April 12, 2016

SECURITY CAPITAL
Research & Management Incorporated

Employees' Retirement Fund of the City of Dallas

Meeting of the Board of Trustees

NOT TO BE USED AS SALES LITERATURE

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Presentation Agenda

Agenda:

I. **Security Capital Overview & Update**

II. **Employees' Retirement Fund of the City of Dallas Investment Review**

- Executive Summary
- Portfolio Overview & Market Perspectives

III. **Appendices**

- Performance Summary - March 31, 2016
- 2015 Year-End Investor Report
- Team Biographies

Security Capital Attendees:

▪ Anthony R. Manno, Jr.	President & Chief Investment Officer
▪ Kenneth D. Statz	Market Strategy
▪ Jennifer A. Fetzer	Client Services

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I. Security Capital Overview & Update

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Security Capital Investment Universe

- **Security Capital invests on behalf of its clients across a dynamic real estate universe totaling $1.2 trillion[1] that reflects a cross section of the highest quality assets and operating platforms in the U.S.**

The pictures above are for illustrative purposes only, REITs which own these buildings may or may not be Security Capital investees.
1) WILRESI company universe using SNL Financial LC data, as of March 31, 2016.

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Security Capital Overview

- Registered investment adviser established in 1995
- Exclusive focus on U.S. real estate securities…all capital tranches
- High conviction investment process…risk-aware absolute and index-relative strategies
- $4.7 billion total assets under management, as of March 31, 2016[1]
- 22 professionals
- Boutique platform within the JPMorgan global enterprise

(1) Includes committed capital and funded capital.

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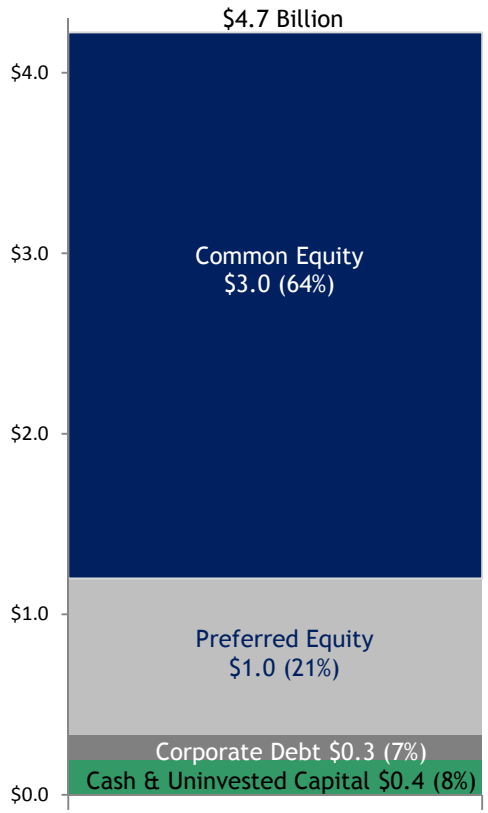
Investment Strategies and Products

- **As of March 31, 2016, Security Capital manages $4.7 billion across all capital tranches on behalf of institutional and individual investors.**

Assets Under Management

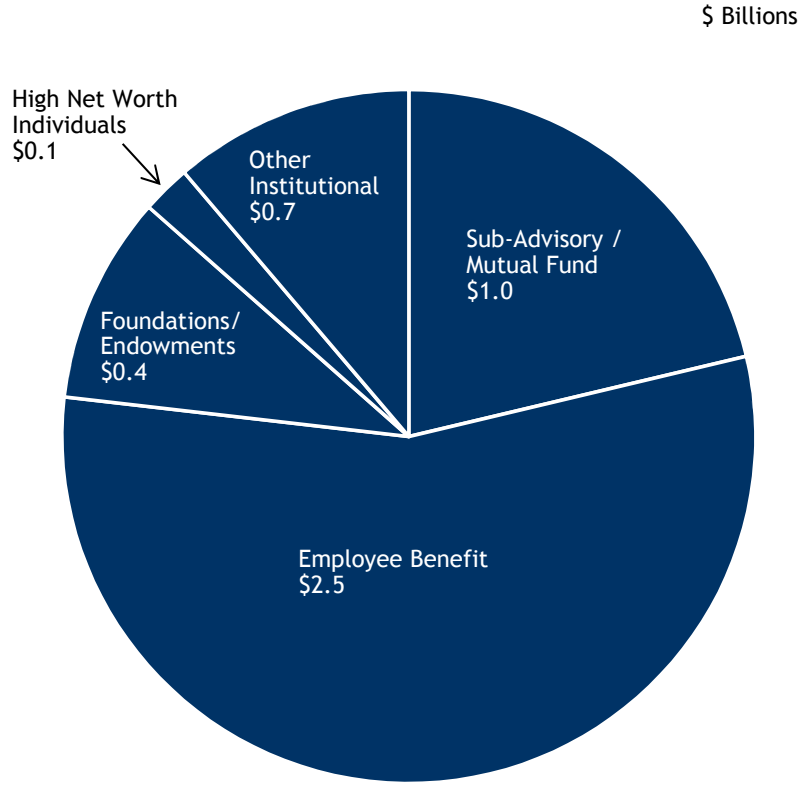
As of March 31, 2016



Convertible Debt comprises <1% of AUM

Investor Profile

As of March 31, 2016



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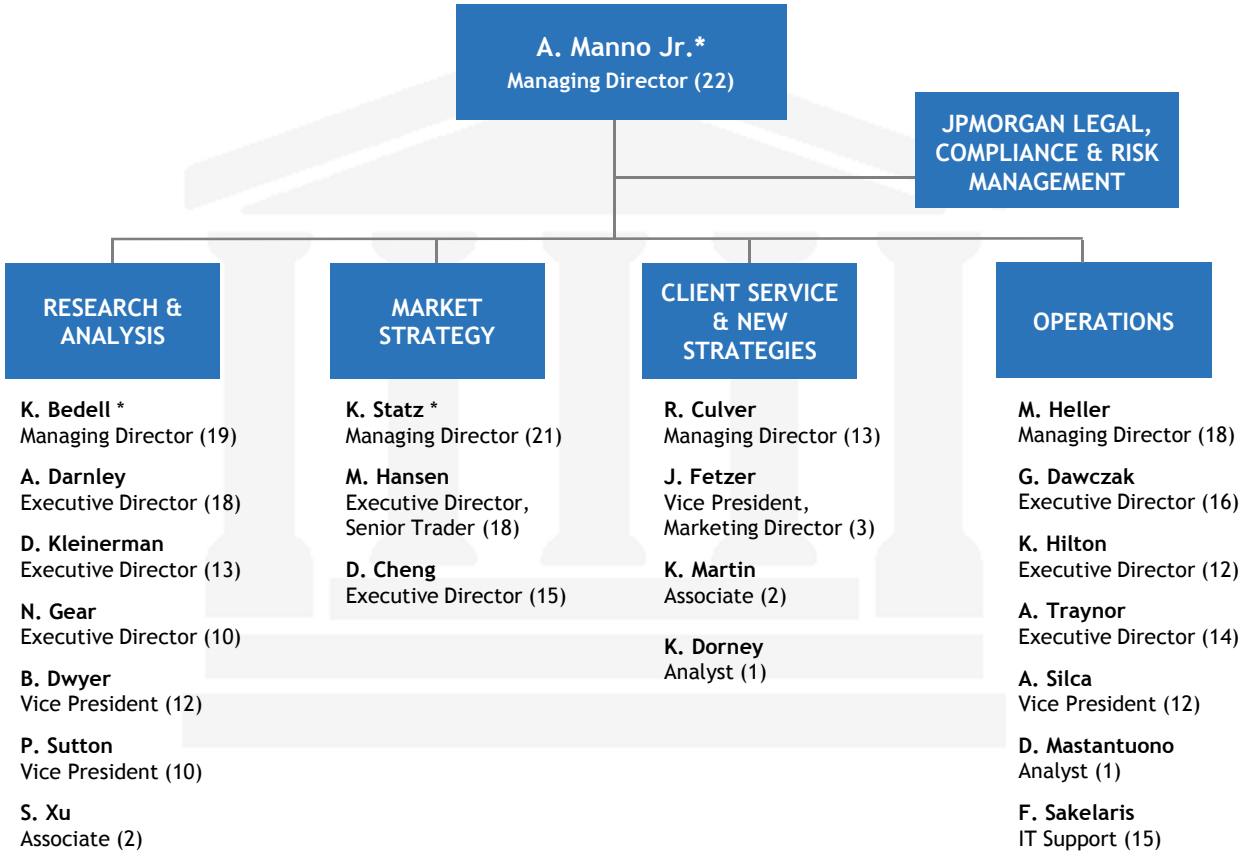
Security Capital Team

■ Security Capital's organization reflects one of the deepest most experienced teams in the business…



* Portfolio Management Team member.
(#) number of years at Security Capital.
As of March 31, 2016.
Note: There can be no assurance that the professionals currently employed by Security Capital will continue to be employed by Security Capital or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success.

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Security Capital Team

■ **...with a deep experienced base in real estate investments and operations.**

Portfolio Management Team

In-Depth & Diverse Experience

- Core team consistent since formation (1995)
- Investment experience through all cycles since the 1970s
- Three senior members average 35 years experience
  - Direct real estate acquisition, sales, financing
  - Property level operations
  - Entity level management
  - Board of Directors
  - Workout and restructuring
  - Sell-side and buy-side investment

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Investment Philosophy and Process

- **Security Capital's rigorous research and disciplined investment process centers around a cash flow-driven investment philosophy.**

- **Three research disciplines build conviction**
  - Real estate research
  - Company analysis
  - Market strategy

- **Cash flow-driven investment philosophy**
  - Blend real estate and capital markets experience
  - Focus on net cash flow
  - Emphasize long-term drivers of value
  - Identify mis-priced assets based on proprietary insights

- **High conviction investments**
  - Experienced team analyzes universe of public and private real estate
  - Deeper analysis = greater conviction
  - Construct concentrated portfolios

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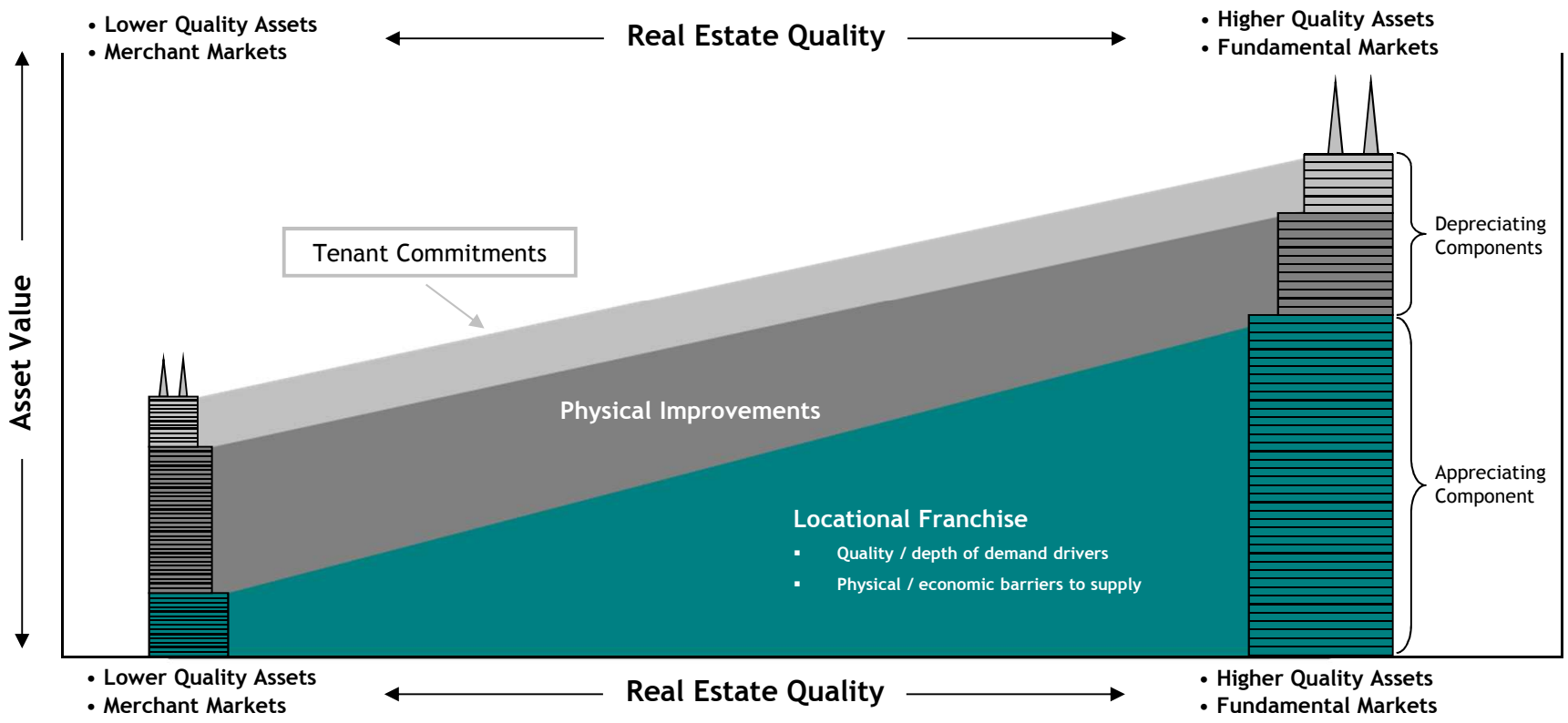
Investment Process

- **Quantifying key real estate attributes is an important part of valuing large diverse portfolios owned by public companies.**

Components of Real Estate Value



Source: Security Capital.

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II. Employees' Retirement Fund of the City of Dallas Investment Review

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Executive Summary

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Employees' Retirement Fund of the City of Dallas Investment Review

- **Beginning in September 2001, the Employees' Retirement Fund of the City of Dallas entrusted $105.7 million of capital (at initial cost) to the Security Capital Growth & Income strategy. This investment has produced an 11.2% net, average annual total return (13.8% net IRR) through March 31, 2016.**

Strategy

- A diversified portfolio of high-conviction investments in public real estate common equity securities drawing on extensive Security Capital research and cash flow modeling.

Objective

- Benchmark Index: Wilshire U.S. Real Estate Securities Index (WILRESI)
- Return objective of WILRESI + 100 bps, net of fees

Employees' Retirement Fund of the City of Dallas Investment History ($ Millions) — Inception – March 31, 2016

		Account Value					Annualized Total Return, Net	
	Inception Date	Cumulative Investment	Total Earned	Total Distributed	Current Value	Current Value + Total Distributed	Time Weighted (TWR)	Dollar Weighted (IRR)
Dallas ERF	9/30/2001	$105.7	$167.8	$181.5	$92.0	$273.5	11.2%	13.8%
WILRESI Benchmark Return							11.5%	-

The performance quoted is past performance and is not an indication of future results. Please see additional definitions and disclosures herein.

