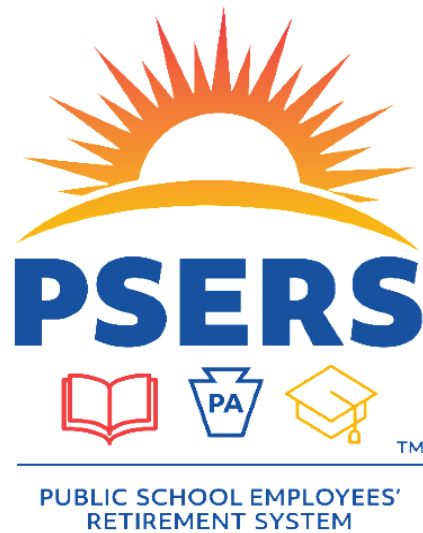


PSERB Resolution 2025-70
Re: Graceada Partners Fund IV-QP LP
October 23, 2025

RESOLVED, that the Public School Employees' Retirement Board accepts the recommendation of the Investment Committee and commits an amount not to exceed \$90 million, plus reasonable and normal investment expenses, in Graceada Partners Fund IV-QP LP, and/or related investment vehicles in accordance with the recommendation of Melissa Quackenbush, Senior Portfolio Manager and Aksia, LLC.

The final terms and conditions of the investment are subject to legal due diligence and must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract.



Graceada Partners Fund IV, LP Private Real Estate Recommendation

Melissa Quackenbush
Senior Portfolio Manager

Parin Patel
Investment Professional

- - - - -

Graceada Partners Fund IV, LP (“Graceada” or the “Fund”)

Main Presentation

1. Asset Class Considerations
 - *Recommendation is consistent with PSERS’ Strategic Asset Allocation (SAA) and current year commitment planning.*
2. Recommendation Overview
 - *PSERS IO and Aksia recommend committing up to \$90M to Graceada Partners Fund IV, LP.*
3. Strategy & Expertise
 - *Vertically integrated owner-operator focused on value-add multifamily and industrial (small bay) assets in secondary and tertiary markets across the Western United States.*
4. Investment Considerations
 - *Investment expected to face certain risks consistent with Private Real Estate investments, and IOP believe that Graceada Partners has identified appropriate mitigants to those risks.*
5. Investment Highlights
 - *Consistent historical performance and complementary fit with PSERS’ private real estate portfolio.*

Appendix

- Investment Committee Disclosure
- Private Real Estate Dashboard

Recommendation is consistent with PSERS Strategic Asset Allocation (SAA) and most recent pacing analysis

PSERS SAA and Pacing

1. PSERS SAA has established long-term targets of 6.0% to Private Real Estate.
2. The current overweight is due to slower-than-projected distributions in 2023-2025YTD as well as an October 2024 reduction in the Private Real Estate target in the SAA (7% to 6%).
3. PSERS' and Aksia's pacing analysis suggests \$600M – \$800M of annual commitments to reach the target exposure to Private Real Estate. In an effort to more quickly cure the overweight, Staff recommends a reduced \$300M-\$600M range.
4. The pacing analysis is revisited frequently based on the actual performance of the Private Real Estate allocation and the broader PSERS portfolio.

SAA Allocation	
Private Real Estate Target	6.0%
Private Real Estate Actual	7.5% ¹
Pacing Budget for 2025	
Pacing Budget Range	\$300M – 600M
Primary Investments	
2025 YTD Commitment	\$78M ²
Today's Recommendations	\$90M
Co-Investments	
2025 YTD Commitment	\$20M
Total Primary and Co-Investments	\$188M
Remaining Budget ³	\$262M
Est. Remaining Primary Fund Recommendations	\$250M
Expected to be in Target Budget Range for 2025?	Yes

1. Private Real Estate Actual sourced from Verus 2025 Q1 – Total Fund Report

2. Represents commitment to Realterm European Logistics Fund II, converted to USD

3. Remaining to the mid-point of the pacing budget

PSERS IO and Aksia recommend committing \$90 million to Graceada Partners Fund IV, LP .

