

Fourth Quarter 2018 Real Estate Performance Update



Invesco US Income Fund I
CityScape Residences
Phoenix, AZ



Moorfield Real Estate Fund III
Queens Dock Office Building
Liverpool, England



Santa Barbara County Employees' Retirement System
May 22, 2019

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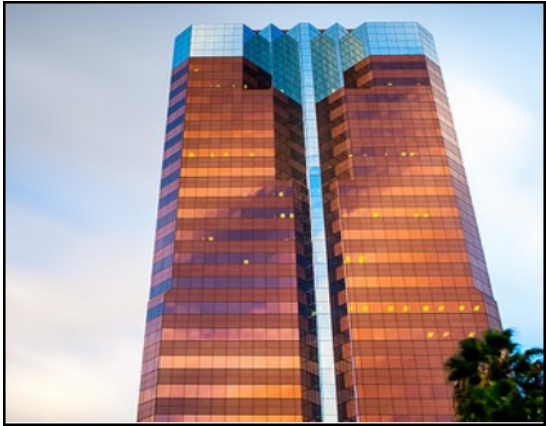
Real Estate Market Update



Prologis Targeted US Logistics Fund
South Bay Distribution Center
Rancho Dominguez, CA



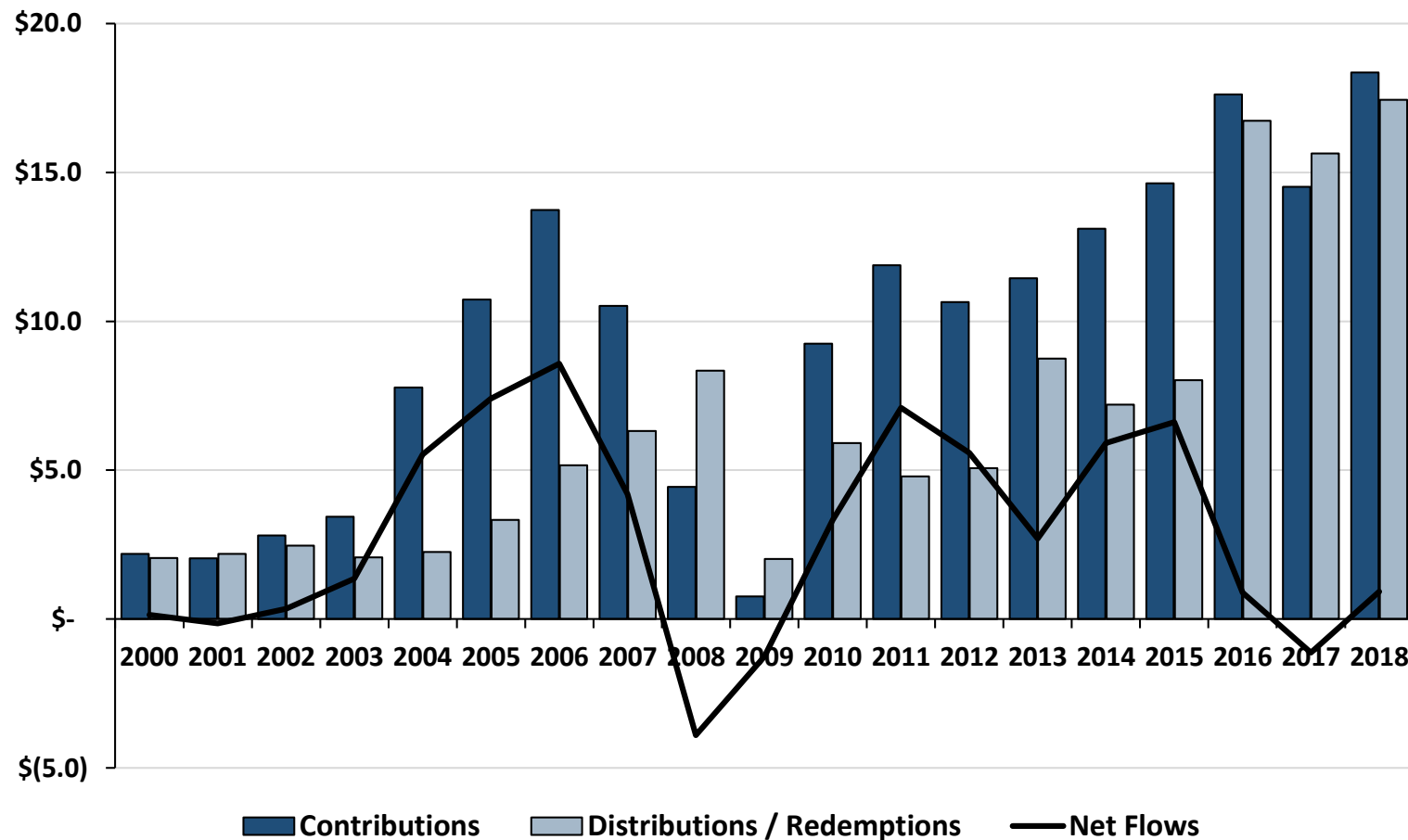
Stockbridge Smart Markets Fund
Novella Apartments
Redondo Beach, CA



Walton Street Fund VII
World Trade Center
Long Beach, CA

- NCREIF ODCE capital flows have continued to trend downward from its peak in 2015.
- Significant liquidity remains for U.S. core / stabilized real estate.

NFI-ODCE Capital Flows (in \$billions)

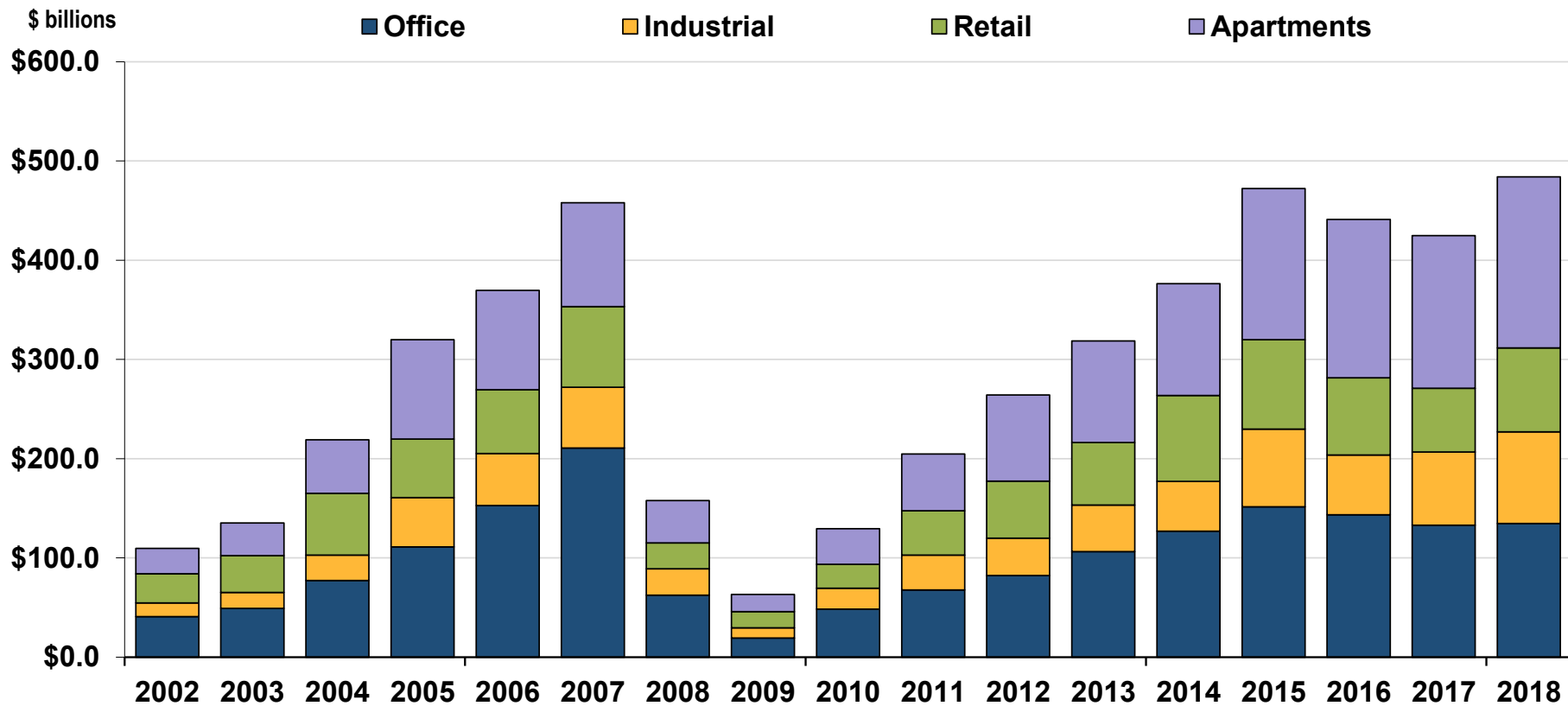


Source: NCREIF, as of 12/31/2018

Market Overview



- Transaction volume for all property types in 2018 increased approximately 15% over 2017. While office transactions increased 1.2% over 2018 compared to 2017, apartments, industrial and retail were up approximately 12.1%, 25.3% and 31.5% respectively. The retail numbers are heavily weighted toward a few large REIT transactions.

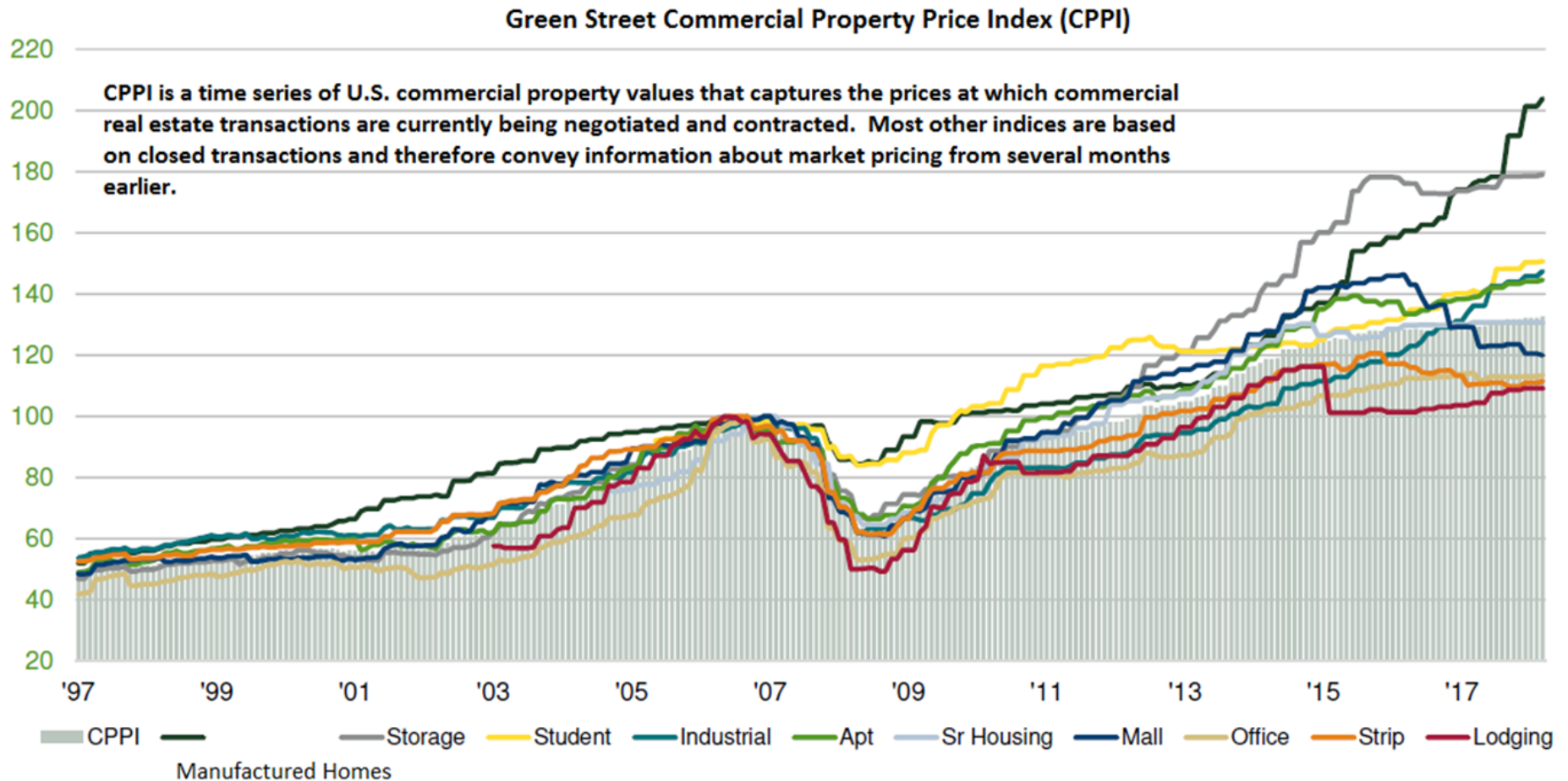


Source: Real Capital Analytics, as of 12/31/2018.

Market Overview



- In aggregate, property values were up approximately 1.0% in 2017 and 2.0% in 2018.



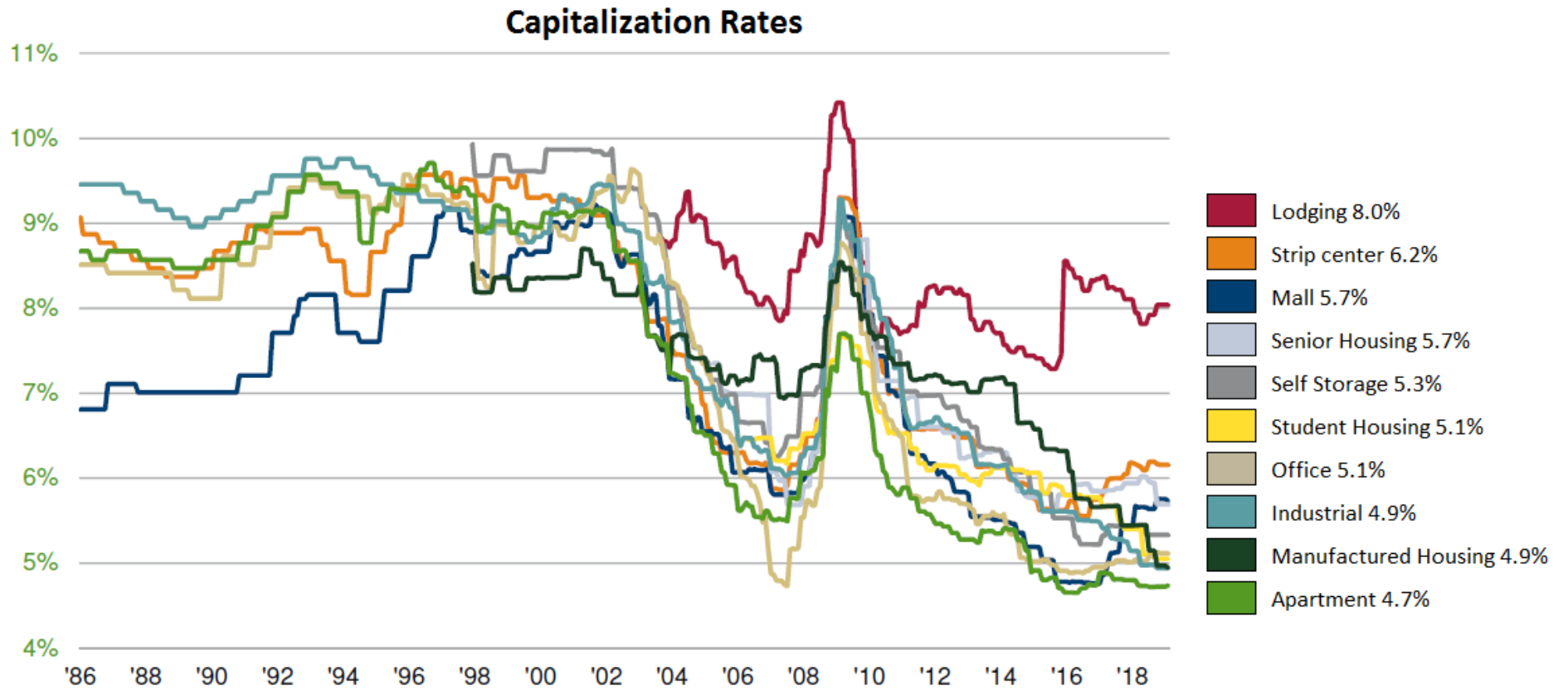
Source: Green Street Advisors, LLC. As of March 2019.



Market Overview

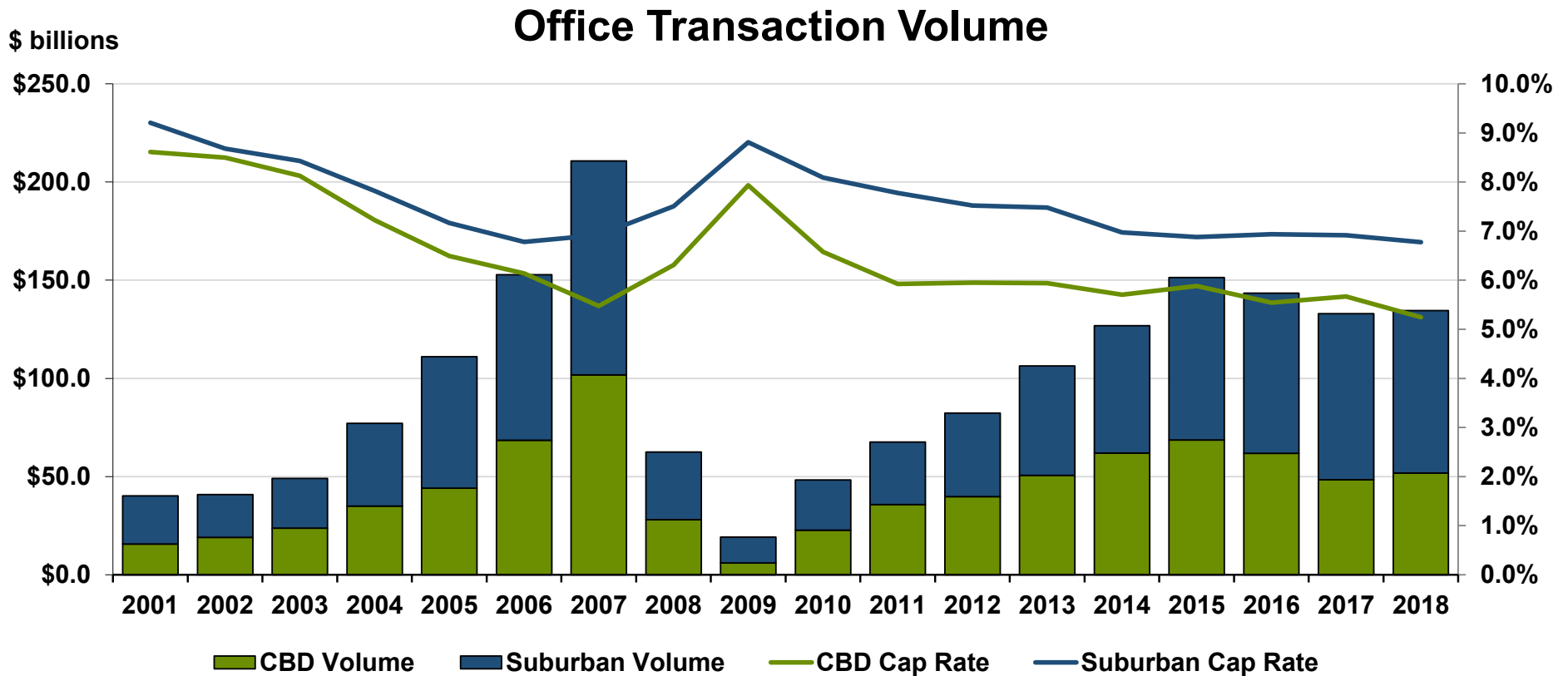


- The decline in capitalization rates is starting to normalize.



