



**TOWNSEND<sup>®</sup>**  
GROUP

an Aon company

Real Estate Portfolio

# Performance Review

SECOND QUARTER 2020

## Portfolio Funding Status

- The following slides provide a review of key information pertaining to the Los Angeles City Employees' Retirement System ("LACERS") Real Estate Portfolio (the "Portfolio") through June 30, 2020. A detailed performance report is also provided as **Exhibit A**.
- The System is below its 7.0% target to Real Estate as of year-end on a funded and committed basis. The target allocation was increased from 5.0% in April 2018.

	Market Value (\$ millions)*	% LACERS Plan*
<b>LACERS Total Plan Assets</b>	17,689	
<b>Real Estate Target</b>	1,238	7.0%
RE Market Value:		
Core	578	
Non-Core	152	
Timber	19	
<b>Total RE Market Value</b>	750	4.2%
Unfunded Commitments	157	0.9%
<b>RE Market Value &amp; Unfunded Commitments</b>	906	5.1%
<b>Remaining Allocation</b>	332	1.9%

\*Figures may not add due to rounding.

## Real Estate Portfolio Composition

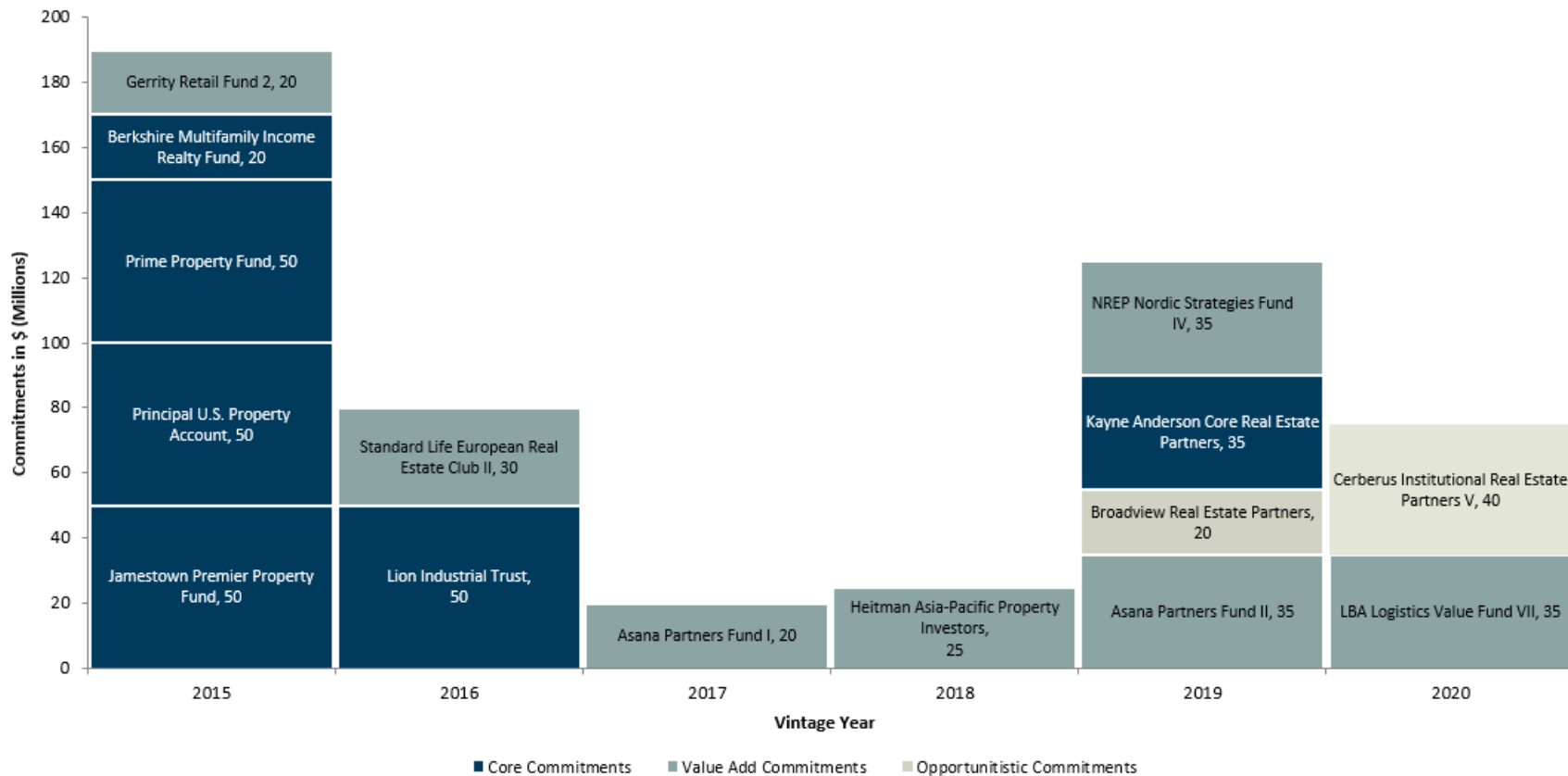
	Strategic Targets		Portfolio Composition (06/30/2020)*	
	Target Allocation	Tactical Range	Market Value	Market Value & Unfunded Commitments
<b>Core</b>	<b>60%</b>	<b>40% - 80%</b>	<b>77.1%</b>	<b>63.8%</b>
<b>Non-Core</b>	<b>40%</b>	<b>20% - 60%</b>	<b>20.3%</b>	<b>34.1%</b>
<i>Value Add Portfolio</i>	<i>N/A</i>	<i>N/A</i>	<i>10.7%</i>	<i>22.0%</i>
<i>Opportunistic Portfolio</i>	<i>N/A</i>	<i>N/A</i>	<i>9.6%</i>	<i>12.1%</i>
<b>Timber</b>	<b>N/A</b>	<b>N/A</b>	<b>2.5%</b>	<b>2.1%</b>

- In May 2014, the Board approved the strategic targets displayed above in order to reflect a more conservative risk profile going-forward. At the time, the Portfolio had 30% exposure to Core and 70% exposure to Non-Core.
- Since 2015, in an effort to transition the Portfolio, the LACERS Board has approved \$255 million in Core commitments, which have all been fully funded to date, with the exception of Kayne Anderson Core Real Estate Fund.
- The LACERS Board approved approximately \$260 million in Non-Core investments\*\* since 2015. These investments focused on Value Add strategies with pre-specified portfolios, embedded value and/or an element of current income.
- On a funded and committed basis, the LACERS Core and Non-Core allocations are near strategic targets, but moderately below the Non-Core target.
- The Core Portfolio utilizes 27.3% leverage, measured on a loan-to-value (LTV) basis, well below the 40.0% constraint.
- The Non-Core Portfolio has a 51.3% LTV ratio, well below the 75.0% constraint.

\*Figures may not add due to rounding.

\*\* Includes commitments made subsequent to 6/30/2020 (Cerberus Institutional Real Estate Partners V).

## LACERS Commitment Activity Under Townsend Advisory – Last Five Years

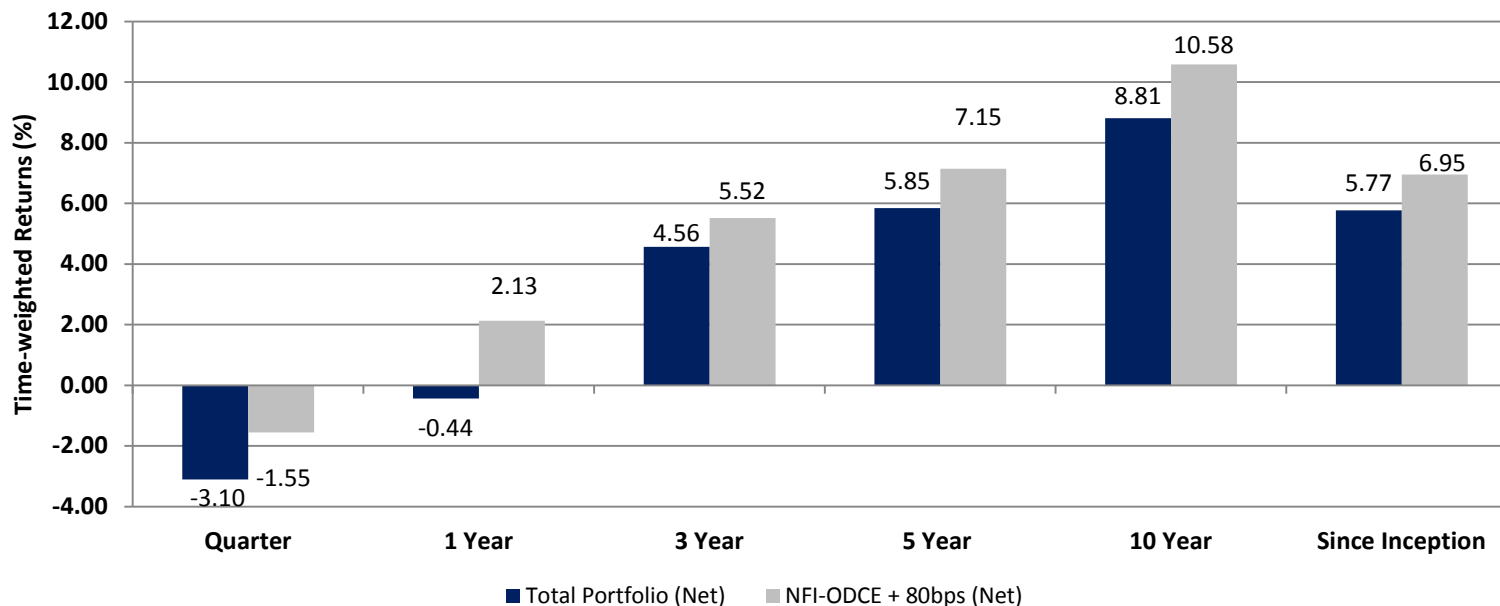


- LACERS has committed \$515 million\* since 2015, all of which has been Townsend-initiated activity.
- Three Non-Core commitments since 2015 (Gerrity, Asana and Broadview) met LACERS' Emerging Manager guidelines.
  - In the Core Open-End Commingled Fund (OECF) space, there are currently no managers meeting these guidelines.
- Vintage year classifications are based on LACERS' first capital call (or expected capital call), though commitments may have been approved in prior years.

\*Inclusive of all commitments approved by LACERS' Board. Cerberus Institutional Real Estate Partners V approved subsequent to quarter-end.

## Total Portfolio Performance

LACERS Total Real Estate Portfolio vs. NFI-ODCE + 80 bps

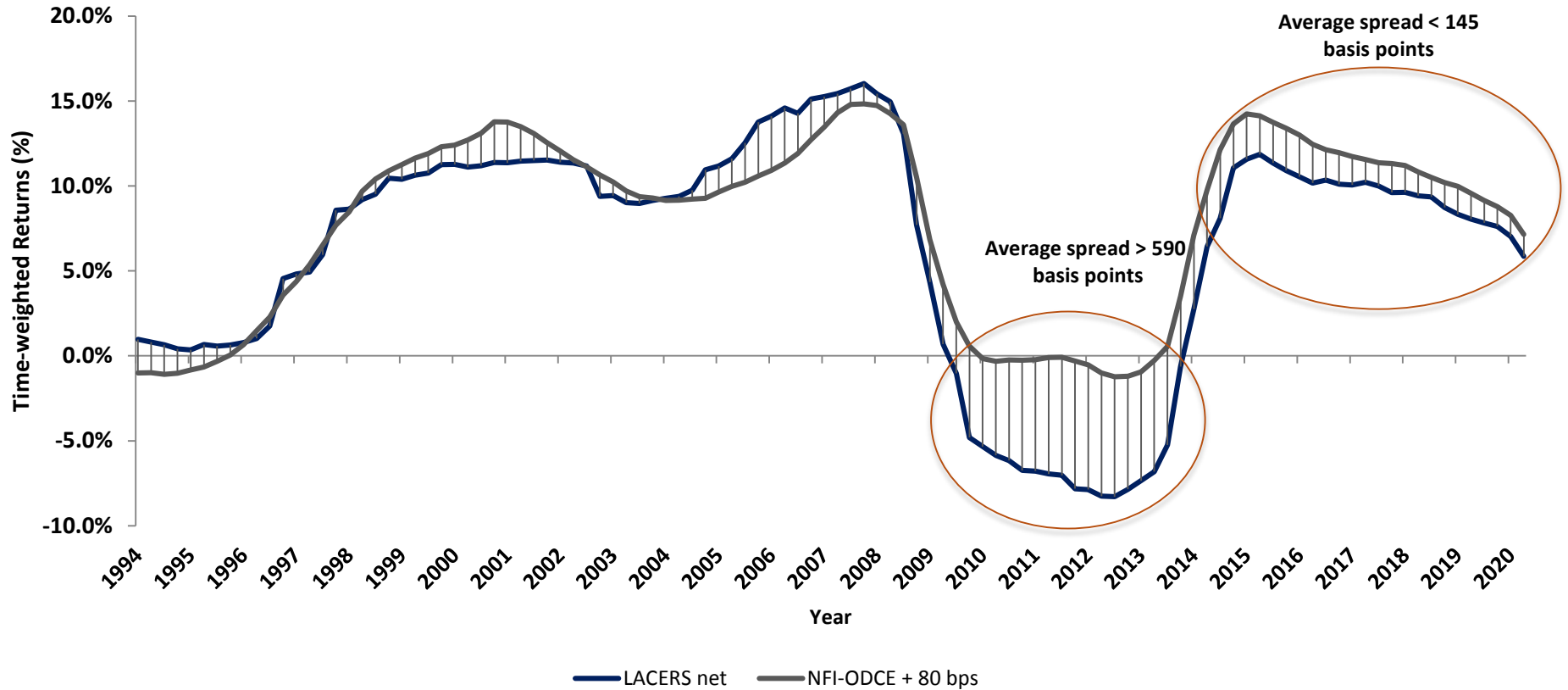


- The benchmark for the LACERS Total Real Estate Portfolio is the NCREIF Fund Index of Open-End Diversified Core Equity funds (NFI-ODCE) + 80 basis points (“bps”), measured over 5-year time periods, net of fees (defined below). LACERS has underperformed over all periods, mostly due to weak performance of Non-Core legacy funds. However, investments made since 2014 are outperforming the benchmark over the quarter, three and five-year periods, as detailed on page 7.
- The NFI-ODCE is a Core index that includes Core open-end diversified funds with at least 95% of their investments in US markets. The NFI-ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical (back to 1978) and current basis (25 active vehicles), utilizing approximately 22.3% leverage.
  - The 80 basis point (“bps”) premium is a reflection of the incremental return expected from Non-Core exposure in the Portfolio, which is not included in the NFI-ODCE.



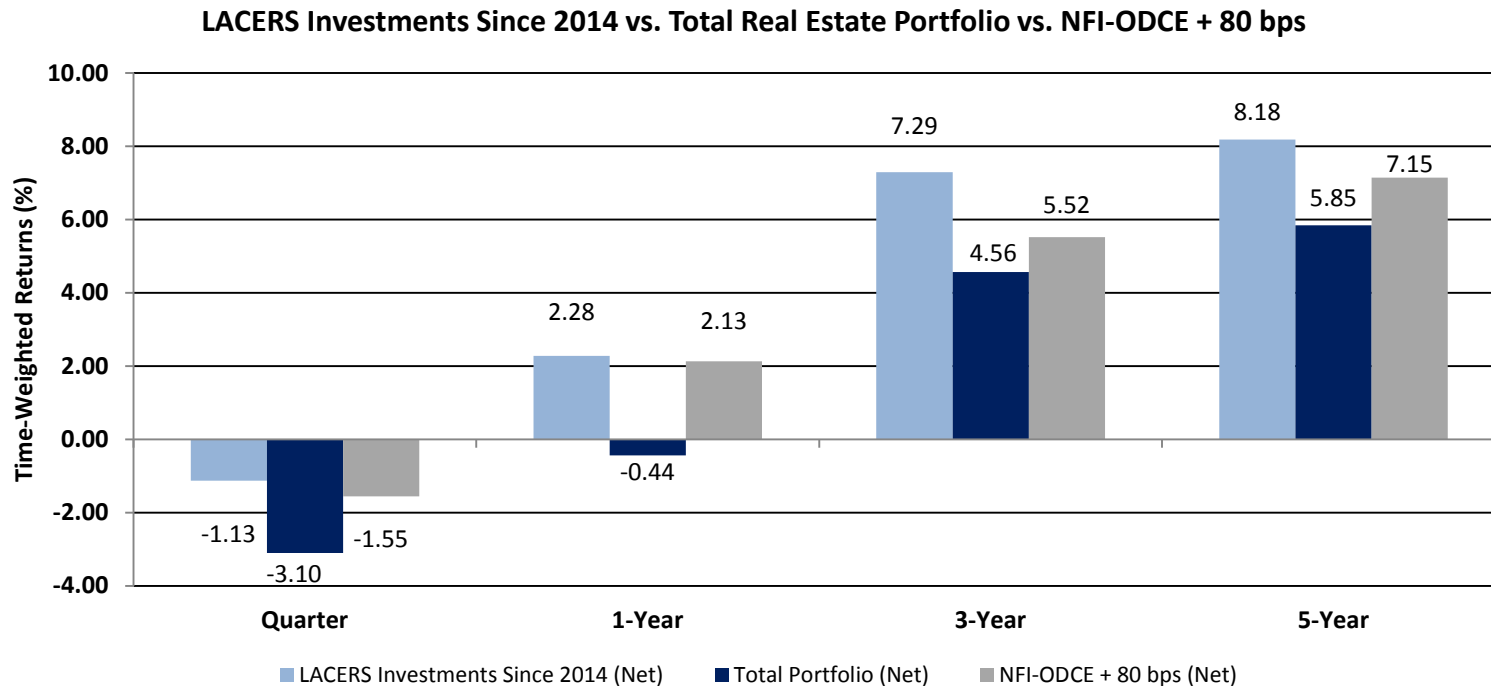
# Improving Relative Total Portfolio Performance

LACERS Rolling Five Year Net Returns vs. NFI-ODCE + 80 bps



- The chart above displays rolling 5-year time-weighted returns for the Total LACERS Portfolio, net of fees, relative to the benchmark.
- While LACERS continues to underperform the benchmark on a rolling 5-year basis, LACERS' average spread to the benchmark is trending downwards. Performance should continue to improve as accretive investments approved since 2014 continue to fund into the Portfolio and legacy investments fully liquidate.

