



September 8, 2022

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

Re: Submission of Investment for Review Under Act 1211 of 2009 (A.C.A. §19-11-1302)
Investments: Lasalle Value Partners U.S. IX, L.P.

Dear Senator Rice and Representative Wardlaw:

By means of the enclosed Investment Summary, Arkansas Teacher Retirement System (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 (Board) recently approved an investment of up to \$75 million to be made in LaSalle Value Partners U.S. IX, L.P., a closed end, value-add real estate fund focused on non-core real estate with strong income potential. This investment was recommended by Aon Hewitt Investment Consulting, real assets investment consultants for ATRS, and ATRS staff concurs with the recommendation.

The ATRS Board approved the investment described above in a called meeting on August 16, 2022 and anticipates closing later this month. 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".

Clint Rhoden
Executive Director

CR:lw
enclosures

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

Investment	LaSALLE VALUE PARTNERS U.S. IX, L.P.
Managing Party	LaSALLE VALUE PARTNERS U.S. IX GP, L.L.C.
ATRS Legal Interest	ATRS will be a limited partner.
Report Date	September 2022
Expected Closing Date	September 2022
ATRS Commitment & Reason for Entry	The up to \$75 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>: 125 bps (1.25%) 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 limited partners 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-add 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 a one-year extension. The anticipated maturity is in 2031 without any further extensions.
Investment Strategy	The fund plans to capitalize on real estate sectors where growth is leading to tenant demand for spaces that are not available in sufficient supply in a selected market. Sectors identified for this vintage are residential, industrial, and healthcare. The associated property types are apartments, single family rentals, manufactured housing, warehouse, distribution centers, medical office, and life science lab/office. For higher above-core returns, higher quality value add properties are acquired that have viable repositioning or renovation potential to enable a core-priced exit. Also, in certain property types, the Fund will pursue aggregations for portfolio premiums, and new development.
Management Team	Mark Gabbay serves as Global CEO of LaSalle and is responsible for strategic leadership of the firm. Joseph Munoz is President of LaSalle

Value Partners and heads the dedicated team for that series of funds. He has primary responsibility for its business affairs, including acquisitions, financings, and dispositions and is supported by an array of mid-level senior vice-presidents.

**Historical
Performance**

The eight preceding funds in the series have returned on average 11.5% IRR.