
Investment Committee Semi-Annual Activity Report

| 5. REAL ESTATE



Fast Facts (12/31/20)

Net Asset Value:	\$36.1 billion
Core:	\$22.5 billion
VA:	\$6.7 billion
Opp:	\$5.7 billion
Public:	\$0.2 billion
Legacy:	\$1.0 billion

RE Allocation as Percent of Total Portfolio:

- Current: 12.8%
- Long-term target: 14.0%

Benchmark:

- NCREIF ODCE Value Weighted Index Net of Fees (quarter lagged)

New Commitments six months ending December 31, 2020:

- Joint Ventures (5): \$1,450 M
- Separate Accounts (3): \$100 M
- Co-Investments (0): \$0 M
- Commingled Funds. (3): \$269 M

SOLD!

UCal Student Housing Portfolio



The joint venture portfolio with University Communities began acquiring assets in 2007. The portfolio of 29 properties was sold in two phases. Phase I closed in December 2020 selling 20 of the assets for a total of \$586 million. Phase II is set to close in 2021. The properties were located across the U.S.

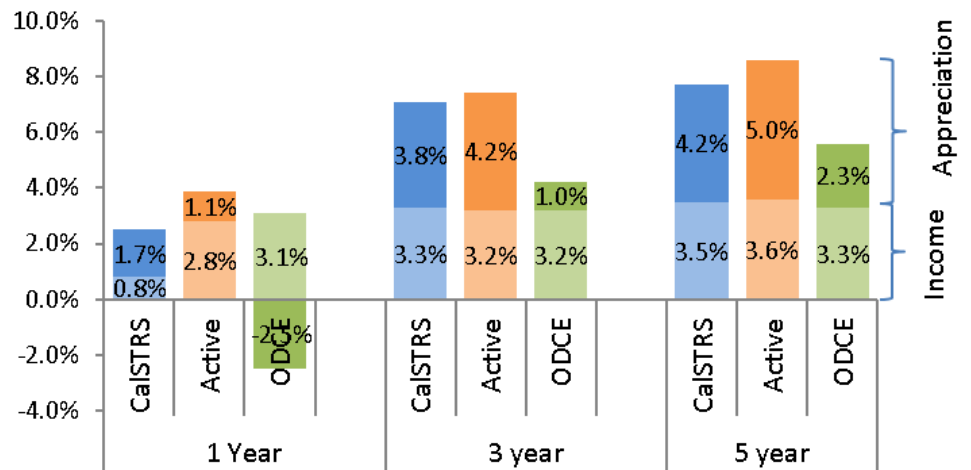
The portfolio has generated a net IRR of 9.06% since inception.

Real Estate net Time Weighted Returns (09/30/20)

	NAV \$ billions	1 Year	3 Year	5 Year
Total Active	\$35.0	3.9%	7.5%	8.7%
Total Legacy	\$1.1	-5.8%	0.6%	0.3%
Total Portfolio	\$36.1	3.5%	7.1%	7.9%
ODCE		0.5%	4.3%	5.7%

