



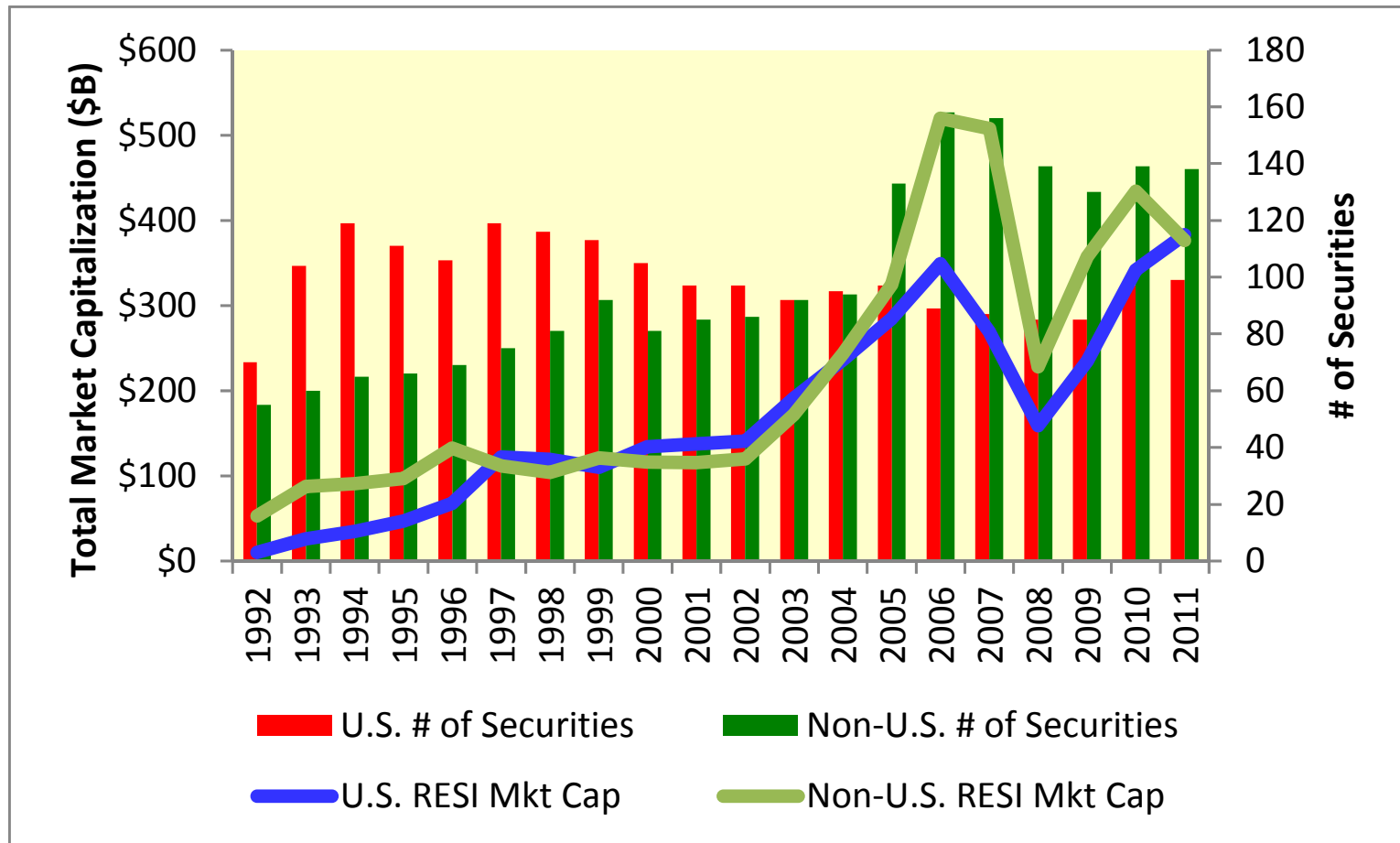
Global Real Estate Securities Education

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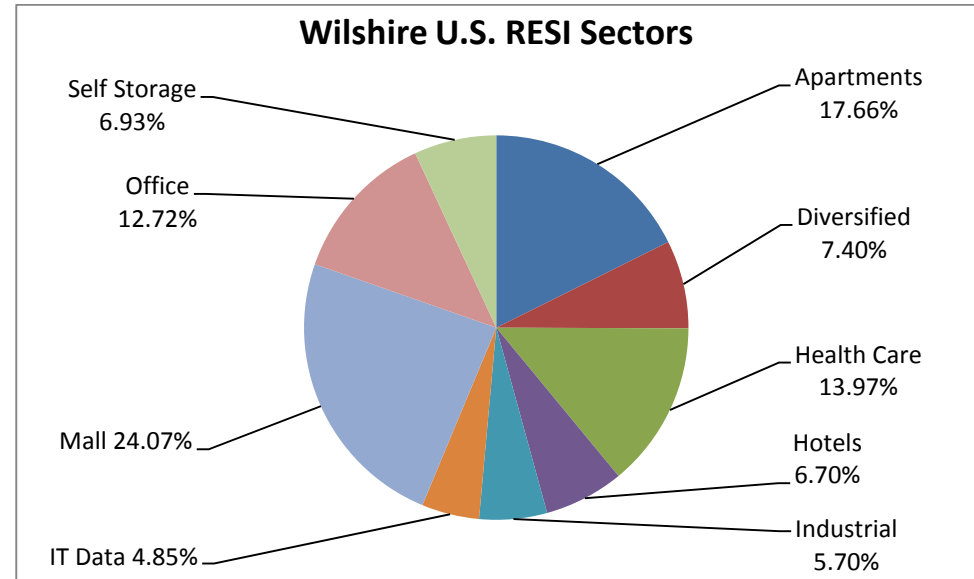
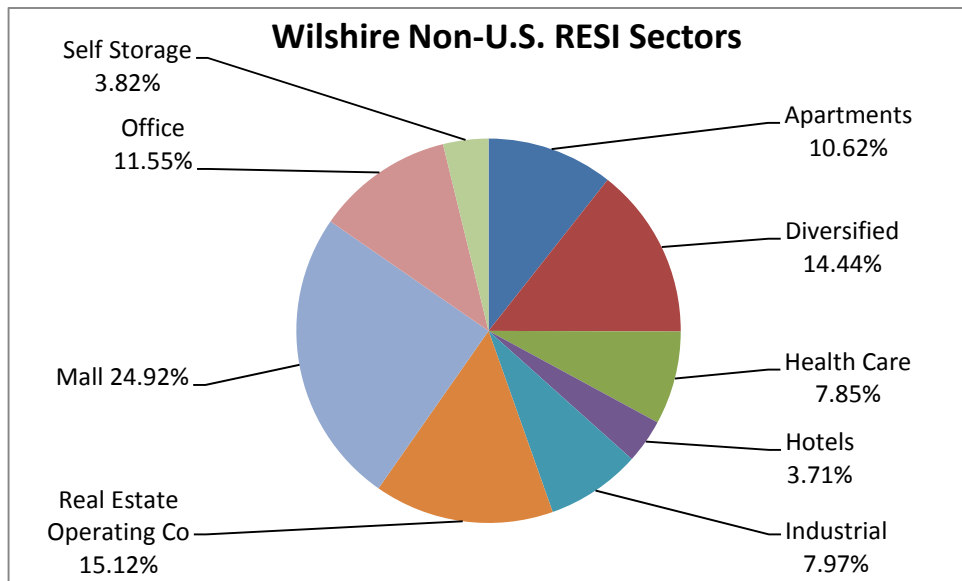
- Currently, the Systems invest in the U.S. real estate securities market. The following presentation seeks to explore the advantages to expanding that mandate to the global real estate securities market by examining;
 - The growth of the U.S. versus Non-U.S. real estate securities market;
 - The structure of the non-U.S. real estate securities market;
 - The size of the non-U.S. real estate securities market;
 - Which countries outside the U.S. securitize real estate; and
 - Whether there are diversification benefits outside the U.S.

Growth of U.S. vs. Non-U.S. Real Estate Markets



- The non-U.S. real estate securities market, as represented by the Wilshire Non-U.S. RESI (Real Estate Securities Index), has generally been a larger investment opportunity set than the U.S. real estate securities market as represented by the Wilshire U.S. RESI (Real Estate Securities Index)
- Additionally, the number of investment opportunities or number of securities in the non-U.S. market has been greater since 2005

