%	-2.62%	-19.44%	4.82%
S&P Barra Value	30.81%	-2.66%	8.54%	-11.43%	-24.50%	.15%
Barclays Agg Bond	5.16%	5.26%	8.16%	10.55%	3.66%	6.56%
91 Day T-Bills	.08%	.58%	.12%	.19%	2.05%	.60%
Consumer Price Index	1.99%	3.87%	1.21%	1.35%	5.26%	2.74%
Weighted Average per Target Allocation	10.17%	2.25%	7.86%	7.45%	-6.85%	4.18%

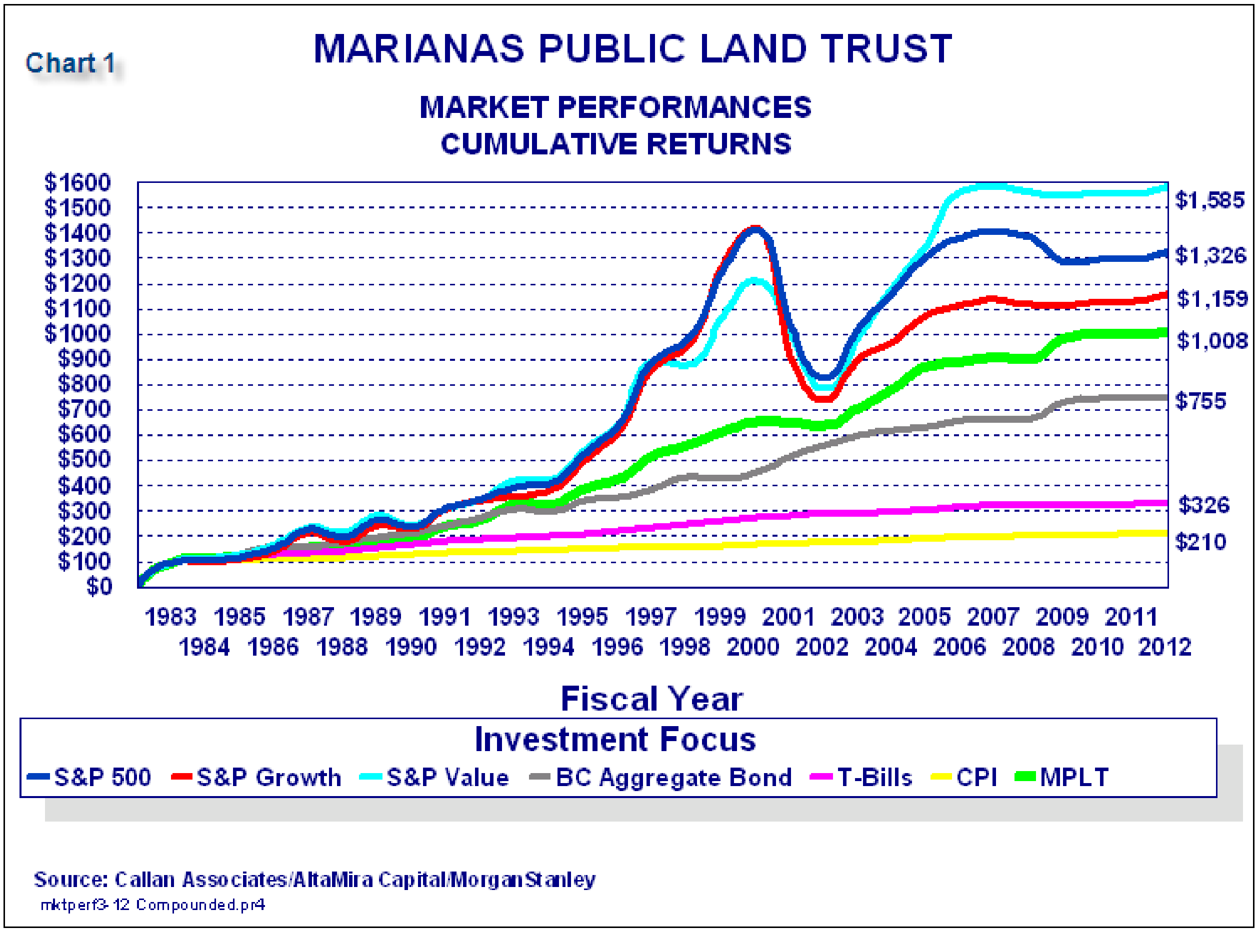
A further review of the above chart for 2008 through 2011 realized and unrealized capital gains (losses) shows the $8,058,525 loss in 2008 when the World financial markets failed. 2009, 2010, 2011 and 2012 shows a total partial recovery of $7,417,301. The Trust has not fully recovered from this debacle primarily due to the conservative asset allocation.

Another means to review MPLT's historical return performance is to chart the Trust's annual rate of return since inception as compared to various indices. Chart 1 is an example of this type of analysis. It assumes an original investment of $100 made in 1983 with the annual investment returns reinvested. MPLT's annual rate of return is charted along with the annual returns for the following indices:

1. S&P 500 Index
2. S&P BARRA Growth Index
3. S&P BARRA Value Index
4. Barclays Aggregate Bond Index

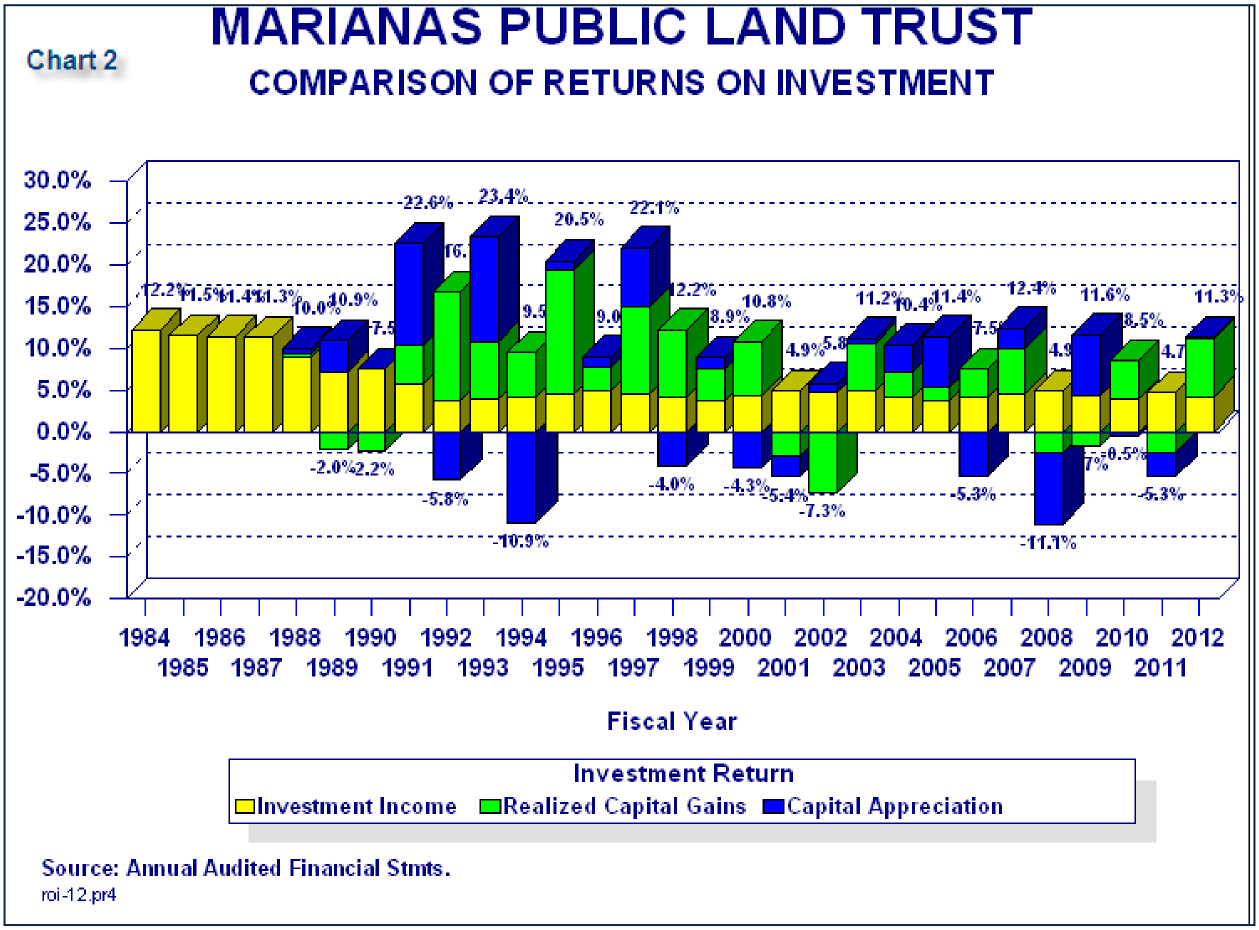
5. 91-Day T-Bills Index

6. Consumers Price Index



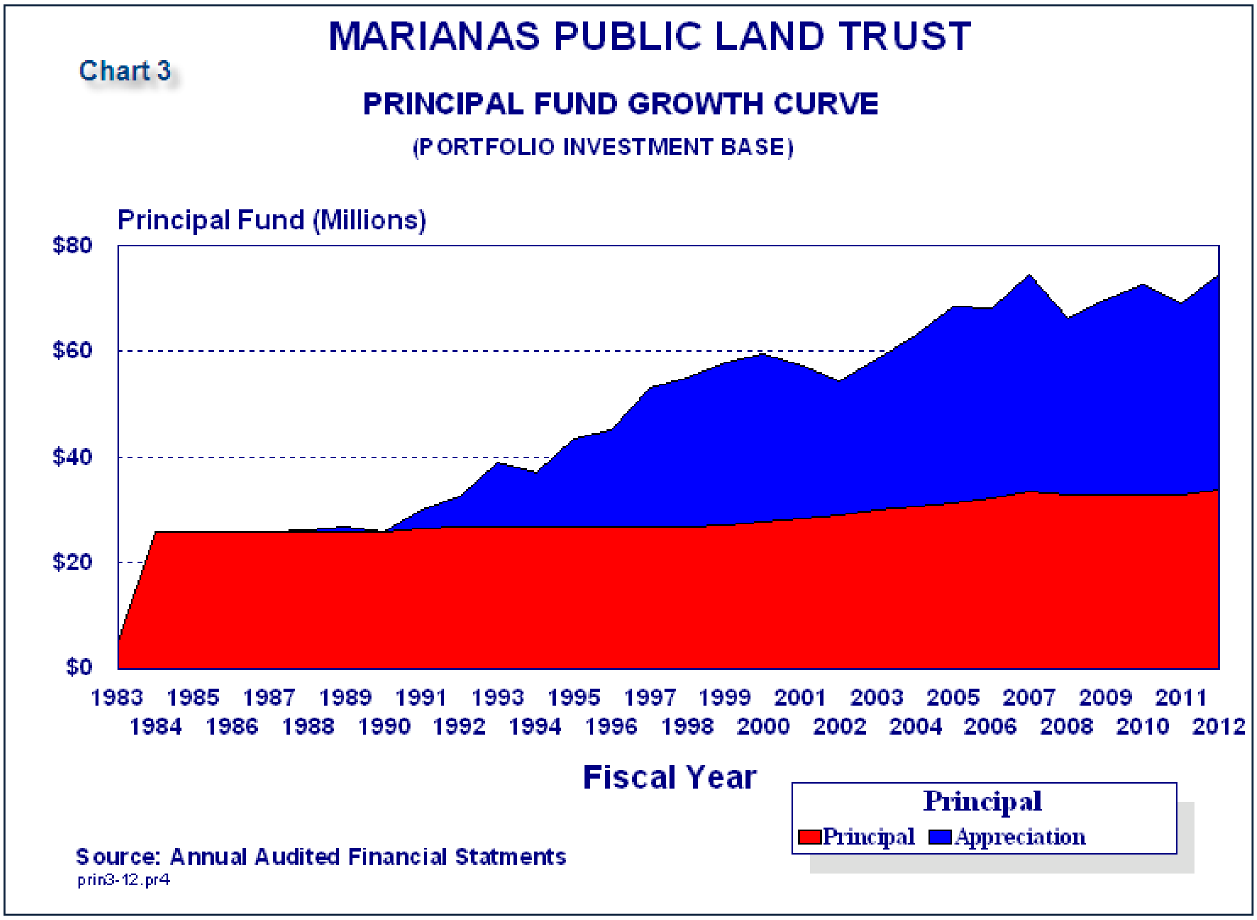
This chart reveals that MPLT has performed very well since inception, earning a cumulative return to grow our original investment of $100 to $1,008 as compared to the S&P 500, S&P 500 Growth and S&P 500 Value all of which grew to a range of $1,159 to $1,585 (note the chart reveals the downward trend of equities for the 2001 and 2002). The fixed income benchmark, Barclays Aggregate Bond index, cumulatively grew to $755. Based upon our targeted asset allocation of approximately 15% to equities and 85% to fixed-income (effective April 2012), we compare very favorably to the market performances. We can never perform up to the level of the S&P 500 as this index is based upon 100% investment in equities. Our income distribution target to the Commonwealth General Fund and American Memorial Park do not permit us to invest solely in equities.

The accompanying Chart 2 provides an overview of the Trust's historical returns on investment since its inception. For each year, the positive and negative rates of annual rate of return are shown. For years 1984 through 1987 (and portion of 1988), the returns were for interest only as we were not permitted to invest in anything other than U. S. Treasury obligations. The average annual rate of return for these years was 11.6%; the average annual return rate for the years 1988 through 2012 was 8.68%. This is indicative of our money managers performing to the level expected in our Investment Policy Statement that states our expected nominal return shall be 7.5%.



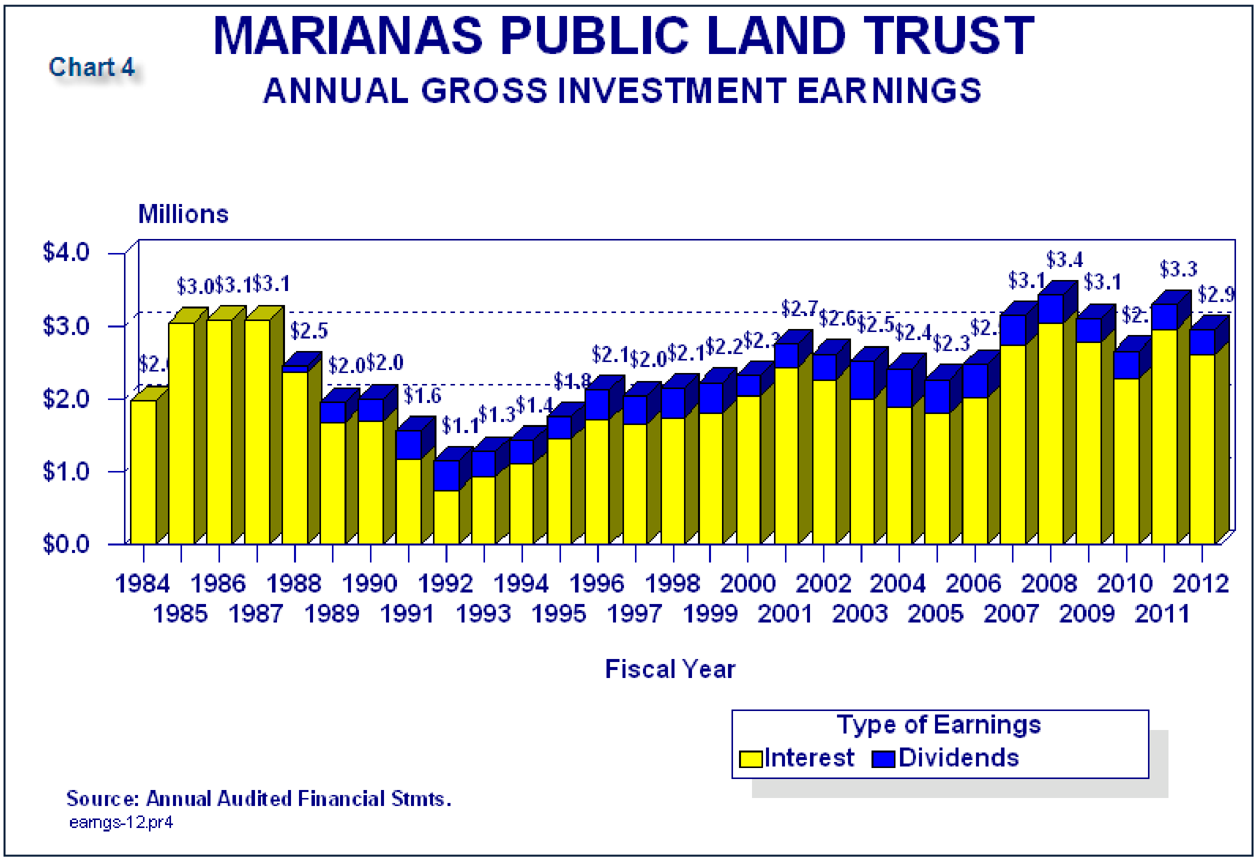
While our money managers have been successful in meeting their expected nominal return, they have also been able through the equity portfolio to add value and increase the principal fund since 1988. During the intervening years, the Trust has added $42 million to the principal contributions received from MPLC for a 228% gain. This more than doubling of the principal fund has been accomplished during the last twenty-five years. This net gain of principal occurred even with the sharp loss of investment value occurring in years 2001, 2002, 2008, and 2011.

Chart 3 illustrates the increasing investment base derived from capital gains which are allocable to principal and are not subject to distribution. The red portion of the chart represents the original principal contributions received from MPLC while the blue portion is the value added

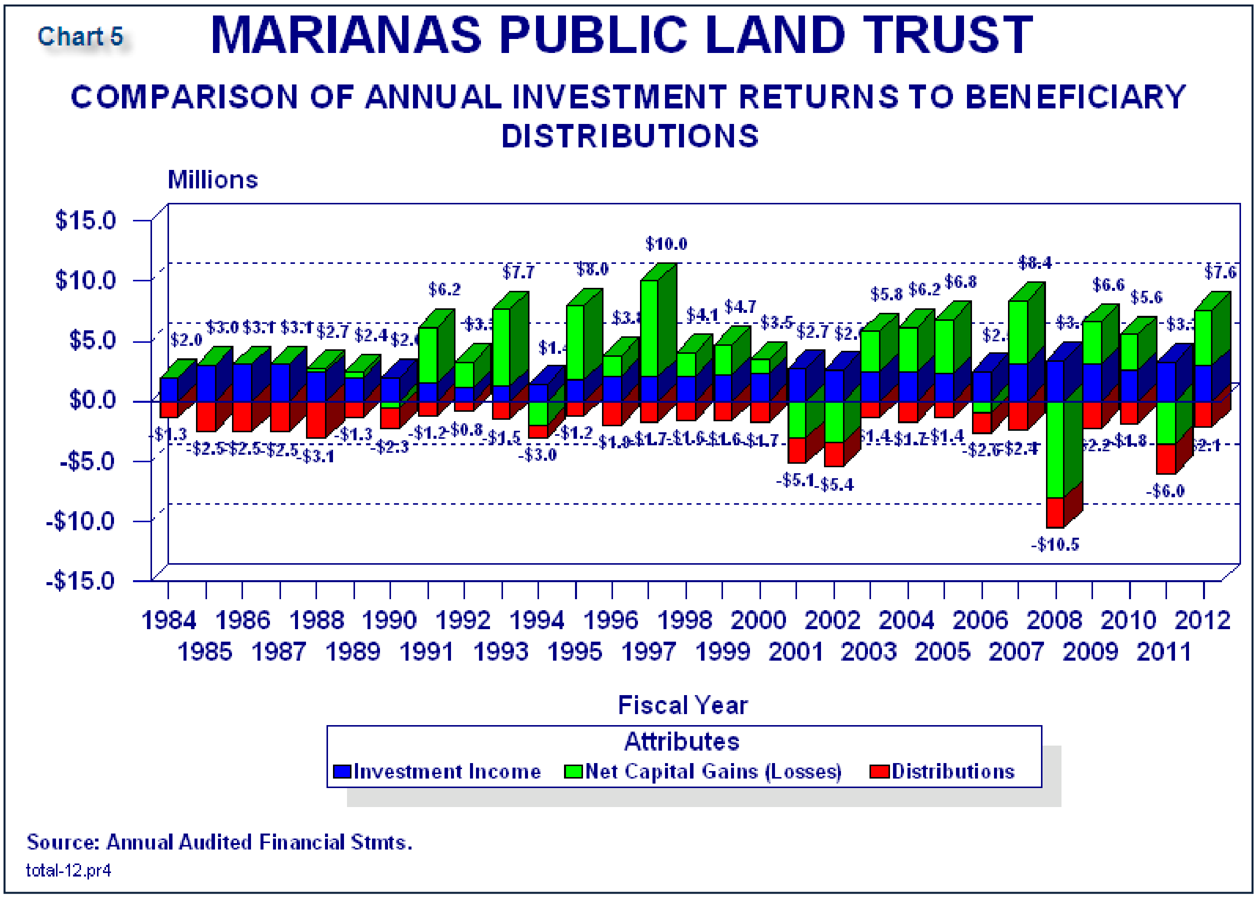


(appreciation) to the portfolio as a result of the investment policy instituted in 1988 and the active money management. A further review of this chart reveals the dramatic loss of value occurring in years 1994, 2001, 2002, 2008, and 2011. It also demonstrates the recovery occurring in years 1995, 2003, 2005 through 2007, and 2009 through 2010 and 2012. This is a testament of our investment policy and asset allocation to equities. Without an equity allocation, the Trust would not have been able to achieve this growth. It also shows that by reducing the equity allocation in favor of current income the Trust will not be able to sustain this rate of growth as capital gains as a portion of the total revenues will be less.

There are trade-offs between capital appreciation and investment earnings. As Chart 4 indicates when we started to enjoy larger annual rates of return and increased capital growth, our investment earnings declined. This is to be expected and to properly analyze performance all the components of annual return must be considered (investment earnings, i.e., interest and dividends, as well as realized capital gains (losses) and investment appreciation).



Accordingly, Chart 5 illustrates the total annual investment receipts as compared to the annual distributions to beneficiaries (includes the capital losses for years 1990, 1994, 2001, 2002, 2006, 2008, and 2011). Overall, investment returns for the period of active money management has performed at substantial multiples more than the annual average earnings for the years when the portfolio was not actively managed. This illustrates the value of professional active money management over the twenty-nine years the Trust has been in existence. Even in down years such as years 1990, 1994, 2001, 2002, 2006, 2008, and 2011, the active management approach, given a long time horizon, will provide more income and capital growth than an investment of solely U.S. obligations.

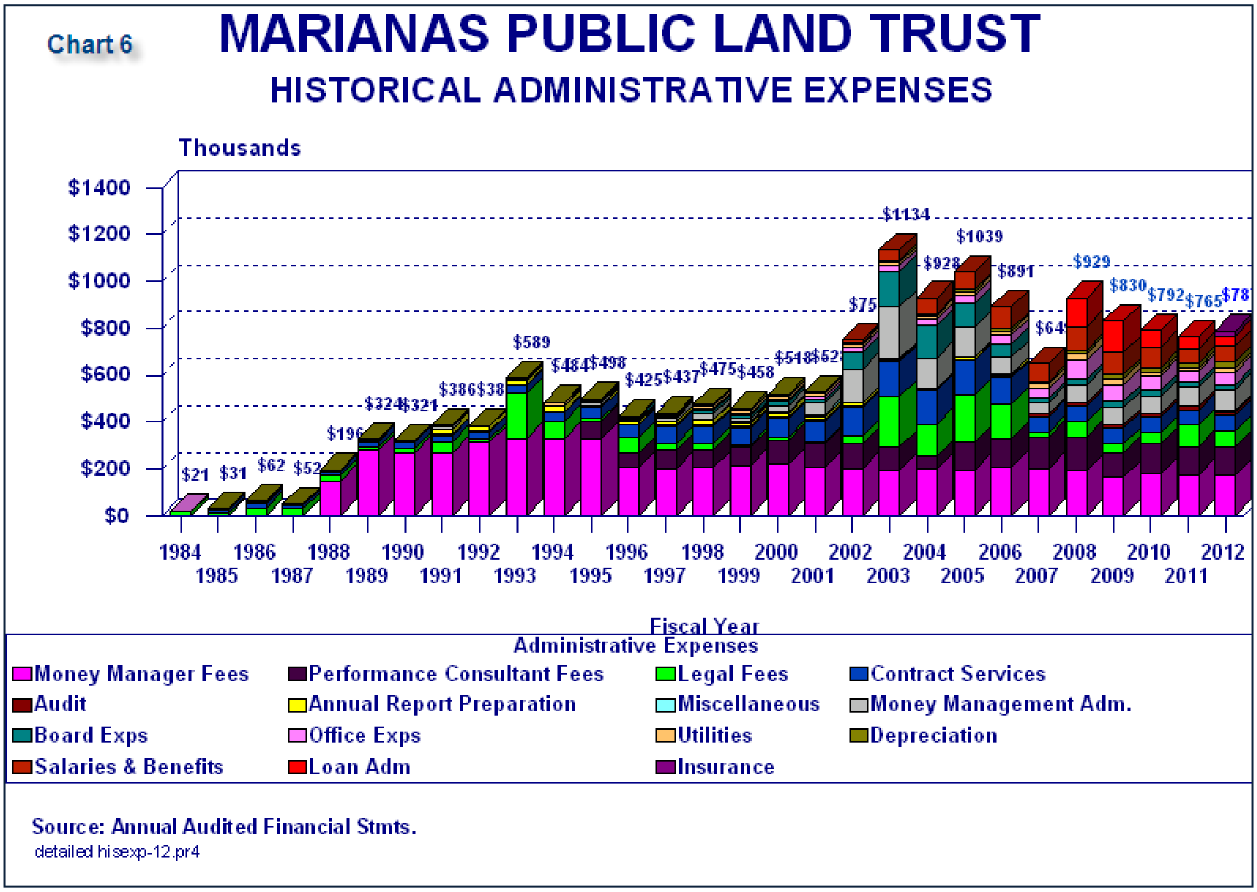


In order to achieve high rates of return and meet the ***"uniform prudent investor"*** standards, the Trust retains money managers who are experts in their fields of investment focus. Money managers are typically specialist in equities (core, growth, value, small cap., international, etc.) or fixed income. Currently, we have seven money managers for the following asset allocations:

- Large Cap Core
- International ADR
- Emerging Markets

- High Yield Fixed Income
- International Fixed Income
- Core Fixed Income

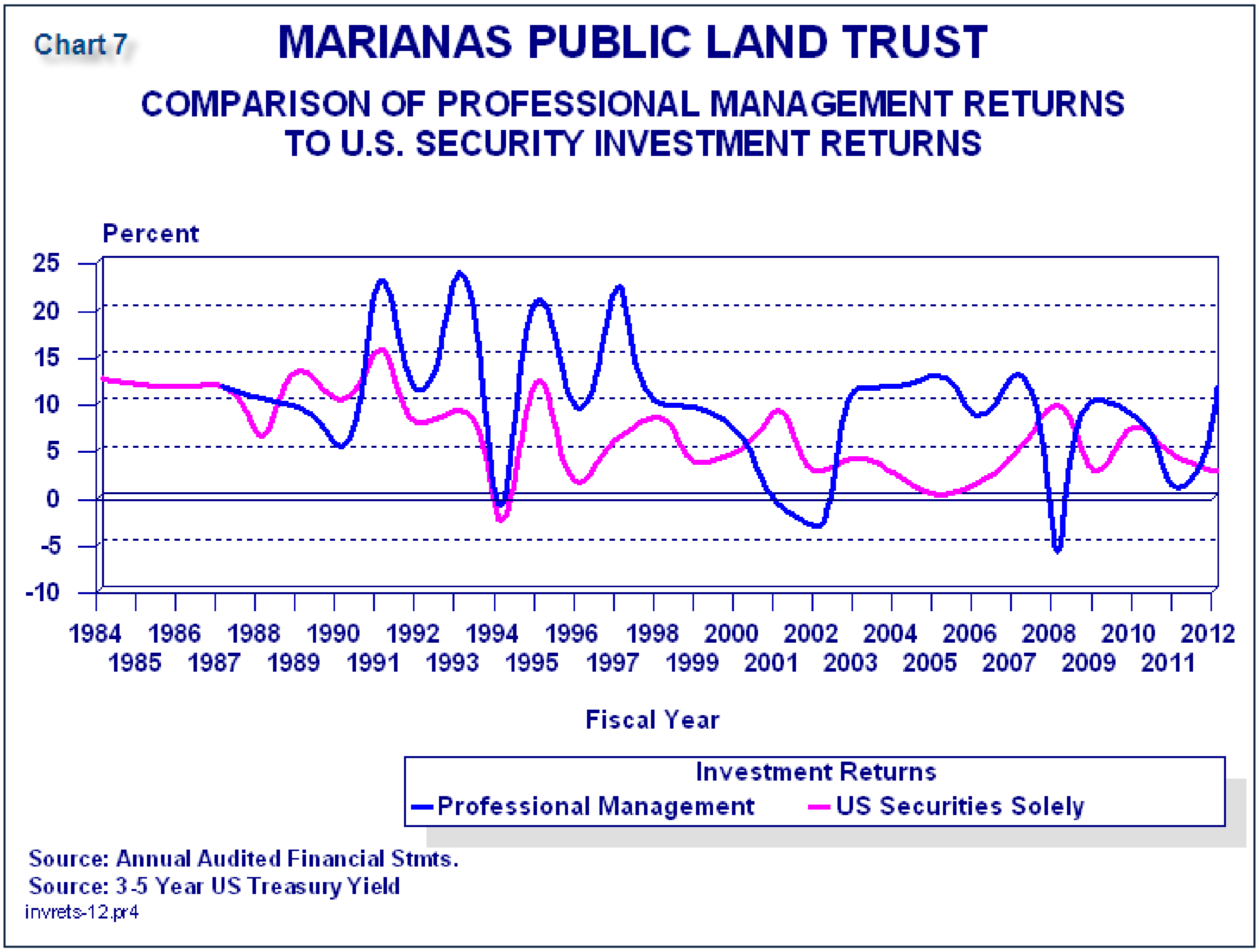
An analysis of Chart 6 reveals our historical administrative expenses since inception. The increase in expenses in 1988 corresponds to the hiring of professional money managers. FY 1993 administrative expenses were high due to very complicated legal expenses which spilled-over into FY 1994. The money management expenses for the years 1992 through 1995 were at the same approximate level, but commencing in 1995 we hired a professional investment performance consultant to study, among other matters, how we could reduce money management expenses. Starting in 1996 efforts began to be realized as money management expenses were reduced significantly even when including fees. Overall, the money management fees have been relatively stable since 1996. Our expenses for legal and board consultant's contract have also remained fairly stable since 1994, except for 2003, 2004 and 2005 when our legal fees increased due to litigation issues with MPLA. Since many legal issues have been resolved and the consultant's contract amount fixed, the legal and contract fees decreased in 2006 by 26% from the amount in 2005. This trend continued for 2007 as there were no major legal issues. Performance consultant fee increased in 2007 as the value of the portfolio increased. This fee is also based upon a percentage of the value of the managed portfolio and will increase as the value of the portfolio increases. The remaining expenses i.e., board expenses, salaries, office, and rent decreased in 2007 and remained about the same for 2008. The major increase to administration expenses for 2008 was due to additional costs of managing the NMHC loan portfolio. The 2009 expenses were reduced due to the financial crisis occurring in late 2008, which substantially reduced to the money management expenses as securities lost value. Overall the 2010 costs were reduced due to a decrease in salaries and benefits and loan administration fee, however, money management and performance consultant fees increase as the value of the investments increased. The administration costs for 2011 again declined due to securities losing value which decreased the money management expenses. Salaries and benefits also were lowered, but this was offset due to increases in legal fees as a result of delinquencies and foreclosures from the NMHC loan portfolio. The administration costs for 2012 returned to the level of 2010 as there were no major fluctuations. It is anticipated that 2013 administrative expenses will increase by about 17% from the 2012 amount.



Due to the technical nature of professional investing, the Board of Trustees and staff must maintain a level of proficiency in the technical concepts of investing and money management. The following are the money management activities and seminars attended in 2011:

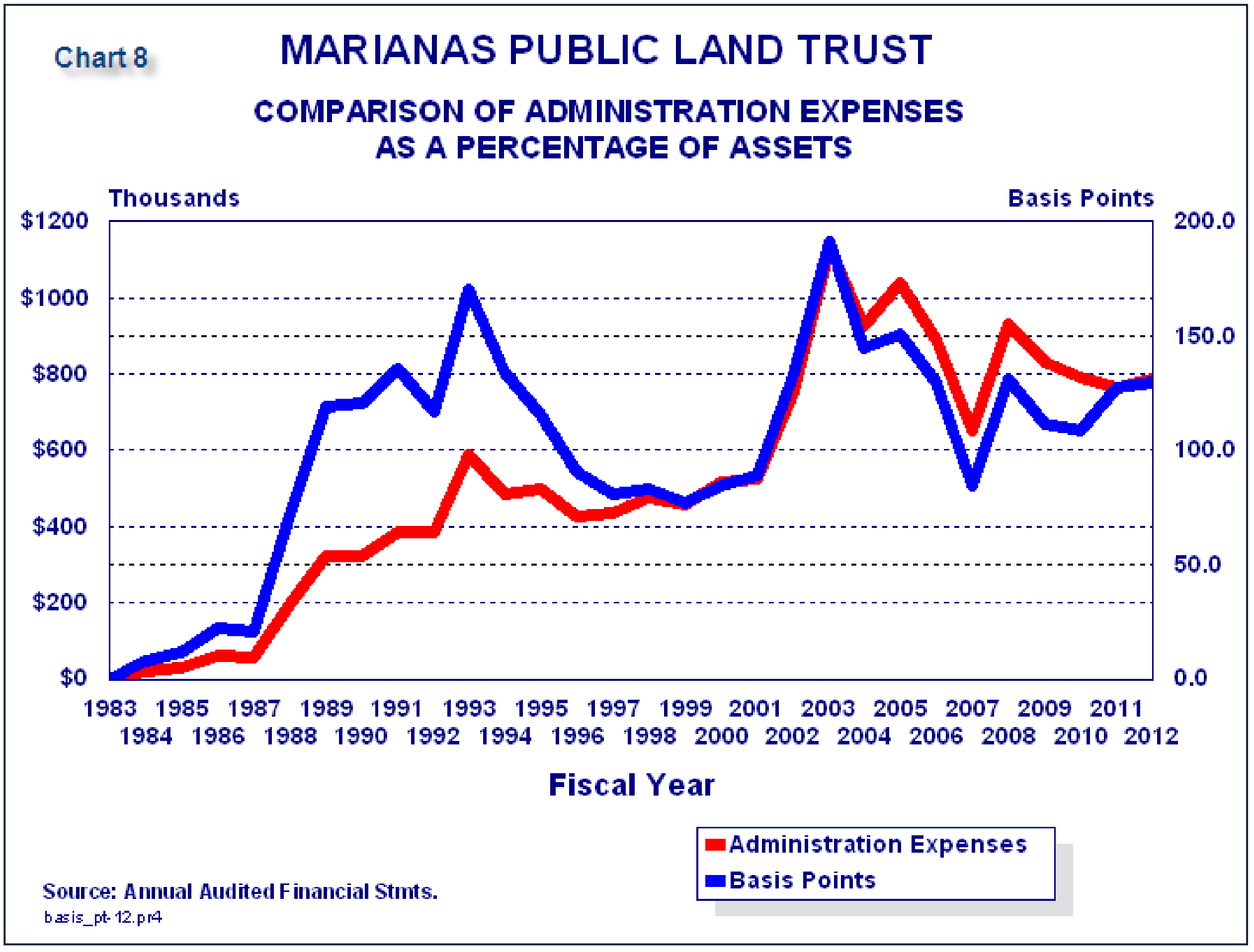
Dates	Conference	Attendees	Location
October 17, 2011	11th Annual Pacific Region Investment Conference	Alvaro Santos, Trustee Pedro Deleon Guerrero,Trustee Peter Q. Cruz, Trustee Melchor J. Mendiola, Trustee Barbara Reyes, Office Manager Bruce M. MacMillan, Board Consultant Robert T. Torres, Legal Counsel	Makati, PI
October 30, 2012	57th Annual Employee	Pedro Deleon Guerrero, Trustee	New Orleans, LA

	Benefits Conference	Peter Q. Cruz, Trustee	
January 24, 2012	Laserfiche Training	Barbara Reyes, Office Manager Lillian Guerrero, Admin Assistant	Anaheim CA
July 16, 2012	Wharton – Alternative Investments	Peter Cruz, AIF® Trustee Pedro Deleon Guerrero,Trustee Melchor Mendiola, AIF® Trustee	San Francisco, CA
August 13, 2012	2nd Annual Pacific Islands Investment Summit	Peter Q. Cruz, Trustee, AIF® Barbara Reyes, AIF® Office Manager	Sydney Australia



To further illustrate the value and necessity of professional money management as compared to managing the money ourselves, as we did from 1983 until 1988, a graph of the rates of return has been prepared showing the returns of investing solely in U. S. Securities (3 to 5 year U. S. Treasury bonds) compared to MPLT's actual returns during the period of professional management (1988 through 2012). Chart 7 reveals that, except for 1989, 1990, 2001, 2002, 2008, and 2011 the yields returned by professional money managers have consistently outperformed those of our prior investment policy when we were limited to investing solely in U. S. Obligations. An average of the annual returns for each of these two options or approaches reveals that the professional money managers yielded 1.4 times more than an investment plan limited to U. S. Obligations solely. Since we pay our money managers annually from 25 to 55 basis points (100 basis points equals 1%) of the value of the monies they manage, the incremental annual gain is more than justified. To do otherwise would be a breach of our fiduciary duty and would be contradictory to **modern portfolio theory.**

Another way of looking at the effectiveness of our investment policies is to compare our administrative expenses each year since inception to the total Trustees assets (using fair market valuation). Chart 8 illustrates the progression and growth of our administrative expenses (red line) over the years, which reached its highest level in 2003. Since this time, administrative expenses have been trending down. The blue line of the chart depicts the annual administrative expenses as a percentage of the Trust's total assets. This percentage is expressed in basis



points (100 bp equals 1%). This line shows the cost of running the Trust as compared to the growth of our investment program. Currently, the administrative expenses in terms of dollars is trending down, but due to the decline of security values, the administrative expenses as a percentage of assets has increased. Once the security markets begin to gain in value, these two relationships will once again show correlation. It is the goal of the Trust to continue the trend of lowering the ***rate of administrative expenses*** over the coming years. Over the past twenty years, the Trust has spent $15,680,951 for administrative expenses to create $42,017,060 new assets while at the same time distributing $57,250,584 to the Trust's beneficiaries.

INVESTMENT POLICY

The MPLT Trustees are collectively referred to as ***fiduciaries***, but what does this mean and what is their role in the investment process? The answer is as follows:

To provide the essential management of the investment process, without which the other components of the investment plan cannot be defined, implemented or evaluated.

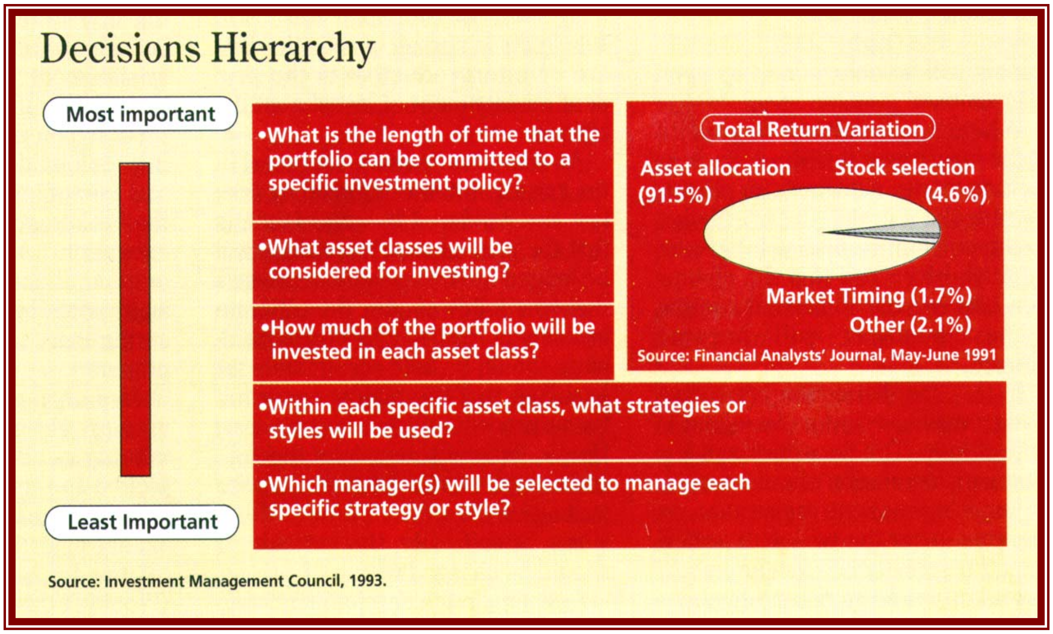
The emphasis is on the fiduciary as the ***manager*** of the investment process - a role that does not require discretionary money management expertise. They are responsible for the ***general management*** of the assets.

FIDUCIARIES' KEY TASKS

- Determining the portfolio's mission and objectives;
- Choosing an appropriate asset allocation strategy;
- Establishing explicit written investment policies consistent with the objectives;
- Selecting investment managers to implement the investment policy; and
- Monitoring investment results.

To accomplish these key tasks, the Trustees have worked with their staff and consultants to prepare an Investment Policy Statement (IPS); the purpose for which is to assist the Trustees in effectively supervising, monitoring and evaluating the Trust's investment assets. The investment program is defined in the various sections of the IPS by:

- Stating in a written document the Trustees' attitudes, expectations, objectives and guidelines for the investment of all Trust's assets.
- Setting forth an investment structure for managing all Trust assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term.
- Providing guidelines for each investment portfolio that control the level of overall risk and liquidity assumed in that portfolio, so that all Trust assets are managed in accordance with stated objectives.
- Encouraging effective communications between the Trustees, the investment consultant and the money managers.
- Establishing formalization criteria to monitor, evaluate, and compare the performance results achieved by the money managers on a regular basis.
- Complying with all applicable fiduciary, prudence and due diligence requirements that experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact trust assets.



The IPS was prepared based upon considerations by the Trustees of the financial implications of a wide range of policies and describes the prudent investment process which the Trustees deem appropriate. Studies have been made of the factors or elements of the investment process which affect total return variation. Of these elements, the investment portfolio time horizon and the asset allocation are the most important and have the greatest effect on portfolio returns. The selection of money managers and their stock selections typically have the least impact on return variations. See the graphic which illustrates this reality very well.

INDUSTRY BEST PRACTICE

One of the most important decisions the fiduciary has to manage is the determination of the time horizon. Based on the time horizon, the fiduciary then can determine which asset classes can be appropriately considered; what the allocation should be between the selected asset classes; whether there should be an allocation made among sub-asset classes; and, finally, which money managers or mutual funds should be retained to manage each asset class.

Since 1988, the asset allocation strategy has changed from what can best be described as a "balance" investment focus.

During 2006 the asset allocation was amended slightly to move from equities to fixed income. This was done by eliminating the 10% small/mid cap "core" allocation and decreasing the lg/cap domestic equities by 10%. Also changed was the elimination of the lg/cap "value" and "growth" specialty managers, which were replaced with a single lg/cap "core" manager. This reduced the percentage allocation for this portion to 25% while the international equities remained at 10%. This made the overall equity allocation to be 35%. This overall 20% reduction in equities was added to fixed income allocation for a total of 65%, which was divided between “core” marketable securities of 50% and ETI’s or local investments of 15%.

Adopted on December 18, 2009, a modification was made to the asset allocation in order to increase the yield on the fixed income. The lg/cap core was reduced from 25% to 20%, non-U.S. equities and developed international remained at 10%, while a 5% emerging markets portion was added, the domestic fixed income (core and local loans) remained at 45%, and 5% high yield and 5% domestic high yield was added plus 10% for international bond. The plan is to assume slightly more risk in order to increase yield.

This asset allocation was further amended on August 27, 2010 to further reduce the lg/cap core by 10% in order to create space for convertible securities of 10%. Also, developed international equities were removed in order to create space for alternative investments of 10%. These two new asset classes were not funded in FY 2010.

On February 18, 2012, the GF domestic high yield and alternative investments were removed from the asset allocation and domestic fixed income (core and local loans) were split into core fixed income at 30% and diversified local investments at 30%. On April 30, 2012, these changes were approved for the PF also.

A summary of the asset allocation as of September 30, 2012 is as follows:

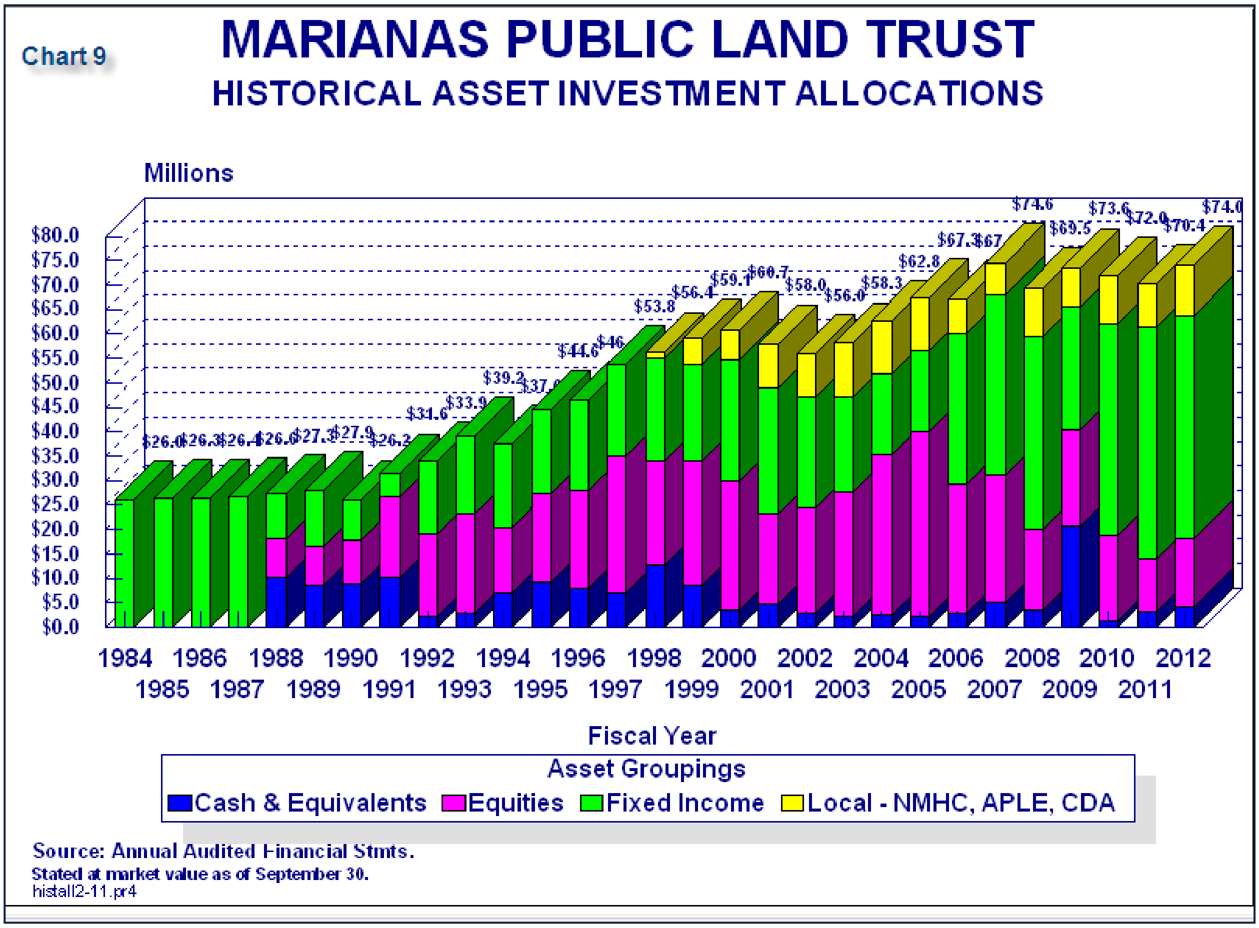


Chart 9 illustrates the asset allocation as reflected in the IPS. It also shows how the value of the investments has improved since 2002. This trend of increasing values was short-circuited in 2008 as a result of the credit failures and resulting loss of security values.

The main cause for the decline of investment assets in 2010 was the payment of the “recovered” interest to the CNMI General Fund. The loss of value to the portfolio has continued for FY 2011 due to the poor performing equity markets.

As part of the above discretionary money manager allocations, the Trust had set-aside $10,000,000 as Local Investments. This investment program commenced in 1998 wherein $5,000,000 was loaned to the Northern Marianas Housing Corporation (NMHC) to provide short-term construction housing loans to persons of Northern Marianas descent. Upon completion of the homes, permanent mortgage financing would be obtained from local banks to finance and payoff the construction loan. In this manner, the loan fund could be revolving to provide new financing to applicants wishing to build homes. As an additional incentive to the Trust, P.L. 10-29 was enacted, which allowed MPLT to keep the interest earned on the loan. Unfortunately, NMHC did not obtain the necessary loan commitments from local banks and as a result NMHC had to make the long-term mortgage loans themselves. This resulted in MPLT having to amend the short-term loan to a term loan of fifteen years at an annual interest rate of 8.5%.

Subsequently on October 19, 2000, P. L. 12-27 was enacted which gave to NMHC a ten year

CHANGES IN PRINCIPAL FUND BALANCES

TRUST PRINCIPAL	GENERAL FUND	PARK FUND
MPLC distributions to MPLT	$29,692,602	$2,000,000
NMHC interest appropriated to principal	5,209,055	
Net increase (decrease) in net assets:		
FY 1988	145,026	(30,599)
FY 1989	(791,186)	256,014
FY 1990	(659,379)	66,172
FY 1991	1,099,866	193,433
FY 1992	3,323,619	564,709
FY 1993	2,036,236	245,330
FY 1994	1,422,710	427,715
FY 1995	4,729,962	1,040,133
FY 1996	3,583,364	156,938
FY 1997	7,008,118	1,353,347
FY 1998	1,764,253	219,979
FY 1999	2,155,083	684,403
FY 2000	1,054,744	204,038
FY 2001	(2,677,203)	(243,638)
FY 2002	(3,055,198)	(502,754)
FY 2003	2,955,539	367,771
FY 2004	3,396,385	143,775
FY 2005	4,156,017	278,565
FY 2006	(1,221,013)	178,242
FY 2007	4,742,997	572,512
FY 2008	(7,182,246)	(821,534)
FY 2008 NMHC restatement	(4,100,000)	-
FY 2009	3,220,183	360,171
FY 2010	2,633,849	307,424
FY 2011	(3,347,697)	(272,104)
FY 2012	4,984,081	679,855
Totals	$66,279,766	$8,429,896

moratorium for repayment of this loan and appropriated the annual net income distribution, which MPLT makes to the Commonwealth General Fund, back to MPLT to pay-off this NMHC obligation. This legislation effectively transfers NMHC's debt obligation to the Commonwealth General Fund. As a part of this legislation, MPLT agreed to loan an additional $3.9 million to NMHC bringing the total loan to $10 million. These additional loan proceeds were aimed at benefiting "low-income" applicants. On March 13, 2007, the Governor signed into law the repeal of the provision relating to the NMHC moratorium. This resulted in NMHC being required to resume the loan payments per the original loan agreement commencing on April 1, 2007. NMHC defaulted on making such payments and MPLT negotiated a settlement of the note and obtained the collateralized NMHC loan portfolio plus enough cash to pay-off the accrued interest due. It is anticipated that MPLT will have a loss of an estimated $4.830 million due to the NMHC default. As such, a write-down of the value of this investment for this amount has been made resulting in a net value of $3,527,629. The actual future loss from this investment is unknown at this time.

Additionally, the Trust has implemented a pilot program to test the concept of investing in a parent-student scholarship loan program. The initial program commenced on Rota with a loan being made to a local non-profit corporation, APLE 501, Inc. Under this program, APLE would receive a loan from MPLT to be secured by their loan portfolio. It is APLE's responsibility to establish the lending criteria, award the loans and prepare the appropriate loan documentation, e.g., loan agreement, promissory note, guaranty first mortgage, etc., copies of which were to be provided to MPLT. MPLT's loan agreement with APLE requires them to only make loans that are secured by a first mortgage on real estate having at least two times the appraised value of the loan amount. The terms of the loan to APLE require them to repay MPLT over a term of fifteen years at an interest rate of five percent (5%). The first advance on this loan arrangement was made on October 18, 2002 in the amount of $154,924. This loan is currently in default resulting in MPLT receiving a default judgment. Some of the borrowers are making payments but the majority of the borrowers have defaulted and MPLT is currently suing them to recover our principal. This is a non-performing investment. The final loss from this loan is not known at this time. The following is an overview of the Trust's current investment policies and the respective money managers assigned to carry out the investment activity. There are no limitations on the amount of "*cash & equivalents*" which may be held.

