



**TOWNSEND<sup>®</sup>**  
GROUP

an Aon company

Real Estate Portfolio

# Performance Measurement Report

FIRST QUARTER 2021



**SCERS**

SACRAMENTO COUNTY  
EMPLOYEES'  
RETIREMENT SYSTEM

## 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 first quarter, 2021 (the “Quarter”), the Real Estate Portfolio was within the allowable range at 7.1%. Core Real Estate currently makes up 73.5% of the portfolio, with Non-Core Real Estate making up the remaining 26.5%.

### 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-six Core open-end commingled funds invested across the United States.
- In July of 2017, Staff and Townsend recommended revising the Real Estate IPS to reflect transition away from IMAs, including removal of the Core vehicle constraints of 0-60% (30% target) for funds and 40-100% (70% target) for IMAs, which was subsequently approved by the Board.
- In 2018, SCERS’ 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, 2018.
- The loan-to-value ratio of the Private Real Estate Portfolio was 37.7% at the end of the first quarter of 2021. The loan-to-value ratio of the Core Portfolio was 32.4%, 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 23.1% as of the first quarter. The Non-Core Portfolio reported a loan-to-value ratio of 48.8%.

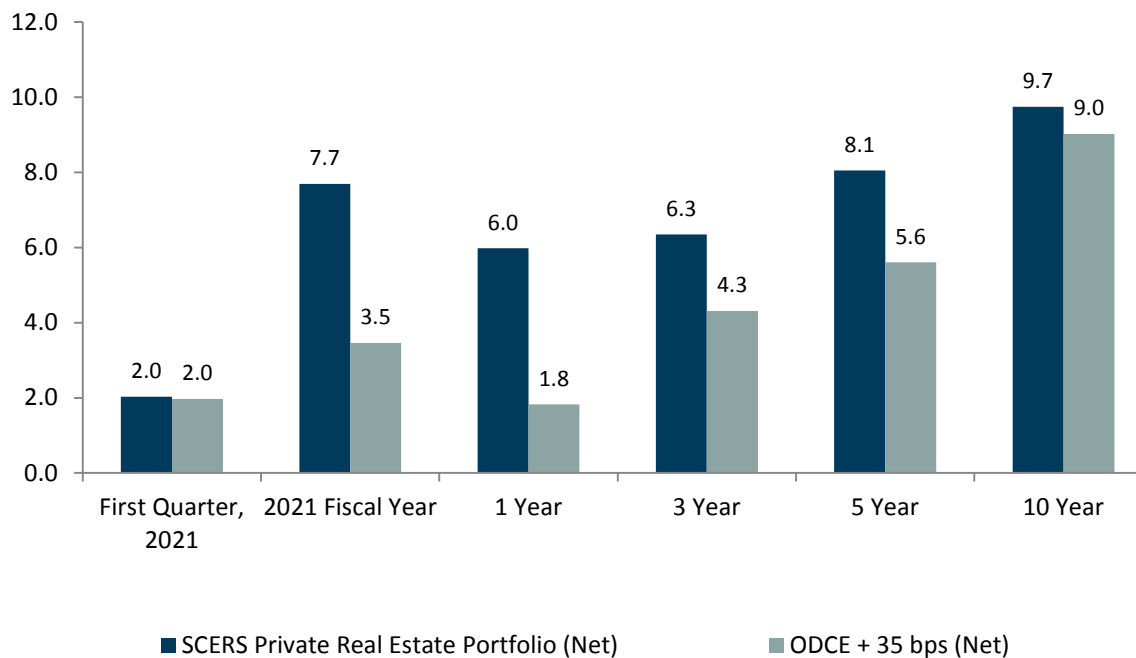
## Portfolio Funding Status

- The following slides provide a review of key information of the SCERS Real Estate Portfolio (the “Portfolio”) through March 31, 2021.
- 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 March 31, 2021</i>	<b>Market Value</b> (in millions of dollars)*	<b>% of SCERS Plan</b>
<b>SCERS Total Plan Assets</b>	<b>11,792</b>	<b>100.0%</b>
<b>Private Portfolio Target</b>	<b>825</b>	<b>7.0%</b>
<b>Private Portfolio Permissible Range</b>		<b>5.0-9.0%</b>
<b>Private Real Estate</b>		
Core Portfolio	615	5.2%
Non-Core Portfolio	222	1.9%
<b>Total SCERS Private Real Estate Market Value</b>	<b>836</b>	<b>7.1%</b>
<b>Total SCERS Private Real Estate Unfunded Commitments</b>	<b>166</b>	<b>1.4%</b>

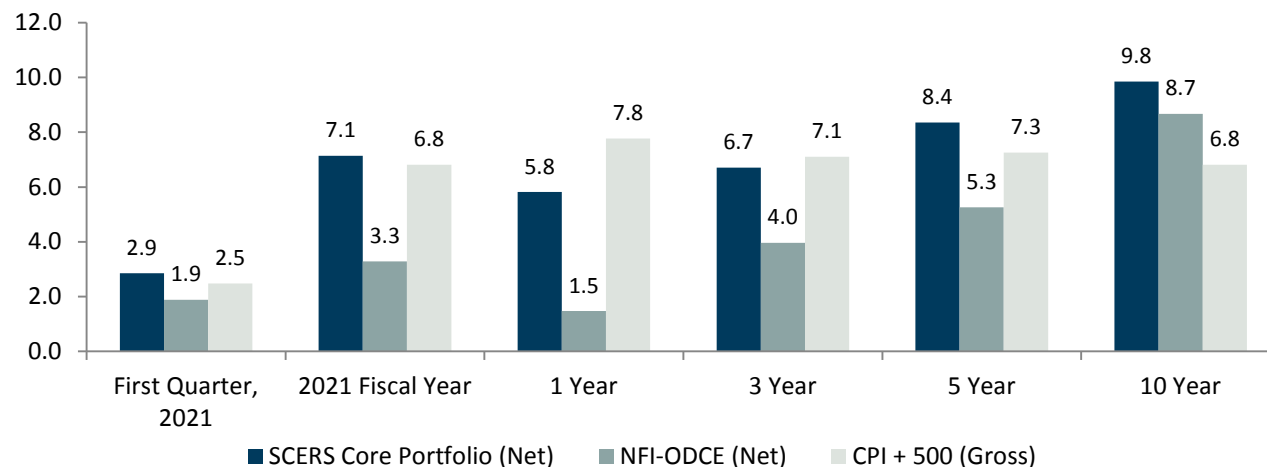
\* Figures may not add due to rounding.

## 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 first quarter of 2021, the SCERS Private Real Estate Portfolio outperformed the benchmark by 5 basis points led by the positive performance of the Core portfolio.

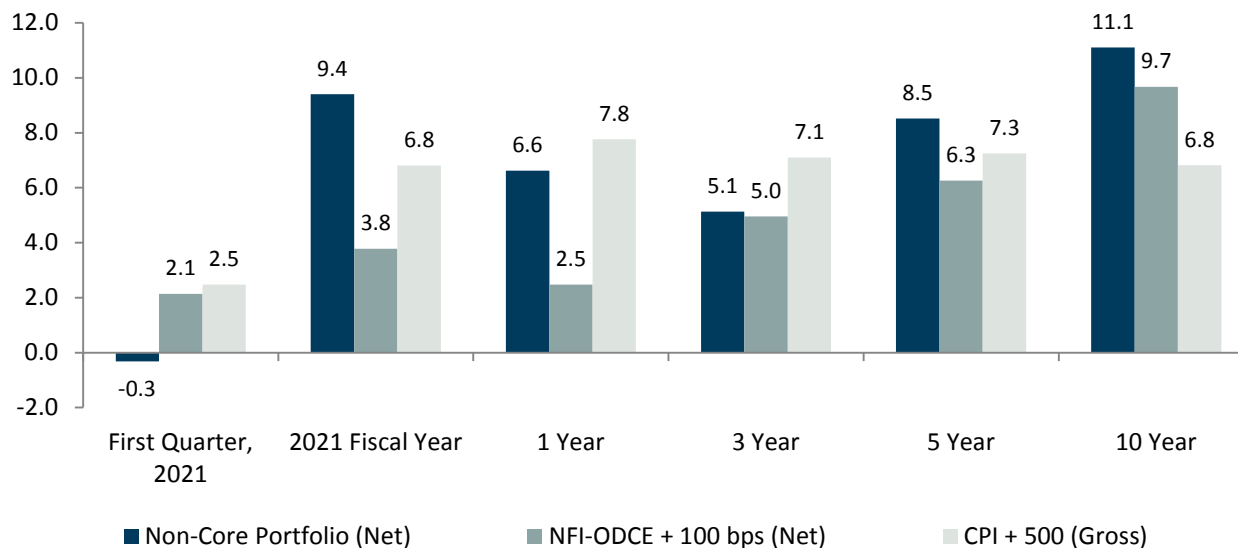
## Core Portfolio Performance



- The SCERS Core Portfolio consists of seven open-end Core Commingled funds. The Core Commingled Fund exposure includes, MetLife Core Property Fund, Principal U.S. Property Account, Prologis Targeted U.S. Logistics Fund, Prologis European Logistics Fund, Townsend Real Estate Fund, Brookfield Premier Real Estate Partners, and Clarion’s Lion Properties Fund.
- Performance of the Core Portfolio is evaluated relative to the NCREIF Fund Index of Open-End Diversified Core Equity funds (“NFI-ODCE”), net of fees. In aggregate, the Core Portfolio outperforms the NFI-ODCE, net of fees, over all displayed time periods.
- During the Quarter, Prologis Targeted U.S. Logistics Fund was the strongest absolute performer while Townsend Real Estate Fund was the largest contributor to the SCERS Core Portfolio with the funds generating 5.3% and 3.7% in net returns, respectively.
- 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. Nevertheless, the Core Portfolio outperformed the CPI + 500 bps over the first quarter and 2021 Fiscal year.
- In an effort to bring exposure in line with the reduced target allocation, two redemption request were submitted in 2020, a full redemption from Prime Property Fund and a partial redemption (\$20 million) from Clarion’s Lion Properties Fund. Over the first quarter, SCERS received the remaining \$35.2 million from Prime Property Fund and \$3.6 million from Clarion’s Lion Properties Fund.

\*EX-US funds produced the following 1Q21 net returns in local currency: Prologis European Logistics Fund (Euro) 5.2%.

