



City of Milwaukee  
Employees' Retirement System

Bernard J. Allen  
Executive Director

David M. Silber, CFA, CAIA  
Chief Investment Officer

Melody Johnson  
Deputy Director

April 14, 2023

Mr. Jim Owczarski  
City Clerk  
Room 205, City Hall

Dear Mr. Owczarski:

Please be advised that an Investment Committee Meeting of the Annuity and Pension Board has been scheduled for **Thursday, April 20, 2023 at 9:00 a.m.** This meeting will be conducted via teleconference.

*Special Notice: Instructions for the public on how to observe the meeting will be available on the ERS's website ([www.cmers.com](http://www.cmers.com)) prior to the meeting.*

The agenda is as follows:

- I. Election of Vice Chair.
- II. Real Estate Manager Interviews.
  - a. Harrison Street.
  - b. Kayne Anderson.

Please be advised that the Investment Committee may vote to convene in closed session on the following item (III.) as provided in Section 19.85(1)(e), Wisconsin State Statutes, to deliberate or negotiate the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. The Investment Committee may then vote to reconvene in open session following the closed session.

- III. Selection of Real Estate Manager.
- IV. 1<sup>st</sup> Quarter 2023 Preliminary Performance Update.
- V. Chief Investment Officer Report.

Sincerely,

Bernard J. Allen  
Executive Director

BJA:jmw

April 2023



## City of Milwaukee Employees' Retirement System

Core & Core Plus

Private Real Estate Search Finalists

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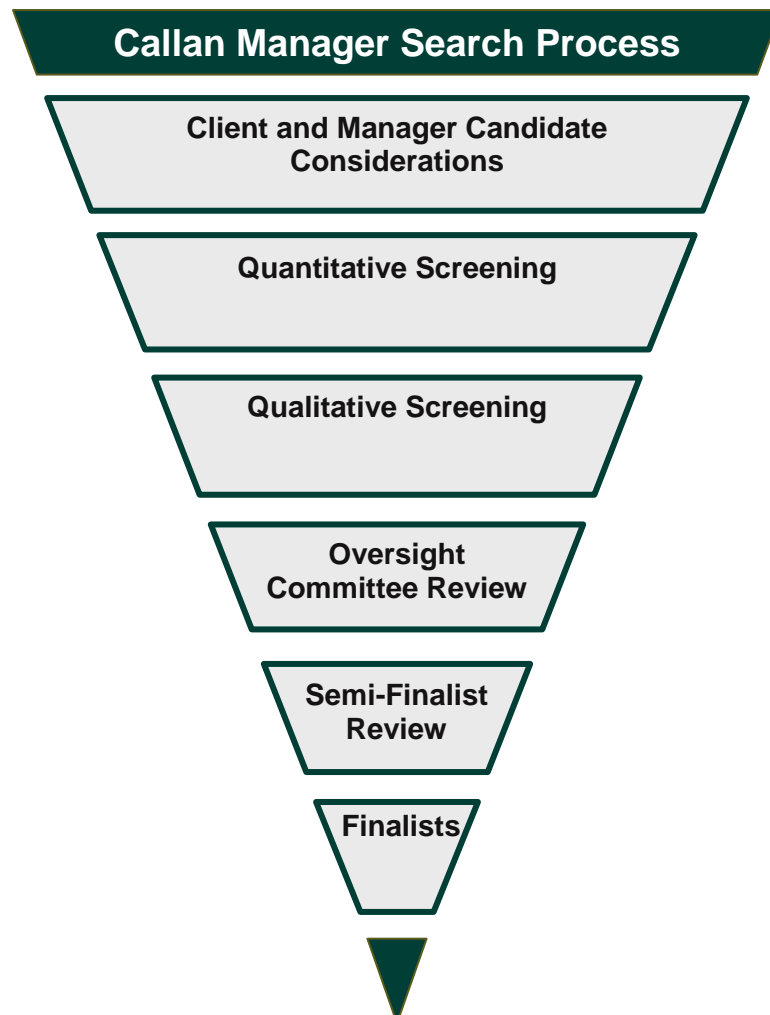
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## Manager Search Process

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## Manager Search Process Overview

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Callan's investment manager searches are underpinned by a disciplined, six-step process:

### **I. Identify Client and Manager Candidate Considerations**

At the onset of each search, Callan meets with the client to review and document any specific characteristics sought in an investment manager. This includes factors such as the manager's strategy and approach, organizational structure, minimum/maximum assets under management, performance criteria relative to an appropriate index and peer group, and risk tolerance. These factors serve as the basis for developing the appropriate quantitative and qualitative screening criteria.

## **II. Conduct Quantitative Screening**

After beginning with the broadest possible universe of candidates, Callan narrows the field using client-specified screening criteria to screen our proprietary database. Screens examine numerous quantitative factors including performance, volatility, correlation with the existing structure, and assets under management. Callan screens performance across multiple time periods, market cycles, and statistical analyses so as to identify consistency of returns and avoid performance bias.

## **III. Perform Qualitative Screening**

Qualitative screening concentrates the field even further. Qualitative screens examine manager type, organizational history, depth and experience of investment personnel, investment process and style, client servicing capability and resource allocation. Callan generates qualitative assessments based on manager research conducted by our dedicated asset class specialists and generalist consultants through regular in-house meetings, conference calls, and on-site manager due diligence.

## **IV. Oversight Committee Review of Preliminary Recommendations**

Callan's Manager Search Committee—an oversight body that is comprised of more than a dozen senior consultants—reviews each search to thoroughly examine candidates and ensure Callan has met the client's specified criteria. Collectively, the Manager Search Committee vets the candidates and identifies semi-finalist candidates to present to the client.

## **V. Review Semi-finalist Candidates**

A manager evaluation document comparing the semi-finalist candidates is prepared for the client. Callan reviews the report with the client to highlight important considerations in conducting the search, compare and contrast the manager candidates, and assist in the identification of finalist candidates.

## **VI. Interview Finalists**

To gain additional insight, finalists are invited to present to the client. The presentations generally include an overview of the manager organization and a specific review of the product being considered. They also provide the opportunity for the client and/or consultant to address any outstanding issues. A winner is typically selected following these presentations.

## Candidate Profile

### 1. Manager Type

The City of Milwaukee Employees' Retirement System is seeking a Core/Core Plus Real Estate manager.

### 2. Investment Style

Core/Core Plus Real Estate strategy benchmarked to the NFI-ODCE that is complementary to the existing manager lineup.

### 3. Managed Assets

The anticipated size of the allocation is approximately \$30 million to \$60 million.

### 4. Professional Staff

Stable organization with a commitment to the product and the personnel to execute investment and other non-investment activities of the firm. The Firm will have sufficient and knowledgeable client service personnel. Portfolio Manager Structure & Experience

The investment team must have experience investing over multiple real estate cycles with at least ten years of experience. Continuity of the team working on the product is another key attribute sought in this search. If key investment personnel for the active strategy do not satisfy these criteria, the firm must have other professionals on staff that are major contributors to the performance record being evaluated.

### 5. Investment Vehicle

Open end commingled fund.

### 6. Historical Performance & Risk Criteria

Performance over multiple cumulative, annual and rolling periods will be evaluated relative to the appropriate peer group and index. Risk-adjusted measures and holdings-based portfolio characteristics will also be considered.

### 7. Qualities Specifically Sought

- Established, stable organization with strong financial position
- Focus on institutional investors
- Disciplined, understandable, and time-tested investment process with risk controls
- Low turnover of personnel

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## Candidate Profile (continued)

- Consistent and strong track record over multiple cycles
- Commitment to client service
- Product must have a competitive structure and fees relative to its peers

### 8. Qualities To Be Avoided

- Concentrated client base
- Candidates currently involved in a merger, acquisition, or recent transaction impacting the firm's senior executives
- Excessive recent personnel turnover
- High fees and lack of investor protections and governance.

### 9. Specific Client Requests & Additional Considerations

None.

**City of Milwaukee Employees' Retirement System (CMERS)  
Core and Core Plus Private Real Estate (open-end) Search**

On behalf of **City of Milwaukee Employees' Retirement System**, Callan conducted a search for core and core plus real estate managers focused on multifamily and alternative sectors. Callan considered 19 funds within the open end core plus universe.

***Nine products were eliminated prior to Search Committee:***

Organization	Product
American Realty Advisors	ARA Essential Housing Fund
Cloud Capital	Cloud Capital Global Fund
Cortland Partners	Cortland Growth and Income
Griffis Group	Griffis Residential Income Trust
Sentinel	US Core Plus Multifamily Fund
TA Realty	Digital Real Estate Fund
Sentinel	Sentinel Real Estate Fund
Virtus Real Estate	Enhanced Core
William Warren Group	Self-Storage Income Fund

***Ten products were presented to Callan's Manager Search Committee:***

Organization	Product
AEW Capital Management	AEW Essential Housing Fund
Blackstone	Blackstone Property Partners
Carlyle Investment Management LLC	Carlyle Property Investors
Harrison Street Real Estate Capital	Harrison Street Core Property Fund
GI Partners	Essential Tech+Science
Kayne Anderson Real Estate	KACORE
Clarion Partners	Clarion Gables Multifamily Trust
Greystar	Greystar Growth and Income Fund
Nuveen Real Estate	Nuveen U.S. Cities Multifamily Fund
TA Realty	Residential Real Estate Fund

***Six products were advanced by Callan's Manager Search Committee:***

Organization	Product
Carlyle Investment Management LLC	Carlyle Property Investors
Harrison Street Real Estate Capital	Harrison Street Core Property Fund
GI Partners	Essential Tech+Science Fund
Kayne Anderson Real Estate	KACORE
Clarion Partners	Clarion Gables Multifamily Trust
TA Realty	Residential Real Estate Fund

***Two products were advanced by CMERS Staff & Callan***

Organization	Product
Harrison Street Real Estate Capital	Harrison Street Core Property Fund
Kayne Anderson Real Estate	KACORE



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**Harrison Street Real Estate Capital**  
**71 South Wacker Drive**  
**Suite 3575**  
**Chicago, IL 60606**

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### History

Harrison Street Real Estate Capital, LLC was founded in 2005 by Christopher Merrill in partnership with Chris and Mike Galvin. Harrison Street manages an open-end US Core Fund, a U.S.-based opportunistic fund series, a Europe-based opportunistic fund series, and two separately-managed accounts. All of the Firm's strategies focus on investing in demographic demand-driven sectors such as student housing, senior housing, medical office, and self-storage. The Sponsor believes that it is one of the largest managers focused primarily in the education, healthcare and storage sectors of the real estate market.

In May 2018, HSRE entered into a strategic partnership with Colliers International Group to purchase 75% of the firm. The transaction closed July 5, 2018. With this transaction, Chris and Mike Galvin have agreed to sell 100% of their current ownership stake to Colliers. Additionally, Chris Merrill and senior management (Dean Egerter, Steve Gordon & Rob Mathias) have sold 50% of their ownership in the management company to Colliers to create the opportunity for the next generation to share to a greater degree in the economics of the firm. The transaction closed in July 2018. Additionally, Chris Merrill and senior management sold 50% of their ownership in the management company to Colliers to create the opportunity for the next generation to share to a greater degree in the economics.

As of December 31, 2022, Harrison Street had \$55 billion in gross assets under management.

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### Structure

Founded: 2005  
Type of Firm: Limited Liability Company  
Ownership: 75% Colliers, 25% Employees  
Errors and Omissions Insurance: Yes  
In Compliance with SEC and DOL: Yes  
Registered Investment Advisor: Yes

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### Contact

Jenna Sheehan  
71 South Wacker Drive  
Suite 3575  
Chicago, IL 60606  
Phone: (312) 477-7971  
Fax: (312) 920-1855  
Email: jsheehan@harrisonst.com

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### Key Professionals

	Year started in Industry	Year started w/Firm
Christopher Merrill – President & CEO	1991	2005
Rob Mathias – Head of Intl Business	1986	2005
Stephen Gordon – Global CFO	1985	2008
Mike Gordon – Global CIO	2002	2005
Joey Lansing – Global Head of Portfolio Management and Strategy	1988	2011

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### Employee Structure

Portfolio Management	23
Research	6
Acquisitions/Dispositions	53
Asset Management	51
Property Management	-
Leasing	-
Accounting/Financial	43
Legal	11
Client Servicing/Marketing	22
IT (Technology)	15
Senior Management	3
Engineering	-
Other	21
<b>Total</b>	<b>248</b>

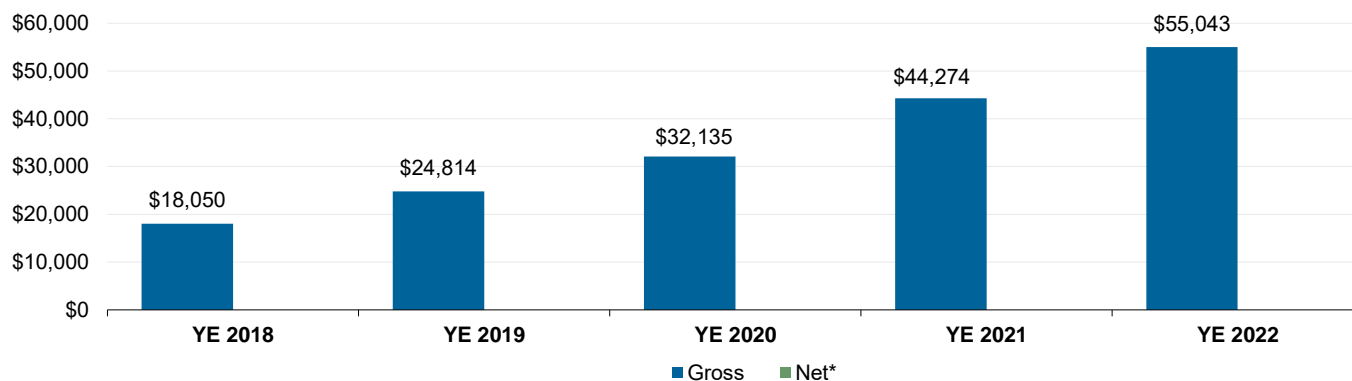
\*Other includes HR, administration, business operations, Impact, digital, special situations, insurance, and executive leadership

## Investment Professional Turnover

	Additions						Termination/Departures					
	Port. Mgrs.	Acq.	Asset Mgmt.	Research/ Other	Inv. Comm.	Total	Port. Mgrs.	Acq.	Asset Mgmt.	Research/ Other	Inv. Comm.	Total
2022	2	4	6	4	-	16	1	9	2	1	-	13
2021	1	5	4	6	-	16	2	4	3	5	-	14
2020	2	10	3	2	2	19	1	1	1	1	1	5
2019	-	4	4	1	-	9	2	2	1	-	-	5
2018	-	6	5	1	2	14	-	1	-	-	2	3
<b>Total</b>	<b>5</b>	<b>29</b>	<b>22</b>	<b>14</b>	<b>4</b>	<b>74</b>	<b>6</b>	<b>17</b>	<b>7</b>	<b>7</b>	<b>3</b>	<b>40</b>

## Private Real Estate Assets Under Management (\$mm)

### Total Asset Growth



\*Harrison Street did not provide net asset value data.

The following table provides a breakdown of total Tax-exempt assets by client type.

	Number of Accounts	Net Asset Value (\$mm)
Employee-Benefit Funds	18	435
Corporate	89	3,877
Multi-Employer	53	2,985
Public	78	11,375
Endowments & Foundations	89	1,858
Other*	17	136
<b>Total Accounts</b>	<b>344</b>	<b>20,666</b>

\*Other represents banks, non-profits, and religious investors.



## Harrison Street Core Property Fund

Inception Date: November 9, 2011

### Key Professionals

		Year started in Industry	Year started w/Firm
Joey Lansing	Portfolio Manager	1994	1994

### Fund Overview

Fund Structure:	Limited Partnership
Total Fund Assets - Gross	\$14,060 mm
Total Fund Assets - Net	\$10,815 mm
% of Leverage:	22.7%
Queue:	No entry queue \$705m exit queue
Cash:	\$40 mm
# of Institutional Investors	247

### Strategy

The Fund will seek to acquire and own for the long-term, stabilized and established properties in the student housing, medical office, self-storage and senior housing sectors. The long-term strategic sector allocation is: 32% Medical Office, 30% Senior Housing, 28% Student Housing, and 10% Self Storage. The Fund may deviate +/- 10% to tactically shift the long-term allocations. Due to the differentiated fundamentals of the Fund's sectors, standard regional allocations are not as applicable relative to traditional core sectors. Instead, the Fund examines various other sector-specific metrics when evaluating an investment opportunity.

### Portfolio Manager

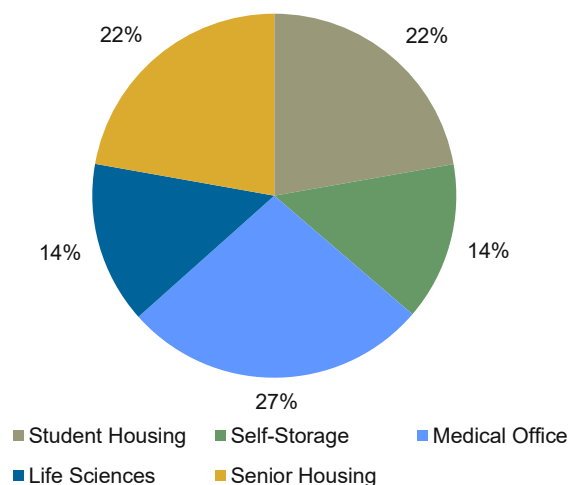
Name: Joey Lansing

% of Dedication: 100%

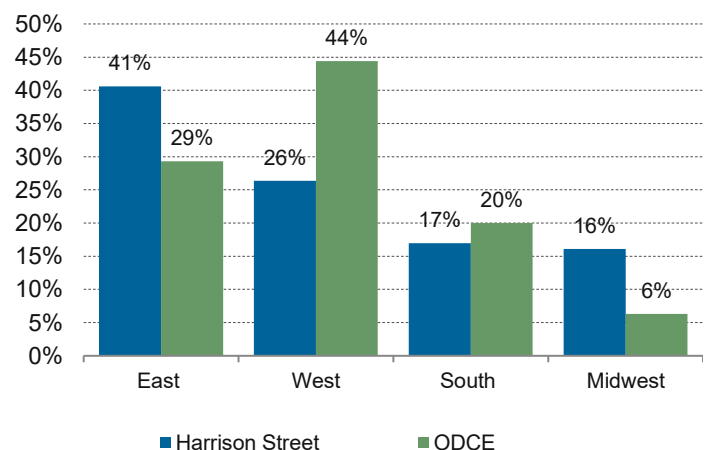
Responsibilities: Mr. Lansing supervises all aspects of the Sponsor's core business, including acquisitions, asset management, accounting, investor reporting and capital raising. In addition, Mr. Lansing is responsible for the execution of the Core Fund's investment strategy and the development of the team dedicated to achieving the fund's investment objectives.

Prior Experience: Prior to joining Harrison Street, Mr. Lansing was the Chief Operating Officer for ORG Real Property, an institutional real estate consulting firm.

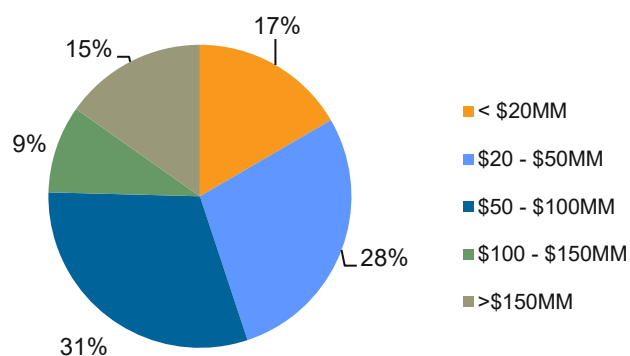
### Property Type Diversification



### Regional Diversification vs ODCE



## Investment Size Diversification



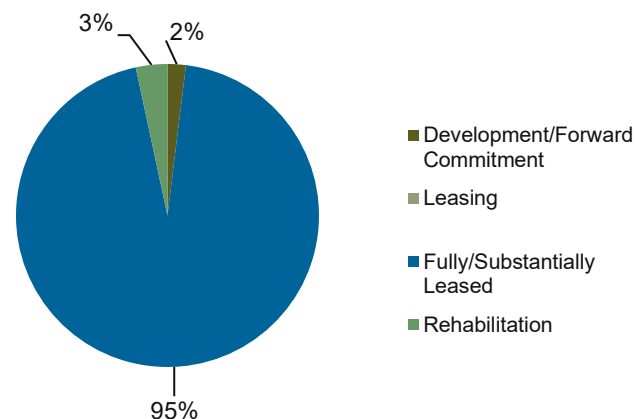
### Terms

Minimum Investment:	\$10 million
Sponsor Commitment:	None
Total Return Target:	9%-10% gross
Income Return Target:	None
Advisory Board:	Yes

### Limitations

Cash:	5% of NAV
Portfolio Leverage:	40%
Property Leverage:	None
Geography:	No more than 20% in any single metro area, provided that exposure to Designated MSA's may not exceed 30%
Property Type:	No more than 40% in any single property type
Joint Venture:	None
Non-Core Allocation:	None
Other	No more than 15% in any single investment

## Investment Stage Diversification



### Fees

Acquisition Fee:	None
Asset Management Fee:	First \$25mm: 1.15% Next \$25mm: 1.05% Next \$25mm: 0.95% Next \$25mm: 0.90% Above \$100mm: 0.85%
Disposition Fee:	None
Performance Fee:	None
Other Fees:	None

### Portfolio Characteristics

Average Occupancy:	90%
Joint Ventures:	61%
Average Investment Size:	\$35 million
Number of Investments	397
Dividend Policy:	Quarterly
Redemption Policy:	Quarterly, with 45 days' written notice
Mark Debt to Market	Yes
Implied Going-In Cap Rate:	4.4%
GRESB:	79

## Comments

- As of March 31, 2023, there is no contribution queue. Harrison Street anticipates it will take one quarter to drawdown the queue. Additionally, the Fund has a \$705 million redemption queue or 6.5% of Fund NAV.
- The Fund has a weighted average cost of debt of 4.2% and has 6.7% of its debt maturing over the next 12 months and 8.4% set to mature over the subsequent 12 months. The Fund's debt is 92.9% fixed rate and 7.1% floating rate debt.
- The fund level line of credit, upsized to \$750mm last year, at LIBOR +150.
- Executed four private placements over last several years, was in the market earlier this year but decided to hold off given volatility.
- The Fund invests solely in alternative property types such as medical office, self-storage, student housing, and senior living. It does not make any investments in the more traditional "core" property types.
- The Fund is content with the current allocations; 41% of the Fund is longer duration leases (medical office and life science) and 59% in sectors that can adjust to inflation (self-storage, senior housing, student housing)
- Regional diversification will likely see increase in exposure to West at expense of East.
- Development exposure is below 5% and is currently comprised of build-to-suit medical office, some pre-leased life science
- Life Sciences: Only invests in the three cluster markets (Boston, SF, SD). Given the fund's core focus, tenant base is generally higher credit tenancy on long-term leases. Rents have increased substantially over the past few years so there is a mark-to-market opportunity.
- Senior Housing: Occupancy now 80%, Median net worth and home values are nearly double U.S. average, indicating high quality tenant base.
- Medical Office: 10 to 15 year lease terms, escalators at 2% to 3% with minimal rent growth
- Student Housing: Average of 5.4% rent growth for 2023-24 AY rents relative to 2022-23 AY rents.

