



Real Estate and Timberland Committee Meeting Agenda

Wednesday, May 8, 2024, 9:30 a.m.*

- I. Minutes (Voting Item)**
- II. Executive Director/Chief Investment Officer Report**
- III. Performance Review and Market Summary**
- IV. Issuance of a Request for Proposals (RFP) for U.S. REIT Investment Management Services (Voting Item)**

Appendices

- A. Minutes of the PRIM Real Estate and Timberland Committee Meeting of January 31, 2024**
- B. PRIT Fund Performance Report (March 31, 2024)**
- C. BNY Mellon Gross of Fees Performance Report (March 31, 2024)**
- D. Real Estate and Timberland Performance Charts**

*" This meeting will be held in accordance with the provisions of Massachusetts Acts of 2022 which was most recently amended on March 29, 2023, to include an extension of the 2020 Executive Order 'Suspending Certain Provisions of the Open Meeting Law' until March 31, 2025," and all members of the Committee will participate remotely via audio/video conferencing, and public access to the deliberations of the Committee will likewise be provided via telephone.

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I. Minutes (Voting Item)

The minutes of the January 31, 2024, Real Estate and Timberland Committee meeting are attached as **Appendix A**.

II. Executive Director/Chief Investment Officer Report

Markets and PRIT Fund Performance Summary

PRIT Core Fund Performance Reports include:

- The PRIT Fund Performance Report is attached as **Appendix B**.
- The BNY Mellon Gross of Fees Performance Report is attached as **Appendix C**.

III. Performance Review and Market Summary

Performance data for Real Estate and Timberland is attached as **Appendix D**.

Total Real Estate

Through March 31, 2024, gross-of-fees returns for Real Estate over the one-, three-, five- and ten-year periods were as follows:

	PRIM Real Estate	Combined Benchmark*	Over/Under Performance
1-Year	-6.7%	-11.2%	4.5%
3-Year	6.9%	2.6%	4.3%
5-Year	6.3%	3.2%	3.2%
10-Year	8.2%	6.1%	2.1%
*Includes NCREIF NFI-ODCE Net Index as of December 31, 2023 (One Quarter Lag). March Index returns were not available in time for month-end performance calculation.			

Private Real Estate Performance

Through March 31, 2024, gross-of-fees returns for Private Real Estate over the one-, three-, five- and ten-year periods were as follows:

	PRIM Private Real Estate	Benchmark*	Over/Under Performance
1-Year	-7.9%	-12.7%	4.8%
3-Year	8.7%	3.5%	5.2%
5-Year	7.5%	3.7%	3.7%
10-Year	9.1%	6.5%	2.6%
*NCREIF NFI-ODCE Net Index as of December 31, 2024 (One Quarter Lag). March Index returns were not available in time for month-end performance calculation.			

Real Estate Securities Performance

Through March 31, 2024, gross-of-fees returns for REITs over the one-, three-, five- and ten-year periods were as follows:

	PRIM REITs	Benchmark*	Over/Under Performance
1-Year	9.0%	8.4%	0.6%
3-Year	0.5%	-0.4%	0.9%
5-Year	2.2%	0.6%	1.7%
10-Year	4.9%	3.8%	1.1%
* FTSE EPRA NAREIT Developed Net Total Return as of March 31, 2024			

As of March 31, 2024, the Total Real Estate Portfolio was valued at \$9.9 billion, or 9.5% of the PRIT Fund. Core Real Estate assets represent 86.2% of the Total Real Estate portfolio; 5.7% of the portfolio is invested in Non-Core assets and PRIM’s FUTURE Portfolio; and 7.4% is invested in REITs. The remaining balance is in cash awaiting deployment.

Timberland

Through March 31, 2024, gross-of-fees returns for Timberland over the one-, three-, five- and ten-year periods were as follows:

	PRIM Timberland	Benchmark*	Over/Under Performance
1-Year	11.3%	9.5%	1.8%
3-Year	10.2%	10.5%	-0.3%
5-Year	6.8%	6.6%	0.2%
10-Year	6.2%	5.8%	0.4%

**NCREIF Timberland Index as of December 31, 2023 (One Quarter Lag). March Index returns were not available in time for month-end performance calculation.*

V. Issuance of a Request for Proposals (RFP) for U.S. REIT Investment Management Services (Voting Item)

PRIM staff is seeking approval for the issuance of a Request for Proposals (RFP) for U.S. REIT Investment Management Services. The purpose of the RFP is to select one or more firms to provide public long-only U.S. REIT Investment Management Services via separate account vehicles. A successful RFP process will improve portfolio diversification and increase the depth of investment managers.

The RFP’s U.S. only strategy is consistent with the Asset Allocation Recommendation approved by the PRIM Board on February 15, 2024, which concluded that U.S. REITs are more favorable to the PRIT Fund with respect to diversification, risk-return profile, correlation with equity markets, and appraisal ratio analysis. Pursuant to this Asset Allocation Recommendation, staff will convert the existing global REIT portfolio to a U.S. only strategy.

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