



# Board of Retirement Regular Meeting

## Sacramento County Employees' Retirement System

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### Agenda Item 19

**MEETING DATE:** September 16, 2020

**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 June 30, 2020.

### PURPOSE

This item complies with SCERS' investment policy statement reporting requirements and contributes to the effective management and oversight of investment activities.

### DISCUSSION

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

SCERS' Real Estate allocation sits at 8.6% as of June 30, 2020, above the target allocation of 7%, but within the permissible range of 5%-9%. During the quarter, SCERS made redemption requests from two core open-end funds totaling approximately \$84 million in order to bring the overweight down. Unfortunately, both funds were only able to partially redeem SCERS' redemption request, due to both funds receiving redemption requests greater than their available cash. It is expected that SCERS' remaining redemption amounts will be paid out over the subsequent quarters.

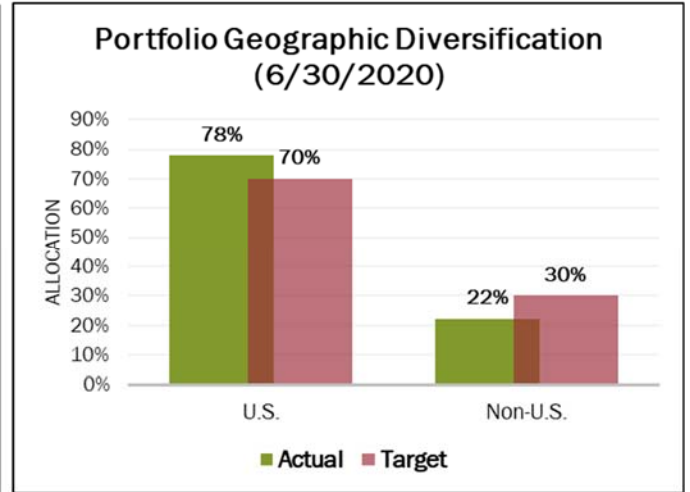
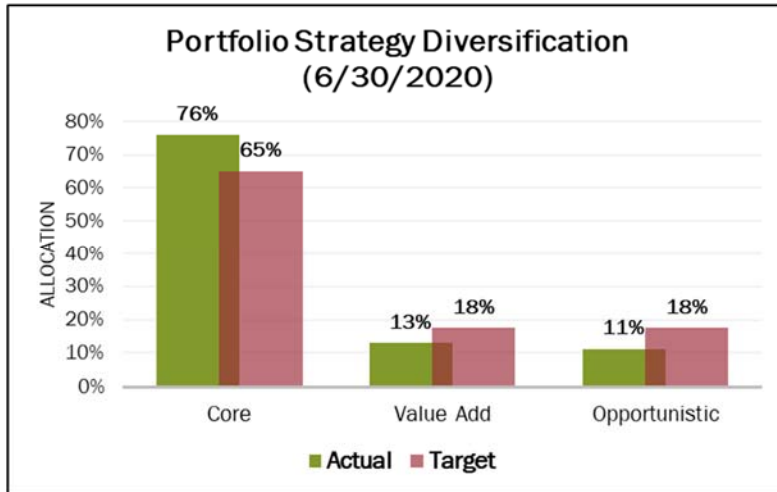
With the market recovery during the quarter and after full redemptions, SCERS' real estate allocation is expected to reduce from 8.6% to 8.0%, above the target allocation of 7.0% but within the permissible range of 5.0%-9.0%.

To date, SCERS has been comfortable holding a higher than target weight while the Real Assets portfolio is being built out. The Real Estate portfolio will be rebalanced down toward the 7% target allocation over the next couple of years, as the Real Assets portfolio moves up toward its target allocation.

**SCERS REAL ESTATE PERFORMANCE SUMMARY**  
**Quarter Reporting Period Ending June 30, 2020**

SUB-ASSET CLASS	Quarter 6/30/20	1-Year	3-Year	5-Year	Since Inception	Since Inception Date
<b>SCERS Real Estate Portfolio</b>	<b>-1.1%</b>	<b>3.3%</b>	<b>7.3%</b>	<b>8.1%</b>	<b>8.1%</b>	Nov-86
(65%) NFI-ODCE + (35%) NFI-ODCE + 1%	-1.7%	1.7%	5.1%	6.7%	6.5%	Nov-86
<b>Core Portfolio</b>	<b>-1.4%</b>	<b>3.9%</b>	<b>7.4%</b>	<b>7.8%</b>	<b>6.6%</b>	Nov-86
Separate Account	N/A	4.3%	14.1%	11.2%	9.5%	Nov-86
Commingled Funds	-1.4%	3.9%	8.2%	9.2%	7.0%	Sep-13
NFI-ODCE Index	-1.8%	1.3%	4.7%	6.3%	6.1%	
<b>Non-Core Portfolio</b>	<b>0.0%</b>	<b>1.2%</b>	<b>6.8%</b>	<b>9.1%</b>	<b>5.4%</b>	Jun-06
Value Add Portfolio	2.5%	12.2%	9.0%	10.7%	4.7%	Jun-06
Opportunistic	-2.8%	1.2%	6.8%	7.1%	5.4%	May-13
NFI-ODCE + 1% Index	-1.5%	2.3%	5.7%	7.3%	7.1%	

**SCERS PORTFOLIO DIVERSIFICATION**



**SCERS PORTFOLIO RESULTS**

For the quarter ended June 30, 2020, SCERS' Real Estate portfolio outperformed against the NFI-ODCE blended benchmark on a relative basis but was down for the quarter, -1.1% versus -1.7%, due to the negative impact of the pandemic on asset values.

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Below are notable top and bottom performing funds during the quarter ended June 30, 2020:

- Top performing funds:
  - Core:
    - Prologis European Logistics Fund: +0.6% in U.S. Dollars (-1.2% in Euros)
    - MetLife Core Property Fund: -1.1%
  - Non-Core:
    - NREP Nordic Strategies Fund III: +8.8% in U.S. Dollars (+6.9% in Euros)
    - NREP Nordic Strategies Fund I: +7.1% in U.S. Dollars (+5.1% in Euros)
    - NREP Nordic Strategies Fund II: +6.1% in U.S. Dollars (+4.2% in Euros)

Bottom performing funds:

- Core:
  - Clarion Lion Property Fund: -2.0%
  - Prime Property Fund: -1.9%
  - Prologis Targeted U.S. Logistics Fund: -1.8%
- Non-Core:
  - Asana Partners Fund II: -9.9%
  - CIM FUND VIII: -7.5%
  - KKR Real Estate Partners Americas: -6.7%

## **NEW INVESTMENTS**

During the quarter ended June 30, 2020, SCERS made the following new investments:

- Sculptor Real Estate Fund IV: \$30 million

New investments made after the quarter:

- None

## **ATTACHMENT**

Townsend's Real Estate Portfolio Performance Measurement Report for the Quarter ended June 30, 2020.

Prepared by:

/S/

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Reviewed by:

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Steve Davis

Chief Investment Officer

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Eric Stern

Chief Executive Officer



**TOWNSEND<sup>®</sup>**  
GROUP

an Aon company

Real Estate Portfolio

# Performance Measurement Report

SECOND QUARTER 2020



**SCERS**

SACRAMENTO COUNTY  
EMPLOYEES' RETIREMENT SYSTEM

## SCERS Real Estate Portfolio Overview

- SCERS targets 7.0% to Real Estate with an allowable range of 5.0% to 9.0%. As of the end of the Second Quarter, 2020 (the “Quarter”), the Real Estate Portfolio was within the allowable range at 8.6%. Core Real Estate currently makes up 76.0% of the portfolio, with Non-Core Real Estate making up the remaining 24.0%. Townsend and Staff are evaluating portfolio rebalancing options to reduce Real Estate exposure.

### 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-four Core open-end commingled funds invested across the United States.
- 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.
- In 2018, 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. Given the size of the IMA Portfolio, SCERS reduced 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> 2018.
- The loan-to-value ratio of the Private Real Estate Portfolio was 33.7% at the end of the Second Quarter of 2020. The loan-to-value ratio of the Core Portfolio was 29.1%, 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 22.3% as of the Second Quarter. The Non-Core Portfolio reported a loan-to-value ratio of 44.9%.

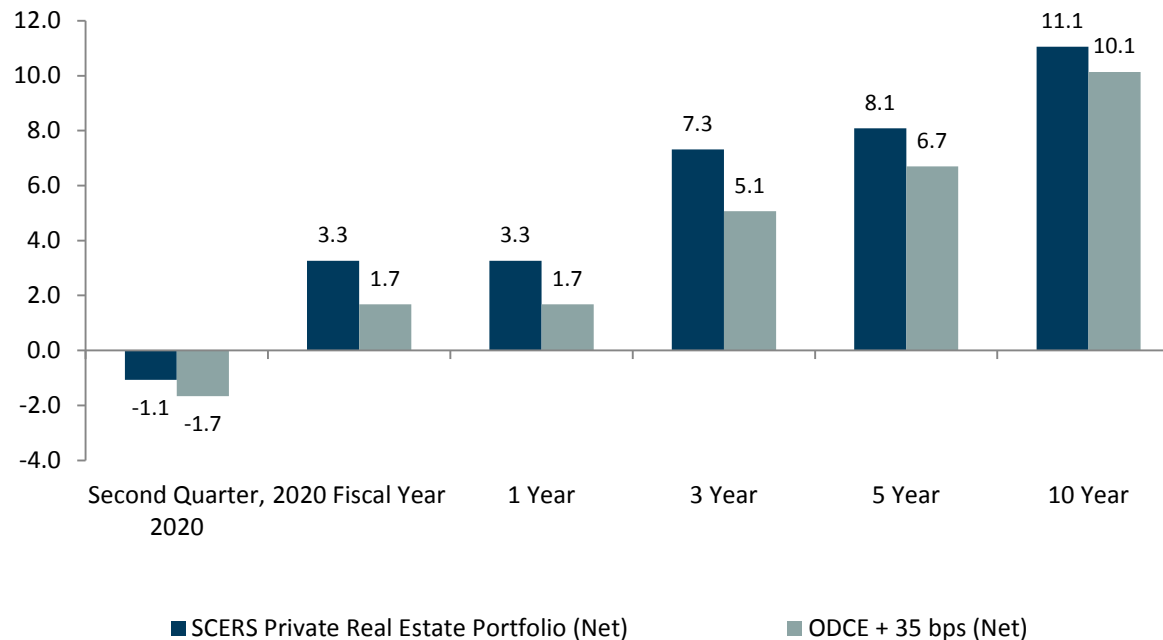
## Portfolio Funding Status

- The following slides provide a review of key information of the SCERS Real Estate Portfolio (the “Portfolio”) through June 30, 2020.
- A detailed performance report is also provided in **Exhibit A**.
- Figures exclude commitments / redemptions / dispositions approved subsequent to Quarter-end.

<b>SCERS Portfolio Snapshot</b> <i>As of June 30, 2020</i>	<b>Market Value</b> (in millions of dollars)*	<b>% of SCERS Plan</b>
<b>SCERS Total Plan Assets</b>	<b>9,839</b>	<b>100.0%</b>
<b>Private Portfolio Target</b>	<b>689</b>	<b>7.0%</b>
<b>Private Portfolio Permissible Range</b>		<b>5.0-9.0%</b>
<b>Private Real Estate</b>		
Core Portfolio	645	6.6%
Non-Core Portfolio	204	2.1%
<b>Total SCERS Private Real Estate Market Value</b>	<b>850</b>	<b>8.6%</b>
<b>Total SCERS Private Real Estate Unfunded Commitments</b>	<b>151</b>	<b>1.5%</b>

\* Figures may not add due to rounding.

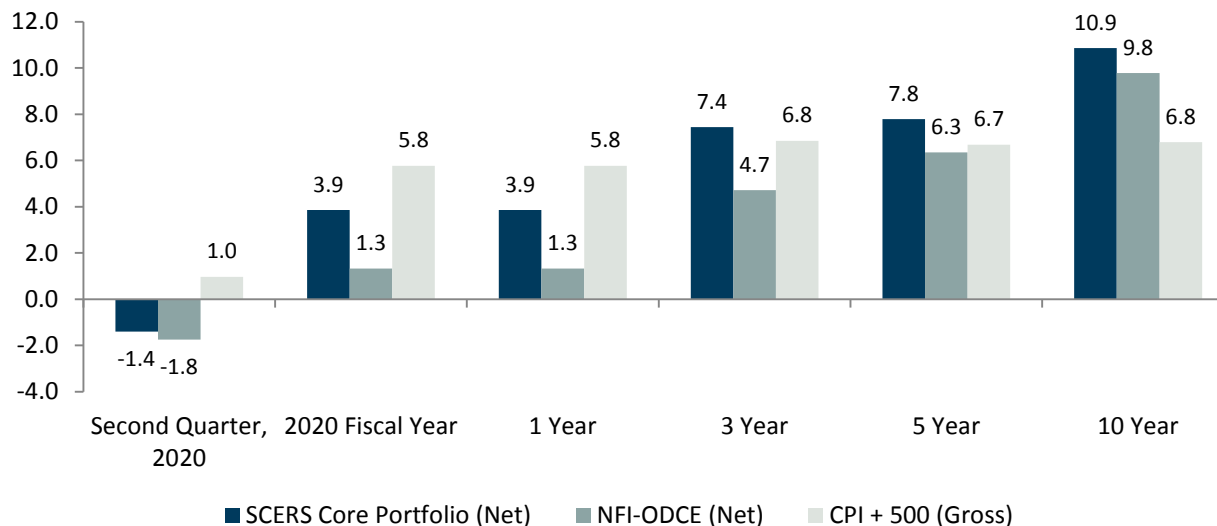
## Private Real Estate Portfolio Performance



- 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.
- Although the SCERS Total Real Estate Portfolio wasn't shielded from the impacts of the COVID-19 pandemic generating negative returns over the quarter, the portfolio outperformed the blended benchmark over all time periods.



