



Hamilton Lane

# **Santa Barbara County Employees' Retirement System**

2023 Real Estate Strategic Plan

# Agenda

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- Program Review.....3
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# Program Review



# SBCERS' RE Portfolio Goals and Objectives

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SBCERS' Private Real Estate ("RE") Investment Policy has outlined the following:

## Goal

- To provide investment returns commensurate with the Program's targets through participation in Private Real Estate investment opportunities
- To maintain a target allocation of 10% of total plan assets

## Objectives

In addition, the Portfolio is focused on the following objectives:

- Hedge against unanticipated inflation
- Invest in unique opportunities that arise due to dislocations in markets that occur from time to time
- Provide diversification to SBCERS' overall investment program

## Benchmark:

- Total returns that meet Portfolio's benchmark, NCREIF ODCE Index

## Investment Limitations as a % of Target Allocation:

- One manager – 20% maximum ⇒ One manager at 14%
- Single country outside of the U.S. – 15% maximum
- Vintage Year – 25% maximum
- Single investment size – 15% maximum
- Commercial Mortgages – 25% maximum

# Legacy Portfolio Observations

<b>General Partner Relationships</b>	<ul style="list-style-type: none"><li>• The Legacy Portfolio consists of 25 General Partner relationships, ranging from Lubert-Adler and Walton Street Capital at 10% of total commitments to Moorfield Group at less than 1% of total commitments</li></ul>
<b>Commitment Concentrations</b>	<ul style="list-style-type: none"><li>• The Legacy Portfolio consists of 51 fund investments with commitments ranging from \$4.0 million to \$40.0 million and an average commitment size of \$12.4 million<ul style="list-style-type: none"><li>• 43 closed-end fund investments totaling \$472.1 million in commitments</li><li>• 8 open-end fund investments totaling \$159.5 million in commitments</li></ul></li></ul>
<b>Vintage Year Diversification<sup>1</sup></b>	<ul style="list-style-type: none"><li>• Inconsistent vintage year pacing ranging from annual commitments of \$0 to \$115.0 million across 0 to 8 fund investments</li></ul>
<b>Strategy Diversification</b>	<ul style="list-style-type: none"><li>• Core represents 73% of Legacy Portfolio NAV as of 9/30/2022</li><li>• Value-Add represents 16% of Legacy Portfolio NAV as of 9/30/2022</li><li>• Opportunistic represents 12% of Legacy Portfolio NAV as of 9/30/2022</li></ul>
<b>Geographic Diversification</b>	<ul style="list-style-type: none"><li>• Exposure weighted towards US</li></ul>

<sup>1</sup> Commitments shown as of acquisition date and includes only Closed-End Funds

# SBCERS' RE Portfolio Summary

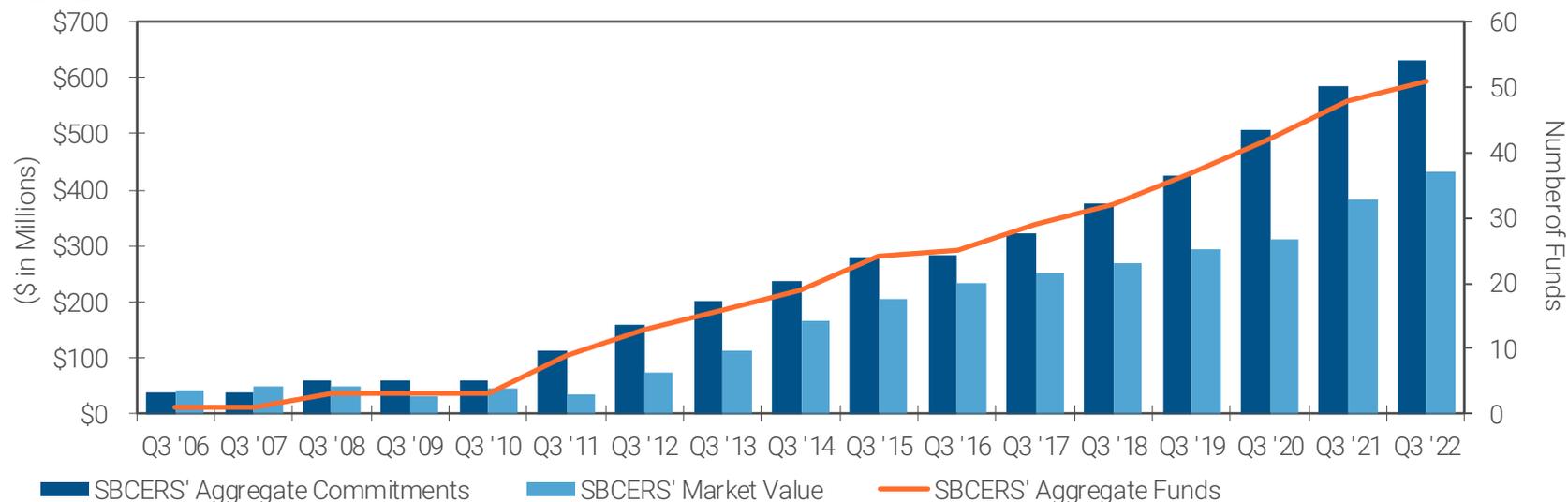
## SBCERS' Portfolio Snapshot

Portfolio Snapshot	
\$ millions	9/30/2022
Active Partnerships	38
Active GP Relationships	19
Capital Committed	\$631.6
Unfunded Commitment	\$159.5
Capital Contributed	\$590.8
Capital Distributed	\$483.8
D/PI	0.8x
Market Value	\$433.0
Total Value Multiple	1.6x
Since Inception IRR	10.50%
Since Inception TWR <sup>1</sup>	8.37%
Active Avg Age of Commitments <sup>2</sup>	3.7 years

## 9/30/22 Portfolio Highlights:

- As of September 30, 2022, SBCERS committed \$631.6M to 38 active partnerships across 19 active managers
- Solid performance since inception – 10.50% net IRR and 1.6x TVPI as of 9/30/22
- Mature Portfolio – first commitment completed in 2006
- Unfunded commitments represent 27% of total exposure

