



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 16

MEETING DATE: March 20, 2019

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 Real Estate Portfolio Performance Measurement Report for the period ending December 31, 2018.

PURPOSE

This agenda item does not specifically support the 2018-19 Strategic Management Plan but 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 as provided in Townsend's Quarterly Performance Review and highlights notable manager performance, along with any recent real estate investments made by SCERS.

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

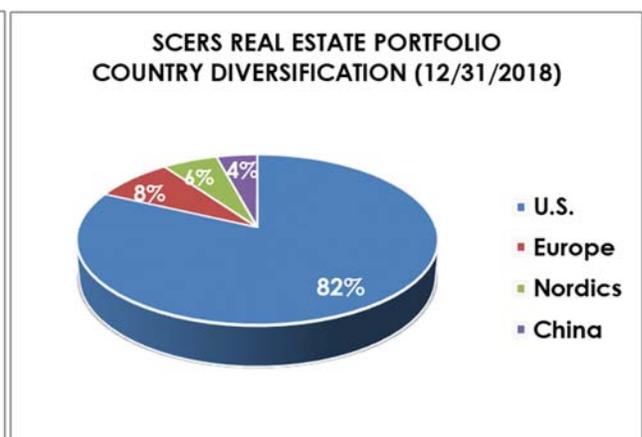
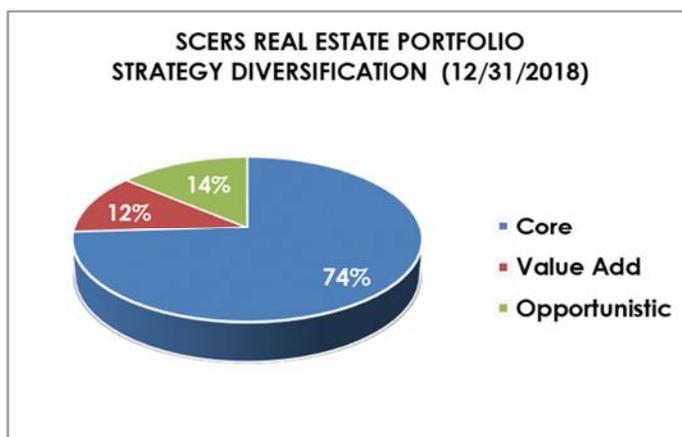
With valuation increases across the SCERS real estate portfolio during the year, SCERS' real estate allocation has now reached 8.7%, exceeding the target allocation of 7.0% and near the top end of the permissible range of 5.0% - 9.0%. To date, SCERS has been comfortable holding a higher than target weight,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

**SCERS REAL ESTATE PERFORMANCE SUMMARY
12/31/2018**

| SUB-ASSET CLASS | Quarter 12/31/18 | 1-Year | 3-Year | 5-Year | Since Inception | Since Inception Date |
|------------------------------------|------------------|-------------|--------------|--------------|-----------------|----------------------|
| SCERS Real Estate Portfolio | 1.9% | 7.5% | 9.8% | 10.7% | 8.3% | Nov-86 |
| (65%) NFI-ODCE + (35%) NFI-ODCE | 1.6% | 7.8% | 7.7% | 9.8% | 6.7% | Nov-86 |
| Core Portfolio | 1.8% | 7.5% | 9.4% | 10.1% | 6.6% | Nov-86 |
| Separate Account | 5.5% | 7.2% | 7.7% | 8.6% | 8.7% | Nov-86 |
| Commingled Funds | 1.9% | 9.7% | 10.5% | 11.7% | 7.1% | Sep-13 |
| NFI-ODCE Index | 1.5% | 7.4% | 7.3% | 9.4% | 6.3% | |
| Non-Core Portfolio | 2.5% | 7.6% | 11.0% | 13.1% | 5.7% | Jun-06 |
| Value Add Portfolio | 1.8% | 6.4% | 11.7% | 13.1% | 4.6% | Jun-06 |
| Opportunistic | 2.8% | 8.6% | 10.1% | 21.0% | 8.0% | May-13 |
| NFI-ODCE + 1% Index | 1.8% | 8.4% | 8.3% | 10.4% | 7.3% | |

| NON-U.S. PERFORMANCE | Quarter 9/30/18 | 1-Year | 3-Year | 5-Year | Since Inception | Since Inception Date |
|------------------------------------|-----------------|--------------|--------------|--------------|-----------------|----------------------|
| SCERS Real Estate Portfolio | -0.1% | 9.6% | 9.8% | 10.8% | 8.3% | Nov-86 |
| SCERS Global Index | 1.8% | 8.1% | 7.9% | 9.7% | NA | |
| Europe Portfolio (USD) | 2.2% | 8.4% | 13.7% | 11.0% | 11.0% | Mar-14 |
| Europe Portfolio (Euro) | 3.4% | 13.6% | 11.7% | 15.7% | 15.7% | |
| China Portfolio (USD) | 0.7% | -5.4% | NA | NA | -1.9% | Sep-17 |
| China Portfolio (Yuan) | 0.8% | -0.1% | NA | NA | -0.7% | |

SCERS PORTFOLIO DIVERSIFICATION



SCERS PORTFOLIO RESULTS

For the quarter ended December 31, 2018, SCERS' Real Estate portfolio outperformed against the NFI-ODCE blended benchmark, 1.9% versus 1.6%, due to the strong out performance in the non-core portfolio, and in particular among the opportunistic strategies.

Below are notable top and bottom performing funds during the quarter ended December 31, 2018:

- Top performing funds:
 - Core:
 - Prologis Targeted U.S. Logistics: +3.4%
 - Prologis European Logistics: +2.2% in U.S. dollars (+3.5% in Euros)
 - Non-Core:
 - ECE European Prime Shopping Centre II: +4.9% in U.S. dollars (+6.2% in Euros)
 - NREP Nordic Strategies Fund II: +4.8% in U.S. dollars (+6.0% in Euros)

- Bottom performing funds:
 - Core:
 - MetLife Core Property Fund: +1.0%
 - Principal U.S. Property Account: +1.2%
 - Non-Core:
 - DRC European Real Estate Debt Fund II: -2.5%
 - Allegis Value Trust: +0.1%

NEW INVESTMENTS

During the quarter ended December 31, 2018, SCERS made the following new investments:

- Asana Partners Fund II (non-core value add) - \$35 million

New investments made after the quarter:

- None

ATTACHMENT

Townsend's Real Estate Portfolio Performance Measurement Report for the Quarter ended December 31, 2018

Prepared by:

/S/

JR Pearce
Investment Officer

Reviewed by:

/S/

Steve Davis
Chief Investment Officer

/S/

Eric Stern
Chief Executive Officer



TOWNSEND[®]
GROUP

an Aon company

Real Estate Portfolio

Performance Measurement Report

FOURTH QUARTER 2018



SCERS

SACRAMENTO COUNTY
EMPLOYEES' RETIREMENT SYSTEM

SCERS Real Estate Portfolio Overview

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

SCERS targets 7.0% to Real Estate with an allowable range of 5.0% to 9.0%. As of the end of the Fourth Quarter, 2018 (the "Quarter"), the Real Estate Portfolio was above the allowable range at 9.8%. Core Real Estate currently makes up 74.5% of the portfolio, with Non-Core Real Estate making up the remaining 25.5%. Townsend and Staff are evaluating portfolio rebalancing options to reduce Real Estate exposure.

SCERS' Real Estate Portfolio Construction:

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

Performance of the Core Portfolio is evaluated over rolling 10-year time periods relative to the NCREIF Fund Index of Open-End Diversified Core Equity funds ("NFI-ODCE"), net of fees. The NFI-ODCE represents the aggregation of twenty-five Core open-end commingled funds invested across the United States. The SCERS Core Portfolio outperformed the NFI-ODCE over all time periods. Rationale is detailed on slide 5.

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

In 2018, SCERS' IMA Program transitioned to a commingled fund manager. Following an extensive bidding, selection and structuring process, Staff and Townsend selected Clarion's Lion Properties Fund as the recipient for the IMA Portfolio. Given the size of the IMA Portfolio, SCERS reduced concentration risk by allocating funds to an additional manager, Brookfield's Premier Property Partners, in order to achieve greater diversification within the Core Portfolio. During the Quarter, SCERS' investment in Brookfield Premier Property Fund was funded October 1st and performance will be reported in the Fourth Quarter.

The loan-to-value ratio of the Private Real Estate Portfolio was 32.4% at the end of the Fourth Quarter of 2018. The loan-to-value ratio of the Core Portfolio was 29.1%, below the 40.0% leverage constraint for Core as approved by the Board. As a point of reference, the loan-to-value ratio of the NFI-ODCE was 21.5% as of the Fourth Quarter. The Non-Core Portfolio reported a loan-to-value ratio of 40.2%.

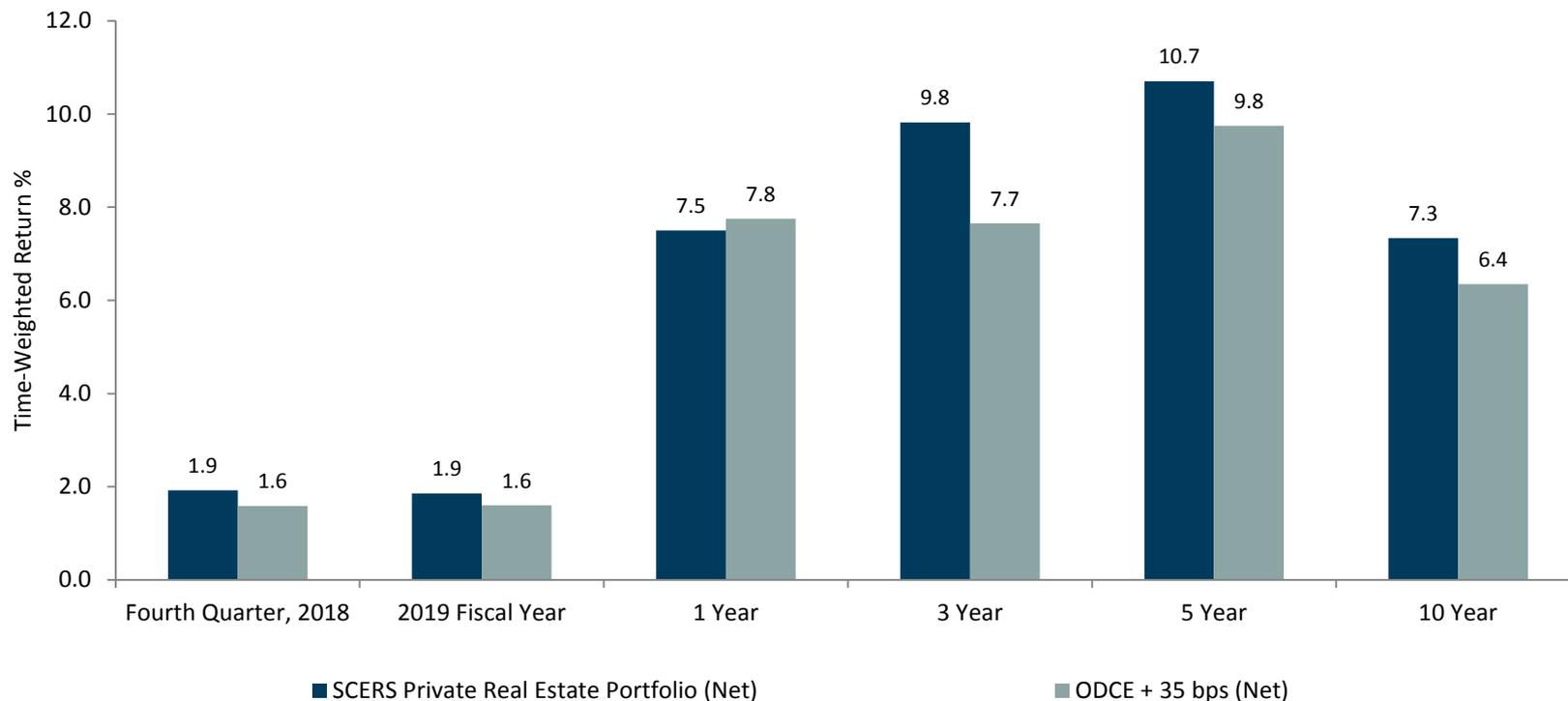
Portfolio Funding Status

- The following slides provide a review of key information of the SCERS Real Estate Portfolio (the “Portfolio”) through December 31, 2018.
- A detailed performance report is also provided in **Exhibit A**.
- Figures exclude commitments / redemptions / dispositions approved subsequent to Quarter-end.

| SCERS Portfolio Snapshot <i>As of December 31, 2018</i> | Market Value (in millions of dollars)* | % of SCERS Plan |
|---|---|-----------------|
| SCERS Total Plan Assets | 8,984 | 100.0% |
| Private Portfolio Target | 629 | 7.0% |
| Private Portfolio Permissible Range | | 5.0-9.0% |
| Private Real Estate | | |
| Core Portfolio | 654 | 7.3% |
| Non-Core Portfolio | 229 | 2.6% |
| Total SCERS Private Real Estate Market Value | 883 | 9.8% |
| Total SCERS Private Real Estate Unfunded Commitments | 226 | 2.5% |

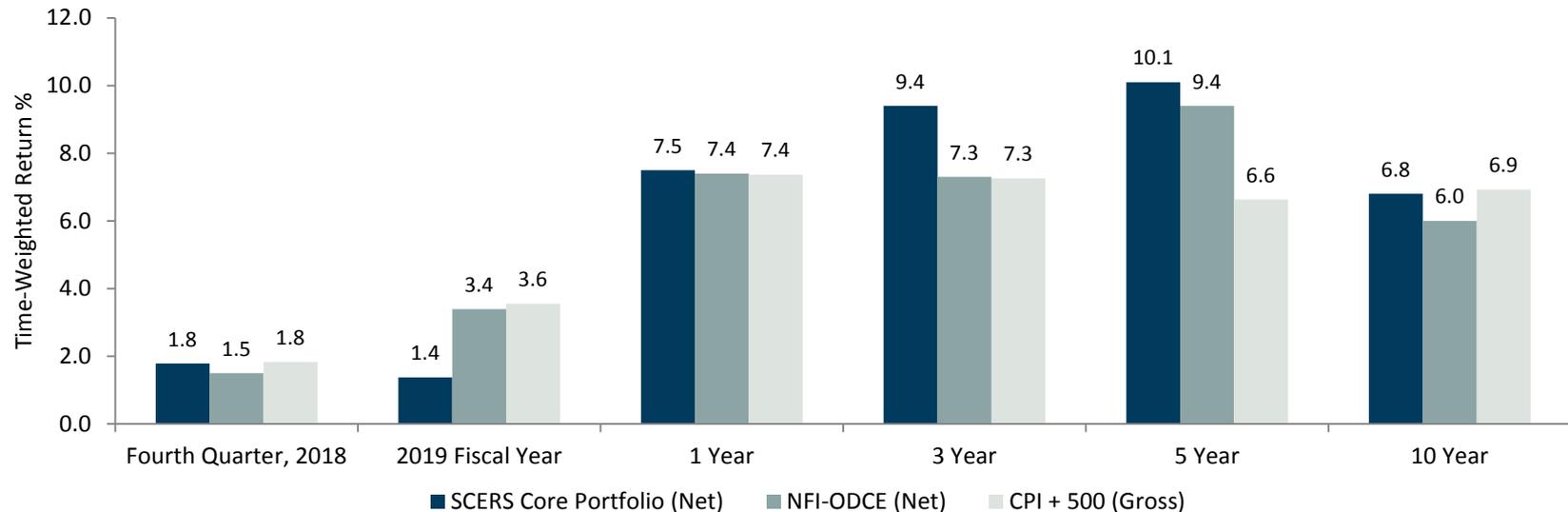
* Figures may not add due to rounding.

