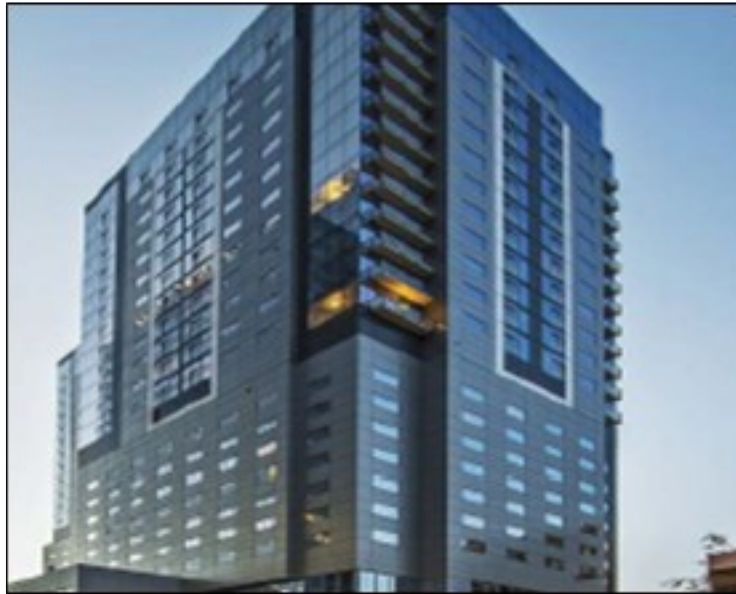


# First Quarter 2019 Real Estate Performance Update

---



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  
August 28, 2019

# Table of Contents



---

3	Real Estate Market Update
12	First Quarter 2019 Real Estate Performance
23	Portfolio Summary
25	Detailed Portfolio Summary for the Period Ending March 31, 2019

# Real Estate Market Update



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



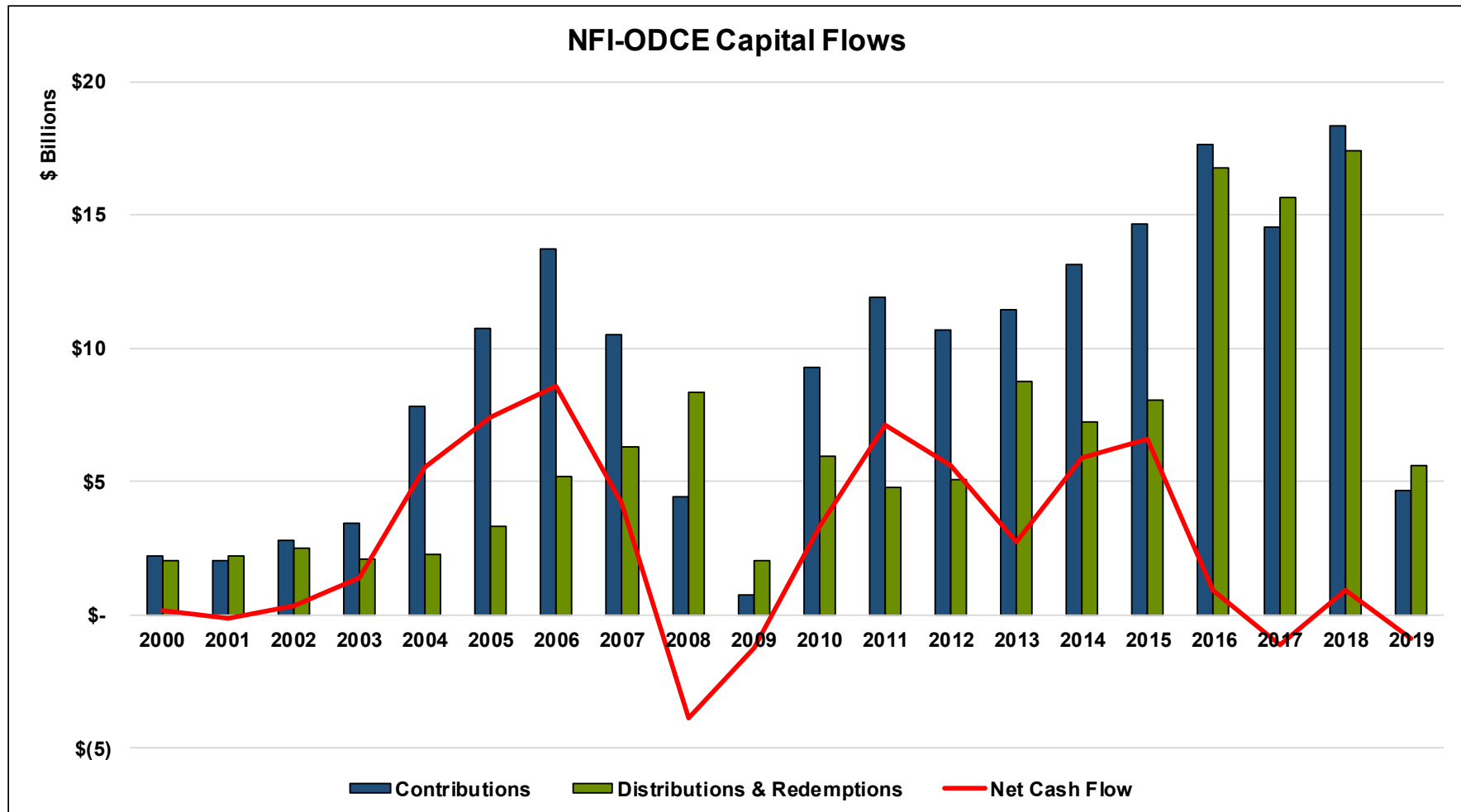
Stockbridge Smart Markets Fund  
Novella Apartments  
Redondo Beach, CA



Walton Street Fund VII  
World Trade Center  
Long Beach, CA

# Market Overview

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

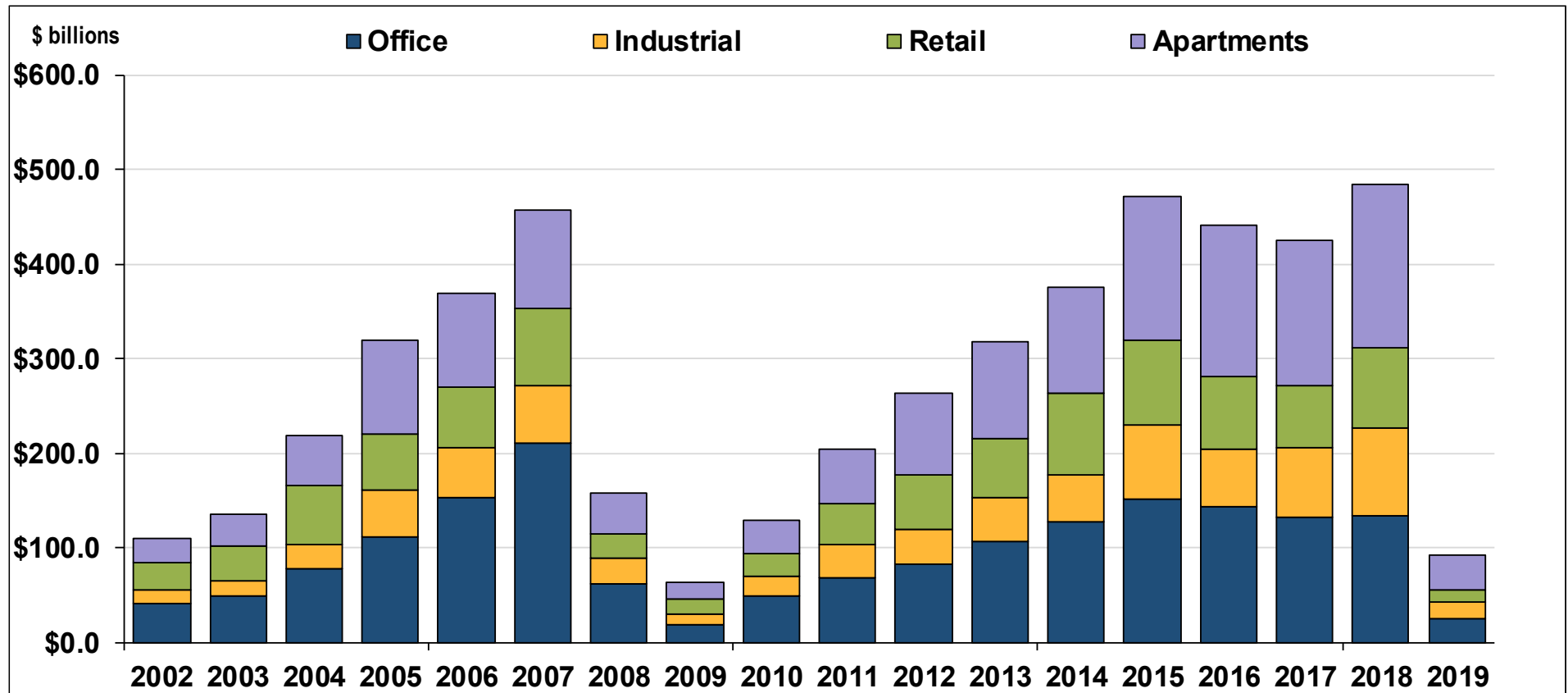


Source: NCREIF, as of April 2019.

# Market Overview



- During the quarter, transaction volume for all commercial properties decreased approximately 11.4% compared to the same quarter in 2018. Apartment transaction volume increased 1.3% while office (-14.2%), industrial (-15.4%) and retail (-15.9%) all saw double digit decreases in transaction volumes.



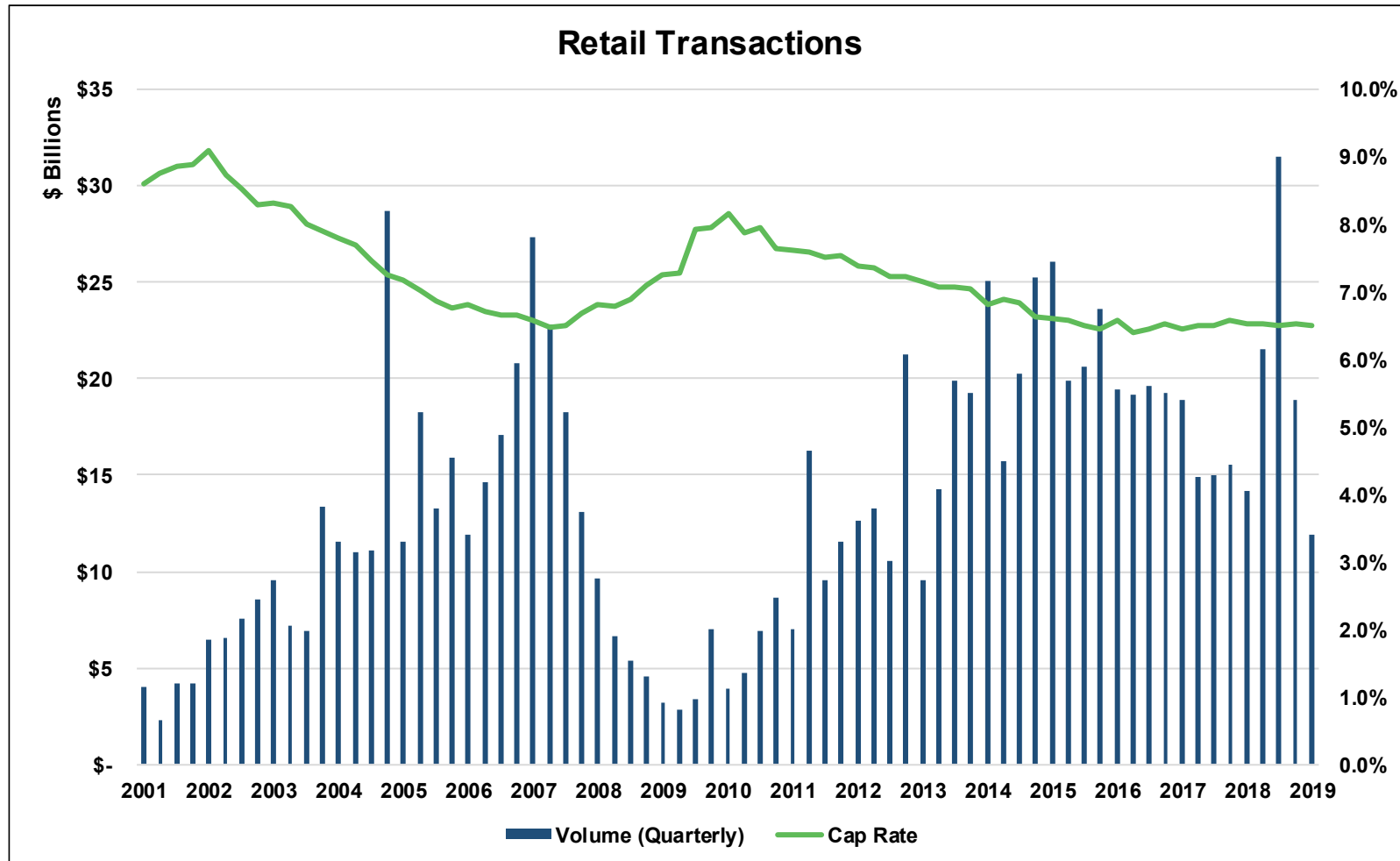
Source: Real Capital Analytics, as of March 2019.



# Market Overview



- While transactional cap rates for retail assets have remained relatively flat, the quarterly transaction volume was at its lowest level since 1Q 2013.



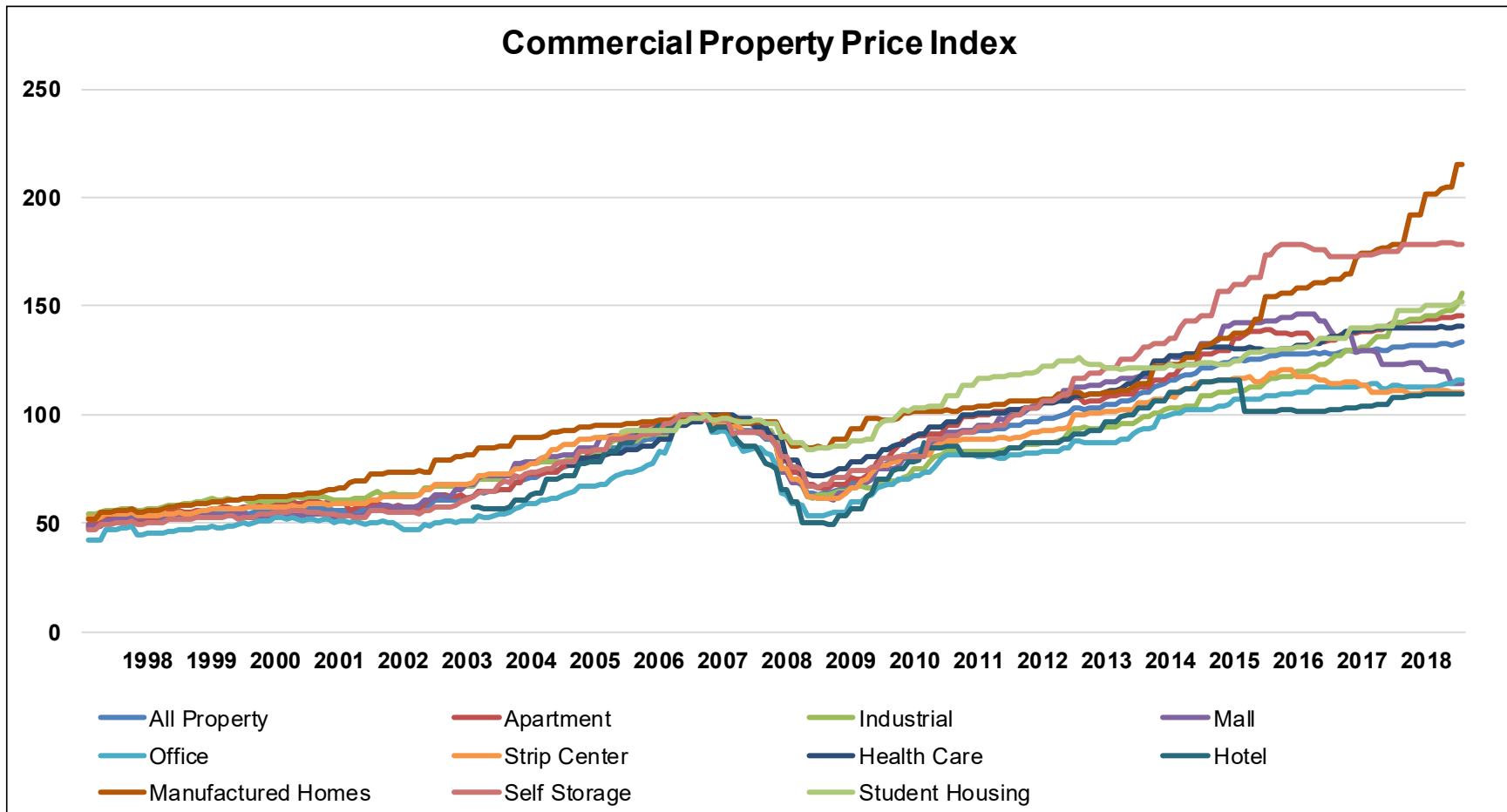
Source: Real Capital Analytics, as of March 2019



# Market Overview



- In aggregate, property values had increased nearly 3% from 1Q 2018 to 1Q 2019.
- Manufactured housing and industrial increased by approximately 16% and 9% year-over-year while malls decreased by 2%.

