

# **Second Quarter 2018 Real Estate Review**

## **Firefighters' Retirement System of Louisiana**

**October 2018**

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Senior Consultant**



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### Information Disclosure

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- The Investment Performance Analysis is provided as a management aid for the client's internal use only. Portfolio performance reported in the Investment Performance Analysis does not constitute a recommendation by NEPC, LLC.
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October 2018

Firefighters' Retirement System of Louisiana (FRS)

**RE:** Real Estate Strategy – 2<sup>nd</sup> Quarter 2018

Dear FRS,

We are pleased to present the June 30, 2018 Private Markets Real Estate Report for the Firefighters' Retirement System of Louisiana. The report provides a variety of performance analysis for the overall portfolio. The reports include trailing performance, performance by investment stage and vintage year performance.

The Real Estate portfolio of Firefighters' Retirement System of Louisiana experienced a positive quarter, having a nominal IRR of 1.49%. The IRR since inception is 1.84%. The overall multiple (current valuation plus cumulative distributions, divided by total capital calls) is 1.13.

The following table presents the status of the Real Estate portfolio as of June 30, 2018:

<b>Commitments</b>	<b>Terminated Commitments</b>	<b>Amount Funded</b>	<b>Amount Distributed</b>	<b>Reported Value</b>	<b>Call Ratio</b>	<b>Distribution Ratio</b>
\$169,021,485	\$0	\$165,831,421	\$67,493,453	\$119,239,049	98.11%	40.70%

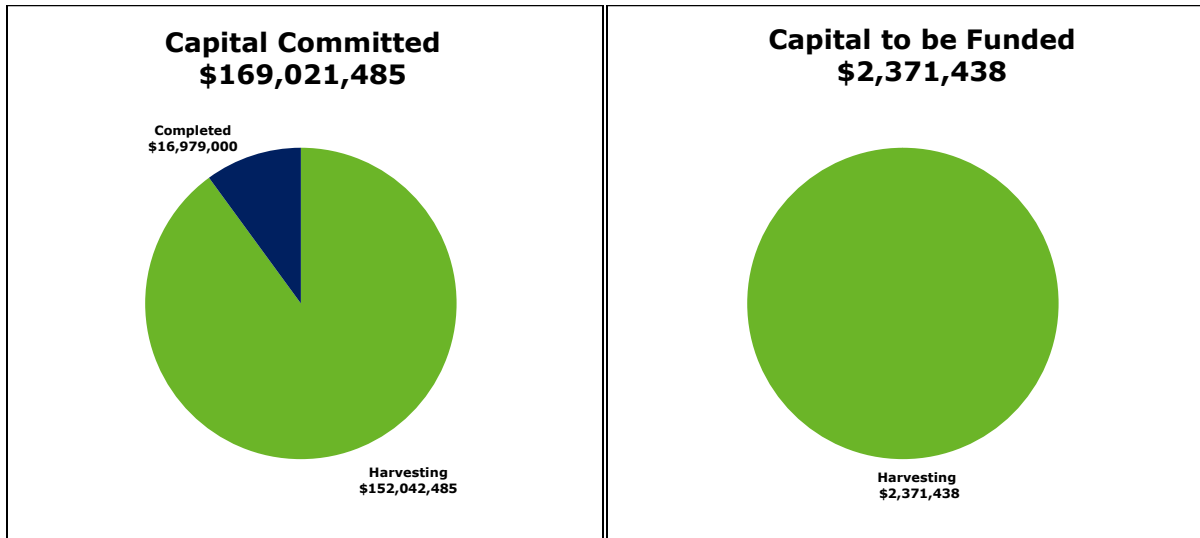
  

<b>Unfunded Commitments</b>	<b>Market Exposure (Reported Value + Unfunded Commitments)</b>	<b>Total Fund Composite as of 6/30/2018</b>	<b>Alternative Assets Target</b>	<b>Reported Value as a % of Total Fund</b>	<b>Market Exposure as a % of Total Fund</b>
\$2,371,421	\$121,610,470	\$1,665,480,184	6%*	7.16%	7.3%