## SBCERS' Portfolio Growth

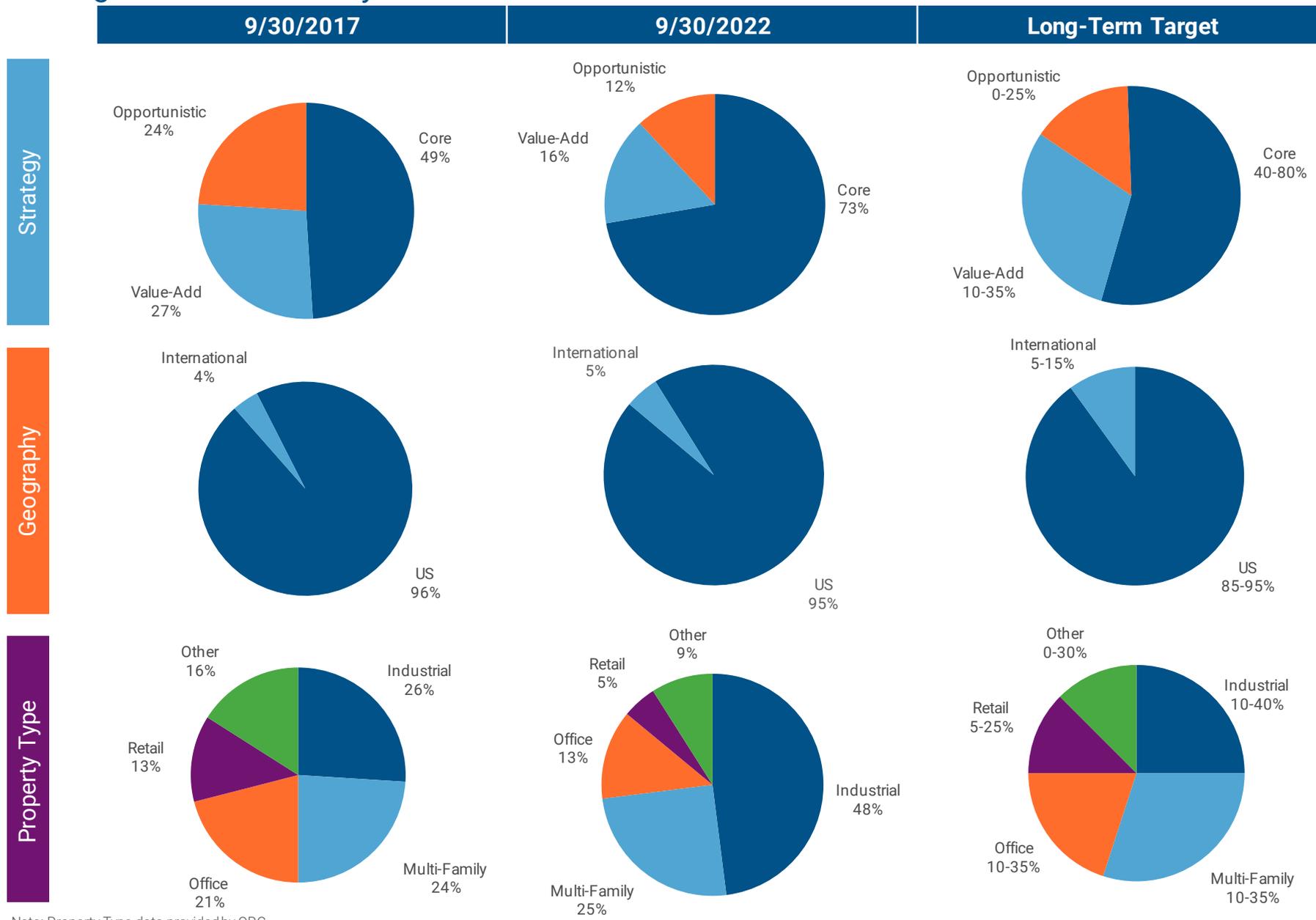


<sup>1</sup> TWR calculated using a modified dietz methodology

<sup>2</sup> Excludes open-end funds

# Diversification 5-Year Change: Strategy, Geography & Industry

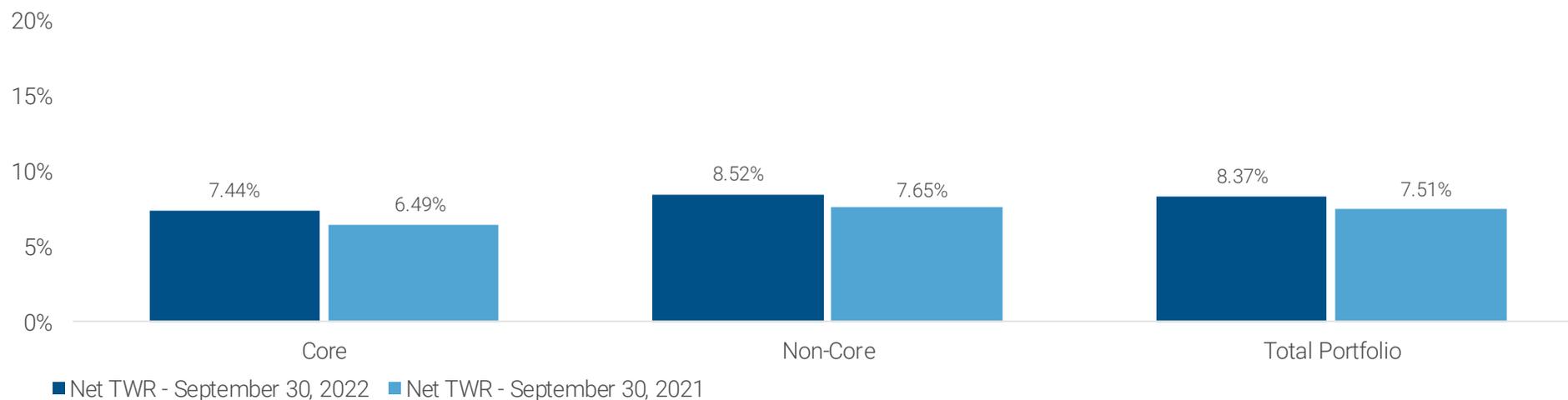
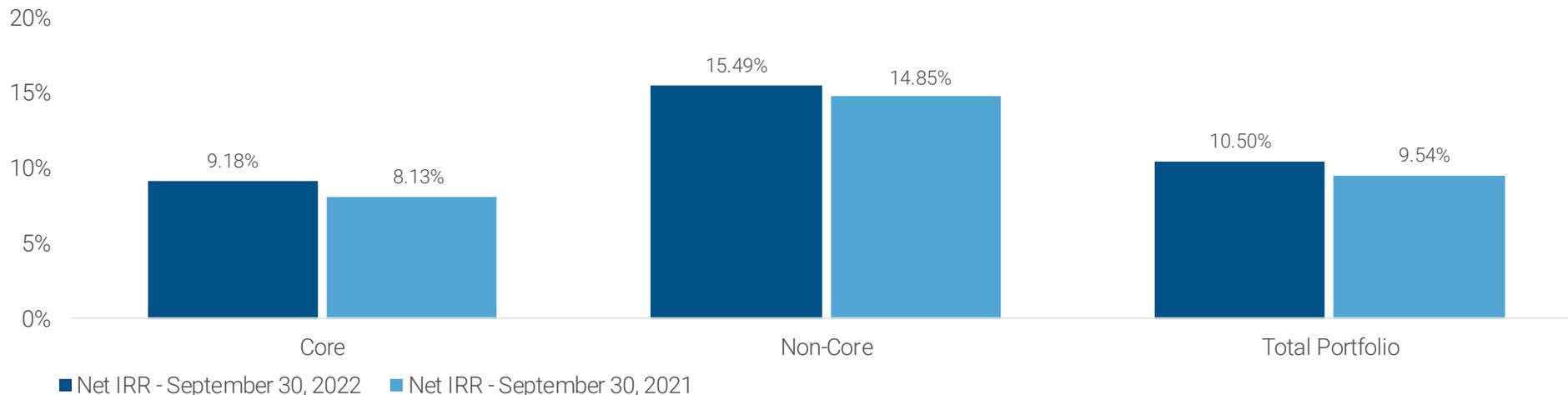
## Strategic Diversification by NAV



Note: Property Type data provided by ORG

# Real Estate Performance by Strategy

Strategy	Commitments	Paid-In Capital	Capital Distributed	DPI	Net Asset Value	Since Inception Net IRR	Since Inception Net TWR	TVPI	1-Year Net IRR	1-Year Net TWR
Core	\$264.5	\$306.7	\$205.0	0.67x	\$314.9	9.18%	7.44%	1.69x	23.15%	23.31%
Non-Core	367.1	284.0	278.7	0.98x	118.1	15.49%	8.52%	1.40x	22.53%	20.68%
<b>Total Portfolio</b>	<b>\$631.6</b>	<b>\$590.8</b>	<b>\$483.8</b>	<b>0.82x</b>	<b>\$433.0</b>	<b>10.50%</b>	<b>8.37%</b>	<b>1.55x</b>	<b>22.96%</b>	<b>22.64%</b>



## Portfolio Observations:

- Non-Core (Value Add & Opportunistic) investments positively impacting since inception IRR by 109 bps<sup>1</sup>

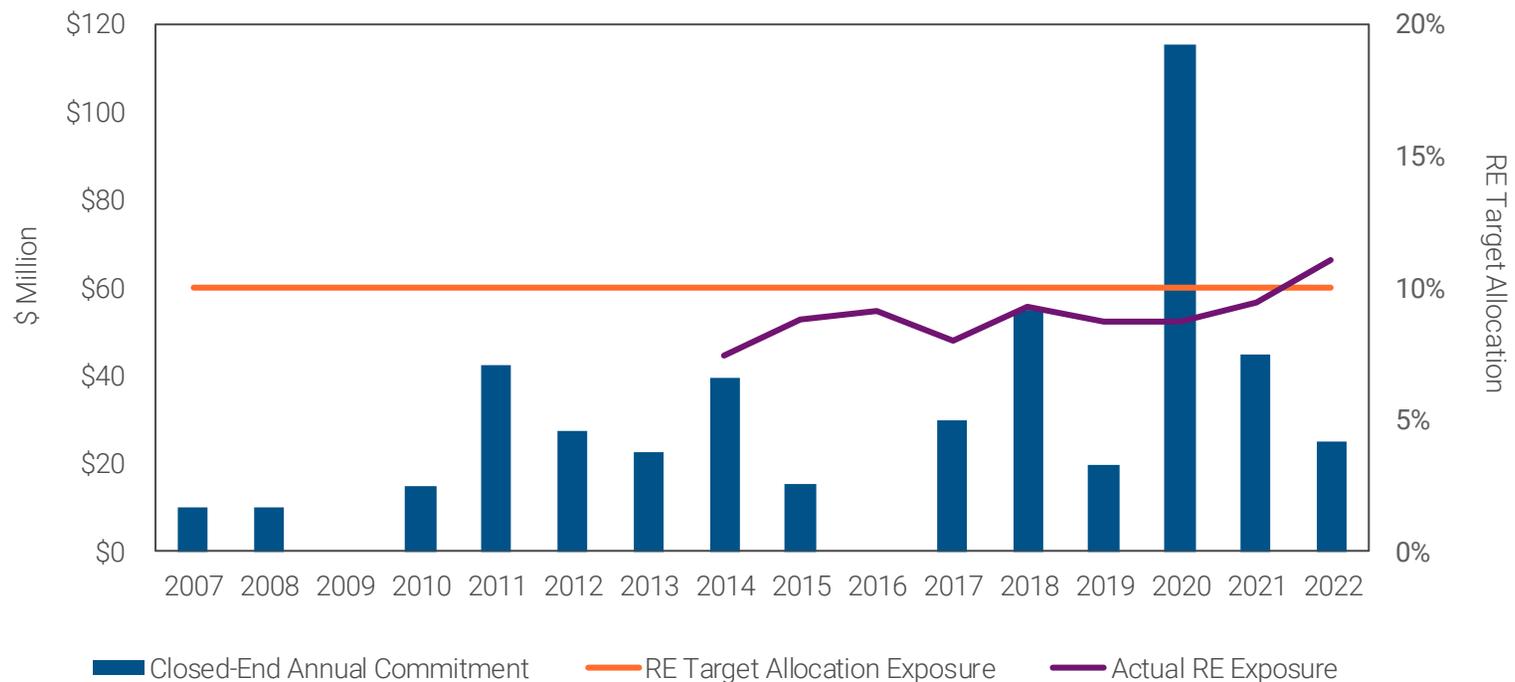
<sup>1</sup> Represents attribution analysis

