



# Board of Retirement Regular Meeting

## Sacramento County Employees' Retirement System

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### Agenda Item 23

**MEETING DATE:** December 7, 2022

**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 quarter ended September 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**

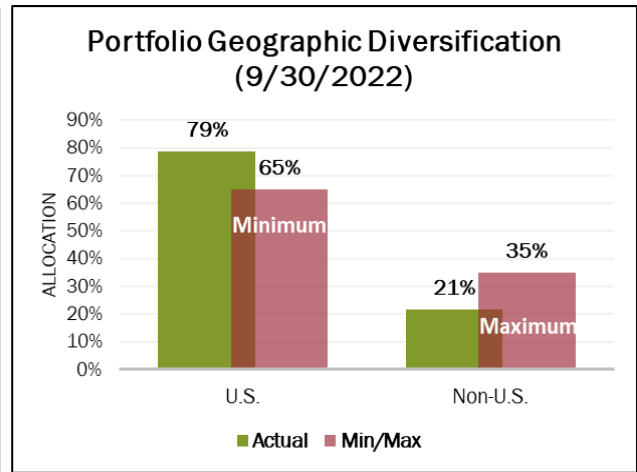
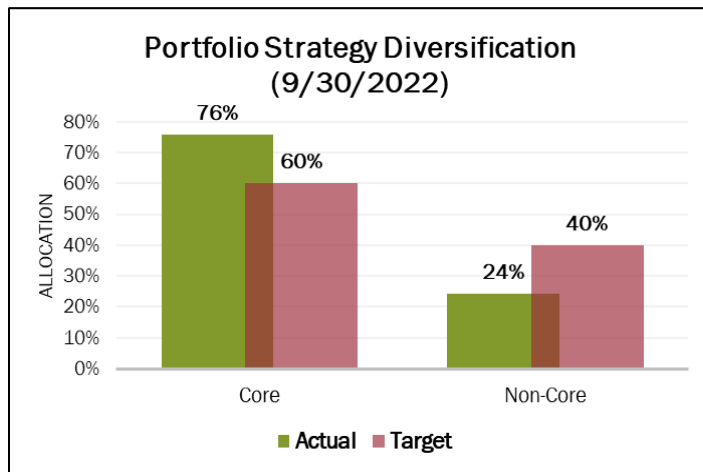
This memorandum provides a summarized table of SCERS' Real Estate period returns, which are provided within Townsend's Quarterly Performance Review, and highlights notable manager performance, along with any recent real estate investments made by SCERS.

SCERS' Real Estate actual invested allocation is 9.5% as of September 30, 2022, in line with target allocation of 9.0% and 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 will be a focus for 2023 commitments.

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

SUB-ASSET CLASS	Quarter 9/30/22	1-Year	3-Year	5-Year	Since Inception	Since Inception Date
<b>SCERS Real Estate Portfolio</b>	<b>-1.2%</b>	<b>17.2%</b>	<b>13.0%</b>	<b>11.1%</b>	<b>8.9%</b>	Nov-86
(65%) NFI-ODCE + (35%) NFI-ODCE + 1%	0.4%	21.4%	11.8%	9.7%	7.1%	Nov-86
<b>Core Portfolio</b>	<b>0.2%</b>	<b>24.1%</b>	<b>15.5%</b>	<b>13.1%</b>	<b>7.8%</b>	Nov-86
NFI-ODCE Index	0.3%	21.0%	11.4%	9.3%	6.7%	
<b>Non-Core Portfolio</b>	<b>-5.4%</b>	<b>-0.5%</b>	<b>6.2%</b>	<b>6.9%</b>	<b>5.7%</b>	Jun-06
Value Add Portfolio	-5.4%	0.7%	13.3%	10.1%	5.2%	Jun-06
Opportunistic	-5.4%	-3.2%	-2.7%	2.2%	7.0%	May-13
NFI-ODCE + 1% Index	0.6%	22.0%	12.4%	10.3%	7.7%	

**SCERS PORTFOLIO DIVERSIFICATION**



**SCERS PORTFOLIO RESULTS`**

For the quarter ended September 30, 2022, SCERS' Real Estate portfolio was down -1.2% and underperformed against the NFI-ODCE blended benchmark return of +0.4% due to the significant underperformances of the Non-Core portfolio. Relative to the NFI-ODCE + 1% benchmark, SCERS' Non-Core portfolio has significantly lagged, down -5.4% versus +0.6%. The underperformance in the Non-Core portfolio was driven by negative write-downs amid a challenging economic environment with a slowing economy, higher rates, and higher inflation. The negative performance was also dragged down by negative currency movements as the USD strengthened relative to foreign currencies. However, SCERS' portfolio has outperformed over the trailing three and five year periods.

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SCERS' Core portfolio slightly underperformed the benchmark by 10 basis points, 0.2% compared to 0.3%, driven by a decrease in segments of Europe's real estate valuations as market sentiment weakened. Similar to the Non-Core portfolio, currency fluctuations also negatively affected the core portfolio's performance.

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

- Top performing funds:
  - Core:
    - Brookfield Premier Real Estate Partners: +2.7%
    - MetLife Core Property Fund: +2.4%
    - Townsend Real Estate Fund: +1.3%
  - Non-Core:
    - Sculptor Real Estate Fund III: +7.1%
    - Hammes Partners III: +1.4%

Bottom performing funds:

- Core:
  - Prologis European Logistics: -9.8% in U.S. Dollars (-3.6% in Euros)
  - Prologis Targeted U.S. Logistics Fund: +0.1%
- Non-Core:
  - Seven Seas Japan: -41.4% in U.S. Dollars (-36.5% in Yen) – J-curve effect
  - Asana Partners III: -14.4%
  - LaSalle China Logistics Venture: -13.2%

## **NEW INVESTMENTS**

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

- None

**ATTACHMENT**

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

Prepared by:

**/S/**

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Reviewed by:

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Steve Davis  
Chief Investment Officer

**/S/**

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Eric Stern  
Chief Executive Officer



# Retirement Board Order

## Sacramento County Employees' Retirement System

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**Before the Board of Retirement  
December 7, 2022**

AGENDA ITEM:

### **Quarterly Investment Performance Report—Real Estate**

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

I HEREBY CERTIFY that the above order was passed and adopted on December 7, 2022 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:

(Present but not voting)

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Keith DeVore  
Board President

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Eric Stern  
Chief Executive Officer and  
Board Secretary



**TOWNSEND<sup>®</sup>**  
GROUP

an Aon company

Real Estate Portfolio

# Performance Measurement Report

THIRD 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 third quarter, 2022 (the “Quarter”), the Real Estate Portfolio was slightly above the new real estate target but within the allowable range at 9.5%. Core Real Estate currently makes up 75.8% of the portfolio, with Non-Core Real Estate making up the remaining 24.2%.

### SCERS' Real Estate Portfolio Construction:

	Minimum	Target	Maximum	Policy Index Benchmark
Total Real Estate Program	7%	<b>9%</b>	11%	Custom blend of benchmarks below:
Core Real Estate	50%	<b>60%</b>	80%	60% NFI-ODCE +
Non-Core Real Estate	30%	<b>40%</b>	50%	40% NFI-ODCE + 1%
U.S. Real Estate	60%	<b>65%</b>	80%	
Non-U.S. Real Estate	0%	<b>35%</b>	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 33.3% at the end of the third quarter of 2022. The loan-to-value ratio of the Core Portfolio was 27.7%, 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 third quarter. The Non-Core Portfolio reported a loan-to-value ratio of 46.3%.

## Portfolio Funding Status

- The following slides provide a review of key information of the SCERS Real Estate Portfolio (the “Portfolio”) through September 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.

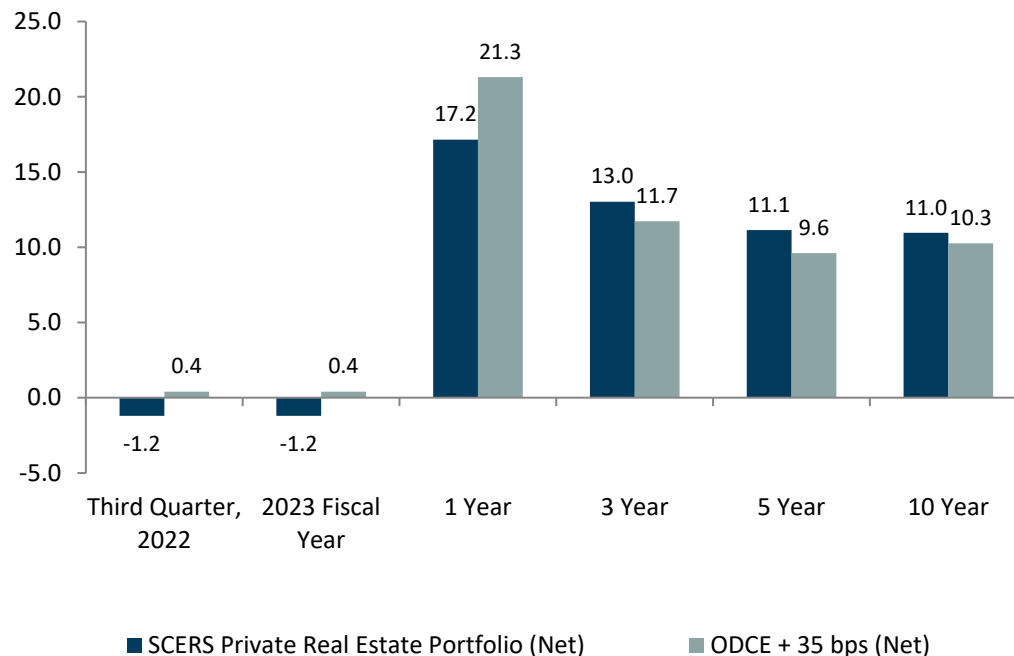
<b>SCERS Portfolio Snapshot</b> <i>As of June 30, 2022</i>	<b>Market Value</b> (in millions of dollars)*	<b>% of SCERS Plan</b>	<b>% of Real Estate</b>
<b>SCERS Total Plan Assets</b>	<b>11,595</b>	<b>100.0%</b>	
<b>Private Portfolio Target</b>	<b>1,044</b>	<b>9.0%**</b>	
<b>Private Portfolio Permissible Range</b>		<b>7.0-11.0%**</b>	
<b>Private Real Estate</b>			
Core Portfolio	834	7.2%	75.8%
Non-Core Portfolio	266	2.3%	24.2%
<b>Total SCERS Private Real Estate Market Value</b>	<b>1,100</b>	<b>9.5%</b>	
<b>Total SCERS Private Real Estate Unfunded Commitments</b>	<b>241</b>	<b>2.1%</b>	

