SECURITY CAPITAL Research & Management Incorporated

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 11.0% net, average annual total return (13.7% net IRR) through May 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 – May 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	$167.1	$181.7	$91.1	$272.8	11.0%	13.7%
WILRESI Benchmark Return							11.3%	-

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

Employees' Retirement Fund of the City of Dallas

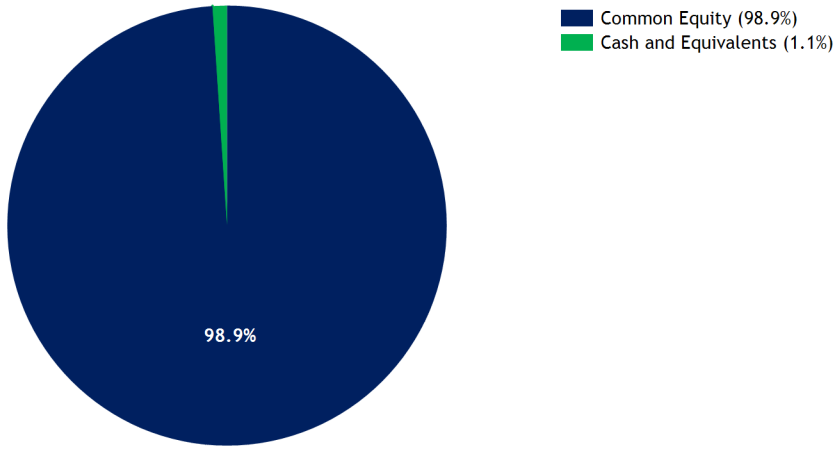
Investment Performance

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	**-0.8%**	**3.6%**	**9.7%**	**10.8%**	**10.1%**	**7.0%**	**11.7%**	**14.0%**	**3.8%**
Net	**-0.9%**	**3.3%**	**9.0%**	**10.1%**	**9.3%**	**6.3%**	**11.0%**	**13.7%**	**3.8%**
Comparative Real Estate Indices									
Wilshire U.S. Real Estate Securities Index	-0.5%	4.8%	11.0%	11.1%	10.4%	6.9%	11.3%	-	3.6%
MSCI US REIT Index	-0.1%	6.2%	10.8%	10.3%	10.3%	7.2%	11.2%	-	3.9%
FTSE NAREIT Equity Index	0.5%	6.3%	10.9%	10.0%	10.3%	7.3%	11.3%	-	3.8%
NFI-ODCE (as of 3-31-16)	2.0%	2.0%	12.6%	12.6%	12.2%	5.4%	7.0%	-	
Other Market Indices									
Standard & Poor's 500 Index	2.2%	3.6%	1.7%	11.1%	11.7%	7.4%	7.0%	-	2.2%
Russell 2000 Index	3.9%	2.3%	-6.0%	6.9%	7.9%	6.3%	8.8%	-	1.6%
Citigroup BIG Corporate Index	1.4%	5.4%	3.6%	3.7%	4.8%	6.2%	5.9%	-	3.1%

Account Activity

	Current Quarter	Year-to-Date	Inception-to-Date
Beginning Value	$92,030,805	$91,255,884	$0
Contributions	0	0	105,732,833
Withdrawals	(144,864)	(3,291,433)	(181,653,765)
Income Earned	410,936	1,739,748	61,201,803
Realized Gains/Losses	(308,708)	384,655	90,887,226
Unrealized Gains/Losses	(857,419)	1,041,896	14,962,654
Ending Value	$91,130,751	$91,130,751	$91,130,751

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]	15.4%	15.0%	23.6%	23.5%
• Correlation	99.8%	-	99.6%	-
• R-Squared	99.6%	-	99.1%	-
• Sharpe Ratio[2]	0.7	0.7	0.4	0.4
• Tracking Error[3]	-	1.0%	-	2.2%
Regression (vs. WILRESI)				
• Beta	1.0	1.0	1.0	1.0
• Alpha	-1.1	-	-0.3	-

(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.