



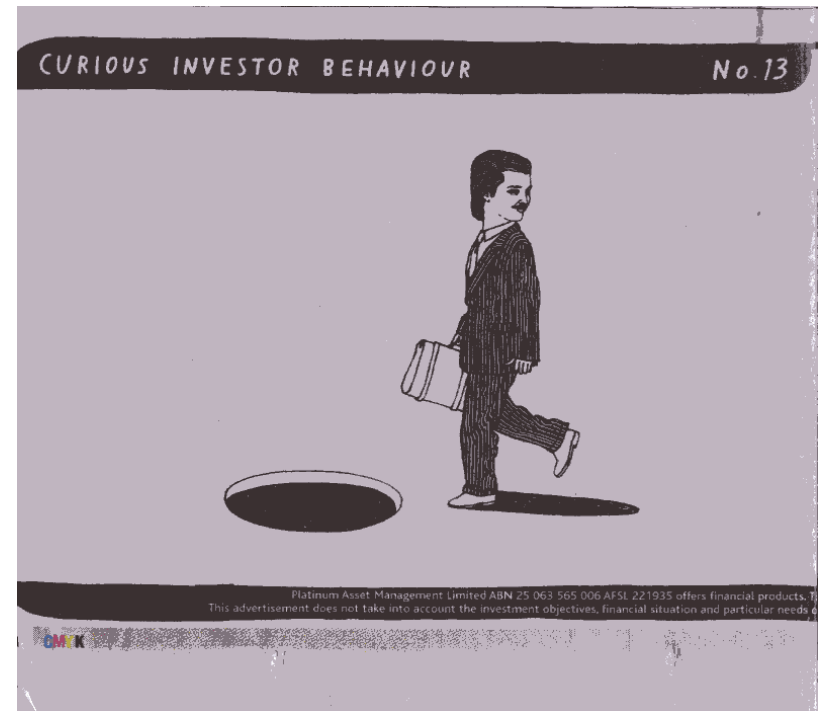
THE BIG PICTURE

“Issues affecting property investment”

Geoff McWilliam

RISK!

Is property about to
fall in a hole?





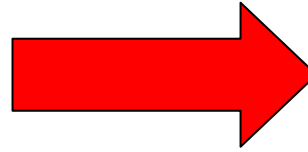
RETROSPECTASCOPE[©]

“...the tendency to look ahead through a rear-view mirror...”

“...It comes into play when we indulge in revisiting history to extrapolate future outcomes.”



INVESTMENT
IN PROPERTY



INVESTMENT IN
PROPERTY VEHICLES

Investments need to be assessed from three perspectives.

1. The property return
2. Financial engineering applied to property returns
3. Investor demand - \$

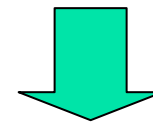


LONG-TERM OUTLOOK

Opportunity/Issue

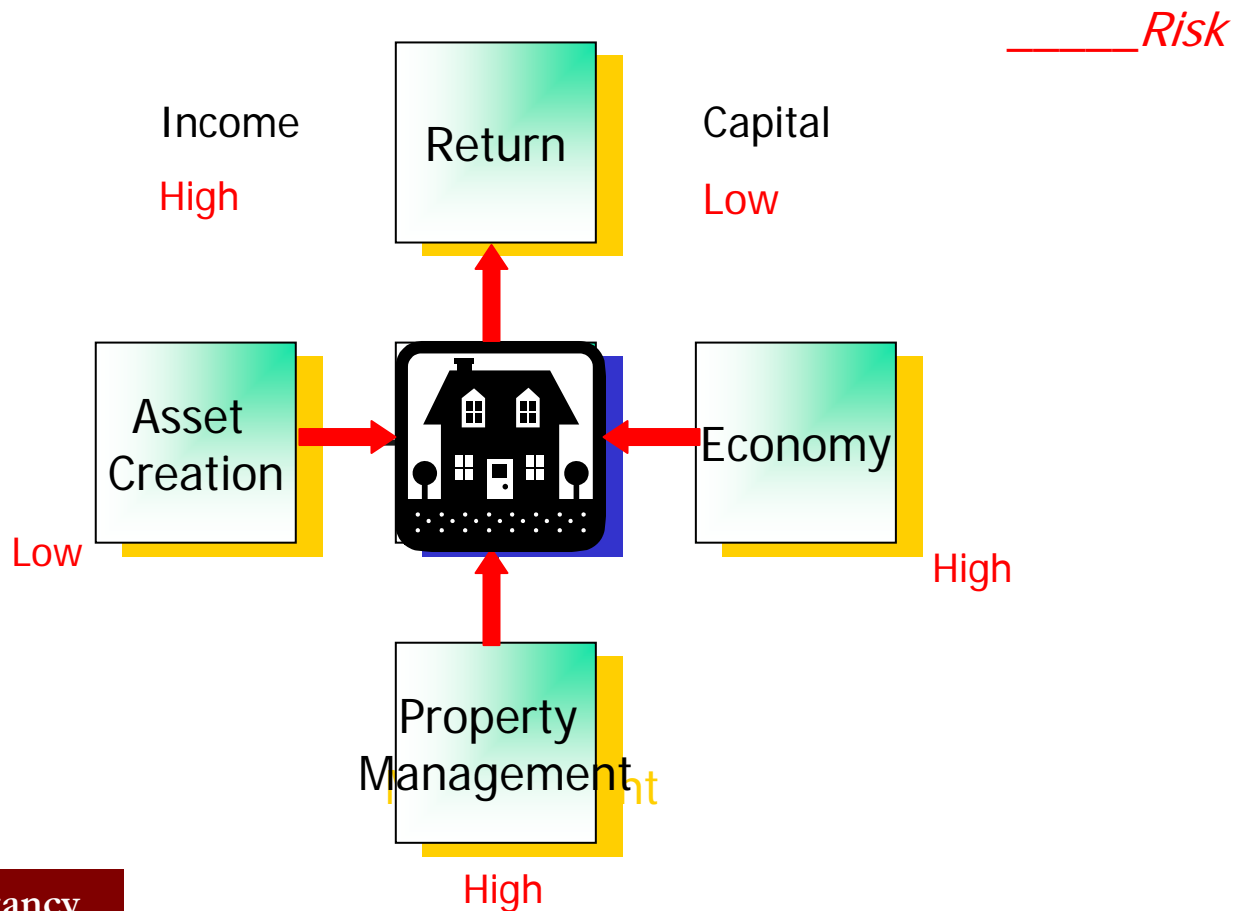
- Property Returns
 - Capital
 - Income
- Financial Engineering
- Investor Demand - \$