• Figures may not add due to rounding

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

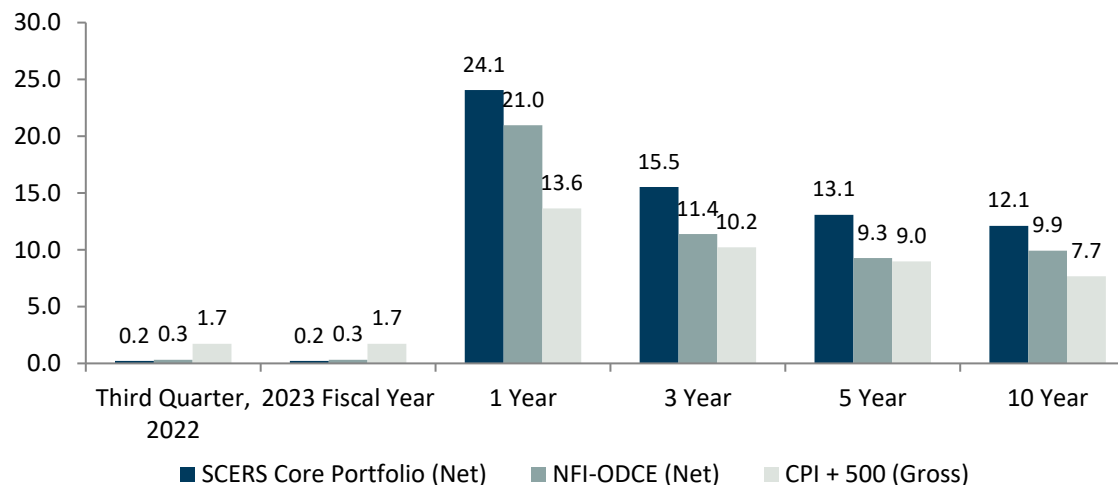


## Private Real Estate Performance



- 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 third quarter of 2022, the SCERS Private Real Estate Portfolio underperformed the benchmark by 160 basis points. Underperformance is driven by the negative performance of the Non-Core portfolio as a result of write-downs due to economic slowdown, inflation as well as the overall uncertain market environment. The negative performance of the Non-Core portfolio dragged down the performance over the fiscal year and the trailing one year periods.
- On the other hand, the SCERS Total Real Estate Portfolio outperformed the benchmark over all other time periods driven by the robust performance of the Core funds as well as the Non-Core investments.

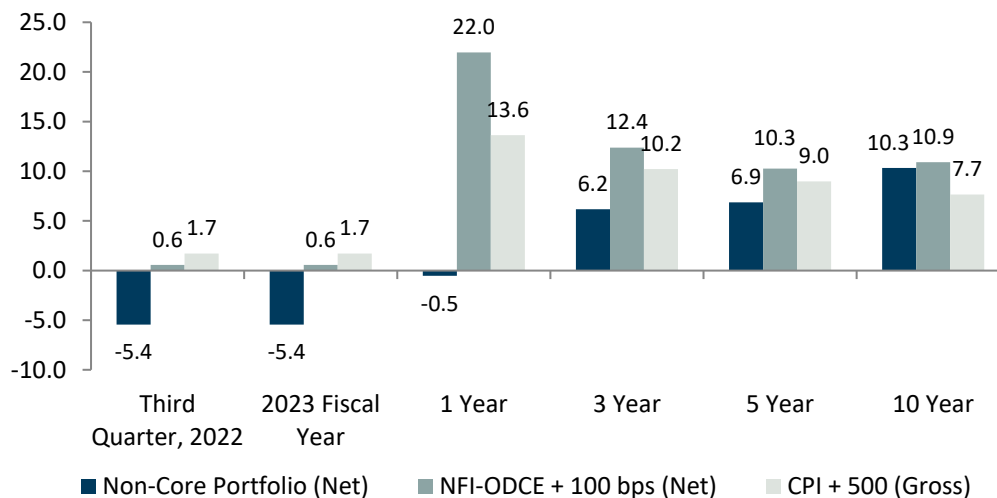
## Core Portfolio Performance



- 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 except for the trailing quarter and fiscal year.
- During the Quarter, the Core portfolio slightly underperformed the benchmark by 10 basis points as a result of the negative performance of Prologis European Logistics Fund (PELF). PELF recorded negative returns driven by a decrease in real estate valuations particularly in Sweden, Germany, the Netherlands and the United Kingdom reflecting a weaker overall market sentiment. Additionally, currency fluctuations negatively affected the performance further.

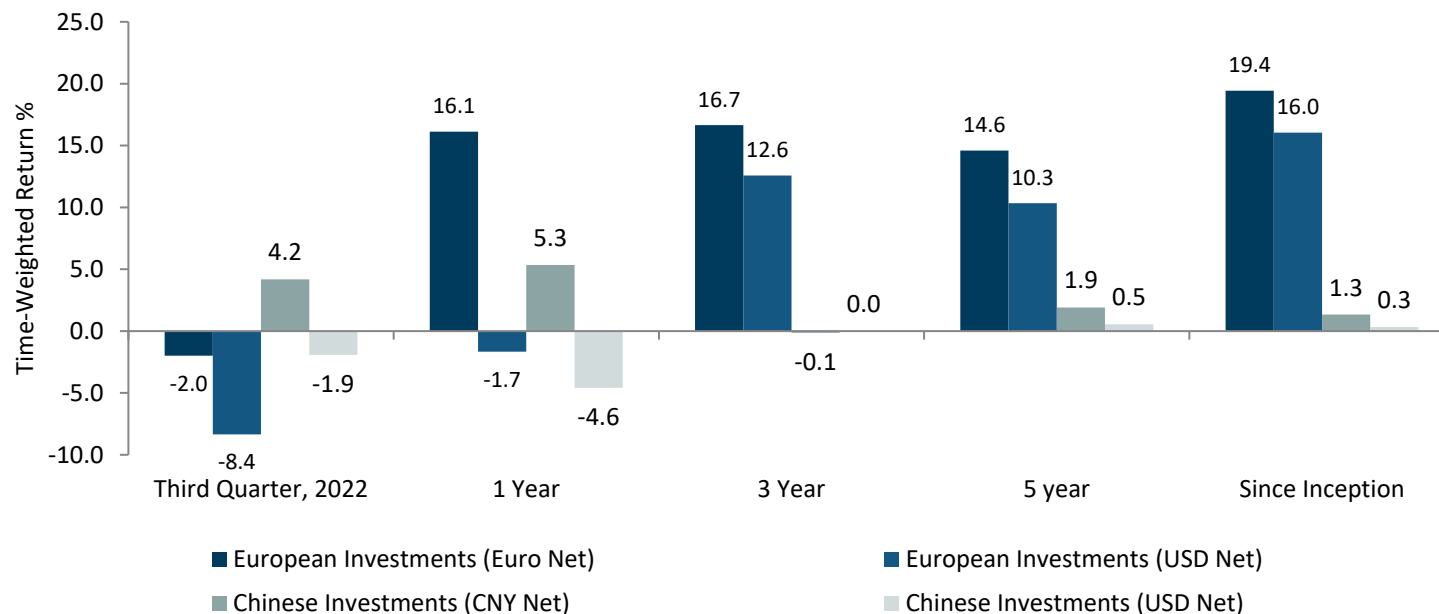
\*EX-US funds produced the following 3Q22 net returns in local currency: Prologis European Logistics Fund (Euro) (3.6%).

## 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 both the Value-add and Opportunistic investments. The negative performance of the Non-Core funds is attributed to the overall write-downs as a result of the challenging macroeconomic conditions including high interest rates, inflation, slow economic growth and the continued war in Ukraine. The negative performance of the Non-Core portfolio during the third quarter dragged down the performance over the other time periods.
- A number of the managers reversed previously recorded incentive fees including: Prologis European Logistics Fund, Prologis Targeted U.S Logistics Fund and Asana Partners Fund II.

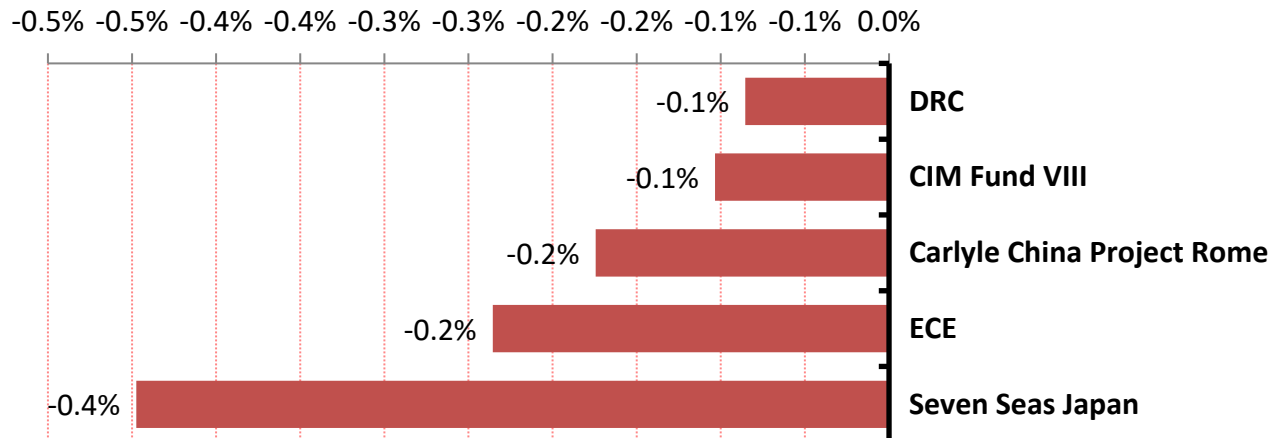
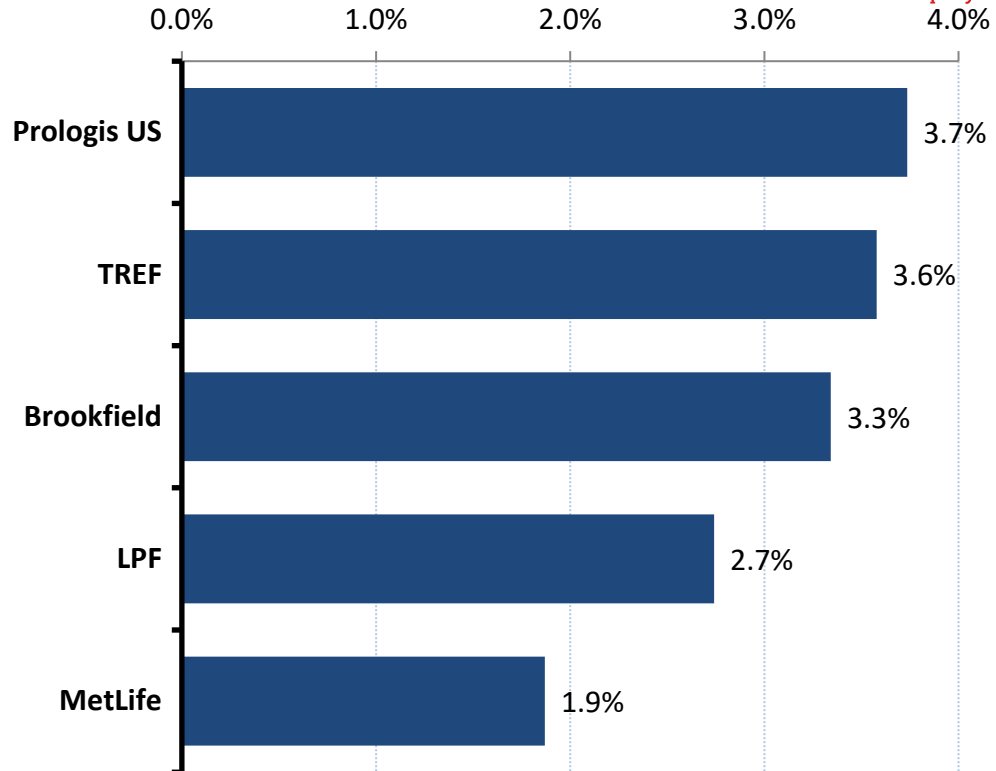
## Ex-US Portfolio Performance



