



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 17

MEETING DATE: September 21, 2022

SUBJECT: Quarterly Investment Performance Report—
Real Estate

SUBMITTED FOR: ___ Consent ___ Deliberation and Action X Receive and File

RECOMMENDATION

Staff recommends the Board receive and file the Townsend Quarterly Real Estate Portfolio Performance Measurement Report for the quarter ending June 30, 2022.

PURPOSE

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

DISCUSSION

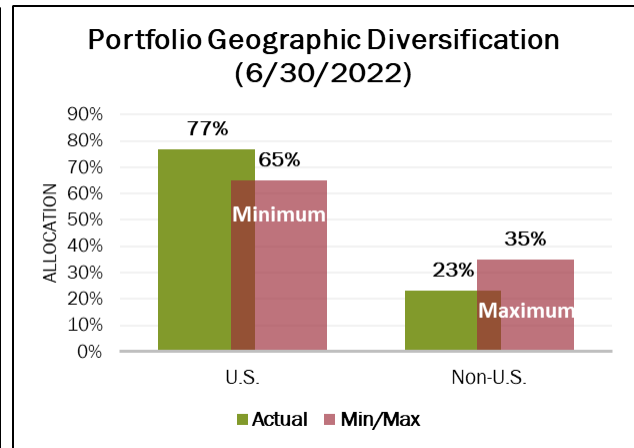
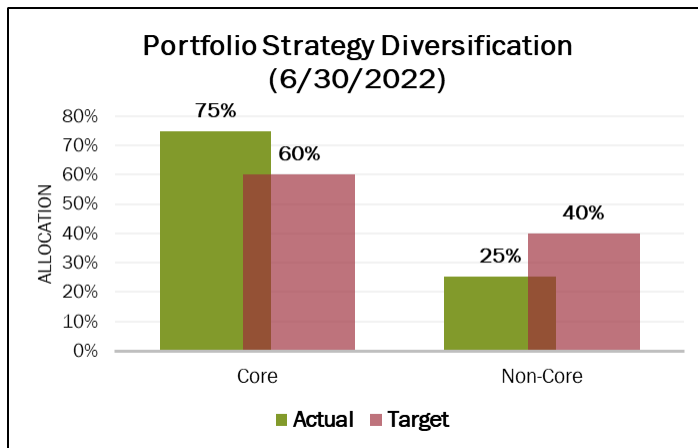
This memorandum provides a summarized table of SCERS' Real Estate period returns, which are provided within Townsend's Quarterly Performance Review, and highlights notable manager performance, along with any recent real estate investments made by SCERS.

SCERS' Real Estate actual invested allocation is 9.4% as of June 30, 2022, just over the target allocation of 9.0% but within the allocation range of 7.0%-11.0%. SCERS' real estate portfolio allocation is currently underweight non-core and non-U.S. strategies, which is a focus for 2022 commitments.

SCERS REAL ESTATE PERFORMANCE SUMMARY
Quarter Reporting Period Ended June 30, 2022

SUB-ASSET CLASS	Quarter 6/30/22	1-Year	3-Year	5-Year	Since Inception	Since Inception Date
SCERS Real Estate Portfolio	3.5%	26.6%	14.0%	12.1%	9.0%	Nov-86
(65%) NFI-ODCE + (35%) NFI-ODCE + 1%	4.6%	28.7%	12.1%	10.0%	7.1%	Nov-86
Core Portfolio	4.7%	32.1%	16.1%	13.8%	7.9%	Nov-86
NFI-ODCE Index	4.5%	28.3%	11.7%	9.6%	6.7%	
Non-Core Portfolio	0.0%	12.5%	8.2%	8.8%	6.2%	Jun-06
Value Add Portfolio	-1.2%	16.6%	15.9%	12.4%	5.4%	Jun-06
Opportunistic	2.0%	5.0%	-1.1%	3.8%	7.2%	May-13
NFI-ODCE + 1% Index	4.8%	29.3%	12.7%	10.6%	7.7%	

SCERS PORTFOLIO DIVERSIFICATION



SCERS PORTFOLIO RESULTS

For the quarter ended June 30, 2022, SCERS' Real Estate portfolio generated a solid absolute return of +3.5% but underperformed against the NFI-ODCE blended benchmark return of +4.6% due to the significant underperformances of the Non-Core portfolio resulting from the negative currency impact.

The SCERS Core portfolio continues to outperform against the benchmark, +4.7% versus +4.5%, due to SCERS' higher allocation to the industrial property sector and significantly smaller allocation to the office and retail sectors. The Non-Core portfolio significantly underperformed against the NFI-ODCE + 1% benchmark, +0.0% versus +4.8%, due to the negative impact of the strong dollar against all currencies.

Below are notable top and bottom performing funds during the quarter ended June 30, 2022:

- Top performing funds:
 - Core:
 - Clarion Lion Properties Fund: +7.1%
 - Brookfield Premier Real Estate Partners: +6.2%
 - Prologis U.S. Logistics Fund: +5.7%
 - Non-Core:
 - Sculptor Real Estate Fund III: +43.0%
 - DRC European Real Estate Debt Fund II: +4.5% in U.S. Dollars (+12.7% in UK Pounds)

Bottom performing funds:

- Core:
 - Prologis European Logistics: +0.2% in U.S. Dollars (+5.8% in Euros)
 - Principal U.S. Property Account: +3.0%
- Non-Core:
 - Seven Seas Japan: -11.9% in U.S. Dollars (-1.7% in Yen)
 - NREP Nordic Strategies Fund II: -6.6% in U.S. Dollars (-1.3% in Euros)
 - Asana Partners II: -5.5%

NEW INVESTMENTS

During the quarter ended June 30, 2022, SCERS made the following new commitments:

- None

After the quarter, SCERS made the following new commitments:

- None

ATTACHMENT

- Board Order
- Townsend's Real Estate Portfolio Performance Measurement Report for the Quarter ended June 30, 2022.

Prepared by:

/S/

JR Pearce
Senior Investment Officer

Reviewed by:

/S/

Steve Davis
Chief Investment Officer

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
September 21, 2022

AGENDA ITEM:

Quarterly Investment Performance Report—Real Estate

THE BOARD OF RETIREMENT hereby accepts the recommendation of Staff for the Board to receive and file the Townsend Quarterly Real Estate Portfolio Performance Measurement Report for the quarter ending June 30, 2022.

I HEREBY CERTIFY that the above order was passed and adopted on September 21, 2022 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

Keith DeVore
Board President

Eric Stern
Chief Executive Officer and
Board Secretary



TOWNSEND[®]
GROUP

an Aon company

Real Estate Portfolio

Performance Measurement Report

SECOND QUARTER 2022



SCERS

SACRAMENTO COUNTY
EMPLOYEES'
RETIREMENT SYSTEM

SCERS Real Estate Portfolio Overview

- SCERS recently changed the target real estate allocation from 7% to 9% with the allowable range changing to 7.0%-11.0%. As of the end of the second quarter, 2022 (the “Quarter”), the Real Estate Portfolio was slightly above the new real estate target but within the allowable range at 9.4%. Core Real Estate currently makes up 74.9% of the portfolio, with Non-Core Real Estate making up the remaining 25.1%.

SCERS' Real Estate Portfolio Construction:

	Minimum	Target	Maximum	Policy Index Benchmark
Total Real Estate Program	7%	9%	11%	Custom blend of benchmarks below:
Core Real Estate	50%	60%	80%	60% NFI-ODCE +
Non-Core Real Estate	30%	40%	50%	40% NFI-ODCE + 1%
U.S. Real Estate	60%	65%	80%	
Non-U.S. Real Estate	0%	35%	35%	

- 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-six 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’ Core 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 Core IMA Portfolio. Given the size of the Core 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, 2018.
- The loan-to-value ratio of the Private Real Estate Portfolio was 32.1% at the end of the second quarter of 2022. The loan-to-value ratio of the Core Portfolio was 26.8%, 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 21.5% as of the second quarter. The Non-Core Portfolio reported a loan-to-value ratio of 44.2%.

Portfolio Funding Status

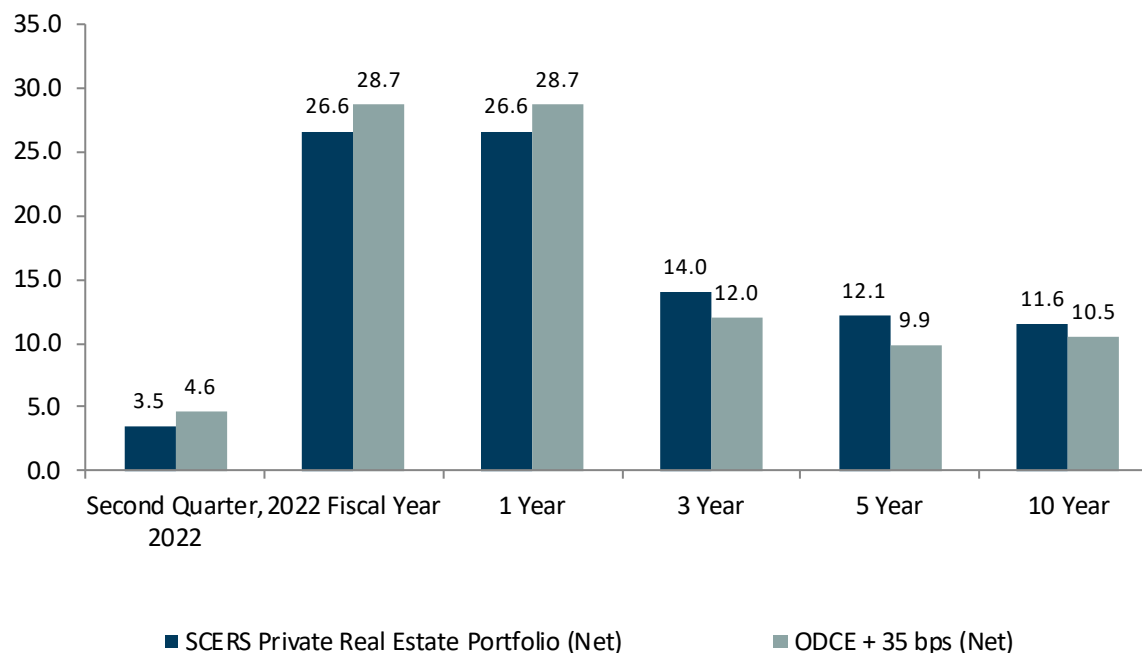
- The following slides provide a review of key information of the SCERS Real Estate Portfolio (the “Portfolio”) through June 30, 2022.
- A detailed performance report is also provided in **Exhibit A**.
- Figures exclude commitments / redemptions / dispositions approved subsequent to Quarter-end and future distributions.
- Unfunded commitments may never be fully drawn.

