

ALIGNIUM

2Q2020 Real Estate Performance

City of Phoenix Employees' Retirement System (COPERS)

November 5, 2020

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Portfolio Overview

	Investment	COPERS Commitment	Structure	Investment Period Expiration	Commitment	Unfunded Commitment	% Funded ¹	Status ²
Core	Morgan Stanley Prime	3Q 2006	Open	N/A	\$90,500,000	\$0	100.0%	Stabilized
	JPMorgan SPF	2Q 2007	Open	N/A	\$87,380,529	\$0	100.0%	Stabilized
	Total Core Portfolio				\$177,880,529	\$0	100.0%	
Non-Core	JDM Partners I	1Q 2010	Closed	Expired	\$20,000,000	\$551,724	97.2%	Harvesting
	RECAP III	1Q 2012	Closed	Expired	\$30,000,000	\$6,339,855	78.9%	Nearly Liquidated
	Wheelock Street I	2Q 2012	Closed	Expired	\$20,000,000	\$3,724,018	81.4%	Nearly Liquidated
	Northwood Series IV	1Q 2014	Closed	Expired	\$20,000,000	\$14,146,540	29.3%	Harvesting
	Wheelock Street II	3Q 2014	Closed	Expired	\$30,000,000	\$8,657,868	71.1%	Nearly Liquidated
	Northwood Series V	1Q 2015	Closed	Expired	\$30,000,000	\$13,314,986	55.6%	Harvesting
	RECAP IV	1Q 2015	Closed	Expired	\$30,000,000	\$4,309,319	85.6%	Harvesting
	HSI V	2Q 2016	Closed	Expired	\$25,000,000	\$6,647,730	73.4%	Harvesting
	SC Core Fund	3Q 2016	Closed	N/A	\$30,000,000	\$47,806	99.8%	Stabilized
	Wheelock Street V	4Q 2016	Closed	Expired	\$25,000,000	\$5,880,097	76.5%	Harvesting
	Focus Senior Housing I	2Q 2017	Closed	2Q 2021	\$25,000,000	\$15,974,345	36.1%	Investing
	Hammes Partners III	2Q 2017	Closed	2Q 2022	\$25,000,000	\$20,027,310	19.9%	Investing
	RECAP V	4Q 2018	Closed	4Q 2021	\$25,000,000	\$17,192,024	31.2%	Investing
	Ascentris Value Add Fund III	3Q 2019	Closed	3Q 2023	\$25,000,000	\$10,276,442	58.9%	Investing
Wheelock Street VI	4Q 2019	Closed	1Q 2024	\$20,000,000	\$20,000,000	0.0%	Investing	
	Total Non-Core Portfolio				\$380,000,000	\$127,090,064	66.6%	
	Total Portfolio				\$557,880,529	\$127,090,064	77.2%	

