

# THE BIG PICTURE

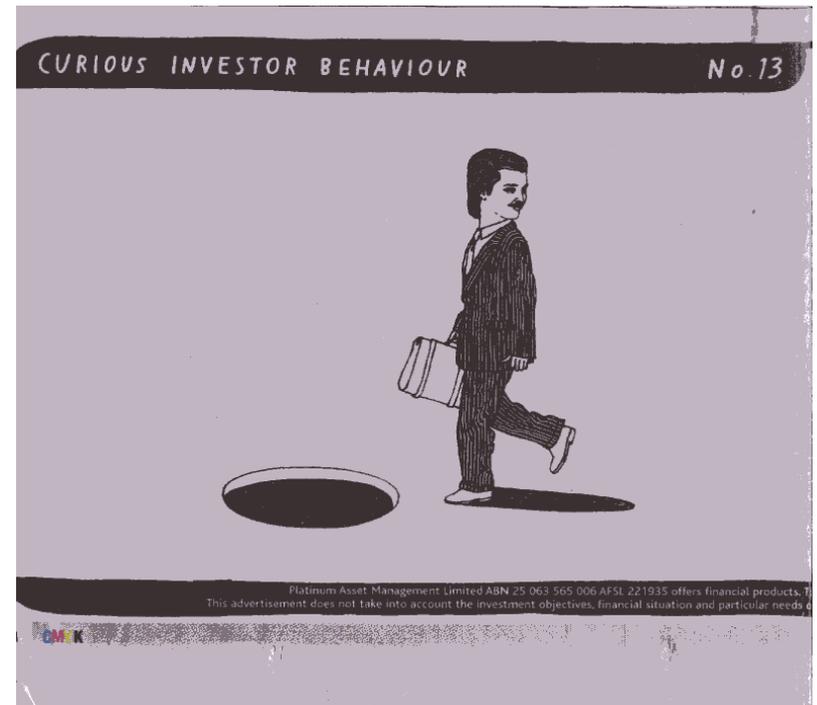
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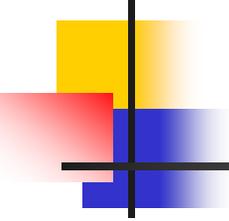
“Issues affecting property investment”

Geoff McWilliam

# RISK!

Is property about to  
fall in a hole?



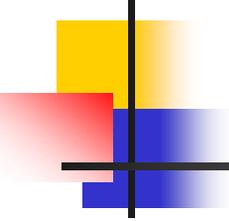


# RETROSPECTASCOPE<sup>®</sup>

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“...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

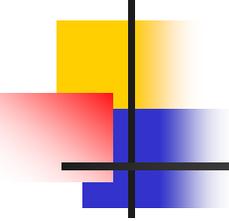


INVESTMENT IN  
PROPERTY VEHICLES

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Investments need to be assessed from three perspectives.

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



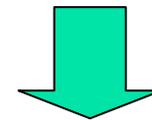
# LONG-TERM OUTLOOK

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## Opportunity/ Issue

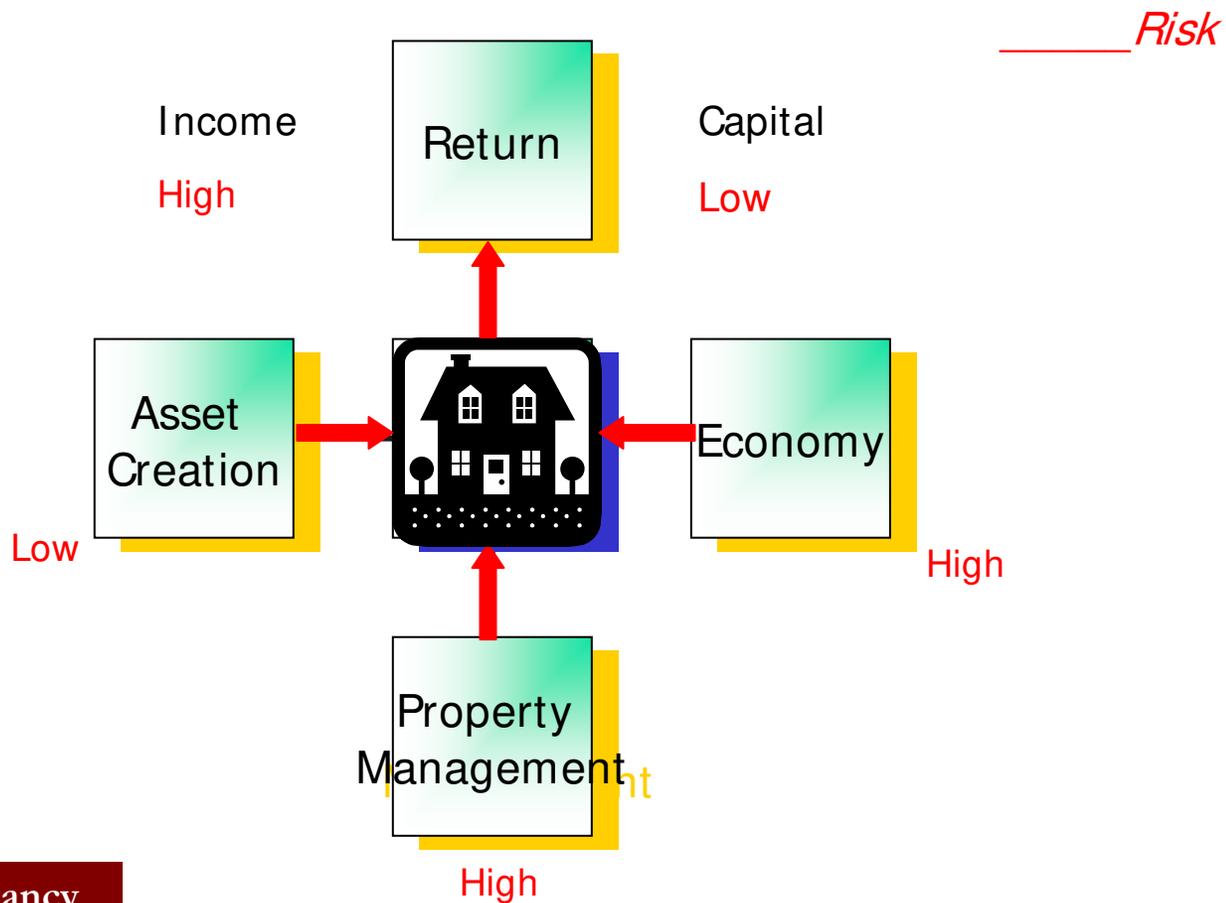
- Property Returns
  - Capital
  - Income
- Financial Engineering
- Investor Demand - \$