## Post-GFC Investments Accretive to Performance

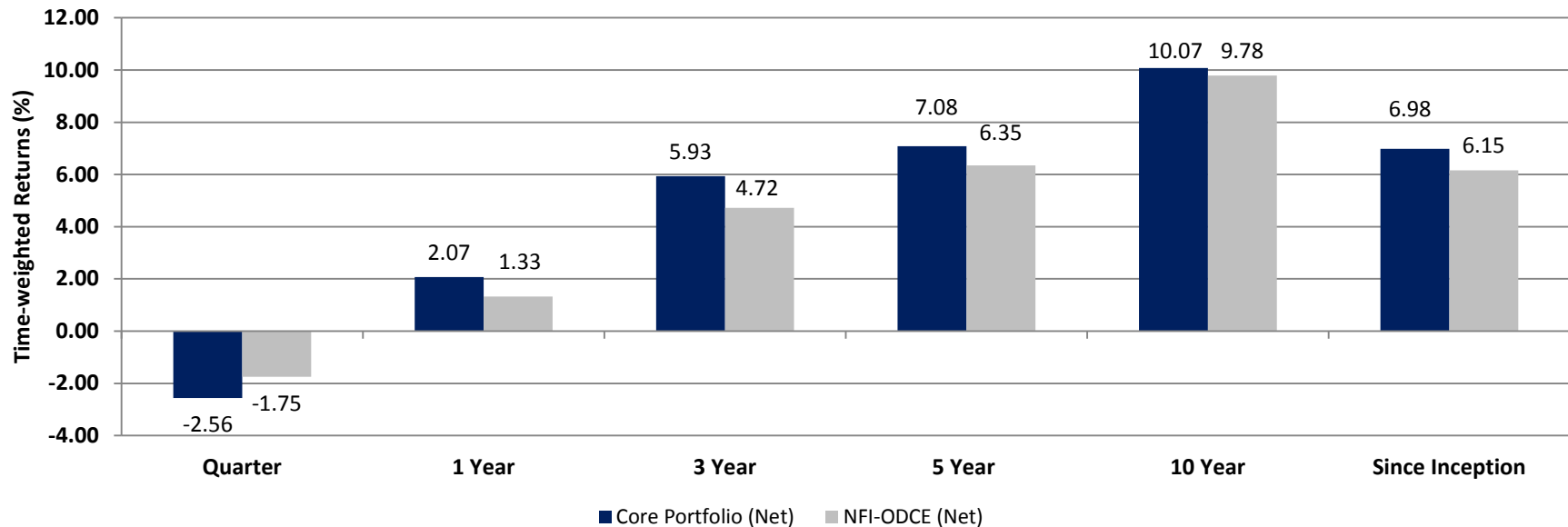


- Since 2014, Townsend has recommended seventeen\* investments to LACERS staff and fifteen (including three emerging managers) ultimately were approved by the Board. The first of these investments to call capital was Jamestown Premier Property Fund in 3Q15. Core investments include Berkshire, Jamestown, Lion Industrial Trust, Prime, Principal, and Kayne Anderson Core. Non-Core investments include Gerrity, Standard Life, Asana I and Asana II, Heitman Asia, Broadview Real Estate Partners, NREP, LBA and Cerberus.
- Performance of Townsend-advised investments since 2014 exceeds performance of the Total Portfolio and the benchmark over all periods. These investments are expected to drive performance going forward.

\*Includes commitments made subsequent to 6/30/2020 (Cerberus Institutional Real Estate Partners V).

## Relative Performance by Strategy: Core

LACERS Core Real Estate Portfolio vs. NFI-ODCE

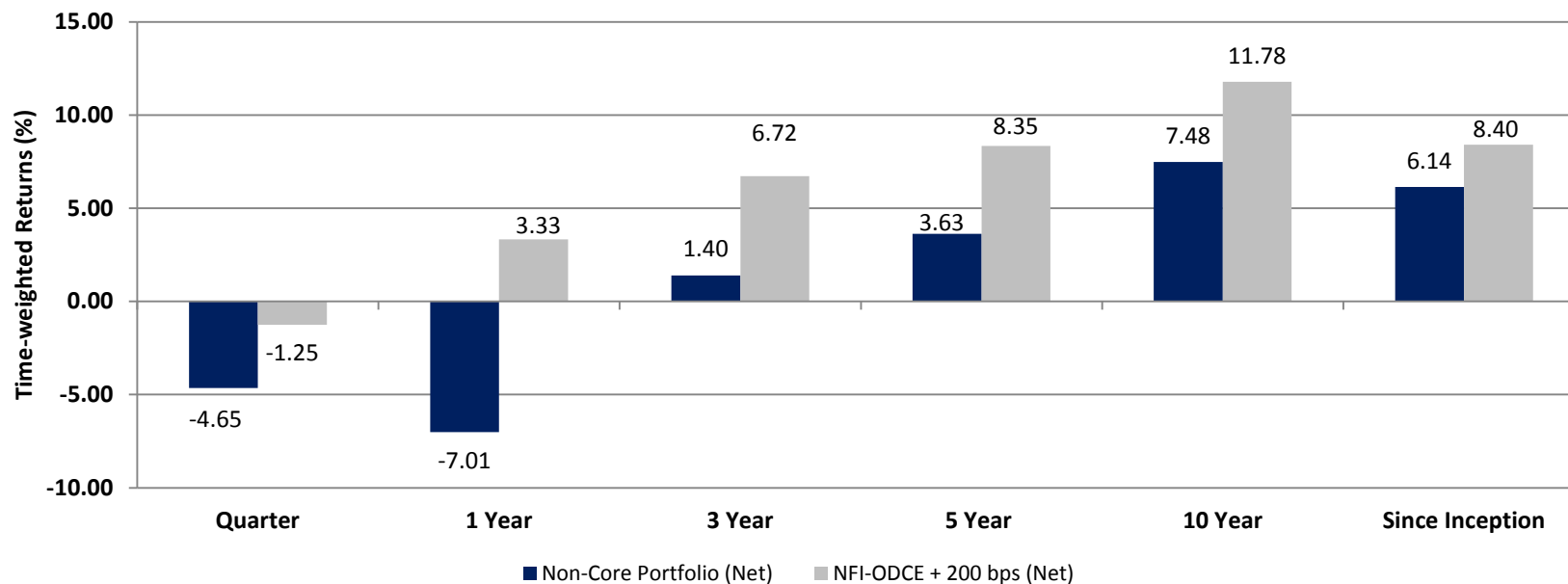


- The LACERS Core benchmark is the NFI-ODCE, measured over 5-year time periods, net of fees.
- The Core Portfolio has outperformed the benchmark over all periods except for the most recent quarter.
- On an absolute return and dollar-weighted basis Lion Industrial Trust was the largest positive contributor to Core performance over the quarter, outperforming the NFI-ODCE by 346 bps.
- Invesco Core Real Estate and CIM VI were the weakest performers, underperforming the NFI-ODCE by 277 bps and 353 bps, respectively.
- Over the trailing year, outperformance on an absolute basis was driven by the strong returns of Lion Industrial Trust and Kayne Anderson Core Real Estate Fund, which outperformed the benchmark by 986 bps and 226 bps, respectively.
- Over the quarter, 8 out of 9 active investments experienced negative returns. Funds with weaker performance tended to have higher allocations to hard-hit asset types such as non-grocery anchored retail.



## Relative Performance by Strategy: Non-Core

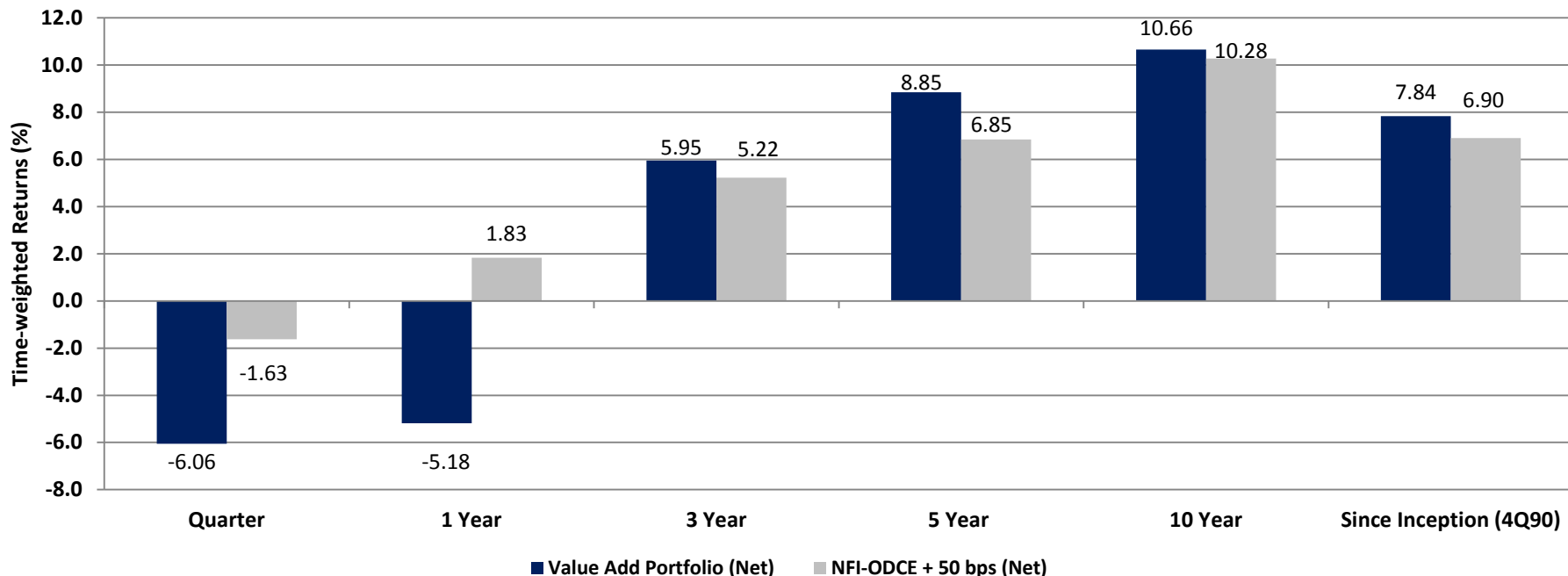
LACERS Non-Core Real Estate Portfolio vs. NFI-ODCE + 200 bps



- The LACERS Non-Core benchmark is the NFI-ODCE + 200 bps, measured over 5-year time periods, net of fees. The 200 bps premium is a reflection of the incremental return expected from the additional risk inherent in Non-Core strategies.
- The Non-Core Portfolio underperformed the NFI-ODCE + 200 bps benchmark over all time periods. Underperformance over longer time periods is mostly due to Non-Core legacy funds that are due to liquidate over the next few years. There are currently 9 Non-Core funds in the portfolio that were committed to before the Global Financial Crisis. As these funds liquidate and approved investments are funded, Non-Core portfolio performance is expected to improve.
- The Value Add Portfolio has achieved strong absolute and relative annualized returns over all periods except the quarterly and one-year periods, while the Opportunistic Portfolio has been the main reason for Non-Core underperformance. Both are discussed in more detail on the following pages.
- Recent negative performance has been largely driven by the effects of COVID-19, which has weakened capital markets and real estate fundamentals, especially for non-core markets.
- During periods of distress, non-core funds generally contract in value quicker than NFI-ODCE funds. As a result, performance relative to LACERS' NFI-ODCE based benchmark will show greater divergence. Over longer periods, this divergence will decrease.

## Relative Performance by Strategy: Non-Core — Value Add

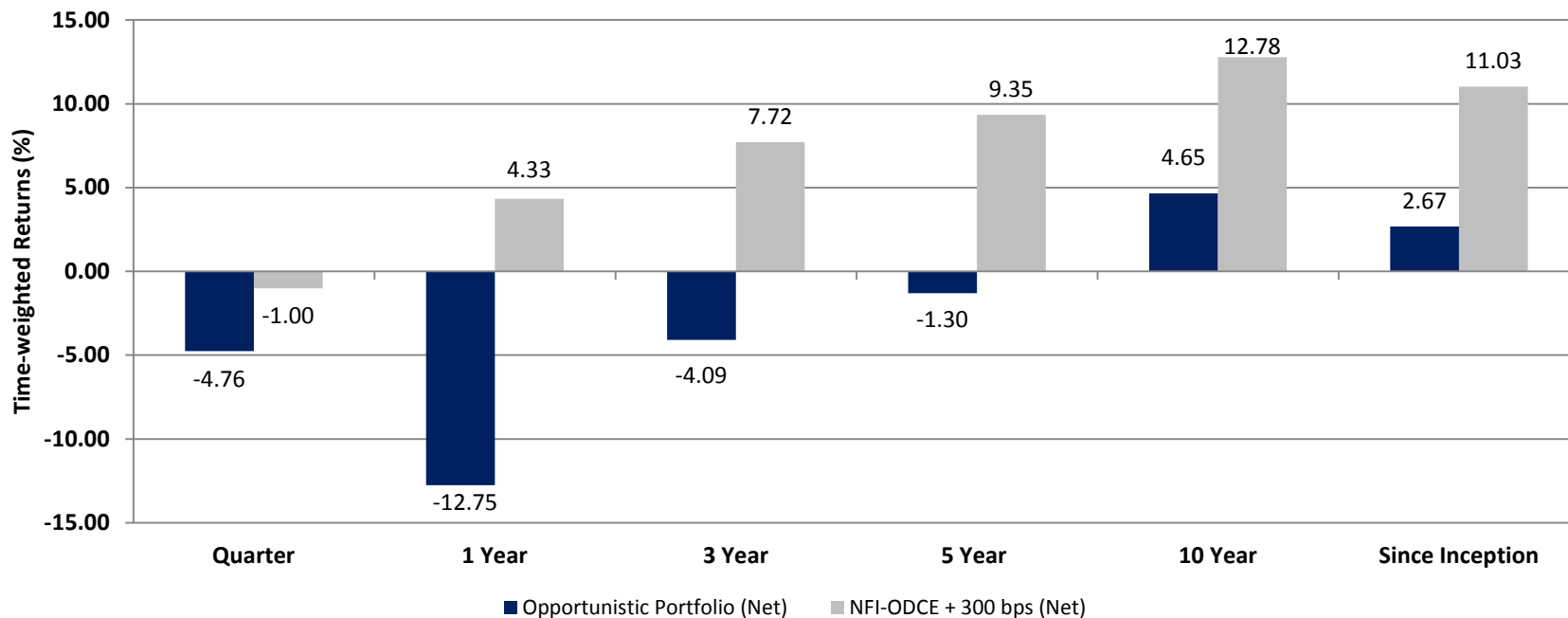
LACERS Value Add Real Estate Portfolio vs. NFI-ODCE + 50 basis points



- The LACERS Value Add benchmark is the NFI-ODCE + 50 bps, measured over 5-year time periods, net of fees. The 50 bps premium is a reflection of the incremental return expected from additional risk inherent in Value Add strategies
- The Value Add Portfolio outperformed the NFI-ODCE + 50 bps benchmark over all periods except for the recent quarter and the one-year period.
  - Underperformance over the quarter was driven by COVID-19 effects. The worst-hit holding was DRA Growth & Income Fund VIII— a fund that was nearly 50% allocated to retail assets prior to the pandemic – which delivered a -22.5% net quarterly return. This is a product of the substantial negative effects to retail caused by shelter-in-place orders within the United States.
- Heitman Asia-Pacific Property Investors, which outperformed its benchmark by 1552 bps over the quarter, was the strongest driver of performance on a dollar-return and absolute return basis. This is largely a product of quicker recovery from COVID-19 in Asian markets.
- Over the trailing year, one (DRA Growth & Income VII) of seven active Value Add investments outperformed the benchmark.
  - Some non-core funds took markdowns to their portfolio in 1Q20 when assets were valued internally. ODCE, as an externally appraised benchmark, tends to adjust values more slowly. As a result, ODCE valuations generally lag those of non-core funds.

## Relative Performance by Strategy: Non-Core — Opportunistic

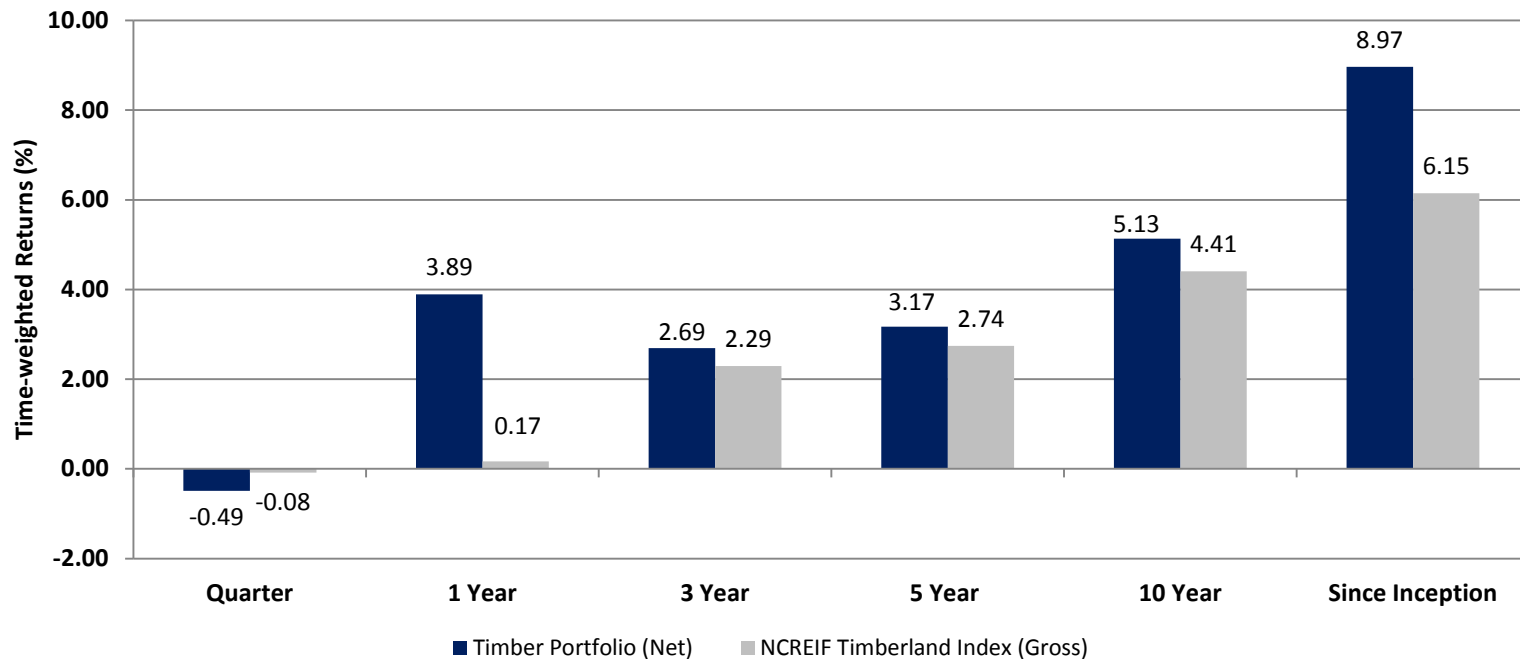
LACERS Opportunistic Portfolio vs. NFI-ODCE + 300 bps



- The LACERS Opportunistic benchmark is the NFI-ODCE + 300 bps, measured over 5-year time periods, net of fees. The 300 bps premium is a reflection of the incremental return expected from additional risk inherent in Opportunistic strategies.
- The Opportunistic Portfolio underperformed the NFI-ODCE + 300 bps benchmark across all time periods. Underperformance over long time periods is mostly due to legacy funds that are due to liquidate over the next few years.
  - Similar to the Value Add portfolio, COVID-19 significantly impacted the returns of Opportunistic funds, which generally have higher leverage, vacancy, and operating risks.
- There are currently 9 active Opportunistic funds in the portfolio that were committed to before the Global Financial Crisis. As these funds liquidate and approved investments are funded, Opportunistic portfolio performance is expected to improve.
- The only active outperforming Opportunistic funds over the trailing year were Bryanston Retail Opportunity Fund and California Smart Growth Fund IV, delivering 4787 bps and 1123 bps of alpha, respectively.

