

**Alameda County Employees'
Retirement Association**

ACERA

REAL ESTATE INVESTMENT POLICY

Amended August 21, 2025

ACERA REAL ESTATE INVESTMENT POLICY

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I. SCOPE

The Real Estate Investment Guidelines, Policies and Procedures (“RE Policy”) governs all investments in the Real Estate (“RE”) asset class made by Alameda County Employee’s Retirement Association (“ACERA”)¹. The investments governed under this RE Policy are subject to applicable law and the applicable limitations and requirements of ACERA’s General Investment Guideline, Policies and Procedures (“General Policy”). If there is any conflict between this RE Policy and ACERA’s General Policy pertaining to investments in the Real Estate asset class, this RE Policy prevails. The ACERA Board (“Board”) reserves the right to amend, supplement or rescind this RE Policy at any time.

II. PURPOSE

The purpose of this RE Policy is to 1) set forth the real estate investment policies and guidelines which are deemed to be appropriate and prudent; 2) establish criteria against which real estate investment opportunities are to be measured; and 3) serve as a review document to guide the ongoing oversight of ACERA’s Real Estate Portfolio (“RE Portfolio”) on a consistent basis. This RE Policy also defines roles and responsibilities of the Board, the ACERA Investment Committee (“Investment Committee”), the ACERA Staff (“Staff”), the ACERA Real Estate Consultant (“Consultant”) and the Real Estate Investment Managers hired by ACERA to manage its assets (“Investment Managers”).

It is expected that this RE Policy will be a living document and that changes will be made from time to time to reflect experience, evolving investment products, and opportunities and changes in the economic and capital market environment.

III. LEGAL AUTHORITY

This RE Policy is established in accordance with Article XVI, Section 17 of the California Constitution and California Government Code Sections 31594 and 31595, which establish the exclusive authority and fiduciary responsibility of the Board for the investment and administration of the ACERA Trust Fund (“Fund”).

IV. TYPES OF REAL ESTATE INVESTMENTS

For the purpose of this RE Policy, Real Estate investments may include but not be limited to equity and debt securities in real estate properties (land and buildings). Real Estate investments may be denominated in U.S. dollars or other currencies and levered to provide additional return. ACERA may consider investing in these assets if and only if the vehicles meet all legal standards and RE Policy requirements.

¹ See ACERA’s Absolute Return Policy, Private Equity Policy and Real Assets Policy for investments in other asset classes

V. STRATEGIC OBJECTIVE OF THE REAL ESTATE PORTFOLIO

The Board believes the Fund's overall returns can be enhanced, on a risk-adjusted basis, by investing a portion of its assets in Real Estate. The strategic objective of such investments is to:

- Generate returns superior to those available in the public equity market to compensate the Fund for the longer term and illiquid commitments associated with RE investments;
- Enhance ACERA's long-term risk adjusted return, provide additional diversification to ACERA's overall investment Fund, and serve as a hedge against inflation;
- Produce a stable income stream to assist in meeting cash flow needs;
- Generate total RE Portfolio performance in excess of the NCREIF Fund Index – Open-End Diversified Core Equity (NFI-ODCE) over longer time periods.

VI. STRATEGIC ALLOCATION TO REAL ESTATE PORTFOLIO

The target allocation to the RE asset class, as measured by Net Asset Value of the portfolio and not by dollars committed to underlying Investment Managers or funds, is 8.2% of the total Fund. The Real Estate portfolio will have the following portfolio composition ranges:

Strategy Type	Range	Strategy Benchmark
Core	≥50%	NCREIF Fund Index – Open-End Diversified Core Equity (NFI-ODCE)
Core-Plus	10 - 40%	NCREIF Fund Index - Open-End Equity (NFI-OE)
Value-Add	0 - 30%	NCREIF Fund Index - Open-End Equity (NFI-OE)
Opportunistic	0 - 15%	NCREIF Fund Index - Open-End Equity (NFI-OE)
Total RE Portfolio	100%	NCREIF Fund Index – Open-End Diversified Core Equity (NFI-ODCE)