Flows into Fund (\$mm)	Inflows	Outflows	Net Flows
2020	\$508.6	\$254.0	\$254.6
2021	\$1,681.0	\$403.7	\$1,277.3
2022	\$355.3	\$128.0	\$227.3
<b>Total</b>	<b>\$2,544.9</b>	<b>\$785.7</b>	<b>\$1,759.2</b>

New Commitments by Client Type (\$mm)	Interval Funds	Non-US Investors	Domestic Investors	Other	Total
2020	\$0.0	\$116.0	\$392.6	\$0.0	\$508.6
2021	\$0.0	\$576.8	\$1,104.2	\$0.0	\$1,681.0
2022	\$0.0	\$131.9	\$223.4	\$0.0	\$355.3
<b>Total</b>	<b>\$0.0</b>	<b>\$824.7</b>	<b>\$1,720.2</b>	<b>\$0.0</b>	<b>\$2,544.9</b>



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**Kayne Anderson Real Estate**  
**One Town Center Road**  
**Suite 300**  
**Boca Raton, FL 33486**

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### History

Kayne Anderson Capital Advisors, L.P. was founded in 1984 by Ric Kayne and John Anderson to manage the funds of its principals and select clients. KA Real Estate was founded in 2007 by Al Rabil (Managing Partner and CEO). Since inception, KA Real Estate has focused on fragmented alternative sectors experiencing growth but lacking capital efficiencies and sophisticated operational and investment focus. Alternative “need-based” sectors with strong demand drivers have demonstrated resistance to economic downturns and have outperformed traditional asset classes over time. A vertically-integrated team of seasoned professionals brings expertise in acquisitions, asset management, legal, accounting, construction management and marketing to each investment made. The Firm currently manages investments primarily through private investment partnerships and closed-end funds, including the opportunistic equity, core equity, and debt platforms.

As of December 31, 2022, Kayne Anderson Real Estate had \$14 billion in gross assets under management.

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### Structure

Founded: 2007

Type of Firm: Limited Liability Company

Ownership: Employee-owned

Errors and Omissions Insurance: Yes

In Compliance with SEC and DOL: Yes

Registered Investment Advisor: Yes

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### Contact

Ariana Nelson

One Town Center Road

Suite 300

Boca Raton, FL 33486

Phone: (561) 300-6207

Email: [anelson@kaynecapital.com](mailto:anelson@kaynecapital.com)

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### Key Professionals

	<b>Year started in Industry</b>	<b>Year started w/Firm</b>
Albert Rabil III – Managing Partner, Co-Founder, and CEO	1987	2007
S. David Selznick – Chief Investment Officer	2002	2012
John Wain – Chief Financial Officer	1988	2018
Terry Quinn – Co-Chairman	1983	2007
Paul Blank – Chief Operating Officer	1998	1998

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### Employee Structure

Portfolio Management	1
Research	2
Acquisitions/Dispositions	21
Asset Management	12
Property Management	-
Leasing	-
Accounting/Financial	11
Legal	12
Client Servicing/Marketing	7
IT (Technology)	-
Senior Management	3
Engineering	7
Other	8
<b>Total</b>	<b>84</b>

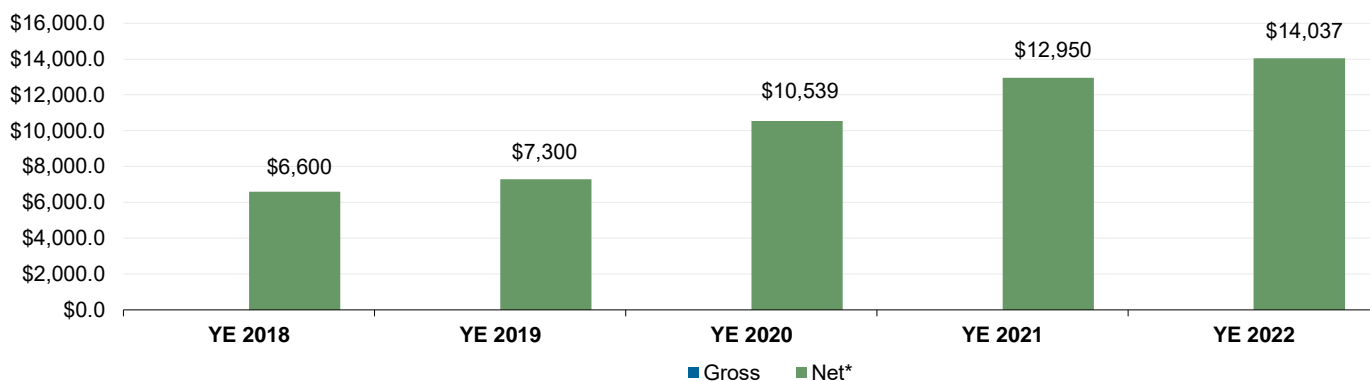
\*Other includes administration professionals

## Investment Professional Turnover

	Additions						Termination/Departures					
	Port. Mgrs.	Acq.	Asset Mgmt.	Research/ Other	Inv. Comm.	Total	Port. Mgrs.	Acq.	Asset Mgmt.	Research/ Other	Inv. Comm.	Total
2022	-	-	-	1	-	1	-	-	-	-	-	-
2021	-	7	4	5	-	16	-	2	1	1	-	4
2020	-	2	1	2	-	5	-	-	-	-	-	-
2019	-	1	3	2	-	6	-	1	1	-	-	2
2018	1	1	1	1	1	5	-	-	3	-	-	3
<b>Total</b>	<b>1</b>	<b>11</b>	<b>9</b>	<b>11</b>	<b>1</b>	<b>33</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>7</b>

## Private Real Estate Assets Under Management (\$mm)

### Total Asset Growth



The following table provides a breakdown of total Tax-exempt assets by client type.

	Number of Accounts	Net Asset Value (\$mm)
Employee-Benefit Funds	10	\$338
Corporate	1	\$5
Multi-Employer	-	-
Public	6	\$267
Endowments & Foundations	6	\$55
Other*	19	\$223
<b>Total Accounts</b>	<b>42</b>	<b>\$888</b>

\*Other represents banks, non-profits, and religious investors.

**Kayne Anderson KACORE**  
Inception Date: August 10, 2017

**Key Professionals**

		Year started in Industry	Year started w/Firm
Albert Rabil III	CEO	1987	2007
S. David Selznick	CIO	2002	2012
Kyle Mayes	Portfolio Manager	2003	2018

**Fund Overview**

Fund Structure:	Limited Partnership
Total Fund Assets - Gross	\$4,376 mm
Total Fund Assets - Net	\$2,874 mm
% of Leverage:	34.0%
Queue:	No entry queue \$139mm exit queue
Cash:	\$25mm
# of Institutional Investors	68

**Strategy**

KACORE is an alternative core investment strategy that seeks to achieve long-term target returns of 9% to 10% from alternative sectors with a maximum fund leverage of 40%. The alternative sectors included will be medical office, seniors housing, student housing and self-storage. Additionally, KACORE expects to invest up to 10% of its capital in development and value-add opportunities.

**Portfolio Manager**

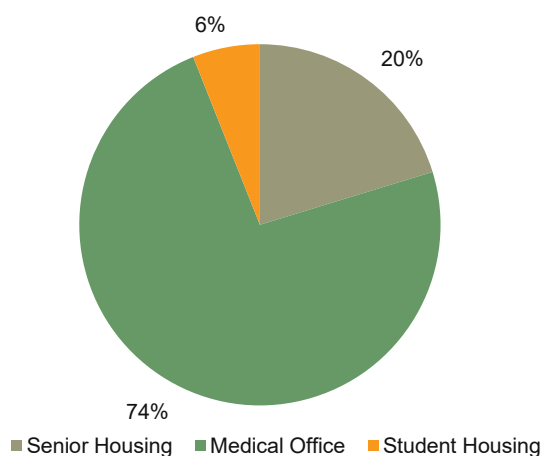
Name: Kyle Mayes

% of Dedication: 100%

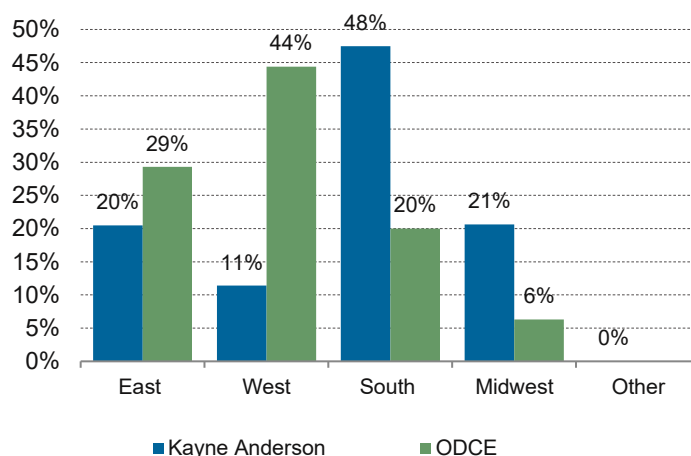
Responsibilities: Kyle Mayes is Senior Managing Director of the Core Portfolio at KA Real Estate. He is responsible for managing day to day responsibilities for the Fund: evaluating the impact of property operations, transactions, reporting, valuations and financings on risk-adjusted returns.

Prior Experience: Prior to joining KA Real Estate in 2018, Mr. Mayes was Vice President of Portfolio Management at ASB Real Estate Investments, where he focused on the firm's core fund. He previously worked at E\*TRADE Financial Capital Markets ("E\*TRADE"), where he underwrote and analyzed home equity loan portfolio acquisitions. Prior to E\*TRADE, Mr. Mayes worked as a Financial Consultant for IBM Global Business Services, focusing on federal government clients.

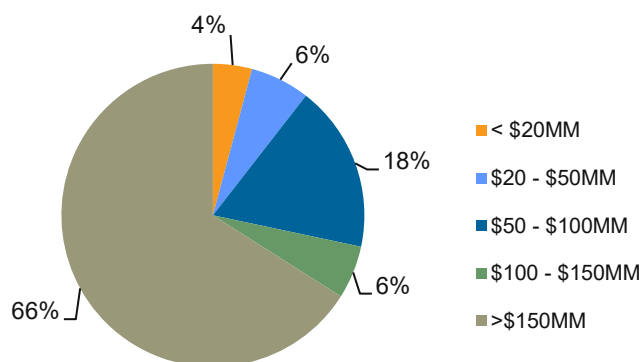
**Property Type Diversification**



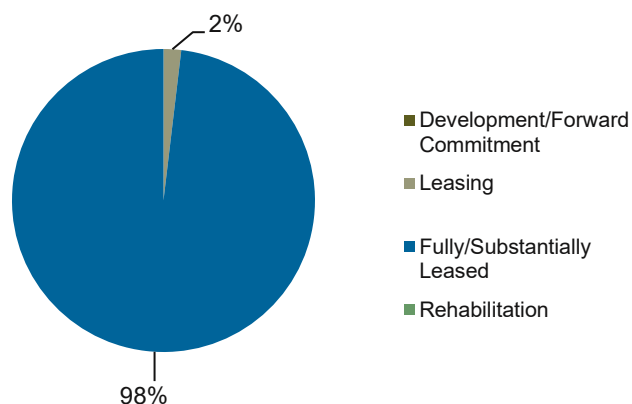
**Regional Diversification vs ODCE**



## Investment Size Diversification



## Investment Stage Diversification



### Terms

Minimum Investment:	\$2 million
Sponsor Commitment:	None
Total Return Target:	9%-10% net
Income Return Target:	4%-6%
Advisory Board:	Yes

### Limitations

Cash:	None
Portfolio Leverage:	40%
Property Leverage:	None
Geography:	No more than 25% in any single MSA
Property Type:	None
Joint Venture:	None
Non-Core Allocation:	No more than 10% in value-add and development assets
Other	No more than 10% in any single investment

### Fees

Acquisition Fee:	None
Asset Management Fee:	First \$25mm: 1.15% Next \$25mm: 1.05% Next \$50mm: 0.95% Above \$100mm: 0.85%
Disposition Fee:	None
Performance Fee:	None
Other Fees:	None

### Portfolio Characteristics

Average Occupancy:	96%
Joint Ventures:	92%
Average Investment Size:	\$131 million
Number of Investments	34
Dividend Policy:	Quarterly
Redemption Policy:	Quarterly, with 45 days' written notice
Mark Debt to Market	Yes
Implied Going-In Cap Rate:	5.1%
GRESB:	63



## Comments

- As of March 31, 2023, there was a no contribution queue and a redemption queue of \$139 million or 4.8% of the Fund's NAV. The Fund paid out \$10 million in outstanding redemptions.
- The Fund has a weighted average cost of debt of 4.4% and has 1.6% of its debt maturing over the next 12 months and 8.3% set to mature over the subsequent 12 months.
- The Fund focuses on alternative real estate sectors such as medical office, senior housing, self-storage, and student housing and will not invest in traditional real estate sectors. However, the Fund may invest in other specialty real estate sectors.
- Al Rabil & David Selznick are responsible for all final portfolio management decisions. Kyle Mayes is responsible for working with sector heads, asset management strategy, valuation modelling, reporting, ESG strategy, and day to day operations of the Fund.
- Target allocation: 50% medical office, 20% student housing, 20% senior housing 10% storage
- Actual: 74% Medical Office / 20% Seniors Housing / 6% Student Housing
- To date the Fund does not have any self-storage investments; the opportunities are smaller assets and to package in a portfolio. The team has not found investments in size & scale with valuable risk/reward metrics.
- KACORE purchased two student housing assets at University of Florida in 2H2022. They have been a net seller since 2019 and prefer high end student housing.
- Senior Housing occupancy is near 90%. The average tenant has three to five times the net worth of the average American.

Flows into Fund (\$mm)	Inflows	Outflows	Net Flows
2020	\$786.4	\$15.6	\$770.7
2021	\$399.1	\$1.2	\$397.9
2022	\$450.8	\$85.2	\$365.6
<b>Total</b>	<b>\$1,636.3</b>	<b>\$102.0</b>	<b>\$1,534.2</b>

New Commitments by Client Type (\$mm)	Interval Funds	Non-US Investors	Domestic Investors	Other	Total
2020	\$0.0	\$0.0	\$222.4		\$222.4
2021	\$0.0	\$70.0	\$548.8		\$618.8
2022	\$0.0	\$0.0	\$227.3		\$227.3
<b>Total</b>	<b>\$0.0</b>	<b>\$70.0</b>	<b>\$998.5</b>		<b>\$1,068.5</b>



Fund Name (as of December 31, 2022)	Harrison Street Core Property Fund	Kayne Anderson KACORE
<b>Organization</b>		
Parent Company:	Harrison Street Real Estate Capital, LLC	Kayne Anderson Capital Advisors, L.P.
Real Estate Assets Under Management (Gross & Net):	\$55.0B (Gross); N/A (Net)	N/A (Gross); 14.0B (Net)
<b>Vehicle Overview</b>		
Vehicle Type	Limited Partnership	Limited Partnership
Inception Date	November 2011	August 2017
Fund Size (Gross \$mm)	\$14,060 million	\$4,376 million
Fund Size (Net \$mm)	\$10,815 million	\$2,874 million
Uninvested Commitments/Entry Queue (\$mm)	No entry queue \$705 million exit queue	No entry queue \$139 million exit queue
Projected time before new commitments would be called	Not provided	Not provided
Leverage Percentage	22.7%	34.0%
# of Institutional Investors	247	68
<b>Management</b>		
Portfolio Manager(s)	Joey Lansing	Kyle Mayes
Start Year with Firm	1994	2018
Start Year in Industry	1994	2003
% of Dedication to Fund	100%	100%
<b>Terms</b>		
Minimum Investment:	\$10 million	\$2 million
Sponsor Commitment:	None	None
Total Return Target:	9%-10% gross; 6% - 8% net	9%-10% net
Income Return Target:	None	5%-6%
Mark Debt to Market (Y/N)	Yes	Yes
Redemption Policy	Quarterly, with 45 days' written notice	Quarterly, with 45 days' written notice
Dividend Policy	Quarterly	Quarterly
Advisory Board:	Yes	Yes
<b>Portfolio Characteristics</b>		
Average Occupancy:	90%	96%
Joint Ventures:	61%	92%
Average Investment Size:	\$32 million	\$131 million
Implied Going-In Cap Rate	4.4%	5.1%
<b>Fees</b>		
Acquisition Fee:	None	None
Asset Management Fee:	First \$25mm: 1.15% Next \$25mm: 1.05% Next \$25mm: 0.95% Next \$25mm: 0.90% Above \$100mm: 0.85%	First \$25mm: 1.15% Next \$25mm: 1.05% Next \$50mm: 0.95% Above \$100mm: 0.85%
Disposition Fee:	None	None
Performance Fee:	None	None
Other Fees:	None	None
<b>Limitations</b>		
Cash:	5% of NAV	None
Portfolio Leverage:	40%	40%
Property Leverage:	None	None
Geography:	No more than 20% in any single metro area, provided that exposure to Designated MSA's may not exceed 30%	No more than 25% in any single MSA
Property Type:	No more than 40% in any single property type	None
Joint Venture:	None	None
Non-Core Allocation:	None	10% in value-add and development assets
Other	15% in any single investment	10% in any single investment 25% single MSA

Asset Management Fees (Based on Investor AUM)							
Manager	\$7mm	\$10mm	\$25mm	\$50mm	\$75mm	\$100mm	Performance Fee
Harrison Street Core Property	1.15%	1.15%	1.15%	1.05%	0.95%	0.90%	No
Kayne Anderson KACORE	1.15%	1.15%	1.15%	1.05%	0.95%	0.95%	No

## Candidate Firm Summary

### Diversity, Equity & Inclusion (DEI)

	Harrison Street Real Estate Capital	Kayne Anderson Capital Advisors LP
Formal Diversity, Equity and Inclusion policy	Yes	Yes
Recruitment initiatives for women and people of color	Yes	Yes
Policies to increase gender and racial diversity within leadership and investment teams	Yes	Yes
Mentoring of women, people of color and other under-represented groups	Yes	No
Offer firm-wide training programs on DEI and/or unconscious biases	Yes	Yes
Formal pay-parity policy	Yes	No

## Candidate Firm Summary

### Race, Ethnicity and Gender Profile

The data below shows the breakdown of each firm by both race/ethnicity and gender. The weights are calculated based on the total number of employees who have disclosed their information. The gray columns show the percentage of employees that have disclosed race and/or gender as well as each firm's total employee count. Low disclosure rates could render the corresponding weights less meaningful.

	Race/Ethnicity								Gender			Total Firm Employees		
	Asian	Black or African American	Hispanic or Latinx	Middle Eastern or N. African	Native Amer/ Native/ Indigenous	Native Hawaiian/ Pac. Islander	White/ Caucasian	Two or more races	Male	Female	Non-binary/ Third Gender	Race Disclosed	Gender Disclosed	Total Firm Count
Harrison Street Real Estate Capital	8%	4%	2%	0%	1%	0%	81%	3%	59%	41%	0%	100%	100%	248
Kayne Anderson Capital Advisors LP	21%	3%	11%	0%	0%	0%	62%	2%	66%	34%	0%	100%	100%	321

## Candidate Product Summary

### ESG Integration

	Harrison Street Real Estate Capital	Kayne Anderson Capital Advisors LP
Product Name	Harrison Street Core Property Fund	Kayne Anderson Core Fund
Dedicated ESG strategy; ESG considerations are primary objective	No	No
Not a dedicated ESG strategy; ESG considerations are part of investment framework	Yes	Yes
Strategy utilizes proprietary scoring (or metrics) for ESG research	No	No
Reports provided to clients that highlight holdings' ESG metrics (impact, scoring, etc)	Yes	Yes

## Candidate Product Summary

### Race, Ethnicity and Gender Profile

The data below shows the breakdown of each product team by both race/ethnicity and gender. The weights are calculated based on the total number of employees who have disclosed their information. The gray columns show the percentage of team employees that have disclosed race and/or gender as well as each product's total employee count. Low disclosure rates could render the corresponding weights less meaningful.

	Race/Ethnicity								Gender			Total Product Employees		
	Asian	Black or African American	Hispanic or Latinx	Middle Eastern or N. African	Native Amer/ Native/ Indigenous	Native Hawaiian/ Pac. Islander	White/ Caucasian	Two or more races	Male	Female	Non-binary/ Third Gender	Race Disclosed	Gender Disclosed	Total Product Count
Harrison Street Real Estate Capital	9%	0%	0%	0%	0%	0%	91%	0%	55%	45%	0%	100%	100%	11
Kayne Anderson Capital Advisors LP	5%	5%	17%	0%	0%	0%	69%	3%	65%	33%	1%	100%	100%	75





# Comparative Manager Performance

## Returns Ended March 31, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
Harrison Street Core Property Fund	(0.48)	7.17	7.33	7.16	7.74	8.49
Kayne Anderson	0.37	5.03	7.65	7.44	--	--
NCREIF:NFI-ODCE Val Wt Nt	(5.17)	(5.69)	6.79	6.16	6.47	8.27

## Returns for Calendar Years

### 10 Years Ended March 31, 2023

	1 Qtr. 2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Harrison Street Core Property Fund	(0.48)	10.42	9.93	3.96	6.90	7.22	10.13	9.36	9.62	9.09
Kayne Anderson	0.37	7.99	12.62	3.54	8.87	5.85	--	--	--	--
NCREIF:NFI-ODCE Val Wt Nt	(5.17)	6.55	21.02	0.34	4.39	7.36	6.66	7.79	13.95	11.46

### 3 Year Rolling Returns Ended March 31, 2023

	3/31/23	3/31/22	3/31/21	3/31/20	3/31/19
Harrison Street Core Property Fund	7.33	7.34	5.85	7.78	8.33
Kayne Anderson	7.65	8.76	6.23	--	--
NCREIF:NFI-ODCE Val Wt Nt	6.79	10.30	3.96	5.85	7.01

### 3 Year Rolling Returns Ended June 30, 2018

	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
Harrison Street Core Property Fund	9.00	9.37	9.92	9.32	--
Kayne Anderson	--	--	--	--	--
NCREIF:NFI-ODCE Val Wt Nt	8.38	10.33	11.97	12.06	11.38

\*Benchmark data as of 12/31/2022

# Comparative Manager Performance

## Net Income Returns Ended March 31, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
Harrison Street Core Property Fund	0.77	2.89	3.09	3.54	3.90	4.28
Kayne Anderson	1.10	4.16	4.34	4.43	--	--
NCREIF:NFI-ODCE Val Wt Nt	--	--	--	--	--	--

## Gross Appreciation Returns Ended March 31, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
Harrison Street Core Property Fund	(1.21)	4.24	4.16	3.54	4.16	4.23
Kayne Anderson	(0.73)	0.82	3.21	3.04	--	--
NCREIF:NFI-ODCE Val Wt Nt	--	--	--	--	4.31	5.54

\*3/31/2023 benchmark unavailable at the time of this report

# Comparative Manager Performance

## Property Sector Exposure for Periods Ended December 31, 2022

	Health Care	Senior Housing	Student Housing	Storage
Harrison Street Core Property Fund	42%	22%	22%	14%
Kayne Anderson Core Fund	76%	17%	7%	0%

## Regional Exposure for Periods Ended December 31, 2022

	EN Central	WN Central	Northeast	Mideast	Pacific	Mountain	Southeast	Southwest
Harrison Street Core Property Fund	10.3%	5.8%	27.2%	13.4%	20.1%	6.3%	10.3%	6.6%
Kayne Anderson Core Fund	14.5%	6.4%	8.9%	13.6%	3.7%	7.7%	30.0%	15.1%
NCREIF:NFI-ODCE Val Wt Nt	5.3%	0.8%	20.1%	7.8%	38.3%	7.1%	11.6%	8.9%

\*Harrison Street Health Care exposure is 27% Medical Office & 15% Life Sciences



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# Definitions

## Performance

**Capitalization rate:** Commonly known as cap rate, is a rate that helps in evaluating a real estate investment.  $\text{Cap rate} = \text{Net operating income} / \text{Current market value (Sale price) of the asset}$ .

**Net operating income:** Commonly known as NOI, is the annual income generated by an income-producing property, taking into account all income collected from operations, and deducting all expenses incurred from operations.

**Real Estate Appraisal:** The act of estimating the value of a property. A real estate appraisal may take into account the quality of the property, values of surrounding properties, and market conditions in the area.

**Income Return ("INC"):** Net operating income net of debt service before deduction of capital items (e.g., roof replacement, renovations, etc.)

**Appreciation Return ("APP"):** Increase or decrease in an investment's value based on internal or third party appraisal, recognition of capital expenditures which did not add value, uncollectible accrued income, or realized gain or loss from sales.

**Total Gross Return ("TGRS"):** The sum of the income return and appreciation return before adjusting for fees paid to and/or accrued by the manager.

