CORNERSTONE

Cornerstone Real Estate Advisers LLC

U.S. Real Estate Securities

Bay County Retirement System

October 23, 2014

Presentation Team

Michael Marron, CPA	Vice President, Senior Equity Analyst
Kevin Ryan, CFA	Vice President, Client Relations

Executive Summary

Relationship Summary

- Total contribution of $5.3 million:
  - Initial contribution of $4.0 million in October 2008
  - Additional $1.0 million contribution in 2010
  - Additional $0.3 contribution in 2013
- Account value as of September 30, 2014:
  - $12.1 million
- Since inception annualized total gross return of 16.3% and 15.6% net of fees vs. the FTSE NAREIT Equity return of 14.3%.

Past performance is not a guarantee of future performance.

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Section I

Cornerstone Overview

Cornerstone Overview

- **Assets under management: $43.8 billion of private and public real estate interests as of June 30, 2014**[1]
- **Competencies cover broad spectrum of private and public real estate: market strategies available in funds and individually managed accounts**
  - Private equity real estate
    - Core, value-added and developmental strategies
    - Multifamily, office, retail, industrial and hotel properties in U.S.
    - Office, retail and industrial properties in the UK and Europe
  - Global public real estate equity securities
  - Real estate debt
    - Commercial whole loans
    - CMBS
    - Residential loan pools and other real estate debt
- **Member of MassMutual Financial Group**[2]

Private Equity	Public Equity
◆ Core ◆ Value Add ◆ Opportunistic	◆ REIT Common Stock ◆ REIT Preferred Stock
Private Debt	**Public Debt**
◆ Core Mortgage ◆ Bridge Lending ◆ Mezzanine Lending ◆ Affordable Housing	◆ CMBS ◆ Unsecured REIT Debt ◆ Residential Whole Loan Pools

[1] Cornerstone and its subsidiaries ("Cornerstone") manage or service over $43 billion of real estate equity and debt in private and public markets. This total comprises assets of Cornerstone Real Estate Advisers ($41.2 billion) and its UK subsidiary Cornerstone Europe ($2.6 billion).

[2] MassMutual Financial Group is a marketing name for Massachusetts Mutual Life Insurance Company ("MassMutual") and its affiliated companies and sales representatives.

Cornerstone Overview

Cornerstone Assets Under Management:
$43.8 Billion of Private and Public Real Estate Interests as of June 30, 2014

[1] Cornerstone and its subsidiaries ("Cornerstone") manage or service over $43 billion of real estate equity and debt in private and public markets. This total comprises assets of Cornerstone Real Estate Advisers ($41.2 billion) and its UK subsidiary Cornerstone Europe ($2.6 billion).

[2] MassMutual Financial Group is a marketing name for Massachusetts Mutual Life Insurance Company ("MassMutual") and its affiliated companies and sales representatives.

[3] Assets include Babson Capital Management LLC and its subsidiaries Babson Capital Europe Limited and Cornerstone Real Estate Advisers.

[4] Babson Capital Cornerstone Asia Limited is a Hong Kong affiliate and member of the MassMutual Financial Group that provides Cornerstone with advisory and distribution services in the Asia-Pacific region.

Real Estate Securities Team

Dave Wharmby, CFA
Managing Director &
Global Head of Real
Estate Securities

Europe

Henry Burgers, CFA
Portfolio Manager
Amsterdam [1]

Guido Bunte
Portfolio Manager -
Europe
Amsterdam [1]

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Rico Kanthatham
Director, Asia-Pacific
Hong Kong

Anna Zhong, CFA
Portfolio Manager -
Asia-Pacific
Hong Kong [2]

Enoch Chan, CFA
Equity Research Analyst
Asia-Pacific
Hong Kong [2]

North America

Scott Westphal,CPA,CFA
Managing Director
Stamford, CT

Bill Gustafson, CPA, CFA
VP & Sr. Equity Analyst
Stamford, CT

James Johng
VP & Sr. Equity Analyst
Stamford, CT

Mike Marron, CPA
VP & Sr. Equity Analyst
Stamford, CT

Portfolio Analytics/Client Service

Rene St. Marie
Assistant Vice President
Senior Portfolio Analyst

Jennifer Avery, CIPM
Assistant Vice President
Senior Portfolio Analyst

Kevin Ryan, CFA
Vice President
Client Relations

Tom Duggan
Marketing Analyst

Real Estate Research

Michael Gately
Managing Director

Jim Clayton
Vice President

Paul Stewart
Director European
Research [3]

Ryan Ma, CFA
Assistant Vice President

Dags Chen, CFA
Assistant Vice President

Veronica Soriano
Assistant Vice President

Michael Kusy
Research Analyst

Property Investment

Cornerstone Private Real Estate Equity
Hartford, CT
Glastonbury, CT
Chicago, IL
Santa Monica, CA
London
Rotterdam
Stockholm
Helsinki
Berlin
Dusseldorf
Frankfurt
Hamburg
Helsinki
Munich

Cornerstone Private Real Estate Debt and Public Debt Securities
Hartford, CT
Glastonbury, CT
Chicago, IL
Washington, D.C.
Dallas, TX
Newport Beach, CA
London

Worldwide Presence: Team members are strategically located within their investment markets in offices situated in the Americas, EMEA and APAC

Experienced Investors: Multi-national real estate investment professionals averaging over 17 years of real estate experience in their home markets

[1] Employed by subsidiary entity Cornerstone Europe, but dedicated to the Securities Group.
[2] Employed by affiliate entity Babson Capital Cornerstone Asia Limited, but dedicated to the Securities Group.
[3] Employed by subsidiary entity Cornerstone Europe.

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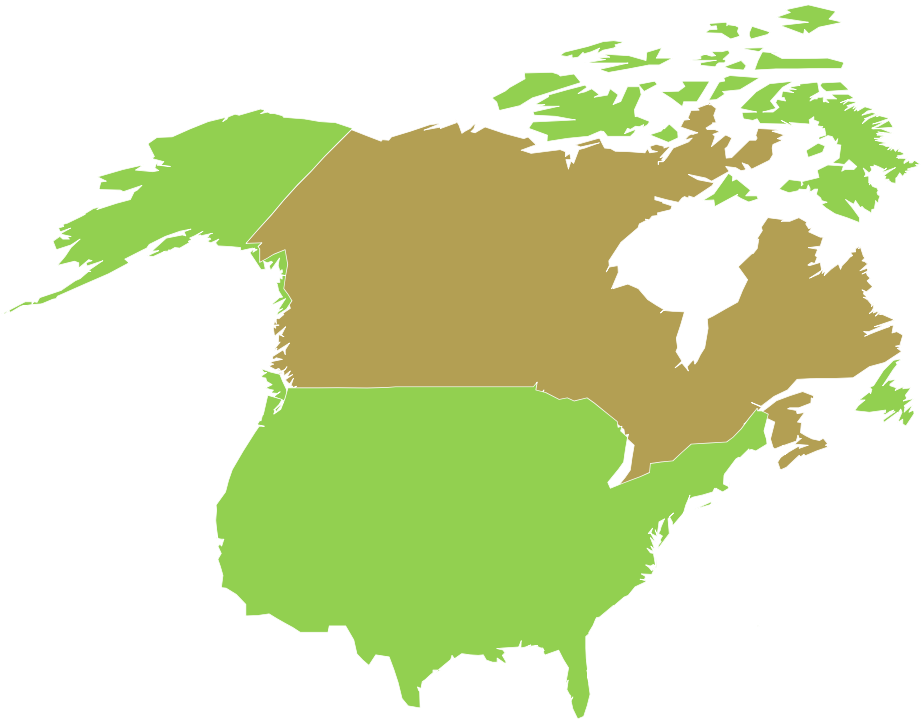
Section II

Market Environment

North America's Economic Environment

October 2014

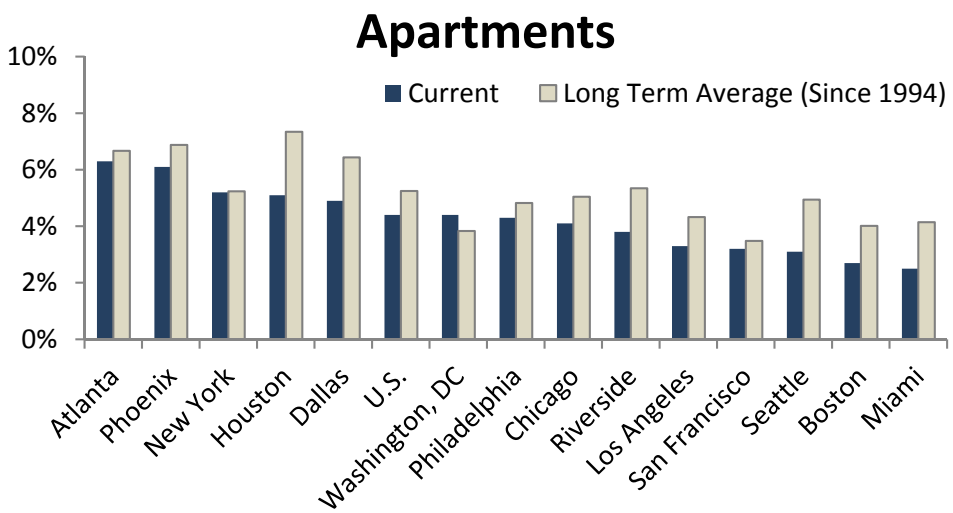


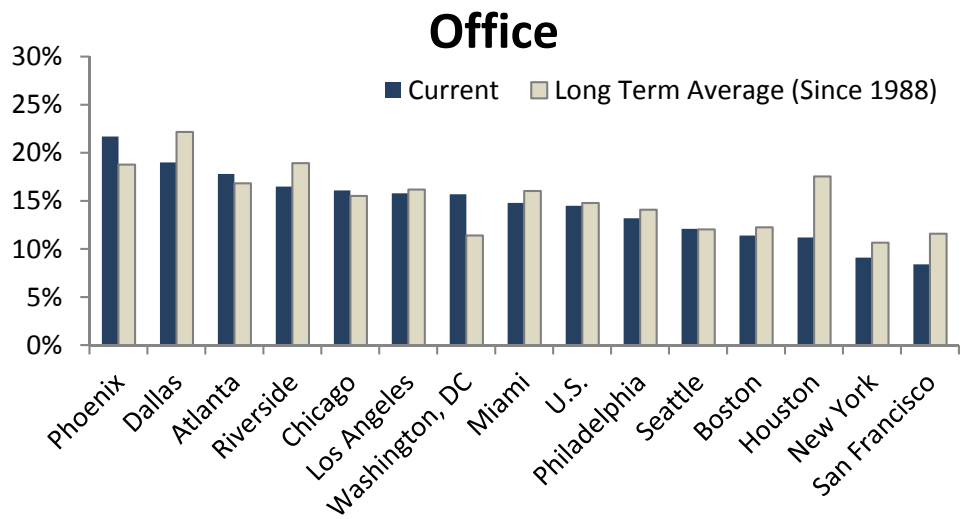
Very strong | Strong | Neutral | Weak | Very weak