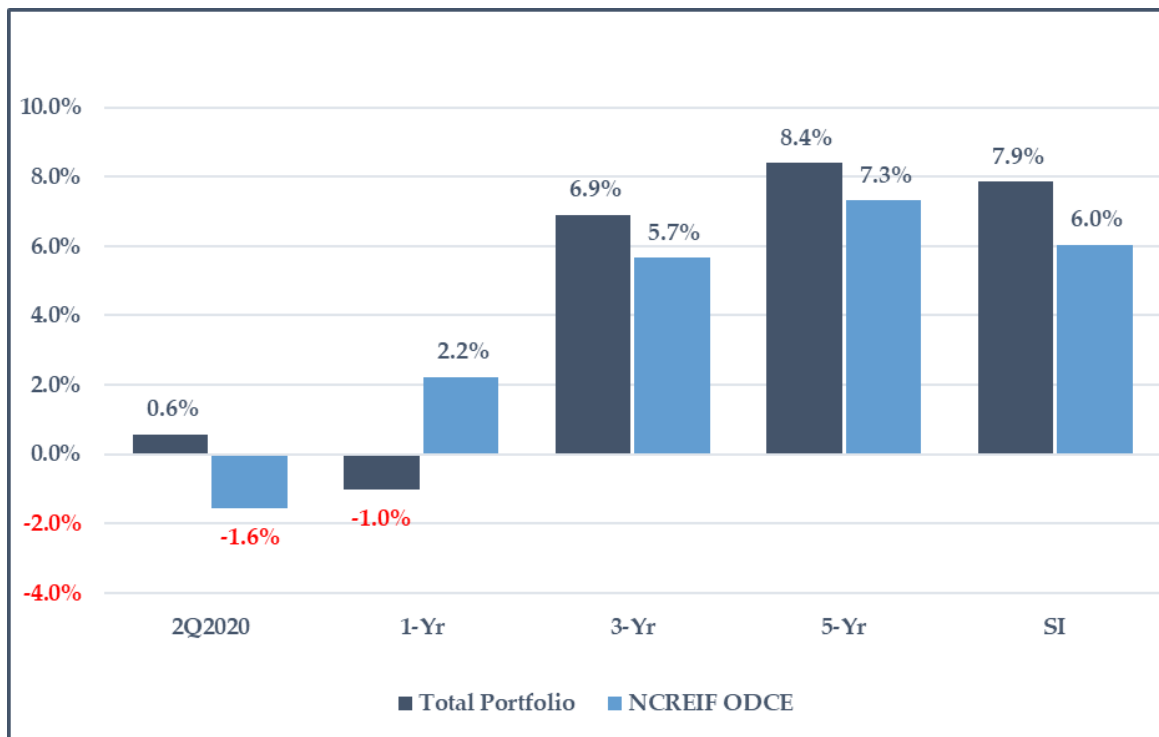
Notes: In September, COPERS committed \$30M to Realterm Logistics Income Fund (RLIF), which closed subsequent to quarter-end.

Performance Summary

	Investment	Market Value	% of RE Portfolio	% Funded	% Realized ³	SI IRR (Gross) ⁴	SI IRR (Net) ⁵	Net Equity Multiple ⁶
Core	Morgan Stanley Prime	\$79,679,753	22.9%	100.0%	52.2%	6.3%	5.2%	1.69x
	JPMorgan SPF	\$74,814,321	21.5%	100.0%	48.0%	4.8%	4.1%	1.50x
	Total Core Portfolio	\$154,494,074	44.5%	100.0%	50.3%	5.6%	4.7%	1.59x
Non-Core	JDM Partners I	\$21,763,196	6.3%	97.2%	36.7%	8.2%	6.9%	1.74x
	RECAP III	\$4,198,277	1.2%	78.9%	88.9%	11.9%	8.2%	1.17x
	Wheelock Street I	\$1,797,945	0.5%	81.4%	95.5%	35.6%	24.8%	1.71x
	Northwood Series IV	\$16,215,988	4.7%	29.3%	54.0%	15.9%	11.2%	1.42x
	Wheelock Street II	\$8,194,358	2.4%	71.1%	78.6%	26.7%	16.9%	1.50x
	Northwood Series V	\$26,011,759	7.5%	55.6%	33.1%	10.7%	8.1%	1.32x
	RECAP IV	\$18,213,956	5.2%	85.6%	40.0%	9.0%	5.8%	1.17x
	HSI V	\$10,321,350	3.0%	73.4%	44.8%	7.6%	-1.7%	0.97x
	SC Core Fund	\$30,759,967	8.9%	99.8%	6.0%	5.0%	4.1%	1.08x
	Wheelock Street V	\$18,988,275	5.5%	76.5%	5.5%	4.6%	0.2%	1.00x
	Focus Senior Housing I	\$9,418,167	2.7%	36.1%	5.0%	10.4%	3.9%	1.04x
	Hammes Partners III	\$4,114,364	1.2%	19.9%	10.4%	13.5%	-11.9%	0.92x
	RECAP V	\$9,265,719	2.7%	31.2%	11.5%	47.1%	24.3%	1.16x
	Ascentris Value Add Fund III	\$13,663,155	3.9%	58.9%	4.9%	N/A	N/A	N/A
Wheelock Street VI	\$0	0.0%	0.0%	N/A	N/A	N/A	N/A	
Total Non-Core Portfolio	\$192,926,476	55.5%	66.6%	52.8%	13.8%	9.5%	1.27x	
Total Portfolio	\$347,420,550	100.0%	77.2%	51.7%	7.4%	5.8%	1.39x	

