



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 16

MEETING DATE: June 18, 2025

SUBJECT: Investment Performance Report—Real Estate

SUBMITTED FOR: Action X Information

RECOMMENDATION

Receive and file the Investment Performance Report on real estate investments for the quarter ended March 31, 2025, as presented by Townsend Group.

PURPOSE

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

DISCUSSION

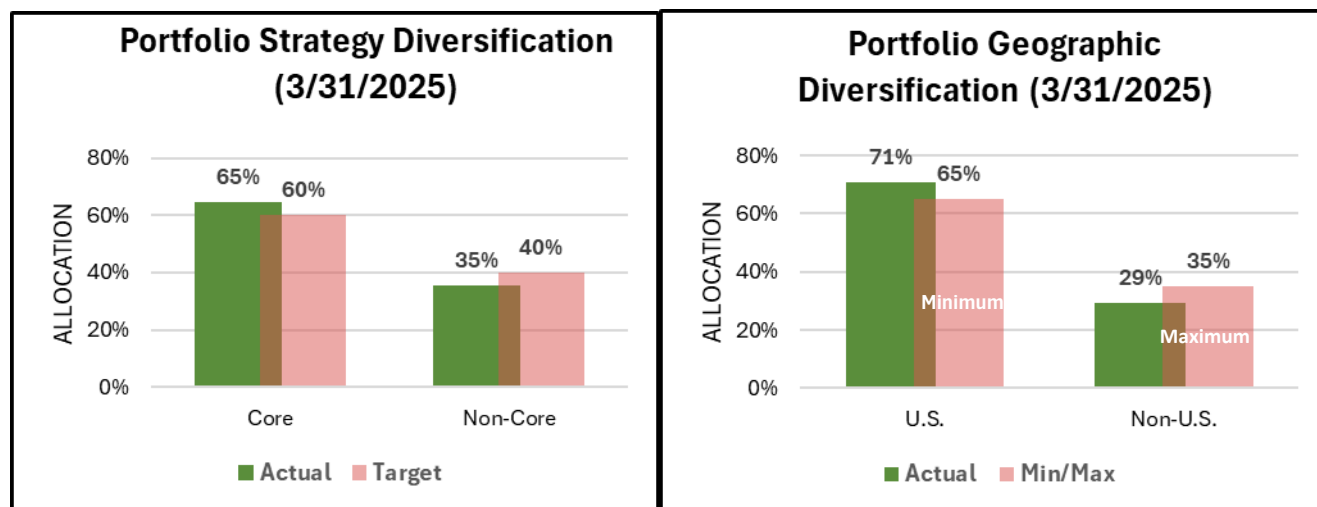
This memorandum provides a summarized table of SCERS' Real Estate period returns, which are provided within Townsend's Quarterly Performance Review, and highlights notable manager performance, along with any recent real estate investments made by SCERS.

SCERS' Real Estate actual invested allocation is 6.7% as of March 31, 2025, which is below the revised target allocation of 8.0% but within the allocation range of 6.0%-10.0%. SCERS' Real Estate portfolio allocations for both Core and Non-Core strategies continue to increase toward target for 2025.

SCERS REAL ESTATE PERFORMANCE SUMMARY
Quarter Reporting Period Ended March 31, 2025

SUB-ASSET CLASS	Quarter 3/31/25	1-Year	3-Year	5-Year	Since Inception	Since Inception Date
SCERS Real Estate Portfolio	1.4%	-0.3%	-4.9%	3.3%	7.8%	Sep-86
(65%) NFI-ODCE + (35%) NFI-ODCE + 1%	0.9%	1.5%	-4.7%	2.4%	6.0%	Sep-86
Core Portfolio	1.3%	1.3%	-4.9%	4.1%	6.7%	Sep-86
NFI-ODCE Index	0.9%	1.2%	-5.1%	2.0%	5.7%	
Non-Core Portfolio	1.6%	-3.5%	-4.8%	1.6%	4.4%	Dec-06
Value Add Portfolio	2.7%	-0.5%	-0.2%	7.4%	5.1%	Sep-86
Opportunistic	-0.6%	-9.7%	-13.1%	-7.8%	5.3%	Dec-90
NFI-ODCE + 1% Index	1.1%	2.2%	-4.1%	3.0%	6.7%	

SCERS PORTFOLIO DIVERSIFICATION



SCERS PORTFOLIO RESULTS

For the quarter ending March 31, 2025, SCERS' Real Estate portfolio returned 1.4%, which was above the NFI-ODCE blended benchmark return of 0.9%. The Core portfolio return of 1.3% outperformed the NFI-ODCE return of 0.9%. The Non-Core portfolio return of 1.6% outperformed against the NFI-ODCE + 1% benchmark return of 1.1%.

SCERS' Core and Non-Core portfolios outperformed their benchmarks during the quarter. Within the Non-Core portfolio, results were mixed as the Value-Add segment outperformed the benchmark, while the Opportunistic segment underperformed.

Below are notable top and bottom-performing funds during the quarter ended March 31, 2025:

- Top performing funds:
 - Core:
 - Prologis European Logistics Fund: +6.6%
 - Townsend Real Estate Fund: +1.0%
 - Clarion Lion Properties Fund: +0.8%
 - Non-Core:
 - KKR Real Estate Partners Americas: +7.7%
 - NREP Nordic Strategies Fund IV: +7.4%
 - NREP Nordic Strategies Fund V: +6.6%

Bottom performing funds:

- Core:
 - Brookfield Premier Real Estate Partners: -0.2%
 - Principal U.S. Property Account: -0.1%
 - MetLife Core Property Fund: 0.5%
- Non-Core:
 - Asana Partners Fund II: -8.1%
 - Carlyle China Realty: -6.1%
 - Carlyle China Project Rome Co-Investment: -6.1%

NEW INVESTMENTS

During the quarter ending March 31, 2025, SCERS made the following new commitments:

- FPA Core Plus Fund VI, LP: \$50 million
- FPA Apartment Opportunity Fund IX, LP: \$30 million

ATTACHMENTS

- Board Order
- Townsend's Real Estate Portfolio Performance Measurement Report for the Quarter ended March 31, 2025

Prepared by:

/S/

Steve Davis
Chief Investment Officer

Reviewed by:

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

**Before the Board of Retirement
June 18, 2025**

AGENDA ITEM:

Investment Performance Report—Real Estate

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to receive and file the Investment Performance Report on real estate investments for the quarter ended March 31, 2025, as presented by Townsend Group.

I HEREBY CERTIFY that the above order was passed and adopted on June 18, 2025 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:
(Present but not voting)

James Diepenbrock
Board President

Eric Stern
Chief Executive Officer and
Board Secretary



Real Estate Portfolio

Performance Measurement Report

First Quarter 2025



SCERS Real Estate Portfolio Overview



- SCERS has a target real estate allocation of 8% with an allowable range of 6.0%-10.0%. As of the end of the first quarter, 2025 (the “Quarter”), the Real Estate Portfolio was below the real estate target but above the allowable range at 6.7%. As noted in the past, it is likely not all capital will be drawn, but SCERS is constantly evaluating new investment opportunities to deploy capital. Core Real Estate currently makes up 64.6% of the portfolio, with the remaining 35.4% in Non-Core Real Estate.

SCERS' Real Estate Portfolio Construction:

	Minimum	Target	Maximum	Policy Index Benchmark
Total Real Estate Program	6%	8%	10%	Custom blend of benchmarks below:
Core Real Estate	50%	60%	80%	65% NFI-ODCE
Non-Core Real Estate	30%	40%	50%	35% NFI-ODCE + 1%
U.S. Real Estate	60%	65%	80%	
Non-U.S. Real Estate	0%	35%	35%	

- Performance of the Core Portfolio is evaluated over rolling 10-year time periods relative to the NCREIF Fund Index of Open-End Diversified Core Equity funds (“NFI-ODCE”), net of fees. The NFI-ODCE represents the aggregation of twenty-five Diversified 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 2022, SCERS amended the risk sector allocation policy to 60% Core investments and 40% Non-Core investments. The geographic allocation policy was simultaneously amended to allow up to 35% ex-US investments.
- The loan-to-value ratio of the Private Real Estate Portfolio was 41.3% at the end of the first quarter of 2025. The loan-to-value ratio of the Core Portfolio was 35.0%, 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 26.7% as of the first quarter. The Non-Core Portfolio reported a loan-to-value ratio of 50.0%.

Portfolio Funding Status



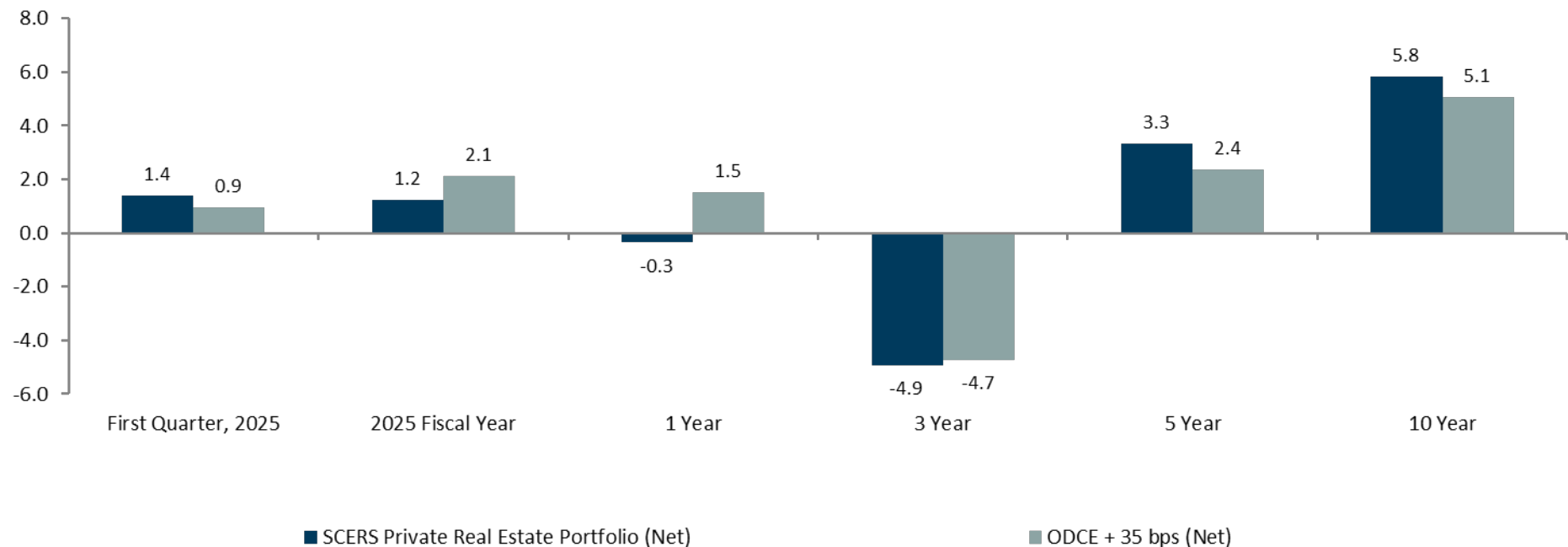
- The following slides provide a review of key information of the SCERS Real Estate Portfolio (the “Portfolio”) through March 31, 2025.
- A detailed performance report is also provided in Exhibit A.
- Figures exclude commitments / redemptions / dispositions approved subsequent to quarter-end and future distributions.
- Unfunded commitments total 1.9% of plan assets; but some of those commitments may never be fully drawn.
- Over the past 12 months, SCERS has made four commitments: a) an Opportunistic investment in a global fund specializing in the development of state-of-the-art cold warehouses, b) an Opportunistic investment with an existing manager focused on niche sectors, c) a Core Plus fund focused on domestic multifamily properties, and d) an Opportunistic fund focused on domestic multifamily properties.

SCERS Portfolio Snapshot <i>As of March 31, 2025</i>	Market Value (in millions of dollars)*	% of SCERS Plan	% of Real Estate
SCERS Total Plan Assets	13,804	100.0%	
Private Portfolio Target	1,104	8.0%**	
Private Portfolio Permissible Range		6.0-10.0%**	
Private Real Estate			
Core Portfolio	595	4.3%	64.6%
Non-Core Portfolio	325	2.4%	35.4%
Total SCERS Private Real Estate Market Value	920	6.7%	
Total SCERS Private Real Estate Unfunded Commitments	260	1.9%	

* Figures may not add due to rounding

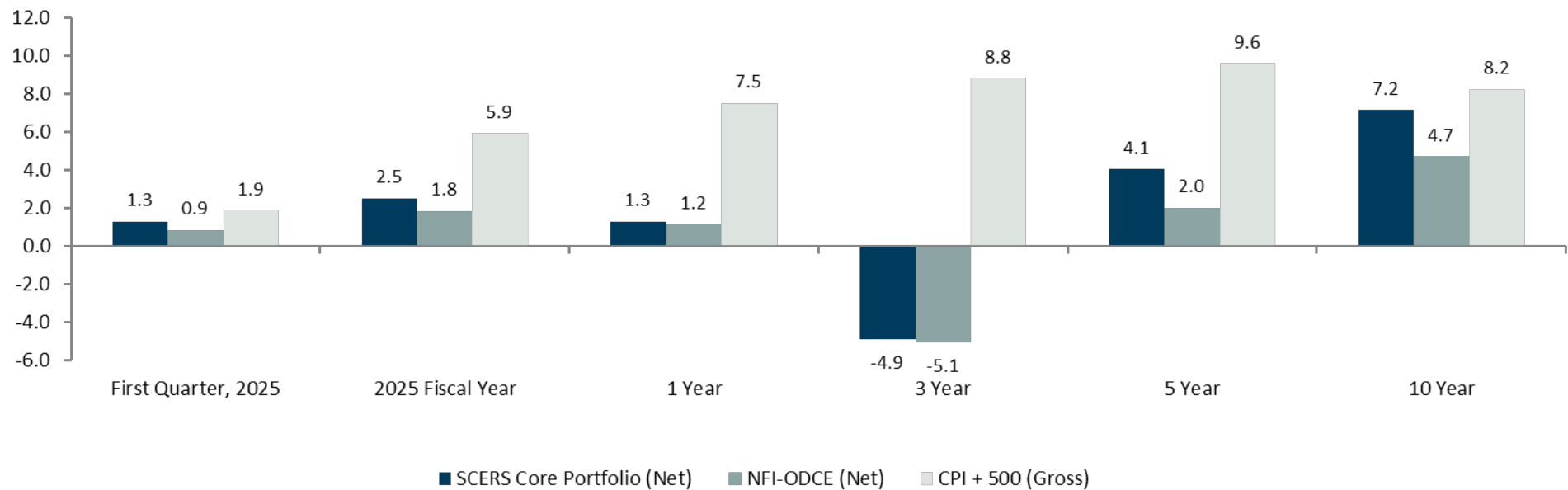
** The 8% Private Portfolio (RE) target and permissible range were approved as part of the March 2025 Asset Liability Study, which reduced the target from 9% to 8%

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.
- The SCERS Private Real Estate Portfolio generated positive returns in the first quarter of 2025, outperforming the benchmark by 46 basis points. Outperformance was driven by the Non-Core Portfolio, particularly Value-Added investments in Europe.
- The SCERS Total Real Estate Portfolio continues to outperform the benchmark over longer time periods, while it has underperformed over the medium term.