Risk Inv. Return



Should I invest?

THE PROPERTIES





LONG-TERM OUTLOOK

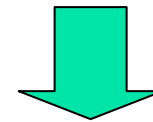
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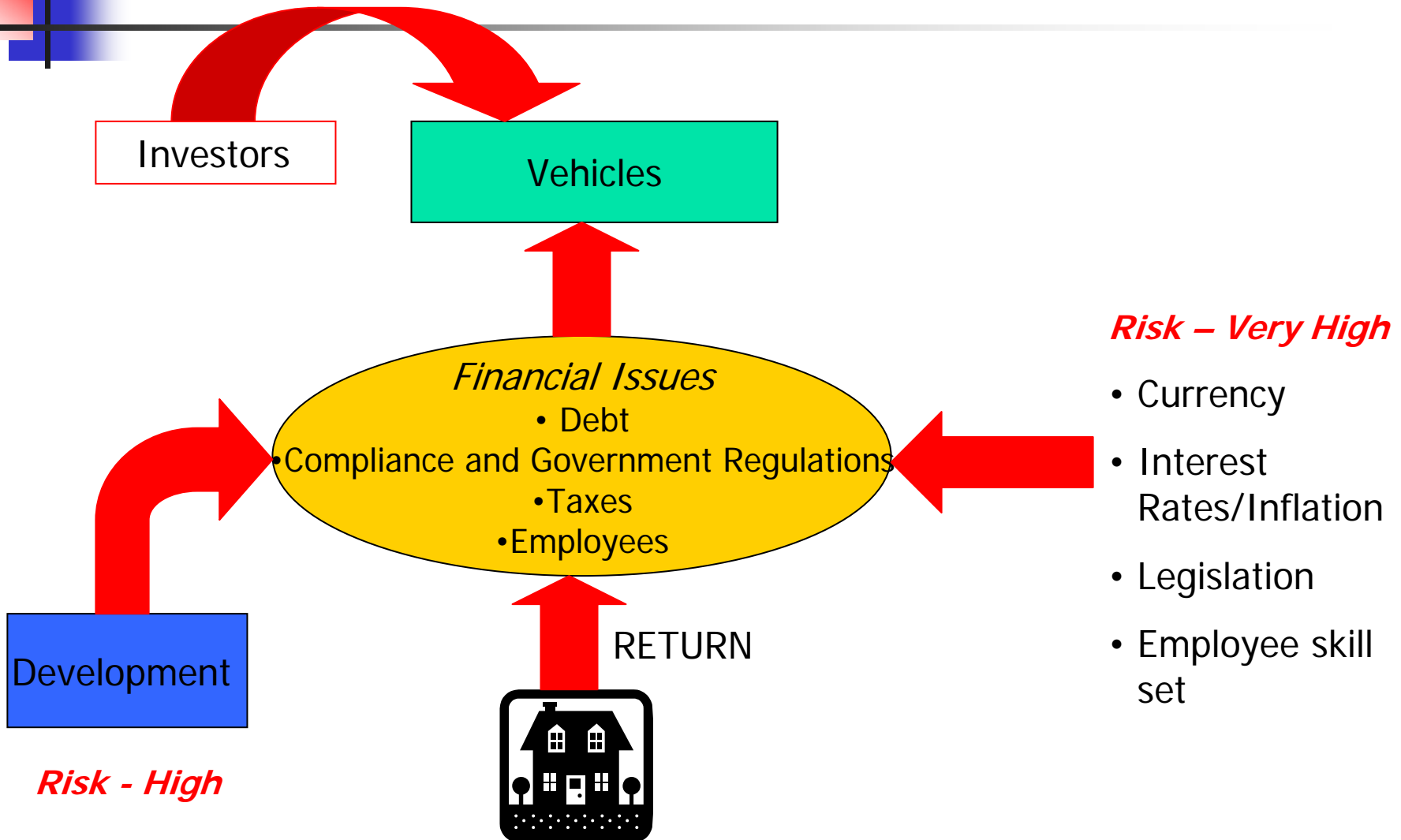
Low

