



# Board of Retirement Regular Meeting

## Sacramento County Employees' Retirement System

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### Agenda Item 23

**MEETING DATE:** December 9, 2020

**SUBJECT:** Quarterly Investment Performance Report  
Real Estate

**SUBMITTED FOR:** \_\_\_ Consent      \_\_\_ Deliberation and Action       X  Receive and File

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#### **RECOMMENDATION**

Staff recommends the Board receive and file the Townsend Real Estate Portfolio Performance Measurement Report for the period ending September 30, 2020.

#### **PURPOSE**

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

#### **DISCUSSION**

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

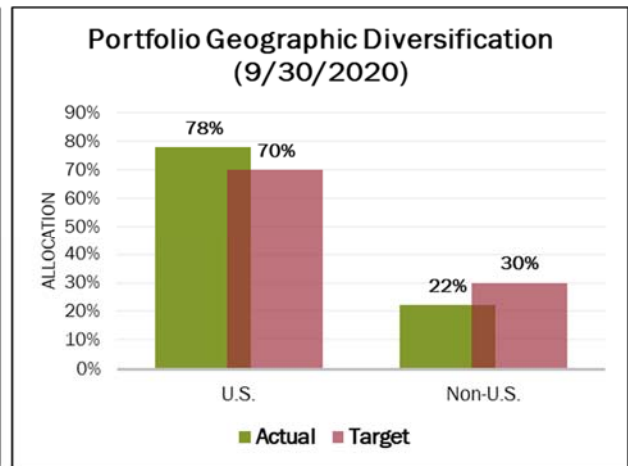
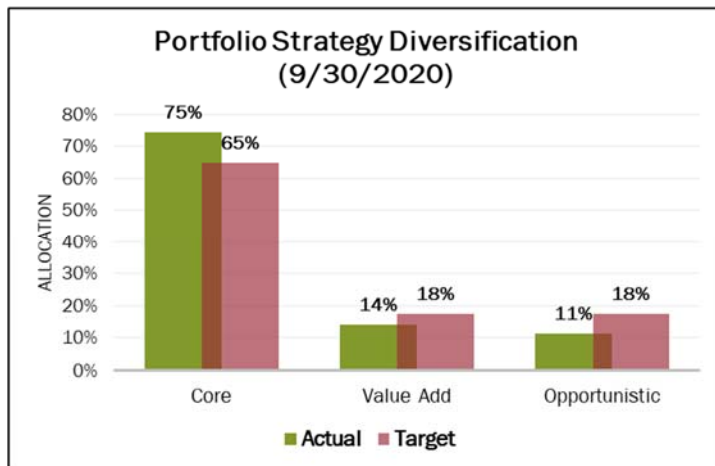
SCERS' Real Estate allocation sits at 8.0% as of September 30, 2020, above the target allocation of 7%, but within the permissible range of 5%-9%. During the first quarter of 2020, SCERS made redemption requests from two core open-end funds totaling approximately \$84 million in order to bring the overweight down. Unfortunately, both funds will be making partial redemptions over several quarters, due to both funds receiving redemption requests greater than their available cash. As of the quarter, SCERS has received approximately 30% of its redemption request.

With the market rebound and after receiving full redemptions, SCERS' real estate allocation is expected to reduce from 8.0% to 7.5%, slightly above the target allocation of 7.0% but within the permissible range of 5.0%-9.0%. To date, SCERS has been comfortable holding a higher than target weight while the Real Assets portfolio is being built out and will eventually rebalance towards the 7% target allocation over time.

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

SUB-ASSET CLASS	Quarter 9/30/20	1-Year	3-Year	5-Year	Since Inception	Since Inception Date
<b>SCERS Real Estate Portfolio</b>	<b>1.8%</b>	<b>3.7%</b>	<b>6.8%</b>	<b>8.0%</b>	<b>8.4%</b>	Nov-86
(65%) NFI-ODCE + (35%) NFI-ODCE + 1%	0.4%	1.7%	5.1%	6.7%	6.5%	Nov-86
<b>Core Portfolio</b>	<b>1.2%</b>	<b>3.3%</b>	<b>6.7%</b>	<b>7.6%</b>	<b>6.5%</b>	Nov-86
Separate Account	N/A	3.3%	7.4%	10.6%	9.3%	Nov-86
Commingled Funds	-1.4%	1.7%	12.5%	8.6%	7.0%	Sep-13
NFI-ODCE Index	0.3%	1.3%	4.7%	6.3%	6.1%	
<b>Non-Core Portfolio</b>	<b>3.7%</b>	<b>4.8%</b>	<b>6.9%</b>	<b>9.4%</b>	<b>5.6%</b>	Jun-06
Value Add Portfolio	5.7%	17.1%	9.3%	11.6%	4.9%	Jun-06
Opportunistic	1.4%	-7.3%	3.8%	6.4%	7.5%	May-13
NFI-ODCE + 1% Index	0.5%	2.3%	5.7%	7.3%	7.1%	

**SCERS PORTFOLIO DIVERSIFICATION**



**SCERS PORTFOLIO RESULTS**

For the quarter ended September 30, 2020, SCERS' Real Estate portfolio outperformed against the NFI-ODCE blended benchmark, +1.8% versus +0.4%, due to the significant outperformance of the Non-Core portfolio (+3.7%).

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

- Top performing funds:
  - Core:
    - Prologis European Logistics Fund: +7.6% in U.S. Dollars (+3.1% in Euros)

- Prologis Targeted U.S. Logistics Fund: +3.2%

➤ Non-Core:

- NREP Nordic Strategies Fund I: +11.6% in U.S. Dollars (+7.0% in Euros)
- NREP Nordic Strategies Fund II: +9.4% in U.S. Dollars (+4.9% in Euros)
- NREP Nordic Strategies Fund III: +7.0% in U.S. Dollars (+2.5%% in Euros)

Bottom performing funds:

➤ Core:

- Brookfield Premier Real Estate Partners: -0.7%
- MetLife Core Property Fund: -0.4%
- Principal U.S. Property Fund: 0.0%

➤ Non-Core:

- NREP Nordic Strategies Fund IV: -26.9% in U.S. Dollars (+1.3% in Euros)
- Sculptor Real Estate Fund IV: -11.8%
- KKR Real Estate Partners Americas: -5.2%

## **NEW INVESTMENTS**

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

- None

New investments made after the quarter:

- None

## **ATTACHMENT**

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

Prepared by:

/S/

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JR Pearce  
Senior Investment Officer

Reviewed by:

/S/

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Steve Davis  
Chief Investment Officer

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Eric Stern  
Chief Executive Officer



**TOWNSEND<sup>®</sup>**  
GROUP

an Aon company

Real Estate Portfolio

# Performance Measurement Report

THIRD QUARTER 2020



## SCERS Real Estate Portfolio Overview

- SCERS targets 7.0% to Real Estate with an allowable range of 5.0% to 9.0%. As of the end of the Third Quarter, 2020 (the “Quarter”), the Real Estate Portfolio was within the allowable range at 8.1%. 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%	<b>7.0%</b>	9.0%
	Minimum	Target	Maximum
Core Real Estate	50%	<b>65%</b>	80%
Non-Core Real Estate	20%	<b>35%</b>	50%
Non-U.S. Real Estate	0%	<b>0%</b>	30%

- Performance of the Core Portfolio is evaluated over rolling 10-year time periods relative to the NCREIF Fund Index of Open-End Diversified Core Equity funds (“NFI-ODCE”), net of fees. The NFI-ODCE represents the aggregation of twenty-four Core open-end commingled funds invested across the United States.
- In July of 2017, Staff and Townsend recommended revising the Real Estate IPS to reflect transition away from IMAs, including removal of the Core vehicle constraints of 0-60% (30% target) for funds and 40-100% (70% target) for IMAs, which was subsequently approved by the Board.
- In 2018, SCERS’ IMA Program transitioned to a commingled fund manager. Following an extensive bidding, selection and structuring process, Staff and Townsend selected Clarion’s Lion Properties Fund as the recipient for the IMA Portfolio. Given the size of the IMA Portfolio, SCERS reduced concentration risk by allocating funds to an additional manager, Brookfield’s Premier Property Partners, in order to achieve greater diversification within the Core Portfolio. SCERS’ investment in Brookfield Premier Property Fund was funded October 1<sup>st</sup> 2018.
- The loan-to-value ratio of the Private Real Estate Portfolio was 36.0% at the end of the Third Quarter of 2020. The loan-to-value ratio of the Core Portfolio was 30.1%, below the 40.0% leverage constraint for Core as approved by the Board. As a point of reference, the loan-to-value ratio of the NFI-ODCE was 22.7% as of the Third Quarter. The Non-Core Portfolio reported a loan-to-value ratio of 48.7%.

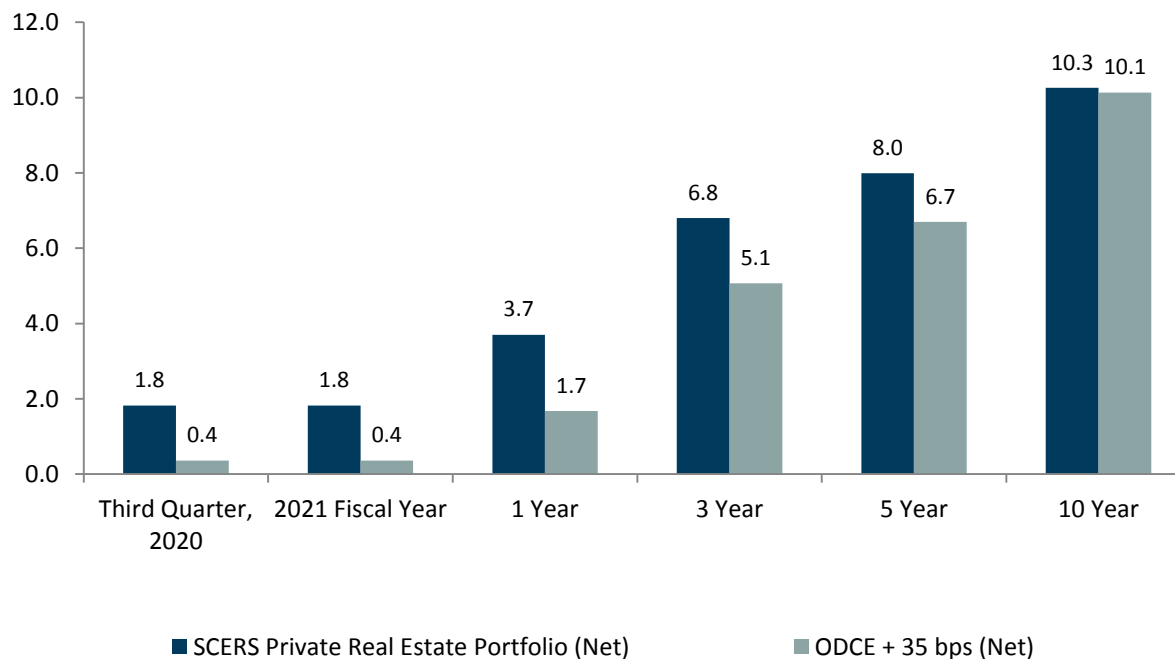
## Portfolio Funding Status

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

<b>SCERS Portfolio Snapshot</b> <i>As of September 30, 2020</i>	<b>Market Value</b> (in millions of dollars)*	<b>% of SCERS Plan</b>
<b>SCERS Total Plan Assets</b>	<b>10,611</b>	<b>100.0%</b>
<b>Private Portfolio Target</b>	<b>743</b>	<b>7.0%</b>
<b>Private Portfolio Permissible Range</b>		<b>5.0-9.0%</b>
<b>Private Real Estate</b>		
Core Portfolio	637	6.0%
Non-Core Portfolio	218	2.1%
<b>Total SCERS Private Real Estate Market Value</b>	<b>854</b>	<b>8.1%</b>
<b>Total SCERS Private Real Estate Unfunded Commitments</b>	<b>185</b>	<b>1.7%</b>

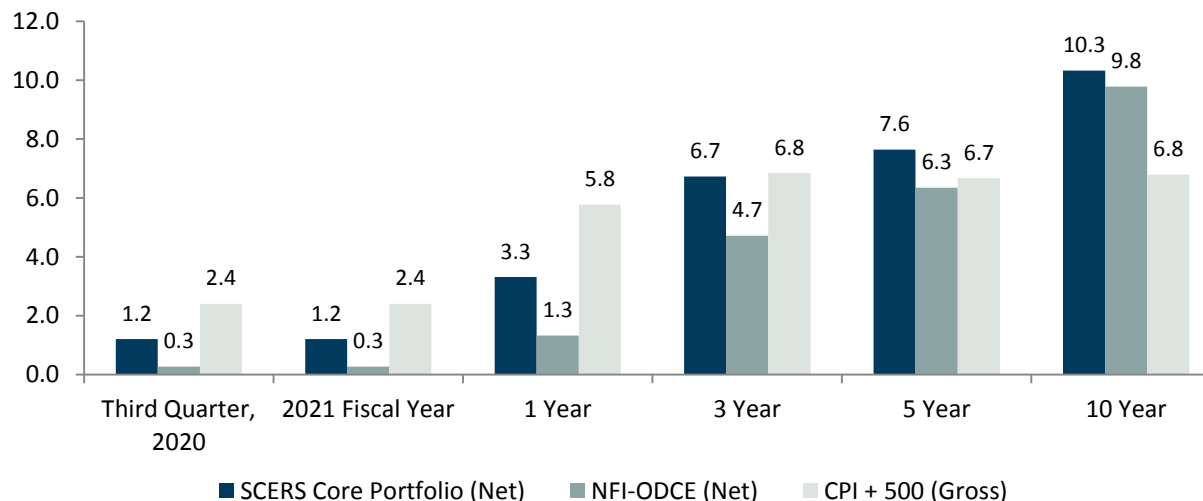
\* Figures may not add due to rounding.