**Total Net Return ("TNET"):** Total gross return less Advisor fees reported. All fees are requested (asset management, accrued incentives, paid incentives). No fee data is verified. May not include any fees paid directly by the investor as opposed to those paid from cash flows.

**Inception Returns:** The total net return for an investment or portfolio over the period of time the client has had funds invested. Total portfolio Inception Returns may include returns from investments no longer held in the current portfolio.

**Net IRR:** IRR after advisory fees, incentive, and promote. This includes actual cash flows and a reversion representing the LP Net Assets at market value as of the period end reporting date.

**Equity Multiple:** The ratio of Total Value to Paid-in-Capital (TVPIC). It represents the Total Return of the investment to the original investment not taking into consideration the time invested. Total Value is computed by adding the Residual Value and Distributions. It is calculated net of all investment advisory and incentive fees and promote.

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# Definitions

## Style Groups

The Style Groups consist of returns from commingled funds with similar risk/return investment strategies. Investor portfolios/investments are compared to comparable style groupings.

**Core:** Direct investments in operating, fully leased, office, retail, industrial, or multifamily properties using little or no leverage (normally less than 30%).

**Value-Added:** Core returning investments that take on moderate additional risk from one or more of the following sources: leasing, re-development, exposure to non-traditional property types, the use of leverage.

**Opportunistic:** Investments that take on additional risk in order to achieve a higher return. Typical sources of risks are: development, land investing, operating company investing, international exposure, high leverage, distressed properties.

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# Definitions

## Indices

**Stylized Index:** Weights the various style group participants so as to be comparable to the investor's portfolio holdings for each period.

**Open-End Diversified Core Equity Index ("ODCE"):** A core index that includes only open-end diversified core strategy funds with at least 95% of their investments in U.S. markets. The ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical and current basis (24 active vehicles). The ODCE Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.

**NCREIF Fund Index Open-End Index ("OE"):** NFI-OE is an aggregate of open-end, commingled equity real estate funds with diverse investment strategies. Funds comprising NFI-OE have varied concentrations of sector and region, core and non-core, leverage, and life cycle.

**NAREIT Equity Index:** This is an index of Equity Real Estate Investment Trust returns reflecting the stock value changes of REIT issues as determined through public market transactions.



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# Definitions

## Cash Flow Statements

**Beginning Market Value:** Value of real estate, cash, and other holdings from prior period end.

**Contributions:** Cash funded to the investment for acquisition and capital items (i.e., initial investment cost or significant capital improvements).

**Distributions:** Actual cash returned from the investment, representing distributions of income from operations.

**Withdrawals:** Cash returned from the investment, representing returns of capital or net sales proceeds.

**Ending Market Value:** The value of an investment as determined by actual sales dollars invested and withdrawn plus the effects of appreciation and reinvestment; market value is equal to the ending cumulative balance of the cash flow statement (NAV).

**Unfunded Commitments:** Capital allocated to managers which has not yet been called for investment. Amounts are as reported by managers.

**Remaining Allocation:** The difference between the ending market value + the unfunded commitments and the target allocation. This figure represents dollars available for allocation.

# NCREIF Region Map

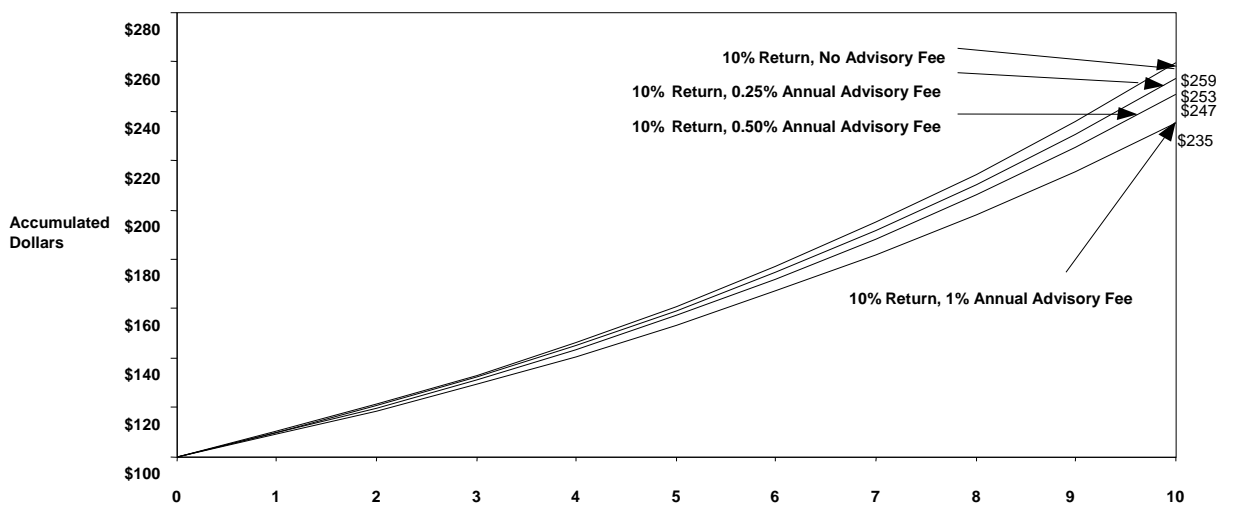


Disclosure Statement

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The following graphical and tabular example illustrates the cumulative effect of investment advisory fees on a \$100 investment growing at 10% over ten years. Fees are assumed to be paid monthly.

The Cumulative Effect of Advisory Fees



	Accumulated Dollars at End of Years									
	1	2	3	4	5	6	7	8	9	10
No Fee	110.0	121.0	133.1	146.4	161.1	177.2	194.9	214.4	235.8	259.4
25 Basis Points	109.7	120.4	132.1	145.0	159.1	174.5	191.5	210.1	230.6	253.0
50 Basis Points	109.5	119.8	131.1	143.5	157.1	172.0	188.2	206.0	225.5	246.8
100 Basis Points	108.9	118.6	129.2	140.7	153.3	166.9	181.8	198.0	215.6	234.9

10% Annual Return Compounded Monthly, Annual Fees Paid Monthly.

## Disclosure

The table below indicates whether one or more of the candidates listed in this report is, itself, a client of Callan as of the date of the most recent quarter end. These clients pay Callan for educational, software, database and/or reporting products and services; refer to our Form ADV 2A for additional information. Given the complex corporate and organizational ownership structures of investment management firms and/or trust/custody or securities lending firms, the parent and affiliate firm relationships are not listed here if they don't separately contract with Callan.

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Acts, events, occurrences or accidents beyond reasonable control, including but not limited to pandemics, acts of terrorism, volatile market conditions, or other disruptions could have a negative and long-lasting impact on the business operations and financial condition of the candidate sponsor, the candidate investment vehicle, and investments and may materially adversely impact fundraising, operations, deal sourcing, management and due diligence of investments, liquidity, valuations and performance, among other potential impacts.

As a matter of policy, Callan follows strict procedures so that investment manager client relationships do not affect the outcome or process by which Callan's searches or evaluations are conducted.

Firm	Is an Investment Manager Client of Callan*	Is Not an Investment Manager Client of Callan*
Harrison Street		X
Kayne Anderson		X

\*Based upon Callan manager clients as of the most recent quarter end.

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Past performance is no guarantee of future results.





HARRISON STREET

10398 Pacific Center | San Diego, CA

# Harrison Street Core Fund Overview

Prepared For:



April 2023 | Confidential

**PERE**  
AWARDS 2022

Alternatives Investor of the Year: Global  
Industry Figure of the Year: Global  
Residential Investor of the Year: Global  
Data Centers Investor of the Year: Global  
Residential Investor of the Year: North America

Pensions&Investments ★★2022★★  
**BEST PLACES TO WORK  
IN MONEY MANAGEMENT**  
MULTIYEAR WINNER  
2022 ★ 2020 ★ 2019 ★ 2018  
2017 ★ 2016 ★ 2015 ★ 2014



# Firm Overview



Harrison Street Headquarters | Chicago, IL



HARRISON STREET

# First Mover in Alternative Real Assets

- Since inception in 2005, Harrison Street has **created differentiated investment solutions across demographic-driven real assets** in North America and Europe
- **Extensive track record including approximately \$65 billion** of gross investment across 1,533 assets since inception
- **Superior access through our network** of leading universities, healthcare systems and specialty operators
- Talented, passionate and dedicated team of **245+ employees** in Chicago, London, New York, Tokyo, Toronto, San Francisco and Washington DC



**561 institutional investors** across the globe including North America, Europe, Asia-Pacific, Middle East and Latin America

As of December 31, 2022



# Platform Dedicated to Alternative Real Assets

## GLOBAL INVESTMENT LEADERSHIP<sup>1,2</sup>

Christopher Merrill  
Co-founder, Chairman  
& CEO

Joey Lansing  
Global Head of Portfolio  
Management & Strategy

Steve Gordon  
Global Chief  
Financial Officer

Rob Mathias  
Head of International

Geoff Regnery  
Global Head of  
Investor Relations

Mike Gordon  
Global Chief  
Investment Officer

## NORTH AMERICA

Mark Burkemper<sup>1</sup>  
Head of Transactions

Rob Cook<sup>1,3</sup>  
Head of Opportunistic  
Portfolio Management

Ben Mohns<sup>1,3</sup>  
Head of Asset Management

Brian Mutchler<sup>1</sup>  
Head of Special Situations

Jenna Sheehan<sup>1</sup>  
Head of Investor Relations

Carolyn Arida<sup>3</sup>  
Head of Utilities

Jim Hennessy<sup>3</sup>  
Head of P3 Business  
Development

Michael Hochanadel  
Head of Digital Assets

Jonathan Turnbull<sup>3</sup>  
Head of Canada

## EUROPE

Paul Bashir<sup>3</sup>  
CEO

Albert Yang<sup>3</sup>  
Investor Relations

Josh Miller  
Transactions

Ben Chittick  
Asset Management

Dorina Gorman  
Portfolio Management

## GLOBAL OPERATIONS, RESEARCH, ESG & RISK MANAGEMENT

Erin Nahumyk<sup>1</sup>  
Chief Accounting Officer

Stacy Nyenbrink<sup>1</sup>  
Chief People Officer

Tom Errath<sup>2</sup>  
Head of Research

Jill Brosig  
Chief Impact Officer

Mike Gershowitz<sup>1</sup>  
General Counsel &  
Chief Compliance Officer

Bill Sechen  
Chief Information  
Officer

53  
Transactions

23  
Portfolio Management

51  
Asset Management

38  
Portfolio Accounting &  
Reporting

8  
Research & Strategy

22  
Investor Relations

11  
Legal & Compliance

4  
Impact

38  
Corporate, HR & IT

As of December 31, 2022

<sup>1</sup> Executive Committee Member | <sup>2</sup> Permanent Member of Investment Committee | <sup>3</sup> Rotating Member of Investment Committee

# Cycle-Tested Investment Thesis

## Defensive Sectors

- Demographic-driven demand
- Needs-based demand
- Mission critical assets
- High credit quality counterparties and users

## Harrison Street portfolios

- Cycle-tested through global financial crisis and global pandemic
- Proven resiliency throughout cycle
- Inflation-protection structures across strategies

## Fragmentation

- Smaller average asset sizes and middle market focus
- Yield premiums resulting from fragmented assets
- Value creation through portfolio aggregation opportunities

## Harrison Street portfolios

- Average gross investment \$42.2 million since inception
- 80% of investments single-asset transactions, 80% of dispositions portfolio sales<sup>1</sup>

## High Barriers to Entry

- Management and operational expertise a must
- Access through deep relationships and knowledge of end users
- Expansive partner relationships required in order to achieve scale

## Harrison Street portfolios

- Network of ~120 leading operating partners across strategies
- Investments on, near, or in partnership with 200+ universities and 30 top health systems

As of December 31, 2022

<sup>1</sup> As of March 31, 2022

Targeted investment characteristics are provided for informational purposes only, are not indicative of future results, and are not guarantees. There can be no assurance that any investment will have these characteristics or terms, that targeted returns will be met, or that investor capital will not be lost.



HARRISON STREET

# Resiliency in Harrison Street's Sectors of Focus



**Student Housing:** University of South Carolina



**Healthcare Delivery:** Palomar MOB



**Senior Housing:** Oakmont Camarillo



**Life Sciences:** Representative photo



**Self Storage:** Trojan at Bend



# Core Fund Overview

*As used in this "Core Fund Overview" and associated sections, the terms "Core Fund", "HSCPF" and "Fund" shall refer to Harrison Street Core Property Fund, L.P., together with its parallel vehicles.*



HARRISON STREET



Oakmont of Camarillo | Camarillo, CA

Confidential | 7



# Harrison Street Core Property Fund

## Investment Strategy

Manage a diversified portfolio of high-quality, **stabilized education, healthcare, life sciences, and storage** assets. Harrison Street believes investments in these assets, including student housing, senior housing, medical office, life sciences and storage properties, provide an attractive combination of strong current income and long-term growth.

## Inception Date

November 2011

## Structure

Open-end fund, perpetual life

## Target Return

Deliver attractive current income with minimal volatility and the opportunity for capital appreciation in a highly diversified portfolio

## Target Leverage

22-27% LTV

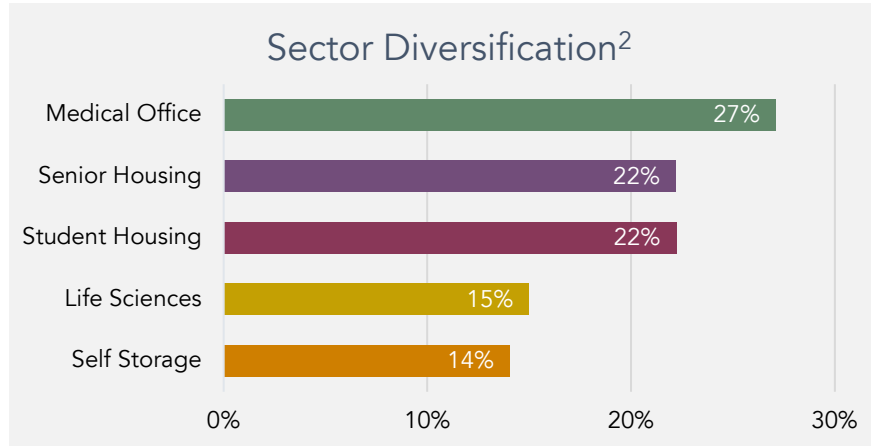
## Target Markets

Demographic-driven markets including strong university towns and leading healthcare systems

The information above is a brief summary of certain principal terms of the offering and is qualified in its entirety by the more detailed information appearing in the Private Placement Memorandum (PPM), including the "Principal Terms" section. Investors are encouraged to read the fund's entire PPM. Please refer to the disclaimer pages for additional information.

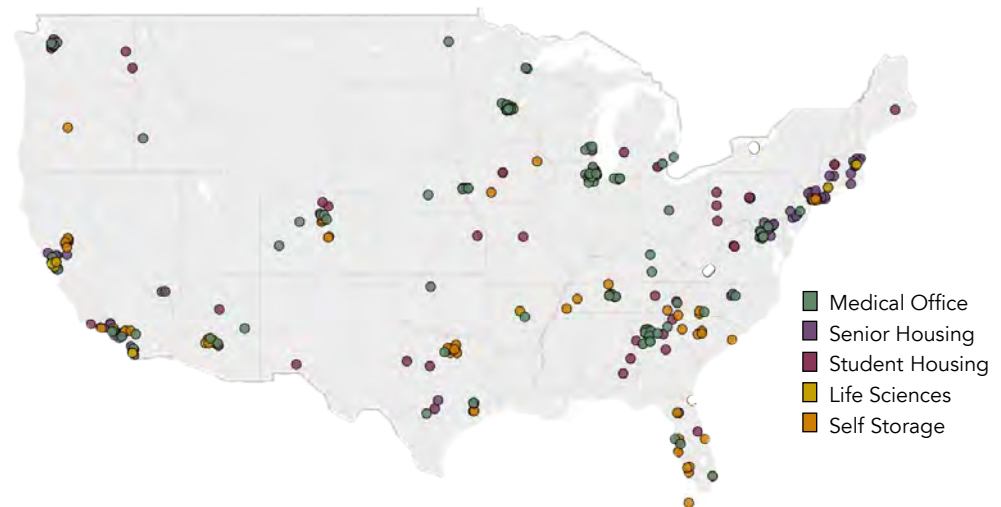
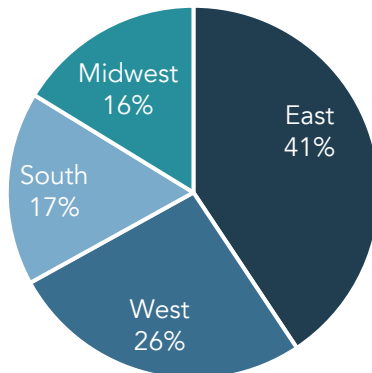
# Open-End Fund Dedicated to Alternative Real Estate

Gross Asset Value	\$14.1 billion
Net Asset Value	\$10.8 billion
Number of Properties	397
Occupancy <sup>1</sup>	90%
Loan-to-Value	22.7%
Average Gross Investment Size <sup>2</sup>	\$35.4 million



## Geographic Diversification

Target markets based on strength of underlying demographics, universities, healthcare systems and/or life sciences clusters.  
Investments in 38 states, 84 MSAs and 263 cities throughout the United States



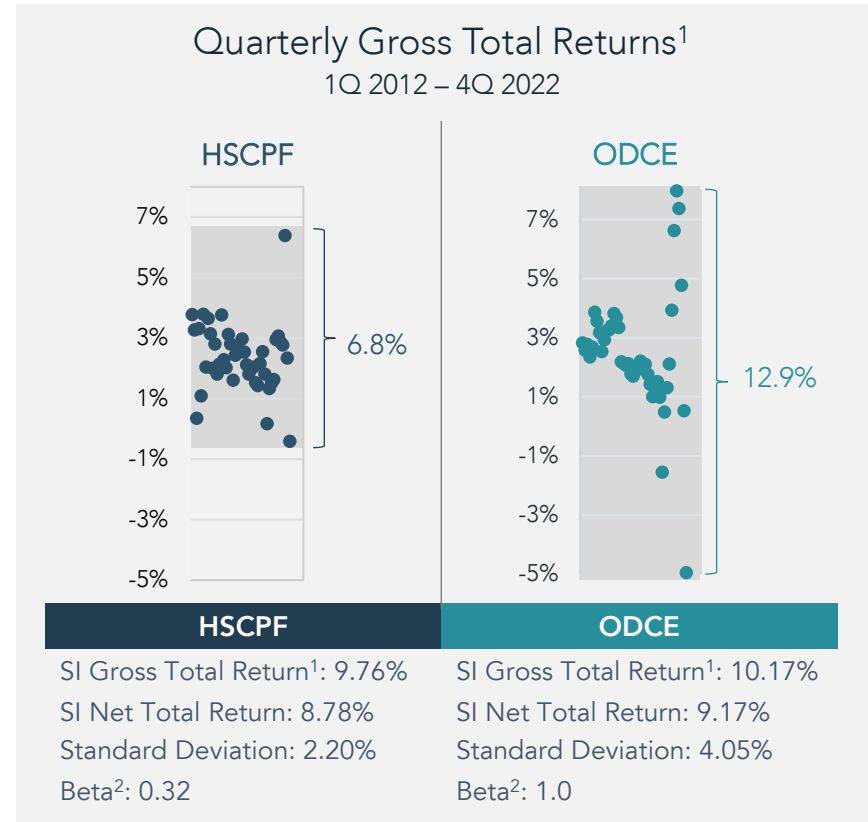
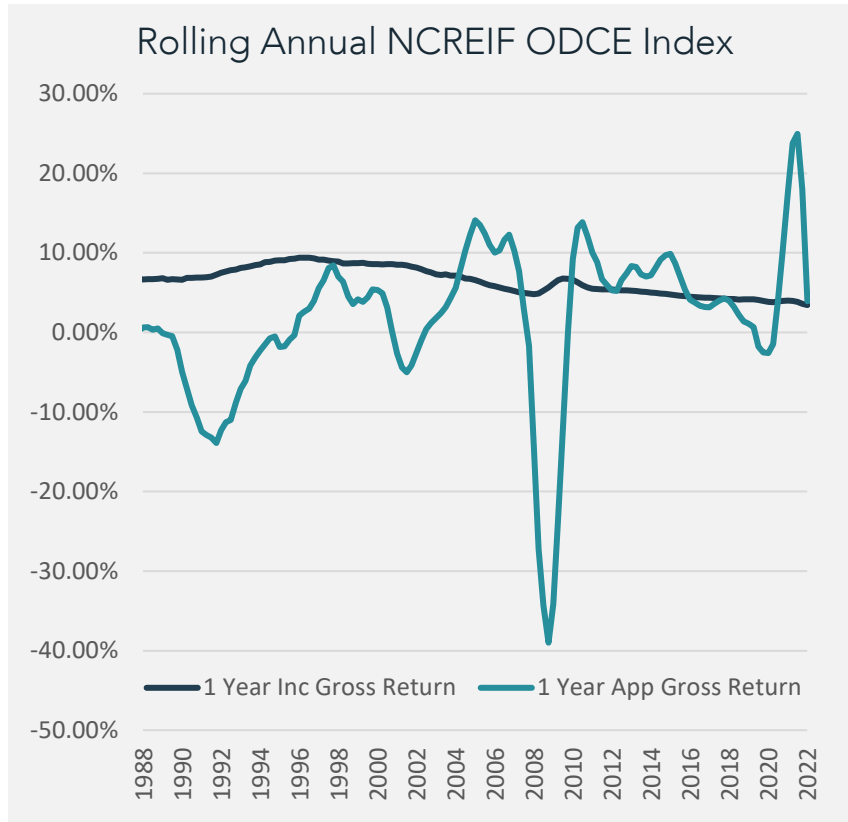
As of December 31, 2022

<sup>1</sup> Occupancy excludes development and value-add assets

<sup>2</sup> Shown at the Core Fund's ownership share

# 10+ Year Track Record Highlights Diversification Benefits

HSCPF has outperformed ODCE on a risk-adjusted basis, with a low correlation (beta) to the index, demonstrating its diversification benefit to traditional core



As of December 31, 2022

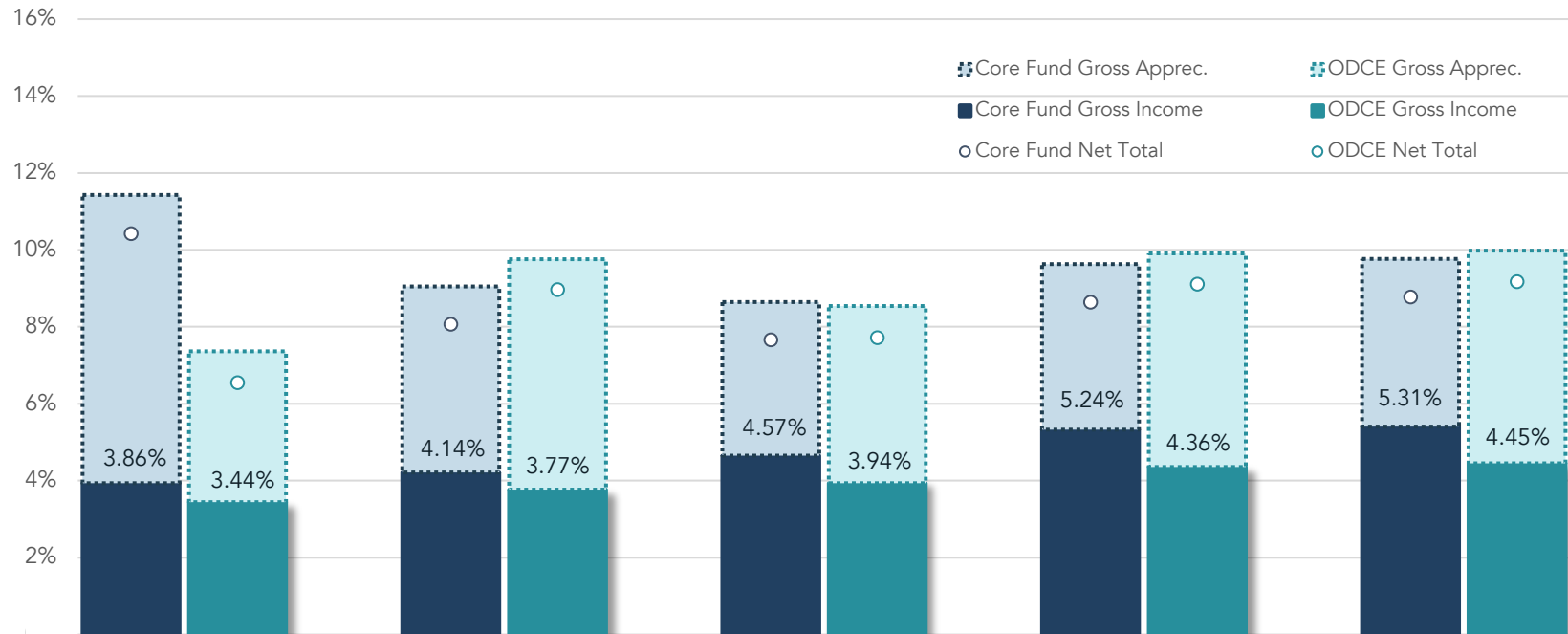
The NCREIF Fund Index – Open End Diversified Core Equity (ODCE) index is a gross-of-fees capitalization-weighted index of the core open end funds focused on investments in commercial real estate. Please refer to the disclaimer pages for additional information.