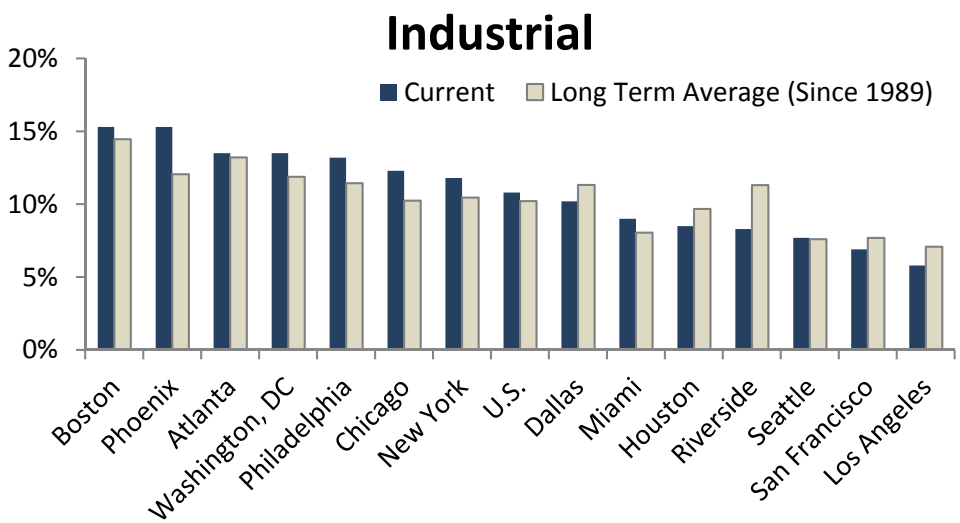
Source: Cornerstone Real Estate Advisers

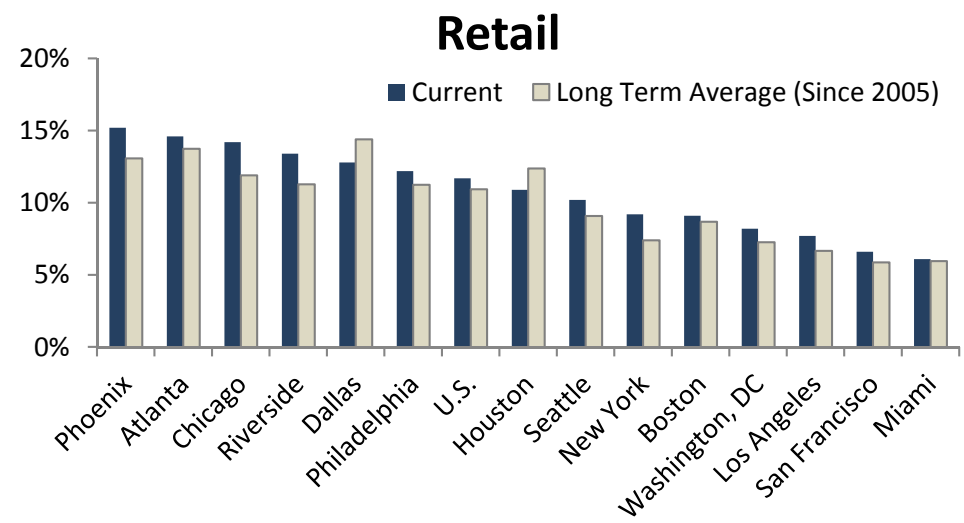
- **The U.S. economic recovery continued in the third quarter of 2014.** Most leading economic indicators demonstrate that economic growth will pick up in 2015, after a soft patch in late 2014. We also see the U.S. continuing to decouple from weak foreign economies.
- **Second quarter GDP grew 4.6%.** The large improvement over first quarter's dismal 2.1% decline is mainly due to improving consumer spending and the ending of federal cutbacks.
- **The housing recovery is likely to remain slow-to-moderate.** Existing home sales have accelerated in the quarter, but housing starts have been trending flat.
- **Consumer Confidence has been strong in 2014.** The September reading declined; however the recent sharp drop in oil prices should be a tailwind for the consumer in 2015.
- **Employment growth has been consistently strong in 2014.** Although monthly readings have fluctuated, the three-month trailing average is above 200,000.
- **U.S. real estate property fundamentals remain positive** and will drive earnings growth over the next few years.

Vacancy Across Property Sectors in Select Markets 2Q 2014









Source: Cornerstone Research, CBRE-EA (2Q 2014)

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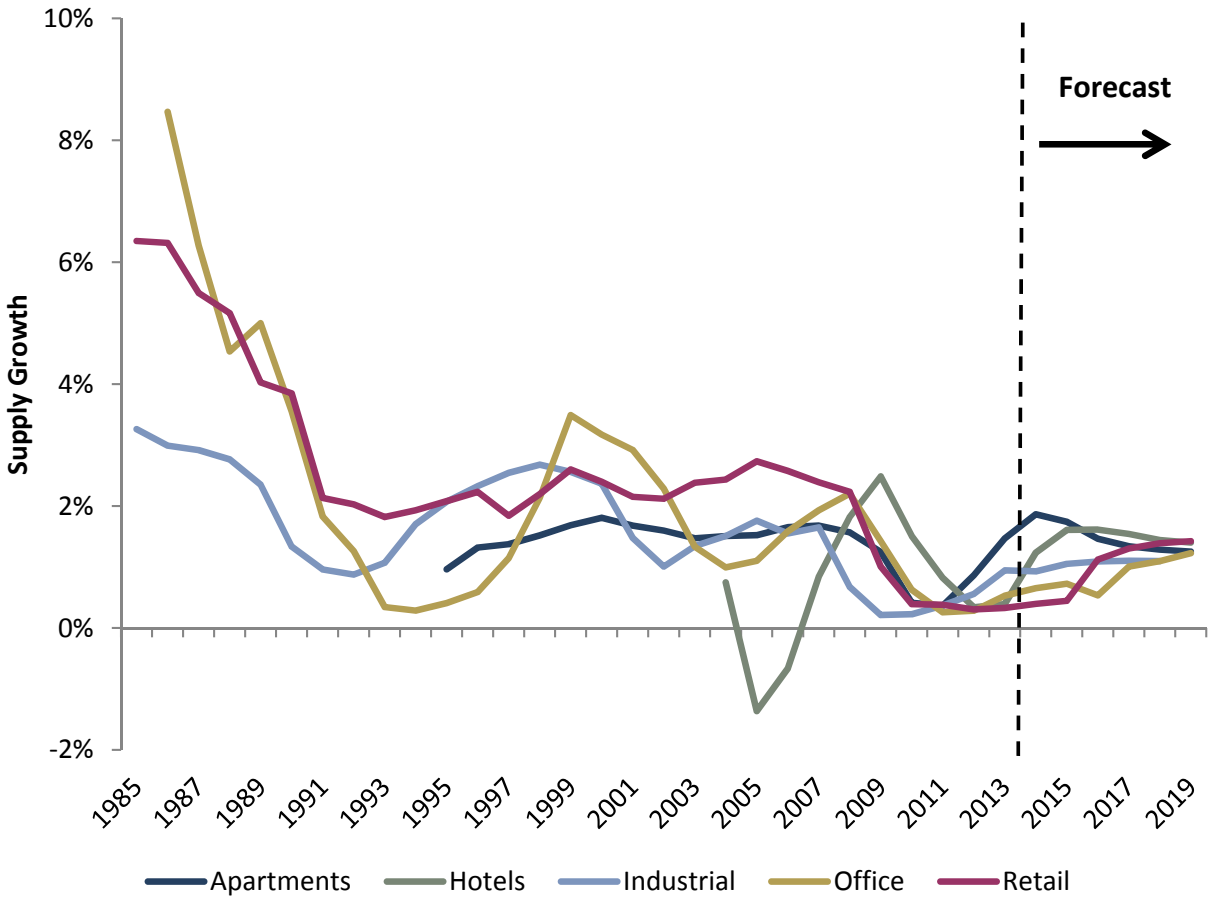
Supply Growth Forecast is Manageable

Supply growth rates have been the lowest ever in the current recovery



Source: Cornerstone Research, CBRE-EA (2Q 2014)

- The apartment and hotel sectors have recovered to pre-recession occupancies, supporting new construction
- Multifamily permits and starts are approaching pre-recession levels but still lagging forecast demand
- Hotel construction remains concentrated in the "limited service" sector
- Industrial supply remains low but is accelerating quickly
- Neighborhood/community retail center supply growth is very low-shifting store formats present shadow supply
- Office construction activity is low outside of New York, San Francisco, Houston, Austin, and a few others