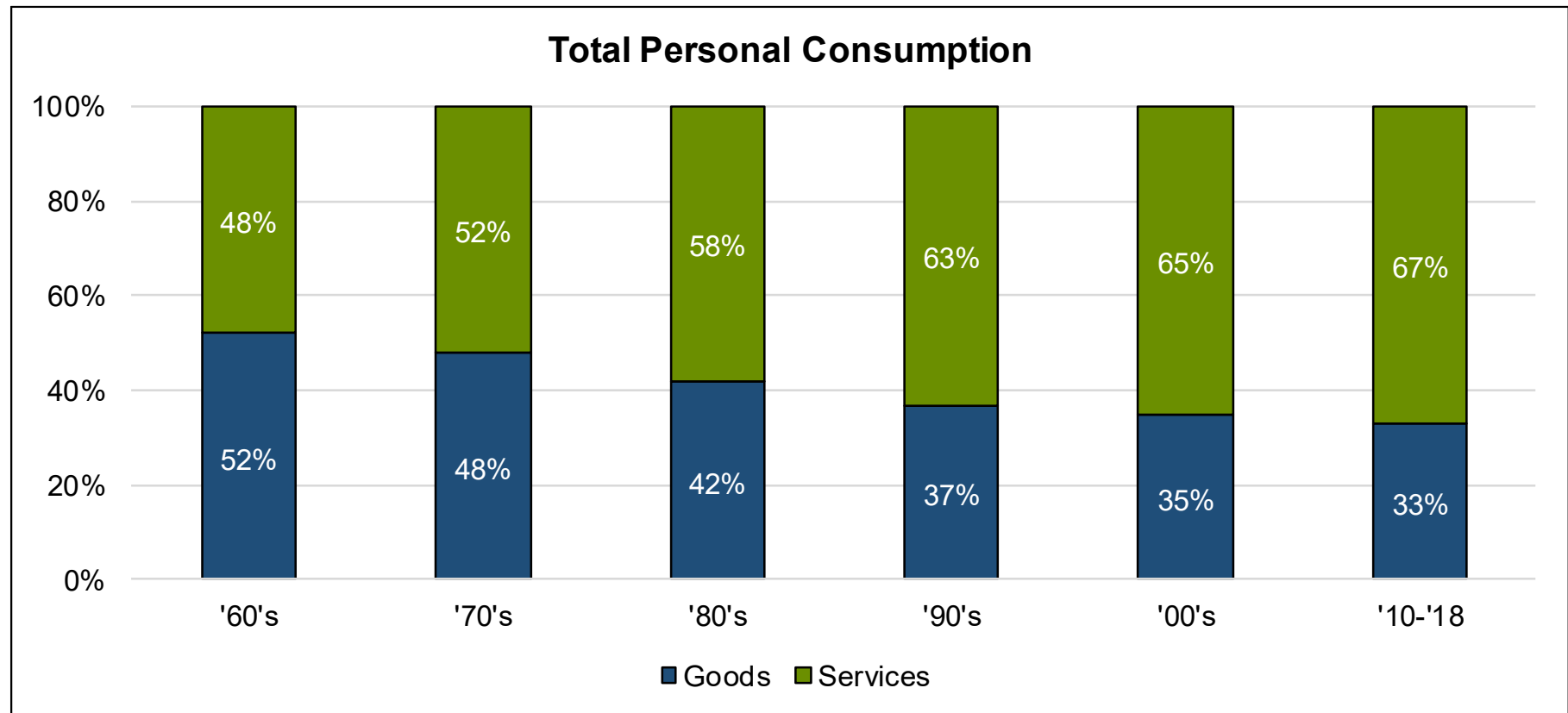


Source: Green Street Advisors as of July 2019



## Market Overview

- The preferences of consumers have shifted towards experiences rather than products.
- This has forced retail owners to focus on experiential retail and increase space dedicated to entertainment, leisure and fitness.
- Experiential retail is generally more immune to e-commerce threats.

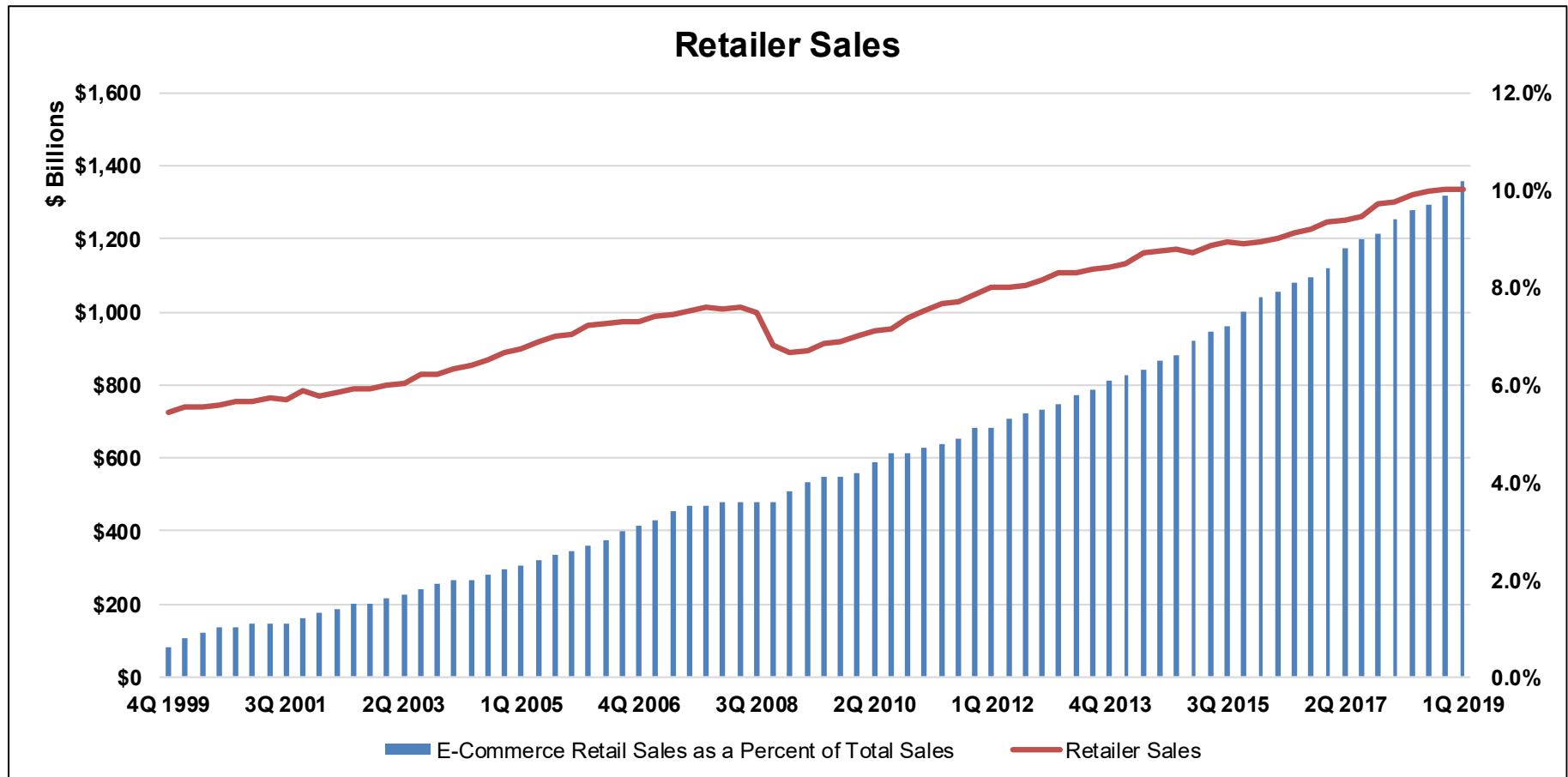


Source: BEA, FRED, Green Street Advisors as of December 2018



# Market Overview

- E-commerce continues to grow its market share of retail sales as it finally hit double digits (10.2%) market share of all retail transactions during the first quarter.

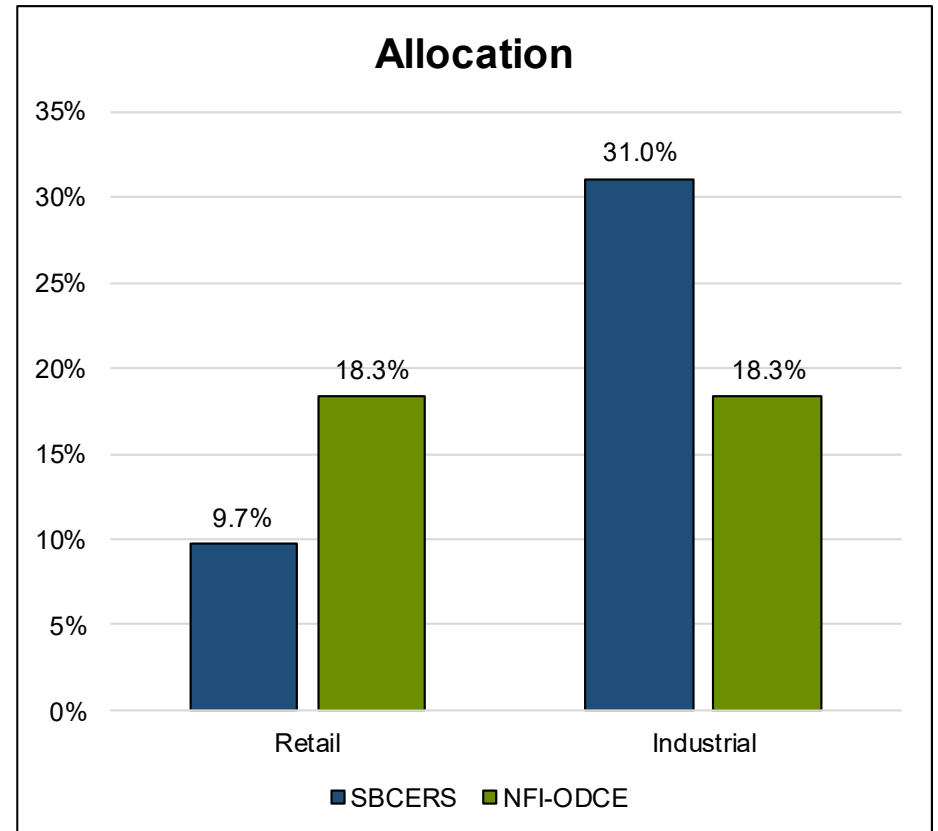
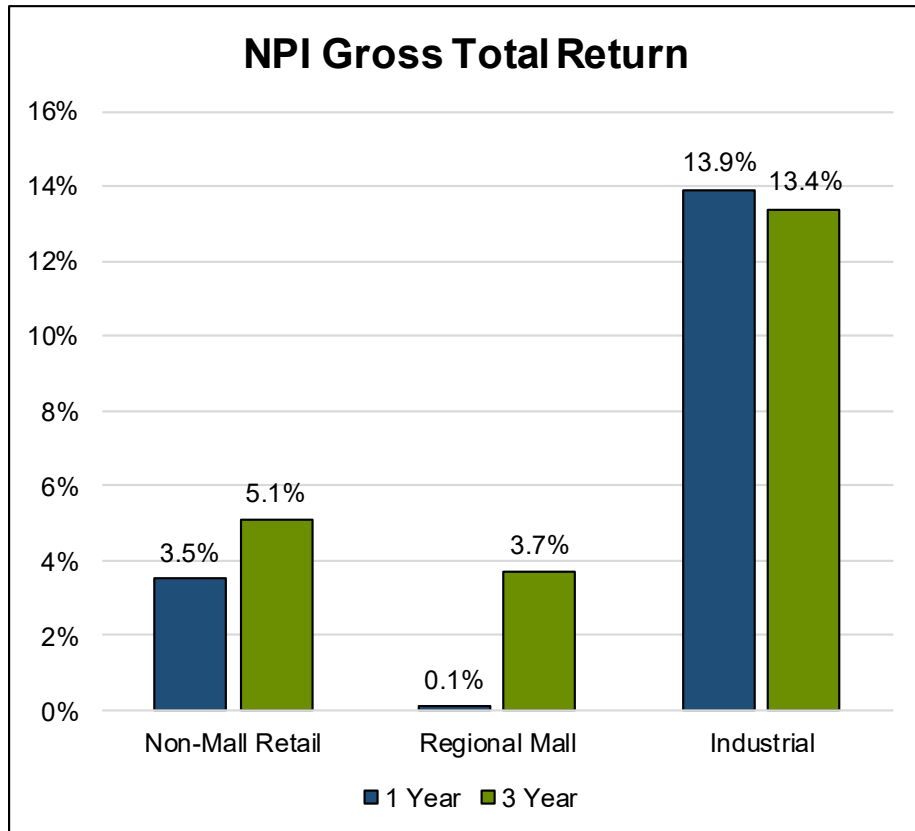


Source: U.S. Census Bureau as of May 2019

# Market Overview



- ORG has strategically positioned SBCERS’s portfolio to be underweight to traditional retail (limit mall exposure to almost zero) and to over-allocate towards e-commerce resistant retail (experiential retail and grocery-anchored retail) and capitalize on e-commerce growth through an overweight to industrial.



Source: NCREIF as of June 2019, Allocation data as of March 2019



## Market Overview

### Longpoint Realty Fund I, L.P.

- ORG identified this trend and heavily under weighted the retail sector. As of 1Q19, the SBCERS portfolio is 10% retail whereas the ODCE index is 18%. SBCERS's retail exposure must be strategically allocated to take advantage of repricing of the sector as well as to mitigate exposure to e-commerce.
- In August 2018, SBCERS invested in Longpoint Realty Fund I, L.P. which seeks to invest in niche retail assets that appear resilient to e-commerce penetration as well as industrial properties. A prime example of this strategy is Stassney Heights Plaza, a shopping center located in Austin, TX with a regional ethnic grocer (Fiesta) as its anchor tenant. Austin has experienced significant population growth and Longpoint seeks to take advantage of this growth by upgrading the property and releasing tenants at higher rents as leases roll.
- The Fund underwrote the investment to a 16.2% gross IRR. Since inception the Fund as a whole is underwriting to a 15% net IRR.

*Inline Tenants*



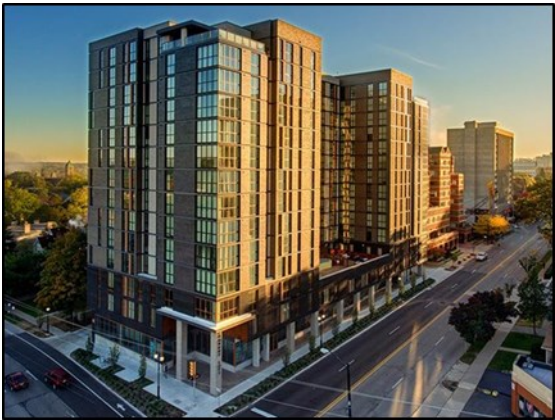
*Grocery Anchor*



# First Quarter 2019 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

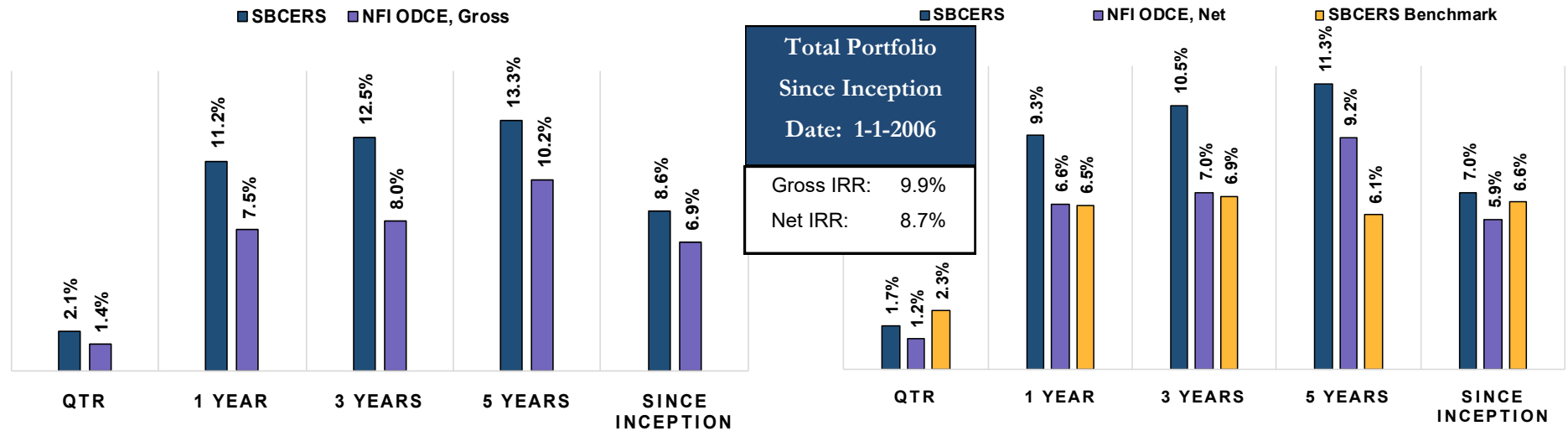
# SBCERS Investment Return Snapshot

## As of March 31, 2019



### Investment Returns—Time Weighted, Gross of Fees

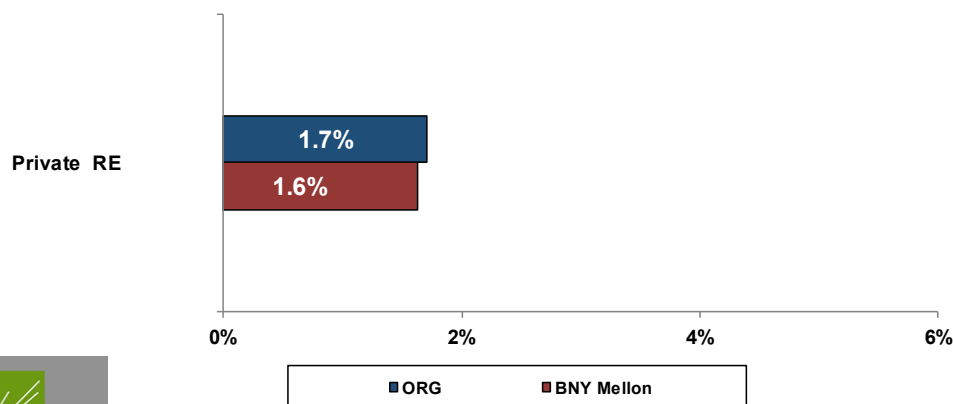
### Investment Returns—Time Weighted, Net of Fees



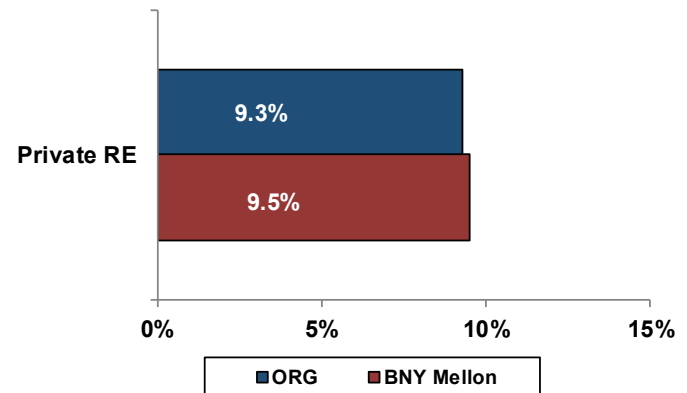
Note: SBCERS Benchmark is a real rate of return (adjusted for inflation) of 4.5%, net of investment management fees.