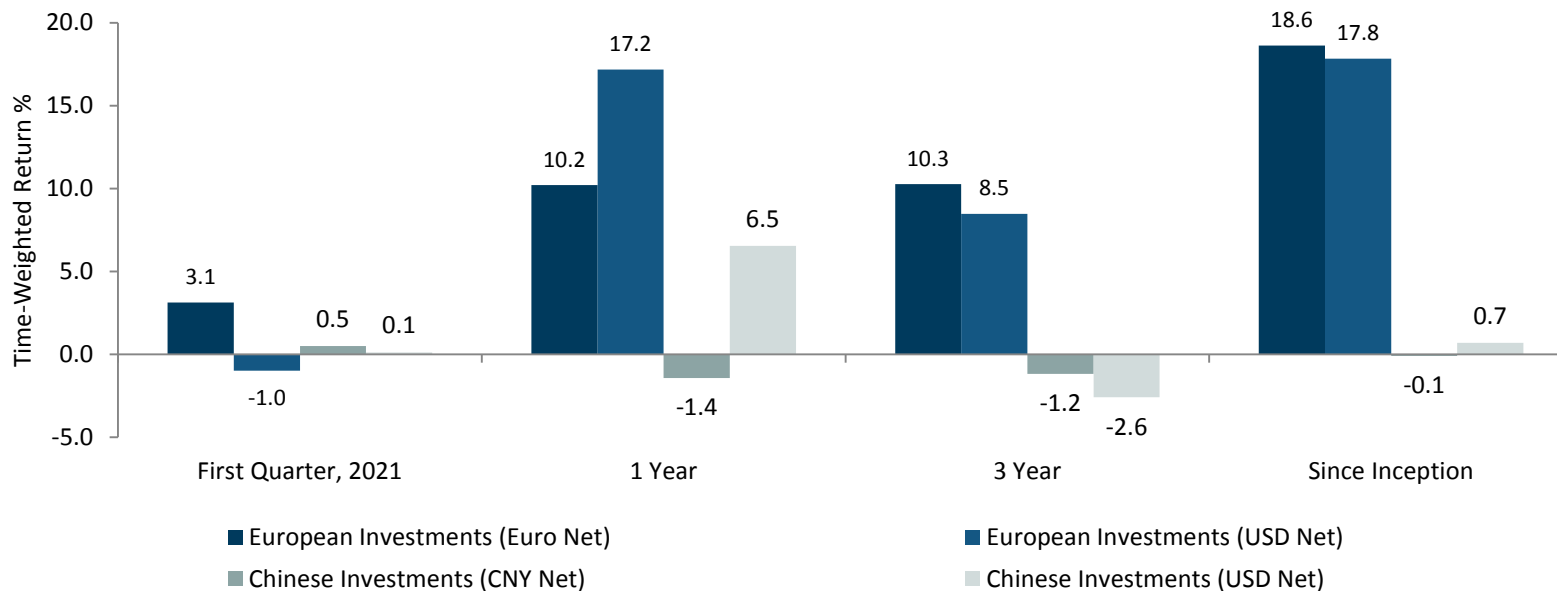
## Non-Core Portfolio Performance



- 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 but underperformed the benchmark during the trailing quarter
- Underperformance of the non-core portfolio during the trailing quarter is driven by the negative performance of the Value-Added investments. The negative performance is the result of the euro to dollar currency movement as the euro depreciated against the dollar in the first quarter.
- During the first quarter Asana Partners Fund II was the largest contributor and strongest absolute performer generating 9.9% in net returns. Asana's strong performance is attributed to write-ups in the fund's asset as shopping activity rebounded through the fund's assets due to vaccination distribution and the economic stimulus.

*\*EX-US funds produced the following 1Q21 net returns in local currency: DRC European Real Estate Debt Fund II (Pound Sterling) 2.8%, ECE European Prime Shopping Centre Fund II (Euro) 1.0%, NREP Nordic Strategies Fund (Euro) 1.5%, NREP Nordic Strategies Fund II (Euro) 1.7%, NREP Nordic Strategies Fund III (Euro) 4.2%, NREP Nordic Strategies Fund IV (Euro) (4.0%), Carlyle China Realty Fund (Chinese Yuan) 0.4% and Carlyle's Project Rome (Chinese Yuan) 0.5%.*

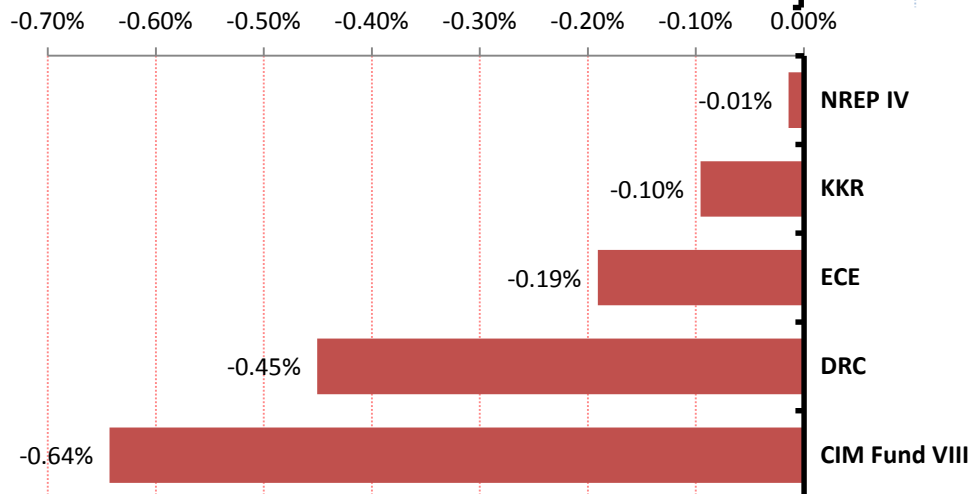
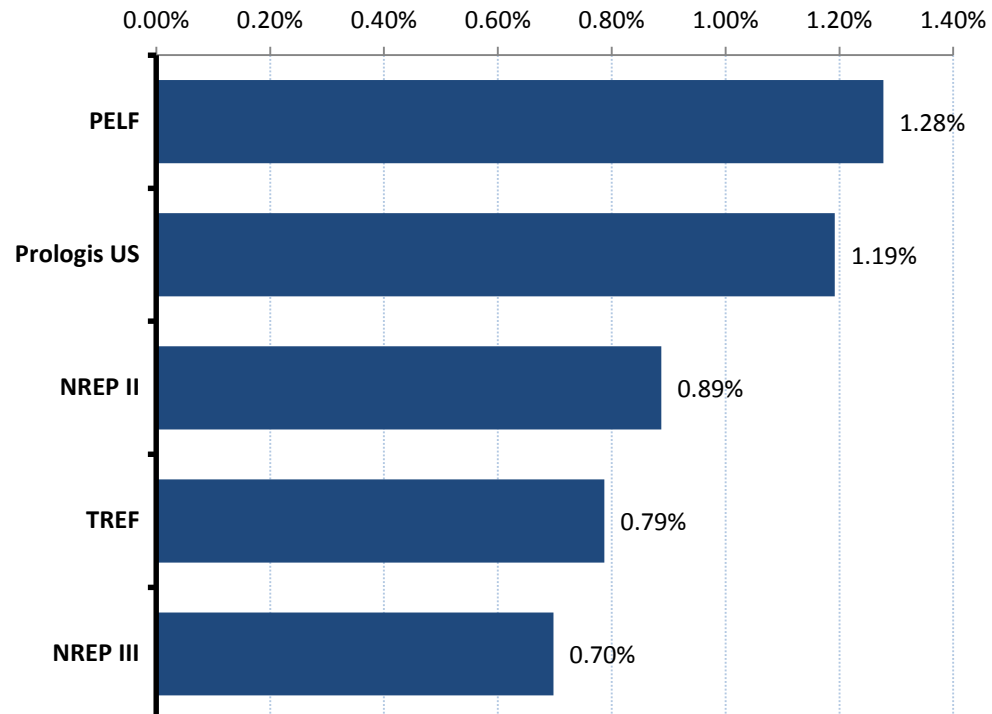
## Ex-US Portfolio Performance



- Approximately 26.0% 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 negatively impacted foreign investments over the trailing quarter. In local currency, both European and Chinese investments have been positive and accretive to SCERS' portfolio. 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) 1.0%, NREP Nordic Strategies Fund (Euro) 1.5%, NREP Nordic Strategies Fund II (Euro) 1.7%, NREP Nordic Strategies Fund III (Euro) 4.2%, NREP Nordic Strategies Fund IV (Euro) (4.0%) and Prologis European Logistics Fund (PELF) 5.2%.
  - 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) 0.4% and Carlyle's Project Rome (Chinese Yuan) 0.5%.
  - Since Inception period begins 3Q17.
  - SCERS' Carlyle investments are USD denominated at the fund level, but property values are exposed to currency translation.

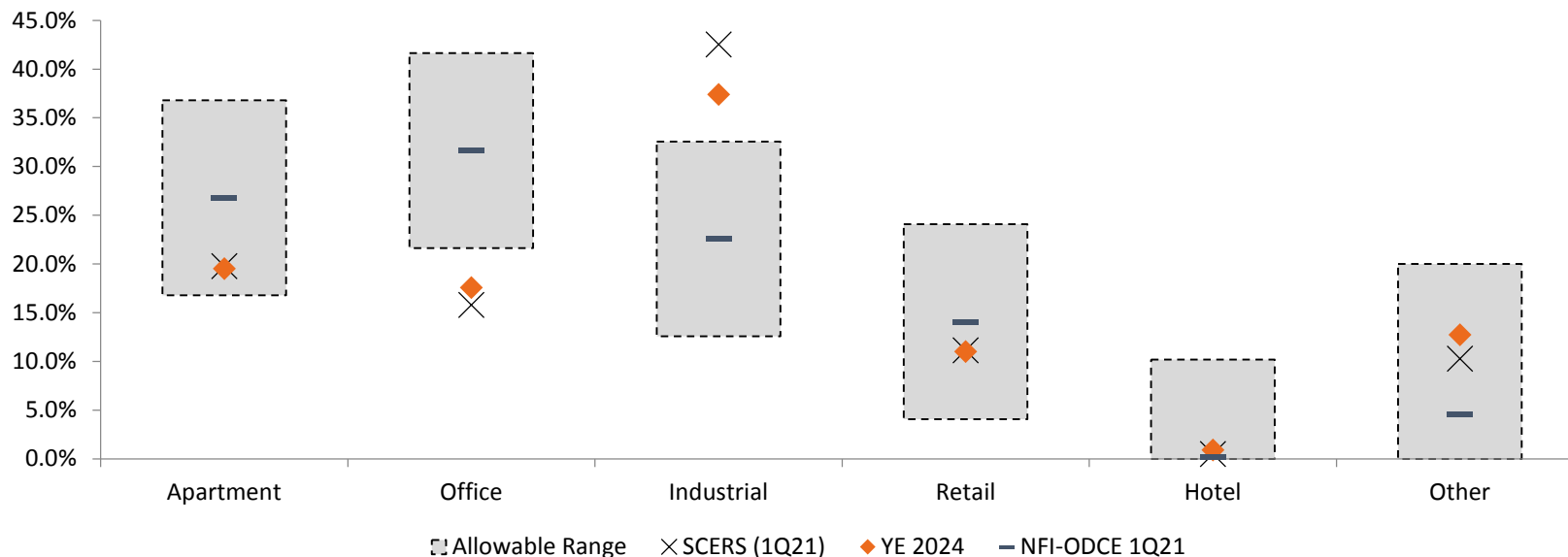
## Performance Attribution

- 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, three OECFs within the SCERS portfolio were in the top contributors to overall portfolio performance. The funds include Prologis Targeted U.S. Logistics Fund, Prologis Targeted Europe Logistics Fund and Townsend Real Estate Fund.
- The Value-Added portfolio contributed positively to the performance with NREP Nordic Strategies II & III contributing the greatest portion of overall returns.
- CIM Fund VIII has been the largest detractor over the trailing year as the fund's performance challenges were exacerbated by COVID-19, specifically due to the fund's development-heavy strategy and exposure to the New York City market.
- DRC European Real Estate Debt Fund II's performance was hit by significant write-downs in two of the fund's shopping malls dragging down the trailing year performance.
- ECE European Prime Shopping Centre Fund II was affected negatively as retail closures due to the pandemic continued to affect performance.