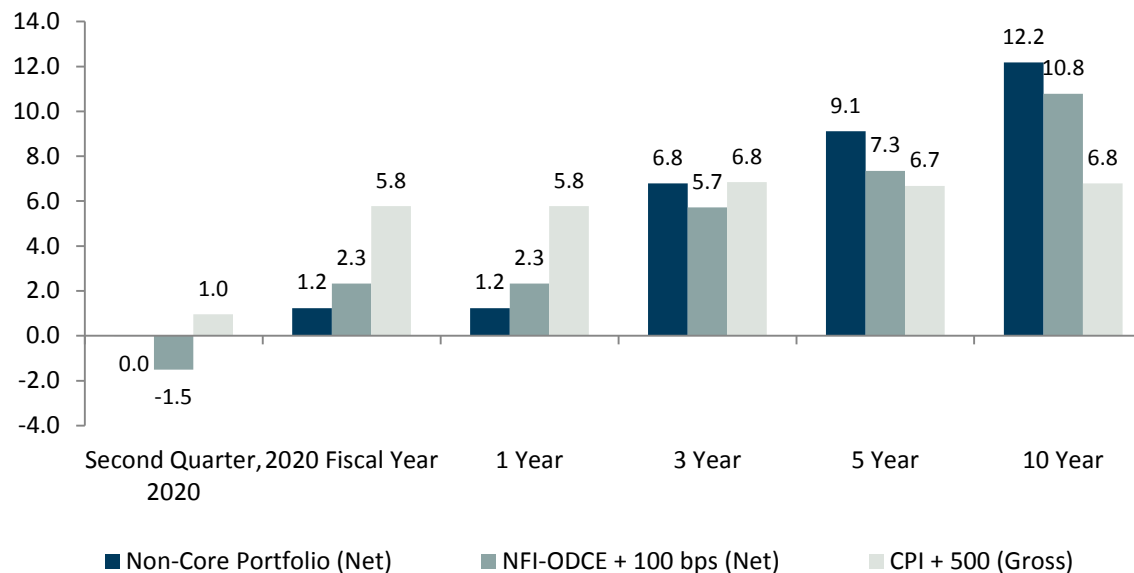
## Core Portfolio Performance



- The SCERS Core Portfolio consists of eight open-end Core Commingled funds. The Core Commingled Fund exposure includes Morgan Stanley’s Prime Property Fund, MetLife Core Property Fund, Principal U.S. Property Account, Prologis Targeted U.S. Logistics Fund, Prologis European Logistics Fund, Townsend Real Estate Fund, Brookfield Premier Real Estate Partners, and Clarion’s Lion Properties Fund.
- 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.
- During the Quarter, Prologis European Logistics Fund was the strongest absolute performer (0.6% net return). On the other hand, the remaining core funds reflected the negative effects of the COVID-19 pandemic with funds witnessing an average of 2.4% decrease in value.
- The SCERS Core Portfolio performed above the CPI + 500 bps (the SCERS Real Asset benchmark) over all time periods, except for the trailing quarter and year.

\*EX-US funds produced the following 2Q20 net returns in local currency: Prologis European Logistics Fund (Euro) -1.2%.

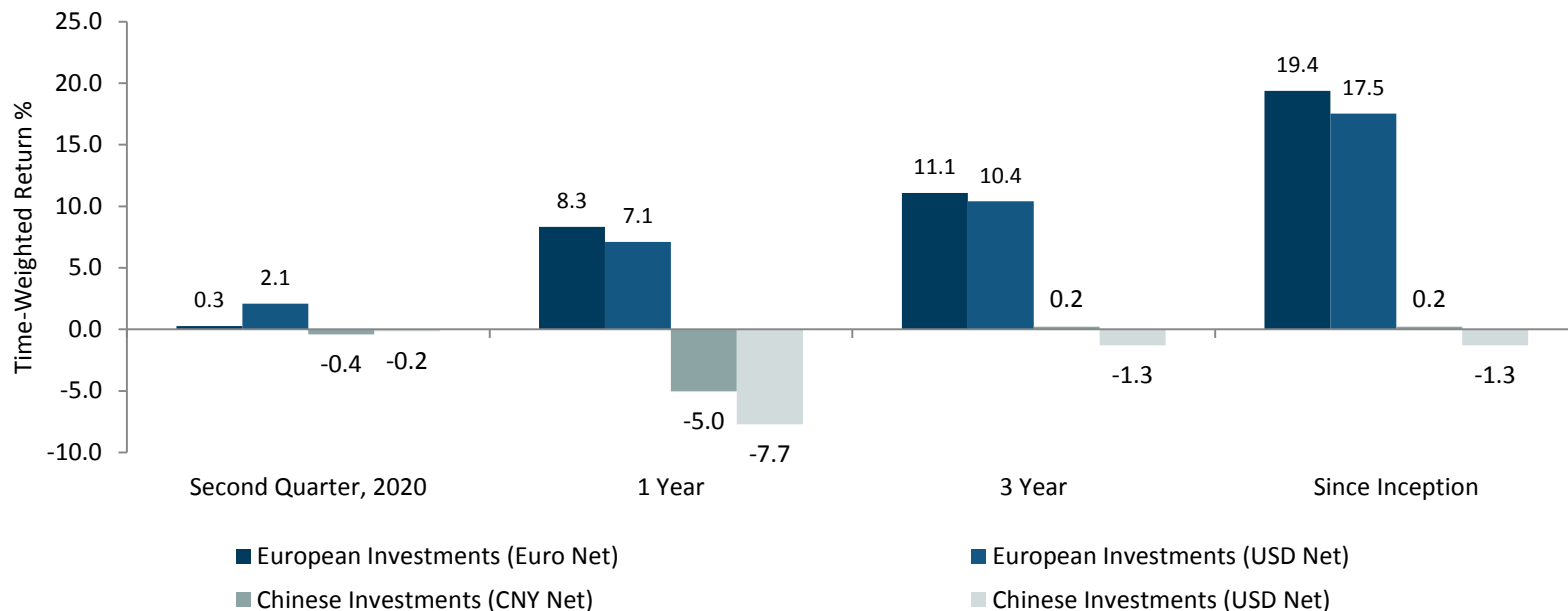
## Non-Core Portfolio Performance



- The SCERS Non-Core Portfolio includes both Value Added and Opportunistic Real Estate strategies, which are defined in the Glossary of Terms.
- The Non-Core Portfolio outperformed the benchmark over all periods, except the trailing year. Underperformance of the Non-Core portfolio was led by the negative performance of the Opportunistic investments as KKR Real Estate Partners and CIM Fund VIII witnessed severe write-downs in assets largely driven by the COVID-19 pandemic.
- Over the trailing quarter, NREP Nordic Strategies Fund III was the strongest absolute performer generating 8.8% in net returns due to an uplift in the values of several of the fund's assets especially Flex Space. NREP Nordic Strategies Fund II was the largest contributor to the overall portfolio performance.

*\*EX-US funds produced the following 2Q20 net returns in local currency: DRC European Real Estate Debt Fund II (Pound Sterling) 1.7%, ECE European Prime Shopping Centre Fund II (Euro) -3.5%, NREP Nordic Strategies Fund II (Euro) 4.2%, NREP Nordic Strategies Fund III (Euro) 6.9%, Carlyle China Realty Fund (Chinese Yuan) -0.6% and Carlyle's Project Rome (Chinese Yuan) -0.4%.*

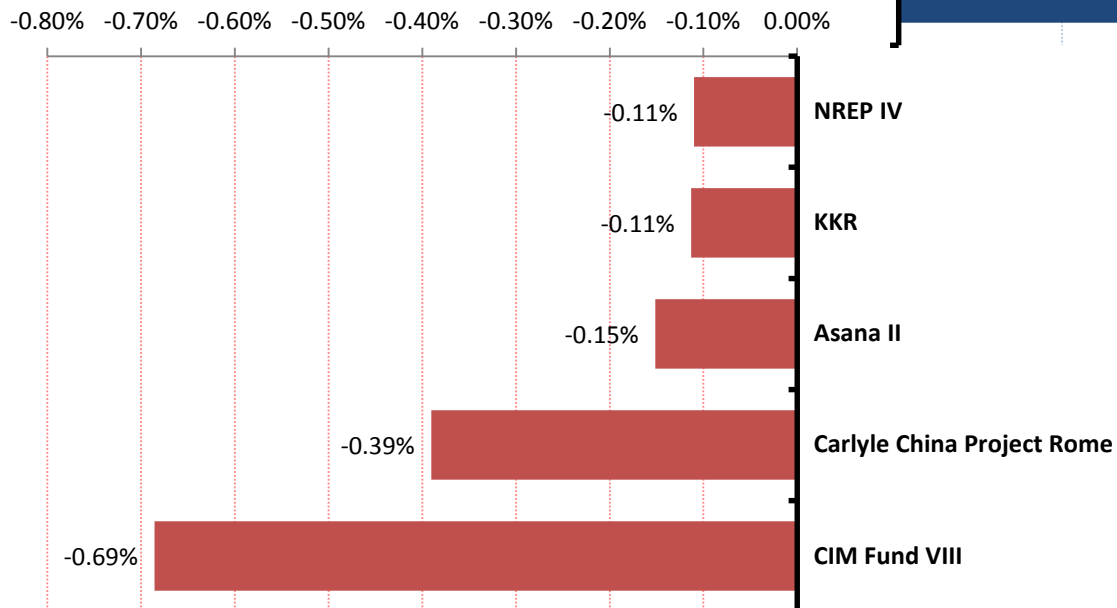
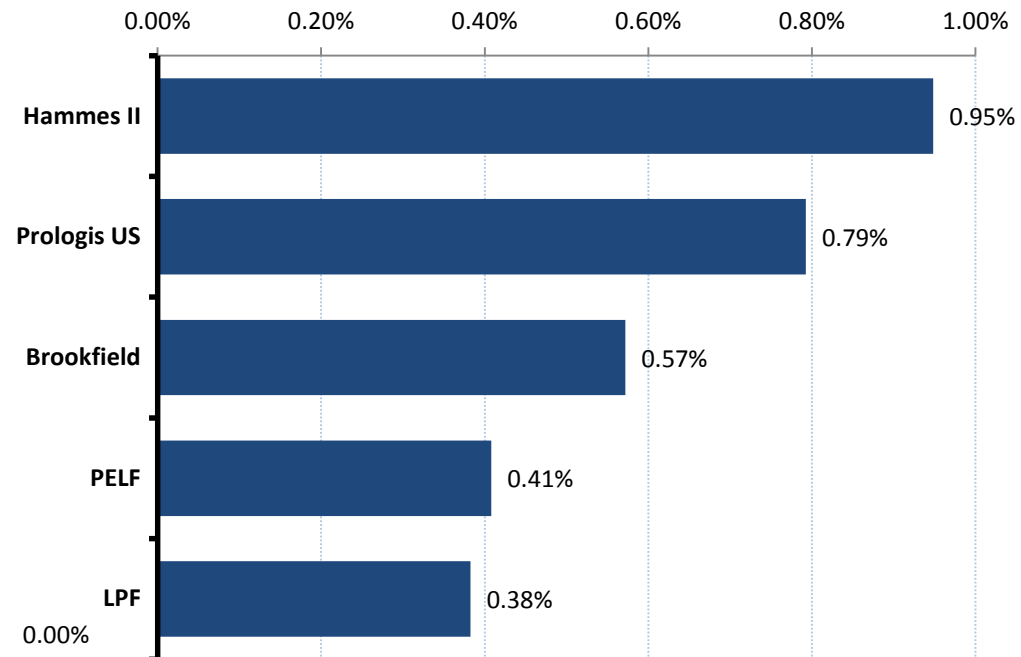
## Ex-US Portfolio Performance