Private Real Estate Portfolio Performance



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

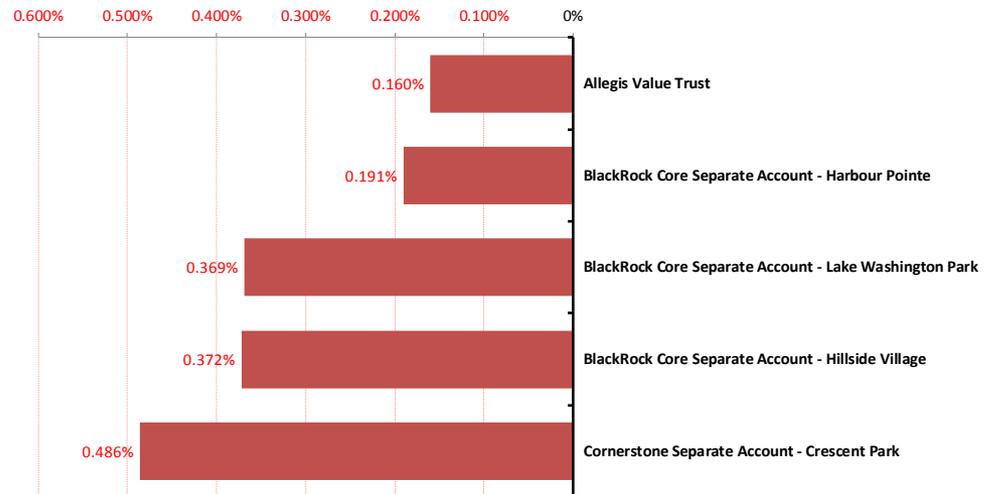
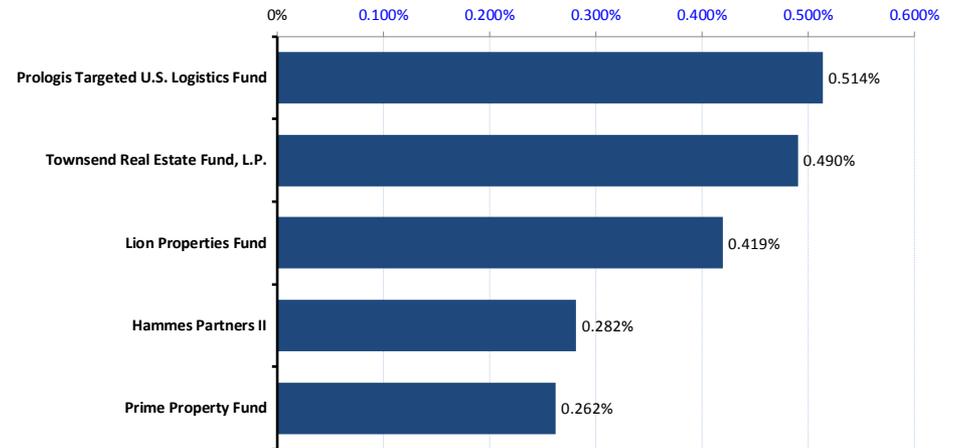
Core Portfolio Performance



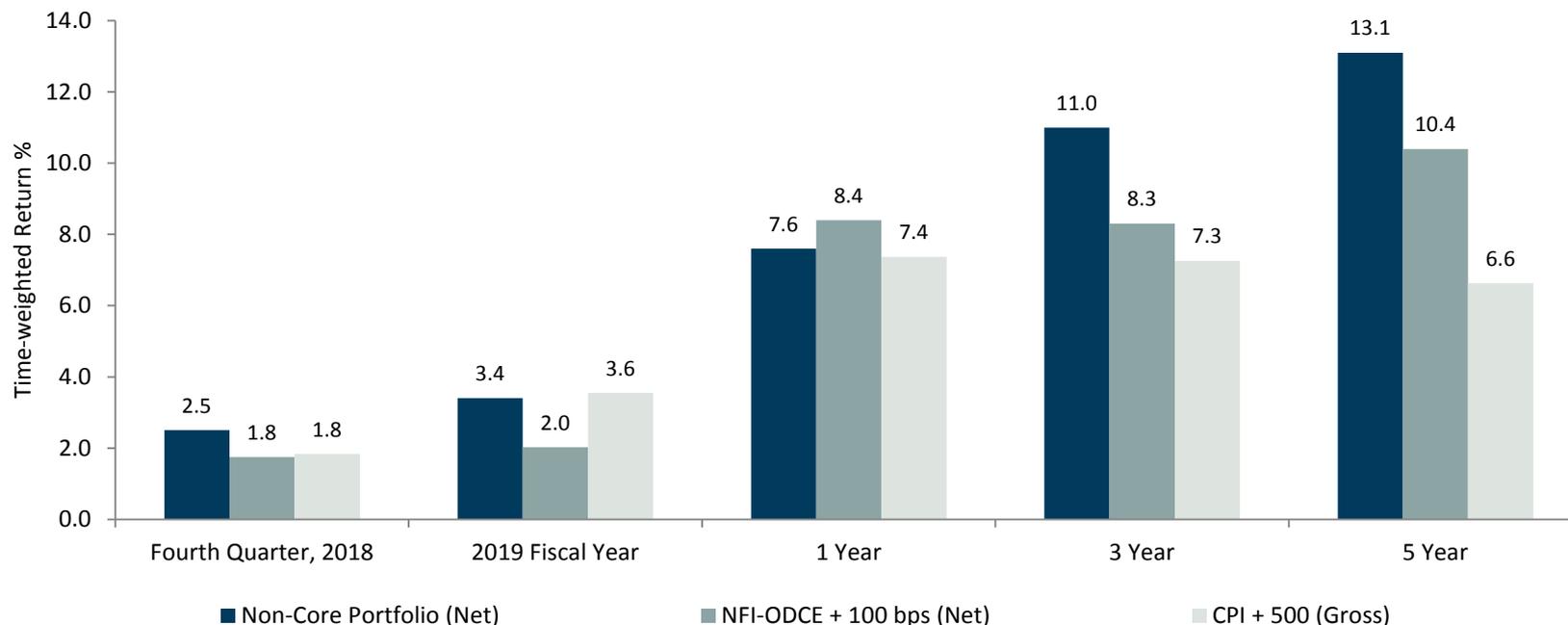
- The SCERS Core Portfolio consists of nine open-end Core Commingled funds. The Core Commingled Fund exposure includes Morgan Stanley’s Prime Property Fund, MetLife Core Property Fund, Jamestown Premier Property Fund, Principal U.S. Property Account, Prologis Targeted U.S. Logistics Fund, Prologis European Logistics Fund, 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 with exception of the Fiscal Year.
- The Core Portfolio has experienced a drag on fiscal year and 1-year performance as a result of the liquidation of IMA assets which were being held above fair market value.
- The Core Portfolio has recently benefited from an overweight exposure to industrial, with the Prologis U.S. and European funds generating 1-year net returns of 16.1% and 10.8%, respectively.
- The SCERS Core Portfolio outperformed the CPI + 500 bps (the SCERS Real Asset benchmark), with the exception of the Quarter, fiscal year, and ten-year periods.

6 Month Portfolio Return Contribution Analysis

- Over the fiscal year, SCERS' Portfolio has lagged the benchmark primarily as a result of the transition away from IMAs
 - The IMA transfer created a major performance drag in the Third Quarter, resulting in a -5.7% return across the Core IMA program.
- SCERS' IMA managers were carrying assets above the value determined by a competitive bidding process
- Subsequently, separate account assets were written down to transfer value and were the 4 most negative contributors over the last 6 months
- Meanwhile, the Commingled Fund portfolio has positively contributed to portfolio performance
 - Prologis being the biggest contributor, continuing to benefit from strong demand tailwinds in the industrial sector
 - TREF has continued to drive strong performance through its industrial exposure and seeding new funds with embedded value

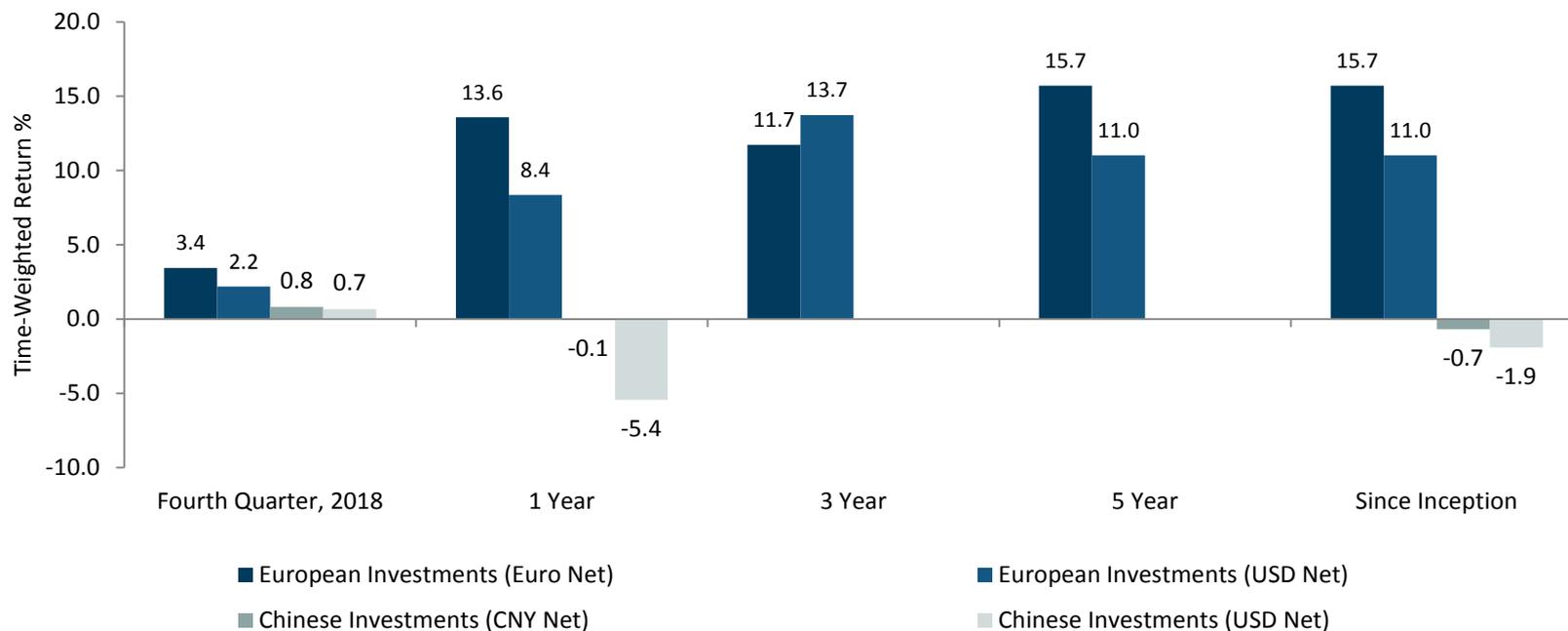


Non-Core Portfolio Performance



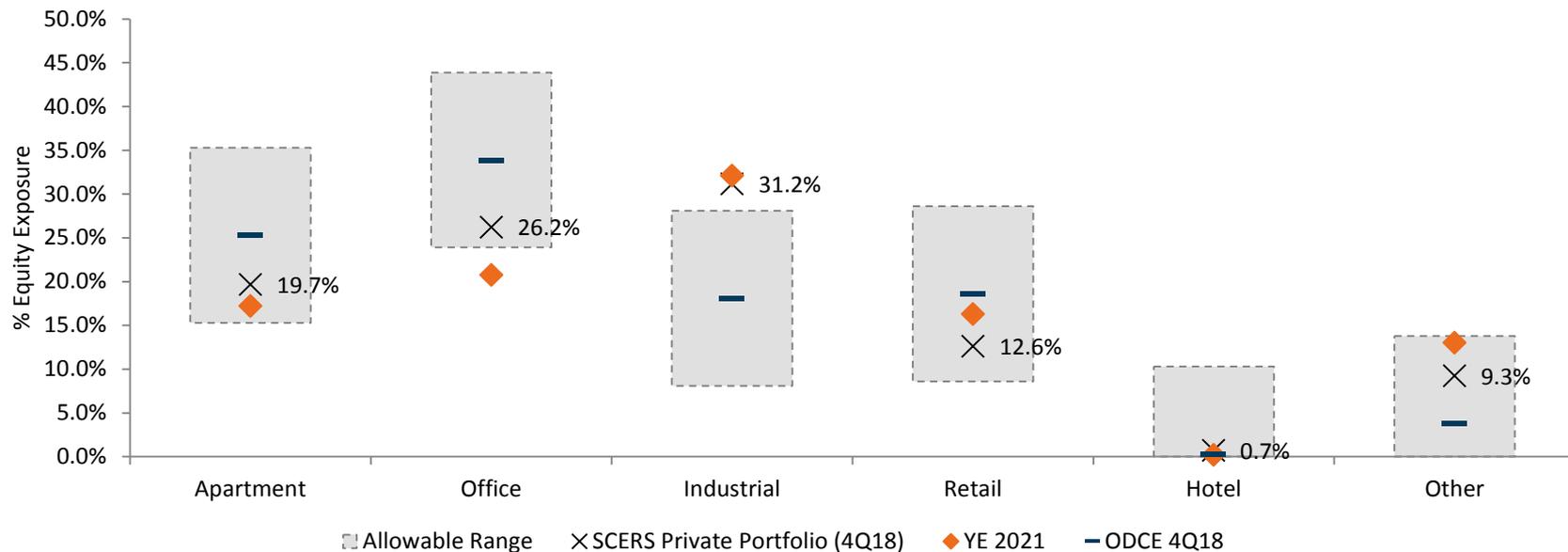
- The SCERS Non-Core Portfolio includes both Value Add and Opportunistic Real Estate strategies, which are defined in the Glossary of Terms. As displayed above, the SCERS Non-Core Portfolio outperformed the NFI-ODCE + 100 basis points over all periods displayed with exception of the fiscal year and one-year periods; short-term performance has suffered as a result of currency depreciation relative to the Dollar.
- While the portfolio has underperformed over the last year, the following investments were accretive Value Add and Opportunistic strategies.
 - The following Value Add investments were particularly accretive and have outperformed relative to the NFI-ODCE + 100bps (Net): ECE European Prime Shopping Centre Fund II (12.8%), Hammes Partners II (19.6%), and NREP Nordic Strategies Fund II (12.3%).
 - The following Opportunistic investments were particularly accretive and have outperformed relative to the NFI-ODCE + 100bps (Net): Block 295 (14.4%) and Och-Ziff Real Estate Fund III (25.7%).

