MEMORANDUM

TO: State of Wyoming Treasurer's Office Investment Division ("WSTO" or "Wyoming")

FROM: Aksia LLC ("Aksia")

DATE: February 18, 2025

RE: Recommendation to Commit $50M - $100M to Hammes Income and Growth Fund

---

Executive Summary

- Aksia completed Investment Due Diligence ("IDD") and Operational Due Diligence ("ODD") on Hammes Income & Growth Healthcare ("HIGH" or "the Fund") and approved the investment for client recommendation in February 2025.

- HIGH is an open-end, U.S. focused, core-plus fund exclusively focused on investments in healthcare related real estate assets across the U.S. HIGH seeks to provide investors with exposure to the growing, non-cyclical healthcare industry through investment in a variety of outpatient facilities and healthcare-related assets including medical office buildings ("MOBs"), ambulatory care centers ("ACCs"), and acute care facilities. As of 3Q2024, HIGH totaled approximately $287M in gross real estate value ("GAV") and $193M in net real estate value ("NAV") across three investments.

- Aksia believes the Fund is well-positioned to capitalize on the strong and stable fundamentals of the healthcare real estate sector including an aging U.S. population, increased demand from consumers for healthcare in outpatient facilities, muted supply outlook, and favorable tenant and lease characteristics allowing for predictable cash flows. The Fund's manager, Hammes Partners, remains one of the top operators in the sector given its longstanding relationships, industry expertise, and operational experience with the ability to leverage Hammes Healthcare and Hammes Realty Services.

- Wyoming would benefit from attractive Founders Round economics, including a reduced asset management fee rate and an immediately accretive basis through entering the Fund at cost.

- However, Aksia notes that potential inflationary pressure could impact rent growth due to long-term leases with low contractual rent bumps (2-3%) not keeping up with inflation. Additionally, the current portfolio is small and concentrated. If additional fundraising success is limited, the ability to add accretive investments to the portfolio could be hindered.

- We believe an investment in HIGH would be beneficial to WSTO's overall portfolio construction goals, adding exposure to the high performing healthcare sector with long-term demographic demand trends and strong fundamentals. In addition, the investment would increase WSTO's continued diversification into alternative real estate sectors through its core real estate portfolio.

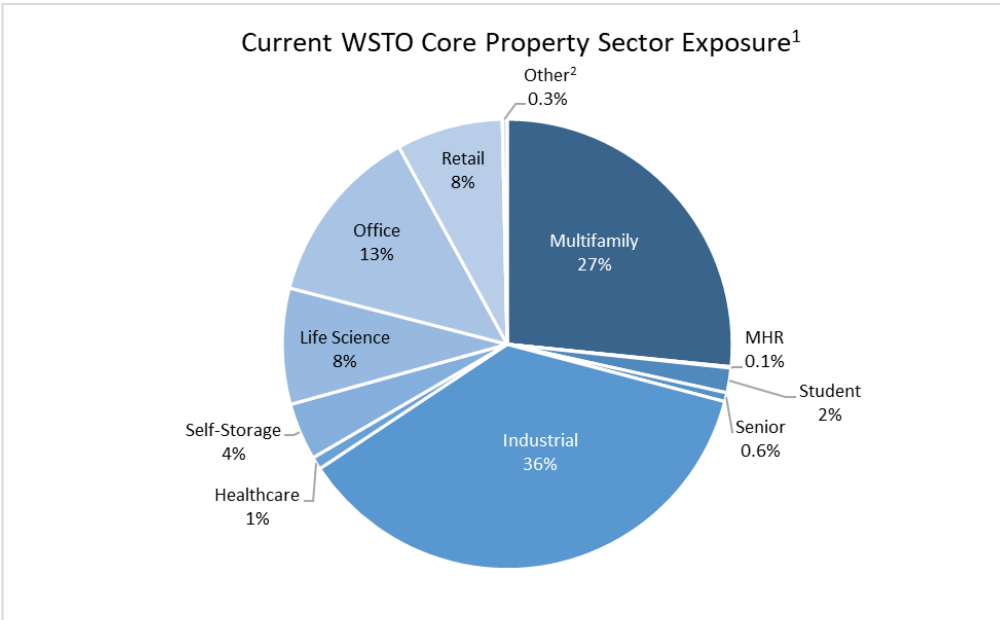
WSTO Core Real Estate Portfolio and HIGH's Portfolio Fit

