Supplemental Reporting Document
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November 2007 Investment Committee Meeting
(September 2007 Reporting Period)

Quarterly Reports
Real Estate

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November 13, 2007

SUPPLEMENTAL ITEM

TO: MEMBERS OF THE INVESTMENT COMMITTEE

I. SUBJECT: Real Estate Quarterly Performance Report as of June 30, 2007

II. PROGRAM: Real Estate

III. RECOMMENDATION: Information Only

IV. ANALYSIS:

The enclosed Real Estate Quarterly Performance Report for the quarter ending June 30, 2007, has been prepared by staff from the Performance Monitoring Unit with assistance from CalPERS' Real Estate Unit and Pension Consulting Alliance, Inc. (PCA). The one-year total returns (as of June 30, 2007) for the Real Estate Portfolio were 17.9% before fees and 15.2% after fees. The since inception return of the Real Estate Portfolio was 11.4% after fees, with the income component generating 7.0% and the appreciation component generating 4.4%.

V. STRATEGIC PLAN:

Goal VIII: Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.

VI. RESULTS/COSTS:

The data in the report has been gathered from sources the Performance Monitoring Unit believes to be reliable. This item provides information to the Investment Committee on the assets and performance of the fund.

Chris Lum
Investment Officer
Performance Monitoring Unit

Alejo Gutierrez
Investment Officer
Performance Monitoring Unit

Alok Jain
Investment Officer
Performance Monitoring Unit

Matt Flynn
Division Chief

Russell Read
Chief Investment Officer

CalPERS

STATE OF CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

REAL ESTATE PORTFOLIO PERFORMANCE REPORT

Quarter Ending June 30, 2007

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
REAL ESTATE PORTFOLIO PERFORMANCE REPORT
For the Quarter Ending June 30, 2007

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The data in this report has been gathered from sources the Performance Monitoring Unit believes to be reliable. This material must be checked for mistakes and, as need be, reconciled to advisor information/financials. Accordingly, when an advisor's figures appear erroneous, we discuss the issue with the advisor. We do not independently audit or otherwise verify the data, nor do we express an opinion or any other form of assurance concerning it.

I. EXECUTIVE SUMMARY

Total Real Estate Portfolio
(as of June 30, 2007)

	Current Quarter	One-Year	Three-Year	Five-Year	Since Inception
Total					
Net Assets at Fair Market Value	$20,230,210,443				
Nominal Returns, Before Fees					
Income	0.3%	2.0%	6.4%	7.2%	7.8%
Appreciation	3.7%	16.0%	27.0%	16.9%	4.9%
Total	4.0%	17.9%	33.3%	24.0%	12.7%
Nominal Returns, After Fees					
Income	-0.1%	0.4%	4.2%	5.4%	7.0%
Appreciation	3.3%	14.8%	22.9%	14.4%	4.4%
Total	3.2%	15.2%	27.1%	19.9%	11.4%
NCREIF Index (Before Fees)	4.6%	17.3%	18.0%	14.4%	9.1%
Core					
Net Assets at Fair Market Value	$10,301,793,452				
Nominal Returns, Before Fees					
Income	0.5%	3.0%	5.1%	6.3%	8.1%
Appreciation	7.5%	14.9%	29.2%	17.5%	4.1%
Total	8.0%	17.9%	34.3%	23.8%	12.2%
Nominal Returns, After Fees					
Income	0.3%	2.4%	4.4%	5.7%	7.6%
Appreciation	6.9%	13.9%	24.8%	14.8%	3.6%
Total	7.3%	16.2%	29.2%	20.4%	11.2%
Non-Core					
Net Assets at Fair Market Value	$9,928,416,991				
Nominal Returns, Before Fees					
Income	0.1%	0.8%	8.4%	8.6%	6.2%
Appreciation	0.3%	18.9%	23.0%	16.7%	7.2%
Total	0.4%	19.7%	31.4%	25.4%	13.4%
Nominal Returns, After Fees					
Income	-0.6%	-2.1%	4.0%	4.8%	4.6%
Appreciation	0.1%	17.5%	20.0%	15.0%	6.7%
Total	-0.5%	15.4%	24.0%	19.8%	11.3%

Note - The Total Return figures may not equal the Income plus Appreciation, due to rounding.

Real Estate Portfolio Performance Summary

- **Total Portfolio Performance –** The one-year (as of June 30, 2007) total return for the Total Real Estate Portfolio was 17.9 percent before fees and 15.2 percent after fees. The nominal after fee total return (since inception) for the Total Real Estate Portfolio was 11.4 percent as of June 30, 2007, with the income component generating a 7 percent return and the appreciation component generating a 4.4 percent return.

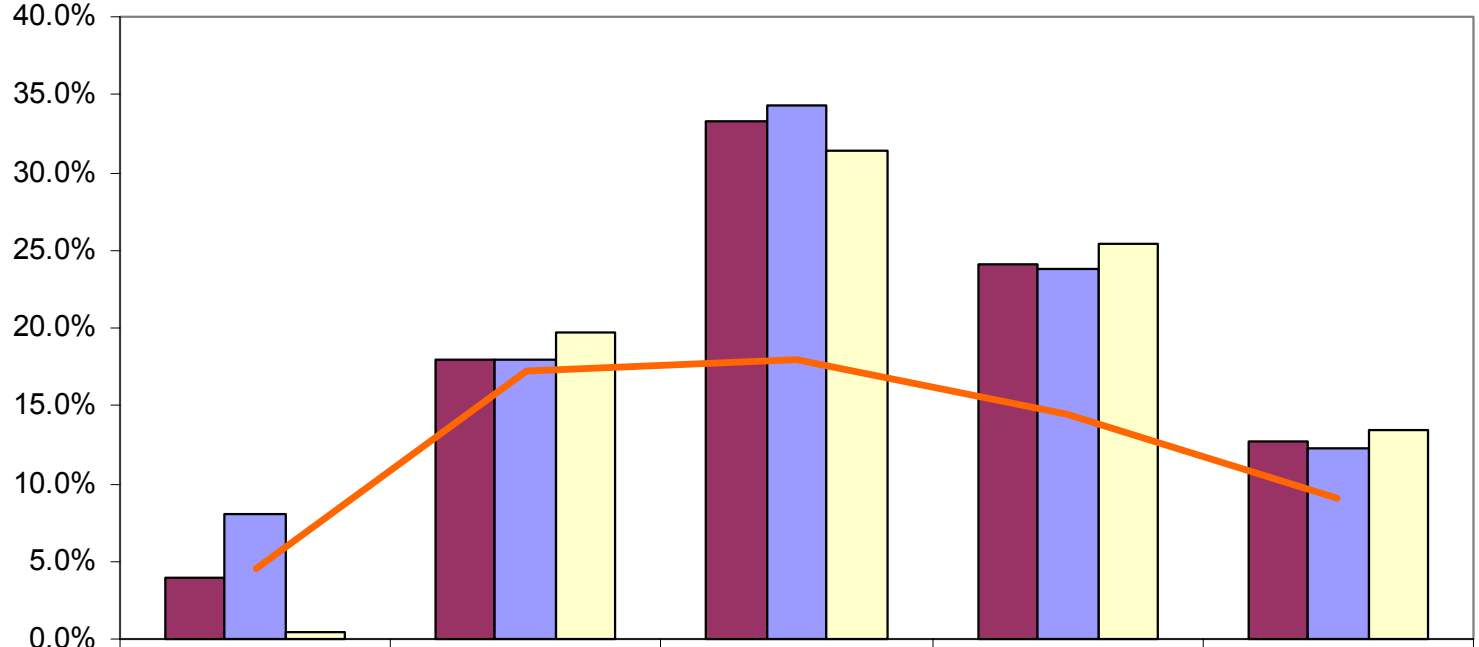
- **Core Portfolio Performance –** The one-year (as of June 30, 2007) total return for the Core Portfolio was 17.9 percent before fees and 16.2 percent after fees. The nominal after fee total return (since inception) for the Core Portfolio was 11.2 percent as of June 30, 2007, with the income component generating a 7.6 percent return and the appreciation component generating a 3.6 percent return. The total before fee returns for the Industrial sector, which reflect the June 30, 2007 valuations, were 16.9 percent for the current quarter and 20.2 percent for the one-year as compared to the NCREIF Industrial sector which reported a 5.1 percent current quarter return and a 16.9 percent one-year return.

- **Non-Core Portfolio Performance –** The one-year (as of June 30, 2007) total return for the Non-Core Portfolio was 19.7 percent before fees and 15.4 percent after fees. The nominal after fee total return (since inception) for the Non-Core Portfolio was 11.3 percent as of June 30, 2007, with the income component generating a 4.6 percent return and the appreciation component generating a 6.7 percent return. The Housing Program and the California Urban Real Estate (CURE) Program are the two largest programs in the Non-Core Portfolio. The Housing Program generated a -1.6 percent before fee return for the current quarter and a -2.2 percent before fee return for the one-year period. Additionally, the CURE program generated a 3.2 percent before fee return for the current quarter and a 20.2 percent before fee return for the one-year period.

- **Comparison to Industry Benchmark –** The Total Real Estate Portfolio outperformed the NCREIF Detailed Property Index (Index) for all periods except the current quarter, as shown in the following chart on page I - 4, titled *Total Real Estate Portfolio, Comparison to NCREIF Index, Nominal Returns, Before Fees*. In addition, the Core Portfolio outperformed the Index for all periods, and the Non-Core Portfolio outperformed the Index for all periods except the current quarter. It should be noted that although the NCREIF Index is more directly comparable to the Core Portfolio, the Index is used as a benchmark for the Non-Core Portfolio as well.

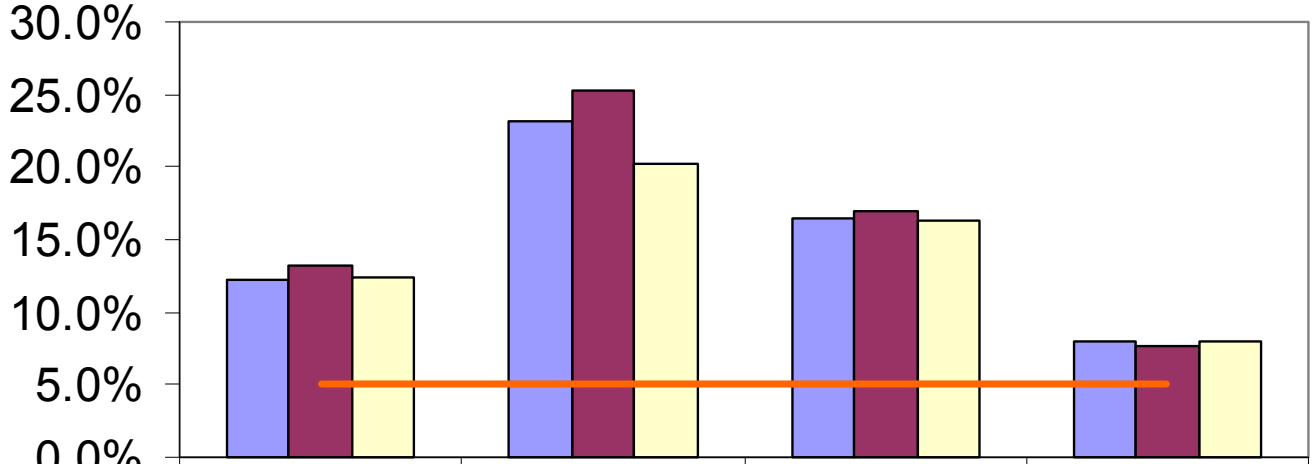
- **Comparison to Real Rate of Return Benchmark –** Policy dictates that CalPERS' after fee real rate of return should reach 5 percent for the Core Portfolio and exceed 5 percent for the Non-Core Portfolio. The Core, Non-Core, and Total Portfolios have all exceeded the 5 percent real rate of return benchmark for all periods, as shown in the following chart on page I - 5 titled *Total Real Estate Portfolio, Comparison to Real Rate of Return, Benchmark, After Fees.*

Total Real Estate Portfolio
Comparison to NCREIF Index
Nominal Returns, Before Fees
(as of June 30, 2007)



	Current Qtr.	One-Year	Three-Year	Five-Year	Since Inception
CalPERS' Total	4.0%	17.9%	33.3%	24.0%	12.7%
CalPERS' Core	8.0%	17.9%	34.3%	23.8%	12.2%
CalPERS' Non-Core	0.4%	19.7%	31.4%	25.4%	13.4%
NCREIF	4.6%	17.3%	18.0%	14.4%	9.1%

Total Real Estate Portfolio
Comparison to Real Rate of Return
Benchmark, After Fees
(as of June 30, 2007)



	One-Year	Three-Year	Five-Year	Since Inception
CalPERS' Total	12.2%	23.2%	16.4%	7.9%
CalPERS' Core	13.2%	25.2%	17.0%	7.7%
CalPERS' Non-Core	12.4%	20.2%	16.3%	8.0%
CalPERS' Benchmark	5.0%	5.0%	5.0%	5.0%

II. SIGNIFICANT EVENTS / MATERIAL EXCEPTIONS TO POLICY / CREDIT ACCOMMODATIONS

Significant Events / Material Exceptions to Policy (As Reported by the Real Estate Unit)*

Significant Events

- None

Material Exceptions to Policy

- CalPERS' Core asset exposure in the Midwest region was approximately 29.6 percent as of June 30, 2007, or 4.6 percent above the upper policy range of 10-25 percent. The Midwest Region is composed of two NCREIF divisions (West/North Central and East/North Central). The Core asset exposure in the South Region was approximately 12.4 percent as of June 30, 2007, or 2.6 percent below the lower policy range of 15-30 percent. The South Region is composed of two NCREIF divisions (Southwest and Southeast). These percents will continue to adjust as Staff makes additional portfolio sales or purchases to bring the Core Portfolio within policy range.

*Note – Data reflected in this section has been provided by the Real Estate Unit for informational purposes. It has not been independently verified by the Performance Monitoring Unit.

Credit Accommodations (As Reported by the Real Estate Unit)*

Total Permitted Amount of Credit Accommodations (e.g. Guarantees) in Real Estate**:	$4,954,000,000	100%
Actual Allocated and/or Outstanding of Credit Accommodation (e.g. Guarantees) in Real Estate:	$3,316,000,000	66.9%

*Note – Data reflected in this section has been provided by the Real Estate Unit for informational purposes. It has not been independently verified by the Performance Monitoring Unit

**Note – Calculation is based on CalPERS total fund multiplied by the 8% real estate target. This figure is then multiplied by the maximum allowable guarantee of 25%.