SCERS Portfolio Snapshot <i>As of June 30, 2022</i>	Market Value (in millions of dollars)*	% of SCERS Plan	% of Real Estate
SCERS Total Plan Assets	11,836	100.0%	
Private Portfolio Target	1,065	9.0%**	
Private Portfolio Permissible Range		7.0-11.0%**	
Private Real Estate			
Core Portfolio	834	7.0%	74.9%
Non-Core Portfolio	280	2.4%	25.1%
Total SCERS Private Real Estate Market Value	1,114	9.4%	
Total SCERS Private Real Estate Unfunded Commitments	215	1.8%	

• Figures may not add due to rounding

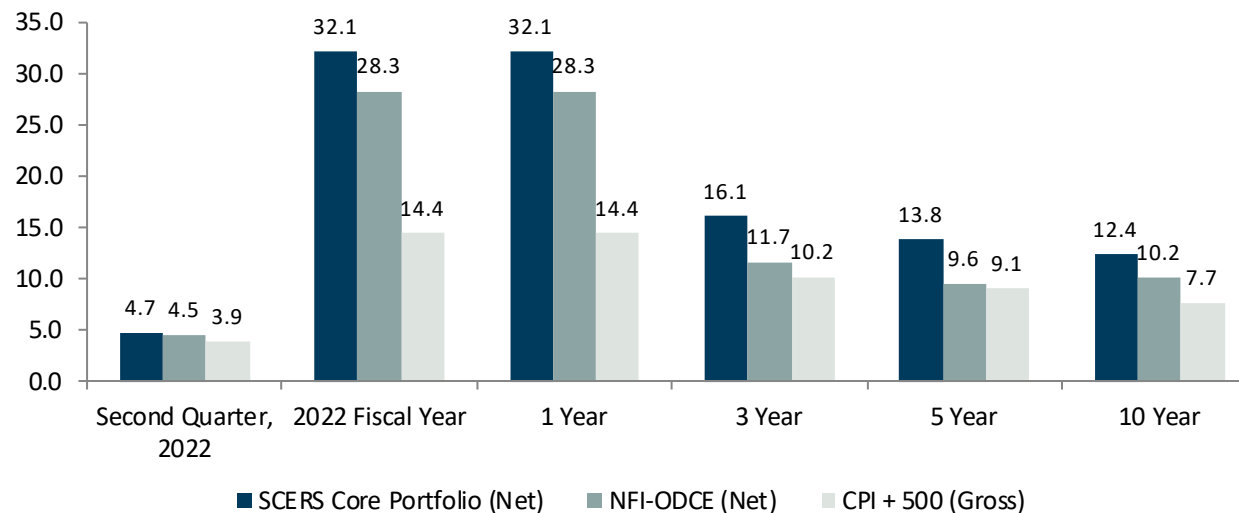
** The 9% Private Portfolio (RE) target and permissible range were approved during the third quarter of 2021

Private Real Estate 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.
- During the second quarter of 2022, the SCERS Private Real Estate Portfolio underperformed the benchmark by 112 basis points due to the underperformance of the non-core portfolio as the currency fluctuations affect the portfolio negatively.
- On the other hand, the SCERS Total Real Estate Portfolio outperformed the benchmark over all other time periods, except for the trailing 1 year and fiscal year driven by the robust performance of the Core funds as well as the Non-Core investments.

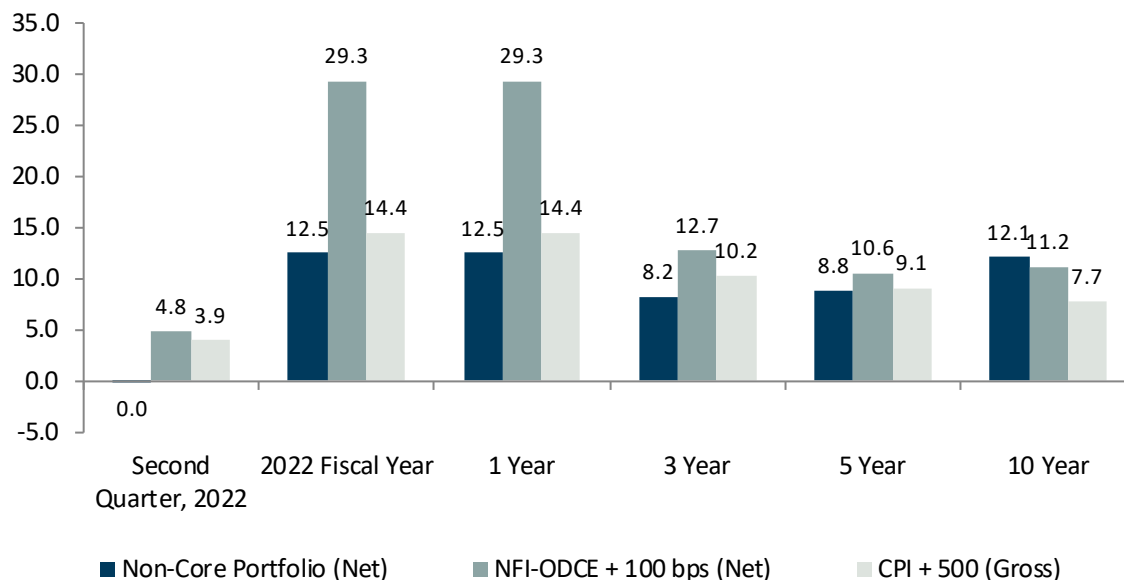
Core Portfolio Performance



- The SCERS Core Portfolio consists of seven open-end Core Commingled funds. The Core Commingled Fund exposure includes, 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, Lion Properties Fund was the strongest absolute performer and largest contributor, generating 7.1% in net returns as the fund led by the strong performance of the industrial and life sciences sector.
- Moreover, Brookfield Premier Real Estate Partners was the second largest contributor to the SCERS Core Portfolio producing 6.2% in net returns driven by the strong market fundamentals for logistics, multifamily and the alternative sector.
- The SCERS Core Portfolio performed above the CPI + 500 bps (the SCERS Real Asset Objective) over all time periods.

*EX-US funds produced the following 2Q22 net returns in local currency: Prologis European Logistics Fund (Euro) 5.8%.

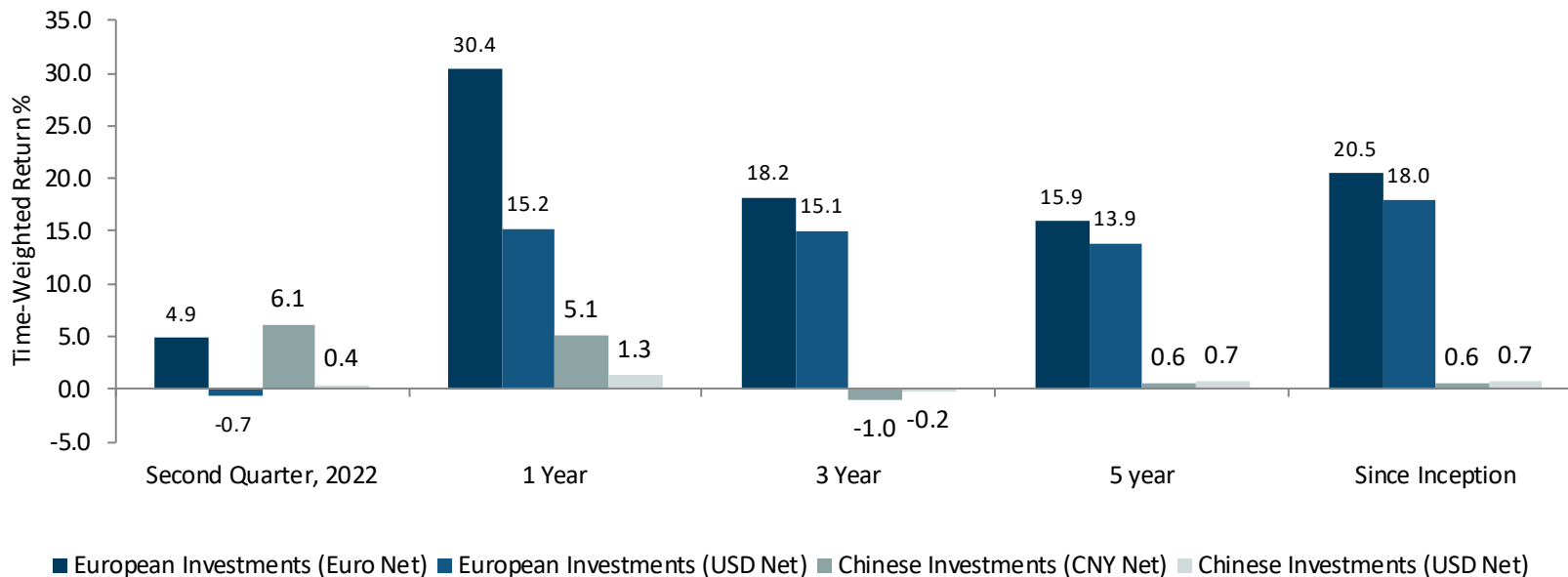
Non-Core Portfolio Performance



- The SCERS Non-Core Portfolio includes both Value Added and Opportunistic Real Estate strategies, which are defined in the Glossary of Terms.
- During the quarter, the Non-Core Portfolio underperformed the benchmark due to the poor performance of the Value-add investments, particularly the negative performance of Asana Partners Fund II and NREP Nordic Strategies Fund II.
 - Asana Partners Fund II performance was affected by the depreciation in the value of the fund as a result of the disruption in the debt capital markets causing an instability to real estate transactions. Nevertheless, the portfolio is still positioned well for continued value creation following the current capital markets disruption and will continue to outperform target returns.
 - NREP Nordic Strategies Fund II's negative performance was the result of a slight decrease in the overall fund value which was amplified by the negative effect of currency fluctuations during the quarter.

**EX-US funds produced the following 2Q22 net returns in local currency: DRC European Real Estate Debt Fund II (Pound Sterling) 12.7%, ECE European Prime Shopping Centre Fund II (Euro) 1.1%, NREP Nordic Strategies Fund (Euro) 0.1%, NREP Nordic Strategies Fund II (Euro) (1.3%), NREP Nordic Strategies Fund III (Euro) 8.5%, NREP Nordic Strategies Fund IV (Euro) 6.1%, Carlyle China Realty Fund (Chinese Yuan) 6.1% and Carlyle's Project Rome (Chinese Yuan) 0.5%.*