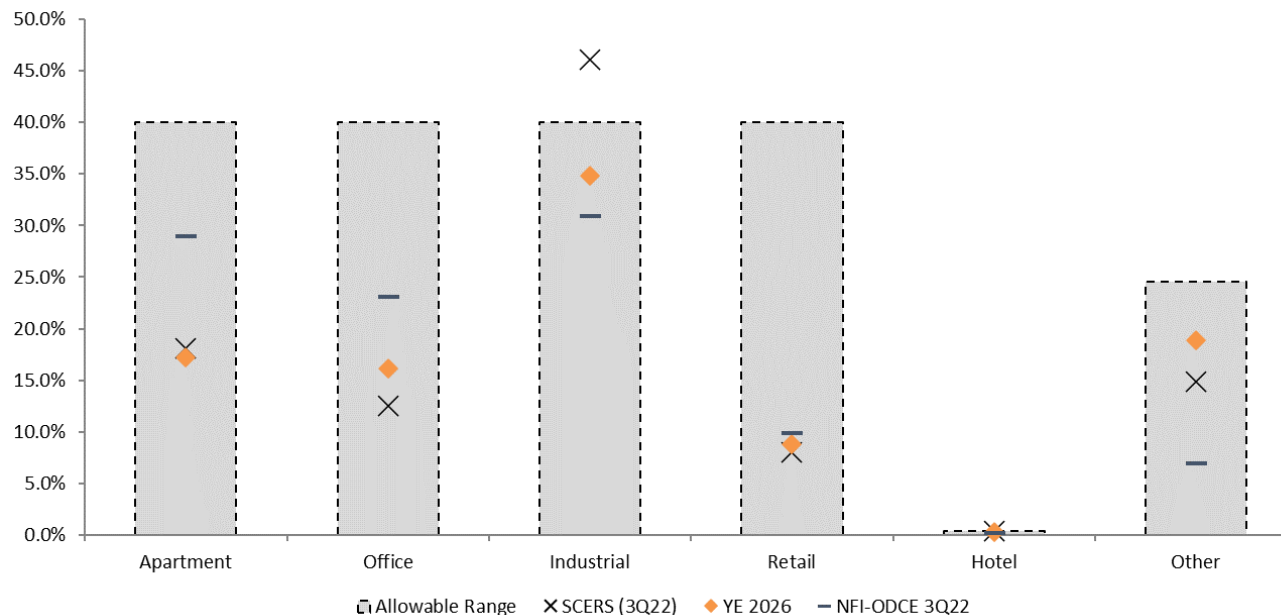
- Approximately 19.5% of the SCERS Portfolio is comprised of Ex-US investments. SCERS does not currently hedge its foreign currency exposures and pays liabilities in US Dollars. As such, FX movement will impact performance for Ex-US investments. The chart above isolates European and Asian investments 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) 0.7%, NREP Nordic Strategies Fund (Euro) (0.1%), NREP Nordic Strategies Fund II (Euro) (0.1%), NREP Nordic Strategies Fund III (Euro) (2.5%), NREP Nordic Strategies Fund IV (Euro) (2.0%) and Prologis European Logistics Fund (PELF) (3.6%).
  - 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) 4.1% and Carlyle's Project Rome (Chinese Yuan) 4.2%.
  - 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

- Over the trailing year, the top five performers were OECFs within the SCERS portfolio. 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.
- Seven Seas Japan was the largest detractor. Seven Seas recorded negative net returns because the fund is new and undergoing the J-curve effect.
- ECE European Prime Shopping Center Fund II C was the second 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.
- Carlyle China Project Rome continued to lag in performance over the trailing year as the fund's logistics portfolio continued to suffer from the Omicron COVID lockdowns in China affecting the leasing of the assets as well as causing construction delays.



## Real Estate Private Portfolio Diversification – Property Type

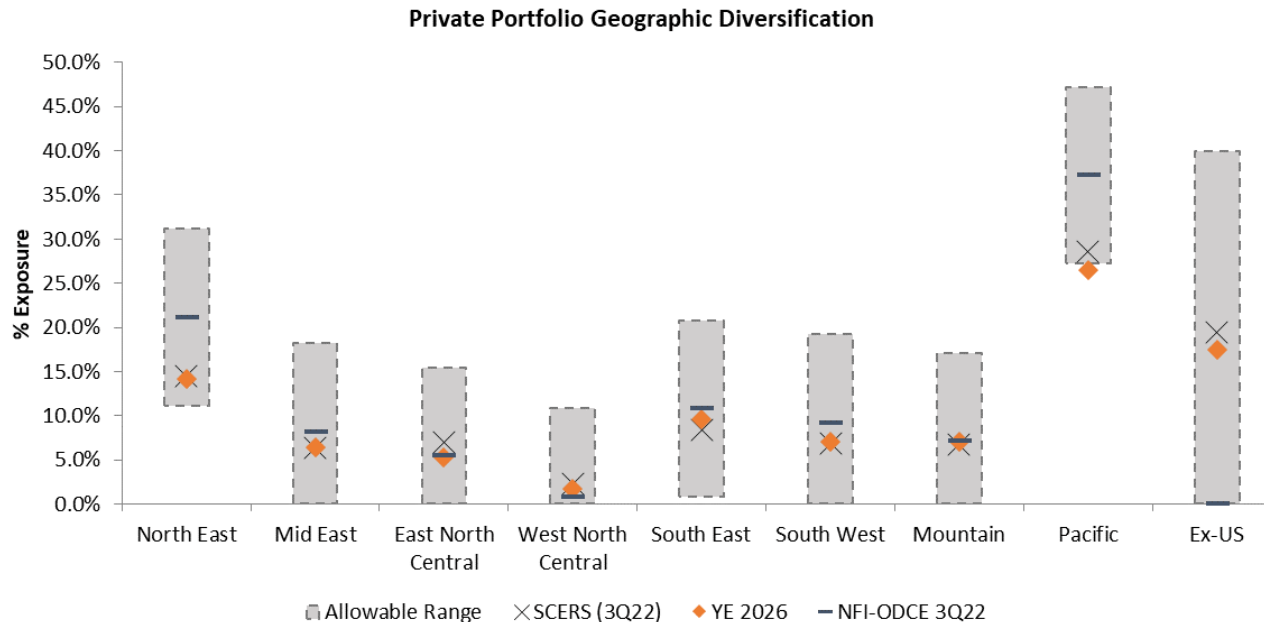


- The diversification of the Private Portfolio is compared to the diversification of the NFI-ODCE, and has a maximum limit of 40% for each property type, except for the “other” property type which has a maximum limit of 25%\*\*. The Real Estate Policy also allows for temporary deviations in order to provide SCERS with the flexibility required to overweight or underweight property types during certain parts of the market cycle.
- As of the third 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), 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 NREP Nordic strategies Fund IV (Senior Living and Student Housing).

\*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.

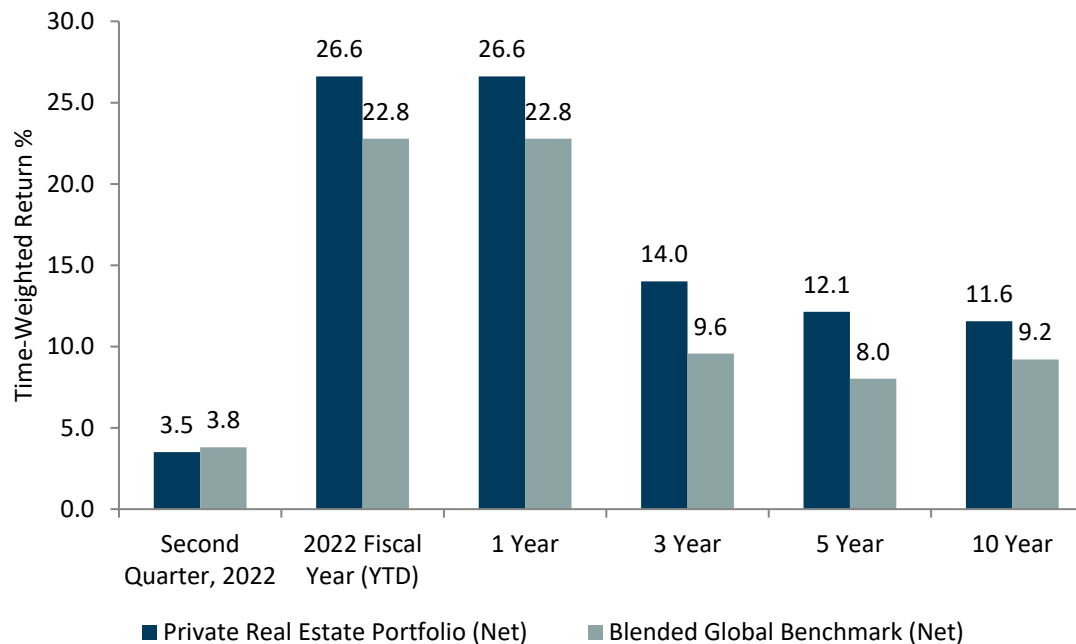
## Real Estate Private Portfolio Diversification – Geographic Region



- 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 19.5%, 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 4.15% in China, 3.70% in Denmark, 1.52% in Finland, 2.21% in Germany, 1.25% in France, 1.70% in Sweden, 1.08% in Poland, 1.11 in Netherlands, 1.48% in the UK and 1.30% in other countries.

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

## Private Real Estate Performance – Global Ancillary Benchmark (2Q22)



- 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 19.5%, 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 benchmark significantly over all time periods, except for the trailing quarter.