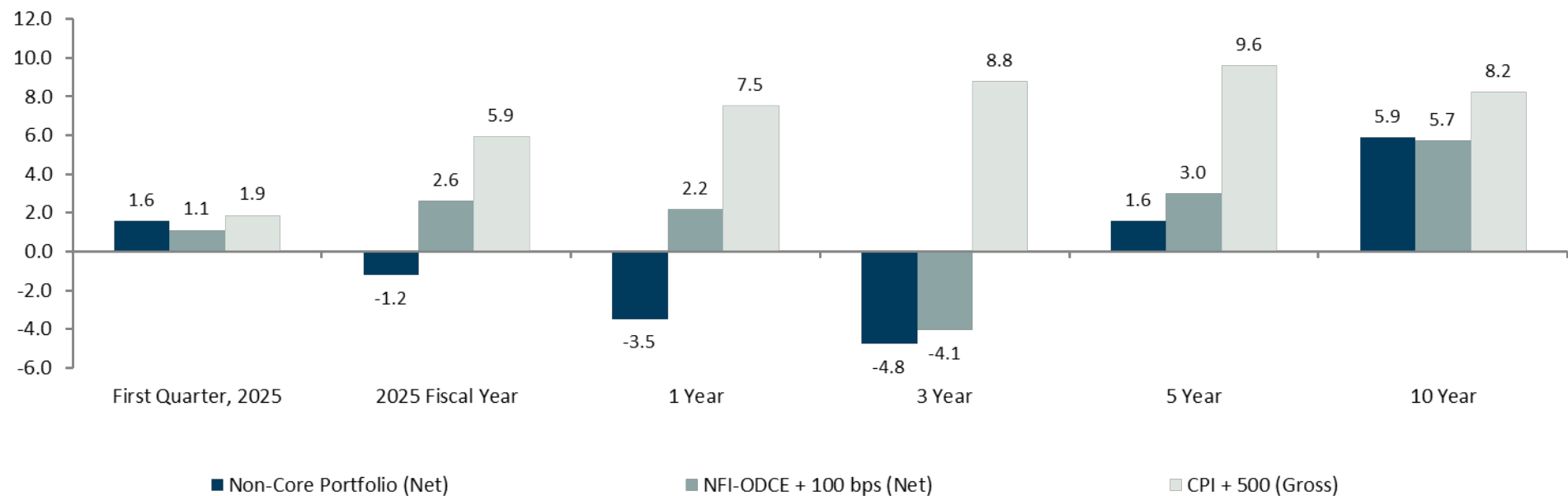
Core Portfolio Performance



- The SCERS Core Portfolio consists of eight open-ended commingled funds and one closed-end commingled fund. These include several diversified Core and Core Plus funds, as well as three sector specific funds, two of which are industrial-focused, and the other is multifamily-focused.
- 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 time periods.
- During the quarter, the Core portfolio generated a 1.3% net return. Seven out of the nine Core positions generated positive returns. The strongest absolute performers were Prologis European Logistics Fund and Townsend Core Real Estate Fund – US generating 6.6% and 1.0%, respectively. The new commitment to a Core-Plus multifamily fund had less the one month of performance. However, it produced \$1.02 million in appreciation and distributed \$405,000 to SCERS. The largest detractor for the quarter was Brookfield Premier Real Estate Partners (-0.2% net).

Note: EX-US funds produced the following 1Q25 net returns in local currency: Prologis European Logistics Fund (Euro) 2.0%.

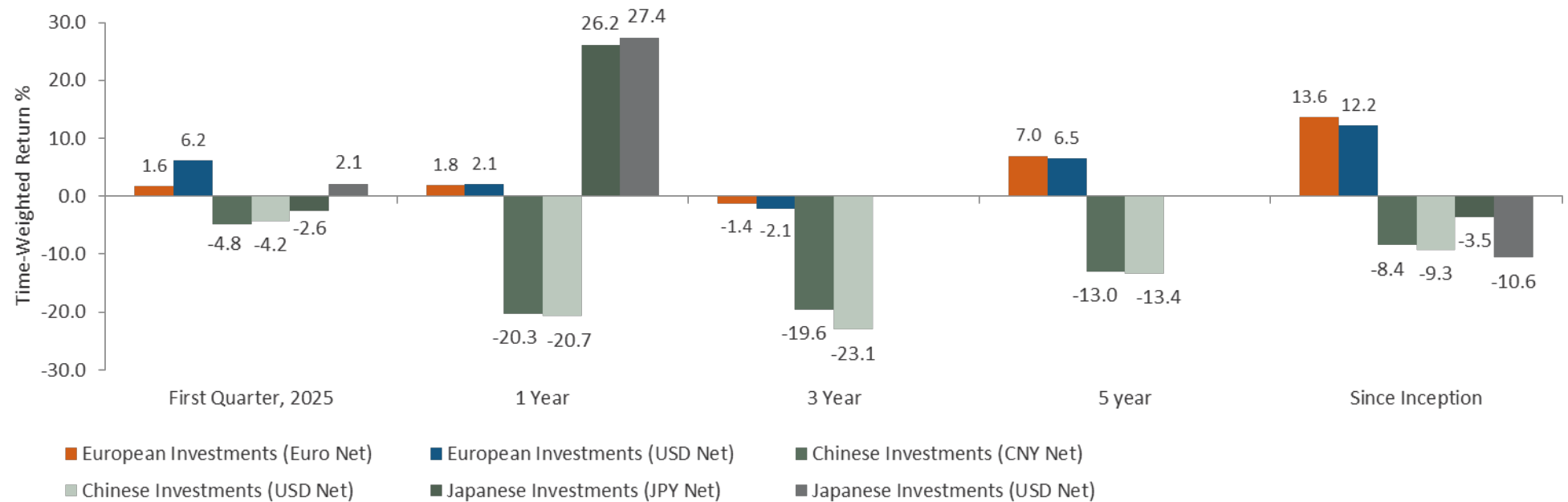
Non-Core Portfolio Performance



- The SCERS Non-Core Portfolio includes both Value Added and Opportunistic Real Estate strategies, which are defined in the Glossary of Terms.
- The Non-Core Portfolio’s performance has been mixed – outperforming during the Quarter and 10 Year time periods but underperforming over other time periods.
- During the quarter, the Non-Core Portfolio outperformed the benchmark by 47 basis points, recording net returns of 1.6%. The outperformance is attributed to ECE European Prime Shopping Centre Fund II C (5.5% net), NREP Nordic Strategies Fund IV (7.4% net), NREP Nordic Strategies Fund III (5.7% net), NREP Nordic Strategies Fund V (6.6% net), and WCP NewCold III (2.2% net).

Note: EX-US funds produced the following 1Q25 net returns in local currency: DRC European Real Estate Debt Fund II (Pound Sterling) 0.0%, ECE European Prime Shopping Centre Fund II (Euro) 1.0%, NREP Nordic Strategies Fund II (Euro) -0.4%, NREP Nordic Strategies Fund III (Euro) 1.3%, NREP Nordic Strategies Fund IV (Euro) 2.9%, NREP Nordic Strategies Fund V (Euro) 2.0%, Seven Seas Japan Opportunity Fund -2.6% (Japanese Yen), LaSalle China Logistics Venture (Chinese Yuan) -0.9%, Carlyle China Realty Fund (Chinese Yuan) -6.6%, and Carlyle’s Project Rome (Chinese Yuan) -6.7%

Ex-US Portfolio Performance

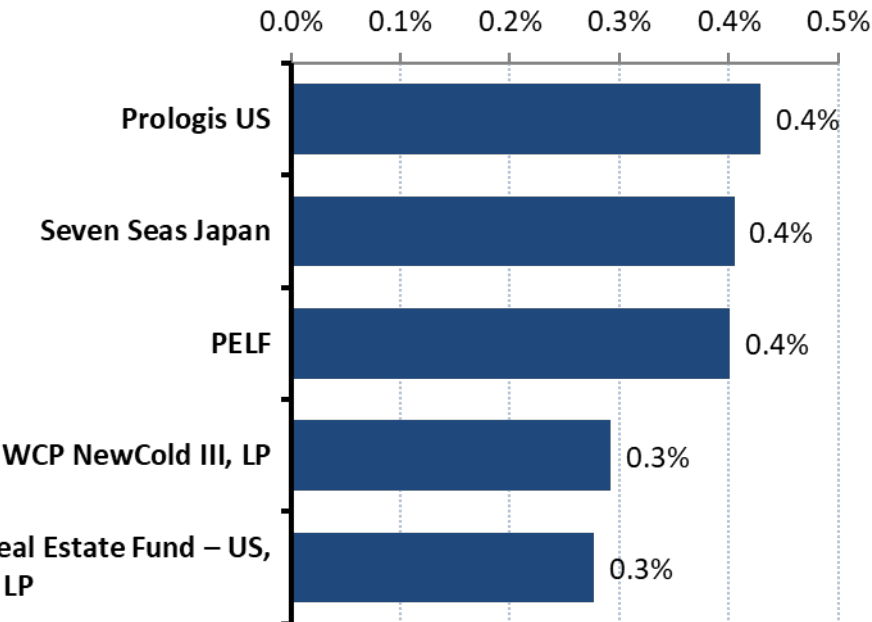
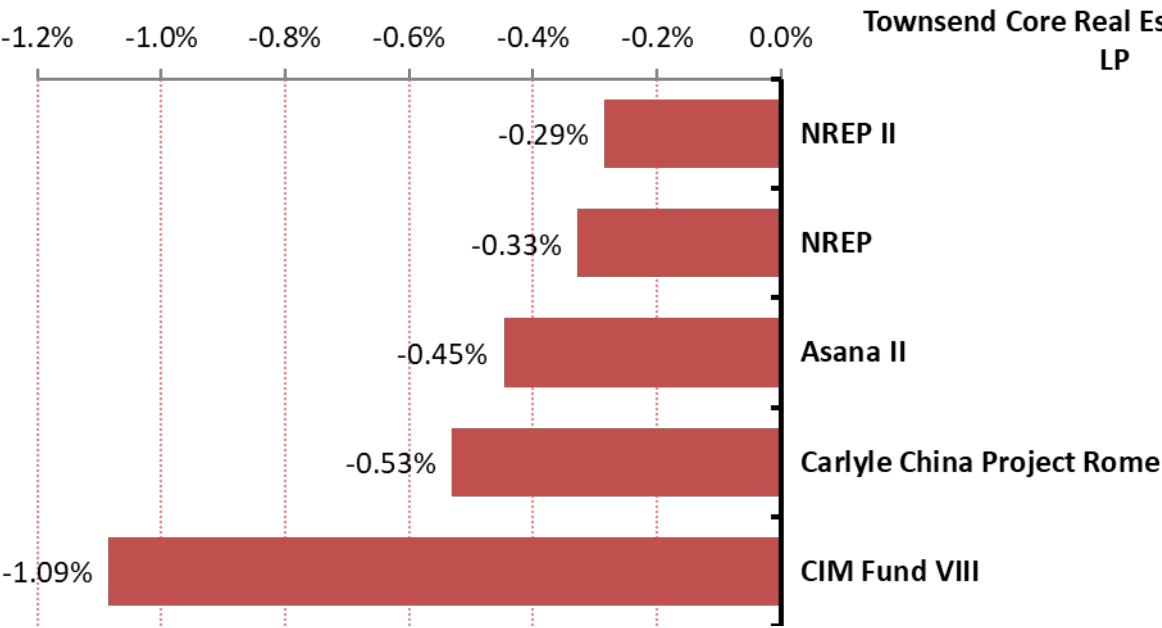


- 29.2% of the SCERS Portfolio is comprised of ex-US investments. SCERS does not separately hedge foreign currency exposures and pays liabilities in US dollars, so FX movement will impact performance of unhedged investments. The chart above isolates European, Chinese, and Japanese investments and displays performance both before and after currency conversion.
- During the quarter, the impact of currency movement was positive on foreign investments with investments in Euros, Chinese Yuan, and Japanese Yen all outperforming. Currency impacts on performance tend to be cyclical in nature.
- The SCERS Euro Denominated Composite includes: ECE European Prime Shopping Center Fund II, NREP Nordic Strategies Funds II-V, and Prologis European Logistics Fund (PELF).
 - Performance calculation begins 1Q15.
 - For the purposes of this composite, DRC has been excluded since it is a British Pound denominated fund.
- The SCERS Chinese Yuan Composite includes: Carlyle China Realty Fund, Carlyle's Project Rome, and LaSalle China Logistics Venture.
 - Performance calculation begins 3Q17.
 - Carlyle and LaSalle investments are USD denominated at the fund level, but property values are exposed to currency translation.
- The SCERS Japanese Yen Composite includes: Seven Seas Japan Opportunity Fund
 - Performance calculation begins 2Q22.

