

Real estate experts see opportunities in crisis

International real estate experts forecasted that the global financial will continue until the end of the current year and there are some investment opportunities during these volatile times! Strategia Company organized an Investment Seminar yesterday morning on global real estate investing, its current issues and outlook over the

short and medium terms. The one day seminar was attended by a great number of professionals from listed and private local real estate companies, individuals who are interested in investing in the real estate sector in addition to a number of officials from local and foreign banks which have branches in Kuwait.

The seminar hosted three senior investment managers who are specialized in the global real estate sector, namely Kim Redding from Brookfield Redding, Peter Hobbs, from RREEF, the real estate investment arm of Deutsche Bank, and Russel Bernard from Westport Capital. The symposium discussed the current state of the international real estate sector, the reasons behind the current economic crisis and the future outlook of these markets over the short and medium terms.

At the beginning of the seminar, Kim Redding, from Brookfield Redding which currently manages assets of more than \$2.6 billion, spoke about the investment policy of his company and the strategies they follow to invest in real estate assets which include conventional and long-short hedged strategies. Redding pointed out that these strategies have protected clients' assets from the severe negative effects of the current global financial crisis. Moreover, the performance of their real estate funds outperformed their respective benchmarks which during 2008 endured a very difficult year and were down for more than 40% around the world.

Redding expected that the turmoil and volatility will continue in the financial and real estate markets until the end of this year at least. He also forecasted that the credit crunch and ability to access liquidity will be extremely difficult during 2009. On the other hand, he noted that the collaboration of governments and central banks around the world to solve the current financial problems sends out positive signs and as a result will contribute to reducing the damage caused so far to investors around the world.

Redding advised investors to concentrate currently on real estate companies with strong balance sheets and good management teams who are capable of sustaining and

systems thus owning large stakes in financial companies and banks to save them from going bust. These actions were taken by governments in the US, UK, Japan, United Arab Emirates and other countries around the world.

Hobbs expected that the sharp recession which commenced during 2008 will continue during 2009. He thinks that we will witness signs of recovery in early 2010, followed by a full recovery during 2011 and 2012.

"Under these current difficult circumstances, there are some unique investment opportunities which appeared on the surface given the dislocation in valuations. However, although these opportunities have high upside potential, the downside risk is high as well due to the current market volatility. Most of these opportunities focus on distressed companies with strong balance sheets, investment grade real estate bonds with high yields and core stabilized direct real estate assets," added Hobbs.

As for Russel Bernard from the Westport Capital, which currently manages assets of more than \$700 million, noted that his company was set up originally in 2005 to focus on distressed opportunities and now is the best time for such a strategy given the low valuation levels across all asset classes. His investment universe includes distressed real estate companies and bonds of real estate companies in defensive sectors such as healthcare, residential, and lodging which offer currently the most opportunities during this crisis.

At the end of the seminar, Sean Evers, from Bloomberg, moderated a discussion panel amongst the three speakers and asked various questions regarding the issues which could be of interest to real estate investors. The discussion was lively and complemented many of the topics discussed during the seminar.

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we're committed to do that for finance minister Alistair Darling G20 talks. "I believe that this reach agreement on the need for a communication issued after