



# Board of Retirement Regular Meeting

## Sacramento County Employees' Retirement System

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### Agenda Item 20

**MEETING DATE:** December 19, 2018

**SUBJECT:** Quarterly Investment Performance Report  
Real Estate

**SUBMITTED FOR:** \_\_\_ Consent    \_\_\_ Deliberation and Action     X  Receive and File

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#### **RECOMMENDATION**

Staff recommends the Board receive and file the Townsend Real Estate Portfolio Performance Measurement Report for the period ending September 30, 2018.

#### **PURPOSE**

This agenda item does not specifically support the 2018-2019 Strategic Management Plan but complies with SCERS' investment policy statement reporting requirements and contributes to the effective management and oversight of investment activities.

#### **SCERS REAL ESTATE PORTFOLIO RETURNS**

This memorandum provides a summarized table of SCERS' Real Estate period returns as provided in Townsend's Quarterly Performance Review and highlights notable manager performance, along with any recent real estate investments made by SCERS.

In 2017, the Board approved the winding down of the core separate accounts with BlackRock and Barings/Cornerstone in favor of investments in open-end commingled funds. Staff and Townsend completed the closing of the separate account portfolio sale and re-investment into the open-end funds of Clarion Lion Properties Fund, LP and Brookfield Premier Real Estate Partners, LP on September 10, 2018.

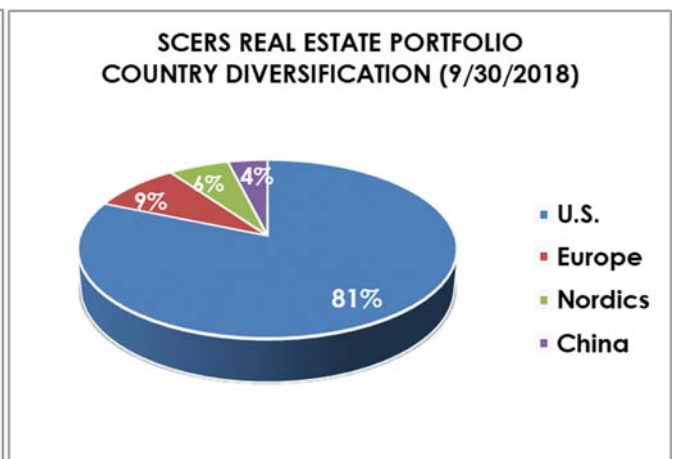
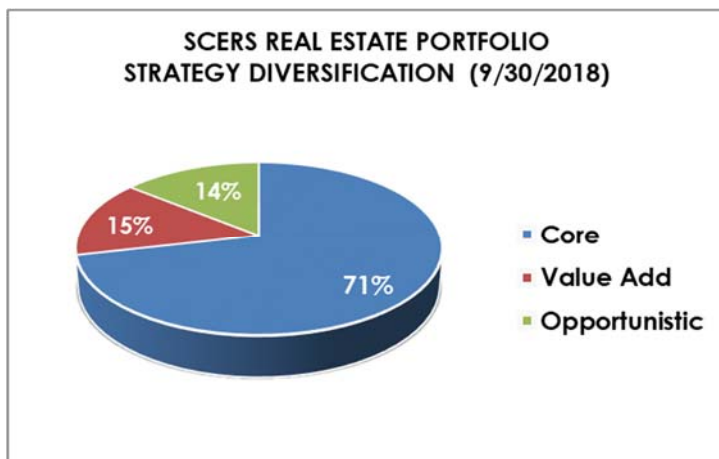
With valuation increases across the SCERS real estate portfolio during the year, SCERS' real estate allocation has now reached 8.7%, exceeding the target allocation of 7.0% and near the top end of the permissible range of 5.0% - 9.0%. To date, SCERS has been comfortable holding a higher than target weight, while the SCERS real assets portfolio is building up. Staff and Townsend are currently evaluating a rebalance of the real estate portfolio within the permissible range, which may include a potential partial or full redemption from existing core open-end funds.

**SCERS REAL ESTATE PERFORMANCE SUMMARY  
9/30/2018**

SUB-ASSET CLASS	Quarter	1-Year	3-Year	5-Year	Since Inception	Since Inception Date
<b>SCERS Real Estate Portfolio</b>	<b>-0.1%</b>	<b>9.6%</b>	<b>9.8%</b>	<b>10.8%</b>	<b>8.3%</b>	Nov-86
(65%) NFI-ODCE + (35%) NFI-ODCE	2.0%	8.1%	8.2%	10.1%	6.7%	Nov-86
<b>Core Portfolio</b>	<b>-0.4%</b>	<b>9.5%</b>	<b>9.2%</b>	<b>10.2%</b>	<b>6.6%</b>	Nov-86
Separate Account	-5.7%	5.0%	6.9%	8.6%	8.7%	Nov-86
Commingled Funds	2.2%	11.3%	10.8%	11.7%	7.1%	Sep-13
NFI-ODCE Index	1.9%	7.7%	7.8%	9.7%		
<b>Non-Core Portfolio</b>	<b>0.9%</b>	<b>10.0%</b>	<b>12.1%</b>	<b>13.0%</b>	<b>5.5%</b>	Jun-06
Value Add Portfolio	1.7%	9.5%	12.9%	13.1%	4.6%	Jun-06
Opportunistic	0.1%	10.5%	10.7%	19.1%	7.8%	May-13
NFI-ODCE + 1% Index	2.1%	8.7%	8.8%	10.7%		

NON-U.S. PERFORMANCE	Quarter 6/30/18	1-Year	3-Year	5-Year	Since Inception	Since Inception Date
<b>SCERS Real Estate Portfolio</b>	<b>3.6%</b>	<b>13.5%</b>	<b>10.0%</b>	<b>10.8%</b>	<b>8.3%</b>	Nov-86
SCERS Global Index	1.1%	8.6%	8.4%	10.0%	NA	
<b>Europe Portfolio (USD)</b>	<b>2.4%</b>	<b>13.2%</b>	<b>13.7%</b>	<b>NA</b>	<b>11.1%</b>	Mar-14
Europe Portfolio (Euro)	3.1%	15.5%	12.7%	NA	15.8%	
<b>China Portfolio (USD)</b>	<b>-4.5%</b>	<b>-2.5%</b>	<b>NA</b>		<b>-2.8%</b>	Sep-17
China Portfolio (Yuan)	-1.0%	0.6%	NA		-1.5%	

**SCERS PORTFOLIO DIVERSIFICATION**



**SCERS PORTFOLIO RESULTS**

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For the quarter ended September 30, 2018, SCERS' Real Estate portfolio significantly underperformed against the NFI-ODCE blended benchmark, -0.1% versus 2.0%, due to the core separate account managers adjusting their portfolio values to the final sale price to Clarion Lion Properties, and negative currency effect in the Non-Core portfolio. Offsetting some of the underperformance was SCERS' Core Commingled Fund portfolio, which outperformed the NFI-ODCE benchmark, 2.2% versus 1.9%.

Below are notable top and bottom performing funds during the quarter ended September 30, 2018:

- Top performing funds:
  - Core:
    - Prologis Targeted U.S. Logistics: +3.3%
    - Prologis European Logistics: +2.5% in U.S. dollars (+3.2% in Euros)
  - Non-Core:
    - Hammes Partners II: +8.5%
    - ECE European Prime Shopping Centre II: +5.2% in U.S. dollars (+6.0% in Euros)
  
- Bottom performing funds:
  - Core:
    - Barings Separate Account: -6.4%
    - BlackRock Separate Account: -4.6%
  - Non-Core:
    - Allegis Value Trust: -19.6%
    - Carlyle China Realty: -4.9%

## **NEW INVESTMENTS**

During the quarter ended September 30, 2018, SCERS made the following new investments:

- Asana Partners Fund II, LP (Non-Core - Urban Retail) - \$35 million
- Brookfield Premier Real Estate Partners, LP (Core Plus - Diversified) - \$100 million
- Clarion Lion Properties Fund, LP (Core - Diversified) - \$152.15 million

New investments made after the quarter:

- None

**ATTACHMENT**

Townsend's Real Estate Portfolio Performance Measurement Report for the Quarter ended September 30, 2018

Prepared by:

/S/

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JR Pearce  
Investment Officer

Reviewed by:

/S/

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Steve Davis  
Chief Investment Officer

/S/

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Eric Stern  
Chief Executive Officer



**TOWNSEND<sup>®</sup>**  
GROUP

an Aon company

Real Estate Portfolio

# Performance Measurement Report

THIRD QUARTER 2018



**SCERS**

SACRAMENTO COUNTY  
EMPLOYEES' RETIREMENT SYSTEM

## SCERS Real Estate Portfolio Overview

In July 2017, Sacramento County Employees' Retirement System ("SCERS") Board adopted a series of changes to its Real Estate Investment Policy Statement. Real Estate, housed within the Real Return asset category, now includes Core, Non-Core and Non-U.S. Private Real Estate; though there is no current exposure to Real Estate Investment Trusts ("REITs"), REITs are included within the Equity allocation. This report will focus on the SCERS Private Real Estate portfolio.

SCERS targets 7.0% to Real Estate with an allowable range of 5.0% to 9.0%. As of the end of the Third Quarter, 2018 (the "Quarter"), the Real Estate Portfolio within the allowable range at 8.6%. Core Real Estate currently makes up 71.4% of the portfolio, with Non-Core Real Estate making up the remaining 28.6%.

### SCERS' Real Estate Portfolio Construction:

	Minimum	Target	Maximum
Total Real Estate Program	5.0%	<b>7.0%</b>	9.0%
	Minimum	Target	Maximum
Core Real Estate	50%	<b>65%</b>	80%
Non-Core Real Estate	20%	<b>35%</b>	50%
Non-U.S. Real Estate	0%	<b>0%</b>	30%

Performance of the Core Portfolio is evaluated over rolling 10-year time periods relative to the NCREIF Fund Index of Open-End Diversified Core Equity funds ("NFI-ODCE"), net of fees. The NFI-ODCE represents the aggregation of twenty-five Core open-end commingled funds invested across the United States. The SCERS Core Portfolio outperformed the NFI-ODCE over all time periods. Rationale is detailed on slides 8 and 9.

In July of 2017, Staff and Townsend recommended revising the Real Estate IPS to reflect transition away from IMAs, including removal of the Core vehicle constraints of 0-60% (30% target) for funds and 40-100% (70% target) for IMAs, which was subsequently approved by the Board.

During the Quarter, SCERS' IMA Program transitioned to a commingled fund manager. Following an extensive bidding, selection and structuring process, Staff and Townsend selected Clarion's Lion Properties Fund as the recipient for the IMA Portfolio. With exception of Block 295 and Harbour Pointe, all assets were sold during the Quarter. Given the size of the IMA Portfolio, SCERS will also reduce concentration risk by allocating funds to an additional manager, Brookfield's Premier Property Partners, in order to achieve greater diversification within the Core Portfolio. SCERS' investment in Brookfield Premier Property Fund was funded October 1<sup>st</sup> and performance will be reported in the Fourth Quarter.

The loan-to-value ratio of the Private Real Estate Portfolio was 29.9% at the end of the Third Quarter of 2018. The loan-to-value ratio of the Core Portfolio was 25.8%, below the 40.0% leverage constraint for Core as approved by the Board. As a point of reference, the loan-to-value ratio of the NFI-ODCE was 21.4% as of the Third Quarter. The Non-Core Portfolio reported a loan-to-value ratio of 40.7%.

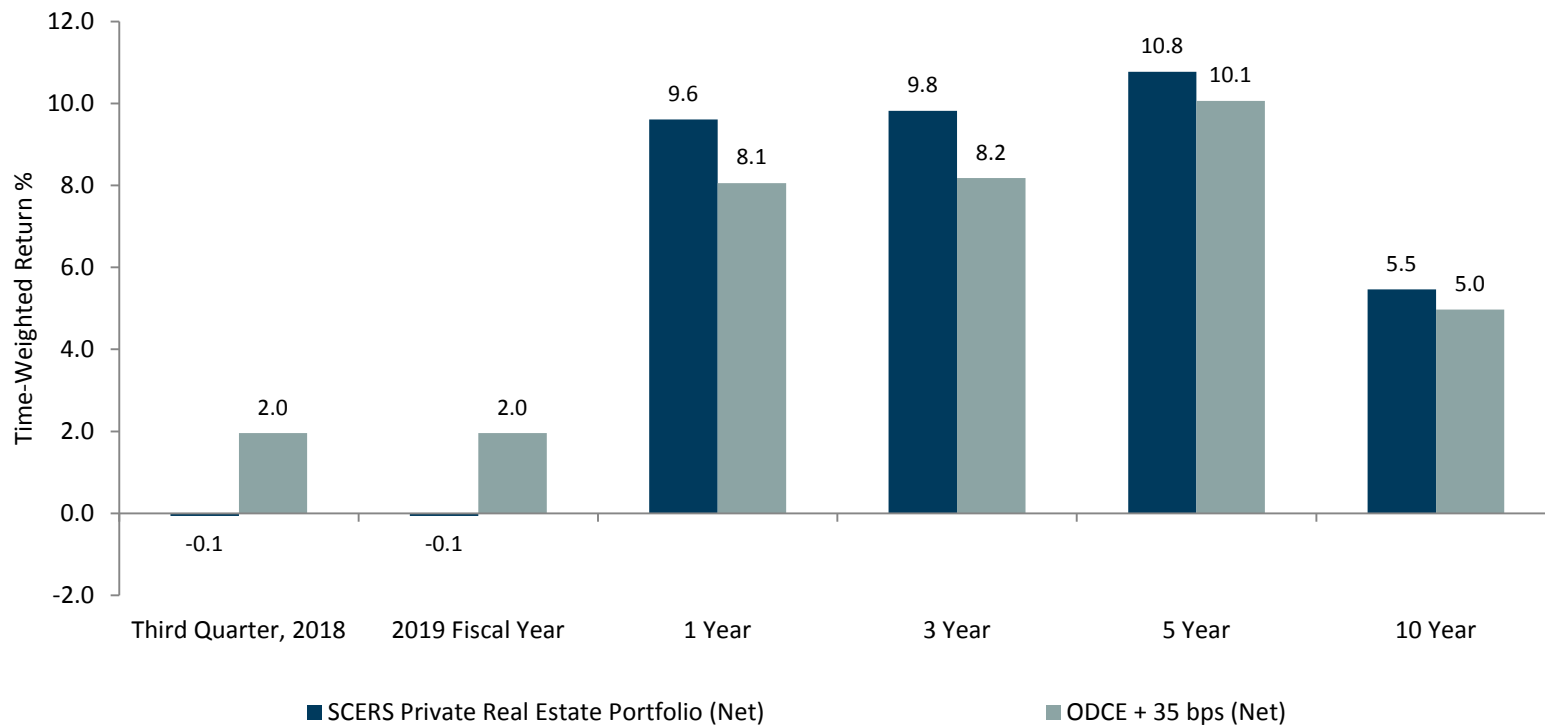
## Portfolio Funding Status

- The following slides provide a review of key information of the SCERS Real Estate Portfolio (the “Portfolio”) through September 30, 2018.
- A detailed performance report is also provided in **Exhibit A**.
- Figures exclude commitments / redemptions / dispositions approved subsequent to Quarter-end.

SCERS Portfolio Snapshot <i>As of September 30, 2018</i>	Market Value (in millions of dollars)*	% of SCERS Plan
<b>SCERS Total Plan Assets</b>	<b>9,602</b>	<b>100.0%</b>
<b>Private Portfolio Target</b>	<b>672</b>	<b>7.0%</b>
<b>Private Portfolio Permissible Range</b>		<b>5.0-9.0%</b>
<b>Private Real Estate</b>		
Core Portfolio	586	6.1%
Non-Core Portfolio	235	2.4%
<b>Total SCERS Private Real Estate Market Value</b>	<b>821</b>	<b>8.6%</b>
<b>Total SCERS Private Real Estate Unfunded Commitments</b>	<b>270</b>	<b>2.8%</b>

\* Figures may not add due to rounding.