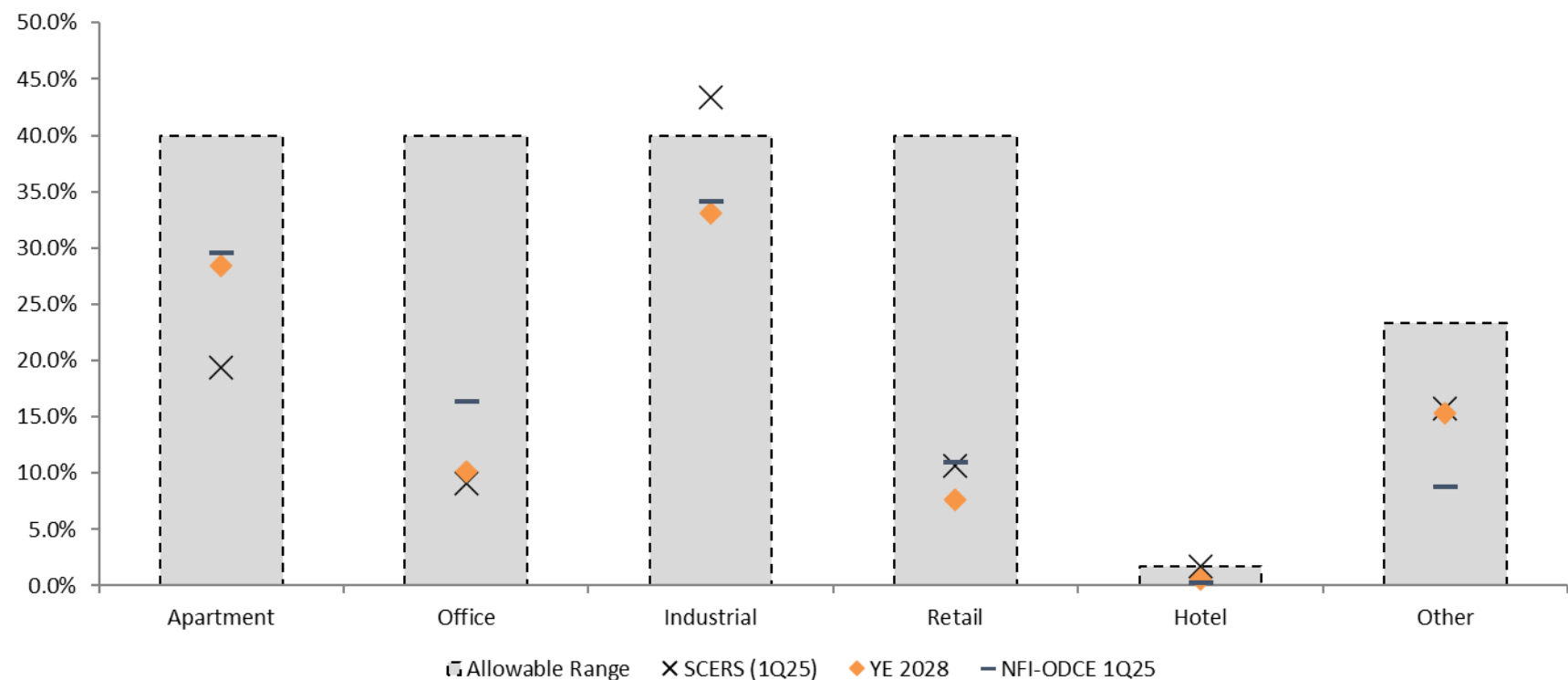
Performance Attribution - One Year Period



- Over the trailing twelve-month period, the top five performers comprised of three Core funds and two Opportunistic funds.
- The largest detractors were Value-Added and Opportunistic funds.
- CIM Fund VIII was the largest detractor over the period, primarily due to significant depreciation in the fund’s valuation, particularly in office assets that have been challenged since COVID.
- Carlyle China Project Rome was the second largest detractor due to weak fundamentals in the Chinese industrial market, which has been exacerbated by escalating international trade tensions and domestic issues.
- Finally, Asana Partners Fund II was impacted by conservative adjustments to underwriting, as well as cap and discount rate changes.



Real Estate Portfolio Diversification – Property Type

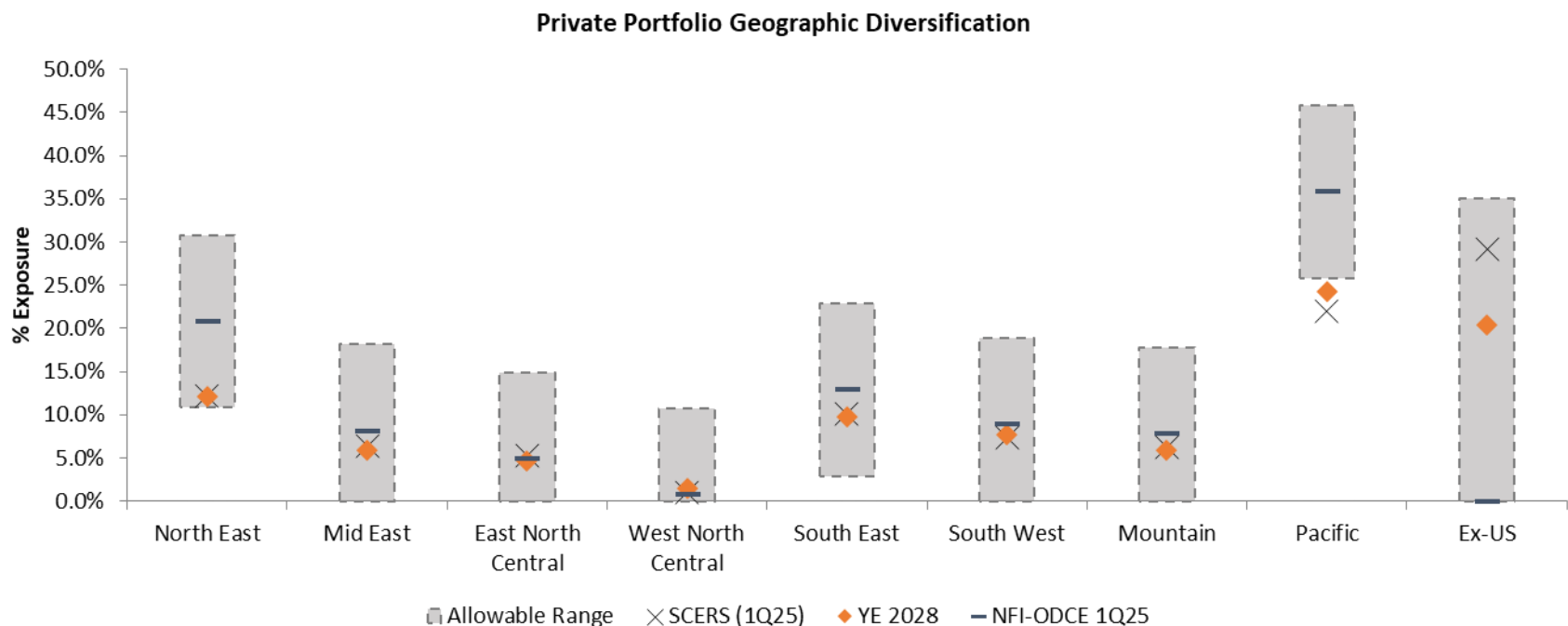


- Diversification of the Private Portfolio is compared to the that of NFI-ODCE. SCERS has imposed a 40% maximum limit for each property type, except the “Other” sector which has a maximum limit of 25%*. The SCERS Real Estate Policy also allows for temporary deviations from this for added flexibility, allowing the portfolio to take advantage of opportunities during different parts of the market cycle.
- As of the first quarter, the industrial property type was the only sector outside the current set limit of 40%. However, the industrial exposure is anticipated to decrease further as new non-industrial investments continue to call capital. It is worth noting that the 43.4% industrial exposure includes WCP NewCold III, which invests in new state of the art cold storage facilities. Furthermore, the industrial exposure includes Prologis European Logistics Fund and NREP Nordic Strategies Funds III-V and the industrial sector in Europe behaves differently than the United States.
- “Other” property type exposure includes Sculptor Real Estate Fund III** (for-sale residential and parking), Sculptor Real Estate Fund IV (senior living and entertainment), CIM Fund VIII (condominiums), Hammes Partners II, III and IV (medical office), NREP Nordic Strategies Fund II (student housing and senior living), NREP Nordic Strategies Fund III (senior living), NREP Nordic Strategies Fund IV (senior living), and NREP Nordic Strategies Fund V (senior living).

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

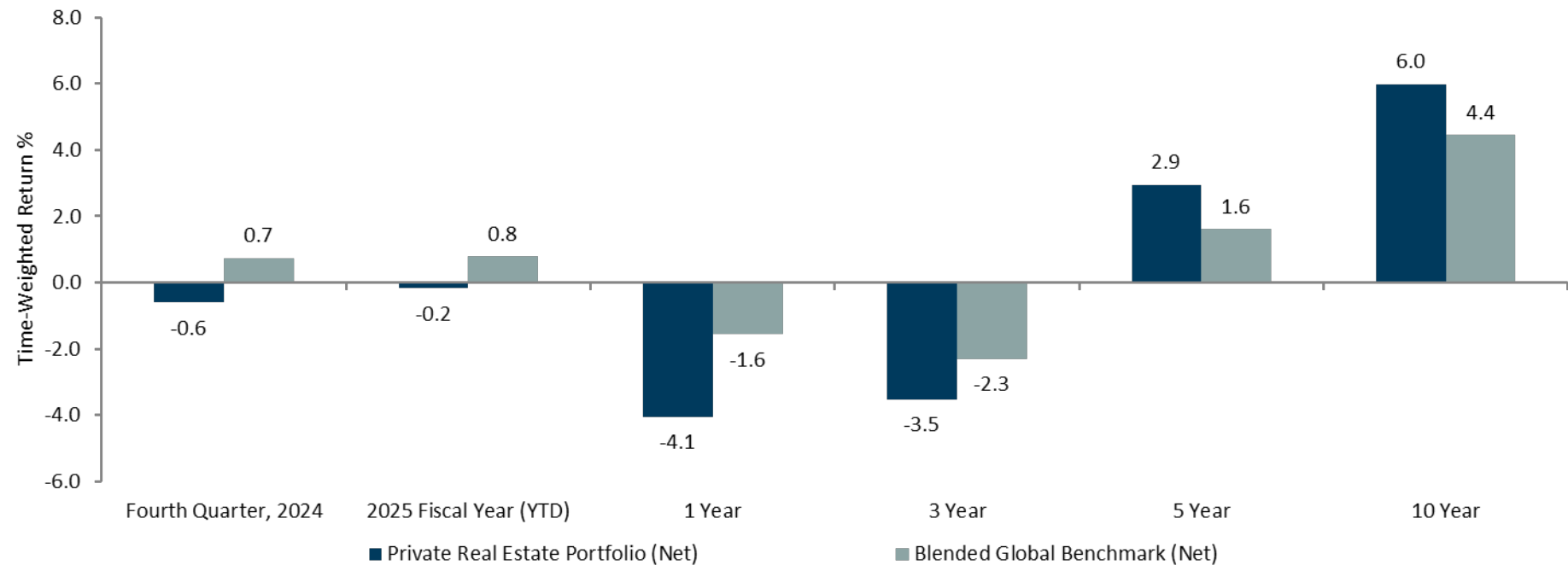
** Sculptor Real Estate Fund III was previously called Och-Ziff Real Estate Fund III.

Real Estate 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 35.0% of the Total Real Estate Portfolio.
- As of the first quarter, the Real Estate Portfolio was in compliance across all regions, excluding the Pacific.
- Several funds report exposure as “Various-US,” comprised of investments across multiple regions that are not easily separated. As of quarter-end, Various-US exposure made up 0.3% of the Real Estate Portfolio.
- The Real Estate Portfolio's international exposure is 29.2%, well within the 35% limit, and will remain similar as newer funds such as NREP Nordic Strategies Fund III, IV and V, as well as LaSalle China Logistics, WCP NewCold III, Sculptor V, and Seven Seas Japan continue to call capital and purchase assets in Europe and Asia while older vintage funds liquidate.
- Ex-US exposure consists of Sweden (4.2%), China (3.8%), Denmark, (3.6%), Germany (3.2%), United Kingdom (2.3%), Finland (2.1%), Poland (2.0%), Japan (1.5%), Netherlands (1.4%), France (1.3%), Italy (1.1%), and other countries (3.6%).

Private Real Estate Performance – Global Ancillary Benchmark (4Q24)



- 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 is reported to SCERS on a quarterly lag.
- The Real Estate Portfolio's international exposure was 28.3% in 4Q24 well within its 35% constraint. International exposure is mainly Non-Core in nature, except the Prologis Targeted Europe Logistics Fund (a Core investment).
- The SCERS Private Real Estate Portfolio underperformed its secondary benchmark over the short-term and medium-term but outperformed over the 5- and 10-Year time periods during the fourth quarter. However, the SCERS portfolio recovered in the first quarter of 2025 and generated positive returns.