## Private Real Estate Portfolio Performance



- The SCERS Private Real Estate Portfolio includes: (1) Core Real Estate and (2) Non-Core Real Estate.
- The SCERS Private Real Estate Benchmark is comprised of the NFI-ODCE (Core Benchmark, net) (65%) and the NFI-ODCE + 100bps (Non-Core Benchmark, net) (35%), resulting in an NFI-ODCE + 35bps (net) portfolio benchmark.
- The SCERS Total Real Estate Portfolio outperformed the benchmark over all time periods.
- During the Third Quarter of 2020, the SCERS Private Real Estate Portfolio generated significant returns outperforming the benchmark by 150 basis points led by the positive performance of both the Core and the Non-Core portfolios.

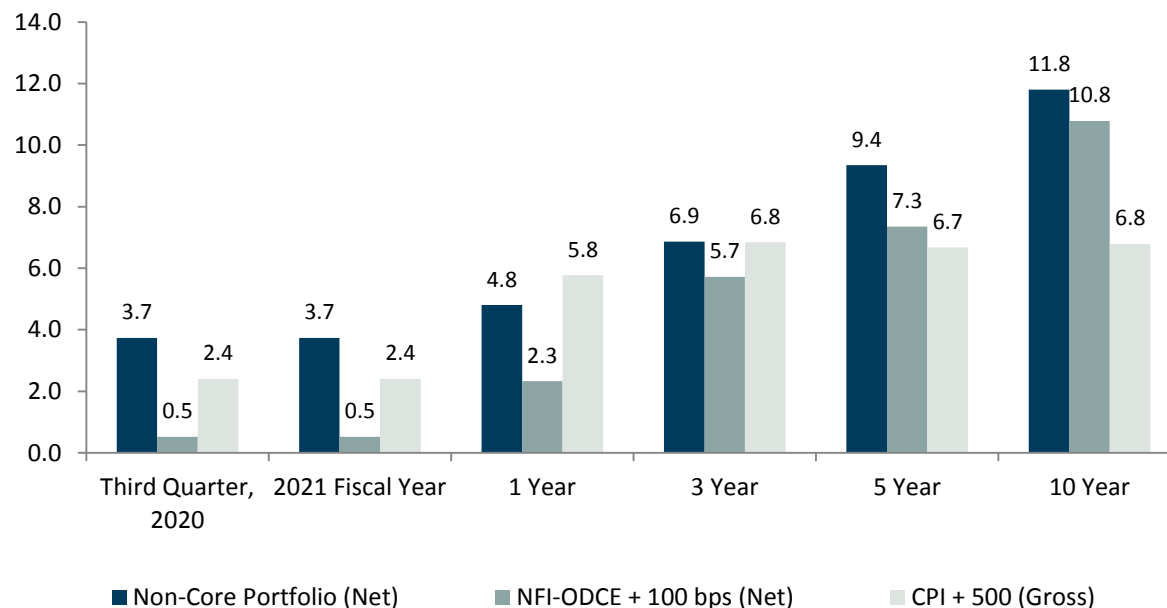
## Core Portfolio Performance



- The SCERS Core Portfolio consists of eight open-end Core Commingled funds. The Core Commingled Fund exposure includes Morgan Stanley’s Prime Property Fund, MetLife Core Property Fund, Principal U.S. Property Account, Prologis Targeted U.S. Logistics Fund, Prologis European Logistics Fund, Townsend Real Estate Fund, Brookfield Premier Real Estate Partners, and Clarion’s Lion Properties Fund.
- Performance of the Core Portfolio is evaluated relative to the NCREIF Fund Index of Open-End Diversified Core Equity funds (“NFI-ODCE”), net of fees. In aggregate, the Core Portfolio outperforms the NFI-ODCE, net of fees, over all displayed time periods.
- During the Quarter, Prologis European Logistics Fund was the strongest absolute performer and largest contributor to the SCERS Core portfolio, generating 7.6% in returns on a net basis.
- The SCERS Core Portfolio performed above the CPI + 500 bps (the SCERS Real Asset benchmark) over the long-term periods but underperformed the CPI + 500 in the short-term.



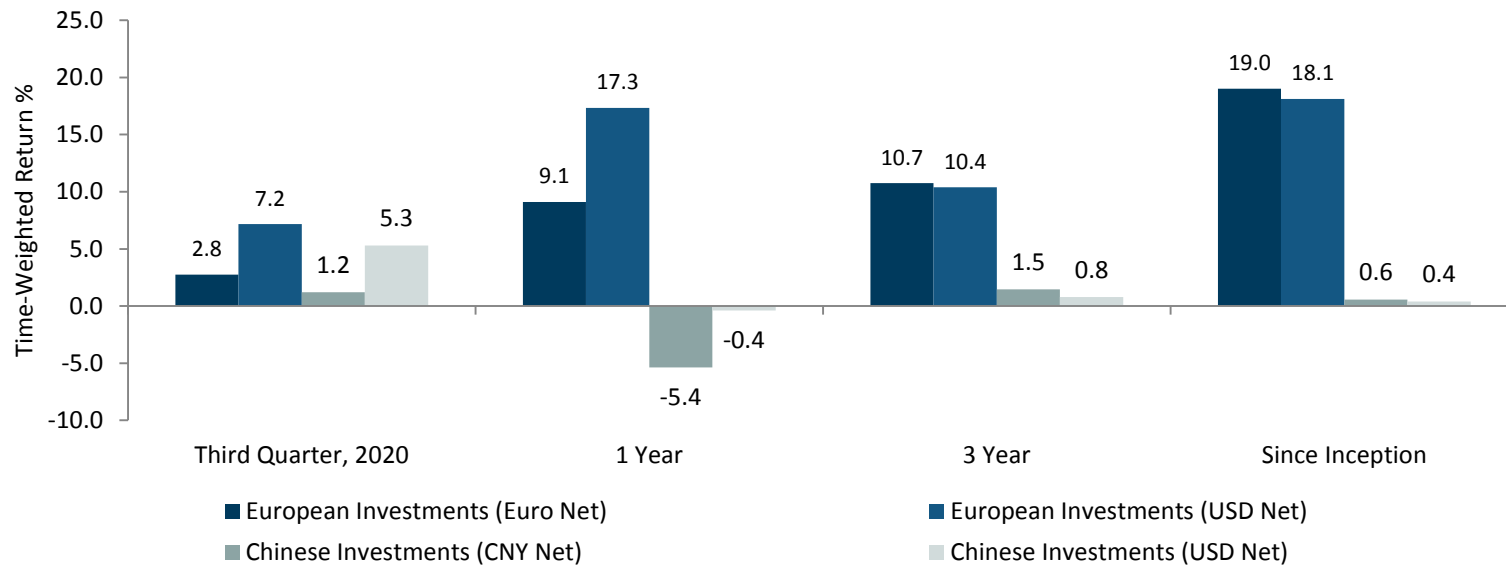
## Non-Core Portfolio Performance



- The SCERS Non-Core Portfolio includes both Value Added and Opportunistic Real Estate strategies, which are defined in the Glossary of Terms.
- The Non-Core Portfolio outperformed the benchmark over all periods.
- During the Third Quarter, the Non-Core portfolio outperformed the benchmark by 320 basis points. NREP Nordic Strategies and NREP Nordic Strategies II drove performance over the quarter, due to a few asset write-ups combined with favorable currency movement.

*\*EX-US funds produced the following 3Q20 net returns in local currency: DRC European Real Estate Debt Fund II (Pound Sterling) 0.9%, ECE European Prime Shopping Centre Fund II (Euro) 0.4%, NREP Nordic Strategies Fund II (Euro) 4.9%, NREP Nordic Strategies Fund III (Euro) 2.5%, Carlyle China Realty Fund (Chinese Yuan) 1.0% and Carlyle's Project Rome (Chinese Yuan) 1.3%.*

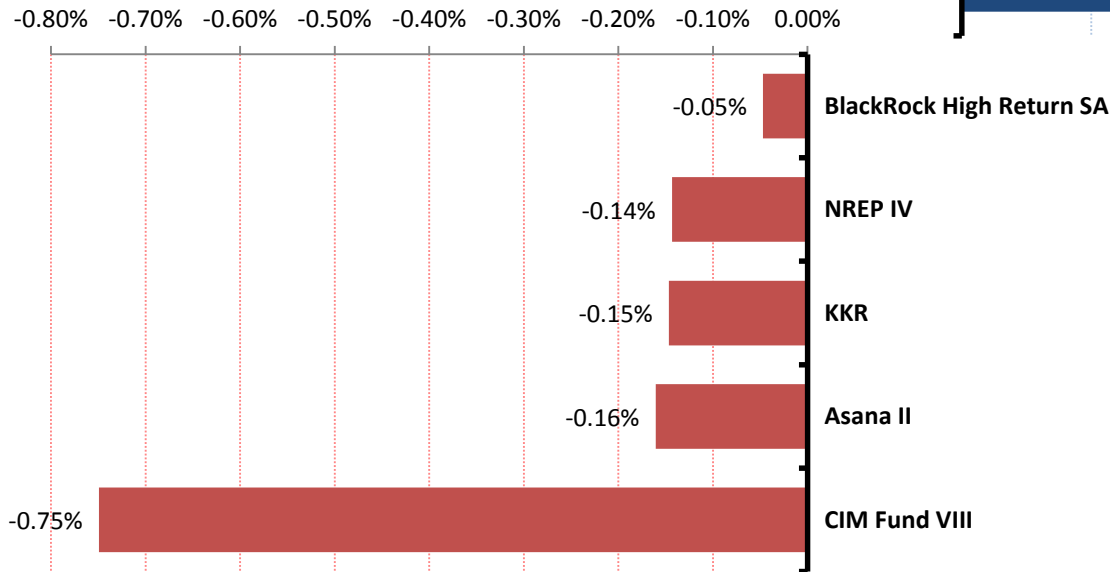
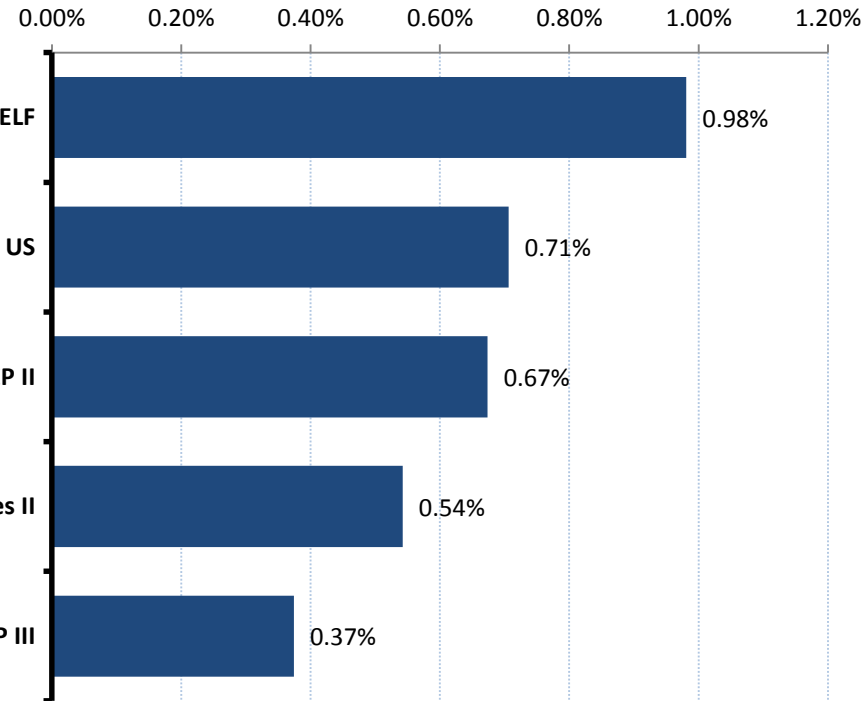
## Ex-US Portfolio Performance