MONEY MANAGER	**ASSET ALLOCATION (of principal resources)**	
	GENERAL FUND	**PARK FUND**
Metropolitan West – large cap equity "core" money manager; objective is to manage domestic equity assets consistent with the Standard & Poors 500 Index and **Domestic Large Cap Manager Core Equity** peer group.	0% to 20%	10% to 30%
MacKay Shields – convertible fixed income money manager; objective is to manage convertible assets consistent with the ML All Convertibles Index.	0% to 20%	0% to 10%
Lazard – *emerging markets money manager; objective is to manage emerging international equity assets consistent with the MSCI EM (net) Index.*	0% to 15%	0% to 20%
Newgate – *emerging markets money manager; objective is to manage emerging international equity assets consistent with the MSCI EM (net) Index.*	0% to 15%	0% to 20%
Garica Hamilton & Associates – domestic fixed income Acore≅ money manager; objective is to manage fixed income assets consistent with the Barclays Aggregate Bond Index.	20% to 55%	30% to 50%
Seix Investment Advisors – *high yield bond;* objective is to manage high yield bonds consistent with the Barclays HY Bond Index.	0% to 10%	0% to 20%
Templeton Global Bond Fund – *foreign bond fund unhedged;* objective is to manage foreign bonds consistent with the CitigrpNon USWGovUnHd Index.	0% to 20%	0% to 20%
Local Investments	0% to 30%	0% to 10%

FIDUCIARY DUTY and PRUDENT PROCESS

In recent years the question of what is ***fiduciary duty*** has become a topic of discussion; especially in regard to the Trust's responsibilities for investment of their assets. While the Constitution expressly requires the Trustees to ***"...make reasonable, careful and prudent investments"* and holds them to *"...strict standards of fiduciary care"***, it does not state how they will be measured in meeting these legal concepts. Accordingly, the Trustees rely on their attorneys, professional consultants and fiduciary training to provide guidance in such matters. As a fiduciary the Trustees have personal liability for their acts if they do not meet the concepts of the ***Prudent Process***. Fiduciary liability is not determined by investment performance, but rather by the failure to apply ***"prudent investment practices"***.

Safe Harbor Rules

1. Use prudent experts to make the Investment decisions.
2. Demonstrate that the prudent expert was selected by following a due diligence process.
3. Give the prudent expert discretion over the assets.
4. Have the prudent expert acknowledge their co-fiduciary status.
5. Monitor the activities of the prudent expert to ensure that the expert is performing the agreed upon tasks.

Uniform Fiduciary Standards of Care

1. Know standards, laws, and trust provisions.
2. Diversify assets to specific risk/return profile.
3. Prepare investment policy statement.
4. Use "prudent experts" (money managers) and document due diligence.
5. Control and account for investment expenses.
6. Monitor the activities of "prudent experts".
7. Avoid conflicts of interest and prohibited transactions.

PRIMARY DUTY of the FIDUCIARY

To *manage* a prudent investment process, without which the components of an investment plan cannot be defined, implemented, or evaluated. Statutes, case law, and regulatory opinion letters dealing with investment fiduciary responsibility further reinforce this important concept.

Understanding and applying prudent investment practices will establish a disciplined process for making and managing investment decisions. It is through the study and application of these ***Practices*** that the MPLT Board of Trustees manages the investment decision-making for the Trust. Many of these ***"industry best practices"*** as identified in the ***Practices*** are also included in legislation dealing with the fiduciary aspects of investing. The following are the important legislative authorities, which overlap the ***"prudent investment practices"***:

INDUSTRY BEST PRACTICE

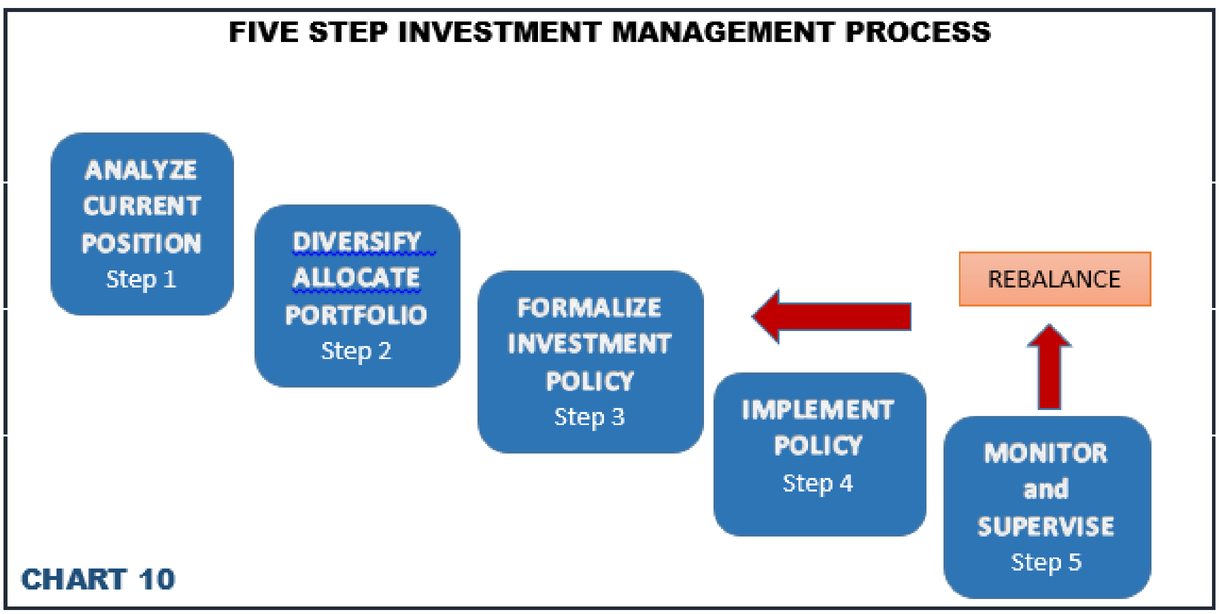
If a fiduciary even thinks he or she may have a conflict of interest – they probably do. The best advice is end it, or avoid it. It's that simple. An excellent question every fiduciary should ask before deciding or voting on an investment issue is: ***Who benefits from this decision?*** If the answer is any party other than the client, participant, and/or the beneficiary, the likelihood is the fiduciary is about to breach his or her duties.

- **ERISA** – Employee Retirement Income Security Act (impacts qualified retirement plans).
- **UPIA** – Uniform Prudent Investor Act (impacts private trusts, and may impact foundations and endowments).
- **MPERS** – Uniform Management of Public Employee Retirement Systems Act (impacts state, county, and municipal retirement plans).

INDUSTRY BEST PRACTICE

Simply stated, an investment strategy can fail by being too conservative or too aggressive. A fiduciary could adopt a very safe investment strategy by keeping a portfolio in cash, but then see the portfolio's purchasing power whither under inflation. Or, a fiduciary could implement a long-term growth strategy that overexposes a portfolio to equities, when a more conservative fixed-income strategy would have been sufficient to cover the identified goals and objectives.

What essentially is the ***Prudent Process***? This process can best be described through the ***Five Step Investment Management Process*** as shown in Chart 10. The ***Uniform Fiduciary Standards of Care*** are legislated standards (see preceding text box) that when applied with the Five Step Investment Management Process frames the ***Prudent Investment Process.***



INDUSTRY BEST PRACTICE

The fiduciary is required to manage investment decisions with a reasonable level of detail. By reducing that detail to writing, preparing a written IPS, the fiduciary can: (1) avoid unnecessary differences of opinion and the resulting conflicts; (2) minimize the possibility of missteps due to a lack of clear guidelines; (3) establish a reasoned basis for measuring their compliance; and, (4) establish and communicate reasonable and clear expectations with participants, beneficiaries, and investors.

A further discussion of the ***Practices*** is as follows:

Step 1 - Analyze Current Position

- Investments are managed in accordance with applicable laws, trust documents, and written policy statements.
- Fiduciaries are aware of their duties and responsibilities.
- Fiduciaries and parties in interest are not involved in self-dealing.
- Service agreements and contracts are in writing, and do not contain provisions that conflict with fiduciary standards of care.
- There is documentation to show timing and distribution of cash flows and the payment of liabilities.
- Assets are within the jurisdiction of U.S. courts, and are protected from theft and embezzlement.

INDUSTRY BEST PRACTICE

The following documents, at a minimum, should be collected, reviewed, and analyzed:

- A copy of the Investment Policy Statement (IPS), written minutes, and/or files from investment committee meetings.
- Applicable trust documents.
- Custodial and brokerage agreements.
- Service agreements with investment management vendors.
- Information on retained money managers; specifically the ADV for each separate account manager and prospectus for each mutual fund.
- Investment performance reports from money managers, custodian, and/or consultant.

Step 2 – Diversity - Allocate Portfolio

- A risk level has been identified.
- An expected, modeled return to meet investment objectives has been identified.
- An investment time horizon has been identified.
- Selected asset classes are consistent with the identified risk, return, and time horizon.
- The number of asset classes is consistent with portfolio size.

Step 3 - Formalize Investment Policy

- There is detail to implement a specific investment strategy.
- The investment policy statement defines the duties and responsibilities of all parties involved.
- The investment policy statement defines diversification and rebalancing guidelines.
- The investment policy statement defines due diligence criteria for selecting investment options.
- The investment policy statement defines monitoring criteria for investment options and service vendors.
- The investment policy statement defines procedures for controlling and accounting for investment expenses.
- The investment policy statement defines appropriately structured, socially responsible investment strategies (when applicable).

Step 4 - Implement Policy

- The investment strategy is implemented in compliance with the required level of prudence.

- The fiduciary is following applicable "Safe Harbor" provisions (when elected).
- Investment vehicles are appropriate for the portfolio size.
- A due diligence process is followed in selecting service providers, including the custodian.

Step 5 - Monitor and Supervise

- Periodic reports compare investment performance against an appropriate index, peer group, and IPS objectives.
- Periodic reviews are made of qualitative and/or organizational changes of investment decision-makers.
- Control procedures are in place to periodically review policies for best execution, soft dollars, and proxy voting.
- Fees for investment management are consistent with agreements and with the law.
- "Finder's fees," 12b-1 fees, or other forms of compensation that have been paid for asset placements are appropriately applied, utilized, and documented.

INDUSTRY BEST PRACTICES

Rebalancing is inherent to the element of diversification, where the goal is to create a portfolio that balances appropriate levels of risk and return. That balance, once achieved, only can be maintained by periodically rebalancing the portfolio to maintain the appropriate diversification.

The rebalancing limits define the points when a portfolio should be reallocated to bring it back in line with the established asset allocation target. The discipline of rebalancing, in essence, controls risk and forces the portfolio to move along a predetermined course. It takes gains from stellar performers or favored asset classes, and reallocates them to lagging styles, without attempting to time the market.

We are currently performing step 5 of the investment process, in particular, performing rebalancing. The process of rebalancing of the portfolio realigns it back to the strategic asset allocation formalized in the IPS. The asset mix will change as a result of rising values in the portfolio. Rebalancing controls risk and force the portfolio to move along a predetermined course. It is through this overall procedural process that the Trust maintains its financial integrity.

INDUSTRY BEST PRACTICE

The acronym **TREAT** helps define the key fiduciary inputs to the asset allocation strategy.

T Tax Status

R Risk Level

E Expected Return

A Asset Class Preference

T Time Horizon

INDUSTRY BEST PRACTICE

The fiduciary should establish performance objectives for each investment decision-maker, and/or money manager, and record the same in the investment policy statement. Investment performance should be evaluated in terms of an appropriate market index, and the relevant peer group.

The investment policy statement also should describe the actions to be taken when an investment decision-maker fails to meet the established criteria. The fiduciary should acknowledge that fluctuating rates of return characterize the securities markets, and may cause variations in performance. The fiduciary should evaluate performance from a long-term perspective, ordinarily defined as two-to-three years.

There often will be times when a money manager is beginning to exhibit shortfalls in the defined performance objectives but, in the opinion of the fiduciary, does not warrant termination. In such situations, the fiduciary should establish in the investment policy statement specific ***Watch List*** procedures. The decision to retain or terminate a manager cannot be made by a formula. It is the fiduciary's confidence in the money manager's ability to perform in the future that ultimately determines the retention of a money manager.

Footnote

The References used in this section of the 2012 Annual Report were taken from Prudent Investment Practices, A Handbook for Investment Fiduciaries, written and published by the Foundation for Fiduciary Studies, www.cfstudies.com, © 2003 Foundation for Fiduciary Studies.

FINANCIAL BENEFITS

The financial benefits provided to the Commonwealth by the Trust generally consist of direct distributions of income and capital growth to its investment portfolio. The equity market for 2012 was add value to the portfolio due to increased equity valuations. While the S&P 500 did yield 30.2% for the year, MPLT was only able to capture 17.2% of this yield on its lg cap core equities. Additionally, our emerging markets equities returned 19.4% and the convertible security allocation yielded 12.8%. These returns were moderated by the effects of the asset allocation.

Additionally, the fixed income allocation of 75% provided a total return of 8.9%. The overall result being that the Trust added $5,663,936 its principal. MPLT's 2012 General Fund distribution was $1,894,921, which yields a total of $51,868,580 being given over to the Commonwealth General Fund since inception. Additionally, the Park Fund made distributions of $251,461 for the debt service on the CDA/AMP loan. This makes a total of $5,382,004, which has been distributed to fund projects.

American Memorial Park Development Projects

1. Tennis Courts	**$242,770**
2. 400 Meter Track	**15,000**
3. Grandstand	**2,200**
4. Bike Path	**47,750**
5. American Memorial Pavilion	**603,362**
6. Park Maintenance	**1,289,154**
7. AMP World War II Memorial	**493,248**
8. Parking Lot and Paving	**165,601**
9. Concession Room and Other Facilities	**76,741**
10. AMP Underground Utilities	**142,927**
11. AMP Mall Landscaping	**139,068**
12. Engineering, Survey & Mapping Svcs.	**15,000**
13. Schematic Master Plan	**13,435**
14. Lighting Bike/Jogging Trail	**62,800**
15. A&E for the Cultural/Visitors Center & Memorial Gardens	**65,000**
16. Debt service on CDA/AMP loan for Cultural/Visitors Center & Memorial Gardens	**2,007,948**
Total	**$ 5,382,004**

GROSS PUBLIC LAND LEASE REVENUES FLOWCHART

<u>LEASE REVENUES</u>
(Received by MPLC, MPLA & DPL)

<u>LESS EXPENSES of AMINISTRATION</u>
(general and administration, homestead program, and comprehensive master planning)

<u>EQUALS NET DISTRIBUTIONS to MPLT from MPLC, et. al.</u>

$ 33,692,602

GENERAL FUND PRINCIPAL INVESTED ***$31,692,602***

PARK FUND PRINCIPAL INVESTED ***$2,000,000***

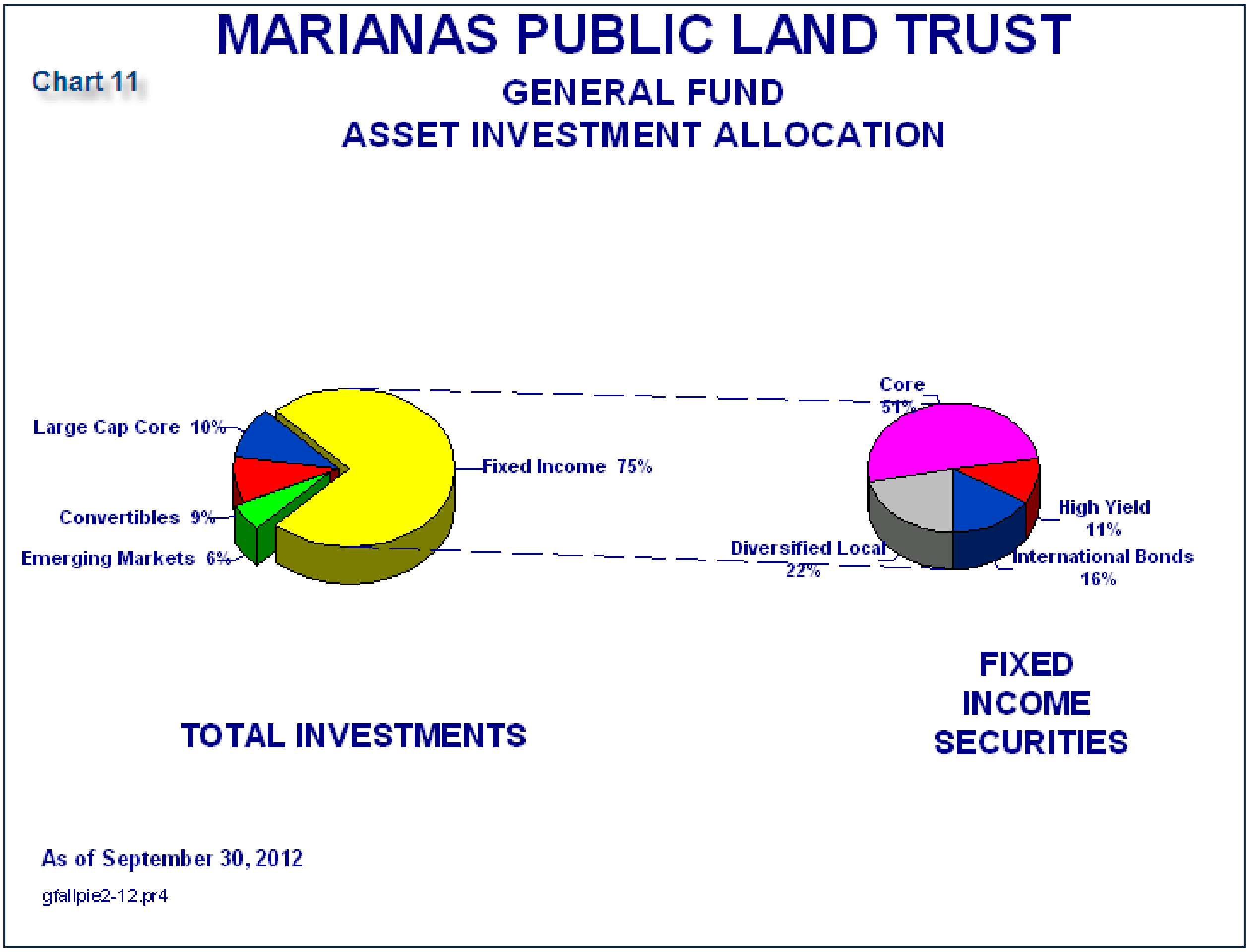
<u>INVESTMENT INCOME</u>

<u>LESS EXPENSES OF ADMINISTRATION</u>
(money management fees, professional fees, contractual services, etc.)

Income Distributed to CNMI General Fund		Distributable Net Income $5,706,429	
FY 1984	$ 1,348,293		
FY 1985	2,495,638		
FY 1986	2,507,825		
FY 1987	2,543,529		
FY 1988	3,098,924		
FY 1989	1,349,138		
FY 1990	1,721,670		
FY 1991	1,032,690	FY 1991	$ 171,248
FY 1992	707,863	FY 1992	140,160
FY 1993	534,953	FY 1993	973,825
FY 1994	763,298	FY 1994	294,410
FY 1995	1,191,602	FY 1995	28,853
FY 1996	1,560,522	FY 1996	376,219
FY 1997	1,461,200	FY 1997	201,437
FY 1998	1,420,000	FY 1998	164,868
FY 1999	1,566,931	FY 1999	82,110
FY 2000	1,600,594	FY 2000	148,335
FY 2001	1,982,714	FY 2001	95,321
FY 2002	1,690,569	FY 2002	269,855
FY 2003	1,206,139	FY 2003	165,294
FY 2004	1,308,788	FY 2004	387,119
FY 2005	1,064,661	FY 2005	294,713
FY 2006	1,379,989	FY 2006	274,075
FY 2007	2,228,048	FY 2007	208,917
FY 2008	2,219,596	FY 2008	218,572
FY 2008 restatement	4,100,000		
FY 2009	2,013,563	FY 2009	219,768
FY 2010	1,625,996	FY 2010	206,489
FY 2011	2,248,926	FY 2011	208,955
FY 2012	<u>1,894,921</u>	FY 2012	<u>251,461</u>
TOTAL	$ <u>51,868,580</u>		$ <u>5,382,004</u>
		Total Income Available for Future Distributions	$ <u>324,425</u>

FY 2012 FINANCIAL SUMMARY

The Investment Policy Statement asset allocation changes adopted in 2012 were to eliminate alternative investments and to increase the domestic local investments to 30%, while reducing domestic fixed income “core” to 30%. This change was made primarily to facilitate loans to the Commonwealth Healthcare Corporation, which was in desperate need of funding. This approach maintains current income while keeping an option to grow the principal investment base. The current asset allocation is reflected in the following Chart 11.



The overall asset investment base for 2012 was $65,692,344, increasing by $3,330,366 from the amount in 2011.

The following is an overview of the current asset allocation:

Asset Allocation	Strategic Allocation	Total Fund	Percentage Difference
Domestic Equity – Large Cap Core	**10%**	**10.4%**	**0.4%**
Non-U.S. Equities:			
Emerging Markets	**5%**	**5.7%**	**0.7%**
Convertible Securities	**10%**	**9.1%**	**-.09%**
Domestic Fixed Income			
Core & Local Loans	**60%**	**54.3%**	**5.7%**
High Yield	**5%**	**8.3%**	**3.3%**
DLI	**5%**	**0%**	**-5.0%**
International Bonds	**10%**	**12.2%**	**2.2%**
Total Allocation	**100%**	**100%**	**0%**

An overview of the General Fund's investment return is as follows:

Investment earnings	$ 2,622,428
Realized capital gains	4,053,000
Unrealized capital gains	(68,919)
Total return	$ 6,606,509
Return on investment	11.0%

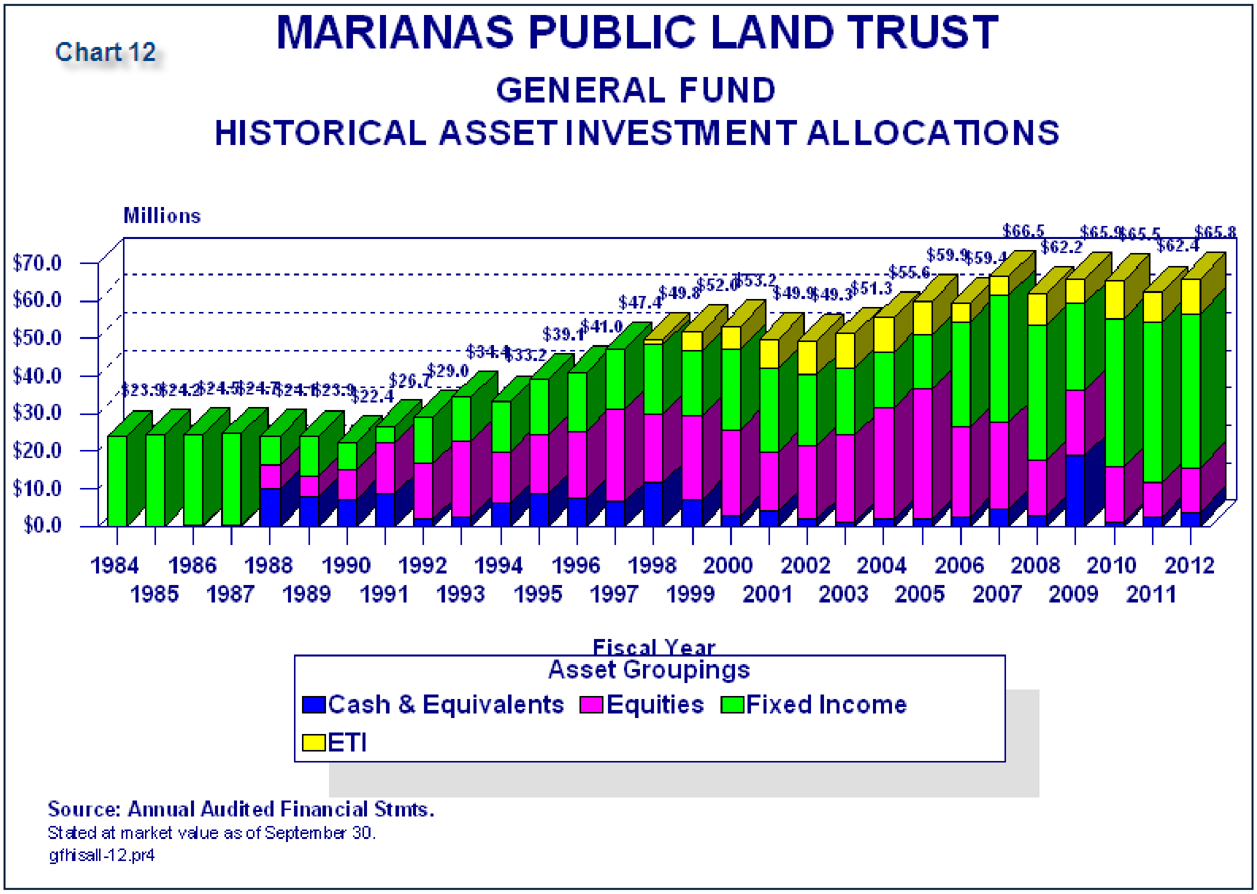


Chart 12
MARIANAS PUBLIC LAND TRUST
GENERAL FUND
HISTORICAL ASSET INVESTMENT ALLOCATIONS
Millions
$70.0
$60.0
$50.0
$40.0
$30.0
$20.0
$10.0
$0.0
$23.9
$24.2
$24.5
$24.7
$24.1
$23.9
$22.4
$26.7
$29.0
$34.4
$33.2
$39.1
$41.0
$47.4
$49.8
$52.0
$53.2
$49.9
$49.3
$51.3
$55.6
$59.9
$59.4
$66.5
$62.2
$65.9
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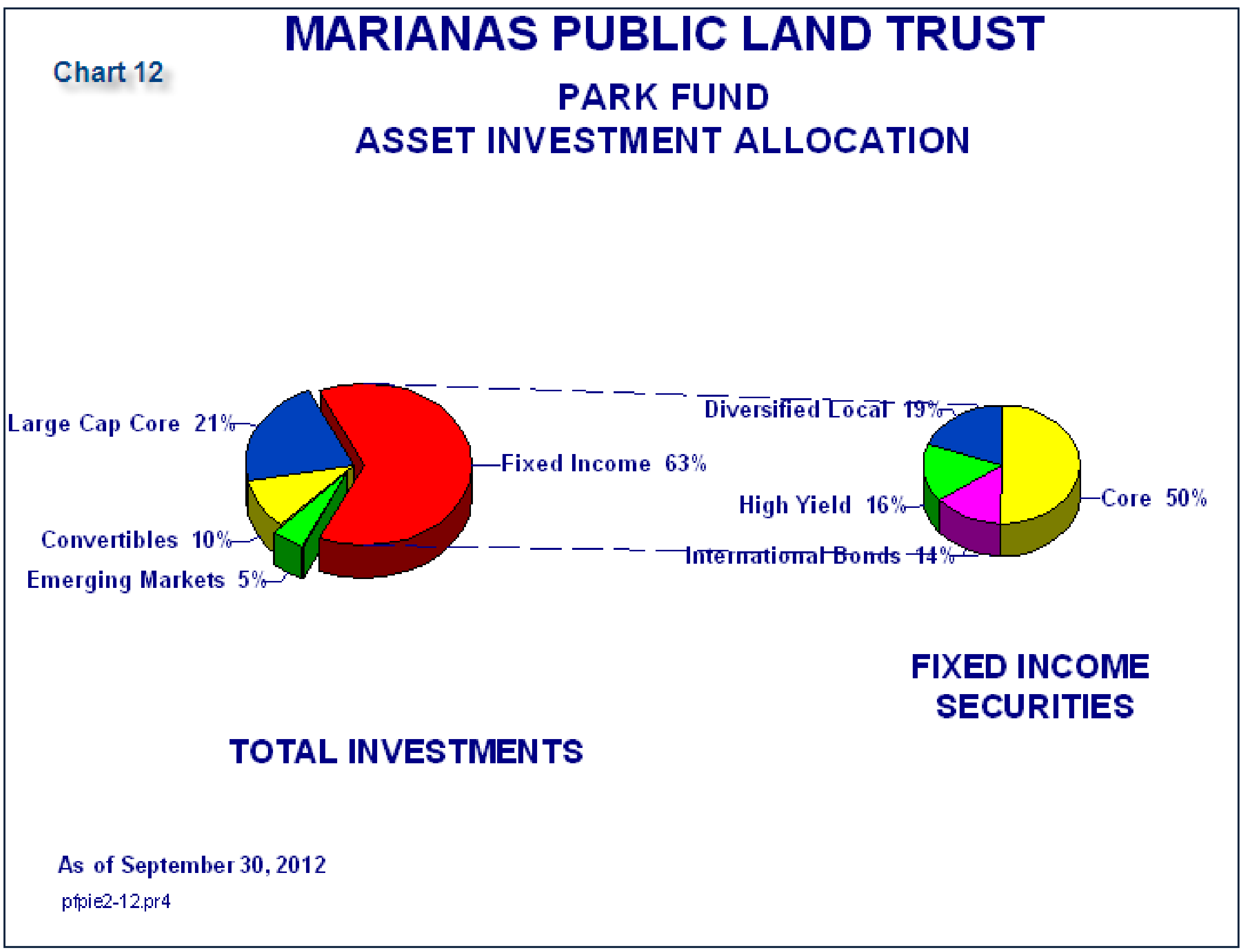
2009
2010
2011
2012
Fiscal Year
Asset Groupings
Cash & Equivalents
Equities
Fixed Income
ETI
Source: Annual Audited Financial Stmts.
Stated at market value as of September 30.
gfhisall-12.pr4

FY 2012 FINANCIAL SUMMARY

The Investment Policy Statement asset allocation changes adopted in 2012 were to eliminate alternative investments and to increase domestic equity “core” to 20%, while reducing domestic fixed income “core” to 40% and increasing domestic fixed income high yield to 10%. This allocation will provide sufficient income to support the increased debt service on the CDA/AMP loan. While this approach provides current income, it also enhances the option to grow the principal investment base. The current asset allocation is reflected in the following Chart 13.

