



October 2017

Short Term Property *Market Risk* Management

- Direct Property Investment
 - Mid - Long Term (5 Years +)
 - High Costs
 - Long Time Lags
 - Lack of Supply
 - Tenant Risk



- Short - Term Property *Market Risk* Management
 - Fund Manager Tool
 - IPD Property Index Futures
 - Overlay Strategies
 - Short Term (1 / 2 years)



Case Study 1: Life Fund Trade

Asset Allocation vs Cash / Liquidity Management

Seller Motivation:

- A Life fund had a liability matching requirement to reduce exposure to property in a specific year

Solution:

- Sell IPD All Property Futures contracts for immediate impact
- Along side selling direct assets which takes longer

Outcome:

- Met business plan requirement to reduce exposure
- Despite the market rising the fund made through out the year

Buyers:

- PAIF Property Retail Fund, Multi Asset, Hedge Fund

Case Study 2: Forward Purchase

Cash / Liquidity Management

Buyer Motivations:

- In December Fund sold a building and had a forward purchase agreement requiring capital in February

Solution:

- Buy IPD All Property Futures contracts to gain market exposure

Outcome:

- Met business plan requirement by maintaining exposure to the market in advance of a forward purchase
- Made IRR of 106% over 60 day period

Seller Motivation:

- In December they wanted to Roll from 2016 and buy in to 2017

Arca

Property Risk Management

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