Firm Name	Graceada Partners
Investment Professionals / Employees	62 total employees / 11 investment professionals
Fund Name	Graceada Partners Fund IV, LP
Strategy Invested Capital ¹	~\$700M
Target Return	17.0% Net IRR / 2.0x MOIC
Target Fund Size / Hard Cap	\$300M / \$400M / USD
Recommended Commitment (Up To)	\$90M
GP Commitment	1% of Commitments
Fund Structure	Closed-End
PSERS Existing Relationship	No
Notable Investment Committee Disclosures ²	None

Graceada Partners is raising Fund IV to pursue value-add investments in underperforming multifamily/workforce housing and multi-tenant industrial assets located in secondary and tertiary markets in the Western United States. The firm targets markets along major growth corridors (I-5, I-15 and I-25) with demographic tailwinds. The firm aims to capitalize on inefficiencies in smaller markets by sourcing off-market opportunities and executing institutional-quality improvements to unlock value.

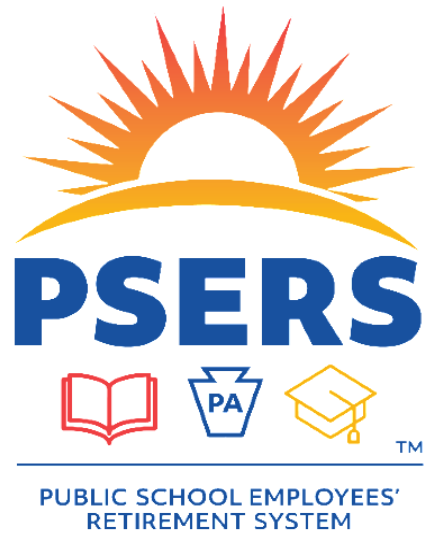
- 1. Market Opportunity:** Investing in multifamily and multi-tenant industrial assets in secondary and tertiary markets in the Western United States represent a ~\$1.6 trillion opportunity according to Costar, a global real estate market research provider. Experienced investors with local knowledge can benefit from these inefficient and fragmented/non-institutionalized markets to deliver compelling risk adjusted returns.
- 2. Strategy:** Graceada acquires off-market assets at a discount to replacement cost, targeting properties with below-market rents. The firm improves performance through physical upgrades, deferred maintenance cures, and hands on property management.
- 3. Portfolio Fit:** This strategy supports PSERS' goals to increase exposure to workforce housing, multi-tenant industrial assets and underrepresented geographies - particularly smaller, inland markets in the Western United States.

The risks for Graceada Partners are consistent with Private Real Estate strategies

Risk	Detail	Mitigating Factors
Misconceptions Concerning Secondary and Tertiary Markets	Lack of Liquidity: These markets are often seen as illiquid, especially in downturns, due to a historic institutional focus on larger (\$40M+) assets. Weaker Economic Fundamentals: There's a perception that these markets are less economically diverse and more vulnerable to downturns, making them riskier for institutional capital.	Proven Market Liquidity: Graceada targets \$1M – \$40M assets, which attract a broader buyer base (HNWs, family offices, 1031 buyers) and, according to Costar data, historically show stronger transaction volumes and better exit liquidity even during downturns. More Resilient Economic Drivers: Costar data shows Graceada's target markets have, on average, outperformed their primary market competitors over 20 years across GDP growth, job creation, and unemployment. These markets also benefit from broad industry diversification, reducing reliance on any single sector.
Challenging Fundraising Environment	Despite real estate's long-term appeal, the current fundraising climate is difficult due to rising interest rates, lower transaction volume, delayed distributions, and reduced private market allocations, all of which constrain capital formation. This has created a competitive landscape where even experienced managers face extended timelines and increased LP scrutiny, while new platforms struggle to gain traction amid a flight to known managers and de-risking behavior.	Graceada has built a diverse investor base, including two public pension funds in Fund IV, and has successfully raised capital through syndicated processes. The firm's differentiated strategy has helped attract new investors, with a visible commitment pipeline beyond its \$400M hard cap.
Emerging Manager	As Graceada Fund IV represents the firm's first institutional fund, some LPs may view it as an emerging manager with limited history under institutional governance standards. This introduces execution and reporting risks typically associated with less established platforms.	PSERS has tracked Graceada for years and observed its willingness to adapt to institutional practices. The firm has already implemented key operational enhancements and drawn support from experienced advisors. Graceada has demonstrated the ability to scale thoughtfully while improving investor communications, reporting, and internal controls in line with institutional expectations.

