Real Estate Investment Summary

PRISA

A U.S. diversified core fund

August 2021
EXECUTIVE SUMMARY

OVERVIEW

PRISA (or the “Fund”) is one of the oldest and largest U.S. core open-end commingled real estate funds. PRISA invests primarily in core, well-leased, operating properties with a focus on income generation. PRISA’s low risk profile is expected to provide an attractive beta exposure to the U.S. real estate market. The Fund has outperformed the ODCE index over all measured time periods, with near-term performance being driven by the Fund’s overweight to the industrial sector and self-storage and no exposure to regional and super-regional malls.

The Townsend Group, an Aon Company. (“Townsend”) has reviewed and performed an in-depth analysis of the above categorires 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
- Fault Provisions
- Advisory Board
- Priority of Distributions
- Alignment of Partner Interest
- Firm Leadership

In addition, Aon Hewitt Investment Consulting’s Operational Due Diligence team has reviewed the Firm from an operating perspective and has given PGIM a Pass rating.

RECOMMENDATION

Following a detailed review of the Plan’s existing core real estate exposure, The Townsend Group (“Townsend”), an Aon Company, is recommending that the OSERS plan commit $15 million of new capital, per the 2021 pacing plan, subject to completion of a legal review and satisfactory agreement of terms.

Firm Summary:

<table>
<thead>
<tr>
<th>HQ Location</th>
<th>Madison, NJ</th>
<th>Parent</th>
<th>Prudential Financial, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Sponsor</td>
<td>PGIM Real Estate</td>
<td>Founded</td>
<td>1970</td>
</tr>
<tr>
<td>RE Employees</td>
<td>150+</td>
<td>Organization</td>
<td>Investment management company in private market real estate</td>
</tr>
<tr>
<td>AUM</td>
<td>$188.5 Billion</td>
<td>RIA</td>
<td>Yes</td>
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</tbody>
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Primary Strategy: PRISA invests primarily in stabilized, income-producing properties with a strong cash flow that is expected to increase over time and thereby provide the potential for capital appreciation. PRISA invests in the office, retail, industrial, and apartment sectors, and to a lesser extent in self-storage and other property sectors. The Fund is geographically diversified within the U.S., with a majority of investments in major markets and coastal regions. PRISA’s strategy provides for investing at least 85% of its gross market value in core assets, and up to 15% of its gross market value in non-core assets that are expected to achieve above-average real estate returns. Single asset exposure is limited to 5% of PRISA GMV.
Overview

Prudential Financial, Inc. is a global asset management business with $1.4 trillion in global AUM as of December 31, 2020. Prudential is supported by over 1,300 investment professionals globally. PGIM Real Estate is a sub-strategy of PGIM Investment Management. PGIM Real Estate has over $188 billion in AUM as of December 31, 2020. PGIM Real Estate is supported by a team of 150+ real estate professionals.

The Fund is led by Senior Portfolio Manager Frank E. Garcia, as well as the Portfolio Managers, Joanna Mulford (who also serves as PRISA’s Chief Financial Officer), James Glen and Lexi Woolf. The portfolio managers are principally responsible for all aspects of the portfolio’s strategy, including identifying appropriate investment opportunities, overseeing the execution of each investment plan and making critical hold/sell decisions for the portfolio.

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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