III. PERFORMANCE DETAIL BY SUBPORTFOLIO

Total Real Estate Portfolio
Performance Detail by Subportfolio and Sector
For the Period Ending June 30, 2007

		Net Assets at Fair Market Value		Total Nominal Returns Before Fees				
	Inception Date	Amount	% of Portfolio	Qtr	1-Yr	3-Yr	5-Yr	Since Inception
Core								
Private								
Apartment	Mar-86	$2,964,635,896	14.7%	0.4%	12.1%	29.5%	24.8%	12.5%
Industrial	Apr-82	4,319,348,387	21.4%	16.9%	20.2%	35.0%	23.3%	13.3%
Office	Apr-82	1,093,285,545	5.4%	0.7%	32.3%	32.2%	18.2%	10.9%
Retail	Apr-82	1,632,590,011	8.1%	1.2%	16.0%	33.7%	28.3%	12.8%
AFL-CIO Building Investment Trust	Mar-91	168,840,931	0.8%	3.7%	15.3%	15.3%	11.6%	9.2%
CIM Urban REIT	Feb-05	123,092,682	0.6%	1.6%	8.2%	N/AP	N/AP	5.9%
Public (REITs)								
PREES - Enhanced Core	Sep-98	0	0.0%	0.0%	26.2%	27.7%	22.2%	19.9%
Total Core	Apr-82	**$10,301,793,452**	**50.9%**	**8.0%**	**17.9%**	**34.3%**	**23.8%**	**12.2%**
Non-Core								
Private								
Agricultural Land	Jul-02	147,995,895	0.7%	-1.0%	-5.8%	-4.7%	-4.7%	-4.7%
California Urban Real Estate (CURE)	Feb-97	1,766,735,794	8.7%	3.2%	20.2%	37.7%	32.0%	20.2%
Housing	Jun-92	2,229,219,780	11.0%	-1.6%	-2.2%	19.1%	23.1%	21.0%
International	Apr-98	1,352,330,137	6.7%	2.6%	39.1%	35.7%	21.0%	10.0%
Opportunistic Funds	Jan-03	1,383,582,665	6.8%	3.9%	25.5%	72.7%	N/AP	N/M
Real Estate Technology	Nov-99	145,162,291	0.7%	0.6%	23.8%	42.4%	32.4%	17.0%
Senior Housing	Jun-01	402,029,042	2.0%	6.3%	39.4%	72.6%	53.4%	44.0%
Timberland	Jan-88	146,276,501	0.7%	1.8%	5.5%	16.2%	10.8%	12.6%
Public (REITS)								
Non-Core REIT Composite	Jul-02	2,355,084,886	11.6%	-5.2%	26.9%	27.9%	22.7%	22.7%
Total Non-Core	Dec-84	**$9,928,416,991**	**49.1%**	**0.4%**	**19.7%**	**31.4%**	**25.4%**	**13.4%**
Total Portfolio		**$20,230,210,443**	**100.0%**	**4.0%**	**17.9%**	**33.3%**	**24.0%**	**12.7%**
Benchmark: NCREIF Property Index				**4.6%**	**17.3%**	**18.0%**	**14.4%**	**9.1%**

Total Real Estate Portfolio
Performance Detail by Subportfolio and Sector
For the Period Ending June 30, 2007

		Net Assets at Fair Market Value		Total Nominal Returns After Fees				
	Inception Date	Amount	% of Portfolio	Qtr	1-Yr	3-Yr	5-Yr	Since Inception
Core								
Private								
Apartment	Mar-86	$2,964,635,896	14.7%	0.3%	11.6%	25.0%	21.1%	11.1%
Industrial	Apr-82	4,319,348,387	21.4%	15.4%	18.1%	30.2%	20.2%	12.3%
Office	Apr-82	1,093,285,545	5.4%	0.4%	27.4%	25.4%	14.1%	9.7%
Retail	Apr-82	1,632,590,011	8.1%	1.1%	15.3%	30.3%	25.9%	11.9%
AFL-CIO Building Investment Trust	Mar-91	168,840,931	0.8%	3.5%	14.1%	14.2%	10.5%	8.0%
CIM Urban REIT	Feb-05	123,092,682	0.6%	1.3%	6.7%	N/AP	N/AP	4.7%
Public (REITs)								
PREES - Enhanced Core	Sep-98	0	0.0%	0.0%	26.2%	27.7%	22.2%	19.9%
Total Core	Apr-82	**$10,301,793,452**	**50.9%**	**7.3%**	**16.2%**	**29.2%**	**20.4%**	**11.2%**
Non-Core								
Private								
Agricultural Land	Jul-02	147,995,895	0.7%	-1.4%	-7.3%	-6.0%	-6.0%	-6.0%
California Urban Real Estate (CURE)	Feb-97	1,766,735,794	8.7%	3.0%	17.5%	30.9%	26.4%	17.0%
Housing	Jun-92	2,229,219,780	11.0%	-3.0%	-9.0%	10.3%	14.1%	13.4%
International	Apr-98	1,352,330,137	6.7%	0.6%	29.3%	22.7%	11.8%	4.8%
Opportunistic Funds	Jan-03	1,383,582,665	6.8%	2.8%	13.3%	54.1%	N/AP	N/M
Real Estate Technology	Nov-99	145,162,291	0.7%	0.4%	40.9%	38.8%	28.5%	10.6%
Senior Housing	Jun-01	402,029,042	2.0%	6.0%	35.6%	59.7%	45.6%	37.8%
Timberland	Jan-88	146,276,501	0.7%	2.0%	6.1%	15.2%	10.0%	11.7%
Public (REITS)								
Non-Core REIT Composite	Jul-02	2,355,084,886	11.6%	-5.2%	26.9%	27.9%	22.7%	22.7%
Total Non-Core	Dec-84	**$9,928,416,991**	**49.1%**	**-0.5%**	**15.4%**	**24.0%**	**19.8%**	**11.3%**
Total Portfolio		**$20,230,210,443**	**100.0%**	**3.2%**	**15.2%**	**27.1%**	**19.9%**	**11.4%**
Benchmark: NCREIF Property Index (Before Fee)				**4.6%**	**17.3%**	**18.0%**	**14.4%**	**9.1%**

IV. PERFORMANCE BY PARTNERSHIP

Core Real Estate Portfolio
Performance Detail by Partnership / Account
For the Period Ending June 30, 2007

	Inception Date	Net Assets at Fair Market Value: Amount	Net Assets at Fair Market Value: % of Core	Total Nominal Returns Before Fees: Qtr	1-Yr	3-Yr	5-Yr	Since Inception	Realized Project IRR[1] Since Inception
Core									
Apartment									
GID Advisors - Windsor Realty Fund III	Jan-98	128,367,787	1.2%	0.7%	8.1%	39.1%	32.5%	24.3%	N/AP
BlackRock Realty - Western Multifamily	Jan-98	2,836,268,109	27.5%	0.4%	12.2%	25.1%	20.9%	17.3%	15.2%
Industrial									
LaSalle - CalEast Global Logistics	Apr-98	3,846,089,996	37.3%	9.9%	12.6%	23.8%	18.2%	16.1%	N/AP
RREEF - CalWest	Apr-98	473,258,391	4.6%	37.3%	42.2%	58.4%	34.9%	24.3% [2]	27.6%
Office									
CWP - Fifth Street Properties, LLC	Jul-98	145,242,681	1.4%	0.6%	73.7%	41.7%	26.2%	22.5% [2]	18.3%
CWP Managed	Jul-01	139,710,794	1.4%	1.5%	42.6%	19.7%	13.8%	12.9%	N/AP
Hines - National Office Partners, L.P.	Jul-98	808,332,070	7.8%	0.5%	29.0%	38.2%	18.4%	17.8%	12.0%
Retail									
First Washington - Global Retail Investors	Dec-05	5,687,242	0.1%	1.0%	-0.2%	N/AP	N/AP	1.2%	N/AP
Miller Capital - Institutional Mall Investors	Oct-03	1,625,916,660	15.8%	1.2%	16.0%	29.3%	N/AP	30.7%	N/AP
Other Private									
AFL-CIO Building Investment Trust	Mar-91	168,840,931	1.6%	3.7%	15.3%	15.3%	11.6%	9.2%	N/AP
CIM Management - CIM Urban REIT	Feb-05	123,092,682	1.2%	1.6%	8.2%	N/AP	N/AP	5.9%	N/AP
Public									
PREES - Enhanced Core	Sep-98	0	0.0% [3]	0.0%	26.2%	27.7%	22.2%	19.9% [4]	N/AP
Total Core	Apr-82	**10,300,807,343** [5]	**100.0%**	**8.0%**	**17.9%**	**34.3%**	**23.8%**	**12.2%**	

[1] The IRR information is provided by the Partners and is not audited or verified by the Performance Monitoring Unit. Partners reporting N/AP indicate either that the partnership has no completed projects or has uneven cash flows that render an erroneous IRR calculation. IRR for CalPERS reporting purposes is calculated for sold/realized projects only. See appendix for details on IRR calculation.

[2] Return(s) are high due to realized and/or unrealized appreciation.

[3] Less than 0.1% of the Core Portfolio.

[4] Two REITs (PREES Enhanced Core and Domestic Asset Allocation) were liquidated on 4/27/07. State Street Bank does not report Quarterly Returns when a Fund has less than 1 full month of activity in a particular quarter.

[5] Excludes sold portfolio activity.

Non-Core Real Estate Portfolio
Performance Detail by Partnership / Account (Before Fee)
For the Period Ending June 30, 2007

		Net Assets at Fair Market Value		Total Nominal Returns Before Fees						Realized Project IRR [1]
	Inception Date	Amount	% of Non-Core	Qtr	1-Yr	3-Yr	5-Yr	Since Inception		Since Inception
Non-Core										
Agricultural Land										
Meriwether Farms, LLC	May-04	67,007,520	0.7%	-1.2%	-5.2%	-4.8%	N/AP	-5.7%		N/AP
Pacific Vineyard Partners, LLC	Jul-02	80,988,375	0.8%	-0.8%	-6.3%	-4.9%	-4.8%	-4.8%		N/AP
California Urban Real Estate (CURE)										
AGI -TMG Housing Partners I, LLC	Nov-06	9,479,539	0.1%	1.1%	N/AP	N/AP	N/AP	0.6%	[6]	N/AP
Bridge Urban Infill Land Development, LLC	Jun-02	44,262,004	0.4%	2.4%	2.2%	4.2%	3.9%	4.3%		N/AP
Buchanan Urban Investors, LLC	Dec-01	(615,752)	0.0% [7]	-0.2%	68.0%	29.6%	29.8%	31.7%	[8]	31.4%
Buchanan Urban Investors II, LLC	Aug-03	247,195,802	2.5%	2.2%	20.7%	15.2%	N/AP	14.0%		44.7%
California Smart Growth Fund IV	Jul-06	26,125,735	0.3%	2.0%	-1.5%	N/AP	N/AP	-1.5%		N/AP
California Urban Investment Partners, LLC	Feb-97	346,033,430	3.5%	5.6%	17.1%	N/M	N/M	38.9%	[8]	15.4%
CalSmart, LLC	Mar-01	274,587,836	2.8%	0.1%	36.5%	40.3%	26.1%	20.4%		34.3%
Centerline Urban Capital I, LLC	Jun-02	138,881,524	1.4%	0.0%	-5.7%	3.2%	5.4%	5.7%		15.3%
CIM Calif. Urban Real Estate Fund L.P.	Dec-00	452,946,273	4.6%	7.3%	38.1%	36.2%	N/M	N/M	[9]	69.3%
City View LA Land Fund I LP	Apr-07	2,700,000	0.0% [7]	0.0%	N/AP	N/AP	N/AP	0.0%	[6]	N/AP
KAREC California Development Program, LLC	Apr-02	95,800,628	1.0%	0.2%	10.3%	3.2%	17.2%	17.1%		35.7%
KSC Affordable Housing Investment Fund, LLC	Jan-03	38,726,108	0.4%	0.0%	-0.5%	-1.0%	N/AP	-2.7%		N/AP
Legacy Partners Affordable Housing Fund	Jun-03	29,607,178	0.3%	0.0%	0.0%	0.0%	N/AP	-0.1%		59.8%
Pacific Cityhome, LLC	Aug-03	60,846,812	0.6%	-2.3%	-3.0%	22.1%	N/AP	17.2%		N/AP
Housing										
CityView										
CityView America Fund	Jul-05	75,295,900	0.8%	0.5%	0.6%	N/AP	N/AP	32.6%		N/AP
Hearthstone Advisors										
Hearthstone Housing Partners II, L.P.	Aug-04	208,974,194	2.1%	-3.9%	-24.2%	-5.2%	N/AP	-5.2%		35.8%
Hearthstone Housing Partners III, L.P.	Oct-06	7,587,278	0.1%	2.0%	N/AP	N/AP	N/AP	4.3%	[6]	N/AP
Hearthstone MS Value Added III, LLC	Sep-03	9,996,061	0.1%	21.0%	N/M	N/M	N/AP	77.0%	[10]	60.0%
Hearthstone Path-of-Growth Fund	Nov-05	128,455,383	1.3%	0.1%	0.6%	N/AP	N/AP	0.2%		N/AP

[1] The IRR information is provided by the Partners and is not audited or verified by the Performance Monitoring Unit. Partners reporting N/AP indicate either that the partnership has no completed projects or has uneven cash flows that render an erroneous IRR calculation. IRR for CalPERS reporting purposes is calculated for sold/realized projects only. See appendix for details on IRR calculation.

[6] Since inception returns are annualized for investments / programs with less than four quarters of activity.

[7] Less than 0.1% of the Non-Core Portfolio.

[8] Not meaningful and/or high return(s) are due to the large realized and/or unrealized appreciation compared to the NAV.

[9] Return(s) are not meaningful due to high realized and unrealized appreciation relative to a small NAV in fourth quarter 2003.

[10] Not meaningful and/or high return(s) are due to a large net investment income compared to NAV.

Non-Core Real Estate Portfolio
Performance Detail by Partnership / Account (Before Fee)
For the Period Ending June 30, 2007

	Net Assets at Fair Market Value			Total Nominal Returns Before Fees					Realized Project IRR [1]
	Inception Date	Amount	% of Non-Core	Qtr	1-Yr	3-Yr	5-Yr	Since Inception	Since Inception
Non-Core Continued									
Housing (Continued)									
Institutional Housing Partners									
IHP Investment Fund I, L.P.	Jul-92	65,640,373	0.7%	2.8%	N/M	36.1%	30.0%	29.1% [10]	36.3%
IHP Investment Fund II, L.P.	Sep-95	13,373,333	0.1%	2.1%	40.3%	27.6%	N/M	N/M [11]	25.6%
IHP Investment Fund III, L.P.	Oct-99	464,875,989	4.7%	-0.9%	7.4%	35.7%	33.2%	25.2%	35.9%
IHP Investment Fund V, L.P.	Jan-03	31,500,359	0.3%	4.3%	N/M	N/M	N/AP	N/M [12]	19.7%
PICAL Housing Associates, L.P.	Sep-92	1,004,860	0.0% [7]	-0.2%	12.8%	3.9%	8.8%	15.0%	N/AP
PICAL Housing Associates II, L.P.	Mar-95	999,477	0.0% [7]	0.0%	0.0%	-2.0%	2.4%	28.7%	N/AP
M/W Housing Partners									
MW Housing Partners III, L.P.	Jan-01	326,376,931	3.3%	0.1%	-23.6%	27.8%	40.1%	31.5%	68.1%
Newland Capital Advisors									
Cal-Land Asset Partners, LP	Aug-95	15,547,676	0.2%	-1.0%	-2.1%	2.5%	8.5%	0.6%	19.0%
Newland National Partners, L.P.	Oct-99	275,820,549	2.8%	-4.4%	11.5%	20.8%	15.4%	9.7%	15.8%
Newland National Partners II, L.P.	Oct-03	56,808,859	0.6%	-0.7%	-3.8%	2.8%	N/AP	1.7%	13.6%
Newland National Partners III, L.P.	May-05	118,906,807	1.2%	-4.9%	-7.8%	N/AP	N/AP	-6.8%	20.3%
Newland National Partners IV, L.P.	Jun-06	97,246,899	1.0%	-4.8%	-11.0%	N/AP	N/AP	-18.4%	17.7%
Resmark Equity Partners, LLC									
ORA Multifamily Investments I, L.P.	Dec-04	41,381,496	0.4%	3.5%	19.3%	N/AP	N/AP	N/M [13]	N/AP
ORA Residential Investments I, L.P.	Oct-99	84,802,908	0.9%	-5.6%	7.3%	53.1%	55.8%	39.3% [10]	45.1%
Shea Homes, L.P.									
Shea Capital I, LLC	Apr-05	13,667,090	0.1%	-12.3%	-32.0%	N/AP	N/AP	-12.7%	N/AP
Shea Capital II, LLC	Oct-05	(1,373,523)	0.0% [7]	N/M	N/M	N/AP	N/AP	N/M [14]	N/AP
Shea Mountain House, LLC	May-05	112,195,871	1.1%	-0.2%	-0.9%	N/AP	N/AP	-0.8%	N/AP
Wells Fargo Realty Advisors									
WFHAI Housing Fund, L.P.	Aug-92	48,503,292	0.5%	-0.8%	20.8%	37.9%	39.7%	37.4%	30.9%
Olson Urban Housing	Feb-00	32,357,178	0.3%	0.1%	-4.7%	12.0%	13.6%	8.9%	N/AP

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[7] Less than 0.1% of the Non-Core Portfolio.