North America – Sector Real Estate Markets Summary

	View	Positive	Negative	Risks
Apartments	Positive	▪ Solid internal growth. ▪ Strong institutional demand exists for the product. ▪ Demographics favor multi-family housing demand.	▪ Pace of revenue growth decelerating. ▪ Operating expense ticking higher due to taxes, insurance and R&M. ▪ New supply still a concern.	▪ New supply outpaces demand. ▪ Job growth slows. ▪ Demand uncertainty for new supply at current price points.
Student Housing	Positive	▪ One of the cheapest sectors by NAV and multiples. ▪ Supply of purpose built product not adequate at major universities. ▪ Public/private partnerships is the next leg of growth.	▪ Student tuition has been growing faster than inflation. ▪ Supply is a concern in some markets. ▪ More investors continue to enter the market.	▪ Cap rates continue to be driven lower making external growth more challenging. ▪ Rent growth muted by too much new supply. ▪ Universities build their own student housing.
Healthcare	Negative	▪ Aging population. ▪ Home price appreciation helps certain segments.	▪ Interest rate sensitivity. ▪ Lack of acquisitions.	▪ Supply. ▪ Interest rates fluctuation could weaken sector.
Strip Centers	Positive	▪ Active capital markets for A and B assets. ▪ Supply significantly below historical levels. ▪ Quality of portfolios improving. ▪ Strong hardline retail sales.	▪ Mid single digit earnings growth in 2015. ▪ Consolidation still to come in books, electronics and office supply. ▪ “New” US consumer behavior	▪ Limited external growth due to heated acquisition market. ▪ Rising rates a threat to B assets. ▪ Ecommerce sales growth.
Malls	Positive	▪ Strong private market values for Class A assets. ▪ Low occupancy cost ratios imply continued room to raise rents. ▪ High single digit/low double digit earnings growth in 2015.	▪ Struggling operators such as Sears and JC Penney. ▪ Consolidation in segments of teen retail segment. ▪ “New” U.S. consumer behavior	▪ Ecommerce sales growth. ▪ Outlet development.
Industrial	Negative	▪ On-line retailing and housing market strengthening demand. ▪ Manufacturing metrics have returned to pre-recession peak. ▪ Demand is outpacing supply.	▪ Most expensive sector on a multiple basis – positive news is already priced in stocks. ▪ Rising construction costs. ▪ Speculative development appearing.	▪ Concerns with the global economy. ▪ Supply can ramp up faster than expected. ▪ Slowdown in manufacturing.

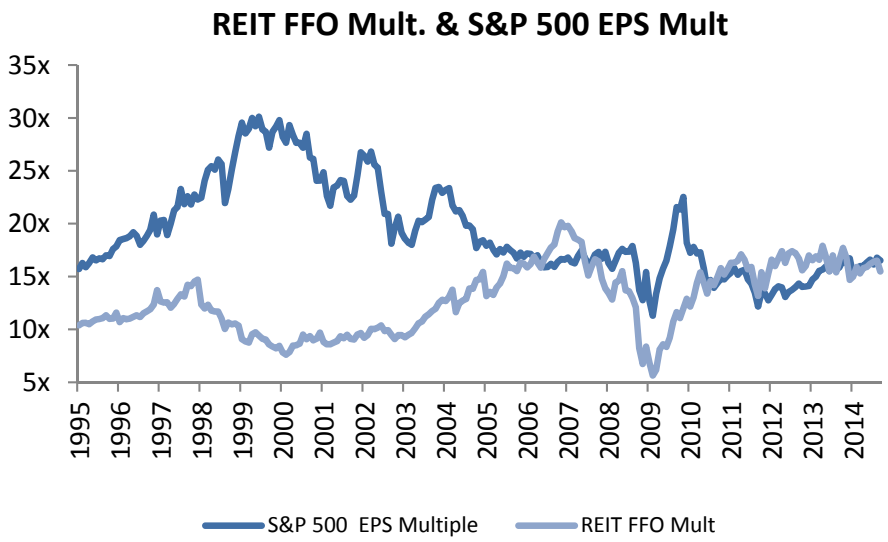
Source: Cornerstone Real Estate Advisers; as of September 2014

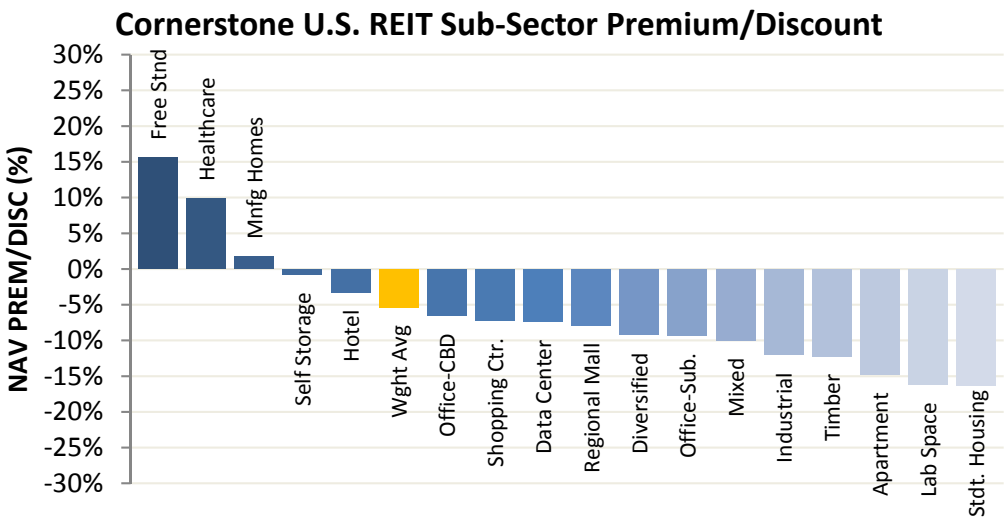
North America – Sector Real Estate Markets Summary

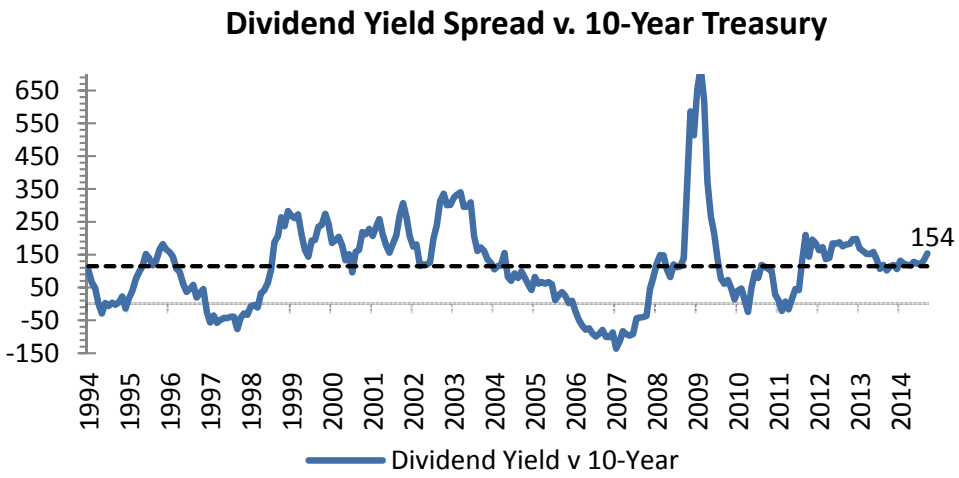
	View	Positive	Negative	Risks
Office	Positive	▪ Recovery led by tech and energy markets but now spreading to other markets. ▪ Low supply in most markets. ▪ Net effective rents should rise in a majority of markets in 2015. ▪ Job growth in the Southeast/Sunbelt.	▪ Net effectives in suburban markets never seem to grow. ▪ Densification or reduced space per employee is a headwind. ▪ Financial industry regulatory hurdles remain, slowing tenant job creation. ▪ Foreign capital driving ultra-low cap rates in prime markets.	▪ Rising supply in a few key markets.
Hotels	Positive	▪ RevPAR growth expected to be 6-7% for 2014. ▪ Group sales are improving.	▪ Supply growth in New York City, Washington DC, and Chicago is a concern.	▪ Economic recovery slows.
Storage	Positive	▪ Occupancies are at record levels. ▪ Very little new supply coming to market – difficult to build. ▪ Earning growth strongest among REIT sectors.	▪ Storage rents are almost equal to apartment rents on a per square foot basis in some markets. ▪ Acquisitions becoming more competitive – driving cap rates to low levels. ▪ Private operators offer cheaper rents.	▪ Rising expenses. ▪ Fear of increased supply in upcoming years. ▪ Strong single-family home sales may threaten storage demand.
Timber	Negative	▪ Solid earnings growth expected. ▪ Solid demand from Asia. ▪ Improving log prices.	▪ Competition from Canada. ▪ Rising interest rates. ▪ Homebuilders sacrificing volume for margin.	▪ Slowing housing market. ▪ Lackluster global economy.
Canada	Negative	▪ Low vacancy rates in all segments. ▪ Stable government finances. ▪ Healthy multifamily fundamentals.	▪ Canadian economy and financial markets highly levered to emerging markets and energy complex. ▪ Supply ramping in Calgary and Vancouver office. ▪ Retail fundamentals in flux due to new market entrants and weak GDP growth. ▪ Low NOI and earnings growth expectations.	▪ Hard landing in housing. ▪ Continued weakness in emerging markets.

