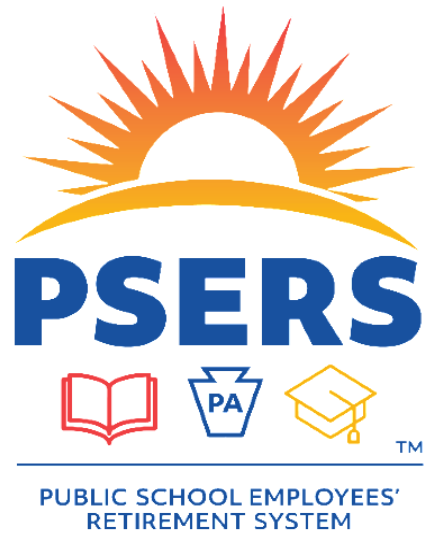


PSERB Resolution 2025-24
Re: Realterm Europe Logistics Fund II, SCSp
March 21, 2025

RESOLVED, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Investment Committee and commits an amount not to exceed €75 million, plus reasonable and normal investment expenses, in Realterm Europe Logistics Fund II, SCSp and/or related investment vehicles in accordance with the recommendation of Melissa A. Quackenbush, Senior Portfolio Manager and Aksia, LLC.

The final terms and conditions of the investment 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 contract.



Realterm Europe Logistics Fund II, SCSp Private Real Estate Recommendation

Melissa A. Quackenbush
Senior Portfolio Manager

Tyler C. Howell
Investment Professional

February 2025

Today's Presentation

Realterm Europe Logistics Fund II, SCSp ("RELF II")

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 €75 million to RELF II*
3. Strategy & Expertise
 - *Highly experienced owner / operator of mission critical, transportation-oriented industrial properties*
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 2025 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 \$600M – \$800M of annual commitments to reach the target exposure to Private Real Estate, however, IOP propose a range of \$300M – 600M to more quickly cure the overallocation.
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	7.2% ¹
Pacing Budget	
	2025
Proposed Pacing Budget Range	\$300M - \$600M
Primary Fund Commitments	
YTD Commitments	-
Today's Recommendation	€75M
Co-Investments	
YTD Commitments	-
Total Primary and Co-Investments	
Remaining Budget ²	\$372 million
Est. Remaining Primary Fund Recommendations	3 – 6
Expected to be in Target Budget Range?	Yes

1. Private Real Estate Actual taken from Verus 2024 Q3 Total Fund Report
 2. Remaining to the mid-point of the pacing budget using exchange rate of 1.03 USD: 1 Euro as of January 15, 2025

2. Recommendation Overview

PSERS IO and Aksia recommend committing €75 million to RELF II

Firm Name	Realterm Transportation, LLC (“Realterm”)
Investment Professionals / Employees	220 total employees / 41 European team employees / 11 European investment professionals
Fund Name	Realterm Europe Logistics Fund II, SCSp
Strategy Invested Capital ¹	\$786 million
Target Return	13% - 15%Net IRR/ 1.5x-1.6x MoC
Target Fund Size / Hard Cap	€400 Million / €500 Million
Recommended Commitment	€75 Million
GP Commitment	€7.5 Million
Fund Structure	Closed-End
PSERS Existing Relationship	No
Notable Investment Committee Disclosures ²	None

3. Realterm Strategy & Expertise

Realterm is a complementary exposure in the Private Real Estate portfolio

- 1. Market Opportunity:** The market opportunity for European transportation logistics assets is characterized by (1) structural constraints on new supply; (2) e-commerce demanding ever-shorter delivery time frames while maintaining route efficiency; (3) the shortening of supply chains and greater emphasis on resiliency; and (4) the reset in pricing with higher cap rates and relatively low capital availability in Europe.
- 2. Strategy:** Realterm plans to assemble a portfolio of ~30-50 transportation-oriented logistics assets across key European transfer nodes, leveraging a range of value creation strategies to achieve the fund's targeted net IRR of 13% to 15%.
- 3. Portfolio Fit:** Staff remains dedicated to building a resilient and diversified Private Real Estate portfolio, carefully balanced across demand profiles, geography, and property types. Currently, PSERS' industrial portfolio is predominately composed of bulk storage and distribution assets. The proposed commitment to Realterm offers an opportunity to diversify into an industrial subsector with significant market potential, where PSERS currently has limited exposure. This investment enhances portfolio breadth, providing a more comprehensive representation of the entire supply chain within PSERS portfolio.