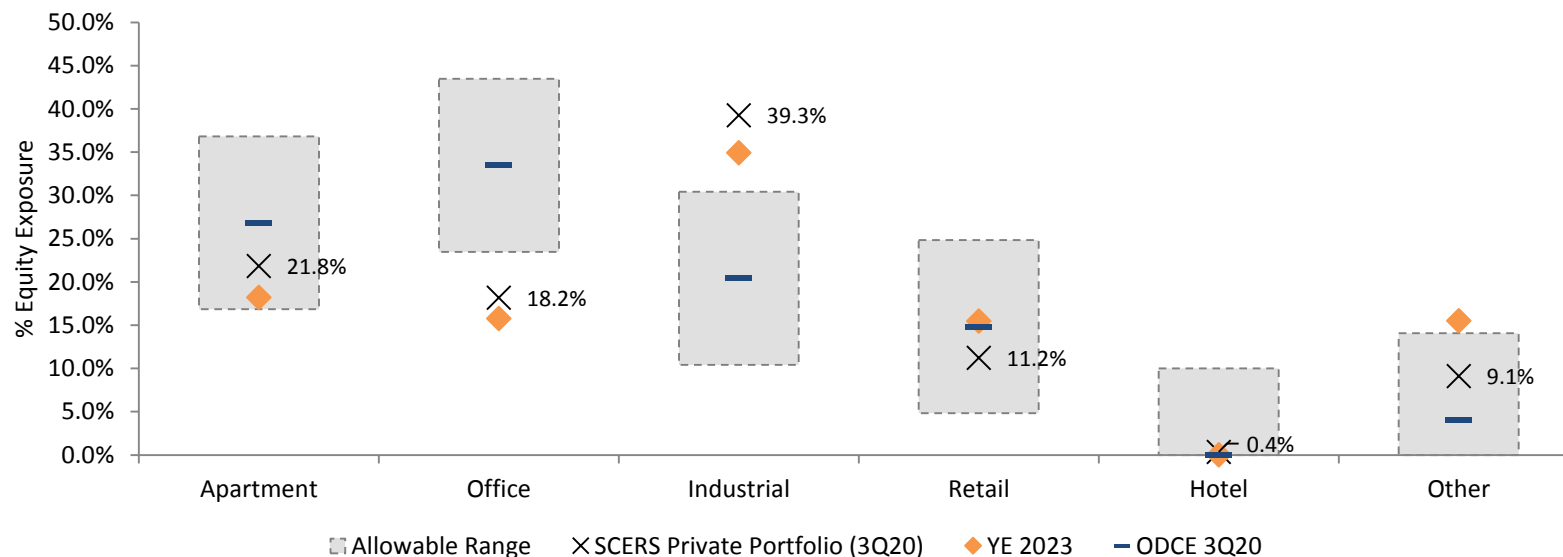
- Approximately 24.8% of the SCERS Portfolio is comprised of Ex-US investments. SCERS does not currently hedge its foreign currency exposures and pays liabilities in US Dollars. As such, FX movement will impact performance for Ex-US investments. The chart above isolates European and Asian investments and displays performance both before and after currency conversion.
- Currency movement has positively impacted foreign investments over recent time periods, including the trailing quarter. However, currency impacts on performance tend to be cyclical in nature.
- The SCERS Euro Denominated Composite includes: ECE European Prime Shopping Center Fund II (Euro) 0.4%, NREP Nordic Strategies Fund (Euro) 7.0%, NREP Nordic Strategies Fund II (Euro) 4.9%, NREP Nordic Strategies Fund III (Euro) 2.5%, NREP Nordic Strategies Fund IV (Euro) -27.2% and Prologis European Logistics Fund (PELF) 3.1%.
  - Since Inception period begins 1Q15.
  - For the purposes of this composite, DRC has been excluded since it is a Pound denominated fund.
- The SCERS Chinese Yuan Composite includes: Carlyle China Realty Fund (Chinese Yuan) 1.0% and Carlyle's Project Rome (Chinese Yuan) 1.3%.
  - Since Inception period begins 3Q17.
  - SCERS' Carlyle investments are USD denominated at the fund level, but property values are exposed to currency translation.

## Performance Attribution

- SCERS total portfolio's positive performance over the 1-year period was primarily driven by Core OECFs as well as Non-Core funds within the Value-Added portfolio.
- Over the trailing year, two OECFs within the SCERS portfolio were in the top contributors to overall portfolio performance. The funds include Prologis Targeted U.S. Logistics Fund and Prologis Targeted Europe Logistics Fund.
- The Value-Added portfolio contributed positively to the performance with NREP Nordic Strategies II contributing the greatest portion of overall returns.
  - Hammes II and NREP III also contributed significantly to the overall returns.
- The negative impacts of the lockdown continued to affect Asana II's performance with the fund reporting significant write-downs in the retail properties.
- Additionally, CIM Fund VIII was affected by significant asset write-downs in relation to the pandemic.
- During the trailing year, NREP IV continued to witness negative net returns as the fund is relatively new and undergoing the J-curve effect.



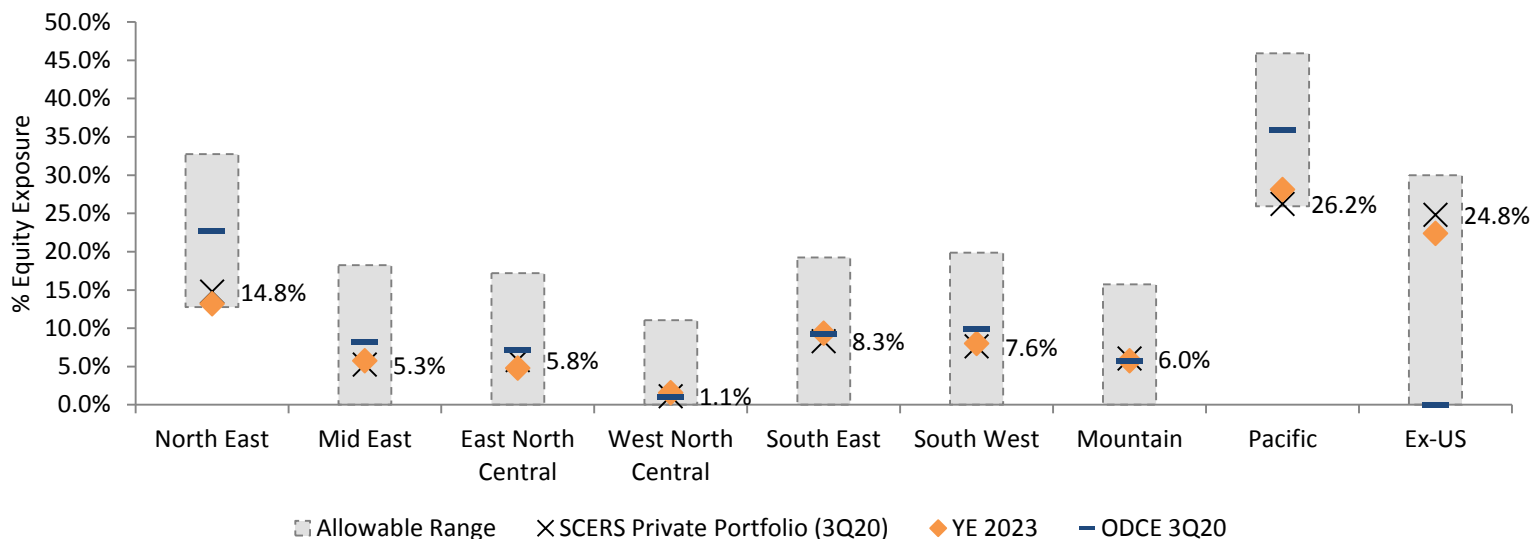
## Real Estate Private Portfolio Diversification – Property Type



- The diversification of the Private Portfolio is compared to the diversification of the NFI-ODCE, with a permissible deviation of  $\pm 10.0\%$  for each property type. The Real Estate Policy also allows for temporary deviations in order to provide SCERS with the flexibility required to overweight or underweight property types during certain parts of the market cycle.
- As of the Third Quarter, office and industrial sectors are outside the ODCE  $\pm 10\%$  range while all other sectors are deviating from the benchmark by less than 10%. Townsend and Staff will continue to monitor the industrial property type fundamentals for opportunities to tactically reduce exposure if secular growth trends moderate. However, Townsend’s current views support an overweight to the industrial sector.
- The “Other” property type exposure represents Sculptor Real Estate Fund III\* (parking, senior housing and cell towers), Sculptor Real Estate Fund IV (parking), KKR Real Estate Partners Americas (senior housing), CIM Fund VIII (condominiums), Hammes Partners II and III (medical office), Townsend Real Estate Fund (senior and student housing), NREP Nordic Strategies Fund II (student housing), NREP Nordic Strategies Fund III (senior living and land) and Prime Property Fund (self storage).

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

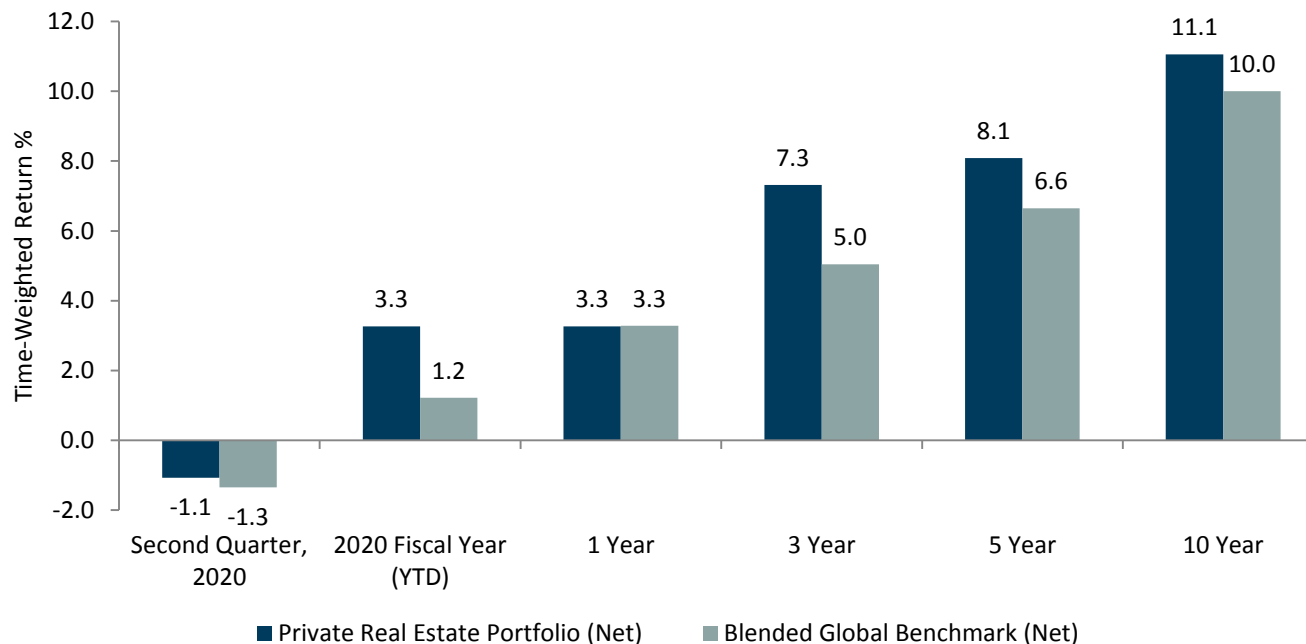
## Real Estate Private Portfolio Diversification – Geographic Region



- The diversification of the Private Portfolio is compared to the diversification of the NFI-ODCE, with a permissible deviation of  $\pm 10.0\%$  for each region. Ex-US exposure is limited to 30.0% of the Total Private Portfolio.
- As of the Third Quarter, the Private Portfolio was in compliance across all regions. However, tactical overweight/underweight positions may exist over time.
- The Private Portfolio's international exposure is 24.8%, well within its 30% constraint, and will remain similar as Sculptor Real Estate Fund III\* and IV, NREP Nordic Strategies Fund III and IV continue to call capital and purchase assets in Europe while older vintage funds liquidate
- Ex-US exposure consists of 4.23% in China, 3.71% in Denmark, 2.25% in Finland, 2.58% in Germany, 2.04% in France, 2.39% in Sweden, 1.23% in Netherlands, 1.50% in Poland, 1.32% in the UK, 1.47% in Spain and 2.08% in other countries.

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

## Private Real Estate Performance – Global Ancillary Benchmark (2Q20)



- The Global Ancillary Benchmark is made-up of the NFI-ODCE (Core), NFI-ODCE + 100bps (Non-Core), GREFI Europe Core, GREFI Europe Non-Core, and GREFI Non-Core Asia Pacific to create a global blended benchmark based on weighted average invested capital for each strategy.
- GREFI reports on a 12 week lag. As a result, the ancillary benchmark will be reported on a quarterly lag to SCERS.
- The Private Portfolio's international exposure is 24.8%, 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 or matched its secondary benchmark over all time periods.

## Exhibit A: Performance Flash Report



Portfolio Composition (\$)								
Total Plan Assets	Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
10,611,367,220	Core	7.0%	636,639,226	6.0%	0	0.0%	106,156,479	1.0%
	Non-Core	0.00% - 5.00%	217,559,760	2.1%	184,985,189	1.7%	-163,789,187	-1.5%
	<b>Total</b>	<b>7.0%</b>	<b>854,198,986</b>	<b>8.0%</b>	<b>184,985,189</b>	<b>1.7%</b>	<b>-57,632,707</b>	<b>-0.5%</b>

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Portfolio (Commingled Funds & Separate Accounts)	1.4	1.2	4.0	3.3	7.7	6.7	8.7	7.6
Non-Core Portfolio (Value Added & Opportunistic, 1Q2007 Forward)	4.5	3.7	9.3	4.8	10.9	6.9	12.8	9.4
Private Real Estate Portfolio	2.2	1.8	5.3	3.7	8.5	6.8	9.6	8.0
NFI-ODCE (Core)	0.5	0.3	2.2	1.3	5.7	4.7	7.3	6.3
NFI-ODCE + 100 bps (Non-Core)	0.7	0.5	3.2	2.3	6.7	5.7	8.3	7.3
NFI-ODCE + 35 bps (Private Portfolio)	0.6	0.4	2.6	1.7	6.0	5.1	7.7	6.7