Capital Structure	Range
Equity Investments	≥85%
Debt Investments	0 - 15%
Total RE Portfolio	100%

Global Regions	Range
Domestic	≥85%
International	0 - 15%
Total RE Portfolio	100%

VII. SPECIFIC GUIDELINES FOR REAL ESTATE PORTFOLIO

ACERA will gain exposure to RE investments primarily by hiring external investment managers. Any legally permissible vehicle will be allowed including, but not limited to, joint ventures, limited partnerships, real estate investment trusts and limited liability corporations, sponsored by specialty external investment managers. The portfolio will consist mostly of commingled funds, not Separately Managed Accounts (“SMA”) except for maintaining ACERA's Headquarters.

The RE Portfolio will be diversified through the following strategy types: Core, Core-Plus, Value-Add, and Opportunistic (see Section VI for range limits).

Core: Core investments are considered to be less risky (thereby providing lower returns) than higher returning core-plus, value-add or opportunistic investments. The lower risk assigned to stabilized investments is due to three primary characteristics: (1) the stability of the income generated; (2) the higher proportion of the total return attributable to income; and (3) the limited use of debt (0% to 50%) usually associated with the style. Because of its high occupancy rates, Core properties are more stable.

Core-Plus: Core-plus investments are considered to be slightly riskier than core, but less risky than higher returning value-added or opportunistic investments. The slightly higher risk assigned to core-plus is due to three primary characteristics: (1) greater specialization in one or more property types, (2) potentially higher use of leverage, and (3) the stability of the income generated, albeit less than core.

Value-Add: Value-Add investments seek to provide higher returns with higher risk than the Core or Core-plus components of the portfolio. Value-Add investments depend upon the successful completion of an active management strategy (e.g. rehabilitation) and a timely disposition of the asset(s). Value-Add investments often use higher levels of debt, as compared to Core or Core-plus investments, to further increase total return expectations.

Opportunistic: Opportunistic investments seek to capitalize on market inefficiencies and opportunities (e.g. capital voids, market recovery, development, distressed sellers, financial engineering, non-domestic markets) and debt to provide excess returns. Because of the degree of reliance on active management necessary to capitalize on such market inefficiencies, investments will be accessed through structures that allow a high degree of manager discretion and a significant level of diversification.

The RE Portfolio will also be diversified across property type and region. Exposure to any single property type (e.g., office, retail, apartment, industrial) and any region (e.g., East, Mid-West, West or South in the United States or internationally) will be within a range of 0% to 40%, excluding the Oakland Office Building.

The RE Portfolio will also be diversified across capital structure. Exposure to equity RE investments will range from 85% to 100% and exposure to debt RE investments will range from 0% to 15%.

Any portfolio concentration in excess of the range limitations listed above must be explicitly reported to the Board.

ACERA has approved leverage limits, listed below, in order to maximize returns to the total portfolio with minimum risk. The Board has approved a maximum of forty percent (40%) leverage for the total portfolio. In addition, targets are established for each investment style based on the risk/return profile of the underlying investments. In the event that either the portfolio level and/or style level leverage constraint is breached due to a contraction in market values, ACERA's Staff and Consultant will notify the Board and make a recommendation for action or exception.

Strategy (Style) Type	Leverage Limits
Core	$\leq 50\%$
Core-Plus	$\leq 65\%$
Value-Added	$\leq 65\%$
Opportunistic	$\leq 80\%$
<hr/>	
Total Real Estate Portfolio	$\leq 40\%$

VIII. ROLES AND RESPONSIBILITIES

The delineation of roles and responsibilities is important for effective administration of ACERA's RE Portfolio. The duties and responsibilities of the Board, Investment Committee, Staff, Consultant, and Investment Managers are stated below:

A. Board

The Board shall be responsible for approving the RE Policy that governs the RE Portfolio and approving the investment plan of ACERA's RE Portfolio. The Board, with input from the Investment Committee, shall review this RE Policy to determine whether amendments are necessary. The Board shall also be responsible for reviewing and approving all RE investments with individual commitments exceeding Staff's delegated authority as described in subparagraph C below.

