



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 18

MEETING DATE: March 20, 2024

SUBJECT: Quarterly Investment Performance Report—Real Estate

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

RECOMMENDATION

Receive and file the performance report on real estate investments for the quarter ended December 31, 2023, 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

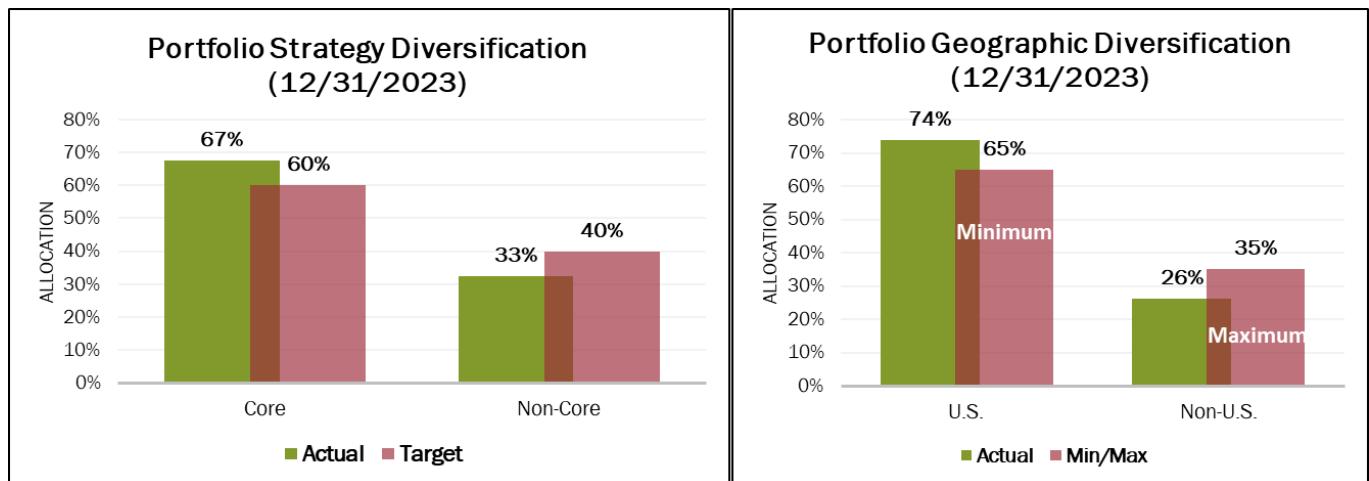
This memorandum provides a summarized table of SCERS' Real Estate period returns, which are provided within Townsend's Quarterly Performance Review, and highlights notable manager performance, along with any recent real estate investments made by SCERS.

SCERS' Real Estate actual invested allocation is 7.1% as of December 31, 2023, under the target allocation of 9% but within the allocation range of 7-11%. SCERS' real estate portfolio allocation is currently underweight non-core and non-U.S. strategies, which is a focus for 2024 commitments.

SCERS REAL ESTATE PERFORMANCE SUMMARY Quarter Reporting Period Ended December 31, 2023

SUB-ASSET CLASS	Quarter 12/31/23	1-Year	3-Year	5-Year	Since Inception	Since Inception Date
SCERS Real Estate Portfolio	-4.0%	-11.3%	5.2%	5.5%	8.1%	Nov-86
(65%) NFI-ODCE + (35%) NFI-ODCE + 1%	-4.9%	-12.4%	4.4%	3.7%	6.3%	Nov-86
Core Portfolio	-4.6%	-12.9%	6.1%	6.1%	7.0%	Nov-86
NFI-ODCE Index	-5.0%	-12.7%	4.0%	3.3%	5.9%	
Non-Core Portfolio	-2.5%	-7.3%	2.5%	3.8%	5.1%	Jun-06
Value Add Portfolio	1.4%	0.6%	9.0%	9.8%	5.3%	Jun-06
Opportunistic	-10.3%	-21.1%	-8.3%	-5.4%	5.9%	May-13
NFI-ODCE + 1% Index	-4.7%	-11.7%	5.0%	4.3%	6.9%	

SCERS PORTFOLIO DIVERSIFICATION



SCERS PORTFOLIO RESULTS

For the quarter ended December 31, 2023, SCERS’ Real Estate portfolio was down -4.0%, performing slightly above the NFI-ODCE blended benchmark return of -4.9%. The Core portfolio return of -4.6% slightly outperformed the NFI-ODCE return of -5%. The Non-Core portfolio return of -2.5% outperformed the NFI-ODCE + 1% benchmark return of -4.7%, with the Value Added sub-strategy return of 1.4% outperforming the Opportunistic sub-strategy return of -10.3%.

SCERS’ Real Estate portfolio’s negative return was driven by the broad write-down of asset values amidst a challenging environment for real estate, with transaction volumes down by 30-50% as rising interest rates and a slowing economy have impacted property values. While SCERS’ Real Estate portfolio’s quarterly and one-year returns were negative and

underperformed the policy benchmark, the portfolio has generated strong returns over the 3-year, 5-year, and 10-year periods, including outperforming the policy benchmark.

Below are notable top and bottom-performing funds during the quarter ended December 31, 2023:

- Top performing funds:
 - Core:
 - Prologis European Logistics Fund: -0.3%
 - Non-Core:
 - NREP Nordic Strategies Fund: +5.0% in U.S. Dollars (0.6% in Euros)
 - ECE European Prime Shopping Centre Fund II: +4.6% in U.S. Dollars (0.2% in Euros)
 - DRC European Real Estate Debt Fund: +4.4% in U.S. Dollars (0% in Euros)

Bottom performing funds:

- Core:
 - MetLife Core Property Fund: -7.3%
 - Prologis Targeted U.S. Logistics Fund: -6.7%
- Non-Core:
 - Carlyle China Realty: -25.3%
 - Carlyle China Project Rome Co-Investment: -25.2%
 - KKR Real Estate Partners Americas: -23.2%

NEW INVESTMENTS

During the quarter ended December 31, 2023, SCERS made the following new commitments:

- None

ATTACHMENTS

- Board Order
- Townsend's Real Estate Portfolio Performance Measurement Report for the Quarter ended December 31, 2023

Prepared by:

/s/

Jim Donohue
Deputy Chief Investment Officer

Reviewed by:

/s/

Steve Davis
Chief Investment Officer

/s/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
March 20, 2024

AGENDA ITEM:

Quarterly Investment Performance Report—Real Estate

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to receive and file the performance report on real estate investments for the quarter ended December 31, 2023, as presented by Townsend Group.

I HEREBY CERTIFY that the above order was passed and adopted on March 20, 2024 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



TOWNSEND[®]
GROUP

an Aon company

Real Estate Portfolio

Performance Measurement Report

FOURTH QUARTER 2023



SCERS

SACRAMENTO COUNTY
EMPLOYEES'
RETIREMENT SYSTEM

SCERS Real Estate Portfolio Overview

- SCERS has a target real estate allocation of 9% with an allowable range of 7.0%-11.0%. As of the end of the fourth quarter, 2023 (the “Quarter”), the Real Estate Portfolio was below the real estate target but within the allowable range at 7.0%. Core Real Estate currently makes up 67.5% of the portfolio, with Non-Core Real Estate making up the remaining 32.5%.

SCERS' Real Estate Portfolio Construction:

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

- Performance of the Core Portfolio is evaluated over rolling 10-year time periods relative to the NCREIF Fund Index of Open-End Diversified Core Equity funds (“NFI-ODCE”), net of fees. The NFI-ODCE represents the aggregation of twenty-fix 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 2018, SCERS’ Core IMA Program transitioned to a commingled fund manager. Following an extensive bidding, selection and structuring process, Staff and Townsend selected Clarion’s Lion Properties Fund as the recipient for the Core IMA Portfolio. Given the size of the Core IMA Portfolio, SCERS reduced concentration risk by allocating funds to an additional manager, Brookfield’s Premier Property Partners, in order to achieve greater diversification within the Core Portfolio. SCERS’ investment in Brookfield Premier Property Fund was funded October 1, 2018.
- The loan-to-value ratio of the Private Real Estate Portfolio was 39.4% at the end of the fourth quarter of 2023. The loan-to-value ratio of the Core Portfolio was 33.3%, 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 26.2% as of the fourth quarter. The Non-Core Portfolio reported a loan-to-value ratio of 49.1%.

Portfolio Funding Status

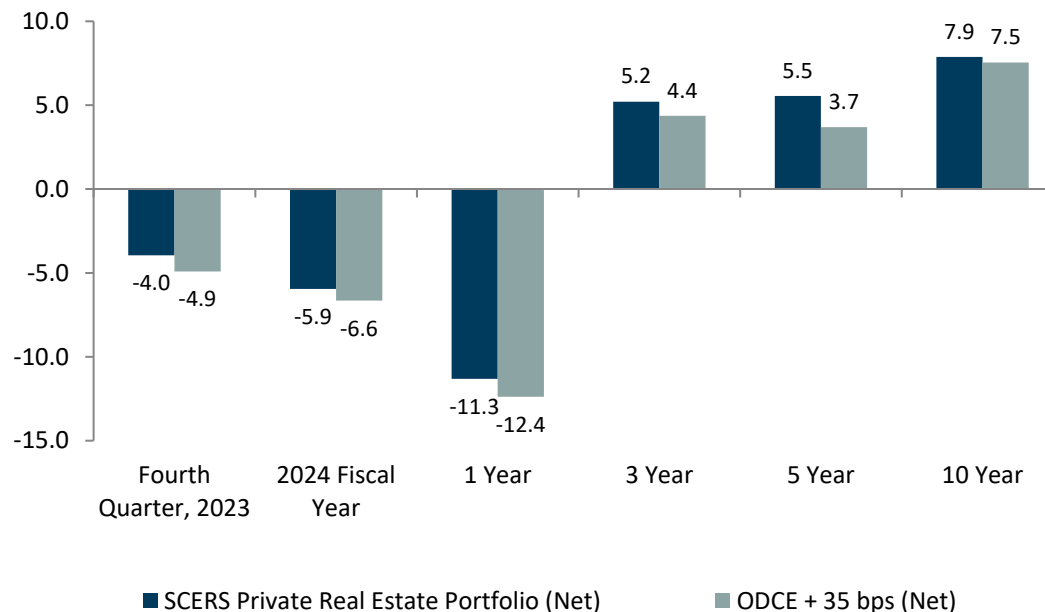
- The following slides provide a review of key information of the SCERS Real Estate Portfolio (the “Portfolio”) through December 31, 2023.
- A detailed performance report is also provided in **Exhibit A**.
- Figures exclude commitments / redemptions / dispositions approved subsequent to Quarter-end and future distributions.
- Unfunded commitments may never be fully drawn.

