CRE ANALYST

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State of Connecticut Retirement Plans & Trust Funds (CRPTF)

August 28, 2023

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Fund Summary

Blue Owl Real Estate Fund VI ("Fund VI" or the "Fund") is the sixth fund in Blue Owl Real Estate LLC's ("Blue Owl RE" or the "Manager") Value-Added fund series, which invests in net lease real estate. Blue Owl Capital Inc. (NYSE: OWL) ("Blue Owl") is the parent company of Blue Owl RE.

As part of our research process, Albourne's Real Estate's investment due diligence ("IDD") team met with the Manager in August 2023 for an update on the Fund VI fund raise, the Manager's team & capabilities, their investment process, the Manager's response to current market conditions, their track record, and their currently invested portfolio. Albourne believes that the Fund is suitable for investors seeking a Value-Added style. Based on this due diligence update, Albourne re-affirmed our investment assessment of the Manager.

In July 2023, Albourne's Operational Due Diligence ("ODD") team issued an update on our review of the Manager's operations, which include an assessment of the Manager's organization, background checks, compliance resources & policy, and investment operations. Albourne has also done an ODD assessment of the Fund specifically, reviewing terms & governance, custody & counterparties, valuation, and a review of financial statements. In each of these categories, Albourne's ODD team believes that the Manager's operations are at or above market standard.

Based on both Albourne's IDD and ODD research updates in August and July 2023, respectively, Albourne supports CRPTF's intent to commit to the Fund.

Investment Thesis

- The Fund has well-defined investment criteria with high degree of certainty over the profile of underlying assets.
- The Fund has limited competition with few peers targeting investment grade net lease transactions.
- The strategy and investment characteristics are mostly unchanged since the launch of Fund I.
- The fund series' track record has significant realizations, and the previous funds are all performing above their target IRRs.
- As the Manager has multiple net lease products, which include infinite life vehicles, they tend to be consistently investing and have large amounts of capital available, resulting in a strong market presence. This should help to yield a broad pipeline.
- The Fund benefits from Blue Owl's large resources, which provide over 300 support professionals with strong internal and external resources for diligence, investor relations, human resources, information technology, and legal.
- From an ODD perspective, the Manager has established good reporting lines and excellent segregation of duties with clearly defined roles.

Investment Considerations

- In December 2021, Blue Owl acquired 100% of Oak Street Real Estate Capital, LLC ("Oak Street"). Acquisitions by publicly traded companies tend to be followed by changes in the team to eliminate redundant roles and emphasize the growth of assets under management ("AUM").

- The departure of Marc Zahr could have meaningful implications for the ongoing management of the organization and the investment strategy. Note that Mr. Zahr is currently under an employment contract through December 2026.
- As the strategy focuses on long-term leases, it is subject to interest rate risk. As interest rates rise, it is likely that there will be higher yields in other investments which will likely decrease the relative value of the existing net lease portfolio.

Investment Strategy

The strategy acquires retail, industrial, and office assets structured with double or triple net leases that have at least 11 years, and preferably 15+ years, of remaining term. With stringent acquisition requirements, the strategy provides a strong view of the Fund's risk profile, with a focus on downside protection given the investments tend to offer little added upside potential following acquisition. Blue Owl emphasizes negotiating pricing and terms that they believe are generally better than a typically marketed deal.

The strategy is well defined and consistent. The team has spent numerous years building relationships with corporations as a component of their sourcing strategy, attempting to work with real estate owners in providing capital markets solutions.

General Partner

Peer Group	Diversified Asset Manager - Public
Year of Manager Formation	2021
Manager AUM	USD 144,000m
Management Company Ownership	Full Public Entity
Main Office	New York, United States
Number of Offices	8
Staff: Total/Non-Investment	570/420
Total Number of Accounts	N/A
Primary Regulators	None
Regulatory Actions	No
Report on Internal Controls	SOX
Duty Segregation	Extensive

Blue Owl was formed in May 2021 by the strategic combination of Owl Rock Capital Corporation ("Owl Rock") and Dyal Capital Partners ("Dyal Capital"), a former division of Neuberger Berman Group LLC; Oak Street was subsequently acquired in December 2021. Blue Owl is an alternative asset manager with approximately $150bn of AUM as of June 2023 across direct lending, GP solutions, and real estate. Oak Street was founded in 2009 by their co-founders, Marc Zahr and James Hennessey with a third Managing Partner, Larissa Herczeg, joining in 2012. As a newly listed public company with multiple distinct, complex, and fast-growing business lines, Blue Owl's business complexity is expected to be moderately high. The Manager acknowledged there will potentially be increased conflicts between the business lines, which will require thoughtful management and review.

As of June 2023, Blue Owl RE employs 50 people across their five functional groups, including the Net Lease Investment Team (21 investment professionals), Net Lease Asset Management (seven investment professionals), and Net Lease Accounting Team (11 accounting professionals). The Manager also has access to over 200 back-office support professionals to supplement the operational side of the business.

The Manager continues to expand their team and products as a division of Blue Owl. The organization has grown from their initial two co-Founders to a team of 50 total professionals today, overseeing $24.8bn in AUM as of 2Q2023. The Investment Team is responsible for three net lease products, one of which has been launched since the 2021 acquisition. The Manager has been increasing the Investment Team's capacity with the addition of six investment professionals since Blue Owl's acquisition and additional hires are expected to support future growth.

Track Record

As part of Albourne's IDD review in August 2023, Albourne reviewed Blue Owl's track record as of 31 March 2023 for Funds I, II, III, IV, and V. Albourne reviewed data for each of these prior funds, including fund size, drawn capital, Internal Rate of Return ("IRR"), Distributed to Paid-In Capital ("DPI"), and Total Value to Paid-In Capital ("TVPI"). These metrics were compared against to peers in the Preqin North American Value-Added peer group for funds greater than $100m in fund size. Preqin is an independent global database that encompasses data on investors, funds, fund performance, fund terms, assets, deals and exits, and service providers. Asset classes include real estate, real assets, private equity, and hedge funds and data is provided by fund managers, institutional investors and other industry professionals. Preqin also obtains their data via Freedom of Information Act ("FOIA") requests, public filings, and industry-recognized news sources. Performance data is dated and clearly labeled.

The fund series' absolute performance continues to be favorable while earlier relative performance is mixed. The fund series' first three funds are fully realized, have good absolute performance, and demonstrate mixed relative performance when compared to the relevant North American Value-Added peer group. Relative performance for these funds ranged from the first through third quartiles for IRR and the second through fourth quartiles for TVPI. Funds IV and V report first and second quartile net IRRs and TVPIs, with a full realization of Fund IV expected in 3Q 2024. Approximately 80 investments have been realized from inception to date, which includes limited realization activity since March 2022; during that time, reported returns at the fund-level have held steady.

Track Record Tables for the Blue Owl Real Estate Funds

$ in millions

						IRR Benchmarks		
Fund	**Year**	**Fund Size**	**Drawn Capital**	**Realized Capital**	**IRR**	**Median**	**UQ**	**Quartile**
Fund V	2020	$2,500	$2,137	$649	23%	15%	23%	1st
Fund IV	2017	$1,250	$1,260	$1,412	21%	18%	23%	2nd
Fund III	2015	$500	$517	$743	26%	15%	21%	1st
Fund II	2012	$117	$109	$176	18%	15%	21%	2nd
Fund I	2010	$17	$16	$25	17%	19%	23%	3rd

			DPI Benchmarks			TVPI Benchmarks		
Fund	**Year**	**DPI**	**Median**	**UQ**	**TVPI**	**Median**	**UQ**	**Quartile**
Fund V	2020	0.3x	0.1x	0.1x	1.2x	1.2x	1.3x	2nd
Fund IV	2017	1.1x	0.8x	1.2x	1.6x	1.6x	1.8x	2nd
Fund III	2015	1.4x	1.3x	1.7x	1.5x	1.6x	1.8x	3rd
Fund II	2012	1.6x	1.6x	1.6x	1.6x	1.6x	1.7x	2nd
Fund I	2010	1.6x	1.7x	1.9x	1.5x	1.8x	2.0x	4th

Performance Notes

- Performance information provided by the Manager as of 31 March 2023 and is net of fees.
- Benchmark data from Preqin North American Value-Added peer group for funds greater than $100m in fund size as of most up-to-date data available on 8 August 2023.
- Peer benchmarking for Fund I combines the 2010 and 2011 vintage years due to limited performance data available for the 2010 vintage year.

Fundraise Update

Blue Owl Real Estate Fund VI is targeting a raise of $4bn, with a final close at year end 2023. The first close was held in December 2022, and additional closes have brought Fund VI's total capital commitments to $3.7bn as of August 2023.

Key Terms (main fund terms)

Investment Period	2 years after the final closing date
Fund Term	7 years after the final closing date
GP Commitment	Lesser of 1.00% or $40m
Management Fee	1.50% of committed or called capital
Carry / Preferred Return	20.00% carry, 8.00% preferred compounding annually
GP Catch-up	50.00%
Clawback	Yes

The terms of the Fund are generally in line with peers, with a slightly modified management fee structure that will lead to reduced management fees for first closers compared to a traditional model that charges fees on committed capital during the investment period.

Sustainability Summary

Albourne engaged with the Manager on their policies on ESG and on Diversity & Inclusion for which the Manager has a formal policy on both. Blue Owl is a signatory of the United Nations Principles for Responsible Investment ("UN PRI") as of December 2021, and they incorporate ESG factors into their corporate and investment practices.

Recommendation

Based on the analysis and information presented herein, Albourne believes that a commitment to Blue Owl Real Estate Fund VI works towards achieving the goals set forth for the Connecticut Retirement Plans and Trust Funds. The Fund is suitable for investors seeking a Value-Added style and taking into account the investment strategy and portfolio diversification objectives of CRPTF's Real Estate program, Albourne supports a commitment to the Fund.

Sincerely,

David H. Tatkow

David Tatkow
Partner, Portfolio Analyst

Heather Christopher

Heather Christopher
Partner, Real Estate Analyst

Disclosure of Potential Conflicts

Albourne Partners Limited and/or its affiliates (the "Albourne Group") advises entities that it believes (i) to be affiliates of the management company of this Fund or (ii) have an economic interest in the revenues of the management company of this Fund. The Albourne Group does not believe that this potential conflict of interest impacts its ability to provide objective advice regarding this Fund but is disclosing this to you nonetheless.

Based on a review of the compliance records for the Albourne Group, there do not appear to have been any gifts and entertainment between the Albourne Group and the Manager during the past five years.

IMPORTANT NOTICE

The information in this report does not contain all material information about the fund that is the subject of this report, its investment manager, any of their affiliates or any other related entity to which this report relates, including important disclosures and risk factors associated with an investment in the fund. As used herein, the term "Fund" refers to (i) the specific fund that is the subject of this report, (ii) collectively, the specific fund that is the subject of this report, its investment manager, any of their affiliates or any other related entity to which this report relates, or (iii) investment funds generally, as the context requires.

Before making an investment, you should obtain and carefully review the relevant fund offering documents before investing in the Fund mentioned herein, as such documents may contain important information needed to evaluate the investment and may provide important disclosures regarding risks, fees and expenses. Funds are speculative, involve a high degree of risk, and are illiquid. Past performance is not indicative of future results and you could lose all or a substantial amount of any investment it makes in such Funds. Furthermore, Funds may involve complex tax structures and delays in the distribution of important tax information, may have a limited operating history, may be highly volatile, and there may not be a secondary market for Fund interests. There may be restrictions on redemptions and transfers of Fund interests and such interests may otherwise be illiquid. Funds may also be highly leveraged and may have a fund manager with total investment and/or trading authority over the Fund. It should also be noted that, in the case of hedge funds, there may be a single adviser applying generally similar trading programs with the potential for a lack of diversification and corresponding higher risk; hedge funds may also affect a substantial portion of trades on foreign exchanges, which have higher trading costs.

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State of Connecticut Retirement Plans & Trust Funds (CRPTF)

February 2024

ALBOURNE

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Fund Summary

Carlyle Realty Partners follows a US-focused, Opportunistic strategy. In a slight shift from prior funds, Carlyle Realty Partners X ("CRP X" or the "Fund") identifies three drivers of demand which the Carlyle Investment Management LLC (the "Manager") classifies as demographics, technology, and GDP, whereas prior funds classified investments as either demographic or GDP-driven. Beginning with Carlyle Realty Partners V ("Fund V"), the Manager actively overallocated to demographically-driven property types due to concerns with the economic performance of the US, and interest in creating a portfolio with low correlation to the GDP cycle, which the Manager believes to be the primary driver of risk in real estate. Since the launch of Carlyle Realty Partners IX ("Fund IX"), the Manager has reclassified industrial from a GDP-driven sector to a new bucket called "technology-driven." The Manager is also cognizant of diversification, actively managing position sizes and allocations to markets and sectors. This is achieved by pursuing equity position sizes in the range of $10m to $30m, the consideration of at least 13 property types, and investing broadly across 30 metropolitan statistical areas ("MSAs").

As part of the research process, Albourne's Real Estate investment due diligence ("IDD") team met with the Manager and published updated reports in December 2023 on the CRP X fund raise, the Manager's team & capabilities, their investment process, the Manager's response to current market conditions, their track record, and their currently invested portfolio. Albourne believes that the Fund may be suitable for investors seeking an allocation to a US Opportunistic fund with strong diversification by property type, market and investment size. The Fund is also likely to have a large allocation to nontraditional property types such as active adult, single family rental, self-storage, manufactured housing, and potentially others.

In September 2023, Albourne's Operational Due Diligence ("ODD") team issued an update to a prior review of the Manager's operations, which includes an assessment of the Manager's organization, background checks, compliance resources & policy, and investment operations. In each of these categories, Albourne's ODD team believes that the Manager's operations follow best or acceptable practices, however practices in Manager Organization and Background Checks were assessed at being below peers. Albourne has also done an ODD assessment of the Fund specifically, reviewing terms & governance, custody & counterparties, valuation, and a review of financial statements. For the Fund, while each of these fund assessment categories other than terms & governance are rated at or above acceptable practices, Albourne assesses three (fund terms & governance, custody & counterparties, and review of financial statements) out of these four categories as falling below peer standards.

Albourne assesses fund terms and governance specifically to fall below acceptable practices due to the Fund following a modified deal-by-deal distribution waterfall, which increases the risk that the GP can start earning carried interest before LPs receive their full return of capital and preferred return. The waterfall also allows the GP to be paid carried interest on current income without a return of capital, costs or fees so long as the preferred return is met, increasing the risk of clawback. While there is a clawback upon termination in place, there are no interim clawbacks and there is no escrow account. Without an escrow account, there is a risk that the GP may have insufficient cash to honor the clawback provision. These practices are viewed as off-market.