[10] Not meaningful and/or high return(s) are due to a large net investment income compared to NAV.

[11] The beginning NAV for the third and fourth quarters of 2003 became negative, which is the cause of the not meaningful returns.

[12] High negative and not meaningful returns are due to a material year-end audit impairment write-down of several projects in IHP V in the fourth quarter of 2006.

[13] Since inception return is not meaningful due to a large negative net investment income compared to NAV in the fourth quarter of 2004.

[14] Current quarter return stated as "N/M" is not meaningful due to negative net investment income relative to a negative NAV. Since Inception return is not meaningful due to large negative net investment income relative to weighted average equity in the fourth quarter of 2006.

Non-Core Real Estate Portfolio
Performance Detail by Partnership / Account (Before Fee)
For the Period Ending June 30, 2007

	Inception Date	Net Assets at Fair Market Value Amount	% of Non-Core	Total Nominal Returns Before Fees Qtr	1-Yr	3-Yr	5-Yr	Since Inception		Realized Project IRR [1] Since Inception
Non-Core Continued										
International										
Aetos Capital Asia T.E., L.P.	Feb-03	70,607,359	0.7%	0.2%	41.3%	50.6%	N/AP	N/M	15	47.8%
Aetos Capital Asia T.E. II, L.P.	Sep-05	56,600,621	0.6%	-3.2%	-6.8%	N/AP	N/AP	N/M	16	-8.2%
Aetos Asia Real Estate Securities Opportunity Fund	Apr-07	81,673,574	0.8%	5.2%	N/AP	N/AP	N/AP	22.5%	6	N/AP
CBRE Strategic Partners, Europe Fund III	Dec-06	317,019	0.0% 7	32.9%	N/AP	N/AP	N/AP	N/M	15	N/AP
CBRE Strategic Partners, UK	May-05	73,796,856	0.7%	7.5%	11.9%	N/AP	N/AP	N/M	17	28.4%
CBRE Strategic Partners UK Fund III, L.P.	Apr-07	1,480,014	0.0% 7	N/M	N/AP	N/AP	N/AP	N/M	18	N/AP
DB Real Estate Global Opportunities 1A, L.P.	Dec-03	5,699,991	0.1%	17.7%	23.2%	N/M	N/AP	N/M	17	18.0%
DB Real Estate Global Opportunities 1B, L.P.	Dec-03	53,360,305	0.5%	2.6%	78.2%	N/M	N/AP	N/M	16	12.1%
Fortress Investment Fund IV	Jul-06	53,993,943	0.5%	0.3%	14.1%	N/AP	N/AP	14.1%		N/AP
Fortress Residential Investment Deutschland	Aug-05	118,440,689	1.2%	-20.1%	42.0%	N/AP	N/AP	5.9%	19	N/AP
GAGFAH Fortress	Oct-06	88,312,753	0.9%	-19.7%	N/AP	N/AP	N/AP	-40.0%	6	N/AP
Harbert European Real Estate Fund II, L.P.	Jun-06	7,625,593	0.1%	-0.9%	N/M	N/AP	N/AP	-47.6%	20	N/AP
HCB Interests (Hines Brazil)	Aug-05	45,417,645	0.5%	1.5%	-2.5%	N/AP	N/AP	N/M	21	N/AP
Hines CALPERS Brazil Fund II	Apr-07	(2,712,822)	0.0% 7	0.0%	N/AP	N/AP	N/AP	0.0%	6	N/AP
HCM Holdings (Hines Mexico)	Jan-05	9,589,305	0.1%	5.1%	20.9%	N/AP	N/AP	41.9%		N/AP
Hines CALPERS Mexico Fund II	Apr-07	(349,498)	0.0% 7	N/M	N/AP	N/AP	N/AP	N/M	21	N/AP
Hines China Fund	Jul-06	(1,963,480)	0.0% 7	N/M	N/M	N/AP	N/AP	N/M	21	N/AP
Hines European Development Fund	Mar-03	(2,517,628)	0.0% 7	N/M	N/M	N/M	N/AP	N/M	18	N/AP
Hines European Development Fund II	Mar-07	(638,807)	0.0% 7	N/M	N/AP	N/AP	N/AP	N/M	21	N/AP
Hines Residential Sunbelt Spain Fund	Jan-06	(165,001)	0.0% 7	N/M	N/M	N/AP	N/AP	N/M	15	N/AP
IL&FS India Realty Fund, LLC	Apr-06	40,458,573	0.4%	-0.9%	N/M	N/AP	N/AP	N/M	20	N/AP
IXIS AEW European Property Investors, L.P.	Sep-04	69,913,820	0.7%	7.1%	30.2%	N/M	N/AP	N/M	15	N/AP
JER Europe Fund III	Mar-06	(2,075,322)	0.0% 7	N/M	N/M	N/AP	N/AP	N/M	21	N/AP
LaSalle French Fund II	Dec-05	10,898,025	0.1%	-1.5%	-13.3%	N/AP	N/AP	-32.0%		N/AP

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[6] Since inception return is annualized for investments / programs with less than four quarters of activity.
[7] Less than 0.1% of the Non-Core Portfolio.
[15] Return(s) stated as "N/M" are not meaningful due to contributions and/or distributions made in the first partial quarter.
[16] Return(s) stated as "N/M" are not meaningful due to the occurrence of financial activity before CalPERS has made a contribution into the fund.
[17] Return(s) stated as "N/M" are not meaningful due to posting of net investment income and/or appreciation relative to a small and/or negative NAV.
[18] Return(s) stated as "N/M" are not meaningful due to negative net assets.
[19] High negative current quarter return due to large negative unrealized loss relative to weighted average equity.
[20] High negative and/or not meaningful return(s) are due to large negative net investment income relative to weighted average equity.
[21] Return(s) stated as "N/M" are not meaningful due to negative net investment income relative to a negative NAV.

Non-Core Real Estate Portfolio
Performance Detail by Partnership / Account (Before Fee)
For the Period Ending June 30, 2007

	Inception Date	Net Assets at Fair Market Value: Amount	Net Assets at Fair Market Value: % of Non-Core	Total Nominal Returns Before Fees: Qtr	1-Yr	3-Yr	5-Yr	Since Inception		Realized Project IRR [1] Since Inception
Non-Core Continued										
International (Continued)										
Macquarie Asia Fund II	Aug-05	61,852,610	0.6%	-1.7%	25.4%	N/AP	N/AP	-0.2%		N/AP
Macquarie Europe Parallel Fund II	Aug-05	54,335,018	0.5%	1.1%	17.1%	N/AP	N/AP	3.9%		N/AP
NIAM Nordic Investment Fund III, L.P.	Sep-04	69,599,889	0.7%	12.1%	31.7%	43.7%	N/AP	43.7%		711.2%
Prudential - PLA Residential Fund I	Jul-04	69,683,404	0.7%	8.7%	28.9%	21.1%	N/AP	21.1%		N/AP
Prudential - PLA Retail Fund I	Nov-06	22,697,887	0.2%	5.8%	N/AP	N/AP	N/AP	N/M	[15]	48.5%
RREEF Global Opportunities Fund II	Dec-05	73,517,746	0.7%	0.5%	2.1%	N/AP	N/AP	-18.3%		N/AP
SDL Hospitality Co-Invest Fund	Oct-05	109,318,027	1.1%	20.0%	N/M	N/AP	N/AP	64.6%	[2]	N/AP
Secured Capital Asia	Jun-06	46,976,926	0.5%	5.0%	N/M	N/AP	N/AP	69.1%	[8]	N/AP
Secured Capital Japan	Mar-04	8,483,686	0.1%	0.2%	N/M	45.7%	N/AP	42.1%	[22]	N/AP
Secured Capital Japan II	Sep-05	56,876,838	0.6%	4.8%	23.6%	N/AP	N/AP	N/M	[16]	N/AP
Security Capital European Realty	Apr-98	2,710,908	0.0% [7]	0.0%	1.0%	0.1%	-0.4%	-1.0%		N/AP
Sun Apollo India Real Estate Fund	Jan-07	(1,486,329)	0.0% [7]	N/M	N/AP	N/AP	N/AP	N/M	[21]	N/AP
Opportunistic Funds										
301 Capitol Mall, L.P.	Jun-07	25,035,217	0.3%	-0.3%	-0.1%	N/AP	N/AP	0.2%		N/AP
400 R Street	Apr-05	9,763,823	0.1%	2.2%	4.1%	N/AP	N/AP	N/M	[17]	N/AP
Alinda Infrastructure Fund I, L.P.	May-07	29,329,909	0.3%	0.0%	N/AP	N/AP	N/AP	0.2%	[6]	N/AP
American Value Partner Fund I	Sep-06	(1,689,061)	0.0% [7]	N/M	N/M	N/AP	N/AP	N/M	[21]	N/AP
Apollo Real Estate Investment Fund V, L.P.	Sep-05	35,973,510	0.4%	2.2%	29.3%	N/AP	N/AP	N/M	[20]	63.9%
Apollo Real Estate Finance Company	Sep-06	11,581,753	0.1%	11.8%	N/AP	N/AP	N/AP	N/M	[20]	N/AP
Capmark Structured Real Estate Partners	Nov-06	44,816,695	0.5%	4.8%	N/AP	N/AP	N/AP	36.9%	[6]	N/AP
CIM Fund III, L.P.	May-06	49,912,029	0.5%	-9.0%	N/M	N/AP	N/AP	N/M	[21]	N/AP
Fillmore East Fund, L.P.	Dec-05	48,987,273	0.5%	3.8%	23.1%	N/AP	N/AP	N/M	[16]	N/AP
Global Innovation Partners II	Sep-05	363,602,897	3.7%	3.5%	12.7%	N/AP	N/AP	4.4%		N/AP

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[2] Return(s) are high due to realized and/or unrealized appreciation.
[6] Since inception return is annualized for investments / programs with less than four quarters of activity.
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[15] Return(s) stated as "N/M" are not meaningful due to contributions and/or distributions made in the first partial quarter.
[16] Return(s) stated as "N/M" are not meaningful due to the occurrence of financial activity before CalPERS has made a contribution into the fund.
[17] Return(s) stated as "N/M" are not meaningful due to posting of net investment income and/or appreciation relative to a small and/or negative NAV.
[20] High negative and/or not meaningful return(s) are due to large negative net investment income relative to weighted average equity.
[21] Return(s) stated as "N/M" are not meaningful due to negative net investment income relative to a negative NAV.
[22] Return(s) are high due to large appreciation and high net investment income.

Non-Core Real Estate Portfolio
Performance Detail by Partnership / Account (Before Fee)
For the Period Ending June 30, 2007

	Inception Date	Net Assets at Fair Market Value: Amount	Net Assets at Fair Market Value: % of Non-Core	Total Nominal Returns Before Fees: Qtr	1-Yr	3-Yr	5-Yr	Since Inception		Realized Project IRR[1] Since Inception
Non-Core Continued										
Opportunistic Funds (Continued)										
Guggenheim Structured Real Estate Fund I	Sep-04	7,208,744	0.1%	3.0%	13.0%	N/AP	N/AP	N/M	15	20.7%
Guggenheim Structured Real Estate Fund II	Jan-06	54,055,100	0.5%	4.6%	N/M	N/AP	N/AP	N/M	17	22.0%
Hampshire Partners Fund VI	Dec-03	47,750,588	0.5%	3.2%	17.1%	29.6%	N/AP	29.6%		36.3%
Hines Green Development Fund	Aug-06	(608,865)	0.0% 7	N/M	N/M	N/AP	N/AP	N/M	21	N/AP
Hollywood Park Co-Investors Fund	Oct-05	72,282,157	0.7%	-0.6%	-51.2%	N/AP	N/AP	30.5%	20	N/AP
Integral Urban Fund I	Oct-06	(1,215,187)	0.0% 7	N/M	N/AP	N/AP	N/AP	N/M	21	N/AP
Kennedy Wilson Property Fund II	Nov-05	14,008,769	0.1%	N/M	N/M	N/AP	N/AP	N/M	15	N/AP
Lowe Resort Community Fund, LLC	Oct-06	537,467	0.0% 7	-3.0%	N/AP	N/AP	N/AP	-16.7%	6	N/AP
Market Street Capital Partners, LP	Jul-06	12,986,701	0.1%	1.6%	N/M	N/AP	N/AP	-26.2%		N/AP
Next Block Medical Fund I, L.P.	Jun-06	21,161,131	0.2%	-0.3%	-3.7%	N/AP	N/AP	-13.1%		N/AP
Page Mill Properties, L.P.	Jan-03	17,300,284	0.2%	35.2%	N/M	N/M	N/AP	N/M	23	44.9%
Page Mill Properties II, L.P.	Jul-06	(10,049,518)	-0.1% 7	N/M	N/M	N/AP	N/AP	N/M	21	N/AP
Principal Mortgage Value Investors, L.P.	Apr-07	3,614,026	0.0% 7	-5.6%	N/AP	N/AP	N/AP	-20.4%	6	N/AP
Prudential PRECO III	Jul-06	33,107,633	0.3%	0.3%	1.8%	N/AP	N/AP	1.8%		N/AP
RLJ Urban Lodging	Nov-04	13,875,839	0.1%	2.1%	71.2%	N/AP	N/AP	27.5%	8	92.0%
RLJ Urban Lodging II	May-06	64,016,149	0.6%	2.5%	4.5%	N/AP	N/AP	3.6%		19.5%
Rockpoint Real Estate Fund II	Sep-05	40,335,788	0.4%	6.5%	29.1%	N/AP	N/AP	N/M	15	17.6%
San Diego Smart Growth Fund	Jul-05	14,773,763	0.1%	-0.5%	-1.1%	N/AP	N/AP	-2.6%		N/AP
Sares-Regis Group of Northern California	Jul-05	17,479,268	0.2%	1.0%	2.8%	N/AP	N/AP	3.7%		N/AP
Savanna Real Estate Fund I, L.P.	Jan-07	(862,653)	0.0% 7	N/M	N/AP	N/AP	N/AP	N/M	21	N/AP
Starwood Capital Hospitality Fund I	Apr-05	150,082,154	1.5%	7.1%	154.5%	N/AP	N/AP	N/M	21	N/AP

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[6] Since inception return is annualized for investments / programs with less than four quarters of activity.

[7] Less than 0.1% of the Non-Core Portfolio.

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[15] Return(s) stated as "N/M" are not meaningful due to contributions and/or distributions made in the first partial quarter.

[17] Return(s) stated as "N/M" are not meaningful due to posting of net investment income and/or appreciation relative to a small and/or negative NAV.

[20] High negative and/or not meaningful return(s) are due to large negative net investment income relative to weighted average equity.

[21] Return(s) stated as "N/M" are not meaningful due to negative net investment income relative to a negative NAV.