SCERS Portfolio Snapshot <i>As of December 31, 2023</i>	Market Value (in millions of dollars)*	% of SCERS Plan	% of Real Estate
SCERS Total Plan Assets	12,917	100.0%	
Private Portfolio Target	1,163	9.0%**	
Private Portfolio Permissible Range		7.0-11.0%**	
Private Real Estate			
Core Portfolio	611	4.7%	67.5%
Non-Core Portfolio	295	2.3%	32.5%
Total SCERS Private Real Estate Market Value	906	7.0%	
Total SCERS Private Real Estate Unfunded Commitments	188	1.5%	

• Figures may not add due to rounding

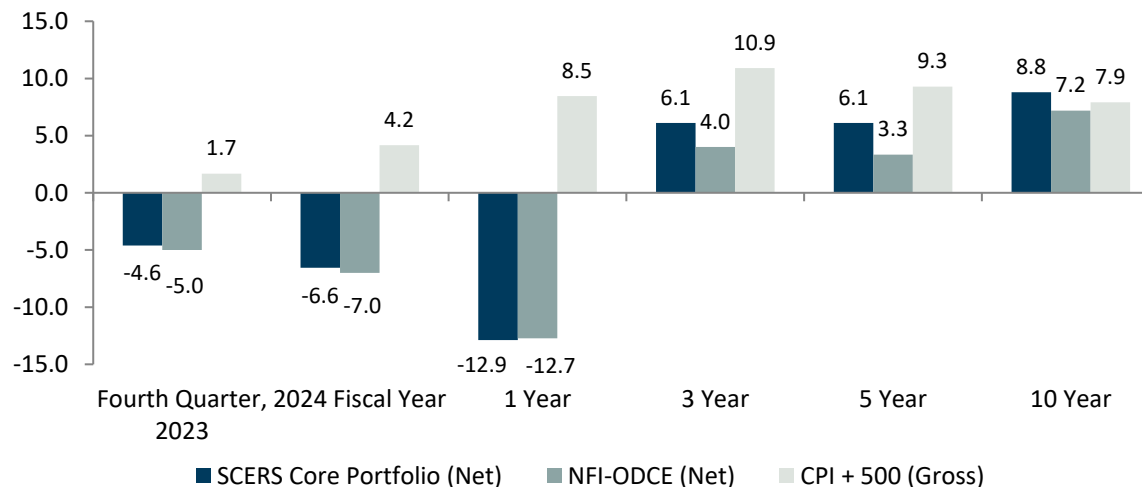
** The 9% Private Portfolio (RE) target and permissible range were approved during the third quarter of 2021

Private Real Estate Performance



- The SCERS Private Real Estate Portfolio includes: (1) Core Real Estate and (2) Non-Core Real Estate.
- The SCERS Private Real Estate Benchmark is comprised of the NFI-ODCE (Core Benchmark, net) (65%) and the NFI-ODCE + 100bps (Non-Core Benchmark, net) (35%), resulting in an NFI-ODCE + 35bps (net) portfolio benchmark.
- Although the SCERS Private Real Estate Portfolio generated negative returns in the fourth quarter of 2023, the SCERS Portfolio outperformed the benchmark by 96 basis points. Outperformance is driven by the Non-Core Portfolio.
- Moreover, the SCERS Total Real Estate Portfolio outperformed the benchmark over all other time periods driven by the robust performance of the Core funds as well as the Non-Core investments.

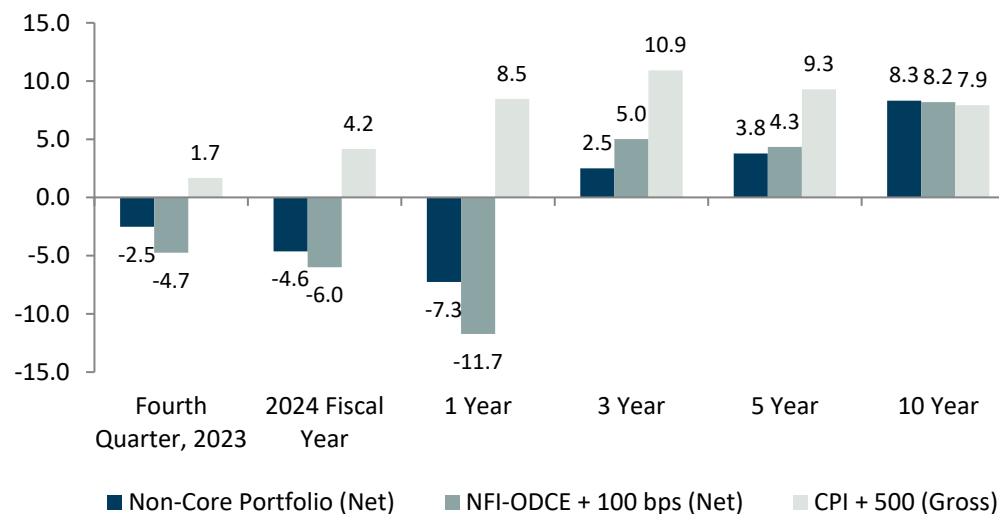
Core Portfolio Performance



- The SCERS Core Portfolio consists of seven open-end Core Commingled funds. The Core Commingled Fund exposure includes, MetLife Core Property Fund, Principal U.S. Property Account, Prologis Targeted U.S. Logistics Fund, Prologis European Logistics Fund, Townsend Real Estate Fund, Brookfield Premier Real Estate Partners, and Clarion’s Lion Properties Fund.
- Performance of the Core Portfolio is evaluated relative to the NCREIF Fund Index of Open-End Diversified Core Equity funds (“NFI-ODCE”), net of fees. In aggregate, the Core Portfolio outperforms the NFI-ODCE, net of fees, over all time periods except for the trailing year. The NFI-ODCE benchmark has been lagging in reflecting the overall market conditions in real estate as appraisers are challenged with valuations because of the lack of transactions.
- During the Quarter, the Core portfolio outperformed the NFI-ODCE by 39 basis points generating -4.6% in net returns as the Core open-end fund managers continue to write-down their assets in response to the higher interest rate environment.
- A partial redemption payment was received from the Townsend Real Estate Fund in the fourth quarter.

*EX-US funds produced the following 4Q23 net returns in local currency: Prologis European Logistics Fund (Euro) (-4.5%).

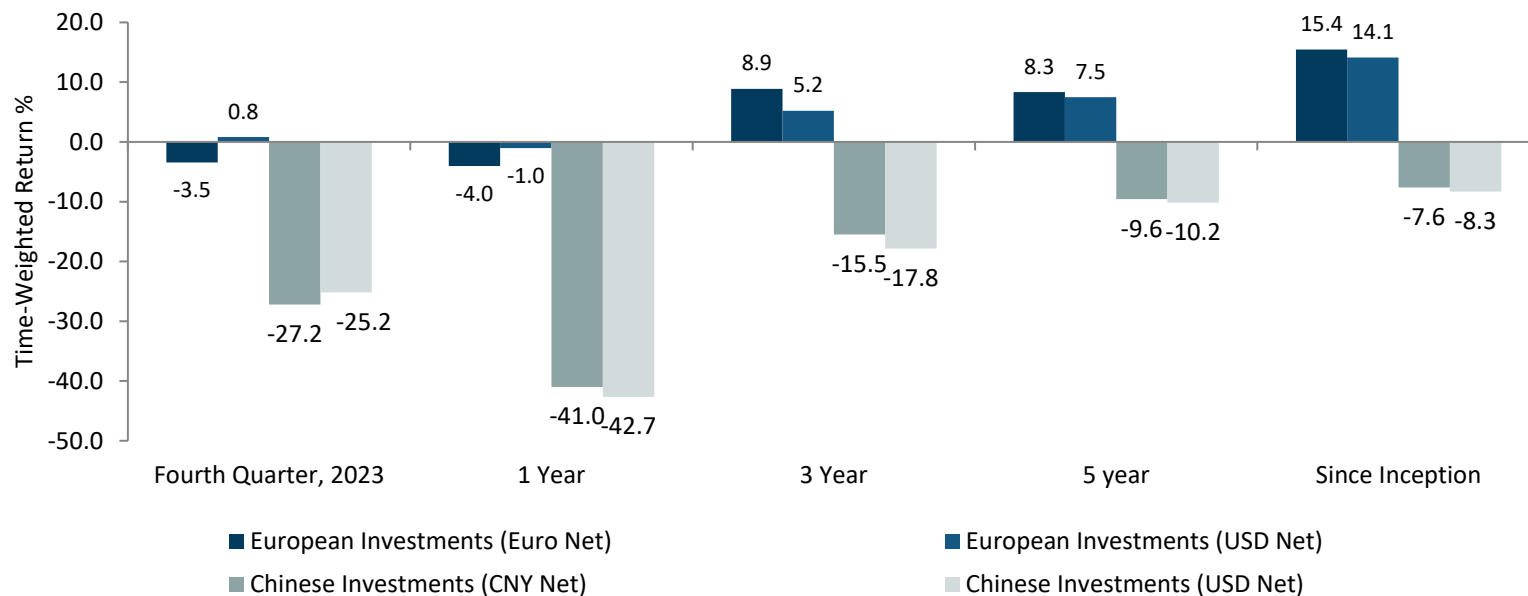
Non-Core Portfolio Performance



- 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 time periods except for the 3-year and 5-year periods.
- During the quarter, the Non-Core Portfolio outperformed the benchmark by 248 basis points recording net returns of -2.5%. The outperformance is attributed to the strong performance of the Value-add investments generating 1.4% in net returns, largely driven by strong performance of the European investments coupled with the robust performance of the retail and alternative sector specialists.
- ECE European Prime Shopping Center Fund II was the strongest absolute performer and contributor generating 4.6% in net returns.

**EX-US funds produced the following 4Q23 net returns in local currency: DRC European Real Estate Debt Fund II (Pound Sterling) 0.0%, ECE European Prime Shopping Centre Fund II (Euro) 0.2%, NREP Nordic Strategies Fund (Euro) (0.6), NREP Nordic Strategies Fund II (Euro) -7.0%, NREP Nordic Strategies Fund III (Euro) -2.9%, NREP Nordic Strategies Fund IV (Euro) -4.6%, Carlyle China Realty Fund (Chinese Yuan) -27.3% and Carlyle's Project Rome (Chinese Yuan) -25.2%.*