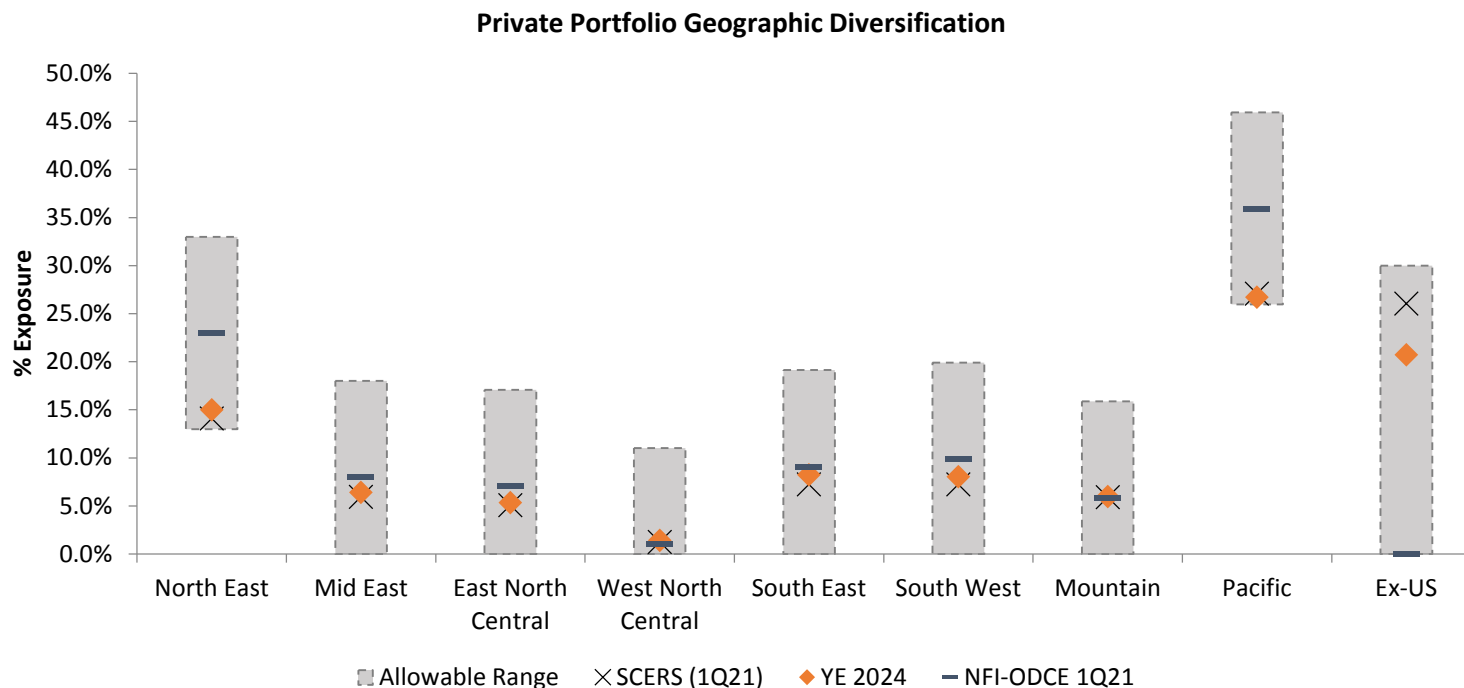
## Real Estate Private Portfolio Diversification – Property Type



- 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 first 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.

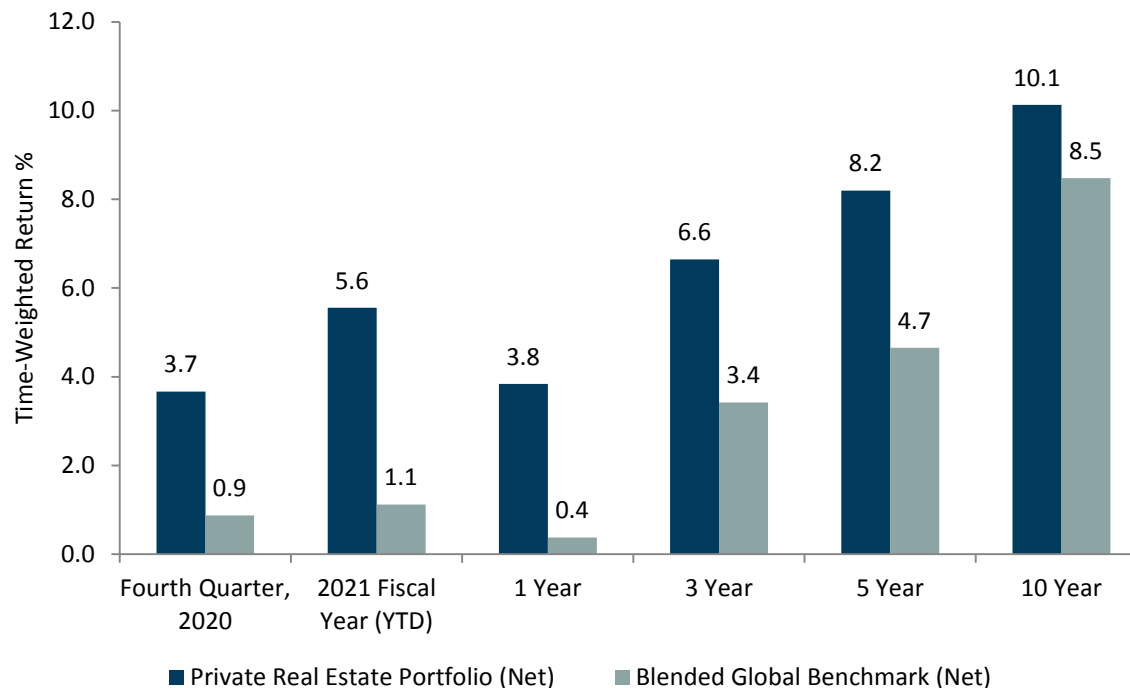
## Real Estate Private Portfolio Diversification – Geographic Region



- 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 first 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 26.0%, 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 4.37% in China, 3.17% in Denmark, 2.26% in Finland, 3.07% in Germany, 2.10% in France, 3.25% in Sweden, 1.24% in Netherlands, 1.48% in Poland, 1.60% in the UK, 1.43% in Spain, 0.9% in Italy and 1.13% in other countries.

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

## Private Real Estate Performance – Global Ancillary Benchmark (4Q20)



- 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 26.0%, well within its 30% constraint. International exposure is mainly Non-Core in nature, with the exception of Prologis Targeted Europe Logistics Fund.
- The SCERS Private Real Estate program has outperformed its secondary benchmark significantly over all time periods.

## Exhibit A: Performance Flash Report



Portfolio Composition (\$)								
Total Plan Assets	Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
11,792,442,174	Core	7.0%	614,741,199	5.2%	0	0.0%	210,729,753	1.8%
	Non-Core	0.00% - 5.00%	221,723,274	1.9%	166,363,645	1.4%	-122,756,970	-1.0%
	<b>Total</b>	<b>7.0%</b>	<b>836,464,473</b>	<b>7.1%</b>	<b>166,363,645</b>	<b>1.4%</b>	<b>87,972,783</b>	<b>0.7%</b>

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core Portfolio (Commingled Funds & Separate Accounts)	3.2	2.9	6.6	5.8	7.7	6.7	9.5	8.4
Non-Core Portfolio (Value Added & Opportunistic, 1Q2007 Forward)	0.5	-0.3	12.2	6.6	9.9	5.1	12.5	8.5
Private Real Estate Portfolio	2.5	2.0	7.9	6.0	8.3	6.3	9.8	8.1
NFI-ODCE (Core)	2.1	1.9	2.3	1.5	4.9	4.0	6.2	5.3
NFI-ODCE + 100 bps (Non-Core)	2.4	2.1	3.3	2.5	5.9	5.0	7.2	6.3
NFI-ODCE + 35 bps (Private Portfolio)	2.2	2.0	2.7	1.8	5.2	4.3	6.5	5.6

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
<b>Core Commingled Funds</b>								
Brookfield Premier Real Estate Partners	2018	100,000,000	100,000,000	0	9,628,432	105,332,992	13.2	11.0
Lion Properties Fund	2018	152,400,000	155,025,992	0	57,081,433	114,716,173	14.3	12.0
MetLife Core Property Fund	2013	35,000,000	50,289,376	0	15,914,538	65,816,864	8.2	6.9
Prime Property Fund	2013	35,000,000	49,777,856	0	79,900,503	0	0.0	0.0
Principal U.S. Property Account	2015	35,000,000	35,000,000	0	0	50,033,083	6.3	5.2
Prologis European Logistics Fund <sup>1,3</sup>	2017	47,950,142	49,151,023	0	7,128,375	64,070,463	8.0	6.7
Prologis Targeted U.S. Logistics Fund	2015	50,000,000	50,000,000	0	10,890,846	87,413,759	10.9	9.1
Townsend Real Estate Fund, L.P. <sup>3</sup>	2016	90,000,000	109,563,925	0	19,563,925	127,357,865	15.9	13.3
<b>Core Commingled Funds</b>	<b>1986</b>	<b>545,350,142</b>	<b>598,808,172</b>	<b>0</b>	<b>200,108,052</b>	<b>614,741,199</b>	<b>73.5</b>	<b>61.3</b>
<b>Core Separate Accounts</b>								
BlackRock Core Separate Account	1995	0	852,777,064	0	1,220,331,051	0	0.0	0.0
<b>Core Separate Accounts</b>	<b>1996</b>	<b>0</b>	<b>852,777,064</b>	<b>0</b>	<b>1,220,331,051</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>
Total BlackRock Separate Account	1996	0	1,023,189,152	0	1,466,666,422	0	0.0	0.0
<b>Total Core Portfolio</b>	<b>1986</b>	<b>545,350,142</b>	<b>1,451,585,236</b>	<b>0</b>	<b>1,420,439,103</b>	<b>614,741,199</b>	<b>73.5</b>	<b>61.3</b>
<b>Value Added Portfolio</b>								
Asana Partners Fund II <sup>3</sup>	2019	35,000,000	12,556,250	22,443,750	0	12,234,927	1.5	3.5
DRC European Real Estate Debt Fund II	2013	50,007,963	47,627,074	10,045,360	42,853,672	4,926,925	0.6	1.5
ECE European Prime Shopping Centre Fund II C <sup>3</sup>	2015	33,611,623	32,571,585	2,763,177	2,815,252	34,554,891	4.1	3.7
Hammes Partners II	2015	25,000,000	27,247,790	1,385,671	43,058,998	2,573,410	0.3	0.4
Hammes Partners III	2018	25,000,000	11,047,668	20,077,332	5,821,858	6,629,881	0.8	2.7
NREP Nordic Strategies Fund <sup>3</sup>	2014	25,130,756	22,485,011	0	36,039,331	3,207,518	0.4	0.3
NREP Nordic Strategies Fund II <sup>3</sup>	2016	35,176,432	27,678,997	8,640,301	12,338,314	31,673,660	3.8	4.0
NREP Nordic Strategies Fund III <sup>3</sup>	2018	39,019,632	19,619,254	17,182,556	0	25,547,000	3.1	4.3