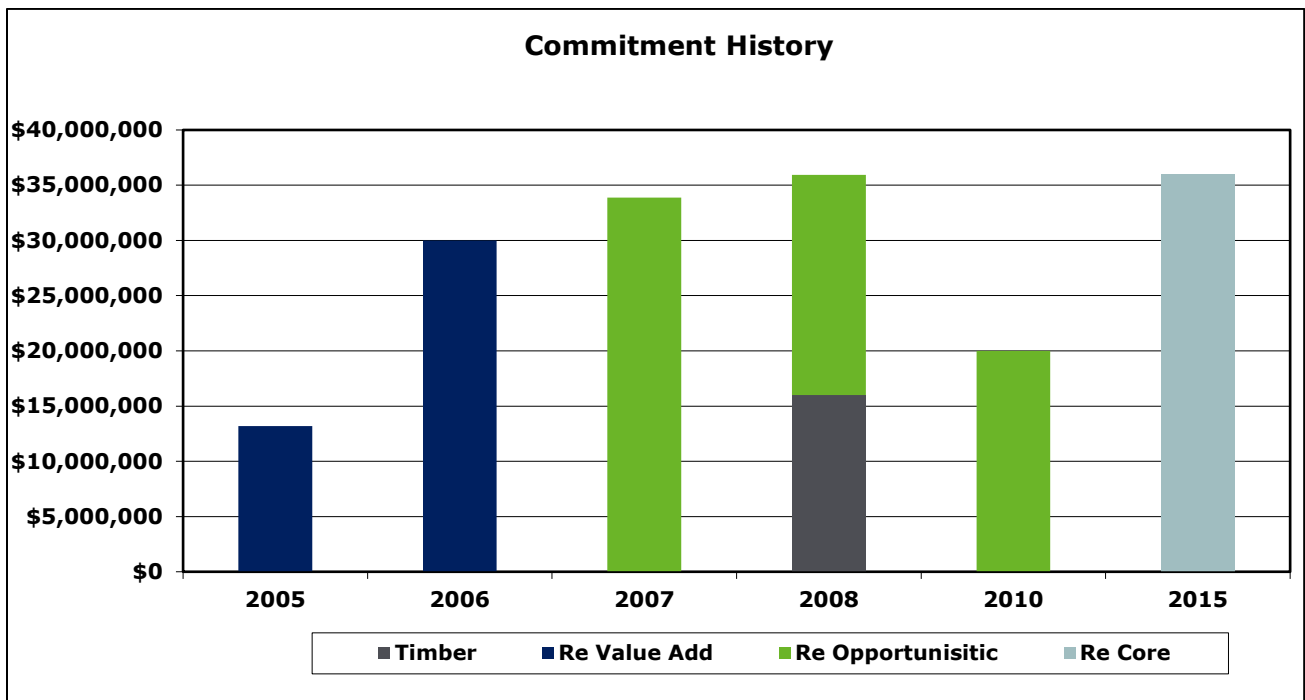
  

<b>Total Value (Reported Value + Distributions)</b>	<b>Total Value To Paid In Capital</b>	<b>Internal Rate of Return IRR, Since Inception (December 2005)</b>
\$186,732,502	1.13	1.84%

