

# 15<sup>th</sup> Annual Plan Sponsor Real Estate Conference

The Beverly Hilton, October 20-22, 2004

## Real Estate In the **Single-Digit** **Return** Environment

Conference Co Chairs

**Gloria Gil** Los Angeles County Employees Retirement Association

**Greg Moran** Public Employees Retirement Association of Colorado



**DREA**  
pension real estate association  
**DREA**

Celebrating

years of

**Education, Information, Research**

This year's annual fall conference will begin on Wednesday, October 20th at 12:00 noon, so you'll want to be sure to make your travel arrangements accordingly.

WEDNESDAY, OCTOBER 20

Dennis Martin



Greg Moran



James A. Baker III



**12:00 PM – 1:00 PM**

**Registration - Lobby**

**1:00 PM – 1:15 PM**

**Welcoming Remarks - International Ballroom, Lobby Level**

*Dennis Martin, PREA Chairman*

*Gloria Gil, Co-Chair*

*Greg Moran, Co-Chair*

**1:15 PM – 2:00 PM**

**Opening Keynote Presentation**

**Guest Speaker:**

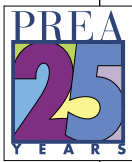
*The Honorable James A. Baker, III*

James A. Baker III is an expert in international affairs having served in senior government positions under three U.S. presidents since 1975. Perhaps most notably, he served as Secretary of State from 1989 to 1992 under President George Bush. During his tenure at the State Department, Mr. Baker traveled to 90 countries as the U.S. confronted the challenges of the post-Cold War era. In 1995, Mr. Baker published *The Politics of Diplomacy*, his reflections on those years of revolution, war, and peace.

Mr. Baker's term as Secretary of State followed an already distinguished career in presidential politics as Undersecretary of Commerce to President Ford; Chief of Staff, Treasury Secretary, and chairman of the Economic Policy Council under President Reagan; and concluded with his service as Chief of Staff and senior counselor to President Bush from 1992 to 1993. His intimate knowledge of foreign affairs is still highly sought as he was appointed Special Presidential Envoy for President George W. Bush charged with restructuring Iraq's national debt in 2003. Prior to his career in politics, Mr. Baker served two years in the U.S. Marine Corps and practiced law for 18 years.

Mr. Baker has received numerous public awards for his distinguished public service and has now returned to the practice of law as he is presently a senior partner at Baker Botts and senior counselor to the Carlyle Group.

DAY ONE



## Two Day Program Overview: Real Estate in the single digit return environment

Following Secretary Baker's remarks on the geo-political environment, this year's fall PREA conference will devote Wednesday and Thursday to a two day seminar on the role of real estate in a pension fund portfolio given today's single digit return environment.

On **Wednesday afternoon** Harvard Business School **Professor Andre Perold** will share his latest research on what may be driving today's pricing in stocks and bonds and how this relates to real estate.

We will start **Thursday morning** with CNBC's **Ron Insana** moderating a panel of investors who focus on everything but real estate: they will share their views on current conditions in the broader markets, related return expectations, and the factors influencing those returns. Next up, **Wylie Greig** and a panel of real estate research professionals will give their view of the real estate market, taking into account the ideas raised by Professor Perold and our guests from the other asset classes. After lunch, the PREA membership gets the microphone in a "Town Hall" meeting led by **Jacques Gordon** and **Mary Ludgin**, so we can learn from and debate with our peers in the investment community on how they view real estate investing today. Finally, **Kevin Lynch** and a panel of CIOs will tie it all together from the perspective of the most senior investment leaders who every day focus on how the whole portfolio works together by taking into account both the views of hands-on investors from all asset classes as well as academic theory.

Friday's sessions will focus on investing in European real estate in a series of panels assembled by Investment Property Databank Ltd (IPD).

**2:00 PM – 2:15 PM**

**Refreshment Break**

**2:15 PM– 3:30 PM**

**General Session - International Ballroom**

**Should pension funds invest in real estate today?**

**Guest Speaker:**

*Andre Perold, George Gund Professor of Finance and Banking, Harvard Business School, Harvard University*

Professor Perold wowed us in March 2003 with an overview of hedge funds and alpha (performance in excess of comparable risk), so we invited him back to provide his perspective on today's investment environment. His areas of interest are pricing and risk premiums (as in "Why are asset prices high and expected returns low?"); is this environment here to last?; and how a low-inflation environment changes the dynamics between asset classes.

Andre Perold



**3:30 PM – 5:30 PM**

**Closed Plan Sponsor Session – Special Program - Grand Ballroom**

**6:30 PM – 7:30 PM**

**25<sup>th</sup> Anniversary Cocktail Reception Poolside**

**7:30 AM – 8:30 AM**

**Registration and Continental Breakfast**

**8:30 AM – 10:00AM**

**General Session - International Ballroom**

**Wall Street Week**

A panel of investors will discuss current market conditions and expected returns for fixed-income, equities, private equity, and hedge funds.

**Moderator:**

*Ron Insana, CNBC*

**Panelists:**

*Clifford E. Lai, President, Hyperion Capital Management, Inc.  
Kevin Bannon, CIO, Bank of New York Asset Management  
Ken Whitney, Senior Managing Director, Blackstone Group  
Jane Buchan, Managing Director, PAAMCO*

Ron Insana



Clifford E. Lai



Ken Whitney

Kevin Bannon



Jane Buchan

**10:00 AM – 10:30 AM**

**Refreshment Break**

**10:30 AM – 12:00 Noon**

**General Session - International Ballroom**

**Real Estate in a Single-Digit Return Environment**

What does today's single digit return environment mean for the private and public real estate markets? Should plans allocate more to us, or are they better off elsewhere? Are we paying too much, or are we doing the job as long as our returns stay between those of stocks and bonds? Both points of view, those bullish and those bearish, will present their cases.