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
<b>Core Commingled Funds</b>								
Brookfield Premier Real Estate Partners	2018	100,000,000	100,000,000	0	7,400,534	102,788,149	12.0	9.9
Lion Properties Fund	2018	152,400,000	154,544,151	0	49,214,385	117,611,168	13.8	11.3
MetLife Core Property Fund	2013	35,000,000	49,064,966	0	14,673,916	63,365,433	7.4	6.1
Prime Property Fund	2013	35,000,000	48,977,741	0	31,206,908	46,549,447	5.4	4.5
Principal U.S. Property Account	2015	35,000,000	35,000,000	0	0	48,050,463	5.6	4.6
Prologis European Logistics Fund <sup>1</sup>	2016	47,950,142	49,151,023	0	6,060,276	58,876,528	6.9	5.7
Prologis Targeted U.S. Logistics Fund	2015	50,000,000	50,000,000	0	9,675,638	79,507,301	9.3	7.7
Townsend Real Estate Fund, L.P.	2016	90,000,000	105,853,803	0	15,853,803	119,889,309	14.0	11.5
<b>Core Commingled Funds</b>	<b>1986</b>	<b>545,350,142</b>	<b>592,591,684</b>	<b>0</b>	<b>134,085,460</b>	<b>636,637,798</b>	<b>74.5</b>	<b>61.3</b>
<b>Core Separate Accounts</b>								
BlackRock Core Separate Account	1995	0	852,777,064	0	1,220,329,105	1,428	0.0	0.0
Cornerstone Separate Account	2004	0	255,784,314	0	349,986,002	0	0.0	0.0
<b>Core Separate Accounts</b>	<b>1996</b>	<b>0</b>	<b>1,108,561,378</b>	<b>0</b>	<b>1,570,315,107</b>	<b>1,428</b>	<b>0.0</b>	<b>0.0</b>
<i>Total BlackRock Separate Account</i>	<i>1996</i>	<i>0</i>	<i>1,023,189,152</i>	<i>0</i>	<i>1,466,587,545</i>	<i>67,659</i>	<i>0.0</i>	<i>0.0</i>
<b>Total Core Portfolio</b>	<b>1986</b>	<b>545,350,142</b>	<b>1,701,153,062</b>	<b>0</b>	<b>1,704,400,567</b>	<b>636,639,226</b>	<b>74.5</b>	<b>61.3</b>
<b>Value Added Portfolio</b>								
Allegis Value Trust	2006	25,000,000	25,550,296	0	31,389,008	0	0.0	0.0
Asana Partners Fund II <sup>3</sup>	2019	35,000,000	8,050,000	26,950,000	0	6,097,733	0.7	3.2
DRC European Real Estate Debt Fund II <sup>3</sup>	2013	50,007,963	47,627,074	9,418,337	42,576,239	9,678,495	1.1	1.8
ECE European Prime Shopping Centre Fund II C <sup>3</sup>	2015	33,611,623	30,047,515	5,197,412	2,675,825	34,690,310	4.1	3.8
Hammes Partners II	2015	25,000,000	27,206,803	1,004,460	34,742,385	7,885,855	0.9	0.9
Hammes Partners III	2018	25,000,000	6,255,842	24,869,158	829,481	5,062,478	0.6	2.9
NREP Nordic Strategies Fund <sup>3</sup>	2014	16,808,040	22,485,011	0	31,752,473	7,352,840	0.9	0.7
NREP Nordic Strategies Fund II <sup>3</sup>	2016	35,176,432	27,678,997	8,633,212	9,819,075	31,109,790	3.6	3.8
NREP Nordic Strategies Fund III <sup>3</sup>	2018	27,302,400	15,494,959	21,318,949	0	17,962,951	2.1	3.8



Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
NREP Nordic Strategies Fund IV <sup>3</sup>	2019	35,449,208	2,414,957	35,292,441	0	1,162,032	0.1	3.5
<b>Value Added Portfolio</b>	<b>1986</b>	<b>308,355,666</b>	<b>212,811,454</b>	<b>132,683,969</b>	<b>153,784,486</b>	<b>121,002,484</b>	<b>14.2</b>	<b>24.4</b>
<b>Opportunistic Portfolio</b>								
BlackRock High Return Separate Account	2016	0	19,810,607	0	29,900,000	66,311	0.0	0.0
Carlyle China Project Rome Co-Investment	2017	40,000,000	37,397,663	4,416,111	0	36,325,307	4.3	3.9
Carlyle China Realty	2017	10,000,000	10,376,516	1,102,889	2,342,232	8,188,160	1.0	0.9
CIM Fund VIII <sup>2</sup>	2015	35,000,000	38,180,631	520,647	6,689,489	32,677,721	3.8	3.2
KKR Real Estate Partners Americas <sup>3</sup>	2014	22,720,638	29,843,367	4,221,077	33,794,213	4,946,990	0.6	0.9
Sculptor Real Estate Fund III <sup>2,3</sup>	2014	35,000,000	25,359,569	14,131,601	25,889,317	12,133,991	1.4	2.5
Sculptor Real Estate Fund IV	2020	30,000,000	3,436,067	27,908,895	980,109	2,218,796	0.3	2.9
<b>Opportunistic Portfolio</b>	<b>1991</b>	<b>172,720,638</b>	<b>164,404,420</b>	<b>52,301,220</b>	<b>99,595,360</b>	<b>96,557,276</b>	<b>11.3</b>	<b>14.3</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>2007</b>	<b>481,076,304</b>	<b>377,215,874</b>	<b>184,985,189</b>	<b>253,379,846</b>	<b>217,559,760</b>	<b>25.5</b>	<b>38.7</b>
<b>Total Private Portfolio</b>								
<b>SCERS</b>	<b>1986</b>	<b>1,026,426,446</b>	<b>2,078,368,936</b>	<b>184,985,189</b>	<b>1,957,780,413</b>	<b>854,198,986</b>	<b>100.0</b>	<b>100.0</b>

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

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

<sup>3</sup> Preliminary data.

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2021				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
<b>Core Commingled Funds</b>																	
Brookfield Premier Real Estate Partners	102,788,149	1.1	-1.6	-0.5	-0.7	1.1	-1.6	-0.5	-0.7	3.0	-0.8	2.3	2.1				
Lion Properties Fund	117,611,168	0.9	-0.2	0.7	0.5	0.9	-0.2	0.7	0.5	3.6	-1.3	2.2	1.4				
MetLife Core Property Fund	63,365,433	1.1	-1.4	-0.3	-0.4	1.1	-1.4	-0.3	-0.4	4.4	-2.6	1.7	1.2	4.9	1.5	6.4	5.9
Prime Property Fund	46,549,447	0.9	0.4	1.3	1.1	0.9	0.4	1.3	1.1	3.5	-1.2	2.2	1.3	3.8	2.5	6.4	5.3
Principal U.S. Property Account	48,050,463	1.0	-0.7	0.3	0.0	1.0	-0.7	0.3	0.0	4.2	-2.9	1.2	0.2	4.4	1.5	5.9	4.9
Prologis European Logistics Fund <sup>4</sup>	58,876,528	1.4	6.7	8.0	7.6	1.4	6.7	8.0	7.6	5.4	11.8	17.6	16.3	5.7	8.4	14.5	12.4
Prologis Targeted U.S. Logistics Fund	79,507,301	1.1	2.5	3.6	3.2	1.1	2.5	3.6	3.2	4.4	4.6	9.1	8.1	4.7	10.6	15.7	13.7
Townsend Real Estate Fund, L.P.	119,889,309	0.5	0.3	0.8	0.8	0.5	0.3	0.8	0.8	3.5	-1.7	1.7	1.5	4.0	2.2	6.3	6.0
<b>Core Commingled Funds</b>	<b>636,637,798</b>	<b>1.0</b>	<b>0.5</b>	<b>1.4</b>	<b>1.2</b>	<b>1.0</b>	<b>0.5</b>	<b>1.4</b>	<b>1.2</b>	<b>3.8</b>	<b>0.2</b>	<b>4.0</b>	<b>3.3</b>	<b>4.2</b>	<b>4.1</b>	<b>8.4</b>	<b>7.4</b>
<b>Core Separate Accounts</b>																	
BlackRock Core Separate Account	1,428																
Cornerstone Separate Account	0																
<b>Core Separate Accounts<sup>5</sup></b>	<b>1,428</b>					<b>-1.5</b>	<b>0.0</b>	<b>-1.5</b>	<b>-1.5</b>	<b>1.7</b>	<b>0.0</b>	<b>1.7</b>	<b>1.7</b>	<b>5.5</b>	<b>7.2</b>	<b>12.8</b>	<b>12.5</b>
<i>Total BlackRock Separate Account</i>	<i>67,659</i>																
<b>Total Core Portfolio</b>	<b>636,639,226</b>	<b>1.0</b>	<b>0.5</b>	<b>1.4</b>	<b>1.2</b>	<b>1.0</b>	<b>0.5</b>	<b>1.4</b>	<b>1.2</b>	<b>3.8</b>	<b>0.2</b>	<b>4.0</b>	<b>3.3</b>	<b>4.2</b>	<b>3.5</b>	<b>7.7</b>	<b>6.7</b>
<b>Value Added Portfolio</b>																	
Allegis Value Trust	0																
Asana Partners Fund II <sup>3</sup>	6,097,733	0.1	-2.3	-2.2	-4.2	0.1	-2.3	-2.2	-4.2	-11.1	-26.3	-35.4	-48.9				
DRC European Real Estate Debt Fund II <sup>3</sup>	9,678,495	1.2	4.2	5.4	5.2	1.2	4.2	5.4	5.2	4.9	4.9	10.1	9.5	7.2	-1.4	5.7	4.7
ECE European Prime Shopping Centre Fund II C <sup>3</sup>	34,690,310	1.0	4.3	5.3	4.8	1.0	4.3	5.3	4.8	7.1	7.5	14.9	12.6	3.9	6.1	10.1	7.7
Hammes Partners II	7,885,855	1.4	1.3	2.7	1.9	1.4	1.3	2.7	1.9	10.8	23.2	35.2	31.2	9.2	22.2	32.7	27.3
Hammes Partners III	5,062,478	3.2	2.3	5.5	3.4	3.2	2.3	5.5	3.4	9.5	11.6	21.9	3.6				
NREP Nordic Strategies Fund <sup>2</sup>	7,352,840	0.8	11.1	12.0	11.6	0.8	11.1	12.0	11.6	2.8	42.1	45.8	39.1	4.0	13.4	17.7	7.4
NREP Nordic Strategies Fund II <sup>3</sup>	31,109,790	-0.5	10.8	10.2	9.4	-0.5	10.8	10.2	9.4	-1.0	35.2	34.0	20.8	-0.2	21.3	21.1	14.1
NREP Nordic Strategies Fund III <sup>3</sup>	17,962,951	-0.4	8.7	8.3	7.0	-0.4	8.7	8.3	7.0	-5.4	43.1	36.4	26.8				
NREP Nordic Strategies Fund IV <sup>3</sup>	1,162,032	-2.8	-2.6	-5.3	-26.9	-2.8	-2.6	-5.3	-26.9								
<b>Value Added Portfolio</b>	<b>121,002,484</b>	<b>0.4</b>	<b>6.3</b>	<b>6.8</b>	<b>5.7</b>	<b>0.4</b>	<b>6.3</b>	<b>6.8</b>	<b>5.7</b>	<b>3.0</b>	<b>22.0</b>	<b>25.3</b>	<b>17.1</b>	<b>3.6</b>	<b>11.8</b>	<b>15.7</b>	<b>9.3</b>
<b>Opportunistic Portfolio</b>																	
BlackRock High Return Separate Account	66,311																
Carlyle China Project Rome Co-Investment	36,325,307	0.0	5.7	5.6	5.4	0.0	5.7	5.6	5.4	-0.2	-0.8	-1.1	-2.2	-1.2	3.5	2.3	-0.2
Carlyle China Realty	8,188,160	-0.1	5.7	5.6	5.1	-0.1	5.7	5.6	5.1	10.0	-0.2	9.6	7.6	2.9	3.6	6.7	4.1
CIM Fund VIII <sup>3</sup>	32,677,721	0.0	-2.7	-2.7	-3.0	0.0	-2.7	-2.7	-3.0	0.1	-15.7	-15.6	-16.7	0.0	-0.5	-0.5	-1.7
KKR Real Estate Partners Americas <sup>3</sup>	4,946,990	-12.1	6.1	-6.0	-5.2	-12.1	6.1	-6.0	-5.2	6.1	-36.1	-27.2	-20.9	12.9	-19.7	-6.7	-3.8
Sculptor Real Estate Fund III <sup>4,5</sup>	12,133,991	2.8	1.7	4.5	4.2	2.8	1.7	4.5	4.2	9.3	1.3	10.7	9.2	10.3	12.1	23.3	20.4
Sculptor Real Estate Fund IV	2,218,796	-1.6	-0.9	-2.5	-11.8	-1.6	-0.9	-2.5	-11.8								
<b>Opportunistic Portfolio</b>	<b>96,557,276</b>	<b>-0.3</b>	<b>2.1</b>	<b>1.8</b>	<b>1.4</b>	<b>-0.3</b>	<b>2.1</b>	<b>1.8</b>	<b>1.4</b>	<b>1.9</b>	<b>-7.9</b>	<b>-6.2</b>	<b>-7.3</b>	<b>2.5</b>	<b>3.1</b>	<b>5.6</b>	<b>3.8</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>217,559,760</b>	<b>0.1</b>	<b>4.4</b>	<b>4.5</b>	<b>3.7</b>	<b>0.1</b>	<b>4.4</b>	<b>4.5</b>	<b>3.7</b>	<b>2.5</b>	<b>6.8</b>	<b>9.3</b>	<b>4.8</b>	<b>3.0</b>	<b>7.7</b>	<b>10.9</b>	<b>6.9</b>
<b>Total Private Portfolio</b>																	
<b>SCERS</b>	<b>854,198,986</b>	<b>0.7</b>	<b>1.4</b>	<b>2.2</b>	<b>1.8</b>	<b>0.7</b>	<b>1.4</b>	<b>2.2</b>	<b>1.8</b>	<b>3.5</b>	<b>1.7</b>	<b>5.3</b>	<b>3.7</b>	<b>3.9</b>	<b>4.5</b>	<b>8.5</b>	<b>6.8</b>