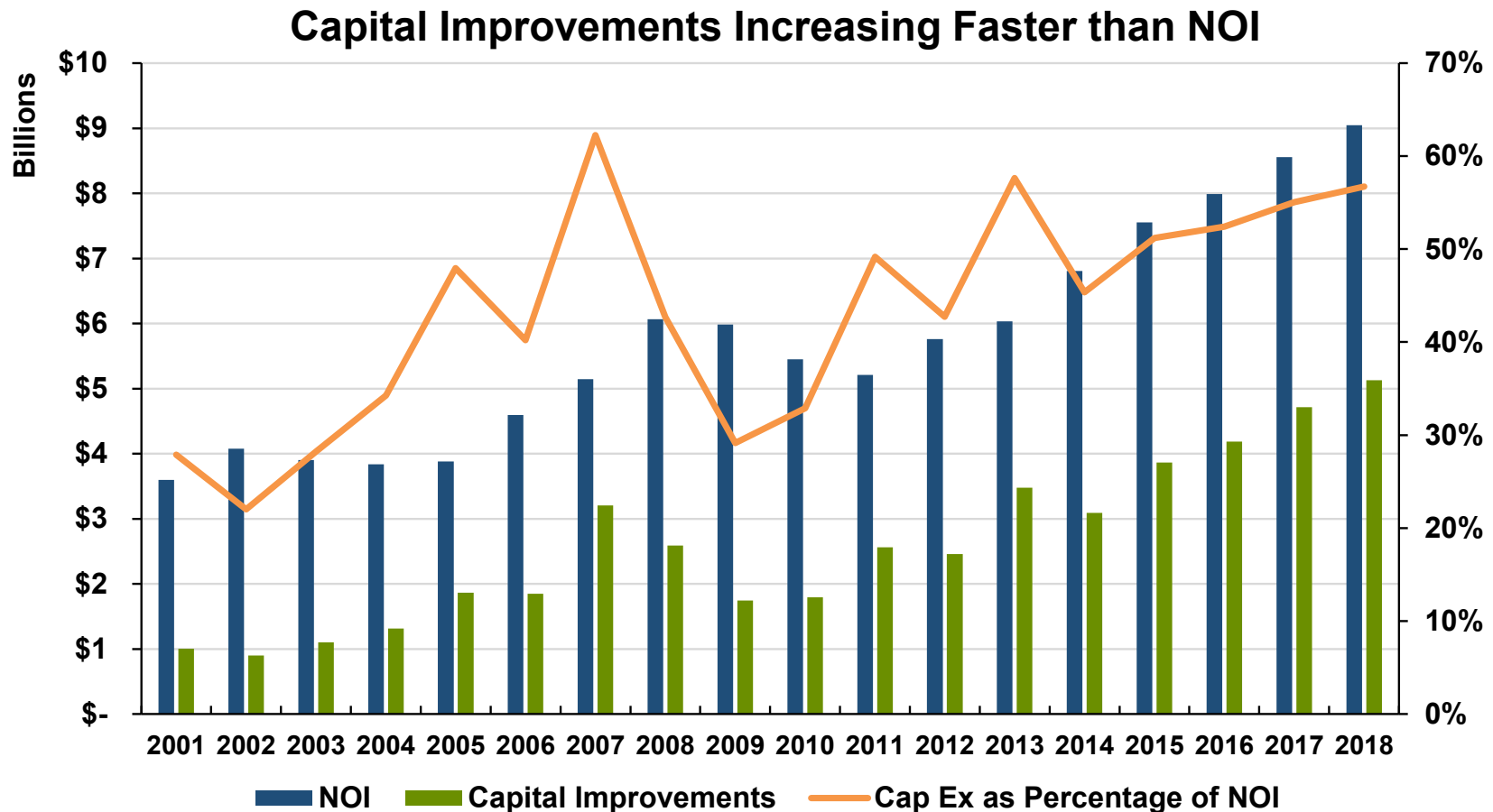
Source: Green Street Advisors, LLC. As of March 2019. Capitalization rates shown are weighted for each property sector (weighted by asset value).

- Despite central business district (CBD) office being the focus of many investors and ODCE Funds, recently suburban office has provided far greater liquidity.



Source: Real Capital Analytics, as of 12/31/2018.

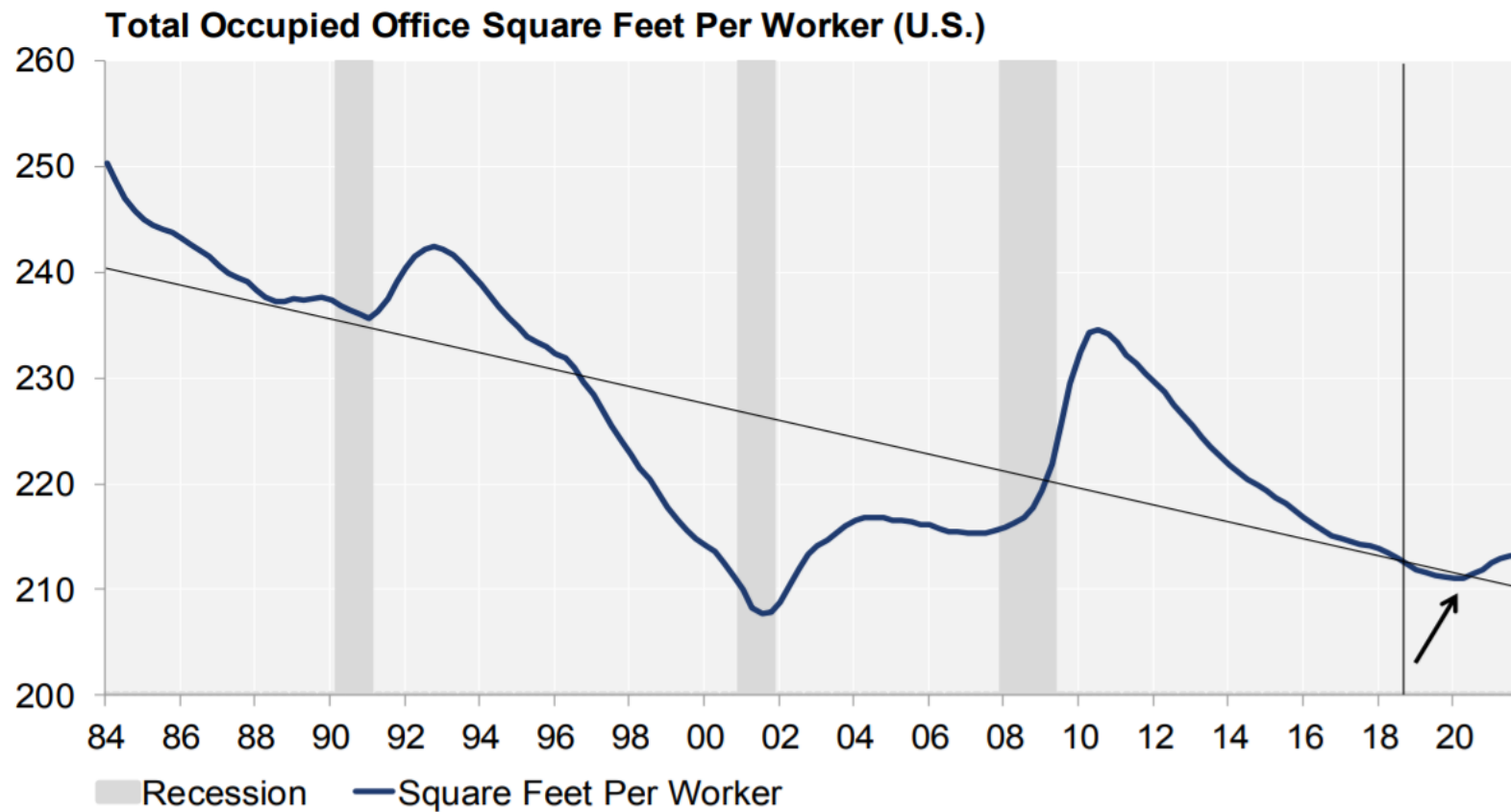
- Capital improvements have increased the cost of leasing space and can significantly decrease the net operating income of an office asset, especially in markets with meaningful vacancy.



Source: NCREIF Property Index as of December 31, 2018. Rolling four-quarter average %.

Market Overview

- Total occupied office square footage per worker continues to decline as companies become increasingly efficient with space.
- Flight-to-quality among office users has been the overarching theme of the office market this cycle.



Source: Bureau of Labor Statistics; CoStar Portfolio Strategy as of December 31, 2018.

Market Overview

Rubenstein Properties Fund III, L.P.



- ORG identified this trend and under weighted the office sector. As of 4Q18, the SBCERS portfolio is 26% office and the ODCE is 34%.
- SBCERS investment in Rubenstein Properties Fund III, L.P. has made several investments in the office space. Sanctuary Park is a nine building, 152-acre campus with three additional fully entitled development parcels located in Atlanta, GA. The Fund has commenced with capital improvements and began construction on a state-of-the-art amenity building in 2Q18 which will provide a centralized location for dining, fitness and collaborative working space. The Clubhouse amenity building is expected to be completed in Summer 2019. The below pictures show The Clubhouse with the Food Hall.
- The Fund is projecting Sanctuary Park to generate a 15.6% net IRR and a 2.6x net equity multiple.

“The Clubhouse” building rendering



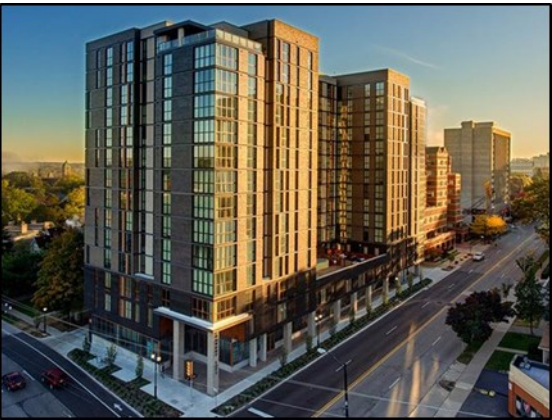
Food Hall



Fourth Quarter 2018 Real Estate Performance



Abacus Core Income Fund I
Alexander at The District Apartments
Atlanta, GA



Greenfield Acquisition Partners VI
413 Huron—Student Housing
Ann Arbor, MI



Patron Capital V
GSPP Cologne Office
Cologne, Germany

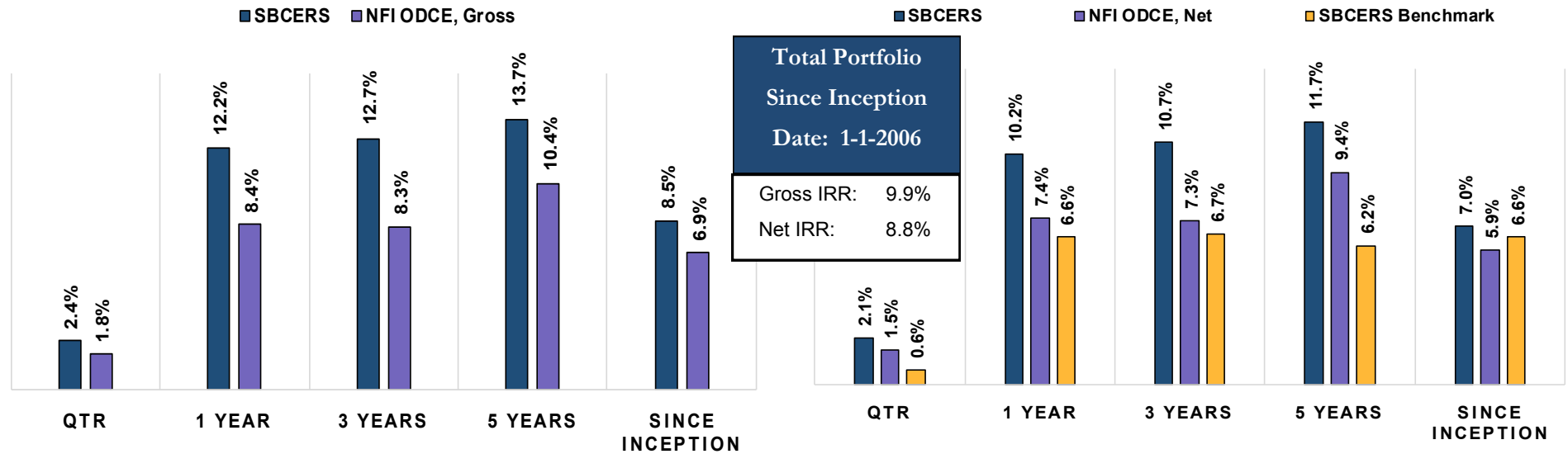
SBCERS Investment Return Snapshot

As of December 31, 2018



Investment Returns—Time Weighted, Gross of Fees

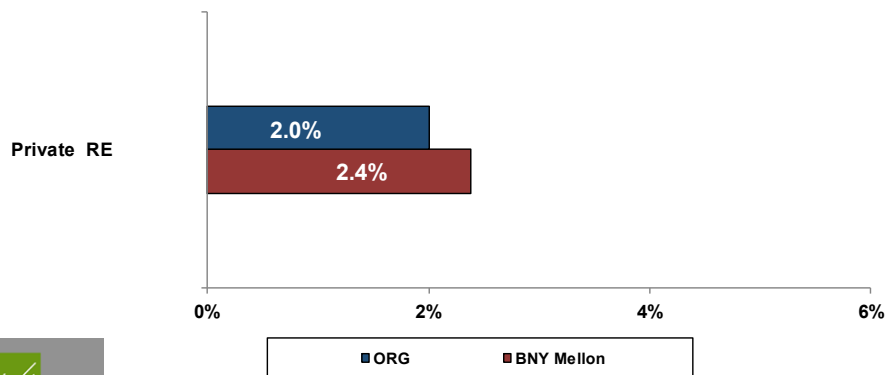
Investment Returns—Time Weighted, Net of Fees



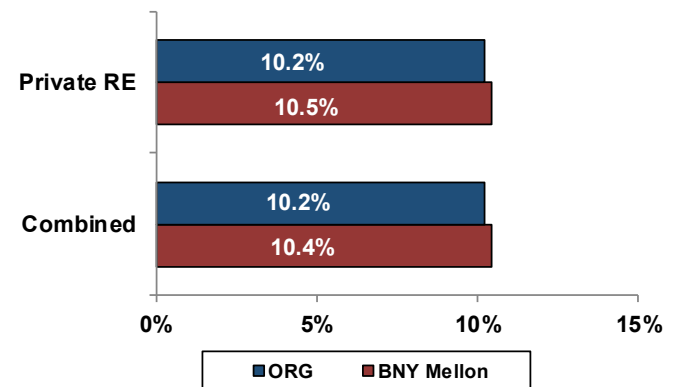
Note: SBCERS Benchmark is a real rate of return (adjusted for inflation) of 4.5%, net of investment management fees.

ORG /BNY Mellon Return Comparison—Time Weighted, Net of Fees (Mellon Report 3/31/2019)

Quarter Returns



1 Year Returns

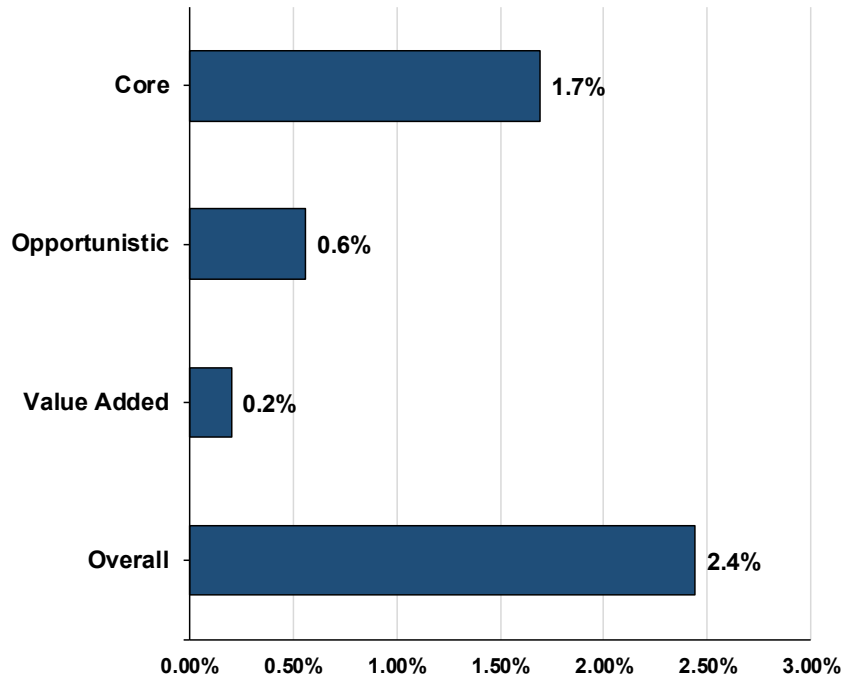


SBCERS Real Estate Attribution Analysis

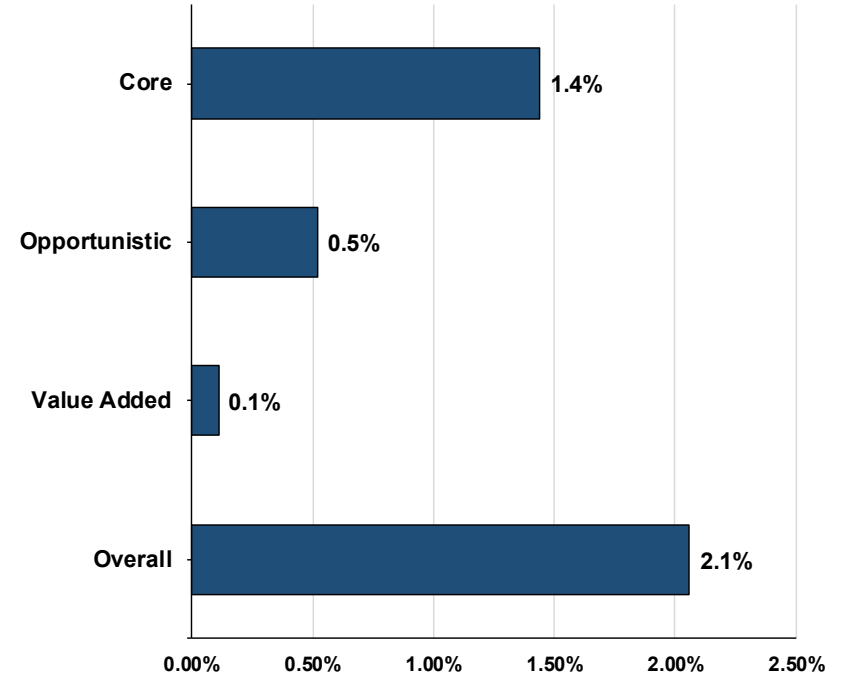
Quarter Return data for December 31, 2018



Gross of Fees Total Return Attribution



Net of Fees Total Return Attribution



- The attribution identifies the percent of each sector that contributes to the overall total return
- The Core sector, with 74% of the total portfolio, is the largest contributor to the total return of the portfolio.



