

# Tower Lane

Bailard Long/Short  
Market-Neutral Strategy

## April 2012 Monthly Update

### OVERVIEW

Tower Lane is a market-neutral REIT strategy that seeks to produce consistent, positive monthly returns independent of market direction.

On average, the strategy invests in up to 25 long positions and 25 short positions in publicly-traded REITs. In addition to equally-weighted long and short positions (net market exposure is limited to +/- 10%), strict controls are applied to property type exposures (net exposure is limited to +/- 5%) and allocations per position (limited to 5% of gross assets). There is no cash borrowing, and the portfolio does not exceed 100% on either the long or short side.

The Tower Lane Strategy is being offered to investors as a fully transparent separate account.

### GOOD TO KNOW

**U.S. Investor Requirements**  
Qualified Purchaser

**Structure**  
Separately managed account

**Minimum Initial Investment**  
\$5,000,000

**Liquidity**  
At client's discretion

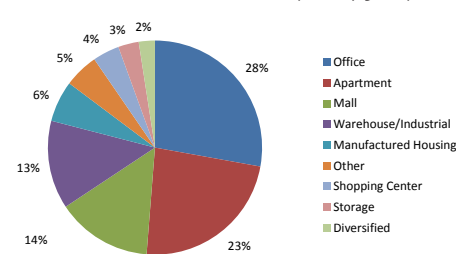
**Fees; Incentive Allocation**  
1% management fee;  
20% incentive allocation  
(with high-water mark)

**Contact Information**  
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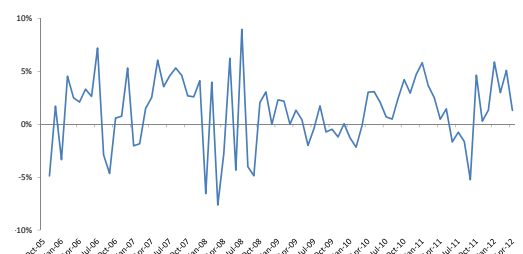
### BENCHMARK ANALYSIS<sup>1</sup> (AS OF 4/30/12)

	ANN. RETURN <sup>2</sup>	STD. DEV. <sup>2</sup>	SHARPE RATIO <sup>2</sup>	RETURNS											
				AUG-DEC 2004	2005	2006	2007	2008	2009	2010	2011	2012 YTD			
Tower Lane (Gross)	10.92%	6.92%	1.29	3.47%	20.40%	12.12%	15.92%	12.10%	6.94%	3.91%	8.95%	1.61%			
Tower Lane (Net)	7.88%	5.74%	1.03	2.43%	15.38%	8.82%	11.83%	8.80%	4.71%	2.31%	6.30%	1.02%			
S&P 500 Index	5.26%	15.80%	0.21	10.85%	4.91%	15.79%	5.49%	-36.99%	26.48%	15.07%	2.09%	11.87%			
HFRX Market-Neutral Index	-0.21%	4.08%	-0.54	0.85%	0.21%	4.76%	3.11%	-1.16%	-5.56%	2.65%	-2.93%	-3.12%			
90-Day T-Bill	1.99%	0.55%	N/A	0.89%	3.46%	4.81%	4.38%	1.59%	0.17%	0.10%	0.10%	0.02%			

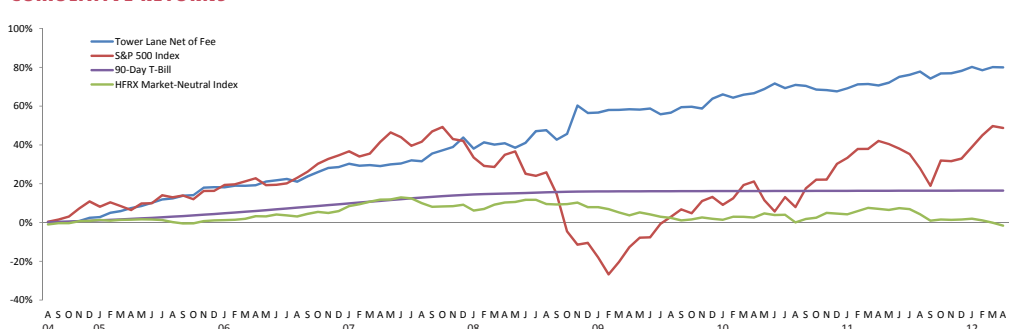
### PROPERTY TYPE ALLOCATION (AS OF 4/30/12)