01 Performance Flash Report

Portfolio Composition (\$)							
Total Plan Assets	Allocation		Market Value		Unfunded Commitments		Remaining Allocation
13,803,833,729	Core	4.8%	594,828,948	4.3%	25,000,000	0.2%	42,755,071
	Non-Core	3.2%	325,326,927	2.4%	235,316,409	1.7%	-250,057,077
	Total	8.0%	920,155,875	6.7%	260,316,409	1.9%	-207,302,006

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Portfolio (Commingled Funds & Separate Accounts)	1.5	1.3	2.0	1.3	-4.5	-4.9	5.1	4.1
Non-Core Portfolio (Value Added & Opportunistic, 1Q2007 Forward)	2.0	1.6	-1.1	-3.5	-2.9	-4.8	5.4	1.6
Private Real Estate Portfolio	1.7	1.4	1.0	-0.3	-4.1	-4.9	5.1	3.3
NFI-ODCE (Core)	1.1	0.9	2.0	1.2	-4.3	-5.1	2.9	2.0
NFI-ODCE + 100 bps (Non-Core)	1.3	1.1	3.0	2.2	-3.3	-4.1	3.9	3.0
NFI-ODCE + 35 bps (Private Portfolio)	1.1	0.9	2.4	1.5	-3.9	-4.7	3.2	2.4

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core Commingled Funds								
Brookfield Premier Real Estate Partners	2018	100,000,000	100,000,000	0	26,101,980	91,923,482	10.0	8.4
FPA Core Plus Fund VI	2025	50,000,000	25,000,000	25,000,000	405,511	25,655,864	2.8	4.6
Lion Properties Fund	2018	152,400,000	159,092,202	0	82,279,524	103,179,019	11.2	9.4
MetLife Core Property Fund	2013	35,000,000	55,099,893	0	25,827,713	70,200,098	7.6	6.4
Principal U.S. Property Account	2015	35,000,000	35,000,000	0	0	54,382,630	5.9	4.9
Prologis European Logistics Fund ^{1,3}	2016	78,037,070	80,543,205	0	50,592,377	60,212,063	6.5	5.5
Prologis Targeted U.S. Logistics Fund	2015	50,000,000	50,507,519	0	67,864,994	75,510,424	8.2	6.9
Townsend Core Real Estate Fund – US, LP ³	2024	96,064,202	92,064,200	0	1,454,986	93,076,374	10.1	8.5
Townsend Real Estate Fund, L.P. ³	2016	90,000,000	120,975,151	0	160,077,022	20,688,994	2.2	1.9
Core Commingled Funds	1986	686,501,272	718,282,170	25,000,000	414,604,107	594,828,948	64.6	52.5
Value Added Portfolio								
Asana Partners Fund II ³	2019	35,000,000	30,931,250	4,068,750	0	30,735,744	3.3	3.2
Asana Partners Fund III ³	2022	40,000,000	21,733,333	18,266,667	0	20,543,142	2.2	3.5
DRC European Real Estate Debt Fund II ³	2013	50,007,963	47,627,074	4,171,593	43,498,683	6,105,093	0.7	0.9
ECE European Prime Shopping Centre Fund II C ³	2015	33,611,623	34,613,419	0	7,777,238	34,826,087	3.8	3.2
Hammes Partners II	2015	25,000,000	27,751,632	1,021,771	44,291,503	3,236,256	0.4	0.4
Hammes Partners III	2018	25,000,000	30,816,749	3,655,877	16,288,177	22,220,641	2.4	2.4
Hammes Partners IV	2023	40,000,000	5,827,607	34,172,393	574,010	4,365,940	0.5	3.5
NREP Nordic Strategies Fund II	2016	35,176,432	35,664,816	475,462	55,351,664	12,679,305	1.4	1.2
NREP Nordic Strategies Fund III	2018	39,019,632	34,309,672	1,557,015	13,175,475	30,056,320	3.3	2.9

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

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
NREP Nordic Strategies Fund IV	2019	35,449,208	27,270,869	8,516,364	0	27,003,968	2.9	3.2
NREP Nordic Strategies Fund V ¹	2022	41,710,115	16,837,386	20,496,103	0	24,826,726	2.7	4.1
Value Added Portfolio	1986	399,974,973	313,383,807	96,401,995	180,956,750	216,599,222	23.5	26.5
Opportunistic Portfolio								
Carlyle China Project Rome Co-Investment	2017	40,000,000	38,745,488	4,405,916	0	16,060,686	1.7	1.9
Carlyle China Realty	2017	10,000,000	10,783,995	695,409	2,342,232	3,575,903	0.4	0.4
CIM Fund VIII	2015	35,000,000	40,303,114	0	8,722,924	9,674,948	1.1	0.9
FPA Apartment Opportunity Fund IX	2025	30,000,000	0	30,000,000	0	0	0.0	2.5
KKR Real Estate Partners Americas	2014	22,720,638	30,477,571	3,842,263	38,636,854	179,147	0.0	0.4
LaSalle China Logistics Venture	2021	30,000,000	12,857,823	5,111,877	0	9,827,461	1.1	1.4
Sculptor Real Estate Fund III ²	2014	35,000,000	27,206,359	12,284,809	46,541,163	2,546,110	0.3	1.3
Sculptor Real Estate Fund IV	2020	30,000,000	28,667,914	7,371,087	14,405,300	18,788,476	2.0	2.4
Sculptor Real Estate Fund V	2024	50,000,000	0	50,000,000	0	0	0.0	4.2
Seven Seas Japan Opportunity Fund	2022	20,492,375	19,084,277	3,703,053	1,637,489	16,977,029	1.8	1.9
WCP NewCold III, LP	2024	50,000,000	31,000,000	21,500,000	2,500,000	31,097,945	3.4	4.8
Opportunistic Portfolio	1991	353,213,013	239,126,541	138,914,414	114,785,962	108,727,705	11.8	21.0
Total Non-Core Portfolio 1Q 2007 Forward	2007	753,187,986	552,510,348	235,316,409	295,742,712	325,326,927	35.4	47.5
Total Private Portfolio								
SCERS	1986	1,439,689,258	2,123,569,582	260,316,409	1,930,677,870	920,155,875	100.0	100.0

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

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2025				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Brookfield Premier Real Estate Partners	91,923,482	0.6	-0.5	0.1	-0.2	1.5	-0.4	1.1	0.4	1.9	-3.3	-1.5	-2.4	1.9	-9.7	-7.9	-8.2
FPA Core Plus Fund VI	25,655,864																
Lion Properties Fund	103,179,019	0.9	0.0	1.0	0.8	2.8	0.3	3.1	2.5	3.8	-2.3	1.4	0.5	3.7	-8.4	-4.9	-5.7
MetLife Core Property Fund	70,200,098	1.4	-0.7	0.6	0.5	3.8	-2.3	1.5	1.1	5.1	-4.6	0.4	-0.1	4.7	-9.1	-4.7	-5.2
Principal U.S. Property Account	54,382,630	1.2	-1.1	0.2	-0.1	3.5	-1.9	1.5	0.8	4.6	-3.7	0.8	-0.1	4.2	-8.4	-4.5	-5.4
Prologis European Logistics Fund ^{1,3}	60,212,063	1.3	5.6	6.9	6.6	3.9	1.9	5.8	5.0	5.2	2.0	7.3	6.2	4.7	-8.7	-4.3	-5.1
Prologis Targeted U.S. Logistics Fund	75,510,424	1.1	-0.1	1.0	0.8	3.3	1.1	4.4	3.9	4.4	1.5	6.0	5.2	3.8	-5.6	-2.0	-1.5
Townsend Core Real Estate Fund – US, LP ³	93,076,374	0.7	0.4	1.1	1.0	1.1	0.7	1.8	1.7								
Townsend Real Estate Fund, L.P. ³	20,688,994	0.5	0.2	0.7	0.6	2.0	3.7	5.8	5.6	3.2	-2.8	0.3	0.0	3.0	-6.9	-4.1	-4.3
Core Commingled Funds	594,828,948	1.0	0.5	1.5	1.3	2.8	0.3	3.1	2.5	3.8	-1.7	2.0	1.3	3.5	-7.8	-4.5	-4.9
Value Added Portfolio																	
Asana Partners Fund II ³	30,735,744	-0.7	-7.1	-7.8	-8.1	-1.4	-8.8	-10.1	-10.9	-1.8	-8.7	-10.5	-11.5	-1.3	-5.8	-7.0	-6.3
Asana Partners Fund III ³	20,543,142	-0.5	2.9	2.3	1.8	-0.4	4.8	4.4	2.4	-0.7	6.4	5.7	2.8				
DRC European Real Estate Debt Fund II ³	6,105,093	0.0	3.2	3.2	3.2	0.0	2.2	2.2	2.2	0.0	2.3	2.3	2.3	16.6	-0.9	15.2	15.2
ECE European Prime Shopping Centre Fund II C ³	34,826,087	1.0	4.8	5.8	5.5	3.0	1.4	4.5	2.3	4.1	0.9	5.1	2.4	-1.1	7.4	6.4	3.7
Hammes Partners II	3,236,256	0.7	5.3	6.0	4.6	3.8	7.4	11.5	8.5	7.5	6.7	14.6	10.8	5.2	6.2	11.7	8.6
Hammes Partners III	22,220,641	0.9	0.6	1.4	1.5	2.7	2.8	5.6	5.1	3.7	5.3	9.1	7.7	5.3	3.0	8.4	6.3
Hammes Partners IV	4,365,940	0.0	5.6	5.6	2.1	-2.3	46.9	44.7	17.4	-2.0	30.7	29.2	-22.9				
NREP Nordic Strategies Fund II	12,679,305	-0.1	4.5	4.4	4.0	0.4	-17.4	-16.2	-15.2	-1.7	-17.1	-17.7	-16.7	0.2	-12.0	-11.1	-10.5
NREP Nordic Strategies Fund III	30,056,320	2.2	4.0	6.1	5.7	-0.2	6.1	5.8	4.5	1.7	3.6	5.3	3.6	0.8	-3.5	-2.7	-2.1
NREP Nordic Strategies Fund IV	27,003,968	3.6	4.3	7.9	7.4	2.2	8.5	10.8	9.2	3.1	8.2	11.4	9.2	-2.0	0.2	-1.8	-3.8
NREP Nordic Strategies Fund V ³	24,826,726	2.8	4.4	7.3	6.6	0.0	10.3	10.2	7.7	-0.5	12.0	11.5	8.1				
Value Added Portfolio	216,599,222	1.1	2.0	3.1	2.7	-0.6	1.7	1.1	-0.4	-0.1	1.7	1.5	-0.5	1.7	-0.2	1.5	-0.2
Opportunistic Portfolio																	
Carlyle China Project Rome (Co-Investment)	16,060,686	-0.1	-5.4	-5.5	-6.1	-10.2	-6.8	-16.3	-17.6	-10.2	-12.2	-21.3	-22.8	-3.6	-21.2	-24.1	-25.3
Carlyle China Realty	3,575,903	-0.2	-5.5	-5.6	-6.1	-10.2	-6.8	-16.5	-17.8	-10.3	-12.3	-21.4	-23.1	-3.8	-21.3	-24.3	-25.7
CIM Fund VIII	9,674,948	-0.5	-5.0	-5.4	-5.7	-0.4	-15.4	-15.8	-17.1	-0.5	-48.4	-48.7	-49.9	-0.3	-29.3	-29.6	-30.9
KKR Real Estate Partners Americas	179,147	-90.7	100.3	9.7	7.7	-90.5	53.7	-14.7	-11.3	-94.2	121.1	-10.2	-7.5	-74.4	47.8	-18.2	-14.6
LaSalle China Logistics Venture	9,827,461	0.0	0.0	0.0	-0.3	-0.8	-10.1	-10.8	-11.8	-0.6	-14.1	-14.7	-16.0	-3.8	-3.9	-7.6	-13.1
Sculptor Real Estate Fund III ²	2,546,110	0.1	2.6	2.7	2.5	0.3	16.8	17.2	16.5	1.2	18.9	20.4	19.4	5.1	28.3	34.4	32.9
Sculptor Real Estate Fund IV	18,788,476	0.7	0.2	0.9	0.6	6.9	-2.9	4.0	3.0	9.0	-1.1	7.9	6.3	4.3	6.4	11.0	7.9
Seven Seas Japan Opportunity Fund	16,977,029	7.1	-5.4	1.7	2.1	16.0	-6.2	8.8	7.8	15.9	18.5	37.3	27.4	10.5	-14.9	-5.6	-10.6
WCP NewCold III, LP (Secondary)	31,097,945	0.1	2.9	3.0	2.2	0.1	2.9	3.0	2.2								
Opportunistic Portfolio	108,727,705	0.9	-1.1	-0.2	-0.6	0.8	-1.5	-0.7	-2.7	0.8	-7.2	-6.4	-9.7	0.5	-11.2	-10.8	-13.1
Total Non-Core Portfolio 1Q 2007 Forward	325,326,927	1.0	0.9	2.0	1.6	-0.2	0.6	0.4	-1.2	0.1	-1.2	-1.1	-3.5	1.3	-4.1	-2.9	-4.8
Total Private Portfolio																	
SCERS	920,155,875	1.0	0.7	1.7	1.4	1.8	0.4	2.2	1.2	2.5	-1.5	1.0	-0.3	2.8	-6.8	-4.1	-4.9

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

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2025				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Ex-US Dollar Denominated Investments (In Local Currency)																	
Prologis Targeted Europe Logistics Fund (Euro) ^{1,3}	€ 55,666,052	1.3	1.0	2.3	2.0	3.9	0.9	4.8	4.0	5.2	1.8	7.0	5.9	4.8	-8.0	-3.5	-4.4
DRC European Real Estate Debt Fund II (Pound Sterling) ³	£4,725,953	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.8	0.0	15.8	15.9
ECE European Prime Shopping Centre Fund II (Euro) ³	€ 32,196,717	1.0	0.2	1.2	1.0	3.0	0.5	3.5	1.3	4.1	0.7	4.9	2.1	-1.0	8.2	7.2	4.5
NREP Nordic Strategies Fund II (Euro)	€ 11,722,018	-0.1	0.0	-0.1	-0.4	0.6	-18.1	-17.0	-16.0	-1.5	-17.3	-17.9	-16.9	0.4	-11.3	-10.4	-9.9
NREP Nordic Strategies Fund III (Euro)	€ 27,787,068	2.2	-0.5	1.6	1.3	-0.2	5.2	5.0	3.6	1.7	3.4	5.2	3.5	0.7	-2.8	-1.9	-1.3
NREP Nordic Strategies Fund IV (Euro)	€ 24,965,169	3.6	-0.3	3.4	2.9	2.1	7.3	9.8	8.2	3.0	7.7	11.1	8.9	-2.1	0.8	-1.0	-3.0
NREP Nordic Strategies Fund V (Euro) ³	€ 22,952,308	2.8	-0.1	2.7	2.0	-0.1	9.0	9.1	6.6	-0.5	11.6	11.2	7.8				
Seven Seas Japan Opportunity Fund	¥2,545,875,222	6.8	-9.8	-3.0	-2.6	14.9	-12.7	1.4	0.4	14.8	17.2	36.0	26.2	9.6	-8.6	1.8	-3.5
Indices																	
NFI ODCE+ 35bps				1.1	0.9			2.8	2.1			2.4	1.5			-3.9	-4.7
NFI-ODCE		1.0	0.0	1.1	0.9	3.1	-0.6	2.5	1.8	4.2	-2.1	2.0	1.2	3.8	-7.8	-4.3	-5.1
NFI-ODCE + 100bps				1.3	1.1			3.2	2.6			3.0	2.2			-3.3	-4.1
CPI + 500 bps				1.9				5.9				7.5				8.8	

