



December 7, 2021

Mr. Edward Armstrong, Director  
Office of State Procurement  
1500 West 7<sup>th</sup> Street, Suite 300  
Little Rock, AR 72201

Ms. Marty Garrity, Director  
Bureau of Legislative Research  
Administrative Rules Review Section  
State Capitol, Room 315  
Little Rock, AR 72201

Re: Partial Equity Ownership agreement executed by APERS under Act 1211 of 2009

Based on recommendations from APERS staff and the APERS investment consultant, the APERS Board of Trustees voted to hire PGIM Agriculture Investments (“PGIM Ag” or “PAI”) and International Farming Corporation (“IFC”) as farmland/agriculture investment managers. All criteria were met under Act 1211 to enter into the partial equity ownership agreements of these investments.

In accordance with Act 1211, APERS is providing an Executive Summary of the partial equity ownership agreement to the Office of State Procurement (OSP) and the Arkansas Legislative Council (ALC).

As of the date of this letter, the investment managers have not received any retirement trust funds. The anticipated date of funding is still TBD, but it is anticipated that the managers could begin calling capital in early 2022. It is my intent to comply with the notification procedures set forth in Act 1211 and would like to notify OSP and ALC in advance of the funding date.

The total amount that APERS intends to invest is \$100,000,000 total. PGIM Ag will manage up to \$50,000,000 and IFC will also manage up to \$50,000,000.

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

Regards,

A handwritten signature in black ink, appearing to read "Duncan Baird".

Duncan Baird  
Executive Director



## Farmland/Agriculture Investment Executive Summary

<b>Investment</b>	PGIM Agriculture Investments ("PAI" or the "Fund"), a subsidiary of PGIM Real Estate Finance, LLC
<b>Managing Party</b>	PGIM Agriculture Investments ("PAI")
<b>APERS Legal Interest</b>	APERS is a Limited Partner.
<b>Report Date</b>	December 6, 2021
<b>Expected Funding Date</b>	First quarter/half of 2022
<b>APERS Commitment &amp; Reason for Entry</b>	The \$50 million investment is to help achieve the allocation target to APERS' Real Assets/Farmland/Agriculture. The fund was recommended by APERS' Investment consultant.
<b>Placement Agent</b>	No placement agent was utilized.
<b>Key Terms</b>	<p><u>Management Fee</u>: Based on a \$50 million commitment, the fund charges a management fee of 1.10%</p> <p><u>Performance/Incentive Fee</u>: There are no performance or incentive fees.</p>
<b>Justification of Investment Term &amp; Anticipated Termination Date</b>	The fund is an "open ended fund" and there is a two-year lock-up period for all investors.
<b>Investment Strategy</b>	The Fund's investment strategy is to build upon the strengths of the PAI platform. The objective is to exceed the NCREIF Farmland Index by investing in a combination of permanent crops and row and specialty vegetable and fruit crops.
<b>Management Team</b>	The portfolio management team consists of Jamie Shen (CIO & Portfolio Manager), Christopher Jay (CFO), Steve Fessler (Senior Asset Manager), Jon Mark Erstine (Senior Asset Manager).
<b>Historical Performance</b>	This will be PAI's first open-end farmland fund. The Fund held its first close on capital in October 2018. They have a track record in previous investments. Over a 10 year period 11.85% vs 10.19% index, over 15 years 14.38% vs 11.09% Index.

Historical returns are not indicative of future performance.

## Farmland/Agriculture Investment Executive Summary

<b>Investment</b>	International Farming Corporation ("IFC"), and the IFC Core Farmland Fund Strategy, LP
<b>Managing Party</b>	International Farming Corporation ("IFC")
<b>APERS Legal Interest</b>	APERS is a Limited Partner.
<b>Report Date</b>	December 6, 2021
<b>Expected Funding Date</b>	First quarter/half of 2022
<b>APERS Commitment &amp; Reason for Entry</b>	The \$50 million investment is to help achieve the allocation target to APERS' Real Assets/Farmland/Agriculture. The fund was recommended by APERS' Investment consultant.
<b>Placement Agent</b>	No placement agent was utilized.
<b>Key Terms</b>	<p><u>Management Fee</u>: Based on a \$50 million commitment, the fund charges a management fee of 0.80%</p> <p><u>Performance/Inventive Fee</u>: The Performance Participation will equal the product of (A) the lesser of (x) 7.5% of the Portfolio Income Return Rate for the year or (y) the excess of the Portfolio Income Return Rate for the year above the Benchmark Income Return Rate for the year, multiplied by (B) the Limited Partner's daily average Share of Benchmark Adjusted Net Asset Value for the year.</p>
<b>Justification of Investment Term &amp; Anticipated Termination Date</b>	The fund is an "open ended fund" and there is an initial two-year lock-up period for all investors.
<b>Investment Strategy</b>	The Fund's primary business is the acquisition and management of farmland and related operating entities. Additional activities include the acquisition and development of innovative technology solutions for farmland assets. The Fund will seek to generate income and preserve capital by investing in a portfolio of U.S. farmlands diversified by region and crop-type, and related assets, including irrigation, crop storage equipment and facilities.
<b>Management Team</b>	The portfolio management team consists of John McNairy (Chairman), Charlie McNairy (CEO & CIO), Jim Walker (Senior Advisor)
<b>Historical Performance</b>	<p>This will be IFC flagship open-end fund. The Fund was incepted in October 2019 and had a 1-year return of 5.00% vs the NCREIF Farmland Index of 4.-1%</p> <p>Historical returns are not indicative of future performance.</p>