PSERB Resolution 2026-43
Re: Sterling United Properties I, L.P.
October 22, 2026

RESOLVED, that the Public School Employee' Retirement Board (the "Board") adopts the recommendation of the Investment Committee to invest an amount not to exceed $125 million, plus reasonable and normal investment expenses, in Sterling United Properties I, L.P. and/or related investment vehicles.

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.

PSERS

PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Sterling United Properties I, L.P.
Private Real Estate Recommendation

Melissa A. Quackenbush
Senior Portfolio Manager

Tyler Howell
Investment Professional

September 2026

1. Recommendation Overview

PSERS IO and Aksia recommend committing $125 million to Sterling United Properties I, L.P.

Firm Name	The Sterling Organization, LLC
Investment Professionals / Employees	29 / 118
Fund Name	Sterling United Properties, I, L.P.
Strategy Invested Capital [1]	U.S. Grocery Anchored Core Plus Retail: $688M
Target Return	10.0%-11.5% Net IRR / 1.90x-2.15x Net MoC
Target Fund Size / Hard Cap	$600M / $850M / USD
Recommended Commitment	$125M
GP Commitment	1% of Capital Commitments
Fund Structure	Closed-End
PSERS Existing Relationship	No
Notable Investment Committee Disclosures [2]	None

1. As of March 2026
2. Detail in appendix (Slide 7)

2. Sterling Strategy & Expertise

Specialist retail investors focused on the predominate grocery anchored centers in the U.S.

1. **Market Opportunity:** Post GFC, minimal new construction has right sized supply while demand from grocers, off-price and necessity-based retailers has driven rents to historic highs. Long-term contracted grocer rents should provide downside protection during periods of economic weakness while favorable inline leasing fundamentals provide a path for continued NOI growth and value creation.

2. **Strategy:** In 2025, Sterling and its LPs elected to re-open SUP I (originally 2015 vintage) in the style of a continuation vehicle to allow for the growth of the existing portfolio of stabilized U.S. grocery-anchored shopping centers in primary markets with an emphasis on high occupancy, cash flowing properties anchored by market leading grocers.

3. **Portfolio Fit:** A commitment to the Fund supports several goals of the Private Real Estate portfolio including (i) partnering with a specialist manager in a sector with long-term, secular tailwinds, (ii) increasing exposure to an under allocated sector within the Private Real Estate portfolio, (iii) current cash yield complements the more value-add/opportunistic focus of the Private Real Estate portfolio, and (iv) identifying opportunities to complement and outperform the public market equivalent.

3. Investment Considerations

The risks are consistent with retail-focused strategies alongside experienced partners

Risk	Detail	Mitigating Factors
Lack of Realizations	Sterling's lack of realizations in its Core Plus fund series raises potential for extended hold periods within the Fund.	*Sterling's Value-Add fund series has completed 31 realizations, generating net returns consistent with value-add expectations and demonstrating the firm's ability to successfully execute property sales.*
New Supply	Strong grocery-anchored fundamentals could incentivize new supply thereby increasing competition within the Fund's trade areas and potentially pressuring rent growth, occupancy and asset values.	*Limited land availability and challenged development economics create a meaningful barrier to new supply and should support occupancy, landlord pricing power, and rent growth across portfolio.*
Leasing and Mark to Market Execution	With anchor rents largely fixed under long-term leases, a meaningful portion of NOI growth depends on Sterling's ability to renew, re-lease, and mark-to-market inline space at higher rents. Weaker tenant demand or prolonged downtime could constrain occupancy, NOI growth and asset values.	*The reoccurring, necessity-based traffic generated by a successful grocery anchor supports demand and retention among smaller inline tenants, enhancing Sterling's ability to maintain occupancy, capture mark-to-market opportunities, and drive value as inline leases expire.*

4. Investment Highlights

Sterling's specialized expertise matches today's market opportunity

Highlight	Detail
Defensive, Necessity Based Strategy	Strategy targets grocery-anchored shopping centers in dense, supply constrained infill markets with leading grocers. This results in durable consumer demand, resilient occupancy and stable cashflows across economic cycles.
Reduced Blind Pool Risk	A seed portfolio representing ~40% of the Fund's anticipated portfolio provides greater visibility into the portfolio and reduces underwriting and deployment risk typically associated with blind pool investing.
Experienced Team of Sector Specialists	Sterling's 20+ years of dedicated retail experience in a vertically integrated platform provides deep expertise across sourcing, underwriting, leasing, and operating nuanced retail properties.

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Appendix

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Tyler Howell
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September 2026

Investment Committee Disclosure

Disclosure	Response
Relationship with Aksia[1]	As of June 30, 2026, no investments managed by Sterling Organization are included in Aksia assets under advisory or management. As of August 24, 2026, there are no other Aksia clients considering a commitment to Sterling United Properties I.
Introduction Source	Manager Outreach
Compliance with Placement Agent Policy	As confirmed by PSERS' Office of Chief Counsel on September 8, 2026, this investment complies with the Public School Employees' Retirement Board Placement Agent Policy.
PA Political Contributions	No reportable political contributions.
PA Presence	Sterling Real Estate funds own one property in Pennsylvania.
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.

1. Please note that this information, which is available to PSERS upon request, is subject to change pending further review and decision making between Aksia and its clients

Aksia

September 15, 2026

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

Re: Sterling United Properties I, L.P.

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 $125 million in Sterling United Properties I, L.P. ("the Fund").

Sterling Organization LLC ("Sterling"), a vertically integrated real estate private equity firm, was founded in 2007 by Brian Kosoy following the privatization of the predecessor company Sterling Centrecorp Inc. Sterling focuses on investing and managing retail and logistics assets across the United States and is responsible for portfolio construction, investment selection, financing, asset management oversight, and disposition strategy.

Sterling United Properties I, L.P. was formed in 2015 to acquire core-plus, grocery-anchored shopping centers located in major U.S. metropolitan areas. The Fund's legal entity remained the same when it was opened to new investors on July 15, 2025; therefore, the legal name remains Sterling United Properties I, L.P. For purposes of this recommendation, investments made prior to July 15, 2025 are referred to as the "Legacy Fund," and the vehicle following the admission of new investors on July 15, 2025 is referred to as the "Continuation Vehicle." The Continuation Vehicle is expected to manage 14 recapitalized legacy investments from the Legacy Fund and make 16–18 new investments. The Continuation Vehicle is expected to target $600 million in commitments from prior legacy investors and new limited partners

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 August 2026
- 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 August 2026
- 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. For a description of the risks associated with this investment, please see the relevant due diligence report. 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

Rebecca Heun
Managing Director, Co-Head of Operational Due Diligence