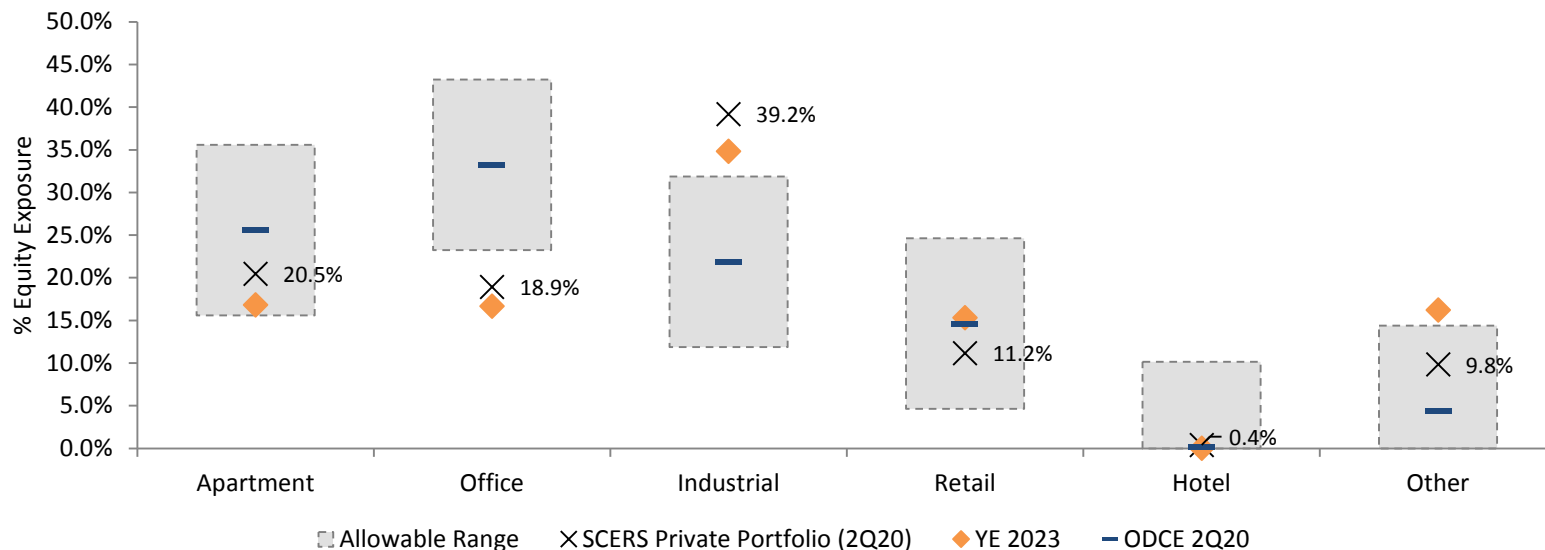
- Approximately 23.2% of the SCERS Portfolio is comprised of Ex-US investments. SCERS does not currently hedge its foreign currency exposures and pays liabilities in US Dollars. As such, FX movement will impact performance for Ex-US investments. The chart above isolates European and Asian investments and displays performance both before and after currency conversion.
- Unlike the previous quarters, currency movement has positively impacted foreign investments over the trailing quarter. However, currency impacts on performance tend to be cyclical in nature.
- The SCERS Euro Denominated Composite includes: ECE European Prime Shopping Center Fund II (Euro) -3.5%, NREP Nordic Strategies Fund (Euro) 5.1%, NREP Nordic Strategies Fund II (Euro) 4.2%, NREP Nordic Strategies Fund III (Euro) 6.9%, NREP Nordic Strategies Fund IV (Euro) -149.0% and Prologis European Logistics Fund (PELF) -1.2%.
  - Since Inception period begins 1Q15.
  - For the purposes of this composite, DRC has been excluded since it is a Pound denominated fund.
- The SCERS Chinese Yuan Composite includes: Carlyle China Realty Fund (Chinese Yuan) -0.6% and Carlyle's Project Rome (Chinese Yuan) -0.4%.
  - Since Inception period begins 3Q17.
  - SCERS' Carlyle investments are USD denominated at the fund level, but property values are exposed to currency translation.
  - The Chinese composite's weak performance is a result of the Carlyle Rome co-investment's negative performance due to project delays and softness in the leasing markets.

## Performance Attribution

- Despite the current conditions, the Core OECFs were strong performers within SCERS' Portfolio.
- Over the trailing year, four OECFs within the SCERS portfolio were in the top 5 contributors to overall portfolio performance. The funds include Prologis Targeted U.S. Logistics Fund, Lion Properties Fund, Brookfield Premier Real Estate Partners and Prologis Targeted Europe Logistics Fund.
- The Value Added Portfolio contributed positively to the performance with Hammes Partners II contributing the greatest portion of overall returns.
- Both Carlyle China Project Rome and CIM Fund VIII were affected by significant asset write-downs in relation to the pandemic.
- Asana II reported significant write-downs as well, reflecting the impact lockdown measures have had on retail properties.
- During the trailing year, NREP IV witnessed negative net returns as the fund is relatively new and undergoing the J-curve effect.



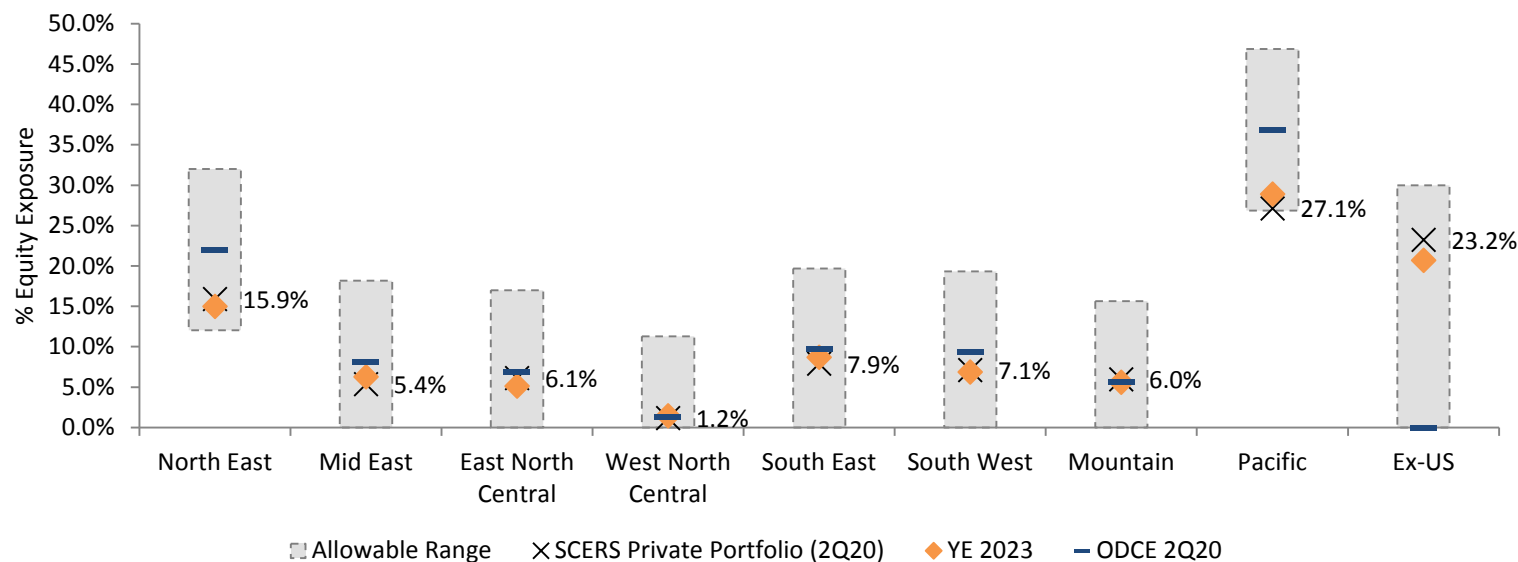
## Real Estate Private Portfolio Diversification – Property Type



- 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 Second Quarter, the Private Portfolio was in compliance across all property types, with the exception of office and industrial. Given a majority of industrial exposure is within open-ended vehicles, Townsend and Staff will continue to monitor the property type fundamentals for opportunities to tactically reduce exposure if secular growth trends moderate.
- Favorable views on the industrial property type fundamentals support increasing exposure in the current 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.
- The “Other” property type exposure represents Sculptor Real Estate Fund III\* (parking, senior housing and cell towers), KKR Real Estate Partners Americas (senior housing), CIM Fund VIII (condominiums), Hammes Partners II and III (medical office), Townsend Real Estate Fund (senior and student housing), NREP Nordic Strategies Fund II (student housing), NREP Nordic Strategies Fund III (senior living and land) and Prime Property Fund (self storage).

\*Sculptor Real Estate Fund III was previously called Och-Ziff Real Estate Fund III.

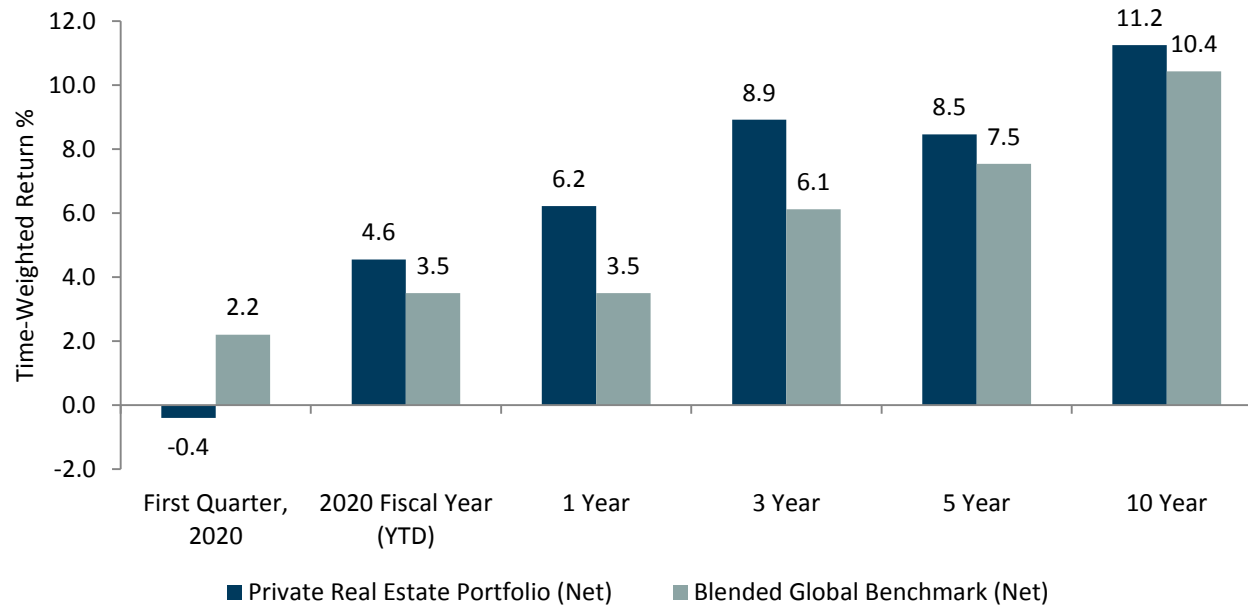
## Real Estate Private Portfolio Diversification – Geographic Region



- 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 30.0% of the Total Private Portfolio.
- As of the Second Quarter, the Private Portfolio was in compliance across all regions. However, tactical overweight/underweight positions may exist over time.
- The Private Portfolio's international exposure is 23.2%, well within its 30% constraint, and will remain similar as KKR Real Estate Partners Americas, Sculptor Real Estate Fund III\*, NREP Nordic Strategies Fund III and IV and ECE European Prime Shopping Centre Fund II 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 2Q20, these investments provide \$42.3 million in equity exposure to China.
- Ex-US exposure consists of 4.03% in China, 2.21% in Denmark, 2.10% in Finland, 2.40% in Germany, 1.97% in France, 2.21% in Sweden, 1.16% in Netherlands, 1.45% in Poland, 1.47% in the UK, 1.37% in Spain and 2.88% in other countries.

\*Sculptor Real Estate Fund III was previously called Och-Ziff Real Estate Fund III.

# Private Real Estate Performance – Global Ancillary Benchmark (1Q20)



- The Global Ancillary Benchmark is made-up of 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. As a result, the ancillary benchmark will be reported on a quarterly lag to SCERS.
- The Private Portfolio's international exposure is 23.2%, 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 its secondary benchmark over all time periods, except for the first quarter of 2020. Underperformance of the Private Portfolio is led by the negative performance of the Non-Core portfolio which was affected by the spread of COVID-19.
  - While several funds in the Non-Core portfolio already wrote down assets proactively during the quarter, the Core and benchmark returns were not yet reflecting the COVID-19 environment due to appraisal lag.