Ex-US Portfolio Performance



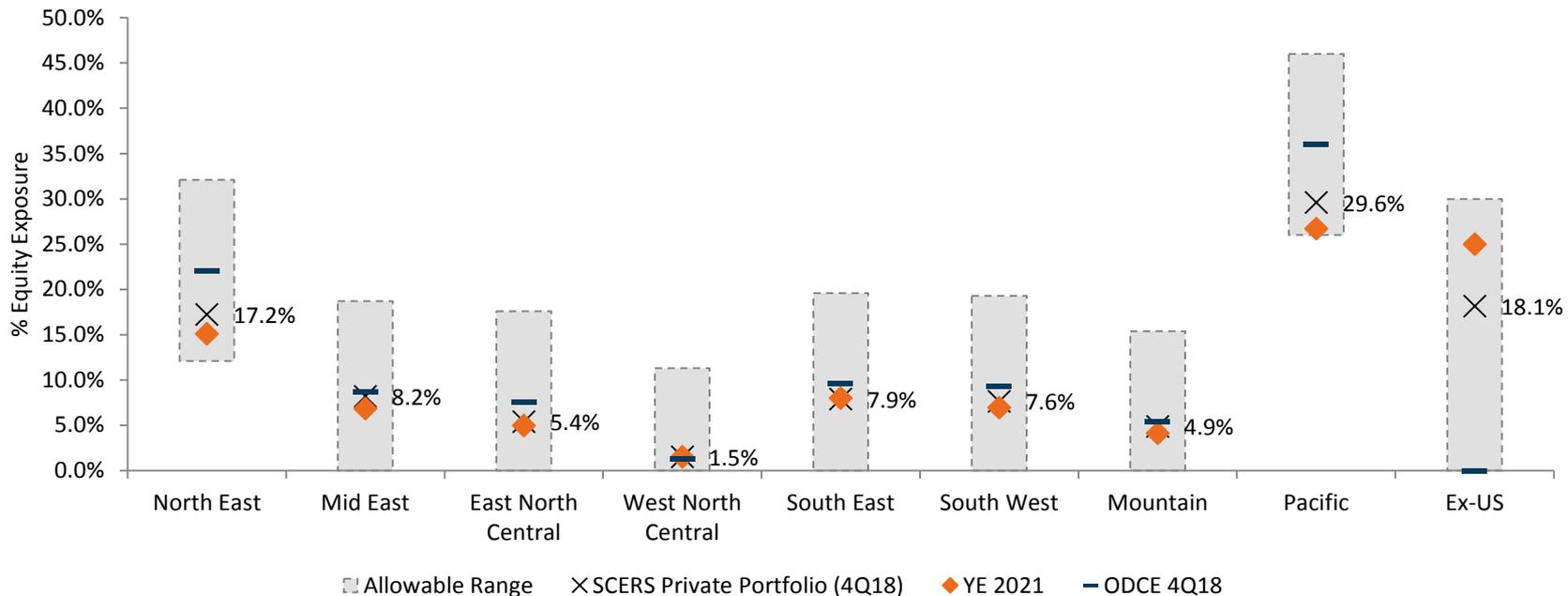
- Approximately 19% of the SCERS Portfolio is comprised of Ex-US investment. SCERS does not currently hedge its foreign currency exposures and pays liabilities in US Dollars. As such, FX movement will impact performance for Ex-US investments. The chart above isolates European and Asian investments and displays performance both before and after currency conversion.
- Currency movement has negatively impacted foreign investments over recent time periods. European performance in dominant local currencies has been positive and accretive to SCERS' primary benchmark. Chinese investments, solely made up of Carlyle investments, are experiencing a J-curve.
- The SCERS Euro Denominated Composite includes: DRC European Real Estate Debt Fund II (Pound Sterling) -0.4%, ECE European Prime Shopping Center Fund II (Euro) 6.2%, NREP Nordic Strategies Fund (Euro) 1.7%, NREP Nordic Strategies Fund II (Euro) 6.8%, and NREP Nordic Strategies Fund III (Euro) -13.4%.
 - Since Inception period begins 1Q14.
 - For the purposes of this composite, DRC has been included as a Euro denominated fund.
- The SCERS Chinese Yuan Composite includes: Carlyle China Realty Fund (Chinese Yuan) -1.4% and Carlyle's Project Rome (Chinese Yuan) -0.9%.
 - Since Inception period begins 3Q17.
 - SCERS' Carlyle investments are USD denominated at the fund level, but property values are exposed to currency translation.

Real Estate Private Portfolio Diversification – Property Type



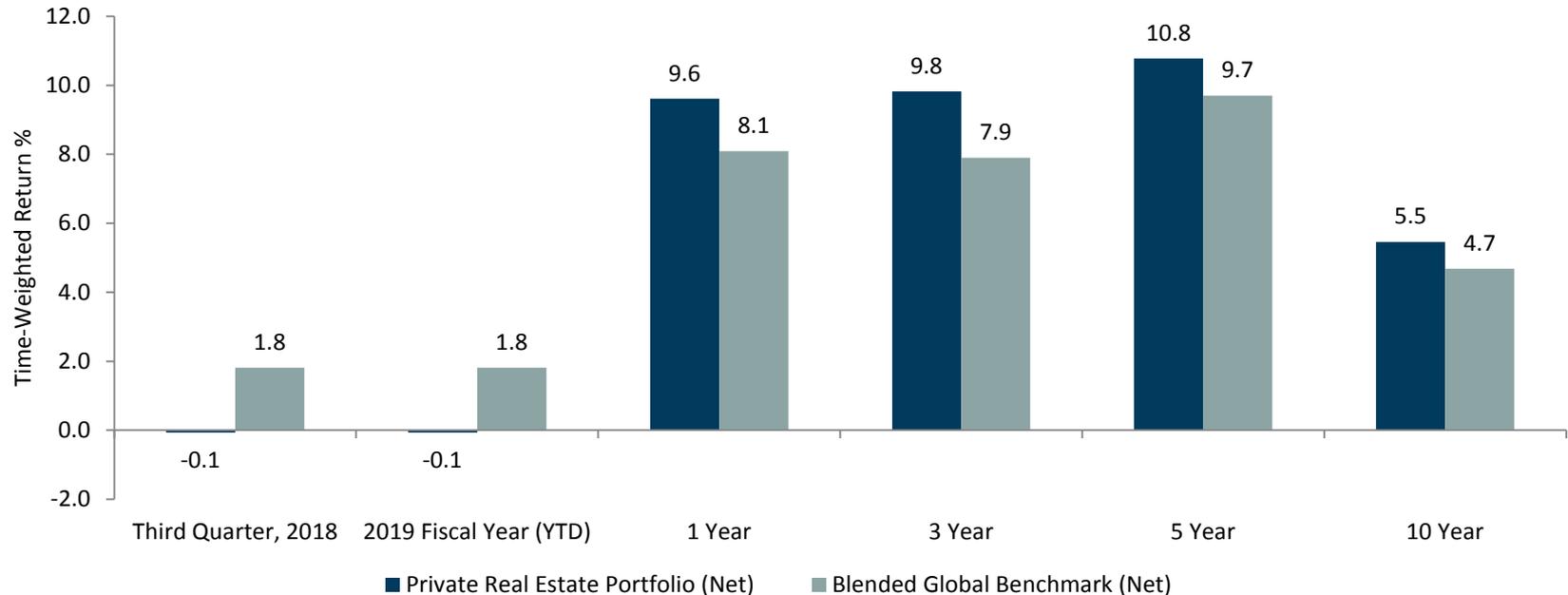
- The diversification of the Private Portfolio is compared to the diversification of the NFI-ODCE, with a permissible deviation of $\pm 10.0\%$ for each property type. The Real Estate Policy also allows for temporary deviations in order to provide SCERS with the flexibility required to overweight or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

Real Estate Private Portfolio Diversification – Geographic Region



- The diversification of the Private Portfolio is compared to the diversification of the NFI-ODCE, with a permissible deviation of $\pm 10.0\%$ for each region. Ex-US exposure is limited to 30% of the Total Private Portfolio.
- As of the Fourth Quarter, the Private Portfolio was in compliance across all regions. Terminating the separate account program brought the Portfolio's exposure to the Pacific region in compliance.
- Tactical overweight/underweight positions may exist over time.
- The Private Portfolio's international exposure is 18.1%, well within its 30% constraint, but will increase as KKR Real Estate Partners Americas, Och-Ziff Real Estate Fund III, NREP Nordic Strategies Fund II & III, ECE European Prime Shopping Centre Fund II, and Prologis European Logistics Fund continue to call capital and purchase assets in Europe.
- In 2017, SCERS committed to Carlyle China Realty (\$10m) and Project Rome co-invest (\$20m initial; \$20m re-up April 2017) which will increase Ex-US exposure and diversify international exposure as both investments are 100% China. As of 4Q18, these investments provide \$32 million in equity exposure to China.

Private Real Estate Performance – Global Ancillary Benchmark (3Q18)



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

Exhibit A: Performance Flash Report



| Portfolio Composition (\$) | | | | | | | | |
|----------------------------|--------------|---------------|--------------------|-------------|----------------------|-------------|----------------------|--------------|
| Total Plan Assets | Allocation | | Market Value | | Unfunded Commitments | | Remaining Allocation | |
| 8,983,615,635 | Core | 7.0% | 653,647,555 | 7.3% | 20,184,161 | 0.2% | -44,978,622 | -0.5% |
| | Non-Core | 0.00% - 5.00% | 229,357,962 | 2.6% | 206,261,123 | 2.3% | -233,487,733 | -2.6% |
| | Total | 7.0% | 883,005,517 | 9.8% | 226,445,284 | 2.5% | -278,466,355 | -3.1% |

| Performance Summary | Quarter (%) | | 1 Year (%) | | 3 Year (%) | | 5 Year (%) | |
|--|-------------|------|------------|------|------------|------|------------|------|
| | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET |
| Core Portfolio (Commingled Funds & Separate Accounts) | 2.0 | 1.8 | 8.7 | 7.5 | 10.7 | 9.4 | 11.5 | 10.1 |
| Non-Core Portfolio (Value Added & Opportunistic, 1Q2007 Forward) | 3.2 | 2.5 | 10.7 | 7.6 | 13.8 | 11.0 | 16.2 | 13.1 |
| Private Real Estate Portfolio | 2.3 | 1.9 | 9.2 | 7.5 | 11.4 | 9.8 | 12.5 | 10.7 |
| NFI-ODCE (Core) | 1.8 | 1.5 | 8.3 | 7.4 | 8.2 | 7.3 | 10.4 | 9.4 |
| NFI-ODCE + 100 bps (Non-Core) | 2.1 | 1.8 | 9.3 | 8.4 | 9.2 | 8.3 | 11.4 | 10.4 |
| NFI-ODCE + 35 bps (Private Portfolio) | 1.9 | 1.6 | 8.7 | 7.8 | 8.6 | 7.7 | 10.8 | 9.8 |