### ORG /BNY Mellon Return Comparison—Time Weighted, Net of Fees (Mellon Report 6/30/2019)

#### Quarter Returns



#### 1 Year Returns

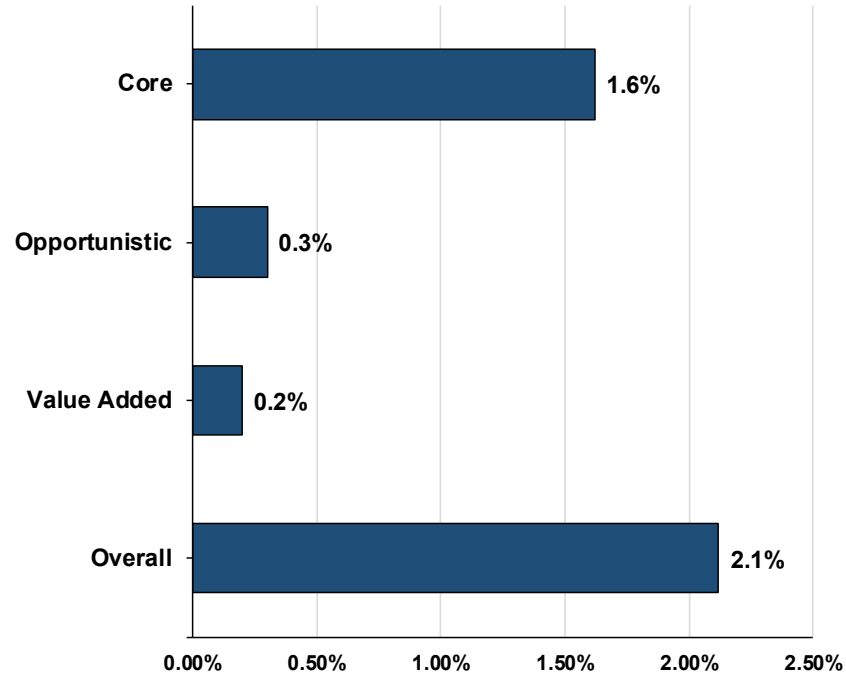


# SBCERS Real Estate Attribution Analysis

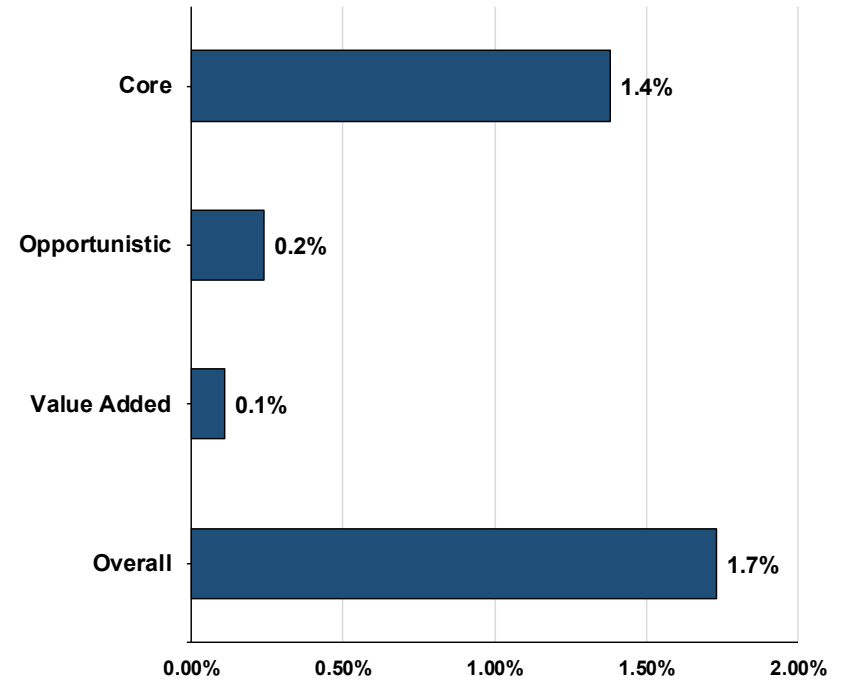
## Quarter Return data for March 31, 2019



### 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 March 31, 2019



Private Real Estate	3/31/2019	12/31/2018	Change
<b>Funds</b>			
Number of Funds	31	31	0
Number of General Partner Relationships	16	16	0
Capital Committed	\$315.1	\$315.1	\$0.0
Unfunded Commitment	\$99.1	\$103.7	(\$4.6)
<b>Total Private Real Estate</b>			
Quarterly Contributions	\$6.4	\$5.7	\$0.7
Quarterly Distributions	(\$6.4)	(\$11.8)	\$5.4
Total Market Value	\$273.1	\$268.9	\$4.2
Equity Multiple, Net of Fees	1.5x	1.5x	0.0x
Portfolio Since Inception of IRR, Net of Fees	8.7%	8.8%	-0.1%

Note: All dollars are in millions.

- Of the \$315.1 million committed to Private Real Estate, 68.6% has been called through 3/31/2019.
- 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 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"> <li>• Commit up to \$20 million to Core investment strategies.</li> <li>• 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"> <li>• <i>\$10 million commitment to ABR Chesapeake Investors VI LP , Value-Added Fund, in July 2019.</i></li> <li>• <i>\$10 million commitment to Alcion Real Estate Partners Fund IV, L.P. , Opportunistic Fund, in July 2019.</i></li> </ul> </li> <li>• As part of the new Value Added and/or Opportunistic funds, consider up to \$20 million in international opportunities.</li> </ul>
<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"> <li>• Considering redeeming out of selected open ended Core funds and reinvesting proceeds in new Core Opportunities.                             <ul style="list-style-type: none"> <li>• <i>ORG is closely watching the open ended Core funds as pricing increases overall. No redemptions have been identified.</i></li> </ul> </li> <li>• Evaluate and consider ending the dividend reinvestment program in certain Core funds.                             <ul style="list-style-type: none"> <li>• <i>ORG is evaluating the dividend reinvestment programs and has not elected to end any dividend reinvestment programs at this time.</i></li> </ul> </li> </ul>
<p>Present additional educational seminar for the Trustees during 2019.</p>	<ul style="list-style-type: none"> <li>• Details of educational seminars will be agreed upon at a future date.</li> </ul>

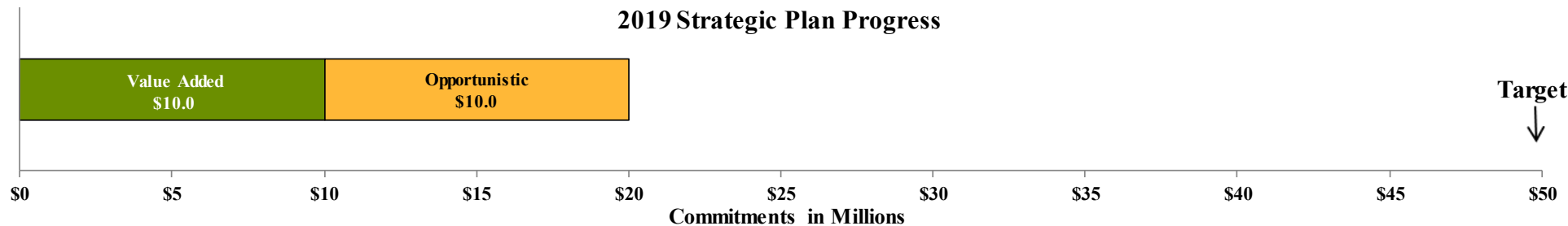


# Progress Towards Strategic Plan for 2019



Commitment Activity - 2019 Commitments				
Closing Date	Partnership	Strategy	Geographic Focus	Commitment (\$ millions)
7/1/2019	ABR Chesapeake Investors VI LP	Value-Added	United States	\$10.0
7/31/2019	Alcion Real Estate Partners Fund IV, L.P.	Opportunistic	United States	\$10.0
			<b>Total</b>	<b>\$20.0</b>

2019 Strategic Plan Progress



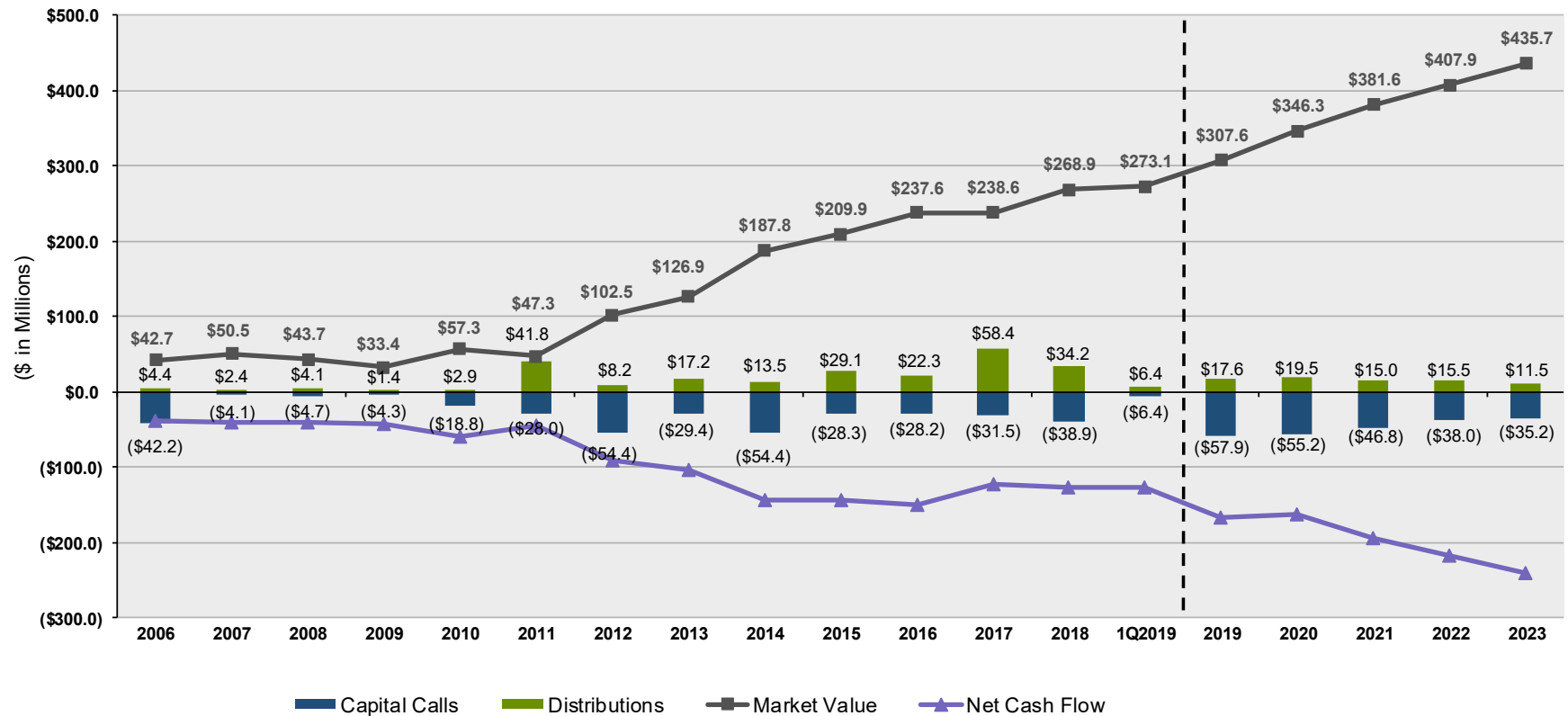
**Portfolio Summary**  
As of March 31, 2019



Private Real Estate					
in \$ Millions	Quarter Ending				One Year Ending
	6/30/2018	9/30/2018	12/31/2018	3/31/2019	3/31/2019
Beginning Market Value	\$258.8	\$269.4	\$269.6	\$268.9	\$258.8
Contributions	\$11.1	\$5.2	\$5.7	\$6.4	\$28.4
Distributions	(\$7.2)	(\$11.8)	(\$11.8)	(\$6.4)	(\$37.2)
Net Income/Appreciation	\$6.7	\$6.8	\$5.5	\$4.2	\$23.1
Ending Market Value	\$269.4	\$269.6	\$268.9	\$273.1	\$273.1
Unfunded Commitments	\$68.0	\$77.1	\$103.7	\$99.1	\$99.1
Since Inception IRR - Net	8.8%	8.8%	8.8%	8.7%	8.7%

- The Private Real Estate Since Inception IRR has decreased from 8.8% to 8.7% over the last four quarters.

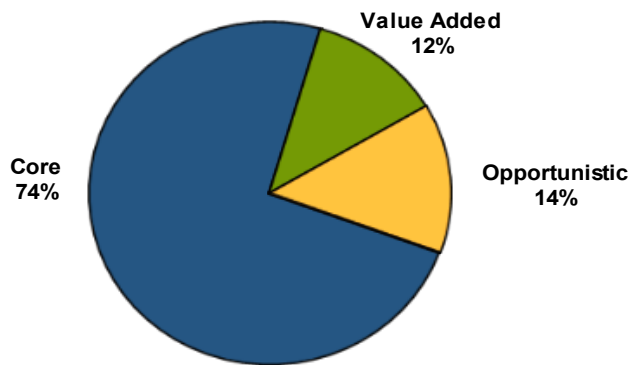
# Annual Cash Flow Summary



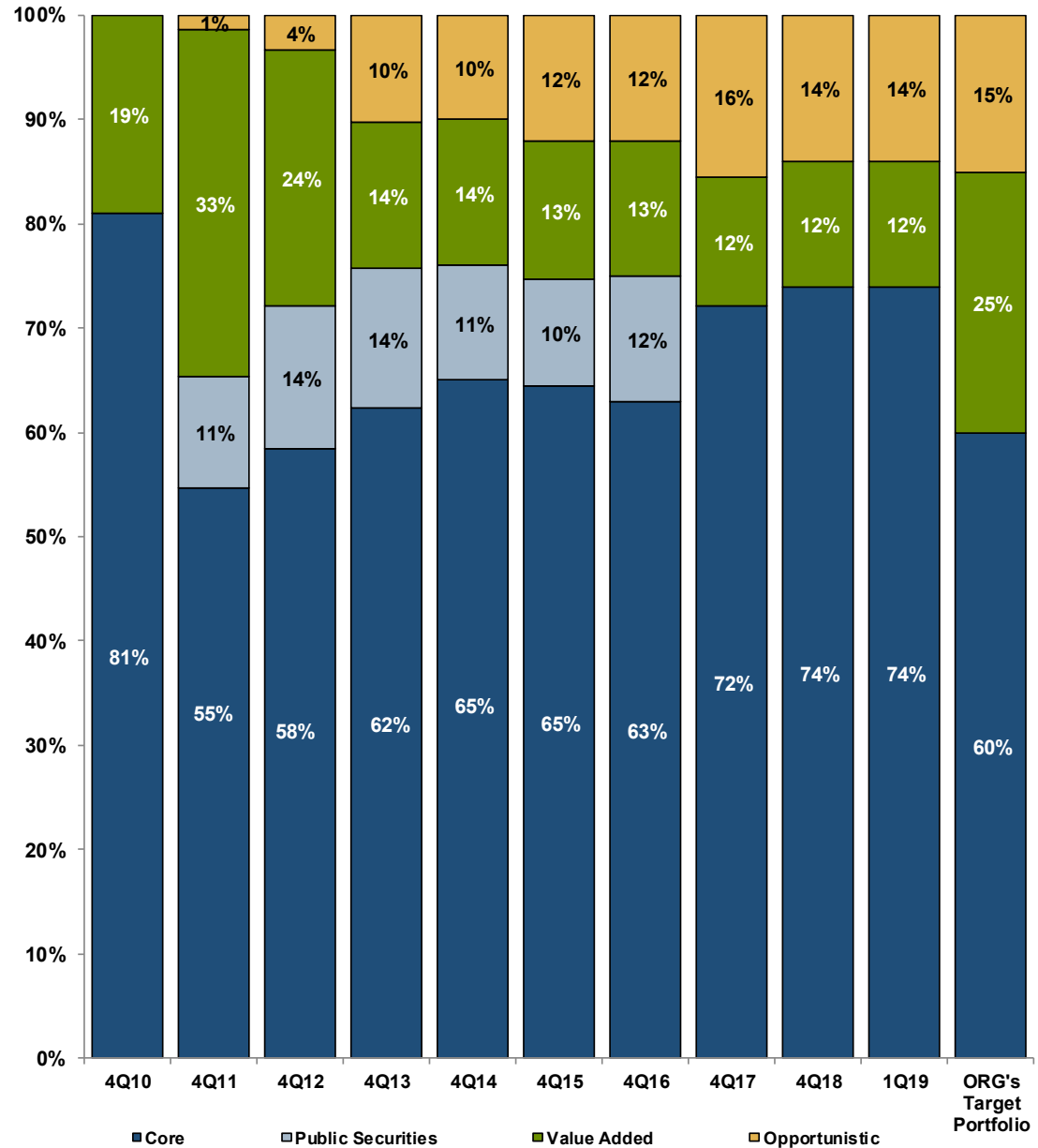
- Between 2012 and the 1st Quarter 2019, the capital calls have outpaced the distributions by approximately \$82.1 million.