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>1</sup>	2019	35,449,208	4,580,324	33,633,882	0	3,812,534	0.5	3.7
<b>Value Added Portfolio</b>	<b>1986</b>	<b>303,395,614</b>	<b>205,413,953</b>	<b>116,172,029</b>	<b>142,927,425</b>	<b>125,160,746</b>	<b>15.0</b>	<b>24.1</b>
<b>Opportunistic Portfolio</b>								
BlackRock High Return Separate Account	2016	0	19,810,607	0	29,976,931	0	0.0	0.0
Carlyle China Project Rome Co-Investment	2017	40,000,000	37,606,214	4,405,916	0	37,033,347	4.4	4.1
Carlyle China Realty	2017	10,000,000	10,432,626	1,046,779	2,342,232	8,339,684	1.0	0.9
CIM Fund VIII	2015	35,000,000	38,936,841	0	6,977,089	31,342,953	3.7	3.1
KKR Real Estate Partners Americas <sup>2</sup>	2015	22,720,638	1,066,178	4,156,089	4,172,078	5,609,684	0.7	1.0
Sculptor Real Estate Fund III <sup>2,3</sup>	2014	35,000,000	25,761,917	13,729,251	28,564,551	10,782,910	1.3	2.4
Sculptor Real Estate Fund IV <sup>2,3</sup>	2020	30,000,000	5,058,185	26,853,581	1,756,954	3,453,950	0.4	3.0
<b>Opportunistic Portfolio</b>	<b>1991</b>	<b>172,720,638</b>	<b>138,672,568</b>	<b>50,191,616</b>	<b>73,789,835</b>	<b>96,562,528</b>	<b>11.5</b>	<b>14.6</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>2007</b>	<b>476,116,252</b>	<b>344,086,521</b>	<b>166,363,645</b>	<b>216,717,260</b>	<b>221,723,274</b>	<b>26.5</b>	<b>38.7</b>
<b>Total Private Portfolio</b>								
<b>SCERS</b>	<b>1986</b>	<b>1,021,466,394</b>	<b>1,795,671,757</b>	<b>166,363,645</b>	<b>1,637,156,363</b>	<b>836,464,473</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	105,332,992	0.7	2.1	2.8	2.6	3.3	1.5	4.8	4.0	4.0	-1.7	2.2	2.6				
Lion Properties Fund	114,716,173	0.9	1.3	2.2	2.0	2.7	2.2	5.0	4.3	3.5	-0.4	3.1	2.2				
MetLife Core Property Fund	65,816,864	1.2	1.5	2.7	2.6	3.4	0.4	3.8	3.4	4.4	-1.5	2.8	2.3	4.8	1.1	6.0	5.5
Prime Property Fund	0	1.0	1.2	2.2	1.9	2.7	2.5	5.2	4.5	3.5	-0.1	3.4	2.6	3.7	2.3	6.1	5.1
Principal U.S. Property Account	50,033,083	1.1	1.5	2.6	2.4	3.1	1.8	4.9	4.2	4.0	-0.4	3.6	2.6	4.3	1.7	6.0	5.0
Prologis European Logistics Fund <sup>4,5</sup>	64,070,463	1.2	0.7	1.9	1.1	3.6	17.5	21.5	19.0	5.4	16.0	22.0	19.8	5.4	7.8	13.5	11.3
Prologis Targeted U.S. Logistics Fund	87,413,759	1.0	5.1	6.2	5.3	3.3	13.8	17.4	15.1	4.5	10.2	15.0	13.0	4.6	12.1	17.1	14.9
Townsend Real Estate Fund, L.P. <sup>3</sup>	127,357,865	0.8	3.0	3.8	3.7	2.1	4.1	6.2	6.1	3.5	2.2	5.8	5.6	4.0	2.6	6.7	6.5
<b>Core Commingled Funds</b>	<b>614,741,199</b>	<b>1.0</b>	<b>2.2</b>	<b>3.2</b>	<b>2.9</b>	<b>2.9</b>	<b>5.0</b>	<b>8.1</b>	<b>7.1</b>	<b>4.0</b>	<b>2.5</b>	<b>6.6</b>	<b>5.8</b>	<b>4.1</b>	<b>4.1</b>	<b>8.3</b>	<b>7.3</b>
<b>Core Separate Accounts</b>																	
BlackRock Core Separate Account	0																
<b>Core Separate Accounts<sup>4</sup></b>	<b>0</b>																
<i>Total BlackRock Separate Account</i>	<i>0</i>																
<b>Total Core Portfolio</b>	<b>614,741,199</b>	<b>1.0</b>	<b>2.2</b>	<b>3.2</b>	<b>2.9</b>	<b>2.9</b>	<b>5.0</b>	<b>8.1</b>	<b>7.1</b>	<b>4.0</b>	<b>2.5</b>	<b>6.6</b>	<b>5.8</b>	<b>4.1</b>	<b>3.5</b>	<b>7.7</b>	<b>6.7</b>
<b>Value Added Portfolio</b>																	
Asana Partners Fund II	12,234,927	-0.1	11.0	10.9	9.9	0.1	18.9	19.1	13.9	-0.9	14.1	13.1	3.6				
DRC European Real Estate Debt Fund II	4,926,925	3.3	0.8	4.1	3.7	-50.9	10.1	-43.2	-43.8	-49.9	9.8	-42.3	-43.0	-17.0	-0.9	-16.3	-17.2
ECE European Prime Shopping Centre Fund II C <sup>2</sup>	34,554,891	0.8	-3.5	-2.7	-3.0	5.9	-1.8	4.1	2.3	6.0	-7.9	-2.5	-5.0	4.4	-0.6	3.5	1.2
Hammes Partners II	2,573,410	1.1	2.5	3.6	2.6	7.9	46.4	55.6	42.9	9.5	50.9	62.8	47.9	10.2	36.6	49.1	40.1
Hammes Partners III	6,629,881	3.2	3.7	6.9	4.2	11.9	31.1	45.1	32.1	13.9	32.0	48.7	32.6				
NREP Nordic Strategies Fund <sup>3</sup>	3,207,518	0.2	-2.7	-2.5	-2.6	22.8	33.3	58.1	89.1	3.1	22.1	25.6	20.5	3.5	10.4	14.2	3.4
NREP Nordic Strategies Fund II <sup>3</sup>	31,673,660	1.9	-3.4	-1.5	-2.4	0.1	21.7	22.1	19.3	6.3	30.6	38.3	27.6	1.8	19.4	21.6	13.7
NREP Nordic Strategies Fund III <sup>3</sup>	25,547,000	0.8	0.6	1.4	0.0	0.1	37.4	37.7	26.3	1.0	48.4	49.8	35.8				
NREP Nordic Strategies Fund IV <sup>3</sup>	3,812,534	-4.0	3.0	-1.0	-11.2	-17.2	9.4	-8.4	-44.8	-14.6	87.4	67.5	-158.6				
<b>Value Added Portfolio</b>	<b>125,160,746</b>	<b>1.1</b>	<b>-0.6</b>	<b>0.5</b>	<b>-0.6</b>	<b>-0.1</b>	<b>19.6</b>	<b>19.7</b>	<b>15.9</b>	<b>0.8</b>	<b>21.9</b>	<b>23.0</b>	<b>13.9</b>	<b>2.4</b>	<b>13.5</b>	<b>16.2</b>	<b>8.4</b>
<b>Opportunistic Portfolio</b>																	
BlackRock High Return Separate Account	0																
Carlyle China Project Rome Co-Investment	37,033,347	-0.1	0.5	0.4	0.1	0.0	7.7	7.7	6.8	-0.1	7.9	7.9	6.7	-1.1	-0.1	-1.3	-3.7
Carlyle China Realty	8,339,684	-0.1	0.5	0.4	0.0	-0.1	7.6	7.6	6.3	-0.2	7.9	7.7	5.9	3.1	0.3	3.5	1.0
CIM Fund VIII	31,342,953	0.0	-1.6	-1.6	-1.9	0.0	-7.1	-7.1	-8.0	-0.1	-14.0	-14.1	-15.3	0.0	-3.5	-3.5	-4.7
KKR Real Estate Partners Americas <sup>3</sup>	5,609,684	3.5	-1.3	2.2	1.5	-14.6	4.7	-9.9	-8.9	-11.3	-4.3	-14.5	-12.8	10.5	-17.6	-6.9	-4.2
Sculptor Real Estate Fund III <sup>2</sup>	10,782,910	3.9	0.6	4.5	4.2	8.9	4.7	13.8	12.6	10.9	6.4	17.8	16.2	9.8	7.2	17.6	15.2
Sculptor Real Estate Fund IV <sup>3</sup>	3,453,950	-0.2	3.5	3.3	0.3	11.3	12.0	23.4	4.2								
<b>Opportunistic Portfolio</b>	<b>96,562,528</b>	<b>0.6</b>	<b>-0.2</b>	<b>0.4</b>	<b>0.0</b>	<b>0.6</b>	<b>2.1</b>	<b>2.6</b>	<b>1.4</b>	<b>1.0</b>	<b>-0.9</b>	<b>0.1</b>	<b>-1.6</b>	<b>2.0</b>	<b>0.7</b>	<b>2.7</b>	<b>1.1</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>221,723,274</b>	<b>0.9</b>	<b>-0.4</b>	<b>0.5</b>	<b>-0.3</b>	<b>0.2</b>	<b>11.7</b>	<b>12.0</b>	<b>9.4</b>	<b>0.8</b>	<b>11.2</b>	<b>12.2</b>	<b>6.6</b>	<b>2.2</b>	<b>7.5</b>	<b>9.9</b>	<b>5.1</b>
<b>Total Private Portfolio</b>																	
SCERS	836,464,473	0.9	1.5	2.5	2.0	2.2	6.7	9.0	7.7	3.2	4.6	7.9	6.0	3.6	4.5	8.3	6.3