High



Should I invest?

FINANCIAL ENGINEERING





LONG-TERM OUTLOOK

Opportunity/Issue

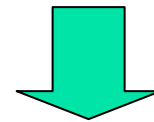
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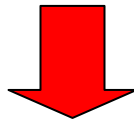
High



Should I invest?

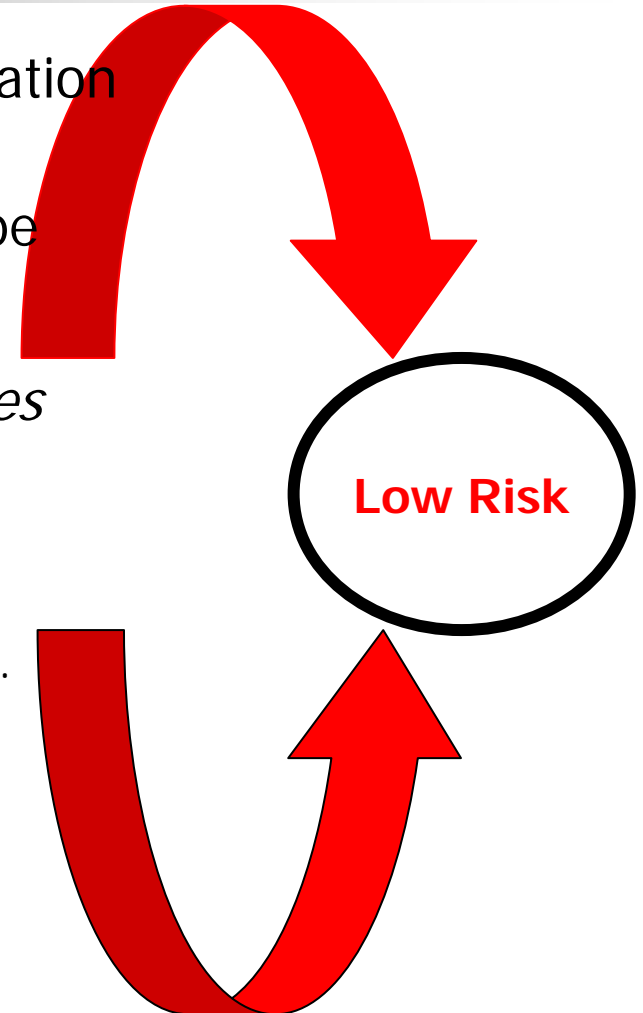
THE INVESTOR DEMAND

- Pension fund growth & property allocation
- Govt tax regime favour annuities
- Growth in pension funds – Asia/Europe



Increase in Investment Vehicles

- REITs
 - Australia/New Zealand/USA
 - Asia – Japan/Korea/Singapore/Hong Kong
 - Europe – Holland/France/UK/Germany etc.
- Mez. Debt Funds
- REITs Types
 - Traditional
 - New – Hotels, Child-care, etc.





LONG-TERM OUTLOOK

Opportunity/Issue

- Property Returns
 - Capital
 - Income
- Financial Engineering
- Investor Demand - \$

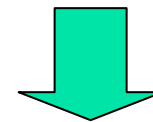
Risk Inv. Return

Low

High

High

Low



Should I invest?



LONG-TERM OUTLOOK

OPPORTUNITY/ISSUE

■ Property Services ↑

■ Financial Engineering ↑

■ Investor Demand \$ ↑

RISK

Low

High

Low



LESSONS

- Understand what you are really investing in.
- Identify all risks.
- Satisfy yourself that all aspects are dealt with, particularly in terms of expertise.
- Enhanced return usually means increased risk – trade off.
- Investors should be fully informed.