Note: Core since inception represents first cash flow date of 1/1/2006; non-core since inception represents first cash flow date of 6/25/2008

# SBCERS' RE Portfolio Allocation

- As of September 30, 2022, Real Estate exposure of 11.6% slightly above 10% target

SBCERS' RE Allocation<sup>1,2,3</sup>



<sup>1</sup> Target exposure shown as of current target

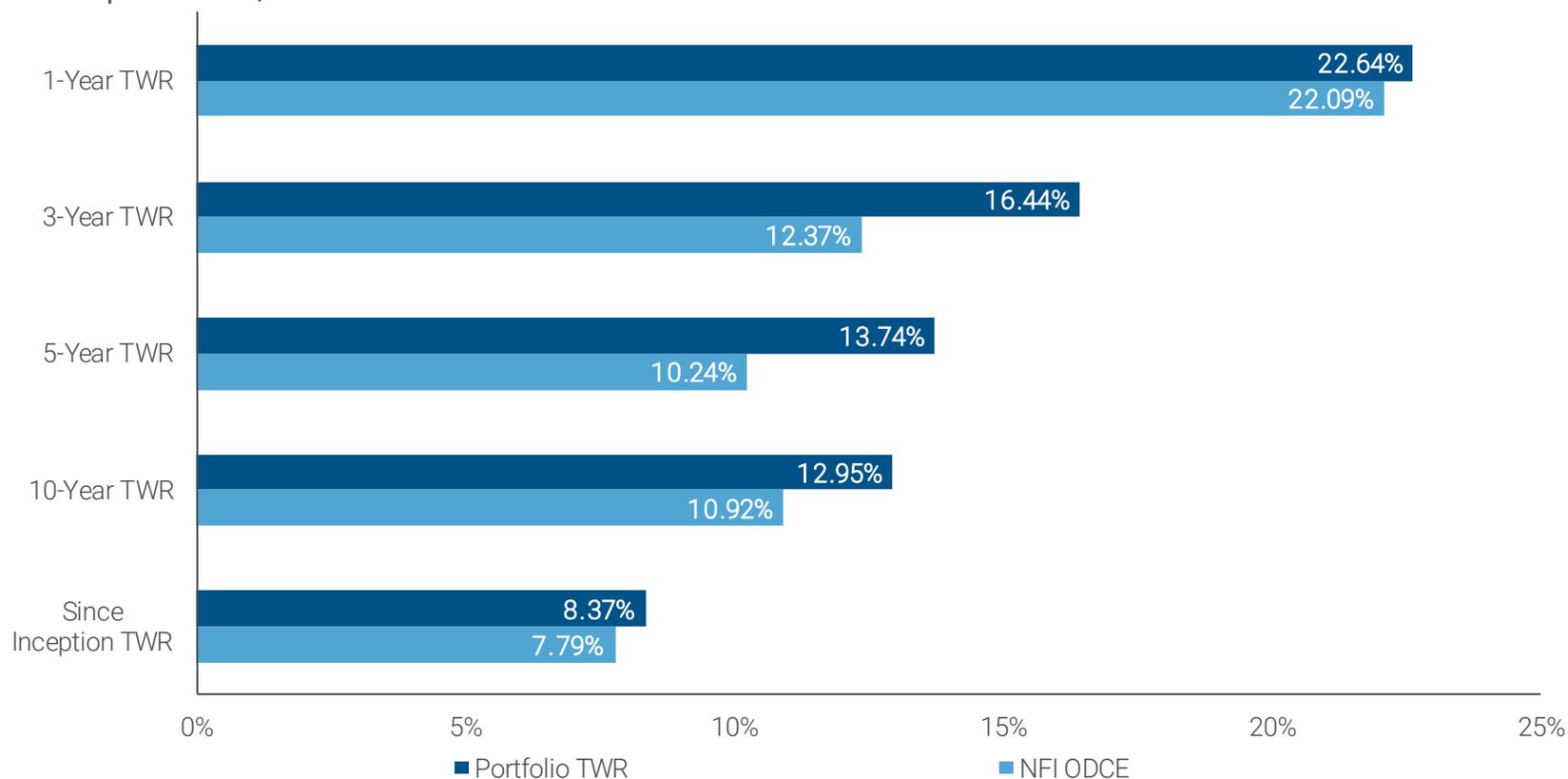
<sup>2</sup> Commitments shown as of acquisition date

<sup>3</sup> Annual Commitment Allocation includes only Closed-End Funds

# Performance vs. Benchmark

## Portfolio outperformed benchmark across all time periods as of September 30, 2022

As of September 30, 2022



- Portfolio outperformed designated benchmark, NCREIF ODCE Index, across all time periods as of September 30, 2022
  - Since inception outperformance of 58 bps
  - One-year outperformance of 55 bps

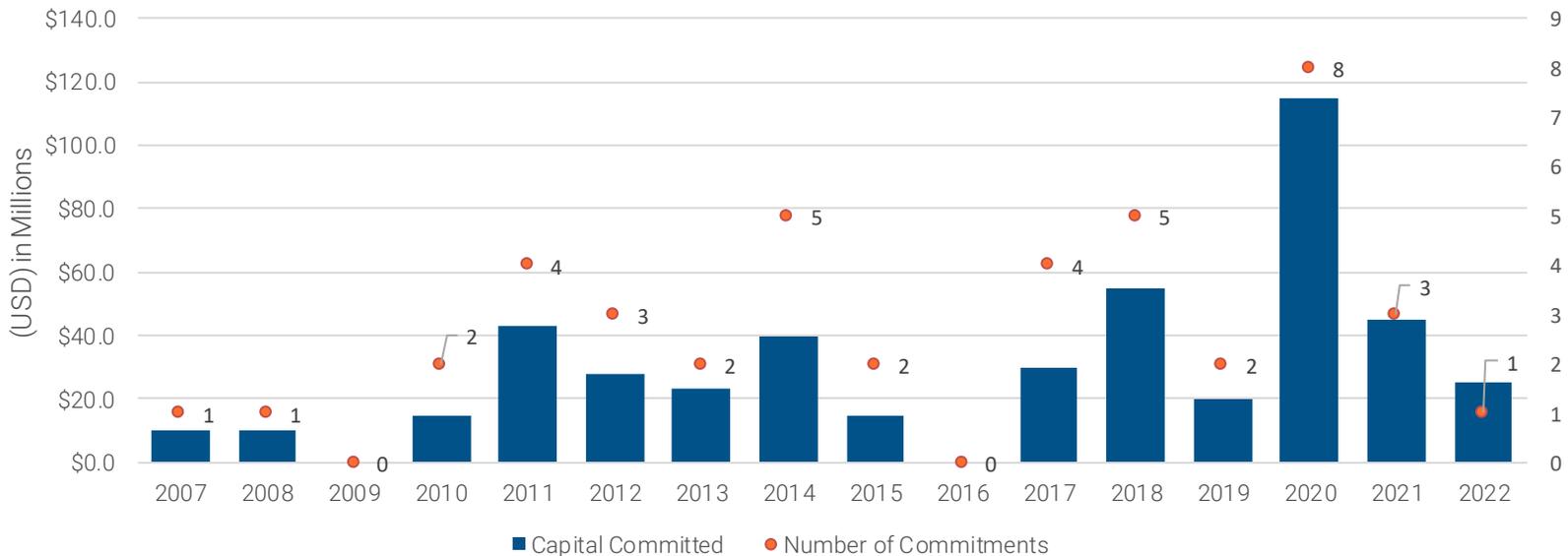
Note: Benchmarks shown as TWRs

Note: TWR calculated using a modified dietz methodology

Note: Since inception represents first cash flow date of 1/1/2006

# Closed-End Fund Commitment Pacing

## Commitment Pacing by Year as of September 30, 2022 <sup>1,2</sup>



### Inconsistent deployment of capital and varying ranges of deals:

- Annual commitments of \$0 to \$115M across 0 to 8 fund investments
- Lumpy commitment pacing increases portfolio risk