## Relative Performance by Strategy: Timber

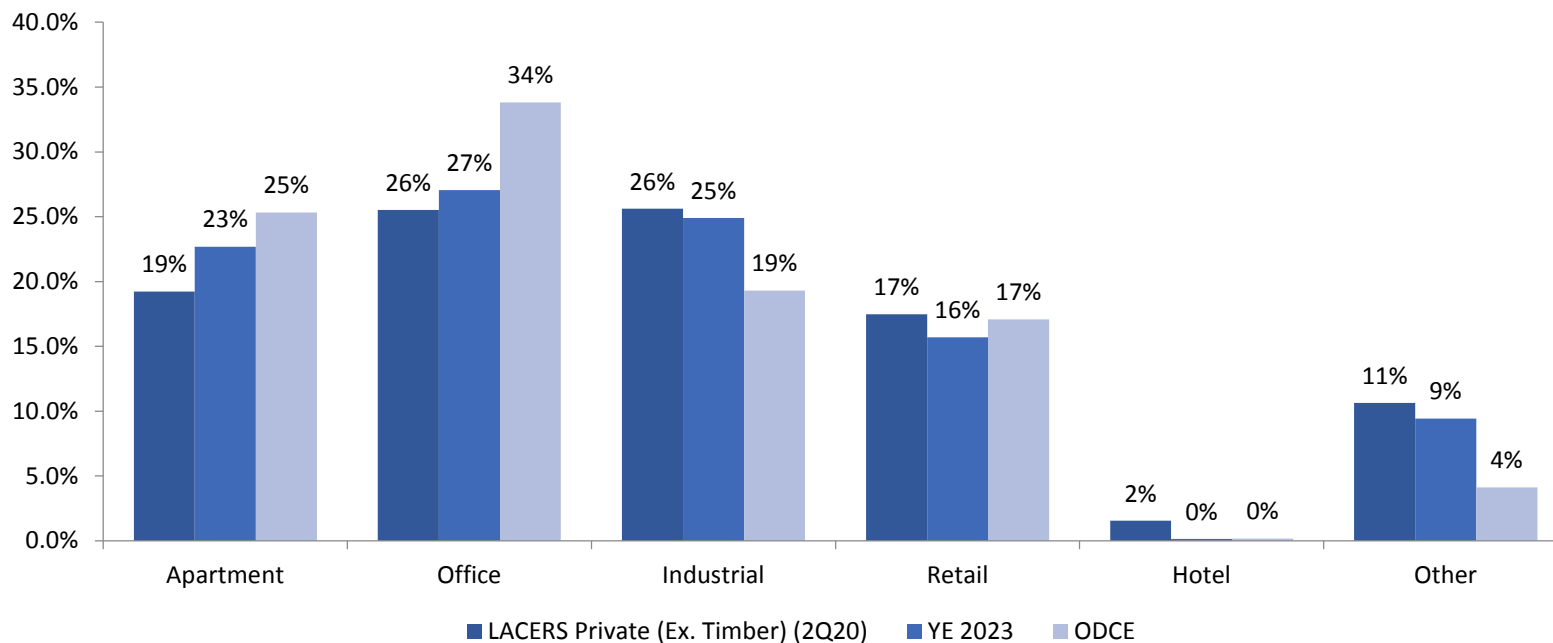
LACERS Timber Portfolio vs. NCREIF Timberland Index



- The Timber Portfolio, net of fees, outperformed or matched its benchmark, the NCREIF Timberland Index, gross of fees, over all periods except for the recent quarter.
- Outperformance over the long-term is mostly related to strong performance of Hancock ForesTree V, which was fully liquidated by year-end 2015.
- The LACERS active timberland investment is Hancock Timberland IX. The Fund's assets are located in the United States (85%, split between the South and the Northwest) and Chile (15%). The Southern region was the strongest performing region in the NCREIF Timberland Index over the quarter.
- Income returns for timber investments tend to be infrequent and are realized through harvest. To date, there has been no meaningful income from the fund due to limited harvest activity during a period of lower timber prices. This has impacted total returns.
- Further, all assets in Hancock Timberland IX are appraised at year-end, which is why appreciation usually remains relatively flat from the first quarter through the third quarter of each year. The effect of year-end appraisals is demonstrated in the annualized returns.

## Real Estate Portfolio Diversification

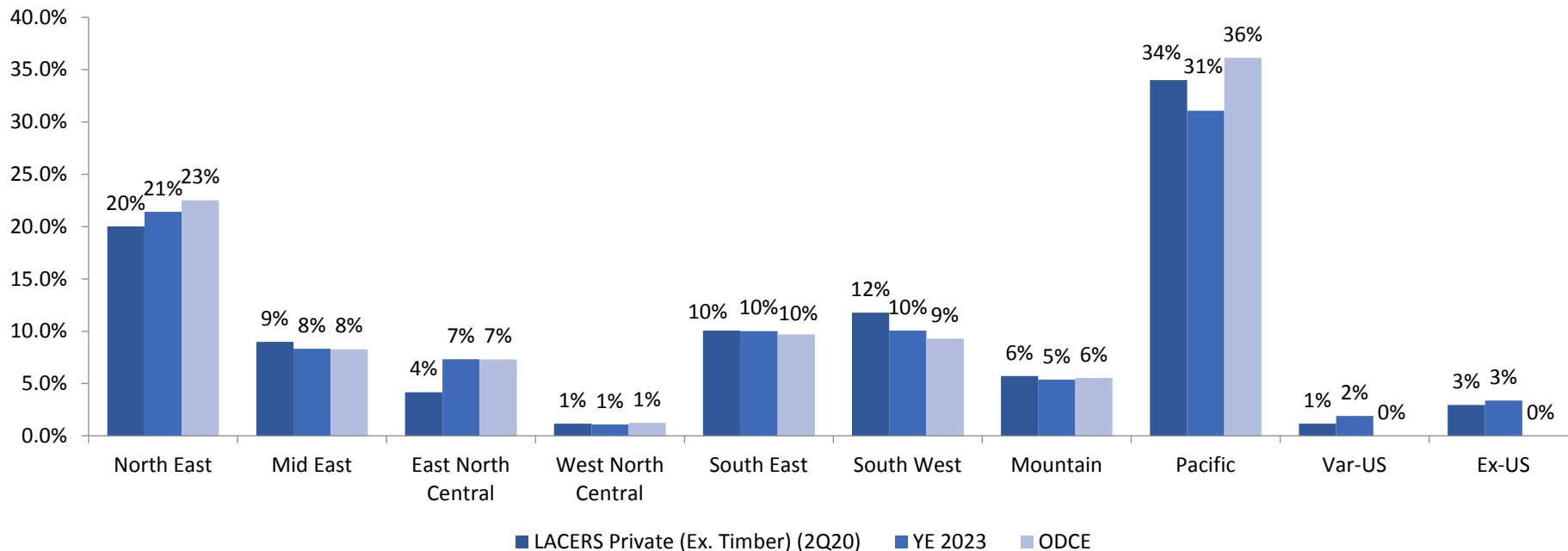
**Private Real Estate Exposure - Property Type Diversification**  
*Private Portfolio (Ex. Timber)*



- The diversification of the Private Portfolio is measured against the diversification of the NFI-ODCE  $\pm 10.0\%$  with up to  $20.0\%$  of the Portfolio allowed in "Other". Currently, the "Other" category includes investments in alternative property types including Self Storage, Student Housing, Senior Housing, For Sale Residential, and Land.
- Among the "Other" property types, LACERS' portfolio has the greatest exposure to Medical Office (2.67%), Self-Storage (1.74%), Senior Housing (1.41%), Land (0.70%), Student Housing (0.36%), and Healthcare (0.33%).

# Real Estate Portfolio Diversification

**LACERS Projected Geographic Diversification**  
*Private Portfolio (Ex. Timber)*



- The diversification goal of the Private Portfolio is to be well diversified across the US. The only constraint is a 30.0% maximum allocation to Ex-US investments. NFI-ODCE diversification is provided as a benchmark.
- The Portfolio currently has an aggregate exposure to the Los Angeles metropolitan area of 7.6% as of 1Q20, with a 4.1% exposure to Los Angeles City. The NFI-ODCE's exposure to the Los Angeles metropolitan area is 9.6%\*\*.
- The 2.9% Ex-US exposure is composed primarily of two large regional exposures: Asia (2.5%), Europe (0.4%).

\*\*Collected by Townsend bi-annually, as of 1Q20. Based on % NAV.



## Exhibit A: Performance Flash Report



Portfolio Composition (\$)									
Total Plan Assets		Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
<b>17,688,591,960</b>		1,238,201,437	7.0%	749,601,747	4.2%	156,887,023	0.9%	333,211,230	1.9%

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
LACERS	-2.9	-3.1	0.7	-0.4	5.9	4.6	7.2	5.8
NFI-ODCE + 80 basis points	-1.4	-1.6	3.0	2.1	6.5	5.5	8.1	7.1

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
<b>Core Portfolio</b>	<b>1989</b>	<b>413,867,553</b>	<b>484,675,554</b>	<b>0</b>	<b>181,923,847</b>	<b>578,122,494</b>	<b>77.1</b>	<b>63.8</b>
<b>Non-Core Portfolio</b>	<b>1990</b>	<b>773,977,156</b>	<b>670,732,980</b>	<b>156,887,023</b>	<b>609,327,106</b>	<b>152,440,831</b>	<b>20.3</b>	<b>34.1</b>
Value Added Portfolio	1990	298,969,813	178,486,562	119,136,872	162,085,473	80,315,745	10.7	22.0
Opportunistic Portfolio	1996	475,007,343	492,246,414	37,750,151	447,241,633	72,125,084	9.6	12.1
<b>Timber Portfolio</b>	<b>1999</b>	<b>20,000,000</b>	<b>18,601,851</b>	<b>0</b>	<b>4,342,968</b>	<b>19,038,422</b>	<b>2.5</b>	<b>2.1</b>
<b>Total Current Portfolio</b>								
LACERS	1989	1,207,844,709	1,174,010,385	156,887,023	795,593,921	749,601,747	100.0	100.0

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
<b>Core</b>								
Berkshire Multifamily Income Realty Fund	2015	20,000,000	20,000,000	0	7,359,365	19,808,430	2.6	2.2
CIM Commercial Trust Corporation ("CMCT")	2014	40,000,000	46,417,723	0	55,823,168	-3,993	0.0	0.0
CIM VI (Urban REIT), LLC	2012	25,000,000	25,000,000	0	5,859,445	30,578,267	4.1	3.4
INVESCO Core Real Estate	2004	63,867,553	124,315,123	0	65,613,121	183,625,278	24.5	20.3
Jamestown Premier Property Fund	2015	50,000,000	51,155,037	0	25,685,521	37,259,470	5.0	4.1
JP Morgan Strategic Property Fund	2005	30,000,000	30,421,882	0	2,858,499	70,553,292	9.4	7.8
Kayne Anderson Core Real Estate Fund	2019	35,000,000	35,000,000	0	968,437	34,515,199	4.6	3.8
Lion Industrial Trust - 2007	2016	50,000,000	52,365,789	0	8,385,460	78,701,400	10.5	8.7
Prime Property Fund	2015	50,000,000	50,000,000	0	9,370,830	56,018,316	7.5	6.2
Principal U.S. Property Account	2015	50,000,000	50,000,000	0	0	67,066,834	8.9	7.4
<b>Core</b>	<b>1989</b>	<b>413,867,553</b>	<b>484,675,554</b>	<b>0</b>	<b>181,923,846</b>	<b>578,122,493</b>	<b>77.1</b>	<b>63.8</b>
<b>Timber</b>								
Hancock Timberland XI	2012	20,000,000	18,601,851	0	4,342,968	19,038,422	2.5	2.1
<b>Timber</b>	<b>1999</b>	<b>20,000,000</b>	<b>18,601,851</b>	<b>0</b>	<b>4,342,968</b>	<b>19,038,422</b>	<b>2.5</b>	<b>2.1</b>
<b>Value Added</b>								
Almanac Realty Securities VI	2012	25,000,000	15,475,571	0	17,062,272	3,167,231	0.4	0.3
Asana Partners Fund I	2017	20,000,000	16,864,629	3,452,220	681,663	21,291,527	2.8	2.7
Asana Partners Fund II	2019	35,000,000	5,818,750	29,181,250	0	4,095,499	0.5	3.7
DRA Growth and Income Fund VII	2011	25,000,000	26,640,000	0	53,966,666	4,137,475	0.6	0.5
DRA Growth and Income Fund VIII	2014	25,000,000	29,576,071	518,519	21,911,212	13,636,301	1.8	1.6
Gerrity Retail Fund 2	2015	20,000,000	17,163,681	2,914,173	4,074,618	15,602,438	2.1	2.0
Heitman Asia-Pacific Property Investors	2018	25,000,000	14,045,345	11,316,382	617,258	12,062,313	1.6	2.6
LBA Logistics Value Fund VII	2020	35,000,000	4,981,025	30,018,975	0	4,797,321	0.6	3.8
Mesa West Real Estate Income Fund III	2013	25,000,000	18,939,181	5,000,000	23,199,128	1,208,100	0.2	0.7
NREP Nordic Strategies Fund IV	2019	35,437,928	847,901	35,487,531	0	112,561	0.0	3.9
Standard Life Investments European Real Estate Club II	2015	28,531,885	28,134,410	1,247,822	40,572,657	204,981	0.0	0.2
<b>Value Added</b>	<b>1990</b>	<b>298,969,813</b>	<b>178,486,564</b>	<b>119,136,872</b>	<b>162,085,474</b>	<b>80,315,747</b>	<b>10.7</b>	<b>22.0</b>
<b>Total Current Portfolio</b>								
<b>LACERS</b>	<b>1989</b>	<b>1,207,844,709</b>	<b>1,174,010,385</b>	<b>156,887,023</b>	<b>795,593,920</b>	<b>749,601,746</b>	<b>100.0</b>	<b>100.0</b>

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
<b>Opportunistic</b>								
Apollo CPI Europe I	2006	25,533,001	22,385,238	1,670,748	11,493,929	473,986	0.1	0.2
Bristol Value II, L.P.	2012	20,000,000	23,139,229	2,352,510	11,341,783	17,707,854	2.4	2.2
Broadview Real Estate Partners Fund, L.P.	2019	20,000,000	1,432,246	18,567,754	0	1,028,751	0.1	2.2
Bryanston Retail Opportunity Fund	2005	10,000,000	4,271,584	5,885,919	10,704,893	5,260,155	0.7	1.2
California Smart Growth Fund IV	2006	30,000,000	31,522,663	33,153	34,900,841	2,230,399	0.3	0.2
Canyon Johnson Urban Fund II	2005	10,000,000	8,988,718	1,011,296	3,974,652	33,230	0.0	0.1
CIM Real Estate Fund III	2007	15,000,000	16,674,075	0	20,818,964	6,586,728	0.9	0.7
CityView LA Urban Fund I	2007	25,000,000	61,482,527	0	73,811,664	0	0.0	0.0
Colony Investors VIII	2007	30,000,000	28,963,224	1,023,167	12,378,404	477,914	0.1	0.2
DRA Growth and Income Fund VI	2007	25,000,000	16,788,945	0	27,602,518	631,647	0.1	0.1
Integrated Capital Hospitality Fund	2009	10,000,000	6,006,797	0	2,728,129	244,060	0.0	0.0
LaSalle Asia Fund II	2005	25,000,000	24,016,560	0	25,989,261	0	0.0	0.0
Latin America Investors III	2008	20,000,000	20,686,689	0	3,886,924	-2,606,248	-0.3	-0.3
Lone Star Fund VII	2011	15,000,000	14,075,468	924,533	24,557,560	104,380	0.0	0.1
Lone Star Real Estate Fund II	2011	15,000,000	13,291,475	1,708,525	20,173,309	401,502	0.1	0.2
RECP Fund IV, L.P.	2008	40,000,000	51,496,646	1,265,045	34,430,309	22,385,188	3.0	2.6
Southern California Smart Growth Fund	2004	10,000,000	18,836,734	68,213	18,787,802	39,121	0.0	0.0
Stockbridge Real Estate Fund II	2006	30,000,000	30,000,000	0	11,177,560	2,582,166	0.3	0.3
Torchlight Debt Opportunity Fund IV	2013	24,474,342	24,483,106	0	30,834,057	4,191,720	0.6	0.5
Tuckerman Group Residential Income & Value Added Fund	2004	25,000,000	26,542,525	0	25,874,723	433,718	0.1	0.0
Walton Street Real Estate Fund V	2006	25,000,000	25,000,001	0	16,410,846	2,051,957	0.3	0.2
Walton Street Real Estate Fund VI	2009	25,000,000	22,161,966	3,239,288	25,363,504	7,866,856	1.0	1.2
<b>Opportunistic</b>	<b>1996</b>	<b>475,007,343</b>	<b>492,246,416</b>	<b>37,750,151</b>	<b>447,241,632</b>	<b>72,125,084</b>	<b>9.6</b>	<b>12.1</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>1989</b>	<b>1,187,844,709</b>	<b>1,155,408,534</b>	<b>156,887,023</b>	<b>791,250,952</b>	<b>730,563,324</b>	<b>97.5</b>	<b>97.9</b>
<b>Non-Core Portfolio</b>	<b>1990</b>	<b>773,977,156</b>	<b>670,732,980</b>	<b>156,887,023</b>	<b>609,327,106</b>	<b>152,440,831</b>	<b>20.3</b>	<b>34.1</b>
<b>Total Current Portfolio</b>								
<b>LACERS</b>	<b>1989</b>	<b>1,207,844,709</b>	<b>1,174,010,385</b>	<b>156,887,023</b>	<b>795,593,920</b>	<b>749,601,746</b>	<b>100.0</b>	<b>100.0</b>