Based on both Albourne's IDD and ODD research updates in 2023, Albourne supports CRPTF's intent to commit to the Fund.

Investment Thesis

- **Team & track record:** The team has executed its strategy through multiple economic and real estate cycles. The fund series features nine prior funds, which is one of the longest track records amongst North

American Opportunistic peers. The Manager has shown consistency in performance, with significantly realized funds generally ranking in the top two quartiles. Through the investment team's years of operations, they have consistently pursued the strategy.

- **Reputation:** The Manager has created a strong network of brokers, leasing agents, developers, owners, and investors in each of their target markets, supporting the investment sourcing and asset management efforts of the team.
- **Access & resources:** The Manager has owned a large number of real estate investments both past and present, furthering their advantage relative to smaller competitors that primarily rely on third-party database subscriptions. The Carlyle Group ("Carlyle") is one of the world's largest investment management firms and offers the team operational support, on-the-ground knowledge, insights, and contacts that can be leveraged by the real estate team.
- **Diversification:** With CRP X's number of holdings expected to exceed 300, including potential diversification across at least 13 property types and 30 MSAs, the portfolio may offer strong diversification.

Investment Considerations

- **Fund size:** While Fund X is targeting $8bn of LP capital, which is the same size as Fund IX, the Manager anticipates the final Fund size to be in the $9bn range, resulting in a 13% increase from the size of Fund IX and a 64% increase from Carlyle Realty Partners VIII ("CRP VIII"). As such, the Manager may require additional resources to handle the daily responsibilities of active asset management, as has been typical of the Manager's investment style in the past.
- **Co-investments and conflicts of interest:** The Fund is not restricted from co-investing with Carlyle Property Investors ("CPI"). Furthermore, other Carlyle funds are permitted to invest within the same capital structure as the Fund.
- **Weak Key-Person Clause:** The clause requires the departure of Head of US Real Estate and Portfolio Manager for the Fund series Robert Stuckey and another professional to be triggered. Therefore, if only Mr. Stuckey were to depart, the Key-Person Clause would not be triggered.
- **Related parties:** The Fund may conduct business with related parties and has the ability to charge fees that do not require the approval of the Advisory Committee.
- **Development risk:** Although common for many Opportunistic strategies, the Fund is expected to have a large component of development and redevelopment, subjecting the Fund to inflated material, labor, and financing costs in the current market environment.
- **Lack of dedicated team:** Investment professionals will split time between the Fund and the Manager's open-ended Core-Plus fund, a division of time that was not present when the Manager raised funds prior to CRP VIII.
- **Governance**: Carlyle is a listed/publicly traded firm, which can result in a risk of the Manager prioritizing AUM growth over performance, as well as the possibility of distracting management (especially in trying to comply with regulations such as Sarbanes Oxley) and hampering the communication process with investors.
- **Fund terms and governance:** Albourne believes that terms are worse than market standard due to the Fund following a modified deal-by-deal distribution waterfall, which increases the risk that the GP can start earning carried interest before LPs receive their full return of capital and preferred return.

Investment Strategy

The Manager will continue to pursue smaller deal sizes (averaging $25m in committed equity per deal in Fund IX) by partnering with their well-established network of local operating partners to source, acquire, reposition, and exit assets. At the organizational level, the Carlyle platform has grown significantly since Albourne's last IDD update in March 2021, increasing firm-wide AUM from $230bn in 2021 to $385bn as of 2Q 2023 and growing the real estate business from $22bn to $31bn over the same period of time. Lastly, the portfolio continues to grow by asset count and asset value, maintaining a strong level of diversification by sector and geography.

The investment strategy is expected to remain relatively unchanged from Fund IX to Fund X, with the only notable change being a reclassification of the industrial sector which had previously been considered a GDP-driven sector to a new category the Manager refers to as technology-driven demand. The profile of each investment will continue to heavily tilt toward development and redevelopment; however, the Manager anticipates CRP X to incorporate a greater proportion of acquisitions into the portfolio. The Fund will remain concentrated in the top 30 US real estate markets, making smaller-sized investments to achieve a well-diversified portfolio of greater than 300 discrete investments. CRP X will continue to access deal flow via joint venture partnerships, often doing repeat business with local operators, anticipating over 90% of deals to be sourced on an off-market basis. Similar to Fund IX, CRP X will heavily favor demographically driven sectors including multi-family apartments, active adult, single family rental, and self-storage, and technology-driven sectors such as industrial that carry some degree of unsystematic risk. The Manager may also pursue additional nontraditional property types such as data centers, manufactured housing, medical office, life sciences, and others. In the current economic cycle, the Manager is favoring a higher allocation to industrial than what was pursued in Fund IX, resulting in a larger overall allocation to the new technology-linked category (likely targeting 20% in technology-driven sectors with the balance invested in demographically driven sectors). Traditional GDP-linked sectors that lack technology-driven demand elements such as office, retail, and hotel will likely continue to be avoided.

Manager Organization

Carlyle continues to remain a relatively stable organization, experiencing meaningful growth across the organization since Albourne's last IDD update. Since March 2021, the Carlyle Realty Partners team has added a net of 30 investment professionals, representing a 28% increase in Investment Team personnel. In additional, Carlyle Realty Partners' total AUM has grown from approximately $22bn in 2021 to approximately $31bn as of June 30, 2023. The increase in assets managed is largely due to the continued growth of CPI, larger fund sizes of CRP, and a slowed pace of realizations for CRP due to the unfavorable market conditions, all of which contribute to the wider scope of assets currently managed. Since March 2021, Carlyle has also experienced material growth, jumping from 1,800 to 2,200 total employees and from $230bn to $385bn in firm-wide AUM as of June 30, 2023. Organizationally, Carlyle's former CEO, Kewsong Lee, stepped down from his tole in August 2022, and was later replaced by Harvey Schwartz, Goldman Sachs Group's former COO, in February 2023. The Manager reports that the transition has been a net positive for the real estate team, citing a noticeable increase in support and collaboration from Mr. Schwartz compared to the prior working dynamic with Mr. Lee. Carlyle Realty Partners' senior management team remains relatively steady, increasing in size from 20 to 27 total Managing Directors. Since March 2021, there have been only two senior level departures while the seven additions to the group have occurred via internal promotions. Currently, the cohort of 27 Managing Directors possess an average of 24 years of industry experience and 18 years of tenure, resulting in an experienced, well-tenured leadership team.

The three original co-founders, Messrs. Conway, Rubenstein, and D'Aniello, remain involved with the organization. Messrs. Conway and Rubenstein serve as co-Executive Chairmen of the Board of Directors, while Mr. D'Aniello serves as Chairman Emeritus, and all three serve as members of the Executive Group. On April 1, 2021, it was announced that Carlyle had closed on the sale of their Metropolitan Real Estate ("Metropolitan") unit to BentallGreenOak. Metropolitan is responsible for fund-of-funds, secondary, and co-investment vehicles and was acquired by Carlyle in 2013.

The Carlyle Realty Partners real estate team now totals 139 professionals, of which 117 were investment professionals as of September 30, 2023 across four US offices, with a senior team of 27 Managing Directors. The team is broken down into Sourcing, Transactions, and Asset Management, and continues to be headed by Mr. Stuckey, who serves as Head of US Real Estate, Portfolio Manager for the fund series, and who has been with Carlyle Realty Partners since its inception 26 years ago. In addition to the CRP fund series, the Investment Team is also responsible for Carlyle Property Investors, the Manager's open-ended Core-Plus fund launched in 2016 that has since grown to a portfolio of roughly 218 investments totalling roughly $6.7bn in net asset value as of September 30, 2023. CPI is now led by Christopher Fogle who replaced Mark Schoenfeld as the Portfolio Manager in 2022. Additionally, Carlyle's re-launched European real estate team now totals 21 professionals, of which 18 were considered investment professionals as of September 30, 2023.

Track Record

As part of Albourne's IDD review in December 2023, Albourne reviewed Carlyle's track record as of September 30, 2023 for Funds I, II, III, IV, V, VI, VII, VIII, and IX. Albourne reviewed data for each of these prior funds, including fund size, drawn capital, Internal Rate of Return ("IRR"), Distributed to Paid-In Capital ("DPI"), and Total Value to Paid-In Capital ("TVPI").

As of September 30, 2023, the fund series' performance has remained relatively unchanged, with most prior funds achieving the Manager's stated performance objectives. Most notably, CRP VIII's reported net IRR jumped from 9% in 3Q 2020 to 26% in 3Q 2023 following 131 realizations over that span of time. Other changes in performance are negligible and in line with expectations. CRP VII, which was slightly underperforming as of 3Q 2023, is expected to achieve the lower bound of the Manager's target net IRR range of 13% upon full realization. Most of CRP VII's portfolio is invested in active adult, a sector the Manager is confident will achieve favorable terminal capitalization rates over the near term, with the balance of the CRP VII portfolio invested in alternative property types while carrying a de minimis exposure to hotel and office (approximately 5%). As CRP IX continues deploying capital, there is some uncertainty as to whether it can achieve similar results to CRP VIII given its heavy development focus in a rising cost environment.

$ in millions

Fund	Year	Fund Size	Drawn Capital	Realized Capital	IRR	TVPI	DPI
Fund IX	2021	$7,987	$1,504	$0	n/a	n/a	n/a
Fund VIII	2017	$5,505	$4,467	$3,917	26%	1.5x	0.8x
Fund VII	2014	$4,162	$3,829	$4,394	11%	1.4x	1.1x
Fund VI	2011	$2,340	$2,267	$3,222	18%	1.5x	1.4x
Fund V	2006	$3,000	$3,620	$5,442	9%	1.5x	1.5x
Fund IV	2005	$950	$1,377	$1,858	4%	1.3x	1.3x

Fund III	2001	$571	$572	$1,553	30%	2.7x	2.7x
Fund II	1999	$252	$242	$350	10%	1.4x	1.4x
Fund I	1997	$296	$286	$433	15%	1.5x	1.5x

Past performance is not indicative of future returns.

Fundraise Update

CRP X is targeting $8bn in commitments, with no hard cap currently set. The Manager anticipates a first close to be held on June 30, 2024. The Manager is hoping to execute a "one and done" close, which they believe is achievable given the strong indications of interest among their returning investor base. Access is limited.

Key Terms (main fund terms)

Investment Period	5 years after the effective closing date
Fund Term	10 years after the effective date
GP Commitment	Minimum of 3% or $150m
Management Fee	1.5% of committed.
Carry / Preferred Return	20% / 9%
GP Catch-up	80%
Clawback	Yes

Sustainability Summary

Carlyle appear to have placed a strong emphasis on sustainability within their corporate culture and practices. The Manager has disclosed several manager sustainability practices that are in place. These include the use of a green certified building for their New York office space located at One Vanderbilt combined with carbon offset practices. A number of charitable practices were also noted.

Kara Helander was hired as Chief Inclusion and Diversity Officer in 2018. Helander is focused on Carlyle's diversity and inclusion efforts, both within the firm and at its portfolio companies, as well as the attraction, development, and retention of talent. The Manager launched a Diversity & Inclusion Council in 2013 to foster an environment of inclusiveness and diversity to enhance the *One Carlyle* culture and improve decision-making. The council would also enable Carlyle to attract the most talented professionals in the world.

The recruiting for the Manager's two-year associates program in its private equity business was more than 50% diverse in the previous five years, with the 2020 class up to 65% diverse. The Manager also noted they had a 100% score for 2019 on the Human Rights Campaign Corporate Equity Index.

Recommendation

Based on the analysis and information presented herein, Albourne believes that a commitment to CRP X may work towards achieving the goals set forth for CRPTF. The Fund may be suitable for investors seeking an allocation to US Opportunistic real estate, and taking into account the investment strategy and portfolio diversification objectives of CRPTF's Real Estate program, Albourne supports a commitment to the Fund.

Disclosure of Potential Conflicts

Based on a review of the compliance records for Albourne Partners Limited and/or its affiliates (the "Albourne Group"), there appear to have been the following gifts and entertainment between the Albourne Group and the Manager during the past five years:

- In March 2023, two employees from the Manager attended an Albourne Group client event in San Fransisco
- In October 2022, an employee from the Manager attended an Albourne Group client event in Toronto

There do not appear to have been any additional gifts and entertainment between the Albourne Group and the Manager during the past five years.

Sincerely,

David H. Tatkow

David Tatkow
Partner, Portfolio Analyst

Andrew McCulloch
Partner, Portfolio Analyst

Real Estate InDetail

LaSalle Value Partners U.S. IX, L.P.

A multiple property type value-add fund

May 2022

Trade Secret and Confidential

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EXECUTIVE SUMMARY

OVERVIEW

Review Date	Rating	Prior Fund Rating
May 2022	**Buy**	Buy

LaSalle Investment Management, Inc ("LaSalle" or the "Sponsor") is forming LaSalle Value Partners US IX, L.P. ("Fund IX" or the "Fund") for value-add investments in certain property types according to secular growth themes across markets in the US. The Fund is targeting a 12%-14% net IRR using up to 65% leverage over an 8-year term.

Strategy: Capitalize on real estate sectors where growth is leading to tenant demand for spaces that are not available in sufficient supply in a selected market. Sectors identified for this vintage are residential, industrial, and healthcare. The associated property types are apartments, single family rentals, manufactured housing, warehouse, distribution centers, medical office, and life science lab/office. For higher above-core returns, higher quality value-add properties are acquired that have viable repositioning or renovation potential to enable a core-priced exit. Also, in certain property types, the Fund will pursue aggregations for portfolio premiums, and new development.

Sponsor:

HQ Location	Chicago, Illinois	**Founded**	1980
Ownership	Public; 100% owned subsidiary of JLL (NYSE: JLL)	**Employees**	875 (345 in the Americas)
AUM	$78 billion GAV globally ($27 billion in the US)	**SEC Registered**	Yes
Organization	LaSalle is a wholly-owned, operationally independent subsidiary of Jones Lang LaSalle, Inc. It is the subsidiary housing investment management, while a separate subsidiary called JLL provides an extensive list of real estate services. Within Investment Management, dedicated fund and account teams are supported by shared in-house research, regional acquisitions, legal, tax, due diligence, investor relations, and corporate support.		

