



February 11, 2026

Senator Ben Gilmore
Representative Les D. Eaves
Arkansas Legislative Council
State Capitol, Room 315
Little Rock, AR 72201

Re: Submission of Investments for Review Under Act 1211 of 2009 (A.C.A. §19-11-1302)
Investments: Ares Industrial Real Estate Fund, LP
Franklin Park Venture Capital Fund XVI, LP
Franklin Park Co-Investment Fund VII, LP

Dear Senator Gilmore and Representative Eaves:

By means of the enclosed Investment Summaries, Arkansas Teacher Retirement System (ATRS) is submitting three investments for review by the Arkansas Legislative Council (ALC) as required under ACA §19-11-1302 et seq., otherwise referred to as Act 1211 of 2009.

The ATRS Board (Board) recently approved an additional investment of up to \$50 million to be made in Ares Industrial Real Estate Fund, LP, an open-end fund that will target investments in primary and secondary industrial distribution centers throughout the U.S. This investment was recommended by Aon Hewitt Investment Consulting, real assets consultants for ATRS, and ATRS staff concurs with the recommendation.

Also approved was a commitment of up to \$50 million to be made in Franklin Park Venture Capital Fund XVI, L.P., a fund of funds managed by Franklin Park investing in venture capital private equity funds. Franklin Park Associates, private equity consultants for ATRS recommended the investment, and ATRS staff concurs.

In addition, the Board authorized an investment of up to \$75 million in Franklin Park Co-Investment Fund VII, L.P., a fund managed by Franklin Park that invests in individual co-investments. Franklin Park Associates also recommended this investment, and ATRS staffs concurs.

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The ATRS Board approved each of the investments described above at its regular quarterly meeting on February 2, 2026 and anticipates closing dates from late February through March. A summary of each investment including key terms and investment strategy is enclosed for review by ALC. If any additional information is needed, please feel free to contact me on my direct line at 501-621-8853 or by email at: markw@artts.gov

Respectfully,



Mark White
Executive Director

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**Arkansas Teacher Retirement System
Real Estate Investment
Executive Summary**

Investment	Ares Industrial Real Estate Fund, LP (AIREF)
Managing Party	Ares Industrial Real Estate Fund GP, LLC
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	February 2026
Expected Closing Date	March 2026
ATRS Commitment & Reason for Entry	The up to \$50 million additional investment is to help achieve the 14% target allocation to Real Assets. The fund was recommended by the ATRS Real Assets consultant, Aon Hewitt Investment Consulting.
Placement Agent	Park Madison Partners was utilized by the GP as a placement agent. ATRS paid no placement fees.
Key Terms	<u>Management Fee</u> : 65 basis points (.65%) of Net Asset Value
Justification of Investment Duration Term & Anticipated Termination Date	The fund is an open-end structure with no end date. Redemptions are quarterly with a ninety day notice after a three-year lock up period. Redemptions are subject to certain conditions designed to protect the limited partners.
Investment Strategy	AIREF is an open-end U.S. industrial real estate fund aiming to outperform the NPI Industrial index by 50-100 basis points over market cycles. It invests throughout the U.S. with a focus on major national distribution markets but will consider secondary distribution markets. The fund is permitted to invest in non-core properties up to 50% of the fund's gross asset value.
Management Team	Ares Management is a public company traded on the New York Stock Exchange. It has over thirty offices across the globe and manages approximately \$596 billion in AUM as of December 31, 2025. In July 2021, ARES acquired the real estate advisory and distribution business of Black Creek Group. Tom McGonagle, formerly with Black Creek is the senior portfolio manager for AIREF and has run the portfolio since the Black Creek acquisition. David Fazekas, the former Co-CIO of Black Creek also remains with the platform.

**Historical
Performance**

AIREF has generated a net return of 10.83% IRR since its inception in 2017. Historical returns are not indicative of future performance.

**Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary**

Investment	Franklin Park Venture Capital Fund XVI, L.P. (the "Fund")
Managing Party	Franklin Park Series GP, LLC (the "General Partner" or "Franklin Park")
ATRS Legal Interest	ATRS will be a limited partner
Report Date	February 2026
Expected Closing Date	Closing is expected in the first quarter of 2026.
ATRS Commitment & Reason for Entry	The investment of up to \$50 million is to help achieve the 12% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	There is no placement agent involved with the Fund.
Key Terms	<u>Management Fee</u> : None <u>Carried Interest</u> : 4% carried interest after an 8% preferred return.
Justification of Investment Term & Anticipated Termination Date	The term is the later of (i) the liquidation of the last fund investment or (ii) 15 years (anticipated termination in 2041). Term is standard for a private equity fund of funds due to the fact that terms for underlying funds are at least ten years and all underlying funds must be liquidated in order to terminate the fund of funds.
Investment Strategy	The Fund was formed to build a well-diversified portfolio of top-tier venture capital funds.
Management Team	Franklin Park, based near Philadelphia, PA, was founded in 2003 by six professionals that formerly worked together at a global private equity consultant and asset manager. The team is led by Bradley Atkins, Michael Bacine, James McGovern, Karl Hartmann, Katherine Carlson, Narayan Chowdhury, Laure Brasch, Kristine O'Connor, Neil Mowery, Raymond Jackson and John Mahoney (the "Senior Team"). The Senior Team is supported by additional managing directors and analysts, as well as finance, legal and administrative staff.
Historical Performance	Since 2008, Franklin Park has committed \$1.487 billion in fifteen venture capital funds that have generated an aggregate net IRR of 18.5% as of June 30, 2025. Historical returns are not indicative of future performance.

**Arkansas Teacher Retirement System
Private Equity Investment
Executive Summary**

Investment	Franklin Park Co-Investment Fund VII, L.P.
Managing Party	Franklin Park Series GP, LLC (the "General Partner" or "Franklin Park")
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	February 2026
Expected Closing Date	Closing is expected in the first quarter of 2026.
ATRS Commitment & Reason for Entry	The investment of up to \$75 million is to help achieve the 12% target allocation to private equity. The fund was recommended by the ATRS private equity consultant.
Placement Agent	There is no placement agent involved with the Fund.
Key Terms	<u>Management Fee</u> : 50 basis points (.5%) <u>Carried Interest</u> : 10% carried interest after an 8% preferred return.
Justification of Investment Term & Anticipated Termination Date	The fund will end when the last underlying portfolio company is liquidated; therefore, there is not a specific termination date for the fund. This is standard for a private equity co-investment fund.
Investment Strategy	The Fund will invest in direct co-investments primarily of middle market companies alongside private fund sponsors. Transaction types will include buyouts, build-ups, growth equity, structured equity, financial restructurings and operational turnarounds.
Management Team	Franklin Park, based near Philadelphia, PA, was founded in 2003 by six professionals that formerly worked together at a global private equity consultant and asset manager. The team is led by Bradley Atkins, Michael Bacine, James McGovern, Karl Hartmann, Katherine Carlson Narayan Chowdhury, Laure Brasch, Kristine O'Connor, Raymond Jackson, and John Mahoney (the "Senior Team"). The Senior Team is supported by additional managing directors and analysts as well as finance, legal and administrative staff.
Historical Performance	Since 2012, Franklin Park has invested \$977.2 million in six co-investment funds that have generated an aggregate net IRR of 16.9% as of June 30, 2025. Historical returns are not indicative of future performance.