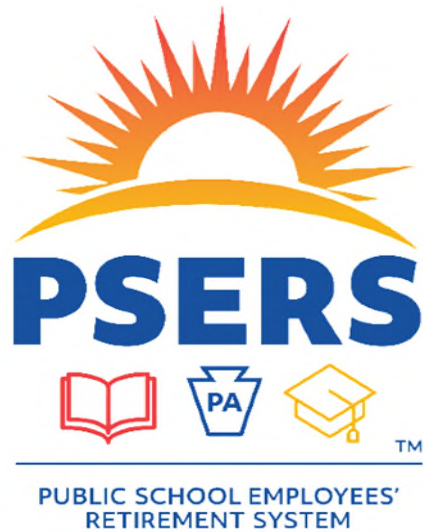


PSERB Resolution 2024-88
Re: WCP NewCold III, LP
December 20, 2024

RESOLVED, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Investment Committee and commits an amount not to exceed \$150 million plus reasonable, normal investment expenses, to WCP NewCold III, LP and/or related investment vehicles, in accordance with the recommendation of Jarrett Richards, Portfolio Manager, and Aksia, LLC.

The final terms and conditions of the engagement are subject to legal due diligence and must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contracts.



WCP NewCold III, L.P. Private Real Estate Recommendation

Jarrett Richards
Portfolio Manager

Tyler Howell
Investment Professional

November 2024

Today's Presentation

WCP NewCold III, L.P. ("NewCold")

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 \$150 million to WCP NewCold III, L.P.*
3. Strategy & Expertise
 - *Highly experienced cold storage developer / owner / operator with a deep market opportunity*
4. Investment Considerations
5. Investment Highlights

Appendix

- Investment Committee Disclosure
- Private Real Estate Dashboard

1. Asset Class Considerations

Recommendation is consistent with PSERS Strategic Asset Allocation (SAA) and the 2024 pacing analysis

PSERS SAA and Pacing

1. PSERS SAA has established a long-term target of 6.0% to Private Real Estate.
2. The current overweight is due to slower-than-projected distributions in 2023 and 2024 as well as an October 2024 reduction in the Private Real Estate target in the SAA (7% to 6%).
3. PSERS' and Aksia's pacing analysis suggests \$800M – \$1B of annual commitments to reach the target exposure to Private Real Estate. Actual commitments in 2024 are expected to be \$450M below this range.
4. The pacing analysis is revisited frequently based on the actual performance of the Private Real Estate allocation and the broader PSERS portfolio.

SAA Allocation	
Private Real Estate Target	6.0%
Private Real Estate Actual	7.5% ¹
Pacing Budget	
Pacing Budget Range	2024 \$800M - \$1B
Primary Fund Commitments	
YTD Commitments	\$300M
Today's Recommendation	\$150M
Co-Investments	
YTD Commitments	-
Total Primary and Co-Investments	
Remaining Budget ²	\$450M
Est. Remaining Primary Fund Recommendations	-
Expected to be in Target Budget Range?	Under

1. Private Real Estate Actual taken from Verus 2024 Q2 Total Fund Report
 2. Remaining to the mid-point of the pacing budget

2. Recommendation Overview

PSERS IO and Aksia recommend committing \$150 million to WCP NewCold III, L.P.

Key Term	
Firm Name	Westport Capital Partners (“Westport”)
Investment Professionals / Employees	Westport: 14 investment professionals / 35 firm employees NewCold: 2,000 employees
Fund Name	WCP NewCold III, L.P.
Strategy Invested Capital ¹	\$4.0 Billion
Target Return	20% Net Return
Target Fund Size / Hard Cap	\$3.25 Billion / \$3.25 Billion
Recommended Commitment	\$150 Million
GP Commitment	~\$185 Million Westport commitment to NewCold
Fund Structure	Closed-End
PSERS Existing Relationship	No
Notable Investment Committee Disclosures ²	None

1. as of June 30, 2024
2. Detail in appendix (Slide 9)