| 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 ¹ | 2018 | 100,000,000 | 100,000,000 | 0 | 1,026,401 | 100,858,434 | 11.4 | 9.1 |
| Jamestown Premier Property Fund | 2014 | 15,000,000 | 20,943,042 | 5,279,323 | 12,736,107 | 18,054,713 | 2.0 | 2.1 |
| Lion Properties Fund | 2018 | 152,400,000 | 152,565,066 | 0 | 2,941,752 | 153,287,701 | 17.4 | 13.8 |
| MetLife Core Property Fund | 2013 | 35,000,000 | 44,546,678 | 0 | 10,130,113 | 59,077,402 | 6.7 | 5.3 |
| Prime Property Fund | 2013 | 35,000,000 | 44,725,202 | 0 | 9,725,202 | 60,270,074 | 6.8 | 5.4 |
| Principal U.S. Property Account | 2015 | 35,000,000 | 35,000,000 | 0 | 0 | 45,812,164 | 5.2 | 4.1 |
| Prologis European Logistics Fund | 2015 | 47,950,142 | 34,479,993 | 14,904,838 | 1,791,347 | 38,839,352 | 4.4 | 4.8 |
| Prologis Targeted U.S. Logistics Fund | 2015 | 50,000,000 | 50,000,000 | 0 | 4,996,332 | 69,752,767 | 7.9 | 6.3 |
| Townsend Real Estate Fund, L.P. | 2016 | 90,000,000 | 98,831,096 | 0 | 8,831,096 | 112,085,161 | 12.7 | 10.1 |
| Core Commingled Funds | 1986 | 560,350,142 | 581,091,077 | 20,184,161 | 52,178,350 | 658,037,768 | 74.5 | 61.1 |
| Core Separate Accounts | | | | | | | | |
| BlackRock Core Separate Account | 1995 | 0 | 842,552,159 | 0 | 1,217,078,847 | -7,200,303 | -0.8 | -0.6 |
| Cornerstone Separate Account | 2004 | 0 | 255,678,854 | 0 | 347,312,365 | 2,810,090 | 0.3 | 0.3 |
| Core Separate Accounts | 1996 | 0 | 1,098,231,013 | 0 | 1,564,391,212 | -4,390,213 | -0.5 | -0.4 |
| <i>Total BlackRock Separate Account</i> | <i>1996</i> | <i>0</i> | <i>861,238,241</i> | <i>0</i> | <i>1,217,078,847</i> | <i>19,020,500</i> | <i>2.2</i> | <i>1.7</i> |
| Total Core Portfolio | 1986 | 560,350,142 | 1,679,322,090 | 20,184,161 | 1,616,569,562 | 653,647,555 | 74.0 | 60.7 |
| Value Added Portfolio | | | | | | | | |
| AEW Value Investors Fund II | 2007 | 21,812,596 | 21,857,719 | 0 | 27,793,099 | 0 | 0.0 | 0.0 |
| Allegis Value Trust* | 2006 | 25,000,000 | 25,550,296 | 0 | 26,909,296 | 4,555,834 | 0.5 | 0.4 |
| Asana Partners Fund II ¹ | 2019 | 35,000,000 | 0 | 35,000,000 | 0 | -132,244 | 0.0 | 3.1 |
| DRC European Real Estate Debt Fund II | 2013 | 50,007,963 | 48,584,007 | 24,040,667 | 37,850,946 | 13,963,238 | 1.6 | 3.4 |
| ECE European Prime Shopping Centre Fund II C ¹ | 2015 | 33,611,623 | 15,550,500 | 19,875,521 | 2,008,178 | 19,499,433 | 2.2 | 3.5 |
| Hammes Partners II ¹ | 2015 | 25,000,000 | 25,331,315 | 2,562,246 | 13,663,397 | 17,862,130 | 2.0 | 1.8 |
| Hammes Partners III ¹ | 2018 | 25,000,000 | 1,018,336 | 30,106,664 | 75,615 | 611,879 | 0.1 | 2.8 |
| Hines US Office Value Added Fund II ¹ | 2007 | 25,000,000 | 24,382,964 | 846,154 | 17,393,514 | 19,661 | 0.0 | 0.1 |
| NREP Nordic Strategies Fund | 2014 | 25,130,756 | 22,485,011 | 0 | 23,010,301 | 16,534,371 | 1.9 | 1.5 |
| NREP Nordic Strategies Fund II | 2016 | 35,176,432 | 27,678,997 | 8,445,146 | 2,397,183 | 32,064,594 | 3.6 | 3.7 |
| NREP Nordic Strategies Fund III | 2018 | 39,019,632 | 1,655,116 | 35,064,803 | 0 | 1,550,050 | 0.2 | 3.3 |
| Value Added Portfolio | 1986 | 339,759,002 | 214,094,261 | 155,941,201 | 151,101,529 | 106,528,946 | 12.1 | 23.7 |

Funding Status

| Funding Status (\$) | Investment Vintage Year | Commitment Amount | Funded Amount | Unfunded Commitments | Capital Returned | Market Value | Market Value (%) | Market Value + Unfunded Commitments (%) |
|---|----------------------------|----------------------|----------------------|-------------------------|----------------------|--------------------|---------------------|---|
| Opportunistic Portfolio | | | | | | | | |
| BlackRock High Return Separate Account | 2016 | 0 | 18,686,082 | 0 | 0 | 26,220,803 | 3.0 | 2.4 |
| Carlyle China Project Rome Co-Investment | 2017 | 40,000,000 | 31,972,932 | 9,239,198 | 0 | 30,303,342 | 3.4 | 3.6 |
| Carlyle China Realty | 2017 | 10,000,000 | 9,044,469 | 2,434,935 | 1,593,478 | 6,838,494 | 0.8 | 0.8 |
| CIM Fund VIII ¹ | 2015 | 35,000,000 | 32,229,097 | 5,717,735 | 2,803,721 | 35,998,098 | 4.1 | 3.8 |
| KKR Real Estate Partners Americas ¹ | 2014 | 35,000,000 | 29,513,699 | 16,682,786 | 29,585,490 | 9,744,139 | 1.1 | 2.4 |
| Och-Ziff Real Estate Fund III ¹ | 2014 | 35,000,000 | 22,721,300 | 16,245,268 | 19,080,880 | 13,724,140 | 1.6 | 2.7 |
| Opportunistic Portfolio | 1991 | 155,000,000 | 144,167,579 | 50,319,922 | 53,063,569 | 122,829,016 | 13.9 | 15.6 |
| Total Non-Core Portfolio 1Q 2007 Forward | 2007 | 494,759,002 | 358,261,840 | 206,261,123 | 204,165,098 | 229,357,962 | 26.0 | 39.3 |
| Total Private Portfolio | | | | | | | | |
| SCERS | 1986 | 1,055,109,144 | 2,037,583,930 | 226,445,284 | 1,820,734,660 | 883,005,517 | 100.0 | 100.0 |

¹ Preliminary performance, subject to change.

| Returns (%) | Market Value (\$) | Quarter | | | | Fiscal Year 2019 | | | | 1 Year | | | | 3 Year | | | |
|---|--------------------|-------------|------------|------------|------------|------------------|-------------|------------|------------|------------|------------|-------------|------------|------------|------------|-------------|-------------|
| | | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET |
| Core Commingled Funds | | | | | | | | | | | | | | | | | |
| Brookfield Premier Real Estate Partners ² | 100,858,434 | 0.4 | 2.0 | 2.3 | 1.9 | 0.4 | 2.0 | 2.3 | 1.9 | | | | | | | | |
| Jamestown Premier Property Fund | 18,054,713 | 0.8 | 0.4 | 1.2 | 1.2 | 1.5 | 1.3 | 2.8 | 2.6 | 3.4 | 6.2 | 9.7 | 7.7 | 4.2 | 6.9 | 11.3 | 9.0 |
| Lion Properties Fund | 153,287,701 | 1.0 | 1.0 | 2.0 | 1.8 | 1.0 | 1.0 | 2.0 | 1.8 | | | | | | | | |
| MetLife Core Property Fund | 59,077,402 | 1.2 | 0.0 | 1.1 | 1.0 | 2.5 | 0.3 | 2.7 | 2.5 | 5.1 | 2.7 | 7.8 | 7.3 | 5.0 | 3.4 | 8.5 | 8.0 |
| Prime Property Fund | 60,270,074 | 0.9 | 1.3 | 2.2 | 2.0 | 1.9 | 2.6 | 4.5 | 4.0 | 3.9 | 5.0 | 9.1 | 8.0 | 4.1 | 5.5 | 9.8 | 8.6 |
| Principal U.S. Property Account | 45,812,164 | 1.1 | 0.4 | 1.5 | 1.2 | 2.2 | 2.1 | 4.3 | 3.7 | 4.6 | 4.3 | 9.1 | 8.1 | 4.8 | 4.5 | 9.4 | 8.4 |
| Prologis European Logistics Fund ⁵ | 38,839,352 | 1.2 | 1.6 | 2.8 | 2.2 | 2.7 | 3.3 | 6.1 | 4.7 | 5.7 | 7.6 | 13.6 | 10.8 | 4.7 | 10 | 15.1 | 13.4 |
| Prologis Targeted U.S. Logistics Fund | 69,752,767 | 1.1 | 2.7 | 3.8 | 3.4 | 2.3 | 5.3 | 7.7 | 6.8 | 5.0 | 13.0 | 18.5 | 16.1 | 5.4 | 13.6 | 19.5 | 16.8 |
| Townsend Real Estate Fund, L.P. | 112,085,161 | 0.9 | 0.9 | 1.9 | 1.8 | 1.9 | 2.0 | 4.1 | 4.0 | 4.1 | 5.0 | 9.3 | 9.1 | | | | |
| Core Commingled Funds | 658,037,768 | 0.9 | 1.2 | 2.2 | 1.9 | 2.1 | 2.6 | 4.7 | 4.1 | 4.4 | 6.3 | 10.9 | 9.7 | 4.6 | 6.8 | 11.6 | 10.5 |
| Core Separate Accounts | | | | | | | | | | | | | | | | | |
| BlackRock Core Separate Account | -7,200,303 | | | | | | | | | | | | | | | | |
| Cornerstone Separate Account | 2,810,090 | | | | | | | | | | | | | | | | |
| Core Separate Accounts | -4,390,213 | | | | | | | | | | | | | | | | |
| <i>Total BlackRock Separate Account</i> | <i>19,020,500</i> | <i>-1.7</i> | <i>9.8</i> | <i>8.1</i> | <i>5.5</i> | <i>-0.7</i> | <i>3.1</i> | <i>2.5</i> | <i>0.6</i> | <i>1.3</i> | <i>9.1</i> | <i>10.6</i> | <i>7.2</i> | <i>3.6</i> | <i>6.1</i> | <i>10.0</i> | <i>7.7</i> |
| Total Core Portfolio | 653,647,555 | 0.9 | 1.1 | 2.0 | 1.8 | 2.0 | -0.3 | 1.7 | 1.4 | 4.4 | 4.2 | 8.7 | 7.5 | 4.7 | 5.8 | 10.7 | 9.4 |
| Value Added Portfolio | | | | | | | | | | | | | | | | | |
| AEW Value Investors Fund II ⁴ | 0 | | | | | | | | | | | | | | | | |
| Allegis Value Trust ¹ | 4,555,834 | 1.2 | -1.0 | 0.2 | 0.1 | 1.8 | -20.9 | -19.4 | -19.5 | 4.0 | -25.7 | -22.6 | -22.8 | 5.0 | -7.4 | -2.7 | -3.1 |
| Asana Partners Fund II ² | -132,244 | | | | | | | | | | | | | | | | |
| DRC European Real Estate Debt Fund II | 13,963,238 | -0.1 | -2.1 | -2.3 | -2.5 | 2.1 | -3.1 | -1.0 | -1.5 | 4.8 | -5.2 | -0.6 | -1.7 | 10.8 | -6.0 | 4.3 | 3.1 |
| ECE European Prime Shopping Centre Fund II C ² | 19,499,433 | 4.4 | 1.3 | 5.7 | 4.9 | 6.9 | 4.7 | 11.8 | 10.4 | 9.1 | 5.6 | 15.1 | 12.8 | 3.8 | 16.1 | 20.6 | 17.9 |
| Hammes Partners II ² | 17,862,130 | 3.2 | 0.0 | 3.2 | 2.3 | 5.1 | 9.1 | 14.4 | 10.9 | 8.9 | 17.8 | 27.9 | 19.6 | 10.7 | 7.5 | 18.8 | 13.2 |
| Hammes Partners III ² | 611,879 | | | | | | | | | | | | | | | | |
| Hines US Office Value Added Fund II ² | 19,661 | | | | | | | | | | | | | | | | |
| NREP Nordic Strategies Fund | 16,534,371 | 1.1 | -0.6 | 0.5 | 0.3 | 2.1 | -0.6 | 1.5 | 1.2 | 5.4 | -4.4 | 0.8 | 0.1 | 8.0 | 11.8 | 20.5 | 19.5 |
| NREP Nordic Strategies Fund II | 32,064,594 | 0.4 | 5.5 | 5.9 | 4.8 | 3.3 | 6.7 | 10.2 | 8.0 | 0.4 | 16.5 | 17.0 | 12.3 | | | | |
| NREP Nordic Strategies Fund III | 1,550,050 | -7.1 | 4.4 | -2.8 | -14.4 | -7.1 | 4.4 | -2.8 | -14.4 | | | | | | | | |
| Value Added Portfolio | 106,528,946 | 1.6 | 1.3 | 2.9 | 1.8 | 3.4 | 2.3 | 5.7 | 3.5 | 5.0 | 5.4 | 10.6 | 6.4 | 7.5 | 6.9 | 14.8 | 11.7 |
| Opportunistic Portfolio | | | | | | | | | | | | | | | | | |
| BlackRock High Return Separate Account | 26,220,803 | -0.6 | 10.2 | 9.6 | 7.6 | -0.7 | 11.0 | 10.3 | 8.2 | -1.4 | 18.5 | 17.0 | 14.4 | | | | |
| Carlyle China Project Rome Co-Investment | 30,303,342 | 0.0 | 1.2 | 1.1 | 0.8 | -0.5 | -2.5 | -3.0 | -3.7 | -3.0 | 0.7 | -2.5 | -7.1 | | | | |
| Carlyle China Realty | 6,838,494 | -0.4 | 1.3 | 1.0 | 0.3 | -1.1 | -2.3 | -3.4 | -4.7 | 0.8 | 0.7 | 1.6 | -1.4 | | | | |
| CIM Fund VIII ² | 35,998,098 | 0.2 | 2.1 | 2.3 | 2.0 | 0.1 | 2.7 | 2.8 | 2.2 | 0.0 | 9.2 | 9.2 | 7.8 | 0.0 | 8.1 | 8.0 | 6.2 |
| KKR Real Estate Partners Americas ² | 9,744,139 | 1.6 | -3.4 | -1.8 | -0.8 | 8.1 | -6.6 | 1.3 | 2.2 | 17.0 | -9.0 | 6.9 | 7.1 | 15.3 | -6.3 | 8.6 | 7.8 |
| Och-Ziff Real Estate Fund III ^{2,3} | 13,724,140 | 2.6 | 2.7 | 5.2 | 4.3 | 4.7 | 5.1 | 9.9 | 8.1 | 11.7 | 16.6 | 29.7 | 25.7 | 10.7 | 21.9 | 34.2 | 28.5 |
| Opportunistic Portfolio | 122,829,016 | 0.4 | 3.1 | 3.5 | 2.8 | 1.5 | 2.4 | 3.9 | 3.0 | 3.0 | 7.8 | 11.0 | 8.6 | 4.4 | 8.0 | 12.7 | 10.1 |
| Total Non-Core Portfolio 1Q 2007 Forward | 229,357,962 | 1.0 | 2.2 | 3.2 | 2.5 | 2.4 | 2.3 | 4.8 | 3.4 | 4.0 | 6.6 | 10.7 | 7.6 | 6.2 | 7.2 | 13.8 | 11.0 |
| Total Private Portfolio | | | | | | | | | | | | | | | | | |
| SCERS | 883,005,517 | 0.9 | 1.4 | 2.3 | 1.9 | 2.1 | 0.4 | 2.5 | 1.9 | 4.3 | 4.8 | 9.2 | 7.5 | 5.1 | 6.1 | 11.4 | 9.8 |