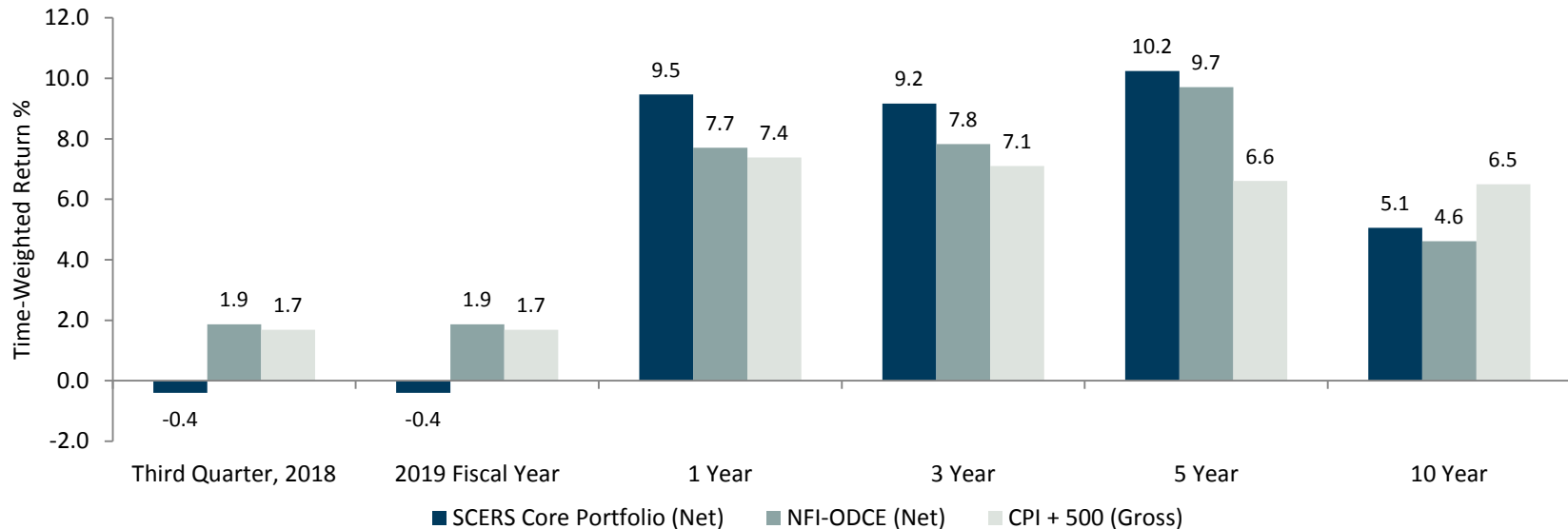
## Private Real Estate Portfolio Performance



- The SCERS Private Real Estate Portfolio includes: (1) Core Real Estate and (2) Non-Core Real Estate.
- The SCERS Private Real Estate Benchmark is comprised of the NFI-ODCE (Core Benchmark, net) (65%) and the NFI-ODCE + 100bps (Non-Core Benchmark, net) (35%), resulting in an NFI-ODCE + 35bps (net) portfolio benchmark.
- On a net of fee basis, the SCERS Total Real Estate Portfolio performed above the blended benchmark for all time periods, with exception of the most recent Quarter.

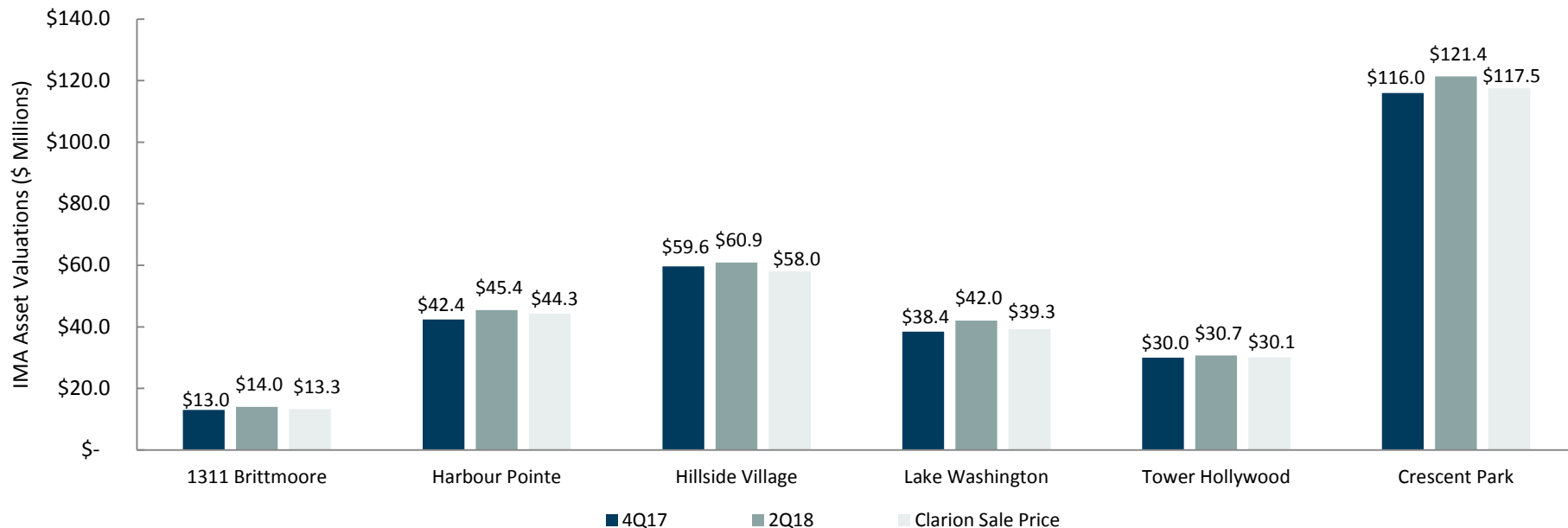


## Core Portfolio Performance



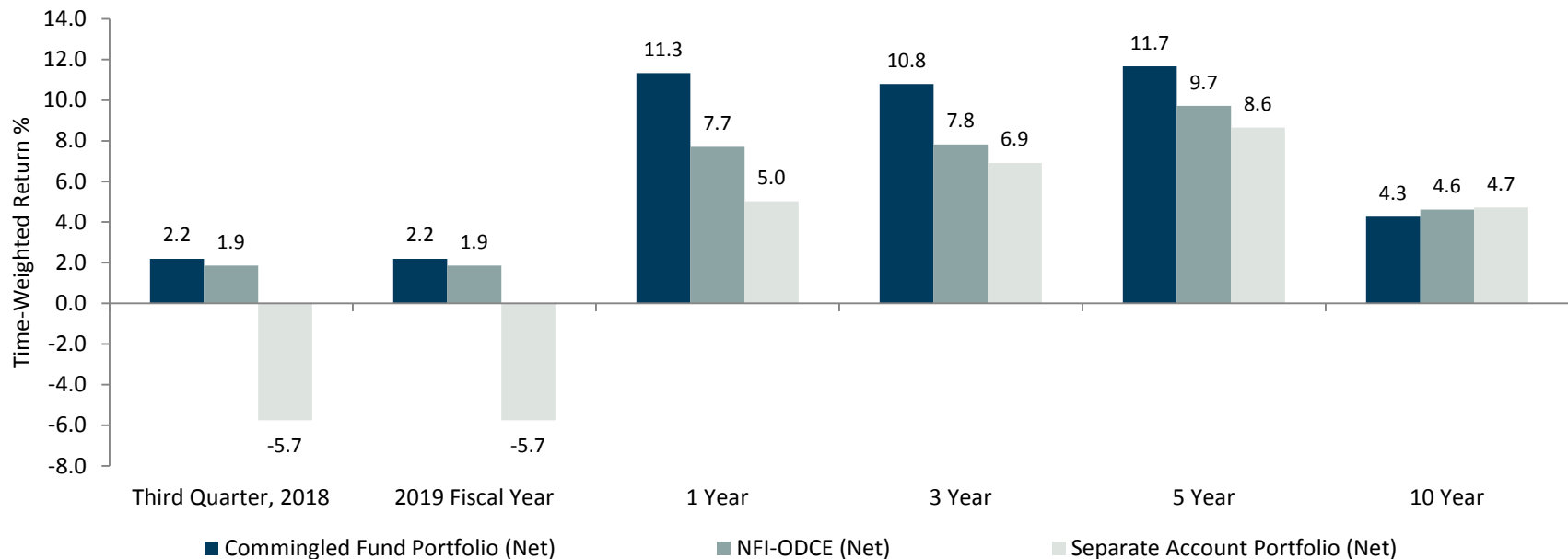
- The SCERS Core Portfolio consists of two Core Separate Accounts, managed by BlackRock and Cornerstone, and seven open-end Core Commingled funds. The Core Commingled Fund exposure includes Morgan Stanley’s Prime Property Fund, MetLife Core Property Fund, Jamestown Premier Property Fund, Principal U.S. Property Account, Prologis Targeted U.S. Logistics Fund, Prologis European Logistics Fund, and Townsend Real Estate Fund. All recent investments in the commingled fund space have been accretive to outperformance over the benchmark.
- Performance of the Core Portfolio is evaluated relative to the NCREIF Fund Index of Open-End Diversified Core Equity funds (“NFI-ODCE”), net of fees. In aggregate, the Core Portfolio outperforms the NFI-ODCE, net of fees, over all displayed time periods with exception of the Quarter.
- The Core Portfolio has recently benefited from an overweight exposure to industrial, with the Prologis U.S. and European funds generating 1-year net returns of 17.5% and 15.3%, respectively.
- The SCERS Core Portfolio outperformed the CPI + 500 bps (the SCERS Real Asset benchmark), with the exception of the Quarter, ten-year and since inception time period (since inception returns not displayed).

## IMA Transition Update



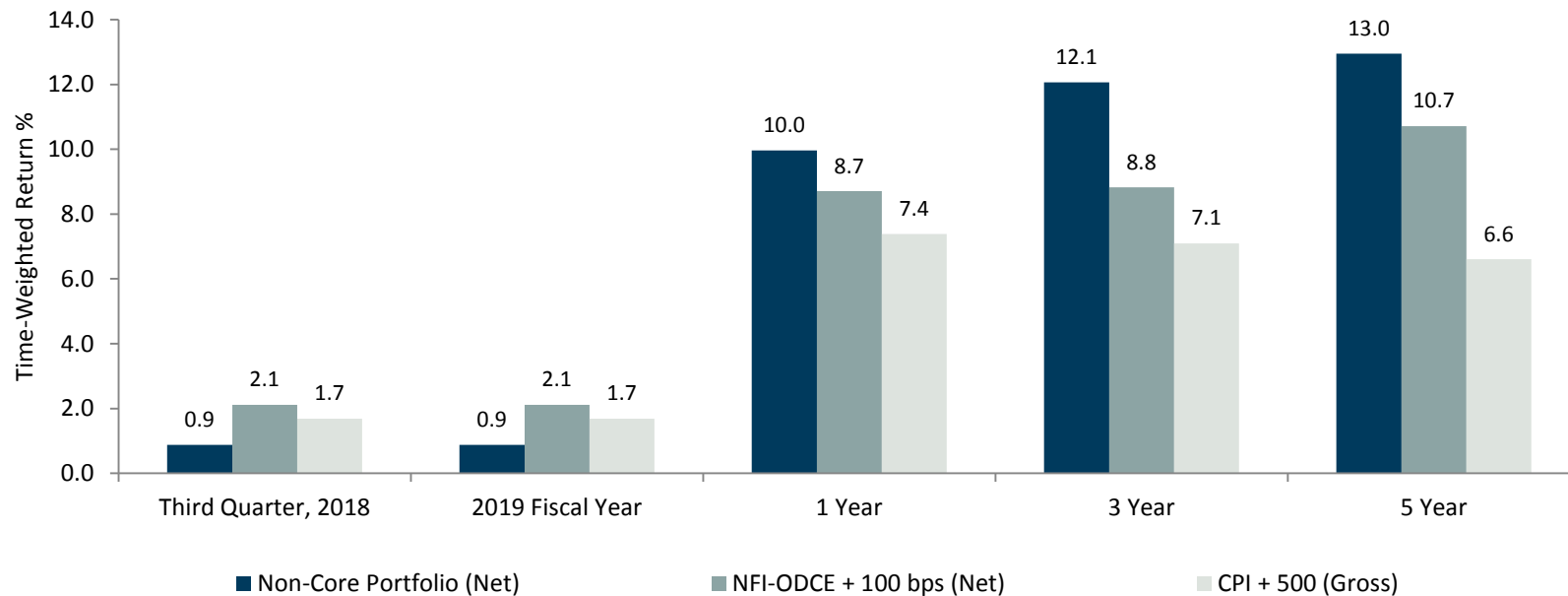
- During the Quarter, SCERS' IMA Program transitioned to a commingled fund manager. With exception of Block 295 and Harbour Pointe, all assets were transferred during the Quarter. Harbour Pointe was subsequently transferred on October 1<sup>st</sup>, and will be reflected in the 4<sup>th</sup> Quarter performance report. Block 295 will be sold at a later date, upon stabilization, in order to achieve the highest possible return to reward SCERS for bearing the initial development phase and lease up risk.
- The final transfer prices resulted in a premium of 1.0% to 4Q17 valuations, but a discount to BlackRock's internal valuations as of 2Q18.
- The IMA transfer created a major performance drag in the Third Quarter, and resulted in a -5.7% return across the Core IMA program. This drag was created because of a 5% aggregate write-up in asset valuations during the 1<sup>st</sup> and 2<sup>nd</sup> Quarter. These valuation write-ups were the result of the valuation policies for the BlackRock and Cornerstone IMAs.
- Commingled fund performance was accretive for the Quarter, producing a 2.2% net return vs. the NFI-ODCE's 1.9% net return.

## Core Portfolio Performance By Vehicle



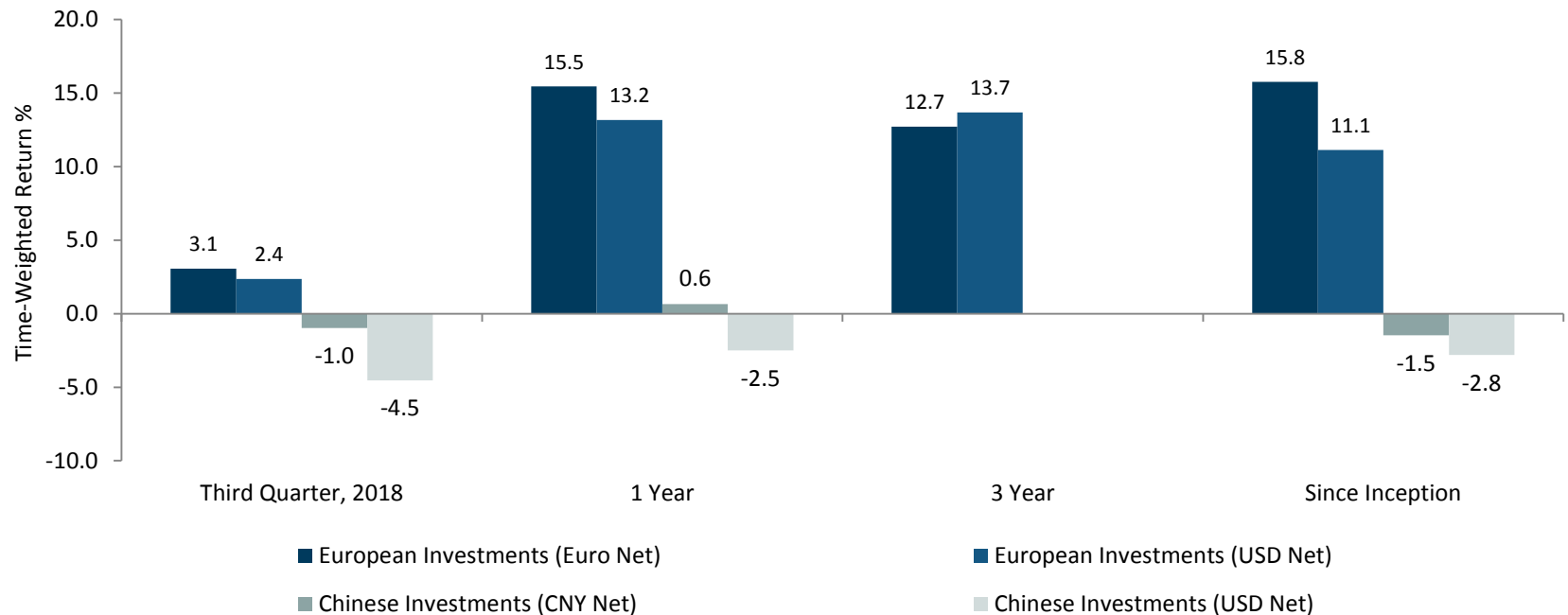
- Commingled Funds outperformed the NFI-ODCE over the Quarter, fiscal year, one-year, three-year, five-year and since inception time periods (not displayed) but underperformed over the ten-year time period. Commingled Fund outperformance over the one-year time period is attributable to recent investments in Prologis Targeted U.S. Logistics Fund, Prologis Targeted Europe Logistics Fund, Prime Property Fund, MetLife Core Property Fund, Jamestown Premier Property Fund, Principal U.S. Property Account and Townsend Real Estate Fund.
- Longer term underperformance is primarily attributable to the inclusion of the BlackRock Granite Property Fund in historical returns (as a result, SCERS redeemed capital in the third Quarter of 2013).
- As explained in detail on the prior slide, near-term as well as medium-term Separate Account performance suffered as a result of recent sales activity, where sale prices trailed carrying value. The decision to liquidate was made in recognition of core pricing reaching a perceived cyclical peak and in tandem with efforts to rebalance the core portfolio with commingled funds. In July 2017, SCERS' board approved a complete liquidation of the separate account assets, in favor of commingled fund investments going forward. With exception of Block 295, the Separate Accounts will be liquidated by year-end.

