

Arkansas Teacher Retirement System
Real Estate Investment
Executive Summary

Investment	Long Wharf Real Estate Partners VI, L.P.
Managing Party	Long Wharf Real Estate Partners, LLC
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	December, 2019
Expected Closing Date	January, 2020
ATRS Commitment & Reason for Entry	The up to \$50 million investment is to help achieve the 15% target allocation to Real Assets. The fund was recommended by the ATRS Real Assets consultant, Aon Hewitt Investment Consulting.
Placement Agent	No placement agent was utilized.
Key Terms	<u>Management Fee</u> : 1.50% based on committed capital during the investment period, and 1.50% on invested commitments thereafter. <u>Carried Interest</u> : 20% of profits after LP's receive a 9% IRR preferred return.
Justification of Investment Duration Term & Anticipated Termination Date	The strategy requires a period of time to germinate, mature and harvest the value added real estate equity investments. The fund is a closed end variety with an eight year term to anticipated maturity sometime in 2028. Two, one year extensions are available if market conditions warrant.
Investment Strategy	Long Wharf Real Estate Partners VI ("Fund VI" or "The Fund") is a closed-end, value added fund focused on domestic real estate investing. The strategy will be to pursue a diversified portfolio of properties with a focus on acquiring assets at significant discounts to peak values with positive fundamental trends that offer the opportunity to increase returns through the execution of a value added strategy. The Fund will target a 12-15% net IRR.
Management Team	The investment team is led by Michael Elizondo, who has 30 years of real estate industry experience of which 19 years have been affiliated with the firm or its predecessor organization. The team is comprised of 19 investment professionals, of which 7 are considered senior members. Although there were key departures post great financial crisis (GFC), it is important to note that the staff has been relatively

stable over the past several years with only two notable departures; one of which was health related. The firm is a certified MWBE (Minority and Women Business) Manager as it is majority Hispanic owned through Michael Elizondo.

**Historical
Performance**

Long Wharf's previous five funds have averaged a 8.5% net IRR. If approved, this will be ATRS's third investment in the Long Wharf series of funds.