Real Estate Investment Summary

OAKTREE REAL ESTATE OPPORTUNITIES FUND VIII

An Opportunistic Credit Distress Fund

June 2020
Oaktree Real Estate Opportunities Fund VIII (the “Fund”) is being established by Oaktree Capital Management, L.P. (“Oaktree” or the “Sponsor”) as the next vehicle in its series of global opportunistic funds. The $4 billion Fund will target a levered 20%–22% gross IRR (16%–17% net) and a 1.9x gross equity multiple.

The Townsend Group, an Aon Company. (“Townsend”) has reviewed and performed an in-depth analysis of the above categories which includes, but is not limited to:

- Retention of Limited Partners
- Institutional Investor Representation
- Management Company Ownership
- Consistency/Volatility of Returns
- Write-offs
- Transaction Experience in Strategy
- Organization Expenses
- Management Fee
- Incentive Fees/Waterfall Distribution
- Fund Size
- Sponsor Commitment
- Ability to Create Value in Deals
- Valuation Discipline
- Reporting Transparency
- Back-Office Resources
- Investment Period
- Fund Term
- Key Person Provision
- Turnover/Tenure
- GP Attribution Concentration
- Fault Provisions
- Advisory Board
- Priority of Distributions
- Alignment of Partner Interest
- Firm Leadership

In addition, Aon Investments, USA’s Operational Due Diligence team has reviewed the Firm from an operating perspective and has given Oaktree a Pass rating.

RECOMMENDATION

In accordance with the Nebraska Investment Council (“NIC”) Annual Investment Plan, a total of $150 million of non-core capital is recommended to be deployed to the Defined Benefit/Cash Balance Benefit (“DB/CBB”) and the 50/50 & Healthcare Endowments (“Endowments”) in 2020 and 2021. Following a detailed review of the Plans’ existing non-core real estate exposure, The Townsend Group (“Townsend”), an Aon Company, is recommending that the DB/CBB plan commit $50 million and the Endowments commit $6 million subject to completion of a legal review and satisfactory agreement of terms.

Firm Summary:

<table>
<thead>
<tr>
<th>HQ Location</th>
<th>Los Angeles, CA</th>
<th>Parent</th>
<th>Brookfield Asset Management</th>
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<tbody>
<tr>
<td>Ownership</td>
<td>Public, with a minority stake privately owned by employees</td>
<td>Founded</td>
<td>1995</td>
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<tr>
<td>Employees</td>
<td>1,000+</td>
<td>RE Investment Professionals</td>
<td>55</td>
</tr>
<tr>
<td>Gross AUM (Dec 31, 2019)</td>
<td>$124 billion ($10.6 billion RE)</td>
<td>RIA</td>
<td>Yes</td>
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</tbody>
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**Organization**

Real Estate group (the “Manager”) within a diversified global investment management firm drawing on firmwide credit expertise and shared operations infrastructure.

**Primary Strategy:** The Fund will execute a diversified credit distress strategy, targeting opportunistic returns in commercial real estate through distressed debt acquisitions, equity recapitalizations, rescue financings, and discounted securities purchases. The Fund will secondarily pursue corporate platform investments and residential real estate through a variety of strategies including homebuilding, mortgage pools, or debt securities. The strategy will focus primarily on U.S. opportunities but will include a global component executed via dedicated Europe and Asia teams.
SPONSOR

OVERVIEW

Oaktree Capital Management is a global alternative and non-traditional investment manager founded in 1995 by six co-founders that left TCW Group to form a new company.

Ownership: Founder ownership was diluted and the equity base was expanded through private placements of equity interests in 2004 and 2007, and later an IPO in 2012 (previously NYSE: OAK). Brookfield Asset Management (NYSE: BAM) acquired a 61% interest in Oaktree in 2019, inclusive of the public shares, shares from the institutional private placements, and non-public interest held by current and former Oaktree employees. Brookfield agreed to purchase the remaining 39% held by employees over a defined schedule through 2029.

AUM: Over $124 billion in AUM in Credit (48%), Private Equity (11%), Real Assets (11%), Listed Equity (6%) and a 20% interest in multi-strategy fund manager DoubleLine Capital accounting for 23% of AUM.

Staffing: The firm today has over 1,000 employees; headquartered in Los Angeles with 18 other offices across the U.S., Europe, the Middle East, and Asia Pacific.
About Townsend Group – An Aon Company

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

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