<sup>1</sup> Gross returns are net of general expenses and gross of management fees. Net returns are after both fees and expenses. Returns portrayed reflect the reinvestment of dividends of participants who have elected to reinvest. "Since Inception" period is measured over HSCPF's fund life, beginning with the 1Q 2012 period. Returns for both HSCPF and ODCE are annualized over the 11 year period and are as of December 31, 2022. Past performance is not indicative of future results.

<sup>2</sup> Beta coefficient calculated from HSCPF's quarterly gross total returns against that of ODCE, where ODCE is defined as market returns

# Historical Performance with Attractive Income

## Time-Weighted Returns



	One Year		Three Year		Five Year		Ten Year		Since Inception	
	Core Fund	ODCE	Core Fund	ODCE	Core Fund	ODCE	Core Fund	ODCE	Core Fund	ODCE
Gross Total Return	11.43%	7.47%	9.05%	9.93%	8.64%	8.68%	9.63%	10.10%	9.76%	10.17%
Net Total Return	10.42%	6.55%	8.07%	8.97%	7.66%	7.72%	8.64%	9.11%	8.78%	9.17%

ODCE figures as of December 31, 2022

The NCREIF Fund Index – Open End Diversified Core Equity (ODCE) index is a gross-of-fees capitalization-weighted index of the core open end funds focused on investments in commercial real estate. Gross returns are net of general expenses and gross of management fees. Net returns are after both fees and expenses. Returns portrayed reflect the reinvestment of dividends of participants who have elected to reinvest. See additional important disclosures on disclosure page. Past performance is not indicative of future results. "Since Inception" period is measured over HSCPF's fund life, beginning with the 1Q 2012 period. Returns for both HSCPF and ODCE are annualized over the 11 year period and are as of December 31, 2022. Past performance is not indicative of future results.



# Debt Profile & Strategy

The Fund manages portfolio leverage to 22-27% LTV with an emphasis on fixed-rate, interest-only debt and will continue to balance fund-level and asset-level debt executions

22.7%

Loan-to-Value

4.1%

Weighted Average  
Interest Rate

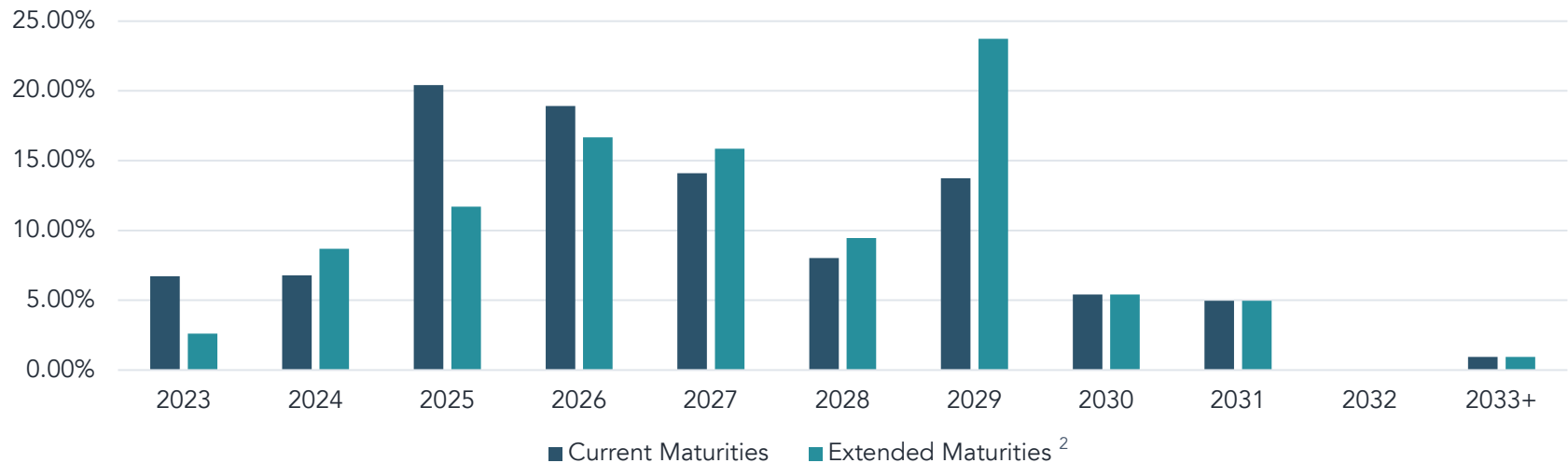
4.2 years

Average Maturity

93% / 7%

Fixed/Hedged vs.  
Floating Unhedged

Debt Rollover Schedule<sup>1</sup>



As of December 31, 2022

<sup>1</sup> Excludes the Fund's revolving credit facility

<sup>2</sup> Assumes that all loans are extended per the terms of extension options in the loan agreements



HARRISON STREET

# Sector Overview



Knox Ridge | Knoxville, TN

# Medical Office Portfolio

**\$3.8B**

Gross Market  
Value

**8.9M**

Square Feet of Net  
Rentable Area  
Across 141 assets

**93%**

Current  
Occupancy

**38**

MSAs

**9.1**

Years Weighted  
Average Lease  
Term<sup>1</sup>



As of December 31, 2022

<sup>1</sup> Weighted by Fund's ownership share based on leased area (SF)

**MD Anderson The Woodlands | Conroe, TX**



**HARRISON STREET**

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# Medical Office: Key Tenants and Health Systems



Representative healthcare partners



# Case Study: Montrose Regional Health MOB

## Medical Office Development

### Transaction Details

Location	Montrose, CO
Size	83,900 SF
Budgeted Total Project Cost <sup>1</sup>	\$40.9 million

### Opportunity

- Development of an 83,900 SF build-to-suit medical office building in Montrose, CO with NexCore
- The property is currently 94% preleased with a 15-year term and is planned to feature a combination of multi-specialty services along with an ambulatory surgery center space
- Recapitalize at an attractive cap rate of 5.45% on stabilized NOI at completion in return for the Fund's forward commitment. The fund believes this represents a 25-45bps discount to where it would trade today

### Market & Partnership

- There is limited supply of new MOB space, especially at this size, in the Montrose area, providing a competitive edge to this asset
- At acquisition, within a five-mile radius, there is a median household income of \$60K and the local population is expected to grow 1.8% over the next five years. Population grew 7.7% over the last 10 years<sup>2</sup>
- This acquisition represents the continued expansion of the Fund's relationship with NexCore, a proven developer and operator of preleased MOB's
- Montrose Regional Health and Cedar Point Health have preleased 94% of the space. Both companies have strong financial health, with Montrose achieving a two-year revenue CAGR of 8.7% in 2019-2021, and Cedar Point achieving a two-year revenue CAGR of 12.2%. Additionally, Montrose has signed a 75-year ground lease on the property for \$0.64 PSF with a 10% increase every five years



Closed September 2022

As of December 31, 2022

<sup>1</sup> Includes all costs budgeted at the time of closing

<sup>2</sup> ArcGIS Business Analyst

# Senior Housing Portfolio

\$3.1B

Gross Market  
Value

8,682

Total Units across  
70 Assets

81%

Current  
Occupancy

\$602K

Median Net  
Worth 75+<sup>1</sup>

\$668K

Median Home  
Value<sup>1</sup>

20%

Independent Living

55%

Assisted Living

25%

Memory Care

As of December 31, 2022

<sup>1</sup> Data from VisionLTC; Weighted by gross market value at the Fund's ownership share. Demographic data shown within a 3-mile radius



HARRISON STREET



Village at the Triangle | Austin, TX

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# Senior Housing: Best-in-Class Partners



Representative senior housing partners

# Case Study: Oakmont Senior Housing

## Senior Housing Portfolio Acquisition



### Transaction Details

Location	CA (18) and NV (2)
Size	2,011 (1,349 AL / 662 MC)
HS Ownership <sup>1</sup>	100.0%
Purchase Price <sup>2</sup>	\$922.7 million

### Opportunity

- Acquisition of 20 recently-built communities located in California and Nevada with an average age of approximately 7.7 years
- At quarter-end, the portfolio was 91.8% occupied and all communities have maintained impressive leasing velocity
- Since acquisition, the portfolio has generated a gross unlevered appreciation return of 8.8%
- Allowed HS to expand its relationship with an experienced and well-respected West Coast senior housing operator, Oakmont Management Group

### Market

- Fortress coastal California markets with strong and attractive demographics. At acquisition, within a 5-mile radius of the portfolio, the average median household income was more than \$85k and median home values average more than \$570k, which was 1.25x and 2.15x higher than the national averages, respectively<sup>3</sup>
- Most of the assets are in urban, infill areas that have high barriers to entry due to land constraints and challenging development processes
- Aging population is expected to continue to increase, and strong NOI growth is anticipated



Closed 2021-2023

As of December 31, 2022

<sup>1</sup> Includes Harrison Street Core Property Fund and co-investors

<sup>2</sup> Represents total purchase prices at 100% per the PSAs

<sup>3</sup> ArcGIS Business Analyst



# Student Housing Portfolio

**\$3.1B**

Gross Market  
Value

**34,474**

Total Beds  
across 68 Assets

**95%**

Current  
Occupancy

**48**

Universities

**6.2**

Years Average  
Age<sup>1</sup>

**25%**

Of Portfolio On-  
campus /School  
Affiliated<sup>1</sup>



*As of December 31, 2022*

*<sup>1</sup> Weighted by gross market value at the Fund's ownership share*

**Union Chapel Hill | Chapel Hill, NC**



**HARRISON STREET**

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# Student Housing: University Presence



Representative university partners

# Case Study: Hub Blacksburg

## Student Housing Recapitalization



### Transaction Details

Location	Blacksburg, VA
Size	1,530 Beds
Core Fund Ownership   HS Ownership <sup>1</sup>	87.1%   98.2%
Purchase Price <sup>2</sup>	\$340.0 million

### Opportunity

- To partner with co-investors and Core Spaces, a leading developer, operator, and manager of purpose-built student housing to recapitalize a 497 unit, 1,530 bed student housing property located at Virginia Tech
- The asset is a brand new, highly-amenitized two-phase project with an extensive unit mix and top of the line finishes and is located in close proximity to Virginia Tech's main campus as well as its retail and nightlife corridor
- Preleasing at the property for AY 23-24 has begun with rates at 6.9% over AY 22-23 rents, which is well ahead of underwriting

### Market & Partnership

- The asset serves students at Virginia Tech, a Power Five university with a Fall 2021 enrollment of 37,379 students. The university has experienced a 12.4% increase in total enrollment from 2016-2021. Freshmen enrollment increased 14.5% over the same time period
- The university has strong supply and demand fundamentals with an average off-campus purpose-built student housing occupancy of 99.0% over the last five years
- This investment allows the Fund to expand its long-standing relationship with Core Spaces



Closed September 2022

As of December 31, 2022

<sup>1</sup> Core Fund acquired this portfolio along with two co-investors

<sup>2</sup> Purchase price per the MIPA at 100%



HARRISON STREET

# Life Sciences Portfolio

**\$2.0B**

Gross Market  
Value<sup>1</sup>

**3.0M**

Square Feet of Net  
Rentable Area  
Across 24 assets<sup>2</sup>

**99%**

Current  
Occupancy

**11.5**

Years Weighted  
Average Lease  
Term<sup>3</sup>

**6.2**

Years Average  
Age<sup>4</sup>



As of December 31, 2022

<sup>1</sup> Gross market value at 100% is \$3.1B

<sup>2</sup> Includes developable land

<sup>3</sup> Weighted by Fund's ownership share based on leased area (SF)

<sup>4</sup> Weighted by gross market value at the Fund's ownership share

**Osborn Triangle | Cambridge, MA**



**HARRISON STREET**



# Life Sciences: Tenants and Other Key Relationships

Lab | Central



Yale University



tanvex



Qualcomm



Representative life science tenants

# Case Study: City Science Portfolio

## Life Sciences Portfolio Acquisition

### Transaction Details

Location	San Diego, CA
Size <sup>1</sup>	1.4 million SF
HS Ownership <sup>2</sup>	95.0%
Projected Total Project Cost <sup>3</sup>	\$1.6 billion

### Opportunity

- Acquisition of the City Science Portfolio, a seven property, Class-A life sciences portfolio located in San Diego, a top life sciences cluster market
- The portfolio is comprised of 416,000 SF, with the opportunity to develop on two additional land parcels. The portfolio is anchored by tenants including Tanvex BioPharma USA Inc., Wacker Chemie AG, and Qualcomm
- Recently executed a five-year extension on Qualcomm's 48,709 SF lease at 10445 Pacific Center Court with 3% annual escalations and rental rates more than 25% ahead of underwriting
- The Fund views this as an attractive opportunity due to its combination of both core assets and long-term development options in a market with very strong fundamentals

### Market & Partnership

- The City Science Portfolio increased the Fund's exposure in Sorrento Mesa, the #1 life sciences growth market within San Diego, a highly desirable life sciences cluster market in the US
- The San Diego life sciences market remains undersupplied with 1.4% direct vacancy as of the second quarter of 2022<sup>4</sup>. Asking rents are up 25% year-over-year. While VC funding and leasing activity have moderated from record 2021 levels, they continue to outpace the prior record levels achieved in 2020<sup>4</sup>
- The submarket features excellent demographics within a 30-minute drive radius: proximity to UCSD's and Carmel Valley's STEM workforce, 12,400+ residential units, and 4.4M SF in retail



Closed December 2021

As of December 31, 2022

<sup>1</sup> 416,000 existing SF; estimated 1.4 million SF at project completion

<sup>2</sup> HS ownership of 95% represents HS controlled ownership inclusive of several co-investors; ignores Sterling Bay's 5% ownership

<sup>3</sup> Projected based on purchase price at 100% per the PSA plus future development costs, TIs, LCs, etc.

<sup>4</sup> JLL 2Q2022 Market Report (Core Clusters)



HARRISON STREET

# Storage Portfolio

**\$2.0B**

Gross Market  
Value

**66,758**

Total Units  
across 94 Assets

**83%**

Current  
Occupancy

**8.5M**

Square  
Feet

**\$92K**

Median  
Household  
Income<sup>1</sup>

**115K**

Population<sup>1</sup>



As of December 31, 2022

<sup>1</sup> Data from VisionLTC; Weighted by gross market value at the Fund's ownership share. Demographic data shown within a 3-mile radius

**Trojan Elk Grove | Elk Grove, CA**



**HARRISON STREET**

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# Storage: Operating Partners



Representative storage partners



HARRISON STREET



# Case Study: Project Cascade Self Storage Portfolio

## Self Storage Portfolio Acquisition

### Transaction Details

Location	WA, NY, CA, CO, OR
Size: Assets   SF	10 Assets   886,000 SF
Core Fund Ownership	100.0%
Purchase Price <sup>1</sup>	\$320.0 million

### Opportunity

- Acquisition of a 10-property, 886,000 SF, newly constructed self storage portfolio located in Washington (5), New York (2), California (1), Colorado (1), and Oregon (1)
- The portfolio is located in highly affluent markets, featuring climate-controlled units as well as fully enclosed, climate-controlled drive through interior access and drive-up units
- Allows the Fund to acquire a portfolio of investment-grade high quality assets with strategic geographic diversification and compelling rental rate upside through physical and economic lease up

### Market & Partnership

- The portfolio's assets are located in highly populated and affluent areas. At acquisition, the weighted average population was 125K and a median home value of \$470K within a three-mile radius of the asset<sup>2</sup>
- Zoning laws provide high entry barriers for new competition, giving the assets a competitive advantage in both driving occupancy and growing rents
- The properties are managed by existing Harrison Street operating partners Trojan Storage and Reliant Self Storage as well as Life Storage. The Fund believes this acquisition presents an excellent opportunity to further expand its relationship with leaders in the self storage industry



As of December 31, 2022

<sup>1</sup> Purchase price per the PSA at 100%

<sup>2</sup> ArcGIS Business Analyst

# Actionable Pipeline

Funding Obligations	Projected Fund Equity	Type	Division	Status	Anticipated Close Date
Life Sciences	\$65,000,000	Acquisition	Mideast	Underwriting	2Q 2023
Student Housing	\$38,237,500	Development	Northeast	Underwriting	2Q 2023
Student Housing	\$24,750,000	Acquisition	Mideast	Underwriting	2Q 2023
Self Storage	\$22,000,000	Acquisition	Southeast	Underwriting	2Q 2023
Student Housing	\$39,600,000	Acquisition	Northeast	Underwriting	2Q 2023
Medical Office	\$48,470,000	Preleased Development	Pacific	Closing	3Q 2023
Life Sciences*	\$100,000,000	Development	Pacific	Negotiating Agreement	3Q 2023
Medical Office	\$165,000,000	Acquisition	Pacific	Negotiating LOI	3Q 2023
Self Storage	\$14,200,000	Development	Southeast	Underwriting	3Q 2023
Senior Housing	\$30,000,000	Acquisition	Pacific	Underwriting	3Q 2023
Medical Office	\$40,700,000	Preleased Development	Mountain	Closing	4Q 2023
Self Storage	\$20,710,000	Acquisition	Southeast	Closing	1Q 2024
Medical Office	\$100,000,000	Preleased Development	Mideast	Negotiating Agreement	1Q 2024
Total	\$708,667,500				

Recent updates as of January 23, 2023

Investments in underwriting status are subject to allocation by Harrison Street's Allocation Committee

\*Includes potential co-investment funding

There is no guarantee that the Fund will participate in any or all of the future pipeline deals



# Looking Ahead

- Anticipate **continued resiliency of the Fund's portfolio due to its demographic-driven and needs-based demand**
- **Continue to be very selective with investment opportunities** that are consistent with the Fund's strategic direction, including:
  - **Focus on high-quality and irreplaceable assets**
  - **Focus on exposure to short duration leases** through student housing, senior housing and self storage that **allow for more frequent repricing in response to inflation**
  - **Balance geographic footprint** across the US
  - **Continue to grow relationships with major health systems and universities**
- Optimize asset-level performance with **frequent reassessment of business plans**
- **Continued hold/sell analysis** to inform selective and strategic pruning of the portfolio
- **Strategic use of debt** to maximize asset-level flexibility
- **Anticipate investment pace to be 1 quarter from time of LP commitment.**  
Anticipate co-investment opportunities for larger transactions

As of December 31, 2022



2589 Samaritan Drive | San Jose, CA

# Harrison Street's Edge

## One of the largest investors dedicated to alternative real assets

- First-mover in demographic-driven, needs-based real assets in North America and Europe
- Cycle-tested firm with proven investment process and investment thesis resiliency
- \$65 billion of investment activity across 1,533 transactions
- Attractive risk-adjusted returns across cycles, including 634 asset dispositions

## Established relationships and access to investment opportunities

- Continue to innovate with one of the largest networks of university and healthcare partners
- Extensive relationships with high quality operators with sector and local market expertise
- Global reach through dedicated funds, co-investments and joint ventures

## Innovative investment offerings across the risk/return spectrum

- Differentiated investment solutions across alternative real assets, including first ever dedicated open-end funds in the US and Canada and closed-end fund series in North America and Europe
- Strategies offer broad geographic diversification and granular portfolios
- Committed to integrating ESG throughout our business; in asset classes with no defined ESG metrics or policies, we have continued to create them over the past decade

## Dedicated and passionate team of domain experts

- 245+ employees with exclusive focus in alternative real assets
- Proprietary data from our portfolio provides real-time market trends and asset-level insight to enhance investment decisions and spark innovation
- Continue to grow a diverse team with inclusive practices; female/minorities in senior leadership grew from 8% to 34% from 2016-2022

*As of December 31, 2022*



HARRISON STREET



# Appendix



Vertex | Tempe, AZ

# Harrison Street Core Property Fund, LP

## Important Disclosures

- **Fund Structure:** Harrison Street Core Property Fund, L.P. is a Delaware limited partnership. The Core Fund owns investments through a subsidiary real estate investment trust ("REIT"), which is taxed as REIT for federal income tax purposes.
- **Contributions:** The minimum commitment for each Investor is \$10 million, unless the General Partner in its sole and absolute discretion accepts a lesser amount. Subscription agreements are accepted quarterly.
- **Distributions:** Cash flow distributions will generally be made on a quarterly basis. A Dividend Reinvestment Program (DRIP) is available to Investors.
- **Redemptions:** Investors may request that the Fund redeem all or any portion of their Units as of the end of any calendar quarter by delivering written notice at least 45 days before the end of the calendar quarter. A redemption charge of 50 bps of the amount redeemed will be assessed by the Fund against all redemptions by an Investor during the period prior to the first anniversary of the Closing Date upon which such Investor's Subscription Agreement was accepted.
- **Valuations:** The Fund has engaged Altus Group, a third-party appraisal management firm, to oversee and administer the appraisal process for the Fund. Commencing with the calendar quarter that includes the anniversary of an asset's acquisition, and continuing annually thereafter, the third-party appraisal management firm will coordinate and/or perform a full appraisal. Such appraisal will be updated quarterly by the appraiser or the Appraisal Management Firm. Debt and derivatives will be "marked-to-market" as determined by the General Partner each calendar quarter.
  - **Investment Guidelines:** The Fund will adhere to the following investment guidelines:
    - Maximum leverage of 40% at the fund level
    - No single property type shall exceed 40% of gross asset value
    - No single investment shall exceed 15% of gross asset value
    - Investments in single Metropolitan Statistical Area (MSA) shall not exceed 20% of gross asset value, or 30% in top ten MSAs
- **Investment Management Fee:** Each Investor shall be obligated to pay to the Investment Manager an annual investment management fee, payable quarterly in arrears, based on such Investor's respective share of Fund Net Asset Value as of the last business day of the calendar quarter, in accordance with the following schedule:

Investor's NAV	Annual Percentage
First \$25 million	1.15%
In excess of \$25 million to \$50 million	1.05%
In excess of \$50 million to \$75 million	0.95%
In excess of \$75 million to \$100 million	0.90%
In excess of \$100 million	0.85%



# Corporate Impact Strategy

To implement pioneering ESG practices across the firm and its investments to deliver positive impact for its stakeholders and the world

## FIRM ESG STRATEGY



### Management & Policy

Execute disciplined strategy, reflect on performance, and continuous improvement



### Diversity, Equity & Inclusion

Build an inclusive culture that fosters equal opportunities and attracts, retains, and develops a diverse set of individuals at all career stages



### Giving & Service

Promote & provide opportunities for team members and the Firm to dedicate their time, talent and funds to those in need



### Partner Services

Promote the acceptance and implementation of business improvement & differentiated practices among partners

## INVESTMENT ESG STRATEGY



### Community Impact

Positively impact the lives of residents, tenants, staff & communities through new jobs & opportunities



### Climate Resilient

Strengthen resiliency of portfolio to climate related hazards and increase distributed renewable energy



### Efficient Operations

Increase the investment in recourse efficiency and adoption of clean energy technology



### Tenant Health

Promote the health and wellbeing of residents and employees

## ALIGNED WITH LEADING FRAMEWORKS



G R E S B<sup>®</sup>  
Member since 2013



TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES

Member since 2020



As of December 31, 2022

ESG refers to "Environmental, Social and Governance" factors, and to the consideration of these factors when making investment decisions. Having ESG screens does not assure compliance with the UN-sponsored "Principles for Responsible Investment." No strategy, formula or approach can guarantee gains or avoid losses.