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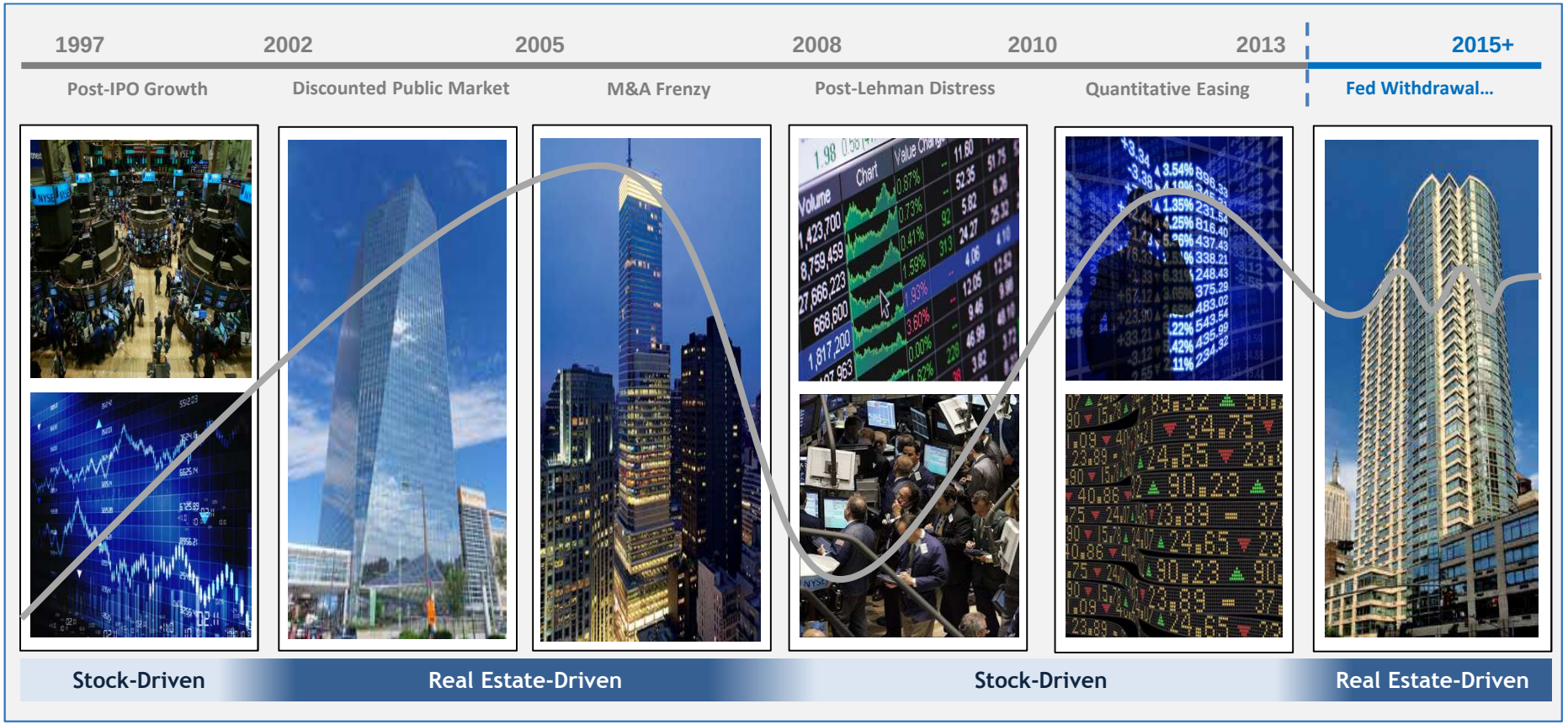
Employees' Retirement Fund of the City of Dallas Investment Review

- **Public real estate markets present thematic periods of dislocation and inefficiency over time…often defined by the interplay of two distinct investment markets: real estate markets versus broad market stock investors**



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Dallas ERF vs. WILRESI (1/02-12/15):														
• Dallas ERF, net:	0%	36.4%	37.9%	17.2%	38.6%	-17.2%	-39.7%	26.7%	32.0%	6.8%	15.7%	0.8%	32.4%	4.1%
• Versus WILRESI, net:	-2.6%	-0.7%	+3.2%	+3.1%	+2.8%	+0.6%	+0.2%	-2.5%	+2.9%	-1.8%	-1.8%	-1.3%	+0.9%	-0.7%
• Periodic Avg. Annual Value-Add, net:	-263bps 1Year				+133bps 6 Years					-101bps 5 Years			+1bps 2 Years	

Results shown are for whole-year periods since Dallas ERF inception. The pictures above are for illustrative purposes only.

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Employees' Retirement Fund of the City of Dallas Investment Review

- **There is a growing element of non-core, specialty segments in public real estate benchmarks….with questionable real estate pedigrees.**

Office ✓

Retail ✓

Residential ✓

KEY REAL ESTATE DEFINITIONAL THRESHOLDS

- **Active institutional investment market**
  - Discernable underlying NAV
- **Established asset level financing market**
  - Transparent asset underwriting
- **Functionality/Value linked to locational attributes**
  - Stable/appreciating value
- **Capacity tied to "spacial" attributes**
  - Visibility of supply and scarcity trends
- **Valuation linked to replacement cost**
  - Rent growth forecasting

Data Center ✗

Prison ✗

Cell Tower ✗

The pictures above are for illustrative purposes only.

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Employees' Retirement Fund of the City of Dallas Investment Review

- Data Center companies now comprise $47.0 billion of equity capitalization, or 6.5% of the WILRESI benchmark, and have represented a meaningful drag on relative performance for Dallas ERF in each of the last 2 years.

		2014	2015
Dallas ERF:	Net	32.4%	4.1%
WILRESI Benchmark:	Total	31.5%	4.8%
	Ex. Data	30.8%	3.7%
Dallas ERF Outperformance, Net:			
	Incl. Data	0.9%	-0.7%
	Ex. Data	1.6%	0.4%
Net impact from Data Centers:		-75bps	-109bps

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Portfolio Overview & Market Perspectives

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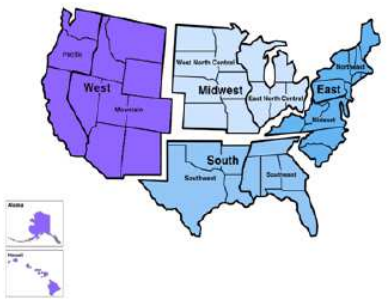
Employees' Retirement Fund of the City of Dallas Portfolio Overview

Top 10 Holdings

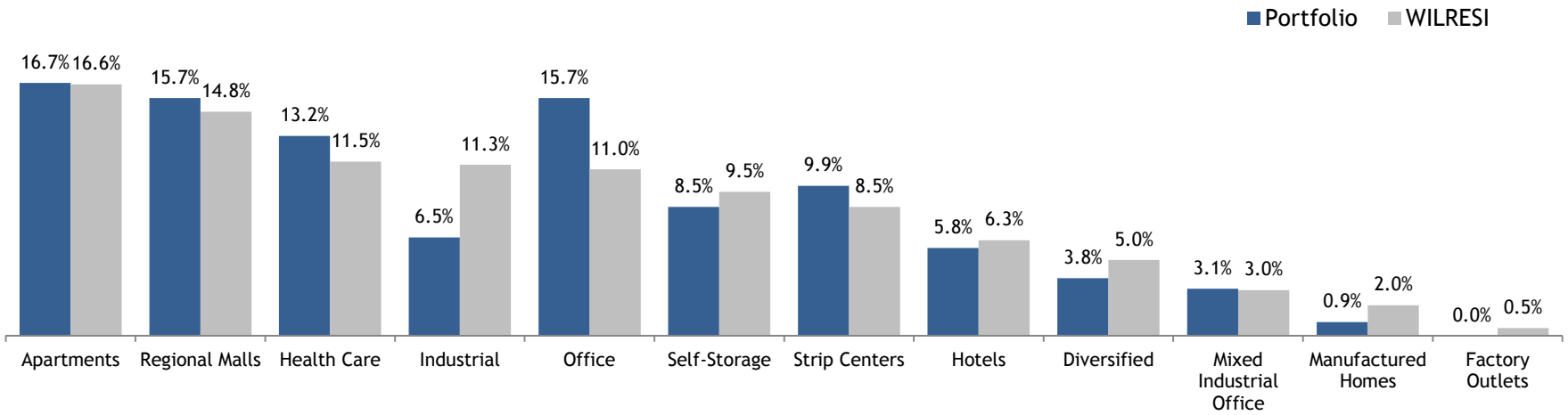
	Company	Property Type	Market Value ($M)	% Portfolio
1	Simon Property Group, Inc.	Regional Malls	7.9	8.5%
2	Public Storage, Inc.	Self-Storage	5.3	5.8%
3	Prologis, Inc.	Industrial	5.0	5.4%
4	Welltower, Inc.	Health Care	4.8	5.2%
5	Equity Residential	Apartments	4.4	4.8%
6	AvalonBay Communities, Inc.	Apartments	4.1	4.4%
7	Vornado Realty Trust	Diversified	3.4	3.7%
8	Macerich Company	Regional Malls	3.2	3.4%
9	Ventas, Inc.	Health Care	2.8	3.0%
10	Alexandria Real Estate Equities	Office	2.8	3.0%
	Total		43.5	47.3%

Geographic Diversification



	Portfolio[1]	NCREIF[2]
EAST	36.3%	34.2%
Northeast	23.6%	21.3%
Mideast	12.7%	12.9%
WEST	30.7%	36.1%
Pacific	25.8%	30.7%
Mountain	4.9%	5.4%
SOUTH	19.2%	20.4%
Southeast	12.0%	9.7%
Southwest	7.2%	10.7%
MIDWEST	10.5%	9.3%
EN Central	8.2%	7.8%
WN Central	2.3%	1.5%
NON-U.S.	3.4%	0.0%

Property Type Weights (End of Period)



(1)Calculations are based on actual portfolio holdings as of the date of this report and reflect the geographic distribution of each company's underlying owned real estate portfolio as reported by the company or, where disclosure is incomplete, as calculated by Security Capital using the square footage of individual assets or portfolio components as reported by SNL Financial LC. As of December 31, 2015.
(2)The National Council of Real Estate Investment Fiduciaries (NCREIF) is an association of institutional real estate professionals and maintains a detailed historical database of real estate performance statistics collected from member institutions. As of December 31, 2015.

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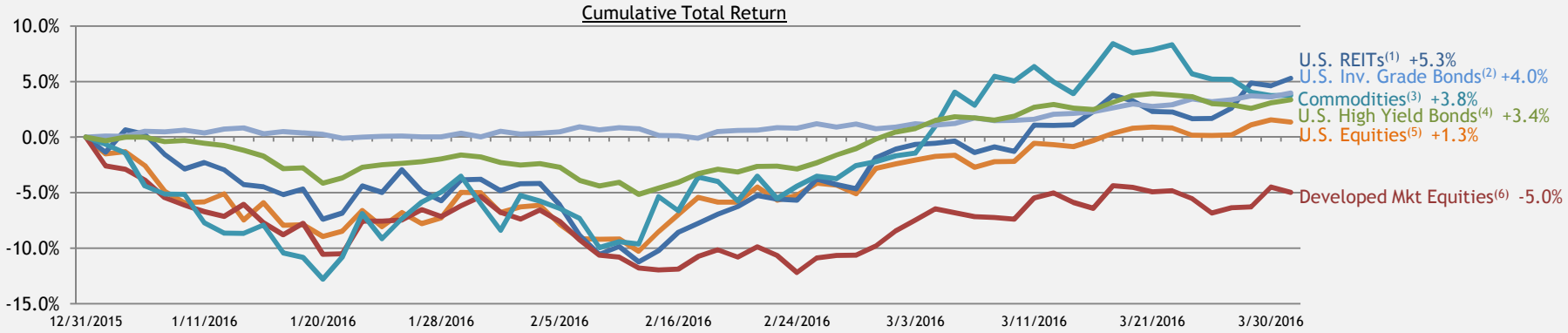
Current Real Estate Market Perspectives

- **Significant global markets turmoil weighed on REIT equity pricing in the opening months of 2016, and although equity markets have largely rebounded, there may be implications for real estate investment and/or operating fundamentals. Potential stress points for U.S. real estate include…**
  - Sovereign capital flows
  - Pension capital denominator effect
  - Debt availability and pricing
  - Gateway market tenant demand

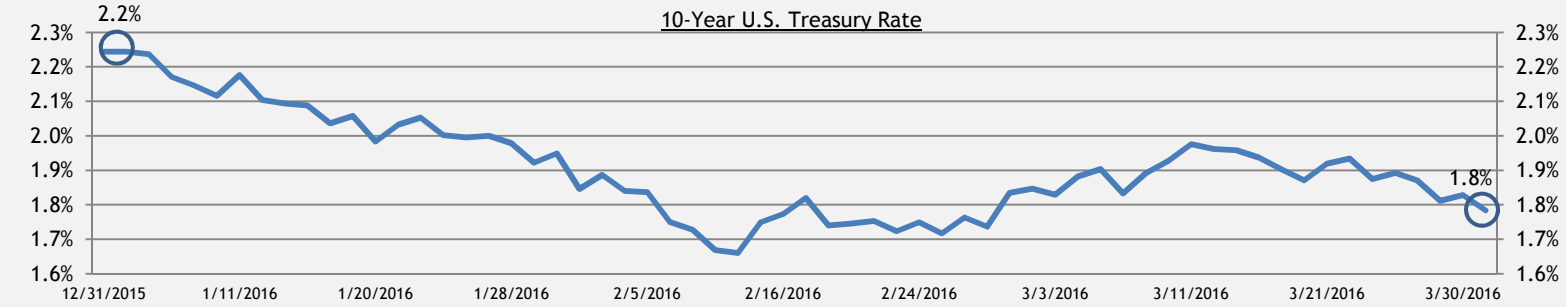
Broad Market Context Entering 2016

January 1, 2016 - March 31, 2016

- Global market responds adversely to signs of weakening economic activity and falling commodity prices



- Flight-to-safety and dollar strength evident in swooning long-term interest rates



Source: Bloomberg, Barclays, Security Capital.
Please see Disclosures and Definitions page at the end of this section for footnote definitions.

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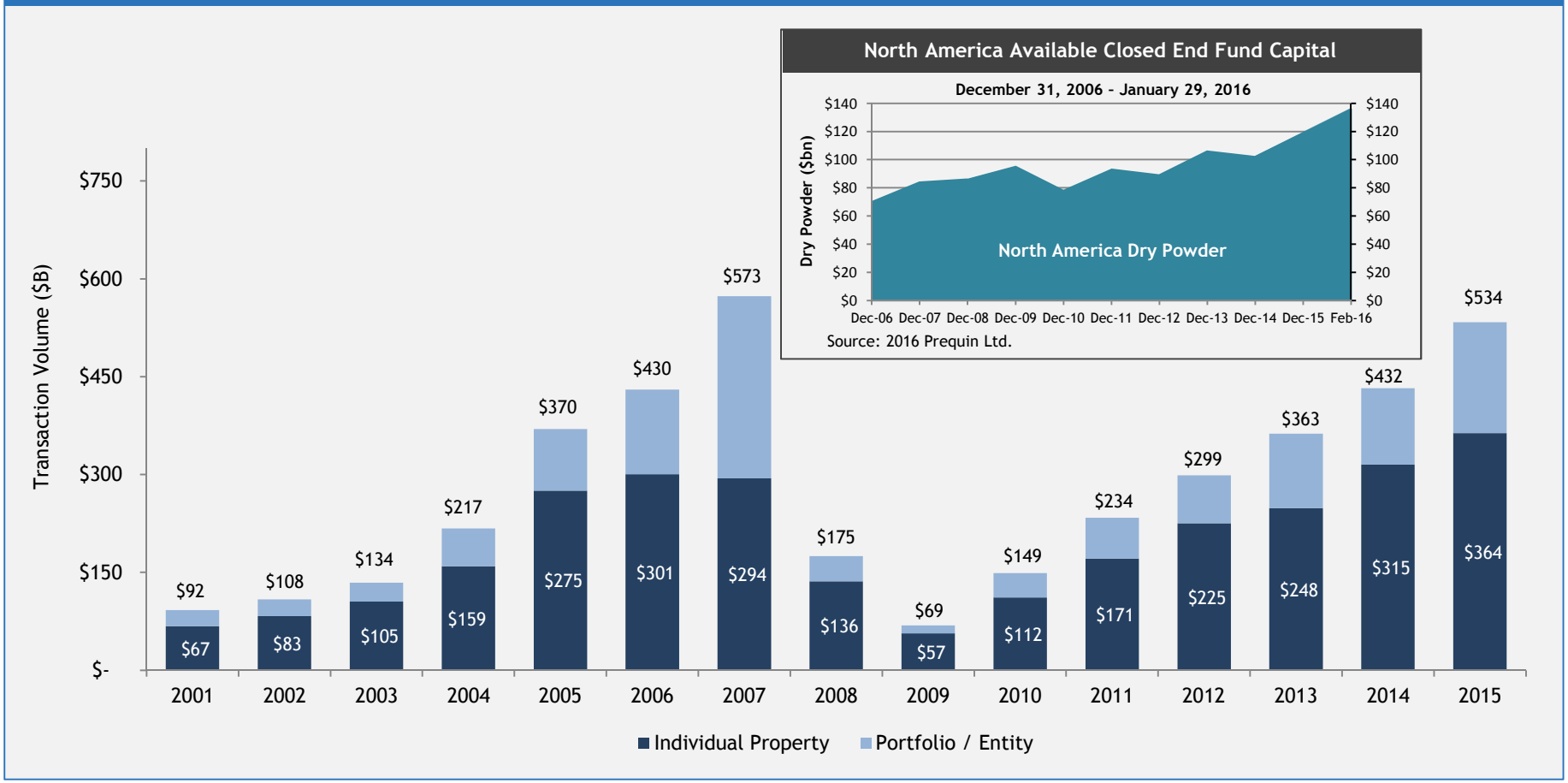
Current Real Estate Market Perspectives

- **2015 saw strong institutional and sovereign demand for high quality assets, validating underlying NAV's for public platforms and suggesting a significant discount versus public pricing.**

U.S. Transaction Volume and Dry Powder

January 1, 2001 - December 31, 2015



Source: RCA, Security Capital.