## Exhibit A: Performance Flash Report



Portfolio Composition (\$)								
Total Plan Assets	Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
11,594,811,609	Core	7.0%	833,603,287	7.2%	0	0.0%	-21,966,474	-0.2%
	Non-Core	0.00% - 5.00%	266,360,492	2.3%	241,111,630	2.1%	-246,588,861	-2.1%
	<b>Total</b>	<b>9.0%</b>	<b>1,099,963,779</b>	<b>9.5%</b>	<b>241,111,630</b>	<b>2.1%</b>	<b>-268,555,335</b>	<b>-2.3%</b>

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Portfolio (Commingled Funds & Separate Accounts)	0.3	0.2	26.6	24.1	17.4	15.5	14.7	13.1
Non-Core Portfolio (Value Added & Opportunistic, 1Q2007 Forward)	-5.0	-5.4	4.0	-0.5	12.1	6.2	11.9	6.9
Private Real Estate Portfolio	-1.0	-1.2	20.3	17.2	16.0	13.0	13.6	11.1
NFI-ODCE (Core)	0.5	0.3	22.1	21.0	12.4	11.4	10.2	9.3
NFI-ODCE + 100 bps (Non-Core)	0.8	0.6	23.1	22.0	13.4	12.4	11.2	10.3
NFI-ODCE + 35 bps (Private Portfolio)	0.6	0.4	22.4	21.3	12.7	11.7	10.6	9.6

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	17,140,302	140,258,155	12.8	11.1
Lion Properties Fund	2018	152,400,000	156,603,709	0	72,096,986	141,766,363	12.9	11.2
MetLife Core Property Fund	2013	35,000,000	53,670,900	0	20,056,235	93,416,724	8.5	7.4
Principal U.S. Property Account	2015	35,000,000	35,000,000	0	0	66,477,963	6.0	5.3
Prologis European Logistics Fund <sup>1,3</sup>	2017	41,404,817	49,151,023	0	8,417,209	68,862,375	6.3	5.4
Prologis Targeted U.S. Logistics Fund	2015	50,000,000	50,000,000	0	14,200,766	142,389,147	12.9	11.3
Townsend Real Estate Fund, L.P. <sup>3</sup>	2016	90,000,000	119,244,302	0	29,244,302	180,432,560	16.4	14.3
<b>Core Commingled Funds</b>	<b>1986</b>	<b>503,804,817</b>	<b>563,669,934</b>	<b>0</b>	<b>161,155,800</b>	<b>833,603,287</b>	<b>75.8</b>	<b>62.2</b>
<b>Value Added Portfolio</b>								
Asana Partners Fund II <sup>3</sup>	2019	35,000,000	19,556,250	15,443,750	0	23,835,102	2.2	3.1
Asana Partners Fund III <sup>3</sup>	2022	45,000,000	2,133,333	37,866,667	0	1,461,485	0.1	3.1
DRC European Real Estate Debt Fund II <sup>3</sup>	2013	50,007,963	47,627,074	3,606,869	42,853,672	4,280,739	0.4	0.6
ECE European Prime Shopping Centre Fund II C <sup>3</sup>	2015	33,611,623	34,613,419	0	4,821,238	31,496,740	2.9	2.5
Hammes Partners II	2015	25,000,000	27,578,187	1,055,273	43,360,002	3,228,124	0.3	0.3
Hammes Partners III	2018	25,000,000	26,827,553	4,297,446	10,024,438	21,622,304	2.0	2.1
Hammes Partners IV	2022	40,000,000	0	40,000,000	0	0	0.0	3.1
NREP Nordic Strategies Fund <sup>3</sup>	2014	25,130,756	22,485,011	0	36,359,214	2,321,769	0.2	0.2
NREP Nordic Strategies Fund II <sup>3</sup>	2016	35,176,432	35,664,816	430,862	51,775,599	18,967,481	1.7	1.5
NREP Nordic Strategies Fund III <sup>3</sup>	2018	39,019,632	30,426,662	4,986,174	0	39,013,158	3.5	3.5

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 <sup>2</sup>	2019	35,449,208	15,378,526	18,655,118	0	15,452,992	1.4	2.7
NREP Nordic Strategies Fund V	2022	37,042,400	0	37,042,400	0	0	0.0	2.8
<b>Value Added Portfolio</b>	<b>1986</b>	<b>425,438,014</b>	<b>262,290,831</b>	<b>163,384,559</b>	<b>189,194,163</b>	<b>161,679,894</b>	<b>14.7</b>	<b>24.2</b>
<b>Opportunistic Portfolio</b>								
Carlyle China Project Rome Co-Investment	2017	40,000,000	38,292,815	4,405,916	0	37,417,390	3.4	3.3
Carlyle China Realty	2017	10,000,000	10,641,475	837,930	2,342,232	8,423,870	0.8	0.7
CIM Fund VIII	2015	35,000,000	39,516,525	0	7,715,965	28,942,972	2.6	2.3
KKR Real Estate Partners Americas	2014	22,720,638	30,390,422	3,929,412	37,610,739	1,688,686	0.2	0.4
LaSalle China Logistics Venture	2021	30,000,000	2,744,999	27,255,001	0	2,471,327	0.2	2.4
Sculptor Real Estate Fund III <sup>2,3</sup>	2014	35,000,000	26,844,690	12,646,482	38,481,669	8,119,791	0.7	1.6
Sculptor Real Estate Fund IV <sup>2,3</sup>	2020	30,000,000	14,791,558	19,193,376	5,848,374	9,962,025	0.9	2.3
Seven Seas Japan Opportunity Fund	2022	177,336	10,308,926	9,458,954	-2,354,452	7,654,537	0.7	1.4
<b>Opportunistic Portfolio</b>	<b>1991</b>	<b>202,897,974</b>	<b>173,531,410</b>	<b>77,727,071</b>	<b>89,644,527</b>	<b>104,680,598</b>	<b>9.5</b>	<b>13.6</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>2007</b>	<b>628,335,988</b>	<b>435,822,241</b>	<b>241,111,630</b>	<b>278,838,690</b>	<b>266,360,492</b>	<b>24.2</b>	<b>37.8</b>
<b>Total Private Portfolio</b>								
<b>SCERS</b>	<b>1986</b>	<b>1,132,140,805</b>	<b>1,852,269,239</b>	<b>241,111,630</b>	<b>1,660,325,541</b>	<b>1,099,963,779</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 2023				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	140,258,155	0.8	2.5	3.3	2.7	0.8	2.5	3.3	2.7	3.2	31.8	35.7	30.6	3.2	14.2	17.7	14.9
Lion Properties Fund	141,766,363	0.7	-0.1	0.6	0.4	0.7	-0.1	0.6	0.4	3.4	20.6	24.6	23.6	3.6	10.3	14.1	13.2
MetLife Core Property Fund	93,416,724	1.1	1.4	2.5	2.4	1.1	1.4	2.5	2.4	4.5	20.5	25.7	25.1	4.5	10.3	15.2	14.6
Principal U.S. Property Account	66,477,963	0.9	-0.2	0.7	0.4	0.9	-0.2	0.7	0.4	4.0	18.8	23.2	22.1	4.1	8.2	12.6	11.5
Prologis European Logistics Fund <sup>1,3</sup>	68,862,375	0.9	-11.4	-10.5	-9.8	0.9	-11.4	-10.5	-9.8	4.1	-3.6	0.4	-2.0	4.8	9.6	14.8	12.1
Prologis Targeted U.S. Logistics Fund	142,389,147	0.8	-0.8	-0.1	0.1	0.8	-0.8	-0.1	0.1	3.5	37.1	41.5	34.4	4.0	26.5	31.3	26.3
Townsend Real Estate Fund, L.P. <sup>3</sup>	180,432,560	0.8	0.6	1.4	1.3	0.8	0.6	1.4	1.3	3.1	21.2	24.9	24.6	3.6	11.6	15.4	15.2
<b>Core Commingled Funds</b>	<b>833,603,287</b>	<b>0.8</b>	<b>-0.5</b>	<b>0.3</b>	<b>0.2</b>	<b>0.8</b>	<b>-0.5</b>	<b>0.3</b>	<b>0.2</b>	<b>3.6</b>	<b>22.5</b>	<b>26.6</b>	<b>24.1</b>	<b>3.8</b>	<b>13.2</b>	<b>17.4</b>	<b>15.5</b>
<b>Value Added Portfolio</b>																	
Asana Partners Fund II <sup>3</sup>	23,835,102	-0.2	-1.4	-1.5	-1.2	-0.2	-1.4	-1.5	-1.2	0.5	3.9	4.4	2.8	-3.8	8.1	3.4	-7.4
Asana Partners Fund III <sup>3</sup>	1,461,485	0.1	-3.6	-3.5	-14.4	0.1	-3.6	-3.5	-14.4								
DRC European Real Estate Debt Fund II <sup>3</sup>	4,280,739	0.7	-8.3	-7.6	-7.4	0.7	-8.3	-7.6	-7.4	1.3	-17.9	-15.7	-16.1	-18.0	-3.9	-19.5	-20.2
ECE European Prime Shopping Centre Fund II C <sup>3</sup>	31,496,740	-3.5	-1.6	-5.1	-5.8	-3.5	-1.6	-5.1	-5.8	-0.8	-4.3	-5.1	-7.5	3.2	-2.1	0.9	-1.6
Hammes Partners II	3,228,124	1.4	-1.1	0.3	0.0	1.4	-1.1	0.3	0.0	4.8	15.0	20.4	15.1	8.4	30.2	39.9	31.8
Hammes Partners III	21,622,304	1.8	0.3	2.2	1.4	1.8	0.3	2.2	1.4	7.9	13.3	22.0	15.5	10.2	19.8	31.3	17.6
NREP Nordic Strategies Fund <sup>2</sup>	2,321,769	0.0	-6.5	-6.5	-6.6	0.0	-6.5	-6.5	-6.6	0.0	-10.5	-10.5	-10.6	1.5	8.8	10.3	4.5
NREP Nordic Strategies Fund II <sup>3</sup>	18,967,481	0.1	-6.2	-6.1	-6.5	0.1	-6.2	-6.1	-6.5	0.3	3.5	3.9	-2.1	-2.6	40.1	37.9	24.2
NREP Nordic Strategies Fund III <sup>3</sup>	39,013,158	-1.0	-7.8	-8.8	-8.9	-1.0	-7.8	-8.8	-8.9	-5.8	17.1	11.3	3.3	-3.2	32.5	29.2	18.2
NREP Nordic Strategies Fund IV <sup>3</sup>	15,452,992	4.2	-12.3	-8.1	-8.4	4.2	-12.3	-8.1	-8.4	-11.5	23.1	14.9	3.8				
<b>Value Added Portfolio</b>	<b>161,679,894</b>	<b>-0.3</b>	<b>-4.8</b>	<b>-5.1</b>	<b>-5.4</b>	<b>-0.3</b>	<b>-4.8</b>	<b>-5.1</b>	<b>-5.4</b>	<b>-0.9</b>	<b>7.1</b>	<b>6.2</b>	<b>0.7</b>	<b>-0.5</b>	<b>22.6</b>	<b>22.2</b>	<b>13.3</b>
<b>Opportunistic Portfolio</b>																	
Carlyle China Project Rome Co-Investment	37,417,390	0.0	-1.6	-1.6	-1.9	0.0	-1.6	-1.6	-1.9	-0.2	-3.3	-3.5	-4.5	-0.2	0.7	0.5	-0.6
Carlyle China Realty	8,423,870	-0.1	-1.6	-1.7	-2.0	-0.1	-1.6	-1.7	-2.0	-0.3	-3.3	-3.6	-4.9	3.1	0.9	4.0	2.4
CIM Fund VIII	28,942,972	0.0	-1.7	-1.7	-2.1	0.0	-1.7	-1.7	-2.1	-0.2	-2.3	-2.5	-3.7	-0.1	-8.7	-8.7	-9.9
KKR Real Estate Partners Americas	1,688,686	-28.3	30.0	1.7	1.0	-28.3	30.0	1.7	1.0	-81.8	142.0	-21.0	-19.3	-39.1	12.4	-13.5	-11.8
LaSalle China Logistics Venture	2,471,327	-3.9	-5.4	-9.3	-13.2	-3.9	-5.4	-9.3	-13.2	1.8	48.3	47.8	20.9				
Sculptor Real Estate Fund III <sup>2,3</sup>	8,119,791	2.4	4.9	7.4	7.1	2.4	4.9	7.4	7.1	12.5	63.2	81.3	77.0	12.2	21.9	36.1	33.3
Sculptor Real Estate Fund IV <sup>2,3</sup>	9,962,025	-0.1	1.6	1.5	0.5	-0.1	1.6	1.5	0.5	0.9	13.9	14.7	6.8				
Seven Seas Japan Opportunity Fund	7,654,537	-0.5	-39.2	-39.7	-41.4	-0.5	-39.2	-39.7	-41.4								
<b>Opportunistic Portfolio</b>	<b>104,680,598</b>	<b>-0.5</b>	<b>-4.4</b>	<b>-4.8</b>	<b>-5.4</b>	<b>-0.5</b>	<b>-4.4</b>	<b>-4.8</b>	<b>-5.4</b>	<b>-1.0</b>	<b>0.5</b>	<b>-0.4</b>	<b>-3.2</b>	<b>0.8</b>	<b>-1.1</b>	<b>-0.3</b>	<b>-2.7</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>266,360,492</b>	<b>-0.4</b>	<b>-4.6</b>	<b>-5.0</b>	<b>-5.4</b>	<b>-0.4</b>	<b>-4.6</b>	<b>-5.0</b>	<b>-5.4</b>	<b>-0.9</b>	<b>5.0</b>	<b>4.0</b>	<b>-0.5</b>	<b>0.0</b>	<b>12.0</b>	<b>12.1</b>	<b>6.2</b>
<b>Total Private Portfolio</b>																	
<b>SCERS</b>	<b>1,099,963,779</b>	<b>0.5</b>	<b>-1.5</b>	<b>-1.0</b>	<b>-1.2</b>	<b>0.5</b>	<b>-1.5</b>	<b>-1.0</b>	<b>-1.2</b>	<b>2.3</b>	<b>17.7</b>	<b>20.3</b>	<b>17.2</b>	<b>2.8</b>	<b>12.9</b>	<b>16.0</b>	<b>13.0</b>

