



Minutes of the Real Estate and Timberland Committee Remote Meeting
Wednesday, August 6, 2025

Committee members attending:

- Jill Hatton, CRE, Chair
- Treasurer Deborah Goldberg
- Robert Gifford
- William McCall, CRE
- Garlan Morse, Jr., CRE
- Carly Rose

Committee members not attending:

- Lydia Chesnick, Esq.
- Jack Lutz, Ph.D.
- Peter O'Connell

The PRIM Real Estate and Timberland Committee meeting was called to order at 9:31 a.m. Chair Jill Hatton announced that the meeting was being held in accordance with the provisions of Massachusetts Acts of 2022, Chapter 22, which was most recently amended on March 28, 2025, to include an extension of the 2020 Executive Order 'Suspending Certain Provisions of the Open Meeting Law' until June 30, 2027. All members of the Committee who participated did so remotely via audio/video conferencing, and public access to the Committee's deliberations was provided via telephone. All documents referenced during the meeting were available for viewing on PRIM's website (www.mapension.com). At the start of the meeting, the names of the participating members who were participating remotely were announced.

I. Approval of the Minutes (Voting Item)

The PRIM Real Estate and Timberland Committee approved, by unanimous roll-call vote, the minutes of its May 7, 2025, meeting.

II. Executive Director/Chief Investment Officer Report

Michael G. Trotsky, CFA, Executive Director, and Chief Investment Officer, made comments to the Committee, including:

Mr. Trotsky reported that the PRIT Fund ended with a record balance of \$115.4 billion, surpassing previous records. The fund returned 9.6% (net), gaining \$10.1 billion in the Fiscal Year (FY), with all seven major asset classes posting positive returns. The team drew inspiration from Warren Buffett and Winston Churchill during a period of high market volatility. Despite the tumultuous year, the team's calm focus led to exceptional investment productivity, with \$5.0 billion deployed into new investments. PRIM faced no liquidity stress and met all its funding commitments, showcasing a well-designed and resilient portfolio.

Organizationally, the PRIM staff's depth and talent were stronger than ever, with low turnover. The staff received local and national recognition, including Mr. Trotsky receiving a Lifetime Achievement Award and being named to the Chief Investment Officer 2024 POWER 100 list. PRIM's Private Equity Portfolio was ranked fourth by the American Investment Council's Public Pension Study. Helen Huang was named to Private Equity International's "40 Under 40: Future Leaders of Private Equity" list.

PRIM ranked fifth in the U.S. for assets managed by diverse managers, and two staff members received Commonwealth Citations for Outstanding Performance. PRIM's financial controls and reporting continued to be industry-leading, earning the Certificate of Achievement for Excellence in Financial Reporting for the 20th consecutive year and completing the CFA Institute's Global Investment Performance Standards for the seventh straight year. PRIM completed over 30 audits, all resulting in clean unmodified opinions.

Despite higher uncertainty, U.S. equities rose 15.1%, developed international equities increased by 18.6%, emerging market equities gained 15.2%, and diversified bonds gained 6.1%. The highest-performing PRIT

Fund asset classes included Global Equities and Hedge Funds, while Value-Added Fixed Income and Private Equity posted strong returns. The PRIT Fund's trailing 1-, 3-, 5-, and 10-year returns consistently exceeded the required actuarial rate of return of 7%.

The FUTURE Initiative, established to meet the objectives of the 2021 Investment Equity legislation, aims to ensure that at least 20% of PRIM's investment managers are women, minorities, or persons with disabilities owned. The PRIT Fund currently allocates approximately \$15.1 billion to diverse investment managers, more than doubling its commitment since 2021. In FY2025 alone, PRIM allocated \$900 million to diverse managers.

PRIM's Stewardship and Sustainability team has adopted new Stewardship Priorities and an Engagement Policy, focusing on Climate Transition Planning, Fair Pay, Sustainable Forestry, and Transparency. PRIM joined two organizations to pursue engagement initiatives and voted on 12,181 proxy ballots aligned with PRIM's custom proxy voting guidelines. PRIM updated the Proxy Voting Guidelines and developed a Proxy Voting Decision-Making Policy. PRIM concluded its five-year membership in MIT's Aggregate Confusion Project, confident that the knowledge gained will benefit future stewardship priorities and engagement activities.