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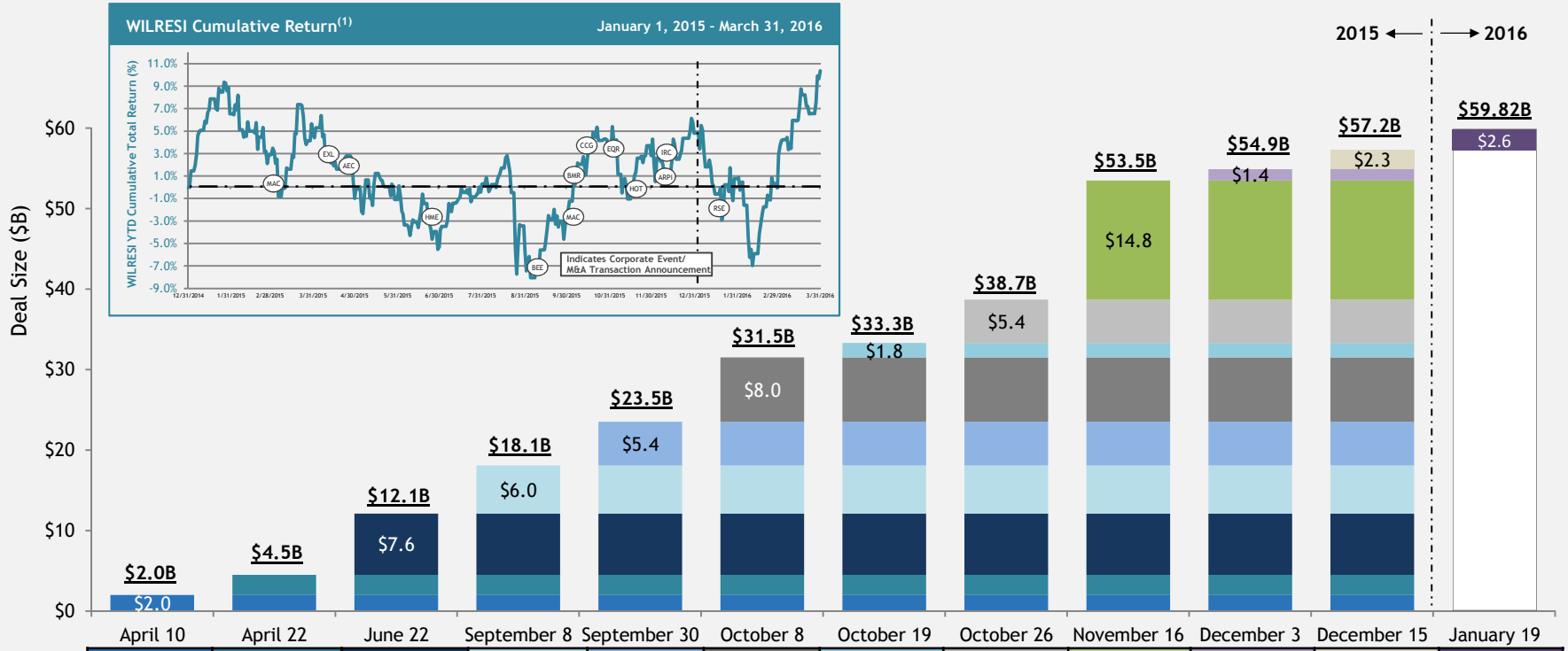
Current Real Estate Market Perspectives

- **Significant NAV discounts continue to characterize the investment landscape and private capital has stepped in with significant privatization/M&A activity over the last 10 months.**

2015 REIT M&A/Privatization Activity

As of March 31, 2016



EXL/Blackstone (BPP-Core+)	AEC/Brookfield (BSREP II Aries Pooling)	HME/Lone Star (Real Estate Fund IV)	BEE/ Blackstone (BREP VIII)	MAC/GIC/ Heitman	BMR/ Blackstone (BREP VIII)	CCG/ Harrison Street (HSRE)	EQR/Starwood Capital Group	HOT/MAR	ARPI/AMH	IRC/DRA Advisors	RSE/Brookfield
Public-to-Private	Public-to-Private	Public-to-Private	Public-to-Private	Public-to-Private (Partial)	Public-to-Private	Public-to-Private	Public-to-Private (Partial)	Public-to-Public	Public-to-Public	Public-to-Private	Public-to-Private
$2.0B	$2.5B	$7.6B	$6.0B	$5.4B	$8.0B	$1.8B	$5.4B	$14.8B	$1.4B	$2.3B	$2.6B

Source: RCA, Wilshire, Security Capital.
(1) Wilshire U.S. Real Estate Securities Index

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Current Real Estate Market Perspectives

- **NAV discounts are not evident in mid/small cap REITs where near-term "stock metrics" screen less favorably…often obscuring attractive real estate valuations.**

REIT Universe[1] Segmentation by NAV Discount[2]

As of March 31, 2016

	Equity Cap ($B)		Valuation		Property Type (Equity Cap $B)						
	Total	Average	NAV Discount	FFO Multiple	Retail	Multifamily	Office	Healthcare	Hotels	Industrial	Other
Largest Discounts	$112.6	$4.5	23.2%	12.5x	$5.5	$1.6	$27.7	$19.5	$32.3	$5.0	$20.9
Moderate Discounts	$147.6	$5.9	5.9%	17.4x	$31.2	$17.4	$50.8	$0	$0	$29.1	$19.1
Smallest Discounts/ Premiums	$386.3	$15.5	-13.4%	20.3x	$159.1	$95.9	$4.7	$48.8	$0	$11.6	$66.3
Total:	**$644.2**	**$8.7**	**4.6%**	**17.0x**	**$193.4**	**$114.9**	**$83.2**	**$68.3**	**$32.3**	**$45.7**	**$106.3**

Source: SNL, Security Capital.
(1) REIT universe is defined as Security Capital conviction coverage subset of U.S. exchange traded REITs totaling 75 companies.
(2) NAV discounts are based on Security Capital analysis, FFO multiples are based on Consensus 2016 FFO estimates. Total NAV discount is based on simple average; if equity cap weighted, total NAV discount is -4.8%.

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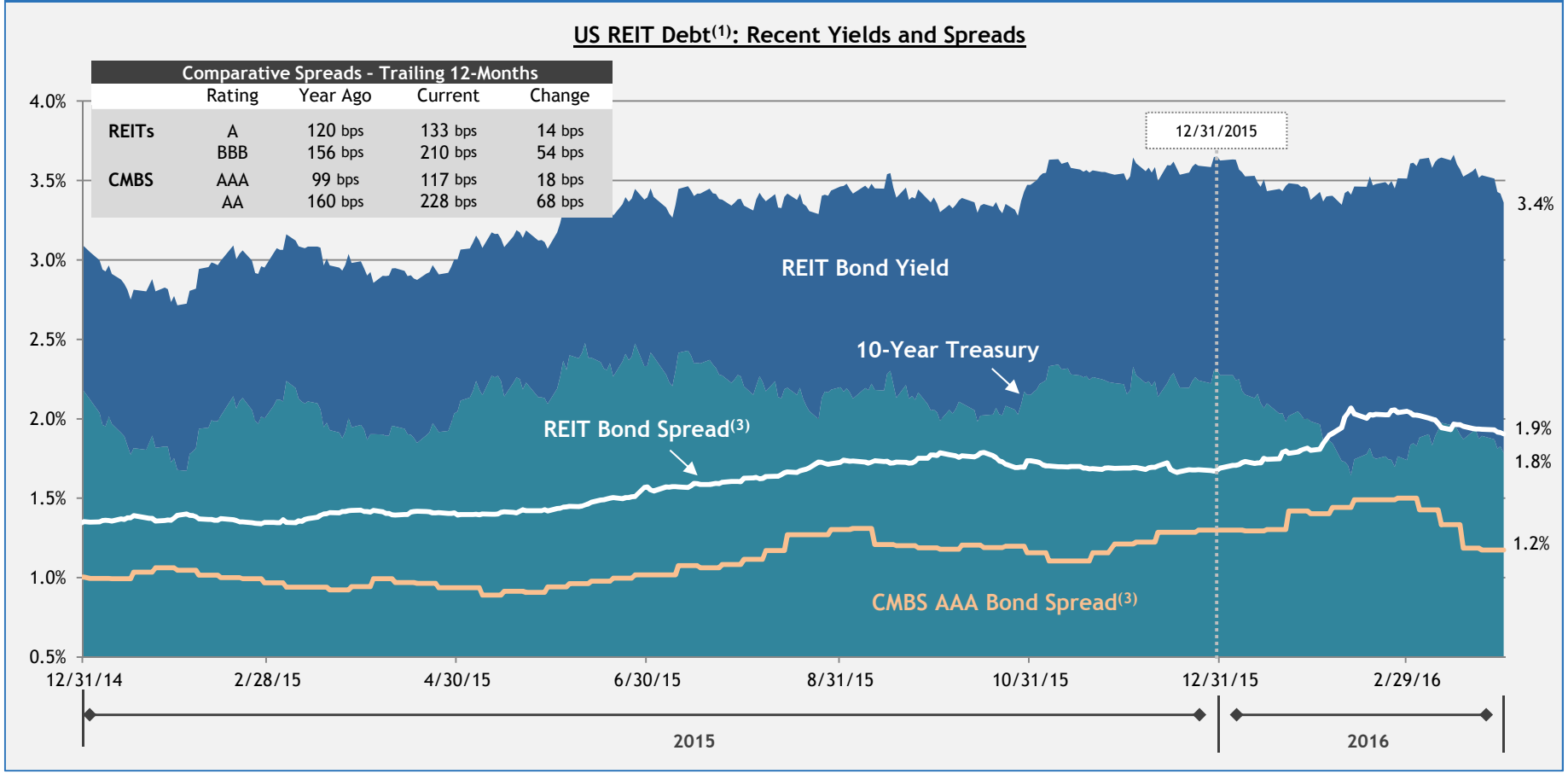
Current Real Estate Market Perspectives

- **Real estate debt markets are a key area of focus as fixed income investors reassess risks and respond to emerging market stresses/opportunities outside of real estate.**

Real estate debt spreads widen, particularly for marginal credits

January 1, 2015 - March 31, 2016



Source: JPMorgan, Barclays, Security Capital.
(1) Barclays Capital REIT Bond Index.
(2) Yields are estimated based on longest maturity bond.
(3) REIT Bond Spread is based on the option adjusted spread (OAS).

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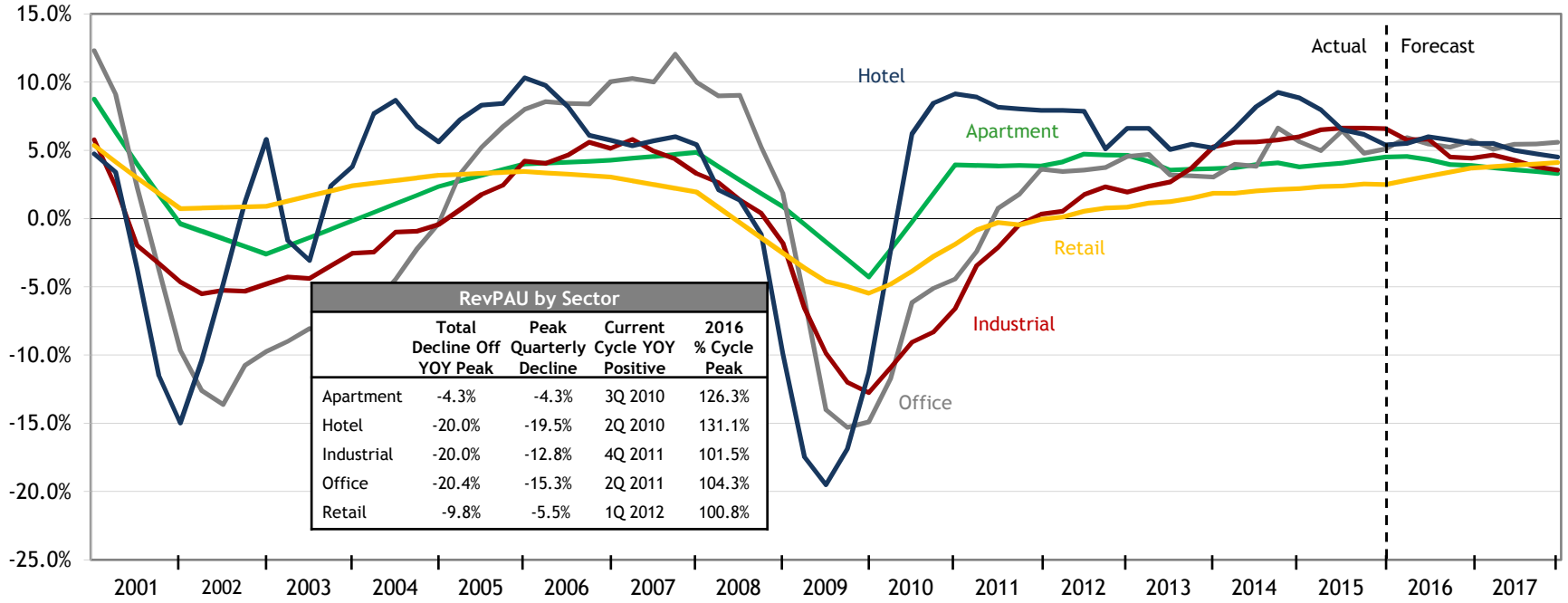
Current Real Estate Market Perspectives

Real estate operating markets are generally healthy with stable-to-improving rents and occupancy.

- Weaker markets defined by exposure to energy: Houston.
- Healthier markets buoyed by technology and healthcare: San Francisco & Seattle.
- Industrial benefits from supply chain reconfiguration related to ecommerce.
- Weaker lodging fundamentals reflect supply, corporate profitability and dollar strength.

Real Estate Operating Trends: Quarterly Revenue-Per-Available-Unit (RevPAU) by Property Type

December 31, 2000 – December 31, 2017
(As of December 31, 2015)



RevPAU by Sector

	Total Decline Off YOY Peak	Peak Quarterly Decline	Current Cycle YOY Positive	2016 % Cycle Peak
Apartment	-4.3%	-4.3%	3Q 2010	126.3%
Hotel	-20.0%	-19.5%	2Q 2010	131.1%
Industrial	-20.0%	-12.8%	4Q 2011	101.5%
Office	-20.4%	-15.3%	2Q 2011	104.3%
Retail	-9.8%	-5.5%	1Q 2012	100.8%

Source: CBRE-EA, REIS, Smith Travel Research, Security Capital.
Shown for illustrative purposes only. Opinions, estimates, forecasts, projections and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.

