

Brookfield Strategic Real Estate Partners V, L.P. Private Real Estate Recommendation

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Today's Presentation

Brookfield Strategic Real Estate Partners V, L.P. ("BSREP V")

Main Presentation

1. Asset Class Considerations
 - *Recommendation is consistent with PSERS Strategic Asset Allocation (SAA) and current year commitment planning*
2. Recommendation Overview
 - *PSERS IO and Aksia recommend committing \$300 million to BSREP V*
3. Strategy & Expertise
 - *Demonstrated expertise in acquiring, developing, and operating high quality assets through multiple market cycles*
4. Investment Considerations
 - *Investment expected to face risks consistent with real estate investments and staff believes that Brookfield has identified appropriate mitigants to those risks*
5. Investment Highlights
 - *Solid historical performance and complementary fit within PSERS private real estate portfolio*

Appendix

- Private Real Estate Dashboard
- Investment Committee Disclosure
- Performance Information

1. Asset Class Considerations

Recommendation is consistent with PSERS Strategic Asset Allocation (SAA) and current year commitment planning

PSERS SAA and Pacing

1. PSERS SAA has established long term targets of 7.0% in private real estate. Private real estate's actual allocation was 8.0% as of March 31, 2023 (Aon Quarterly Investment Review – First Quarter 2023 Preliminary)
2. The current overweight in private real estate (8.0%) is within policy parameters which allow for a range of +/- 2% of the target allocation.
3. Per most recent pacing analysis, annual commitments of \$800 million – \$1,000 million results in the portfolio attaining SAA target in ~3 years (2026) while maintaining vintage year diversification

SAA Allocation	
Private Real Estate Target	7.0%
Private Real Estate Actual	8.0%
Anticipated Date to Reach Allocation	2026
Pacing Budget for 2023	
Pacing Budget Range	\$800 - \$1,000M
Primary Investments	
2023 YTD Commitments	\$115M
August Recommendations	\$300M
Co-Investments	
2023 YTD Commitments	\$0
Total Primary and Co-Investments	\$415M
Remaining 2023 Budget after June	\$385M*
Est. Remaining Primary Fund Recommendations after August	1
Expected to be in Target Budget Range for 2023?	Yes
Est. Co-Investment Capacity	~\$277.4M

* To the low end of the pacing budget

2. Recommendation Overview

PSERS IO and Aksia recommend committing \$300 million to BSREP V

Key Term	
Fund Name	Brookfield Strategic Real Estate Partners V, L.P.
Firm Name	Brookfield Asset Management
Net Levered Return Target	16%
RE Investment Professionals / RE Professionals ¹	350/30,000
Strategy Invested Capital ¹	\$103 billion
Target Fund Size / Hard Cap	\$15.0 billion / \$15.375 billion
Recommended Commitment Amount	\$300 million
GP Commitment	Lesser of \$3 billion (20% of target fund size) or 20% of commitments raised
PSERS Existing Relationship	Yes
Notable Investment Committee Disclosure ²	None

1. Brookfield's opportunistic real estate AUM as of December 31, 2022
 2. Detail in appendix (Slide 10)

3. Brookfield Strategy & Expertise

Demonstrated expertise in acquiring, developing, and operating high quality assets through multiple market cycles

1. Brookfield is one of the world's largest investors in real estate with approximately \$270 billion of AUM across office, multifamily, logistics, retail, hospitality, mixed-use and alternative real estate. A well seasoned senior management teams leads the 350 global real estate investment professionals to achieve the Fund's objectives.
2. Consistent with the predecessor funds in the BSREP series, Fund V's investment strategy is to build a diversified portfolio by acquiring high quality real estate assets on a value basis and adding value through operational enhancements across markets where Brookfield has a significant presence and/or extensive market experience and knowledge.
3. Like its predecessor funds, BSREP V will target large scale investments where competition may be limited.

4. Investment Considerations

Investment expected to face risks consistent with Real Estate investments and staff believes that Brookfield has identified appropriate mitigants to those risks

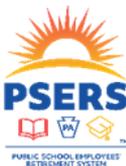
Risk	Detail	Mitigating Factors
Macroenvironment Headwinds	Elevated inflation, higher interest rates, recent bank failures, the war in the Ukraine, increased U.S. – China political tension, continued supply chain stress, lower transaction volume/less pricing transparency are all factors fueling the macroenvironment headwinds.	<i>Brookfield believes a convergence of macroeconomic forces is leading to disruption and uncertainty across global markets and anticipates that such an environment will create favorable conditions for opportunistic investing. Furthermore, the Brookfield team is cycle tested, investing in opportunistic strategies since 2006.</i>
China Geopolitical Concerns	Chinese assets have historically been a small part of a fund’s exposure in the BSREP series. The fragile state of U.S. – China relations could potentially have a negative impact on U.S. businesses/assets in China.	<i>Brookfield is willing to create a sleeve specifically for Chinese assets. PSERS will choose to opt out of this sleeve thereby avoiding any concerns associated with investments in China.</i>
Recent Headlines Regarding Brookfield Office Portfolios	Brookfield has recently experienced defaults on two office portfolios.	<i>Given the current market environment, office defaults are not uncommon. Furthermore, only one of the defaults in the headlines was in the BSREP series of fund and represented less than 1% of the equity in the fund. Future office defaults in the BSREP series are not currently anticipated.</i>