## Exhibit A: Performance Flash Report





Portfolio Composition (\$)								
Total Plan Assets	Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
9,838,836,457	Core	7.0%	645,370,344	6.6%	0	0.0%	43,348,208	0.4%
	Non-Core	0.00% - 5.00%	204,191,330	2.1%	151,257,385	1.5%	-134,074,895	-1.4%
	<b>Total</b>	<b>7.0%</b>	<b>849,561,674</b>	<b>8.6%</b>	<b>151,257,385</b>	<b>1.5%</b>	<b>-90,726,687</b>	<b>-0.9%</b>

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Portfolio (Commingled Funds & Separate Accounts)	-1.5	-1.4	4.6	3.9	8.5	7.4	8.9	7.8
Non-Core Portfolio (Value Added & Opportunistic, 1Q2007 Forward)	1.0	0.0	5.3	1.2	10.6	6.8	12.5	9.1
Private Real Estate Portfolio	-0.9	-1.1	4.8	3.3	9.1	7.3	9.8	8.1
NFI-ODCE (Core)	-1.6	-1.8	2.2	1.3	5.7	4.7	7.3	6.3
NFI-ODCE + 100 bps (Non-Core)	-1.3	-1.5	3.2	2.3	6.7	5.7	8.3	7.3
NFI-ODCE + 35 bps (Private Portfolio)	-1.5	-1.7	2.6	1.7	6.0	5.1	7.7	6.7

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	100,000,000	0	6,275,693	104,645,253	12.3	10.5
Lion Properties Fund	2018	152,400,000	154,297,559	0	45,617,493	120,406,751	14.2	12.0
MetLife Core Property Fund	2013	35,000,000	48,446,152	0	14,064,966	63,634,470	7.5	6.4
Prime Property Fund	2013	35,000,000	48,421,497	0	20,281,030	56,319,806	6.6	5.6
Principal U.S. Property Account	2015	35,000,000	35,000,000	0	0	48,028,771	5.7	4.8
Prologis European Logistics Fund <sup>1</sup>	2016	78,037,070	80,543,205	0	43,005,160	55,219,882	6.5	5.5
Prologis Targeted U.S. Logistics Fund	2015	50,000,000	50,000,000	0	9,086,245	77,589,393	9.1	7.8
Townsend Real Estate Fund, L.P.	2016	90,000,000	105,853,803	0	15,853,803	118,988,105	14.0	11.9
<b>Core Commingled Funds</b>	<b>1986</b>	<b>575,437,070</b>	<b>622,562,216</b>	<b>0</b>	<b>154,184,390</b>	<b>644,832,431</b>	<b>75.9</b>	<b>64.4</b>
<b>Core Separate Accounts</b>								
BlackRock Core Separate Account	1995	0	852,777,064	0	1,220,110,847	224,397	0.0	0.0
Cornerstone Separate Account	2004	0	255,784,314	0	349,671,865	313,516	0.0	0.0
<b>Core Separate Accounts</b>	<b>1996</b>	<b>0</b>	<b>1,108,561,378</b>	<b>0</b>	<b>1,569,782,712</b>	<b>537,913</b>	<b>0.1</b>	<b>0.1</b>
<i>Total BlackRock Separate Account</i>	<i>1996</i>	<i>0</i>	<i>1,023,189,152</i>	<i>0</i>	<i>1,465,969,287</i>	<i>697,042</i>	<i>0.1</i>	<i>0.1</i>
<b>Total Core Portfolio</b>	<b>1986</b>	<b>575,437,070</b>	<b>1,731,123,594</b>	<b>0</b>	<b>1,723,967,102</b>	<b>645,370,344</b>	<b>76.0</b>	<b>64.5</b>
<b>Value Added Portfolio</b>								
Allegis Value Trust	2006	25,000,000	25,550,296	0	31,309,296	79,542	0.0	0.0
Asana Partners Fund II <sup>5</sup>	2019	35,000,000	5,512,500	29,181,250	0	3,789,249	0.4	3.3
DRC European Real Estate Debt Fund II <sup>3</sup>	2013	50,007,963	47,627,074	9,037,586	42,576,239	9,201,674	1.1	1.8
ECE European Prime Shopping Centre Fund II C	2015	33,611,623	28,508,672	6,456,272	2,632,408	31,681,643	3.7	3.8
Hammes Partners II	2015	25,000,000	27,181,421	905,036	34,617,580	7,837,964	0.9	0.9
Hammes Partners III	2018	25,000,000	6,255,842	24,869,158	597,175	5,122,384	0.6	3.0
NREP Nordic Strategies Fund	2014	25,130,756	22,485,011	0	31,752,473	6,586,683	0.8	0.7
NREP Nordic Strategies Fund II	2016	28,486,400	27,678,997	0	9,819,075	28,426,672	3.3	2.8
NREP Nordic Strategies Fund III	2018	39,019,632	15,494,959	20,432,855	0	16,791,103	2.0	3.7

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
NREP Nordic Strategies Fund IV	2019	35,449,208	858,878	35,946,978	0	-109,382	0.0	3.6
<b>Value Added Portfolio</b>	<b>1986</b>	<b>321,705,582</b>	<b>207,153,650</b>	<b>126,829,135</b>	<b>153,304,246</b>	<b>109,407,532</b>	<b>12.9</b>	<b>23.6</b>
<b>Opportunistic Portfolio</b>								
BlackRock High Return Separate Account	2016	0	19,810,607	0	29,500,000	472,724	0.1	0.0
Carlyle China Project Rome Co-Investment	2017	40,000,000	37,397,663	4,416,111	0	34,478,126	4.1	3.9
Carlyle China Realty	2017	10,000,000	10,376,516	1,102,889	2,342,232	7,791,850	0.9	0.9
CIM Fund VIII	2015	35,000,000	38,063,398	520,647	6,546,491	33,728,545	4.0	3.4
KKR Real Estate Partners Americas <sup>3</sup>	2014	22,720,638	29,843,367	4,221,077	33,794,213	5,217,602	0.6	0.9
Sculptor Real Estate Fund III <sup>2,3</sup>	2014	35,000,000	25,323,644	14,167,526	24,370,876	13,094,951	1.5	2.7
<b>Opportunistic Portfolio</b>	<b>1991</b>	<b>142,720,638</b>	<b>160,815,195</b>	<b>24,428,250</b>	<b>96,553,812</b>	<b>94,783,798</b>	<b>11.2</b>	<b>11.9</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>2007</b>	<b>464,426,220</b>	<b>367,968,845</b>	<b>151,257,385</b>	<b>249,858,058</b>	<b>204,191,330</b>	<b>24.0</b>	<b>35.5</b>
<b>Total Private Portfolio</b>								
<b>SCERS</b>	<b>1986</b>	<b>1,039,863,290</b>	<b>2,099,092,439</b>	<b>151,257,385</b>	<b>1,973,825,160</b>	<b>849,561,674</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Represent composite performance of Prologis Targeted Europe Logistics Fund and Prologis European Logistics Fund.

<sup>2</sup> Previously Och-Ziff Real Estate Fund III.

<sup>3</sup> Preliminary data.

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2020				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>																	
Brookfield Premier Real Estate Partners	104,645,253	0.7	-3.1	-2.4	-1.4	2.6	2.7	5.3	5.0	2.6	2.7	5.3	5.0				
Lion Properties Fund	120,406,751	0.8	-2.6	-1.8	-2.0	3.7	-0.4	3.2	2.4	3.7	-0.4	3.2	2.4				
MetLife Core Property Fund	63,634,470	1.0	-1.9	-1.0	-1.1	4.7	-1.3	3.3	2.9	4.7	-1.3	3.3	2.9	4.9	2.3	7.2	6.7
Prime Property Fund	56,319,806	0.8	-2.5	-1.7	-1.9	3.6	-0.9	2.7	1.7	3.6	-0.9	2.7	1.7	3.8	2.9	6.8	5.7
Principal U.S. Property Account	48,028,771	0.9	-2.2	-1.2	-1.5	4.1	-1.3	2.8	1.8	4.1	-1.3	2.8	1.8	4.4	2.1	6.6	5.6
Prologis European Logistics Fund <sup>1</sup>	55,219,882	1.3	-1.0	0.4	0.6	5.3	2.6	8.0	6.7	5.3	2.6	8.0	6.7	5.7	8.4	14.5	12.3
Prologis Targeted U.S. Logistics Fund	77,589,393	1.1	-3.2	-2.1	-1.8	4.5	6.3	11.0	9.6	4.5	6.3	11.0	9.6	4.8	12.2	17.4	15.1
Townsend Real Estate Fund, L.P.	118,988,105	0.8	-2.1	-1.3	-1.4	4.0	-0.8	3.2	2.9	4.0	-0.8	3.2	2.9	4.2	2.7	7.0	6.7
<b>Core Commingled Funds</b>	<b>644,832,431</b>	<b>0.9</b>	<b>-2.4</b>	<b>-1.5</b>	<b>-1.4</b>	<b>3.9</b>	<b>0.7</b>	<b>4.6</b>	<b>3.9</b>	<b>3.9</b>	<b>0.7</b>	<b>4.6</b>	<b>3.9</b>	<b>4.3</b>	<b>4.9</b>	<b>9.3</b>	<b>8.2</b>
<b>Core Separate Accounts</b>																	
BlackRock Core Separate Account	224,397																
Cornerstone Separate Account	313,516																
<b>Core Separate Accounts<sup>4</sup></b>	<b>537,913</b>									<b>4.3</b>	<b>0.0</b>	<b>4.3</b>	<b>4.3</b>	<b>6.4</b>	<b>7.9</b>	<b>14.6</b>	<b>14.1</b>
<i>Total BlackRock Separate Account</i>	<i>679,016</i>																
<b>Total Core Portfolio</b>	<b>645,370,344</b>	<b>0.9</b>	<b>-2.4</b>	<b>-1.5</b>	<b>-1.4</b>	<b>3.8</b>	<b>0.7</b>	<b>4.6</b>	<b>3.9</b>	<b>3.8</b>	<b>0.7</b>	<b>4.6</b>	<b>3.9</b>	<b>4.2</b>	<b>4.1</b>	<b>8.5</b>	<b>7.4</b>
<b>Value Added Portfolio</b>																	
Allegis Value Trust	79,542																
Asana Partners Fund II <sup>3</sup>	3,789,249	-0.8	-4.6	-5.4	-9.9	-11.5	-26.9	-36.5	-49.4								
DRC European Real Estate Debt Fund II <sup>3</sup>	9,201,674	1.9	-0.3	1.6	1.4	4.0	-2.5	1.5	0.8	4.0	-2.5	1.5	0.8	7.3	-1.9	5.3	4.3
ECE European Prime Shopping Centre Fund II C <sup>2</sup>	31,681,643	0.9	-2.6	-1.7	-2.2	7.3	1.2	8.3	5.9	7.3	1.2	8.3	5.9	4.6	5.5	10.0	7.6
Hammes Partners II	7,837,964	1.5	3.1	4.6	3.4	11.4	47.3	62.0	58.0	11.4	47.3	62.0	58.0	9.5	21.9	32.7	27.4
Hammes Partners III	5,122,384	1.8	0.7	2.5	0.4	8.5	14.2	23.6	-0.4	8.5	14.2	23.6	-0.4				
NREP Nordic Strategies Fund	6,586,683	0.7	7.6	8.2	7.1	2.6	25.4	28.5	21.0	2.6	25.4	28.5	21.0	4.3	11.2	15.8	5.7
NREP Nordic Strategies Fund II	28,426,672	2.0	6.8	8.9	6.1	-0.8	20.1	19.2	7.6	-0.8	20.1	19.2	7.6	0.0	21.6	21.7	14.4
NREP Nordic Strategies Fund III	16,791,103	1.1	9.3	10.4	8.8	-5.6	26.1	20.0	8.8	-5.6	26.1	20.0	8.8				
NREP Nordic Strategies Fund IV	-109,382	0.1	-16.5	-16.4	-149.9	0.1	-16.5	-16.4	-149.9								
<b>Value Added Portfolio</b>	<b>109,407,532</b>	<b>1.3</b>	<b>3.0</b>	<b>4.3</b>	<b>2.5</b>	<b>3.0</b>	<b>16.9</b>	<b>20.2</b>	<b>12.2</b>	<b>3.0</b>	<b>16.9</b>	<b>20.2</b>	<b>12.2</b>	<b>3.9</b>	<b>10.9</b>	<b>15.1</b>	<b>9.0</b>
<b>Opportunistic Portfolio</b>																	
BlackRock High Return Separate Account	472,724																
Carlyle China Project Rome Co-Investment	34,478,126	-0.1	0.2	0.2	-0.1	-0.1	-8.2	-8.3	-9.4	-0.1	-8.2	-8.3	-9.4	-1.2	1.7	0.4	-2.2
Carlyle China Realty	7,791,850	-0.1	0.2	0.1	-0.3	10.0	-7.6	1.5	-0.4	10.0	-7.6	1.5	-0.4	3.0	1.5	4.6	1.8
CIM Fund VIII <sup>3</sup>	33,728,545	0.0	-7.2	-7.2	-7.5	0.1	-14.2	-14.1	-15.2	0.1	-14.2	-14.1	-15.2	0.0	1.0	1.1	-0.2
KKR Real Estate Partners Americas <sup>3</sup>	5,217,602	1.1	-9.0	-7.9	-6.7	29.9	-44.9	-23.3	-16.4	29.9	-44.9	-23.3	-16.4	19.3	-21.9	-4.3	-1.4
Sculptor Real Estate Fund III <sup>2,3</sup>	13,094,951	1.9	1.7	3.5	3.2	8.3	1.8	10.2	8.7	8.3	1.8	10.2	8.7	10.0	12.9	23.9	20.8
<b>Opportunistic Portfolio</b>	<b>94,783,798</b>	<b>0.3</b>	<b>-2.9</b>	<b>-2.6</b>	<b>-2.8</b>	<b>2.8</b>	<b>-11.3</b>	<b>-8.7</b>	<b>-9.4</b>	<b>2.8</b>	<b>-11.3</b>	<b>-8.7</b>	<b>-9.4</b>	<b>2.9</b>	<b>2.8</b>	<b>5.7</b>	<b>4.1</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>204,191,330</b>	<b>0.8</b>	<b>0.2</b>	<b>1.0</b>	<b>0.0</b>	<b>2.9</b>	<b>2.4</b>	<b>5.3</b>	<b>1.2</b>	<b>2.9</b>	<b>2.4</b>	<b>5.3</b>	<b>1.2</b>	<b>3.4</b>	<b>7.1</b>	<b>10.6</b>	<b>6.8</b>
<b>Total Private Portfolio</b>																	
<b>SCERS</b>	<b>849,561,674</b>	<b>0.9</b>	<b>-1.8</b>	<b>-0.9</b>	<b>-1.1</b>	<b>3.6</b>	<b>1.1</b>	<b>4.8</b>	<b>3.3</b>	<b>3.6</b>	<b>1.1</b>	<b>4.8</b>	<b>3.3</b>	<b>4.0</b>	<b>4.9</b>	<b>9.1</b>	<b>7.3</b>