Source: Cornerstone Real Estate Advisers; as of September 2014

US REIT Market – Absolute Valuation







- **Stock Market:** *Fairly Valued* - REITs trade at an FFO Multiple of 15.5x or about 94% of the S&P P/E Multiple of 16.5x. The trailing 10-year historic ratio is 94%. The long term ratio of 72% was significantly impacted by the tech bubble.
- **Bond Market:** *Fairly Valued* - The current REIT dividend yield of 3.99% is a 150 bp spread to the 10-yr, better than the 115 bp long term average. The projected average annual three year forward AFFO Yield of 5.7% is a 92 bp spread to Baa Bond Yields, better than the long term average of 25 bps.
- **Real Estate Value:** *Discount* - US REITs trade at approximately a -5% discount to Net Asset Value, moderately lower then the long-term average of 4%.

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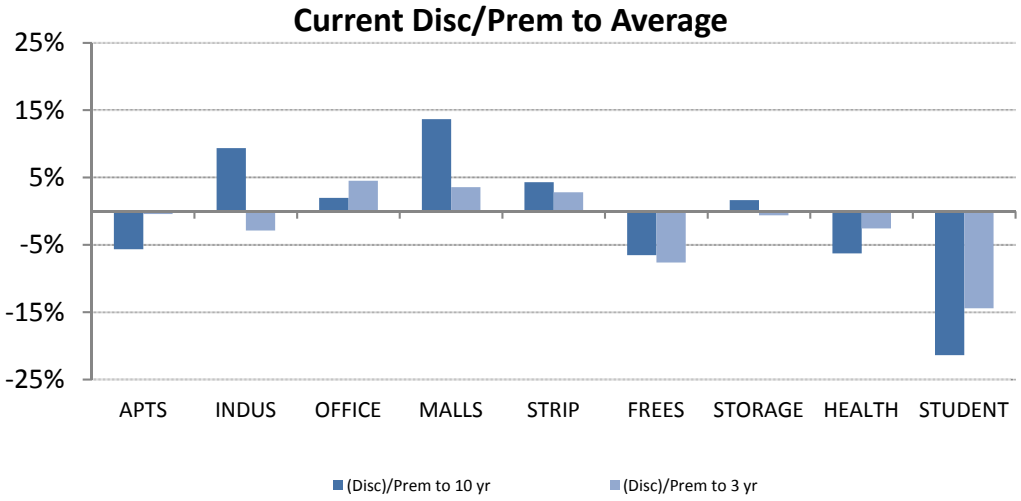
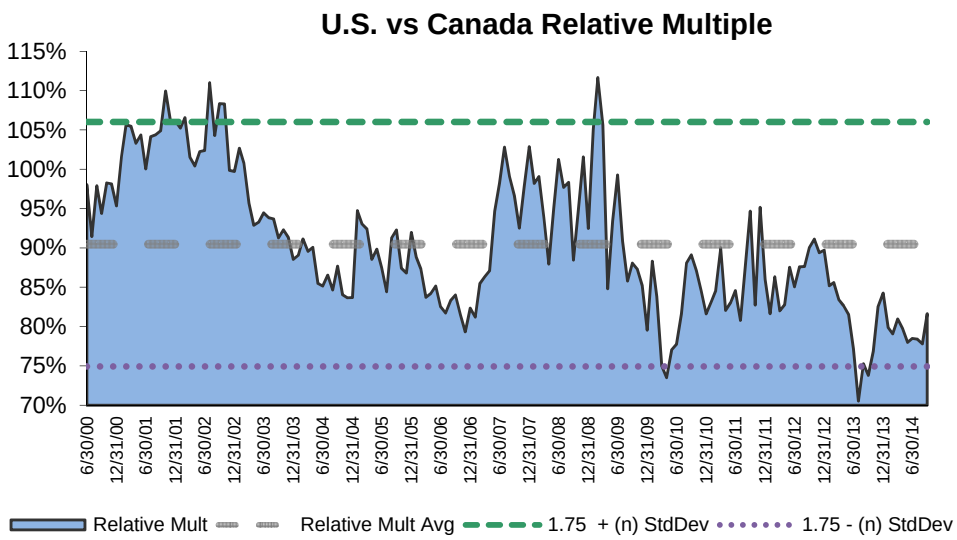
Source: Cornerstone (REIT FFO and Dividend Yield history, data as of September 30, 2014), Cornerstone, (US REIT NAV, data as of September 30, 2014)

North American Relative Valuations – Multiples





Source: Cornerstone, data as of September 30, 2014.

- Sectors below the X-Axis are trading below their historic relative multiples and are "cheap", while sectors trading above the axis are "expensive". The data reflects each sectors current FFO multiple relative to the US REIT market, compared to the historic relative relationship.
- **Undervalued:** *Sectors that appear undervalued based on current relative multiples include Apartments and Student Housing, as well as Healthcare, Freestanding (NNN) and Canada.* Student housing has fallen out of favor due to poor execution despite internal and external growth levers. If these companies can execute, this valuation is compelling. Apartments also appear cheap due to fears of oversupply in key markets. We believe fundamentals have troughed and are taking advantage of this buying opportunity. Healthcare and NNN companies are value traps in an environment where they can't grow and interest rates are expected to move up. Canada is cheap relative to the U.S. but growth is limited and the economy faces headwinds.
- **Expensive:** *Industrial and malls appear expensive based on current relative multiples.* The industrial sector is dominated by Prologis which has enjoyed positive sentiment on global economic expansion. We prefer smaller companies in the sector that have better growth opportunities. Despite a large premium to its historic relative multiple, the malls trade at only a 5% premium to the REITs, which we believe is fair value.

Section III

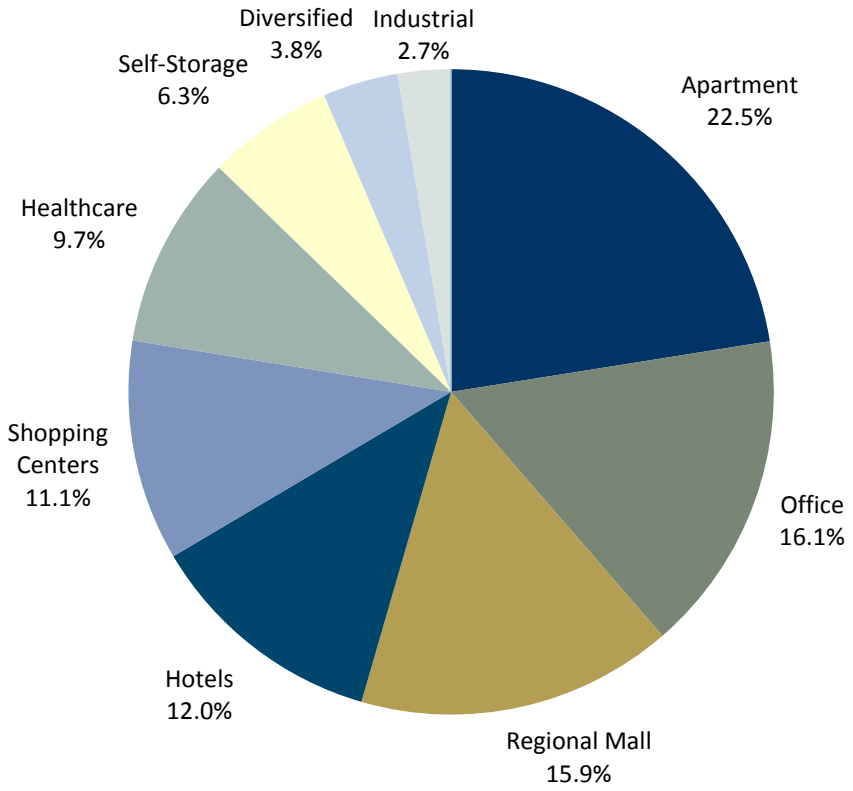
Bay County Retirement System

U.S. REIT Strategy

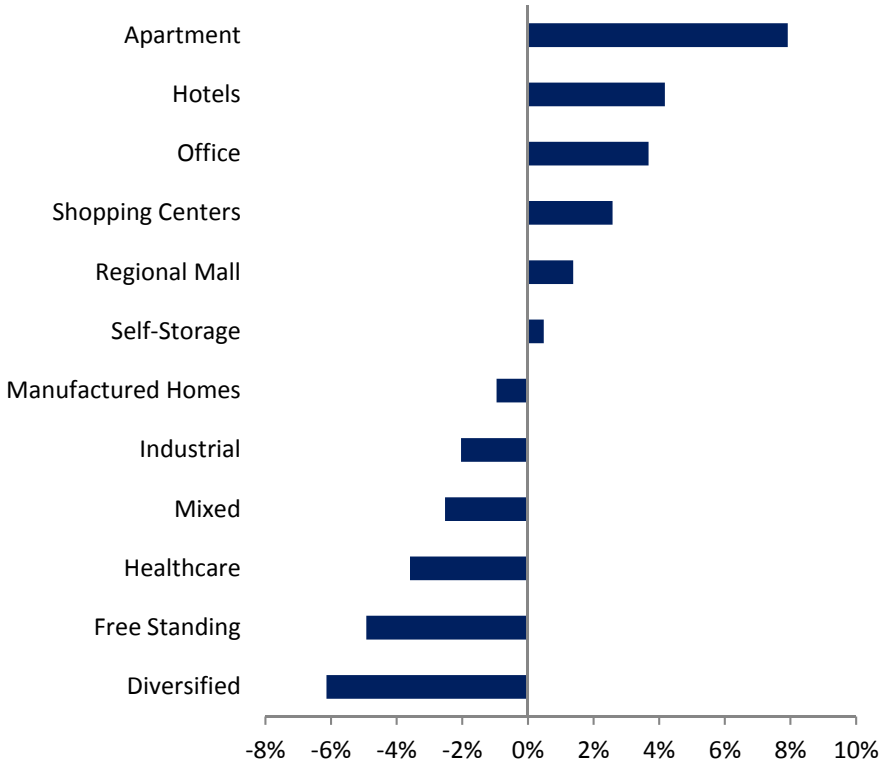
Bay County Retirement System Portfolio Composition