Returns (%)	Market Value (\$)	Quarter				1 Year				3 Year			
		INC <sup>2</sup>	APP <sup>2</sup>	TGRS <sup>2</sup>	TNET <sup>2</sup>	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
<b>Core</b>													
Berkshire Multifamily Income Realty Fund	19,808,430	1.0	-2.8	-1.8	-1.9	4.2	-2.5	1.6	0.9	4.2	0.1	4.3	3.6
CIM Commercial Trust Corporation ("CMCT") <sup>1</sup>	-3,993	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CIM VI (Urban REIT), LLC	30,578,267	0.8	-5.8	-4.9	-5.3	3.1	-3.4	-0.4	-1.7	3.4	0.8	4.2	2.8
INVESCO Core Real Estate	183,625,278	0.8	-5.2	-4.4	-4.5	3.6	-2.2	1.3	1.0	3.7	1.8	5.5	5.1
Jamestown Premier Property Fund	37,259,470	0.6	-4.6	-4.0	-4.0	2.0	-5.6	-3.7	-4.2	3.1	3.5	6.7	4.9
JP Morgan Strategic Property Fund	70,553,292	0.9	-2.9	-2.0	-2.3	3.9	-1.6	2.3	1.3	3.9	1.2	5.1	4.1
Kayne Anderson Core Real Estate Fund	34,515,199	1.0	-2.2	-1.2	-1.3	4.8	-0.6	4.1	3.6				
Lion Industrial Trust - 2007	78,701,400	1.1	0.9	2.0	1.7	4.7	8.2	13.2	11.2	5.0	10.6	16.0	13.6
Prime Property Fund	56,018,316	0.8	-2.5	-1.7	-1.9	3.6	-0.9	2.7	1.7	3.8	2.9	6.8	5.7
Principal U.S. Property Account	67,066,834	0.9	-2.2	-1.2	-1.5	4.1	-1.3	2.8	1.8	4.4	2.1	6.6	5.6
<b>Core</b>	<b>578,122,493</b>	<b>0.9</b>	<b>-3.3</b>	<b>-2.4</b>	<b>-2.6</b>	<b>3.7</b>	<b>-0.8</b>	<b>2.9</b>	<b>2.1</b>	<b>3.9</b>	<b>3.0</b>	<b>7.0</b>	<b>5.9</b>
<b>Timber</b>													
Hancock Timberland XI	19,038,422	-0.3	0.0	-0.3	-0.5	0.2	4.6	4.8	3.9	0.4	3.2	3.6	2.7
<b>Timber</b>	<b>19,038,422</b>	<b>-0.3</b>	<b>0.0</b>	<b>-0.3</b>	<b>-0.5</b>	<b>0.2</b>	<b>4.6</b>	<b>4.8</b>	<b>3.9</b>	<b>0.4</b>	<b>3.2</b>	<b>3.6</b>	<b>2.7</b>
<b>Value Added</b>													
Almanac Realty Securities VI	3,167,231	2.9	-2.0	0.9	0.6	11.1	-35.6	-27.7	-28.4	9.2	-19.3	-11.5	-12.2
Asana Partners Fund I	21,291,527	0.6	0.3	0.9	1.7	2.3	-3.2	-1.0	-0.2	1.4	17.0	18.7	13.5
Asana Partners Fund II	4,095,499	-0.7	-4.1	-4.8	-8.8								
DRA Growth and Income Fund VII	4,137,475	4.2	-10.8	-6.6	-6.3	9.4	17.0	27.9	21.3	8.7	25.8	36.3	29.0
DRA Growth and Income Fund VIII	13,636,301	2.5	-25.8	-23.3	-22.5	8.8	-24.2	-16.9	-17.5	10.1	-7.7	1.9	0.2
Gerrity Retail Fund 2	15,602,438	1.2	-13.7	-12.5	-12.8	5.9	-13.3	-8.0	-9.2	6.7	-2.7	3.9	2.3
Heitman Asia-Pacific Property Investors	12,062,313	0.4	13.8	14.1	13.9	6.1	-9.1	-3.7	-4.5				
LBA Logistics Value Fund VII	4,797,321	1.9	0.6	2.5									
Mesa West Real Estate Income Fund III	1,208,100	-0.2	-2.1	-2.3	-1.8	1.1	-4.7	-3.7	-2.9	9.5	-2.2	7.1	5.8
NREP Nordic Strategies Fund IV	112,561	N/A	N/A	N/A	N/A								
Standard Life Investments European Real Estate Club II <sup>4</sup>	204,981	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Value Added</b>	<b>80,315,747</b>	<b>1.7</b>	<b>-7.4</b>	<b>-5.8</b>	<b>-6.1</b>	<b>5.5</b>	<b>-7.2</b>	<b>-2.0</b>	<b>-5.2</b>	<b>6.5</b>	<b>2.6</b>	<b>9.2</b>	<b>6.0</b>
<b>Total Portfolio</b>													
<b>LACERS</b>	<b>749,601,746</b>	<b>0.8</b>	<b>-3.7</b>	<b>-2.9</b>	<b>-3.1</b>	<b>3.3</b>	<b>-2.6</b>	<b>0.7</b>	<b>-0.4</b>	<b>3.8</b>	<b>2.0</b>	<b>5.9</b>	<b>4.6</b>
<b>Indices</b>													
NFI-ODCE (Core)		0.9	-2.5	-1.6	-1.8	4.1	-1.8	2.2	1.3	4.2	1.4	5.7	4.7
NFI-ODCE + 80 bps (Total Portfolio)				-1.4	-1.6			3.0	2.1			6.5	5.5
NFI-ODCE + 200 bps (Non-Core Portfolio)				-1.1	-1.3			4.2	3.3			7.7	6.7
NFI -ODCE + 50 bps (Value Add)				-1.4	-1.6			2.7	1.8			6.2	5.2
NFI -ODCE + 300 bps (Opportunistic)				-0.8	-1.0			5.2	4.3			8.7	7.7
NCREIF Timberland Property Index "NTI"		-0.5	0.4	-0.1		1.5	-1.3	0.2		2.5	-0.2	2.3	

\* Net IRR and Equity Multiple may be missing due to hard coded data.

<sup>1</sup> Originally CIM IV. Data shown only reflects performance since the formation of CMCT. Combined, CIM IV/CMCT has achieved a 6.3% net IRR nad 1.3x net equity multiple since inception (1Q06).

<sup>2</sup> INC: Income Return; APP: Appreciation Return; TGRS: Total Gross Return; TNET: Total Net Return. Please refer to Exhibit C for more detailed definitions.

<sup>3</sup> Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

<sup>4</sup> Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

Returns (%)	Market Value (\$)	5 Year				Inception				TWR Calculation Inception	Net IRR*	Equity Multiple*
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
<b>Core</b>												
Berkshire Multifamily Income Realty Fund	19,808,430					4.2	1.3	5.6	4.9	1Q16	7.5	1.4
CIM Commercial Trust Corporation ("CMCT") <sup>1</sup>	-3,993	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1Q14	4.6	1.2
CIM VI (Urban REIT), LLC	30,578,267	3.7	2.0	5.7	4.4	3.6	4.5	8.3	6.9	3Q12	6.2	1.5
INVESCO Core Real Estate	183,625,278	3.8	3.3	7.2	6.8	5.0	2.6	7.8	7.3	4Q04	7.3	2.0
Jamestown Premier Property Fund	37,259,470	3.7	4.3	8.1	6.2	3.7	4.3	8.1	6.2	3Q15	6.7	1.2
JP Morgan Strategic Property Fund	70,553,292	4.2	2.6	6.9	5.8	5.1	2.0	7.2	6.1	4Q05	6.3	2.4
Kayne Anderson Core Real Estate Fund	34,515,199					5.1	1.3	6.5	5.9	1Q19	2.2	1.0
Lion Industrial Trust - 2007	78,701,400					5.2	10.1	15.7	13.3	1Q16	13.4	1.7
Prime Property Fund	56,018,316					4.0	3.8	7.9	6.8	1Q16	6.9	1.3
Principal U.S. Property Account	67,066,834					4.6	3.2	7.9	6.9	4Q15	6.8	1.3
<b>Core</b>	<b>578,122,493</b>	<b>4.1</b>	<b>3.9</b>	<b>8.0</b>	<b>7.1</b>	<b>6.3</b>	<b>1.6</b>	<b>7.9</b>	<b>7.0</b>	<b>1Q89</b>	<b>5.8</b>	<b>1.5</b>
<b>Timber</b>												
Hancock Timberland XI	19,038,422	0.0	4.0	4.1	3.2	-0.3	5.5	5.2	4.3	2Q12	3.9	1.3
<b>Timber</b>	<b>19,038,422</b>	<b>0.0</b>	<b>4.0</b>	<b>4.1</b>	<b>3.2</b>	<b>4.5</b>	<b>5.5</b>	<b>10.3</b>	<b>9.0</b>	<b>4Q99</b>	<b>9.5</b>	<b>1.7</b>
<b>Value Added</b>												
Almanac Realty Securities VI	3,167,231	8.3	-7.6	0.3	-0.5	8.9	-2.7	6.0	4.3	1Q13	9.8	1.3
Asana Partners Fund I	21,291,527					1.6	16.0	17.9	12.5	2Q17	12.0	1.3
Asana Partners Fund II	4,095,499					-11.2	-24.5	-34.0	-46.7	4Q19	-63.5	0.7
DRA Growth and Income Fund VII	4,137,475	9.4	23.3	34.4	27.7	11.2	15.3	27.9	22.4	1Q12	21.1	2.2
DRA Growth and Income Fund VIII	13,636,301	11.3	-3.9	7.2	5.0	11.5	-3.4	7.9	5.6	4Q14	7.0	1.2
Gerrity Retail Fund 2	15,602,438					7.6	0.4	8.1	5.8	4Q15	4.2	1.1
Heitman Asia-Pacific Property Investors	12,062,313					2.0	-7.7	-5.9	-6.7	3Q18	-6.8	0.9
LBA Logistics Value Fund VII	4,797,321									2Q20	-3.4	1.0
Mesa West Real Estate Income Fund III	1,208,100	10.4	-1.5	8.8	7.1	11.0	-0.9	10.0	7.2	4Q13	8.4	1.3
NREP Nordic Strategies Fund IV	112,561					N/A	N/A	N/A	N/A	1Q20	-86.8	0.1
Standard Life Investments European Real Estate Club II <sup>4</sup>	204,981					N/A	N/A	N/A	N/A	1Q16	15.7	1.4
<b>Value Added</b>	<b>80,315,747</b>	<b>7.1</b>	<b>4.5</b>	<b>11.8</b>	<b>8.8</b>	<b>7.5</b>	<b>2.2</b>	<b>9.9</b>	<b>7.8</b>	<b>4Q90</b>		
<b>Total Portfolio</b>												
<b>LACERS</b>	<b>749,601,746</b>	<b>4.2</b>	<b>2.9</b>	<b>7.2</b>	<b>5.8</b>	<b>6.0</b>	<b>1.4</b>	<b>7.4</b>	<b>5.8</b>	<b>1Q89</b>		
<b>Indices</b>												
NFI-ODCE (Core)		4.3	2.9	7.3	6.3	6.6	0.5	7.2	6.2	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				8.1	7.1			8.0	7.0	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				9.3	8.3			9.4	8.4	4Q90		
NFI -ODCE + 50 bps (Value Add)				7.8	6.8			7.9	6.9	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				10.3	9.3			12.1	11.0	4Q96		
NCREIF Timberland Property Index "NTI"		2.6	0.2	2.7		3.3	2.8	6.1		4Q99		

\* Net IRR and Equity Multiple may be missing due to hard coded data.

<sup>1</sup> Originally CIM IV. Data shown only reflects performance since the formation of CMCT. Combined, CIM IV/CMCT has achieved a 6.3% net IRR nad 1.3x net equity multiple since inception (1Q06).

<sup>2</sup> INC: Income Return; APP: Appreciation Return; TGRS: Total Gross Return; TNET: Total Net Return. Please refer to Exhibit C for more detailed definitions.

<sup>3</sup> Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

<sup>4</sup> Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.



Returns (%)	Market Value (\$)	Quarter				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
<b>Opportunistic</b>													
Apollo CPI Europe I <sup>1</sup>	473,986	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bristol Value II, L.P.	17,707,854	0.7	0.0	0.7	0.4	1.7	8.5	10.3	8.8	1.0	9.5	10.5	8.9
Broadview Real Estate Partners Fund, L.P.	1,028,751	-5.4	18.4	13.0	-5.4								
Bryanston Retail Opportunity Fund	5,260,155	0.0	29.1	29.1	29.0	-0.1	52.9	52.7	52.2	-0.1	13.9	13.8	13.3
California Smart Growth Fund IV	2,230,399	1.7	0.0	1.7	1.7	-0.4	16.0	15.6	15.6	0.3	7.0	7.3	6.8
Canyon Johnson Urban Fund II <sup>1</sup>	33,230	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CIM Real Estate Fund III <sup>12</sup>	6,586,728	-1.1	-7.1	-8.1	-8.5	-1.3	-12.9	-14.1	-15.3	1.5	-3.1	-1.4	-2.8
CityView LA Urban Fund I <sup>1</sup>	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Colony Investors VIII <sup>12</sup>	477,914	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DRA Growth and Income Fund VI <sup>1</sup>	631,647	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Integrated Capital Hospitality Fund	244,060	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LaSalle Asia Fund II <sup>1</sup>	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Latin America Investors III <sup>13</sup>	-2,606,248	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lone Star Fund VII <sup>1</sup>	104,380	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lone Star Real Estate Fund II <sup>1</sup>	401,502	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RECP Fund IV, L.P.	22,385,188	0.0	-14.1	-14.1	-14.2	0.8	-23.6	-23.0	-23.2	2.0	-6.0	-4.1	-4.7
Southern California Smart Growth Fund <sup>1</sup>	39,121	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stockbridge Real Estate Fund II	2,582,166	-0.1	-3.9	-4.0	-4.1	1.3	-10.1	-8.9	-9.3	1.1	-1.4	-0.3	-0.6
Torchlight Debt Opportunity Fund IV	4,191,720	0.6	-0.4	0.2	0.7	3.5	-17.1	-14.0	-4.9	6.5	-3.5	2.7	4.4
Tuckerman Group Residential Income & Value Added Fund <sup>1</sup>	433,718	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Walton Street Real Estate Fund V	2,051,957	-1.8	-1.0	-2.7	-2.7	-3.3	-18.7	-21.5	-21.5	-0.3	-13.1	-13.4	-13.7
Walton Street Real Estate Fund VI	7,866,856	-1.6	2.3	0.7	0.4	2.0	-11.4	-9.4	-10.4	3.3	-3.0	0.2	-0.9
<b>Opportunistic</b>	<b>72,125,084</b>	<b>-0.4</b>	<b>-4.1</b>	<b>-4.5</b>	<b>-4.8</b>	<b>-0.8</b>	<b>-11.5</b>	<b>-12.2</b>	<b>-12.7</b>	<b>1.3</b>	<b>-4.3</b>	<b>-3.1</b>	<b>-4.1</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>730,563,324</b>	<b>0.8</b>	<b>-3.8</b>	<b>-3.0</b>	<b>-3.2</b>	<b>3.4</b>	<b>-2.8</b>	<b>0.6</b>	<b>-0.6</b>	<b>3.9</b>	<b>2.0</b>	<b>5.9</b>	<b>4.6</b>
<b>Non-Core Portfolio</b>	<b>152,440,831</b>	<b>0.8</b>	<b>-5.2</b>	<b>-4.4</b>	<b>-4.6</b>	<b>2.8</b>	<b>-8.1</b>	<b>-5.5</b>	<b>-7.0</b>	<b>3.9</b>	<b>-0.6</b>	<b>3.3</b>	<b>1.4</b>
<b>Total Portfolio</b>													
<b>LACERS</b>	<b>749,601,746</b>	<b>0.8</b>	<b>-3.7</b>	<b>-2.9</b>	<b>-3.1</b>	<b>3.3</b>	<b>-2.6</b>	<b>0.7</b>	<b>-0.4</b>	<b>3.8</b>	<b>2.0</b>	<b>5.9</b>	<b>4.6</b>
<b>Indices</b>													
NFI-ODCE (Core)		0.9	-2.5	-1.6	-1.8	4.1	-1.8	2.2	1.3	4.2	1.4	5.7	4.7
NFI-ODCE + 80 bps (Total Portfolio)				-1.4	-1.6			3.0	2.1			6.5	5.5
NFI-ODCE + 200 bps (Non-Core Portfolio)				-1.1	-1.3			4.2	3.3			7.7	6.7
NFI -ODCE + 50 bps (Value Add)				-1.4	-1.6			2.7	1.8			6.2	5.2
NFI -ODCE + 300 bps (Opportunistic)				-0.8	-1.0			5.2	4.3			8.7	7.7
NCREIF Timberland Property Index "NTI"		-0.5	0.4	-0.1		1.5	-1.3	0.2		2.5	-0.2	2.3	

\* Net IRR and Equity Multiple may be missing due to hard coded data.