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2020				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) <sup>1</sup>	€ 49,156,739	1.3	-2.7	-1.4	-1.2	5.3	3.7	9.1	7.8	5.3	3.7	9.1	7.8	5.8	8.9	15.0	12.9
DRC European Real Estate Debt Fund II (Pound St)	£7,420,230	1.9	0.0	1.9	1.7	4.0	0.0	4.0	3.4	4.0	0.0	4.0	3.4	7.4	0.0	7.4	6.4
ECE European Prime Shopping Centre Fund II (Eur)	€ 29,352,530	0.9	-4.3	-3.9	-3.5	7.3	2.1	9.3	7.0	7.3	2.1	9.3	7.0	4.6	5.9	10.6	8.1
NREP Nordic Strategies Fund (Euro)	€ 5,863,465	0.7	5.6	6.3	5.1	2.6	28.0	31.2	23.5	2.6	28.0	31.2	23.5	4.3	12.2	16.9	6.7
NREP Nordic Strategies Fund II (Euro)	€ 25,305,424	2.5	4.4	6.9	4.2	-0.4	21.1	20.6	8.9	-0.4	21.1	20.6	8.9	0.1	22.3	22.5	15.1
NREP Nordic Strategies Fund III (Euro)	€ 14,947,440	1.1	7.3	8.4	6.9	-5.6	28.0	21.8	10.4	-5.6	28.0	21.8	10.4				
NREP Nordic Strategies Fund IV (Euro)	-€ 97,372	0.1	-18.0	-17.9	-149.0	0.1	-18.0	-17.9	-149.0								
<b>Indices</b>																	
NFI ODCE+ 35bps				-1.5	-1.7			2.6	1.7			2.6	1.7			6.0	5.1
NFI-ODCE		0.9	-2.5	-1.6	-1.8	4.1	-1.8	2.2	1.3	4.1	-1.8	2.2	1.3	4.2	1.4	5.7	4.7
NFI-ODCE + 100bps				-1.3	-1.5			3.2	2.3			3.2	2.3			6.7	5.7
CPI + 500 bps				1.0				5.8				5.8				6.8	

<sup>1</sup> Represent composite performance of Prologis Targeted Europe Logistics Fund and Prologis European Logistics Fund.

<sup>2</sup> Previously Och-Ziff Real Estate Fund III.

<sup>3</sup> Preliminary data.

<sup>4</sup> All assets in the core separate account have been sold and the time-weighted return won't be meaningful going forward.

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 <sup>4</sup>							
<b>Core Commingled Funds</b>																				
Brookfield Premier Real Estate Partners	104,645,253													2.5	4.7	7.3	6.2	4Q18	6.3	1.1
Lion Properties Fund	120,406,751													3.8	1.2	5.0	4.2	4Q18	4.7	1.1
MetLife Core Property Fund	63,634,470	5.0	3.5	8.6	8.1					5.0	5.2	10.4	9.9	1Q14	9.9	1.6				
Prime Property Fund	56,319,806	4.0	4.5	8.6	7.5					4.2	6.1	10.5	9.3	4Q13	9.2	1.6				
Principal U.S. Property Account	48,028,771									4.6	3.2	7.9	6.9	4Q15	6.9	1.4				
Prologis European Logistics Fund <sup>1</sup>	55,219,882									4.9	7.9	13.1	11.5	1Q16	10.2	1.2				
Prologis Targeted U.S. Logistics Fund	77,589,393	5.2	11.8	17.5	15.1					5.2	11.8	17.5	15.1	3Q15	15.3	1.7				
Townsend Real Estate Fund, L.P.	118,988,105									4.3	3.9	8.3	8.0	2Q16	7.6	1.3				
<b>Core Commingled Funds</b>	<b>644,832,431</b>	<b>4.4</b>	<b>5.7</b>	<b>10.3</b>	<b>9.2</b>	<b>4.7</b>	<b>7.0</b>	<b>12.0</b>	<b>10.9</b>	<b>4.5</b>	<b>3.3</b>	<b>7.9</b>	<b>7.0</b>	<b>4Q86</b>	<b>6.6</b>	<b>1.3</b>				
<b>Core Separate Accounts</b>																				
BlackRock Core Separate Account	224,397																	1Q96	9.9	1.4
Cornerstone Separate Account	313,516																		5.6	1.4
<b>Core Separate Accounts<sup>4</sup></b>	<b>537,913</b>	<b>5.8</b>	<b>6.0</b>	<b>12.0</b>	<b>11.2</b>	<b>5.8</b>	<b>7.7</b>	<b>13.8</b>	<b>12.8</b>	<b>7.1</b>	<b>3.4</b>	<b>10.7</b>	<b>9.5</b>	<b>1Q96</b>	<b>8.8</b>	<b>1.4</b>				
<i>Total BlackRock Separate Account</i>	<i>679,016</i>													<i>1Q96</i>	<i>9.7</i>	<i>1.4</i>				
<b>Total Core Portfolio</b>	<b>645,370,344</b>	<b>4.5</b>	<b>4.3</b>	<b>8.9</b>	<b>7.8</b>	<b>5.0</b>	<b>6.8</b>	<b>12.0</b>	<b>10.9</b>	<b>5.5</b>	<b>2.1</b>	<b>7.6</b>	<b>6.6</b>	<b>4Q86</b>	<b>8.2</b>	<b>1.4</b>				
<b>Value Added Portfolio</b>																				
Allegis Value Trust	79,542																	1Q07	2.5	1.2
Asana Partners Fund II <sup>3</sup>	3,789,249									-11.5	-26.9	-36.5	-49.4	4Q19	-66.2	0.7				
DRC European Real Estate Debt Fund II <sup>3</sup>	9,201,674	9.5	-5.5	3.6	2.5					9.5	-5.0	4.3	2.6	1Q14	3.2	1.1				
ECE European Prime Shopping Centre Fund II C <sup>3</sup>	31,681,643									1.8	13.5	15.5	13.0	4Q15	9.6	1.2				
Hammes Partners II	7,837,964	10.4	16.2	28.0	21.9					10.4	16.2	28.0	21.9	3Q15	21.8	1.6				
Hammes Partners III	5,122,384									6.4	12.7	19.7	-18.0	1Q19	-13.4	0.9				
NREP Nordic Strategies Fund	6,586,683	7.1	15.2	23.1	15.9					8.2	16.9	26.0	19.0	1Q15	23.8	1.7				
NREP Nordic Strategies Fund II	28,426,672									2.0	21.1	23.5	13.1	3Q16	13.1	1.4				
NREP Nordic Strategies Fund III	16,791,103									-7.0	20.2	12.5	-10.1	4Q18	8.7	1.1				
NREP Nordic Strategies Fund IV	-109,382									-26.2	-17.9	-39.7	-116.1	1Q20	0.0	-0.1				
<b>Value Added Portfolio</b>	<b>109,407,532</b>	<b>5.9</b>	<b>9.1</b>	<b>15.4</b>	<b>10.7</b>	<b>6.6</b>	<b>9.4</b>	<b>16.4</b>	<b>13.1</b>	<b>2.0</b>	<b>4.2</b>	<b>6.3</b>	<b>4.7</b>	<b>4Q86</b>	<b>5.2</b>	<b>1.2</b>				
<b>Opportunistic Portfolio</b>																				
BlackRock High Return Separate Account	472,724																	3Q16	18.5	1.5
Carlyle China Project Rome Co-Investment	34,478,126									-1.2	1.7	0.4	-2.2	3Q17	-4.0	0.9				
Carlyle China Realty	7,791,850									3.0	1.5	4.6	1.8	3Q17	-1.3	1.0				
CIM Fund VIII <sup>3</sup>	33,728,545	0.0	5.9	5.9	4.0					0.1	5.5	5.6	3.7	2Q15	1.7	1.1				
KKR Real Estate Partners Americas <sup>3</sup>	5,217,602	16.0	-13.4	2.2	2.9					17.7	-13.4	4.3	4.3	2Q14	12.8	1.3				
Sculptor Real Estate Fund III <sup>2,3</sup>	13,094,951	10.4	14.7	26.2	21.1					13.8	13.2	28.5	11.8	4Q14	22.1	1.5				
<b>Opportunistic Portfolio</b>	<b>94,783,798</b>	<b>3.8</b>	<b>5.5</b>	<b>9.5</b>	<b>7.1</b>	<b>5.7</b>	<b>12.8</b>	<b>19.8</b>	<b>14.9</b>	<b>2.0</b>	<b>7.1</b>	<b>9.4</b>	<b>7.5</b>	<b>1Q91</b>	<b>12.2</b>	<b>1.3</b>				
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>204,191,330</b>	<b>5.1</b>	<b>7.2</b>	<b>12.5</b>	<b>9.1</b>	<b>5.9</b>	<b>9.5</b>	<b>15.8</b>	<b>12.2</b>	<b>4.5</b>	<b>5.0</b>	<b>9.6</b>	<b>5.4</b>	<b>1Q07</b>	<b>6.6</b>	<b>1.2</b>				
<b>Total Private Portfolio</b>																				
<b>SCERS</b>	<b>849,561,674</b>	<b>4.6</b>	<b>5.0</b>	<b>9.8</b>	<b>8.1</b>	<b>5.1</b>	<b>7.3</b>	<b>12.7</b>	<b>11.1</b>	<b>4.4</b>	<b>4.6</b>	<b>9.2</b>	<b>8.1</b>	<b>4Q86</b>	<b>8.1</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 <sup>4</sup>			
<b>Ex-US Dollar Denominated Investments (In Local Currency)</b>																
Prologis Targeted Europe Logistics Fund (Euro) <sup>1</sup>	€ 49,156,739									5.0	7.0	12.2	10.6	1Q16	10.6	1.2
DRC European Real Estate Debt Fund II (Pound St)	£7,420,230	9.6	-0.9	8.6	7.4					9.6	-0.6	8.9	7.2	1Q14	7.6	1.2
ECE European Prime Shopping Centre Fund II (Eur)	€ 29,352,530	2.5	16.1	19.1	16.3					1.7	13.3	15.5	12.9	4Q15	9.83	1.2
NREP Nordic Strategies Fund (Euro)	€ 5,863,465	7.2	15.2	23.2	16.0					8.3	18.6	27.9	20.7	1Q15	25.5	1.7
NREP Nordic Strategies Fund II (Euro)	€ 25,305,424									2.2	20.5	23.0	12.7	3Q16	13.74	1.4
NREP Nordic Strategies Fund III (Euro)	€ 14,947,440									-7.1	23.1	15.1	-8.0	4Q18	8.7	1.1
NREP Nordic Strategies Fund IV (Euro)	-€ 97,372									-26.6	-18.0	-39.8	-116.1	1Q20	0.0	-0.1
<b>Indices</b>																
NFI ODCE+ 35bps				7.7	6.7			11.2	10.1			7.5	6.5	4Q86		
NFI-ODCE		4.3	2.9	7.3	6.3	4.8	5.8	10.8	9.8	6.7	0.5	7.2	6.1	4Q86		
NFI-ODCE + 100bps				8.3	7.3			11.8	10.8			8.2	7.1	4Q86		
CPI + 500 bps				6.7				6.8				7.7		4Q86		

<sup>1</sup> Represent composite performance of Prologis Targeted Europe Logistics Fund and Prologis European Logistics Fund.