B. Investment Committee

The Investment Committee shall be responsible for the following:

1. Establishing the RE Policy to govern all investments in the RE asset class;
2. Reviewing the RE Policy, evaluating proposals for RE Policy amendments, if any, and making recommendations for approval by the Board;
3. Reviewing and approving the ACERA RE Investment Plan;
4. Reviewing RE investments recommended by Staff and/or Consultant and making recommendations to the Board for adoption if warranted; and
5. Delegation²:
 - a. Delegating to Staff the authority to make final decisions on new proposed RE investments with an individual commitment up to 5% of the target allocation to the total RE Portfolio.
 - b. Delegating to Staff the authority to make final decisions on proposed "re-up" RE

² Investment managers may not appear before the Investment Committee when Staff exercises its delegated authority.

investments with existing managers in good standing, an individual commitment in addition to the existing commitments, up to 10% of the target allocation to the total RE Portfolio.

C. Staff

Staff shall be responsible for oversight of ACERA's RE Portfolio. Staff's responsibilities shall include, but not be limited to the following:

1. Developing and recommending all necessary changes to the RE Policy with input from Consultant;
2. Developing and maintaining specific procedures, if necessary, to comply with the approved RE Policy with input from Consultant;
3. Developing the investment plan of ACERA's RE Portfolio and making recommendations to the Committee for adoption with input from Consultant;
4. Delegation³:
 - a. Approving Consultant's RE investment proposals (new proposals) with each individual commitment up to 5% of the target allocation to the total RE Portfolio upon completion of a thorough review and due diligence process with satisfactory results. Staff and Consultant shall provide the Investment Committee all required reports (please see Appendices I through III).
 - b. Approving Consultant's RE investment proposals for "re-ups" with existing managers with each individual commitment in addition to the existing commitments⁴, up to 10% of the target allocation to the total RE Portfolio to managers in good standing⁵ upon completion of a thorough review and due diligence process with satisfactory results. Staff and Consultant shall provide the Investment Committee all required reports (please see Appendices I through III).
 - c. When the investment manager or general partner of existing investment vehicles offer related continuation vehicles (aka "continuation funds"), following a thorough evaluation of the investment options related to the continuation vehicle (i.e., subscribing to the continuation vehicle, receiving liquidity, or, in some cases, both), and in alignment with Consultant's recommendation, approving of investment in continuation vehicles or other related options such as receiving liquidity (i.e., receiving cash proceeds for the investments that are to be transferred into the continuation vehicle).
5. Through the ACERA Investment Products and Services Introduction (IPSI) program, and with the concurrence of the Consultant, recommend highly qualified RE fund investments to the Investment Committee upon completion of a thorough review and due diligence process,

³ Investment manager may not appear before the Investment Committee in circumstances when Staff has exercised its delegated authority.

⁴ Total commitments are calculated net of capital commitments returned.

⁵ An Investment Manager may be considered to be in good standing if there is sufficient comfort with factors including, but not limited to, its organization, strategy, performance, and compliance.

providing the required reports to Staff and/or the Investment Committee. (See Appendices I through III);

6. Monitoring the RE Portfolio for performance and compliance with this RE Policy;
7. Monitoring the performance of the underlying Investment Managers and their compliance with a) the investment guidelines set forth in their respective contracts; b) this RE Policy; and c) the applicable requirements of ACERA's General Investment Guidelines, Policies and Procedures;
8. Conducting comprehensive annual reviews of ACERA's RE Portfolio and the individual investments in the RE Portfolio;
9. Reporting any manager violations of this RE Policy to the Investment Committee, with appropriate recommendations;
10. Assisting ACERA's Legal Department in contract negotiations for the selected RE investments;
11. Evaluating RE investment opportunities with Consultant's input on an on-going basis; and
12. Evaluating and making recommendations for retention, addition to, and/or termination of Investment Managers.