| Returns (%) | Market Value (\$) | Quarter | | | | Fiscal Year 2019 | | | | 1 Year | | | | 3 Year | | | |
|---|-------------------|---------|-----|------|-------|------------------|-----|------|-------|--------|------|------|------|--------|--------|--------|--------|
| | | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET |
| Ex-US Dollar Denominated Investments (In Local Currency) | | | | | | | | | | | | | | | | | |
| Prologis Targeted Europe Logistics Fund (Euro) | € 33,875,683 | 1.3 | 2.8 | 4.1 | 3.5 | 2.8 | 5.3 | 8.1 | 6.8 | 5.8 | 12.6 | 19.0 | 16.0 | 4.7287 | 7.9943 | 12.992 | 11.348 |
| DRC European Real Estate Debt Fund II (Pound Sterling) | £10,945,782 | -0.1 | 0.0 | -0.1 | -0.4 | 2.2 | 0.0 | 2.2 | 1.6 | 4.9 | 0.0 | 4.9 | 3.7 | 10.891 | -1.511 | 9.2656 | 7.9738 |
| ECE European Prime Shopping Centre Fund II (Euro) | 17,007,406 | 4.5 | 2.5 | 7.0 | 6.2 | 8.0 | 5.9 | 14.0 | 12.6 | 9.3 | 10.4 | 20.4 | 18.0 | 3.6734 | 13.805 | 18.281 | 15.705 |
| NREP Nordic Strategies Fund (Euro) | € 14,421,278 | 1.1 | 0.7 | 1.8 | 1.7 | 2.5 | 1.1 | 3.5 | 3.2 | 5.5 | 0.3 | 5.8 | 5.1 | 8.0484 | 9.9195 | 18.537 | 17.548 |
| NREP Nordic Strategies Fund II (Euro) | € 27,966,739 | 0.4 | 6.7 | 7.2 | 6.0 | 3.4 | 8.8 | 12.4 | 10.1 | 0.3 | 22.5 | 23.0 | 18.1 | | | | |
| NREP Nordic Strategies Fund III (Euro) | € 1,351,954 | -7.3 | 5.7 | -1.6 | -13.4 | -7.3 | 5.7 | -1.6 | -13.4 | | | | | | | | |
| Indices | | | | | | | | | | | | | | | | | |
| NFI ODCE+ 35bps | | | | 1.9 | 1.6 | | | 1.9 | 1.6 | | | 8.7 | 7.8 | | | 8.6 | 7.7 |
| NFI-ODCE | | 1.0 | 0.7 | 1.8 | 1.5 | 2.0 | 1.8 | 3.9 | 3.4 | 4.2 | 4.0 | 8.3 | 7.4 | 4.4 | 3.8 | 8.2 | 7.3 |
| NFI-ODCE + 100bps | | | | 2.1 | 1.8 | | | 2.3 | 2.0 | | | 9.3 | 8.4 | | | 9.2 | 8.3 |
| CPI + 500 bps | | | | 1.8 | | | | 3.6 | | | | 7.4 | | | | 7.3 | |

| 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 | | | |
| Core Commingled Funds | | | | | | | | | | | | | | | | |
| Brookfield Premier Real Estate Partners ² | 100,858,434 | | | | | | | | | 0.4 | 2.0 | 2.3 | 1.9 | 4Q18 | 7.9 | 1.0 |
| Jamestown Premier Property Fund | 18,054,713 | 4.5 | 9.3 | 14.1 | 11.2 | | | | | 4.5 | 9.3 | 14.1 | 11.2 | 1Q14 | 11.5 | 1.5 |
| Lion Properties Fund | 153,287,701 | | | | | | | | | 1.0 | 1.0 | 2.0 | 1.8 | 4Q18 | 7.5 | 1.0 |
| MetLife Core Property Fund | 59,077,402 | 5.1 | 6.5 | 11.9 | 11.3 | | | | | 5.1 | 6.5 | 11.9 | 11.3 | 1Q14 | 11.4 | 1.6 |
| Prime Property Fund | 60,270,074 | 4.3 | 7.6 | 12.1 | 10.9 | | | | | 4.3 | 7.8 | 12.3 | 11.1 | 4Q13 | 11.0 | 1.6 |
| Principal U.S. Property Account | 45,812,164 | | | | | | | | | 4.8 | 4.7 | 9.7 | 8.6 | 4Q15 | 8.6 | 1.3 |
| Prologis European Logistics Fund ⁵ | 38,839,352 | | | | | | | | | 4.7 | 10.0 | 15.1 | 13.4 | 1Q16 | 11.6 | 1.2 |
| Prologis Targeted U.S. Logistics Fund | 69,752,767 | | | | | | | | | 5.5 | 13.4 | 19.5 | 16.8 | 3Q15 | 17.6 | 1.5 |
| Townsend Real Estate Fund, L.P. | 112,085,161 | | | | | | | | | 4.4 | 5.9 | 10.5 | 10.2 | 2Q16 | 10.0 | 1.2 |
| Core Commingled Funds | 658,037,768 | 4.7 | 7.8 | 12.8 | 11.6 | 5.0 | 2.1 | 7.1 | 6.1 | 4.5 | 3.4 | 8.0 | 7.1 | 4Q86 | 6.8 | 1.2 |
| Core Separate Accounts | | | | | | | | | | | | | | | | |
| BlackRock Core Separate Account | -7,200,303 | | | | | | | | | 7.0 | 3.4 | 10.6 | 9.1 | 1Q96 | 9.9 | 1.4 |
| Cornerstone Separate Account | 2,810,090 | | | | | | | | | 5.4 | 2.5 | 8.0 | 7.2 | 3Q04 | 5.6 | 1.4 |
| Core Separate Accounts | -4,390,213 | | | | | | | | | 7.2 | 3.6 | 11.0 | 9.7 | 1Q96 | 8.9 | 1.4 |
| <i>Total BlackRock Separate Account</i> | <i>19,020,500</i> | <i>4.2</i> | <i>7.1</i> | <i>11.5</i> | <i>9.2</i> | <i>4.9</i> | <i>2.9</i> | <i>8.0</i> | <i>6.5</i> | <i>6.9</i> | <i>3.4</i> | <i>10.5</i> | <i>8.9</i> | <i>1Q96</i> | <i>9.7</i> | <i>1.4</i> |
| Total Core Portfolio | 653,647,555 | 4.9 | 6.4 | 11.5 | 10.1 | 5.2 | 2.5 | 7.8 | 6.8 | 5.5 | 2.0 | 7.6 | 6.6 | 4Q86 | 8.4 | 1.4 |
| Value Added Portfolio | | | | | | | | | | | | | | | | |
| AEW Value Investors Fund II ⁴ | 0 | | | | | | | | | | | | | 3Q07 | 5.6 | 1.3 |
| Allegis Value Trust ¹ | 4,555,834 | 5.4 | -3.1 | 2.1 | 1.6 | 5.5 | -8.0 | -2.8 | -3.5 | 4.7 | -6.2 | -1.6 | -3.1 | 1Q07 | 2.5 | 1.2 |
| Asana Partners Fund II ² | -132,244 | | | | | | | | | | | | | 2Q19 | | |
| DRC European Real Estate Debt Fund II | 13,963,238 | 10.0 | -5.8 | 3.9 | 2.0 | | | | | 10.0 | -5.8 | 3.9 | 2.0 | 1Q14 | 2.8 | 1.1 |
| ECE European Prime Shopping Centre Fund II C ² | 19,499,433 | | | | | | | | | 2.9 | 19.5 | 23.1 | 20.3 | 4Q15 | 20.2 | 1.4 |
| Hammes Partners II ² | 17,862,130 | | | | | | | | | 10.5 | 10.4 | 21.9 | 15.2 | 3Q15 | 14.1 | 1.2 |
| Hammes Partners III ² | 611,879 | | | | | | | | | | | | | 1Q19 | | |
| Hines US Office Value Added Fund II ² | 19,661 | | | | | | | | | | | | | 4Q07 | -4.9 | 0.7 |
| NREP Nordic Strategies Fund | 16,534,371 | | | | | | | | | 10.3 | 16.9 | 28.4 | 26.7 | 1Q15 | 29.2 | 1.8 |
| NREP Nordic Strategies Fund II | 32,064,594 | | | | | | | | | 3.2 | 23.7 | 27.6 | 16.1 | 3Q16 | 17.7 | 1.2 |
| NREP Nordic Strategies Fund III | 1,550,050 | | | | | | | | | -7.1 | 4.4 | -2.8 | -14.4 | 3Q18 | -13.9 | 0.9 |
| Value Added Portfolio | 106,528,946 | 7.6 | 7.7 | 15.8 | 13.1 | 7.2 | -1.2 | 5.9 | 3.5 | 2.0 | 3.8 | 5.9 | 4.6 | 4Q86 | 5.0 | 1.2 |
| Opportunistic Portfolio | | | | | | | | | | | | | | | | |
| BlackRock High Return Separate Account | 26,220,803 | | | | | | | | | -1.2 | 20.3 | 18.9 | 16.9 | 3Q16 | 16.8 | 1.4 |
| Carlyle China Project Rome Co-Investment | 30,303,342 | | | | | | | | | -2.2 | 3.8 | 1.4 | -2.6 | 3Q17 | -6.7 | 0.9 |
| Carlyle China Realty | 6,838,494 | | | | | | | | | 0.4 | 2.4 | 2.9 | -0.8 | 3Q17 | -8.5 | 0.9 |
| CIM Fund VIII ² | 35,998,098 | | | | | | | | | 0.1 | 10.8 | 10.9 | 8.6 | 2Q15 | 7.8 | 1.2 |
| KKR Real Estate Partners Americas ² | 9,744,139 | | | | | | | | | 16.7 | -6.5 | 10.7 | 8.9 | 2Q14 | 14.9 | 1.3 |
| Och-Ziff Real Estate Fund III ^{2,3} | 13,724,140 | | | | | | | | | 15.7 | 16.8 | 34.6 | 12.1 | 4Q14 | 25.5 | 1.4 |
| Opportunistic Portfolio | 122,829,016 | 9.1 | 15.6 | 27.4 | 21.0 | 5.8 | 20.1 | 27.5 | 21.4 | 2.0 | 7.7 | 10.0 | 8.0 | 1Q91 | 20.1 | 1.3 |
| Total Non-Core Portfolio 1Q 2007 Forward | 229,357,962 | 7.4 | 8.3 | 16.2 | 13.1 | 6.3 | 8.1 | 14.7 | 11.1 | 4.7 | 5.0 | 9.9 | 5.7 | 1Q07 | 7.3 | 1.2 |
| Total Private Portfolio | | | | | | | | | | | | | | | | |
| SCERS | 883,005,517 | 5.3 | 6.9 | 12.5 | 10.7 | 5.4 | 3.3 | 8.8 | 7.3 | 4.4 | 4.7 | 9.3 | 8.3 | 4Q86 | 8.3 | 1.3 |

| 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 | | | |
| Ex-US Dollar Denominated Investments (In Local Currency) | | | | | | | | | | | | | | | | |
| Prologis Targeted Europe Logistics Fund (Euro) | € 33,875,683 | | | | | | | | | 4.7 | 8.0 | 13.0 | 11.3 | 1Q16 | 11.4 | 1.2 |
| DRC European Real Estate Debt Fund II (Pound Sterling) | £10,945,782 | 10.081 | -0.783 | 9.2456 | 7.2965 | | | | | 10.1 | -0.8 | 9.2 | 7.3 | 1Q14 | 7.6 | 1.2 |
| ECE European Prime Shopping Centre Fund II (Euro) | 17,007,406 | | | | | | | | | 2.8 | 18.7 | 22.3 | 19.5 | 4Q15 | 19.5 | 1.4 |
| NREP Nordic Strategies Fund (Euro) | € 14,421,278 | | | | | | | | | 10.4 | 18.4 | 30.1 | 28.3 | 1Q15 | 30.6 | 1.8 |
| NREP Nordic Strategies Fund II (Euro) | € 27,966,739 | | | | | | | | | 3.3 | 22.0 | 25.8 | 14.4 | 3Q16 | 17.3 | 1.2 |
| NREP Nordic Strategies Fund III (Euro) | € 1,351,954 | | | | | | | | | -7.3 | 5.7 | -1.6 | -13.4 | 4Q18 | -10.1 | 1.0 |
| Indices | | | | | | | | | | | | | | | | |
| NFI ODCE+ 35bps | | | | 10.8 | 9.8 | | | 7.4 | 6.4 | | | 7.8 | 6.7 | 4Q86 | | |
| NFI-ODCE | | 4.6 | 5.6 | 10.4 | 9.4 | 5.2 | 1.7 | 7.0 | 6.0 | 6.8 | 0.5 | 7.4 | 6.3 | 4Q86 | | |
| NFI-ODCE + 100bps | | | | 11.4 | 10.4 | | | 8.0 | 7.0 | | | 8.4 | 7.3 | 4Q86 | | |
| CPI + 500 bps | | | | 6.6 | | | | 6.9 | | | | 7.8 | | 4Q86 | | |