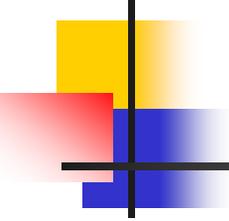
Risk Inv. Return



*Should I invest?*

# THE PROPERTIES





# LONG-TERM OUTLOOK

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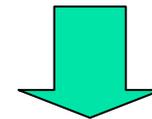
## Opportunity/ Issue

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

Risk Inv. Return

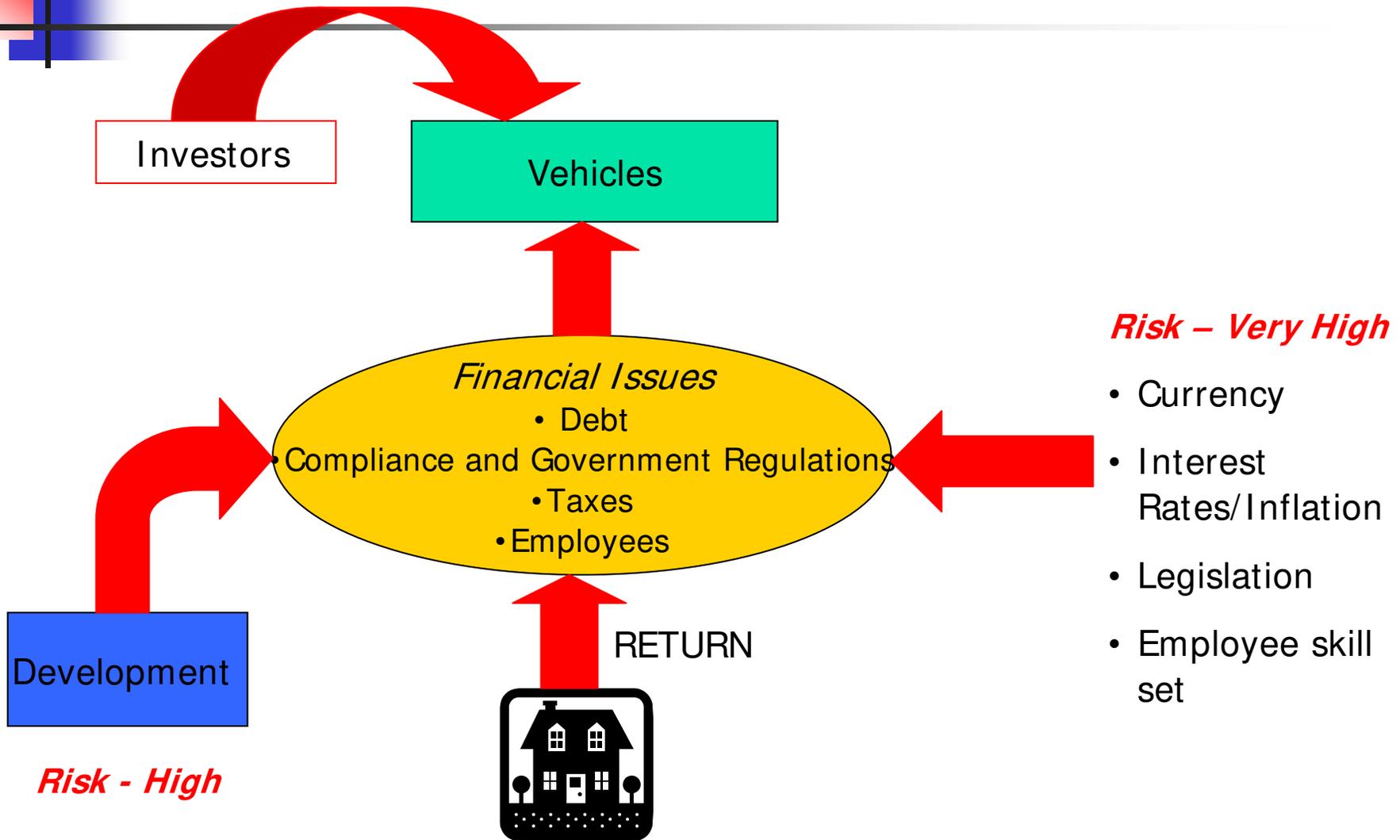
Low

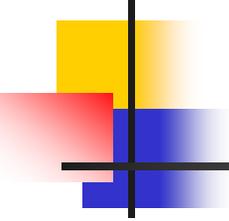
High



*Should I invest?*

# FINANCIAL ENGINEERING





# LONG-TERM OUTLOOK

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## Opportunity/ Issue

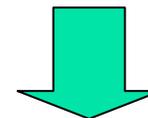
- Property Returns
  - Capital
  - Income
- Financial Engineering
- Investor Demand - \$

Risk Inv. Return

Low

High

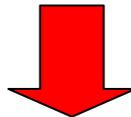
High



*Should I invest?*

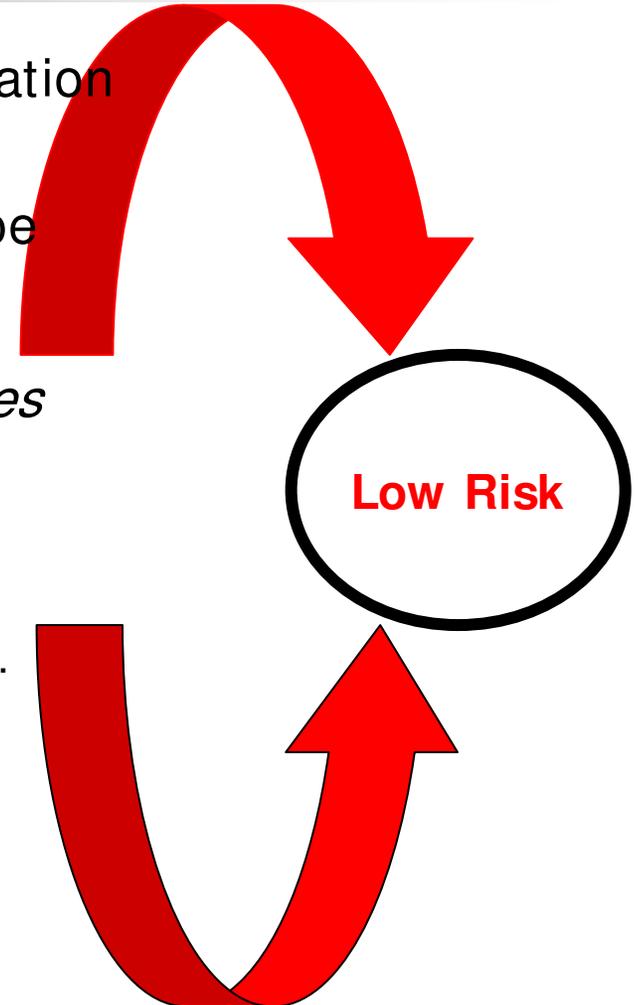
# THE INVESTOR DEMAND

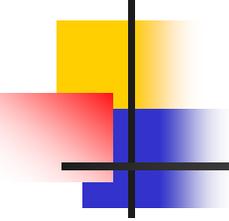
- Pension fund growth & property allocation
- Govt tax regime favour annuities
- Growth in pension funds – Asia/Europe



*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

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

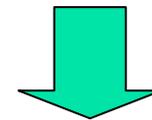
Risk Inv. Return

Low

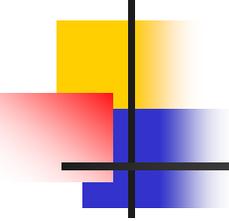
High

High

Low



*Should I invest?*



# LONG-TERM OUTLOOK

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## OPPORTUNITY/ISSUE

■ Property Services ↑

■ Financial Engineering ↑

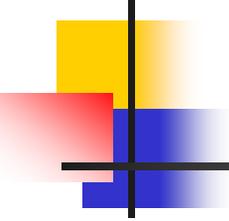
■ Investor Demand \$ ↑

## RISK

Low

High

Low



# LESSONS

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- 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.