September 30, 2014

Property Sector Diversification



Relative to FTSE NAREIT Equity Index



Bay County Retirement System Portfolio Composition

September 30, 2014

Top 10 Holdings

Security Name	Sector	Weight
Simon Property Group Inc	Regional Mall	11.52%
AvalonBay Communities Inc	Apartment	8.83%
Essex Property Trust Inc	Apartment	3.91%
Vornado Realty Trust	Diversified	3.70%
Health Care REIT Inc	Healthcare	3.54%
Host Hotels & Resorts Inc	Hotels	3.54%
Boston Properties Inc	Office	3.50%
Extra Space Storage Inc	Self-Storage	3.40%
Highwoods Properties Inc	Office	3.13%
Acadia Realty Trust	Shopping Centers	3.01%
Total		**48.1%**

Largest Active Over and Under Weights*

Company	Active Over Weight
AvalonBay Communities Inc	5.73%
Simon Property Group Inc	2.94%
Acadia Realty Trust	2.74%
Highwoods Properties Inc	2.54%
Extra Space Storage Inc	2.46%
Company	**Active Under Weight**
Public Storage	-4.04%
ProLogis	-3.16%
HCP	-1.93%
American Realty Capital Prop	-1.84%
Ventas Inc	-1.69%

*FTSE NAREIT Equity Index

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Bay County Retirement System Portfolio Composition

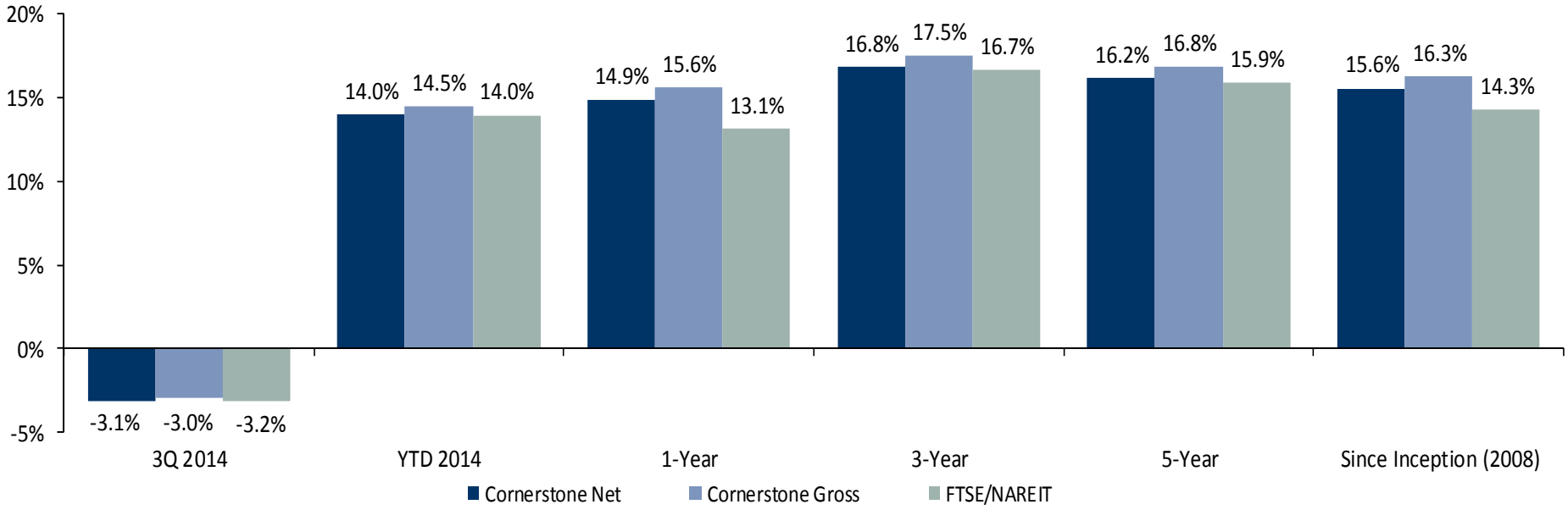
September 30, 2014

	U.S. REIT Strategy Portfolio	NAREIT Equity REIT Index
Median Market Cap (billion)	$2.7	$2.3
Weighted Avg Market Cap (billion)	$14.0	$13.4
Top 10 as percent of portfolio	48.1%	37.68%
Active Share	55%	N/A
Number of Stocks	41	143
Dividend Yield	3.4%	4.0%

Past performance is not a guarantee of future performance.

Bay County Retirement System Performance

September 30, 2014



FTSE NAREIT Equity Index is composed of all public equity REITs that trade on the NYSE, NASDAQ, and AMEX stock exchange. FTSE's methodology for index constituents is available upon request. You cannot invest directly in an index.

The Cornerstone Gross Returns and the FTSE/NAREIT Equity Index results are reported before the deduction of advisory fees. Cornerstone Net Returns are after advisory fees. Fees shown represent accounts with incentive component. 2014 results are preliminary.

GIPS Supplemental Information: For more complete information, including that relating to fees, valuations, and other information please see the U.S. REIT Schedule of Composite Performance.

Past performance is not a guarantee of future performance.

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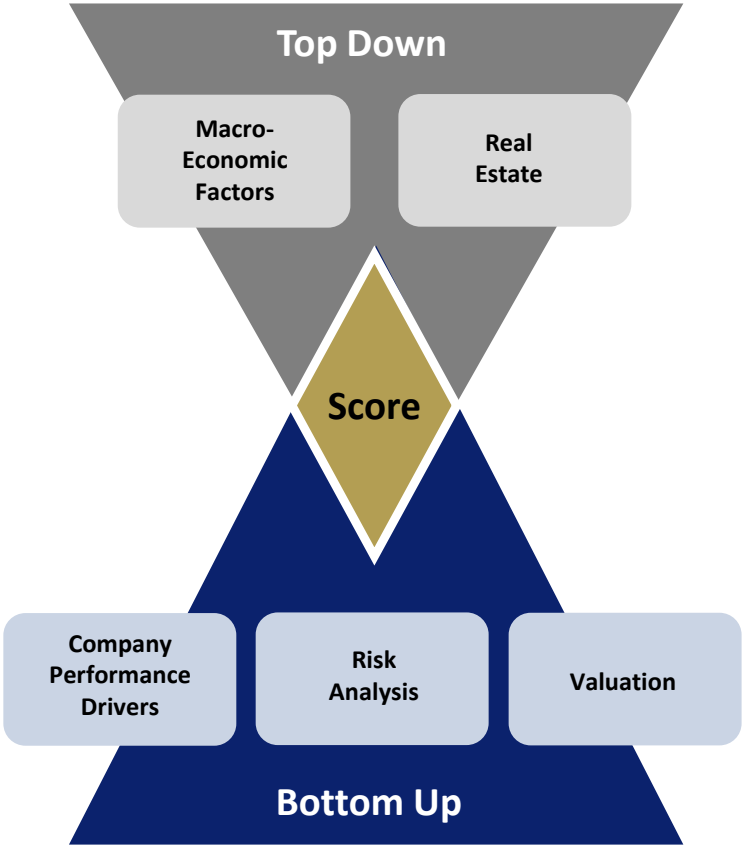
Section IV