## Non-Core Portfolio Performance



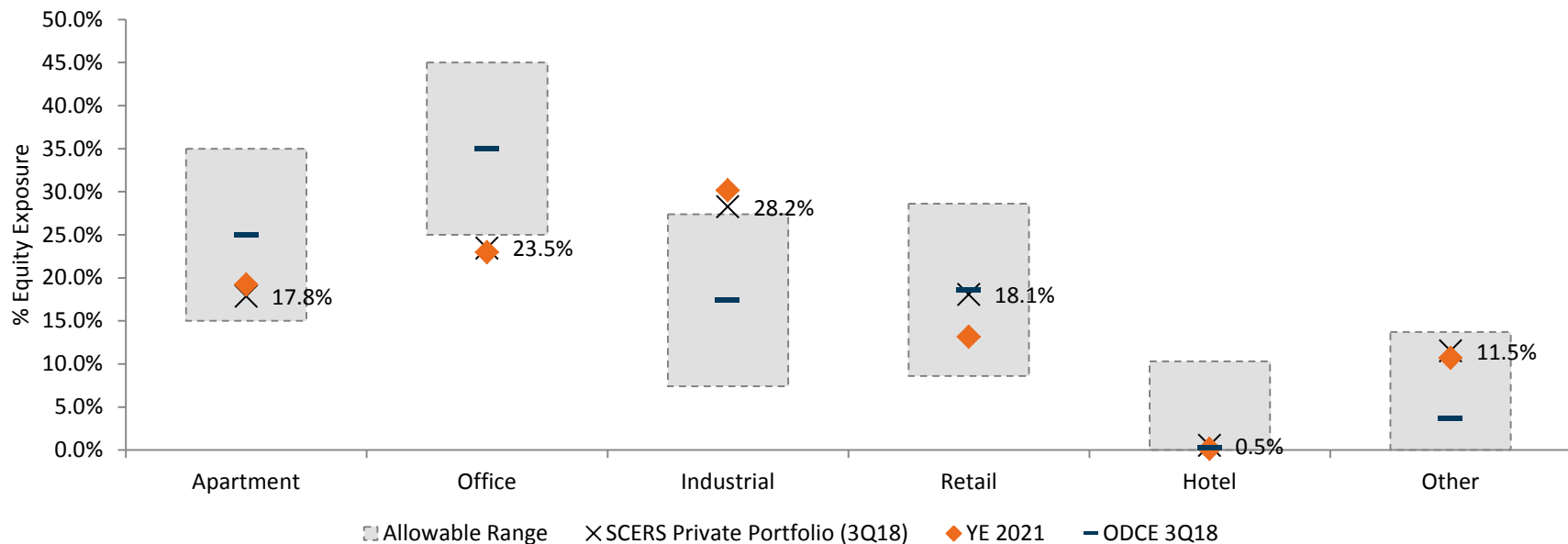
- The SCERS Non-Core Portfolio includes both Value Add and Opportunistic Real Estate strategies, which are defined in the Glossary of Terms. As displayed above, the SCERS Non-Core Portfolio outperformed the NFI-ODCE + 100 basis points over all periods displayed with exception of the most recent Quarter; short-term performance has suffered as a result of currency depreciation relative to the Dollar.
- Outperformance over the last year is attributable to Value Add and Opportunistic strategies.
  - The following Value Add investments were particularly accretive and have outperformed relative to the NFI-ODCE + 100bps (Net): ECE European Prime Shopping Centre Fund II (16.0%), Hammes Partners II (20.5%), NREP Nordic Strategies Fund (9.7%) and NREP Nordic Strategies Fund II (14.6%).
  - The following Opportunistic investments were particularly accretive and have outperformed relative to the NFI-ODCE + 100bps (Net): Block 295 (11.3%) and Och-Ziff Real Estate Fund III (37.9%).

## Ex-US Portfolio Performance



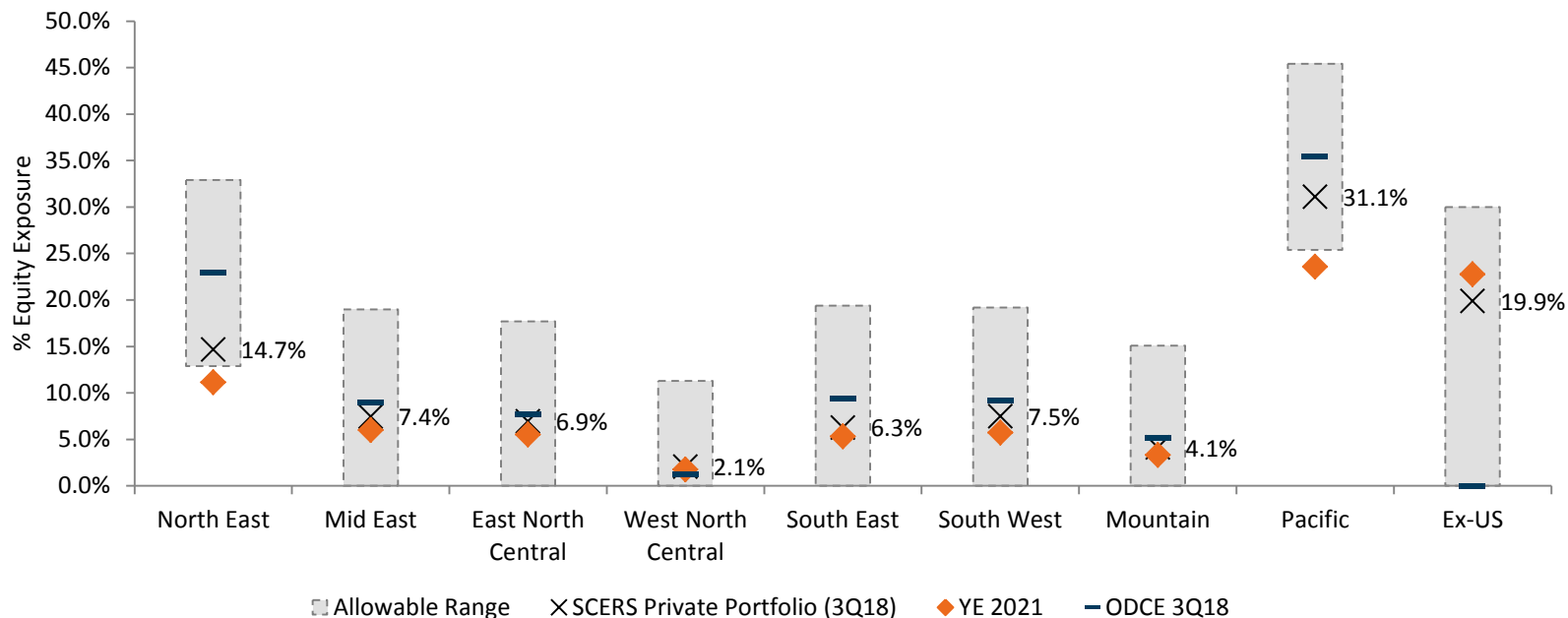
- Approximately 19% of the SCERS Portfolio is comprised of Ex-US investment. SCERS does not currently hedge its foreign currency exposures and pays liabilities in US Dollars. As such, FX movement will impact performance for Ex-US investments. The chart above isolates European and Asian investments and displays performance both before and after currency conversion.
- Currency movement has negatively impacted foreign investments over recent time periods. European performance in dominant local currencies has been positive and accretive to SCERS' primary benchmark. Chinese investments, solely made up of Carlyle investments, are experiencing a J-curve.
- The SCERS Euro Denominated Composite includes: DRC European Real Estate Debt Fund II (Pound Sterling) 2.0%, ECE European Prime Shopping Center Fund II (Euro) 6.0%, NREP Nordic Strategies Fund (Euro) 1.5%, and NREP Nordic Strategies Fund II (Euro) 3.8%
  - Since Inception period begins 1Q14.
  - For the purposes of this composite, DRC has been included as a Euro denominated fund.
- The SCERS Chinese Yuan Composite includes: Carlyle China Realty Fund (Chinese Yuan) -1.4% and Carlyle's Project Rome (Chinese Yuan) -0.9%.
  - Since Inception period begins 3Q17.
  - SCERS' Carlyle investments are USD denominated at the fund level, but property values are exposed to currency translation

## Real Estate Private Portfolio Diversification – Property Type



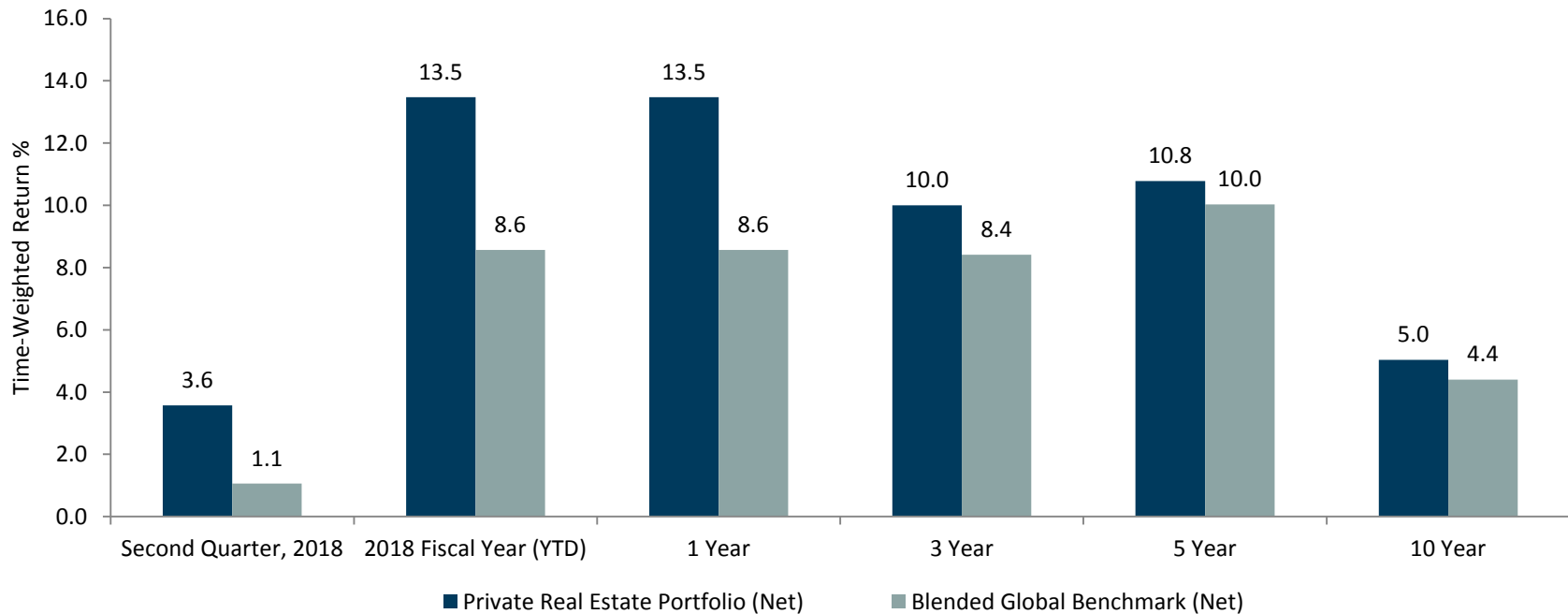
- The diversification of the Private Portfolio is compared to the diversification of the NFI-ODCE, with a permissible deviation of  $\pm 10.0\%$  for each property type. The Real Estate Policy also allows for temporary deviations in order to provide SCERS with the flexibility required to overweight or underweight property types during certain parts of the market cycle.
- As of the Third Quarter, the Private Portfolio was in compliance across all property types, with exception of industrial and office.
- Favorable views on the industrial property type fundamentals support increasing exposure in today's environment. SCERS made a \$70 million commitment in 2014 to the industrial space (in both the US and Europe). SCERS made an additional contribution of \$15 million to Prologis USLF in the 2<sup>nd</sup> Quarter of 2018, which further increased exposure. Going forward, exposure to logistics assets will increase as capital is called by Carlyle for the Project Rome co-invest and an additional \$15 million commitment to Prologis' European vehicle.
- With the exception of the office sector and industrial sector, property exposure is expected to be within guidelines by YE-2021. Given a majority of Industrial exposure is within open-ended vehicles, Townsend and Staff will continue to monitor the property types fundamentals for opportunities to tactically reduce exposure if secular growth trends moderate.
- The "Other" property type exposure represents Och-Ziff Real Estate Fund III (parking, senior housing and cell towers), KKR Real Estate Partners Americas (senior housing), CIM Fund VIII (condominiums), Hammes Partners II (medical office), Jamestown Premier Property Fund (signage – One Times Square), Townsend Real Estate Fund (senior and student housing) and Prime Property Fund (self storage).

## Real Estate Private Portfolio Diversification – Geographic Region



- The diversification of the Private Portfolio is compared to the diversification of the NFI-ODCE, with a permissible deviation of  $\pm 10.0\%$  for each region. Ex-US exposure is limited to 30% of the Total Private Portfolio.
- As of the Third Quarter, the Private Portfolio was in compliance across all regions. Terminating the separate account program brought the Portfolio's exposure to the Pacific region in compliance.
- Tactical overweight/underweight positions may exist over time.
- The Private Portfolio's international exposure is 18.3%, well within its 30% constraint, but will increase as KKR Real Estate Partners Americas, Och-Ziff Real Estate Fund III, NREP Nordic Strategies Fund II & III, ECE European Prime Shopping Centre Fund II, and Prologis European Logistics Fund continue to call capital and purchase assets in Europe.
- In 2017, SCERS committed to Carlyle China Realty (\$10m) and Project Rome co-invest (\$20m initial; \$20m re-up April 2017) which will increase Ex-US exposure and diversify international exposure as both investments are 100% China. As of 3Q18, these investments provide \$39 million in equity exposure to China.

## Private Real Estate Performance – Global Ancillary Benchmark (2Q18)



- The Global Ancillary Benchmark is made-up of a the NFI-ODCE (Core), NFI-ODCE + 100bps (Non-Core), GREFI Europe Core, GREFI Europe Non-Core, and Grefi Non-Core Asia Pacific to create a global blended benchmark based on weighted average invested capital for each strategy.
  - GREFI reports on a 12 week lag so the ancillary benchmark will be reported on a quaterly lag to SCERS.
- The Private Portfolio's international exposure is 19.2%, well within its 30% constraint. International exposure is mainly non-core in nature, with the exception of Prologis Targeted Europe Logistics Fund.
- The SCERS Private Real Estate program has outperformed it's secondary benchmark over all time periods.