SBCERS Portfolio Snapshot

As of December 31, 2018



Private Real Estate	12/31/2018	9/30/2018	Change
Funds			
Number of Funds	31	29	2
Number of General Partner Relationships	16	16	0
Capital Committed	\$315.1	\$302.6	\$12.5
Unfunded Commitment	\$103.7	\$77.1	\$26.6
Total Private Real Estate			
Quarterly Contributions	\$5.7	\$5.2	\$0.5
Quarterly Distributions	(\$11.8)	(\$11.8)	\$0.0
Total Market Value	\$268.9	\$269.6	(\$0.7)
Equity Multiple, Net of Fees	1.5x	1.5x	0.0x
Portfolio Since Inception of IRR, Net of Fees	8.8%	8.8%	0.0%

Note: All dollars are in millions.

- Of the \$315.1 million committed to Private Real Estate, 67.1% has been called through 12/31/2018.
- The equity multiple and the Since Inception Internal Rate of Return (“IRR”) had no change from the prior quarter.
- Both the Contributions and Distributions include the impact of the dividend reinvestment programs in many of the Core funds.

Progress Towards 2018 Strategic Plan Goals



<u>2018 Recommendation</u>	<u>2018 Action Plans Progress</u>
<p>ORG will target to increase the portfolio with new commitments of \$50 million</p>	<ul style="list-style-type: none"> • Commit up to \$25 million in new Core investments. <ul style="list-style-type: none"> • <i>\$10 million additional commitment to Blackstone Property Partners, Core Fund, in August 2018.</i> • <i>\$10 million commitment to Walton Real Estate Debt Fund II, Core Fund, in December 2018.</i> • Commit up to \$25 million in new Value Added and/or Opportunistic funds that will capitalize on distress or other unique market conditions and manager capabilities. <ul style="list-style-type: none"> • <i>\$5 million additional commitment to Abacus Multi-Family Partners IV, Value Added Fund, in August 2018.</i> • <i>\$15.5 million commitment to Longpoint Realty Fund I, Value Added Fund, in October 2018.</i> • <i>\$4.5 million commitment to Blackstone Real Estate Partners IX, Opportunistic Fund, in December 2018.</i> • As part of the new Value Added and/or Opportunistic funds, consider up to \$10 million in international opportunities. <ul style="list-style-type: none"> • <i>ORG did not commit to any dedicated international fund in 2018 as there were attractive opportunities in the U.S., however, Blackstone Real Estate Partners IX intends to have 40% of the fund invested internationally.</i>
<p>ORG will continue to actively manage the portfolio within the guidelines of the Real Estate Investment Policy.</p>	<ul style="list-style-type: none"> • Considering redeeming out of selected open ended Core funds and reinvesting proceeds in new Core Opportunities. <ul style="list-style-type: none"> • <i>ORG is closely watching the open ended Core funds as pricing increases overall. No redemptions have been identified.</i> • Evaluate and consider ending the dividend reinvestment program in certain Core funds as a method to re-balance the portfolio. <ul style="list-style-type: none"> • <i>ORG is evaluating the dividend reinvestment programs and has not elected to end any dividend reinvestment programs at this time.</i>
<p>Present additional educational seminar for the Trustees during 2018.</p>	<ul style="list-style-type: none"> • Details of educational seminars will be agreed upon at a future date. <ul style="list-style-type: none"> • <i>ORG provided an educational presentation on Housing Affordability for Single Family Homes and Rental Apartment Properties on August 22, 2018.</i>

Progress Towards Strategic Plan for 2018



Commitment Activity - 2018 Commitments				
Closing Date	Partnership	Strategy	Geographic Focus	Commitment (\$ millions)
8/28/2018	Abacus Multi-Family Fund IV, L.P.	Value-Added	United States	Additional \$5
9/28/2018	Blackstone Property Partners Fund, L.P.	Core	United States	Additional \$10
10/1/2018	Longpoint Realty Fund I, LP	Value-Added	United States	\$15.5
12/21/2018	Walton Street Real Estate Debt Fund II, L.P.	Core	United States	\$10.0
12/21/2018	Blackstone Real Estate Partners IX, L.P.	Opportunistic	United States	\$4.5
			Total	\$45.0



Progress Towards 2019 Strategic Plan Goals



<u>2019 Recommendation</u>	<u>2019 Action Plans Progress</u>
<p>ORG will target to increase the portfolio with new commitments of \$50 million</p>	<ul style="list-style-type: none"> • Commit up to \$20 million to Core investment strategies. • Commit up to \$40 million in Value Added and/or Opportunistic funds that will capitalize on distress or other unique market conditions and manager capabilities. <ul style="list-style-type: none"> • <i>\$10 million commitment to ABR Chesapeake Investors VI LP , Value-Added Fund, targeted to close in 2nd quarter 2019.</i> • As part of the new Value Added and/or Opportunistic funds, consider up to \$20 million in international opportunities.
<p>ORG will continue to actively manage the portfolio within the guidelines of the Real Estate Investment Policy.</p>	<ul style="list-style-type: none"> • Considering redeeming out of selected open ended Core funds and reinvesting proceeds in new Core Opportunities. <ul style="list-style-type: none"> • <i>ORG is closely watching the open ended Core funds as pricing increases overall. No redemptions have been identified.</i> • Evaluate and consider ending the dividend reinvestment program in certain Core funds. <ul style="list-style-type: none"> • <i>ORG is evaluating the dividend reinvestment programs and has not elected to end any dividend reinvestment programs at this time.</i>
<p>Present additional educational seminar for the Trustees during 2019.</p>	<ul style="list-style-type: none"> • Details of educational seminars will be agreed upon at a future date.

Progress Towards Strategic Plan for 2019



Commitment Activity - 2019 Commitments				
Closing Date	Partnership	Strategy	Geographic Focus	Commitment (\$ millions)
2Q 2019	ABR Chesapeake Investors VI LP	Value-Added	United States	\$10.0
			Total	\$10.0



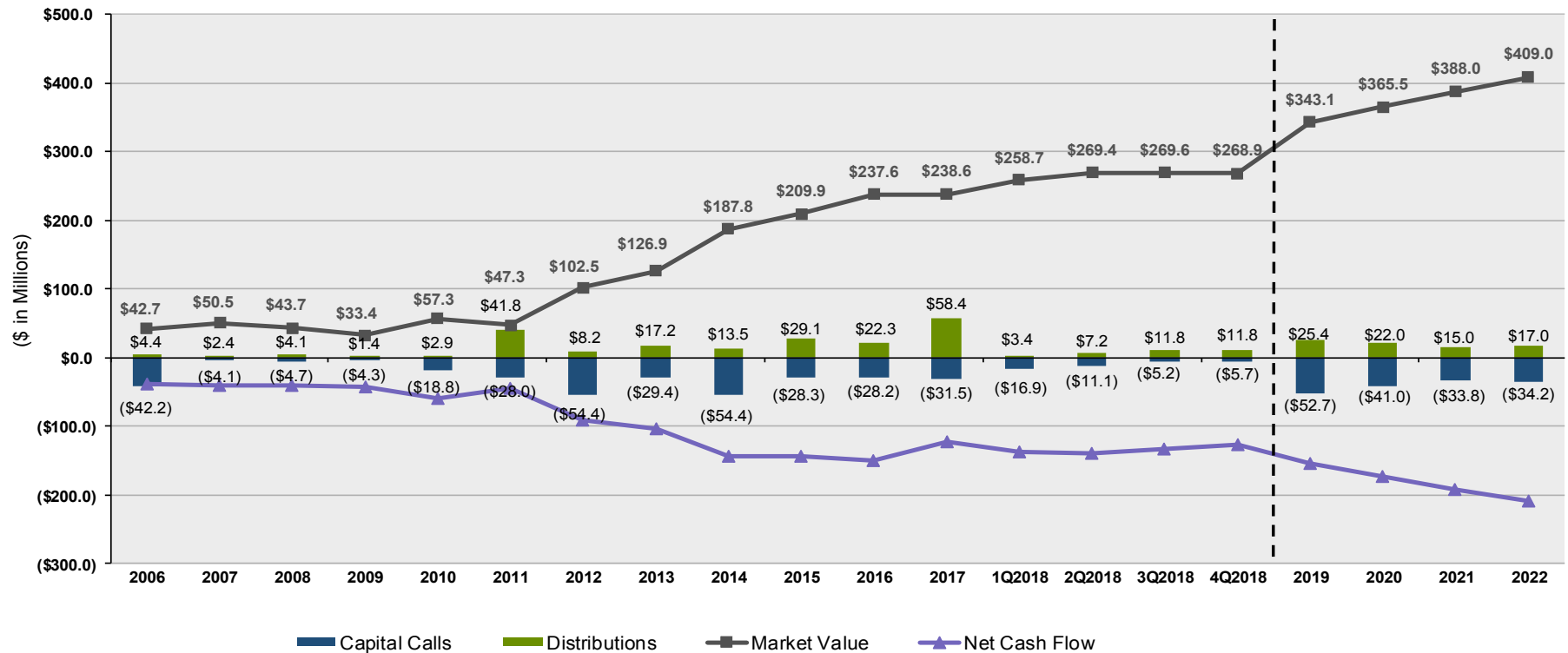
Portfolio Summary
As of December 31, 2018



Private Real Estate					
in \$ Millions	Quarter Ending				One Year Ending
	3/31/2018	6/30/2018	9/30/2018	12/31/2018	12/31/2018
Beginning Market Value	\$238.6	\$258.8	\$269.4	\$269.6	\$238.6
Contributions	\$16.9	\$11.1	\$5.2	\$5.7	\$38.9
Distributions	(\$3.4)	(\$7.2)	(\$11.8)	(\$11.8)	(\$34.2)
Net Income/Appreciation	\$6.6	\$6.7	\$6.8	\$5.5	\$25.6
Ending Market Value	\$258.8	\$269.4	\$269.6	\$268.9	\$268.9
Unfunded Commitments	\$76.9	\$68.0	\$77.1	\$103.7	\$103.7
Since Inception IRR - Net	8.8%	8.8%	8.8%	8.8%	8.8%

- The Private Real Estate Since Inception IRR has had no change of 8.8% over the last four quarters.

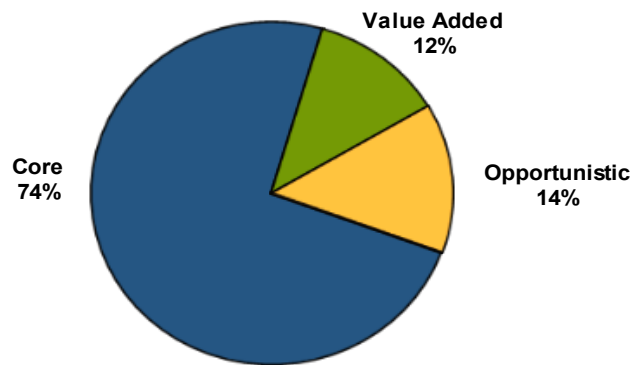
Annual Cash Flow Summary



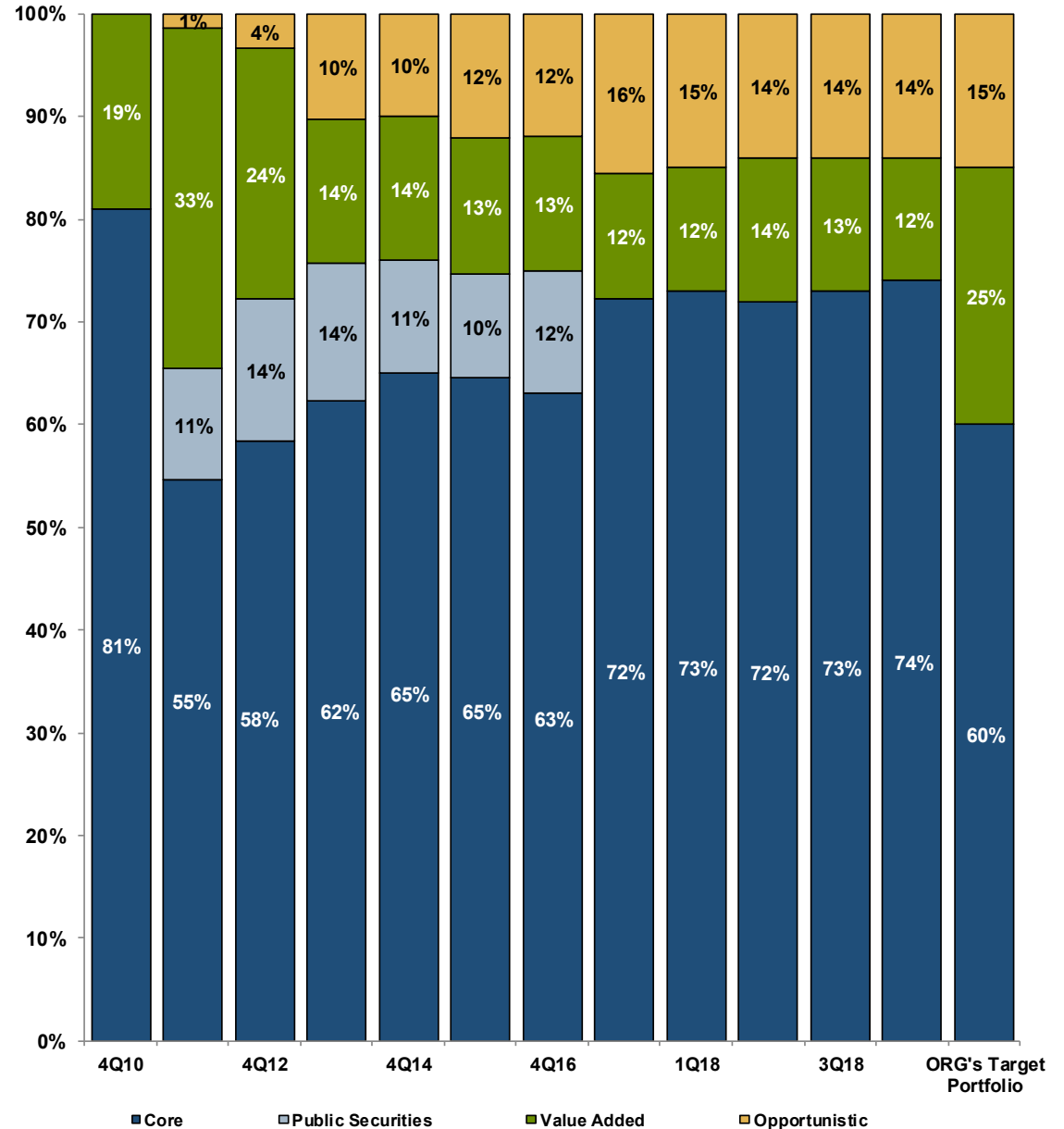
- Between 2012 and the 4th Quarter 2018, the capital calls have outpaced the distributions by approximately \$82.1 million.

Strategy Diversification

**Strategy Diversification
By Market Value
As of December 31, 2018**



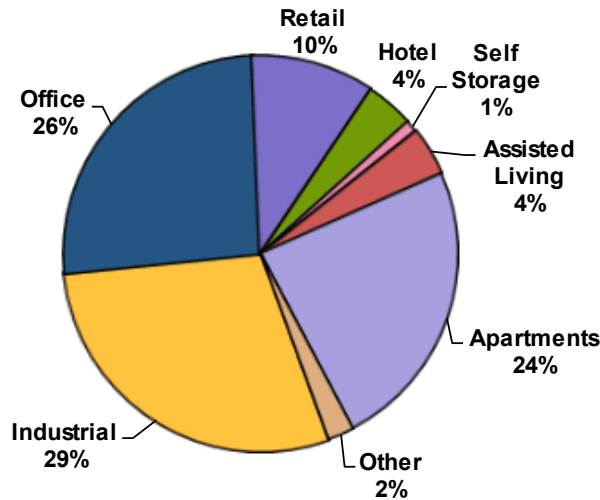
- The SBCERS Real Estate Investment policy has an allocation range of 40-80% for the Core strategy. The total Core investments is 74% as of December 31, 2018.
- The remaining portion of the portfolio is divided between Value Added and Opportunistic investments. Both are within the Policy ranges.