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>1,2</sup>	€ 54,620,070	1.3	4.9	6.1	5.2	3.9	12.2	16.4	14.0	5.3	9.1	14.7	12.6	5.5	9.5	15.3	13.1
DRC European Real Estate Debt Fund II (Pound Sterling) <sup>4</sup>	£3,478,438	3.2	0.0	3.2	2.8	-48.9	0.0	-48.9	-49.4	-47.9	0.0	-47.9	-48.6	-15.8	0.0	-15.8	-16.7
ECE European Prime Shopping Centre Fund II (Euro) <sup>3</sup>	€ 31,838,943	0.8	0.5	1.3	1.0	5.7	-6.0	-0.3	-2.1	4.3	-12.8	-8.9	-11.2	3.2	0.1	3.2	1.2
NREP Nordic Strategies Fund (Euro) <sup>3</sup>	€ 2,734,409	0.2	1.4	1.6	1.5	22.5	27.1	51.4	81.0	14.9	14.9	18.2	13.4	3.5	12.7	16.5	5.5
NREP Nordic Strategies Fund II (Euro) <sup>3</sup>	€ 27,001,795	1.9	0.7	2.6	1.7	0.2	16.6	17.0	14.2	6.2	22.8	30.1	20.0	1.8	21.4	23.6	15.6
NREP Nordic Strategies Fund III (Euro) <sup>3</sup>	€ 21,778,817	0.9	4.7	5.6	4.2	0.0	31.4	31.5	20.5	1.0	39.1	40.5	27.3				
NREP Nordic Strategies Fund IV (Euro) <sup>3</sup>	€ 3,611,519	-2.5	4.9	2.4	-4.0	-13.1	11.7	-2.4	-20.6	-13.0	79.2	62.7					
<b>Indices</b>																	
NFI ODCE+ 35bps				2.2	2.0			4.1	3.5			2.7	1.8			5.2	4.3
NFI-ODCE		1.0	1.1	2.1	1.9	2.9	1.0	3.9	3.3	3.8	-1.4	2.3	1.5	4.1	0.8	4.9	4.0
NFI-ODCE + 100bps				2.4	2.1			4.4	3.8			3.3	2.5			5.9	5.0
CPI + 500 bps				2.5				6.8				7.8				7.1	

<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	105,332,992									3.0	3.9	7.0	6.0	4Q18	6.0	1.1
Lion Properties Fund	114,716,173									3.7	1.7	5.5	4.7	4Q18	4.9	1.1
MetLife Core Property Fund	65,816,864	4.9	2.2	7.1	6.6					5.0	4.7	9.8	9.3	1Q14	9.3	1.6
Prime Property Fund	0	3.9	3.7	7.7	6.6					4.1	5.8	10.1	9.0	4Q13	9.0	1.6
Principal U.S. Property Account	50,033,083	4.5	2.9	7.4	6.4					4.5	3.1	7.7	6.7	4Q15	6.7	1.4
Prologis European Logistics Fund <sup>1,2</sup>	64,070,463	5.4	9.2	15.0	13.0					5.0	10.0	15.4	13.5	1Q16	12.5	1.3
Prologis Targeted U.S. Logistics Fund	87,413,759	5.0	13.2	18.7	16.1					5.1	12.7	18.3	15.8	3Q15	16.1	2.0
Townsend Real Estate Fund, L.P. <sup>3</sup>	127,357,865	4.2	4.2	8.5	8.2					4.2	4.2	8.5	8.2	2Q16	7.9	1.3
<b>Core Commingled Funds</b>	<b>614,741,199</b>	<b>4.4</b>	<b>5.4</b>	<b>9.9</b>	<b>8.8</b>	<b>4.6</b>	<b>6.6</b>	<b>11.5</b>	<b>10.4</b>	<b>4.5</b>	<b>3.4</b>	<b>8.0</b>	<b>7.1</b>	<b>4Q86</b>	<b>6.8</b>	<b>1.4</b>
<b>Core Separate Accounts</b>																
BlackRock Core Separate Account	0													1Q96	9.9	1.4
<b>Core Separate Accounts<sup>4</sup></b>	<b>0</b>													<b>1Q96</b>	<b>8.8</b>	<b>1.4</b>
<i>Total BlackRock Separate Account</i>	<i>0</i>													<i>1Q96</i>	<i>9.7</i>	<i>1.4</i>
<b>Total Core Portfolio</b>	<b>614,741,199</b>	<b>4.4</b>	<b>5.0</b>	<b>9.5</b>	<b>8.4</b>	<b>4.9</b>	<b>5.9</b>	<b>11.0</b>	<b>9.8</b>	<b>5.4</b>	<b>2.1</b>	<b>7.6</b>	<b>6.6</b>	<b>4Q86</b>	<b>8.2</b>	<b>1.4</b>
<b>Value Added Portfolio</b>																
Asana Partners Fund II	12,234,927									-7.7	-7.0	-15.0	-28.4	4Q19	-3.4	1.0
DRC European Real Estate Debt Fund II	4,926,925	-6.1	-2.0	-7.0	-8.0					-1.6	-3.2	-4.0	-5.5	1Q14	0.1	1.0
ECE European Prime Shopping Centre Fund II C <sup>2</sup>	34,554,891	2.6	7.9	10.6	8.1					2.5	10.4	13.1	10.5	4Q15	5.9	1.1
Hammes Partners II	2,573,410	9.9	22.4	33.7	27.0					10.5	21.8	33.8	26.4	3Q15	23.6	1.7
Hammes Partners III	6,629,881									9.6	22.1	33.0	-0.9	1Q19	15.6	1.1
NREP Nordic Strategies Fund <sup>3</sup>	3,207,518	5.6	13.5	19.6	12.3					7.6	17.0	25.5	18.7	1Q15	23.8	1.7
NREP Nordic Strategies Fund II <sup>3</sup>	31,673,660									2.6	22.6	25.7	15.4	3Q16	15.5	1.6
NREP Nordic Strategies Fund III <sup>3</sup>	25,547,000									-5.0	28.6	22.8	1.4	4Q18	19.6	1.3
NREP Nordic Strategies Fund IV <sup>3</sup>	3,812,534									-30.9	63.1	16.3	N/A	1Q20	-30.5	0.8
<b>Value Added Portfolio</b>	<b>125,160,746</b>	<b>4.6</b>	<b>11.3</b>	<b>16.3</b>	<b>10.6</b>	<b>5.9</b>	<b>10.0</b>	<b>16.3</b>	<b>12.4</b>	<b>2.0</b>	<b>4.6</b>	<b>6.6</b>	<b>5.0</b>	<b>4Q86</b>	<b>5.8</b>	<b>1.2</b>
<b>Opportunistic Portfolio</b>																
BlackRock High Return Separate Account	0													3Q16	18.5	1.5
Carlyle China Project Rome Co-Investment	37,033,347									-1.0	3.3	2.3	0.0	3Q17	-0.6	1.0
Carlyle China Realty	8,339,684									2.4	3.2	5.7	3.1	3Q17	1.0	1.0
CIM Fund VIII	31,342,953	0.1	1.1	1.2	-0.3					0.1	3.5	3.6	1.7	2Q15	-0.4	1.0
KKR Real Estate Partners Americas <sup>3</sup>	5,609,684	20.2	-15.3	4.9	5.4					32.9	-27.6	17.2	14.3	2Q14	101.5	9.2
Sculptor Real Estate Fund III <sup>4</sup>	10,782,910	10.2	13.4	24.7	21.1					13.6	12.4	27.3	12.4	4Q14	21.7	1.5
Sculptor Real Estate Fund IV <sup>3</sup>	3,453,950									11.3	12.0	23.4	4.2	3Q20	6.9	1.0
<b>Opportunistic Portfolio</b>	<b>96,562,528</b>	<b>3.6</b>	<b>4.7</b>	<b>8.5</b>	<b>6.3</b>	<b>11.8</b>	<b>-8.5</b>	<b>15.7</b>	<b>10.4</b>	<b>4.0</b>	<b>0.4</b>	<b>8.8</b>	<b>6.5</b>	<b>1Q91</b>	<b>12.7</b>	<b>1.3</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>221,723,274</b>	<b>4.2</b>	<b>8.0</b>	<b>12.5</b>	<b>8.5</b>	<b>5.8</b>	<b>8.5</b>	<b>14.7</b>	<b>11.1</b>	<b>4.5</b>	<b>5.4</b>	<b>10.0</b>	<b>5.7</b>	<b>1Q07</b>	<b>6.9</b>	<b>1.3</b>
<b>Total Private Portfolio</b>																
<b>SCERS</b>	<b>836,464,473</b>	<b>4.2</b>	<b>5.5</b>	<b>9.8</b>	<b>8.1</b>	<b>4.6</b>	<b>6.4</b>	<b>11.2</b>	<b>9.7</b>	<b>4.2</b>	<b>5.0</b>	<b>9.4</b>	<b>8.4</b>	<b>4Q86</b>	<b>8.3</b>	<b>1.4</b>

