

S&P/GRA Commercial Real Estate Indices

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About the Indices

The S&P/GRA Commercial Real Estate Indices (SPCREX™) are designed to be a reliable and consistent benchmark for commercial real estate prices in the United States. These indices measure the change in commercial real estate prices by geographic regions and property sectors.

The S&P/GRA Commercial Real Estate Indices are comprised of ten commercial real estate indices: a national composite, five geographic regions, and four national property sectors.

The estimated value of all direct commercial real estate in the United States is US\$ 5.3 trillion: retail (US\$ 1.9 trillion or 36% of the total), office (US\$ 1.5 trillion or 29% of the total), apartments (US\$ 1.3 trillion or 24% of total), and industrial (US\$ 191 billion or 4% of the total). The remainder of this market is comprised of the hospitality sector.

Index Construction

The S&P/GRA Commercial Real Estate Indices are based on commercial real estate sales transaction prices and are constructed to account for movements in commercial real estate prices at the property sector and regional level.

Geographic regions:

- Desert Mountain West
- Mid-Atlantic South
- Midwest
- Northeast
- Pacific West

Property Sectors:

- Apartments
- Office
- Retail
- Warehouse

Index Calculation

The S&P/GRA Commercial Real Estate Indices are computed using a stock value, or market capitalization-weighted, methodology. The indices are analogous to capitalization-weighted equity indices in that the aggregate value of the commercial real estate stock represents the total capitalization of the property geographic regions or sectors. This approach utilizes average transaction prices per square foot and commercial real estate stock data to derive index levels.

Transaction prices for closed sales are collected at the metro group level and filtered to remove extremely high-and-low prices. The prices are compiled at the metro group level and derived mean prices are combined with weighting factors based on the size, in square feet, of commercial stock in the reference year to calculate the indices. Divisors are used to permit adjustments for changes in stock data and other necessary index adjustments.

Commercial transactions are aggregated in rolling three-month periods, to maintain statistically reliable sample sizes and to assure acceptable statistical precision in the calculations.

Eligibility Criteria

To be eligible, property sales must be identified as closed transactions in the defined commercial real estate regions and sectors. Closed commercial transactions are those where the escrow has closed and the title has been transferred to the new owner.

Partnership

The indices are maintained and published under agreements between Standard & Poor's and GRA/Charles Schwab Investment Management (CSIM).

Index Governance

The S&P/GRA Commercial Real Estate Indices are maintained and governed by the S&P/GRA Index Committee. Three members are appointed by Standard & Poor's, two members are appointed by GRA. The Index Committee has full discretion over index policy including calculations, revisions, restatements, methodology, and any other matters related to the SPCREX Indices to determine how the indices are calculated.

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For more information, including current data and index performance, visit our Web site:

www.indices.standardandpoors.com

S&P/GRA Commercial Real Estate Indices

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Measure the change in U.S. commercial real estate prices by region and sector.

Geographic Regions in the S&P/GRA Commercial Real Estate Indices (SPCREX™)



Source: GRA/Charles Schwab Investment Management.

Performance of Asset Classes

Each asset class is represented by the corresponding investment vehicle.

Asset	Annualized Returns	Volatility
SPCREX	7.40%	2.34%
Bonds	5.97%	3.47%
Stocks	5.91%	14.72%

Data from January 1998 to December 2007

Correlation to Returns

Commercial Real Estate can be used to hedge investment in stocks and bonds.

Asset	S&P/GRA Commercial Real Estate National Index	Lehman Aggregate Bond Index	S&P 500
S&P/GRA Commercial Real Estate National Index	1.000		
Lehman Aggregate Bond Index	-0.036	1.000	
S&P 500	-0.022	-0.218	1.000

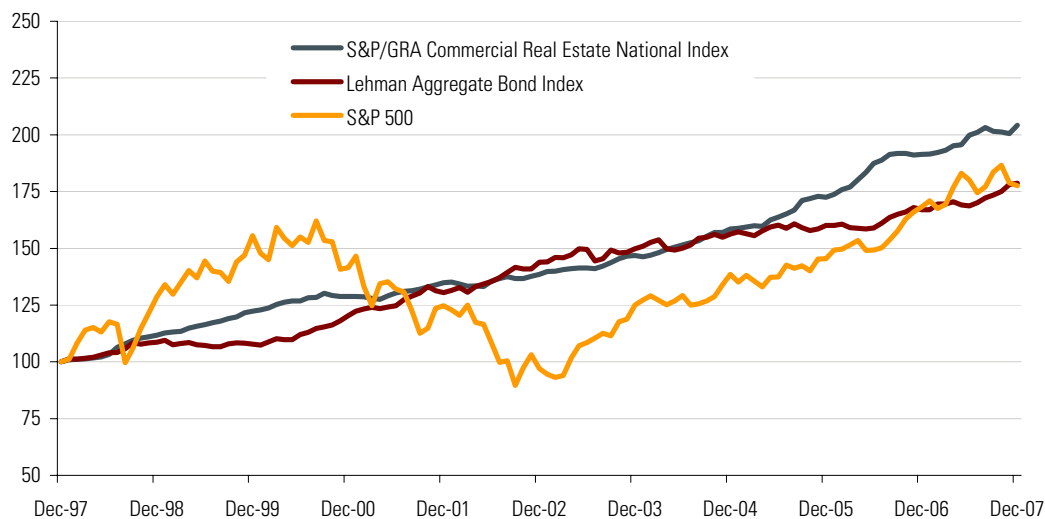
Data from January 1998 to December 2007

Tickers

	BLOOMBERG SM	Reuters
National	SPXCUS	.SPXCUS
Desert Mountain West	SPXCUSDM	.SPXCUSDM
Mid-Atlantic South	SPXCUSMS	.SPXCUSMS
Midwest	SPXCUSMW	.SPXCUSMW
Northeast	SPXCUSNE	.SPXCUSNE
Pacific West	SPXCUSPW	.SPXCUSPW
Apartments	SPXCUSAP	.SPXCUSAP
Office	SPXCUSOF	.SPXCUSOF
Retail	SPXCUSRE	.SPXCUSRE
Warehouse	SPXCUSWA	.SPXCUSWA

Growth of Investment

The graph shows the growth of US\$ 100 invested in the three asset classes from Dec 1997 to Dec 2007.



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