| Returns (%) | Market Value (\$) | 2018 | | Fiscal Year 2019 | | 2017 | | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
|---|--------------------|-------------|-------------|------------------|------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET |
| Core Commingled Funds | | | | | | | | | | | | | | | | | |
| Brookfield Premier Real Estate Partners ¹ | 100,858,434 | 2.3 | 1.9 | 2.3 | 1.9 | | | | | | | | | | | | |
| Jamestown Premier Property Fund | 18,054,713 | 9.7 | 7.7 | 2.8 | 2.6 | 18.0 | 14.2 | 6.6 | 5.3 | 22.4 | 17.3 | 14.7 | 11.9 | | | | |
| Lion Properties Fund | 153,287,701 | 2.0 | 1.8 | 2.0 | 1.8 | | | | | | | | | | | | |
| MetLife Core Property Fund | 59,077,402 | 7.8 | 7.3 | 2.7 | 2.5 | 8.4 | 7.9 | 9.3 | 8.8 | 16.9 | 16.3 | 17.4 | 16.9 | | | | |
| Prime Property Fund | 60,270,074 | 9.1 | 8.0 | 4.5 | 4.0 | 9.9 | 8.7 | 10.4 | 9.2 | 15.9 | 14.6 | 15.5 | 14.1 | 3.8 | 3.6 | | |
| Principal U.S. Property Account | 45,812,164 | 9.1 | 8.1 | 4.3 | 3.7 | 9.1 | 8.1 | 10.0 | 9.0 | 3.0 | 2.8 | | | | | | |
| Prologis European Logistics Fund | 38,839,352 | 13.6 | 10.8 | 6.1 | 4.7 | 30.5 | 28.0 | 2.8 | 2.4 | | | | | | | | |
| Prologis Targeted U.S. Logistics Fund | 69,752,767 | 18.5 | 16.1 | 7.7 | 6.8 | 24.2 | 20.3 | 16.1 | 14.2 | 9.1 | 7.9 | | | | | | |
| Townsend Real Estate Fund, L.P. | 112,085,161 | 9.3 | 9.1 | 4.1 | 4.0 | 11.1 | 10.8 | 8.4 | 8.2 | | | | | | | | |
| Core Commingled Funds | 658,037,768 | 10.9 | 9.7 | 4.7 | 4.1 | 14.2 | 12.8 | 9.8 | 8.9 | 15.7 | 14.1 | 13.5 | 12.4 | 10.2 | 9.3 | 11.1 | 10.1 |
| Core Separate Accounts | | | | | | | | | | | | | | | | | |
| BlackRock Core Separate Account | -7,200,303 | 15.8 | 14.9 | 0.0 | 0.0 | 9.1 | 7.5 | 11.3 | 9.3 | 15.3 | 13.9 | 16.3 | 12.5 | 11.8 | 9.6 | 13.5 | 13.0 |
| Cornerstone Separate Account | 2,810,090 | 2.3 | 1.9 | 0.0 | 0.0 | 21.5 | 20.8 | 14.0 | 13.3 | 2.4 | 1.6 | 14.0 | 13.2 | 11.3 | 10.5 | 16.2 | 15.4 |
| Core Separate Accounts | -4,390,213 | 26.8 | 26.0 | 0.0 | 0.0 | 12.8 | 11.6 | 10.0 | 8.6 | 7.7 | 6.6 | 16.0 | 13.5 | 11.0 | 9.5 | 14.1 | 13.5 |
| <i>Total BlackRock Separate Account</i> | <i>19,020,500</i> | <i>10.6</i> | <i>7.2</i> | <i>2.5</i> | <i>0.6</i> | <i>10.6</i> | <i>9.0</i> | <i>8.6</i> | <i>7.0</i> | <i>10.7</i> | <i>9.4</i> | <i>17.0</i> | <i>13.6</i> | <i>10.9</i> | <i>9.0</i> | <i>13.1</i> | <i>12.5</i> |
| Total Core Portfolio | 653,647,555 | 8.7 | 7.5 | 1.7 | 1.4 | 13.6 | 12.3 | 9.8 | 8.5 | 10.4 | 9.2 | 15.3 | 13.2 | 10.8 | 9.5 | 13.3 | 12.6 |
| Value Added Portfolio | | | | | | | | | | | | | | | | | |
| AEW Value Investors Fund II ² | 0 | | | | | | | | | | | | | | | | |
| Allegis Value Trust | 4,555,834 | -22.6 | -22.8 | -19.4 | -19.5 | 8.2 | 7.8 | 9.9 | 9.4 | 8.6 | 8.0 | 10.8 | 10.2 | 4.7 | 4.0 | 21.8 | 20.9 |
| Asana Partners Fund II ¹ | -132,244 | | | | | | | | | | | | | | | | |
| DRC European Real Estate Debt Fund II | 13,963,238 | -0.6 | -1.7 | -1.0 | -1.5 | 23.8 | 22.3 | -7.8 | -8.9 | 5.0 | 3.0 | 1.4 | -2.1 | | | | |
| ECE European Prime Shopping Centre Fund II ¹ | 19,499,433 | 15.1 | 12.8 | 11.8 | 10.4 | 24.7 | 21.5 | 27.0 | 25.9 | 12.1 | 11.0 | | | | | | |
| Hammes Partners II ¹ | 17,862,130 | 27.9 | 19.6 | 14.4 | 10.9 | 12.7 | 10.0 | 14.8 | 8.9 | 19.4 | 12.9 | | | | | | |
| Hammes Partners III ¹ | 611,879 | | | | | | | | | | | | | | | | |
| Hines US Office Value Added Fund II ^{1,2} | 19,661 | | | | | | | | | | | | | | | | |
| NREP Nordic Strategies Fund | 16,534,371 | 0.8 | 0.1 | 1.5 | 1.2 | 41.2 | 40.1 | 23.1 | 21.7 | 55.1 | 50.8 | | | | | | |
| NREP Nordic Strategies Fund II | 32,064,594 | 17.0 | 12.3 | 10.2 | 8.0 | 44.9 | 34.4 | 10.7 | -1.9 | | | | | | | | |
| NREP Nordic Strategies Fund III | 1,550,050 | -2.8 | -14.4 | -2.8 | -14.4 | | | | | | | | | | | | |
| Value Added Portfolio | 106,528,946 | 10.6 | 6.4 | 5.7 | 3.5 | 24.2 | 21.4 | 9.5 | 7.0 | 19.1 | 17.0 | 15.7 | 13.7 | 13.3 | 10.8 | 19.6 | 18.1 |

| Returns (%) | Market Value (\$) | 2018 | | Fiscal Year 2019 | | 2017 | | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
|---|--------------------|-------------|------------|------------------|------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET |
| Opportunistic Portfolio | | | | | | | | | | | | | | | | | |
| BlackRock High Return Separate Account | 26,220,803 | 17.0 | 14.4 | 10.3 | 8.2 | 24.0 | 21.7 | 6.3 | 6.3 | | | | | | | | |
| Carlyle China Project Rome Co-Investment | 30,303,342 | -2.5 | -7.1 | -3.0 | -3.7 | 4.7 | 3.6 | | | | | | | | | | |
| Carlyle China Realty | 6,838,494 | 1.6 | -1.4 | -3.4 | -4.7 | 2.7 | 0.2 | | | | | | | | | | |
| CIM Fund VIII ¹ | 35,998,098 | 9.2 | 7.8 | 2.8 | 2.2 | 8.4 | 6.7 | 5.8 | 3.4 | 16.9 | 13.8 | | | | | | |
| KKR Real Estate Partners Americas ¹ | 9,744,139 | 6.9 | 7.1 | 1.3 | 2.2 | 13.0 | 10.0 | 6.5 | 5.4 | 17.1 | 12.5 | 12.7 | 6.5 | | | | |
| Och-Ziff Real Estate Fund III ¹ | 13,724,140 | 29.7 | 25.7 | 9.9 | 8.1 | 43.3 | 38.2 | 30.0 | 22.2 | 33.7 | 6.9 | 9.4 | -28.3 | | | | |
| Opportunistic Portfolio | 122,829,016 | 11.0 | 8.6 | 3.9 | 3.0 | 17.5 | 14.6 | 10.0 | 7.5 | 23.8 | 13.1 | 77.7 | 62.7 | 11.7 | 9.4 | 54.2 | 38.5 |
| Total Non-Core Portfolio 1Q 2007 Forward | 229,357,962 | 10.7 | 7.6 | 4.8 | 3.4 | 21.0 | 18.2 | 9.8 | 7.4 | 20.0 | 15.6 | 19.7 | 16.3 | 16.7 | 13.5 | 34.6 | 26.9 |
| Total Private Portfolio | | | | | | | | | | | | | | | | | |
| SCERS | 883,005,517 | 9.2 | 7.5 | 2.5 | 1.9 | 15.0 | 13.5 | 9.7 | 8.2 | 12.3 | 10.5 | 15.9 | 13.6 | 11.4 | 9.9 | 16.4 | 14.7 |
| Indices | | | | | | | | | | | | | | | | | |
| NFI-ODCE + 35 bps | | 8.6 | 7.6 | 1.9 | 1.6 | 8.0 | 7.0 | 9.1 | 8.1 | 15.4 | 14.3 | 12.8 | 11.8 | 14.3 | 13.3 | 11.3 | 10.1 |
| NFI-ODCE | | 8.3 | 7.4 | 3.9 | 3.4 | 7.6 | 6.7 | 8.8 | 7.8 | 15.0 | 14.0 | 12.5 | 11.5 | 13.9 | 12.9 | 10.9 | 9.8 |
| NFI-ODCE + 100 bps | | 9.1 | 8.1 | 2.3 | 2.0 | 8.6 | 7.7 | 9.8 | 8.8 | 16.0 | 15.0 | 13.5 | 12.5 | 14.9 | 13.9 | 11.9 | 10.8 |
| CPI + 500 bps | | 7.4 | | 3.6 | | 7.2 | | 7.2 | | 5.7 | | 5.7 | | 6.6 | | 6.9 | |

¹ Preliminary performance, subject to change.

² This fund is liquidating and the market value represents a remaining cash balance.

| Returns (%) | Market Value (\$) | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | |
|---|--------------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET |
| Core Commingled Funds | | | | | | | | | | | | | | | | | |
| Brookfield Premier Real Estate Partners ¹ | 100,858,434 | | | | | | | | | | | | | | | | |
| Jamestown Premier Property Fund | 18,054,713 | | | | | | | | | | | | | | | | |
| Lion Properties Fund | 153,287,701 | | | | | | | | | | | | | | | | |
| MetLife Core Property Fund | 59,077,402 | | | | | | | | | | | | | | | | |
| Prime Property Fund | 60,270,074 | | | | | | | | | | | | | | | | |
| Principal U.S. Property Account | 45,812,164 | | | | | | | | | | | | | | | | |
| Prologis European Logistics Fund | 38,839,352 | | | | | | | | | | | | | | | | |
| Prologis Targeted U.S. Logistics Fund | 69,752,767 | | | | | | | | | | | | | | | | |
| Townsend Real Estate Fund, L.P. | 112,085,161 | | | | | | | | | | | | | | | | |
| Core Commingled Funds | 658,037,768 | 16.4 | 15.5 | 14.1 | 13.3 | -33.0 | -33.6 | -13.8 | -14.6 | 15.5 | 14.5 | 16.9 | 15.8 | 23.5 | 22.3 | 36.7 | 35.2 |
| Core Separate Accounts | | | | | | | | | | | | | | | | | |
| BlackRock Core Separate Account | -7,200,303 | 17.8 | 17.4 | 20.7 | 19.6 | -29.5 | -29.1 | -13.9 | -14.3 | 21.2 | 16.8 | 17.7 | 13.3 | 27.1 | 21.6 | 9.3 | 5.1 |
| Cornerstone Separate Account | 2,810,090 | 24.9 | 23.9 | 21.2 | 20.2 | -31.7 | -32.4 | -9.4 | -10.1 | 11.9 | 11.1 | 11.1 | 10.2 | 18.7 | 17.6 | 2.9 | 2.4 |
| Core Separate Accounts | -4,390,213 | 18.7 | 18.2 | 18.6 | 17.6 | -28.5 | -28.7 | -10.5 | -11.1 | 16.3 | 13.6 | 15.2 | 12.1 | 31.7 | 26.6 | 9.8 | 6.3 |
| <i>Total BlackRock Separate Account</i> | <i>19,020,500</i> | <i>16.1</i> | <i>15.7</i> | <i>17.3</i> | <i>16.4</i> | <i>-26.8</i> | <i>-26.7</i> | <i>-11.1</i> | <i>-11.6</i> | <i>18.5</i> | <i>15.0</i> | <i>16.8</i> | <i>13.1</i> | <i>34.0</i> | <i>28.2</i> | <i>9.9</i> | <i>6.6</i> |
| Total Core Portfolio | 653,647,555 | 18.2 | 17.6 | 17.6 | 16.7 | -29.5 | -29.8 | -11.3 | -12.0 | 16.1 | 13.8 | 15.5 | 12.7 | 30.3 | 25.8 | 10.6 | 7.1 |
| Value Added Portfolio | | | | | | | | | | | | | | | | | |
| AEW Value Investors Fund II ² | 0 | | | | | | | | | | | | | | | | |
| Allegis Value Trust | 4,555,834 | 15.7 | 14.7 | 21.6 | 20.4 | -62.2 | -62.8 | -21.2 | -23.9 | 38.6 | 28.4 | | | | | | |
| Asana Partners Fund II ¹ | -132,244 | | | | | | | | | | | | | | | | |
| DRC European Real Estate Debt Fund II | 13,963,238 | | | | | | | | | | | | | | | | |
| ECE European Prime Shopping Centre Fund II ¹ | 19,499,433 | | | | | | | | | | | | | | | | |
| Hammes Partners II ¹ | 17,862,130 | | | | | | | | | | | | | | | | |
| Hammes Partners III ¹ | 611,879 | | | | | | | | | | | | | | | | |
| Hines US Office Value Added Fund II ^{1,2} | 19,661 | | | | | | | | | | | | | | | | |
| NREP Nordic Strategies Fund | 16,534,371 | | | | | | | | | | | | | | | | |
| NREP Nordic Strategies Fund II | 32,064,594 | | | | | | | | | | | | | | | | |
| NREP Nordic Strategies Fund III | 1,550,050 | | | | | | | | | | | | | | | | |
| Value Added Portfolio | 106,528,946 | 16.7 | 14.7 | 23.2 | 20.3 | -56.4 | -57.6 | -31.2 | -33.5 | 18.2 | 5.6 | 0.8 | 0.5 | | | | |

| Returns (%) | Market Value (\$) | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | | 2006 | | 2005 | | 2004 | |
|---|--------------------|--------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| | | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET |
| Opportunistic Portfolio | | | | | | | | | | | | | | | | | |
| BlackRock High Return Separate Account | 26,220,803 | | | | | | | | | | | | | | | | |
| Carlyle China Project Rome Co-Investment | 30,303,342 | | | | | | | | | | | | | | | | |
| Carlyle China Realty | 6,838,494 | | | | | | | | | | | | | | | | |
| CIM Fund VIII ¹ | 35,998,098 | | | | | | | | | | | | | | | | |
| KKR Real Estate Partners Americas ¹ | 9,744,139 | | | | | | | | | | | | | | | | |
| Och-Ziff Real Estate Fund III ¹ | 13,724,140 | | | | | | | | | | | | | | | | |
| Opportunistic Portfolio | 122,829,016 | -10.1 | -8.0 | 42.4 | 34.2 | 54.0 | 43.5 | -44.5 | -45.4 | 3.4 | 2.6 | | | | | | |
| Total Non-Core Portfolio 1Q 2007 Forward | 229,357,962 | -0.3 | 0.4 | 37.0 | 30.4 | -13.5 | -17.8 | -33.7 | -35.7 | 18.2 | 5.6 | | | | | | |
| Total Private Portfolio | | | | | | | | | | | | | | | | | |
| SCERS | 883,005,517 | 14.9 | 14.5 | 20.6 | 18.8 | -28.1 | -28.8 | -12.8 | -13.5 | 15.8 | 13.4 | 15.5 | 12.7 | 30.3 | 25.8 | 10.6 | 7.1 |
| Indices | | | | | | | | | | | | | | | | | |
| NFI-ODCE + 35 bps | | 16.3 | 15.3 | 16.7 | 15.6 | -29.4 | -30.0 | -9.7 | -10.3 | 16.3 | 15.2 | 16.7 | 15.6 | 21.7 | 20.5 | 13.4 | 12.4 |
| NFI-ODCE | | 16.0 | 15.0 | 16.4 | 15.3 | -29.8 | -30.4 | -10.0 | -10.7 | 16.0 | 14.8 | 16.3 | 15.3 | 21.4 | 20.2 | 13.1 | 12.0 |
| NFI-ODCE + 100 bps | | 17.0 | 16.0 | 17.4 | 16.3 | -28.8 | -29.4 | -9.0 | -9.7 | 17.0 | 15.8 | 17.3 | 16.3 | 22.4 | 21.2 | 14.1 | 13.0 |
| CPI + 500 bps | | 8.2 | | 6.5 | | 8.0 | | 5.0 | | 9.3 | | 7.7 | | 8.5 | | 8.5 | |

¹ Preliminary performance, subject to change.