Returns (%)	Market Value (\$)	5 Year				10 Year				Inception				TWR Calculation Inception	Net IRR	Equity Multiple				
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET <sup>4</sup>							
<b>Ex-US Dollar Denominated Investments (In Local Currency)</b>																				
Prologis Targeted Europe Logistics Fund (Euro) <sup>1,3</sup>	€ 54,620,070	5.4	8.5	14.2	12.3									5.0	8.3	13.6	11.8	1Q16	11.8	1.3
DRC European Real Estate Debt Fund II (Pound Sterling) <sup>4</sup>	£3,478,438	-5.4	-0.9	-6.2	-7.2									-1.0	-0.5	-1.6	-3.1	1Q14	4.0	1.1
ECE European Prime Shopping Centre Fund II (Euro) <sup>3</sup>	€ 31,838,943	1.8	5.8	7.8	5.6									1.9	6.7	8.8	6.7	4Q15	7.7	1.2
NREP Nordic Strategies Fund (Euro) <sup>3</sup>	€ 2,734,409	5.6	13.1	19.2	11.9									7.6	17.7	26.3	19.5	1Q15	25.1	1.8
NREP Nordic Strategies Fund II (Euro) <sup>3</sup>	€ 27,001,795													2.6	21.1	24.1	13.9	3Q16	14.9	1.6
NREP Nordic Strategies Fund III (Euro) <sup>3</sup>	€ 21,778,817													-5.1	28.3	22.4	1.2	4Q18	16.8	1.3
NREP Nordic Strategies Fund IV (Euro) <sup>3</sup>	€ 3,611,519													-30.2	59.5	15.2		1Q20	-13.2	0.9
<b>Indices</b>																				
NFI ODCE+ 35bps				6.5	5.6			10.0	9.0							7.5	6.4	4Q86		
NFI-ODCE		4.2	1.9	6.2	5.3		4.7	4.8	9.7	8.7				6.6	0.5	7.1	6.1	4Q86		
NFI-ODCE + 100bps				7.2	6.3				10.7	9.7						8.1	7.1	4Q86		
CPI + 500 bps				7.3					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 (\$)	2021		Fiscal Year 2021		2020		2019		2018		2017		2016		2015		2014	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core Commingled Funds</b>																			
Brookfield Premier Real Estate Partners	105,332,992	2.8	2.6	4.8	4.0	1.8	1.9	10.6	8.5	2.3	1.9								
Lion Properties Fund	114,716,173	2.2	2.0	5.0	4.3	2.2	1.4	7.3	6.4	2.0	1.8								
MetLife Core Property Fund	65,816,864	2.7	2.6	3.8	3.4	1.0	0.5	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	0	2.2	1.9	5.2	4.5	2.1	1.3	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	50,033,083	2.6	2.4	4.9	4.2	1.6	0.6	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>1,3</sup>	64,070,463	1.9	1.1	21.5	19.0	20.2	18.7	13.5	11.1	13.6	10.8	6.8	6.5						
Prologis Targeted U.S. Logistics Fund	87,413,759	6.2	5.3	17.4	15.1	11.1	9.8	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. <sup>3</sup>	127,357,865	3.8	3.7	6.2	6.1	2.6	2.3	7.6	7.3	9.0	8.8	11.0	10.8	8.4	8.2				
<b>Core Commingled Funds</b>	<b>614,741,199</b>	<b>3.2</b>	<b>2.9</b>	<b>8.1</b>	<b>7.1</b>	<b>4.6</b>	<b>4.0</b>	<b>9.5</b>	<b>8.3</b>	<b>10.9</b>	<b>9.7</b>	<b>14.2</b>	<b>12.8</b>	<b>9.8</b>	<b>8.9</b>	<b>15.7</b>	<b>14.1</b>	<b>13.5</b>	<b>12.4</b>
<b>Core Separate Accounts</b>																			
BlackRock Core Separate Account	0							8.6	8.6	15.8	14.9	9.1	7.5	11.3	9.3	15.3	13.9	16.3	12.5
<b>Core Separate Accounts</b>	<b>0</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>
Total BlackRock Separate Account	0							17.7	16.5	10.6	7.2	10.6	9.0	8.6	7.0	10.7	9.4	17.0	13.6
<b>Total Core Portfolio</b>	<b>614,741,199</b>	<b>3.2</b>	<b>2.9</b>	<b>8.1</b>	<b>7.1</b>	<b>4.5</b>	<b>3.9</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>																			
Asana Partners Fund II <sup>3</sup>	12,234,927	10.9	9.9	19.1	13.9	-36.4	-45.7	11.1	1.5										
DRC European Real Estate Debt Fund II	4,926,925	4.1	3.7	-43.2	-43.8	-47.1	-47.7	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>3</sup>	34,554,891	-2.7	-3.0	4.1	2.3	0.7	-1.8	2.2	0.0	15.1	12.8	24.7	21.5	22.1	19.7	12.1	11.0		
Hammes Partners II <sup>3</sup>	2,573,410	3.6	2.6	55.6	42.9	61.5	46.9	59.2	55.9	27.9	19.6	12.7	10.0	16.2	10.4	19.4	12.9		
Hammes Partners III <sup>3</sup>	6,629,881	6.9	4.2	45.1	32.1	43.5	24.5	23.9	-24.4										
NREP Nordic Strategies Fund <sup>3</sup>	3,207,518	-2.5	-2.6	58.1	89.1	27.2	21.8	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>	31,673,660	-1.5	-2.4	22.1	19.3	35.1	26.6	20.9	9.8	17.0	12.3	44.9	34.4	8.6	-3.8				
NREP Nordic Strategies Fund III <sup>3</sup>	25,547,000	1.4	0.0	37.7	26.3	42.3	28.1	19.0	-5.5	-2.8	-14.4								
NREP Nordic Strategies Fund IV <sup>3</sup>	3,812,534	-1.0	-11.2	-8.4	-44.8	22.1	-121.4												
<b>Value Added Portfolio</b>	<b>125,160,746</b>	<b>0.5</b>	<b>-0.6</b>	<b>19.7</b>	<b>15.9</b>	<b>19.0</b>	<b>10.6</b>	<b>22.1</b>	<b>11.5</b>	<b>10.5</b>	<b>6.3</b>	<b>24.9</b>	<b>22.3</b>	<b>9.5</b>	<b>7.0</b>	<b>19.1</b>	<b>17.0</b>	<b>15.7</b>	<b>13.7</b>
<b>Opportunistic Portfolio</b>																			
BlackRock High Return Separate Account	0									17.0	14.4	24.0	21.7	6.3	6.3				
Carlyle China Project Rome Co-Investment	37,033,347	0.4	0.1	7.7	6.8	-0.9	-2.0	7.2	5.8	-2.5	-7.1	4.7	3.6						
Carlyle China Realty <sup>3</sup>	8,339,684	0.4	0.0	7.6	6.3	-0.3	-2.1	18.1	15.7	1.6	-1.4	2.7	0.2						
CIM Fund VIII	31,342,953	-1.6	-1.9	-7.1	-8.0	-16.7	-17.9	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>	5,609,684	2.2	1.5	-9.9	-8.9	-30.9	-24.7	7.8	7.3	11.0	10.7	27.5	23.3	20.8	17.2	79.0	55.3	30.1	24.7
Sculptor Real Estate Fund III <sup>2</sup>	10,782,910	4.5	4.2	13.8	12.6	12.4	10.8	15.9	13.6	29.7	25.7	43.3	38.2	30.0	22.2	33.7	6.9	9.4	-28.3
Sculptor Real Estate Fund IV	3,453,950	3.3	0.3	23.4	4.2	19.6	3.9												
<b>Opportunistic Portfolio</b>	<b>96,562,528</b>	<b>0.4</b>	<b>0.0</b>	<b>2.6</b>	<b>1.4</b>	<b>-6.9</b>	<b>-8.1</b>	<b>8.6</b>	<b>7.1</b>	<b>11.5</b>	<b>9.1</b>	<b>19.1</b>	<b>16.0</b>	<b>13.9</b>	<b>10.2</b>	<b>44.5</b>	<b>23.2</b>	<b>33.3</b>	<b>19.9</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward<sup>5</sup></b>	<b>221,723,274</b>	<b>0.5</b>	<b>-0.3</b>	<b>12.0</b>	<b>9.4</b>	<b>6.5</b>	<b>1.6</b>	<b>15.8</b>	<b>9.9</b>	<b>10.9</b>	<b>7.6</b>	<b>22.3</b>	<b>19.4</b>	<b>10.8</b>	<b>8.1</b>	<b>23.0</b>	<b>17.9</b>	<b>17.0</b>	<b>14.2</b>
<b>Total Private Portfolio</b>																			
<b>SCERS</b>	<b>836,464,473</b>	<b>2.5</b>	<b>2.0</b>	<b>9.0</b>	<b>7.7</b>	<b>5.2</b>	<b>3.5</b>	<b>11.0</b>	<b>8.7</b>	<b>9.2</b>	<b>7.5</b>	<b>15.2</b>	<b>13.6</b>	<b>9.1</b>	<b>7.8</b>	<b>9.9</b>	<b>8.5</b>	<b>16.0</b>	<b>14.2</b>
<b>Indices</b>																			
NFI-ODCE + 35 bps		2.2	2.0	4.1	3.5	1.5	0.7	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		2.1	1.9	3.9	3.3	1.2	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		2.4	2.1	4.4	3.8	2.2	1.3	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		2.5		6.8		6.4		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	105,332,992																
Lion Properties Fund	114,716,173																
MetLife Core Property Fund	65,816,864																
Prime Property Fund	0	3.8	3.6														
Principal U.S. Property Account	50,033,083																
Prologis European Logistics Fund <sup>1,3</sup>	64,070,463																
Prologis Targeted U.S. Logistics Fund	87,413,759																
Townsend Real Estate Fund, L.P. <sup>3</sup>	127,357,865																
<b>Core Commingled Funds</b>	<b>614,741,199</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	0	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
<b>Core Separate Accounts</b>	<b>0</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>0</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>614,741,199</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>																	
Asana Partners Fund II <sup>3</sup>	12,234,927																
DRC European Real Estate Debt Fund II	4,926,925																
ECE European Prime Shopping Centre Fund II C <sup>3</sup>	34,554,891																
Hammes Partners II <sup>3</sup>	2,573,410																
Hammes Partners III <sup>3</sup>	6,629,881																
NREP Nordic Strategies Fund <sup>3</sup>	3,207,518																
NREP Nordic Strategies Fund II <sup>3</sup>	31,673,660																
NREP Nordic Strategies Fund III <sup>3</sup>	25,547,000																
NREP Nordic Strategies Fund IV <sup>3</sup>	3,812,534																
<b>Value Added Portfolio</b>	<b>125,160,746</b>	<b>13.3</b>	<b>10.8</b>	<b>19.6</b>	<b>18.1</b>	<b>16.7</b>	<b>14.7</b>	<b>23.2</b>	<b>20.3</b>	<b>-56.4</b>	<b>-57.6</b>	<b>-31.2</b>	<b>-33.5</b>	<b>18.2</b>	<b>5.6</b>	<b>0.8</b>	<b>0.5</b>
<b>Opportunistic Portfolio</b>																	
BlackRock High Return Separate Account	0																
Carlyle China Project Rome Co-Investment	37,033,347																
Carlyle China Realty <sup>3</sup>	8,339,684																
CIM Fund VIII	31,342,953																
KKR Real Estate Partners Americas <sup>3</sup>	5,609,684																
Sculptor Real Estate Fund III <sup>2</sup>	10,782,910																
Sculptor Real Estate Fund IV	3,453,950																
<b>Opportunistic Portfolio</b>	<b>96,562,528</b>	<b>11.7</b>	<b>9.4</b>	<b>54.2</b>	<b>38.5</b>	<b>-10.1</b>	<b>-8.0</b>	<b>42.4</b>	<b>34.2</b>	<b>54.0</b>	<b>43.5</b>	<b>-44.5</b>	<b>-45.4</b>	<b>3.4</b>	<b>2.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward<sup>5</sup></b>	<b>221,723,274</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>836,464,473</b>	<b>12.0</b>	<b>10.7</b>	<b>19.2</b>	<b>17.8</b>	<b>9.8</b>	<b>9.4</b>	<b>20.6</b>	<b>19.2</b>	<b>-16.0</b>	<b>-16.7</b>	<b>-14.1</b>	<b>-14.7</b>	<b>10.7</b>	<b>8.7</b>	<b>16.9</b>	<b>14.2</b>
<b>Indices</b>																	
NFI-ODCE + 35 bps		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	103,799,805	0	1,114,355	0	766,819	263,992	2,144,716	105,332,992	49.3
Lion Properties Fund	116,777,244	244,893	1,080,434	3,576,375	1,092,864	244,893	1,502,874	114,716,173	24.8
MetLife Core Property Fund	64,169,750	615,460	625,162	0	765,641	78,161	969,336	65,816,864	27.1
Prime Property Fund	34,504,882	340,718	340,718	35,162,532	330,317	99,231	426,565	0	18.5
Principal U.S. Property Account	48,855,912	0	0	0	541,431	115,645	751,385	50,033,083	23.1
Prologis European Logistics Fund	63,918,533	0	519,962	0	788,811	546,818	429,900	64,070,463	19.4
Prologis Targeted U.S. Logistics Fund	83,544,613	0	591,629	0	869,678	681,129	4,272,226	87,413,759	17.8
Townsend Real Estate Fund, L.P.	122,774,548	1,276,367	1,276,367	0	989,023	69,964	3,664,258	127,357,865	38.9
<b>Core Commingled Funds</b>	<b>638,345,287</b>	<b>2,477,438</b>	<b>5,548,627</b>	<b>38,738,907</b>	<b>6,144,584</b>	<b>2,099,833</b>	<b>14,161,260</b>	<b>614,741,199</b>	<b>32.4</b>
<b>Core Separate Accounts</b>									
BlackRock Core Separate Account	1,946	0	1,946	0	0	0	0	0	0.0
<b>Core Separate Accounts</b>	<b>1,946</b>	<b>0</b>	<b>1,946</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>
<i>Total BlackRock Separate Account</i>	<i>78,877</i>	<i>0</i>	<i>78,877</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
<b>Total Core Portfolio</b>	<b>638,347,233</b>	<b>2,477,438</b>	<b>5,550,573</b>	<b>38,738,907</b>	<b>6,144,584</b>	<b>2,099,833</b>	<b>14,161,260</b>	<b>614,741,199</b>	<b>32.4</b>
<b>Value Added Portfolio</b>									
Asana Partners Fund II	10,188,591	962,500	0	0	-9,297	109,375	1,202,508	12,234,927	53.5
DRC European Real Estate Debt Fund II	4,753,263	0	0	0	155,752	21,778	39,687	4,926,925	0.0
ECE European Prime Shopping Centre Fund II	35,659,301	0	48,358	0	286,093	100,892	-1,241,254	34,554,891	59.2
Hammes Partners II	2,591,069	8,629	86,902	7,499	29,642	25,657	64,127	2,573,410	64.0
Hammes Partners III	6,649,054	0	266,648	29,571	212,921	179,666	243,790	6,629,881	85.0
NREP Nordic Strategies Fund	4,002,200	0	692,369	0	7,061	1,881	-107,493	3,207,518	0.0
NREP Nordic Strategies Fund II	35,026,159	0	2,519,239	0	658,651	305,720	-1,186,191	31,673,660	58.0
NREP Nordic Strategies Fund III	25,538,736	0	0	0	215,167	348,707	141,804	25,547,000	45.0
NREP Nordic Strategies Fund IV	1,991,918	2,165,367	0	0	-122,810	313,015	91,073	3,812,534	42.0
<b>Value Added Portfolio</b>	<b>126,400,291</b>	<b>3,136,496</b>	<b>3,613,516</b>	<b>37,070</b>	<b>1,433,180</b>	<b>1,406,691</b>	<b>-751,949</b>	<b>125,160,746</b>	<b>58.1</b>
<b>Opportunistic Portfolio</b>									
BlackRock High Return Separate Account	76,931	0	76,931	0	0	0	0	0	0.0
Carlyle China Project Rome Co-Investment	36,984,661	0	0	0	-25,354	99,178	173,218	37,033,347	0.0
Carlyle China Realty	8,337,014	0	0	0	-6,970	29,344	38,984	8,339,684	0.0
CIM Fund VIII	31,972,168	117,965	0	144,068	6,745	95,967	-513,890	31,342,953	45.1
KKR Real Estate Partners Americas	5,529,197	0	0	0	193,147	41,486	-71,174	5,609,684	73.0
Sculptor Real Estate Fund III	12,103,013	331,887	2,119,488	0	438,258	38,552	67,792	10,782,910	0.0
Sculptor Real Estate Fund IV	3,375,888	93,045	24,557	0	-8,105	101,712	119,391	3,453,950	0.0
<b>Opportunistic Portfolio</b>	<b>98,378,872</b>	<b>542,897</b>	<b>2,220,976</b>	<b>144,068</b>	<b>597,721</b>	<b>406,239</b>	<b>-185,679</b>	<b>96,562,528</b>	<b>27.9</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>224,779,163</b>	<b>3,679,393</b>	<b>5,834,492</b>	<b>181,138</b>	<b>2,030,901</b>	<b>1,812,930</b>	<b>-937,628</b>	<b>221,723,274</b>	<b>48.8</b>
<b>Total Private Portfolio</b>									
SCERS	863,126,396	6,156,831	11,385,065	38,920,045	8,175,485	3,912,763	13,223,632	836,464,473	37.7