Performance (as of December 31, 2021):

Fund	Vintage	Equity Fund Size (M)	Fair Market Value			Realizations
			Net IRR	Net Equity Multiple	Quartile Ranking* by Net IRR / Multiple	% of Projected Proceeds
Income & Growth Fund I	1996	$109	11.0%	1.5x	2Q/3Q	100%
Income & Growth Fund II	1999	$205	20.1%	1.8x	1Q/1Q	100%
Income & Growth Fund III	2002	$198	9.2%	1.5x	3Q/4Q	100%
Income & Growth Fund IV	2005	$509	-5.5%	0.7x	4Q/4Q	100%
Income & Growth Fund V	2008	$790	13.0%	1.7x	2Q/1Q	100%
Income & Growth Fund VI	2013	$512	10.6%	1.5x	3Q/3Q	79%
Income & Growth Fund VII	2016	$511	12.1%	1.4x	2Q/2Q	34%
Income & Growth Fund VIII	2020	$832	21.5%	1.3x	2Q/1Q	10%

*Compared to 181 same vintage closed-end value-add peers. Source is Townsend and Preqin return data.

Fund/Portfolio Characteristics:

Structure	Closed-end fund	**Risk Segment**	Value-Add
Targeted Size	$1.25 billion (no cap)	**Sponsor Commitment**	2.5% of total commitments
Target Return	14%-17% gross; 12%-14% net IRR	**Leverage**	65% LTV max
Term	5 years from end of Investment Period	**Investment Period**	3 years from Final Closing
Avg Transaction	Ranging from $50M to $200M GAV	**Typical Business Plan**	3-5 years
Fees:			
Management Fee	1.5% on Committed then Invested; *Discounted for size, timing, and loyalty*	**Incentive Fee**	20% subject to a 9% pref and a 50/50 catch-up

Status/Timing: First close on June 30, 2022. Rolling closes thereafter; First Close fee break applies from June 30 to Sep 30, 2022.

COMPARATIVE ADVANTAGES

1. Well-Known Brand

The fund series has been active in the market for 26 years, and averaged ~$2.5 billion of property acquisitions in the U.S. over the last three years. The investment management business has its own industry presence and positive brand recognition, especially as an active core investor and prolific provider of research to the industry, and then the parent's profile as one of the largest property services companies elevates it further. The parent has 90,000 employees in 300 offices in 80 countries, providing an extensive list of real estate services.

- Enhances sourcing and volume of deal flow, makes the Sponsor a desired strategic JV partner to operators, and keeps lending relationships strong.

2. Platform Strengths

- Advisor Resources: 345 professionals in the US region private equity business segment.
- Research and Information Access: 26-person global Research & Strategy team within the Sponsor, able to leverage JLL with access to 500+ research professionals across JLL affiliates, and with internal access to thousands of JLL local professionals for informal opinions, commentary, and cross-checks.
- Sourcing: The fund series has established relationships and sourcing channels over 26 years of activity providing significant deal flow, and the brand helps bring additional deal flow from new parties targeting LaSalle as a prospective partner. 60%-70% of the Fund is likely to be off-market or lightly marketed.
- Core Mentality: The Sponsor is core-oriented with 85% of AUM in PERE, and 80% of that is core. Targeted returns assume core-priced exits which requires core market expertise. Implicit in that, the Sponsor sees its targeted non-traditional property types such as SFR, manufactured housing, life science lab/office, and portfolios of small medical office increasingly accepted and sought after by core funds/accounts.

3. Well-Aligned Organization

- Fund IX will have first right to LaSalle deal flow that fits the strategy (new exclusivity starting with Fund IX).
- Sponsor co-investment is 2.5% of commitments.
    - A minimum of $20M will come from employees and any additional necessary will come from the Sponsor balance sheet.
    - The team and LaSalle employees at the VP level and higher may invest in the fund at their election. For this fund, the employee portion is expected to make up the whole 2.5% Sponsor co-investment.
    - The Sponsor offers low-rate non-recourse financing up to 80% of an employees' chosen amount.
- Carry is shared with JLL, LaSalle bonus programs, dedicated team, plus an amount for non-team contributors.

POTENTIAL ISSUES AND CONCERNS

1. Turnover

Since Fund VIII was raised, only one of the eight IC members remains as an IC member for Fund IX, and four of twelve dedicated team members have left the team. Also, the Head of Investments for the dedicated team, a key role, is held by a newer hire. Turnover and new people to the fund investment process raises uncertainties about risk preferences going forward and repeatability of prior successes.

Discussion: Firms that build structural comparative advantages withstand turnover better. This firm has brand, market presence, an array of resources, and a platform design that give its people an edge no matter who they are. IC members have changed out but the incoming are all appropriately experienced, averaging 26 years of experience as a group. These facts make turnover in this instance potentially less impactful, lessening the uncertainty created.

2. New Strategy Components

Since inception the fund series and the team and acquisition process formed around it was focused on the four traditional property types. As recent as the prior fund, Investment Guidelines limited exposures outside of those four property types to 15% of the fund. Now, Office and Retail together are limited to 15% of the next fund and the strategy emphasizes a number of specialty properties designed for more narrowed tenant pools. They are life science lab/office buildings, medical use office, single family houses for rent, and manufactured housing. This elevates dependence on operating partners, adds the associated fee leakages for such execution, and comes without a track record within the series.

Property Type	15 Year Transaction History (Funds IV-VIII)
Apartments	39
Office	25
Industrial	21
Retail	9
Life Science Lab/Office	1
Single Family Rentals	1

Discussion: Execution in the series has increasingly relied upon JV operator/developer partners, moving from ~30% in Fund V, to ~65% of transactions in Funds VI and VII, to 80%+ in Fund VIII. At this percentage the series is already close to a typical allocator model with 200-300bps of fee leakage from a double promote underwritten at the property level. The platform advantages described previously enhance the fund team's intel regarding partners and volume of choices, presumably providing an edge in partner selection compared to certain competing allocators. Regarding experience, LaSalle Americas has invested its ODCE core fund as well as certain separate accounts (through operating partners and directly) in medical office for 20 years (totaling $3 billion GAV), logistics/truck terminals for 10 years ($1 billion), and more recently in life science lab/office ($750 million), SFR ($950 million), active adult apartments, and manufactured housing.

STRATEGY

OVERVIEW

The following chart summarizes the strategy and targeted portfolio construction; Focusing on a relatively small number of US metros (10 to 12) with the strongest fundamen-tals for the property type, plus above-average growth in population and jobs.

	Residential	Industrial	Healthcare	Office	Retail
Description	Apartment, Single family for rent, Age targeted, Manufactured housing	Bulk and mid-size distribution, Small infill warehouse	Life Sciences, Lab, cGMP, Medical office, Medical/Retail	Deep value/repricing on strong assets	Deep value/repricing on strong assets, Densification opportunities
Potential Allocation	30 – 50%	25 – 35%	25 – 35%	0 – 10%	0 – 5%
Reposition	●	●	●	●	●
Aggregate	●	●	●		
Develop	●	●	●		

The Sponsor plans to drive returns as follows:

- Acquire properties with core potential but currently valued at a lower cost basis reflective of heightened leasing risks, prolonged vacancy, operational inefficiencies, deferred maintenance and/or outdated amenities.
- Reposition/Renovate to enhance leasing, increase long term occu-pancy, and enable a core valuation upon disposition.
- Ground up build-to-core development; especially industrial warehouse and life science lab/office.
- Portfolio aggregations of SFR houses, smaller last mile/distribution properties, and possibly medical offices in order to exit to a large/core buyer.
  - The SFR strategy is a house-by-house acquisition, renovation, and aggregated sale strategy with an exclusive operating platform.

Execution is through direct property acquisition (20%-35%), or with a JV operator/developer partner. Development is likely to comprise the full 25% allowed under the risk/guideline limitations. JVs with operators on acquisitions may be single property JVs or may be programmatic JVs in the case of aggregations, and may include platform level capital to garner exclusivity or priority over deal flow.

Emphasis is on capital appreciation (65%+ of return). Three to five year holds are underwritten in general, and the manager typically does not extend holds for additional cash flow/equity multiple. Appropriate to the management of a tactical non-core closed-end vehicle, the series has historically shown noteworthy sale discipline.

INVESTMENT GUIDELINES

Guidelines are as a percent of Capital Commitments:

- 15% max in any one asset;
- No investments outside of U.S.;
- No more than 15% in retail use and conventional office combined; No hospitality properties;
- No more than 25% permissible in speculative new development (defined as <75% pre-leased)

LEVERAGE

Overall, targeted leverage is 60-65% and the cap is 65% LTV. The cap for any individual property is 75%.

- Typically property level first mortgage debt.
- Mostly capped floating rate financing pursued; Manager prefers having prepayment flexibility so the financing doesn't get in the way of desired exit timing.
- Repayment guaranties, completion guaranties, and recourse debt are all avoided. The Fund may provide limited recourse or guaranties in unavoidable situations typical of development.
- The Fund does not cross-collateralize separate property investments.
- Borrowings on a subscription facility are for cash management only and not included under the cap.

PIPELINE

Fund VIII is still actively investing (~80% committed), with the Sponsor's pipeline slated to be capitalized by that fund. The heavy focus on development was enabled by an LPAC approved expansion of the guideline limitation up to 30% of that fund.

	Transaction	Property Type	Location	Fund Equity
Recently Closed	Development	Industrial Distribution Center	Glendale, AZ	$53M
	Development	Industrial Distribution Center	Inland Empire East	$17M
	Development	Build-for-Rent SF Housing Community	Kansas City, KS	$9M
Pipeline	Development	Life science lab/office	Philadelphia	$8M
	Forward Takeout	Warehouse	Atlanta	$13M
	Development	Manufactured Housing Site	Ft Worth	$22M

SPONSOR

Background: The roots of the firm go back to 1968 when a real estate operator/development company was formed in El Paso, Texas and later relocated to a larger market, Chicago, and changed its name to LaSalle Partners. LaSalle Partners offered property services and also formed an institutional fund and separate account management subsidiary starting in 1980. In 1997 LaSalle Partners went public, and in 1999 merged with Jones Lang Wootton, a large/growing international real estate services firm headquartered in London. The merged company was named Jones Lang LaSalle, and the merged investment management business was named LaSalle Investment Management.

Ownership: 100% owned by Jones Lang LaSalle, or "JLL" (NYSE: JLL).

Investment AUM: $77.8 billion GAV globally; $27.3 billion in US.

- 85% PERE, 10% debt, and 5% public equity securities.
- PERE by risk: 80% core and 20% non-core.

Staffing: 345 professionals in the Americas per chart at right. Staff is predominantly organized by function, with certain members dedicated to products and accounts.

Location	Professional Staff	Functions
Atlanta	6	Asset Management, Portfolio Management
Baltimore	49	Acquisitions, Asset Management, Portfolio Management, Client Services, Financial Reporting
Chicago (HQ)	212	Acquisitions, Asset Management, Portfolio Management, Client Services, Financial Reporting, all Corporate/Support
Denver	5	Acquisitions, Asset Management
Los Angeles	22	Acquisitions
Mexico City	5	Acquisitions, Asset Management, Portfolio Management
New York	16	Acquisitions, Asset Management
San Diego	6	Acquisitions, Asset Management
San Francisco	4	Asset Management, Client Services
Toronto	17	Acquisitions, Asset Management, Portfolio Management
Vancouver	3	Acquisitions, Asset Management

Dedicated Team: 17-person team. Chicago-based, though the Head of Investments is in New York.

- Senior Leadership: Joe Munoz, President of LaSalle Value Partners US, Jeff Schuster, Head of Investments, Ty Spearing, Head of Asset Management, and Brian Gorz, CFO.
- (2) SVPs, (2) VPs, (2) AVPs, (4) Analysts, (3) in Accounting.
- Bios of the senior and mid-level team members are in **Exhibit A**.

TURNOVER, COMPENSATION AND RETENTION

Turnover: Specific to the fund team, turnover has been typical, not indicative of issues. Since the prior fundraise, one VP and two associate/analysts left, and the former fund lead Jim Hutchinson finalized his well-communicated retirement. Over that timeframe, the team hired Jeff Schuster, Head of Investments, three new analysts, and two new dedicated accounting professionals.

Compensation: Team member compensation consists of base salary, bonus, and restricted stock awards to senior staff. Certain employees are additionally granted participations in the carried interest pool, with 30% allocated to members of the fund team, while 20% goes into LaSalle's bonus programs, 5% is left available to contributors outside the fund team when that occurs, and 45% goes to JLL.

Retention: Carry typically vests incrementally over the Investment Period up to 80% of the award, and the remaining 20% at fund liquidation.

CLIENT BASE

Fund series investors are public pensions, corporate pensions, banks/financial institutions, endowment and foundations, and sovereign funds.

COMPLIANCE / LITIGATION DISCLOSURES

LaSalle has made the following disclosures:

- Outside of common claims that are typical in the real estate industry, there are no material outstanding or past complaints, proceedings, disciplinary actions, or litigation against LaSalle or its employees.
- The Sponsor was subject to a routine exam by the SEC in 2015. The SEC identified several findings which were subsequently corrected by LaSalle resulting in additional detail in affiliated transaction disclosure and cost reimbursements associated with transfers of LP interests. Otherwise, the firm nor any senior member of the firm has been investigated by or reported to any regulatory authority within the past 10 years.

ENVIRONMENTAL, and SOCIAL, and GOVERNANCE POLICIES & PROCEDURES

SUMMARY

The Sponsor has a sweeping ESG umbrella policy in place since 2010 that outlines the firm's objectives with respect to the environment, also numerous topics under the social heading, and, governance practices. The policy is reviewed and published on an annual basis. Policies further detailing sub-topics include a code of ethics, code of conduct, diversity and inclusion, and harassment policies.

Staffing: LaSalle has an internal Global Sustainability Committee (the "GSC"), formed in 2008, which is led by the firm's Global COO, Tim Kessler, and chaired by the Global Head of ESG, David DeVos. The GSC sets the global ESG goals for the year in conjunction with LaSalle's Regional Sustainability Officers, which are responsible for execution. The firm also has a Climate Risk Taskforce, which is the Sponsor's governance body in relation to climate risk.

Process: Environmental risks and opportunities are identified within asset due diligence at acquisition and addressed where economically feasible. Examples include capital upgrades like LED lighting, solar, energy efficient appliances, and HVAC replacements, and implementing energy/water tracking initiatives when possible.

Stewardship: The Sponsor has reported to PRI since 2009; and reports to GRESB, submitting its first report in 2013 for various products outside of this U.S. value-add series. Additionally, LaSalle is currently in the process of complying with and reporting to Task Force for Climate Related Financial Disclosures. Additionally, LaSalle is a founding member of the Urban Land Institute Greenprint Center for Building Performance and utilizes its environmental management system to monitor reductions in energy and emissions across the LaSalle portfolio in Greenprint.

Outcomes:

- In its annual submissions to PRI, LaSalle has received a score of A+ in Strategy & Governance for five years in a row, and A+ score in the Direct Property category for 2 years.
- In 2021, LaSalle submitted 14 Real Estate Assessments for vehicles globally representing $25 billion to

GRESB. Results include five 5-Star, three 4-Star, four 3-Star and two 2 Star GRESB ratings.
- Received perfect score from HRC Foundation's Corporate Equality Index; named as one of the World's Most Ethical Companies by Ethisphere Institute; named as one of World's Most Admired Companies by Fortune Magazine.