The PRIM team responded well during the volatile environment of the last several years, delivering strong investment performance and innovative non-investment solutions. Mr. Trotsky thanked the PRIM Board, committees, and staff for their support and hard work.

Mr. Trotsky informed the Committee that his FY 2025 self-assessment was distributed in support of his annual performance evaluation, with the formal review scheduled for the Board meeting on August 14th.

PRIT Performance

Mr. Trotsky mentioned that worldwide financial markets were very strong this past fiscal year, adding that one of PRIM's economics providers, Evercore ISI, characterized the 12-month bull market as "a bucking bull" market, which he thought perfectly characterized the direction and volatility of the year.

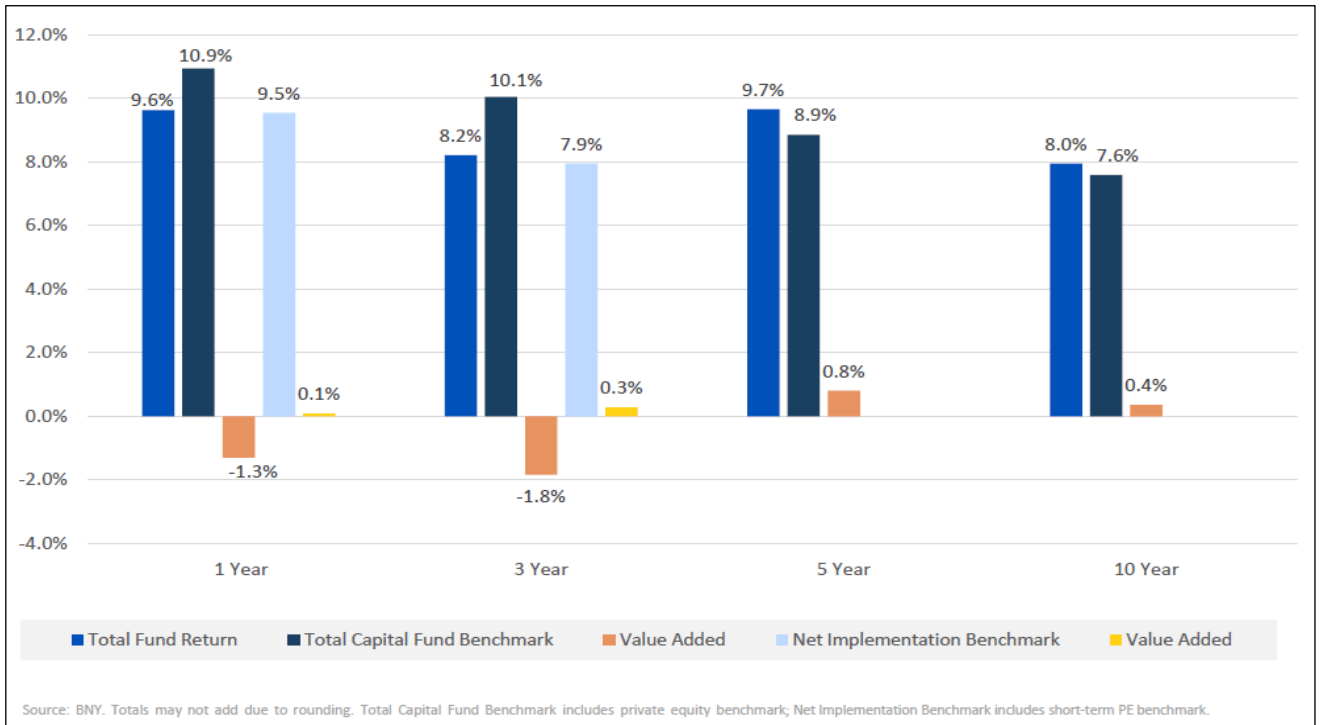
PRIM maintained its exposure to International Equities, and for the first time in many years, international equities outperformed US equities. Diversified bonds were also up, as rates, although volatile, remained within their expected ranges throughout the year. The 10-year Treasury yield of 4.2% today is very near where it was last year at this time. U.S. Equities were very strong over the trailing 12 months, up 15.1%. Perhaps more noteworthy was the strength of some of the largest international markets. For example, German equities were up 40.1%, China was up 33.6%, the UK was up 19.9%, and Japan was up 13.8%.