Graceada specialized expertise matches today's market opportunity

Highlight	Detail
Experienced Team with First Mover Advantage	Graceada Partners is led by an experienced team with deep operational and investment experience. The firm applies a disciplined, value-add approach developed during the GFC, targeting off-market assets at a discount to replacement cost and executing operational improvements quickly. Backed by a vertically integrated team of over 62 professionals, Graceada maintains institutional oversight and direct control across every stage of the asset lifecycle – from acquisition to disposition. Focused on secondary and tertiary markets in the Western United States, the firm leverages deep local networks to source deals and views these regions as early-stage institutional markets, offering potential for outsized returns.
Strong Risk Adjusted Return Profile	Graceada targets underpenetrated secondary and tertiary markets that offer stronger demographic growth, lower volatility and better entry pricing than saturated primary markets. By sourcing deals off-market, acquiring at discount to replacement cost, and executing value-add improvements through its vertically integrated platform, the firm delivers strong returns with downside protection. Graceada's disciplined approach to risk includes fixed rate debt, maintaining moderate leverage, and building a diversified portfolio of assets across several geographies. Their use of technology and operational efficiency enhances returns and mitigates risk, reinforcing its position as a differentiated manager within inefficient yet scalable markets.
Secondary/Tertiary Market Performance	Over the past two decades, Graceada's target markets have, on average, outperformed primary markets across key economic metrics, including higher GDP and population growth, stronger job creation, lower unemployment and lower volatility across market cycles. Additionally, smaller assets – typically under \$40M and characteristic of secondary and tertiary markets – have exhibited greater liquidity and transaction stability than larger assets across all market types.

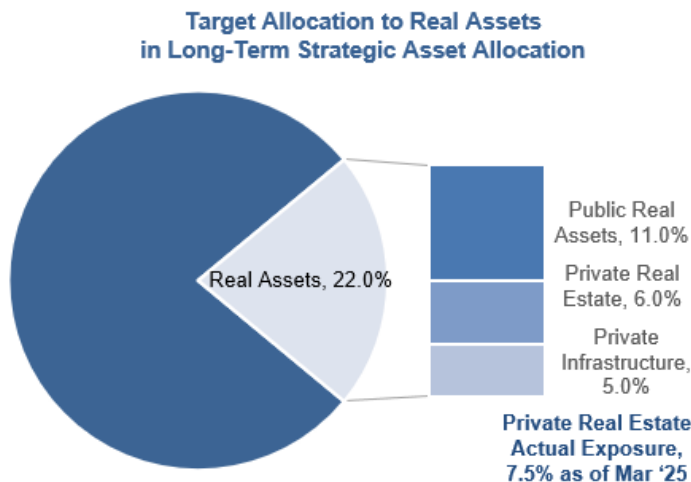


Appendix

Disclosure	Response
Relationship with Aksia	As of March 31, 2025, no investments managed by Graceada Partners are included in Aksia assets under advisory or management. As of June 23, 2025, there are no other Aksia clients considering a commitment to Graceada Partners Fund IV.
Introduction Source	Manager outreach
Compliance with Placement Agent Policy	As confirmed by PSERS' Office of Chief Counsel on June 30, 2025, this investment complies with the Public-School Employees' Retirement Board Placement Agent Policy.
PA Political Contributions	No reportable political contributions.
PA Presence	None
Potential Conflicts	PSERS is not aware of any actual or potential conflicts of interest that would be created by PSERS' investment in the Fund.
Litigation Disclosure	None reported
Has the Firm reimbursed and/or paid for PSERS IOP travel in the past two calendar years?	No
Certification of Diligence Costs	IOP certifies that PSERS paid all travel costs, if any, and was not reimbursed for the travel costs related to due diligence of the fund.

Private Real Estate Portfolio (Q4 2024)

Allocation

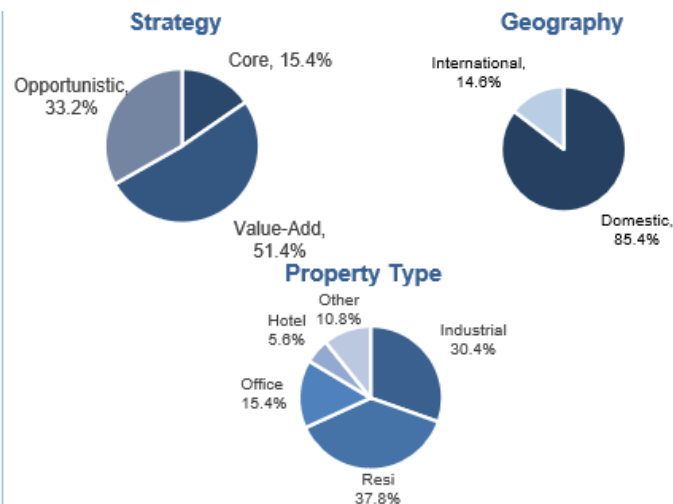


Source: Verus 2025 Q1 – Total Fund Report (Q4 2024 Private Markets data given 1Q Lag).