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2023				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>1,2</sup>	€ 70,253,395	0.9	-5.2	-4.2	-3.6	0.9	-5.2	-4.2	-3.6	4.2	13.9	18.5	15.7	4.8	13.6	18.9	16.1
DRC European Real Estate Debt Fund II (Pound Sterling)	£3,832,545	0.7	0.0	0.7	0.9	0.7	0.0	0.7	0.9	1.6	0.0	1.6	1.2	-16.8	0.0	-16.8	-17.6
ECE European Prime Shopping Centre Fund II (Euro) <sup>3</sup>	€ 32,132,974	-3.7	5.2	1.5	0.7	-3.7	5.2	1.5	0.7	-0.9	12.8	12.0	9.1	3.1	1.3	4.4	1.8
NREP Nordic Strategies Fund (Euro) <sup>3</sup>	€ 2,368,668	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1	0.0	5.7	5.7	5.6	1.4	12.9	14.5	8.5
NREP Nordic Strategies Fund II (Euro)	€ 19,350,624	0.1	0.2	0.3	-0.1	0.1	0.2	0.3	-0.1	0.3	22.2	22.7	15.6	-2.6	45.2	42.9	28.8
NREP Nordic Strategies Fund III (Euro)	€ 39,801,224	-1.0	-1.4	-2.4	-2.5	-1.0	-1.4	-2.4	-2.5	-6.0	38.2	31.3	21.9	-3.2	37.3	33.9	22.4
NREP Nordic Strategies Fund IV (Euro)	€ 15,765,142	4.4	-5.9	-1.6	-2.0	4.4	-5.9	-1.6	-2.0	-11.7	45.7	35.9	22.8				
Seven Seas Japan Opportunity Fund	¥1,107,917,688	-0.5	-34.1	-34.6	-36.5	-0.5	-34.1	-34.6	-36.5								
<b>Indices</b>																	
NFI ODCE+ 35bps				0.6	0.4			0.6	0.4			22.4	21.3			12.7	11.7
NFI-ODCE		0.8	-0.3	0.5	0.3	0.8	-0.3	0.5	0.3	3.6	18.0	22.1	21.0	3.8	8.3	12.4	11.4
NFI-ODCE + 100bps				0.8	0.6			0.8	0.6			23.1	22.0			13.4	12.4
CPI + 500 bps				1.7				1.7				13.6				10.2	

<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 (\$)	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	140,258,155									3.0	12.5	15.8	13.1	4Q18	12.8	1.6
Lion Properties Fund	141,766,363									3.7	8.5	12.4	11.5	4Q18	10.4	1.4
MetLife Core Property Fund	93,416,724	4.7	7.6	12.6	12.0					4.9	7.5	12.7	12.2	1Q14	12.2	2.1
Principal U.S. Property Account	66,477,963	4.2	6.4	10.9	9.8					4.4	6.0	10.6	9.6	4Q15	9.6	1.9
Prologis European Logistics Fund <sup>4,5</sup>	68,862,375	5.3	8.5	14.0	11.4					5.3	8.5	14.0	11.4	4Q17	11.5	1.6
Prologis Targeted U.S. Logistics Fund	142,389,147	4.3	21.2	26.3	22.4					4.8	18.7	24.2	20.6	3Q15	21.2	3.1
Townsend Real Estate Fund, L.P. <sup>3</sup>	180,432,560	3.8	8.6	12.7	12.4					4.0	8.1	12.4	12.1	2Q16	12.2	1.8
<b>Core Commingled Funds</b>	<b>833,603,287</b>	<b>4.0</b>	<b>10.3</b>	<b>14.7</b>	<b>13.1</b>	<b>4.3</b>	<b>8.8</b>	<b>13.5</b>	<b>12.1</b>	<b>4.4</b>	<b>4.2</b>	<b>8.8</b>	<b>7.8</b>	<b>4Q86</b>	<b>8.8</b>	<b>1.6</b>
<b>Value Added Portfolio</b>																
Asana Partners Fund II <sup>2</sup>	23,835,102									-3.8	8.1	3.4	-7.4	4Q19	11.6	1.2
Asana Partners Fund III <sup>3</sup>	1,461,485									0.1	-3.6	-3.5	-14.4	3Q22	-41.2	0.7
DRC European Real Estate Debt Fund II <sup>2</sup>	4,280,739	-8.3	-4.1	-10.9	-11.8					-0.5	-5.1	-4.7	-6.1	1Q14	-0.4	1.0
ECE European Prime Shopping Centre Fund II C <sup>5</sup>	31,496,740	2.9	0.8	3.6	1.1					1.7	7.5	9.3	6.8	4Q15	1.4	1.0
Hammes Partners II	3,228,124	8.4	26.7	36.4	29.2					9.4	20.4	31.1	24.1	3Q15	23.4	1.7
Hammes Partners III	21,622,304									9.1	18.4	28.5	5.1	1Q19	15.1	1.2
NREP Nordic Strategies Fund <sup>2</sup>	2,321,769	2.7	5.7	8.5	0.3					6.1	11.8	18.3	11.8	1Q15	22.9	1.7
NREP Nordic Strategies Fund II <sup>2</sup>	18,967,481	-1.5	29.4	28.3	18.7					0.2	28.6	29.5	18.2	3Q16	21.3	2.0
NREP Nordic Strategies Fund III <sup>3</sup>	39,013,158									-4.2	25.0	20.5	3.7	4Q18	11.7	1.3
NREP Nordic Strategies Fund IV <sup>2</sup>	15,452,992									-19.9	39.9	15.8	N/A	1Q20	0.4	1.0
<b>Value Added Portfolio</b>	<b>161,679,894</b>	<b>1.3</b>	<b>16.1</b>	<b>17.7</b>	<b>10.1</b>	<b>4.5</b>	<b>11.7</b>	<b>16.7</b>	<b>11.8</b>	<b>1.8</b>	<b>5.3</b>	<b>7.2</b>	<b>5.2</b>	<b>4Q86</b>	<b>6.4</b>	<b>1.3</b>
<b>Opportunistic Portfolio</b>																
Carlyle China Project Rome Co-Investment	37,417,390	-0.8	2.7	1.9	0.0					-0.8	2.6	1.8	-0.2	3Q17	-0.5	1.0
Carlyle China Realty	8,423,870	1.7	2.8	4.5	2.4					1.6	2.5	4.2	1.9	3Q17	0.3	1.0
CIM Fund VIII	28,942,972	-0.1	-2.3	-2.3	-3.6					0.0	2.1	2.1	0.4	2Q15	-1.5	0.9
KKR Real Estate Partners Americas	1,688,686	-21.1	2.9	-6.3	-5.1					-7.4	-0.4	1.0	0.8	2Q14	12.2	1.3
LaSalle China Logistics Venture	2,471,327									N/A	295.4	129.6	-15.2	3Q21	-10.6	0.9
Sculptor Real Estate Fund III <sup>2,3</sup>	8,119,791	11.7	20.3	33.6	30.5					13.7	17.8	33.4	19.9	4Q14	24.1	1.7
Sculptor Real Estate Fund IV <sup>2,3</sup>	9,962,025									14.1	12.6	28.0	12.1	3Q20	11.9	1.1
Seven Seas Japan Opportunity Fund	7,654,537									-2.3	-45.2	-46.7	-48.4	2Q22	-45.6	1.0
<b>Opportunistic Portfolio</b>	<b>104,680,598</b>	<b>1.6</b>	<b>2.8</b>	<b>4.4</b>	<b>2.2</b>	<b>4.9</b>	<b>9.5</b>	<b>15.4</b>	<b>11.2</b>	<b>1.9</b>	<b>6.8</b>	<b>9.0</b>	<b>7.0</b>	<b>1Q91</b>	<b>8.1</b>	<b>1.2</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>266,360,492</b>	<b>1.3</b>	<b>10.5</b>	<b>11.9</b>	<b>6.9</b>	<b>4.5</b>	<b>9.6</b>	<b>14.5</b>	<b>10.3</b>	<b>3.7</b>	<b>6.4</b>	<b>10.2</b>	<b>5.7</b>	<b>1Q07</b>	<b>6.8</b>	<b>1.3</b>
<b>Total Private Portfolio</b>																
<b>SCERS</b>	<b>1,099,963,779</b>	<b>3.3</b>	<b>10.1</b>	<b>13.6</b>	<b>11.1</b>	<b>4.2</b>	<b>8.5</b>	<b>12.9</b>	<b>11.0</b>	<b>4.2</b>	<b>5.7</b>	<b>10.0</b>	<b>8.9</b>	<b>4Q86</b>	<b>8.7</b>	<b>1.5</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>1,2</sup>	€ 70,253,395	5.3	12.5	18.3	15.6									4.9	10.5	15.7	13.5	1Q16	14.8	1.6
DRC European Real Estate Debt Fund II (Pound Sterling)	£3,832,545	-7.5	0.0	-7.5	-8.4									0.1	-0.4	-0.4	-1.8	1Q14	4.0	1.1
ECE European Prime Shopping Centre Fund II (Euro) <sup>3</sup>	€ 32,132,974	2.8	4.6	7.5	4.9									1.6	9.5	11.5	8.8	4Q15	5.1	1.2
NREP Nordic Strategies Fund (Euro) <sup>3</sup>	€ 2,368,668	2.7	10.0	12.9	4.4									6.1	15.0	21.7	15.0	1Q15	24.5	1.8
NREP Nordic Strategies Fund II (Euro)	€ 19,350,624	-1.5	34.4	33.3	23.3									0.2	31.2	32.0	20.6	3Q16	23.1	2.1
NREP Nordic Strategies Fund III (Euro)	€ 39,801,224													-4.3	30.6	25.8	8.3	4Q18	18.7	1.5
NREP Nordic Strategies Fund IV (Euro)	€ 15,765,142													-20.1	50.3	24.5	N/A	1Q20	14.0	1.2
Seven Seas Japan Opportunity Fund	¥1,107,917,688													-2.4	-33.9	-35.6	-37.6	2Q22	-34.4	1.1
<b>Indices</b>																				
NFI ODCE+ 35bps				10.6	9.6			11.3	10.3							8.1	7.0	4Q86		
NFI-ODCE		4.0	6.1	10.2	9.3	4.4	6.3	10.9	9.9	6.5	1.2	7.7	6.7	4Q86						
NFI-ODCE + 100bps				11.2	10.3			11.9	10.9							8.7	7.7	4Q86		
CPI + 500 bps				9.0				7.7								7.9		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.