D. Consultant

The Consultant hired by the Board is a fiduciary to ACERA and its Board. Consultant shall independently and continuously monitor and analyze the performance of ACERA's RE Portfolio and make related recommendations to serve the best interests of the plan participants. Consultant shall assist Staff in developing this RE Policy and recommending all necessary changes to the RE Policy. In addition, Consultant shall be responsible for:

1. Analyzing the asset allocation of the RE Portfolio by sub-asset class, implementation vehicle, geography, industry, and vintage year, and making recommendations for reallocation of assets, as appropriate;
2. Developing an investment plan for ACERA's RE Portfolio every 1 to 3 years;
3. Developing a search strategy for highly qualified RE investments and maintaining a robust database containing information on Investment Managers;
4. Recommending highly qualified RE fund investments to Staff and/or the Investment Committee upon completion of a thorough due diligence process and providing the required reports listed in the Appendix I of this RE Policy to Staff and/or the Investment Committee;
5. When continuation vehicles are offered related to existing investment vehicles, and following a thorough evaluation of the related investment options, recommending to Staff which investment option is most suitable for the RE Portfolio.
6. Ongoing monitoring of the investment performance of ACERA's RE Portfolio and individual strategies in the RE Portfolio;
7. Conducting ongoing due diligence on Investment Managers, notifying ACERA of any significant developments and adverse events, if applicable, by providing analysis and advice on such issues;
8. Ongoing monitoring of Investment Managers' compliance with a) their respective investment guidelines as set forth in their contract; b) this RE Policy; and c) applicable requirements of

- ACERA's General Investment Guidelines, Policies and Procedures;
9. Assisting Staff in contract negotiations for the selected RE investments, as needed;
 10. Submitting performance evaluation reports and conducting comprehensive reviews of the RE Portfolio and individual Investment Managers semi-annually, to the Investment Committee;
 11. Making recommendations for retention or termination of Investment Managers;
 12. Attending meetings as needed; and
 13. Performing other duties in accordance with the terms of its contract and applicable law.

E. Investment Managers

Investment Managers are fiduciaries and shall prudently manage ACERA's assets in the best interest of ACERA and its members. Investment Managers shall abide by all applicable ACERA policies and procedures, and fully comply with applicable law. Investment Managers shall be responsible for compliance with a) the specific investment guidelines as set forth in their respective contracts; b) this RE Policy; and c) applicable requirements of ACERA's General Investment Guidelines, Policies and Procedures. Investment Managers shall be responsible for all aspects of portfolio management as set forth in their respective contracts with ACERA. They shall also:

1. Communicate with Staff and/or Consultant promptly regarding investment strategy, investment results, and any non-conforming issues, if applicable, that may have significant and/or negative impact on the portfolio;
2. Cooperate fully with Staff, Consultant, ACERA's custodian, and other ACERA vendors concerning requests for information;
3. Submit reports in a timely manner to Staff and Consultant in accordance with their contract terms; and
4. Attend meetings as needed.

IX. DUE DILIGENCE PROCESS FOR REAL ESTATE INVESTMENT SELECTION

ACERA recognizes that a proper due diligence process is essential to control the risks associated with RE investments and therefore, hereby establishes the following due diligence processes for both its Consultant and Staff:

A. Consultant

Consultant shall conduct extensive, documented due diligence before making any RE investment recommendations to Staff and the Investment Committee. Consultant will work closely with Staff in the due diligence process, as necessary. For those investments recommended to be included in the ACERA RE Portfolio, Consultant's duties shall include, but not be limited to:

1. Assessing the reputation of the individuals who manage the RE investments, consider background checks, internet searches, and in-person meetings or conference calls with these individuals, etc.;
2. Conducting on-site visits to the offices of the Investment Managers as requested;
3. Checking references from other investors that have invested in these RE investments, and, when advisable, from competitors;
4. Determining that the Real Estate investment funds are audited, at least annually, by a reputable and recognized external independent auditing firm;
5. Reviewing Investment Managers investment strategies, policies, operating procedures, and historical performance;
6. Reviewing and understanding the valuation procedures employed by the Investment Managers;
7. Reviewing and understanding the business terms of all operational documents and other related materials for the RE investments under consideration, including but not limited to offering memoranda, subscription agreements, fund policies, due diligence questionnaires, and Forms ADV, if and as available.

