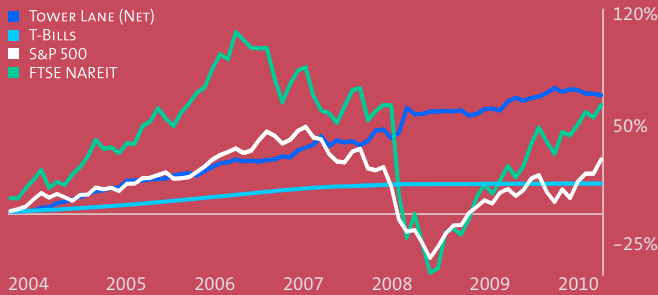


Tower Lane

Bailard Long/Short
Market-Neutral Strategy

CUMULATIVE NET RETURNS VS. T-BILLS, S&P 500, AND FTSE NAREIT¹ (AUG 2004 – DEC 2010)



Sources: Bailard, Bloomberg, Morningstar, NAREIT.

TOWER LANE IS A MARKET-NEUTRAL LONG/SHORT STRATEGY THAT SEEKS TO PRODUCE CONSISTENT, POSITIVE MONTHLY RETURNS INDEPENDENT OF MARKET DIRECTION.

THE OPPORTUNITY

Since its inception in August of 2004, the Bailard Tower Lane Strategy has offered investors the opportunity to generate—with minimal volatility—strong, uncorrelated absolute returns through the exploitation of pricing inefficiencies in the U.S. publicly-traded REIT market.¹

Unlike the stocks of many other sectors, public real estate securities offer the potential for precise valuation of their underlying assets. This creates an exploitable investment opportunity ideally suited for a market-neutral portfolio. REITs that appear to be underpriced by the market relative to their net-asset-value can be purchased, and those that appear overpriced can be sold short in equal amount. The resulting portfolio has the ability to generate returns when the market prices of the underlying REITs revert towards their net-asset-values.

Bailard is particularly qualified to offer this long/short REIT strategy, with 30+ years of private real estate investment expertise and a robust background in quantitative research and long/short equities trading.

THE PRODUCT

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

On average, the Strategy invests in up to 25 long positions and 25 short positions. 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.

PERFORMANCE STATISTICS¹

(AS OF 12/31/10)

CALENDAR YEAR RETURNS	2010	2009	2008	2007	2006	2005
Tower Lane Strategy (Gross)	3.9%	6.9%	12.1%	15.9%	12.1%	20.4%
Tower Lane Strategy (Net)	2.3%	4.7%	8.8%	11.8%	8.8%	15.4%

ANNUALIZED RETURNS (SINCE 8/04)	GROSS	NET
Tower Lane Strategy	11.6%	8.4%

TOWER LANE STRATEGY (SINCE 8/04)	
Standard Deviation	7.4%
% Up Months	77%
Sharpe Ratio	1.24
Correlation to NAREIT	-0.33
Correlation to Wilshire Small Cap Value	-0.24
Correlation to S&P 500	-0.19

Sources: Bailard, Bloomberg, Morningstar, NAREIT.

¹ Like other investments, an investment in this strategy may lose money. In particular, since the strategy entails selling securities short, it involves risks in addition to those present in a typical long-only investment portfolio. Please see pages 3 and 4 for a complete return history and important disclosures. **Past performance is no indication of future results.**

Bailard
INVESTING. REDEFINED.®

INVESTMENT PROCESS

The investment universe consists of approximately 120 stocks from 14 property types. This universe includes all REITs within the NAREIT Index, as well as other real estate related public securities. Securities within certain property types, such as Healthcare and Hotels, are generally avoided because they tend not to be purely influenced by traditional real estate factors.

Through a combination of qualitative inputs, Tower Lane seeks to identify those REITs that trade at a significant premium to their fair market value (short candidates), and those that trade at a significant discount to their fair market value (long candidates).

The Tower Lane Strategy incorporates the following elements into its research and security selection:

- Values the assets and liabilities of each REIT among a universe of approximately 120 REITs.
- Forecasts the economic prospects by region and property type that contribute to REIT pricing.
- Ranks the universe of REIT securities relative to fair market value.
- Implements thorough risk controls at the portfolio, sector, property type, and security levels to minimize the possibility of unexpected outcomes.

THE PORTFOLIO MANAGEMENT TEAM

Tower Lane benefits from a collaboration of Bailard asset management professionals, each contributing in their area of expertise to the implementation of the strategy.

George Sokoloff, PhD, CFA brings an impressive background in the field of quantitative research and acts as the Strategy's lead portfolio manager. Prior to joining the firm in 2006, George developed quantitative stock selection models for StarMine. He earned his MS in applied mathematics from the Moscow Institute of Physics and Technology in 1998 and a PhD in management science and engineering from Stanford University in 2006. George received his Chartered Financial Analyst designation in 2006.