Ex-US Portfolio Performance

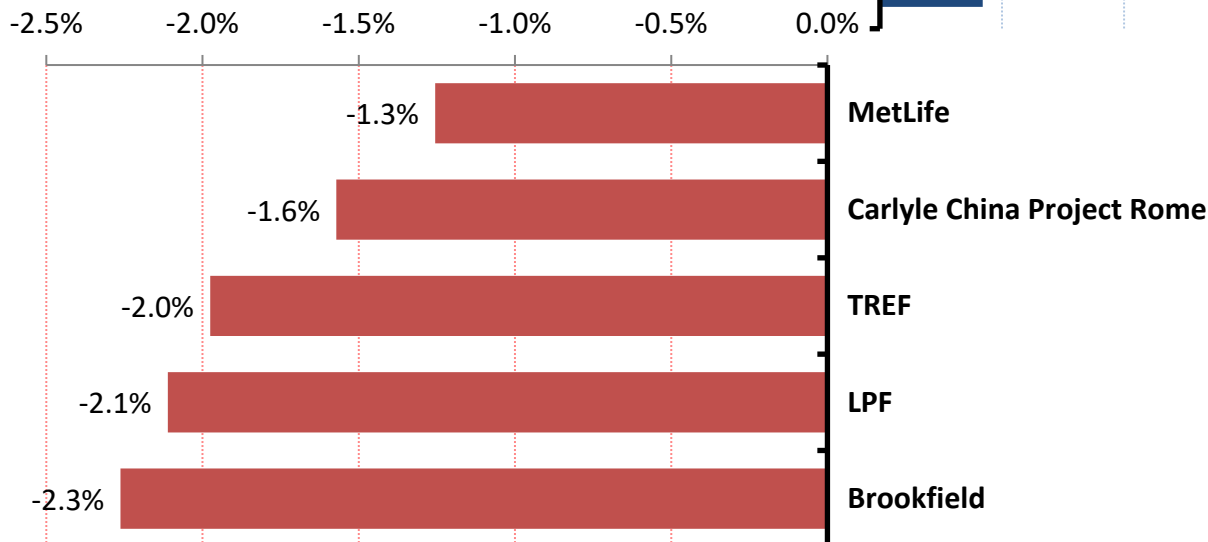
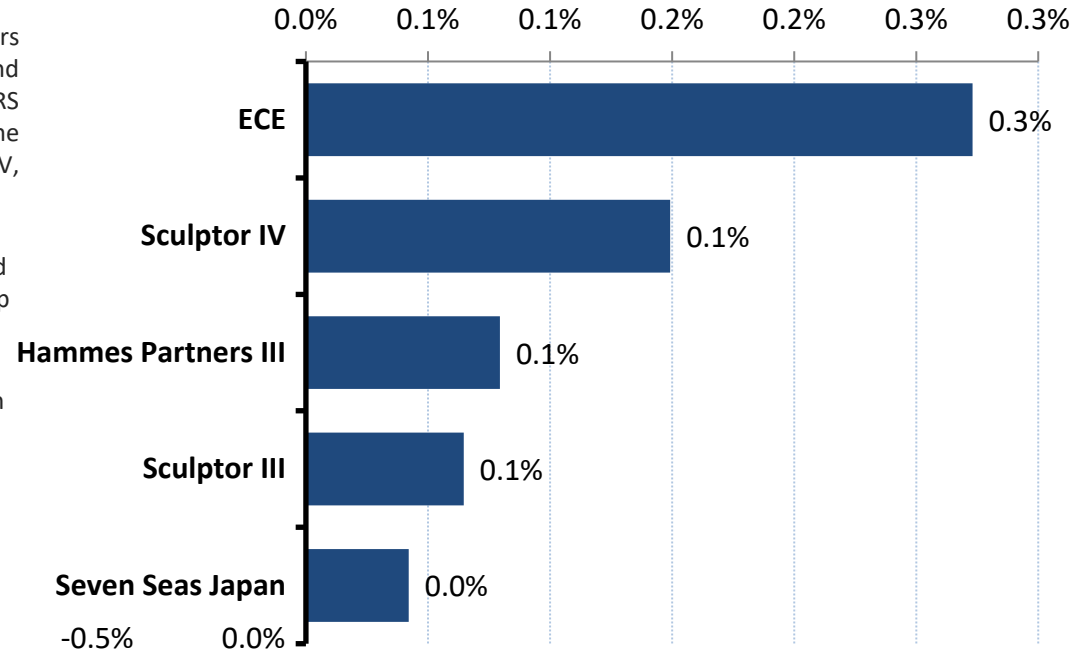


- Approximately 22.4% of the SCERS Portfolio is comprised of Ex-US investments. SCERS does not currently hedge its foreign currency exposures and pays liabilities in US Dollars. As such, FX movement will impact performance for Ex-US investments. The chart above isolates European and Asian investments and displays performance both before and after currency conversion.
- During the quarter, the impact of currency movement was positive on foreign investments with both investments in Euros and Chinese Yuan positively affected. However, currency impacts on performance tend to be cyclical in nature.
- The SCERS Euro Denominated Composite includes: ECE European Prime Shopping Center Fund II, NREP Nordic Strategies Funds I-V, and Prologis European Logistics Fund (PELF).
 - 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, Carlyle's Project Rome and LaSalle China Logistics Venture.
 - Since Inception period begins 3Q17.
 - Carlyle and LaSalle investments are USD denominated at the fund level, but property values are exposed to currency translation.

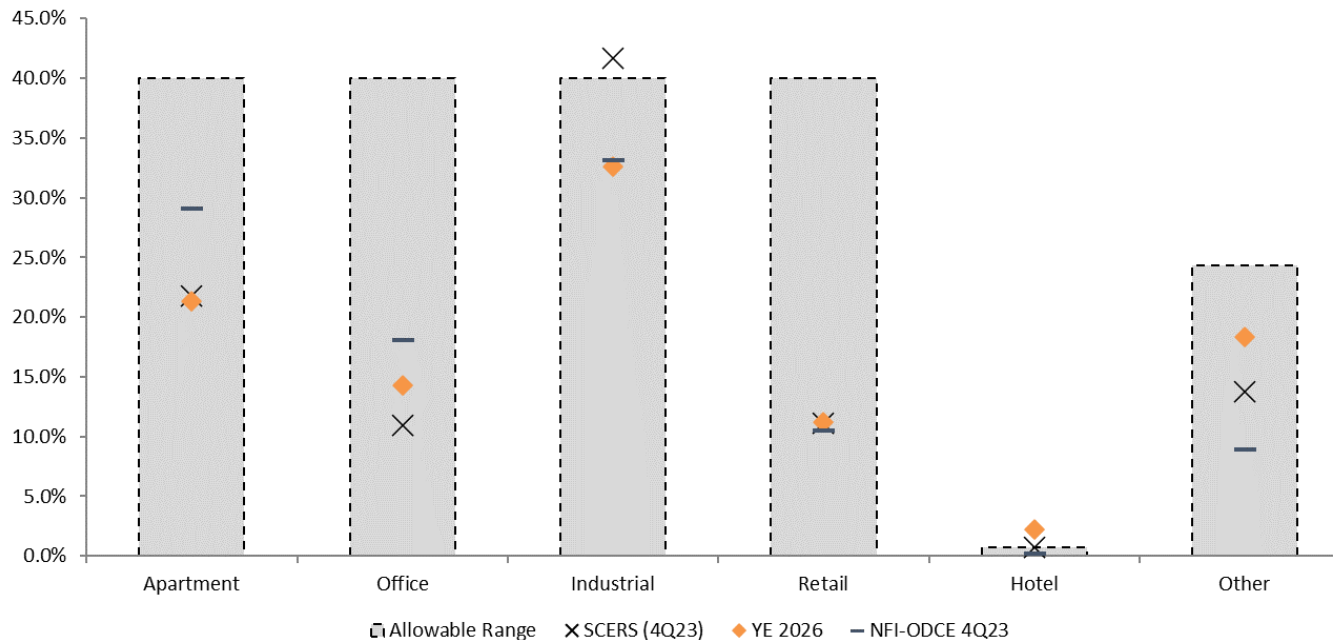
*Seven Seas Japan was excluded from the graph because the fund is a Japanese Yen denominated fund.

Performance Attribution- One Year Period

- Over the trailing twelve-months period, the top five performers were non-core investments including value-add and opportunistic funds which drove outperformance of the SCERS Portfolio recently. The funds include ECE European Prime Shopping Center Fund II, Sculptor Real Estate Fund III and IV, Hammes Partners III and Seven Seas Japan.
- The largest detractors were mainly Core funds given the continued valuation write-downs witnessed across all stabilized properties due to higher interest rates along with increased cap rates.
- Brookfield Premier Real Estate Partners was the largest detractor. Brookfield's performance was impacted by valuation write-downs in the office sector particularly in San Francisco and Denver.
- Lion Properties Fund (LPF) was the second largest detractor. LPF recorded negative returns as a result of cap rate expansion across the fund's assets, especially office.



Real Estate Private Portfolio Diversification – Property Type

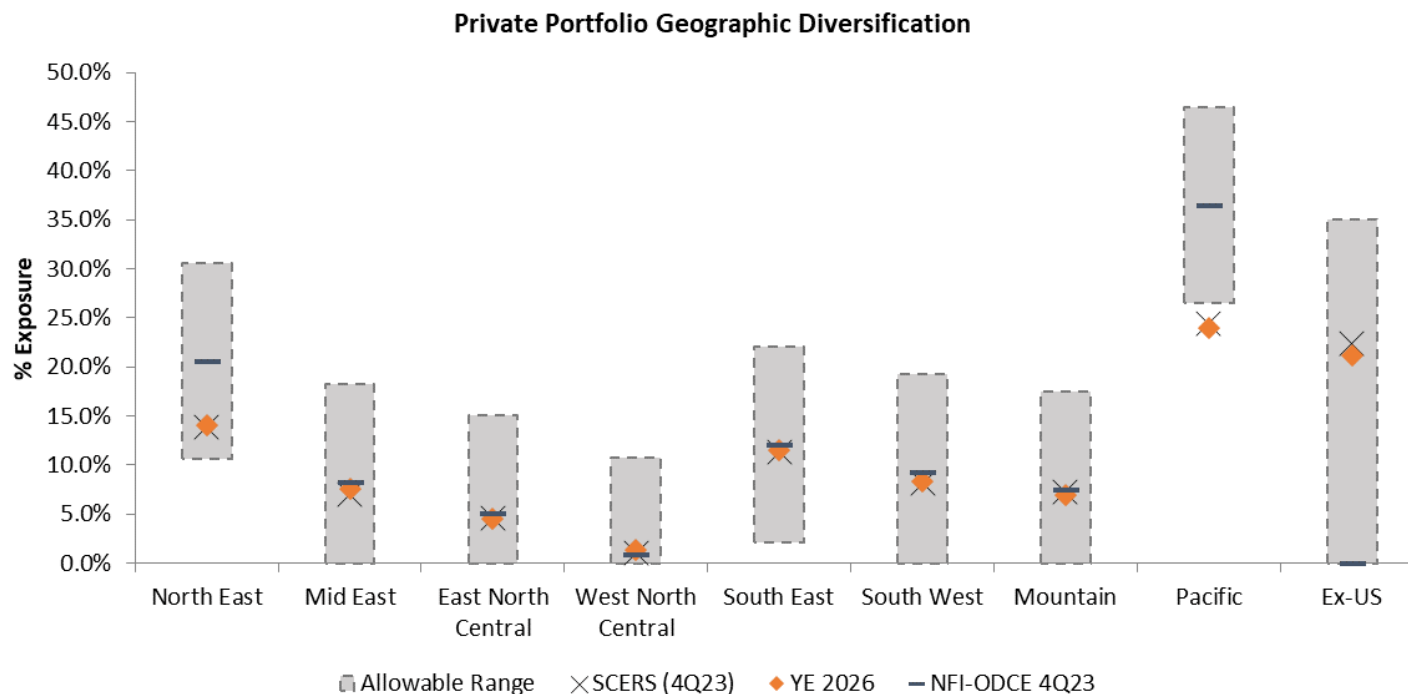


- The diversification of the Private Portfolio is compared to the diversification of the NFI-ODCE, and has a maximum limit of 40% for each property type, except for the “other” property type which has a maximum limit of 25%**. The Real Estate Policy also allows for temporary deviations in order to provide SCERS with the flexibility required to overweight or underweight property types during certain parts of the market cycle.
- As of the fourth quarter, the industrial property type was the only sector outside the current set limit of 40%. However, the industrial exposure has already been brought down through a partial redemption and is anticipated to decrease further as new non-industrial investments continue to call capital.
- The “Other” property type exposure represents Sculptor Real Estate Fund III* (parking, senior housing and cell towers), Sculptor Real Estate Fund IV (parking), CIM Fund VIII (condominiums), Hammes Partners II, III and IV (medical office), Townsend Real Estate Fund (senior and student housing), NREP Nordic Strategies Fund II (student housing), NREP Nordic Strategies Fund III (senior living and land) and NREP Nordic strategies Fund IV (Senior Living and Student Housing).