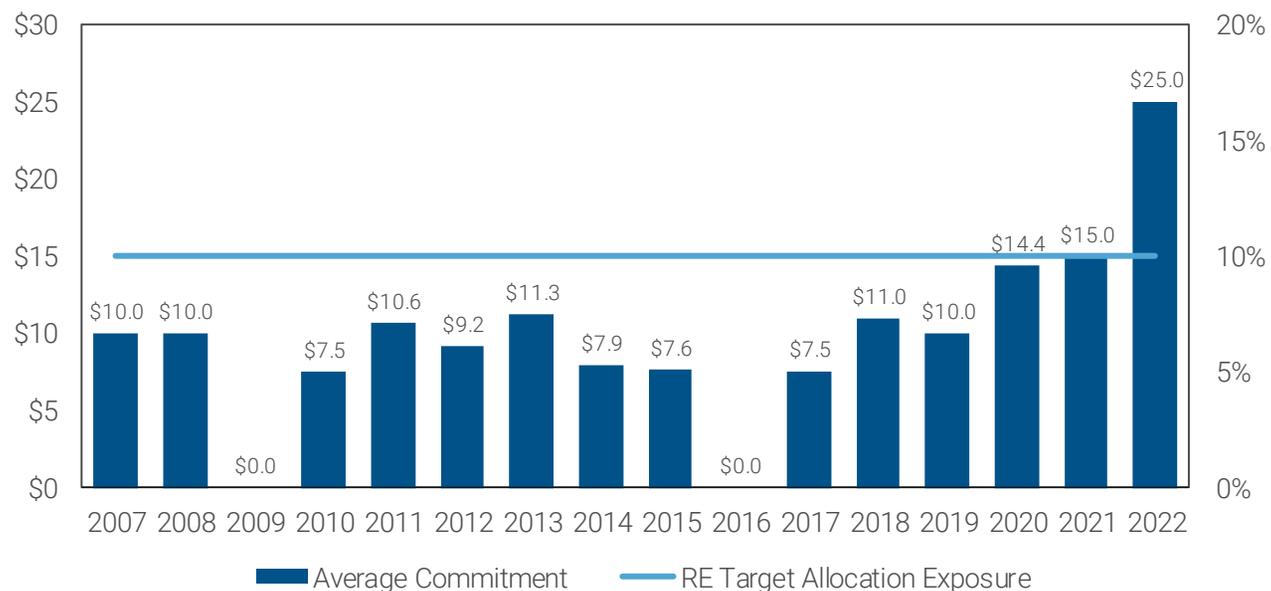
<sup>1</sup> Commitments shown as of acquisition date

<sup>2</sup> Capital Committed and Number of Commitments includes only Closed-End Funds

# 2022 Commitment Activity & Average Commitment Size

Commitment Activity				
Closing Date	Partnership	Strategy	Geographic Focus	Commitment (\$M)
<b>2022 Allocation</b>				
6/22/2022	Longpoint Specialty Grocer Fund I, L.P.	Value-Add	North America	\$25.0
<b>Total</b>				<b>\$25.0</b>

## Average Commitment Size by Year (\$ in Million)



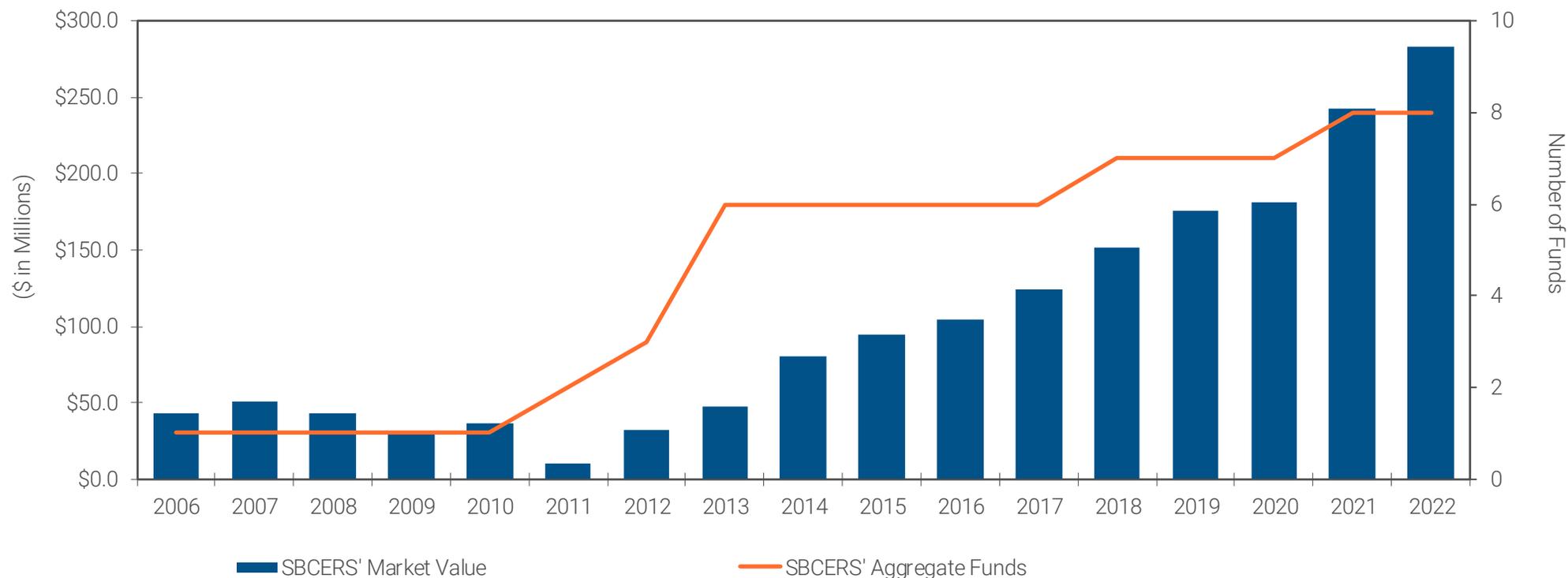
- 2022 commitment activity totaled only \$25.0M versus target of \$75.0M
- Wide range of commitment sizes across vintage years

<sup>1</sup> Target exposure shown as of current target

<sup>2</sup> Commitments shown as of acquisition date

<sup>3</sup> Average Commitment includes only Closed-End Funds

# Open-Ended Fund Overview



- Open-ended funds represent 90.0% of Core MV and 65.5% total RE Portfolio MV
- Number of active open-ended funds has grown from one in 2006 to eight in 2022

# Core Fund Overview

SBCERS Consolidated Core Real Estate Portfolio As of September 30, 2022									
Partnership	Commitments	Paid-in Capital	Market Value	% of Total Exposure <sup>1</sup>	1-Year Return	3-Year Return	5-Year Return	10-Year Return	SI Return
Blackstone Property Partners L.P. <sup>2</sup>	30.0	32.3	43.1	7.3%	18.1%	10.3%	N/A	N/A	9.3%
High Street Real Estate Fund VI, L.P.	15.0	15.1	18.3	3.1%	22.0%	N/A	N/A	N/A	15.9%
High Street Real Estate Fund VII	15.0	7.6	7.2	2.5%	(0.4%)	N/A	N/A	N/A	(0.4%)
INVESCO US Income Fund, L.P. <sup>2</sup>	20.0	33.4	54.3	9.2%	23.4%	15.3%	13.3%	N/A	12.7%
Mesa West Core Lending Fund, L.P. <sup>2</sup>	10.0	15.8	15.8	2.7%	5.8%	5.5%	6.1%	N/A	6.6%
Mesa West Real Estate Income Fund IV, L.P.	10.0	6.0	2.8	1.7%	1.9%	5.7%	6.8%	N/A	6.6%
Prologis European Logistics Fund (PELF) <sup>2</sup>	4.5	5.8	8.7	1.5%	(0.4%)	12.3%	11.2%	N/A	9.9%
Prologis Targeted US Logistics Fund <sup>2</sup>	15.0	20.3	77.3	13.0%	34.3%	26.2%	22.2%	19.1%	18.3%
Stockbridge Smart Markets Fund, L.P. <sup>2</sup>	20.0	31.7	57.7	9.7%	21.5%	14.0%	11.3%	11.5%	11.7%
Walton Street Real Estate Core-Plus Fund, L.P. <sup>2</sup>	20.0	20.3	27.1	4.6%	48.4%	N/A	N/A	N/A	48.4%
Walton Street Real Estate Debt Fund II L.P.	10.0	5.1	3.0	1.8%	6.9%	7.2%	N/A	N/A	8.0%
<b>Total Active Core</b>	<b>\$169.5</b>	<b>\$193.4</b>	<b>\$315.5</b>	<b>57.1%</b>	<b>23.3%</b>	<b>15.9%</b>	<b>13.6%</b>	<b>13.3%</b>	<b>13.1%</b>
<b>Total Liquidated Core</b>	<b>\$95.0</b>	<b>\$113.3</b>	<b>(\$0.6)</b>	<b>0.9%</b>	<b>N/A</b>	<b>4.2%</b>	<b>5.0%</b>	<b>6.9%</b>	<b>4.3%</b>
<b>Total Core Portfolio</b>	<b>\$264.5</b>	<b>\$306.7</b>	<b>\$314.9</b>	<b>58.0%</b>	<b>23.3%</b>	<b>15.8%</b>	<b>13.2%</b>	<b>12.1%</b>	<b>7.4%</b>
<b>NCREIF Property Index</b>					<b>22.1%</b>	<b>12.4%</b>	<b>10.2%</b>	<b>10.9%</b>	<b>7.8%</b>
<b>Difference</b>					<b>1.2%</b>	<b>3.4%</b>	<b>2.9%</b>	<b>1.2%</b>	<b>(0.3%)</b>

- European exposure not included in NCREIF ODCE benchmark
- Debt detracting 23 bps from since inception IRR<sup>3</sup>