Notes: In September, COPERS committed \$30M to Realterm Logistics Income Fund (RLIF), which closed subsequent to quarter-end. Sub-Portfolio and Total Portfolio composite performance figures include data from liquidated investments not shown in table

Performance Summary

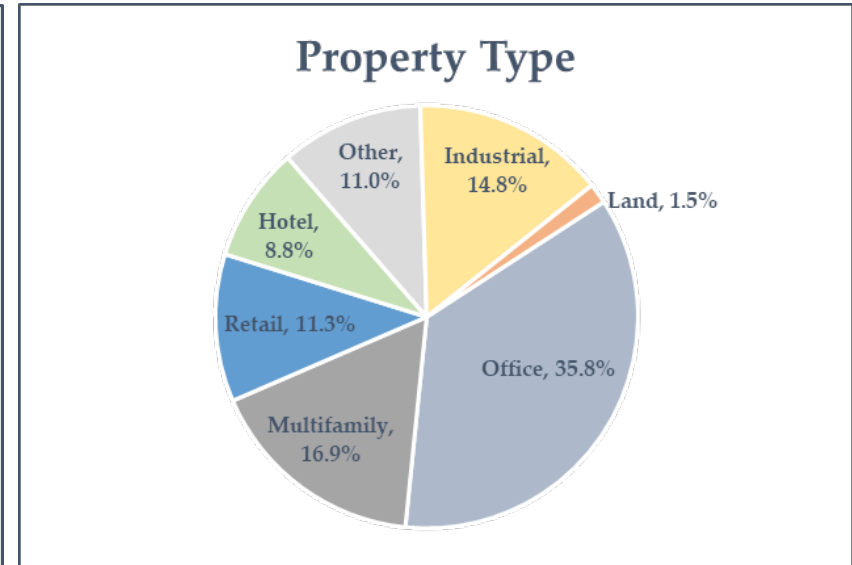
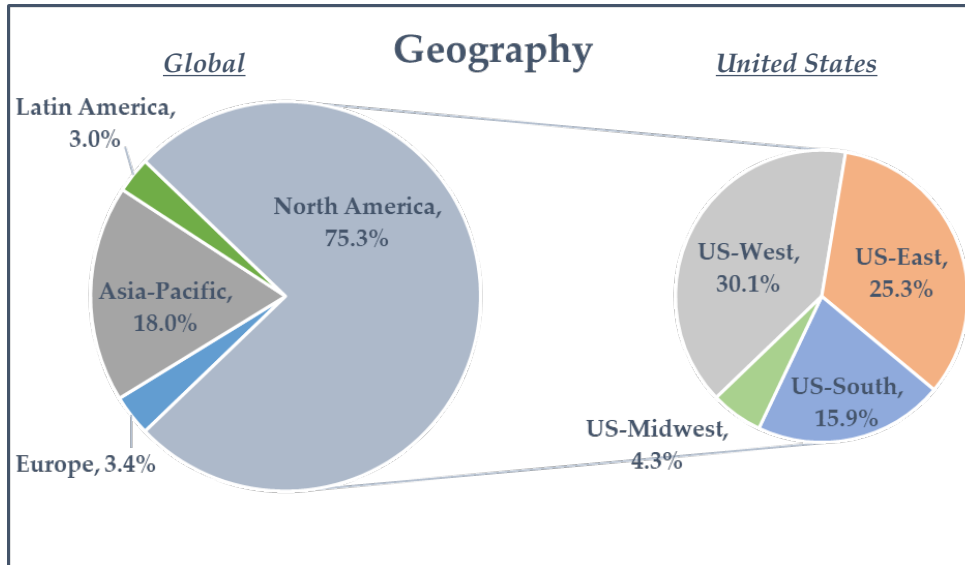


Performance Commentary

- 2Q2020 returns were impacted by valuation adjustments primarily in the core portfolio
- JP Morgan SPF (-2.0%) and MS Prime (-1.7%) were the largest detractors to portfolio performance during the quarter, driven by write-downs in each fund's retail portfolios as a result of negative operational impacts from COVID-19
- Wheelock V (+11.3%), Wheelock II (+23.1%), Northwood Series V (+3.4%) and SC Core (+2.5%) were the main contributors to performance during 2Q2020