B. Staff

Staff shall ensure that Consultant has conducted extensive, documented due diligence on all RE investment proposals recommended to Staff and the Investment Committee. Staff shall participate in Consultant's due diligence process when appropriate, shall conduct its own independent due diligence, and shall also be responsible for:

1. Reviewing the comprehensive analysis report prepared by Consultant on its recommended RE investments;
2. Verifying the compliance of each recommended RE investment with the RE Policy, the investment plan for ACERA's RE Portfolio and other applicable investment policies;
3. Discussing all issues related to the recommended RE investments with Consultant and with Investment Managers to gain a thorough understanding of each strategy's primary return drivers, key terms, investment guidelines, and determine the investments suitability for ACERA's RE Portfolio; and
4. Performing independent due diligence regarding the business, economic, and legal aspects of the proposed RE investment and in accordance with the Executive Summary (See Appendix II) and the Compliance Checklist (See Appendix III).
5. Completing Appendices II and III of this document for each proposal.
6. Conducting an on-site due diligence visit to each manager's headquarters office whenever possible; and
7. Arranging presentations of select investment opportunities to the Investment Committee, as applicable.

X. SPECIFIC PERFORMANCE EVALUATION CRITERIA

When appropriate, specific performance evaluation criteria, including but not limited to benchmarks, will be established for the Investment Managers in their respective contracts with ACERA.

XI. MONITORING AND REPORTING

Consultant and Staff will closely monitor and analyze the RE Portfolio so that the strategic objective of the Portfolio can be met.

Investment Managers shall submit reports to Staff, Consultant, ACERA's custodian, and other ACERA vendors as required in their respective contracts.

Consultant shall submit all reports to Staff in accordance with its contract terms and the RE Policy.

Consultant, in conjunction with Staff, shall perform evaluations of ACERA's RE Portfolio and the underlying Investment Managers semi-annually in addition to ongoing cooperation with the Staff. Consultant shall report the findings to Staff and the Investment Committee timely.

XII. REAL ESTATE INVESTMENT INFORMATION DISCLOSURE POLICY

ACERA is a public agency subject to state laws, including, without limitation, (a) the California Public Records Act (Cal. Govt. Code §7920.000, et seq.)(the "Public Records Act"), which provides generally that all records relating to a public agency's business are open to public inspection and copying unless exempted under the Public Records Act, (b) the Ralph M. Brown Act (Cal. Govt. Code § 54950 et. seq.)(the "Brown Act"), which provides generally for open meetings for local legislative bodies, and (c) the California Government Code Section 7514.7 ("Cal. Govt. Code § 7514.7") which provides generally that public pension systems in California obtain and publicly disclose certain information regarding fees, expenses and returns from the alternative investment vehicles in which they invest. See Appendix IV for details of the ACERA disclosure policy regarding its RE investments

XIII. TABLE OF AMENDMENTS DATES

January 15, 1998	May 21, 2009	December 20, 2018
March 25, 1999	June 9, 2010	November 18, 2021
December 17, 2003	August 18, 2011	August 21, 2025
May 18, 2005	October 18, 2012	
May 16, 2007	September 11, 2013	
May 8, 2008	January 13, 2016	

Appendix I

List of Reports Required for Each Investment Recommendation/Approval

Name of Report	Source
Recommendation/Approval memo	Staff
Recommendation/Approval memo	Consultant
Executive Summary of the Fund	Consultant/*Staff
Compliance Checklist	Staff
Comprehensive Due Diligence Report (Available to Trustees upon request due to confidentiality)	Consultant
Manager Pitchbook	Investment Manager

***Note: Staff will provide an abbreviated Executive Summary Report that is available for review upon request by the Trustees.**

Appendix II

Executive Summary Report Template

Fund Name

Section I: General Information

Fund Name; Total AUM of the Firm; Current Target Fund Size; Previous Fund Size; Fund Focus; etc.

Section II: Investment Management

Organization Structure; Management Group; Experience; Personnel Turnover; etc.

Section III: Investment Strategy

Investment Philosophy; Investment Strategy; Investment Process; Investment Objective; etc.