<sup>1</sup> Total Exposure is the sum of NAV + Unfunded

<sup>2</sup> Represents an open-end fund

<sup>3</sup> Represents attribution analysis

Note: Performance shown as TWRs

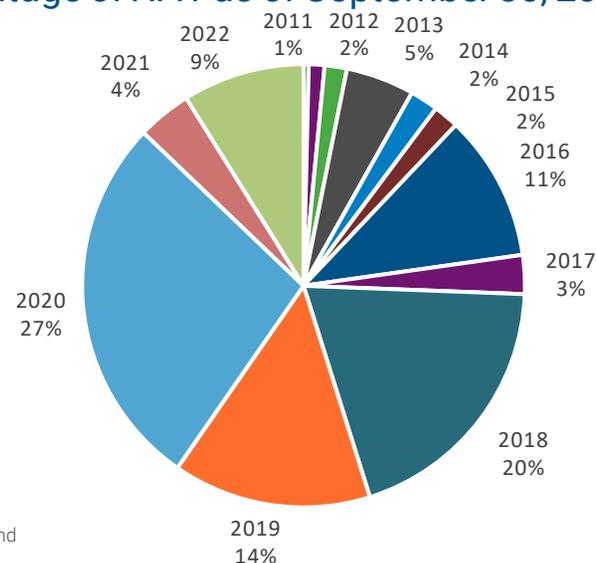
Note: TWR calculated using a modified dietz methodology

# Real Estate Performance by Vintage Year

Fund Vintage Year	Commitments	Paid-In Capital	Capital Distributed	DPI	Net Asset Value	Since Inception Net IRR	TVPI	1-Year Net IRR
2008	\$25.0	\$24.2	\$35.9	1.48x	0.0	14.34%	1.48x	N/A
2009	\$0.0	\$0.0	\$0.0	N/A	N/A	N/A	N/A	N/A
2010	\$10.0	\$10.0	\$15.3	1.53x	0.0	4.97%	1.53x	N/A
2011	\$35.0	\$37.1	\$59.2	1.59x	1.7	13.25%	1.64x	9.43%
2012	\$25.0	\$29.3	\$35.2	1.20x	2.4	10.65%	1.28x	6.50%
2013	\$22.5	\$19.8	\$16.5	0.83x	7.5	4.65%	1.21x	9.83%
2014	\$39.0	\$40.8	\$61.0	1.49x	3.1	14.00%	1.57x	12.62%
2015	\$10.0	\$6.0	\$4.7	0.78x	2.8	6.97%	1.24x	2.33%
2016	\$40.6	\$43.4	\$45.2	1.04x	16.0	8.71%	1.41x	3.82%
2017	\$20.0	\$21.4	\$28.4	1.33x	4.3	24.16%	1.53x	41.67%
2018	\$60.5	\$50.9	\$44.3	0.87x	29.3	23.56%	1.45x	22.44%
2019	\$29.5	\$27.0	\$13.4	0.50x	21.8	20.82%	1.30x	29.37%
2020	\$85.0	\$45.3	\$19.9	0.44x	41.3	53.16%	1.35x	37.05%
2021	\$20.0	\$6.7	\$0.4	0.06x	5.9	(7.34%)	0.95x	N/A
2022	\$50.0	\$15.8	\$2.1	0.13x	13.3	(4.68%)	0.98x	(5.37%)
<b>Open-Ended Funds</b>	<b>\$159.5</b>	<b>\$213.1</b>	<b>\$102.4</b>	<b>0.48x</b>	<b>\$283.6</b>	<b>9.37%</b>	<b>1.81x</b>	<b>24.09%</b>
<b>Total Portfolio</b>	<b>\$631.6</b>	<b>\$590.8</b>	<b>\$483.8</b>	<b>0.82x</b>	<b>\$433.1</b>	<b>10.50%</b>	<b>1.55x</b>	<b>22.96%</b>

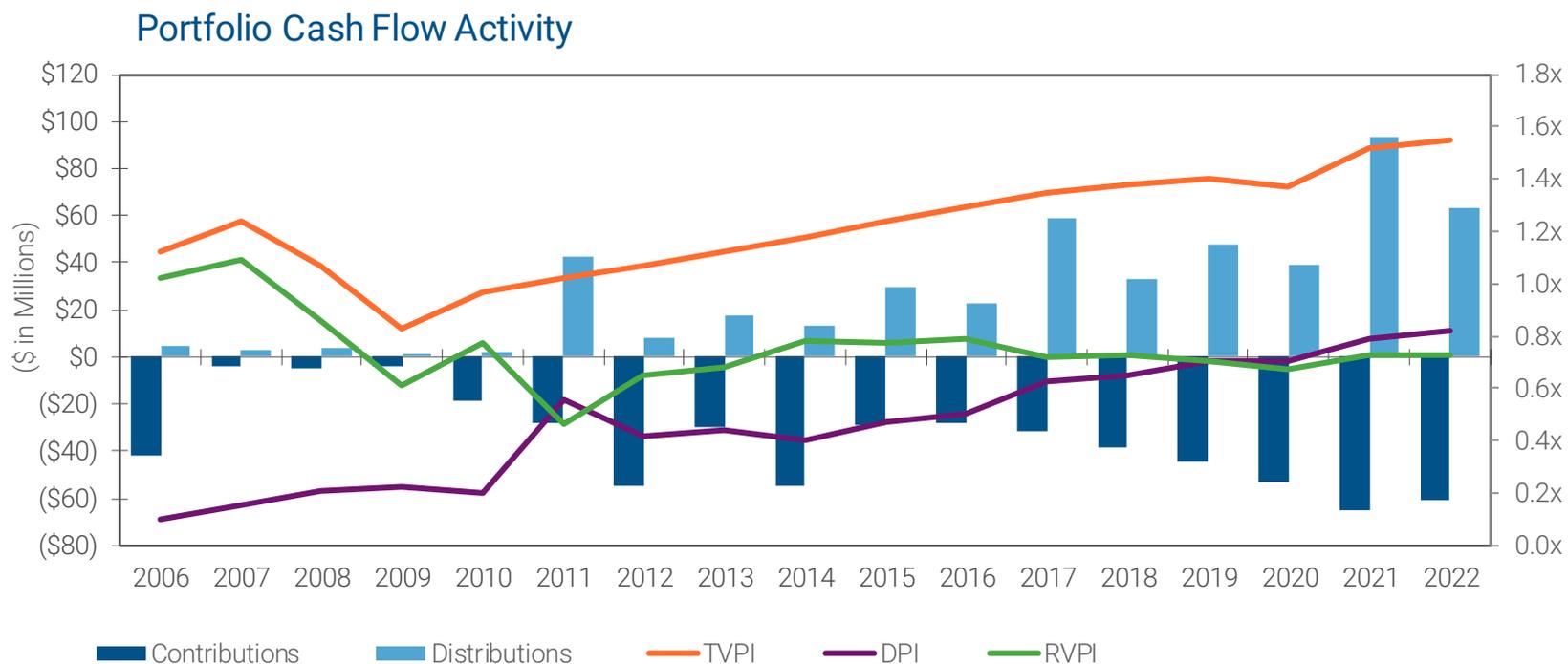
Vintage Year by Percentage of NAV as of September 30, 2022<sup>1</sup>

- Consistent vintage year deployment is important to mitigate risk of under or over-allocation to certain vintages



Note: Commitments shown by fund Vintage Year as determined by the first cash flow date of the fund, which may differ from the closing date of the fund  
<sup>1</sup> NAV includes only Closed-End Funds

# Activity Review



- Net cash inflow of \$2.8M in 2022
- Solid annual distribution activity in 2022
  - 15 funds generated distributions greater than \$1M during the year
- Significant annual contribution activity in 2022
  - 14 funds called greater than \$1M during the year

# Top Manager Exposure

## Investment Guidelines limit exposure to one manager to a maximum of 20% of total Program

- Portfolio is well diversified by manager with top exposure at 14.5% of the total Program

Top 5 GP Relationships by Total Exposure* As of September 30, 2022					
General Partner	Investment Strategy	Number of Funds	Total Exposure (\$M)	% of Total Portfolio	Since Inception IRR
Prologis	Core	2	\$86.0	14.5%	10.8%
Stockbridge Real Estate	Core/Value-Add	4	68.5	11.6%	10.5%
Walton Street Capital	Core/Debt/Opportunistic	5	68.3	11.5%	9.9%
Invesco Real Estate	Core	1	54.4	9.2%	12.7%
Blackstone	Core Plus/Opportunistic	3	51.5	8.7%	12.4%
<b>Total</b>		<b>15</b>	<b>\$328.6</b>	<b>55.5%</b>	<b>12.2%</b>

\*Total Exposure defined as Reported Market Value plus Unfunded Commitment

- All top manager exposures are generating near double-digit since inception returns
- In aggregate the managers are generating an IRR over 12%