	Time-Weighted Returns (Gross)					Net IRR ⁴	Net EM ⁵
	2Q2020	1-Yr	3-Yr	5-Yr	SI		
Core	-1.9%	2.5%	6.0%	7.8%	7.3%	4.7%	1.59x
Non-Core	2.6%	-3.9%	8.5%	9.4%	13.7%	9.5%	1.27x
Total Portfolio	0.6%	-1.0%	6.9%	8.4%	7.9%	5.8%	1.39x
NCREIF ODCE	-1.6%	2.2%	5.7%	7.3%	6.0%	-	-

Diversification

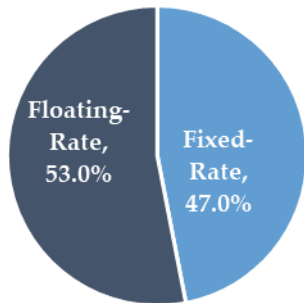


- Portfolio is well diversified by both Geography and Property Type
- Portfolio will continue to be focused on investing in North America (U.S.) with recent commitments to Ascentris VA III, Wheelock VI and Realterm Logistics Income Fund (RLIF) (post quarter-end)
- Exposure to medical office and industrial property types will increase as capital is drawn in Hammes III and RLIF

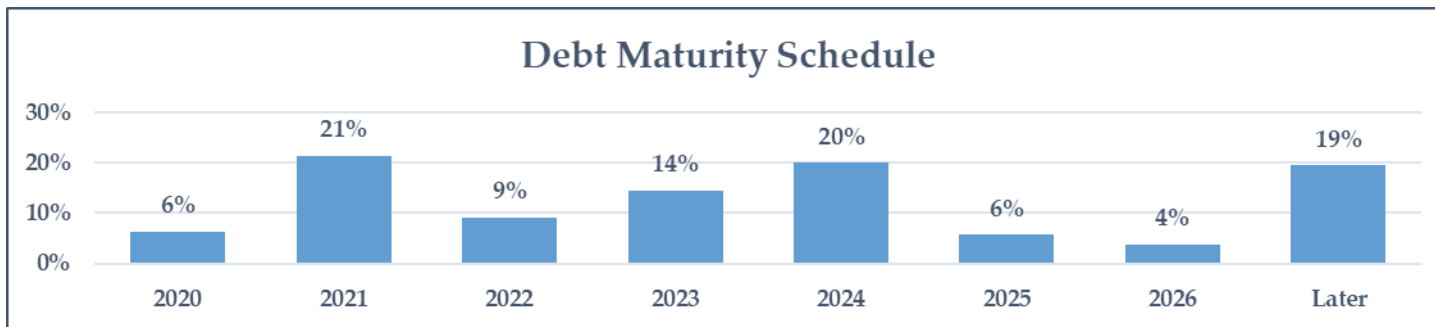
Leverage Profile

Total Portfolio Loan-to-Value (LTV) ⁷: 42.0%
Core Portfolio LTV: 21.9%
Non-Core Portfolio LTV: 51.5%