<sup>1</sup> Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

<sup>2</sup> Broken time-weighted return since inception

Returns (%)	Market Value (\$)	5 Year				Inception				TWR Calculation Inception	Net IRR*	Equity Multiple*
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
<b>Opportunistic</b>												
Apollo CPI Europe I <sup>1</sup>	473,986	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q06	-9.3	0.5
Bristol Value II, L.P.	17,707,854	1.9	8.0	9.9	8.2	2.6	10.2	13.0	11.2	1Q13	8.8	1.3
Broadview Real Estate Partners Fund, L.P.	1,028,751					-12.1	1545.5	-177.3	-164.7	4Q19	-67.5	0.7
Bryanston Retail Opportunity Fund	5,260,155	-0.2	28.1	27.9	27.4	6.7	24.0	30.3	27.2	2Q05	79.7	3.7
California Smart Growth Fund IV	2,230,399	2.2	8.1	10.4	10.0	2.1	1.2	3.2	1.3	1Q07	2.6	1.2
Canyon Johnson Urban Fund II <sup>1</sup>	33,230	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3Q05	-10.4	0.4
CIM Real Estate Fund III <sup>12</sup>	6,586,728	5.0	-4.1	1.8	0.4	-8.4	N/A	N/A	N/A	1Q08	9.1	1.6
CityView LA Urban Fund I <sup>1</sup>	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3Q07	11.8	1.2
Colony Investors VIII <sup>12</sup>	477,914	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q07	-11.7	0.4
DRA Growth and Income Fund VI <sup>1</sup>	631,647	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2Q08	10.7	1.7
Integrated Capital Hospitality Fund	244,060	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3Q11	-22.6	0.5
LaSalle Asia Fund II <sup>1</sup>	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q05	1.8	1.1
Latin America Investors III <sup>13</sup>	-2,606,248	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1Q09	0.0	0.1
Lone Star Fund VII <sup>1</sup>	104,380	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3Q11	50.2	1.8
Lone Star Real Estate Fund II <sup>1</sup>	401,502	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3Q11	26.4	1.5
RECP Fund IV, L.P.	22,385,188	1.8	-1.2	0.5	-0.6	3.2	-7.6	-4.7	-8.0	4Q08	1.8	1.1
Southern California Smart Growth Fund <sup>1</sup>	39,121	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1Q05	0.0	1.0
Stockbridge Real Estate Fund II	2,582,166	0.6	0.5	1.2	0.6	N/A	N/A	N/A	N/A	4Q06	-7.2	0.5
Torchlight Debt Opportunity Fund IV	4,191,720	7.7	-1.5	6.1	6.4	8.4	0.0	8.3	7.7	4Q13	9.8	1.4
Tuckerman Group Residential Income & Value Added Fund <sup>1</sup>	433,718	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q04	-0.1	1.0
Walton Street Real Estate Fund V	2,051,957	1.5	-8.5	-7.1	-7.8	1.8	-3.7	-1.9	-3.5	4Q06	-3.3	0.7
Walton Street Real Estate Fund VI	7,866,856	3.0	-1.9	1.0	-0.1	-8.0	11.4	1.3	-3.0	3Q09	8.1	1.5
<b>Opportunistic</b>	<b>72,125,084</b>	<b>2.3</b>	<b>-2.3</b>	<b>0.0</b>	<b>-1.3</b>	<b>4.0</b>	<b>2.1</b>	<b>6.1</b>	<b>2.7</b>	<b>4Q96</b>	<b>1.7</b>	<b>1.1</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>730,563,324</b>	<b>4.3</b>	<b>2.9</b>	<b>7.3</b>	<b>5.9</b>	<b>6.0</b>	<b>1.3</b>	<b>7.4</b>	<b>5.7</b>	<b>1Q89</b>		
<b>Non-Core Portfolio</b>	<b>152,440,831</b>	<b>4.5</b>	<b>1.0</b>	<b>5.6</b>	<b>3.6</b>	<b>6.3</b>	<b>2.2</b>	<b>8.6</b>	<b>6.1</b>	<b>4Q90</b>		
<b>Total Portfolio</b>												
<b>LACERS</b>	<b>749,601,746</b>	<b>4.2</b>	<b>2.9</b>	<b>7.2</b>	<b>5.8</b>	<b>6.0</b>	<b>1.4</b>	<b>7.4</b>	<b>5.8</b>	<b>1Q89</b>		
<b>Indices</b>												
NFI-ODCE (Core)		4.3	2.9	7.3	6.3	6.6	0.5	7.2	6.2	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				8.1	7.1			8.0	7.0	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				9.3	8.3			9.4	8.4	4Q90		
NFI -ODCE + 50 bps (Value Add)				7.8	6.8			7.9	6.9	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				10.3	9.3			12.1	11.0	4Q96		
NCREIF Timberland Property Index "NTI"		2.6	0.2	2.7		3.3	2.8	6.1		4Q99		

\* Net IRR and Equity Multiple may be missing due to hard coded data.

<sup>1</sup> Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

<sup>2</sup> Broken time-weighted return since inception

Returns (%)	Market Value (\$)	2020		2019		2018		2017		2016		2015	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core</b>													
Berkshire Multifamily Income Realty Fund	19,808,430	-1.5	-1.8	5.0	4.2	6.2	5.6	5.4	4.7	10.4	9.5		
CIM Commercial Trust Corporation ("CMCT")	-3,993	N/A	N/A	-32.3	-32.3	-0.6	-0.6	2.8	2.8	3.3	3.3	5.0	5.0
CIM VI (Urban REIT), LLC	30,578,267	-4.9	-5.5	5.3	3.9	10.4	8.9	5.2	3.7	2.6	2.4	13.4	11.0
INVESCO Core Real Estate	183,625,278	-2.9	-3.0	6.6	6.2	9.4	9.0	8.4	8.0	9.2	8.9	14.7	14.3
Jamestown Premier Property Fund	37,259,470	-4.6	-4.7	3.0	2.4	9.7	7.7	18.0	14.2	6.7	5.4	8.5	7.0
JP Morgan Strategic Property Fund	70,553,292	-0.5	-1.0	4.4	3.4	8.0	7.0	7.2	6.2	8.4	7.3	15.2	14.1
Kayne Anderson Core Real Estate Fund	34,515,199	0.3	0.0	9.6	9.0								
Lion Industrial Trust - 2007	78,701,400	5.8	5.0	16.5	13.9	18.7	15.9	14.4	12.3	14.9	12.8		
Prime Property Fund	56,018,316	-0.8	-1.3	7.4	6.2	9.1	8.0	9.9	8.8	10.4	9.2		
Principal U.S. Property Account	67,066,834	-0.6	-1.1	7.0	6.0	9.1	8.1	9.1	8.1	10.1	9.0	3.0	2.8
<b>Core</b>	<b>578,122,493</b>	<b>-1.0</b>	<b>-1.4</b>	<b>7.2</b>	<b>6.3</b>	<b>9.8</b>	<b>8.7</b>	<b>9.2</b>	<b>8.1</b>	<b>8.7</b>	<b>7.9</b>	<b>13.4</b>	<b>12.7</b>
<b>Timber</b>													
Hancock Timberland XI	19,038,422	0.1	-0.4	4.9	3.9	3.9	2.9	2.1	1.2	3.5	2.6	5.4	4.6
<b>Timber</b>	<b>19,038,422</b>	<b>0.1</b>	<b>-0.4</b>	<b>3.9</b>	<b>2.9</b>	<b>2.1</b>	<b>1.2</b>	<b>3.5</b>	<b>2.6</b>	<b>5.4</b>	<b>4.5</b>	<b>8.1</b>	<b>4.5</b>
<b>Value Added</b>													
Almanac Realty Securities VI	3,167,231	-28.3	-28.7	-2.5	-3.2	2.0	1.3	0.4	-0.3	15.2	14.3	23.5	21.2
Asana Partners Fund I	21,291,527	-11.2	-8.1	28.7	21.3	26.4	18.7	18.1	10.8				
Asana Partners Fund II	4,095,499	-40.6	-47.5	11.1	1.5								
DRA Growth and Income Fund VII	4,137,475	-6.0	-6.3	56.3	45.0	44.7	37.0	34.1	28.6	35.2	28.8	22.9	16.2
DRA Growth and Income Fund VIII	13,636,301	-21.8	-21.4	11.0	8.6	14.1	11.3	14.2	11.7	14.7	11.8	16.0	12.9
Gerrity Retail Fund 2	15,602,438	-11.1	-11.7	6.7	5.3	12.4	10.6	9.8	7.6	21.4	17.7	1.7	0.6
Heitman Asia-Pacific Property Investors	12,062,313	-10.8	-11.2	4.1	3.3	-4.7	-5.2						
LBA Logistics Value Fund VII	4,797,321												
Mesa West Real Estate Income Fund III	1,208,100	-4.6	-3.7	4.2	3.5	15.8	12.8	12.6	10.1	11.2	8.8	13.0	10.2
NREP Nordic Strategies Fund IV	112,561	33.7	-83.2										
Standard Life Investments European Real Estate Club II	204,981	3.9	1.7	54.8	41.9	-2.0	-2.7	33.8	32.6	8.1	7.1		
<b>Value Added</b>	<b>80,315,747</b>	<b>-12.3</b>	<b>-12.9</b>	<b>18.9</b>	<b>14.1</b>	<b>14.1</b>	<b>11.0</b>	<b>18.6</b>	<b>15.9</b>	<b>14.6</b>	<b>12.1</b>	<b>14.5</b>	<b>11.7</b>
<b>Total Portfolio</b>													
<b>LACERS</b>	<b>749,601,746</b>	<b>-3.5</b>	<b>-3.9</b>	<b>7.6</b>	<b>6.2</b>	<b>8.4</b>	<b>7.0</b>	<b>10.0</b>	<b>8.6</b>	<b>8.1</b>	<b>6.8</b>	<b>11.2</b>	<b>9.5</b>
<b>Indices</b>													
NFI-ODCE (Core)		-0.6	-1.0	5.3	4.4	8.3	7.4	7.6	6.7	8.8	7.8	15.0	14.0
NFI-ODCE + 80 bps (Total Portfolio)		0.2	-0.2	6.1	5.2	9.1	8.2	8.4	7.5	9.6	8.6	15.8	14.8
NFI-ODCE + 200 bps (Non-Core Portfolio)		2.2	1.8	8.1	7.2	11.1	10.2	10.4	9.5	11.6	10.6	17.8	16.8
NFI-ODCE + 50 bps (Value Add)		-0.1	-0.5	5.8	4.9	8.8	7.9	8.1	7.2	9.3	8.3	15.5	14.5
NFI-ODCE + 300 bps (Opportunistic)		2.4	2.0	8.3	7.4	11.3	10.4	10.6	9.7	11.8	10.8	18.0	17.0
NCREIF Timberland Index (Timber)		0.2		3.4		3.6		2.7		5.0		10.5	

<sup>1</sup> Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

<sup>2</sup> Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

Returns (%)	Market Value (\$)	2014		2013		2012		2011		2010		2009		2008	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Core</b>															
Berkshire Multifamily Income Realty Fund	19,808,430														
CIM Commercial Trust Corporation ("CMCT")	-3,993	9.7	9.7												
CIM VI (Urban REIT), LLC	30,578,267	15.0	13.5	6.8	5.4	13.8	13.1								
INVESCO Core Real Estate	183,625,278	12.4	11.9	14.3	13.8	8.7	8.2	16.9	16.4	16.7	16.1	-32.2	-32.6	-4.6	-5.0
Jamestown Premier Property Fund	37,259,470														
JP Morgan Strategic Property Fund	70,553,292	11.1	10.1	15.9	14.8	12.1	11.0	15.9	14.8	14.1	13.0	-26.5	-27.4	-8.1	-9.0
Kayne Anderson Core Real Estate Fund	34,515,199														
Lion Industrial Trust - 2007	78,701,400														
Prime Property Fund	56,018,316														
Principal U.S. Property Account	67,066,834														
<b>Core</b>	<b>578,122,493</b>	<b>11.8</b>	<b>11.3</b>	<b>13.3</b>	<b>12.5</b>	<b>9.6</b>	<b>8.9</b>	<b>15.6</b>	<b>14.8</b>	<b>16.1</b>	<b>15.2</b>	<b>-26.4</b>	<b>-27.1</b>	<b>-4.9</b>	<b>-5.6</b>
<b>Timber</b>															
Hancock Timberland XI	19,038,422	5.2	4.6	9.9	8.9	8.1	7.6								
<b>Timber</b>	<b>19,038,422</b>	<b>20.9</b>	<b>17.8</b>	<b>9.9</b>	<b>8.9</b>	<b>3.9</b>	<b>4.2</b>	<b>2.9</b>	<b>2.7</b>	<b>-7.4</b>	<b>-5.5</b>	<b>7.6</b>	<b>6.5</b>	<b>22.1</b>	<b>17.3</b>
<b>Value Added</b>															
Almanac Realty Securities VI	3,167,231	15.2	12.8	31.6	26.1										
Asana Partners Fund I	21,291,527														
Asana Partners Fund II	4,095,499														
DRA Growth and Income Fund VII	4,137,475	20.3	17.7	18.7	15.5	17.6	14.3								
DRA Growth and Income Fund VIII	13,636,301	2.7	2.1												
Gerrity Retail Fund 2	15,602,438														
Heitman Asia-Pacific Property Investors	12,062,313														
LBA Logistics Value Fund VII	4,797,321														
Mesa West Real Estate Income Fund III	1,208,100	13.3	8.7	3.2	-0.6										
NREP Nordic Strategies Fund IV	112,561														
Standard Life Investments European Real Estate Club II	204,981														
<b>Value Added</b>	<b>80,315,747</b>	<b>12.6</b>	<b>10.9</b>	<b>9.5</b>	<b>7.9</b>	<b>17.1</b>	<b>15.6</b>	<b>18.3</b>	<b>16.2</b>	<b>4.1</b>	<b>1.8</b>	<b>-38.5</b>	<b>-39.4</b>	<b>-20.7</b>	<b>-20.0</b>
<b>Total Portfolio</b>															
<b>LACERS</b>	<b>749,601,746</b>	<b>13.7</b>	<b>11.8</b>	<b>13.5</b>	<b>11.4</b>	<b>12.8</b>	<b>11.0</b>	<b>12.6</b>	<b>10.8</b>	<b>13.0</b>	<b>10.3</b>	<b>-34.4</b>	<b>-35.9</b>	<b>-22.5</b>	<b>-23.6</b>
<b>Indices</b>															
NFI-ODCE (Core)		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
NFI-ODCE + 80 bps (Total Portfolio)		13.3	12.3	14.7	13.7	11.7	10.6	16.8	15.8	17.2	16.1	-29.0	-29.6	-9.2	-9.9
NFI-ODCE + 200 bps (Non-Core Portfolio)		15.3	14.3	16.7	15.7	13.7	12.6	18.8	17.8	19.2	18.1	-27.0	-27.6	-7.2	-7.9
NFI-ODCE + 50 bps (Value Add)		13.0	12.0	14.4	13.4	11.4	10.3	16.5	15.5	16.9	15.8	-29.3	-29.9	-9.5	-10.2
NFI-ODCE + 300 bps (Opportunistic)		15.5	14.5	16.9	15.9	13.9	12.8	19.0	18.0	19.4	18.3	-26.8	-27.4	-7.0	-7.7
NCREIF Timberland Index (Timber)		9.7		7.8		1.6		-0.1		-4.7		9.5		18.4	

<sup>1</sup> Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

<sup>2</sup> Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

Returns (%)	Market Value (\$)	2020		2019		2018		2017		2016		2015	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Opportunistic</b>													
Apollo CPI Europe I <sup>1</sup>	473,986	-0.5	-0.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bristol Value II, L.P.	17,707,854	1.3	0.6	8.5	6.9	6.7	5.1	17.1	15.3	11.0	9.1	8.2	6.1
Broadview Real Estate Partners Fund, L.P.	1,028,751	32.2	10.7	N/A	N/A								
Bryanston Retail Opportunity Fund	5,260,155	29.1	28.9	18.3	17.9	23.5	22.9	-22.1	-22.4	-2.5	-2.8	144.0	142.1
California Smart Growth Fund IV	2,230,399	-0.4	-0.4	28.3	28.3	-6.1	-6.1	14.3	12.8	5.9	5.4	20.3	19.2
Canyon Johnson Urban Fund II <sup>1</sup>	33,230	-0.2	-0.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CIM Real Estate Fund III	6,586,728	-13.1	-13.8	0.3	-1.1	5.9	4.5	8.0	6.4	5.4	4.0	8.3	7.1
CityView LA Urban Fund I <sup>1</sup>	0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Colony Investors VIII <sup>1</sup>	477,914	-12.4	-12.4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DRA Growth and Income Fund VI	631,647	-30.6	-25.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Integrated Capital Hospitality Fund	244,060	-19.2	-23.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LaSalle Asia Fund II <sup>1</sup>	0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Latin America Investors III <sup>2</sup>	-2,606,248	65.1	71.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lone Star Fund VII <sup>1</sup>	104,380	8.6	5.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lone Star Real Estate Fund II <sup>1</sup>	401,502	-21.4	-12.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RECP Fund IV, L.P.	22,385,188	-23.8	-23.9	2.3	2.1	2.1	1.6	14.6	12.4	6.9	5.3	8.3	6.2
Southern California Smart Growth Fund <sup>1</sup>	39,121	-2.2	-2.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stockbridge Real Estate Fund II	2,582,166	-4.9	-5.1	-4.6	-5.0	0.6	0.2	21.2	20.6	-4.7	-5.5	3.9	2.6
Torchlight Debt Opportunity Fund IV	4,191,720	-10.2	-4.0	-2.2	1.5	14.8	10.7	15.2	11.3	11.8	9.8	12.0	9.8
Tuckerman Group Residential Income & Value Added Fund <sup>1</sup>	433,718	-3.6	-3.9	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Walton Street Real Estate Fund V	2,051,957	-7.8	-7.8	-17.9	-18.1	-16.6	-17.1	4.5	3.5	2.1	0.7	11.9	10.4
Walton Street Real Estate Fund VI	7,866,856	-10.0	-10.5	2.0	1.0	4.2	3.1	9.2	7.9	-5.4	-6.6	13.5	12.2
<b>Opportunistic</b>	<b>72,125,084</b>	<b>-11.4</b>	<b>-11.5</b>	<b>0.1</b>	<b>-0.8</b>	<b>-1.1</b>	<b>-2.5</b>	<b>7.5</b>	<b>5.8</b>	<b>2.8</b>	<b>1.3</b>	<b>7.2</b>	<b>5.3</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>730,563,324</b>	<b>-3.6</b>	<b>-3.9</b>	<b>7.7</b>	<b>6.3</b>	<b>8.6</b>	<b>7.1</b>	<b>10.2</b>	<b>8.8</b>	<b>8.2</b>	<b>6.9</b>	<b>11.3</b>	<b>9.6</b>
<b>Non-Core Portfolio</b>	<b>152,440,831</b>	<b>-10.0</b>	<b>-10.3</b>	<b>8.9</b>	<b>6.6</b>	<b>5.8</b>	<b>3.7</b>	<b>12.1</b>	<b>10.0</b>	<b>7.5</b>	<b>5.6</b>	<b>9.8</b>	<b>7.6</b>
<b>Total Portfolio</b>													
<b>LACERS</b>	<b>749,601,746</b>	<b>-3.5</b>	<b>-3.9</b>	<b>7.6</b>	<b>6.2</b>	<b>8.4</b>	<b>7.0</b>	<b>10.0</b>	<b>8.6</b>	<b>8.1</b>	<b>6.8</b>	<b>11.2</b>	<b>9.5</b>
<b>Indices</b>													
NFI-ODCE (Core)		-0.6	-1.0	5.3	4.4	8.3	7.4	7.6	6.7	8.8	7.8	15.0	14.0
NFI-ODCE + 80 bps (Total Portfolio)		0.2	-0.2	6.1	5.2	9.1	8.2	8.4	7.5	9.6	8.6	15.8	14.8
NFI-ODCE + 200 bps (Non-Core Portfolio)		2.2	1.8	8.1	7.2	11.1	10.2	10.4	9.5	11.6	10.6	17.8	16.8
NFI-ODCE + 50 bps (Value Add)		-0.1	-0.5	5.8	4.9	8.8	7.9	8.1	7.2	9.3	8.3	15.5	14.5
NFI-ODCE + 300 bps (Opportunistic)		2.4	2.0	8.3	7.4	11.3	10.4	10.6	9.7	11.8	10.8	18.0	17.0
NCREIF Timberland Index (Timber)		0.2		3.4		3.6		2.7		5.0		10.5	