# SBCERS RE Legacy GP Funds Coming to Market

SBCERS - RE Portfolio GP Performance Summary (USD) as of 9/30/2022 <sup>1</sup>										
General Partner	No. of Investments	Prior Fund VY	Prior Fund % Invested	Capital Committed	Total Exposure	% Total Portfolio Exposure <sup>2</sup>	DPI	TVPI	Net IRR	Back to Market
Prologis	2	2008	136%	\$19,515,508	\$85,972,369	14.5%	0.59x	4.39x	17.7%	2023
Stockbridge Real Estate	4	2018	87%	45,000,000	68,505,313	11.6%	0.78x	1.98x	12.7%	2023
Walton Street Capital, LLC	5	2020	36%	60,000,000	68,309,278	11.5%	0.43x	1.31x	14.4%	2024
Invesco Real Estate	1	2013	167%	20,000,000	54,347,994	9.2%	0.43x	2.06x	13.1%	2023
Blackstone	3	2019	142%	42,000,000	51,509,032	8.7%	0.43x	1.48x	11.8%	2023
Lubert-Adler	4	2020	51%	62,500,000	50,502,487	8.5%	0.70x	1.38x	11.7%	2023
Longpoint Realty Partners	3	2022	55%	55,500,000	42,546,076	7.2%	1.20x	1.56x	38.3%	2025
Mesa West Capital, LLC	3	2015	60%	30,000,000	35,973,130	6.1%	0.72x	1.35x	7.0%	2024
High Street Realty Company LLC	2	2022	51%	30,000,000	32,943,875	5.6%	0.07x	1.20x	14.3%	2023
Citymark Capital	2	2021	34%	35,000,000	32,175,029	5.4%	0.48x	1.17x	15.9%	2025
Grandview Property Partners, LLC	2	2022	82%	20,000,000	17,248,357	2.9%	0.53x	1.23x	35.4%	2024
Abacus Multi-Family Partners	4	2020	64%	42,500,000	15,855,823	2.7%	1.32x	1.56x	17.8%	2025
Alex Brown Realty, Inc.	1	2019	51%	10,000,000	10,743,234	1.8%	0.18x	1.32x	19.7%	2023
Alcion Ventures	1	2018	42%	10,000,000	8,167,913	1.4%	0.42x	0.83x	-18.2%	N/A
Rubenstein Properties	1	2016	101%	5,000,000	4,595,823	0.8%	0.00x	0.91x	-2.3%	2024
Greenfield Acquisition Partners	2	2014	115%	17,500,000	4,231,185	0.7%	1.40x	1.47x	12.0%	N/A
Patron Capital Partners	1	2016	85%	5,581,684	3,393,164	0.6%	0.64x	1.18x	6.9%	2023
Miller Global Properties, LLC	2	2017	113%	12,500,000	3,345,515	0.6%	1.10x	1.20x	12.9%	2024
Rockwood Capital Co.	1	2008	92%	10,000,000	1,873,119	0.3%	1.65x	1.64x	19.0%	2023
<b>Total Portfolio</b>	<b>51</b>			<b>\$631,583,349</b>	<b>\$592,518,789</b>	<b>100.0%</b>	<b>0.8x</b>	<b>1.6x</b>	<b>10.50%</b>	

- HL will review and consider all legacy managers coming back to market

<sup>1</sup>Exposures below \$1M excluded but included in the total

<sup>2</sup>Total Exposure is the sum of NAV + Unfunded



# Strategic Plan



# Where Are We Headed?

## Identifying 2023 Portfolio Objectives

Continue to Manage RE Exposure	<ul style="list-style-type: none"><li>• Target commitments of \$65M - \$85M to maintain 10% long-term RE target allocation</li><li>• Look to commit to 6 to 8 closed-end, non-core funds with bite sizes of \$10M to \$15M</li></ul>
Manager Concentration	<ul style="list-style-type: none"><li>• Focus on committing to top existing managers, while selectively evaluating new and complementary managers</li></ul>
Strategy & Property Type Exposure	<ul style="list-style-type: none"><li>• Consider new commitments to Value-Add and Opportunistic managers</li><li>• Look to re-balance property type allocations to ensure alignment with investment policy guidelines</li><li>• Look to reduce industrial exposure to high-end of target range and increase exposure to other asset types</li></ul>
Core Exposure	<ul style="list-style-type: none"><li>• Target open-end, equity funds in the US within core/core plus portfolio</li><li>• Perform a holistic review of existing core portfolio</li></ul>
Geographic Allocation	<ul style="list-style-type: none"><li>• Continue to overweight North America but look to opportunistically add exposure in other developed markets</li></ul>
Board and Staff Education	<ul style="list-style-type: none"><li>• Present Board Education on Real Estate</li></ul>

# Attractive Investment Themes within Major Sectors

Focus Sectors	Market Driven Themes	Considerations
<p><b>Residential</b></p>  	<ul style="list-style-type: none"> <li>• Structural demand tailwinds</li> <li>• Short term leases benefit from rental growth</li> <li>• Multiple ways to play</li> <li>• Capital flows support build to core</li> <li>• Rental housing growing internationally</li> <li>• Attractive agency financing</li> </ul>	<ul style="list-style-type: none"> <li>• Rental growth slowing in certain markets</li> <li>• Cap rates remain low despite slight increases in 2022</li> <li>• Negative leverage spreads may impact performance</li> <li>• Highly competitive environment</li> </ul>
<p><b>Industrial</b></p>  	<ul style="list-style-type: none"> <li>• E-commerce demand tailwinds</li> <li>• Sustained supply/demand imbalance</li> <li>• Evolving sector with numerous ways to gain exposure</li> <li>• Logistics users constantly looking to reduce distance to consumers</li> </ul>	<ul style="list-style-type: none"> <li>• Rental growth slowing in certain markets</li> <li>• Cap rates remain low, despite slight increases in 2022</li> <li>• Narrow or negative spreads over borrowing rates</li> <li>• Highly competitive environment</li> </ul>
<p><b>Office</b></p>  	<ul style="list-style-type: none"> <li>• Flight to quality for newly delivered, class A modern office space</li> <li>• Creative office and space in mixed-use settings remain priority for tenants</li> <li>• Medical office supported by defensive, structural demand drivers</li> <li>• Portfolio premiums for medical office assets given fragmented market</li> </ul>	<ul style="list-style-type: none"> <li>• Structural headwinds for traditional office space, particularly older product</li> <li>• Cyclical lack of demand for office during economic downturns</li> <li>• Potential distress for office leases and loans coming due</li> <li>• Fragmented medical office market highlights differences in quality among operators</li> <li>• Life science demand may decline as venture capital funding retreats</li> </ul>
<p><b>Retail</b></p>  	<ul style="list-style-type: none"> <li>• Grocery-anchored retail has demonstrated defensive, resilient demand</li> <li>• Relatively attractive entry yields with accretive financing available</li> </ul>	<ul style="list-style-type: none"> <li>• Structural headwinds for brick and mortar retail due to rise of e-commerce</li> <li>• Cyclical reduction in discretionary consumer spending during economic downturns</li> <li>• Post-covid risk of a spending redirection from consumer goods to travel and leisure activities</li> </ul>
<p><b>Alternative</b></p>  	<ul style="list-style-type: none"> <li>• Structural demand drivers for self-storage and data centers</li> <li>• Post-covid rebound in demand for travel and leisure services</li> <li>• Aggressive push for content fueling demand for modern studio real estate</li> </ul>	<ul style="list-style-type: none"> <li>• Poorly managed self-storage facilities with non-institutional owners create the need for top-quality operators</li> <li>• Fragmented self-storage market creates barriers to scale</li> <li>• Specialized nature of data centers requires need for experienced operating partners</li> <li>• Limited land availability in infill locations</li> </ul>

# Portfolio Diversification Targets

Strategy Target Exposure vs. Actual Exposure		
Strategy	Target Range	9/30/2022
Core	40-80%	73%
Value-Add	10-35%	16%
Opportunistic	0-25%	12%

Geographic Target Exposure vs. Actual Exposure		
Location	Target Range	9/30/2022
US	85-95%	95%
International	5-15%	5%

Property Type Target Exposure vs. Actual Exposure		
Property Type	Target Range	9/30/2022
Industrial	10-40%	48%
Multi-Family	10-35%	25%
Office	10-35%	13%
Retail	5-25%	5%
Other	0-30%	9%