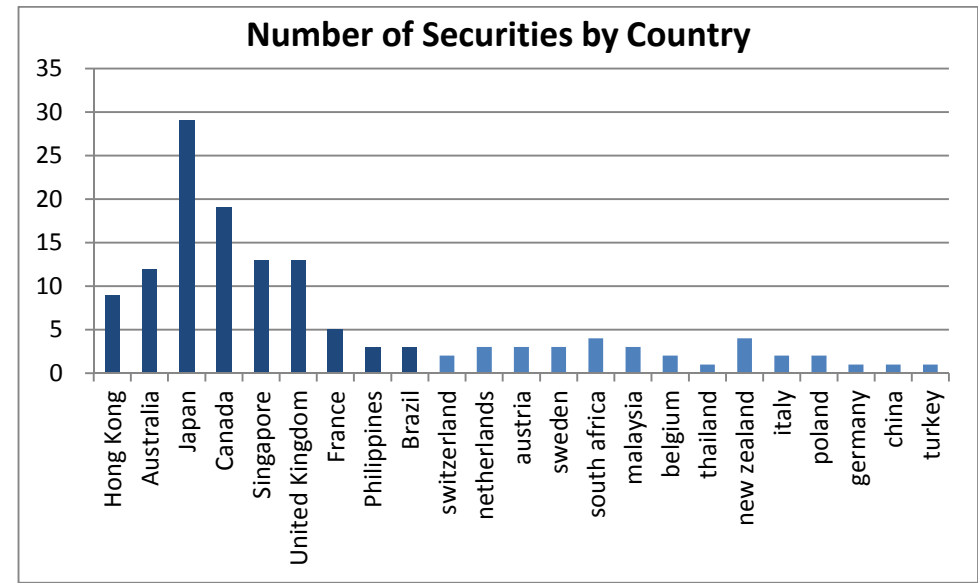
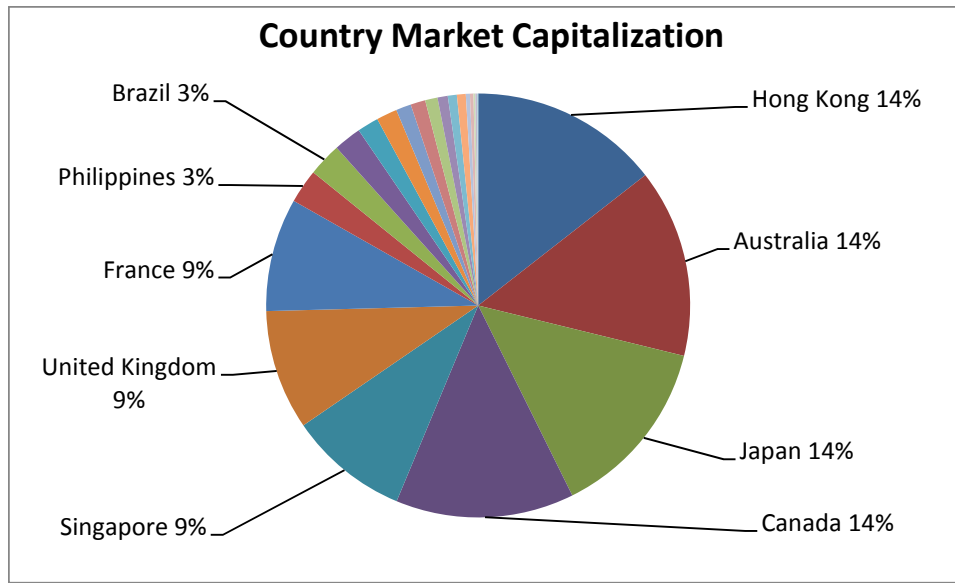
Wilshire Global RESI versus Wilshire U.S. RESI Sectors



- Globally, while the market for publicly traded real estate securities is fairly diverse, U.S. and non-U.S. markets are dominated by similar sector exposures to Mall, Office, and Apartments
- Focusing in on the Non-U.S. market however, the Real Estate Operating Company (REOC) structure is a significant presence but does not represent a single identifiable sector and thus when combined with the diversified sector allocation represents the largest Non-U.S. exposure
- One of the largest differences between U.S. and non-U.S. exposure is the number of securities which currently make up the respective universes as defined by the Wilshire Non-U.S. RESI with 138 underlying securities and the Wilshire U.S. RESI with 99 securities