### NET MARKET EXPOSURE



### CUMULATIVE RETURNS<sup>1</sup>



### PERFORMANCE NET OF FEES<sup>1</sup>

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEP	OCT	NOV	DEC	YTD
2012	1.15%	-0.94%	0.89%	-0.07%	*	*	*	*	*	*	*	*	1.02%
2011	0.93%	1.21%	0.09%	-0.43%	0.84%	1.74%	0.61%	0.93%	-2.04%	1.53%	0.04%	0.70%	6.30%
2010	1.34%	-1.03%	0.93%	0.47%	1.31%	1.70%	-1.40%	0.98%	-0.29%	-1.11%	-0.16%	-0.40%	2.31%
2009	0.14%	0.84%	0.04%	0.21%	-0.11%	0.33%	-1.85%	0.54%	1.78%	0.16%	-0.60%	3.21%	4.71%
2008	-3.97%	2.32%	-0.82%	0.51%	-1.64%	1.82%	4.26%	0.34%	-3.32%	2.10%	10.02%	-2.38%	8.80%
2007	1.33%	-0.79%	0.23%	-0.37%	0.67%	0.34%	1.24%	-0.34%	3.02%	1.22%	1.22%	3.54%	11.83%
2006	-0.03%	0.70%	-0.04%	0.25%	1.59%	0.51%	0.56%	-1.10%	2.24%	1.79%	1.69%	0.37%	8.82%
2005	0.34%	2.16%	0.83%	1.45%	1.04%	1.48%	1.58%	0.50%	1.23%	0.25%	3.39%	0.19%	15.38%
2004	*	*	*	*	*	*	*	0.22%	0.05%	-0.01%	0.51%	1.65%	2.43%

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Sources: Bailard, Bloomberg, HFR, Morningstar.

<sup>1</sup> Past performance is no indication of future results. All investments involve the risk of loss. Please see reverse for important disclosures.

<sup>2</sup> Since inception (8/2004 - 4/2012).

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## RISKS

In addition to the risk of loss and other risks associated with investing, the Tower Lane Strategy has additional investment risks, including the special risks associated with investing in publicly-traded REITs and small capitalization stocks, risks associated with short-selling (which can result in substantial losses if the prices of securities that have been sold short increase), and risks associated with leverage (which can magnify any gains or losses). There can be no assurance that the Tower Lane Strategy will achieve its investment objectives.

## DISCLOSURES

**Fee information:** The fee for the Tower Lane Strategy consists of a 1% annual management fee as well as a 20% annual performance allocation (subject to a high-water mark).

**Composite description:** The Tower Lane Strategy's performance is the performance of the Bailard, Inc. Long/Short REIT composite, which includes all portfolios that invest in public REIT securities,

both by purchasing shares outright and selling them short. The composite currently consists of two portfolios that pursue the Tower Lane Strategy as part of a multi-strategy pooled investment vehicle. Composite returns are a dollar-weighted average of account returns. As of 4/30/12, this composite had \$21.5M in assets under management. No alteration of the composite has occurred because of changes in personnel at any time. A complete list and description of the firm's composite is available upon request.

**Return calculation methodology:** Both gross (gross of fee) and net (net of fee) results are presented as labeled for the Tower Lane composite. These total returns incorporate actual trading costs and reflect the reinvestment of dividends if any. Where results are stated as Net, an annual management fee of 1% (8.3 basis points per month) and the monthly accrued effect of an annual performance allocation of 20% of net profits (subject to a high-water mark on investments) have been deducted from the monthly gross returns. Net results do

not include custody or other administrative expenses.

Individual account management, construction and performance will vary depending on individual account cash flows and investment restrictions, among other things. Performance does not reflect the affects of taxation, which can reduce returns to taxable investors. **Past performance is no indication of future results.**

**Market indices:** The S&P 500, the HFRX Market-Neutral Index and the 90-Day T-Bill have been used as comparative indices in this presentation. The S&P 500 a nationally recognized index of large cap stocks. It is presented on a total return basis with dividends reinvested, is unmanaged and uninvestable, and does not reflect transaction costs. The HFRX Equity Market-Neutral index (the "HFR Market-Neutral Index") is a net of fee index comprised of investment managers present in the HFR Database that employ Equity Market Neutral strategies and are currently open to new transparent investment with a minimum asset size and 24 month track

record. These strategies use sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. Equity Market Neutral strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

Unlike these indices, the Tower Lane Strategy is a long/short portfolio of publicly-traded REIT securities and other non-REIT real estate related securities, which may also hold cash equivalents. The 90-Day T-Bill is used as a comparative index due to the absolute return nature of the Tower Lane Strategy. However, the Strategy is higher risk and the potential for loss is significantly greater than an investment in Treasury Bills.

**Property Type Allocation/ Net Market Exposure:** Data is current as of 4/30/12; it is not intended to represent any past, present or future investment recommendations and is subject to change.

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For more information, please call 800.BAILARD (800.224.5273) or visit [www.bailard.com](http://www.bailard.com).

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