



TOWNSEND[®]
GROUP

an Aon company

Real Estate Portfolio

Performance Measurement Report

Second Quarter 2023



Portfolio Funding Status

Portfolio Funding Status	Market Value (\$ millions)*	% LAFPP Plan
LAFPP Total Plan Assets	\$29,385	
Real Estate Target	\$2,939	10.00%
RE Market Value		
Public	\$1,383	4.70%
Private	\$1,745	5.94%
<i>Core</i>	\$1,296	4.41%
<i>Non-Core</i>	\$449	1.53%
LAFPP Real Estate Market Value	\$3,128	10.64%
<i>Unfunded Commitments</i>	\$562	1.91%
RE Market Value & Unfunded Commitments	\$3,689	12.55%
Remaining Allocation	-\$751	-2.55%

Highlights

- The following slides provide a review of key information for the Los Angeles Fire & Police Pension System (“LAFPP”) Real Estate Portfolio (the “Portfolio”) through June 30, 2023.
- LAFPP has a 10.0% target allocation to real estate and allows for additional flexibility of $\pm 1.5\%$ of the Total Plan. On a funded basis, LAFPP is slightly above its established target due to the overweight position of the public portfolio.
- Unfunded commitments include all approved investments, but the funded and committed figures do not take into account liquidating positions or planned redemptions.
- The Private Portfolio is well established and has 42 investment vehicles managed by 31 investment partners.

*Figures may not add due to rounding.

Real Estate Portfolio Composition

	Strategic Targets		Portfolio Composition (6/30/2023)*	
	Target Allocation	Tactical Range	Funded	Funded & Committed
Public Real Estate	30%	25% - 35%	44.2%	37.5%
Private Real Estate	70%	65% - 100%	55.8%	62.5%
<u>Private Portfolio</u>				
Core Portfolio	60%	50% - 70%	74.2%	57.5%
Non-Core Portfolio	40%	30% - 50%	25.8%	42.5%
<i>Value Add Portfolio</i>	20%	0% - 50%	20.3%	32.9%
<i>Opportunistic Portfolio</i>	20%	0% - 50%	5.4%	9.6%

- LAFPP is currently out of its target ranges for Public and Private Real Estate due to the increase in public real estate investment trust (“REIT”) exposure in recent years leading to a significant overweight compared to the 30% target. A redemption plan for public REITs has been put in place by LAFPP staff to reduce the exposure and align the portfolio with its tactical ranges.
- The Private Real Estate Portfolio is overweight to core strategies but within the tactical range on a funded and committed basis.
- The non-core portfolio has unfunded commitments that will bring it in-line with the tactical range as the remaining capital is deployed.
 - Common practice in non-core private market investments is to over-commit in order to maintain and/or grow current market values to target allocation levels.
- As of quarter-end, the Core Private Portfolio had a loan-to-value (“LTV”) ratio of 29.7%, below the 40.0% constraint outlined in the Strategic Plan. The Total Portfolio LTV ratio of 32.2% is also well below the 60.0% LTV ‘governor’ defined in the LAFPP Strategic Plan.

*Figures may not add due to rounding.