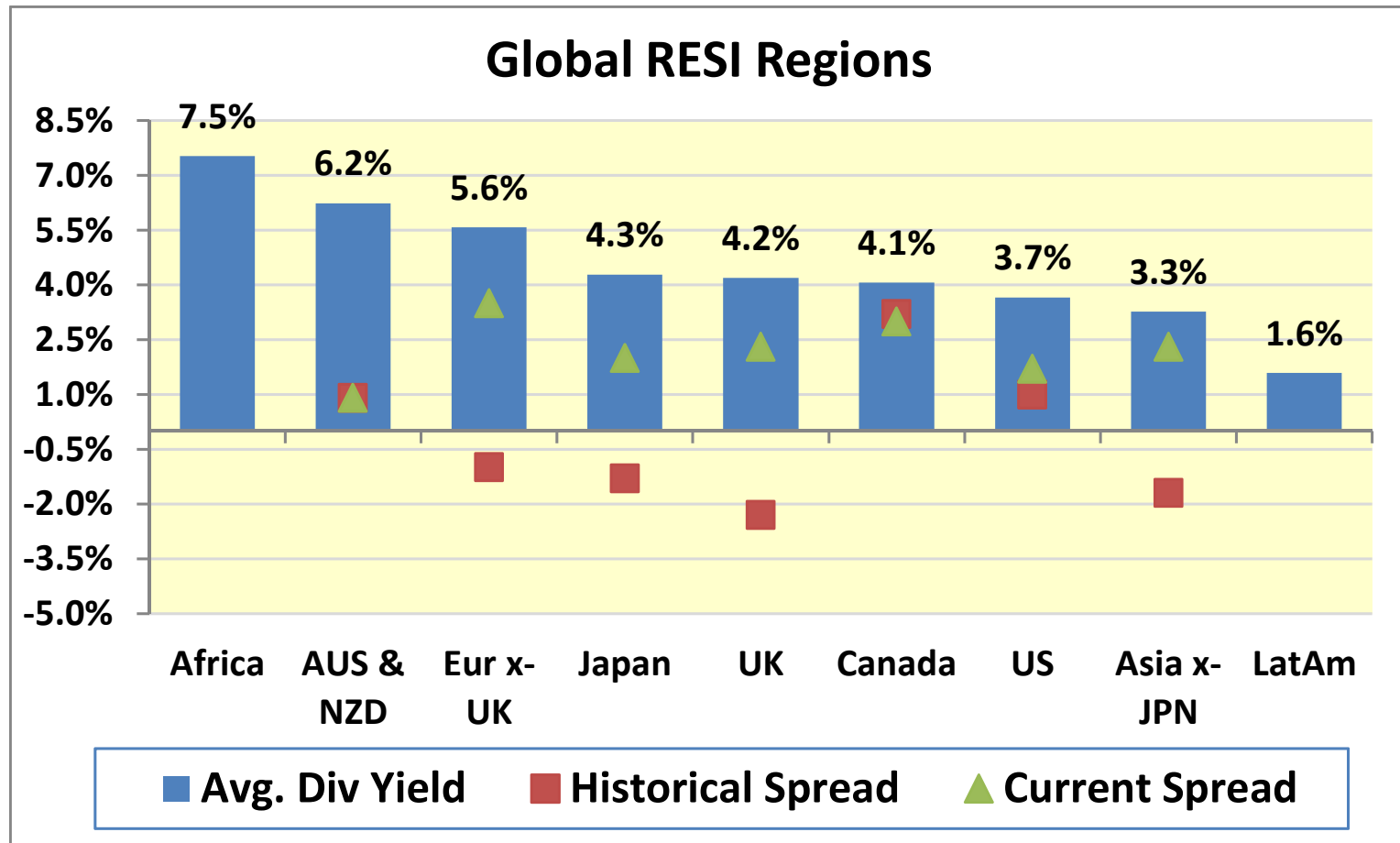
Wilshire Non-U.S. Real Estate Securities Index

Country Coverage



- In total 23 countries are represented in the Wilshire Non-U.S. RESI index
- Of the 23 countries, nine countries represent over 88% of the universe's market capitalization and 77% of the available securities
- Within the nine countries that represent the largest percentage of market capitalization, some countries are relatively concentrated such as Hong Kong with 14.5% of the universe concentrated in 9 securities while other countries such as Japan are relatively diverse with 13.8% of the market capitalization spread between 29 securities