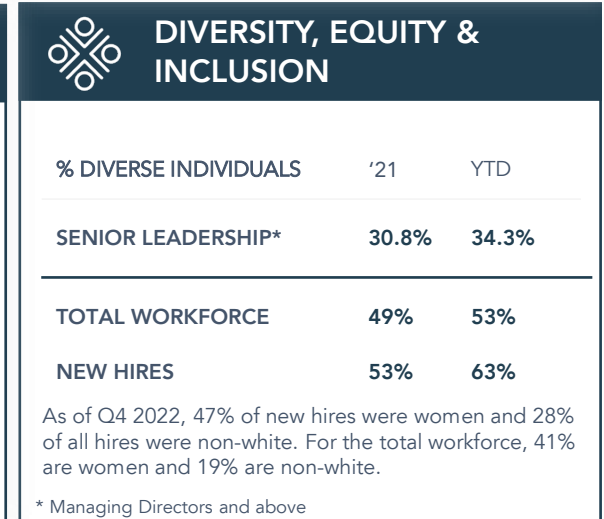
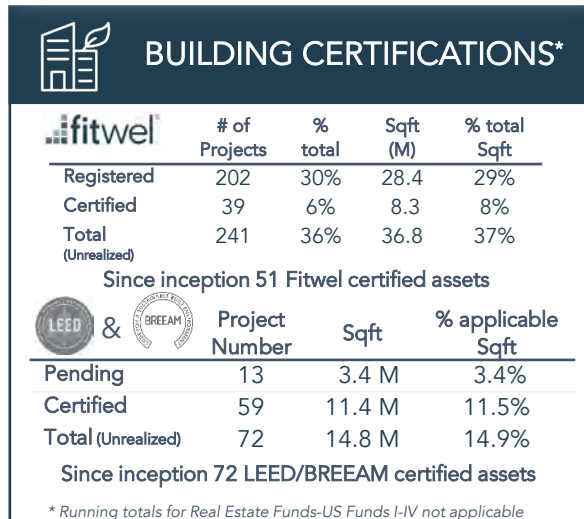
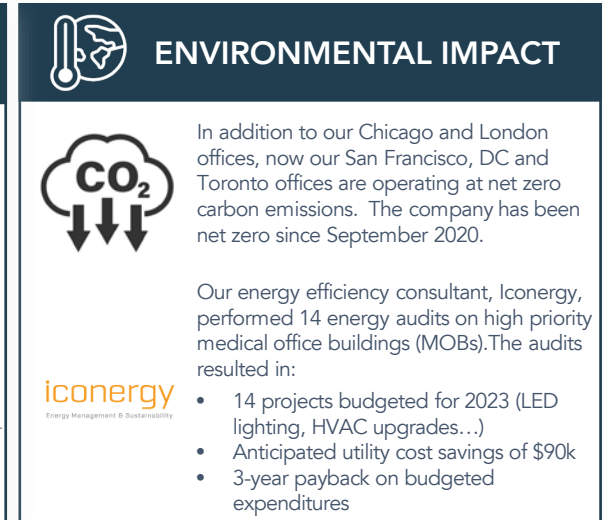
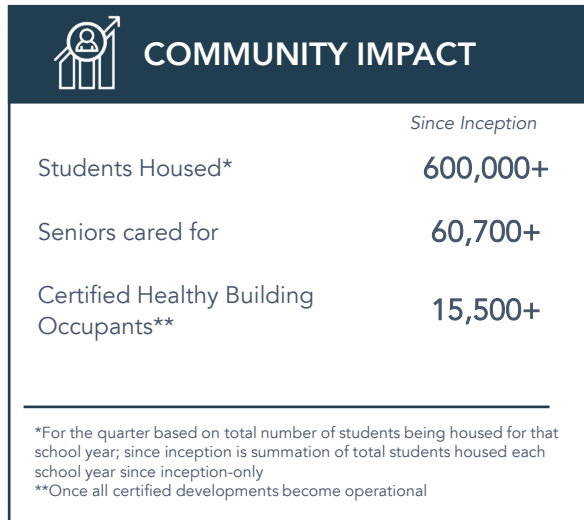


HARRISON STREET



# Harrison Street Impact Dashboard – Firm

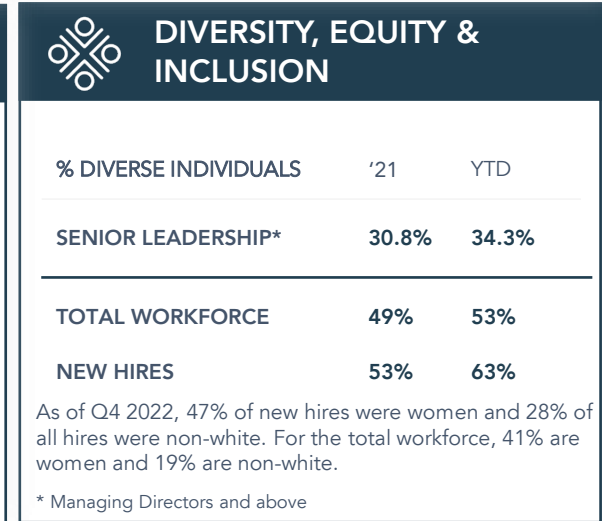
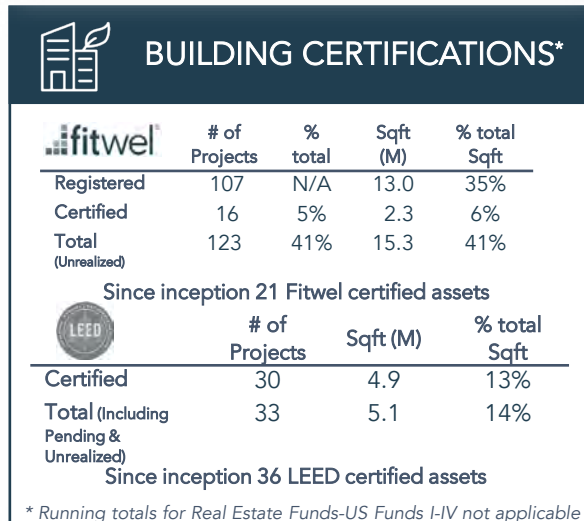
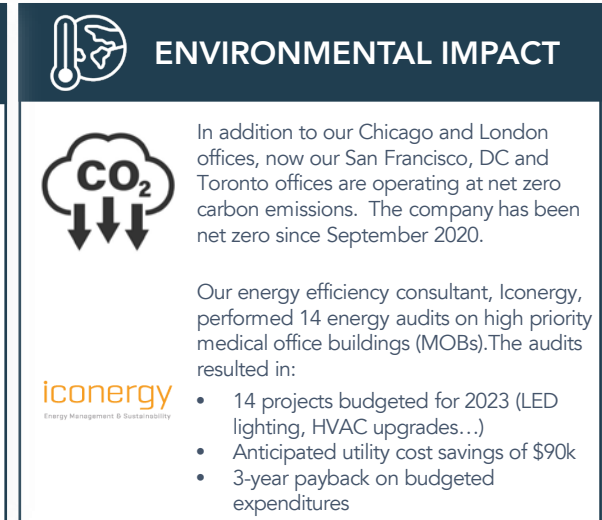
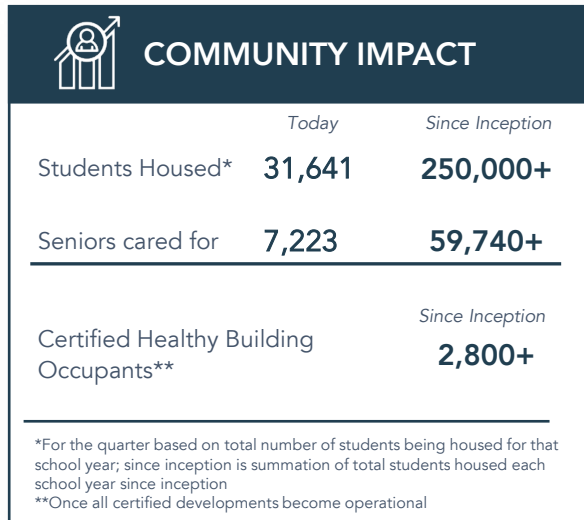
Each quarter the Firm takes a comprehensive look at how it, and its investments, impact the world by reporting on the latest ESG happenings.



As of December 31, 2022  
ESG refers to "Environmental, Social and Governance" factors, and to the consideration of these factors when making investment decisions. Having ESG screens does not assure compliance with the UN-sponsored "Principles for Responsible Investment." No strategy, formula or approach can guarantee gains or avoid losses. GRESB is an independent fee based real estate sustainability benchmark that offers validated ESG performance data and portfolio analysis tools to investment managers and other institutional clients. GRESB dated scores reflect the review of the prior calendar year.

# Harrison Street Impact Dashboard – Core

Each quarter the Firm takes a comprehensive look at how it, and its investments, impact the world by reporting on the latest ESG happenings.



As of December 31, 2022

ESG refers to "Environmental, Social and Governance" factors, and to the consideration of these factors when making investment decisions. Having ESG screens does not assure compliance with the UN-sponsored "Principles for Responsible Investment." No strategy, formula or approach can guarantee gains or avoid losses. GRESB is an independent fee based real estate sustainability benchmark that offers validated ESG performance data and portfolio analysis tools to investment managers and other institutional clients. GRESB dated scores reflect the review of the prior calendar year.



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# Glossary of Terms

- **AUM** – For projects under construction, Assets Under Management (AUM) are the higher of total gross project cost at 100% (Project Cost) or the current gross market value at 100% (GMV). For operating projects: (i) if the GMV is greater than or equal to the current gross cost basis at 100% (Cost Basis), then AUM is the greater of GMV or Project Cost; (ii) if the GMV is less than Cost Basis, then AUM is the GMV.
- **Committed Equity** – Unless otherwise noted, the total equity committed to be funded to the transaction from entities managed by the Sponsor throughout the expected hold period.
- **Invested Equity** – Unless otherwise noted, the total cumulative equity funded to the transaction from entities managed by the Sponsor as of the reporting date
- **Gross IRR** – The Gross Internal Rate of Return (IRR) at the investment-level is the output of the XIRR formula in Microsoft Excel of investment-level cash flows before hypothetical fund management fees, other fund expenses, and incentive fees (if applicable). At the fund-level, it is the output of the XIRR formula in Microsoft Excel of fund-level cash flows before fund management fees, fund expenses, and incentive fees (if applicable).
- **Gross ROE** – The Gross Return of Equity (ROE) at the investment-level is the total property-level distributions over total property-level contributions before hypothetical fund management fees, other fund expenses, and incentive fees (if applicable). At the fund-level, it is calculated as total fund-level distributions over total fund-level contributions before fund management fees, other fund expenses, and incentive fees (if applicable).
- **Gross Total Return** – The Gross Total Return equals income plus appreciation divided by the weighted average amount of equity during a quarter based on a Modified Dietz methodology. For periods longer than one quarter, gross total returns are geometrically linked. For periods of one year or longer, gross total returns are presented on an annualized basis unless otherwise noted.
- **Net IRR** – The Net Internal Rate of Return (IRR) at the investment-level is the hypothetical net investment-level return calculated by deducting the blended average fund-level drag (fund management fees, other fund expenses, and projected fund incentive fees (if applicable) from the actual gross investment-level return. No investor has received the stated returns. At the fund-level, it is the output of the XIRR formula in Microsoft Excel of fund-level cash flows after fund management fees, other fund expenses, and incentive fees (if applicable). An individual limited partner's Net IRR likely will vary based upon the timing of the limited partner's capital contributions, which may differ from those of other limited partners for various reasons. The assumptions and estimates underlying the calculations of the Net IRR are inherently subjective and different parties could reach materially different conclusions based on the same information. Accordingly, the actual Net IRR received by investors may differ materially from the calculations herein.
- **Net ROE** – The Net Return of Equity (ROE) at the investment-level is the hypothetical net investment-level multiple calculated by deducting the blended average fund-level drag (fund management fees, other fund expenses, and projected fund incentive fees (if applicable) from the actual gross investment-level multiple. No investor has received the stated returns. At the fund-level, it is calculated as total fund-level distributions over total fund-level contributions after fund management fees, other fund expenses, and incentive fees (if applicable).
- **Net Total Return** – The Net Total Return equals income plus appreciation less fund management fees and incentive fees (if applicable) divided by the weighted average amount of equity during a quarter based on a Modified Dietz methodology. For periods longer than one quarter, net total returns are geometrically linked. For periods of one year or longer, gross total returns are presented on an annualized basis unless otherwise noted.
- **S.I. Net DPI** – The Since Inception Distributions to Paid-In Capital (DPI) is the calculation of total net fund-level distributions divided by the total fund-level contributions as of the most recent reporting period or other date as noted.
- **S.I. Net IRR (note based on FMV)** – The Since Inception Net Internal Rate of Return (IRR) is the net fund-level IRR calculated above assuming the liquidation of the Fund's remaining assets at their current fair market value as of the most recent reporting period. Current fair market value is determined in accordance with applicable accounting standards and the Sponsor's valuation policy and procedures. There can be no assurance that unrealized investments will be realized at the valuations reflected herein. Ultimate returns will depend on the value of each investment and may vary significantly from the returns presented herein. The performance of certain funds referred to herein that are still in the process of making or realizing upon investments may be significantly affected by future investment activities. For the foregoing reasons, prospective investors should attach correspondingly qualified consideration to the performance information herein. Prospective investors are encouraged to contact Sponsor representatives to discuss the procedures and methodologies used to calculate the investment performance information provided herein.
- **S.I. Net TVPI (note based on FMV)** – The Since Inception Total Value to Paid-In Capital (TVPI) is net fund-level ROE/multiple calculated above assuming the liquidation of the Fund's remaining assets at their current fair market value as of the most recent reporting period.
- **Spot Cap Rates** – Calculated as the projected net operating income for the next twelve months divided by the current gross value of the asset.
- **Stabilized Yield on Cost** – Stabilized yield on cost is calculated as stabilized NOI divided by gross transaction cost.

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# KACORE

Employees' Retirement System of the  
City of Milwaukee

Open-End Manager Search | April 20, 2023



# KACORE Leadership Team

## Portfolio Managers



**Albert Rabil III**

*CEO, Kayne Anderson Capital Advisors and Kayne Anderson Real Estate*



**S. David Selznick**

*CIO, Kayne Anderson Real Estate*

## Fund Management



**Kyle Mayes, CFA**

*Senior Managing Director, KACORE*

# KA Real Estate Platform Overview

**KA Real Estate**

**2007**  
Founded

**\$23**  
Billion GAV<sup>1</sup>

**\$14**  
Billion AUM

**80+**  
Professionals

## Opportunistic / Value-add

- Opportunistic investing in alternative asset classes (medical office, seniors housing, student housing)
- Closed-end Funds
- \$7 billion+ Equity raised
- \$17 billion gross transaction cost<sup>2</sup>
- 15%-18% Net IRR target



## Alternative Core

- Investing in stabilized real estate in alternative asset classes (medical office, seniors housing, student housing, self-storage)
- Open-end Fund
- \$4.4 billion GAV (as of 12/31/22)
- 9%-10% Net return target
- 4%-6% Net distribution yield



## Real Estate Debt

- Real estate debt investments in Freddie Mac structured products, direct loan origination and CMBS
- Open-end Fund, Closed-end Funds, SMAs
- \$8.9 billion+ Equity raised<sup>3</sup>
- 9%-15% Net return targets
- High current income



## Multifamily Housing

- Acquire / renovate and develop multifamily housing to promote housing attainability, social impact, and environmental sustainability
- Open-end Fund
- 11%-13%+ Net return target



Assets Under Management (AUM) as of January 19, 2023.

1) Gross Asset Value (GAV) as of December 31, 2022, and represents 100% ownership for equity investments. GAV for debt investments represents fair value as of the reporting date for KA Real Estate's Freddie Mac positions and 100% of whole loans.

2) Represents total transaction cost including deployed and future commitments that are anticipated to be deployed

3) Includes capital raised across the debt platform's closed end funds plus KCRED's AUM.

See the "Disclosures & Legal Disclaimer" slide for important information regarding hypothetical performance including the target returns presented herein.

# A Differentiated Approach to Core Real Estate

Sole focus is producing the best possible risk-adjusted returns

Prioritization of resilient and predictable income distributions, backed by an operator-oriented platform, strategic partnerships, and an institutional best-in-class real estate portfolio

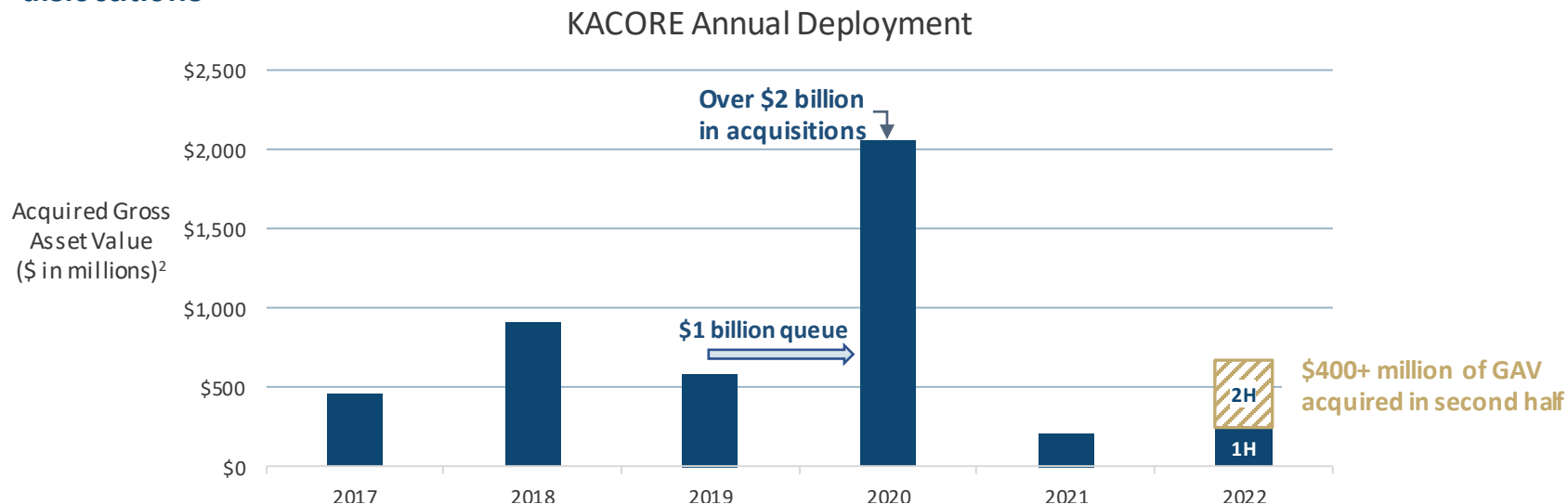
Intentional and disciplined investment in sectors that demonstrate resilient demand characteristics driven by demography

Emphasis on proprietary opportunities and favorable cost basis as a long-term risk mitigator



# Disciplined Deployment, Timely Investments

**KACORE's patient and relationship-driven investment strategy creates opportunities during market dislocations**



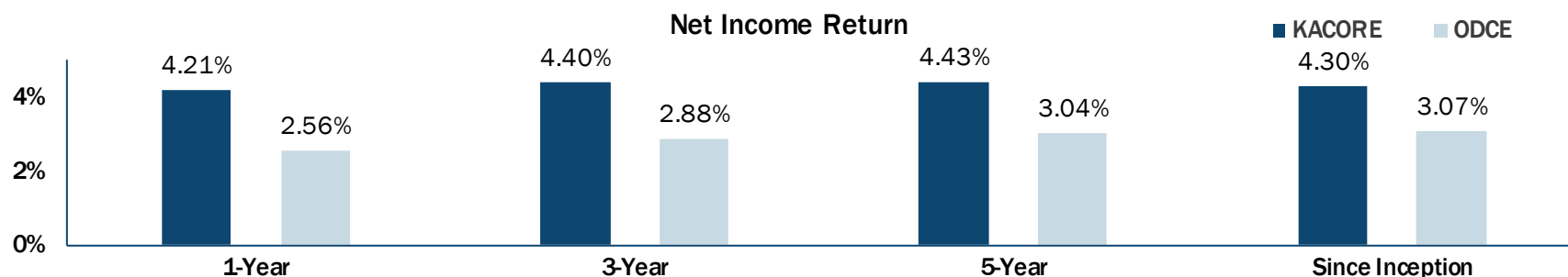
- Approximately **half of the current portfolio (\$2b+ of GAV)** was purchased at attractive pricing in periods of dislocation, first in the months following the onset of COVID-19, resulting in the deployment of a nearly \$1 billion queue, and second in Q4 2022
- Traditional sectors experienced rapid cap rate compression in 2021 and 2022. As this market volatility adjusts, we believe **KACORE's focus on cost basis since inception will provide protection and stability** to the Fund going forward
- KACORE has a **year-1 cap rate of 5.1% versus a year-1 cap rate of 4.1%** for the non-KACORE traditional sector benchmark<sup>1</sup>

As of December 31, 2022, unless otherwise noted. Past performance is not a guarantee of future results.

1) The "traditional sectors" benchmark is based on NFI-ODCE funds' valuation metrics in the Altus Analytics quarterly valuation database. KACORE's target sectors (medical office, seniors housing, student housing and self-storage) are excluded from the traditional sectors benchmark. The Altus Analytics database includes 24 of the 27 NFI-ODCE funds.

2) Shown as current GAV at 100% ownership

# Kayne Anderson Core Real Estate Fund



- KACORE focuses on **low-risk, stabilized, income-producing investments** in the alternative real estate sectors of Medical Office, Seniors Housing, Student Housing, and Self Storage
- Attractive combination of **strong current income**, preservation of capital, and long-term growth and appreciation
- Target sectors have **low correlations to broader economic conditions**, exhibit favorable demographic patterns, supply/demand imbalances, and stable historical growth
- Designed to deliver a stable income-driven total return driven by **alternative sector yield premiums** as well as the disciplined deployment of capital
- 20 consecutive quarters of income outperformance compared to the NFI-ODCE benchmark. KACORE's trailing 1-Year net income return **outperformed ODCE's by 165 basis points**

## Investment Guidelines

- Invest primarily in four main alternative asset classes (medical office, seniors housing, student housing, self-storage)
- Portfolio diversified by property type, geographic market, and underlying economic drivers
- Invest exclusively in the U.S.
- Fund-level target leverage of 35%; Limit 40%
- Up to 10% of NAV may be invested in value-add and development opportunities

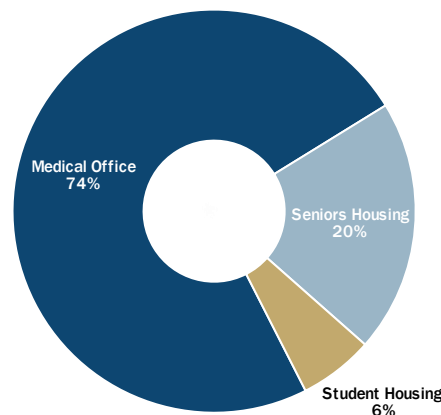
All data as of December 31, 2022, unless otherwise noted. Past performance is not a guarantee of future results.