Mr. Trotsky discussed the June 2025 PRIT Fund performance in more detail, referencing the following performance charts:

(The remainder of this page was intentionally left blank.)

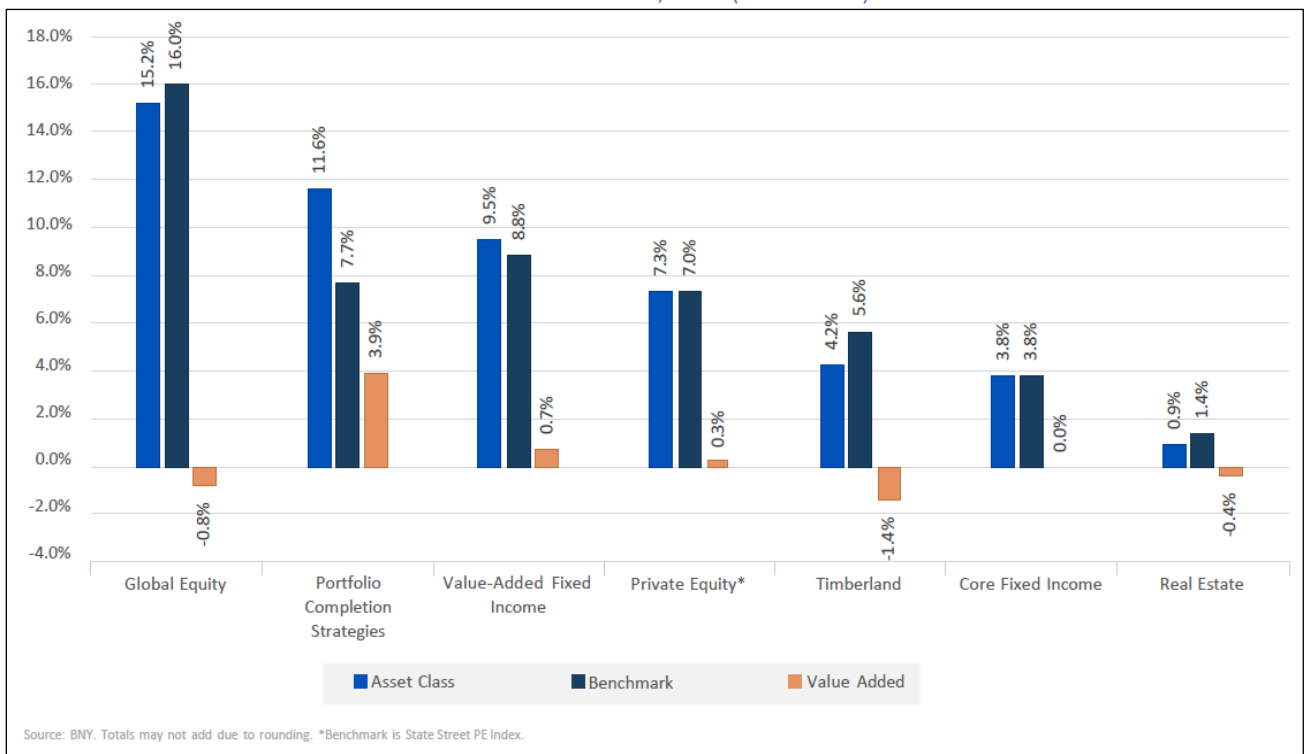
Total PRIT Fund Returns

Annualized Returns as of June 30, 2025 (Net of Fees)



PRIT Asset Class Performance Summary

One Year ended June 30, 2025 (Net of Fees)



PRIT Fund Annualized Returns by Asset Class

June 30, 2025 (Net of Fees)