Global Real Estate Securities' Dividend Yield by Region

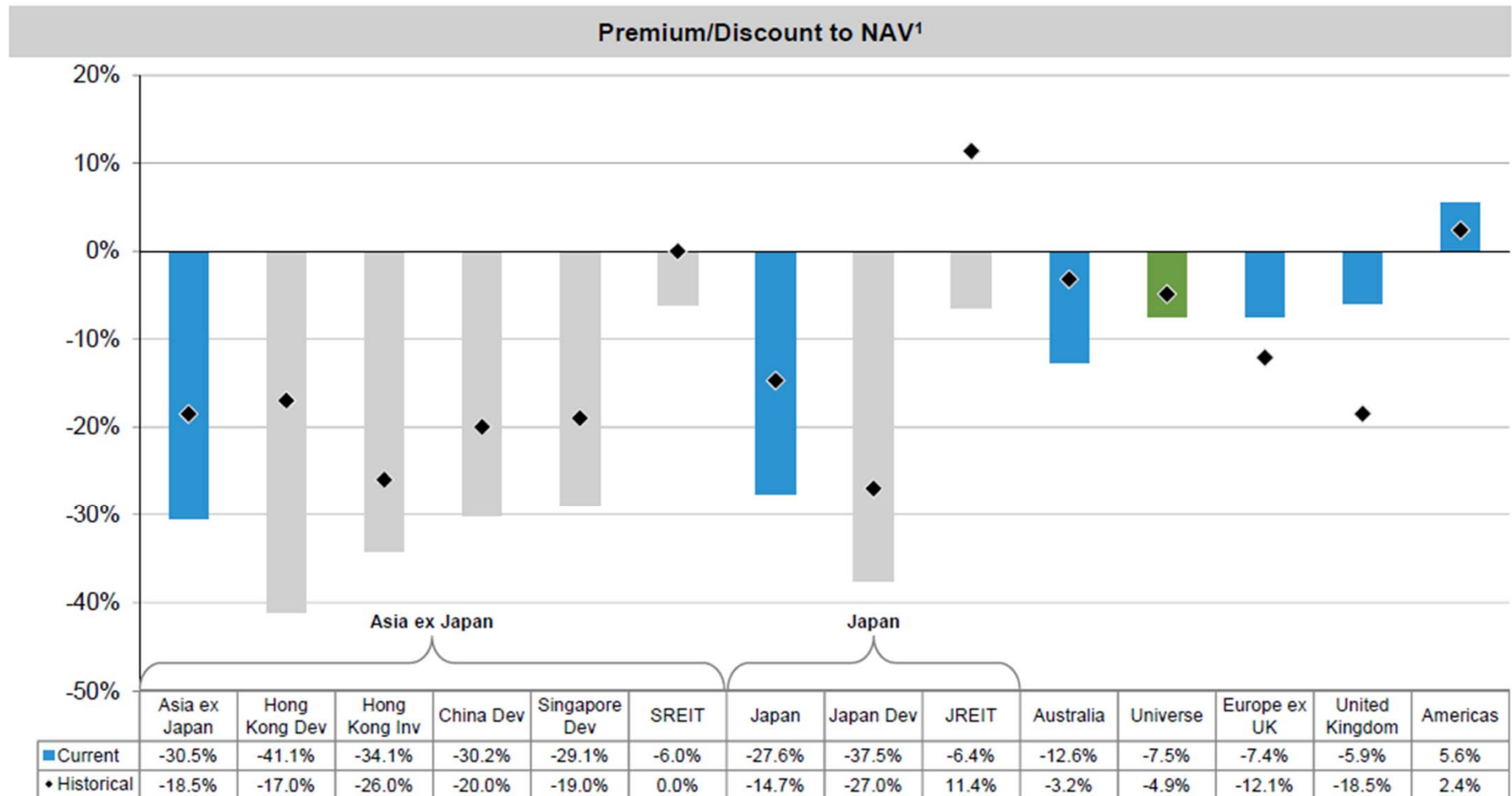


- Relative to the global real estate security universe, the U.S. pays a low dividend yield
- While most large capitalization markets tend toward the center of the dividend yield distribution, Australia & New Zealand offer a fairly high average dividend yield
- Historical and current spreads indicate different levels of valuation among the regions and perhaps further evidence of diversification benefits

Note: Current and Historical spreads are as 11/30/2011. Avg. Div Yields are as of 12/30/2011.

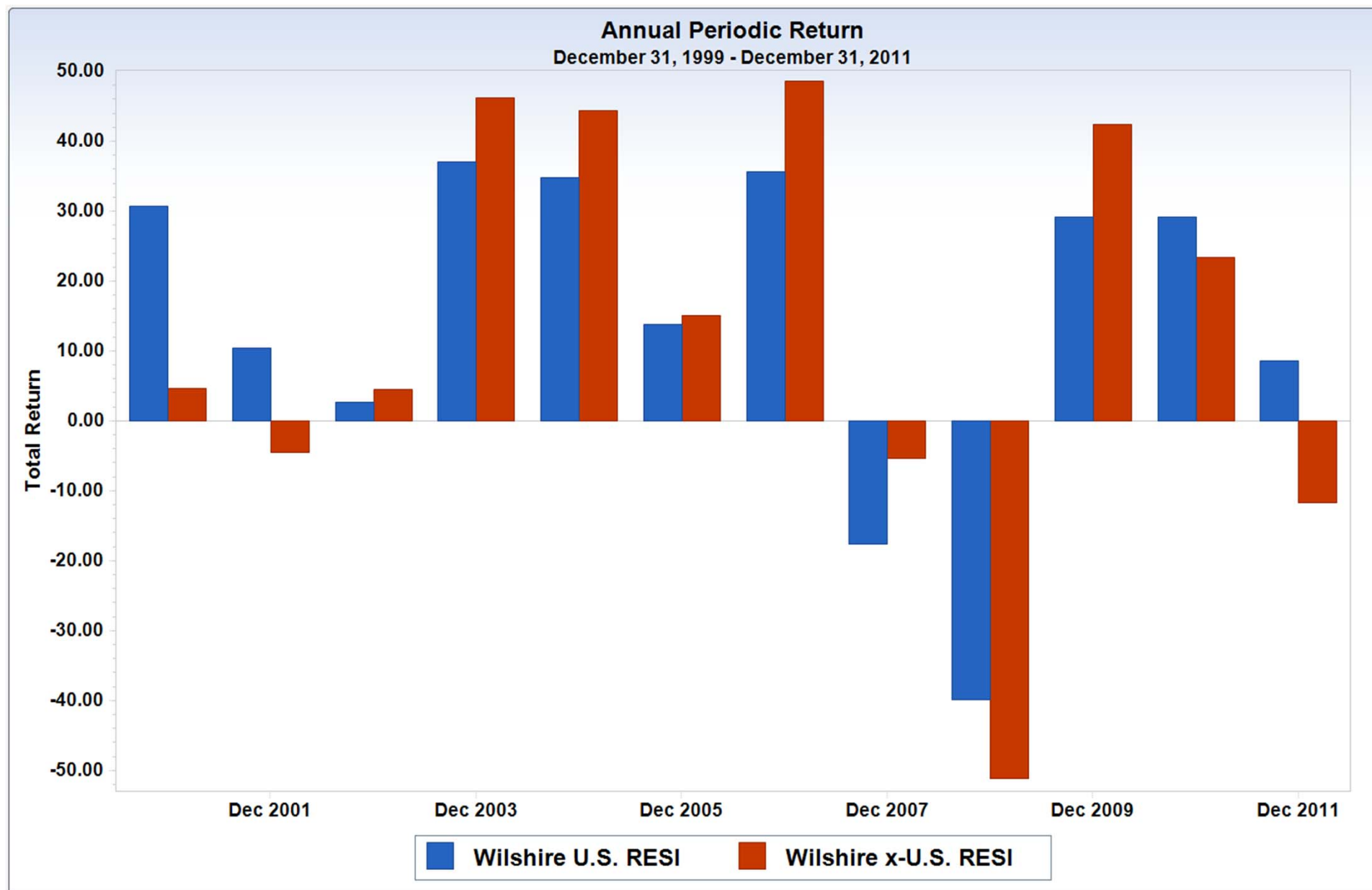
Fair Valuations Relative to Private Real Estate

