

Public School Teachers' Pension and Retirement Fund

| | Ending Market Value | Quarter | | 1 Year | | 3 Year | | 5 Year | |
|--|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| | | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET |
| Core | | | | | | | | | |
| Capri/Capital Apartment Fund | \$80,598 | -0.3% | -0.3% | -1.8% | -1.8% | 1.1% | 1.0% | 2.9% | 2.4% |
| JP Morgan Strategic Property Fund | \$141,752,891 | -7.3% | -7.5% | -30.9% | -31.7% | -5.4% | -6.4% | 4.1% | 3.0% |
| Prudential PRISA | \$86,341,745 | -7.8% | -8.0% | -42.2% | -42.7% | -10.5% | -11.2% | 0.4% | -0.4% |
| Trumbull Property Fund (UBS - RESA) | \$136,438,826 | -4.7% | -4.9% | -26.7% | -27.4% | -3.8% | -4.7% | 4.4% | 3.4% |
| Core Funds | \$364,614,061 | -6.4% | -6.7% | -32.6% | -33.2% | -6.2% | -7.0% | 3.1% | 2.1% |
| Non-Core/Enhanced Return | | | | | | | | | |
| Capri Select Income II | \$5,840,001 | -48.0% | -48.5% | -66.9% | -67.6% | -34.0% | -35.1% | | |
| CB Richard Ellis Strategic Partners III | \$14,951,148 | 1.7% | 1.5% | -27.5% | -28.0% | -0.9% | -1.6% | 6.6% | 5.3% |
| Intercontinental Real Estate Fund III | \$21,286,491 | -20.6% | -21.0% | -48.4% | -48.8% | -13.9% | -14.9% | -5.0% | -6.5% |
| Prudential PRISA II | \$31,178,978 | -10.2% | -10.5% | -51.3% | -51.9% | -15.1% | -16.0% | -1.4% | -2.4% |
| Non-Core/Enhanced Return | \$73,256,618 | -16.3% | -16.6% | -49.1% | -49.6% | -14.8% | -15.6% | -3.6% | -4.8% |
| Non-Core/High Return | | | | | | | | | |
| DV Urban Realty Partners I | \$16,130,197 | -3.5% | -4.0% | -12.6% | -15.1% | -27.4% | -31.9% | | |
| Europa Fund III (USD) | \$5,036,588 | | | | | | | | |
| Fremont Strategic Property Partners II | \$14,516,171 | -12.7% | -13.2% | -43.4% | -44.6% | -17.1% | -18.9% | | |
| Merrill Lynch Asian Real Estate Opportunity Fund I | \$18,549,811 | -0.9% | -0.9% | -55.8% | -55.8% | | | | |
| Morgan Stanley Mezzanine Debt Fund | \$2,994,453 | -27.6% | -28.1% | -65.7% | -66.5% | | | | |
| Olympus Real Estate Fund II | \$1,095,766 | -11.8% | -11.8% | -43.9% | -43.9% | -20.9% | -21.1% | -16.1% | -16.8% |
| RREEF DB Global Opportunity Fund II | \$13,083,638 | -11.9% | -12.5% | -36.3% | -37.6% | -18.0% | -22.1% | | |
| UrbanAmerica II | \$12,387,328 | -22.2% | -22.6% | -41.0% | -42.3% | | | | |
| Walton Street Mexico Fund I, L.P. | \$5,123,283 | -10.5% | -27.3% | | | | | | |
| Walton Street Real Estate Fund I | \$433,347 | 0.6% | 0.2% | -25.7% | -26.8% | -19.1% | -19.9% | -0.8% | -2.7% |
| Walton Street Real Estate Fund II | \$5,464,161 | 0.5% | 0.3% | -15.2% | -16.0% | -10.0% | -10.6% | 4.2% | 3.3% |
| Walton Street Real Estate Fund III | \$4,369,404 | 0.0% | -0.3% | -38.4% | -39.1% | -13.0% | -13.8% | 8.6% | 7.5% |
| Walton Street Real Estate Fund IV | \$19,027,628 | 0.5% | 0.1% | -23.2% | -24.4% | -10.0% | -11.2% | 7.9% | 6.6% |
| Walton Street Real Estate Fund V | \$8,358,359 | -8.9% | -10.3% | -70.0% | -71.3% | -34.8% | -36.4% | | |
| Walton Street Real Estate Fund VI | \$2,788,449 | -68.8% | -76.9% | | | | | | |
| Non-Core/High Return | \$129,358,583 | -8.0% | -8.5% | -45.4% | -46.6% | -19.2% | -20.8% | -3.6% | -5.7% |
| Non-Core Funds | \$202,615,202 | -11.4% | -11.8% | -46.7% | -47.6% | -16.6% | -17.8% | -3.4% | -5.1% |
| Private Real Estate | | | | | | | | | |
| Private Real Estate | \$567,229,263 | -8.2% | -8.5% | -37.9% | -38.6% | -10.0% | -11.0% | 0.8% | -0.4% |
| Public Real Estate Securities | | | | | | | | | |
| Morgan Stanley I.M.A. | \$95,442,600 | 22.5% | 22.2% | -3.1% | -3.9% | -8.6% | -9.3% | 6.2% | 5.4% |
| Total Return Strategy (Adelante) | \$44,135,565 | 31.0% | 30.8% | -32.0% | -32.3% | -16.3% | -16.7% | | |
| Urdang REIT | \$52,071,194 | 35.1% | 35.0% | -22.7% | -23.0% | -8.3% | -8.8% | 4.8% | 4.3% |
| Public Real Estate Securities | \$191,649,359 | 27.6% | 27.4% | -17.0% | -17.6% | -10.4% | -11.0% | 4.3% | 3.7% |
| Total Portfolio | | | | | | | | | |
| PST | \$758,878,622 | -1.0% | -1.3% | -33.7% | -34.4% | -9.9% | -10.8% | 1.9% | 0.9% |
| Indices | | | | | | | | | |
| NPI | | -3.3% | | -22.1% | | -1.3% | | 6.2% | |
| NAREIT | | 33.3% | | -28.4% | | -12.4% | | 1.4% | |
| PST Custom Index ¹ | | 3.1% | | -21.1% | | -3.6% | | 5.4% | |
| PST Morgan Stanley Custom Index ² | | 25.0% | | -10.7% | | -11.9% | | 1.7% | |
| PST Custom REIT Index ³ | | 29.0% | | -20.8% | | -12.3% | | 1.5% | |