Recent Fund Commitments (\$M)

2024	
Carlyle Realty Partners X, L.P.	\$300M
WCP NewCold III, L.P.	\$150M
2025 (As of Jun-25)	
Realterm Europe Logistics Fund II, SCSp	€75M

Activity



Source: Aksia as of December 31, 2024

Diversification

Portfolio Performance

	Time-Weighted Return					10-Yr PME Analysis	
	1-Yr	3-Yr	5-Yr	10-Yr	15Y	KS-PME ¹	Direct Alpha ²
Direct Investments	4.6%	-1.6%	-2.3%	0.6%	4.2%	0.9x	-2.3%
Fund Investments	1.1%	0.6%	8.9%	9.7%	10.4%	1.2x	5.7%
Co-Investments	1.4%	0.7%	1.1%	8.2%	12.3%	1.1x	2.5%
Total Portfolio	1.2%	0.3%	7.9%	9.0%	10.4%	1.2x	5.2%
Benchmark	-3.2%	-2.7%	3.5%	6.3%	8.3%		

Color-coding: **outperformance** or **underperformance** vs. benchmark.

¹ Benchmark: Total Portfolio Benchmark based on weights using various private indices (Burgiss for Value-Add and Opportunistic; NCREIF-ODCE for Core). Previous period benchmarks consisted of differing weights (Private vs. Public) and benchmarks (NCREIF/NTFI for Private and various public equity benchmarks for Public).

Source: MSCI/Burgiss and Aksia as of December 31, 2024

Performance

June 23, 2025

Board of Trustees
Commonwealth of Pennsylvania, Public School Employees' Retirement System ("PSERS")
5 North Fifth Street
Harrisburg, PA 17101

Re: Graceada Partners Fund IV-QP LP

Aksia LLC ("Aksia"), having been duly authorized by Board of PSERS, has evaluated and hereby recommends, in line with PSERS' Investment Policy Statement, Objectives, and Guidelines, an amount not to exceed \$90 million in Graceada Partners Fund IV-QP LP (the "Fund" or "Graceada IV").

Graceada Partners ("Graceada", the "Firm") is a real estate manager based in Modesto, CA, founded in 2008 by Joe Muratore and Ryan Swehla. The Firm initially formed as a third-party brokerage and property management company, which then evolved to managing three small, commingled funds primarily for local family offices focused on the industrial, multifamily, retail, and office segments.

Graceada is raising its first institutional and fourth overall commingled fund focused on multi-tenant industrial and multifamily real estate assets located in markets along the Interstate-5 (California), Interstate-15 (Utah), and Interstate-25 (Colorado) corridors in the Western US. The Fund is expected to target small/mid cap (\$10-50 million) investments primarily sourced from local sellers. The Firm will seek to build upon its existing competitive advantages by deploying its vertically integrated structure and utilizing its presence in these smaller, less competitive markets to generate locally sourced, off-market investment opportunities.

Aksia's recommendation is based upon the following analytical factors and is made within the context of PSERS' investment guidelines:

- Due diligence of the Fund's investment process, including a review of the sponsor, investment strategy, market positioning, investment personnel, and risk management;
 - Most recent investment due diligence review conducted June 2025
- Due diligence of the Fund's operations, including a review of its organizational structure, service providers, regulatory and compliance, and financial statement analysis;
 - Most recent operational due diligence review conducted June 2025
- Consideration of the Fund's strategy within the context of the current investment environment; and
- Consideration of the Fund's strategy as a component of PSERS' portfolio

This recommendation is given solely for the benefit of PSERS and cannot be relied upon by other investors considering an investment in the Fund, since their needs, objectives, and circumstances may not be identical to those of PSERS. In addition, please consult your tax, legal and/or regulatory advisors before allocating to any private investment fund.

Please feel free to contact us should you have any questions about this recommendation.

Respectfully,



Michael Brand
Managing Director, Co-Head of Real Assets



Simon Fludgate
Partner, Head of Operational Due Diligence