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2021				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
<b>Ex-US Dollar Denominated Investments (In Local Currency)</b>																	
Prologis Targeted Europe Logistics Fund (Euro) <sup>1</sup>	€ 50,233,454	1.3	2.3	3.6	3.1	1.3	2.3	3.6	3.1	5.3	4.0	9.4	8.2	5.7	8.6	14.7	12.7
DRC European Real Estate Debt Fund II (Pound Sterling) <sup>2</sup>	£7,489,219	1.1	0.0	1.1	0.9	1.1	0.0	1.1	0.9	4.9	0.0	4.9	4.3	7.2	0.0	7.2	6.2
ECE European Prime Shopping Centre Fund II (Euro) <sup>3</sup>	€ 29,597,772	0.9	0.0	0.9	0.4	0.9	0.0	0.9	0.4	7.0	-0.3	6.6	4.4	3.9	6.3	10.3	7.9
NREP Nordic Strategies Fund (Euro) <sup>3</sup>	€ 6,273,443	1.1	6.2	7.3	7.0	1.1	6.2	7.3	7.0	3.1	32.5	36.3	30.1	4.1	14.0	18.5	8.2
NREP Nordic Strategies Fund II (Euro) <sup>3</sup>	€ 26,542,872	-0.5	6.2	5.7	4.9	-0.5	6.2	5.7	4.9	-1.0	25.7	24.6	12.3	-0.2	21.7	21.6	14.5
NREP Nordic Strategies Fund III (Euro) <sup>3</sup>	€ 15,325,990	-0.6	4.3	3.8	2.5	-0.6	4.3	3.8	2.5	-6.5	22.5	15.3	-5.9				
NREP Nordic Strategies Fund IV (Euro) <sup>3</sup>	€ 991,446	0.0	1.6	1.5	1.3	0.0	1.6	1.5	1.3								
<b>Indices</b>																	
NFI ODCE+ 35bps				0.6	0.4			0.6	0.4			2.6	1.7			6.0	5.1
NFI-ODCE		0.9	-0.5	0.5	0.3	0.9	-0.5	0.5	0.3	4.1	-1.8	2.2	1.3	4.2	1.4	5.7	4.7
NFI-ODCE + 100bps				0.7	0.5			0.7	0.5			3.2	2.3			6.7	5.7
CPI + 500 bps				2.4				2.4				5.8				6.8	

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

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

<sup>3</sup> Preliminary data.

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

Returns (%)	Market Value (\$)	5 Year				10 Year				Inception				TWR Calculation Inception	Net IRR	Equity Multiple
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET <sup>4</sup>			
<b>Core Commingled Funds</b>																
Brookfield Premier Real Estate Partners	102,788,149									2.8	3.3	6.1	5.1	4Q18	5.1	1.1
Lion Properties Fund	117,611,168									3.8	0.9	4.7	3.9	4Q18	4.4	1.1
MetLife Core Property Fund	63,365,433	4.9	2.6	7.6	7.1					5.0	4.8	9.9	9.4	1Q14	9.4	1.6
Prime Property Fund	46,549,447	4.0	4.0	8.1	7.0					4.1	6.0	10.3	9.1	4Q13	9.1	1.6
Principal U.S. Property Account	48,050,463	4.6	2.9	7.6	6.5					4.6	2.9	7.6	6.5	4Q15	6.5	1.4
Prologis European Logistics Fund <sup>4</sup>	58,876,528									5.7	8.4	14.5	12.4	4Q17	12.3	1.3
Prologis Targeted U.S. Logistics Fund	79,507,301	5.1	11.9	17.5	15.1					5.2	11.7	17.3	15.0	3Q15	15.2	1.8
Townsend Real Estate Fund, L.P.	119,889,309									4.2	3.7	8.0	7.7	2Q16	7.3	1.3
<b>Core Commingled Funds</b>	<b>636,637,798</b>	<b>4.4</b>	<b>5.2</b>	<b>9.7</b>	<b>8.6</b>	<b>4.7</b>	<b>6.8</b>	<b>11.7</b>	<b>10.6</b>	<b>4.5</b>	<b>3.3</b>	<b>7.9</b>	<b>7.0</b>	<b>4Q86</b>	<b>6.5</b>	<b>1.3</b>
<b>Core Separate Accounts</b>																
BlackRock Core Separate Account	1,428													1Q96	9.9	1.4
Cornerstone Separate Account	0													3Q04	5.6	1.4
<b>Core Separate Accounts<sup>5</sup></b>	<b>1,428</b>	<b>5.3</b>	<b>5.9</b>	<b>11.4</b>	<b>10.6</b>	<b>5.5</b>	<b>7.2</b>	<b>12.9</b>	<b>11.9</b>	<b>7.0</b>	<b>3.4</b>	<b>10.5</b>	<b>9.3</b>	<b>1Q96</b>	<b>8.8</b>	<b>1.4</b>
<i>Total BlackRock Separate Account</i>	<i>67,659</i>													<i>1Q96</i>	<i>9.7</i>	<i>1.4</i>
<b>Total Core Portfolio</b>	<b>636,639,226</b>	<b>4.5</b>	<b>4.2</b>	<b>8.7</b>	<b>7.6</b>	<b>5.0</b>	<b>6.3</b>	<b>11.5</b>	<b>10.3</b>	<b>5.4</b>	<b>2.0</b>	<b>7.5</b>	<b>6.5</b>	<b>4Q86</b>	<b>8.2</b>	<b>1.4</b>
<b>Value Added Portfolio</b>																
Allegis Value Trust	0													1Q07	2.5	1.2
Asana Partners Fund II <sup>3</sup>	6,097,733									-11.1	-26.3	-35.4	-48.9	4Q19	-44.3	0.8
DRC European Real Estate Debt Fund II <sup>3</sup>	9,678,495	9.6	-4.1	5.3	4.2					9.3	-4.2	4.9	3.3	1Q14	3.5	1.1
ECE European Prime Shopping Centre Fund II C <sup>3</sup>	34,690,310	1.9	13.7	15.9	13.3					1.9	13.7	15.9	13.3	4Q15	10.6	1.2
Hammes Partners II	7,885,855	11.0	13.7	25.8	20.4					10.2	15.7	27.1	21.2	3Q15	21.5	1.6
Hammes Partners III	5,062,478									7.4	12.2	20.3	-14.0	1Q19	-6.7	0.9
NREP Nordic Strategies Fund <sup>3</sup>	7,352,840	6.5	16.3	23.5	16.4					8.0	18.2	27.2	20.3	1Q15	24.1	1.7
NREP Nordic Strategies Fund II <sup>3</sup>	31,109,790									1.9	22.6	24.8	14.7	3Q16	14.8	1.5
NREP Nordic Strategies Fund III <sup>3</sup>	17,962,951									-6.4	22.5	15.4	-5.7	4Q18	12.9	1.2
NREP Nordic Strategies Fund IV <sup>3</sup>	1,162,032									-28.2	-20.0	-42.9	-111.8	1Q20	-84.6	0.5
<b>Value Added Portfolio</b>	<b>121,002,484</b>	<b>5.8</b>	<b>10.2</b>	<b>16.4</b>	<b>11.6</b>	<b>6.5</b>	<b>9.8</b>	<b>16.7</b>	<b>13.3</b>	<b>2.0</b>	<b>4.3</b>	<b>6.4</b>	<b>4.9</b>	<b>4Q86</b>	<b>5.6</b>	<b>1.2</b>
<b>Opportunistic Portfolio</b>																
BlackRock High Return Separate Account	66,311													3Q16	18.4	1.5
Carlyle China Project Rome Co-Investment	36,325,307									-1.1	3.3	2.1	-0.4	3Q17	-1.3	1.0
Carlyle China Realty	8,188,160									2.8	3.1	6.0	3.2	3Q17	0.7	1.0
CIM Fund VIII <sup>3</sup>	32,677,721	0.0	3.2	3.1	1.4					0.1	4.8	4.8	2.9	2Q15	0.9	1.0
KKR Real Estate Partners Americas <sup>3</sup>	4,946,990	12.6	-12.4	0.5	1.5					14.7	-12.1	3.1	3.3	2Q14	12.4	1.3
Sculptor Real Estate Fund III <sup>4,5</sup>	12,133,991	10.2	14.4	25.7	21.1					13.8	13.0	28.1	12.0	4Q14	22.0	1.5
Sculptor Real Estate Fund IV	2,218,796									-1.6	-0.9	-2.5	-11.8	3Q20	-19.8	0.9
<b>Opportunistic Portfolio</b>	<b>96,557,276</b>	<b>3.4</b>	<b>5.2</b>	<b>8.7</b>	<b>6.4</b>	<b>5.5</b>	<b>12.0</b>	<b>18.7</b>	<b>14.1</b>	<b>2.0</b>	<b>7.1</b>	<b>9.4</b>	<b>7.5</b>	<b>1Q91</b>	<b>11.8</b>	<b>1.3</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>217,559,760</b>	<b>4.8</b>	<b>7.7</b>	<b>12.8</b>	<b>9.4</b>	<b>5.8</b>	<b>9.1</b>	<b>15.3</b>	<b>11.8</b>	<b>4.4</b>	<b>5.3</b>	<b>9.8</b>	<b>5.6</b>	<b>1Q07</b>	<b>6.8</b>	<b>1.2</b>
<b>Total Private Portfolio</b>																
SCERS	854,198,986	4.4	5.0	9.6	8.0	4.7	6.7	11.7	10.3	4.3	4.9	9.4	8.4	4Q86	8.3	1.4

Returns (%)	Market Value (\$)	5 Year				10 Year				Inception				TWR Calculation Inception	Net IRR	Equity Multiple				
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET <sup>4</sup>							
<b>Ex-US Dollar Denominated Investments (In Local Currency)</b>																				
Prologis Targeted Europe Logistics Fund (Euro) <sup>1</sup>	€ 50,233,454													5.0	7.2	12.4	10.7	1Q16	12.3	1.3
DRC European Real Estate Debt Fund II (Pound Sterling) <sup>2</sup>	£7,489,219	9.7	-0.9	8.7	7.6									9.4	-0.6	8.8	7.1	1Q14	7.6	1.2
ECE European Prime Shopping Centre Fund II (Euro) <sup>3</sup>	€ 29,597,772	1.8	12.6	14.9	12.4									1.8	12.6	14.9	12.4	4Q15	9.0	1.2
NREP Nordic Strategies Fund (Euro) <sup>3</sup>	€ 6,273,443	6.6	15.3	22.6	15.6									8.1	18.9	28.1	21.2	1Q15	25.6	1.8
NREP Nordic Strategies Fund II (Euro) <sup>3</sup>	€ 26,542,872													1.9	20.9	23.1	13.2	3Q16	14.2	1.5
NREP Nordic Strategies Fund III (Euro) <sup>3</sup>	€ 15,325,990													-6.5	22.5	15.3	-5.9	4Q18	9.0	1.1
NREP Nordic Strategies Fund IV (Euro) <sup>3</sup>	€ 991,446													-26.6	-18.3	-40.0	-116.1	1Q20	-71.5	0.6
<b>Indices</b>																				
NFI ODCE+ 35bps				7.7	6.7				11.2	10.1						7.5	6.5	4Q86		
NFI-ODCE		4.3	2.9	7.3	6.3	4.8	5.8	10.8	9.8					6.7	0.5	7.2	6.1	4Q86		
NFI-ODCE + 100bps				8.3	7.3				11.8	10.8						8.2	7.1	4Q86		
CPI + 500 bps				6.7					6.8							7.7		4Q86		

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

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

<sup>3</sup> Preliminary data.