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

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Returns (%)	Market Value (\$)	5 Year				10 Year				Inception				TWR Calculation Inception	Net IRR	Equity Multiple
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
Brookfield Premier Real Estate Partners	91,923,482	2.5	-0.6	1.8	0.6					2.5	1.2	3.7	2.4	4Q18	2.9	1.2
FPA Core Plus Fund VI	25,655,864													1Q25	4.4	1.0
Lion Properties Fund	103,179,019	3.7	-0.9	2.7	1.9					3.7	0.0	3.7	2.9	4Q18	3.6	1.2
MetLife Core Property Fund	70,200,098	4.6	-0.9	3.6	3.1	4.8	1.7	6.6	6.1	4.9	2.7	7.7	7.2	1Q14	7.3	1.7
Principal U.S. Property Account	54,382,630	4.2	-1.0	3.2	2.2					4.4	1.3	5.7	4.7	4Q15	4.7	1.6
Prologis European Logistics Fund ^{1,3}	60,212,063	4.8	1.3	6.2	4.3					4.9	4.6	9.6	7.8	1Q16	7.3	1.4
Prologis Targeted U.S. Logistics Fund	75,510,424	3.9	9.0	13.2	11.3					4.6	11.0	16.0	13.8	3Q15	15.0	2.8
Townsend Core Real Estate Fund – US, LP ³	93,076,374									1.4	1.4	2.8	2.7	4Q24	2.7	1.0
Townsend Real Estate Fund, L.P. ³	20,688,994	3.2	1.6	4.8	4.5					3.7	2.9	6.7	6.5	2Q16	6.6	1.5
Core Commingled Funds	594,828,948	3.6	1.4	5.1	4.1	4.1	4.1	8.3	7.2	4.4	3.2	7.6	6.7	4Q86	6.1	1.4
Value Added Portfolio																
Asana Partners Fund II ³	30,735,744	-0.8	7.8	6.9	3.6					-2.8	2.5	-0.6	-6.3	4Q19	-0.2	1.0
Asana Partners Fund III ³	20,543,142									-3.8	7.3	3.6	-6.7	3Q22	-3.4	0.9
DRC European Real Estate Debt Fund II ³	6,105,093	-5.3	0.2	-4.3	-4.8	2.0	-2.1	0.3	-0.5	2.7	-2.8	0.3	-0.8	1Q14	1.3	1.0
ECE European Prime Shopping Centre Fund II C ³	34,826,087	1.0	2.4	3.5	0.8					1.3	8.2	9.6	7.0	4Q15	3.7	1.2
Hammes Partners II	3,236,256	6.1	17.7	24.4	18.5					8.3	17.1	26.3	20.4	3Q15	23.0	1.7
Hammes Partners III	22,220,641	7.7	10.9	19.1	13.3					7.4	11.7	19.6	5.3	1Q19	9.7	1.2
Hammes Partners IV	4,365,940									-7.7	31.1	22.5	-31.7	3Q23	-20.3	0.8
NREP Nordic Strategies Fund II	12,679,305	-1.1	13.5	13.4	8.6					0.1	16.5	17.2	10.2	3Q16	18.3	1.9
NREP Nordic Strategies Fund III	30,056,320	0.5	11.7	12.6	8.7					-1.7	12.9	11.4	2.3	4Q18	6.1	1.3
NREP Nordic Strategies Fund IV	27,003,968	-7.2	22.2	15.5	N/A					-12.1	20.7	7.8	N/A	1Q20	-0.4	1.0
NREP Nordic Strategies Fund V ³	24,826,726									28.9	4.2	33.9	26.0	1Q23	33.6	1.5
Value Added Portfolio	216,599,222	0.6	11.5	12.3	7.4	3.3	10.6	14.2	9.6	1.8	5.0	7.0	5.1	4Q86	5.7	1.3
Opportunistic Portfolio																
Carlyle China Project Rome (Co-Investment)	16,060,686	-2.2	-11.7	-13.7	-14.8					-1.9	-7.1	-8.9	-10.6	3Q17	-12.6	0.4
Carlyle China Realty	3,575,903	-2.4	-11.7	-13.8	-15.3					-0.4	-7.2	-7.6	-9.5	3Q17	-11.8	0.5
CIM Fund VIII	9,674,948	-0.3	-21.8	-22.0	-23.3	-0.1	-8.3	-8.4	-10.0	-0.1	-8.3	-8.4	-10.0	2Q15	-12.9	0.5
KKR Real Estate Partners Americas	179,147	-66.4	41.6	-15.9	-13.5	-37.4	11.7	-6.2	-4.7	-33.2	8.5	-4.7	-3.6	2Q14	11.6	1.3
LaSalle China Logistics Venture	9,827,461									N/A	51.4	24.5	-13.1	3Q21	-13.3	0.8
Sculptor Real Estate Fund III ²	2,546,110	8.3	21.5	31.1	29.0	9.7	18.1	29.1	24.8	11.3	17.2	30.1	19.6	4Q14	24.0	1.8
Sculptor Real Estate Fund IV	18,788,476									9.5	8.8	19.0	10.3	3Q20	9.5	1.2
Seven Seas Japan Opportunity Fund	16,977,029									10.5	-14.9	-5.6	-10.6	2Q22	-1.1	1.0
WCP NewCold III, LP (Secondary)	31,097,945									0.1	2.9	3.0	2.2	1Q25	8.9	1.1
Opportunistic Portfolio	108,727,705	0.5	-5.7	-5.3	-7.8	2.4	0.1	2.5	-0.1	1.8	5.3	7.3	5.3	1Q91	0.5	1.0
Total Non-Core Portfolio 1Q 2007 Forward	325,326,927	0.6	4.7	5.4	1.6	3.0	6.4	9.5	5.9	3.4	5.0	8.5	4.4	1Q07	4.5	1.2
Total Private Portfolio																
SCERS	920,155,875	2.7	2.3	5.1	3.3	3.6	3.8	7.5	5.8	4.1	4.7	8.9	7.8	4Q86	7.8	1.4

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

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Returns (%)	Market Value (\$)	5 Year				10 Year				Inception				TWR Calculation Inception	Net IRR	Equity Multiple
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
Ex-US Dollar Denominated Investments (In Local Currency)																
Prologis Targeted Europe Logistics Fund (Euro) ^{1,3}	€ 55,666,052	4.8	1.7	6.6	4.8					4.9	4.6	9.7	7.8	1Q16	7.8	1.4
DRC European Real Estate Debt Fund II (Pound Sterling) ³	£4,725,953	-5.0	0.0	-5.0	-5.5	2.2	-0.5	1.7	0.9	2.9	-0.3	2.5	1.4	1Q14	4.8	1.2
ECE European Prime Shopping Centre Fund II (Euro) ³	€ 32,196,717	0.9	2.8	3.9	1.2					1.2	8.5	10.1	7.4	4Q15	4.6	1.3
NREP Nordic Strategies Fund II (Euro)	€ 11,722,018	-1.0	13.9	13.8	9.1					0.1	16.8	17.5	10.5	3Q16	19.3	2.0
NREP Nordic Strategies Fund III (Euro)	€ 27,787,068	0.5	12.1	13.0	9.1					-1.8	14.3	12.7	3.5	4Q18	7.3	1.3
NREP Nordic Strategies Fund IV (Euro)	€ 24,965,169	-7.3	24.2	17.4	N/A					-12.3	22.9	9.8	N/A	1Q20	0.4	1.0
NREP Nordic Strategies Fund V (Euro) ³	€ 22,952,308									29.1	3.6	33.5	25.5	1Q23	32.9	1.5
Seven Seas Japan Opportunity Fund	¥2,545,875,222									9.6	-8.6	1.8	-3.5	2Q22	3.8	1.1
Indices																
NFI ODCE+ 35bps				3.2	2.4			6.0	5.1			7.0	6.0	4Q86		
NFI-ODCE		3.8	-0.9	2.9	2.0	4.1	1.5	5.6	4.7	6.3	0.4	6.7	5.7	4Q86		
NFI-ODCE + 100bps				3.9	3.0			6.6	5.7			7.7	6.7	4Q86		
CPI + 500 bps				9.6				8.2				8.0		4Q86		

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

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Returns (%)	Market Value (\$)	2025		Fiscal Year 2025		2024		2023		2022		2021		2020		2019		2018		2017		2016	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Commingled Funds																							
Brookfield Premier Real Estate Partners	91,923,482	0.1	-0.2	1.1	0.4	-6.3	-7.3	-19.3	-18.2	13.1	10.8	28.5	23.0	1.8	1.9	10.6	8.5	2.3	1.9				
FPA Core Plus Fund VI	25,655,864	17.0	14.7																				
Lion Properties Fund	103,179,019	1.0	0.8	3.1	2.5	-2.3	-3.1	-15.0	-15.7	9.6	8.7	23.4	22.4	2.2	1.4	7.3	6.4	2.0	1.8				
MetLife Core Property Fund	70,200,098	0.6	0.5	1.5	1.1	-1.6	-2.1	-13.9	-14.4	9.7	9.1	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	54,382,630	0.2	-0.1	1.5	0.8	-1.1	-2.1	-10.0	-10.9	5.1	4.1	23.7	22.6	1.6	0.6	7.0	6.0	9.1	8.1	9.1	8.1	10.0	9.0
Prologis European Logistics Fund ^{1,3}	60,212,063	6.9	6.6	5.8	5.0	-0.6	-1.6	-3.7	-4.6	-10.2	-11.6	22.7	18.0	20.2	18.7	13.5	11.1	13.6	10.8	30.4	28.5	2.8	2.4
Prologis Targeted U.S. Logistics Fund	75,510,424	1.0	0.8	4.4	3.9	7.2	6.4	-12.7	-11.0	13.9	12.2	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 Core Real Estate Fund – US, LP ³	93,076,374	1.1	1.0	1.8	1.7	1.7	1.7																
Townsend Real Estate Fund, L.P. ³	20,688,994	0.7	0.6	5.8	5.6	-1.9	-2.1	-11.8	-12.0	10.7	10.4	28.4	28.1	2.6	2.3	7.6	7.3	9.0	8.8	11.0	10.8	8.4	8.2
Core Commingled Funds	594,828,948	1.5	1.3	3.1	2.5	-1.3	-2.0	-13.0	-12.9	8.8	7.7	30.6	27.4	4.6	4.0	9.5	8.3	10.9	9.7	14.2	12.8	9.8	8.9
Value Added Portfolio																							
Asana Partners Fund II ³	30,735,744	-7.8	-8.1	-10.1	-10.9	-7.8	-8.8	-3.4	0.3	1.8	0.7	63.7	49.9	-36.4	-45.7	11.1	1.5						
Asana Partners Fund III ³	20,543,142	2.3	1.8	4.4	2.4	1.9	-1.0	-7.2	-13.3	13.9	-5.4												
DRC European Real Estate Debt Fund II ³	6,105,093	3.2	3.2	2.2	2.2	-1.7	-1.7	5.2	5.2	52.5	52.3	-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 ³	34,826,087	5.8	5.5	4.5	2.3	-2.0	-4.5	10.8	8.0	3.5	0.9	-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	3,236,256	6.0	4.6	11.5	8.5	9.5	6.7	14.8	10.8	10.9	8.2	28.6	21.3	61.5	46.9	59.2	55.9	27.9	19.6	12.7	10.0	16.2	10.4
Hammes Partners III	22,220,641	1.4	1.5	5.6	5.1	9.0	7.6	6.4	4.1	13.2	9.0	29.1	18.3	43.5	24.5	23.9	-24.4						
Hammes Partners IV	4,365,940	5.6	2.1	44.7	17.4	30.5	-33.8	-285.7	-649.7														
NREP Nordic Strategies Fund II	12,679,305	4.4	4.0	-16.2	-15.2	-22.3	-20.8	-16.1	-9.3	7.8	-1.9	81.6	57.7	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	30,056,320	6.1	5.7	5.8	4.5	-3.8	-5.1	-12.0	-6.1	0.3	-3.3	35.9	22.8	42.3	28.1	19.0	-5.5	-2.8	-14.4				
NREP Nordic Strategies Fund IV	27,003,968	7.9	7.4	10.8	9.2	-0.8	-2.9	-13.7	-13.1	0.6	-6.4	30.7	10.0	22.1	-121.4								
NREP Nordic Strategies Fund V ³	24,826,726	7.3	6.6	10.2	7.7	-3	-6	85.5	68.3														
Value Added Portfolio	216,599,222	3.1	2.7	1.1	-0.4	-4.2	-6.0	-0.1	0.6	7.3	2.5	37.9	25.6	19.0	10.6	22.1	11.5	10.5	6.3	24.9	22.3	9.5	7.0
Opportunistic Portfolio																							
Carlyle China Project Rome Co-Investment	16,060,686	-5.5	-6.1	-16.3	-17.6	-18.0	-19.5	-41.8	-42.6	-3.3	-4.3	2.4	1.3	-0.9	-2.0	7.2	5.8	-2.5	-7.1	4.7	3.6		
Carlyle China Realty	3,575,903	-5.6	-6.1	-16.5	-17.8	-18.3	-20.2	-41.9	-43.0	-3.4	-4.8	2.2	0.8	-0.3	-2.1	18.1	15.7	1.6	-1.4	2.7	0.2		
CIM Fund VIII	9,674,948	-5.4	-5.7	-15.8	-17.1	-50.3	-51.6	-15.8	-17.2	-13.1	-14.3	-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	179,147	9.7	7.7	-14.7	-11.3	-19.9	-15.7	-27.9	-22.2	-25.1	-21.8	27.9	19.1	-45.1	-37.4	8.4	8.0	6.9	7.1	12.3	10.6	6.8	5.8
LaSalle China Logistics Venture	9,827,461	0.0	-0.3	-10.8	-11.8	-13.2	-14.7	-12.9	-18.1	4.2	-9.6	188.6	-6.2										
Sculptor Real Estate Fund III ²	2,546,110	2.7	2.5	17.2	16.5	23.8	22.7	15.4	14.0	82.4	80.0	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	18,788,476	0.9	0.6	4.0	3.0	10.3	8.4	14.2	11.0	6.9	0.8	40.3	25.9	19.6	3.9								
Seven Seas Japan Opportunity Fund	16,977,029	1.7	2.1	8.8	7.8	24.4	16.0	6.3	2.2	-37.5	-41.0												
WCP NewCold III, LP	31,097,945	3.0	2.2	3.0	2.2																		
Opportunistic Portfolio	108,727,705	-0.2	-0.6	-0.7	-2.7	-8.5	-11.6	-19.2	-20.9	-2.3	-5.0	6.2	2.8	-7.0	-8.2	8.6	7.1	11.0	8.7	17.0	14.2	10.2	7.7
Total Non-Core Portfolio 1Q 2007 Forward	325,326,927	2.0	1.6	0.4	-1.2	-5.5	-7.7	-7.0	-7.2	3.5	-0.5	25.3	16.7	6.6	1.7	15.8	9.9	10.7	7.5	21.1	18.4	9.9	7.4
Total Private Portfolio																							
SCERS	920,155,875	1.7	1.4	2.2	1.2	-2.7	-4.0	-11.3	-11.3	7.4	5.5	29.2	24.4	5.2	3.5	11.0	8.7	9.2	7.5	15.0	13.5	8.9	7.7
Indices																							
NFI-ODCE + 35 bps		1.1	0.9	2.8	2.1	-1.1	-1.9	-11.7	-12.4	7.8	6.9	22.5	21.4	1.5	0.7	5.7	4.7	8.7	7.7	8.0	7.0	9.1	8.1
NFI-ODCE		1.1	0.9	2.5	1.8	-1.4	-2.3	-12.0	-12.7	7.5	6.5	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		1.3	1.1	3.2	2.6	-1.4	-2.3	-11.0	-11.7	8.5	7.5	23.2	22.0	2.2	1.3	6.3	5.4	9.3	8.4	8.6	7.7	9.8	8.8
CPI + 500 bps		1.9		5.9		8.0		8.5		11.8		12.6		6.4		7.4		7.1		7.2		7.2	