4. Investment Considerations

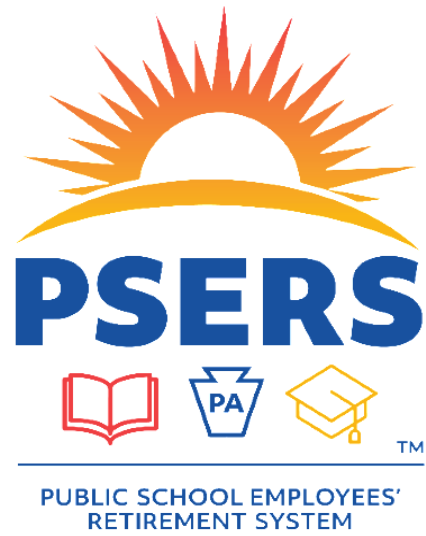
Realterm's risk factors consistent with the risks of Value-Add Real Estate

Risk	Detail	Mitigating Factors
Limited European Track Record	Realterm's European fund series was launched in 2020 and lacks significant realizations to-date. Fund I was impacted by rising interest rates, challenges stemming from the pandemic, as well as geopolitical conflicts in Europe.	<i>Property values in RELF I have now surpassed the valuations pre-interest rate hike. As of Q3 2024, the unrealized IRR for RELF I is top quartile versus the INREV European IRR index for non-core vehicles of similar vintage. Realterm is proving both their operational expertise and the resilience of transportation-oriented logistics assets through economic cycles in Europe.</i>
Institutionalization of the Industrial Transportation Sector	Apart from Realterm, there are currently no pure-play platforms focused exclusively on this property sub-type. However, investor goals to diversify within the industrial sector will likely encourage new players in this space.	<i>Realterm is a first-mover in this space and has established scale, operational expertise, strategic partnerships, and developed a proprietary data base to augment deal sourcing which will provide for a competitive edge over new entrants. Realterm is an established partner to global logistics tenants.</i>
Slow European Economic Growth	Low economic growth typically means that businesses are shipping fewer goods thus negatively impacting the need for logistics services.	<i>GDP and Rent Growth in Europe are less correlated post-pandemic, driven by limited supply and a flight to quality, particularly regarding building attributes and location. While GDP growth is anticipated to remain modest in 2025, properties in prime locations with sustainability features matching tenant requirements are expected to outperform.</i>

5. Investment Highlights

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

Highlight	Detail
Established Market Participant with Strong Reputation	Realterm has 30+ years of experience and \$12 billion in assets under management. With no direct competitors, its expertise and capital position have established Realterm as a trusted partner for logistics firms globally while delivering consistent returns for investors.
Durable Cashflows Through Cycles	Tenants rely on robust supply chain networks to optimize and manage peak seasonal volumes and build these networks with a long-term view, ensuring they can handle future growth. Limited supply of these mission critical assets further stabilizes demand as tenants are reluctant to vacate due to uncertainty about finding a suitable alternative when demand and shipping volumes rebound. Additionally, rent represents a small fraction (generally 5-15%) of the tenants' overall cost structure, equating to lower elasticity of rents.
Multiple Tailwinds Driving Rent Growth	<ol style="list-style-type: none"> 1. Growing online retail demand requires more logistics facilities, especially last-mile facilities to shorten delivery times to consumers. 2. More companies are on-shoring operations to mitigate supply chain risks. 3. Limited new supply of logistics facilities resulting from land scarcity and zoning restrictions