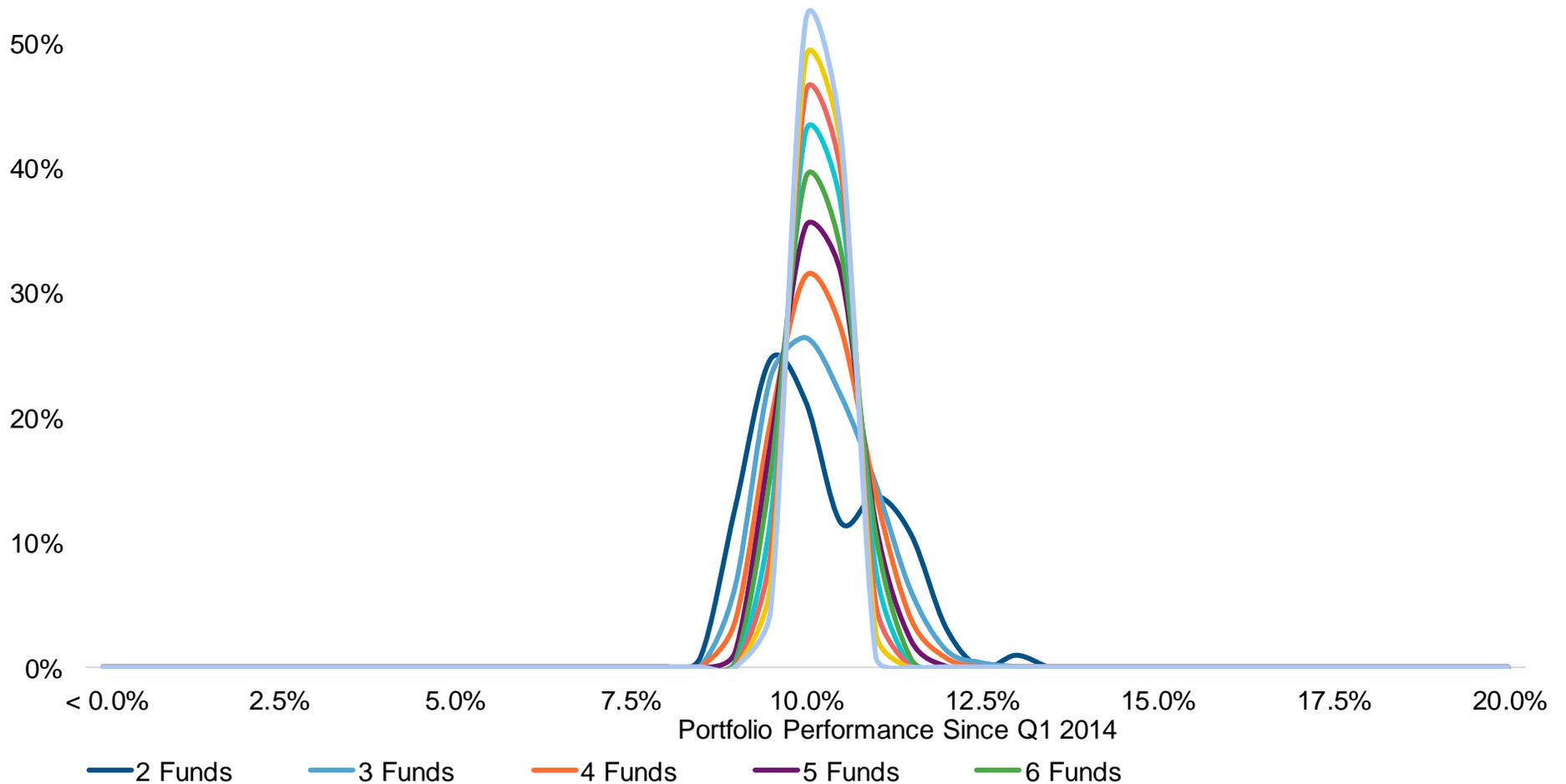
Note: Property Type data provided by ORG

- As of September 30, 2022, all strategy exposures are within target ranges identified in the RE Investment Policy
  - Portfolio weighted to Core
  - Look to migrate core exposure closer to 55% of the overall real estate portfolio
- Portfolio weighted to US
- We would expect core exposure to remain at or near 100% allocated to the US and to gain International exposure via the non-core portion of the portfolio
- Portfolio weighted to Industrial
- Rebalance property-type exposure by reducing industrial and re-allocating to other asset types

# Core Manager Considerations

## Distribution of Returns - Core Real Estate

Percent of Trials by Number of Funds Picked; 10,000 Trials  
60%



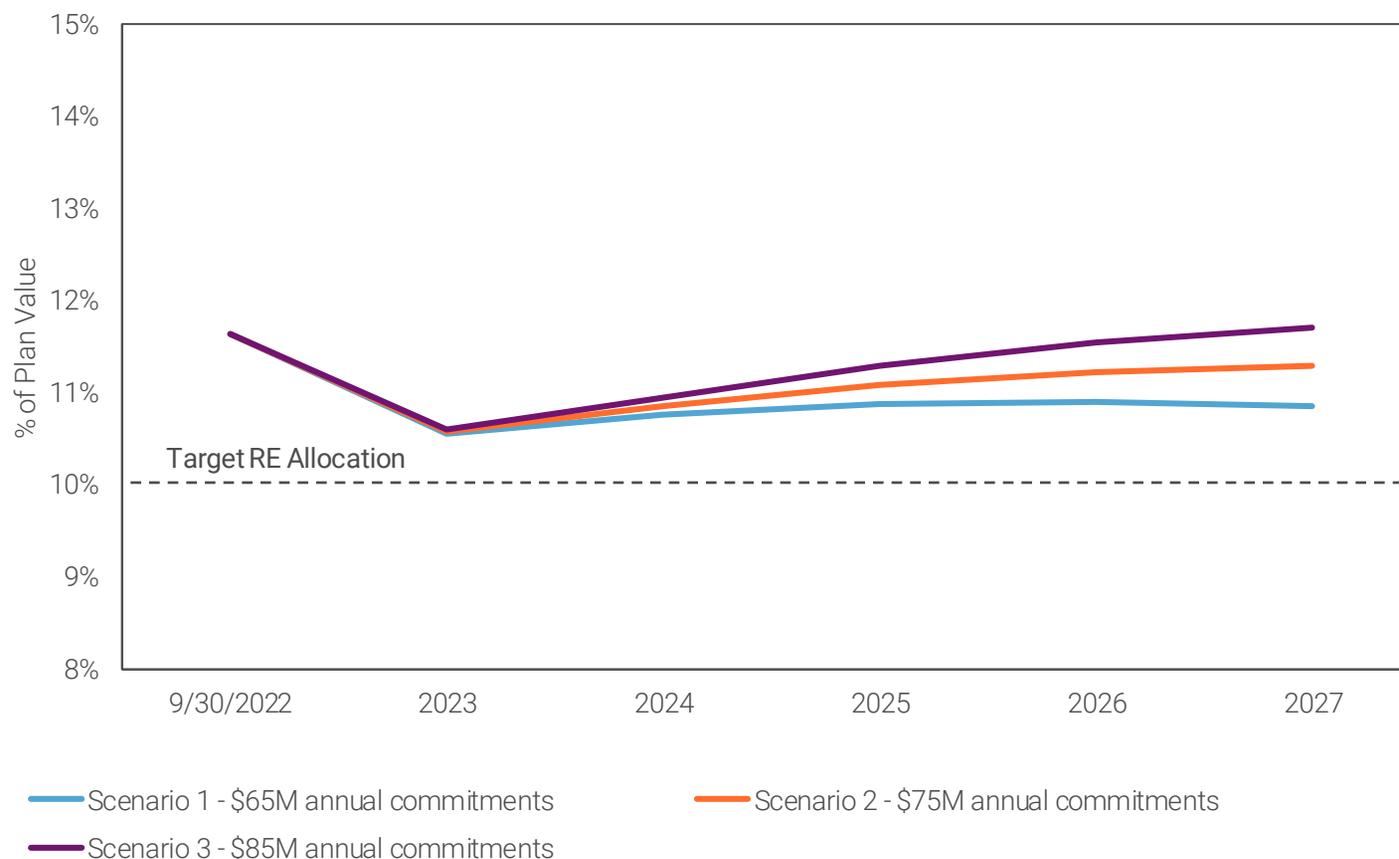
Source: Hamilton Lane Data (July 2022)

- 2-4 open-ended funds maximize the risk return profile of a portfolio

# Horizon Model

Scenario	As of 9/30/22	2023	2024	2025	2026	2027
Scenario 1: \$65M annual commitments	11.6%	10.5%	10.8%	10.9%	10.9%	10.9%
Scenario 2: \$75M annual commitments	11.6%	10.6%	10.9%	11.1%	11.2%	11.3%
Scenario 3: \$85M annual commitments	11.6%	10.6%	10.9%	11.3%	11.6%	11.7%