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

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Returns (%)	Market Value (\$)	2015		2014		2013		2012		2011		2010		2009		2008		2007		2006	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Commingled Funds																					
Brookfield Premier Real Estate Partners	91,923,482																				
FPA Core Plus Fund VI	25,655,864																				
Lion Properties Fund	103,179,019																				
MetLife Core Property Fund	70,200,098	16.9	16.3	17.4	16.9																
Principal U.S. Property Account	54,382,630	3.0	2.8																		
Prologis European Logistics Fund ^{1,3}	60,212,063																				
Prologis Targeted U.S. Logistics Fund	75,510,424	9.1	7.9																		
Townsend Core Real Estate Fund – US, LP ³	93,076,374																				
Townsend Real Estate Fund, L.P. ³	20,688,994																				
Core Commingled Funds	594,828,948	15.7	14.1	13.5	12.4	10.2	9.3	11.1	10.1	16.4	15.5	14.1	13.3	-33.0	-33.6	-13.8	-14.6	15.5	14.5	16.9	15.8
Value Added Portfolio																					
Asana Partners Fund II ³	30,735,744																				
Asana Partners Fund III ³	20,543,142																				
DRC European Real Estate Debt Fund II ³	6,105,093	5.0	3.0	1.4	-2.1																
ECE European Prime Shopping Centre Fund II C ³	34,826,087	12.1	11.0																		
Hammes Partners II	3,236,256	19.4	12.9																		
Hammes Partners III	22,220,641																				
Hammes Partners IV	4,365,940																				
NREP Nordic Strategies Fund II	12,679,305																				
NREP Nordic Strategies Fund III	30,056,320																				
NREP Nordic Strategies Fund IV	27,003,968																				
NREP Nordic Strategies Fund V ⁴	24,826,726																				
Value Added Portfolio	216,599,222	19.1	17.0	15.7	13.7	13.3	10.8	19.6	18.1	16.7	14.7	23.2	20.3	-56.4	-57.6	-31.2	-33.5	18.2	5.6	0.8	0.5
Opportunistic Portfolio																					
Carlyle China Project Rome Co-Investment	16,060,686																				
Carlyle China Realty	3,575,903																				
CIM Fund VIII	9,674,948	16.9	13.8																		
KKR Real Estate Partners Americas	179,147	17.1	12.4	8.1	6.6																
LaSalle China Logistics Venture	9,827,461																				
Sculptor Real Estate Fund III ²	2,546,110	33.7	6.9	9.4	-28.3																
Sculptor Real Estate Fund IV	18,788,476																				
Seven Seas Japan Opportunity Fund	16,977,029																				
WCP NewCold III, LP	31,097,945																				
Opportunistic Portfolio	108,727,705	23.8	13.0	89.6	72.1	11.7	9.4	54.2	38.5	-10.1	-8.0	42.4	34.2	54.0	43.5	-44.5	-45.4	3.4	2.6	0.0	0.0
Total Non-Core Portfolio 1Q 2007 Forward	325,326,927	20.0	15.6	20.1	16.9	16.7	13.5	34.6	26.9	-0.3	0.4	37.0	30.4	-13.5	-17.8	-33.7	-35.7	18.2	5.6		
Total Private Portfolio																					
SCERS	920,155,875	9.8	8.3	16.4	14.5	12.0	10.7	19.2	17.8	9.8	9.4	20.6	19.2	-16.0	-16.7	-14.1	-14.7	10.7	8.7	16.9	14.2
Indices																					
NFI-ODCE + 35 bps		15.4	14.3	12.8	11.8	14.3	13.3	11.3	10.1	16.3	15.3	16.7	15.6	-29.4	-30.0	-9.7	-10.3	16.3	15.2	16.7	15.6
NFI-ODCE		15.0	14.0	12.5	11.5	13.9	12.9	10.9	9.8	16.0	15.0	16.4	15.3	-29.8	-30.4	-10.0	-10.7	16.0	14.8	16.3	15.3
NFI-ODCE + 100 bps		16.0	15.0	13.5	12.5	14.9	13.9	11.9	10.8	17.0	16.0	17.4	16.3	-28.8	-29.4	-9.0	-9.7	17.0	15.8	17.3	16.3
CPI + 500 bps		5.7		5.7		6.6		6.8		8.2		6.5		8.0		5.0		9.3		7.7	

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

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Core Commingled Funds									
Brookfield Premier Real Estate Partners	92,611,879	0	533,190	0	517,634	230,428	-442,412	91,923,482	50.2
FPA Core Plus Fund VI	0	25,000,000	405,511	0	188,107	166,043	1,039,311	25,655,864	51.9
Lion Properties Fund	103,101,600	211,929	910,546	0	946,770	215,802	45,067	103,179,019	26.9
MetLife Core Property Fund	70,449,586	0	618,464	0	968,573	83,379	-516,218	70,200,098	32.3
Principal U.S. Property Account	54,414,277	0	0	0	668,708	127,894	-572,462	54,382,630	29.3
Prologis European Logistics Fund	56,924,329	0	464,923	0	738,622	157,108	3,171,143	60,212,063	27.1
Prologis Targeted U.S. Logistics Fund	75,401,506	0	473,440	0	833,354	140,167	-110,830	75,510,424	20.9
Townsend Core Real Estate Fund – US, LP	92,859,403	0	727,485	0	629,949	53,179	367,686	93,076,374	37.6
Townsend Real Estate Fund, L.P.	36,329,021	0	0	15,773,987	107,070	12,939	39,829	20,688,994	27.2
Core Commingled Funds	582,091,601	25,211,929	4,133,559	15,773,987	5,598,787	1,186,939	3,021,114	594,828,948	35.0
Value Added Portfolio									
Asana Partners Fund II	33,430,229	0	0	0	-221,159	94,328	-2,378,998	30,735,744	48.6
Asana Partners Fund III	20,187,719	0	0	0	-105,052	116,926	577,401	20,543,142	40.1
DRC European Real Estate Debt Fund II	5,914,834	0	0	0	0	0	190,259	6,105,093	0.0
ECE European Prime Shopping Centre Fund II	33,176,775	0	165,686	0	323,294	93,665	1,585,369	34,826,087	55.4
Hammes Partners II	3,107,902	12,781	22,494	4,086	21,857	42,933	163,229	3,236,256	57.0
Hammes Partners III	22,185,202	0	228,255	65,611	195,546	-9,088	124,670	22,220,641	65.6
Hammes Partners IV	4,327,559	0	40,871	13,182	797	150,000	241,638	4,365,940	77.0
NREP Nordic Strategies Fund II	12,187,203	0	0	0	-6,159	46,518	544,779	12,679,305	61.0
NREP Nordic Strategies Fund III	29,501,215	0	1,112,044	0	628,132	115,550	1,154,568	30,056,320	51.0
NREP Nordic Strategies Fund IV	23,865,540	1,351,964	0	0	870,477	123,856	1,039,842	27,003,968	53.0
NREP Nordic Strategies Fund V	22,937,973	371,442	0	0	653,689	158,712	1,022,334	24,826,726	49.0
Value Added Portfolio	210,822,151	1,736,187	1,569,350	82,879	2,361,422	933,400	4,265,091	216,599,222	53.9
Opportunistic Portfolio									
Carlisle China Project Rome (Co-Investment)	17,105,473	0	0	0	-20,989	99,178	-924,620	16,060,686	36.1
Carlisle China Realty	3,806,215	0	0	0	-6,699	15,522	-208,091	3,575,903	36.1
CIM Fund VIII	10,263,703	0	0	0	-46,757	32,288	-509,710	9,674,948	57.0
KKR Real Estate Partners Americas	319,393	0	-285,900	450,382	-284,644	6,059	314,939	179,147	0.0
LaSalle China Logistics Venture	9,857,151	0	0	0	990	34,420	3,740	9,827,461	54.4
Sculptor Real Estate Fund III ¹	3,058,927	90,138	148,562	518,957	2,148	5,225	67,641	2,546,110	38.4
Sculptor Real Estate Fund IV	18,169,062	733,994	146,358	79,737	129,892	54,961	36,584	18,788,476	39.7
Seven Seas Japan Opportunity Fund	16,840,196	0	218,673	0	1,195,392	-65,015	-904,901	16,977,029	44.7
WCP NewCold III, LP	31,785,949	0	0	1,375,000	21,144	232,932	898,784	31,097,945	23.9
Opportunistic Portfolio	111,206,069	824,132	227,693	2,424,076	990,477	415,570	-1,225,634	108,727,705	40.2
Total Non-Core Portfolio 1Q 2007 Forward	322,028,220	2,560,319	1,797,043	2,506,955	3,351,899	1,348,970	3,039,457	325,326,927	50.0
Total Private Portfolio									
SCERS	904,119,821	27,772,248	5,930,602	18,280,942	8,950,686	2,535,909	6,060,571	920,155,875	41.3

¹ Previously Och-Ziff Real Estate Fund III.

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Core Commingled Funds						
Brookfield Premier Real Estate Partners	33.4	11.3	48.1	-	-	7.2
FPA Core Plus Fund VI	100.0	-	-	-	-	-
Lion Properties Fund	25.7	10.7	38.8	6.1	-	18.6
MetLife Core Property Fund	27.8	19.9	27.9	10.6	1.6	12.2
Principal U.S. Property Account	26.8	15.5	38.8	9.7	-	9.1
Prologis European Logistics Fund	-	-	100.0	-	-	-
Prologis Targeted U.S. Logistics Fund	-	-	100.0	-	-	-
Townsend Core Real Estate Fund – US, LP ¹	19.7	3.0	50.8	1.7	0.1	24.8
Townsend Real Estate Fund, L.P. ¹	29.5	2.7	52.7	2.0	0.1	13.1
Core Commingled Funds	23.8	7.9	53.6	3.5	0.2	10.9
Value Added Portfolio						
Asana Partners Fund II	0.6	35.8	-	54.0	-	9.6
Asana Partners Fund III	7.8	26.1	-	66.0	-	0.1
DRC European Real Estate Debt Fund II	-	50.0	-	50.0	-	-
ECE European Prime Shopping Centre Fund II	-	-	-	100.0	-	-
Hammes Partners II	-	-	-	-	-	100.0
Hammes Partners III	-	-	-	-	-	100.0
Hammes Partners IV	-	-	-	-	-	100.0
NREP Nordic Strategies Fund II	-	-	-	27.6	-	72.4
NREP Nordic Strategies Fund III	45.1	15.9	21.0	5.5	-	12.5
NREP Nordic Strategies Fund IV	38.6	3.8	30.5	3.8	5.2	18.1
NREP Nordic Strategies Fund V	34.1	13.6	21.7	3.2	6.8	20.6
Value Added Portfolio	15.8	13.2	9.2	34.6	1.4	25.7

¹Property diversification numbers used are from 4Q24.