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Core Commingled Funds</b>						
Brookfield Premier Real Estate Partners	35.0	28.9	36.1	-	-	-
Lion Properties Fund	22.8	31.8	26.5	10.4	-	8.5
MetLife Core Property Fund	26.7	33.3	25.3	9.7	-	4.9
Prime Property Fund	-	-	-	-	-	-
Principal U.S. Property Account	21.6	33.7	26.5	13.8	-	4.3
Prologis European Logistics Fund	-	-	100.0	-	-	-
Prologis Targeted U.S. Logistics Fund	-	-	100.0	-	-	-
Townsend Real Estate Fund, L.P.	31.2	10.5	29.2	6.6	-	22.6
<b>Core Commingled Funds</b>	<b>21.3</b>	<b>19.4</b>	<b>46.7</b>	<b>5.5</b>	<b>-</b>	<b>7.1</b>
<b>Core Separate Accounts</b>						
BlackRock Core 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>21.3</b>	<b>19.4</b>	<b>46.7</b>	<b>5.5</b>	<b>-</b>	<b>7.1</b>
<b>Value Added Portfolio</b>						
Asana Partners Fund II	-	-	-	100.0	-	-
DRC European Real Estate Debt Fund II	-	50.2	-	49.8	-	-
ECE European Prime Shopping Centre Fund II	-	-	-	100.0	-	-
Hammes Partners II	-	-	-	-	-	100.0
Hammes Partners III	-	-	-	-	-	100.0
NREP Nordic Strategies Fund	9.4	-	-	90.6	-	-
NREP Nordic Strategies Fund II	38.5	1.3	38.9	2.9	-	18.4
NREP Nordic Strategies Fund III	17.7	8.0	38.9	4.5	-	30.9
NREP Nordic Strategies Fund IV	20.7	7.1	21.1	9.2	16.9	24.9
<b>Value Added Portfolio</b>	<b>14.2</b>	<b>4.2</b>	<b>18.4</b>	<b>43.6</b>	<b>0.5</b>	<b>19.1</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	51.5	18.1	1.1	12.8	5.3	11.3
KKR Real Estate Partners Americas	8.6	24.9	-	16.6	31.5	18.4
Sculptor Real Estate Fund III	-	2.5	-	0.2	0.2	97.1
Sculptor Real Estate Fund IV	-	11.7	-	-	0.0	88.3
<b>Opportunistic Portfolio</b>	<b>17.2</b>	<b>8.0</b>	<b>47.3</b>	<b>5.1</b>	<b>3.6</b>	<b>18.7</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>15.5</b>	<b>5.8</b>	<b>31.0</b>	<b>26.9</b>	<b>1.8</b>	<b>18.9</b>
<b>Total Private Portfolio</b>						
<b>SCERS</b>	<b>19.8</b>	<b>15.8</b>	<b>42.5</b>	<b>11.1</b>	<b>0.5</b>	<b>10.3</b>
<b>Indices</b>						
<b>NFI-ODCE</b>	<b>26.8</b>	<b>31.6</b>	<b>22.6</b>	<b>14.1</b>	<b>0.2</b>	<b>4.5</b>

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Ex-US
<b>Core Commingled Funds</b>									
Brookfield Premier Real Estate Partners	19.0	8.3	3.1	-	5.5	7.6	8.2	48.3	-
Lion Properties Fund	24.8	7.1	3.0	0.2	7.3	8.7	7.6	41.2	-
MetLife Core Property Fund	8.8	11.1	10.5	2.8	11.8	13.3	10.3	31.4	-
Prime Property Fund	-	-	-	-	-	-	-	-	-
Principal U.S. Property Account	11.8	9.0	2.6	1.2	9.4	15.8	11.3	38.9	-
Prologis European Logistics Fund	-	-	-	-	-	-	-	-	100.0
Prologis Targeted U.S. Logistics Fund	14.8	4.5	12.4	-	10.5	9.4	5.2	43.1	-
Townsend Real Estate Fund, L.P.	17.6	10.2	8.9	5.5	17.2	9.8	6.0	24.7	-
<b>Core Commingled Funds</b>	<b>15.5</b>	<b>7.4</b>	<b>6.1</b>	<b>1.6</b>	<b>9.4</b>	<b>9.0</b>	<b>6.8</b>	<b>33.7</b>	<b>10.4</b>
<b>Core Separate Accounts</b>									
BlackRock Core Separate Account	-	-	-	-	-	-	-	-	-
<b>Core Separate Accounts</b>	-	-	-	-	-	-	-	-	-
<i>Total BlackRock Separate Account</i>	-	-	-	-	-	-	-	-	-
<b>Total Core Portfolio</b>	<b>15.5</b>	<b>7.4</b>	<b>6.1</b>	<b>1.6</b>	<b>9.4</b>	<b>9.0</b>	<b>6.8</b>	<b>33.7</b>	<b>10.4</b>
<b>Value Added Portfolio</b>									
Asana Partners Fund II	21.2	19.6	-	2.0	13.1	0.4	24.0	19.8	-
DRC European Real Estate Debt Fund II	-	-	-	-	-	-	-	-	100.0
ECE European Prime Shopping Centre Fund II	-	-	-	-	-	-	-	-	100.0
Hammes Partners II	0.3	45.9	7.2	-	-	18.9	27.8	-	-
Hammes Partners III	49.6	1.1	10.9	5.7	0.1	27.4	5.2	-	-
NREP Nordic Strategies Fund	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund II	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund III	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund IV	-	-	-	-	-	-	-	-	100.0
<b>Value Added Portfolio</b>	<b>4.9</b>	<b>3.0</b>	<b>0.7</b>	<b>0.5</b>	<b>1.3</b>	<b>1.9</b>	<b>3.3</b>	<b>2.0</b>	<b>82.3</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	41.3	-	12.4	-	-	0.8	9.5	32.1	3.9
KKR Real Estate Partners Americas	3.0	-	0.8	-	12.3	14.7	-	28.4	40.8
Sculptor Real Estate Fund III	23.2	2.4	2.6	0.6	0.8	11.9	0.7	28.9	29.1
Sculptor Real Estate Fund IV	2.8	-	2.5	-	21.8	8.0	1.3	4.9	11.7
<b>Opportunistic Portfolio</b>	<b>16.8</b>	<b>0.3</b>	<b>4.5</b>	<b>0.1</b>	<b>0.8</b>	<b>2.5</b>	<b>3.3</b>	<b>15.9</b>	<b>55.9</b>
<b>Total Non-Core Portfolio 1Q 2007 Forward</b>	<b>10.0</b>	<b>1.8</b>	<b>2.4</b>	<b>0.3</b>	<b>1.1</b>	<b>2.2</b>	<b>3.3</b>	<b>8.0</b>	<b>70.8</b>
<b>Total Private Portfolio</b>									
<b>SCERS</b>	<b>14.1</b>	<b>6.0</b>	<b>5.1</b>	<b>1.3</b>	<b>7.2</b>	<b>7.2</b>	<b>5.9</b>	<b>27.1</b>	<b>26.0</b>
<b>Indices</b>									
<b>NFI-ODCE</b>	<b>22.6</b>	<b>8.1</b>	<b>7.0</b>	<b>1.0</b>	<b>9.1</b>	<b>9.5</b>	<b>6.0</b>	<b>36.7</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 1Q21



# United States Real Estate Market Update (1Q21)

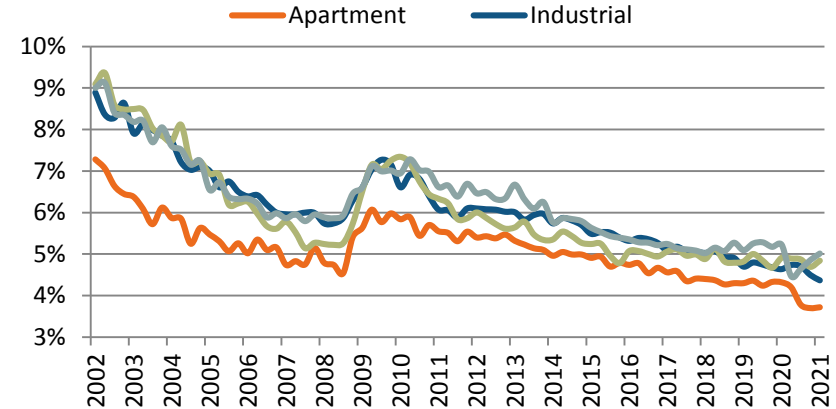
## General

- As a result of the COVID-19 pandemic, national, state and local governments across the world implemented stay-at-home orders, which caused a near complete halt of the world economy in the 1<sup>st</sup> half 2020. Governments dramatically expanded expenditures in order to protect people and businesses from large-scale disruption. In 1Q21, equity markets continued to bounce back from the March 2020 rout and even exceeded prior highs, and the S&P 500 produced a gross total return of 6.2%. The MSCI US REIT index continued to rebound and produced a return of 8.8% and returned close to pre-COVID levels.
- The U.S. entered a recession in February 2020, but the economy has since rebounded with the accelerated development and rollout of vaccines. In the 1<sup>st</sup> quarter, GDP grew at an annualized rate of 6.4%. The unemployment rate peaked in April at 14.7% and has since declined to 6.1% at quarter end 1Q21. The Federal Reserve has acted aggressively via quantitative easing and rate cuts, thus far financial markets have stabilized. The world economy shrunk by -3.3% in 2020 but is forecasted to grow 6.0% in 2021.