## Exhibit A: Performance Flash Report



Portfolio Composition (\$)								
Total Plan Assets	Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
9,601,760,454	Core	7.0%	586,240,464	6.1%	120,365,780	1.3%	-34,483,012	-0.4%
	Non-Core	0.00% - 5.00%	235,118,185	2.4%	150,325,020	1.6%	-169,403,595	-1.8%
	<b>Total</b>	<b>7.0%</b>	<b>821,358,649</b>	<b>8.6%</b>	<b>270,690,800</b>	<b>2.8%</b>	<b>-203,886,607</b>	<b>-2.1%</b>

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Portfolio (Commingled Funds & Separate Accounts)	-0.4	-0.4	10.7	9.5	10.4	9.2	11.7	10.2
Non-Core Portfolio (Value Added & Opportunistic, 1Q2007 Forward)	1.6	0.9	12.9	10.0	14.8	12.1	16.3	13.0
Private Real Estate Portfolio	0.1	-0.1	11.3	9.6	11.4	9.8	12.6	10.8
NFI-ODCE (Core)	2.1	1.9	8.7	7.7	8.8	7.8	10.7	9.7
NFI-ODCE + 100 bps (Non-Core)	2.3	2.1	9.7	8.7	9.8	8.8	11.7	10.7
NFI-ODCE + 35 bps (Private Portfolio)	2.2	2.0	9.0	8.1	9.2	8.2	11.1	10.1

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
<b>Core Commingled Funds</b>								
Brookfield Premier Real Estate Partners	2018	100,000,000	0	100,000,000	0	0	0.0	9.2
Jamestown Premier Property Fund	2014	15,000,000	20,716,627	5,279,323	12,509,692	17,838,626	2.2	2.1
Lion Properties Fund	2018	152,400,000	150,102,918	0	1,442,754	149,564,432	18.2	13.7
MetLife Core Property Fund	2013	35,000,000	43,941,296	0	9,546,678	58,478,092	7.1	5.4
Prime Property Fund	2013	35,000,000	44,142,644	0	9,142,644	59,108,130	7.2	5.4
Principal U.S. Property Account	2015	35,000,000	35,000,000	0	0	45,247,954	5.5	4.1
Prologis European Logistics Fund	2015	47,950,142	34,479,993	15,086,457	1,400,510	38,367,432	4.7	4.9
Prologis Targeted U.S. Logistics Fund	2015	50,000,000	50,000,000	0	4,338,457	68,108,643	8.3	6.2
Townsend Real Estate Fund, L.P.	2016	90,000,000	97,740,179	0	7,740,179	110,076,235	13.4	10.1
<b>Core Commingled Funds</b>	<b>1986</b>	<b>560,350,142</b>	<b>476,123,657</b>	<b>120,365,780</b>	<b>46,120,914</b>	<b>546,789,544</b>	<b>66.6</b>	<b>61.1</b>
<b>Core Separate Accounts</b>								
BlackRock Core Separate Account	1995	0	842,552,159	0	1,173,866,517	36,840,992	4.5	3.4
Cornerstone Separate Account	2004	0	255,487,669	0	347,306,331	2,609,928	0.3	0.2
<b>Core Separate Accounts</b>	<b>1996</b>	<b>0</b>	<b>1,098,039,828</b>	<b>0</b>	<b>1,521,172,848</b>	<b>39,450,920</b>	<b>4.8</b>	<b>3.6</b>
<i>Total BlackRock Separate Account</i>	<i>1996</i>	<i>0</i>	<i>860,912,195</i>	<i>0</i>	<i>1,173,866,517</i>	<i>60,893,857</i>	<i>7.4</i>	<i>5.6</i>
<b>Total Core Portfolio</b>	<b>1986</b>	<b>560,350,142</b>	<b>1,574,163,485</b>	<b>120,365,780</b>	<b>1,567,293,762</b>	<b>586,240,464</b>	<b>71.4</b>	<b>64.7</b>
<b>Value Added Portfolio</b>								
AEW Value Investors Fund II <sup>1</sup>	2007	21,812,596	21,857,719	0	27,736,393	58,263	0.0	0.0
Allegis Value Trust	2006	25,000,000	25,550,296	0	25,659,296	5,800,599	0.7	0.5
Carlyle China Realty	2017	10,000,000	8,025,070	3,454,335	1,593,478	5,801,147	0.7	0.8
DRC European Real Estate Debt Fund II	2013	50,007,963	48,584,007	24,081,172	37,053,619	15,133,350	1.8	3.6
ECE European Prime Shopping Centre Fund II <sup>1</sup>	2015	26,712,700	15,550,500	20,117,709	1,737,714	18,845,999	2.3	3.6
Hammes Partners II	2015	25,000,000	25,206,215	1,908,579	6,262,049	24,596,860	3.0	2.4
Hines US Office Value Added Fund II	2007	25,000,000	24,382,964	846,154	17,393,514	28,864	0.0	0.1
NREP Nordic Strategies Fund	2014	16,975,490	21,924,715	571,545	21,367,689	17,561,316	2.1	1.7
NREP Nordic Strategies Fund II	2016	35,176,432	26,153,330	10,105,792	1,876,152	29,615,315	3.6	3.6
NREP Nordic Strategies Fund III	2018	39,019,632	1,655,116	35,492,075	0	1,810,837	0.2	3.4
<b>Value Added Portfolio</b>	<b>1986</b>	<b>274,704,813</b>	<b>218,889,932</b>	<b>96,577,361</b>	<b>140,679,904</b>	<b>119,252,550</b>	<b>14.5</b>	<b>19.8</b>

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
<b>Opportunistic Portfolio</b>								
BlackRock High Return Separate Account	2016	0	18,360,036	0	0	24,052,865	2.9	2.2
Carlyle China Project Rome Co-Investment	2017	40,000,000	27,968,172	12,970,866	0	26,102,129	3.2	3.6
CIM Fund VIII	2015	35,000,000	30,260,767	7,589,263	2,585,328	33,573,504	4.1	3.8
KKR Real Estate Partners Americas <sup>1</sup>	2014	35,000,000	28,811,077	16,682,786	22,844,504	15,881,564	1.9	3.0
Och-Ziff Real Estate Fund III <sup>1</sup>	2014	35,000,000	21,265,767	16,504,744	14,477,481	16,255,573	2.0	3.0
<b>Opportunistic Portfolio</b>	<b>1991</b>	<b>145,000,000</b>	<b>126,665,819</b>	<b>53,747,659</b>	<b>39,907,313</b>	<b>115,865,635</b>	<b>14.1</b>	<b>15.5</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>2007</b>	<b>419,704,813</b>	<b>345,555,751</b>	<b>150,325,020</b>	<b>180,587,217</b>	<b>235,118,185</b>	<b>28.6</b>	<b>35.3</b>
<b>Total Private Portfolio</b>								
SCERS	1986	980,054,955	1,919,719,236	270,690,800	1,747,880,979	821,358,649	100.0	100.0

<sup>1</sup> Preliminary performance, subject to change.

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2019				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
<b>Core Commingled Funds</b>																	
Jamestown Premier Property Fund	17,838,626	0.7	0.9	1.6	1.4	0.7	0.9	1.6	1.4	3.8	15.7	19.9	15.2	4.3	8.1	12.7	10.0
Lion Properties Fund	149,564,432																
MetLife Core Property Fund	58,478,092	1.3	0.3	1.6	1.5	1.3	0.3	1.6	1.5	5.1	4.8	10.0	9.5	5.0	4.5	9.7	9.2
Prime Property Fund	59,108,130	1.0	1.3	2.2	2.0	1.0	1.3	2.2	2.0	3.9	5.1	9.1	8.1	4.2	5.8	10.2	9.0
Principal U.S. Property Account	45,247,954	1.1	1.6	2.7	2.5	1.1	1.6	2.7	2.5	4.7	4.9	9.7	8.7	4.8	5.0	10.0	8.9
Prologis European Logistics Fund <sup>5</sup>	38,367,432	1.5	1.7	3.2	2.5	1.5	1.7	3.2	2.5	6.4	11.0	17.9	15.3				
Prologis Targeted U.S. Logistics Fund	68,108,643	1.2	2.5	3.7	3.3	1.2	2.5	3.7	3.3	5.1	14.4	20.1	17.5	5.5	14.0	20.1	17.3
Townsend Real Estate Fund, L.P.	110,076,235	1.0	1.1	2.2	2.1	1.0	1.1	2.2	2.1	4.3	5.3	9.7	9.5				
<b>Core Commingled Funds</b>	<b>546,789,544</b>	<b>1.1</b>	<b>1.3</b>	<b>2.4</b>	<b>2.2</b>	<b>1.1</b>	<b>1.3</b>	<b>2.4</b>	<b>2.2</b>	<b>4.7</b>	<b>7.7</b>	<b>12.7</b>	<b>11.3</b>	<b>4.7</b>	<b>7.1</b>	<b>12.0</b>	<b>10.8</b>
<b>Core Separate Accounts</b>																	
BlackRock Core Separate Account	36,840,992	1.1	-7.3	-6.1	-5.5	1.1	-7.3	-6.1	-5.5	5.0	-1.2	3.7	2.6	5.2	3.0	8.3	6.8
Cornerstone Separate Account	2,609,928	0.8	-7.0	-6.2	-6.4	0.8	-7.0	-6.2	-6.4	4.0	6.6	10.7	10.1	4.5	7.1	11.8	11.1
<b>Core Separate Accounts</b>	<b>39,450,920</b>	<b>1.0</b>	<b>-7.2</b>	<b>-6.2</b>	<b>-5.7</b>	<b>1.0</b>	<b>-7.2</b>	<b>-6.2</b>	<b>-5.7</b>	<b>4.7</b>	<b>1.3</b>	<b>6.0</b>	<b>5.0</b>	<b>4.9</b>	<b>3.1</b>	<b>8.1</b>	<b>6.9</b>
<i>Total BlackRock Separate Account</i>	<i>60,893,857</i>	<i>0.9</i>	<i>-6.1</i>	<i>-5.2</i>	<i>-4.6</i>	<i>0.9</i>	<i>-6.1</i>	<i>-5.2</i>	<i>-4.6</i>	<i>4.2</i>	<i>0.8</i>	<i>5.1</i>	<i>3.8</i>	<i>4.7</i>	<i>2.7</i>	<i>7.4</i>	<i>6.0</i>
<b>Total Core Portfolio</b>	<b>586,240,464</b>	<b>1.1</b>	<b>-1.5</b>	<b>-0.4</b>	<b>-0.4</b>	<b>1.1</b>	<b>-1.5</b>	<b>-0.4</b>	<b>-0.4</b>	<b>4.7</b>	<b>5.8</b>	<b>10.7</b>	<b>9.5</b>	<b>4.8</b>	<b>5.4</b>	<b>10.4</b>	<b>9.2</b>
<b>Value Added Portfolio</b>																	
AEW Value Investors Fund II <sup>2,4</sup>	58,263																
Allegis Value Trust <sup>1</sup>	5,800,599	0.5	-20.1	-19.5	-19.6	0.5	-20.1	-19.5	-19.6	3.8	-24.2	-21.1	-21.4	5.0	-6.8	-2.1	-2.5
Carlyle China Realty	5,801,147	-0.7	-3.6	-4.3	-4.9	-0.7	-3.6	-4.3	-4.9	0.8	2.9	3.9	0.4				
DRC European Real Estate Debt Fund II	15,133,350	2.3	-1.0	1.3	1.0	2.3	-1.0	1.3	1.0	8.7	-3.0	5.6	4.3	11.9	-6.3	5.1	3.8
ECE European Prime Shopping Centre Fund II C <sup>2</sup>	18,845,999	2.4	3.4	5.8	5.2	2.4	3.4	5.8	5.2	6.5	11.7	18.6	16.0	1.4	21.1	22.9	20.2
Hammes Partners II	24,596,860	1.8	9.2	10.9	8.5	1.8	9.2	10.9	8.5	7.4	20.1	28.6	20.5	11.6	7.8	20.2	13.8
Hines US Office Value Added Fund II	28,864																
NREP Nordic Strategies Fund	17,561,316	1.0	0.0	1.0	0.8	1.0	0.0	1.0	0.8	5.4	4.8	10.4	9.7	8.7	15.2	24.8	23.7
NREP Nordic Strategies Fund II	29,615,315	2.9	1.2	4.1	3.0	2.9	1.2	4.1	3.0	-1.1	21.3	20.2	14.6				
NREP Nordic Strategies Fund III	1,810,837																
<b>Value Added Portfolio</b>	<b>119,252,550</b>	<b>1.8</b>	<b>1.0</b>	<b>2.8</b>	<b>1.7</b>	<b>1.8</b>	<b>1.0</b>	<b>2.8</b>	<b>1.7</b>	<b>4.6</b>	<b>8.4</b>	<b>13.3</b>	<b>9.5</b>	<b>7.5</b>	<b>7.9</b>	<b>15.9</b>	<b>12.9</b>
<b>Opportunistic Portfolio</b>																	
BlackRock High Return Separate Account	24,052,865	-0.1	0.7	0.6	0.6	-0.1	0.7	0.6	0.6	-0.9	14.9	13.9	11.3				
Carlyle China Project Rome Co-Investment	26,102,129	-0.5	-3.6	-4.1	-4.4	-0.5	-3.6	-4.1	-4.4	-3.1	4.4	1.1	-3.8				
CIM Fund VIII	33,573,504	-0.1	0.6	0.5	0.2	-0.1	0.6	0.5	0.2	-0.2	9.7	9.5	8.0	-0.1	9.1	9.0	6.9
KKR Real Estate Partners Americas <sup>2</sup>	15,881,564	6.4	-3.3	3.1	3.1	6.4	-3.3	3.1	3.1	15.5	-7.8	6.9	7.0	12.4	-1.9	10.6	8.8
Och-Ziff Real Estate Fund III <sup>2,3</sup>	16,255,573	2.1	2.4	4.4	3.7	2.1	2.4	4.4	3.7	12.2	27.7	42.3	37.9	10.7	21.2	33.6	27.3
<b>Opportunistic Portfolio</b>	<b>115,865,635</b>	<b>1.1</b>	<b>-0.7</b>	<b>0.4</b>	<b>0.1</b>	<b>1.1</b>	<b>-0.7</b>	<b>0.4</b>	<b>0.1</b>	<b>3.9</b>	<b>8.5</b>	<b>12.6</b>	<b>10.5</b>	<b>4.5</b>	<b>8.6</b>	<b>13.4</b>	<b>10.7</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>235,118,185</b>	<b>1.4</b>	<b>0.1</b>	<b>1.6</b>	<b>0.9</b>	<b>1.4</b>	<b>0.1</b>	<b>1.6</b>	<b>0.9</b>	<b>4.2</b>	<b>8.4</b>	<b>12.9</b>	<b>10.0</b>	<b>6.4</b>	<b>8.0</b>	<b>14.8</b>	<b>12.1</b>
<b>Total Private Portfolio</b>																	
SCERS	821,358,649	1.2	-1.0	0.1	-0.1	1.2	-1.0	0.1	-0.1	4.6	6.5	11.3	9.6	5.2	6.0	11.4	9.8

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2019				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
<b>Ex-US Dollar Denominated Investments (In Local Currency)</b>																	
Prologis Targeted Europe Logistics Fund (Euro)	€ 33,061,216	1.5	2.4	3.9	3.2	1.5	2.4	3.9	3.2	6.5	13.0	20.1	17.5				
DRC European Real Estate Debt Fund II (Pound Sterling)	£11,616,359	2.3	0.0	2.3	2.0	2.3	0.0	2.3	2.0	8.8	0.0	8.8	7.6	11.9	-1.5	10.3	8.9
ECE European Prime Shopping Centre Fund II (Euro)	€ 16,239,598	3.3	3.3	6.5	6.0	3.3	3.3	6.5	6.0	7.4	12.6	20.7	18.0	1.5	19.4	21.6	18.9
NREP Nordic Strategies Fund (Euro)	€ 15,132,586	1.3	0.3	1.7	1.5	1.3	0.3	1.7	1.5	5.8	6.6	12.7	12.0	8.9	13.6	23.3	22.3
NREP Nordic Strategies Fund II (Euro)	€ 25,519,517	3.0	1.9	4.9	3.8	3.0	1.9	4.9	3.8	-1.2	24.0	22.8	17.1				
NREP Nordic Strategies Fund III (Euro)	€ 1,560,398																
<b>Indices</b>																	
NFI ODCE+ 35bps				2.2	2.0			2.2	2.0			9.0	8.1			9.2	8.2
NFI-ODCE		1.0	1.1	2.1	1.9	1.0	1.1	2.1	1.9	4.3	4.3	8.7	7.7	4.4	4.3	8.8	7.8
NFI-ODCE + 100bps				2.3	2.1			2.3	2.1			9.7	8.7			9.8	8.8
CPI + 500 bps				1.7				1.7				7.4				7.1	