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Opportunistic Portfolio						
Carlyle China Project Rome (Co-Investment)	-	-	100.0	-	-	-
Carlyle China Realty	-	-	100.0	-	-	-
CIM Fund VIII	27.7	35.0	-	16.7	3.5	17.2
KKR Real Estate Partners Americas	-	-	-	13.5	-	86.5
LaSalle China Logistics Venture	-	-	100.0	-	-	-
Sculptor Real Estate Fund III	-	-	-	-	-	100.0
Sculptor Real Estate Fund IV	1.7	1.6	1.6	-	7.1	88.0
Seven Seas Japan Opportunity Fund	-	23.7	-	-	56.9	19.3
WCP NewCold III, LP	-	-	100.0	-	-	-
Opportunistic Portfolio	2.8	7.1	56.0	1.5	10.4	22.2
Total Non-Core Portfolio 1Q 2007 Forward	11.4	11.2	24.8	23.6	4.4	24.6
Total Private Portfolio						
SCERS	19.4	9.1	43.4	10.6	1.7	15.8
Indices						
NFI-ODCE	29.5	16.4	34.1	11.0	0.2	8.7

¹Property diversification numbers used are from 4Q24.

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
Core Commingled Funds										
Brookfield Premier Real Estate Partners	23.4	9.8	2.9	-	14.5	7.4	1.0	41.0	-	-
FPA Core Plus Fund VI	-	-	-	-	19.3	10.9	-	69.8	-	-
Lion Properties Fund	19.6	10.0	2.3	0.2	11.6	8.7	9.8	37.7	-	-
MetLife Core Property Fund	15.3	13.4	7.9	0.1	10.6	6.4	9.3	37.0	-	-
Principal U.S. Property Account	9.7	9.5	1.9	1.0	11.6	18.0	15.0	33.3	-	-
Prologis European Logistics Fund	-	-	-	-	-	-	-	-	-	100.0
Prologis Targeted U.S. Logistics Fund	17.0	5.9	10.4	-	14.6	9.6	6.9	35.6	-	-
Townsend Core Real Estate Fund – US, LP ¹	14.8	7.1	17.6	1.6	17.5	9.6	10.0	21.5	-	0.3
Townsend Real Estate Fund, L.P. ¹	17.3	6.0	8.2	1.0	15.5	15.0	7.1	29.8	0.0	-
Core Commingled Funds	14.8	7.8	6.3	0.4	12.5	8.8	7.0	32.2	0.0	10.2
Value Added Portfolio										
Asana Partners Fund II	16.2	17.9	-	8.9	15.9	7.8	24.2	9.1	-	-
Asana Partners Fund III	2.1	13.2	4.8	1.6	40.3	23.2	12.0	2.9	-	-
DRC European Real Estate Debt Fund II	-	-	-	-	-	-	-	-	-	100.0
ECE European Prime Shopping Centre Fund II	-	-	-	-	-	-	-	-	-	100.0
Hammes Partners II	-	53.1	5.6	-	-	19.8	21.5	-	-	-
Hammes Partners III	44.8	1.9	14.9	1.6	6.1	19.6	9.7	1.4	-	-
Hammes Partners IV	4.0	7.4	13.5	34.1	5.9	28.1	7.0	-	-	-
NREP Nordic Strategies Fund II	-	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund III	-	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund IV	-	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund V	-	-	-	-	-	-	-	-	-	100.0
Value Added Portfolio	7.2	4.9	2.3	2.3	6.8	6.2	6.0	1.7	0.0	62.6

¹Geographic diversification numbers used are from 4Q24.

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
Opportunistic Portfolio										
Carlyle China Project Rome Co-Investment	-	-	-	-	-	-	-	-	-	100.0
Carlyle China Realty	-	-	-	-	-	-	-	-	-	100.0
CIM Fund VIII	54.0	-	6.8	-	-	-	0.8	38.4	-	-
KKR Real Estate Partners Americas	-	-	-	-	-	100.0	-	-	-	-
LaSalle China Logistics	-	-	-	-	-	-	-	-	-	100.0
Sculptor Real Estate Fund III	58.2	-	-	-	-	0.3	1.0	4.9	-	35.6
Sculptor Real Estate Fund IV	10.8	9.2	10.6	5.7	12.5	7.6	5.6	8.5	15.3	14.3
Seven Seas Japan Opportunity Fund	-	-	-	-	-	-	-	-	-	100.0
WCP NewCold III, LP	0.0	-	10.2	0.1	5.3	0.5	6.5	5.5	-	71.8
Opportunistic Portfolio	8.0	1.6	5.4	1.0	3.7	1.6	2.9	6.6	2.6	66.5
Total Non-Core Portfolio 1Q 2007 Forward	7.5	3.8	3.3	1.8	5.8	4.7	5.0	3.3	0.9	63.9
Total Private Portfolio										
SCERS	12.2	6.4	5.3	0.9	10.1	7.3	6.3	22.0	0.3	29.2
Indices										
NFI-ODCE	20.8	8.1	4.9	0.7	12.9	8.9	7.8	35.8	-	-

¹Geographic diversification numbers used are from 4Q24.

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.

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 Townsend Group via a secure data collection site, 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 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.

02

Real Estate Market Update 1Q25

Global Outlook: Major Economies Face Near-Term Growth Uncertainty

Experts disagree on growth outlook and revise their views frequently in response to fluid U.S. policies

United States

- The U.S. administration’s shifting tariff policies have created uncertainty, leading businesses to adopt a wait-and-see approach before making major investments
- Further, policy shifts on taxes, regulation, DOGE, and immigration in the U.S. and other newly elected administrations in Canada, the UK, Germany, and Australia are adding to caution on the part of businesses
- Unemployment is expected to rise from 4.0% to 4.7% affecting consumer spending. Recent layoffs or hiring cautions have been announced at Microsoft, Meta, Dell, PwC, Panasonic, Burberry, etc.

EU & UK

- Increasing economic and geopolitical uncertainty – largely precipitated by U.S. policies – have increased headwinds. However, rising household incomes, higher infrastructure and defense spending, and easing financing conditions are expected to support growth
- U.S. trade policy may be disinflationary for region if goods originally destined for the U.S. are ‘dumped’ elsewhere
- The UK’s moderate recovery is expected to continue due to resilient consumer spending, services sector strength and a potential recovery in trade ties with the EU

Asia

- On a relative basis, the Australian growth outlook continues to be better than other Western economies due to immigration led population growth, and a healthy labor market supporting consumer spending
- Japanese growth outlook remains low as its exports face pressure from U.S. tariffs and slowing demand from China
- The Chinese economy growth rate is gradually declining weighed down by U.S. tariff pressures and a still struggling property market; however, a positive trade agreement with the U.S. could improve the overall economic outlook

Source: Bloomberg (May 2025), Wall Street Journal (April 2025).

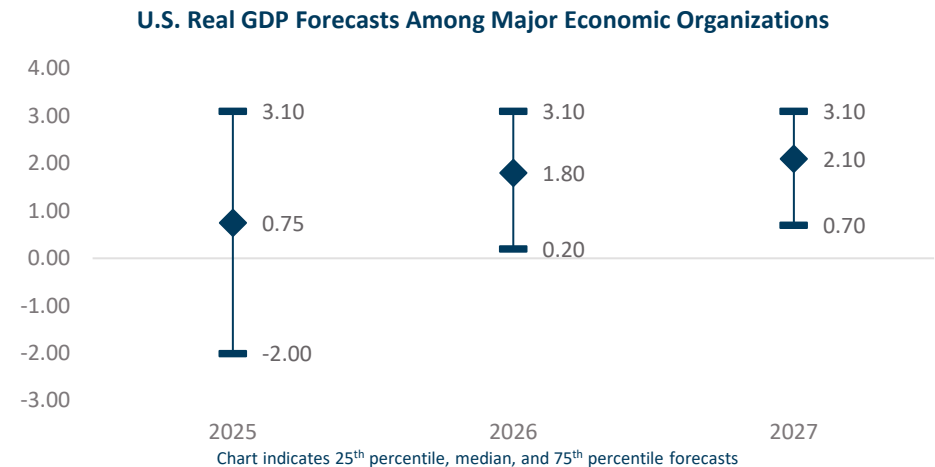
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GLOBAL ECONOMIC GROWTH FORECASTS SUPPRESSED BY TARIFFS

Real GDP Forecasts (YoY%)				
Major Regions	2024	2025	2026	2027
North America	2.6	1.3	1.4	2.0
European Union	1.0	1.1	1.5	1.7
Asia Pacific	4.5	3.8	3.7	3.8

Selected Markets	2024	2025	2026	2027
United States	2.8	1.4	1.5	2.0
United Kingdom	1.1	0.9	1.2	1.5
Germany	-0.2	0.0	1.1	1.6
China	5.0	4.2	4.0	4.0
Japan	0.1	1.0	0.8	0.8
Australia	1.1	1.9	2.3	2.5

CONSIDERABLE DISPERSION IN U.S. GROWTH FORECASTS



For Now, Interest Rates and Inflation Expected to Hold at Current Levels

Central bankers, particularly in the U.S. and Asia, have ability to lower rates to address growth issues



United States

- Inflation is expected to inch slightly higher due to the tariff impact and expected to linger due to various onshoring initiatives; however, these projections have turned out to be very unreliable in the past
- As such, while the dot plot points towards two rate cuts, the Chair emphasized the Fed is in a “good place to wait and see”
- The expected higher rates in the near-term will continue to weigh on asset valuations, but many sectors in real estate are poised well to capture inflation. Additionally, recent inflationary-linked cost increases have increased replacement values, potentially benefitting existing assets

EU & UK

- The ECB has been reducing rates and is likely to continue the gradual lowering path as inflation trends down. Interest rates are lower than in the U.S. and UK, leading to a positive spread between yields and rates, supporting asset values
- The BoE also lowered rates in May but is now cautious as the services sector inflation rate continues to be elevated

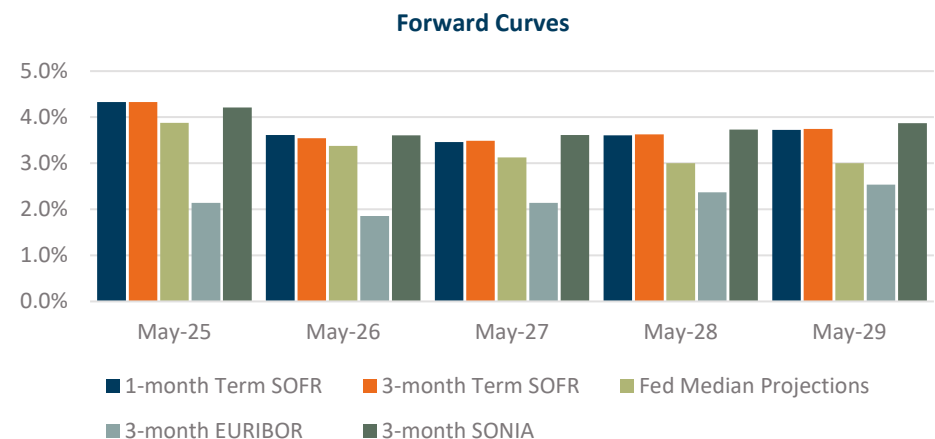
Asia

- In Australia, the RBA continues to be cautious in lowering rates, but inflation has been coming under control. The forecast is for rates to come down by 50 bps, which will be supportive of property values
- In Japan where the interest rates are already low, the outlook is for BoJ to increase rates; inflation is higher than its historical levels, shifting consumer investment behavior to seek more risky stocks
- In China, PBoC may reduce rates to support growth but might be limited in doing so to protect the value of its currency

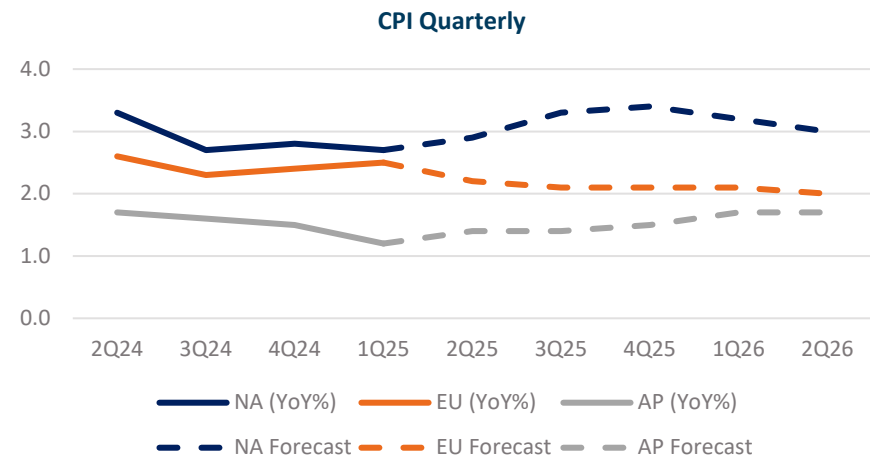
Source: Townsend Group, Barclays Private Bank (April 2025), Chatham Financial (May 2025), Bloomberg (May 2025).