## Commercial Real Estate

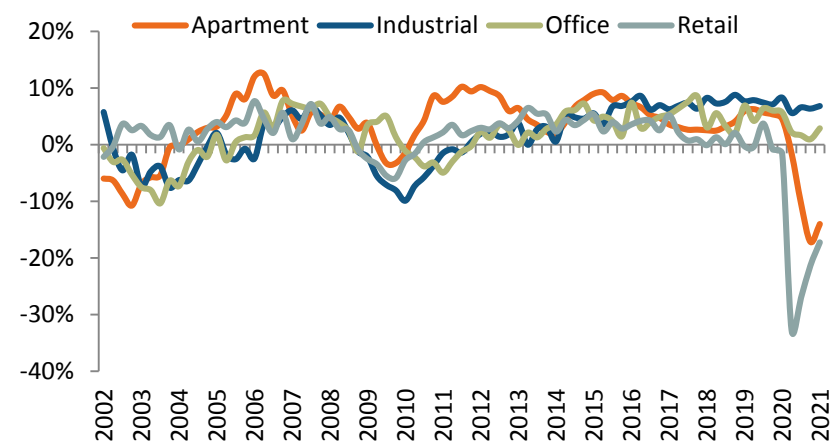
- Through April of 2021, transaction volume was up by 60% YoY, after rebounding from a COVID-19 induced slowdown. Transaction volume has been the strongest in the apartment and industrial sectors.
- Transaction cap rates (5.9%) expanded +34 bps during the quarter. Current valuation cap rates declined for industrial (-13 bps). The office (+15 bps) and retail (+16 bps) property sectors experienced cap rate expansion. Apartment valuation cap rates were flat.
- NOI growth has substantially diverged between property sectors due to the impacts of COVID-19. Retail NOI has contracted substantially (-17%) YoY as rent collections declined and retailers were shutdown. Apartment NOI contracted (-14%), primarily driven by declines in CBD effective market rents.
- In the first quarter of 2021, \$34 bn of aggregate capital was raised by real estate funds. There continues to be substantial dry powder, ~\$362 billion, seeking exposure to private real estate.
- 10-year treasury bond yields rose 80 bps to 1.7% during the quarter as a result of an improving economic growth outlook and growing inflationary pressures.

Current Value Cap Rates by Property Type



Source: NCREIF

4 Quarter Rolling NOI Growth



Source: NCREIF

# United States Property Matrix (1Q21)

## INDUSTRIAL

- In 1Q21, industrial properties were the highest returning sector at 4.7% and outperformed the NPI by 300 bps.
- Transaction volumes fell to \$21.6 billion in the first quarter of the year, resulting in a 23.0% decrease year-over-year. Individual asset sales increased 23.4% year-over-year, while portfolio purchases turned in a year-over-year volume decrease of 21.9%. At slightly over \$21.6 billion, the industrial sector decreased a significant \$20.1 billion quarter-over-quarter.
- The industrial sector turned in NOI growth of 6.8% over the past year, an increase from the prior periods TTM growth of 6.4% in 4Q20. Market rent growth is expected to decelerate compared to its pre-pandemic levels but remains strong.
- Vacancy increased by 5 bps year-over-year to 3.5%, remaining close to all-time historic lows. E-commerce continues to drive demand.
- Industrial cap rates compressed approximately 30 bps from a year ago, to 4.4%. Industrial overall fundamentals still top all property sectors.

## MULTIFAMILY

- The apartment sector delivered a 1.7% return during the quarter, performing in line with the NPI.
- Transaction volume in the first quarter of 2021 fell to \$38.1 billion, resulting in a decrease of 6.0% year-over-year. This volume continues to make multifamily the most actively traded sector for the fifteenth straight quarter.
- Cap rates remained steady at 3.7% through the quarter, compressing 60 bps year-over-year. Multifamily cap rates remain at the lowest level observed in years, driven by continued decrease in NOI and increases in valuation.
- The multifamily sector saw increasing vacancy rates throughout the entirety of 2020 due to the global pandemic. As 2021 begins, the sector appears to have shaken the trend as vacancy rates decreased 90 bps quarter-over-quarter, though still 70 bps higher than a year ago. Various rent concessions have helped managers to maintain tenants throughout the pandemic, these concessions will continue to 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 1.0% in 1Q21, 70 bps below the NPI return over the period.
- Transaction volumes decreased by 32.0% year-over-year in the first quarter. Transaction volume equaled \$21.2 billion for the quarter, a decrease of \$9.4 billion quarter-over-quarter. Single asset transactions accounted for 62.0% of volume.
- 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 close to 12.4%.
- NOI growth in the office sector looks to have begun its recovery, 2.9% TTM growth for the quarter, after falling for three straight periods.
- Office cap rates compressed from a year ago to approximately 4.8%, a compression of just 5 bps. Office-using job growth was stunted significantly in 2020 due to many work from home orders. Though we are beginning to observe a slow but steady flow back to in-office work, there is still uncertainty in the sector as many companies remain hesitant.

## RETAIL

- As of 1Q21, the retail sector delivered a quarterly return of -0.5%, performing 225 bps below the NPI.
- Transaction volumes totaled \$8.8 billion in the first quarter, falling 34% year-over-year. Single asset transactions accounted for just over 86.5% of all sales volume for the quarter.
- Cap rates have compressed approximately 20 bps within the sector over the last year, to 5.0%. The current valuation cap rate did expand quarter-over-quarter by 20 bps due to slight downward valuation adjustments made across the sector in general.
- NOI growth slightly increased though still significantly negative, -17.2% over the last year. This is a 4.1% increase from last quarter. Retail is expected to continue to suffer from the shift towards e-commerce and hesitance of the consumer.
- Retail vacancy rates increased 235 bps over the past year to 9.9%. 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 (1Q21)

- Global investment activity during the first quarter of 2021 was down significantly relative to 4Q20 and by 19% over the year compared to 2020. During 1Q21, transaction volumes recovered significantly in the APAC regions while the EU and US continued to experience significant depression.

- Increased availability of the vaccine has driven an uptick in investor appetite, specifically in regions that were among the first to be affected by the virus such as APAC. Interest in the quarter was concentrated primarily in multifamily properties, as well as senior housing.

- Investment activity in the Americas witnessed a sharp decline and fell by 38% year-over-year. Despite a slow down in COVID cases, the roll out of the vaccine hasn't helped spur investment to pre-COVID levels. Transaction volume in the US decreased 37% relative to 4Q20.

- In the Asia Pacific region, volumes were still slightly down year-over-year, but transaction activity remained the same relative to 4Q20. Singapore, Taiwan, and Hong Kong saw improvements in deal activity during 1Q21, while mainland China overtook Japan as the top market.

- Although investment activity dropped in the EMEA region, it dropped less than the Americas, with a 26% year-over-year decline. Apartment transactions in the region were up a noteworthy double-digit rate.

- In the office sector, global leasing activity declined by over 31% year-over-year and vacancy rates increased by 70 bps to 13.6%. The declines represent a continued uncertainty about future office space needs. US coastal markets have been more affected than lower-cost and high-growth markets. Across the main European markets, leasing activity fell 23% year-over-year. In the APAC region, net absorption increased for the third consecutive quarter.

- Despite a recovery in sales, the retail sector continued to suffer globally as the shutdowns and social distancing measures of the COVID-19 outbreak posed challenges for operators. The bifurcation between property types (necessity-based vs malls/street retail) and markets (urban vs suburban) has continued to widen. However, gateway cities, such as New York and London, have seen noteworthy increases in leasing activity.

- With the multifamily market recording the quarter's only increase in investments globally, the sector remains the most liquid in commercial real estate highlighting its attractiveness. Throughout the world, the re-opening of businesses has contributed to a pickup in urban demand, leading to a growth in asking rents, as the number of tours and leases increased during the quarter.

- Industrial yields continued to compress due to strong market fundamentals and heightened demand. US vacancy rates fell to 5.2% in 1Q21. EMEA vacancy rates slightly climbed to 4.7% for the quarter, while the Asia Pacific region saw a dip to 11.4%.

## Global Total Commercial Real Estate Volume - 2020 - 2021

\$ US Billions	Q1 2021	Q1 2020	% Change	Full Year	Full Year	% Change
			Q1 21 - Q1 20	Ending 1Q21	Ending 1Q20	Full Year
Americas	89	122	-27%	347	560	-38%
EMEA	64	85	-25%	293	396	-26%
Asia Pacific	123	128	-4%	786	802	-2%
<b>Total</b>	<b>275</b>	<b>335</b>	<b>-18%</b>	<b>1426</b>	<b>1758</b>	<b>-19%</b>

Source: Real Capital Analytics, Inc., Q1' 21

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

	2020	2021	2022
<b>Global</b>	<b>-3.3</b>	<b>6.0</b>	<b>4.4</b>
<b>Asia Pacific</b>	<b>0.2</b>	<b>5.1</b>	<b>5.0</b>
Australia	-2.4	4.5	3.3
China	2.3	8.5	5.5
India	-7.5	9.8	6.8
Japan	-4.7	2.6	2.2
<b>North America</b>	<b>-3.9</b>	<b>6.4</b>	<b>4.0</b>
US	-3.5	6.5	4.0
<b>Middle East</b>	<b>-2.8</b>	<b>3.1</b>	<b>4.1</b>
<b>European Union</b>	<b>-6.0</b>	<b>4.5</b>	<b>4.3</b>
France	-8.1	5.8	3.9
Germany	-4.8	3.4	4.1
UK	-10.1	6.1	5.5

Source: Bloomberg