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

Returns (%)	Market Value (\$)	2020		Fiscal Year 2021		2019		2018		2017		2016		2015		2014	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core Commingled Funds</b>																	
Brookfield Premier Real Estate Partners	102,788,149	-0.5	-0.1	-0.5	-0.7	10.6	8.5	2.3	1.9								
Lion Properties Fund	117,611,168	0.2	-0.4	0.7	0.5	7.3	6.4	2.0	1.8								
MetLife Core Property Fund	63,365,433	-0.4	-0.8	-0.3	-0.4	8.6	8.1	7.8	7.3	8.4	7.9	9.3	8.8	16.9	16.3	17.4	16.9
Prime Property Fund	46,549,447	0.4	-0.2	1.3	1.1	7.4	6.2	9.1	8.0	9.9	8.7	10.4	9.2	15.9	14.6	15.5	14.1
Principal U.S. Property Account	48,050,463	-0.3	-1.1	0.3	0.0	7.0	6.0	9.1	8.1	9.1	8.1	10.0	9.0	3.0	2.8		
Prologis European Logistics Fund <sup>1</sup>	58,876,528	8.9	8.4	8.0	7.6	13.5	11.1	13.6	10.8	30.4	28.5	2.8	2.4				
Prologis Targeted U.S. Logistics Fund	79,507,301	4.0	3.7	3.6	3.2	19.4	16.8	18.5	16.1	24.2	20.3	16.1	14.2	9.1	7.9		
Townsend Real Estate Fund, L.P.	119,889,309	0.1	-0.1	0.8	0.8	7.6	7.3	9.0	8.8	11.0	10.8	8.4	8.2				
<b>Core Commingled Funds</b>	<b>636,637,798</b>	<b>1.2</b>	<b>0.9</b>	<b>1.4</b>	<b>1.2</b>	<b>9.5</b>	<b>8.3</b>	<b>10.9</b>	<b>9.7</b>	<b>14.2</b>	<b>12.8</b>	<b>9.8</b>	<b>8.9</b>	<b>15.7</b>	<b>14.1</b>	<b>13.5</b>	<b>12.4</b>
<b>Core Separate Accounts</b>																	
BlackRock Core Separate Account	1,428					8.6	8.6	15.8	14.9	9.1	7.5	11.3	9.3	15.3	13.9	16.3	12.5
Cornerstone Separate Account	0							-8.4	-8.8	21.5	20.8	14.0	13.3	2.4	1.6	14.0	13.2
<b>Core Separate Accounts</b>	<b>1,428</b>					<b>6.0</b>	<b>6.0</b>	<b>28.5</b>	<b>27.7</b>	<b>12.8</b>	<b>11.6</b>	<b>10.0</b>	<b>8.6</b>	<b>7.7</b>	<b>6.6</b>	<b>16.0</b>	<b>13.5</b>
<i>Total BlackRock Separate Account</i>	<i>67,659</i>					<i>17.7</i>	<i>16.5</i>	<i>10.6</i>	<i>7.2</i>	<i>10.6</i>	<i>9.0</i>	<i>8.6</i>	<i>7.0</i>	<i>10.7</i>	<i>9.4</i>	<i>17.0</i>	<i>13.6</i>
<b>Total Core Portfolio</b>	<b>636,639,226</b>	<b>1.2</b>	<b>0.8</b>	<b>1.4</b>	<b>1.2</b>	<b>9.8</b>	<b>8.5</b>	<b>8.6</b>	<b>7.4</b>	<b>13.6</b>	<b>12.3</b>	<b>9.8</b>	<b>8.5</b>	<b>10.4</b>	<b>9.2</b>	<b>15.3</b>	<b>13.2</b>
<b>Value Added Portfolio</b>																	
Allegis Value Trust	0							-22.6	-22.8	8.2	7.8	9.9	9.4	8.6	8.0	10.8	10.2
Asana Partners Fund II <sup>3</sup>	6,097,733	-41.9	-49.7	-2.2	-4.2	11.1	1.5										
DRC European Real Estate Debt Fund II <sup>3</sup>	9,678,495	2.2	1.5	5.4	5.2	12.0	11.1	-0.6	-1.7	23.8	22.3	-7.8	-8.9	5.0	3.0	1.4	-2.1
ECE European Prime Shopping Centre Fund II C <sup>2</sup>	34,690,310	3.9	2.7	5.3	4.8	2.2	0.0	15.1	12.8	24.7	21.5	22.1	19.7	12.1	11.0		
Hammes Partners II	7,885,855	10.5	7.5	2.7	1.9	59.2	55.9	27.9	19.6	12.7	10.0	16.2	10.4	19.4	12.9		
Hammes Partners III	5,062,478	11.5	1.5	5.5	3.4	23.9	-24.4										
NREP Nordic Strategies Fund <sup>3</sup>	7,352,840	19.6	17.7	12.0	11.6	23.0	-4.2	0.8	0.1	41.2	40.1	23.1	21.7	55.1	50.8		
NREP Nordic Strategies Fund II <sup>3</sup>	31,109,790	15.4	12.5	10.2	9.4	20.9	9.8	17.0	12.3	44.9	34.4	8.6	-3.8				
NREP Nordic Strategies Fund III <sup>3</sup>	17,962,951	15.1	9.9	8.3	7.0	19.0	-5.5	-2.8	-14.4								
NREP Nordic Strategies Fund IV <sup>3</sup>	1,162,032	-42.9	-111.8	-5.3	-26.9												
<b>Value Added Portfolio</b>	<b>121,002,484</b>	<b>8.3</b>	<b>4.7</b>	<b>6.8</b>	<b>5.7</b>	<b>22.1</b>	<b>11.5</b>	<b>10.5</b>	<b>6.3</b>	<b>24.9</b>	<b>22.3</b>	<b>9.5</b>	<b>7.0</b>	<b>19.1</b>	<b>17.0</b>	<b>15.7</b>	<b>13.7</b>

Returns (%)	Market Value (\$)	2020		Fiscal Year 2021		2019		2018		2017		2016		2015		2014	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Opportunistic Portfolio</b>																	
BlackRock High Return Separate Account	66,311							17.0	14.4	24.0	21.7	6.3	6.3				
Carlyle China Project Rome Co-Investment	36,325,307	-2.3	-3.2	5.6	5.4	7.2	5.8	-2.5	-7.1	4.7	3.6						
Carlyle China Realty	8,188,160	-1.8	-3.2	5.6	5.1	18.1	15.7	1.6	-1.4	2.7	0.2						
CIM Fund VIII <sup>2</sup>	32,677,721	-13.9	-14.7	-2.7	-3.0	2.0	0.9	9.4	8.0	8.4	6.7	6.4	4.0	16.9	13.8		
KKR Real Estate Partners Americas <sup>3</sup>	4,946,990	-30.5	-23.8	-6.0	-5.2	6.8	6.4	8.6	9.0	11.9	10.4	6.8	5.8	15.7	11.4	7.4	6.1
Sculptor Real Estate Fund III <sup>2,3</sup>	12,133,991	7.9	6.8	4.5	4.2	15.9	13.6	29.7	25.7	43.3	38.2	30.0	22.2	33.7	6.9	9.4	-28.3
Sculptor Real Estate Fund IV	2,218,796	-2.5	-11.8	-2.5	-11.8	15.9	13.6	29.7	25.7	43.3	38.2	30.0	22.2	33.7	6.9	9.4	-28.3
<b>Opportunistic Portfolio</b>	<b>96,557,276</b>	<b>-7.2</b>	<b>-8.1</b>	<b>1.8</b>	<b>1.4</b>	<b>8.5</b>	<b>7.1</b>	<b>11.1</b>	<b>8.7</b>	<b>16.9</b>	<b>14.2</b>	<b>10.2</b>	<b>7.6</b>	<b>23.1</b>	<b>12.7</b>	<b>32.6</b>	<b>25.2</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>217,559,760</b>	<b>0.7</b>	<b>-1.5</b>	<b>4.5</b>	<b>3.7</b>	<b>15.6</b>	<b>10.2</b>	<b>10.8</b>	<b>7.7</b>	<b>21.1</b>	<b>18.4</b>	<b>9.9</b>	<b>7.4</b>	<b>19.7</b>	<b>15.3</b>	<b>18.9</b>	<b>15.9</b>
<b>Total Private Portfolio</b>																	
<b>SCERS</b>	<b>854,198,986</b>	<b>1.1</b>	<b>0.3</b>	<b>2.2</b>	<b>1.8</b>	<b>11.0</b>	<b>8.7</b>	<b>9.2</b>	<b>7.5</b>	<b>15.4</b>	<b>13.8</b>	<b>9.8</b>	<b>8.2</b>	<b>12.2</b>	<b>10.5</b>	<b>15.8</b>	<b>13.5</b>
<b>Indices</b>																	
NFI-ODCE + 35 bps		0.1	-0.5	0.6	0.4	5.7	4.7	8.7	7.7	8.0	7.0	9.1	8.1	15.4	14.3	12.8	11.8
NFI-ODCE		-0.1	-0.7	0.5	0.3	5.3	4.4	8.3	7.4	7.6	6.7	8.8	7.8	15.0	14.0	12.5	11.5
NFI-ODCE + 100 bps		0.6	0.0	0.7	0.5	6.3	5.4	9.3	8.4	8.6	7.7	9.8	8.8	16.0	15.0	13.5	12.5
CPI + 500 bps		4.4		2.4		7.4		7.0		7.2		7.2		5.7		5.7	

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

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

<sup>3</sup> Preliminary data.

Returns (%)	Market Value (\$)	2013		2012		2011		2010		2009		2008		2007		2006	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core Commingled Funds</b>																	
Brookfield Premier Real Estate Partners	102,788,149																
Lion Properties Fund	117,611,168																
MetLife Core Property Fund	63,365,433																
Prime Property Fund	46,549,447	3.8	3.6														
Principal U.S. Property Account	48,050,463																
Prologis European Logistics Fund <sup>1</sup>	58,876,528																
Prologis Targeted U.S. Logistics Fund	79,507,301																
Townsend Real Estate Fund, L.P.	119,889,309																
<b>Core Commingled Funds</b>	<b>636,637,798</b>	<b>10.2</b>	<b>9.3</b>	<b>11.1</b>	<b>10.1</b>	<b>16.4</b>	<b>15.5</b>	<b>14.1</b>	<b>13.3</b>	<b>-33.0</b>	<b>-33.6</b>	<b>-13.8</b>	<b>-14.6</b>	<b>15.5</b>	<b>14.5</b>	<b>16.9</b>	<b>15.8</b>
<b>Core Separate Accounts</b>																	
BlackRock Core Separate Account	1,428	11.8	9.6	13.5	13.0	17.8	17.4	20.7	19.6	-29.5	-29.1	-13.9	-14.3	21.2	16.8	17.7	13.3
Cornerstone Separate Account	0	11.3	10.5	16.2	15.4	24.9	23.9	21.2	20.2	-31.7	-32.4	-9.4	-10.1	11.9	11.1	11.1	10.2
<b>Core Separate Accounts</b>	<b>1,428</b>	<b>11.0</b>	<b>9.5</b>	<b>14.1</b>	<b>13.5</b>	<b>18.7</b>	<b>18.2</b>	<b>18.6</b>	<b>17.6</b>	<b>-28.5</b>	<b>-28.7</b>	<b>-10.5</b>	<b>-11.1</b>	<b>16.3</b>	<b>13.6</b>	<b>15.2</b>	<b>12.1</b>
<i>Total BlackRock Separate Account</i>	<i>67,659</i>	<i>10.9</i>	<i>9.0</i>	<i>13.1</i>	<i>12.5</i>	<i>16.1</i>	<i>15.7</i>	<i>17.3</i>	<i>16.4</i>	<i>-26.8</i>	<i>-26.7</i>	<i>-11.1</i>	<i>-11.6</i>	<i>18.5</i>	<i>15.0</i>	<i>16.8</i>	<i>13.1</i>
<b>Total Core Portfolio</b>	<b>636,639,226</b>	<b>10.8</b>	<b>9.5</b>	<b>13.3</b>	<b>12.6</b>	<b>18.2</b>	<b>17.6</b>	<b>17.6</b>	<b>16.7</b>	<b>-29.5</b>	<b>-29.8</b>	<b>-11.3</b>	<b>-12.0</b>	<b>16.1</b>	<b>13.8</b>	<b>15.5</b>	<b>12.7</b>
<b>Value Added Portfolio</b>																	
Allegis Value Trust	0	4.7	4.0	21.8	20.9	15.7	14.7	21.6	20.4	-62.2	-62.8	-21.2	-23.9	38.6	28.4		
Asana Partners Fund II <sup>3</sup>	6,097,733																
DRC European Real Estate Debt Fund II <sup>3</sup>	9,678,495																
ECE European Prime Shopping Centre Fund II C <sup>3</sup>	34,690,310																
Hammes Partners II	7,885,855																
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NREP Nordic Strategies Fund <sup>3</sup>	7,352,840																
NREP Nordic Strategies Fund II <sup>3</sup>	31,109,790																
NREP Nordic Strategies Fund III <sup>3</sup>	17,962,951																
NREP Nordic Strategies Fund IV <sup>3</sup>	1,162,032																
<b>Value Added Portfolio</b>	<b>121,002,484</b>	<b>13.3</b>	<b>10.8</b>	<b>19.6</b>	<b>18.1</b>	<b>16.7</b>	<b>14.7</b>	<b>23.2</b>	<b>20.3</b>	<b>-56.4</b>	<b>-57.6</b>	<b>-31.2</b>	<b>-33.5</b>	<b>18.2</b>	<b>5.6</b>	<b>0.8</b>	<b>0.5</b>



Returns (%)	Market Value (\$)	2013		2012		2011		2010		2009		2008		2007		2006	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Opportunistic Portfolio</b>																	
BlackRock High Return Separate Account	66,311																
Carlyle China Project Rome Co-Investment	36,325,307																
Carlyle China Realty	8,188,160																
CIM Fund VIII <sup>2</sup>	32,677,721																
KKR Real Estate Partners Americas <sup>3</sup>	4,946,990																
Sculptor Real Estate Fund III <sup>2,3</sup>	12,133,991																
Sculptor Real Estate Fund IV	2,218,796																
<b>Opportunistic Portfolio</b>	<b>96,557,276</b>	<b>11.7</b>	<b>9.4</b>	<b>54.2</b>	<b>38.5</b>	<b>-10.1</b>	<b>-8.0</b>	<b>42.4</b>	<b>34.2</b>	<b>54.0</b>	<b>43.5</b>	<b>-44.5</b>	<b>-45.4</b>	<b>3.4</b>	<b>2.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>217,559,760</b>	<b>16.7</b>	<b>13.5</b>	<b>34.6</b>	<b>26.9</b>	<b>-0.3</b>	<b>0.4</b>	<b>37.0</b>	<b>30.4</b>	<b>-13.5</b>	<b>-17.8</b>	<b>-33.7</b>	<b>-35.7</b>	<b>18.2</b>	<b>5.6</b>		
<b>Total Private Portfolio</b>																	
<b>SCERS</b>	<b>854,198,986</b>	<b>11.4</b>	<b>9.9</b>	<b>16.4</b>	<b>14.7</b>	<b>14.9</b>	<b>14.5</b>	<b>20.6</b>	<b>18.8</b>	<b>-28.1</b>	<b>-28.8</b>	<b>-12.8</b>	<b>-13.5</b>	<b>15.8</b>	<b>13.4</b>	<b>15.5</b>	<b>12.7</b>
<b>Indices</b>																	
NFI-ODCE + 35 bps		14.3	13.3	11.3	10.1	16.3	15.3	16.7	15.6	-29.4	-30.0	-9.7	-10.3	16.3	15.2	16.7	15.6
NFI-ODCE		13.9	12.9	10.9	9.8	16.0	15.0	16.4	15.3	-29.8	-30.4	-10.0	-10.7	16.0	14.8	16.3	15.3
NFI-ODCE + 100 bps		14.9	13.9	11.9	10.8	17.0	16.0	17.4	16.3	-28.8	-29.4	-9.0	-9.7	17.0	15.8	17.3	16.3
CPI + 500 bps		6.6		6.8		8.2		6.5		8.0		5.0		9.3		7.7	

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

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

<sup>3</sup> Preliminary data.