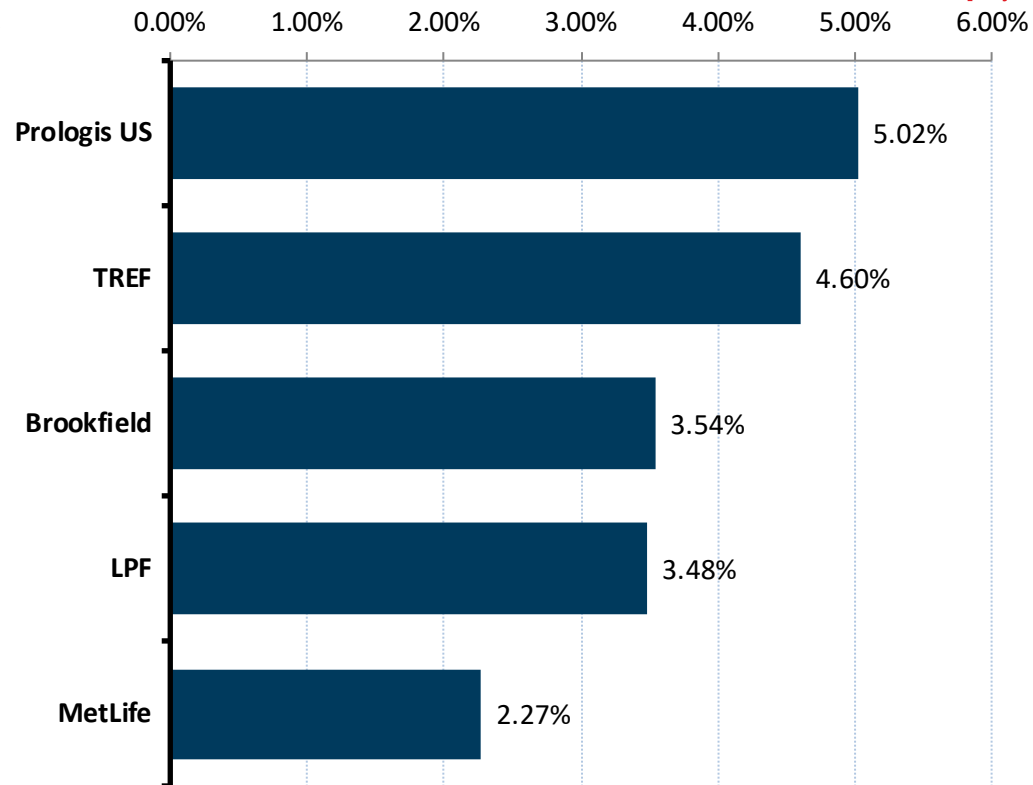
Ex-US Portfolio Performance



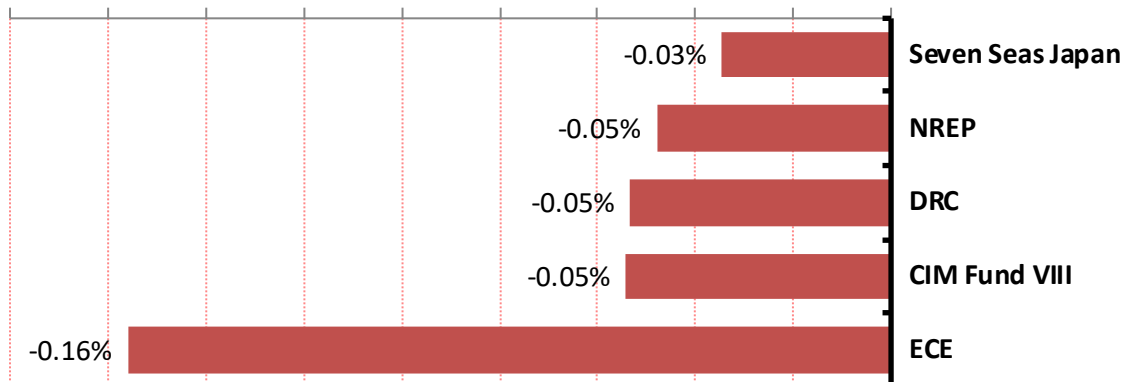
- Approximately 22.1% of the SCERS Portfolio is comprised of Ex-US investments. SCERS does not currently hedge its foreign currency exposures and pays liabilities in US Dollars. As such, FX movement will impact performance for Ex-US investments. The chart above isolates European and Asian investments and displays performance both before and after currency conversion.
- During the quarter, the impact of currency movement was negative on foreign investments with both investments in Euros and Chinese Yuan negatively affected. 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) 3.9%, NREP Nordic Strategies Fund (Euro) 0.1%, NREP Nordic Strategies Fund II (Euro) (1.3%), NREP Nordic Strategies Fund III (Euro) 8.5%, NREP Nordic Strategies Fund IV (Euro) 6.1% and Prologis European Logistics Fund (PELF) 5.8%.
 - 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) 6.1% and Carlyle's Project Rome (Chinese Yuan) 6.2%.
 - Since Inception period begins 3Q17.
 - SCERS' Carlyle investments are USD denominated at the fund level, but property values are exposed to currency translation.

Performance Attribution

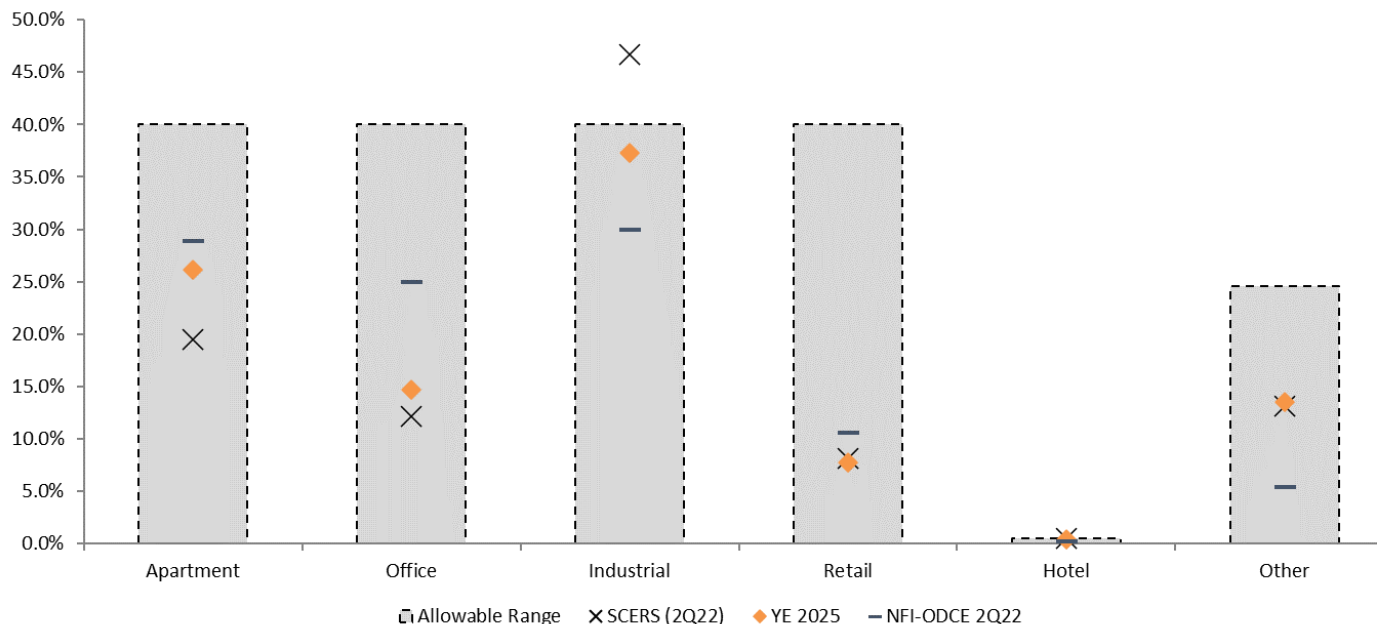
- SCERS total portfolio's positive performance over the 1-year period is primarily attributed to the strong performance of the Core OECFs.
- Over the trailing year, the top five performers were OECFs within the SCERS portfolio that contributed significantly to overall portfolio performance. The funds include Prologis Targeted U.S. Logistics Fund, Townsend Real Estate Fund, Lion Properties Fund, Brookfield Premier Real Estate Partners and MetLife Core Property Fund.
- ECE European Prime Shopping Center Fund II C was the largest detractor over the trailing year due to an overall decrease in the value of the fund's shopping centers as a result of the closings that took place during the pandemic. However, at the end of October all centers have returned to regular operations.
- CIM Fund VIII has been the second largest detractor over the trailing year as the fund's performance challenges were exacerbated by COVID-19, specifically due to the fund's development-heavy strategy and exposure to the New York City market.
- DRC European Real Estate Debt Fund II continued to be a lag in performance over the trailing year due to significant write-downs in two of the fund's shopping malls dragging down the trailing year performance.



-0.18% -0.16% -0.14% -0.12% -0.10% -0.08% -0.06% -0.04% -0.02% 0.00%



Real Estate Private Portfolio Diversification – Property Type

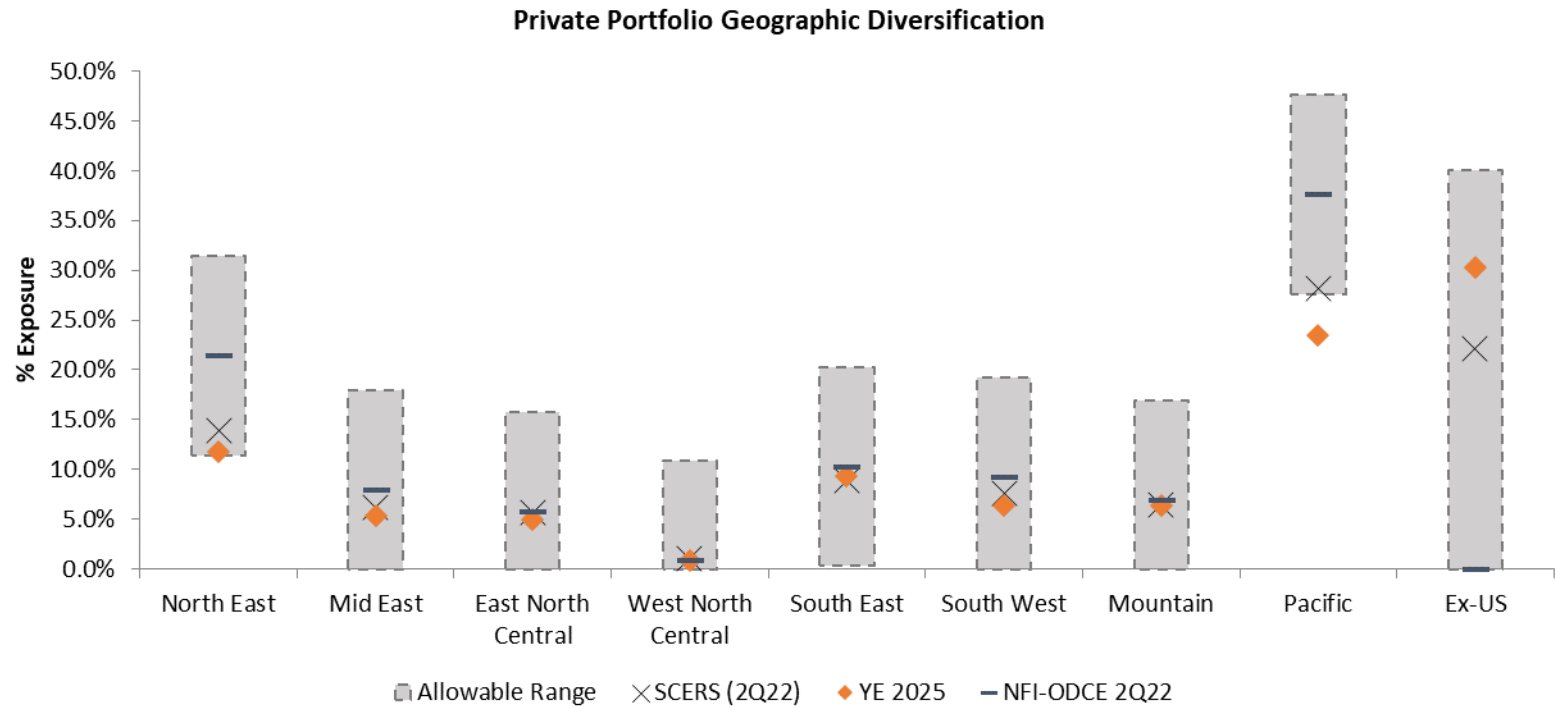


- The diversification of the Private Portfolio is compared to the diversification of the NFI-ODCE, and has a maximum limit of 40% for each property type, except for the “other” property type which has a maximum limit of 25%**. The Real Estate Policy also allows for temporary deviations in order to provide SCERS with the flexibility required to overweight or underweight property types during certain parts of the market cycle.
- As of the second quarter, the industrial property type was the only sector outside the current set limit of 40%. However, Townsend’s current views support an overweight to the industrial sector. Townsend and Staff will continue to monitor the industrial property type fundamentals for opportunities to tactically reduce exposure if secular growth trends moderate. Additionally, Townsend will work with Staff to develop a plan to reduce the overweight through deploying capital to specialty funds in other sectors.
- The “Other” property type exposure represents Sculptor Real Estate Fund III* (parking, senior housing and cell towers), Sculptor Real Estate Fund IV (parking), 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) and NREP Nordic Strategies Fund III (senior living and land).