Premium/Discounts To Net Asset Value

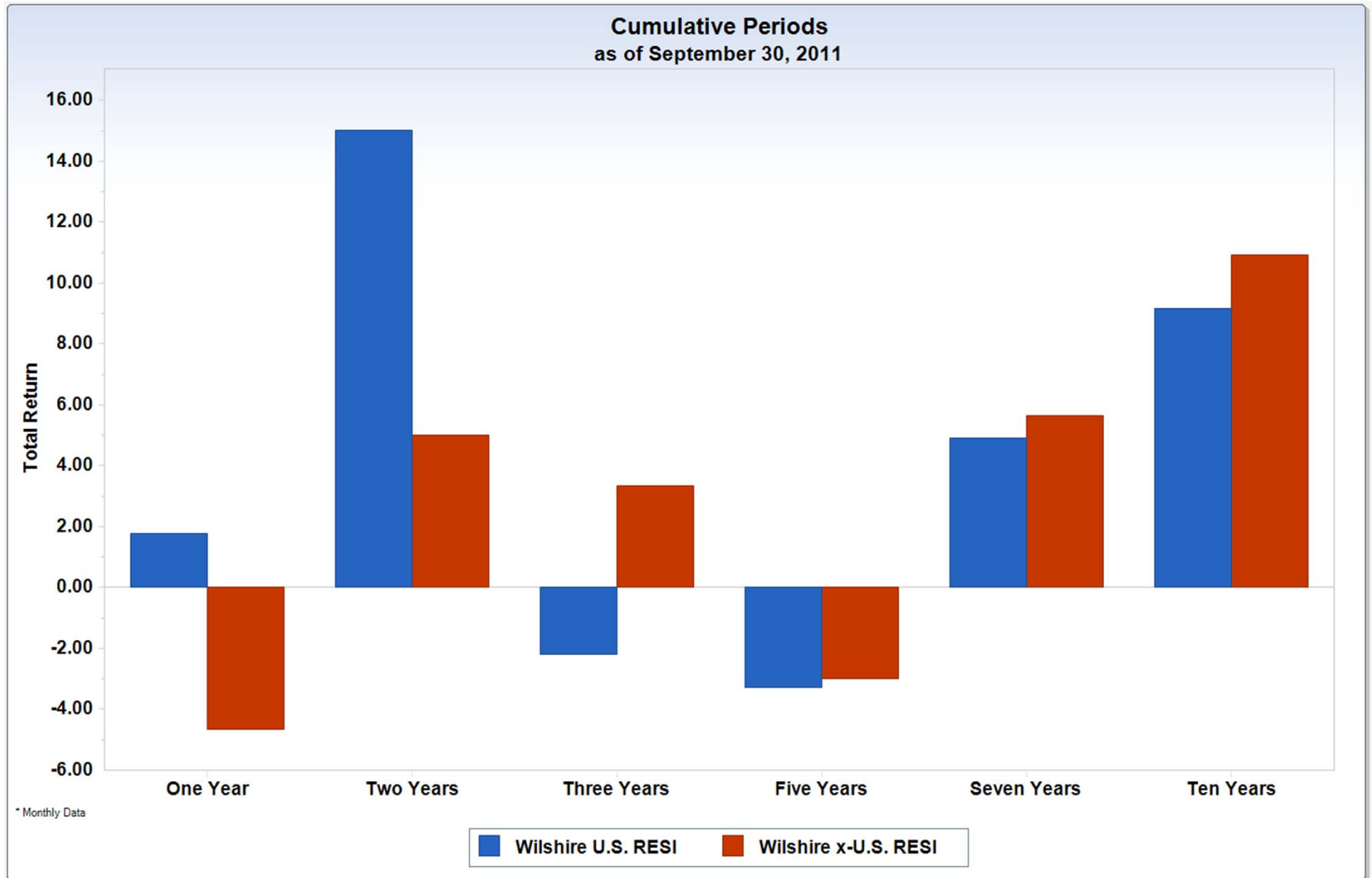


- Premium/Discounts to private real estate market NAV's also appear to support the existence of valuation differences across the major global regions and the potential for diversification benefits

