ARKANSAS TEACHER RETIREMENT SYSTEM

October 18, 2021

1400 West Third Street
BOARD ROOM
Little Rock, AR 72201

Board of Trustees - Called Meeting Meeting

4:15 p.m.

Trustees

Danny Knight, Chair
Lloyd Black, Vice Chair
Anita Bell
Kathy Clayton
Kelly Davis
Dr. Mike Hernandez
Shawn Higginbotham
Michael Johnson
Bobby G. Lester
Chip Martin
Amanda Webb

Ex Officio Trustees

Susannah Marshall, State Bank Commissioner
Johnny Key, Education Secretary
Honorable Andrea Lea, State Auditor
Honorable Dennis Milligan, State Treasurer

AGENDA

ARKANSAS TEACHER RETIREMENT SYSTEM

BOARD OF TRUSTEES - CALLED MEETING

October 18, 2021

4:15 p.m.

1400 West Third Street

Little Rock, AR 72201

I. ***Call to Order/Roll Call.** page 1.

II. ***Adoption of Agenda.** page 2.

III. Executive Summary. (Attachment No. 1) page 4.

IV. Investment Committee Report.

  A. ***Arkansas Related and Investment Update.**

    1. ***Consideration to use the Special Procurement Process to Contract with Global Principal Partners as a Temporary Consultant for Direct Investments until the RFP and Contracting Process for a Long Term Direct Investment Consultant is Finalized.**

    2. ***Applying Imminent Need to Six Previously Approved Investments.**

      a. ***Recommendation to Apply Imminent Need Status to the Previously Approved Transfer of Assets from the Existing ATRS Investment in CFM Institutional Systematic Diversified Fund Series 1.5 (CFM ISD) to CFM Systematic Global Macro, L.P. Series 1 (CFM SGM), Resolution 2021-53.** (Attachment No. 2) page 10.

        1. ***Resolution No., 2021-53.** (Attachment No. 3) page 30.

      b. ***Recommendation to Apply Imminent Need Status to the Previously Approved Commitment of up to $50 Million Dollars in Chatham Asset Private Debt and Strategic Capital Fund III, L.P., Resolution 2021-54.** (Attachment No. 4) page 32.

        1. ***Resolution No., 2021-54.** (Attachment No. 5) page 45.

* Action Item

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c. ***Recommendation to Apply Imminent Need Status to the Previously Approved Commitment of up to $40 Million Dollars in Almanac Realty Securities IX, L.P., a Closed End, Value Added Real Estate Fund Targeting Investments in Both Private and Public Real Estate Operating Companies. Resolution 2021-55.** (Attachment No. 6) page 47.

1. ***Resolution No., 2021-55.** (Attachment No. 7) page 85.

d. ***Recommendation to Apply Imminent Need Status to the Previously Approved Commitment of up to $70 Million Dollars in Morgan Stanley Prime Property Fund LLC, (PPF) an Open End, Core Real Estate Fund Focused on Income Producing Properties. Resolution 2021-56.** (Attachment No. 8) page 87.

1. ***Resolution No., 2021-56.** (Attachment No. 9) page 136.

e. ***Recommendation to Apply Imminent Need Status to the Previously Approved Commitment of up to $70 Million Dollars in RREEF Core Plus Industrial Fund L.P.(CPIF), an Open End, Core Plus Real Estate Fund Specializing in Industrial Assets. Resolution 2021-57.** (Attachment No. 10) page 138.

1. ***Resolution No., 2021-57.** (Attachment No. 11) page 187.

f. ***Recommendation to Apply Imminent Need Status to the Previously Approved Commitment of up to $30 Million Dollars in Clearlake Capital Partners Fund VII, L.P. a Private Equity Fund that Makes Opportunistic Debt and Equity Investments in Middle Market Companies Undergoing Change and/or are in Underserved Industries or Markets in North America. Resolution 2021-58.** (Attachment No. 12) page 189.

1. ***Resolution No., 2021-58.** (Attachment No. 13) page 193.

B. General Investment Consultant Report.

1. ***Aeolus Property Catastrophe Keystone PF Fund LP. (Aeolus).** (Attachment No. 14) page 195.

a. ***Resolution No., 2021-59.** (Attachment No. 15) page 200.

V. Other Business.

VI. ***Adjourn.**

* Action Item

EXECUTIVE SUMMARY

TO: Board of Trustees

FROM: ATRS Staff

RE: Executive Summary

DATE: October 18, 2021

IV. Investment Committee Report. *Chip Martin, Vice Chair*

A. Arkansas Related and Investment Update

1. **Consideration to use the Special Procurement Process to Contract with Global Principal Partners as a Temporary Consultant for Direct Investments until the RFP and Contracting Process for a Long Term Direct Investment Consultant is Finalized.** The Board approved staff to begin a procurement process for a consultant to provide recommendations for potential new direct investments and also provide monitoring and management of existing and new direct investments at the June 7, 2021 meeting. ATRS staff worked with the Office of State Procurement (OSP) to issue an RFP for these services. Due to no vendor response for the initial bid opportunity, ATRS is currently working with OSP to reissue the RFP.

   ATRS had initially hoped for a short time frame for this RFP due to the fact that ATRS is involved in several projects that may require the services proposed through this RFP and may have opportunities arise for similar projects at any time. Due to the lack of response generated from the initial RFP issuance, ATRS expects the RFP process to take some time to complete. After the unsuccessful procurement of the initial RFP, ATRS staff began looking at possible temporary solutions to fill the void until a more permanent vendor could be procured.

   Global Principal Partners (GPP) is a U.S. based world class project finance group founded in 2003. GPP has worked on multiple projects of various sizes and the firm has extensive experience in project finance. GPP has raised over $8 billion in financing for projects and has provided advisory services for over $4 billion in mergers, acquisitions and consolidations of investments. ATRS has obtained approval from OSP to contract with GPP on a temporary basis through the special procurement process. If the special procurement contract is approved by the ATRS Board, ATRS staff would prepare and execute the contract before submitting the contract for appropriate legislative review.

2. **Applying Imminent Need to Six Previously Approved Investments.** The background materials for the six funds that need to be converted from standard procurement with prior legislative review before closing to imminent need procurement with post-closing legislative review are attached for information purposes. The investments listed below were previously approved at the September 27, 2021 meeting. The prior approval did not include authority for ATRS staff to use the imminent need process. Due to recent changes to the Arkansas Legislative Council's (ALC) schedule, staff is requesting to update the previously approved investments listed below from regular procurement to imminent need.

   a. **Recommendation to Apply Imminent Need Status to the Previously Approved Transfer of Assets from the Existing ATRS Investment in CFM Institutional Systematic Diversified Fund Series 1.5 (CFM ISD) to CFM Systematic Global Macro, L.P. Series 1 (CFM SGM), Resolution 2021-53.** The Board approved Resolution 2021-38 at the September 27, 2021 meeting authorizing the transfer of assets from CFM ISD to CFM SGM. The recommendation for the transfer is based on continuous efforts to improve manager structures and is one of the results of the Opportunistic/Alternative Portfolio review presented to the Board at the June 7, 2021 meeting.

      Initially imminent need was not requested for this transfer because an October 22, 2021 ALC meeting was scheduled at the time of the September 27, 2021 ATRS meeting. The October ALC meeting has since been cancelled and the next scheduled ALC meeting is November 19, 2021. Due to the change in schedule of the ALC meetings, imminent need is now requested by ATRS staff to implement the transfer.

      1. **Resolution No. 2021-53**

b. **Recommendation to Apply Imminent Need Status to the Previously Approved Commitment of up to $50 Million Dollars in Chatham Asset Private Debt and Strategic Capital Fund III, L.P., Resolution 2021-54.** The Board approved Resolution 2021-41 at the September 27, 2021 meeting authorizing a commitment of up to $50 million dollars in Chatham Asset Private Debt and Strategic Capital Fund III. Founded in 2002 and based in Chatham, NJ, the fund is designed to provide clients with exposure to illiquid and opportunistic debt assets both on a long and short basis. The fund seeks to take advantage of opportunities arising from the mismatch between the supply of capital available to middle market companies and the demand for capital from those companies.

Initially imminent need was not requested for this investment because an October 22, 2021 ALC meeting was scheduled at the time of the September 27, 2021 ATRS meeting. The October ALC meeting has since been cancelled and the next scheduled ALC meeting is November 19, 2021. Due to the change in schedule of the ALC meetings, imminent need is now requested by ATRS staff to implement the investment.

1. **Resolution No. 2021-54**

c. **Recommendation to Apply Imminent Need Status to the Previously Approved Commitment of up to $40 Million Dollars in Almanac Realty Securities IX, L.P., a Closed End, Value Added Real Estate Fund Targeting Investments in Both Private and Public Real Estate Operating Companies. Resolution 2021-55.** The Board approved Resolution 2021-42 at the September 27, 2021 meeting authorizing a commitment of up to $40 million dollars in Almanac Realty Securities IX. Founded in 1996 and located in New York, Almanac was originally known as Five Arrows before changing the firm's name in 2011. ATRS has previously invested in Almanac Fund V (formerly known as Five Arrows Fund V), VI, VII and VIII for an average net IRR of 12.4%. This fund focuses on real estate operating companies that have strong management teams with stable cash flows.

This strategy strives to provide attractive current yields coupled with additional returns by continuing to grow already stable companies while providing downside protection.

Initially imminent need was not requested for this investment because an October 22, 2021 ALC meeting was scheduled at the time of the September 27, 2021 ATRS meeting. The October ALC meeting has since been cancelled and the next scheduled ALC meeting is November 19, 2021. Due to the change in schedule of the ALC meetings, imminent need is now requested by ATRS staff to implement the investment.

1. **Resolution No. 2021-55**

d. **Recommendation to Apply Imminent Need Status to the Previously Approved Commitment of up to $70 Million Dollars in Morgan Stanley Prime Property Fund LLC, (PPF) an Open End, Core Real Estate Fund Focused on Income Producing Properties. Resolution 2021-56.** The Board approved Resolution 2021-46 at the September 27, 2021 meeting authorizing a commitment of up to $70 million dollars in Morgan Stanley Prime Property Fund LLC. Headquartered in New York, Morgan Stanley Real Estate Investing (MSREI) has a global platform of real estate investment products and strategies with almost $44 billion in assets under management. PPF is MSREI's single largest fund. PPF is a U.S. open end, diversified core fund that targets the highest quality income-producing properties located in primary markets.

Initially imminent need was not requested for this investment because an October 22, 2021 ALC meeting was scheduled at the time of the September 27, 2021 ATRS meeting. The October ALC meeting has since been cancelled and the next scheduled ALC meeting is November 19, 2021. Due to the change in schedule of the ALC meetings, imminent need is now requested by ATRS staff to implement the investment.

1. **Resolution No. 2021-56**

e. **Recommendation to Apply Imminent Need Status to the Previously Approved Commitment of up to $70 Million**

Dollars in RREEF Core Plus Industrial Fund L.P.(CPIF), an Open End, Core Plus Real Estate Fund Specializing in Industrial Assets. Resolution 2021-57. The Board approved Resolution 2021-47 at the September 27, 2021 meeting authorizing a commitment of up to $70 million dollars in RREEF Core Plus Industrial Fund L.P. The CPIF headquarters are located in New York. CPIF invests in high quality industrial assets via core, transitional and development investments primarily located in and around U.S. major industrial metropolitan areas. CPIF has a since inception net return of 10.5%.

Initially imminent need was not requested for this investment because an October 22, 2021 ALC meeting was scheduled at the time of the September 27, 2021 ATRS meeting. The October ALC meeting has since been cancelled and the next scheduled ALC meeting is November 19, 2021. Due to the change in schedule of the ALC meetings, imminent need is now requested by ATRS staff to implement the investment.

1. **Resolution No. 2021-57**

f. **Recommendation to Apply Imminent Need Status to the Previously Approved Commitment of up to $30 Million Dollars in Clearlake Capital Partners Fund VII, L.P. a Private Equity Fund that Makes Opportunistic Debt and Equity Investments in Middle Market Companies Undergoing Change and/or are in Underserved Industries or Markets in North America. Resolution 2021-58.** The Board approved Resolution 2021-49 at the September 27, 2021 meeting authorizing a commitment of up to $30 million dollars in Clearlake Capital Partners VII. Based in Santa Monica, California, Clearlake Capital was formed in 2007. Clearlake makes both debt and equity investments in companies undergoing significant change or that are in underserved industries or markets. These investment opportunities often involve bankruptcies, restructurings and turnarounds. They may also involve companies that are experiencing legal or regulatory challenges or challenges meeting growth plans. The fund will focus primarily on the industrials and energy, software and technology-enabled services, and consumer sectors. ATRS invested in Clearlake V and VI that have produced net returns of 56.1% and 38.8%, respectively.

Initially imminent need was not requested for this investment because an October 22, 2021 ALC meeting was scheduled at the time of the September 27, 2021 ATRS meeting. The October ALC meeting has since been cancelled and the next scheduled ALC meeting is November 19, 2021. Due to the change in schedule of the ALC meetings, imminent need is now requested by ATRS staff to implement the investment.

1. **Resolution No. 2021-58**.

B. General Investment Consultant Report.

1. Aeolus Property Catastrophe Keystone PF Fund LP. (Aeolus). Aon Hewitt Investment Consulting will provide the Board with an update and recommendation to withdraw from the Aeolus fund.

a. Resolution No. 2021-59.

V. Other Business.

VI. Adjourn.

Aon InTotal: Capital Fund Management SA

CFM Systematic Global Macro Program

Review Date	Overall Rating	Previous Overall Rating
September 2021	Buy	No Change

Overall Rating

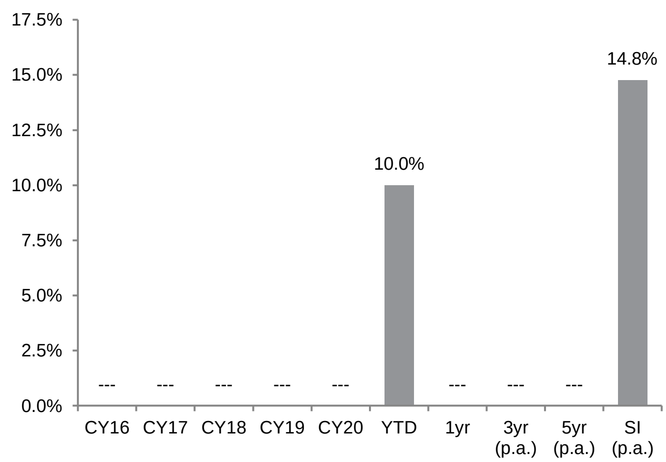
Capital Fund Management ("CFM") is a longstanding business which has managed and developed quantitative strategies for over 20 years. Ownership is well spread across what we consider to be a high caliber team with the experience, depth, and scientific research capabilities necessary to execute the strategy. Systematic Global Macro ("SGM") benefits from a diversified collection of uncorrelated strategies that are combined with a defensive overlay on CFM's first-class systems and trading platform. SGM is a newly launched product with a small and concentrated asset base given its infancy, although we expect it to attract institutional investors as the live track record develops.

Component Ratings

	Rating	Previous Rating	Aon InForm Assessment**
Business	3	*No Change*	-
Staff	3	*No Change*	-
Process	3	*No Change*	-
Risk	3	*No Change*	-
ODD	A2 Pass	*No Change*	-
Performance	3	*No Change*	-
T&C	2	*No Change*	-
ESG	Integrated	*New Rating*	-

** We are not currently able to provide an Aon InForm Assessment for this strategy as the manager has not provided us with enough data to perform a meaningful analysis. We are working with the manager to collect the necessary data for future quarters.

Absolute Performance to 30 Jun 2021



Performance Since Inception Date as of November 2020
Performance (USD) is net of fees. CY = calendar year. Source: Manager
Performance is representative performance as reported in eVestment. The performance for a specific vehicle may differ from the representative strategy.

Firm and Strategy Summary

Head Office Location	Paris, France	**Parent Name**	Not Applicable
Firm AUM	$8.0 billion	**Hedge Fund AUM**	$8.0 billion
Team Location	Paris, France	**Team Head**	Not Applicable
Firm/Strategy Inception	1991 / November 2020	**Strategy Size**	$88.3 million
Performance Objective	Not Applicable	**Risk Objective**	10% to 15%
Management Fee	1.0%*	**Performance Fee**	15.0%*
Hurdle Rate	Not Applicable	**Lock-up**	Not Applicable
Redemption Terms	Monthly, 15 days notice	**Currency Available**	$, £, €, C$, A$, ¥

Empower Results®

Note: **Past performance is no guarantee of future results**. *Lower early bird fees are currently available. AUM data as at 30 June 2021.

Investment Manager Evaluation

Rating Sheet			
Factor	**Rating**	**Previous Rating**	**Comments**
Business	3	*No Change*	Capital Fund Management ("CFM") is a longstanding business which has exclusively managed and developed quantitative strategies for over 20 years. Ownership is well spread across the firm, and while 12% is held externally by Navigator Global investments Ltd., this is an entirely passive investment. Systematic Global Macro (“SGM”) is a newly launched product with a small and concentrated asset base as can be expected given its infancy. We would prefer CFM to have committed proprietary capital to the product to better align interests.
Investment Staff	3	*No Change*	The staff at CFM is of an extremely high caliber, with substantial strength in depth across all areas of the business. The ability to attract talent due to reputation and a unique location relative to peers is in our opinion a strong positive. The SGM team is relatively small but sits within the wider Alpha research team, which is responsible for CFM’s flagship offering, Stratus, which also trades many of the models employed by the SGM strategy. The portfolio construction and trading research groups within the Alpha research team are also responsible for portfolio construction and trading research for the SGM product.
Investment Process	3	*No Change*	CFM SGM aims to systematize the thought process of discretionary macro traders to generate returns in liquid futures markets. It combines a core portfolio of models, which have a “macro-intuition” and are also traded in the firm’s flagship alpha products, with a smaller defensive overlay designed to mitigate drawdowns during swift market declines where quantitative models can struggle to react quickly. The core portfolio trades a suite of models across fundamental strategies (yield capture, leading indicators and sentiment-based) and price-driven models (trend following and price-driven value). The product also benefits from CFM’s first-class systems, trading platform, and highly scientific approach to research.

Rating Sheet			
Factor	**Rating**	**Previous Rating**	**Comments**
Risk Management	3	*No Change*	Risk management is overwhelmingly systematic, although there is a discretionary override which can and has been enacted in the firm's other offerings. Ultimate responsibility for risk management is held by the management board, but the independent risk team oversees all matters relating to operational and market risk on a day-to-day basis. At the underlying strategy level, each allocation has a range of sensible limits and constraints.
Operational Due Diligence (ODD)	A2 Pass	*No Change*	Capital Fund Management ("CFM") is a mature asset management business headquartered in Paris, France. The manager demonstrates a well-controlled operating environment, including appropriate middle and back office processes, regulatory compliance capabilities, industry standard technology, and security protocols. Aon notes that CFM does not engage an external auditor with respect to internal controls reporting nor does it have a firm-level board of directors with independent representation, something which Aon considers a deviation from best practice. Investors should be aware that the CFM Systematic Global Macro strategy has a concentrated client base as it was recently launched in Q4 of 2020.
Performance Analysis	3	*No Change*	The strategy was launched in November 2020, so the live track record is too short to allow for meaningful conclusions. Based on our assessment of the team, process, and live trading success of the models for years in the firm's flagship alpha strategies, we have confidence that SGM can produce attractive risk-adjusted returns.
Terms & Conditions (T&C)	2	*No Change*	Headline fees are in line with the peer group, although the founders' share class represents good value in our opinion. Our experience of client service has been excellent, and requests for information have been met in a prompt fashion.

Rating Sheet			
Factor	**Rating**	**Previous Rating**	**Comments**
ESG	Integrated	*New Rating*	CFM has appropriate policies in place with a commitment to ESG issues from the very highest levels of the firm. CFM works with a number of advisory bodies and is active in addressing some of the issues relating to ESG through work with these bodies. The firm is a PRI signatory and is committed to providing detailed ESG related analytics with regards to its portfolios, a process it is currently implementing. ESG is being actively researched as an investment factor and some of the models within the Responsible Investing Fund, Quasar, have made their way into other alpha strategies. CFM is also active in engaging with companies it owns through voting on relevant ESG related issues in line with its views, with a particular focus on climate change. However, it should be noted that SGM does not trade cash equities.
Overall Rating	Buy	*No Change*	Capital Fund Management ("CFM") is a longstanding business which has managed and developed quantitative strategies for over 20 years. Ownership is well spread across what we consider to be a high caliber team with the experience, depth, and scientific research capabilities necessary to execute the strategy. Systematic Global Macro ("SGM") benefits from a diversified collection of uncorrelated strategies that are combined with a defensive overlay on CFM's first-class systems and trading platform. SGM is a newly launched product with a small and concentrated asset base given its infancy, although we expect it to attract institutional investors as the live track record develops.

Manager Profile

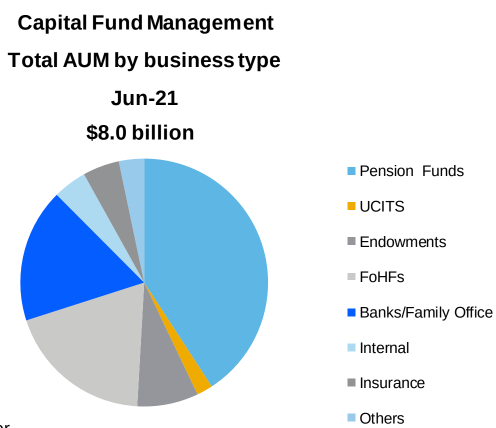
Overview

Capital Fund Management is an alternative asset manager headquartered in Paris, with other offices in London, Tokyo, and New York. The firm was founded in 1991 and initially traded a traditional CTA strategy which has morphed over the years into a short-term trading program known as Discus. The flagship Stratus fund was launched in 2003, which initially comprised CTA and Statistical Arbitrage strategies, and expanded to include Volatility strategies. In 2013 CFM launched a more traditional long-term CTA program (IST) and in 2014 launched a risk premia product (ISD). More recently the firm has launched a long only ESG-focused equity fund (Quasar) and a systematic global macro fund. The firm is authorised and regulated by the Financial Conduct Authority, the Securities and Exchange Commission, and the Autorité des marchés financiers (AMF) amongst others.

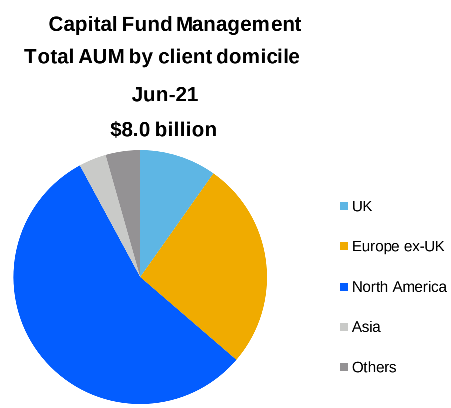
Business

- CFM is 88% owned by staff, the majority of which is held by the management board. The remaining 12% is ultimately owned by Navigator Global Investments Ltd., which purchased the stake from Dyal in February 2021. The stake is entirely passive.
- The firm has 264 employees out of which 61 are in research. Three of the 5 management board members are also heavily involved in the research process. There is also a technology team numbering over 120 people who provide data, trading, infrastructure, and front office functions.
- The Systematic Global Macro Fund was launched in November 2020 and builds primarily on the futures strategies found in Discus, a programme with a three-decade track record. The flagship strategy for the firm is Stratus, with assets of over $6 billion.
- CFM have launched a number of new funds over the years, ranging from alternative risk premia (ISD) and its component strategies separately, ESG-focused equity (Quasar), to systematic global macro (SGM). Each of the products leverages the firm's strengths in systematic implementation of investment strategies based on rigorous research efforts.

Client Base



Source: Manager



Source: Manager

- Firm assets are well split across different investor types, with the majority of the assets invested in the firm's flagship product Stratus.
- SGM is still relatively small at $88 million, although we would expect this to grow over time.

Investment Staff

Key Staff	Position	Date Joined	Years of Experience
Jean Phillippe Bouchaud	Chairman and Chief Scientist	1994	27
Phillippe Jordan	President	2005	39
Marc Potters	CIO	1995	26
Philip Seager	Head of Quantitative Investment Solutions	2000	23
Laurent Laloux	Chief Product Officer	1997	24

- The vast majority of staff, including nearly all the firm's research staff, are based in the Paris office. Most research staff hold PhDs or equivalent in disciplines such as Physics, Applied Mathematics and Engineering.
- The members of the Management Board listed above control the governance of the firm and have expertise across research, information technology and business development.
- The firm headcount has ebbed and flowed in recent years along with assets. There have been some senior departures, but we have been impressed with the caliber of replacements who have normally had a long history with the firm.

Investment Process

Philosophy

Since its formation in 1991, CFM's investment philosophy is grounded on applying quantitative techniques to invest in financial markets. As the firm has grown both the number of markets and the trading techniques applied have evolved, with the firm now trading statistical arbitrage, volatility arbitrage and a number of directional strategies utilising both fundamental and price data. The systematic global macro strategy draws on a number of pre-existing trading models, mainly from the longstanding Discus strategy, to create a programme that utilizes both price driven and macro driven strategies, with an additional defensive layer.

Process

The process is one of continuous development as the underlying trading systems constantly evolve, with models added and removed over time. Researchers are encouraged to instigate and develop new ideas, with regular meetings between the Strategy Heads, Jean-Phillipe Bouchaud (Chief Scientist), Marc Potters (CIO), and the individual scientists, ensuring continuity.

The portfolio capital is allocated across three different clusters, with weights based on the expected Sharpe ratios of the individual models within each cluster. The defensive cluster is envisioned to be relatively steady at 20% of the portfolio, with the weights to the macro and price driven clusters varying over time as performance waxes and wanes. The allocation decision takes into account liquidity, tail risk, the general environment and capacity amongst other things. The overall aim is to ensure maximum diversification, not just by asset class but by risk factors.

Macro driven clusters: The largest allocation. There are around 35 different models within these clusters split into 3 different types:

i) Leading indicators – This cluster trades relationships inter- and intra-asset class, for example, using inflation releases to predict bond prices or money creation to predict FX rates. They use a mixture of prior hypotheses (e.g. an increase in growth is good for equities) to machine learning techniques where the relationship may be nonlinear and changeable over time.

ii) Yield capture – The largest cluster with a large variety of carry models. This bucket contains asset class specific carry models and conditioned carry (i.e. looking at the change in the carry rather than carry itself). This will also include flow models and seasonal aspects.

iii) Sentiment indicators – The smallest cluster at present. These models look to take advantage of behavioural signals and market participants' views to take positions. Broadly speaking, this bucket includes anything that involves analyst perception: how do 'surprise' nonfarm payrolls compared to consensus affect markets, is there any value in analysts' assessment of macro variables, are biases present, etc.

Price driven clusters: There are two types of models in this bucket:

i) Trend – Pure trend models, taken from the Discus programme, which include shorter term signals and conditioned trend.

ii) Price driven value – These are essentially long term (c.5 year) mean reversions models, which increase positions as prices move away form the long term average.

Defensive strategies: As mentioned above, these make up around 20% of the overall strategy. There are two sub-strategies:

i) Long VIX – A long position in VIX futures hedged with a long equity position. In a market crash, the VIX should overreact compared to equities, with the long equity positions cushioning the bleed in 'normal' times.

ii) Short term trend equity capped – A faster trend model looking to exploit spikes in volatility. Exposure to long equity beta is avoided.

The price driven and macro clusters are alpha strategies while the defensive strategies are in place to mitigate to some extent sharp reversals in markets, which can capture some macro strategies off guard. Given the risk allocation to defensive strategies, the aim is to mitigate large losses rather than completely reverse them, hence this should not be seen as a tail risk strategy.

Risk Management

Risk management is almost entirely systematic, but a discretionary override can be used on occasion to cope with extreme events. Risk management at CFM incorporates both market risk and operational risk, which is extremely important for the firm as they execute thousands of trades a day.

Risk limits are bespoke to each individual strategy and are overseen by an independent risk team. The limits cover aspects such as maximum exposures, leverage, position limits, volatility exposure and tail risk.

There are two levers that CFM can pull to change risk within the portfolio on a discretionary basis. The first is to reallocate across strategies. The second is to reduce risk in particular strategies if performance is outside of expected ranges. The firm has reduced risk in this manner in other strategies that it manages, particularly Stratus, and we would expect the same discipline to be applied here. It has not been demonstrated to date, given the short track record, with allocations dictated by the models in normal trading conditions.

Operational Due Diligence

Firm Information

Name	Capital Fund Management S.A.
Corporate Structure	Corporation
Corporate Domicile	France
Primary Regulator	Autorité des Marchés Financiers (AMF)
Auditor	PricewaterhouseCoopers and Fidus
Errors and Omissions Insurance	Yes
Fiduciary Liability Insurance	Yes
Internal Controls Reporting	No

Vehicle Information

Fund name	CFM Systematic Global Macro Master Limited (Master) CFM Systematic Global Macro Fund LP (Offshore feeder)
Fund structure	Master/Feeder
Fund domicile	Master: British Virgin Islands Offshore feeder: Cayman Islands
Fund's Investment Advisor	Capital Fund Management S.A.
Fund's Sub-Advisor	NA
Fund's General Partner	Master: NA Offshore feeder: Capital Fund Management North America Inc.
Fund's AIFM	Capital Fund Management LLP
Fund registration	Master: British Virgin Islands – Recognised as a Private Fund under the British Virgin Islands Securities and Investment Business Act 2010 (SIBA) Offshore feeder: Offshore feeder: Cayman Islands - Cayman Islands Monetary Authority (CIMA)
Directors/Trustee(s)	Directors of the Master Fund: Jacques Sauliere Directors of CFM North America Inc, the General Partner for Offshore Feeder Philippe Jordan, Jacques Sauliere
Independent Directors/Trustees(s)	Independent Directors of the Master Fund: Humphry Leue, Alan D. Marshall Independent Directors of CFM North America Inc, the General Partner for the Offshore Feeder: Humphry Leue, Alan D. Marshall, Lionel Berruti
FASB Asset Levels	Level 1: 100% (as per latest audited financial statements)
Prime Broker	Barclays, Deutsche Bank, JPMorgan Chase
Administrator	Citco Fund Administration (Cayman Islands) Limited
Transfer Agent	Citco Fund Administration (Cayman Islands) Limited

Auditor	Deloitte
Valuation Agent	NA
Depositary	HSBC Continental Europe

Business Continuity/Cyber Security

- The Infrastructure Technology team consists of over 30 individuals (of which 12 are contractors) and is responsible for data centres, networks, systems and cyber security.

- CFM has six data centres. The two primary data centres are located in France, housing hardware and software required for trading, position keeping, risk/data management, and all office IT infrastructure on a global basis. Key processes are duplicated between the two primary data centres on a real time basis. In order to enable low latency trading connections, the firm also deploys a number of "satellite" data centres, which house trading processes locally in Frankfurt, New York, Chicago and Tokyo.

- The primary data centres are tested twice a year. The last test was in September 2020 and CFM indicated it was positive. The satellite data centres are tested quarterly, rotating the region.

- CFM has two disaster recovery sites; one is located in the suburbs of Paris with 50 dedicated seats and the second 50km away from the office with syndicated seats. Tests are carried out on a yearly basis.

- Penetration testing is conducted on an annual basis. The last test was performed in Q3 2020 with the Manager representing there were no material findings.

- CFM has set up a Crisis Management team that is tasked to provide the firm's response in case of disruptive and unexpected events such as epidemics. The firm activated its BCP plan in March 2020 and represented that no material issues were experienced during the COVID-19 global pandemic crisis when its employees worked from home.

- System and application access rights for new joiners and leavers are controlled as follows; the process is initiated by the Human Resources Department and then executed by the IT Infrastructure team and controlled by the ICT. Access rights are periodically reviewed for appropriateness and upon role changes.

- IT training is provided to all staff on an annual basis by an external party. Phishing campaigns are conducted on an on-going basis for all members of staff.

Terms & Conditions

- Headline terms are 1.0% per annum management fees with a 15% performance fee. However, early bird fees of 0.5% flat are currently available to investors.
- Given the relatively small size of the strategy at present, expenses have been capped at 0.2%.
- Liquidity is monthly, with a notice period of on or before the 15th day of the preceding month.

ESG

Policies

CFM has formal policies in place relating to ESG, including a substantive policy document setting out their position on Responsible Investing, engagement (with regulatory bodies and companies where they hold a stake) and climate amongst other things. It is a signatory to the UN PRI (since 2018) and scored a ‘B’ in the strategy and governance modules in 2020. CFM are a member of the Standards Board for Alternative Investments (“SBAI”) along with other industry bodies.

The firm is looking to upgrade reporting on ESG issues to investors this year. It has recently launched a 170/70 equity fund, Quasar, which reports scope 1, 2 and 3 exposures for each long and short. The firm is also looking at Social factors such as diversity within organisations and will consider adding other metrics. CFM are looking to offer this across their other funds by the end of the year.

Staff

CFM has 3 dedicated ESG staff members, however there are researchers looking to add ESG ideas to the firm’s strategies and are not there simply to be the face of ESG for the firm. Pierre Lenders is the most senior ESG staff member and has been heavily involved in the launch of Quasar as well as incorporating some of the alpha factors and reporting from Quasar to other strategies across the firm.

CFM has an ESG and TCFD steering committee which is headed by Mr. Lenders and is staffed by 4 out of the 5 board members along with the Head of QIS and Legal and Compliance. This shows a very firm commitment to the issues as these are the most senior people in the organisation. A number of them have research roles which helps to bed down ESG as something that is at the heart of the investment process rather than being tacked on at the end. The committee meets officially semi-annually although ad hoc meetings between members take place throughout the year.

ESG does not form part of the appraisal and compensation of employees yet but that is something under consideration.

Process

Given the nature of the strategy it is not easy to find materiality due to the fact the portfolio that SGM holds is extremely diverse and holding periods are often relatively short. However, there are a number of examples the firm gave of where ESG risks are clearly considered:

- Within a responsible investing framework CFM has omitted coal contracts and Controversial Weapons producers, in programmes that trade equities.
- Revisiting work on is ‘ESG an Equity Factor’ using a combination of elements from multiple datasets whereas previously they had used a single dataset. If new evidence comes to light as a result of this it could result in new trading models explicitly targeting ESG factors.
- The work on Quasar was inspired by discussions around the policy response to rising temperatures and what risks and opportunities this will present around climate change.
- Subscriptions to multiple data vendors to build insights into climate related risks and opportunities and to further enhance the search for financially material ESG factors.
- Although a lot of focus has been on climate given the recent high profile nature of climate risks and strong attempts globally to measure this across supply chains, CFM has also been looking for other factors that could be financially material such as diversity in companies and even biodiversity. CFM has subscribed to Sustainalytics data which looks across the ESG spectrum.

Active Ownership

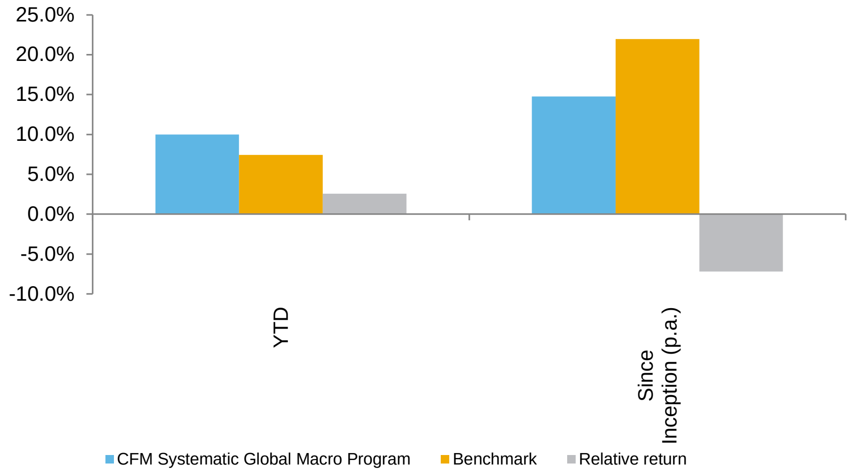
SGM does not trade single name equities, but for those programmes where the firm does trade equities CFM uses Glass Lewis to vote proxies but have a number of checks on this and 30 topics have been noted that are of particular relevance. They also take the ESG voting policy of Glass Lewis, which has frequent rejections and has added a climate action layer. Where any positions are flagged as a relevant topic, Mr. Lenders will manually check the votes to ensure they are in line with CFM's convictions and amend if necessary. There are some positions they won't vote on if their position is too small (<$500k) unless it is a high profile energy company such as Exxon where CFM will vote. The firm particularly want to do more with regards to climate – it is a member of Climate 100+ and is on the HF advisory committee of the UN PRI along with 20 or so other firms. CFM is also on the Responsible Investing committee of AIMA, where it aims to find consensus on issues such as the appropriateness of staking a claim to responsible investing by shorting companies with poor ESG records.

Outcomes

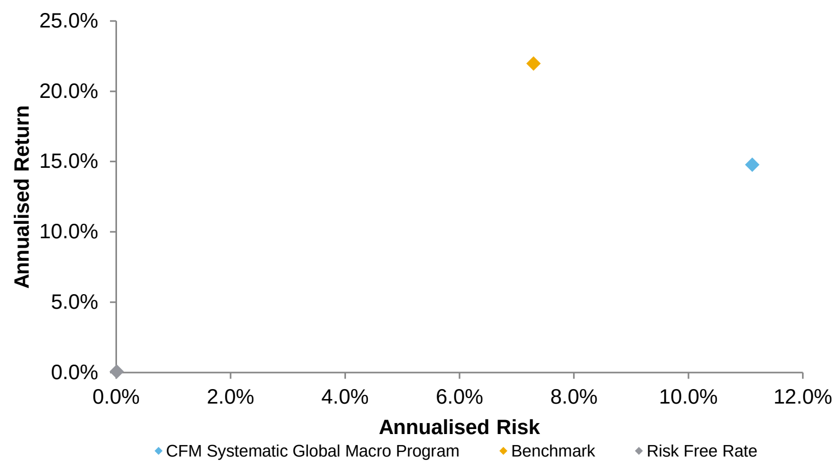
As noted, since SGM does not trade single name equities, outcomes are less prevalent within SGM than strategies like Stratus. On the futures side, coal is omitted although that is a very small part of their book. However, the work the firm is doing on both carbon reporting and finding ESG alpha factors is not just through an equity lens, and we believe this will lead to futures-based strategies and reporting in time.

Performance and Risk Metrics

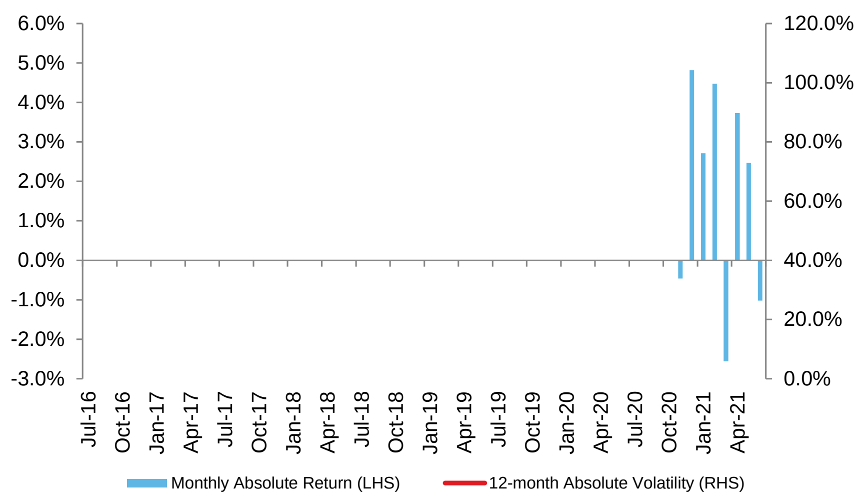
Historic Performance (Inception: November 2020)



Risk – Return (Since Inception)



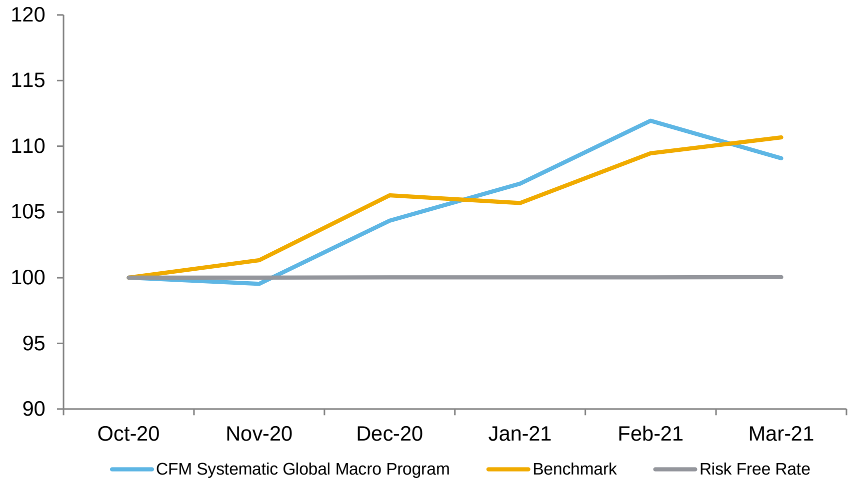
Monthly Return and 12-Month Rolling Volatility Since Inception



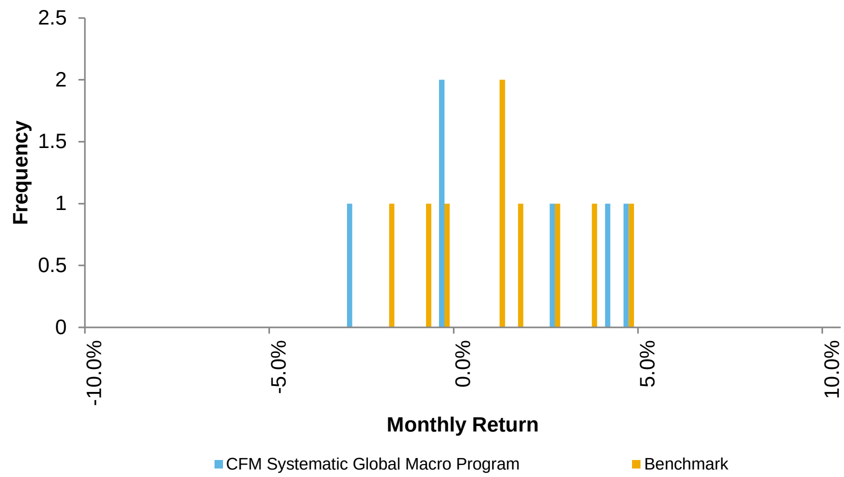
Benchmark: HFRI Macro Systematic Diversified Index; Risk Free Rate: FTSE 3-Month T-Bill
Past performance is no guarantee of future results.

Performance and Risk Metrics

Growth of $100
(Inception: November 2020)



Monthly Distribution of Returns
(Inception: November 2020)



Note: Performance (USD) is net of fees and sourced from Manager.
Benchmark: HFRI Macro Systematic Diversified Index; Risk Free Rate: FTSE 3-Month T-Bill
Past performance is no guarantee of future results.

Ratings Explanation

Below we describe the criteria which we use to rate fund management organizations and their specific investment products. Our manager research process assesses each component using both our qualitative and Aon InForm criteria. With the exception of Operational Due Diligence ("ODD"), each component is assessed as follows:

Qualitative Outcome	Aon InForm Outcome	
1 = Weak	✓	**Pass**: This component in isolation meets or exceed our desired criteria
2 = Average	⚐	**Alert**: This component in isolation does not meet our desired criteria, or the lack of data on this component means that we are not able to judge whether it meets our desired criteria
3 = Above Average		
4 = Strong	-	**Not assessed**: There is a lack of data, which means that we are not able to assess this component, however we do not consider this in isolation to justify an Alert

The ODD factor is assigned a rating and can be interpreted as follows:

Overall ODD Rating*	What does this mean?
A1 Pass	No material operational concerns – the firm's operations largely align with a well-controlled operating environment.
A2 Pass	The firm's operations largely align with a well-controlled operating environment, with limited exceptions – managers may be rated within this category due to resource limitations or where isolated areas do not align with best practice.
Conditional Pass ("CP")	Specific operational concerns noted that the firm has agreed to address in a reasonable timeframe; upon resolution, we will review the firm's rating.
F	Material operational concerns that introduce the potential for economic or reputational exposure exist – we recommend investors do not invest and/or divest current holdings.

*Operational due diligence inputs provided to the research team by Aon's Operational Risk Solutions and Analytics Group (ORSA). ORSA is an independent entity from Aon Solutions UK Limited, Aon Investments USA Inc., and Aon Hewitt Inc./
Aon Investments Canada Inc.
Investment advice is provided by these Aon entities.

Aon previously assigned ODD ratings of pass, conditional pass, or fail for the ODD factor. We are in the process of refreshing all ODD ratings to the new terminology. During the transition period, the prior ratings, as follows, may persist in some deliverables until the ODD factor rating is converted to the above noted letter ratings.

- **Pass** – Our research indicates that the manager has acceptable operational controls and procedures in place.
- **Conditional Pass** – We have specific concerns that the manager needs to address within a reasonable established timeframe.
- **Fail** – Our research indicates that the manager has critical operational weaknesses and we recommend that clients formally review the appointment.

An overall rating is then derived taking into account both the above outcomes for the product. The overall rating can be interpreted as follows:

Overall Rating	What does this mean?
Buy	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products
Buy (Closed)	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products, however it is closed to new investors
Qualified	A number of criteria have been met and we consider the investment manager to be qualified to manage client assets
Not Recommended	A quantitative assessment of this strategy indicates it does not meet our desired criteria for investment. This strategy is not recommended
Sell	We recommend termination of client investments in this product
In Review	The rating is under review as we evaluate factors that may cause us to change the current rating

The comments and assertions reflect our views of the specific investment product and our opinion of its quality. Differences between the qualitative and Aon InForm outcome can occur and if meaningful these will be explained within the Key Monitoring Points section. Although the Aon InForm Assessment forms a valuable part of our manager research process, it does not automatically alter the overall rating where we already have a qualitative assessment. Overall rating changes must go through our qualitative manager vetting process. Similarly, we will not issue a Buy recommendation before fully vetting the manager on a qualitative basis.

The ESG factor is assigned a rating and can be interpreted as follows:

Overall ESG Rating	What does this mean?
Advanced	The fund management team demonstrates an advanced awareness of potential ESG risks in the investment strategy. The fund management team can demonstrate advanced processes to identify, evaluate and potentially mitigate these risks across the entire portfolio.
Integrated	The fund management team has taken appropriate steps to identify, evaluate and mitigate potential financially material ESG risks within the portfolio.
Limited	The fund management team has taken limited steps to address ESG considerations in the portfolio.
N/A (Not Applicable)	ESG risks and considerations are not applicable to this strategy, for example, on the grounds of materiality or asset class relevance.
NR (Not Rated)	An evaluation of ESG risks is not yet available for this strategy.

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As of December 31, 2020, Aon's quantitative model is run on approximately 13,000 strategies from an external database. Aon assigned a quantitative rating of "Qualified" to 42% of these strategies and a "Not Recommended" to 23% of these strategies. The remainder were not rated. A "Buy" rating cannot be assigned via quantitative analysis. Across asset classes (excludes private real estate and real assets), Aon had approximately 21,000 strategies in its internal database. Aon assigned a qualitative rating of "Buy" to 7% of strategies in the data base; "Qualified" to 1% of strategies in the database; "Sell" to <1% of strategies in the database; and "In Review" to <1% of strategies in the database. The remaining strategies in the database are not rated. Some strategies may be included in both the internal and external database. Where a qualitative rating exists, it prevails over the quantitative rating. These statistics exclude real estate / Townsend databases and ratings.

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Memo

To	Arkansas Teacher Retirement System (ATRS) Board of Trustees
From	PJ Kelly, CFA, CAIA, Katie Comstock, Kevin Hrad, CAIA
Cc	Clint Rhoden, Rod Graves, Jerry Meyer
Date	September 27, 2021
Re	Recommendation to Replace Capital Fund Management (CFM) Institutional Systematic Diversified (ISD) with CFM Systematic Global Macro (SGM) Series 1

Background and Recommendation

As a result of the Opportunistic/Alternatives Portfolio review conducted in June 2021, Aon recommends exchanging interests of the CFM Institutional Systematic Diversified (ISD) Fund with the recently launched CFM Systematic Global Macro (SGM) Fund. The CFM ISD strategy was originally funded in 2018 as part of an allocation to Alternative Risk Premia (ARP) strategies. The ARP allocation is intended to diversify the portfolio through systematically capturing risk premia that are prevalent across most hedge fund strategies but at much more attractive fee and liquidity terms. While we continue to believe ARP is a worthwhile exposure for ATRS, we believe the newly launched CFM SGM strategy will provide a superior way to achieve low-cost and uncorrelated sources of return.

The CFM SGM strategy was launched as a live portfolio in November 2020. The strategy benefits from a diversified collection of uncorrelated strategies that are combined with a defensive overlay on CFM's first-class systems and trading platform. The strategy is managed within CFM's Alpha research team, which manages over three-fourths of the firm's $8.0 billion in AUM. The investment models used have been live and run within other strategies at CFM and thus have a proven track record. The strategy also has a defensive overlay that should provide the fund with some stability during market shocks. Furthermore, ATRS is eligible for the early bird discount of a 0.50% management fee in perpetuity (at least 10 years) for investments made through October 2021 vs. the 1.0% management fee and 15% performance fee structure for investments made thereafter.

Therefore, Aon recommends that ATRS transfer its existing investment in the CFM Institutional Systematic Diversified (ISD) fund to the CFM Systematic Global Macro (SGM) Series 1 fund effective month-end October 2021. While SGM is a recent launch, we view it as an upgrade within the product lineup at highly regarded CFM. Our confidence in SGM is based on the well-established personnel, sub-strategies, systems, and trading platform that are utilized for the firm's flagship product offering, CFM Stratus. The

Series 1 shares target a 10% annualized volatility which will maintain a similar level of volatility as ATRS had previously with CFM ISD and which Aon continues to view as appropriate. Moreover, by making the transfer in October 2021, ATRS can take advantage of the early bird fee discount which is lower than fees currently paid for ISD.

Additional detail on the CFM SGM strategy is provided in the accompanying more detailed recommendation memo and the InTotal report.

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

R E S O L U T I O N
No. 2021-53

Approving Transfer of Investment in CFM Institutional Systematic Diversified Fund L.P. Series 1.5 to CFM Systematic Global Macro L.P. Series 1 with Imminent Need

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board previously approved Resolution 2018-17 authorizing an investment in **CFM Institutional Systematic Diversified Fund L.P. Series 1.5** of up to **$100 million dollars ($100,000,000)** at the April 2, 2018 ATRS Board meeting; and

WHEREAS, the ATRS full commitment of **$100 million dollars ($100,000,000)** in **CFM Institutional Systematic Diversified Fund L.P. Series 1.5** was successfully negotiated, accepted, and closed on June 7, 2018; and

WHEREAS, it has been determined that **CFM Systematic Global Macro L.P. Series 1** is a more efficient ownership structure based on the strategy of lower volatility. Accordingly, the revised recommendation of the ATRS opportunistic/alternative assets investment consultant, Aon Hewitt Investment Consulting, Inc., and subsequent recommendation from ATRS legal counsel along with the recommendation of the Investment Committee and ATRS staff has been revised to transfer ATRS interests of approximately $90.5 million in their entirety from **CFM Institutional Systematic Diversified Fund L.P. Series 1.5,** to **CFM Systematic Global Macro L.P. Series 1**; and

WHEREAS, the ATRS Board previously approved Resolution 2021-38 authorizing the transfer of investment in **CFM Institutional Systematic Diversified Fund L.P. Series 1.5** to **CFM Systematic Global Macro L.P. Series 1** at the September 27, 2021 ATRS Board meeting; and

WHEREAS, the ATRS Board, after its review of the timing needed to close the investment and the fact that the scheduled October meeting of the Arkansas Legislative Council has been canceled and the next scheduled meeting is in November, has determined that there is now an imminent need to enter into the partial equity ownership transfer/investment agreement by the anticipated closing date; and

WHEREAS, the ATRS Board approves a transfer of approximately **$90.5 million dollars ($90,500,000)** to **CFM Systematic Global Macro L.P. Series 1,** and the Board, after its review of the timing in which the transfer of the investment to **CFM Systematic Global Macro L.P. Series 1** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership transfer/investment agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

THEREFORE**,** ***BE IT RESOLVED,*** that the ATRS Board approves the transfer of the approximate $**90.5 million dollar ($90,500,000)** investment in **CFM Institutional Systematic Diversified Fund L.P. Series 1.5** to **CFM Systematic Global Macro L.P. Series 1** and agrees to immediately move to transfer the subscription of the limited partnership investment interest from **CFM Institutional Systematic Diversified Fund L.P. Series 1.5** to **CFM Systematic Global Macro L.P. Series 1**; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this transfer using the Imminent Need process if acceptable terms are reached.

Adopted this 18th day of October, 2021.

____

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

Aon InTotal: Chatham Asset Management

Chatham Asset Private Debt and Strategic Capital Fund III, LP

Review Date	Overall Rating	Previous Overall Rating
August 2021	Buy	No Change

Overall Rating

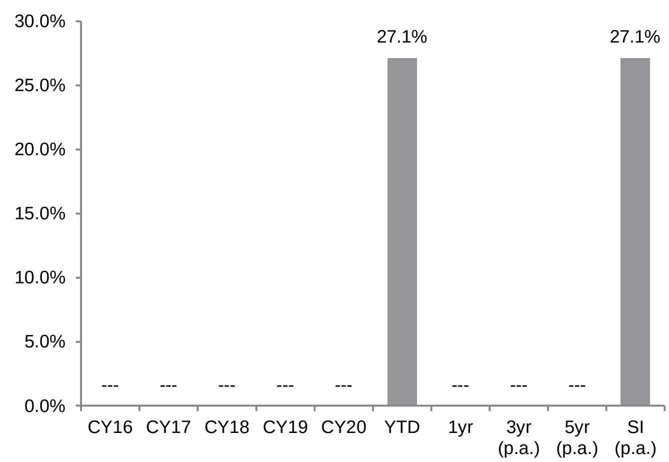
Chatham Asset Private Debt and Strategic Capital Fund III ("PDSC III") is the firm's third vintage of closed-end product. PDSC III is designed to provide clients with exposure to the illiquid, opportunistic component of the firm's flagship product and other illiquid positions that are not suitable for the mandate of the flagship offering. The fund is not an overflow product, but closer to a best ideas product that can upsize positions that would otherwise be too illiquid in an evergreen fund. Chatham will rely on its fundamental research conducted by a team of sector specialists to source and work through ideas to populate the fund's portfolio. Aon believes Chatham's edge is their deep credit research skills which helps them find unique stressed opportunities with large mispricings which should lead to a success fund. Like the main fund, lower middle market companies will be the focus of the PDSC III portfolio.

Component Ratings

	Rating	Previous Rating	Aon InForm Assessment**
Business	3	*No Change*	-
Staff	4	*No Change*	-
Process	3	*No Change*	-
Risk	2	*No Change*	-
ODD	A2	*No Change*	-
Performance	3	*No Change*	-
T&C	2	*No Change*	-

** We are not currently able to provide an Aon InForm Assessment for this strategy as the manager has not provided us with enough data to perform a meaningful analysis. We are working with the manager to collect the necessary data for future quarters.

Absolute Performance to 30 Jun 2021



Performance Since Inception Date as of January 2021.
Performance (USD) is net of fees. CY = calendar year. Source: Manager

Firm and Strategy Summary

Head Office Location	Chatham, NJ	**Parent Name**	Chatham Asset Management
Firm AUM	$4.3 billion	**Private Credit AUM**	$1.1 billion
Team Location	Chatham, NJ/Chicago, IL	**Team Head**	Anthony Melchiorre
Firm/Strategy Inception	2002/2017	**Strategy Size**	$300 - $400 MM
Management Fee	1%	**Performance Fee**	20%
Hurdle Rate	5% preferred return	**Fund Term**	Five years

Note: **Past performance is no guarantee of future results**.

Empower Results®

Rating Sheet			
Factor	**Rating**	**Previous Rating**	**Comments**
Business	3	*No Change*	Chatham is employee owned by seven partners, with Anthony Melchiorre the owner of the majority of the management company. The remaining partnership interests are held by Kevin O'Malley, Evan Ratner, James Ruggerio, Feisal Alibhai, Barry Schwartz, and Dave Sobolewski. Chatham has been disciplined at managing capacity, at times closing the fund when asset flows and market opportunity warrant a slowing of new inflows. The client base is focused on pensions and endowments and foundations.
Investment Staff	4	*No Change*	Evan Ratner is the Director of Research and focuses his time on reviewing the work of the research team. He is also the portfolio manager of PDSC III and works with companies that are longer duration investments. Anthony Melchiorre and Kevin O'Malley provide oversight on PDSC III but spend most of their time focused on portfolio construction and trading on the flagship fund. The research team is senior and is broken out as sector specialists who cover all companies in their universe and are expected to know them well and bring forth ideas. In our view, the team is very deep with some of the senior analysts being strong enough that they could lead their own credit hedge fund. Additionally, the combination of research, trading, and portfolio construction talent encompassed by Mr. Melchiorre, Mr. O'Malley, and Mr. Ratner are superior than those found amongst their peers.
Investment Process	3	*No Change*	Chatham's investment process starts with deep fundamental research in middle market companies. The manager emphasizes the importance of conviction based on fundamental research, which results in a more concentrated portfolio. The investment team also believes the middle market is inefficient with a meaningful opportunity to find mispriced credits, which leads to the portfolio having differentiated positions as Chatham aims to avoid crowded trades made by larger private credit competitors.
Risk Management	2	*No Change*	Chatham's risk management is embedded into the research process and serves as the main control of portfolio risk. Chatham wants to work through potential risk areas in the research process and understand the downside risks to each investment. The initial valuation of the company at entry is a key risk control. Unlike many private debt funds, Chatham will hedge the portfolio's market risk through the use of equity index options that will mirror the portfolio hedging of Chatham's flagship hedge fund.