Appendix

Investment Committee Disclosure

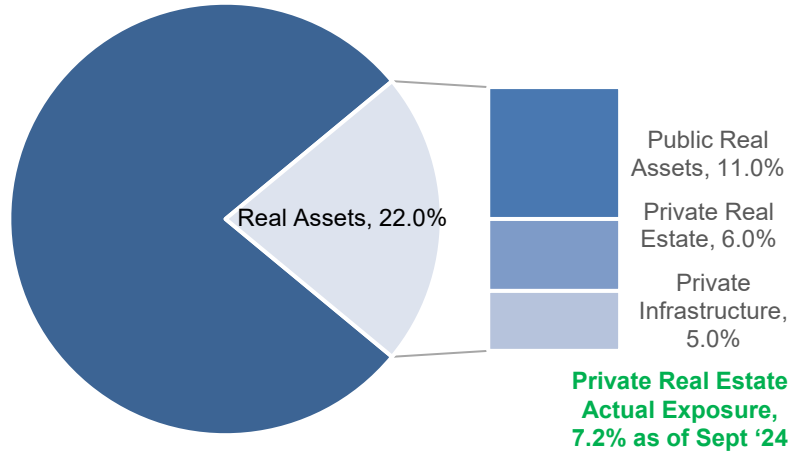
Disclosure	Response
Relationship with Aksia	As of January 1, 2025, four current Aksia advisory clients have made total aggregate commitments of \$351.9 million across investments managed by Realterm. As of January 23, 2025, one Aksia client in addition to PSERS has made a €20M commitment to Realterm Europe Logistics Fund II, SCSp. ¹
Introduction Source	Introduced via Manager Outreach, New Relationship.
Compliance with Placement Agent Policy	As confirmed by PSERS' Office of Chief Counsel on February 5, 2025, this investment complies with the Public School Employees' Retirement Board Placement Agent Policy.
PA Political Contributions	No reportable political contributions
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	Realterm 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*

