



December 9, 2021

Senator Terry Rice
Representative Jeff Wardlaw
Arkansas Legislative Council
State Capitol, Room 315
Little Rock, AR 72201

RE: Arkansas Teacher Retirement System (ATRS) Submission of Investments for
Review under ACA §19-11-1302
Investment: Landmark Real Estate Partners IX, L.P.

Dear Senator Rice and Representative Wardlaw:

By means of the enclosed Investment Summary, ATRS is submitting an investment 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 recently approved an investment of up to \$50 million to be made in Landmark Real Estate Partners IX, L.P., a closed end, opportunistic real estate fund that will invest in secondary interests of value added and opportunistic funds. The fund was recommended by ATRS's real assets consultant, Aon Hewitt Investment Consulting and ATRS staff concurs.

The ATRS Board approved the investment described above in a scheduled meeting on December 6, 2021 and anticipates closing in the first quarter of 2022. A summary of the 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 501-588-4367 or by email at clintr@artrs.gov.

Respectfully,

A handwritten signature in blue ink, appearing to read "Clint Rhoden", with a long horizontal flourish extending to the right.

Clint Rhoden
Executive Director

CR:lw
enclosures

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

Investment	Landmark Real Estate Partners IX, L.P.
Managing Party	Landmark Real Estate Fund IX-GP, L.P.
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	December 2021
Expected Closing Date	First Quarter of 2022
ATRS Commitment & Reason for Entry	The investment of up to \$50 million in opportunistic real estate is to help achieve the 15% target allocation to real assets. The fund was recommended by the ATRS real assets consultant.
Placement Agent	No placement agent was utilized.
Key Terms	<u>Management Fee</u> : 1% per annum on committed capital during 4 year investment period, and 1% on NAV thereafter <u>Carried Interest</u> : 12% of profits after LP's receive an 8% IRR preferred return.
Justification of Investment Duration Term & Anticipated Termination Date	The strategy requires a period of time to identify, execute and then monetize an opportunistic investment. The fund has a ten year term with an anticipated maturity in 2032.
Investment Strategy	Landmark Real Estate Partners IX, L.P. is a closed-end private equity fund-of-funds focused on acquiring existing real estate partnerships in the secondary market. The Fund expects to leverage its 26-year history of secondary investing to assemble a diverse, global portfolio of assets that span the real estate risk spectrum, by acquiring interests in existing funds, partnerships and other structured entities invested in underlying real estate. The secondary markets allow investors like ATRS to obtain cash for an asset that is typically considered illiquid. Landmark will target funds that are substantially committed and seasoned and look to acquire at a discount and/or utilized structured purchase arrangements. The Fund will target a 15%-plus net IRR.
Management Team	The Fund's Investment Committee (IC) consists of seven senior Managing Directors and is responsible for setting investment guidelines and approving all acquisitions, dispositions, and financing decisions. The IC

has over 28 years of experience on average and over 21 years of working together at Landmark. Francisco Burges and Tim Haviland, the CEO and CFO of Landmark, respectively, each participate in the Investment Committee process related to the real estate funds. Mr. Borges has over 35 years of experience and has been guiding Landmark Partners' investment decisions for 22 years.

**Historical
Performance**

Performances of the eight preceding funds average a net 14.48% IRR.