Section IV: Risk Management

Risk Control Methodology; Exit Strategy; etc.

Section V: Investment Rationale

Section VI: Investment Concerns

Section VII: Performance (example)

Benchmark:

Net Returns (%):

Periods Ending Date	YTD	1Year	3Years	5Years	Since Inception
Fund					
Benchmark (see § VII)					
Relative Performance: Account – Benchmark					

Section VIII: Key Terms

Fund Term; Preferred Return; Investment Period; Management Fee; Other Fees; General Partner Carry; GP Commitment; Advisory Board; Clawback; No-Fault Divorce; Key-Person Events; Closing Schedule; Drawdown Schedule; etc.

* List of items to be addressed as appropriate. Data provided by Name as of Date; ICM Date

Appendix III

Compliance Checklist Template for RE Investment/Commitment

Target allocation to Real Estate (RE) Portfolio: 8.2% of the total ACERA Fund -

<u>ACERA's Real Estate Policy</u>	<u>Investment Fund</u>	<u>In Compliance?</u>
1. Permissible Legal Structure		
Any legally permissible vehicle will be allowed including, but not limited to, separate accounts, commingled funds, joint ventures, limited partnerships, corporations, and limited liability companies.	<i>Specific legal structure</i>	<i>Yes, No, or N/A</i>
2. Investment Methods		
Commingled Funds Individual limited partnership funds Primary and/or Secondary Separate accounts Discretionary Separate Accounts REITs/ETFs Co-Investments Fund-of-funds Combination of the above	<i>Specific investment methods</i>	<i>Yes, No, or N/A</i>
3. Investment Characteristics		
RE may include, but not be limited to:	<i>Specific investment type</i>	<i>Yes, No, or N/A</i>
<ul style="list-style-type: none"> • Core (Total Return with expected income, substantially leased) • Core-Plus (specialization of property types) • Value-Add (deficiencies in lease-up, repositioning, or rehabilitation of assets.) • Opportunistic (recapitalization, turnaround, development, market arbitrage opportunities or offshore). 		
RE may include debt real estate (0-15%) in addition to equity real estate (≥85%): Level of debt real estate at Fund Level, at asset class level.	<i>Specific security type</i>	<i>Yes, No, or N/A</i>

ACERA's Real Estate Policy**Investment Fund****In Compliance?**

4. Portfolio Diversification		
Property Types: Office, Multifamily, Retail, and Industrial. No property types are excluded, and properties may include business operations (e.g. hotels, senior housing, and storage)	<i>Specific investment type</i>	<i>Yes, No, or N/A</i>
Geography/Diversification (Domestic or International): Geographic Percentage and Property Type Percentage) – within RE Policy Guidelines. Domestic: $\geq 85\%$ International: 0-15%	<i>Specific region of investment</i>	<i>Yes, No, or N/A</i>
Leverage Limits: Core: $\leq 50\%$ Core-Plus: $\leq 65\%$ Value-Add: $\leq 65\%$ Opportunistic: $\leq 80\%$	<i>Exposure per fund</i>	<i>Yes, No, or N/A</i>

5. Return Expectations		
Benchmark in Policy (net of all fees):	<i>Specific return target</i>	<i>Yes, No, or N/A</i>
<ul style="list-style-type: none"> • Core • Core-Plus • Value-Added • Opportunistic 		

6. Strategic Investment Allocation		
RE Portfolio: 8.2% of the total Fund:		
Style Limits: <ul style="list-style-type: none"> • Core $\geq 50\%$ • Core-Plus 10% – 40% • Value-Added 0% - 30% • Opportunistic 0% - 15% 	<i>Expected allocations to the RE Portfolio and to the underlying portfolios including specific commitment to the investment fund</i>	<i>Yes, No, or N/A</i>
Capital Structure Limits: <ul style="list-style-type: none"> • Equity Real Estate: $\geq 85\%$ • Debt Real Estate: 0% – 15% 	<i>Expected allocations to the RE Portfolio and to the underlying portfolios including specific commitment to the investment fund</i>	<i>Yes, No, or N/A</i>