Weighted-Average Interest Rate: 3.0%

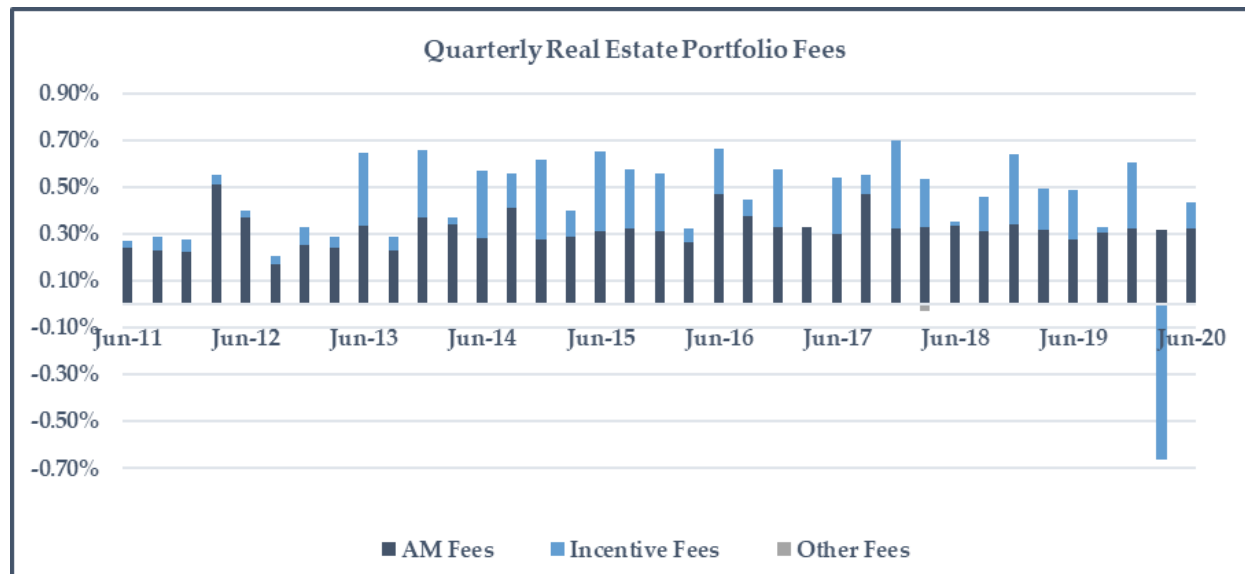


- Modest use of leverage across the Real Estate Portfolio
- Non-Core Portfolio LTV Ratio of around 50% remains modest, despite slight increases from valuation adjustments
- Cost of debt continues to decline due to floating interest rate exposure



Fee Summary ⁸

RE Portfolio Fees (% of Market Value)		
Type	2Q2020	Quarterly Avg.
Asset Mgmt.	0.32%	0.29%
Incentive	0.11%	0.10%
Other	0.00%	0.00%
Total	0.44%	0.39%



2Q2020 Fees Are In Line With Historical Averages

- Management fees were mostly in line with historical averages
- Incentive fee accruals during the quarter reflect positive returns of funds in the non-core portfolio, including Wheelock II

Subsequent Events

Below are some key portfolio updates that occurred subsequent to the end of 2Q2020:

3Q2020 Core Portfolio Flash Returns:

- JP Morgan SPF: -0.03% (gross)
- Morgan Stanley Prime: +1.3% (gross)

Wheelock II

- The fund made a distribution in August of approximately \$295,000 to COPERS, comprised of proceeds from condo closings at Bonita Bay and 1111 Central (each located in Bonita Springs, FL) and lot sales at Jordan Pointe (located in Apex, NC).

HSI Fund V

- In August, the fund made a net distribution to COPERS totaling approximately \$388,000 as a result of proceeds from the partial realizations of four (4) assets: Syslog Galeão (industrial in Duque de Caxias), Shopping Paralela (retail in Salvador), Nortis and IZ Residential JV (residential developments in Sao Paulo), as well as a follow-on investment in Parque da Cidade (office development in Sao Paulo).

RECAP IV

- In October, the fund distributed approximately \$107,000 of capital classified as return of capital from Project Bor Win II in Thailand.

SC Core Fund

- In August, the fund made an operating income distribution to COPERS totaling approximately \$500,000.