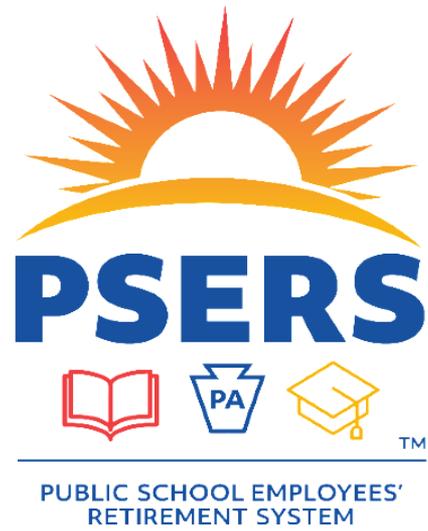
5. Investment Highlights

Solid historical performance and complementary fit with PSERS private real estate portfolio

Highlight	Detail
Performance	PSERS' prior investments in the BSREP fund series have been accretive to the private real estate portfolio, generating a net IRR / MoC of 16.1% / 1.6x, and Direct Alpha / KS PME of 11.6% / 1.5x versus the public real estate credit policy benchmark ¹ , as of December 31, 2022.
Portfolio Fit	BSREP V is an opportunistic global real estate fund lead by a cohesive, cycle tested, experienced team. Inclusion in PSERS' portfolio is expected to complement the existing holdings from both a strategic, geographic, and sector perspective.
BRSEP V Exposure Profile	Brookfield is a best in class global, multi-sector institutional real estate investor. BSREP V's strategy and approach to portfolio composition should allow Brookfield to build a diversified portfolio and target compelling risk adjusted returns across multiple geographies and property sectors.

¹ PSERS Public Real Estate benchmark is the FTSE EPRA/NAREIT Developed, Net Total Return Index



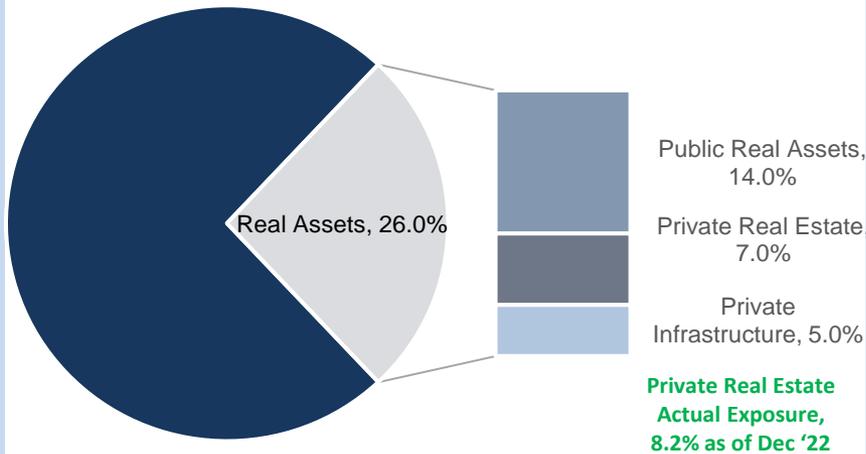


Appendix

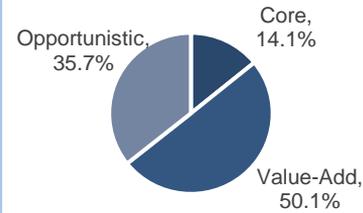
Private Real Estate Portfolio *as of December 31, 2022*

Allocation

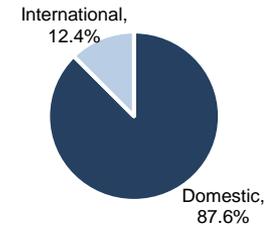
Target Allocation to Real Assets
In Long-Term Strategic Asset Allocation