Projected Allocation - Assumes 7.0% Total Plan Growth Rate



Note: Includes a \$70M redemption to open-ended funds in Q4 2023

# Horizon Model

SBCERS RE Pacing Scenarios						
USD in Millions	9/30/2022	2023	2024	2025	2026	2027
<b>Scenario 1 - \$65M annual commitments</b>						
Core	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Non-Core	\$65.0	\$65.0	\$65.0	\$65.0	\$65.0	\$65.0
Total Commitments	\$65.0	\$65.0	\$65.0	\$65.0	\$65.0	\$65.0
<b>Private Real Estate Exposure</b>						
PM Market Value	\$433.0	\$441.4	\$481.8	\$520.9	\$558.8	\$595.9
Core	72.7%	61.0%	60.1%	59.2%	58.5%	57.4%
Non-Core	27.3%	39.0%	39.9%	40.8%	41.5%	42.6%
Overall Plan Value	\$3,720.6	\$4,185.4	\$4,478.4	\$4,791.9	\$5,127.3	\$5,486.2
RE Allocation	11.64%	10.55%	10.76%	10.87%	10.90%	10.86%
<b>Scenario 2 - \$75M annual commitments</b>						
Core	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Non-Core	\$75.0	\$75.0	\$75.0	\$75.0	\$75.0	\$75.0
Total Commitments	\$75.0	\$75.0	\$75.0	\$75.0	\$75.0	\$75.0
<b>Private Real Estate Exposure</b>						
PM Market Value	\$433.0	\$442.3	\$486.1	\$530.9	\$575.5	\$619.2
Core	72.7%	60.9%	59.6%	58.1%	56.8%	55.3%
Non-Core	27.3%	39.1%	40.4%	41.9%	43.2%	44.7%
Overall Plan Value	\$3,720.6	\$4,185.4	\$4,478.4	\$4,791.9	\$5,127.3	\$5,486.2
RE Allocation	11.64%	10.57%	10.85%	11.08%	11.22%	11.29%
<b>Scenario 3 - \$85M annual commitments</b>						
Core	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Non-Core	\$85.0	\$85.0	\$85.0	\$85.0	\$85.0	\$85.0
Total Commitments	\$85.0	\$85.0	\$85.0	\$85.0	\$85.0	\$85.0
<b>Private Real Estate Exposure</b>						
PM Market Value	\$433.0	\$443.3	\$490.4	\$540.9	\$592.3	\$642.5
Core	72.7%	60.8%	59.1%	57.0%	55.2%	53.2%
Non-Core	27.3%	39.2%	40.9%	43.0%	44.8%	46.8%
Overall Plan Value	\$3,720.6	\$4,185.4	\$4,478.4	\$4,791.9	\$5,127.3	\$5,486.2
RE Allocation	11.64%	10.59%	10.95%	11.29%	11.55%	11.71%

Note: Includes a \$70M redemption to open-ended funds in Q4 2023



# Appendix



# Performance Summary by Investment

San ta Barbara County Employees' Retirement System Real Estate Portfolio Performance Summary by Investment as of September 30, 2022						
Partnership	Vin tage Year	Capital Com mitted	Paid-In Capital	Capital Distributed	Market Value	Since In ception IRR
Abacus Core Income Fund I, LP	2014	\$10,000,000	\$9,033,596	\$14,613,707	\$-	10.23%
Abacus Multi-Family Partners III, L.P.	2014	7,500,000	8,275,240	12,657,566	13,099	25.62%
Abacus Multi-Family Partners IV, L.P.	2017	15,000,000	15,731,846	23,180,350	2,816,582	28.88%
Abacus Multi-Family Partners V, L.P.	2020	10,000,000	6,415,094	1,584,906	6,566,940	30.01%
ABR Chesapeake Fund VI, L.P.	2019	10,000,000	5,100,000	900,005	5,843,234	19.69%
Alcion Real Estate Partners Fund IV, L.P.	2018	10,000,000	4,175,276	1,752,811	1,700,698	(18.22%)
Blackstone Property Partners L.P.	2017	30,000,000	32,296,581	3,322,608	43,130,515	9.48%
Blackstone Real Estate Partners IX, L.P.	2018	4,500,000	4,595,332	1,439,306	5,119,724	32.15%
Blackstone Real Estate Partners VII, L.P.	2011	7,500,000	10,632,650	15,734,803	1,710,439	15.44%
CBRE Strategic Partners US Value 5, L.P.	2008	10,000,000	10,000,000	14,156,289	8,906	16.18%
Citymark Capital U.S. Apartment Fund II L.P.	2019	15,000,000	17,323,825	11,052,647	10,793,124	18.40%
Citymark Capital U.S. Apartment Fund III L.P.	2021	20,000,000	6,739,172	433,275	5,944,480	(7.34%)
Grandview I-C, LP	2020	10,000,000	8,358,130	6,729,286	5,506,633	51.16%
Grandview Partners Fund II	2021	10,000,000	8,198,485	2,064,948	6,131,503	(0.04%)
Greenfield Acquisition Partners VI, L.P.	2011	7,500,000	10,039,242	12,719,726	11,101	9.89%
Greenfield Acquisition Partners VII, L.P.	2013	10,000,000	11,484,740	17,422,193	1,406,195	13.58%
H/2 Credit Partners Ltd. B-1	2010	10,000,000	10,000,000	15,310,912	(6,331)	4.97%
Harrison Street Core Property Fund, L.P.	2012	10,000,000	15,800,641	25,323,424	-	8.44%
Harrison Street Securities Separate Account	2011	20,000,000	20,000,000	31,934,875	10,646	10.98%
High Street Real Estate Fund VI, L.P.	2020	15,000,000	15,062,178	1,652,328	18,304,821	16.68%
High Street Real Estate Fund VII	2021	15,000,000	7,577,320	-	7,216,374	(6.13%)
INVESCO US Income Fund, L.P.	2013	20,000,000	33,385,232	14,365,186	54,347,994	13.07%
Longpoint Realty Fund I, LP	2018	15,500,000	17,782,985	31,238,882	285,286	39.67%
Longpoint Realty Fund II, LP	2020	15,000,000	8,250,000	112,024	8,960,790	15.77%
Longpoint Specialty Grocer Fund I, LP	2022	25,000,000	-	-	-	-
Lubert-Adler Real Estate Fund VII, L.P.	2013	12,500,000	12,234,596	6,731,958	7,501,356	2.98%
Lubert-Adler Real Estate Fund VII-B, L.P.	2016	10,000,000	9,000,000	10,635,597	3,036,187	15.25%
Lubert-Adler Recovery and Enhancement Capital Fund, L.P.	2020	10,000,000	3,500,000	-	4,090,248	17.94%
Lubert-Adler Workforce Housing Fund L.P.	2020	30,000,000	15,162,321	10,500,000	12,597,419	87.01%
Mesa West Core Lending Fund, L.P.	2013	10,000,000	15,789,616	6,661,194	15,847,076	6.49%

# Performance Summary by Investment

## San ta Barbara County Employees' Retirement System Real Estate Portfolio Performance Summary by Investment as of September 30, 2022

Partnership	Vintage Year	Capital Committed	Paid-In Capital	Capital Distributed	Market Value	Since Inception IRR
Mesa West Real Estate Income Fund III, L.P.	2013	10,000,000	7,575,674	9,780,698	1,208	8.56%
Mesa West Real Estate Income Fund IV, L.P.	2015	10,000,000	6,000,000	4,654,683	2,791,513	6.97%
Miller Global Fund VII, LLC	2012	7,500,000	9,870,471	11,917,087	29,813	13.76%
Miller Global Fund VIII, LLC	2017	5,000,000	5,659,532	5,224,171	1,439,987	10.36%
Moorfield Real Estate Fund III	2014	3,986,157	4,514,227	5,740,128	181,614	12.36%
Patron Capital, V L.P.	2015	5,581,684	4,767,620	3,044,108	2,579,100	6.91%
PRIMA Mortgage Investment Trust, LLC	2010	5,000,000	5,010,607	6,586,413	(12,701)	6.29%
Prologis European Logistics Fund "PELF"	2011	4,515,508	5,779,145	2,394,063	8,665,339	18.58%
Prologis Targeted US Logistics Fund	2011	15,000,000	20,335,641	12,059,451	77,307,030	N/A
Rockwood Capital Real Estate Partners Fund VIII, L.P.	2009	10,000,000	9,186,074	15,111,694	(13,586)	19.00%
RREEF America REIT II, Inc	2006	40,000,000	53,502,666	50,256,472	(546,025)	(2.05%)
Rubenstein Properties Fund III, L.P.	2016	5,000,000	5,032,758	-	4,595,823	(2.34%)
Stockbridge Smart Markets Fund, L.P.	2012	20,000,000	31,712,370	13,379,962	57,706,325	11.47%
Stockbridge Value Fund II, L.P.	2014	7,500,000	7,516,789	10,537,226	1,494,225	15.51%
Stockbridge Value Fund III, L.P.	2018	10,000,000	8,689,006	7,174,401	6,006,677	17.47%
Stockbridge Value Fund, L.P.	2011	7,500,000	6,469,921	11,485,078	2,607	19.06%
Walton Street Real Estate Core-Plus Fund, L.P.	2021	20,000,000	20,318,471	-	27,094,719	38.65%
Walton Street Real Estate Debt Fund II L.P.	2018	10,000,000	5,143,382	2,521,710	3,039,720	7.30%
Walton Street Real Estate Fund IX, L.P.	2020	10,000,000	3,611,843	994,891	3,545,402	443.33%
Walton Street Real Estate Fund VII, L.P.	2012	10,000,000	9,350,074	10,515,694	2,397,872	9.79%
Walton Street Real Estate Fund VIII, L.P.	2017	10,000,000	8,794,429	6,147,858	5,833,946	10.84%
<b>Total Portfolio</b>		<b>\$ 631,583,349</b>	<b>\$ 590,784,798</b>	<b>\$ 483,756,595</b>	<b>\$ 433,035,647</b>	<b>10.50%</b>

# Important Disclosures

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Non-public information contained in this report is confidential and intended solely for dissemination to the client and/or its Affiliates. Hamilton Lane has prepared this report to enable the client and/or its Affiliates to assess the performance and status of its alternative investment portfolio. The calculations contained in this document are made by Hamilton Lane based on information provided by the general partner (e.g. cash flows and valuations), and have not been prepared, reviewed or approved by the general partners. Hamilton Lane hereby disclaims any liability resulting from any unauthorized dissemination of the attached information.

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