Rating Sheet			
Factor	**Rating**	**Previous Rating**	**Comments**
Operational Due Diligence (ODD)	A2	*No Change*	The firm employs experienced non-investment staff and utilizes well known third-party service providers within the hedge fund industry. Valuation processes related to Level 2 and 3 securities in its main hedge fund follow best practices. A majority independent Board of Directors oversees the Fund.
Performance Analysis	3	*No Change*	Both of Chatham's first two private debt PDSC vintages have performed well, meeting their target of mid-teens annualized returns through the middle of 2021 since their respective inceptions. PDSC III has had a strong start and we believe is in a position to meet Chatham's return goals of low-to-mid teen returns.
Terms & Conditions (T&C)	2	*No Change*	The Fund's fees and liquidity provisions are in-line with credit managers trading a similar strategy, with reasonable fees and investor liquidity that is appropriate for the portfolio.
Overall Rating	**Buy**	*No Change*	Chatham Asset Private Debt and Strategic Capital Fund III ("PDSC III") is the firm's third vintage of closed-end product. PDSC III is designed to provide clients with exposure to the illiquid, opportunistic component of the firm's flagship product and other illiquid positions that are not suitable for the mandate of the flagship offering. The fund is not an overflow product, but closer to a best ideas product that can upsize positions that would otherwise be too illiquid in an evergreen fund. Chatham will rely on its fundamental research conducted by a team of sector specialists to source and work through ideas to populate the fund's portfolio. Aon believes Chatham's edge is their deep credit research skills which helps them find unique stressed opportunities with large mispricings which should lead to a success fund. Like the main fund, lower middle market companies will be the focus of the PDSC III portfolio.

Manager Profile

Overview

Chatham Asset Private Debt and Strategic Capital Fund III ("PDSC III") is the firm's third vintage of closed-end product. PDSC III is designed to provide clients with exposure to the illiquid, opportunistic component of the firm's flagship product and other illiquid positions that are not suitable for the mandate of the flagship offering. The fund is not an overflow product, but closer to a best ideas product that can upsize positions that would otherwise be too illiquid in an evergreen fund. Chatham will rely on its fundamental research conducted by a team of sector specialists to source and work through ideas to populate the fund's portfolio. Aon believes Chatham's edge is their deep credit research skills which helps them find unique stressed opportunities with large mispricings which should lead to a success fund. Like the main fund, lower middle market companies will be the focus of the PDSC III portfolio.

Business

- Chatham Asset Management is wholly owned by internal partners with Anthony Melchiorre holding the majority of the ownership interest. Six other senior team members are partners in the management company.
- Chatham manages the flagship hedge fund and three longer-lock private debt funds. Chatham manages a few fund-of-ones for investors who have made significant capital allocations to the manager.
- Chatham employs a team of 24, with 13 investment professionals. The majority of the team is based in Chatham, New Jersey, with a small team based in Chicago, IL.

Client Base

- Firm wide assets on June 30, 2021 were $4.3 billion, with the three private credit funds having $1.1 billion in assets.
- Chatham has a highly institutional client base with over 80% of the portfolio's AUM provided by public and corporate pension plans and endowments and foundations.
- Chatham's partners and employees capital invested in the private credit funds represents approximately 14% of the three Funds' AUM.

Investment Staff

Key Staff	Position	Date Joined	Years of Experience
Anthony Melchiorre	Founder/Portfolio Manager	2003	32
Kevin O'Malley	Deputy Portfolio Manager	2004	29
Evan Ratner	Director of Research	2009	27
Barry Schwartz	Senior Analyst	2006	34
Feisal Alibhai	Senior Analyst	2004	28

- Anthony Melchiorre and Anthony O'Malley are the sole risk takers and spend the majority of their time focused on portfolio construction and trading.
- Evan Ratner leads the research team and focuses his time working with the analyst team as they research new ideas and track ideas currently in the portfolio. For PDSC III, Mr. Ratner also serves as the Fund's portfolio manager.
- The research team is broken down by sector specialists who are expected to know their universe well and bring forth new investment ideas.

Investment Process

Philosophy

Chatham is a long/short high yield credit manager that believes it distinguishes itself from peers through an emphasis on credit research and a focus on lower middle market companies. The manager emphasizes the importance of fundamental conviction based on deep credit research which results in a concentrated portfolio of high conviction ideas. Chatham believes it can remain nimble by sourcing lower middle market positions that are outside the reach of larger private credit competitors. Chatham will express its investment thesis across a company's entire capital structure. Additionally, engagement with underlying management is variable based on the situation, but in PDSC III Chatham is expected to be more active on the credit committees of portfolio companies and advising management.

Process

Sourcing of investments ideas is done through several different avenues including proprietary research, interactions with covered companies' customers, suppliers, and competitors, recent and sizeable price moves, and sector and/or market disruptions. Idea sourcing is important to Chatham as it usually invests in smaller or medium sized companies where the story is not always front-page news. Therefore, it needs to dig a little more to find ideas. Chatham's senior team members have been in the business for a long-time and have created a large catalog of contacts on the Street and in the sectors they frequently invest. To mine their contacts for new ideas, Evan Ratner and other team members are in New York at least weekly talking to the Street and industry contacts. Idea generation for PDSC III will rely on the team's existing network of bankers, bankruptcy lawyers, management companies of current investments, and prior investment relationships. While Chatham may collaborate with other hedge fund managers, it will not source opportunities from larger syndicate groups that are simply looking to offload some exposure.

When one of the analysts begins work on a new idea, they will complete enough diligence to be able to propose the idea to Anthony Melchiorre, Kevin O'Malley, and Evan Ratner. The senior leaders will walk through the idea with the analyst and review it to see if it is viable from risk/return, liquidity, and edge perspectives. If the idea is approved for more work, the analyst starts to do deep fundamental analysis on the company and its capital structure. Detailed models will be built to project the fortunes of the company and its ability to repay debt. As a part of work on a company, Chatham is a big believer in meeting with management at company headquarters and doing field trips to key operational locations. Chatham believes these on-sites helps it understand the business better and identify potential issues.

The sector researches will also do a complete legal document review of the company's bond indentures and covenants. The researchers are looking for areas that may trigger a default or other event that may cause Chatham to either potentially enter or exit a position. The legal analysis may also point the team to potential legal areas to leverage in negotiations with management teams.

As a part of the work, value unlocking catalysts are identified with a potential timeline. Additionally, the research package will include a downside case and price targets that are developed by the analyst.

While analysts are in constant contact with Evan Ratner on their work agenda and progress, Mr. Ratner performs a more formal review when the analyst has completed his or her work. Evan will review the idea and the supporting diligence, ask questions, and request further support or clarification where needed. In this role, he is expected to act as a firewall between the analysts and Anthony Melchiorre and Kevin O'Malley, and this first level of review frees up the portfolio managers' time to focus on the portfolio and weed out potential poor ideas.

Once Evan Ratner is satisfied with an idea, it will be presented to Messrs. Melchiorre and O'Malley. The three senior leaders will review assumptions made, look at the results of diligence performed, and re-affirm conviction.

If the portfolio managers like the idea, they will look for an entry and then start to build exposure to the idea. Chatham keeps a 30-35 name watch list where a company reaching a particular price will cause the portfolio managers to begin trading in the security.

The PDSC III portfolio should focus about half of the book on event driven opportunities in public markets where credit could rapidly sell off should equity markets decline in the face of inflation. Within this book, Chatham will continue to look for mispricing similar to past cycles where investors indiscriminately sell without evaluating individual credits within a sector. The remaining portfolio will include a combination of distress for influence and capital solutions. In the current market, investors have become excited by the SPAC market following successful transactions for growth companies. However, Chatham has been focused on PE sponsor reliance on SPACs to unwind legacy positions. Once exited, these companies will still be overleveraged and likely to quickly lose interest from the public markets which will create an opportunity for Chatham to approach with highly structured capital solutions.

Risk Management

Chatham's risk management philosophy is to embed risk management into its investment research process and use that as the main control of portfolio risk. Chatham wants to work through potential risk areas in the investment research process as they seek to know a company and their pressure points on the downside. Chatham is not a big believer in managing risks through controlling correlations and betas.

A secondary risk control is Chatham's trading ability to lower exposures in a down market and increase exposures in an upward moving market. Tertiary risk controls include minimal use of leverage and their strong sell discipline.

Chatham does not maintain either a risk management or investment committee to control risk. Instead, Chatham believes the constant interaction between the three senior investment team members and the research team helps them to know the portfolio and the market well and to react quickly to changing environments.

Chatham uses a hedge overlay that focuses on left tail risk to help control the Fund's market sensitivity. The fund spends approximately 15 - 20 basis points a month purchasing S&P puts expiring one to two months out with a strike price 5% to 10% below the current trading level of the S&P 500. Trading the options book is one of Kevin O'Malley's key roles. In a market where the hedges are working, Chatham is quick to crystalize profits and reset hedges based on market moves. Chatham will also do some interest rate and credit market hedging at both the portfolio and individual investment level when deemed appropriate.

Operational Due Diligence

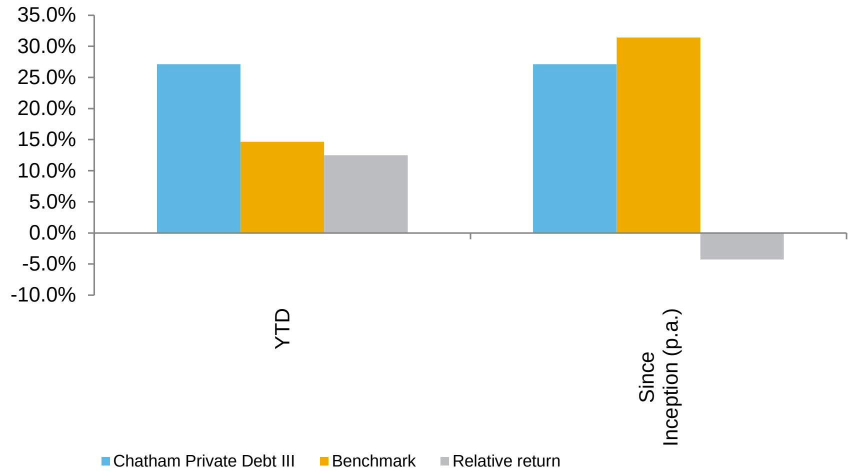
- All trades are entered into the firm's Northpoint Order Management System and are reconciled daily by the Chatham operations group.
- The manager uses external service provider Duff and Phelps to valuate illiquid portfolio positions.

Terms & Conditions

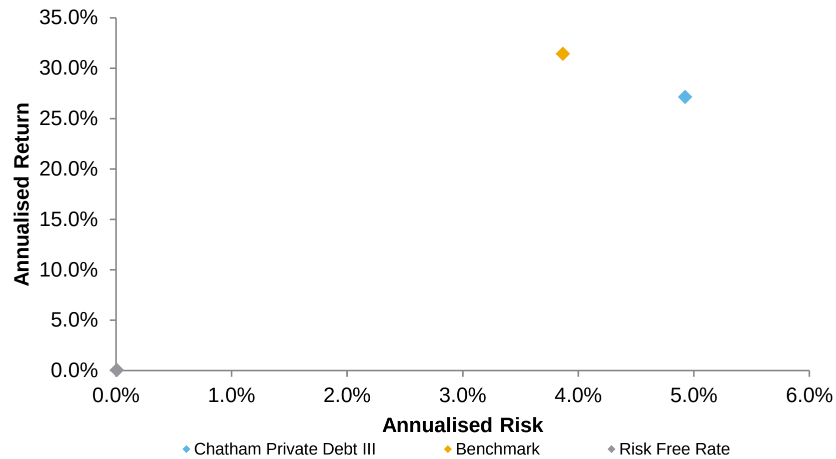
- Targeted fund size is $300 - $400 million.
- The management fee is 1% and the performance fee is 20% over a 5% preferred return with a 100% General Partner catch-up.
- The investment period on the Fund is four years with a one year harvest period for a five-year total life. There is a one-year extension possible at the discretion of the General Partner.
- To date, Chatham has called all committed capital in the Private Debt funds.

Performance and Risk Metrics

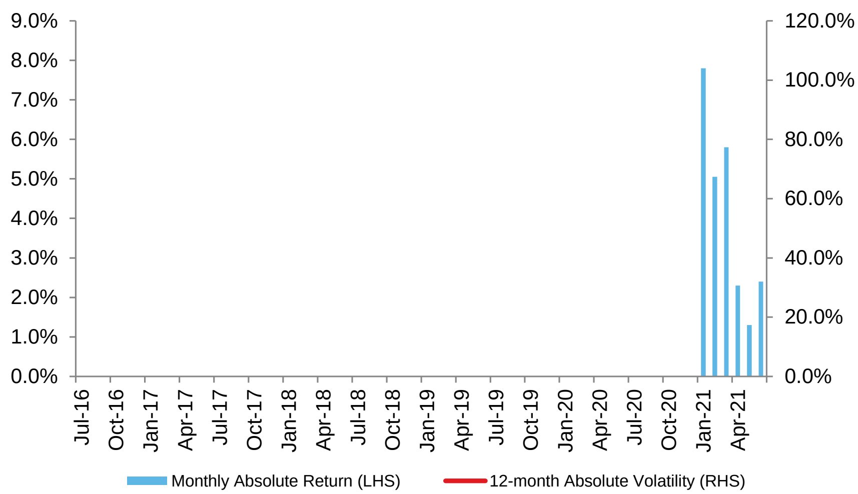
Historic Performance (Inception: January 2021)



Risk – Return (Since Inception)



Monthly Return and 12-Month Rolling Volatility Since Inception

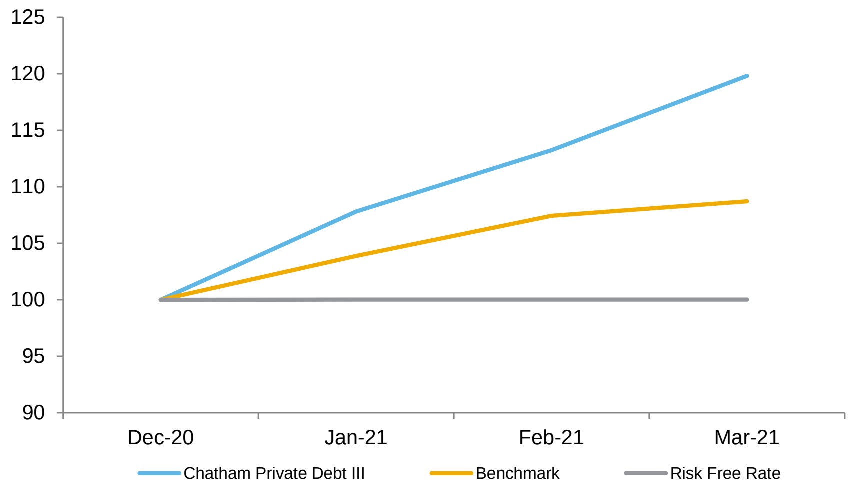


Benchmark: HFRI ED Distressed/Restructuring Index; Risk Free Rate: FTSE 3-Month T-Bill

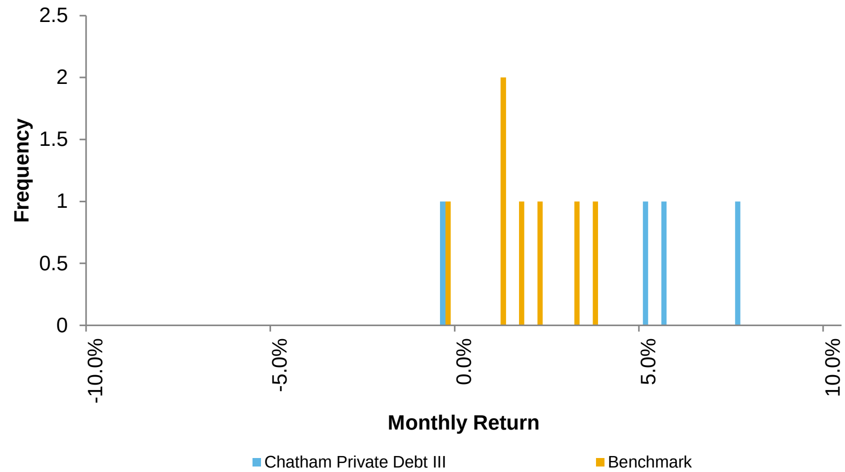
Past performance is no guarantee of future results.

Performance and Risk Metrics

Growth of $100
(Inception: January 2021)



Monthly Distribution of Returns
(Inception: January 2021)



Note: Performance (USD) is net of fees and sourced from Manager.
Benchmark: HFRI ED Distressed/Restructuring Index; Risk Free Rate: FTSE 3-Month T-Bill
Past performance is no guarantee of future results.

Ratings Explanation

Below we describe the criteria which we use to rate fund management organizations and their specific investment products. Our manager research process assesses each component using both our qualitative and Aon InForm criteria. With the exception of Operational Due Diligence ("ODD"), each component is assessed as follows:

Qualitative Outcome	Aon InForm Outcome	
1 = Weak	✓	**Pass**: This component in isolation meets or exceed our desired criteria
2 = Average	⚐	**Alert**: This component in isolation does not meet our desired criteria, or the lack of data on this component means that we are not able to judge whether it meets our desired criteria
3 = Above Average		
4 = Strong	-	**Not assessed**: There is a lack of data, which means that we are not able to assess this component, however we do not consider this in isolation to justify an Alert

The ODD factor is assigned a rating and can be interpreted as follows:

Overall ODD Rating*	What does this mean?
A1 Pass	No material operational concerns – the firm's operations largely align with a well-controlled operating environment.
A2 Pass	The firm's operations largely align with a well-controlled operating environment, with limited exceptions – managers may be rated within this category due to resource limitations or where isolated areas do not align with best practice.
Conditional Pass ("CP")	Specific operational concerns noted that the firm has agreed to address in a reasonable timeframe; upon resolution, we will review the firm's rating.
F	Material operational concerns that introduce the potential for economic or reputational exposure exist – we recommend investors do not invest and/or divest current holdings.

*Operational due diligence inputs provided to the research team by Aon's Operational Risk Solutions and Analytics Group (ORSA). ORSA is an independent entity from Aon Solutions UK Limited, Aon Investments USA Inc., and Aon Hewitt Inc./
Aon Investments Canada Inc.
Investment advice is provided by these Aon entities.

Aon previously assigned ODD ratings of pass, conditional pass, or fail for the ODD factor. We are in the process of refreshing all ODD ratings to the new terminology. During the transition period, the prior ratings, as follows, may persist in some deliverables until the ODD factor rating is converted to the above noted letter ratings.

- **Pass** – Our research indicates that the manager has acceptable operational controls and procedures in place.
- **Conditional Pass** – We have specific concerns that the manager needs to address within a reasonable established timeframe.
- **Fail** – Our research indicates that the manager has critical operational weaknesses and we recommend that clients formally review the appointment.

An overall rating is then derived taking into account both the above outcomes for the product. The overall rating can be interpreted as follows:

Overall Rating	**What does this mean?**
Buy	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products
Buy (Closed)	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products, however it is closed to new investors
Qualified	A number of criteria have been met and we consider the investment manager to be qualified to manage client assets
Not Recommended	A quantitative assessment of this strategy indicates it does not meet our desired criteria for investment. This strategy is not recommended
Sell	We recommend termination of client investments in this product
In Review	The rating is under review as we evaluate factors that may cause us to change the current rating

The comments and assertions reflect our views of the specific investment product and our opinion of its quality. Differences between the qualitative and Aon InForm outcome can occur and if meaningful these will be explained within the Key Monitoring Points section. Although the Aon InForm Assessment forms a valuable part of our manager research process, it does not automatically alter the overall rating where we already have a qualitative assessment. Overall rating changes must go through our qualitative manager vetting process. Similarly, we will not issue a Buy recommendation before fully vetting the manager on a qualitative basis.

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As of December 31, 2020, Aon's quantitative model is run on approximately 13,000 strategies from an external database. Aon assigned a quantitative rating of "Qualified" to 42% of these strategies and a "Not Recommended" to 23% of these strategies. The remainder were not rated. A "Buy" rating cannot be assigned via quantitative analysis. Across asset classes (excludes private real estate and real assets), Aon had approximately 21,000 strategies in its internal database. Aon assigned a qualitative rating of "Buy" to 7% of strategies in the database; "Qualified" to 1% of strategies in the database; "Sell" to <1% of strategies in the database; and "In Review" to <1% of strategies in the database. The remaining strategies in the database are not rated. Some strategies may be included in both the internal and external database. Where a qualitative rating exists, it prevails over the quantitative rating. These statistics exclude real estate / Townsend databases and ratings.

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Aon plc/Aon Solutions UK Limited Registered office The Aon Centre The Leadenhall Building 122 Leadenhall Street London EC3V 4AN	Aon Investments USA Inc. 200 E. Randolph Street Suite 700 Chicago, IL 60601 USA	Aon Hewitt Inc./Aon Investments Canada Inc. 20 Bay Street, Suite 2300 Toronto, ON M5J 2N9 Canada

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Memo

To	Arkansas Teacher Retirement System (ATRS) Board of Trustees
From	PJ Kelly, CFA, CAIA, Katie Comstock, Kevin Hrad, CAIA
Cc	Clint Rhoden, Rod Graves, Jerry Meyer
Date	September 27, 2021
Re	Recommendation to Commit $50M in the Chatham Private Debt

Background and Recommendation

As a result of the Opportunistic/Alternatives Portfolio Review presented at the ATRS June Board meeting, there was a recommendation to restructure the credit and event/driven exposure within the portfolio. As part of the restructuring, Aon recommends maintaining the credit exposure at 10% of the Opportunistic/ Alternatives portfolio and allocating evenly between two managers. As the York Credit Opportunities Fund continues to distribute capital back after deciding to liquidate in January of 2020, Aon recommends committing $50M to the Chatham Asset Private Debt and Strategic Capital Fund III ("PDSC III"). Aon will continue to review the credit portfolio and follow-up at a later meeting with a recommendation for the remainder of the credit portfolio.

The Chatham PDSC III Fund is the firm's third vintage of this closed-end product. PDSC III is designed to provide clients with exposure to the illiquid, opportunistic component of the firm's flagship product and other illiquid positions that are not suitable for the mandate of the flagship offering. The fund is not an overflow product, but closer to a best ideas product that can upsize positions that would otherwise be too illiquid in an evergreen fund. Chatham will rely on its fundamental research conducted by a team of sector specialists to source and work through ideas to populate the fund's portfolio. Aon believes Chatham's edge is their deep credit research skills which helps them find unique stressed opportunities with large mispricings which should lead to success. Like the main fund, lower middle market companies will be the focus of the PDSC III. Aon believes this strategy is a nice fit for ATRS's portfolio given the expected attractive returns via an illiquidity premium and the managers ability to manage risk across opportunistic investments.

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

R E S O L U T I O N
No. 2021-54

Approving Investment in Chatham Asset Private Debt and Strategic Capital Fund III, L.P. with Imminent Need

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its real assets investment consultant, Aon Hewitt Investment Consulting, Inc., along with the recommendation of the Investment Committee and ATRS staff regarding an investment in **Chatham Asset Private Debt and Strategic Capital Fund III, L.P.,** a closed-ended fund that invests in high yield bonds, leverage loans and equity both on a long and short basis.; and

WHEREAS, the ATRS Board previously approved Resolution 2021-41 authorizing an investment in **Chatham Asset Private Debt and Strategic Capital Fund III, L.P.** of up to **$50 million dollars ($50,000,000)** at the September 27, 2021 ATRS Board meeting; and

WHEREAS, the ATRS Board, after its review of the timing needed to close the investment and the fact that the scheduled October meeting of the Arkansas Legislative Council has been canceled and the next scheduled meeting is in November, has determined that there is now an imminent need to enter into the partial equity ownership agreement by the anticipated closing date; and

WHEREAS, the ATRS Board approves an investment of up to **$50 million dollars ($50,000,000)** in **Chatham Asset Private Debt and Strategic Capital Fund III, L.P.,** and the Board, after its review of the timing in which the closing of the investment in **Chatham Asset Private Debt and Strategic Capital Fund III, L.P.** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

NOW, THEREFORE*, *BE IT RESOLVED, that the ATRS Board approves an investment of up to **$50 million dollars ($50,000,000)**, in **Chatham Asset Private Debt and Strategic Capital Fund III, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership investment interest in **Chatham Asset Private Debt and Strategic Capital Fund III, L.P.** The total investment amount is to be determined by the general investment consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process if acceptable terms are reached.

Adopted this 18th day of October, 2021.

____

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

TOWNSEND® GROUP
an Aon company

950 Main Avenue
Suite 1600
Cleveland, OH 44113

Memorandum

To: Arkansas Teacher Retirement System ("ATRS")

From: Chae Hong

CC: PJ Kelly; Jack Dowd; Richard Ferguson

Date: September 27, 2021

Re: Almanac Realty Securities IX – $40 million Commitment Recommendation

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Background and Recommendation

Almanac Realty Investors, LLC ("Almanac", "ARI", or the "Sponsor") is sponsoring Almanac Realty Securities IX, LP (the "Fund" or "ARS IX"), the latest institutional offering in its flagship fund series. The Fund intends to make private placements of growth capital to real estate operating companies and companies with significant real estate assets. The Sponsor will make investments that target an unlevered 12% net return (15-16% gross) and a 1.5x-1.75x net multiple, assuming five-to-eight-year hold periods. Approximately 50% of the return is expected to be derived from income.

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. An ARS IX InDetail is attached in the following Appendix for reference. We recommend that ATRS invest $40 million in the Fund to fulfill ATRS' 2021 non-core real estate allocation, in accordance with the previously approved 2021 ATRS Real Asset Pacing Schedule. Additionally, ARS IX provides investors with various investment vehicles, including but not limited to, a Delaware limited partnership, Cayman limited partnership, and potentially other parallel vehicles. Townsend recommends ATRS consult with its tax and legal counsel to determine the most appropriate vehicle for the Plan.

Appendix

InDetail

Almanac Realty Securities IX, L.P.

A U.S. Diversified Value Added Fund

February 2021

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EXECUTIVE SUMMARY

OVERVIEW

Review Date	Rating	Prior Fund Rating
February 2021	Buy	Buy

Almanac Realty Investors, LLC ("Almanac", "ARI", or the "Sponsor") is sponsoring Almanac Realty Securities IX, LP (the "Fund" or "ARS IX"), the latest institutional offering in its flagship fund series. The Fund intends to make private placements of growth capital to real estate operating companies and companies with significant real estate assets. The Sponsor will make investments that target an unlevered 12% net return (15-16% gross) and a 1.5x-1.75x net multiple, assuming five-to-eight-year hold periods. Approximately 50% of the return is expected to be derived from income.

Strategy: Almanac provide growth capital to: (1) real estate operating companies that have property portfolios with existing cash flow and value-added potential, and (2) companies with significant real estate assets integral to their business. This is entity level investment, typically in the form of convertible debt with a high current coupon (6% to 9%). Underlying properties may include traditional property types (office, retail, industrial, and multifamily), as well as specialty property types (e.g., self-storage, hospitality, senior living, MOBs, and RV parks). Unlike a traditional mezzanine fund that similarly provides current income, ARS IX participates in the upside of the entity value and thereby generates a more meaningful equity multiple.

Sponsor:

HQ Location	New York, NY	**Parent**	Neuberger Berman
Ownership	Privately owned	**Founded**	1981
Employees	33	**Investment Staff**	16
AUM	$3.8 billion (gross)	**RIA**	Yes

Performance (as of June 30, 2020):

Vehicle	Fund Size (M)	Vintage	Assets	Projected Life-of-Fund Net IRR	Fair Market Value			Realizations		DPI
					Net IRR	Net EM	IRR Quartile	% of Projection	% of Transactions	
ARS I	$317	1996	6	16%	15.7%	2.3x	2Q	100%	100%	2.30
ARS II	$318	1998	6	14%	14.3%	1.5x	2Q	100%	100%	1.50
ARS III	$232	1999	3	9%	9.3%	1.4x	3Q	100%	100%	1.40
ARS IV	$445	2004	6	9%	9.4%	1.5x	2Q	100%	100%	1.50
ARS V	$839	2007	8	12%	11.7%	1.5x	1Q	52%	TBD	1.50
ARS VI	$819	2011	7	13%	9.6%	1.3x	4Q	74%	71%	1.10
CARS I	C $200	2014	1	N/A	19.0%	2.1x	1Q	0%	0%	1.70
ARS VII	$1,264	2015	8	12%	13.3%	1.3x	2Q	65%	38%	0.80
ARS VIII	$1,909	2018	4	12%	-25.4%	0.8x	4Q	6%	0%	0.00

Fund/Portfolio Characteristics:

Structure	Closed end commingled fund	**Risk Segment**	Value Added
Targeted Size	$2.25 billion; No Hard Cap	**Sponsor Commitment**	1% of aggregate commitments up to $22.5 million
Fund Term	10 years from Final Close	**Investment Period**	4 years from Final Close
Avg Deal Size	$275.2million in equity (Ranging from ~$100M to ~$500M)	**Typical Business Plan**	5-8 years

Fees:

Management Fees	1.25% on Committed during the Investment period, then on Invested Capital.	**Incentive Fees**	20% of total profits, subject to an 8% preferred return followed by a 50/50 catch-up.

Fundraise Status/Timing:

First Close expected 2/26/21 with a subsequent close on 4/1/21

COMPARATIVE ADVANTAGES

1. Niche Specialist Investor

The Firm specializes solely in a corporate financing niche strategy, focusing on this strategy since the mid-1990's. Competition is reduced given that Almanac is focused specifically on (i) growth capital compared to buyout and venture capital, and (ii) real estate, together. The platform has been purpose-built to support the execution of the strategy. The Sponsor executes without partners and third-party service providers, either external or affiliated, saving fund LPs any leakage from double promotes and/or additional expense layers. The Firm/team has become a well-known source of growth capital to real estate owner- operators, with sourcing enhanced by over 20 years of direct industry contacts as well as with legal, accounting, investment banking, and brokerage intermediaries providing services to those owner-operators. The Fund promotes off the additional capital raised by the underlying investment companies, often taking a disproportionate amount of any earned promoted interest. There are now numerous firms with similar strategies, each playing to the strengths of the founding partners. Almanac remains one of, if not the, largest name in this space and continues to perform well with strong deal flow.

2. Track Record

Almanac has historically been a solid, consistent performer throughout its fund series. Although certain funds performed better than others, the fund series has primarily been strong on a relative and absolute basis. The deal structures that Almanac establishes guarantee alignment and downside protection through personal contributions by management teams and seniority in the capital stack. The Firm has generated a 12.7% net IRR and 1.5x net equity multiple since inception across this series using fair market valuations of the unrealized portion. About half of that return has been from income. Thirty-six of the fifty-one transactions have been fully realized, producing a 15.7% gross IRR and 1.6x gross equity multiple. Only two of 51 transactions are expected to lose capital; projected to produce 0.5x - 0.6x gross equity multiples. At the fund level, the net IRRs of the Manager's seven funds range from 9.3% to 19% (based on FMV for funds with unrealized investments). Six of the nine fund vehicles are above median (two are top quartile) of their respective vintages. The historical track record is proof positive of the efficacy of Almanac's structured investment strategy.

3. Alignment

In early 2020, Almanac was acquired by Neuberger Berman ("NB" or the "Firm"), another independent, employee-owned investment manager. Almanac has maintained its autonomy through the acquisition and operates as a distinct platform within Neuberger Berman. The Fund series remains Almanac's only business and is run by the original owners. The GP co-investment consists of personal contributions from the partners down to VPs with additional and separate contributions to be made by Neuberger Berman and its employees. Almanac retained a revenue sharing feature that entitles Almanac team members to a portion of the Firm's revenue. Carried interest points are also shared down to the Director level. These annual percentages are allocated at the sole discretion of Matt Kaplan (but with discussion of other senior team members). The GP co-investment represents a meaningful commitment from each of the senior team members.

4. Portfolio Considerations

- Risk
  - Performance of the Almanac fund series has a lower volatility than Value Added, Opportunistic, and even High Yield/Mezzanine indices[1].
  - Significant current income: The stable income return accounts for half of the overall return, which reduces the overall risk of this strategy.
  - Almanac capital is senior to the equity in any given entity; with the average LTV of an entity at inception approximately 55%-65% exclusive of Almanac capital, in the form of first mortgages on the properties held by the entity.
  - No fund-level leverage
- (Net) Return
  - Upside potential exists in the form of participation in future value growth through convertibility into common equity and/or participation rights and options.
  - J-curve mitigated by 6% to 9% current income up front and no fees charged during the fundraise.
- Correlation[2]
  - Diversification: Almanac structures are less directly correlated to hard asset real estate exposure.
- Sharpe Ratio[3]
  - Using long term historical data, Almanac is an attractive risk-adjusted return relative to Index averages.

1,2,3

	Almanac Composite	U.S. Fund Indices*			
		Value-Add	Opportunistic	Mezz/High Yield Debt	NFI ODCE
15-year Net TWR	8.8%	6.3%	6.8%	5.5%	6.3%
St Dev	9.7%	9.9%	10.9%	10.9%	7.3%
Correlation (to ARS)	1.0	0.3	0.2	0.1	0.1
Sharpe Ratio	0.8	0.6	0.6	0.4	0.8

*Compiled from Townsend database; period from 2005 to 2020

5. New Platform Resources

Almanac now benefits from the larger platform, resources, and reach of Neuberger Berman. Neuberger Berman is a private, independent global investment manager with over 2,300 employees in 35 cities worldwide. The Firm currently has $357 billion in AUM spread across the public and private markets groups, both of which have four underlying business lines. Almanac will benefit from broader and more robust back office support, additional sourcing avenues, on-the-ground market knowledge, and financial support of Neuberger Berman. Almanac contends that the synergies of the two companies will ensure Almanac's future success and operational efficiency.

POTENTIAL ISSUES AND CONCERNS

1. Organizational Change - New Ownership

In early 2020, Neuberger Berman wholly acquired Almanac. Multiple issues can arise from any organizational change, including dilutive oversight from the new parent and other cultural challenges, which can lead to retention issues. Overall, continued alignment within the GP and with LP Fund investors is critical.

Discussion: Almanac maintains its autonomy and continues to operate as a distinct platform within Neuberger Berman. Almanac was acquired under a 15-year ownership and revenue sharing agreement, similar to the agreements governing other underlying brand verticals within NB. The former managing members will continue to run the day-to-day operations of the funds and approve all material matters relating to investments. There are no compensation earn-out hurdles for the Almanac senior partners. However, each of the senior team members has signed a five-year employment agreement including requirements to fund a portion of their compensation from this sale into future Almanac vehicles and cliff vesting for a significant amount of the remaining compensation. Senior employees will also sign long-term non-compete agreements. The structured compensation and restrictive covenants help motivate the senior team members and ensure strong alignment between Almanac investment professionals and Almanac fund LPs. Additionally, every non-partner employee at Almanac will receive a retention bonus that is sized to reflect seniority and contribution to the future success of the platform. Almanac has cited Neuberger Berman's resources, capabilities, and reputation as potential benefits that could enhance sourcing capabilities. Finally, while this change is significant, this is a similar structure to how Almanac operated prior to 2007 under the Rothschild umbrella.

2. Limited Initial Control Rights

Almanac relies on flexible terms and deal structure to win deals. This is part of what differentiates Almanac capital from competition that may be less flexible, demand more control, or lack the knowledge/ability to structure the sophisticated financial arrangements that Almanac uses to protect the Fund's investments. This sourcing advantage comes at a price, where Almanac may not have exclusive rights over certain major decisions. Without a number of explicit rights, the Manager's primary asset management tool is a non-majority board level ability to represent the best interests of the Fund. Boards are typically formed with equal voting members from the operating company/borrower and Almanac.

Discussion: Almanac deals require the borrower to agree to a high level of authority granted to the board, very much akin to an organization's Investment Committee. The underlying company continues to be managed day-to-day by its existing management, but they become subject to governance by the board regarding acquisitions, dispositions, capital raising, and changes in senior management, and full information is required such as monthly operating statements and quarterly GAAP financial statements subject to annual audit and fair market value analysis by a qualified accounting firm. This board formation is key to the strategy and has been one reason in the past that deals have not been made. Underlying companies will agree to such governance because the boards are intentionally comprised of an even number of members in keeping with the aligned and cooperative partnership spirit of the transaction. Effectively each side has an ability to block any/every authorization by deadlocking a vote (not every public company can accommodate this, limiting a few transactions to a single seat).

Almanac retains additional management/control capabilities in several ways: (i) Protective contingency provisions that take effect upon an event, granting the Manager increased ability to control during more critical periods should such a period/event occur. For instance:

- "Springing directors" if necessary to provide additional controls - the right to appoint an additional director to assume greater control (majority) in the event of payment default or other triggers (can include some or all: maturity default, change in control, key man issue, consolidated entity LTV and Debt Service Coverage, breach of representations and warranties, and/or legal/regulatory compliance requirements);
- Put provisions triggered upon a change of control;
- Anti-dilution provisions.

And also (ii) via liquidity provisions. Investments are structured to provide several options for liquidity, including transferability and registration rights and liquidity down to the asset level. Almanac has for instance, using prior fund exits as example:

- Directly sold/transferred its position as-is to an institutional buyer;
- Liquidated its position through thru sale of the entity to a strategic buyer or via IPO;
- Sold the underlying assets of the entity in a partial or complete liquidation of the properties;
- Recapitalized the company, through a debt or equity placement.

3. Fund Life

The Fund has a potential term of 14 years from the Final Close, an increase from the already longer than average prior funds. Such a fund life is longer than the typical closed end non-core real estate vehicle and investors should consider that factor when they do their portfolio planning and modeling.

Discussion: The strategy is not a credit-distress play based on a short-term turnaround, but rather a growth capital strategy aimed at achieving value-add returns plus equity multiple over time. The Fund life is consistent with the typical 5 to 8-year term of a transaction initiated over the course of the Fund's four-year commitment period. The term is not excessive but rather the requirement to execute this type of strategy, which may not fit investors with shorter term opportunistic allocations.

4. Management Incentive Leakage

While not specifically a double-promote, most Almanac deals are structured with management stock option incentives granted upon formation. A number of these have been structured at-the-money, effectively serving as a promoted interest to management with no hurdle rate. There are variations, but generally when such incentives are built in, they represent management's right to purchase additional shares up to 10% to 20% of the total outstanding shares established upon formation.

Discussion: Many grants are also structured with higher strike prices that are only in the money once substantial value has been created. That higher strike price effectively serves as a hurdle rate for management. It only has value once substantial value has already been created. Either way though, set at-the-money or above, it is an incentive fee borne by Almanac, and it can create some amount of leakage at all positive return levels. It does reinforce alignment, keeping management focus on share price. Because such grants may not be in all deals, and not all will be struck at-the-money, the aggregate cost across the entire fund will be similar or less than typical joint venture structures at the Fund's targeted returns.

5. Fund Size and Capacity

Almanac's funds have grown significantly in recent years. From a ~$800 million fundraise in 2011, the Sponsor is now targeting nearly three times that amount in Fund IX. This is also twice the capital raised in the 2015 vintage Fund VII only 5 years ago. Almanac to increased investment deal size in more recent fund; we expect this to continue as fundraises get larger. This was a successful tactic for groups like Blackstone whose size eventually became a competition-limiting factor. Almanac may achieve similar success. However, the Fund may be forced to pursue different deals or structures in order to fully deploy this new, larger offering.

The strategy's single greatest limiting growth factor has always been senior bodies to sit on operating company boards. While growth at the firm has been positive, there has been some turnover primarily at the Associate level. The NB transaction should take alleviate some of the administrative burden on senior partners and allow them to focus more on investment matters. However, the revenue sharing feature negotiated in the Almanac/NB transaction is meant to encourage growth.

Discussion: Though capacity has historically been a concern, Almanac is currently positioned with more senior members capable of sitting on boards than at any other time in its history. We will continue to monitor the growth of the platform and team as measured growth will be critical to maintaining the team's culture and quality.

6. Blind Pool Vehicles

Unlike predecessor funds, Almanac is not restricted from investing in blind pool vehicles related to manager affiliated portfolio company investments and/or where the portfolio company is a general partner of the blind pool vehicle. The flexibility often afforded to blind pool funds can lead to scope drift, conflicts of interest, and less restrictive investment guidelines.

Discussion: Almanac is restricted from investing in blind pool vehicles that would lead to an increase of the management fees and carried interest paid by LPs. Further, none of the prior portfolio company investments made by the Manager are considered blind pool vehicles that would violate this restriction.

STRATEGY

OVERVIEW

Almanac's primary strategy is to provide entity-level growth capital to proven, experienced real estate operators with a sound organizational structure and business plan, who possess an existing portfolio and have identifiable growth opportunities. Further, the manager will pursue emerging companies with validated strategies but limited track records, underperforming businesses in need of rescue capital, and firms focused on real estate technology.

Almanac's return target is an unlevered[2] 12% net IRR with half generated from current income, with 5% to 6% stabilized net annual yields. The Fund anticipates making 8 to 12 investments ranging from $100 million to $500 million[3] at a pace of 2 to 3 deals per year, with projected holds of 6 to 8 years. Almanac's will continue the structured debt, preferred equity, and common equity investment strategies employed in prior funds. However, ARS IX will expand its opportunity set to include portfolio level co-investments and joint ventures, toehold positions in public companies, take private acquisitions, and placements of convertible debt/preferred equity in public companies.

- Most commonly deals will be structured as an unsecured fixed rate fixed term[4] loan with a 5% to 6% current coupon plus a participation in the value creation of the borrowing company/entity. That participation is achieved directly through conversion into common equity at a pre-set strike, or through equity warrants or equity-like participation rights. Transaction terms include the formation of a board authorized with a minimum standard set of governance features, and establishment of covenants for the underlying company. Other structures used are (i) a mix of non-convertible debt along with common equity securities options or warrants, (ii) a preferred equity position, (iii) a guaranteed minimum return or rarely (iv) non-convertible debt.

The Firm utilizes a co-investment sidecar to accommodate larger sized transactions, typically soliciting capital at its sole discretion from the largest fund LPs that have a co-investment capability. Historically, such capital has totaled roughly 10%-15% of fund capital. Investments also often include an accordion feature whereby the underlying operator can request up to a pre-specified additional commitment amount above the initial commitment, which they will receive if Almanac approves the request. Almanac never requires operating companies to deploy all the capital committed and there is no guarantee that the companies will be provided the full commitment amount if they are unable to generate deal flow of a size and quality that Almanac deems acceptable. On average, Almanac's deals often include between 40- 60% debt (excluding Almanac's investment) in the capital stack, 20-30% investment from Almanac (in debt, equity, or a hybrid structure), and some significant equity contribution (10%+) from the senior partners within the portfolio company for the remainder. This has equated to an attachment point for ARS capital at approximately 51% LTV in Fund VII, and 56% LTV in both Fund VI and VIII portfolio companies (prior to Almanac's investment). Any origination or placement fee paid by the borrower to Almanac accrues to the benefit of the Fund either directly or through Management Fee offset and is included within the expected Current Income component.

The Firm has invested relatively consistently over time[5], even as the size of each fund has grown. None of the Firm's historic deals have been greater than $200 million and deals over $100 million have made up less than 50% of commitments in each period (all shown in the chart on the following page). While deal size within the funds has

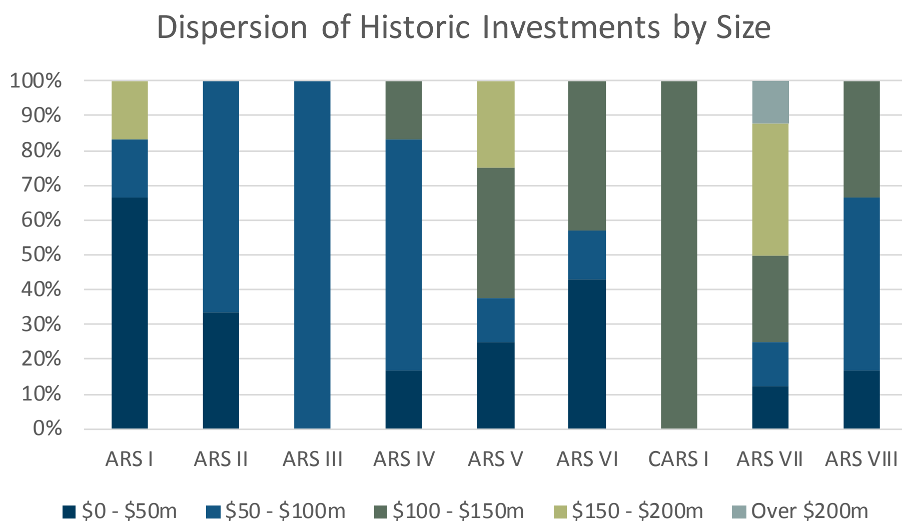
[2] While Almanac does not utilize investment or portfolio level leverage, investors are exposed to leverage within each portfolio company via mortgage debt on assets included in the transaction or (less frequently) debt on the portfolio company's balance sheet.

[3] Historically, equity commitments have averaged $275.2 million across the Fund series.

[4] Senior to equity, subordinate to mortgage debt, bank debt, and any other secured lenders or lines of credit as applicable.

[5] Average investment size across prior funds: Fund I ($52.9 million) Fund II ($53.3 million), Fund III ($79.4 million), Fund IV ($74.2 million), Fund V ($103.6 million), Fund VI ($72.4million), CARS I (C$140.0 million), Fund VII ($136.6 million), and Fund VIII ($78.1 million).

been consistent, one thing that has grown is the co-investment opportunities Almanac has offered[6]. To date, close to $194 million has been committed to co-investments in Fund VIII, consistent with the increase seen in Fund VII. Almanac intends to limit the total size of transactions in Fund VIII by limiting investors eligible to co-invest to those committing over $150 million. A chart illustrating the dispersion of historic fund investments by size is included below.



Though previously mentioned, another way Almanac intends to help maintain the Fund's average deal size is through the relatively new accordion feature included in most deals, which was first used in Fund VII. Rather than waiting for portfolio companies to request follow-on capital commitments, Almanac has been including the potential for a pre-determined amount of follow-on capital commitments to be granted to a portfolio company. The mechanism is triggered by a request from the portfolio company and a subsequent approval from Almanac. Neither party can force this capital to be drawn and Almanac retains approval over the use of this additional capital just as it does with the initial capital commitment. This structure benefits investors as the accordion capital commitments are invested at the same strike price per share as the initial commitment. Previously, the entry share price for follow-on commitments had to be negotiated at the time of the request and generally at a higher share price as the portfolio company had grown in value.

More than 75% of prior Almanac deals have been via existing platforms, as shown in the table below. Even when creating a new venture, these teams have significant operating experience in the strategy proposed for the portfolio company (i.e., "Standing Start").

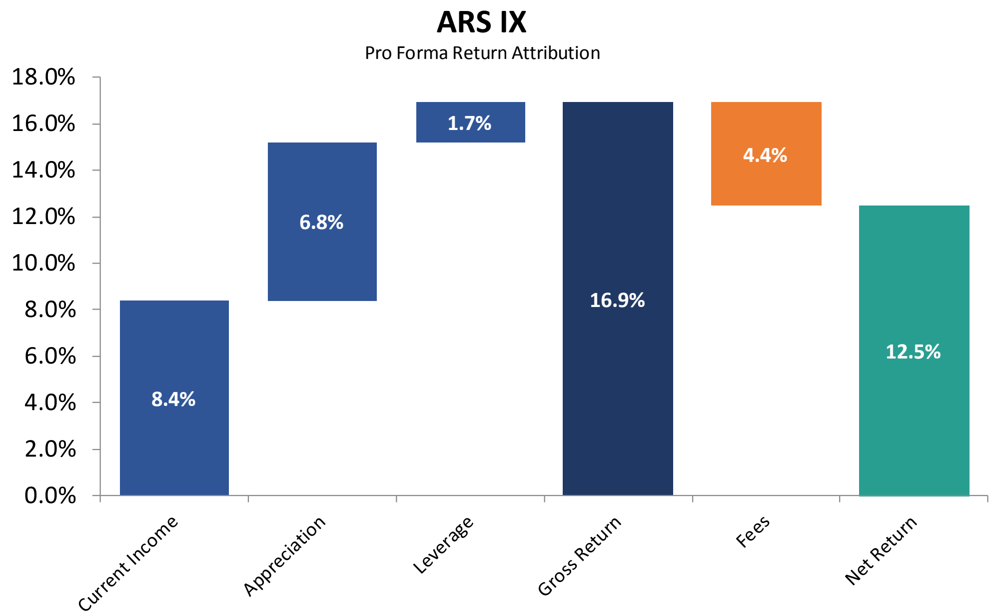
Historic Almanac Investment Profile

Investment Type	ARS I	ARS II	ARS III	ARS IV	ARS V	ARS VI	CARS I	ARS VII	ARS VIII
Existing Team	5	4	3	5	5	6		6	6
Open Market		1			1				
Standing Start	1	1		1	2	1		2	
Total	**6**	**6**	**3**	**6**	**8**	**7**	**0**	**8**	**6**

[6] Co-investment capital from prior funds as follows: Fund IV ($53.2 million), Fund V ($81.7 million), Fund VI ($70.8 million), Fund VII ($199.4 million), and Fund VIII ($194.4 million)

The Fund model assumes deal level gross IRRs of 16.9%, roughly 440bps in fund fees and expenses, partially offset by a minor increase in the overall fund net IRR from the use of a subscription facility, netting to the targeted 12.5%.

The chart below outlines the expected return attribution for the Fund:



UNDERLYING ENTITIES

Portfolio companies are real estate owner-operators, typically smaller to medium-sized companies, and may be privately or publicly owned. In order to form an underlying entity, borrowers contribute (i) mostly cash-flowing non-core properties (given their size and location) plus an amount of core-plus properties; and (ii) their management/operating company.

- Properties will have varying amounts of mortgage debt, 45% to 70% for a general range.
  - The existing debt on the contributed portfolio plus new debt incurred in the future is subject to Almanac imposed leverage constraints at the property level and for the consolidated entity. The consolidated entity is also subject to Almanac imposed debt service covenants.
  - Recourse and cross-collateralization provisions required for any property level debt are assessed/approved by the boards of the companies on a case-by-case basis and thereby not expressly capped or limited.
  - Borrowers who like to operate with high leverage and look for additional leverage thru an Almanac type deal are not the candidates Almanac transacts with.
- Management/operating companies vary from small captive property management businesses with little enterprise value to more substantially established companies with significant third- party property management and other service revenue.
  - There are varying degrees of operating leverage within the companies depending upon the property type, with senior housing and hospitality companies having notably higher fixed costs.
  - Almanac's simplest offset to higher operating company leverage is lower financial leverage.

LEVERAGE

The Sponsor does not leverage the Fund's investments, so there will be no permanent leverage at the Fund level. However, the Fund may use a credit/subscription facility or provide guarantees related to bridging any gaps between closing/funding a transaction and the associated capital call. The Fund has the later of 45 days after the Final Close Date or the date that is 6 months from the date of entering the obligation to repay otherwise this indebtedness will be treated as a Sponsor contribution in the calculation of the preferred return. Investors are also exposed to leverage within each portfolio company via mortgage debt on assets included in the transaction or (less frequently) debt on the portfolio company's balance sheet.

INVESTMENT GUIDELINES

- No more than 30% of commitments in one single portfolio company
- No more than 50% of the commitments invested as common equity
- No more than 10% of commitments used for open market purchases of securities
- No more than 15% of commitments will be made to a non-US portfolio company, defined as one expected to have more than 25% of the value of its assets located outside of the United States and is expected to derive more than 25% of its revenue from business conducted outside of the United States
- The Fund is restricted form investing in another blind pool investment vehicle

We recommend prohibiting open market purchases. Development is not limited but has been less than 15% of prior funds.

SEED ASSETS & PIPELINE

No Seed Assets to date.

Almanac currently has four investments in its pipeline that will represent an initial equity contribution of $364.9 million and with potential total commitments of up to $1.150 billion. Three of the four portfolio companies have strategies focused on the multifamily sector with the fourth investment targeting industrial assets. The companies have established teams and existing portfolios. The underlying entities' assets are dispersed throughout the country with concentrations in the Pacific, Mid-Atlantic, and Southeast.

Exhibit A is a summary of the Firm's pipeline report.

SPONSOR

OVERVIEW

Almanac's predecessor (Rothschild Realty, Inc.), a real estate corporate finance division and wholly owned subsidiary of The Rothschild Group North America, was founded in 1981. ARS IX is the follow-on to the Firm's fully discretionary fund series Almanac Realty Securities Funds I thru VIII. That series started in 1996, run by John McGurk, Mathew Kaplan, and Pike Aloian. Messrs Kaplan and Aloian joined the division in 1990 and 1988, respectively. These three senior members of the team completed a multi-year buyout of the business from Rothschild in 2007. In January 2020, Almanac was purchased by Neuberger Berman from senior partners Matthew Kaplan, Andrew Silberstein, Justin Hakimian, David Haltiner, Josh Overbay, and D. Pike Aloian. Today, Almanac continues to operate as a distinct business unit managed by the aforementioned senior partners.

NEUBERGER BERMAN

Ownership: Private, independent investment manager owned by 550 employee-owners
AUM: $357 billion gross throughout all business lines
The firm operates in both the public and private markets
Public Markets (Gross AUM $278B): Equity ($97B), Fixed Income ($168B), Hedge Funds & Liquid Alternatives ($16B), and Real Estate ($2B).
Private Markets (Gross AUM $79B): Private Equity ($64B), Private Credit ($9B), Specialty Alternatives ($2B), and Private Real Estate ($4B).
Staffing and Organization: 2,300 employees (888 investment professionals) located throughout 35 offices worldwide. More than half of the employees operate out of the firm's headquarters in New York, NY.

- An organizational chart is attached as **Exhibit B**.

ALMANAC REALTY INVESTORS

Ownership: Wholly owned by Neuberger Berman

AUM: $3.8 billion gross, inclusive of unfunded commitments, all in the Fund series

Staffing and Organization: 31 employees (17 investment professionals) located in New York, NY.

- Of the 31 employees, 2 are senior advisors are dedicated to Almanac.
- An organizational chart is attached as **Exhibit B**.
- Biographies of the Investment team are included in **Exhibit C**.

TURNOVER, COMPENSATION, AND RETENTION

Turnover: No issues; notably stable. The Firm has had no turnover at senior levels, and at the mid-level, a VP of finance left in 2014 for personal relocation reasons.
Compensation: Industry standard salary plus cash bonus. Employees above the Analyst level may invest in the funds and are awarded participations in a carry pool based on performance. The Firm retains 50% of carry and 50% goes to the non-owner employee pool.
Retention: 80% of carry awards are subject to a vesting schedule over a five-year period.

INVESTOR BASE

Public pensions (36%), corporate/private pensions (20%), endowment/foundation (14%), foreign sovereign/pension (11%), insurance (11%), Taft Hartley (5%), other (3%).

COMPLIANCE AND LITIGATION DISCLOSURE

Neuberger Berman has been periodically involved in civil legal proceedings and investigations or examinations by regulatory organizations. Pertinent highlights have been summarized below:

- At the end of 2018, a separate division of NB was the subject of an SEC Order focused on specific expense allocations relating to Dyal Capital Partner's Business Services Platform ("BSP"). The SEC Order found no intentional wrongdoing or fraud and noted the issue had previously been resolved in 2017. NB made payments to certain Dyal Funds and a civil monetary penalty to the SEC as a result.
- NB settled a class-action lawsuit related to a fund previously offered within the 401(k) plan. NB paid a nominal settlement and all claims were dropped.

- None of this prior litigation has or was likely to directly impact either NB's real estate investments or Almanac specifically.
- Neither the Firm nor any of its senior member have ever filed for bankruptcy. However, Neuberger Berman's former parent, Lehman Brothers Holdings Inc., filed for bankruptcy in 2008. Neuberger Berman became an independent firm in May 2009.

ESG Policies & Practices

OVERVIEW

Almanac is considered "Limited" in terms of ESG implementation within real estate investments. Neuberger Berman contends that it has incorporated ESG into its business practices since 1940 with the use of "avoidance screens" and the Firm has continued to actively bolster its policies and procedures since. The Firm has established four pillars by which it incorporates ESG into its operations. These include:

<u>Avoid</u>: Repudiating certain companies and sectors from the investment universe
<u>Assess</u>: Weighing ESG advantages and disadvantages in tandem with traditional metrics in the valuation process.
<u>Amplify</u>: Favoring companies that uphold high ESG standards.
<u>Aim for Impact</u>: Delivering solid financial returns while achieving environmental and social impact.

The level of factors incorporated into the underwriting process vary at the deal level depending on the asset class and strategy. Regarding socially responsible practices impacting employees and stakeholders, the Firm takes care of its employees as evidenced by near zero turnover above Associate/Analyst positions, and the stakeholders are the three Managing Partners who each have their individual causes for charitable giving.
Neuberger Berman has reported to GRESB since June 29, 2012;
Firm has been a member of UNPRI since 2014;
In 2020, NB achieved a A+ ranking from PRI for overall ESG strategy and governance as well as for their ESG integration across all of the asset classes they manage in 2020.

