
Investment Committee Semi-Annual Activity Report

| 5. Real Estate



Fast Facts (06/30/22)

Net Asset Value \$49,650
(in millions):

RE Allocation as Percent of Total Portfolio:

- Current: 16.46%
- Long-term target 15.00%

Benchmark:

NFI-ODCE Value-weighted Index
Net of fees (quarter lag)

SOLD!



Southpark Towers

Located in Charlotte, NC this asset is a two-tower, 529,031 RSF multi-tenant Class A, office property in Suburban Charlotte. Southpark was constructed in two phases, with the first building delivering in 1987 and the second in 1997. The property sold for \$192.5 million and generated a gross unlevered IRR of 9.3% and an equity multiple of 2.1x since its acquisition in 2005.

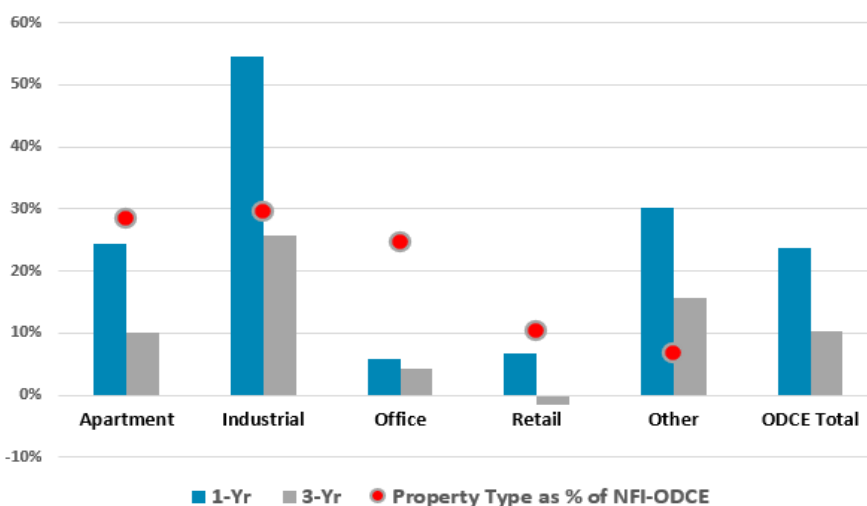
This sale exemplifies the long-term CalSTRS strategic goal of disposing of legacy properties the team believes are unlikely to outperform the NFI-ODCE going forward.

Real Estate Net Time Weighted Returns (03/31/2022)

2022 Q1	NAV \$ millions	Current Quarter	1 Year	3 Year	5 Year
Core	\$29,527	7.62%	27.51%	12.30%	10.92%
Value Add	\$9,771	7.61%	27.77%	13.53%	12.60%
Opportunistic	\$9,570	4.04%	25.96%	13.83%	11.99%
Total Portfolio	\$49,165	6.87%	27.24%	12.81%	11.41%
NFI-ODCE Net	\$269,113	7.14%	27.26%	10.30%	8.90%

*Green cells denote outperformance relative to NFI-ODCE

Performance by Property Type (03/31/2022)



Real estate markets saw historically high valuation increases over the last year, with the NFI-ODCE Index recording a total return of 27.2 percent, predominately driven by the strong returns in the Industrial sector which returned over 54 percent in the one-year period. Recent changes in the financial markets could reverse some of these gains in the year to come. Significant increases in both inflation (which is generally a positive for real estate assets) and interest rates (generally negative for real estate), coupled with a correction in the equities market, could cause flat or negative returns that then normalize back to mid- to high- single digit levels.

Real Estate Market Snapshot - ESG

CalSTRS' belief that Environmental, Social, and Governance ("ESG") factors will impact the long-term value of our portfolio is central to our investment thesis. We believe a comprehensive approach to sustainable investing supports our fiduciary duty to maximize investment returns and manage financial risks in a changing world, with the added benefit of positively impacting the environment and society.

The importance of ESG manifests in a number of key Real Estate initiatives including metrics to support our new net zero commitment, real estate's green bond issuance, our innovative affordable housing program, Real Estate's emerging manager program and our commitment to ESG leadership inside and outside the organization.

Material Real Estate Commitment Activity (January 2022 - June 2022)

Investment Name	Control / Non-Control*	Strategy	Vehicle	Property Type	Amount (\$ in millions)
Belay Ventures III, LLC	Control	Value Add	Fund	Emerging / Diversified	\$350
CalPoint Industrial JV	Control	Core	JV	Industrial	\$500
CBCal Life Science	Control	Core	JV	Life Science	\$100
CenterSquare REIT	Control	REITs	JV	Diversified	\$350
CP Logistics UK JV	Control	Opportunistic	JV	U.K. Industrial	\$400
Fairfield MF Development	Control	Opportunistic	JV	Apartment	\$250
GTISCal Investments LLC	Control	Opportunistic	JV	SF Housing	\$200
PCCP SFR JV	Control	Core	JV	Housing	\$200
BGO US Cold Storage Fund	NonControl	Value Add	Fund	Industrial	\$225
Blackstone BREP X	NonControl	Opportunistic	Fund	Diversified	\$500
Greystar EP Asia I	NonControl	Value Add	Fund	Apartment	\$125
Greystar EP Europe I	NonControl	Value Add	Fund	Apartment	\$120
Harrison Street CMA Fund	NonControl	Value Add	Fund	Diversified	\$150
Harrison Street EPP III	NonControl	Value Add	Fund	Diversified	\$170
PAG Real Estate Partners III LP	NonControl	Value Add	Fund	Diversified	\$200

* Control Investments are subject to CalSTRS approval for every investment.

Real Estate Disposition Activity* (January 2022 - June 2022)

Investment Name	Control / Non-Control	Strategy	Vehicle	Property Type	Net Sale Amount to CalSTRS (\$ in millions)
Redmond Town Center	Control	Opportunistic	SA	Apartment	\$85
Harrisonburg	Control	Core	JV	Industrial	\$57
The Quadrant	Control	Core	SA	Office	\$57
Southpark Towers	Control	Core	SA	Office	\$189
Jackson Square Utah Portfolio	Control	Value-Add	JV	Apartment	\$65
Siena At Memorial Heights	Control	Core	JV	Apartment	\$53
Astor Tanglewood	Control	Core	JV	Apartment	\$55

* Excludes Partial Sales and Sales returning \$50 million or less.