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

** The 25% limit is for “Other” property type exposure including hotels. However, our chart currently separates the “Hotel” property sector from “Other” due to be aligned with the ODCE classifications.

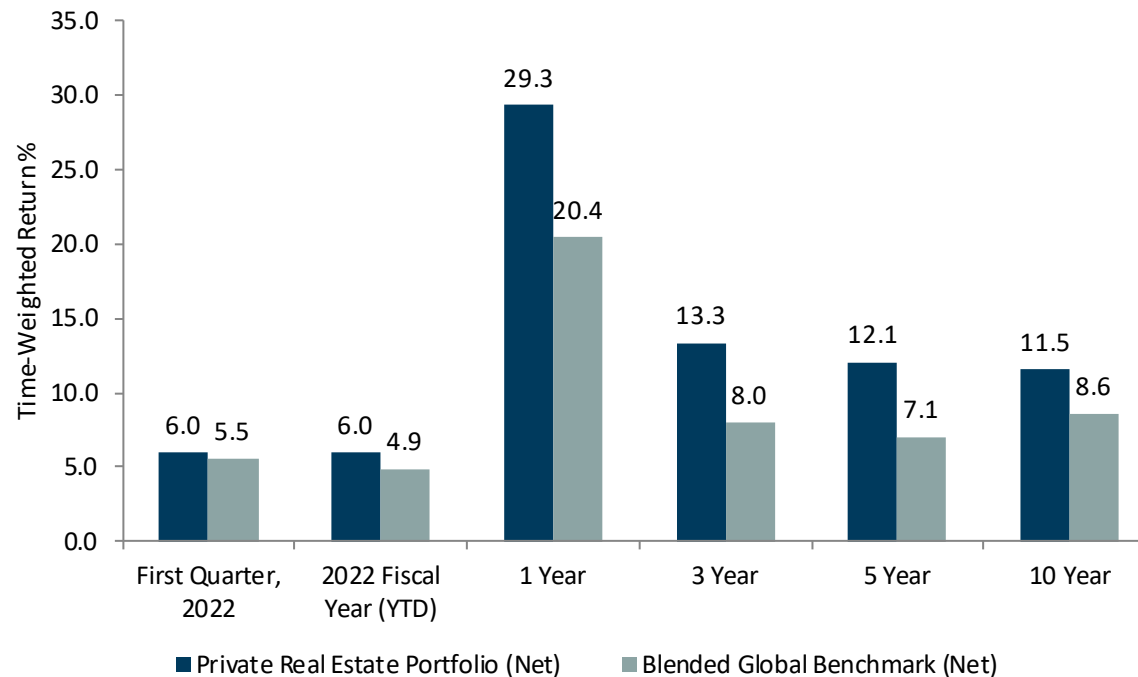
Real Estate Private Portfolio Diversification – Geographic Region



- 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 40.0% of the Total Private Portfolio.
- As of the second quarter, the Private Portfolio was in compliance across all regions.
- The Private Portfolio's international exposure is 22.1%, well within its 40% constraint, and will remain similar as Sculptor Real Estate Fund III* and IV, NREP Nordic Strategies Fund III and IV as well as LaSalle China Logistics and Seven Seas Japan continue to call capital and purchase assets in Europe, China and Japan while older vintage funds liquidate.
- Ex-US exposure consists of 4.90% in China, 2.72% in Denmark, 1.94% in Finland, 2.48% in Germany, 1.36% in France, 2.96% in Sweden, 1.26% in Poland, 1.14% in Netherlands, 1.65% in the UK and 1.69% in other countries.

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

Private Real Estate Performance – Global Ancillary Benchmark (1Q22)



- 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 22.1%, well within its 40% new 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 benchmarks significantly over all time periods.

Exhibit A: Performance Flash Report



Portfolio Composition (\$)								
Total Plan Assets	Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
11,835,828,791	Core	7.0%	833,824,583	7.0%	0	0.0%	-5,316,568	0.0%
	Non-Core	0.00% - 5.00%	280,089,698	2.4%	214,555,089	1.8%	-228,338,639	-1.9%
	Total	9.0%	1,113,914,281	9.4%	214,555,089	1.8%	-233,655,207	-2.0%

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Portfolio (Commingled Funds & Separate Accounts)	5.2	4.7	36.0	32.1	18.0	16.1	15.5	13.8
Non-Core Portfolio (Value Added & Opportunistic, 1Q2007 Forward)	0.9	0.0	20.4	12.5	14.3	8.2	14.0	8.8
Private Real Estate Portfolio	4.1	3.5	31.7	26.6	17.0	14.0	14.7	12.1
NFI-ODCE (Core)	4.8	4.5	29.5	28.3	12.7	11.7	10.5	9.6
NFI-ODCE + 100 bps (Non-Core)	5.0	4.8	30.5	29.3	13.7	12.7	11.5	10.6
NFI-ODCE + 35 bps (Private Portfolio)	4.9	4.6	29.9	28.7	13.0	12.0	10.9	9.9

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core Commingled Funds								
Brookfield Premier Real Estate Partners	2018	100,000,000	100,000,000	0	15,675,095	138,047,112	12.4	10.7
Lion Properties Fund	2018	152,400,000	156,304,014	0	70,941,503	142,072,013	12.8	11.0
MetLife Core Property Fund	2013	35,000,000	52,954,694	0	19,348,275	91,227,245	8.2	7.1
Principal U.S. Property Account	2015	35,000,000	35,000,000	0	0	66,200,340	5.9	5.1
Prologis European Logistics Fund ^{1,3}	2017	47,950,142	49,151,023	0	9,521,188	75,147,934	6.7	5.8
Prologis Targeted U.S. Logistics Fund	2015	50,000,000	50,000,000	0	13,620,210	142,833,886	12.8	11.1
Townsend Real Estate Fund, L.P. ³	2016	90,000,000	117,440,178	0	27,440,178	178,296,053	16.0	13.8
Core Commingled Funds	1986	510,350,142	560,849,909	0	156,546,449	833,824,583	74.9	62.8
Value Added Portfolio								
Asana Partners Fund II ⁵	2019	35,000,000	18,025,000	16,975,000	0	22,573,503	2.0	3.1
Asana Partners Fund III ⁵	2022	45,000,000	1,600,000	38,400,000	0	1,093,511	0.1	3.1
DRC European Real Estate Debt Fund II	2013	50,007,963	47,627,074	3,932,810	42,853,672	4,624,834	0.4	0.7
ECE European Prime Shopping Centre Fund II C ³	2015	33,611,623	34,613,419	0	4,452,597	33,835,509	3.0	2.6
Hammes Partners II	2015	25,000,000	27,568,968	1,064,493	43,299,666	3,277,820	0.3	0.3
Hammes Partners III	2018	25,000,000	23,918,513	7,206,487	7,823,814	20,630,679	1.9	2.2
Hammes Partners IV	2022	40,000,000	0	40,000,000	0	0	0.0	3.1
NREP Nordic Strategies Fund ³	2014	25,130,756	22,485,011	0	36,359,214	2,485,566	0.2	0.2
NREP Nordic Strategies Fund II	2016	35,176,432	35,664,816	460,809	44,051,799	28,192,672	2.5	2.2
NREP Nordic Strategies Fund III	2018	39,019,632	29,712,222	6,075,201	0	42,050,481	3.8	3.7

Funding Status

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	13,593,022	21,823,333	0	14,955,151	1.3	2.9
Value Added Portfolio	1986	388,395,614	254,808,045	135,938,133	178,840,762	173,719,726	15.6	23.3
Opportunistic Portfolio								
Carlyle China Project Rome Co-Investment	2017	40,000,000	38,292,815	4,405,916	0	38,143,372	3.4	3.3
Carlyle China Realty	2017	10,000,000	10,641,475	837,930	2,342,232	8,597,092	0.8	0.7
CIM Fund VIII	2015	35,000,000	39,419,299	0	7,591,848	29,578,475	2.7	2.3
KKR Real Estate Partners Americas	2014	22,720,638	30,355,045	3,956,995	37,527,894	1,718,544	0.2	0.4
LaSalle China Logistics Venture	2021	30,000,000	2,744,999	27,255,001	0	2,848,424	0.3	2.3
Sculptor Real Estate Fund III ²	2014	35,000,000	26,568,920	12,922,249	37,976,162	7,819,943	0.7	1.6
Sculptor Real Estate Fund IV ²	2020	30,000,000	12,380,915	21,464,082	5,576,602	7,781,607	0.7	2.3
Seven Seas Japan Opportunity Fund	2022	177,336	10,308,926	7,774,783	0	9,882,515	0.9	1.4
Opportunistic Portfolio	1991	202,897,974	170,712,394	78,616,956	91,014,738	106,369,972	9.5	13.9
Total Non-Core Portfolio 1Q 2007 Forward	2007	591,293,588	425,520,439	214,555,089	269,855,500	280,089,698	25.1	37.2
Total Private Portfolio								
SCERS	1986	1,101,643,730	1,839,147,412	214,555,089	1,646,733,000	1,113,914,281	100.0	100.0

¹ Represent composite performance of Prologis Targeted Europe Logistics Fund and Prologis European Logistics Fund.