1 Year	3 Year	5 Year	10 Year
GLOBAL EQUITY 15.2%	GLOBAL EQUITY 16.8%	PRIVATE EQUITY 18.8%	PRIVATE EQUITY 16.2%
PORTFOLIO COMPLETION STRATEGIES 11.6%	VALUE-ADDED FIXED INCOME 9.1%	GLOBAL EQUITY 13.6%	GLOBAL EQUITY 9.8%
VALUE-ADDED FIXED INCOME 9.5%	PORTFOLIO COMPLETION STRATEGIES 8.4%	VALUE-ADDED FIXED INCOME 8.1%	REAL ESTATE 6.1%
PRIVATE EQUITY 7.3%	TIMBER 6.8%	PORTFOLIO COMPLETION STRATEGIES 7.8%	VALUE-ADDED FIXED INCOME 5.4%
TIMBER 4.2%	PRIVATE EQUITY 3.3%	TIMBER 7.7%	TIMBER 5.3%
CORE FIXED INCOME 3.8%	CORE FIXED INCOME 0.2%	REAL ESTATE 5.7%	PORTFOLIO COMPLETION STRATEGIES 4.4%
REAL ESTATE 0.9%	REAL ESTATE (3.0%)	CORE FIXED INCOME (2.4%)	CORE FIXED INCOME 1.9%

Source: BNY. Returns as of June 30, 2025

Economic Update

Mr. Trotsky mentioned that the U.S. GDP increased by 3.0% in the June quarter, rebounding from a 0.5% contraction in Q1 and exceeding expectations. This rebound was mainly due to a 30% fall in imports following a 38% surge in the prior quarter. The positive GDP report was more of a mathematical feature than a sign of economic improvement, as imports are subtracted from GDP calculations. The sharp decline in imports could be attributed to increased purchases earlier in the year to avoid anticipated tariff-related price increases. Core GDP slowed to 1.2% as consumer spending and business investment fell.

Inflation, measured by CPI, rose to 2.7% in June, up from 2.4% in May, marking the highest reading since February. Food, transportation, and autos saw stronger price gains, while shelter inflation eased slightly and energy prices declined. The June inflation gain of 0.3% was the largest in five months.

The ISM Manufacturing Purchasing Managers Index declined for the fifth consecutive month, and the U.S. unemployment rate edged up to 4.2%. However, retail sales, housing starts, and consumer sentiment showed slight increases.

In other large economies, China's GDP growth slowed, inflation remained steady, and the People's Bank left rates unchanged. In Europe, GDP increased by only 0.1% quarter-over-quarter, the lowest since 2023, as inflation remained steady and the European Central Bank left rates unchanged. Japan's economy slowed to flat growth in Q1, with inflation easing to 3.3% and the central bank leaving rates unchanged.

Last week, the U.S. Federal Reserve maintained interest rates at their current level for the fifth consecutive meeting, consistent with other large economies. The July Employment Report revealed that non-farm payrolls increased by only 73,000, significantly lower than expectations, with large downward revisions to the gains in May and June. This prompted a political response, with President Trump dismissing the head of the Bureau of Labor Statistics, alleging, without evidence, that job numbers were being manipulated for political purposes.

Yesterday, the Investment Committee discussed three main points: the reliance on survey results for non-

farm payroll and CPI data, the negative impact of Brexit on the UK economy, and the unpredictable impact of policy decisions on global markets.

Mr. Trotsky concluded his remarks by telling the Committee that PRIM expects the "bucking bull market" to continue, and PRIM's approach is to maintain PRIM's carefully constructed portfolio, which has served PRIM well in both up and down markets.

III. Performance Review and Market Summary

Timothy Schlitzer, CFA, CRE, Director of Real Estate and Timberland, began by noting that there were no meaningful changes to PRIM's Real Estate or Timberland allocations during the quarter. Real Estate ended at 9.2% of PRIT, or \$10.6 billion in NAV, and Timberland at 2.8%, or \$3.2 billion. Both allocations remain below their respective targets of 10% and 4%, but within acceptable ranges.