² This fund is liquidating and the market value represents a remaining cash balar

| 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 | 0 | 100,000,000 | 1,026,401 | 0 | 351,495 | 436,934 | 1,970,274 | 100,858,434 | 46.6 |
| Jamestown Premier Property Fund | 17,838,626 | 226,415 | 226,415 | 0 | 146,127 | 6,191 | 76,150 | 18,054,713 | 40.3 |
| Lion Properties Fund | 149,564,432 | 2,462,148 | 0 | 1,498,997 | 1,555,301 | 312,148 | 1,516,966 | 153,287,701 | 19.8 |
| MetLife Core Property Fund | 58,478,092 | 605,382 | 583,435 | 0 | 673,018 | 70,184 | -25,471 | 59,077,402 | 23.8 |
| Prime Property Fund | 59,108,130 | 582,559 | 582,559 | 0 | 561,200 | 158,993 | 759,737 | 60,270,074 | 17.7 |
| Principal U.S. Property Account | 45,247,954 | 0 | 0 | 0 | 477,163 | 109,001 | 196,048 | 45,812,164 | 18.3 |
| Prologis European Logistics Fund | 38,367,432 | 0 | 390,837 | 0 | 475,075 | 221,665 | 609,347 | 38,839,352 | 19.2 |
| Prologis Targeted U.S. Logistics Fund | 68,108,643 | 0 | 657,875 | 0 | 781,577 | 303,275 | 1,823,697 | 69,752,767 | 19.4 |
| Townsend Real Estate Fund, L.P. | 110,076,235 | 1,090,917 | 1,090,917 | 0 | 1,034,785 | 62,324 | 1,036,464 | 112,085,161 | 36.5 |
| Core Commingled Funds | 546,789,544 | 104,967,421 | 4,558,439 | 1,498,997 | 6,055,741 | 1,680,715 | 7,963,212 | 658,037,768 | 29.1 |
| Core Separate Accounts | | | | | | | | | |
| BlackRock Core Separate Account | 36,840,992 | 0 | 0 | 43,212,330 | -157,019 | 0 | -671,945 | -7,200,303 | 0.0 |
| Cornerstone Separate Account | 2,609,928 | 191,185 | 6,034 | 0 | 15,012 | 0 | 0 | 2,810,090 | 0.0 |
| Core Separate Accounts | 39,450,920 | 191,185 | 6,034 | 43,212,330 | -142,007 | 0 | -671,945 | -4,390,213 | 0.0 |
| <i>Total BlackRock Separate Account</i> | <i>60,893,857</i> | <i>326,046</i> | <i>0</i> | <i>43,212,330</i> | <i>-306,090</i> | <i>482,769</i> | <i>1,801,787</i> | <i>19,020,500</i> | <i>42.6</i> |
| Total Core Portfolio | 586,240,464 | 105,158,606 | 4,564,473 | 44,711,327 | 5,913,734 | 1,680,715 | 7,291,267 | 653,647,555 | 29.2 |
| Value Added Portfolio | | | | | | | | | |
| AEW Value Investors Fund II | 58,263 | 0 | 56,706 | 0 | -1,557 | 0 | 0 | 0 | 0.0 |
| Allegis Value Trust | 5,800,599 | 0 | 0 | 1,250,000 | 66,779 | 4,980 | -56,563 | 4,555,834 | 0.0 |
| Asana Partners Fund II | 0 | 0 | 0 | 0 | -73,990 | 58,254 | 0 | -132,244 | 0.0 |
| DRC European Real Estate Debt Fund II | 15,133,350 | 0 | 338,038 | 459,288 | -19,514 | 36,959 | -316,312 | 13,963,238 | 0.0 |
| ECE European Prime Shopping Centre Fund II | 18,845,999 | 0 | 124,365 | 146,099 | 828,175 | 150,066 | 245,789 | 19,499,433 | 55.5 |
| Hammes Partners II | 24,596,860 | 125,100 | 3,153,531 | 4,247,817 | 767,407 | 214,860 | -11,028 | 17,862,130 | 65.8 |
| Hammes Partners III | 0 | 1,018,336 | 68,547 | 7,068 | -62,410 | 267,764 | -668 | 611,879 | 88.0 |
| Hines US Office Value Added Fund II | 28,864 | 0 | 0 | 0 | -8,038 | 0 | -1,165 | 19,661 | 0.0 |
| NREP Nordic Strategies Fund | 17,561,316 | 560,296 | 1,642,611 | 0 | 190,720 | 30,173 | -105,176 | 16,534,371 | 46.6 |
| NREP Nordic Strategies Fund II | 29,615,315 | 1,525,667 | 521,031 | 0 | 122,447 | 338,605 | 1,660,802 | 32,064,594 | 45.0 |
| NREP Nordic Strategies Fund III | 1,810,837 | 0 | 0 | 0 | -128,958 | 210,829 | 79,000 | 1,550,050 | 40.0 |
| Value Added Portfolio | 113,451,403 | 3,229,399 | 5,904,829 | 6,110,272 | 1,681,061 | 1,312,490 | 1,494,679 | 106,528,946 | 49.6 |
| Opportunistic Portfolio | | | | | | | | | |
| BlackRock High Return Separate Account | 24,052,865 | 326,046 | 0 | 0 | -149,071 | 482,769 | 2,473,732 | 26,220,803 | 35.0 |
| Carlyle China Project Rome Co-Investment | 26,102,129 | 4,004,759 | 0 | 0 | -7,646 | 100,822 | 304,922 | 30,303,342 | 0.0 |
| Carlyle China Realty | 5,801,147 | 1,019,399 | 0 | 0 | -22,165 | 37,808 | 77,920 | 6,838,494 | 0.0 |
| CIM Fund VIII | 33,573,504 | 1,968,330 | 82,977 | 135,416 | 56,943 | 93,215 | 710,929 | 35,998,098 | 33.8 |
| KKR Real Estate Partners Americas | 11,080,931 | 47,941 | 443,623 | 850,616 | 173,102 | -97,828 | -361,424 | 9,744,139 | 63.0 |
| Och-Ziff Real Estate Fund III | 16,255,573 | 1,455,533 | 4,603,399 | 0 | 367,462 | 131,250 | 380,221 | 13,724,140 | 0.0 |
| Opportunistic Portfolio | 116,866,149 | 8,822,008 | 5,129,999 | 986,032 | 418,625 | 748,036 | 3,586,300 | 122,829,016 | 28.6 |
| Total Non-Core Portfolio 1Q 2007 Forward | 230,317,552 | 12,051,407 | 11,034,828 | 7,096,304 | 2,099,686 | 2,060,526 | 5,080,979 | 229,357,962 | 40.2 |
| Total Private Portfolio | | | | | | | | | |
| SCERS | 816,558,016 | 117,210,013 | 15,599,301 | 51,807,631 | 8,013,420 | 3,741,241 | 12,372,246 | 883,005,517 | 32.4 |

| Property Type Diversification (%) | Apartment | Office | Industrial | Retail | Hotel | Other |
|--|-------------|--------------|-------------|-------------|------------|-------------|
| Core Commingled Funds | | | | | | |
| Brookfield Premier Real Estate Partners | 28.6 | 39.3 | 32.1 | - | - | - |
| Jamestown Premier Property Fund | - | 63.2 | - | 28.0 | - | 8.8 |
| Lion Properties Fund | 25.6 | 35.6 | 21.0 | 17.9 | - | - |
| MetLife Core Property Fund | 29.2 | 35.2 | 18.4 | 17.3 | - | - |
| Prime Property Fund | 25.1 | 31.8 | 20.0 | 13.3 | - | 9.7 |
| Principal U.S. Property Account | 14.9 | 40.3 | 21.6 | 15.9 | - | 7.4 |
| Prologis European Logistics Fund | - | - | 100.0 | - | - | - |
| Prologis Targeted U.S. Logistics Fund | - | - | 100.0 | - | - | - |
| Townsend Real Estate Fund, L.P. | 25.2 | 18.1 | 19.8 | 17.3 | - | 19.6 |
| Core Commingled Funds | 20.2 | 27.5 | 36.0 | 11.6 | 0.0 | 4.7 |
| Core Separate Accounts | | | | | | |
| BlackRock Core Separate Account | - | - | - | 100.0 | - | - |
| Cornerstone Separate Account | - | - | - | - | - | - |
| Core Separate Accounts | 0.0 | 0.0 | 0.0 | 0.0 | - | - |
| <i>Total BlackRock Separate Account</i> | <i>0.0</i> | <i>100.0</i> | <i>0.0</i> | <i>0.0</i> | - | - |
| Total Core Portfolio | 20.2 | 27.5 | 36.0 | 11.6 | 0.0 | 4.7 |
| Value Added Portfolio | | | | | | |
| AEW Value Investors Fund II | - | - | - | - | - | 100.0 |
| Allegis Value Trust | - | 75.8 | 24.2 | - | - | - |
| Asana Partners Fund II | - | - | - | - | - | - |
| DRC European Real Estate Debt Fund II | - | 41.2 | - | 58.8 | - | - |
| ECE European Prime Shopping Centre Fund II | - | - | - | 100.0 | - | - |
| Hammes Partners II | - | - | - | - | - | 100.0 |
| Hammes Partners III | - | - | - | - | - | 100.0 |
| Hines US Office Value Added Fund II | - | - | - | - | - | - |
| NREP Nordic Strategies Fund | 69.8 | - | - | 30.2 | - | - |
| NREP Nordic Strategies Fund II | 18.1 | 5.7 | 47.6 | 9.4 | - | 19.2 |
| NREP Nordic Strategies Fund III | 25.9 | 7.8 | 11.8 | - | - | 54.5 |
| Value Added Portfolio | 14.1 | 11.4 | 12.4 | 34.7 | 0.0 | 27.4 |
| Opportunistic Portfolio | | | | | | |
| BlackRock High Return Separate Account | - | 100.0 | - | - | - | - |
| Carlyle China Project Rome Co-Investment | - | - | 100.0 | - | - | - |
| Carlyle China Realty | - | - | 100.0 | - | - | - |
| CIM Fund VIII | 46.8 | 24.8 | 1.5 | 13.1 | 4.9 | 8.9 |
| KKR Real Estate Partners Americas | 25.0 | 22.5 | - | 8.8 | 25.2 | 18.5 |
| Och-Ziff Real Estate Fund III | 11.1 | 2.9 | 5.8 | 4.1 | 4.7 | 71.5 |
| Opportunistic Portfolio | 18.1 | 34.0 | 25.0 | 5.4 | 4.4 | 13.1 |
| Total Non-Core Portfolio | 16.2 | 23.1 | 18.9 | 19.6 | 2.3 | 20.0 |
| Total Private Portfolio | | | | | | |
| SCERS | 19.3 | 26.4 | 31.9 | 13.5 | 0.5 | 8.4 |
| Indices | | | | | | |
| NFI-ODCE | 25.3 | 33.9 | 18.1 | 18.6 | 0.3 | 3.8 |