Returns (%)	Market Value (\$)	2022		Fiscal Year 2023		2021		2020		2019		2018		2017		2016	
		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	140,258,155	21.3	18.2	3.3	2.7	28.5	23.0	1.8	1.9	10.6	8.5	2.3	1.9				
Lion Properties Fund	141,766,363	15.6	14.9	0.6	0.4	23.4	22.4	2.2	1.4	7.3	6.4	2.0	1.8				
MetLife Core Property Fund	93,416,724	15.9	15.4	2.5	2.4	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	66,477,963	11.8	11.0	0.7	0.4	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 <sup>1,3</sup>	68,862,375	-5.1	-6.4	-10.5	-9.8	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	142,389,147	21.9	18.5	-0.1	0.1	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. <sup>3</sup>	180,432,560	14.9	14.7	1.4	1.3	29.3	29.1	2.6	2.3	7.6	7.3	9.0	8.8	11.0	10.8	8.4	8.2
<b>Core Commingled Funds</b>	<b>833,603,287</b>	<b>15.1</b>	<b>13.6</b>	<b>0.3</b>	<b>0.2</b>	<b>30.8</b>	<b>27.6</b>	<b>4.6</b>	<b>4.0</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>Value Added Portfolio</b>																	
Asana Partners Fund II <sup>3</sup>	23,835,102	-4.4	-4.0	-1.5	-1.2	63.7	49.9	-36.4	-45.7	11.1	1.5						
Asana Partners Fund III <sup>3</sup>	1,461,485	-3.5	-14.4	-3.5	-14.4												
DRC European Real Estate Debt Fund II <sup>3</sup>	4,280,739	3.0	2.8	-7.6	-7.4	-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 <sup>3</sup>	31,496,740	-7.4	-8.8	-5.1	-5.8	-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	3,228,124	7.6	5.3	0.3	0.0	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	21,622,304	11.7	8.1	2.2	1.4	29.1	18.3	43.5	24.5	23.9	-24.4						
NREP Nordic Strategies Fund <sup>3</sup>	2,321,769	-10.8	-10.4	-6.5	-6.6	-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 <sup>3</sup>	18,967,481	-8.0	-10.6	-6.1	-6.5	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 <sup>3</sup>	39,013,158	-5.8	-9.0	-8.8	-8.9	35.9	22.8	42.3	28.1	19.0	-5.5	-2.8	-14.4				
NREP Nordic Strategies Fund IV <sup>3</sup>	15,452,992	-6.2	-12.5	-8.1	-8.4	42.2	20.5	22.1	-121.4								
<b>Value Added Portfolio</b>	<b>161,679,894</b>	<b>-3.9</b>	<b>-6.5</b>	<b>-5.1</b>	<b>-5.4</b>	<b>36.4</b>	<b>25.1</b>	<b>19.0</b>	<b>10.6</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>Opportunistic Portfolio</b>																	
Carlyle China Project Rome Co-Investment	37,417,390	-1.1	-1.9	-1.6	-1.9	2.4	1.3	-0.9	-2.0	7.2	5.8	-2.5	-7.1	4.7	3.6		
Carlyle China Realty	8,423,870	-1.2	-2.2	-1.7	-2.0	2.2	0.8	-0.3	-2.1	18.1	15.7	1.6	-1.4	2.7	0.2		
CIM Fund VIII	28,942,972	-3.3	-4.2	-1.7	-2.1	-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	1,688,686	-12.0	-11.3	1.7	1.0	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	2,471,327	-2.1	-13.2	-9.3	-13.2	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 <sup>2,3</sup>	8,119,791	70.0	68.2	7.4	7.1	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 <sup>2,3</sup>	9,962,025	3.9	-1.1	1.5	0.5	40.3	25.9	19.6	3.9								
Seven Seas Japan Opportunity Fund	7,654,537	-46.7	-48.4	-39.7	-41.4												
<b>Opportunistic Portfolio</b>	<b>104,680,598</b>	<b>-0.9</b>	<b>-3.1</b>	<b>-4.8</b>	<b>-5.4</b>	<b>6.2</b>	<b>2.8</b>	<b>-6.9</b>	<b>-8.1</b>	<b>8.6</b>	<b>7.1</b>	<b>11.5</b>	<b>9.1</b>	<b>19.1</b>	<b>16.0</b>	<b>13.9</b>	<b>10.2</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward<sup>5</sup></b>	<b>266,360,492</b>	<b>-2.8</b>	<b>-5.2</b>	<b>-5.0</b>	<b>-5.4</b>	<b>24.4</b>	<b>16.4</b>	<b>6.5</b>	<b>1.6</b>	<b>15.8</b>	<b>9.9</b>	<b>10.9</b>	<b>7.6</b>	<b>22.3</b>	<b>19.4</b>	<b>10.8</b>	<b>8.1</b>
<b>Total Private Portfolio</b>																	
<b>SCERS</b>	<b>1,099,963,779</b>	<b>10.2</b>	<b>8.5</b>	<b>-1.0</b>	<b>-1.2</b>	<b>29.1</b>	<b>24.5</b>	<b>5.2</b>	<b>3.5</b>	<b>11.0</b>	<b>8.7</b>	<b>9.2</b>	<b>7.5</b>	<b>15.2</b>	<b>13.6</b>	<b>9.1</b>	<b>7.8</b>
<b>Indices</b>																	
NFI-ODCE + 35 bps		13.3	12.5	0.6	0.4	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		13.1	12.4	0.5	0.3	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		13.6	12.9	0.8	0.6	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		9.9		1.7		11.4		6.4		7.4		7.0		7.2		7.2	

<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 (\$)	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
<b>Core Commingled Funds</b>																					
Brookfield Premier Real Estate Partners	140,258,155																				
Lion Properties Fund	141,766,363																				
MetLife Core Property Fund	93,416,724	16.9	16.3	17.4	16.9																
Principal U.S. Property Account	66,477,963	3.0	2.8																		
Prologis European Logistics Fund <sup>1,3</sup>	68,862,375																				
Prologis Targeted U.S. Logistics Fund	142,389,147	9.1	7.9																		
Townsend Real Estate Fund, L.P. <sup>3</sup>	180,432,560																				
<b>Core Commingled Funds</b>	<b>833,603,287</b>	<b>15.7</b>	<b>14.1</b>	<b>13.5</b>	<b>12.4</b>	<b>10.2</b>	<b>9.3</b>	<b>11.1</b>	<b>10.1</b>	<b>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>Value Added Portfolio</b>																					
Asana Partners Fund II <sup>3</sup>	23,835,102																				
Asana Partners Fund III <sup>4</sup>	1,461,485																				
DRC European Real Estate Debt Fund II <sup>3</sup>	4,280,739	5.0	3.0	1.4	-2.1																
ECE European Prime Shopping Centre Fund II C <sup>3</sup>	31,496,740	12.1	11.0																		
Hammes Partners II	3,228,124	19.4	12.9																		
Hammes Partners III	21,622,304																				
NREP Nordic Strategies Fund <sup>3</sup>	2,321,769	55.1	50.8																		
NREP Nordic Strategies Fund II <sup>4</sup>	18,967,481																				
NREP Nordic Strategies Fund III <sup>4</sup>	39,013,158																				
NREP Nordic Strategies Fund IV <sup>3</sup>	15,452,992																				
<b>Value Added Portfolio</b>	<b>161,679,894</b>	<b>19.1</b>	<b>17.0</b>	<b>15.7</b>	<b>13.7</b>	<b>13.3</b>	<b>10.8</b>	<b>19.6</b>	<b>18.1</b>	<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>																					
Carlyle China Project Rome Co-Investment	37,417,390																				
Carlyle China Realty	8,423,870																				
CIM Fund VIII	28,942,972	16.9	13.8																		
KKR Real Estate Partners Americas	1,688,686	79.0	55.3	30.1	24.7																
LaSalle China Logistics Venture	2,471,327	79.0	55.3	30.1	24.7																
Sculptor Real Estate Fund III <sup>2,3</sup>	8,119,791	33.7	6.9	9.4	-28.3																
Sculptor Real Estate Fund IV <sup>2,3</sup>	9,962,025																				
Seven Seas Japan Opportunity Fund	7,654,537																				
<b>Opportunistic Portfolio</b>	<b>104,680,598</b>	<b>44.5</b>	<b>23.2</b>	<b>33.3</b>	<b>19.9</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<sup>5</sup></b>	<b>266,360,492</b>	<b>23.0</b>	<b>17.9</b>	<b>17.0</b>	<b>14.2</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>1,099,963,779</b>	<b>9.9</b>	<b>8.5</b>	<b>16.0</b>	<b>14.2</b>	<b>12.0</b>	<b>10.7</b>	<b>19.2</b>	<b>17.8</b>	<b>9.8</b>	<b>9.4</b>	<b>20.6</b>	<b>19.2</b>	<b>-16.0</b>	<b>-16.7</b>	<b>-14.1</b>	<b>-14.7</b>	<b>10.7</b>	<b>8.7</b>	<b>16.9</b>	<b>14.2</b>
<b>Indices</b>																					
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	