He highlighted that the team had an active year in capital allocation, executing approximately \$1.5 billion in decisions. This included \$300 million in new REIT mandates, \$650 million in transaction activity across acquisitions and dispositions, and \$150 million in real estate debt refinancing. Additionally, \$450 million in new commitments were made across PRIM's non-core, FUTURE, and credit allocations. Mr. Schlitzer expressed appreciation for the team's engagement and performance, especially given the challenging environment marked by heightened uncertainty.

There were no substantial changes to the Real Estate allocation segments during the quarter. Mr. Schlitzer pointed out that the non-core bucket, representing 5% of assets or \$530 million, and REITs, which have grown but still comprise only about 10% of the portfolio, remained stable.

Real Estate

For the fiscal year, total Real Estate returned 0.93%, slightly ahead of PRIM's benchmark on a gross basis but 44 basis points below on a net basis. Over a three-year period, PRIM's portfolio outperformed its benchmark by 155 basis points net of fees. The five-year annualized return stood at 5.7%, reflecting 336 basis points of net outperformance.

REITs led performance both absolutely and relatively, returning 7.0% and outperforming the benchmark by 263 basis points net of fees. The core private portfolio, which constitutes 84% of total Real Estate, returned 1.6%, or 2% before accounting for portfolio leverage, and exceeded the benchmark by 46 basis points net.

While leverage detracted from absolute performance, PRIM's leverage contribution outperformed the index due to a lower loan-to-value ratio. Mr. Schlitzer noted that the team continues to monitor the market for opportunities to borrow accretively, aiming to reduce the overall cost of capital as returns improve.

Sector and geographic return drivers remained consistent with the previous quarter. Industrial and apartments—PRIM's overweight sectors and over 70% of the portfolio—performed well, although industrial absorption and growth have slowed as tenants delay decisions. PRIM maintained underweights to two major West Coast markets and overweights to several Southern markets, including Atlanta, Miami, and Dallas. This positioning has been additive to performance. Mr. Schlitzer noted that at the Investment Committee, Connie Everson presented a slide illustrating strong personal income and real GDP outperformance in the Southeast, aligning with PRIM's strategy.

PRIM maintained a small underweight to the retail sector. The existing retail exposure was beneficial, supported by minimal new supply and a resurgence in capital markets. The underweight to traditional office continued to be accretive. PRIM's overweight to medical office, driven by demographic trends and excluding hospital exposure, outperformed the broader office sector.

However, non-core Real Estate, comprising 5% of the portfolio, detracted from private returns with a -15.8% return for the year. This segment, which includes active risk not reflected in PRIM's benchmark, was

negatively impacted by exposure to office, life science, and apartment investments. These were affected by high loan-to-value ratios, oversupply in certain markets, and liquidity constraints.

Mr. Schlitzer commented that while the market appears stable, it is not necessarily normal. Valuations remain flat, but income yields are now positive and contributing to returns. Data centers continue to grow, offsetting challenges in the office sector, which remains under pressure despite signs of stabilization.

Cap rates have stabilized, but capital costs have not normalized. REIT implied cap rates range between 5.5% and 6%, suggesting a 10% discount to private assets. Private acquisition cap rates are in the low to mid-5% range, while private index appraisal cap rates are in the high 4% range. Debt costs remain elevated, around 5.5% to 6%, even in a low spread environment.

Despite increased transaction activity and apparent conviction among managers, Mr. Schlitzer emphasized that the market still reflects a bet on lower interest rates and future supply constraints. The team remains disciplined and prepared to respond to market developments.

Timberland

Turning to Timberland, Mr. Schlitzer reported a total return of 4.2% for the fiscal year, 140 basis points below PRIM's benchmark. He noted that PRIM values its U.S. portfolio annually, meaning current appraisals and log price assumptions are six months old.

Mr. Schlitzer explained that the underperformance was concentrated in a few segments. The overweight to non-U.S. markets, which represent about 22% of active benchmark exposure, detracted from performance—particularly in New Zealand, where moderating export log price assumptions led to weaker results. Foreign exchange volatility also played a role, though the negative contribution from FX has diminished as the Australian dollar rebounded by approximately 10% since April, ending the year down only 3%.