¹ PST Custom Index is a weighted average of the NCREIF Property Index (NPI) and the Custom REIT Index based on the market values of the private and public portfolios respectively as a percent of t

² PST Morgan Stanley Custom reflects Morgan Stanley's transition to a global mandate beginning Q1 2007. The index is comprised of the NAREIT domestic index inception through 12/31/06, 25%

³ Custom REIT Index is calculated based on a weighted average of the NAREIT domestic and NAREIT global indices to accurately reflect the change in PST strategy.

Performance Disclosures

Total gross returns reflect the time-weighted gross returns calculated during the periods indicated. The valuations used in the calculations are based solely on information provided to Townsend from the various sponsors of the underlying real estate investments and have not been independently verified by Townsend. In addition, the valuations reflect various assumptions, including assumptions related to projected future cash flows and sale prices; accordingly, the actual returns realized may differ materially from those set forth above. Actual investments made pursuant to any engagement will differ substantially from those investments that are included in any Townsend indices.

Except where otherwise indicated, the Townsend indices are gross of the underlying managers' fees (including carried interest allocations and distributions) and expenses, and gross of any fees and expenses of Townsend. Unless otherwise indicated, net returns that appear in Townsend indices are net of the underlying managers' fees and expense but before Townsend's fees and any associated expenses.

If an investor were to achieve investment returns identical to any gross returns reflected above, the net returns to the investor would be materially lower because of the fees, expenses and carried interest of the underlying funds and because of fees and expenses associated with a potential engagement of Townsend. For example, with a fee that is based on the NAV of a client's portfolio, each 100 basis points charged by Townsend would (assuming, solely for the sake of the example, constant appreciation of 10% per year and assuming that fees are paid quarterly in arrears out of portfolio assets based on average NAV over the quarter) reduce the portfolio value by nearly 1% after one year, by nearly 2% after two years and by nearly 3% after three years. Townsend's investment advisory fees are described in Part II of its Form ADV.

The NPI is an unlevered index that provides gross returns for institutional grade real estate held by certain institutions.

Performance Disclosures

The Townsend performance indices include all private pooled fund investments by Townsend’s clients pursuant to investment recommendations or investment decisions made by Townsend, excluding investments in open-end funds from which Townsend has recommended a withdrawal. On occasion, Townsend is asked by clients to approve an investment as reasonable, even though the investment has been eliminated from consideration for client recommendation (based on its investment merits relative to the merits of the other opportunities available at the time) as part of Townsend’s due diligence process. Any investments that are approved but not recommended are excluded from the Townsend performance indices.

The stable index includes investments in “Core” real estate funds. “Core” real estate investments (i) are generally limited to office, retail, industrial and apartment properties that are well located and have significant occupancy rates and (ii) are generally made using a modest amount of leverage.

The enhanced and high return indices consist of funds that typically pursue one or more of the following: (i) properties with greater leasing risk than Core investments, (ii) a highly-leveraged capital structure, (iii) acquisitions from distressed sellers, (iv) properties that may be functionally or economically obsolete, require rehabilitation or other forward commitments as to construction or other capital needs and (v) investments in mezzanine debt, real estate related securities and distressed mortgage debt. “Enhanced Return” investments generally involve leverage below 60% with limited expected income return. “High Return” investments generally involve leverage in excess of 60%, and little or no expected income return.

The table below identifies the standard deviations of the indices used above for the ten year period:

| Townsend Fund Indices – Ten Year Standard Deviations | | | | | |
|--|-----------------|-------------|-------|--------|----------|
| Stable Return | Enhanced Return | High Return | | | Non-U.S. |
| | | Total | U.S. | Global | |
| 2.48% | 4.16% | 8.41% | 7.88% | 9.31% | 11.72% |

| Townsend Discretionary Fund Indices – Ten Year Standard Deviations | | |
|--|-----------------|-------------|
| Stable Return | Enhanced Return | High Return |
| 2.33% | 3.53% | 7.16% |