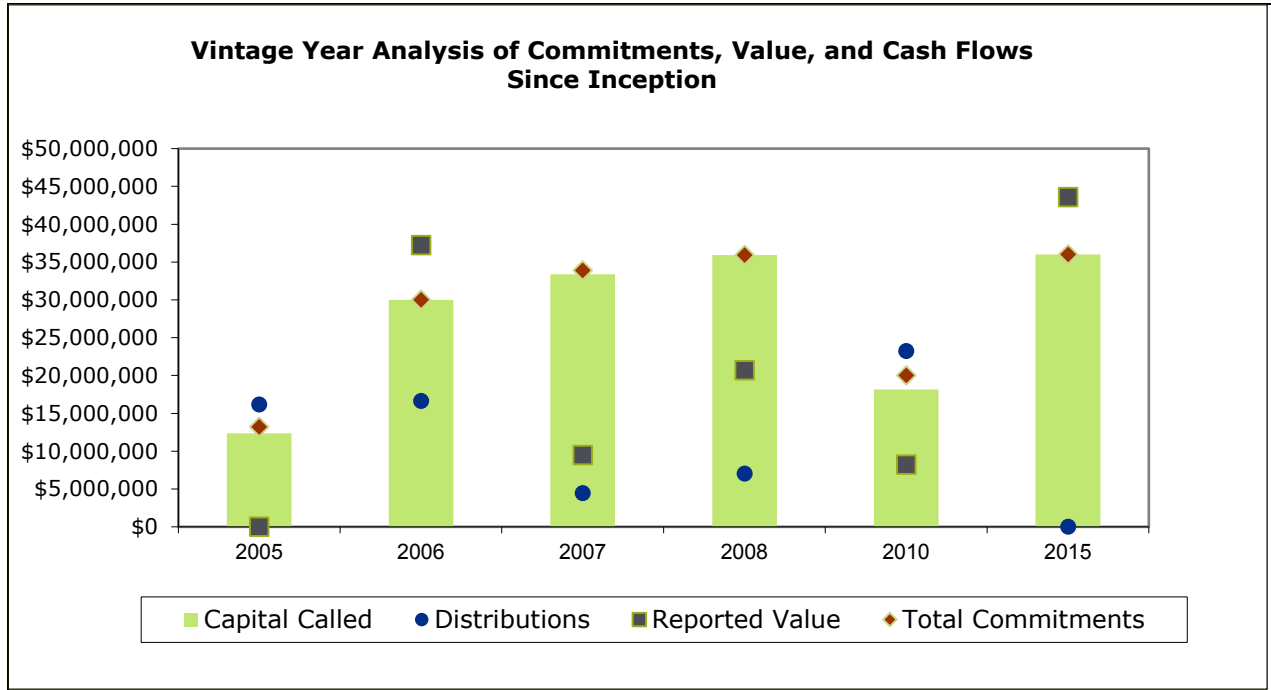
As of June 30, 2018, the Firefighters' Retirement System of Louisiana had commitments totaling \$169.02 million to 12 real estate funds. Of the 12 funds in the real estate portfolio, 10 are in the harvesting stage and 2 are in the completed stage. The following charts illustrate the program's current life cycle:



The following chart illustrates the commitment history of the Firefighters' Retirement System of Louisiana private markets program through the quarter end:



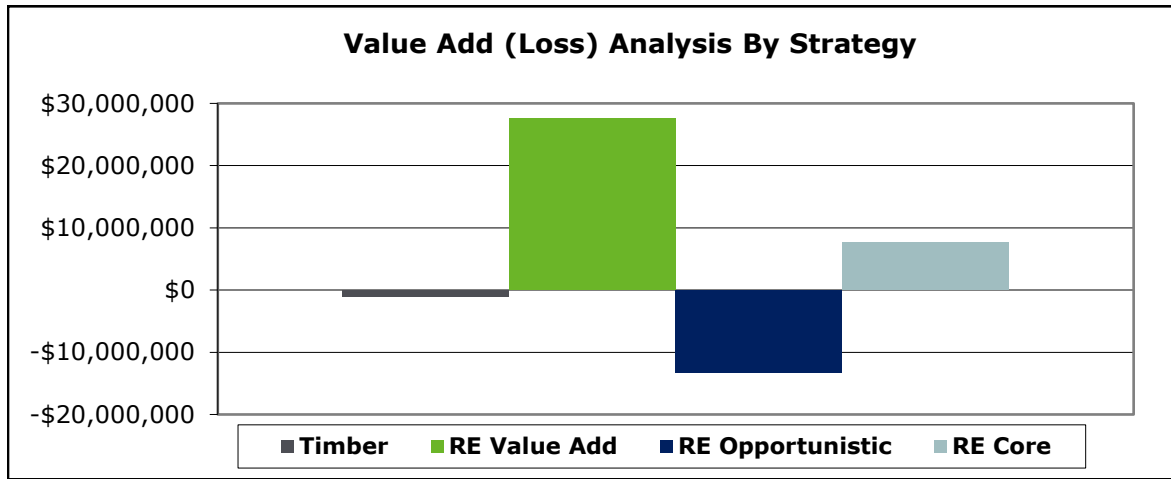
The following chart provides an analysis of the vintage year performance comparing the capital calls to the distributions and reported value:



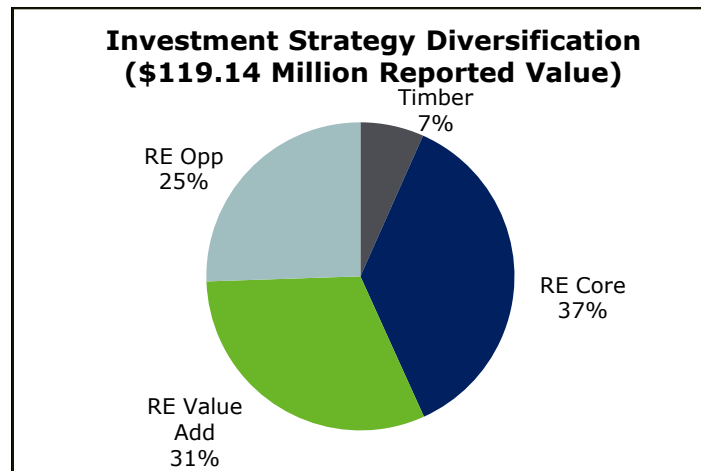
During the quarter-ended June 30, 2018, 0 funds in the Firefighters’ Retirement System of Louisiana Real Estate portfolio drew capital, and 1 fund made a distribution. The summary of the cash flow follows:

<b>Calls &amp; Expenses Funded for the Quarter</b>	<b>Number of Funds Calling Capital &amp; Expenses</b>	<b>Distributions for the Quarter</b>	<b>Number of Funds Making Distributions</b>	<b>Net Cash/Stock Flows for the Quarter</b>
\$0	0	\$405,179	1	\$405,179

Since inception the Real Estate program has gained \$20.87 million in value for the Firefighters' Retirement System of Louisiana. Timber lost (\$1.00) million, RE Core added \$6.56 million, RE Value added \$27.64 million, and RE Opportunistic has lost (\$13.34) million.



As of June 30, 2018, the 12 Real Estate funds in the Firefighters' Retirement System of Louisiana portfolio had the following investment strategy diversification by the investment funds' reported values:



We thank you for the opportunity to work with the Firefighters' Retirement System of Louisiana and look forward to continued success in the future.

Best regards,

David Barnes, CFA, CAIA  
Senior Consultant

## Firefighters' Retirement System of Louisiana

### Executive IRR Summary

6/30/2018

Investment Name	Vintage Year	Commitment Amount	QTD	YTD	1 Year	3 Year	5 Year	Inception
AEW Core Property Trust	2015	12,000,000	2.02	3.51	7.02	8.00		8.42
AEW Partners VI	2010	20,000,000	1.45	2.47	7.84	15.87	17.45	14.96
Americus Real Estate Fund II, Ltd.	2005	13,200,000			-89.41	-50.95	-12.53	4.49
ASB Allegiance Real Estate Fund II, Ltd.	2015	12,000,000	1.99	4.03	7.01			5.65
FRS-GA (Georgia)	2008	9,273,354	-0.77	-0.77	-0.77	-10.01	-8.67	-9.48
FRS-LB I (NLTP AZ)	2007	24,900,208	-0.26	-0.26	-0.26	18.07	11.46	-12.75
FRS-LB II (SMT AZ)	2008	3,779,000						
FRS-LB III (ST George UT)	2008	6,878,923	0.02	0.02	0.02	8.25	5.29	4.01
Heitman America Real Estate Trust, L.P.	2015	12,000,000	1.84	3.80	7.48			7.67
JP Morgan India Property Fund	2007	8,990,000	-8.72	-19.30	-27.92	-9.68	-6.37	-3.79
Sentinel Real Estate Fund	2006	30,000,000	2.15	4.00	7.43	8.77	10.52	5.89
Timbervest Crossover Partners II, L.P.	2008	16,000,000	3.34	5.45	-8.19	-6.70	-4.07	-1.05
<b>Total: Firefighters' Retirement System of Louisiana</b>		<b>169,021,485</b>	<b>1.49</b>	<b>2.66</b>	<b>3.94</b>	<b>4.79</b>	<b>5.57</b>	<b>1.84</b>