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

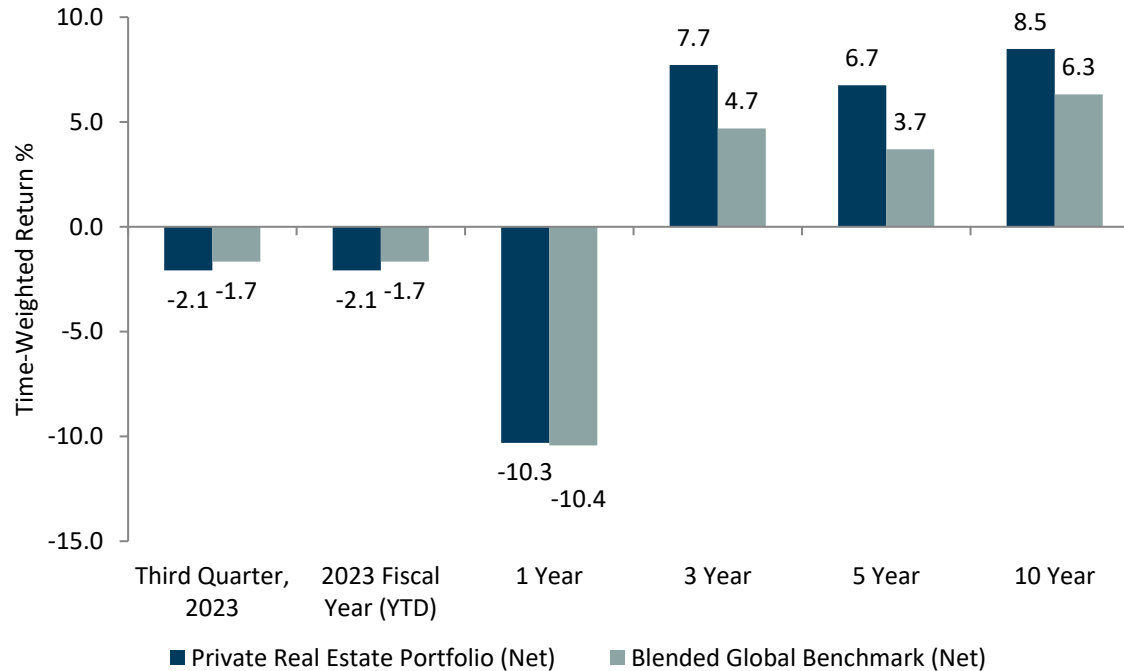
** The 25% limit is for “Other” property type exposure including hotels. However, our chart currently separates the “Hotel” property sector from “Other” due to be aligned with the ODCE classifications.

Real Estate Private Portfolio Diversification – Geographic Region



- The diversification of the Private Portfolio is compared to the diversification of the NFI-ODCE, with a permissible deviation of $\pm 10.0\%$ for each region. Ex-US exposure is limited to 35.0% of the Total Private Portfolio.
- As of the fourth quarter, the Private Portfolio was in compliance across all regions excluding the Pacific.
- The Private Portfolio's international exposure is 22.4%, well within its 35% constraint, and will remain similar as newer funds such as NREP Nordic Strategies Fund III and IV as well as LaSalle China Logistics and Seven Seas Japan continue to call capital and purchase assets in Europe, China and Japan while older vintage funds liquidate.
- Ex-US exposure consists of 4.9% in China, 3.2% in Denmark, 2.4% in Finland, 2.7% in Germany, 1.1% in France, 3.4% in Sweden, 1.3% in Poland, 1.3% in Netherlands, 1.8% in the UK and 0.3% in other countries.

Private Real Estate Performance – Global Ancillary Benchmark (3Q23)



- The Global Ancillary Benchmark is made-up of the NFI-ODCE (Core), NFI-ODCE + 100bps (Non-Core), GREFI Europe Core, GREFI Europe Non-Core, and GREFI Non-Core Asia Pacific to create a global blended benchmark based on weighted average invested capital for each strategy.
 - GREFI reports on a 12 week lag. As a result, the ancillary benchmark will be reported on a quarterly lag to SCERS.
- The Private Portfolio's international exposure is 22.4%, well within its 35% constraint. International exposure is mainly Non-Core in nature, with the exception of Prologis Targeted Europe Logistics Fund.
- The SCERS Private Real Estate program has outperformed its secondary benchmark significantly over the medium and long-term, but underperformed over the trailing quarter.

Exhibit A: Performance Flash Report



Portfolio Composition (\$)								
Total Plan Assets	Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
12,916,830,147	Core	7.0%	611,058,288	4.7%	0	0.0%	293,119,822	2.3%
	Non-Core	0.0% - 5.0%	294,750,756	2.3%	188,395,042	1.5%	-192,517,120	-1.5%
	Total	9.0%	905,809,044	7.0%	188,395,042	1.5%	100,602,703	0.8%

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Portfolio (Commingled Funds & Separate Accounts)	-4.5	-4.6	-13.0	-12.9	7.3	6.1	7.2	6.1
Non-Core Portfolio (Value Added & Opportunistic, 1Q2007 Forward)	-2.7	-2.5	-7.1	-7.3	6.4	2.5	8.2	3.8
Private Real Estate Portfolio	-3.9	-4.0	-11.4	-11.3	7.2	5.2	7.5	5.5
NFI-ODCE (Core)	-4.8	-5.0	-12.0	-12.7	4.9	4.0	4.2	3.3
NFI-ODCE + 100 bps (Non-Core)	-4.6	-4.7	-11.0	-11.7	5.9	5.0	5.2	4.3
NFI-ODCE + 35 bps (Private Portfolio)	-4.7	-4.9	-11.7	-12.4	5.3	4.4	4.6	3.7

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	23,167,994	102,412,160	11.3	5.8
Lion Properties Fund	2018	152,400,000	157,972,124	0	77,476,700	109,474,496	12.1	6.2
MetLife Core Property Fund	2013	35,000,000	55,099,893	0	23,319,076	73,883,519	8.2	4.2
Principal U.S. Property Account	2015	35,000,000	35,000,000	0	0	55,559,687	6.1	3.1
Prologis European Logistics Fund ^{1,3}	2017	47,950,142	49,151,023	0	10,773,960	59,707,216	6.6	3.4
Prologis Targeted U.S. Logistics Fund	2015	50,000,000	50,225,869	0	66,186,977	71,723,087	7.9	4.1
Townsend Real Estate Fund, L.P. ³	2016	90,000,000	120,975,151	0	46,247,077	138,298,123	15.3	7.8
Core Commingled Funds	1986	510,350,142	568,424,060	0	247,171,784	611,058,288	67.5	55.8
Value Added Portfolio								
Asana Partners Fund II ³	2019	35,000,000	26,993,750	8,006,250	0	32,581,894	3.6	2.3
Asana Partners Fund III ³	2022	45,000,000	16,000,000	24,000,000	0	14,596,135	1.6	2.2
DRC European Real Estate Debt Fund II ³	2013	50,007,963	47,627,074	4,111,050	43,336,305	6,180,521	0.7	0.6
ECE European Prime Shopping Centre Fund II C ³	2015	33,611,623	34,613,419	0	6,370,315	36,016,963	4.0	2.0
Hammes Partners II ³	2015	25,000,000	27,635,861	1,137,542	43,749,788	3,315,159	0.4	0.3
Hammes Partners III ³	2018	25,000,000	29,177,951	4,130,350	14,829,987	20,151,400	2.2	1.4
Hammes Partners IV ³	2023	40,000,000	1,650,018	38,349,982	102,959	770,627	0.1	40.2
NREP Nordic Strategies Fund	2014	25,130,756	22,485,011	0	36,076,702	3,103,020	0.3	0.2
NREP Nordic Strategies Fund II	2016	35,176,432	35,664,816	485,225	55,351,664	15,392,495	1.7	0.9
NREP Nordic Strategies Fund III	2018	39,019,632	34,309,672	1,588,984	8,455,396	34,833,367	3.8	2.1