<sup>1</sup> Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

<sup>2</sup> Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

Returns (%)	Market Value (\$)	2014		2013		2012		2011		2010		2009		2008	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
<b>Opportunistic</b>															
Apollo CPI Europe I <sup>1</sup>	473,986	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bristol Value II, L.P.	17,707,854	12.4	10.6	35.0	33.0										
Broadview Real Estate Partners Fund, L.P.	1,028,751														
Bryanston Retail Opportunity Fund	5,260,155	7.3	5.8	50.5	47.5	40.1	37.2	-4.3	-7.2	20.9	18.3	12.8	10.2	73.9	69.4
California Smart Growth Fund IV	2,230,399	17.9	16.2	13.1	11.6	19.9	18.3	26.7	24.6	20.1	17.0	-34.6	-38.0	-46.3	-48.6
Canyon Johnson Urban Fund II <sup>1</sup>	33,230	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CIM Real Estate Fund III	6,586,728	11.0	9.8	11.1	9.9	20.8	19.4	21.8	19.8	15.3	-13.8	-53.5	-83.5	-117.3	-113.8
CityView LA Urban Fund I <sup>1</sup>	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Colony Investors VIII <sup>1</sup>	477,914	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DRA Growth and Income Fund VI	631,647	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Integrated Capital Hospitality Fund	244,060	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LaSalle Asia Fund II <sup>1</sup>	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Latin America Investors III <sup>2</sup>	-2,606,248	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lone Star Fund VII <sup>1</sup>	104,380	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lone Star Real Estate Fund II <sup>1</sup>	401,502	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RECP Fund IV, L.P.	22,385,188	6.4	4.6	8.5	6.7	23.4	21.1	2.4	-1.4	12.5	4.3	-45.6	-54.8	-40.0	-40.0
Southern California Smart Growth Fund <sup>1</sup>	39,121	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stockbridge Real Estate Fund II	2,582,166	24.4	22.8	46.5	43.7	3.2	0.7	7.2	4.2	21.8	16.8	-86.3	-86.8	-83.4	-84.0
Torchlight Debt Opportunity Fund IV	4,191,720	13.9	10.4	3.6	3.0										
Tuckerman Group Residential Income & Value Added Fund <sup>1</sup>	433,718	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Walton Street Real Estate Fund V	2,051,957	13.2	11.7	12.9	11.2	9.5	7.8	10.1	8.0	48.0	44.0	-27.8	-31.1	-47.7	-48.7
Walton Street Real Estate Fund VI	7,866,856	14.8	13.4	16.0	14.3	12.1	10.4	14.3	12.3	173.3	162.1	-78.1	-84.0		
<b>Opportunistic</b>	<b>72,125,084</b>	<b>15.7</b>	<b>12.9</b>	<b>15.3</b>	<b>12.2</b>	<b>12.5</b>	<b>10.1</b>	<b>8.8</b>	<b>6.5</b>	<b>17.1</b>	<b>12.6</b>	<b>-39.0</b>	<b>-41.6</b>	<b>-36.6</b>	<b>-39.2</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>730,563,324</b>	<b>13.8</b>	<b>12.0</b>	<b>13.4</b>	<b>11.3</b>	<b>12.8</b>	<b>11.1</b>	<b>12.8</b>	<b>10.9</b>	<b>13.3</b>	<b>10.5</b>	<b>-35.1</b>	<b>-36.7</b>	<b>-23.1</b>	<b>-24.3</b>
<b>Non-Core Portfolio</b>	<b>152,440,831</b>	<b>14.7</b>	<b>12.2</b>	<b>13.6</b>	<b>10.9</b>	<b>14.0</b>	<b>11.9</b>	<b>11.9</b>	<b>9.6</b>	<b>12.2</b>	<b>8.5</b>	<b>-38.8</b>	<b>-40.7</b>	<b>-30.0</b>	<b>-31.3</b>
<b>Total Portfolio</b>															
<b>LACERS</b>	<b>749,601,746</b>	<b>13.7</b>	<b>11.8</b>	<b>13.5</b>	<b>11.4</b>	<b>12.8</b>	<b>11.0</b>	<b>12.6</b>	<b>10.8</b>	<b>13.0</b>	<b>10.3</b>	<b>-34.4</b>	<b>-35.9</b>	<b>-22.5</b>	<b>-23.6</b>
<b>Indices</b>															
NFI-ODCE (Core)		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
NFI-ODCE + 80 bps (Total Portfolio)		13.3	12.3	14.7	13.7	11.7	10.6	16.8	15.8	17.2	16.1	-29.0	-29.6	-9.2	-9.9
NFI-ODCE + 200 bps (Non-Core Portfolio)		15.3	14.3	16.7	15.7	13.7	12.6	18.8	17.8	19.2	18.1	-27.0	-27.6	-7.2	-7.9
NFI-ODCE + 50 bps (Value Add)		13.0	12.0	14.4	13.4	11.4	10.3	16.5	15.5	16.9	15.8	-29.3	-29.9	-9.5	-10.2
NFI-ODCE + 300 bps (Opportunistic)		15.5	14.5	16.9	15.9	13.9	12.8	19.0	18.0	19.4	18.3	-26.8	-27.4	-7.0	-7.7
NCREIF Timberland Index (Timber)		9.7		7.8		1.6		-0.1		-4.7		9.5		18.4	

<sup>1</sup> Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

<sup>2</sup> Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.



Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
<b>Core</b>									
Berkshire Multifamily Income Realty Fund	20,322,871	0	120,660	0	200,111	32,241	-561,651	19,808,430	40.6
CIM Commercial Trust Corporation ("CMCT")	3,879	0	0	0	-7,872	0	0	-3,993	10.7
CIM VI (Urban REIT), LLC	32,284,431	0	0	0	259,367	108,440	-1,857,091	30,578,267	2.7
INVESCO Core Real Estate	192,211,266	1,689,162	1,512,398	0	1,538,859	149,568	-10,152,042	183,625,278	25.9
Jamestown Premier Property Fund	38,829,928	58,245	91,897	0	242,531	-9,437	-1,788,775	37,259,470	44.0
JP Morgan Strategic Property Fund	72,184,852	0	0	0	627,211	176,153	-2,082,618	70,553,292	24.9
Kayne Anderson Core Real Estate Fund	21,000,824	14,306,354	339,179	0	352,038	42,809	-762,029	34,515,199	38.8
Lion Industrial Trust - 2007	77,922,708	-3,751	549,283	0	864,517	230,833	698,043	78,701,400	30.8
Prime Property Fund	57,656,077	0	568,301	0	439,445	64,101	-1,444,803	56,018,316	17.2
Principal U.S. Property Account	68,068,903	0	0	0	633,491	160,196	-1,475,363	67,066,834	20.2
<b>Core</b>	<b>580,485,739</b>	<b>16,050,010</b>	<b>3,181,718</b>	<b>0</b>	<b>5,149,698</b>	<b>954,904</b>	<b>-19,426,329</b>	<b>578,122,493</b>	<b>27.3</b>
<b>Timber</b>									
Hancock Timberland XI	19,132,523	0	0	0	-51,186	42,915	0	19,038,422	0.0
<b>Timber</b>	<b>19,132,523</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-51,186</b>	<b>42,915</b>	<b>0</b>	<b>19,038,422</b>	<b>0.0</b>
<b>Value Added</b>									
Almanac Realty Securities VI	3,149,223	0	0	0	91,695	9,259	-64,428	3,167,231	47.8
Asana Partners Fund I	20,365,086	572,000	0	0	113,317	-171,220	69,904	21,291,527	43.7
Asana Partners Fund II	1,492,130	2,843,750	0	0	-19,907	109,375	-111,100	4,095,499	15.3
DRA Growth and Income Fund VII	4,636,265	0	25,273	187,500	187,803	-12,121	-485,941	4,137,475	70.0
DRA Growth and Income Fund VIII	17,604,113	0	0	0	445,728	-133,537	-4,547,077	13,636,301	70.0
Gerrity Retail Fund 2	17,634,110	242,282	0	0	212,120	56,538	-2,429,536	15,602,438	59.5
Heitman Asia-Pacific Property Investors	10,062,537	673,764	99,031	0	38,370	26,078	1,412,751	12,062,313	55.0
LBA Logistics Value Fund VII	5,468,938	-710,032	0	0	96,952	88,927	30,390	4,797,321	59.6
Mesa West Real Estate Income Fund III	1,230,577	0	0	0	-2,513	-5,619	-25,583	1,208,100	0.0
NREP Nordic Strategies Fund IV	216,603	0	0	0	218,224	289,030	-33,236	112,561	42.0
Standard Life Investments European Real Estate Club II	8,967,862	0	8,684,550	0	18,852	4,026	-93,157	204,981	0.0
<b>Value Added</b>	<b>90,827,444</b>	<b>3,621,764</b>	<b>8,808,854</b>	<b>187,500</b>	<b>1,400,641</b>	<b>260,736</b>	<b>-6,277,013</b>	<b>80,315,747</b>	<b>55.8</b>
<b>Total Portfolio</b>									
<b>LACERS</b>	<b>767,197,116</b>	<b>20,484,566</b>	<b>12,456,059</b>	<b>1,523,645</b>	<b>6,219,210</b>	<b>1,449,262</b>	<b>-28,870,179</b>	<b>749,601,746</b>	<b>33.5</b>

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
<b>Opportunistic</b>									
Apollo CPI Europe I	467,759	0	0	0	-2,259	0	8,486	473,986	0.0
Bristol Value II, L.P.	17,762,126	0	126,984	0	132,475	59,763	0	17,707,854	37.8
Broadview Real Estate Partners Fund, L.P.	237,925	812,792	0	0	-22,134	75,000	75,168	1,028,751	0.0
Bryanston Retail Opportunity Fund	5,009,088	0	0	1,135,113	-1,171	3,746	1,391,097	5,260,155	49.8
California Smart Growth Fund IV	2,391,174	0	0	201,032	40,257	0	0	2,230,399	0.0
Canyon Johnson Urban Fund II	33,280	0	0	0	-50	0	0	33,230	0.0
CIM Real Estate Fund III	7,200,077	0	0	0	-76,097	27,596	-509,656	6,586,728	35.0
CityView LA Urban Fund I	0	0	0	0	0	0	0	0	0.0
Colony Investors VIII	529,255	0	0	0	47	0	-51,388	477,914	0.0
DRA Growth and Income Fund VI	967,099	0	85,000	0	13,976	-53,669	-318,097	631,647	77.0
Integrated Capital Hospitality Fund	409,698	0	0	0	-158,335	7,303	0	244,060	47.8
LaSalle Asia Fund II	236,444	0	236,444	0	0	0	0	0	0.0
Latin America Investors III	-2,379,314	0	0	0	-63,272	44,531	-119,131	-2,606,248	23.7
Lone Star Fund VII	104,576	0	0	0	-397	-201	0	104,380	0.0
Lone Star Real Estate Fund II	411,487	0	17,059	0	5,626	-4,681	-3,234	401,502	49.1
RECP Fund IV, L.P.	26,086,216	0	0	0	4,567	24,290	-3,681,305	22,385,188	50.0
Southern California Smart Growth Fund	39,671	0	0	0	-550	0	0	39,121	0.0
Stockbridge Real Estate Fund II	2,692,669	0	0	0	-2,851	3,181	-104,471	2,582,166	14.7
Torchlight Debt Opportunity Fund IV	4,163,299	0	0	0	23,149	-19,924	-14,652	4,191,720	13.8
Tuckerman Group Residential Income & Value Added Fund	443,936	0	0	0	-9,252	966	0	433,718	0.0
Walton Street Real Estate Fund V	2,109,929	0	0	0	-37,484	0	-20,488	2,051,957	60.5
Walton Street Real Estate Fund VI	7,835,016	0	0	0	-126,188	22,806	180,834	7,866,856	58.5
<b>Opportunistic</b>	<b>76,751,410</b>	<b>812,792</b>	<b>465,487</b>	<b>1,336,145</b>	<b>-279,943</b>	<b>190,707</b>	<b>-3,166,837</b>	<b>72,125,084</b>	<b>45.1</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>748,064,593</b>	<b>20,484,566</b>	<b>12,456,059</b>	<b>1,523,645</b>	<b>6,270,396</b>	<b>1,406,347</b>	<b>-28,870,179</b>	<b>730,563,324</b>	<b>34.1</b>
<b>Non-Core Portfolio</b>	<b>167,578,854</b>	<b>4,434,556</b>	<b>9,274,341</b>	<b>1,523,645</b>	<b>1,120,698</b>	<b>451,443</b>	<b>-9,443,850</b>	<b>152,440,831</b>	<b>51.3</b>
<b>Total Portfolio</b>									
<b>LACERS</b>	<b>767,197,116</b>	<b>20,484,566</b>	<b>12,456,059</b>	<b>1,523,645</b>	<b>6,219,210</b>	<b>1,449,262</b>	<b>-28,870,179</b>	<b>749,601,746</b>	<b>33.5</b>

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Core</b>						
Berkshire Multifamily Income Realty Fund	100.0	-	-	-	-	-
CIM Commercial Trust Corporation ("CMCT")	-	81.7	-	-	14.5	3.8
CIM VI (Urban REIT), LLC	59.9	28.4	-	11.6	-	-
INVESCO Core Real Estate	26.9	35.5	20.0	14.1	-	3.5
Jamestown Premier Property Fund	-	69.2	-	23.8	-	7.1
JP Morgan Strategic Property Fund	21.9	36.9	17.8	21.5	-	1.9
Kayne Anderson Core Real Estate Fund	-	-	-	-	-	100.0
Lion Industrial Trust - 2007	-	-	100.0	-	-	-
Prime Property Fund	25.7	30.7	23.5	10.3	-	9.7
Principal U.S. Property Account	19.3	38.4	23.6	14.3	-	4.5
<b>Core</b>	<b>22.5</b>	<b>29.2</b>	<b>27.1</b>	<b>11.9</b>	<b>0.0</b>	<b>9.2</b>
<b>Timber</b>						
Hancock Timberland XI	-	-	-	-	-	100.0
<b>Timber</b>	-	-	-	-	-	<b>100.0</b>
<b>Value Added</b>						
Almanac Realty Securities VI	26.1	-	-	-	71.2	2.7
Asana Partners Fund I	-	-	-	100.0	-	-
Asana Partners Fund II	-	-	-	100.0	-	-
DRA Growth and Income Fund VII	66.3	23.2	-	10.5	-	-
DRA Growth and Income Fund VIII	10.1	32.8	20.8	36.3	-	-
Gerrity Retail Fund 2	-	-	-	100.0	-	-
Heitman Asia-Pacific Property Investors	-	50.1	20.0	14.0	-	15.9
LBA Logistics Value Fund VII	-	-	96.2	-	-	3.8
NREP Nordic Strategies Fund IV	42.1	-	14.6	25.3	-	18.0
Mesa West Real Estate Income Fund III	100.0	-	-	-	-	-
Standard Life Investments European Real Estate Club II	-	-	-	-	-	-
<b>Value Added</b>	<b>8.0</b>	<b>13.5</b>	<b>11.0</b>	<b>61.9</b>	<b>2.3</b>	<b>3.4</b>
<b>Total Portfolio</b>						
<b>Los Angeles City Employees' Retirement System</b>	<b>19.6</b>	<b>25.9</b>	<b>22.3</b>	<b>16.6</b>	<b>1.3</b>	<b>14.3</b>
<b>Indices</b>						
<b>NFI-ODCE</b>	<b>25.6</b>	<b>33.2</b>	<b>21.9</b>	<b>14.6</b>	<b>0.2</b>	<b>4.4</b>

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Opportunistic</b>						
Apollo CPI Europe I	-	-	-	-	-	-
Bristol Value II, L.P.	14.2	55.3	-	-	-	30.4
Broadview Real Estate Partners Fund, L.P.	-	-	78.0	-	-	22.0
Bryanston Retail Opportunity Fund	-	-	-	100.0	-	-
California Smart Growth Fund IV	-	1.3	57.9	-	-	40.9
Canyon Johnson Urban Fund II	-	-	-	100.0	-	-
CIM Real Estate Fund III	20.6	19.1	-	9.9	23.6	26.8
CityView LA Urban Fund I	-	-	-	-	-	-
Colony Investors VIII	-	-	-	-	-	100.0
DRA Growth and Income Fund VI	-	65.2	-	34.8	-	-
Integrated Capital Hospitality Fund	-	-	-	-	100.0	-
LaSalle Asia Fund II	-	-	-	-	-	-
Latin America Investors III	-	19.6	-	-	-	80.4
Lone Star Fund VII	-	-	-	-	-	100.0
Lone Star Real Estate Fund II	-	24.5	-	-	-	75.5
RECP Fund IV, L.P.	20.4	4.3	7.8	-	17.4	50.1
Southern California Smart Growth Fund	-	-	-	-	-	-
Stockbridge Real Estate Fund II	-	-	-	-	-	100.0
Torchlight Debt Opportunity Fund IV	13.8	3.5	0.0	33.9	30.1	18.7
Tuckerman Group Residential Income & Value Added Fund	-	-	-	-	-	100.0
Walton Street Real Estate Fund V	-	-	-	1.4	17.8	80.8
Walton Street Real Estate Fund VI	3.1	4.5	-	-15.0	2.6	104.8
<b>Opportunistic</b>	<b>12.8</b>	<b>18.6</b>	<b>5.5</b>	<b>9.4</b>	<b>14.0</b>	<b>39.7</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>19.2</b>	<b>25.5</b>	<b>25.6</b>	<b>17.5</b>	<b>1.5</b>	<b>10.6</b>
<b>Non-Core Portfolio</b>	<b>9.0</b>	<b>14.0</b>	<b>7.8</b>	<b>28.8</b>	<b>6.5</b>	<b>33.9</b>
<b>Total Portfolio</b>						
<b>Los Angeles City Employees' Retirement System</b>	<b>19.6</b>	<b>25.9</b>	<b>22.3</b>	<b>16.6</b>	<b>1.3</b>	<b>14.3</b>
<b>Indices</b>						
<b>NFI-ODCE</b>	<b>25.6</b>	<b>33.2</b>	<b>21.9</b>	<b>14.6</b>	<b>0.2</b>	<b>4.4</b>