Almanac is in the process of establishing its own ESG framework that is tailored specifically to its investment strategy and targeted investments. While NB's ESG policies and procedures are strong, Almanac currently scores below average in this area.

OPERATIONAL DUE DILIGENCE

OVERVIEW

Independent of Investment Due Diligence, the Aon Operational Risk Solutions and Analytics ("Aon ORSA") group reviewed the sponsor's policies, procedures, and capabilities across a range of operations, middle and back office, and control functions looking for established controls and operating procedures that align with best practice. Areas covered during review include: (i) corporate governance, (ii) transaction execution, (iii) cash controls, (iv) valuations, (v) compliance, regulatory, and legal controls, (vi) counterparty risk oversight, (vii) business continuity/disaster recovery, (viii) cyber security, and (ix) service provider selection and monitoring.

The review concluded the Firm has an institutional operating infrastructure with proper oversight and controls, with a few minor issues common for ARS IX's investment strategy; overall garnering an A2-Pass rating. Minor issues were cited included:

- The Fund does not intend to use external appraisal-based valuations, third-party fund administration, or outside internal control reviews; granted limited authorities and controls to the Board of Advisors with significant discretion to qualify conflicts of interest.

INVESTMENT PROCESS

OVERVIEW

Sourcing/Origination: Almanac has internally sourced many of its investments through the Managing Principals networks and extensive relationships within the real estate, financial services, and private equity industries.

- ARS IV (6 companies)
  - *Sourcing:* 33% off market and 67% through a broker
  - *Origination*: 33% on a proprietary basis, 50% through limited auction and 17% through auction
- ARS V (7 companies and 1 series of open market purchases)
  - *Sourcing:* 43% off market and 57% through a broker
  - *Origination*: 63% on a proprietary basis and 38% through limited auction
- ARS VI (6 companies)
  - *Sourcing:* 33% off market and 67% sourced through a broker
  - *Origination*: 71% on a proprietary basis and 29% through limited auction
- ARS VII (7 companies)
  - *Sourcing:* 50% off market and 50% sourced through a broker
  - *Origination*: 88% on a proprietary basis and 12% through limited auction
- ARS VIII (6 companies)
  - *Sourcing:* 86% off market and 14% sourced through a broker
  - *Origination*: 83% on a proprietary basis and 17% through limited auction

Due Diligence & Underwriting: The investment team is responsible for sourcing, underwriting, structuring, and managing investments. Investment teams are led by a senior partner and responsibilities are shared amongst team members as they work closely with each portfolio company throughout the life of the investment. After an investment is identified, the team conducts an in-depth review that includes business strategy evaluation, reputation analysis, site visits/valuations of underlying portfolio assets, and a tax review (no tax event triggered upon contribution). The team negotiates pricing/structure, establishes covenants, and ensures the management team has appropriate capabilities, governance, and internal controls in place. Almanac will build in additional downside protections through "springing" board seat triggers, change of control put/anti-dilution provisions, voting rights, and other beneficial clauses that are triggered by negative events.

Investment Committee: Reviews/approves all major investment decisions, acquisitions, dispositions, financings, valuations, affiliated transactions, and significant capital expenditures, by unanimous vote. Further, the members determine business plans and enforce covenants.

Member	Title	Responsibility	Years of Experience	Years with Firm
Matthew W. Kaplan	Head of Almanac & Managing Director	Oversees Almanac and is the Portfolio Manager of the ARS Fund Series	32	30
D. Pike Aloian	Managing Director	Origination, economic analysis, transaction execution, and ongoing review of the investments of Almanac's funds	42	32
Justin Hakimian	Managing Director	Origination, economic analysis, transaction execution, and ongoing review of the investments of Almanac's funds	19	15
David Haltiner	Managing Director	Origination, economic analysis, transaction execution, and ongoing review of the investments of Almanac's funds	13	12
Josh Overbay	Managing Director	Capital raising, investor relations, economic analysis, and ongoing review of the investments of Almanac's funds	18	6
Andrew Silberstein	Managing Director	Origination, economic analysis, transaction execution, and ongoing review of the investments of Almanac's funds	29	11

Asset management: Almanac takes an active role in the management of its portfolio companies. In order to ensure that performance is maximized, Almanac sits on the board as well as other governing bodies providing guidance on acquisitions, dispositions, financings, valuations, affiliated transactions, annual business plans, and monitoring/enforcing covenants. Further investment professionals supported by senior management, contribute experience and input to enhance corporate growth, business decisions, operations, technology, reporting, budgeting, and financial planning.

Dispositions: Almanac exits portfolio companies in a variety of ways including:

- Property-level recapitalization, refinancing, and/or disposition
- Entity-level recapitalizations, which may include merger, IPO or entity-level private capital
- Outright sale of business to a public REIT or other investors looking for a platform company
- Management teams prepaying or redeeming Almanac’s interest in the company prior to the maturity date
- Given the nature of an Almanac investment, at the entity level and with a shared growth objective/incentive, no transaction is structured with a traditional buy/sell provision more typical of a single asset venture.

As of October 2020, approximately 71% of prior transactions (by number) are realized. The following charts lists the exit strategies utilized:

Realized Exit Type	ARS I (6 Deals)	ARS II (6 Deals)	ARS III (3 Deals)	ARS IV (6 Deals)	ARS V (8 Deals)	ARS VI (7 Deals)	ARS VII (8 Deals)
Open Market Sale[1]	X	X	X		X		
Public Merger[2]	X	X				X	
Sale of Company	X	X		X	X	X	X
Asset Sale	X	X	X	X	X	X	
Recapitalization	X			X	X	X	
Management Repayment/Redmeption[3]				X	X	X	

[1]Refers to publicly traded securities acquired through conversion or option

[2]Refers to cash sale of securities directly to an exisiting public entity

[3]Refers to management teams prepaying / redeeming ARS interest in the company prior to the maturity date

EXCLUSIVITY

The Fund will be the exclusive Almanac investment vehicle within this specific strategy during the Fund's investment period. Another fund may not be closed until the earlier of either the end of the investment period or 75% of the Fund's capital has been committed. The Fund can offer co-investments to limited partners and third parties at the sole discretion of the GP.

VALUATIONS

The Sponsor utilizes the expressly stated valuation policy that is unchanged from prior funds. Valuations are conducted internally on a quarterly basis and ultimately approved by NB's Valuation Committee. The Fund is also subject to an annual external audit. There is an amount of inherent smoothing given that the value of the conversion (i.e., degree the Fund's investment is "in-the-money") for those transactions involving convertible debt on private entities, is determined by annual audited financials of the underlying entities and therefore not a quarterly exercise. From Townsend's perspective, a clear, transparent, and reasonable policy governs.

LP ADVISORY COMMITTEE

The Fund will establish a Board of Advisors ("LPAC") that will consist of voting representatives designated by the General Partner, none of whom may be affiliated with the General Partner. The LPAC will consult periodically with the General Partner to review the Fund's operations and plans. The Advisory Committee will not participate formally in the management of the Fund, except that, if requested by the General Partner, it will be empowered to resolve conflicts of interest between the Fund and the General Partner, as well as opine on other matters that may require investor approval. Any voting matter requires a majority for approval. Fund VIII members are Alaska Retirement Management Board, Alberta Investment Management Corporation, GIC Real Estate, New Mexico State Investment Council, The City of New York Office of the Comptroller, Pennsylvania Public School Employees' Retirement System, StepStone Group, Teacher Retirement System of Texas, and the Townsend Group.

USE OF PLACEMENT AGENT

Sponsor is not currently using a placement agent.

FUND STRUCTURE

OVERVIEW

Formed as a Delaware limited partnership. The Fund structure is illustrated in Exhibit E.

- Investment Sponsor: Almanac Realty Investors, LLC,
- Investment Manager: NB Almanac Realty Advisers LLC
    - Registered as an Investment Advisor with the SEC since 2009.
- General Partner: NB Almanac Realty Investors IX GP LLC

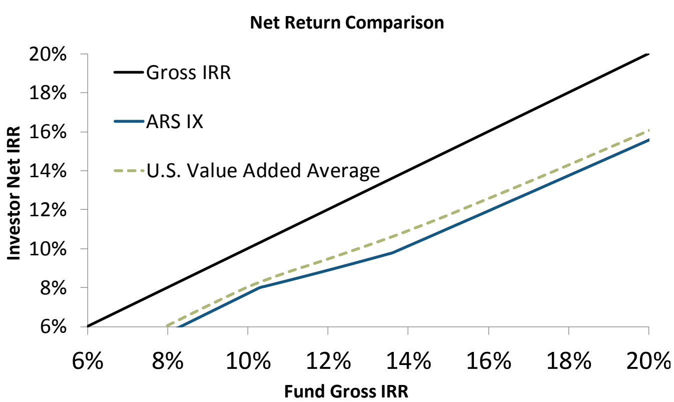
TERMS & CONDITIONS

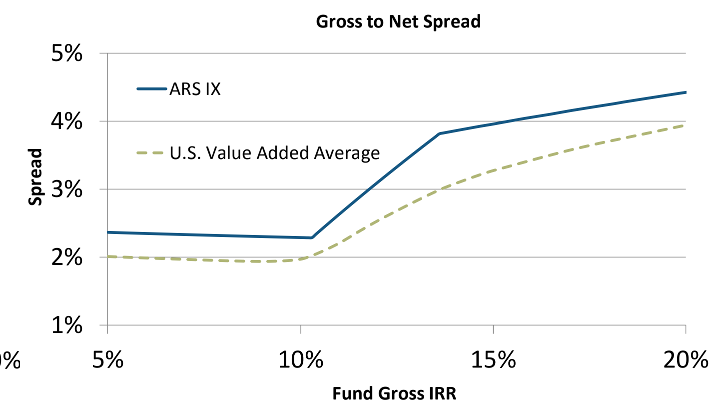
Key Terms		Townsend Comments	
Target Return:	15%-16% gross IRR; 12% net	**Neutral**	Unlevered at the fund level
Fund Size:	$2.25 billion; no hard cap	**Negative**	We would not be comfortable with a fund much larger than this and will push to negotiate the hard cap at $2.25 billion
Sponsor Commitment:	1% up to $22.5 million	**Positive**	This is in-line with the minimum expected GP co-investment given the size of the Fund. Additionally, Neuberger Berman and its affiliates will make commitments to the fund. Contributions will be in the form of cash.
Investment Period:	4 years from Final Close	**Neutral**	
Fund Term:	10 years from Final Close	**Negative**	Three one-year extension options at the discretion of the GP. The third extension can be blocked if the Board of Advisors provides written notice of its disapproval within 30 days of receiving the GP's proposal to extend the term. This provides greater than average flexibility to the GP
Key Person Provision:	Matthew Kaplan, Pike Aloian, Andrew Silberstein, Justin J. Hakimian, Josh Overbay, and David Haltiner are named Triggered by either (i) the voluntary departure of Matthew Kaplan or (ii) at least three of the six Key Person are not devoting substantial time to the Fund	**Neutral**	Results in a suspension of the Commitment Period. GP will have 90 days to cure with approval from Board of Advisors
No-Fault Remedies:	GP/manager removal by 75% of LP capital. Termination of Investment Period by 75% of LP capital.	**Neutral**	These provisions offer reasonable thresholds that are standard and LP-friendly. Orderly fund liquidation with vote from 75% of LP capital
For Cause Provisions	A majority in interest of LPs	**Neutral**	If triggered, provision calls for termination of the Fund or a new GP to be appointed by approval of a majority in interest of LPS.

Fees and Distribution Waterfall	
Org Expenses:	Fund will bear formation expenses up to 0.15% of Offering Size
Investment Management Fees:	1.25% on committed capital beginning at the Final Close (ending the earlier of full investment or 3 years from the Final Close); then, 1.25% on invested capital thereafter 10 bps discount for early closers until end of Commitment period No fees will be charged until the Final Close
Incentive Fee/Waterfall Distribution:	20% of profits, subject to an 8% preferred return (compounded quarterly); 50% catch-up Fully pooled waterfall
Clawback:	Triggered if cumulative LP distributions fall below a return of capital plus a complete preferred return or if the cumulative GP distributions exceed 20% Secured by escrowing 25% of carried interest otherwise distributed

FEE AND EXPENSE ANALYSIS

Compared to 104 Value Added fund offerings, the Fund fee structure is in line with market. Given the Fund fee structure, Townsend estimates that a gross IRR of 16.4% will produce approximately a 12.4% net IRR. This is in-line with Almanac's projections. The overall fee load is slightly worse than average at all gross IRRs of (given an average 8% preferred return across the peer set).





PERFORMANCE (As of June 30, 2020)

Vehicle	Fund Size (M)	Vintage	Assets	Projected Life-of-Fund Net IRR	Fair Market Value			Realizations		DPI
					Net IRR	Net EM	IRR Quartile	% of Projection	% of Transactions	
ARS I	$317	1996	6	16%	15.7%	2.3x	2Q	100%	100%	2.30
ARS II	$318	1998	6	14%	14.3%	1.5x	2Q	100%	100%	1.50
ARS III	$232	1999	3	9%	9.3%	1.4x	3Q	100%	100%	1.40
ARS IV	$445	2004	6	9%	9.4%	1.5x	2Q	100%	100%	1.50
ARS V	$839	2007	8	12%	11.7%	1.5x	1Q	52%	TBD	1.50
ARS VI	$819	2011	7	13%	9.6%	1.3x	4Q	74%	71%	1.10
CARS I	C $200	2014	1	N/A	19.0%	2.1x	1Q	0%	0%	1.70
ARS VII	$1,264	2015	8	12%	13.3%	1.3x	2Q	65%	38%	0.80
ARS VIII	$1,909	2018	4	12%	-25.4%	0.8x	4Q	6%	0%	0.00

Almanac Realty Securities I-III (Investment Period: 1996-1998); 100% Realized

- ARS I – III were funds of one managed on behalf of a large institutional investor. The Sponsor legally had discretion over these investments, but practically discussed each investment with this large investor.
- ARS I and II performed above the same vintage peer fund with all but two assets achieving IRRs above a 14% gross IRR and all investments returning a 1.3x or greater gross EM.
- ARS III performed below the average peer set. However, the fund was highly concentrated in three assets, one of which, Advance Realty, was amongst the lowest performing investments in the entire fund series.
  - Advance Realty was a real estate management company with a portfolio of suburban office buildings in New Jersey Assets in both Fund I and Fund III were held longer than a traditional commingled fund at the influence of the single LP investor; this significantly impacted returns.

Almanac Realty Securities IV (Investment Period: 2004-2007); 100% Realized

- 6 investments; Other (26%), Hospitality (22%), Office (19%), Retail (17%), and Hotel (17%).
  - Of the 6 investments, deal structures included Convertible Debt (5) and Unsecured Debt/Common Equity (1).
  - Performance of the Fund's investments were mixed. One asset, Denholtz Holdings, was among the worst performers in Sponsor's history. Denholtz Holdings was a real estate management company with a portfolio of suburban office buildings in New Jersey targeting smaller tenants.

Almanac Realty Securities V (2007-2011)

- 8 investments; Office (29%), Mixed-use (26%), Multifamily (22%), Industrial (19%), and Hotel (4%).
  - Of the 8 investments, deal structures included Convertible Debt (4), Unsecure Debt/Convertible Debt/Preferred Stock (1), Mixed (1), Common Equity (1), and Unsecured Debt/Common Equity (1).
  - To date, seven of the eight assets have been realized.
  - The Fund's investments have performed well with all but one asset achieving over a 14% gross IRR and a gross 1.4x EM.
    - The underperforming asset, Vanta Commercial Properties, was commercial real estate management and development company of office buildings in Madison WI. Ultimately, Almanac removed the CEO.

Almanac Realty Securities VI (2011-2016)

- 7 investments; Mixed Use (67%), Multifamily (12%), Other (20%), and Hotel (1%).

- Of the 7 investments, deal structures included Convertible Debt (3), Unsecured Debt/Warrants/Common Equity (1), Preferred Equity/Warrants/SARS (1), Non-Convertible Debt (1), and Unsecured Debt/Common Equity (1).
- To date, five of the seven investments have been realized. Four of the five realized investments achieved gross IRRs of greater than 17% and equity multiples of 1.4x or higher.
- The two remaining assets are producing mixed performance. Unfortunately, the strong performer (Shaner) is also a miniscule portion of the fund, even today. The other investment, HRI Properties, is struggling. HRI focuses on the acquisition, redevelopment, and development of residential and commercial properties. This investment was a mix of multifamily and hotel assets. The company has reported net aggregate losses 2017, 2019, and 2020. The significant (unrealized) losses marked in 2020 were the primary reason for the fund's recent underperformance. These assets are currently "non-performing" and values reflect this. Almanac expects valuations to improve once the assets begin performing. The team has already seen improvement from the nadir this summer.

Almanac Realty Securities Canada I (2014-2016)

- The Fund has one investment, Slate Asset Management. Slate Asset Management is a public Canadian real estate manager focused on office and retail assets. The capital structure is unsecured debt with warrants. The business plan is to provide capital for accelerated growth and continue its value added strategy.

Almanac Realty Securities VII (2015-2019)

- 8 investments; Mixed Use (36%), Other (23%), Multifamily (16%), Retail (14%), and Senior Housing (11%).
- The structures of the eight investments consisted of Unsecured Debt/Common Equity (3), Unsecured Debt/Warrants/Convertible Preferred Equity (1), Unsecured Debt/PPUs (1), Convertible Preferred Equity (1), Participating Preferred Equity (1), and Preferred/Common Equity (1).
- To date, three assets have been realized achieving gross IRRs in excess of 19% and EMs of 1.3x.
- All but one of the remaining assets are performing in-line or above expectations. The underperforming asset, ReNew Senior Living's, a senior living focused investment manager, portfolio experienced significant loss in NOI due to COVID. The NOI has slowly rebounded and will likely contribute to an increase in performance.

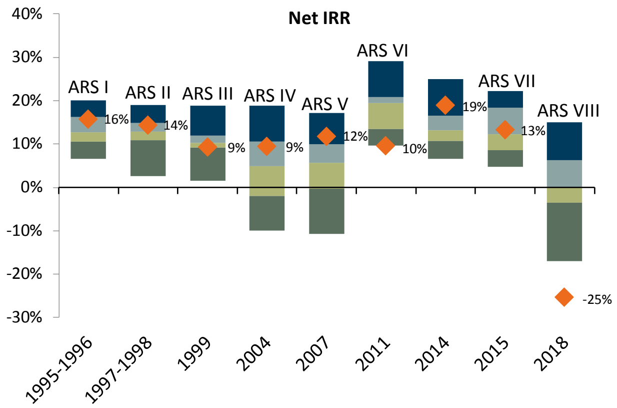
Almanac Realty Securities VIII (2018-2022)

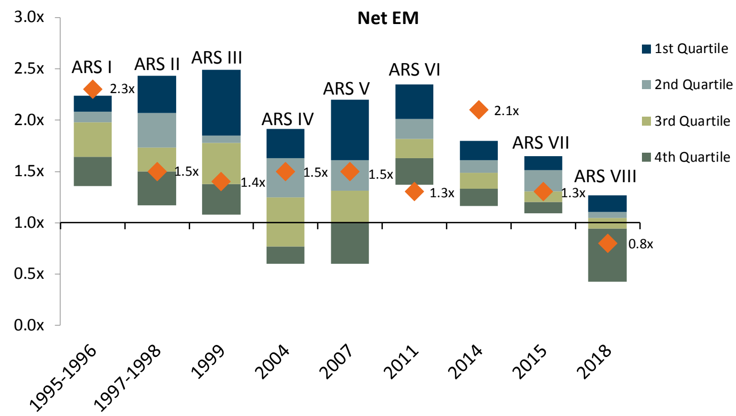
- 4 investments; Industrial (44%), Multifamily (21%), Hospitality (18%), and Retail (17%). The fund is closing investments in two multifamily companies.
  - The structure of the four investments consists of Preferred Equity/PPUs (1), Unsecured Debt/Warrants/Preferred Common Equity (1), Preferred Common Equity/PPUs (1), and Unsecured Debt/Common Equity/PPUs (1).
  - To date, performance has been mixed with two assets exceeding underwriting expectations and two assets underperforming initial underwriting. However, these assets are still early in their business plans. We discuss the two underperforming assets, McNeill and L3, in further detail below. There is still significant risk attached to the business plans of both they are hospitality and retail investments, respectively.
  - The pronounced J-curve in this fund, which investors did not experience in Funds VI and VII, is primarily a result of slower capital calls from the underlying portfolio companies.

  - As of 4Q2020, the fund has adequate cashflows to cover committed capital fees. According to Almanac, the fund has reached a tipping point and should achieve a 1% - 2% yield by the end of 2021.
- McNeill is focused on the development and ownership of US premium branded select service hotels. Almanac initially committed $100 million (80% debt and 20% preferred senior equity) in 2018 and upsized its commitment in 2019 to $150 million with an optional add-on commitment of $50 million subject to approval.
  - Through the pandemic, EBITDA dropped falling $17.3 million (-73%) short of budgets, driven by a reduction in RevPAR ($59 vs $101 expected). April 2020 marked the nadir for occupancy and RevPAR at 25% and $20, respectively. However, both occupancy and RevPAR have recovered reaching 72% and $65, respectively. Despite the drop in NOI, the company is still cash flowing, has reserves, and was able negotiate with mortgage lenders to pay interest-only on outstanding debt in the short term.
  - McNeil asked Almanac and was subsequently granted relief on their coupon in the near term. This will be deferred rather than waived. Almanac does not expect to exit the deal for at least four to five more years.
  - As of September 2020, this investment has achieved a 2.3% IRR and 1.0x multiple including fair market value and distributions to date. The remaining investment in McNeill is being held at ~4% discount to cost.
  - Almanac currently expects McNeill will achieve an 8.1% gross IRR and 1.5x multiple. Townsend has reviewed the revised assumptions and agrees that these returns appear reasonably achievable.
- L3 Capital targets urban street retail and mixed-use properties in gateway markets. Almanac originally committed $200 million (75% unsecured debt and 25% common equity with participation units) with an optional $100 million add-on commitment subject to approval.
  - Underperformance is largely due to the portfolio company's development activities. Approximately 25% of the L3 portfolio (both owned and managed) is targeted for development/redevelopment.
  - Developed assets have experienced store closures and slower than expected leasing, leading to significant vacancy. However, demand from omni-channel retailers has increased, offering some opportunity to increase occupancy. Permitting, pre-construction, and development efforts have mostly progressed as planned.
  - L3 will continue to pursue a targeted approach focusing on specific areas in Chicago, Los Angeles, and Miami.
  - As of September 2020, this investment has achieved a 1.8% IRR and 1.0x multiple including fair market value and distributions to date. The remaining investment in L3 is being held at ~4% discount to cost.
  - Almanac currently expects McNeill will achieve an 16.2% gross IRR and 2.0x multiple. Townsend has reviewed the revised assumptions and remains cautious on future results. Based on the expected continued challenges faced by retail assets and the general concentration of this portfolio, it may be challenging for the investment to achieve these projected returns.

Exhibit E lists out all the investments comprising the track record for the Fund/Firm.

RELATIVE TO PEERS

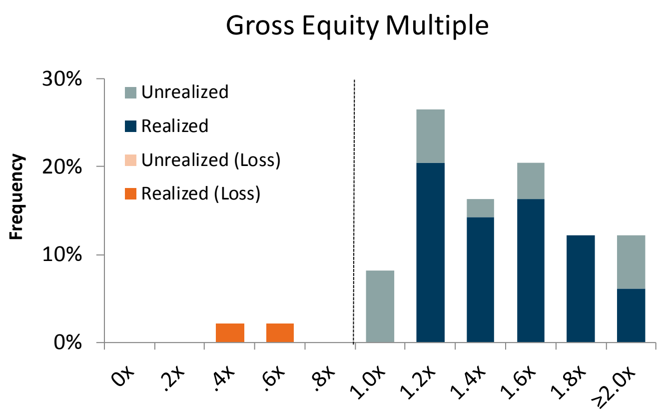


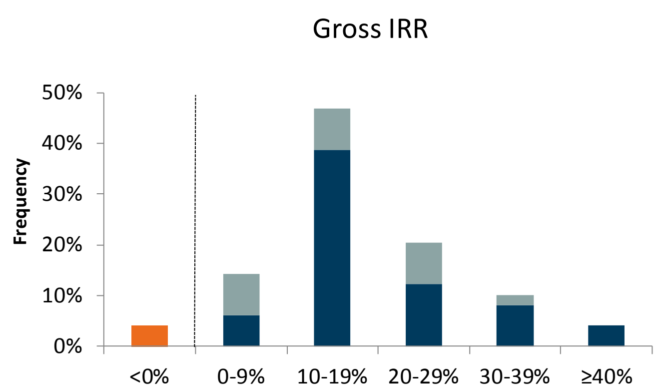


Source: Townsend Value Add fund database as of June 30, 2020. Range shown is 95th to 5th percentile.

** Not a direct comparison due to separate account structure and asset concentration in Canada*

DISPERSION OF RETURNS





RELATIVE TO INDEX

The following analysis assumes the Almanac commingled fund net cash flows were instead invested into and out of the NFI-ODCE index.

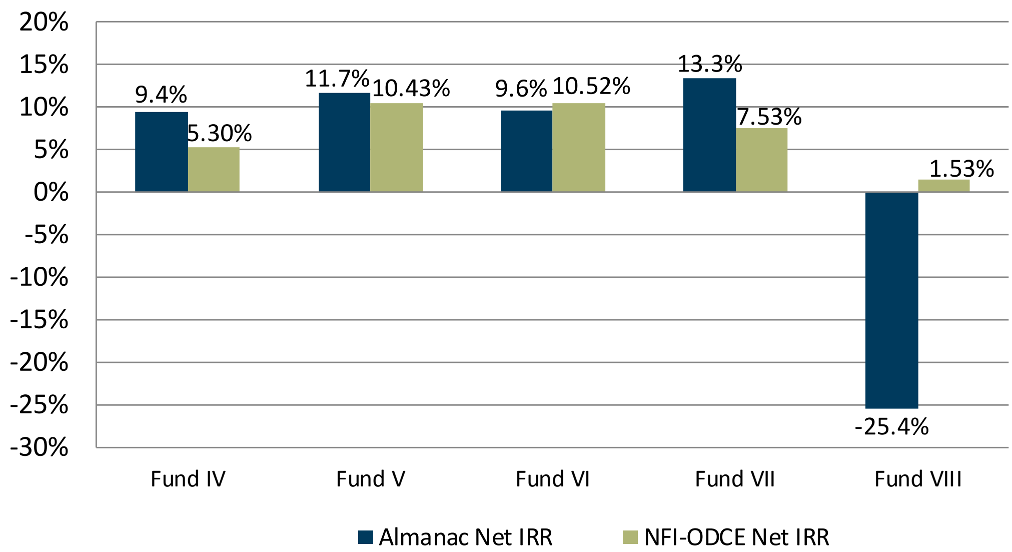


Exhibit A: Pipeline

ARS Funds Investment Pipeline[1]

	Company 1	Company 2	Company 3	Company 4
Investment Type	Multifamily	Primarily Multifamily	Multifamily	Industrial
Geographic Focus	Pacific	Mid-Atlantic	Southeast	National
Asset Quality	High	Medium/High	High	High
Management Team Quality	High	High	High	High
Company Founded	1993	1948	1988	2010
Total Size of Contributed Portfolio	873 units	2.3 million SF	TBD	18.9 million SF
Value of Contributed Assets	$281.6 million	$874.8 million	TBD	$562.3 million
Initial Partner Equity Contribution	$65.3 million	$133.4 million	$50 million	$116.2 million
Expected Loan to Value[3]	65%	65%	65%	70%
Investment Structure	Debentures and Warrants	Debentures, Preferred Equity and Warrants	Preferred Equity and Warrants	Common Equity, Preferred Equity and PPUs
Potential Commitment Size	Up to $300 million	Up to $200 million	Up to $250 million	Up to $400 million
Time Horizon	8 Years	7.5 Years	8 years	7.5 Years

Exhibit B: Organization Charts

Corporate Governance

Partnership Committee
- Comprises the firm's senior investment and client-facing professionals
- Provides advice and counsel on Neuberger Berman's most important strategic decisions.

Board of Directors
- George Walker, CEO,
- Joseph Amato, President, CIO
- Robert D'Alelio, Portfolio Manager
- Richard Worley
- Lawrence Zicklin
- Steven A. Kandarian
- Sharon Bowen

Operational Risk Committee
- Comprised of senior managers across all support and control functions as well as business management
- Provides oversight of the risk evaluation process with a focus on those operational risk matters identified, monitored and reported by Operational Risk Management

Investment Risk Committee
- Risk management and senior Portfolio Managers across all asset classes
- Provides oversight of the investment risk evaluation process including the measuring and monitoring of investment performance and risk.

Operating Committee
- Consists of business heads, distribution leaders and representatives from support and control functions
- Provides advice and counsel for the day-to-day activities of Neuberger Berman.

Neuberger Berman Organization

George Walker
Chairman of the Board and Chief Executive Officer

Investment Leadership

Joseph Amato
President, CIO – Equities
- **Brad Tank** – CIO – Fixed Income
- **Erik Knutzen** – CIO – Multi-Asset Class and Co-Head of Quantitative Multi-Asset Class
- **Doug Kramer** – Co-Head of Quantitative Multi-Asset Class
- **Tim Creedon** – Director of Global Equity Research
- **Jonathan Bailey** – Head of ESG Investing

Anthony Tutrone
Head of NB Alternatives
- Alternatives
- Private Equity

Anne Brennan
Chief Risk Officer
- Asset Management Guideline Oversight
- Operational Risk
- Performance Analysis and Investment Risk

Client Coverage and Support

William Arnold
Chief Financial Officer
- Financial Controller and Reporting Team
- Finance Operations and Systems
- Private Equity Fund Finance
- Financial Planning & Analysis
- EMEA Finance
- APAC Finance
- GP and AUM Reporting
- Tax

Andrew Komaroff
Chief Operating Officer
- Global Client Coverage Group
- Product Strategy & Marketing
- Fiduciary and Trust Services
- Technology / Operations

Jacques Lilly
Head of Corporate Development
- Corporate Development

Heather Zuckerman
Chief of Staff
- Audit
- Corporate Social Responsibility
- Human Capital Management
- Information Security
- Legal & Compliance
- Real Estate and Corporate Services

Neuberger Berman Client Coverage and Operational Platforms

Operational Leadership

William Arnold
Chief Financial Officer

- **Michael Beebe** – GP and AUM Reporting
- **Milca Beltre** – Tax
- **Jon Colbear** – APAC Finance
- **James Harvey** – EMEA Finance
- **Michael Magee** – Private Equity Finance - Fund Financials, Operations and Tax
- **Leo Viola** – Financial Controller and Reporting
- **Amanda Ziegler** – Finance Operations and Systems
- Financial Planning & Analysis and Treasury

Anne Brennan
Chief Risk Officer

- **Stephen Wright** – Asset Management Guideline Oversight & Operational Risk
- Performance Analysis & Investment Risk

Andrew Komaroff
Chief Operating Officer
Head of Global Client Coverage

- **Patrick Lomelo** – Operations
- **Francis Verdier** – Technology
- **Stephanie Luedke*** – Private Wealth Management
- **Scott Kilgallen** – North American Intermediary
- **Matthew Malloy** – North American Institutional, Global Insurance Solutions & Australia/New Zealand
- **Dik van Lomwel** – EMEA & LATAM
- **Ryo Ohira** – East Asia
- **Patrick Lui** – China
- **Jovi Chen** – Taiwan
- **Alan Isenberg** – Product Strategy & Marketing
- **Barbara Wenig** – Client Platform

Heather Zuckerman
Chief of Staff

- **William Braverman** – Legal & Compliance
- **Lisa Dimoulas** – Real Estate and Corporate Services
- **Meg Gattuso** – Human Capital
- **James Gribbin** – Audit
- **Anthony DeSantis**** – Information Security
- Corporate Social Responsibility

Investment Committee

- **Matthew W. Kaplan**, 1990, Head of Almanac
- **D. Pike Aloian**, 1988, Managing Director
- **Justin J. Hakimian**, 2005, Managing Director
- **Josh K. Overbay**, 2014, Managing Director
- **Andrew M. Silberstein**, 2009, Managing Director
- **David K. Haltiner**, 2008, Managing Director

Investments

- **Kenny K. Moon**, 2009, Managing Director
- **Matthew J. Wolpert**, 2016, Portfolio Manager*
- **Rob W. Salisbury**, 2018, Director of Research*
- **Scott J. Peters**, 2007, Senior Vice President
- **Michael H. O'Neill**, 2014, Senior Vice President
- **Madeline K. Wick**, 2013, Senior Vice President
- **Matthew P. Marshall**, 2015, Vice President*
- **Colin M. Foley**, 2019, Senior Associate
- **Trip Burke**, 2018, Associate
- **Lara Graham**, 2019, Associate
- **Emma Yabs**, 2020, Analyst

Finance & Reporting

- **Henry C. Herms**, 2012, Chief Financial Officer - Almanac
- **Joseph M. Sacchetti**, 2012, Controller - Almanac
- **Scott P. Gross**, 2019, Senior Manager - Accounting
- **Danielle Matfess**, 2019, Tax Manager - Almanac
- **Vincent M. Parente**, 2015, Senior Associate
- **Daniel J. Lee**, 2018, Senior Associate
- **Christopher Scotto**, 2020, Senior Associate

Legal & Compliance and Investor Relations

- **Jennifer M. Cattier**, 2015, General Counsel - Almanac
- **Spencer J. Reiter**, 2019, Associate, Investor Relations
- **Engy W. Gadelmawla**, 2019, Paralegal

Senior Advisors

- **Andrew Batinovich**, 2017, Senior Advisor
- **Simon R.C. Wadsworth**, 2012, Senior Advisor

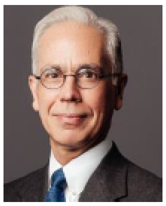
Exhibit C: Team Biographies

Matthew W. Kaplan, Head of Almanac and Managing Director

Mr. Kaplan is the Chairman of Almanac's investment committee and responsible for overseeing the activities of Almanac and portfolio management of the ARS Funds. He currently serves on the boards of PREP Property Group, ReNew Senior Living and Westcore Properties. He has also served on the boards of Allegro Holdings, Ambassador Apartments Inc., CNL Financial Services, CNL Hospitality Properties, Encore Hospitality, Hallmark Holdings, National RV Communities, Parkway Properties, RXR Realty, Vanta Commercial Properties, Winter Properties, and WNY Group.

Prior to joining Almanac in 1990, he served in the Corporate Finance Department of Rothschild Inc. He is a member of NAREIT's Real Estate Investment Advisory Council, a Research Sponsor at the Zell/Lurie Real Estate Center of the Wharton School, an Associate Member of the Pension Research Council of the Wharton School, and a member of the Advisory Board of the Ohio State University Center for Real Estate.

Mr. Kaplan began his career as a management consultant at Touche Ross & Co. Mr. Kaplan graduated cum laude from Washington University in 1984 and received an MBA from The Wharton School in 1988.

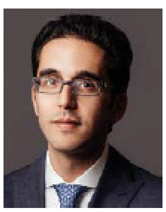


D. Pike Aloian, Managing Director

Mr. Aloian is a member of Almanac's investment committee and is responsible for the origination, structuring and management of the investments of Almanac's funds. He currently serves on the boards of EastGroup Properties (NYSE:EGP), Merritt Properties, Shaner Hospitality Finance, and Welcome Group. He has also served on the boards of Brandywine Realty Trust (NYSE:BDN), BSR Trust (formerly known as Summit Housing Partners), CRT Properties (NYSE:CRO), Denholtz Holdings, Drawbridge Realty Trust, Metrogate LLC, Morningstar Mini-Storage, Shaner Hotel Holdings, Shaner Mortgage REIT, Victory Real Estate Investments and Mount Auburn.

Prior to joining Almanac in 1988, he was a vice president at The Harlan Company, where he was responsible for property acquisition, development and financing. He has also served as an adjunct professor of the Columbia University Graduate School of Business.

Mr. Aloian graduated from Harvard College in 1976 and received an MBA from Columbia University in 1980.



Justin J. Hakimian, Managing Director

Mr. Hakimian is a member of Almanac's investment committee and is responsible for the origination, structuring and management of the investments of Almanac's funds. He currently serves on the board of HRIP Holdings, ReNew Senior Living and McNeill Hotel Investors. He has also served on the boards of CA Student Living, Drawbridge Realty Trust, JH Real Estate, and Vanta Commercial Properties.

Prior to joining Almanac in 2005, he was an Associate in the Equity Research department at Morgan Stanley, with coverage of oil & gas companies.

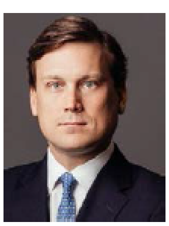
Mr. Hakimian graduated from the University at Albany in May 2001 with a Bachelor of Science in Finance.

David K. Haltiner, Managing Director

Mr. Haltiner is a member of Almanac's investment committee and is responsible for the origination, structuring and management of the investments of Almanac's funds. He currently serves on the boards of CIP Real Estate, Claros Mortgage Trust, Shaner Hospitality Finance, Welcome Group, and Westcore Properties, and has also served on the board of Winter Properties.

Prior to joining Almanac in 2008, he was in the Real Estate Finance and Securitization Group of Credit Suisse.

Mr. Haltiner graduated from the University of Georgia in December 2006 with a Bachelor of Business Administration in Finance.



Josh K. Overbay, Managing Director

Mr. Overbay is a member of Almanac's investment committee. Mr. Overbay is responsible for leading the firm's capital raising and investor relations activities. He currently serves on the board of L3 Capital.

Prior to joining Almanac in 2014, he was a Director at Lazard Frères & Co. ("Lazard") in the Private Fund Advisory Group, with specific responsibility for advising and raising capital for real estate private equity fund managers. Before his time at Lazard, he was a Vice President of Perseus Realty Partners, a Washington, DC based real estate private equity firm, where he led the firm's global capital raising and investor relations activities. Previously, he worked in financial services public policy roles at the U.S. Chamber of Commerce.

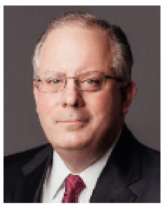
Mr. Overbay graduated from Roanoke College in 2002, received a Master's Degree in Legislative Affairs and Public Policy from The George Washington University in 2007, and a Master's Degree in Real Estate from Georgetown University in 2010.

Andrew M. Silberstein, Managing Director

Mr. Silberstein is a member of Almanac's investment committee and is responsible for the origination, structuring and management of the investments of Almanac's funds. He currently serves on the boards of CIP Real Estate, L3 Capital, PREP Property Group, Claros Mortgage Trust and Westcore Properties. He has also served on the boards of NRES Holdings, RXR Realty, Welsh Property Trust, Winter Properties, WPT Industrial Real Estate Investment Trust (TSX:WIR), RAIT Financial Trust (NYSE: RAS) and Slate Asset Management.

Prior to joining Almanac in 2009, he served as the Chief Investment Officer and Chief Operating Officer for Stoltz Real Estate and during the same period established AMS Real Estate Partners. Prior to that, he worked in real estate investment banking and private equity, first at Bear Stearns and then Morgan Stanley. He has been a member of National Association of Real Estate Investment Trusts, the Urban Land Institute, ICSC and the Real Estate Roundtable.

Mr. Silberstein graduated from Yale University in 1989 and received an M.B.A. in 1995 from New York University Stern School of Business where he was a Glucksman Fellow.

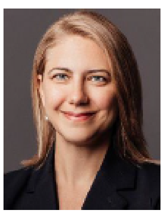


Henry C. Herms, Chief Financial Officer – Almanac

Mr. Herms leads the team responsible for all aspects of the financial management and reporting processes of Almanac. In that regard, he is responsible for establishing the operating policies and procedures governing the department, including: investor reporting; performance measurement; tax compliance; investment and fund structuring; treasury management; investor capital management, including subscription credit facilities; and monitoring portfolio company reporting. Mr. Herms is the Finance Representative on the Almanac Valuation Committee.

Prior to joining Almanac in 2012, he was employed by Lazard, where he served in a similar role related to a series of real estate private equity and mezzanine debt funds, as well as the Chief Financial Officer of one of the portfolio companies. Mr. Herms was previously employed by Arthur Andersen LLP, where he was responsible for audit and consulting engagements for real estate and construction entities, and private equity real estate investment funds.

Mr. Herms graduated from Adelphi University in 1989 with a Bachelor of Business Administration in Accounting, magna cum laude. He is a member of the American Institute of Certified Public Accountants, the National Association of Real Estate Investment Trusts, and represents Almanac with respect to the National Council of Real Estate Investment Fiduciaries. He is a Certified Public Accountant, licensed in the state of New York.



Jennifer M. Cattier, General Counsel – Almanac

Ms. Cattier is responsible for all of Almanac's legal matters, and previously served as Almanac's Chief Compliance Officer prior to the transaction with Neuberger Berman. Prior to joining Almanac in 2015, she was a Director & Senior Counsel at Deutsche Bank AG providing counsel to Deutsche Asset & Wealth Management's alternative investments business and on various regulatory matters. Prior to her time at Deutsche Bank, she was an Executive Director at Morgan Stanley, where she held various roles in the Legal and Compliance Department, including as senior counsel and as Chief Compliance Officer for the Merchant Banking and Real Estate Investing businesses. Ms. Cattier was previously an associate at Sullivan & Cromwell, LLP. She serves as Almanac's representative on National Association of Real Estate Investment Managers.

Ms. Cattier graduated from Trinity College in 1992 and received her JD, summa cum laude, from Brooklyn Law School in 1997. She is admitted to the bar in the states of New York and Connecticut.

Kenny K. Moon, Managing Director

Mr. Moon is a member of Almanac's investment team and is responsible for investment origination, analysis, underwriting, structuring, transaction execution, and ongoing management of the investments of ARS Funds. He currently serves on the boards of HRIP Holdings and PREP Property Group.

Prior to joining Almanac in 2009, he was an Associate at ING Clarion Partners. Prior to joining Almanac, he was an Analyst in the Real Estate Investment Banking Group at Citigroup.

He graduated from the University of California, Berkeley in May 2005 with a Bachelor of Science in Business Administration.

Matthew J. Wolpert, Managing Director and Portfolio Manager

Mr. Wolpert serves as the Portfolio Manager for Almanac Realty Public Securities, L.P, Almanac's REIT/real estate public securities investment platform.

Prior to joining Almanac in 2016, he was a Principal at V3 Capital Management, L.P., a hedge fund focused on value and event-driven investing in real estate securities across the capital structure. He was previously an Analyst at High Rise Capital Management, a $1.5 billion public real estate securities fund, and at two Citi groups: Citi Global Transaction Services and Real Estate & Lodging Investment Banking Group.

Mr. Wolpert graduated from Washington University in St. Louis in May 2005 with a Bachelor of Science in Business Administration and is a CFA Charterholder.

Scott J. Peters, Senior Vice President

Mr. Peters is a member of Almanac's investment team and is responsible for conducting operational due diligence on behalf of Almanac for potential investee companies and interfacing with Almanac portfolio companies. Mr. Peters possesses more than 28 years of commercial real estate financial and operational experience.

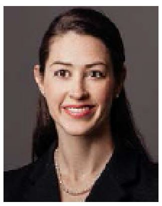
Prior to joining Almanac in 2007, Mr. Peters held the position of Executive Vice President of Asset Management for Combined Properties, Inc. Prior to that, he was the Chief Financial Officer and Chief Operating Officer of Charter Oak Group, Ltd., a subsidiary of Rothschild Realty Inc. and the Chief Financial Officer of Charter Oak Group, concurrently. Mr. Peters previously served as a director of Slate Asset Management and National RV Communities.

Mr. Peters graduated from the University of Wisconsin in 1982 with a Bachelor of Business Administration and is a Certified Public Accountant.

Rob W. Salisbury, Senior Vice President and Director of Research

Mr. Salisbury serves as the Director of Research for Almanac's ARPS Fund.

Prior to joining Almanac in 2018, he was an Analyst at Citadel LLC, where he managed a global real estate equity portfolio in the Surveyor Capital Program. Before his time at Citadel LLC, Mr. Salisbury was an Analyst at V3 Capital Management LP, a hedge fund focused on value and event-driven investing in real estate securities across the capital structure. He was previously employed as an Analyst at UBS Investment Bank in the Equity Research Department, responsible for publishing research reports on public real estate companies in the US and Canada. Additionally, he was an Analyst at both Bank of America Merrill Lynch and Citi in their Equity Research Departments. Mr. Salisbury graduated from Duke University in May 2004 with a Bachelor of Arts in Philosophy and is a CFA Charterholder.

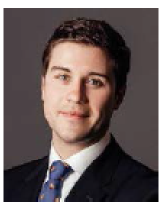


Madeline K. Wick, Senior Vice President

Ms. Wick is a member of Almanac's investment team and is responsible for investment origination, analysis, underwriting, structuring, transaction execution, and ongoing management of the investments of the ARS Funds. She currently sits on the board of Merritt Properties.

Prior to joining Almanac in 2013, she was an Analyst in the Industrials Investment Banking Group at Macquarie Capital.

Ms. Wick graduated from The University of Notre Dame in May 2010 with a Bachelor of Arts in the Program of Liberal Studies and Economics, received a Master of Science in Commerce from the University of Virginia in August 2011 and a Masters in Finance from Claremont McKenna College in May 2012.

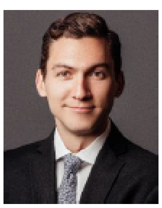


Michael H. O'Neill, Senior Vice President

Mr. O'Neill is a member of Almanac's investment team and is responsible for investment origination, analysis, underwriting, structuring, transaction execution, and ongoing management of the investments of the ARS Funds. He currently serves on the board of L3 Capital.

Prior to joining Almanac in 2014, he was an Analyst in the Real Estate & Lodging Investment Banking group at Citi. Prior to joining Citi's Real Estate & Lodging team, he was an Analyst in Citi's Treasury and Trade Solutions.

Mr. O'Neill graduated Phi Beta Kappa and with distinction from Krannert School of Management at Purdue University in May 2010 with a Bachelor of Science in Honors Economics.



Matthew P. Marshall, Vice President

Mr. Marshall is a member of Almanac's investment team and is responsible for conducting analysis, underwriting, valuation, and transaction execution for the ARS Funds.

Prior to joining Almanac in 2015, he was an Analyst in the Real Estate & Lodging Investment Banking group at J.P. Morgan. Prior to joining J.P. Morgan, he was an Analyst in INTL FCStone's Investment Banking group in New York.

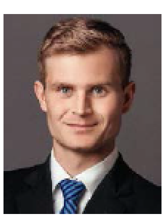
He graduated cum laude from the University of Texas at Austin in May 2012 with a Bachelor of Business Administration in Finance.

Colin M. Foley, Senior Associate

Mr. Foley is a member of Almanac's investment team and is responsible for conducting securities and sector analysis, valuation, and transaction execution for the ARS Funds.

Prior to joining Almanac in 2019, he was an Associate in the Real Estate Private Equity group at Ares Management. Before that, he was an Analyst in the Real Estate & Lodging Investment Banking group at J.P. Morgan.

Mr. Foley graduated from Cornell University in May 2014 with a Bachelor of Arts in Economics and a minor in French.



Trip Burke, Associate

Mr. Burke is a member of Almanac's investment team and is responsible for conducting securities and sector analysis, valuation, and transaction execution for the ARS Funds.

Prior to joining Almanac 2018, he was an analyst in the Industrials M&A group at Rothschild & Co.

Mr. Burke graduated from the McIntire School of Commerce at the University of Virginia in 2016, with a Bachelor of Science in Finance and Economics.

Lara Graham, Associate

Ms. Graham is a member of Almanac's investment team and is responsible for conducting securities and sector analysis, valuation, and transaction execution for the ARS Funds.

Prior to joining Almanac in 2019, she was an Associate in the Investment Banking group at Morgan Stanley.

Ms. Graham graduated cum laude from the Wharton School at the University of Pennsylvania in 2013 and received an MBA from MIT Sloan in 2017.

Emma Yabs, Analyst

Ms. Yabs is a member of Almanac's investment team and is responsible for conducting securities and sector analysis and valuation for the ARS Funds.

Ms. Yabs graduated magna cum laude from Fisher College of Business at The Ohio State University in May 2020 with a Bachelor of Science in Business Administration with specializations in Finance and Real Estate.

Exhibit D: Fund Legal Structure

Almanac Realty Securities IX, L.P.

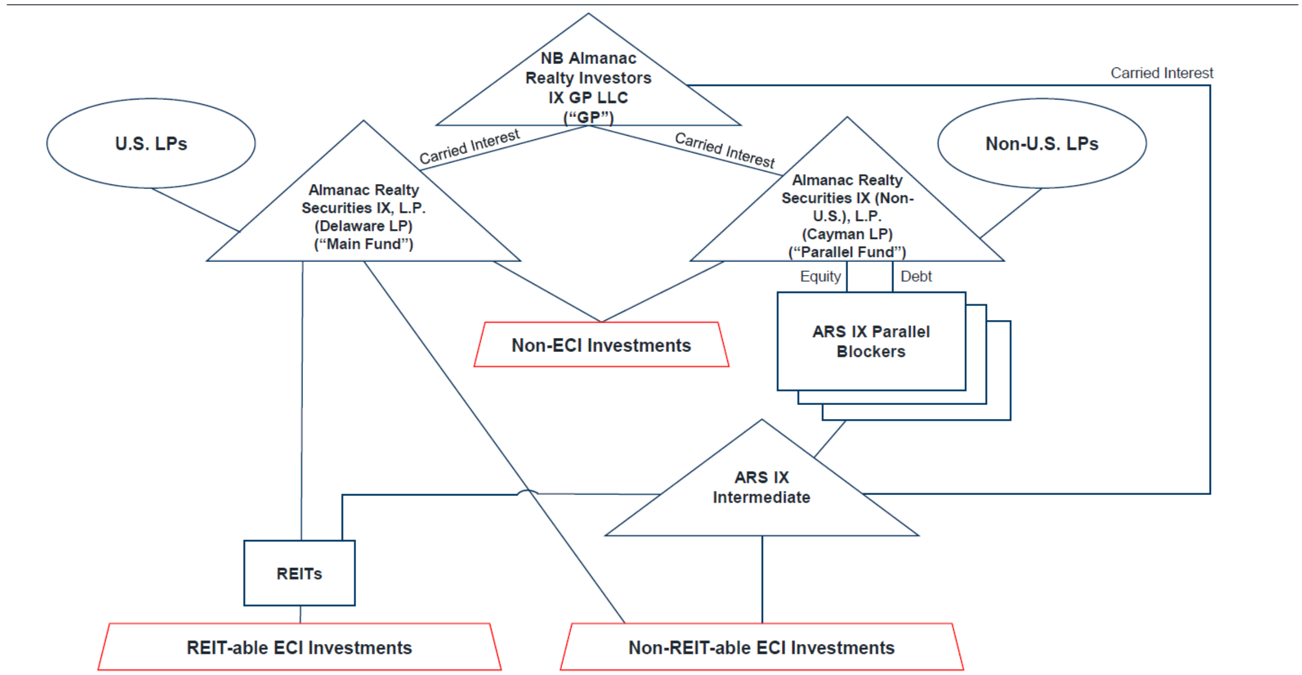


Exhibit E: Deal Level Track Record

Deal Level Information													Projected Returns[5]		Fair Market Value Returns		
Investment	Fund	Deal Descriptor / Business Plan	Partner	Property Type	Location	Acquisition Date	Sale Date or Modeled Sale Date	Total Transaction Size[1]	Total Equity ($mm)[1]	Fund Equity ($mm)[2]	Realized Proceeds to Fund Equity ($mm)[3]	Realized Proceeds & Projected Proceeds to Fund Equity[4]	Gross Equity Multiple	Gross IRR	Gross Equity Multiple	Gross IRR[6]	Sourcing Professional
REALIZED INVESTMENTS																	
Ambassador Apts (AAH)	Almanac Realty Securities, LLC	Value-Add		Multifamily	Lancaster, PA	08/96	05/98	25	25	25	33	NA	1.3x	17.9%	1.3x	17.9%	Matthew Kaplan
Lexington Corp (LXP)	Almanac Realty Securities, LLC	Value-Add		Divesified Triple Net Lease REIT	New York, NY	01/97	10/02	25	25	25	44	NA	1.8x	14.3%	1.8x	14.3%	Matthew Kaplan
Pacific Gulf (PAG)	Almanac Realty Securities, LLC	Value-Add		Small tenant industrial	Newport Beach, CA	04/97	01/04	55	55	55	94	NA	1.7x	19.4%	1.7x	19.4%	Matthew Kaplan
CNL Financial	Almanac Realty Securities, LLC	Value-Add		Restaurant Mortgage Finance	Orlando, FL	09/97	10/04	40	40	40	50	NA	1.2x	14.8%	1.2x	14.8%	D. Pike Aloian
Merritt Properties	Almanac Realty Securities, LLC	Value-Add		Industrial/Office	Baltimore, MD	10/97	12/17	150	150	150	546	NA	3.6x	18.8%	3.6x	18.8%	D. Pike Aloian
Acadia (AKR)	Almanac Realty Securities, LLC	Value-Add		Retail	Rye, NY	08/98	06/03	23	23	23	30	NA	1.3x	7.6%	1.3x	7.6%	D. Pike Aloian
EastGroup (EGP)	Almanac Realty Securities II, LLC	Value-Add		Industrial	Ridgeland, MS	12/98	12/03	69	69	69	112	NA	1.6x	14.7%	1.6x	14.7%	D. Pike Aloian
Morningstar	Almanac Realty Securities II, LLC	Value-Add		Self-Storage	Matthews, NC	12/98	07/03	60	60	60	78	NA	1.3x	9.7%	1.3x	9.7%	Matthew Kaplan
HealthCare REIT (HCN)	Almanac Realty Securities II, LLC	Value-Add		Sale lease back and mortgage finance to health care facilities	Toledo, OH	01/99	02/04	75	75	75	119	NA	1.6x	13.5%	1.6x	13.5%	Matthew Kaplan
CNL Hosp	Almanac Realty Securities II, LLC	Value-Add		Triple net lease hospitality REIT	Orlando, FL	02/99	08/07	64	64	64	116	NA	1.8x	21.7%	1.8x	21.7%	D. Pike Aloian
WNY	Almanac Realty Securities II, LLC	Value-Add		Multifamily	Manalapan, NJ	04/99	09/00	20	20	20	26	NA	1.3x	25.4%	1.3x	25.4%	Matthew Kaplan
Open Market	Almanac Realty Securities II, LLC	Value-Add		N/A	N/A	04/99	07/02	32	32	32	43	NA	1.3x	17.5%	1.3x	17.5%	NA
Brandywine (BDN)	Almanac Realty Securities III, LLC	Value-Add		Office/Industrial	Philadelphia, PA	04/99	02/05	99	99	99	166	NA	1.7x	15.2%	1.7x	15.2%	D. Pike Aloian
Parkway (PKY)	Almanac Realty Securities III, LLC	Value-Add		Office	Orlando, FL	06/01	04/07	74	74	74	132	NA	1.8x	16.8%	1.8x	16.8%	D. Pike Aloian
Advance Realty Group	Almanac Realty Securities III, LLC	Value-Add		Office	Bedminster, NJ	08/01	08/18	66	66	66	33	NA	0.5x	-11.5%	0.5x	-11.5%	Matthew Kaplan
Victory Real Estate	Almanac Realty Securities IV, L.P.	Value-Add		Retail	Columbus, OH	11/04	12/11	100	100	75	156	NA	1.6x	10.2%	1.6x	10.2%	D. Pike Aloian
Encore Hospitality	Almanac Realty Securities IV, L.P.	Value-Add		Hospitality	Gulfport, MS	04/05	09/07	45	45	37	101	NA	2.2x	64.3%	2.2x	64.3%	Matthew Kaplan
National RV Communities	Almanac Realty Securities IV, L.P.	Value-Add		RV Parks / Manufactured Homes	Scottsdale, AZ	04/05	06/13	115	115	115	216	NA	1.9x	14.4%	1.9x	14.4%	Matthew Kaplan
Denholtz Holdings	Almanac Realty Securities IV, L.P.	Value-Add		Office	Matawan, NJ	12/05	12/14	104	104	84	65	NA	0.6x	-17.8%	0.6x	-17.8%	D. Pike Aloian
Allegro Senior Living	Almanac Realty Securities IV, L.P.	Value-Add		Senior Housing	St. Louis, MO	03/07	10/14	75	75	75	142	NA	1.9x	15.2%	1.9x	15.2%	Matthew Kaplan
Shaner Holdings	Almanac Realty Securities IV, L.P.	Value-Add		Hospitality	State College, PA	11/07	04/15	60	60	60	118	NA	2.0x	12.5%	2.0x	12.5%	D. Pike Aloian
Vanta Commercial Properties	Almanac Realty Securities V, L.P.	Value-Add		Office	Middleton, WI	08/07	12/17	101	101	101	131	NA	1.3x	4.2%	1.3x	4.2%	Matthew Kaplan
Open Market	Almanac Realty Securities V, L.P.	Value-Add		Mixed	N/A	10/08	07/02	18	18	18	25	NA	1.4x	73.4%	1.4x	73.4%	NA
Shaner Mortgage REIT	Almanac Realty Securities V, L.P.	Value-Add		Hospitality	State College, PA	08/09	09/11	30	30	30	48	NA	1.6x	32.4%	1.6x	32.4%	D. Pike Aloian
BSR Trust	Almanac Realty Securities V, L.P.	Value-Add		Multifamily	Montgomery, AL	03/09	05/15	100	100	85	157	NA	1.6x	15.9%	1.6x	15.9%	D. Pike Aloian
RXR Realty Holdings	Almanac Realty Securities V, L.P.	Value-Add		Office	New York, NY	05/10	12/13	175	175	140	370	NA	2.1x	31.2%	2.1x	31.2%	Andrew Silberstein
Welsh Property Trust	Almanac Realty Securities V, L.P.	Value-Add		Industrial	Minnetonka, MN	12/10	06/16	190	190	158	303	NA	1.6x	14.7%	1.6x	14.7%	Andrew Silberstein
JH	Almanac Realty Securities V, L.P.	Value-Add		Multifamily	Newport Beach, CA	08/11	01/15	100	100	100	158	NA	1.6x	21.3%	1.6x	21.3%	Justin Hakimian
Drawbridge	Almanac Realty Securities VI, L.P.	Value-Add		Office / R&D	San Francisco, CA	01/12	12/14	150	150	132	204	NA	1.4x	20.4%	1.4x	20.4%	Justin Hakimian
Nolan	Almanac Realty Securities VI, L.P.	Value-Add		Multifamily	Leawood, MO	07/12	12/14	70	70	61	107	NA	1.5x	28.3%	1.5x	28.3%	Andrew Silberstein
RAIT (RAS)	Almanac Realty Securities VI, L.P.	Value-Add		Commercial Loans, Multifamily, Office, Retail	Philadelphia, PA	10/12	02/19	100	100	100	148	NA	1.5x	10.4%	1.5x	10.4%	Andrew Silberstein
Winter Properties	Almanac Realty Securities VI, L.P.	Value-Add		Mixed Use	New York, NY	03/14	11/16	55	55	48	76	NA	1.4x	20.4%	1.4x	20.4%	Andrew Silberstein
HRI Properties (non-convertible)	Almanac Realty Securities VI, L.P.	Value-Add		Hospitality, Multifamily, Commercial	New Orleans, LA	01/16	10/19	50	50	41	82	NA	1.6x	17.9%	1.6x	17.9%	Justin Hakimian
CA Student Living	Almanac Realty Securities VII, L.P.	Value-Add		Student Housing	Chicago, IL	04/15	10/17	118	118	99	191	NA	1.6x	32.7%	1.6x	32.7%	Justin Hakimian
Mount Auburn	Almanac Realty Securities VII, L.P.	Value-Add		Multifamily	Los Angeles, CA	05/15	08/19	150	150	134	258	NA	1.7x	19.2%	1.7x	19.2%	Pike Aloian
Mount Auburn (additional commitment)	Almanac Realty Securities VII, L.P.	Value-Add		Multifamily	Los Angeles, CA	12/17	08/19	50	50	40	66	NA	1.3x	30.4%	1.3x	30.4%	Pike Aloian
Subtotal								**2,829**	**2,829**	**2,607**	**4,740**	**0**					

Exhibit E: Deal Level Track Record (cont'd)

PARTIALLY REALIZED / UNREALIZED INVESTMENTS																
Westcore Properties	Almanac Realty Securities V, L.P.	Value-Add	Industrial/ Office	San Diego, CA	06/11	10/19	198	198	198	411	412	2.1x	17.8%	2.1x	17.8%	Andrew Silberstein
Shaner Hospitality Finance	Almanac Realty Securities VI, L.P.	Value-Add	Hospitality	State College, PA	06/13	09/20	3	3	3	2	10	3.4x	20.7%	3.5x	24.3%	Pike Aloian
HRI Properties (convertible)	Almanac Realty Securities VI, L.P.	Value-Add	Hospitality, Multifamily, Commercial	New Orleans, LA	04/14	09/20	150	150	122	62	148	1.6x	7.4%	1.2x	4.4%	Justin Hakimian
Claros REIT	Almanac Realty Securities VII, L.P.	Value-Add	Mortgage REIT	New York, NY	08/15	09/20	175	175	150	82	270	2.6x	16.2%	1.8x	15.1%	Andrew SIlberstein
Westcore Properties II	Almanac Realty Securities VII, L.P.	Value-Add	Industrial / Office	San Diego, CA	09/16	08/20	270	270	222	361	362	1.6x	27.7%	1.6x	28.3%	Andrew Silberstein
PREP Property Group	Almanac Realty Securities VII, L.P.	Value-Add	Retail	Park City, UT	06/17	09/20	200	200	156	21	182	1.6x	12.3%	1.2x	10.2%	Andrew Silberstein
Merritt	Almanac Realty Securities VII, L.P.	Value-Add	Industrial / Office	Baltimore, MD	12/17	09/20	220	220	175	32	261	2.1x	13.3%	1.5x	17.2%	Pike Aloian
ReNew Senior Living	Almanac Realty Securities VII, L.P.	Value-Add	Senior Housing	Toledo, OH	01/18	09/20	117	117	117	6	104	1.6x	10.0%	1.1x	5.7%	Justin Hakimian
McNeill Hotel Investors	Almanac Realty Securities VIII, L.P.	Value-Add	Hospitality	Memphis, TN	07/18	09/20	151	151	81	7	84	1.5x	8.1%	1.0x	2.3%	Justin Hakimian
Welcome Group	Almanac Realty Securities VIII, L.P.	Value-Add	Industrial	Houston, TX	01/19	09/20	117	117	103	7	119	1.9x	13.6%	1.2x	22.2%	David Haltiner
L3 Capital	Almanac Realty Securities VIII, L.P.	Value-Add	Urban Retail	Chicago, IL	07/19	09/20	200	200	82	5	84	2.0x	16.2%	1.0x	1.8%	Andrew Silberstein
CIP Real Estate	Almanac Realty Securities VIII, L.P.	Value-Add	Industrial/Flex	Irvine, CA	09/19	09/20	200	200	103	3	107	2.0x	14.8%	1.1x	33.1%	David Haltiner
Sherman Associates Ventures	Almanac Realty Securities VIII, L.P.	Value-Add	Multifamily	Minneapolis, MN	10/20	09/20	250	250	44	3	47	2.3x	14.8%	NA	NA	Michael O'Neill
ACRE	Almanac Realty Securities VIII, L.P.	Value-Add	Multifamily	New York, NY	10/20	09/20	320	320	56	2	58	1.6x	16.1%	NA	NA	Justin Hakimian
Slate Asset Management	Almanac Realty Securities Canada I, LP	Value-Add	Investment Manager, Office, Retail	Toronto, ON	11/14	09/20	C$ 140.0	C$ 140.0	C$ 140.0	C$ 268.4	C$ 331.8	NA	NA	2.4x	22.1%	Andrew Silberstein
Subtotal							**2,372**	**2,372**	**1,413**	**592**	**1,836**					
TOTAL							**5,202**	**5,202**	**4,020**	**5,332**	**1,836**					

APPENDIX

Rating Rationale

Strategy	Consistent with previous successful iterations of the fund series. Funds in similar vintage conditions have generally performed well.
Sponsor/Manager	Proven, aligned, experienced manager executing within core competencies.
ESG Policy & Practices	Poor today with few tangible efforts; not a strength or reason behind the overall investment rating. Should improve with integration and influence from the parent, who has taken far greater efforts to incorporate ESG into the ethos of the organization.
Operational Due Diligence	Rated A2 Pass by dedicated Aon ORSA team.
Investment Process	Day-to-day is led by the three founders, each responsible for their key part of the investment process and management of the Firm.
Fund Structure, Terms & Conditions	Collectively appropriate and in-line with market.
Performance	Good absolute performance for moderate risk level; consistent positive returns.
Overall	**Buy-Rated**

Investment Rating Explanation

The comments and assertions reflect Townsend views of the specific investment product, its strengths and weaknesses in general and in the context of Townsend's *View of the World* and same vintage alternative choices.