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2022				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Core Commingled Funds																	
Brookfield Premier Real Estate Partners	138,047,112	0.9	6.2	7.2	6.2	3.0	36.8	40.7	32.6	3.0	36.8	40.7	32.6	3.2	13.9	17.5	14.7
Lion Properties Fund	142,072,013	0.8	6.5	7.3	7.1	3.7	27.0	31.4	30.4	3.7	27.0	31.4	30.4	3.7	10.6	14.5	13.6
MetLife Core Property Fund	91,227,245	1.1	3.5	4.6	4.5	4.5	26.5	31.9	31.3	4.5	26.5	31.9	31.3	4.6	9.8	14.7	14.2
Principal U.S. Property Account	66,200,340	0.9	2.3	3.3	3.0	4.0	24.1	28.8	27.7	4.0	24.1	28.8	27.7	4.1	8.6	13.0	12.0
Prologis European Logistics Fund ^{4,3}	75,147,934	1.0	0.2	1.2	0.2	4.4	12.8	17.5	12.8	4.4	12.8	17.5	12.8	5.0	13.3	18.8	15.5
Prologis Targeted U.S. Logistics Fund	142,833,886	0.8	5.9	6.7	5.7	3.6	55.7	60.7	49.6	3.6	55.7	60.7	49.6	4.1	28.6	33.6	28.2
Townsend Real Estate Fund, L.P. ³	178,296,053	0.8	3.0	3.9	3.8	3.3	29.0	33.0	32.7	3.3	29.0	33.0	32.7	3.7	11.8	15.8	15.5
Core Commingled Funds	833,824,583	0.9	4.3	5.2	4.7	3.7	31.5	36.0	32.1	3.7	31.5	36.0	32.1	3.9	13.8	18.0	16.1
Value Added Portfolio																	
Asana Partners Fund II ⁵	22,573,503	0.1	-6.7	-6.6	-5.5	0.7	29.6	30.5	21.7	0.7	29.6	30.5	21.7				
Asana Partners Fund III ³	1,093,511																
DRC European Real Estate Debt Fund II ³	4,624,834	12.4	-7.7	4.7	4.5	4.0	-12.8	-8.2	-9.2	4.0	-12.8	-8.2	-9.2	-18.1	-2.1	-18.1	-19.0
ECE European Prime Shopping Centre Fund II C	33,835,509	0.0	-1.1	-1.1	-1.6	2.3	-3.9	-1.7	-4.3	2.3	-3.9	-1.7	-4.3	4.8	-2.2	2.4	-0.1
Hammes Partners II	3,277,820	1.0	0.2	1.2	0.7	5.2	19.9	25.9	19.2	5.2	19.9	25.9	19.2	8.6	39.3	49.7	41.1
Hammes Partners III	20,630,679	1.8	2.8	4.6	3.3	8.4	16.7	26.1	17.9	8.4	16.7	26.1	17.9	10.3	21.5	33.3	16.8
NREP Nordic Strategies Fund ³	2,485,566	0.0	-4.9	-4.9	-5.1	0.0	-6.6	-6.6	-14.1	0.0	-6.6	-6.6	-14.1	1.7	10.6	12.3	5.8
NREP Nordic Strategies Fund II	28,192,672	1.3	-7.4	-6.1	-6.6	-7.3	56.6	48.9	32.8	-7.3	56.6	48.9	32.8	-2.6	42.2	39.9	26.0
NREP Nordic Strategies Fund III	42,050,481	-2.5	8.0	5.5	2.8	-3.6	29.1	25.6	14.7	-3.6	29.1	25.6	14.7	-3.0	34.2	31.1	18.5
NREP Nordic Strategies Fund IV	14,955,151	-3.3	7.4	4.1	0.4	-15.6	58.0	40.0	23.4	-15.6	58.0	40.0	23.4				
Value Added Portfolio	173,719,726	-0.1	0.0	0.0	-1.2	-2.2	29.3	26.9	16.6	-2.2	29.3	26.9	16.6	-0.2	25.3	25.3	15.9
Opportunistic Portfolio																	
Carlyle China Project Rome Co-Investment	38,143,372	0.0	0.8	0.7	0.5	-0.2	2.6	2.4	1.3	-0.2	2.6	2.4	1.3	-0.1	0.5	0.4	-0.7
Carlyle China Realty	8,597,092	0.0	0.8	0.7	0.4	-0.3	2.6	2.3	0.9	-0.3	2.6	2.3	0.9	3.1	0.7	3.8	2.1
CIM Fund VIII	29,578,475	0.0	-0.1	-0.2	-0.5	-0.1	-0.5	-0.6	-1.9	-0.1	-0.5	-0.6	-1.9	-0.1	-8.4	-8.5	-9.7
KKR Real Estate Partners Americas	1,718,544	2.6	-3.0	-0.4	-1.0	-69.0	66.4	-13.1	-13.0	-69.0	66.4	-13.1	-13.0	-30.3	0.0	-14.3	-12.0
LaSalle China Logistics Venture	2,848,424	-2.3	10.5	8.2	4.2	-189.9	489.5	211.8	-6.2	-189.9	489.5	211.8	-6.2				
Sculptor Real Estate Fund III ²	7,819,943	3.1	40.6	43.7	43.0	13.1	58.7	77.5	71.9	13.1	58.7	77.5	71.9	12.0	20.8	34.6	31.8
Sculptor Real Estate Fund IV ⁴	7,781,607	-0.7	3.7	3.0	1.4	16.0	6.4	24.1	13.1	16.0	6.4	24.1	13.1				
Seven Seas Japan Opportunity Fund	9,882,515	-1.8	-9.9	-11.7	-11.9												
Opportunistic Portfolio	106,369,972	-0.1	2.5	2.4	2.0	-0.8	9.9	9.0	5.0	-0.8	9.9	9.0	5.0	1.2	-0.2	1.1	-1.1
Total Non-Core Portfolio 1Q 2007 Forward	280,089,698	-0.1	1.0	0.9	0.0	-1.7	22.2	20.4	12.5	-1.7	22.2	20.4	12.5	0.4	13.8	14.3	8.2
Total Private Portfolio																	
SCERS	1,113,914,281	0.6	3.5	4.1	3.5	2.2	29.0	31.7	26.6	2.2	29.0	31.7	26.6	2.9	13.8	17.0	14.0

Returns

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2022				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Ex-US Dollar Denominated Investments (In Local Currency)																	
Prologis Targeted Europe Logistics Fund (Euro) ^{1,3}	€ 71,683,614	1.0	5.8	6.8	5.8	4.4	27.6	32.9	27.5	4.4	27.6	32.9	27.5	5.0	16.4	22.0	18.6
DRC European Real Estate Debt Fund II (Pound Sterling)	£3,797,452	13.0	0.0	13.0	12.7	4.2	0.0	4.2	3.1	4.2	0.0	4.2	3.1	-16.9	0.0	-16.9	-17.8
ECE European Prime Shopping Centre Fund II (Euro) ³	€ 31,379,997	1.0	0.4	1.4	1.1	4.3	6.4	10.9	7.0	2.4	4.7	7.1	4.2	5.1	-0.8	4.3	1.7
NREP Nordic Strategies Fund (Euro) ³	€ 2,370,982	0.0	0.4	-0.2	0.1	0.0	5.6	-8.1	-2.9	0.0	5.6	-8.1	-2.9	1.638	13.92	-6.01	9.054
NREP Nordic Strategies Fund II (Euro)	€ 26,892,990	1.3	-2.0	-0.7	-1.3	-7.3	77.1	68.5	50.2	-7.3	77.1	68.5	50.2	-2.6	46.1	43.9	29.5
NREP Nordic Strategies Fund III (Euro)	€ 40,111,954	-2.5	13.9	11.4	8.5	-3.7	46.1	42.2	29.9	-3.7	46.1	42.2	29.9	-3.0	37.9	34.7	21.7
NREP Nordic Strategies Fund IV (Euro)	€ 14,265,718	-3.4	13.4	10.0	6.1	-15.9	78.9	58.5	39.7	-15.9	78.9	58.5	39.7				
Seven Seas Japan Opportunity Fund	¥1,341,254,985	-2.0	0.4	-1.5	-1.7												
Indices																	
NFI ODCE+ 35bps				4.9	4.6			29.9	28.7			29.9	28.7			13.0	12.0
NFI-ODCE		0.9	3.9	4.8	4.5	3.8	25.0	29.5	28.3	3.8	25.0	29.5	28.3	3.9	8.5	12.7	11.7
NFI-ODCE + 100bps				5.0	4.8			30.5	29.3			30.5	29.3			13.7	12.7
CPI + 500 bps				3.9				14.4				14.4				10.2	

¹ Represent composite performance of Prologis Targeted Europe Logistics Fund and Prologis European Logistics Fund.

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

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 ⁴			
Core Commingled Funds																
Brookfield Premier Real Estate Partners	138,047,112									3.0	12.6	15.9	13.3	4Q18	12.9	1.5
Lion Properties Fund	142,072,013									3.8	9.1	13.1	12.2	4Q18	10.9	1.4
MetLife Core Property Fund	91,227,245	4.8	7.5	12.5	12.0					4.9	7.6	12.8	12.2	1Q14	12.2	2.1
Principal U.S. Property Account	66,200,340	4.3	6.7	11.2	10.2					4.5	6.3	10.9	9.9	4Q15	9.9	1.9
Prologis European Logistics Fund ^{4,9}	75,147,934									5.3	11.7	17.5	14.6	4Q17	14.7	1.7
Prologis Targeted U.S. Logistics Fund	142,833,886	4.5	23.1	28.3	24.0					4.8	19.6	25.1	21.4	3Q15	22.0	3.1
Townsend Real Estate Fund, L.P. ⁹	178,296,053	3.9	8.8	13.0	12.8					4.0	8.4	12.7	12.4	2Q16	12.5	1.8
Core Commingled Funds	833,824,583	4.1	11.0	15.5	13.8	4.4	9.1	13.8	12.4	4.4	4.3	8.8	7.9	4Q86	8.9	1.6
Value Added Portfolio																
Asana Partners Fund II ⁹	22,573,503									-4.1	9.4	4.3	-7.7	4Q19	14.2	1.3
Asana Partners Fund III ⁹	1,093,511													3Q22	-32.0	0.7
DRC European Real Estate Debt Fund II ⁹	4,624,834	-8.1	-1.9	-8.8	-9.7					-0.5	-4.3	-4.0	-5.4	1Q14	-0.1	1.0
ECE European Prime Shopping Centre Fund II C	33,835,509	4.2	1.6	5.7	3.2					2.3	8.0	10.6	8.0	4Q15	3.1	1.1
Hammes Partners II	3,277,820	8.5	27.2	37.1	29.8					9.5	21.4	32.3	25.1	3Q15	23.5	1.7
Hammes Partners III	20,630,679									9.2	19.7	30.1	5.0	1Q19	16.5	1.2
NREP Nordic Strategies Fund ⁹	2,485,566	3.0	8.2	11.4	3.0					6.3	13.2	20.0	13.3	1Q15	23.1	1.7
NREP Nordic Strategies Fund II	28,192,672	-1.4	33.9	32.9	22.7					0.2	31.4	32.3	20.4	3Q16	22.4	2.0
NREP Nordic Strategies Fund III	42,050,481									-4.2	29.6	25.0	6.6	4Q18	18.2	1.4
NREP Nordic Strategies Fund IV	14,955,151									-23.0	52.4	21.5	N/A	1Q20	9.3	1.1
Value Added Portfolio	173,719,726	1.6	18.1	20.1	12.4	4.7	12.5	17.7	12.8	1.8	5.4	7.4	5.4	4Q86	7.0	1.3
Opportunistic Portfolio																
Carlyle China Project Rome Co-Investment	38,143,372	-0.8	3.1	2.2	0.2					-0.8	3.1	2.2	0.2	3Q17	-0.1	1.0
Carlyle China Realty	8,597,092	1.7	3.0	4.7	2.4					1.7	3.0	4.7	2.4	3Q17	0.8	1.0
CIM Fund VIII	29,578,475	-0.1	-1.6	-1.6	-2.9					0.0	2.4	2.4	0.7	2Q15	-1.2	0.9
KKR Real Estate Partners Americas	1,718,544	-15.0	-2.8	-6.4	-4.9					-3.8	-3.6	0.8	0.7	2Q14	12.2	1.3
LaSalle China Logistics Venture	2,848,424									-189.9	489.5	211.8	-6.2	3Q21	5.6	1.0
Sculptor Real Estate Fund III ^c	7,819,943	11.6	20.1	33.3	30.0					13.9	17.7	33.5	19.6	4Q14	24.1	1.7
Sculptor Real Estate Fund IV ^c	7,781,607									16.1	13.4	31.1	13.5	3Q20	14.8	1.1
Seven Seas Japan Opportunity Fund	9,882,515									-1.8	-9.9	-11.7	-11.9	2Q22	-4.2	1.0
Opportunistic Portfolio	106,369,972	1.9	4.0	5.9	3.8	4.9	12.6	18.8	13.9	1.9	7.0	9.2	7.2	1Q91	9.5	1.2
Total Non-Core Portfolio 1Q 2007 Forward	280,089,698	1.7	12.1	14.0	8.8	4.7	11.4	16.6	12.1	3.8	6.9	10.8	6.2	1Q07	7.5	1.3
Total Private Portfolio																
SCERS	1,113,914,281	3.5	10.9	14.7	12.1	4.2	9.0	13.5	11.6	4.2	5.8	10.1	9.0	4Q86	8.8	1.5