<sup>2</sup> Previously Och-Ziff Real Estate Fund III.

<sup>3</sup> Preliminary data.

<sup>4</sup> All assets in the core separate account have been sold and the time-weighted return won't be meaningful going forward.

Returns (%)	Market Value (\$)	2020		Fiscal Year 2020		2019		2018		2017		2016		2015		2014	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core Commingled Funds</b>																	
Brookfield Premier Real Estate Partners	104,645,253	0.0	0.6	5.3	5.0	10.6	8.5	2.3	1.9								
Lion Properties Fund	120,406,751	-0.5	-0.9	3.2	2.4	7.3	6.4	2.0	1.8								
MetLife Core Property Fund	63,634,470	-0.1	-0.3	3.3	2.9	8.6	8.1	7.8	7.3	8.4	7.9	9.3	8.8	16.9	16.3	17.4	16.9
Prime Property Fund	56,319,806	-0.8	-1.3	2.7	1.7	7.4	6.2	9.1	8.0	9.9	8.7	10.4	9.2	15.9	14.6	15.5	14.1
Principal U.S. Property Account	48,028,771	-0.6	-1.1	2.8	1.8	7.0	6.0	9.1	8.1	9.1	8.1	10.0	9.0	3.0	2.8		
Prologis European Logistics Fund <sup>1</sup>	55,219,882	0.8	0.8	8.0	6.7	13.5	11.1	13.6	10.8	30.4	28.5	2.8	2.4				
Prologis Targeted U.S. Logistics Fund	77,589,393	0.4	0.4	11.0	9.6	19.4	16.8	18.5	16.1	24.2	20.3	16.1	14.2	9.1	7.9		
Townsend Real Estate Fund, L.P.	118,988,105	-0.7	-0.8	3.2	2.9	7.6	7.3	9.0	8.8	11.0	10.8	8.4	8.2				
<b>Core Commingled Funds</b>	<b>644,832,431</b>	<b>-0.3</b>	<b>-0.4</b>	<b>4.6</b>	<b>3.9</b>	<b>9.5</b>	<b>8.3</b>	<b>10.9</b>	<b>9.7</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>Core Separate Accounts</b>																	
BlackRock Core Separate Account	224,397					8.6	8.6	15.8	14.9	9.1	7.5	11.3	9.3	15.3	13.9	16.3	12.5
Cornerstone Separate Account	313,516							-8.4	-8.8	21.5	20.8	14.0	13.3	2.4	1.6	14.0	13.2
<b>Core Separate Accounts</b>	<b>537,913</b>					<b>6.0</b>	<b>6.0</b>	<b>28.5</b>	<b>27.7</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>
<i>Total BlackRock Separate Account</i>	<i>679,016</i>					<i>17.7</i>	<i>16.5</i>	<i>10.6</i>	<i>7.2</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>
<b>Total Core Portfolio</b>	<b>645,370,344</b>	<b>-0.3</b>	<b>-0.4</b>	<b>4.6</b>	<b>3.9</b>	<b>9.8</b>	<b>8.5</b>	<b>8.6</b>	<b>7.4</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>Value Added Portfolio</b>																	
Allegis Value Trust	79,542							-22.6	-22.8	8.2	7.8	9.9	9.4	8.6	8.0	10.8	10.2
Asana Partners Fund II <sup>3</sup>	3,789,249	-42.8	-50.1	-36.5	-49.4	11.1	1.5										
DRC European Real Estate Debt Fund II <sup>3</sup>	9,201,674	-3.1	-3.5	1.5	0.8	12.0	11.1	-0.6	-1.7	23.8	22.3	-7.8	-8.9	5.0	3.0	1.4	-2.1
ECE European Prime Shopping Centre Fund II C <sup>3</sup>	31,681,643	-1.3	-2.0	8.3	5.9	2.2	0.0	15.1	12.8	24.7	21.5	22.1	19.7	12.1	11.0		
Hammes Partners II <sup>3</sup>	7,837,964	7.6	5.5	62.0	58.0	59.2	55.9	27.9	19.6	12.7	10.0	16.2	10.4	19.4	12.9		
Hammes Partners III <sup>3</sup>	5,122,384	5.7	-1.8	23.6	-0.4	23.9	-24.4										
NREP Nordic Strategies Fund <sup>3</sup>	6,586,683	6.8	5.4	28.5	21.0	23.0	-4.2	0.8	0.1	41.2	40.1	23.1	21.7	55.1	50.8		
NREP Nordic Strategies Fund II	28,426,672	4.7	2.8	19.2	7.6	20.9	9.8	17.0	12.3	44.9	34.4	8.6	-3.8				
NREP Nordic Strategies Fund III	16,791,103	6.3	2.7	20.0	8.8	19.0	-5.5	-2.8	-14.4								
NREP Nordic Strategies Fund IV	-109,382	-39.7	-116.1	-16.4	-149.9												
<b>Value Added Portfolio</b>	<b>109,407,532</b>	<b>1.4</b>	<b>-1.0</b>	<b>20.2</b>	<b>12.2</b>	<b>22.1</b>	<b>11.5</b>	<b>10.5</b>	<b>6.3</b>	<b>24.9</b>	<b>22.3</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>Opportunistic Portfolio</b>																	
BlackRock High Return Separate Account	472,724							17.0	14.4	24.0	21.7	6.3	6.3				
Carlyle China Project Rome Co-Investment	34,478,126	-7.6	-8.1	-8.3	-9.4	7.2	5.8	-2.5	-7.1	4.7	3.6						
Carlyle China Realty	7,791,850	-7.0	-7.9	1.5	-0.4	18.1	15.7	1.6	-1.4	2.7	0.2						
CIM Fund VIII <sup>3</sup>	33,728,545	-11.5	-12.1	-14.1	-15.2	2.0	0.9	9.4	8.0	8.4	6.7	6.4	4.0	16.9	13.8		
KKR Real Estate Partners Americas <sup>3</sup>	5,217,602	-26.0	-19.6	-23.3	-16.4	6.8	6.4	8.6	9.0	11.9	10.4	6.8	5.8	15.7	11.4	7.4	6.1
Sculptor Real Estate Fund III <sup>2,3</sup>	13,094,951	3.2	2.5	10.2	8.7	15.9	13.6	29.7	25.7	43.3	38.2	30.0	22.2	33.7	6.9	9.4	-28.3
<b>Opportunistic Portfolio</b>	<b>94,783,798</b>	<b>-9.1</b>	<b>-9.2</b>	<b>-8.7</b>	<b>-9.4</b>	<b>8.5</b>	<b>7.1</b>	<b>11.1</b>	<b>8.7</b>	<b>16.9</b>	<b>14.2</b>	<b>10.2</b>	<b>7.6</b>	<b>23.1</b>	<b>12.7</b>	<b>32.6</b>	<b>25.2</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>204,191,330</b>	<b>-3.7</b>	<b>-5.0</b>	<b>5.3</b>	<b>1.2</b>	<b>15.6</b>	<b>10.2</b>	<b>10.8</b>	<b>7.7</b>	<b>21.1</b>	<b>18.4</b>	<b>9.9</b>	<b>7.4</b>	<b>19.7</b>	<b>15.3</b>	<b>18.9</b>	<b>15.9</b>
<b>Total Private Portfolio</b>																	
<b>SCERS</b>	<b>849,561,674</b>	<b>-1.1</b>	<b>-1.5</b>	<b>4.8</b>	<b>3.3</b>	<b>11.0</b>	<b>8.7</b>	<b>9.2</b>	<b>7.5</b>	<b>15.4</b>	<b>13.8</b>	<b>9.8</b>	<b>8.2</b>	<b>12.2</b>	<b>10.5</b>	<b>15.8</b>	<b>13.5</b>
<b>Indices</b>																	
NFI-ODCE + 35 bps		-0.2	-0.7	2.6	1.7	5.7	4.7	8.7	7.7	8.0	7.0	9.1	8.1	15.4	14.3	12.8	11.8
NFI-ODCE		-0.6	-1.0	2.2	1.3	5.3	4.4	8.3	7.4	7.6	6.7	8.8	7.8	15.0	14.0	12.5	11.5
NFI-ODCE + 100 bps		0.4	0.0	3.2	2.3	6.3	5.4	9.3	8.4	8.6	7.7	9.8	8.8	16.0	15.0	13.5	12.5
CPI + 500 bps		1.0		5.8		7.4		7.0		7.2		7.2		5.7		5.7	

<sup>1</sup> Represent composite performance of Prologis Targeted Europe Logistics Fund and Prologis European Logistics Fund.

<sup>2</sup> Previously Och-Ziff Real Estate Fund III.

<sup>3</sup> Preliminary data.

Returns (%)	Market Value (\$)	2013		2012		2011		2010		2009		2008		2007		2006	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core Commingled Funds</b>																	
Brookfield Premier Real Estate Partners	104,645,253																
Lion Properties Fund	120,406,751																
MetLife Core Property Fund	63,634,470																
Prime Property Fund	56,319,806	3.8	3.6														
Principal U.S. Property Account	48,028,771																
Prologis European Logistics Fund <sup>1</sup>	55,219,882																
Prologis Targeted U.S. Logistics Fund	77,589,393																
Townsend Real Estate Fund, L.P.	118,988,105																
<b>Core Commingled Funds</b>	<b>644,832,431</b>	<b>10.2</b>	<b>9.3</b>	<b>11.1</b>	<b>10.1</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>Core Separate Accounts</b>																	
BlackRock Core Separate Account	224,397	11.8	9.6	13.5	13.0	17.8	17.4	20.7	19.6	-29.5	-29.1	-13.9	-14.3	21.2	16.8	17.7	13.3
Cornerstone Separate Account	313,516	11.3	10.5	16.2	15.4	24.9	23.9	21.2	20.2	-31.7	-32.4	-9.4	-10.1	11.9	11.1	11.1	10.2
<b>Core Separate Accounts</b>	<b>537,913</b>	<b>11.0</b>	<b>9.5</b>	<b>14.1</b>	<b>13.5</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>
<i>Total BlackRock Separate Account</i>	<i>679,016</i>	<i>10.9</i>	<i>9.0</i>	<i>13.1</i>	<i>12.5</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>
<b>Total Core Portfolio</b>	<b>645,370,344</b>	<b>10.8</b>	<b>9.5</b>	<b>13.3</b>	<b>12.6</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>Value Added Portfolio</b>																	
Allegis Value Trust	79,542	4.7	4.0	21.8	20.9	15.7	14.7	21.6	20.4	-62.2	-62.8	-21.2	-23.9	38.6	28.4		
Asana Partners Fund II <sup>3</sup>	3,789,249																
DRC European Real Estate Debt Fund II <sup>3</sup>	9,201,674																
ECE European Prime Shopping Centre Fund II C <sup>3</sup>	31,681,643																
Hammes Partners II <sup>3</sup>	7,837,964																
Hammes Partners III <sup>3</sup>	5,122,384																
NREP Nordic Strategies Fund <sup>3</sup>	6,586,683																
NREP Nordic Strategies Fund II	28,426,672																
NREP Nordic Strategies Fund III	16,791,103																
NREP Nordic Strategies Fund IV	-109,382																
<b>Value Added Portfolio</b>	<b>109,407,532</b>	<b>13.3</b>	<b>10.8</b>	<b>19.6</b>	<b>18.1</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>
<b>Opportunistic Portfolio</b>																	
BlackRock High Return Separate Account	472,724																
Carlyle China Project Rome Co-Investment	34,478,126																
Carlyle China Realty	7,791,850																
CIM Fund VIII <sup>3</sup>	33,728,545																
KKR Real Estate Partners Americas <sup>3</sup>	5,217,602																
Sculptor Real Estate Fund III <sup>2,3</sup>	13,094,951																
<b>Opportunistic Portfolio</b>	<b>94,783,798</b>	<b>11.7</b>	<b>9.4</b>	<b>54.2</b>	<b>38.5</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>0.0</b>	<b>0.0</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>204,191,330</b>	<b>16.7</b>	<b>13.5</b>	<b>34.6</b>	<b>26.9</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>849,561,674</b>	<b>11.4</b>	<b>9.9</b>	<b>16.4</b>	<b>14.7</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>Indices</b>																	
NFI-ODCE + 35 bps		14.3	13.3	11.3	10.1	16.3	15.3	16.7	15.6	-29.4	-30.0	-9.7	-10.3	16.3	15.2	16.7	15.6
NFI-ODCE		13.9	12.9	10.9	9.8	16.0	15.0	16.4	15.3	-29.8	-30.4	-10.0	-10.7	16.0	14.8	16.3	15.3
NFI-ODCE + 100 bps		14.9	13.9	11.9	10.8	17.0	16.0	17.4	16.3	-28.8	-29.4	-9.0	-9.7	17.0	15.8	17.3	16.3
CPI + 500 bps		6.6		6.8		8.2		6.5		8.0		5.0		9.3		7.7	

<sup>1</sup> Represent composite performance of Prologis Targeted Europe Logistics Fund and Prologis European Logistics Fund.