- **Buy** - Suitable for institutional investors that have a portfolio construction need. Appropriate overall risk profile given the strategy.
- **Qualified** - Suitable for institutional capital. In addition to customary risks, contains one or more heightened risks that should be weighed against an investor's preferences, risk tolerances, and portfolio construction needs.

Operation due diligence rating provided by Aon's dedicated multi-asset class Operational Due Diligence team according to its autonomous review of the Sponsor's policies and procedures, infrastructure and capabilities across a range of operations, middle and back office, and control functions.

- **A1-Pass:** No material operational concerns; firm's operations largely align with a well-controlled operating environment.
- **A2-Pass:** Firm's operations largely align with a well-controlled operating environment, with limited exceptions due to resource limitations or where isolated areas do not align with best practice.
- **Conditional Pass:** Aon noted specific operational concerns that the firm has agreed to address in a reasonable timeframe.

About Townsend Group – An Aon Company

Founded in 1983, The Townsend Group provides custom real asset solutions that help clients worldwide achieve their unique investment goals. As an Aon company, The Townsend Group is now part of one of the top three outsourced chief investment officer (OCIO) providers in the world measured by global assets under management. Aon's Investment organization, including Townsend, manages more than $130 billion of worldwide assets under management and has advised on more than $240 billion of real estate assets.

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TOWNSEND® GROUP
an Aon company

950 Main Avenue
Suite 1600
Cleveland, OH 44113

Memorandum

To: Arkansas Teacher Retirement System ("ATRS")

From: Chae Hong

CC: PJ Kelly; Jack Dowd; Richard Ferguson

Date: September 27, 2021

Re: Almanac Realty Securities IX – $40 million Commitment Recommendation

---

Background and Recommendation

Almanac Realty Investors, LLC ("Almanac", "ARI", or the "Sponsor") is sponsoring Almanac Realty Securities IX, LP (the "Fund" or "ARS IX"), the latest institutional offering in its flagship fund series. The Fund intends to make private placements of growth capital to real estate operating companies and companies with significant real estate assets. The Sponsor will make investments that target an unlevered 12% net return (15-16% gross) and a 1.5x-1.75x net multiple, assuming five-to-eight-year hold periods. Approximately 50% of the return is expected to be derived from income.

Aon Investments, USA is satisfied with the strategy of the Fund and its appropriateness for ATRS. Additionally, we believe that the merits of this offering outweigh its risks. An ARS IX InDetail is attached for reference. We recommend that ATRS invest $40 million in the Fund to fulfill ATRS' 2021 non-core real estate allocation, in accordance with the previously approved 2021 ATRS Real Asset Pacing Schedule. Additionally, ARS IX provides investors with various investment vehicles including, but not limited to, a Delaware limited partnership, Cayman limited partnership, and potentially other parallel vehicles. Townsend recommends ATRS consult with its tax and legal counsel to determine the most appropriate vehicle for the Plan.

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

R E S O L U T I O N
No. 2021-55

Approving Investment in Almanac Realty Securities IX, LP with Imminent Need

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its real assets investment consultant, Aon Hewitt Investment Consulting, Inc., along with the recommendation of the Investment Committee and ATRS staff regarding an investment in **Almanac Realty Securities IX, LP,** a closed end value added fund that invests in both public and private real estate operating companies; and

WHEREAS, the ATRS Board previously approved Resolution 2021-42 authorizing an investment in **Almanac Realty Securities IX, LP** of up to **$40 million dollars ($40,000,000)** at the September 27, 2021 ATRS Board meeting; and

WHEREAS, the ATRS Board, after its review of the timing needed to close the investment and the fact that the scheduled October meeting of the Arkansas Legislative Council has been canceled and the next scheduled meeting is in November, has determined that there is now an imminent need to enter into the partial equity ownership agreement by the anticipated closing date; and

WHEREAS, the ATRS Board approves an investment of up to **$40 million dollars ($40,000,000)** in **Almanac Realty Securities IX, LP,** and the Board, after its review of the timing in which the closing of the investment in **Almanac Realty Securities IX, LP** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

NOW, THEREFORE*, *BE IT RESOLVED, that the ATRS Board approves an investment of up to **$40 million dollars ($40,000,000)**, in **Almanac Realty Securities IX, LP** and agrees to immediately move to close and subscribe the approved ATRS limited partnership investment interest in **Almanac Realty Securities IX, LP.** The total investment amount is to be determined by the real assets investment consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process if acceptable terms are reached.

Adopted this 18th day of October, 2021.

____

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

TOWNSEND® GROUP
an Aon company

950 Main Avenue
Suite 1600
Cleveland, OH 44113

Memorandum

To: Arkansas Teacher Retirement System ("ATRS")

From: Chae Hong

CC: PJ Kelly; Jack Dowd; Richard Ferguson

Date: September 27, 2021

Re: JP Morgan Strategic Property Fund – $140 million Redemption Recommendation

RREEF Core Plus Industrial Fund - $70 million Commitment Recommendation

MS Prime Property Fund - $70 million Commitment Recommendation

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Background and Recommendation

As of Q1 2021 ATRS has invested roughly $283 million with JP Morgan's Strategic Property Fund ("SPF"), an open-ended commingled core real estate fund. This amounts to 31% of the core real estate portfolio and 21% of the total real estate portfolio. On a since inception basis SPF has returned a 6.4% net IRR. During July 2021 SPF announced it fully extinguished the Fund's redemption queue, providing ATRS with an opportunity to reinvest capital to better positioned core real estate opportunities. As such, we recommend ATRS request a $140 million redemption from SPF to be reallocated equally between Morgan Stanley Prime Property Fund ("Prime") and RREEF Core Plus Industrial Fund ("CPIF").

Aon Investments, USA is satisfied with the strategy of Prime and CPIF and its appropriateness for ATRS. Additionally, we believe that the merits of these offering outweigh its risks. Prime and CPIF InTotals are attached in the following Appendix for reference. We recommend that ATRS invest $70 million in Prime and $70 million in CPIF. Additionally, both Prime and CPIF provide investors with various investment vehicles. Townsend recommends ATRS consult with its tax and legal counsel to determine the most appropriate vehicles for the Plan.

Fund Descriptions

SPF is the largest open-end, diversified core real estate fund in the US. The Fund has a long-term track record of investing in high-quality real estate in major gateway markets throughout the US. The Fund's largest assets include trophy office assets in major central business districts and a portfolio of Class-A super regional malls and lifestyle centers. SPF has historically been underweight to the industrial sector but has made a significant effort over the past twelve to twenty-four months to increase exposure toward the sector allocation with the acquisition of Real Term Industrial in 2018 and a new joint venture with Black Creek Industrial in 2019.

Prime is a diversified, open-end Core real estate fund that targets high quality, well-leased, income-producing properties located in select primary markets in the U.S. Its goal is to outperform its benchmark (NFI-ODCE) annually and over the long-term, as well as achieve an aggregate annual total return on invested equity of 8-10% (gross). Relative to its benchmark, the Fund has been able to consistently generate alpha.

RREEF America L.L.C. ("RREEF"), part of DWS Group GmbH & Co KGa, launched CPIF, a core-plus open-end industrial fund in June 2017. The Fund invests in core (up to 100%) and non-core industrial (up to 50%) with leverage capped at 50% at the portfolio level.

Appendix

TOWNSEND® GROUP
an Aon company

Real Estate **InTotal**

J.P. Morgan Asset Management

Strategic Property Fund, LLC

July 2021

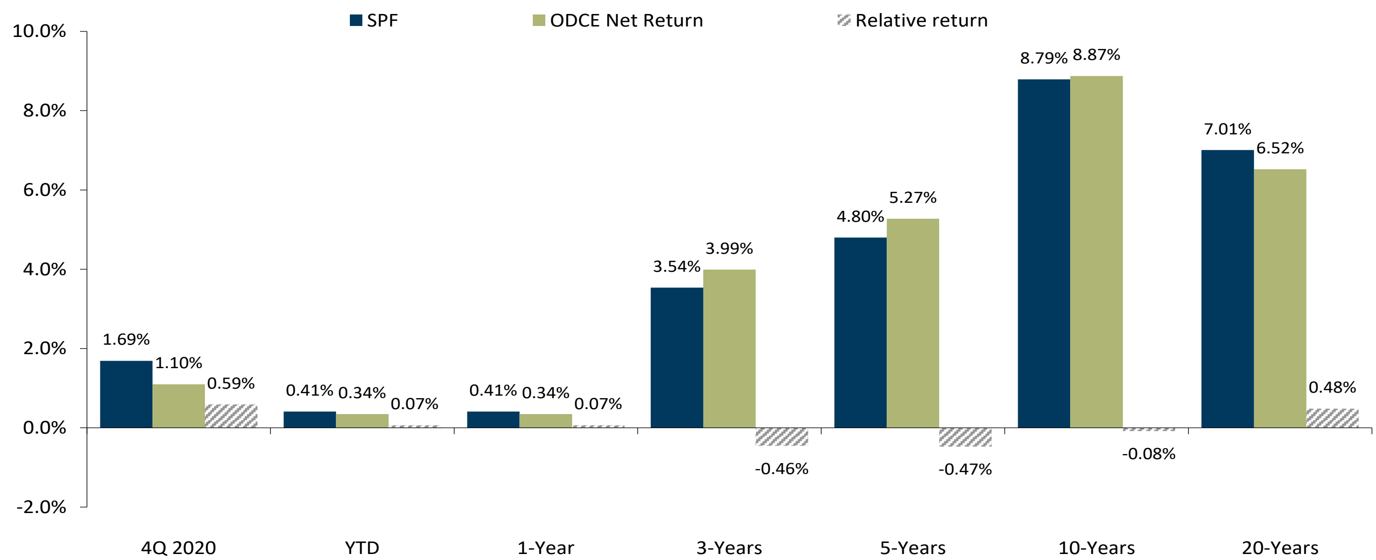
EXECUTIVE SUMMARY

OVERVIEW

Review Date	Rating	Previous Rating
July 2021	Buy	Buy

JP Morgan Strategic Property Fund ("JPM SPF" or "SPF" or the "Fund") is the largest open-end, diversified core real estate fund in the US. The Fund has a long-term track record of investing in high-quality real estate in major gateway markets throughout the US. The Fund's largest assets include trophy office assets in major central business districts and a portfolio of Class-A super regional malls and lifestyle centers. SPF has historically been underweight to the industrial sector but has made a significant effort over the past twelve to twenty-four months to increase exposure toward the sector allocation with the acquisition of Real Term Industrial in 2018 and a new joint venture with Black Creek Industrial in 2019.

Historical Net Fund Level Performance:



Strategy Summary

Fund Structure	Open-End Fund	**Risk Segment**	US Diversified Core
Size NAV	$31.0 Billion	**Average Asset Size (NAV)**	$196.1 Million
Valuations	Quarterly FMV Debt & Equity	**Minimum Commitment**	$10 million
Leverage	23.6%	**Current/Max Non-Core %**	6.0%/15%
Investment Guidelines	In line with peers	**Number of Holdings**	155
Performance Objectives	Outperform the NCREIF Fund Index – Open End Diversified Core Equity ("NFI-ODCE") over a full market cycle.		
Benchmark	NFI-ODCE		

Firm Summary

Sponsor	J.P. Morgan Chase Bank, N.A.	**Parent**	J.P. Morgan Investment Management Inc.
Headquarters	New York, NY, United States	**Strategy Inception**	1998
Employees	7,203	**Real Estate Team**	185
Firm AUM	$2.3 Trillion	**Real Estate AUM**	$73.2 Billion

COMPARATIVE ADVANTAGES

1. Beta

The Fund's beta over the three-, five-, seven-, and ten- year periods are all less than or slightly above 1, indicating low volatility when compared to NFI-ODCE. As of December 31, 2020, the Fund had a 10-year beta of 1.071. Additionally, the Fund is also the largest in the index and as such, the large portfolio provides investors with a broadly diversified investment across a variety of property types and markets.

2. Unlevered Performance

The Fund's has generated total property-level unlevered performance of +1.9%, +4.7%, and +5.6% respectively over 1-, 3-, and 5-year periods, outperforming ODCE-NPI by +60bps, +33bps, and +9bps. The fund's strong unlevered performance is attributed largely by the Fund's office portfolio. The Fund's office assets generated unlevered performance of +5.0%, +6.5%, and +6.4% over 1-, 3-, and 5- year periods respectively, outperforming ODCE-NPI Office by +356bps, +155bps, and +78bps.

POTENTIAL ISSUES AND CONCERNS

1. Underweight Industrial

The Fund's underweight to industrial has been a drag on performance versus the index in the near-term as industrial continues to outperform all other sectors. Per NCREIF, industrial has generated unlevered performance of 11.8%, 13.1%, and 12.9% over 1-, 3-, and 5-year periods respectively. The Fund has historically been underweighted to the industrial sector but has made a significant effort over the past three to five years to double exposure toward the sector allocation with the acquisition of Real Term Industrial in 2018 and a new joint venture with Black Creek Industrial in 2019. Industrial remains well positioned to benefit from shifting consumption habits and near-term demand is forecasted to continuing outpacing new supply.

2. Large Regional Mall Exposure

The Fund's overweight to retail has been a near-term drag as retail unlevered performance continues to be hindered by e-commerce headwinds. In the second quarter of 2020, the Fund's retail portfolio experienced asset depreciation of -2.6%, driven by retail closings due to the pandemic. The Fund has actively looked to sell down their exposure to the retail sector. The Fund made a significant disposition of four regional malls through a $2.6 billion sale to General Growth Properties/Brookfield in the fourth quarter of 2019. As of 4Q20, the Fund is well overweight to retail by over +700bps compared to the broader NFI-ODCE Index. Going forward, the retail sector will face a challenging period of price discovery as rents rebase and occupancy rates broadly decline.

3. Long-term Underperformance Relative to Index

The Fund has generally underperformed the index, specifically over the 3-, 5-, 10-, and 15-year periods. The Fund's 10-year net return was 8.5%, underperforming NFI-ODCE by -39bps. As a result, the Fund has looked to actively reposition the portfolio in recent years to better achieve their investment goals. Consistent underperformance has led to increased redemption activity from LP's. The Fund had a large redemption queue in 2020 but managed to extinguish the redemption queue in July 2021 with proceeds from the sale of a large disposition in Boston and increased capital flows in 2021.

INVESTMENT MANAGER EVALUATION

Factor	Comments
Strategy	JP Morgan Strategic Property Fund is an open-end core fund that seeks to make investments in core real estate properties in the major gateway cities in the U.S. The Fund targets stabilized assets across the four traditional asset types. Key identifiers within SPF's portfolio include trophy CBD office assets and high-rise luxury apartments in major markets, as well as a portfolio of Class-A super regional malls and lifestyle centers. The target return of the Fund is to outperform the NFI-ODCE over a full market cycle and is focused on generating returns primarily through income and moderate appreciation gains.
Sponsor	The Fund is sponsored by JP Morgan Chase Bank, N.A. ("JPMCB") the investment advisor to the Fund, with support from JP Morgan Asset Management ("JPMAM"), and more specifically JPMAM – Real Estate Americas ("REA" or the "Firm"), a sub-unit of JPMAM. REA reports to its ultimate corporate parent JP Morgan Chase & Co. ("JPMC") through JP Morgan Investment Management Inc. ("JPMIM"), the legal entity responsible for the management of SPF. JPMIM was founded in 1861 and has been providing services to tax exempt clients for over 80 years, with $2.3 trillion in AUM as of December 31, 2020. JPMAM – Global Real Estate ("JPMAM – GRE" or "GRE") is the global platform of real estate investments totalling $73.2 billion across equity and debt investments, primarily in core and value add strategies.
Operational Due Diligence	The Fund received an A1 Pass. Aon noted no material operational concerns and considers the firm's operations largely align with a well-controlled operating environment.
Investment Process	The investment process starts with the research team who provides a top-down view of the real estate and capital markets. The acquisitions team then presents deal flow to all JP Morgan real estate portfolio managers with mandates across the risk spectrum. Potential investments that are a fit for SPF go before the Investment Committee. JP Morgan prides itself on being able to utilize its vast network across the organization for deal sourcing where most transactions closed by the acquisitions team are sourced directly from the seller and not through market auctions. We view the investment approval process favorably as it incorporates asset management and research, with these functions counting for two of the four votes on the investment committee.
Fund Structure	JPM SPF is an open-ended Fund structured with five Fund Investor Vehicles ("FIV") with separate entities as general partners. In 2018, the Firm announced a restructuring of SPF to allow the Fund to accept capital from a more diversified investor base, specifically, non-ERISA and non-US investors. Potential investors in the Fund now include U.S. Qualified Retirement Plans, U.S. taxable and tax-exempt investors, Non-US investors (Section 892), non-US Qualified Foreign Pension Fund ("QFPF"), and other non-U.S. investors. The fund completed its restructure and opened to new capital sources on July 1, 2019.
Performance	SPF has underperformed NFI-ODCE net over 1-, 3-, 5-, 7-, and 10-year periods. The fund's underweight to industrial has been a drag on performance versus the index in the near-term as industrial continues to outperform all other sectors. The fund's overweight to retail has also been a near-term drag as retail unlevered performance continues to be hindered by e-commerce headwinds. Since 2018, SPF has focused on rebalancing the portfolio by acquiring and investing in two industrial platforms and through the dispositions of the fund's regional

	and super regional mall assets. Over time, SPF will continue to reduce exposure to retail and office.
ESG Policy & Practices	The Fund is currently Not Rated through Townsend's formal ESG process but is expected to receive a formal rating in 2021-2022. JPMAM Real Estate Americas has ESG Objectives and they are reviewed annually to continuously improve assets with respect to environment, social and governance policies while ultimately improving the environment in which those assets exist and, more importantly, enhance their competitiveness and asset value.

Overall Rating	**Buy**	SPF's core real estate investment focus is buying large, stabilized, high-quality assets and investing in only the four traditional property types in the largest primary markets in the US. SPF has maintained a low beta by maintaining low leverage and minimal development within the fund. The Fund's recently completed restructure will allow SPF to raise capital from a much larger investor base, which should encourage additional capital flows and transaction activity. Despite recent fund underperformance, SPF remains a prudent option for investors looking to form a foundation for their allocation to the real estate asset class.

STRATEGY

JPM SPF is an active core equity real estate fund that invests in stabilized properties and focuses on acquiring assets with high quality physical improvements; powerful location advantages with high barriers to entry; and competitive market positioning in gateway cities across the United States where attractive demographics and demand drivers exists. SPF's size allows it to be a player in large and complex acquisitions that some of its peers cannot. The Fund can provide investors with diversification, liquidity and stable returns by focusing on asset selection and risk mitigation.

The Fund primarily invests in the four traditional real estate asset classes of office, retail, industrial/warehouse and residential/multifamily rental properties. The Fund continues to acquire new assets for long-term growth and re-balances the portfolio by strategically adding/removing assets in geographic regions or sectors where accretive. Currently the Fund is looking to overweight the industrial sector and has been targeting large portfolio transactions as well as fund investments to help move this initiative forward. The Fund has also focused on underweighting exposure to retail through the sale of regional and super regional mall assets.

SPONSOR

PARENT COMPANY

The Fund is sponsored by JP Morgan Chase Bank, N.A. ("JPMCB") the investment advisor to the Fund, with support from JPMAM, and more specifically JPMAM – Real Estate Americas ("REA" or the "Firm"), a sub-unit of JPMAM.

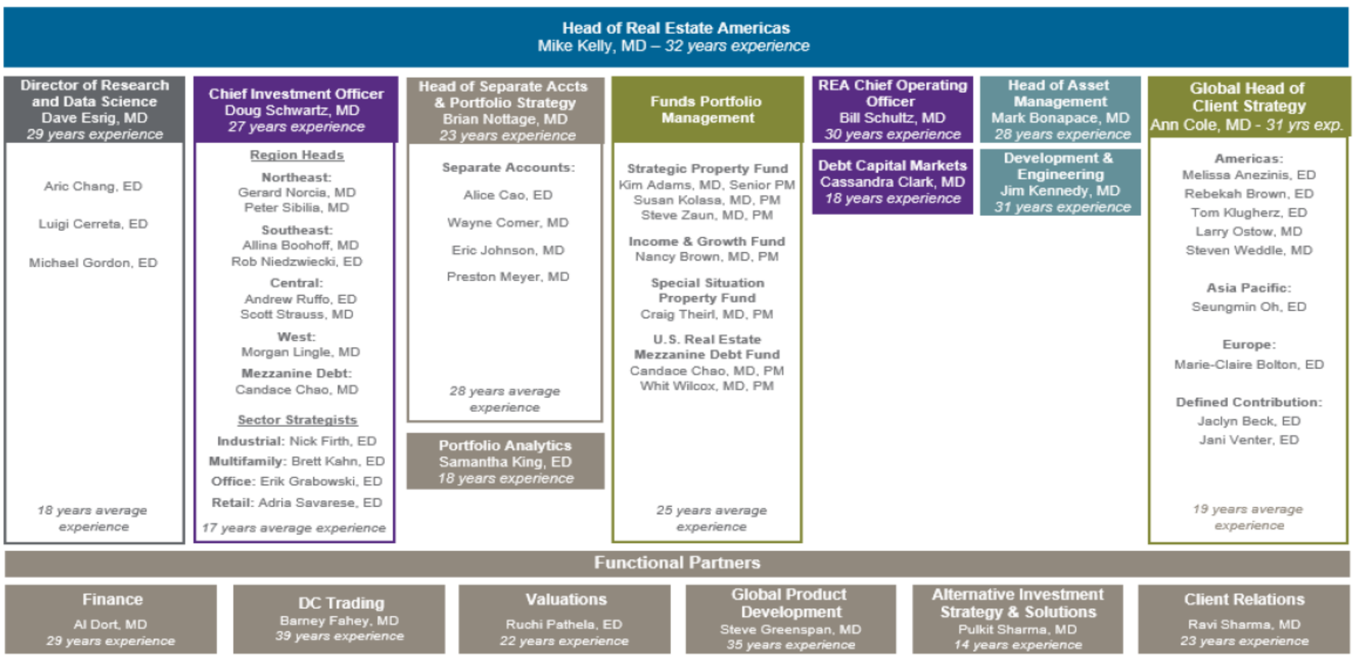
SPONSOR

The JPMAM- Global Real Estate ("JPMAM-GRE") group reports to JPMC through JP Morgan Investment Management Inc. ("JPMIM"). JPMIM was founded in 1861 and has been providing services to tax exempt clients for over 80 years.

JPMAM-GRE operates as an independent unit within JPMIM with access to the resources, including research and client service, of the broader organization.

ORGANISATIONAL UPDATES

Recently JPM went through several changes where the PM team was shuffled due to promotions and planned succession planning. Kim Adams was promoted to the senior portfolio manager of SPF. Ms. Adams bring continuity to the Fund as a long-standing PM of SPF. Sue Kolasa and Steve Zaun have been added as PMs to help support Ms. Adams on day to day operations of the Fund. Both have been with JPM for roughly 19 years with Ms. Kolas working as the PM of the Daily Valued Funds while Mr. Zaun was the head of JPMAM's LA office. Mike Kelly was promoted to Head of Real Assets, replacing Kevin Faxon who was moved to the Chair of the platform.



PLATFORM RESOURCES

Headquartered in New York City since 1970, JPMAM-GRE has continued to expand, opening offices in several U.S. cities and abroad, in an effort to best manage real assets and provide client service.

Name	Position	Years of Experience
Kim Adams	Senior Portfolio Manager	26
Sue Kolasa	Portfolio Manager	20
Steve Zaun	Portfolio Manager	20
Mike Kelly	Head of Real Assets	30

OPERATIONAL RISK PROFILE

J.P. Morgan Asset Management ("JPMAM") is a large global asset manager with an institutional level of system infrastructure, controls, and oversight across its operating environment. As a wholly owned subsidiary of a publicly traded company, JPMorgan Chase & Co, the firm must comply with Sarbanes-Oxley requirements and is subject to oversight by numerous regulators including the SEC. To satisfy its regulatory requirements, JPMAM has implemented a comprehensive risk management program, and has established a well-developed governing committee structure to ensure cross-functional participation and in-depth discussion in operating decisions. The firm also utilizes internal Audit, Corporate Compliance, and Business Resilience Programs of the parent company. JPMAM's reporting lines are well-segregated in the area of compliance, investment risk management, and information technology ("IT") to ensure these processes remain independent from investment activities.

The Fund received an A1 Pass. Aon noted no material operational concerns and considers the firm's operations largely align with a well-controlled operating environment.

INVESTMENT PROCESS

Headed by Doug Schwartz, the acquisitions team is divided into four Regional Investment Teams, each led by two Regional Co-Heads, one representing Acquisitions and one representing Asset Management, plus a national Mezzanine Debt Acquisition Team. The Acquisition Officers source investments through the numerous relationships established over the years: the JPMC network, direct discussions with owner-sellers, broker submissions, partners and property managers. The team takes regional "ownership" that translates to in-depth market focus with an emphasis on developing new and maintaining existing relationships with institutional owners, developers, brokers, partners and senior lenders nationally. REA prides itself on being able to utilize its vast network across the organization for deal sourcing. Specifically, REA's deal flow derives from a combination of broadly marketed and privately negotiated deals, and positions REA as an experienced, effective and versatile real estate asset management platform. Since 2013 REA has underwritten approximately $10 to $11 billion worth of deals each year, of which it has closed approximately $3 to $3.5 billion per year.

The Asset Managers are responsible for both debt and equity investments across the platform. Asset Managers are charged with an obligation to maximize the investment performance of each asset, and are responsible over the performance of property management, development, and business plan implementation and valuation activities.

The Firm follows a multidisciplinary approach to portfolio management leveraging knowledge across the various platform verticals. A key theme throughout the investment process is the quality and timeliness of research. From a risk management perspective, research acts as an early warning system where the research team is constantly monitoring economic and market data, as well as investment trends. REA has developed proprietary information technology tools that allow team members to access and analyze portfolio data real-time. These tools, coupled with the macro research developed by the in-house research team and the micro knowledge gleaned by investment teams working in various markets inform the investment process and offer a competitive advantage when underwriting new transactions, managing existing assets or disposing of properties owned by the Fund.

All private real estate acquisitions and dispositions go through investment committee. The Fund's IC is comprised of 4 voting members:

- Doug Schwartz, Chief Investment Officer
- Kim Adams, Senior Portfolio Manager
- Mark Bonapace, Head of Asset Management
- Senior representative from the Real Estate Research

The IC is also comprised of 8 Additional participating members:

- Mike Kelly, Head of Real Estate Americas
- James Kennedy, Development and Engineering Group Head
- Al Dort, Financial Group Head
- Brian Nottage, Head of Portfolio Strategy
- Ann Cole, Global Head of Client Strategy
- A Sector Strategist
- Ruchi Pathela, Director of Valuations

- Cassandra Clark, Debt Capital Markets

VALUATIONS

Prior to August 15, 2018, the Altus Group managed the Firm's valuation process. SPF has now transitioned to have Situs RERC as their third-party valuation firm. Chatham Financial provides debt valuation and debt management services to JPMAM U.S. open end funds. JPMAM's policies and procedures are comprehensive, well-documented and subject to assurance reviews by both internal audit and annual reviews by an external audit firm.

FUND STRUCTURE

SUMMARY

JPM SPF's new structure is structured as a Delaware limited liability company that has elected to be treated as a real estate investment trust for U.S. federal income tax purposes. Previously, the Fund was structured as a group trust, which precluded non-ERISA and non-US investors from investment. JPM changed the structure to allow non-ERISA and non-US investors to invest the fund, starting on July 1, 2019.

REVIEW OF TERMS & CONDITIONS

Key Terms	
Target Return:	Outperformance of NFI-ODCE over a full market cycle.
Cash Distributions	None, all income of the Fund will be added to the principal of the Fund and invested and reinvested or used to pay Fund Expenses and satisfy Repurchase Requests.
Investment Management Fees	Investor with Fund NAV below $100 million: 100 bps Investor with Fund NAV of $100 million or more (waterfall): First $100m: 92bps $100-$250m: 80bps $250-$500m: 70bps $500m+: 50bp
Other Fees	Fee reduced to 15bps for cash balances in excess of 5% of NAV.
Performance Fees	None.
Debt Mark-to-Market	None.
Redemption Policy	Repurchases of the units are redeemed at the NAV at the time the request is satisifed. Up to 10% of the repurchase procceeds may be retained by the Fund to satisfy any tax withholdings or unpaid Advisory and Management fees.

ENTRY AND EXIT PROCESS

SPF has a monthly contribution queue where investors must submit an executed subscription request by the last business day of the month (fax or email is acceptable) to enter the queue for that specific month. Investors may specify in the subscription request a month before which its subscription cannot be called for funding, as long as that specified month is less than 12 months out from the month the subscription request was received.

All Shareholders have the right to request redemption of Shares on a quarterly basis. Requests received 30 days before the end of a quarter will be processed so as to be scheduled for payment generally at (or shortly after) the end of the next calendar quarter in accordance with the Fund's quarterly redemption process. The Fund will redeem Shares at the then Current Share Price on the day of redemption to the extent that the request was received prior to the end of the preceding quarter and the Fund has sufficient cash available to honour requests, consistent with applicable REIT rules and principles of prudent management.

PERFORMANCE

SPF focuses on providing investors with low beta and real estate outperformance over full real estate cycles. As of December 31, 2020, SPF had a 10-year beta of 0.994. The Fund's 10-year net return was 9.2%, underperforming NFI-ODCE by -57bps. The fund's primary drivers of underperformance include being underweight to industrial, overweight to regional malls, and income performance below NFI-ODCE as a result of lower capitalization rates due to the fund's large gateway market exposure.

The fund's underweight to industrial has been a drag on performance versus the index in the near-term as industrial continues to outperform all other sectors. SPF has historically been underweight to the industrial sector but has made a significant effort over the past three to five years to double exposure toward the sector allocation with the acquisition of Real Term Industrial in 2018 and a new joint venture with Black Creek Industrial in 2019.

The fund's overweight to retail has also been a near-term drag as retail unlevered performance continues to be hindered by e-commerce headwinds. In the second quarter, SPF's retail portfolio experienced asset depreciation of -2.6%, driven by retail closings due to the pandemic. SPF has actively looked to sell down their exposure to the retail sector. The Fund made a significant disposition of four regional malls through a $2.6 billion sale to General Growth Properties/Brookfield in the fourth quarter of 2019.

Since SPF focuses on buying high-quality assets within the four traditional property types and major US gateway markets, the Fund's valuation metrics have moved below NFI-ODCE over time as new funds joined the index. SPF generated an income return of 3.9% over the trailing twelve months, -17bps below NFI-ODCE.

ESG POLICY & PRACTICES

JPMAM Real Estate Americas has ESG Objectives and they are reviewed annually to continuously improve assets with respect to environment, social and governance (ESG) policies while ultimately improving the environment in which those assets exist and, more importantly, enhance their competitiveness and asset value.

JPMAM consistently measures, monitors, and improves asset level data to meet reduction targets for energy, greenhouse gas (GHG) emissions, water, and waste. All landlord paid utilities are benchmarked for each asset using ENERGY STAR Portfolio Manager. Some properties use a third-party data management provider including Yardi, WegoWise, Code Green and Conservice among others to input data into ENERGY STAR Portfolio Manager. The use of a third-party data management provider is at the discretion of each property team. Most multifamily assets utilize Yardi.

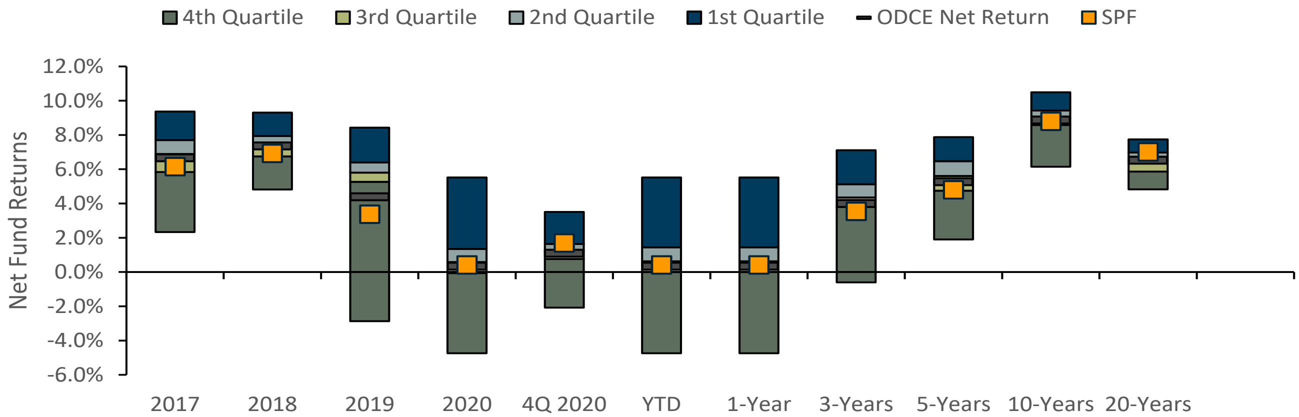
Additionally, property teams complete an annual ESG Survey to collect asset level data on energy, water, and waste conservation measures, resilient efforts and opportunities, as well as social metrics such as tenant and community engagement and health and wellness features.

JPMAM engage a third-party sustainability consultant, LORD Green, to work directly with our property managers and provide support such as trainings on our ESG Program. LORD Green works with each property team to establish a baseline and review that the data is current and accurate. This includes checking for errors, omissions, operational changes, and identifying significant usage changes. For an additional layer of quality assurance, LORD Green completes quarterly sustainability performance indicator reports to compare usage over time and provide context for increases and decreases. These reports are provided to asset managers and portfolio managers and display asset level performance, which is organized by fund, property type, and building configuration.

LORD Green also works with property teams to comply with local and state benchmarking ordinances, pursue annual ENERGY STAR Certification, and earn green building certifications. Each of these submissions requires another quality check and sometimes an additional third-party review. LORD Green also works directly with property teams to find ways to improve efficiency, reduce costs associated with building operations, and implement a comprehensive sustainability program for tenants and residents.

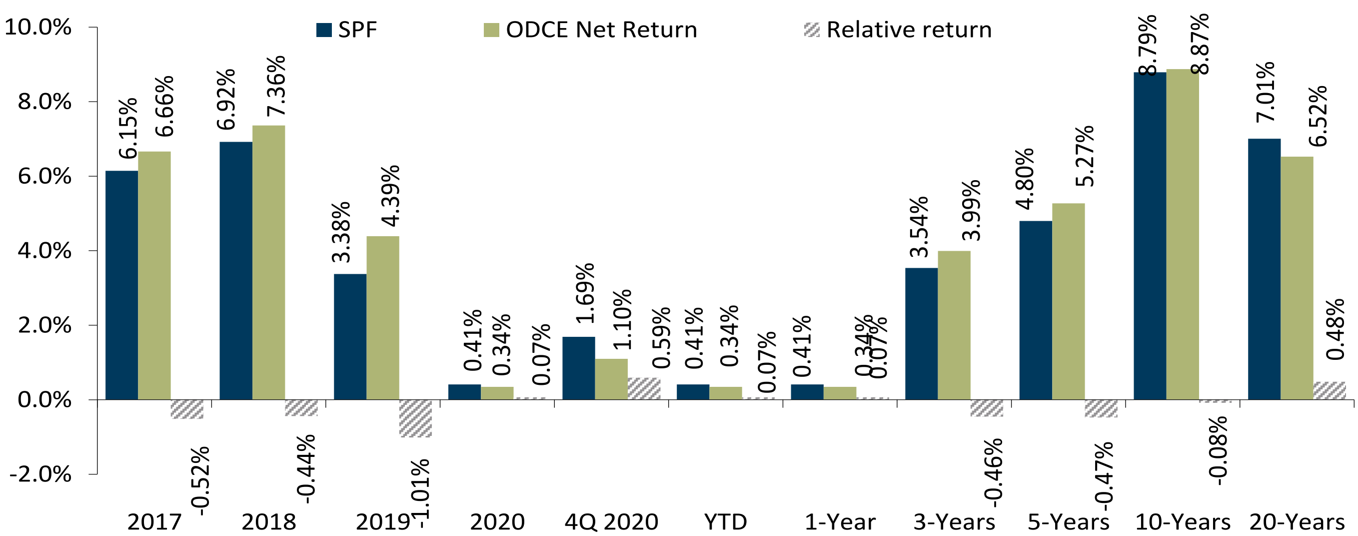
APPENDIX

***Historical Performance Quartiles** – As of December 31, 2020*

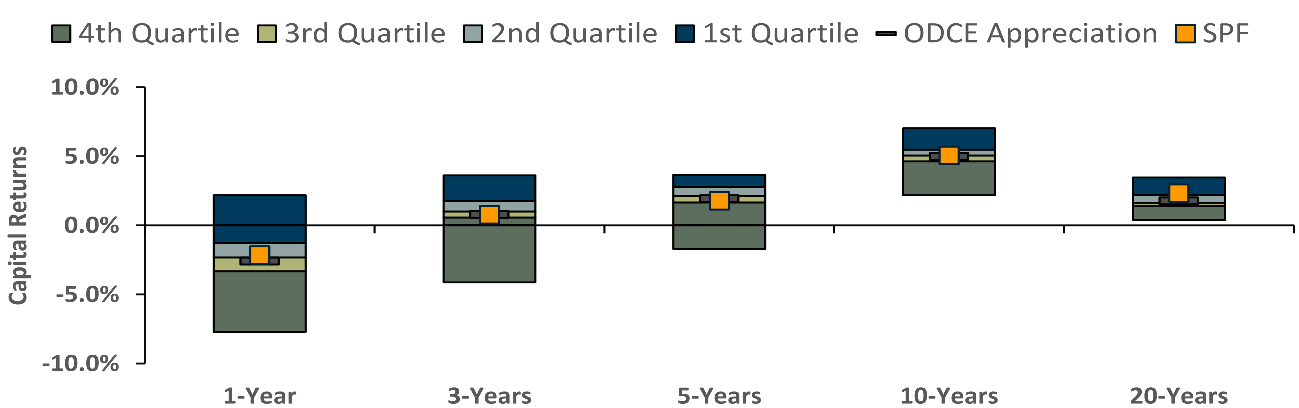


Source: Townsend U.S. Open-Ended Core Fund database as of December 31, 2020. Range shown is 95th to 5th percentile.

***Historical Relative Fund Performance** – As of December 31, 2020*



***Capital Return (Appreciation) Historical Performance Quartiles** – As of December 31, 2020*



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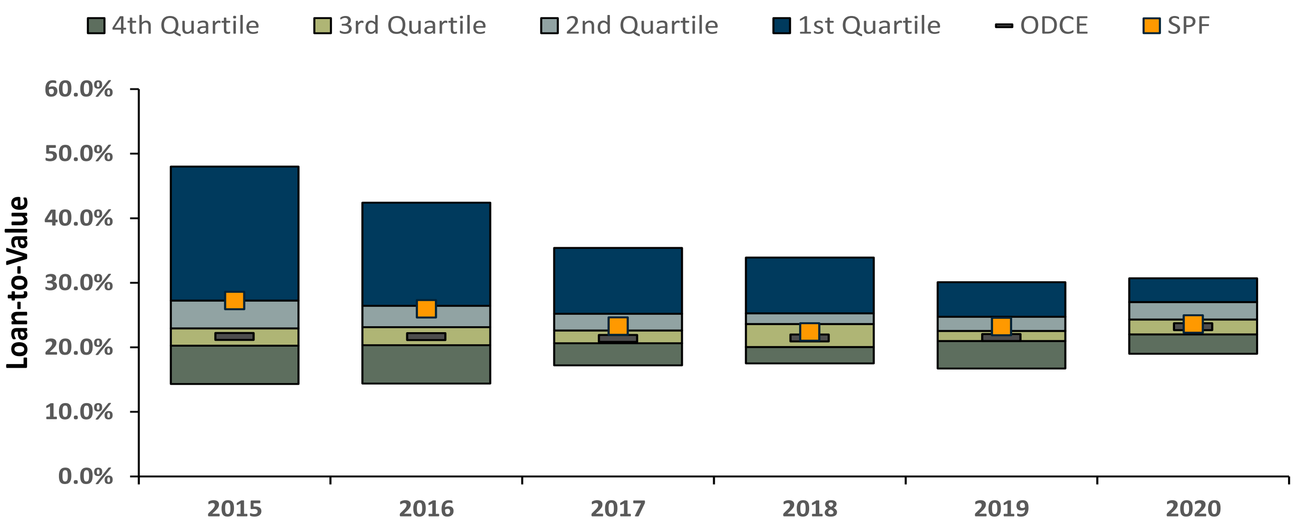
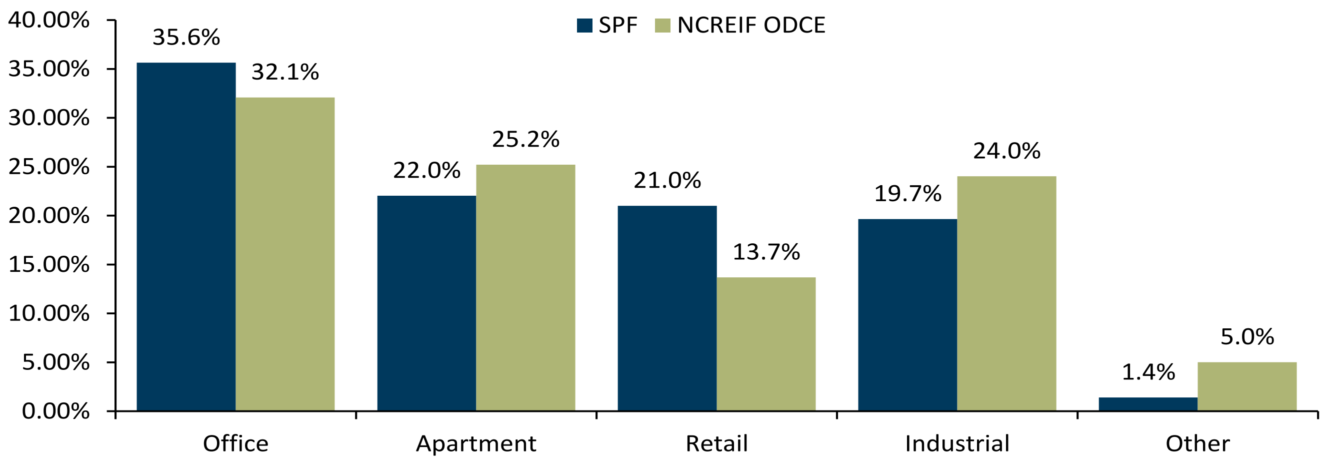
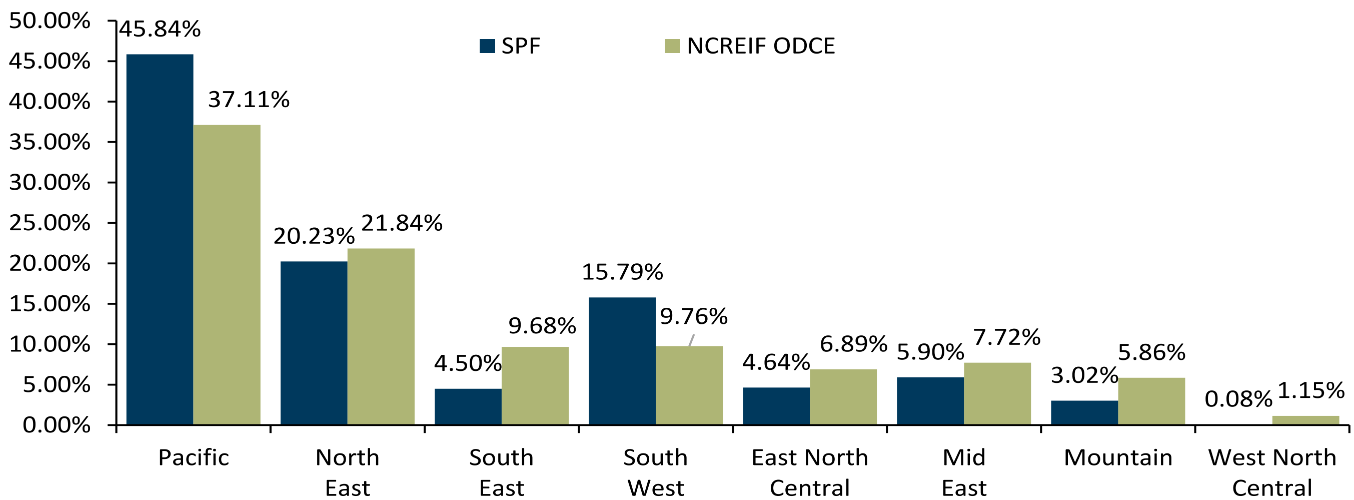
***Progression of Leverage** – As of December 31, 2020*



***Fund Diversification** – As of December 31, 2020*





***Top 10 U.S. Market Exposures** –As of December 31, 2020*

MSA	% Total Fund GAV
Los Angeles-Long Beach	13.2%
New York-Northern New Jersey	12.3%
Boston-Cambridge	11.9%
Dallas-Fort Worth	11.0%
San Jose-Sunnyvale	7.5%
San Francisco-Oakland	6.2%
Riverside-San Bernardino	5.3%
Washington-Arlington	4.8%
Chicago-Joliet-Naperville	4.7%
San Diego-Carlsbad	4.4%

Top Ten Assets (by MV)

Property	City	State	Sector	$MV	Comment
Edens - SPF	Various	Various	Retail	$1,871,695,307	Edens Investment Trust (Edens) is a national retail real estate investment company that invests in urban retail centers.
DSRG - SPF	Various	Various	Retail	$1,824,904,137	Donahue Schriber Realty Group (DSRG) is a REIT specializing in grocery-anchored shopping centers.
Century Plaza Towers	Los Angeles	CA	Office	$1,390,269,191	
Valley Fair Mall	San Jose	CA	Retail	$1,319,722,376	
1345 Avenue of the Americas	New York	NY	Office	$1,084,146,445	
200 Fifth Avenue	New York	NY	Office	$1,024,324,063	
Alliance Texas - Industrial	Fort Worth	TX	Industrial	$963,126,528	
NorthPark Center JV	Dallas	TX	Retail	$958,952,562	
China Basin	San Francisco	CA	Office	$906,506,004	
Royal Hawaiian Center	Honolulu	HI	Retail	$901,120,435	

Investment Rating Explanation

The comments and assertions reflect Townsend views of the specific investment product and its strengths and weaknesses in general and in the context of Townsend's *View of the World* and same vintage alternative choices.

Buy – Townsend recommends the investment for those client portfolios where it is a fit.

Qualified – Townsend believes the sponsor to be qualified to manage client assets.

ESG Rating Explanation

Positive – The Fund Management Team demonstrates high awareness of all known and potentially financially material ESG risks in the investment strategy and, at present, has incorporated appropriate processes to identify, evaluate and potentially mitigate these risks across the entire portfolio. No material operational concerns; firm's operations largely align with a well-controlled environment.

Neutral – The Fund Management Team demonstrates an awareness of potential ESG risks in the investment strategy and has taken some steps to identify, evaluate and potentially mitigate these risks.

Negative – The Fund Management Team appears unaware or unconcerned with ESG risks in the investment strategy and has not taken any material steps to address ESG considerations in the portfolio.

N/A (Not Applicable) – An evaluation of ESG risks is not directly applicable to this strategy and therefore an ESG rating has not been assessed.

NR (Not Rated) – An evaluation of ESG risks is not yet available for this strategy.

Operational Due Diligence Rating Explanation

A1 Pass – No material operational concerns; firm's operations largely align with a well-controlled environment.

A2 Pass – The firm's operations largely align with a well-controlled environment, with limited exceptions.

Conditional Pass – AON identified specific operation concerns that the firm agreed to address in a reasonable time frame.

Fail – AON noted material operational concerns that introduce potential economic or reputational exposure.

About Townsend Group – An Aon Company

Founded in 1983, The Townsend Group provides custom real asset solutions that help clients worldwide achieve their unique investment goals. As an Aon company, The Townsend Group is now part of one of the top three outsourced chief investment officer (OCIO) providers in the world measured by global assets under management. Aon's Investment organization, including Townsend, manages more than $130 billion of worldwide assets under management and has advised on more than $240 billion of real estate assets.

Disclaimer

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Past Performance is no guarantee of future results. Investing involves risk, including possible loss of principal.

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TOWNSEND GROUP
an Aon company

Real Estate InTotal

Morgan Stanley Real Estate Investing

Prime Property Fund

March 2021

Trade Secret and Confidential

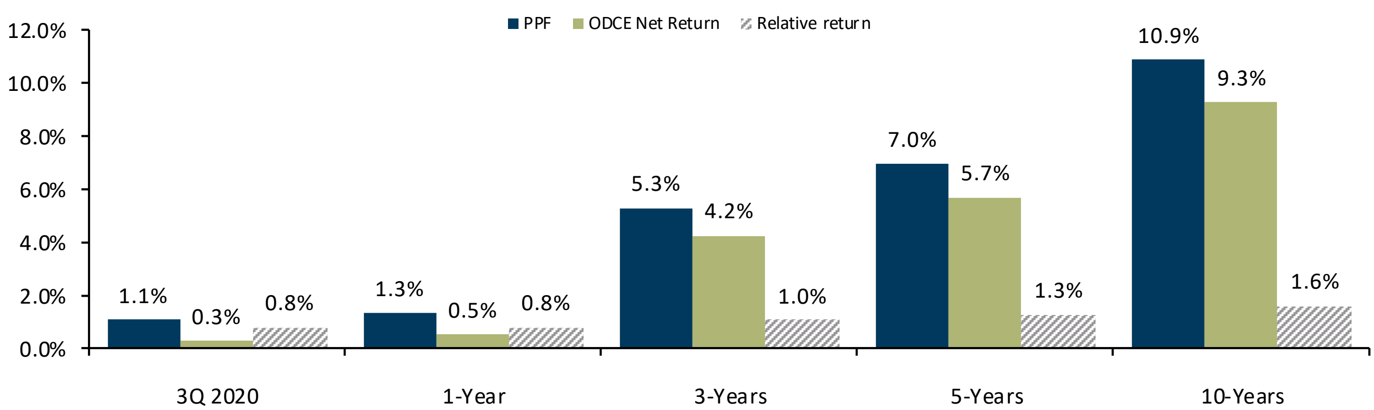
EXECUTIVE SUMMARY

OVERVIEW

Review Date	Current Rating	Previous Rating
February 2021	BUY	BUY

The Prime Property Fund ("Prime", "PPF" or the "Fund") is a diversified, open-end Core real estate fund that targets high quality, well-leased, income-producing properties located in select primary markets in the U.S. Its goal is to outperform its benchmark (NFI-ODCE) annually and over the long-term, as well as achieve an aggregate annual total return on invested equity of 8-10% (gross). Relative to its benchmark, the Fund has been able to consistently generate alpha.

