

Investment Recommendation

The SERS Investment Office Staff and Real Estate Consultant, NEPC, recommend that the State Employees' Retirement System Investment Committee interview IPI Partners, LLC ("IPI" or the "Firm") at the June 11, 2024, Investment Committee meeting to consider a potential commitment of up to \$100 million to IPI Partners III-A, L.P., ("IPI III" or "the Fund") subject to the satisfactory completion of legal due diligence and contract negotiation. The firm is targeting a commitment of \$4 billion with a \$6 billion hard cap. The fund will have final close by June 30th, 2024.

Investment Rationale

Staff believes IPI Partners III represents a strong candidate for SERS' capital commitment as it offers:

- Access to a Preeminent Data Center Manager
- Exposure to Strong Secular Trends in Data Centers
- A Strong Portfolio Fit
- An Attractive Investment Strategy
- A Manager Committed to ESG and DEI Initiatives

Investment Risks & Mitigants

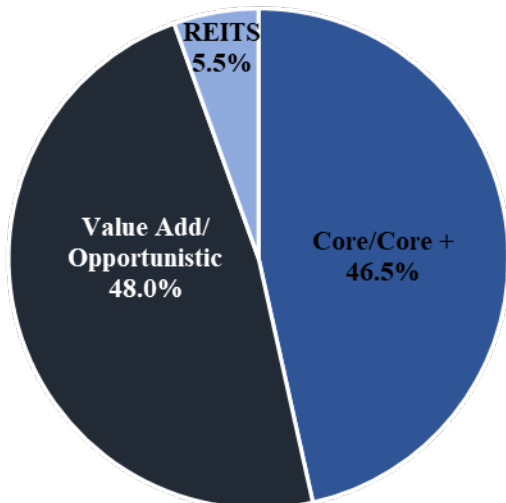
- Rapid Global Expansion and Increased Fund Size
- Sector Specific Risk
- Lack of Realizations
- Financing Risk
- Headline Risk

Portfolio Implications

A commitment to the Fund would be considered a 2024 vintage allocation to a fund which is categorized in the Real Estate asset class and Value-Add/Opportunistic sub-asset class. As of December 31, 2023, the plan's total allocation to the Value-Add/Opportunistic sub-strategy represented approximately 48.0% of the total Real Estate portfolio.

A commitment to IPI III is expected to increase the Real Estate sub-strategy exposure to Value-Add/Opportunistic by approximately 2.1%.

SERS RE Sub-Strategy Allocation as of 12/31/2023



SERS Projected RE Sub-Strategy Allocation