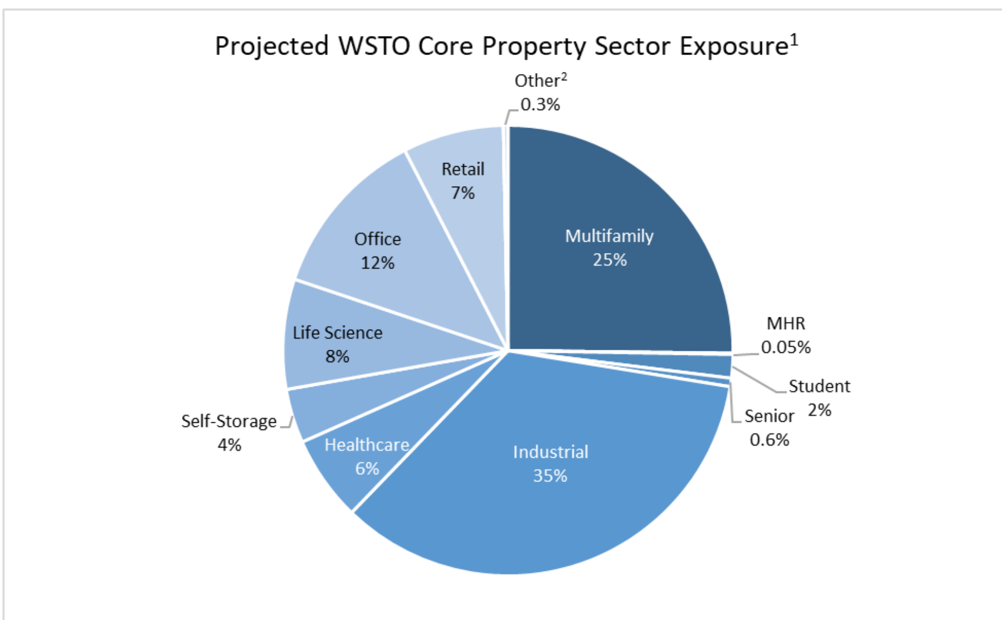
The WSTO real estate portfolio is comprised of core and non-core sub-portfolios with a weighting of approximately 60% to core and 40% to non-core as of 3Q2024. The core real estate portfolio is comprised of four funds: Clarion Lion Properties Fund, Morgan Stanley Prime Property Fund, UBS Trumbull Fund, and IDR ODCE Index Fund. All of these funds are classified as core and are NCREIF-ODCE constituents, with the exception of the IDR ODCE Index Fund which seeks to closely track the NCREIF-ODCE index by investing in the index's underlying constituent funds. The core portfolio is diversified primarily across traditional property sectors (e.g., multifamily, industrial, office and retail), with a primary concentration to the industrial sector. An investment in HIGH will allow for increased exposure to the healthcare sector and a marginal decrease in exposure to traditional property sectors. HIGH should further solidify WSTO's consistent income stream in the core portfolio with its "bond-like" properties that have long-term leases with credit and investment-grade tenants.

Currently, WSTO is approximately $100M underweight to its core real estate target allocation. A commitment to HIGH would help eliminate WTSO's core real estate underweight when the investment is fully drawn (expected by the end of 4Q2025). At the proposed investment size of approximately $75M, WSTO's investment position would represent approximately 17% of HIGH's Founders Round. Upon full deployment, HIGH would represent approximately 4% of WSTO's overall real estate portfolio and approximately 5% of WSTO's core real estate portfolio.

Projected WSTO Core Real Estate Portfolio Exposure

The top chart outlines the current property sector exposure in the WSTO core real estate portfolio as of 3Q2024, with noted concentration in the industrial sector. The bottom chart shows the projected property sector allocations for the core real estate portfolio upon full deployment of a $75M investment in HIGH. We note a slight decrease in the portfolio's industrial and multifamily exposure that is being replaced by further exposure to the healthcare sector. Additionally, we note marginal decreases in exposure to other property sectors such as office and retail.





[1]Both charts are inclusive of WSTO's recent $88 million commitment to the IDR ODCE Index Fund.

[2]The "Other" sector exposure is inclusive of land, public securities, debt investments, mixed-use, data centers, and parking.