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
<b>Core</b>										
Berkshire Multifamily Income Realty Fund	6.2	4.7	10.6	3.8	26.1	11.9	7.8	28.9	-	-
CIM Commercial Trust Corporation ("CMCT")	-	-	-	-	-	-	-	-	100.0	-
CIM VI (Urban REIT), LLC	52.2	14.5	-	-	-	19.5	-	13.8	-	-
INVESCO Core Real Estate	18.9	7.5	2.0	0.7	1.7	14.0	10.1	45.1	-	-
Jamestown Premier Property Fund	29.5	30.4	-	-	4.2	-	-	35.8	-	-
JP Morgan Strategic Property Fund	19.3	6.6	4.7	0.1	4.6	15.8	2.8	46.1	-	-
Kayne Anderson Core Real Estate Fund	2.5	8.4	7.7	7.7	41.6	19.4	7.4	5.3	-	-
Lion Industrial Trust - 2007	20.2	1.9	6.9	1.3	15.2	14.6	5.8	34.0	-	-
Prime Property Fund	24.1	6.3	9.1	1.1	13.3	8.2	5.0	33.0	-	-
Principal U.S. Property Account	16.4	9.0	2.8	1.1	8.9	14.6	10.8	36.4	-	-
<b>Core</b>	<b>20.4</b>	<b>8.5</b>	<b>4.2</b>	<b>1.2</b>	<b>9.2</b>	<b>13.4</b>	<b>6.8</b>	<b>36.4</b>	-	-
<b>Timber</b>										
Hancock Timberland XI	-	-	-	-	-	-	-	22.8	62.3	15.0
<b>Timber</b>	-	-	-	-	-	-	-	<b>22.8</b>	<b>62.3</b>	<b>15.0</b>
<b>Value Added</b>										
Almanac Realty Securities VI	-	-	-	-	-	-	-	-	100.0	-
Asana Partners Fund I	10.2	40.3	-	-	21.9	21.5	-	6.1	-	-
Asana Partners Fund II	16.9	29.2	-	-	26.0	-	2.2	25.7	-	-
DRA Growth and Income Fund VII	-	11.7	11.1	6.3	47.7	4.0	4.7	14.4	-	-
DRA Growth and Income Fund VIII	7.5	6.3	25.3	8.7	13.1	12.9	1.5	24.6	-	-
Gerrity Retail Fund 2	-	-	-	-	-	-	-	100.0	-	-
Heitman Asia-Pacific Property Investors	-	-	-	-	-	-	-	-	-	100.0
LBA Logistics Value Fund VII	15.7	14.1	22.0	-	18.9	4.0	1.7	23.5	-	-
Mesa West Real Estate Income Fund III	100.0	-	-	-	-	-	-	-	-	-
NREP Nordic Strategies Fund IV	-	-	-	-	-	-	-	-	-	100.0
Standard Life Investments European Real Estate Club II	-	-	-	-	-	-	-	-	100.0	-
<b>Value Added</b>	<b>6.7</b>	<b>14.7</b>	<b>5.2</b>	<b>1.9</b>	<b>12.5</b>	<b>8.6</b>	<b>0.7</b>	<b>29.0</b>	<b>4.5</b>	<b>16.1</b>
<b>Total Portfolio</b>										
<b>LACERS</b>	<b>19.5</b>	<b>8.8</b>	<b>4.1</b>	<b>1.1</b>	<b>9.8</b>	<b>11.5</b>	<b>5.6</b>	<b>33.7</b>	<b>2.7</b>	<b>3.3</b>
<b>Indices</b>										
<b>NFI-ODCE</b>	<b>22.0</b>	<b>8.2</b>	<b>7.0</b>	<b>1.3</b>	<b>9.7</b>	<b>9.3</b>	<b>5.6</b>	<b>36.9</b>	-	-

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
<b>Opportunistic</b>										
Apollo CPI Europe I	-	-	-	-	-	-	-	-	100.0	-
Bristol Value II, L.P.	49.1	-	-	-	42.4	-	8.5	-	-	-
Broadview Real Estate Partners Fund, L.P.	-	-	88.0	-	12.0	-	-	-	-	-
Bryanston Retail Opportunity Fund	16.5	0.0	9.8	0.2	1.5	11.8	13.6	46.6	-	-
California Smart Growth Fund IV	-	-	-	-	-	-	-	100.0	-	-
Canyon Johnson Urban Fund II	100.0	-	-	-	-	-	-	-	-	-
CIM Real Estate Fund III	16.7	-	7.3	-	33.0	-	12.2	30.9	-	-
CityView LA Urban Fund I	-	-	-	-	-	-	-	-	100.0	-
Colony Investors VIII	-	-	-	-	-	-	-	92.0	-	8.0
DRA Growth and Income Fund VI	9.8	-	-	-	55.4	-	34.8	-	-	-
Integrated Capital Hospitality Fund	-	101.8	-	-	-	-1.8	-	-	-	-
LaSalle Asia Fund II	-	-	-	-	-	-	-	-	100.0	-
Latin America Investors III	-	-	-	-	-	-	-	-	-	100.0
Lone Star Fund VII	-	-	100.0	-	-	-	-	-	-	-
Lone Star Real Estate Fund II	-	-	-	-	-	-	-	-	100.0	-
RECP Fund IV, L.P.	14.8	21.3	-	-	-	1.4	0.0	19.5	-	43.0
Southern California Smart Growth Fund	-	-	-	-	-	-	-	-	100.0	-
Stockbridge Real Estate Fund II	-	-	-	-	-	-	-	100.0	-	-
Torchlight Debt Opportunity Fund IV	-	-	-	-	-	-	-	-	100.0	-
Tuckerman Group Residential Income & Value Added Fund	100.0	-	-	-	-	-	-	-	-	-
Walton Street Real Estate Fund V	-	-	-	-	9.3	-	-0.3	6.6	-	84.4
Walton Street Real Estate Fund VI	99.5	2.1	1.4	-0.9	2.3	3.3	-18.4	5.2	-	5.4
<b>Opportunistic</b>	<b>31.0</b>	<b>7.2</b>	<b>2.9</b>	<b>-0.1</b>	<b>14.7</b>	<b>1.7</b>	<b>2.5</b>	<b>20.3</b>	<b>7.1</b>	<b>12.8</b>
<b>Private Real Estate Portfolio Only (ex. Timber)</b>	<b>20.0</b>	<b>9.0</b>	<b>4.2</b>	<b>1.2</b>	<b>10.1</b>	<b>11.8</b>	<b>5.7</b>	<b>34.0</b>	<b>1.2</b>	<b>2.9</b>
<b>Non-Core Portfolio</b>	<b>18.6</b>	<b>11.0</b>	<b>4.1</b>	<b>0.9</b>	<b>13.6</b>	<b>5.2</b>	<b>1.6</b>	<b>24.8</b>	<b>5.7</b>	<b>14.5</b>
<b>Total Portfolio</b>										
LACERS	19.5	8.8	4.1	1.1	9.8	11.5	5.6	33.7	2.7	3.3
<b>Indices</b>										
NFI-ODCE	22.0	8.2	7.0	1.3	9.7	9.3	5.6	36.9	-	-

**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<sup>1</sup> 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:** Portfolio Progress & Real Estate Market Update





# LACERS 2020-2021 Investment Plan - Update

Goal	Detail	Progress To Date
<i>Evaluate Core Portfolio</i>	Evaluate existing Open-End Core fund portfolio and consider rebalancing the portfolio to improve diversification and returns, as necessary, while ensuring that LACERS does not redeem at temporarily depressed valuations due to current market stress.	Townsend is proposing a full redemption from Jamestown Premier Property Fund, and will be recommending a core-rebalancing plan in 2021.
<i>Deploy Non-Core Capital</i>	Focus on up to three incremental commitments in Non-Core (ranging from \$35 to \$50 million per investment), emphasizing blind-pool funds, as well as thematic investments arising from the current economic and health crisis's impact on the real estate sector.	Three high-conviction opportunities were approved by LACERS' Board, Cerberus Institutional Partners V (\$40 M), Waterton Residential Property Venture XIV (\$50 M) and Oaktree Real Estate Opportunity Fund VIII (\$50 M). Townsend is evaluating further high-conviction opportunities.
<i>Target Blind Pool Opportunistic Managers</i>	Pursue blind-pool opportunistic funds with managers capable of taking advantage of market distress.	Commitments to Cerberus and Oaktree are blind-pool opportunistic funds that are well positioned to take advantage of market distress and volatility.
<i>Increase Industrial Exposure</i>	Industrial: Consider increasing exposure to strategies that are complementary to those of LACERS' Core Industrial holdings, which currently represent the majority of LACERS' exposure to the property type.	Townsend is evaluating both core and non-core Industrial strategies for inclusion in LACERS' portfolio.
<i>Increase Non-Core Apartment Exposure</i>	Increase Non-Core Apartment exposure with a best-in-class manager.	LACERS' Board approved a \$50 million commitment to Waterton Residential Property Venture XIV.
<i>Evaluate Increasing Ex-U.S. Exposure</i>	Evaluate Non-Core diversification and consider an ex-U.S. strategy if a compelling thematic opportunity is available.	Commitments to Cerberus and Oaktree contain meaningful ex-U.S. target exposures.







# Market Update: Real Estate Four Quadrants Summary

## September 14 – October 9

Real Estate Private Equity	Real Estate Public Equity
<ul style="list-style-type: none"> <li>• Most open-end fund managers continue to limit redemptions to preserve cash and protect assets. Redemption queues remain elevated, continuing to stand at roughly \$16.5 billion for NFI-ODCE Funds (7% of the total index value).</li> <li>• Open-end funds reported rent collections increased from approximately 80% in April to approximately 90% in September, with retail rent collection significantly increasing by more than 30% in that same time period.</li> <li>• Though very early, indications are pointing to a slightly positive third quarter total gross return for NFI-ODCE, with a preliminary gross return of 0.40%.</li> <li>• With nearly all of the closed-end funds having reported results for 2Q20, indications point to an average decrease in value of 2.8%. There is a wide disparity in reported results, with just over half adjusting values negatively (approximately one in ten with double digit write-downs).</li> <li>• Global investment volume fell in 2Q20 to its lowest quarterly total since 2010. This reflects the impact of lockdowns and various controls put in place to combat the pandemic. Investment volume is expected to remain lower through the second half of 2020 but to recover significantly in 2021.</li> </ul>	<ul style="list-style-type: none"> <li>• Although REITs were shielded from the stock market turmoil during the first three weeks of September, the FTSE NAREIT All Equity total return index dropped by 2.3% during the last week of September.</li> <li>• Negative returns were triggered by general worry about economic expansion during the COVID-19 pandemic.</li> <li>• Despite the challenging conditions for REIT stocks during the end of September, September as a whole saw REITs outperform both the S&amp;P 500 and Russell 1000 indexes with month-to-date returns of -4.3% for the FTSE NAREIT All Equity total return index compared with -5.7% and -5.5% for the S&amp;P 500 and Russell 1000, respectively.</li> <li>• Similar to the previous months, the REIT sectors most affected negatively by the social distancing rules and lockdowns during the pandemic are retail, lodging and diversified which are down by 40.5%, 50.4% and 34.8% YTD, respectively.</li> <li>• On the other hand, the sectors most sheltered from effects of the COVID-19 pandemic continue to be infrastructure and data centers generating 12.5% and 23.8% in total returns YTD, respectively.</li> </ul>
Real Estate Private Debt	Real Estate Public Debt
<ul style="list-style-type: none"> <li>• Uncertainty remains for a number of private real estate lenders. Spreads have retrenched from their pandemic highs; however, distressed selling has yet to overwhelm the market. A prolonged pandemic coupled with economic shut-downs may lead to distressed selling and widen spreads from their current levels.</li> <li>• Real estate sectors that have not seen an outsized negative impact from the pandemic are able to achieve a very low cost of debt. This affordable and readily available debt assists values for many sectors, specifically industrial, multifamily, and single family rental.</li> <li>• Excess spreads on private real estate debt are attractive when compared to corporate bonds, as investment grade bond yields are reaching all-time lows. For example, the excess spreads for 5-year A-rated credit for a real estate loan is approximately 125 bps greater than comparable corporate bonds. Similarly, negative real rates of return make for a compelling argument to invest in real estate debt.</li> </ul>	<ul style="list-style-type: none"> <li>• The credit curve continues to flatten in response to stronger economic data.</li> <li>• Credit spreads in junior tranches remain wide with BBB bonds trading at spreads of 500 to 550 bps, in line with B+ rated corporate bond spreads.</li> <li>• Excess spreads over comparable corporate bonds remains attractive across the curve. However, spreads are sensitive to upbeat pricing in corporate bonds (policy influenced) that are trading 100 to 150 bps tighter on a historical, cycle-adjusted (early phases of a recovery) basis.</li> <li>• Anecdotally, volatility is expected to be event driven leading into the remainder of 2020. Uncertainty around the November election may sideline investors who would otherwise be active in the market. Also, an increase in COVID-19 cases could pose a threat to risk-on assets such as BBB conduit CMBS.</li> </ul>

# Market Update: Property Type Summary

## September 14 – October 9

Property Type	Market Sentiment	Commentary
Multifamily		Multifamily has entered a fragmented landscape at a fast pace as of late due to uncertainty around Government’s responsiveness to additional stimulus. Going into the pandemic Class C multifamily properties performed well as their tenant base sustained above average rent growth. In today’s market, investment managers of Class C multifamily express a growing concern as some tenants have begun to pay their rent with credit cards. Class A and Class B multifamily is supported by stronger fundamentals and a lack of supply, respectively. A growing desire to relocate from urban multifamily has, and should continue to be tailwind for suburban Class A and B multifamily properties.
Office		Historically, the office sector has been the property type with the highest correlation to the economic cycle. As we have seen work from home trends not only increase as a result of stay at home orders, but continue, there is an expectation that office space will de-densify through larger square footage office leases. Internationally, in some East Asian countries, continued work from home trends are unlikely due to small living spaces. Comparably, in the US it is likely that more office tenants will move to suburban markets in order to take advantage of the larger space.
Industrial		E-commerce continues to drive demand for warehouse space, especially in light of the need for an online presence for many retailers due to social distancing. In the longer term, industrial should prosper from the continued and elevated shift in e-commerce shopping habits, but short term demand will likely face some challenges due to the variety of underlying tenants. Large and infill industrial REITs are trading at a premium to private market valuations, showing that the market has high conviction for the e-commerce driven demand.
Retail		While retail has continued to suffer, there has been a bounce back in rent collection. Per NCREIF, rent collection has jumped to 70.5%. This can be attributed, in part, to the expiration of rent deferral agreements. Many tenants had agreements to halt rental payments until stores re-opened. While some tenants are still requesting deferrals and abatements, many retail tenants are now back to paying full rent.
Hotel		The Palmer House Hilton in Chicago is an example of higher risk business plans stressing operations in the current pandemic. Outsized leverage used to refurbish the hotel led to an outsized debt service the previous owners were not able to keep up with. This resulted in a foreclosure of the hotel, a trend that may continue if the pandemic persists well into 2021. Urban hotels with a heavy reliance on travel and conferences continue to suffer compared to their suburban peers, which have benefited by locals looking for a short and safe weekend getaway.
Other		<u>Life Sciences</u> : Rent collections of life science properties remains high as the demand for these properties has been relatively unscathed. Life sciences tenants tend to be fairly “sticky” as their offices require a heightened amount of CapEx when compared to a typical office building. <u>Student Housing</u> : As Colleges and Universities across the nation begin to pivot to a virtual learning model as a result of on campus outbreaks, owners of student housing properties have begun to feel the pressure. Anecdotally, opportunistic investment managers of student housing have started to capitalize on distressed properties with strong fundamentals such as less expensive public schools offering degrees across the bachelors and masters programs with an emphasis on a low exposure of international students.

# COVID-19 Is Likely To Create Dislocation/Distress Across Many Sectors

Sectors	Potential dislocation
<b>Hotels</b>	<ul style="list-style-type: none"> <li>• Occupancy levels remain low as travel is restricted and on the margin some part of demand may be permanently impaired, however, as travel comes back, well-located assets may sustain their income earning potential and hence their value</li> </ul>
<b>Student housing</b>	<ul style="list-style-type: none"> <li>• Student population on campuses has dropped as temporary shift to online learning, aversion to virus exposure, and international travel restriction continues</li> <li>• However, most students still prefer to be on campus and as we emerge on the other side of this pandemic, the demand for well-located good assets is likely to return</li> <li>• Student housing continues to be selectively appealing, with asset quality, proximity to campus, and school quality being the primary differentiating factors</li> </ul>
<b>Office</b>	<ul style="list-style-type: none"> <li>• Work-from-home will likely reduce demand for office space, however, office assets located in desirable growth areas are likely to gain momentum, especially those that conform to new distancing norms</li> <li>• While demand for office space may be moderately impacted due to economic contraction and WFH, distressed investment opportunities (if they arise) may offer attractive entry point</li> </ul>
<b>Senior housing</b>	<ul style="list-style-type: none"> <li>• Given that many senior facilities saw outbreak of Covid-19, the demand for such assets is likely to remain low, however, necessity based demand for highest quality assets may return</li> </ul>
<b>Debt</b>	<ul style="list-style-type: none"> <li>• High yield debt interest rates have gone up due to risk aversion, however, debt for good quality collateral remains readily available and low yielding</li> </ul>

# Impact Of Pandemic On Real Estate Investment Strategy

## Accelerating pre- COVID-19 trends

- Technology was already reshaping our living, working shopping and socializing habits
- Now, our reliance on technology increased significantly, accelerating many pre-COVID trends

## Disruption effects of COVID-19

- The pandemic has led society to rethink living and working arrangements, shaping new preferences that may restructure demand for real estate
- Technology tools (like adequate bandwidth, conferencing software, wide availability of laptops across the workforce) that enable work-from-home may reshape the future work environment and, consequently, living preferences