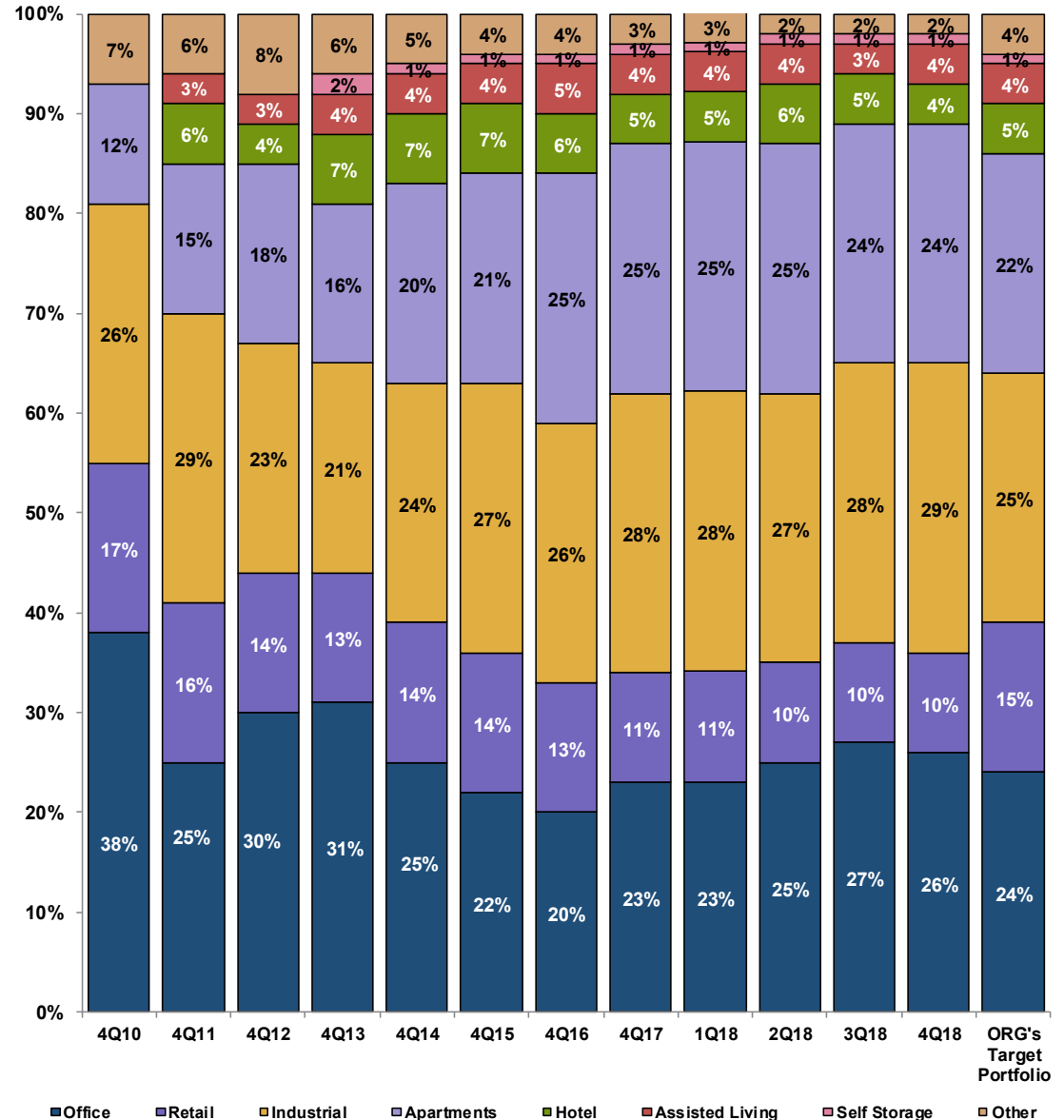
Property Type Diversification



**Property Type Diversification
By Market Value
As of December 31, 2018**

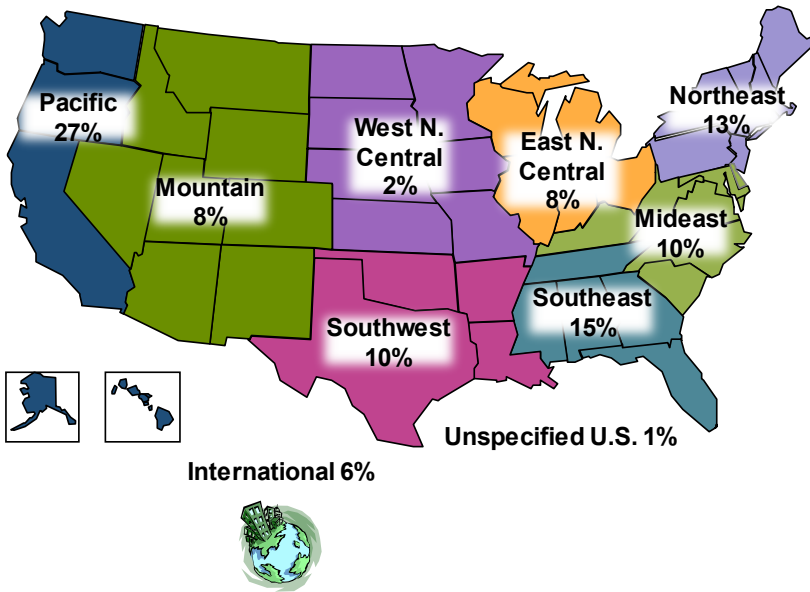


- Consistent with the SBCERS Real Estate Investment Policy, Office, Retail, Industrial and Apartments property types are within their range.
- Investing in several types of real estate minimizes the risk by diversification.

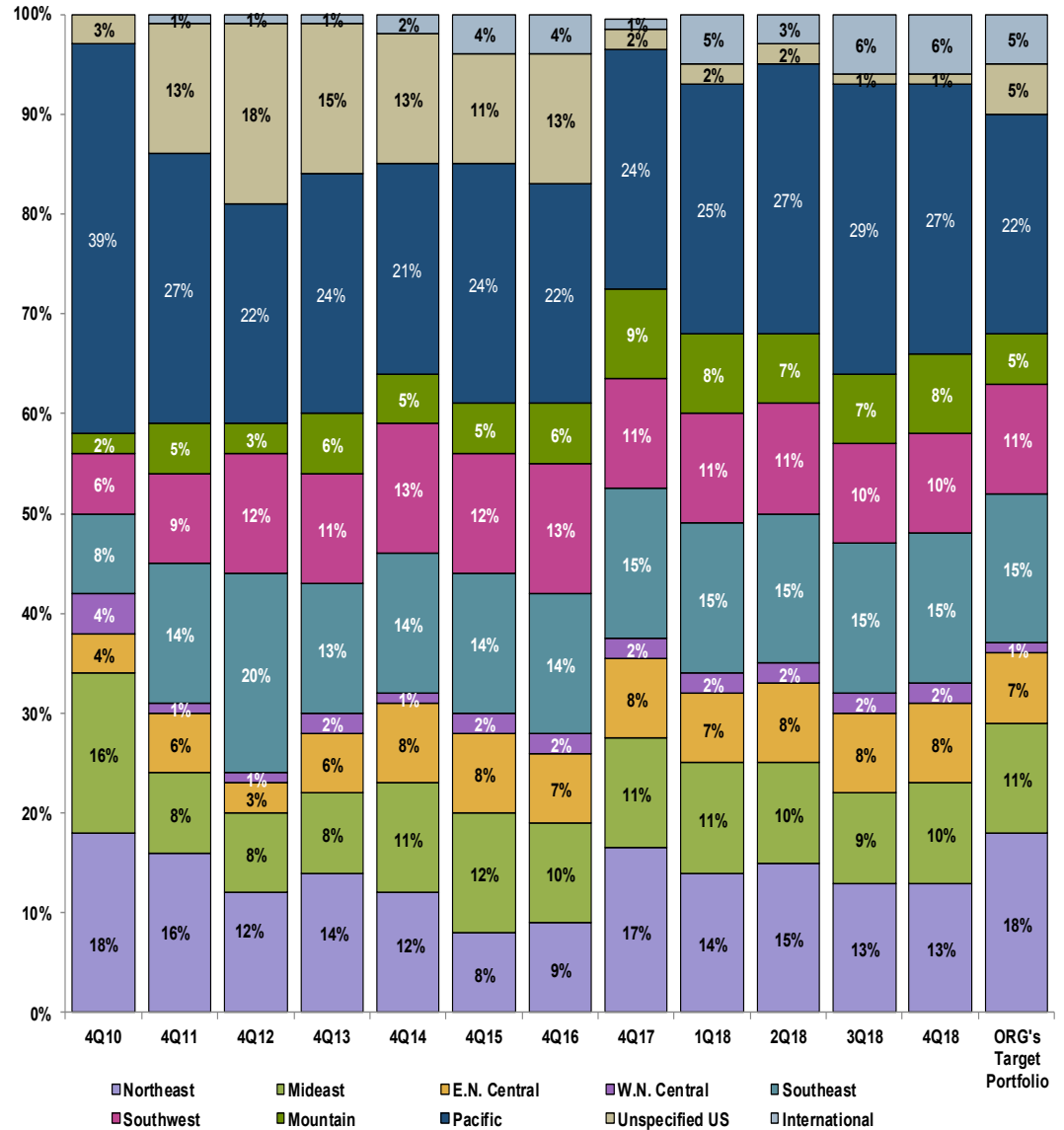


Geographic Diversification

**Geographic Diversification
By Market Value
As of December 31, 2018**



- The portfolio is well diversified across the United States with additional diversification in Europe.
- Unspecified U.S. indicates the manager is unable to easily identify the region such as investments in debt mortgage tranches.



Portfolio Summary



Abacus Multi-Family Fund IV
Millennium West End Apartments
St. Louis Park, MN



Rubenstein Properties Fund III
Parkwood Crossing Office Building
Indianapolis, IN



Stockbridge Value Fund II
Preston Park Financial Center
Plano, TX

Portfolio Summary by Investments

As of December 31, 2018



Vintage Year	Investment Strategy	Private Real Estate Investments	Capital Committed	Total Contributions	Total Distributions	12/31/2018 Market Value	Net IRR	Net Equity Multiple
Active Funds								
2009	Opportunistic	Rockwood Capital Real Estate Partners VIII, L.P.	\$0	\$8,113,417	\$15,044,705	\$49,711	19.0%	1.9x
2010	Core	H/2 Credit Partners, L.P.	10,000,000	10,000,000	0	15,451,977	5.7%	1.6x
2011	Core	Prologis Targeted U.S. Logistics Fund, Inc.	15,000,000	19,495,637	6,143,449	38,270,105	15.9%	2.3x
	Value Added	Greenfield Acquisition Partners VI, L.P.	7,500,000	10,039,013	12,075,555	924,623	10.8%	1.8x
	Opportunistic	Blackstone Real Estate Partners VII, L.P.	7,500,000	10,220,361	10,788,287	5,187,366	17.0%	2.5x
2012	Core	Harrison Street Core Property, L.P.	10,000,000	14,207,770	4,290,731	17,178,294	9.3%	1.6x
		Stockbridge Smart Markets Fund, L.P.	20,000,000	27,508,036	7,508,036	38,071,438	10.8%	1.7x
	Value Added	Miller Global Real Estate Fund VII, LLC	7,500,000	9,804,489	11,694,052	445,286	15.0%	2.1x
	Opportunistic	Walton Street Fund VII, L.P.	10,000,000	9,047,549	7,669,789	5,140,041	12.9%	1.5x
2013	Core	Invesco U.S. Income Fund, L.P.	20,000,000	26,536,857	7,229,005	33,863,252	12.6%	1.6x
		Mesa West Core Lending Fund, L.P.	10,000,000	13,373,975	3,605,744	13,373,206	6.7%	1.3x
		Mesa West Real Estate Income Fund III, L.P.	10,000,000	7,575,674	8,185,998	1,606,412	9.0%	2.1x
	Value Added	Greenfield Acquisition Partners VII, L.P.	10,000,000	11,301,493	6,092,321	9,909,300	13.3%	2.1x
	Opportunistic	Lubert-Adler Fund VII, L.P.	12,500,000	11,922,096	4,778,511	11,223,546	7.7%	1.3x
2014	Core	Abacus Core Income Fund I, L.P.	10,000,000	8,913,368	2,148,263	10,611,637	11.5%	1.5x
		Prologis Targeted Europe Logistics Fund *	5,000,000	5,304,339	1,141,345	6,611,235	9.9%	1.4x
	Value Added	Abacus Multi-Family Partners III, L.P.	7,500,000	6,944,505	6,832,645	3,881,937	26.6%	1.6x
		Stockbridge Value Fund II, L.P.	7,500,000	6,515,229	5,163,869	4,421,905	14.4%	1.5x
	Opportunistic	Moorfield Real Estate Fund III, L.P. +	4,685,400	4,110,301	1,356,399	3,305,197	27.7%	1.6x
2015	Core	Mesa West Real Estate Income Fund IV, L.P.	10,000,000	3,162,082	241,588	3,165,281	7.7%	1.1x
	Opportunistic	Patron Capital, L.P. V *	5,457,000	2,304,995	476,900	2,344,064	17.4%	1.4x
2016	Value Added	Lubert-Adler Fund VII-B, L.P.	10,000,000	4,250,000	168,613	4,522,738	8.4%	1.1x
	Opportunistic	Rubenstein Properties III, L.P.	5,000,000	2,882,315	-	2,910,384	0.9%	1.0x
2017	Core	Blackstone Property Partners	30,000,000	20,566,592	566,592	21,621,107	8.1%	1.1x
	Value Added	Abacus Multi-Family Partners IV, L.P.	15,000,000	3,986,198	533,560	3,873,634	32.1%	1.2x
		Miller Global Real Estate Fund VIII, LLC	5,000,000	3,075,252	1,737,790	1,497,060	6.0%	1.4x
		Stockbridge Value Fund III, L.P.	10,000,000	3,166,471	73,063	2,919,155	-11.2%	1.0x
	Opportunistic	Walton Street Fund VIII, L.P.	10,000,000	6,378,048	647,385	6,561,626	14.1%	1.3x
2018	Core	Walton Street Real Estate Debt Fund II, L.P.	10,000,000	0	0	0	n/a	n/a
	Value Added	Longpoint Realty Fund I, L.P.	15,500,000	0	0	0	n/a	n/a
	Opportunistic	Blackstone Real Estate Partners IX, L.P.	4,500,000	0	0	0	n/a	n/a
Private Real Estate Active Funds Total			\$315,142,400	\$270,706,063	\$126,194,194	\$268,941,517	8.8%	1.5x

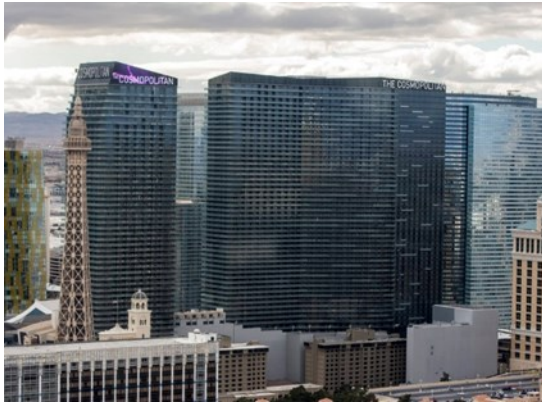
* Euro to US Dollar exchange rate as of 12/31/2018: 1.1456

+ GBP to US Dollar exchange rate as of 12/31/2018: 1.2763

nm: Not Meaningful

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Detailed Portfolio Summary for the Period Ending December 31, 2018



Blackstone Real Estate Partners VII
The Cosmopolitan
Las Vegas, NV



Abacus Multi-Family Fund IV
Sage Palmer Ranch
Sarasota, FL

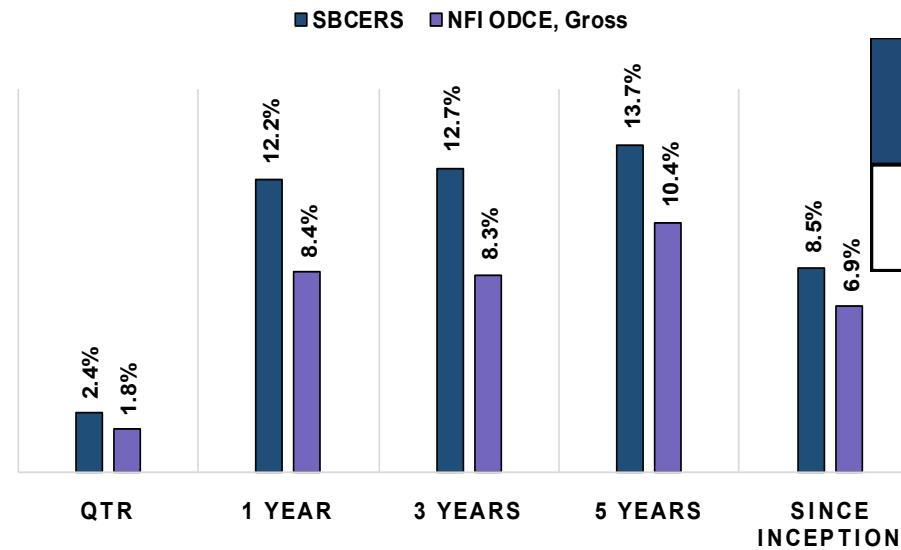


Greenfield Acquisition Partners VII
TriWest Plaza
Dallas, TX

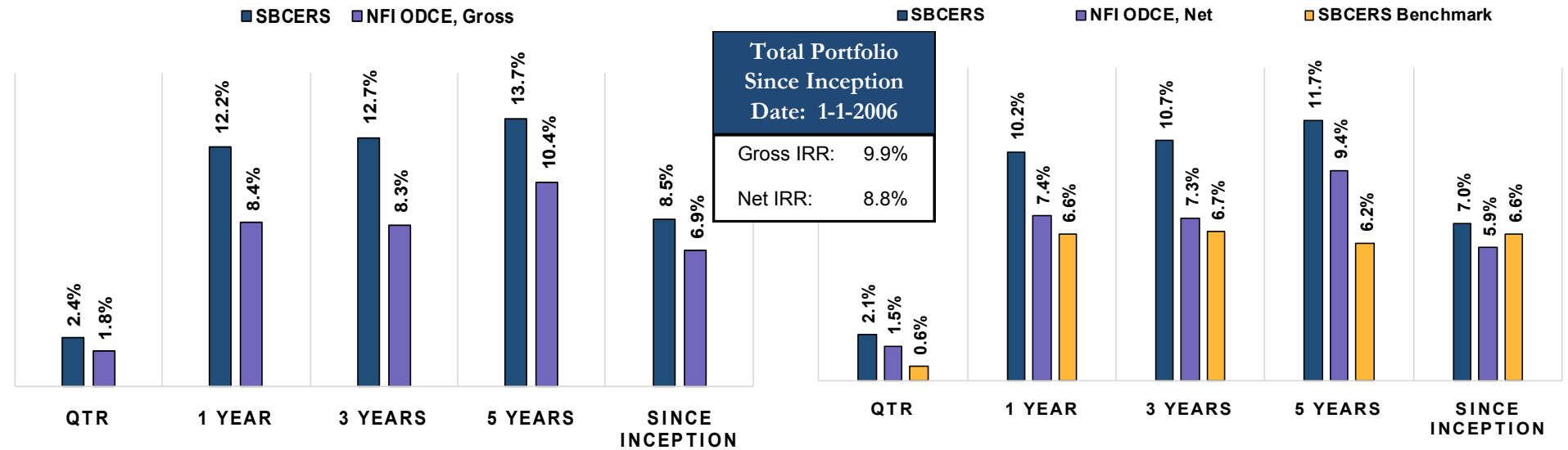
Santa Barbara County Employees' Retirement System Executive Summary



Investment Returns—Time Weighted, Gross of Fees



Investment Returns—Time Weighted, Net of Fees



Financial Highlights at December 31, 2018	Market Value	Percent of Fund
Portfolio Market Value	\$268,941,517	9.3%
Private	\$268,941,517	
Public	\$0	
Current Unfunded Commitments	\$103,707,355	
Total Market Value and Unfunded Commitments	\$372,648,872	12.8%
Total Fund Market Value	\$2,900,885,673	
Total Allocation to Real Estate	\$290,088,567	10.0%
Total Loan-to-Value Ratio	41.4%	

Note: SBCERS Benchmark is a real rate of return (adjusted for inflation) of 4.5%, net of investment management fees.