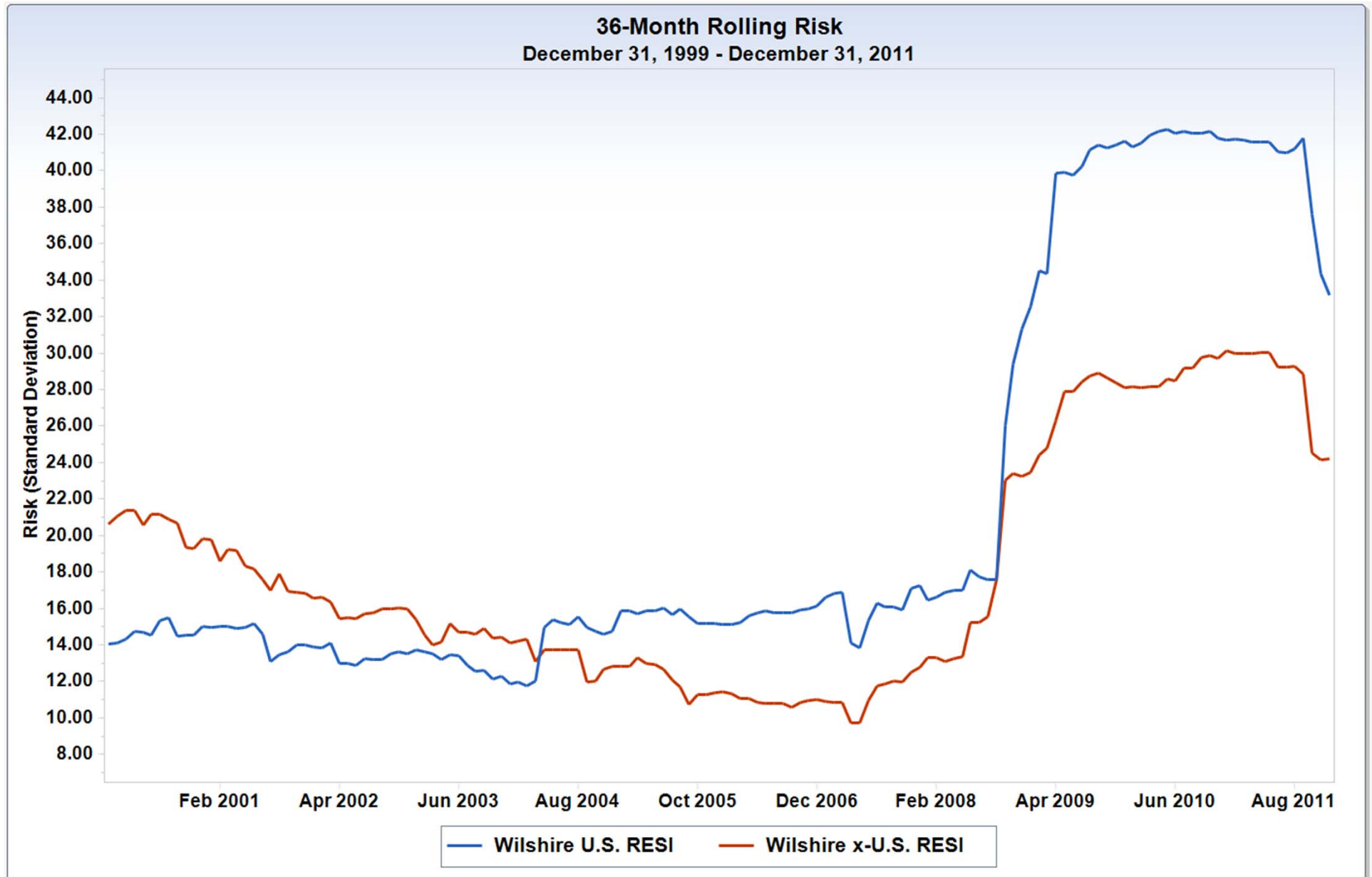
Annual Returns to U.S. and Non-U.S. REITS