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 ⁴			
Ex-US Dollar Denominated Investments (In Local Currency)																
Prologis Targeted Europe Logistics Fund (Euro) ^{1,3}	€ 71,683,614	5.4	14.5	20.4	17.3					4.9	11.8	17.1	14.7	1Q16	14.8	1.6
DRC European Real Estate Debt Fund II (Pound Sterling)	£3,797,452	-7.3	0.0	-7.3	-8.3					0.0	-0.5	-0.5	-1.9	1Q14	4.0	1.1
ECE European Prime Shopping Centre Fund II (Euro) ³	€ 31,379,997	4.1	2.1	6.2	3.7					2.3	8.7	11.4	8.8	4Q15	4.6	1.1
NREP Nordic Strategies Fund (Euro) ³	€ 2,370,982	3.0	10.3	-7.8	5.0					6.3	15.5	-5.9	15.6	1Q15	24.6	1.8
NREP Nordic Strategies Fund II (Euro)	€ 26,892,990	-1.4	36.3	35.3	25.0					0.2	32.6	33.5	21.5	3Q16	23.6	2.1
NREP Nordic Strategies Fund III (Euro)	€ 40,111,954									-4.3	33.4	28.6	9.6	4Q18	22.5	1.5
NREP Nordic Strategies Fund IV (Euro)	€ 14,265,718									-23.2	60.5	28.1	N/A	1Q20	19.7	1.2
Seven Seas Japan Opportunity Fund	¥1,341,254,985									-2.0	0.4	-1.5	-1.7	2Q22	6.9	1.1
Indices																
NFI ODCE+ 35bps				10.9	9.9			11.5	10.5			8.1	7.1	4Q86		
NFI-ODCE		4.0	6.3	10.5	9.6	4.5	6.5	11.2	10.2	6.5	1.2	7.8	6.7	4Q86		
NFI-ODCE + 100bps				11.5	10.6			12.2	11.2			8.8	7.7	4Q86		
CPI + 500 bps				9.1				7.7				7.9		4Q86		

¹ Represent composite performance of Prologis Targeted Europe Logistics Fund and Prologis European Logistics Fund.

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Returns (%)	Market Value (\$)	2022		Fiscal Year 2022		2021		2020		2019		2018		2017		2016	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Commingled Funds																	
Brookfield Premier Real Estate Partners	138,047,112	17.5	15.1	40.7	32.6	28.5	23.0	1.8	1.9	10.6	8.5	2.3	1.9				
Lion Properties Fund	142,072,013	14.9	14.4	31.4	30.4	23.4	22.4	2.2	1.4	7.3	6.4	2.0	1.8				
MetLife Core Property Fund	91,227,245	13.0	12.8	31.9	31.3	27.8	27.2	1.0	0.5	8.6	8.1	7.8	7.3	8.4	7.9	9.3	8.8
Principal U.S. Property Account	66,200,340	11.0	10.5	28.8	27.7	23.7	22.6	1.6	0.6	7.0	6.0	9.1	8.1	9.1	8.1	10.0	9.0
Prologis European Logistics Fund ^{1,3}	75,147,934	6.0	3.8	17.5	12.8	22.7	18.0	20.2	18.7	13.5	11.1	13.6	10.8	6.8	6.5		
Prologis Targeted U.S. Logistics Fund	142,833,886	22.0	18.4	60.7	49.6	59.3	48.7	11.1	9.8	19.4	16.8	18.5	16.1	24.2	20.3	16.1	14.2
Townsend Real Estate Fund, L.P. ⁴	178,296,053	13.5	13.4	33.0	32.7	29.3	29.1	2.6	2.3	7.6	7.3	9.0	8.8	11.0	10.8	8.4	8.2
Core Commingled Funds	833,824,583	14.8	13.4	36.0	32.1	30.8	27.6	4.6	4.0	9.5	8.3	10.9	9.7	14.2	12.8	9.8	8.9
Value Added Portfolio																	
Asana Partners Fund II ¹	22,573,503	-2.9	-2.8	30.5	21.7	63.7	49.9	-36.4	-45.7	11.1	1.5						
Asana Partners Fund III ¹	1,093,511																
DRC European Real Estate Debt Fund II ²	4,624,834	11.5	11.1	-8.2	-9.2	-11.0	-12.4	-47.1	-47.7	12.0	11.1	-0.6	-1.7	23.8	22.3	-7.8	-8.9
ECE European Prime Shopping Centre Fund II C ^d	33,835,509	-2.4	-3.2	-1.7	-4.3	-0.2	-3.0	0.7	-1.8	2.2	0.0	15.1	12.8	24.7	21.5	22.1	19.7
Hammes Partners II	3,277,820	7.2	5.3	25.9	19.2	28.6	21.3	61.5	46.9	59.2	55.9	27.9	19.6	12.7	10.0	16.2	10.4
Hammes Partners III	20,630,679	9.4	6.6	26.1	17.9	29.1	18.3	43.5	24.5	23.9	-24.4						
NREP Nordic Strategies Fund	2,485,566	-4.6	-4.1	-6.6	-14.1	-3.0	-11.6	27.2	21.8	23.0	-4.2	0.8	0.1	41.2	40.1	23.1	21.7
NREP Nordic Strategies Fund II ⁴	28,192,672	-1.9	-4.4	48.9	32.8	71.5	52.7	35.1	26.6	20.9	9.8	17.0	12.3	44.9	34.4	8.6	-3.8
NREP Nordic Strategies Fund III	42,050,481	3.2	-0.2	25.6	14.7	35.9	22.8	42.3	28.1	19.0	-5.5	-2.8	-14.4				
NREP Nordic Strategies Fund IV ⁴	14,955,151	2.0	-4.4	40.0	23.4	42.2	20.5	22.1	-121.4								
Value Added Portfolio	173,719,726	1.3	-1.1	26.9	16.6	36.4	25.1	19.0	10.6	22.1	11.5	10.5	6.3	24.9	22.3	9.5	7.0
Opportunistic Portfolio																	
Carlyle China Project Rome Co-Investment	38,143,372	0.5	0.0	2.4	1.3	2.4	1.3	-0.9	-2.0	7.2	5.8	-2.5	-7.1	4.7	3.6		
Carlyle China Realty	8,597,092	0.5	-0.2	2.3	0.9	2.2	0.8	-0.3	-2.1	18.1	15.7	1.6	-1.4	2.7	0.2		
CIM Fund VIII	29,578,475	-1.6	-2.2	-0.6	-1.9	-3.7	-4.9	-16.7	-17.9	2.0	0.9	9.4	8.0	8.4	6.7	6.4	4.0
KKR Real Estate Partners Americas	1,718,544	-13.5	-12.2	-13.1	-13.0	27.9	19.1	-30.9	-24.7	7.8	7.3	11.0	10.7	27.5	23.3	20.8	17.2
LaSalle China Logistics Venture	2,848,424	8.0	0.0	211.8	-6.2	188.6	-6.2	-30.9	-24.7	7.8	7.3	11.0	10.7	27.5	23.3	20.8	17.2
Sculptor Real Estate Fund III ²	7,819,943	58.3	57.1	77.5	71.9	28.5	24.1	12.4	10.8	15.9	13.6	29.7	25.7	43.3	38.2	30.0	22.2
Sculptor Real Estate Fund IV ²	7,781,607	2.4	-1.6	24.1	13.1	40.3	25.9	19.6	3.9								
Seven Seas Japan Opportunity Fund	9,882,515	-11.7	-11.9														
Opportunistic Portfolio	106,369,972	4.1	2.5	9.0	5.0	6.2	2.8	-6.9	-8.1	8.6	7.1	11.5	9.1	19.1	16.0	13.9	10.2
Total Non-Core Portfolio 1Q 2007 Forward⁵	280,089,698	2.3	0.2	20.4	12.5	24.4	16.4	6.5	1.6	15.8	9.9	10.9	7.6	22.3	19.4	10.8	8.1
Total Private Portfolio																	
SCERS	1,113,914,281	11.4	9.8	31.7	26.6	29.1	24.5	5.2	3.5	11.0	8.7	9.2	7.5	15.2	13.6	9.1	7.8
Indices																	
NFI-ODCE + 35 bps		12.7	12.2	15.3	14.7	22.4	21.3	1.5	0.7	5.7	4.7	8.7	7.7	8.0	7.0	9.1	8.1
NFI-ODCE		12.5	12.0	29.5	28.3	22.2	21.0	1.2	0.3	5.3	4.4	8.3	7.4	7.6	6.7	8.8	7.8
NFI-ODCE + 100 bps		13.0	12.5	15.7	15.1	22.9	21.8	2.2	1.3	6.3	5.4	9.3	8.4	8.6	7.7	9.8	8.8
CPI + 500 bps		8.0		14.4		11.4		6.4		7.4		7.0		7.2		7.2	

¹ Represent composite performance of Prologis Targeted Europe Logistics Fund and Prologis European Logistics Fund.

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Returns (%)	Market Value (\$)	2015		2014		2013		2012		2011		2010		2009		2008		2007		2006	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Commingled Funds																					
Brookfield Premier Real Estate Partners	138,047,112																				
Lion Properties Fund	142,072,013																				
MetLife Core Property Fund	91,227,245	16.9	16.3	17.4	16.9																
Principal U.S. Property Account	66,200,340	3.0	2.8																		
Prologis European Logistics Fund ^{1,3}	75,147,934																				
Prologis Targeted U.S. Logistics Fund	142,833,886	9.1	7.9																		
Townsend Real Estate Fund, L.P. ⁴	178,296,053																				
Core Commingled Funds	833,824,583	15.7	14.1	13.5	12.4	10.2	9.3	11.1	10.1	16.4	15.5	14.1	13.3	-33.0	-33.6	-13.8	-14.6	15.5	14.5	16.9	15.8
Value Added Portfolio																					
Asana Partners Fund II ⁴	22,573,503																				
Asana Partners Fund III ⁴	1,093,511																				
DRC European Real Estate Debt Fund II ⁴	4,624,834	5.0	3.0	1.4	-2.1																
ECE European Prime Shopping Centre Fund II C ⁴	33,835,509	12.1	11.0																		
Hammes Partners II	3,277,820	19.4	12.9																		
Hammes Partners III	20,630,679																				
NREP Nordic Strategies Fund	2,485,566	55.1	50.8																		
NREP Nordic Strategies Fund II ⁴	28,192,672																				
NREP Nordic Strategies Fund III	42,050,481																				
NREP Nordic Strategies Fund IV ⁴	14,955,151																				
Value Added Portfolio	173,719,726	19.1	17.0	15.7	13.7	13.3	10.8	19.6	18.1	16.7	14.7	23.2	20.3	-56.4	-57.6	-31.2	-33.5	18.2	5.6	0.8	0.5
Opportunistic Portfolio																					
Carlyle China Project Rome Co-Investment	38,143,372																				
Carlyle China Realty	8,597,092																				
CIM Fund VIII	29,578,475	16.9	13.8																		
KKR Real Estate Partners Americas	1,718,544	79.0	55.3	30.1	24.7																
LaSalle China Logistics Venture	2,848,424	79.0	55.3	30.1	24.7																
Sculptor Real Estate Fund III ²	7,819,943	33.7	6.9	9.4	-28.3																
Sculptor Real Estate Fund IV ²	7,781,607																				
Seven Seas Japan Opportunity Fund	9,882,515																				
Opportunistic Portfolio	106,369,972	44.5	23.2	33.3	19.9	11.7	9.4	54.2	38.5	-10.1	-8.0	42.4	34.2	54.0	43.5	-44.5	-45.4	3.4	2.6	0.0	0.0
Total Non-Core Portfolio 1Q 2007 Forward⁵	280,089,698	23.0	17.9	17.0	14.2	16.7	13.5	34.6	26.9	-0.3	0.4	37.0	30.4	-13.5	-17.8	-33.7	-35.7	18.2	5.6		
Total Private Portfolio																					
SCERS	1,113,914,281	9.9	8.5	16.0	14.2	12.0	10.7	19.2	17.8	9.8	9.4	20.6	19.2	-16.0	-16.7	-14.1	-14.7	10.7	8.7	16.9	14.2
Indices																					
NFI-ODCE + 35 bps		15.4	14.3	12.8	11.8	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		15.0	14.0	12.5	11.5	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		16.0	15.0	13.5	12.5	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		5.7		5.7		6.6		6.8		8.2		6.5		8.0		5.0		9.3		7.7	

¹ Represent composite performance of Prologis Targeted Europe Logistics Fund and Prologis European Logistics Fund.