# Strategy Diversification

**Strategy Diversification  
By Market Value  
As of March 31, 2019**

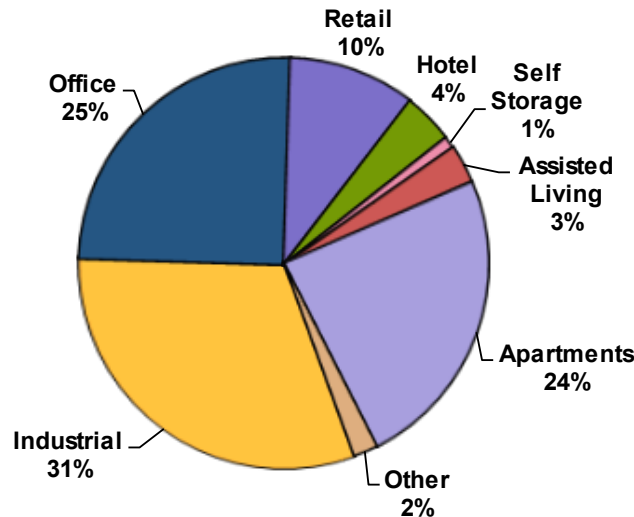


- The SBCERS Real Estate Investment policy has an allocation range of 40-80% for the Core strategy. The total Core investments is 74% as of March 31, 2019.
- The remaining portion of the portfolio is divided between Value Added and Opportunistic investments. Both are within the Policy ranges.

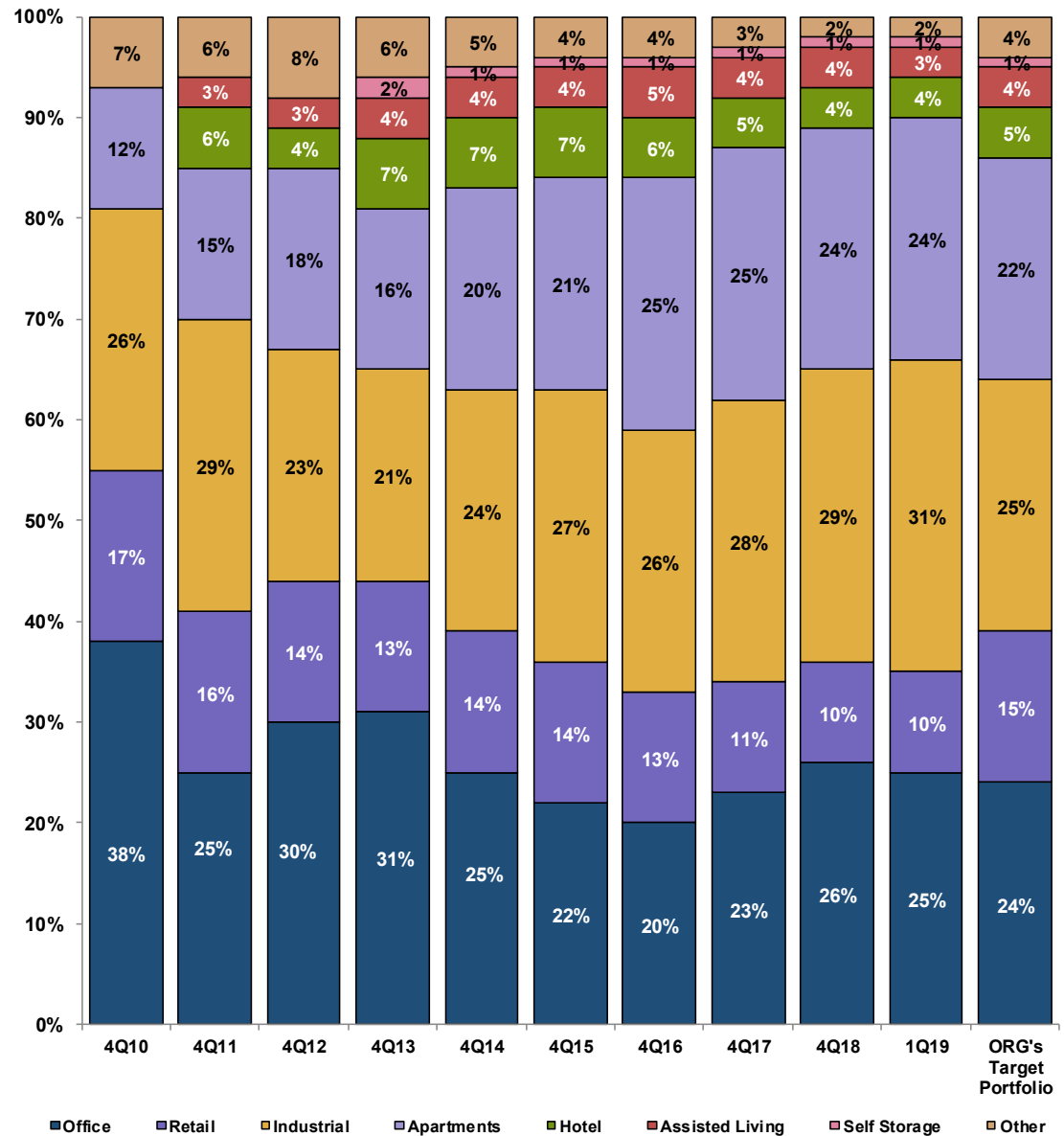


# Property Type Diversification

**Property Type Diversification  
By Market Value  
As of March 31, 2019**

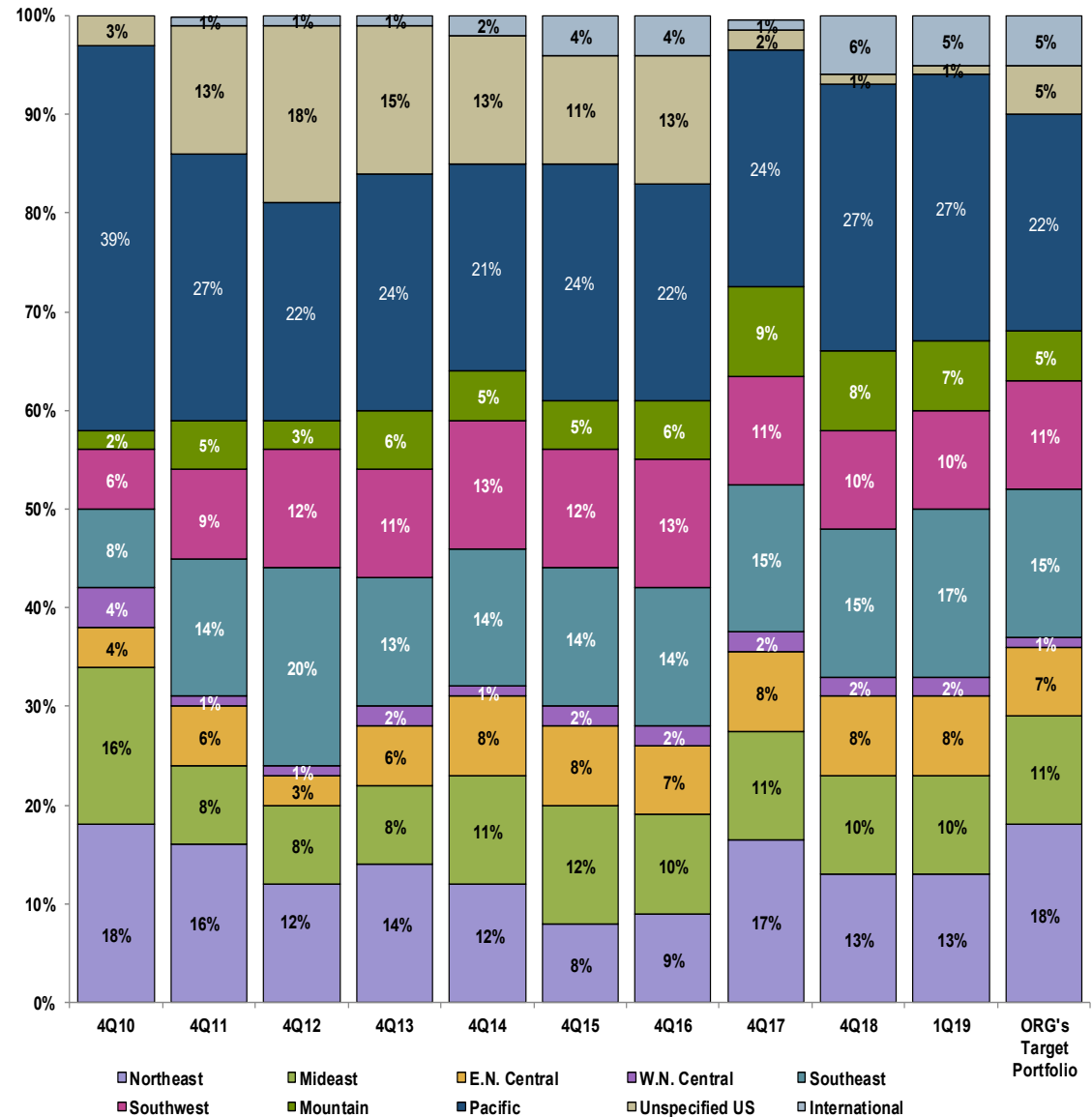
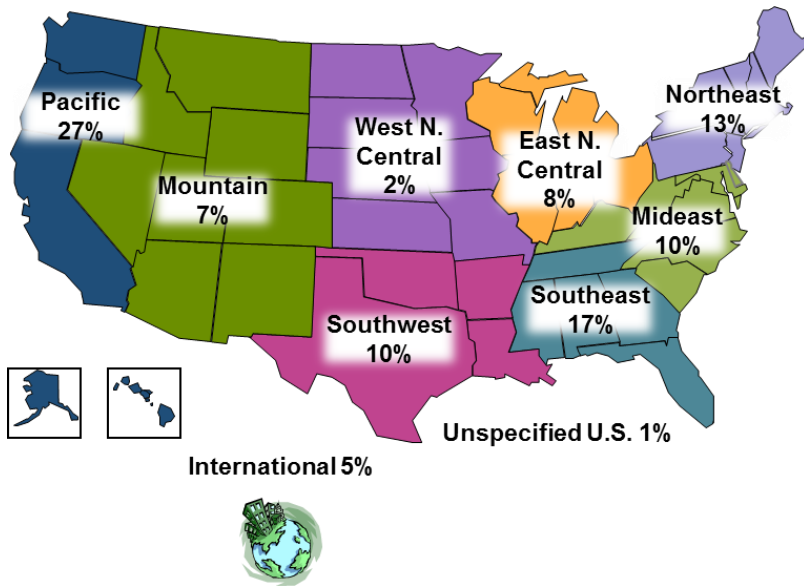


- Consistent with the SBCERS Real Estate Investment Policy, Office, Retail, Industrial and Apartments property types are within their range.
- Investing in several types of real estate minimizes the risk by diversification.



# Geographic Diversification

**Geographic Diversification  
By Market Value  
As of March 31, 2019**



- 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 March 31, 2019



Vintage Year	Investment Strategy	Private Real Estate Investments	Capital Committed	Total Contributions	Total Distributions	3/31/2019 Market Value	Net IRR	Net Equity Multiple
<b>Active Funds</b>								
2009	Opportunistic	Rockwood Capital Real Estate Partners VIII, L.P.	\$0	\$8,113,417	\$15,044,705	\$45,937	19.0%	1.9x
2010	Core	H/2 Credit Partners, L.P.	10,000,000	10,000,000	0	15,241,408	5.4%	1.5x
2011	Core	Prologis Targeted U.S. Logistics Fund, Inc.	15,000,000	19,539,573	6,553,734	39,010,028	15.8%	2.3x
	Value Added	Greenfield Acquisition Partners VI, L.P.	7,500,000	10,039,013	12,165,914	832,299	10.7%	1.8x
	Opportunistic	Blackstone Real Estate Partners VII, L.P.	7,500,000	10,233,764	10,957,343	4,999,835	17.0%	2.5x
2012	Core	Harrison Street Core Property, L.P.	10,000,000	14,431,761	4,523,710	17,402,253	9.2%	1.6x
		Stockbridge Smart Markets Fund, L.P.	20,000,000	27,925,560	7,925,560	38,814,357	10.7%	1.7x
	Value Added	Miller Global Real Estate Fund VII, LLC	7,500,000	9,820,985	11,699,331	420,430	14.8%	2.1x
	Opportunistic	Walton Street Fund VII, L.P.	10,000,000	9,073,141	7,695,858	5,141,875	12.5%	1.5x
2013	Core	Invesco U.S. Income Fund, L.P.	20,000,000	26,976,407	7,673,158	34,415,728	12.3%	1.6x
		Mesa West Core Lending Fund, L.P.	10,000,000	13,605,744	3,831,530	13,603,672	6.7%	1.3x
		Mesa West Real Estate Income Fund III, L.P.	10,000,000	7,575,674	8,201,888	1,638,145	9.1%	3.3x
	Value Added	Greenfield Acquisition Partners VII, L.P.	10,000,000	11,301,493	7,483,469	8,540,826	12.7%	2.1x
	Opportunistic	Lubert-Adler Fund VII, L.P.	12,500,000	11,922,096	5,430,685	10,688,789	7.5%	1.3x
2014	Core	Abacus Core Income Fund I, L.P.	10,000,000	8,913,368	2,226,616	11,019,948	11.9%	1.5x
		Prologis Targeted Europe Logistics Fund *	5,000,000	5,304,339	1,206,435	6,660,770	9.8%	1.5x
	Value Added	Abacus Multi-Family Partners III, L.P.	7,500,000	6,944,505	7,341,904	3,535,304	26.4%	1.6x
		Stockbridge Value Fund II, L.P.	7,500,000	6,515,229	5,773,099	3,871,736	14.0%	1.5x
	Opportunistic	Moorfield Real Estate Fund III, L.P. +	4,685,400	4,115,433	1,679,158	3,113,781	27.0%	1.6x
2015	Core	Mesa West Real Estate Income Fund IV, L.P.	10,000,000	3,162,082	291,451	3,167,103	8.5%	1.1x
	Opportunistic	Patron Capital, L.P. V *	5,457,000	2,356,481	476,900	2,353,965	13.7%	1.4x
2016	Value Added	Lubert-Adler Fund VII-B, L.P.	10,000,000	5,250,000	233,464	5,588,887	9.0%	1.1x
	Opportunistic	Rubenstein Properties III, L.P.	5,000,000	2,882,315	-	2,859,941	-0.6%	1.0x
2017	Core	Blackstone Property Partners	30,000,000	20,676,890	676,890	21,971,194	7.9%	1.1x
	Value Added	Abacus Multi-Family Partners IV, L.P.	15,000,000	3,986,198	580,390	3,986,858	26.2%	1.3x
		Miller Global Real Estate Fund VIII, LLC	5,000,000	3,774,660	1,971,176	1,913,782	3.6%	1.4x
		Stockbridge Value Fund III, L.P.	10,000,000	3,166,471	90,880	2,927,941	-6.4%	1.0x
	Opportunistic	Walton Street Fund VIII, L.P.	10,000,000	6,399,351	647,385	6,686,540	12.6%	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	3,100,000	0	2,612,364	n/a	n/a
	Opportunistic	Blackstone Real Estate Partners IX, L.P.	4,500,000	0	0	0	n/a	n/a
<b>Private Real Estate Active Funds Total</b>			<b>\$315,142,400</b>	<b>\$277,105,951</b>	<b>\$132,382,632</b>	<b>\$273,065,695</b>	<b>8.7%</b>	<b>1.5x</b>

\* Euro to US Dollar exchange rate as of 3/31/2019: 1.1228  
 + GBP to US Dollar exchange rate as of 3/31/2019: 1.3032

nm: Not Meaningful

For Institutional Investor use only. Proprietary & Confidential. 24



# Detailed Portfolio Summary for the Period Ending March 31, 2019



Blackstone Real Estate Partners VII  
The Cosmopolitan  
Las Vegas, NV



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



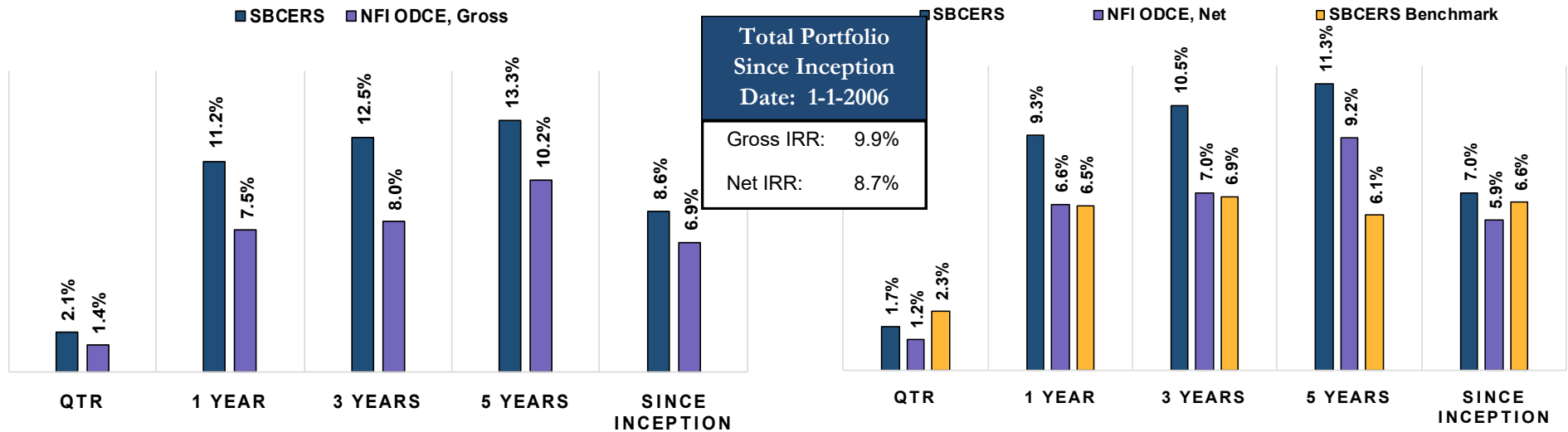
Greenfield Acquisition Partners VII  
TriWest Plaza  
Dallas, TX