Returns (%)	Market Value (\$)	5 Year				10 Year				Inception				TWR Calculation Inception	Net IRR	Equity Multiple
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
<b>Core Commingled Funds</b>																
Jamestown Premier Property Fund	17,838,626									4.6	9.8	14.6	11.5	1Q14	11.7	1.5
Lion Properties Fund	149,564,432													4Q18	7.9	1.0
MetLife Core Property Fund	58,478,092									5.1	6.9	12.3	11.7	1Q14	11.8	1.5
Prime Property Fund	59,108,130	4.3	7.9	12.4	11.3					4.3	7.9	12.4	11.3	4Q13	11.2	1.5
Principal U.S. Property Account	45,247,954									4.8	5.0	10.0	8.9	4Q15	8.9	1.3
Prologis European Logistics Fund <sup>5</sup>	38,367,432									4.7	10.3	15.4	13.8	1Q16	11.8	1.2
Prologis Targeted U.S. Logistics Fund	68,108,643									5.6	13.6	19.7	17.0	3Q15	17.9	1.4
Townsend Real Estate Fund, L.P.	110,076,235									4.4	6.2	10.8	10.5	2Q16	10.3	1.2
<b>Core Commingled Funds</b>	<b>546,789,544</b>	<b>4.7</b>	<b>7.9</b>	<b>12.9</b>	<b>11.7</b>	<b>4.9</b>	<b>0.3</b>	<b>5.3</b>	<b>4.3</b>	<b>4.5</b>	<b>3.4</b>	<b>8.0</b>	<b>7.1</b>	<b>4Q86</b>	<b>6.8</b>	<b>1.3</b>
<b>Core Separate Accounts</b>																
BlackRock Core Separate Account	36,840,992	5.2	5.8	11.3	9.3	5.4	0.5	5.9	4.7	7.0	3.0	10.1	8.6	1Q96	9.9	1.4
Cornerstone Separate Account	2,609,928	5.0	5.7	11.0	10.2	5.3	1.5	6.9	6.1	5.5	2.5	8.1	7.2	3Q04	5.6	1.4
<b>Core Separate Accounts</b>	<b>39,450,920</b>	<b>5.1</b>	<b>4.8</b>	<b>10.1</b>	<b>8.6</b>	<b>5.3</b>	<b>0.4</b>	<b>5.7</b>	<b>4.7</b>	<b>7.1</b>	<b>2.8</b>	<b>10.0</b>	<b>8.7</b>	<b>1Q96</b>	<b>8.9</b>	<b>1.4</b>
<i>Total BlackRock Separate Account</i>	<i>60,893,857</i>	<i>4.8</i>	<i>5.4</i>	<i>10.4</i>	<i>8.6</i>	<i>5.2</i>	<i>0.4</i>	<i>5.6</i>	<i>4.4</i>	<i>7.0</i>	<i>3.0</i>	<i>10.2</i>	<i>8.8</i>	<i>1Q96</i>	<i>9.7</i>	<i>1.4</i>
<b>Total Core Portfolio</b>	<b>586,240,464</b>	<b>5.0</b>	<b>6.5</b>	<b>11.7</b>	<b>10.2</b>	<b>5.2</b>	<b>0.8</b>	<b>6.1</b>	<b>5.1</b>	<b>5.5</b>	<b>1.9</b>	<b>7.6</b>	<b>6.6</b>	<b>4Q86</b>	<b>8.4</b>	<b>1.4</b>
<b>Value Added Portfolio</b>																
AEW Value Investors Fund II <sup>2,4</sup>	58,263													3Q07	5.6	1.3
Allegis Value Trust <sup>1</sup>	5,800,599	5.4	-2.9	2.4	1.9	5.4	-10.2	-5.3	-6.1	4.7	-6.2	-1.7	-3.2	1Q07	2.5	1.2
Carlyle China Realty	5,801,147									0.8	1.7	2.6	-1.2	3Q17	-11.2	0.9
DRC European Real Estate Debt Fund II	15,133,350									10.6	-5.7	4.6	2.7	1Q14	3.2	1.1
ECE European Prime Shopping Centre Fund II C <sup>2</sup>	18,845,999									1.4	21.1	22.9	20.2	4Q15	20.1	1.3
Hammes Partners II	24,596,860									10.3	11.3	22.6	15.6	3Q15	14.6	1.2
Hines US Office Value Added Fund II	28,864													4Q07	-4.9	0.7
NREP Nordic Strategies Fund	17,561,316									10.6	18.4	30.4	28.6	1Q15	30.5	1.8
NREP Nordic Strategies Fund II	29,615,315									3.4	23.7	27.8	15.6	3Q16	17.2	1.2
NREP Nordic Strategies Fund III	1,810,837													3Q18	62.0	1.1
<b>Value Added Portfolio</b>	<b>119,252,550</b>	<b>7.6</b>	<b>7.8</b>	<b>15.8</b>	<b>13.1</b>	<b>6.8</b>	<b>-4.9</b>	<b>1.5</b>	<b>-0.7</b>	<b>2.0</b>	<b>3.8</b>	<b>5.8</b>	<b>4.6</b>	<b>4Q86</b>	<b>4.8</b>	<b>1.2</b>
<b>Opportunistic Portfolio</b>																
BlackRock High Return Separate Account	24,052,865									-1.1	17.6	16.4	15.2	3Q16	14.8	1.3
Carlyle China Project Rome Co-Investment	26,102,129									-2.6	3.6	0.8	-3.6	3Q17	-10.3	0.9
CIM Fund VIII	33,573,504									0.1	10.9	11.0	8.6	2Q15	7.7	1.2
KKR Real Estate Partners Americas <sup>2</sup>	15,881,564									10.8	1.2	12.3	9.1	2Q14	13.7	1.3
Och-Ziff Real Estate Fund III <sup>2,3</sup>	16,255,573									16.0	17.2	35.4	11.8	4Q14	26.0	1.4
<b>Opportunistic Portfolio</b>	<b>115,865,635</b>	<b>5.0</b>	<b>19.1</b>	<b>25.0</b>	<b>19.1</b>	<b>3.7</b>	<b>18.0</b>	<b>22.3</b>	<b>16.6</b>	<b>1.3</b>	<b>8.3</b>	<b>9.7</b>	<b>7.8</b>	<b>1Q91</b>	<b>20.9</b>	<b>1.3</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>235,118,185</b>	<b>6.8</b>	<b>9.0</b>	<b>16.3</b>	<b>13.0</b>	<b>5.7</b>	<b>4.4</b>	<b>10.2</b>	<b>6.7</b>	<b>4.4</b>	<b>5.2</b>	<b>9.7</b>	<b>5.5</b>	<b>1Q07</b>	<b>7.1</b>	<b>1.2</b>
<b>Total Private Portfolio</b>																
<b>SCERS</b>	<b>821,358,649</b>	<b>5.3</b>	<b>6.9</b>	<b>12.6</b>	<b>10.8</b>	<b>5.4</b>	<b>1.5</b>	<b>6.9</b>	<b>5.5</b>	<b>4.4</b>	<b>4.7</b>	<b>9.3</b>	<b>8.3</b>	<b>4Q86</b>	<b>8.3</b>	<b>1.3</b>

Returns (%)	Market Value (\$)	5 Year				10 Year				Inception				TWR Calculation Inception	Net IRR	Equity Multiple
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
<b>Ex-US Dollar Denominated Investments (In Local Currency)</b>																
Prologis Targeted Europe Logistics Fund (Euro)	€ 33,061,216									4.7	7.7	12.6	11.0	1Q16	11.1	1.2
DRC European Real Estate Debt Fund II (Pound Sterling)	£11,616,359									10.7	-0.8	9.8	7.8	1Q14	7.9	1.2
ECE European Prime Shopping Centre Fund II (Euro)	€ 16,239,598									1.5	19.4	21.6	18.9	4Q15	18.6	1.3
NREP Nordic Strategies Fund (Euro)	€ 15,132,586									10.8	19.5	31.7	29.9	1Q15	31.7	1.8
NREP Nordic Strategies Fund II (Euro)	€ 25,519,517									3.4	21.1	25.1	13.1	3Q16	15.7	1.2
NREP Nordic Strategies Fund III (Euro)	€ 1,560,398													4Q18	68.1	1.1
<b>Indices</b>																
NFI ODCE+ 35bps				11.1	10.1			5.9	5.0			7.7	6.7	4Q86		
NFI-ODCE		4.6	5.9	10.7	9.7	5.2	0.4	5.6	4.6	6.8	0.5	7.4	6.3	4Q86		
NFI-ODCE + 100bps				11.7	10.7			6.6	5.6			8.4	7.3	4Q86		
CPI + 500 bps				6.6				6.5				7.8		4Q86		

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2019				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
<b>BlackRock Core Separate Account</b>																	
1811 Brittonmoore <sup>1</sup>	253,791																
Forest Pointe <sup>1</sup>	7,517																
Harbour Pointe	40,179,060	1.2	-2.9	-1.7	-1.8	1.2	-2.9	-1.7	-1.8	5.4	4.6	10.2	7.9	5.4	6.1	11.7	9.4
Hillside Village <sup>1</sup>	-2,370,613																
Lake Washington Park <sup>1</sup>	601,497																
SCERS - Portfolio Master Acct. <sup>2</sup>	77,102																
The Tower at Hollywood Hills <sup>1</sup>	-1,907,363																
<b>Investment Total</b>	<b>36,840,991</b>	<b>1.1</b>	<b>-7.3</b>	<b>-6.1</b>	<b>-5.5</b>	<b>1.1</b>	<b>-7.3</b>	<b>-6.1</b>	<b>-5.5</b>	<b>5.0</b>	<b>-1.2</b>	<b>3.7</b>	<b>2.6</b>	<b>5.2</b>	<b>3.0</b>	<b>8.3</b>	<b>6.8</b>
<b>Cornerstone Separate Account</b>																	
Crescent Park	2,601,971	0.8	-7.0	-6.2	-6.3	0.8	-7.0	-6.2	-6.3	4.0	6.6	10.7	10.1	4.6	9.1	13.9	13.2
Flying Cloud <sup>1</sup>	2,687																
Gateway Corporate <sup>1</sup>	1,529																
Salt Pond <sup>1</sup>	8,349																
<b>Investment Total</b>	<b>2,614,536</b>	<b>0.8</b>	<b>-7.0</b>	<b>-6.2</b>	<b>-6.4</b>	<b>0.8</b>	<b>-7.0</b>	<b>-6.2</b>	<b>-6.4</b>	<b>4.0</b>	<b>6.6</b>	<b>10.7</b>	<b>10.1</b>	<b>4.5</b>	<b>7.1</b>	<b>11.8</b>	<b>11.1</b>
<b>BlackRock High Return Separate Account</b>																	
Block 295	24,052,865	-0.1	0.7	0.6	0.6	-0.1	0.7	0.6	0.6	-0.9	14.9	13.9	11.3				
<b>Investment Total</b>	<b>24,052,865</b>	<b>-0.1</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>-0.1</b>	<b>0.7</b>	<b>0.6</b>	<b>0.6</b>	<b>-0.9</b>	<b>14.9</b>	<b>13.9</b>	<b>11.3</b>				
<b>Total</b>																	
<b>Total Separate Accounts</b>	<b>63,508,392</b>	<b>0.9</b>	<b>-6.4</b>	<b>-5.5</b>	<b>-5.1</b>	<b>0.9</b>	<b>-6.4</b>	<b>-5.5</b>	<b>-5.1</b>	<b>4.2</b>	<b>2.5</b>	<b>6.8</b>	<b>5.7</b>	<b>4.6</b>	<b>3.9</b>	<b>8.6</b>	<b>7.3</b>
<b>Index</b>																	
<b>NFI-ODCE</b>		<b>1.0</b>	<b>1.1</b>	<b>2.1</b>	<b>1.9</b>	<b>1.0</b>	<b>1.1</b>	<b>2.1</b>	<b>1.9</b>	<b>4.3</b>	<b>4.3</b>	<b>8.7</b>	<b>7.7</b>	<b>4.4</b>	<b>4.3</b>	<b>8.8</b>	<b>7.8</b>

<sup>1</sup> This asset has been sold and the market value represents a remaining cash balance or in some cases an accrued fee.

<sup>2</sup> SCERS - Cash account that holds leftover cash from previous sales and used for various expenses.



Returns (%)	Market Value (\$)	5 Year				Inception		TWR Calculation Inception	Net IRR	Equity Multiple
		INC	APP	TGRS	TNET	TGRS	TNET			
<b>BlackRock Core Separate Account</b>										
1811 Brittmoores <sup>1</sup>	253,791							4Q12	8.9	1.5
Forest Pointe <sup>1</sup>	7,517							4Q05	5.2	1.3
Harbour Pointe	40,179,060	5.8	5.9	12.0	9.6	8.6	7.0	4Q05	7.4	1.7
Hillside Village <sup>1</sup>	-2,370,613							4Q07	4.1	1.3
Lake Washington Park <sup>1</sup>	601,497							3Q07	3.4	1.3
SCERS - Portfolio Master Acct. <sup>2</sup>	77,102							2Q01	4.5	1.6
The Tower at Hollywood Hills <sup>1</sup>	-1,907,363							1Q08	5.9	1.6
<b>Investment Total</b>	<b>36,840,991</b>	<b>5.2</b>	<b>5.8</b>	<b>11.3</b>	<b>9.3</b>	<b>10.1</b>	<b>8.6</b>	<b>1Q96</b>	<b>9.9</b>	<b>1.4</b>
<b>Cornerstone Separate Account</b>										
Crescent Park	2,601,971	4.8	8.9	14.0	13.2	7.7	6.7	1Q06	6.6	1.9
Flying Cloud <sup>1</sup>	2,687							4Q06	0.1	1.0
Gateway Corporate <sup>1</sup>	1,529							1Q08	-1.4	0.9
Salt Pond <sup>1</sup>	8,349							3Q04	7.2	1.6
<b>Investment Total</b>	<b>2,614,536</b>	<b>5.0</b>	<b>5.7</b>	<b>11.0</b>	<b>10.2</b>	<b>8.1</b>	<b>7.2</b>	<b>3Q04</b>	<b>5.6</b>	<b>1.4</b>
<b>BlackRock High Return Separate Account</b>										
Block 295	24,052,865					16.4	15.2	3Q16	14.8	1.3
<b>Investment Total</b>	<b>24,052,865</b>					<b>16.4</b>	<b>15.2</b>	<b>3Q16</b>	<b>14.8</b>	<b>1.3</b>
<b>Total</b>										
<b>Total Separate Accounts</b>	<b>63,508,392</b>	<b>4.9</b>	<b>5.3</b>	<b>10.4</b>	<b>8.9</b>	<b>10.1</b>	<b>8.8</b>	<b>1Q96</b>	<b>8.9</b>	<b>1.4</b>
<b>Index</b>										
<b>NFI-ODCE</b>		<b>4.6</b>	<b>5.9</b>	<b>10.7</b>	<b>9.7</b>	<b>7.4</b>	<b>6.3</b>	<b>4Q86</b>		

<sup>1</sup> This asset has been sold and the market value represents a remaining cash

<sup>2</sup> SCERS - Cash account that holds leftover cash from previous sales and used

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2019				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
<b>Core Separate Accounts</b>																	
BlackRock Core Separate Account	36,840,992	1.1	-7.3	-6.1	-5.5	1.1	-7.3	-6.1	-5.5	5.0	-1.2	3.7	2.6	5.2	3.0	8.3	6.8
Cornerstone Separate Account	2,609,928	0.8	-7.0	-6.2	-6.4	0.8	-7.0	-6.2	-6.4	4.0	6.6	10.7	10.1	4.5	7.1	11.8	11.1
<b>Core Separate Accounts</b>	<b>39,450,920</b>	<b>1.0</b>	<b>-7.2</b>	<b>-6.2</b>	<b>-5.7</b>	<b>1.0</b>	<b>-7.2</b>	<b>-6.2</b>	<b>-5.7</b>	<b>4.7</b>	<b>1.3</b>	<b>6.0</b>	<b>5.0</b>	<b>4.9</b>	<b>3.1</b>	<b>8.1</b>	<b>6.9</b>
<i>Total BlackRock Separate Account</i>	<i>60,893,857</i>	<i>0.9</i>	<i>-6.1</i>	<i>-5.2</i>	<i>-4.6</i>	<i>0.9</i>	<i>-6.1</i>	<i>-5.2</i>	<i>-4.6</i>	<i>4.2</i>	<i>0.8</i>	<i>5.1</i>	<i>3.8</i>	<i>4.7</i>	<i>2.7</i>	<i>7.4</i>	<i>6.0</i>
<b>Separate Account Returns by Property Type</b>																	
Apartment	-1,668,488	0.8	-7.5	-6.7	-6.6	0.8	-7.5	-6.7	-6.6	4.1	1.3	5.4	4.5	4.6	4.2	9.0	7.6
Industrial	253,791	1.8	-9.4	-7.6	1.6	1.8	-9.4	-7.6	1.6	5.6	-2.2	3.4	5.5	6.3	-1.1	5.1	7.0
Office	24,656,687	0.7	-5.9	-5.2	-5.3	0.7	-5.9	-5.2	-5.3	2.9	4.7	7.7	6.5	3.3	2.8	6.2	5.5
Retail	40,184,693	1.2	-2.9	-1.7	-1.8	1.2	-2.9	-1.7	-1.8	5.4	4.6	10.2	7.8	5.5	6.1	11.8	9.5
<b>Total Private Portfolio</b>																	
<b>SCERS</b>	<b>821,358,649</b>	<b>1.2</b>	<b>-1.0</b>	<b>0.1</b>	<b>-0.1</b>	<b>1.2</b>	<b>-1.0</b>	<b>0.1</b>	<b>-0.1</b>	<b>4.6</b>	<b>6.5</b>	<b>11.3</b>	<b>9.6</b>	<b>5.2</b>	<b>6.0</b>	<b>11.4</b>	<b>9.8</b>
<b>NPI Property Level Returns</b>																	
NPI- Apartment		1.0	0.5	1.5		1.0	0.5	1.5		4.3	2.0	6.3		4.5	2.5	7.0	
NPI- Industrial		1.2	2.2	3.4		1.2	2.2	3.4		4.9	8.9	14.2		5.1	7.7	13.1	
NPI-Office		1.1	0.6	1.7		1.1	0.6	1.7		4.6	2.2	6.9		4.6	2.1	6.7	
NPI-Retail		1.1	-0.6	0.6		1.1	-0.6	0.6		4.6	-0.7	3.9		4.8	2.1	7.0	
<b>Indices</b>																	
NFI-ODCE		1.0	1.1	2.1	1.9	1.0	1.1	2.1	1.9	4.3	4.3	8.7	7.7	4.4	4.3	8.8	7.8