[23] Three year return stated as "N/M" is not meaningful due to appreciation in the third quarter of 2004 and third quarter of 2005 relative to a small NAV. Since Inception return stated as "N/M" is not meaningful due to posting of net investment income and/or appreciation relative to a negative NAV.

Non-Core Real Estate Portfolio
Performance Detail by Partnership / Account (Before Fee)
For the Period Ending June 30, 2007

	Inception Date	Net Assets at Fair Market Value: Amount	Net Assets at Fair Market Value: % of Non-Core	Total Nominal Returns Before Fees: Qtr	1-Yr	3-Yr	5-Yr	Since Inception		Realized Project IRR[1] Since Inception
Non-Core Continued										
Opportunistic Funds (Continued)										
Stockbridge Real Estate Fund II	Oct-05	13,940,879	0.1%	-7.1%	N/M	N/AP	N/AP	N/M	21	N/AP
Strategic Partners Value Enhancement Fund	Jul-05	15,041,018	0.2%	-2.0%	-14.3%	N/AP	N/AP	N/M	20	N/AP
TPG Hospitality Investments IV	Apr-06	146,018,536	1.5%	3.0%	6.2%	N/AP	N/AP	5.1%		N/AP
Urban America LP II	Jan-07	9,573,467	0.1%	-22.2%	N/AP	N/AP	N/AP	-54.3%	6	N/AP
Windsor Realty Fund VII, L.P.	Oct-06	9,855,382	0.1%	4.2%	N/AP	N/AP	N/AP	N/M	21	N/AP
REITS										
Adelante Sun King I REIT	Mar-07	196,689,281	2.0%	-2.0%	N/AP	N/AP	N/AP	-3.9%	6	N/AP
CITIGROUP International REIT	Jan-07	76,731,555	0.8%	-4.6%	N/AP	N/AP	N/AP	3.1%	6	N/AP
Domestic Asset Allocation REIT	Mar-06	0	0.0% 7	0.0%	26.6%	N/AP	N/AP	20.8%	4	N/AP
European Investors International REIT	Jan-07	208,070,023	2.1%	-4.3%	N/AP	N/AP	N/AP	8.2%	6	N/AP
Extended Market Index REIT	Jun-02	526,572,222	5.3%	-9.9%	12.0%	22.6%	19.6%	18.6%		N/AP
International Asset Allocation REIT	Mar-06	670,820,329	6.8%	-3.6%	36.1%	N/AP	N/AP	25.0%		N/AP
Morgan Stanley International REIT	Jan-07	260,581,076	2.6%	-4.6%	N/AP	N/AP	N/AP	8.7%	6	N/AP
PRESIMA International REIT	Jan-07	205,238,322	2.1%	-4.2%	N/AP	N/AP	N/AP	5.5%	6	N/AP
RREEF International REIT	Jan-07	210,382,078	2.1%	-2.8%	N/AP	N/AP	N/AP	8.7%	6	N/AP
Real Estate Technology										
Global Innovation Partners	Apr-01	145,162,291	1.5%	0.6%	23.8%	42.3%	32.4%	21.7%		41.4%
Senior Housing										
AEW Senior Housing Company, LLC	Jun-01	82,401,406	0.8%	17.3%	72.3%	70.2%	44.1%	37.0%	2	35.7%
Fortress Holiday Co-Investment	Feb-07	70,311,622	0.7%	-0.1%	N/AP	N/AP	N/AP	-5.0%	6	N/AP
Fortress RIC Coinvestment Fund	Jul-06	31,418,434	0.3%	3.0%	32.6%	N/AP	N/AP	32.6%		N/AP
SHP Senior Housing Fund, LLC	Jan-03	217,897,580	2.2%	0.7%	18.5%	88.5%	N/AP	N/M	2	N/AP
Timberland										
Sylvanus LLC	Apr-02	146,056,669	1.5%	1.8%	5.5%	23.2%	19.1%	17.7%		N/AP
Total Non-Core	Dec-84	**$9,928,763,940** 24	**100.0%**	**0.4%**	**19.7%**	**31.4%**	**25.4%**	**13.4%**		

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[2] Return(s) are high due to realized and/or unrealized appreciation.

[4] Two REITs (PREES Enhanced Core and Domestic Asset Allocation) were liquidated on 4/27/07. State Street Bank does not report Quarterly Returns when a Fund has less than 1 full month of activity in a particular quarter.

[6] Since inception return is annualized for investments / programs with less than four quarters of activity.

[7] Less than 0.1% of the Non-Core Portfolio.

[20] High negative and/or not meaningful return(s) are due to large negative net investment income relative to weighted average equity.

[21] Return(s) stated as "N/M" are not meaningful due to negative net investment income relative to a negative NAV.

[24] Excludes sold portfolio activity.

Core Real Estate Portfolio
Performance Detail by Partnership / Account (After Fee)
For the Period Ending June 30, 2007

	Inception Date	Net Assets at Fair Market Value: Amount	Net Assets at Fair Market Value: % of Core	Total Nominal Returns After Fees: Qtr	1-Yr	3-Yr	5-Yr	Since Inception	Realized Project IRR [25] Since Inception
Core									
Apartment									
GID Advisors - Windsor Realty Fund III	Jan-98	128,367,787	1.2%	0.5%	7.3%	32.8%	27.2%	20.9%	N/AP
BlackRock Realty - Western Multifamily	Jan-98	2,836,268,109	27.5%	0.2%	11.7%	21.5%	18.1%	15.3%	14.8%
Industrial									
LaSalle - CalEast Global Logistics	Apr-98	3,846,089,996	37.3%	9.7%	11.7%	20.9%	15.9%	14.4%	N/AP
RREEF - CalWest	Apr-98	473,258,391	4.6%	32.3%	36.4%	49.7%	30.1%	21.6% [26]	27.6%
Office									
CWP - Fifth Street Properties, LLC	Jul-98	145,242,681	1.4%	-0.8%	50.3%	26.9%	17.3%	17.1%	16.1%
CWP Managed	Jul-01	139,710,794	1.4%	1.3%	41.9%	19.0%	13.2%	12.2%	N/AP
Hines - National Office Partners, L.P.	Jul-98	808,332,070	7.8%	0.3%	23.9%	30.7%	14.3%	14.9%	11.0%
Retail									
First Washington - Global Retail Investors	Dec-05	5,687,242	0.1%	0.5%	-1.1%	N/AP	N/AP	0.2%	N/AP
Miller Capital - Institutional Mall Investors	Oct-03	1,625,916,660	15.8%	1.1%	15.3%	28.6%	N/AP	30.0%	N/AP
Other Private									
AFL-CIO Building Investment Trust	Mar-91	168,840,931	1.6%	3.5%	14.1%	14.2%	10.5%	8.0%	N/AP
CIM Management - CIM Urban REIT	Feb-05	123,092,682	1.2%	1.3%	6.7%	N/AP	N/AP	4.7%	N/AP
Public									
PREES - Enhanced Core	Sep-98	0	0.0% [27]	0.0%	26.2%	27.7%	22.2%	19.9% [28]	N/AP
Total Core	Apr-82	**10,300,807,343** [29]	**100.0%**	**7.3%**	**16.2%**	**29.2%**	**20.4%**	**11.2%**	

[25] The IRR information is provided by the Partners and is not audited or verified by the Performance Monitoring Unit. Partners reporting N/AP indicate either that the partnership has no completed projects or has uneven cash flows that render an erroneous IRR calculation. IRR for CalPERS reporting purposes is calculated for sold/realized projects only. See appendix for details on IRR calculation.

[26] Return(s) are high due to realized and/or unrealized appreciation.

[27] Less than 0.1% of the Core Portfolio.

[28] Two REITs (PREES Enhanced Core and Domestic Asset Allocation) were liquidated on 4/27/07. State Street Bank does not report Quarterly Returns when a Fund has less than 1 full month of activity in a particular quarter.

[29] Excludes sold portfolio activity.

Non-Core Real Estate Portfolio
Performance Detail by Partnership / Account (After Fee)
For the Period Ending June 30, 2007

	Inception Date	Net Assets at Fair Market Value: Amount	Net Assets at Fair Market Value: % of Non-Core	Total Nominal Returns After Fees: Qtr	1-Yr	3-Yr	5-Yr	Since Inception	Realized Project IRR [25] Since Inception
Non-Core									
Agricultural Land									
Meriwether Farms, LLC	May-04	67,007,520	0.7%	-1.6%	-6.8%	-6.4%	N/AP	-7.3%	N/AP
Pacific Vineyard Partners, LLC	Jul-02	80,988,375	0.8%	-1.2%	-7.6%	-6.2%	-6.1%	-6.1%	N/AP
California Urban Real Estate (CURE)									
AGI -TMG Housing Partners I, LLC	Nov-06	9,479,539	0.1%	-0.5%	N/AP	N/AP	N/AP	N/M [30]	N/AP
Bridge Urban Infill Land Development, LLC	Jun-02	44,262,004	0.4%	2.4%	2.2%	4.0%	3.7%	4.2%	N/AP
Buchanan Urban Investors, LLC	Dec-01	(615,752)	0.0% [31]	-0.2%	59.6%	24.7%	26.4%	28.6% [32]	26.9%
Buchanan Urban Investors II, LLC	Aug-03	247,195,802	2.5%	2.0%	18.7%	13.8%	N/AP	12.6%	42.2%
California Smart Growth Fund IV	Jul-06	26,125,735	0.3%	0.6%	-13.2%	N/AP	N/AP	-13.2%	N/AP
California Urban Investment Partners, LLC	Feb-97	346,033,430	3.5%	5.1%	14.4%	N/M	N/M	31.9% [32]	13.5%
CalSmart, LLC	Mar-01	274,587,836	2.8%	0.7%	29.9%	35.0%	22.8%	17.8%	28.4%
Centerline Urban Capital I, LLC	Jun-02	138,881,524	1.4%	-0.3%	-7.0%	2.0%	4.2%	4.5%	13.8%
CIM Calif. Urban Real Estate Fund L.P.	Dec-00	452,946,273	4.6%	7.1%	37.3%	32.6%	N/M	N/M [33]	62.1%
City View LA Land Fund I LP	Apr-07	2,700,000	0.0% [31]	N/M	N/AP	N/AP	N/AP	N/M [30]	N/AP
KAREC California Development Program, LLC	Apr-02	95,800,628	1.0%	-0.1%	8.4%	2.5%	13.8%	13.8%	28.7%
KSC Affordable Housing Investment Fund, LLC	Jul-02	38,726,108	0.4%	-0.3%	-2.0%	-2.8%	N/AP	-4.4%	N/AP
Legacy Partners Affordable Housing Fund	Jun-03	29,607,178	0.3%	0.0%	0.0%	0.0%	N/AP	-0.1%	47.6%
Pacific Cityhome, LLC	Aug-03	60,846,812	0.6%	-4.0%	-11.7%	0.8%	N/AP	-7.3%	N/AP
Housing									
CityView									
CityView America Fund	Jul-05	75,295,900	0.8%	-0.7%	-11.4%	N/AP	N/AP	-92.2% [34]	N/AP
Hearthstone Advisors									
Hearthstone Housing Partners II, L.P.	Aug-04	208,974,194	2.1%	-4.2%	-23.9%	-6.0%	N/AP	-6.0%	19.3%
Hearthstone Housing Partners III, L.P.	Oct-06	7,587,278	0.1%	2.0%	N/AP	N/AP	N/AP	4.3% [35]	N/AP
Hearthstone MS Value Added III, LLC	Sep-03	9,996,061	0.1%	15.1%	N/M	N/M	N/AP	54.2% [36]	44.2%
Hearthstone Path-of-Growth Fund	Nov-05	128,455,383	1.3%	0.1%	0.6%	N/AP	N/AP	0.2%	N/AP

[25] The IRR information is provided by the Partners and is not audited or verified by the Performance Monitoring Unit. Partners reporting N/AP indicate either that the partnership has no completed projects or has uneven cash flows that render an erroneous IRR calculation. IRR for CalPERS reporting purposes is calculated for sold/realized projects only. See appendix for details on IRR calculation.

[30] Return(s) stated as "N/M" are not meaningful due to contributions and/or distributions made in the first partial quarter.

[31] Less than 0.1% of the Non-Core Portfolio.

[32] Not meaningful and/or high return(s) are due to the large realized and/or unrealized appreciation compared to the NAV.

[33] Return(s) are not meaningful due to high realized and unrealized appreciation relative to a small NAV in fourth quarter 2003.

[34] Large discrepancy between before fee and after fee return is due to a large management fee in the fourth quarter 2005 and in the first quarter 2006.

[35] Since inception returns are annualized for investments / programs with less than four quarters of activity.

[36] Large discrepancy between before fee and after fee return(s) is due to large incentive fee(s).

Non-Core Real Estate Portfolio
Performance Detail by Partnership / Account (After Fee)
For the Period Ending June 30, 2007

	Inception Date	Net Assets at Fair Market Value: Amount	Net Assets at Fair Market Value: % of Non-Core	Total Nominal Returns After Fees: Qtr	1-Yr	3-Yr	5-Yr	Since Inception	Realized Project IRR [25] Since Inception
Non-Core Continued									
Housing (Continued)									
Institutional Housing Partners									
IHP Investment Fund I, L.P.	Jul-92	65,640,373	0.7%	2.6%	N/M	28.3%	22.6%	20.1% [37]	35.0%
IHP Investment Fund II, L.P.	Sep-95	13,373,333	0.1%	1.3%	35.8%	20.2%	N/M	N/M [38]	25.0%
IHP Investment Fund III, L.P.	Oct-99	464,875,989	4.7%	-2.0%	0.7%	23.1%	21.9%	15.8%	33.3%
IHP Investment Fund V, L.P.	Jan-03	31,500,359	0.3%	4.0%	N/M	N/M	N/AP	N/M [39]	18.8%
PICAL Housing Associates, L.P.	Sep-92	1,004,860	0.0% [31]	-0.2%	12.8%	3.8%	8.8%	9.3%	N/AP
PICAL Housing Associates II, L.P.	Mar-95	999,477	0.0% [31]	0.0%	0.0%	8.2%	8.0%	18.2% [40]	N/AP
M/W Housing Partners									
MW Housing Partners III, L.P.	Jan-01	326,376,931	3.3%	-3.8%	-46.5%	-5.1%	6.2%	-3.0% [41]	34.7%
Newland Capital Advisors									
Cal-Land Asset Partners, LP	Aug-95	15,547,676	0.2%	-1.0%	-2.1%	2.5%	7.2%	-0.9%	17.7%
Newland National Partners, L.P.	Oct-99	275,820,549	2.8%	-4.4%	11.5%	20.8%	15.5%	9.7%	15.1%
Newland National Partners II, L.P.	Oct-03	56,808,859	0.6%	-0.7%	-3.8%	3.2%	N/AP	2.0%	11.3%
Newland National Partners III, L.P.	May-05	118,906,807	1.2%	-4.9%	-7.8%	N/AP	N/AP	-6.8%	19.7%
Newland National Partners IV, L.P.	Jun-06	97,246,899	1.0%	-4.8%	-11.0%	N/AP	N/AP	-18.4%	17.1%
Resmark Equity Partners, LLC									
ORA Multifamily Investments I, L.P.	Dec-04	41,381,496	0.4%	2.6%	14.0%	N/AP	N/AP	N/M [42]	N/AP
ORA Residential Investments I, L.P.	Oct-99	84,802,908	0.9%	-10.4%	-5.4%	33.4%	37.0%	26.1%	32.1%
Shea Homes, L.P.									
Shea Capital I, LLC	Apr-05	13,667,090	0.1%	-27.8%	-59.6%	N/AP	N/AP	-22.7% [41]	N/AP
Shea Capital II, LLC	Oct-05	(1,373,523)	0.0% [31]	N/M	N/M	N/AP	N/AP	N/M [43]	N/AP
Shea Mountain House, LLC	May-05	112,195,871	1.1%	-1.5%	-5.9%	N/AP	N/AP	-5.6%	N/AP
Wells Fargo Realty Advisors									
WFHAI Housing Fund, L.P.	Aug-92	48,503,292	0.5%	-1.6%	14.5%	26.8%	23.5%	24.0%	24.8%
Olson Urban Housing	Feb-00	32,357,178	0.3%	0.1%	-4.7%	10.4%	12.6%	8.3%	N/AP

[25] The IRR information is provided by the Partners and is not audited or verified by the Performance Monitoring Unit. Partners reporting N/AP indicate either that the partnership has no completed projects or has uneven cash flows that render an erroneous IRR calculation. IRR for CalPERS reporting purposes is calculated for sold/realized projects only. See appendix for details on IRR calculation.