# 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 March 31, 2019		Market Value	Percent of Fund
<b>Portfolio Market Value</b>		\$273,065,695	8.8%
Private	\$273,065,695		
Public	\$0		
<b>Current Unfunded Commitments</b>		\$99,081,589	
<b>Total Market Value and Unfunded Commitments</b>		\$372,147,284	12.1%
<b>Total Fund Market Value</b>		\$3,085,785,910	
Total Allocation to Real Estate	\$308,578,591		10.0%
<b>Total Loan-to-Value Ratio</b>		41.7%	

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

### ORG Portfolio Management Contact:

Edward Schwartz      Phone: 216-910-9080  
Partner  
3733 Park East Dr.  
Suite 210  
Cleveland, OH 44122  
  
E-Mail: [eschwartz@orgpm.com](mailto:eschwartz@orgpm.com)

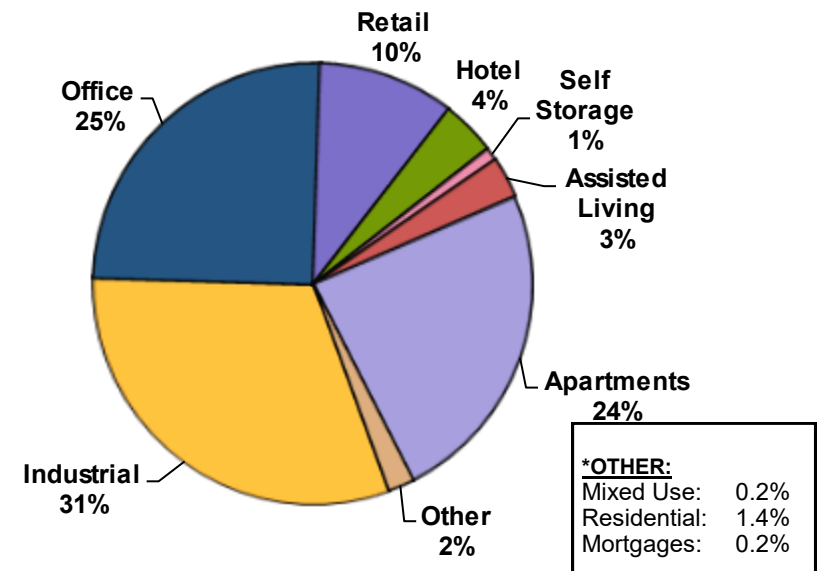
# Santa Barbara County Employees' Retirement System Executive Summary



## Investment Policy Compliance

	Compliance Level	Reference Page
Portfolio Diversification	✓	Page 42
Property Type Diversification	✓	Page 43
Geographic Diversification	✓	Page 44
Investment Manager Diversification	✓	Page 45
Vintage Year Diversification	✓	Page 46
Total Portfolio Leverage	✓	Page 47
Investment Size Limitation	✓	Page 48

## Property Type Diversification by Market Values

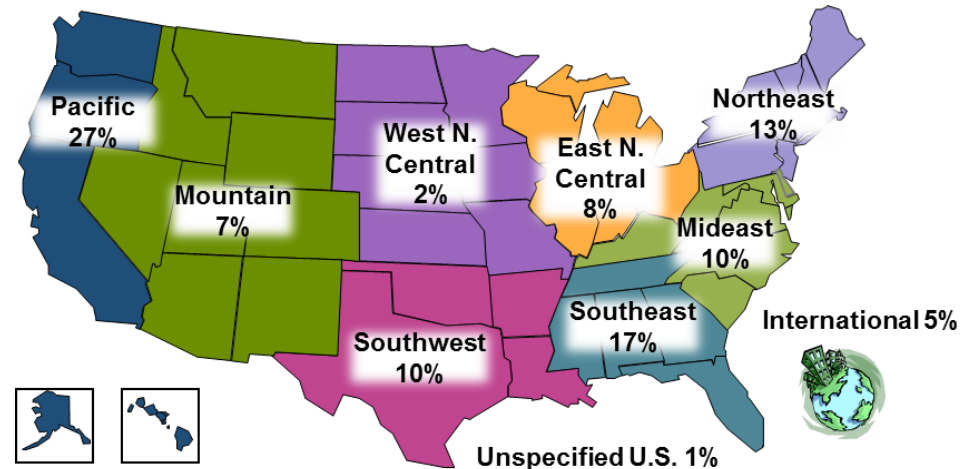


## Investment Portfolio Commentary

- 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 3/31/2019



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.
<b>Core Funds</b>										
Abacus Core I	\$11,019,948		\$8,807,059	\$1,192,941	46.8%	5.5%	18.0%	13.3%		14.6%
Blackstone Property Partners	21,971,194		20,000,000	10,000,000	49.5%	2.0%	9.0%			9.4%
H/2 Credit Partners	15,241,408		10,000,000	0	24.0%	-1.1%	-0.4%	6.5%	5.4%	7.4%
Harrison St. Core Property	17,402,253		10,000,000	0	23.7%	1.5%	7.6%	9.3%	9.7%	9.9%
Invesco US Income	34,415,728		20,000,000	0	33.7%	1.9%	12.2%	12.4%	13.2%	12.9%
Mesa West Core Lending	13,603,672		10,000,000	0	57.6%	1.9%	8.0%	7.9%	7.9%	8.1%
Mesa West Fund III	1,638,145		991,429	9,008,571	59.1%	3.5%	16.2%	13.4%	13.2%	13.2%
Mesa West Fund IV	3,167,103		3,111,111	6,888,889	60.0%	2.7%	13.1%			15.2%
Prologis Europe Logistics +	6,660,770		5,000,000	0	21.4%	2.6%	8.2%	14.3%	12.3%	12.3%
Prologis US Logistics	39,010,028		15,000,000	0	19.0%	3.2%	17.7%	20.0%	18.9%	18.1%
Stockbridge Smart Mkts.	38,814,357		20,000,000	0	25.2%	2.1%	8.1%	8.7%	10.3%	11.7%
Walton St. Debt II***	0		0	10,000,000						
<b>Total Core</b>	<b>\$202,944,606</b>	<b>74.3%</b>	<b>\$122,909,599</b>	<b>\$37,090,401</b>	<b>35.0%</b>	<b>2.2%</b>	<b>10.5%</b>	<b>11.9%</b>	<b>12.0%</b>	<b>7.2%</b>
<b>Value Added Funds</b>										
Abacus Multi-Family III	3,535,304		6,794,451	705,549	54.1%	6.3%	25.4%	34.1%		42.6%
Abacus Multi-Family IV	3,986,858		3,541,533	11,458,467	58.5%	6.5%				87.7%
Greenfield Acq. Prtnrs. VI	832,299		7,194,872	305,128	59.0%	1.2%	-25.4%	-10.0%	0.4%	5.9%
Greenfield Acq. Prtnrs. VII	8,540,826		8,556,885	1,443,115	46.0%	0.4%	12.8%	16.0%		17.3%
Longpoint I	2,612,364		3,100,000	12,400,000	38.3%					
Miller Global VII	420,430		6,006,795	1,493,205	68.0%	-10.1%	-7.0%	12.6%	20.0%	18.2%
Miller Global VIII	1,913,782		2,908,782	2,091,218	60.6%	-1.9%	22.5%			7.8%
Rubenstein III	2,859,941		2,849,558	2,150,442	60.7%	-1.1%	2.2%			9.3%
Stockbridge Value II	3,871,736		6,418,877	1,081,123	53.8%	1.7%	15.7%	18.9%		19.3%
Stockbridge Value III	2,927,941		3,163,380	6,836,620	62.0%	1.9%				-2.2%
<b>Total Value Added</b>	<b>\$31,501,481</b>	<b>11.5%</b>	<b>\$50,535,133</b>	<b>\$39,964,867</b>	<b>53.4%</b>	<b>1.8%</b>	<b>15.7%</b>	<b>18.5%</b>	<b>20.9%</b>	<b>14.1%</b>
<b>Opportunistic Funds</b>										
Blackstone RE Fund V/II	4,999,835		6,398,681	1,101,319	57.8%	4.4%	4.6%	10.4%	13.5%	18.9%
Blackstone RE Fund IX***	0		0	4,500,000						
Lubert-Adler VII	10,688,789		11,410,223	1,089,777	65.2%	1.3%	13.4%	11.8%	10.0%	6.8%
Lubert-Adler VII-B	5,588,887		5,250,000	4,750,000	65.6%	3.0%	14.4%			9.7%
Moorfield III *	3,113,781		4,685,400	0	34.0%	4.0%	26.9%	21.1%		26.3%
Patron V*	2,353,965		2,302,501	3,154,499	47.0%	0.3%	10.0%			24.1%
Rockwood Fund V/III	45,937		0	0						13.3%
Walton St. VII	5,141,875		6,817,308	3,182,692	63.1%	0.5%	0.7%	7.9%	12.9%	16.2%
Walton St. VIII	6,686,540		5,751,967	4,248,033	61.3%	2.0%	11.1%			17.7%
<b>Total Opportunistic</b>	<b>38,619,608</b>	<b>14.1%</b>	<b>42,616,080</b>	<b>22,026,320</b>	<b>59.7%</b>	<b>2.1%</b>	<b>10.7%</b>	<b>12.1%</b>	<b>15.4%</b>	<b>18.9%</b>
<b>Total Portfolio Investments</b>	<b>\$273,065,695</b>	<b>100.0%</b>	<b>\$216,060,811</b>	<b>\$99,081,589</b>	<b>41.7%</b>	<b>2.1%</b>	<b>11.2%</b>	<b>12.5%</b>	<b>13.3%</b>	<b>8.6%</b>
NCREIF ODCE - Gross of Fees						1.4%	7.5%	8.0%	10.2%	6.9%
EPRA/NAREIT All Equity REIT Total Return						17.2%	20.0%	7.7%	9.7%	7.1%

\*-GBP exchange rate as of 3-31-2019 - 1.3032

+Euro exchange rate as of 3-31-2019 - 1.1228

See Glossary for Index Definitions

\*\*\*No capital called as of 3/31/2019.

For Institutional Investor use only. Proprietary & Confidential. 28

# Portfolio Summary, Net of Fees

For the Period Ended 3/31/2019



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.
<b>Core Funds</b>										
Abacus Core I	11,019,948	9.1%	11.9%	1.7x	1.5x	4.6%	15.1%	10.9%		12.0%
Blackstone Property Partners	21,971,194	*	7.9%	*	1.1x	1.6%	7.6%			8.1%
H/2 Credit Partners Ltd.	15,241,408	*	5.4%	*	1.5x	-1.4%	-1.4%	4.8%	3.9%	5.7%
Harrison St. Core Property	17,402,253	*	9.2%	*	1.6x	1.4%	6.8%	8.5%	8.9%	9.1%
Invesco US Income	34,415,728	*	12.3%	*	1.6x	1.6%	11.1%	11.2%	12.1%	11.7%
Mesa West Core Lending	13,603,672	*	6.7%	*	1.3x	1.7%	7.2%	7.0%	7.1%	7.2%
Mesa West Fund III	1,638,145	9.0%	9.1%	1.3x	3.3x	3.0%	13.3%	10.7%	10.3%	7.4%
Mesa West Fund IV	3,167,103	14.0%	8.5%	1.1x	1.1x	1.6%	8.2%			7.5%
Prologis Europe Logistics +	6,660,770	*	9.8%	*	1.5x	1.7%	4.9%	11.7%	9.2%	9.2%
Prologis US Logistics	39,010,028	*	15.8%	*	2.3x	2.9%	15.5%	17.2%	16.3%	15.8%
Stockbridge Smart Mkts.	38,814,357	*	10.7%	*	1.7x	2.0%	7.4%	8.1%	9.6%	11.0%
Walton St. Debt II***	0									
<b>Total Core</b>	<b>\$202,944,606</b>	*	<b>7.1%</b>	*	<b>1.5x</b>	<b>1.9%</b>	<b>9.1%</b>	<b>10.4%</b>	<b>10.5%</b>	<b>6.1%</b>
<b>Value Added Funds</b>										
Abacus Multi-Family III	3,535,304	26.2%	26.4%	1.6x	1.6x	4.7%	18.8%	24.7%		1.6%
Abacus Multi-Family IV	3,986,858	19.9%	26.2%	1.6x	1.3x	4.2%				44.2%
Greenfield Acq. Ptnrs. VI	832,299	11.2%	10.7%	1.5x	1.8x	-0.2%	-23.5%	-9.9%	-1.0%	3.7%
Greenfield Acq. Ptnrs. VII	8,540,826	13.7%	12.7%	2.0x	2.1x	0.3%	9.9%	12.3%		12.6%
Longpoint I	2,612,364	15.0%	-79.5%	2.0x	0.8x					
Miller Global VII	420,430	15.1%	14.8%	1.4x	2.1x	-7.9%	-15.3%	-1.4%	6.3%	6.0%
Miller Global VIII	1,913,782	15.0%	3.6%	1.5x	1.4x	-2.9%	17.6%			0.9%
Rubenstein III	2,859,941	11.0%	-0.6%	1.7x	1.0x	-1.7%	-1.0%			-1.2%
Stockbridge Value II	3,871,736	14.6%	14.0%	1.5x	1.5x	1.4%	12.5%	14.9%		13.7%
Stockbridge Value III	2,927,941	19.9%	-6.4%	0.9x	1.0x	0.9%				-7.3%
<b>Total Value Added</b>	<b>\$31,501,481</b>		<b>14.8%</b>		<b>1.6x</b>	<b>1.0%</b>	<b>10.0%</b>	<b>12.7%</b>	<b>14.7%</b>	<b>8.9%</b>
<b>Opportunistic</b>										
Blackstone VII	4,999,835	16.9%	17.0%	1.8x	2.5x	4.1%	3.6%	9.2%	12.2%	16.8%
Blackstone IX***	0									
Lubert-Adler VII	10,688,789	10.7%	7.5%	1.6x	1.3x	1.1%	12.5%	10.5%	2.9%	-1.3%
Lubert-Adler VII-B	5,588,887	18.0%	9.0%	1.9x	1.1x	2.8%	13.4%			9.2%
Moorfield III **	3,113,781	20.2%	27.0%	1.6x	1.6x	3.9%	26.2%	19.9%		25.0%
Patron V	2,353,965	15.0%	13.7%	1.6x	1.4x	-1.7%	5.2%			4.7%
Rockwood Fund VIII	45,937	19.1%	19.0%	1.6x	1.9x					7.2%
Walton St. VII	5,141,875	12.0%	12.5%	1.6x	1.5x	0.0%	-1.3%	6.0%	11.0%	14.3%
Walton St. VIII	6,686,540	12.0%	12.6%	1.4x	1.3x	1.6%	9.4%			14.9%
<b>Total Opportunistic</b>	<b>38,619,608</b>		<b>14.8%</b>		<b>1.6x</b>	<b>1.7%</b>	<b>9.3%</b>	<b>10.4%</b>	<b>13.2%</b>	<b>13.0%</b>
<b>Total Portfolio Investments</b>	<b>\$273,065,695</b>		<b>8.7%</b>		<b>1.5x</b>	<b>1.7%</b>	<b>9.3%</b>	<b>10.5%</b>	<b>11.3%</b>	<b>7.0%</b>
<b>Total Net of ORG Fees</b>						<b>1.7%</b>	<b>9.2%</b>	<b>10.4%</b>	<b>11.3%</b>	
SBCERS Benchmark						2.3%	6.5%	6.9%	6.1%	6.6%
NCREIF ODCE Index - Net of Fees						1.2%	6.6%	7.0%	9.2%	5.9%

NOTES: ##-Performance not reported for partial periods nm-Not meaningful # - No capital calls as of 3-31-2019

\*\*-GBP exchange rate as of 3-31-2019 -1.3032 +-Euro exchange rate as of 3-31-2019 -1.1228

See Glossary for Index Definitions

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

\*\*\*No capital called as of 3/31/2019

For Institutional Investor use only. Proprietary & Confidential. 29

# Portfolio Summary, Distribution Yield

For the Period Ended 3/31/2019



## Distribution Yield—Core Funds Only

### SBCERS Current Portfolio-Based on Market Value

Portfolio Investments	Distribution Yield	
	Qtr.	1 Year
<b>Core Funds</b>		
Abacus Core I	0.7%	3.8%
Blackstone Property Partners	0.5%	2.5%
H/2 Credit Partners	0.0%	0.0%
Harrison Street Core	1.3%	5.5%
Invesco US Income	1.3%	5.4%
Mesa West Core Lending	1.7%	6.9%
Mesa West Fund III	1.0%	5.7%
Mesa West Fund IV	1.6%	6.6%
Prologis US Logistics	1.1%	3.7%
Prologis Europe Logistics	1.0%	4.2%
Stockbridge Smart Markets	1.1%	4.4%
<b>Total Core</b>	<b>1.0%</b>	<b>4.2%</b>
<b>Total Open End Funds/Investments</b>	<b>1.0%</b>	<b>4.2%</b>

