

Investment News

As of March 31, SDCERA's real estate portfolio was valued at \$504 million. The pension fund has invested 9.6 percent of its 10 percent targeted allocation for real estate.

Texas Teachers Invests in USAA Government Building Fund

The \$95.2 billion Teacher Retirement System of Texas has made a \$300 million commitment to USAA Real Estate Co.'s U.S. Government Building Fund. The commitment from Texas Teachers brings the total equity commitments to \$546 million from six pension funds.

The U.S. Government Building Fund has an expected total size of more than \$1 billion and is expected to close in 12 to 24 months. The fund targets class A core property assets across the United States.

USAA Real Estate has \$6 billion in owned and managed assets under management. It is a subsidiary of financial services firm USAA.

Virginia Retirement System Increases Real Estate Portfolio

The \$47.7 billion Virginia Retirement System (VRS) has made real estate investments totaling \$425 million. The pension fund has allocated \$225 million to a joint venture with Carson Cos., known as Carson Industrial. The joint venture plans to invest in industrial properties in Southern California and Houston, targeting a mixture of existing assets and new development projects.

In addition, the retirement system has made a commitment of about \$200 million to the LaSalle Property Fund, a core open-end fund managed by LaSalle Investment Management.

The commingled fund aims to buy a combination of existing and leased office, industrial, retail and apartments in the United States.

As of June 2010, the VRS real estate portfolio was valued at roughly \$3.1 billion, giving the pension plan an actual real estate allocation of approximately 6.5 percent.

OFFERINGS

Harrison Street Announces Second Closing of Fund III

Harrison Street Real Estate Capital, an investment manager in the education, healthcare and self-storage segments of the real estate market, has completed the second closing of Harrison Street Real Estate Partners III, which has so far raised more than \$330 million. By the end of the year, Harrison Street expects to raise \$500 million in equity, which will equate to roughly \$1.75 billion in purchasing power.

The fund is interested in off-campus student housing, senior housing, medical office buildings and storage properties. Fund III is expected to be similar to the first two funds in the series, with similar U.S. and European corporation and pension fund, foundation, family office and endowment investors.

Henderson Markets U.S. Multifamily Fund

Henderson Global Investors has launched CASA V, which is the fifth in the firm's CASA Partners series of multifamily funds.

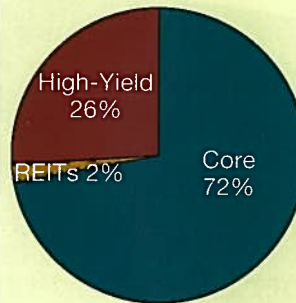
CASA V will target an initial equity raise of at least \$100 million by the end of this year. The CASA Partners series integrate value-enhancing strategies

2010 YEAR-TO-DATE SEARCH SUMMARY

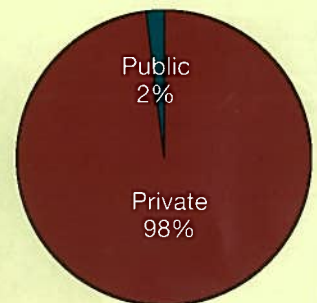
Completed Searches

Publicly Announced	\$6,135.3M
Pending Allocations	\$1,435.0M

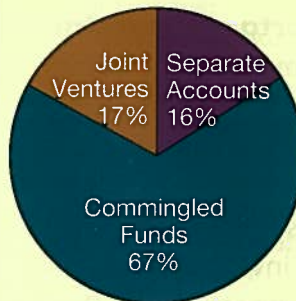
Allocations by Strategy (\$)



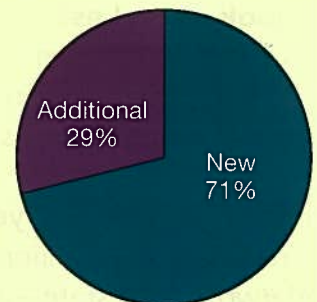
Equity Real Estate Allocations (\$)



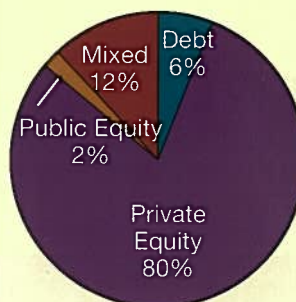
Allocations by Vehicle Type (\$)
(excludes REIT manager searches)



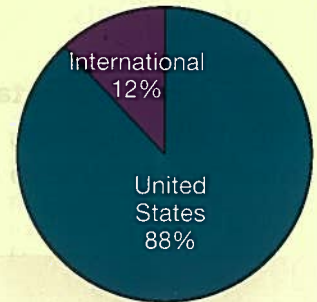
New vs. Additional Allocations (\$)



Allocations:
Equity vs. Debt (\$)



Allocations by Market (\$)



*12-month period runs from January to December, as of Oct. 15, 2010