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
<b>Core Commingled Funds</b>									
Brookfield Premier Real Estate Partners	104,645,253	0	1,124,841	0	1,190,707	257,614	-1,665,355	102,788,149	46.9
Lion Properties Fund	120,406,751	246,592	1,121,892	2,475,000	1,040,265	246,592	-238,956	117,611,168	23.2
MetLife Core Property Fund	63,634,470	618,814	608,950	0	682,098	75,258	-885,741	63,365,433	23.1
Prime Property Fund	56,319,806	556,245	556,245	10,369,633	480,537	117,662	236,400	46,549,447	18.4
Principal U.S. Property Account	48,028,771	0	0	0	490,574	114,974	-353,908	48,050,463	20.4
Prologis European Logistics Fund	55,219,882	0	531,955	0	753,008	256,132	3,691,726	58,876,528	20.7
Prologis Targeted U.S. Logistics Fund	77,589,393	0	589,392	0	878,213	272,835	1,901,921	79,507,301	20.8
Townsend Real Estate Fund, L.P.	118,988,105	0	0	0	613,489	65,777	353,491	119,889,309	36.8
<b>Core Commingled Funds</b>	<b>644,832,431</b>	<b>1,421,651</b>	<b>4,533,275</b>	<b>12,844,633</b>	<b>6,128,891</b>	<b>1,406,844</b>	<b>3,039,578</b>	<b>636,637,798</b>	<b>30.1</b>
<b>Core Separate Accounts</b>									
BlackRock Core Separate Account	224,397	0	218,258	0	-4,711	0	0	1,428	0.0
Cornerstone Separate Account	313,516	0	314,137	0	621	0	0	0	0.0
<b>Core Separate Accounts</b>	<b>537,913</b>	<b>0</b>	<b>532,395</b>	<b>0</b>	<b>-4,090</b>	<b>0</b>	<b>0</b>	<b>1,428</b>	<b>0.0</b>
<i>Total BlackRock Separate Account</i>	<i>697,121</i>	<i>0</i>	<i>618,258</i>	<i>0</i>	<i>-11,124</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
<b>Total Core Portfolio</b>	<b>645,370,344</b>	<b>1,421,651</b>	<b>5,065,670</b>	<b>12,844,633</b>	<b>6,124,801</b>	<b>1,406,844</b>	<b>3,039,578</b>	<b>636,639,226</b>	<b>30.1</b>
<b>Value Added Portfolio</b>									
Allegis Value Trust	79,542	0	0	79,713	171	0	0	0	0.0
Asana Partners Fund II	4,095,499	2,231,250	0	0	7,766	109,375	-127,406	6,097,733	52.9
DRC European Real Estate Debt Fund II	9,201,674	0	0	0	113,354	20,419	383,885	9,678,495	0.0
ECE European Prime Shopping Centre Fund II	31,681,643	1,538,843	23,011	20,406	302,080	157,969	1,369,130	34,690,310	59.2
Hammes Partners II	7,837,964	25,382	96,440	28,365	108,452	62,210	101,072	7,885,855	62.0
Hammes Partners III	5,122,384	0	222,660	9,646	164,948	110,405	117,856	5,062,478	86.5
NREP Nordic Strategies Fund	6,586,683	0	0	0	54,434	22,302	734,026	7,352,840	40.6
NREP Nordic Strategies Fund II	28,426,672	0	0	0	-153,090	230,054	3,066,261	31,109,790	57.0
NREP Nordic Strategies Fund III	16,791,103	0	0	0	-70,532	218,835	1,461,216	17,962,951	49.0
NREP Nordic Strategies Fund IV	-109,382	1,556,078	0	0	-29,534	228,135	-26,995	1,162,032	50.0
<b>Value Added Portfolio</b>	<b>109,713,782</b>	<b>5,351,553</b>	<b>342,111</b>	<b>138,130</b>	<b>498,049</b>	<b>1,159,704</b>	<b>7,079,045</b>	<b>121,002,484</b>	<b>58.0</b>
<b>Opportunistic Portfolio</b>									
BlackRock High Return Separate Account	472,724	0	400,000	0	-6,413	0	0	66,311	0.0
Carlyle China Project Rome Co-Investment	34,478,126	0	0	0	-10,958	100,546	1,958,685	36,325,307	0.0
Carlyle China Realty	7,791,850	0	0	0	-6,798	37,705	440,813	8,188,160	0.0
CIM Fund VIII	33,728,545	117,233	0	142,998	-3,867	117,598	-903,594	32,677,721	41.9
KKR Real Estate Partners Americas	5,217,602	0	0	0	-633,564	-43,907	319,045	4,946,990	78.0
Sculptor Real Estate Fund III	13,094,951	35,925	1,518,441	0	351,505	45,488	215,539	12,133,991	0.0
Sculptor Real Estate Fund IV	730,565	1,620,372	0	0	-18,176	103,689	-10,276	2,218,796	0.0
<b>Opportunistic Portfolio</b>	<b>95,514,363</b>	<b>1,773,530</b>	<b>1,918,441</b>	<b>142,998</b>	<b>-328,271</b>	<b>361,119</b>	<b>2,020,212</b>	<b>96,557,276</b>	<b>28.7</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>205,228,145</b>	<b>7,125,083</b>	<b>2,260,552</b>	<b>281,128</b>	<b>169,778</b>	<b>1,520,823</b>	<b>9,099,257</b>	<b>217,559,760</b>	<b>48.7</b>
<b>Total Private Portfolio</b>									
SCERS	850,598,489	8,546,734	7,326,222	13,125,761	6,294,579	2,927,667	12,138,835	854,198,986	36.0

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Core Commingled Funds</b>						
Brookfield Premier Real Estate Partners	33.5	29.3	37.2	-	-	-
Lion Properties Fund	21.9	35.4	25.2	11.2	-	6.2
MetLife Core Property Fund	31.0	31.4	23.9	11.1	-	2.6
Prime Property Fund	25.9	30.2	24.0	9.8	-	10.1
Principal U.S. Property Account	19.3	38.4	24.0	14.0	-	4.3
Prologis European Logistics Fund	-	-	100.0	-	-	-
Prologis Targeted U.S. Logistics Fund	-	-	100.0	-	-	-
Townsend Real Estate Fund, L.P.	36.3	13.5	24.5	8.1	-	17.6
<b>Core Commingled Funds</b>	<b>22.7</b>	<b>22.1</b>	<b>43.0</b>	<b>6.5</b>	<b>-</b>	<b>5.8</b>
<b>Core Separate Accounts</b>						
BlackRock Core Separate Account	-	-	-	-	-	-
Cornerstone Separate Account	-	-	-	-	-	-
<b>Core Separate Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Total BlackRock Separate Account</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Core Portfolio</b>	<b>21.6</b>	<b>21.5</b>	<b>45.3</b>	<b>6.2</b>	<b>-</b>	<b>5.4</b>
<b>Value Added Portfolio</b>						
Allegis Value Trust	-	-	-	-	-	-
Asana Partners Fund II	-	-	-	100.0	-	-
DRC European Real Estate Debt Fund II	-	48.9	-	51.1	-	-
ECE European Prime Shopping Centre Fund II	-	-	-	100.0	-	-
Hammes Partners II	-	-	-	-	-	100.0
Hammes Partners III	-	-	-	-	-	100.0
NREP Nordic Strategies Fund	98.4	-	-	1.6	-	-
NREP Nordic Strategies Fund II	41.4	1.0	34.3	5.2	-	18.1
NREP Nordic Strategies Fund III	17.5	10.4	30.1	4.7	-	37.3
NREP Nordic Strategies Fund IV	33.5	-	11.0	18.8	21.9	14.9
<b>Value Added Portfolio</b>	<b>19.5</b>	<b>5.7</b>	<b>13.4</b>	<b>40.1</b>	<b>0.2</b>	<b>21.0</b>

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Opportunistic Portfolio</b>						
BlackRock High Return Separate Account	-	-	-	-	-	-
Carlyle China Project Rome Co-Investment	-	-	100.0	-	-	-
Carlyle China Realty	-	-	100.0	-	-	-
CIM Fund VIII	53.1	17.5	1.0	14.6	3.7	10.2
KKR Real Estate Partners Americas	7.5	28.9	-	19.6	22.8	21.2
Sculptor Real Estate Fund III	0.0	3.0	-	1.6	4.2	91.2
Sculptor Real Estate Fund IV	-	9.7	-	-	24.0	66.3
<b>Opportunistic Portfolio</b>	<b>18.8</b>	<b>8.0</b>	<b>47.6</b>	<b>6.3</b>	<b>3.0</b>	<b>16.4</b>
<b>Total Non-Core Portfolio</b>	<b>19.2</b>	<b>6.7</b>	<b>28.4</b>	<b>25.3</b>	<b>1.4</b>	<b>19.0</b>
<b>Total Private Portfolio</b>						
SCERS	21.8	18.2	39.3	11.2	0.4	9.1
<b>Indices</b>						
NFI-ODCE	26.8	33.5	20.4	14.8	-	4.1

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Ex-US
<b>Core Commingled Funds</b>									
Brookfield Premier Real Estate Partners	21.9	6.9	3.4	-	6.2	8.2	10.0	43.5	-
Lion Properties Fund	24.6	7.1	3.5	0.1	7.1	10.2	7.4	39.9	-
MetLife Core Property Fund	10.8	8.2	9.0	2.7	12.5	13.7	11.5	31.4	-
Prime Property Fund	24.5	6.1	9.1	1.0	13.3	8.5	4.9	32.5	-
Principal U.S. Property Account	16.1	8.9	2.7	1.1	9.0	14.5	10.9	36.8	-
Prologis European Logistics Fund	-	-	-	-	-	-	-	-	100.0
Prologis Targeted U.S. Logistics Fund	14.8	4.2	12.6	-	10.5	9.6	5.4	43.0	-
Townsend Real Estate Fund, L.P.	15.5	9.1	9.6	5.0	21.5	10.4	7.7	21.2	-
<b>Core Commingled Funds</b>	<b>16.9</b>	<b>6.6</b>	<b>6.3</b>	<b>1.4</b>	<b>10.6</b>	<b>9.4</b>	<b>7.4</b>	<b>32.0</b>	<b>9.2</b>
<b>Core Separate Accounts</b>									
BlackRock Core Separate Account	-	-	-	-	-	-	-	-	-
Cornerstone Separate Account	-	-	-	-	-	-	-	-	-
<b>Core Separate Accounts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Total BlackRock Separate Account</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Core Portfolio</b>	<b>16.7</b>	<b>6.4</b>	<b>6.3</b>	<b>1.3</b>	<b>10.2</b>	<b>9.3</b>	<b>7.2</b>	<b>32.0</b>	<b>10.7</b>
<b>Value Added Portfolio</b>									
Allegis Value Trust	-	-	-	-	-	-	-	-	-
Asana Partners Fund II	17.8	17.1	-	3.2	28.8	-	2.6	30.4	-
DRC European Real Estate Debt Fund II	-	-	-	-	-	-	-	-	100.0
ECE European Prime Shopping Centre Fund II	-	-	-	-	-	-	-	-	100.0
Hammes Partners II	11.0	13.9	53.8	-	-	13.3	8.0	-	-
Hammes Partners III	32.4	3.6	10.8	5.5	6.7	33.4	7.5	-	-
NREP Nordic Strategies Fund	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund II	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund III	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund IV	-	-	-	-	-	-	-	-	100.0
<b>Value Added Portfolio</b>	<b>5.1</b>	<b>2.5</b>	<b>4.4</b>	<b>0.8</b>	<b>2.8</b>	<b>4.0</b>	<b>1.4</b>	<b>2.2</b>	<b>76.8</b>

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Ex-US
<b>Opportunistic Portfolio</b>									
BlackRock High Return Separate Account	-	-	-	-	-	-	-	-	-
Carlyle China Project Rome Co-Investment	-	-	-	-	-	-	-	-	100.0
Carlyle China Realty	-	-	-	-	-	-	-	-	100.0
CIM Fund VIII	37.4	-	12.8	-	0.6	0.1	8.5	36.8	3.7
KKR Real Estate Partners Americas	2.3	-	2.6	-	15.9	12.9	-	20.5	45.9
Sculptor Real Estate Fund III	17.3	2.8	2.7	0.6	1.1	9.9	0.5	36.3	28.7
Sculptor Real Estate Fund IV	-	-	-	-	0.1	-	-	-	-
<b>Opportunistic Portfolio</b>	<b>15.7</b>	<b>0.4</b>	<b>5.0</b>	<b>0.1</b>	<b>0.9</b>	<b>1.8</b>	<b>3.1</b>	<b>18.7</b>	<b>52.0</b>
<b>Total Non-Core Portfolio</b>	<b>8.4</b>	<b>1.2</b>	<b>4.4</b>	<b>0.3</b>	<b>1.5</b>	<b>2.2</b>	<b>1.9</b>	<b>9.0</b>	<b>71.1</b>
<b>Total Private Portfolio</b>									
<b>SCERS</b>	<b>14.8</b>	<b>5.3</b>	<b>5.8</b>	<b>1.1</b>	<b>8.3</b>	<b>7.6</b>	<b>6.0</b>	<b>26.2</b>	<b>24.8</b>
<b>Indices</b>									
<b>NFI-ODCE</b>	<b>22.8</b>	<b>8.2</b>	<b>7.2</b>	<b>1.1</b>	<b>9.2</b>	<b>9.9</b>	<b>5.7</b>	<b>35.9</b>	<b>-</b>

## Advisory Disclosures and Definitions

### **Disclosure**

Trade Secret and Confidential.