## Firefighters' Retirement System of Louisiana

### Performance Analysis

6/30/2018

Investment Name	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
1 AEW Core Property Trust	2015	12,000,000	12,000,000	0	0	0	15,558,497	15,558,497	3,558,497	100%	0.00	1.30	8.42%
2 AEW Partners VI	2010	20,000,000	18,136,793	1,863,207	0	23,224,451	8,213,548	31,437,999	13,301,206	91%	1.28	1.73	14.96%
3 Americus Real Estate Fund II, Ltd.	2005	13,200,000	12,381,374	0	0	16,154,309	0	16,154,309	3,772,935	100%	1.30	1.30	4.49%
4 ASB Allegiance Real Estate Fund II, Ltd.	2015	12,000,000	12,000,000	0	34,085	0	13,622,620	13,622,620	1,588,535	100%	0.00	1.13	5.65%
5 FRS-GA (Georgia)	2008	9,273,354	9,273,354	0	0	0	3,463,900	3,463,900	-5,809,454	100%	0.00	0.37	-9.48%
6 FRS-LB I (NLTP AZ)	2007	24,900,208	24,900,208	0	0	0	7,380,981	7,380,981	-17,519,227	100%	0.00	0.30	-12.75%
7 FRS-LB II (SMT AZ)	2008	3,779,000	3,779,000	0	0	0	0	0	-3,779,000	100%	0.00	0.00	N/A
8 FRS-LB III (ST George UT)	2008	6,878,923	6,878,923	0	0	0	9,288,030	9,288,030	2,409,107	100%	0.00	1.35	4.01%
9 Heitman America Real Estate Trust, L.P.	2015	12,000,000	12,000,000	0	0	0	14,416,665	14,416,665	2,416,665	100%	0.00	1.20	7.67%
10 JP Morgan India Property Fund	2007	8,990,000	8,481,769	508,231	0	4,452,289	2,089,471	6,541,760	-1,940,009	94%	0.52	0.77	-3.79%
11 Sentinel Real Estate Fund	2006	30,000,000	30,000,000	0	0	16,614,404	37,256,961	53,871,365	23,871,365	100%	0.55	1.80	5.89%
12 Timbervest Crossover Partners II, L.P.	2008	16,000,000	16,000,000	0	0	7,048,000	7,948,376	14,996,376	-1,003,624	100%	0.44	0.94	-1.05%
<b>Total: Firefighters' Retirement System of Louisiana</b>		<b>169,021,485</b>	<b>165,831,421</b>	<b>2,371,438</b>	<b>34,085</b>	<b>67,493,453</b>	<b>119,239,049</b>	<b>186,732,502</b>	<b>20,866,996</b>	<b>98%</b>	<b>0.41</b>	<b>1.13</b>	<b>1.84%</b>



