



CALSTRS

Real Estate Policy Revision

First Reading

June 10, 2021



Why Amend the Real Estate Policy?

- Incorporate new CalSTRS Investment policy format
- Streamline by moving content into guidelines
- Evolving market conditions
 - ❖ Historically low leverage rates
 - ❖ Larger transactions / shorter time frames
- Incorporate the Collaborative Model



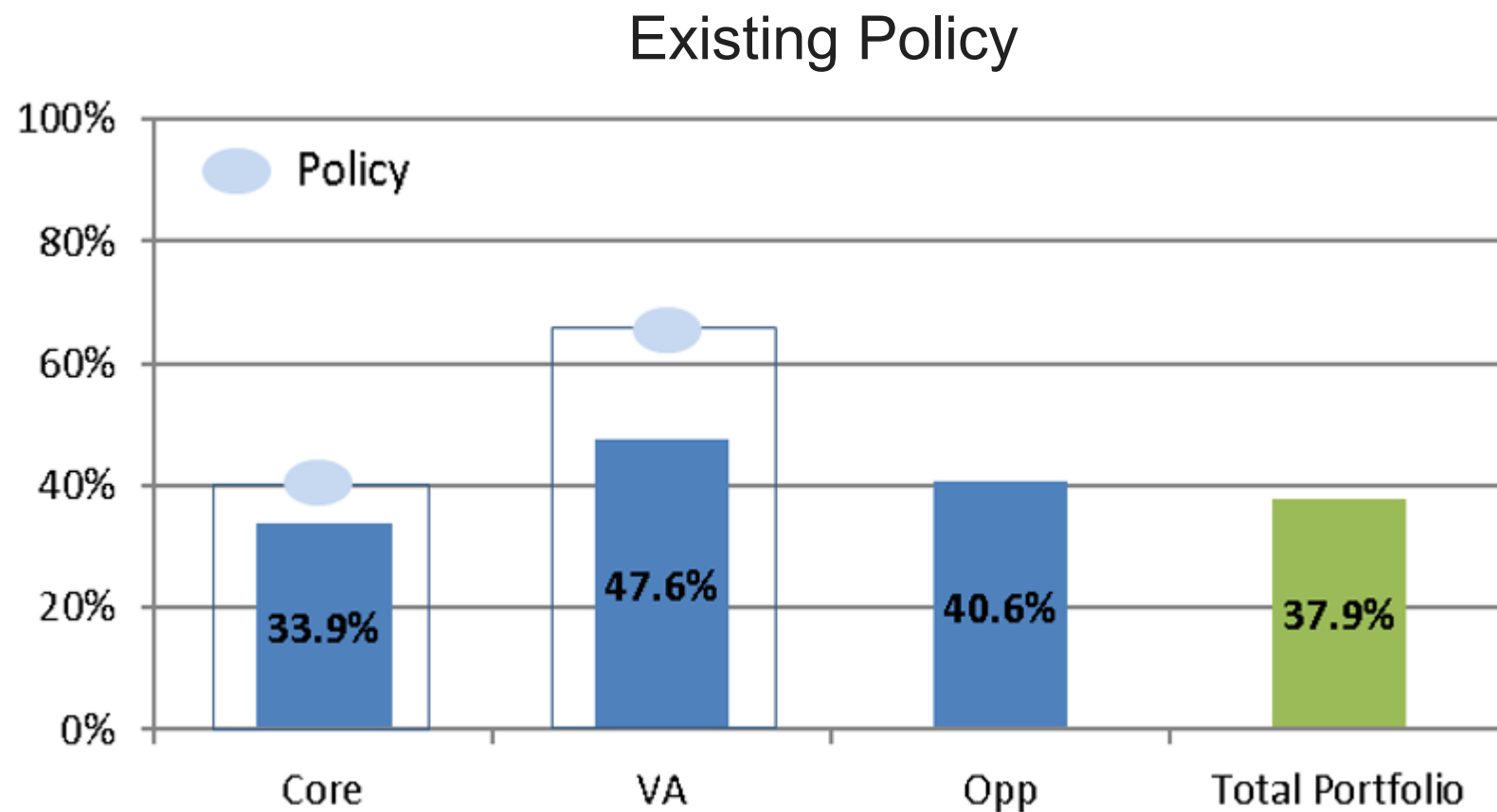
Key Changes to Real Estate Policy

Leverage

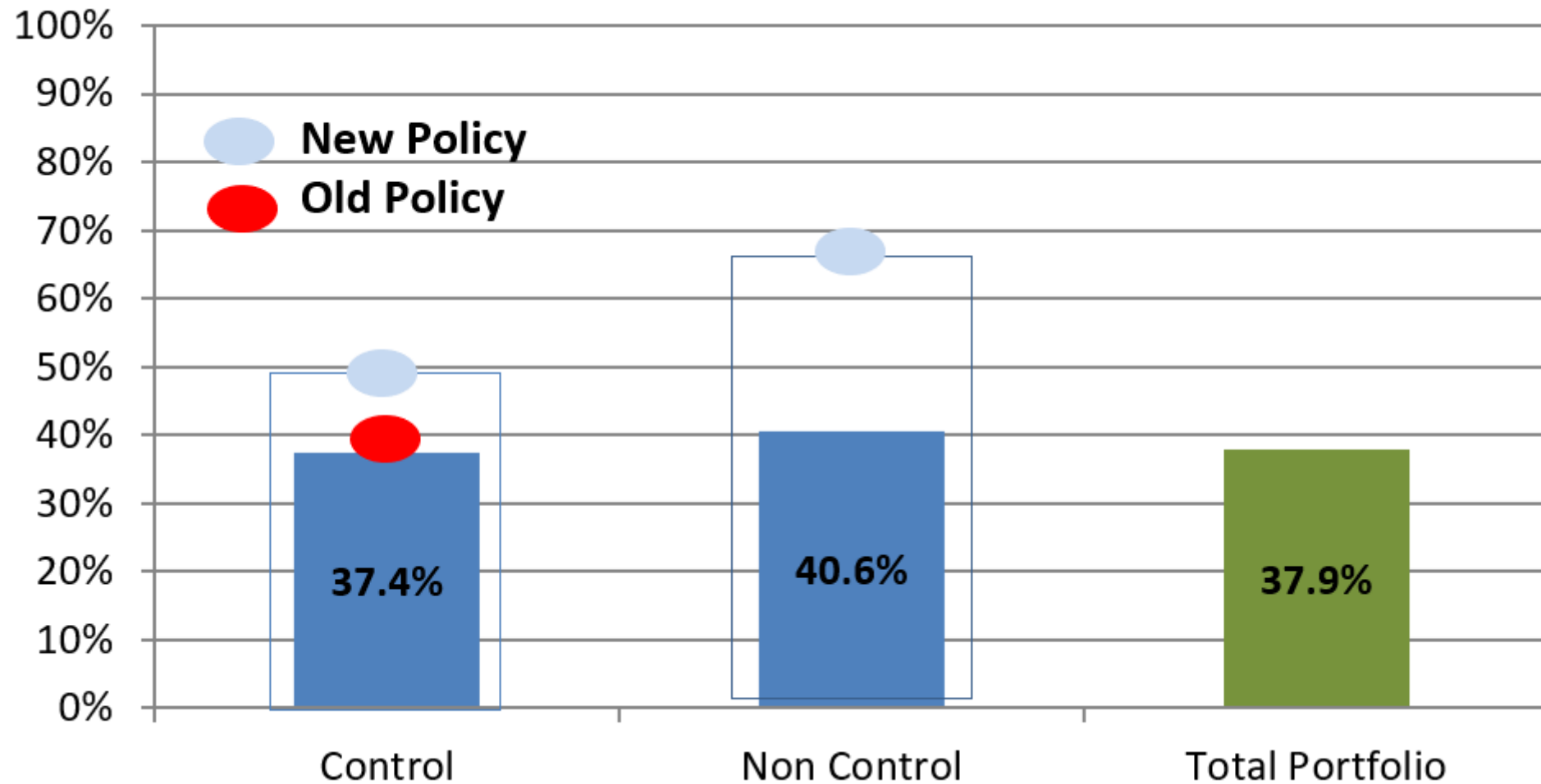
- Aligning leverage decision with the Collaborative Model (Control)
 - ❖ 50% LTV maximum for Control portfolio
 - ❖ 65% LTV maximum for Non-Control portfolio



Leverage – As of Dec 31, 2020



Proposed Leverage



Key Changes to Real Estate Policy

Discretionary Authority

- Remove obsolete language
- Add more discretion for a new manager allocation (from 2% to 3% threshold)

	Current Policy	Proposed Policy
Portfolio Size	\$37 billion	\$37 billion
New Manager Discretion %	2%	3%
New Manager Discretion \$	\$740 million	\$1.1 billion

END