Past performance is not indicative of future results.

Investing involves risk, including the possible loss of principal.

Returns are presented on a time weighted basis and shown both gross and net of underlying third party fees and expenses and may include income, appreciation and/or other earnings. In addition, investment level Net IRR's and equity multiples are reported.

The Townsend Group, on behalf of its client base, collects quarterly limited partner/client level performance data based upon inputs from the underlying investment managers. Data collection is for purposes of calculating investment level performance as well as aggregating and reporting client level total portfolio performance. Quarterly limited partner/client level performance data is collected directly from the investment managers via a secure data collection site.

<sup>1</sup>In select instances where underlying investment managers have ceased reporting limited partner/client level performance data directly to The Townsend Group via a secure data collection site, The Townsend Group may choose to input performance data on behalf of its client based upon the investment managers quarterly capital account statements which are supplied to The Townsend Group and the client alike.

### **Benchmarks**

The potential universe of available real asset benchmarks are infinite. Any one benchmark, or combination thereof, may be utilized on a gross or net of fees basis with or without basis point premiums attached. These benchmarks may also utilize a blended composition with varying weighting methodologies, including market weighted and static weighted approaches.

## Exhibit B: Real Estate Market Update 3Q20





# United States Real Estate Market Update (3Q20)

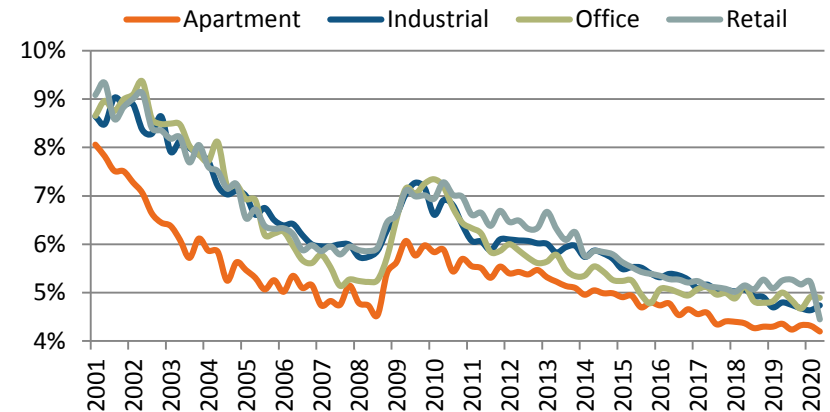
## General

- On March 13<sup>th</sup>, President Trump declared a national emergency. National, state, and local governments across the world implemented stay-at-home orders, which caused a near complete halt of the world economy. governments have dramatically expanded expenditures in order to protect people and businesses from large-scale disruption. In the 3<sup>rd</sup> quarter, equity markets continued to bounce back from the March rout, and the S&P 500 produced a gross total return of 8.9%. The MSCI US REIT index continued to rebound and produced a return of 1.6% but remains down -17.1% YTD.
- The U.S. entered a recession in February; GDP contracted at an annualized rate of -31.4% in the 2<sup>nd</sup> quarter but rebounded and grew at annualized rate 33.1% in the 3<sup>rd</sup> quarter. The unemployment rate peaked in April at 14.7% and has since declined to 8.8% at quarter end. The Federal Reserve has acted aggressively via quantitative easing and rate cuts, thus far financial markets have stabilized. The CARES Act provided \$1.5 trillion of stimulus to the economy. The Bloomberg average forecast has projected that the world economy will shrink by -3.9% in 2020.

## Commercial Real Estate

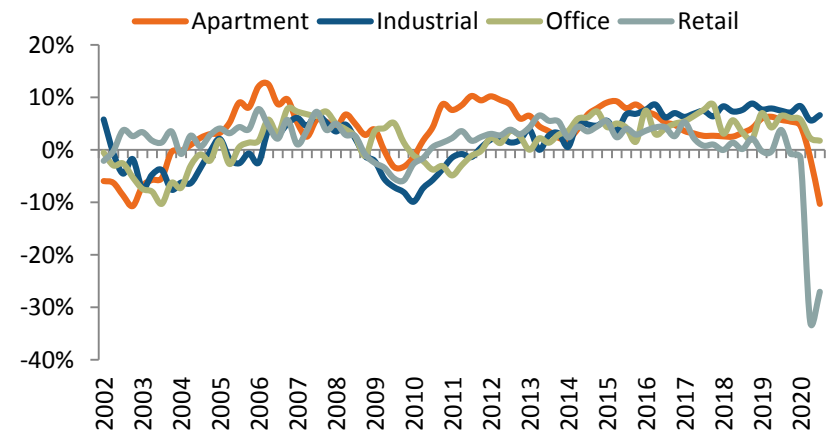
- Shelter in place orders and social distancing have restricted the ability to complete due diligence and acquire assets. Through Q3 2020, transaction volume has declined by 52% YoY. Transactions have primarily occurred in the apartment and industrial sectors.
- Transaction cap rates (4.9%) contracted -76 bps during the quarter. Current valuation cap rates declined for apartments (-42 bps), office (-2 bps), and industrial (-3 bps). A lack of transactions continues to limit evidence to revalue real estate.
- NOI growth has substantially diverged between property sectors due to the impacts of COVID-19. Retail NOI contracted substantially (-27%) as rent collections declined and retailers were shutdown. Apartment NOI contracted (-10%), primarily driven by declines in effective market rents and a nearly 2% increase in vacancy rates YoY. Public market signals have been divergent by property type.
- In the third quarter of 2020, \$26 bn of aggregate capital was raised by real estate funds. There continues to be substantial dry powder, ~\$342 billion, seeking exposure to private real estate.
- 10-year treasury bond yields remained approximately flat 0.7% during the quarter.

Current Value Cap Rates by Property Type



Source: NCREIF

4 Qtr Rolling NOI Growth



Source: NCREIF

# United States Property Matrix (3Q20)

## INDUSTRIAL

- In 3Q20, industrial properties were the highest returning sector at 3.0% and outperformed the NPI by 230 bps.
- Transaction volumes increased to \$16.5 billion in the third quarter of the year, still resulting in a 61.0% year-over-year decrease. Individual asset sales were down 21.1% year-over-year, while portfolio purchases turned in a year-over-year volume decrease of 85.7%. The portfolio transaction volume fell to slightly below mean quarterly transaction volume; the large year-over-year decrease is due to abnormally large transaction volume in the second half of 2019.
- The industrial sector turned in NOI growth of 6.6% over the past year, an increase from the prior periods TTM growth of 5.6% in 2Q20. Market rent growth is expected to decelerate compared to its recent pace, but still remains very strong.
- Vacancy increased by 10 bps year-over-year to 3.5%, still remaining close to all-time historic lows. E-commerce continues to drive demand.
- Industrial cap rates compressed approximately 4 bps from a year ago, to 4.71%. Industrial fundamentals still top all property sectors.

## MULTIFAMILY

- The apartment sector delivered a 0.5% return during the quarter, underperforming the NPI by 20 bps.
- Transaction volume in the third quarter of 2020 rose to \$25.9 billion, still resulting in a decrease of 47.0% year-over-year. This volume continues to make multifamily the most actively traded sector for the thirteenth straight quarter.
- Cap rates decreased to 3.78%, compressing 46 bps year-over-year. Multifamily cap rates continue falling to their lowest in years, driven by continued decrease in NOI.
- The multifamily sector has seen increasing vacancy rates due to the pandemic but continues to hold steady relatively speaking, vacancy has increased 210 bps from a year ago. Various rent concessions have helped managers to maintain tenants through out the pandemic, these concessions will have various impacts on NOI over the next few quarters. The aging millennials have begun shifting their desires to suburban living but continued home price appreciation has deterred the full effect of this migratory trend.

## OFFICE

- The office sector returned 0.3% in 3Q20, 40 bps below the NPI return over the period.
- Transaction volumes decreased by 60.0% year-over-year in Q3. Annual sales volumes equaled \$14.3 billion for the quarter. Single asset transactions accounted for 79% of volume.
- Occupancy growth within the office sector has slowed, decreasing by 118 bps year-over-year. Office continues to be the highest vacancy property type at close to 10.8%.
- NOI growth continued to fall for the office sector to 1.7% in the last year, a decrease of 50 bps and 400 bps from 2Q20 and 1Q20, respectively. Due to work from home orders and rent deferrals/relief, NOI growth is expected to continue being compressed.
- Office cap rates expanded from a year ago to approximately 4.87% in the third quarter, an expansion of just 3 bps. Office-using job growth has been stunted significantly in 2020 due to many work from home orders.

## RETAIL

- As of 3Q20, the retail sector delivered a quarterly return of -0.5%, performing 120 bps below the NPI.
- Transaction volumes totaled \$7.0 billion in the third quarter, falling 56.0% year-over-year. Single asset transactions accounted for just over 90% of all sales volume.
- Cap rates have compressed approximately 61 bps within the sector over the last year, to 4.66%. The current valuation cap rate did expand quarter-over-quarter by 20 bps due to downward valuation adjustments made across the sector in general.
- NOI growth slightly increased though still significantly negative, -27.0% over the last year. This is a 5.7% increase from last quarter. Retail is expected to continue to suffer from the shift towards e-commerce, hesitance of the consumer, and the re-emerging shelter in place orders.
- Retail vacancy rates increased 130 bps over the past year to 8.3%. Many big box stores have closed as the need for retail space shrinks, translating to a negative outlook for rent growth. Paired with the global economic crisis that has had a significant negative impact on this sector.

# Global Real Estate Market Update (3Q20)

- Global investment activity during the third quarter of 2020 was significantly down relative to the same period in 2019, but on par with 2Q20. Although transaction volumes were flat during 3Q20, the sale of development sites increased 42%.
- Rising COVID cases across the world caused lockdowns across major economies resulting in a short but deep recession and affecting all sectors of the real estate industry. Uncertainty about the state of the economy threw some doubts on the future needs for certain property types.

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

\$ US Billions	Q3 2020	Q3 2019	Global Total Commercial Real Estate Volume - 2019 - 2020		% Change	
			Q2 20 - Q2 19	YTD 2020	Q1-Q3 2019	YTD 2020/Q1-Q3 2019
Americas	59	144	-59%	222	370	-40%
EMEA	51	85	-40%	188	232	-19%
Asia Pacific	188	179	5%	533	642	-17%
<b>Total</b>	<b>298</b>	<b>408</b>	<b>-27%</b>	<b>943</b>	<b>1244</b>	<b>-24%</b>

Source: Real Capital Analytics, Inc., Q3' 20

- Investment activity in the Americas witnessed a sharp decline and fell by 42% year-over-year. COVID cases continued to increase in the US, putting plans of fully reopening the economy on hold. However, transaction volume in the US increased 43% relative to 2Q20.
- In the Asia Pacific region, volumes increased year over year but transaction activity was mixed across the region. China, Japan, Hong Kong and Australia saw large drops in volume, while South Korea was flat at 0% year over year growth, likely due to superior efforts in the country to combat COVID-19.
- Although investment activity dropped in the EMEA region, it dropped substantially less than the Americas, with a 19% year over year decline. Germany, the largest market, witnessed only a 7% decline.
- All sectors were impacted by the spread of the pandemic but the hotel and retail sectors were affected the most, and apartment and industrial the least.
- In the office sector, global leasing activity declined by over 50% year-over-year and vacancy rates began to increase in all regions. The declines represent an uncertainty about future office space needs. The US witnessed a 48% decline in leasing activity. Across the main European markets, demand for office space is down 20-30%. In the APAC region, volume decreased 38%.
- The retail sector continued to suffer globally as the shutdowns and social distancing measures of the COVID-19 outbreak posed challenges for operators. Vacancy rates increased as rents and NOI continued to compress. Retailers that were able to adapt their strategy to the digital world witnessed a recovery in sales.
- Despite the multifamily market recording a significant decrease in investments globally, the sector remains the most liquid in commercial real estate highlighting its attractiveness. In the U.S., rents fell more significantly in urban areas (upwards of 10% in some regions), but much less in suburban areas. However, in Europe effective rent rates were stable. In APAC, a resurgence of demand occurred as lock-downs ebbed.
- While the industrial market was affected by short-term headwinds from the recession as transaction volume decreased, valuations have strengthened, with a 20 bps increase in the U.S., and similar increases in Europe. The sector remains resilient despite the slowdown in the construction of industrial properties at the beginning of the year, new development resumed during the second quarter.

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

	2020	2021	2022
<b>Global</b>	<b>-3.9</b>	<b>5.2</b>	<b>3.6</b>
<b>Asia Pacific</b>	<b>-0.6</b>	<b>4.7</b>	<b>4.7</b>
Australia	-3.6	3.0	3.2
China	2.0	8.0	5.4
India	-9.0	8.6	
Japan	-5.4	2.5	1.7
<b>North America</b>	<b>-4.0</b>	<b>3.8</b>	<b>2.9</b>
US	-3.6	3.8	2.9
<b>Middle East</b>	<b>-4.0</b>	<b>3.2</b>	<b>3.5</b>
<b>European Union</b>	<b>-7.7</b>	<b>4.7</b>	<b>3.3</b>
France	-9.4	6.2	3.1
Germany	-5.7	3.9	3.0
UK	-11.0	5.2	4.0

\*Middle East

Source: Bloomberg