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INTEREST RATES FORECAST TO HOLD STEADY



INFLATION TRENDS VARY BY REGION



Investment Markets Are Stressed Offering Compelling Entry Valuations

Transaction volume decline and market repricing

Global Commercial Real Estate Transaction Volume Signals Stress

- Commercial real estate transaction volume has declined since 2022 as interest rates started to rise in the post-pandemic world
- Many transactions were initiated over the record investment period from 2013 to 2020. Investors in those assets are now seeking exits at a time when other investors are wary of putting additional capital to work. This is leading to significantly better entry valuations for those with a medium-term mindset
- Additionally, many investors are still looking to reduce real estate exposure, and the exit queues of open-end funds continue to be elevated
- LPs seeking to rebalance portfolios are eager for exit opportunities
- GPs are under pressure to offer an exit and are motivated to offer better terms to a new set of investors

Lag Between Appraisal Values And Expected Transaction Values

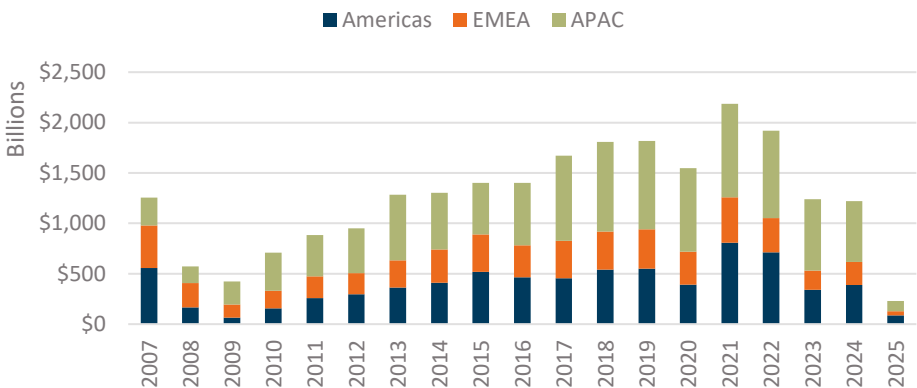
- Rising interest rates since 2022 have driven material cap rate expansion. NCREIF cap rates increased from 3.70% in 3Q22 to 4.65% in 1Q25
- U.S. Transaction Cap Rates suggest assets are still trading at a premium to current valuations. The weighted average transaction cap rate was 5.66% in 1Q25. Transaction cap rates are useful guidepost, but not necessarily a precise representation of broader asset values
- Public REIT valuations remain discounted to private real estate valuations in U.S. and Europe
- Closed-end funds with legacy portfolios might also be subject to a disconnect in appraised valuations versus market valuations
- Detachment of appraisal market from transaction market is driving demand for secondaries and GP staking

Source: MSCI Real Assets (May 2025), NCREIF (First Quarter 2025), Green Street (May 2025).

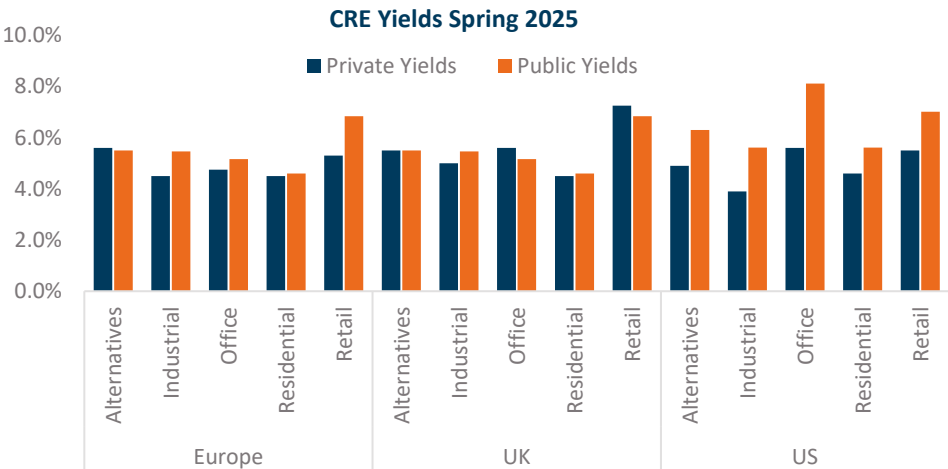
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TRANSACTION VOLUME HELD STEADY IN 2024 BUT REMAINS LOW

Global Commercial Real Estate Transaction Volume



U.S. EXHIBITS LARGEST DISCONNECT BETWEEN PRIVATE AND PUBLIC VALUES

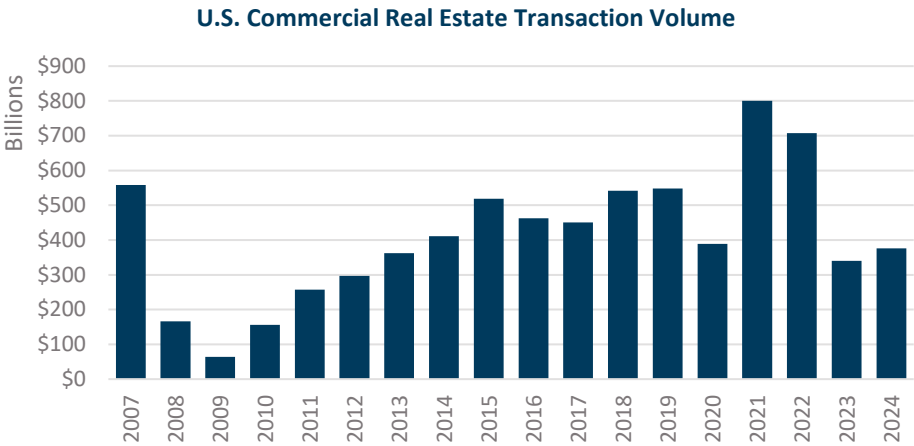


US Outlook: Real Estate Market Conditions

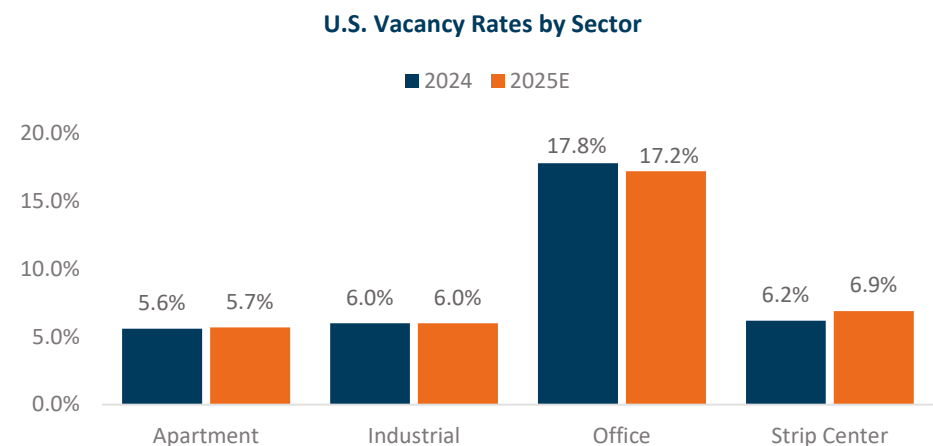
Capital markets remain soft, but most property sectors poised for growth



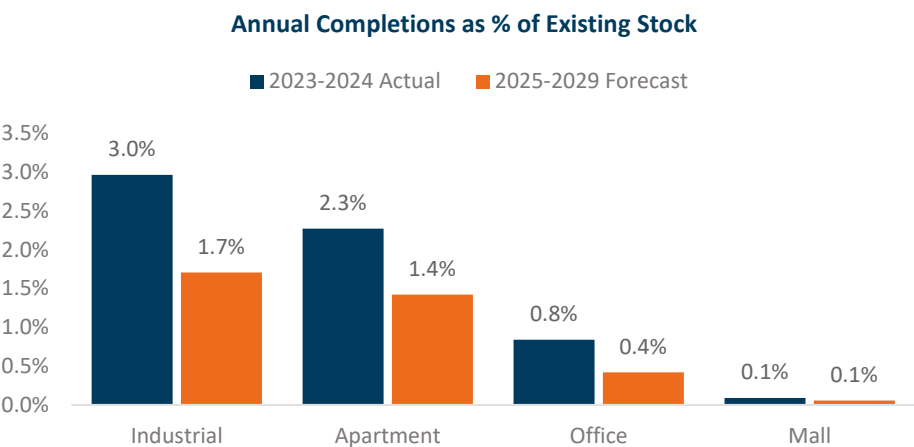
TRANSACTION VOLUMES HAVE DECLINED OVER 50% FROM PEAK



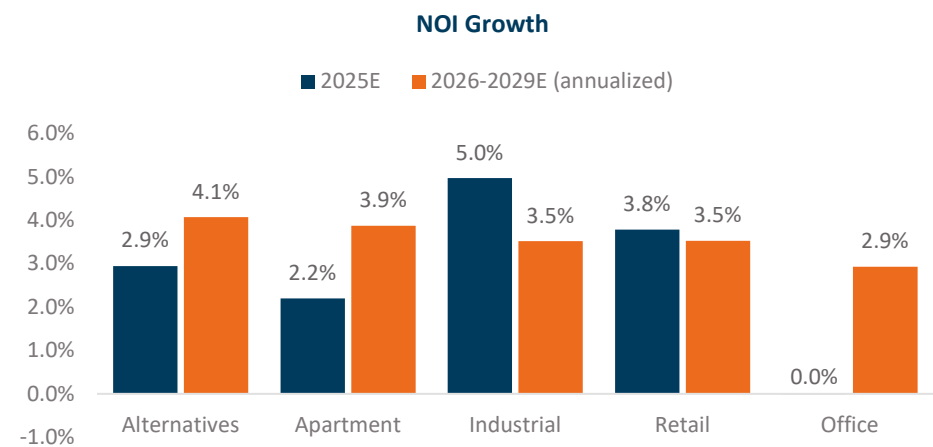
VACANCY RATES REMAIN LOW (EXCEPT OFFICE)



SUPPLY GROWTH IS CONTRACTING MEANINGFULLY ACROSS SECTORS



GROWTH FORECASTS REMAIN ABOVE LONG-TERM INFLATION



Source: Townsend Group, NCREIF, MSCI Real Assets (May 2025), Green Street (March 2025). Alternatives NOI Growth is the average of Cold Storage, Health Care, Single Family Rental, Data Center, Manufactured Housing, and Self Storage. Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Due to Uncertainty, Supply is Shrinking and Pent-up Demand is Building

Long-term real estate operating fundamentals are strengthening



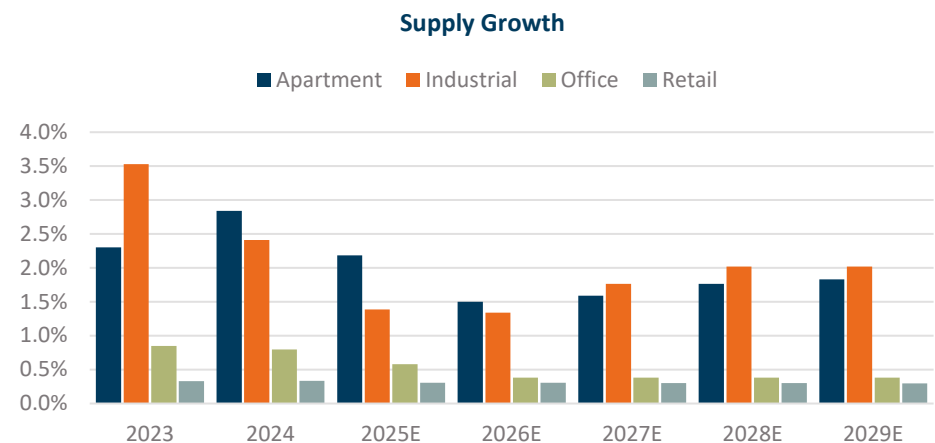
Tapering Supply Driving Fundamentals For Existing Asset Owners

- In the Apartment and Industrial sectors, elevated supply is forecasted to moderate as development costs have risen, construction labor shortages are expected, and capital has become more scarce
- Apartment supply remains elevated in the Sunbelt markets, including Austin, Phoenix, and Denver, but is expected to be absorbed due to rising demand over the medium-term
- Industrial supply is concentrated in Southwest markets, including Las Vegas, Riverside/Inland Empire, Phoenix, and Dallas/Fort Worth, but other markets witnessing a healthier demand/supply balance
- Supply levels for Office and Retail continue to remain low

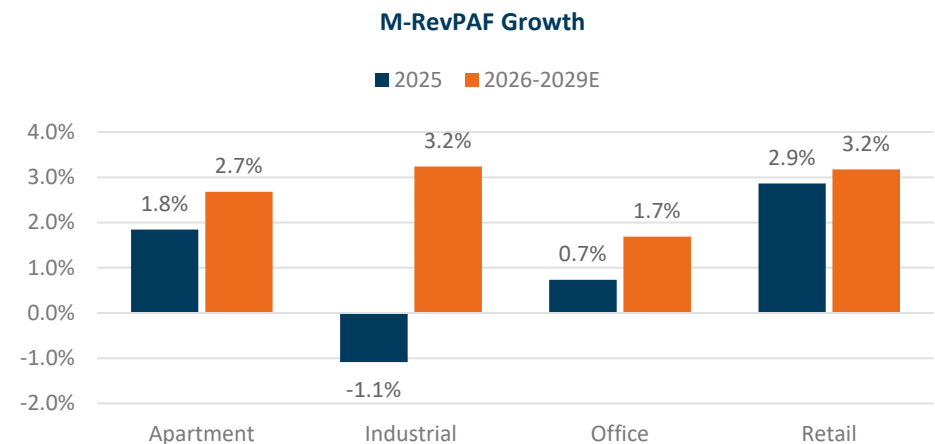
Short-Term Demand Erosion Offset By Medium-Term Pent-Up Demand

- Oversupply and tariff implications have hindered short-term fundamentals in Apartments, but medium-term outlook remains healthy
- The Industrial sector has seen declining rent growth concentrated in the Inland Empire/Western markets. Existing portfolios still hold in-place rents below market, and growth is expected to pick-up in 2026 and beyond as supply declines
- Retail demand remains healthy. Class A regional malls are generating sales per square foot at pre-pandemic levels. Neighborhood and Community Centers have been among the best performing subsectors, driven by consumer preference for retail adjacent to suburban locations
- Office fundamentals are beginning to improve in select submarkets including markets in the Southeast (Charlotte, Palm Beach, and Miami) and Northeast (New York, Boston)

SUPPLY GROWTH TO TAPER OFF ACROSS MAIN PROPERTY TYPES



GROWTH SLOWING IN NEAR-TERM, BUT STEADY OVER MEDIUM-TERM



Source: Green Street (April 2025). Market Revenue per Available Foot (M-RevPAF) is a Green Street metric combining changes in rents with changes in occupancies. Townsend’s views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

