



Commercial Real Estate Hedging & Risk Management

Market Price Hedging Alternatives

Hedge concepts and alternatives for commercial real estate portfolios

prepared by



RISK LIMITED CORPORATION

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Introduction

Risk Limited provides consulting services for commercial real estate portfolio companies and REIT's. We create risk mitigation strategies to support investment strategies or REIT financial guarantees that are needed for the most successful marketing and distribution in the current market conditions.

Risk Limited is very well suited to provide this service for real estate companies and REIT's. We have long experience as a firm in successfully providing hedge services and our advisors are noted experts in the functional areas necessary to successfully assess price exposures and risks, and then design and implement strategies to manage market price risk and establish controls, reporting and modeling.

Full risk management plans and implementation can be conducted in stages in order to expedite development in sync with investor objectives or REIT rollouts, to reduce risks and costs, and to provide for a careful and orderly implementation of the hedging arrangements.



Hedging objectives

From a risk management standpoint, the primary objectives of the Risk Limited hedge products are to identify portfolio asset hedging alternatives for the REIT and to determine the likely effectiveness of those alternatives in terms of correlation of price movements between the asset portfolio values and various hedges.

For each portfolio of commercial real estate assets, Risk Limited focuses on identifying innovative hedge approaches and structures and their price change correlations to the portfolio valuation changes. We then assess and recommend hedge structures or strategies, such as types of instruments, durations, and optimal transaction structures. Risk Limited also provides the transaction execution support or detailed implementation recommendations.



Range of hedging products

Risk Limited provides a range of products and services for hedging and risk management. These are customized to the client needs and may be limited in scope to specific transaction design and execution, or extend to providing ongoing advisory support to real estate portfolio companies during development of REIT's, distribution and continued management.

The Risk Limited hedge product recommendations typically include the following:

- Narrative explanation of concepts and quantitative methods used to assess and identify the value correlations and to recommend surrogate market hedges and/or basket indices for the specific real estate portfolio.
- Actual quantitative findings and numerical results, along with interpretation of the conclusions.



Risk Limited background

Risk Limited is a specialized consulting firm that provides risk management, transaction support and strategic advice to companies and financial institutions. Risk Limited's approach in providing advisory and transaction support to clients is to work on a team basis with clients in order to obtain optimal results and assure that client objectives are achieved.

Our record of service and performance for clients has been noted by industry observers in various publications and awards.

Additional information regarding Risk Limited's capabilities and services are available on our website at www.RiskLtd.com



Confidentiality

Risk Limited provides for the confidentiality of information that may be shared as related to portfolios, acquisitions and investment strategies.



We would welcome the opportunity to work with your team to achieve your company's objectives for your commercial property portfolios.

Our contact information is shown below



RISK LIMITED CORPORATION

5001 Spring Valley Road
Suite 400 East, Providence Towers
Dallas, TX 75244-3910 USA

md@RiskLimited.com

Tel: +1.972.245.8300
Fax: +1.972.245.8318

www.RiskLimited.com