# Portfolio Cash Flows Summary

For the Period Ended 3/31/2019



## 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
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
Q1 2019	6,081,859	318,028	(262,639)	(2,749,008)	1,482,039	(3,420,224)	2,674,123	273,065,695
Q2 2019								
Q3 2019								
Q4 2019								
Total for 2019	6,081,859	318,028	(262,639)	(2,749,008)	1,482,039	(3,420,224)	2,674,123	273,065,695
<b>Total Cash Flows</b>	<b>\$369,363,210</b>	<b>\$4,748,786</b>	<b>(\$24,359,208)</b>	<b>(\$135,917,930)</b>	<b>\$65,219,320</b>	<b>(\$87,015,284)</b>	<b>\$81,117,139</b>	<b>\$273,065,695</b>

\*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 3/31/2019



## 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
<b>Core Funds</b>									
Abacus Core I	\$10,611,637	\$0	\$0	\$0	\$0	\$125,337	(\$78,353)	\$361,327	\$11,019,948
Blackstone Property Partners	21,621,107	110,298	-	-	-	43,683	(110,298)	306,404	21,971,194
H/2 Credit Partners	15,451,977	-	-	-	-	(13,873)	-	(196,696)	15,241,408
Harrison St. Core Prop.	17,178,294	191,362	32,629	-	-	197,975	(232,979)	34,972	17,402,253
Invesco US Income	33,863,252	352,400	87,150	-	-	372,686	(444,153)	184,393	34,415,728
Mesa West Core Lending	13,373,206	231,769	-	-	-	224,483	(225,786)	-	13,603,672
Mesa West Fund III	1,606,412	-	-	-	-	53,139	(15,890)	(5,516)	1,638,145
Mesa West Fund IV	3,165,281	-	-	-	-	52,172	(49,863)	(487)	3,167,103
Prologis Europe Logistics	6,611,235	-	-	-	-	73,303	(65,090)	41,322	6,660,770
Prologis US Logistics	38,270,105	-	43,936	-	-	420,401	(410,285)	685,871	39,010,027
Stockbridge Smart Mkts.	38,071,438	417,524	-	-	-	417,523	(417,524)	325,396	38,814,357
<b>Total Core</b>	<b>\$199,823,944</b>	<b>\$1,303,353</b>	<b>\$163,715</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,966,829</b>	<b>(\$2,050,221)</b>	<b>\$1,736,986</b>	<b>\$202,944,605</b>
<b>Value Added Funds</b>									
Abacus Multi-Family III	3,881,937	-	-	-	(496,663)	27,103	(12,596)	135,523	3,535,304
Abacus Multi-Family IV	3,873,634	-	-	-	-	2,982	(46,830)	157,072	3,986,858
Greenfield Acq. Prtnrs. VI	924,623	-	-	-	(90,359)	(10,571)	-	8,606	832,299
Greenfield Acq. Prtnrs. VII	9,909,300	-	-	-	(966,566)	91	(424,582)	22,583	8,540,826
Longpoint Realty I	0	3,100,000	-	-	-	(546,798)	-	59,162	2,612,364
Miller Global VII	445,286	16,496	-	-	-	(5,666)	(5,279)	(30,408)	420,430
Miller Global VIII	1,497,060	662,010	37,398	(210,000)	-	(50,426)	(23,386)	1,125	1,913,782
Rubenstein III	2,910,384.00	-	-	-	-	(36,317)	-	(14,126)	2,859,941
Stockbridge Value II	4,421,905	-	-	-	(517,541)	46,356	(91,689)	12,705	3,871,736
Stockbridge Value III	2,919,155	-	-	-	-	(3,237)	(17,817)	29,839	2,927,941
<b>Total Value Added</b>	<b>\$30,783,284</b>	<b>\$3,778,506</b>	<b>\$37,398</b>	<b>(\$210,000)</b>	<b>(\$2,071,129)</b>	<b>(\$576,481)</b>	<b>(\$622,179)</b>	<b>\$382,082</b>	<b>\$31,501,481</b>
<b>Opportunistic</b>									
Blackstone RE Fund VII	5,187,366	-	13,403	-	(243,433)	4,170	(169,056)	207,385	4,999,835
Lubert-Adler VII	11,223,546	-	-	(52,639)	(111,686)	48,156	(487,849)	69,262	10,688,789
Lubert-Adler VII-B	4,522,738	1,000,000	-	-	-	12,528	(64,851)	118,472	5,588,887
Moorfield III	3,305,197	-	5,132	-	(322,759)	60,449	-	65,763	3,113,781
Patron V	2,344,064	-	51,486	-	-	(49,928)	-	8,343	2,353,965
Rockwood Fund VIII	49,711	-	-	-	-	(602)	-	(3,172)	45,937
Walton Street VII	5,140,041	-	25,592	-	-	30,436	(26,069)	(28,126)	5,141,875
Walton Street VIII	6,561,626	-	21,303	-	-	(13,518)	-	117,129	6,686,540
<b>Total Opportunistic</b>	<b>\$38,334,289</b>	<b>\$1,000,000</b>	<b>\$116,916</b>	<b>(\$52,639)</b>	<b>(\$677,878)</b>	<b>\$91,691</b>	<b>(\$747,825)</b>	<b>\$555,056</b>	<b>\$38,619,609</b>
<b>Total Portfolio</b>	<b>\$268,941,517</b>	<b>\$6,081,859</b>	<b>\$318,028</b>	<b>(\$262,639)</b>	<b>(\$2,749,008)</b>	<b>\$1,482,039</b>	<b>(\$3,420,224)</b>	<b>\$2,674,123</b>	<b>\$273,065,695</b>



# Management Fee Savings

For the Period Ended 3/31/2019



## Management Fee Savings

ORG Selected Investments	One Time Savings	Annual Savings	Comments
<b>Core Funds</b>			
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.
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.
<b>Total Core</b>	<b>\$331,025</b>	<b>\$210,000</b>	
<b>Value Added Funds</b>			
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.
<b>Total Value Added</b>	<b>\$37,500</b>	<b>\$112,500</b>	

# Management Fee Savings

For the Period Ended 3/31/2019



## Management Fee Savings—Continued

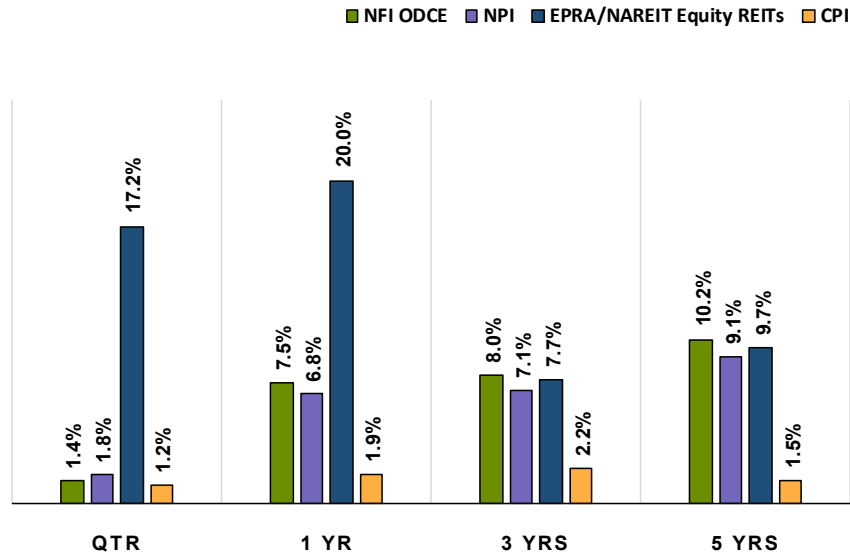
ORG Selected Investments	One Time Savings	Annual Savings	Comments
<b>Opportunistic Funds</b>			
Blackstone RE Fund VII	\$17,500	\$0	Three month fee break.
Blackstone RE Fund IX	50,000		Four month fee break.
Lubert-Adler VII	56,250		Reduced management fees by 0.25% during 3 year commitment period.
Lubert-Adler 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			
<b>Total Opportunistic</b>	<b>\$484,950</b>	<b>\$37,500</b>	
<b>Total Portfolio</b>	<b>\$853,475</b>	<b>\$360,000</b>	

# Market Overview

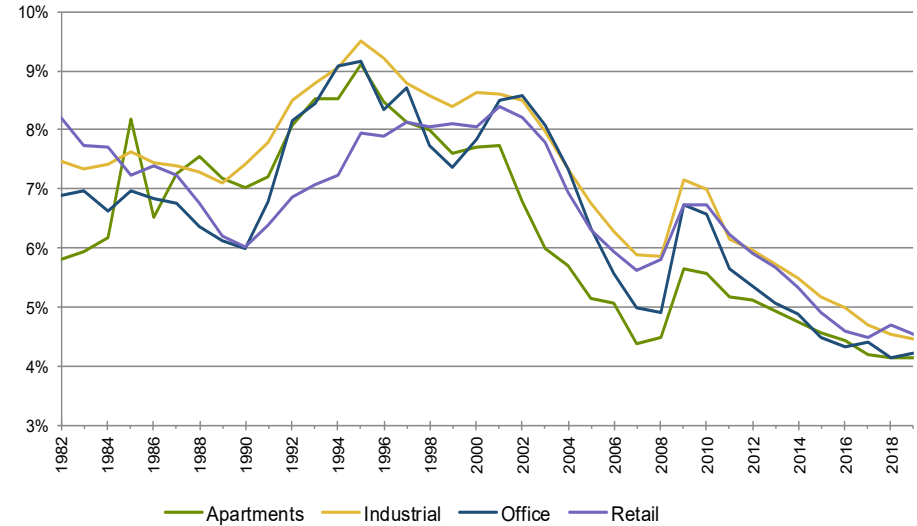
For the Period Ended 3/31/2019



## Index Returns—Time Weighted



## Capitalization Rates by Property Type



## Real Estate Capital Market Conditions

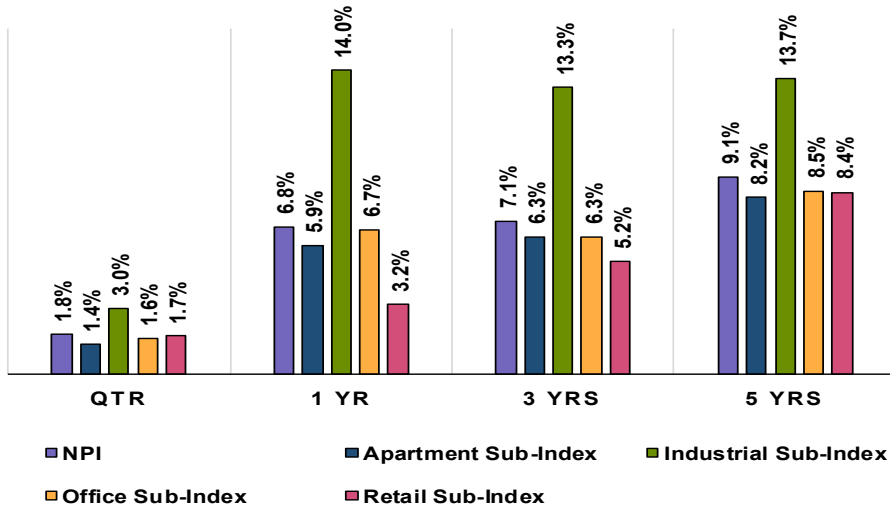
During the first quarter of 2019, the Federal Reserve opted to maintain its benchmark interest rate between 2.25% and 2.5%. This came after four rate hikes in 2018 and increased volatility in the markets as a result, particularly the U.S. public equity markets.

Core real estate returns continue to be increasingly income dependent as seen in the NFI-ODCE where the 1.42% gross return for first quarter was comprised of 1.02% income return and .40% appreciation return. Since inception, the income component has contributed approximately 82% of the total return.

The debt markets remain open and accommodative, especially for more favorable property types such as multifamily and industrial. Debt funds continue to provide capital for transitional loans on value-add real estate. However, certain types of financing are difficult to obtain, which includes speculative development or highly leveraged development.

# Market Overview

For the Period Ended 3/31/2019



## Office

The U.S. office market remains strong with the national unemployment rate at approximately 3.8% as of December 2018, according to the Bureau of Labor Statistics. This is a slight decrease from September 2018 when the rate was 3.9% and was met with a slight decrease in the labor force participation rate moving from 63.1% to 63.0% over the same time period. Over a longer time horizon, however, the labor force participation rate is down significantly from the early 2000s, when the percentage hovered near 67.0%.

According to JLL, coworking lead all industries in terms of first quarter office space leasing with an estimated 16.7% of all office leases completed during the quarter, followed by technology (16.2%) and finance (14.8%). While coworking offers tenants flexibility and a wide variety of amenities to attract and retain workforces, ORG has significant concerns regarding the risk these types of tenants bring to an office asset. Specifically, the long term lease of the coworking tenant matches poorly with the short term nature of the end users leasing space from the coworking tenant.

## Office (continued)

Additionally, the coworking tenants often require a significant amount of tenant improvements and capital expenditures before leasing a space which can result in a drag on cash flows to the owner of the office space. ORG has continued to observe significant capital expenditures and leasing concessions in high supply markets.

Relative to the same period in 2018, 1Q 2019 saw a 4.1% decrease in office transaction volumes. The overall U.S. office investment volume totaled \$27.0 billion during the first quarter. (JLL)

## Retail

While new retail supply has been limited relative to past cycles, shadow supply caused by vacating tenants of existing retail properties and low demand has held rent growth in check. CoStar reported that the national retail rent growth during the quarter was approximately 0.3% compared to 0.6% during the same period in 2018.

During the quarter, U.S. retail sales (excluding automobiles and parts dealers) increased 3.1% from \$1.18 trillion during first quarter 2018 to \$1.22 trillion. However, E-commerce's percentage share of the total retail sales broke the double-digit threshold this quarter as it now represents 10.2% of the total retail sales, an 8.5% increase over the same period last year. The inventory / sale ratios for total retail trade increased slightly during the quarter (1.47 to 1.45), which is approximately the average ratio over the past five years. (U.S. Census Bureau)

In February 2019, the apparel giant Gap said that it planned to close 230 specialty stores over the next two years to realign its distribution channels. In their press release, Gap stated that nearly 40% of its sales originate online with the remainder originating from physical stores. ORG believes that apparel sales are the most exposed to E-commerce. The Gap store closures along with other retailers' store closures announced during the quarter such as CVS (46 stores) and Pier 1 Imports (45 stores) will lead to increased vacancy of impacted assets and create additional shadow supply in local markets.



# Market Overview

For the Period Ended 3/31/2019



## Industrial

During the quarter, completions of industrial assets exceeded net absorption which contributed to a slight increase in vacancy on a national level from 4.9% to 5.0%. Despite this, annualized rent growth is still high at 4.7% as demand for industrial assets is still high. The industrial sector is still in high demand from investors. NCREIF reports show how ODCE funds have increased their allocation to industrial assets from 15.4% in 1Q 2012 to 18.3% this quarter. The \$15.9 billion transaction volume for the industrial assets is evidence of significant liquidity within the sector despite the fact that this represents a 11.9% decrease in transaction volumes from first quarter 2018. (JLL)

U.S. manufacturers are holding significant inventory on hand with an inventory to sales ratio of 1.36 in March 2019 which is lower than the ratio in March 2016 (1.42) but is still significantly higher than the March 2012 ratio (1.29). U.S. retailers compare similarly with an inventory to sales ratio of 1.46 in March 2019 which is lower than the ratio in March 2016 (1.51) but is still significantly higher than the March 2012 ratio (1.34). (U.S. Census Bureau) The increased supply of inventory creates increased demand for warehouse or industrial space and could be viewed as a positive for this sector.

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. E-commerce and the demand for last touch logistics has created significant need for infill industrial assets located near large population centers. Consequently, these assets are often insulated from the potential of new competing supply due to its infill location creating a critical barrier to entry.

## Apartments

Apartment demand has continued as unemployment for March 2019 was 3.8% as compared to 4.4% at the same point in 2018. Over 2.5 million new jobs were added over the same 12-month period, at an average of 210,000 per month, equating to a year-over-year growth rate of 1.7%. (U.S. Bureau of Labor Statistics) While job growth saw a significant increase, the U.S. homeownership rate decreased from 64.8% in fourth quarter 2018 to 64.2%. While this decrease was partially seasonal, both the increase in employment and the decrease in homeownership are generally accretive to the apartments sector.

As of first quarter 2019, rental growth continued to increase. Rental growth for the quarter was 1.3% which was on par with the 1.3% rent growth during first quarter 2018. (Costar) Certain markets such as Oregon, New York City and California are currently going through rent control legislation changes which will potentially limit apartment rental growth. During the quarter, the State of Oregon passed a bill that would limit multifamily rent increases to 7% annually on buildings more than 15 years old. While 7% rent increases would often be considered aggressive by most underwriting standards, ORG believes that this added barrier to entry may further limit reduce capital expenditures made on older multifamily units in the state.

During the first quarter, according to CoStar, demand outpaced supply with 68,000 units with just 55,000 units delivered. But CoStar is currently tracking approximately 660,000 units under construction and expects supply to outpace demand. ORG believes this supply-demand mismatch will continue and especially supply focused on high-end apartments in urban locations where there is a higher propensity to rent.