Returns (%)	Market Value (\$)	5 Year				10 Year				Inception				TWR Calculation Inception	Net IRR	
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
<b>Core Separate Accounts</b>																
BlackRock Core Separate Account	36,840,992	5.2	5.8	11.3	9.3	5.4	0.5	5.9	4.7	7.0	3.0	10.1	8.6	1Q96	9.9	
Cornerstone Separate Account	2,609,928	5.0	5.7	11.0	10.2	5.3	1.5	6.9	6.1	5.5	2.5	8.1	7.2	3Q04	5.6	
<b>Core Separate Accounts</b>	<b>39,450,920</b>	<b>5.1</b>	<b>4.8</b>	<b>10.1</b>	<b>8.6</b>	<b>5.3</b>	<b>0.4</b>	<b>5.7</b>	<b>4.7</b>	<b>7.1</b>	<b>2.8</b>	<b>10.0</b>	<b>8.7</b>	<b>1Q96</b>	<b>8.9</b>	
<i>Total BlackRock Separate Account</i>	<i>60,893,857</i>	<i>4.8</i>	<i>5.4</i>	<i>10.4</i>	<i>8.6</i>	<i>5.2</i>	<i>0.4</i>	<i>5.6</i>	<i>4.4</i>	<i>7.0</i>	<i>3.0</i>	<i>10.2</i>	<i>8.8</i>	<i>1Q96</i>	<i>9.7</i>	
<b>Separate Account Returns by Property Type</b>																
Apartment	-1,668,488	4.8	5.7	10.7	9.3	4.7	3.0	7.8	6.7	5.8	2.2	8.1	7.1	1Q96	6.2	
Industrial	253,791	5.5	3.4	9.1	9.7	5.3	-2.5	2.7	2.6	7.5	2.9	10.6	9.3	3Q96	13.3	
Office	24,656,687	4.1	3.8	8.0	6.8	5.1	-2.7	2.3	1.5	7.4	2.3	9.9	8.4	1Q96	8.6	
Retail	40,184,693	5.8	7.0	13.1	10.9	6.4	0.1	6.5	5.2	7.5	3.1	10.8	9.0	4Q99	9.8	
<b>Total Private Portfolio</b>																
<b>SCERS</b>	<b>821,358,649</b>	<b>5.3</b>	<b>6.9</b>	<b>12.6</b>	<b>10.8</b>	<b>5.4</b>	<b>1.5</b>	<b>6.9</b>	<b>5.5</b>	<b>4.4</b>	<b>4.7</b>	<b>9.3</b>	<b>8.3</b>	<b>4Q86</b>	<b>8.3</b>	
<b>NPI Property Level Returns</b>																
NPI- Apartment		4.6	3.8	8.6		5.0	1.4	6.4		5.0	3.1	9.4		1Q96		
NPI- Industrial		5.4	7.8	13.5		6.0	1.9	8.0		7.2	3.2	10.5		3Q96		
NPI-Office		4.8	3.8	8.7		5.4	-0.2	5.2		6.8	2.5	9.4		1Q96		
NPI-Retail		5.1	4.4	9.6		5.8	1.7	7.6		6.6	3.5	10.2		4Q99		
<b>Indices</b>																
NFI-ODCE		4.6	5.9	10.7	9.7	5.2	0.4	5.6	4.6	6.8	0.5	7.4	6.3	4Q86		

Returns (%)	Market Value (\$)	2018 YTD		Fiscal Year 2019		2017		2016		2015		2014		2013		2012	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core Commingled Funds</b>																	
Jamestown Premier Property Fund	17,838,626	8.4	6.4	1.6	1.4	18.0	14.2	6.6	5.3	22.4	17.3	14.7	11.9				
Lion Properties Fund	149,564,432																
MetLife Core Property Fund	58,478,092	6.6	6.3	1.6	1.5	8.4	7.9	9.3	8.8	16.9	16.3	17.4	16.9				
Prime Property Fund	59,108,130	6.7	5.9	2.2	2.0	9.9	8.7	10.4	9.2	15.9	14.6	15.5	14.1	3.8	3.6		
Principal U.S. Property Account	45,247,954	7.5	6.8	2.7	2.5	9.1	8.1	10.0	9.0	3.0	2.8						
Prologis European Logistics Fund	38,367,432	10.5	8.4	3.2	2.5	30.5	28.0	2.8	2.4								
Prologis Targeted U.S. Logistics Fund	68,108,643	14.1	12.3	3.7	3.3	24.2	20.3	16.1	14.2	9.1	7.9						
Townsend Real Estate Fund, L.P.	110,076,235	7.3	7.1	2.2	2.1	11.1	10.8	8.4	8.2								
<b>Core Commingled Funds</b>	<b>546,789,544</b>	<b>8.6</b>	<b>7.7</b>	<b>2.4</b>	<b>2.2</b>	<b>14.2</b>	<b>12.8</b>	<b>9.8</b>	<b>8.9</b>	<b>15.7</b>	<b>14.1</b>	<b>13.5</b>	<b>12.4</b>	<b>10.2</b>	<b>9.3</b>	<b>11.1</b>	<b>10.1</b>
<b>Core Separate Accounts</b>																	
BlackRock Core Separate Account	36,840,992	1.5	0.8	-6.1	-5.5	9.1	7.5	11.3	9.3	15.3	13.9	16.3	12.5	11.8	9.6	13.5	13.0
Cornerstone Separate Account	2,609,928	1.7	1.3	-6.2	-6.4	21.5	20.8	14.0	13.3	2.4	1.6	14.0	13.2	11.3	10.5	16.2	15.4
<b>Core Separate Accounts</b>	<b>39,450,920</b>	<b>1.6</b>	<b>1.0</b>	<b>-6.2</b>	<b>-5.7</b>	<b>12.8</b>	<b>11.6</b>	<b>10.0</b>	<b>8.6</b>	<b>7.7</b>	<b>6.6</b>	<b>16.0</b>	<b>13.5</b>	<b>11.0</b>	<b>9.5</b>	<b>14.1</b>	<b>13.5</b>
<i>Total BlackRock Separate Account</i>	<i>60,893,857</i>	<i>2.3</i>	<i>1.6</i>	<i>-5.2</i>	<i>-4.6</i>	<i>10.6</i>	<i>9.0</i>	<i>8.6</i>	<i>7.0</i>	<i>10.7</i>	<i>9.4</i>	<i>17.0</i>	<i>13.6</i>	<i>10.9</i>	<i>9.0</i>	<i>13.1</i>	<i>12.5</i>
<b>Total Core Portfolio</b>	<b>586,240,464</b>	<b>6.5</b>	<b>5.6</b>	<b>-0.4</b>	<b>-0.4</b>	<b>13.6</b>	<b>12.3</b>	<b>9.8</b>	<b>8.5</b>	<b>10.4</b>	<b>9.2</b>	<b>15.3</b>	<b>13.2</b>	<b>10.8</b>	<b>9.5</b>	<b>13.3</b>	<b>12.6</b>
<b>Value Added Portfolio</b>																	
AEW Value Investors Fund II <sup>1,2</sup>	58,263	23.8	23.8														
Allegis Value Trust	5,800,599	-22.7	-22.9	-19.5	-19.6	8.2	7.8	9.9	9.4	8.6	8.0	10.8	10.2	4.7	4.0	21.8	20.9
Carlyle China Realty	5,801,147	0.6	-1.7	-4.3	-4.9	2.7	0.2										
DRC European Real Estate Debt Fund II	15,133,350	1.7	0.8	1.3	1.0	23.8	22.3	-7.8	-8.9	5.0	3.0	1.4	-2.1				
ECE European Prime Shopping Centre Fund II <sup>1</sup>	18,845,999			5.8	5.2	24.7	21.5	27.0	25.9	12.1	11.0						
Hammes Partners II	24,596,860	24.0	16.9	10.9	8.5	12.7	10.0	14.8	8.9	19.4	12.9						
Hines US Office Value Added Fund II <sup>2</sup>	28,864	-19.3	-19.3														
NREP Nordic Strategies Fund	17,561,316	0.3	-0.2	1.0	0.8	41.2	40.1	23.1	21.7	55.1	50.8						
NREP Nordic Strategies Fund II	29,615,315	10.4	7.1	4.1	3.0	44.9	34.4	10.7	-1.9								
NREP Nordic Strategies Fund III	1,810,837																
<b>Value Added Portfolio</b>	<b>119,252,550</b>	<b>6.5</b>	<b>3.5</b>	<b>2.8</b>	<b>1.7</b>	<b>24.2</b>	<b>21.4</b>	<b>9.5</b>	<b>7.0</b>	<b>19.1</b>	<b>17.0</b>	<b>15.7</b>	<b>13.7</b>	<b>13.3</b>	<b>10.8</b>	<b>19.6</b>	<b>18.1</b>

Returns (%)	Market Value (\$)	2018 YTD		Fiscal Year 2019		2017		2016		2015		2014		2013		2012	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Opportunistic Portfolio</b>																	
BlackRock High Return Separate Account	24,052,865	6.7	6.3	0.6	0.6	24.0	21.7	6.3	6.3								
Carlyle China Project Rome Co-Investment	26,102,129	-3.6	-7.8	-4.1	-4.4	4.7	3.6										
CIM Fund VIII	33,573,504	6.8	5.7	0.5	0.2	8.4	6.7	5.8	3.4	16.9	13.8						
KKR Real Estate Partners Americas <sup>1</sup>	15,881,564	6.2	6.3	3.1	3.1	13.0	10.0	6.5	5.4	17.1	12.5	12.7	6.5				
Och-Ziff Real Estate Fund III <sup>1</sup>	16,255,573	23.3	20.5	4.4	3.7	43.3	38.2	30.0	22.2	33.7	6.9	9.4	-28.3				
<b>Opportunistic Portfolio</b>	<b>115,865,635</b>	<b>7.2</b>	<b>5.9</b>	<b>0.4</b>	<b>0.1</b>	<b>17.5</b>	<b>14.6</b>	<b>10.0</b>	<b>7.5</b>	<b>23.8</b>	<b>13.1</b>	<b>77.7</b>	<b>62.7</b>	<b>11.7</b>	<b>9.4</b>	<b>54.2</b>	<b>38.5</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>235,118,185</b>	<b>7.1</b>	<b>5.0</b>	<b>1.6</b>	<b>0.9</b>	<b>21.0</b>	<b>18.2</b>	<b>9.8</b>	<b>7.4</b>	<b>20.0</b>	<b>15.6</b>	<b>19.7</b>	<b>16.3</b>	<b>16.7</b>	<b>13.5</b>	<b>34.6</b>	<b>26.9</b>
<b>Total Private Portfolio</b>																	
SCERS	821,358,649	6.7	5.5	0.1	-0.1	15.0	13.5	9.7	8.2	12.3	10.5	15.9	13.6	11.4	9.9	16.4	14.7
<b>Indices</b>																	
NFI-ODCE + 35 bps		6.7	6.0	2.2	2.0	8.0	7.0	9.1	8.1	15.4	14.3	12.8	11.8	14.3	13.3	11.3	10.1
NFI-ODCE		6.5	5.8	2.1	1.9	7.6	6.7	8.8	7.8	15.0	14.0	12.5	11.5	13.9	12.9	10.9	9.8
NFI-ODCE + 100 bps		7.2	6.5	2.3	2.1	8.6	7.7	9.8	8.8	16.0	15.0	13.5	12.5	14.9	13.9	11.9	10.8
CPI + 500 bps		5.4		1.7		7.2		7.2		5.7		5.7		6.6		6.9	

<sup>1</sup> Preliminary performance, subject to change.

<sup>2</sup> This fund is liquidating and the market value represents a remaining cash balance.

Returns (%)	Market Value (\$)	2011		2010		2009		2008		2007		2006		2005		2004	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core Commingled Funds</b>																	
Jamestown Premier Property Fund	17,838,626																
Lion Properties Fund	149,564,432																
MetLife Core Property Fund	58,478,092																
Prime Property Fund	59,108,130																
Principal U.S. Property Account	45,247,954																
Prologis European Logistics Fund	38,367,432																
Prologis Targeted U.S. Logistics Fund	68,108,643																
Townsend Real Estate Fund, L.P.	110,076,235																
<b>Core Commingled Funds</b>	<b>546,789,544</b>	<b>16.4</b>	<b>15.5</b>	<b>14.1</b>	<b>13.3</b>	<b>-33.0</b>	<b>-33.6</b>	<b>-13.8</b>	<b>-14.6</b>	<b>15.5</b>	<b>14.5</b>	<b>16.9</b>	<b>15.8</b>	<b>23.5</b>	<b>22.3</b>	<b>36.7</b>	<b>35.2</b>
<b>Core Separate Accounts</b>																	
BlackRock Core Separate Account	36,840,992	17.8	17.4	20.7	19.6	-29.5	-29.1	-13.9	-14.3	21.2	16.8	17.7	13.3	27.1	21.6	9.3	5.1
Cornerstone Separate Account	2,609,928	24.9	23.9	21.2	20.2	-31.7	-32.4	-9.4	-10.1	11.9	11.1	11.1	10.2	18.7	17.6	2.9	2.4
<b>Core Separate Accounts</b>	<b>39,450,920</b>	<b>18.7</b>	<b>18.2</b>	<b>18.6</b>	<b>17.6</b>	<b>-28.5</b>	<b>-28.7</b>	<b>-10.5</b>	<b>-11.1</b>	<b>16.3</b>	<b>13.6</b>	<b>15.2</b>	<b>12.1</b>	<b>31.7</b>	<b>26.6</b>	<b>9.8</b>	<b>6.3</b>
<i>Total BlackRock Separate Account</i>	<i>60,893,857</i>	<i>16.1</i>	<i>15.7</i>	<i>17.3</i>	<i>16.4</i>	<i>-26.8</i>	<i>-26.7</i>	<i>-11.1</i>	<i>-11.6</i>	<i>18.5</i>	<i>15.0</i>	<i>16.8</i>	<i>13.1</i>	<i>34.0</i>	<i>28.2</i>	<i>9.9</i>	<i>6.6</i>
<b>Total Core Portfolio</b>	<b>586,240,464</b>	<b>18.2</b>	<b>17.6</b>	<b>17.6</b>	<b>16.7</b>	<b>-29.5</b>	<b>-29.8</b>	<b>-11.3</b>	<b>-12.0</b>	<b>16.1</b>	<b>13.8</b>	<b>15.5</b>	<b>12.7</b>	<b>30.3</b>	<b>25.8</b>	<b>10.6</b>	<b>7.1</b>
<b>Value Added Portfolio</b>																	
AEW Value Investors Fund II <sup>1,2</sup>	58,263																
Allegis Value Trust	5,800,599	15.7	14.7	21.6	20.4	-62.2	-62.8	-21.2	-23.9	38.6	28.4						
Carlyle China Realty	5,801,147																
DRC European Real Estate Debt Fund II	15,133,350																
ECE European Prime Shopping Centre Fund II <sup>1</sup>	18,845,999																
Hammes Partners II	24,596,860																
Hines US Office Value Added Fund II <sup>2</sup>	28,864																
NREP Nordic Strategies Fund	17,561,316																
NREP Nordic Strategies Fund II	29,615,315																
NREP Nordic Strategies Fund III	1,810,837																
<b>Value Added Portfolio</b>	<b>119,252,550</b>	<b>16.7</b>	<b>14.7</b>	<b>23.2</b>	<b>20.3</b>	<b>-56.4</b>	<b>-57.6</b>	<b>-31.2</b>	<b>-33.5</b>	<b>18.2</b>	<b>5.6</b>	<b>0.8</b>	<b>0.5</b>				

Returns (%)	Market Value (\$)	2011		2010		2009		2008		2007		2006		2005		2004	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Opportunistic Portfolio</b>																	
BlackRock High Return Separate Account	24,052,865																
Carlyle China Project Rome Co-Investment	26,102,129																
CIM Fund VIII	33,573,504																
KKR Real Estate Partners Americas <sup>1</sup>	15,881,564																
Och-Ziff Real Estate Fund III <sup>1</sup>	16,255,573																
<b>Opportunistic Portfolio</b>	<b>115,865,635</b>	<b>-10.1</b>	<b>-8.0</b>	<b>42.4</b>	<b>34.2</b>	<b>54.0</b>	<b>43.5</b>	<b>-44.5</b>	<b>-45.4</b>	<b>3.4</b>	<b>2.6</b>						
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>235,118,185</b>	<b>-0.3</b>	<b>0.4</b>	<b>37.0</b>	<b>30.4</b>	<b>-13.5</b>	<b>-17.8</b>	<b>-33.7</b>	<b>-35.7</b>	<b>18.2</b>	<b>5.6</b>						
<b>Total Private Portfolio</b>																	
<b>SCERS</b>	<b>821,358,649</b>	<b>14.9</b>	<b>14.5</b>	<b>20.6</b>	<b>18.8</b>	<b>-28.1</b>	<b>-28.8</b>	<b>-12.8</b>	<b>-13.5</b>	<b>15.8</b>	<b>13.4</b>	<b>15.5</b>	<b>12.7</b>	<b>30.3</b>	<b>25.8</b>	<b>10.6</b>	<b>7.1</b>
<b>Indices</b>																	
NFI-ODCE + 35 bps		16.3	15.3	16.7	15.6	-29.4	-30.0	-9.7	-10.3	16.3	15.2	16.7	15.6	21.7	20.5	13.4	12.4
NFI-ODCE		16.0	15.0	16.4	15.3	-29.8	-30.4	-10.0	-10.7	16.0	14.8	16.3	15.3	21.4	20.2	13.1	12.0
NFI-ODCE + 100 bps		17.0	16.0	17.4	16.3	-28.8	-29.4	-9.0	-9.7	17.0	15.8	17.3	16.3	22.4	21.2	14.1	13.0
CPI + 500 bps		8.2		6.5		8.0		5.0		9.3		7.7		8.5		8.5	

<sup>1</sup> Preliminary performance, subject to change.