*Green cells denote beating the ODCE

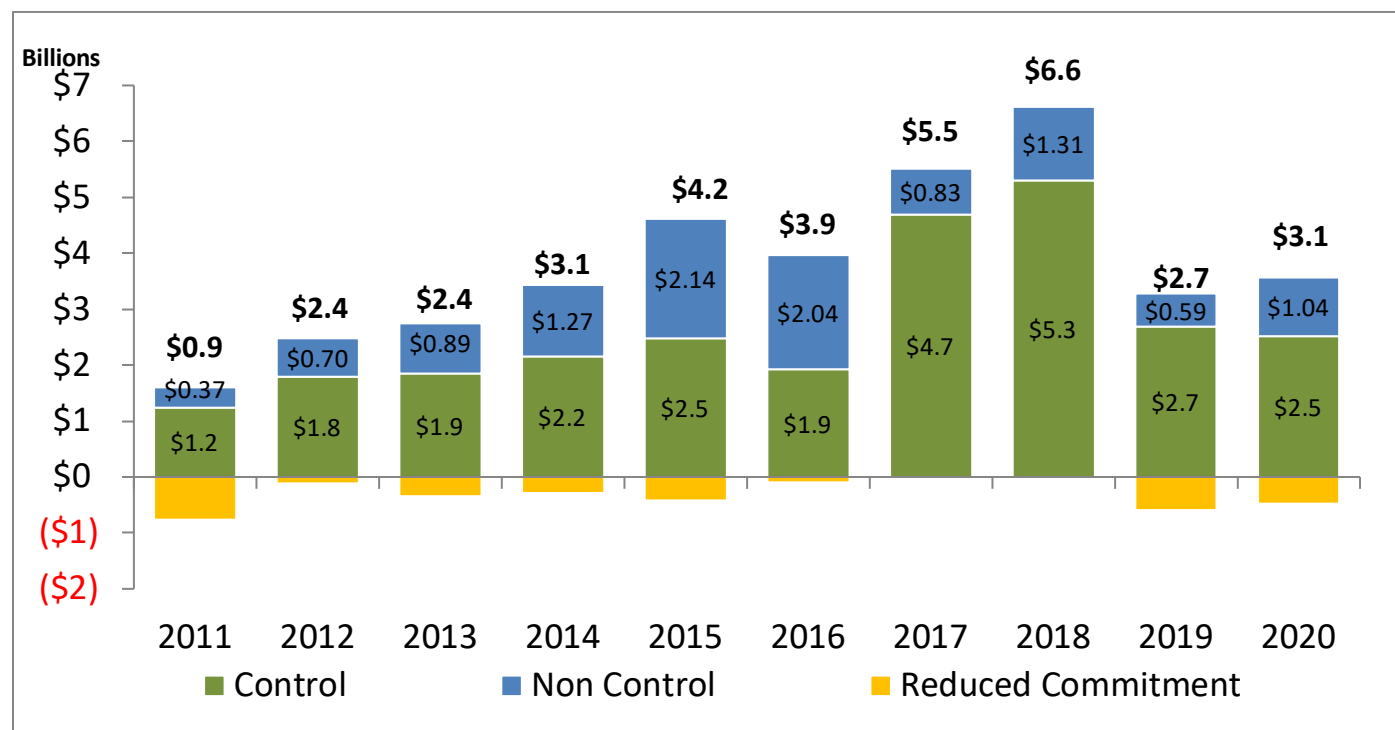
Performance – Income vs. Appreciation (09/30/2020)



Real Estate Market Snapshot

The COVID-19 pandemic produced a global economic shock, significantly distressing the U.S. economy and real estate markets along with it. GDP shrank by 3.5% in 2020 and historic job losses occurred. Broader vaccine distribution and additional fiscal stimulus will likely lead to a rebound in 2021 and 2022. Job growth recovery is expected to lag GDP growth, particularly for lower-end service, hospitality and retail jobs. The effects on real estate vary by property type. Multifamily operating performance has been relatively resilient and saw improvement in Q4, although Class A product has shown signs of declining fundamentals. Industrial properties have continued to outperform, with the increasing share of ecommerce as a percentage of retail sales expected to sustain strong demand. The impact on office is uncertain, but a substantial number of tenants are requesting rent relief, absorption is negative, and vacancy has increased. Longer-term, it remains to be seen whether telecommuting becomes a more permanent and accepted practice, and whether this translates into sustained declines in demand. The hospitality and retail sectors have experienced the most severe impact to date; hotel fundamentals and retail sales have worsened in the last months of the year and the pandemic has exacerbated many of the secular trends away from brick and mortar sales that the retail sector was already experiencing. (Source: RCLCO Semi-annual)

Commitments – Control vs. Non-Control (12/31/2020)



Investment Activity – Control Commitments (07/01/2020 – 12/31/2020)

Investment	Strategy	Vehicle	Property Type	Commitment
BCal II JV (increase)	Core	JV	Office	\$650
Cal 3650 SFC JV	Core	JV	Debt	\$250
Cal Hearthstone Debt JV	Core	JV	Debt	\$300
CSJV ZL Fulton Labs Inc.	Core	SA	Office	\$15
Fairfield AHF (increase)	Core	JV	Multifamily	\$250
PacificCal PC Core (reduction)	Core	JV	Multiple	-\$396
CSHV Lebanon 2	VA	SA	Industrial	\$32
CSHV Meridian West	VA	SA	Industrial	\$53
PacificCal VII (increase)	VA	JV	Multiple	\$396

Investment Activity – Non-Control Commitments (01/01/2020 – 06/30/20)

Investment	Strategy	Vehicle	Property Type	Commitment
Crossharbor Strategic Debt Fund (increase)	Core	OE Fund	Debt	\$100
Blackstone Biomed Life Science	VA	CE Fund	Office	\$44
Waterton RPV XIV	VA	CE Fund	Multifamily	\$125