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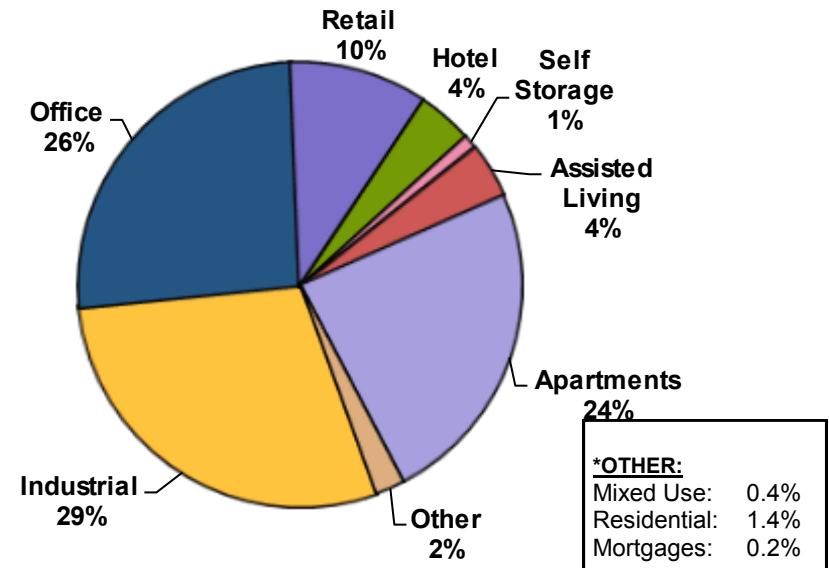
Santa Barbara County Employees' Retirement System Executive Summary



Investment Policy Compliance

	Compliance Level	Reference Page
Portfolio Diversification	✓	Page 45
Property Type Diversification	✓	Page 46
Geographic Diversification	✓	Page 47
Investment Manager Diversification	✓	Page 48
Vintage Year Diversification	✓	Page 49
Total Portfolio Leverage	✓	Page 50
Investment Size Limitation	✓	Page 51

Property Type Diversification by Market Values

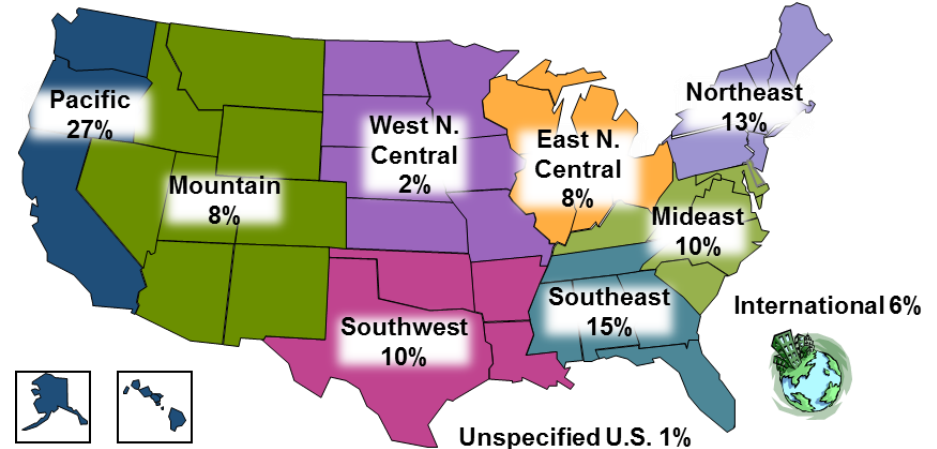


Investment Portfolio Commentary

- The portfolio continues to perform well with performance exceeding the benchmarks while maintaining low risks.
- Property type and location diversification remain consistent with policy.

NOTE: Unspecified U.S. indicates the manager is unable to easily identify the region such as investments in debt tranches.

Geographic Diversification by Market Values



Portfolio Summary, Gross of Fees

For the Period Ended 12/31/2018



Portfolio Investments	Market Value	Percent of Real Estate	Invested Amount	Remaining Capital to be Called	Leverage Ratio	Time Weighted Returns - Gross of Fees				
						Qtr.	1 Year	3 Years	5 Years	Since Incept.
Core Funds										
Abacus Core I	\$10,611,637		\$8,807,059	\$1,192,941	46.5%	4.8%	13.9%	11.7%		14.1%
Blackstone Property Partners	21,621,107		20,000,000	10,000,000	47.5%	1.7%	9.7%			9.7%
H/2 Credit Partners	15,451,977		10,000,000	0	24.0%	-1.0%	2.0%	7.5%	6.1%	7.8%
Harrison St. Core Property	17,178,294		10,000,000	0	25.1%	2.1%	8.2%	9.9%	10.1%	10.0%
Invesco US Income	33,863,252		20,000,000	0	34.3%	2.4%	13.7%	12.7%	13.1%	13.1%
Mesa West Core Lending	13,373,206		10,000,000	0	57.7%	2.0%	8.1%	7.8%	8.1%	8.1%
Mesa West Fund III	1,606,412		991,429	9,008,571	58.7%	5.7%	15.8%	13.2%	13.3%	13.1%
Mesa West Fund IV	3,165,281		3,111,111	6,888,889	60.0%	2.8%	13.0%			15.7%
Prologis Europe Logistics +	6,611,235		5,000,000	0	19.2%	2.7%	14.2%	15.3%		12.3%
Prologis US Logistics	38,270,105		15,000,000	0	19.4%	3.8%	18.5%	19.6%	18.8%	18.2%
Stockbridge Smart Mkts.	38,071,438		20,000,000	0	21.6%	1.5%	7.9%	8.9%	10.3%	11.8%
Walton St. Debt II***	0		0	10,000,000						
Total Core	\$199,823,944	74.3%	\$122,909,599	\$37,090,401	34.8%	2.3%	11.2%	12.0%	12.1%	7.1%
Value Added Funds										
Abacus Multi-Family III	3,881,937		6,794,451	705,549	55.9%	1.7%	29.1%	33.5%		43.6%
Abacus Multi-Family IV	3,873,634		3,541,533	11,458,467	61.4%	-0.6%				68.7%
Greenfield Acq. Prtnrs. VI	924,623		7,194,872	305,128	62.0%	-16.3%	-23.0%	-10.0%	0.3%	6.0%
Greenfield Acq. Prtnrs. VII	9,909,300		8,556,885	1,443,115	47.0%	5.0%	13.5%	16.4%		18.3%
Longpoint I***	0		0	15,500,000						
Miller Global VII	445,286		5,990,300	1,509,700	70.6%	-2.6%	6.9%	21.2%	23.6%	21.0%
Miller Global VIII	1,497,060		2,419,375	2,580,625	65.2%	3.5%	26.1%			10.5%
Rubenstein III	2,910,384		2,849,558	2,150,442	60.8%	0.6%	8.7%			11.4%
Stockbridge Value II	4,421,905		6,418,877	1,081,123	54.4%	2.7%	20.1%	20.2%		20.2%
Stockbridge Value III	2,919,155		3,163,380	6,836,620	64.8%	-0.2%				-4.0%
Total Value Added	\$30,783,284	11.4%	\$46,929,230	\$43,570,770	57.5%	1.8%	18.5%	19.1%	21.0%	14.2%
Opportunistic Funds										
Blackstone RE Fund VII	5,187,366		6,398,681	1,101,319	58.0%	-2.8%	3.3%	9.1%	13.7%	19.0%
Blackstone RE Fund IX***	0		0	4,500,000						
Lubert-Adler VII	11,223,546		11,462,862	1,037,138	61.6%	8.4%	15.5%	11.3%	6.9%	6.9%
Lubert-Adler VII-B	4,522,738		4,250,000	5,750,000	66.8%	6.6%	13.2%			9.2%
Moorfield III *	3,305,197		4,685,400	0	35.0%	5.5%	28.0%	20.2%		27.0%
Patron V*	2,344,064		2,251,302	3,205,698	47.0%	6.1%	22.9%			26.6%
Rockwood Fund VIII	49,711		0	0						13.3%
Walton St. VII	5,140,041		6,817,308	3,182,692	59.8%	-1.0%	2.2%	8.5%	16.6%	16.9%
Walton St. VIII	6,561,626		5,730,663	4,269,337	61.0%	3.3%	12.4%			19.4%
Total Opportunistic	38,334,289	14.3%	41,596,216	23,046,184	58.5%	3.9%	12.0%	11.8%	16.4%	19.2%
Total Portfolio Investments	\$268,941,517	100.0%	\$211,435,045	\$103,707,355	41.4%	2.4%	12.2%	12.7%	13.7%	8.5%
NCREIF ODCE - Gross of Fees						1.8%	8.4%	8.3%	10.4%	6.9%
EPRA/NAREIT All Equity REIT Total Return						-6.1%	-4.4%	4.2%	7.7%	6.0%

*-GBP exchange rate as of 12-31-2018 - 1.2763

+Euro exchange rate as of 12-31-2018 - 1.1456

See Glossary for Index Definitions

***New Fund

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Portfolio Summary, Net of Fees

For the Period Ended 12/31/2018



Portfolio Investments	Market Value	Manager Projected Net IRR	Current Value Net IRR	Manager Projected Net Equity Multiple	Current Value Net Equity Multiple	Time Weighted Returns - Net of Fees				
						Qtr.	1 Year	3 Years	5 Years	Since Incept.
Core Funds										
Abacus Core I	\$10,611,637	10.4%	11.5%	1.6x	1.5x	4.0%	11.8%	9.5%		11.5%
Blackstone Property Partners	21,621,107	*	8.1%	*	1.1x	1.3%	8.4%			8.4%
H/2 Credit Partners Ltd.	15,451,977	*	5.7%	*	1.6x	-1.1%	0.8%	5.8%	4.6%	6.1%
Harrison St. Core Property	17,178,294	*	9.3%	*	1.6x	1.9%	7.4%	9.1%	9.3%	9.2%
Invesco US Income	33,863,252	*	12.6%	*	1.6x	2.1%	12.5%	11.5%	12.0%	12.0%
Mesa West Core Lending	13,373,206	*	6.7%	*	1.3x	1.8%	7.3%	6.9%	7.3%	7.3%
Mesa West Fund III	1,606,412	9.0%	9.0%	1.3x	2.1x	4.7%	12.8%	10.5%	10.3%	7.1%
Mesa West Fund IV	3,165,281	14.0%	7.7%	1.1x	1.1x	1.4%	8.0%			7.6%
Prologis Europe Logistics +	6,611,235	*	9.9%	*	1.4x	1.9%	10.5%	13.1%		9.3%
Prologis US Logistics	38,270,105	*	15.9%	*	2.3x	3.4%	16.2%	16.8%	16.2%	15.9%
Stockbridge Smart Mkts.	38,071,438	*	10.8%	*	1.7x	1.4%	7.2%	8.2%	9.6%	11.1%
Walton St. Debt II***	0									
Total Core	\$199,823,944	*	7.1%	*	1.4x	1.9%	9.8%	10.5%	10.6%	6.0%
Value Added Funds										
Abacus Multi-Family III	3,881,937	26.3%	26.6%	1.6x	1.6x	1.1%	21.7%	24.1%		0.5%
Abacus Multi-Family IV	3,873,634	18.1%	32.1%	1.6x	1.2x	-2.0%				38.4%
Greenfield Acq. Ptnrs. VI	924,623	11.2%	10.8%	1.5x	1.8x	-13.9%	-21.1%	-9.6%	-0.8%	3.9%
Greenfield Acq. Ptnrs. VII	9,909,300	13.7%	13.3%	2.0x	2.1x	4.0%	10.4%	12.6%		13.3%
Longpoint I***	0									
Miller Global VII	445,286	15.1%	15.0%	1.4x	2.1x	-2.7%	-7.5%	3.1%	8.8%	7.7%
Miller Global VIII	1,497,060	15.0%	6.0%	1.5x	1.4x	2.2%	20.7%			3.1%
Rubenstein III	2,910,384	11.0%	0.9%	1.7x	1.0x	0.0%	4.9%			-0.4%
Stockbridge Value II	4,421,905	14.3%	14.4%	1.5x	1.5x	2.1%	16.0%	16.0%		14.3%
Stockbridge Value III	2,919,155	19.9%	-11.2%	0.9x	1.0x	-1.5%				-8.1%
Total Value Added	\$30,783,284		15.3%		1.7x	1.0%	12.6%	13.2%	15.0%	9.0%
Opportunistic										
Blackstone VII	5,187,366	16.9%	17.0%	1.8x	2.5x	-3.0%	2.3%	8.0%	12.3%	16.8%
Blackstone IX***	0									
Lubert-Adler VII	11,223,546	10.9%	7.7%	1.6x	1.3x	8.2%	14.5%	9.8%	-1.5%	-1.5%
Lubert-Adler VII-B	4,522,738	18.0%	8.4%	1.9x	1.1x	6.3%	12.5%			8.8%
Moorfield III **	3,305,197	17.6%	27.7%	1.5x	1.6x	5.4%	27.2%	18.9%		25.6%
Patron V	2,344,064	17.0%	17.4%	1.6x	1.4x	6.1%	16.5%			5.9%
Rockwood Fund VIII	49,711	19.1%	19.0%	1.6x	1.9x					7.2%
Walton St. VII	5,140,041	13.0%	12.9%	1.6x	1.5x	-1.5%	0.3%	6.7%	14.5%	14.9%
Walton St. VIII	6,561,626	12.0%	14.1%	1.4x	1.3x	2.9%	10.6%			16.4%
Total Opportunistic	38,334,289		15.1%		1.6x	3.6%	10.6%	10.1%	14.1%	13.2%
Total Portfolio Investments	\$268,941,517		8.8%		1.5x	2.1%	10.2%	10.7%	11.7%	7.0%
Total Net of ORG Fees						2.0%	10.2%	10.7%	11.6%	
SBCERS Benchmark						0.6%	6.6%	6.7%	6.2%	6.6%
NCREIF ODCE Index - Net of Fees						1.5%	7.4%	7.3%	9.4%	5.9%

NOTES: ##- Performance not reported for partial periods

nm-Not meaningful

- No capital calls as of 12-31-18

**-.GBP exchange rate as of 12-31-2018 -1.2763

--Euro exchange rate as of 12-31-2018 -1.1456

See Glossary for Index Definitions

* - Open ended funds do not provide IRR or Equity Multiple data

***New Fund

Portfolio Summary, Distribution Yield

For the Period Ended 12/31/2018



Distribution Yield—Core Funds Only

SBCERS Current Portfolio-Based on Market Value

Portfolio Investments	Distribution Yield	
	Qtr.	1 Year
Core Funds		
Abacus Core I	0.6%	3.4%
Blackstone Property Partners	0.5%	2.7%
H/2 Credit Partners	0.0%	0.0%
Harrison Street Core	1.3%	5.4%
Invesco US Income	1.3%	5.5%
Mesa West Core Lending	1.7%	6.9%
Mesa West Fund III	1.6%	6.1%
Mesa West Fund IV	1.6%	6.6%
Prologis US Logistics	1.1%	3.5%
Prologis Europe Logistics	1.0%	4.6%
Stockbridge Smart Markets	1.2%	4.4%
Total Core	1.1%	4.1%
Total Open End Funds/Investments	1.1%	4.1%

Portfolio Cash Flows Summary

For the Period Ended 12/31/2018



Portfolio Cash Flows

Period Ending	Capital Contributions	Operating Contributions	Return of Capital (Temporary)	Return of Capital (Permanent)	Net Income	Distributions	Appreciation	Investments Market Value
2006	\$42,184,771	\$0	\$0	\$0	\$1,871,724	(\$4,417,748)	\$3,075,051	\$42,713,798
2007	4,086,337				2,225,620	(2,427,596)	3,890,806	50,488,965
2008	4,734,386				2,108,439	(4,093,031)	(9,489,764)	43,748,995
2009	4,356,984				2,053,150	(1,374,884)	(15,384,842)	33,399,403
2010	18,773,803			(521,748)	2,391,605	(2,390,499)	5,636,060	57,288,624
2011	27,931,807	23,311	(1,037,506)	(39,781,153)	1,225,424	(959,538)	2,588,270	47,279,239
2012	54,276,203	97,253	(4,209,254)	(2,133,163)	2,600,909	(1,890,510)	6,506,565	102,527,242
2013	29,194,174	197,389	(3,151,978)	(8,665,590)	3,994,179	(5,367,606)	8,183,268	126,911,078
2014	53,741,963	643,052	(1,805,721)	(3,890,052)	5,795,686	(7,793,644)	14,208,696	187,811,058
2015	28,155,052	579,733	(4,542,776)	(10,821,692)	8,708,663	(14,087,633)	14,084,085	209,869,392
2016	27,583,760	678,820	(2,823,237)	(7,271,366)	10,270,678	(12,284,756)	11,531,295	237,554,586
2017	30,399,695	1,152,660	(2,466,319)	(44,032,113)	10,977,757	(12,392,728)	17,493,838	238,614,136
Q1 2018	16,661,143	283,511		(660,920)	2,419,053	(2,730,554)	4,212,030	258,798,399
Q2 2018	10,803,194	273,995	(756,261)	(3,055,879)	2,530,759	(3,408,207)	4,164,086	269,350,086
Q3 2018	5,000,756	239,470	(996,744)	(5,955,143)	2,288,446	(4,849,317)	4,551,073	269,628,627
Q4 2018	5,397,323	261,563	(2,306,773)	(6,380,103)	2,275,189	(3,126,809)	3,192,500	268,941,517
Total for 2018	37,862,416	1,058,539	(4,059,778)	(16,052,046)	9,513,447	(14,114,886)	16,119,688	268,941,517
Total Cash Flows	\$363,281,351	\$4,430,758	(\$24,096,569)	(\$133,168,922)	\$63,737,281	(\$83,595,060)	\$78,443,016	\$268,941,517

*Note: Totals prior to 2015 include CBRE Value 5. Starting in Q1 2015 the liquidated fund was removed.