3. NewCold Strategy & Expertise

NewCold is a complementary exposure in the Private Real Estate portfolio

1. **Market Opportunity**: Cold storage is a resilient and growing market with aging assets leading to a supply-demand imbalance that can be best addressed through development of efficient, automated facilities.
2. **Strategy**: NewCold will develop, own, and operate cold storage facilities with long-dated contracts with high-credit tenants. NewCold's automation technology is a differentiator to peers, resulting in cost-savings to customers and higher margins to investors.
3. **Portfolio Fit**: Staff is focused on continuing to build a resilient Private Real Estate portfolio that is diversified by demand profile, geography, and property type. An investment in NewCold supports these goals with a non-cyclical demand profile, exposures in the North America, Europe, and Australia, and access to a part of the logistics sector to which the portfolio currently has minimal exposure.

4. Investment Considerations

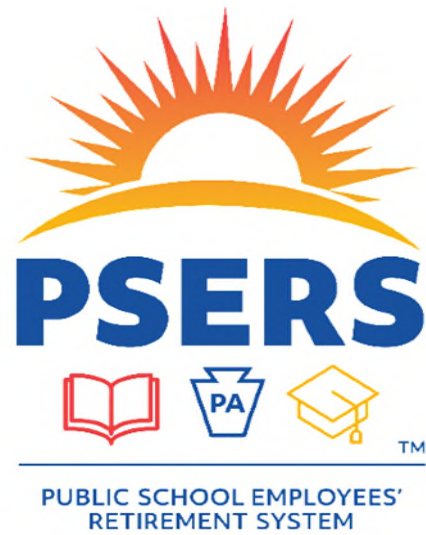
NewCold's risk factors are consistent with the risks of Opportunistic Real Estate

Risk	Detail	Mitigating Factors
Development Risk	The go-forward returns for this business are largely dependent on NewCold developing new facilities on-time and on-budget.	<i>NewCold is an experienced developer with a track record of on-time and on-budget developments. Staff ran sensitivity analyses on construction delays and overages. In the downside scenarios, the returns are consistent with expectations for the Private Real Estate portfolio.</i>
Operational Risk	NewCold owns and operates the facility as opposed to the traditional warehouse model of owning and leasing to a third-party who operates the facility.	<i>Staff reviewed NewCold's operational KPIs; Order Quality, Order Accuracy, and Load Times all meaningfully surpass benchmark levels and customer requirements. The operational risk is reflected in the premium return expectation compared to traditional warehouse development.</i>
Enterprise Value at Exit	As detailed in the <i>Confidential Investment Memorandum</i> , the expected size of this business at exit may limit liquidity options.	<i>Staff evaluated three potential exit options and spoke with industry participants who could be potential buyers. Staff concluded that there is sufficient exit optionality to result in an efficient sale at the end of the Fund life.</i>

5. Investment Highlights

NewCold's expertise matches today's market opportunity and PSERS' portfolio needs

Highlight	Detail
Resilient Demand Profile with Inflation Protection	The food supply chain has proven resilient across market cycles and idiosyncratic disruptions. NewCold experienced a surge in volume during the pandemic, and though demand continues to increase, NewCold's contracts provide a layer of protection should volume decrease. The contracts likewise provide for inflation protection through inflation-linked customer cost increases.
Attractive Entry Valuation	As more fully described in the <i>Confidential Investment Memorandum</i> , NewCold's valuation is attractive relative to comparable public and private market companies, and NewCold features newer buildings, higher margins, and more contracted cashflows.
Experienced Developer and Operator	NewCold is a vertically integrated developer, owner, and operator with 500 individuals on the development / construction team. After experiencing slight budget overages and timing delays in their initial projects pre-2019, recent projects have been developed within 1% of budget and at a substantial discount to peer development costs during a period of rapidly rising construction costs.