Appendix

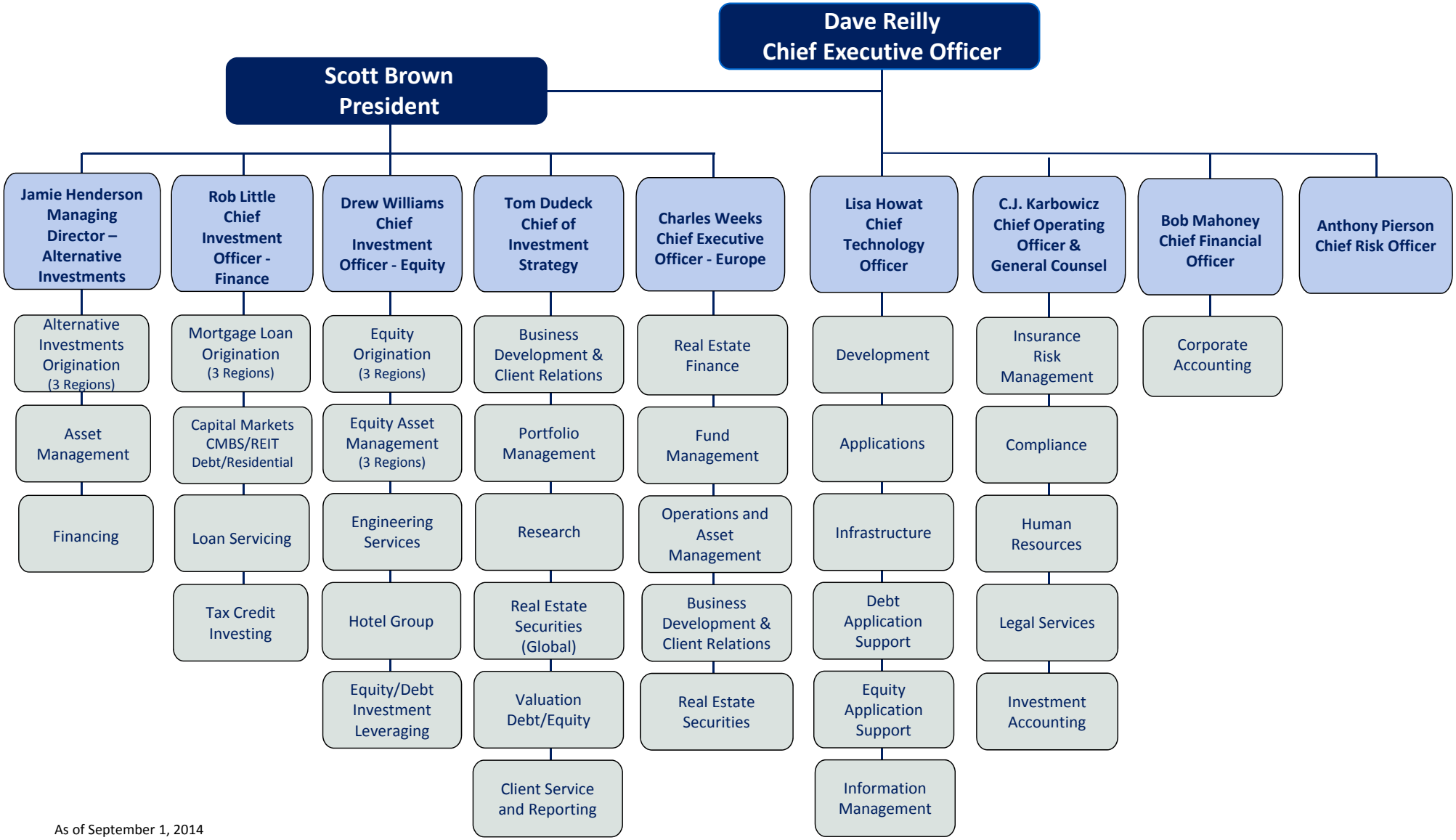
Investment Management Process

Comprehensive Approach: Cornerstone Analytical Ranking Model (ARM)



- *Top Down – Bottom Up Process*
  - Specific variables are scored based on quantitative and qualitative analysis in our proprietary Analytical Ranking Model (ARM)
- *Top Down*
  - Macro economic and real estate market environment and sentiment
  - Geographic and Sector scores are ranked into quartiles to inform allocation decisions
- *Bottom Up*
  - Detailed quantitative and qualitative analysis of each company
  - Specific variables are scored and ranked in quartiles to inform company selection decisions
  - Risk analysis informs all aspects of process

Cornerstone Organization Chart



As of September 1, 2014

CORNERSTONE

Biographies – Presenters

Michael T. Marron, CPA, Vice President and Senior Equity Analyst – Real Estate Securities

Mr. Marron is responsible for covering the office, retail and net lease sectors. Prior to joining Cornerstone in 2013, Mr. Marron worked for seven years as a Senior Research Analyst at European Investors LLC where his principal coverage included office, industrial, data centers, cell towers, and apartment sectors. Prior to European, Mr. Marron was a sell-side research analyst for Bear Stearns and Prudential. Preceding that, Mr. Marron was employed as a Vice President at Lehman Brothers where he was responsible for the asset management and restructuring of a $500m diversified real estate portfolio. He began his career in public and private real estate investments in 1985. Mr. Marron earned a BS degree in Accounting from SUNY-Albany and an MBA from Columbia University. Mr. Marron holds a Certified Public Accountant designation and has served as an adjunct professor at City University of New York, Bernard M. Baruch College.

Kevin Ryan, CFA, Vice President – Business Development

Mr. Ryan is responsible for Cornerstone's business development and client relations for the Real Estate Securities Group. Prior to joining Cornerstone in 2008, Mr. Ryan was Vice President of Business Development for Adelante Capital Management where he was responsible for marketing domestic and global real estate securities strategies to the adviser and institutional marketplace. He was a business development representative for Federated Investors covering the broker/dealer community. Mr. Ryan has been working in a sales and marketing capacity since 1993. Mr. Ryan earned a BA degree in Economics and Philosophy from Boston College. He is a CFA Charterholder, a member of the CFA Institute, and a member of the CFA Society of Philadelphia.

Biographies – North America

David Wharmby, CFA, Managing Director and Global Head of Real Estate Securities

Mr. Wharmby is responsible for management of the Real Estate Securities Group, portfolio manager for global real estate securities strategies, portfolio manager for U.S. real estate securities strategies, chair of the Firm's Securities Group Investment Committee, and a member of the Capital Markets Investment Committee. Mr. Wharmby began his career at Cornerstone serving in acquisition underwriting and asset management roles prior to joining the Securities Group. He has covered U.S., European, and Asian property stocks and contributed to launching Cornerstone's global real estate securities strategy. Prior to joining Cornerstone in 1996, Mr. Wharmby was Assistant Vice President with L.W. Ellwood & Co./Coopers & Lybrand where he was responsible for managing due diligence and valuation services for institutional investors. Prior to LWE/C&L, Mr. Wharmby was a real estate appraiser with Heberger and Associates, a real estate valuation and consulting firm in Connecticut. Mr. Wharmby earned a BS degree in Real Estate and Urban Economic Studies and an MBA in Finance from the University of Connecticut. Mr. Wharmby is a CFA Charterholder and is a member of the University of Connecticut's Real Estate Council. He has been a guest lecturer for the University of Connecticut and New York University and is a member of NAREIT, EPRA, APREA, the CFA Institute, and the Stamford CFA Society.

Scott C. Westphal, CFA, CPA, Managing Director
Real Estate Securities

Mr. Westphal serves as the co-portfolio manager for the U.S. REIT strategy. He is co-responsible for the portfolio construction process, ongoing maintenance of portfolio allocation strategies, and coordination of both macro and company level research for portfolio strategies. He was instrumental in the creation of the Real Estate Securities Group. Prior to joining Cornerstone in 1999, Mr. Westphal served as Executive Vice President and Portfolio Manager for JLW Capital Management, a wholly owned subsidiary of Jones Lang LaSalle. His principal responsibilities were the creation and management of real estate securities portfolios for institutional clients. Previously, Mr. Westphal served as Senior Vice President for Cohen & Steers Capital Management, the largest dedicated U.S. real estate securities investment manager, where he spent four years developing portfolio strategies for institutional investors and served as a member of the Investment Committee. Prior to his position at Cohen & Steers, Mr. Westphal was a portfolio manager for the IBM Retirement Fund's $2.5 billion real estate portfolio, where his responsibilities included investments in direct properties, joint ventures and REITs. Mr. Westphal was also responsible for the first property for share exchange negotiated with a publicly-traded U.S. REIT. Mr. Westphal earned a BS degree in Corporate Finance and Accountancy from Northern Illinois University. He is a CFA Charterholder and holds a Certified Public Accountant designation. He is a member of the CFA Institute, American Institute of Certified Public Accountants, New York Society of Securities Analysts, and the National Association of Real Estate Investment Trusts.

Biographies – North America

James Johng, Vice President and Senior Equity Analyst – Real Estate Securities

Mr. Johng is responsible for providing research coverage for the apartment, industrial, self-storage and specialty sectors. Prior to joining Cornerstone in 2005, Mr. Johng was a Property Manager with Tishman Speyer Properties. In addition, he was a member of the Development Team responsible for the construction of the Hearst headquarters located at Columbus Circle in New York City. Mr. Johng also served five years in the United States Army (25th Infantry Division - Schofield Barracks, HI) as an artillery officer. Mr. Johng earned a BS degree in Systems Engineering from the United States Military Academy and an MBA in Finance from the Stern School of Business at New York University.

William Gustafson, CFA, CPA, Vice President and Senior Equity Analyst – Real Estate Securities

Mr. Gustafson is responsible for covering the lodging and office sectors. Prior to joining Cornerstone in 2008, Mr. Gustafson was a Senior Associate Analyst with Green Street Advisors, an independent research firm which specializes in real estate securities. At Green Street he maintained research coverage of lodging companies and provided investment advice to Green Street's institutional clients. Prior to Green Street, Mr. Gustafson worked as an Associate in Goldman Sachs & Co's Real Estate Investment Banking Group. In addition, Mr. Gustafson worked for more than five years on the acquisitions team at JER Partners in the United States and Europe. During his time at JER Partners, he underwrote and acquired over $2 billion of investments in real estate and mortgages in the United States, Canada, Japan, and the United Kingdom. Mr. Gustafson began his career in real estate in 1997 which includes over five years of experience in securities analysis and public markets. Mr. Gustafson earned a BS degree in Commerce from the McIntire School of Business at the University of Virginia and an MBA with a dual concentration in Finance and Real Estate from the Wharton School at the University of Pennsylvania. Mr. Gustafson is a CFA Charterholder and a Certified Public Accountant.

Biographies – Europe, Middle East and Africa

Guido Bunte, Portfolio Manager – Europe – Real Estate Securities

Mr. Bunte, an employee of Cornerstone's subsidiary Cornerstone Real Estate Advisers Europe LLP, is co-responsible for the management of European real estate securities strategies in addition to coverage of emerging markets and is a member of Cornerstone's Real Estate Securities Group. Prior to joining Cornerstone's subsidiary office in Amsterdam in 2008, Mr. Bunte served as Senior Portfolio Manager at Fortis Investments, with co-responsibilities for Fortis Investments' real estate securities business. He managed the Asian real estate securities portfolios and co-managed the European real estate securities portfolios. Previously, Mr. Bunte served as a Portfolio Manager/Analyst at ABN AMRO Asset Management where he was co-responsible for ABN AMRO's European real estate securities portfolios and a member of the Global Property Investment Committee. Mr. Bunte earned a MS degree in Economics from the University of Cologne, Germany and a BBA degree from the University of Paderborn, Germany. He also spent a year as an ERASMUS scholar at the University of Stockholm, Sweden.