The overall asset investment base for 2012 was $7,707,614 resulting in an increase of $489,798 from the amount 2011.



The following is an overview of the current asset allocation:

Asset Allocation	**Strategic Allocation**	**Total Fund**	**Percentage Difference**
Domestic Equity – Large Cap Core	**20%**	**21.5%**	**1.5%**
Non-U.S. Equities:			
Emerging Markets	**5%**	**5.1%**	**0.1%**
Convertible Securities	**10%**	**10.2%**	**0.2%**
Domestic Fixed Income			
Core & Local Loans	**40%**	**31.7%**	**-8.3%**
High Yield	**10%**	**10.1%**	**0.1%**
DLI	**5%**	**12.3%**	**7.3%**
International Bonds	**10%**	**9.1%**	**-0.9%**
Total Allocation	**100%**	**100%**	**0%**

An overview of the General Fund's investment return is as follows:

Investment earnings	$ 324,909
Realized capital gains	502,454
Unrealized capital gains	179,213
Total return	$1,006,576
Return on investment	13.6%

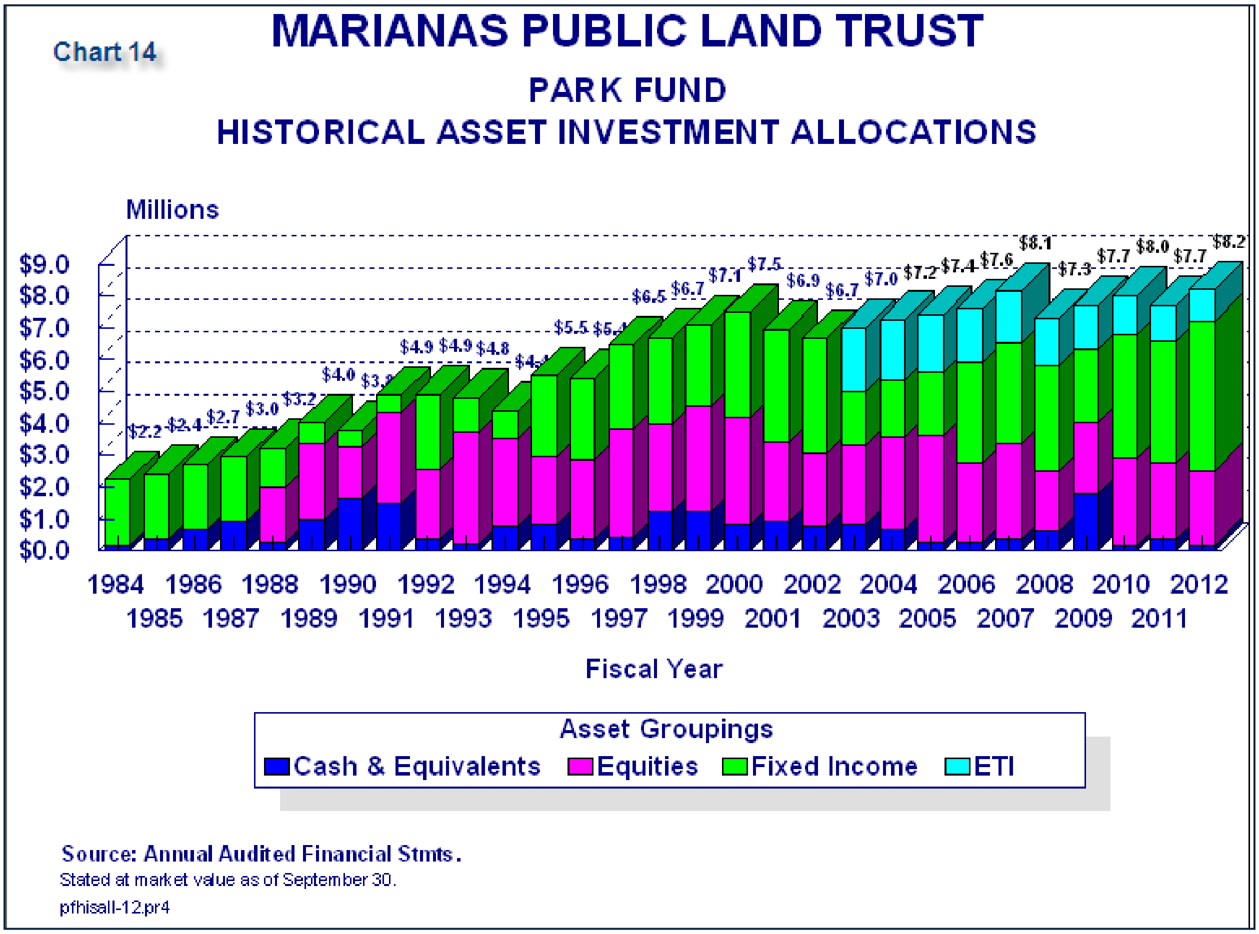


Chart 14
MARIANAS PUBLIC LAND TRUST
PARK FUND
HISTORICAL ASSET INVESTMENT ALLOCATIONS
Millions
$9.0
$8.0
$7.0
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0
$2.2 $2.4 $2.7 $3.0 $3.2 $4.0 $4.9 $4.9 $4.8 $5.5 $6.5 $6.7 $7.1 $7.5 $6.9 $6.7 $7.0 $7.2 $7.4 $7.6 $8.1 $7.3 $7.7 $8.0 $7.7 $8.2
1984 1986 1988 1990 1992 1994 1996 1998 2000 2002 2004 2006 2008 2010 2012
1985 1987 1989 1991 1993 1995 1997 1999 2001 2003 2005 2007 2009 2011
Fiscal Year
Asset Groupings
Cash & Equivalents
Equities
Fixed Income
ETI
Source: Annual Audited Financial Stmts.
Stated at market value as of September 30.
pfhisall-12.pr4

STAFF

The following are the current staff of the Trust:

Barbara Reyes, AIF®
Office Manager

Lillian Leon Guerrero
Administrative Assistant

Consultant and Legal Services

Bruce M. MacMillan
Board Consultant

Robert T. Torres
Legal Counsel

The law stipulates that MPLT must maintain a five member board, which comprises of three people from Saipan, one from Tinian and one from Rota, and of the five, one must be of Carolinian descent and one must be a woman. The current board of trustees consists of the required five members who are, according to the Constitution, appointed by the Governor and confirmed by the Senate.

In addition to the Board of Trustees, MPLT retains the services of Bruce M. MacMillan, C.P.A., as the Board Consultant and Robert T. Torres, as the Legal Counsel.

MPLT also employs Barbara Reyes, Office Manager and Lillian Leon Guerrero, Administrative Assistant

PROFESSIONAL ASSISTANCE

The Trustees solicit professional services for the management of its assets, the development and maintenance of a dynamic investment policy, the supervision and evaluation of investment managers, as well as auditing and asset custodial services.

The Money Managers, selected by the Trustees, have sole responsibility for purchase and sale decisions for all investments under their control. Should any manager fail to meet the goals or stay within the guidelines of the Trust's investment policy, the trustees may initiate proceedings to determine the desirability of retaining the manager.

The Consultant is responsible for providing ongoing assistance to the Trustees in the supervision, retention and termination of the investment managers, the maintenance and updating of the investment policy, asset allocation decisions and other matters involving the investment of assets. From 1988 through 1994, Merrill Lynch acted as the Trust's investment consultant. Commencing March 1, 1995, Altamira Capital Corporation was retained to replace Merrill Lynch as investment consultant. On February 18, 2004 the Trust hired Morgan Stanley Smith Barney to replace Altamira Capital. MSSB is the current portfolio consultant.

The Custodian of the funds is responsible for safekeeping all securities and cash, accounting for all cash flow and providing monthly statements. Effective with the hiring of Morgan Stanley Smith Barney in February 2004, Smith Barney Citigroup became the custodian. Prior to this time, BNY Western Trust Company (a subsidiary of the Bank of New York) had been serving as custodian for all of the Trust's funds. The Board of Trustees has also retained seven discretionary money management firms to manage the Trust's investment portfolios – see above (stated at fair market value).

MONEY MANAGER	AMOUNT OF ASSETS UNDER MANAGEMENT	
	GENERAL FUND	PARK FUND
Atalanta Sosnoff – large cap equity "core" money manager; objective is to manage domestic equity assets consistent with the Standard & Poors 500 Index and **Domestic Large Cap Manager Core Equity** peer group.	$5,453,265	$1,424,184
MacKay Shields – convertible fixed income money manager; objective is to manage convertible assets consistent with the ML All Convertibles Index.	$5,741,225	$765,827
Lazard – *emerging markets money manager; objective is to manage emerging international equity assets consistent with the MSCI EM (net) Index.*	$1,727,060	$194,325
Newgate – *emerging markets money manager; objective is to manage emerging international equity assets consistent with the MSCI EM (net) Index.*	$1,489,294	$172,440
Richmond Capital Management, Inc. – domestic fixed income "core" money manager; objective is to manage fixed income assets consistent with the Lehman Aggregate Bond Index.	$29,031,957	$2,611,162
Seix Investment Advisors – *high yield bond;* objective is to manage high yield bonds consistent with the Barclays HY Bond Index.	$3,824,961	$731,414
Templeton Global – *foreign bond fund unhedged;* objective is to manage foreign bonds consistent with the CitigrpNon USWGovUnHd Index.	$7,265,272	$687,318
Local Investments.	$7,828,943	$1,120,943
GRAND TOTALS	*$ 62,361,977*	*$ 7,707,613*

Marianas Public Land Trust

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended September 30, 2012

MARIANAS PUBLIC LAND TRUST
(A COMPONENT UNIT OF THE COMMONWEALTH
OF THE NORTHERN MARIANA ISLANDS)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2012 AND 2011

Deloitte.

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Marianas Public Land Trust:

We have audited the accompanying statements of net assets of the Marianas Public Land Trust (MPLT), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI), as of September 30, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of MPLT's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MPLT's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marianas Public Land Trust as of September 30, 2012 and 2011, and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2013 on our consideration of MPLT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the Marianas Public Land Trust's financial statements. The Combining Statement of Net Assets, the Combining Statement of Revenues, Expenses and Changes in Net Assets and the Combining Statement of Cash Flows (pages 32 through 34), the Schedule of Investments - General Fund (pages 35 through 41), the Schedule of Investments - Park Fund (pages 42 through 48) and the Schedule of Administrative Expenses (page 49) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Net Assets, the Combining Statement of Revenues, Expenses and Changes in Net Assets, the Combining Statement of Cash Flows, the Schedule of Investments - General Fund, the Schedule of Investments - Park Fund and the Schedule of Administrative Expenses are fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLC

September 9, 2013

MARIANAS PUBLIC LAND TRUST

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Management's Discussion and Analysis
Year Ended September 30, 2012

As management of the Marianas Public Land Trust (MPLT), we offer readers of MPLT's financial statements this narrative overview and analysis of the financial activities of MPLT for the year ended September 30, 2012. This Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited financial statements.

Implementing Authority

The origins of MPLT are found in both the Constitution of the Commonwealth of the Northern Mariana Islands (CNMI) and Public Law (P.L.) 94-241, Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America. Both of these documents came into full force and effect on January 9, 1978.

Article XI, Section 6 of the Constitution provides for the establishment of MPLT upon the effective date of the Constitution. Some excerpts pertaining to the operating requirements of MPLT are:

- "... The number of trustees appointed by the Governor with the advice and consent of the Senate shall be ...[five]. Three shall be from Saipan, one from Rota and one from Tinian. At least one trustee shall be a woman and at least one trustee shall be of Carolinian descent. The trustees shall serve for a term of six years ... [shall] be staggered."

- "... The trustees shall make reasonable, careful and prudent investments."

- "... The trustees shall ...[use] the interest on the amount received for the lease of property at Tanapag Harbor for the development and maintenance of a memorial park. The trustees shall transfer to the general revenues of the Commonwealth the remaining interest accrued ...[except] that the trustees may retain the amount necessary to meet reasonable expenses of administration."

- "... The trustees shall make an annual written report to the people of the Commonwealth accounting for the revenues received and expenses incurred by the Trust and describing the investments and other transactions authorized by the trustees."

- "... The trustees shall be held to strict standards of fiduciary care. Each trustee shall annually submit to the Governor and the presiding officers of the Legislature a report disclosing their financial affairs, as provided by law."

The Covenant contains key provisions, which are fundamental to MPLT's development. Article VIII, Section 802 requires that certain lands be made available to the United States Government by lease in order for it to carry out its defensive responsibilities. These lands consist of 7,203 hectares on Tinian, 72 hectares at Tanapag Harbor in Saipan, and the entire island of Farallon de Medinilla.

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Facsimile: (670) 322-4450

Article VIII, Section 803 of the Covenant describes the lease terms for the above properties. The Commonwealth will lease the property to the United States for 50 years with the United States having the option of renewing the lease for all or part of the property for an additional term of 50 years. The United States will pay the Commonwealth, in full settlement of the two 50 year lease terms, the total sum of $19,520,600 determined as follows:

- Tinian Island property - $17.5 million;
- Saipan Island property located at Tanapag Harbor - $2 million;
- Farallon de Medinilla Island - $20,600.

The above sum will be adjusted by a percentage, which will be the same as the percentage change in the United States Department of Commerce composite price index from the date of signing the Covenant. Additional terms and conditions of this lease are found in the Technical Agreement Regarding Use of Land to Be Leased by the United States, which was executed simultaneously with the Covenant.

Furthermore, Section 803 provides for over 53 hectares of the leased property at Tanapag Harbor to be made available to the United States, at no cost to the Commonwealth, to establish an American Memorial Park to honor the Americans and Chamorros who died in the World War II Marianas Campaign. The $2 million received from the United States for the lease of this property would be placed into a trust fund with the "income" to be used for the development and maintenance of the park.

This was the initial source of the funding for MPLT, i.e., $23,942,602 allocated to the MPLT General Fund and $2,000,000 allocated to the MPLT Park Fund. In 1991, 2007, 2008 and 2012, additional distributions were received of $1,000,000, $1,250,000, $3,500,000 and $1,000,000, respectively, from the Marianas Public Land Corporation and its successors, including the Department of Public Lands. These amounts were treated as General Fund principal contributions.

Financial Highlights

The following financial highlights are taken from the audited financial statements for the years ended September 30, 2012, 2011 and 2010.

- The assets of MPLT increased in 2012 by $5,942,187 over the amount in 2011. This increase in assets was due primarily to the increase in the fair value of investments rebounding from 2011 which showed an overall loss in value.

  The assets of MPLT decreased in 2011 by $1,673,342 over the amount in 2010. This net decrease in assets was due primarily to a "soft" securities market that resulted in increased loss of security values as well as realized losses due to the sales of securities. Additionally, losses were recognized due to valuation of our local investments.

- Total liabilities for 2012 increased by $278,251 from 2011 due to an increase in due to brokers resulting from a change in money managers and the sale of investments. This offset was somewhat due to the application of the amount due to the CNMI General Fund being applied as of year end. Accounts payable and accrued expenses did not change materially from the amounts in 2011.

Total liabilities for 2011 increased by $1,946,459 from 2010 attributable to the recognition of $1,950,418 due to the CNMI Government.

- The above changes resulted in an increase in net assets of $5,663,936 for 2012, a decrease in net assets of $3,619,801 for 2011 and an increase in net assets of $2,941,273 for 2010.

- Total revenues of MPLT are a combination of (1) gains (losses) attributable to the valuation of investments plus (2) income earned on such investments. Total net operating revenues for 2012, 2011 and 2010 were $7,630,783, $(257,861) and $5,565,526, respectively.

- The total performance of MPLT for 2012 was 11.3% as the economy experienced a slow recovery, 2011 was 0.55% as the security markets showed no growth for the year, and 2010 was 8% as growth was minimal.

- The overall administrative costs decreased in 2012 by 11% or $101,108 as impairment loss was minimal and increased in 2011 by 14% or $112,291. This was due primarily to the recognition of an impairment loss from the decline in value of the land held for future development. Otherwise, the administrative costs would have decreased by $28,709.

Below the MD&A discusses operations of the General Fund and Park Fund separately as the purposes of the two funds are distinct.

MPLT General Fund Operations

Investment income (excluding net increase in the fair value of investments) for 2012, 2011 and 2010 was $2,624,126, $2,942,976 and $2,345,965, respectively.

Recorded distributions to the CNMI General Fund for 2012, 2011 and 2010 were $1,894,921, $2,248,926 and $1,625,996, respectively. The cumulative amount distributed to the CNMI General Fund since inception in 1983 is $51,868,580. This has occurred while growing the principal fund by $36,587,164 for the same time-period. The General Fund's annual return for 2012 was 11.03%, for 2011 was 0.67% and for 2010 was 8.02%.

The loan made to the Northern Marianas Housing Corporation (NMHC) became nonperforming when NMHC defaulted in 2007 when P.L. 10-29 and 12-27 was repealed per P.L. 15-48. MPLT negotiated a settlement agreement wherein $2,025,000 was paid and the related loan portfolio was transferred to MPLT. MPLT is currently managing these loans and attempting to recover its $8.9 million principal. Due to collection uncertainty for this investment, a write-down of value amounting to $4,830,000 was recognized by MPLT as of September 30, 2012 (net current value of $3,527,629). Interest on this investment is being recognized based upon collections.

General Fund Condensed Financial Statements Summaries:

STATEMENTS OF NET ASSETS

Assets	2012	2011	2010
Current assets	$ 9,702,628	$ 3,580,828	$ 1,960,746
Other assets, restricted	52,736,865	52,003,958	54,209,128
Notes receivable - noncurrent portion	5,626,421	7,552,805	8,223,427
Capital assets	348,336	209,744	354,358
Total	$ 68,414,250	$ 63,347,335	$ 64,747,659

STATEMENTS OF NET ASSETS, CONTINUED

Liabilities and Net Assets	2012	2011	2010
Current liabilities	$ 2,134,484	$ 2,051,650	$ 104,277
Invested in capital assets	348,336	209,744	354,358
Restricted	65,931,430	61,085,941	64,289,024
Net assets	66,279,766	61,295,685	64,643,382
Total	$ 68,414,250	$ 63,347,335	$ 64,747,659

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2012	2011	2010
Operating revenues, net	$ 6,624,207	$ (263,321)	$ 4,979,814
Operating expenses	(727,691)	(835,450)	(719,969)
Nonoperating income (expenses), net	(912,435)	(2,248,926)	(1,625,996)
Change in assets	4,984,081	(3,347,697)	2,633,849
Beginning net assets	61,295,685	64,643,382	62,009,533
Ending net assets	$66,279,766	$ 61,295,685	$ 64,643,382

STATEMENTS OF CASH FLOWS

	2012	2011	2010
Cash flows from operating activities	$ (8,594)	$ 1,935,145	$ (2,921,393)
Cash flows from noncapital financing activities	1,000,000	-	(71,342)
Cash flows from capital and related financing activities	(197,695)	(19,359)	(39,595)
Cash flows from investing activities	231,124	(122,105)	(14,699,146)
Net increase (decrease) in cash and cash equivalents	1,024,835	1,793,681	(17,731,476)
Cash and cash equivalents at beginning of year	2,820,014	1,026,333	18,757,809
Cash and cash equivalents at end of year	$ 3,844,849	$ 2,820,014	$ 1,026,333

The statements above are inclusive of amounts due from the Park Fund of $11,998 that is eliminated in the accompanying financial statements.

Capital Assets:

At September 30, 2012, 2011 and 2010, MPLT had $348,336, $209,744 and $354,358, respectively, in capital assets, net of accumulated depreciation where applicable, including land, building, leasehold improvements, furniture, fixtures and equipment and vehicles, which represent a net increase in 2012 of $138,592, a net decrease in 2011 of $144,614 and a net increase in 2010 of $20,427. See note 4 to the financial statements for more information on MPLT's capital assets.

Goals and Objectives:

It is the intent of MPLT to continue to monitor its investment portfolio to ensure an adequate risk-adjusted rate of return is achieved. This is the phase of the Five-Step Investment Management Process that MPLT is currently performing. This involves periodic rebalancing of the portfolio to comply with its asset allocation investment policy. Occasionally, the Board of Trustees may find it necessary or desirable to add additional asset classes, which require amendment of its Investment Policy Statement. It is MPLT's fiduciary duty to continue to follow the well-established prudent investment management practices.

MPLT Park Fund Operations

The MPLT Park Fund is part of the overall trust fund but is separately managed and accounted for due to its funding source and a different beneficiary as compared to the MPLT General Fund. The Park Fund's annual return for 2012 was 13.61%, 2011 was (0.12)% and 2010 was 7.65%. The Park Fund has not suffered local investment losses as it only invests to benefit the American Memorial Park (AMP). As stated previously, the Park Fund received its principal funding from the lease proceeds of a portion of the Tinian - Tanapag Harbor - Farallon de Medinilla land lease revenues. The $2,000,000 for the Tanapag Harbor in Saipan was dedicated to the formation of AMP. The income on this principal contribution can only be used for the maintenance and development of AMP. Accordingly, this initial principal contribution has been prudently managed since 1983 and has grown to $8,429,896. This has been accomplished while distributing $5,382,044 for AMP maintenance and development.

As part of a plan to make some of the principal available for development of AMP, MPLT entered into a loan arrangement with the Commonwealth Development Authority on November 30, 2001 to lend them $2,000,000 to be used with CIP funding grants in order to make the following additions and upgrades to AMP:

1.	AMP/Cultural Center	$ 1,305,200
2.	AMP Marianas Memorial Garden	514,000
3.	Remodel and Upgrade Amphitheater	1,310,800
4.	Exhibit Design and Construction of Visitor Center	870,000
	Total	$ 4,000,000

This loan is to be repaid from future income realized on the Park Fund investments. As income is received, the principal portion of the payment will be taken from the income stream and transferred to principal and re-invested. The term of the loan is fifteen years at an annual rate of 6.5%. The monthly principal and interest payment will be about $17,300. It is through this mechanism that MPLT has been able to benefit AMP and sustain new development.

Park Fund Condensed Financial Statements Summaries:

STATEMENTS OF NET ASSETS

Assets	2012	2011	2010
Current assets	$ 769,808	$ 554,607	$ 352,124
Other assets, restricted	7,042,129	6,226,927	6,583,591
Notes receivable - noncurrent portion	835,443	984,143	1,132,843
Total	$ 8,647,380	$ 7,765,677	$ 8,068,558
Liabilities and Net Assets			
Current liabilities	$ 217,484	$ 15,636	$ 46,413
Restricted principal	8,105,470	7,423,806	7,768,884
Restricted income	324,426	326,235	253,261
Net assets	8,429,896	7,750,041	8,022,145
Total	$ 8,647,380	$ 7,765,677	$ 8,068,558

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2012	2011	2010
Operating revenues	$ 1,006,576	$ 5,460	$ 585,712
Operating expenses	(75,260)	(68,609)	(71,799)
Non-operating income (expenses), net	(251,461)	(208,955)	(206,489)
Change in assets	679,855	(272,104)	307,424
Beginning net assets	7,750,041	8,022,145	7,714,721
Ending net assets	$ 8,429,896	$ 7,750,041	$ 8,022,145

STATEMENTS OF CASH FLOWS

	2012	2011	2010
Cash flows from operating activities	$ (8,568)	$ 161,764	$ 241,272
Cash flows from noncapital financing activities	(43,000)	-	(206,489)
Cash flows from investing activities	(133,535)	11,586	(1,632,121)
Net increase (decrease) in cash and cash equivalents	(185,103)	173,350	(1,597,338)
Cash and cash equivalents at beginning of year	359,743	186,393	1,783,731
Cash and cash equivalents at end of year	$ 174,640	$ 359,743	$ 186,393

The statements above are inclusive of amounts due to the General Fund of $11,998 that is eliminated in the accompanying financial statements.