Investments Cash Flows Summary

For the Period Ended 12/31/2018



Quarterly Investment Cash Flows

Investment	Beginning Market Value	Capital Contributions	Operating Contributions	Return of Capital (Temporary)	Return of Capital (Permanent)	Net Income	Distributions	Appreciation	Ending Market Value
Core Funds									
Abacus Core I	\$10,270,845	\$0	\$0	\$0	\$0	\$124,756	(\$69,647)	\$285,683	\$10,611,637
Blackstone Property Partners	21,352,049	117,747	-	-	-	49,850	(117,747)	219,208	21,621,107
H/2 Credit Partners	15,627,503	-	-	-	-	143,855	-	(319,381)	15,451,977
Harrison St. Core Prop.	16,862,235	191,497	32,209	-	-	184,982	(223,571)	130,942	17,178,294
Invesco US Income	33,156,420	362,719	85,797	-	-	375,803	(443,176)	325,689	33,863,252
Mesa West Core Lending	13,131,211	232,107	-	-	-	241,657	(231,769)	-	13,373,206
Mesa West Fund III	2,596,600	-	-	(1,063,194)	-	113,727	(25,521)	(15,200)	1,606,412
Mesa West Fund IV	3,172,003	-	-	-	-	54,492	(50,971)	(10,243)	3,165,281
Prologis Europe Logistics	6,552,766	-	-	-	-	66,645	(67,551)	59,375	6,611,235
Prologis US Logistics	37,376,480	-	51,821	-	-	385,251	(428,989)	885,542	38,270,105
Stockbridge Smart Mkts.	37,558,368	436,012	-	-	-	436,012	(436,012)	77,058	38,071,438
Total Core	\$197,656,480	\$1,340,082	\$169,827	(\$1,063,194)	\$0	\$2,177,030	(\$2,094,955)	\$1,638,673	\$199,823,944
Value Added Funds									
Abacus Multi-Family III	6,295,541	-	15,314	-	(2,395,436)	18,704	(81,416)	29,230	3,881,937
Abacus Multi-Family IV	2,773,612	1,170,755	-	-	-	(66,354)	(10,945)	6,566	3,873,634
Greenfield Acq. Prtnrs. VI	1,234,048	-	-	-	(50,787)	(15,471)	(86,762)	(156,405)	924,623
Greenfield Acq. Prtnrs. VII	9,860,884	-	-	-	(228,241)	19,879	(104,616)	361,394	9,909,300
Miller Global VII	441,091	16,496	-	-	-	(16,970)	-	4,669	445,286
Miller Global VIII	2,609,661	530,335	-	(596,194)	(1,082,274)	18,148	-	17,384	1,497,060
Rubenstein III	2,910,966.00	-	-	-	-	(38,858)	-	38,276	2,910,384
Stockbridge Value	50,552	-	-	-	-	19,647	(47,945)	(22,254)	0
Stockbridge Value II	5,188,006	-	-	-	(589,250)	61,985	(274,954)	36,118	4,421,905
Stockbridge Value III	1,955,096	1,014,085	-	-	-	(13,682)	(17,795)	(18,549)	2,919,155
Total Value Added	\$33,319,457	\$2,731,671	\$15,314	(\$596,194)	(\$4,345,988)	(\$12,972)	(\$624,433)	\$296,429	\$30,783,284
Opportunistic									
Blackstone RE Fund VII	5,811,739	22,661	29,625	-	(242,924)	11,239	(259,787)	(185,188)	5,187,366
Lubert-Adler VII	10,377,778	-	-	-	-	4,350	-	841,418	11,223,546
Lubert-Adler VII-B	4,253,169	-	-	-	-	(17,524)	-	287,093	4,522,738
Moorfield III	4,631,835	-	-	-	(1,534,741)	108,113	-	99,991	3,305,197
Patron V	1,982,874	302,909	-	-	(64,138)	(767)	-	123,186	2,344,064
Rockwood Fund VIII	52,520	-	-	-	-	(1,423)	-	(1,387)	49,711
Walton Street VII	5,530,565	-	27,008	-	(192,312)	6,678	(147,634)	(84,264)	5,140,041
Walton Street VIII	6,012,210	1,000,000	19,789	(647,385)	-	464	-	176,549	6,561,626
Total Opportunistic	\$38,652,690	\$1,325,570	\$76,422	(\$647,385)	(\$2,034,115)	\$111,130	(\$407,421)	\$1,257,398	\$38,334,289
Total Portfolio	\$269,628,627	\$5,397,323	\$261,563	(\$2,306,773)	(\$6,380,103)	\$2,275,189	(\$3,126,809)	\$3,192,500	\$268,941,517

Management Fee Savings

For the Period Ended 12/31/2018



Management Fee Savings

ORG Selected Investments	One Time Savings	Annual Savings	Comments
Core Funds			
Abacus Core I	\$25,000	\$0	Three month fee break.
Blackstone Property Partners			
H/2 Credit Partners			
Harrison Street Core		30,000	30% reduction in fees over life of investment.
Invesco US Income		40,000	20% reduction in fees over life of investment.
Mesa West Core Lending		30,000	Founding investor fee of 0.75% on invested capital for initial 2 years and 0.80% on invested capital thereafter. Standard fee is 1.10% on invested capital.
Mesa West Fund III		15,000	Reduced management fees by 0.15% over life of investment. Savings of \$15,000 per year during investmet period and up to \$10,000 per year afterwards.
Mesa West Fund IV		15,000	Reduced management fees by 0.15% over life of investment. Savings of \$15,000 per year during investmet period and up to \$10,000 per year afterwards.
Prologis US Logistics			
Prologis Europe Logistics			
Stockbridge Smart Markets		80,000	40% reduction in fees over life of investment.
Total Core	\$25,000	\$210,000	
Value Added Funds			
Abacus Multi-Family III			
Abacus Multi-Family IV			
Greenfield Acquisition Partners VI	18,750		Founding investor fee reduction for first year of 0.25% of committed capital.
Greenfield Acquisition Partners VII	18,750		Founding investor fee reduction for first year of 0.25% of committed capital.
Longpoint Realty Fund I		77,500	Fee reduction of 0.50% of committed capital and invested capital.
Miller Global VII			
Miller Global VIII			
Rubenstein III			
Stockbridge Value II			
Stockbridge Value III		35,000	Reduced management fees annually by 0.35% over life of investment.
Total Value Added	\$37,500	\$112,500	

Management Fee Savings

For the Period Ended 12/31/2018



Management Fee Savings—Continued

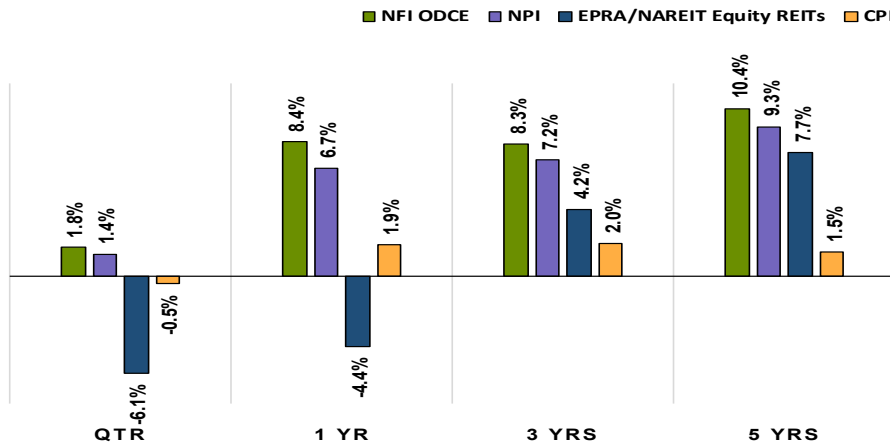
ORG Selected Investments	One Time Savings	Annual Savings	Comments
Opportunistic Funds			
Blackstone RE Fund VII	\$17,500	\$0	Three month fee break.
Blackstone RE Fund IX	50,000		Four month fee break.
Lubert-Adler VII	56,250		Reduced management fees by 0.25% during 3 year commitment period.
Lubert-Adler VII-B	225,000		No fees on commitment for 18 months.
Moorfield III		37,500	50% reduction in fees over life of investment.
Patron V	96,200		Founding investor fee break and will not pay fees for the first year (€87,500 with an exchange rate of 1.0994 as of 5/31/2015)
Walton Street VII	40,000		One time fee savings.
Walton Street VIII			
Walton Street Debt II	306,025		No fees on commitment equals a savings of \$270,000 and .25 basis point discount for 3 years equals a savings of \$36,096.
Total Opportunistic	\$790,975	\$37,500	
Total Portfolio	\$853,475	\$360,000	

Market Overview

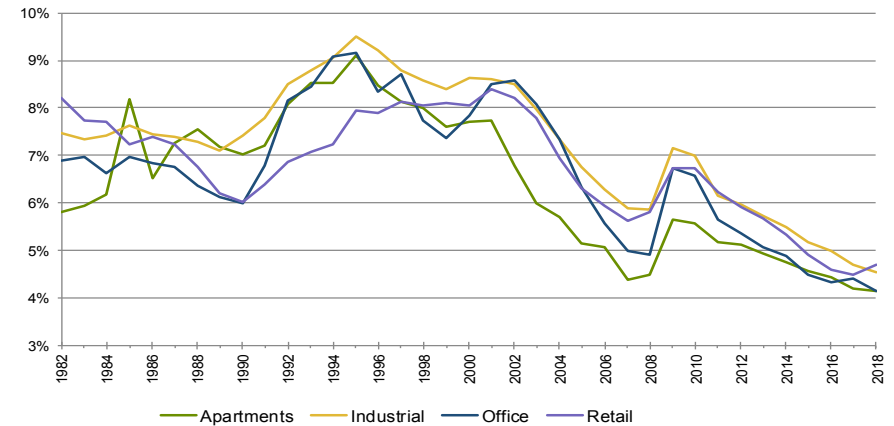
For the Period Ended 12/31/2018



Index Returns—Time Weighted



Capitalization Rates by Property Type



Real Estate Capital Market Conditions

U.S. real estate fundamentals have continued to remain positive with vacancy levels low and moderate rental growth. The Federal Fund Rate was raised from 1.75% to 2.5% with four total rate hikes in 2018. After equity market volatility late in the year the Federal Reserve decided to quiet investor concerns with a more subdued rate-hike outlook for 2019.

Supply growth across all properties is forecasted to increase near historical levels with the exception of regional shopping and strip centers. Supply growth for senior housing, self-storage and student housing is forecasted to be approximately double the four primary asset classes. (GreenStreet)

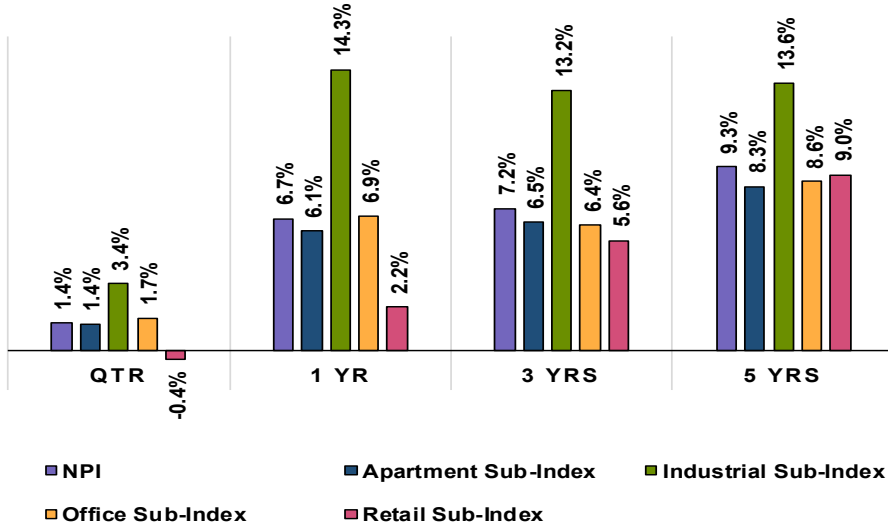
Core real estate returns continue to be increasingly income dependent as seen in the NFI-ODCE where income has increased from approximately 32% of the total return in 2015 to approximately 50% of the total return in 2018. Since inception, the income component has contributed 82% of the total return.

Institutional Real Estate, Inc.'s Fund Tracker database reports the average size of a real estate private equity fund closing in 2016 and 2017 was approximately \$660million. Average fund size bumped up to \$850 million in 2018, according to preliminary numbers for 2018, which saw \$112 billion raised by only 132 funds. ORG continues to see an increasing bifurcation among small and large firms such as Brookfield and Blackstone that take in approximately half of the total dollars available.

The debt markets remain open and accommodative. However, certain types of financing are difficult to obtain, which includes speculative development or highly leveraged development. Due to the increasing regulatory environment traditional banks have pulled back from this type of lending opportunity and certain value add or opportunistic investments. In addition, ORG has noticed the fundamentals in the debt market look strong but the debt covenants are loosening.

Market Overview

For the Period Ended 12/31/2018



Industrial

2018 transaction volume increased 25.3% to \$92.4 million as compared to \$73.7 million in 2017. For 2018, demand has exceeded supply for nine consecutive years by an average of 94.1 million square feet, driving the vacancy rate to a historic low of 4.3% (CBRE). However, ORG believes that low vacancy rates and limited new construction will increase the absorption and continue to drive asking rents upwards.

In the U.S., to meet the growing consumer expectation for faster delivery times there has been an increase in last mile facilities and multi-story warehouses as the land price for single-story warehouse development has doubled in the past five years to \$30 per buildable square foot, according to CBRE.

Industrial (continued)

ORG believes we will continue to see an integration of logistics and retail and are seeing several favorable trends benefiting the industrial sector. Most significantly, the impact of e-commerce on U.S. shopping habits and consumer expectations.

Apartments

2018 transaction volume increased 12.1% to \$172.6 million as compared to \$153.9 million in 2017. Over 2.4 million new jobs were added in 2018, at an average of 220,000 per month, equating to a year-over-year growth rate of 1.8%. Median household income continues to increase to normalized levels of \$61,000 and the national rent as a percentage income is in line with historical levels at 27%.

As of fourth quarter 2018, rental growth continues to increase at a decreasing rate. Rental growth for 2018 was 2.9% as compared to 4.6% in 2015. Although political pressure from affordable housing advocates is unlikely to stop. Certain markets like Oregon, New York City and California are currently going through rent control legislation changes which will potentially cap the rental growth.

For 2018, according to CoStar, demand outpaced supply with net absorption at approximately 360,000 units and net completions at approximately 310,000 units. But CoStar is currently tracking approximately 600,000 units under construction and expects supply to outpace demand. ORG believes this trend will continue and especially supply focused on high-end apartments in the Sun Belt markets where there is a higher propensity to rent.

Market Overview

For the Period Ended 12/31/2018



Office

2018 transaction volume increased 1.2% to \$134.6 million as compared to \$132.9 million in 2017. The U.S. office market remains strong with the national unemployment rate at approximately 3.9% as of December 2018, according to the Bureau of Labor Statistics. This is a slight increase from September 2018 when the rate was 3.7%.

ORG has continued to observe positive net absorption of office space and favorable demand characteristics for the asset class. At the end of the quarter, Costar reported that the national office vacancy rate was down to 9.8% from 10.1%. This was the first time that the vacancy was in the single digits since the early 2000s. This is the result of limited new supply being built nationwide. However, there are still specific markets that are seeing significant levels of supply such as Austin, Denver, New York City and San Francisco.

ORG has continued to observe significant capital expenditures and leasing concessions as considerable burdens on performance, especially in high supply markets. Additionally, tenants are being more efficient with office space usage and new floorplans average 175 square feet per worker which is a decrease from 250 square feet per worker according to Green Street. This can dramatically decrease the total area needed by a specific tenant.

Retail

New retail supply has been limited relative to past cycles due to increased construction and labor costs as well as unfavorable market fundamentals such as shadow supply caused by vacating tenants of existing retail assets. While supply has been low compared to historical norms, shadow supply and low demand has held rent growth in check. CoStar reported that the national retail rent growth in 2018 was approximately 1.5% compared to 2.8% in 2017.

In December 2018, the retail giant Sears announced that they would be closing 80 stores nationwide. Additionally, the home improvement retailer Lowes announced 51 store closures and Mattress Firm up to 700 stores in 2019. These and other store closures will increase vacancy of impacted assets and create additional shadow supply in local markets.

U.S. Census Bureau reported that E-commerce now represents 9.9% of total U.S. retail sales which represents a 12.1% increase from the previous year. The Bureau also reported that the inventory / sale ratios for total retail trade increased slightly during the quarter (1.44 to 1.47), which is approximately the average ratio over the past five years.

Retail transaction volume for 2018 was \$84.5 billion which was the highest since 2015 (\$90.1 billion). However, the 2018 figure included Unibail-Rodamco's purchase (\$15.0 billion) of Westfield and Brookfield's purchase (\$9.3 billion) of GGP. Excluding these transactions, the 2018 retail transaction volume was approximately \$60.3 billion, a decrease from 2017 and 2016 (\$64.3 billion) and 2016 (\$77.7 billion).

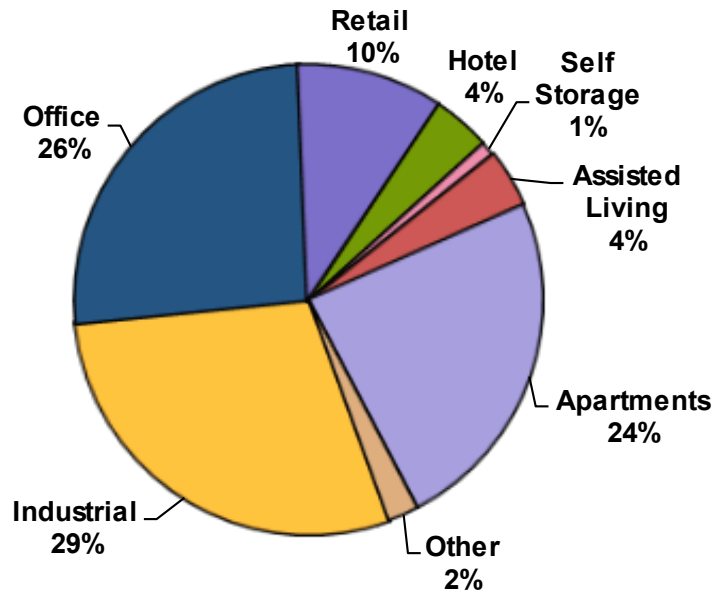
Portfolio Composition by Market Values

For the Period Ended 12/31/2018

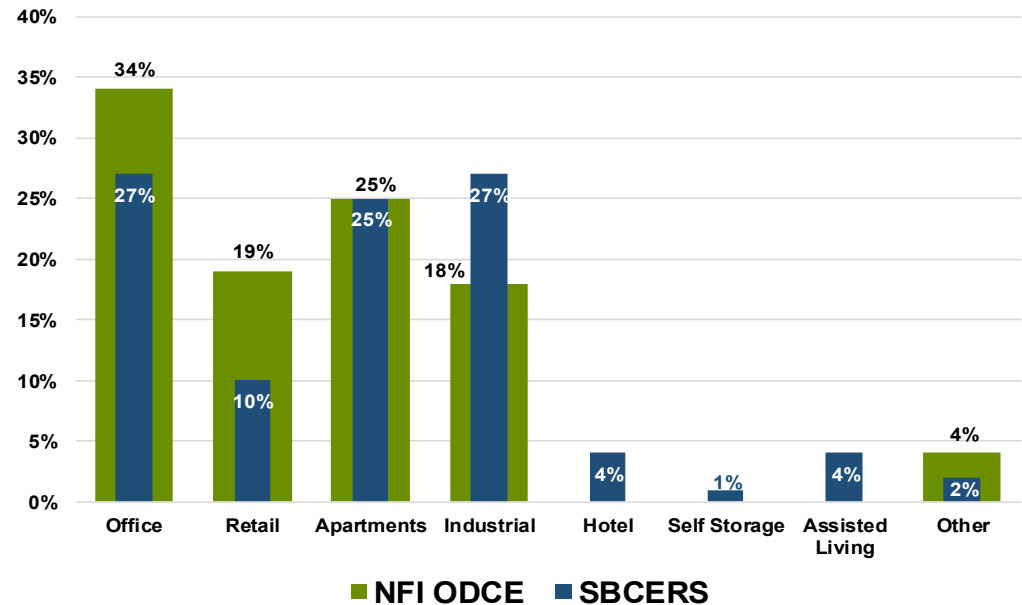


Property Type Diversification—Compared to Indexes

SBCERS Current Portfolio



SBCERS—US Only Compared to Indexes



Other Diversification—2%

Residential:	1.4%	Mixed Use:	0.4%
Mortgages:	0.2%		

Comments

- The portfolio is well diversified by property type.
- Compared to the NCREIF - ODCE, SBCERS' portfolio is overweighed in the Industrial sector and underweighed in Office and Retail sectors.
- ORG expects to maintain overweight to industrial and underweight to retail and office due to sector outlooks.
- ORG is considering increasing apartment exposure due to relative attractions of the sector.

