



October 4, 2018,

Senator Bill Sample
Representative Jim Dotson
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
Investments: LaSalle Income and Growth Fund VIII, LP

Dear Senator Sample and Representative Dotson:

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 in LaSalle Income and Growth Fund VIII, LP, a closed-end, value added real estate fund that will focus on non-core real estate with strong income. The investment was recommended by ATRS's real asset consultant, Aon Hewitt Investment Consulting and ATRS staff.

The ATRS Board approved the investment described above at its October 1, 2018 meeting and anticipates that it will close in November 2018. A summary of the investment including key terms and investment strategy is enclosed for review by ALC. We will be happy to provide any other information you request regarding these investments.

Respectfully,

Rod Graves
Deputy Director

RG:lw
enclosures

Arkansas Teacher Retirement System
Real Estate Investment
Executive Summary

Investment	LaSalle Growth & Income Fund VIII, LP
Managing Party	LaSalle Growth & Income Fund VIII GP, L.L.C. a Delaware limited liability corporation
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	October, 2018
Expected Closing Date	November 2018
ATRS Commitment & Reason for Entry	The \$50 million investment is to help achieve the 15% target allocation to real assets. The fund was recommended by the ATRS Real Assets consultant, Aon Hewitt Investment Consulting.
Placement Agent	None
Key Terms	<p><u>Management Fee</u>: 110 bps (1.10%) on committed equity during investment period, then the same rate for invested equity for the fund duration.</p> <p><u>Carried Interest</u>: 20% of profits after LP's receive 100% of their invested capital and a 9% IRR preferred return.</p>
Justification of Investment Duration Term & Anticipated Termination Date	The strategy requires a period of time to identify, execute and then monetize a value added strategy. The fund is a "closed end" variety with a five year term starting at the end of the three year investment period with a one year extension possible during investment period. At the end of the term there is the possibility of two-one year extensions. The anticipated maturity is in 2026 without any extensions.
Investment Strategy	LaSalle Growth & Income Fund VIII's investment strategy is to capitalize on the current and growing demand for core real estate assets by aggressively pursuing non-core properties that can be leased, redeveloped or repositioned and later sold to core buyers. Specifically, LaSalle will seek to acquire non-core assets with a strong in place income, in major markets and targeted secondary markets that are temporarily out of favor.
Management Team	Jim Hutchinson serves as President of the Fund and has primary responsibility for its business affairs, including acquisitions, financings, and dispositions. Harlan Stanley serves as Chief Operating Officer of the Fund and directs all asset management activities. In addition to the senior leadership provided by Mr. Hutchinson and Mr. Stanley, the Fund

team is comprised of ten investment and accounting professionals currently working exclusively on the Income & Growth fund activities.

**Historical
Performance**

The seven preceding funds in the series have returned on average 10.7% IRR.