Henry Burgers, CFA, Portfolio Manager – Europe – Real Estate Securities

Mr. Burgers, an employee of Cornerstone's subsidiary Cornerstone Real Estate Advisers Europe LLP, is co-responsible for the management of European real estate securities strategies in addition to coverage of emerging markets and is a member of Cornerstone's Real Estate Securities Team. Prior to joining Cornerstone's subsidiary office in Amsterdam in 2008, Mr. Burgers served as Senior Portfolio Manager at Fortis Investments, with co-responsibilities for Fortis Investments' real estate securities business. He managed the firm's European real estate securities portfolios. Prior to Fortis Investments he has been Senior Asset Manager at BPF Bouwinvest, where he helped to manage an international non-listed real estate portfolio. Before that, Mr. Burgers worked as a Portfolio Manager/Investment Analyst at ABN AMRO Asset Management where he was co-responsible for ABN AMRO's European real estate securities portfolios and a member of the Global Property Investment Committee. Mr. Burgers earned a Master of Arts degree in Financial Sector Management from the Vrije Universiteit of Amsterdam. He is a CFA Charterholder and a member of the CFA Institute.

Biographies – Asia Pacific

Rico Kanthatham, Director – Real Estate Securities

Mr. Kanthatham is co-responsible for leading the Asian property securities investment strategies and real estate business development initiatives in the Hong Kong affiliate office. He was a senior member of the U.S. REIT strategy team for eight years before assisting in launching the global real estate securities strategy and relocating to Hong Kong to establish Cornerstone's Asia presence in 2008. Prior to joining Cornerstone in 2001, Mr. Kanthatham was a sell-side research analyst with Prudential Securities. At Prudential, he maintained research coverage of a number of U.S. REIT sectors and provided investment advice to Prudential's institutional clients. Before his tenure at Prudential Securities, Mr. Kanthatham served as a securities analyst for JLW Capital Management, a wholly owned subsidiary of Jones Lang LaSalle, where he assisted in the creation of real estate securities portfolios for Jones Lang LaSalle's institutional clients. He began his career working for commercial architecture firms in San Francisco and New York. Mr. Kanthatham earned a BA degree from the University of Pennsylvania, an MS degree from Columbia University's Real Estate Development Program, and a Master's degree of Architecture from University of California, Berkeley's School of Environmental Design. He is currently an active participant, speaker and writing contributor to the APREA, ARES and ANREV organizations in Asia.

Anna Zhong, CFA, Portfolio Manager – Asia-Pacific – Real Estate Securities

Ms. Zhong, an employee of Cornerstone's Affiliate Babson Capital Cornerstone Asia Limited, is co-responsible for leading the Asian property securities investment strategies and is a member of Cornerstone's Global Securities Team. She has extensive Asian real estate investment management experience having been based in Hong Kong since 2000, and covered real estate stocks throughout the Asia Pacific Region including China, Hong Kong, Australia, Japan, and Southeast Asia. Prior to joining the Hong Kong office in 2009, Ms. Zhong had previously been Managing Director and Head of Global Real Estate Research at HSBC Securities where she was involved in the underwriting of many of the new property company IPO's in the Hong Kong/China region. Prior to HSBC, Ms. Zhong was a Portfolio Manager with ABN AMRO where she managed ABN AMRO's Asia Pacific real estate securities portfolios and a member of the Global Property Investment Committee. Prior to that, Ms. Zhong was a Property Analyst with Alliance Capital. Ms. Zhong earned a BS degree and an MS degree from the University of Maryland and an MBA from Columbia Business School. She is a CFA Charterholder and is currently an active participant, speaker and writing contributor to the APREA and ARES organizations in Asia.

Enoch Chan, CFA, Equity Research Analyst - Real Estate Securities

Mr. Chan, an employee of Cornerstone's Affiliate Babson Capital Cornerstone Asia Limited and a member of Cornerstone's Global Securities Team, is responsible for the Asian property securities investment strategies. Prior to joining the Hong Kong office in 2014, Mr. Chan was a Senior Analyst - Investor Relations, with The Link REIT. Previous to The Link REIT, Mr. Chan was an equity analyst with LaSalle Investment Management Securities, a global property fund manager, and Henderson China Investment. He has extensive Asian real estate investment management experience with primary coverage of Hong Kong and China property securities. Mr. Chan earned a BSc degree from Hong Kong University of Science and Technology. He is a CFA Charterholder.

Biographies – Portfolio Analytics

Rene St. Marie, Assistant Vice President and Senior Analyst – Real Estate Securities

Mr. St. Marie is responsible for portfolio and valuation modeling, investment research, industry analysis, company modeling, accounting and reporting, attribution/performance/risk analytics, and GIPS administration for the Real Estate Securities Group. In addition, he assists in client services and marketing requests.

Mr. St. Marie joined Cornerstone in 2002. Prior to joining the Securities Group, Mr. St. Marie was a portfolio accountant for Cornerstone's real estate equity funds. Mr. St. Marie earned a BS degree in Finance from Western New England College. He is a member of the National Association of Real Estate Investment Trusts and is currently a candidate in the CAIA program.

Jennifer Avery, CIPM, Assistant Vice President and Senior Analyst – Real Estate Securities

Ms. Avery is responsible for portfolio and valuation modeling, risk analytics, performance measurement and attribution. In addition, Ms. Avery manages fund administration and securities operations for the Group. Prior to joining Cornerstone in 2006, Ms. Avery was Manager of Equity Security Operations for ING Investment Management Americas for eight years. While at ING, Ms. Avery was responsible for global equity trade processing for institutional and retail products, including trade settlements, tax reclaims, custodian and sub-custodian account maintenance, corporate actions, foreign exchange, reconciliations and securities audits. Additionally, she has experience in product launches, fund accounting, systems testing and implementation. Ms. Avery earned a BBA degree in Finance from the University of Toledo and an MBA in Finance from Rensselaer Polytechnic Institute. Ms. Avery is a CIPM certificate holder and a member of the CIPM Association.

Biographies – Research

Michael Gately, Managing Director – Research

Mr. Gately directs Cornerstone's Research Group with responsibility for macro- and micro-economic research, market analysis and forecasting, and strategy development. Since originally joining Cornerstone as Vice President of Research, he has modeled real estate market supply and demand fundamentals for all property types at the national, market and submarket levels, and led the development of Cornerstone's proprietary models. Prior to joining Cornerstone in 1994, Mr. Gately managed real estate interests for a privately held manufacturing and retailing concern, served six years as Executive Director of the University of Hartford's Construction Institute and began his career as a regional economist. Mr. Gately earned an AB degree in Economics from St. Michael's College and an MA degree in Economics from the University of Hartford. He is a frequent speaker on real estate market trends and critiques real estate and economic data sources to assist providers in new product. Mr. Gately is a member of the Urban Land Institute, the Senior Officer Research Forum of the National Association of Real Estate Investment Managers, the American Real Estate Society, the International Council of Shopping Centers, and the National Association for Business Economics.

Jim Clayton, Ph.D., Vice President – Research

Dr. Clayton is responsible for monitoring and forecasting real estate investment and capital market trends, and delivering applied research and strategic thought pieces to the Firm's leadership and clients. Prior to joining Cornerstone in 2008, Dr. Clayton was the Director of Research at the Pension Real Estate Association (PREA). Dr. Clayton led PREA's research efforts through original research, coordination of sponsored external research, and participation in educational and investor outreach activities. He also wrote a regular Capital Markets column in the PREA Quarterly magazine. Prior to joining PREA in 2006, Dr. Clayton held faculty positions at the University of Cincinnati in Cincinnati, Ohio and Saint Mary's University in Halifax, Nova Scotia. Dr. Clayton earned a BA degree in Economics from Queen's University, an MA degree in Economics from the University of Western Ontario, and a Ph.D. from the University of British Columbia. He is an Adjunct Professor in the School of Business at the University of Connecticut. His research has been published in the major academic and practitioner real estate journals. Dr. Clayton is a co-editor of the bi-annual special issue of The Journal of Portfolio Management devoted to real estate, a Fellow of the Real Estate Research Institute, a Fellow of Weimer School of Advanced Studies in Real Estate and Land Economics, and a past recipient of a Homer-Hoyt Institute post-doctoral fellowship. He is also a member of the PREA Research Committee and co-chair of the PREA Research Affinity Group. Dr. Clayton has taught professional development courses in Real Estate Finance and Capital Markets for the National Association of Industrial and Office Properties, Institutional Investors Inc., the MIT Center for Real Estate, Harvard University Graduate School of Design, and the Real Property Association of Canada. He has presented and moderated at numerous academic and industry events both in the United States and abroad.

Biographies – Research

Paul Stewart, Director of Research – Cornerstone Europe

Mr. Stewart, an employee of Cornerstone's subsidiary, Cornerstone Real Estate Advisers Europe LLP, is responsible for monitoring and forecasting European property market fundamentals and capital market/pricing trends. In addition, he produces a number of regular publications for clients. He has a particular focus on the UK, Nordic, and Germany property markets. Prior to joining Cornerstone Europe in 2012, Mr. Stewart was Director of United Kingdom research and strategy for ING Real Estate Investment Management. He has been conducting real estate investment research since 1996. Mr. Stewart earned an MSc in Urban Property Appraisal from the University of Paisley and obtained a further post graduate diploma from the Investment Property Forum. He is a member of both the Society of Property Researchers and The Investment Property Forum.

Ryan Ma, CFA, Assistant Vice President – Research

Mr. Ma is responsible for developing Cornerstone's proprietary research database and forecasting models, as well as providing research support for mortgage and equity investment activities. Prior to joining Cornerstone in 1999, Mr. Ma worked for over four years with one of China's leading full-service commercial real estate firms. His diverse experience includes commercial development, project planning and architectural design. Mr. Ma earned a Bachelor of Architecture degree from Tsinghua University in Beijing, China, a Master of City Planning degree, and an MBA with a full-tuition scholarship from Ohio State University. Mr. Ma is a CFA Charterholder.