Across these three broad unrelated areas collectively, the Sponsor garners an overall ESG assessment of *Integrated* (as defined in the *Appendix*).

OPERATIONAL DUE DILIGENCE

SUMMARY

An Aon specialist team (Aon Operational Risk Solutions and Analytics, "ORSA") reviewed the Sponsor's policies, procedures, and capabilities across a range of operations, middle and back office, and control functions including: (i) corporate governance, (ii) transaction execution, (iii) cash controls, (iv) valuation, (v) compliance, regulatory, legal, and controls testing, (vi) counterparty risk oversight, (vii) business continuity/disaster recovery, (viii) cyber security and IT, (ix) service provider selection and monitoring, and (x) fund governance and administration.

The following area of risk were highlighted:

- LaSalle staffs/controls/runs its own fund administration, while ORSA states that third party administration helps to limit investor risk by providing independent oversight of accounting, valuation, and cash movements.
    - ORSA does point out, in this case, there is sufficient organizational segregation to mitigate the typical risks.

For an overall assessment, the team concluded that LaSalle has established controls and operating procedures that generally align with best practice, garnering an A1 Pass rating.

INVESTMENT PROCESS

OVERVIEW

The investment process is slightly different than the prior fund, in that Fund IX has a first look on all potential deals sourced by the firm, but otherwise, the firm's organization and the fund approval process remains the same. The process overall reflects a well-resourced research-based sector allocator. Allocations to identified sectors and trends set an initial outline for the fund portfolio.

Research & Strategy is a 26-person global team including eight in the U.S. that sets the LaSalle House View which guides the fund portfolio construction, and provides input down to the sub-market level.

Sourcing: Primarily performed by LaSalle's U.S. Acquisitions group, secondarily by certain members of the dedicated team. The vast majority of transactions for Funds VI, VII and VIII were either off-market or lightly negotiated rather than broadly marketed.

Acquisitions and Due Diligence: US team of 8 senior people supported by 12 junior people, led by Brad Gries, Co-Head of the Americas. Team members specialize by product type and region.

Asset Management: The dedicated Fund team is responsible for developing and monitoring asset strategy, overseeing third party property management and leasing, JV partners where applicable, conducting the valuation and third party appraisal process, and recommending disposition. The associated annual operating budgets, capital improvement budgets, major leases, and financings/re-financings are reviewed and must be approved by the Fund PM, Joe Munoz.

INVESTMENT COMMITTEE

All U.S. acquisitions and dispositions are subject to the review and approval of the Americas Investment Committee. Committee decisions require supermajority vote (four of the five members). Committee members are listed at right. Bios are included in **Exhibit A.** The Committee also

Name/Title	Years of Experience	Years with Firm
Mark Gabbay, Global CEO	27	12
Brad Gries, Co-Head of the Americas	25	5
Kristy Heuberger, Co-Head of the Americas	24	7
Rich Kleinman, Head of US Research and Americas Co-CIO	35	12
Joseph Munoz, President of LaSalle Value Partners US and Americas Co-CIO	18	19

reviews the Fund’s intermediate term strategic plans, approves internal valuations, contributes to the US macro view, and guides fund deal selection for consistency with the house view.

USE OF AFFILIATED SERVICE PROVIDERS

LaSalle may retain JLL for services when they are the most qualified provider in a market or sector.

- JLL's range of commercial real estate services include sales brokerage, development management, construction management, leasing and property management, tenant representation and corporate advisory services. JLL mainly works for third parties in addition to select assignments on behalf of LaSalle's clients.
- When utilized historically, which has involved about a third of fund investments, the fund series typically engages JLL for property management and leasing, mortgage brokerage to obtain acquisition financing, and/or investment sales at the time of disposition.

The team generally utilizes a competitive bid process and evaluates each bidding company's experience and performance track record relevant to the assignment. It is LaSalle's policy to employ the best service providers and to negotiate competitive market fees for these services.

Approval of the LP Advisory Committee is required for the Fund to utilize JLL services for fund investments. The Committee is required to review and approve all affiliated transactions, with fee comparables and rationale for engaging JLL discussed at the meeting.

EXCLUSIVITY

LVP US IX will have a first look at LaSalle’s proprietary deal flow for opportunities that fit the Fund’s strategy, as the LaSalle’s flagship US non-core vehicle.

VALUATIONS

Same formal policy & procedures as the prior fund. The Sponsor requires the fair market value of assets (i) to be assessed quarterly using internal models prepared by the fund controller and Asset Managers and reviewed by the PM, and (ii) to be reviewed annually using an external independent appraiser. Year-end valuations will be reviewed by the to-be-hired “Big Four” audit firm in conjunction with year-end audits of the financial statements.

LP ADVISORY COMMITTEE

The GP will form an Advisory Committee. LPs of $100M+ may have a seat and additional members are selected at the GP ‘s discretion.[1] Voting requires simple majority, single vote.

- Duties are typical, with an expected amount of affiliated transaction reviews required. In addition to acting as a resource to the Manager, the Advisory Committee is utilized to review and approve (i) conflicts of interest, (ii) affiliated transactions with JLL, (iii) certain waivers of guidelines and terms, and possibly other matters at the Manager’s request.

USE OF PLACEMENT AGENT

The Sponsor is not engaging a placement agent in the US for this fundraise.

FUND STRUCTURE

OVERVIEW

Closed-end fund to be organized as three underlying Delaware limited partnerships and a Luxembourg special limited partnership. Assets will be held through REIT subsidiaries or taxable domestic blocker corporations. The anticipated legal structuring of the fund is diagrammed in **Exhibit B**.

- General Partner of the Delaware Funds: LaSalle Value Partners US IX GP, LLC
- Investment Manager: LaSalle Investment Management Inc
    - Registered Investment Advisor with the SEC

[1] Fund VIII members are Arkansas Teachers (non-voting), Boeing (non-voting), Erie Insurance, Hawaii ERS, Illinois Municipal, Korea Teachers, (Kuwait) Public Institution for Social Security, Textron, United Nations, and Ventura County.

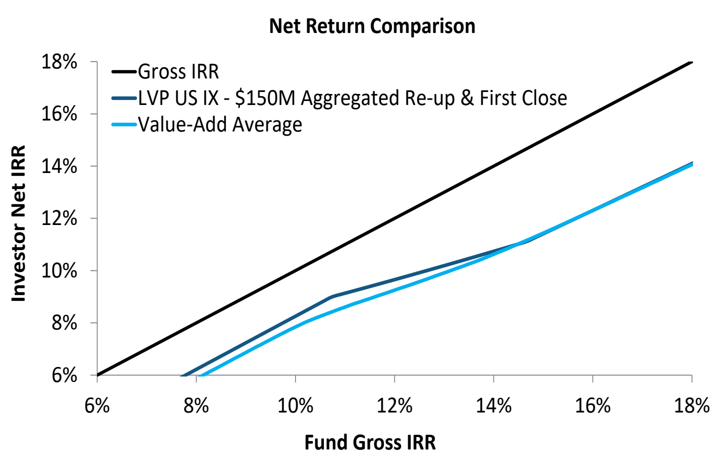
REVIEW OF TERMS & CONDITIONS

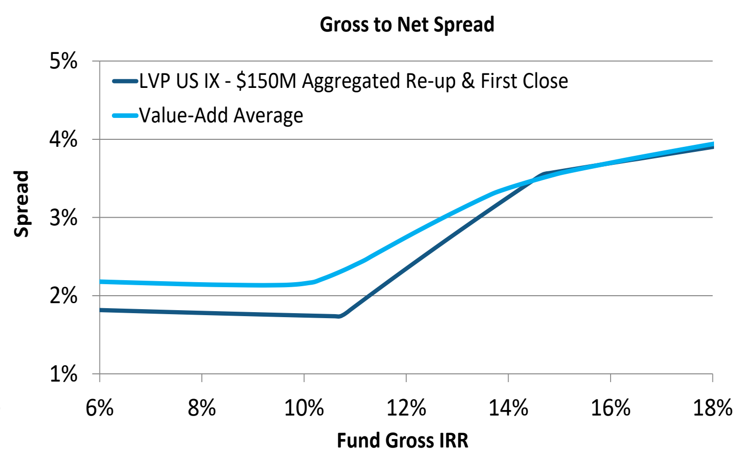
Key Terms		Townsend Comment	
Target Return:	12%-14% IRR and 1.55x equity multiple net; (14%-17% IRR and 1.75x equity multiple gross).	Neutral	11%-13% is the proper net given the fee structure applied to the gross target range.
Fund Size:	$1.25 billion (no cap).	Neutral	There should (always) be a cap.
Sponsor Commitment:	2.5% of total commitments.	Positive	$3-$4M likely from team members, balance from LaSalle employees VP level and up.
Investment Period:	3 years from the Final Closing.	Neutral	1-year extension at GP discretion.
Term:	5 years from the end of the Investment Period.	Neutral	1-year extension at GP discretion.
Key Person Provision:	Triggered by two of Joe Munoz, Jeff Shuster, and Ty Spearing ceasing to spend time/attention as defined. Suspends the Investment Period, and starts a cure period.	Neutral	LPAC must consent to replacements or agree to continue as-is, otherwise the Investment Period terminates.
No-Fault Remedies:	GP/Manager removal by 75% LP vote.	Neutral	

Fees and Distribution Waterfall	
Organizational Expenses:	Fund pays up to $2.5 million.
Investment Management Fee:	If commitment is <$75M, 1.5% on Committed, then Invested. If $75M+, 1.4% and if $150M+, 1.25%. AON/Townsend client commitments are considered in the aggregate to determine fee tier. First Closers receive a fee holiday to Dec 31, 2022. Prior fund investors receive additional 15bp discount life-of-fund.
Incentive Fee/Waterfall Distribution:	20% subject to a 9% preferred return and 50/50 catch-up; fully pooled waterfall.
Clawback:	Triggered if (i) LP distributions produced <9% IRR; (ii) GP received distributions >20%.

FEE AND EXPENSE ANALYSIS

At the midpoint of the targeted range, the expected gross-to-net drop is ~350 bps. Fee tier thresholds, rates, and the Incentive structure have been tweaked in the favor of the GP compared to the prior fund. However, if an LP can take advantage of discounts for timing, size, and loyalty, the fee becomes better than average as illustrated. AON/Townsend client commitment amounts will be considered in the aggregate to determine the applicable fee tier. In the prior fund that resulted in the lowest fee. Also, investors in prior funds receive an additional 15bp loyalty discount. And, First Closers are provided a small fee holiday. Structurally, a 9% pref before the GP catch-up is still an LP-friendly hurdle.





PERFORMANCE (as of December 31, 2021)

SUMMARY

The fund series track record contains 127 transactions across 8 funds since inception.

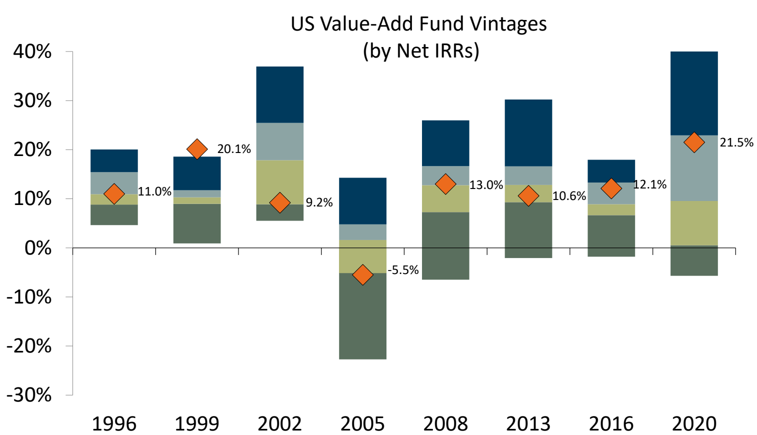
Fund	Vintage	Fund Size (M)	Number of Assets (Number Realized)	Targeted Return (Net IRR)	Fair Market Value		Realizations	Distributions to Paid-in-Capital	Manager Projected Life-of-Fund Net IRR
					Net IRR	Net Equity Multiple	% of Projected Proceeds		
I&G I	1996	$109	11 (11)	14-16%	11.0%	1.5x	100%	1.5x	Realized
I&G II	1999	$205	12 (12)	14-16%	20.1%	1.8x	100%	1.8x	Realized
I&G III	2002	$198	8 (8)	14-16%	9.2%	1.5x	100%	1.5x	Realized
I&G IV	2005	$509	22 (22)	14-15%	-5.5%	0.7x	100%	0.7x	Realized
I&G V	2008	$790	20 (20)	12-14%	13.0%	1.7x	100%	1.7x	Realized
I&G VI	2013	$512	14 (13)	12-14%	10.6%	1.5x	79%	1.2x	10-11%
I&G VII	2016	$511	17 (7)	12-14%	12.1%	1.4x	34%	0.5x	12-14%
I&G VIII	2020	$832	23 (1)	12-14%	21.5%	1.3x	10%	0.6x	16-18%

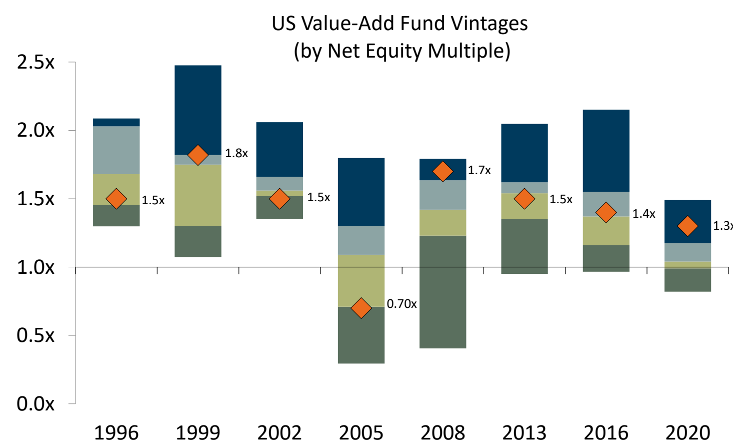
The series was historically run as an office-heavy diversified value-add fund investing in each of four traditional property types, with a small development component.

The general approach has been to acquire non-core properties that can be improved for sale to core buyers. Primary value-add risks have been weighted to lease-up of vacancy and managing near term lease expirations, and executing capital plans associated with repositioning; far less weighted to deep redevelopments, conversions, or other capital-intensive business plans.

COMPARED TO PEERS

The following displays LaSalle's fund series returns relative to the peer sets of same vintage US value-add funds.