# KACORE Portfolio Overview

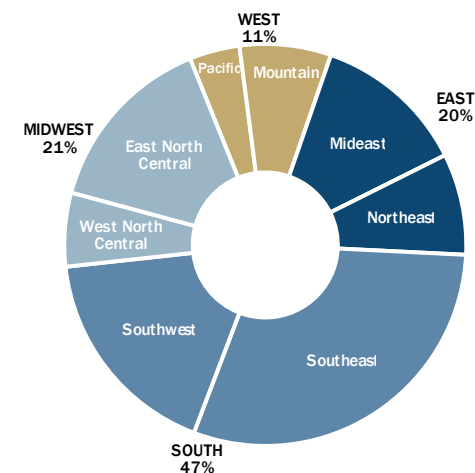
## Fund Snapshot<sup>1</sup>

Gross Asset Value (GAV)	\$4.4 billion
Net Asset Value (NAV)	\$2.9 billion
Leverage Ratio	34.0%
Number of Investments / Properties	34/193
Total Medical Office Building (MOB) Rentable SF	7.2 million
Total Seniors Housing Units	3,529
Total Student Housing Beds	1,243
Total Portfolio Occupancy	96%
MOB Weighted Avg. Lease Term (WALT)	10 years
Inception Date	August 2017

## Sector Allocation<sup>2</sup>



## Geographic Allocation<sup>2</sup>



- Anticipated sector target allocations over the long-term are 50% medical office, 20% seniors housing, 20% student housing and 10% self-storage
- KACORE does not prioritize AUM growth or solving for a particular sector allocation, but rather pursues investments on a disciplined basis with regards to the current opportunities in the market
- Approximately half of the current portfolio (\$2b+ of GAV) was purchased at attractive pricing in both the months following the onset of COVID-19 and in Q4 2022. KACORE's weighted average cap rate at purchase is 5.8%<sup>3</sup>

As of December 31, 2022. Past performance is not a guarantee of future results.

1) Total Portfolio Occupancy excludes one property under development.

2) Allocation percentages are based on the Fund's portion of GAV. Geographic Allocation is bifurcated by NCREIF divisions.

3) Underwritten Year-1 cap rate at the time of acquisition.





KAYNE ANDERSON  
CORE REAL ESTATE (KACORE)

# Sector Strategy & Review

# Strong Performance in Target Sectors

## MEDICAL OFFICE

*Industry-Leading Income Profile*

**74% of GAV<sup>1</sup>**

- Largest private, non-hospital owner of medical offices in the U.S.
- **>95% investment grade** and strong regional tenants which drove collection rates of ~100% throughout the COVID period. **98% current occupancy**
- Best-in-class sourcing has historically led to discounted acquisitions across the portfolio, with an **average cap rate at purchase of 5.7%**
- Sector **renewal rates average about 80%** (Kayne MOB is >90%), exhibiting compelling resiliency compared with approximately 50% for traditional office<sup>2</sup>



## SENIORS HOUSING

*Uniquely Positioned for Go-Forward Returns*

**20% of GAV<sup>1</sup>**

- Properties are all positioned in markets with **strong demographic growth** projections (Dallas, Austin, Tampa, Denver, etc.)
- New supply deliveries are at **lowest levels since 2014** while demand continues to accelerate due to an aging population
- **21 months of consecutive occupancy growth** with 91% occupancy as of December 2022<sup>3</sup>



## STUDENT HOUSING

*Selective Market Positioning*

**6% of GAV<sup>1</sup>**

- KACORE's student housing portfolio contains **~1,250 units and is 99.7% occupied** in high-demand and steadily-growing university markets
- In November, KACORE acquired its second student housing investment, the **University of Florida Portfolio** in Gainesville, FL, consisting of two newly-completed mid-rise properties that are 100% leased for the 2022-2023 academic year
- The student housing industry is trending towards **record performance levels** in both occupancy and rental rate growth



As of December 31, 2022, unless otherwise noted. Past performance is not a guarantee of future results. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by the projections shown above.

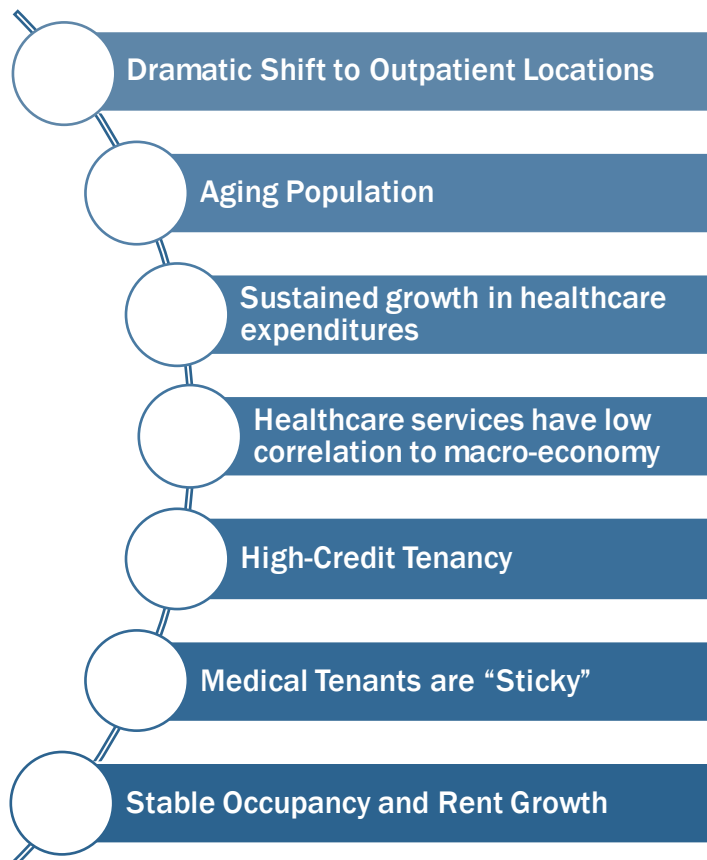
1) Sector allocations are based on the Fund's portion of GAV.

2) Revista Data - 2022

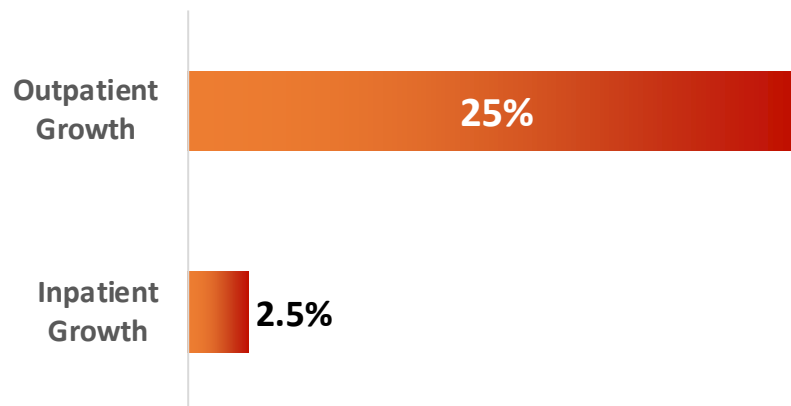
3) 21 consecutive months of occupancy growth based on monthly average daily occupancy. 91% occupancy as of December 2022 represents month-end spot occupancy as of December 31, 2022.

# High Conviction in the Future of Medical Office

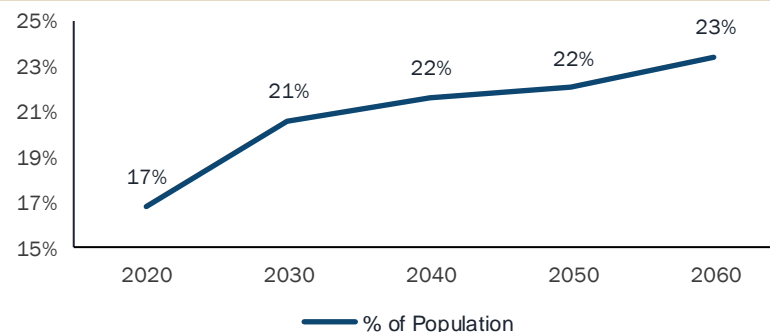
The long-term prospects of medical office continue to improve, and the sector is cementing itself as a recession resistant and cash-flow premium asset class



**Outpatient procedures will outpace inpatient procedures by 10x in the next decade<sup>1</sup>**



**Age 65+ as % of US Population<sup>2</sup>**



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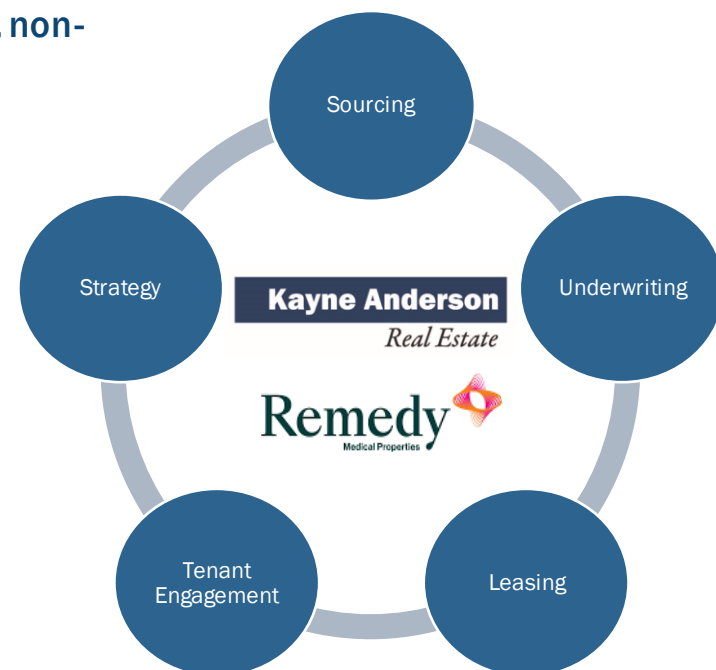
1) The Advisory Board Company - 2022

2) U.S. Census Bureau Data: 2010-2020 data uses estimated population data, 2021-2030 data uses projected population data as of latest U.S. Census Bureau projections (2017)

# Industry-Leading Medical Office Portfolio

**A preferred partner of healthcare systems and the largest private, non-hospital owner of medical offices in the U.S.**

- KACORE has an **exclusive operating/partnership agreement** with Remedy Medical Properties
- Remedy Medical is the **largest private non-hospital operator of healthcare real estate in the U.S.**, offering unique solutions, economies of scale, and truly valuable partnership to both KACORE and the Fund's healthcare tenants
- Remedy's in-house strategic innovation and advisory group, **Percival Health Advisors**, provides **consultation and real estate expertise** to healthcare providers as their businesses evolve and grow
- Relationships allow KA Real Estate to focus leasing strategies on the **highest margin businesses in healthcare** (orthopedics, oncology, cardiology, radiology, neurology)
- The KA Real Estate/Remedy relationship spans across over **26 million square feet, 600 properties, 42 states, and 138 health system relationships**
- Since 2010, the KA Real Estate/Remedy team has executed over **\$9.3 billion in medical office acquisitions**, as well as the disposition of approximately 350 properties in portfolio sales at an average net IRR of 21%



## KACORE MOB Portfolio

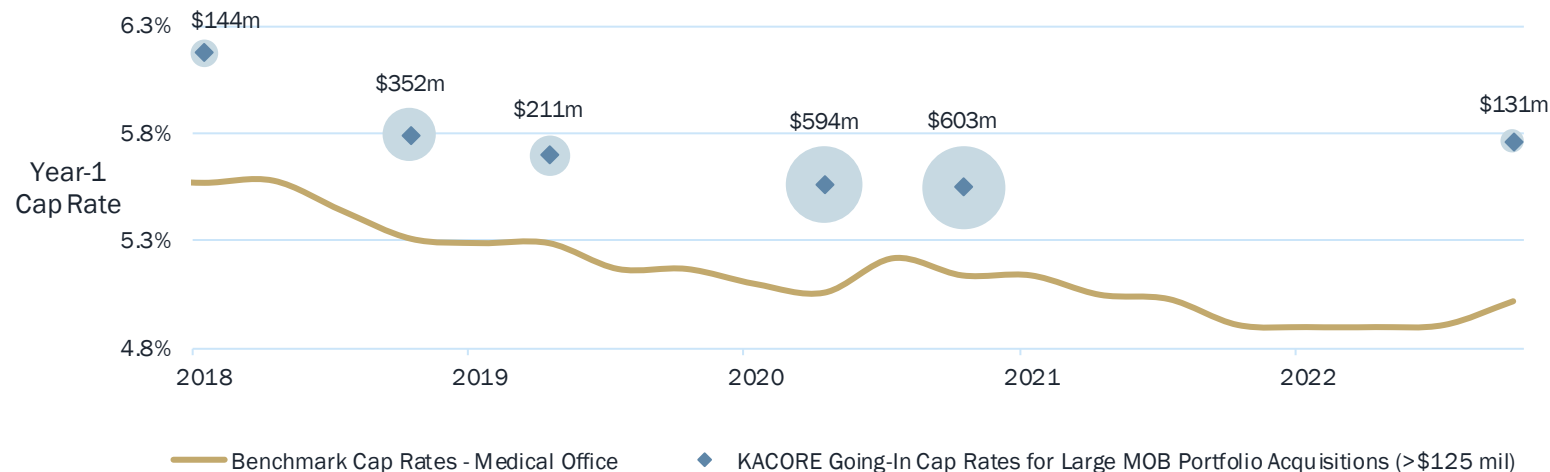


All data as of December 31, 2022, unless otherwise noted. Past performance is not a guarantee of future results

1) Over 95% of KACORE's MOB tenancy have investment grade ratings and/or are dominant and financially strong healthcare providers

# Disciplined Deployment in Medical Office

## KA Real Estate's advantages in MOB lead to discounted acquisition in volume



- **Relationships & Reputation Drive Sourcing:** KACORE benefits from best-in-class sourcing due to KA Real Estate's deep network as the **largest non-hospital owner/operator of MOB** in the country and longstanding reputation as a certainty-of-close buyer
- **Portfolio Acquisitions:** Over **\$2 billion of large, relationship-driven MOB portfolio transactions**, representing 46% of KACORE's total transaction volume across all sectors
- **Focus on Favorable Cost Basis:** KACORE acquired all these high-quality portfolios at pricing much more favorable than market; the year-1 cap rate for these acquisitions averages **52 bps higher than market<sup>1</sup>**
- **Prime Portfolio without the Premium:** KACORE's 98%-leased, institutional-quality MOB portfolio has been acquired at an **average going-in cap rate of 5.7%<sup>2</sup>**

As of December 31, 2022, unless otherwise noted. Past performance is not a guarantee of future results.

<sup>1</sup> Market cap rates are based on Altus-ODCE numbers, which are derived from NFI-ODCE funds that are in the Altus Analytics database. The Altus Analytics database includes 24 of the 27 ODCE funds.

<sup>2</sup> Underwritten Year-1 cap rate at the time of acquisition.

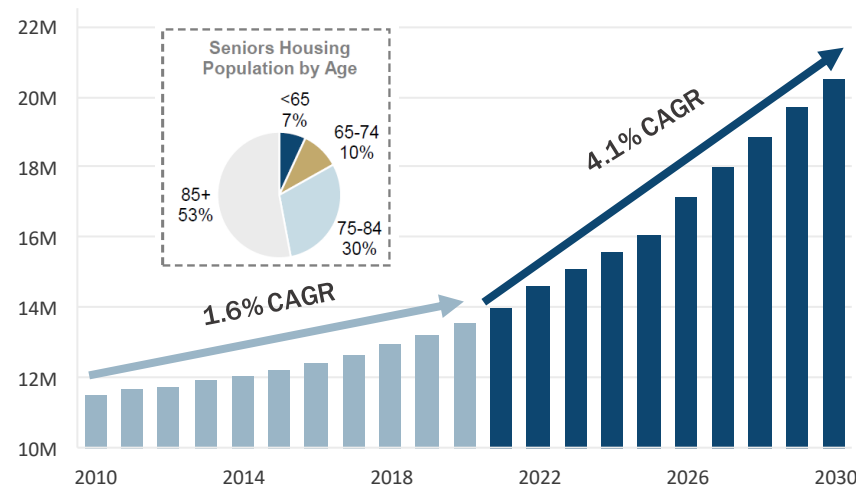


# Seniors Housing Portfolio on Upswing

In the wake of the COVID-19 disruption, KACORE's senior housing portfolio has shown consistent and outsized occupancy and rent growth, while supply/demand dynamics in the market create a favorable macro backdrop for coming years

- To keep pace with burgeoning demand, the supply of seniors housing will need to **more than double by 2040**, not accounting for growth in seniors population.<sup>1</sup>
- Since the occupancy disruptions of COVID-19 and the corresponding local restrictions, KACORE's portfolio has seen increasing strength in leasing fundamentals, as evidenced by **21 consecutive months of occupancy growth**.
- The portfolio is now above pre-COVID occupancy levels and reached a **year-end occupancy of 91%**, up from 2021 trough of 82%.
- In 2022, KACORE achieved rent growth of 6-15% at most properties across the seniors housing portfolio. Now, starting 2023 at a higher occupancy, the Fund is **budgeting ~20% NOI growth for the current year**.

U.S. 80+ Cohort Population Growth<sup>2</sup>



Crown Cove

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1) National Investment Center for Seniors Housing & Care - 12/31/2022

2) U.S. Census Bureau Data: 2010-2020 data uses estimated population data, 2021-2030 data uses projected population data as of latest U.S. Census Bureau projections (2017)

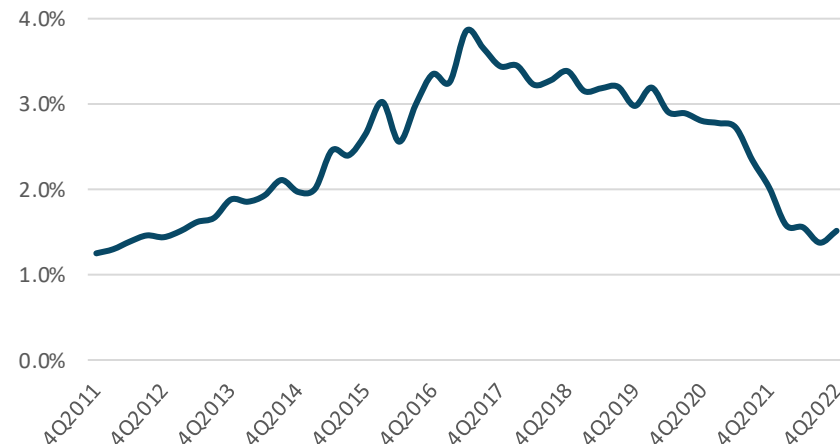


# Well-Positioned Seniors Housing Portfolio

**With supply growth in seniors housing at its lowest levels in twelve years (see graph to right), KACORE's thoughtfully constructed portfolio is positioned to benefit in coming years**

- In KA Real Estate's **high-end, private-pay portfolio**, focuses on a **wealthier tenant base**
- KACORE seniors housing is low acuity with **80% independent living**
- According to a 2023 Green Street report, majority-IL facilities currently average **20% higher net operating income** than majority-AL facilities<sup>2</sup>
- **93% of the portfolio is located in Sunbelt/Mountain states** that are in the top 6 on CNBC's 2022 ranking of states with the strongest labor markets (TX, FL, CO)<sup>3</sup>
- **73% of the portfolio** is located in CBRE's top-5 city/MSA markets for economic recovery post-COVID<sup>4</sup>

Annual Seniors Housing Inventory Growth<sup>1</sup>



As of December 31, 2022, unless otherwise noted. Past performance is not a guarantee of future results. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by the projections shown above.

1) NIC MAP Data

2) Green Street US Seniors Housing Outlook 2023

3) CNBC America's Top States for Business 2022

4) CBRE Tech Insights Center - March 2023

# Growing Opportunities in Core Student Housing

**KACORE has a growing allocation to Class-A, highly-amenitized student housing and the portfolio is demonstrating incredibly strong performance**

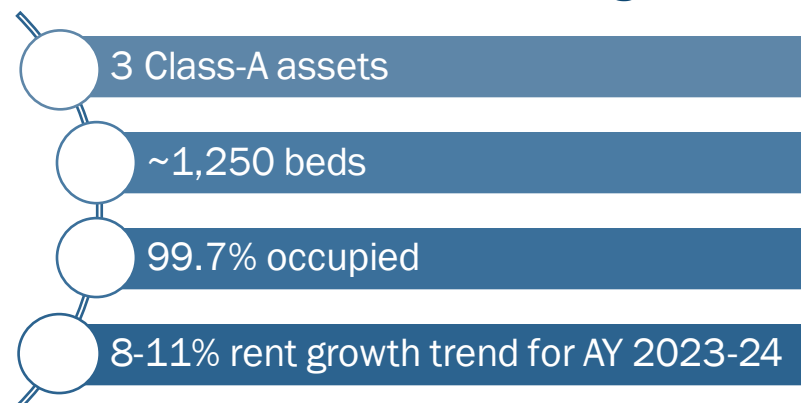
- The student housing industry is currently **trending towards record performance** levels in both occupancy and rental rate growth
- KACORE focuses on **Power-5 conference universities** with strong supply/demand fundamentals, prime campus locations, asset differentiation, sourcing advantages, and best-in-class joint venture partners
- KACORE's portfolio is far ahead of market and historical averages in preleasing for 2023-24 AY **at rent growth levels in the 8-11% range**
- In November 2022, KACORE acquired its second student housing investment, the **University of Florida Portfolio** in Gainesville, FL, consisting of two newly completed midrise properties that are 100% leased for the 2022-2023 academic year



University of Florida Portfolio



## KACORE Student Housing

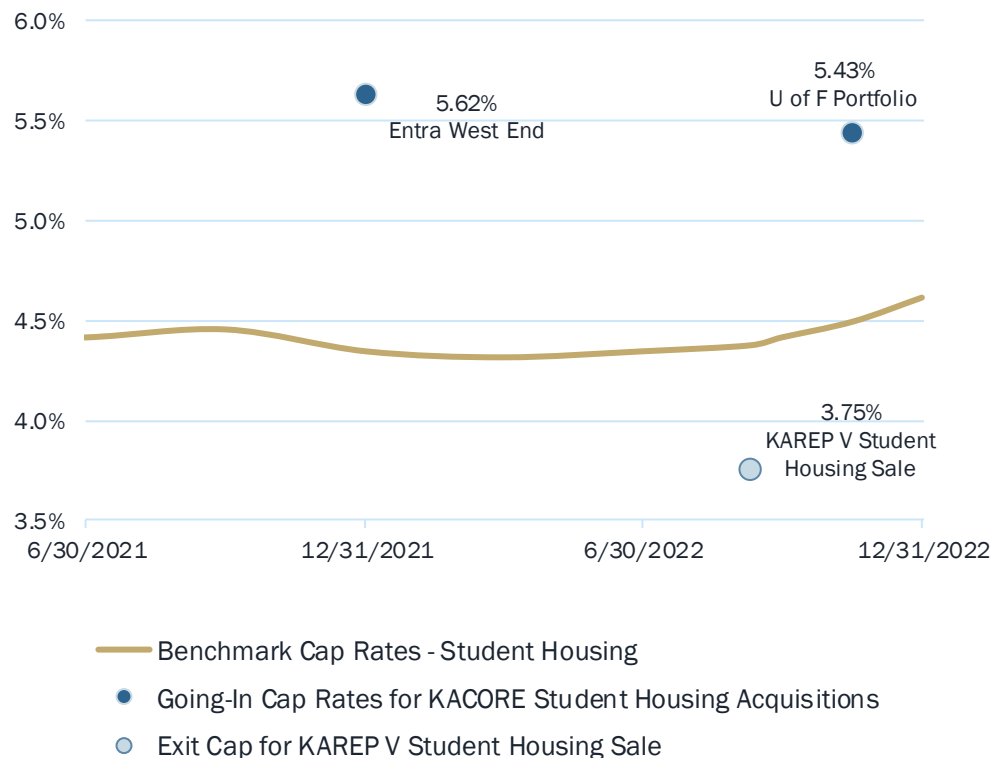


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# Thoughtfully Acquiring Student Housing

- **Extensive Experience:** As a top developer/buyer/lender in student housing for over 16 years, KA Real Estate has access to a deep network of sourcing channels and is privy to the major transactions in the market
- **Disciplined Deployment:** KACORE did not begin acquiring student housing assets until mid-2021 due to aggressive pricing in Class-A, Power-5 student housing markets
- **Pockets of Dislocation:** KACORE has increased its allocation to student housing to 6%, as sourcing advantages have presented unique opportunities
- **Relationship-Driven Transactions:** Just months after KA's opportunistic fund executed a large, single-asset sale at a prominent Power-5 university at a 3.75% exit cap rate, KACORE acquired two new, Class-A assets at the University of Florida at a 5.43% cap rate

## Growing allocation to student housing via disciplined acquisitions at dislocated pricing <sup>1</sup>



As of December 31, 2022, unless otherwise noted. Past performance is not a guarantee of future results.