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	23,176,074	12,928,484	0	21,733,286	2.4	2.0
NREP Nordic Strategies Fund V	2022	41,710,115	7,345,941	33,488,024	0	14,864,829	1.6	2.7
Value Added Portfolio	1986	430,105,729	306,679,587	128,225,891	208,273,116	203,539,696	22.5	30.3
Opportunistic Portfolio								
Carlyle China Project Rome Co-Investment	2017	40,000,000	38,745,488	4,405,916	0	21,250,083	2.3	1.5
Carlyle China Realty	2017	10,000,000	10,783,995	695,409	2,342,232	4,770,585	0.5	0.3
CIM Fund VIII	2015	35,000,000	40,006,305	0	8,342,376	21,316,681	2.4	1.2
KKR Real Estate Partners Americas	2014	22,720,638	30,477,571	3,842,263	37,829,006	1,007,684	0.1	0.3
LaSalle China Logistics Venture	2021	30,000,000	9,056,999	20,943,001	0	7,778,844	0.9	1.6
Sculptor Real Estate Fund III ^{2,3}	2014	35,000,000	26,874,343	12,616,829	44,281,219	3,625,211	0.4	0.9
Sculptor Real Estate Fund IV ^{2,3}	2020	30,000,000	23,717,761	10,934,422	6,899,725	19,541,052	2.2	1.7
Seven Seas Japan Opportunity Fund ³	2022	177,336	16,530,212	6,731,311	1,144,069	11,920,920	1.3	1.1
Opportunistic Portfolio	1991	202,897,974	196,192,674	60,169,151	100,838,627	91,211,060	10.1	13.8
Total Non-Core Portfolio 1Q 2007 Forward	2007	633,003,703	502,872,261	188,395,042	309,111,743	294,750,756	32.5	44.2
Total Private Portfolio								
SCERS	1986	1,143,353,845	1,924,073,385	188,395,042	1,776,614,578	905,809,044	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 2024				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	102,412,160	0.3	-5.6	-5.3	-5.5	0.7	-10.6	-9.9	-10.3	1.3	-20.4	-19.3	-18.2	2.3	3.2	5.5	3.7
Lion Properties Fund	109,474,496	0.9	-5.2	-4.4	-4.6	1.8	-7.1	-5.4	-5.8	4.1	-18.5	-15.0	-15.7	3.7	1.0	4.8	3.9
MetLife Core Property Fund	73,883,519	1.1	-8.3	-7.2	-7.3	2.2	-9.3	-7.3	-7.5	4.5	-17.8	-13.9	-14.4	4.5	1.9	6.5	5.9
Principal U.S. Property Account	55,559,687	1.1	-3.1	-2.1	-2.3	2.1	-7.7	-5.7	-6.1	4.1	-13.7	-10.0	-10.9	4.1	1.3	5.4	4.4
Prologis European Logistics Fund ^{1,5}	59,707,216	1.3	-1.4	0.0	-0.3	2.5	-4.7	-2.3	-2.8	4.9	-8.3	-3.7	-4.6	4.5	-2.5	2.0	-0.2
Prologis Targeted U.S. Logistics Fund	71,723,087	1.0	-7.9	-6.9	-6.7	1.6	-9.5	-8.0	-7.0	3.5	-15.8	-12.7	-11.0	3.5	12.7	16.5	14.1
Townsend Real Estate Fund, L.P. ³	138,298,123	0.7	-4.8	-4.0	-4.1	1.5	-7.2	-5.8	-5.9	2.9	-14.3	-11.7	-11.9	3.1	4.6	7.9	7.6
Core Commingled Funds	611,058,288	0.8	-5.3	-4.5	-4.6	1.6	-8.0	-6.5	-6.6	3.4	-16.0	-13.0	-12.9	3.5	3.7	7.3	6.1
Value Added Portfolio																	
Asana Partners Fund II ⁷	32,581,894	-0.3	1.8	1.5	1.3	-0.6	1.3	0.7	1.0	-1.5	-1.9	-3.4	0.3	-0.4	17.7	17.2	14.8
Asana Partners Fund III ⁵	14,596,135	-0.5	2.9	2.4	1.5	-1.0	3.8	2.7	0.6	-3.8	-3.5	-7.2	-13.3				
DRC European Real Estate Debt Fund II ⁵	6,180,521	0.0	4.4	4.4	4.4	0.0	0.2	0.2	0.2	-0.2	5.4	5.2	5.2	16.2	-2.9	12.6	12.0
ECE European Prime Shopping Centre Fund II C ⁵	36,016,963	-0.6	6.3	5.7	4.6	-1.1	5.6	4.4	2.6	-0.1	10.9	10.8	8.0	-1.6	6.1	4.6	1.9
Hammes Partners II ⁵	3,315,159	0.9	4.0	4.9	3.7	2.5	5.0	7.6	5.6	4.3	10.1	14.8	10.8	4.8	12.6	17.9	13.3
Hammes Partners III ⁵	20,151,400	1.0	0.5	1.5	1.2	2.4	-0.7	1.7	1.0	6.1	0.3	6.4	4.1	7.7	7.7	15.8	10.3
Hammes Partners IV ⁵	770,627	-2.4	0.7	-1.6	-16.5												
NREP Nordic Strategies Fund	3,103,020	0.4	4.7	5.0	5.0	0.4	1.6	2.0	1.7	0.4	3.4	3.8	3.0	0.2	2.2	2.4	-1.4
NREP Nordic Strategies Fund II	15,392,495	1.2	-5.5	-4.3	-2.9	2.1	-11.3	-9.4	-8.1	3.9	-19.8	-16.1	-9.3	-2.5	19.2	18.0	12.0
NREP Nordic Strategies Fund III	34,833,367	0.3	-3.7	-3.4	1.4	1.2	-6.2	-5.1	-0.4	2.6	-14.4	-12.0	-6.1	0.4	5.4	6.2	3.7
NREP Nordic Strategies Fund IV	21,733,286	2.2	-1.9	0.3	-0.4	4.9	-8.0	-3.3	-4.6	1.0	-14.6	-13.7	-13.1	-8.5	12.1	4.3	-3.6
NREP Nordic Strategies Fund V	14,864,829	1.8	-1.1	0.7	-0.4	27.0	2.0	28.8	25.8	83.1	1.7	85.5	68.3				
Value Added Portfolio	203,539,696	0.4	0.6	1.0	1.4	2.3	-3.9	-1.6	-0.4	4.1	-4.2	-0.1	0.6	1.3	12.3	13.9	9.0
Opportunistic Portfolio																	
Carlyle China Project Rome Co-Investment	21,250,083	0.0	-24.8	-24.8	-25.2	0.0	-28.9	-28.9	-29.5	-0.2	-41.6	-41.8	-42.6	-0.2	-16.6	-16.8	-17.8
Carlyle China Realty	4,770,585	-0.1	-24.8	-24.8	-25.3	-0.2	-28.9	-29.0	-29.8	-0.4	-41.6	-41.9	-43.0	-0.3	-16.6	-16.9	-18.2
CIM Fund VIII	21,316,681	-0.1	-6.3	-6.4	-6.8	-0.1	-8.7	-8.8	-9.6	-0.2	-15.6	-15.8	-17.2	-0.2	-10.9	-11.0	-12.3
KKR Real Estate Partners Americas	1,007,684	-58.5	29.6	-29.0	-23.2	-58.7	29.8	-29.1	-23.3	-59.8	35.4	-27.9	-22.2	-52.9	39.9	-11.6	-10.2
LaSalle China Logistics Venture	7,778,844	-2.1	-7.9	-10.0	-10.7	-3.0	-9.6	-12.5	-14.5	-3.9	-9.2	-12.9	-18.1				
Sculptor Real Estate Fund III ^{4,5}	3,625,211	0.2	3.5	3.7	3.4	4.6	-2.8	2.0	1.4	6.5	8.2	15.4	14.0	11.2	25.8	39.3	36.6
Sculptor Real Estate Fund IV ^{2,3}	19,541,052	0.8	2.2	3.0	2.4	1.9	5.1	7.0	5.6	3.9	10.0	14.2	11.0	7.9	10.8	19.7	12.1
Seven Seas Japan Opportunity Fund	11,920,920	-0.4	5.7	5.3	6.1	-1.2	13.7	12.5	10.4	-3.5	6.5	2.8	0.1				
Opportunistic Portfolio	91,211,060	-1.0	-9.1	-10.1	-10.3	-0.8	-10.9	-11.7	-12.5	-0.8	-18.8	-19.5	-21.1	0.5	-6.3	-5.8	-8.3
Total Non-Core Portfolio 1Q 2007 Forward	294,750,756	-0.1	-2.6	-2.7	-2.5	0.4	-4.7	-4.3	-4.6	2.4	-9.4	-7.1	-7.3	1.1	5.2	6.4	2.5
Total Private Portfolio																	
SCERS	905,809,044	0.6	-4.5	-3.9	-4.0	1.3	-7.0	-5.8	-5.9	3.1	-14.1	-11.4	-11.3	2.8	4.2	7.2	5.2

Returns (%)	Market Value (\$)	Quarter				Fiscal Year 2024				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) ^{1,2}	€ 54,088,767	1.3	-5.5	-4.2	-4.5	2.5	-8.8	-6.4	-6.9	4.9	-11.1	-6.6	-7.5	4.6	0.9	5.5	3.3
DRC European Real Estate Debt Fund II (Pound Sterling)	£4,854,800	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	0.0	-0.2	-0.2	15.3	0.0	15.3	14.6
ECE European Prime Shopping Centre Fund II (Euro) ³	€ 32,627,767	-0.6	1.8	1.2	0.2	-1.1	4.4	3.2	1.4	-0.1	7.5	7.4	4.7	-1.5	9.7	8.1	5.3
NREP Nordic Strategies Fund (Euro) ⁴	€ 2,811,026	0.4	0.2	0.6	0.6	0.4	0.4	0.8	0.5	0.4	0.4	0.8	0.0	0.2	5.7	6.0	2.1
NREP Nordic Strategies Fund II (Euro)	€ 13,944,061	1.2	-9.5	-8.3	-7.0	4.2	-23.4	-19.6	-16.6	3.9	-22.3	-18.7	-12.0	-2.4	23.3	22.1	15.8
NREP Nordic Strategies Fund III (Euro)	€ 31,555,547	0.2	-7.8	-7.5	-2.9	1.1	-16.2	-15.2	-9.0	2.6	-17.0	-14.7	-9.0	0.4	9.0	9.9	7.3
NREP Nordic Strategies Fund IV (Euro)	€ 19,688,184	2.2	-6.1	-3.9	-4.6	4.9	-9.1	-4.4	-5.7	0.9	-17.3	-16.5	-15.9	-8.6	16.9	8.8	0.5
NREP Nordic Strategies Fund V (Euro) ⁴	€ 13,466,049	1.7	-5.3	-3.6	-4.6	27.1	1.7	27.6	24.7	84.1	-1.3	80.4	63.7				
Seven Seas Japan Opportunity Fund	¥1,681,326,537	-0.4	-0.2	-0.6	0.2	-1.1	11.5	10.3	8.2	-3.6	14.9	11.0	8.0				
Indices																	
NFI ODCE+ 35bps				-4.7	-4.9			-6.3	-6.6			-11.7	-12.4			5.3	4.4
NFI-ODCE		1.0	-5.8	-4.8	-5.0	1.9	-8.4	-6.6	-7.0	3.6	-15.2	-12.0	-12.7	3.7	1.2	4.9	4.0
NFI-ODCE + 100bps				-4.6	-4.7			-5.6	-6.0			-11.0	-11.7			5.9	5.0
CPI + 500 bps				1.7				4.2				8.5				10.9	