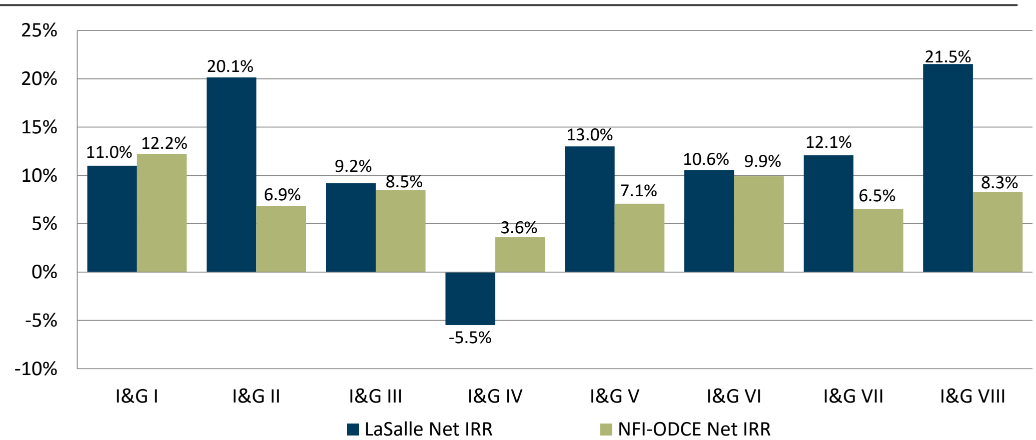




Source: TTG database and Preqin fund database.

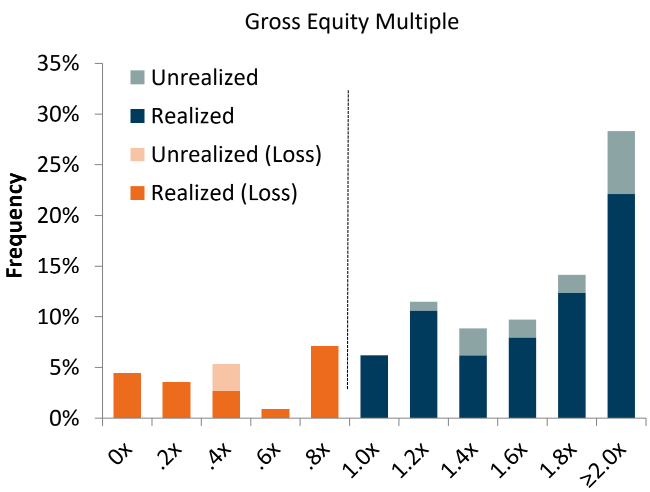
COMPARED TO BENCHMARK

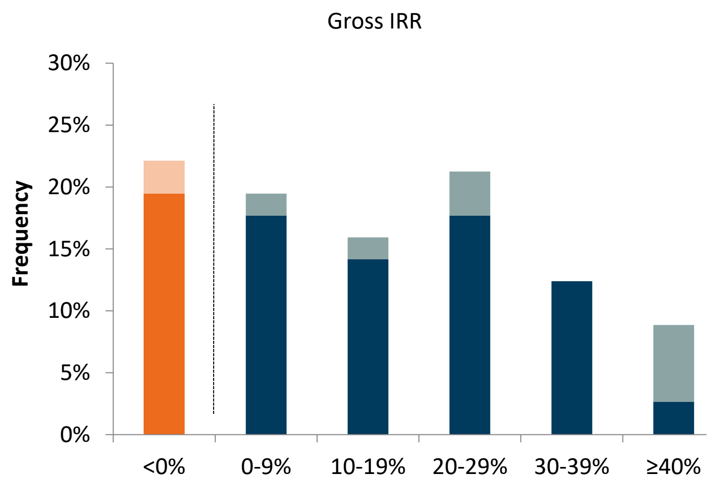
The chart at right assumes fund series cash flows were instead invested into and out of the NFI-ODCE index to create a net IRR comparison of the closed-end IRR-based LaSalle fund series to the open-end core fund based benchmark.



DISPERSION OF RETURNS

The following chart illustrates the dispersion of individual deal investment returns across the transactions within the fund series held over 1 year, totaling 95 since inception. The returns included in the analysis are fair market valuations on a gross property level basis.





65% of negative returns reside in Fund IV (2005 vintage) alone, across each of the four property types in the fund. The manager increased leverage from around 50% in the prior three funds to 65%-75% right at the wrong time to take leverage risk. Returns since the GFC have been achieved with more consistency and vastly less losses (~one negative return per fund).

- Deal by deal property level gross returns are provided for the series as **Exhibit C.**

OTHER PERFORMANCE

The Sponsor's open-end core fund, formed in 2010, has been a good benchmark-tracking performer, now with ~$8 billion in GAV.

Vehicle	Description	Performance (Net TWR)			
		1-Year	3-Year	5-Year	10-Year
LaSalle Property Fund	Open-end Commingled Diversified Core Fund	19.4%	8.0%	7.7%	9.9%
NFI-ODCE	***Benchmark***	***21.0%***	***8.2%***	***7.7%***	***9.4%***

EXHIBIT A: Bios

Americas Investment Committee

Mark Gabbay, Global Chief Executive Officer. Mark Gabbay is Global CEO of LaSalle, a position he assumed in January 2021. He is responsible for strategic leadership of LaSalle's 900+ employees and oversight of the firm's $75 billion of assets, including investment strategy and operational activities across North America, Asia Pacific, and Europe. Mark joined LaSalle in 2010 as Chief Investment Officer for Asia Pacific. In 2015, he became CEO of the region, in addition to his CIO oversight, and maintained overall responsibility for formulating and implementing LaSalle's investment strategy across Asia Pacific, sourcing opportunities and overseeing the investment process. Prior to joining LaSalle, Mark served as Managing Director and Head of the Asia Asset Finance Division at Nomura, and was Co-Head of the Asia Pacific Global Real Estate Group at Lehman Brothers, where he was in charge of the firm's expansion into new markets for both debt and equity real estate investments. Mark also worked at GMAC Commercial Mortgage Corporation as the Head of Real Estate Lending for Japan in the late 1990s. Mark has been in the commercial real estate and investment industries for more than 25 years, working in the Asia Pacific region for the past 20 years and the United States for six previously. Mark has a BA from the University of California, Berkeley.

Brad Gries, Co-Head of the Americas. Brad Gries is LaSalle's Co-Head of the Americas, a role he assumed March 31, 2021. Together with his counterpart Kristy Heuberger, Brad is responsible for all personnel, operational and portfolio management across the region. He is a member LaSalle's Global Management Committee. Brad also maintains oversight as LaSalle's Head of US Transactions. He leads a team of 20 transactions professionals that are responsible for sourcing, underwriting and executing new investments as well as dispositions across North America. He chairs the LaSalle Americas Investment Committee and helps formulate investment strategy for the firm. Brad is an active participant in the firm's capital raising efforts and is directly involved in the formation and execution of joint ventures and large portfolio transactions. Prior to joining LaSalle, Brad held leadership positions over the course of a 16-year career with the real estate investment arm of DWS, most recently serving as Managing Director, Real Estate Transactions. In this role, he led the acquisition team responsible for new investment initiatives in the Central and Southeast US, including investments in all property types and throughout the risk spectrum. Before DWS, Brad held analyst and consultant positions at MB Real Estate and Arthur Anderson. Brad earned a BA in Economics from the University of Illinois.

Kristy Heuberger, Co-Head of the Americas. Kristy Heuberger is LaSalle's Co-Head of the Americas, a role she assumed March 31, 2021. Together with her counterpart Brad Gries, she is responsible for all personnel, operational and portfolio management across the region. She is a member of LaSalle's Global Management Committee and reports to Global CEO Mark Gabbay. Kristy also maintains oversight as LaSalle's Head of US Asset Management, where she leads the team responsible for developing and executing asset level strategies and driving active asset management. Kristy is a member of JLL Income Property Trust's Board, a member LaSalle's Growth Through Inclusion Board, and chairs the Americas Data & Technology Strategy Committee. Kristy has over 21 years of real estate experience including equity asset management, debt structuring/originations, debt workouts, operations, marketing/market segmenting, and process improvement. Prior to joining LaSalle, she held several leadership roles with GE Capital, including leading the Central Region Originations and US Equity Asset Management groups and as Chief Marketing Officer for the North American region. Kristy earned a MBA in Finance and Economics from the University of Chicago and a BS in Accounting from Indiana University. She also holds a Six Sigma Master Black Belt certification.

Rich Kleinman, Head of US Research and Strategy, Americas Co-Chief Investment Officer. Rich Kleinman is Head of LaSalle's U.S. Research and Strategy group and serves as Co-Chief Investment Officer for the Americas. He serves on the Americas Investment Committee and is the lead representative of the Research and Strategy team for several LaSalle funds and separate accounts. In this capacity he works with the Research and Strategy team in to developing investment strategies for clients, formulating a House View on the real estate market outlook, assessing market conditions associated with specific investment decisions, and monitoring capital market conditions. He helps represent LaSalle's US market views and research process to clients and consultants. He has spoken at the Real Estate Research Institute (RERI), Urban Land Institute, and NCREIF Conferences, published in the PREA Quarterly, and contributed to the PWC/ULI Emerging Trends Publication. Mr. Kleinman earned at BA in Economics and American Studies from Williams College and a Masters Degree in Urban Studies from the London School of Economics. He is a past Co-chair of the NCREIF Research Committee and is currently on the NCREIF Board of Directors.

Joseph Munoz, President of LVP US, Americas Co-Chief Investment Officer. Mr. Muñoz has more than 18 years of experience at LaSalle and is the President of LaSalle Value Partners US and Americas Co-Chief Investment Officer. He is responsible for the strategy, operations, investor relationships and investment activities of the Fund series. Since joining the firm, he has completed over $8 billion in transactions across property types and has also held roles where he was responsible for asset management, financings, dispositions and capital formation. His direct experience in all aspects of both property level and capital markets execution informs the overall strategy of the Funds. Mr. Muñoz is a member of LaSalle's Americas Investment Committee and Management Board. Mr. Muñoz received a BA in Economics from the University of Pennsylvania and an MBA from the Kellogg School of Management at Northwestern University. Mr. Muñoz is based in Chicago.

Dedicated Team

<u>**Senior Members of the Team**</u>

Joseph Munoz, President of LVP US, Americas Co-Chief Investment Officer. See above.

Jeffrey Shuster, Head of Investments. Mr. Shuster is a Managing Director and leads the investment activity of LaSalle Value Partners US. Prior to joining LaSalle, Mr. Shuster spent 12 years at Starwood Capital Group where he completed over $6 billion of real estate private equity transactions. His roles included acquisitions sourcing, structuring and underwriting, managing joint venture partner relationships as well as positions in asset management on behalf of Starwood's Opportunity Fund and Property Trust platforms. Prior to Starwood, Jeff began his career with Bear Stearns in the Commercial Mortgages group where he underwrote over $2 billion of CMBS debt. Mr. Shuster holds a Bachelor of Science in Economics with a concentration in Real Estate and Finance from the Wharton School at the University of Pennsylvania. Mr. Shuster is based in New York.

Ty Spearing, Head of Asset Management and Dispositions. Mr. Spearing is a Managing Director with more than 28 years of experience at LaSalle, including 18 years with the fund series, is responsible for the asset management and disposition activities of LaSalle Value Partners US. He has led the execution and realization of over $6 billion of completed investments across all property sectors and over 20 metropolitan areas of the US, the majority of which was directly executed by the Fund team with no joint venture operating partner. In previous roles at LaSalle, Mr. Spearing headed the Florida Office Property Company, a LaSalle sponsored value add fund, and also served as the Chief Financial Officer for the first fund in the LaSalle Value Partners US series. Prior to joining LaSalle, Mr. Spearing was a senior auditor in the Audit and Assurance Group at Deloitte. Mr. Spearing received a BS in Accounting from Indiana University and is also a Certified Public Accountant. He is based in Chicago.

Brian Gorz, Chief Financial Officer – LVP US. Mr. Gorz, a Managing Director with more than 29 years of experience at LaSalle, serves as the Chief Financial Officer of LaSalle Value Partners US, responsible for financial planning, analysis, cash management and reporting. Brian works closely with the investment, asset management and capital functions to support the Funds strategy and activity. Mr. Gorz earned a BA from the University of Illinois and is also a Certified Public Accountant. He is based in Chicago.

<u>**Mid-Level Members of the Fund Team**</u>

Michelle Gottlieb, Senior Vice President – Asset Management. Ms. Gottlieb, a Senior Vice President with more than 14 years of experience at LaSalle, is a senior asset manager with a focus on the Western region of the US. Ms. Gottlieb has extensive experience across property sectors, responsible for $4 billion of portfolio properties over her tenure. Ms. Gottlieb received a BBA from the University of Wisconsin and an MBA from the Kellogg School of Management at Northwestern University. She is based in San Francisco.

Amanda Hassan, Senior Vice President - Investments. Ms. Hassan is a Senior Vice President responsible for the sourcing and evaluation of investment opportunities. Since joining LaSalle in 2014, she has completed over $3.5 billion in property transactions across property sectors throughout the US and has also held asset management, portfolio management and capital formation responsibilities. Ms. Hassan earned a BS in Finance from the University of Illinois and an MBA with a concentration in Real Estate Finance and Investment from the Kellstadt Graduate School of Business at DePaul University.

Brian Wilkinson, Vice President – Asset Management. Mr. Wilkinson, a Vice President, is an asset manager responsible for a variety of property sectors throughout the United States. Mr. Wilkinson has been a dedicated member of the LaSalle Value Partners US Fund team since 2021 and, prior to his current responsibilities, spent five years in LaSalle's Asset Management group focusing on assets for open-ended funds and separate account clients. Prior to joining LaSalle, Mr. Wilkinson was an Associate with NPV Advisors, a real estate valuation and advisory firm, where he specialized in the valuation of office and multifamily assets for lenders and institutional clients. Mr. Wilkinson earned a BA from The University of Chicago. He is based in Chicago.

Zac Bublitz, Vice President – Asset Management. Mr. Bublitz, a Vice President, joined the LaSalle Value Partners US Fund team in 2014. He has extensive experience across the Fund's asset and portfolio management activities including transactions, financings, valuations, and analysis. Mr. Bublitz earned a BBA from the University of Notre Dame and is completing his MBA from the Kellogg School of Management at Northwestern University.