Appendix

Investment Committee Disclosure

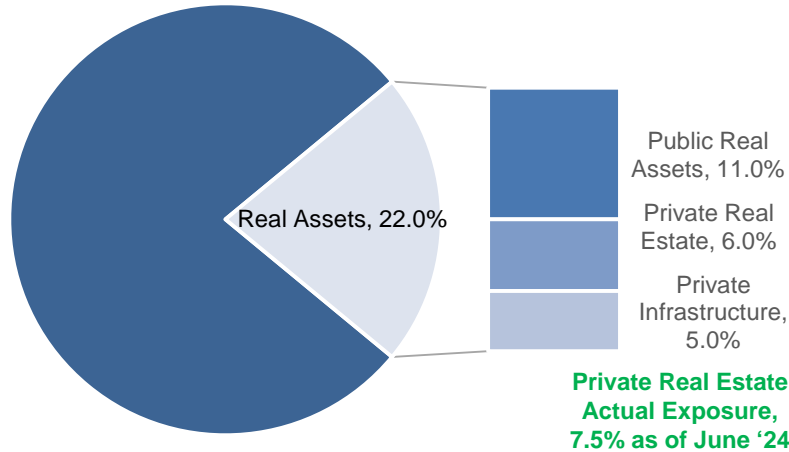
Disclosure	Response
Relationship with Aksia	As of November 4, 2024, Aksia has no other clients that have committed or will commit to NewCold III. ¹
Introduction Source	GP Outreach Directly to PSERS Staff, New Relationship.
Compliance with Placement Agent Policy	As confirmed by PSERS' Office of Chief Counsel on November 21, 2024, this investment complies with the Public School Employees' Retirement Board Placement Agent Policy.
PA Political Contributions	No reportable political contributions.
PA Presence	No
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	WCP 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 the fund.
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.

1. Please note that this information, which is available to PSERS upon request, is subject to change pending further review and decision-making between Aksia and its clients

Private Real Estate Portfolio *as of June 30, 2024*

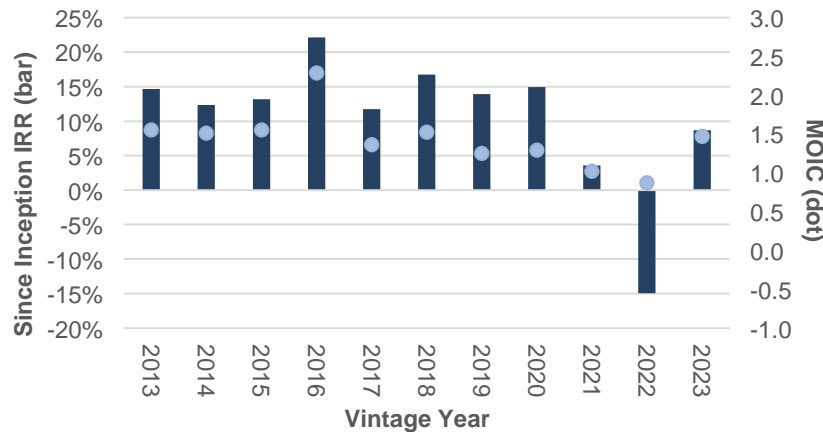
Allocation

Target Allocation to Real Assets in Strategic Asset Allocation (updated Oct 2024)