<sup>2</sup> This fund is liquidating and the market value represents a remaining cash balance.

Returns (%)	Market Value (\$)	2018 YTD		Fiscal Year 2019		2017		2016		2015		2014		2013		2012	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core Separate Accounts</b>																	
BlackRock Core Separate Account	36,840,992	1.5	0.8	-6.1	-5.5	9.1	7.5	11.3	9.3	15.3	13.9	16.3	12.5	11.8	9.6	13.5	13.0
Cornerstone Separate Account	2,609,928	1.7	1.3	-6.2	-6.4	21.5	20.8	14.0	13.3	2.4	1.6	14.0	13.2	11.3	10.5	16.2	15.4
<b>Core Separate Accounts</b>	<b>39,450,920</b>	<b>1.6</b>	<b>1.0</b>	<b>-6.2</b>	<b>-5.7</b>	<b>12.8</b>	<b>11.6</b>	<b>10.0</b>	<b>8.6</b>	<b>7.7</b>	<b>6.6</b>	<b>16.0</b>	<b>13.5</b>	<b>11.0</b>	<b>9.5</b>	<b>14.1</b>	<b>13.5</b>
<i>Total BlackRock Separate Account</i>	<i>60,893,857</i>	<i>2.3</i>	<i>1.6</i>	<i>-5.2</i>	<i>-4.6</i>	<i>10.6</i>	<i>9.0</i>	<i>8.6</i>	<i>7.0</i>	<i>10.7</i>	<i>9.4</i>	<i>17.0</i>	<i>13.6</i>	<i>10.9</i>	<i>9.0</i>	<i>13.1</i>	<i>12.5</i>
<b>Separate Account Returns by Property Type</b>																	
Apartment	-1,668,488	-0.4	-0.9	-6.7	-6.6	15.9	14.5	12.3	10.6	9.2	7.7	14.7	13.0	13.3	12.0	18.2	17.5
Industrial	253,791	2.5	4.8	-7.6	1.6	4.8	4.4	8.4	7.7	3.5	6.5	25.9	24.5	9.9	8.4	-0.3	-0.7
Office	24,656,687	3.7	3.3	-5.2	-5.3	12.4	11.3	4.4	3.9	4.8	4.1	12.7	9.3	9.4	8.6	15.0	14.2
Retail	40,184,693	8.0	6.1	-1.7	-1.8	11.2	9.2	8.5	6.7	12.2	9.8	22.2	20.1	10.3	6.5	12.4	12.0
<b>Total</b>																	
<b>Total Separate Accounts</b>	<b>63,503,785</b>	<b>2.1</b>	<b>1.5</b>	<b>-5.5</b>	<b>-5.1</b>	<b>11.6</b>	<b>10.5</b>	<b>10.0</b>	<b>8.5</b>	<b>7.7</b>	<b>6.6</b>	<b>16.0</b>	<b>13.5</b>	<b>11.0</b>	<b>9.5</b>	<b>14.1</b>	<b>13.5</b>
<b>Indices</b>																	
NFI-ODCE + 35 bps		6.7	6.0	2.2	2.0	8.0	7.0	9.1	8.1	15.4	14.3	12.8	11.8	14.3	13.3	11.3	10.1
NFI-ODCE		6.5	5.8	2.1	1.9	7.6	6.7	8.8	7.8	15.0	14.0	12.5	11.5	13.9	12.9	10.9	9.8
NFI-ODCE + 100 bps		7.2	6.5	2.3	2.1	8.6	7.7	9.8	8.8	16.0	15.0	13.5	12.5	14.9	13.9	11.9	10.8
CPI + 500 bps		5.4		1.7		7.2		7.2		5.7		5.7		6.6		6.9	



Returns (%)	Market Value (\$)	2011		2010		2009		2008		2007		2006		2005		2004	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core Separate Accounts</b>																	
BlackRock Core Separate Account	36,840,992	17.8	17.4	20.7	19.6	-29.5	-29.1	-13.9	-14.3	21.2	16.8	17.7	13.3	27.1	21.6	9.3	5.1
Cornerstone Separate Account	2,609,928	24.9	23.9	21.2	20.2	-31.7	-32.4	-9.4	-10.1	11.9	11.1	11.1	10.2	18.7	17.6	2.9	2.4
<b>Core Separate Accounts</b>	<b>39,450,920</b>	<b>18.7</b>	<b>18.2</b>	<b>18.6</b>	<b>17.6</b>	<b>-28.5</b>	<b>-28.7</b>	<b>-10.5</b>	<b>-11.1</b>	<b>16.3</b>	<b>13.6</b>	<b>15.2</b>	<b>12.1</b>	<b>31.7</b>	<b>26.6</b>	<b>9.8</b>	<b>6.3</b>
<i>Total BlackRock Separate Account</i>	<i>60,893,857</i>	<i>16.1</i>	<i>15.7</i>	<i>17.3</i>	<i>16.4</i>	<i>-26.8</i>	<i>-26.7</i>	<i>-11.1</i>	<i>-11.6</i>	<i>18.5</i>	<i>15.0</i>	<i>16.8</i>	<i>13.1</i>	<i>34.0</i>	<i>28.2</i>	<i>9.9</i>	<i>6.6</i>
<b>Separate Account Returns by Property Type</b>																	
Apartment	-1,668,488	15.5	14.8	26.6	25.8	-22.2	-22.8	-13.5	-14.0	11.1	9.9	2.6	1.7	22.9	21.3	2.9	1.0
Industrial	253,791	17.2	16.8	2.0	1.6	-25.3	-25.7	-8.3	-9.4	28.9	23.3	20.8	17.6	48.5	39.3	13.1	6.8
Office	24,656,687	20.7	20.0	19.1	17.9	-43.6	-43.7	-11.0	-11.3	13.3	11.7	36.1	24.7	39.4	34.1	8.7	4.7
Retail	40,184,693	13.5	13.6	13.4	12.0	-24.5	-23.1	-10.8	-11.7	10.3	7.7	14.2	12.2	20.1	14.9	28.9	23.3
<b>Total</b>																	
<b>Total Separate Accounts</b>	<b>63,503,785</b>	<b>18.7</b>	<b>18.2</b>	<b>18.6</b>	<b>17.6</b>	<b>-28.5</b>	<b>-28.7</b>	<b>-10.5</b>	<b>-11.1</b>	<b>16.3</b>	<b>13.6</b>	<b>15.2</b>	<b>12.1</b>	<b>31.7</b>	<b>26.6</b>	<b>9.8</b>	<b>6.3</b>
<b>Indices</b>																	
NFI-ODCE + 35 bps		16.3	15.3	16.7	15.6	-29.4	-30.0	-9.7	-10.3	16.3	15.2	16.7	15.6	21.7	20.5	13.4	12.4
NFI-ODCE		16.0	15.0	16.4	15.3	-29.8	-30.4	-10.0	-10.7	16.0	14.8	16.3	15.3	21.4	20.2	13.1	12.0
NFI-ODCE + 100 bps		17.0	16.0	17.4	16.3	-28.8	-29.4	-9.0	-9.7	17.0	15.8	17.3	16.3	22.4	21.2	14.1	13.0
CPI + 500 bps		8.2		6.5		8.0		5.0		9.3		7.7		8.5		8.5	

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
<b>Core Commingled Funds</b>									
Jamestown Premier Property Fund	17,591,782	1,304,238	1,304,238	0	125,595	29,235	150,483	17,838,626	38.4
Lion Properties Fund	0	150,102,918	0	1,442,754	476,378	102,918	530,808	149,564,432	21.6
MetLife Core Property Fund	57,649,360	590,322	605,382	0	767,602	69,505	145,695	58,478,092	26.3
Prime Property Fund	57,974,519	570,663	570,663	0	556,838	152,334	729,107	59,108,130	17.0
Principal U.S. Property Account	44,145,919	0	0	0	482,103	107,020	726,952	45,247,954	20.8
Prologis European Logistics Fund	37,826,172	0	396,527	0	563,177	276,427	651,036	38,367,432	0.0
Prologis Targeted U.S. Logistics Fund	66,354,422	0	438,391	0	808,991	282,716	1,666,336	68,108,643	20.2
Townsend Real Estate Fund, L.P.	107,795,149	1,078,122	1,078,122	0	1,116,580	61,319	1,225,825	110,076,235	37.1
<b>Core Commingled Funds</b>	<b>389,337,323</b>	<b>153,646,263</b>	<b>4,393,323</b>	<b>1,442,754</b>	<b>4,897,264</b>	<b>1,081,474</b>	<b>5,826,242</b>	<b>546,789,544</b>	<b>24.7</b>
<b>Core Separate Accounts</b>									
BlackRock Core Separate Account	172,966,193	228,875	2,189,000	126,173,068	1,614,527	-986,498	-10,593,033	36,840,992	0.0
Cornerstone Separate Account	82,601,103	0	0	75,700,000	547,994	83,935	-4,755,234	2,609,928	0.0
<b>Core Separate Accounts</b>	<b>255,567,296</b>	<b>228,875</b>	<b>2,189,000</b>	<b>201,873,068</b>	<b>2,162,521</b>	<b>-902,563</b>	<b>-15,348,267</b>	<b>39,450,920</b>	<b>0.0</b>
<i>Total BlackRock Separate Account</i>	<i>196,771,746</i>	<i>332,991</i>	<i>2,189,000</i>	<i>126,173,068</i>	<i>1,583,613</i>	<i>-981,938</i>	<i>-10,414,363</i>	<i>60,893,857</i>	<i>16.9</i>
<b>Total Core Portfolio</b>	<b>644,904,619</b>	<b>153,875,138</b>	<b>6,582,323</b>	<b>203,315,822</b>	<b>7,059,785</b>	<b>178,911</b>	<b>-9,522,025</b>	<b>586,240,464</b>	<b>23.4</b>
<b>Value Added Portfolio</b>									
AEW Value Investors Fund II	59,166	0	0	0	-903	0	0	58,263	0.0
Allegis Value Trust	7,213,661	0	0	0	39,480	2,961	-1,449,582	5,800,599	0.0
Carlyle China Realty	6,103,097	0	0	0	-42,592	37,808	-221,550	5,801,147	0.0
DRC European Real Estate Debt Fund II	12,765,295	3,057,160	459,815	371,817	316,493	37,744	-136,222	15,133,350	0.0
ECE European Prime Shopping Centre Fund II	18,052,571	0	144,291	0	432,384	101,928	607,263	18,845,999	55.4
Hammes Partners II	22,055,073	1,332,043	416,626	302,630	401,466	558,256	2,085,789	24,596,860	63.9
Hines US Office Value Added Fund II	549,645	0	422,759	0	-12,527	0	-85,495	28,864	0.0
NREP Nordic Strategies Fund	17,980,588	0	571,550	0	175,974	22,969	-728	17,561,316	51.3
NREP Nordic Strategies Fund II	25,050,575	3,766,332	0	0	776,880	284,363	305,891	29,615,315	45.0
NREP Nordic Strategies Fund III	393,542	1,655,116	0	0	-30,692	214,467	7,338	1,810,837	34.0
<b>Value Added Portfolio</b>	<b>110,223,213</b>	<b>9,810,651</b>	<b>2,015,041</b>	<b>674,447</b>	<b>2,055,963</b>	<b>1,260,496</b>	<b>1,112,704</b>	<b>119,252,550</b>	<b>48.1</b>
<b>Opportunistic Portfolio</b>									
BlackRock High Return Separate Account	23,805,553	104,116	0	0	-30,914	4,560	178,670	24,052,865	34.0
Carlyle China Project Rome Co-Investment	27,317,028	0	0	0	-128,715	100,822	-985,362	26,102,129	0.0
CIM Fund VIII	30,948,597	2,556,757	0	0	-16,591	96,802	181,543	33,573,504	1.9
KKR Real Estate Partners Americas	19,603,954	56,077	1,114,197	3,189,223	1,100,061	5,386	-569,722	15,881,564	62.0
Och-Ziff Real Estate Fund III	18,479,058	121,733	2,959,914	0	346,442	131,250	399,504	16,255,573	41.9
<b>Opportunistic Portfolio</b>	<b>120,154,190</b>	<b>2,838,683</b>	<b>4,074,111</b>	<b>3,189,223</b>	<b>1,270,283</b>	<b>338,820</b>	<b>-795,367</b>	<b>115,865,635</b>	<b>30.4</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>230,377,403</b>	<b>12,649,334</b>	<b>6,089,152</b>	<b>3,863,670</b>	<b>3,326,246</b>	<b>1,599,316</b>	<b>317,337</b>	<b>235,118,185</b>	<b>40.7</b>
<b>Total Private Portfolio</b>									
SCERS	875,282,022	166,524,472	12,671,475	207,179,492	10,386,031	1,778,227	-9,204,688	821,358,649	29.3

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Core Commingled Funds</b>						
Jamestown Premier Property Fund	-	64.1	-	27.3	-	8.7
Lion Properties Fund	26.3	36.5	19.1	17.8	-	0.2
MetLife Core Property Fund	30.9	37.5	16.0	15.6	-	-
Prime Property Fund	24.8	31.5	20.2	13.7	-	9.8
Principal U.S. Property Account	14.0	41.0	23.8	16.1	-	5.1
Prologis European Logistics Fund	-	-	100.0	-	-	-
Prologis Targeted U.S. Logistics Fund	-	-	100.0	-	-	-
Townsend Real Estate Fund, L.P.	41.4	14.7	14.1	12.9	0.3	16.7
<b>Core Commingled Funds</b>	<b>22.2</b>	<b>25.6</b>	<b>34.7</b>	<b>12.6</b>	<b>0.1</b>	<b>4.8</b>
<b>Core Separate Accounts</b>						
BlackRock Core Separate Account	-	-	-	100.0	-	-
Cornerstone Separate Account	-	-	-	-	-	-
<b>Core Separate Accounts</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>100.0</b>	-	-
<i>Total BlackRock Separate Account</i>	<i>0.0</i>	<i>35.6</i>	<i>0.0</i>	<i>64.4</i>	-	-
<b>Total Core Portfolio</b>	<b>20.7</b>	<b>23.8</b>	<b>32.2</b>	<b>18.8</b>	<b>0.1</b>	<b>4.5</b>
<b>Value Added Portfolio</b>						
AEW Value Investors Fund II	-	-	-	-	-	-
Allegis Value Trust	-	87.7	12.3	-	-	-
Carlyle China Realty	-	-	100.0	-	-	-
DRC European Real Estate Debt Fund II	-	40.6	-	59.4	-	-
ECE European Prime Shopping Centre Fund II	-	-	-	100.0	-	-
Hammes Partners II	-	-	-	-	-	100.0
Hines US Office Value Added Fund II	-	-	-	-	-	-
NREP Nordic Strategies Fund	72.1	1.1	-	26.8	-	-
NREP Nordic Strategies Fund II	17.8	7.0	47.5	10.8	-	16.8
NREP Nordic Strategies Fund III	31.7	5.1	21.5	-	-	41.7
<b>Value Added Portfolio</b>	<b>14.6</b>	<b>12.6</b>	<b>12.5</b>	<b>33.4</b>	<b>0.0</b>	<b>27.0</b>
<b>Opportunistic Portfolio</b>						
BlackRock High Return Separate Account	-	100.0	-	-	-	-
Carlyle China Project Rome Co-Investment	-	-	100.0	-	-	-
CIM Fund VIII	-	26.4	-	9.4	0.0	64.2
KKR Real Estate Partners Americas	21.1	28.3	-	12.2	22.0	16.3
Och-Ziff Real Estate Fund III	4.3	2.4	13.7	3.7	3.7	72.3
<b>Opportunistic Portfolio</b>	<b>3.6</b>	<b>33.8</b>	<b>22.3</b>	<b>5.0</b>	<b>3.6</b>	<b>31.7</b>
<b>Total Non-Core Portfolio</b>	<b>9.1</b>	<b>23.1</b>	<b>17.3</b>	<b>19.4</b>	<b>1.8</b>	<b>29.3</b>
<b>Total Private Portfolio</b>						
<b>SCERS</b>	<b>17.6</b>	<b>23.6</b>	<b>28.3</b>	<b>18.9</b>	<b>0.5</b>	<b>11.1</b>
<b>Indices</b>						
<b>NFI-ODCE</b>	<b>25.0</b>	<b>35.0</b>	<b>17.4</b>	<b>18.6</b>	<b>0.3</b>	<b>3.7</b>

