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# Investment Committee Semi-Annual Activity Report

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| 5. REAL ESTATE

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### Fast Facts (6/30/21)

<b>Net Asset Value:</b>	\$37.9 billion
Core:	\$23.3 billion
Value-add:	\$7.1 billion
Opportunistic:	\$6.2 billion
Public:	\$0.4 billion
Legacy:	\$0.9 billion

### RE Allocation as Percent of Total Portfolio:

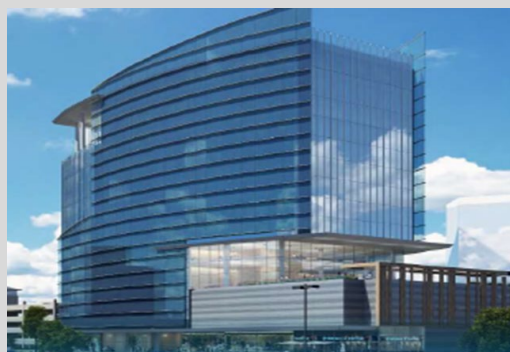
- Current: 12.3%
- Long-term target: 14.0%

### Benchmark:

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

**SOLD!**

### CSJV Twelve 24 Office



In December 2017, CalSTRS formed a joint venture with Trammel Crow to acquire 3.34 acres of land in Atlanta, GA to develop a 16-floor office building containing over 345,000 rentable sq. ft. Additionally, the building contains over 11,000 sq. ft. of ground floor retail space, multiple conference rooms and a state-of-the-art fitness facility. The property is located adjacent to the Hyatt Plaza Hotel, a shopping mall and MARTA, the city's mass transportation system.

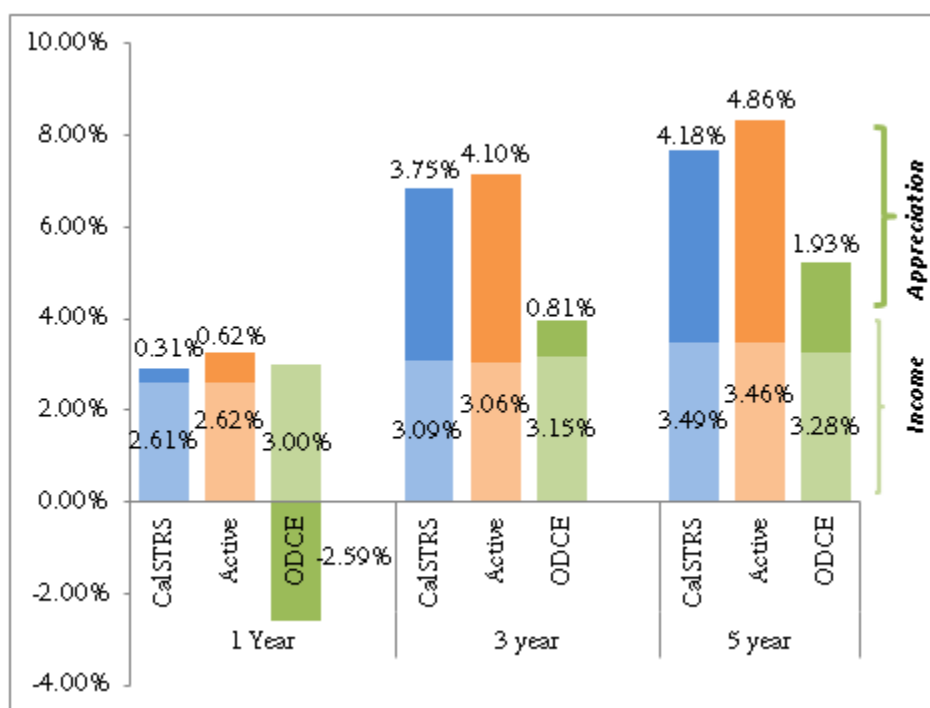
The asset sold for a purchase price of \$195 million and generated a net IRR of 20.32% since inception.

### Real Estate net Time Weighted Returns (03/31/21)

	NAV (USD Billions)	1 Year	3 Year	5 Year
Core	\$23.3	5.48%	6.46%	7.41%
Value-add	\$6.9	9.46%	7.78%	9.57%
Opportunistic	\$6.1	15.25%	10.72%	11.33%
Total Active	\$36.5	7.81%	7.36%	8.42%
Total Portfolio	\$37.6	7.56%	6.96%	7.89%
ODCE (net)		1.47%	3.96%	5.26%