Cumulative Returns to U.S. and Non-U.S. REITS

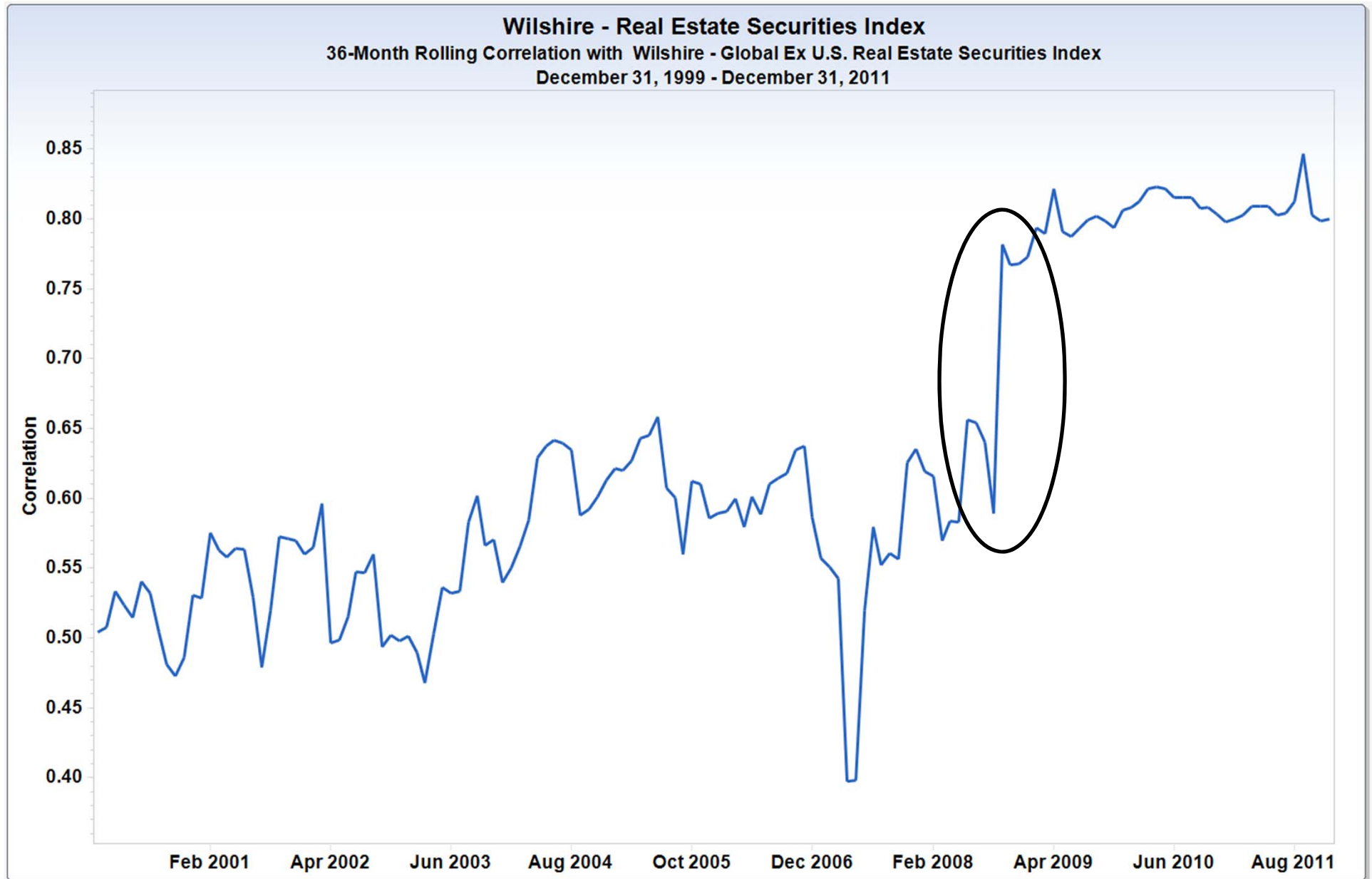


Rolling 36 Month Risk to U.S. and Non-U.S. REITS



- While the risk trend of the two universes is similar, the relative risk profiles of the two universes are not static

36 Month Rolling Correlation of U.S. versus Non-U.S. Wilshire Real Estate Securities Indexes



- Over the last 13 years, the correlation between U.S. and Non-U.S. markets has increased substantially however much of the increase may be attributable to the real estate bubble and thus look different going forward

- Approximately half of the world's publicly traded securities capitalization resides outside the U.S.
- The non-U.S. real estate securities market is fairly well spread between the major regions of the developed world; i.e. Asia x-Japan (28%), Europe x-UK (17%), Australia/New Zealand (15%), Canada (14%), Japan (14%), and the UK (9%)
- Mall, Office, and Apartment sectors are significant exposures both domestically and abroad
- Nine countries out of the 28 non-U.S. real estate securities markets represent 88% of the non-U.S. market capitalization
- Market capitalization weighted dividend yields for the major regions display a large range; 1.6% to 7.5%
- Premium/Discounts to private real estate market NAV's also appear to support the existence of valuation differences across the major global regions and the potential for diversification benefits
- While correlations between the Wilshire U.S. RESI and Non-U.S. RESI have converged recently, historical absolute returns and risk have differed substantially

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