## Firefighters' Retirement System of Louisiana

### Lifecycle Performance Analysis

6/30/2018

Investment Name	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
<b>3 Harvesting</b>													
1 AEW Core Property Trust	2015	12,000,000	12,000,000	0	0	0	15,558,497	15,558,497	3,558,497	100%	0.00	1.30	8.42%
2 AEW Partners VI	2010	20,000,000	18,136,793	1,863,207	0	23,224,451	8,213,548	31,437,999	13,301,206	91%	1.28	1.73	14.96%
3 ASB Allegience Real Estate Fund II, Ltd.	2015	12,000,000	12,000,000	0	34,085	0	13,622,620	13,622,620	1,588,535	100%	0.00	1.13	5.65%
4 FRS-GA (Georgia)	2008	9,273,354	9,273,354	0	0	0	3,463,900	3,463,900	-5,809,454	100%	0.00	0.37	-9.48%
5 FRS-LB I (NLTP AZ)	2007	24,900,208	24,900,208	0	0	0	7,380,981	7,380,981	-17,519,227	100%	0.00	0.30	-12.75%
6 FRS-LB III (ST George UT)	2008	6,878,923	6,878,923	0	0	0	9,288,030	9,288,030	2,409,107	100%	0.00	1.35	4.01%
7 Heitman America Real Estate Trust, L.P.	2015	12,000,000	12,000,000	0	0	0	14,416,665	14,416,665	2,416,665	100%	0.00	1.20	7.67%
8 JP Morgan India Property Fund	2007	8,990,000	8,481,769	508,231	0	4,452,289	2,089,471	6,541,760	-1,940,009	94%	0.52	0.77	-3.79%
9 Sentinel Real Estate Fund	2006	30,000,000	30,000,000	0	0	16,614,404	37,256,961	53,871,365	23,871,365	100%	0.55	1.80	5.89%
10 Timbervest Crossover Partners II, L.P.	2008	16,000,000	16,000,000	0	0	7,048,000	7,948,376	14,996,376	-1,003,624	100%	0.44	0.94	-1.05%
<b>Subtotal: 3 Harvesting</b>		<b>152,042,485</b>	<b>149,671,047</b>	<b>2,371,438</b>	<b>34,085</b>	<b>51,339,144</b>	<b>119,239,049</b>	<b>170,578,193</b>	<b>20,873,061</b>	<b>98%</b>	<b>0.34</b>	<b>1.14</b>	<b>2.02%</b>
<b>5 Completed</b>													
1 Americus Real Estate Fund II, Ltd.	2005	13,200,000	12,381,374	0	0	16,154,309	0	16,154,309	3,772,935	100%	1.30	1.30	4.49%
2 FRS-LB II (SMT AZ)	2008	3,779,000	3,779,000	0	0	0	0	0	-3,779,000	100%	0.00	0.00	N/A
<b>Subtotal: 5 Completed</b>		<b>16,979,000</b>	<b>16,160,374</b>	<b>0</b>	<b>0</b>	<b>16,154,309</b>	<b>0</b>	<b>16,154,309</b>	<b>-6,065</b>	<b>95%</b>	<b>1.00</b>	<b>1.00</b>	<b>-0.01%</b>
<b>Total: Firefighters' Retirement System of Louisiana</b>		<b>169,021,485</b>	<b>165,831,421</b>	<b>2,371,438</b>	<b>34,085</b>	<b>67,493,453</b>	<b>119,239,049</b>	<b>186,732,502</b>	<b>20,866,996</b>	<b>98%</b>	<b>0.41</b>	<b>1.13</b>	<b>1.84%</b>