\* Green cells denote beating the ODCE

### Performance – Income vs. Appreciation (03/31/2021)



### Real Estate Market Snapshot

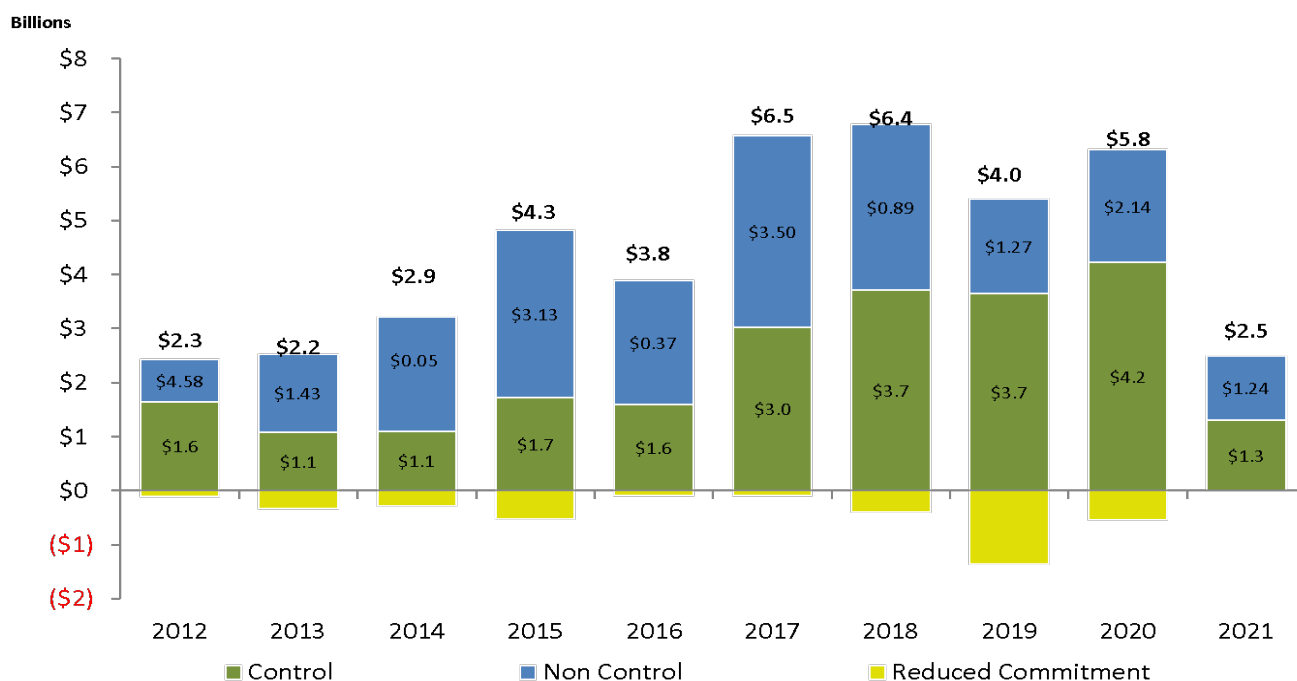
The U.S. economy has rebounded remarkably well in 2021, fueled by unprecedented fiscal stimulus and an accommodated Federal Reserve. DWS expects that US GDP will grow 6.7% in 2021, the strongest pace since 1984, and that it will continue to post above-average growth in 2022. The primary risk to this forecast is resurgence of health-related shutdowns due to COVID variants; other concerns include labor shortages, inflationary pressures, and ongoing disruption to supply-chains.

Real estate markets are generally performing better than recent expectations, although conditions vary greatly by property type. Industrial continues to

enjoy favorable market conditions with expectations of increasing leasing levels in the next year. Multifamily

has rebounded sharply while experiencing improved rental income while single-family housing rental properties are experiencing tighter market conditions, mostly fueled by the demand to work from home. Retail centers have also seen improved operating conditions and increased leasing activity, especially for good quality grocery- anchored centers and better community centers. Malls continue to lag but are also seeing signs of improvement. Retail vacancies may have hit bottom. Office faces the most uncertainty at this point. Although vaccinations resulted in some workers returning to the office, the new wave of infections has caused many large employers to postpone plans for returning to the office on a grand scale.

## Commitments – Control vs. Non-Control (03/31/2021)



## Investment Activity Highlights – Control Commitments\* (01/01/2021 – 06/30/2021)

Investment	Strategy	Vehicle	Property Type	Commitment
CrossHarbor Collaborative Managed Account	Value Add	Multiple	Multiple	\$400
Heitman Collaborative Managed Account	Value Add	Multiple	Multiple	\$400
CP Logistics Canada Platform	Core	JV	Industrial	\$900(CAD)
PacificCal Debt V	Core	JV	Debt	\$297

\*Control commitments are both discretionary and semi-discretionary investments for the purpose of this report. Does not include SA acquisitions.

## Investment Activity Highlights – Non-Control Commitments (01/01/2021 – 06/30/21)

Investment	Strategy	Vehicle	Property Type	Commitment
AEW VIA IV Coinvest	VA	Coinvest	Multiple	\$150
Artemis REP Healthcare Fund II	VA	Fund	Multiple	\$150
Artemis REP Healthcare II Coinvest	VA	Coinvest	Multiple	\$150
Belay Ventures III	VA	Fund	Multiple	\$250