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 (\$)	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	102,412,160	2.7	3.0	5.7	4.3					2.6	3.3	5.9	4.4	4Q18	4.9	1.3
Lion Properties Fund	109,474,496	3.7	1.0	4.8	3.9					3.7	1.1	4.9	4.1	4Q18	4.6	1.2
MetLife Core Property Fund	73,883,519	4.6	1.1	5.8	5.3	4.8	3.8	8.8	8.3	4.8	3.8	8.8	8.3	1Q14	8.3	1.8
Principal U.S. Property Account	55,559,687	4.1	0.8	4.9	3.9					4.4	2.3	6.8	5.8	4Q15	5.8	1.6
Prologis European Logistics Fund ^{1,5}	59,707,216	4.9	2.7	7.7	5.6					5.1	4.1	9.4	7.2	4Q17	7.2	1.4
Prologis Targeted U.S. Logistics Fund	71,723,087	3.9	11.7	16.0	13.7					4.6	12.4	17.4	15.0	3Q15	15.9	2.7
Townsend Real Estate Fund, L.P. ³	138,298,123	3.5	3.2	6.7	6.5					3.8	4.1	8.0	7.8	2Q16	7.6	1.5
Core Commingled Funds	611,058,288	3.7	3.4	7.2	6.1	4.2	5.6	10.0	8.8	4.4	3.4	7.9	7.0	4Q86	6.7	1.5
Value Added Portfolio																
Asana Partners Fund II ²	32,581,894									-3.1	6.7	3.1	-4.2	4Q19	8.0	1.2
Asana Partners Fund III ³	14,596,135									-6.4	10.0	3.8	-12.4	3Q22	-11.9	0.9
DRC European Real Estate Debt Fund II ²	6,180,521	-3.5	-0.6	-3.3	-4.0	3.0	-3.3	0.2	-1.0	3.0	-3.3	0.2	-1.0	1Q14	1.3	1.0
ECE European Prime Shopping Centre Fund II C ²	36,016,963	-0.3	3.6	3.3	0.7					0.9	9.6	10.7	8.0	4Q15	4.5	1.2
Hammes Partners II ³	3,315,159	7.3	25.1	33.3	27.2					8.6	18.8	28.5	22.1	3Q15	23.2	1.7
Hammes Partners III ²	20,151,400	8.3	13.6	22.5	4.8					8.3	13.6	22.5	4.8	1Q19	10.6	1.2
Hammes Partners IV ³	770,627									N/A	N/A	N/A	N/A	3Q23	-48.9	0.5
NREP Nordic Strategies Fund	3,103,020	1.4	9.5	10.9	2.3					5.3	12.7	18.4	12.5	1Q15	22.8	1.7
NREP Nordic Strategies Fund II	15,392,495	-1.0	22.1	21.8	14.3					0.4	22.6	23.7	14.9	3Q16	20.0	2.0
NREP Nordic Strategies Fund III	34,833,367	-1.0	15.9	15.2	6.2					-2.3	16.0	13.8	2.8	4Q18	8.1	1.3
NREP Nordic Strategies Fund IV	21,733,286									-15.8	26.0	8.5	N/A	1Q20	-3.6	0.9
NREP Nordic Strategies Fund V	14,864,829									83.1	1.7	85.5	68.3	1Q23	156.8	2.0
Value Added Portfolio	203,539,696	1.2	15.1	16.5	9.8	4.3	11.3	16.1	11.4	1.9	5.2	7.2	5.3	4Q86	6.6	1.3
Opportunistic Portfolio																
Carlyle China Project Rome Co-Investment	21,250,083	-0.2	-9.2	-9.3	-10.4					-0.6	-6.4	-7.0	-8.7	3Q17	-10.7	0.5
Carlyle China Realty	4,770,585	1.5	-8.9	-7.6	-9.1					1.2	-6.4	-5.3	-7.2	3Q17	-9.7	0.7
CIM Fund VIII	21,316,681	-0.1	-9.6	-9.8	-11.0					0.0	-1.4	-1.4	-3.1	2Q15	-5.2	0.7
KKR Real Estate Partners Americas	1,007,684	-36.9	8.9	-16.3	-13.3					-14.9	1.1	-4.1	-3.1	2Q14	11.6	1.3
LaSalle China Logistics Venture	7,778,844									N/A	96.1	47.0	-13.6	3Q21	-13.3	0.9
Sculptor Real Estate Fund III ^{4,5}	3,625,211	10.3	17.0	28.6	26.2					12.8	16.9	31.3	19.6	4Q14	24.0	1.8
Sculptor Real Estate Fund IV ^{2,3}	19,541,052									10.1	11.7	22.8	11.5	3Q20	11.0	1.1
Seven Seas Japan Opportunity Fund	11,920,920									9.7	-29.6	-22.3	-26.0	2Q22	-16.4	0.8
Opportunistic Portfolio	91,211,060	1.0	-4.3	-3.4	-5.4	5.0	5.2	11.0	7.0	1.9	5.8	7.9	5.9	1Q91	2.8	1.1
Total Non-Core Portfolio 1Q 2007 Forward	294,750,756	1.2	7.0	8.2	3.8	4.3	7.7	12.2	8.3	3.7	5.6	9.4	5.1	1Q07	5.8	1.2
Total Private Portfolio																
SCERS	905,809,044	3.0	4.4	7.5	5.5	4.0	5.5	9.6	7.9	4.1	4.9	9.2	8.1	4Q86	8.1	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			
Ex-US Dollar Denominated Investments (In Local Currency)																
Prologis Targeted Europe Logistics Fund (Euro) ^{1,2}	€ 54,088,767	4.9	3.5	8.5	6.3					4.8	5.1	10.1	8.2	1Q16	8.2	1.4
DRC European Real Estate Debt Fund II (Pound Sterling)	£4,854,800	-3.2	0.0	-3.2	-3.9					3.2	-0.4	2.8	1.6	1Q14	5.0	1.2
ECE European Prime Shopping Centre Fund II (Euro) ³	€ 32,627,767	-0.4	4.3	4.1	1.5					0.9	9.8	10.9	8.2	4Q15	5.1	1.3
NREP Nordic Strategies Fund (Euro) ³	€ 2,811,026	1.4	10.5	12.0	3.3					5.3	13.9	19.7	13.7	1Q15	24.2	1.8
NREP Nordic Strategies Fund II (Euro)	€ 13,944,061	-1.0	23.0	22.8	15.2					0.4	22.6	23.7	14.9	3Q16	20.9	2.1
NREP Nordic Strategies Fund III (Euro)	€ 31,555,547	-1.0	16.9	16.2	7.1					-2.4	17.3	15.0	3.9	4Q18	9.1	1.3
NREP Nordic Strategies Fund IV (Euro)	€ 19,688,184									-15.9	28.5	10.6	N/A	1Q20	-3.3	0.9
NREP Nordic Strategies Fund V (Euro) ³	€ 13,466,049									84.1	-1.3	80.4	63.7	1Q23	144.8	2.0
Seven Seas Japan Opportunity Fund	¥1,681,326,537									8.8	-23.1	-14.6	-18.6	2Q22	-11.4	0.9
Indices																
NFI ODCE+ 35bps				4.6	3.7			8.5	7.5			7.3	6.3	4Q86		
NFI-ODCE		3.8	0.4	4.2	3.3	4.2	3.8	8.2	7.2	6.4	0.5	6.9	5.9	4Q86		
NFI-ODCE + 100bps				5.2	4.3			9.2	8.2			7.9	6.9	4Q86		
CPI + 500 bps				9.3				7.9				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 (\$)	Fiscal Year 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
Core Commingled Funds																			
Brookfield Premier Real Estate Partners	102,412,160	-9.9	-10.3	-19.3	-18.2	13.1	10.8	28.5	23.0	1.8	1.9	10.6	8.5	2.3	1.9				
Lion Properties Fund	109,474,496	-5.4	-5.8	-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	73,883,519	-7.3	-7.5	-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	55,559,687	-5.7	-6.1	-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}	59,707,216	-2.3	-2.8	-3.7	-4.6	-10.2	-11.6	22.7	18.0	20.2	18.7	13.5	11.1	13.6	10.8	6.8	6.5		
Prologis Targeted U.S. Logistics Fund	71,723,087	-8.0	-7.0	-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 Real Estate Fund, L.P. ³	138,298,123	-5.8	-5.9	-11.7	-11.9	10.5	10.3	29.3	29.1	2.6	2.3	7.6	7.3	9.0	8.8	11.0	10.8	8.4	8.2
Core Commingled Funds	611,058,288	-6.5	-6.6	-13.0	-12.9	8.8	7.6	30.8	27.6	4.6	4.0	9.5	8.3	10.9	9.7	14.2	12.8	9.8	8.9
Value Added Portfolio																			
Asana Partners Fund II ³	32,581,894	0.7	1.0	-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	14,596,135	2.7	0.6	-7.2	-13.3	13.9	-5.4												
DRC European Real Estate Debt Fund II ³	6,180,521	0.2	0.2	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	36,016,963	4.4	2.6	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	3,315,159	7.6	5.6	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 ³	20,151,400	1.7	1.0	6.4	4.1	13.2	9.0	29.1	18.3	43.5	24.5	23.9	-24.4						
Hammes Partners IV ³	770,627					13.2	9.0	29.1	18.3	43.5	24.5	23.9	-24.4						
NREP Nordic Strategies Fund	3,103,020	2.0	1.7	3.8	3.0	6.6	5.4	-3.0	-11.6	27.2	21.8	23.0	-4.2	0.8	0.1	41.2	40.1	23.1	21.7
NREP Nordic Strategies Fund II	15,392,495	-9.4	-8.1	-16.1	-9.3	7.8	-1.9	71.5	52.7	35.1	26.6	20.9	9.8	17.0	12.3	44.9	34.4	8.6	-3.8
NREP Nordic Strategies Fund III	34,833,367	-5.1	-0.4	-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	21,733,286	-3.3	-4.6	-13.7	-13.1	0.6	-6.4	42.2	20.5	22.1	-121.4								
NREP Nordic Strategies Fund V	14,864,829	28.8	25.8	85.5	68.3	0.6	-6.4	42.2	20.5	22.1	-121.4								
Value Added Portfolio	203,539,696	-1.6	-0.4	-0.1	0.6	5.1	0.7	36.4	25.1	19.0	10.6	22.1	11.5	10.5	6.3	24.9	22.3	9.5	7.0
Opportunistic Portfolio																			
Carlyle China Project Rome Co-Investment	21,250,083	-28.9	-29.5	-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	4,770,585	-29.0	-29.8	-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	21,316,681	-8.8	-9.6	-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	1,007,684	-29.1	-23.3	-27.9	-22.2	-25.1	-21.8	27.9	19.1	-30.9	-24.7	7.8	7.3	11.0	10.7	27.5	23.3	20.8	17.2
LaSalle China Logistics Venture	7,778,844	-12.5	-14.5	-12.9	-18.1	4.2	-9.6	188.6	-6.2	-30.9	-24.7	7.8	7.3	11.0	10.7	27.5	23.3	20.8	17.2
Sculptor Real Estate Fund III ^{2,3}	3,625,211	2.0	1.4	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 ^{2,3}	19,541,052	7.0	5.6	14.2	11.0	6.9	0.8	40.3	25.9	19.6	3.9								
Seven Seas Japan Opportunity Fund	11,920,920	12.5	10.4	2.8	0.1	-55.4	-60.3												
Opportunistic Portfolio	91,211,060	-11.7	-12.5	-19.5	-21.1	-4.9	-7.9	6.2	2.8	-6.9	-8.1	8.6	7.1	11.5	9.1	19.1	16.0	13.9	10.2
Total Non-Core Portfolio 1Q 2007 Forward⁵	294,750,756	-4.3	-4.6	-7.1	-7.3	1.1	-2.7	24.4	16.4	6.5	1.6	15.8	9.9	10.9	7.6	22.3	19.4	10.8	8.1
Total Private Portfolio																			
SCERS	905,809,044	-5.8	-5.9	-11.4	-11.3	6.8	4.9	29.1	24.5	5.2	3.5	11.0	8.7	9.2	7.5	15.2	13.6	9.1	7.8
Indices																			
NFI-ODCE + 35 bps		-6.3	-6.6	-11.7	-12.4	7.6	6.7	22.4	21.3	1.5	0.7	5.7	4.7	8.7	7.7	8.0	7.0	9.1	8.1
NFI-ODCE		-6.6	-7.0	-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		-5.6	-6.0	-11.0	-11.7	8.0	7.0	22.9	21.8	2.2	1.3	6.3	5.4	9.3	8.4	8.6	7.7	9.8	8.8
CPI + 500 bps		4.2		8.5		9.9		11.4		6.4		7.4		7.0		7.2		7.2	

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

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Returns (%)	Market Value (\$)	2015		2014		2013		2012		2011		2010		2009		2008		2007		2006	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Commingled Funds																					
Brookfield Premier Real Estate Partners	102,412,160																				
Lion Properties Fund	109,474,496																				
MetLife Core Property Fund	73,883,519	16.9	16.3	17.4	16.9																
Principal U.S. Property Account	55,559,687	3.0	2.8																		
Prologis European Logistics Fund ^{1,3}	59,707,216																				
Prologis Targeted U.S. Logistics Fund	71,723,087	9.1	7.9																		
Townsend Real Estate Fund, L.P. ³	138,298,123																				
Core Commingled Funds	611,058,288	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	32,581,894																				
Asana Partners Fund III ³	14,596,135																				
DRC European Real Estate Debt Fund II ³	6,180,521	5.0	3.0	1.4	-2.1																
ECE European Prime Shopping Centre Fund II C ³	36,016,963	12.1	11.0																		
Hammes Partners II ³	3,315,159	19.4	12.9																		
Hammes Partners III ³	20,151,400																				
Hammes Partners IV ²	770,627																				
NREP Nordic Strategies Fund	3,103,020	55.1	50.8																		
NREP Nordic Strategies Fund II	15,392,495																				
NREP Nordic Strategies Fund III	34,833,367																				
NREP Nordic Strategies Fund IV	21,733,286																				
NREP Nordic Strategies Fund V	14,864,829																				
Value Added Portfolio	203,539,696	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	21,250,083																				
Carlyle China Realty	4,770,585																				
CIM Fund VIII	21,316,681	16.9	13.8																		
KKR Real Estate Partners Americas	1,007,684	79.0	55.3	30.1	24.7																
LaSalle China Logistics Venture	7,778,844	79.0	55.3	30.1	24.7																
Sculptor Real Estate Fund III ^{2,3}	3,625,211	33.7	6.9	9.4	-28.3																
Sculptor Real Estate Fund IV ^{2,3}	19,541,052																				
Seven Seas Japan Opportunity Fund	11,920,920																				
Opportunistic Portfolio	91,211,060	44.5	23.2	33.3	19.9	11.7	9.4	54.2	38.5	-10.1	-8.0	42.4	34.2	54.0	43.5	-44.5	-45.4	3.4	2.6	0.0	0.0
Total Non-Core Portfolio 1Q 2007 Forward⁵	294,750,756	23.0	17.9	17.0	14.2	16.7	13.5	34.6	26.9	-0.3	0.4	37.0	30.4	-13.5	-17.8	-33.7	-35.7	18.2	5.6		
Total Private Portfolio																					
SCERS	905,809,044	9.9	8.5	16.0	14.2	12.0	10.7	19.2	17.8	9.8	9.4	20.6	19.2	-16.0	-16.7	-14.1	-14.7	10.7	8.7	16.9	14.2
Indices																					
NFI-ODCE + 35 bps		15.4	14.3	12.8	11.8	14.3	13.3	11.3	10.1	16.3	15.3	16.7	15.6	-29.4	-30.0	-9.7	-10.3	16.3	15.2	16.7	15.6
NFI-ODCE		15.0	14.0	12.5	11.5	13.9	12.9	10.9	9.8	16.0	15.0	16.4	15.3	-29.8	-30.4	-10.0	-10.7	16.0	14.8	16.3	15.3
NFI-ODCE + 100 bps		16.0	15.0	13.5	12.5	14.9	13.9	11.9	10.8	17.0	16.0	17.4	16.3	-28.8	-29.4	-9.0	-9.7	17.0	15.8	17.3	16.3
CPI + 500 bps		5.7		5.7		6.6		6.8		8.2		6.5		8.0		5.0		9.3		7.7	

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

² Previously Och-Ziff Real Estate Fund III.