Historical Net Fund Level Performance:



Strategy Summary

Fund Structure	Open-Ended	**Risk Segment**	Core
Size NAV	$26.7 Billion	**Strategy Inception**	1973
Current/Maximum Fund Leverage	19.1%/50.0%	**Current/Max Non-Core Exposure**	9.7%/20.0%
Valuations	Quarterly/Altus	**Minimum Commitment**	$5 million
Investment Guidelines	NFI-ODCE	**Number of Holdings**	376
Performance Objective	Outperform its benchmark (NFI-ODCE) annually and over the long-term, as well as achieve an aggregate annual total return on invested equity of 8-10%, gross of fees.		

Firm Summary

Headquarters	New York, NY	**Parent Company**	Morgan Stanley (NYSE:MS)
Fund Sponsor	MSREI	**Year Founded**	1931
RE Employees	200	**Investment Staff**	76 (US)
Real Estate AUM	$44 Billion	**RIA**	Yes

COMPARITIVE ADVANTAGES

1. Platform Strength:

Morgan Stanley Investment Management ("MSIM") has a total AUM of $51.7 billion with $43.8 billion in real estate. Morgan Stanley Real Estate Investing manages global real estate through three products: Prime Property Fund (US Core), Prime Property Fund Asia (Asia Core), and North Haven Real Estate Funds (Global Opportunistic). MSREI has over 200 professionals located in 17 offices across 13 countries. Prime is MSREI's single largest fund and comprises approximately 75% of gross real estate assets in the U.S.

Prime is led by Scott Brown, who is a Managing Director at Morgan Stanley, Head of Prime Property Fund in the U.S. and Global Head of Prime. Mr. Brown has been working with Prime since 1993 and has been fully dedicated to Prime since 2002. Mr. Brown has over 29 years of real estate experience and serves as a member on various investment committees across the platform.

2. Wholly Owned Development Companies:

Prime's operating companies have provided significant value creation relative to the peer set during recent time periods. AMLI is a wholly-owned multifamily development platform focused on the development, acquisition and management of apartments across the U.S. Safeguard Self Storage is a wholly-owned self-storage development company. Both are owned by Prime Property Fund and give investors access to unique proprietary platforms dedicated to their individual sectors.

3. Strong Performance Track Record and Portfolio Positioning:

Prime has provided strong risk-adjusted returns through market cycles. It has meaningfully outperformed the NFI-ODCE Index over all recent major time periods. Prime has created value through its operating companies and through its overweight's to favored sectors such as the industrial and healthcare, relative to the NFI-ODCE.

POTENTIAL ISSUES AND CONCERNS

1. Higher Fee Load:

Relative to its peers, Prime has a higher total fee load relative to its ODCE peers. The management fee is fixed at 84 basis points for all investors. Prime also has an incentive fee component (5% of the beginning monthly NAV multiplied by the comparable property NOI growth). Prime's historical fee spread relative to the NFI-ODCE is listed below:

Fee Spread	1-Year	3-Year	5-Year	7-Year	10-Year
Prime	0.85%	1.05%	1.09%	1.16%	1.24%
NFI-ODCE	0.88%	0.93%	0.95%	0.98%	1.01%

Discussion:

Although Prime has a higher fee load relative to ODCE, it has shown consistent outperformance net of all fees and expenses. The incentive fee is also capped at 35 bps per annum. Prior to 2013, the Management Fee was 90 bps with a capped incentive fee of 45 bps.

2. Mall Exposure:

Relative to peers, Prime does have a significant exposure to malls. Prime's total mall exposure is approximately 6% of the Fund's NAV across five total assets, which are listed below.

- Fashion Valley Mall (San Diego, CA)
- Dadeland Mall (Miami, FL)
- Christiana Mall (Newark, DE)
- Rosedale Shopping Center (Roseville, MN)
- Fox Run Mall (Newington, NH)

Regional and Super Regional Malls have been the lowest performing sub-property type both within the NPI and the Retail sector. As of December 31, 2020, the five-year returns for Regional Malls are 165 basis points and 545 basis points below the returns for the Retail Sector and NPI respectively, while Super Regional Malls are 88 basis points and 468 basis points below the Retail Sector and NPI five year returns, respectively.

Discussion:

While malls have been the lowest performing retail sub-sectors, Prime has a history of investing in high-quality assets, including high quality retail. Of the five total mall assets, three are A++ rated (Christiana Mall, Dadeland Mall, and Fashion Valley Mall). A++ malls typically exhibit high productivity (estimated sales per square foot at or above $1,000) and have experienced less valuation pressure versus lower-quality malls. It's also important to note that Prime's total retail exposure is underweight to NFI-ODCE, which has led to positive return attribution relative to the index.

3. Current Global Turmoil

Covid-19 fueled market volatility approximately one year ago in both the stock and bond markets, creating a situation of uncertainty for private real estate pricing. Despite the subsequent rally in public markets, commercial real estate transactions remain muted, with an approximate 50% decrease year-over-year in the third quarter of 2020, restricting the full scope and ability to determine pricing in each sector. The majority of transactions have primarily occurred in the apartment and industrial sectors, so the full impact on the office and retail sectors is still relatively unknown. However, most open-end managers (including Morgan Stanley) have been actively writing down assets at the direction of third-party valuation firms like Altus.

While there is still some lingering uncertainty in private market valuations for certain property types, Townsend would be supportive of clients moving forward with new commitments to (i) portfolios positioned well with underweights to office and retail property types and (ii) funds that offer control and flexibility as to when its capital will be called. That way if investors are not comfortable with current portfolio valuations, investors can rescind or delay commitments.

Discussion:

Prime has an active underweight to the office and retail sectors relative to the NFI-ODCE. As of December 2020, Prime's office and retail exposure was 28.9% and 11.5%, respectively, while the ODCE's exposure to those sectors was 32.9% and 14.2%, respectively. While transactions have decreased significantly overall, transaction volume has increased in the industrial and multifamily sectors over the last couple of quarters. We would expect transaction activity to increase in the other primary sectors in the upcoming year, providing a more accurate picture of the impact of valuations on office and retail assets. Prime's deposit queue is approximately $732 million as of December 2020. Based on the manager's projections, investors can expect its capital won't be fully drawn until two to four quarters. Additionally, Prime offers investors a revocable queue meaning investors would the ability to reduce/rescind its commitment prior to funding.

INVESTMENT MANAGER EVALUATION

Factor	Comments
Strategy	The Prime Property Fund ("Prime" or the "Fund") is a U.S. open-end diversified Core fund that targets high quality, income-producing Class A properties located in primary markets. Its goal is to outperform its benchmark (NFI-ODCE) annually and over the long-term, as well as achieve an aggregate annual total return on invested equity of 8-10%, gross of fees. Focus is placed on current income, aiming to generate 6-8% annually. The Fund pursues a slightly higher risk strategy within the Core classification due to its relatively higher use of leverage and utilization of wholly-owned operating companies within the Fund.
Sponsor	Morgan Stanley Real Estate Investing ("MSREI") has a global platform of real estate investment products and strategies with almost $44 billion in assets under management ("AUM"). PRIME is MSREI's single largest fund at almost 75% of total real estate AUM, which positions it favorably to access the full resources of the MSREI platform. PRIME has experienced net positive inflows over the past few years. In 2016, Morgan Stanley Investment Management announced a new leadership structure, with MSREI becoming part of the Real Assets Group. There is no impact on Prime's business or investment staff.
Operational Due Diligence	Morgan Stanley has sufficient operational guidelines in place and its valuations policies are in line with industry best practices. A Valuation Committee has been instituted to review appraised values. Any adjustments to an external independent appraisal must be documented and explained to Prime's predominantly independent Board of Directors. The Board of Directors is also responsible for approving any changes to Prime's valuation policy.
Investment Process	MSREI uses an eight-step investment process: 1) Investment guidelines are developed and approved by the Board. 2) MSREI reviews a robust pipeline of transactions to source deals. 3) Potential investments are tracked through MSREI's investment pipeline. MSREI underwriting teams analyze investments that are appropriate for Prime's strategy. 4) Investments are reviewed by an Allocation Committee if an investment is appropriate for multiple clients. 5) Investments are reviewed and approved by an investment committee of MSREI professionals and representatives from Morgan Stanley. 6) Following investment approval, due diligence is under taken and closing occurs upon approval of portfolio management. 7) Asset management will aim to maximize value of each individual property. Asset managers oversee third-party valuations completed on a quarterly basis. 8) A hold/sell analysis is performed on all investments within the portfolio.
Fund Structure	The Fund is a limited liability company under Delaware law and has elected to be treated as a REIT for US federal income tax purposes. The Fund has two types of shares: voting Shares and non-voting Shares. The Fund will not have more than 190 non-voting Shares issued and outstanding at any time except as necessary to comply with rules relating to REITs or to elect or maintain the Fund.
Performance	Prime owns one of the longest track records in the core space, with a fund inception in 1973. Prime has outperformed NFI-ODCE over 1-, 3-, 5-, 7-, and 10--year periods, and since inception. Prime's outperformance has been driven by several factors, including the utilization of a wholly-owned AMLI multifamily development platform and a wholly-owned Safeguard self-storage platform, geographic exposure to major markets throughout the US that have generated strong unlevered performance, and tactical property-type over- and underweights.
ESG Policy & Practices	Prime has a deep ESG platform as well as actively and regularly participates in industry benchmarking and standard practices related to ESG. In 2020, Prime received a GRESB rating of 81 and is four-star rated, scoring within the top third of its peer group. Townsend recommends an Advanced ESG Rating for Prime.

Overall Rating	**Buy**	Prime has consistently outperformed NFI-ODCE through accretive acquisitions and dispositions within the US and the utilization of wholly-owned platforms that have generated superior returns on non-core development. Prime is supported by MSREI, an experienced platform with approximately billion AUM. Scott Brown, Portfolio Manager, provides substantial experience to the Fund with 30 years in real estate and over 25 years with Morgan Stanley. Prime is positioned to continue to outperform NFI-ODCE, driven by a tactical overweight to Industrial, a growing allocation to Healthcare, a large pipeline of Multifamily, Industrial, and Self-Storage development, and geographic concentration in outperforming major markets. Townsend recommends Prime as a BUY.

STRATEGY

As of December 31, 2020, Prime's gross asset value was $33.4 billion across 376 investments, making Prime the second largest fund within the NFI-ODCE index. The portfolio is well diversified across all major property types and is invested in major markets throughout the US.

Prime's ten largest assets comprise approximately 16% of the total Fund portfolio. These assets include Class-A super regional malls and large-scale CBD office assets in major gateway markets. Approximately 63% of the portfolio is invested in Prime's seven preferred target markets: Southern California (15.6%), Northern California (7.6%), Chicago (8.6%), South Florida (9.2%), New York (7.8%), Boston (6.7%), and Washington, DC (6.4%). Prime's near-term region diversification targets are the following: East (30-40%), South (15-25%), Midwest (5-15%), and West (30-40%).

Prime's near-term property-type diversification targets are the following: Office (25-35%), Apartment (20-30%), Industrial (20-30%), Retail (5-15%), Storage (0-5%), and Healthcare (5-10%). Relative to NFI-ODCE, Morgan Stanley has recently positioned the Fund overweight to industrial to take advantage of the strong fundamentals exhibited within the sector. Same-store industrial NOI Growth was 11.2% in 2020 within Prime's portfolio. Prime also has a unique exposure to the Healthcare sector, which includes thirty medical office buildings and five life-science assets.

As of December 31, 2020, leverage was 19.1%. Non-core exposure represents 9.7% GAV as of 4Q20. Prime's non-core pipeline mostly consists of multifamily, self-storage, and industrial development. Prime's wholly owned AMLI multifamily development platform has been a significant driver of appreciation. Since 2012, AMLI has delivered over 8,000 units. Prime also utilizes a wholly owned Safeguard self-storage platform for self-storage development.

SPONSOR

Morgan Stanley Real Estate Advisor Inc. is a wholly-owned subsidiary of Morgan Stanley and is functionally located within Morgan Stanley Real Estate Investing (MSREI), itself a part of Morgan Stanley's Merchant Banking division. In 2008, Morgan Stanley changed its status to a bank holding company and participated in the U.S. Treasury's capital injection program (repaid in 2009). The organization also sold off its retail asset management business, to focus on its institutional client base.

In February 2016, Morgan Stanley Investment Management ("MSIM") announced a new leadership and organizational structure which includes the realignment of investment teams across six groups: Real Assets, Solutions & Multi-Asset, Active Fundamental Equity, Private Equity & Credit, Global Fixed Income and Global Equity. MSREI is now part of the Real Asset group, which also encompasses the Firm's global listed real assets and private infrastructure investment teams.

John Klopp was named Head of Real Assets transitioning out of his role as Co-CEO and Co-CIO of MSREI and Head of the Americas. Mr. Klopp continues to sit on the MSREI real estate funds' investment committee and also serves as Affiliate Director of the Prime Property Fund. Olivier de Poulpiquet, who with Mr. Klopp had been Co-CEO and Co-CIO since 2010, now serves as sole Head of MSREI. Lauren Hochfelder Silverman is Head of the Americas.

Prime is the flagship core real estate fund at MS. It is organized as a private REIT and has oversight by an independent Board of Directors. The Board meets quarterly to review the strategy and investment performance of Prime and monitors the management responsibilities of the portfolio management team. The Board also reviews any asset related issues.

Key Staff	Position	Date Joined	Years of Experience
Scott Brown	Portfolio Manager	2003	30
Candice Todd	CFO	2001	30
Bennett Weaver	Head of Operations	2013	21

Scott Brown serves as the Global Head of PRIME, overseeing the PRIME series of real estate core funds globally. He is responsible for the portfolio implementation and management of the Prime Property strategy. His prior experience includes acquisition activities at Lend Lease Real Estate, which is the predecessor to Prime Propriety.

Candice Todd is a Managing Director of Morgan Stanley and the CFO of Prime Property Fund, responsible for the Fund's capital structure and REIT compliance. Prior to joining Morgan Stanley in November 2003, Candice worked for Lend Lease since 1994 and has over 30 years of real estate experience.

Bennett Weaver is the third key component of the Portfolio Management Team and is Head of Operations of Prime Property Fund. Prior to joining Morgan Stanley in July 2004, Bennett worked for Lend Lease and has over 20 years of real estate experience.

The Fund can leverage the global MSREI platform and the broad expertise, deep relationships and powerful franchise of Morgan Stanley, including investment banking, merchant banking, private wealth management, etc., which is a significant benefit to Fund's deal flow.

Investments for Prime are reviewed and voted on by a 12-member senior management investment committee including individuals from MSREI and risk management. John Klopp, co-Chief Executive Officer of the Firm, serves as Chairman.

The Firm's research team is shared across MSREI's products and geographies. In the U.S., the team is mostly responsible for aggregating third party research data by property type and geography. While newly designed top down models have been developed, the Fund mostly draws from bottom up resources of the broader platform to determine what assets are most attractive in each market, and research is used as a check. The acquisition and asset management teams, which are organized by geographic regions, are also shared resources across all MSREI products, and consist of 25 and 14 members, respectively. Acquisition and asset management work closely throughout the due diligence process and during the life of an asset; sharing market information and creating business plans/exit plans for each asset.

Prime owns AMLI Residential ("AMLI"), a multifamily private REIT. AMLI is focused on the development, acquisition and management of luxury apartment communities across the U.S. Thus, almost all of Prime's apartment activity is run through this group. Prime tends to focus on the 8-10 markets that were legacy AMLI strong holds, recently adding a few coastal metro-regions. AMLI is dedicated solely to Prime; with management co-investing alongside the Fund in all the apartment assets.

To reinforce the alignment of interest of key personnel with the performance of the Fund, Morgan Stanley awards shares that vest over time in the Fund based on personal annual performance and contribution to the Fund. Prime's performance fee is used to finance this employee incentive, which aligns the team's compensation to the increase and decrease in the share price of the Fund

OPERATIONAL DUE DILIGENCE

The Aon Operational Due Diligence ("Aon ODD") team reviewed the fund sponsor's policies, procedures, and capabilities across a range of operations, middle and back office, and control functions including: (I) corporate governance, (II) trade/transaction execution, (III) cash controls, (IV) valuation, (V) compliance, regulatory, legal, and controls testing, (VI) counterparty risk oversight, (VII) business continuity/disaster recovery, and (VIII) cyber security.

Morgan Stanley is a large and global investment manager with institutional levels of infrastructure, controls, and oversight across its operating environment. The firm is subject to independent oversight by a Board of Directors and has a robust supporting committee structure. MSIM's policies and procedures are comprehensive, well-documented and subject to reviews by both internal audit and annual SOC1 controls reviews by Ernst & Young.

The Aon ODD rating of the Manager is A1 Pass.

INVESTMENT PROCESS

MSREI uses an eight-step investment process:

1) Investment guidelines are developed and approved by the Board.

2) MSREI reviews a robust pipeline of transactions to source deals.

3) Potential investments are tracked through MSREI's investment pipeline. MSREI underwriting teams analyze

investments that are appropriate for Prime's strategy.

4) Investments are reviewed by an Allocation Committee if an investment is appropriate for multiple clients.

5) Investments are reviewed and approved by an investment committee of MSREI professionals and representatives from Morgan Stanley.

6) Following investment approval, due diligence is undertaken and closing occurs upon approval of portfolio management.

7) Asset management will aim to maximize value of each individual property. Asset managers oversee third-party valuations completed on a quarterly basis. 8) A hold/sell analysis is performed on all investments within the portfolio.

The portfolio management team includes a dedicated Chief Financial Officer, Candice Todd, that manages the creditworthiness and liquidity of the Fund. Candice has over 30 years of experience and has been with Morgan Stanley for over 25 years.

Risk management oversight is provided at divisional and Firm levels by MSIM Risk and Morgan Stanley's Firm Market Risk Groups. These groups are independent from MSREI.

FUND STRUCTURE

SUMMARY

The Fund is a limited liability company under Delaware law and has elected to be treated as a REIT for US federal income tax purposes.

The Fund has two types of shares: voting Shares and non-voting Shares. The Fund will not have more than 190 non-voting Shares issued and outstanding at any time except as necessary to comply with rules relating to REITs or to elect or maintain the Fund.

REVIEW OF KEY TERMS AND CONDITIONS

Key Terms	
Target Return:	8% - 10% (gross)
Cash Distributions:	Fund expects to pay quarterly dividends equal to at least 90% of its REIT taxable income.
Investment Management Fees:	Calculated based on Net Asset Value All levels of investment: 84 bps
Other Fees:	None
Performance Fees:	Accrues on a monthly basis over a calendar year. Equal to 5% beginning of the month NAV multiplied by the comparable property NOI growth Subject to an annual cap of 35bps per annum of the average monthly NAV for the calendar year.
Debt Mark-to-Market:*	(0.2)% compared to NFI-ODCE at (0.1)% at 3Q2020
Redemption Policy:	All Shareholders have the right to request a redemption of Shares on a quarterly basis. A redemption request received prior to quarter end will be processed so as to bescheduled for payment generally at or shortly after the end of the next quarter.

*Data as of 3Q2020. Due to a standard reporting lag, the most recent data available is as of 3Q.

ENTRY AND EXIT PROCESS

All Shareholders have the right to request redemption of Shares on a quarterly basis. Requests received before the end of a quarter will be processed so as to be scheduled for payment generally at (or shortly after) the end of the next calendar quarter in accordance with the Fund's quarterly redemption process. The Fund will redeem Shares at the then Current Share Price on the day of redemption to the extent that the request was received prior to the end of the preceding quarter and the Fund has sufficient cash available to honor requests, consistent with applicable REIT rules and principles of prudent management.

INVESTMENT MANAGEMENT FEES

Prime's blended fee structure consists of a flat asset management fee of 84 bps per annum and an incentive fee equaling 5% of comparable portfolio same store year-over-year NOI growth that accrues on a monthly basis and is capped at 0.35% of NAV.

PERFORMANCE *– As of December 31, 2020*

Prime owns one of the longest track records in the core space, with a fund inception in 1973. Prime has outperformed NFI-ODCE over 1-, 3-, 5-, 7-, and 10-year periods, and since inception. Prime's outperformance has been driven by several factors, including the utilization of a wholly-owned AMLI multifamily development platform and a wholly-owned Safeguard self-storage platform, geographic exposure to major markets throughout the US that have generated strong unlevered performance, and tactical property-type over- and underweights. Historical income performance has been diluted by the fund's multifamily and self-storage development portfolios. Prime's leverage (19.1%) is below NFI-ODCE. Prime lowered their target leverage to 15-25% in the near-term.

NEAR-TERM PERFORMANCE DRIVERS

Industrial Overweight

Prime's industrial exposure is 24.8% of GAV, approximately +300bps above NFI-ODCE. Prime has over 56 million square feet of industrial space today and primarily consists of distribution warehouses. Over 92% of Prime's industrial portfolio is in major distribution markets, including southern California, New Jersey, New England, and New York.

Non-Core Development with Wholly Owned Development Platforms

Prime's non-core exposure is currently 9.7% GAV. The AMLI multifamily and Safeguard self-storage platforms have been a large driver of appreciation within Prime historically. The Fund's existing pipeline today includes a combination of AMLI and Safeguard projects across the US in development and lease-up, four industrial developments in Atlanta, New York, and New Jersey, and an office asset in Pasadena.

Healthcare

Prime currently owns 30 medical office assets and five life-science properties. Calendar year same-store NOI growth was +6.8% for the healthcare sector in 2020.

Fourth Quarter 2020

Prime generated a gross return of 1.7% in the fourth quarter, outperforming NFI-ODCE by approximately +40 bps. Performance in the fourth quarter was driven primarily by industrial and healthcare, which generated an unlevered return of +4.1% and +11.6%, respectively, driven by leasing momentum across the both sector portfolios. The total percentage leased across the industrial portfolio reached 96.0%, with 3.8 million square feet leased in the fourth quarter. The healthcare sector's strong performance was comprised of 1.2% income and 10.3% appreciation.

Capital flows continue to remain strong, with Prime raising over $565 million of new subscriptions in the fourth quarter, with a total investment queue of $732 million. The redemption queue by quarter-end was $370 million, with a total of $400 million redemptions paid in the quarter.

ESG POLICY & PRACTICES

Morgan Stanley has well-developed, transparent ESG policies and specific staff members dedicated to ESG. MSIM has a Sustainability Team and a Global Sustainable Finance Group, which is responsible for the firm's overall sustainability strategy and develops approaches that achieve social, environmental, and financial returns. In June 2020, Mona Benisi was hired as Head of Sustainability for Global Real Assets and is responsible for developing MSIM's ESG investment integration standards, which also includes annually reviewing the firm's ESG policy. In addition to the firm's ESG policy, MSIM also has an annually reviewed DEI policy, code of ethics, sexual harassment policy, as well as yearly training on these policies.

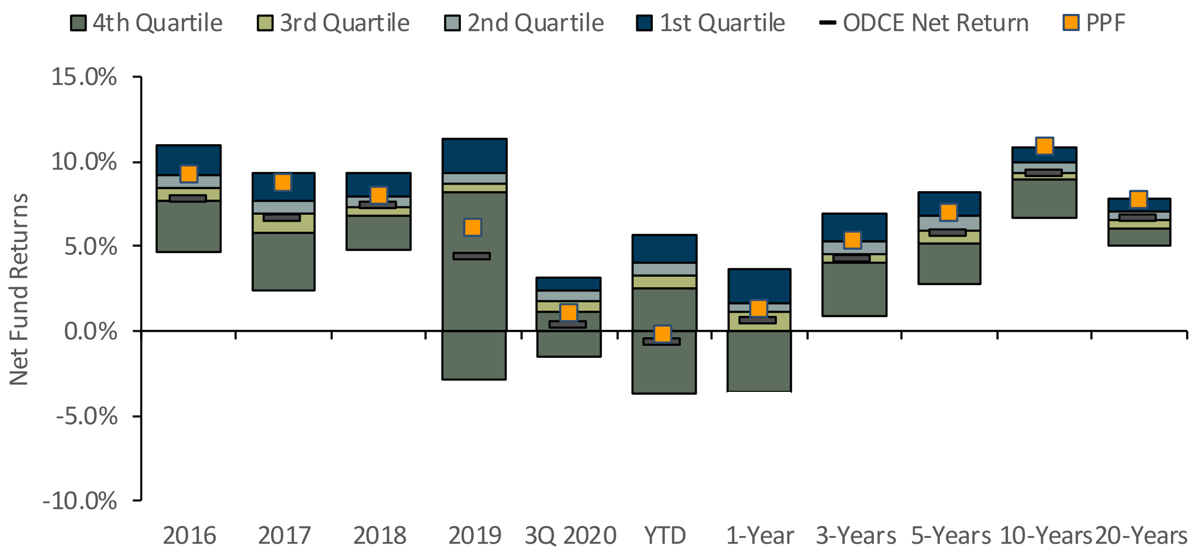
Each investment platform within MSIM has an ESG lead. Rob Poole is Executive Director and responsible for Sustainability for MSREI in the US. Josh Myerber, Deputy Portfolio Manager of Prime Property Fund, is focused on sustainability across the fund.

MSIM, MREI, and Prime have ESG processes in place which encourage consistent positive outcomes in benchmarking and encourage ESG stewardship at all levels. Prime has been a GRESB participant since 2014, with scores in the top third of its peer group and has received a 4-star rating over the past few years. The fund also actively tracks GHG emissions, tracks water and waste consumption at the asset level and works toward LEED Certifications and Energy Star Ratings in assets when applicable. In addition to GRESB, MSIM has also been a PRI Signatory since 2013 (receiving an A rating in the 2019 review), and is also a signatory to the TCFD, U.K. Stewardship Code, and the Japan Stewardship Code, as well as being a participant in SASB.

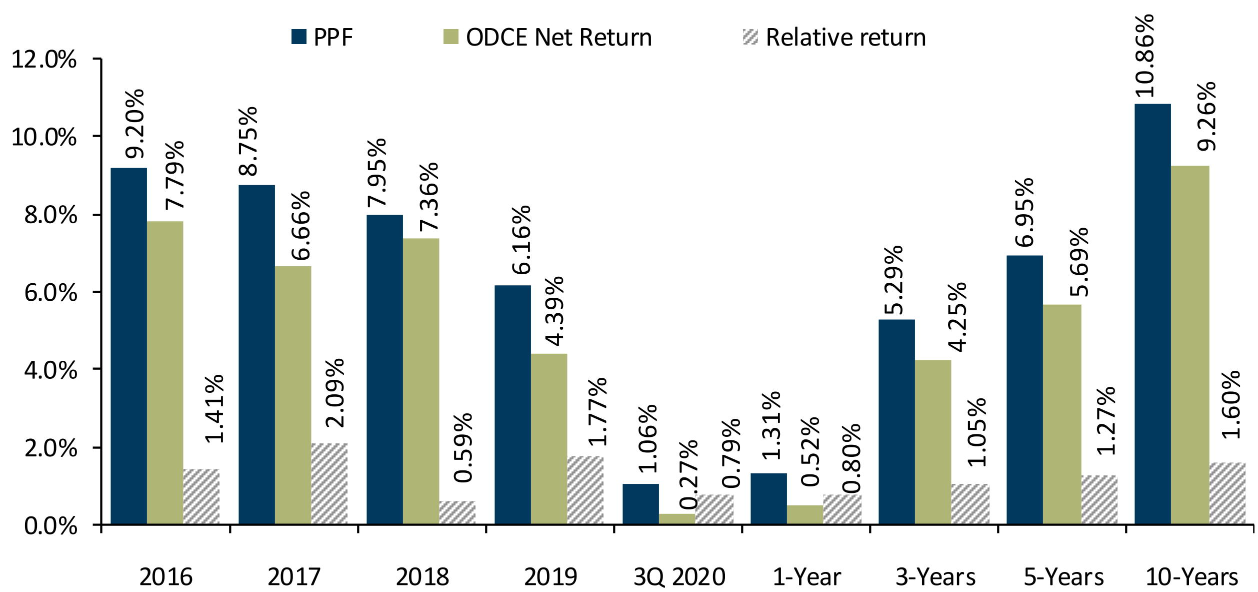
Based on the above referenced factors, Prime's ESG rating is Advanced.

APPENDIX

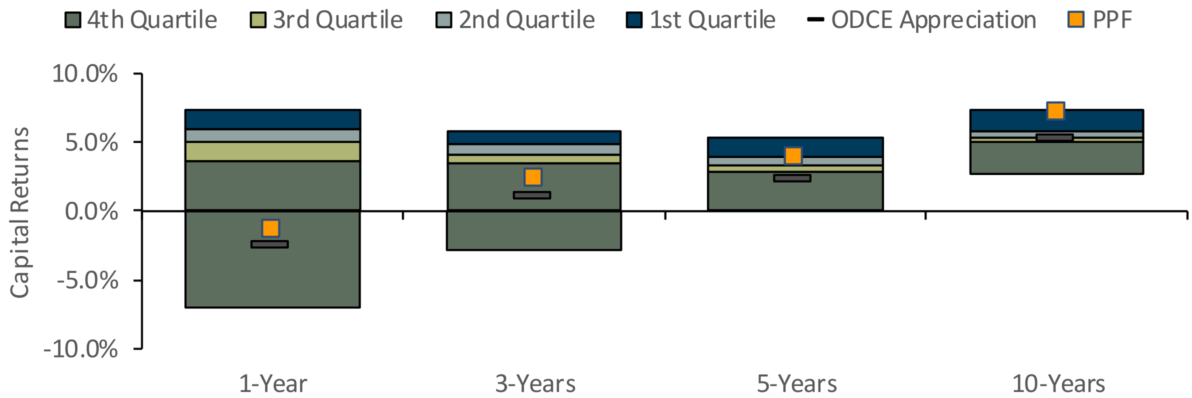
***Historical Performance Quartiles** – As of September 30, 2020*



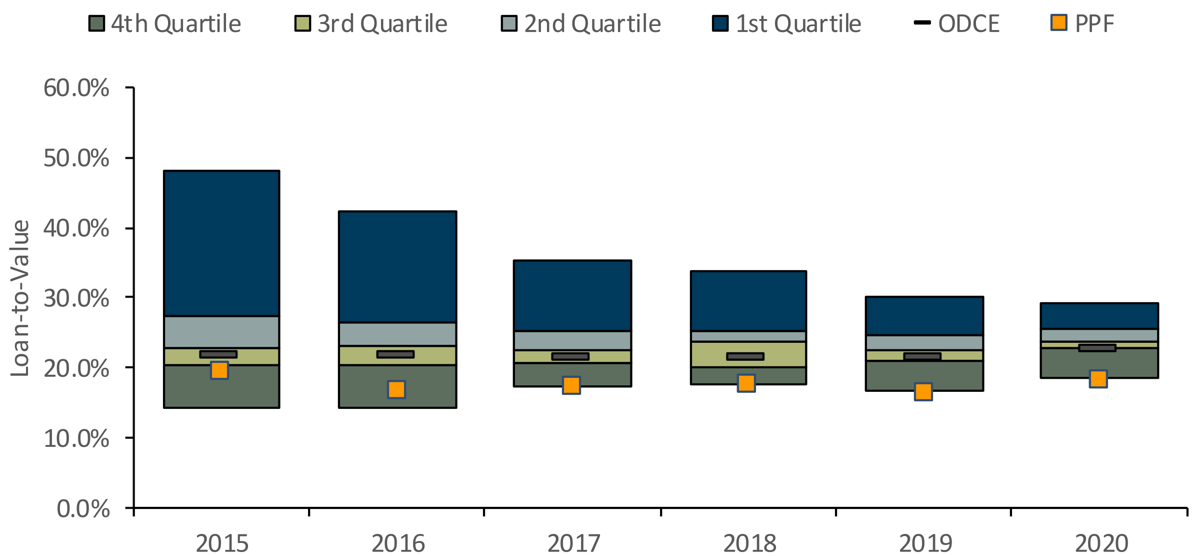
***Historical Relative Fund Performance –** As of September 30, 2020*



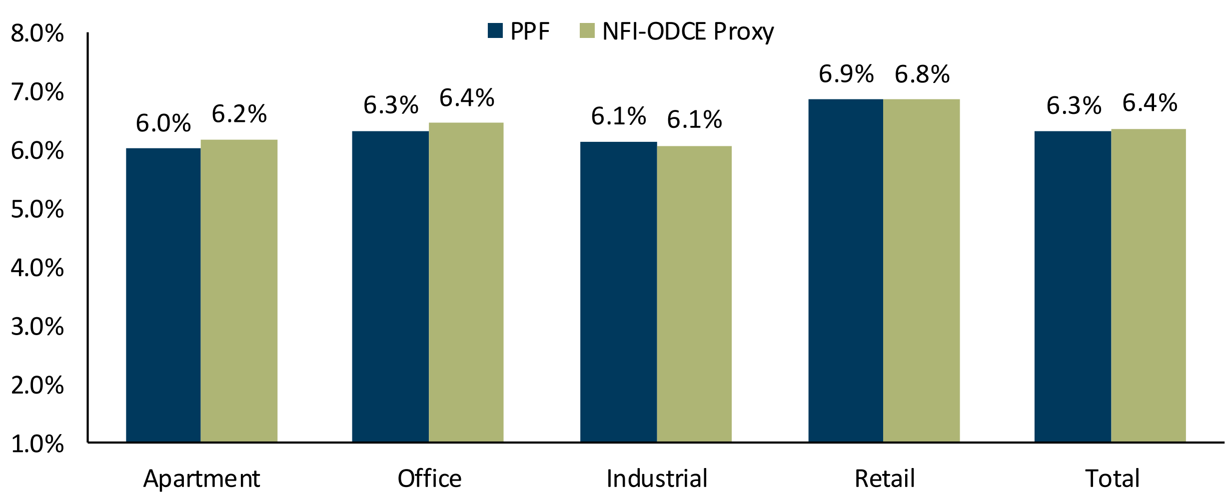
***Capital Return (Appreciation) Historical Performance Quartiles** – As of September 30, 2020*



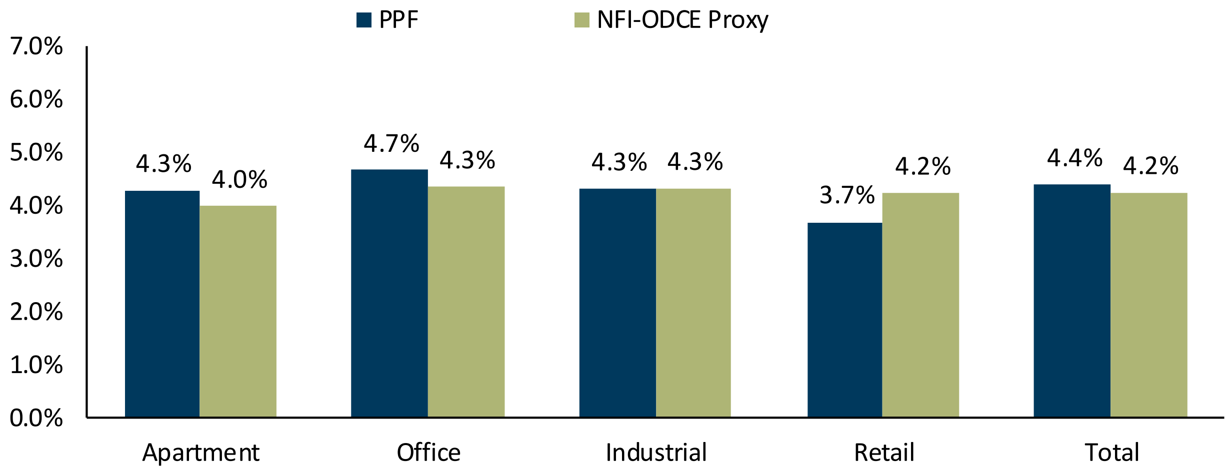
***Progression of Leverage** – As of September 30, 2020*



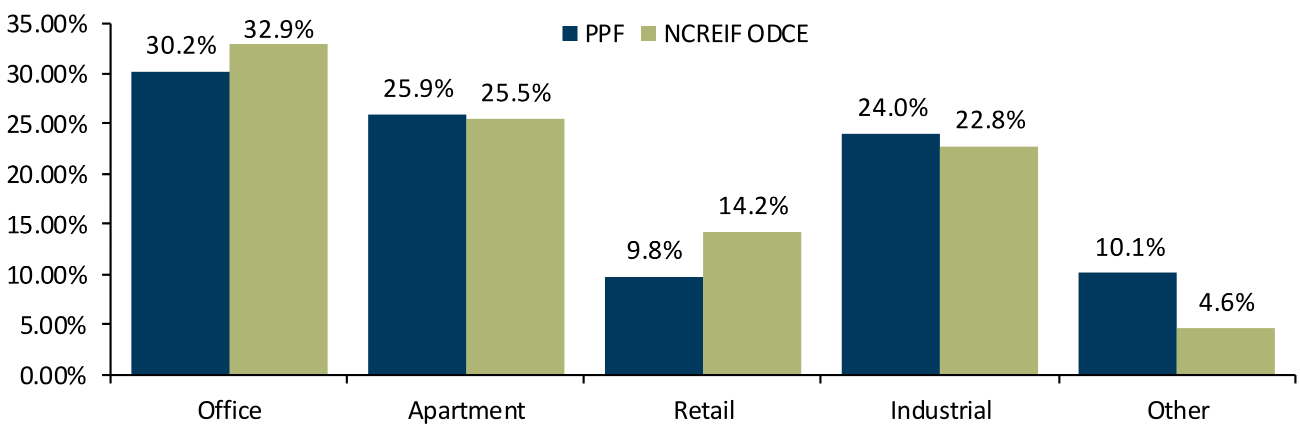
***Discount Rate** – As of September 30, 2020*



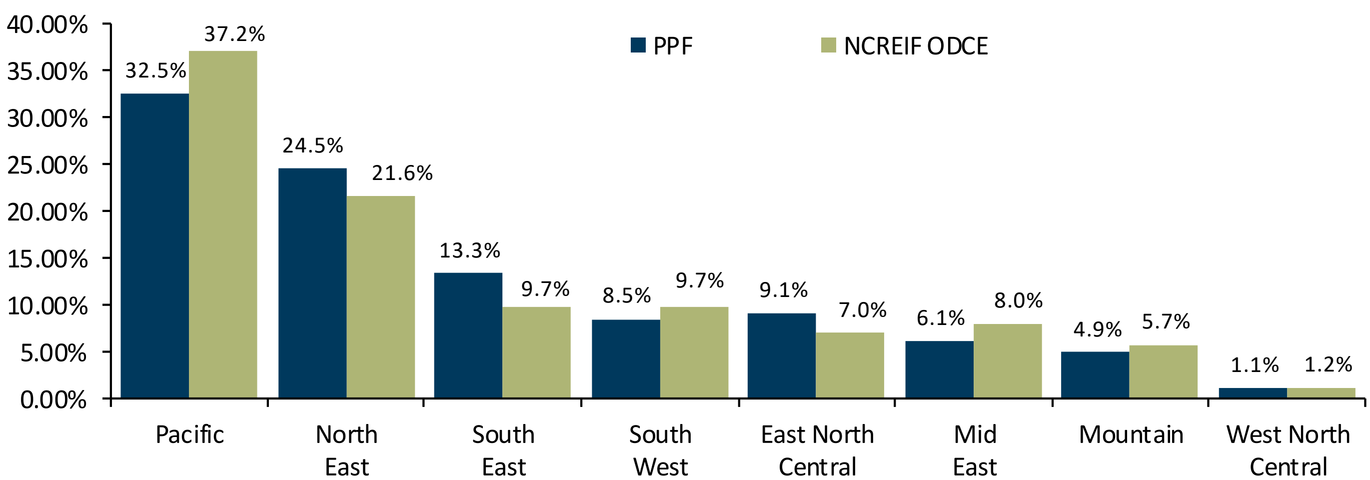
***Forward Cap Rates** – As of September 30, 2020*



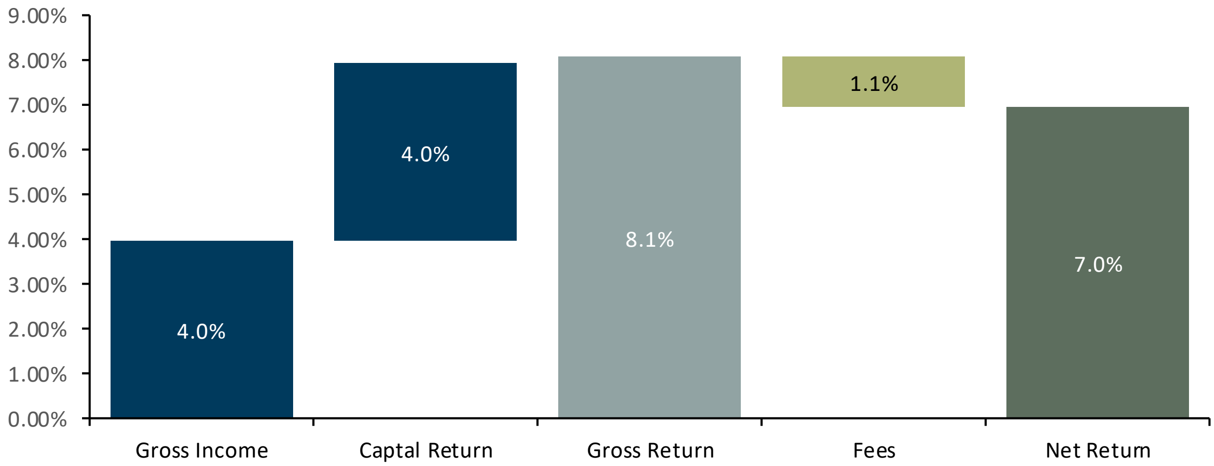
***Property Type Diversification** – As of September 30, 2020*



***Geographic Diversification** – As of September 30, 2020*



***Five Year Attribution** – As of September 30, 2020*



***Top 10 U.S. Market Exposures** – As of September 30, 2020*

MSA	% Total Fund NAV
Los Angeles	7.9%
Chicago	3.3%
New York	8.3%
Miami	3.8%
Boston	3.8%
San Francisco	5.8%
Washington DC	2.8%
Seattle	2.6%
Denver	4.6%
Atlanta	7.0%

RATINGS EXPLANATION

The overall rating can be interpreted as follows:

Overall Rating	What does this mean?
Buy	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products
Qualified	A number of criteria have been met and we consider the investment manager to be qualified to manage client assets

The ESG rating can be interpreted as follows:

ESG Rating	Interpretation
Limited	The fund management team has taken limited steps to address ESG considerations in the portfolio.
Integrated	The fund management team has taken essential steps to identify, evaluate, and mitigate potential financially material ESG risks within the portfolio.
Advanced	The fund management Team demonstrates an advanced awareness of potential ESG risks in the investment strategy. The fund management team can demonstrate advanced processes to identify, evaluate, and potentially mitigate these risks across the entire portfolio.
Not Applicable	ESG risks and considerations are not applicable to this strategy.

ABOUT THE TOWNSEND GROUP – AN AON COMPANY

Founded in 1983, The Townsend Group provides custom real asset solutions that help clients worldwide achieve their unique investment goals. As an Aon company, The Townsend Group is now part of one of the top three outsourced chief investment officer (OCIO) providers in the world measured by global assets under management. Aon's Investment organization, including Townsend, manages more than $130 billion of worldwide assets under management and has advised on more than $240 billion of real estate assets.

Disclaimer

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Past Performance is no guarantee of future results. Investing involves risk, including possible loss of principal.

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Real Estate **InTotal**

DWS Group GmbH & Co. KGaA

Core Plus Industrial Fund L.P.

August 2021

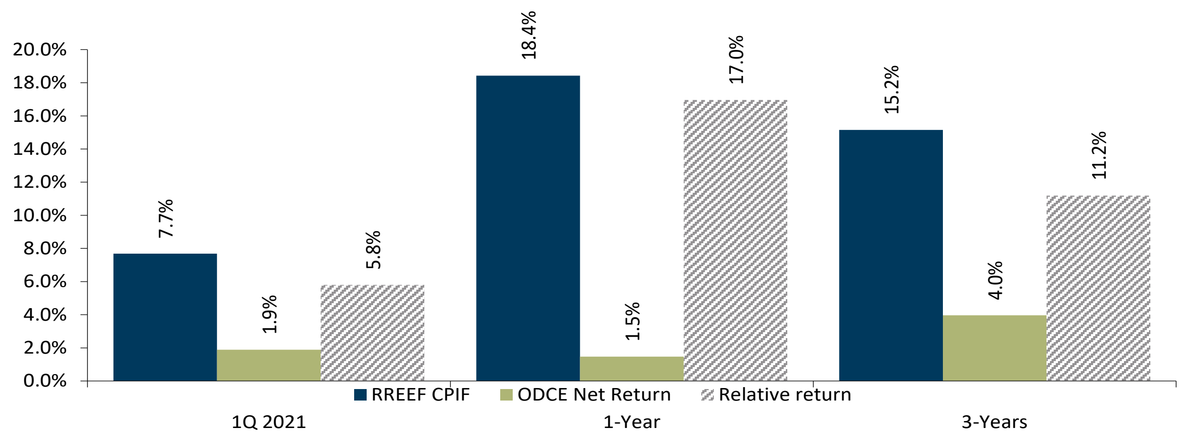
EXECUTIVE SUMMARY

OVERVIEW

Review Date	Rating	Previous Rating
August 2021	Buy	Buy

RREEF America L.L.C. ("RREEF"), part of DWS Group GmbH & Co KGa ("DWS" or the "Sponsor"), launched RREEF Core Plus Industrial Fund L.P. ("CPIF" or the "Fund"), a core-plus open-end industrial fund in June 2017. The Fund invests in core (up to 100%) and non-core industrial (up to 50%) with leverage capped at 50% at the portfolio level.

Historical Net Fund Level Performance:



Strategy Summary

Fund Structure	Open-End Fund	**Risk Segment**	Core-Plus
Size NAV	$1.3 Billion	**Average Asset Size (NAV)**	$51.3 Million
Valuations	Quarterly FMV Debt & Equity	**Minimum Commitment**	$5 Million
Leverage	<50% LTV at portfolio level	**Current/Max Non-Core %**	10.0%/25%
Investment Guidelines	- Max 25% speculative development (<50% pre-leased) - Max 50% non-core - Max of 10% to single property - Max of 30% to single MSA	**Number of Holdings**	25
Performance Objectives	NPI Industrial + 50-100 bps, gross		
Benchmark	NPI Industrial		

Firm Summary

Sponsor	DWS Group GmbH & Co. KGaA (XTRA:DWS)	**Parent**	DWS Group GmbH & Co. KGaA (XTRA:DWS)
Headquarters	New York City, NY (RREEF), Germany (DWS)	**Strategy Inception**	2017
Employees	400+	**Real Estate Team**	5
Firm AUM	€759 billion	**Real Estate AUM**	$67.8 billion

COMPARATIVE ADVANTAGES

1. Strong Industrial Track Record
    - RREEF's U.S. industrial track record is strong on both an absolute return and relative return basis over all measurement periods (compared to NPI Industrial sub-index).
    - Over the trailing twelve-month period, CPIF's generated a 18.79% gross return, outperforming NPI Industrial by +468bps.

2. Experienced Team
    - DWS/RREEF is a multi-decade manager of institutional real estate held in comingled funds and separate accounts. The Fund is staffed with one seasoned portfolio manager and one new portfolio manager, each of whom have worked within the industry for over 22 years. Darrel Campos is the lead portfolio manager for the Fund with 100% of his time dedicated to the Fund and has been with RREEF for 23 years. Catherine Minor is a recent addition to the team, filing the role of senior portfolio manager, but also has prior experience at RREEF during a previous 5-year stint at the firm in a development manager role.
    - The Fund's management team leverages RREEF/DWS's experienced research & strategy team and transaction teams to identify target markets. DWS has a dedicated Value Add & Development team, which formulates strategy & executes for both their separate accounts and comingled funds. Over the past 45 months, DWS has completed, constructed, or committed to 20 industrial ground-up development projects totalling $1.7 billion and approximately 8 million rentable square feet.

3. Favorable View on Industrial
    - Townsend continues to view the industrial property type favorably as do many institutional investors and research groups. E-commerce driven changes and resultant increases in demand for warehousing and logistics facilities is an ongoing multi-year tailwind behind thematic investment in the property type. YOY, e-commerce grew 32.1% despite a global recession, while retail consumption grew only 6.9% total. The targeted property types' inherent exposure to the evolution of e-commerce, a long-term demand driver, gives it potential for relative outperformance.

4. Development Accretive to Risk Adjusted Returns
    - The Fund targets up to 50% non-core and up to 25% speculative (<50% pre-leased) development. Given where pricing is for core industrial assets, this development component provides an attractive entry point for a long-term hold strategy as compared to buying at market pricing.
    - The Fund manages near the 25% speculative development limitation as it builds scale in order to take advantage of the market dynamics and the impact that development will have on its relatively small NAV (compared to other U.S. open-end industrial funds).
    - Development yield spreads are 50-150 basis points wide of stabilized yields, depending on market. With national vacancy levels at historic lows and supply/demand remaining in balance, this yield premium is still attractive to long-term core investors.
    - DWS has in-house development capabilities with a dedicated Value-add and Development team. CPIF leverages these in-house capabilities to underwrite and/or execute value-add activities. Consistent with most institutional fund strategies, particularly in the open-end space, the Fund will generally partner with local development partners to execute its development strategies. Those development partners are generally incentivized with fee and promote structures.

POTENTIAL ISSUES AND CONCERNS

1. Limited Liquidity
    - As a relatively new open-end fund, CPIF does not have the requisite size to provide the liquidity it is supposed to offer as an open-end fund. Additionally, investors will also have to accept a 2-year initial lock-up period.

Discussion: RREEF has shown fundraising momentum for CPIF with $525 million of capital commitments received in just 1Q21 alone and a capital entry queue of $462 million as of April 2021. The two-year lockout is standard for new open-end funds, though typically come with a benefit such as fee savings.

2. Speculative Development Risk
   - Up to 25% of the Fund can be invested in speculative development. This is higher than the comparable funds such as Clarion Lion Industrial Trust (15% speculative development cap) and Prologis U.S. Logistics Fund (no speculative development).

Discussion: Depending on market conditions and prudent management of the development pipeline, CPIF's higher speculative development cap may continue to enable the Fund to generate superior risk adjusted returns due to the return premium provided by speculative development. Investors will rely on the Fund management which is overseen independent Board of Directors to set the development strategy for the Fund and will outline the limit on speculative development exposure. Depending on market conditions, DWS's House View, and/or input from the Fund's independent Board of Directors, CPIF may implement a development cap lower than 25%. The Board of Directors has full fiduciary responsibility to the Fund's shareholders and is expected to act in the best interests of investors without conflict.

INVESTMENT MANAGER EVALUATION

Factor	Comments
Strategy	The Fund invests in high quality industrial assets via core, transitional, and development investments primarily located in and around U.S. major metropolitan areas with an emphasis on infill locations. Primary return drivers include: market selection, long-term industrial structural factors (e.g. e-commerce), development at a discount to market value, and active asset management of the operating portfolio. The Fund seeks to distribute a quarterly dividend competitive with comparable open-end industrial funds (~4%) with a total return objective to outperform NPI Industrial by 50-100 basis points.
Sponsor	DWS is a leading asset manager with over €759 billion in AUM as of September 30, 2020. DWS has over 60 years' experience in Germany and across Europe in a full spectrum of investment disciplines. DWS' US real estate investment business was originally founded by RREEF in 1975 and has grown to become one of the largest real estate investment managers globally. DWS has over $67.8 billion in real estate AUM today.
Operational Due Diligence	The Altus Group manages the Firm's valuation process. The Board maintains responsibility for the valuation policy and may change the frequency of external valuations based upon prevailing market conditions and other relevant factors. The valuation policy is reviewed each quarter and can be modified at the Board's discretion.
Investment Process	Americas Real Estate Transactions team is led by Tim Ellsworth, a senior leader with 23 years tenure with the firm. Tim's team of Acquisitions Officers are organized along regional lines with specific markets and regional coverage. Acquisition officers are property generalists and as such are responsible for all sectors, including industrial. Acquisitions Officers source both core and non-core investments, originating these opportunities through a variety of sources including but not limited to property owners, real estate brokers, mortgage bankers and investment bankers.

Fund Structure	RREEF Core Plus Industrial Lower Fund II L.P., a Delaware limited partnership, was formed on April 10, 2017 and acquired (indirectly through its direct and indirect subsidiaries) its initial investments on June 7, 2017. RREEF Core Plus Industrial Fund L.P., a Delaware limited partnership, will generally participate (directly or indirectly) in investments, alongside any parallel fund, on a pro rata pari passu basis, subject to legal, tax, accounting, regulatory, and other considerations. Currently, the Delaware Fund holds all investments through the Lower Fund.	
Performance	CPIF has outperformed NFI-ODCE net over 1- and 3-year periods. The fund's industrial focus has driven performance versus the index in the near-term as industrial continues to outperform all other sectors. The Fund's overweight to the Pacific sub-region relative to the benchmark has contributed to the strong outperformance, as the sub-region continues to be one of the benchmark's top performers.	
ESG Policy & Practices	The Fund is currently rated as Advanced through Townsend's formal ESG process.	
Overall Rating	**Buy**	CPIF's strategy is to invest in high quality industrial assets via core, transitional, and development investments primarily located in and around U.S. major metropolitan areas with an emphasis on infill locations. The Fund is achieving strong returns when compared to the benchmark while only 2% invested in speculative development, in large part to their allocations to some of the strongest performing MSAs for industrial within the U.S.

STRATEGY

- Portfolio Characteristics: CPIF targets high quality industrial assets, primarily distribution and warehouse properties, and seeks to continue constructing a geographically diversified portfolio in major metros with an emphasis on infill locations. The Fund's current portfolio composition is as follows[1]:
    - $1.4 billion in Fund GAV, $1.3 million Fund NAV
    - 18 core, 7 non-core properties
    - Square Feet: 6.9 million total
    - Discount rate: 6.2%
    - Cap Rate: 4.6%
    - WALT: 6.0 years for Core properties
    - Rents: 11.2% below market for Core properties
    - Tenancy: 112 tenants with mix of logistics, consumer retail, manufacturing, and other for Core Properties

- Pipeline: $47 million of recently developments

- Target Markets: Major metros with emphasis on infill locations. Target markets include: Southern California, Bay Area, Seattle, Denver, Chicago, NY/NJ, Atlanta, Dallas, and Miami.

- Current Portfolio Diversification:
    - 67% in coastal markets including Seattle, Southern California, Chicago, and Miami.
    - 33% located in Central PA and New Jersey, both primary distribution hubs[2]

[1] As of 3/31/21 unless otherwise noted
[2] Includes the six pending transactions which were under contract or letter of intent

- Business Plans:
    - Core (Target 75%, Minimum 50%)
        - Invest in high quality industrial assets primarily located in and around major metro areas with good income producing qualities including: high occupancies, manageable lease roll, quality tenants, and good sub-markets. CPIF expects to do single asset and portfolio acquisitions.
    - Non-Core (Target 25%, Maximum 50%)
        - Repositioning*:* Well-located assets that will benefit from capital programs.
        - Lease-up: Under-leased assets that will benefit from active asset management
        - Core with Optionality: Core assets that offer increased return potential as a result of developable land or other property improvements
        - Forward purchases: Commitments to purchase assets prior to development completion once certain de-risking hurdles have been met in order to acquire core at a discount to market value.
        - Lend to Core: Provide construction financing for assets under development with commitment to commit debt to equity at a pre-negotiated price upon certain de-risking hurdles being met (e.g. lease-up, completion). Strategy seeks to provide income during development and acquisition at discount to market value upon stabilization.
        - Development[3]: May include build-to-suit, partially pre-leased, and speculative development. Strategy seeks to provide access to core product at a discount to market value upon stabilization. The Fund may sell development assets or hold as core depending on Fund portfolio strategy.
        - Transitory Markets: Assets in temporarily distressed markets identified by research, asset management and transactions teams.

SPONSOR

OVERVIEW

RREEF was established in 1975 to invest in core real estate and has since sponsored several series of such funds and has also managed separate accounts for various U.S. tax-exempt investors. Deutsche Bank acquired RREEF in 2002 to complement its existing real estate asset management business, which at that time was largely focused in Europe and Asia Pacific.

Following the RREEF acquisition, all real estate activities within Deutsche Bank's Asset Management Division were united under the RREEF Real Estate brand. On March 23, 2018 Deutsche Asset Management rebranded to DWS. On the same date, Deustche Bank listed a minority share (21%) in the asset management business through an IPO on the Frankfurt Stock Exchange with Deustche Bank retaining a majority (79%) interest. Part of the rationale for the DWS IPO was to separate DWS and insulate it from volatility associated with the parent company.