[31] Less than 0.1% of the Non-Core Portfolio.

[37] Not meaningful and/or high return(s) are due to a large net investment income compared to NAV.

[38] The beginning NAV for the third and fourth quarters of 2003 became negative, which is the cause of the not meaningful returns.

[39] High negative and not meaningful returns are due to a material year-end audit impairment write-down of several projects in IHP V in the fourth quarter of 2006.

[40] Large negative incentive fee expensed in the fourth quarter 2005 causes the trailing 3-year and 5-year after fee returns to be higher than the before fee returns.

[41] Large discrepancy between before and after fee return(s) due to large management fee(s) relative to NAV.

[42] Since inception return is not meaningful due to a large negative net investment income compared to NAV in the fourth quarter of 2004.

[43] Current quarter return stated as "N/M" is not meaningful due to negative net investment income relative to a negative NAV. Since Inception return is not meaningful due to large negative net investment income relative to weighted average equity in the fourth quarter of 2006.

Non-Core Real Estate Portfolio
Performance Detail by Partnership / Account (After Fee)
For the Period Ending June 30, 2007

		Net Assets at Fair Market Value			Total Nominal Returns After Fees					Realized Project IRR [25]
	Inception Date	Amount	% of Non-Core		Qtr	1-Yr	3-Yr	5-Yr	Since Inception	Since Inception
Non-Core Continued										
International										
Aetos Capital Asia T.E., L.P.	Feb-03	70,607,359	0.7%		0.8%	40.1%	43.7%	N/AP	N/M [30]	38.6%
Aetos Capital Asia T.E. II, L.P.	Sep-05	56,600,621	0.6%		-5.7%	-18.2%	N/AP	N/AP	N/M [44]	-8.2%
Aetos Asia Real Estate Securities Opportunity Fund	Apr-07	81,673,574	0.8%		3.5%	N/AP	N/AP	N/AP	14.9% [35]	N/AP
CBRE Strategic Partners, Europe Fund III	Dec-06	317,019	0.0%	[31]	-32.4%	N/AP	N/AP	N/AP	N/M [45]	N/AP
CBRE Strategic Partners, UK	May-05	73,796,856	0.7%		7.1%	9.5%	N/AP	N/AP	N/M [46]	N/AP
CBRE Strategic Partners UK Fund III, L.P.	Apr-07	1,480,014	0.0%	[31]	N/M	N/AP	N/AP	N/AP	N/M [47]	N/AP
DB Real Estate Global Opportunities 1A, L.P.	Dec-03	5,699,991	0.1%		5.8%	8.3%	N/M	N/AP	N/M [46]	18.0%
DB Real Estate Global Opportunities 1B, L.P.	Dec-03	53,360,305	0.5%		2.3%	50.6%	N/M	N/AP	N/M [44]	12.1%
Fortress Investment Fund IV	Jul-06	53,993,943	0.5%		-0.2%	7.8%	N/AP	N/AP	7.8%	N/AP
Fortress Residential Investment Deutschland	Aug-05	118,440,689	1.2%		-20.4%	40.0%	N/AP	N/AP	2.6%	N/AP
GAGFAH Fortress	Oct-06	88,312,753	0.9%		-19.7%	N/AP	N/AP	N/AP	-40.0% [35]	N/AP
Harbert European Real Estate Fund II, L.P.	Jun-06	7,625,593	0.1%		-5.0%	N/M	N/AP	N/AP	N/M [41]	N/AP
HCB Interests (Hines Brazil)	Aug-05	45,417,645	0.5%		0.9%	-7.1%	N/AP	N/AP	N/M [48]	N/AP
Hines CALPERS Brazil Fund II	Apr-07	(2,712,822)	0.0%	[31]	0.0%	N/AP	N/AP	N/AP	0.0% [35]	N/AP
HCM Holdings (Hines Mexico)	Jan-05	9,589,305	0.1%		2.3%	7.5%	N/AP	N/AP	N/M [48]	N/AP
Hines CALPERS Mexico Fund II	Apr-07	(349,498)	0.0%	[31]	N/M	N/AP	N/AP	N/AP	N/M [48]	N/AP
Hines China Fund	Jul-06	(1,963,480)	0.0%	[31]	N/M	N/M	N/AP	N/AP	N/M [48]	N/AP
Hines European Development Fund	Mar-03	(2,517,628)	0.0%	[31]	N/M	N/M	N/M	N/AP	N/M [47]	N/AP
Hines European Development Fund II	Mar-07	(638,807)	0.0%	[31]	N/M	N/AP	N/AP	N/AP	N/M [48]	N/AP
Hines Residential Sunbelt Spain Fund	Jan-06	(165,001)	0.0%	[31]	N/M	N/M	N/AP	N/AP	N/M [41]	N/AP
IL&FS India Realty Fund, LLC	Apr-06	40,458,573	0.4%		-1.9%	N/M	N/AP	N/AP	N/M [49]	N/AP
IXIS AEW European Property Investors, L.P.	Sep-04	69,913,820	0.7%		7.1%	30.2%	N/M	N/AP	N/M [30]	N/AP
JER Europe Fund III	Mar-06	(2,075,322)	0.0%	[31]	N/M	N/M	N/AP	N/AP	N/M [48]	N/AP
LaSalle French Fund II	Dec-05	10,898,025	0.1%		-4.1%	-24.2%	N/AP	N/AP	-61.1%	N/AP

[25] The IRR information is provided by the Partners and is not audited or verified by the Performance Monitoring Unit. Partners reporting N/AP indicate either that the partnership has no completed projects or has uneven cash flows that render an erroneous IRR calculation. IRR for CalPERS reporting purposes is calculated for sold/realized projects only. See appendix for details on IRR calculation.

[30] Return(s) stated as "N/M" are not meaningful due to contributions and/or distributions made in the first partial quarter.

[31] Less than 0.1% of the Non-Core Portfolio.

[35] Since inception return is annualized for investments / programs with less than four quarters of activity.

[41] Large discrepancy between before and after fee return(s) due to large management fee(s) relative to NAV.

[44] Return(s) stated as "N/M" are not meaningful due to the occurrence of financial activity before CalPERS has made a contribution into the fund.

[45] Large discrepancy between before and after fee returns are due to a large management fee relative to NAV in the current quarter. Return(s) stated as "N/M" are not meaningful due to contributions and/or distributions made in the first partial quarter.

[46] Return(s) stated as "N/M" are not meaningful due to posting of net investment income and/or appreciation relative to a small and/or negative NAV.

[47] Return(s) stated as "N/M" are not meaningful due to negative net assets, which also causes after fee return to be greater than before fee return.

[48] Return(s) stated as "N/M" are not meaningful due to negative net investment income relative to a negative NAV.

[49] High negative and/or not meaningful returns are due to large negative net investment income relative to weighted average equity.

Non-Core Real Estate Portfolio
Performance Detail by Partnership / Account (After Fee)
For the Period Ending June 30, 2007

	Inception Date	Net Assets at Fair Market Value: Amount	Net Assets at Fair Market Value: % of Non-Core	Total Nominal Returns After Fees: Qtr	1-Yr	3-Yr	5-Yr	Since Inception	Realized Project IRR [25] Since Inception
Non-Core Continued									
International (Continued)									
Macquarie Asia Fund II	Aug-05	61,852,610	0.6%	-2.4%	18.4%	N/AP	N/AP	-53.6% [41]	N/AP
Macquarie Europe Parallel Fund II	Aug-05	54,335,018	0.5%	0.4%	12.1%	N/AP	N/AP	N/M [30]	N/AP
NIAM Nordic Investment Fund III, L.P.	Sep-04	69,599,889	0.7%	12.1%	31.7%	8.6%	N/AP	8.6%	565.4%
Prudential - PLA Residential Fund I	Jul-04	69,683,404	0.7%	7.8%	25.9%	18.5%	N/AP	18.5%	N/AP
Prudential - PLA Retail Fund I	Nov-06	22,697,887	0.2%	4.9%	N/AP	N/AP	N/AP	N/M [30]	36.3%
RREEF Global Opportunities Fund II	Dec-05	73,517,746	0.7%	-0.2%	-2.6%	N/AP	N/AP	-22.8%	N/AP
SDL Hospitality Co-Invest Fund	Oct-05	109,318,027	1.1%	10.6%	N/M	N/AP	N/AP	57.6% [26]	N/AP
Secured Capital Asia	Jun-06	46,976,926	0.5%	3.2%	N/M	N/AP	N/AP	N/M [32]	N/AP
Secured Capital Japan	Mar-04	8,483,686	0.1%	0.5%	N/M	36.9%	N/AP	30.1% [50]	N/AP
Secured Capital Japan II	Sep-05	56,876,838	0.6%	4.1%	18.6%	N/AP	N/AP	N/M [44]	N/AP
Security Capital European Realty	Apr-98	2,710,908	0.0% [31]	0.0%	-0.8%	-2.3%	-2.2%	-2.5%	N/AP
Sun Apollo India Real Estate Fund	Jan-07	(1,486,329)	0.0% [31]	N/M	N/AP	N/AP	N/AP	N/M [48]	N/AP
Opportunistic Funds									
301 Capitol Mall, L.P.	Jun-07	25,035,217	0.3%	-0.3%	-0.1%	N/AP	N/AP	0.2%	N/AP
400 R Street	Apr-05	9,763,823	0.1%	2.2%	4.1%	N/AP	N/AP	N/M [46]	N/AP
Alinda Infrastructure Fund I, L.P.	May-07	29,329,909	0.3%	-35.1%	N/AP	N/AP	N/AP	-82.3% [35]	N/AP
American Value Partner Fund I	Sep-06	(1,689,061)	0.0% [31]	N/M	N/M	N/AP	N/AP	N/M [48]	N/AP
Apollo Real Estate Investment Fund V, L.P.	Sep-05	35,973,510	0.4%	1.3%	20.6%	N/AP	N/AP	N/M [49]	60.7%
Apollo Real Estate Finance Company	Sep-06	11,581,753	0.1%	5.4%	N/AP	N/AP	N/AP	N/M [49]	N/AP
Capmark Structured Real Estate Partners	Nov-06	44,816,695	0.5%	3.7%	N/AP	N/AP	N/AP	16.1% [35]	N/AP
CIM Fund III, L.P.	May-06	49,912,029	0.5%	-47.3%	N/M	N/AP	N/AP	N/M [41]	N/AP
Fillmore East Fund, L.P.	Dec-05	48,987,273	0.5%	3.4%	18.8%	N/AP	N/AP	N/M [44]	N/AP
Global Innovation Partners II	Sep-05	363,602,897	3.7%	3.1%	11.9%	N/AP	N/AP	2.2%	N/AP

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[26] Return(s) are high due to realized and/or unrealized appreciation.
[30] Return(s) stated as "N/M" are not meaningful due to contributions and/or distributions made in the first partial quarter.
[31] Less than 0.1% of the Non-Core Portfolio.
[32] Not meaningful and/or high return(s) are due to the large realized and/or unrealized appreciation compared to the NAV.
[35] Since inception return is annualized for investments / programs with less than four quarters of activity.
[41] Large discrepancy between before and after fee return(s) due to large management fee(s) relative to NAV.
[44] Return(s) stated as "N/M" are not meaningful due to the occurrence of financial activity before CalPERS has made a contribution into the fund.
[46] Return(s) stated as "N/M" are not meaningful due to posting of net investment income and/or appreciation relative to a small and/or negative NAV.
[48] Return(s) stated as "N/M" are not meaningful due to negative net investment income relative to a negative NAV.
[49] High negative and/or not meaningful returns are due to large negative net investment income relative to weighted average equity.
[50] Return(s) are high due to large appreciation and high net investment income.

Non-Core Real Estate Portfolio
Performance Detail by Partnership / Account (After Fee)
For the Period Ending June 30, 2007

	Inception Date	Net Assets at Fair Market Value: Amount	Net Assets at Fair Market Value: % of Non-Core	Total Nominal Returns After Fees: Qtr	1-Yr	3-Yr	5-Yr	Since Inception	Realized Project IRR [25] Since Inception
Non-Core Continued									
Opportunistic Funds (Continued)									
Guggenheim Structured Real Estate Fund I	Sep-04	7,208,744	0.1%	2.7%	11.6%	N/AP	N/AP	N/M [30]	20.7%
Guggenheim Structured Real Estate Fund II	Jan-06	54,055,100	0.5%	3.9%	N/M	N/AP	N/AP	N/M [46]	22.0%
Hampshire Partners Fund VI	Dec-03	47,750,588	0.5%	2.9%	13.1%	22.1%	N/AP	21.5%	36.3%
Hines Green Development Fund	Aug-06	(608,865)	0.0% [31]	N/M	N/M	N/AP	N/AP	N/M [48]	N/AP
Hollywood Park Co-Investors Fund	Oct-05	72,282,157	0.7%	-0.8%	-51.9%	N/AP	N/AP	29.4% [49]	N/AP
Integral Urban Fund I	Oct-06	(1,215,187)	0.0% [31]	N/M	N/AP	N/AP	N/AP	N/M [48]	N/AP
Kennedy Wilson Property Fund II	Nov-05	14,008,769	0.1%	N/M	N/M	N/AP	N/AP	N/M [30]	N/AP
Lowe Resort Community Fund, LLC	Oct-06	537,467	0.0% [31]	-13.1%	N/AP	N/AP	N/AP	-52.4% [35]	N/AP
Market Street Capital Partners, LP	Jul-06	12,986,701	0.1%	-0.8%	N/M	N/AP	N/AP	N/M [47]	N/AP
Next Block Medical Fund I, L.P.	Jun-06	21,161,131	0.2%	-1.6%	-13.3%	N/AP	N/AP	-20.2%	N/AP
Page Mill Properties, L.P.	Jan-03	17,300,284	0.2%	25.2%	N/M	N/M	N/AP	N/M [51]	N/AP
Page Mill Properties II, L.P.	Jul-06	(10,049,518)	-0.1% [31]	N/M	N/M	N/AP	N/AP	N/M [48]	N/AP
Principal Mortgage Value Investors, L.P.	Apr-07	3,614,026	0.0% [31]	-17%	N/AP	N/AP	N/AP	-53% [35]	N/AP
Prudential PRECO III	Jul-06	33,107,633	0.3%	-0.5%	-3.1%	N/AP	N/AP	-3.1%	N/AP
RLJ Urban Lodging	Nov-04	13,875,839	0.1%	1.5%	67.7%	N/AP	N/AP	21.9% [32]	92.0%
RLJ Urban Lodging II	May-06	64,016,149	0.6%	2.0%	2.8%	N/AP	N/AP	1.7%	19.5%
Rockpoint Real Estate Fund II	Sep-05	40,335,788	0.4%	5.9%	24.8%	N/AP	N/AP	N/M [30]	17.6%
San Diego Smart Growth Fund	Jul-05	14,773,763	0.1%	-2.2%	-9.9%	N/AP	N/AP	N/M [52]	N/AP
Sares-Regis Group of Northern California	Jul-05	17,479,268	0.2%	1.0%	2.6%	N/AP	N/AP	3.5%	N/AP
Savanna Real Estate Fund I, L.P.	Jan-07	(862,653)	0.0% [31]	N/M	N/AP	N/AP	N/AP	N/M [48]	N/AP
Starwood Capital Hospitality Fund I	Apr-05	150,082,154	1.5%	5.4%	73.0%	N/AP	N/AP	N/M [48]	N/AP