Goals and Objectives:

It is the intention of the Trustees to continue to provide financial assistance to AMP in accordance with the terms of the Constitution and Covenant. It has been through MPLT's stewardship of the Park Fund assets that the developments in AMP have occurred. The Board of Trustees plans to continue this past record of achievement and use it as a basis for further enhancements of the facility, which benefits the CNMI as a whole.

Economic Outlook

In 2008, MPLT suffered its largest loss of principal since 2002. This was due to the worldwide credit collapse and the resulting recession. In 2009, a recovery of investment values began but did not completely recover the loss from 2008. In 2010, the rate of increase for valuations slowed revealing a weak recovery. This weak recovery trend deepened in 2011 resulting in no growth to investment values. In 2012, the economy began to strengthen due to actions of the Federal Reserve. The outlook for 2013 remains uncertain as to whether or not the Federal Reserve will continue its stimulus program if economic growth continues. If the Federal Reserve reduces its stimulus program, the financial markets are certain to suffer. There is also the potential for inflation. These factors will likely keep equity values in a slow growth mode for quite some time. Also, the bond market will suffer as interest rates increase. It will likely take many years before the United States experiences a booming economy once again. MPLT has a long-term time horizon. Accordingly, MPLT is committed to its current investment allocation. Whereas, MPLT may add additional asset classes, the basic investment approach will remain the same

Contacting the MPLT's Financial Management

This report is designed to provide the branches of the CNMI Government and the public at large with a general overview of MPLT's finances and to show MPLT's accountability for the money it manages. The Management's Discussion and Analysis for the year ended September 30, 2011 is set forth in the report on the audit of MPLT's financial statements, which is dated February 13, 2012. The Discussion and Analysis explains the major factors impacting the 2011 financial statements. If you have questions about this report or the 2011 or 2010 reports or need additional financial information, contact the MPLT office, P.O. Box 501089, Saipan, MP 96950-1089 or phone at (670) 322-4401 or email mplt@mplt.gov.mp.

MARIANAS PUBLIC LAND TRUST

Statements of Net Assets
September 30, 2012 and 2011

ASSETS	2012	2011
Current assets:		
Cash and cash equivalents	$ 4,019,489	$ 3,179,757
Receivables:		
Notes receivable, current portion	3,760,941	412,938
Accrued income	538,121	426,980
Other	6,573	9,051
Due from brokers	2,132,923	85,919
Prepaid expense	2,391	15,223
Total current assets	10,460,438	4,129,868
Other assets:		
Investments	59,778,994	58,230,885
Total other assets	59,778,994	58,230,885
Noncurrent assets:		
Notes receivable, net of current portion and allowance for loan losses	6,461,864	8,536,948
Capital assets (net of accumulated depreciation)	348,336	209,744
Total noncurrent assets	6,810,200	8,746,692
	$ 77,049,632	$ 71,107,445
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 33,703	$ 38,055
Due to CNMI Government	-	1,968,159
Due to brokers	2,302,276	52,337
Accrued expenses	3,991	3,168
Total liabilities	2,339,970	2,061,719
Commitment and contingency		
Net assets:		
Invested in capital assets	348,336	209,744
Restricted	74,361,326	68,835,982
Total net assets	74,709,662	69,045,726
	$ 77,049,632	$ 71,107,445

See accompanying notes to financial statements.

MARIANAS PUBLIC LAND TRUST

Statements of Revenues, Expenses and Changes in Net Assets
Years Ended September 30, 2012 and 2011

	2012	2011
Operating revenues:		
Net increase (decrease) in the fair value of investments	$ 4,673,071	$ (2,906,324)
Investment income, net	2,383,453	2,820,253
Interest income:		
Notes receivable	563,884	471,852
Other	1,698	1,409
	7,622,106	387,190
Provision for allowance for loan losses of the Home Loan Program	-	(658,000)
Recovery of note receivable	8,677	12,949
Operating revenues, net	7,630,783	(257,861)
Operating expenses:		
Money manager fees	172,549	174,889
Consultancy fees	121,668	121,903
Money management administration	90,531	84,181
Contract services	68,500	65,000
Salaries and benefits	67,611	59,375
Professional fees	63,908	89,970
Office supplies	53,876	49,362
Loan administration fee	45,020	51,968
Depreciation	25,589	21,743
Trustees' expenses	20,045	18,345
Insurance	19,635	-
Impairment loss	16,000	141,000
Rent and utilities	15,889	12,323
Audit	15,500	14,000
Repairs and maintenance	6,630	-
Total operating expenses	802,951	904,059
Operating income (loss)	6,827,832	(1,161,920)
Other nonoperating expenses:		
Transfer in from DPL	1,000,000	-
Net distribution to the CNMI General Fund/ American Memorial Park	(2,146,382)	(2,457,881)
Loss on disposal	(17,514)	-
Total nonoperating expenses	(1,163,896)	(2,457,881)
Change in net assets	5,663,936	(3,619,801)
Net assets at beginning of year	69,045,726	72,665,527
Net assets at end of year	$ 74,709,662	$ 69,045,726

See accompanying notes to financial statements.

Statements of Cash Flows
Years Ended September 30, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Cash received from operations	$ 438,010	$ 2,899,147
Cash payments to suppliers for goods and services	(455,172)	(802,238)
Net cash (used for) provided by operating activities	(17,162)	2,096,909
Cash flows from noncapital financing activities:		
Net operating transfer out	(43,000)	-
Cash received from DPL	1,000,000	-
Net cash provided by noncapital financing activities	957,000	-
Cash flows from capital and related financing activities:		
Acquisition of property and equipment	(197,695)	(19,359)
Net cash used for capital and related financing activities	(197,695)	(19,359)
Cash flows from investing activities:		
Net (increase) decrease in notes receivable	(3,027,373)	233,971
Net increase (decrease) in restricted assets	3,124,962	(344,490)
Net cash provided by (used for) investing activities	97,589	(110,519)
Net increase in cash and cash equivalents	839,732	1,967,031
Cash and cash equivalents at beginning of year	3,179,757	1,212,726
Cash and cash equivalents at end of year	$ 4,019,489	$ 3,179,757
Reconciliation of operating income (loss) to net cash (used for) provided by operating activities:		
Operating income (loss)	$ 6,827,832	$ (1,161,920)
Adjustments to reconcile operating income (loss) to net cash (used for) provided by operating activities:		
Net (increase) decrease in fair value of investments	(4,673,071)	2,906,324
Noncash interest income	(348,928)	(357,823)
Depreciation	25,589	21,743
Loss on disposal of fixed assets	-	1,230
Impairment loss	16,000	141,000
Bad debts	-	645,051
(Increase) decrease in assets:		
Receivable - accrued income	(111,141)	(26,796)
Other receivable	2,478	(289)
Due from brokers	(2,047,004)	(39,322)
Prepaid expense	12,832	(10,590)
Increase (decrease) in liabilities:		
Accounts payable	(4,352)	5,192
Due to CNMI Government	(1,968,159)	(17,740)
Payable to brokers	2,249,939	(6,713)
Accrued expenses	823	(2,438)
Net cash (used for) provided by operating activities	$ (17,162)	$ 2,096,909

Supplemental schedule of noncash operating, financing and investing activities:

MPLT applied $280,767 of the required income distribution to the CNMI General Fund for the year ended September 30, 2012 as a repayment of the CNMI's note receivable and related interest.

	2012	2011
Decrease in notes receivable	$ (1,614,154)	$ -
Increase in interest expense	(280,767)	(280,767)
Increase in net contribution	1,894,921	280,767
	$ -	$ -

MPLT applied $208,461 of the required income distribution of the American Memorial Park Fund for the year ended September 30, 2012 as a repayment of CDA's note receivable and related interest.

	2012	2011
Decrease in notes receivable	$ (140,300)	$ (131,900)
Increase in interest expense	(68,161)	(77,055)
Increase in net contribution	208,461	208,955
	$ -	$ -

See accompanying notes to financial statements.

(1) Organization and Purpose

The Marianas Public Land Trust (MPLT), a component unit of the Commonwealth of the Northern Mariana Islands (CNMI), was formed on January 9, 1978, pursuant to the ratification and adoption of the Constitution of the CNMI, Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (the Covenant), and Technical Agreement Regarding Use of Land to be Leased by the United States in the Northern Mariana Islands.

MPLT did not become operational until May 17, 1983, when its Trustees were appointed by the Governor with confirmation by the Senate.

The purpose of MPLT is to manage all monies received by it from the CNMI Department of Public Lands (DPL) for the use of public lands. DPL has the responsibility to manage the public lands and distribute to MPLT all revenues net of reasonable expenses of administration.

MPLT's responsibility, with respect to monies received by it from DPL, requires it to make reasonable, careful and prudent investments. The Trustees have taken the position that their duty to the beneficiaries is not only to provide income to the general fund of the CNMI but also to preserve the principal of MPLT. As such, MPLT is currently allocating capital gains and losses on equity investments to principal fund balance. These capital gains and losses are not considered to be available for distribution to the general fund of the CNMI. Other forms of income on investments, after deduction of amounts necessary to meet reasonable administrative expenses, are distributed to the general fund of the CNMI.

Additionally, MPLT is responsible for carrying out the intention of Article VIII, Section 803(e) of the Covenant, by establishing a separate trust fund for the development and maintenance of an American Memorial Park. The Trustees are allocating capital gains and losses on equity investments of this trust fund to the principal of the trust fund. Other forms of income on investments, after deduction of amounts necessary to meet reasonable administrative expenses, are to be used for the development and maintenance of the American Memorial Park.

(2) Summary of Significant Accounting Policies

The accounting policies of MPLT conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities, specifically proprietary funds. Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, requires that proprietary activities apply all applicable GASB pronouncements as well as Statements and Interpretations issued by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989. MPLT has implemented GASB 20 and elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

(2) Summary of Significant Accounting Policies, Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the statements of net assets. Proprietary fund operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net assets. The accrual basis of accounting is utilized for proprietary funds. Under this method, revenues are recorded when earned and expenses recorded at the time liabilities are incurred.

Concentrations of Credit Risk

Financial instruments which potentially subject MPLT to concentrations of credit risk consist principally of cash demand deposits and investments.

At September 30, 2012 and 2011, MPLT has cash deposits and investments in bank accounts that exceed federal depository insurance limits. MPLT has not experienced any losses in such accounts.

Cash and Cash Equivalents

For purposes of the statements of net assets and cash flows, MPLT considers all cash held in demand accounts with initial maturities of ninety days or less, to be cash and cash equivalents. At September 30, 2012 and 2011, total cash and cash equivalents were $4,019,489 and $3,179,757, respectively, and the corresponding bank balances were $132,279 and $288,691, respectively. Of the bank balance amount, $132,279 and $288,691 are maintained in financial institutions subject to Federal Deposit Insurance Corporation (FDIC) insurance as of September 30, 2012 and 2011, respectively. Bank deposits in the amount of $128,485 and $287,532 were FDIC insured as of September 30, 2012 and 2011, respectively. Bank deposits in the amount of $3,047 and $3,405 were uninsured at September 30, 2012 and 2011, respectively.

At September 30, 2012 and 2011, unrestricted cash and cash equivalents consisted of the following:

	2012	2011
Custodian money market sweep deposits	$ 3,887,957	$ 2,888,820
Deposits with federally insured banks	128,485	287,532
Uninsured deposits	3,047	3,405
	$ 4,019,489	$ 3,179,757

(2) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents, Continued

As of September 30, 2012 and 2011, custodian money market sweep deposits of $3,887,957 and $2,888,820, respectively, are held and administered by an investment manager subject to Securities Investor Protection Corporation (SIPC) insurance up to $250,000 with coverage in excess of SIPC provided by a supplemental insurance policy through certain underwriters with a per client aggregate limit of $1.9 million.

CNMI law does not require component unit funds to be collateralized and thus MPLT's funds are uncollateralized. Accordingly, the deposits are exposed to custodial credit risk.

Investments

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of debt instruments.

Concentration of credit risk for investments is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. GASB Statement No. 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for MPLT. As of September 30, 2012, MPLT's investment in U.S. agency obligations of the Freddie Mac Federal Home Loan Mortgage Corporation and Fannie Mae Federal National Mortgage Association constituted 5% and 5%, respectively, of its total investments. As of September 30, 2011, MPLT's investment in U.S. agency obligations of the Freddie Mac Federal Home Loan Mortgage Corporation and Fannie Mae Federal National Mortgage Association constituted 8% and 8%, respectively, of its total investments.

MPLT has selected a custodian for both funds who shall maintain custody of all cash, securities and other assets of MPLT and shall credit interest and dividends on said securities and credit principal paid on called or matured securities of MPLT. The custodian shall provide, on a timely basis, a monthly statement of all assets, to include an accounting of all activity during that month. The investment held and administered by the investment manager is subject to SIPC of up to $500,000 (inclusive of the $250,000 cash balance protection coverage) and supplemental insurance for amounts in excess of SIPC coverage through certain underwriters, subject to an aggregate firm-wide cap of $1 billion with no per client sublimit.

The Trustees may engage the services of an investment consultant after a competitive search process. The investment consultant chosen shall demonstrate professional experience of at least ten (10) years with exclusive focus on Institutional Management Consulting.

When evaluating potential Investment Management Consulting Firms, the Trustees will consider at a minimum the following criteria:

- Must be a Registered Investment Advisor with exclusive focus on providing objective investment management consulting at an institutional level, having the support of a staff and/or organization, focused and experienced in consulting only.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

- The candidate should be objective, free of conflict of interest and free to secure services from leading third party providers that will best suit the interest of MPLT.
- Firms must demonstrate experience in the breadth and depth of its professional staff.
- Ability to provide unbiased fiduciary and financial advice to public trusts.
- Knowledge of legislative, operational and legal aspects of the local public trusts.
- Ownership or ready access to relevant and comprehensive performance databases with proven and verifiable process for the institutional client.
- Ability to provide quantitative analysis of manager and total fund performance. In particular, attribution analysis to maintain the interests of the management styles and strategic asset allocation.
- Ability to provide on-going training.
- Firms must be recognized as having substantial experience in the institutional level investment management consulting field. Firms offering consulting as incidental to their securities business may not be considered.
- May not be an investment manager with discretion over MPLT assets.

The Trustees have determined that the following investment policy will govern the investment of assets of MPLT.

(i) The Trustees, with the assistance of the investment consultant, will select appropriate investment managers to manage MPLT assets. Investment managers must meet the following minimum criteria:

1. Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940 or equivalent as might be determined appropriate by the Trustees.
2. Provide historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, reported gross of fees.
3. Provide performance evaluation reports prepared by an objective third party that illustrate the risk/return profile of the manager relative to other managers of comparable investment style.
4. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule, and support personnel.
5. Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

6. Selected firms shall have no outstanding legal judgments or past judgments that may reflect negatively upon the firm.

(ii) Every money manager selected to manage MPLT assets must adhere to the following guidelines.

1. The following securities and transactions are not authorized unless receiving prior Trustees approval:

   - Letter stock and other unregistered securities; commodities or other commodity contracts; and short sales or margin transactions.
   - Securities lending; pledging or hypothecating securities.
   - Investments in the equity securities of any company with a record of less than three years of continuous operation (including the operation of any predecessor) and investments for the purpose of exercising control of management are all restricted.

2. Domestic Equities:

   - Equity holdings in any one company should not exceed more than 10% of the market value of MPLT's equity portfolio.
   - Investments in any one sector should not be excessive.
   - The manager may emphasize quality in security selection of the specific style hired to manage and may avoid risk of large loss through diversification within its mandated style.
   - The managers may have the discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the managers will be evaluated against their peers on the performance of the total funds under their direct management.
   - Holdings of individual securities may be large enough (round lots) for easy liquidation.

3. Convertible Securities:

   - Convertible bonds and convertible preferred stocks are permissible holdings, but the preponderance of holdings (75% plus) should be in bonds.
   - Holdings may be U.S. companies and non-U.S. companies, but the preponderance (75% plus) should be in U.S. companies.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

3. Convertible Securities, Continued:

- Convertible holdings in any one company should not exceed more than 10% of the market value of the Trust's convertible portfolio.
- Investments in any one sector should not be excessive.
- The manager may emphasize quality in security selection of the specific style hired to manage and may avoid risk of large loss through diversification within its mandated style.
- The managers may have the discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the managers will be evaluated against their peers on the performance of the total funds under their direct management.
- Holdings of individual securities may be large enough (round lots) for easy liquidation.

4. Domestic Fixed Income:

- All fixed-income securities held in the portfolio may have a nationally recognized credit quality rating of no less than "BBB" from Moody's, Standard & Poor's and/or Fitch's. U.S. Treasury and U.S. government agencies, which are unrated securities, are qualified for inclusion in the portfolio.
- No more than 20% of the market value of the fixed income portfolio may be rated less than single "A" quality, unless the manager has specific written authorization.
- The exposure of the portfolio to any other issuer, other than securities of the U.S. government or agencies, may not exceed 10% of the market value of the fixed income portfolio.

5. Diversified Local Investments:

MPLT establishes within the Domestic Fixed Income Asset Class a class for Diversified Local Investments ("DLI"). DLIs are those investments which originate from within the CNMI without regard to each island. The touchstone of classification within DLI is that investment vehicles in this class may be unique or specially targeted towards the CNMI economy or market.

As to this asset class, MPLT allocates no more than thirty percent (30%) of its asset portfolio. Once this maximum ceiling allocation is reached, there shall be an absolute moratorium on consideration of any further investments in this asset class until the percentage of allocation falls below ten percent (10%).

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

5. Diversified Local Investments, Continued:

DLI refers to investments that are structured or designed to encourage a diversification of investments by MPLT within the CNMI. With DLIs, MPLT seeks to structure or consider investment vehicles which provide minimal rates of market return with attending corollary benefits. Such corollary benefits may include, but are not limited to, economic development; government stabilization or stimulus programs; affordable housing programs; and scholarships. In the DLI class, the MPLT Trustees may allow for a prudent rate of return where the corollary benefits provide an attending quantifiable return to the CNMI community, particularly to persons of Northern Marianas Descent or benefit persons of Northern Marianas Descent.

To be clear, by having DLIs within this IPS MPLT does not warrant nor guarantee that it may favor investments in DLIs over more competitive investment vehicles, but only that MPLT may weigh the attending corollary benefits in determining whether to make such an investment. Expressed more emphatically, MPLT considers DLIs to be a rarely considered exception and every DLI proposal must be compelling as to its mission and purpose and beneficial in its scope and impact to the people of the CNMI. At all times full fiduciary prudence analysis and proper due diligence is required in both program development and shall be conducted on an investment-by-investment basis.

The MPLT Trustees recognize the importance of establishing a competitive risk-adjusted rate of return policy as part of consideration of a DLI. Every DLI proposal under consideration shall, as part of the investment analysis, identify the source of repayment of a fixed-income security such as a mortgage; surety bond; promissory note; or other security as primary consideration. Evaluating the credit-rating or the risk of the DLI or its proposer is also necessary. MPLT also anticipates that such DLI's may not be marketable so that an "illiquidity premium" should be recognized or considered and added to the risk-adjusted rate. MPLT may require that the risk-adjusted rate may be a floating rate to the appropriate pricing index and adjusted on a quarterly or semi-annual basis. MPLT may also impose a loan origination fee and assess charges for costs of administration at no less than 2% per annum; legal fees; travel/accommodations; and other necessary fees.

The following constitute the basic standards of review for investments by MPLT in DLI's which remain subject to the prudent investment standard and discretion of the MPLT Trustees.

- An opinion of legal counsel in standards of fiduciary care considering the prospective DLI and its terms under the applicable prudent investor standard.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

5. Diversified Local Investments, Continued:

- A thorough review and analysis by MPLT's financial consultant and/or investment manager as to the prospective DLI. The analysis shall examine all economic factors and address any potential or actual conflicts of interest for MPLT or its Trustees. The analysis shall also give primary attention to risk-adjusted market rates of return with particular attention as to whether the DLI involves a significantly greater than prudent financial risk of loss.

- Documentation of a complete submission of a proposed DLI meeting the requirements of a detailed business plan (if applicable).

- Every DLI shall be considered with respect to fiduciary prudence and without regard to political, social, or emotional factors with particular attention to the founding provisions guiding MPLT's creation: to remit interest income on investments to the General Fund.

- Trustees shall formulate and articulate the specific and detailed investment guidelines for investments under any prospective DLI for which MPLT may wish to solicit. Such guidelines shall include the mechanics of the administration of the DLI; the findings as to the social or economic corollary benefits to the CNMI as a whole; and the consistency or adherence with MPLT's mission.

- Each specific DLI may be evaluated against investments of a similar asset class.

- MPLT may require additional conditions or impose additional terms for any DLI under consideration as part of its fiduciary analysis and no DLI may be approved until and unless it meets all the requirements imposed by MPLT.

6. International (Developed & Emerging Markets) Equities:

- Equity holdings in any one company may not exceed more than 10% of the International Equity portfolio.

- Investments in any one industry category should not be excessive.

- Allocations to any specific country may not be excessive relative to a broadly diversified international equity manager peer group. It is expected that the non-U.S. equity portfolio will have no more than 40% of its mandated style in any one country.

- The manager may enter into foreign exchange contracts on currency, provided that use of such contracts is limited to hedging currency exposure existing within the manager's portfolio. There may be no direct foreign currency speculation or any related investment activity.

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

7. International (Developed and Emerging Markets) Fixed Income:

   - Investments in a registered mutual fund may not be held to the same restrictions as set forth below for the respective asset classes. The Trustees instead will evaluate the risk and return merits of each mutual fund employing research as provided by third party service providers such as Consultant or Morningstar.

   - Allocations to any specific country may not be excessive relative to a broadly diversified international fixed income manager peer group. It is expected that the non-U.S. fixed income portfolio will have no more than 40% of its mandated style in any one country.

   - The manager may enter into foreign exchange contracts on currency, provided that use of such contracts is limited to hedging currency exposure existing within the manager's portfolio. There may be no direct foreign currency speculation or any related investment activity.

8. Cash/Cash Equivalents:

   - Cash equivalent reserves shall consist of cash instruments having a quality rating of A-1, P-1 or higher. Eurodollar Certificates of Deposits, time deposits, and repurchase agreements are also acceptable investment vehicles.

   - Idle cash not invested by the investment managers may be invested daily through an automatic interest-bearing sweep vehicle selected by the manager available and/or managed by the custodian.

(iii) Asset allocation of the two funds is as follows:

	General Fund			Park Fund		
	Lower Limit	Strategic Allocation	Upper Limit	Lower Limit	Strategic Allocation	Upper Limit
Domestic Equities:						
Large Cap Core	0%	10%	20%	0%	20%	30%
International Equities:						
Emerging Markets	0%	5%	15%	0%	5%	10%
Convertible Securities	0%	10%	20%	0%	10%	20%
Domestic Fixed Income:						
Core	20%	30%	55%	30%	40%	50%
High Yield	0%	5%	10%	0%	10%	20%
DLI	0%	30%	10%	0%	5%	10%
Non U.S. Fixed Income:						
International Bonds	0%	10%	20%	0%	10%	20%

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

Rebalancing of Strategic Allocation

The percentage allocation to each asset class may vary as much as approximately 10% depending upon the market conditions.

When necessary and/or available, cash flows will be distributed following the strategic asset allocation of MPLT. If there are no cash flows, the allocation of MPLT will be reviewed quarterly.

If the Trustees judge cash flows to be insufficient in bringing MPLT within the strategic allocation ranges, the Trustees may decide whether to effect transactions so that MPLT would fall within the allocated threshold ranges.

Frequency

In two instances, portfolio rebalancing will be necessary to remain within the target asset allocation ranges:

1. Cash Flow Requirements
2. Significant Market Action

Positive cash flows should be directed to the under-weighted asset class, while negative cash flows (disbursements) should be directed away from the over-weighted asset class. This procedure is likely to be fairly routine and predictable.

Significant Market Action requires immediate action to restore asset allocation. This is neither predictable nor routine.

Liquidity

The Board Consultant shall prepare anticipated expenditure requirements for each disbursement period and communicate these disbursement requirements to all affected managers with as much advance notice as possible. It is anticipated that MPLT's fixed income manager will be the initial and main conduit for contributions and disbursements. It is further anticipated that most of all such disbursements will be made from "income" generated from each account.