| 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 | 30.5 | 9.8 | 3.3 | 7.1 | 3.8 | - | 6.0 | 39.5 | - |
| Jamestown Premier Property Fund | 33.0 | 35.8 | - | - | 2.8 | - | - | 28.4 | - |
| Lion Properties Fund | 22.2 | 10.9 | 5.4 | 0.0 | 9.5 | 11.2 | 5.2 | 35.6 | - |
| MetLife Core Property Fund | 11.0 | 10.7 | 9.2 | - | 16.9 | 9.8 | 7.4 | 35.1 | - |
| Prime Property Fund | 22.9 | 7.9 | 8.3 | 1.8 | 12.0 | 9.0 | 5.0 | 33.1 | - |
| Principal U.S. Property Account | 17.2 | 8.7 | 3.8 | 1.9 | 8.7 | 14.8 | 11.7 | 33.2 | - |
| Prologis European Logistics Fund | - | - | - | - | - | - | - | - | 100.0 |
| Prologis Targeted U.S. Logistics Fund | 10.5 | 6.6 | 10.4 | - | 9.4 | 13.6 | 4.5 | 45.1 | - |
| Townsend Real Estate Fund, L.P. | 22.4 | 9.7 | 5.5 | 3.3 | 16.3 | 11.5 | 6.5 | 24.8 | - |
| Core Commingled Funds | 19.5 | 9.5 | 5.7 | 1.8 | 9.8 | 8.8 | 5.5 | 32.5 | 6.8 |
| Core Separate Accounts | | | | | | | | | |
| BlackRock Core Separate Account | - | - | - | - | - | - | - | - | - |
| Cornerstone Separate Account | - | - | - | - | - | - | - | - | - |
| Core Separate Accounts | - | - | - | - | - | - | - | - | - |
| <i>Total BlackRock Separate Account</i> | - | - | - | - | - | - | - | 100.0 | - |
| Total Core Portfolio | 19.5 | 9.5 | 5.7 | 1.8 | 9.8 | 8.8 | 5.5 | 32.5 | 6.8 |
| Value Added Portfolio | | | | | | | | | |
| AEW Value Investors Fund II | - | - | 100.0 | - | - | - | - | - | - |
| Allegis Value Trust | - | 100.0 | - | - | - | - | - | - | - |
| Asana Partners Fund II | - | - | - | - | - | - | - | - | - |
| DRC European Real Estate Debt Fund II | - | - | - | - | - | - | - | - | 100.0 |
| ECE European Prime Shopping Centre Fund II | - | - | - | - | - | - | - | - | 100.0 |
| Hammes Partners II | 28.5 | 7.8 | 23.4 | 2.0 | 3.0 | 20.0 | 11.1 | 4.2 | - |
| Hammes Partners III | 23.5 | 10.4 | - | - | 35.1 | 31.0 | - | - | - |
| Hines US Office Value Added Fund II | - | - | - | - | - | - | - | - | - |
| NREP Nordic Strategies Fund | - | - | - | - | - | - | - | - | 100.0 |
| NREP Nordic Strategies Fund II | - | - | - | - | - | - | - | - | 100.0 |
| NREP Nordic Strategies Fund III | - | - | - | - | - | - | - | - | 100.0 |
| Value Added Portfolio | 5.6 | 3.7 | 4.3 | 0.4 | 1.1 | 4.2 | 2.0 | 0.8 | 78.0 |
| Opportunistic Portfolio | | | | | | | | | |
| BlackRock High Return Separate Account | - | - | - | - | - | - | - | 100.0 | - |
| Carlyle China Project Rome Co-Investment | - | - | - | - | - | - | - | - | 100.0 |
| Carlyle China Realty | - | - | - | - | - | - | - | - | 100.0 |
| CIM Fund VIII | 32.9 | 1.1 | 13.3 | - | 0.9 | 1.6 | 7.7 | 39.4 | 3.1 |
| KKR Real Estate Partners Americas | 10.8 | 4.4 | 0.4 | 0.2 | 16.9 | 29.4 | - | 25.6 | 12.4 |
| Och-Ziff Real Estate Fund III | 12.7 | 2.4 | 2.8 | 0.6 | 6.7 | 3.7 | 4.9 | 37.4 | 28.7 |
| Opportunistic Portfolio | 12.7 | 1.0 | 4.5 | 0.1 | 2.7 | 3.7 | 3.0 | 43.0 | 29.4 |
| Total Non-Core Portfolio | 9.3 | 2.3 | 4.4 | 0.2 | 1.9 | 3.9 | 2.5 | 22.5 | 52.9 |
| Total Private Portfolio | | | | | | | | | |
| SCERS | 17.0 | 7.8 | 5.4 | 1.4 | 7.9 | 7.6 | 4.8 | 30.1 | 17.9 |
| Indices | | | | | | | | | |
| NFI-ODCE | 22.1 | 8.7 | 7.6 | 1.3 | 9.6 | 9.3 | 5.4 | 36.0 | - |

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 4Q18



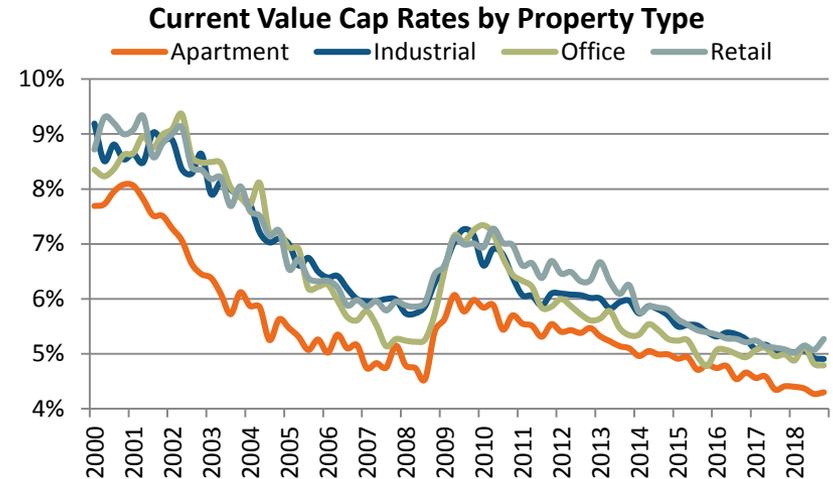
United States Real Estate Market Update (4Q18)

General

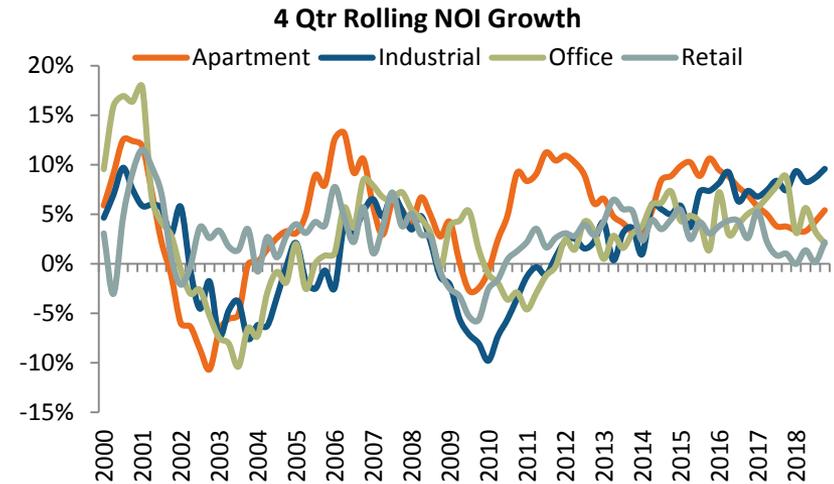
- The S&P 500 produced a gross total return of -13.1% during the Quarter, as markets dropped from tightening monetary policy, weak PMI data, and trade war rhetoric. The MSCI US REIT index produced a return of -6.7%. Consumer Sentiment fell to 98.3 and has continued to deteriorate subsequent to quarter end.
- Macro indicators for U.S. real estate continue to be positive; GDP grew at an annualized rate of 2.6% in the Fourth Quarter and headline CPI rose by 2.2% YoY, above the Fed's 2% target. As of Quarter-end, the economy has now experienced 99 consecutive months of job growth. The Federal Reserve has continued to tighten monetary policy, with the effective federal funds rate reaching 2.4% at Quarter-end. Subsequent to Quarter end, the Fed took on a more cautious approach to additional monetary tightening.

Commercial Real Estate

- Private real estate market carrying values remained flat over the quarter. Transaction cap rates (5.3%) compressed during the quarter. While, current valuation cap rates remained flat across property sectors, with the exception of the retail sector cap rates which expanded by 20 bps.
- NOI growth by sector continued to deviate during the Quarter, with the industrial sector continuing to outpace the other traditional property types. While industrial has faced increasing supply, it continues to benefit from outsized demand tailwinds (e-commerce and economic growth).
- In the Fourth Quarter of 2018, \$30bn of aggregate capital was raised by Real Estate Funds. In 2018, Private Equity Real Estate Funds have raised \$134.5bn which is on pace with the prior 5 years.
- 10-year treasury bond yields dropped 37 bps to 2.69% during the quarter, and, subsequent to quarter end, have remained anchored around 2.7%. A combination of expansionary fiscal policy and tightening monetary policy have led to increasing short-term interest rates and a flattening yield curve.



Source: NCREIF



Source: NCREIF

United States Property Matrix (4Q18)

INDUSTRIAL

- As of 4Q18, industrial properties returned 3.4% and outperformed the NPI by 202 bps.
- Transaction volumes reached \$780.2 billion for the year, marking a 23.8% year-over-year increase. Large-scale portfolio sales made 2018 the largest overall historic year in terms of total activity. With 42.5% of transactions over \$150 million in size, it was an increasingly difficult year for investors trying to gain exposure.
- Annual Net absorption of 261.9 million sqft outpaced construction deliveries of 260.6 million sqft, basis. Absorption is beginning to slow as a result of limited availability, rather than overall demand for space.
- Vacancy remained stable at 4.9% , continuing to be at an all-time historic low. A asking rents continue to climb, but at a slower annual rate of 4.7%. Average asking rents have now increased 26.5% over the last five years.
- Logistics related occupiers accounted for 62% of leasing activity, up from 56% in 2016.

MULTIFAMILY

- The apartment sector delivered a 1.3% return during the Quarter, underperforming the NPI by 3 bps.
- Transaction volume for 2018 reached \$167.5 billion, an increase of 15.1% year-over-year. The record breaking volume has made multifamily the most actively traded sector for the third straight year.
- Cross-border investment increased 29.3% for the year, reaching \$14.9 billion. Despite this increase, private domestic buyers totaled \$105.1 billion for the year, maintaining their designation as the largest share of acquisitions.
- Absorptions outpaced completions by 12.6%, causing vacancy to decline by 30 bps year-over-year to 4.6%. Increased demand has elevated rent growth to 4.2% on an annual basis.
- Deliveries have now decreased for five consecutive quarters, partially driven delays caused by labor shortages. This is forecasted to shift, with 2019 expected to deliver increased units and put pressure on supply-demand fundamentals in some markets.

OFFICE

- The office sector returned 1.6% in 4Q18, 27 bps above the NPI return over the period.
- Transaction volumes increased by 5.0% in 2018, driven by larger asset sales. Annual sales volumes totaled \$132.0 billion for the year. Single asset transactions accounted for 78% of volume, the largest proportion over the past five years.
- Rental rates increased by 2.8% in 2018, with selective secondary markets experiencing growth as high as 12.0%. This was driven by a slight decrease in vacancy of 40 bps over the 12-month period.
- Investors are shifting attention to primary markets as they target lower risk markets with increased liquidity and longer-term hold assets that can endure through market cycles. Volumes in primary CBDs has increased 2.5% in 2018, while secondary markets have declined by 11.0% over the same period.
- Foreign investment declined by 5.2% in 2018, with increased activity in Europe, where borrowing costs have become more accommodative.

RETAIL

- As of 4Q18, the retail sector delivered a quarterly return of -0.4%, performing 181 bps below the NPI.
- Transaction volumes totaled \$70.9 billion in 2018, driven by large entity-level transactions. Including these entity-level sales, annual sales growth increased 38.9%. Excluding the large portfolio sales, volume was down 18.0% year-over-year.
- Institutional investors continue to remain cautious, decreasing investment activity by 41.9% in 2018. Similarly, foreign investment decreased by 14.7% for a third consecutive year of declining investment.
- Despite the continued announcement of store closures, 12-month rental growth was 5.7%, largely driven by grocery-anchored centers. Growth is expected to slow heading into 2019.
- Absorption for the year totaled 16.8 million sqft, down 50.4% from 2017 as occupiers become increasing cautious with the overall footprint following numerous closures.

Global Real Estate Market Update (4Q18)

- Global investment activity in 2018 exceeded expectations, with investment volumes reaching the highest levels since 2007. For the full year, the three most active cities were New York City, Los Angeles, and London, respectively.
- While investment volumes for the year were strong, there were signs of softening in the fourth quarter of 2018, with quarterly year-over-year investment and leasing volumes decreasing. This trend is expected to continue through 2019.
- Strong U.S. economic growth in 2018 bolstered its investment activity, with the fourth quarter 2018 being the strongest quarter since 2016..
- In EMEA, transaction volumes declined year-over-year, mainly due to declines in the U.K. However, Germany showed strong fourth quarter growth, and smaller markets such as Belgium, Portugal, and Ireland all saw substantial increases during 2018.
- Year-over-year, Asia Pacific saw a moderate increase in transaction volumes, with South Korea being the strongest performer and recording over a 40% increase.
- In the office sector, global leasing markets were up 5% year-over-year, largely attributable to Asia Pacific which saw an increase of 21% in 2018. European leasing volumes were flat year-over-year, primarily driven by record-low vacancy rather than a lack of demand. Leasing in the U.S. office market continued to grow during 2018. Further, the global office vacancy rate was down to 11.4% by year-end 2018, which is the lowest of the current cycle. However, the global vacancy rate is expected to increase moderately over the next year.
- In the retail sector, retailers continue to focus efforts on appealing to changing consumer tastes, with an emphasis on entertainment and experiential retail centers. In the U.S. regional malls have continued to struggle, while developers focus in on live-work-play centers. In Europe, rents in the retail sector remained stable amidst declining consumer confidence and heightened uncertainty. Wage growth and lower inflation in the EU is expected to provide a stimulus for retail spending in 2019 and 2020. In Asia Pacific, experience-oriented retail continues to drive demand.
- The multifamily fundamentals during 2018 were solid in the U.S., with low vacancy rates and strong full-year absorption. Despite Brexit uncertainties, investment activity was high in the UK multifamily market, and volumes also increased during the year in Germany, the Netherlands, and Spain.
- The Industrial sector ended the year with record volumes, strong pre-leasing, and high rental growth which is expected to continue into 2019. These strong fundamentals and sector growth were evident across the U.S., Europe, and Asia Pacific.

Global Total Commercial Real Estate Volume - 2017 - 2018

| \$ US Billions | Q4 2018 | Q4 2017 | % Change | | % Change | |
|----------------|------------|------------|---------------|-------------|-------------|-------------|
| | | | Q4 18 - Q4 17 | 2018 | 2017 | 2018 - 2017 |
| Americas | 151 | 122 | 24% | 512 | 441 | 16% |
| EMEA | 106 | 139 | -24% | 325 | 365 | -11% |
| Asia Pacific | 216 | 274 | -21% | 847 | 822 | 3% |
| Total | 473 | 535 | -12% | 1684 | 1629 | 3% |

Source: Real Capital Analytics, Inc., Q4' 18

Global Outlook - GDP (Real) Growth % pa, 2019-2021

| | 2019 | 2020 | 2021 |
|-----------------------|------------|------------|------------|
| Global | 3.4 | 3.4 | 3.0 |
| Asia Pacific | 4.7 | 4.6 | - |
| Australia | 2.6 | 2.7 | - |
| China | 6.2 | 6.0 | 5.8 |
| India | 7.2 | 7.3 | 7.4 |
| Japan | 0.8 | 0.5 | - |
| North America | 2.4 | 1.9 | 1.8 |
| US | 2.5 | 1.9 | 1.8 |
| MENA* | 3.0 | 3.1 | - |
| European Union | 1.6 | 1.7 | - |
| France | 1.3 | 1.4 | - |
| Germany | 1.2 | 1.5 | - |
| UK | 1.4 | 1.5 | 1.7 |

*Middle East North Africa

Source: Bloomberg

Note: 2021 projections are not yet available for certain regions