



Value Added Real Estate Fund Commitment

RCG Longview Debt Fund IV, L.P.

May 1, 2008

RCG Longview Debt Fund IV, L.P. – Real Estate Debt

Overview

- Fund size is capped at \$700 million
- Focus on debt and debt-like investments in real estate assets
- Invest in 1st and 2nd mortgages, Mezzanine Loans, “B” Notes, and Pref. Equity

Fund Strategy

- Extensive use of proprietary deal sourcing through GP member relationships
- Focus on deals not pursued by conventional financial institutions
- Focus on deals not being offered to the wider investment community
- Pennsylvania Presence – RCG Longview has previously made 12 investments in debt and debt-like instruments in PA for a total of \$59.2 million

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Investment Team

- The fund has a dedicated team of 11 professionals
- The management, underwriting, and sourcing team is a long-term cooperative relationship between the Ramius Capital Group, the Feil Organization, Estereich and Comp., and Mall Properties

GP “Value Add”

- Unique sourcing arrangement with the mortgage originator of \$15 billion of debt and equity transactions over the last 5 years
- Sponsors collectively own and/or manage over 37 million square feet of real estate, over 42,000 residential units, and over 1,300 hotel rooms

Performance – (2/28/2008)

- For the first three debt funds, there were 362 investments of which 226 have been realized
- The gross IRR for the prior funds combined is 18.0% with the realized gross IRR at 20.0%

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Market Opportunity

- This fund gives PSERS the unique participation with a group of sponsoring partners that have an exceptional history of sourcing proprietary deals
- With anticipated CAP rate increases, this organization is able to provide expertise in all areas of real estate investing, managing, and liquidation

History with PSERS

- This is PSERS' first commitment to the RCG Longview Debt series of funds
- PSERS has an existing commitment of \$125 million in the RCG Longview Equity series of funds

Recommendation

- Staff, together with Courtland Partners, recommends that the Board invest an amount equal to 90.91 percent of the committed capital, but not to exceed \$175 million plus reasonable normal investment expenses, in a side fund

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