CALSTRS
INVESTMENTS

INVESTMENT COMMITTEE
SEMI-ANNUAL ACTIVITY REPORT

Real Estate

As of June 30, 2026

Net Asset Value (in millions): $49,361

RE Allocation within Total Portfolio:

- Current: 11.8%
- Long-term target: 15.0%

Benchmark:

NFI-ODCE Value-Weighted Index, net of fees (with one quarter lag)

SOLD!

Corowa Koshien

Corowa Koshien is a station-front retail mall, housing over 50 tenants, located in front of the Koshien Baseball Stadium and adjacent to Hanshin Koshien station in Nishinomiya City, Hyogo. The project was acquired by our joint venture in November 2021. After implementing a successful value-add renovation program, we successfully replaced lesser-known tenants with attractive well-known brands like Muji and Tullys. The property was sold in Q1 2026 for $159M, resulting in a 24% net IRR and a 2.3x net equity multiple to CalSTRS.

Garrad

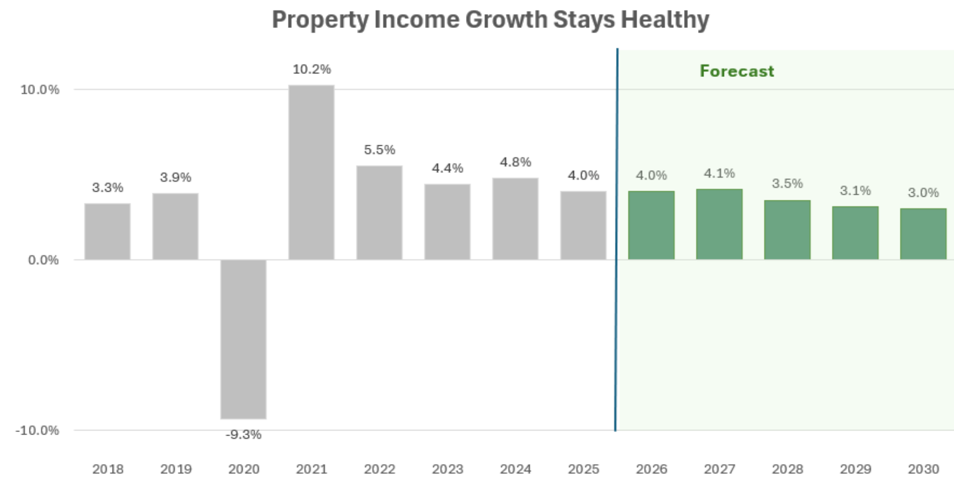
Garrard is a two-building industrial development located just east of Toronto, Canada. The land site was acquired in 2019 through our longstanding industrial relationship with Panattoni. The buildings were completed in 2023 and subsequently leased to two major consumer goods distributors. The building was offered to the market and sold in the second quarter of 2026, generating a 23.9% levered return and a 1.7x net equity multiple to CalSTRS.

Real Estate Net Time Weighted Returns

2026 Q2	NAV ($ in millions)	Current Quarter	1 Year	3 Year	5 Year
Total Portfolio	$49,361	0.46%	0.35%	-4.44%	1.74%
NFI-ODCE Net*	$205,345	1.04%	3.11%	-2.81%	2.34%

** NFI-ODCE is reported on a one quarter lag.*

Retail Strip Centers: Foot Traffic Trends Signal Continued Strength



Source: GreenStreet

Retail strip centers include the two dominant subtypes for every-day shopping and personal care needs in the US: small to mid-sized neighborhood centers as well as larger community centers anchored by "big-box" retail chains. Both types of strip centers can contain grocery stores, pharmacies, fitness studios, personal care facilities like hair and nail salons – and very importantly, fast food chains, restaurants and other food and beverage establishments.

