

Chairman's opening remarks



Chairman: William Schwab
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**Where is the world economy headed?
How does that change investment thinking?
How is the real estate industry reacting?**

Changing world: Rise of the rest

80% of global GDP w/ weak demographics
Slowing global productivity growth

Rise of Asia, trade regionalisation
Changing rules: FX blocs threaten
competitive devaluations; increasing
investment constraints

Capital deepening w/lower ex ante returns
Rising global debt levels
Regionalisation of global finance

What's different for investors now?

- Pricing: uncertainty wide; stable cash-flows tight
- Minimize: permanent capital losses
- Opportunity cost: low to timing
- Returns: pressure to find yield

Competitive

- Yield compression
- Deployment challenges
- Capital flows erratic

Low Returns

- Risk premia & rates low
- Longer duration => higher price volatility, high PDV residuals
- Longer capital write-off recovery

Crowded Mandates

- Stable cash-flow highly priced
- 3- 7 year investment returns low
- Niche assets repricing up

Which strategies capture illiquidity premia for investors?



Target high illiquidity premia

- Complexity
- Large or uncertain capital commitments
- Long or uncertain duration investments
- Operating businesses with cyclical or uncertain cash-flow
- Uncertain stabilization timing or valuation
- Contrarian or cyclically unpopular strategies



Avoid crowded & high-priced investments

- Simple in major markets & sectors
- Small or mid-sized capital commitments
- 3 to 7-year holds as favored by others
- Stabilizing with stable and long-dated cash-flows
- More certain outcomes with low volatility

Strategy considerations: Cyclicity

Investment actions: align w/pricing cycles



INVESTMENT LEVERS

Pricing & price sensitivity

Illiquidity premium targeted

Control/optionality

Deployment pace

Leverage

Concentration risks

Rent Levels, Occupation %, Investment Pricing

Indicative strategy timing expectations

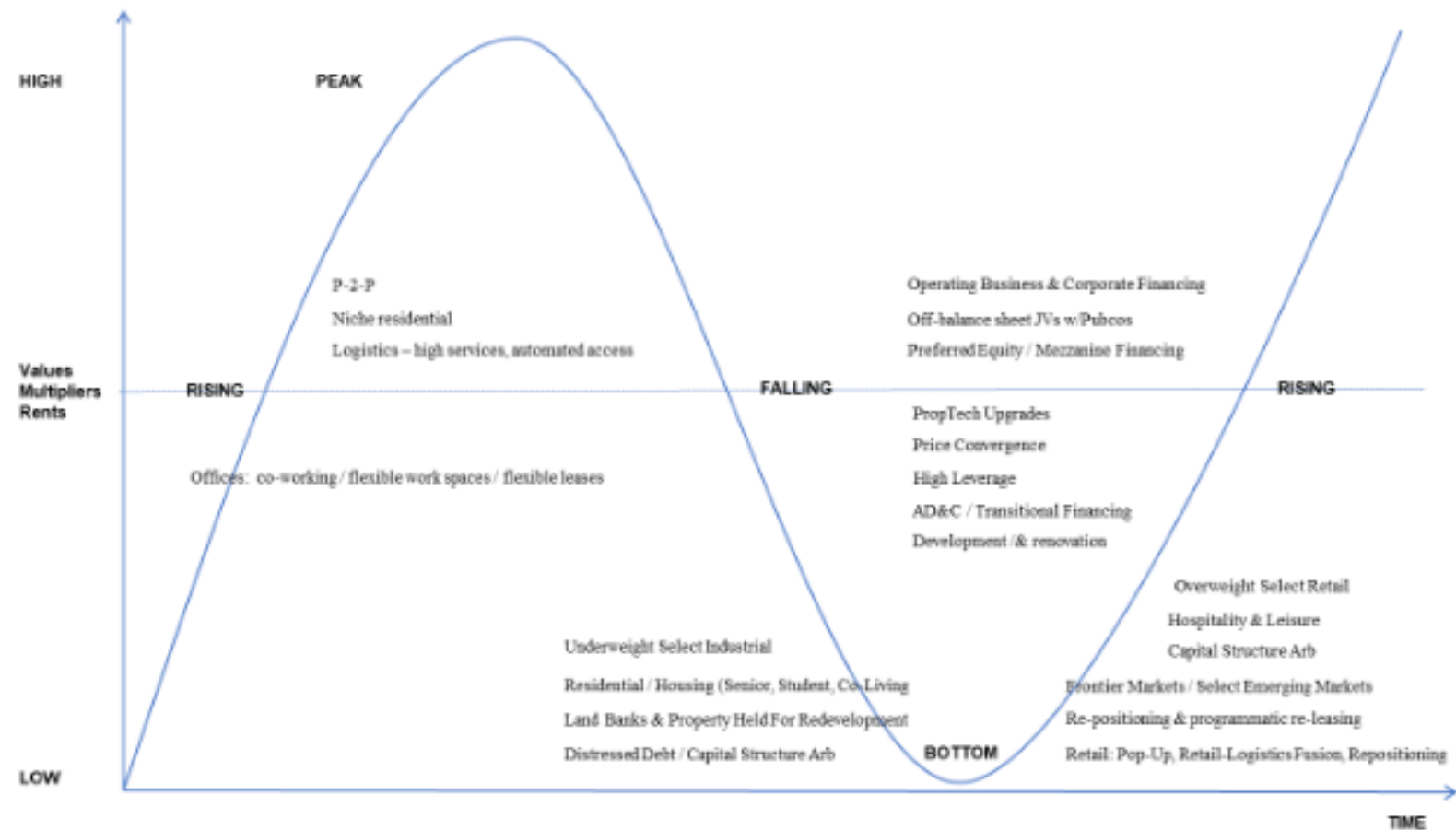
Flexible strategy to optimise total returns

- Inherent and built competitive advantages
- Relevant risks: permanent capital loss and rescue capital reserves

Investment timing

driven by pricing

- Price-points-of-indifference



How might we classify investors? Which type are you?

Who you are: Management +
capital profiles => suitable
investment risks

Large, risk-tolerant investors can
take advantage of relatively wide-
pricing for illiquidity risk

DIFFERENTIATORS	ILLIQUIDITY AVERSE	ILLIQUIDITY TOLERANT
CAPITAL PROFILE		
Scale	Small	Large
Horizon	Short	Long
Risk appetite	Low	High
Preference	Liquid	Illiquid w/ Yield
MANAGEMENT PROFILE		
Portfolio management	Passive	Active
Asset management	Passive	Active
Property management	Passive	Active
MISSION		
	Income	Maximum Wealth

What will success look like?

Success is

- Creating a platform with the people, culture, processes, organizational design, and leadership to
- Achieve the investment mission by
- Deploying significant capital to
- Generate attractive total returns across cycles
- With strong risk management