MPLT values its investments at fair value in accordance with GASB Statement 31. MPLT's investments as of September 30, 2012 and 2011 (with combining information as of September 30, 2012) are as follows:

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

	General Fund	Park Fund	2012	2011
Mutual funds	$ 8,216,067	$ 777,645	$ 8,993,712	$ 7,952,590
Equities:				
Domestic preferred stock	1,547,055	218,049	1,765,104	1,027,229
International preferred stock	-	-	-	51,733
Domestic common stock	6,538,924	1,707,019	8,245,943	6,217,230
International common stock	3,660,201	409,557	4,069,758	3,645,739
Exchange traded and closed end funds	80,283	9,537	89,820	12,365
Fixed income securities:				
Asset and mortgage backed securities	5,868,171	623,287	6,491,458	12,330,475
International bonds	-	-	-	383,011
Government bonds	429,177	34,611	463,788	1,558,031
Municipal bonds	143,173	-	143,173	163,642
Corporate bonds	26,253,814	3,262,424	29,516,238	24,888,840
	$ 52,736,865	$ 7,042,129	$ 59,778,994	$ 58,230,885

GASB Statement No. 40 requires entities to provide information about the credit risk associated with their investments by disclosing the credit quality ratings. The following is a listing of MPLT's fixed income securities at September 30, 2012 and 2011:

		2012 Investment Maturities (In Years)				
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10	Credit Rating
Asset and mortgage backed securities	$ 924,505	$ -	$ 49,943	$ -	$ 874,562	AAA
Asset and mortgage backed securities	80,274	-	-	-	80,274	Aaa
Asset and mortgage backed securities	5,458,544	-	5,771	202,049	5,250,724	AA+
Asset and mortgage backed securities	28,135	-	-	-	28,135	NA
Government bonds	463,788	-	-	-	463,788	AA+
Municipal bonds	143,173	-	-	-	143,173	A+
Corporate bonds	1,777,546	350,776	-	1,311,486	115,284	AA+
Corporate bonds	6,917	-	-	-	6,917	AA-
Corporate bonds	4,706,224	300,259	2,412,596	1,370,438	622,931	A
Corporate bonds	1,164,340	-	200,193	764,976	199,171	A+
Corporate bonds	9,918,504	350,669	648,680	8,429,633	489,522	A-
Corporate bonds	774,720	-	450,723	211,136	112,861	BBB
Corporate bonds	1,955,764	120,007	1,181,309	125,059	529,389	BBB+
Corporate bonds	1,237,529	17,241	619,292	429,884	171,112	BBB-
Corporate bonds	1,303,742	-	419,135	600,128	284,479	BB
Corporate bonds	1,148,781	-	536,355	493,170	119,256	BB+
Corporate bonds	1,705,754	-	1,040,975	532,241	132,538	BB-
Corporate bonds	901,370	-	62,350	697,098	141,922	B
Corporate bonds	1,285,247	-	134,354	764,916	385,977	B+
Corporate bonds	647,133	-	364,527	282,606	-	B-
Corporate bonds	29,751	-	3,188	26,563	-	CCC
Corporate bonds	148,034	-	91,625	56,409	-	CCC+
Corporate bonds	679,796	-	460,207	127,890	91,699	NA
Corporate bonds	125,086	-	108,408	-	16,678	NR
	$ 36,614,657	$ 1,138,952	$ 8,789,631	$ 16,425,682	$ 10,260,392	

(2) Summary of Significant Accounting Policies, Continued

Investments, Continued

		2011 Investment Maturities (In Years)				
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10	Credit Rating
Asset and mortgage backed securities	$ 12,330,475	$ -	$ 1,171,859	$ 280,367	$ 10,878,249	No rating
Government bonds	1,558,031	-	-	-	1,558,031	NR
Municipal bonds	163,642	-	-	-	163,642	A+
International bonds	112,618	-	-	112,618	-	A+
International bonds	11,120	-	11,120	-	-	BB
International bonds	97,600	-	97,600	-	-	BBB+
International bonds	63,973	-	63,973	-	-	BBB-
International bonds	55,700	-	55,700	-	-	BB
International bonds	42,000	-	42,000	-	-	B+
Corporate bonds	52,229	-	-	52,229	-	AAA
Corporate bonds	437,740	-	194,236	230,243	13,261	AA
Corporate bonds	739,644	-	522,711	211,225	5,708	AA+
Corporate bonds	539,250	-	73,091	117,063	349,096	AA-
Corporate bonds	6,710,585	20,029	2,429,226	3,522,446	738,884	A
Corporate bonds	2,408,507	-	1,217,660	633,184	557,663	A+
Corporate bonds	3,413,270	155,772	1,081,617	1,541,479	634,402	A-
Corporate bonds	1,223,902	-	610,067	390,397	223,438	BBB
Corporate bonds	1,572,705	-	1,036,330	296,936	239,439	BBB+
Corporate bonds	902,404	-	470,947	332,760	98,697	BBB-
Corporate bonds	875,354	-	296,186	447,108	132,060	BB
Corporate bonds	1,172,735	-	483,650	438,635	250,450	BB+
Corporate bonds	1,659,572	-	605,986	976,879	76,707	BB-
Corporate bonds	935,752	-	317,793	462,209	155,750	B
Corporate bonds	712,422	-	219,169	228,068	265,185	B+
Corporate bonds	279,008	-	152,008	127,000	-	B-
Corporate bonds	140,030	-	-	140,030	-	CCC
Corporate bonds	185,652	-	129,532	56,120	-	CCC+
Corporate bonds	61,513	-	61,513	-	-	CAA1
Corporate bonds	808,591	251,100	156,470	47,430	353,591	No rating
Corporate bonds	57,975	-	57,975	-	-	NR
	$ 39,323,999	$ 426,901	$ 11,558,419	$ 10,644,426	$ 16,694,253	

Notes Receivable and Allowance for Loan Losses

Notes receivable are stated at the amount of unpaid principal, reduced by an allowance for loan losses. The allowance for loan losses is established through a provision for doubtful accounts charged to principal fund. Loans are charged against the allowance for loan losses when management believes that the collection of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may be uncollectible, based on evaluations of the collectability of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans and current economic conditions that may affect the borrowers' ability to pay. Write-offs against the allowance are based on the specific identification method.

Management cannot currently determine the effects of the potential foreclosure of collateralized properties associated with the loans. Accordingly, the allowance for loan losses included in the accompanying financial statements excludes the value of the possible recovery of certain loans through foreclosure.

Capital Assets

Capital assets are stated at cost. Depreciation is provided over the estimated useful lives of the assets through use of the straight-line method and is charged as a reduction in the investment. Current policy is to capitalize items in excess of $250.

(2) Summary of Significant Accounting Policies, Continued

Defined Contribution Plan (DC Plan)

On June 16, 2006, Public Law No. 15-13 was enacted which created the DC Plan, a multi-employer pension plan and is the single retirement program for all employees whose first time CNMI government employment commences on or after January 1, 2007. Each member of the DC Plan is required to contribute to the member's individual account an amount equal to 10% of the member's compensation. MPLT is required to contribute to each member's individual account an amount equal to 4% of the member's compensation. MPLT's recorded DC contributions for the years ended September 30, 2012, 2011 and 2010 were $2,424, $2,198 and $2,140, respectively, equal to the required contributions for each year.

Members of the DC Plan, who have completed five years of government service, have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

GASB Statement No. 45 requires employers to record other postemployment benefits (OPEB) expense for their contractually required contributions to the OPEB plan. MPLT has complied with GASB 45 by recording OPEB expense based on the statutorial determined contribution rate of the Fund. MPLT's OPEB liability is incorporated into the contribution amount. It is the understanding of the management of MPLT that the statutorial determined contribution rate of the Fund incorporates both the pension liability and the OPEB liability. GASB 45 also requires detailed disclosure of information related to the OPEB plan and MPLT management was unable to obtain this information from the Fund financial report. MPLT management is unable to obtain the required disclosures and is of the opinion that such information must be obtained from the Fund. It is the position of the management of MPLT that the Fund is solely responsible for disclosure of OPEB information.

On August 30, 2012, Public Law 17-79 was enacted to amend Title I of the Commonwealth Code to include the intent of the CNMI to participate in the retirement insurance system established by Title II of the U.S. Federal Insurance Contributions Act (FICA) and for participation to be extended to elected officials, employees, political subdivisions and instrumentalities of the CNMI. Authorization of participation has not been obtained from the U.S. Government. On September 11, 2012, Public Law 17-82 *CNMI Pension Reform Recovery Act of 2012* was enacted. Unless specifically exempted or authorized by federal law, Public Law 17-82 provides for mandatory membership of CNMI Government employees and elected officials in the U.S. Social Security system and authorizes employees, who elect to, to buy quarters of service in the U.S. Social Security system from contributions made to the DB plan. In addition, Public Law 17-82 provides active and inactive DB Plan members the option to voluntarily terminate membership in the DB Plan, withdraw or roll over contributions to the DC Plan and to participate in the U.S. Social Security system without termination of employment or penalty. Further, Public Law 17-82 allows the CNMI Government to continue remitting its 4% employer contribution to the DC Plan unless the employee ceases to contribute its employee share.

(2) Summary of Significant Accounting Policies, Continued

Net Assets

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, has required MPLT to establish net asset categories as follows:

- Invested in capital assets: capital assets, net of accumulated depreciation.
- Restricted: net assets subject to externally imposed stipulations that can be fulfilled by actions pursuant to those stipulations or that expire by the passage of time. MPLT has net assets restricted for principal and income.
- Unrestricted: net assets that are not subject to externally imposed stipulations. As MPLT considers all assets except investments in capital assets, to be restricted, MPLT does not have unrestricted net assets at September 30, 2012 and 2011.

Operating and Non-Operating Revenue and Expenses

Operating revenue and expenses include all direct and administrative revenue and expenses associated with the investments.

Nonoperating revenues and expenses result from capital and noncapital financing activities.

New Accounting Standards

During the year ended September 30, 2012, MPLT implemented the following pronouncements:

- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and addresses issues related to the frequency and timing of measurements for actuarial valuations first used to report funded status information in OPEB plan financial statements. The implementation of this pronouncement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53), which will improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of this pronouncement did not have a material effect on the accompanying financial statements.

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* which addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus,* which is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity,* and No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The provisions of this statement are effective for periods beginning after June 15, 2012. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The provisions of this statement are effective for periods beginning after December 15, 2011. Management does not believe that the implementation of this statement will have a material effect on the financial statements of MPLT.

In July 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The provisions of this statement are effective for periods beginning after December 15, 2011. Management has not yet determined the effect of implementation of this statement on the financial statements of MPLT.

In April 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities,* which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012. Management has not yet determined the effect of implementation of this statement on the financial statements of MPLT.

In April 2012, GASB issued Statement No. 66, *Technical Corrections - 2012*, which enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012. Management has not yet determined the effect of implementation of this statement on the financial statements of MPLT.

(2) Summary of Significant Accounting Policies, Continued

New Accounting Standards, Continued

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans,* which revises existing guidance for the financial reports of most pension plans, and Statement No. 68, *Accounting and Financial Reporting for Pensions,* which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions in Statement 67 are effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. Management has not yet determined the effect of implementation of these statements on the financial statements of MPLT.

Reclassifications

Certain 2011 balances in the accompanying financial statements have been reclassified to conform to the 2012 presentation.

(3) Notes Receivable

	2012	2011
Notes receivable (Home Loan Program) from various individuals obtained through a settlement agreement with the Northern Marianas Housing Corporation (NMHC) dated December 31, 2007, interest at 2% (5.5% to 8.5% prior to January 1, 2009) and terms from ten to thirty years.	$ 8,357,629	$ 8,658,943
Note receivable from Adelantun Publickun Luta Enteramente, Incorporated (APLE 501, Inc.), interest at 5% per annum, due on October 18, 2017, with monthly principal and interest payments in the amount of $1,225, collateralized by a loan portfolio. Proceeds were used to fund an independently administered individual or parent-student loan program. MPLT has ceased future loan commitments and disbursements to APLE 501, Inc.	120,639	129,316
Note receivable from the Commonwealth Development Authority (CDA), interest at 6.5% per annum, due on June 1, 2018, collateralized by future distributable net income for the maintenance and development of the American Memorial Park and is to be repaid from earnings of the investments pursuant to CNMI Public Law 11-72.	980,642	1,120,943
Note receivable from the CNMI Government, interest at 7%. Public Law 17-7 earmarks and appropriates from future interest income distributions of fiscal years 2009, 2010, 2012 and additional future fiscal years until the note is fully reimbursed. Interest is due annually.	2,385,846	4,000,000

(3) Notes Receivable, Continued

	2012	2011
Note receivable from the Commonwealth Healthcare Corporation (CHCC), interest at 7% per annum, due on March 12, 2013, collateralized by future distributable income of fiscal year 2014 and CHCC's real properties for CHCC's operational and bridge capital pursuant to CNMI Public Law 17-76.	3,000,033	-
Note receivable from the Commonwealth Healthcare Corporation (CHCC), interest at 7% per annum, due on September 12, 2013, collateralized by future distributable income of fiscal year 2014 and CHCC's real properties for CHCC Health Information Technology/Electronic Health Records Project pursuant to CNMI Public Law 17-76.	328,655	-
	15,173,444	13,909,202
Less allowance for loan losses	(4,950,639)	(4,959,316)
	10,222,805	8,949,886
Less current portion	(3,760,941)	(412,938)
Long-term portion	$ 6,461,864	$ 8,536,948

At September 30, 2012, principal and interest repayments based on the terms of the respective agreements for the following years ending September 30, are as follows:

Year ending September 30,	Principal	Interest
2013	$ 3,760,941	$ 280,669
2014	438,366	149,905
2015	444,284	134,549
2016	450,321	119,075
2017	456,479	103,478
2018 - 2022	1,907,859	329,606
2023 - 2027	1,826,934	140,498
2028 - 2031	246,947	4,256
	$ 9,532,131	$ 1,262,036

The schedule above does not include principal and interest repayments for APLE 501, Inc. and $3,134,828 of notes receivable (Home Loan Program) referred to an attorney for collection as repayments are uncertain. The repayment of the note receivable from the CNMI Government is based on the amount available for distribution at the end of the fiscal year which varies; therefore, it is not possible to determine the current portion. Accordingly, the related principal and interest repayments are not included in the above schedule.

(4) Capital Assets

A summary of capital assets as of September 30, 2012 and 2011, is as follows:

	Estimated Useful Lives	Balance at October 1, 2011	Additions	Deletions	Impairment	Balance at September 30, 2012
Land	-	$ 132,000	$ -	$ -	$ (16,000)	$ 116,000
Building	5 - 10 years	-	186,328	-	-	186,328
Leasehold improvements	10 years	35,273	(5,015)	(30,258)	-	-
Furniture, fixtures and equipment	3 - 10 years	93,266	16,382	-	-	109,648
Vehicle	3 - 10 years	46,225	-	-	-	46,225
		306,764	197,695	(30,258)	(16,000)	458,201
Less accumulated depreciation		(97,020)	(25,589)	12,744	-	(109,865)
		$ 209,744	$ 172,106	$ (17,514)	$ (16,000)	$ 348,336

	Estimated Useful Lives	Balance at October 1, 2010	Additions	Deletions	Impairment	Balance at September 30, 2011
Land	-	$ 273,000	$ -	$ -	$ (141,000)	$ 132,000
Leasehold improvements	10 years	33,790	1,483	-	-	35,273
Furniture, fixtures and equipment	3 - 10 years	85,051	17,876	(9,661)	-	93,266
Vehicle	3 - 10 years	46,225	-	-	-	46,225
		438,066	19,359	(9,661)	(141,000)	306,764
Less accumulated depreciation		(83,708)	(21,743)	8,431	-	(97,020)
		$ 354,358	$ (2,384)	$ (1,230)	$ (141,000)	$ 209,744

MPLT recognized an impairment loss of $16,000 and $141,000, to reduce the carrying amount of land to fair value in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, during the year ended September 30, 2012 and 2011, respectively, as potential construction on the land is currently not being considered.

(5) Net Assets

In accordance with MPLT's accounting policies, gains and losses on investments are allocated to principal. Additionally, a portion of transfers in from the CNMI government is specifically designated as an increase in principal. Movement in principal and interest accounts for the years ended September 30, 2012 and 2011, is summarized as follows:

	Principal	Income	2012	2011
General Fund				
Balance at beginning of year	$ 61,085,941	$ -	$ 61,085,941	$ 64,289,024
Net increase (decrease) in the fair value of investments	3,991,404	-	3,991,404	(2,561,246)
Other operating net income	1,202,421	1,894,921	3,097,342	1,607,089
Transfers	-	(1,894,921)	(1,894,921)	(2,248,926)
Balance at end of year	$ 66,279,766	$ -	$ 66,279,766	$ 61,085,941
Park Fund				
Balance at beginning of year	$ 7,423,806	$ 326,235	$ 7,750,041	$ 8,022,145
Net increase (decrease) in the fair value of investments	681,667	-	681,667	(345,078)
Other operating net income	-	249,649	249,649	281,929
Transfers	-	(251,461)	(251,461)	(208,955)
Balance at end of year	$ 8,105,473	$ 324,423	$ 8,429,896	$ 7,750,041

(6) Contributions To/From Primary Government

In accordance with Article XI of the Constitution of the CNMI, MPLT makes operating transfers out to the CNMI general fund from investment income. During the years ended September 30, 2012 and 2011, MPLT recorded $1,894,921 and $2,248,926, respectively, of transfers out to the CNMI general fund, of which $1,614,154 and $-0-, respectively, was offset against a note receivable from the CNMI Government and $280,767 was offset against interest income receivable from the CNMI general fund. At September 30, 2012 and 2011, $-0- and $1,968,159, respectively, was due to the CNMI Government related to these transfers. In addition, in accordance with Section 5 of Article XI, the CNMI Department of Public Lands transferred $1,000,000 and $-0- to MPLT during the years ended September 30, 2012 and 2011, respectively.

In accordance with Article VIII, Section 803(e) of the Covenant, MPLT makes operating transfers out for the development and maintenance of the American Memorial Park. During the years ended September 30, 2012 and 2011, MPLT recorded $251,461 and $208,955, respectively, for transfers out for this purpose.

(7) Risk Management

MPLT is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. MPLT has elected to purchase commercial insurance from independent third parties for the risks of losses to which it is exposed with respect to the use of motor vehicles. Settled claims have not exceeded this commercial insurance coverage during the past three years.

(8) Related Parties

One trustee of MPLT has a home loan outstanding of $63,431 and $64,800 as of September 30, 2012 and 2011, respectively, and the legal counsel of MPLT has a home loan outstanding of $60,909 and $67,571 as of September 30, 2012 and 2011, respectively. The home loans were obtained from NMHC during the ordinary course of business and are classified as notes receivable in the accompanying financial statements. All of these loans predate the assumption of the portfolio by MPLT from NMHC.

(9) Commitment

In accordance with the addendum of memorandum of agreement between the CNMI and the U.S. Department of the Interior for development and management of the American Memorial Park, MPLT is obligated to contribute $150,000 annually, to the extent of available income, for development and maintenance of the American Memorial Park.

(10) Contingency

In accordance with the Settlement Agreement with NMHC, MPLT guarantees Service Released Loans that were issued by financial institutions. At September 30, 2012 and 2011, MPLT was contingently liable to these institutions for $976,178 and $1,015,111, respectively. MPLT records liabilities upon receipt of default notices from NMHC. As of September 30, 2012 and 2011, MPLT received default notices for guaranteed loans of $-0- and $319,341 and paid $-0- and $319,341, respectively, to buy back guaranteed loans.

Combining Statement of Net Assets
September 30, 2012

ASSETS	General Fund	Park Fund	Eliminations	Total
Current assets:				
Cash and cash equivalents	$ 3,844,849	$ 174,640	$ -	$ 4,019,489
Receivables:				
Notes, current portion	3,615,741	145,200	-	3,760,941
Accrued income	482,005	56,116	-	538,121
Other	6,573	-	-	6,573
Due from other funds	11,998	-	(11,998)	-
Due from brokers	1,739,071	393,852	-	2,132,923
Prepaid expense	2,391	-	-	2,391
Total current assets	9,702,628	769,808	(11,998)	10,460,438
Other assets:				
Investments	52,736,865	7,042,129	-	59,778,994
Total other assets	52,736,865	7,042,129	-	59,778,994
Noncurrent assets:				
Notes receivable, net of current portion and allowance for loan losses	5,626,421	835,443	-	6,461,864
Capital assets (net of accumulated depreciation)	348,336	-	-	348,336
Total noncurrent assets	5,974,757	835,443	-	6,810,200
	$ 68,414,250	$ 8,647,380	$ (11,998)	$ 77,049,632
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$ 31,186	$ 2,517	$ -	$ 33,703
Due to other funds	-	11,998	(11,998)	-
Due to brokers	2,099,307	202,969	-	2,302,276
Accrued expenses	3,991	-	-	3,991
Total liabilities	2,134,484	217,484	(11,998)	2,339,970
Net assets:				
Invested in capital assets	348,336	-	-	348,336
Restricted	65,931,430	8,429,896	-	74,361,326
Total net assets	66,279,766	8,429,896	-	74,709,662
	$ 68,414,250	$ 8,647,380	$ (11,998)	$ 77,049,632

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended September 30, 2012

	General Fund	Park Fund	Eliminations	Total
Operating revenues:				
Net increase in the fair value of investments	$ 3,991,404	$ 681,667	$ -	$ 4,673,071
Investment income, net	2,126,705	256,748	-	2,383,453
Interest income:				
Notes receivable	495,723	68,161	-	563,884
Other	1,698	-	-	1,698
Total operating revenues	6,615,530	1,006,576	-	7,622,106
Recovery of note receivable	8,677	-	-	8,677
Operating revenues, net	6,624,207	1,006,576	-	7,630,783
Operating expenses:				
Money manager fees	151,860	20,689	-	172,549
Consultancy fees	105,596	16,072	-	121,668
Money management administration	80,573	9,958	-	90,531
Contract services	60,965	7,535	-	68,500
Salaries and benefits	60,174	7,437	-	67,611
Professional fees	63,908	-	-	63,908
Office supplies	48,115	5,761	-	53,876
Loan administration fee	45,020	-	-	45,020
Depreciation	25,589	-	-	25,589
Trustees' expenses	17,848	2,197	-	20,045
Insurance	17,477	2,158	-	19,635
Impairment loss	16,000	-	-	16,000
Rent and utilities	14,141	1,748	-	15,889
Audit	13,795	1,705	-	15,500
Repairs and maintenance	6,630	-	-	6,630
Total operating expenses	727,691	75,260	-	802,951
Operating income	5,896,516	931,316	-	6,827,832
Other nonoperating expenses:				
Transfer from DPL	1,000,000	-	-	1,000,000
Net distribution to the CNMI General Fund/American Memorial Park	(1,894,921)	(251,461)	-	(2,146,382)
Loss on disposal	(17,514)	-	-	(17,514)
Total nonoperating expenses	(912,435)	(251,461)	-	(1,163,896)
Net assets at beginning of year	61,295,685	7,750,041	-	69,045,726
Net assets at end of year	$ 66,279,766	$ 8,429,896	$ -	$ 74,709,662

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

Combining Statement of Cash Flows
Year Ended September 30, 2012

	General Fund	Park Fund	Eliminations	Total
Cash flows from operating activities:				
Cash received from operations	$ 573,165	$ (135,155)	$ -	$ 438,010
Cash payments to suppliers for goods and services	(581,759)	126,587	-	(455,172)
Net cash used for operating activities	(8,594)	(8,568)	-	(17,162)
Cash flows from noncapital financing activities:				
Net operating transfer out	-	(43,000)	-	(43,000)
Cash received from DPL	1,000,000	-	-	1,000,000
Net cash provided by (used for) noncapital financing activities	1,000,000	(43,000)	-	957,000
Cash flows from capital and related financing activities:				
Acquisition of property and equipment	(197,695)	-	-	(197,695)
Net cash used for capital and related financing activities	(197,695)	-	-	(197,695)
Cash flows from investing activities:				
Net increase in notes receivable	(3,027,373)	-	-	(3,027,373)
Net decrease (increase) in restricted assets	3,258,497	(133,535)	-	3,124,962
Net cash provided by (used for) investing activities	231,124	(133,535)	-	97,589
Net increase (decrease) in cash and cash equivalents	1,024,835	(185,103)	-	839,732
Cash and cash equivalents at beginning of year	2,820,014	359,743	-	3,179,757
Cash and cash equivalents at end of year	$ 3,844,849	$ 174,640	$ -	$ 4,019,489
Reconciliation of operating income to net cash used for operating activities:				
Operating income	$ 5,896,516	$ 931,316	$ -	$ 6,827,832
Adjustments to reconcile operating income to net cash used for operating activities:				
Net increase in fair value of investments	(3,991,404)	(681,667)	-	(4,673,071)
Noncash interest income	(280,767)	(68,161)	-	(348,928)
Depreciation	25,589	-	-	25,589
Impairment loss	16,000	-	-	16,000
(Increase) decrease in assets:				
Receivable - accrued income	(98,035)	(13,106)	-	(111,141)
Other receivable	2,478	-	-	2,478
Due from other funds	(6,431)	-	6,431	-
Due from brokers	(1,668,206)	(378,798)	-	(2,047,004)
Prepaid expense	12,832	-	-	12,832
Increase (decrease) in liabilities:				
Accounts payable	(5,419)	1,067	-	(4,352)
Due to other funds	-	6,431	(6,431)	-
Due to CNMI Government	(1,968,159)	-	-	(1,968,159)
Due to brokers	2,055,589	194,350	-	2,249,939
Accrued expenses	823	-	-	823
Net cash used for operating activities	$ (8,594)	$ (8,568)	$ -	$ (17,162)

Supplemental schedule of noncash operating, financing and investing activities:

MPLT applied $280,767 of the required income distribution to the CNMI General Fund for the year ended September 30, 2012 as a repayment of the CNMI's note receivable and related interest.

	General Fund	Park Fund	Eliminations	Total
Decrease in notes receivable	$ (1,614,154)	$ -	$ -	$ (1,614,154)
Increase in interest income	(280,767)	-	-	(280,767)
Increase in net contribution	1,894,921	-	-	1,894,921
	$ -	$ -	$ -	$ -

MPLT applied $208,461 of the required income distribution of the American Memorial Park Fund for the year ended September 30, 2012 as a repayment of CDA's note receivable and related interest.