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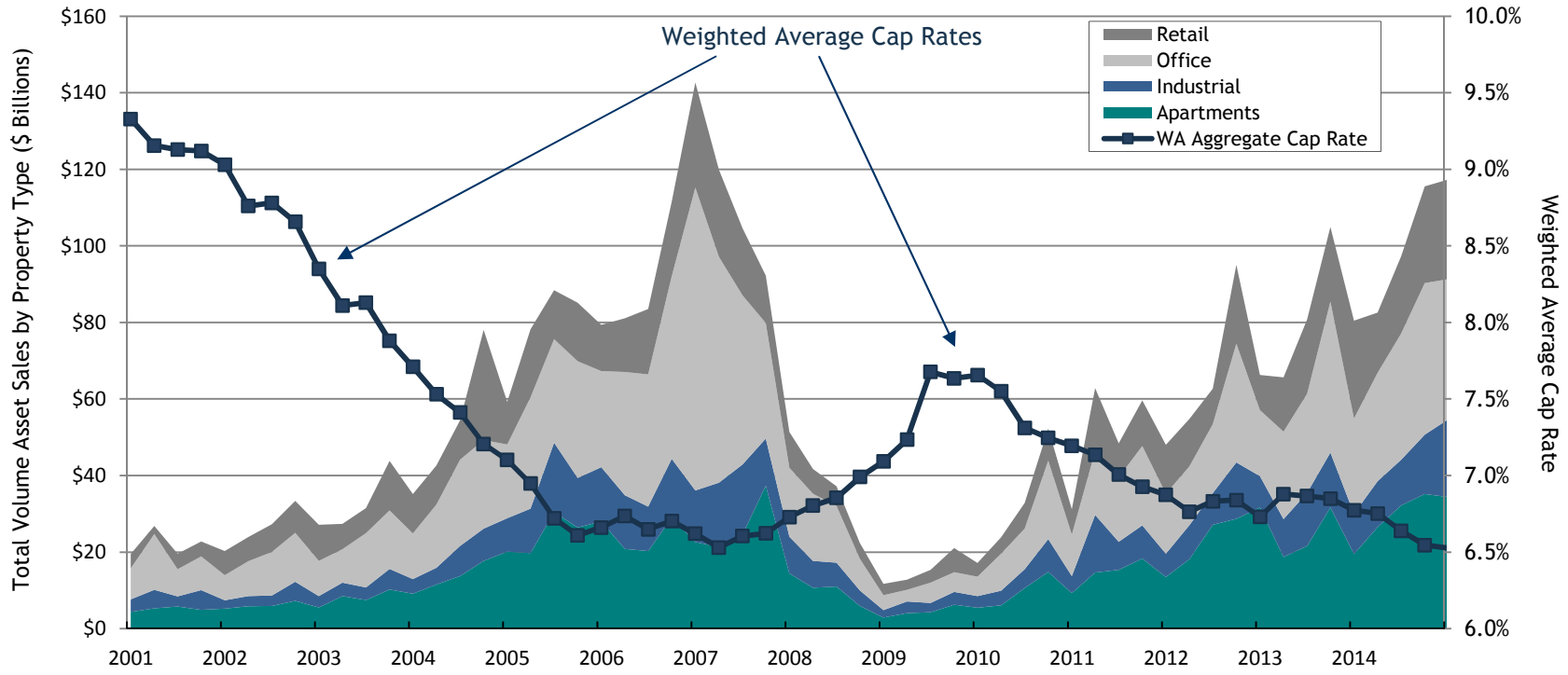
Current Real Estate Market Perspectives

- **Robust transaction volume in real estate markets…though investors increasingly wary of potential stress points attributed to sovereign capital flows, debt availability and pricing, pension capital denominator effect and gateway market tenant demand.**

Real Estate Asset Sales: Volume/Pricing

January 1, 2001 - January 31, 2016[1]



Source: Real Capital Analytics, Security Capital.
(1) All data is quarterly. Data for 1/31/2016 is adjusted to a quarterly run rate.

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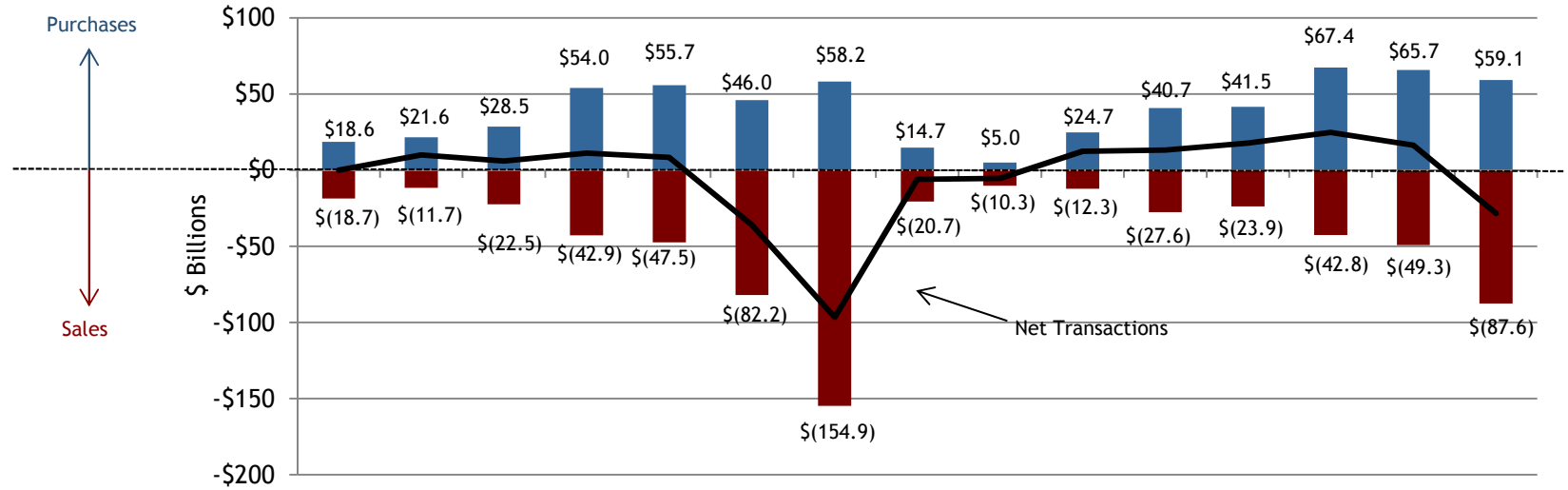
Current Real Estate Market Perspectives

- **Public REITs were standout net sellers of assets in 2006-07…reemerged as net buyers post-Lehman…and have become net sellers again with multiple privatizations announced in 2015.**

Public Company Market Transactions

2001- December 2015[1]



Net Public Transactions by Sector	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Multifamily	-$0.9	$1.5	-$2.1	-$0.4	-$0.8	-$3.2	-$24.1	-$5.6	-$2.7	$2.3	$1.9	$2.1	$10.5	-$0.4	-$19.8
Industrial	-$0.5	-$0.6	$0.7	-$0.1	$5.6	-$3.3	$3.7	-$0.2	-$0.8	$1.0	$1.1	-$1.2	$5.7	$0.0	$2.8
Office	$0.8	$2.9	$2.5	$5.1	$3.4	-$17.0	-$49.6	$0.9	-$0.2	$4.0	$2.4	$5.1	$1.8	$4.5	-$4.5
Retail	$0.6	$6.0	$4.7	$7.2	$3.2	-$6.9	$1.1	-$0.6	-$1.2	$3.3	$3.4	$9.8	$6.4	$6.7	-$3.2
Public Total	-$0.1	$9.7	$5.8	$11.9	$11.5	-$30.3	-$68.9	-$5.4	-$4.9	$10.5	$8.8	$15.8	$24.4	$10.8	-$24.6
Total Public and Private Transaction Volume[2]	$94.9	$110.2	$139.7	$246.1	$369.9	$430.0	$573.2	$175.1	$68.8	$149.5	$234.1	$298.9	$362.8	$432.6	$541.7
Public Transactions as a % of Total															
Purchases	19.6%	19.6%	20.4%	22.0%	15.1%	10.7%	10.2%	8.4%	7.2%	16.5%	17.4%	13.9%	18.6%	15.2%	10.9%
Sales	19.7%	10.6%	16.1%	17.4%	12.8%	19.1%	27.0%	11.8%	15.0%	8.2%	11.8%	8.0%	11.8%	11.4%	12.5%
Net Transactions	-0.1%	9.0%	4.3%	4.5%	2.2%	-8.4%	-16.9%	-3.5%	-7.8%	8.3%	5.6%	5.9%	6.8%	3.8%	-1.5%

Source: Real Capital Analytics. Shown for illustrative purposes only.
(1) Includes public companies that have formally announced acquisition by private buyers including: SWAY, BMR, CCG, IRC, RSE and partial EQR sale.
(2) Includes all purchase and sale transactions of public and private real estate.

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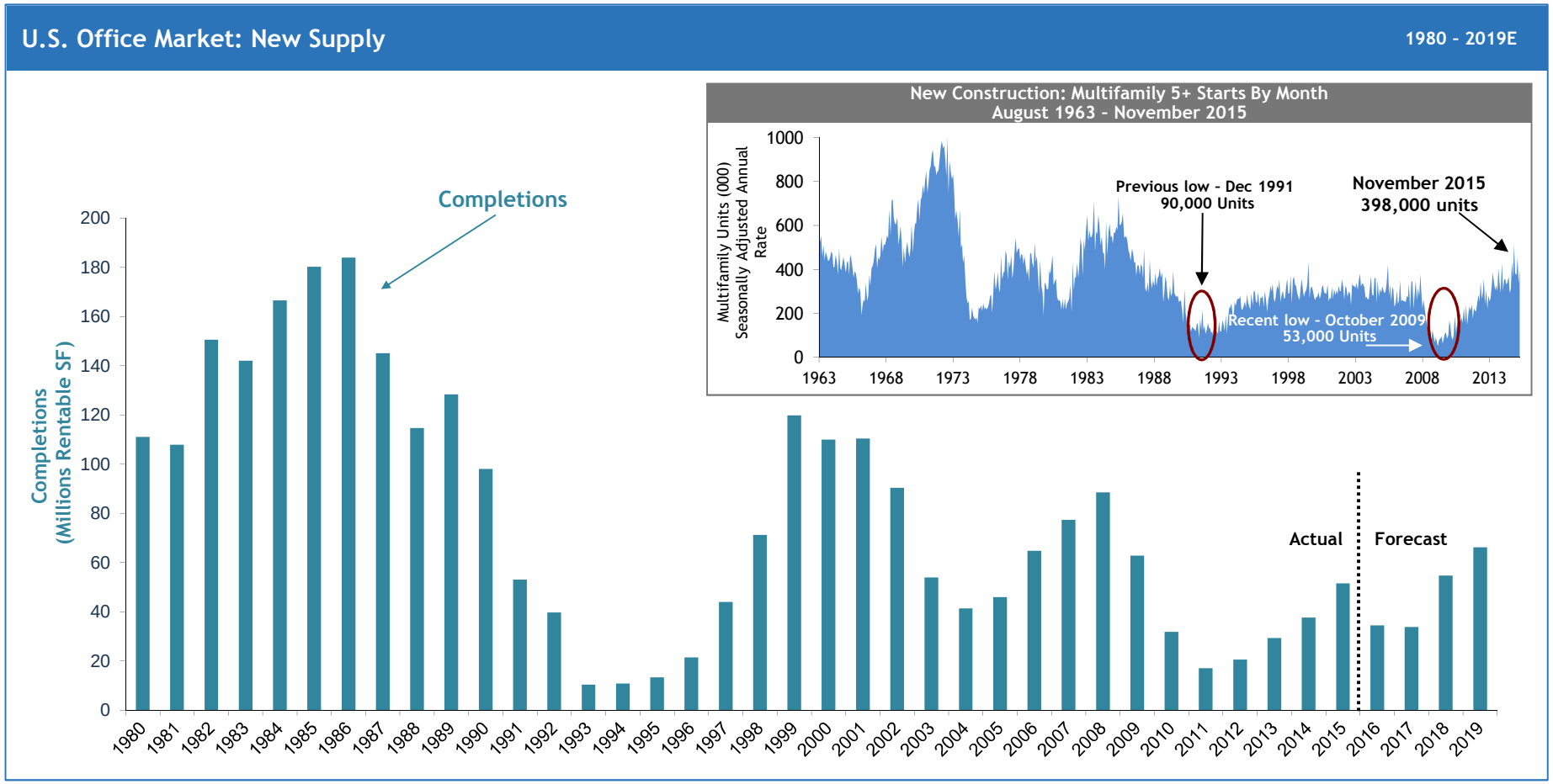
Current Real Estate Market Perspectives

- **Aggregate national statistics exhibit general supply and demand balance…though there is evidence of significant supply in key job growth markets and segments.**



Source: CBRE-EA, Bureau of Census. As of December 31, 2015.
Shown for illustrative purposes only. Opinions, estimates, forecasts, projections and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. There can be no guarantee they will be met.

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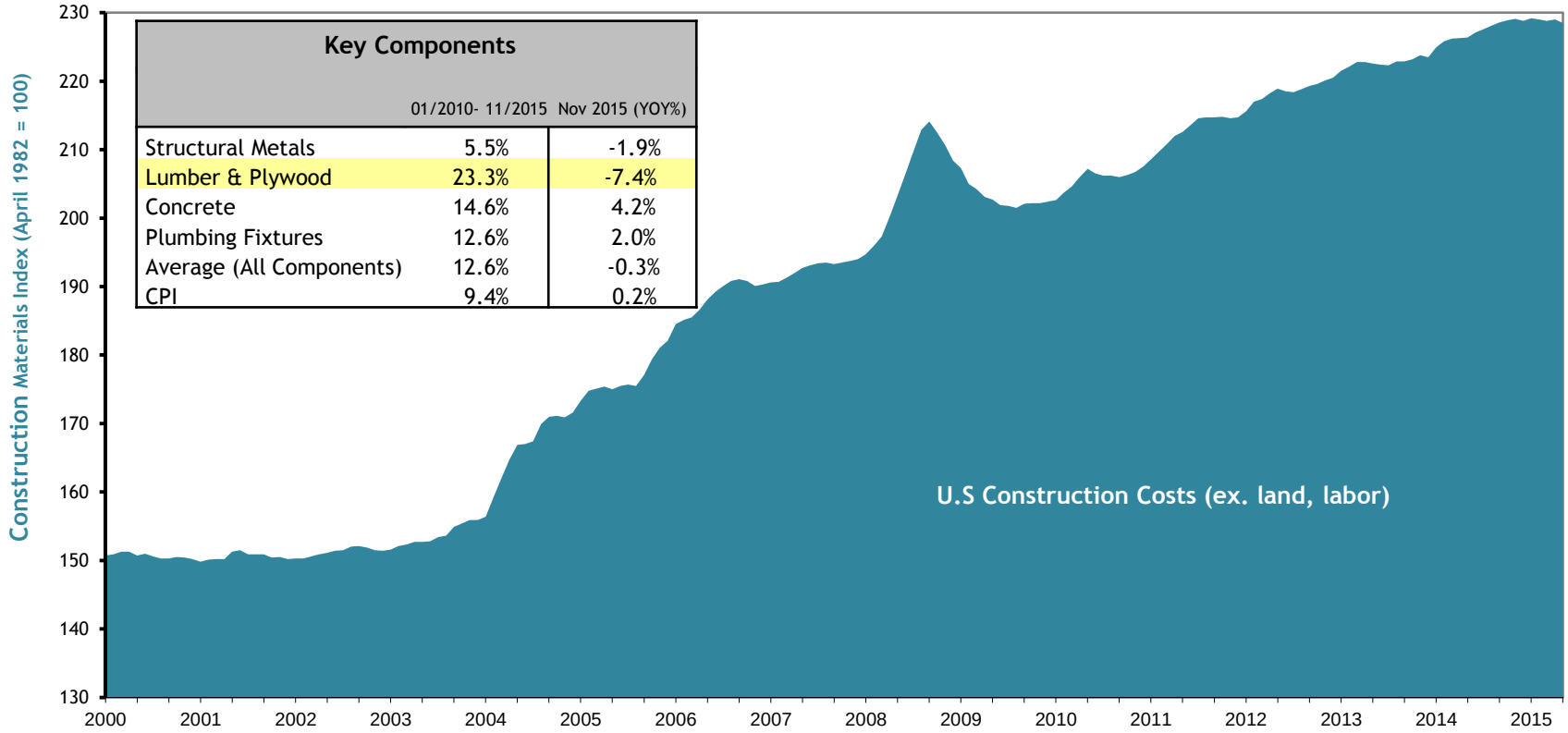
Current Real Estate Market Perspectives

- **Construction costs have surpassed earlier peaks but have been essentially flat for the past 12 months…however, land and labor costs continue to rise.**

U.S. Construction Costs: Materials and Components[1]

January 2000 - November 2015



Key Components

	01/2010- 11/2015	Nov 2015 (YOY%)
Structural Metals	5.5%	-1.9%
Lumber & Plywood	23.3%	-7.4%
Concrete	14.6%	4.2%
Plumbing Fixtures	12.6%	2.0%
Average (All Components)	12.6%	-0.3%
CPI	9.4%	0.2%

Source: Bureau of Labor Statistics, Security Capital.
Shown for illustrative purposes only.
(1) The Producer Price Index (PPI): Materials and Components used for Construction measures average changes in selling prices received by domestic producers for their products. The Construction Index includes lumber, steel and other materials used in the construction process.