EXHIBIT B

Legal/Tax Structure

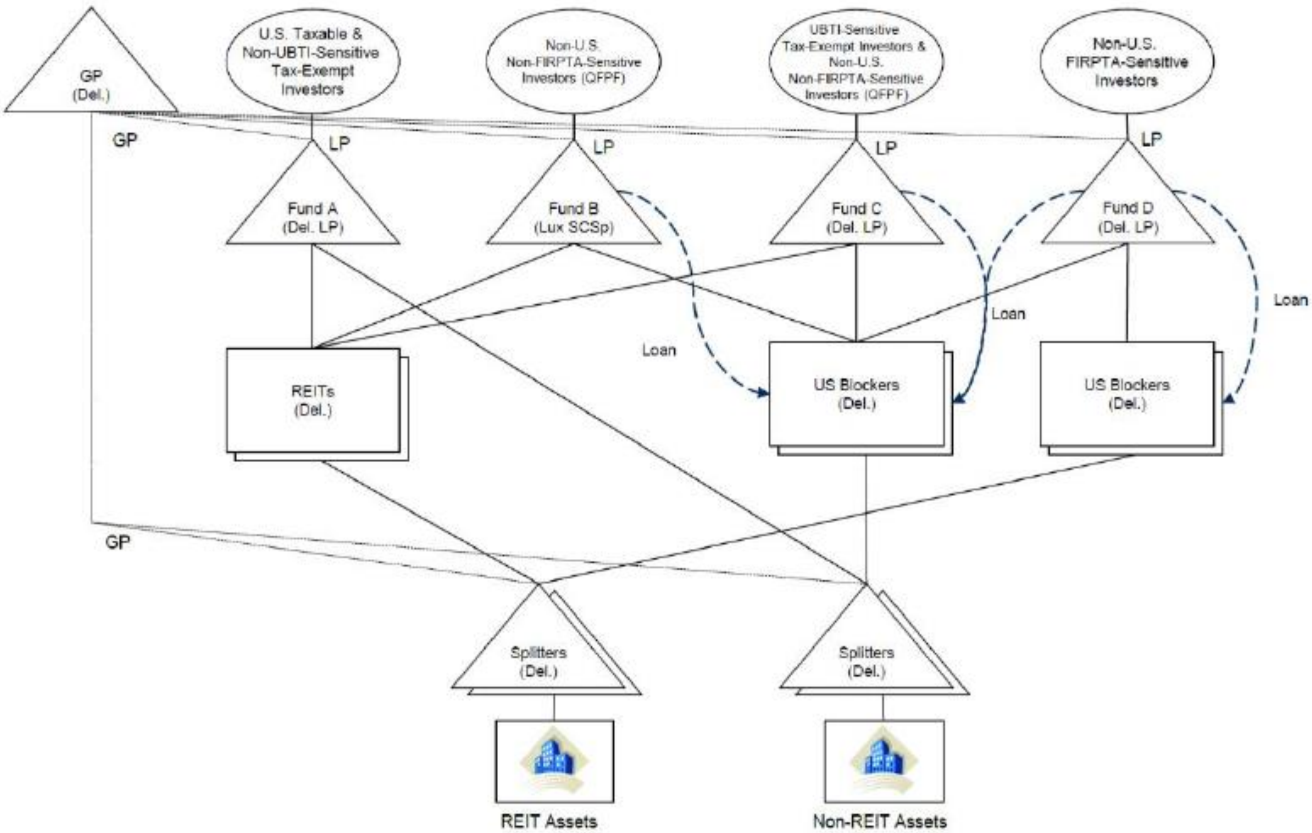


EXHIBIT C: Deal Level Gross Returns

Deal Level Information											Projected Returns		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	Fund Equity	Realized Proceeds & Projected Proceeds to Fund Equity[4]	Gross Equity Multiple	Gross IRR	Gross Equity Multiple	Gross IRR
REALIZED INVESTMENTS														
Juncture Alpharetta	I&G Fund VIII	Operating		Residential	Alpharetta, GA	10/19	12/21	161,500,000	63,700,000	125,400,000	N/A	N/A	2.0x	38.3%
Ygnacio Center	I&G Fund VII	Reposition		Office	Walnut Creek, CA	05/16	10/18	190,900,000	63,200,000	93,200,000	N/A	N/A	1.5x	18.3%
MiLO at Mountain Park	I&G Fund VII	Reposition		Multifamily	Lake Oswego, OR	12/16	10/21	34,500,000	13,000,000	24,500,000	N/A	N/A	1.9x	16.0%
One Ardmore	I&G Fund VII	Develop	Dranoff	Multifamily	Ardmore, PA	02/17	04/19	47,500,000	9,400,000	14,400,000	N/A	N/A	1.5x	25.0%
10 Post Office Square	I&G Fund VII	Operate	Synergy	Office	Boston, MA	03/17	05/19	197,300,000	61,400,000	104,200,000	N/A	N/A	1.7x	29.8%
RH Buckhead	I&G Fund VII	Operate	RFB	Retail	Atlanta, GA	07/17	04/21	34,400,000	16,800,000	32,300,000	N/A	N/A	2.0x	25.0%
Speedway 10	I&G Fund VII	Develop	Panattoni	Industrial	Las Vegas, NV	01/18	09/20	16,600,000	6,400,000	12,400,000	N/A	N/A	1.9x	34.0%
Lakeshore Pearl	I&G Fund VII	Reposition	Cypress	Multifamily	Austin, TX	02/18	10/21	62,200,000	15,900,000	39,200,000	N/A	N/A	2.5x	34.2%
Titan Industrial	I&G Fund VI	Develop		Industrial	Sumner, WA	02/13	06/16	20,900,000	7,500,000	17,500,000	N/A	N/A	2.3x	27.5%
Apollo Industrial	I&G Fund VI	Develop		Industrial	Sumner, WA	03/13	06/16	8,300,000	3,100,000	7,400,000	N/A	N/A	2.4x	29.5%
Axis Apartments	I&G Fund VI	Reposition	ATRF	Residential	Chicago, IL	02/13	12/16	204,500,000	37,900,000	64,700,000	N/A	N/A	1.7x	12.6%
Crossings@880	I&G Fund VI	Develop	Overton Moore	Industrial	Fremont, CA	03/13	08/15	69,800,000	27,800,000	61,100,000	N/A	N/A	2.2x	57.5%
Writer Square	I&G Fund VI	Operate	Unico	Office	Denver, CO	09/13	12/16	77,100,000	25,800,000	47,100,000	N/A	N/A	1.8x	20.6%
VSU Student Housing	I&G Fund VI	Reposition	Student Quarters	Residential	Valdosta, GA	10/13	07/16	28,200,000	10,500,000	1,800,000	N/A	N/A	0.2x	-54.2%
The Edge Midtown	I&G Fund VI	Develop		Residential	Nashville, TN	11/13	10/19	21,800,000	9,000,000	19,000,000	N/A	N/A	2.1x	24.1%
The Dallas on Elliston	I&G Fund VI	Develop		Residential	Nashville, TN	01/13	10/19	18,900,000	7,900,000	14,900,000	N/A	N/A	1.9x	16.5%
60 South Market	I&G Fund VI	Reposition	Harvest	Office	San Jose, CA	12/13	07/16	66,600,000	32,000,000	51,900,000	N/A	N/A	1.6x	22.8%
Precedent Office Park	I&G Fund VI	Operate	ATRF	Office	Indianapolis, IN	07/14	12/17	134,300,000	23,600,000	39,500,000	N/A	N/A	1.7x	20.0%
1620 L Street NW	I&G Fund VI	Reposition		Office	Washington, DC	08/14	03/17	80,800,000	36,500,000	49,300,000	N/A	N/A	1.4x	13.7%
Alesio Urban Center	I&G Fund VI	Reposition	ATRF	Residential	Las Colinas, TX	12/14	04/21	137,900,000	42,000,000	50,300,000	N/A	N/A	1.3x	4.3%
Summit at Lantana	I&G Fund VI	Operate	Spear Street	Office	Austin, TX	12/14	12/18	269,400,000	44,000,000	56,300,000	N/A	N/A	1.3x	7.3%
Orchard Pond Apartments	I&G Fund V	Operate		Multifamily	Gaithersburg, MD	05/08	10/15	115,800,000	45,400,000	57,700,000	N/A	N/A	1.3x	4.6%
Bay Street Emeryville	I&G Fund V	Reposition	Madison Marquette	Retail	Emeryville, CA	06/08	08/14	246,000,000	63,600,000	140,700,000	N/A	N/A	2.2x	16.0%
Caribbean Corporate Center	I&G Fund V	Operate		Industrial	Sunnyvale, CA	07/08	02/12	81,800,000	43,700,000	36,100,000	N/A	N/A	0.8x	-8.8%
US Bancorp Tower	I&G Fund V	Reposition	Unico / Zurich	Office	Portland, OR	09/08	08/15	358,300,000	96,400,000	137,500,000	N/A	N/A	1.4x	7.2%
Denver World Trade Center	I&G Fund V	Reposition		Office	Denver, CO	10/08	04/13	173,500,000	83,900,000	104,600,000	N/A	N/A	1.2x	6.2%
NATMI Truck Terminals	I&G Fund V	Operate	NAT / Assurant	Industrial	Various, US	01/09	06/15	141,500,000	87,100,000	186,800,000	N/A	N/A	2.1x	26.4%
Oakdale Village Shopping Center	I&G Fund V	Operate		Retail	Oakdale, MN	01/10	06/13	25,200,000	12,600,000	26,800,000	N/A	N/A	2.1x	30.3%
Puyallup Distribution Center	I&G Fund V	Reposition		Industrial	Puyallup, WA	05/10	07/11	15,200,000	8,500,000	11,800,000	N/A	N/A	1.4x	38.3%
Highland Pointe	I&G Fund V	Operate		Office	Lombard, IL	06/10	10/15	51,100,000	20,300,000	20,600,000	N/A	N/A	1.0x	0.4%
925 Main St	I&G Fund V	Operate		Multifamily	Grapevine, TX	08/10	10/14	42,500,000	18,600,000	38,300,000	N/A	N/A	2.1x	22.1%
Canal Centre	I&G Fund V	Reposition		Office	Irving, TX	09/10	02/15	25,600,000	26,500,000	34,900,000	N/A	N/A	1.3x	9.0%
750 Canyon	I&G Fund V	Operate		Office	Coppell, TX	09/10	08/13	29,400,000	16,000,000	30,200,000	N/A	N/A	1.9x	32.1%
Shade at Desert Ridge	I&G Fund V	Operate		Multifamily	Phoenix, AZ	09/10	08/15	44,100,000	16,600,000	31,200,000	N/A	N/A	1.9x	12.5%
Mission Ridge	I&G Fund V	Reposition		Office	Chantilly, VA	10/10	02/16	69,500,000	43,000,000	70,100,000	N/A	N/A	1.6x	12.0%
Miami Tower	I&G Fund V	Reposition		Office	Miami, FL	12/10	05/16	136,800,000	74,200,000	185,900,000	N/A	N/A	2.5x	25.5%
Vantage at Fair Oaks	I&G Fund V	Develop		Multifamily	San Antonio, TX	02/11	01/13	24,200,000	9,200,000	15,400,000	N/A	N/A	1.7x	32.3%
Observatory Park	I&G Fund V	Develop	Urban West	Multifamily	Denver, CO	02/11	12/15	54,000,000	15,500,000	39,200,000	N/A	N/A	2.5x	22.8%
Waterfront Plaza	I&G Fund V	Reposition		Office	San Francisco, CA	03/11	08/14	52,100,000	46,700,000	96,000,000	N/A	N/A	2.1x	25.7%
Broadway Market	I&G Fund V	Reposition	Madison Marquette	Retail	Seattle, WA	03/11	12/14	24,500,000	8,000,000	23,200,000	N/A	N/A	2.9x	36.2%
Optima Center Chicago	I&G Fund V	Debt/Yield	Optima	Multifamily	Chicago, IL	11/11	10/13	20,000,000	20,000,000	28,100,000	N/A	N/A	1.4x	20.6%