[25] The IRR information is provided by the Partners and is not audited or verified by the Performance Monitoring Unit. Partners reporting N/AP indicate either that the partnership has no completed projects or has uneven cash flows that render an erroneous IRR calculation. IRR for CalPERS reporting purposes is calculated for sold/realized projects only. See appendix for details on IRR calculation.
[26] Return(s) are high due to realized and/or unrealized appreciation.
[30] Return(s) stated as "N/M" are not meaningful due to contributions and/or distributions made in the first partial quarter.
[31] Less than 0.1% of the Non-Core Portfolio.
[32] Not meaningful and/or high return(s) are due to the large realized and/or unrealized appreciation compared to the NAV.
[35] Since inception return is annualized for investments / programs with less than four quarters of activity.
[46] Return(s) stated as "N/M" are not meaningful due to posting of net investment income and/or appreciation relative to a small and/or negative NAV.
[47] Return(s) stated as "N/M" are not meaningful due to negative net assets, which also causes after fee return to be greater than before fee return.
[48] Return(s) stated as "N/M" are not meaningful due to negative net investment income relative to a negative NAV.
[49] High negative and/or not meaningful returns are due to large negative net investment income relative to weighted average equity.
[51] Three year return stated as "N/M" is not meaningful due to appreciation in the third quarter of 2004 and third quarter of 2005 relative to a small NAV. Since Inception return stated as "N/M" is not meaningful due to posting of net investment income and/or appreciation relative to a negative NAV.
[52] Return(s) stated as "N/M" are not meaningful due to high negative after fee return caused by a large management fee in the third quarter 2005

Non-Core Real Estate Portfolio
Performance Detail by Partnership / Account (After Fee)
For the Period Ending June 30, 2007

	Inception Date	Net Assets at Fair Market Value: Amount	Net Assets at Fair Market Value: % of Non-Core	Total Nominal Returns After Fees: Qtr	1-Yr	3-Yr	5-Yr	Since Inception	Realized Project IRR [25] Since Inception
Non-Core Continued									
Opportunistic Funds (Continued)									
Stockbridge Real Estate Fund II	Oct-05	13,940,879	0.1%	-10.4%	N/M	N/AP	N/AP	N/M [48]	N/AP
Strategic Partners Value Enhancement Fund	Jul-06	15,041,018	0.2%	-3.8%	-48.8%	N/AP	N/AP	N/M [49]	N/AP
TPG Hospitality Investments IV	Apr-06	146,018,536	1.5%	2.7%	4.7%	N/AP	N/AP	3.9%	N/AP
Urban America LP II	Jan-07	9,573,467	0.1%	-34.0%	N/AP	N/AP	N/AP	-73.5% [35]	N/AP
Windsor Realty Fund VII, L.P.	Oct-06	9,855,382	0.1%	1.2%	N/AP	N/AP	N/AP	N/M [48]	N/AP
REITS									
Adelante Sun King I REIT	Mar-07	196,689,281	2.0%	-2.0%	N/AP	N/AP	N/AP	-3.9% [35]	N/AP
CITIGROUP International REIT	Jan-07	76,731,555	0.8%	-4.6%	N/AP	N/AP	N/AP	3.1% [35]	N/AP
Domestic Asset Allocation REIT	Mar-06	0	0.0% [31]	0.0%	26.6%	N/AP	N/AP	20.8% [28]	N/AP
European Investors International REIT	Jan-07	208,070,023	2.1%	-4.3%	N/AP	N/AP	N/AP	8.2% [35]	N/AP
Extended Market Index REIT	Jun-02	526,572,222	5.3%	-9.9%	12.0%	22.6%	19.6%	18.6%	N/AP
International Asset Allocation REIT	Mar-06	670,820,329	6.8%	-3.6%	36.1%	N/AP	N/AP	25.0%	N/AP
Morgan Stanley International REIT	Jan-07	260,581,076	2.6%	-4.6%	N/AP	N/AP	N/AP	8.7% [35]	N/AP
PRESIMA International REIT	Jan-07	205,238,322	2.1%	-4.2%	N/AP	N/AP	N/AP	5.5% [35]	N/AP
RREEF International REIT	Jan-07	210,382,078	2.1%	-2.8%	N/AP	N/AP	N/AP	8.7% [35]	N/AP
Real Estate Technology									
Global Innovation Partners	Apr-01	145,162,291	1.5%	0.4%	40.9%	38.7%	28.4%	13.3% [53]	33.6%
Senior Housing									
AEW Senior Housing Company, LLC	Jun-01	82,401,406	0.8%	17.0%	70.5%	68.0%	42.4%	35.4% [26]	34.1%
Fortress Holiday Co-Investment	Feb-07	70,311,622	0.7%	-0.4%	N/AP	N/AP	N/AP	-6.2% [35]	N/AP
Fortress RIC Coinvestment Fund	Jul-06	31,418,434	0.3%	2.7%	31.4%	N/AP	N/AP	31.4%	N/AP
SHP Senior Housing Fund, LLC	Jan-03	217,897,580	2.2%	0.4%	12.5%	57.7%	N/AP	N/M [26]	N/AP
Timberland									
Sylvanus LLC	Apr-02	146,056,669	1.5%	2.0%	6.1%	21.5%	17.6%	16.2% [54]	N/AP
Total Non-Core	Dec-84	**9,928,763,940** [55]	**100.0%**	**-0.5%**	**15.4%**	**24.0%**	**19.8%**	**11.3%**	

[25] The IRR information is provided by the Partners and is not audited or verified by the Performance Monitoring Unit. Partners reporting N/AP indicate either that the partnership has no completed projects or has uneven cash flows that render an erroneous IRR calculation. IRR for CalPERS reporting purposes is calculated for sold/realized projects only. See appendix for details on IRR calculation.

[26] Return(s) are high due to realized and/or unrealized appreciation.

[28] Two REITs (PREES Enhanced Core and Domestic Asset Allocation) were liquidated on 4/27/07. State Street Bank does not report Quarterly Returns when a Fund has less than 1 full month of activity in a particular quarter.

[31] Less than 0.1% of the Non-Core Portfolio.

[35] Since inception return is annualized for investments / programs with less than four quarters of activity.

[48] Return(s) stated as "N/M" are not meaningful due to negative net investment income relative to a negative NAV.

[49] High negative and/or not meaningful returns are due to large negative net investment income relative to weighted average equity.

[53] Large negative incentive fee expensed in the first quarter 2007 causes the trailing 1-year after fee return to be higher than the before fee return.

[54] Current quarter and trailing 1-year after fee returns higher than before fee returns due to negative incentive fee accrued.

[55] Excludes sold portfolio activity.

V. APPENDIX

CORE PORTFOLIO DESCRIPTION

CORE PORTFOLIO

The core advisors/investments have varying investment mandates established by CalPERS and include the following:

Apartment Advisors

- ***Windsor Realty Fund III, L.P.*** is a partnership between CalPERS and General Investment & Development Co. ("GID Advisers") seeking to invest in apartment properties throughout the Eastern United States.

- ***BlackRock Western Multifamily, LLC*** is a limited liability corporation created through an agreement between CalPERS and BlackRock Realty Advisors (formerly known as SSR Realty Advisors) seeking to invest in apartment properties in the Western United States.

Industrial Advisors

- ***CalEast Global Logistics*** is a limited liability corporation created through an agreement between CalPERS and LaSalle Advisors seeking to invest in industrial properties throughout the Eastern United States, Mexico and Canada.

- ***CalWest Industrial Investors, LLC*** is a limited liability corporation created through an agreement between CalPERS and RoCal LLC ("RREEF") seeking to invest in industrial properties throughout the Western United States.

Office Advisors

- ***Fifth Street Properties, LLC*** is a limited liability corporation created through an agreement between CalPERS and Commonwealth Partners, LLC ("CWP") seeking to invest in office properties in the Western United States.

- ***CWP Managed*** - Commonwealth Partners manages a CalPERS owned asset, Bishop Square, a 928,598 square foot office complex consisting of two high rise office buildings located in Honolulu, HI.

- ***National Office Partners, L.P****. ("NOP")* is a limited partnership created through an agreement between CalPERS and Hines National Office Partners, L.P. seeking to invest in office properties primarily in the Eastern United States and selected Western U.S. markets.

CORE PORTFOLIO

Retail Advisors

- ***Global Retail Investors, LLC*** was formed in July 2005 as a limited liability corporation created through an operating agreement between CalPERS and First Washington Realty seeking to invest in (non-mall) shopping centers.

- ***Institutional Mall Investors, LLC*** is a limited liability corporation created through an operating agreement between CalPERS and Miller Capital Advisory seeking to invest in malls.

PREES Enhanced Core

- CalPERS implemented and approved its REIT strategy in September 1998. The PREES Enhanced Core Portfolio is an enhanced index that is internally managed by CalPERS' staff with allocations across the four core property types of Apartment, Industrial, Office, and Retail.

Diversified Core Advisors

- ***AFL-CIO Building Investment Trust*** *(AFL-CIO BIT)* - CalPERS holds a 6.6 percent position in the open-ended commingled fund investing in core real estate, with Mercantile Safe Deposit and Trust Company as trustee.

- ***CIM Management Urban REIT*** is a private REIT that will buy core assets in dynamic urban markets in which CIM is active. An initial capital contribution was made on February 17, 2005. CalPERS total allocation will be 25% of the REIT, subject to a minimum allocation of $200 million and a maximum allocation of $500 million.

NON-CORE PORTFOLIO DESCRIPTION

NON-CORE PORTFOLIO

The funded Non-Core Portfolio includes the following:

Agricultural Land

CalPERS has allocated $100 million to invest in the development of vineyard land on the West Coast for the fine wine industry. Currently CalPERS has two partnerships with funded investments, which are listed below.

- Meriwether Farms, LLC
- Pacific Vineyard Partners, LLC

CURE (California Urban Real Estate) Program

The CURE program aims to create asset value through the rehabilitation, repositioning and development of real estate projects located primarily in urban neighborhoods of California's major metropolitan areas. Following is a list of the CURE partnerships and the advisors associated with them.

- AGI-TMG Housing Partners I, LLC – Avant Housing
- Bridge Urban Infill Land Development, LLC – Bridge Infill Development, Inc.
- Buchanan Urban Investors, LLC – Buchanan Street Partners
- Buchanan Urban Investors II, LLC – Buchanan Street Partners
- California Smart Growth Fund IV, LP – Pacific Coast Capital Partners
- California Urban Investment Partners (CUIP) – MacFarlane Partners
- CalSmart, LLC – RREEF
- Centerline Urban Capital I, LLC – (formerly known as Capri Capital and CharterMac)
- CIM California Urban Real Estate Fund LP – CIM Group
- City View LA Land Fund I LP – CityView
- KAREC CDP, LLC – Kennedy Associates Real Estate Counsel
- KSC Affordable Housing Investment Fund, LLC – Klein Financial
- Legacy Partners Affordable Housing Fund, LLC – Legacy Partners Residential, Inc.
- Pacific CityHome, LLC – CityView

NON-CORE PORTFOLIO

Housing Program

The housing program is national with primary emphasis directed toward the California market. Investments are made in "for-sale" residential property as well as infrastructure development construction. Following are the active partnerships listed by the program's subcategories.

- ***Acquisition and Development***
  - Cal Land Asset Partners, LP
  - IHP Investment Fund II, LP
  - PICAL Housing Partners II, LP

- ***National***
  - CityView America Fund I LLC
  - Hearthstone Housing Partners II, LP
  - Hearthstone Housing Partners III, LP
  - Hearthstone MSIII Value Added, LLC
  - Hearthstone Path-of-Growth Fund
  - IHP Investment Fund III, LP
  - IHP Investment Fund V, LP
  - MW Housing Partners III, LP
  - Newland National Partners, LP
  - Newland National Partners II, LP
  - Newland National Partners III, LP
  - Newland National Partners IV, LP
  - ORA Multifamily Investments I, LLC
  - ORA Residential Investments I, LP
  - Shea Capital I, LLC
  - Shea Capital II, LLC
  - Shea Mountain House, LLC
  - WFHAI Housing Fund, LP
  - Olson Urban Housing

- ***Single Family***
  - IHP Investment Fund I, LP
  - PICAL Housing Associates, LP

NON-CORE PORTFOLIO

International

- ***Aetos Capital Asia T.E., L.P.*** – The focus of this commingled fund is to achieve superior performance returns through real estate, distressed debt, and real estate related investment activities principally in the Asian market, with an emphasis on Japanese investments. The other limited partners include California State Teachers' Retirement System (CalSTRS), AT&T, John Deere Pension Trust, and the United Nations.

- ***Aetos Capital Asia T.E. II, L.P.*** – The focus of this commingled fund is to achieve superior performance returns through real estate, distressed debt, and real estate related investment activities principally in the Asian market, with a main emphasis on Japanese investments. The other limited partners include California State Teachers' Retirement System (CalSTRS), AT&T, United Nations, IBM Retirement Funds, Franklin Templeton, The Rockefeller Foundation, Oregon Public Employees' Retirement Fund, New York Common Retirement Fund, and Dupont.

- ***Aetos Asia Real Estate Securities Opportunity Fund.*** – Aetos Asia Real Estate Securities Opportunity Fund is an Asian public securities fund with potential for a 30% non-public securities component. The fund is pan-Asian with up to 50% of assets that can be invested in China. The securities will be real estate and real estate related securities including property developers. CalPERS entered this partnership in May of 2007 and committed $200 million to the fund.

- ***CBRE Strategic Partners, Europe Fund III*** – Formed to pursue value added investments in office, retail, industrial, and residential properties in Western Europe. The Fund has as its prime investment objective, an internal rate of return of 15%-16% net to investors.

- ***CBRE Strategic Partners, UK*** – CalPERS entered into this partnership on July 15, 2005 with a commitment of £50 million. The fund specializes in value added properties in the United Kingdom.

- ***CBRE Strategic Partners, UK Fund III*** – CalPERS CBRE Strategic Partners UK Fund III is a fund specialized in value add properties in the UK. This fund is the second in a series of value added real estate investment funds focused on the acquisition, repositioning, and disposition of office, industrial, and retail properties located throughout the UK, excluding Northern Ireland. CalPERS entered this partnership in February of 2007 and committed approximately $100 million to the fund.

NON-CORE PORTFOLIO

- ***DB Real Estate Global Opportunities Fund 1A*** – This fund acquired a portfolio of diverse international real estate and real estate-related assets (concentrated in Europe, Asia Pacific, and the Americas) from Deutsche Bank AG for income and capital appreciation. The other investors in this fund are Colorado Public Employees' Retirement (COPERA), California State Teachers' Retirement System (CalSTRS), and State of North Carolina funds.