Appendix



2Q20 Portfolio NAV Summary

	Investment	Opening Value	Net Income	Net Appreciation	Capital Called	Capital Distributed	Ending Value
Core	Morgan Stanley Prime	\$ 82,009,284	\$ 533,884	\$ (2,055,070)	\$ -	\$ 808,345	\$ 79,679,753
	JPMorgan SPF	\$ 77,115,664	\$ 478,074	\$ (2,208,397)	\$ 187,017	\$ 758,037	\$ 74,814,321
	Total Core Portfolio	\$ 159,124,948	\$ 1,011,958	\$ (4,263,467)	\$ 187,017	\$ 1,566,382	\$ 154,494,074
Non-Core	JDM Partners I	\$ 22,201,012	\$ (437,816)	\$ -	\$ -	\$ -	\$ 21,763,196
	RECAP III	\$ 4,203,708	\$ 14	\$ (5,445)	\$ -	\$ -	\$ 4,198,277
	Wheelock Street I	\$ 2,119,205	\$ (11,631)	\$ 25,033	\$ 83,666	\$ 418,328	\$ 1,797,945
	Northwood Series IV	\$ 15,930,832	\$ (73,263)	\$ 274,467	\$ 605,621	\$ 521,670	\$ 16,215,988
	Wheelock Street II	\$ 6,971,713	\$ (49,810)	\$ 1,272,455	\$ 12,197	\$ 12,197	\$ 8,194,358
	Northwood Series V	\$ 28,470,931	\$ (76,464)	\$ 776,480	\$ 733,969	\$ 3,893,157	\$ 26,011,759
	RECAP IV	\$ 21,539,920	\$ (19)	\$ (33,246)	\$ 289,758	\$ 3,582,456	\$ 18,213,956
	HSI V	\$ 12,403,292	\$ (254,558)	\$ (3,029)	\$ 853,560	\$ 2,677,915	\$ 10,321,350
	SC Core Fund	\$ 30,531,076	\$ 1,122,835	\$ (426,324)	\$ 61,063	\$ 528,683	\$ 30,759,967
	Wheelock Street V	\$ 17,123,546	\$ (94,355)	\$ 1,959,084	\$ -	\$ -	\$ 18,988,275
	Focus Senior Housing I	\$ 9,531,804	\$ (9,470)	\$ (104,167)	\$ -	\$ -	\$ 9,418,167
	Hammes Partners III	\$ 4,203,012	\$ (9,921)	\$ 26,768	\$ -	\$ 105,495	\$ 4,114,364
	RECAP V	\$ 7,839,971	\$ (22)	\$ (312,066)	\$ 1,737,836	\$ -	\$ 9,265,719
	Ascentris Value Add Fund III	\$ 13,203,155	\$ (69,461)	\$ 268,447	\$ 261,014	\$ -	\$ 13,663,155
	Wheelock Street VI	\$ -	\$ -	\$ -	\$ 306,846	\$ -	\$ -
	Total Non- Core Portfolio	\$ 196,273,177	\$ 36,059	\$ 3,718,457	\$ 4,945,530	\$ 11,739,901	\$ 192,926,476
	Total Portfolio	\$ 355,398,125	\$ 1,048,017	\$ (545,010)	\$ 5,132,547	\$ 13,306,283	\$ 347,420,550

Notes: Figures may not sum to ending values due to differences in fee accruals and payment. Wheelock VI made its initial capital call during 2Q2020 to primarily fund expenses and management fees.

Definitions & Footnotes

¹ **Commitment Funded Percentage (“% Funded”)** – The percentage of the investor’s commitment that has been called by the manager to date, less any capital returned during the investment period that is deemed to be recallable.

² **Investment Status Definitions:**

- *Recently Closed*-Investment is awaiting first capital call designated for investment purposes
- *Investing*- Investment actively making commitments to new underlying investments; within stated investment period
- *Stabilized*- Investment is fully invested and unlikely to make near-term return of capital distributions
- *Harvesting*- Investment is actively divesting
- *Nearly Liquidated*- Investment is substantially divested of assets (typically > 80% realized)
- *Liquidated*- Investment has divested of all assets and either holds cash or no balance at all

³ **Realization Percentage (“% Realized”)** – The percentage of an investment’s cumulative distributions to date relative to the total value of the fund, measured as a sum of the cumulative distributions to date and the remaining investment value.

⁴ **Since Inception Gross Internal Rate of Return (“SI-IRR GROSS”)** – Reflects the implied discount rate equating the present value of an investment’s cash outflows and the remaining market value to the present value of the investment’s cash inflows, excluding any impact of fees charged or accrued.

⁵ **Since Inception Net Internal Rate of Return (“SI-IRR NET”)** - Reflects the implied discount rate equating the present value of an investment’s cash outflows and the remaining market value to the present value of the investment’s cash inflows, accounting for the impact of fees.

⁶ **Net Equity Multiple (“NET EM”)** – The sum of cumulative distributions and remaining investment value divided by total paid-in-capital, accounting for the impact of fees.

⁷ **Loan-to-Value Ratio (“LTV %”)** – Ratio of all outstanding direct debt obligations divided by the fair value of the fund’s gross real estate asset value.

⁸ **Fee Summary** – Fees percentages shown reflect fees paid relative to beginning portfolio market value.

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