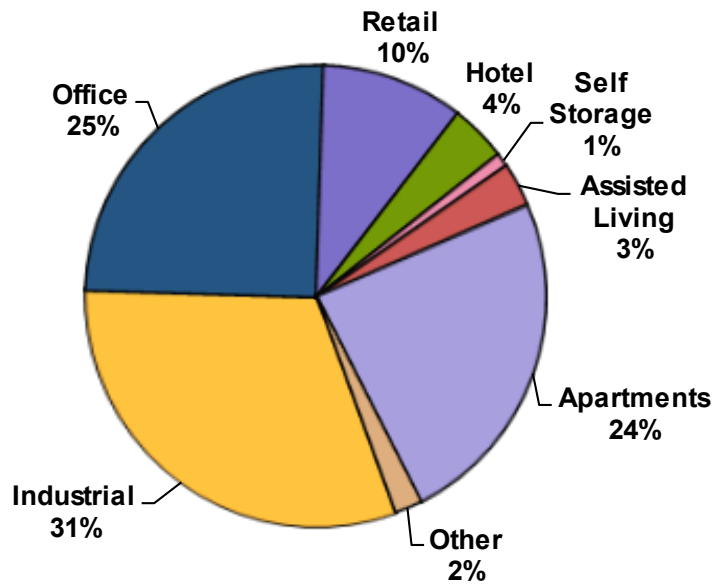
# Portfolio Composition by Market Values

For the Period Ended 3/31/2019

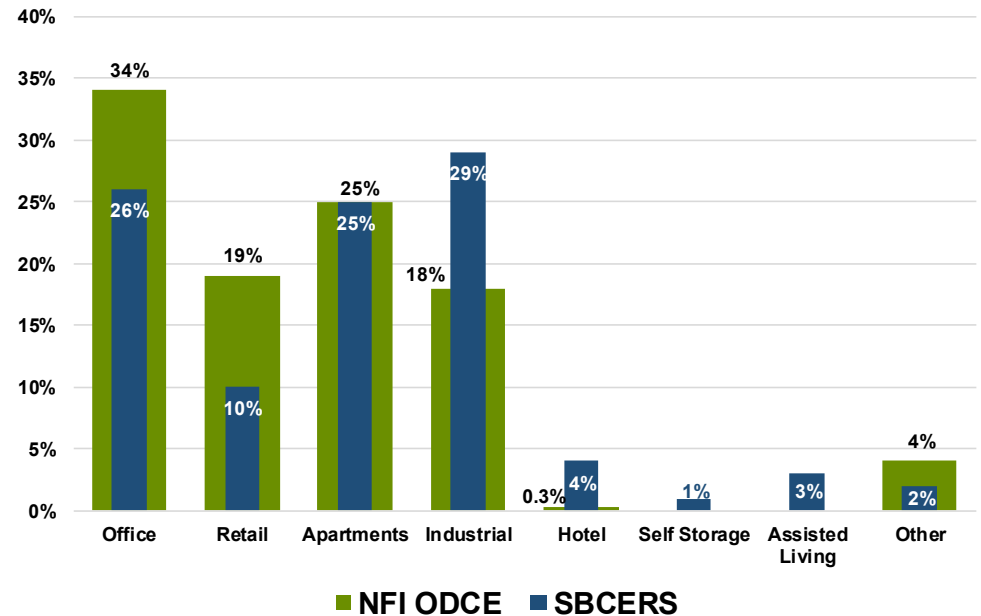


## Property Type Diversification—Compared to Indexes

SBCERS Current Portfolio



SBCERS—US Only Compared to Indexes



### Other Diversification—2%

Residential:	1.4%	Mixed Use:	0.2%
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 3/31/2019



## Property Type Diversification (%)

Investment	Apartments	Industrial	Office	Retail	Hotel	Other
<b>Core Funds</b>						
Abacus Core I	100%	0%	0%	0%	0%	0%
Blackstone Property Partners	29%	25%	33%	13%	0%	0%
H/2 Credit Partners	2%	0%	0%	40%	20%	38%
Harrison St. Core Property	22%	0%	37%	0%	0%	41%
Invesco US Income	26%	26%	33%	15%	0%	0%
Mesa West Core Lending	41%	1%	49%	5%	4%	0%
Mesa West Fund III	28%	0%	45%	0%	27%	0%
Mesa West Fund IV	45%	0%	41%	8%	6%	0%
Prologis US Logistics	0%	100%	0%	0%	0%	0%
Prologis Europe Logistics	0%	100%	0%	0%	0%	0%
Stockbridge Smart Mkts.	21%	36%	25%	18%	0%	0%
<b>Total Core</b>	<b>24%</b>	<b>38%</b>	<b>23%</b>	<b>9%</b>	<b>1%</b>	<b>5%</b>
<b>Value Added Funds</b>						
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%	20%	44%	0%	4%	28%
Longpoint Realty I	0%	55%	0%	45%	0%	0%
Miller Global VII	0%	0%	100%	0%	0%	0%
Miller Global VIII	0%	0%	94%	0%	6%	0%
Rubenstein III	0%	0%	99%	0%	0%	1%
Stockbridge Value II	27%	39%	26%	8%	0%	0%
Stockbridge Value III	27%	43%	25%	5%	0%	0%
<b>Total Value Added</b>	<b>33%</b>	<b>18%</b>	<b>36%</b>	<b>5%</b>	<b>1%</b>	<b>7%</b>
<b>Opportunistic Funds</b>						
Blackstone RE Fund VII	0%	3%	25%	6%	39%	27%
Lubert-Adler VII	25%	0%	32%	17%	24%	2%
Lubert-Adler VII-B	35%	0%	11%	36%	6%	12%
Moorfield III	70%	10%	0%	0%	0%	20%
Patron V	0%	0%	16%	7%	12%	65%
Rockwood Fund VIII	0%	0%	0%	100%	0%	0%
Walton Street VII	1%	3%	39%	19%	31%	7%
Walton Street VIII	11%	0%	51%	8%	24%	6%
<b>Total Opportunistic</b>	<b>20%</b>	<b>2%</b>	<b>29%</b>	<b>15%</b>	<b>22%</b>	<b>12%</b>
<b>Total Portfolio</b>	<b>24%</b>	<b>31%</b>	<b>25%</b>	<b>10%</b>	<b>4%</b>	<b>6%</b>
<b>NFI ODCE</b>	<b>25%</b>	<b>18%</b>	<b>34%</b>	<b>19%</b>	<b>0%</b>	<b>4%</b>

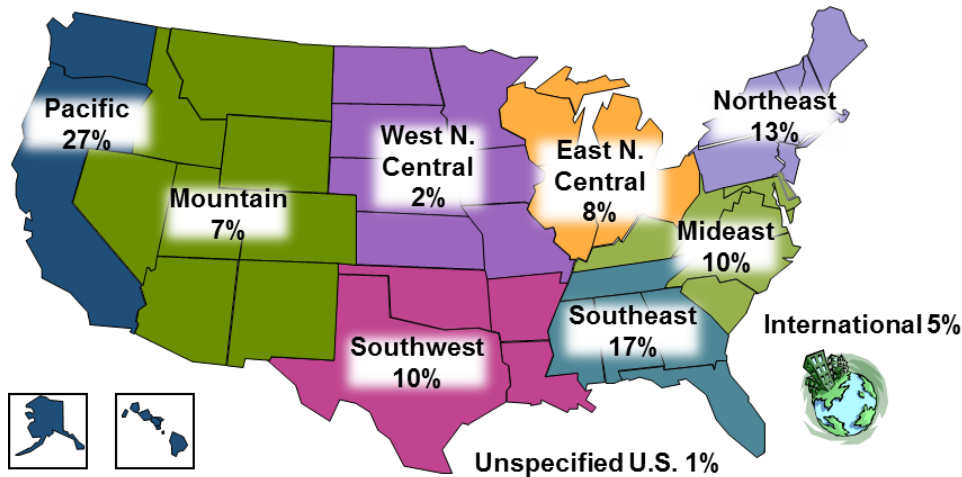
# Portfolio Composition by Market Values

For the Period Ended 3/31/2019

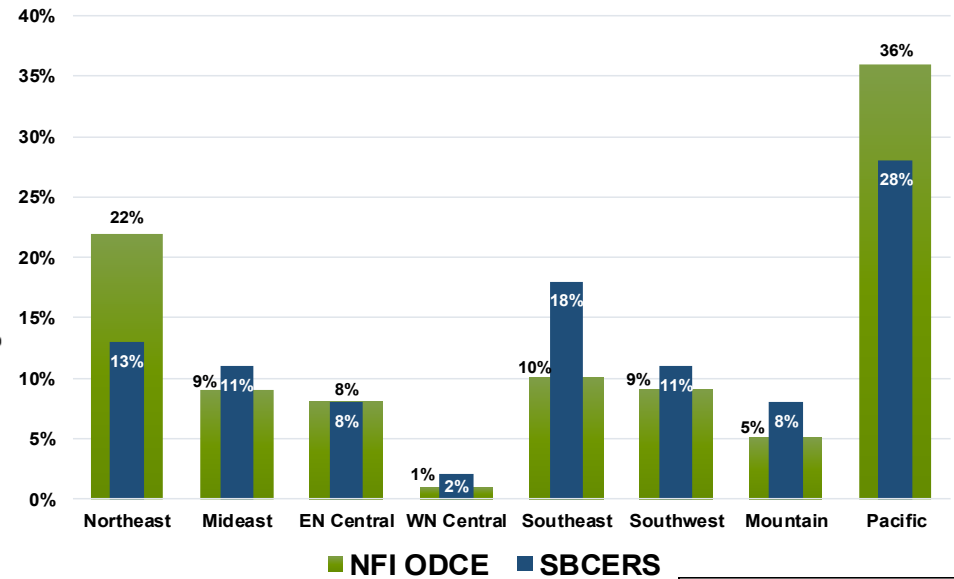


## Geographic Diversification—Compared to Indexes

SBCERS—Current Portfolio



SBCERS—US Only to Compare to Indexes



Unspecified US: 1%

### International Diversification—5%

Europe	3.0%	Multiple Countries	0.8%
India	0.2%	United Kingdom	1.1%

### 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 3/31/2019



## Geographic Diversification (%)

Investment	Northeast	Mideast	East North Central	West North Central	Southeast	Southwest	Mountain	Pacific	Unspecified U.S.	International
<b>Core Funds</b>										
Abacus Core I	0%	0%	19%	0%	25%	0%	48%	8%	0%	0%
Blackstone Property Partners	34%	3%	1%	0%	7%	4%	2%	39%	0%	10%
H/2 Credit Partners	8%	7%	6%	8%	13%	15%	2%	9%	32%	0%
Harrison St. Core	28%	12%	13%	10%	8%	10%	8%	11%	0%	0%
Invesco US Income	7%	12%	1%	0%	20%	20%	13%	27%	0%	0%
Mesa West Core Lending	29%	21%	10%	0%	4%	1%	0%	35%	0%	0%
Mesa West Fund III	17%	42%	0%	0%	29%	12%	0%	0%	0%	0%
Mesa West Fund IV	14%	12%	8%	10%	7%	14%	7%	28%	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%	4%	0%	20%	10%	0%	43%	0%	0%
<b>Total Core</b>	<b>13%</b>	<b>11%</b>	<b>7%</b>	<b>1%</b>	<b>14%</b>	<b>10%</b>	<b>7%</b>	<b>31%</b>	<b>1%</b>	<b>5%</b>
<b>Value Added Funds</b>										
Abacus III	0%	0%	0%	13%	47%	8%	12%	20%	0%	0%
Abacus IV	0%	7%	8%	17%	13%	30%	7%	18%	0%	0%
Greenfield Acq. Ptrns. VI	25%	65%	10%	0%	0%	0%	0%	0%	0%	0%
Greenfield Acq. Ptrns. VII	7%	11%	0%	3%	40%	11%	12%	6%	10%	0%
Longpoint Realty I	3%	24%	0%	0%	41%	32%	0%	0%	0%	0%
Miller Global VII	0%	0%	0%	0%	0%	0%	49%	51%	0%	0%
Miller Global VIII	0%	0%	0%	0%	0%	7%	6%	87%	0%	0%
Rubenstein III	21%	23%	36%	0%	20%	0%	0%	0%	0%	0%
Stockbridge Value II	0%	9%	4%	8%	41%	5%	10%	23%	0%	0%
Stockbridge Value III	6%	0%	9%	0%	28%	50%	0%	7%	0%	0%
<b>Total Value Added</b>	<b>5%</b>	<b>10%</b>	<b>6%</b>	<b>6%</b>	<b>31%</b>	<b>15%</b>	<b>8%</b>	<b>17%</b>	<b>2%</b>	<b>0%</b>
<b>Opportunistic Funds</b>										
Blackstone RE Fund VII	4%	3%	7%	1%	11%	3%	26%	20%	0%	25%
Lubert-Adler VII	43%	6%	10%	5%	23%	2%	7%	4%	0%	0%
Lubert-Adler VII-B	0%	8%	10%	9%	58%	4%	0%	0%	11%	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	16%	19%	3%	13%	17%	7%	1%	20%	4%	0%
Walton Street VIII	1%	0%	43%	2%	19%	14%	3%	17%	0%	1%
<b>Total Opportunistic</b>	<b>16%</b>	<b>6%</b>	<b>13%</b>	<b>5%</b>	<b>23%</b>	<b>5%</b>	<b>7%</b>	<b>9%</b>	<b>2%</b>	<b>14%</b>
<b>Total Portfolio</b>	<b>13%</b>	<b>10%</b>	<b>8%</b>	<b>2%</b>	<b>17%</b>	<b>10%</b>	<b>7%</b>	<b>27%</b>	<b>1%</b>	<b>5%</b>
<b>NFI ODCE</b>	<b>22%</b>	<b>9%</b>	<b>8%</b>	<b>1%</b>	<b>10%</b>	<b>9%</b>	<b>5%</b>	<b>36%</b>	<b>0%</b>	<b>0%</b>

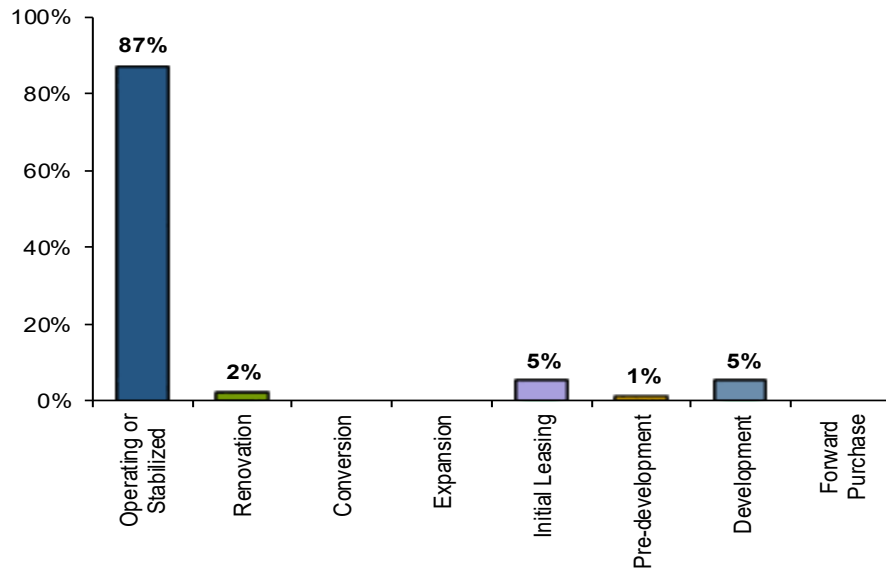
# Portfolio Composition by Market Values

For the Period Ended 3/31/2019

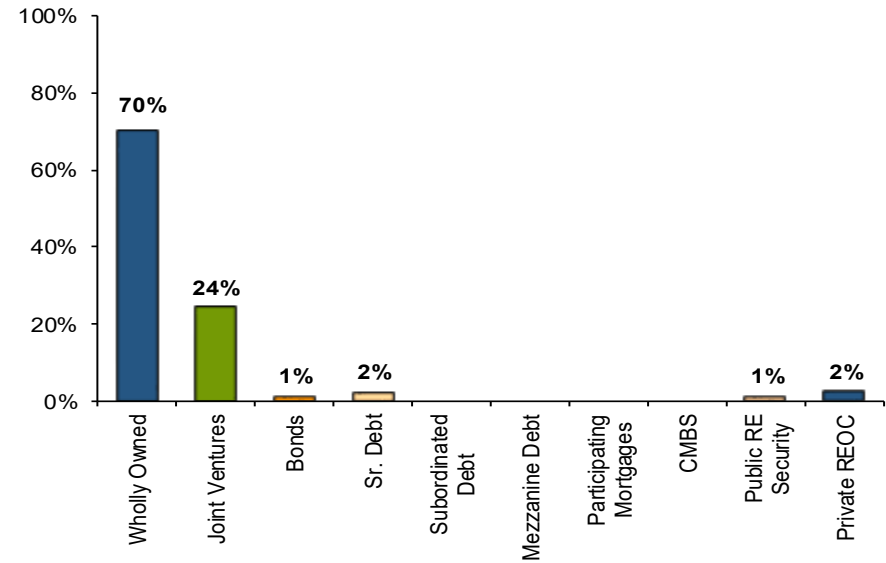


## Portfolio Diversification

SBCERS Investment Life Cycle Diversification



SBCERS Investment Structure Diversification



## Comments

- The portfolio's stability is shown by 87% 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.