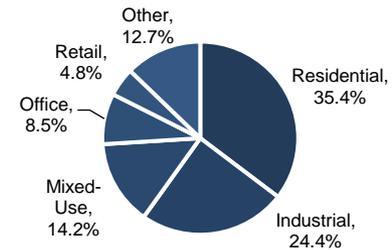
Strategy



Geography



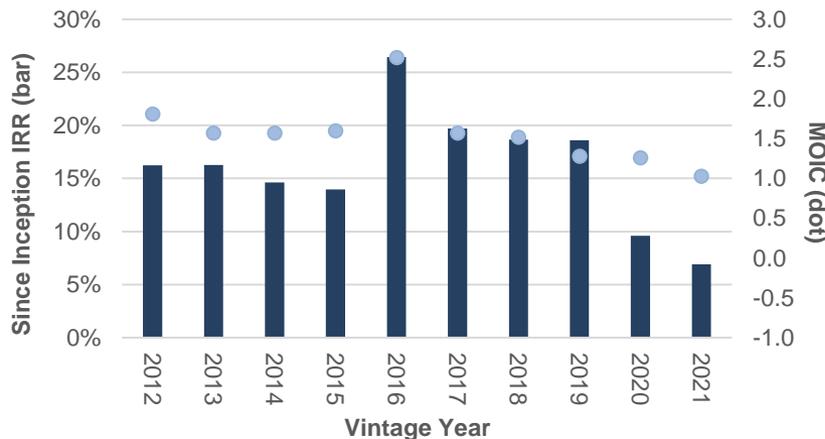
Property Type



Diversification

Performance

Performance by Vintage Year



Portfolio Performance

	Time-Weighted				
	1-YR	3-YR	5-YR	10-YR	ITD
Direct Investments	10.1%	20.5%	17.3%	14.0%	9.6%
Fund Investments	1.8%	12.8%	11.7%	12.0%	11.9%
Co-Investments	4.7%	2.4%	6.9%	NA	15.2%
Total Portfolio	4.2%	14.6%	13.0%	12.6%	8.9%
Benchmark¹	4.1%	10.0%	8.9%	10.1%	8.7%

Color-coding: **outperformance** or **underperformance** vs. benchmark.

¹ Benchmark: Total Portfolio Benchmark is based on weights using various private indices (Burgiss for Value-Add and Opportunistic; NCREIF-ODCE for Core). Previous period benchmarks consisted of differing weights (Private vs. Public) and benchmarks (NCREIF/NTFI for Private and various public equity benchmarks for Public).

Performance

Investment Committee Disclosure

No material mandatory disclosures

Disclosure	Response
Relationship with Aksia	As of March 31, 2023, eight (8) current non-discretionary advisory Aksia clients have made total aggregate commitments of \$5.0 billion across investments managed by Brookfield Asset Management. As of June 23, 2023, there is one other Aksia client considering a commitment to Brookfield Strategic Real Estate Partners V.
Introduction Source	Existing Manager
Compliance with Placement Agent Policy	As confirmed by PSERS' Office of Chief Counsel on July 13, 2023, this investment complies with the Public School Employees' Retirement Board Placement Agent Policy.
PA Political Contributions	None Disclosed
PA Presence	Yes
Potential Conflicts	PSERS is not aware of any actual or potential conflicts of interest that would be created by PSERS' investment in the Fund.
Litigation Disclosure	Brookfield receives communications from regulators and may be involved in litigation from time to time in the ordinary course of business and, to the best of the sponsor's knowledge, the Firm and its funds are not involved in any litigation which has or may have a material effect on the Firm or BSREP V.
Has the Firm reimbursed and/or paid for PSERS IOP travel in the past two calendar years?	No
Certification of Diligence Costs	IOP certifies that PSERS paid all travel costs, if any, and was not reimbursed for the travel costs related to due diligence of the Fund.

Current Private Real Estate Investments with Brookfield

Within the Private Real Estate portfolio, PSERS previously committed \$935 million across four BSREP funds and one BSREP co-investment. The table below summarizes PSERS' Private Real Estate portfolio performance with Brookfield as of December 31, 2022:

Investment (Vintage)	Commitment	Contributions	Distributions	NAV	Net IRR	Net MoC	Proj. Net IRR	Proj. Net MoC
<i>Measure</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>%</i>	<i>0.00x</i>	<i>%</i>	<i>0.0x</i>
BSREP I (2012)	200.0	236.1	402.4	62.4	18.35	1.97	18.0%	2.1x
BSREP II (2015)	200.0	225.3	178.1	181.8	13.05	1.60	13.0%	1.9x
BSREP III (2019)	210.0	188.4	47.6	194.2	12.22	1.28	15.0%	1.8x
BSREP IV (2021)	300.0	61.0	0	68.8	13.94	1.13	16.0%	1.7x
BSREP IV Obsidian (2022)	25.0	4.8	0	4.9	1.97	1.02	N/A	N/A
Total Real Estate	935.0	715.6	628.1	512.1	16.11	1.59	N/A	N/A
Brookfield Global Transition Fund	300.0	51.6	4.3	47.5	0.38	1.00	N/A	N/A

SOURCE: Burgiss

Public Market Equivalent (PME) Analysis

Aksia performed a Public Market Equivalent analysis of PSERS' prior commitments to the BSREP series of funds against the FTSE EPRA NAREIT Developed Total Return Index, Net. As of December 31, 2022, the BSREP fund series has consistently outperformed the index on both a Direct Alpha (11.6%) and KS PME (1.53x) basis as shown below:

Fund	Vintage	Stage	Net IRR	Net MoC	Direct Alpha	KS PME
BSREP I	2012	Winding down	18.4%	2.1x	11.8%	1.6x
BSREP II	2015	Monetization	13.2%	1.7x	10.0%	1.7x
BSREP III	2019	Value creation	12.6%	1.3x	14.4%	1.4x
BSREP IV	2021	Investing and Value creation	N/M*	N/M*	N/M*	N/M*
Total					11.6%	1.53x

*BSREP IV is in the early stages of the fund life, return data is not yet meaningful