<sup>2</sup> Previously Och-Ziff Real Estate Fund III.

<sup>3</sup> Preliminary data.



Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
<b>Core Commingled Funds</b>									
Brookfield Premier Real Estate Partners	107,176,272	0	1,090,306	0	730,479	-1,111,249	-3,282,441	104,645,253	45.5
Lion Properties Fund	127,374,421	256,157	1,148,667	3,500,000	986,984	256,157	-3,305,987	120,406,751	21.7
MetLife Core Property Fund	64,249,660	691,537	618,814	0	621,126	75,586	-1,233,453	63,634,470	21.8
Prime Property Fund	64,373,389	634,512	634,512	6,859,534	490,643	71,569	-1,613,124	56,319,806	17.2
Principal U.S. Property Account	48,746,385	0	0	0	453,664	114,722	-1,056,556	48,028,771	20.2
Prologis European Logistics Fund	55,401,413	0	514,064	0	731,187	-131,854	-530,507	55,219,882	20.7
Prologis Targeted U.S. Logistics Fund	80,530,545	0	1,480,840	0	910,876	-201,658	-2,572,846	77,589,393	19.2
Townsend Real Estate Fund, L.P.	120,631,693	1,191,485	1,191,485	0	978,980	65,777	-2,556,791	118,988,105	36.8
<b>Core Commingled Funds</b>	<b>668,483,778</b>	<b>2,773,691</b>	<b>6,678,688</b>	<b>10,359,534</b>	<b>5,903,939</b>	<b>-860,950</b>	<b>-16,151,705</b>	<b>644,832,431</b>	<b>29.1</b>
<b>Core Separate Accounts</b>									
BlackRock Core Separate Account	205,817	0	0	0	18,580	0	0	224,397	0.0
Cornerstone Separate Account	314,481	0	0	0	-965	0	0	313,516	0.0
<b>Core Separate Accounts</b>	<b>520,298</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17,615</b>	<b>0</b>	<b>0</b>	<b>537,913</b>	<b>0.0</b>
<i>Total BlackRock Separate Account</i>	<i>679,096</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>17,582</i>	<i>0</i>	<i>444</i>	<i>697,042</i>	<i>0.0</i>
<b>Total Core Portfolio</b>	<b>669,004,076</b>	<b>2,773,691</b>	<b>6,678,688</b>	<b>10,359,534</b>	<b>5,921,554</b>	<b>-860,950</b>	<b>-16,151,705</b>	<b>645,370,344</b>	<b>29.1</b>
<b>Value Added Portfolio</b>									
Allegis Value Trust	79,601	0	0	0	-59	0	0	79,542	0.0
Asana Partners Fund II	1,185,880	2,843,750	0	0	-19,907	109,375	-111,100	3,789,249	15.3
DRC European Real Estate Debt Fund II	9,209,655	-956,933	0	-813,428	180,400	20,157	-24,718	9,201,674	0.0
ECE European Prime Shopping Centre Fund II	32,383,639	0	0	0	281,016	151,403	-831,609	31,681,643	59.2
Hammes Partners II	7,178,982	604,014	157,165	35,733	109,059	86,955	225,762	7,837,964	60.0
Hammes Partners III	5,232,751	0	125,933	5,409	96,586	110,404	34,793	5,122,384	79.0
NREP Nordic Strategies Fund	6,152,882	0	0	0	40,823	71,891	464,869	6,586,683	23.0
NREP Nordic Strategies Fund II	30,230,521	0	3,642,949	0	615,335	840,522	2,064,287	28,426,672	54.0
NREP Nordic Strategies Fund III	15,430,997	0	0	0	165,433	239,663	1,434,336	16,791,103	47.0
NREP Nordic Strategies Fund IV	219,407	0	0	0	229	292,772	-36,246	-109,382	42.0
<b>Value Added Portfolio</b>	<b>107,304,315</b>	<b>2,490,831</b>	<b>3,926,047</b>	<b>-772,286</b>	<b>1,468,915</b>	<b>1,923,142</b>	<b>3,220,374</b>	<b>109,407,532</b>	<b>53.9</b>
<b>Opportunistic Portfolio</b>									
BlackRock High Return Separate Account	473,279	0	0	0	-998	0	444	472,724	0.0
Carlyle China Project Rome Co-Investment	34,317,633	201,093	0	0	-20,932	99,454	79,786	34,478,126	0.0
Carlyle China Realty	7,742,980	75,410	0	0	-7,201	37,295	17,956	7,791,850	0.0
CIM Fund VIII	36,503,484	116,869	0	142,466	-3,194	117,233	-2,628,915	33,728,545	39.7
KKR Real Estate Partners Americas	5,591,650	0	0	0	63,391	-65,894	-503,333	5,217,602	76.0
Sculptor Real Estate Fund III	13,683,511	6,767	1,014,865	0	246,969	46,949	219,518	13,094,951	0.0
<b>Opportunistic Portfolio</b>	<b>98,312,537</b>	<b>400,139</b>	<b>1,014,865</b>	<b>142,466</b>	<b>278,035</b>	<b>235,037</b>	<b>-2,814,544</b>	<b>94,783,798</b>	<b>29.0</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>205,616,852</b>	<b>2,890,970</b>	<b>4,940,912</b>	<b>-629,820</b>	<b>1,746,950</b>	<b>2,158,179</b>	<b>405,830</b>	<b>204,191,330</b>	<b>44.9</b>
<b>Total Private Portfolio</b>									
<b>SCERS</b>	<b>874,620,928</b>	<b>5,664,661</b>	<b>11,619,600</b>	<b>9,729,714</b>	<b>7,668,504</b>	<b>1,297,229</b>	<b>-15,745,875</b>	<b>849,561,674</b>	<b>33.7</b>

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Core Commingled Funds</b>						
Brookfield Premier Real Estate Partners	35.2	28.8	36.0	-	-	-
Lion Properties Fund	22.3	35.9	23.9	11.7	-	6.3
MetLife Core Property Fund	31.0	31.9	22.9	11.4	-	2.7
Prime Property Fund	25.7	30.7	23.5	10.3	-	9.7
Principal U.S. Property Account	19.3	38.4	23.6	14.3	-	4.5
Prologis European Logistics Fund	-	-	100.0	-	-	-
Prologis Targeted U.S. Logistics Fund	-	-	100.0	-	-	-
Townsend Real Estate Fund, L.P.	26.4	14.8	28.3	9.6	-	20.9
<b>Core Commingled Funds</b>	<b>21.5</b>	<b>22.8</b>	<b>42.2</b>	<b>7.0</b>	<b>-</b>	<b>6.5</b>
<b>Core Separate Accounts</b>						
BlackRock Core Separate Account	-	-	-	-	-	-
Cornerstone Separate Account	-	-	-	-	-	-
<b>Core Separate Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Total BlackRock Separate Account</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Core Portfolio</b>	<b>20.8</b>	<b>22.2</b>	<b>44.2</b>	<b>6.7</b>	<b>-</b>	<b>6.0</b>
<b>Value Added Portfolio</b>						
Allegis Value Trust	-	-	-	-	-	-
Asana Partners Fund II	-	-	-	100.0	-	-
DRC European Real Estate Debt Fund II	-	43.6	-	56.4	-	-
ECE European Prime Shopping Centre Fund II	-	-	-	100.0	-	-
Hammes Partners II	-	-	-	-	-	100.0
Hammes Partners III	-	-	-	-	-	100.0
NREP Nordic Strategies Fund	97.2	-	-	2.8	-	-
NREP Nordic Strategies Fund II	23.5	1.3	44.8	5.9	-	24.4
NREP Nordic Strategies Fund III	18.1	11.0	30.2	5.0	-	35.8
NREP Nordic Strategies Fund IV	42.1	-	14.6	25.3	-	18.0
<b>Value Added Portfolio</b>	<b>14.7</b>	<b>5.7</b>	<b>16.3</b>	<b>39.6</b>	<b>-</b>	<b>23.7</b>

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Opportunistic Portfolio</b>						
BlackRock High Return Separate Account	-	-	-	-	-	-
Carlyle China Project Rome Co-Investment	-	-	100.0	-	-	-
Carlyle China Realty	-	-	100.0	-	-	-
CIM Fund VIII	53.7	17.3	1.0	14.1	3.8	10.1
KKR Real Estate Partners Americas	7.0	24.5	-	17.3	31.6	19.7
Sculptor Real Estate Fund III	4.2	3.2	-	2.0	4.4	86.3
<b>Opportunistic Portfolio</b>	<b>20.2</b>	<b>8.0</b>	<b>45.2</b>	<b>6.3</b>	<b>3.7</b>	<b>16.7</b>
<b>Total Non-Core Portfolio</b>	<b>17.2</b>	<b>6.8</b>	<b>29.6</b>	<b>24.2</b>	<b>1.7</b>	<b>20.4</b>
<b>Total Private Portfolio</b>						
<b>SCERS</b>	<b>20.5</b>	<b>18.9</b>	<b>39.2</b>	<b>11.2</b>	<b>0.4</b>	<b>9.8</b>
<b>Indices</b>						
<b>NFI-ODCE</b>	<b>25.6</b>	<b>33.2</b>	<b>21.9</b>	<b>14.6</b>	<b>0.2</b>	<b>4.4</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>									
Brookfield Premier Real Estate Partners	22.2	8.0	4.1	-	6.6	6.5	10.0	42.6	-
Lion Properties Fund	24.8	7.2	3.5	0.2	7.3	10.2	7.3	39.5	-
MetLife Core Property Fund	10.8	8.4	7.9	2.8	12.8	14.2	11.2	31.9	-
Prime Property Fund	24.1	6.3	9.1	1.1	13.3	8.2	5.0	33.0	-
Principal U.S. Property Account	16.4	9.0	2.8	1.1	8.9	14.6	10.8	36.4	-
Prologis European Logistics Fund	-	-	-	-	-	-	-	-	100.0
Prologis Targeted U.S. Logistics Fund	15.1	3.8	12.2	-	10.3	10.4	5.6	42.7	-
Townsend Real Estate Fund, L.P.	18.4	8.0	11.1	5.8	17.2	7.9	6.8	24.7	-
<b>Core Commingled Funds</b>	<b>17.8</b>	<b>6.6</b>	<b>6.6</b>	<b>1.5</b>	<b>9.9</b>	<b>8.9</b>	<b>7.3</b>	<b>32.7</b>	<b>8.6</b>
<b>Core Separate Accounts</b>									
BlackRock Core Separate Account	-	-	-	-	-	-	-	-	-
Cornerstone Separate Account	-	-	-	-	-	-	-	-	-
<b>Core Separate Accounts</b>	-	-	-	-	-	-	-	-	-
<i>Total BlackRock Separate Account</i>	-	-	-	-	-	-	-	-	-
<b>Total Core Portfolio</b>	<b>17.6</b>	<b>6.5</b>	<b>6.5</b>	<b>1.4</b>	<b>9.7</b>	<b>8.8</b>	<b>7.2</b>	<b>32.7</b>	<b>9.6</b>
<b>Value Added Portfolio</b>									
Allegis Value Trust	-	-	-	-	-	-	-	-	-
Asana Partners Fund II	16.9	29.2	-	-	26.0	-	2.2	25.7	-
DRC European Real Estate Debt Fund II	-	-	-	-	-	-	-	-	100.0
ECE European Prime Shopping Centre Fund II	-	-	-	-	-	-	-	-	100.0
Hammes Partners II	11.1	14.1	53.8	-	-	13.2	7.8	-	-
Hammes Partners III	60.8	4.2	12.4	2.0	7.8	7.4	5.6	-	-
NREP Nordic Strategies Fund	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund II	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund III	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund IV	-	-	-	-	-	-	-	-	100.0
<b>Value Added Portfolio</b>	<b>3.4</b>	<b>4.6</b>	<b>5.2</b>	<b>0.2</b>	<b>3.6</b>	<b>1.6</b>	<b>1.4</b>	<b>2.7</b>	<b>77.2</b>
<b>Opportunistic Portfolio</b>									
BlackRock High Return Separate Account	-	-	-	-	-	-	-	-	-
Carlyle China Project Rome Co-Investment	-	-	-	-	-	-	-	-	100.0
Carlyle China Realty	-	-	-	-	-	-	-	-	100.0
CIM Fund VIII	38.8	-	12.8	-	0.7	0.1	8.1	36.1	3.4
KKR Real Estate Partners Americas	5.9	-	1.4	-	14.7	11.9	-	25.7	40.4
Sculptor Real Estate Fund III	15.8	2.9	2.3	0.5	4.4	8.1	1.5	35.0	29.4
<b>Opportunistic Portfolio</b>	<b>19.0</b>	<b>0.4</b>	<b>5.2</b>	<b>0.1</b>	<b>1.8</b>	<b>1.9</b>	<b>3.8</b>	<b>20.0</b>	<b>47.8</b>
<b>Total Non-Core Portfolio</b>	<b>9.9</b>	<b>1.4</b>	<b>4.7</b>	<b>0.1</b>	<b>1.4</b>	<b>1.5</b>	<b>1.9</b>	<b>9.4</b>	<b>69.7</b>
<b>Total Private Portfolio</b>									
<b>SCERS</b>	<b>15.9</b>	<b>5.4</b>	<b>6.1</b>	<b>1.2</b>	<b>7.9</b>	<b>7.1</b>	<b>6.0</b>	<b>27.1</b>	<b>23.2</b>
<b>Indices</b>									
<b>NFI-ODCE</b>	<b>22.0</b>	<b>8.2</b>	<b>7.0</b>	<b>1.3</b>	<b>9.7</b>	<b>9.3</b>	<b>5.6</b>	<b>36.9</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 2Q20