											Projected		MTM	
Investment	Fund	Partner	Property Type	Location	Acquisition Date	Sale Date or Modeled Sale Date	Total Equity	Fund Equity	Realized Proceeds to Fund Equity	Realized Proceeds & Projected Proceeds to Fund Equity	Gross Equity Multiple	Gross IRR	Gross Equity Multiple	Gross IRR
Montague Park	Fund IV		Office	San Jose	01/08	08/12	113,924,732	37,896,576	98,500,000	98,500,000	0.3x	-21.6%	0.3x	-21.6%
DeKalb Technology Center	Fund IV		Industrial	Atlanta	02/06	02/14	23,000,000	8,766,602	20,700,000	20,700,000	0.7x	-6.7%	0.7x	-6.7%
Houston Multifamily Portfolio	Fund IV	TVO North America	Multifamily	Houston	03/07	08/12	66,975,000	22,760,391	68,823,106	68,823,106	0.9x	-1.0%	0.9x	-1.0%
Central Florida Multifamily Portfolio	Fund IV	Affirmative Equities Co.	Mutlifamily	Orlando	04/06	06/10 & 08/10	40,230,000	11,903,716	n/a	n/a	0.0x	-50.0%	0.0x	-50.0%
St. Paul Apartment Portfolio	Fund IV		Multifamily	St.Paul	05/06 & 11/06	08/11 & 09/10	69,185,000	30,911,431	63,570,000	63,570,000	1.0x	-1.2%	1.0x	-1.2%
Henry Ford Distribution Center	Fund IV		Industrial	Atlanta	05/07	10/12	13,000,000	4,086,375	8,025,000	8,025,000	0.4x	-16.3%	0.4x	-16.3%
Trancas Country Mart	Fund IV	JS Rosenfield & Co.	Retail	Malibu	06/06	06/11	19,000,000	5,445,102	16,150,000	16,150,000	0.3x	-24.3%	0.3x	-24.3%
Timberwalk Apartments	Fund IV		Multifamily	Jacksonville	06/07	05/13	27,000,000	8,965,626	20,300,000	20,300,000	0.0x	-56.3%	0.0x	-56.3%
City West	Fund IV	TVO North America	Multifamily	Houston	06/08	5/13 & 10/14	46,550,000	13,843,152	50,540,000	51,680,000	1.1x	2.1%	1.1x	2.1%
Jackson 85 Distribution Center	Fund IV	RACO	Industrial	Atlanta	07/07 & 11/07	08/12	55,799,740	20,708,720	56,259,500	56,259,500	1.0x	1.0%	1.0x	1.0%
The Point	Fund IV		Office	San Diego	08/05	02/11	74,500,000	26,711,691	90,000,000	90,000,000	1.6x	39.7%	1.6x	39.7%
Gulf Coast Multifamily Portfolio	Fund IV	TVO North America	Multifamily	Various	08/06	4/12 & 3/13 & 7/14	92,285,156	30,039,921	108,625,031	108,625,031	1.9x	10.3%	1.9x	10.3%
Central Building	Fund IV		Office	Seattle	08/07	07/13	43,154,000	29,927,048	35,861,081	35,861,081	0.9x	-2.3%	0.9x	-2.3%
Suburban Chicago Apartments	Fund IV		Multifamily	Bloomingdale	09/07	12/12	104,800,000	35,668,723	108,500,000	108,500,000	1.1x	1.5%	1.1x	1.5%
Crescent Centre	Fund IV	Movaz Office Partners	Office	Atlanta	11/05	05/11	17,550,000	8,152,832	18,675,000	18,675,000	0.3x	-11.8%	0.3x	-11.8%
Inverness Retail	Fund IV		Retail	Birmingham	12/05	5/06 & 8/14	44,716,854	20,888,181	43,912,500	43,912,500	1.0x	-0.2%	1.0x	-0.2%
New Jersey Office Portfolio	Fund IV		Office	Somerset	12/05	04/12	103,850,000	42,557,570	n/a	n/a	0.0x	-50.0%	0.0x	-50.0%
Sussex at Kingstowne	Fund IV		Multifamily	Alexandria	12/06	06/12	149,500,000	50,302,716	125,500,000	125,500,000	0.4x	-13.9%	0.4x	-13.9%
The Fountain Apts. at Lake Orlando	Fund IV		Multifamily	Orlando	12/06	08/12	34,353,000	11,624,387	n/a	n/a	0.0x	-50.0%	0.0x	-50.0%
UOC Industrial Portfolio	Fund IV		Industrial	Various	12/06 & 2/07	03/10 & 09/10 & 04/12	57,514,900	23,982,956	57,740,000	57,740,000	1.1x	2.7%	1.1x	2.7%
Bellevue Pacific Center	Fund IV		Office	Bellevue	12/07		40,100,000	18,334,573	0	36,701,463	1.2x	1.8%	1.2x	1.8%
Peachtree Crossings	Fund IV		Office	Atlanta	4/05 & 8/05	7/11 & 8/14	105,600,000	31,581,092	90,785,000	90,785,000	2.9x	1.3%	2.9x	1.3%
Corporate Hill Campus Bldgs I-III	Fund III		Office	St. Louis	03/02	03/12	24,736,938	12,364,000	12,041,330	12,041,330	1.0x	-0.3%	1.0x	-0.3%
Corporate Hill Campus Bldgs IV	Fund III		Office	St. Louis	03/02	02/04	26,547,014	13,434,000	17,708,000	17,708,000	1.3x	17.3%	1.3x	17.3%
370 Lexington Avenue	Fund III		Office	New York City	06/02	04/06	59,557,630	28,422,000	56,729,582	56,729,582	2.0x	19.8%	2.0x	19.8%
100 Minuteman Park	Fund III	Brickstone Properties	Industrial	North Andover	03/04	12/05	25,057,803	18,543,000	30,938,000	30,938,000	1.9x	39.8%	1.9x	39.8%
Southview Gables	Fund III		Multifamily	Inner Grove Heights	02//04	07/10	38,280,991	14,972,000	16,861,000	16,861,000	1.4x	5.3%	1.4x	5.3%
Southmeadow	Fund III		Industrial	Atlanta	04/05	07/07	12,861,991	4,716,000	5,750,902	5,750,902	1.2x	8.4%	1.2x	8.4%
Forest Rim Apartments	Fund III		Multifamily	Tualatin	06/02	05/07	21,945,636	10,397,000	26,505,000	26,505,000	2.6x	22.4%	2.6x	22.4%
55 West Monroe	Fund III		Office	Chicago	08/03	12/11	46,442,178	30,280,000	46,167,934	46,167,934	1.5x	5.8%	1.5x	5.8%
Montebello at Summit Ridge	Fund III		Mutlifamily	Reno	12/04	11/07	52,369,286	16,802,000	22,283,404	22,283,404	1.3x	7.9%	1.3x	7.9%
16 & 18 Sentry Park West	Fund II		Office	Blue Bell	10/99	12/02	29,000,000	14,886,737	34,000,000	34,000,000	1.5x	13.3%	1.5x	13.3%
The Charles Daniels Apartments	Fund II		Multifamily	Malden	12/99	11/01	10,300,000	4,440,078	14,000,000	14,000,000	1.9x	39.1%	1.9x	39.1%
Watergate 600 Building	Fund II		Office	Washington	12/99	11/03	51,108,036	28,896,422	108,000,000	108,000,000	2.9x	37.3%	2.9x	37.3%
St. James Club	Fund II		Multifamily	Boca Raton	05/00	06/04	24,000,000	12,141,086	34,900,000	34,900,000	1.9x	19.5%	1.9x	19.5%
Bay Club Apartments	Fund II		Multifamily	Marina del Rey	06/00	10/05	26,500,000	15,588,630	34,000,000	34,000,000	1.9x	18.7%	1.9x	18.7%
Northwest Business Park	Fund II		Industrial	Houston	08/00	08/04	13,300,000	13,361,363	12,975,000	12,975,000	1.3x	7.7%	1.3x	7.7%
Yorkbrook Park	Fund II		Industrial	Lombard	10/00	10/05	49,575,000	27,765,229	73,543,600	73,543,600	2.1x	20.6%	2.1x	20.6%
Pearl Highlands Center	Fund II		Retail	Pearl City	10/00	12/04	41,500,823	8,799,125	75,666,667	75,666,667	4.8x	49.7%	4.8x	49.7%
Taunton Industrial	Fund II	Condyne	Industrial	Taunton	04/00 & 02/01	02/04	21,595,794	21,699,393	37,674,802	37,674,802	1.9x	22.9%	1.9x	22.9%
High Oaks & Canyon Creek	Fund II		Multifamily	Austin	10/01	01/06	42,650,000	21,289,385	42,000,000	42,000,000	1.0x	-0.8%	1.0x	-0.8%
Country Hills Apartments	Fund II		Multifamily	Corona	11/01	12/03	25,500,000	12,159,472	37,800,000	37,800,000	2.2x	48.2%	2.2x	48.2%
Northridge Business Park	Fund II		Industrial	Atlanta	12/01	06/04	33,750,000	18,373,080	43,500,000	43,500,000	1.8x	30.3%	1.8x	30.3%
Carlsbad Research Center	Fund I		Office	Carlsbad	06/96	12/02	9,750,000	5,400,000	9,173,000	9,173,000	1.7x	9.5%	1.7x	9.5%
Corporate Plaza II	Fund I		Office	Carlsbad	06/96	08/01	14,714,000	8,400,000	23,926,000	23,926,000	2.8x	24.8%	2.8x	24.8%
University Office Park	Fund I		Office	Boston	07/96	08/99	27,750,000	15,125,000	36,416,000	36,416,000	2.4x	32.3%	2.4x	32.3%
7901 Stoneridge	Fund I		Office	Pleasanton	08/96	04/00	18,525,000	9,765,000	18,587,000	18,587,000	1.9x	19.3%	1.9x	19.3%
Greensboro Hilton	Fund I		Hotel	Greensboro	10/96	06/00	16,100,000	9,235,000	2,236,000	2,236,000	0.2x	-43.3%	0.2x	-43.3%
Paragon Center	Fund I		Office	St. Louis	12/96	06/05	10,000,000	5,725,000	5,986,000	5,986,000	1.0x	1.5%	1.0x	1.5%
Marketplace	Fund I		Office / Retail	Denver	01/97	04/04	31,650,000	16,500,000	7,654,000	7,654,000	0.5x	-7.4%	0.5x	-7.4%
Meridian Executive Center	Fund I		Office	Aventura	03/97	03/03	6,750,000	2,082,000	1,619,000	1,619,000	0.8x	-2.2%	0.8x	-2.2%
Aventura Corporate Center	Fund I		Office	Aventura	03/97	03/02	18,150,000	9,305,000	17,879,000	17,879,000	1.9x	16.3%	1.9x	16.3%
Holiday Inn on the Hill	Fund I		Hotel	Washington	12/97	06/01	27,217,500	16,214,000	36,250,000	36,250,000	2.2x	29.7%	2.2x	29.7%
Commerce Park IV & V	Fund I		Office	Cleveland	02/98	09/01	22,302,000	11,449,000	9,502,000	9,502,000	0.8x	-5.6%	0.8x	-5.6%

Deal Level Information											Projected Returns		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**	**Fund Equity**	**Realized Proceeds & Projected Proceeds to Fund Equity[4]**	**Gross Equity Multiple**	**Gross IRR**	**Gross Equity Multiple**	**Gross IRR**
PARTIALLY REALIZED / UNREALIZED INVESTMENTS														
4 Hutton Centre	I&G Fund VIII	Operate		Office	Orange County, CA	06/19	N/A	66,300,000	25,000,000	20,000,000	0.8x	-10.0%	0.5x	-25.3%
Parc Santa Fe	I&G Fund VIII	Operate		Industrial	Highlands Range, CO	12/19	N/A	61,000,000	19,900,000	39,800,000	2.0x	27.8%	1.7x	24.3%
Ardmore Cates Creek	I&G Fund VIII	Operate	Ardmore Residential	Residential	Hillsborough, NC	01/20	N/A	38,700,000	6,500,000	18,200,000	2.8x	69.0%	2.9x	79.3%
Ardmore King's Grant	I&G Fund VIII	Operate	Ardmore Residential	Residential	Charlotte, NC	01/20	N/A	50,700,000	8,800,000	22,000,000	2.5x	61.0%	2.8x	75.2%
Lathrop Gateway III	I&G Fund VIII	Other	Phelan Development	Industrial	Lathrop, CA	06/20	N/A	12,900,000	12,200,000	18,300,000	1.5x	14.6%	1.8x	N/A-Develop
Ardmore at Alcove	I&G Fund VIII	Operate	Ardmore Residential	Residential	Charlotte, NC	07/20	N/A	22,100,000	4,400,000	8,800,000	2.0x	45.3%	2.1x	70.7%
Ardmore at Rice Hope	I&G Fund VIII	Operate	Ardmore Residential	Residential	Savannah, GA	08/20	N/A	38,900,000	7,600,000	14,440,000	1.9x	65.2%	1.9x	95.1%
Sage Plum Creek	I&G Fund VIII	Develop	Sparrow Partners	Residential	Kyle, TX	09/20	N/A	32,000,000	11,800,000	18,880,000	1.6x	15.9%	1.0x	N/A-Develop
Sage Mesa	I&G Fund VIII	Develop	Sparrow Partners	Residential	Mesa, AZ	12/20	N/A	39,600,000	19,500,000	32,565,000	1.7x	17.1%	1.0x	N/A-Develop
Ardmore at Price	I&G Fund VIII	Operate	Ardmore Residential	Residential	Charlotte, NC	10/20	N/A	37,800,000	6,700,000	22,110,000	3.3x	260.0%	3.0x	342.1%
Coffee Creek Industrial	I&G Fund VIII	Develop	Panattoni	Industrial	Portland, OR	12/20	N/A	12,800,000	5,500,000	8,195,000	1.5x	16.7%	1.4x	N/A-Develop
Vancouver Logistics	I&G Fund VIII	Develop	Panattoni	Industrial	Portland, OR	01/21	N/A	19,800,000	8,500,000	11,815,000	1.4x	13.7%	1.4x	N/A < 1 year
Avenida Loveland	I&G Fund VIII	Develop	Avenida Partners	Residential	Loveland, CO	04/21	N/A	45,000,000	15,600,000	26,520,000	1.7x	16.5%	1.0x	N/A < 1 year
BLVD SFR Venture	I&G Fund VIII	Operate	BLVD	Other	Various, US	04/21	N/A	300,900,000	99,000,000	168,300,000	1.7x	15.8%	1.0x	N/A < 1 year
One Kenmore Square	I&G Fund VIII	Reposition	Related Fund Mgmt	Healthcare	Boston, MA	05/21	N/A	308,700,000	65,600,000	98,400,000	1.5x	19.7%	1.0x	N/A < 1 year
1700 Place	I&G Fund VIII	Operate	Sandhurst Apartments	Residential	Charlotte, NC	05/21	N/A	30,400,000	9,200,000	19,320,000	2.1x	14.1%	1.4x	N/A < 1 year
Napa 55	I&G Fund VIII	Develop	Panattoni	Industrial	Napa, CA	08/21	N/A	24,500,000	22,100,000	38,896,000	1.8x	17.1%	1.0x	N/A < 1 year
Lathrop Phase II	I&G Fund VIII	Develop	Phelan Development	Industrial	Lathrop, CA	08/21	N/A	102,400,000	41,500,000	64,740,000	1.6x	17.2%	1.0x	N/A < 1 year
Groveport South Logistics	I&G Fund VIII	Develop	Stotan Industrial	Industrial	Groveport, OH	09/21	N/A	48,900,000	18,600,000	26,598,000	1.4x	18.1%	1.0x	N/A < 1 year
Bickman Industrial	I&G Fund VIII	Develop		Industrial	Phoenix, AZ	12/21	N/A	122,900,000	52,900,000	84,640,000	1.6x	17.0%	1.0x	N/A < 1 year
Ethanac Menifee	I&G Fund VIII	Develop	Phelan Development	Industrial	Menifee, CA	12/21	N/A	40,300,000	17,200,000	27,520,000	1.6x	19.4%	1.0x	N/A < 1 year
Wolf Creek	I&G Fund VIII	Develop	Mission Peak	Residential	Overland Park, KS	12/21	N/A	25,800,000	9,300,000	14,880,000	1.6x	17.8%	1.0x	N/A < 1 year

Appendix

Rating Rationale

Strategy	Chosen under/over-weightings align with current vintage conditions.
Sponsor	Brings multiple platform strengths; brand power; well-aligned organization.
ESG Policy & Practices	Scores as *Integrated.*
Operational Due Diligence	A1-Pass.
Investment Process	Reflective of well-resourced long-established fiduciary; typical of non-core fund management.
Fund Structure, Terms & Conditions	Appropriate. Legal structuring is accommodative to the varied tax, regulatory, and other sensitivities of the Sponsor's client base. Terms generally market; favorable fund fees.
Performance	Ok, with only the GFC-impacted fund losing capital. Three of four post GFC funds are at or above their target and above the median of the same vintage peer set.
Overall	Buy-rated

Ratings Explanations

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.

Operational due diligence rating provided by ORSA, Aon's dedicated multi-asset class Operational Due Diligence team according to its autonomous review of the Sponsor's policies & 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** - ORSA noted specific operational concerns that the firm has agreed to address in a reasonable timeframe.
- **Negative (✓-)** – ORSA noted operational concerns that introduce the potential for economic loss or reputational risk exposure.

ESG scoring and an associated rating is according to guidance from AON's internal ESG Committee and sub-committees for various asset classes.

