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 PRM Ltd, 20 Hanover Street, London W1S 1YR
Telephone: 0207 1000 755
www.arcaprm.com

For further information please contact:

costroumoff@arcaprm.com  jmasters@arcaprm.com  gmcnamara@arcaprm.com

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