- ***DB Real Estate Global Opportunities Fund 1B*** – The focus of this commingled fund is to buy distressed and under-performing international properties (concentrated in Europe, Asia Pacific, and the Americas) for re-leasing and repositioning. The other investors in this fund are Colorado Public Employees' Retirement (COPERA), California State Teachers' Retirement System (CalSTRS), and State of North Carolina Funds.

- ***Fortress Investment Fund IV*** – This is a private equity real estate fund that CalPERS committed $100 million to which is 3.3% of all commitments to the fund. The fund will invest in various yield oriented and repositioning investments.

- ***Fortress Residential Investment Deutschland L.P.*** – CalPERS entered into this partnership on March 24, 2005 with a commitment of $250 million or 12.3% of the fund. This fund specializes in German residential real estate investments. As of December 31, 2005, the fund was 6% invested with two large German housing portfolios (GAGFAH and NILEG).

- ***GAGFAH Fortress*** – Is an investment in the public shares of GAGFAH SA, a German residential company managed by Fortress. This investment is the transfer of a commitment made in March of 2004 to the private real estate equity fund Fortress Residential Investment Deutschland. The private fund went public on the German exchange on October 19, 2006.

- ***Harbert European Real Estate Fund II, L.P.*** – The fund's objective is to achieve attractive risk-adjusted absolute returns by focusing upon four primary transaction types within certain key markets in Western and Central Europe. The four primary transaction types are (i) renovation, refurbishment and/or re-positioning of existing assets; (ii) out of favor sectors or products; (iii) corporate dispositions of non-core real estate assets; and (iv) development opportunities.

NON-CORE PORTFOLIO

- ***HCB Interests (Hines Brazil)*** – This partnership was formed to invest in the development and renovation of industrial, office, retail and for-sale residential properties in Brazil with the primary focus being in the cities of Sao Paulo and Rio de Janeiro. CalPERs entered into this partnership on August 19, 2005 and has committed $100 million to the partnership.

- ***HCB Interests (Hines Brazil II)*** – was established in March 2007 to create a diversified investment portfolio by investing in development and renovation of industrial, office, retail and for-sale residential properties in Brazil with the primary focus being in the cities of Sao Paulo and Rio de Janeiro. CalPERS has committed approximately $475 million to this fund.

- ***HCC Interests (Hines China)*** – CalPERS entered into this partnership on May 26, 2006. The new Hines CalPERS China Fund, a privately owned international real estate firm, will focus primarily on development, redevelopment and acquisition of residential, office, retail, mixed-use, and industrial projects in China.

- ***HCM Holdings (Hines Mexico)*** – The partnership's purpose is to directly or indirectly acquire, own, manage, lease, finance, construct, develop and ultimately sell real estate projects in Mexico. CalPERS entered into this partnership on January 6, 2005 and holds a 94.5% stake and has committed $94.5 million to the partnership.

- ***HCM Holdings (Hines Mexico II)*** – Hines CalPERS Mexico Fund II was established in March 2007 to create a diversified investment portfolio by investing in development of for-sale housing, retail and industrial projects throughout Mexico. CalPERS has committed approximately $100 million to this fund.

- ***Hines European Development Fund I, L.P.*** – CalPERS entered into this partnership on March 24, 2003. The other limited partners include Teachers Insurance and Annuity Association of America (TIAA) and Oxford Properties Group, a wholly owned subsidiary of Ontario Municipal Employees Retirement Board (OMERS). The Fund will invest in development and re-development of primarily office projects in five countries within Western Europe (France, Germany, Italy, Spain, and the United Kingdom). The Fund employs 100 percent leverage which results in a targeted return, net of all fees, of an infinite IRR. This line of credit is collateralized by the unpaid capital commitments of the Limited Partners. To date, no partner capital has been called. As a result, investment performance is not presented. CalPERS has committed $75 million to this partnership.

NON-CORE PORTFOLIO

- ***Hines European Development Fund II, L.P.*** – This commingled fund will invest in development and redevelopment of efficient office properties in Western Europe (France, Germany, Italy, Spain and United Kingdom). CalPERS has committed $150 million USD or approximately 25% stake in the partnership. This is a follow-on investment with the Hines European Development Fund I.

- ***Hines Residential Sunbelt Spain Fund, L.P.*** – The partnership has a residential strategy whereby it will invest in unentitled and entitled land. The investment strategy is to sell residential lots for single family housing in the Coast del Sol Region of Spain. The partnership's strategy also includes joint venturing with local home builders to build for sale housing.

- ***IL & FS India Realty Fund, LLC*** – CalPERS committed $100 million to this Fund, making it CalPERS' first real estate investment in India. The Fund was formed in April 2006. The Fund will primarily invest in office, retail, for-sale residential and hospitality sectors in Bangalore, Mumbai, Delhi, Hyderabad, Madras and other major metropolitan cities.

- ***IXIS AEW European Property Investors, L.P.*** – The partnership was formed for the purpose of acquiring, improving, leasing, maintaining, owning, operating and managing real estate assets in Europe. CalPERS entered into this partnership on September 8, 2004.

- ***JER Europe Fund III, L.P.*** – The fund is managed by J. E. Roberts Companies and was formed in March 2006. The fund will invest in European real estate seeking markets and sectors with access to fundamentally valuable real estate with limited competition and minimizing execution risk through partnerships with high quality local developers. CalPERS' capital commitment is $60 million, with an approximate 20% share of this commingled fund.

- ***LaSalle French Fund II*** – CalPERS entered into this partnership on December 23, 2005, and committed €50 million. The Fund will primarily invest in office, logistics, light industrial, retail and other commercial properties throughout France.

- ***Macquarie Global Property Advisors Asia Fund II, L.P.*** – CalPERS entered into this partnership on July 13, 2005. The other limited partners include 25 investors from the Netherlands, Middle East, Australia, Canada, United States, Switzerland and Austria. The Fund will invest and co-invest with third-party capital providers in a diverse portfolio of real estate located in Asia.

NON-CORE PORTFOLIO

- ***Macquarie Global Property Advisors Europe Fund II, L.P.*** – The focus of this commingled fund is to acquire distressed and under-performing office, industrial and retail properties in the European Union, Switzerland and Norway, for re-leasing and repositioning. The other investors in this fund include 10 investors from Canada, the United States, Australia and Switzerland. This is a parallel fund with Macquarie Global Property Advisors Asia Fund II. Macquarie Global Property Advisors is the fund sponsor and general partner. CalPERS has committed $100 million to this partnership.

- ***NIAM Nordic Investment Fund III, L.P.*** – CalPERS entered into this partnership on September 6, 2004. Other large investors include California State Teachers' Retirement System (CalSTRS) and General Electric Pension Trust, among others.

- ***PLA Residential Fund I, LLC*** – CalPERS entered into this partnership on July 7, 2004. This fund is structured to pursue a variety of investments composed primarily for residential real estate investments throughout major development corridors in Mexico's metropolitan areas.

- ***PLA Retail Fund I, LLC*** – This commingled fund is managed by Prudential Real Estate. The fund was formed in June 2006, to primarily invest in retail real estate investments in Mexico. CalPERS' capital commitment is $75 million, with an approximate 12% share.

- ***RREEF Global Opportunities Fund II*** – The focus of this commingled fund is to buy distressed, under-performing and development properties (concentrated in Europe, Asia Pacific, and the Americas) for re-leasing and repositioning. This is a follow-on investment to DB Real Estate Global Opportunities Fund 1B.

- ***SDL Hospitality Co-Invest Fund, L.P.*** – The fund, managed by Starwood Capital, was formed on October 3, 2005. It is a co-investment fund invested in a fixed subset of assets relating to the Starwood Capital Hospitality Fund I, of which CalPERS is also an investor. CalPERS' capital commitment is $110 million, a 20% share of this commingled fund.

- ***Secured Capital Japan Real Estate Partners Asia, L.P.*** – CalPERS entered into this partnership on June 5, 2006. The other limited partners include OPSEU Pension Trust, Pacific Life Insurance Company, John Deere Pension Trust, Nestle in the USA Pension Trust, Jewish Federation of Metropolitan Chicago, and Union Pacific Master Retirement Trust. The Fund will invest and co-invest with third-party capital providers in a diverse portfolio of commercial and residential real estate located in Japan and China.

NON-CORE PORTFOLIO

- ***Secured Capital Japan Real Estate Partners I, L.P.*** – CalPERS entered into this partnership on February 23, 2004. The other limited partners include the John Deere Pension Trust, Nestle in the USA Pension Trust, and the Jewish Federation of Metropolitan Chicago. The Fund will invest and co-invest with third-party capital providers in a diverse portfolio of commercial and residential real estate located in Japan.

- ***Secured Capital Japan Real Estate Partners II, L.P.*** – CalPERS entered into this partnership on April 12, 2005. The other limited partners include the John Deere Pension Trust, Nestle in the USA Pension Trust, and the Jewish Federation of Metropolitan Chicago. The Fund will invest and co-invest with third-party capital providers in a diverse portfolio of commercial and residential real estate located in Japan.

- ***Security Capital European Realty*** – Security Capital focuses on investing throughout the United Kingdom, with limited exposure in Australia. Security Capital European Realty invests in office, retail and self-storage properties as well as some fully integrated real estate operating companies.

- ***Sun Apollo India Real Estate Fund, LLC*** – CalPERS entered into this partnership in December 2006. The Fund strategy is to invest in office, retail, IT parks, hotels and residential buildings, in tier 1 and tier 2 cities within India. CalPERS capital commitment is $50 million, which represents a 7.9% share of this commingled fund.

Opportunistic Funds

- ***301 Capital Mall*** – CIM Group 301 Capitol Mall, L.P. was established to acquire and develop the former Capitol Towers site. CalPERS committed $165 million to this fund.

- ***400 R Street*** – 210,000 square foot, five-story Class A office building acquired by CalPERS as part of the R Street Residential assemblage. It is being held as a separate asset in the Real Estate portfolio

- ***Alinda Infrastructure Fund I, L.P.*** – Alinda Infrastructure Fund I, L.P. was established to capitalize on attractive investment opportunities in infrastructure in the United States and Europe. The fund will target investments that provide essential services to communities, governments, and business within public infrastructure, energy infrastructure, and industrial infrastructure. The fund is targeting high current income and long-term capital appreciation.

NON-CORE PORTFOLIO

- ***American Value Partners Fund I, L.P***. – The fund was established to create a diversified, multi-manager investment portfolio by investing in discretionary real estate funds and non-discretionary joint venture real estate platforms. The underlying investments will be sponsored by small to mid-size real estate investment companies that focus on value-added and opportunistic investments located within the United States. CalPERS committed $100 million to this fund.

- ***Apollo Real Estate Investment Fund V, L.P***. – The investment strategy is based on executing on the arbitrage between the high demand and liquidity for stabilized, core real estate assets and the relatively low demand and liquidity for assets that require complex structuring or value-added expertise to turn them around, primarily in the United States. The Fund had a final closing on March 31, 2006 with $700 million in total commitments. CalPERS committed $85 million, an approximate 12% share, to this commingled fund.

- ***Apollo Real Estate Finance Corporation ("AREFIN")*** – Established to continue and expand existing lending and debt investment activities of Apollo Real Estate Advisors, L.P. and its real estate affiliates. AREFIN will be a real estate finance company that intends to originate loans and invest in debt instruments backed by real estate and intends to qualify for taxation as a real estate investment trust. CalPERS committed $100 million to this investment.

- ***Capmark Structured Real Estate Partners*** – Established to invest in U.S. debt related real estate investments, including mortgage loans and securities, opportunistic loans (mezzanine loans, preferred equity and bridge loans), and high yield commercial mortgage backed securities. CalPERS committed $100 million to this fund.

- ***CIM Fund III, L.P.*** – CalPERS has allocated $700 million to this fund managed by the CIM Group. The fund will be focused on development and redevelopment projects in urban and infill areas.

- ***Fillmore East Fund, L.P*** – Was formed to invest in mezzanine debt investments in commercial real estate. The fund closed on December 2, 2006 with a total fund size of $372 million. CalPERS owns approximately 20% of the fund with an investment of $75 million.

- ***Global Innovation Partners II*** – CalPERS has committed $500 million to this commingled fund. The fund seeks to blend the disciplines of private equity and real estate by making significant investments in real estate intensive and asset backed businesses. CalSTRS is also an investor in the fund.

NON-CORE PORTFOLIO

- ***Guggenheim Structured Real Estate Fund I*** – This partnership was formed to invest in structured product mezzanine debt investments in commercial real estate assets mainly within the United States, with no more than 10% of assets being placed in foreign investments. CalPERS entered into this partnership on September 28, 2004 and have committed $50 million to the partnership. The fund will build a diversified portfolio of real estate debt, generally focusing on BBB, B Note, and Mezzanine debt tranches within the capital structure.

- ***Guggenheim Structured Real Estate Fund II*** – Was formed to invest in structured product mezzanine debt investment in commercial real estate assets mainly within the United States. This fund is a clone of Guggenheim Structured Real Estate Fund I. CalPERS entered into this partnership on January 26, 2006. The total fund size is $768 million. CalPERS owns approximately 13% of the fund with an investment of $100 million.

- ***Hampshire Partners Fund VI, L.P.*** – CalPERS entered into this partnership on December 15, 2003. The other limited partners include Northwestern Mutual Life Insurance Co., and Hope College. The fund has a $50 million Subscription Credit Facility from Bank of America. CalPERS has committed $50 million to this fund.

- ***HC Green Development Fund, L.P.*** – The fund is a $123 million equity joint venture between CalPERS and Hines to develop U.S. domestic office buildings according to LEED (Leadership in Energy and Environmental Design) certification. The Fund will development projects using sustainable materials, then manage and operate the assets in an environmental friendly manner. CalPERS committed $100 million dollars to this fund.

- ***Hollywood Park Co-Investors Fund*** – A real estate fund comprised of an investment in the Hollywood Park Race Track in Inglewood, CA. This is a redevelopment of a 238 acre race track to mixed use – including residential, retail and hotel. The fund closed in September 2005 and CalPERS owns 50% of the fund comprising $200 million of equity.

- ***Integral Urban Fund I, L.P.*** – A limited partnership that has been formed for the purpose of investing in residential, retail and mixed-use real estate development projects, primarily in urban areas in the Southeastern United States.

NON-CORE PORTFOLIO

- ***Kennedy Wilson Property Fund II*** – The fund is a $200 million equity value-added U.S. office and industrial property fund sponsored by Kennedy Wilson who has committed to co-invest 5% or up to $10 million. This fund intends to invest in sunbelt "growth" markets in California, Arizona, Florida and Georgia. The fund will have a maximum portfolio leverage of 65% which will allow it to purchase assets totaling $570 million. CalPERS entered into this partnership on November 1, 2005 with a commitment of $50 million. To date, the fund has commitments of 10% from Wachovia and 5% from Kennedy Wilson.

- ***Lowe Resort Community Fund, LLC*** – The fund was formed to invest in the development, acquisition and redevelopment of high quality residential resort communities in selected resort markets in the United States. Projects pursued by the Fund may include for-sale residential lots, attached or detached resort units (including condominiums, condominium hotels and interval resorts), golf clubs and other resort amenities.

- ***Market Street Capital Partners, L.P.*** – The fund is focused on achieving current income and capital appreciation primarily through acquiring, redeveloping or developing office and R&D properties serving the high-tech sector as well as other commercial property types throughout the United States.

- ***Next Block Medical Fund I, L.P.*** – The fund, formed in June 2006 is managed by Valencia Capital Management. The fund will invest in value added real estate comprised of office, retail, residential, and mixed-use properties located in close proximity to viable medical centers in major US metropolitan areas. CalPERS' capital commitment is $100 million with a 5% co-investment by the general partner.