³ Preliminary data.

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Core Commingled Funds									
Brookfield Premier Real Estate Partners	109,282,711	0	881,879	0	332,180	256,573	-6,064,280	102,412,160	49.1
Lion Properties Fund	115,550,349	246,230	1,054,867	0	993,277	241,729	-6,018,764	109,474,496	26.0
MetLife Core Property Fund	80,354,750	0	635,687	0	885,248	88,460	-6,632,332	73,883,519	33.8
Principal U.S. Property Account	56,875,140	0	0	0	608,062	135,713	-1,787,801	55,559,687	25.6
Prologis European Logistics Fund	60,360,077	0	484,690	0	806,187	150,113	-824,244	59,707,216	24.9
Prologis Targeted U.S. Logistics Fund	77,316,361	0	413,603	0	753,492	-137,980	-6,071,142	71,723,087	17.7
Townsend Real Estate Fund, L.P.	152,176,972	0	1,023,945	6,640,514	1,130,455	83,319	-7,261,526	138,298,123	35.5
Core Commingled Funds	651,916,360	246,230	4,494,671	6,640,514	5,508,901	817,927	-34,660,089	611,058,288	33.3
Value Added Portfolio									
Asana Partners Fund II	30,860,909	1,312,500	0	0	-85,370	83,910	577,765	32,581,894	47.1
Asana Partners Fund III	11,454,681	2,933,333	0	0	-76,723	125,000	409,844	14,596,135	44.6
DRC European Real Estate Debt Fund II	5,922,654	0	0	0	0	0	257,867	6,180,521	0.0
ECE European Prime Shopping Centre Fund II	34,863,668	0	451,927	0	-221,802	373,551	2,200,576	36,016,963	55.1
Hammes Partners II	3,207,259	10,647	22,832	0	28,590	38,091	129,585	3,315,159	59.0
Hammes Partners III	20,286,070	0	221,301	147,389	196,728	73,539	110,831	20,151,400	67.9
Hammes Partners IV	979,735	0	33,841	14,223	-22,943	145,159	7,059	770,627	92.0
NREP Nordic Strategies Fund	2,955,549	0	0	0	11,421	1,416	137,467	3,103,020	0.0
NREP Nordic Strategies Fund II	15,859,528	0	0	0	195,079	-212,230	-874,342	15,392,495	53.0
NREP Nordic Strategies Fund III	33,040,864	1,311,526	0	0	87,405	-1,641,835	-1,248,263	34,833,367	56.0
NREP Nordic Strategies Fund IV	17,724,712	4,080,613	0	0	426,410	132,465	-365,983	21,733,286	59.0
NREP Nordic Strategies Fund V	13,271,068	1,646,517	0	0	260,430	154,228	-158,957	14,864,829	55.0
Value Added Portfolio	190,426,697	11,295,136	729,901	161,612	799,225	-726,706	1,183,449	203,539,696	55.4
Opportunistic Portfolio									
Carlyle China Project Rome Co-Investment	28,391,961	0	0	0	-5,966	100,822	-7,035,090	21,250,083	28.0
Carlyle China Realty	6,387,082	0	0	0	-3,379	29,830	-1,583,288	4,770,585	28.0
CIM Fund VIII	22,908,536	98,444	0	126,063	-30,781	98,690	-1,434,765	21,316,681	38.4
KKR Real Estate Partners Americas	1,581,561	0	-934,962	1,144,437	-920,549	-91,101	465,046	1,007,684	65.0
LaSalle China Logistics Venture	5,301,261	3,216,826	0	0	-148,159	47,448	-543,636	7,778,844	44.2
Sculptor Real Estate Fund III	3,980,483	0	476,440	0	5,558	9,387	124,997	3,625,211	0.0
Sculptor Real Estate Fund IV	16,652,375	2,858,891	371,833	0	128,943	103,973	376,649	19,541,052	0.0
Seven Seas Japan Opportunity Fund	12,056,374	0	731,781	130,039	-46,010	-90,903	681,472	11,920,920	0.0
Opportunistic Portfolio	97,259,633	6,174,161	645,092	1,400,539	-1,020,343	208,146	-8,948,615	91,211,060	25.6
Total Non-Core Portfolio 1Q 2007 Forward	287,686,330	17,469,297	1,374,993	1,562,151	-221,118	-518,560	-7,765,166	294,750,756	49.1
Total Private Portfolio									
SCERS	939,602,690	17,715,527	5,869,664	8,202,665	5,287,783	299,367	-42,425,255	905,809,044	39.4

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Core Commingled Funds						
Brookfield Premier Real Estate Partners	31.6	10.3	52.6	-	-	5.4
Lion Properties Fund	26.9	14.6	37.3	5.5	-	15.7
MetLife Core Property Fund	28.0	20.2	29.0	11.6	1.6	9.7
Principal U.S. Property Account	27.3	16.4	37.5	10.5	-	8.3
Prologis European Logistics Fund	-	-	100.0	-	-	-
Prologis Targeted U.S. Logistics Fund	-	-	100.0	-	-	-
Townsend Real Estate Fund, L.P. [†]	43.8	5.8	35.1	1.7	0.1	13.6
Core Commingled Funds	25.9	9.6	51.9	3.7	0.2	8.7
Value Added Portfolio						
Asana Partners Fund II	1.2	44.5	-	54.3	-	-
Asana Partners Fund III	0.4	40.9	-	58.6	-	-
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 [†]	-	-	-	-	-	-
NREP Nordic Strategies Fund II	2.4	-	-	25.8	-	71.9
NREP Nordic Strategies Fund III	41.5	14.4	25.0	6.2	-	12.9
NREP Nordic Strategies Fund IV	30.0	5.1	32.1	3.2	6.5	23.1
NREP Nordic Strategies Fund V [†]	22.0	24.8	35.0	5.0	3.3	10.0
Value Added Portfolio	12.5	16.6	10.4	36.4	1.0	23.1

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Opportunistic Portfolio						
Carlyle China Project Rome Co-Investment	-	-	100.0	-	-	-
Carlyle China Realty	-	-	100.0	-	-	-
CIM Fund VIII	47.1	17.7	-	16.2	6.9	12.1
KKR Real Estate Partners Americas	-	-	-	-	79.0	21.0
LaSalle China Logistics Venture	-	-	100.0	-	-	-
Sculptor Real Estate Fund III	-	-	-	-	-	100.0
Sculptor Real Estate Fund IV	2.1	7.5	0.0	-	4.0	86.4
Seven Seas Japan Opportunity Fund	-	30.0	-	-	70.0	-
Opportunistic Portfolio	13.2	6.6	42.6	4.4	3.8	29.4
Total Non-Core Portfolio 1Q 2007 Forward	12.7	13.8	19.6	27.3	1.8	24.9
Total Private Portfolio						
SCERS	21.8	10.9	41.7	11.1	0.7	13.8
Indices						
NFI-ODCE	29.1	18.1	33.1	10.5	0.2	8.9

¹Property diversification numbers used are from 3Q23.

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Ex-US
Core Commingled Funds									
Brookfield Premier Real Estate Partners	23.8	8.8	3.6	-	13.1	8.9	1.9	39.8	-
Lion Properties Fund	17.9	9.0	2.3	0.2	10.3	9.3	9.1	41.9	-
MetLife Core Property Fund	14.2	12.6	8.6	2.2	11.9	7.5	10.0	33.0	-
Principal U.S. Property Account	8.5	9.1	1.8	1.7	11.7	16.7	14.7	35.7	-
Prologis European Logistics Fund	-	-	-	-	-	-	-	-	100.0
Prologis Targeted U.S. Logistics Fund	15.5	5.0	10.7	-	13.3	8.3	5.7	41.5	-
Townsend Real Estate Fund, L.P. ¹	13.1	8.1	9.4	1.9	20.7	12.0	10.9	24.0	-
Core Commingled Funds	14.5	7.9	5.6	0.9	12.8	9.3	7.6	31.7	9.8
Value Added Portfolio									
Asana Partners Fund II	17.5	18.8	-	7.6	19.5	7.3	21.7	7.6	-
Asana Partners Fund III	-	12.8	4.9	3.1	43.7	22.2	13.2	-	-
DRC European Real Estate Debt Fund II	-	-	-	-	-	-	-	-	100.0
ECE European Prime Shopping Centre Fund II	-	-	-	-	-	-	-	-	100.0
Hammes Partners II	-	46.3	4.9	-	-	18.0	30.8	-	-
Hammes Partners III	45.2	2.0	15.4	1.9	6.0	20.2	7.9	1.4	-
Hammes Partners IV	6.2	-	13.8	5.3	26.9	36.9	10.9	-	-
NREP Nordic Strategies Fund ¹	-	-	-	-	-	-	-	-	-
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 ⁷	-	-	-	-	-	-	-	-	100.0
Value Added Portfolio	9.1	6.1	2.5	2.0	8.6	6.5	7.1	1.7	56.4

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Ex-US
Opportunistic Portfolio									
Carlyle China Project Rome Co-Investment	-	-	-	-	-	-	-	-	100.0
Carlyle China Realty	-	-	-	-	-	-	-	-	100.0
CIM Fund VIII	49.5	-	-	-	10.6	-	10.6	29.0	0.4
KKR Real Estate Partners Americas	-	-	-	-	-	21.0	-	79.0	-
LaSalle China Logistics	-	-	-	-	-	-	-	-	100.0
Sculptor Real Estate Fund III	62.1	0.3	2.8	0.6	0.6	9.7	3.3	0.0	20.5
Sculptor Real Estate Fund IV	12.6	10.3	7.2	3.8	10.7	4.2	3.6	19.9	13.6
Seven Seas Japan Opportunity Fund	-	-	-	-	-	-	-	-	100.0
Opportunistic Portfolio	21.4	0.0	0.2	0.0	3.8	0.9	4.0	11.7	57.9
Total Non-Core Portfolio 1Q 2007 Forward	12.4	4.5	1.9	1.5	7.3	5.0	6.3	4.4	56.8
Total Private Portfolio									
SCERS	13.9	6.9	4.6	1.1	11.3	8.1	7.3	24.4	22.4
Indices									
NFI-ODCE	20.6	8.2	5.1	0.8	12.1	9.3	7.5	36.5	-

¹Geographic diversification numbers used are from 3Q23.

Advisory Disclosures and Definitions

Disclosure

Trade Secret and Confidential.

Past performance is not indicative of future results.

Investing involves risk, including the possible loss of principal.