## Firefighters' Retirement System of Louisiana

### Vintage Year Performance Analysis

6/30/2018

Investment Name	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
<b>2005</b>													
1 Americus Real Estate Fund II, Ltd.	2005	13,200,000	12,381,374	0	0	16,154,309	0	16,154,309	3,772,935	100%	1.30	1.30	4.49%
<b>Subtotal: 2005</b>		<b>13,200,000</b>	<b>12,381,374</b>	<b>0</b>	<b>0</b>	<b>16,154,309</b>	<b>0</b>	<b>16,154,309</b>	<b>3,772,935</b>	<b>94%</b>	<b>1.30</b>	<b>1.30</b>	<b>4.49%</b>
<b>2006</b>													
1 Sentinel Real Estate Fund	2006	30,000,000	30,000,000	0	0	16,614,404	37,256,961	53,871,365	23,871,365	100%	0.55	1.80	5.89%
<b>Subtotal: 2006</b>		<b>30,000,000</b>	<b>30,000,000</b>	<b>0</b>	<b>0</b>	<b>16,614,404</b>	<b>37,256,961</b>	<b>53,871,365</b>	<b>23,871,365</b>	<b>100%</b>	<b>0.55</b>	<b>1.80</b>	<b>5.89%</b>
<b>2007</b>													
1 FRS-LB I (NLTP AZ)	2007	24,900,208	24,900,208	0	0	0	7,380,981	7,380,981	-17,519,227	100%	0.00	0.30	-12.75%
2 JP Morgan India Property Fund	2007	8,990,000	8,481,769	508,231	0	4,452,289	2,089,471	6,541,760	-1,940,009	94%	0.52	0.77	-3.79%
<b>Subtotal: 2007</b>		<b>33,890,208</b>	<b>33,381,977</b>	<b>508,231</b>	<b>0</b>	<b>4,452,289</b>	<b>9,470,452</b>	<b>13,922,741</b>	<b>-19,459,236</b>	<b>99%</b>	<b>0.13</b>	<b>0.42</b>	<b>-10.31%</b>
<b>2008</b>													
1 FRS-GA (Georgia)	2008	9,273,354	9,273,354	0	0	0	3,463,900	3,463,900	-5,809,454	100%	0.00	0.37	-9.48%
2 FRS-LB II (SMT AZ)	2008	3,779,000	3,779,000	0	0	0	0	0	-3,779,000	100%	0.00	0.00	N/A
3 FRS-LB III (ST George UT)	2008	6,878,923	6,878,923	0	0	0	9,288,030	9,288,030	2,409,107	100%	0.00	1.35	4.01%
4 Timbervest Crossover Partners II, L.P.	2008	16,000,000	16,000,000	0	0	7,048,000	7,948,376	14,996,376	-1,003,624	100%	0.44	0.94	-1.05%
<b>Subtotal: 2008</b>		<b>35,931,277</b>	<b>35,931,277</b>	<b>0</b>	<b>0</b>	<b>7,048,000</b>	<b>20,700,306</b>	<b>27,748,306</b>	<b>-8,182,971</b>	<b>100%</b>	<b>0.20</b>	<b>0.77</b>	<b>-3.38%</b>
<b>2010</b>													
1 AEW Partners VI	2010	20,000,000	18,136,793	1,863,207	0	23,224,451	8,213,548	31,437,999	13,301,206	91%	1.28	1.73	14.96%
<b>Subtotal: 2010</b>		<b>20,000,000</b>	<b>18,136,793</b>	<b>1,863,207</b>	<b>0</b>	<b>23,224,451</b>	<b>8,213,548</b>	<b>31,437,999</b>	<b>13,301,206</b>	<b>91%</b>	<b>1.28</b>	<b>1.73</b>	<b>14.96%</b>
<b>2015</b>													
1 AEW Core Property Trust	2015	12,000,000	12,000,000	0	0	0	15,558,497	15,558,497	3,558,497	100%	0.00	1.30	8.42%
2 ASB Allegiance Real Estate Fund II, Ltd.	2015	12,000,000	12,000,000	0	34,085	0	13,622,620	13,622,620	1,588,535	100%	0.00	1.13	5.65%
3 Heitman America Real Estate Trust, L.P.	2015	12,000,000	12,000,000	0	0	0	14,416,665	14,416,665	2,416,665	100%	0.00	1.20	7.67%
<b>Subtotal: 2015</b>		<b>36,000,000</b>	<b>36,000,000</b>	<b>0</b>	<b>34,085</b>	<b>0</b>	<b>43,597,782</b>	<b>43,597,782</b>	<b>7,563,697</b>	<b>100%</b>	<b>0.00</b>	<b>1.21</b>	<b>7.44%</b>
<b>Total: Firefighters' Retirement System of Louisiana</b>		<b>169,021,485</b>	<b>165,831,421</b>	<b>2,371,438</b>	<b>34,085</b>	<b>67,493,453</b>	<b>119,239,049</b>	<b>186,732,502</b>	<b>20,866,996</b>	<b>98%</b>	<b>0.41</b>	<b>1.13</b>	<b>1.84%</b>