Global Region Limits	<i>Expected allocations to the RE Portfolio and to the underlying portfolios including specific commitment to the investment fund</i>	<i>Yes, No, or N/A</i>
<ul style="list-style-type: none"> • Domestic: 85% - 100% • International: 0% - 15% 		

7. RE Investment Plan (Year Range)		
Specific Investment Plan	<i>Commitment to Fund</i>	<i>Yes, No, or N/A</i>

APPENDIX IV

Details of Disclosure Policy For Real Estate Investments (“RE Funds”)

1. Upon request, ACERA shall disclose (i) the name, address and vintage year of each RE Fund; (ii) the dollar amount of capital committed to each RE Fund by ACERA since inception; (iii) the dollar amount of cash contributions made to each RE Fund by ACERA since inception; (iv) the dollar amount of distributions received by ACERA from each RE Fund on a fiscal yearend basis; (v) the market value of ACERA’s investment in each RE Fund on a fiscal yearend basis; (vi) each RE Fund’s net internal rate of return (“IRR”) since inception; (vii) the investment multiple of each RE Fund since inception; (viii) the dollar amount of total management fees and expenses paid on an annual fiscal yearend basis, by ACERA to each RE Fund; and (ix) the dollar amount of cash profit received by ACERA from each RE Fund on a fiscal yearend basis. (*See* Cal. Govt. Code § 7928.710(c).)

2. ACERA shall disclose at least once annually in a report presented at a meeting open to the public: (i) the fees and expenses that ACERA pays directly to each RE Fund and, the RE Fund manager or related parties; (ii) ACERA’s pro rata share of fees and expenses not included in (i) that are paid from each RE Fund to the RE Fund manager or related parties; (iii) ACERA’s pro rata share of carried interest distributed by each RE Fund to the RE Fund manager or related parties; (iv) ACERA’s pro rata share of aggregate fees and expenses paid by all of the portfolio companies held by each RE Fund to the RE Fund manager or related parties; (v) the information outlined in Section 1, above, and (vi) the gross and net IRR of each RE Fund, since inception. (*See* Cal. Govt. Code § 7514.7)

All other records regarding RE Fund investments shall be exempt from disclosure to the fullest extent permitted under applicable law.

Notwithstanding the preceding, or anything else in this RE Policy, ACERA reserves the right to withhold any record when “on the facts of the particular case the public interest served by not disclosing the record clearly outweighs the public interest served by disclosure of the record.” (*See*, Cal. Govt. Code §7922.000). This weighing process contemplates a case-by-case balancing test between competing public interests based on the facts presented as the statute has been interpreted by the courts.⁶

⁶ *Michaelis, Montanari & Johnson v Superior Court*, 38 Cal.4th 1065, 1071 (2006).

Appendix V

Guidelines for Separately Managed Accounts (SMAs)

Valuations:

For any SMA, such as the Oakland Office Building, ACERA expects an annual valuation in the quarter of the anniversary date of each asset acquisition. The Fund manager will arrange for valuations for such assets and will provide ACERA with valuations for all properties for which it has asset management responsibilities. Unless specifically directed by ACERA, the valuation will be prepared by a qualified independent third-party entity beginning on the third anniversary of ownership and every third year of ownership thereafter. Interim valuations may be conducted by the manager. All materials generated by the independent third party will be copied to ACERA for record keeping. Valuation adjustments made in the interim periods will be documented in a memo to ACERA and retained for record keeping.

Budget and Management Plan:

Within 60 days after the end of the calendar year, each SMA Manager shall submit a Budget and Management Plan for the upcoming year for each direct investment and the aggregate SMA portfolio. The Budget and Management Plan must include a narrative strategy and an estimated income and cash flow statement for the ensuing year. The statement will include gross revenues, expenses, percentage rent, additional interest, property management fees, net operating income, tenant improvements, leasing commissions, capital expenditures, cash flow before and after debt service and asset management, incentive and other fees along with quarterly distribution projections.

Within 90 days after the end of the calendar year, Staff and Consultant will meet with the Manager directly responsible for portfolio and asset management for a review and evaluation of the reasonableness of the submitted Budget and Management Plan.