

November 17, 2023

The Honorable Terry Rice
State Senator
Arkansas Legislative Council Co-Chair
State Capitol, Room 315
Little Rock, AR 72201

The Honorable Jeff Wardlaw
State Representative
Arkansas Legislative Council Co-Chair
State Capitol, Room 315
Little Rock, AR 72201

Re: Arkansas Public Employees Retirement System (APERS) Investment for Review under Act 1211 of 2009

Senator Rice and Representative Wardlaw:

In accordance with Act 1211 of 2009, APERS is providing an investment summary for review by the Arkansas Legislative Council. Attached is the executive summary of the partial equity ownership.

On November 7, 2023, the APERS Board of Trustees Investment Finance Sub-Committee voted to retain and invest in Harrison Street Fund IX. This investment was recommended by our investment consultant, in consultation with the investment staff. The anticipated date of funding is expected to begin in mid-2024. The amount allocated for this investment is up to \$50 million.

Should you need any additional information, please feel free to contact me.

Sincerely,



Amy Fecher



Real Estate Investment Executive Summary

Investment	Harrison Street Real Estate Partners Fund IX, L.P. (the "Fund")
Managing Party	Harrison Street Real Estate Partners (the "General Partner" or "GP")
APERS Legal Interest	APERS will be a Limited Partner ("LP")
Report Date	December 15, 2023
Expected Funding Date	Mid to Late-2024 thru 2037
APERS Commitment & Reason for Entry	The \$50 million investment is to help achieve the allocation target to APERS' Real Assets/Real Estate investments. The fund was vetted and recommended by the APERS Investment consultant.
Placement Agent	No placement agent was utilized.
Key Terms	<p><u>Management Fee:</u> Based on a \$50 million commitment, the fund charges a management fee of 1.50%</p> <p><u>Management Fee:</u> After an 8.0% return is achieved, the GP shares in profits 50/50 until it receives 20% of the profits ("catch-up"). Thereafter, 80% goes to the Limited Partners ("APERS") and 20% to the General Partner</p>
Justification of Investment Term & Anticipated Termination Date	The fund is a "closed end fund" and the investment period could last until the year 2033-2037
Investment Strategy	The Fund invests in "value-add" type real estate assets. The fund is focused on primary markets globally. The fund utilizes property diversification (student housing, healthcare, life sciences, and storage). The objective is to achieve attractive returns without subjecting capital to undue risk
Management Team	The primary portfolio management team consists of Rob Cook (North America head of Opportunistic), and Rob Mathias (Head of International)
Historical Performance	<p>Harrison Street has invested over \$40 billion across 1,169 assets since their inception. The firm has over \$33 billion in AUM. They have raised 8 previous strategies. Fund II's IRR of 9.8%, Fund III's IRR of 19%, Fund IV's IRR of 11.7%, Fund V's IRR of 11%, Fund VI's IRR of 10.2%. Fund VII's IRR of 12%, and Fund VIII's IRR of 12%</p> <p>* Historical returns are not indicative of future performance.</p>