Dags Chen, Assistant Vice President – Research

Mr. Chen covers metropolitan economies in the Midwest and most of the mountain western states and is responsible for assessing current and future economic trends with a focus upon primary real estate investment markets. He regularly handles market underwriting on prospective equity and finance deals for presentation to the Firm's Investment Committee. He covers the national hotel and retail property sectors, and develops forecasts by sector and metro area. Mr. Chen also has responsibility for the Cornerstone Research blog, an internal forum created to advance new concepts in real estate research methodologies. Prior to joining Cornerstone in 2007, Mr. Chen served as a senior project manager for a non-profit that worked with state and federal agencies on matters related to corrections including prison construction, corrections staffing and agency planning. He has also worked as a business analyst for an IT consulting firm. Mr. Chen earned a BA degree in Government from Wesleyan University in Middletown, Connecticut and an MBA from the University of Connecticut, and is a graduate of the UCONN Center for Real Estate. He is a CFA Charterholder and a member of the International Council of Shopping Centers.

Michael Kusy, Research Analyst – Research

Mr. Kusy joined Cornerstone in 2013. He is responsible for updating Cornerstone's proprietary research database, assessing current and future economic trends with a focus upon real estate markets, real estate market analysis, and maintaining materials for client presentations. Mr. Kusy earned a BA degree in Economics with a concentration in Finance from the University of Connecticut and a Certificate of Real Estate from the University of Connecticut Center for Real Estate.

Biographies – Client Services

Tom Duggan, Marketing Analyst – Client Service and Reporting

Mr. Duggan is a member of the Marketing Unit and is responsible for supporting client and consultant relations as well as fund marketing and portfolio reporting. In this capacity he is responsible for overseeing and responding to Cornerstone's Real Estate Securities RFP/RFI's, data requests and client servicing. This includes providing support for the Real Estate Securities Group's initiatives and consultant reporting responsibilities. Mr. Duggan joined Cornerstone in 1997 as a Senior Property Accountant, responsible for property-level accounting for a portfolio of investments. Prior to his current position, he was in Cornerstone's Research Group where he provided research market analysis for mortgage and equity investments of all property types. Mr. Duggan earned a BS degree in Finance from Fairfield University and an MBA from the University of Hartford.

Cornerstone Real Estate Advisers Schedule of Composite Performance

U.S. REIT*

For the period January 1, 2002 through June 30, 2014

Year	Gross Total Return	Net Total Return	FTSE/NAREIT Equity Index++	Number of Portfolios	Range of Gross Returns	Composite Assets at End of period ($ millions)	Firm Assets at End of period ($ millions)
YTD 2014 (6/30)	18.0%	17.7%	17.7%	3	18.0%-18.2%	82	37,248 (12/31/13)
2013	4.0%	3.6%	2.5%	3	4.0% - 4.8%	70	37,248
2012	17.5%	16.9%	18.1%	7	17.4% - 17.7%	81	32,441
2011**	9.7%	9.1%	8.3%	8	9.6% - 9.7%	140	28,073
2010^	29.4%	28.8%	27.9%	8	29.3% - 30.0%	136	5,685
2009	32.0%	31.0%	28.0%	8	32.3% - 32.4%	82	4,980
2008	-36.3%	-37.0%	-37.7%	7	-38.2% - -35.4%	73	6,487
2007	-12.9%	-13.9%	-15.7%	7	-13.4% - -12.8%	319	7,015
2006	38.1%	36.6%	35.1%	7	38.1% - 38.4%	465	6.750
2005	15.5%	14.1%	12.2%	5	15.4% - 15.5%	290	5,379
2004	36.8%	35.2%	31.6%	5	36.7% - 36.9%	252	4,763
2003	43.2%	41.5%	37.1%	4	42.8% - 43.4%	217	4,004
2002	9.4%	8.1%	3.8%	4	7.4% - 11.1%	170	3,841

Cornerstone Real Estate Advisers LLC (the Firm) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. Cornerstone Real Estate Advisers LLC (the Firm) has been independently verified for the period 2003 through 2013.

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 U.S. REIT Composite has been examined for the periods 2003-2009. The verification and performance examination reports are available upon request.

* Previously "REIT Core" Composite. This composite's named changed in 2008.

** The firm definition was revised in January 2011 to include assets (most of which were non-discretionary) obtained when the firm assumed the operations of another parent company entity. This resulted in a substantial increase in firm assets. See disclosures on the following page and the firm's GIPS policy statement for more information.

^ Due to definitional changes, 2010 Firm Assets were modified to reflect net assets value for all third party portfolios and net market value for a parent company portfolios (previously net market value was used for all portfolios) and to exclude a property for which Cornerstone provides asset management services only. The combined effect was a $128 million decrease in Firm Assets.

++ The benchmark for this Composite is the FTSE/NAREIT Equity Index published by the National Association of Real Estate Investment Trusts. The FTSE/NAREIT Equity Index measures the performance of all publicly traded common stock of U.S. REITs. It assumes reinvestment of dividends and distributions in the Index. It does not include cash performance nor does it provide for transaction expenses or advisory fees. The Index return for all periods are not covered by independent accountants' report.

The footnotes and disclosures on the following page are an integral part of this presentation.

Cornerstone Real Estate Advisers Schedule of Composite Performance

U.S. REIT*

For the period January 1, 2002 through June 30, 2014

Disclosures

-***Definition of Firm:*** The Firm is a registered investment adviser established in 1994, providing investment management and advisory services relating to investments in real estate. The Firm is an indirect wholly owned subsidiary of Massachusetts Mutual Life Insurance Company. For purposes of compliance with GIPS® standards, the Firm defines itself as consisting of the assets that it manages in a direct advisory or sub-advisory capacity and does not include any assets managed by the Firm's other affiliates. The definition of the firm was revised effective January 1, 2011 to include the assets of the former Babson Capital Management LLC's - Real Estate Finance Group, the assets and staff of which were assumed by Cornerstone in 2010 .

-***Significant Events:*** In January 2010, Cornerstone acquired a U.K. based investment adviser, the former Protego Real Estate Investors LLP and its affiliates which, at the time, managed approximately $2 billion in discretionary European real estate assets. This new entity (Cornerstone Europe), operates as an independent affiliate and is not included in the Firm Definition. During the first calendar quarter 2010, Cornerstone assumed the staff and approximately $20 billion in assets (primarily non-discretionary) of Babson Capital Management LLC's Real Estate Finance Group. These assets were included in the Firm Definition effective January 1, 2011.

-***Composite Definition:*** This style invests for institutional ownership in publicly traded real estate companies that under normal operating conditions pay, or are anticipated to pay, regular quarterly cash dividends. All companies in the U.S. REIT Composite portfolios must derive at least 75% of their net operating income from the ownership or financing of institutional grade real estate. Ninety percent of the holdings in the U.S. REIT Composite portfolios will consist of companies in the FTSE/NAREIT Equity REIT Index (the Composite's benchmark). The U.S. REIT Composite's investment objective is to maximize risk adjusted returns. The Composite was created in January 2005. A portfolio is included in the Composite in the period after the portfolio meets the criteria of the Composite's description and a portfolio value exceeding $1 million. Prior to October 2008, the portfolio value requirement for inclusion was $5 million. Significant Cash Flows are defined as any contribution or withdrawal of assets that exceeds 10% of the market value of a portfolio at the close of business the day prior to the contribution or withdrawal. Should a portfolio experience a significant cash flow, the portfolio will be excluded from the composite for the period in which it occurs, (one month). The portfolio would then be reentered into the composite in the next month in which a significant cash flow does not occur. This policy applies to the U.S. REIT Composite. Additional information on treatment of significant cash flows is available upon request. Large Cash Flows: Since portfolios are valued daily any cash flow would be reflected on a daily basis.

-***Performance Results:*** Results are calculated using a time-weighted total-rate-of-return formula and are expressed in U.S. Dollars. The Composite is asset-weighted; individual portfolios and Composites are valued daily on a trade-date basis and include accrued income. Annual returns are calculated by linking the Composite returns through compounded multiplication. Past performance is not a guarantee of future performance. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

-***Advisory Fees:*** Gross performance results do not reflect the deduction of investment advisory fees, which would reduce an investor's actual return. The standard management fee schedule for this strategy is as follows; Less than $25 million 0.60%; $25 – 50 million 0.55%; $50 – 100 million 0.50%; $100 million or greater 0.40%.

-***Sub-advisor:*** Cornerstone engages a sub-advisor for trading services.

-***Composite Assets and Dispersion:*** The asset base used to calculate the Composite's percentage of Firm assets includes both discretionary and non-discretionary portfolios managed by the Firm, and also includes non-fee paying portfolios. Range of gross annual returns is used as the dispersion measure. Only portfolios that have been in the composite for a full annual period have been included in the dispersion calculation for the respective period.

-***Standard Deviation:*** The three year annualized ex-post standard deviation for the composite and benchmark are 15.8% and 15.6% respectively, as of June 30, 2014.

-***Firm Composites:*** A complete list and description of the Firm's composites and additional information regarding policies for calculating and reporting returns is available upon request.

-***Firm Assets:*** Firm Assets include both discretionary and non-discretionary portfolios. Effective 2010 Firm assets are based on net asset value for third party advisory portfolios and net market value for parent company portfolios. Composite assets are based on net asset value.

-***Valuations***: Securities in this composite are valued daily using various independent pricing services. Valuation policies are available upon request.

Disclosures

The information provided herein is believed to be obtained from sources deemed to be accurate, timely and reliable. However, no assurance is given in that respect. The reader should not rely on this information in making economic or other decisions.

The analysis contained herein is intended to demonstrate Cornerstone's investment management process, and should not be considered investment advice. Any opinions expressed herein reflect our judgment at this date and are subject to change without notice, as are statements of market conditions and trends.

Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on our current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

This material contains confidential information, including trade secrets about the Firm's strategy and operations and confidential commercial and financial information which, if disclosed, could cause competitive harm to the Firm. Such confidential information is exempt from disclosure under public records laws applicable to certain investors.