

COURTLAND PARTNERS, LTD.

INSTITUTIONAL REAL ESTATE SERVICES

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September 11, 2014

Board of Trustees
Pennsylvania Public School Employees' Retirement System
5 North 5th Street
Harrisburg, PA 17101

Re: AG Core Plus Realty Fund IV, L.P.

Dear Trustees:

Courtland Partners, Ltd. ("Courtland"), having been duly authorized by the Board of PSERS, has evaluated AG Core Plus Realty Fund IV, L.P., ("the Fund"). The Fund is sponsored by Angelo, Gordon & Co. ("AG"), a privately-held registered investment advisor dedicated to alternative investing. The firm was founded in 1988 and currently manages approximately \$25 billion in assets under management. AG began investing in the real estate sector in 1993, and has since acquired over \$17 billion of assets across all property types and several geographic locales. The team is supported by real estate professionals based in New York, Washington, D.C., Los Angeles, San Francisco, London, Amsterdam, Hong Kong, and Seoul offering a global view of the market with a prime emphasis on the United States, Europe, and Asia.

The investment strategy for the Fund is expected to continue AG's core plus strategy of acquiring equity interests in high-quality infill assets which are likely to appreciate over time. The Fund will focus on sub-performing office, retail, apartment, and industrial real estate, predominantly located in the largest U.S. markets, where sub-performance can be corrected with relatively low risk. The Fund will place a heavy emphasis on the top-15 U.S. markets, and will not invest in development projects. It is anticipated that the Fund's investments will be located principally in the U.S., although the Fund may invest without limitation elsewhere in North America and up to 25% of the Fund committed capital outside of North America.

AG will seek to invest in a portfolio of assets that, after stabilization, will be highly sought after by traditional institutional real estate investors and will continue to appreciate even after asset underperformance has been corrected. AG will, therefore, seek opportunities to purchase assets with all or some of the following fundamental strengths:

- Clearly identifiable reasons for underperformance and a well defined and achievable plan for turnaround.
- Predictable and stable cash flow with a high current income component.
- Purchase price and forecasted stabilized value that are at discounts to replacement cost.
- Core location with favorable long term demand growth.
- Barriers to new supply in the local market due to restrictions on land availability, zoning, or entitlement.
- High quality asset that is unlikely to become obsolete.

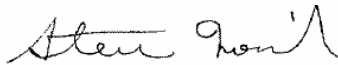
Courtland's recommendation is based upon the following factors and is made within the context of PSERS' investment guidelines.

- Detailed due diligence, including on-site interviews with key AG management team members, and review of all relevant materials provided by AG.
- Evaluation of the Fund's proposed investment strategy within the context of the current investment environment.
- Evaluation of AG's track record and organizational resources.
- Discussion and review of the market conditions in markets relative to the proposed investment strategy.
- The strategy proposed for the Fund is appropriate for the real estate component of the portfolio.

Based on the above, Courtland recommends that PSERS commit up to \$100 million to the Fund. Courtland makes this recommendation considering AG's qualifications and PSERS' overall investment guidelines.

This recommendation is given solely for the benefit of PSERS and cannot be relied upon by other investors considering an investment in the Fund, since their needs, objectives and circumstances may not be identical to those of PSERS. The scope of this recommendation is limited to the investment merits of the Fund. Courtland does not provide legal or other non-investment-related advice.

Sincerely,



Steven Novick
Principal-Chief Operating Officer

COURTLAND PARTNERS, LTD.