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Ex-US
<b>Core Commingled Funds</b>									
Jamestown Premier Property Fund	32.5	34.2	-	-	2.7	-	-	30.6	-
Lion Properties Fund	24.8	10.6	5.5	0.5	8.8	11.4	5.2	33.2	-
MetLife Core Property Fund	9.1	11.4	9.0	-	15.5	10.7	7.3	37.0	-
Prime Property Fund	23.5	8.1	8.4	1.8	12	9	3.8	33.3	-
Principal U.S. Property Account	17.4	8.8	3.9	2.0	7.7	14.9	11.8	33.5	-
Prologis European Logistics Fund	-	-	-	-	-	-	-	-	100.0
Prologis Targeted U.S. Logistics Fund	10.3	6.5	10.8	-	9.1	13.9	2.4	47.0	-
Townsend Real Estate Fund, L.P.	17.0	10.5	18.7	12.5	6.2	4.2	6.0	24.9	-
<b>Core Commingled Funds</b>	<b>17.3</b>	<b>9.5</b>	<b>8.6</b>	<b>2.8</b>	<b>8.5</b>	<b>9.1</b>	<b>5.0</b>	<b>31.2</b>	<b>8.0</b>
<b>Core Separate Accounts</b>									
BlackRock Core Separate Account	-	-	-	-	-	-	-	100.0	-
Cornerstone Separate Account	-	-	-	-	-	-	-	-	-
<b>Core Separate Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>100.0</b>	<b>-</b>
<i>Total BlackRock Separate Account</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>0.0</i>	<i>-</i>	<i>100.0</i>	<i>-</i>
<b>Total Core Portfolio</b>	<b>16.1</b>	<b>8.9</b>	<b>8.0</b>	<b>2.6</b>	<b>7.9</b>	<b>8.5</b>	<b>4.6</b>	<b>36.0</b>	<b>7.4</b>
<b>Value Added Portfolio</b>									
AEW Value Investors Fund II	-	-	-	-	-	-	-	-	-
Allegis Value Trust	35.4	64.6	-	-	-	-	-	-	-
Carlyle China Realty	-	-	-	-	-	-	-	-	100.0
DRC European Real Estate Debt Fund II	-	-	-	-	-	-	-	-	100.0
ECE European Prime Shopping Centre Fund II	-	-	-	-	-	-	-	-	100.0
Hammes Partners II	28.6	11.3	16.9	1.4	7.0	17.0	8.0	9.8	-
Hines US Office Value Added Fund II	-	-	-	-	-	-	-	-	-
NREP Nordic Strategies Fund	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund II	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund III	-	-	-	-	-	-	-	-	100.0
<b>Value Added Portfolio</b>	<b>7.9</b>	<b>5.1</b>	<b>3.8</b>	<b>0.3</b>	<b>1.6</b>	<b>3.9</b>	<b>1.8</b>	<b>2.2</b>	<b>73.4</b>
<b>Opportunistic Portfolio</b>									
BlackRock High Return Separate Account	-	-	-	-	-	-	-	100.0	-
Carlyle China Project Rome Co-Investment	-	-	-	-	-	-	-	-	100.0
CIM Fund VIII	34.3	1.1	11.3	-	1.0	1.7	7.6	39.7	3.3
KKR Real Estate Partners Americas	10.3	3.9	2.0	0.4	14.8	24.9	-	21.4	22.3
Och-Ziff Real Estate Fund III	16.2	1.7	3.6	0.6	5.4	3.0	8.7	27.6	33.2
<b>Opportunistic Portfolio</b>	<b>13.9</b>	<b>1.1</b>	<b>4.1</b>	<b>0.1</b>	<b>3.2</b>	<b>4.4</b>	<b>3.5</b>	<b>40.4</b>	<b>29.2</b>
<b>Total Non-Core Portfolio</b>	<b>10.9</b>	<b>3.1</b>	<b>4.0</b>	<b>0.2</b>	<b>2.4</b>	<b>4.1</b>	<b>2.6</b>	<b>21.1</b>	<b>51.6</b>
<b>Total Private Portfolio</b>									
<b>SCERS</b>	<b>14.7</b>	<b>7.3</b>	<b>6.9</b>	<b>1.9</b>	<b>6.4</b>	<b>7.3</b>	<b>4.1</b>	<b>32.1</b>	<b>19.2</b>
<b>Indices</b>									
<b>NFI-ODCE</b>	<b>22.9</b>	<b>9.0</b>	<b>7.7</b>	<b>1.3</b>	<b>9.4</b>	<b>9.2</b>	<b>5.1</b>	<b>35.4</b>	<b>-</b>

## Advisory Disclosures and Definitions

### Disclosure

Trade Secret and Confidential.

Past performance is not indicative of future results.

Investing involves risk, including the possible loss of principal.

Returns are presented on a time weighted basis and shown both gross and net of underlying third party fees and expenses and may include income, appreciation and/or other earnings. In addition, investment level Net IRR's and equity multiples are reported.

The Townsend Group, on behalf of its client base, collects quarterly limited partner/client level performance data based upon inputs from the underlying investment managers. Data collection is for purposes of calculating investment level performance as well as aggregating and reporting client level total portfolio performance. Quarterly limited partner/client level performance data is collected directly from the investment managers via a secure data collection site.

<sup>1</sup>In select instances where underlying investment managers have ceased reporting limited partner/client level performance data directly to The Townsend Group via a secure data collection site, The Townsend Group may choose to input performance data on behalf of its client based upon the investment managers quarterly capital account statements which are supplied to The Townsend Group and the client alike.

### Benchmarks

The potential universe of available real asset benchmarks are infinite. Any one benchmark, or combination thereof, may be utilized on a gross or net of fees basis with or without basis point premiums attached. These benchmarks may also utilize a blended composition with varying weighting methodologies, including market weighted and static weighted approaches.

## Exhibit B: Real Estate Market Update 3Q18



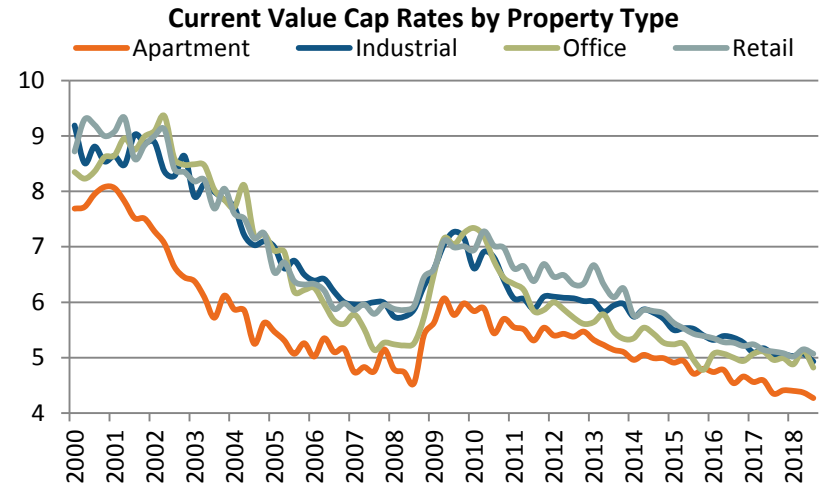
# United States Real Estate Market Update (3Q18)

## General

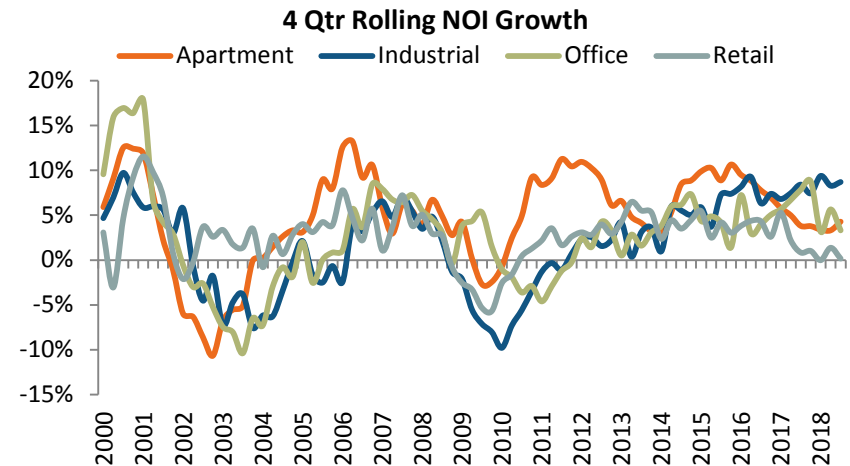
- The S&P 500 produced a gross total return of 7.7% during the Quarter, as markets rebounded from tightening monetary policy and trade war rhetoric on the back of strong economic data. The MSCI US REIT index produced a return of 1.1%. REITS continue to lag broader equity market performance. Consumer Sentiment reached its second highest point year-to-date during the Quarter, hitting 101.1.
- Macro indicators for U.S. real estate continue to be positive; GDP grew at an annualized rate of 3.5% in the Third Quarter and headline CPI rose by 2.3% YoY, above the Fed's 2% target. As of Quarter-end, the economy has now experienced 96 consecutive months of job growth. The Federal Reserve has continued to tighten monetary policy, with the effective federal funds rate reaching 1.95% at Quarter-end.

## Commercial Real Estate

- Private Real Estate Market values continued to remain flat over the quarter. Transaction cap rates (5.5%) also remained flat during the quarter. At the same time, current valuation cap rates compressed across property sectors, with the office and industrial cap rates contracting the most, 31 bps and 14 bps, respectively.
- NOI growth by sector continued to deviate during the Quarter, with retail NOI growth continuing to lag other sectors. Positive momentum continues in the industrial sector, benefiting from e-commerce and economic growth. The sector experienced 8.7% NOI Growth over the last year.
- In the Second Quarter of 2018, \$27bn of aggregate capital was raised by Real Estate Funds. To date in 2018, Private Equity Real Estate Funds have raised \$111.2bn, which is similar in size to the prior 5 years.
- 10-year treasury bond yields expanded 20 bps to 3.06% during the quarter, and subsequent to quarter end have dropped back below 3.0%. A combination of expansionary fiscal policy and tightening monetary policy have led to increasing short-term interest rates and a flattening yield curve.



Source: NCREIF



Source: NCREIF

# United States Property Matrix (3Q18)

## INDUSTRIAL

- As of 3Q18, industrial properties returned 3.4% and outperformed the NPI by 168 bps.
- Transaction volumes reached \$54.7 billion YTD, marking a 16% year-over-year increase. Large-scale portfolio sales are expected make 2018 the largest overall historic year in terms of total activity, increasing the difficulty for investors trying to gain exposure.
- Cap rates are averaging 4.6%, representing 15 bps reduction year-over-year.
- Vacancy remained stable at 4.8% , a 20 bps reduction year-over-year, continuing to be at an all-time historic low. Strong demand has pushed asking rents up 6.3% year-over-year.
- Increased investor demand for industrial assets, coupled with limited acquisition opportunities are pushing investors into secondary markets and driving valuations to all-time highs. Secondary markets are averaging a 50 to 100 bps spread over primary markets for Class A product.

## MULTIFAMILY

- The apartment sector delivered a 1.5% return during the Quarter, underperforming the NPI by 13 bps.
- Transaction volume YTD has reached \$115.7 billion, an increase of 14.7% year-over-year. Sector outperformance has made multifamily the most actively traded sector of 2018. The increase in 3Q can be attributed to portfolio sales, which increased 74.3% over 2Q.
- Despite increased completions, vacancy declined by 25 bps year-over-year to 4.7%. Rent growth year-over-year now stands at 3.9%, an increase of 20bps.
- Primary market stability has led to an increase in transaction activity, increasing 8.7% YTD. Secondary markets.
- Transaction volume of high-rise apartments has increased 41.9% year-over-year, indicating increased investor attention. Despite accounting for 5.9% of multifamily inventory, currently 26.2% of the development pipeline is high-rise developments .

## OFFICE

- The office sector returned 1.7% in 3Q18, 1 bps above the NPI return over the period.
- Transaction volumes have increased by 2.9% despite fewer trades, driven by larger asset sales. YTD sales volumes totaled \$93.1 billion as of Q3.
- Total vacancy rose by 40 bps to 15.3% quarter-over-quarter due to the rising deliveries. 30.0 million sqft has been delivered YTD, with absorption trending 29.0% lower in 2018 than 2017.
- Investors are shifting attention to primary markets as they target lower risk markets with increased liquidity and longer-term hold assets that can endure through market cycles. Volumes in primary CBDs has increased 3.5% year-over-year, while secondary markets have declined by 8.4% over the same period.
- Foreign investment has declined by 22.3% YTD as currency hedging costs have become prohibitive to yield requirements.

## RETAIL

- As of 3Q18, the retail sector delivered a quarterly return of 0.6%, performing 111 bps below the NPI.
- Transaction volumes totaled \$56.9 billion YTD, driven by large entity-level transactions. Including these entity-level sales, YTD sales growth increased 36.1%. Excluding the large portfolio sales, volume was down 26.8% year-over-year.
- Despite the continued announcement of store closures, 12-month rental growth was 5.8%, largely driven by grocery-anchored centers.
- Average cap rates remain at 4.3%. Premier assets continue to trade aggressively, driven by foreign demand, while malls in non-core markets show little interest from investors.
- Vacancy declined to 4.5%, a compression of 12 bps compared to the second quarter of 2018. As retailers continue to announce store closures, vacancy is anticipated to start to increase on a go-forward basis.



## Global Real Estate Market Update (3Q18)

- Global investment activity has continued to exceed expectations through the end of 2018, with investment volumes expected to reach the highest levels since 2007. Year-to-date, the three most active cities were New York City, Los Angeles, and London, respectively.

- There are signs that investment volumes will begin to moderate during 2019, estimated to decrease by approximately 5%.

- The U.S. economic growth has continued to bolster the global economy, however, investors continue to consider elevating trade tensions, political uncertainty, and a rising U.S. interest rate environment. Despite these concerns, investing in real estate remains attractive.

- While overall investment activity fell in EMEA, there is still capital flowing into UK real estate, with London remaining a top investment destination. However, uncertainty regarding Brexit could reduce investor confidence in the region. Germany and France again recorded increased investment activity during the quarter.

- In Asia Pacific, Seoul recorded all-time highs in investment volumes during the quarter, while increased interest rates and competitive pricing slowed the transaction volumes in Hong Kong.

- In the office sector, global leasing markets have remained active. Leasing volumes by year-end 2018 are expected to be at the highest level since 2007, with Asia Pacific seeing the strongest leasing activity. Leasing volumes in 2019 are expected to be lower than 2017 and 2018, but still higher than the 10-year average. Prime office rental growth is expected to remain positive through 2019, with the top rental performers likely to include San Francisco, Boston, Singapore, Sydney, Madrid, Moscow, Stockholm, Amsterdam, and Berlin.

- The focus in the retail sector continues to be on customer experience, incorporating a mix of retail and non-retail tenants, such as food and beverage, fitness centers, and lifestyle brands. In Europe, increasing wage growth supports a stronger retail sales outlook, and in Asia Pacific, retail rents have continued to be stable.

- Fundamentals for logistics have continued to be strong, with global logistics markets showing record demand and historically low vacancy rates. While there is expanding supply, industrial leasing is still robust in Europe and Asia Pacific has continued to see rent increases in most markets.

### Global Total Commercial Real Estate Volume - 2017 - 2018

\$ US Billions	Q3 2018	Q3 2017	% Change		% Change	
			Q3 18 - Q3 17	YTD 2018	YTD 2017	YTD 18 - YTD 17
Americas	139	119	17%	353	318	11%
EMEA	57	81	-29%	205	225	-9%
Asia Pacific	199	223	-11%	622	546	14%
<b>Total</b>	<b>395</b>	<b>422</b>	<b>-7%</b>	<b>1180</b>	<b>1089</b>	<b>8%</b>

Source: Real Capital Analytics, Inc., Q3' 18

### Global Outlook - GDP (Real) Growth % pa, 2018-2020

	2018	2019	2020
<b>Global</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>
<b>Asia Pacific</b>	<b>5.5</b>	<b>5.2</b>	<b>5.3</b>
Australia	3.2	2.8	2.7
China	6.6	6.2	6.2
India	7.3	7.4	7.7
Japan	1.1	0.9	0.3
<b>North America</b>	<b>2.7</b>	<b>2.5</b>	<b>1.9</b>
US	2.9	2.5	1.8
<b>MENA*</b>	<b>2.0</b>	<b>2.5</b>	<b>2.9</b>
<b>European Union</b>	<b>2.2</b>	<b>2.0</b>	<b>1.8</b>
France	1.6	1.6	1.6
Germany	1.9	1.9	1.6
UK	1.4	1.5	1.5

\*Middle East North Africa

Source: International Monetary Fund (October 2018)