

ARKANSAS JUDICIAL RETIREMENT SYSTEM

BOARD OF TRUSTEES

ROBERT EDWARDS, Chairman
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GAIL H. STONE, Executive Director
124 West Capitol Avenue, Suite 400
Little Rock, Arkansas 72201

August 24, 2012

Ms. Jane Benton
Office of State Procurement
1500 West 7th Street, Suite 300
Little Rock, AR 72201

Mr. David Ferguson
Bureau of Legislative Research
Administrative Rules Review Section
State Capitol, Room 315
Little Rock, AR 72201

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

Based on AJRS' investment consultant, Callan Associates, the AJRS Board of Trustees voted to hire Invesco Real Estate as an investment manager. All criteria were met under Act 1211 to enter into the partial equity ownership agreements of this investment. In accordance with Act 1211, AJRS 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 manager has not received any retirement trust funds. The anticipated date of funding is still to be determined. Early fall is the best estimated funding date. 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 AJRS intends to invest in these investments is \$13,000,000.

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

Regards,



Gail H. Stone
Executive Director

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Arkansas Judicial Retirement System Real Estate Investment Executive Summary

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Investment	Invesco Core Real Estate – U.S.A., L.P., or the "Fund".
Managing Party	Invesco Real Estate
AJRS Legal Interest	AJRS is a unit investment trust holder.
Report Date	August 24, 2012
Expected Funding Date	September 01, 2012
AJRS Commitment & Reason for Entry	The \$13 million investment is to help diversify the AJRS investment portfolio. The fund was recommended by AJRS' Investment consultant.
Placement Agent	No placement agent was utilized.
Key Terms	<u>Management Fee</u> : The fund charges a management fee of 0.80%.
Justification of Investment Term & Anticipated Termination Date	The fund is an "open ended fund" and the investment period can remain open until AJRS chooses to liquidate the investment.
Investment Strategy	The Fund invests in "core" type real estate assets and has a diversified portfolio of institutional quality properties. Their long term strategy is to overweight industrial and multi-family, equal weight retail, and underweight office space. The fund will invest in core properties with a focus on investments with stable income and quality locations.
Management Team	Invesco's Portfolio Management team consists Scott Dennis (CEO), Paul Michaels (Director of North America), Bill Grubbs (Portfolio Manager), Greg Kraus (Acquisitions), Michael Kirby (Director NA Asset Management), and Jason Greer (Dispositions/Financing)
Historical Performance	<p>Invesco was founded in 1983. Historically, the fund returned 8.82% in the last year, 16.59% in the last 2 years, and 7.83% in the last 3 years.</p> <p>Invesco has approximately \$48.3 billion AUM.</p> <p>Historical returns are not indicative of future performance.</p>