

Investment Recommendation

SERS Investment Office Staff and SERS' Real Estate Consultant, NEPC, recommend that the State Employees' Retirement System Investment Committee interview Blue Owl Net Lease ("Blue Owl" or the "GP"), which is a division of Blue Owl Capital Inc. (NYSE: OWL), at the September 30, 2025, Investment Committee Meeting to consider a potential commitment of up to \$100 million to Blue Owl Real Estate Fund VII LP ("Fund VII" or the "Fund") subject to the satisfactory completion of legal due diligence and contract negotiation. This is an existing investment manager relationship for SERS. Fund VII is targeting \$6.5 billion of capital commitments with a \$7.5 billion hard cap. The Fund is targeting a final close during 2026.

Investment Rationale

Staff believes Blue Owl Fund VII represents a strong candidate for SERS' capital commitment as it offers:

- A strategic partnership with a top performing manager
- A resilient strategy with downside protection
- Attractive sourcing capabilities
- A strong portfolio fit
- A manager committed to responsible investing, ESG, & sustainability

Investment Risks

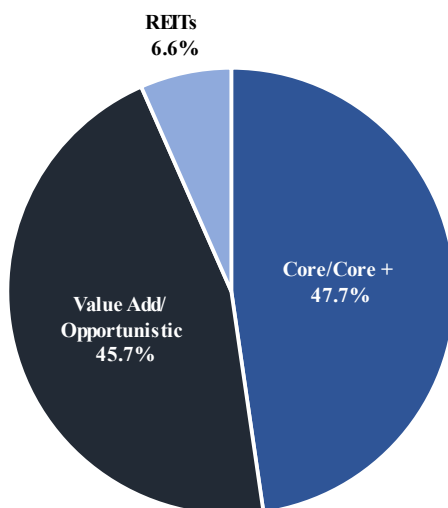
- Platform growth / fund proliferation
- Credit risk
- Rising interest rates and inflation
- Fund size
- Litigation or headline risk

Portfolio Implications

A commitment to Blue Owl Fund VII would be considered a 2025 vintage allocation to a fund that is categorized in the Real Estate asset class and Value-Add/Opportunistic sub-asset class. As of March 31, 2025, SERS' total allocation to the Value-Add/Opportunistic sub-strategy represented approximately 45.7% of the total Real Estate portfolio.

A commitment to Blue Owl VII is expected to increase the Real Estate sub-strategy exposure to Value-Add/Opportunistic by approximately 2.3%.

SERS Real Estate Sub-Strategy Allocation as of 3/31/2025



SERS Projected RE Sub-Strategy Allocation