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Core Commingled Funds									
Brookfield Premier Real Estate Partners	131,323,669	0	1,346,814	0	1,213,090	1,250,992	8,108,160	138,047,112	42.2
Lion Properties Fund	133,471,491	278,516	1,172,094	0	1,124,808	278,516	8,647,808	142,072,013	20.5
MetLife Core Property Fund	87,330,546	717,650	716,206	0	923,685	108,958	3,080,528	91,227,245	25.2
Principal U.S. Property Account	64,263,386	0	0	0	584,352	154,919	1,507,520	66,200,340	22.4
Prologis European Logistics Fund	75,427,293	0	427,555	0	750,176	738,431	136,451	75,147,934	16.9
Prologis Targeted U.S. Logistics Fund	135,704,970	0	584,281	0	1,100,463	1,386,102	7,998,837	142,833,886	10.7
Townsend Real Estate Fund, L.P.	171,738,485	1,790,243	1,790,243	0	1,452,059	92,165	5,197,675	178,296,053	32.4
Core Commingled Funds	799,259,840	2,786,409	6,037,193	0	7,148,633	4,010,083	34,676,979	833,824,583	26.8
Value Added Portfolio									
Asana Partners Fund II	23,884,877	0	0	0	16,257	-271,917	-1,599,549	22,573,503	55.4
Asana Partners Fund III	-349,711	1,600,000	0	0	-10,641	125,000	-21,137	1,093,511	88.1
DRC European Real Estate Debt Fund II	4,426,726	0	0	0	550,078	8,929	-343,041	4,624,834	0.0
ECE European Prime Shopping Centre Fund II	34,727,752	0	310,023	35,939	-7,593	170,704	-367,984	33,835,509	56.0
Hammes Partners II	3,282,096	9,147	36,511	0	31,757	14,828	6,160	3,277,820	60.0
Hammes Partners III	20,433,294	0	392,973	88,064	368,263	265,871	576,030	20,630,679	67.7
NREP Nordic Strategies Fund	2,620,466	0	0	0	0	6,026	-128,873	2,485,566	0.0
NREP Nordic Strategies Fund II	35,316,085	1,402,154	6,497,912	0	394,500	167,655	-2,254,500	28,192,672	46.0
NREP Nordic Strategies Fund III	39,824,419	1,121,081	0	0	-983,668	1,103,615	3,192,265	42,050,481	43.0
NREP Nordic Strategies Fund IV	12,979,963	1,918,673	0	0	-453,790	496,387	1,006,691	14,955,151	0.0
Value Added Portfolio	177,145,967	6,051,055	7,237,419	124,003	-94,837	2,087,098	66,062	173,719,726	51.3
Opportunistic Portfolio									
Carlyle China Project Rome Co-Investment	37,741,351	228,830	0	0	-13,616	99,178	285,985	38,143,372	23.0
Carlyle China Realty	8,496,988	68,829	0	0	-3,745	29,344	64,363	8,597,092	23.0
CIM Fund VIII	29,750,101	96,984	0	123,732	-10,198	97,226	-37,454	29,578,475	39.1
KKR Real Estate Partners Americas	1,709,465	25,487	0	0	44,589	9,625	-51,372	1,718,544	66.0
LaSalle China Logistics Venture	2,733,204	0	0	0	-61,620	109,948	286,788	2,848,424	45.4
Sculptor Real Estate Fund III	8,196,946	14,236	3,536,838	0	227,952	50,233	2,967,880	7,819,943	0.0
Sculptor Real Estate Fund IV	5,762,142	2,202,353	273,452	0	-44,457	102,842	237,863	7,781,607	0.0
Seven Seas Japan Opportunity Fund	11,215,198	0	0	0	-206,858	19,823	-1,106,002	9,882,515	0.0
Opportunistic Portfolio	105,605,395	2,636,719	3,810,290	123,732	-67,953	518,219	2,648,051	106,369,972	26.6
Total Non-Core Portfolio 1Q 2007 Forward	282,751,362	8,687,774	11,047,709	247,735	-162,790	2,605,317	2,714,113	280,089,698	44.2
Total Private Portfolio									
SCERS	1,082,011,202	11,474,183	17,084,902	247,735	6,985,843	6,615,400	37,391,092	1,113,914,281	32.1

Quarterly Cash Flow Activity

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Core Commingled Funds						
Brookfield Premier Real Estate Partners	29.3	22.1	44.1	-	-	4.5
Lion Properties Fund	27.7	22.3	33.8	5.2	-	11.0
MetLife Core Property Fund	29.7	22.8	28.3	8.3	1.1	9.8
Principal U.S. Property Account	24.6	23.1	34.7	9.9	-	7.8
Prologis European Logistics Fund	-	-	100.0	-	-	-
Prologis Targeted U.S. Logistics Fund	-	-	100.0	-	-	-
Townsend Real Estate Fund, L.P. [†]	32.6	7.2	37.2	5.6	0	17.5
Core Commingled Funds	21.7	13.3	53.0	3.8	0.1	17.1
Value Added Portfolio						
Asana Partners Fund II	0.7	47.6	-	51.7	-	-
Asana Partners Fund III	-	74.8	-	25.2	-	-
DRC European Real Estate Debt Fund II	-	64.4	-	35.6	-	-
ECE European Prime Shopping Centre Fund II	-	-	-	100.0	-	-
Hammes Partners II	-	-	-	-	-	100.0
Hammes Partners III	-	-	-	-	-	100.0
NREP Nordic Strategies Fund	-	-	-	-	-	100.0
NREP Nordic Strategies Fund II	13.9	-	-	14.5	-	71.6
NREP Nordic Strategies Fund III	26.5	3.8	44.4	4.3	-	21.0
NREP Nordic Strategies Fund IV	28.0	3.5	30.7	4.3	7.6	25.8
Value Added Portfolio	11.2	9.6	13.4	31.1	0.7	34.1

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Opportunistic Portfolio						
Carlyle China Project Rome Co-Investment	-	-	100.0	-	-	-
Carlyle China Realty	-	-	100.0	-	-	-
CIM Fund VIII	47.4	20.7	1.1	13.8	5.9	11.1
KKR Real Estate Partners Americas	-	-	-	27.4	64.0	8.6
LaSalle China Logistics Venture	-	-	100	-	-	-
Sculptor Real Estate Fund III	-	1.2	-	0.8	0.1	97.9
Sculptor Real Estate Fund IV	-	-	0.0	-	0.8	99.2
Seven Seas Japan Opportunity Fund	-	35.0	-	65.0	-	-
Opportunistic Portfolio	14.5	6.5	51.7	4.8	3.0	19.5
Total Non-Core Portfolio 1Q 2007 Forward	12.4	8.5	27.1	21.7	1.5	28.9
Total Private Portfolio						
SCERS	19.4	12.2	46.7	8.1	0.5	13.1
Indices						
NFI-ODCE	29.0	23.5	30.7	10.0	0.2	6.7

¹Property diversification numbers used are from 1Q22.

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Ex-US
Core Commingled Funds									
Brookfield Premier Real Estate Partners	18.9	8.8	2.0	-	10.3	7.5	4.4	48.1	-
Lion Properties Fund	21.7	8.2	2.2	0.0	9.4	7.7	8.0	42.8	-
MetLife Core Property Fund	13.7	12.0	8.6	2.5	9.3	9.7	10.7	33.5	-
Principal U.S. Property Account	11.6	8.6	2.1	1.5	9.9	15.3	13.3	37.7	-
Prologis European Logistics Fund	-	-	-	-	-	-	-	-	100.0
Prologis Targeted U.S. Logistics Fund	14.1	4.7	11.3	-	12.1	9.0	5.5	43.5	-
Townsend Real Estate Fund, L.P.	14.3	7.4	10.2	2.7	19.5	11.1	9.5	25.4	-
Core Commingled Funds	14.7	7.2	5.9	1.0	11.3	8.7	7.3	34.8	9.0
Value Added Portfolio									
Asana Partners Fund II	19.3	19.7	17.3	6.4	-	10.0	21.1	6.2	-
Asana Partners Fund III	-	9.1	7.7	-	51.0	-	32.2	-	-
DRC European Real Estate Debt Fund II	-	-	-	-	-	-	-	-	100.0
ECE European Prime Shopping Centre Fund II	-	-	-	-	-	-	-	-	100.0
Hammes Partners II	-	48.8	6.6	-	-	16.9	27.8	-	-
Hammes Partners III	40.1	2.2	17.8	5.0	5.7	23.5	2.7	3.0	-
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
Value Added Portfolio	7.9	4.2	5.0	1.6	1.1	4.8	4.2	1.3	70.0

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Ex-US
Opportunistic Portfolio									
Carlyle China Project Rome Co-Investment	-	-	-	-	-	-	-	-	100.0
Carlyle China Realty	-	-	-	-	-	-	-	-	100.0
CIM Fund VIII	43.7	-	11.0	-	-	-	7.5	33.9	3.9
KKR Real Estate Partners Americas	4.8	-	0.9	-	-	8.6	-	59.2	26.5
LaSalle China Logistics	-	-	-	-	-	-	-	-	100.0
Sculptor Real Estate Fund III	31.8	1.6	5.5	1.2	1.2	21.7	1.2	16.3	19.4
Sculptor Real Estate Fund IV	9.2	-	-	-	16.8	-	3.9	15.9	8.2
Seven Seas Japan Opportunity Fund	-	-	-	-	-	-	-	-	100.0
Opportunistic Portfolio	17.5	0.1	4.2	0.1	0.1	2.1	2.6	13.9	59.4
Total Non-Core Portfolio 1Q 2007 Forward	11.4	2.7	4.7	1.0	0.7	3.8	3.6	5.8	66.2
Total Private Portfolio									
SCERS	13.9	6.2	5.6	1.0	8.9	7.6	6.5	28.2	22.1
Indices									
NFI-ODCE	21.2	8.1	5.5	0.8	10.8	9.1	7.1	37.5	-

¹Geographic diversification numbers used are from 1Q22.

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.