<sup>1</sup>) Benchmark cap rates are based on Altus-ODCE numbers, which are derived from NR-ODCE funds that are in the Altus Analytics database. The Altus Analytics database includes 24 of the 27 ODCE funds.

KAYNE ANDERSON  
CORE REAL ESTATE (KACORE)

Fund Management





# KACORE Debt Profile

## Leverage Strategy

- KACORE finances its investments with low leverage, long-term debt to mitigate interest rate risk during periods of rising rates
- KA Real Estate has best-in-class relationships with major private and agency lenders and continues to have access to financing at competitive terms
- To manage cash flow risk, the Fund primarily uses fixed-rate debt or swapped-to-fixed-rate debt
- Majority of KACORE's financing was secured during the historically low interest rate environment of the last five years
- Fund will manage maturity risk laddering maturities to minimize debt rollover in any given year
- KACORE has a \$150 million unsecured line of credit backed by a pool of unencumbered properties which it uses for general fund liquidity and to bridge capital calls

## Leverage Statistics<sup>1</sup> (as of 12/31/2022)

- 34% LTV
- 78% fixed rate debt, majority of balance hedged with interest rate caps
- 4.36% weighted average cost of debt
- 3.8 years weighted average duration
- Less than 10% of debt expires before 2025



As of December 31, 2022, unless otherwise noted. Past performance is not a guarantee of future results.

1) Reflective of property-level debt statistics

# KACORE Capital Flows

## Capital Deployment

- Called commitment queue in Q4 2022 to take down student housing and medical office portfolios
- New capital commitments will be put to work immediately
- With consistent stability in medical office, and outsized current/projected rent growth in seniors/student housing, we believe it is an opportune time to enter this premium portfolio

## Outgoing Queue

- As of April 2023, KACORE has a modest redemption queue of less than 5%
- Expect to satisfy outstanding redemptions within two to three quarters
- KACORE will continue its regular quarterly income distributions



As of December 31, 2022, unless otherwise noted. Past performance is not a guarantee of future results.



KAYNE ANDERSON  
CORE REAL ESTATE (KACORE)

# Performance Outlook



# KACORE Relative Valuation Metrics

- KACORE's alternative sector focus results in **5.09% average YR-1 go-forward cap rate** compared to traditional sectors at 4.07%<sup>1</sup>
- KACORE did not experience the **valuation volatility of other real estate sectors** in the past two years
- Consistent ability to be disciplined in capital deployment, as well as unique relationships and sourcing capabilities, have led to favorable pricing and a valuation cushion. The portfolio's **average cap rate at acquisition is 5.8%**.

<i>As of 12/31/2022</i>		Cap Rate Implied Yr. 1	Occupancy
KACORE	Medical Office (75%)	5.28%	98%
	Seniors Housing (23%)	4.37%	91%
	Student Housing (2%)	5.26%	100%
	<b>Total:</b>	<b>5.09%</b>	<b>96%</b>
Altus Benchmark (Current KACORE Sectors)	Medical Office	4.97%	93%
	Seniors Housing	4.37%	83%
	Student Housing	4.62%	94%
	<b>Total:</b>	<b>4.75%</b>	<b>92%</b>
Altus Benchmark (Current Non-KACORE Sectors)	Life Sciences	3.75%	93%
	Self Storage	4.31%	89%
	Industrial	3.30%	98%
	Apartment	4.00%	94%
	Office	4.52%	83%
	Retail	5.06%	90%
	Lodging	5.84%	65%
	Other	4.86%	96%
	<b>Total:</b>	<b>4.07%</b>	<b>92%</b>

1) The Altus Benchmark and KACORE metrics data are as of 12/31/2022. Altus metrics are based on actual appraisals performed on their clients' properties (whether performed by Altus or another third-party appraisal). All Altus totals are based on weighted averages based on the GAV of each sector in Altus' total benchmark.

Past performance is not a guarantee of future results

# Consistent KACORE Performance

**KACORE's since-inception performance has been minimally correlated to the volatility of the broader economy and has provided consistently strong, risk-adjusted returns**

- As of 3/31/2023, trailing **1-yr gross total return is 5.72%**, consisting of a 4.85% gross income return and a 0.83% gross appreciation return
- **KACORE outperformed the NFI-ODCE benchmark in 2022 by 144 bps** on a Net Total Return basis

## Net Total Return (3/31/2023)

	Quarter	1-Year	3-Year	5-Year	Since Inception
KACORE	0.37%	5.02%	7.65%	7.43%	7.35%

## Relative Performance

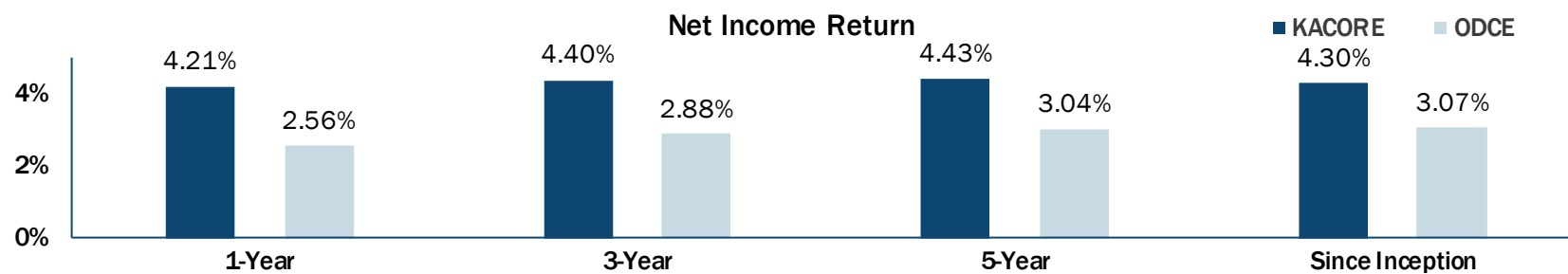
### Net Total Return (12/31/2022)

	Quarter	1-Year	3-Year	5-Year	Since Inception
KACORE	-0.07%	7.98%	7.98%	7.73%	7.62%
NFI-ODCE	-5.17%	6.55%	8.97%	7.72%	7.66%
Difference	5.10%	1.44%	-0.98%	0.01%	-0.04%

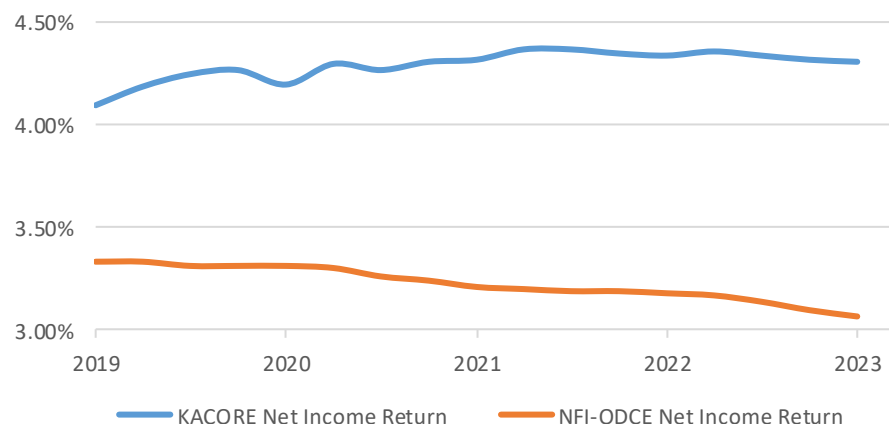
All data as of December 31, 2022, unless otherwise noted. Past performance is not a guarantee of future results. Returns for periods of greater/less than one year are annualized. The sum of income and appreciation returns may not equal to total return for multi-period returns due to the impact of compounding. Inception date is August 10, 2017. Note: The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (i.e., returns reflect the fund's actual asset ownership positions and financing strategy).

# Designed for Robust Income Returns

- Since inception of the NCREIF benchmark in 1978, **income has comprised over 75%** of the total return of the national core fund benchmark
- KACORE has **outperformed the NFI-ODCE income return for 20 consecutive quarters**, including 165 basis points on the trailing 1-Year period



## Income Return Outperformance Since KACORE Inception - Annualized



1) As of December 31, 2023. The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage (i.e., returns reflect the fund's actual asset ownership positions and financing strategy). Since inception refers to since KACORE's inception in Q4 2017. Past performance is not a guarantee of future results



KAYNE ANDERSON  
CORE REAL ESTATE (KACORE)

THANK YOU & QUESTIONS

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# Appendix





# Eagle Portfolio

Medical Office and Seniors Housing

Unrealized

MSA: 16 States



## OVERVIEW

KACORE acquired, in joint venture with a European pension fund, a large portfolio of medical office and seniors housing properties. KACORE owns approximately 60% of the joint venture. The portfolio's sector allocation is 55% medical office and 45% seniors housing based on gross costs at acquisition.

The Eagle Portfolio transaction was a direct result of the long-standing strategic relationship between KA Real Estate and Welltower, which enabled KACORE to secure the off-market transaction at a favorable cost basis, positioning the investment for attractive risk-adjusted returns.

## INVESTMENT SUMMARY

Acquisition Date	Multiple phases between June – December 2020
Gross Asset Value <sup>1</sup>	\$1.2 billion
Fund Net Asset Value	\$470.2 million
Entry Cap Rate	6.1%

## MEDICAL OFFICE PORTFOLIO

- 27 Properties
- \$675.5 million gross asset value<sup>1</sup>
- 1.4 million sf
- 16 States
- 94% Occupancy
- Leased to prominent health and hospital systems (including Mercy Health (Aa3), Duke Health (Aa2), MedStar Health (A2), Genesis Health (A1), and Baylor Scott & White Health (Aa3))
- 7.1 years WALT (SF)

## SENIORS HOUSING PORTFOLIO

- 7 Properties
- \$562.9 million gross asset value<sup>1</sup>
- 2,032 Units
- Located in Florida (Ft. Lauderdale, Tampa, Naples, and Sarasota)
- Acquired at \$238k/unit, which is approximately a 6.8% cap rate.<sup>2</sup> (note: KA Real Estate sold 6/7 assets at \$295k/unit in 2015 at a similar going-in NOI of \$30 million)
- Seller provided a \$25M reserve for capital expenditures and a two-year NOI make whole based on in-place NOI of \$30 million.
- KACORE made significant capital improvements including updating clubhouses, completing unit upgrades, and replacing FF&E and building systems

1) Shown as GAV at 100% ownership 2) Excludes the \$25 million in capital improvements and the newly developed senior community.

# Falcon Portfolio

Medical Office   Unrealized   MSA: 11 States



## OVERVIEW

The portfolio consists of 29 high-quality medical office properties located across major U.S. metropolitan areas. The average asset age is 9.1 years. Tenancy composition is also strong with over 85% of the portfolio leased to health systems, regional physician groups, and ambulatory surgery centers.

## INVESTMENT SUMMARY

Acquisition Date	December 2020
Gross Asset Value <sup>1</sup>	\$660.3 million
Fund Net Asset Value	\$365.9 million
Square Feet	1.4 million
Occupancy	98%
Weighted Avg. Lease Term (SF)	8.7 years

## HIGHLIGHTS

**Sourcing:** KACORE acquired the portfolio at a 5.5% cap rate, which was below market pricing, due to the Fund's ability to provide certainty of closing with a year-end time frame and its strong relationship with the investment sales team. These factors contributed to KACORE's success in winning the bid from a limited field of four institutional investors, despite not submitting the highest bid.

**Tenancy:** The portfolio is anchored by investment-grade health systems such as AMITA (part of Ascension Health; Moody's "Aa2"), UPMC (Moody's "A2"), and Bon Secours (Moody's "A1") as well as strong regional physician groups such as GI Associates, Chesapeake Urology, and Fox Valley Orthopedics.

**Partnership:** Remedy Medical Properties is KA Real Estate's strategic joint venture and operating partner across all KA Real Estate funds, with more than 200 healthcare professionals dedicated to the business.

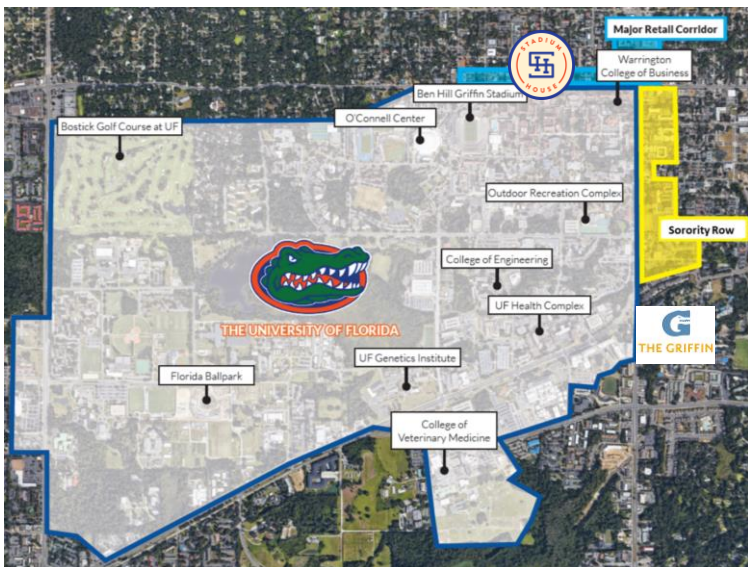
1) Shown as GAV at 100% ownership. Past performance is not a guarantee of future results.

# University of Florida Portfolio

Student Housing

Unrealized

University: University of Florida, Gainesville, FL



1) Shown as GAV at 100% ownership.  
Past performance is not a guarantee of future results.

## INVESTMENT SUMMARY

Acquisition Date	November 2022
Gross Asset Value <sup>1</sup>	\$173.6 million
Fund Net Asset Value	\$107.2 million
Units / Beds	266 / 898

**Overview:** The University of Florida Portfolio contains StadiumHouse (181 units, 604 beds) and The Griffin (85 units, 294 beds), two 100% occupied newly-constructed mid-rise properties adjacent to the University of Florida (UF) campus. The portfolio features best-in-class amenities, high quality unit finishes, and differentiated floorplans.

**Transaction Metrics:** As a result of KACORE's relationship with the seller and ability to provide certainty of execution during a period of market volatility, the portfolio is being acquired at an attractive 5.4% going-in cap rate, representing a 152-bps expansion to market cap rates for a comparable mid-2022 Kayne Anderson student housing sale.

**Sourcing:** KACORE was able to secure the portfolio on a direct basis due to its relationship with the seller, a joint-venture partner of Kayne Anderson on The Nine at Gainesville, a successful KAREP student housing development sold in 2018.

**Premier Market / Location:** The portfolio benefits from two of the best locations in the Gainesville market with immediate proximity to on and off-campus demand drivers and points of interest. StadiumHouse is located directly across the street from central campus along W. University Avenue, a main north/south thoroughfare, and adjacent to Midtown, the premier retail and nightlife corridor with a variety of bars and restaurants. Additionally, StadiumHouse offers unmatched views of Ben Hill Griffin stadium and UF's campus. The Griffin is located 0.2 miles east of campus providing residents convenient access to sorority row, retail and restaurants.

**Operating:** Both properties were 100% leased for the 2022-23 academic year. StadiumHouse is also preleased to 100% for the 2023-24 academic year (in ~8 weeks with higher than 10% rent growth) and became the first property in the market to have a master-lease agreement with UF Athletics for the football team. The Griffin, also located adjacent to campus, is experiencing strong preleasing as well.

# KACORE

## Summary of terms

<b>Strategy</b>	Core real estate fund focused on alternative asset classes including medical office, seniors housing, student housing, and self-storage										
<b>Fund Style &amp; Liquidity</b>	Open-end fund, with quarterly redemption policy subject to a 45-day notice period prior to end of each quarter										
<b>Fund Investment Guidelines</b>	<p>Portfolio diversified by property type, geographic market and underlying economic drivers</p> <p>Invest only in the United States</p> <p>Up to 10% of the Fund NAV may consist of development/value-add assets and investments</p>										
<b>Property Type &amp; Geographies</b>	<p>Medical office, seniors housing, student housing and self-storage assets throughout the US</p> <p>Top 50 MSAs and major metropolitan areas / student markets in the US</p> <p>Target asset allocation: medical office 50%, seniors housing 20%, student housing 20%, and self-storage 10%</p>										
<b>Leverage</b>	Target leverage of 35%, maximum leverage of 40%										
<b>Fee Schedule</b>	<table> <tr> <th>Investor's Share of NAV</th><th>Annual Base Fee</th></tr> <tr> <td>First \$25 million of investment</td><td>115 bps</td></tr> <tr> <td>Next \$25 million</td><td>105 bps</td></tr> <tr> <td>Next \$50 million</td><td>95 bps</td></tr> <tr> <td>Above \$100 million</td><td>85 bps</td></tr> </table>	Investor's Share of NAV	Annual Base Fee	First \$25 million of investment	115 bps	Next \$25 million	105 bps	Next \$50 million	95 bps	Above \$100 million	85 bps
Investor's Share of NAV	Annual Base Fee										
First \$25 million of investment	115 bps										
Next \$25 million	105 bps										
Next \$50 million	95 bps										
Above \$100 million	85 bps										

1) See the "Disclosures & Legal Disclaimer" slide for important information regarding hypothetical performance and return calculations presented herein. The information above is presented as a summary of certain of the Fund's key terms only and is qualified in its entirety by reference to the more comprehensive summary of the Principal Terms in the Memorandum and the Limited Partnership Agreement, as amended from time to time.



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The information contained herein has been prepared by KA Real Estate and is current as of the date hereof. Such information is subject to change. Any statements or facts contained herein delivered from third-party sources are believed to be reliable but are not guaranteed as to their accuracy or completeness. Unless indicated otherwise, statistical information is provided as of the close of the quarter indicated on the cover of this presentation.

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Past performance is no guarantee of future results. An investment in the funds could suffer loss.

Important disclosures regarding hypothetical performance and return calculations:

Hypothetical performance has been provided for illustrative purposes only, and is not necessarily, and does not purport to be, indicative, or a guarantee, of future results. Hypothetical performance includes any performance targets, projections, pro forma returns adjustments or other similar presentations, and represents performance results that no individual fund, portfolio or investor has achieved. Actual results may vary substantially. The targeted net returns set forth herein are provided as indicators as to how particular funds will be managed and are not intended to be viewed as indicators of likely performance returns to investors.

**Opportunistic/Value-add:** Net investment return target is based on the total fund's targeted gross return of 18-21% and targeted net return of 15-18%. The fund's target gross return assumes target leverage of 65-70% over a 5-year hold period. For the Opportunistic/Value-add, Alternative Core, and Multifamily Housing Strategies, the difference between gross and net returns include management fees, audit and tax expenses, and carried interest, among other fund level expenses and the net investment IRR is calculated utilizing the Gross-Net Discount Factor methodology, which implies a net return for each investment by dividing aggregate investor net return by the aggregate investor gross return and multiplying that factor by each investment's gross return, all of which are subject to significant uncertainty.

**Alternative Core:** Net investment return target is based on the total fund's targeted gross return of 10-11% and targeted net return of 9-10%. The fund's target gross return assumes target leverage of 35-40% over a 7-year hold period. The difference between gross and net returns include management fees, audit and tax expenses, among other fund level expenses. For the Alternative Core Strategy, net investment IRR is calculated utilizing the Gross-Net Discount Factor methodology, which implies a net return for each investment by dividing aggregate investor net return by the aggregate investor gross return and multiplying that factor by each investment's gross return.

**Real Estate Debt:** Net investment return target is based on the total fund's targeted gross return of 11-17% and targeted net return of 9-15%. For the Debt Funds, net return is calculated after fund expenses, fees, and carried interest, either paid or accrued and unrealized on the hypothetical liquidation value of the fund at fair value as well as fund level leverage for certain fund. Net Target Current Yield based on gross to net spread of similar predecessor funds for each specific asset class.

**Multifamily Housing:** Net investment return target is based on the total fund's targeted gross return of 13-15% and targeted net return of 11-13%. The fund's target gross return assumes target leverage of 60-65% over a 7-year hold period. Net investment IRR is calculated utilizing the Gross-Net Discount Factor methodology, which implies a net return for each investment by dividing aggregate investor net return by the aggregate investor gross return and multiplying that factor by each investment's gross return.

Although Kayne believes the hypothetical performance calculations described herein are based on reasonable assumptions, the use of different assumptions would produce different results, and because it does not represent the actual performance of any fund, portfolio or investor, it is subject to various risks and inherent limitations that are not applicable to non-hypothetical performance presentations. For the foregoing and other similar reasons, the comparability of hypothetical performance to the prior (or future) actual performance of a fund is limited, and prospective investors should not unduly rely on any such information in making an investment decision. The hypothetical performance does not represent actual performance, was not achieved by any investor, and actual results may vary substantially.

# **1st Quarter 2023 Preliminary Estimate of Fund Performance and Attribution**

April 20, 2023

Employees' Retirement System



# Market Environment

**Preliminary Estimate  
as of April 13, 2023**

Asset Class	Benchmark	Target Weight	Benchmark Return Q1 2023
Public Equity	MSCI ACWI IMI	44%	6.9%
Fixed Income	Bloomberg U.S. Agg.	23%	3.0%
Real Assets <sup>(1)</sup>	Blended Benchmark	13%	-3.5%
Private Equity <sup>(1)</sup>	Russell 3000 + 2%	10%	7.5%
Absolute Return	90-Day T-Bill + 3%	10%	1.9%

	<b>Q1 2023</b>
<b>CMERS Benchmark</b>	<b>4.3%</b>

<sup>(1)</sup>Real Estate and Private Equity benchmark returns are reported on a 1-quarter lag.

# Relative Performance Expectations

**Preliminary Estimate  
as of April 13, 2023**

		Q1 2023		Q1 2023	Q1 2023
<b>Value Equity Bias</b>	Russell 3000 Value	0.9%	Russell 3000 Growth	13.9%	↓↓
<b>Small Cap Equity Bias</b>	Russell 2000	2.7%	Russell 1000	7.5%	↓
<b>Fixed Income Credit</b>	Loomis Sayles (net)	3.2%	Bloomberg US Agg.	3.0%	↑
<b>Private Equity<sup>(1)(2)</sup></b>	CMERS PE (net)	-0.1%	PE Benchmark	7.5%	↓↓

	Q1 2023
<b>CMERS Total Fund (net)</b>	<b>3.3%</b>
<b>CMERS Benchmark</b>	<b>4.3%</b>

<sup>(1)</sup>Private Equity benchmark return is reported on a 1-quarter lag.

<sup>(2)</sup> Private Equity returns are not typically reported during this time period because of the extra time these investment managers spend finalizing their year-end financial statements. Both Q4 2022 and Q1 2023 Private Equity returns are expected to be reported during the April-June time period.