<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	138,047,112	0	1,465,207	0	1,063,848	769,335	3,381,735	140,258,155	41.2
Lion Properties Fund	142,072,013	299,695	1,155,483	0	1,044,098	299,695	-194,266	141,766,363	20.4
MetLife Core Property Fund	91,227,245	716,206	707,960	0	992,862	111,523	1,299,894	93,416,724	24.2
Principal U.S. Property Account	66,200,340	0	0	0	597,024	158,604	-160,797	66,477,963	23.0
Prologis European Logistics Fund	75,147,934	0	-1,103,979	0	661,526	-479,758	-8,530,822	68,862,375	20.3
Prologis Targeted U.S. Logistics Fund	142,833,886	0	580,555	0	1,117,146	-212,796	-1,194,125	142,389,147	12.2
Townsend Real Estate Fund, L.P.	178,114,798	1,813,205	1,813,205	0	1,396,878	95,355	1,016,239	180,432,560	35.0
<b>Core Commingled Funds</b>	<b>833,643,328</b>	<b>2,829,106</b>	<b>4,618,431</b>	<b>0</b>	<b>6,873,382</b>	<b>741,958</b>	<b>-4,382,142</b>	<b>833,603,287</b>	<b>27.7</b>
<b>Value Added Portfolio</b>									
Asana Partners Fund II	22,573,503	1,531,250	0	0	-40,391	-77,973	-307,234	23,835,102	54.5
Asana Partners Fund III	1,093,511	533,333	0	0	972	125,000	-41,332	1,461,485	87.7
DRC European Real Estate Debt Fund II	4,624,834	0	0	0	31,862	-8,578	-384,536	4,280,739	0.0
ECE European Prime Shopping Centre Fund II	33,835,509	0	0	368,641	-1,189,603	242,019	-538,506	31,496,740	55.7
Hammes Partners II	3,277,820	9,220	60,336	0	46,902	9,494	-35,988	3,228,124	60.0
Hammes Partners III	20,630,679	2,909,041	1,167,751	1,032,873	365,471	149,704	67,443	21,622,304	69.4
NREP Nordic Strategies Fund	2,485,566	0	0	0	0	2,480	-161,318	2,321,769	0.0
NREP Nordic Strategies Fund II	28,192,672	0	7,723,800	0	16,212	80,747	-1,436,856	18,967,481	48.0
NREP Nordic Strategies Fund III	42,050,481	714,440	0	0	-404,037	38,136	-3,309,590	39,013,158	45.0
NREP Nordic Strategies Fund IV	14,955,151	1,785,504	0	0	641,939	56,161	-1,873,441	15,452,992	43.0
<b>Value Added Portfolio</b>	<b>173,719,726</b>	<b>7,482,788</b>	<b>8,951,887</b>	<b>1,401,514</b>	<b>-530,673</b>	<b>617,190</b>	<b>-8,021,358</b>	<b>161,679,894</b>	<b>54.5</b>
<b>Opportunistic Portfolio</b>									
Carlyle China Project Rome Co-Investment	38,143,372	0	0	0	-9,803	100,822	-615,357	37,417,390	24.3
Carlyle China Realty	8,597,092	0	0	0	-4,902	29,830	-138,490	8,423,870	24.3
CIM Fund VIII	29,578,475	97,226	0	124,117	-13,800	97,469	-497,343	28,942,972	36.5
KKR Real Estate Partners Americas	1,718,544	35,377	32,710	50,135	-487,745	12,197	517,552	1,688,686	57.0
LaSalle China Logistics Venture	2,848,424	0	0	0	-111,287	111,158	-154,652	2,471,327	47.6
Sculptor Real Estate Fund III	7,819,943	275,770	505,507	0	182,140	22,151	369,596	8,119,791	0.0
Sculptor Real Estate Fund IV	7,781,607	2,410,643	271,772	0	-7,831	85,513	134,891	9,962,025	0.0
Seven Seas Japan Opportunity Fund	9,882,515	0	0	-2,354,452	-54,666	195,657	-4,332,108	7,654,537	0.0
<b>Opportunistic Portfolio</b>	<b>106,369,972</b>	<b>2,819,016</b>	<b>809,989</b>	<b>-2,180,200</b>	<b>-507,894</b>	<b>654,797</b>	<b>-4,715,911</b>	<b>104,680,598</b>	<b>25.5</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>280,089,698</b>	<b>10,301,804</b>	<b>9,761,876</b>	<b>-778,686</b>	<b>-1,038,567</b>	<b>1,271,987</b>	<b>-12,737,269</b>	<b>266,360,492</b>	<b>46.3</b>
<b>Total Private Portfolio</b>									
<b>SCERS</b>	<b>1,113,733,026</b>	<b>13,130,910</b>	<b>14,380,307</b>	<b>-778,686</b>	<b>5,834,815</b>	<b>2,013,945</b>	<b>-17,119,411</b>	<b>1,099,963,779</b>	<b>33.3</b>

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Core Commingled Funds</b>						
Brookfield Premier Real Estate Partners	30.2	20.8	44.6	-	-	4.4
Lion Properties Fund	27.7	21.8	34.1	5.1	-	11.3
MetLife Core Property Fund	30.4	29.0	27.9	8.9	1.1	2.7
Principal U.S. Property Account	1.4	22.1	34.7	9.7	-	32.2
Prologis European Logistics Fund	-	-	100.0	-	-	-
Prologis Targeted U.S. Logistics Fund	-	-	100.0	-	-	-
Townsend Real Estate Fund, L.P. <sup>†</sup>	34.4	9.6	39.4	2.1	0.1	14.4
<b>Core Commingled Funds</b>	<b>20.8</b>	<b>14.3</b>	<b>53.1</b>	<b>3.1</b>	<b>0.1</b>	<b>8.6</b>
<b>Value Added Portfolio</b>						
Asana Partners Fund II	1.2	45.0	-	53.8	-	-
Asana Partners Fund III	0.1	62.1	-	37.8	-	-
DRC European Real Estate Debt Fund II	-	63.6	-	36.4	-	-
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	14.4	-	-	14.7	-	70.9
NREP Nordic Strategies Fund III	26.8	4.0	43.4	4.3	-	21.4
NREP Nordic Strategies Fund IV	-	-	-	-	-	100.0
<b>Value Added Portfolio</b>	<b>8.3</b>	<b>9.8</b>	<b>10.5</b>	<b>31.5</b>	<b>-</b>	<b>39.9</b>

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Opportunistic Portfolio</b>						
Carlyle China Project Rome Co-Investment	-	-	100.0	-	-	-
Carlyle China Realty	-	-	100.0	-	-	-
CIM Fund VIII	47.4	21.1	-	14.1	6.0	11.4
KKR Real Estate Partners Americas	-	-	-	24.3	75.7	-
LaSalle China Logistics Venture	-	-	100	-	-	-
Sculptor Real Estate Fund III	-	0.4	-	1.3	-	98.3
Sculptor Real Estate Fund IV	4.5	-	0.0	-	4.6	90.9
Seven Seas Japan Opportunity Fund	-	30.3	-	69.7	-	-
<b>Opportunistic Portfolio</b>	<b>14.6</b>	<b>6.3</b>	<b>49.8</b>	<b>4.7</b>	<b>3.6</b>	<b>21.0</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>10.7</b>	<b>8.5</b>	<b>25.2</b>	<b>21.5</b>	<b>1.3</b>	<b>32.8</b>
<b>Total Private Portfolio</b>						
<b>SCERS</b>	<b>18.4</b>	<b>12.9</b>	<b>46.5</b>	<b>7.4</b>	<b>0.4</b>	<b>14.4</b>
<b>Indices</b>						
<b>NFI-ODCE</b>	<b>29.0</b>	<b>23.1</b>	<b>30.9</b>	<b>9.8</b>	<b>0.2</b>	<b>6.9</b>

<sup>1</sup>Property diversification numbers used are from 2Q22.

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	19.7	8.6	9.7	8.6	2.4	-	4.2	46.9	-
Lion Properties Fund	21.1	8.2	2.2	0.0	9.6	7.7	8.3	42.9	-
MetLife Core Property Fund	13.5	11.3	8.4	2.4	9.3	10.5	11.6	33.0	-
Principal U.S. Property Account	11.5	9.0	2.0	1.5	10.3	15.6	13.3	36.7	-
Prologis European Logistics Fund	-	-	-	-	-	-	-	-	100.0
Prologis Targeted U.S. Logistics Fund	14.3	4.7	11.2	-	12.4	8.7	5.5	43.2	-
Townsend Real Estate Fund, L.P. <sup>1</sup>	15.1	7.8	9.4	3.0	18.0	11.2	9.3	26.2	-
<b>Core Commingled Funds</b>	<b>15.1</b>	<b>7.3</b>	<b>7.1</b>	<b>2.5</b>	<b>9.9</b>	<b>7.6</b>	<b>7.4</b>	<b>34.9</b>	<b>8.3</b>
<b>Value Added Portfolio</b>									
Asana Partners Fund II	19.3	20.7	-	8.1	17.0	6.8	21.7	6.4	-
Asana Partners Fund III	-	6.9	3.9	-	52.8	14.1	22.2	-	-
DRC European Real Estate Debt Fund II	-	-	-	-	-	-	-	-	100.0
ECE European Prime Shopping Centre Fund II	-	-	-	-	-	-	-	-	100.0
Hammes Partners II	-	48.9	6.4	-	-	16.7	28.0	-	-
Hammes Partners III	41.4	2.1	16.7	5.0	5.3	21.1	7.1	1.2	-
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>9.3</b>	<b>4.8</b>	<b>2.6</b>	<b>2.1</b>	<b>4.1</b>	<b>4.8</b>	<b>5.4</b>	<b>1.2</b>	<b>65.7</b>

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Ex-US
<b>Opportunistic Portfolio</b>									
Carlyle China Project Rome Co-Investment	-	-	-	-	-	-	-	-	100.0
Carlyle China Realty	-	-	100.0	-	-	-	-	-	-
CIM Fund VIII	42.5	-	11.4	-	-	-	7.7	34.5	3.8
KKR Real Estate Partners Americas	-	-	0.9	-	-	8.8	-	67.0	23.4
LaSalle China Logistics	-	-	-	-	-	-	-	-	100.0
Sculptor Real Estate Fund III	32.9	1.0	6.2	1.3	1.3	22.0	1.6	14.0	19.7
Sculptor Real Estate Fund IV	15.6	0.3	1.4	-	14.1	0.7	3.9	25.7	10.2
Seven Seas Japan Opportunity Fund	-	-	-	-	-	-	-	-	100.0
<b>Opportunistic Portfolio</b>	<b>17.2</b>	<b>0.1</b>	<b>14.1</b>	<b>0.1</b>	<b>0.1</b>	<b>2.2</b>	<b>2.7</b>	<b>14.1</b>	<b>49.4</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>12.2</b>	<b>3.1</b>	<b>6.9</b>	<b>1.3</b>	<b>2.6</b>	<b>3.8</b>	<b>4.4</b>	<b>6.0</b>	<b>59.6</b>
<b>Total Private Portfolio</b>									
<b>SCERS</b>	<b>14.4</b>	<b>6.4</b>	<b>7.0</b>	<b>2.2</b>	<b>8.3</b>	<b>6.8</b>	<b>6.8</b>	<b>28.6</b>	<b>19.5</b>
<b>Indices</b>									
<b>NFI-ODCE</b>	<b>21.1</b>	<b>8.2</b>	<b>5.5</b>	<b>0.8</b>	<b>10.8</b>	<b>9.2</b>	<b>7.1</b>	<b>37.2</b>	<b>-</b>

<sup>1</sup>Geographic diversification numbers used are from 2Q22.