Investments Property Type Diversification by Percent

For the Period Ended 12/31/2018



Property Type Diversification (%)

Investment	Apartments	Industrial	Office	Retail	Hotel	Other
Core Funds						
Abacus Core I	100%	0%	0%	0%	0%	0%
Blackstone Property Partners	30%	26%	31%	13%	0%	0%
H/2 Credit Partners	2%	0%	0%	40%	19%	39%
Harrison St. Core Property	22%	0%	38%	0%	0%	40%
Invesco US Income	32%	14%	37%	17%	0%	0%
Mesa West Core Lending	36%	1%	52%	8%	3%	0%
Mesa West Fund III	30%	0%	54%	0%	16%	0%
Mesa West Fund IV	47%	0%	41%	9%	3%	0%
Prologis US Logistics	0%	100%	0%	0%	0%	0%
Prologis Europe Logistics	0%	100%	0%	0%	0%	0%
Stockbridge Smart Mkts.	24%	36%	22%	18%	0%	0%
Total Core	25%	36%	23%	10%	1%	5%
Value Added Funds						
Abacus III	100%	0%	0%	0%	0%	0%
Abacus IV	100%	0%	0%	0%	0%	0%
Greenfield Acq. Ptrns. VI	0%	0%	100%	0%	0%	0%
Greenfield Acq. Ptrns. VII	4%	18%	42%	0%	10%	26%
Miller Global VII	0%	0%	100%	0%	0%	0%
Miller Global VIII	0%	0%	100%	0%	0%	0%
Rubenstein III	0%	0%	99%	0%	0%	1%
Stockbridge Value II	25%	33%	35%	7%	0%	0%
Stockbridge Value III	31%	35%	28%	6%	0%	0%
Total Value Added	24%	16%	47%	2%	3%	8%
Opportunistic Funds						
Blackstone RE Fund VII	0%	3%	25%	6%	39%	27%
Lubert-Adler VII	23%	0%	31%	15%	28%	3%
Lubert-Adler VII-B	28%	0%	14%	38%	7%	13%
Moorfield III	64%	10%	7%	0%	0%	19%
Patron V	0%	0%	17%	8%	3%	72%
Rockwood Fund VIII	0%	0%	0%	0%	0%	100%
Walton Street VII	0%	3%	42%	18%	29%	8%
Walton Street VIII	11%	0%	51%	8%	24%	6%
Total Opportunistic	18%	2%	31%	14%	23%	12%
Total Portfolio	24%	29%	26%	10%	4%	7%
NFI ODCE	25%	18%	34%	19%	0%	4%

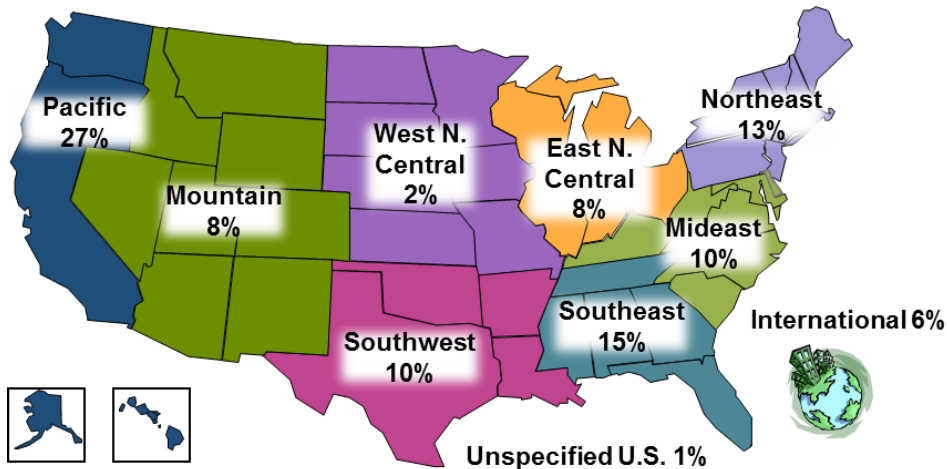
Portfolio Composition by Market Values

For the Period Ended 12/31/2018

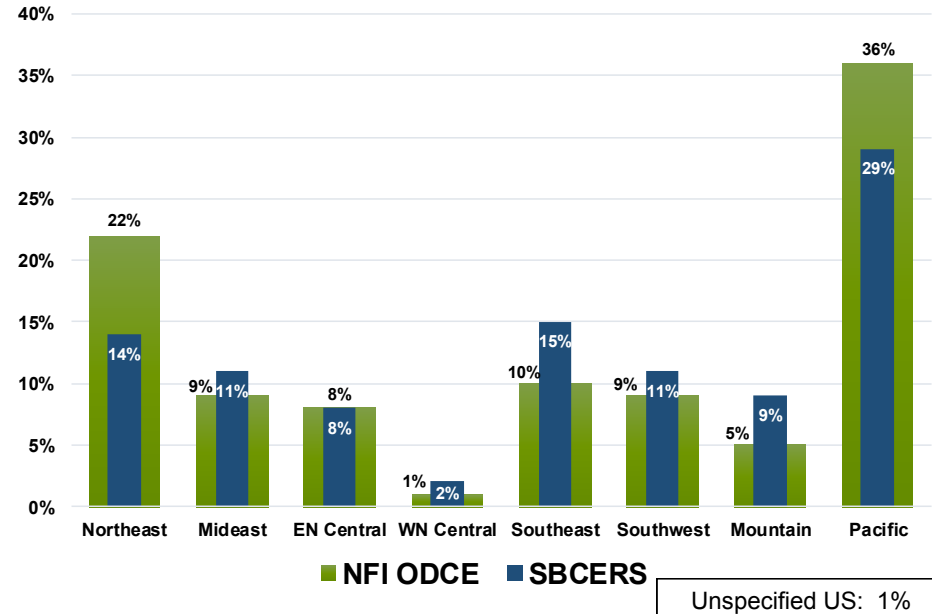


Geographic Diversification—Compared to Indexes

SBCERS—Current Portfolio



SBCERS—US Only to Compare to Indexes



International Diversification—6%

Europe	3.0%	Multiple Countries	0.8%
India	0.2%	United Kingdom	1.5%
Australia	0.1%		

Comments

- The portfolio is well diversified by geographic location.
- The International category should increase as capital is called. Uncalled capital for Patron V is \$3.2 million.

Investments Property Type Diversification by Percent

For the Period Ended 12/31/2018



Geographic Diversification (%)

Investment	Northeast	Mideast	East North Central	West North Central	Southeast	Southwest	Mountain	Pacific	Unspecified U.S.	International
Core Funds										
Abacus Core I	0%	0%	16%	0%	26%	0%	50%	8%	0%	0%
Blackstone Property Partners	34%	4%	1%	0%	6%	4%	2%	40%	0%	9%
H/2 Credit Partners	7%	7%	6%	6%	8%	11%	7%	15%	33%	0%
Harrison St. Core	29%	13%	13%	10%	8%	8%	9%	10%	0%	0%
Invesco US Income	8%	11%	2%	0%	11%	20%	18%	30%	0%	0%
Mesa West Core Lending	30%	19%	9%	0%	4%	1%	0%	37%	0%	0%
Mesa West Fund III	27%	25%	0%	0%	28%	7%	0%	13%	0%	0%
Mesa West Fund IV	15%	12%	9%	10%	5%	10%	7%	32%	0%	0%
Prologis Targeted Europe	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
Prologis US Logistics	10%	7%	10%	0%	10%	13%	5%	45%	0%	0%
Stockbridge Smart Mkts.	3%	20%	5%	0%	20%	12%	0%	40%	0%	0%
Total Core	14%	11%	6%	1%	12%	10%	8%	32%	1%	5%
Value Added Funds										
Abacus III	0%	0%	0%	12%	54%	6%	11%	17%	0%	0%
Abacus IV	0%	8%	7%	17%	13%	29%	7%	19%	0%	0%
Greenfield Acq. Ptms. VI	24%	66%	10%	0%	0%	0%	0%	0%	0%	0%
Greenfield Acq. Ptms. VII	7%	11%	0%	3%	37%	17%	11%	5%	9%	0%
Miller Global VII	0%	0%	0%	0%	0%	0%	49%	51%	0%	0%
Miller Global VIII	0%	0%	0%	0%	0%	0%	5%	95%	0%	0%
Rubenstein III	26%	17%	36%	0%	21%	0%	0%	0%	0%	0%
Stockbridge Value II	0%	9%	4%	6%	37%	15%	9%	20%	0%	0%
Stockbridge Value III	7%	0%	10%	0%	32%	43%	0%	8%	0%	0%
Total Value Added	6%	10%	7%	5%	27%	17%	8%	17%	3%	0%
Opportunistic Funds										
Blackstone RE Fund VII	5%	3%	7%	1%	11%	3%	26%	20%	0%	24%
Lubert-Adler VII	42%	6%	9%	5%	25%	3%	7%	3%	0%	0%
Lubert-Adler VII-B	0%	9%	12%	12%	56%	3%	0%	0%	8%	0%
Moorfield III	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
Patron V	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%
Rockwood Fund VIII	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Walton Street VII	14%	19%	3%	12%	16%	7%	1%	23%	4%	1%
Walton Street VIII	1%	0%	43%	2%	19%	14%	3%	17%	0%	1%
Total Opportunistic	16%	6%	13%	5%	22%	5%	7%	10%	2%	14%
Total Portfolio	13%	10%	8%	2%	15%	10%	8%	27%	1%	6%
NFI ODCE	22%	9%	8%	1%	10%	9%	5%	36%	0%	0%

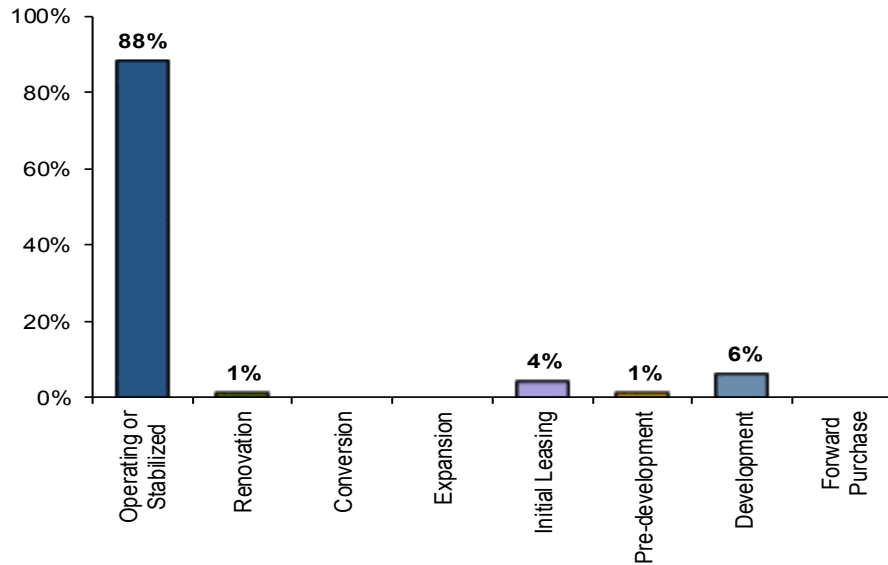
Portfolio Composition by Market Values

For the Period Ended 12/31/2018

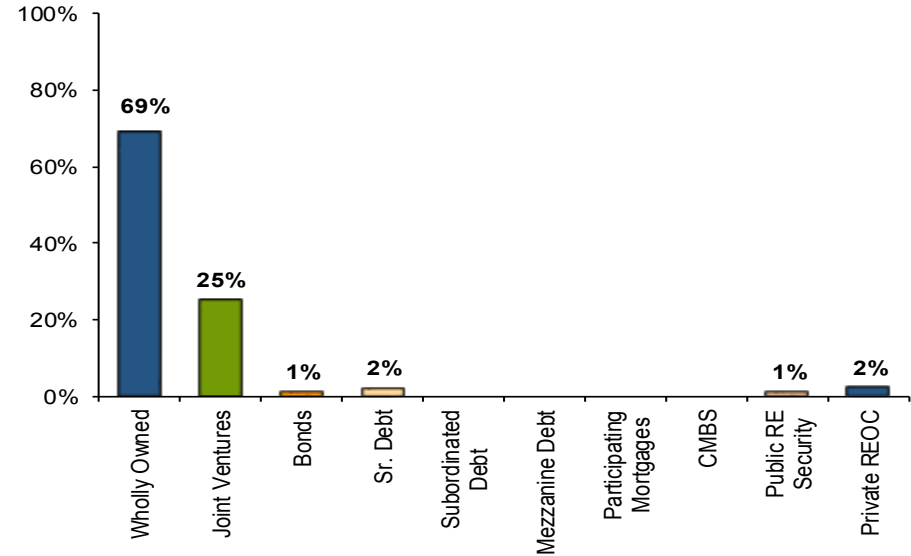


Portfolio Diversification

SBCERS Investment Life Cycle Diversification



SBCERS Investment Structure Diversification



Comments

- The portfolio's stability is shown by 88% being invested in operating or stabilized properties.
- The structure of the portfolio is well diversified with Wholly Owned and Joint Ventures comprising 94% of the portfolio.

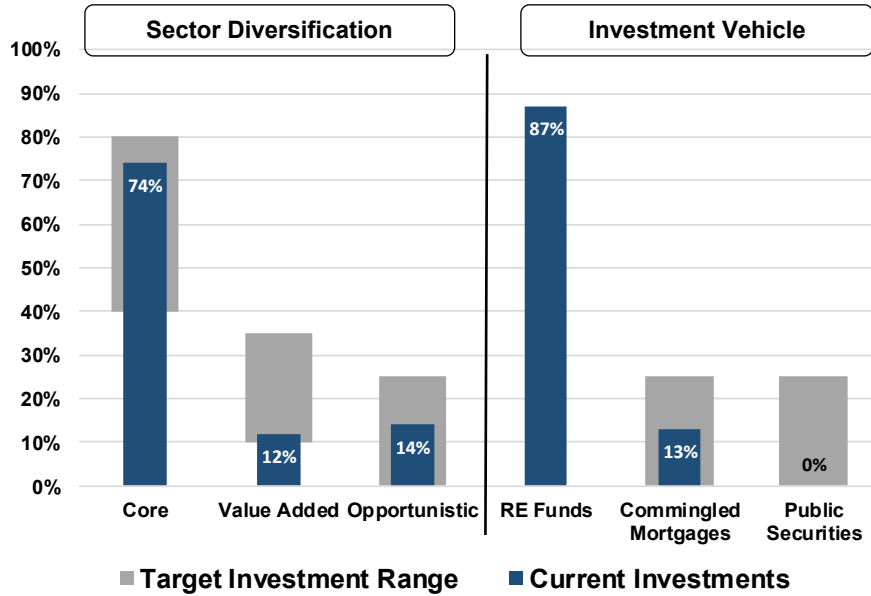
Policy Target Compliance

For the Period Ended 12/31/2018



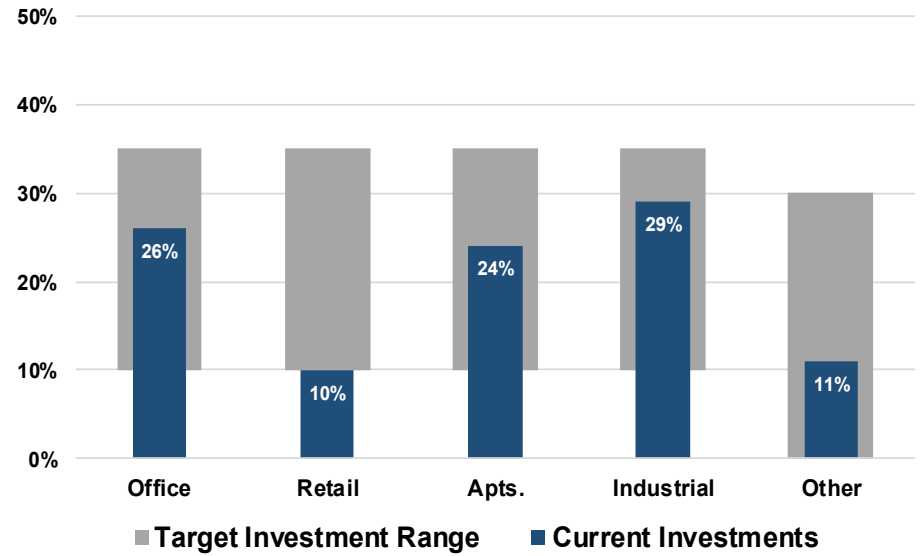
Portfolio Diversification—Compared to Policy Target

SBCERS Current Portfolio—Based on Market Value



Property Type Diversification—Compared to Policy Target

SBCERS Current Portfolio—Based on Market Value



Comments

- The portfolio is in compliance with its sector diversification and property type targets.
- The Value Added sector is below the maximum range. As investments are funded in Rubenstein III, Abacus IV and Stockbridge Value III these sectors are expected to increase.
- All property types are within their range. Retail continues to be on the low end of the range.