- **Limited** - The fund management team takes limited steps to address ESG considerations in existing and anticipated portfolios.
- **Integrated** - The fund management team takes essential steps to identify, evaluate, and mitigate potential financially material ESG risks within existing and anticipated portfolios.
- **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 its activities.

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.

MAY 2023

NEPC
PRIVATE MARKETS INVESTMENT DUE DILIGENCE REPORT

Penwood Real Estate Investment Management

Penwood Select Industrial Partners VII

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Penwood Select Industrial Partners VII

Non-Core Real Estate

COVER PAGE

Firm Name	Penwood Real Estate Investment Management
Fund Name	Penwood Select Industrial Partners VII
Diverse-Owned/ Diverse-Led Manager	No
ESG Rating	3
Target Size/Max Size	$500 million
Amount Raised	$250 million as of May 2023
Prior Fund Raise	$381 million
Minimum Investment	$25 million though the General Partner may accept a lower amount at its discretion
Target Final Close Date	Q3 2023
Target Fund Return	10% - 12% net IRR 1.45x net MOIC
Management Fee & Carry	Management fee of 1.50% and carried interest of 15% over an 8% preferred return to the investors

Penwood Select Industrial Partners VII

Non-Core Real Estate

EXECUTIVE SUMMARY

Penwood Real Estate Investment Management (“Penwood,” the “Manager,” or the “Firm”) is a commercial real estate investment manager that invests in value-add industrial properties in select gateway markets of the United States. The Firm will aim to add value through acquisition, management, rehabilitation, and/or development of properties.

Penwood is currently raising capital for Penwood Select Industrial Partners VII (the “Fund” or “Fund VII”), the Firm’s seventh value-add industrial fund. The Fund is a continuation strategy of Penwood’s predecessor funds, which began in 2005. The Manager seeks to leverage its local expertise and operating partner relationships to gain access to industrial investments in supply-constrained and high barrier-to-entry markets with strong demand. Historically, the Manager has invested in Southern California, New Jersey, Pennsylvania, and Las Vegas. Penwood aims to put in place tailored capital structures which provides downside protection while the Fund conducts its value creation process. The Fund’s representative deals have included value-add strategies such as re-leasing, repositioning, redevelopment, and ground-up development.

Through strong property-level fundamentals and demand drivers, the Manager believes that there is significant value growth potential in the Fund’s targeted markets. The industrial market has seen an inflow of capital due to tailwinds led by the increase in e-commerce and the need for improved supply chain logistics. These market dynamics have created an opportunity throughout the United States, specifically in dominant seaports. These high barrier to entry markets remain well leased with investment grade tenants with strong rental growth and appreciation upside.

Penwood Select Industrial Partners VII is targeting a fundraise of $500 million. The Fund is targeting a net IRR of 10% to 12% and a net multiple of 1.45x.

Positives:

- **Market Fundamentals:** Penwood's focus on industrial real estate properties is backed by strong macro tailwinds within the sector. Amplified by disruptions brought on by the COVID-19 pandemic, the demand for industrial properties has increased due to e-commerce and supply chain related fundamentals. These fundamentals are especially present in United States markets that are gateways for international, domestic, regional, and local distribution. This increase in demand has been met by limited new supply, which has created a favorable investment environment. NEPC believes that these tailwinds will persist and will benefit industrial investors like Penwood.
- **Operating Partners & Sourcing Capabilities:** Penwood's target markets carry a high barrier to entry which results in the need for local, on the ground expertise. Due to Penwood's tenured presence in its markets, the Firm has established a group of operating partners that is known as the "Penwood Select Industrial Group" (PSIG). This premier group of developers provides the Fund access to preferential deal flow of off market opportunities. Additionally, the ability to privately negotiate deals allows for favorable structuring and pricing. NEPC believes that Penwood's reputation with its trusted partners gives the Fund an advantage when assessing deal flow.
- **Track Record & Consistency:** Penwood has raised institutional funds since 2005 and is led by a senior team with 25+ years of real estate experience. Penwood has effectively invested in only industrial real estate since inception. This focused expertise has resulted in strong performance on both an absolute and relative basis. The Manager has delivered this outperformance to a consistent group of investors and has been thoughtful about expanding discretionary capital.

Negatives:

- **Concentration Risk:** Penwood's investment strategy is opportunistic in nature with a focus on industrial assets in specific markets. The success of the strategy is inherent in Penwood's ability to continue to successfully operate in these markets. Additionally, industrial real estate markets are experiencing significant momentum due to an increase in investors in the sector. Any pull back in industrial real estate fundamentals could affect Penwood's returns. That being said, NEPC believes in Penwood's ability to remain in its markets and has a favorable view of the industrial real estate sector.
- **Team Size & Location:** Penwood has a total of 17 employees, inclusive of investment professionals and other supporting professionals (e.g., accounting and legal). This is a relatively small team size given the targeted 20 to 30 investments in the Fund. In addition, the team is headquartered in Connecticut and does not have a local office in the Fund's target markets. We believe that both of these factors are somewhat mitigated by the operating partner relationships Penwood has developed, as the Manager will be able to leverage the teams and local knowledge of these operating partners. Furthermore, the Fund size and strategy (including the specific target markets) are consistent with prior funds, and Penwood has demonstrated an ability to generate consistently attractive returns for investors.

FUND CHARACTERISTICS

Penwood Select Industrial Partners VII

Non-Core Real Estate

Investment Period	Three years after the Final Closing Date
Fund Term	10 years
Sponsor's Investment	1.5% of capital commitments
Assets Under Management	$599.8 million as of 12/31/2022
Investment Focus	Value-Add Industrial Real Estate
Geographic Focus	United States
Projected # of Investments	20-30
Deal Size	$25 million in equity
Leverage	55%
Annual Management Fee	• 1.50% on committed capital during the investment period • 1.50% on invested capital following the investment period • Discounts may be possible based on size or other factors
Other Fees	N/A
Organizational Costs	Capped at $550k
Carried Interest	15%
Preferred Return	8%
Distribution Waterfall	I. First, 100% to the Partners on a pari passu basis in proportion to the amounts of their respective Preferred Returns (as defined below), until the Partners have received a monthly compounded 8.0% annual internal rate of return ("IRR") on their total unreturned capital (such 8% amount, the "Preferred Return"); II. Next, 100% to the Partners on a pari passu basis in proportion to their capital contributions, until the Partners have received a return of their total capital contributed; III. Thereafter, 85% to the Partners on a pari passu basis in proportion to their capital contributions and 15% to the General Partner (such 15% amount, the "Incentive Allocation"); provided, however, that any Incentive Allocation accruing and distributable to the General Partner during the investment period will not be distributed to the General Partner until the termination of the investment period.
ERISA Fiduciary	ERISA investors are currently less than 25% of the Fund, though if that changes the Fund expects to qualify as a VCOC. In either case, the Fund welcomes investments by ERISA investors and does not expect its assets to constitute "plan assets" for purposes of ERISA.
Fund Auditor	PwC
Fund Legal Counsel	DLA Piper
Website	https://penwoodre.com/

Penwood Select Industrial Partners VII

Non-Core Real Estate

FIRM DESCRIPTION

Firm Overview

Penwood Real Estate Investment Management was founded in 2003 by John Hurley, Richard Chase, and Karen Nista. Penwood is owned and operated by six partners and has a total of 17 employees across the Firm. Penwood is headquartered in West Hartford, Connecticut with an additional office in Morristown, New Jersey. The Firm has approximately $599 million in assets under management and its sole business line is the management of its value-add industrial fund offerings.

Team Overview

The Fund's investment team and strategy is led by Chief Investment Officer, John Hurley, who is supported by 16 investment professionals ranging from Managing Director to Analyst across acquisitions and asset management. The team has grown modestly alongside the fund offerings since the Firm's inception. The Firm has also endured some turnover over the past few years but has been backfilled by professionals with significant real estate experience. The senior team at Penwood has remained intact since the Firm's inception and averages over 25 years in the sector.

The Firm has a six-member investment committee, which comprises the following individuals:

Name	Title
John Hurley	Chief Investment Officer
Karen Nista	Chief Operating Officer
Zack Flynn	Head of Acquisitions
Christine Kubas	Head of Asset Management
Joe Koziol	Chief Financial Officer
Rick Chase	Sr Managing Director

FUND INVESTMENT STRATEGY

Investment Strategy

Consistent with the Manager's prior funds, Penwood Select Industrial Partners VII will invest solely in industrial real estate properties in select markets across the United States. Penwood's market focus remains in Southern California, Las Vegas, New Jersey, and Pennsylvania.

The Manager has experience investing in ground-up development projects, rehabilitation or value-add transactions, as well as acquiring income-producing assets, and anticipates that Fund VII will have a blend of these same strategies. The Manager seeks to source investments off-market through preferred deal flow access with local operating partners. Penwood will also acquire assets directly, without the use of a joint venture operating partner.

The Fund aims to acquire properties at or below replacement costs and will create value through rehabilitation, re-leasing, redevelopment, and ground-up development. Additionally, Penwood seeks to manage incremental risk in all stages of the investment process. The Manager will assess risks such as zoning, entitlement, construction, and market risk in order to effectively execute the value creation process. Upon completion, the Fund will produce an attractive stabilized asset in a supply constrained environment.

Target Investment Types

Penwood plans to make approximately 20 to 30 investments in industrial real estate properties, with equity checks around $25 million. The Fund targets properties with total square footage between two hundred and three hundred thousand, which allows the Manager to have a larger selection of potential tenants. The Manager assesses building characteristics such as ceiling heights, column width, floor conditions, and power supply.

The Fund will invest a majority of the capital in existing assets (including rehabilitation or renovation projects) but has the ability to invest up to 40% in ground-up development. No more than 10% of the Fund may be invested outside of the target markets (defined by the Manager as Southern California, Metro Las Vegas, and the region comprising New Jersey, port-centric New York, and Central and Eastern Pennsylvania), and no more than 15% of the Fund may be invested in the Las Vegas market.

Use of Leverage

The Fund has a fund level leverage target of 55%, measure loan to cost. Development and value-add projects will be levered up to 50% of cost, while income-producing assets will be levered up to 60% of stabilized value.

Expected Fund Investor Base

The Manager anticipates Fund VII to reflect a similar composition of institutional capital as the prior Funds, with the majority to come from public pension plan investors.

FUND ECONOMICS

Management Fee

The management fee is 1.50% on committed capital during the investment period and 1.50% on invested capital thereafter. Management fee discounts may be possible based on commitment amount or other factors.

Performance Fee

Carried interest of 15% over an 8% preferred return with no GP catch-up. Carried interest with be calculated on the Fund level.

Amounts available for distribution by the Partnership will be distributed in the following order of priority:

I. First, 100% to the Partners on a pari passu basis in proportion to the amounts of their respective Preferred Returns (as defined below), until the Partners have received a monthly compounded 8.0% annual internal rate of return ("IRR") on their total unreturned capital (such 8% amount, the "Preferred Return");

II. Next, 100% to the Partners on a pari passu basis in proportion to their capital contributions, until the Partners have received a return of their total capital contributed;

III. Thereafter, 85% to the Partners on a pari passu basis in proportion to their capital contributions and 15% to the General Partner (such 15% amount, the "Incentive Allocation"); provided, however, that any Incentive Allocation accruing and distributable to the General Partner during the investment period will not be distributed to the General Partner until the termination of the investment period.

Other Fees and Expenses

The Fund shall bear all Organizational Expenses incurred in the formation of the Fund, up to an amount not to exceed $550,000. The Fund will bear fees of placement agents, if any, subject to the Management Fee otherwise payable being reduced by a like amount.

DISCLAIMERS AND DISCLOSURES

- Past performance is no guarantee of future results.
- The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.
- Information used to prepare this report was obtained directly from the investment manager, and market index data was provided by other external sources. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- NEPC may provide background information on fund structures or the impact of taxes, but you should contact your legal counsel or tax professional for specific advice on such matters.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

In addition, it is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds, real estate, and private equity:

1. Performance can be volatile, and investors could lose all or a substantial portion of their investment
2. Leverage and other speculative practices may increase the risk of loss
3. Past performance may be revised due to the revaluation of investments
4. These investments can be illiquid, and investors may be subject to lockups or lengthy redemption terms
5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value
6. These funds are not subject to the same regulatory requirements as registered investment vehicles
7. Managers may not be required to provide periodic pricing or valuation information to investors
8. These funds may have complex tax structures and delays in distributing important tax information
9. These funds often charge high fees
10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy

APPENDIX: ESG INTEGRATION EVALUATION

General Fund Information	
Firm	Penwood Real Estate Investment Management ("Penwood" or the "Firm")
Fund	Penwood Select Industrial Partners VII ("Fund VII" or the "Fund"
Strategy Type	Non-Core Real Estate
Diverse-Owned Firm	No

ESG Rating

ESG 3

ESG Ratings are on a scale of 1 through 5, with 1 indicating a best-in-class approach and 5 indicating no integration.

Analyst Opinion

Penwood has acknowledged the existence of ESG factors within real estate and the Firm has taken steps to integrate the assessment of these factors into its investment process. The Firm has had an established ESG policy and requires ESG analysis in all investment memos. The oversight from the Sustainability Committee and Risk Committee seem to provide sufficient oversight of the use of ESG policies and analysis. The Firm actively sets ESG related goals and achievements as they look to integrate further.

Evaluation Criteria and Commentary

Firm-Level	
Firm-Level Commitment	Penwood has an ESG policy that has been in place since 2019 and was recently revised in 2022. The purpose of the policy is to define the Firm's stance on ESG and provide guidelines to its employees to integrate ESG into decision making. Penwood issues an annual Sustainability Report which describes the Firm's ESG achievements from the prior year. The Firm currently is not a signatory of any ESG related organizations.
Resources	The Firm does not have a dedicated ESG professional but does have a Sustainability Committee that establishes near- and long-term ESG initiatives and goals. Penwood has stated that it will sponsor any employee interesting in obtaining sustainability-related certifications.
Engagement Policies	The Firm holds an annual company-wide sustainability policy review with each employee signing an acknowledgement statement. Penwood's ESG policy is also a tool to any partner of Penwood to show how the Firm integrates ESG in its decision-making process.

Strategy-Level	
Overview	Penwood has identified that ESG factors have a role in decision making and can affect returns. The Firm incorporates these factors into their investment process and is overseen by the Firm's Risk Committee.
Integration Process	Penwood requires that all investment committee memos include analysis of ESG factors and mitigation plans. The markets that Penwood operates in require certain building and environmental standards that must be adhered to.
Resources	Penwood investment professionals have the ability to leverage the Sustainability Committee and Risk Committee when assessing ESG factors during investment due diligence. In addition to municipality environmental standards, Penwood utilizes the Department of Energy's Energy Asset Scoring system for all new acquisitions. This scoring system allows the Firm to track the standard of the building at entry and exit.