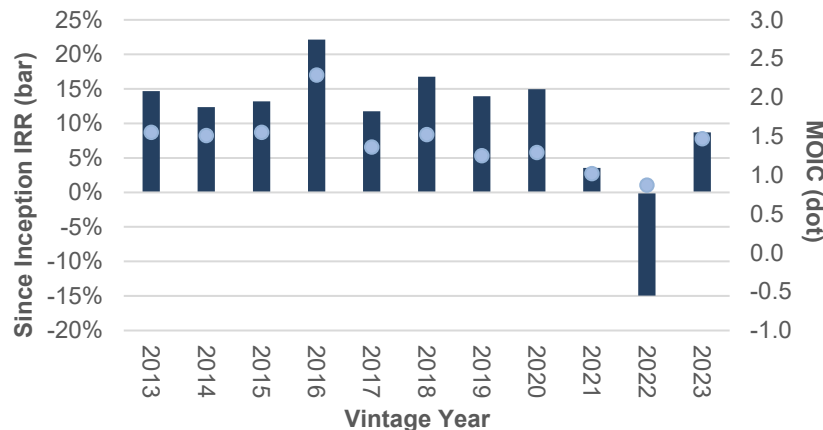
Allocation

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

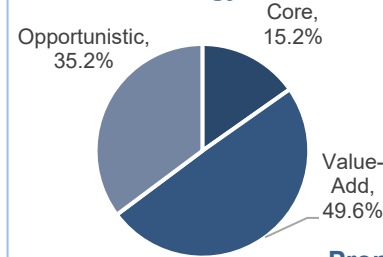


Performance

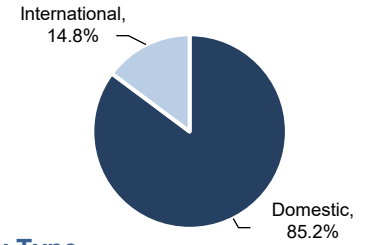
Performance by Vintage Year



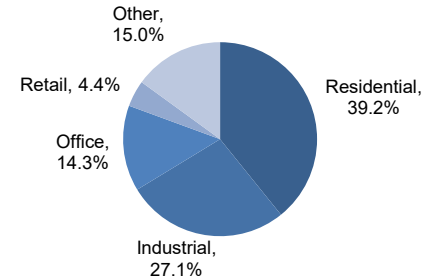
Strategy



Geography



Property Type



Portfolio Performance

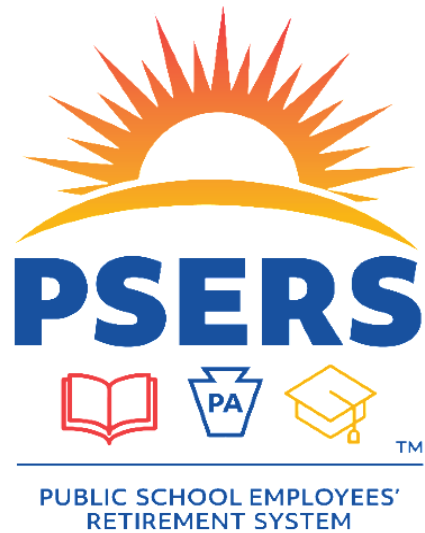
	Time-Weighted				
	1-YR	3-YR	5-YR	10-YR	ITD
Direct Investments	-0.5%	9.7%	11.9%	11.8%	9.2%
Fund Investments	-6.1%	4.8%	7.4%	9.0%	11.1%
Co-Investments	1.7%	4.1%	2.0%	9.2%	13.0%
Total Portfolio	-4.5%	6.2%	8.5%	9.7%	8.5%
Benchmark ¹	-7.6%	3.0%	4.7%	7.2%	8.2%

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).

Diversification

Performance



Realterm Europe Logistics Fund II, SCSp Private Real Estate Recommendation

Melissa A. Quackenbush
Senior Portfolio Manager

Tyler C. Howell
Investment Professional

February 2025

January 30, 2024

Board of Trustees
Commonwealth of Pennsylvania, Public School Employees' Retirement System ("PSERS")
5 North Fifth Street
Harrisburg, PA 17101

Re: Realterm European Logistics Fund II SCSp

Aksia LLC ("Aksia"), having been duly authorized by Board of PSERS, has evaluated and hereby recommends, in line with PSERS' Investment Policy Statement, Objectives, and Guidelines, an amount not to exceed €75 million in Realterm European Logistics Fund II SCSp ("RELIF II", the "Fund").

Realterm Transportation, LLC ("Realterm" the "Firm") is a dedicated logistics real estate operator focused on the acquisition, development, financing, and management of real estate and infrastructure assets. The Firm targets assets with high flow through ("HFT") characteristics that are in demand by local, national, and global supply chain users. The Firm was founded in 1991 by Ken Code and John Cammett and is entirely management-owned. The Firm manages both core and non-core fund vehicles across the U.S., Europe, and APAC markets.

RELIF II is the second iteration of Realterm's closed-ended value-add fund series targeting the U.K. and continental Europe. The Fund is expected to continue Realterm's focus on high-throughput ("HTP") logistics industrial assets, seeking to benefit from increasing e-commerce and supply chain reconfiguration trends. Realterm expects increasing yields in Europe could provide attractive buying opportunities for the Fund over the coming years. As of 2Q2024, RELIF II has deployed approximately €17 million of the €374 million of current capital commitments to two investments located in The Netherlands.

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 November 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 November 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,



Michael Brand
Managing Director, Co-Head of Real Assets



Simon Fludgate
Partner, Head of Operational Due Diligence