Compliance with Policy:



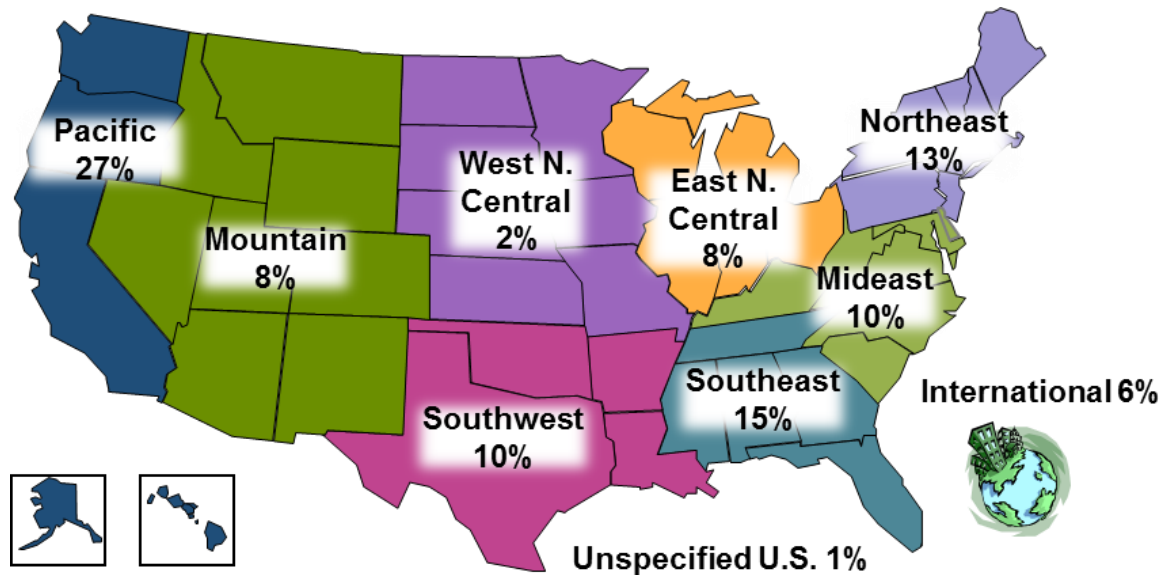
Portfolio Composition by Market Values

For the Period Ended 12/31/2018



Geographic Diversification—Compared to Policy Target of 85% in U.S. Markets

SBCERS Current Portfolio—Based on Market Value—U.S. 94%



Comments

- The portfolio is in compliance with the property location limits.
- ORG anticipates that there should be an increase in the international component with future capital calls. Uncalled capital for Patron V is \$3.2 million.

Compliance with Policy:



Portfolio Composition by Commitments

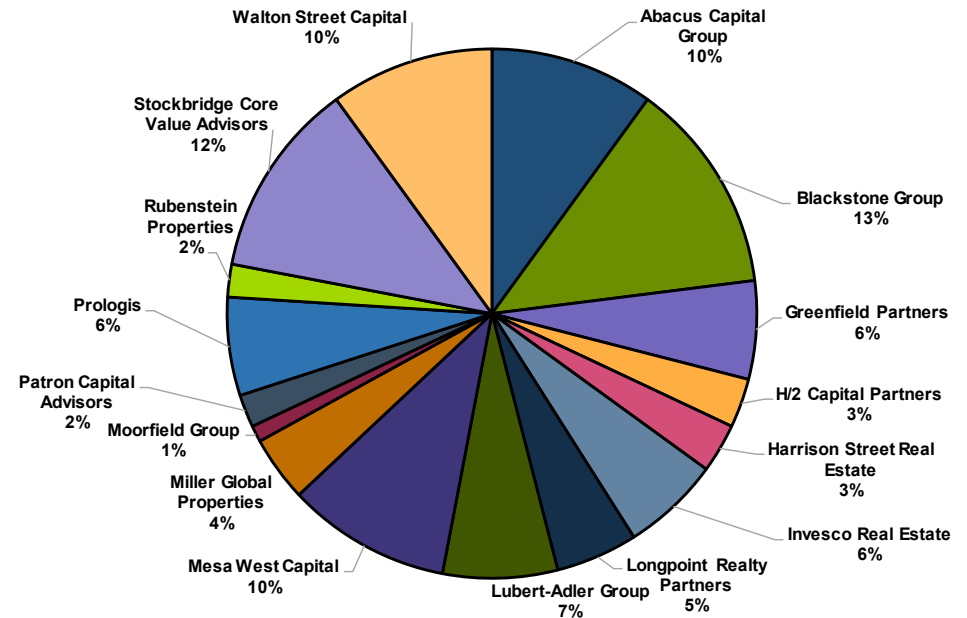
For the Period Ended 12/31/2018



Investment Manager Diversification—Compared to Policy Target of 20% Committed to One Manager

SBCERS Current Portfolio—Based on Current Commitments

Investment Managers	Capital Committed	Commitment Percentage
Abacus Capital Group	\$32,500,000	10%
Blackstone Group	42,000,000	13%
Greenfield Partners	17,500,000	6%
H/2 Capital Partners	10,000,000	3%
Harrison Street Real Estate	10,000,000	3%
Invesco Real Estate	20,000,000	6%
Longpoint Realty Partners	15,500,000	5%
Lubert-Adler Group	22,500,000	7%
Mesa West Capital	30,000,000	10%
Miller Global Properties	12,500,000	4%
Moorfield Group	4,685,400	1%
Patron Capital Advisors	5,457,000	2%
Prologis	20,000,000	6%
Rubenstein Properties	5,000,000	2%
Stockbridge Core Value Advisors	37,500,000	12%
Walton Street Capital	30,000,000	10%
Total	\$315,142,400	100%



Comments

- No investment manager exceeds the limit of 20% of the total commitment to real estate.

Compliance with Policy:



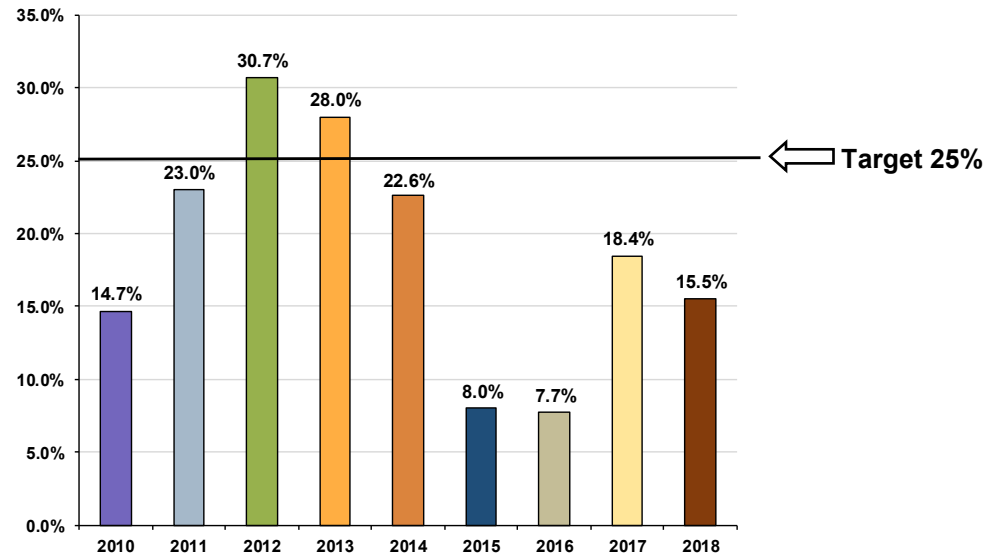
Portfolio Composition by Commitments

For the Period Ended 12/31/2018



Vintage Year Diversification—Compared to Policy Target of 25% Maximum Commitment Per Year

SBCERS Current Portfolio—Based on Current Real Estate Allocation



Comments

- Vintage Year represents the year SBCERS made its commitment to the investment based upon 12/31 portfolio real estate allocation.
- The Vintage Year commitment is a snapshot as of 12/31/2018. The over commitment in 2012 and 2013 resulted from the reinvestment of proceeds from the RREEF II liquidation in 2011.
- New commitments totaling \$45.0 million were made in the 2nd half of 2018 or 15.5% of the current real estate allocation.

Compliance with Policy:



Portfolio Composition by Market Values

For the Period Ended 12/31/2018

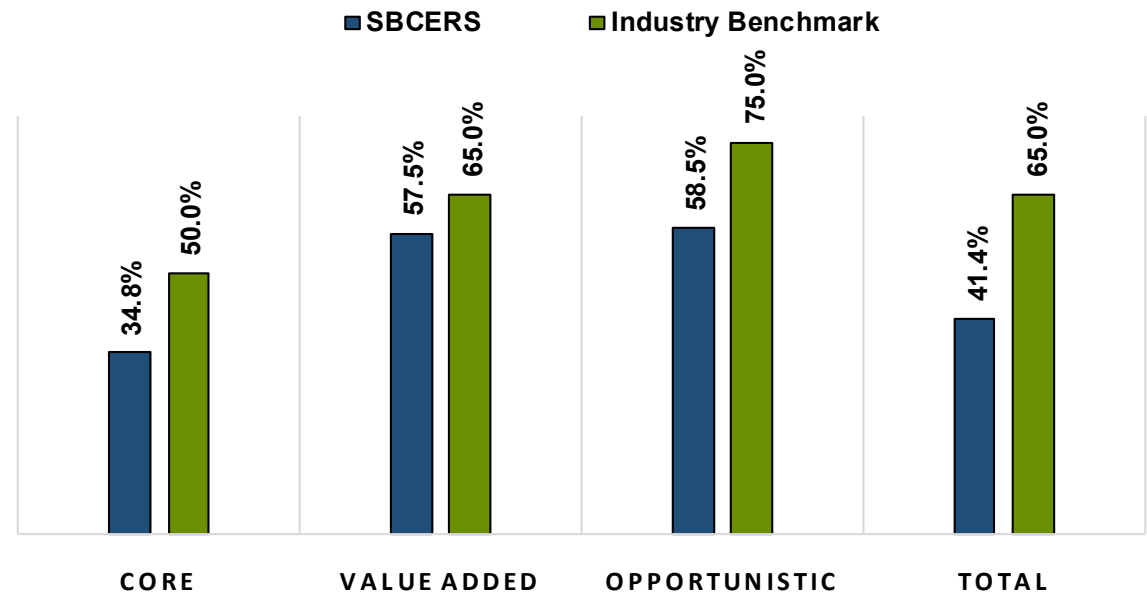


Leverage Ratio—Compared to Policy Target of 65% Aggregate Leverage

SBCERS Current Portfolio-Based on Market Value

Portfolio Investments	Leverage Ratio	Policy Maximum
Core Funds		
Abacus Core I	46.5%	
Blackstone Property Partners	47.5%	
H/2 Credit Partners	24.0%	
Harrison Street Core	25.1%	
Invesco US Income	34.3%	
Mesa West Core Lending	57.7%	
Mesa West Fund III	58.7%	
Mesa West Fund IV	60.0%	
Prologis Targeted Europe I	19.2%	
Prologis US Logistics	19.4%	
Stockbridge Smart Markets	21.6%	
Total Core	34.8%	50.0%
Value Added Funds		
Abacus III	55.9%	
Abacus IV	61.4%	
Greenfield Acquisition Partners VI	62.0%	
Greenfield Acquisition Partners VII	47.0%	
Miller Global VII	70.6%	
Miller Global VIII	65.2%	
Rubenstein III	60.8%	
Stockbridge Value II	54.4%	
Stockbridge Value III	64.8%	
Total Value Added	57.5%	65.0%
Opportunistic Funds		
Blackstone RE Fund VII	58.0%	
Lubert-Adler VII	61.6%	
Lubert-Adler VII-B	66.8%	
Moorfield III	35.0%	
Patron V	47.0%	
Walton Street VII	59.8%	
Walton Street VIII	61.0%	
Total Opportunistic	58.5%	75.0% +
Total Portfolio	41.4%	65.0%

SBCERS Current Portfolio Leverage vs. Industry Standards



Comments

- The Portfolio is within the Leverage Policy's Maximum levels for all categories as well as the overall portfolio.

Compliance with Policy:



Portfolio Composition by Commitments

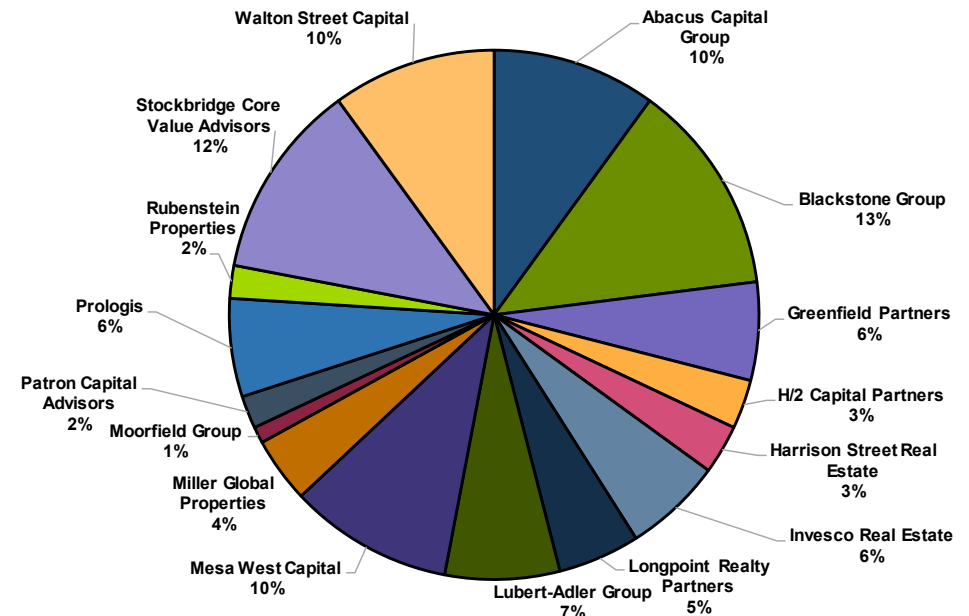
For the Period Ended 12/31/2018



Investment Size Limitation—Compared to Policy Target of 15% Total Real Estate Allocation

SBCERS Current Portfolio—Based on Current Commitments

Private Real Estate Investments	Capital Committed	Commitment Percentage
Abacus Core Income Fund I, L.P.	\$10,000,000	3%
Abacus Multi-Family Partners III, L.P.	7,500,000	2%
Abacus Multi-Family Partners IV, L.P.	15,000,000	5%
Blackstone Property Partners	30,000,000	10%
Blackstone Real Estate Partners VII, L.P.	7,500,000	2%
Blackstone Real Estate Partners IX, L.P.	4,500,000	2%
Greenfield Acquisition Partners VI, L.P.	7,500,000	3%
Greenfield Acquisition Partners VII, L.P.	10,000,000	3%
H/2 Credit Partners, L.P.	10,000,000	3%
Harrison Street Core Property, L.P.	10,000,000	3%
Invesco U.S. Income Fund, L.P.	20,000,000	6%
Longpoint Realty Fund I, L.P.	15,500,000	5%
Lubert-Adler Fund VII, L.P.	12,500,000	4%
Lubert-Adler Fund VII-B, L.P.	10,000,000	3%
Mesa West Core Lending Fund, L.P.	10,000,000	3%
Mesa West Real Estate Income Fund III, L.P.	10,000,000	3%
Mesa West Real Estate Income Fund IV, L.P.	10,000,000	3%
Miller Global Real Estate Fund VII, LLC	7,500,000	2%
Miller Global Real Estate Fund VIII, LLC	5,000,000	2%
Moorfield Real Estate Fund III, L.P.	4,685,400	2%
Patron Capital, L.P. V	5,457,000	2%
Prologis Targeted Europe Logistics Fund	5,000,000	2%
Prologis Targeted U.S. Logistics Fund, Inc.	15,000,000	5%
Rubenstein Properties III, L.P.	5,000,000	2%
Stockbridge Smart Markets Fund, L.P.	20,000,000	6%
Stockbridge Value Fund II, L.P.	7,500,000	2%
Stockbridge Value Fund III, L.P.	10,000,000	3%
Walton Street Debt II, L.P.	10,000,000	3%
Walton Street Fund VII, L.P.	10,000,000	3%
Walton Street Fund VIII, L.P.	10,000,000	3%
	\$315,142,400	100%



Comments

- Investment size represents an investment to an individual commingled fund or separate account.
- No portfolio investment exceeds 15% of the total real estate allocation.

Compliance with Policy:



Real Estate Fund/Manager Monitoring



Fund Name	Certification Checked (Yes/No)	Significant Events (Yes/No)	Strategy Change in Investment	Last Meeting by RE Consultant	Comments
Abacus Core Income Fund I, L.P.	Yes	No	No	5/13/2019	Annual meeting.
Abacus Multi-Family Partners III, L.P.	Yes	No	No	5/13/2019	Annual meeting.
Abacus Multi-Family Partners IV, L.P.	Yes	No	No	5/13/2019	Annual meeting.
Blackstone Property Partners	Yes	No	No	11/14/2018	Annual meeting.
Blackstone Real Estate Partners VII, L.P.	Yes	No	No	11/14/2018	Annual meeting.
Greenfield Acquisition Partners VI, L.P.	Yes	No	No	2/6/2019	Update meeting.
Greenfield Acquisition Partners VII, L.P.	Yes	No	No	2/6/2019	Update meeting.
Harrison Street Core Property, L.P.	Yes	No	No	9/26/2018	Annual meeting.
H/2 Credit Partners, L.P.	Yes	No	No	9/14/2018	Update meeting
Invesco U.S. Income Fund, L.P.	Yes	No	No	3/19/2019	Update meeting.

Real Estate Fund/Manager Monitoring



Fund Name	Certification Checked (Yes/No)	Significant Events (Yes/No)	Strategy Change in Investment	Last Meeting by RE Consultant	Comments
Lubert-Adler Fund VII, L.P.	Yes	No	No	1/27/2019	Update meeting.
Lubert-Adler Fund VII-B, L.P.	Yes	No	No	1/27/2019	Update meeting.
Mesa West Core Lending Fund, L.P.	Yes	No	No	4/11/2019	Annual meeting.
Mesa West Real Estate Income Fund III, L.P.	Yes	No	No	4/11/2019	Annual meeting.
Mesa West Real Estate Income Fund IV, L.P.	Yes	No	No	4/11/2019	Annual meeting.
Miller Global Real Estate Fund VII, L.P.	Yes	No	No	4/15/2019	Annual meeting.
Miller Global Real Estate Fund VIII, L.P.	Yes	No	No	4/15/2019	Annual meeting.
Moorfield Real Estate Fund III, L.P.	Yes	No	No	5/1/2019	Update meeting.
Patron Capital, L.P. V	Yes	No	No	5/1/2019	Update meeting.
Prologis European Logistics Fund	Yes	No	No	4/16/2019	Update meeting.

Real Estate Fund/Manager Monitoring



Fund Name	Certification Checked (Yes/No)	Significant Events (Yes/No)	Strategy Change in Investment	Last Meeting by RE Consultant	Comments
Prologis Targeted U.S. Logistics Fund, Inc.	Yes	No	No	4/16/2019	Update meeting.
Rubenstein Properties Fund III, LP	Yes	No	No	3/20/2019	Update meeting.
Stockbridge Smart Markets Fund, L.P.	Yes	No	No	4/3/2019	Update meeting.
Stockbridge Value Fund II, L.P.	Yes	No	No	4/3/2019	Update meeting.
Stockbridge Value Fund III, L.P.	Yes	No	No	4/3/2019	Update meeting.
Walton Street Fund VII, L.P.	Yes	No	No	2/20/2019	Update meeting.
Walton Street Fund VIII, L.P.	Yes	No	No	2/20/2019	Update meeting.

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