DWS's Private Real Estate business sits within the Alternatives platform which also includes Private Infrastructure, Liquid Real Assets, Private Equity, Sustainable Investments, and Hedge Funds. DWS's Alternatives business is headquartered in New York, with U.S. corporate branch offices in San Francisco and Chicago. The RREEF Core Plus Industrial Fund investment team is primarily based in the San Francisco and New York offices. In addition to the three corporate offices, the U.S. real estate asset management organization operates out of nine regional offices in key cities around the country.

[3] Speculative development is capped at 25% of Fund GAV

RREEF CORE PLUS INDUSTRIAL FUND

Governance and management team

Fund Governance and Oversight

Independent Board of Managers

Americas Real Estate Investment Committee

Todd Henderson
Head of Real Estate, Americas
Board of Managers & Investment Committee
18 30

Portfolio Management Team

Darrell Campos
Lead Portfolio Manager
23 29

Joe Cappelletti
Chief Financial Officer
36 36

Jessica Hamill
Fund Controller
6 12

Portfolio and Asset Management
Property Specialists

Fund Operations
3 investment professionals

Broader Real Estate Resources

Asset Management	Capital Markets	ESG & Sustainability	Global Client Group	Operations	Research & Strategy	Transactions

Source: DWS. Years with firm/industry as of December 31, 2020.

Years with firm   # Years with industry

PRIVATE REAL ESTATE LEADERSHIP TEAM—AMERICAS

Senior leaders average 18 years with the firm and 30 years with the industry

TODD HENDERSON (CEO)
Head of Real Estate, Americas
18 30

Marc Feliciano (CIO)	Tim Ellsworth	Mike Nigro	Laura Gaylord	Vikram Mehra
Portfolio Management and Asset Management	Transactions	Value Add & Development	Client Coverage	COO
16 28	23 38	16 24	18 36	16 22

INVESTMENT FUNCTIONS[1]

Portfolio Management[2]	Transactions	Asset Management	Research & Strategy	ESG[3]	Central Functions
48 employees	16 employees	39 employees	7 employees	4 employees	19 employees

(1) As of September 30, 2020.
(2) Includes personnel of real estate debt team.
(3) Includes three external employees.
Source: DWS. As of December 31, 2020. Years with firm/industry as of December 31, 2020.

Years with firm # Years with industry #

OPERATIONAL RISK PROFILE

An Aon specialist team is reviewing the Sponsor's policies, procedures, and capabilities across a range of operations, middle and back office, and control functions including: (i) corporate governance, (ii) trade/transaction execution, (iii) cash controls, (iv) valuation, (v) compliance, regulatory, legal, and controls testing, (vi) counterparty risk oversight, (vii) business continuity/disaster recovery, and (viii) cyber security.

RREEF America L.L.C. is a majority-owned subsidiary of DWS, the investment management arm of Deutsche Bank AB, a publicly-traded global investment bank. The Manager generally demonstrates a well-controlled operating environment, including appropriate governance and oversight structures, regulatory compliance capabilities, and technology and security protocols. The firm implements highly automated processes, and all functions are well-monitored and controlled. The Manager utilizes commercially viable technology and applications including trading, accounting, order management, and compliance systems that allow for a high degree of straight through processing. These controls and processes drive the A1 Pass rating.

INVESTMENT PROCESS

The Fund Team has the primary responsibility for investment decision-making for the Fund, along with the Investment Committee. The CPIF Board of Directors approves the Annual Strategic Investment Plan. All Investment Committee decisions for the Fund must be approved unanimously.

Summary of Acquisition Process:

- Sourcing: Based on acquisition criteria from the CPIF Annual Strategic Investment Plan as updated by the portfolio management team, members of the transactions team go out and source suitable investments. Acquisitions Officers operate regionally and are property generalists. They continually visit their designated markets to meet with developers, owners, brokers, and bankers to communicate acquisitions criteria to keep current on market conditions.
- Screening: Once a property is identified that meets client objectives, the property is logged into the Transactions group's weekly report that summarizes the status of all potential acquisitions. Weekly calls are held between members of Transactions, Portfolio Management, Asset Management, and Investment Committee to update participants on the status of potential acquisitions.
- Underwriting: Potential transactions are put through an initial underwriting by the Acquisitions Officer with input from Research and Asset Management. An LOI is submitted after the initial underwriting. In concert with the LOI, a preliminary memo is prepared to further socialize the opportunity among Investment Committee and Portfolio Management. Based on feedback from Investment Committee and Portfolio Management, cash flow assumptions are revised and a best and final LOI is submitted.
- Allocation: If the LOI is accepted, the Acquisitions officer prepares an extension of the preliminary investment memo which fully considers investment returns, risk, and timing. This memo is presented to portfolio managers for allocation.
- Due Diligence: Once allocated, the Transactions group coordinates formal due diligence which includes: legal, physical, financial, market, portfolio, and compliance.
- Approval: At completion of due diligence, the Acquisitions Officer makes a formal presentation to the Investment Committee who are already educated on the deal since they have been updated throughout due diligence via the weekly transaction review meeting and Investment Committee meetings.

Asset Management:

- Geographically focused asset managers that specialize in property type enables deep market knowledge which is used to properly position properties and negotiate leases to drive value
- Asset management group includes engineering teams to assist Asset Managers with capital expenditures, environmental, and structural issues.
- Property Management is outsourced to third parties and overseen by Asset Management.

Dispositions:

- The decision to sell a property originates from the Fund Team who has primary responsibility to ensure the Fund's objectives are met.
- Through the Annual Strategic Investment Plan and valuation process, each property is reviewed against the investment objectives. Using market profiles and property specific characteristics, the Fund Team determines whether to present a property for sale to Investment Committee.
- Once identified for sale, a property is presented to IC which reviews the recommendation and decides whether to assign the property to the Transactions team for sale.

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FUND STRUCTURE

OVERVIEW

CPIF is a U.S. open-end industrial fund structured with various entry points depending on the tax status of the investor. The Fund's investments will be held indirectly through various holding structures in one or more entities.

REVIEW OF TERMS & CONDITIONS

Key Terms	
Target Return:	NPI Industrial + 50-100 bps, gross at Fund level
Cash Distributions	None
Investment Management Fees	Less than $25mm: 1.15% Next $50mm: 0.95% Next $75mm: 0.85% Next $75mm: 0.75% Thereafter: 0.65%
Other Fees	Fund may be charged up to $2.0M and amortized over 5 years
Performance Fees	15% of total profits after a return of capital and an 8% preferred return at the end of each three year incentive period, calculated at LP level. Payment subject to a 25% holdback which will be paid out at the end of the next three year measurement period if the hurdle is met.
Debt Mark-to-Market	None
Redemption Policy	2-year initial lock up period

ENTRY AND EXIT PROCESS

Entry: The Fund is restricted to accredited investors, open for investment to endowments, foundations and taxable investors. Investors are required to complete a subscription agreement, which will be reviewed by RREEF. Initial subscriptions must be in the minimum amount of $5 million.

Exit: Investors must submit notification via email or hard copy letter to the Fund and give two months' notice prior to quarter-end. Absent a redemption queue, the trade date occurs at quarter end. The Fund allocates funds being used to satisfy redemption requests proportionately among all redeeming investors (pro-rata).

PERFORMANCE

RREEF began to pursue industrial warehouse development (in addition to its core industrial strategies) in 1997. In order to demonstrate the firm's track record in both core and development, the track record in Figure 11 has been presented from 1997 onward. RREEF's U.S. industrial track record is strong on both an absolute return and relative return basis over all measurement periods (compared to NPI Industrial sub-index).

The Fund has a shorter track record since its inception was only July 2017. Over the trailing twelve-month period, CPIF's generated a 18.8% total gross return, outperforming the NPI Industrial by 468 basis points and exceeding the Fund's goal of 50-100 basis points. One likely contributor to the Fund's success over the benchmark is the 64% allocation to the Pacific sub-region, which has consistently been one of the benchmark's top performers over the past year, delivering a total return of 14.8%. The Fund is currently overweight this sub-region relative to the benchmark by 22% and has significant exposure to several of the sub-region's top gateway markets including San Diego (15%), Seattle (14%), and Los Angeles (12%), which saw total trailing 12-month returns of 14.9%, 13.4%, and 11.3%, respectively, during 2020.

The trailing 12-month same store net operating income for fourth quarter 2020 was up 3 percent from fourth quarter 2019, which is reflective of positive leasing activity, including earlier than anticipated lease-up of vacant spaces, achieving higher rents, and providing fewer concessions than anticipated. Additionally, the Fund's weighted average IRR and Exit cap rate have compressed 22 basis points and 19 basis points, respectively, due to continued strong investor demand for industrial product within the Fund's existing market exposures. Compared to year-end 2019, the Fund's core portfolio weighted average going in cap rate decreased 19 basis points. This has led to a growth in the Fund's Gross Real Estate market values of 23%.

ESG POLICY & PRACTICES

DWS has well defined ESG policies, which are interwoven into the Firm's Sustainability House Views consisting of (1) Data Collection, (2) Implementation, (3) Goal Setting, and (4) Measurement. The Firm published their ESG Policy in 2020; however, it's worth noting that this policy was derived from DWS' Standards of Sustainability first published in 2011 and DWS' Sustainability House Views published in 2015. The firm maintains an annually reviewed code of ethics, DEI policy, non-discrimination policies, and code of conduct, all of which require annual training by DWS employees.

In 2017 the Responsible Investment Leadership Team ("RILT") took charge of overseeing the development and implementation of the global ESG and responsible investment strategy across DWS. The RILT is chaired by the Head of Responsible Investments and consists of the CIO for Responsible Investments and senior representatives from coverage, marketing, product, communications, corporate strategy and transformation, and human resources. The RILT meets regularly to discuss issues and initiatives across the Firm relating to ESG and sustainability. The Head of Responsible Investments reports to the DWS Executive Board member who also serves as the Global Head of Client Coverage. In regard to DWS staff, approximately 27% of executive positions at the firm management level were held by women, up from 22% in 2019.

ESG considerations are evaluated by DWS at all stages of the real estate investment cycle from acquisition, throughout the hold period, and at disposition. DWS employs a strategy of continuous evaluation of ESG considerations after acquisition with the goal of improving the value of the asset through reduction of energy and water consumption, effective waste diversion practices, health and wellness programs, third-party green labels and certifications, and asset hardening through climate risk and resiliency assessments. Specifically, DWS invests in technical building assessments during the hold period. Assessments are conducted both internally by DWS staff as well as by qualified third-party vendors and consultants, such as Measurabl. These technical building assessments are deployed to assess risks related to climate change, GHG emissions, energy efficiency, tenant engagement strategies such as transportation, waste management, and water savings. Since the beginning of 2016, all DWS properties are required to choose a feasible efficiency measure assessment and add the recommended project to the budget.

The Fund is in its infancy stage with regard to submitting to GRESB, first reporting in 2020. It should be noted that a fund's first report with GRESB typically receive a relatively poor score; however, CPIF scored well relative to its industrial peers. For new funds, progressive improvement in subsequent years' reports should be a strong indication of the Fund's advancement. Additionally, the Firm was an early adopter of the Principals for Responsible Investment ("PRI"), becoming a signatory in 2008. Since 2008, DWS has scored inline or better than the median PRI signatory, with this past year's assessment scored an A+. Furthermore, DWS is a member or signatory of the Task Force for Climate Related Financial Disclosures, the Urban Land Institute, Climate Disclosure Project, UK Sustainable Investment and Finance Association, NAREIT Sustainability Council, Ceres, and many more.

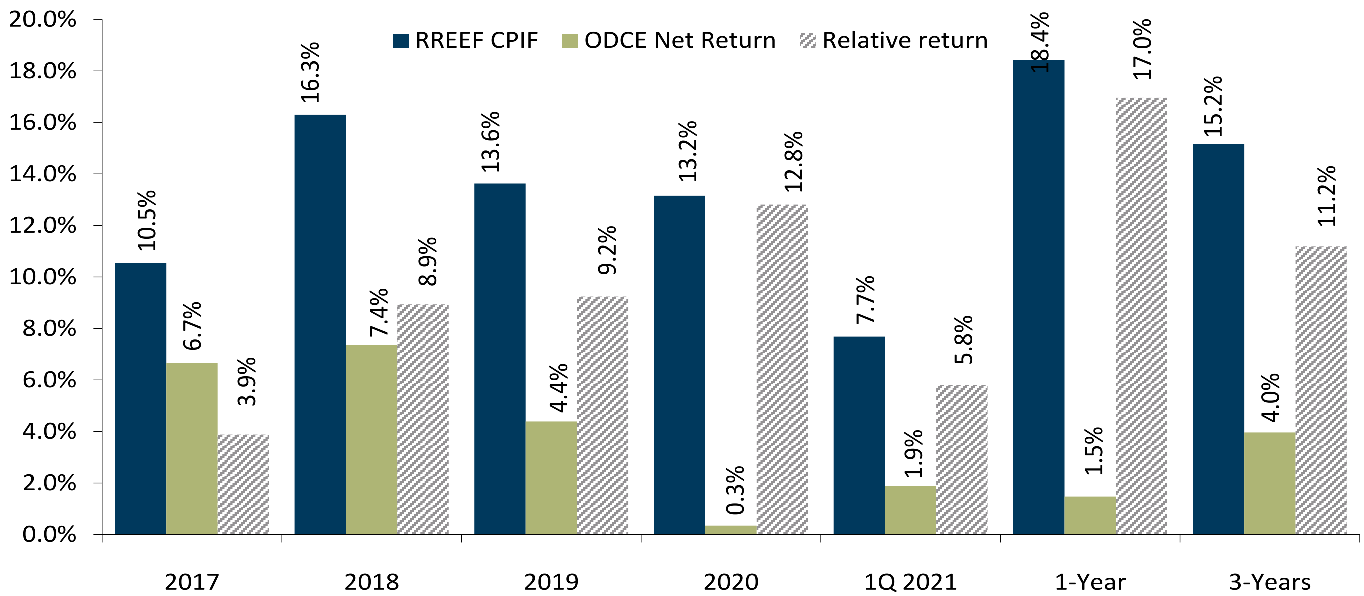
Based on the above referenced factors, we have concluded CPIF's ESG rating to be "Advanced". DWS' commitment to ESG dates back to 2008 when the firm became a signatory of PRI. Additionally, the Firm stands out amongst its peers in that DWS has dedicated team to oversee the Firm's ESG initiatives. CPIF's partnership with GRESB is relatively new, and even so, in 2020 CPIF scored relatively well amongst the industrial fund peer set, further supporting the "Advanced" rating.

APPENDIX

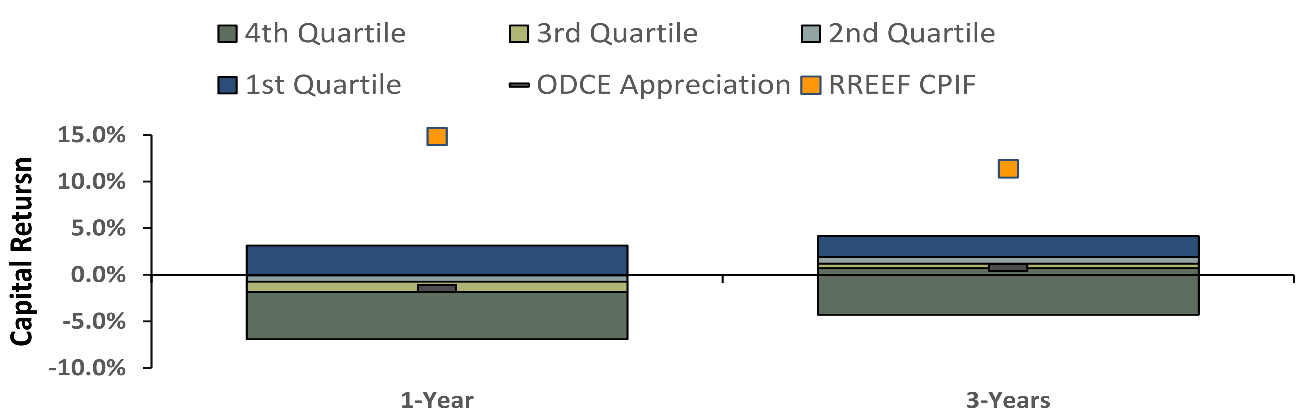
Historical Performance Quartiles *– As of March 31, 2021*

Source: Townsend U.S. Open-Ended Core Fund database as of March 31, 2021. Range shown is 95th to 5th percentile.

Historical Relative Fund Performance – *As of March 31, 2021*



Capital Return (Appreciation) Historical Performance Quartiles – *As of March 31, 2021*



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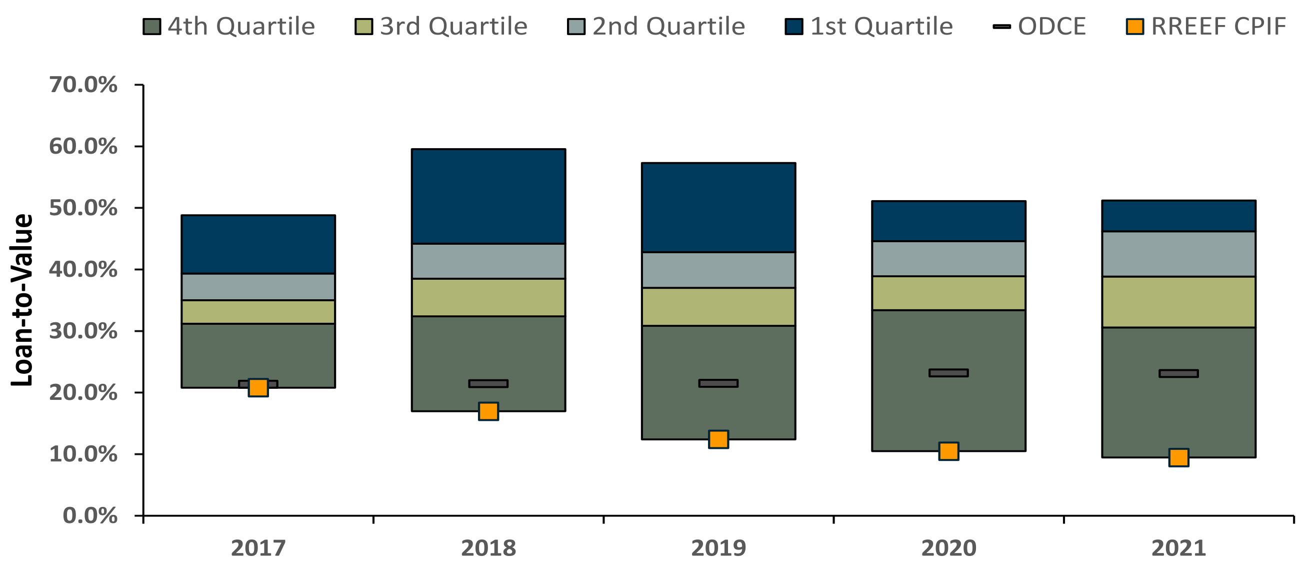
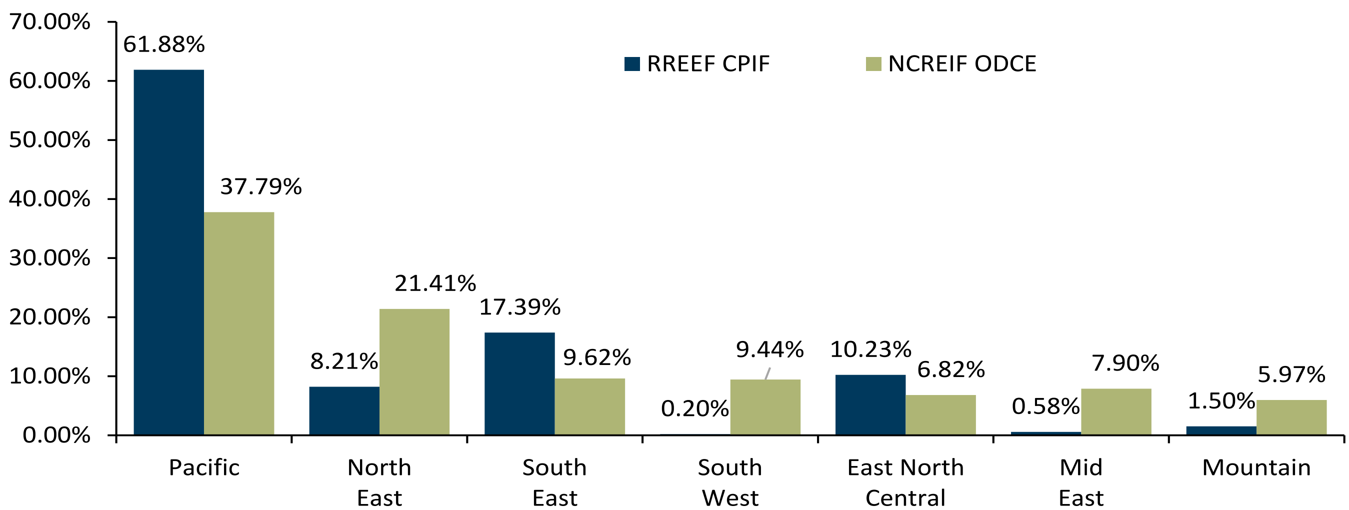
***Progression of Leverage** – As of March 31, 2021*



***Fund Diversification** – As of March 31, 2021*



Top 10 U.S. Market Exposures *–As of March 31, 2021*

MSA	% Total Fund NAV
Miami-Fort Lauderdale-Pompano Beach,	17.6%
Los Angeles-Long Beach-Santa Ana, CA	15.1%
San Diego-Carlsbad-San Marcos, CA	14.9%
Seattle-Tacoma-Bellevue, WA	11.2%
Chicago-Naperville-Joliet, IL-IN-WI	10.4%
Portland-Vancouver-Beaverton, OR-WA	9.6%
Riverside-San Bernardino-Ontario, CA	7.1%
Trenton-Ewing, NJ	5.9%
San Jose-Sunnyvale-Santa Clara, CA	3.7%
York-Hanover, PA	2.3%

Top Ten Assets (by MV)

Property	City	State	$MV
Vantage Point	Poway	CA	186,100,000
Portland Distribution Center	Portland	OR	123,200,000
Olympia	Kent	WA	107,318,000
Centergate at Gratigny - Phase I	Hialeah	FL	100,900,000
Centergate at Gratigny - Phase II	Hialeah	FL	96,400,000
9050 Hermosa	Rancho Cucamonga	CA	90,700,000
159 Milford	East Windsor	NJ	75,300,000
Jefferson Industrial	Elk Grove Village	IL	55,700,000
Nelson Business Park	City of Industry	CA	52,100,000
111 Uranium	Sunnyvale	CA	47,700,000

Investment Rating Explanation

The comments and assertions reflect Townsend views of the specific investment product and its strengths and weaknesses in general and in the context of Townsend's *View of the World* and same vintage alternative choices.

Buy – Townsend recommends the investment for those client portfolios where it is a fit.

Qualified – Townsend believes the sponsor to be qualified to manage client assets.

Operational Risk Profile Rating Explanation

Rating	Definition
✓+	Aon completed its review process and noted no material operational concerns within the areas it reviewed and finds that these aspects of the firm's operations largely align with a well-controlled operating environment.
✓	Aon completed its review process and the firm's operations within the areas Aon reviewed largely align with a well-controlled operating environment, with limited exceptions. Managers may be rated within this category due to resource limitations or asset class limitations or where isolated areas do not align with best practice.
No Rating	Aon was unable to complete its review process due to incomplete information, policies and procedures that are under development or in transition, or for other reasons. Aon may review the rating if these items are addressed.
✓-	Aon completed its review process and noted material operational concerns that introduce the potential for economic loss or reputational risk exposure.

About Townsend Group – An Aon Company

Founded in 1983, The Townsend Group provides custom real asset solutions that help clients worldwide achieve their unique investment goals. As an Aon company, The Townsend Group is now part of one of the top three outsourced chief investment officer (OCIO) providers in the world measured by global assets under management. Aon's Investment organization, including Townsend, manages more than $130 billion of worldwide assets under management and has advised on more than $240 billion of real estate assets.

Disclaimer

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Past Performance is no guarantee of future results. Investing involves risk, including possible loss of principal.

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Townsend is a registered investment adviser with the Securities and Exchange Commission and is a wholly owned, indirect subsidiary of Aon plc

ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

R E S O L U T I O N
No. 2021-56

Approving Investment in Morgan Stanley Prime Property Fund, LLC with Imminent Need

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its real assets investment consultant, Aon Hewitt Investment Consulting, Inc., along with the recommendation of the Investment Committee and ATRS staff regarding an investment in **Morgan Stanley Prime Property Fund, LLC,** a U.S. open-end diversified core fund that targets the highest quality income-producing properties located in primary markets.; and

WHEREAS, the ATRS Board previously approved Resolution 2021-46 authorizing an investment in **Morgan Stanley Prime Property Fund, LLC** of up to **$70 million dollars ($70,000,000)** at the September 27, 2021 ATRS Board meeting; and

WHEREAS, the ATRS Board, after its review of the timing needed to close the investment and the fact that the scheduled October meeting of the Arkansas Legislative Council has been canceled and the next scheduled meeting is in November, has determined that there is now an imminent need to enter into the partial equity ownership agreement by the anticipated closing date; and

WHEREAS, the ATRS Board approves an investment of up to **$70 million dollars ($70,000,000)** in **Morgan Stanley Prime Property Fund, LLC,** and the Board, after its review of the timing in which the closing of the investment in **Morgan Stanley Prime Property Fund, LLC** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

NOW, THEREFORE*, *BE IT RESOLVED, that the ATRS Board approves an investment of up to **$70 million dollars ($70,000,000)**, in **Morgan Stanley Prime Property Fund, LLC** and agrees to immediately move to close and subscribe the approved ATRS limited partnership investment interest in **Morgan Stanley Prime Property Fund, LLC.** The total investment amount is to be determined by the real assets investment consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process if acceptable terms are reached.

Adopted this 18th day of October, 2021.

____

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

TOWNSEND® GROUP
an Aon company

950 Main Avenue
Suite 1600
Cleveland, OH 44113

Memorandum

To: Arkansas Teacher Retirement System ("ATRS")

From: Chae Hong

CC: PJ Kelly; Jack Dowd; Richard Ferguson

Date: September 27, 2021

Re: JP Morgan Strategic Property Fund – $140 million Redemption Recommendation

RREEF Core Plus Industrial Fund - $70 million Commitment Recommendation

MS Prime Property Fund - $70 million Commitment Recommendation

---

Background and Recommendation

As of Q1 2021 ATRS has invested roughly $283 million with JP Morgan's Strategic Property Fund ("SPF"), an open-ended commingled core real estate fund. This amounts to 31% of the core real estate portfolio and 21% of the total real estate portfolio. On a since inception basis SPF has returned a 6.4% net IRR. During July 2021 SPF announced it fully extinguished the Fund's redemption queue, providing ATRS with an opportunity to reinvest capital to better positioned core real estate opportunities. As such, we recommend ATRS request a $140 million redemption from SPF to be reallocated equally between Morgan Stanley Prime Property Fund ("Prime") and RREEF Core Plus Industrial Fund ("CPIF").

Aon Investments, USA is satisfied with the strategy of Prime and CPIF and its appropriateness for ATRS. Additionally, we believe that the merits of these offering outweigh its risks. Prime and CPIF InTotals are attached in the following Appendix for reference. We recommend that ATRS invest $70 million in Prime and $70 million in CPIF. Additionally, both Prime and CPIF provide investors with various investment vehicles. Townsend recommends ATRS consult with its tax and legal counsel to determine the most appropriate vehicles for the Plan.

Fund Descriptions

SPF is the largest open-end, diversified core real estate fund in the US. The Fund has a long-term track record of investing in high-quality real estate in major gateway markets throughout the US. The Fund's largest assets include trophy office assets in major central business districts and a portfolio of Class-A super regional malls and lifestyle centers. SPF has historically been underweight to the industrial sector but has made a significant effort over the past twelve to twenty-four months to increase exposure toward the sector allocation with the acquisition of Real Term Industrial in 2018 and a new joint venture with Black Creek Industrial in 2019.

Prime is a diversified, open-end Core real estate fund that targets high quality, well-leased, income-producing properties located in select primary markets in the U.S. Its goal is to outperform its benchmark (NFI-ODCE) annually and over the long-term, as well as achieve an aggregate annual total return on invested equity of 8-10% (gross). Relative to its benchmark, the Fund has been able to consistently generate alpha.

RREEF America L.L.C. ("RREEF"), part of DWS Group GmbH & Co KGa, launched CPIF, a core-plus open-end industrial fund in June 2017. The Fund invests in core (up to 100%) and non-core industrial (up to 50%) with leverage capped at 50% at the portfolio level.

Appendix

Real Estate **InTotal**

J.P. Morgan Asset Management

Strategic Property Fund, LLC

July 2021

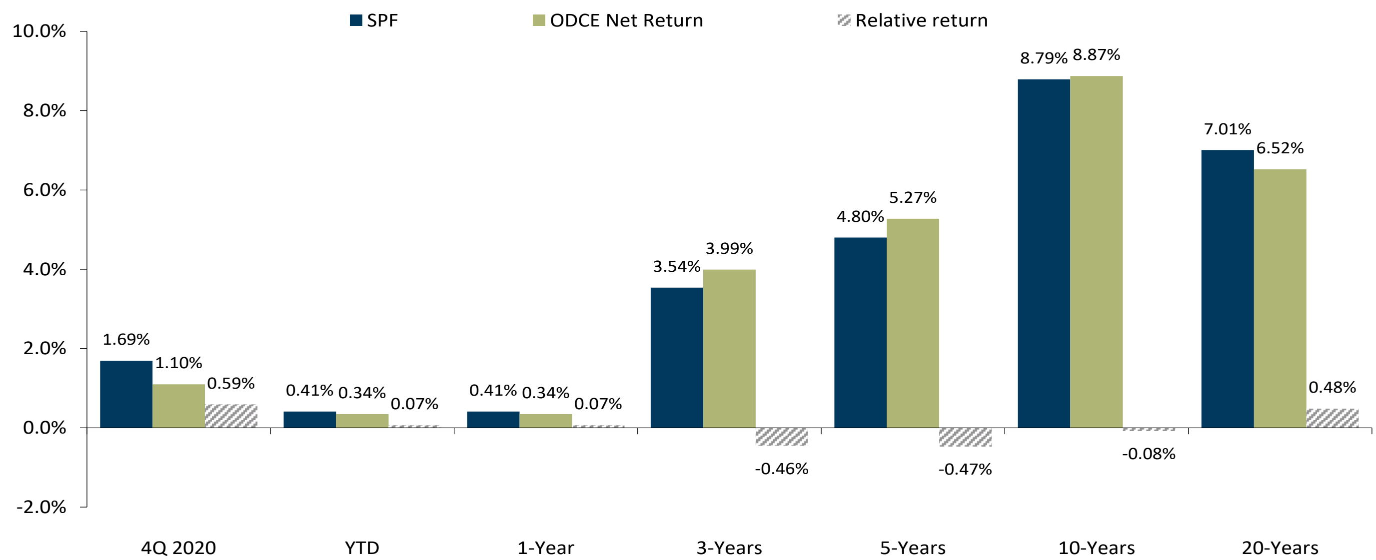
EXECUTIVE SUMMARY

OVERVIEW

Review Date	Rating	Previous Rating
July 2021	Buy	Buy

JP Morgan Strategic Property Fund ("JPM SPF" or "SPF" or the "Fund") is the largest open-end, diversified core real estate fund in the US. The Fund has a long-term track record of investing in high-quality real estate in major gateway markets throughout the US. The Fund's largest assets include trophy office assets in major central business districts and a portfolio of Class-A super regional malls and lifestyle centers. SPF has historically been underweight to the industrial sector but has made a significant effort over the past twelve to twenty-four months to increase exposure toward the sector allocation with the acquisition of Real Term Industrial in 2018 and a new joint venture with Black Creek Industrial in 2019.

Historical Net Fund Level Performance:



Strategy Summary

Fund Structure	Open-End Fund	**Risk Segment**	US Diversified Core
Size NAV	$31.0 Billion	**Average Asset Size (NAV)**	$196.1 Million
Valuations	Quarterly FMV Debt & Equity	**Minimum Commitment**	$10 million
Leverage	23.6%	**Current/Max Non-Core %**	6.0%/15%
Investment Guidelines	In line with peers	**Number of Holdings**	155
Performance Objectives	Outperform the NCREIF Fund Index – Open End Diversified Core Equity ("NFI-ODCE") over a full market cycle.		
Benchmark	NFI-ODCE		

Firm Summary

Sponsor	J.P. Morgan Chase Bank, N.A.	**Parent**	J.P. Morgan Investment Management Inc.
Headquarters	New York, NY, United States	**Strategy Inception**	1998
Employees	7,203	**Real Estate Team**	185
Firm AUM	$2.3 Trillion	**Real Estate AUM**	$73.2 Billion

COMPARATIVE ADVANTAGES

1. Beta

The Fund's beta over the three-, five-, seven-, and ten- year periods are all less than or slightly above 1, indicating low volatility when compared to NFI-ODCE. As of December 31, 2020, the Fund had a 10-year beta of 1.071. Additionally, the Fund is also the largest in the index and as such, the large portfolio provides investors with a broadly diversified investment across a variety of property types and markets.

2. Unlevered Performance

The Fund's has generated total property-level unlevered performance of +1.9%, +4.7%, and +5.6% respectively over 1-, 3-, and 5-year periods, outperforming ODCE-NPI by +60bps, +33bps, and +9bps. The fund's strong unlevered performance is attributed largely by the Fund's office portfolio. The Fund's office assets generated unlevered performance of +5.0%, +6.5%, and +6.4% over 1-, 3-, and 5- year periods respectively, outperforming ODCE-NPI Office by +356bps, +155bps, and +78bps.

POTENTIAL ISSUES AND CONCERNS

1. Underweight Industrial

The Fund's underweight to industrial has been a drag on performance versus the index in the near-term as industrial continues to outperform all other sectors. Per NCREIF, industrial has generated unlevered performance of 11.8%, 13.1%, and 12.9% over 1-, 3-, and 5-year periods respectively. The Fund has historically been underweighted to the industrial sector but has made a significant effort over the past three to five years to double exposure toward the sector allocation with the acquisition of Real Term Industrial in 2018 and a new joint venture with Black Creek Industrial in 2019. Industrial remains well positioned to benefit from shifting consumption habits and near-term demand is forecasted to continuing outpacing new supply.

2. Large Regional Mall Exposure

The Fund's overweight to retail has been a near-term drag as retail unlevered performance continues to be hindered by e-commerce headwinds. In the second quarter of 2020, the Fund's retail portfolio experienced asset depreciation of -2.6%, driven by retail closings due to the pandemic. The Fund has actively looked to sell down their exposure to the retail sector. The Fund made a significant disposition of four regional malls through a $2.6 billion sale to General Growth Properties/Brookfield in the fourth quarter of 2019. As of 4Q20, the Fund is well overweight to retail by over +700bps compared to the broader NFI-ODCE Index. Going forward, the retail sector will face a challenging period of price discovery as rents rebase and occupancy rates broadly decline.

3. Long-term Underperformance Relative to Index

The Fund has generally underperformed the index, specifically over the 3-, 5-, 10-, and 15-year periods. The Fund's 10-year net return was 8.5%, underperforming NFI-ODCE by -39bps. As a result, the Fund has looked to actively reposition the portfolio in recent years to better achieve their investment goals. Consistent underperformance has led to increased redemption activity from LP's. The Fund had a large redemption queue in 2020 but managed to extinguish the redemption queue in July 2021 with proceeds from the sale of a large disposition in Boston and increased capital flows in 2021.

INVESTMENT MANAGER EVALUATION

Factor	Comments
Strategy	JP Morgan Strategic Property Fund is an open-end core fund that seeks to make investments in core real estate properties in the major gateway cities in the U.S. The Fund targets stabilized assets across the four traditional asset types. Key identifiers within SPF's portfolio include trophy CBD office assets and high-rise luxury apartments in major markets, as well as a portfolio of Class-A super regional malls and lifestyle centers. The target return of the Fund is to outperform the NFI-ODCE over a full market cycle and is focused on generating returns primarily through income and moderate appreciation gains.
Sponsor	The Fund is sponsored by JP Morgan Chase Bank, N.A. ("JPMCB") the investment advisor to the Fund, with support from JP Morgan Asset Management ("JPMAM"), and more specifically JPMAM – Real Estate Americas ("REA" or the "Firm"), a sub-unit of JPMAM. REA reports to its ultimate corporate parent JP Morgan Chase & Co. ("JPMC") through JP Morgan Investment Management Inc. ("JPMIM"), the legal entity responsible for the management of SPF. JPMIM was founded in 1861 and has been providing services to tax exempt clients for over 80 years, with $2.3 trillion in AUM as of December 31, 2020. JPMAM – Global Real Estate ("JPMAM – GRE" or "GRE") is the global platform of real estate investments totalling $73.2 billion across equity and debt investments, primarily in core and value add strategies.
Operational Due Diligence	The Fund received an A1 Pass. Aon noted no material operational concerns and considers the firm's operations largely align with a well-controlled operating environment.
Investment Process	The investment process starts with the research team who provides a top-down view of the real estate and capital markets. The acquisitions team then presents deal flow to all JP Morgan real estate portfolio managers with mandates across the risk spectrum. Potential investments that are a fit for SPF go before the Investment Committee. JP Morgan prides itself on being able to utilize its vast network across the organization for deal sourcing where most transactions closed by the acquisitions team are sourced directly from the seller and not through market auctions. We view the investment approval process favorably as it incorporates asset management and research, with these functions counting for two of the four votes on the investment committee.
Fund Structure	JPM SPF is an open-ended Fund structured with five Fund Investor Vehicles ("FIV") with separate entities as general partners. In 2018, the Firm announced a restructuring of SPF to allow the Fund to accept capital from a more diversified investor base, specifically, non-ERISA and non-US investors. Potential investors in the Fund now include U.S. Qualified Retirement Plans, U.S. taxable and tax-exempt investors, Non-US investors (Section 892), non-US Qualified Foreign Pension Fund ("QFPF"), and other non-U.S. investors. The fund completed its restructure and opened to new capital sources on July 1, 2019.
Performance	SPF has underperformed NFI-ODCE net over 1-, 3-, 5-, 7-, and 10-year periods. The fund's underweight to industrial has been a drag on performance versus the index in the near-term as industrial continues to outperform all other sectors. The fund's overweight to retail has also been a near-term drag as retail unlevered performance continues to be hindered by e-commerce headwinds. Since 2018, SPF has focused on rebalancing the portfolio by acquiring and investing in two industrial platforms and through the dispositions of the fund's regional

and super regional mall assets. Over time, SPF will continue to reduce exposure to retail and office.

ESG Policy & Practices	The Fund is currently Not Rated through Townsend's formal ESG process but is expected to receive a formal rating in 2021-2022. JPMAM Real Estate Americas has ESG Objectives and they are reviewed annually to continuously improve assets with respect to environment, social and governance policies while ultimately improving the environment in which those assets exist and, more importantly, enhance their competitiveness and asset value.

Overall Rating	**Buy**	SPF's core real estate investment focus is buying large, stabilized, high-quality assets and investing in only the four traditional property types in the largest primary markets in the US. SPF has maintained a low beta by maintaining low leverage and minimal development within the fund. The Fund's recently completed restructure will allow SPF to raise capital from a much larger investor base, which should encourage additional capital flows and transaction activity. Despite recent fund underperformance, SPF remains a prudent option for investors looking to form a foundation for their allocation to the real estate asset class.

STRATEGY

JPM SPF is an active core equity real estate fund that invests in stabilized properties and focuses on acquiring assets with high quality physical improvements; powerful location advantages with high barriers to entry; and competitive market positioning in gateway cities across the United States where attractive demographics and demand drivers exists. SPF's size allows it to be a player in large and complex acquisitions that some of its peers cannot. The Fund can provide investors with diversification, liquidity and stable returns by focusing on asset selection and risk mitigation.

The Fund primarily invests in the four traditional real estate asset classes of office, retail, industrial/warehouse and residential/multifamily rental properties. The Fund continues to acquire new assets for long-term growth and re-balances the portfolio by strategically adding/removing assets in geographic regions or sectors where accretive. Currently the Fund is looking to overweight the industrial sector and has been targeting large portfolio transactions as well as fund investments to help move this initiative forward. The Fund has also focused on underweighting exposure to retail through the sale of regional and super regional mall assets.

SPONSOR

PARENT COMPANY

The Fund is sponsored by JP Morgan Chase Bank, N.A. ("JPMCB") the investment advisor to the Fund, with support from JPMAM, and more specifically JPMAM – Real Estate Americas ("REA" or the "Firm"), a sub-unit of JPMAM.

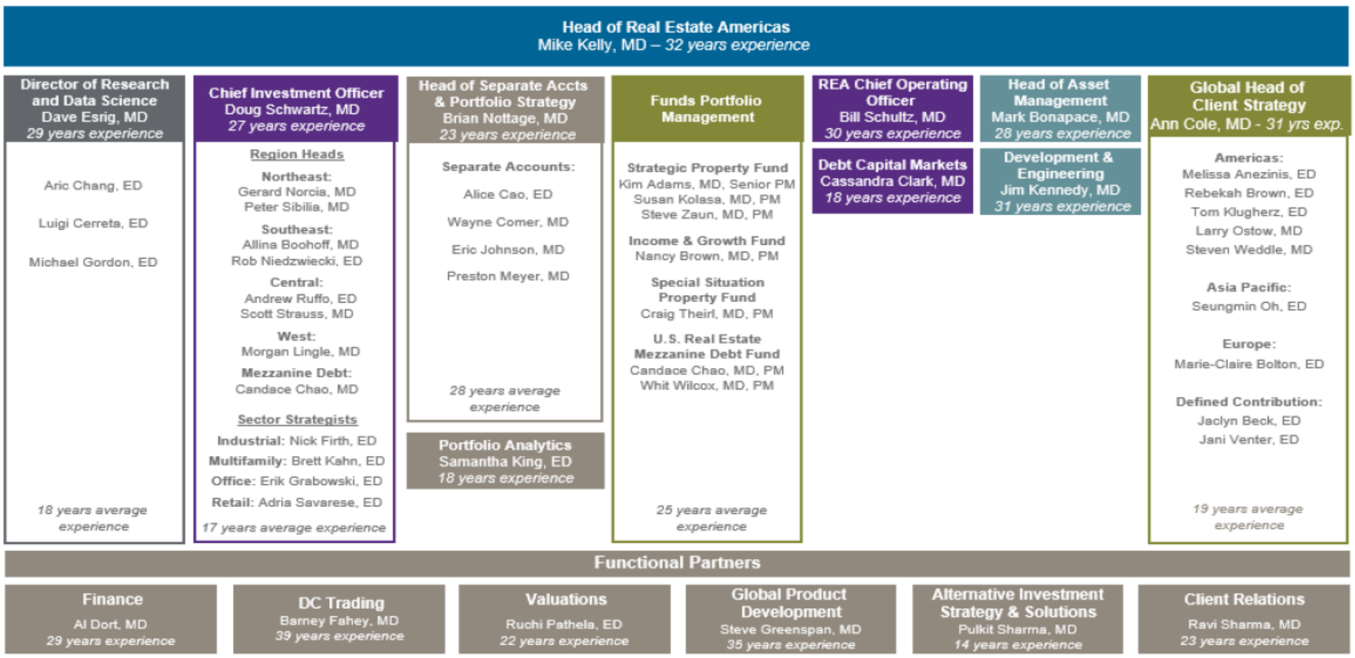
SPONSOR

The JPMAM- Global Real Estate ("JPMAM-GRE") group reports to JPMC through JP Morgan Investment Management Inc. ("JPMIM"). JPMIM was founded in 1861 and has been providing services to tax exempt clients for over 80 years.

JPMAM-GRE operates as an independent unit within JPMIM with access to the resources, including research and client service, of the broader organization.

ORGANISATIONAL UPDATES

Recently JPM went through several changes where the PM team was shuffled due to promotions and planned succession planning. Kim Adams was promoted to the senior portfolio manager of SPF. Ms. Adams bring continuity to the Fund as a long-standing PM of SPF. Sue Kolasa and Steve Zaun have been added as PMs to help support Ms. Adams on day to day operations of the Fund. Both have been with JPM for roughly 19 years with Ms. Kolas working as the PM of the Daily Valued Funds while Mr. Zaun was the head of JPMAM's LA office. Mike Kelly was promoted to Head of Real Assets, replacing Kevin Faxon who was moved to the Chair of the platform.



PLATFORM RESOURCES

Headquartered in New York City since 1970, JPMAM-GRE has continued to expand, opening offices in several U.S. cities and abroad, in an effort to best manage real assets and provide client service.

Name	Position	Years of Experience
Kim Adams	Senior Portfolio Manager	26
Sue Kolasa	Portfolio Manager	20
Steve Zaun	Portfolio Manager	20
Mike Kelly	Head of Real Assets	30

OPERATIONAL RISK PROFILE

J.P. Morgan Asset Management ("JPMAM") is a large global asset manager with an institutional level of system infrastructure, controls, and oversight across its operating environment. As a wholly owned subsidiary of a publicly traded company, JPMorgan Chase & Co, the firm must comply with Sarbanes-Oxley requirements and is subject to oversight by numerous regulators including the SEC. To satisfy its regulatory requirements, JPMAM has implemented a comprehensive risk management program, and has established a well-developed governing committee structure to ensure cross-functional participation and in-depth discussion in operating decisions. The firm also utilizes internal Audit, Corporate Compliance, and Business Resilience Programs of the parent company. JPMAM's reporting lines are well-segregated in the area of compliance, investment risk management, and information technology ("IT") to ensure these processes remain independent from investment activities.

The Fund received an A1 Pass. Aon noted no material operational concerns and considers the firm's operations largely align with a well-controlled operating environment.

INVESTMENT PROCESS

Headed by Doug Schwartz, the acquisitions team is divided into four Regional Investment Teams, each led by two Regional Co-Heads, one representing Acquisitions and one representing Asset Management, plus a national Mezzanine Debt Acquisition Team. The Acquisition Officers source investments through the numerous relationships established over the years: the JPMC network, direct discussions with owner-sellers, broker submissions, partners and property managers. The team takes regional "ownership" that translates to in-depth market focus with an emphasis on developing new and maintaining existing relationships with institutional owners, developers, brokers, partners and senior lenders nationally. REA prides itself on being able to utilize its vast network across the organization for deal sourcing. Specifically, REA's deal flow derives from a combination of broadly marketed and privately negotiated deals, and positions REA as an experienced, effective and versatile real estate asset management platform. Since 2013 REA has underwritten approximately $10 to $11 billion worth of deals each year, of which it has closed approximately $3 to $3.5 billion per year.

The Asset Managers are responsible for both debt and equity investments across the platform. Asset Managers are charged with an obligation to maximize the investment performance of each asset, and are responsible over the performance of property management, development, and business plan implementation and valuation activities.

The Firm follows a multidisciplinary approach to portfolio management leveraging knowledge across the various platform verticals. A key theme throughout the investment process is the quality and timeliness of research. From a risk management perspective, research acts as an early warning system where the research team is constantly monitoring economic and market data, as well as investment trends. REA has developed proprietary information technology tools that allow team members to access and analyze portfolio data real-time. These tools, coupled with the macro research developed by the in-house research team and the micro knowledge gleaned by investment teams working in various markets inform the investment process and offer a competitive advantage when underwriting new transactions, managing existing assets or disposing of properties owned by the Fund.

All private real estate acquisitions and dispositions go through investment committee. The Fund's IC is comprised of 4 voting members:

- Doug Schwartz, Chief Investment Officer
- Kim Adams, Senior Portfolio Manager
- Mark Bonapace, Head of Asset Management
- Senior representative from the Real Estate Research

The IC is also comprised of 8 Additional participating members:

- Mike Kelly, Head of Real Estate Americas
- James Kennedy, Development and Engineering Group Head
- Al Dort, Financial Group Head
- Brian Nottage, Head of Portfolio Strategy
- Ann Cole, Global Head of Client Strategy
- A Sector Strategist
- Ruchi Pathela, Director of Valuations

- Cassandra Clark, Debt Capital Markets

VALUATIONS

Prior to August 15, 2018, the Altus Group managed the Firm's valuation process. SPF has now transitioned to have Situs RERC as their third-party valuation firm. Chatham Financial provides debt valuation and debt management services to JPMAM U.S. open end funds. JPMAM's policies and procedures are comprehensive, well-documented and subject to assurance reviews by both internal audit and annual reviews by an external audit firm.

FUND STRUCTURE

SUMMARY

JPM SPF's new structure is structured as a Delaware limited liability company that has elected to be treated as a real estate investment trust for U.S. federal income tax purposes. Previously, the Fund was structured as a group trust, which precluded non-ERISA and non-US investors from investment. JPM changed the structure to allow non-ERISA and non-US investors to invest the fund, starting on July 1, 2019.

REVIEW OF TERMS & CONDITIONS

Key Terms	
Target Return:	Outperformance of NFI-ODCE over a full market cycle.
Cash Distributions	None, all income of the Fund will be added to the principal of the Fund and invested and reinvested or used to pay Fund Expenses and satisfy Repurchase Requests.
Investment Management Fees	Investor with Fund NAV below $100 million: 100 bps Investor with Fund NAV of $100 million or more (waterfall): First $100m: 92bps $100-$250m: 80bps $250-$500m: 70bps $500m+: 50bp
Other Fees	Fee reduced to 15bps for cash balances in excess of 5% of NAV.
Performance Fees	None.
Debt Mark-to-Market	None.
Redemption Policy	Repurchases of the units are redeemed at the NAV at the time the request is satisifed. Up to 10% of the repurchase procceeds may be retained by the Fund to satisfy any tax withholdings or unpaid Advisory and Management fees.

ENTRY AND EXIT PROCESS

SPF has a monthly contribution queue where investors must submit an executed subscription request by the last business day of the month (fax or email is acceptable) to enter the queue for that specific month. Investors may specify in the subscription request a month before which its subscription cannot be called for funding, as long as that specified month is less than 12 months out from the month the subscription request was received.

All Shareholders have the right to request redemption of Shares on a quarterly basis. Requests received 30 days before the end of a quarter will be processed so as to be scheduled for payment generally at (or shortly after) the end of the next calendar quarter in accordance with the Fund's quarterly redemption process. The Fund will redeem Shares at the then Current Share Price on the day of redemption to the extent that the request was received prior to the end of the preceding quarter and the Fund has sufficient cash available to honour requests, consistent with applicable REIT rules and principles of prudent management.

PERFORMANCE

SPF focuses on providing investors with low beta and real estate outperformance over full real estate cycles. As of December 31, 2020, SPF had a 10-year beta of 0.994. The Fund's 10-year net return was 9.2%, underperforming NFI-ODCE by -57bps. The fund's primary drivers of underperformance include being underweight to industrial, overweight to regional malls, and income performance below NFI-ODCE as a result of lower capitalization rates due to the fund's large gateway market exposure.

The fund's underweight to industrial has been a drag on performance versus the index in the near-term as industrial continues to outperform all other sectors. SPF has historically been underweight to the industrial sector but has made a significant effort over the past three to five years to double exposure toward the sector allocation with the acquisition of Real Term Industrial in 2018 and a new joint venture with Black Creek Industrial in 2019.

The fund's overweight to retail has also been a near-term drag as retail unlevered performance continues to be hindered by e-commerce headwinds. In the second quarter, SPF's retail portfolio experienced asset depreciation of -2.6%, driven by retail closings due to the pandemic. SPF has actively looked to sell down their exposure to the retail sector. The Fund made a significant disposition of four regional malls through a $2.6 billion sale to General Growth Properties/Brookfield in the fourth quarter of 2019.

Since SPF focuses on buying high-quality assets within the four traditional property types and major US gateway markets, the Fund's valuation metrics have moved below NFI-ODCE over time as new funds joined the index. SPF generated an income return of 3.9% over the trailing twelve months, -17bps below NFI-ODCE.

ESG POLICY & PRACTICES

JPMAM Real Estate Americas has ESG Objectives and they are reviewed annually to continuously improve assets with respect to environment, social and governance (ESG) policies while ultimately improving the environment in which those assets exist and, more importantly, enhance their competitiveness and asset value.

JPMAM consistently measures, monitors, and improves asset level data to meet reduction targets for energy, greenhouse gas (GHG) emissions, water, and waste. All landlord paid utilities are benchmarked for each asset using ENERGY STAR Portfolio Manager. Some properties use a third-party data management provider including Yardi, WegoWise, Code Green and Conservice among others to input data into ENERGY STAR Portfolio Manager. The use of a third-party data management provider is at the discretion of each property team. Most multifamily assets utilize Yardi.

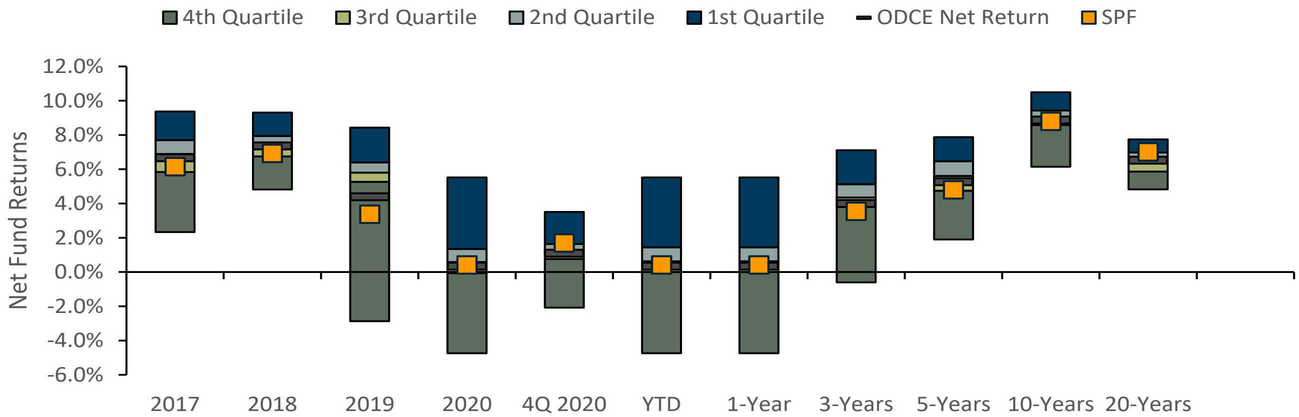
Additionally, property teams complete an annual ESG Survey to collect asset level data on energy, water, and waste conservation measures, resilient efforts and opportunities, as well as social metrics such as tenant and community engagement and health and wellness features.

JPMAM engage a third-party sustainability consultant, LORD Green, to work directly with our property managers and provide support such as trainings on our ESG Program. LORD Green works with each property team to establish a baseline and review that the data is current and accurate. This includes checking for errors, omissions, operational changes, and identifying significant usage changes. For an additional layer of quality assurance, LORD Green completes quarterly sustainability performance indicator reports to compare usage over time and provide context for increases and decreases. These reports are provided to asset managers and portfolio managers and display asset level performance, which is organized by fund, property type, and building configuration.

LORD Green also works with property teams to comply with local and state benchmarking ordinances, pursue annual ENERGY STAR Certification, and earn green building certifications. Each of these submissions requires another quality check and sometimes an additional third-party review. LORD Green also works directly with property teams to find ways to improve efficiency, reduce costs associated with building operations, and implement a comprehensive sustainability program for tenants and residents.