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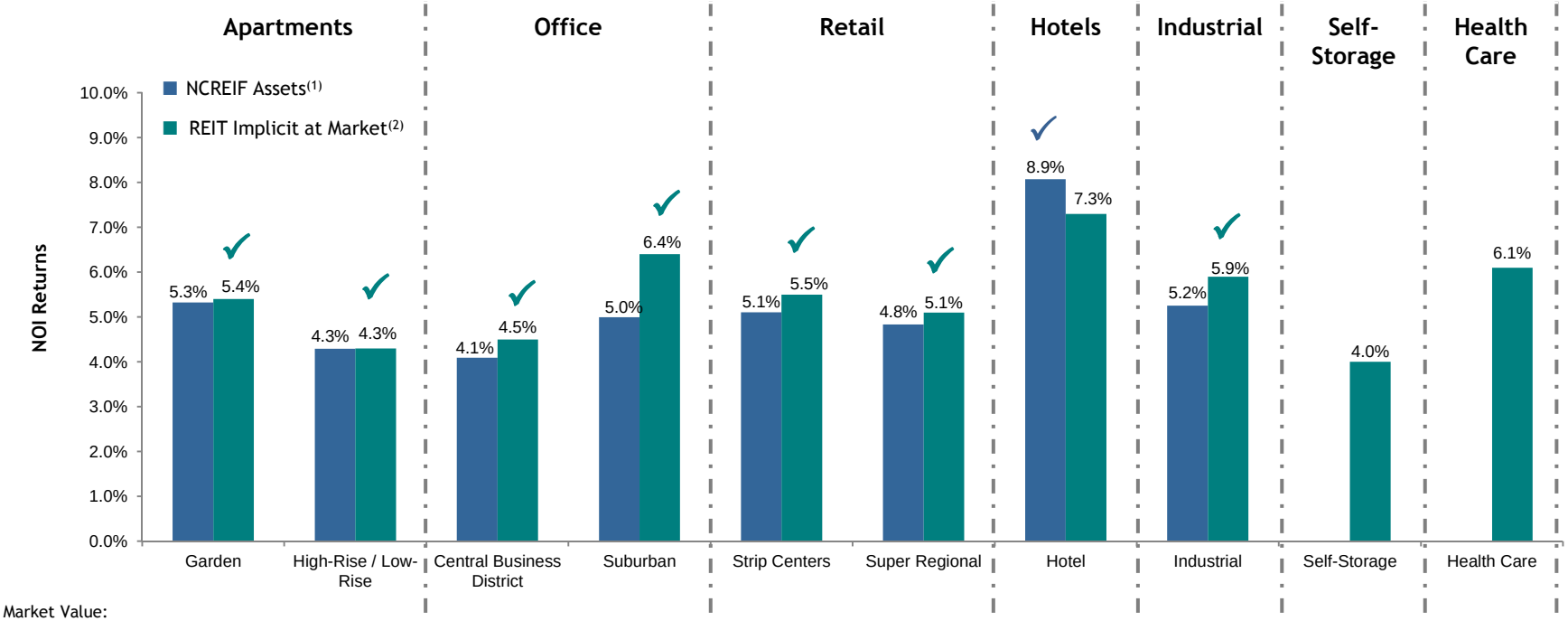
Current Real Estate Market Perspectives

■ **At year-end, REIT pricing equivalent to private real estate represented by NCREIF database assets.**

Comparative Pricing by Property Type Public REIT Portfolios vs. NCREIF / ODCE Assets

Annualized Asset-Level NOI Returns

December 31, 2015



Total Market Value:

	Garden	High-Rise / Low-Rise	Central Business District	Suburban	Strip Centers	Super Regional	Hotel	Industrial	Self-Storage	Health Care
NCREIF $B	$35.0	$78.4	$99.7	$75.1	$69.3	$40.5	$5.5	$67.7	-	-
Public Companies $B	$30.8	$116.0	$71.1	$60.2	$87.1	$193.1	$36.7	$53.3	$74.0	$109.9

Source:
(1) NCREIF data as of December 31, 2015.
(2) Public market implicit NOI returns reflect December 31, 2015 equity pricing and Security Capital models to isolate implied NOI return based on most recent quarter, annualized, from public disclosure. Public universe generally represents companies comprising the WILRESI index.

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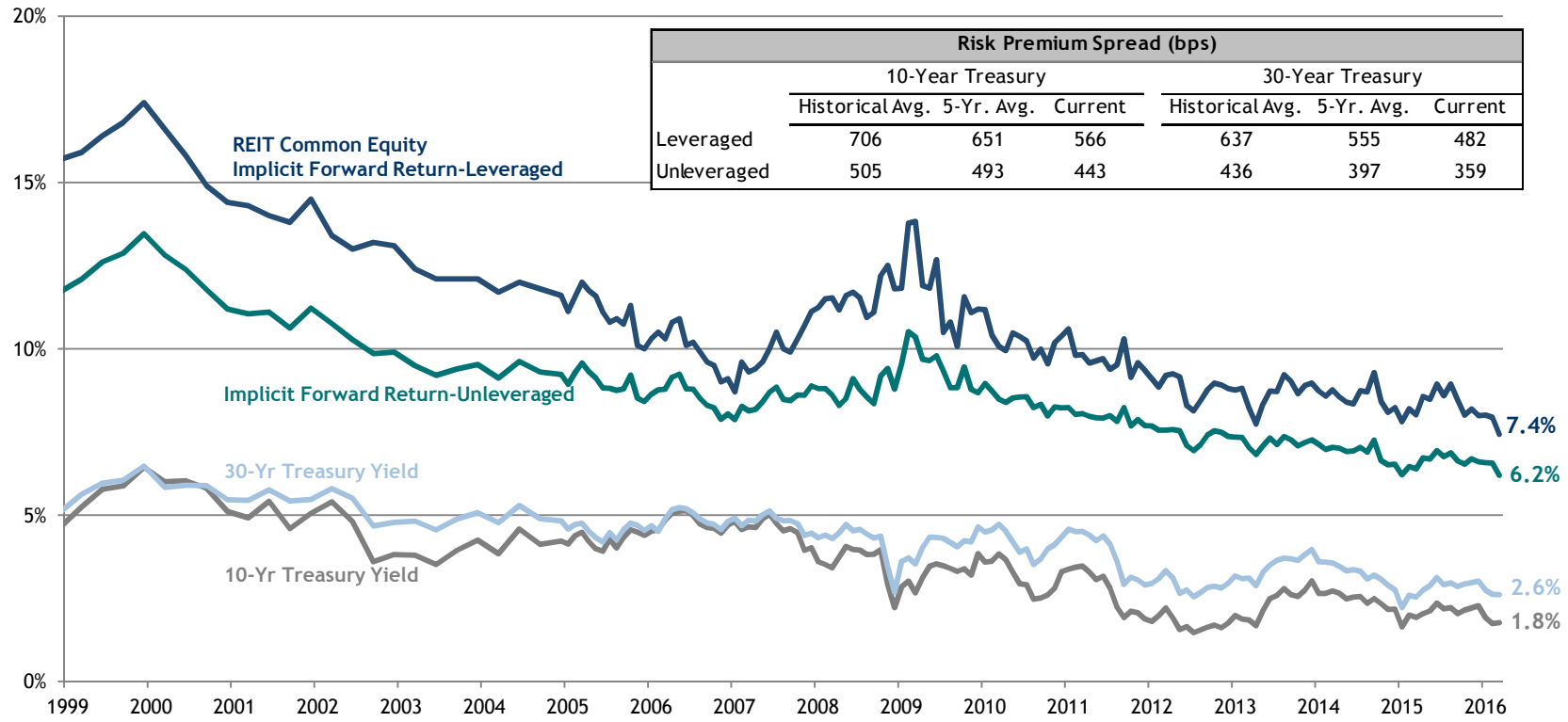
Current Real Estate Market Perspectives

Implicit Forward Total Return[1]: REIT Common Equity Security Capital Universe[2]

As of March 31, 2016



Risk Premium Spread (bps)						
	10-Year Treasury			30-Year Treasury		
	Historical Avg.	5-Yr. Avg.	Current	Historical Avg.	5-Yr. Avg.	Current
Leveraged	706	651	566	637	555	482
Unleveraged	505	493	443	436	397	359

Past performance is not indicative of future results. The estimates are presented for illustrative purposes only. They must not be used, or relied upon, to make investment decisions. The estimates are not meant to be a representation of, nor should they be interpreted as investment recommendations. Please note all information shown is based on assumptions, therefore, exclusive reliance on these assumptions is incomplete and not advised. The assumptions should not be relied upon as a recommendation to invest in any particular asset class.

Source: Security Capital, Wilshire Associates, Bloomberg.
(1) The discount rate that equates current equity market pricing to leveraged and unleveraged long-term cash flow forecasts.
(2) Security Capital universe approximates WILRESI; only includes companies with positive leveraged discount rates.

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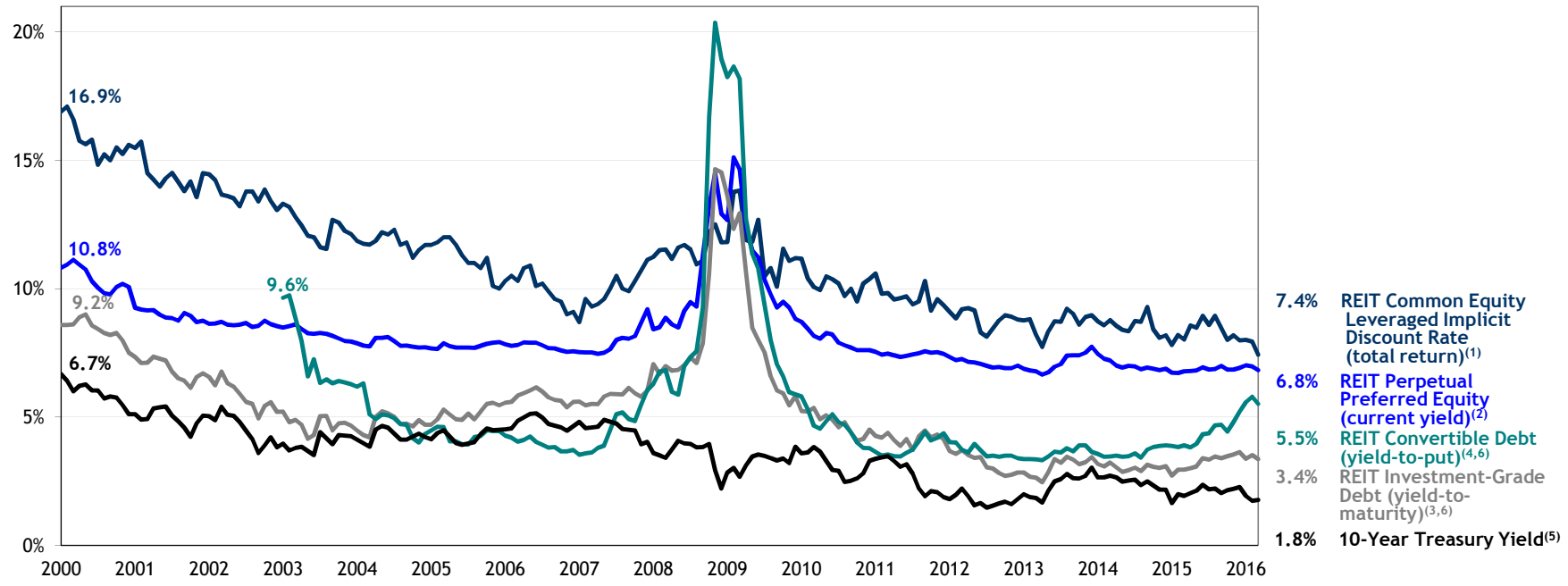
Current Real Estate Market Perspectives

REIT Forward Implicit Total Return Comparison

January 1, 2000 - March 31, 2016



Source: Barclays Capital, Security Capital, Bloomberg, Wells Fargo.
(1) Reflects implicit leveraged return of REIT equities based on Security Capital cash flow projections and current market prices.
(2) Wells Fargo Hybrid and Preferred Securities REIT Index (WHPSR).
(3) Barclays Capital REITs Corporate Bond Index. Includes investment grade bonds only.
(4) Barclays Capital REIT Convertible Index.
(5) Barclays Capital Treasury Index. Reflects current yield for a basket of mixed duration U.S. Treasuries.
(6) Reflects projected total return, assuming repayment of debt at maturity / put.

For illustrative purposes only. Past performance is not indicative of future results. Total return assumes the reinvestment of income. Indices do not include fees or operating expenses and are not available for actual investment.

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Disclosures and Definitions

(1) U.S. REITs = Wilshire U.S. Real Estate Securities Index. The Wilshire U.S. Real Estate Securities Index is an unmanaged, market capitalization-weighted index comprising publicly traded REITs and real estate operating companies except for special purpose REITs

(2) U.S. Investment Grade Bonds = Barclays U.S. Corporate Investment Grade Index. The Barclays U.S. Corporate investment Grade Index is an index comprising publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. Must have at least one year to final maturity regardless of call features, $250M par outstanding, rated investment-grade (Baa3/BBB- or higher) by at least two of three rating agencies, fixed rate, publicly issued, non-convertible.

(3) Commodities = S&P Goldman Sachs Commodity Index. The S&P GSCI is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

(4) U.S. High Yield Bonds = Barclays U.S. Corporate High Yield Index. The Barclays U.S Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt. Must have at least one year to final maturity regardless of call features, $150M par outstanding, rated high-yield (Ba1/BB+ or lower) by at least two of three rating agencies, fixed rated, publicly issued, non-convertible.

(5) U.S. Equities = S&P 500 Index. The S&P 500 Index is a capitalization-weighted index that measures the performance of 500 large-capitalization domestic stocks representing all major industries.

(6) Developed Market Equities = MSCI EAFE Index. The MSCI EAFE Index is a free-float weighted equity index comprising country indices that represent developed markets outside of North America (Europe, Australasia and the Far East).