For the past several years, retail strip centers have been one of the strongest-performing segments of commercial real estate. According to a July 2026 Green Street analysis of approximately 1,300 REIT-owned properties, foot traffic at strip centers grew at a 4% pace from 2019 to 2025. While foot traffic is not a guarantee of higher rents, it is an early indicator of tenant sales and provides a positive signal for future rent growth and property performance. With new supply remaining constrained and retailer demand for quality space staying strong, good quality retail strip centers are well-positioned to continue generating stable income and long-term value in support of our members' retirement security.

Real Estate Market Snapshot:

Current US Real estate market conditions and outlook, as summarized by real estate consultancy RCLCO Fund Advisors:

- Multifamily: Annual absorption of apartments was strong but was outpaced by completions. Consequently, stabilized vacancy rose and year-over-year (YoY) rent growth was a low 0.3%. Fundamentals should improve through 2029 as new supply moderates.
- Office: Net absorption turned positive but remained low. Vacancy has likely peaked, and rent growth was modest at 1.6%. Premium office properties in top submarkets should outperform.
- Neighborhood Retail: Vacancies ticked up due to negative absorption but remain below their long-term average. Rent growth remained favorable at 3.2%. Limited new supply should support stable operating fundamentals through 2029.
- Industrial: Absorption has cooled meaningfully and was far outpaced by completions, pushing vacancies above their long-term average. Rent growth has stayed resilient at2.5%. Fundamentals are projected to soften further before improving in the mid-term.

Real Estate Commitment Activity (January 2026 - June 2026)

Investment Name	Control / Non-Control*	Strategy	Vehicle	Property Type	Amount (millions)
CBRE Asia Value-Add Partners VII	Non-Control	Value-Add	Fund and co-invest	Industrial	$200
BCal II, LLC**	Control	Opportunistic	JV	Office	$206
CBCal**	Control	Opportunistic	JV	Office	$368
REIT Program	Control	Core	REITs	Diversified	$500
Project Longhorn**	Control	Opportunistic		Office	$196
Starwood CMA	Partial Control	Mixed	Fund, JV, and co-invest	Diversified	$350
GID Commercial Real Estate Credit Fund	Non-Control	Core	Fund	Debt	$200
FidCal, LLC	Control	Mixed	JV	Retail	$300
PAG Loan Fund VI	Non-Control	Value-Add	Fund and co-invest	Debt	$200
CBRE Separate Account**	Control	Opportunistic	SA	Office	$451
BlackRock Separate Account	Control	Mixed	SA	Rental Residential	$682
CrossHarbor CMA	Non-Control	Mixed	Fund and co-invest	Diversified	$400
Belay Ventures Fund IV & Co-invest	Non-Control	Value-Add	Fund and co-invest	Diversified	$300
PacificCal Debt V	Non-Control	Core	Club Deal	Debt	$200
CBRE Separate Account	Control	Core	SA	Industrial	$500
					Total $5,053

*Control vehicles are those in which CalSTRS maintains control over acquisitions, dispositions and/or financings or has high liquidity in normal market conditions. In non-control vehicles, CalSTRS does not retain such discretion.

Vehicles designated as Control / Non-Control are made up of two distinct components; one has control while the other does not.

**Additional allocation to existing partnerships for existing and new investment opportunities.

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Real Estate Disposition Activity (January 2026 – June 2026)

Investment Name	Location	Strategy	Vehicle	Property Type	Net Sale Proceeds to CalSTRS (millions)
Innovation Centre	Goodyear, AZ	Opportunistic	JV	Land	$25
Garrard Rd	Whitby, Canada	Core	JV	Industrial	$49
Pacific Plaza	Walnut Creek, CA	Core	SA	Office	$35
Matheson Boulevard	Mississauga, Canada	Core	SA	Industrial	$37
1201 Sumneytown Pike	Lower Gwynedd Twp., PA	Opportunistic	JV	Land	$51
Corowa Koshien	Nishinomiya, Japan	Value-Add	JV	Retail	$77
Gateway Global Logistics Center 12	Byhalia, MS	Core	JV	Industrial	$36
180 Westridge Parkway	McDonough, GA	Core	SA	Industrial	$77
Partial sales and sales returning $20M or less	Multiple	Multiple	Multiple	Multiple	$197
					Total $584