¹In 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 2Q22



United States Real Estate Market Update (2Q22)

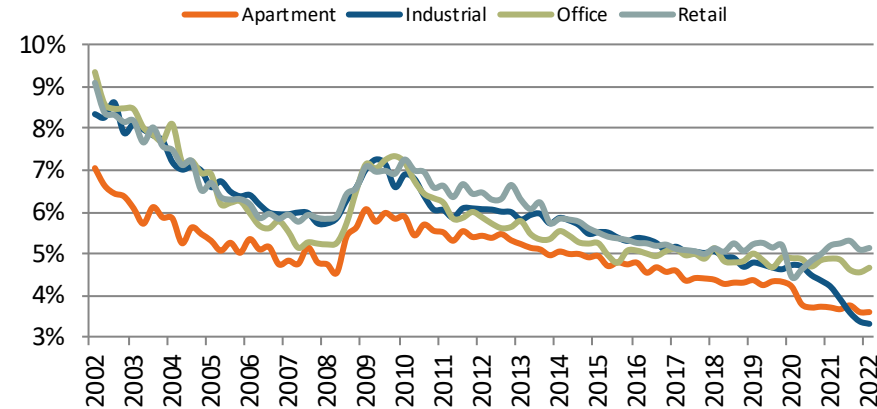
General

- Townsend witnessed a robust recovery across the U.S. economy and U.S. real estate markets in 2021 and momentum has carried, but begun to moderate thus far in 2022. The post-pandemic economic recovery has remained generally on track; however, an array of headwinds have emerged including rising interest rates, persistent inflation, various geopolitical events, and widespread global supply chain struggles. In first half 2022, tightening federal reserve policy and market volatility sent public markets plummeting. The S&P 500 produced a gross total return of -20.6% during the first six months of the year. The MSCI US REIT index also continued its cool off following a strong 2021, posting a gross second quarter return of -17.0%.
- The U.S. entered into a recession during second quarter 2022, as GDP decreased for a second straight quarter, at an annualized rate of 0.9%. Slowing economic growth is attributable to decreased federal, state and government spending, and decreased exports. As a result of the atrocities of the Russian-Ukraine war, prolonged lockdowns in Shanghai, and a rise in protectionist measures, commodity pricing has skyrocketed, in lockstep with inflation. Federal reserve officials remain committed to taming inflation and reducing the central bank's balance sheet, approving a 75-bps hike during its June session.

Commercial Real Estate

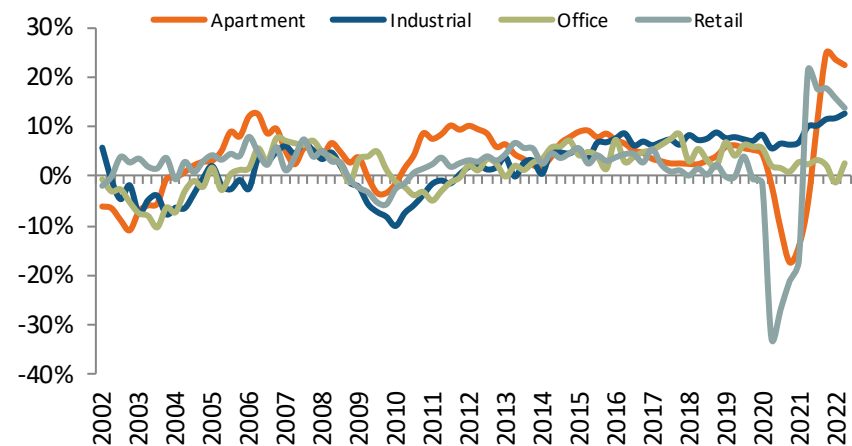
- Through the second quarter of 2022, total CRE transaction activity for the quarter was up 17% YoY, with annual transaction activity up 86% YoY. In 2Q22, U.S. private real estate deal volumes across all sectors remained strong but moderated from a historic high witnessed in fourth quarter 2021. Transaction volume has been the strongest in the apartment and industrial sectors.
- Transaction cap rates (4.6%) compressed during the quarter, to the tune of 35 bps. This decrease comes after a +74 bps quarter-over-quarter increase in 1Q22. Current valuation cap rates increased for retail (+21 bps) and office (+5 bps), while the industrial (-15 bps), industrial and apartment (-2 bps) property sectors experienced slight cap rate compression.
- NOI growth has substantially diverged between property sectors due to the impacts of COVID-19. Retail NOI has expanded substantially (+14%) YoY as the sector continues to recover from decreased rent collections and retailer shutdowns. Apartment sector fundamentals remain strong, as many millennials seek out a more opportune time to purchase their first home. Apartment NOI expanded (+22%) YoY.
- 10-year treasury bond yields soared to nearly 3.5% intra-quarter; however, closed the quarter at 3.0% an increase of 70 basis points quarter-over-quarter. Economists expect rates to move modestly higher throughout 2022.

Current Value Cap Rates by Property Type



Source: NCREIF

4 Qtr Rolling NOI Growth



Source: NCREIF

United States Property Matrix (2Q22)

INDUSTRIAL

- In 2Q22, industrial properties were the highest returning sector at 5.9% and outperformed the NPI by 263 bps.
- Transaction volumes decreased to \$35 billion in the second quarter of the year, resulting in a 8% increase year-over-year. Individual asset sales increased 4% year-over-year, while portfolio purchases turned in a year-over-year volume increase of 25%. At \$35 billion, the industrial sector decreased by \$4 billion quarter-over-quarter.
- The industrial sector turned in NOI growth of 12.6% over the past year. NOI continues to reach all time highs for the sector.
- Vacancy decreased by 144 bps year-over-year to 1.7%. Vacancy in the sector decreased 14 bps from last quarter, reaching all-time historic lows. E-commerce continues to drive demand across the sector.
- Industrial cap rates compressed approximately 89 bps from a year ago, to 3.3%. Industrial overall fundamentals still top all property sectors.

MULTIFAMILY

- The apartment sector delivered a 3.9% return during the quarter, underperforming the NPI by 63 bps.
- Transaction volume in the second quarter of 2022 increased to \$86 billion, resulting in an increase of 42% year-over-year. Transaction volume for the sector is near historical levels. This volume continues to make multifamily the most actively traded sector for the eighteenth straight quarter.
- Cap rates remained steady at 3.6% quarter-over-quarter, decreasing 11 bps year-over-year. Multifamily cap rates remain at the lowest level observed in years, driven by continued increases in valuation.
- The multifamily sector saw increasing vacancy rates throughout the entirety of 2020 due to the global pandemic. Through 2021, the sector appeared to have shaken that trend although vacancy rates remained steady during the last 3 quarters. Vacancy rates slightly decreased by 22 bps quarter-over-quarter and are back to slightly below pre-pandemic levels. 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 0.6% in 2Q22, 266 bps below the NPI return over the period.
- Transaction volumes decreased by 9% year-over-year in the second quarter. Transaction volume equated to \$25 billion for the quarter, a decrease of \$6 billion quarter-over-quarter. Office transaction levels have officially regressed to levels only seen prior to the COVID-19 pandemic.
- Office sector vacancy rates have expanded since the beginning of the pandemic due to work from home orders and uncertainty revolving around the future of office space. Office continues to be the highest vacancy property type at 12.9%, increasing 6 bps from last quarter.
- NOI growth in the office sector expanded quarter-over-quarter by 148 bps and appears to be in the midst of its recovery to pre-pandemic levels.
- Office cap rates compressed from a year ago, sitting at approximately 4.6%. Office-using job growth was stunted significantly through out 2020 due to work from home orders. Though we are observing a slow but steady flow back to in-office work, there is still uncertainty in the sector as many companies remain hesitant.

RETAIL

- As of 2Q22, the retail sector delivered a quarterly return of 1.7%, underperforming 155 bps below the NPI.
- Transaction volumes totaled \$23 billion in the second quarter, increasing 46% year-over-year. Single asset transactions accounted for just over 81% of all sales volume for the quarter.
- Cap rates have compressed approximately 6 bps within the sector over the last year, to 5.2%. Current valuation cap rates compressed quarter-over-quarter by 4 bps due to valuation adjustments made across the sector in general.
- NOI growth slightly decreased, 2.0% over the last year. Retail has begun its slow recovery as vaccine rollouts have allowed a large portion of store nationally to open and operate safely.
- Retail vacancy rates decreased over the quarter by 35 bps, and down 102 bps over the past year to 8.7%. 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, which has had a significant negative impact on this sector.

Global Real Estate Market Update (2Q22)

- Significant headwinds have materialized in rising inflation, energy costs, and interest rates significantly impacting the global investment landscape in the first half of 2022. Rising debt costs have seen the number of traded properties recede, impacting pricing and bidding dynamics around the global market. This has culminated in the impending threat of a recession in some of the world's largest economies.

- Tangible effects of these challenges can be witnessed in the EMEA region, with deal volume falling 26% YOY. European markets, specifically Germany, have experienced liquidity issues with their economy being vulnerable due to its dependence on Russian energy supplies and global export markets. The UK market has remained steadfast, with demand remaining strong in the multifamily and industrial sector sustaining deal flow.

- That withstanding, the U.S. was at the forefront of this growth in deal volume improving 29% YOY reaching \$167.7B. This was the third best recorded quarter based on transactions \$10M or more. This was led by its multifamily sector, with rising demand in the Sun Belt Region resulting in record deal volumes and double-digit price growth.
- Inversely, the Asia Pacific market had a 24% decline YOY. A major proponent was China's continued widespread lockdowns in major cities to quell the spread of Covid-19 which has hampered deal activity (just \$1B in spent on income producing properties in April 2022, lowest since 2018).
- The hotel sector continued its strong recovery in Q2, despite global economic turbulence and labor shortages across travel/tourism industries. With consumers shifting their priorities towards experiences rather than material goods this favors leisure and resort destinations. Performance in luxury hotels across major European markets (Paris, Barcelona, London, Milan) is aiding in expediting the regions recovery. Asian markets with very little border or quarantine restrictions such as Bali and the Maldives have become more in favor.
- In Q2 demand for logistics and industrial space slowed year-over-year across all three regions. However, transaction activity was hampered by a lack of available supply in many markets and Q2 2021 leasing volumes were very high. Demand this year has become more broad-based with supply chain restructuring increasing demand from Logistics & Distribution and 3PL operators.
- Vacancy rates have remained broadly stable across the regions, and in the case of both the U.S. and Europe is at all-time lows. In the short term, high inflation will subdue consumer spending through the end of the year which will delay expansion plans for online retailers, with grocery delivery likely to be the only online sector that will continue to expand in the immediate future.

Global Total Commercial Real Estate Volume - 2021 - 2022

\$ US Billions	% Change			% Change		
	Q2 2022	Q2 2021	Q2 22 - Q2 21	H1 2022	H1 2021	H1 22 - H2 21
Americas	181	142	27%	355	238	49%
EMEA	65	89	-27%	154	167	-8%
Asia Pacific	212	231	-8%	347	377	-8%
Total	458	462	-1%	856	783	9%

Source: Real Capital Analytics, Inc., Q2' 22

Global Outlook - GDP (Real) Growth % pa, 2022-2024

	2022	2023	2024
Global	5.9	4.3	3.6
Asia Pacific	4.4	4.6	4.4
Australia	4.1	2.8	2.5
China	4.5	5.2	5.1
India	8.7	7.3	6.5
Japan	1.8	1.8	1.1
North America	2.7	2.0	1.9
US	2.6	2.0	1.9
Middle East	4.1	4.4	4.5
European Union	3.0	2.1	2.0
France	2.7	1.8	1.7
Germany	1.8	2.3	2.0
UK	3.7	1.2	1.7

Source: Bloomberg