Glenn Davis, CFA has over a decade of trading experience and serves as Bailard's head trader.

Ron Kaiser, a Director of Bailard, conducts comprehensive research on the role of real estate in investment portfolios and advises the firm's private and public real estate portfolio management teams.

INVESTMENT PERFORMANCE

Tower Lane will likely appeal to those seeking low volatility and uncorrelated alpha. Unlike many long/short strategies that make an explicit bet on the direction of the market, Tower Lane is agnostic as to the market's direction and has historically delivered positive alpha while strictly limiting market exposure to +/-10%.

Tower Lane offers further diversification benefits as is evidenced by its historically low correlation to NAREIT (-0.33), the S&P 500 (-0.19), and small cap value stocks, as measured by the Wilshire Small Cap Value index (-0.24). The Strategy also has a low annualized standard deviation of 7.4% from August 2004 through December 2010. De-

spite this attractive risk profile, over this period the strategy generated an annualized return of 11.6% (gross) and 8.4% (net). (See table on page 1.)²

WHY BAILARD?

Ever since we opened our doors in 1969, we've been seeking innovative ways to build wealth and generate solid returns for our clients. With over \$1.8 billion in assets, we offer institutional investors and private clients intelligent, proprietary investment strategies and products; and a combination of stability, responsiveness, and discipline that seeks to bring strong, consistent results and exceptional personal service.

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)

Tower Lane

Bailard Long/Short
Market-Neutral Strategy

TOWER LANE COMPOSITE TOTAL GROSS AND NET-OF-FEE RETURNS² (FOR MONTHLY PERIODS ENDING 12/31/10)