# ERS Fund Attribution – 1<sup>st</sup> Quarter 2023

**Preliminary Estimate  
as of April 13, 2023**

Asset Class	Benchmark	Average Weight %	Policy Weight %	+/-	Portfolio Return	Benchmark Return	+/-	Attribution Effect(%)			
								Broad Category Group Allocation	Manager Selection	Style Bias	Total Active Return
<b>Public Equity</b>	MSCI ACWI IMI NR USD	<b>44.1</b>	<b>44.0</b>	<b>0.1</b>	<b>6.7</b>	<b>6.9</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.6</b>	<b>-0.7</b>	<b>-0.1</b>
<b>Fixed Income</b>	Bbg US Agg Bond TR USD	<b>20.4</b>	<b>23.0</b>	<b>-2.6</b>	<b>3.2</b>	<b>3.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>
<b>Private Equity<sup>(2)</sup></b>	Russell 3000 (Qtr Lag) + 200bps <sup>(1)</sup>	<b>12.6</b>	<b>10.0</b>	<b>2.6</b>	<b>-0.1</b>	<b>7.5</b>	<b>-7.6</b>	<b>0.1</b>	<b>-1.0</b>	<b>0.0</b>	<b>-0.9</b>
<b>Real Assets<sup>(2)</sup></b>	Real Assets Benchmark <sup>(1)</sup>	<b>12.6</b>	<b>13.0</b>	<b>-0.4</b>	<b>-2.1</b>	<b>-3.5</b>	<b>1.4</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>0.2</b>
<b>Absolute Return</b>	90 Day T-Bill +3%	<b>10.4</b>	<b>10.0</b>	<b>0.4</b>	<b>0.5</b>	<b>1.9</b>	<b>-1.4</b>	<b>0.0</b>	<b>-0.2</b>	<b>0.0</b>	<b>-0.2</b>
<b>Total</b>		<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<b>3.3</b>	<b>4.3</b>	<b>-0.9</b>	<b>0.1</b>	<b>-0.3</b>	<b>-0.7</b>	<b>-0.9</b>

## Main Drivers of Q1 2023 Relative Performance

**Private Equity**

Impact %

**-0.99%**

Attribution Category

**Manager Selection**

**Public Equity**

**-0.68%**

**Style Bias**

**Primarily Value and Small Cap exposure**

**Manager Performance (13 out of 16 active mandates outperformed)**

**Brandes**

**0.17%**

**Manager Selection**

**Polen**

**0.14%**

**Manager Selection**

**Morgan Stanley**

**0.12%**

**Manager Selection**

**DFA Small Mandates**

**0.10%**

**Manager Selection**

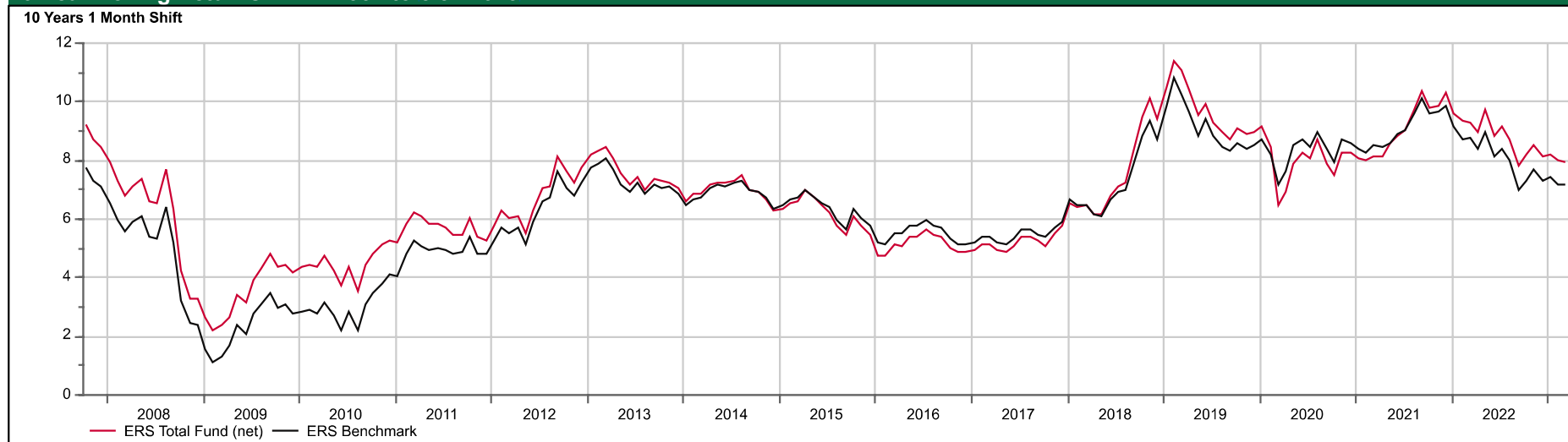
<sup>(1)</sup>Real Estate and Private Equity benchmark returns are reported on a 1-quarter lag.

<sup>(2)</sup>Private Equity returns are not typically reported during this time period because of the extra time these investment managers spend finalizing their year-end financial statements. Both Q4 2022 and Q1 2023 Private Equity returns are expected to be reported during the April-June time period.

**Preliminary Estimate as of April 13, 2023**

# Total Fund Performance

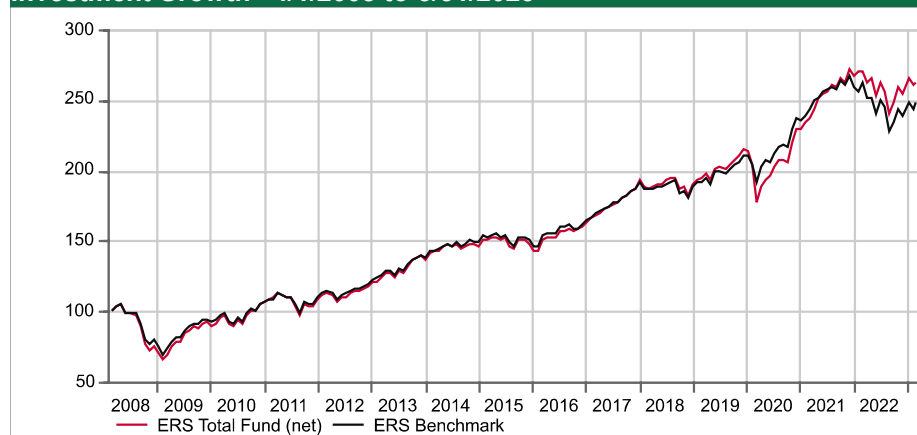
## 10 Year Rolling Returns – 11/1/1997 to 3/31/2023



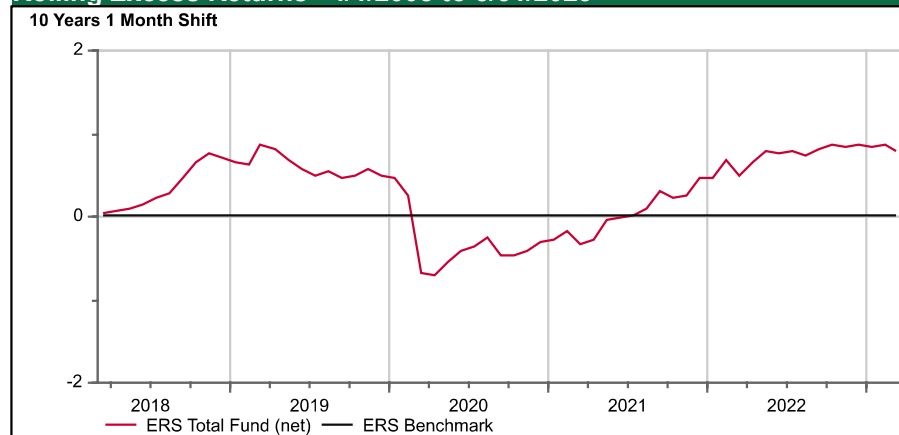
## Trailing Returns

	Annualized Return						
	QTR	1 Year	3 Year	5 Year	7 Year	10 Year	15 Year
ERS Total Fund (net)	3.3	-2.9	14.1	7.1	8.3	7.9	6.6
ERS Benchmark	4.3	-5.1	9.0	5.9	7.2	7.1	6.2

## Investment Growth –4/1/2008 to 3/31/2023



## Rolling Excess Returns –4/1/2008 to 3/31/2023

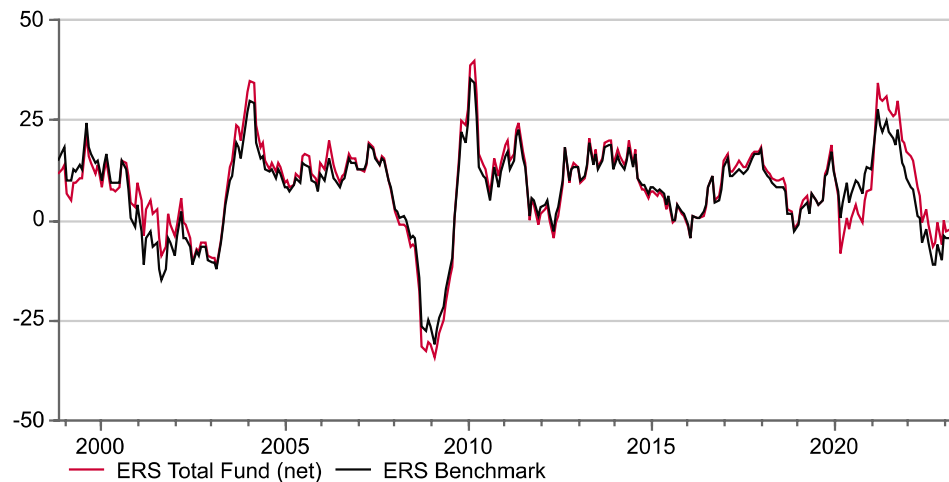


**Preliminary Estimate as of April 13, 2023**

# Total Fund Rolling Returns as of March 31, 2023

## 1 Year Rolling Returns – 12/1/1997 to 3/31/2023

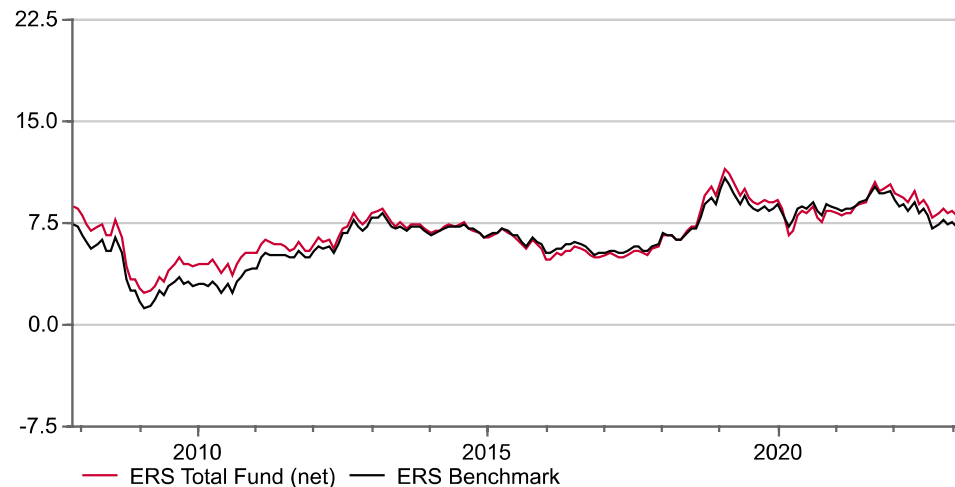
### 1 Year 1 Month Shift



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## 10 Year Rolling Returns – 12/1/1997 to 3/31/2023

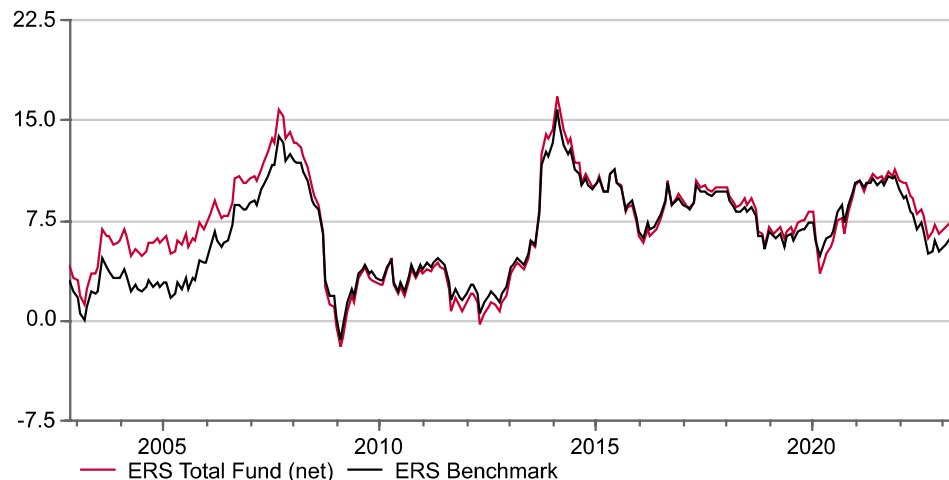
### 10 Years 1 Month Shift



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## 5 Year Rolling Returns – 12/1/1997 to 3/31/2023

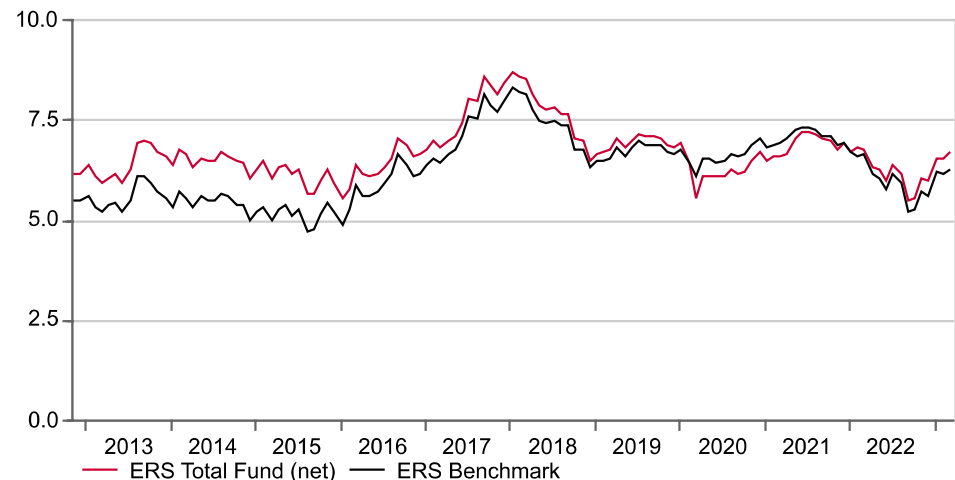
### 5 Years 1 Month Shift



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## 15 Year Rolling Returns – 12/1/1997 to 3/31/2023

### 15 Years 1 Month Shift



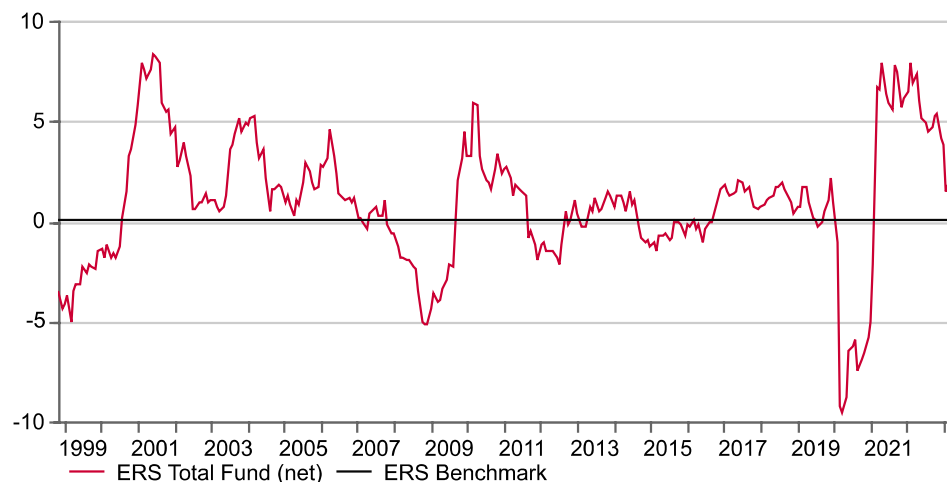
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**Preliminary Estimate as of April 13, 2023**

# Total Fund Rolling Excess Returns as March 31, 2023

**1 Year Rolling Excess Returns – 12/1/1997 to 3/31/2023**

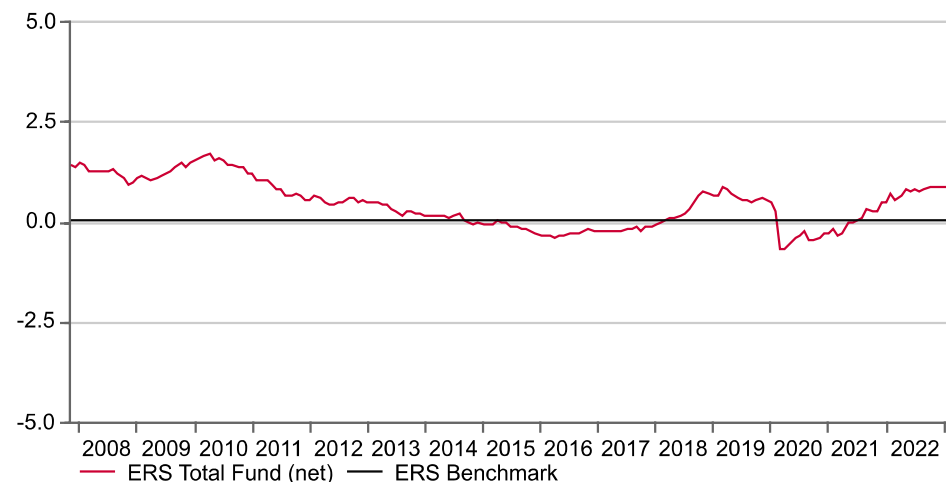
1 Year 1 Month Shift



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**10 Year Rolling Excess Returns – 12/1/1997 to 3/31/2023**

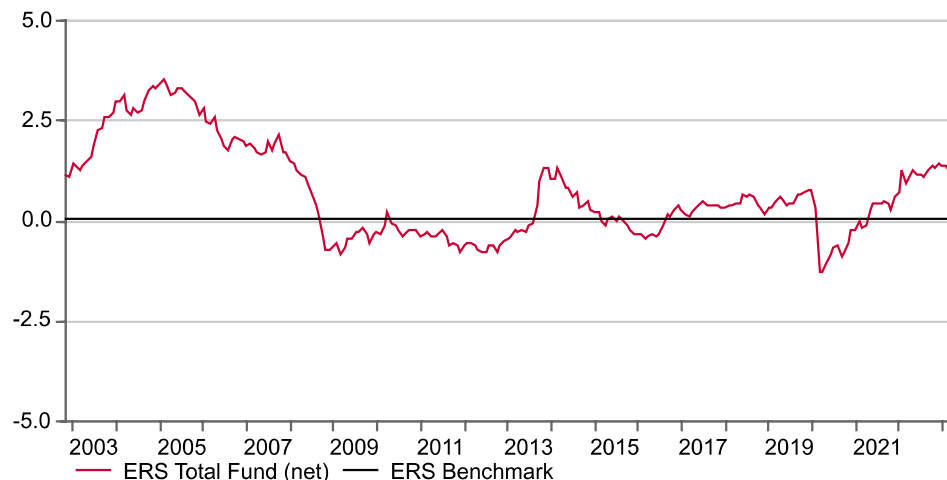
10 Years 1 Month Shift



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**5 Year Rolling Excess Returns – 12/1/1997 to 3/31/2023**

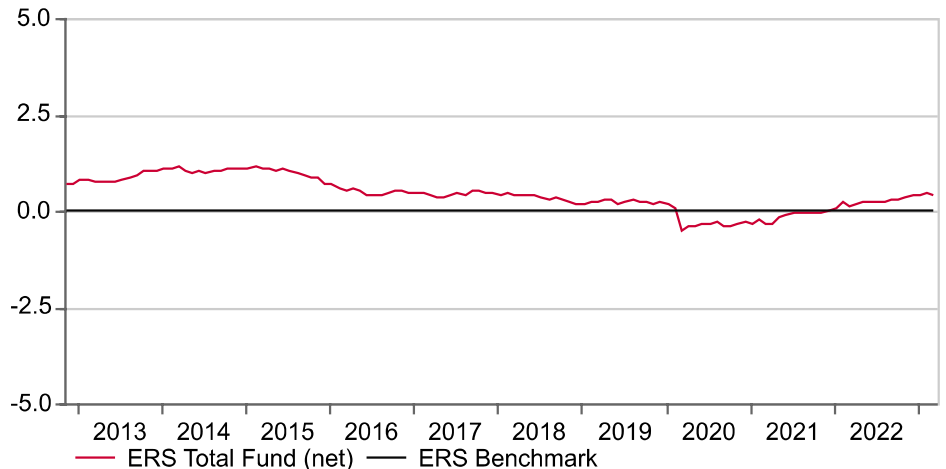
5 Years 1 Month Shift



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**15 Year Rolling Excess Returns – 12/1/1997 to 3/31/2023**

15 Years 1 Month Shift



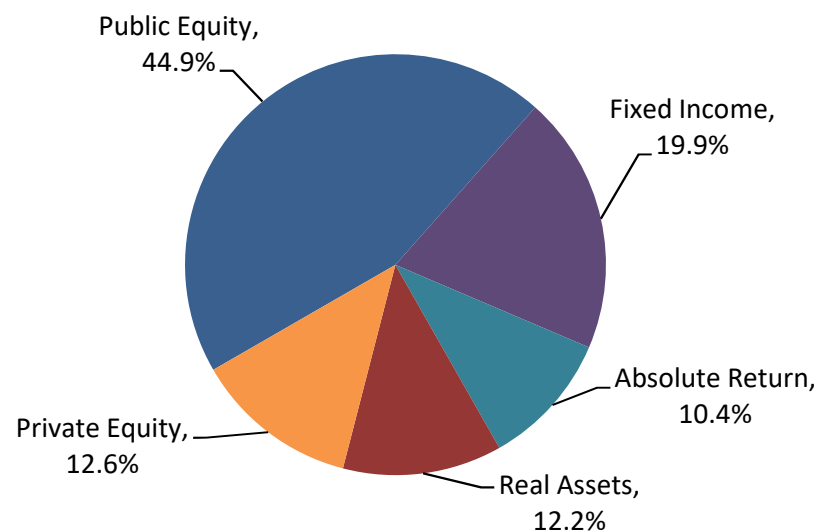
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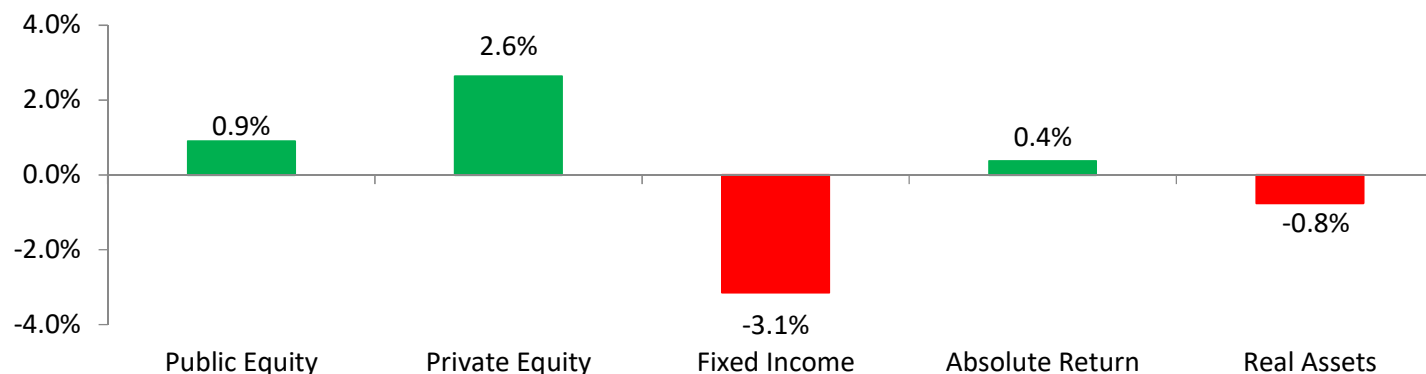
**Preliminary Estimate as of April 13, 2023**

## Asset Allocation as of March 31, 2023

### Actual Asset Allocation\*



### Actual Asset Allocation vs. Policy Target



# Performance Update

Estimated ERS Total Fund Market Value is \$5.68 billion as of April 13, 2023

Period	ERS Fund*	Benchmark
Q1 2023 (Preliminary Estimate)	3.3%	4.3%
April MTD (Estimate)	0.6%	0.8%
YTD Through April 13, 2023 (Estimate)	3.9%	5.0%

\*Returns Net of Fees