- ***Page Mill Properties, L.P.*** – CalPERS entered into this partnership on September 20, 2002. The other limited partners include California State Teachers' Retirement System (CalSTRS) and Oregon Public Employees' Retirement Fund. This partnership invests in commercial properties in Northern California and other technology dominant markets. Funding for the start-up and organization, operating, and purchasing activity has been provided by the Partnership's line of credit ("Subscription Line"). This Subscription Line is collateralized by the unpaid capital commitments of the Limited Partners. CalPERS has committed $75 million to this partnership.

- ***Page Mill Properties II, L.P.*** – The partnership makes long term investments in value enhanced core, challenged core, and development assets within 11 targeted technology driven markets across the United States. The Fund's goal is to target Core-Plus investments to create value through focus on repositioning, re-development or conversion along with actual development of real estate assets.

NON-CORE PORTFOLIO

- ***Principal Mortgage Value Investors, L.P.*** – The Principal Mortgage Value Investors, L.P. was established to invest in debt related real estate investments including mortgage loans, bridge loans, mezzanine loans, B-notes, and other debt products related to commercial real estate primarily within the United States.

- ***PRECO III*** – The fund is managed by Prudential Real Estate and was formed in June 2006. The fund invests in real estate operating companies located primarily in the United States and Europe. CalPERS' capital commitment is $75 million, with an approximate 12% share of this commingled fund.

- ***RLJ Urban Lodging*** – CalPERS entered into this commingled fund in November of 2004. CalPERS presently has a 7.9% share of this fund. This fund is expected to focus on acquiring, owning, holding for investment and ultimately disposing of upscale, focused or limited-service hotels and compact full-service hotels serving urban markets in the United States, Canada and Puerto Rico. CalPERS has committed $25 million to this fund.

- ***RLJ Urban Lodging* II** – CalPERS entered into this commingled fund in May of 2006. CalPERS presently has a 17% share of this fund. This fund is expected to focus on acquiring, owning, holding for investment and disposing of upscale, focused or limited service hotels and full service hotels serving urban markets in the United States, Canada and Puerto Rico. CalPERS has committed $100 million to this fund.

- ***Rockpoint Real Estate Fund II, L.P.*** – The focus of this commingled fund is a mix of primarily domestic investments in moderately distressed real estate assets in eastern and western U.S. and foreign investments in selective European and Asian markets.

- ***San Diego Smart Growth Fund*** – CalPERS entered into the fund as 66.7% shareholder on April 13, 2005 with an equity commitment of $60 million. The Fund is a $90 million commingled fund with two additional institutional investors as well as a co-investment by Phoenix Realty Group, the manager of the fund. The fund is structured to provide equity and mezzanine financing for the creation of new infill residential properties (affordable housing), retail, and office investments in the San Diego metropolitan area.

- ***Sares-Regis Group of Northern California*** – A partnership between CalPERS and Sares Regis to acquire properties in and around downtown Sacramento, with a focus on the R St. corridor. This also includes the R Street Residential Project which is located on the north side of R Street between 6th & 7th Streets in downtown Sacramento, California and consists of 36 single family detached homes. Development is scheduled to begin in the summer of 2006.

NON-CORE PORTFOLIO

- ***Savanna Real Estate Fund I, L.P.*** – This partnership has been established to pursue a strategy of investing in opportunistic, value-added opportunities in real estate assets primarily in the Northeast corridor of the United States. The fund is seeking total capital commitments between $350 - $400 million, CalPERS commitment is $75 million.

- ***Starwood Capital Hospitality Fund I*** – Formed in April 2005. The fund will invest, either through debt or equity, in hotel-related assets with particular focus on redevelopment, repositioning, and reflagging of resorts, full-service and extended stay hotels on a global basis. CalPERS has committed $200 million, an approximate 22% share, to this commingled fund.

- ***Stockbridge Real Estate Fund II*** – A fund focusing on value added investments in the United States. The fund will concentrate on complex ownership structures and investments in mixed use, entertainment or life science, and housing. The fund closed in September 2005 and CalPERS owns 7.7% of the fund.

- ***Strategic Partners Value Enhancement Fund*** – This fund focuses on joint ventures with local real estate operators to acquire properties that can be repositioned. The fund closed on June 30, 2005. CalPERS owns 59.6% of the fund with an investment of $50 million.

- ***TPG Hospitality Investments IV*** – CalPERS entered into this separate account investment in May of 2006. CalPERS presently has a 97.5% interest in this investment. This investment is expected to focus on hospitality and hospitality related investments which could benefit from a combination of renovation, rebranding, operational restructuring and such other variables adding value to the investments serving markets in the United States. CalPERS has committed $200 million to this investment.

- ***Urban America, L.P. II*** – The focus of the fund is to invest across property types and life cycles in ethnically diverse urban centers nationwide. CalPERS entered into this $400 million commingled fund with a commitment of $100 million.

- ***Windsor Realty Fund VII, L.P.*** – Was established to pursue a value added strategy of acquiring, repositioning, and selectively developing flex industrial properties throughout the United States. CalPERS committed $50 million to this fund.

NON-CORE PORTFOLIO

Real Estate Technology Program

This investment is in real estate or real estate related entities with a focus on technology.

- ***Global Innovation Partners*** is a joint venture between CalPERS and CB Richard Ellis Investors; although this program is fully allocated to Real Estate, it is a joint management effort between the Real Estate and Alternative Investment Management units.

Senior Housing Program

The Senior Housing program includes three types of housing that provide varying levels of care and services for seniors. The housing types are independent living (congregate care), assisted living, and continuing care retirement communities. Currently CalPERS has four partners with funded investments, they are listed below.

- AEW Senior Housing Co., LLC
- Fortress Holiday Co-Investment
- Fortress RIC Coinvestment Fund, LP
- SHP Senior Housing Fund, LLC

Timberland

This investment is in real estate or real estate related entities with a focus on timberland.

- ***Sylvanus, LLC*** - CalPERS invests in approximately 54,554 acres of tree farms in Brazil and 35,271 acres in the New South Wales province of Australia through a co-investment partnership.

Other

This category encompasses all non-core investments not mentioned above.

- ***PREES – Adelante Sun King I*** is a partnership between Adelante Capital Management and CalPERS to invest in domestic public real estate securities. This is a 130/30 long short strategy. The partnership was closed with a $200 million commitment on March 7, 2007 and funded on March 20, 2007.

NON-CORE PORTFOLIO

- ***PREES – CITIGROUP International*** is a managed public securities account benchmarked to the FTSE EPRA/NAREIT Global Ex-US index. This managed account is part of the Global Ex-US active public securities program pursuant to the RFP of March 16, 2006. The Citigroup account was funded with $75 million on January 2, 2007.

- ***PREES – Domestic Asset Allocation*** is internally managed by CalPERS staff and allocated among nine property type sectors, including Apartment, Industrial, Office, Retail, Manufactured Housing, Outlets, Hotels, Diversified, and Storage. The portfolio is benchmarked to the custom Wilshire Real Estate Securities Index. This portfolio was launched in January of 2006.

- ***PREES – European Investors International*** is a managed public securities account benchmarked to the FTSE EPRA/NAREIT Global Ex-US index. This managed account is part of the Global Ex-US active public securities program pursuant to the RFP of March 16, 2006. The E.I.I. Realty Securities, Inc. account was funded with $200 million on January 2, 2007.

- ***PREES – Extended Market Index*** – CalPERS implemented its Extended Market Real Estate Equity Securities Portfolio in June 2002. The portfolio is internally managed by CalPERS staff and is allocated among nine property type sectors, including Apartment, Industrial, Office, Retail, Manufactured Housing, Outlets, Hotels, Diversified, and Storage. It is benchmarked to the Wilshire Real Estate Securities Index.

- ***PREES – International Asset Allocation*** is an internally managed passive portfolio that replicates the FTSE EPRA/NAREIT Global Ex-US index. Its launch was approved by the board on February 14, 2006.

- ***PREES – Morgan Stanley International*** is a managed public securities account benchmarked to the FTSE EPRA/NAREIT Global Ex-US index. This managed account is part of the Global Ex-US active public securities program pursuant to the RFP of March 16, 2006. The Morgan Stanley account was funded with $250 million on January 2, 2007.

- ***PREES – PRESIMA International Inc.*** is a managed public securities account benchmarked to the FTSE EPRA/NAREIT Global Ex-US index. This managed account is part of the Global Ex-US active public securities program pursuant to the RFP of March 16, 2006. The Presima account was funded with $200 million on January 2, 2007.

NON-CORE PORTFOLIO

- ***PREES – RREEF International*** is a managed public securities account benchmarked to the FTSE EPRA/NAREIT Global Ex-US index. This managed account is part of the Global Ex-US active public securities program pursuant to the RFP of March 16, 2006. The Rreef account was funded with $200 million on January 2, 2007.

PERFORMANCE MEASUREMENT GLOSSARY

GLOSSARY

Annualized – When returns for a period other than one year are put on an annual basis. For example, an individual quarter return would be annualized as follows:

$$[(1+\text{Quarter Return})^4] - 1 = \text{Annualized Return}$$

Appreciation Return – Expressed as a percentage, the change in market value over the period of analysis. The appreciation return is computed as follows:

$$\left[\frac{\text{Realized + Unrealized Gain or Loss}}{\text{Beginning Net Assets + Time-Weighted Contributions - Time-Weighted Distributions}}\right] \times 100$$

For assets which continue to be held, the appreciation is unrealized. When assets are sold, the appreciation is realized.

Capitalization Rate – Any rate used to convert income into value. Value conversion formula is as follows:

$$\text{Net Operating Income/Capitalization Rate} = \text{Real Estate Value}$$

Compounding – Returns are geometrically compounded on a quarterly basis. For example, the annual return for four quarters would be:

$$(1 + Q1)(1 + Q2)(1 + Q3)(1 + Q4) = (1 + \text{Annual Return})$$

Credit Accommodation – The term generally refers to a guaranty executed by CalPERS whereby CalPERS agrees to pay the debt obligation of an entity, in the event the entity fails to pay the debt obligation. The entity will usually be a limited partnership or limited liability company, and will be majority-owned by CalPERS. The debt obligation that CalPERS guarantees will be evidenced by an extension of credit (e.g., loan, line of credit, or other form of credit facility) by a financial institution to the entity. The benefit provided to CalPERS is that the guaranty will tend to lower the borrowing cost for the entity and should, in turn, enhance the overall return to the real estate investment. Guarantees become a contingent liability on the CalPERS' overall balance sheet and should be used only when they provide economic benefit. Credit accommodation differs from credit enhancement in that a credit accommodation is not rated and does not use CalPERS' Credit Enhancement Program (CEP) rating (either implied or explicitly). In addition, Credit Accommodation is made for an entity in which CalPERS has an existing, or proposed, ownership interest. Credit enhancement is the use of CalPERS' balance sheet, through the program rating, in which CalPERS has no initial ownership interest and where CalPERS receives explicit consideration for the enhancement.

GLOSSARY

Discount Rate – A yield rate used to convert future payments or receipts into present value.

Internal Rate of Return (IRR) – Dollar weighted rate of return that shows profitability as a percentage, showing the return on each dollar invested. IRR equates the present value of a partnership's estimated cash flows (CF) with the present value of the partnership's costs. Before fees (BF) IRR is calculated before all expensed fees such as Asset Management, Disposition, Incentive Fees, etc. After fees (AF) IRR is calculated after all expensed fees such as Asset Management, Disposition, Incentive Fees, etc. Please note, IRR for CalPERS reporting purposes is calculated for sold/realized projects only.

IRR is the quarterly discount rate that makes the following relationship hold:

Present Value (inflows) = Present Value (investment costs)

IRR is computed as follows:

$$CF_0 + CF_1 / (1+IRR) + CF_2 / (1+IRR)^2 + CF_3 / (1+IRR)^3 \ldots CF_n / (1+IRR)^n = 0$$

Investment Fees – Generally include acquisition, asset management and disposition fees paid to third party firms. Acquisition and disposition fees are calculated on a per transaction basis and range from 0 to .85 percent and 0 to .60 percent, respectively, on a graduated scale. Asset management fees are based on asset value and range from .25 to .65 percent on a graduated scale.

J-Curve Effect – Refers to the shape of a plotted trendline depicting investment returns produced from the common practice of paying management fees and start-up costs out of the first draw on committed capital. As a result, a fund will initially show a negative return. When the first realizations are made, the fund returns start to rise steeply. After about three to five years, the interim return will give a reasonable indication of the definitive return.

Market Value – An opinion of value as of a certain date as stated by either the investment advisor or independent appraiser. Market value differs from amount funded or net investment in that the value includes unrealized potential gains or losses during the holding period.

Net Assets (Market Value) – Total assets minus liabilities based on market value.

Net Income Return – Expressed as a percentage, net income accrued divided by beginning net assets adjusted for time-weighted contributions and distributions. The net income return is computed as follows:

$$\left[\frac{\text{Net Investment Income}}{\text{Beginning Net Assets} + \text{Time-Weighted Contributions} - \text{Time-Weighted Distributions}}\right] \times 100$$

GLOSSARY

Net Investment Income – The amount of net income that has accrued for the period, net of advisor fees.

Nominal Returns – Nominal returns are unadjusted for inflation.

Property Type – Eleven property type categories are used throughout the report. A property is placed into a category based on its primary use, unless otherwise designated as a mixed-use property.

Realized Gain or Loss – The gain or loss CalPERS realized from the disposition of a real estate asset. The computation is as follows:

$$\left[\text{Proceeds from Investments Sold} - \text{Cost of Investments Sold} - \text{Recognized Prior Period Appreciation on Investments} = \text{Realized Gain or Loss}\right]$$

Real Estate Investment Trust (REIT) – Similar to a mutual fund, a REIT is a corporation or trust that combines the capital of many investors to acquire or provide financing for all forms of real estate.

Real Estate Investment Value – The sum of components of real estate investments at fair value. REIV is computed as follows:

$$\left[(\text{Equity} + \text{Capital Expenditures}) + \text{Mortgages Receivable} + \text{Debt/Equity}\right]$$

Real Returns – Nominal returns adjusted for inflation as follows:

$$\left[\frac{1 + \text{Nominal Return}}{1 + \text{Inflation}}\right] = 1 + \text{Real Return}$$

The Consumer Price Index – Urban (CPI-U) is used for the inflation factor.

GLOSSARY

Time-Weighted Contributions – The amount of capital CalPERS contributes to a property/investment during a quarter adjusted for the amount of days left in the quarter at the time of the transaction. The computation is as follows:

$$\left[\frac{(\text{Contrib.1 x Days to End of Quarter}) + (\text{Contrib.2 x Days to End of Quarter}) + (\ldots)}{\text{Days in Quarter}} \right]$$

Time-Weighted Distributions – The amount of cash received by CalPERS from a property/investment during the quarter adjusted for the amount of days left in the quarter at the time of the transaction. The computation is as follows:

$$\left[\frac{(\text{Distrib.1 x Days to End of Quarter}) + (\text{Distrib.2 x Days to End of Quarter}) + (\ldots)}{\text{Days in Quarter}} \right]$$

Total Net Return – The sum of the net income return and the appreciation return.

Unrealized Gain or Loss – The change in market value of a real estate asset over the period of analysis adjusted for several factors. The computation is as follows:

$$\left[\begin{array}{c} \text{Ending Real Estate Investment Value - Beginning Real Estate Investment Value -} \\ \text{Capital Expenditures/New Acquisitions - Change in Joint Venture Costs -} \\ \text{Mortgages Funded + Principal Payments Received + Cost of Assets Sold} \end{array} \right]$$