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III. Appendices

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Performance Summary – March 31, 2016

SECURITY CAPITAL Research & Management Incorporated

Employees' Retirement Fund of the City of Dallas

March 31, 2016

Investment Performance

Employees' Retirement Fund of the City of Dallas	Period Returns (As of March 31, 2016) Year-To-Date	Cumulative Returns (As of December 31, 2015) 1-Year	3-Years	5-Years	10-Years	Since-Inception (9/30/01)	Since-Inception IRR	Cash Yield
Gross	4.5%	4.7%	12.3%	12.2%	7.8%	11.8%	14.1%	3.6%
Net	4.3%	4.1%	11.6%	11.4%	7.1%	11.1%	13.8%	3.6%
Comparative Real Estate Indices								
Wilshire U.S. Real Estate Securities Index	5.3%	4.8%	12.1%	12.4%	7.3%	11.3%	-	3.6%
+/- WILRESI +100 bps	-1.3%	-1.7%	-1.5%	-2.0%	-1.2%	-1.2%	+1.5%	

Summary Balance Sheet

Security Type	% Portfolio Beg. of Quarter	% Portfolio End of Quarter	Ending Market Value ($M)
Common Equity	99.0%	98.6%	90.7
Invested Capital	99.0%	98.6%	90.7
Cash and Equivalents	1.0%	1.4%	1.3
Total	100.0%	100.0%	92.0%

Risk Statistics Since Inception

	Portfolio	WILRESI
▪ **Risk**		
• Standard Deviation(1)	23.7%	23.5%
• Sharpe Ratio(2)	0.4	0.4
• Tracking Error(3)	-	2.2%
▪ **Regression (vs. WILRESI)**		
• **Beta**	1.0	1.0
• **Alpha**	0.4	-

(1) The annualized standard deviation of monthly total returns.
(2) Ratio between the excess portfolio return over the Barclays 1-3 Month Short Treasury Index and the standard deviation of the excess portfolio return.
(3) The annualized standard deviation of the excess portfolio monthly returns over respective index.

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2015 Year-End Investor Report

Employees' Retirement Fund of the City of Dallas

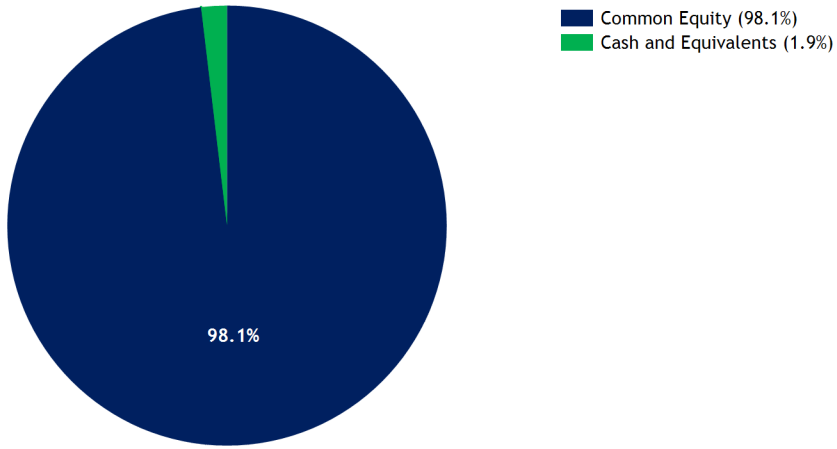
Investment Performance

Employees' Retirement Fund of the City of Dallas	Period Returns		Cumulative Average Returns						
	Current Quarter	Year-To-Date	1-Year	3-Years	5-Years	10-Years	Since-Inception (9/30/01)	Since-Inception IRR	Cash Yield
Gross	**7.9%**	**4.7%**	**4.7%**	**12.3%**	**12.2%**	**7.8%**	**11.8%**	**14.1%**	**3.6%**
Net	**7.7%**	**4.1%**	**4.1%**	**11.6%**	**11.4%**	**7.1%**	**11.1%**	**13.8%**	**3.6%**
Comparative Real Estate Indices									
Wilshire U.S. Real Estate Securities Index	7.6%	4.8%	4.8%	12.1%	12.4%	7.3%	11.3%	-	3.6%
MSCI US REIT Index	7.1%	2.5%	2.5%	11.1%	11.9%	7.3%	11.1%	-	4.0%
FTSE NAREIT Equity Index	7.7%	2.8%	2.8%	10.6%	11.9%	7.4%	11.1%	-	3.9%
Other Market Indices									
Standard & Poor's 500 Index	7.0%	1.4%	1.4%	15.1%	12.6%	7.3%	7.0%	-	2.2%
Russell 2000 Index	3.6%	-4.4%	-4.4%	11.7%	9.2%	6.8%	8.9%	-	1.6%
Citigroup BIG Corporate Index	-0.4%	-0.8%	-0.8%	1.7%	4.6%	5.5%	5.7%	-	3.6%

Account Activity

	Current Quarter	Year-to-Date	Inception-to-Date
Beginning Value	$84,709,631	$94,745,748	$0
Contributions	0	0	105,732,833
Withdrawals	(144,275)	(7,374,836)	(178,362,332)
Income Earned	993,823	3,359,733	59,462,056
Realized Gains/Losses	655,773	(222,260)	86,471,300
Unrealized Gains/Losses	5,040,932	747,499	17,952,027
Ending Value	$91,255,884	$91,255,884	$91,255,884

Portfolio Composition



For index definitions and other disclosures please see the Definitions and Disclosures page at the end of this report.

Risk Statistics - Since Inception

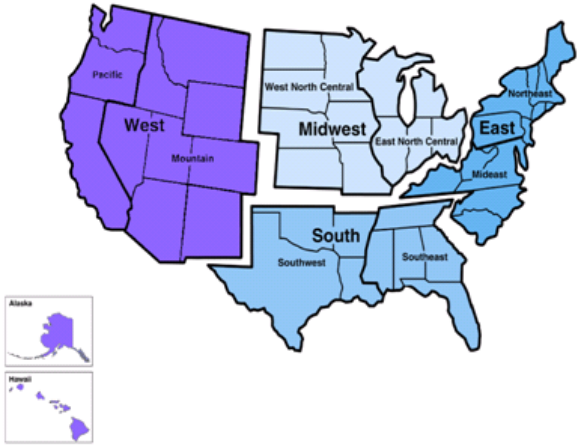
	Trailing 3-Year		Since Inception	
	Portfolio	WILRESI	Portfolio	WILRESI
Risk				
• Standard Deviation[1]	14.8%	14.5%	23.7%	23.6%
• Correlation	99.8%	-	99.6%	-
• R-Squared	99.6%	-	99.1%	-
• Sharpe Ratio[2]	0.8	0.8	0.4	0.4
• Tracking Error[3]	-	1.0%	-	2.2%
Regression (vs. WILRESI)				
• Beta	1.0	1.0	1.0	1.0
• Alpha	-0.6	-	-0.2	-

(1) The annualized standard deviation of monthly total returns.
(2) Ratio between the Excess Portfolio Return over the Barclay's 1-3 Month Short Treasury Index and the standard deviation of the Excess Portfolio Return.
(3) The annualized standard deviation of the Excess Portfolio Monthly Returns over respective index.

Top 10 Holdings

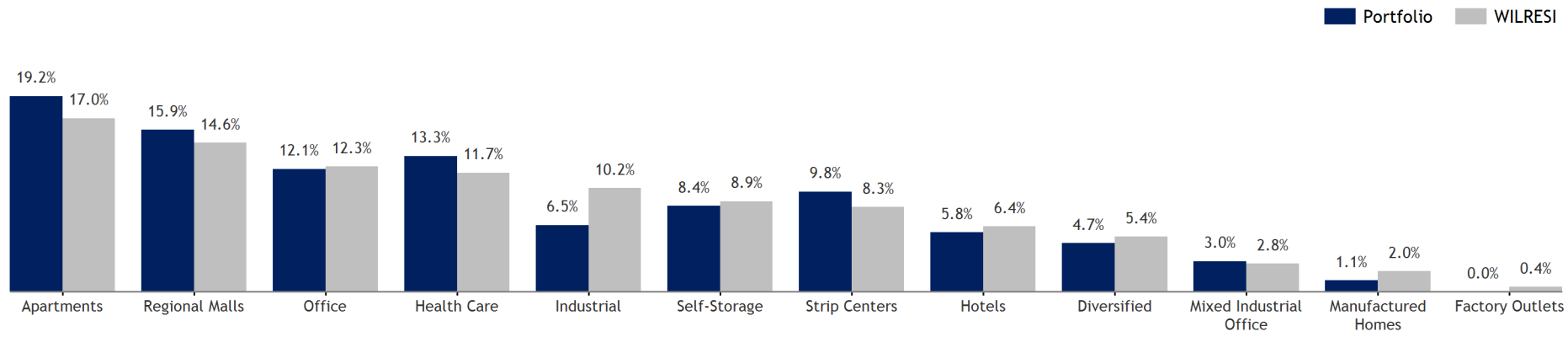
	Company	Property Type	Market Value ($M)	% Portfolio
1	Simon Property Group, Inc.	Regional Malls	7.8	8.5%
2	Prologis, Inc.	Industrial	4.9	5.4%
3	Public Storage, Inc.	Self-Storage	4.9	5.4%
4	Equity Residential	Apartments	4.9	5.4%
5	Welltower, Inc.	Health Care	4.9	5.3%
6	Vornado Realty Trust	Diversified	4.2	4.7%
7	AvalonBay Communities, Inc.	Apartments	4.0	4.4%
8	Macerich Company	Regional Malls	3.4	3.8%
9	Apartment Investment & Management Co	Apartments	2.6	2.9%
10	HCP, Inc.	Health Care	2.6	2.8%
Total			44.4	48.6%

Geographic Diversification



	Portfolio[1]	NCREIF[2]
East	**36.3%**	**34.2%**
Northeast	23.6%	21.3%
Mideast	12.7%	12.9%
WEST	**30.7%**	**36.1%**
Pacific	25.8%	30.7%
Mountain	4.9%	5.4%
SOUTH	**19.2%**	**20.4%**
Southeast	12.0%	9.7%
Southwest	7.2%	10.7%
MIDWEST	**10.5%**	**9.3%**
EN Central	8.2%	7.8%
WN Central	2.3%	1.5%
Non-U.S.	**3.4%**	**0.0%**

Property Type Weights (End of period)



(1) Calculations are based on actual portfolio holdings as of the date of this report and reflect the geographic distribution of each company's underlying owned real estate portfolio as reported by the company or, where disclosure is incomplete, as calculated by SC-R&M using the square footage of individual assets or portfolio components as reported by SNL Financial LC.
(2) The National Council of Real Estate Investment Fiduciaries (NCREIF) is an association of institutional real estate professionals and maintains a detailed historical database of real estate performance statistics collected from member institutions.

Common Equity Attribution - Current Quarter

	Total	Apartments	Regional Malls	Office	Health Care	Industrial	Self-Storage	Strip Centers	Hotels	Diversified	Mixed Ind./Off.	Manuf. Homes	Factory Outlets
Total Effect (bps, gross)	+31	-8	+21	+46	+5	-30	-3	+9	-0	+2	-1	+7	+3
Security Selection	+42	-10	+25	+46	-12	-12	-6	+5	-10	+8	-1	+7	0
Sector Allocation	+8	+2	-4	+0	+17	-18	+2	+4	+10	-6	+0	-1	+3
Cash & Equivalents	-19												

Company Detail

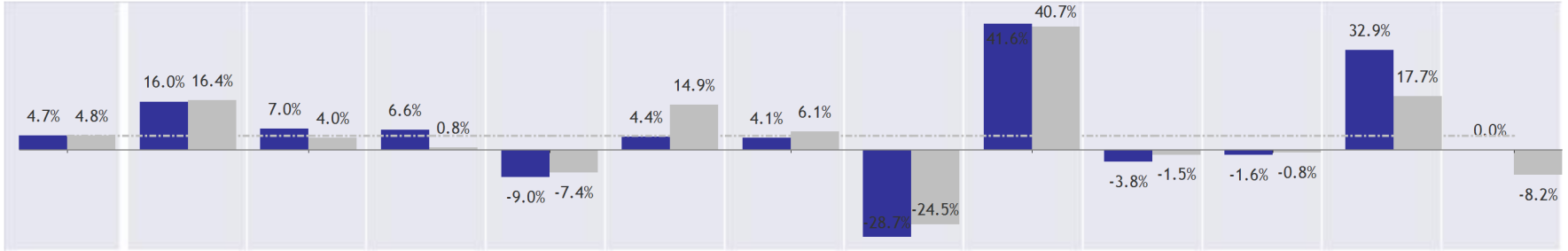
	Top 5					Bottom 5				
	BMR	MAC	RLJ	PLD	CUBE	CHSP	HST	SNH	CXP	PEB
	Office	Regional Malls	Hotels	Industrial	Self-Storage	Hotels	Hotels	Health Care	Office	Hotels
Index-Relative Contribution(bps)(1)	+32	+13	+11	+7	+6	-7	-7	-7	-8	-11
Total Return	18.0%	11.3%	-1.0%	11.4%	13.2%	-2.0%	-1.7%	-5.2%	2.2%	-19.9%

Note that investment attribution-by-security shown here may be skewed by corporate actions such as spin-offs or mergers if not viewed in conjunction with the associated security holding.
(1) Index relative performance contribution for securities held in the Portfolio during the period.

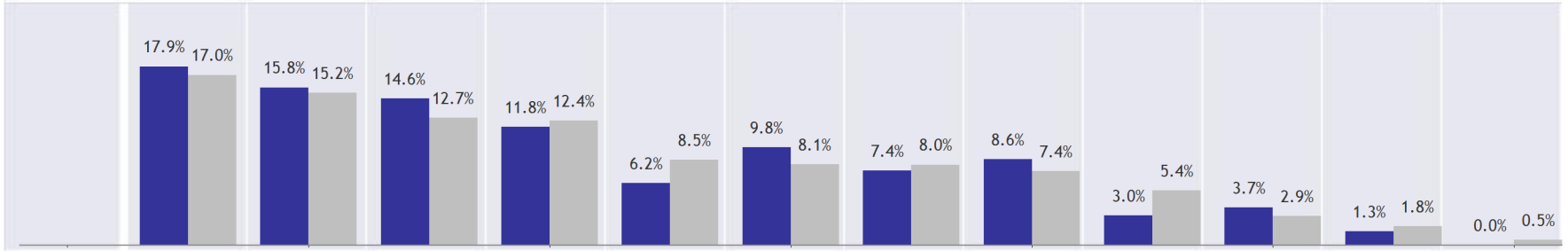
Common Equity Attribution - Trailing One Year

	Total	Apartments	Regional Malls	Office	Health Care	Industrial	Strip Centers	Hotels	Self-Storage	Diversified	Mixed Ind./Off.	Manuf. Homes	Factory Outlets
Total Effect (bps, gross)	-3	-2	+38	+76	+10	-97	-19	-23	+37	+12	-13	+6	+7
Security Selection	-3	-8	+47	+88	-16	-61	-20	-45	+6	-3	-4	+15	0
Sector Allocation	+35	+6	-8	-12	+27	-35	+1	+22	+31	+16	-9	-9	+7
Cash & Equivalents	-36												

Comparative Returns



Comparative Weights (Avg.)



Company Detail

	Top 5					Bottom 5				
	CUBE	BMR	UDR	DEI	KRC	HST	KRG	SNH	HOT	LHO
	Self-Storage	Office	Apartments	Office	Office	Hotels	Strip Centers	Health Care	Hotels	Hotels
Index-Relative Contribution(bps)(1)	+60	+29	+18	+13	+13	-13	-14	-21	-27	-28
Total Return	42.4%	13.7%	25.8%	13.1%	2.4%	-32.5%	-6.0%	-27.8%	-12.9%	-34.2%

Note that investment attribution-by-security shown here may be skewed by corporate actions such as spin-offs or mergers if not viewed in conjunction with the associated security holding.
(1) Index relative performance contribution for securities held in the Portfolio during the period.

New and Exited Investment Positions - Current Quarter

Security	Security Type	Beginning Position $	Beginning Position % Portfolio	Ending Position $	Ending Position % Portfolio
New Investment Position					
No New Investment Position For This Period		-	-	-	-
Exited Investment Position					
Biomed Realty Trust	Common Equity	2,621,376	3.1%	-	-
RLJ Lodging Trust	Common Equity	377,787	0.4%	-	-
Hyatt Hotels Corporation	Common Equity	219,015	0.3%	-	-
RMR Group	Common Equity	-	-	-	-

Portfolio Turnover

	Current Quarter	Year-To-Date	Since-Inception
Portfolio Turnover	9.4%	32.3%	61.5%

Index Definitions

Wilshire U.S. Real Estate Securities Index:
The Wilshire U.S. Real Estate Securities Index (WILRESI) is an unmanaged, market capitalization-weighted index comprising publicly traded REITs and real estate operating companies except for special purpose REITs. It is comprised of major companies engaged in the equity ownership and operation of commercial real estate.