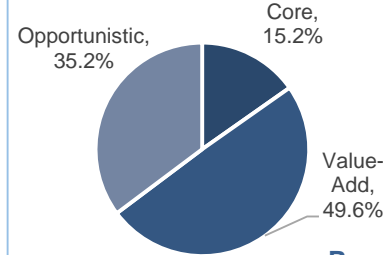


Performance

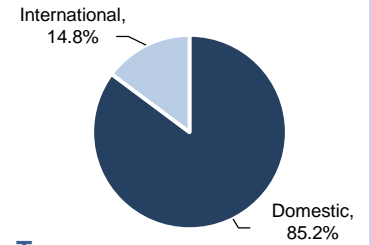
Performance by Vintage Year



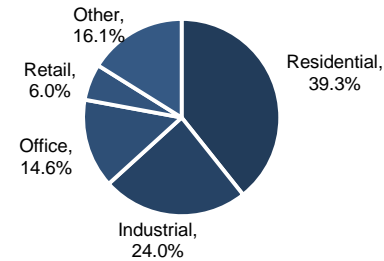
Strategy



Geography



Property Type



Diversification

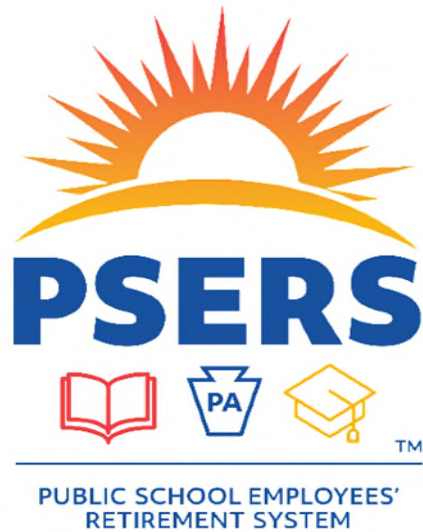
Portfolio Performance

	Time-Weighted				
	1-YR	3-YR	5-YR	10-YR	ITD
Direct Investments	-0.5%	9.7%	11.9%	11.8%	9.2%
Fund Investments	-6.1%	4.8%	7.4%	9.0%	11.1%
Co-Investments	1.7%	4.1%	2.0%	9.2%	13.0%
Total Portfolio	-4.5%	6.2%	8.5%	9.7%	8.5%
Benchmark ¹	-7.6%	3.0%	4.7%	7.2%	8.2%

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



WCP NewCold III, L.P. Private Real Estate Recommendation

Jarrett Richards
Portfolio Manager

Tyler Howell
Investment Professional

November 2024

November 18, 2024

Board of Trustees
Commonwealth of Pennsylvania, Public School Employees' Retirement System ("PSERS")
5 North Fifth Street
Harrisburg, PA 17110
Re: WCP NewCold III, LP

Aksia LLC ("Aksia"), having been duly authorized by the Board of PSERS, has evaluated and hereby recommends, in line with PSERS' Investment Policy Statement and Guidelines, an amount not to exceed \$150 million in WCP NewCold III, LP (the "Fund" or "NewCold").

Westport Capital Partners ("Westport", or the "Firm") is a registered investment adviser specializing in real estate investments for a diverse base of institutional and individual investors through diversified funds, single investment vehicles, platform funds and separately managed accounts. Their track record and experience includes prior and current investments in over 35 states in the U.S., as well as Europe, Asia and Australia. The Firm targets all major real estate sectors, including office, housing, industrial, cold storage, healthcare, self-storage, hospitality, land banking, and development. Strategies include debt/equity restructuring and workouts, bridge capital, property repositioning and redevelopment, new development and portfolio aggregation. The Firm has raised a series of sidecar funds to support the growth of NewCold, a dedicated global cold storage operator first seeded by Westport in 2012 from its Real Estate Fund III. NewCold comprises a majority of the Firm's overall assets under management.

WCP NewCold III, LP is a pureplay specialist in cold storage facilities. The Fund is raising follow-on capital to recapitalize and grow the NewCold operating platform, a leading global owner and operator of modern, temperature-controlled cold storage facilities in Europe, Australia and North America. The Firm owns 14 operating facilities and has a development pipeline of 31 additional buildings. If all opportunities in the pipeline are completed, the real estate will be located approximately 50% in North America and 50% across Europe and Australia.

Aksia's recommendation to commit as described above is based upon the following analytical factors and is made within the context of PSERS' investment guidelines:

- Due diligence of the Fund's investment process, including a review of the sponsor, investment strategy, market positioning, investment personnel, and risk management;
 - Most recent investment due diligence review conducted in October 2024
- Due diligence of the Fund's operations, including a review of its organizational structure, service providers, regulatory and compliance, and financial statement analysis;
 - Most recent operational due diligence review conducted in October 2024
- Consideration of the Fund's strategy within the context of the current investment environment; and
- Consideration of the Fund's strategy as a component of PSERS' portfolio

This recommendation is given solely for the benefit of PSERS and cannot be relied upon by other investors considering an investment in the Fund, since their needs, objectives, and circumstances may not be identical to those of PSERS. In addition, please consult your tax, legal and/or regulatory advisors before allocating to any private investment fund.

Please feel free to contact us should you have any questions about this recommendation.

Respectfully,



Mark Bartmann
Managing Director, Head of Real Estate



Simon Fludgate
Partner, Head of Operational Due Diligence