		GROSS %	NET %	ASSETS (MILLION)	FTSE NAREIT EQUITY REIT INDEX	90-DAY T-BILL			GROSS %	NET %	ASSETS (MILLION)	FTSE NAREIT EQUITY REIT INDEX	90-DAY T-BILL
2004	Aug	0.36%	0.22%	\$10.0	7.94%	0.15%	2008	Jan	-3.89%	-3.97%	\$23.7	-1.03%	0.23%
	Sep	0.15%	0.05%	\$10.1	-0.06%	0.16%		Feb	2.40%	2.32%	\$24.3	-3.56%	0.18%
	Oct	0.07%	-0.01%	\$10.1	5.36%	0.17%		Mar	-0.74%	-0.82%	\$24.1	6.23%	0.11%
	Nov	0.72%	0.51%	\$10.1	4.30%	0.20%		Apr	0.59%	0.51%	\$24.1	5.86%	0.12%
	Dec	2.14%	1.65%	\$10.3	4.85%	0.21%		May	-1.55%	-1.64%	\$23.7	0.77%	0.13%
2005	Jan	0.51%	0.34%	\$10.4	-8.40%	0.22%		Jun	1.91%	1.82%	\$24.1	-10.88%	0.13%
	Feb	2.78%	2.16%	\$14.8	3.07%	0.24%		Jul	4.93%	4.26%	\$20.8	3.47%	0.14%
	Mar	1.11%	0.83%	\$15.0	-1.55%	0.25%		Aug	0.51%	0.34%	\$20.9	2.21%	0.15%
	Apr	1.88%	1.45%	\$15.2	5.32%	0.25%		Sep	-3.85%	-3.32%	\$19.0	-0.19%	0.14%
	May	1.36%	1.04%	\$15.5	3.47%	0.25%		Oct	2.51%	2.10%	\$18.9	-31.67%	0.12%
	Jun	1.91%	1.48%	\$15.7	5.03%	0.26%		Nov	12.56%	10.02%	\$20.6	-23.06%	0.09%
	Jul	2.02%	1.58%	\$16.1	7.14%	0.29%		Dec	-2.82%	-2.38%	\$20.0	16.39%	0.04%
	Aug	0.69%	0.50%	\$16.2	-3.66%	0.30%	2009	Jan	0.26%	0.14%	\$20.1	-17.31%	0.02%
	Sep	1.59%	1.23%	\$16.5	0.60%	0.31%		Feb	1.13%	0.84%	\$20.3	-20.82%	0.01%
	Oct	0.38%	0.25%	\$16.5	-2.37%	0.34%		Mar	0.14%	0.04%	\$26.3	4.06%	0.02%
	Nov	4.22%	3.39%	\$17.2	4.21%	0.34%		Apr	0.34%	0.21%	\$26.4	31.02%	0.02%
	Dec	0.31%	0.19%	\$17.2	-0.20%	0.34%		May	-0.06%	-0.11%	\$26.4	2.16%	0.01%
2006	Jan	0.06%	-0.03%	\$17.3	7.30%	0.36%		Jun	0.49%	0.33%	\$26.3	-3.73%	0.01%
	Feb	0.96%	0.70%	\$17.4	1.79%	0.37%		Jul	-2.12%	-1.85%	\$24.4	10.47%	0.01%
	Mar	0.03%	-0.04%	\$17.4	5.05%	0.38%		Aug	0.65%	0.54%	\$24.9	13.39%	0.02%
	Apr	0.39%	0.25%	\$14.5	-3.72%	0.39%		Sep	2.31%	1.78%	\$25.5	6.40%	0.02%
	May	2.06%	1.59%	\$14.9	-2.85%	0.40%		Oct	0.29%	0.16%	\$25.5	-4.50%	0.01%
	Jun	0.72%	0.51%	\$15.1	5.20%	0.42%		Nov	-0.66%	-0.60%	\$25.4	6.91%	0.01%
	Jul	0.78%	0.56%	\$15.2	3.37%	0.41%		Dec	4.08%	3.21%	\$26.3	7.15%	0.01%
	Aug	-1.29%	-1.10%	\$15.0	3.78%	0.41%	2010	Jan	1.76%	1.34%	\$26.8	-5.21%	0.00%
	Sep	2.87%	2.24%	\$15.4	1.85%	0.39%		Feb	-1.20%	-1.03%	\$26.5	5.34%	0.00%
	Oct	2.29%	1.79%	\$20.2	6.26%	0.39%		Mar	1.24%	0.93%	\$27.0	10.18%	0.01%
	Nov	2.16%	1.69%	\$20.6	4.65%	0.40%		Apr	0.67%	0.47%	\$27.1	6.94%	0.01%
	Dec	0.53%	0.37%	\$20.7	-1.56%	0.40%		May	1.71%	1.31%	\$27.6	-5.55%	0.01%
2007	Jan	1.75%	1.33%	\$21.1	8.42%	0.41%		Jun	2.19%	1.70%	\$28.1	-5.02%	0.01%
	Feb	-0.90%	-0.79%	\$20.9	-2.24%	0.40%		Jul	-1.64%	-1.40%	\$26.7	9.52%	0.01%
	Mar	0.37%	0.23%	\$20.8	-2.39%	0.40%		Aug	1.29%	0.98%	\$27.0	-1.39%	0.01%
	Apr	-0.38%	-0.37%	\$20.0	-0.02%	0.39%		Sep	-0.27%	-0.29%	\$25.2	4.47%	0.01%
	May	0.92%	0.67%	\$20.1	0.05%	0.39%		Oct	-1.30%	-1.11%	\$24.7	4.70%	0.01%
	Jun	0.50%	0.34%	\$20.2	-9.07%	0.40%		Nov	-0.11%	-0.16%	\$23.0	-1.96%	0.01%
	Jul	1.63%	1.24%	\$20.0	-7.80%	0.40%		Dec	-0.41%	-0.40%	\$24.0	4.66%	0.01%
	Aug	-0.33%	-0.34%	\$20.0	6.57%	0.33%							
	Sep	3.84%	3.02%	\$20.7	4.41%	0.33%							
	Oct	1.59%	1.22%	\$21.1	1.12%	0.33%							
	Nov	1.58%	1.22%	\$21.7	-9.07%	0.27%							
	Dec	4.42%	3.54%	\$22.7	-5.03%	0.25%							

Sources: Bailard, NAREIT.

² Like other investments, an investment in this strategy may lose money. In particular, since the strategy entails selling securities short, it involves risks in addition to those present in a typical long-only investment portfolio. Please see the following page for important disclosures. **Past performance is no indication of future results.**

Tower Lane

Bailard Long/Short
Market-Neutral Strategy

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 perfor-

mance 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 12/31/10, this composite had \$24.0M 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 composites 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 FTSE NAREIT Equity REIT Index (NAREIT), the Wilshire Small Cap Value Index, the S&P 500, and the 90-Day T-Bill have been used as comparative indices in

this presentation. NAREIT is a nationally recognized index of publicly traded REIT securities, the Wilshire Small Cap Value Index is a nationally recognized index of the 751 to 2,500 largest value stocks within the Dow Jones Wilshire 5000 as determined by market cap, and the S&P 500 a nationally recognized index of large cap stocks. These indices are presented on a total return basis with dividends reinvested, are unmanaged and uninvestable, and do not reflect transaction costs. 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.

Bailard

INVESTING. REDEFINED.®

Published March 2, 2011

For more information, please call 800.BAILARD (800.224.5273) or visit www.bailard.com.

Bailard, Inc.
950 Tower Lane, Suite 1900
Foster City, California 94404