Wells Fargo Hybrid & Preferred Securities REIT Index:
The Wells Fargo Hybrid & Preferred Securities REIT index (WHPSR) is a market capitalization weighted index composed exclusively of preferred shares and depository shares designed to track the performance of preferred securities issued in the U.S. market by Real Estate Investment Trusts.

Barclays REIT Bond Index:
The Barclays REIT Bond Index is a market capitalization weighted index composed exclusively of investment grade U.S. corporate bonds designed to track the performance of corporate bond securities issued in the U.S. market by REITs. Qualifying securities must have an investment grade rating by two of the three (Moody's, S&P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of $250 million.

Reference Index 70/10/20:
The Reference Index is comprised of: 70% WILRESI, 10% WHPSR, 20% Barclays REIT Bond Index.

Reference Index 60/40:
The Reference Index is comprised of: 60% WILRESI, 40% WHPSR.

Reference Index 60/10/30:
The Reference Index is comprised of: 60% WILRESI, 10% WHPSR, 30% Barclays REIT Bond Index.

Reference Index 50/50:
The Reference Index is comprised of: 50% WILRESI, 50% Barclays REIT Bond Index.

Reference Index 40/30/30:
The Reference Index is comprised of: 40% WILRESI, 30% WHPSR, 30% Barclays REIT Bond Index.

NCREIF Property Index:
The NCREIF Property Index (NCREIF) is an unmanaged index of investment-grade real estate properties that are owned by tax-exempt institutions in a fiduciary environment. Properties include both equity and leveraged properties, with the leveraged properties being reported on an unleveraged basis. Performance is calculated by the National Council of Real Estate Investment Fiduciaries on a quarterly basis based upon a consistently applied real estate appraisal methodology.

MSCI U.S. REIT Index:
The MSCI U.S. REIT Index is a total-return index comprising the most actively traded real estate investment trusts and is designed to be a measure of real estate equity performance.

FTSE NAREIT Equity Index:
The FTSE NAREIT (National Association of Real Estate Investment Trusts) Equity Index is an unmanaged index of publicly traded U.S. tax-qualified REITs that have 75% or more of their gross invested book assets invested in the equity ownership of real estate.

NFI-ODCE:
NFI-ODCE (NFI-ODCE): NCREIF Fund Index-Open End Diversified Core Equity, is an index of investment returns reporting on both a historical and current basis the results of open-end commingled funds pursuing a core investment strategy. The NFI-ODCE Index is shown market capitalization-weighted and net of fees. Measurement is time-weighted. NCREIF calculates the overall aggregated Index return. NCREIF only releases returns on a quarterly basis. Returns are prorated for periods less than a full quarter.

Standard & Poor's 500 Index:
The S&P 500 Index (S&P 500) is a capitalization-weighted index that measures the performance of 500 large-capitalization domestic stocks representing all major industries.

Russell 2000 Index:
The Russell 2000 Index (Russell 2000) is an unmanaged index comprised of the smallest 2000 of the largest 3000 public companies.

Citigroup BIG Corporate Index:
The Citigroup Broad Investment Grade Corporate Index ("BIG") tracks the performance of corporate bonds issued in the US investment-grade bond market. The Corporate Index is a subset of the Citigroup US Broad Investment Grade Bond Index, which includes institutionally traded US Treasury, government-sponsored (US agency and supranational), mortgage, asset-backed, and investment-grade securities.

Additional Definitions

Turnover:
The lesser of investment purchases and sales over the specified period, divided by the total value of the investment portfolio (excluding cash), based on average, month-end assets under management. For periods greater than a year, turnover is annualized.

Cash Yield:
Reflects (1) gross cash yield for common, perpetual preferred and convertible preferred investments, (2) yield-to-put for convertible debt; and, (3) yield-to-maturity for senior unsecured debt.

Additional Disclosures

The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed in Section II do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

Information contained in this report has been assembled from sources Security Capital Research & Management Incorporated ("SC-R&M") believes to be reliable. Regardless of any circumstances, SC-R&M and its officers and directors assume no responsibility for any of the above material for any use, which may be made of it. Reliance in any way upon all or part of its use is wholly at user's risk. Any opinions expressed herein reflect our judgment at this date and are subject to change. Past performance is not indicative of future results.

There may be portfolio securities classified as Preferreds as a result of the client's accounting treatment by their custodians that SC-R&M would have classified as Debt securities.

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Team Biographies

SECURITY CAPITAL
Research & Management Incorporated

Team Biographies

ANTHONY R. MANNO JR. is CEO, President and Chief Investment Officer of Security Capital Research & Management Incorporated. He is Chairman, President and Managing Director of SC-Preferred Growth LLC. Prior to joining Security Capital in 1994, Mr. Manno spent 14 years with LaSalle Partners Limited as a Managing Director, responsible for real estate investment banking activities. Mr. Manno began his career in real estate finance at The First National Bank of Chicago and has 40 years of experience in the real estate investment business. He received an MBA in Finance with honors (Beta Gamma Sigma) from the University of Chicago and graduated Phi Beta Kappa from Northwestern University with a BA and MA in Economics. Mr. Manno is a Certified Public Accountant and was awarded an Elijah Watt Sells Award and is a recipient of the President's Call to Service Award, December 2008.

KENNETH D. STATZ is a Managing Director and Senior Market Strategist of Security Capital Research & Management Incorporated where he is responsible for the development and implementation of portfolio investment strategy. Prior to joining Security Capital in 1995, Mr. Statz was a Vice President in the Investment Research Department of Goldman, Sachs & Co., concentrating on research and underwriting for the REIT industry. Previously, he was a REIT Portfolio Manager and a Managing Director of Chancellor Capital Management. Mr. Statz has 32 years of experience in the real estate securities industry and received an MBA and a BBA in Finance from the University of Wisconsin.

KEVIN W. BEDELL is a Managing Director of Security Capital Research & Management Incorporated where he directs the Investment Analysis Team, which provides in-depth proprietary research on publicly listed companies. Prior to joining Security Capital in 1996, Mr. Bedell spent nine years with LaSalle Partners Limited where he was Equity Vice President and Portfolio Manager, with responsibility for strategic, operational and financial management of a private real estate investment trust with commercial real estate investments in excess of $1 billion. Mr. Bedell has 27 years of experience in the real estate securities industry and received an MBA in Finance from the University of Chicago and a BA from Kenyon College.

ROBERT W. CULVER is a Managing Director of Security Capital Research & Management Incorporated where he focuses on new strategy development and is the head of the client service team. He is also a Managing Director of SC-Preferred Growth LLC. Previously, he worked for Security Capital Group affiliate InterPark, where he was Senior Vice President of Finance and helped build the company from start-up to $850 million in assets in five years. Prior to InterPark, he was an Associate with Prologis Trust. Mr. Culver received his MBA in Finance and Real Estate from the Wharton School of the University of Pennsylvania and his BA from the University of Michigan.

MICHAEL J. HELLER, CPA is a Managing Director, Controller and Treasurer of Security Capital Research & Management Incorporated where he is responsible for directing the Financial Operations Team. He is Treasurer of SC-Preferred Growth LLC. Prior to joining Security Capital in 1997, Mr. Heller was with McGladrey & Pullen, LLP where he performed financial statement audits for various entities. Mr. Heller received his BA from Augustana College and is a member of the American Institute of Certified Public Accountants.

MATTHEW D. HANSEN is an Executive Director and Senior Trader of Security Capital Research & Management Incorporated where he is responsible for all trading activity. Prior to joining Security Capital in 1998, Mr. Hansen worked at Kemper Financial for five years, most recently as the Supervisor of Trading Services. Mr. Hansen received his BS in Accounting from Indiana University.

ANNE DARNLEY is an Executive Director and Research Director of Security Capital Research & Management Incorporated where she conducts in-depth property research on publicly traded real estate companies. Prior to joining Security Capital in 1997, Ms. Darnley spent 11 years with JMB Institutional Realty Corporation and Heitman/JMB, most recently as a Vice President in the portfolio management area. Ms. Darnley received her MBA from Northwestern University and a BS from the University of Colorado.

DAVID A. KLEINERMAN is an Executive Director and Research Director of Security Capital Research & Management Incorporated where he conducts in-depth property research on publicly traded real estate companies and directs real estate research. Prior to joining Security Capital in 2002, Mr. Kleinerman was the Director of Research for Pritzker Residential where he was responsible for all strategic market research. Prior to joining Pritzker Residential, he was Senior Research Analyst with Jones Lang LaSalle where he analyzed multi-sector market conditions throughout the United States. Mr. Kleinerman received his MBA in Finance/Real Estate from DePaul University and his BS in Accounting from Florida State University. Mr. Kleinerman is a member of the National Multi Housing Research Task Force and has served as President of the Chicago Real Estate Council and on various other educational and not-for-profit committees.

Note: There can be no assurance that the professionals currently employed by Security Capital will continue to be employed by Security Capital or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success.

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Team Biographies

DAVID T. CHENG, CFA is an Executive Director of Security Capital Research & Management Incorporated where he is responsible for assisting in the development of investment strategies. He focuses on conducting multivariate regression analysis to verify and refine various investment methodologies and providing answers to statistical questions. He also works with the Integrated Valuation Matrix, an extensive real estate security valuation list. Prior to joining Security Capital in 2000, Mr. Cheng worked as an Investment Research Analyst at Ennis Knupp and Associates in Chicago where he was responsible for developing and implementing research projects regarding new issues for institutional investors. Mr. Cheng received his MBA with honors, MS in Statistics, and BA in Economics and Statistics from the University of Chicago and is a member of the Chartered Financial Analyst Institute.

GENINE M. DAWCZAK, CPA is an Executive Director of Security Capital Research & Management Incorporated and also Assistant Controller and Assistant Treasurer for SC-Preferred Growth LLC where she directs the financial operations and is responsible for client reporting functions. Previously, Ms. Dawczak was with Arthur Andersen LLP where she performed financial statement audits for various entities including hedge funds and investment partnerships. She received her MS in Accountancy from DePaul University and her BA with honors in Public Policy from the University of Chicago.

NATHAN J. GEAR, CFA is an Executive Director of Security Capital Research & Management Incorporated where he focuses on research of publicly traded real estate firms. Prior to joining Security Capital in 2006, Mr. Gear was involved in the underwriting and analysis of real estate loans for JPMorgan. Mr. Gear received his BS with honors from Pensacola Christian College and is a member of the Chartered Financial Analyst Institute.

KATRINA C. HILTON, CPA is an Executive Director of Security Capital Research & Management Incorporated where she is responsible for the daily operations of managed account relationships, performance reporting as well as other reporting and control functions. Prior to joining Security Capital in 2004, Ms. Hilton was with Grosvenor Capital Management, L.P., where she performed fund accounting functions for hedge fund-of-funds. Ms. Hilton received her BS in Accountancy from the University of Illinois.

AMANDA M. TRAYNOR, CPA is an Executive Director of Security Capital Research & Management Incorporated where she focuses on accounting activities for Security Capital and SC-Preferred Growth LLC. She also serves as Assistant Treasurer of SC-Preferred Growth LLC. Prior to joining Security Capital in 2002, Ms. Traynor was with Ernst & Young LLP where she performed financial statement audits for various entities. She received her BS in Accountancy from the University of Notre Dame.

BRIDGET K. DWYER is a Vice President of Security Capital Research & Management Incorporated where she focuses on research of publicly traded real estate firms. Prior to joining Security Capital in 2004, Ms. Dwyer was with Bank One Corporation where she worked as a Senior Analyst in the Commercial Banking Operations Middle Office. Ms. Dwyer received her BA from Georgetown University.

JENNIFER A. FETZER is a Vice President and Marketing Director of Security Capital Research & Management Incorporated where she is a member of the Client Service and New Strategies team. Prior to joining Security Capital in 2013, Ms. Fetzer spent over nine years in an Institutional Sales role with Wells Fargo Securities, most recently as a Director in the Fixed Income Division. Ms. Fetzer received her MBA from The University of Chicago Booth School of Business, and her BS from The University of Notre Dame.

FRANK G. SAKELARIS is a Vice President and System Analyst of Security Capital Research & Management Incorporated where he focuses on day-to-day IT support. Prior to joining Security Capital in 2000, Mr. Sakelaris was a systems engineer for Compucom Systems, Inc. Mr. Sakelaris received his BS from Purdue University, and he is a Microsoft Certified Professional and is A+ certified.

ADAM N. SILCA is a Vice President of Security Capital Research & Management Incorporated where he is responsible for the daily operations of managed account relationships, performance reporting as well as other reporting and control functions. Prior to joining Security Capital in 2004, Mr. Silca was part of the Large Corporate Implementation Group within Bank One Corporation. Mr. Silca received his MBA from DePaul University and his BA in Economics and Finance from the University of Illinois.

PETER T. SUTTON, CFA is a Vice President of Security Capital Research & Management Incorporated where he focuses on research of publicly traded real estate firms. Prior to joining Security Capital in 2006, Mr. Sutton was with Bank One Corporation where he worked as a Commercial Credit Specialist. Mr. Sutton received his BS from Indiana University and is a member of the Chartered Financial Analyst Institute.

SHELLEY XU, CPA is an Associate of Security Capital Research & Management Incorporated where she focuses on research of publicly traded real estate firms. Prior to joining Security Capital in 2014, Ms. Xu was with KPMG where she worked as a Senior Associate in Management Consulting. Ms. Xu is a Registered Certified Public Accountant and received her MAS and BA in Accountancy from the University of Illinois at Urbana-Champaign, and is a CFA Level III Candidate, June 2016.

KEVIN E. MARTIN is an Associate of Security Capital Research & Management Incorporated where he is a member of the Client Service and New Strategies team. Prior to joining Security Capital in 2014, Mr. Martin participated in the JPMorgan Asset Management Rotational Analyst Development Program. Mr. Martin received his BA from Ohio University.

Note: There can be no assurance that the professionals currently employed by Security Capital will continue to be employed by Security Capital or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success.

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Team Biographies

DANIEL A. MASTANTUONO is an Analyst of Security Capital Research & Management Incorporated where he is responsible for the daily operations of managed account relationships, performance reporting as well as other reporting and control functions. Prior to joining Security Capital in 2015, Mr. Mastantuono was part of Commercial Loan Operations with JPMorgan. Mr. Mastantuono received his BA from Lewis University.

KIMBERLY A. DORNEY is an Analyst of Security Capital Research & Management Incorporated where she is a member of the Client Service and New Strategies team. Prior to joining Security Capital in 2015, Ms. Dorney was with Mesirow Financial where she worked as a Portfolio Administrator. Ms. Dorney received her BA from Northern Illinois University.

Note: There can be no assurance that the professionals currently employed by Security Capital will continue to be employed by Security Capital or that the past performance or success of any such professional serves as an indicator of such professional's future performance or success.

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Disclosures and Endnotes

Disclosures:
Investing in these strategies is subject to certain market risk. Investment returns and principal value of an investment will fluctuate so that an account, when redeemed, may be worth more or less than the initial investment.

Accounts investing in the Security Capital strategies invest primarily in real estate-related securities. Because of concentration in a specific industry, sector or geographic sector, real estate-related securities are subject to a higher degree of market risk relative to more broad based market indices.

Real estate investing is subject to unique risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrowers.

Endnotes:

1) Security Capital's composite of Growth & Income separate account client portfolios. Returns are net of actual investment management fees and transaction costs and include reinvestment of dividends. Returns for periods of greater than one year are annualized.

2) Security Capital's composite of Focus Select client portfolios. Returns are net of maximum investment management fee of 110 bps and transaction costs and include reinvestment of dividends. Returns for periods of greater than one year are annualized.

