Real Estate Investment Summary

Clarion Partners Lion Properties Fund

A Diversified Open-Ended Core Fund

August 2021
Clarion Partners Lion Properties Fund (“LPF” or the “Fund”) is an open-end, diversified Core real estate fund with a portfolio of primarily institutional quality real estate assets located throughout the United States. The investment objective is to provide a strong income return with the potential for long-term capital appreciation. The Fund has outperformed NFI-ODCE over the 1-, 3-, 5-, 7-, and 10-year periods, driven by the combination of a strategic industrial sector overweight, strong performing office assets in major gateway markets, a growing exposure to lab sciences, and an underweight to retail with 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 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 Kayne Anderson a Pass rating.

**RECOMMENDATION**

Townsend recommends NIC submit a redemption request for the capital currently invested with JP Morgan’s Strategic Property Fund for the OSERS Plan. As of March 31, 2021, this amount totals approximately $15.2 million. Townsend also recommends OSERS redeploy redemption proceeds to Clarion Partners Lion Properties Fund (“LPF”), an existing manager of core real estate for the DB/CBB, subject to a completion of a legal review and satisfactory agreement of terms.

### Strategy Summary

<table>
<thead>
<tr>
<th>Fund Structure</th>
<th>Open-End Fund</th>
<th>Risk Segment</th>
<th>US Diversified Core</th>
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<tbody>
<tr>
<td>Size NAV</td>
<td>$12.2 billion</td>
<td>Average Asset Size</td>
<td>$67.7 million</td>
</tr>
<tr>
<td>Valuations</td>
<td>Quarterly FMV Debt/Equity</td>
<td>Minimum Commitment</td>
<td>$5 million</td>
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<tr>
<td>Leverage</td>
<td>24.8%</td>
<td>Current/Max Non-Core %</td>
<td>10%/15%</td>
</tr>
<tr>
<td>Investment Guidelines</td>
<td>In line with peers</td>
<td>Number of Holdings</td>
<td>165</td>
</tr>
<tr>
<td>Performance Objectives</td>
<td>Outperform NFI-ODCE</td>
<td>Benchmark</td>
<td>NFI-ODCE</td>
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**Firm Summary**
Primary Strategy: LPF is an open-end, diversified Core real estate fund with a portfolio of primarily institutional quality real estate assets located throughout the United States. The investment objective is to provide a strong income return with the potential for long-term capital appreciation. The Fund will put emphasis on properties that the manager views as “competitive.” These include recently constructed assets or assets located in desirable locations that are well–designed and preferably maintain an at or above market lease level. The manager may periodically seek “Value Creation Investments” when an investment’s returns are believed to be enhanced by instilling proactive management techniques or value-added programs. The manager has a 15% cap of gross asset value of the entirety of the Fund for these “Value Creation Assets.” The Fund’s primary return objective is to place above the median for peer group investment funds (NCREIF NFI–ODCE). Overall, the Fund seeks to take advantage of the continuously changing conditions of the U.S. property and capital markets all while remaining focused on the management of a core equity specific real estate portfolio.

SPONSOR

PARENT COMPANY

Franklin Resources, Inc. (NYSE: BEN) is a global investment management organization with subsidiaries operating as Franklin Templeton in over 165 countries. Franklin Templeton specializes in equity, fixed income, alternatives, and custom multi-asset solutions. Franklin Templeton had approximately $1.4 trillion in AUM as of June 30, 2020.

SPONSOR

Clarion Partners has $55.6 billion in AUM as of September 30, 2020. The Firm has 288 employees in the US and Europe, and over 400 institutional investors both domestic and international. The Firm specializes in investments in high-quality properties, including office, retail, industrial, multifamily, and hotel. Within the US, the Firm has three private real estate offerings: Lion Properties Fund, Lion Industrial Trust, and Gables Multifamily Trust.

ORGANISATIONAL UPDATES

On July 31, 2020, Franklin Resources, Inc. acquired Legg Mason, Inc. and its specialist investment managers for $6.5 billion. There were no changes to the Clarion’s executives and LPF’s management team.

PLATFORM RESOURCES

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Years of Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeb Belford</td>
<td>Portfolio Manager</td>
<td>36</td>
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<tr>
<td>Jon Gelb</td>
<td>Portfolio Manager</td>
<td>15</td>
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<tr>
<td>Katie Vaz</td>
<td>Assistant Portfolio Manager</td>
<td>15</td>
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<tr>
<td>David Gilbert</td>
<td>CEO &amp; CIO</td>
<td>37</td>
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<td>Heather Hopkins</td>
<td>CFO</td>
<td>24</td>
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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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