## Firefighters' Retirement System of Louisiana

### Investment Strategy Performance Analysis

6/30/2018

Investment Name	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
<b>501 Timber</b>													
1 Timbervest Crossover Partners II, L.P.	2008	16,000,000	16,000,000	0	0	7,048,000	7,948,376	14,996,376	-1,003,624	100%	0.44	0.94	-1.05%
<b>Subtotal: 501 Timber</b>		<b>16,000,000</b>	<b>16,000,000</b>	<b>0</b>	<b>0</b>	<b>7,048,000</b>	<b>7,948,376</b>	<b>14,996,376</b>	<b>-1,003,624</b>	<b>100%</b>	<b>0.44</b>	<b>0.94</b>	<b>-1.05%</b>
<b>610 RE Core</b>													
1 AEW Core Property Trust	2015	12,000,000	12,000,000	0	0	0	15,558,497	15,558,497	3,558,497	100%	0.00	1.30	8.42%
2 ASB Allegiance Real Estate Fund II, Ltd.	2015	12,000,000	12,000,000	0	34,085	0	13,622,620	13,622,620	1,588,535	100%	0.00	1.13	5.65%
3 Heitman America Real Estate Trust, L.P.	2015	12,000,000	12,000,000	0	0	0	14,416,665	14,416,665	2,416,665	100%	0.00	1.20	7.67%
<b>Subtotal: 610 RE Core</b>		<b>36,000,000</b>	<b>36,000,000</b>	<b>0</b>	<b>34,085</b>	<b>0</b>	<b>43,597,782</b>	<b>43,597,782</b>	<b>7,563,697</b>	<b>100%</b>	<b>0.00</b>	<b>1.21</b>	<b>7.44%</b>
<b>615 RE Value Add</b>													
1 Americus Real Estate Fund II, Ltd.	2005	13,200,000	12,381,374	0	0	16,154,309	0	16,154,309	3,772,935	100%	1.30	1.30	4.49%
2 Sentinel Real Estate Fund	2006	30,000,000	30,000,000	0	0	16,614,404	37,256,961	53,871,365	23,871,365	100%	0.55	1.80	5.89%
<b>Subtotal: 615 RE Value Add</b>		<b>43,200,000</b>	<b>42,381,374</b>	<b>0</b>	<b>0</b>	<b>32,768,713</b>	<b>37,256,961</b>	<b>70,025,674</b>	<b>27,644,300</b>	<b>98%</b>	<b>0.77</b>	<b>1.65</b>	<b>5.64%</b>
<b>630 RE Opportunistic</b>													
1 AEW Partners VI	2010	20,000,000	18,136,793	1,863,207	0	23,224,451	8,213,548	31,437,999	13,301,206	91%	1.28	1.73	14.96%
2 FRS-GA (Georgia)	2008	9,273,354	9,273,354	0	0	0	3,463,900	3,463,900	-5,809,454	100%	0.00	0.37	-9.48%
3 FRS-LB I (NLTP AZ)	2007	24,900,208	24,900,208	0	0	0	7,380,981	7,380,981	-17,519,227	100%	0.00	0.30	-12.75%
4 FRS-LB II (SMT AZ)	2008	3,779,000	3,779,000	0	0	0	0	0	-3,779,000	100%	0.00	0.00	N/A
5 FRS-LB III (ST George UT)	2008	6,878,923	6,878,923	0	0	0	9,288,030	9,288,030	2,409,107	100%	0.00	1.35	4.01%
6 JP Morgan India Property Fund	2007	8,990,000	8,481,769	508,231	0	4,452,289	2,089,471	6,541,760	-1,940,009	94%	0.52	0.77	-3.79%
<b>Subtotal: 630 RE Opportunistic</b>		<b>73,821,485</b>	<b>71,450,047</b>	<b>2,371,438</b>	<b>0</b>	<b>27,676,740</b>	<b>30,435,930</b>	<b>58,112,670</b>	<b>-13,337,377</b>	<b>97%</b>	<b>0.39</b>	<b>0.81</b>	<b>-2.98%</b>
<b>Total: Firefighters' Retirement System of Louisiana</b>		<b>169,021,485</b>	<b>165,831,421</b>	<b>2,371,438</b>	<b>34,085</b>	<b>67,493,453</b>	<b>119,239,049</b>	<b>186,732,502</b>	<b>20,866,996</b>	<b>98%</b>	<b>0.41</b>	<b>1.13</b>	<b>1.84%</b>

**Firefighters' Retirement System of Louisiana**

**Transaction Summary**

4/1/2018 - 6/30/2018

<b>Date</b>	<b>Paid in Capital</b>	<b>Additional Fees</b>	<b>Distributions</b>	<b>Net Cash Flow</b>
<b>Firefighters' Retirement System of Louisiana</b>				
Sentinel Real Estate Fund				
04/13/2018			405,178.52	-405,178.52
Total: Sentinel Real Estate Fund				
			<b>405,178.52</b>	<b>-405,178.52</b>
<b>Total:</b>				
			<b>405,178.52</b>	<b>-405,178.52</b>