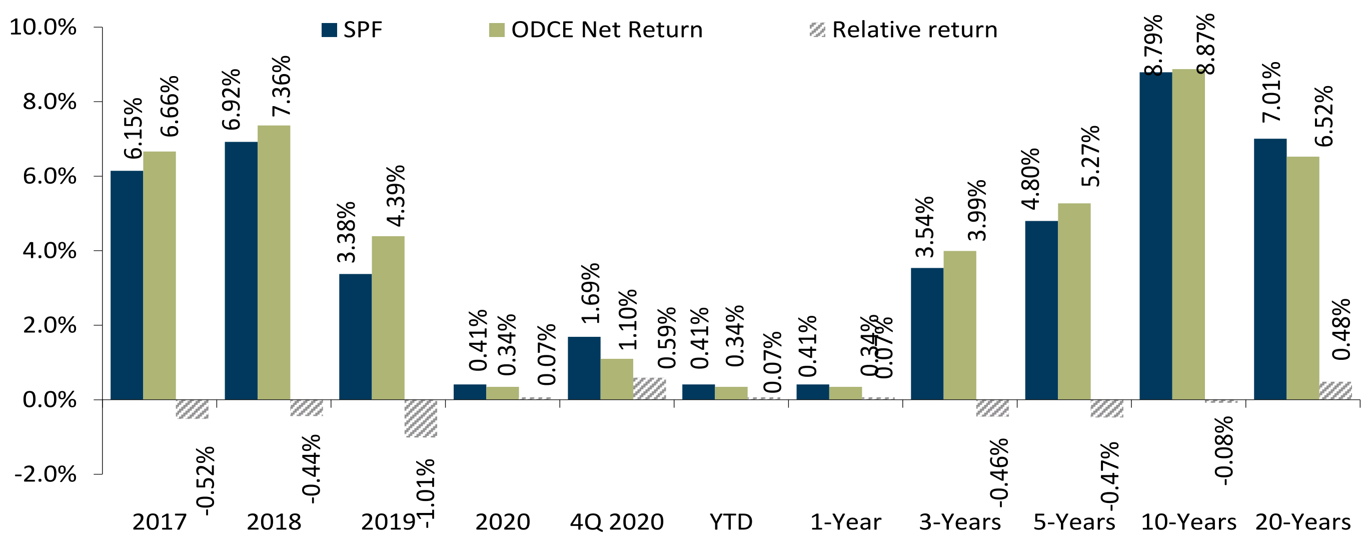
APPENDIX

***Historical Performance Quartiles** – As of December 31, 2020*

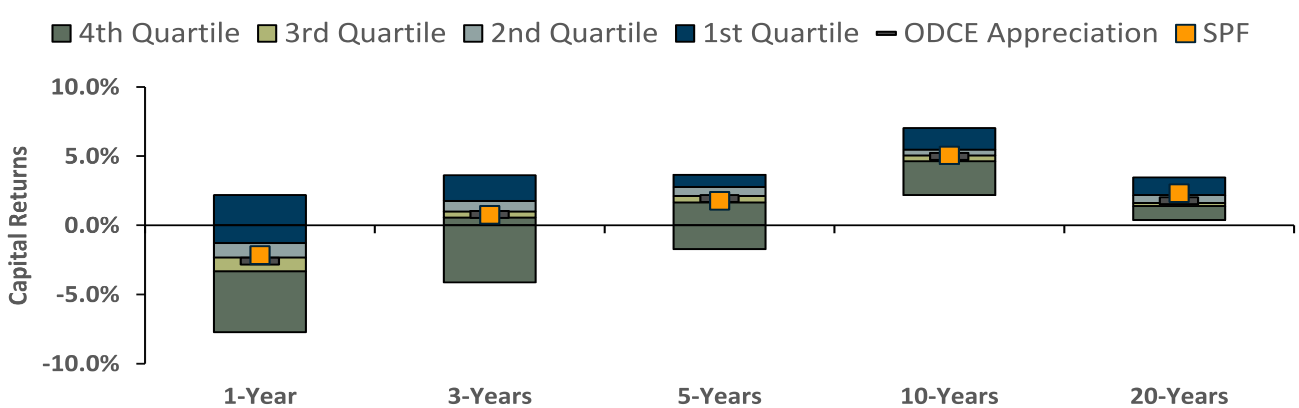


Source: Townsend U.S. Open-Ended Core Fund database as of December 31, 2020. Range shown is 95th to 5th percentile.

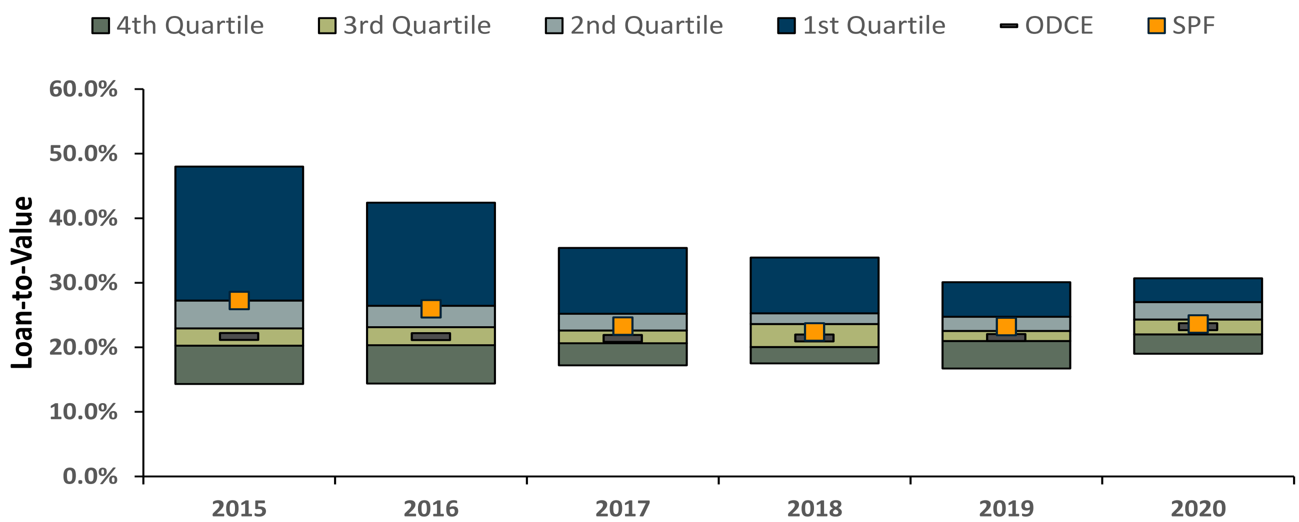
***Historical Relative Fund Performance** – As of December 31, 2020*



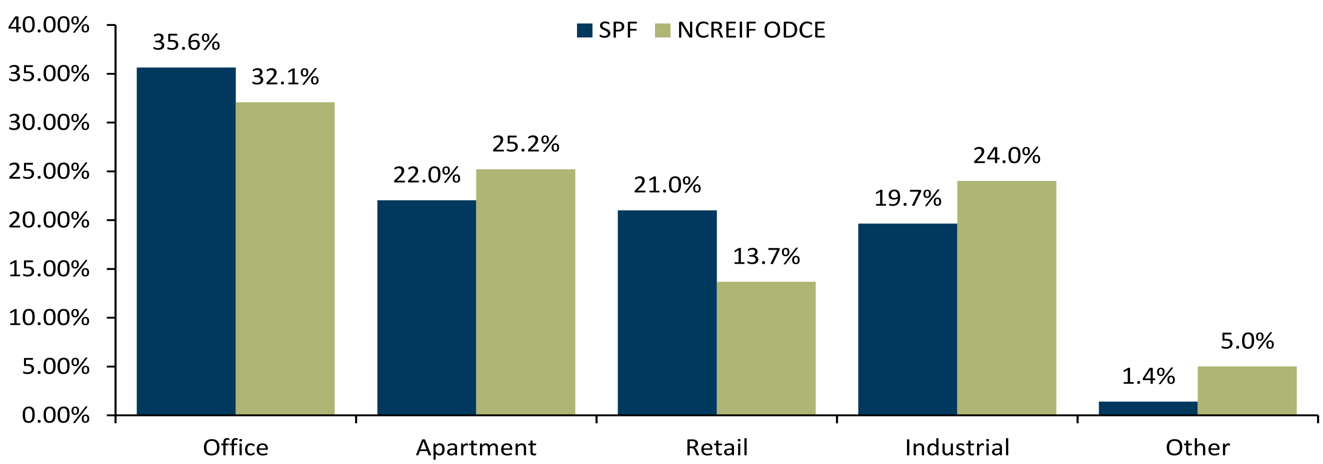
***Capital Return (Appreciation) Historical Performance Quartiles** – As of December 31, 2020*

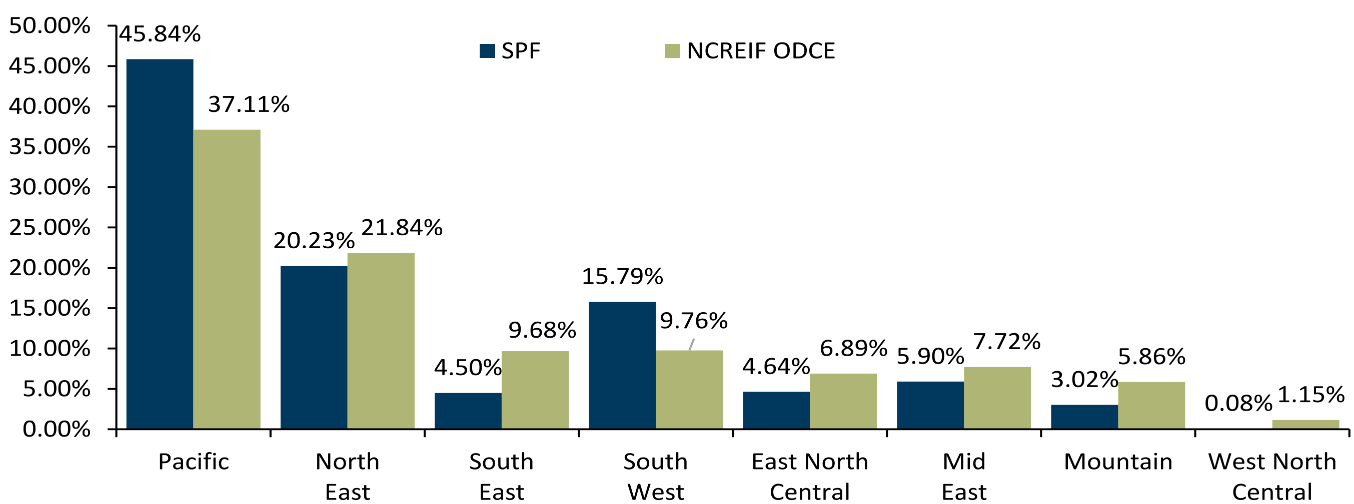


Progression of Leverage – *As of December 31, 2020*



Fund Diversification *– As of December 31, 2020*





Top 10 U.S. Market Exposures *–As of December 31, 2020*

MSA	% Total Fund GAV
Los Angeles-Long Beach	13.2%
New York-Northern New Jersey	12.3%
Boston-Cambridge	11.9%
Dallas-Fort Worth	11.0%
San Jose-Sunnyvale	7.5%
San Francisco-Oakland	6.2%
Riverside-San Bernardino	5.3%
Washington-Arlington	4.8%
Chicago-Joliet-Naperville	4.7%
San Diego-Carlsbad	4.4%

Top Ten Assets (by MV)

Property	City	State	Sector	$MV	Comment
Edens - SPF	Various	Various	Retail	$1,871,695,307	Edens Investment Trust (Edens) is a national retail real estate investment company that invests in urban retail centers.
DSRG - SPF	Various	Various	Retail	$1,824,904,137	Donahue Schriber Realty Group (DSRG) is a REIT specializing in grocery-anchored shopping centers.
Century Plaza Towers	Los Angeles	CA	Office	$1,390,269,191	
Valley Fair Mall	San Jose	CA	Retail	$1,319,722,376	
1345 Avenue of the Americas	New York	NY	Office	$1,084,146,445	
200 Fifth Avenue	New York	NY	Office	$1,024,324,063	
Alliance Texas - Industrial	Fort Worth	TX	Industrial	$963,126,528	
NorthPark Center JV	Dallas	TX	Retail	$958,952,562	
China Basin	San Francisco	CA	Office	$906,506,004	
Royal Hawaiian Center	Honolulu	HI	Retail	$901,120,435	

Investment Rating Explanation

The comments and assertions reflect Townsend views of the specific investment product and its strengths and weaknesses in general and in the context of Townsend's *View of the World* and same vintage alternative choices.

Buy – Townsend recommends the investment for those client portfolios where it is a fit.

Qualified – Townsend believes the sponsor to be qualified to manage client assets.

ESG Rating Explanation

Positive – The Fund Management Team demonstrates high awareness of all known and potentially financially material ESG risks in the investment strategy and, at present, has incorporated appropriate processes to identify, evaluate and potentially mitigate these risks across the entire portfolio. No material operational concerns; firm's operations largely align with a well-controlled environment.

Neutral – The Fund Management Team demonstrates an awareness of potential ESG risks in the investment strategy and has taken some steps to identify, evaluate and potentially mitigate these risks.

Negative – The Fund Management Team appears unaware or unconcerned with ESG risks in the investment strategy and has not taken any material steps to address ESG considerations in the portfolio.

N/A (Not Applicable) – An evaluation of ESG risks is not directly applicable to this strategy and therefore an ESG rating has not been assessed.

NR (Not Rated) – An evaluation of ESG risks is not yet available for this strategy.

Operational Due Diligence Rating Explanation

A1 Pass – No material operational concerns; firm's operations largely align with a well-controlled environment.

A2 Pass – The firm's operations largely align with a well-controlled environment, with limited exceptions.

Conditional Pass – AON identified specific operation concerns that the firm agreed to address in a reasonable time frame.

Fail – AON noted material operational concerns that introduce potential economic or reputational exposure.

About Townsend Group – An Aon Company

Founded in 1983, The Townsend Group provides custom real asset solutions that help clients worldwide achieve their unique investment goals. As an Aon company, The Townsend Group is now part of one of the top three outsourced chief investment officer (OCIO) providers in the world measured by global assets under management. Aon's Investment organization, including Townsend, manages more than $130 billion of worldwide assets under management and has advised on more than $240 billion of real estate assets.

Disclaimer

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Past Performance is no guarantee of future results. Investing involves risk, including possible loss of principal.

This document does not constitute an offer of securities or solicitation of any kind and may not be treated as such, i) in any jurisdiction where such an offer or solicitation is against the law; ii) to anyone to whom it is unlawful to make such an offer or solicitation; or iii) if the person making the offer or solicitation is not qualified to do so.

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Real Estate InTotal

Morgan Stanley Real Estate Investing

Prime Property Fund

March 2021

Trade Secret and Confidential

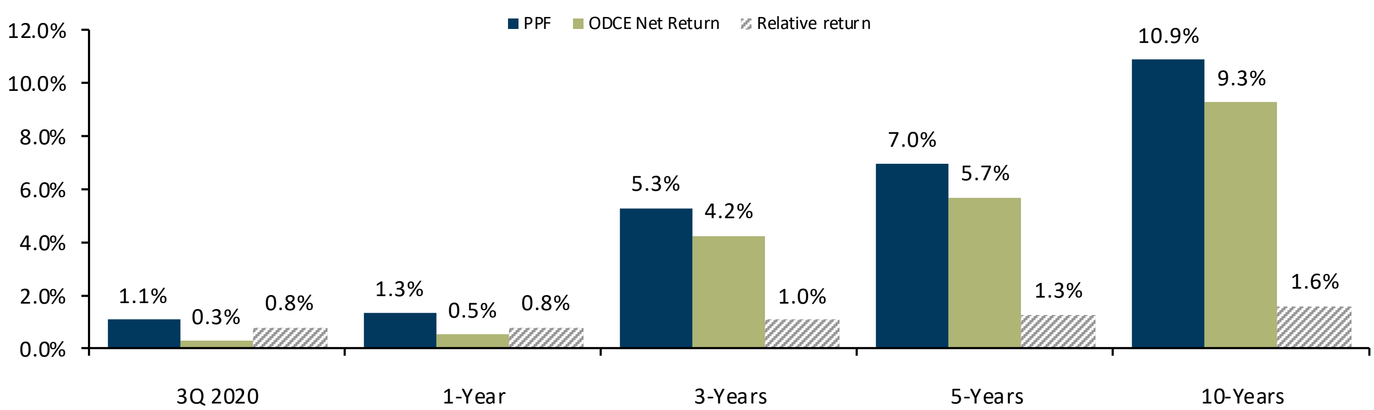
EXECUTIVE SUMMARY

OVERVIEW

Review Date	Current Rating	Previous Rating
February 2021	BUY	BUY

The Prime Property Fund ("Prime", "PPF" or the "Fund") is a diversified, open-end Core real estate fund that targets high quality, well-leased, income-producing properties located in select primary markets in the U.S. Its goal is to outperform its benchmark (NFI-ODCE) annually and over the long-term, as well as achieve an aggregate annual total return on invested equity of 8-10% (gross). Relative to its benchmark, the Fund has been able to consistently generate alpha.

Historical Net Fund Level Performance:



Strategy Summary

Fund Structure	Open-Ended	**Risk Segment**	Core
Size NAV	$26.7 Billion	**Strategy Inception**	1973
Current/Maximum Fund Leverage	19.1%/50.0%	**Current/Max Non-Core Exposure**	9.7%/20.0%
Valuations	Quarterly/Altus	**Minimum Commitment**	$5 million
Investment Guidelines	NFI-ODCE	**Number of Holdings**	376
Performance Objective	Outperform its benchmark (NFI-ODCE) annually and over the long-term, as well as achieve an aggregate annual total return on invested equity of 8-10%, gross of fees.		

Firm Summary

Headquarters	New York, NY	**Parent Company**	Morgan Stanley (NYSE:MS)
Fund Sponsor	MSREI	**Year Founded**	1931
RE Employees	200	**Investment Staff**	76 (US)
Real Estate AUM	$44 Billion	**RIA**	Yes

COMPARITIVE ADVANTAGES

1. Platform Strength:

Morgan Stanley Investment Management ("MSIM") has a total AUM of $51.7 billion with $43.8 billion in real estate. Morgan Stanley Real Estate Investing manages global real estate through three products: Prime Property Fund (US Core), Prime Property Fund Asia (Asia Core), and North Haven Real Estate Funds (Global Opportunistic). MSREI has over 200 professionals located in 17 offices across 13 countries. Prime is MSREI's single largest fund and comprises approximately 75% of gross real estate assets in the U.S.

Prime is led by Scott Brown, who is a Managing Director at Morgan Stanley, Head of Prime Property Fund in the U.S. and Global Head of Prime. Mr. Brown has been working with Prime since 1993 and has been fully dedicated to Prime since 2002. Mr. Brown has over 29 years of real estate experience and serves as a member on various investment committees across the platform.

2. Wholly Owned Development Companies:

Prime's operating companies have provided significant value creation relative to the peer set during recent time periods. AMLI is a wholly-owned multifamily development platform focused on the development, acquisition and management of apartments across the U.S. Safeguard Self Storage is a wholly-owned self-storage development company. Both are owned by Prime Property Fund and give investors access to unique proprietary platforms dedicated to their individual sectors.

3. Strong Performance Track Record and Portfolio Positioning:

Prime has provided strong risk-adjusted returns through market cycles. It has meaningfully outperformed the NFI-ODCE Index over all recent major time periods. Prime has created value through its operating companies and through its overweight's to favored sectors such as the industrial and healthcare, relative to the NFI-ODCE.

POTENTIAL ISSUES AND CONCERNS

1. Higher Fee Load:

Relative to its peers, Prime has a higher total fee load relative to its ODCE peers. The management fee is fixed at 84 basis points for all investors. Prime also has an incentive fee component (5% of the beginning monthly NAV multiplied by the comparable property NOI growth). Prime's historical fee spread relative to the NFI-ODCE is listed below:

Fee Spread	1-Year	3-Year	5-Year	7-Year	10-Year
Prime	0.85%	1.05%	1.09%	1.16%	1.24%
NFI-ODCE	0.88%	0.93%	0.95%	0.98%	1.01%

Discussion:

Although Prime has a higher fee load relative to ODCE, it has shown consistent outperformance net of all fees and expenses. The incentive fee is also capped at 35 bps per annum. Prior to 2013, the Management Fee was 90 bps with a capped incentive fee of 45 bps.

2. Mall Exposure:

Relative to peers, Prime does have a significant exposure to malls. Prime's total mall exposure is approximately 6% of the Fund's NAV across five total assets, which are listed below.

- Fashion Valley Mall (San Diego, CA)
- Dadeland Mall (Miami, FL)
- Christiana Mall (Newark, DE)
- Rosedale Shopping Center (Roseville, MN)
- Fox Run Mall (Newington, NH)

Regional and Super Regional Malls have been the lowest performing sub-property type both within the NPI and the Retail sector. As of December 31, 2020, the five-year returns for Regional Malls are 165 basis points and 545 basis points below the returns for the Retail Sector and NPI respectively, while Super Regional Malls are 88 basis points and 468 basis points below the Retail Sector and NPI five year returns, respectively.

Discussion:

While malls have been the lowest performing retail sub-sectors, Prime has a history of investing in high-quality assets, including high quality retail. Of the five total mall assets, three are A++ rated (Christiana Mall, Dadeland Mall, and Fashion Valley Mall). A++ malls typically exhibit high productivity (estimated sales per square foot at or above $1,000) and have experienced less valuation pressure versus lower-quality malls. It's also important to note that Prime's total retail exposure is underweight to NFI-ODCE, which has led to positive return attribution relative to the index.

3. Current Global Turmoil

Covid-19 fueled market volatility approximately one year ago in both the stock and bond markets, creating a situation of uncertainty for private real estate pricing. Despite the subsequent rally in public markets, commercial real estate transactions remain muted, with an approximate 50% decrease year-over-year in the third quarter of 2020, restricting the full scope and ability to determine pricing in each sector. The majority of transactions have primarily occurred in the apartment and industrial sectors, so the full impact on the office and retail sectors is still relatively unknown. However, most open-end managers (including Morgan Stanley) have been actively writing down assets at the direction of third-party valuation firms like Altus.

While there is still some lingering uncertainty in private market valuations for certain property types, Townsend would be supportive of clients moving forward with new commitments to (i) portfolios positioned well with underweights to office and retail property types and (ii) funds that offer control and flexibility as to when its capital will be called. That way if investors are not comfortable with current portfolio valuations, investors can rescind or delay commitments.

Discussion:

Prime has an active underweight to the office and retail sectors relative to the NFI-ODCE. As of December 2020, Prime's office and retail exposure was 28.9% and 11.5%, respectively, while the ODCE's exposure to those sectors was 32.9% and 14.2%, respectively. While transactions have decreased significantly overall, transaction volume has increased in the industrial and multifamily sectors over the last couple of quarters. We would expect transaction activity to increase in the other primary sectors in the upcoming year, providing a more accurate picture of the impact of valuations on office and retail assets. Prime's deposit queue is approximately $732 million as of December 2020. Based on the manager's projections, investors can expect its capital won't be fully drawn until two to four quarters. Additionally, Prime offers investors a revocable queue meaning investors would the ability to reduce/rescind its commitment prior to funding.

INVESTMENT MANAGER EVALUATION

Factor	Comments
Strategy	The Prime Property Fund ("Prime" or the "Fund") is a U.S. open-end diversified Core fund that targets high quality, income-producing Class A properties located in primary markets. Its goal is to outperform its benchmark (NFI-ODCE) annually and over the long-term, as well as achieve an aggregate annual total return on invested equity of 8-10%, gross of fees. Focus is placed on current income, aiming to generate 6-8% annually. The Fund pursues a slightly higher risk strategy within the Core classification due to its relatively higher use of leverage and utilization of wholly-owned operating companies within the Fund.
Sponsor	Morgan Stanley Real Estate Investing ("MSREI") has a global platform of real estate investment products and strategies with almost $44 billion in assets under management ("AUM"). PRIME is MSREI's single largest fund at almost 75% of total real estate AUM, which positions it favorably to access the full resources of the MSREI platform. PRIME has experienced net positive inflows over the past few years. In 2016, Morgan Stanley Investment Management announced a new leadership structure, with MSREI becoming part of the Real Assets Group. There is no impact on Prime's business or investment staff.
Operational Due Diligence	Morgan Stanley has sufficient operational guidelines in place and its valuations policies are in line with industry best practices. A Valuation Committee has been instituted to review appraised values. Any adjustments to an external independent appraisal must be documented and explained to Prime's predominantly independent Board of Directors. The Board of Directors is also responsible for approving any changes to Prime's valuation policy.
Investment Process	MSREI uses an eight-step investment process: 1) Investment guidelines are developed and approved by the Board. 2) MSREI reviews a robust pipeline of transactions to source deals. 3) Potential investments are tracked through MSREI's investment pipeline. MSREI underwriting teams analyze investments that are appropriate for Prime's strategy. 4) Investments are reviewed by an Allocation Committee if an investment is appropriate for multiple clients. 5) Investments are reviewed and approved by an investment committee of MSREI professionals and representatives from Morgan Stanley. 6) Following investment approval, due diligence is under taken and closing occurs upon approval of portfolio management. 7) Asset management will aim to maximize value of each individual property. Asset managers oversee third-party valuations completed on a quarterly basis. 8) A hold/sell analysis is performed on all investments within the portfolio.
Fund Structure	The Fund is a limited liability company under Delaware law and has elected to be treated as a REIT for US federal income tax purposes. The Fund has two types of shares: voting Shares and non-voting Shares. The Fund will not have more than 190 non-voting Shares issued and outstanding at any time except as necessary to comply with rules relating to REITs or to elect or maintain the Fund.
Performance	Prime owns one of the longest track records in the core space, with a fund inception in 1973. Prime has outperformed NFI-ODCE over 1-, 3-, 5-, 7-, and 10--year periods, and since inception. Prime's outperformance has been driven by several factors, including the utilization of a wholly-owned AMLI multifamily development platform and a wholly-owned Safeguard self-storage platform, geographic exposure to major markets throughout the US that have generated strong unlevered performance, and tactical property-type over- and underweights.
ESG Policy & Practices	Prime has a deep ESG platform as well as actively and regularly participates in industry benchmarking and standard practices related to ESG. In 2020, Prime received a GRESB rating of 81 and is four-star rated, scoring within the top third of its peer group. Townsend recommends an Advanced ESG Rating for Prime.

Overall Rating	**Buy**	Prime has consistently outperformed NFI-ODCE through accretive acquisitions and dispositions within the US and the utilization of wholly-owned platforms that have generated superior returns on non-core development. Prime is supported by MSREI, an experienced platform with approximately billion AUM. Scott Brown, Portfolio Manager, provides substantial experience to the Fund with 30 years in real estate and over 25 years with Morgan Stanley. Prime is positioned to continue to outperform NFI-ODCE, driven by a tactical overweight to Industrial, a growing allocation to Healthcare, a large pipeline of Multifamily, Industrial, and Self-Storage development, and geographic concentration in outperforming major markets. Townsend recommends Prime as a BUY.

STRATEGY

As of December 31, 2020, Prime's gross asset value was $33.4 billion across 376 investments, making Prime the second largest fund within the NFI-ODCE index. The portfolio is well diversified across all major property types and is invested in major markets throughout the US.

Prime's ten largest assets comprise approximately 16% of the total Fund portfolio. These assets include Class-A super regional malls and large-scale CBD office assets in major gateway markets. Approximately 63% of the portfolio is invested in Prime's seven preferred target markets: Southern California (15.6%), Northern California (7.6%), Chicago (8.6%), South Florida (9.2%), New York (7.8%), Boston (6.7%), and Washington, DC (6.4%). Prime's near-term region diversification targets are the following: East (30-40%), South (15-25%), Midwest (5-15%), and West (30-40%).

Prime's near-term property-type diversification targets are the following: Office (25-35%), Apartment (20-30%), Industrial (20-30%), Retail (5-15%), Storage (0-5%), and Healthcare (5-10%). Relative to NFI-ODCE, Morgan Stanley has recently positioned the Fund overweight to industrial to take advantage of the strong fundamentals exhibited within the sector. Same-store industrial NOI Growth was 11.2% in 2020 within Prime's portfolio. Prime also has a unique exposure to the Healthcare sector, which includes thirty medical office buildings and five life-science assets.

As of December 31, 2020, leverage was 19.1%. Non-core exposure represents 9.7% GAV as of 4Q20. Prime's non-core pipeline mostly consists of multifamily, self-storage, and industrial development. Prime's wholly owned AMLI multifamily development platform has been a significant driver of appreciation. Since 2012, AMLI has delivered over 8,000 units. Prime also utilizes a wholly owned Safeguard self-storage platform for self-storage development.

SPONSOR

Morgan Stanley Real Estate Advisor Inc. is a wholly-owned subsidiary of Morgan Stanley and is functionally located within Morgan Stanley Real Estate Investing (MSREI), itself a part of Morgan Stanley's Merchant Banking division. In 2008, Morgan Stanley changed its status to a bank holding company and participated in the U.S. Treasury's capital injection program (repaid in 2009). The organization also sold off its retail asset management business, to focus on its institutional client base.

In February 2016, Morgan Stanley Investment Management ("MSIM") announced a new leadership and organizational structure which includes the realignment of investment teams across six groups: Real Assets, Solutions & Multi-Asset, Active Fundamental Equity, Private Equity & Credit, Global Fixed Income and Global Equity. MSREI is now part of the Real Asset group, which also encompasses the Firm's global listed real assets and private infrastructure investment teams.

John Klopp was named Head of Real Assets transitioning out of his role as Co-CEO and Co-CIO of MSREI and Head of the Americas. Mr. Klopp continues to sit on the MSREI real estate funds' investment committee and also serves as Affiliate Director of the Prime Property Fund. Olivier de Poulpiquet, who with Mr. Klopp had been Co-CEO and Co-CIO since 2010, now serves as sole Head of MSREI. Lauren Hochfelder Silverman is Head of the Americas.

Prime is the flagship core real estate fund at MS. It is organized as a private REIT and has oversight by an independent Board of Directors. The Board meets quarterly to review the strategy and investment performance of Prime and monitors the management responsibilities of the portfolio management team. The Board also reviews any asset related issues.

Key Staff	Position	Date Joined	Years of Experience
Scott Brown	Portfolio Manager	2003	30
Candice Todd	CFO	2001	30
Bennett Weaver	Head of Operations	2013	21

Scott Brown serves as the Global Head of PRIME, overseeing the PRIME series of real estate core funds globally. He is responsible for the portfolio implementation and management of the Prime Property strategy. His prior experience includes acquisition activities at Lend Lease Real Estate, which is the predecessor to Prime Propriety.

Candice Todd is a Managing Director of Morgan Stanley and the CFO of Prime Property Fund, responsible for the Fund's capital structure and REIT compliance. Prior to joining Morgan Stanley in November 2003, Candice worked for Lend Lease since 1994 and has over 30 years of real estate experience.

Bennett Weaver is the third key component of the Portfolio Management Team and is Head of Operations of Prime Property Fund. Prior to joining Morgan Stanley in July 2004, Bennett worked for Lend Lease and has over 20 years of real estate experience.

The Fund can leverage the global MSREI platform and the broad expertise, deep relationships and powerful franchise of Morgan Stanley, including investment banking, merchant banking, private wealth management, etc., which is a significant benefit to Fund's deal flow.

Investments for Prime are reviewed and voted on by a 12-member senior management investment committee including individuals from MSREI and risk management. John Klopp, co-Chief Executive Officer of the Firm, serves as Chairman.

The Firm's research team is shared across MSREI's products and geographies. In the U.S., the team is mostly responsible for aggregating third party research data by property type and geography. While newly designed top down models have been developed, the Fund mostly draws from bottom up resources of the broader platform to determine what assets are most attractive in each market, and research is used as a check. The acquisition and asset management teams, which are organized by geographic regions, are also shared resources across all MSREI products, and consist of 25 and 14 members, respectively. Acquisition and asset management work closely throughout the due diligence process and during the life of an asset; sharing market information and creating business plans/exit plans for each asset.

Prime owns AMLI Residential ("AMLI"), a multifamily private REIT. AMLI is focused on the development, acquisition and management of luxury apartment communities across the U.S. Thus, almost all of Prime's apartment activity is run through this group. Prime tends to focus on the 8-10 markets that were legacy AMLI strong holds, recently adding a few coastal metro-regions. AMLI is dedicated solely to Prime; with management co-investing alongside the Fund in all the apartment assets.

To reinforce the alignment of interest of key personnel with the performance of the Fund, Morgan Stanley awards shares that vest over time in the Fund based on personal annual performance and contribution to the Fund. Prime's performance fee is used to finance this employee incentive, which aligns the team's compensation to the increase and decrease in the share price of the Fund

OPERATIONAL DUE DILIGENCE

The Aon Operational Due Diligence ("Aon ODD") team reviewed the fund sponsor's policies, procedures, and capabilities across a range of operations, middle and back office, and control functions including: (I) corporate governance, (II) trade/transaction execution, (III) cash controls, (IV) valuation, (V) compliance, regulatory, legal, and controls testing, (VI) counterparty risk oversight, (VII) business continuity/disaster recovery, and (VIII) cyber security.

Morgan Stanley is a large and global investment manager with institutional levels of infrastructure, controls, and oversight across its operating environment. The firm is subject to independent oversight by a Board of Directors and has a robust supporting committee structure. MSIM's policies and procedures are comprehensive, well-documented and subject to reviews by both internal audit and annual SOC1 controls reviews by Ernst & Young.

The Aon ODD rating of the Manager is A1 Pass.

INVESTMENT PROCESS

MSREI uses an eight-step investment process:

1) Investment guidelines are developed and approved by the Board.

2) MSREI reviews a robust pipeline of transactions to source deals.

3) Potential investments are tracked through MSREI's investment pipeline. MSREI underwriting teams analyze

investments that are appropriate for Prime's strategy.

4) Investments are reviewed by an Allocation Committee if an investment is appropriate for multiple clients.

5) Investments are reviewed and approved by an investment committee of MSREI professionals and representatives from Morgan Stanley.

6) Following investment approval, due diligence is undertaken and closing occurs upon approval of portfolio management.

7) Asset management will aim to maximize value of each individual property. Asset managers oversee third-party valuations completed on a quarterly basis. 8) A hold/sell analysis is performed on all investments within the portfolio.

The portfolio management team includes a dedicated Chief Financial Officer, Candice Todd, that manages the creditworthiness and liquidity of the Fund. Candice has over 30 years of experience and has been with Morgan Stanley for over 25 years.

Risk management oversight is provided at divisional and Firm levels by MSIM Risk and Morgan Stanley's Firm Market Risk Groups. These groups are independent from MSREI.

FUND STRUCTURE

SUMMARY

The Fund is a limited liability company under Delaware law and has elected to be treated as a REIT for US federal income tax purposes.

The Fund has two types of shares: voting Shares and non-voting Shares. The Fund will not have more than 190 non-voting Shares issued and outstanding at any time except as necessary to comply with rules relating to REITs or to elect or maintain the Fund.

REVIEW OF KEY TERMS AND CONDITIONS

Key Terms	
Target Return:	8% - 10% (gross)
Cash Distributions:	Fund expects to pay quarterly dividends equal to at least 90% of its REIT taxable income.
Investment Management Fees:	Calculated based on Net Asset Value All levels of investment: 84 bps
Other Fees:	None
Performance Fees:	Accrues on a monthly basis over a calendar year. Equal to 5% beginning of the month NAV multiplied by the comparable property NOI growth Subject to an annual cap of 35bps per annum of the average monthly NAV for the calendar year.
Debt Mark-to-Market:*	(0.2)% compared to NFI-ODCE at (0.1)% at 3Q2020
Redemption Policy:	All Shareholders have the right to request a redemption of Shares on a quarterly basis. A redemption request received prior to quarter end will be processed so as to bescheduled for payment generally at or shortly after the end of the next quarter.

*Data as of 3Q2020. Due to a standard reporting lag, the most recent data available is as of 3Q.

ENTRY AND EXIT PROCESS

All Shareholders have the right to request redemption of Shares on a quarterly basis. Requests received before the end of a quarter will be processed so as to be scheduled for payment generally at (or shortly after) the end of the next calendar quarter in accordance with the Fund's quarterly redemption process. The Fund will redeem Shares at the then Current Share Price on the day of redemption to the extent that the request was received prior to the end of the preceding quarter and the Fund has sufficient cash available to honor requests, consistent with applicable REIT rules and principles of prudent management.

INVESTMENT MANAGEMENT FEES

Prime's blended fee structure consists of a flat asset management fee of 84 bps per annum and an incentive fee equaling 5% of comparable portfolio same store year-over-year NOI growth that accrues on a monthly basis and is capped at 0.35% of NAV.

PERFORMANCE *– As of December 31, 2020*

Prime owns one of the longest track records in the core space, with a fund inception in 1973. Prime has outperformed NFI-ODCE over 1-, 3-, 5-, 7-, and 10-year periods, and since inception. Prime's outperformance has been driven by several factors, including the utilization of a wholly-owned AMLI multifamily development platform and a wholly-owned Safeguard self-storage platform, geographic exposure to major markets throughout the US that have generated strong unlevered performance, and tactical property-type over- and underweights. Historical income performance has been diluted by the fund's multifamily and self-storage development portfolios. Prime's leverage (19.1%) is below NFI-ODCE. Prime lowered their target leverage to 15-25% in the near-term.

NEAR-TERM PERFORMANCE DRIVERS

Industrial Overweight

Prime's industrial exposure is 24.8% of GAV, approximately +300bps above NFI-ODCE. Prime has over 56 million square feet of industrial space today and primarily consists of distribution warehouses. Over 92% of Prime's industrial portfolio is in major distribution markets, including southern California, New Jersey, New England, and New York.

Non-Core Development with Wholly Owned Development Platforms

Prime's non-core exposure is currently 9.7% GAV. The AMLI multifamily and Safeguard self-storage platforms have been a large driver of appreciation within Prime historically. The Fund's existing pipeline today includes a combination of AMLI and Safeguard projects across the US in development and lease-up, four industrial developments in Atlanta, New York, and New Jersey, and an office asset in Pasadena.

Healthcare

Prime currently owns 30 medical office assets and five life-science properties. Calendar year same-store NOI growth was +6.8% for the healthcare sector in 2020.

Fourth Quarter 2020

Prime generated a gross return of 1.7% in the fourth quarter, outperforming NFI-ODCE by approximately +40 bps. Performance in the fourth quarter was driven primarily by industrial and healthcare, which generated an unlevered return of +4.1% and +11.6%, respectively, driven by leasing momentum across the both sector portfolios. The total percentage leased across the industrial portfolio reached 96.0%, with 3.8 million square feet leased in the fourth quarter. The healthcare sector's strong performance was comprised of 1.2% income and 10.3% appreciation.

Capital flows continue to remain strong, with Prime raising over $565 million of new subscriptions in the fourth quarter, with a total investment queue of $732 million. The redemption queue by quarter-end was $370 million, with a total of $400 million redemptions paid in the quarter.

ESG POLICY & PRACTICES

Morgan Stanley has well-developed, transparent ESG policies and specific staff members dedicated to ESG. MSIM has a Sustainability Team and a Global Sustainable Finance Group, which is responsible for the firm's overall sustainability strategy and develops approaches that achieve social, environmental, and financial returns. In June 2020, Mona Benisi was hired as Head of Sustainability for Global Real Assets and is responsible for developing MSIM's ESG investment integration standards, which also includes annually reviewing the firm's ESG policy. In addition to the firm's ESG policy, MSIM also has an annually reviewed DEI policy, code of ethics, sexual harassment policy, as well as yearly training on these policies.

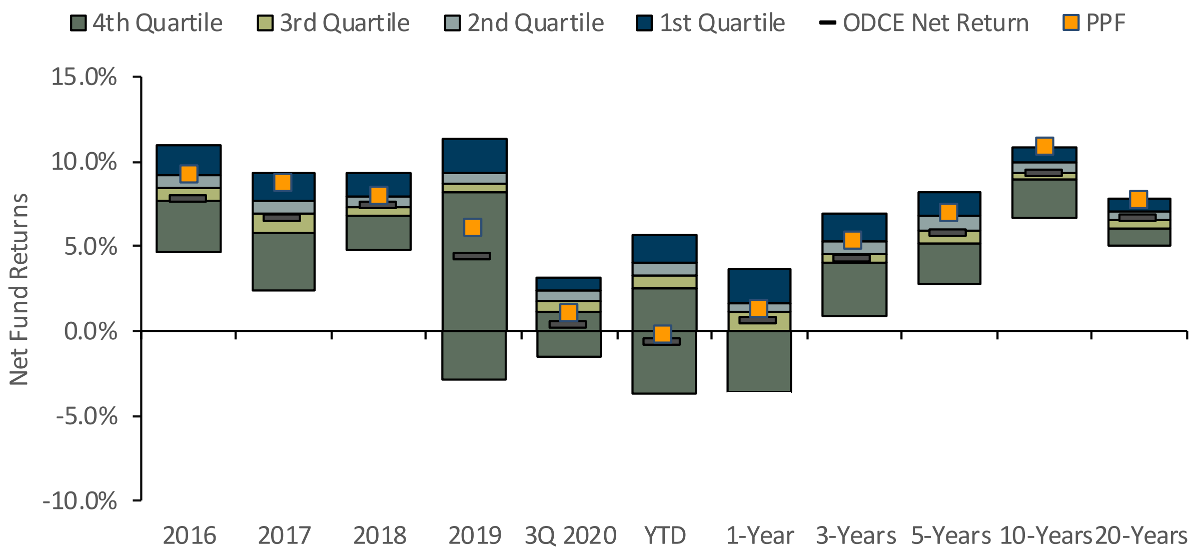
Each investment platform within MSIM has an ESG lead. Rob Poole is Executive Director and responsible for Sustainability for MSREI in the US. Josh Myerber, Deputy Portfolio Manager of Prime Property Fund, is focused on sustainability across the fund.

MSIM, MREI, and Prime have ESG processes in place which encourage consistent positive outcomes in benchmarking and encourage ESG stewardship at all levels. Prime has been a GRESB participant since 2014, with scores in the top third of its peer group and has received a 4-star rating over the past few years. The fund also actively tracks GHG emissions, tracks water and waste consumption at the asset level and works toward LEED Certifications and Energy Star Ratings in assets when applicable. In addition to GRESB, MSIM has also been a PRI Signatory since 2013 (receiving an A rating in the 2019 review), and is also a signatory to the TCFD, U.K. Stewardship Code, and the Japan Stewardship Code, as well as being a participant in SASB.

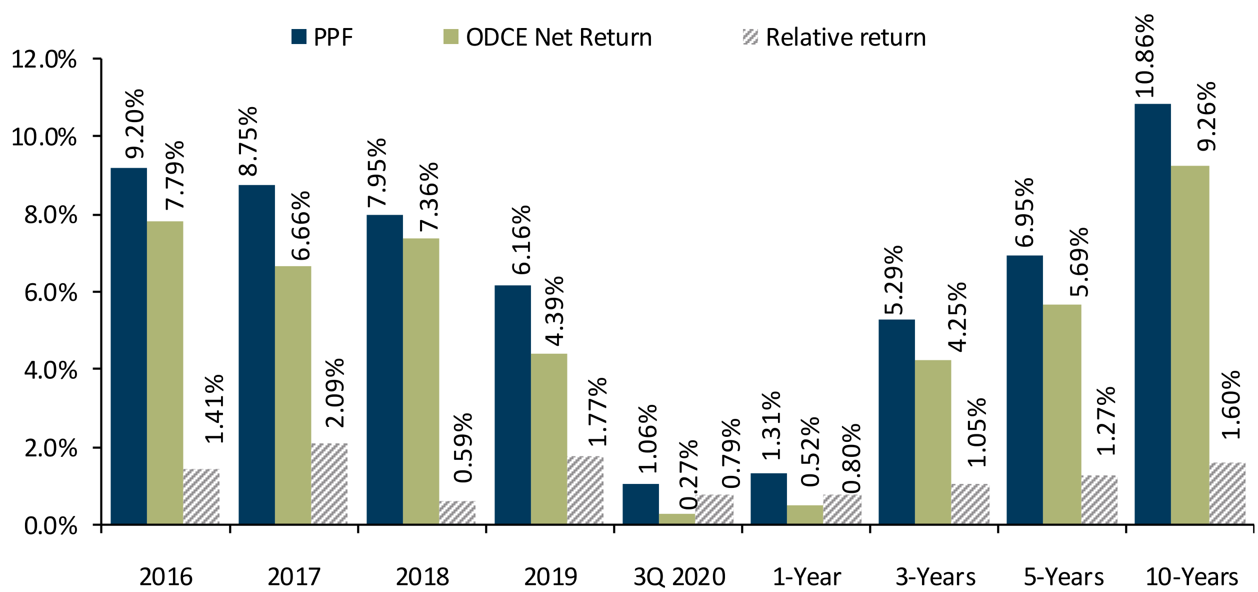
Based on the above referenced factors, Prime's ESG rating is Advanced.

APPENDIX

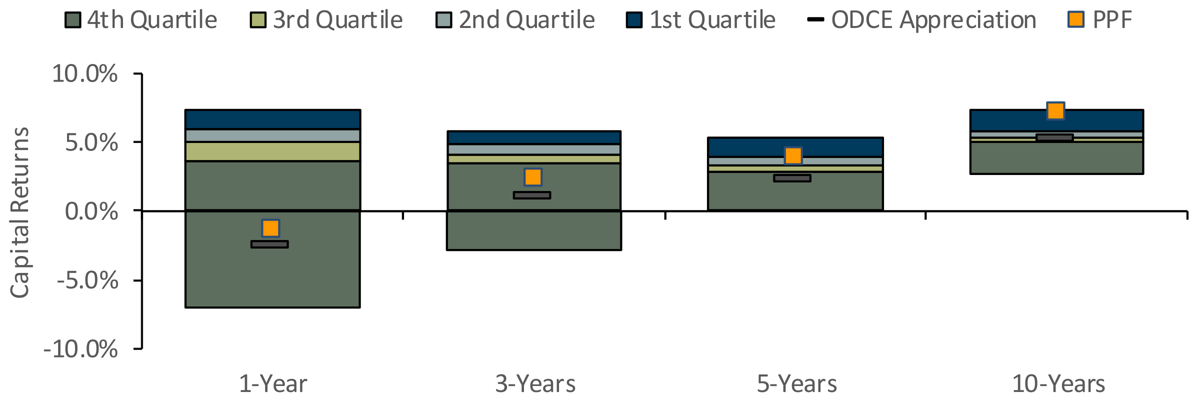
***Historical Performance Quartiles** – As of September 30, 2020*



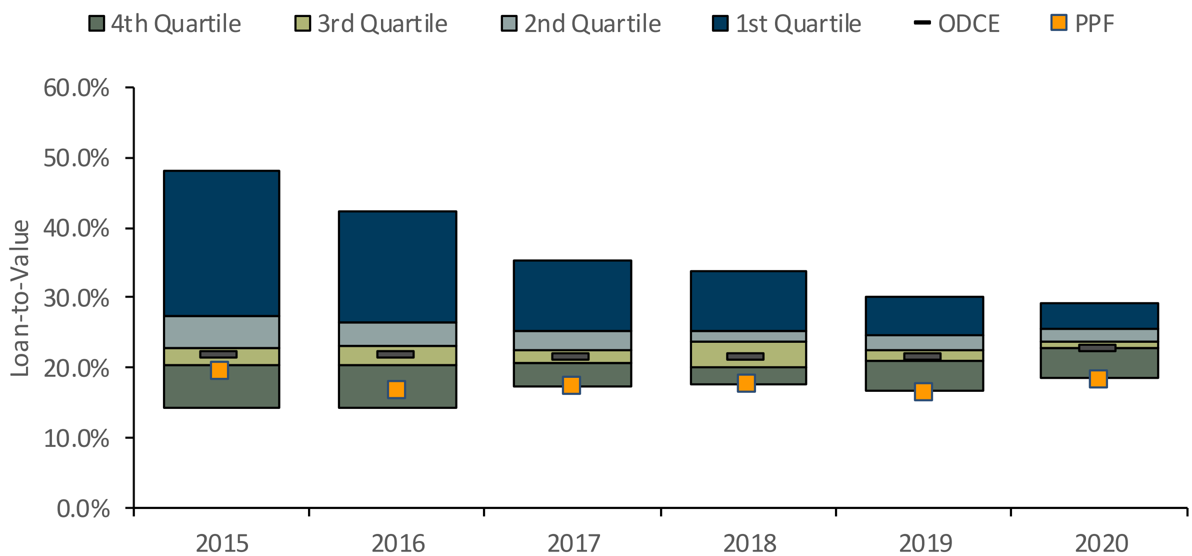
***Historical Relative Fund Performance –** As of September 30, 2020*



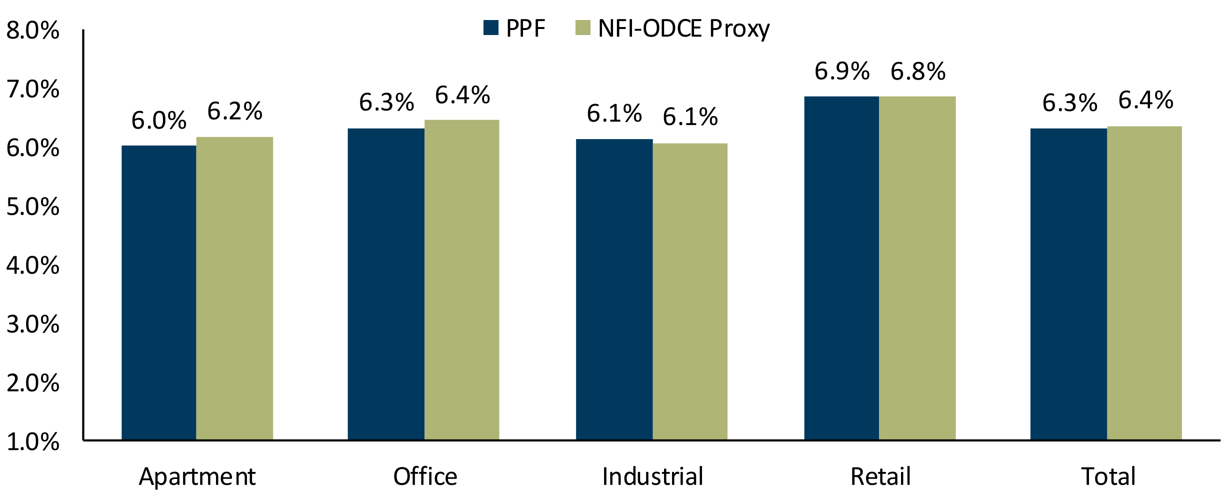
***Capital Return (Appreciation) Historical Performance Quartiles** – As of September 30, 2020*



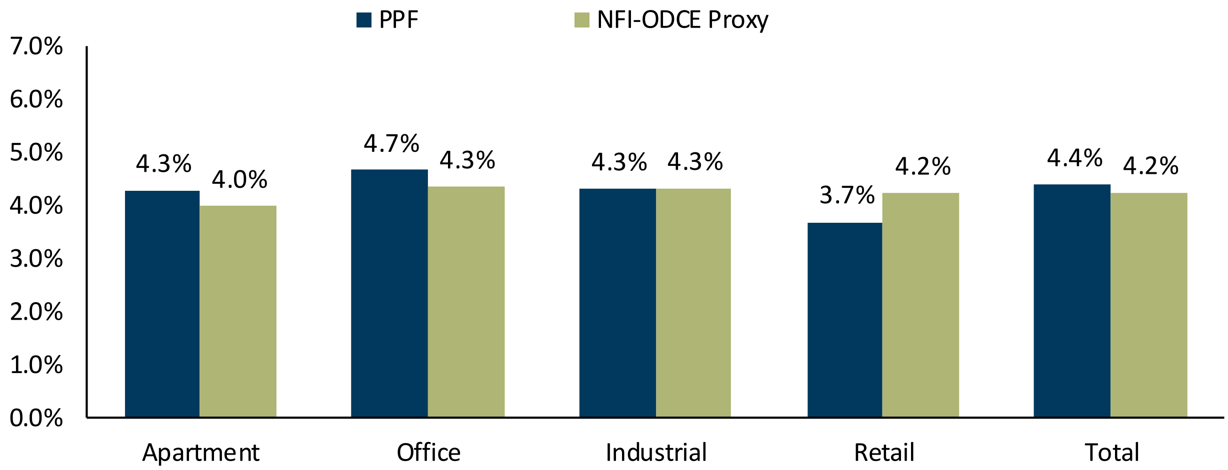
***Progression of Leverage** – As of September 30, 2020*



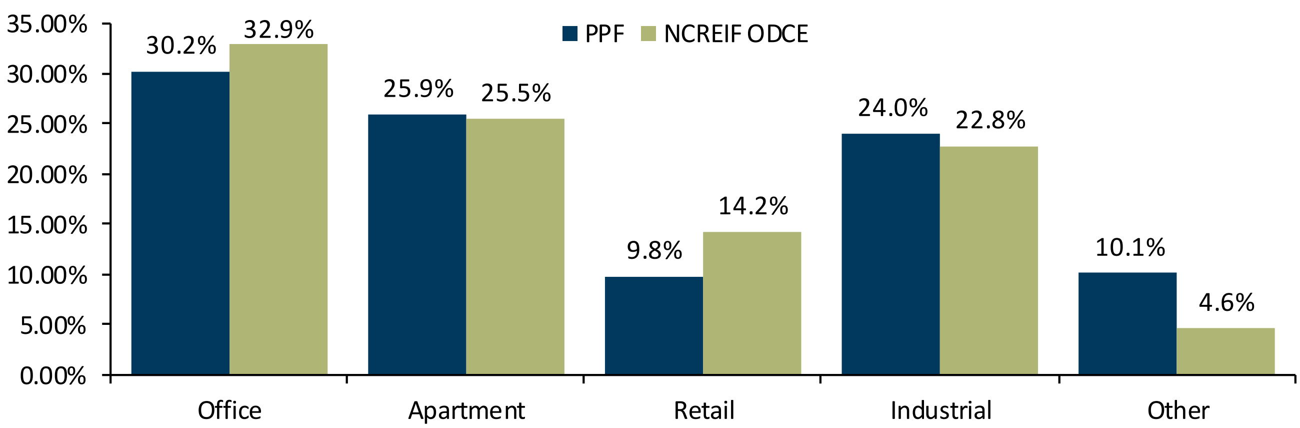
***Discount Rate** – As of September 30, 2020*



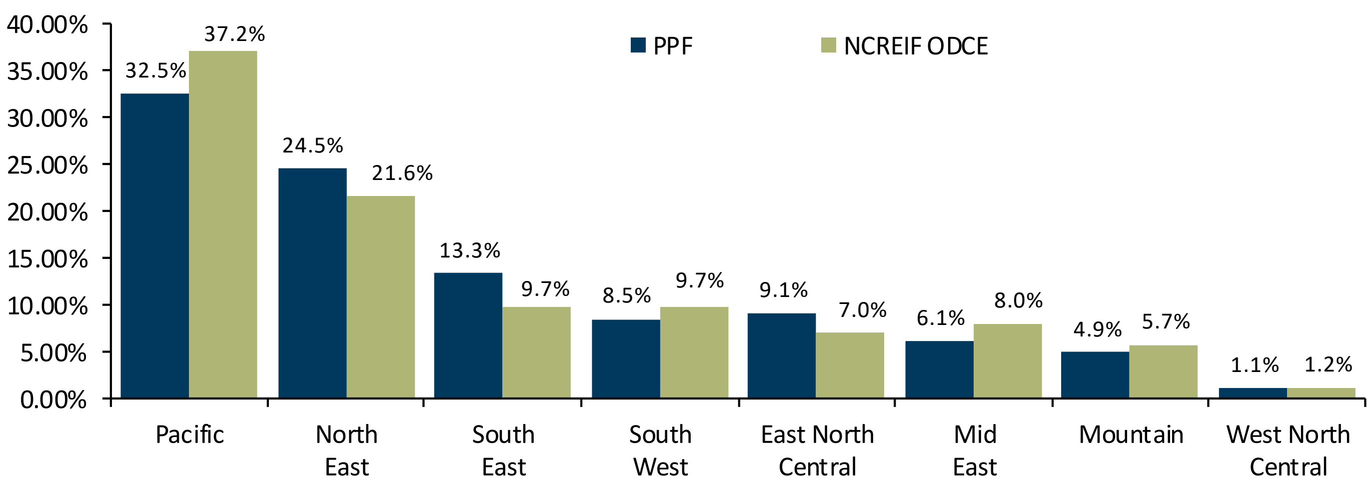
***Forward Cap Rates** – As of September 30, 2020*



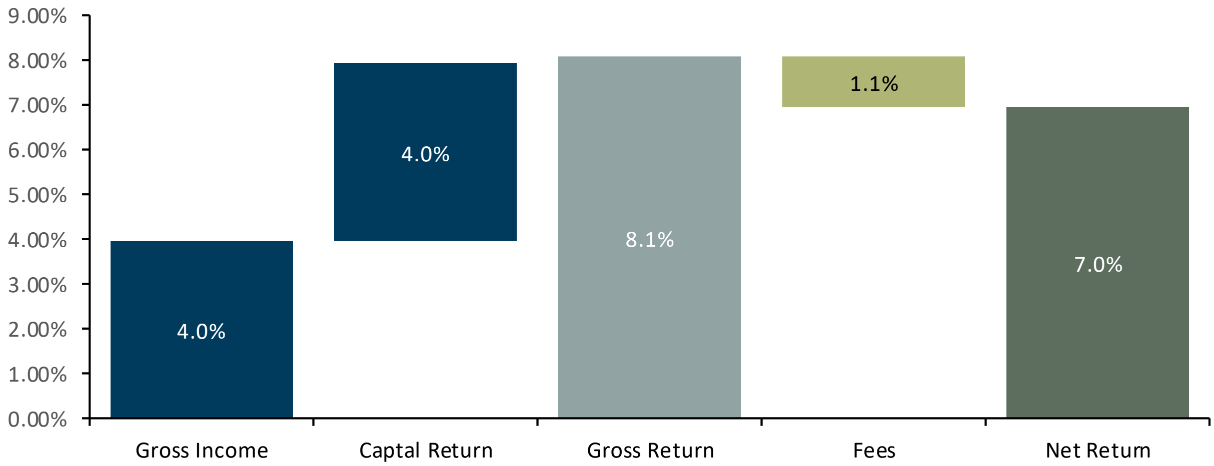
***Property Type Diversification** – As of September 30, 2020*



***Geographic Diversification** – As of September 30, 2020*



***Five Year Attribution** – As of September 30, 2020*



***Top 10 U.S. Market Exposures** – As of September 30, 2020*

MSA	% Total Fund NAV
Los Angeles	7.9%
Chicago	3.3%
New York	8.3%
Miami	3.8%
Boston	3.8%
San Francisco	5.8%
Washington DC	2.8%
Seattle	2.6%
Denver	4.6%
Atlanta	7.0%

RATINGS EXPLANATION

The overall rating can be interpreted as follows:

Overall Rating	What does this mean?
Buy	We recommend clients invest with or maintain their existing allocation to our Buy rated high conviction products
Qualified	A number of criteria have been met and we consider the investment manager to be qualified to manage client assets

The ESG rating can be interpreted as follows:

ESG Rating	Interpretation
Limited	The fund management team has taken limited steps to address ESG considerations in the portfolio.
Integrated	The fund management team has taken essential steps to identify, evaluate, and mitigate potential financially material ESG risks within the portfolio.
Advanced	The fund management Team demonstrates an advanced awareness of potential ESG risks in the investment strategy. The fund management team can demonstrate advanced processes to identify, evaluate, and potentially mitigate these risks across the entire portfolio.
Not Applicable	ESG risks and considerations are not applicable to this strategy.