	General Fund	Park Fund	Eliminations	Total
Decrease in notes receivable	$ -	$ (140,300)	$ -	$ (140,300)
Increase in interest income	-	(68,161)	-	(68,161)
Increase in net contribution	-	208,461	-	208,461
	$ -	$ -	$ -	$ -

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1A

Schedule of Investments - General Fund
September 30, 2012

	Cost	Fair Value
Mutual Funds		
Templeton Global Bond Fd-Ad	$ 8,259,048	$ 8,216,067
Total Mutual Funds	8,259,048	8,216,067
Equities		
Domestic Preferred Stock		
AMG Capital Trust I	161,264	165,464
Apache Corp	236,099	198,522
Bank Amer Corp	201,403	225,423
Energy XXI Bermuda	106,052	117,118
General Motors Co	65,345	44,140
Goodyear Tire & Rubber Co	96,009	70,671
Hartford Fin Svcs Grp	57,006	41,103
Metlife Inc	120,493	139,090
Nielson Holdings NV	118,828	117,785
PPL Corp	113,318	109,550
Stanley Black & Decker I	120,751	131,472
United Technologies Corp	116,674	122,348
Wells Fargo & Co	52,468	64,369
Total Domestic Preferred Stock - MacKay Shields	1,565,710	1,547,055
Domestic Common Stock		
Abbott Laboratories	175,616	219,392
Apple Inc	33,738	226,816
Baxter Intl Inc	149,742	162,729
Boeing Co/The	158,015	146,149
Cigna Corp	147,502	160,378
Deere & Co	157,680	148,446
Diageo Plc Spon Adr	177,760	225,460
Dow Chemical Co/The	137,350	118,715
Ebay Inc	107,780	164,458
EMC Corp/Ma	191,879	201,798
Franklin Resources Inc	128,076	150,084
H J Heinz Co	141,102	151,065
Hershey Co/The	172,144	198,492
Hess Corp	177,600	171,904
Home Depot Inc	144,718	217,332
Hospira Inc	52,935	49,230
Huntington Ingalls Industries	61,319	71,485
Intl Business Machines Corp	126,468	197,077
Intuit Inc	178,312	182,528
JPMorgan Chase & Co	161,526	165,968
M&T Bank Corp	134,674	161,772
Nextera Energy Inc	161,487	189,891
Northern Trust Corp	148,320	167,094
Northrop Grumman Corp	160,002	179,361
Occidental Petroleum Corp	167,370	172,120
Oracle Corp	139,525	185,614
Pepsico Inc	150,314	155,694
QEP Resources Inc	103,608	113,976
Qualcomm Inc	136,254	156,175
Schlumberger Ltd	142,421	144,660
Schwab (Charles) Corp	156,390	166,206
SPX Corp	124,794	117,738
Suntrust Bks Inc	141,440	166,793
Texas Instruments Inc	130,440	110,220
Tiffany & Co	68,414	80,444
Time Warner Inc	177,801	213,075
TRW Automotive Holding Corp	130,131	144,243
Unilever NV NY Shares	136,899	145,468
United Parcel Service-CL B	162,928	157,454

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2012

Equities, Continued	Cost	Fair Value
Domestic Common Stock, Continued		
Vodafone Gp Plc-Sp ADR	131,664	136,800
Zions Bancorp	114,870	144,620
Total Domestic Common Stock - Metropolitan West	5,701,008	6,538,924
International Common Stock		
Akbank T.A.S.-ADR	31,465	27,777
America Movil-ADR SERIES L	51,767	60,167
Banco Do Brasil Sa-Spon ADR	85,729	66,580
Banco Macro Sa-ADR	41,183	20,519
Bank Mandiri Tbk-Unspon ADR	45,336	51,316
Bidvest Group Ltd-Spons ADR	52,437	57,040
Cemig Sa-Spons ADR	26,245	23,222
Cia Siderurgica Nacl-Sp ADR	57,878	22,735
China Construc-Unspon ADR	82,890	74,345
China Mobile Ltd-Spon ADR	62,856	68,036
Cielo Sa-Sponsored ADR	33,209	46,566
Clicks Group Ltd-Unsp ADR	44,602	48,501
CNOOC Ltd-ADR	40,850	42,776
Commercial Intl Bank-ADR	25,510	27,654
Companhia De Bebidas-Prf ADR	35,134	43,043
Gazprom O A O-Spon ADR	48,281	44,396
Grupo Televisa Sa-Spon ADR	31,866	41,095
Infosys Ltd-Sp ADR	32,130	31,308
Lukoil OAO-Spon ADR	38,540	41,908
KB Financial Group Inc-ADR	56,907	54,311
Kimberly-Clark De Mexico-ADR	31,286	53,829
Koc Holding As-Unspon ADR	32,325	40,917
Mobile Telesystems-Sp ADR	61,688	53,979
Nedbank Group Ltd-Spons ADR	36,440	50,270
Netease Inc-ADR	27,746	36,997
Orascom Constr-Spon ADR	45,074	45,354
Oriflame Cosmetics-Unspn ADR	64,097	41,076
Philippine Long Dist- Sp ADR	57,145	68,585
Pretoria Portland-Unspon ADR	31,097	24,283
PTT Exploration & Pr-Sp ADR	26,451	23,203
Sanlam Ltd-Sponsored ADR	22,494	35,915
Sberbank-Sponsored ADR	76,212	72,172
Semen Gresik-Unspon ADR	20,835	28,860
Shinhan Financial Group-ADR	60,219	52,839
Shoprite Holdings-Unsp ADR	24,835	49,695
Standard Bank Group-Spon ADR	33,724	33,844
Taiwan Semiconductor-SP Adr	50,502	71,617
Telekomunik Indonesia-Sp ADR	62,656	69,100
Tiger Brands Ltd-Spons ADR	25,581	36,200
Turkcell Iletism Hizmet-ADR	63,813	60,954
United Tractors-Unspon ADR	36,041	38,685
Vale Sa-Sp Pref ADR	75,475	54,562
Vodacom Group Ltd-Unsp ADR	30,820	26,767
Weichai Power Co-Unsp ADR	46,270	30,055
Woolworths Holdings Ltd-GDR	43,772	52,683
YPF Sa-Sponsored ADR	44,991	13,689
Subtotal - Lazard	2,056,404	2,059,425
AAC Technologies H-Unspon AD	18,245	22,956
Advanced Semicndctr E-ADR	30,647	23,261
Agile Property-Unspon ADR	17,953	16,625
America Movil-ADR Series L	49,000	48,647
Anhui Conch Cement-H-Uns ADR	25,838	22,922
Antofagasta Plc-Spon ADR	29,460	28,473
Baidu Inc-Spon ADR	51,234	48,157

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2012

Equities, Continued	Cost	Fair Value
International Common Stock, Continued		
Banco Bradesco-ADR	33,711	30,244
Bank Mandiri Tbk-Unspon ADR	22,241	24,419
BRF Brasil Foods Sa-ADR	8,557	9,602
Carlsberg As-B-Spon ADR	20,827	21,969
China Communicati-Unspon ADR	21,173	19,004
China Constr-Unspon ADR	63,250	47,934
China Minsheng Banking-ADR	17,271	14,209
China Overseas Lan-Unspn ADR	23,471	25,853
CIA De Minas Buenaventure-ADR	26,133	26,337
CNOOC Ltd-ADR	40,232	42,777
Credicorp Ltd	24,442	25,557
Doctor Reddy's Lab-ADR	11,283	12,529
Galaxy Entertainment GRP-ADR	16,124	19,474
Gazprom OAO Spon ADR	32,827	29,190
HDFC Bank Ltd-ADR	37,513	44,155
Icici Bank Ltd-Spon ADR	33,448	38,213
Ind & Comm Bk of-Unspon ADR	41,989	34,701
Infosys Ltd-Sp ADR	31,743	26,696
Itau Unibanco Hldng-Pref ADR	69,219	48,468
Jiangxi Copper Co-Spon ADR	20,387	18,952
K B Financial Grp Inc-ADR	46,220	41,183
Keppel Corp Ltd-Spons ADR	31,530	33,392
Las Vegas Sands Corp	38,799	46,555
Lukoil OAO-Spn ADR	51,376	52,370
MMC Norilsk Nickel Jsc-ADR	17,116	16,917
Mobile Telesystems-Sp ADR	17,199	17,134
Naspers Ltd-N SHS Spon ADR	28,994	40,236
Pacific Rubiales Energy Corp	29,683	30,407
Petroleo Brasileiro-Spon ADR	30,501	19,510
Petroleo Brasileiro Sa-ADR	28,170	17,844
Posco-ADR	19,176	16,635
Perusahaan Gas Ne-Unspon ADR	16,765	17,576
Sberbank-Sponsored ADR	44,654	44,352
Sembcorp Marine Ltd-Unspon ADR	17,148	17,255
Shinhan Financial Group-ADR	46,907	41,493
Siliconware Precision-Sp ADR	33,900	31,969
Silver Standard Resources	42,034	35,107
Southern Copper Corp	25,976	27,282
Taiwan Smcndctr-Sp ADR	37,430	53,013
Tata Motors Ltd-Spon ADR	16,176	19,492
Telefonica Brasil-ADR	24,518	21,545
Tencent Hldgs Ltd-Uns ADR	17,157	22,733
Tim Participacoes Sa-ADR	20,462	14,472
Turkiye Garanti Bankasi-ADR	33,739	34,440
Vale Sa-Sp ADR	67,979	44,104
Yamana Gold Inc	21,705	28,034
Yandex NV-A	12,744	16,543
Zijin Mining Group-Unsp ADR	9,155	10,368
Zoomlion Heavy Indus-Unsp ADR	18,589	17,491
Subtotal - Newgate	1,664,020	1,600,776
Total International Common Stock	3,720,424	3,660,201
Closed End Funds		
India Fund Inc	7,702	8,854
Total Closed End Funds - Newgate	7,702	8,854

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2012

	Cost	Fair Value	Ratings
Equities, Continued			
Exchange Traded Funds			
Ishares MSCI South Korea Ind	13,271	14,428	
Ishares MSCI South Korea Ind	16,789	19,040	
Ishares MSCI South Korea Ind	19,536	19,513	
Ishares MSCI South Korea Ind	18,419	18,448	
Total Exchange Traded Funds - Newgate	68,015	71,429	
Total Equities	11,062,859	11,826,463	
Fixed Income Securities			
Asset and Mortgage Backed Securities			
CSFB 2002-CKN2 A3 @ 6.133%, due 04/15/37	4,934	4,833	AAA
CSFB 2003-CK2 A4 @ 4.801%, due 03/15/36	81,217	80,274	Aaa
FG A39210 @ 5.500%, due 10/01/35	272,786	294,758	AA+
FG A47758 @ 5.000%, due 11/01/35	215,202	241,243	AA+
FG A87388 @ 5.000%, due 07/01/39	271,325	288,687	AA+
FG G11736 @ 5.000%, due 04/01/20	28,665	30,764	AA+
FG G12213 @ 5.500%, due 03/01/21	65,772	72,342	AA+
FG G12580 @ 5.000%, due 09/01/21	62,537	67,232	AA+
FG G13174 @ 5.000%, due 06/01/23	136,597	143,610	AA+
FG G14011 @ 5.000%, due 07/01/25	1,526,974	1,515,610	AA+
FN 603265 @ 5.500%, due 09/01/16	4,647	5,018	AA+
FN 739168 @ 5.500%, due 09/01/18	7,797	8,259	AA+
FN 743002 @ 5.500%, due 10/01/18	5,456	5,738	AA+
FN 745506 @ 5.662%, due 02/01/16	417,378	474,457	AAA
FN #889970 @ 5.000%, due 12/01/36	128,047	134,780	AA+
FN 904529 @ 6.500%, due 01/01/37	252,578	276,902	AA+
FN #922270 @ 5.500%, due 12/01/36	299,199	329,022	AA+
FN 942285 @ 6.000%, due 08/01/37	92,715	101,565	AA+
FN #966123 @ 6.000%, due 10/01/37	271,067	294,202	AA+
FN AA9592 @ 6.000%, due 01/01/39	250,850	265,313	AA+
FN AC5849 @ 5.000%, due 05/01/40	206,765	220,466	AA+
FN AC9290 @ 5.000%, due 04/01/41	391,017	405,945	AA+
FN AL0249 @ 5.500%, due 08/01/37	284,436	287,461	AA+
GCCFC 2003-C2 A3 @ 4.533%, due 01/05/36	39,185	38,232	AAA
LB-UBS 2003-C8 A3 @ 4.830%, due 11/15/27	95,000	95,300	AAA
WBCMT 2005-C18 A4 @ 4.935%, due 04/15/42	186,422	186,158	AAA
Total Asset and Mortgage Backed Securities - Richmond	5,598,568	5,868,171	
Government Bonds			
US Treasury N/B @ 4.750%, due 02/15/37	367,070	429,177	AA+
Total Government Bonds - Richmond	367,070	429,177	
Municipal Bonds			
NJ TPK-TXB-A-BABS @ 7.102%, due 01/01/41	102,480	143,173	A+
Total Municipal Bonds - Richmond	102,480	143,173	
Corporate Bonds			
Ace Ina Holdings @ 8.875%, due 08/15/29	151,685	178,242	A
Aflac Inc @ 8.500%, due 05/15/19	1,185,768	1,218,877	A-
Allstate Corp @ 7.450%, due 05/16/19	133,066	137,435	A-
American Express Credit Co @ 5.875%, due 05/02/13	130,505	128,923	A-
American Express Credit Co @ 7.300%, due 08/20/13	140,112	148,336	A-
Ameritech Capital Funding @ 6.550%, due 01/15/28	119,556	132,729	A-
Anheuser-Busch Inbev Word @ 3.000%, due 10/15/12	255,125	250,216	A
Archer Daniels Midland Co Debenture @ 7.500%, due 03/15/27	82,416	82,820	A
AXA Financial Inc @ 7.000%, due 04/01/28	145,184	156,838	A
Bank of New York Mellon @ 4.950%, due 03/15/15	149,110	168,606	A
Bank of America Corp @ 7.625%, due 06/01/19	1,050,780	1,055,103	A-

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2012

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Bank of America Corp @ 5.000%, due 05/13/21	142,830	164,863	A-
BB&T Corp @ 4.750%, due 10/01/12	100,380	105,006	BBB+
Becton Dickinson & Co Debentures @ 7.000%, due 08/01/27	140,363	178,667	A+
Boeing Co @ 7.250%, due 06/15/25	56,270	69,170	A
Burlingtn North Santa Fe @ 6.150%, due 05/01/37	89,958	110,748	BBB+
Campbell Soup Co@ 8.875%, due 05/01/21	92,869	102,783	BBB+
Charles Schwab Corp @ 4.950%, due 06/01/14	249,987	246,503	A
CitiGroup Inc @ 5.300%, due 10/17/12	322,308	315,602	A-
CitiGroup Inc @ 8.500%, due 05/22/19	1,227,129	1,230,137	A-
General Elec Cap Corp @ 6.000%, due 08/07/19	1,134,605	1,137,232	AA+
General Electric Capital Corp @ 6.750%, due 03/15/32	93,857	108,879	AA+
General Electric Capital Corp @ 5.250%, due 10/19/12	376,478	350,776	AA+
Goldman Sachs Group Inc @ 6.000%, due 06/15/20	152,006	167,197	A-
Goldman Sachs Group Inc @ 7.500%, due 02/15/19	1,064,931	1,072,644	A-
Historic TW Inc @ 6.625%, due 05/15/29	90,552	100,321	BBB
JP Morgan Chase & Co @ 6.300%, due 04/23/19	1,069,646	1,075,655	A
JP Morgan Chase & Co @ 4.250%, due 10/15/20	106,428	114,717	A
JP Morgan Chase & Co @ 4.350%, due 08/15/21	34,968	38,576	A
Kellogg Co @ 7.450%, due 04/01/31	122,791	118,768	BBB+
Keycorp @ 6.500%, due 05/14/13	27,568	25,887	BBB+
Kraft Foods Inc @ 2.625%, due 05/08/13	202,908	202,325	BBB-
Lincoln Natl Corp @ 8.750%, due 07/01/19	145,980	157,208	A-
Markel Corporation @ 5.350%, due 06/01/21	125,613	134,991	BBB
Mellon Funding Corp @ 5.000%, due 12/01/14	124,657	138,948	A
Metlife Inc @ 7.717%, due 02/15/19	1,214,944	1,231,072	A-
Morgan Stanley @ 5.750%, due 01/25/21	38,784	43,918	A-
Morgan Stanley @ 7.300%, due 05/13/19	941,928	944,010	A-
Morgan Stanley @ 6.625%, due 04/01/18	192,366	206,821	A-
News America Inc @ 8.500%, due 02/23/25	116,530	134,773	BBB+
Ohio Power Co @ 5.750%, due 09/01/13	209,832	219,935	BBB
Pitney Bowes Inc @ 4.750%, due 01/15/16	623,309	621,561	BBB+
PNC Funding Corp @ 5.625%, due 02/01/17	204,627	225,612	BBB+
Prudential Financial Inc @ 6.100%, due 06/15/17	218,080	229,835	A
Suntrust Banks Inc @ 6.000%, due 02/15/26	51,911	52,162	BBB-
UBS AG Stamford Ct @ 5.875%, due 12/20/17	1,226,599	1,225,286	A
Wachovia Corp @ 6.605%, due 10/01/25	67,642	74,824	A
Wells Fargo & Co @ 4.600%, due 04/01/21	499,271	502,468	A+
Wisconsin Power and Light @ 6.375%, due 08/15/37	99,430	141,235	A-
Total Corporate Bonds - Richmond	16,543,642	16,979,240	
AES Corp @ 8.000%, due 10/15/17	87,805	98,175	BB-
Affinion Group, Inc. @ 7.875%, due 12/15/18	53,459	49,051	CCC+
Aircastle Ltd @ 6.750%, due 04/15/17	31,610	33,403	BB+
Alliant Techsystems Inc. @ 6.875%, due 09/15/20	93,702	98,082	BB-
Ally Financial Inc @ 8.000%, due 03/15/20	43,130	44,439	AA+
Ally Financial Inc @ 8.000%, due 11/01/31	80,580	99,139	B+
Ameristar Casinos Inc @ 7.500%, due 04/15/21	54,750	53,748	B+
Autonation Inc @ 6.750%, due 04/15/18	76,775	84,295	BB+
Autonation Inc @ 5.500%, due 02/01/20	30,450	32,033	BB+
Ball Corp @ 5.750%, due 05/15/21	49,850	53,874	BB+
Caesars Entertainment Op @ 11.250%, due 06/01/17	53,175	53,750	B
CCO Hldgs LLC/Cap Corp @ 7.250%, due 10/30/17	98,045	103,550	BB-
CCO Hldgs LLC/Cap Corp @ 6.500%, due 04/30/21	49,493	53,521	BB-
Chesapeake Energy Corp @ 7.250%, due 12/15/18	149,806	150,500	BB-
CHS Community Health System @ 7.125%, due 07/15/20	56,169	58,665	B
Cinemark USA Inc. @ 8.625%, due 06/15/19	48,975	49,950	B+
CIT Group Inc @ 5.000%, due 05/15/17	146,276	154,789	BB-
Clear Channel Worldwide Holdings Inc. @ 7.625%, due 03/15/20	108,623	106,275	B
CNH America LLC @ 7.250%, due 01/15/16	44,375	50,513	BB+
Constellation Brands Inc @ 8.375%, due 12/15/14	74,961	79,363	BB+

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2012

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Corrections Corp of Amer @ 7.750%, due 06/01/17	74,077	75,077	BB
Crown Castle Intl Corp @ 9.000%, due 01/15/15	48,150	48,263	B-
CSC Holdings Inc @ 7.625%, due 07/15/18	47,200	51,862	BB+
Dish DBS Corp @ 7.125%, due 02/01/16	142,655	154,704	BB-
El Paso Corp @ 7.000%, due 06/15/17	91,500	103,276	BB
Energy Futures/Efin Finan @ 10.000%, due 12/01/20	102,318	106,841	B-
Energy Transfer Equity @ 7.500%, due 10/15/20	147,635	158,900	BB
First Data Corp @ 9.875%, due 09/24/15	36,732	40,800	B-
Ford Motor Credit @ 7.000%, due 10/01/13	92,925	100,427	BB+
Freescale Semiconduc Inc @ 10.125%, due 12/15/16	13,486	16,600	CCC+
Genon Energy, Inc. @ 9.875%, due 10/15/20	74,305	81,030	B-
Genworth Financial Inc @ 7.625%, due 09/24/21	40,310	40,823	BBB
HCA Inc. @ 7.875%, due 02/15/20	116,096	123,635	BB
Health Mgmt Assoc @ 6.125%, due 04/15/16	43,538	49,050	BB-
Host Hotels & Resorts, L.P. @ 5.875%, due 06/15/19	106,000	109,979	BB+
Huntington Ingalls Indus @ 6.875%, due 03/15/18	107,740	110,543	B+
Icahn Enterprises/Fin @ 8.000%, due 01/15/18	137,581	144,798	BBB-
Intelsat Jackson Holdings @ 7.250%, due 04/01/19	105,299	108,000	B
Intl Lease Finance Corp @ 5.625%, due 09/20/13	45,459	51,563	BBB-
Intl Lease Finance Corp @ 8.25%, due 12/15/20	57,522	63,076	BBB-
Iron Mountain Inc @ 8.375%, due 08/15/21	52,964	55,376	B+
Kinder Morgan Finance @ 5.700%, due 01/05/16	65,484	71,247	BB
Leucadia National Corp @ 8.125%, due 09/15/15	85,065	90,205	BB+
Level 3 Financing, Inc. @ 8.125%, due 07/01/19	26,687	26,563	CCC
Linn Energy LLC/Fin Corp @ 7.750%, due 02/01/21	53,179	54,990	B
Markwest Energy Part/Fin @ 6.750%, due 11/01/20	51,573	54,125	BB
Masco Corp @ 5.950%, due 03/15/22	104,779	115,043	BBB-
MGM Resorts Intl @ 7.625%, due 01/15/17	50,125	53,000	B-
Midwest Generation LLC @ 8.560%, due 01/02/16	17,327	15,444	B-
Newfield Exploration Co @ 7.125%, due 05/15/18	45,945	47,475	BB+
NRG Energy Inc @ 8.500%, due 06/15/19	103,261	108,004	BB-
Paetec Holding Corp @ 8.875%, due 06/30/17	46,106	48,825	BB-
Peabody Energy Corp @ 6.500%, due 09/15/20	52,130	53,170	BB+
Penn National Gaming Inc @ 8.750%, due 08/15/19	73,474	78,400	BB
Pioneer Natural Resource @ 5.875%, due 07/15/16	32,550	39,873	BBB-
Plains Exploration & Pro @ 6.625%, due 05/01/21	59,080	56,840	BB-
Range Resources Corp. @ 6.750%, due 08/01/20	96,101	99,007	BB
Regions Financial Corp @ 5.750%, due 06/15/15	54,450	59,049	BBB-
Rite Aid Corp @ 7.500%, due 03/01/17	51,060	51,373	B-
Sandridge Energy Inc @ 7.500%, due 03/15/21	111,580	115,360	B
Sealed Air Corp @ 7.875%, due 06/15/17	42,762	42,794	BB-
Sears Holdings Corp @ 6.625%, due 10/15/18	101,817	116,561	B
Servicemaster Company @ 8.000%, due 02/15/20	59,830	58,300	B-
Smithfield Foods Inc @ 7.750%, due 07/01/17	37,893	50,625	BB
Sprint Capital Corp @ 6.900%, due 05/01/19	140,010	166,000	B+
Tenet Healthcare Corp @ 9.250%, due 02/01/15	58,096	61,875	CCC+
UR Merger Sub Corp @ 9.250%, due 12/15/19	99,931	107,111	B+
Visteon Corp @ 6.750%, due 04/15/19	50,490	53,550	B+
Wynn Las Vegas, LLC/Corp @ 7.875%, due 05/01/20	55,402	56,100	BBB-
Zayo Group LLC/Zayo Cap @ 8.125%, due 01/01/20	61,462	60,087	B
Total Corporate Bonds - Seix	5,003,150	5,312,734	
Allegheny Technologies @ 4.25%, due 06/01/14	161,980	119,535	BBB-
Amgen Inc @ 0.375%, due 02/01/13	105,851	116,811	A+
Anixter Intl Inc @ 1.00%, due 02/15/13	60,616	57,829	B+
Avis Budget Group Inc @ 3.50%, due 10/01/14	125,150	125,475	NA
Biomarin Pharmaceutical @ 1.875%, due 04/23/17	75,202	108,408	No rating
Chart Industries Inc @ 2.000%, due 08/01/18	59,563	68,028	B+
Coinstar Inc @ 4.00%, due 09/01/14	80,046	69,271	BB-
Covanta Holding Corp @ 3.250%, due 06/01/14	62,400	60,714	B+

See Accompanying Independent Auditors' Report.

Schedule of Investments - General Fund
September 30, 2012

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds, Continued			
Danaher Corp @ 0.000%, due 01/22/21	144,764	168,343	A+
EMC Corp @ 1.75%, due 12/01/13	161,175	180,277	A
Exelixis Inc @ 4.250%, due 08/15/19	62,238	59,360	NA
Gilead Sciences Inc @ 1.00%, due 05/01/14	170,881	236,285	A-
Hologic Inc @ 2.000%, due 03/01/42	95,695	102,539	B+
Hornbeck Offshore Serv @ 1.625%, due 11/15/26	53,409	54,036	BB-
Intel Corp @ 2.950%, due 12/15/35	58,200	56,547	A-
Interdigital Inc @ 2.500%, due 03/15/16	51,139	53,716	NA
Intl Game Technology @ 3.25%, due 05/01/14	122,200	108,615	BBB
L-3 Comms Hldgs Inc @ 3.00%, due 08/01/35	105,850	105,226	BB+
Medtronic Inc @ 1.625%, due 04/15/13	52,582	52,163	A+
MGM Resorts Intl @ 4.25%, due 04/15/15	56,124	53,989	B-
Molson Coors Brewing Co @ 2.50%, due 07/30/13	121,013	108,675	BBB-
Newmont Mining Corp @ 1.25%, due 07/15/14	74,030	71,385	BBB+
Newpark Resources Inc @ 4.00%, due 10/01/17	46,862	54,041	B-
Nuance Communications @ 2.75%, due 08/15/27	61,238	61,594	BB-
Omicare Inc @ 3.750%, due 12/15/25	134,808	129,930	BB
Omnicom Group Inc @ 0.000%, due 07/01/38	113,400	115,332	BBB+
On Semiconductor Corp @ 2.625%, due 12/15/26	121,696	121,048	BB
Peabody Energy Corp @ 4.75%, due 12/15/41	202,800	131,805	B+
Salix Pharmaceuticals Lt @ 2.750%, due 05/15/15	110,604	111,173	NA
Sandisk Corp @ 1.500%, due 08/15/17	62,471	60,011	BB
SBA Communications Corp @ 4.000%, due 10/01/14	97,911	110,233	NA
Steel Dynamics Inc @ 5.125%, due 06/15/14	134,285	108,745	BB+
Symantec Corp @ 1.000%, due 06/15/13	61,549	57,406	BBB
Teleflex Inc @ 3.875%, due 08/01/17	111,825	132,160	BB-
Teva Pharm Fin Co LLC @ 0.250%, due 02/01/26	110,439	111,038	A-
Transocean Inc @ 1.50%, due 12/15/37	102,763	104,081	BBB-
TTM Technologies @ 3.25%, due 05/15/15	61,100	52,541	BB-
Verisign Inc @ 3.25%, due 08/15/37	60,950	81,001	NA
Wabash National Corp @ 3.375%, due 05/01/18	53,788	52,043	NA
Wesco International Inc @ 6.00%, due 09/15/29	107,380	111,335	B
Xilinx Inc. @ 2.625%, due 06/15/17	120,347	119,096	BBB+
Total Corporate Bonds - MacKay Shields	3,936,324	3,961,840	
Total Corporate Bonds	25,483,116	26,253,814	
Total Fixed Income Securities	31,551,234	32,694,335	
Total Mutual Funds, Equities and Fixed Income Securities	$ 50,873,141	$ 52,736,865	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2012

	Cost	Fair Value
Mutual Funds		
Templeton Global Bond Fd-Ad	$ 781,714	$ 777,645
Total Mutual Funds	781,714	777,645
Equities		
Domestic Preferred Stock		
AMG Capital Trust I	22,907	23,504
Apache Corp	33,244	27,956
Bank of America Corp	28,216	31,581
Energy XXI Bermuda	16,109	17,790
General Motors Co	9,217	6,226
Goodyear Tire & Rubber	13,700	10,071
Hartford Fin Svcs Grp	7,894	5,692
Metlife Inc	16,727	19,287
Nielsen Holdings NV	16,709	16,563
PPL Corporation	15,910	15,381
Stanley Black & Decker I	16,641	18,151
United Technologies Corp	16,389	17,182
Wells Fargo & Company	7,063	8,665
Total Domestic Preferred Stock - MacKay Shields	220,726	218,049
Domestic Common Stock		
Abbott Laboratories	45,002	56,219
Apple Inc	8,931	60,039
Baxter Intl Inc	38,822	42,189
Boeing Co/The	40,871	38,276
Cigna Corp	39,097	42,453
Deere & Co	41,172	38,761
Diageo Plc-Sponsored Adr	46,218	58,620
Dow Chemical Co/The	36,850	31,850
Ebay Inc	28,530	43,533
EMC Corp/Ma	49,252	51,813
Franklin Resources Inc	34,154	40,022
HJ Heinz Co	37,627	40,284
Hershey Co/The	44,880	51,750
Hess Corp	46,065	44,588
Home Depot Inc	37,975	57,351
Hospira Inc	14,116	13,128
Huntington Ingalls Industrie	16,231	18,922
Intl Business Machines Corp	31,509	51,862
Intuit Inc	46,016	47,104
JPMorgan Chase & Co	41,367	42,504
M&T Bank Corp	35,649	42,822
Nextera Energy Inc	41,867	49,231
Northern Trust Corp	37,080	41,774
Northrop Grumman Corp	41,482	46,501
Occidenal Petroleum Corp	41,743	43,030
Oracle Corp	36,598	48,763
Pepsico Inc	39,591	41,047
QEP Resources Inc	27,341	30,077
Qualcomm Inc	35,494	40,605
Schlumberger Ltd	36,091	36,166
Schwab (Charles) Corp	39,641	42,191
SPX Corp	33,278	31,397
Suntrust Bks Inc	37,144	43,819
Texas Instruments Inc	34,241	28,933
Tiffany & Co	18,418	21,658
Time Warner Inc	46,531	55,762
TRW Automotive Holdings Corp	35,400	39,340
Unilever NV-NY Shares	36,729	39,028
United Parcel Service CL-B	42,330	40,794

