Sheridan Production Partners III-B, L.P.
Limited Partner Capital Account Summary
Teachers' Retirement System of the State of Illinois
(Unaudited)

For the period ending September 30, 2021
(In thousands of dollars)

	Limited Partners' Capital	Fair Value Adjustment	Pro forma LP Capital	*Illinois*
Balance at December 31, 2020	$ 239,962	$ 22	$ 239,984	$ 17,458
Capital contributions	-	-	-	-
Net income (loss)	5,189	89,145	94,334	6,862
Distributions	(26,291)	-	(26,291)	(1,913)
Balance at September 30, 2021	$ 218,860	$ 89,167	$ 308,027	$ 22,407

	All Limited Partners	*Illinois*	*Partner % of Fund*
Capital Commitment	$ 1,031,000	$ 75,000	7.274%
Unfunded Capital Commitment [1]	139,392	10,140	

Partner ID: S4753

The accompanying notes are an integral part of this summary.

[1] Amounts shown reflect the General Partner’s waiver of its right to call the Fund’s pro-rata share of additional capital in excess of $200 million in the aggregate after April 7, 2020.

Notes to Limited Partner Capital Account Summary

The Limited Partner Capital Account Summary (the "Summary") has been prepared by Sheridan management to assist investors in assessing the fair value of their investment in limited partner units as of the reporting date. Under U.S. generally accepted accounting principles, the partnership's investments in oil and gas properties must be carried at historical (depreciated) cost in its quarterly financial statements and, as such, fair value capital accounts cannot be derived from the financial statements. The Summary is intended to bridge that gap by providing estimated fair value capital account information for use by individual limited partners.

The Summary begins with a rollforward of limited partners' capital sourced from the GAAP financial statements. Net income (loss) reflected in the partners' capital rollforward is then adjusted (upward or downward) by a "fair value adjustment" that would arise if the partnership carried its investment in oil and gas properties at estimated fair value as of the reporting date, with the associated unrealized appreciation/depreciation recorded in earnings. The resulting "pro forma LP capital," therefore, reflects the estimated capital accounts of the partnership as if its investments were carried at fair value. The pro forma capital accounts for individual investors are calculated using each limited partner's actual ownership percentage in the fund.

The fair value adjustment is determined on a pre-tax basis by assuming that Sheridan's oil and gas assets were valued at prevailing market prices as of the date of the fair value estimate. The fair value estimate is, therefore, a forward-looking statement. As a consequence, the general partner's share of the profits are taken into account in determining the fair value adjustment to the limited partners' capital accounts, but future expenses, including substantial future management fees, are not taken into account.

In addition, the following significant assumptions are inherent in the underlying fair value estimates:

- Fair values of proved and unproved oil and gas properties are derived using a discounted cash flow methodology.
- Underlying oil and natural gas price assumptions in this September 30, 2021 fair value estimate are based on forward NYMEX prices as of the reporting date for 5 years, with prices held flat at $60/Bbl and $3.00/MMBtu thereafter.
- Future cash flows from proved reserves are discounted on a pre-tax basis at 10%.
- Current operating cost and capital expenditure expectations are used without escalation.

Valuations of oil and gas properties are recommended by Sheridan Production Partners Manager III, LLC, the manager of the partnership, and reviewed with the Investment Committee. It is anticipated that the parameters used to develop the estimated fair value will change as the market for oil and gas properties and services changes, oil and gas prices change, and Sheridan's experience operating the acquired properties develops. Because of the inherent uncertainty in valuations of this nature, the recommended fair values may differ from values that would be realized upon actual disposition of the partnership's oil and gas properties, and the differences could be material. At the present time, the partnership has no plans to dispose of oil and gas properties and, as such, actual investment realizations are highly dependent on actual production and prevailing prices received for sale of the partnership's oil and gas production.