# United States Real Estate Market Update (2Q20)

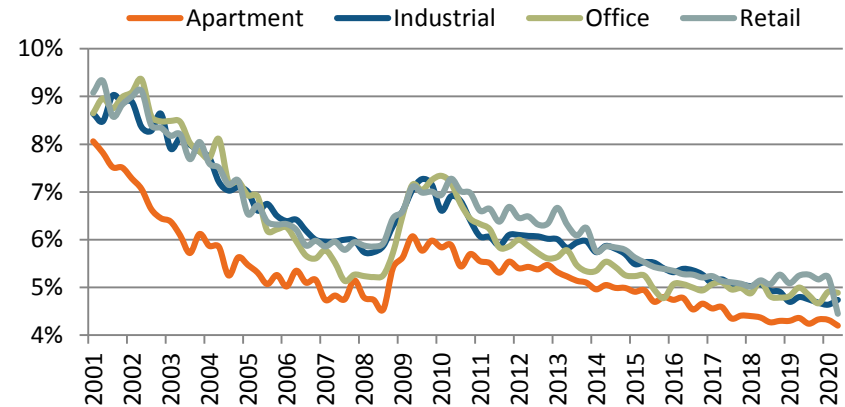
## General

- On March 13, President Trump declared a national emergency. National, state, and local governments across the world implemented stay-at-home orders, which caused a near complete halt of the world economy. governments have dramatically expanded expenditures in order to protect people and businesses from large-scale disruption. In the 2<sup>nd</sup> quarter, equity markets bounced back from the March rout, and the S&P 500 produced a gross total return of 20.0%. The MSCI US REIT index rebounded and produced a return of 10.7% but remains down -20.0%.
- The U.S. entered a recession in February; GDP grew at an annualized rate of -32.9% in the 2<sup>nd</sup> quarter. Initial jobless claims reached 10 million in March alone, while the unemployment rate peaked in April at 14.7% but declined to 11.1% by quarter end. The Federal Reserve has acted aggressively via quantitative easing and rate cuts, thus far financial markets have stabilized. The CARES Act provided \$1.5 trillion of stimulus to the economy. The International Monetary Fund has projected that the world economy will shrink by 4.9% in 2020.

## Commercial Real Estate

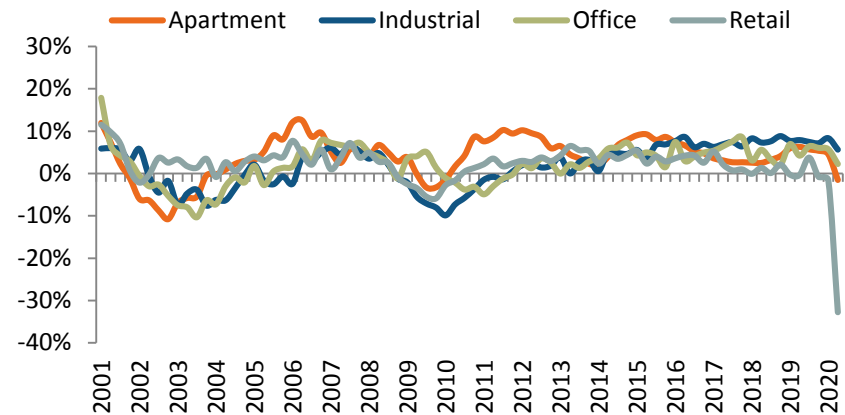
- Shelter in place orders and social distancing have restricted the ability to complete due diligence and acquire assets. Transaction volume has declined by nearly 50% over the last 6 months. Transactions have primarily occurred in the apartment and industrial sectors.
- Private real estate market carrying values contracted marginally over the quarter. Transaction cap rates (5.5%) expanded 12 bps during the quarter. Current valuation cap rates declined due to a reduction in cash flows, apartments (-12 bps), office (-2 bps), and retail (-77 bps). A lack of transactions has limited evidence to revalue real estate.
- NOI growth has substantially diverged between property sector due to the impacts of COVID-19. Retail NOI contracted substantially (-3273 bps) as rent collections declined and retailers were shutdown. The retail sector has seen rent collections of 30-50% vs. more than 85% in the other major sectors. Public market signals have been divergent by property type.
- In the second quarter of 2020, \$44 bn of aggregate capital was raised by real estate funds. There continues to be substantial dry powder, ~\$322 billion, seeking exposure to private real estate.
- 10-year treasury bond yields remained approximately flat 0.7% during the quarter.

Current Value Cap Rates by Property Type



Source: NCREIF

4 Qtr Rolling NOI Growth



Source: NCREIF

# United States Property Matrix (2Q20)

## INDUSTRIAL

- In 2Q20, industrial properties were the highest returning sector at 1.0% and outperformed the NPI by 200 bps.
- Transaction volumes fell to \$12.3 billion in the second quarter of the year, a 40.0% year-over-year decrease. Individual asset sales were down 41.8% year-over-year, while portfolio purchases turned in a year-over-year volume decrease of 28.0%. The portfolio transaction volume continued to regress to the mean growth rate in 2Q20 following a second half of 2019 that was full of astronomical growth.
- The industrial sector turned in NOI growth of 5.6% over the past year, significantly decreasing from the prior periods TTM growth of 8.3% in 1Q20. Market rent growth is expected to decelerate compared to its recent pace, but still remains very strong.
- Vacancy increased by 26 bps year-over-year to 3.4%, still remaining close to all-time historic lows. E-commerce continues to drive demand.
- Industrial cap rates compressed approximately 6 bps from a year ago, to 4.74%. Industrial fundamentals still top all property sectors.

## MULTIFAMILY

- The apartment sector delivered a -0.6% return during the quarter, outperforming the NPI by 35 bps.
- Transaction volume in the second quarter of 2020 fell to \$15.0 billion, a decrease of 68.0% year-over-year. This volume continues to make multifamily the most actively traded sector for the twelfth straight quarter.
- Cap rates decreased to 4.20%, compressing 16 bps year-over-year. Multifamily cap rates have falling to their lowest in years.
- The multifamily sector has seen increasing vacancy rates due to the pandemic but has still held steady relatively speaking, vacancy has increased 175 bps from a year ago. The aging millennials have begun shifting their desires to suburban living but continued home price appreciation has deterred the full effect of this migratory trend.

## OFFICE

- The office sector returned -0.5% in 2Q20, 50 bps above the NPI return over the period.
- Transaction volumes decreased by 70.0% year-over-year in Q2. Annual sales volumes equaled \$11.6 billion for the quarter. Single asset transactions accounted for 87% of volume.
- Occupancy growth within the office sector has slowed, decreasing by 44 bps year-over-year. Office continues to be the highest vacancy property type at close to 10.2%.
- NOI growth of 2.3% in the last year is a negative for the sector as this is a decrease of 350 bps from 1Q20. Due to a number of work from home orders put in place at the end of the first quarter that have remained in place, NOI growth is expected to continue trending downward.
- Office cap rates compressed from a year ago to approximately 4.89% in the second quarter. Office-using job growth was hit significantly hard in the first quarter and continued into the second. Many work from home policies continued through the second quarter. Substantially slowing overall office growth.

## RETAIL

- As of 2Q20, the retail sector delivered a quarterly return of -3.9%, performing 285 bps below the NPI.
- Transaction volumes totaled \$5.0 billion in the second quarter, falling 71.0% year-over-year. Single asset transactions accounted for just over 91% of all sales volume.
- Cap rates have compressed approximately 80 bps within the sector over the last year, to 4.45%.
- NOI growth significantly decreased, -32.7% over the last year. This is a 31.2% decrease from last quarter. Retail is expected to continue to suffer from the shift towards e-commerce and the recent shelter in place orders.
- Retail vacancy rates increased 114 bps over the past year to 7.9%. Many big box stores have closed as the need for retail space shrinks, translating to a negative outlook for rent growth. Paired with the global economic crisis that has had a significant negative impact on this sector.



# Global Real Estate Market Update (2Q20)

- Global investment activity during the second quarter of 2020 was significantly down relative to the same period in 2019 and reached the worst quarterly level since 2Q 2009. Although transaction volumes fell during 2Q 2020, the New York, Los Angeles, San Francisco metro markets continued to witness the greatest transaction volume.
- Rising COVID cases across the world caused lockdowns across major economies resulting in a short but deep recession and affecting all sectors of the real estate industry. Uncertainty about the state of the economy threw some doubts on the future needs for certain property types.

## Global Total Commercial Real Estate Volume - 2019 - 2020

\$ US Billions	Q2 2020	Q2 2019	% Change		H1 2020	H1 2019	% Change
			Q2 20 - Q2 19	H1 20-H1 19			
Americas	40	124	-68%		162	224	-28%
EMEA	55	80	-31%		132	146	-10%
Asia Pacific	211	271	-22%		331	460	-28%
<b>Total</b>	<b>306</b>	<b>474</b>	<b>-36%</b>		<b>624</b>	<b>830</b>	<b>-25%</b>

Source: Real Capital Analytics, Inc., Q2' 20

- Investment activity in the Americas witnessed a sharp decline and fell by 68% year-over-year. COVID cases continued to increase in the US, putting plans of fully reopening the economy on hold. In the US, transaction volume decreased by 70% compared to the same quarter last year.
- In the Asia Pacific region, volumes declined but transaction activity was mixed across the region. China witnessed a strong investment quarter recovering from a severe plunge over the previous period. Japan continued to be the regions' largest investment market. Conversely, transactions fell in both Australia and Singapore.
- Although investment activity dropped in the EMEA region, Europe appeared to be more in control of the outbreak. Germany witnessed a 15% growth in the quarter as several apartment megadeals closed. In addition, Denmark saw a substantial increase of 74% in sales compared to the same quarter last year. On the other hand, both France and Netherlands recorded declines in transactions.
- All sectors were impacted by the spread of the pandemic but the hotel and retail sectors were affected the most
- In the office sector, global leasing activity declined by 59% year-over-year and vacancy rates begun to increase in all regions. The declines represent an uncertainty about future office space needs. The US witnessed a 65% decline in leasing activity. Across the main European markets, demand for office space is expected to fall by 40%. In the APAC region, net absorption is anticipated to decrease by 40% to 50%.
- The retail sector continued to suffer globally as the shutdowns and social distancing measures of the COVID-19 outbreak posed challenges for operators. Vacancy rates increased as rents and NOI continued to compress. Retailers that were able to adapt their strategy to the digital world witnessed a recovery in sales.
- Despite the multifamily market recording a significant decrease in investments globally, the sector remains the most liquid in commercial real estate highlighting its attractiveness. In the U.S., rents fell by approximately 1% and demands fell. However, in Europe effective rent rates were stable. On the other hand, the APAC region recorded a stronger sales performance as cities like Beijing and Shanghai attracted home buyers.
- While the industrial market was affected by short-term headwinds from the recession as global vacancy recorded a slight uptick of 8.2%, the sector remains resilient. Despite the slowdown in the construction of industrial properties at the beginning of the year, new development resumed during the second quarter.

## Global Outlook - GDP (Real) Growth % pa, 2020-2022

	2020	2021	2022
<b>Global</b>	<b>-3.9</b>	<b>5.1</b>	<b>3.5</b>
<b>Asia Pacific</b>	<b>-0.7</b>	<b>4.8</b>	<b>4.6</b>
Australia	-3.9	3.0	3.2
China	2.0	8.0	5.5
India	-5.5	7.2	
Japan	-5.3	2.5	1.3
<b>North America</b>	<b>-5.4</b>	<b>3.8</b>	<b>2.8</b>
US	-5.0	3.7	2.8
<b>MENA*</b>	<b>-4.1</b>	<b>3.1</b>	<b>3.3</b>
<b>European Union</b>	<b>-8.0</b>	<b>5.6</b>	<b>2.6</b>
France	-10.0	7.0	2.7
Germany	-6.0	5.0	2.4
UK	-9.9	6.4	2.8

\*Middle East North Africa

Source: Bloomberg