He went on to explain that two assets in the Pacific Northwest with significant export exposure—primarily Hemlock, a preferred species in Asia—also detracted from performance. These assets were affected by changes in discount rates and log price assumptions.

Domestically, there were some positive price trends. For example, Douglas Fir prices rose 7% in Washington State, while Hemlock exports declined by about 5%. Tariffs may be influencing expectations for higher U.S. prices, although no new tariffs have been implemented beyond the existing 14% Canadian duties. China's current pause on U.S. log imports may marginally benefit New Zealand.

Lastly, Mr. Schlitzer commented that U.S. housing starts remain at 1.3 million annualized, with declining single-family starts and flat mortgage applications. There is little expectation of declining mortgage rates this calendar year. Despite ongoing uncertainty around trade, inflation, and Asian demand, PRIM continues to take a long-term approach to timberland investing.

IV. Real Estate Appraisal Request for Proposals (RFP) Recommendation (Voting Item)

Minching Kao, Investment Officer, presented PRIM's recommendation for the renewal of the Altus Group U.S. Inc to provide Real Estate Appraisal Services.

Ms. Kao provided an overview of the Real Estate Appraisal Services RFP process, including the timeline, Evaluation Committee members, and number of respondents. Ms. Kao mentioned that as one of the largest appraisal services providers, Altus has significant experience servicing institutional investors and investment managers. She also noted that Altus' technology capabilities would further allow the PRIM staff to analyze appraisal metrics across the portfolio and use the data to explain property-level drivers of portfolio performance.

The PRIM Real Estate and Timberland Committee voted, by unanimous roll-call vote, to make a recommendation to the PRIM Board to approve the renewal of the Altus Group U.S. Inc's contract for Real Estate Appraisal Services, and further to authorize the Executive Director to take all actions necessary to effectuate this vote

V. Real Estate and Timberland Consulting Request for Proposals (RFP) Recommendation (Voting Item)

Minching Kao, Investment Officer, presented PRIM's recommendation for the renewal of International Woodland Company ApS and IWC Investment Partners A/S (together "IWC") to provide General Timberland Investment Advisory Services, and to approve the following firms to be eligible to provide Project Investment Advisory Services:

- Bard Consulting LLC
- Callan LLC
- Chatham Financial Corp.
- Harvest Capital Partners LLC
- Legacy Appraisal Services, LLC
- Meketa Investment Group, Inc.
- RCLCO Fund Advisors, LLC
- Real Estate Fiduciary Services, LLC

Ms. Kao provided an overview of the Real Estate and Timberland Advisory Services RFP process, including the timeline, Evaluation Committee members, and number of respondents. Ms. Kao mentioned the Evaluation Committee has determined to continue the project-based approach. The recommendation is to retain eight advisory firms which possess diverse skillsets and experience.

Ms. Kao stated that the incumbent general timberland advisor, IWC, has demonstrated their depth of knowledge in timberland investing during the evaluation process. She also further pointed out that IWC remains dedicated and continues to provide high quality deliverables.

The PRIM Real Estate and Timberland Committee voted, by unanimous roll-call vote, to make a recommendation to the PRIM Board to approve the renewal of International Woodland Company ApS and IWC Investment Partners A/S (together "IWC") to provide General Timberland Investment Advisory Services, and to approve Bard Consulting LLC; Callan LLC; Chatham Financial Corp.; Harvest Capital Partners LLC; Legacy Appraisal Services, LLC; Meketa Investment Group, Inc.; RCLCO Fund Advisors, LLC; and Real Estate Fiduciary Services, LLC to be eligible to provide Project Investment Advisory Services, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.

The PRIM Real Estate and Timberland Committee meeting adjourned at 10:33 a.m.

List of documents and exhibits used during the meeting:

- *Minutes of the PRIM Real Estate and Timberland Committee Meeting of May 7, 2025*
- *PRIT Fund Performance Presentation (June 30, 2025)*
- *PRIT Fund Performance Report (June 30, 2025)*
- *Real Estate and Timberland Performance Charts*
- *Real Estate Appraisal Services Recommendation*
- *Real Estate and Timberland Consulting Services Recommendation*