

MEMORANDUM

TO: Alec Stais
Chief Investment Officer
Employee Retirement System of Rhode Island

FROM: David Glickman

DATE: February 21, 2020

RE: Berkeley Partners Value Industrial Fund V

In the Meketa Investment Memo discussed at the January 22, 2020 SIC meeting describing a potential investment in the Berkeley Partners Value Industrial Fund V, Meketa made an error in describing the Annual Management Fees.

The General Partner offered a reduced annual fee of 1.375% of the committed capital, versus the standard fee of 1.5%, for investors who participated in the first closing of the fund, scheduled for late February 2020. This discount will apply until the Fee Conversion Date, which occurs following the acquisition period ending 48 months after the first closing. Following the Fee Conversion Date, the annual asset management fee is 1.5% of the investor's net equity.

Meketa mistakenly stated that the lower fee would be charged through the life of the partnership.

Based on the projected investment amount of \$35 million, the additional asset management fees are projected to reduce the internal rate of return (IRR) to ERSRI by approximately 7-8 basis points. This is based on all \$35 million being invested on the Fee Conversion date, and would equal an additional annual fee of \$43,750. The original estimate of the net IRR was 11-13%. This 7-8 basis point decline in the estimate may change based on the (i) the duration of the fund life (expected to be 8-10 years, but could be shorter if assets are liquidated sooner, or longer if the general partner exercises the ability to extend the fund life); and (ii) the rate at which assets are liquidated, since that reduces the System's outstanding net equity.

We note the following:

1. The annual asset management fees for Fund V are identical to those charged in Berkeley Fund IV in which ERSRI invested—1.375% during the 36-month acquisition period and 1.5% after the Fee Conversion Date.

2. ERSRI is charged the same fee as the other Limited Partners whose commitment amounts exceed ERSRI's.
3. It appears that Fund V will gather its maximum capitalization of \$350 mm and the General Partner will contribute 2% (to a maximum of \$5 mm).
4. Subsequent to the SIC commitment, Meketa has approved approximately \$44 million in commitments on behalf of five of its discretionary clients.

Meketa regrets the error. Notwithstanding the new information, Meketa continues to recommend the investment in Berkeley Partners Value Industrial Fund V of up to \$35 million, but not to exceed 10% of the overall fund commitments, as the revised projected returns still provide an appropriate risk adjusted return.