## 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 3Q22





# United States Real Estate Market Update (3Q22)

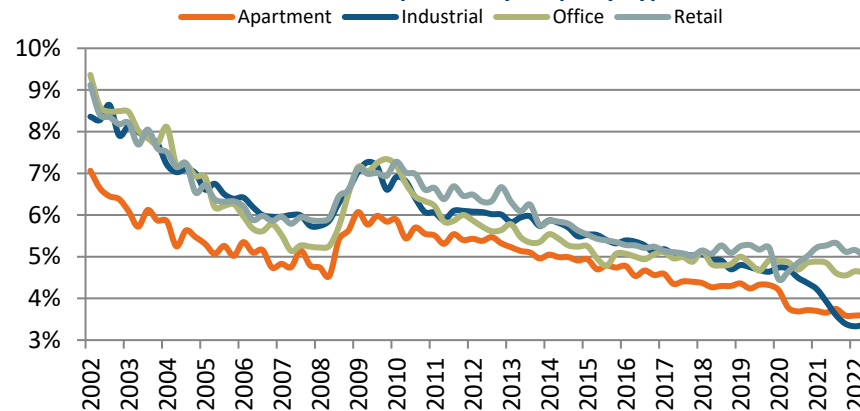
## General

- Townsend witnessed a robust recovery across the U.S. economy and U.S. real estate markets in 2021 but has begun to moderate so far in 2022. An array of headwinds have emerged including rising interest rates, persistent inflation, various geopolitical events, and widespread global supply chain struggles. The S&P 500 locked in its 3<sup>rd</sup> worst performance since the 1950s, producing a gross total return of -25.0% during the first three quarters of the year. The MSCI US REIT index also continued its cool off following a strong 2021, posting a gross third quarter return of -10.0%.
- During the third quarter, GDP reversed course, increasing at an annualized rate of 2.6% due to a narrowing trade deficit. This positive growth is expected to be a one-off for the near-term following two quarters of negative GDP growth, which has historically signaled a recession. As a result of the atrocities of the Russian-Ukraine war, Saudi-Iranian oil concerns, and a rise in protectionist measures, commodity pricing has skyrocketed in lockstep with persistent inflation, which is anticipated to carry over well into 2023. Federal reserve officials remain committed to taming inflation and reducing the central bank's balance sheet for the foreseeable future, approving five interest rate hikes through third quarter 2022, with an additional 75 bps hike in November 2022.

## Commercial Real Estate

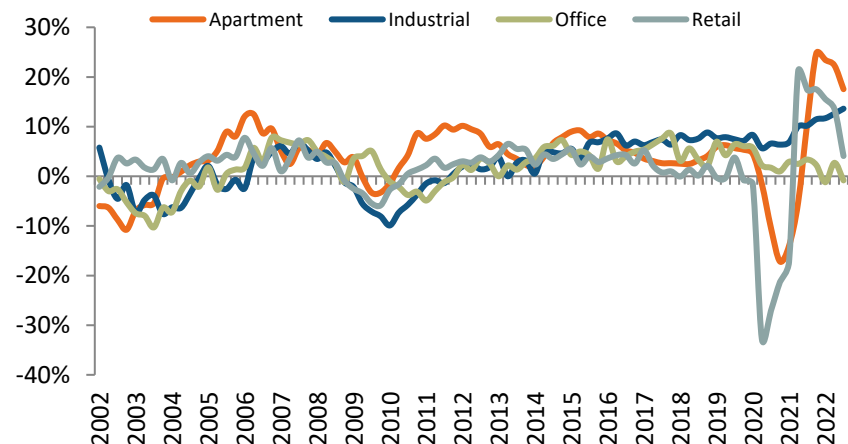
- Through the third quarter of 2022, total CRE transaction activity for the quarter decreased by -21% YoY, with annual transaction activity up 43% YoY. The office sector transaction volumes in the U.S. have notably not recovered to pre-pandemic levels. While office sector fundamentals signaled mild improvement, the sector faces significant headwinds in the capital markets, driven by a dramatic increase in the cost of debt.
- Transaction cap rates (4.9%) expanded during the quarter, to the tune of 27 bps. This increase comes after a -35 bps quarter-over-quarter decrease in 2Q22. Current valuation cap rates decreased for retail (-16 bps) and office (-4 bps), while the industrial (+4 bps) and apartment (+1 bp) property sectors experienced slight cap rate expansion.
- NOI growth has substantially diverged between property sectors due to deteriorating capital markets and increased financing costs. Apartment sector fundamentals remain strong, as many would-be buyers continue to be priced out of the housing market. Apartment NOI expanded (+18%) YoY.
- 10-year treasury bond yields surged 82 bps to end the quarter at 3.8%. As economists expected rates have moved significantly higher throughout 2022.

Current Value Cap Rates by Property Type



Source: NCREIF

4 Qtr Rolling NOI Growth



Source: NCREIF

# United States Property Matrix (3Q22)

## INDUSTRIAL

- In 3Q22, industrial properties were the second highest returning sector at 1.11% and outperformed the NPI by 54 bps.
- Transaction volumes decreased to \$35 billion in the third quarter of the year, resulting in an 18% decrease year-over-year. Individual asset sales decreased 21% year-over-year, while portfolio purchases turned in a year-over-year volume decrease of 44%. At \$35 billion, the industrial sector decreased by \$4 billion quarter-over-quarter.
- The industrial sector turned in NOI growth of 13.6% over the past year. NOI continues to reach all time highs for the sector.
- Vacancy decreased by 97 bps year-over-year to 1.5%. 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 55 bps from a year ago, to 3.4%. Industrial overall fundamentals still top all property sectors.

## MULTIFAMILY

- The apartment sector delivered a 1.2% return during the quarter, underperforming the NPI by 63 bps.
- Transaction volume in the third quarter of 2022 decreased to \$74 billion, resulting in a decrease of 17% year-over-year. Transaction volume for the sector decreased from the second quarter but it still high relative to historical levels. This volume continues to make multifamily the most actively traded sector for the nineteenth straight quarter.
- Cap rates remained steady at 3.6% quarter-over-quarter, decreasing 6 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 increased by 69 bps quarter-over-quarter. 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 -0.66% in 3Q22, 123 bps below the NPI return over the period.
- Transaction volumes decreased by 33% year-over-year in the third quarter. Transaction volume equated to \$26 billion for the quarter, a decrease of \$2 billion quarter-over-quarter. Office transaction levels have regressed from 2Q22 but not quite to levels seen during 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 12.97%, increasing 3 bps from last quarter.
- NOI growth in the office sector compressed quarter-over-quarter by 742 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 3Q22, the retail sector delivered a quarterly return of 0.39%, underperforming 18 bps below the NPI.
- Transaction volumes totaled \$18 billion in the third quarter, decreasing 9% year-over-year. Single asset transactions accounted for just over 84% of all sales volume for the quarter.
- Cap rates have compressed approximately 27 bps within the sector over the last year, to 5.0%. Current valuation cap rates compressed quarter-over-quarter by 16 bps due to valuation adjustments made across the sector in general.
- NOI growth decreased, 9.5% over the last year. Retail has begun its slow recovery as a large portion of stores nationally have opened and operate safely.
- Retail vacancy rates decreased over the quarter by 69 bps, and down 111 bps over the past year to 8.0%. 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 (3Q22)

- Inflationary issues have crystalized into higher financing costs linked with rising interest rates and growing concerns of economic growth overall. Global acquisitions of income producing properties slumped 30% in the third quarter when compared to the same period one year ago. With a usual lag between macro events and its effect to direct property markets, expectations are that this negative pressure is just on the onset with a looming recession.
- Tangible effects of these challenges can be witnessed in the EMEA region, with deal volume falling 13% YOY. Transaction activity in the U.K. was down 41%, in Germany by 45% and in France by 32%. The European economy is especially vulnerable in these times of energy driven price inflation due to its dependence on global energy markets. European Commission data shows consumer confidence is at its lowest ever level and Oxford Economics expects the European economy to contract in 2023.
- The U.S. experienced a shallow decline in transaction activity relative to the top European and Asia Pacific markets. Investors spent \$149 billion on U.S. income-producing properties priced at \$10 million or greater between July and September, which is down 19% on the same period a year ago.
- The Asia Pacific market appears to be in the midst of a correction with transaction activity declining 6% YOY. This was due to a combination of fewer trades in major markets, rapid currency depreciation against the US dollar and the rising cost of debt sparked by an aggressive tightening of interest rates in the US. A depreciating yen pushed volumes down in Japan to US\$4.6 billion, as weak activity across most sectors led to a 61% year-on-year decline. Volumes in China (US\$3.3 billion) continued to decrease, down 55% year-on-year in the third quarter due to the lingering impact of Covid policies.
- Global retail sales growth softened in the third quarter as the squeeze on real incomes impacts consumer activity, and this is likely to filter through to more constrained retailer activity. With consumers becoming more selective in their discretionary retail spending, be it online or offline, the focus for retailers has shifted to improving profitability.
- In the third quarter, demand for logistics and industrial remained resilient with strong fundamentals. Nevertheless, occupiers are adopting a more cautious approach amid economic headwinds. The U.S. remains most resilient with leasing activity holding up in Q3, while limited supply in primary markets and softening demand in China were drags on performance in Europe and Asia Pacific respectively.
- Dealmaking has becoming increasing difficult in the multifamily sector, with wide bid-ask spreads on transactions, higher financing costs and general caution in the market. The number of active buyers and sellers in Europe has fallen to a 10-year low, as some investors have chosen the “wait and see” approach during this period of dislocation. The general anticipation of defined signals on the economic outlook will give way to advantageous opportunities in distressed properties or mispricing.

## Global Total Commercial Real Estate Volume - 2021 - 2022

\$ US Billions	Q3 2022	Q3 2021	% Change		YTD 2022	Q1-Q3 2022	% Change
			Q3 22 - Q3 21	YTD 2022			YTD 2022/Q1-Q3 22
Americas	159	201	-21%	533	440	21%	
EMEA	53	99	-46%	232	266	-13%	
Asia Pacific	207	225	-8%	568	604	-6%	
<b>Total</b>	<b>419</b>	<b>524</b>	<b>-20%</b>	<b>1332</b>	<b>1311</b>	<b>2%</b>	

Source: Real Capital Analytics, Inc., Q3' 22

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

	2022	2023	2024
<b>Global</b>	<b>5.9</b>	<b>4.3</b>	<b>3.6</b>
<b>Asia Pacific</b>	<b>4.4</b>	<b>4.6</b>	<b>4.4</b>
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
<b>North America</b>	<b>2.7</b>	<b>2.0</b>	<b>1.9</b>
US	2.6	2.0	1.9
<b>Middle East</b>	<b>4.1</b>	<b>4.4</b>	<b>4.5</b>
<b>European Union</b>	<b>3.0</b>	<b>2.1</b>	<b>2.0</b>
France	2.7	1.8	1.7
Germany	1.8	2.3	2.0
UK	3.7	1.2	1.7

Source: Bloomberg