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2012

Equities, Continued	Cost	Fair Value
Domestic Common Stock, Continued		
Vodafone Group PLC-Sp ADR	34,288	35,625
Zions Bancorporation	29,538	37,188
Total Domestic Common Stock - Metropolitan West	1,485,159	1,707,019
International Common Stock		
AKBank T.A.S.-ADR	3,770	3,136
America Movil-ADR Series L	6,067	6,764
Banco Do Brasil SA Spon ADR	10,769	8,570
Banco Macro SA-ADR	4,768	2,326
Bank Mandiri Tbk-Unspon ADR	5,102	5,770
Bidvest Group Ltd-Spons ADR	5,974	6,449
China Construct-UnSpon ADR	9,344	8,333
China Mobile Ltd-Spon ADR	7,117	7,695
CIA Siderurgica Nacl-Sp ADR	6,604	2,562
Cielo SA-Sponsored ADR	3,763	5,234
Clicks Group Ltd-Unsp ADR	5,047	5,469
CNOOC Ltd-ADR	4,445	4,663
Commercial Intl Bank-ADR	2,930	3,097
Companhia De Bebidas-Prf ADR	3,839	4,822
Gazprom OAO-Spon ADR	5,392	4,984
Grupo Televisa SA-Spon ADR	3,562	4,655
Infosys Ltd-Sp ADR	3,530	3,495
KB Financial Group Inc-ADR	6,369	6,105
Kimberly-Clark De Mexico-ADR	3,527	6,089
KOC HoldingAs-Unspon ADR	3,598	4,630
Mobile Telesystems-Sp ADR	6,950	6,045
Nedbank Group Ltd-Spons ADR	4,125	5,698
Netease Inc-ADR	3,150	4,210
Lukoil OAO-Spon ADR	4,317	4,738
Orascom Construc-Spon ADR	5,954	5,924
Oriflame Cosmetics-Unspn ADR	7,550	4,653
Philippine Long Dist-Sp ADR	6,620	7,723
Pretoria Portland-Unspon ADR	3,633	2,752
PTT Exploration & Pr-Sp ADR	3,014	2,632
Sanlam Ltd-Sponsored ADR	2,542	4,038
Sberbank-Sponsored ADR	8,566	8,084
Semen Gresik-Unspon ADR	2,321	3,263
Shinhan Financial Group-ADR	6,742	5,908
Shoprite Holdings-Unsp ADR	2,615	5,589
Standard Bank Group- Spon ADR	3,906	3,741
Taiwan Semiconductor-Sp ADR	5,568	8,037
Telekomunik Indonesia-Sp ADR	7,308	7,825
Tiger Brands Ltd-SponS ADR	2,807	4,099
Turkcell Iletisim Hizmet-ADR	7,442	6,904
United Tractors-Unspon ADR	4,025	4,327
Vale SA-Sp Pref ADR	8,467	6,128
Vodacom Group Ltd-Unsp ADR	3,406	3,013
Weichai Power Co-Unsp ADR	5,524	3,368
YPF S.A.- Sponsored ADR	5,263	1,547
Subtotal - Lazard	227,332	225,094
AAC Technologies H-Unspon AD	2,100	2,641
Advanced Semiconductor E-ADR	3,554	2,691
Agile Property-Unspon ADR	2,017	1,871
America Movil-ADR Series L	5,638	5,593
Anhui Conch Cement-H-Uns ADR	2,976	2,627
Antofagasta Plc-Spon ADR	3,394	3,284
Baidu Inc-Spon ADR	5,712	5,494
Banco Bradesco-ADR	3,888	3,487
Bank Mandiri Tbk-Unspon ADR	2,554	2,814

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2012

Equities, Continued	Cost	Fair Value
International Common Stock, Continued		
BRF - Brasil Foods SA-ADR	987	1,107
Carlsberg As-B-Spon ADR	2,393	2,523
China Communicati-Unspon ADR	2,453	2,199
China Construct-Unspon ADR	7,275	5,513
China Minsheng Banking-ADR	1,988	1,636
China Overseas Lan-Unspn ADR	2,661	2,931
CIA De Minas Buenaventur-ADR	3,006	3,040
CNOOC Ltd-ADR	4,359	4,866
Credicorp Ltd	2,756	2,881
Doctor Reddy's Lab-ADR	1,306	1,451
Galaxy Entertainment Grp-ADR	1,837	2,219
Gazprom OAO-Spon ADR	3,776	3,361
HDFC Bank Ltd-ADR	4,850	5,674
Icici Bank Ltd-Spon ADR	3,830	4,375
Ind & Comm Bk of-Unspon ADR	4,839	3,999
Infosys Ltd-Sp ADR	3,634	3,058
Itau Unibanco Hldng-Pref ADR	7,959	5,578
Jiangxi Copper Co-Spons ADR	2,329	2,194
KB Financial Group Inc-ADR	5,512	4,729
Keppel Corp Ltd-Spons ADR	3,633	3,847
Las Vegas Sands Corp	4,418	5,332
Lukoil OAO-Spon ADR	5,918	6,031
MMC Norilsk Nickel Jsc-ADR	2,040	1,945
Mobile Telesystems-Sp ADR	1,966	1,962
Naspers Ltd-N SHS Spon ADR	3,339	4,656
Pacific Rubiales Energy Corp	3,418	3,504
Perusahaan Gas Ne-Unspon ADR	1,932	2,024
Petroleo Brasileiro S.A-ADR	3,229	2,042
Petroleo Brasileiro-Spon ADR	3,532	2,251
Posco-ADR	2,183	1,876
Sberbank-Sponsored ADR	5,146	5,114
Sembcorp Marine Ltd-Unsp ADR	1,956	1,968
Shinhan Financial Group-ADR	5,471	4,767
Siliconware Precision-Sp ADR	3,909	3,686
Silver Standard Resources	4,828	4,040
Southern Copper Corp	2,978	3,128
Taiwan Semiconductor-Sp ADR	4,142	6,107
Tata Motors Ltd-Spon ADR	1,854	2,235
Telefonica Brasil-ADR	2,820	2,479
Tencent Holdings Ltd-Uns ADR	1,970	2,609
Tim Participacoes SA-ADR	2,338	1,653
Turkiye Garanti Bankasi-ADR	3,894	3,971
Vale SA-Sp ADR	7,839	5,084
Yamana Gold Inc	2,500	3,231
Yandex NV-A	1,450	1,884
Zijin Mining Group-Unsp ADR	1,052	1,192
Zoomlion Heavy Indus-Uns ADR	2,136	2,009
Subtotal - Newgate	191,474	184,463
Total International Common Stock	418,806	409,557
Closed End Funds		
India Fund Inc	897	1,022
Total Closed End Funds - Newgate	897	1,022
Exchange Traded Funds		
Ishares MSCI South Korea Ind	8,099	8,515
Total Exchanged Traded Funds - Newgate	8,099	8,515
Total Equities	2,133,687	2,344,162

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 1B

Schedule of Investments - Park Fund
September 30, 2012

Fixed Income Securities	Cost	Fair Value	Ratings
Asset & Mortgage Backed Securities			
BACM 2005-3 A3A @ 4.621%, due 07/10/43	25,313	25,500	AAA
CSFB 2002-CKN2 A3 @ 6.133%, due 04/15/37	592	580	AAA
FG A39210 @ 5.500%, due 10/01/35	28,415	30,704	AA+
FG A47758 @ 5.000%, due 11/01/35	12,912	14,475	AA+
FG A87388 @ 5.000%, due 07/01/39	58,141	61,862	AA+
FG G11736 @ 5.000%, due 04/01/20	14,333	15,382	AA+
FG G13174 @ 5.000%, due 06/01/23	15,441	16,234	AA+
FG G14011 @ 5.000%, due 07/01/25	161,233	160,033	AA+
FN AJ4557 @ 4.000%, due 11/01/41	19,933	20,875	AA+
FN 256552 @ 5.500%, due 01/01/37	19,438	19,667	AA+
FN 603265 @ 5.500%, due 09/01/16	697	753	AA+
FN 739168 @ 5.500%, due 09/01/18	1,299	1,376	AA+
FN 743002 @ 5.500%, due 10/01/18	909	956	AA+
FN 745506 @ 5.662%, due 02/01/16	43,935	49,943	AAA
FN 831831 @ 6.000%, due 09/01/36	11,845	13,045	AA+
FN 922270 @ 5.500%, due 12/01/36	26,955	29,642	AA+
FN 966123 @ 6.000%, due 10/01/37	30,119	32,689	AA+
FN AC5849 @ 5.000%, due 05/01/40	20,676	22,047	AA+
FN AC9290 @ 5.000%, due 04/01/41	21,967	22,806	AA+
GCCFC 2003-C2 A3 @ 4.533%, due 01/05/36	4,710	4,640	AAA
GN 782379 @ 6.000%, due 08/15/38	6,269	7,081	AA+
JPMCC 2003-ML1A A2 @ 4.767%, due 03/12/39	27,236	28,135	NA
LBUBS 2006-C1 A4 @ 5.156%, due 02/15/31	43,512	44,862	AAA
Total Asset & Mortgage Backed Securities - Garcia Hamilton	595,880	623,287	
Government Bonds			
U.S. Treasury N/B @ 4.750%, due 02/15/37	26,782	34,611	AA+
Total Government Bonds - Garcia Hamilton	26,782	34,611	
Corporate Bonds			
Ace Ina Holdings @ 8.875%, due 08/15/29	6,595	7,750	A
Aflac Inc @ 8.500%, due 05/15/19	124,410	127,245	A-
Allstate Corp @ 7.450%, due 05/16/19	19,010	19,634	A-
American Express Co @ 4.875%, due 07/15/13	9,733	10,339	BBB+
Amer Express Credit Co @ 5.875%, due 05/02/13	26,337	25,785	A-
Ameritech Capital Funding @ 6.550%,due 01/15/28	5,202	5,771	A-
Anheuser-Busch Inbev Wor @ 3.000%, due 10/15/12	51,025	50,043	A
Apache Corp @ 5.100%,due 09/01/40	5,849	5,997	A-
Archer Daniels @ 7.500%,due 03/15/27	12,532	13,803	A
AXA Financial Inc @ 7.000%, due 04/01/28	9,660	11,202	A
Bank of America Corp @ 7.625%, due 06/01/19	124,690	124,864	A-
Bank of New York Mellon @ 5.450%, due 05/15/19	10,055	11,882	A+
BB&T Corporation @ 4.750%, due 10/01/12	15,500	15,001	BBB+
Becton Dickinson @ 7.000%, due 08/01/27	5,380	6,872	A+
Becton Dickinson @ 6.000%, due 05/15/39	6,231	6,787	A+
Boeing Co @ 7.250%, due 06/15/25	11,254	13,834	A
Burlington North Santa Fe @ 6.150%, due 05/01/37	4,785	6,515	BBB+
Campbell Soup Co @ 8.875%, due 05/01/21	6,633	7,342	BBB+
Chubb Corp @ 6.600%, due 08/15/18	5,081	6,254	A+
Chubb Corp @ 6.800%, due 11/15/31	5,812	6,845	A+
Citigroup Inc @ 5.300%, due 10/17/12	35,812	35,067	A-
Citigroup Inc @ 8.500%, due 05/22/19	125,550	125,659	A-
Coca Cola Refresh USA @ 6.950%, due 11/15/26	5,731	6,917	AA-
Comcast Cable Comm Hldgs @ 9.455%, due 11/15/22	12,139	14,934	BBB+
Diageo Capital PLC @ 5.200%, due 01/30/13	52,420	50,781	A-
Dover Corp @ 6.600%, due 03/15/38	6,755	7,344	A
Fifth Third Bancorp @ 6.250%, due 05/01/13	26,183	25,809	BBB
General Electric Cap Corp @ 6.000%, due 08/07/19	121,342	121,629	AA+
General Electric Cap Corp @ 6.750%, due 03/15/32	5,500	6,405	AA+

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2012

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds , Continued			
Goldman Sachs Group Inc @ 7.500%, due 02/15/19	123,297	124,005	A-
Goldman Sachs Group Inc @ 6.000%, due 06/15/20	5,056	5,765	A-
Halliburton Company @ 6.700%, due 09/15/38	5,861	7,104	A
Hartford Finl Svcs Grp @ 6.300%, due 03/15/18	15,822	17,379	BBB
HJ Heinz Co @ 6.375%, due 07/15/28	5,156	6,106	BBB+
Historic TW Inc @ 6.625%, due 05/15/29	11,319	12,540	BBB
Honeywell International @ 4.250%, due 03/01/2013	45,256	44,715	A
JP Morgan Chase & Co @ 4.250%, due 10/15/20	10,136	10,925	A
JP Morgan Chase & Co @ 6.300%, due 04/23/19	114,815	116,785	A
Keycorp @ 6.500%, due 05/14/13	5,514	5,177	BBB+
Lincoln National Corp @ 8.750%, due 07/01/19	12,165	13,101	A-
Lockheed Martin Corp @ 4.850%, due 09/15/41	4,952	5,668	A-
Markel Corporation @ 5.350%, due 06/01/21	10,049	10,799	BBB
Mellon Funding Corp @ 5.000%, due 12/01/14	9,998	10,688	A
Metlife Inc @ 7.717%, due 02/15/19	129,146	130,273	A-
Morgan Stanley @ 7.300%, due 05/13/19	129,720	129,802	A-
News America Inc @ 8.500%, due 02/23/25	11,583	13,477	BBB+
Norfolk Southern Corp @ 7.800%, due 05/15/27	6,294	7,194	BBB+
Ohio Power Company @ 5.750%, due 09/01/13	14,988	15,710	BBB
Pitney Bowes Inc @ 4.750%, due 01/15/16	64,460	64,299	BBB+
PNC Funding Corp @ 5.625%, due 02/01/17	9,923	11,511	BBB+
Prudential Financial Inc @ 6.100%, due 06/15/17	16,071	17,680	A
UBS AG Stamford CT @ 5.875%, due 12/20/17	124,438	124,304	A
United Technologies Corp @ 8.875%, due 11/15/19	13,734	13,780	A
US Bank NA @ 4.800%, due 04/15/15	4,788	5,504	A+
Verizon Virginia Inc @ 4.625%, due 03/15/13	26,053	25,460	A-
Wells Fargo & Company @ 4.600%, due 04/01/21	51,649	51,980	A+
Wisconsin Power & Light @ 6.375%, due 08/15/37	4,971	7,062	A-
Total Corporate Bonds - Garcia Hamilton & Associates	1,844,420	1,887,103	
AES Corporation @ 8.000%, due 10/15/17	14,543	16,170	BB-
Affinion Group Inc @ 7.875%, due 12/15/18	7,898	7,358	CCC+
Aircastle Limited @ 6.750%, due 04/15/17	5,095	5,388	BB+
Alliant Techsystems Inc @ 6.875%, due 09/15/20	15,745	16,346	BB-
Ally Financial Inc @ 8.000%, due 03/15/20	7,945	8,186	AA+
Ally Financial Inc @ 8.000%, due 11/01/31	13,038	16,328	B+
Ameristar Casinos Inc @ 7.500%, due 04/15/21	8,760	8,600	B+
Autonation Inc @ 6.750%, due 04/15/18	14,350	15,736	BB+
Ball Corp @ 5.750%, due 05/15/21	7,880	8,620	BB+
Caesars Entertainment Op @ 11.250%, due 06/01/17	8,620	8,600	B
CCO Hldgs LLC/Cap Corp @ 6.500%, due 04/30/21	7,890	8,563	BB-
CCO Hldgs LLC/Cap Corp @ 7.250%, due 10/30/17	14,403	15,260	BB-
Chesapeake Energy Corp @ 7.250%, due 12/15/18	14,407	15,050	BB-
CHS Community Health Sys @ 7.125%, due 07/15/20	8,170	8,533	B
Cinemark USA Inc. @ 8.625%, due 06/15/19	6,532	6,660	B+
CIT Group Inc @ 5.000%, due 05/15/17	22,193	23,485	BB-
Clear Channel Worldwide @ 7.625%, due 03/15/20	15,946	15,600	B
CNH America LLC @ 7.250%, due 01/15/16	8,240	8,981	BB+
Constellation Brands Inc @ 8.375%, due 12/15/14	15,135	15,874	BB+
Corrections Corp of Amer @ 7.750%, due 06/01/17	13,723	13,943	BB
Crown Castle Intl Corp @ 9.000%, due 01/15/15	5,300	5,363	B-
CSC Holdings Inc @ 7.625%, due 07/15/18	5,163	5,763	BB+
Dish DBS Corp @ 7.125%, due 02/01/16	22,203	24,310	BB-
El Paso Corporation @ 7.000%, due 06/15/17	13,930	16,065	BB
Energy Future/EFIH Finan @ 10.000%, due 12/01/20	15,038	15,745	B-
Energy Transfer Equity @ 7.500%, due 10/15/20	21,096	22,700	BB
First Data Corporation @ 9.875%, due 9/24/15	6,458	7,140	B-
Ford Motor Credit Co LLC @ 7.000%, due 10/01/13	12,345	13,743	BB+
Freescale Semiconductor @ 10.125%, due 12/15/16	3,372	4,150	CCC+
Genon Energy Inc @ 9.875%, due 10/15/20	11,255	12,210	B-

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2012

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds , Continued			
Genworth Financial Inc @ 7.625%, due 09/24/21	7,050	7,144	BBB
HCA Inc. @ 7.875%, due 02/15/20	22,178	23,603	BB
Health Mgmt Assoc @ 6.125%, due 04/15/16	4,640	5,450	BB-
Host Hotels & Resorts LP @ 5.875%, due 06/15/19	15,863	16,497	BB+
Huntington Ingalls Indus @ 6.875%, due 03/15/18	15,850	16,257	B+
Icahn Enterprises/Fin @ 8.000%, due 01/15/18	13,947	15,016	BBB-
Intelsat Jackson Hldg @ 7.250%, due 04/01/19	15,795	16,200	B
Intl Lease Finance Corp @ 8.250%, due 12/15/20	8,684	9,521	BBB-
Intl Lease Finance Corp @ 5.625%, due 09/20/13	6,210	7,219	BBB-
Iron Mountain Inc @ 8.375%, due 08/15/21	7,367	7,753	B+
Kinder Morgan Finance @ 5.700%, due 01/05/16	8,640	9,715	BB
Leucadia National Corp @ 8.125%, due 09/15/15	10,569	11,275	BB+
Level 3 Financing Inc @ 8.125%, due 07/01/19	3,202	3,188	CCC
Linn Energy LLC/Fin Corp @ 7.750%, due 02/01/21	8,181	8,461	B
Markwest Energy Part/Fin @ 6.750, due 11/01/20	7,201	7,577	BB
Masco Corp @ 5.950%, due 03/15/22	15,965	17,530	BBB-
MGM Resorts Intl @ 7.625%, due 01/15/17	8,020	8,480	B-
Midwest Generation LLC @ 8.560%, due 01/02/16	4,360	3,861	B-
Newfield Exploration Co @ 7.125%, due 05/15/18	8,265	8,440	BB+
NRG Energy Inc @ 8.500%, due 06/15/19	15,561	16,200	BB-
Paetec Holding Corp @ 8.875%, due 06/30/17	5,050	5,425	BB-
Peabody Energy Corp @ 6.500%, due 09/15/20	8,020	8,180	BB+
Penn National Gaming Inc @ 8.750%, due 08/15/19	14,497	15,680	BB
Pioneer Natural Resource @ 5.875%, due 07/15/16	6,530	7,974	BBB-
Plains Exploration & Pro @ 6.625%, due 05/01/21	9,495	9,135	BB-
Range Resources Corp @ 6.750%, due 08/01/20	15,888	16,501	BB
Regions Financial Corp @ 5.750%, due 06/15/15	7,980	8,589	BBB-
Rite Aid Corp @ 7.500%, due 03/01/17	7,148	7,192	B-
Sandridge Energy Inc @ 7.500%, due 03/15/21	16,936	17,510	B
Sealed Air Corp @ 7.875%, due 06/15/17	8,567	8,559	BB-
Sears Holdings Corp @ 6.625%, due 10/15/18	15,493	17,716	B
Servicemaster Company @ 8.000%, due 02/15/20	8,717	8,480	B-
Smithfield Foods Inc @ 7.750%, due 07/01/17	8,274	11,250	BB
Sprint Capital Corp @ 6.900%, due 05/01/19	25,303	29,048	B+
Tenet Healthcare Corp @ 9.250%, due 02/01/15	8,597	9,000	CCC+
UR Merger Sub Corp @ 9.250%, due 12/15/19	14,788	15,784	B+
Visteon Corp @ 6.750%, due 04/15/19	6,930	7,350	B+
Wynn Las Vegas LLC/Corp @ 7.875%, due 05/01/20	8,825	8,800	BBB-
Zayo Group LLC/Zayo Cap @ 8.125%, due 01/01/20	8,940	8,740	B
Total Corporate Bonds - Seix	760,199	810,770	
Allegheny Technologies @ 4.250%, due 06/01/14	23,362	17,241	BBB-
Amgen Inc @ 0.375%, due 02/01/13	15,122	16,687	A+
Anixter Intl Inc @ 1.000%, due 02/15/13	8,006	7,638	B+
Avis Budget Group Inc @ 3.500%, due 10/01/14	17,007	17,054	NA
Biomarin Phamaceutical @ 1.875%, due 04/23/17	11,570	16,678	NR
Chart Industries Inc @ 2.000%, due 08/01/18	8,018	9,158	B+
Coinstar Inc @ 4.000%, due 09/01/14	13,593	11,763	BB-
Covanta Holding Corp @ 3.250%, due 06/01/14	8,400	8,173	B+
Danaher Corp @ 0.000%, due 01/22/21	20,680	24,049	A+
EMC Corp @ 1.750%, due 12/01/13	23,025	25,754	A
Exelixis Inc @ 4.250%, due 08/15/19	8,891	8,480	NA
Gilead Sciences Inc @ 1.000%, due 05/01/14	23,929	33,110	A-
Hologic Inc @ 2.000%, due 03/01/42	16,405	17,578	B+
Hornbeck Offshore Serv @ 1.625%, due 11/15/26	8,217	8,313	BB-
Intel Corp @ 2.950%, due 12/15/35	7,835	7,612	A-
Interdigital Inc @ 2.500%, due 03/15/16	7,867	8,264	NA
Intl Game Technology @ 3.250%, due 05/01/14	17,625	15,666	BBB
L-3 Comms Hldgs Inc @ 3.000%, due 08/01/35	14,113	14,030	BB+
Medtronic Inc @ 1.625%, due 04/15/13	9,101	9,028	A+

See Accompanying Independent Auditors' Report.

Schedule of Investments - Park Fund
September 30, 2012

Fixed Income Securities, Continued	Cost	Fair Value	Ratings
Corporate Bonds , Continued			
MGM Resorts Intl @ 4.250%, due 04/15/15	8,634	8,306	B-
Molson Coors Brewing Co @ 2.500%, due 07/30/13	16,135	14,490	BBB-
Newmont Mining Corp @ 1.250%, due 07/15/14	9,778	9,428	BBB+
Newpark Resources Inc @ 4.000%, due 10/01/17	6,308	7,275	B-
Nuance Communications @ 2.750%, due 08/15/27	8,545	8,595	BB-
Omnicare Inc @ 3.750%, due 12/15/25	17,584	16,947	BB
Omnicom Group Inc @ 0.000%, due 07/01/38	15,918	16,476	BBB+
On Semiconductor Corp @ 2.625%, due 12/15/26	16,642	16,554	BB
Peabody Energy Corp @ 4.750%, due 12/15/41	28,600	18,588	B+
Salix Pharmaceuticals LT @ 2.750%, due 05/15/15	15,117	15,213	NA
Sandisk Corp @ 1.500%, due 08/15/17	8,251	7,926	BB
SBA Communications Corp @ 4.000%, due 10/01/14	16,946	19,079	NA
Steel Dynamics Inc @ 5.125%, due 06/15/14	19,368	15,684	BB+
Symantec Corp @ 1.000%, due 06/15/13	8,129	7,582	BBB
Teleflex Inc @ 3.875%, due 08/01/17	14,910	17,621	BB-
Teva Pharm Fin Co LLC @ 0.250%, due 02/01/26	15,777	15,863	A-
Transocean Inc @ 1.500%, due 12/15/37	14,680	14,869	BBB-
TTM Technologies @ 3.250%, due 05/15/15	8,225	7,073	BB-
Verisign Inc @ 3.250%, due 08/15/37	8,050	10,698	NA
Wabash National Corp @ 3.375%, due 05/01/18	8,275	8,007	NA
Wesco International Inc @ 6.000%, due 09/15/29	14,455	14,987	B
Xilinx Inc. @ 2.625%, due 06/15/17	17,192	17,014	BBB+
Total Corporate Bonds - MacKay Shields	560,285	564,551	
Total Corporate Bonds	3,164,904	3,262,424	
Total Fixed Income Securities	3,787,566	3,920,322	
Total Mutual Funds, Equities and Fixed Income Securities	$ 6,702,967	$ 7,042,129	

See Accompanying Independent Auditors' Report.

MARIANAS PUBLIC LAND TRUST

SCHEDULE 2

Schedule of Administrative Expenses
Compared to Budget
Year Ended September 30, 2012

	Budget	Actual	Variance Favorable (Unfavorable)
Money manager fees	$ 167,523	$ 172,549	$ (5,026)
Consultancy fees	121,903	121,668	235
Money management administration	84,351	90,531	(6,180)
Contract services	64,999	68,500	(3,501)
Salaries and benefits	64,018	67,611	(3,593)
Professional fees	82,411	63,908	18,503
Office supplies	51,304	53,876	(2,572)
Loan administration fee	52,128	45,020	7,108
Depreciation	21,637	25,589	(3,952)
Trustees' expenses	17,817	20,045	(2,228)
Insurance	30,000	19,635	10,365
Rent and utilities	13,042	15,889	(2,847)
Audit	15,500	15,500	-
Repairs and maintenance	-	6,630	(6,630)
Total	$ 786,633	$ 786,951 *	$ (318)

* Impairment loss expense of $16,000 is considered a capital loss of principal and is not budgeted for.

See Accompanying Independent Auditors' Report.