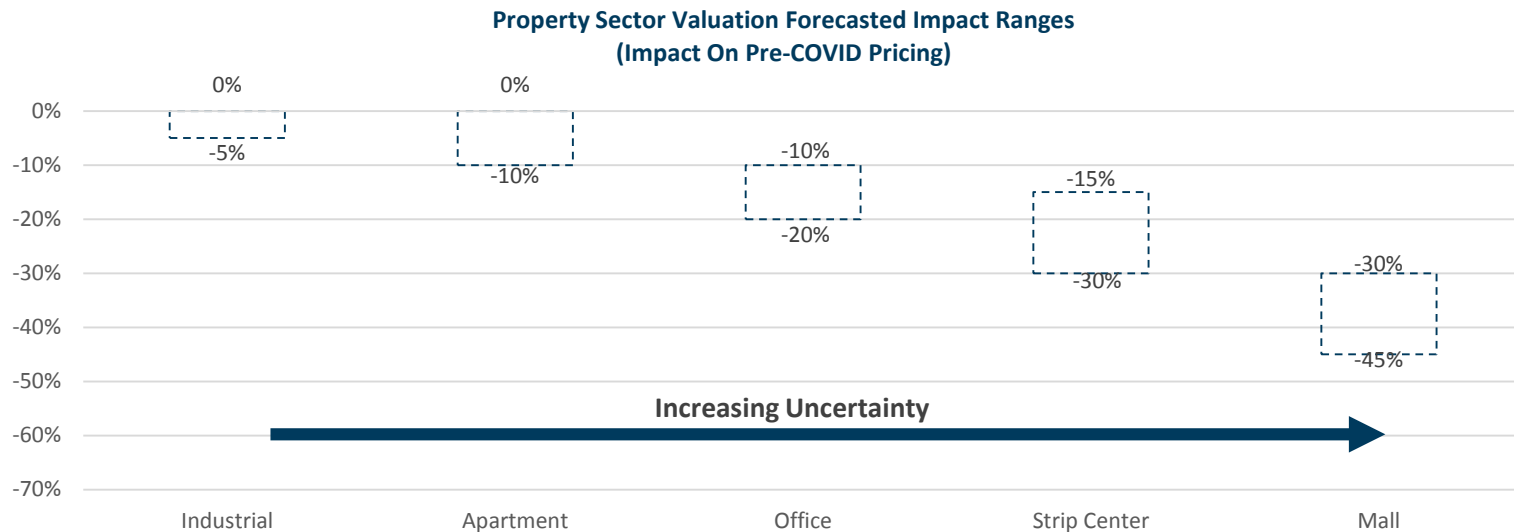
## Dislocation effects of COVID-19

- Global to local shift, globalization came under scrutiny when supply chains faltered during the pandemic and a number of countries/companies are calling for supply chain reshoring
- Travel restrictions and near-term impact of COVID-19 has had a disproportionate effect on select parts of the economy; real estate assets servicing those sectors are operationally challenged which is creating distress
- Since many of these assets fulfill important societal needs, over time many of them are likely to witness value appreciation leading to good tactical investment opportunities

## Investment Principles For An Uncertain Environment

- COVID-19 and the resulting economic uncertainty remains at the top of mind. Navigating a higher risk environment relies on investors staying disciplined and rational in their approach. An uneven recovery path and differentiated impact by property sector has resulted in a unique time within commercial real estate. The following principles provide a guidance in the uncertain environment:
- **Re-evaluate sub-sector and sub-market driven themes**
  - For example, urban living has been challenged by COVID-19 and social unrest, and initial anecdotal evidence indicates a shift away, but it is yet to be seen if this is an immediate reaction to COVID-19 or a long-term trend that will reshape living preferences over the next decade
- **Identify the difference between discounted high quality assets/sectors and value traps**
  - While the recovery path is uncertain, it is our view that the lodging sector may likely recover as COVID-19 fades
  - Retail assets may be permanently resetting to a new lower basis and may need to accommodate a decline in tenants by lowering occupancy costs ratios (and thus rent!); near-term capital outlays may be higher as space is re-leased
- **Declining cost of debt forecasted to support asset valuations, but periods of uncertainty warrant more resilient and conservative capital structures**
  - Property sectors with higher operating leverage and major cash flow disruptions may warrant all equity acquisitions and sufficient capital reserves to endure an extended period of disruption
- **Invest with established sponsors that have demonstrated a breadth of strong capabilities and discipline**
  - A wide range of outcomes and resulting opportunities warrants flexibility
- **Commit capital to vehicles/structures that can react quickly and are well capitalized**
  - Blind pool opportunistic funds with broad mandates appear to be in an ideal environment/vintage year
- **Increase return expectations to compensate for elevated risk**

# Short-term Real Estate Outlook



- Townsend created go forward scenarios for each property sector, taking into account the following:
  - Property sector forecasts derived from GDP forecasts based on historical relationships
  - Quantified increasing or decreasing demand based on property sector specific trends
  - Effects of past downturns on each property sector
- The forecasted outcomes vary widely, and even the most impacted property sectors may likely still present opportunities within niches
- Distress may or may not appear within the magnitude presented above, but the analysis provides a framework to reference during a period of limited price discovery

# United States Real Estate Market Update (2Q20)

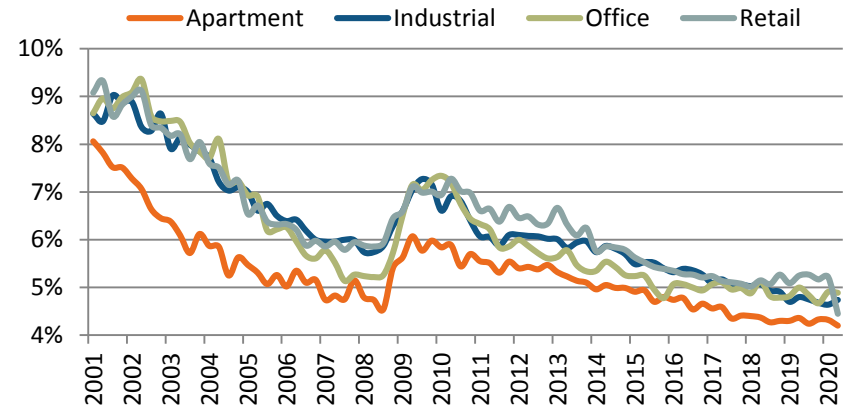
## General

- On March 13, President Trump declared a national emergency. National, state, and local governments across the world implemented stay-at-home orders, which caused a near complete halt of the world economy. governments have dramatically expanded expenditures in order to protect people and businesses from large-scale disruption. In the 2<sup>nd</sup> quarter, equity markets bounced back from the March rout, and the S&P 500 produced a gross total return of 20.0%. The MSCI US REIT index rebounded and produced a return of 10.7% but remains down -20.0%.
- The U.S. entered a recession in February; GDP grew at an annualized rate of -32.9% in the 2<sup>nd</sup> quarter. Initial jobless claims reached 10 million in March alone, while the unemployment rate peaked in April at 14.7% but declined to 11.1% by quarter end. The Federal Reserve has acted aggressively via quantitative easing and rate cuts, thus far financial markets have stabilized. The CARES Act provided \$1.5 trillion of stimulus to the economy. The International Monetary Fund has projected that the world economy will shrink by 4.9% in 2020.

## Commercial Real Estate

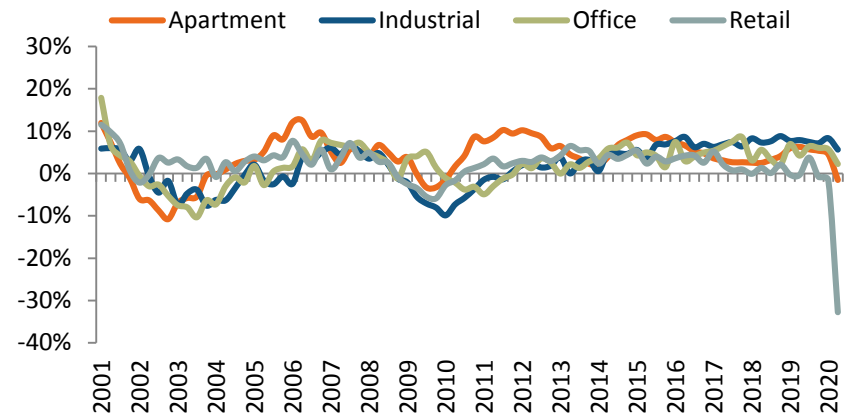
- Shelter in place orders and social distancing have restricted the ability to complete due diligence and acquire assets. Transaction volume has declined by nearly 50% over the last 6 months. Transactions have primarily occurred in the apartment and industrial sectors.
- Private real estate market carrying values contracted marginally over the quarter. Transaction cap rates (5.5%) expanded 12 bps during the quarter. Current valuation cap rates declined due to a reduction in cash flows, apartments (-12 bps), office (-2 bps), and retail (-77 bps). A lack of transactions has limited evidence to revalue real estate.
- NOI growth has substantially diverged between property sector due to the impacts of COVID-19. Retail NOI contracted substantially (-3273 bps) as rent collections declined and retailers were shutdown. The retail sector has seen rent collections of 30-50% vs. more than 85% in the other major sectors. Public market signals have been divergent by property type.
- In the second quarter of 2020, \$44 bn of aggregate capital was raised by real estate funds. There continues to be substantial dry powder, ~\$322 billion, seeking exposure to private real estate.
- 10-year treasury bond yields remained approximately flat 0.7% during the quarter.

Current Value Cap Rates by Property Type



Source: NCREIF

4 Qtr Rolling NOI Growth



Source: NCREIF



# United States Property Matrix (2Q20)

## INDUSTRIAL

- In 2Q20, industrial properties were the highest returning sector at 1.0% and outperformed the NPI by 200 bps.
- Transaction volumes fell to \$12.3 billion in the second quarter of the year, a 40.0% year-over-year decrease. Individual asset sales were down 41.8% year-over-year, while portfolio purchases turned in a year-over-year volume decrease of 28.0%. The portfolio transaction volume continued to regress to the mean growth rate in 2Q20 following a second half of 2019 that was full of astronomical growth.
- The industrial sector turned in NOI growth of 5.6% over the past year, significantly decreasing from the prior periods TTM growth of 8.3% in 1Q20. Market rent growth is expected to decelerate compared to its recent pace, but still remains very strong.
- Vacancy increased by 26 bps year-over-year to 3.4%, still remaining close to all-time historic lows. E-commerce continues to drive demand.
- Industrial cap rates compressed approximately 6 bps from a year ago, to 4.74%. Industrial fundamentals still top all property sectors.

## MULTIFAMILY

- The apartment sector delivered a -0.6% return during the quarter, outperforming the NPI by 35 bps.
- Transaction volume in the second quarter of 2020 fell to \$15.0 billion, a decrease of 68.0% year-over-year. This volume continues to make multifamily the most actively traded sector for the twelfth straight quarter.
- Cap rates decreased to 4.20%, compressing 16 bps year-over-year. Multifamily cap rates have falling to their lowest in years.
- The multifamily sector has seen increasing vacancy rates due to the pandemic but has still held steady relatively speaking, vacancy has increased 175 bps from a year ago. The aging millennials have begun shifting their desires to suburban living but continued home price appreciation has deterred the full effect of this migratory trend.

## OFFICE

- The office sector returned -0.5% in 2Q20, 50 bps above the NPI return over the period.
- Transaction volumes decreased by 70.0% year-over-year in Q2. Annual sales volumes equaled \$11.6 billion for the quarter. Single asset transactions accounted for 87% of volume.
- Occupancy growth within the office sector has slowed, decreasing by 44 bps year-over-year. Office continues to be the highest vacancy property type at close to 10.2%.
- NOI growth of 2.3% in the last year is a negative for the sector as this is a decrease of 350 bps from 1Q20. Due to a number of work from home orders put in place at the end of the first quarter that have remained in place, NOI growth is expected to continue trending downward.
- Office cap rates compressed from a year ago to approximately 4.89% in the second quarter. Office-using job growth was hit significantly hard in the first quarter and continued into the second. Many work from home policies continued through the second quarter. Substantially slowing overall office growth.

## RETAIL

- As of 2Q20, the retail sector delivered a quarterly return of -3.9%, performing 285 bps below the NPI.
- Transaction volumes totaled \$5.0 billion in the second quarter, falling 71.0% year-over-year. Single asset transactions accounted for just over 91% of all sales volume.
- Cap rates have compressed approximately 80 bps within the sector over the last year, to 4.45%.
- NOI growth significantly decreased, -32.7% over the last year. This is a 31.2% decrease from last quarter. Retail is expected to continue to suffer from the shift towards e-commerce and the recent shelter in place orders.
- Retail vacancy rates increased 114 bps over the past year to 7.9%. 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 that has had a significant negative impact on this sector.

# Global Real Estate Market Update (2Q20)

- Global investment activity during the second quarter of 2020 was significantly down relative to the same period in 2019 and reached the worst quarterly level since 2Q 2009. Although transaction volumes fell during 2Q 2020, the New York, Los Angeles, San Francisco metro markets continued to witness the greatest transaction volume.
- Rising COVID cases across the world caused lockdowns across major economies resulting in a short but deep recession and affecting all sectors of the real estate industry. Uncertainty about the state of the economy threw some doubts on the future needs for certain property types.

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

\$ US Billions	Q2 2020	Q2 2019	% Change		H1 2020	H1 2019	% Change
			Q2 20 - Q2 19	H1 20-H1 19			
Americas	40	124	-68%		162	224	-28%
EMEA	55	80	-31%		132	146	-10%
Asia Pacific	211	271	-22%		331	460	-28%
<b>Total</b>	<b>306</b>	<b>474</b>	<b>-36%</b>		<b>624</b>	<b>830</b>	<b>-25%</b>

Source: Real Capital Analytics, Inc., Q2' 20

- Investment activity in the Americas witnessed a sharp decline and fell by 68% year-over-year. COVID cases continued to increase in the US, putting plans of fully reopening the economy on hold. In the US, transaction volume decreased by 70% compared to the same quarter last year.
- In the Asia Pacific region, volumes declined but transaction activity was mixed across the region. China witnessed a strong investment quarter recovering from a severe plunge over the previous period. Japan continued to be the regions' largest investment market. Conversely, transactions fell in both Australia and Singapore.
- Although investment activity dropped in the EMEA region, Europe appeared to be more in control of the outbreak. Germany witnessed a 15% growth in the quarter as several apartment megadeals closed. In addition, Denmark saw a substantial increase of 74% in sales compared to the same quarter last year. On the other hand, both France and Netherlands recorded declines in transactions.
- All sectors were impacted by the spread of the pandemic but the hotel and retail sectors were affected the most
- In the office sector, global leasing activity declined by 59% year-over-year and vacancy rates begun to increase in all regions. The declines represent an uncertainty about future office space needs. The US witnessed a 65% decline in leasing activity. Across the main European markets, demand for office space is expected to fall by 40%. In the APAC region, net absorption is anticipated to decrease by 40% to 50%.
- The retail sector continued to suffer globally as the shutdowns and social distancing measures of the COVID-19 outbreak posed challenges for operators. Vacancy rates increased as rents and NOI continued to compress. Retailers that were able to adapt their strategy to the digital world witnessed a recovery in sales.
- Despite the multifamily market recording a significant decrease in investments globally, the sector remains the most liquid in commercial real estate highlighting its attractiveness. In the U.S., rents fell by approximately 1% and demands fell. However, in Europe effective rent rates were stable. On the other hand, the APAC region recorded a stronger sales performance as cities like Beijing and Shanghai attracted home buyers.
- While the industrial market was affected by short-term headwinds from the recession as global vacancy recorded a slight uptick of 8.2%, the sector remains resilient. Despite the slowdown in the construction of industrial properties at the beginning of the year, new development resumed during the second quarter.

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

	2020	2021	2022
<b>Global</b>	<b>-3.9</b>	<b>5.1</b>	<b>3.5</b>
<b>Asia Pacific</b>	<b>-0.7</b>	<b>4.8</b>	<b>4.6</b>
Australia	-3.9	3.0	3.2
China	2.0	8.0	5.5
India	-5.5	7.2	
Japan	-5.3	2.5	1.3
<b>North America</b>	<b>-5.4</b>	<b>3.8</b>	<b>2.8</b>
US	-5.0	3.7	2.8
<b>MENA*</b>	<b>-4.1</b>	<b>3.1</b>	<b>3.3</b>
<b>European Union</b>	<b>-8.0</b>	<b>5.6</b>	<b>2.6</b>
France	-10.0	7.0	2.7
Germany	-6.0	5.0	2.4
UK	-9.9	6.4	2.8

\*Middle East North Africa

Source: Bloomberg

## Exhibit C: Glossary



# Cash Flow Statement

<b>Beginning Market Value:</b>	<b>Value of real estate, cash and other holdings from prior period end.</b>
Contributions:	Cash funded to the investment for acquisition and capital items (i.e., initial investment cost or significant capital improvements).
Distributions:	Actual cash returned from the investment, representing distributions of income from operations.
Withdrawals:	Cash returned from the investment, representing returns of capital or net sales proceeds.
Ending Market Value:	The value of an investment as determined by actual sales dollars invested and withdrawn plus the effects of appreciation and reinvestment; market value is equal to the ending cumulative balance of the cash flow statement (NAV).
Unfunded Commitments:	Capital allocated to managers which remains to be called for investment. Amounts are as reported by managers.
Remaining Allocation	The difference between the ending market value + the unfunded commitments and the target allocation. This figure represents dollars available for allocation.

## Style Groups

<b>The Style Groups consist of returns from commingled funds with similar risk/return investment strategies. Investor portfolios/investments are compared to comparable style groupings.</b>	
Core:	Direct investments in operating, fully leased, office, retail, industrial, or multifamily properties using little or no leverage (normally less than 30%).
Value-Added:	Core returning investments that take on moderate additional risk from one or more of the following sources: leasing, re-development, exposure to non-traditional property types, the use of leverage (typically between 40% and 65%).
Opportunistic:	Investments that take on additional risk in order to achieve a higher return. Typical sources of risks are: development, land investing, operating company investing, international exposure, high leverage (typically between 50% and 65% or higher), distressed properties.

# Indices

<b>Stylized Index:</b>	<b>Weights the various style group participants so as to be comparable to the investor portfolio holdings for each period.</b>
Open-End Diversified Core Equity Index (“ODCE”):	A core index that includes only open-end diversified core strategy funds with at least 95% of their investments in U.S. markets. The ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical and current basis (25 active vehicles). The ODCE Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.
NCREIF Timberland Index (“NTI”):	National Index comprised of a large pool of individual timber properties owned by institutions for investment purposes.
NCREIF Property Index (“NPI”):	National Property Index comprised of core equity real estate assets owned by institutions.

## Performance

<b>Income Return (“INC”):</b>	<b>Net operating income net of debt service before deduction of capital items (e.g., roof replacement, renovations, etc.)</b>
Appreciation Return (“APP”):	Increase or decrease in investment's value based on internal or third party appraisal, recognition of capital expenditures which did not add value or uncollectible accrued income, or realized gain or loss from sales.
Total Gross Return (“TGRS”):	The sum of the income return and appreciation return before adjusting for fees paid to and/or accrued by the manager.
Total Net Return (“TNET”):	Total gross return less Advisor fees reported. All fees are requested (asset management, accrued incentives, paid incentives). No fee data is verified. May not include any fees paid directly by the investor as opposed to those paid from cash flows.
Inception Returns <sup>1</sup> :	The total net return for an investment or portfolio over the period of time the client has funds invested. Total portfolio Inception Returns may include returns from investments no longer held in the current portfolio.
Net IRR:	IRR after advisory fees, incentive and promote. This includes actual cash flows and a reversion representing the LP Net Assets at market value as of the period end reporting date.
Equity Multiple:	The ratio of Total Value to Paid-in-Capital (TVPIC). It represents the Total Return of the investment to the original investment not taking into consideration the time invested. Total Value is computed by adding the Residual Value and Distributions. It is calculated net of all investment advisory and incentive fees and promote.

<sup>1</sup> Portfolio level returns include historical returns of managers no longer with assets under management. All returns are calculated on a time-weighted basis.

## GEOGRAPHIC REGIONS and DIVISIONS