ABOUT THE TOWNSEND GROUP – AN AON COMPANY

Founded in 1983, The Townsend Group provides custom real asset solutions that help clients worldwide achieve their unique investment goals. As an Aon company, The Townsend Group is now part of one of the top three outsourced chief investment officer (OCIO) providers in the world measured by global assets under management. Aon's Investment organization, including Townsend, manages more than $130 billion of worldwide assets under management and has advised on more than $240 billion of real estate assets.

Disclaimer

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Real Estate **InTotal**

DWS Group GmbH & Co. KGaA

Core Plus Industrial Fund L.P.

August 2021

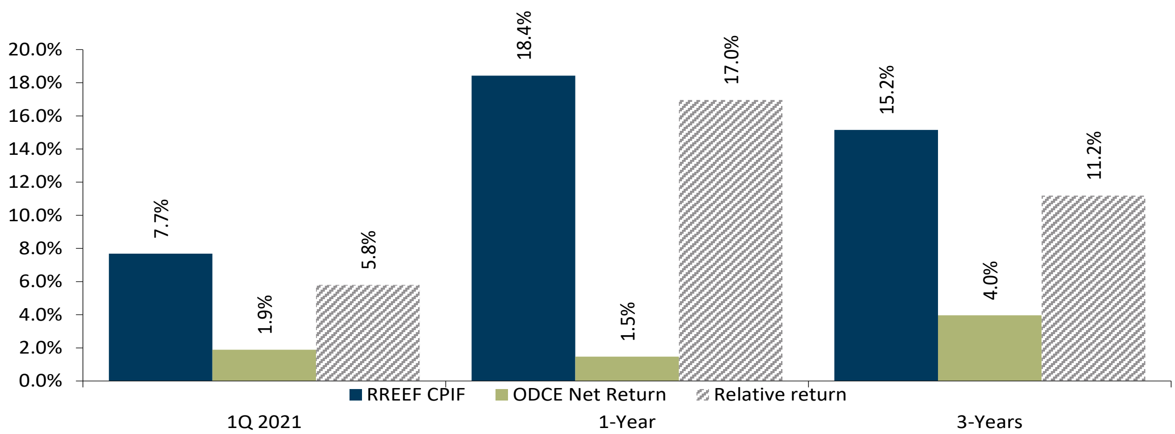
EXECUTIVE SUMMARY

OVERVIEW

Review Date	Rating	Previous Rating
August 2021	Buy	Buy

RREEF America L.L.C. ("RREEF"), part of DWS Group GmbH & Co KGa ("DWS" or the "Sponsor"), launched RREEF Core Plus Industrial Fund L.P. ("CPIF" or the "Fund"), a core-plus open-end industrial fund in June 2017. The Fund invests in core (up to 100%) and non-core industrial (up to 50%) with leverage capped at 50% at the portfolio level.

Historical Net Fund Level Performance:



Strategy Summary

Fund Structure	Open-End Fund	**Risk Segment**	Core-Plus
Size NAV	$1.3 Billion	**Average Asset Size (NAV)**	$51.3 Million
Valuations	Quarterly FMV Debt & Equity	**Minimum Commitment**	$5 Million
Leverage	<50% LTV at portfolio level	**Current/Max Non-Core %**	10.0%/25%
Investment Guidelines	- Max 25% speculative development (<50% pre-leased) - Max 50% non-core - Max of 10% to single property - Max of 30% to single MSA	**Number of Holdings**	25
Performance Objectives	NPI Industrial + 50-100 bps, gross		
Benchmark	NPI Industrial		

Firm Summary

Sponsor	DWS Group GmbH & Co. KGaA (XTRA:DWS)	**Parent**	DWS Group GmbH & Co. KGaA (XTRA:DWS)
Headquarters	New York City, NY (REEEF), Germany (DWS)	**Strategy Inception**	2017
Employees	400+	**Real Estate Team**	5
Firm AUM	€759 billion	**Real Estate AUM**	$67.8 billion

COMPARATIVE ADVANTAGES

1. Strong Industrial Track Record
    - RREEF's U.S. industrial track record is strong on both an absolute return and relative return basis over all measurement periods (compared to NPI Industrial sub-index).
    - Over the trailing twelve-month period, CPIF's generated a 18.79% gross return, outperforming NPI Industrial by +468bps.

2. Experienced Team
    - DWS/RREEF is a multi-decade manager of institutional real estate held in comingled funds and separate accounts. The Fund is staffed with one seasoned portfolio manager and one new portfolio manager, each of whom have worked within the industry for over 22 years. Darrel Campos is the lead portfolio manager for the Fund with 100% of his time dedicated to the Fund and has been with RREEF for 23 years. Catherine Minor is a recent addition to the team, filing the role of senior portfolio manager, but also has prior experience at RREEF during a previous 5-year stint at the firm in a development manager role.
    - The Fund's management team leverages RREEF/DWS's experienced research & strategy team and transaction teams to identify target markets. DWS has a dedicated Value Add & Development team, which formulates strategy & executes for both their separate accounts and comingled funds. Over the past 45 months, DWS has completed, constructed, or committed to 20 industrial ground-up development projects totalling $1.7 billion and approximately 8 million rentable square feet.

3. Favorable View on Industrial
    - Townsend continues to view the industrial property type favorably as do many institutional investors and research groups. E-commerce driven changes and resultant increases in demand for warehousing and logistics facilities is an ongoing multi-year tailwind behind thematic investment in the property type. YOY, e-commerce grew 32.1% despite a global recession, while retail consumption grew only 6.9% total. The targeted property types' inherent exposure to the evolution of e-commerce, a long-term demand driver, gives it potential for relative outperformance.

4. Development Accretive to Risk Adjusted Returns
    - The Fund targets up to 50% non-core and up to 25% speculative (<50% pre-leased) development. Given where pricing is for core industrial assets, this development component provides an attractive entry point for a long-term hold strategy as compared to buying at market pricing.
    - The Fund manages near the 25% speculative development limitation as it builds scale in order to take advantage of the market dynamics and the impact that development will have on its relatively small NAV (compared to other U.S. open-end industrial funds).
    - Development yield spreads are 50-150 basis points wide of stabilized yields, depending on market. With national vacancy levels at historic lows and supply/demand remaining in balance, this yield premium is still attractive to long-term core investors.
    - DWS has in-house development capabilities with a dedicated Value-add and Development team. CPIF leverages these in-house capabilities to underwrite and/or execute value-add activities. Consistent with most institutional fund strategies, particularly in the open-end space, the Fund will generally partner with local development partners to execute its development strategies. Those development partners are generally incentivized with fee and promote structures.

POTENTIAL ISSUES AND CONCERNS

1. Limited Liquidity
    - As a relatively new open-end fund, CPIF does not have the requisite size to provide the liquidity it is supposed to offer as an open-end fund. Additionally, investors will also have to accept a 2-year initial lock-up period.

Discussion: RREEF has shown fundraising momentum for CPIF with $525 million of capital commitments received in just 1Q21 alone and a capital entry queue of $462 million as of April 2021. The two-year lockout is standard for new open-end funds, though typically come with a benefit such as fee savings.

2. Speculative Development Risk
   - Up to 25% of the Fund can be invested in speculative development. This is higher than the comparable funds such as Clarion Lion Industrial Trust (15% speculative development cap) and Prologis U.S. Logistics Fund (no speculative development).

Discussion: Depending on market conditions and prudent management of the development pipeline, CPIF's higher speculative development cap may continue to enable the Fund to generate superior risk adjusted returns due to the return premium provided by speculative development. Investors will rely on the Fund management which is overseen independent Board of Directors to set the development strategy for the Fund and will outline the limit on speculative development exposure. Depending on market conditions, DWS's House View, and/or input from the Fund's independent Board of Directors, CPIF may implement a development cap lower than 25%. The Board of Directors has full fiduciary responsibility to the Fund's shareholders and is expected to act in the best interests of investors without conflict.

INVESTMENT MANAGER EVALUATION

Factor	Comments
Strategy	The Fund invests in high quality industrial assets via core, transitional, and development investments primarily located in and around U.S. major metropolitan areas with an emphasis on infill locations. Primary return drivers include: market selection, long-term industrial structural factors (e.g. e-commerce), development at a discount to market value, and active asset management of the operating portfolio. The Fund seeks to distribute a quarterly dividend competitive with comparable open-end industrial funds (~4%) with a total return objective to outperform NPI Industrial by 50-100 basis points.
Sponsor	DWS is a leading asset manager with over €759 billion in AUM as of September 30, 2020. DWS has over 60 years' experience in Germany and across Europe in a full spectrum of investment disciplines. DWS' US real estate investment business was originally founded by RREEF in 1975 and has grown to become one of the largest real estate investment managers globally. DWS has over $67.8 billion in real estate AUM today.
Operational Due Diligence	The Altus Group manages the Firm's valuation process. The Board maintains responsibility for the valuation policy and may change the frequency of external valuations based upon prevailing market conditions and other relevant factors. The valuation policy is reviewed each quarter and can be modified at the Board's discretion.
Investment Process	Americas Real Estate Transactions team is led by Tim Ellsworth, a senior leader with 23 years tenure with the firm. Tim's team of Acquisitions Officers are organized along regional lines with specific markets and regional coverage. Acquisition officers are property generalists and as such are responsible for all sectors, including industrial. Acquisitions Officers source both core and non-core investments, originating these opportunities through a variety of sources including but not limited to property owners, real estate brokers, mortgage bankers and investment bankers.

Fund Structure	RREEF Core Plus Industrial Lower Fund II L.P., a Delaware limited partnership, was formed on April 10, 2017 and acquired (indirectly through its direct and indirect subsidiaries) its initial investments on June 7, 2017. RREEF Core Plus Industrial Fund L.P., a Delaware limited partnership, will generally participate (directly or indirectly) in investments, alongside any parallel fund, on a pro rata pari passu basis, subject to legal, tax, accounting, regulatory, and other considerations. Currently, the Delaware Fund holds all investments through the Lower Fund.	
Performance	CPIF has outperformed NFI-ODCE net over 1- and 3-year periods. The fund's industrial focus has driven performance versus the index in the near-term as industrial continues to outperform all other sectors. The Fund's overweight to the Pacific sub-region relative to the benchmark has contributed to the strong outperformance, as the sub-region continues to be one of the benchmark's top performers.	
ESG Policy & Practices	The Fund is currently rated as Advanced through Townsend's formal ESG process.	
Overall Rating	**Buy**	CPIF's strategy is to invest in high quality industrial assets via core, transitional, and development investments primarily located in and around U.S. major metropolitan areas with an emphasis on infill locations. The Fund is achieving strong returns when compared to the benchmark while only 2% invested in speculative development, in large part to their allocations to some of the strongest performing MSAs for industrial within the U.S.

STRATEGY

- Portfolio Characteristics: CPIF targets high quality industrial assets, primarily distribution and warehouse properties, and seeks to continue constructing a geographically diversified portfolio in major metros with an emphasis on infill locations. The Fund's current portfolio composition is as follows[1]:
  - $1.4 billion in Fund GAV, $1.3 million Fund NAV
  - 18 core, 7 non-core properties
  - Square Feet: 6.9 million total
  - Discount rate: 6.2%
  - Cap Rate: 4.6%
  - WALT: 6.0 years for Core properties
  - Rents: 11.2% below market for Core properties
  - Tenancy: 112 tenants with mix of logistics, consumer retail, manufacturing, and other for Core Properties

- Pipeline: $47 million of recently developments

- Target Markets: Major metros with emphasis on infill locations. Target markets include: Southern California, Bay Area, Seattle, Denver, Chicago, NY/NJ, Atlanta, Dallas, and Miami.

- Current Portfolio Diversification:
  - 67% in coastal markets including Seattle, Southern California, Chicago, and Miami.
  - 33% located in Central PA and New Jersey, both primary distribution hubs[2]

[1] As of 3/31/21 unless otherwise noted
[2] Includes the six pending transactions which were under contract or letter of intent

- Business Plans:
  - Core (Target 75%, Minimum 50%)
    - Invest in high quality industrial assets primarily located in and around major metro areas with good income producing qualities including: high occupancies, manageable lease roll, quality tenants, and good sub-markets. CPIF expects to do single asset and portfolio acquisitions.
  - Non-Core (Target 25%, Maximum 50%)
    - Repositioning*:* Well-located assets that will benefit from capital programs.
    - Lease-up: Under-leased assets that will benefit from active asset management
    - Core with Optionality: Core assets that offer increased return potential as a result of developable land or other property improvements
    - Forward purchases: Commitments to purchase assets prior to development completion once certain de-risking hurdles have been met in order to acquire core at a discount to market value.
    - Lend to Core: Provide construction financing for assets under development with commitment to commit debt to equity at a pre-negotiated price upon certain de-risking hurdles being met (e.g. lease-up, completion). Strategy seeks to provide income during development and acquisition at discount to market value upon stabilization.
    - Development[3]: May include build-to-suit, partially pre-leased, and speculative development. Strategy seeks to provide access to core product at a discount to market value upon stabilization. The Fund may sell development assets or hold as core depending on Fund portfolio strategy.
    - Transitory Markets: Assets in temporarily distressed markets identified by research, asset management and transactions teams.

SPONSOR

OVERVIEW

RREEF was established in 1975 to invest in core real estate and has since sponsored several series of such funds and has also managed separate accounts for various U.S. tax-exempt investors. Deutsche Bank acquired RREEF in 2002 to complement its existing real estate asset management business, which at that time was largely focused in Europe and Asia Pacific.

Following the RREEF acquisition, all real estate activities within Deutsche Bank's Asset Management Division were united under the RREEF Real Estate brand. On March 23, 2018 Deutsche Asset Management rebranded to DWS. On the same date, Deustche Bank listed a minority share (21%) in the asset management business through an IPO on the Frankfurt Stock Exchange with Deustche Bank retaining a majority (79%) interest. Part of the rationale for the DWS IPO was to separate DWS and insulate it from volatility associated with the parent company.

DWS's Private Real Estate business sits within the Alternatives platform which also includes Private Infrastructure, Liquid Real Assets, Private Equity, Sustainable Investments, and Hedge Funds. DWS's Alternatives business is headquartered in New York, with U.S. corporate branch offices in San Francisco and Chicago. The RREEF Core Plus Industrial Fund investment team is primarily based in the San Francisco and New York offices. In addition to the three corporate offices, the U.S. real estate asset management organization operates out of nine regional offices in key cities around the country.

[3] Speculative development is capped at 25% of Fund GAV

RREEF CORE PLUS INDUSTRIAL FUND

DWS

Governance and management team

Fund Governance and Oversight

Independent Board of Managers

Americas Real Estate Investment Committee

Todd Henderson
Head of Real Estate, Americas
Board of Managers & Investment Committee
18 30

Portfolio Management Team

Darrell Campos
Lead Portfolio Manager
23 29

Joe Cappelletti
Chief Financial Officer
36 36

Jessica Hamill
Fund Controller
6 12

Portfolio and Asset Management
Property Specialists

Fund Operations
3 investment professionals

Broader Real Estate Resources

Asset Management	Capital Markets	ESG & Sustainability	Global Client Group	Operations	Research & Strategy	Transactions

Source: DWS. Years with firm/industry as of December 31, 2020.

Years with firm   # Years with industry

PRIVATE REAL ESTATE LEADERSHIP TEAM—AMERICAS

DWS

Senior leaders average 18 years with the firm and 30 years with the industry

TODD HENDERSON (CEO)
Head of Real Estate, Americas
18 30

Marc Feliciano (CIO)	Tim Ellsworth	Mike Nigro	Laura Gaylord	Vikram Mehra
Portfolio Management and Asset Management	Transactions	Value Add & Development	Client Coverage	COO
16 28	23 38	16 24	18 36	16 22

INVESTMENT FUNCTIONS[1]

Portfolio Management[2]	Transactions	Asset Management	Research & Strategy	ESG[3]	Central Functions
48 employees	16 employees	39 employees	7 employees	4 employees	19 employees

(1) As of September 30, 2020.
(2) Includes personnel of real estate debt team.
(3) Includes three external employees.
Source: DWS. As of December 31, 2020. Years with firm/industry as of December 31, 2020.

Years with firm # Years with industry #

177

OPERATIONAL RISK PROFILE

An Aon specialist team is reviewing the Sponsor's policies, procedures, and capabilities across a range of operations, middle and back office, and control functions including: (i) corporate governance, (ii) trade/transaction execution, (iii) cash controls, (iv) valuation, (v) compliance, regulatory, legal, and controls testing, (vi) counterparty risk oversight, (vii) business continuity/disaster recovery, and (viii) cyber security.

RREEF America L.L.C. is a majority-owned subsidiary of DWS, the investment management arm of Deutsche Bank AB, a publicly-traded global investment bank. The Manager generally demonstrates a well-controlled operating environment, including appropriate governance and oversight structures, regulatory compliance capabilities, and technology and security protocols. The firm implements highly automated processes, and all functions are well-monitored and controlled. The Manager utilizes commercially viable technology and applications including trading, accounting, order management, and compliance systems that allow for a high degree of straight through processing. These controls and processes drive the A1 Pass rating.

INVESTMENT PROCESS

The Fund Team has the primary responsibility for investment decision-making for the Fund, along with the Investment Committee. The CPIF Board of Directors approves the Annual Strategic Investment Plan. All Investment Committee decisions for the Fund must be approved unanimously.

Summary of Acquisition Process:

- Sourcing: Based on acquisition criteria from the CPIF Annual Strategic Investment Plan as updated by the portfolio management team, members of the transactions team go out and source suitable investments. Acquisitions Officers operate regionally and are property generalists. They continually visit their designated markets to meet with developers, owners, brokers, and bankers to communicate acquisitions criteria to keep current on market conditions.
- Screening: Once a property is identified that meets client objectives, the property is logged into the Transactions group's weekly report that summarizes the status of all potential acquisitions. Weekly calls are held between members of Transactions, Portfolio Management, Asset Management, and Investment Committee to update participants on the status of potential acquisitions.
- Underwriting: Potential transactions are put through an initial underwriting by the Acquisitions Officer with input from Research and Asset Management. An LOI is submitted after the initial underwriting. In concert with the LOI, a preliminary memo is prepared to further socialize the opportunity among Investment Committee and Portfolio Management. Based on feedback from Investment Committee and Portfolio Management, cash flow assumptions are revised and a best and final LOI is submitted.
- Allocation: If the LOI is accepted, the Acquisitions officer prepares an extension of the preliminary investment memo which fully considers investment returns, risk, and timing. This memo is presented to portfolio managers for allocation.
- Due Diligence: Once allocated, the Transactions group coordinates formal due diligence which includes: legal, physical, financial, market, portfolio, and compliance.
- Approval: At completion of due diligence, the Acquisitions Officer makes a formal presentation to the Investment Committee who are already educated on the deal since they have been updated throughout due diligence via the weekly transaction review meeting and Investment Committee meetings.

Asset Management:

- Geographically focused asset managers that specialize in property type enables deep market knowledge which is used to properly position properties and negotiate leases to drive value
- Asset management group includes engineering teams to assist Asset Managers with capital expenditures, environmental, and structural issues.
- Property Management is outsourced to third parties and overseen by Asset Management.

Dispositions:

- The decision to sell a property originates from the Fund Team who has primary responsibility to ensure the Fund's objectives are met.
- Through the Annual Strategic Investment Plan and valuation process, each property is reviewed against the investment objectives. Using market profiles and property specific characteristics, the Fund Team determines whether to present a property for sale to Investment Committee.
- Once identified for sale, a property is presented to IC which reviews the recommendation and decides whether to assign the property to the Transactions team for sale.

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FUND STRUCTURE

OVERVIEW

CPIF is a U.S. open-end industrial fund structured with various entry points depending on the tax status of the investor. The Fund's investments will be held indirectly through various holding structures in one or more entities.

REVIEW OF TERMS & CONDITIONS

Key Terms	
Target Return:	NPI Industrial + 50-100 bps, gross at Fund level
Cash Distributions	None
Investment Management Fees	Less than \$25mm: 1.15% Next \$50mm: 0.95% Next \$75mm: 0.85% Next \$75mm: 0.75% Thereafter: 0.65%
Other Fees	Fund may be charged up to \$2.0M and amortized over 5 years
Performance Fees	15% of total profits after a return of capital and an 8% preferred return at the end of each three year incentive period, calculated at LP level. Payment subject to a 25% holdback which will be paid out at the end of the next three year measurement period if the hurdle is met.
Debt Mark-to-Market	None
Redemption Policy	2-year initial lock up period

ENTRY AND EXIT PROCESS

Entry: The Fund is restricted to accredited investors, open for investment to endowments, foundations and taxable investors. Investors are required to complete a subscription agreement, which will be reviewed by RREEF. Initial subscriptions must be in the minimum amount of $5 million.

Exit: Investors must submit notification via email or hard copy letter to the Fund and give two months' notice prior to quarter-end. Absent a redemption queue, the trade date occurs at quarter end. The Fund allocates funds being used to satisfy redemption requests proportionately among all redeeming investors (pro-rata).

PERFORMANCE

RREEF began to pursue industrial warehouse development (in addition to its core industrial strategies) in 1997. In order to demonstrate the firm's track record in both core and development, the track record in Figure 11 has been presented from 1997 onward. RREEF's U.S. industrial track record is strong on both an absolute return and relative return basis over all measurement periods (compared to NPI Industrial sub-index).

The Fund has a shorter track record since its inception was only July 2017. Over the trailing twelve-month period, CPIF's generated a 18.8% total gross return, outperforming the NPI Industrial by 468 basis points and exceeding the Fund's goal of 50-100 basis points. One likely contributor to the Fund's success over the benchmark is the 64% allocation to the Pacific sub-region, which has consistently been one of the benchmark's top performers over the past year, delivering a total return of 14.8%. The Fund is currently overweight this sub-region relative to the benchmark by 22% and has significant exposure to several of the sub-region's top gateway markets including San Diego (15%), Seattle (14%), and Los Angeles (12%), which saw total trailing 12-month returns of 14.9%, 13.4%, and 11.3%, respectively, during 2020.

The trailing 12-month same store net operating income for fourth quarter 2020 was up 3 percent from fourth quarter 2019, which is reflective of positive leasing activity, including earlier than anticipated lease-up of vacant spaces, achieving higher rents, and providing fewer concessions than anticipated. Additionally, the Fund's weighted average IRR and Exit cap rate have compressed 22 basis points and 19 basis points, respectively, due to continued strong investor demand for industrial product within the Fund's existing market exposures. Compared to year-end 2019, the Fund's core portfolio weighted average going in cap rate decreased 19 basis points. This has led to a growth in the Fund's Gross Real Estate market values of 23%.

ESG POLICY & PRACTICES

DWS has well defined ESG policies, which are interwoven into the Firm's Sustainability House Views consisting of (1) Data Collection, (2) Implementation, (3) Goal Setting, and (4) Measurement. The Firm published their ESG Policy in 2020; however, it's worth noting that this policy was derived from DWS' Standards of Sustainability first published in 2011 and DWS' Sustainability House Views published in 2015. The firm maintains an annually reviewed code of ethics, DEI policy, non-discrimination policies, and code of conduct, all of which require annual training by DWS employees.

In 2017 the Responsible Investment Leadership Team ("RILT") took charge of overseeing the development and implementation of the global ESG and responsible investment strategy across DWS. The RILT is chaired by the Head of Responsible Investments and consists of the CIO for Responsible Investments and senior representatives from coverage, marketing, product, communications, corporate strategy and transformation, and human resources. The RILT meets regularly to discuss issues and initiatives across the Firm relating to ESG and sustainability. The Head of Responsible Investments reports to the DWS Executive Board member who also serves as the Global Head of Client Coverage. In regard to DWS staff, approximately 27% of executive positions at the firm management level were held by women, up from 22% in 2019.

ESG considerations are evaluated by DWS at all stages of the real estate investment cycle from acquisition, throughout the hold period, and at disposition. DWS employs a strategy of continuous evaluation of ESG considerations after acquisition with the goal of improving the value of the asset through reduction of energy and water consumption, effective waste diversion practices, health and wellness programs, third-party green labels and certifications, and asset hardening through climate risk and resiliency assessments. Specifically, DWS invests in technical building assessments during the hold period. Assessments are conducted both internally by DWS staff as well as by qualified third-party vendors and consultants, such as Measurabl. These technical building assessments are deployed to assess risks related to climate change, GHG emissions, energy efficiency, tenant engagement strategies such as transportation, waste management, and water savings. Since the beginning of 2016, all DWS properties are required to choose a feasible efficiency measure assessment and add the recommended project to the budget.

The Fund is in its infancy stage with regard to submitting to GRESB, first reporting in 2020. It should be noted that a fund's first report with GRESB typically receive a relatively poor score; however, CPIF scored well relative to its industrial peers. For new funds, progressive improvement in subsequent years' reports should be a strong indication of the Fund's advancement. Additionally, the Firm was an early adopter of the Principals for Responsible Investment ("PRI"), becoming a signatory in 2008. Since 2008, DWS has scored inline or better than the median PRI signatory, with this past year's assessment scored an A+. Furthermore, DWS is a member or signatory of the Task Force for Climate Related Financial Disclosures, the Urban Land Institute, Climate Disclosure Project, UK Sustainable Investment and Finance Association, NAREIT Sustainability Council, Ceres, and many more.

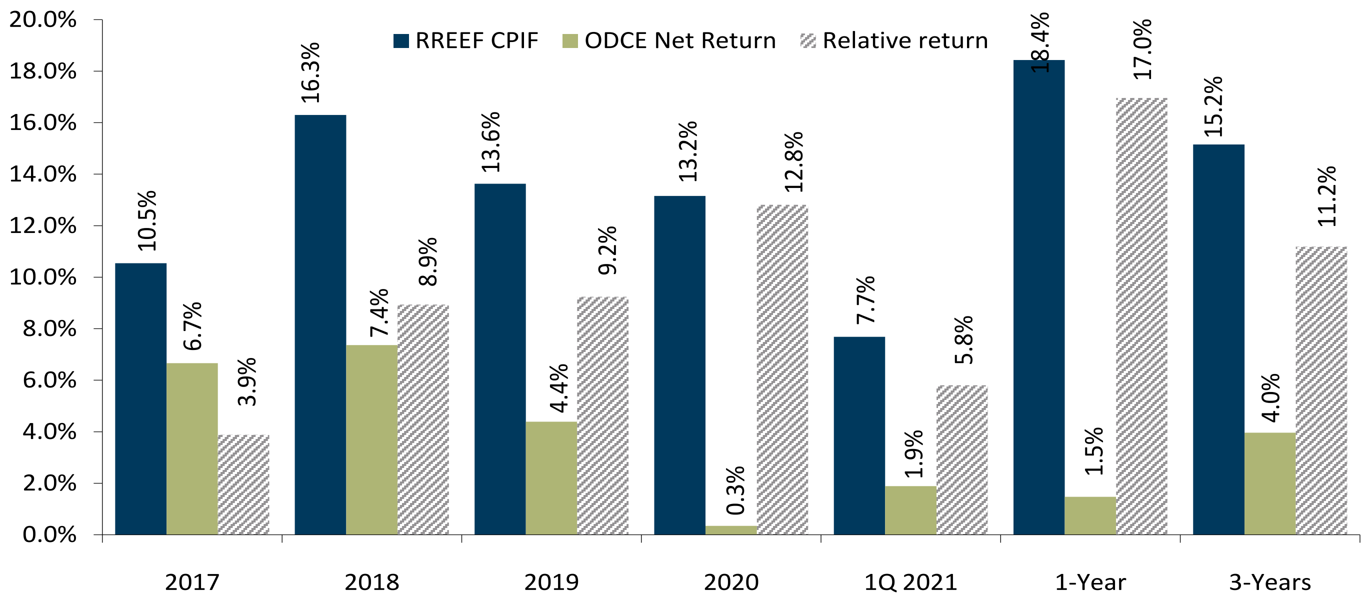
Based on the above referenced factors, we have concluded CPIF's ESG rating to be "Advanced". DWS' commitment to ESG dates back to 2008 when the firm became a signatory of PRI. Additionally, the Firm stands out amongst its peers in that DWS has dedicated team to oversee the Firm's ESG initiatives. CPIF's partnership with GRESB is relatively new, and even so, in 2020 CPIF scored relatively well amongst the industrial fund peer set, further supporting the "Advanced" rating.

APPENDIX

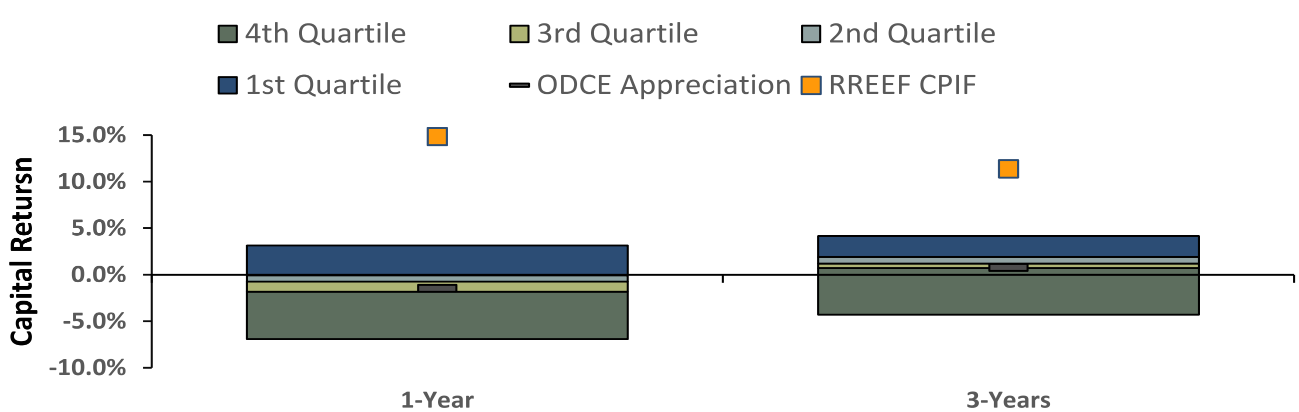
***Historical Performance Quartiles** – As of March 31, 2021*

Source: Townsend U.S. Open-Ended Core Fund database as of March 31, 2021. Range shown is 95th to 5th percentile.

***Historical Relative Fund Performance –** As of March 31, 2021*



***Capital Return (Appreciation) Historical Performance Quartiles –** As of March 31, 2021*



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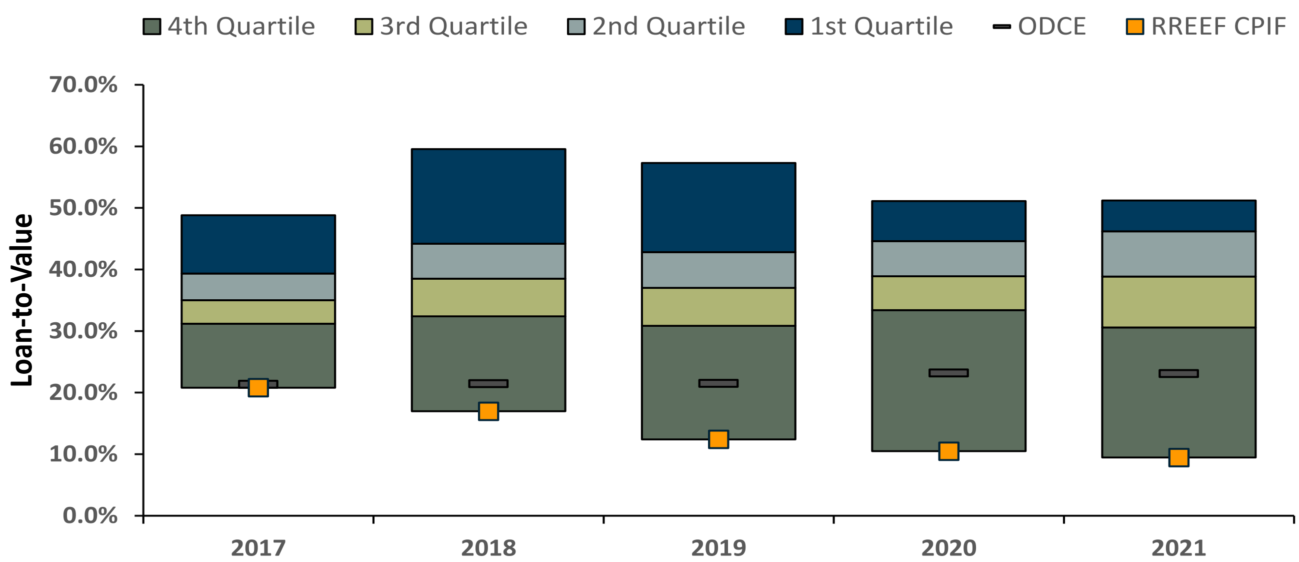
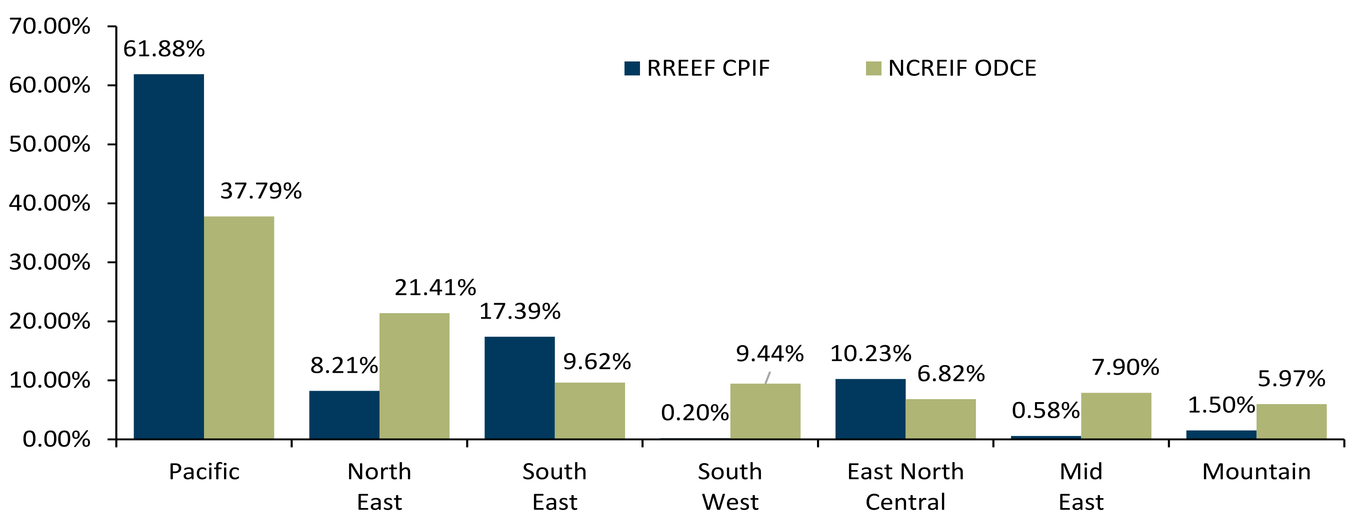
***Progression of Leverage** – As of March 31, 2021*



***Fund Diversification** – As of March 31, 2021*



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Top 10 U.S. Market Exposures *–As of March 31, 2021*

MSA	% Total Fund NAV
Miami-Fort Lauderdale-Pompano Beach,	17.6%
Los Angeles-Long Beach-Santa Ana, CA	15.1%
San Diego-Carlsbad-San Marcos, CA	14.9%
Seattle-Tacoma-Bellevue, WA	11.2%
Chicago-Naperville-Joliet, IL-IN-WI	10.4%
Portland-Vancouver-Beaverton, OR-WA	9.6%
Riverside-San Bernardino-Ontario, CA	7.1%
Trenton-Ewing, NJ	5.9%
San Jose-Sunnyvale-Santa Clara, CA	3.7%
York-Hanover, PA	2.3%

Top Ten Assets (by MV)

Property	City	State	$MV
Vantage Point	Poway	CA	186,100,000
Portland Distribution Center	Portland	OR	123,200,000
Olympia	Kent	WA	107,318,000
Centergate at Gratigny - Phase I	Hialeah	FL	100,900,000
Centergate at Gratigny - Phase II	Hialeah	FL	96,400,000
9050 Hermosa	Rancho Cucamonga	CA	90,700,000
159 Milford	East Windsor	NJ	75,300,000
Jefferson Industrial	Elk Grove Village	IL	55,700,000
Nelson Business Park	City of Industry	CA	52,100,000
111 Uranium	Sunnyvale	CA	47,700,000

Investment Rating Explanation

The comments and assertions reflect Townsend views of the specific investment product and its strengths and weaknesses in general and in the context of Townsend's *View of the World* and same vintage alternative choices.

Buy – Townsend recommends the investment for those client portfolios where it is a fit.

Qualified – Townsend believes the sponsor to be qualified to manage client assets.

Operational Risk Profile Rating Explanation

Rating	Definition
✓+	Aon completed its review process and noted no material operational concerns within the areas it reviewed and finds that these aspects of the firm's operations largely align with a well-controlled operating environment.
✓	Aon completed its review process and the firm's operations within the areas Aon reviewed largely align with a well-controlled operating environment, with limited exceptions. Managers may be rated within this category due to resource limitations or asset class limitations or where isolated areas do not align with best practice.
No Rating	Aon was unable to complete its review process due to incomplete information, policies and procedures that are under development or in transition, or for other reasons. Aon may review the rating if these items are addressed.
✓-	Aon completed its review process and noted material operational concerns that introduce the potential for economic loss or reputational risk exposure.

About Townsend Group – An Aon Company

Founded in 1983, The Townsend Group provides custom real asset solutions that help clients worldwide achieve their unique investment goals. As an Aon company, The Townsend Group is now part of one of the top three outsourced chief investment officer (OCIO) providers in the world measured by global assets under management. Aon's Investment organization, including Townsend, manages more than $130 billion of worldwide assets under management and has advised on more than $240 billion of real estate assets.

Disclaimer

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Past Performance is no guarantee of future results. Investing involves risk, including possible loss of principal.

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ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

R E S O L U T I O N
No. 2021-57

Approving Investment in RREEF Core Plus Industrial Fund L.P. with Imminent Need

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its real assets investment consultant, Aon Hewitt Investment Consulting, Inc., along with the recommendation of the Investment Committee and ATRS staff regarding an investment in **RREEF Core Plus Industrial Fund L.P.,** an open-ended Core fund that invests in high quality industrial real estate assets in U.S. major metropolitan areas.; and

WHEREAS, the ATRS Board previously approved Resolution 2021-47 authorizing an investment in **RREEF Core Plus Industrial Fund L.P.** of up to **$70 million dollars ($70,000,000)** at the September 27, 2021 ATRS Board meeting; and

WHEREAS, the ATRS Board, after its review of the timing needed to close the investment and the fact that the scheduled October meeting of the Arkansas Legislative Council has been canceled and the next scheduled meeting is in November, has determined that there is now an imminent need to enter into the partial equity ownership agreement by the anticipated closing date; and

WHEREAS, the ATRS Board approves an investment of up to **$70 million dollars ($70,000,000)** in **RREEF Core Plus Industrial Fund L.P.,** and the Board, after its review of the timing in which the closing of the investment in **RREEF Core Plus Industrial Fund L.P.** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

NOW, THEREFORE*, *BE IT RESOLVED, that the ATRS Board approves an investment of up to **$70 million dollars ($70,000,000)**, in **RREEF Core Plus Industrial Fund L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership investment interest in **RREEF Core Plus Industrial Fund L.P.** The total investment amount is to be determined by the real assets investment consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process if acceptable terms are reached.

Adopted this 18th day of October, 2021.

____

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

Arkansas Teacher Retirement System

Executive Summary
Clearlake Capital Partners VII, L.P.

FRANKLIN PARK

Executive Summary

Fund Clearlake Capital Partners VII, L.P. (the "Fund")

General Partner Clearlake Capital Group (the "General Partner" or "Clearlake")

Report Date August 2021

Fundraising The General Partner is targeting capital commitments of $10 billion with an expected cap of $12+ billion, including the General Partner's commitment of up to $200 million. The General Partner will hold a first close on September 29th. The Fund's available capital is expected to be fully allocated by the first close, but rolling closes are likely through early 2022.

Source Franklin Park sourced the offering directly from the General Partner.

Investment Strategy The General Partner invests in special situations, distressed and private equity investments in the middle and large markets. The General Partner opportunistically pursues distressed debt, rescue financing, growth capital, buyout, and turnaround investments. Target companies will often require financial, operational or structural change where market inefficiencies and mispricing of assets can be exploited. The General Partner invests for control or significant influence to affect change post-investment. The Fund is expected to primarily focus on the software, technology-enabled services, and industrials sectors.

The General Partner's approach is flexible, investing across the capital structure in debt or equity securities, targeting private market and capital market transactions where Clearlake can obtain control or has significant influence. In private investments, potential securities and instruments used may include a combination of common equity, preferred equity, unsecured debt, secured debt, DIP loans and bilateral credit facilities and specific investments may make use of features such as convertibility, earn-outs, warrants and make-whole premiums. In capital markets investments, the Fund will concentrate on acquiring material stakes in debt instruments or claims, including control or blocking positions in certain classes of debt or other claims.

Management Team Headquartered in Santa Monica, California, the General Partner was established in December 2006 by Steve Chang, José Feliciano and Behdad Eghbali, with sponsorship from Reservoir Capital ("Reservoir"). In 2017, the General Partner partnered with Landmark Partners ("Landmark") to acquire Reservoir's ownership stake. In 2018, the General Partner completed another transaction in which a minority stake is now held by Landmark, Dyal Capital ("Dyal") and Goldman Sachs.

The Fund will be managed by Messrs. Feliciano and Eghbali as well as Prashant Mehrota, Colin Leonard, and James Pade (collectively, the Partners"), whose backgrounds are summarized below.

Professional	Years GP	Years PE	Relevant Experience
José Feliciano	15	25	Tennenbaum, govWorks, Goldman Sachs
Behdad Eghbali	15	23	TPG, Venus Capital
Prashant Mehrotra	11	19	Silver Lake, Tennenbaum
Colin Leonard	14	17	HBK Investments
James Pade	8	13	TowerBrook Capital

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Track Record

The General Partner has raised six prior funds ("CCP I-VI" or "Funds I-VI") with $182 million, $415 million, $789 million, $1.4 billion, $3.6 billion, and $7.1 billion in respective capital commitments. The following chart summarizes the performance of Funds II-VI, as of March 31, 2021 ($000).

Fund (Vintage)	Rlzd Deals / # Deals	Invested	Realized	Unrealized	Gross ROI	Gross IRR
CCP II (2009)	14 / 15	580,387	1,026,470	28,888	1.8x	22.0%
CCP III (2012)	15 / 20	1,196,456	3,301,818	445,318	3.1x	47.4%
CCP IV (2015)	12 / 24	1,953,400	1,924,987	2,579,979	2.3x	38.8%
CCP V (2017)	4 / 21	3,923,262	1,638,505	7,787,985	2.4x	64.5%
CCP VI (2020)	0 / 9	4,428,975	308,209	4,833,885	1.2x	45.6%
Total	45 / 89	12,082,479	8,199,988	15,676,055	2.0x	40.8%

Gross of fees and carried interest expenses. The unrealized investments were valued by the General Partner.

The General Partner also manages two non-control debt and structured equity funds, Clearlake Opportunity Partners I and II (the "Opportunity Funds"), formed in 2015 and 2019, with respective capital commitments of $543 million and $1.4 billion of capital commitments. As of March 31, 2021, Clearlake Opportunity Partners I (2015) and II (2019) have generated net returns of 13.7% and 33.0%, respectively.

Investment Evaluation

1. **The Fund's strategy is compelling.** The General Partner's opportunistic investment strategy and flexible approach allow the Fund to capitalize on unique buyout, growth capital, and distressed investment opportunities. The General Partner generally invests in companies that are undergoing complex financial, operational or structural change, and/or are in underserved markets. These transactions often involve bankruptcies, restructurings, turnarounds and carve-outs. Such transactions are often overlooked and less competitive relative to traditional buyouts. Further, the broad transaction types and flexible approach allow the General Partner to select investments across a variety of market conditions.

2. **The General Partner has a highly experienced and deep team.**
   - The team has complementary skills to pursue special situations investments, bringing a balance of distressed restructuring, buyout and capital markets expertise, along with sector knowledge in technology and industrial end markets.
   - The Partners average 17 years of relevant experience, including tenures with other private equity firms. Four of the five Partners have been working together for more than a decade.
   - In the last several years, the General Partner's team has doubled in size. The General Partner has added significant resources to support the senior partners in areas such as deal origination, firm management and portfolio support.
   - The General Partner continues to promote from within, and the number of capable lead deal professionals has grown to a dozen today.

3. **The General Partner has a strong track record.**
   - Since 2009, the prior funds have invested more than $12 billion and generated an aggregate gross IRR of 40%.
   - Over the last three years, 19 realizations produced an aggregate ROI of 4.8x including six in the last six months that returned an aggregate ROI of 7.0x.
   - Each of Funds III, IV and V have generated net IRRs in excess of 30% and rank in the top quartile relative to U.S. buyout peers.
   - The financial and operating performance of the portfolio companies has been compelling.

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4. **The General Partner's fund sizes and capital under management have grown substantially in recent years.** The Fund size at a potential cap in excess of $12 billion represents more than a threefold increase from CCP V raised just four years ago. Further, recent funds have been invested relatively quickly. Fund V in particular was largely invested in one year.

   The larger fund size may encourage the General Partner to pursue larger transactions, which tends to be a more competitive market segment. However, the General Partner indicated that it will continue to predominantly focus on middle market businesses. Further, the pace of Fund VI was partially driven by significant deployment in the early days of the pandemic to exploit dislocation seen in the secondary markets. The General Partner has been investing $2-$3 billion annually over the last few years and would expect the Fund to have a more typical 2.5-3 year investment period.

5. **Third parties will share in the Fund's carried interest, which could impact team stability.** External investors (Dyal Capital Partners, Goldman Sachs, and Landmark Partners) own minority interests in the management company and, through their ownership, will be entitled to a share of the Fund's carry. While the outside investors carry no governance rights, the ownership raises concerns around team stability and alignment of interests. However, the General Partner has had third party participation since inception of the firm, which helps to mitigate this concern.

Recommendation

Franklin Park recommends a commitment of up to $30 million to the Fund, subject to satisfactory negotiation of final documentation, based on the following:

- The General Partner's strategy is compelling; and
- The General Partner has a highly experienced and deep team; and
- The General Partner has an attractive track record.

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ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

R E S O L U T I O N
No. 2021-58

Approving Investment in Clearlake Capital Partners Fund VII, L.P. with Imminent Need

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the ATRS Board has reviewed the recommendation of its private equity consultant, Franklin Park Associates, LLC, along with the recommendation of the Investment Committee and ATRS staff regarding an investment in **Clearlake Capital Partners Fund VII, L.P.,** a private equity fund that will make opportunistic debt and equity investments in middle market companies undergoing change and/or are in underserved industries or markets in North America; and

WHEREAS, the ATRS Board previously approved Resolution 2021-49 authorizing an investment in **Clearlake Capital Partners Fund VII, L.P.** of up to **$30 million dollars ($30,000,000)** at the September 27, 2021 ATRS Board meeting; and

WHEREAS, the ATRS Board, after its review of the timing needed to close the investment and the fact that the scheduled October meeting of the Arkansas Legislative Council has been canceled and the next scheduled meeting is in November, has determined that there is now an imminent need to enter into the partial equity ownership agreement by the anticipated closing date; and

WHEREAS, the ATRS Board approves an investment of up to **$30 million dollars ($30,000,000)** in **Clearlake Capital Partners Fund VII, L.P.,** and the Board, after its review of the timing in which the closing of the investment in **Clearlake Capital Partners Fund VII, L.P.** may need to occur, has determined that there is an imminent need to immediately enter into the partial equity ownership agreement prior to the next scheduled meeting of the Arkansas Legislative Council. The Board also deems it financially appropriate to enter into the partial equity ownership agreement and concludes that to forego the opportunity to promptly implement its investment directives under the prudent investor rule would be inconsistent with its fiduciary duty of care to the members and annuitants.

NOW, THEREFORE*, *BE IT RESOLVED, that the ATRS Board approves an investment of up to **$30 million dollars ($30,000,000)**, in **Clearlake Capital Partners Fund VII, L.P.** and agrees to immediately move to close and subscribe the approved ATRS limited partnership investment interest in **Clearlake Capital Partners Fund VII, L.P.** The total investment amount is to be determined by the private equity investment consultant and ATRS staff based upon the allocation available to ATRS and the overall investment objectives set by the ATRS Board; and

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this investment using the Imminent Need process if acceptable terms are reached.

Adopted this 18th day of October, 2021.

____

Mr. Danny Knight, *Chair*
Arkansas Teacher Retirement System

Memo

To	Arkansas Teacher Retirement System (ATRS) Board of Trustees
From	PJ Kelly, CFA, CAIA, Katie Comstock, Craig Adkins
Cc	Clint Rhoden, Rod Graves, Jerry Meyer
Date	October 14, 2021
Re	Recommendation to Decline Renewal of Investment in Future Aeolus Keystone Funds

Background and Recommendation

The Arkansas Teacher Retirement System (ATRS) initiated an allocation to the insurance linked securities (ILS) market in 2016 with two investment managers, Nephila and Aeolus. During the recent 2021 Opportunity/Alternatives portfolio review, ATRS reviewed and approved a new manager structure in September which included 1) replacing Nephila with the Pillar Juniperus Opportunity Fund and 2) re-weighting the manager allocation, reducing the exposure to Aeolus from 85% to 65% of the total ILS allocation to better reflect our forward-looking opinion on the managers. Following the September Board meeting, Aon's research team conducted a deep dive review of the Aeolus strategy and voted to downgrade the Aeolus Keystone strategy from Buy to Qualified. Based on this updated opinion, rather than reducing the Aeolus exposure to 65%, Aon recommends ATRS decline renewal with Aeolus and effectively eliminate its exposure to both the January and Mid-Year portfolios altogether. Due to the annual renewal and holdover process, it may take several quarters for ATRS to receive all assets back.

Aon's research team had been monitoring the Aeolus portfolio closely for some time due to the worse than expected and worse than market performance. In October 2021, Aon's research team conducted a full review of the Aeolus strategy and voted to downgrade the strategy from Buy to Qualified. The primary reason for the downgrade is due to a change in opinion of their investment strategy, and particularly around risk management. Aeolus's investment process has continued to focus on aggregate exposure contracts that incur losses to a wider range of catastrophes, and historically resulted in higher returns, but over recent years has led to more loss taking. Aon has not seen the investment process evolve to account for the current climatology where there are a larger number of small and medium sized events as opposed to less frequent large events. Aon's opinion is that Aeolus is taking on unnecessary risk to achieve their desired returns, which was exemplified most recently by their outsized losses from Hurricane Ida. Additional concerns surround the weak performance and below market terms, particularly related to higher than market fees and lack of a high-water mark.

Aon recommends that ATRS decline renewal of the January and Mid-Year Aeolus Keystone Funds going forward and allow the exposure to Aeolus wind down. We do continue to believe exposure to the ILS market is an attractive exposure to maintain in the ATRS portfolio and will monitor the landscape for potential complementary exposures to the recently approved Pillar Juniperus Opportunity Fund.

Please see the following Aon Flash Report with additional details on Aon's review of the Aeolus strategies.

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Flash Report

Aeolus Keystone Fund downgraded to Qualified from Buy and the Aeolus Spire Fund downgraded to Sell from Buy.

Recommendation

Aon's Investment Manager Research Team has downgraded the rating of the Aeolus Keystone Fund from Buy to Qualified and the Aeolus Spire Fund from Buy to Sell after placing both investment strategies "InReview" in September 2021.

The overall ratings have been downgraded on the back of concerns relating to Aeolus' investment process and risk management, and ultimately disappointing performance. As a part of this review, a number of sub-category ratings for both funds were downgraded.

Our recommendations based on the downgrades of both Aeolus funds is for clients to reconsider the make-up of their ILS portfolio and consider other Buy rated managers.

Please feel free to contact your Aon investment consultant or a local member of the Liquid Alternatives Research Team if you have any questions.

Background

Both Aeolus funds have endured a difficult period of performance since 2017. The Aeolus Keystone strategy is run to be one of the most aggressive strategies in the insurance linked securities ('ILS") industry. The Spire Fund is a relatively conservative version of Keystone. Whilst ILS managers as a whole have endured headwinds as we have seen the number of hurricanes, wildfires, and convective storms increase, the performance of both Aeolus funds have been poor on an absolute basis and relative to peers.

As a result of these difficulties, we went through the process of re-rating both of these funds. During this re-rating process, we changed the overall rating of both Aeolus funds, along with certain sub-component ratings. For both Funds, the Investment Process and Risk Management sub-categories were downgraded from a 3 to a 2. Additionally, for both Funds, Terms and Conditions were downgraded from a 3 to a 1. The Performance sub-category for Aeolus Keystone was downgraded from a 3 to a 2. The Performance sub-category for Aeolus Spire was downgraded from a 3 to a 1. Please see further details noted below:

Investment Process: Aeolus Keystone and Aeolus Spire Reduced from a 3 to a 2

Aeolus's strategy is focused on retrocession and reinsurance contracts that are privately negotiated with cedents to provide bespoke coverage at higher rates on-line. Aeolus focuses the portfolio on key high paying perils and geographies that earn rates on-line well above more diversifying perils. While we think the cat modelling underpinning this process is still strong, we have concerns on how the strategy is being implemented. We believe the manager has not adapted their investment strategy to account for the current climatology where there are a larger number of small and medium sized events as opposed to less frequent large events. Both portfolios have too much reliance on aggregate exposure contracts that incur losses to a wider range of catastrophes, and this has led to more loss taking. Additionally, we are concerned that the level of compensation Aeolus has been receiving to take on this risk it not large enough. We do not see an inclination on the manager's part to change their investment focus which leads to our diminished view on their overall investment process.

Risk Management: Aeolus Keystone and Aeolus Spire Reduced from a 3 to a 2

Risk management for the manager is fully integrated into their investment process. With our reduction in confidence in the investment process of the manager, it is necessary to downgrade risk management as well.

Performance: Aeolus Keystone Reduced from a 3 to a 2 and Aeolus Spire Reduced from a 3 to a 1

Both Aeolus funds have struggled with performance since 2017 when global events such as hurricanes, wildfires, and convective storms increased in frequency. However, the loss levels from moderate sized events in both funds have become a concern and have been larger than their peer group has incurred. Additionally, the Spire Fund's upside/downside capture has been extremely poor. As a more conservative fund, we would expect better preservation of capital than has been exhibited by Spire and this is the reasoning for the larger drop in the Fund's Performance rating. We attribute Spire's poor performance to problems within the portfolio construction process.

Terms and Conditions: Aeolus Keystone and Aeolus Spire Reduced from a 3 to a 1

Aeolus's higher fee level was originally viewed as commensurate with a portfolio consisting of private reinsurance and retrocession contracts. Additionally, we viewed the lack of hurdle rate or high water mark to be acceptable due to the volatile nature of the Aeolus portfolios. However, fees across the ILS landscape have compressed leaving Aeolus's fee structure as an outlier. Additionally, the lack of high water mark has created an incentive to take on too much risk and creates an alignment of interest between the investor and manager which is not balanced.

Overall: Aeolus Keystone Reduced from Buy to Qualified and Aeolus Spire Reduced from Buy to Sell

We have reduced conviction in both Aeolus strategies for a number of reasons, including a loss of confidence in their investment process stemming from too much reliance on aggregate exposure contracts. A performance track record that, despite increasing pricing across the ILS universe, has incurred higher than peer group losses from the global events from the last few years. Terms and condition for both Funds are below those offered by their peer group.

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ARKANSAS TEACHER RETIREMENT SYSTEM
1400 West Third Street
Little Rock, Arkansas 72201

R E S O L U T I O N
No. 2021-59

To Redeploy Arkansas Teacher Retirement System Assets Managed by Aeolus Capital Management and Close the Arkansas Teacher Retirement System Position in Aeolus Property Catastrophe Keystone PF Fund, LP

WHEREAS, the Board of Trustees (Board) of the Arkansas Teacher Retirement System (ATRS) is authorized to invest and manage trust assets for the benefits of its plan participants; and

WHEREAS, the Board has reviewed the recommendation of its general investment consultant, Aon Hewitt Investment Consulting, Inc., along with the recommendation of the Investment Committee and ATRS staff regarding the redeployment of Arkansas Teacher Retirement System assets managed by Aeolus Capital Management by closing the Arkansas Teacher Retirement position in **Aeolus Property Catastrophe Keystone PF Fund, LP,** in order to rebalance the ATRS opportunistic/alternative portfolio and add more diversification.

THEREFORE, BE IT RESOLVED, that the ATRS Board approves redeployment and closing of the Arkansas Teacher Retirement System position in Aeolus Property Catastrophe Keystone PF Fund, LP.

FURTHER, BE IT RESOLVED, that the ATRS staff is hereby authorized to take all necessary and proper steps to implement this redeployment and closing if acceptable terms are reached.

Adopted this 18th day of October, 2021.

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Mr. Danny Knight, ***Chair***
Arkansas Teacher Retirement System