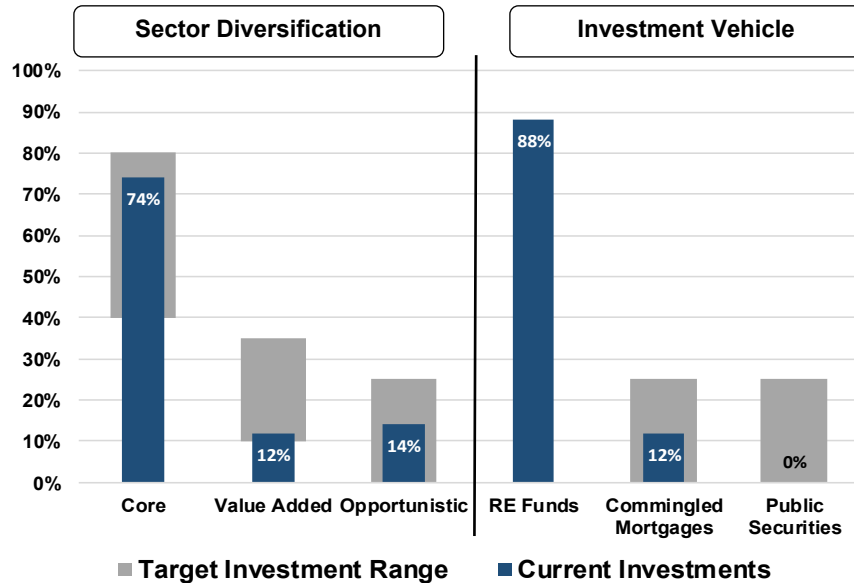
# Policy Target Compliance

For the Period Ended 3/31/2019



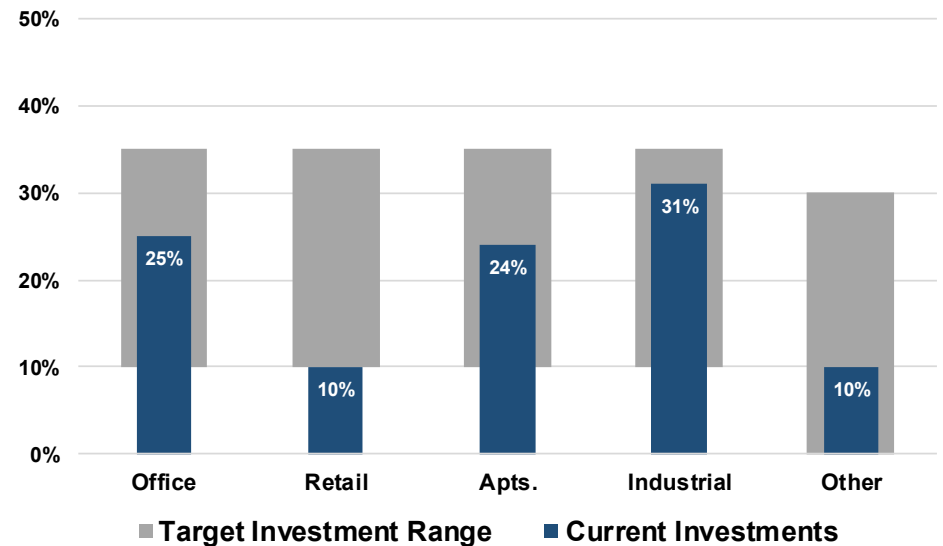
## Portfolio Diversification—Compared to Policy Target

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, Longpoint Realty I 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:



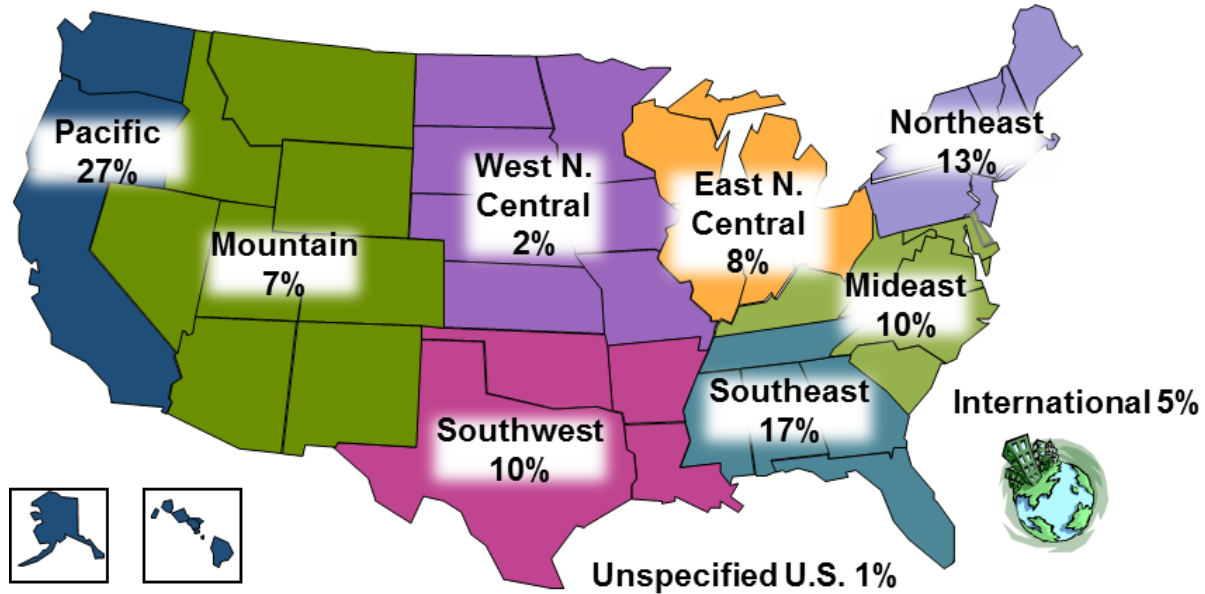
# Portfolio Composition by Market Values

For the Period Ended 3/31/2019



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

SBCERS Current Portfolio—Based on Market Value—U.S. 95%



### 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

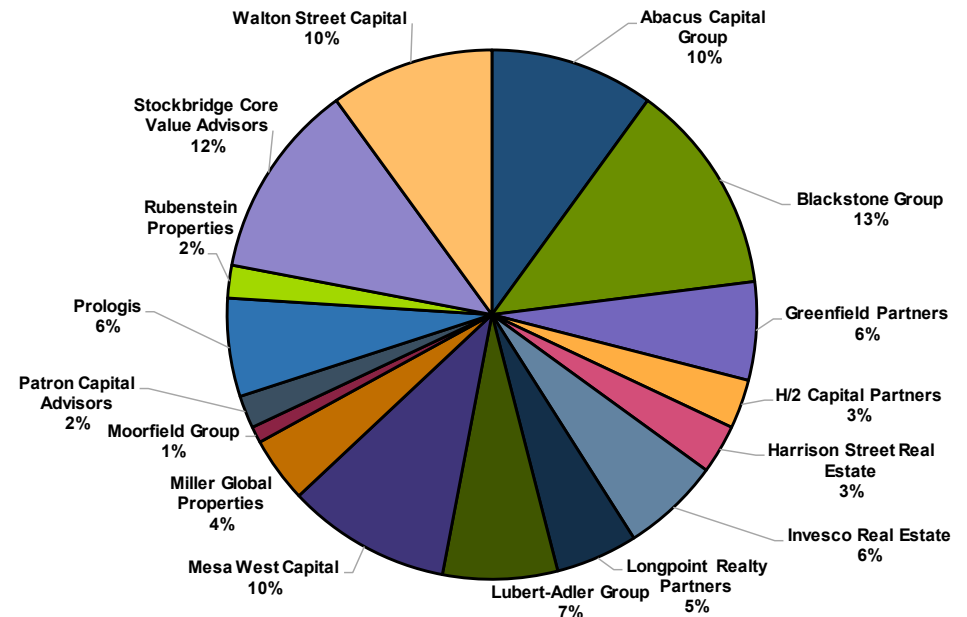
For the Period Ended 3/31/2019



## 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%
<b>Total</b>	<b>\$315,142,400</b>	<b>100%</b>



### Comments

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

**Compliance with Policy:**



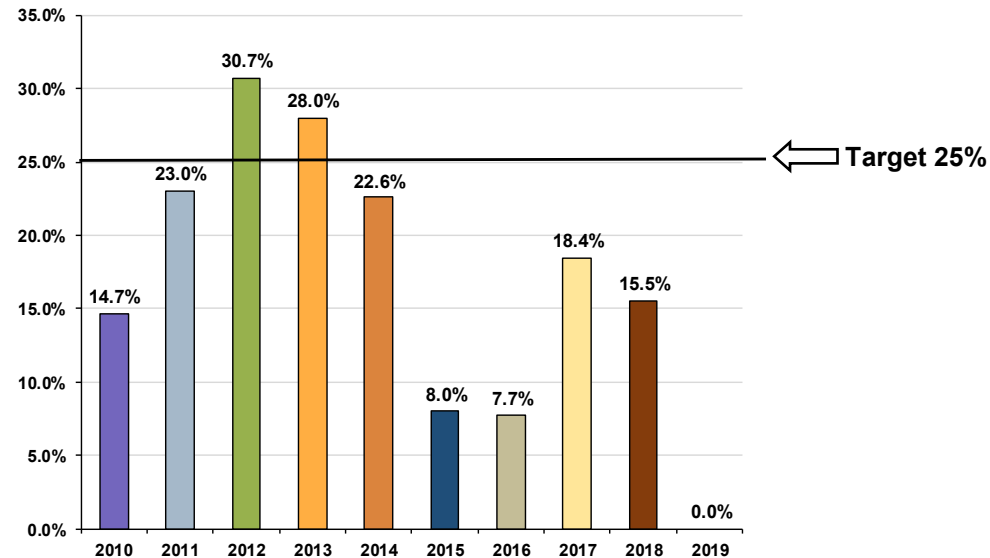
# Portfolio Composition by Commitments

For the Period Ended 3/31/2019



## 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 3/31 portfolio real estate allocation.
- The over commitment in 2012 and 2013 resulted from the reinvestment of proceeds from the RREEF II liquidation in 2011.

Compliance with Policy:



# Portfolio Composition by Market Values

For the Period Ended 3/31/2019

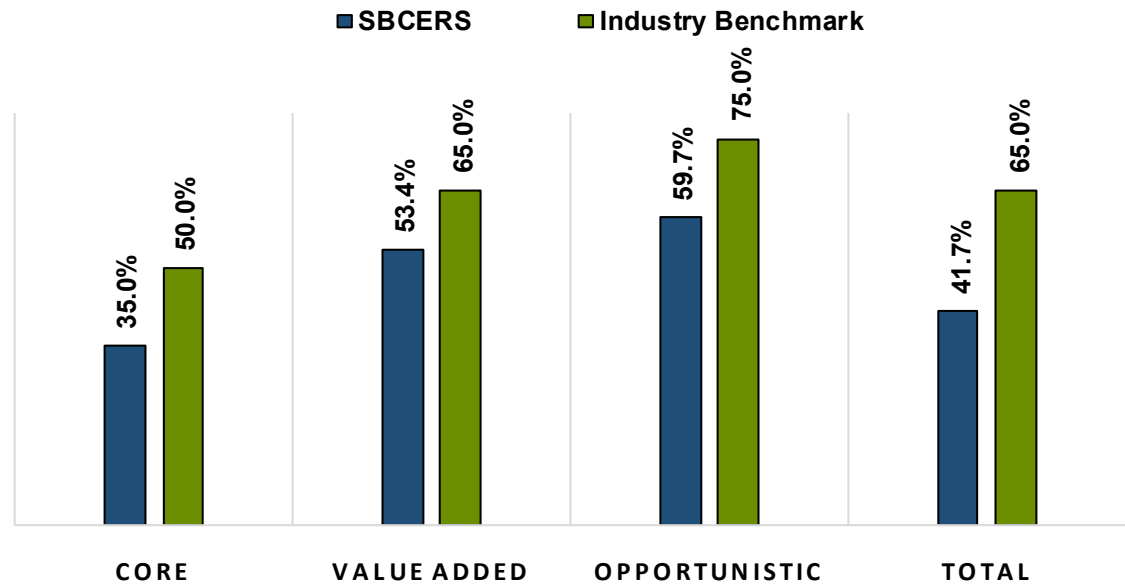


## Leverage Ratio—Compared to Policy Target of 65% Aggregate Leverage

### SBCERS Current Portfolio-Based on Market Value

Portfolio Investments	Leverage Ratio	Policy Maximum
<b>Core Funds</b>		
Abacus Core I	46.8%	
Blackstone Property Partners	49.5%	
H/2 Credit Partners	24.0%	
Harrison Street Core	23.7%	
Invesco US Income	33.7%	
Mesa West Core Lending	57.6%	
Mesa West Fund III	59.1%	
Mesa West Fund IV	60.0%	
Prologis Targeted Europe I	21.4%	
Prologis US Logistics	19.0%	
Stockbridge Smart Markets	25.2%	
<b>Total Core</b>	<b>35.0%</b>	<b>50.0%</b>
<b>Value Added Funds</b>		
Abacus III	54.1%	
Abacus IV	58.5%	
Greenfield Acquisition Partners VI	59.0%	
Greenfield Acquisition Partners VII	46.0%	
Miller Global VII	68.0%	
Miller Global VIII	60.6%	
Rubenstein III	60.7%	
Stockbridge Value II	53.8%	
Stockbridge Value III	62.0%	
<b>Total Value Added</b>	<b>53.4%</b>	<b>65.0%</b>
<b>Opportunistic Funds</b>		
Blackstone RE Fund VII	57.8%	
Lubert-Adler VII	65.2%	
Lubert-Adler VII-B	65.6%	
Moorfield III	34.0%	
Patron V	47.0%	
Walton Street VII	63.1%	
Walton Street VIII	61.3%	
<b>Total Opportunistic</b>	<b>59.7%</b>	<b>75.0% +</b>
<b>Total Portfolio</b>	<b>41.7%</b>	<b>65.0%</b>

### 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

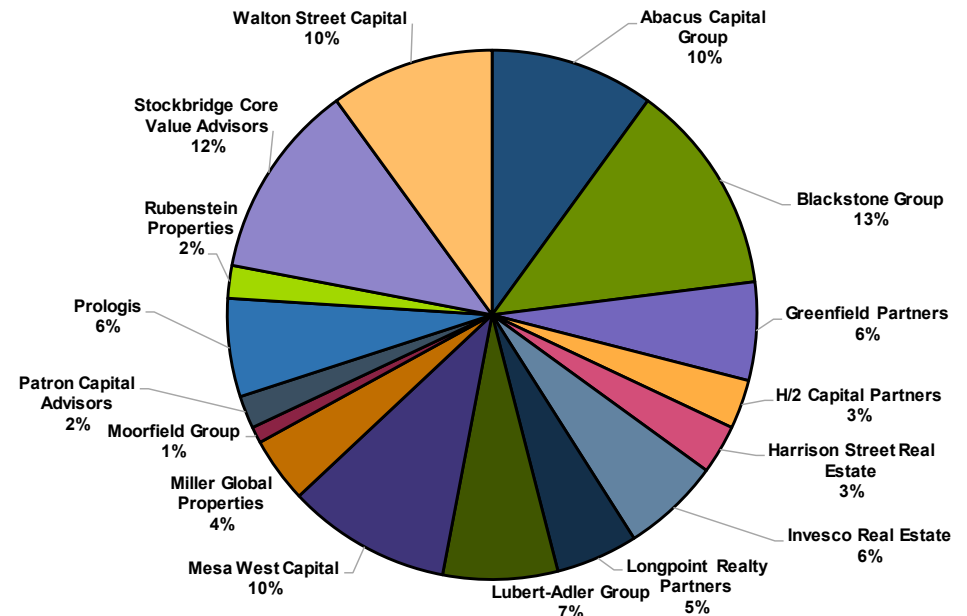
For the Period Ended 3/31/2019



## 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%
	<b>\$315,142,400</b>	<b>100%</b>



### 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	On April 18, 2019, Blackstone announced it would be converting its public structure from a partnership to a corporation, which became effective July 1, 2019. As we understand, this will not have an impact on the fund. Annual meeting.
Blackstone Real Estate Partners VII, L.P.	Yes	No	No	11/14/2018	On April 18, 2019, Blackstone announced it would be converting its public structure from a partnership to a corporation, which became effective July 1, 2019. As we understand, this will not have an impact on the fund. Annual meeting.
Greenfield Acquisition Partners VI, L.P.	Yes	Yes	No	2/6/2019	Effective January 1, 2019, Raj Menon and Dean Sotter, principals of Greenfield, formed Grandview and Greenfield engaged Grandview as a sub-advisor to provide asset management services for the properties in which investment funds managed by Greenfield are currently invested. Update meeting.
Greenfield Acquisition Partners VII, L.P.	Yes	Yes	No	2/6/2019	Effective January 1, 2019, Raj Menon and Dean Sotter, principals of Greenfield, formed Grandview and Greenfield engaged Grandview as a sub-advisor to provide asset management services for the properties in which investment funds managed by Greenfield are currently invested. 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
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.
Longpoint Realty Fund I, L.P.	Yes	No	No	7/22/2019	Update meeting.
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.

# 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
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	On March 11, 2019 Prologis reorganized the executive officers: Gene Reilly, formerly CEO of the Americas, assumed role of CIO; Gary Anderson, formerly CEO of Europe and Asia, assumed role of COO; Mike Curless, formerly CIO, assumed role of Chief Customer Officer. Update meeting.
Prologis Targeted U.S. Logistics Fund, Inc.	Yes	No	No	4/16/2019	On March 11, 2019 Prologis reorganized the executive officers: Gene Reilly, formerly CEO of the Americas, assumed role of CIO; Gary Anderson, formerly CEO of Europe and Asia, assumed role of COO; Mike Curless, formerly CIO, assumed role of Chief Customer Officer. Update meeting.
Rubenstein Properties Fund III, LP	Yes	No	No	3/20/2019	Update meeting.
Stockbridge Smart Markets Fund, L.P.	Yes	No	No	7/10/2019	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
Stockbridge Value Fund II, L.P.	Yes	No	No	7/10/2019	Update meeting.
Stockbridge Value Fund III, L.P.	Yes	No	No	7/10/2019	Update meeting.
Walton Street Fund VII, L.P.	Yes	No	No	6/30/2019	Update meeting.
Walton Street Fund VIII, L.P.	Yes	No	No	6/30/2019	Update meeting.

ORG Portfolio Management  
3733 Park East Drive, Suite 210  
Cleveland, Ohio 44122  
Tel: 216.468.0055  
Fax: 216.468.0054  
[www.orgpm.com](http://www.orgpm.com)