3) Security Capital's composite of Liquid Core client portfolios. Returns are U.S. dollar denominated time-weighted rates of returns net of actual investment management fees and include the reinvestment of dividends and other earnings. The Security Capital Balanced Composite (the Composite) was created on September 1, 2009. As of January 1, 2011, the Security Capital Balanced Composite was renamed to the Security Capital Liquid Core Composite.

4) SC-Preferred Growth is a private real estate investment company that invests primarily in convertible preferred equity securities. Return is an internal rate of return net of fees and expenses. The information contained in this presentation does not constitute an offer to sell shares but merely provides information whereby a prospective investor can express interest in receiving offering materials. Investments in SC-Preferred Growth are made only upon completion of subscription documents and receipt of a Private Placement Memorandum (the Memorandum). This presentation is qualified in its entirety by the Memorandum, which should be carefully read prior to any investment in SC-Preferred Growth. SC-Preferred Growth is only suitable for sophisticated investors who can afford the high risk and lack of liquidity inherent in private equity investing. Investors must be "qualified purchasers" as defined in section 2(a)(51) of the Investment Company Act of 1940 and "accredited investors" as defined by Rule 501 of Regulation D under the Securities Act of 1933. The information contained herein is provided to you on a confidential basis, and is intended only for the use of the person to whom it is given and is not to be reproduced or redistributed in whole or in part.

5) The Wilshire U.S. Real Estate Securities Index (WILRESI) is an unmanaged, market capitalization-weighted index comprising publicly traded REITs and real estate operating companies except for special purpose REITS.

6) The Russell 2000 Index (Russell 2000) is an unmanaged index comprised of the smallest 2000 of the largest 3000 public companies.

7) The S&P 500 Index (S&P 500) is a capitalization-weighted index that measures the performance of 500 large-capitalization domestic stocks representing all major industries.

8) NFI-ODCE (NFI-ODCE): NCREIF Fund Index-Open End Diversified Core Equity, is an index of investment returns reporting on both a historical and current basis the results of open-end commingled funds pursuing a core investment strategy. The NFI-ODCE Index is reported in multiple versions: equal-weighted and market capitalization-weighted and gross and net of fees. Measurement is time-weighted. NCREIF calculates the overall aggregated Index return.

9) The Reference index is based on the following weights and components: i) 60% weight of the Wilshire U.S. Real Estate Securities Index (WILRESI) and ii) 10% weight of the Wells Fargo Hybrid and Preferred Securities REIT Index (WHPSR) and iii) 30% weight of the Barclays REIT Bond Index.

SECURITY CAPITAL
Research & Management Incorporated

SC-Growth & Income Annual Performance Report

Annual Returns, US$

January 1, 2006 – December 31, 2015

Date	Composite Gross	Composite Net	Composite 3-Yr St Dev	Benchmark 3-Yr St Dev	Benchmark	Dispersion	As of December 31: Composite Assets ($millions)	As of December 31: Firm Assets ($millions)	As of December 31: Number of Portfolios
2006	39.46%	38.76%	N/A	N/A	35.87%	0.19%	$1,361	$6,207	23
2007	-16.55%	-16.96%	N/A	N/A	-17.87%	0.13%	$1,243	$4,643	25
2008	-39.06%	-39.39%	N/A	N/A	-39.83%	0.68%	$870	$2,722	31
2009	26.97%	26.25%	N/A	N/A	29.20%	0.61%	$1,063	$4,124	25
2010	32.08%	31.43%	N/A	N/A	29.12%	0.67%	$996	$5,167	21
2011	7.30%	6.80%	33.97%	33.21%	8.56%	0.28%	$1,031	$5,270	21
2012	16.15%	15.53%	18.55%	18.71%	17.55%	0.45%	$704	$4,764	18
2013	1.66%	1.10%	16.73%	16.92%	2.15%	0.15%	$576	$3,907	14
2014	33.33%	32.63%	13.18%	13.28%	31.53%	0.19%	$702	$4,529	12
2015	4.78%	4.26%	14.78%	14.48%	4.81%	0.28%	$562	$4,160	9

Compliance Statement
Security Capital Research & Management Incorporated ("SC-R&M") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SC-R&M has been independently verified for the period from January 1, 1996, through December 31, 2014.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The SC-Growth & Income Composite (the "Composite") has been examined for the period from January 1, 1996, through December 31, 2014. The verification and performance examination reports are available upon request.

Definition of the Firm
SC-R&M, an investment adviser established in 1995 and registered with the Securities and Exchange Commission, is part of JPMorgan Asset Management. JPMorgan Asset Management is the marketing name for the asset management businesses of JPMorgan Chase & Co. These businesses include SC-R&M and its affiliates, including, without limitation, JPMorgan Investment Management Inc. and JPMorgan Alternative Asset Management, Inc. A list of composite descriptions and additional information regarding policies for valuing portfolios, calculating performance, and preparing composite presentations are available upon request. Registration does not imply a certain level of skill or training.

The Composite
The Composite was created on January 1, 1996, and it includes all discretionary, fee-paying institutional separate accounts invested in the SC-Growth & Income strategy. The SC-Growth & Income composite's objective is to provide clients with long-term above average total returns primarily through investments in the publicly traded securities of real estate investment trusts ("REITs") and other real estate operating companies focused on owning, operating or developing real estate in the U.S. and other primary North American markets. The dispersion of annual returns is measured by the asset-weighted standard deviation of account returns represented within the composite for the full year. For periods with 5 or fewer accounts included for the entire year, dispersion is not presented as it is not considered meaningful. The three-year annualized standard deviation measures the variability of gross composite returns and benchmark returns over the preceding 36-month period. The standard deviation is not presented for periods prior to 2011 because it is not required by the GIPS standards.

Calculation of Performance Returns
Composite results are U.S. dollar denominated time-weighted rates of returns presented both gross and net of investment management fees and include the reinvestment of dividends and other earnings. Both gross and net returns are net of direct trading expenses. Net returns have been calculated monthly using accrued investment management fees. Some accounts in the Composite may have a performance fee that would differ from the standard investment management fee. Securities transactions were recorded on a trade date plus one basis from inception through July 16, 1998, and on a trade date basis thereafter. Past performance is not an indication of future results.

Investment Management Fees
Current annual investment management fees for each tranche of capital under management are as follows: up to $10 million: 110 basis points (bps); $10-$50 million: 100 bps; $50-$100 million: 75 bps; over $100 million: 60 bps.

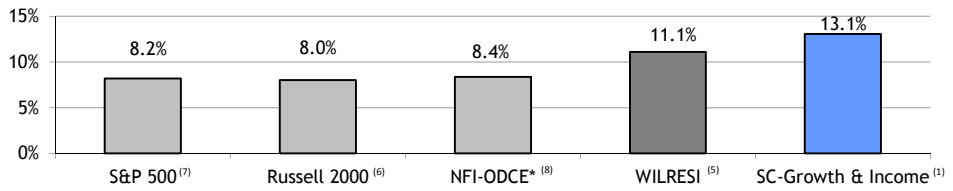
Benchmark
The benchmark for the Composite is the Wilshire US Real Estate Securities Index ("WILRESI"). The WILRESI is an unmanaged, market capitalization-weighted index comprising publicly traded REITs and real estate operating companies except for special purpose REITs. It is comprised of major companies engaged in the equity ownership and operation of commercial real estate. Effective July 1, 2007, Wilshire discontinued the WARESI Full Cap Index calculation, which SC-R&M had historically used for the Composite, and began solely providing the WILRESI, which SC-R&M simultaneously began using for the Composite from that day forward. The returns are provided to represent the investment environment existing during the time periods shown. Performance for the benchmark is calculated on a total return basis, which includes reinvestment of all income, plus realized and unrealized gains and/or losses. For comparison purposes, the WILRESI returns do not reflect transaction costs, management fees, or other expenses that would be incurred in managing an account. Benchmark returns are not covered by the report of the independent verifier.

SECURITY CAPITAL Research & Management Incorporated

Since-Inception Performance

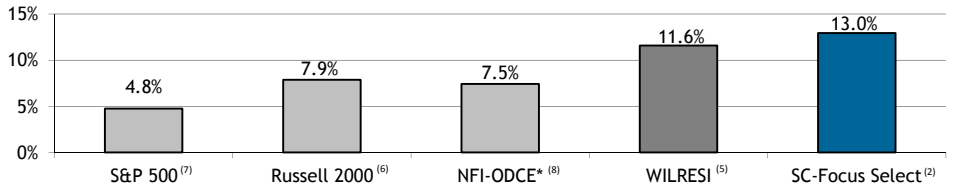
SC-Growth & Income Composite(1)

Average Annual Rate of Return Net of Fees
Since Inception: January 1, 1996



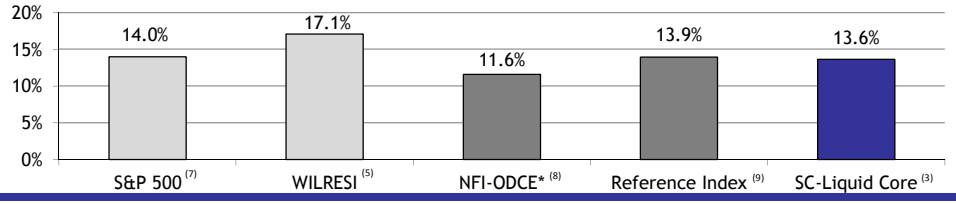
SC-Focus Select Composite(2)

Average Annual Rate of Return Net of Fees
Since Inception: April 1, 1999



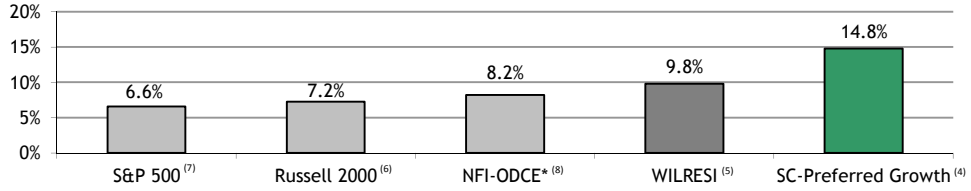
SC-Liquid Core℠(3)

Average Annual Rate of Return Net of Fees
Since Inception: September 1, 2009



SC-Preferred Growth(4)

Average Annual Rate of Return Net of Fees (SC-PG is IRR)
Since Inception: July 1, 1997



Source: Wilshire Associates, Bloomberg, Security Capital.
*Quarterly returns only. SC-Liquid Core uses NFI-ODCE beginning October 1, 2009. NFI-ODCE returns are through December 31, 2015.
Past performance is not an indication of future results. Total return assumes the reinvestment of dividends and capital gains distributions.
Please see endnotes and additional disclosures on the following slide.

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Disclosures and Definitions

This document is intended solely to report on various investment views held by Security Capital. Opinions, estimates, forecasts, and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided here is reliable but should not be assumed to be accurate or complete. The views and strategies described may not be suitable for all investors. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations. Indices do not include fees or operating expenses and are not available for actual investment.

The value of investments and the income from them may fluctuate and your investment is not guaranteed. The performance quoted is past and is not an indication of future results. Investing in these strategies is subject to certain market risk. Investment returns and principal value of an investment will fluctuate so that an account, when redeemed, may be worth more or less than the initial investment. Accounts investing in the strategies managed by Security Capital Research and Management Inc. (Security Capital) invest primarily in real estate-related securities. Because of concentration in a specific industry, property type or geographic sector, real estate-related securities are subject to a higher degree of market risk relative to more broad based market indices such as those shown. Real estate investing is subject to unique risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the real estate company and defaults by borrowers. Investments in foreign markets are subject to special currency, political, and economic risks. Exchange rates may cause the value of underlying overseas investments to go down or up. Investments in emerging markets may be more volatile than other markets and the risk to your capital is therefore greater. Also, the economic and political situations may be more volatile than in established economies and these may adversely influence the value of investments made.

Information on SC-Preferred Growth
SC-Preferred Growth is currently open to new investors.

The information contained in this presentation does not constitute an offer to sell shares but merely provides information whereby a prospective investor can express interest in receiving offering materials. Investments in SC-Preferred Growth are made only upon completion of subscription documents and receipt of a Private Placement Memorandum (the Memorandum). This presentation is qualified in its entirety by the Memorandum, which should be carefully read prior to any investment in SC-Preferred Growth. SC-Preferred Growth is only suitable for sophisticated investors who can afford the high risk and lack of liquidity inherent in private equity investing. Investors must be "qualified purchasers" as defined in section 2(a)(51) of the Investment Company Act of 1940 and "accredited investors" as defined by Rule 501 of Regulation D under the Securities Act of 1933. The information contained herein is provided to you on a confidential basis, and is intended only for the use of the person to whom it is given and is not to be reproduced or redistributed in whole or in part.

Real Estate Securities Risk
The value of real estate securities in general, and REITs in particular, are subject to the same risks as direct investments in real estate and mortgages, and their value will depend on the value of the underlying properties or the underlying loans or interests. The underlying loans may be subject to the risks of default or of prepayments that occur earlier or later than expected, and such loans may also include so-called "subprime" mortgages. The value of these securities will rise and fall in response to many factors, including economic conditions, the demand for rental property, interest rates and, with respect to REITs, the management skill and creditworthiness of the issuer. In particular, the value of these securities may decline when interest rates rise and will also be affected by the real estate market and by the management of the underlying properties. REITs may be more volatile and/or more illiquid than other types of equity securities.

Definitions
The Merrill Lynch Convertible Preferred Index is an unmanaged index of convertible preferred securities including traditional convertible preferred stocks, trust preferred stocks and mandatorily convertible preferred stocks.

The National Association of Real Estate Investment Trusts (NAREIT) Equity Index is an unmanaged index of publicly traded U.S. tax-qualified REITs that have 75% or more of their gross invested book assets invested in the equity ownership of real estate.

The NASDAQ Composite Index (NASDAQ) is a broad-based capitalization-weighted index of all NASDAQ National Market and Small Cap stocks.

The NCREIF Property Index (NCREIF) is an unmanaged index of investment-grade real estate properties that are owned by tax-exempt institutions in a fiduciary environment. Properties include both equity and leveraged properties, with the leveraged properties being reported on an unleveraged basis. Performance is calculated by the National Council of Real Estate Investment Fiduciaries on a quarterly basis based upon a consistently applied real estate appraisal methodology.

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Disclosures and Definitions

Definitions

The Morgan Stanley REIT Index (RMS) is a total-return index comprising the most actively traded real estate investment trusts and is designed to be a measure of real estate equity performance.

The Russell 2000 Index (Russell 2000) is an unmanaged index comprised of the smallest 2000 of the largest 3000 public companies.

The S&P 500 Index (S&P 500) is a capitalization-weighted index that measures the performance of 500 large-capitalization domestic stocks representing all major industries.

The S&P GSCI is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

The SNL Financial LC real estate database (SNL) includes historical financial data and other information on more than 220 publicly traded and private REITs and REOCs

The Wilshire U.S. Real Estate Securities Index (WILRESI) is an unmanaged, market capitalization-weighted index comprising publicly traded REITs and real estate operating companies except for special purpose REITs. It is comprised of major companies engaged in the equity ownership and operation of commercial real estate.

The Barclays REIT Bond Index is a market capitalization weighted index composed exclusively of investment grade U.S. corporate bonds designed to track the performance of corporate bond securities issued in the U.S. market by REITs. Qualifying securities must have an investment grade rating by two of the three (Moody's, S&P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of $250 million.

The Barclays U.S. Corporate investment Grade Index is an index comprising publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. Must have at least one year to final maturity regardless of call features, $250M par outstanding, rated investment-grade (Baa3/BBB- or higher) by at least two of three rating agencies, fixed rate, publicly issued, non-convertible.

The Barclays U.S Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt. Must have at least one year to final maturity regardless of call features, $150M par outstanding, rated high-yield (Ba1/BB+ or lower) by at least two of three rating agencies, fixed rated, publicly issued, non-convertible.

The MSCI EAFE Index is a free-float weighted equity index comprising country indices that represent developed markets outside of North America (Europe, Australasia and the Far East).

Securities may be introduced through JPMorgan Institutional Investments Inc., member of FINRA/SIPC.

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