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

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

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

Benchmarks

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

Exhibit B: Real Estate Market Update 4Q23



United States Real Estate Market Update (4Q23)

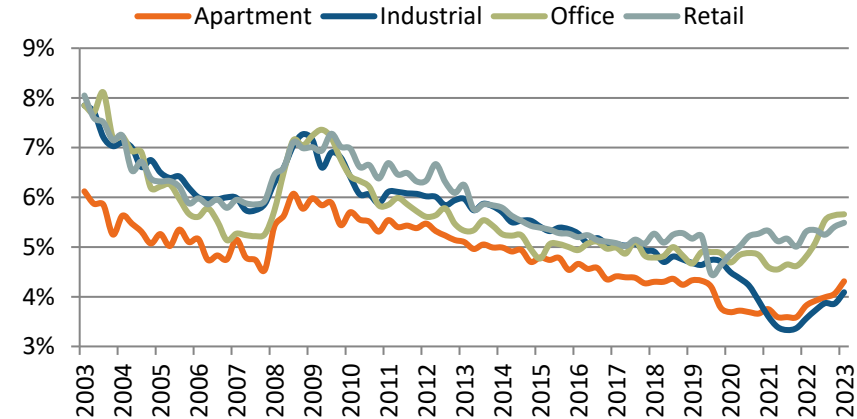
General

- The economy continues to face headwinds stemming from an increasingly aggressive federal funds rate, continuous inflation, and geopolitical events. The S&P 500 rebounded after a difficult third quarter, returning 11.7% to close out 2023. The MSCI US REIT index also rebounded from its challenging year coming in at 16% for the fourth quarter.
- During the fourth quarter, GDP increased at an annualized rate of 3.3%. This positive growth was primarily due to government spending, consumer spending, and strong job market growth. Inflation has tamed over previous quarters due to the Fed reducing the central bank's balance sheet and the Federal Open Market Committee's dramatic rate hikes spanning from March 2022 until mid-2023.
- 10-year treasury bond yields increased, ending the quarter at 3.9%. As economists expected, rates moved significantly higher throughout 2023, but have since plateaued after the Fed paused its dramatic rate increases spanning from early 2022 until mid 2023.

Commercial Real Estate

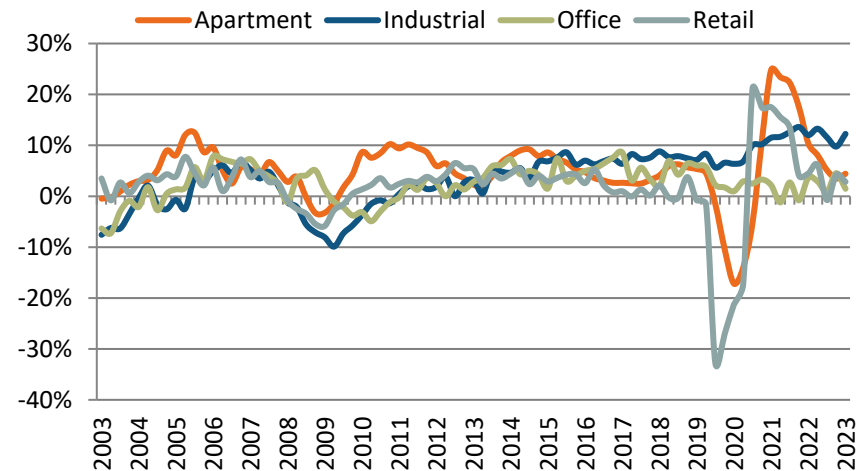
- The fourth quarter of 2023 saw total CRE transaction activity decrease by 51% YOY. The apartment sector transaction volumes in the U.S. have dropped dramatically due to a large amount of transaction volume during and post-pandemic. Although apartment fundamentals remain intact, the increase in cost of debt has contributed to a YoY decrease in transaction volume of 61%.
- Transaction cap rates (5.7%) expanded, moving out 53 bps during the quarter. This increase continues the upward trend on cap rates beginning in 4Q21. Current valuation cap rates expanded for all major property sectors, led by apartment (+23 bps), and followed by industrial (+23 bps), retail (+7 bps), and office (+2 bps).
- NOI growth has continued to diverge between property sectors. Apartment sector struggles due to near-term supply of new deliveries; however, fundamentals over the longer-term continue to show strength. With the cost of debt for homes continuing to become more expensive, Apartment NOI expanded (4%) YoY. Industrial NOI continued to expand (12%) YoY with the continued investments into direct-to-customer distribution by companies.
- Commercial Real Estate fundraising activity rebounded after seeing a slow year. In the fourth quarter, the number of funds in the market increased (22%) as well as a (5%) increase in aggregate capital raised over the previous quarter, albeit aggregate capital raised has declined by 53% YoY.

Current Value Cap Rates by Property Type



Source: NCREIF

4 Qtr Rolling NOI Growth



Source: NCREIF

United States Property Matrix (4Q23)

INDUSTRIAL

- In 4Q23, industrial properties returned -2.29% and outperformed the NPI by 73 bps.
- Transaction volumes decreased to \$21 billion in the fourth quarter of the year, resulting in an 43% decrease year-over-year. Individual asset sales decreased 70% year-over-year, while portfolio purchases turned in a year-over-year volume increase of 20%. At \$21 billion, the industrial sector slightly decreased by \$2 billion quarter-over-quarter.
- The industrial sector turned in NOI growth of 12.25% over the past year. NOI continues to reach all time highs for the sector.
- Vacancy increased by 81 bps year-over-year to 2.3%. Vacancy in the sector increased 24 bps from the prior quarter. E-commerce continues to drive demand across the sector.
- Industrial cap rates expanded approximately 53 bps from a year ago, to 4.09%. Industrial overall fundamentals still top all property sectors.

MULTIFAMILY

- The apartment sector delivered a -2.98% return during the quarter, outperforming the NPI by 4 bps.
- Transaction volume in the fourth quarter of 2023 slightly decreased to \$27 billion, resulting in a decrease of 50% year-over-year. Transaction volume for the sector slightly decreased from the third quarter by nearly 20%. This volume continues to make multifamily the most actively traded sector for the twenty third straight quarter.
- Cap rates increased to 4.31% quarter-over-quarter, increasing 49 bps year-over-year. Multifamily cap rates remain at low levels relative to prior years, driven by continued increases in valuation.
- The multifamily sector saw increasing vacancy rates throughout the entirety of 2020 due to the global pandemic. Throughout 2021 and 2022, the sector appeared to have shaken that trend although vacancy rates remained steady. Vacancy rates increased during fourth quarter of 2022 and have increased to 6.73% as of the fourth quarter of 2023. 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 -5.40% in 4Q23, 238 bps below the NPI return over the period.
- Transaction volumes decreased by 32% year-over-year in the fourth quarter. Transaction volume equated to \$14 billion for the quarter, slightly increasing quarter-over-quarter. Office transaction levels have regressed since 4Q21 and are at levels seen during the COVID-19 pandemic.
- Office sector vacancy rates have expanded since the beginning of the pandemic due to work from home orders and uncertainty revolving around the future of office space. Office continues to be the highest vacancy property type at 14.13%, increasing by 54 bps from last quarter.
- NOI growth in the office sector decreased quarter-over-quarter by 200 bps to -2.00% and is still experiencing volatility given the current market environment.
- Office cap rates expanded from a year ago, sitting at approximately 5.7%. Office-using job growth was stunted significantly through out 2020 due to work from home orders. Though we are observing a slow but steady flow back to in-office work, there is still uncertainty in the sector.

RETAIL

- As of 4Q23, the retail sector delivered a quarterly return of -1.12%, outperforming 190 bps compared to the NPI.
- Transaction volumes totaled \$12 billion in the fourth quarter, decreasing 31% year-over-year. Single asset transactions accounted for just over 91% of all sales volume for the quarter.
- Cap rates have remained fairly steady within the sector over the last year at 5.5%. Current valuation cap rates expanded quarter-over-quarter by 7 bps due to valuation adjustments made across the sector in general.
- NOI growth increased from the prior quarter to 3.50% as of the fourth quarter. Retail has begun its slow recovery but has continued to experience volatility due to the current market environment.
- Retail vacancy rates remained steady over the quarter at 7.0%, down 14 bps over the past year. Many big box stores have closed as the need for retail space shrinks, translating to a negative outlook for rent growth. Paired with the global economic crisis, which has had a significant negative impact on this sector.

Global Real Estate Market Update (4Q23)

- This past year in the global real estate market proved to be an uphill battle for buyers and sellers alike as high volatility, low inventory, and elevated interest rates were persistent throughout. While commercial interest rates quelled transaction activity in the fourth quarter, they have begun to stabilize and cuts by the Federal Reserve expected in the second half of 2024. Year over year, deal volumes have contracted by 37% YOY with buyers and sellers far apart on pricing.

- US markets have exhibited pronounced deterioration with transaction volumes decreasing 53% since the third quarter of last year. This drawback in activity has outgrown the period in decline at the onset of the pandemic. Significant distress, up to \$42 billion in office alone, is expected to materialize in the coming months. The refinancing and discounted sales to offset these losses should compound as the year progresses.

- China emerged as the top performing market in the Asia Pacific this year, seeing distressed office and retail properties begin to trade following a stagnant period midyear. Singapore doubled its activity in the quarter, leaning into cross border investment in value-added hotel and logistics prospects. Japan deal making waned in the quarter, as concerns over the Bank of Japan's (BOJ) cessation of its negative interest rate policy impacted investor interest in office assets.

- The fourth quarter confirmed a decade low in real estate transaction volumes across major European markets. Despite these themes, there is increased optimism that favorable funding conditions are on the horizon as interest rates are expected to decline in the second half of 2024. Investors in Italy and the UK have gravitated to alternative property types, namely student housing, for their counter cyclical components and a shortage of supply in the region. Overall, there is belief of a gradual recovery over the coming quarters in markets with stable economic conditions, inflation has subdued, and repricing has taken shape (ie. The UK, Netherlands, Spain).

- US logistics and industrial markets saw supply nearly triple net absorption for the year as developers completed 607 million square feet of new product. This was reflected in the average vacancy rate reaching 5.5%, the highest since 2016. These elevated level of vacancies, along with the rising cost of debt have led to concessions in construction starts. As construction starts remain limited, new supply will fall off during each quarter of 2024, positioning supply and demand to reach equilibrium by the end of the year.

- US housing construction was robust over the year, particularly for single-family housing. Forecasts point towards US home starts tracking below the rate of household formations, forming a gap in supply. Europe's largest economies (Germany, France, & the UK) have been hamstrung by a steep decline in housebuilding due to rising build and debt costs and developer insolvencies. These hurdles are consistent across the Asia Pacific among chronic undersupply, rapid urban population growth, and the least affordable ownership rates. This has resulted in the surge of interest in institutional multifamily in the region, while boosting demand for nice sectors in senior and student housing.

Global Total Commercial Real Estate Volume - 2022 - 2023

\$ US Billions	Q4 2023	Q4 2022	% Change		% Change Full	
			Q4 23 - Q4 22	2023	2022	Year
Americas	79	131	-40%	329	701	-53%
EMEA	44	68	-35%	173	339	-49%
Asia Pacific	268	266	1%	688	860	-20%
Total	391	465	-16%	1191	1900	-37%

Source: Real Capital Analytics, Inc., Q4' 23

Global Outlook - GDP (Real) Growth % pa, 2023-2025

	2023	2024	2025
Global	3.1	3.1	3.2
Asia Pacific	4.0	4.1	4.0
Australia	1.9	1.4	2.2
China	5.2	4.6	4.4
India	7.2	6.8	6.3
Japan	2.0	0.8	1
North America	2.5	1.6	1.7
US	2.5	1.6	1.7
Middle East	1.0	2.0	4.0
European Union	0.5	0.9	1.7
France	0.8	0.7	1.3
Germany	-0.3	0.2	1.2
UK	0.3	0.4	1.2

Source: Bloomberg