**Moderator:**

*Wylie Greig, Global Director, DB Real Estate*

**Panelists:**

*Ken Rosen, Chairman, Rosen Real Estate Securities  
S. Michael Gilberto, Managing Director, J.P. Morgan Fleming Asset Management  
Jonathan Litt, Managing Director Senior, Real Estate Analyst, Smith Barney*

Ken Rosen



Wylie Greig

**12:00 Noon – 1:30 PM**

**Luncheon - Grand Ballroom, Lobby Level**

Jonathan Litt



Michael Gilberto

DAY TWO

THURSDAY, OCTOBER 21

Mary Ludgin



Jacques Gordon



**1:30 PM – 3:00 PM**

**“Town Hall Meeting”** where the entire PREA membership will discuss their impressions of the insights shared by previous speakers from inside and outside real estate.

**Referees:**

**General Session - International Ballroom**

*Mary Ludgin, Managing Director and Director of Investment Research, Heitman  
Jacques Gordon, Managing Director, LaSalle Investment Management*

**3:00 PM – 3:15 PM**

**Refreshment Break**

**3:15 PM – 4:30 PM**

**General Session - International Ballroom**

**A panel of CIOs share their thoughts on the role of real estate in a multiasset institutional portfolio in today’s single-digit return environment**

CIOs face a difficult task today: the single-digit return environment is driving returns from stocks and bonds below actuarial assumptions, while low interest rates increase the present value of future liabilities. Some call it the perfect storm of underfunding. Can alternatives such as real estate take up the slack? And does this new cure meet the FDA’s standard of being both safe and effective? Whether you work for a manager, a consultant, or a plan sponsor, these are your real bosses and they will take the stage to tell us what they expect from the asset class, and from all of us.

**Moderator:**

*Kevin Lynch, Principal, Townsend Group*

**Panelists:**

*Mark Anson, CIO, CalPERS  
Pam Campbell, CIO, Washington University  
Nathan Fischer, Vice President for Investments, Lumina Foundation for Education, Inc  
Michael Ross, CIO, Stanford Management Company  
David Russ, Treasurer and Vice President for Investments, The University of California Board of Regents*

DAY TWO

Kevin Lynch



Pam Campbell



Mark Anson



Michael Ross



**4:30 PM – 6:30 PM**

**Committee Meetings - Lobby Level**

*Conference Committee - Palm Room  
Government Affairs Committee - Brighton Room  
Membership Committee - Santa Monica Room  
PREA Institute Committee - Sunset Room  
Publications Committee - Wilshire Room  
Research Committee - Oakhurst Room  
Reporting and Valuation Committee - Rodeo Room*

Nathan Fischer



David Russ



**7:00 PM – 8:00 PM**

**Cocktail Reception - International Ballroom Foyer**

**8:00 PM – 9:30 PM**

**Dinner with Entertainment – Jay Leno - International Ballroom**

**9:30 PM – 10:30 PM**

**Dessert Reception - Foyer**

Jay Leno



**7:30 AM – 8:30 AM**

**Breakfast - International Ballroom Foyer**

**7:30 AM – 8:30 AM**

**Plan Sponsor Only Breakfast - Poolside**

**8:30 AM**

**Conference opening - International Ballroom**

**Welcoming remarks**

**8:30 AM – 8:35 AM**

*Joseph Stecher, Portfolio Manager, General Motors Asset Management and PREA Conference Committee Chair*

**8:35 AM – 8:40 AM**

*Graham Hill, Chief Executive, Investment Property Databank, London*

**8:40 AM**

**Session 1**

**European market overview**

Key research on European real estate and the economy - including a European comparison of economies and their real estate investment markets, current market performance and future prospects. Once you know how it has and is likely to perform, information on accessing the markets will be provided in the last paper. Every paper will include comparisons with the US throughout the papers in this and the next session.

**Facilitator:**

*Wylie Greig, Global Director, DB Real Estate*

**8:40 AM – 9:00 AM**

**An overview of European economies**

**Speaker:**

*Eric Chaney, Chief European Economist, Morgan Stanley, London*

**9:00 AM – 9:20 AM**

**An overview of European real estate performance – towards a pan-European Index**

**Speaker:**

*Ian Cullen, Co-founder, IPD, London*

**9:20 AM – 9:40 AM**

**Forecasting Europe – its economies and property markets**

**Speaker:**

*Nick Tyrrell, Head of Research & Strategy, JP Morgan Fleming Real Estate Europe, London*

**9:40 AM – 10:00 AM**

**Pursuing investment opportunities in Europe**

**Speaker:**

*Jeff Jacobson, CEO Europe, LaSalle Investment Management, London*

**10:00 AM – 10:20 AM**

**Panel discussion with all speakers, plus questions from audience**

**10:20 AM**

**Refreshment break**

**10:50 AM**

**Session 2**

**Comparing European markets**

Comparing European markets with each other, as well as with the US, will be the subject of the second session. Papers will focus on the major sectors, major markets, market structure and comparing yields and lease structures.

**Facilitator:**

*Will McIntosh, Head of Global Research and Strategy, ING Real Estate, New York*

**10:50 AM – 11:10 AM**

**A comparison of European Markets – Sectors**

**Speaker:**

*Graham Hill, CEO, IPD, London*

**11:10 AM – 11:30 AM**

**A comparison of European Markets – Markets**

**Speaker:**

*Richard Plummer, CEO, Rockspring Property Investment Managers, London*

**11:30 AM – 11:50 AM**

**A comparison of European Markets – Yields and leases**

**Speaker:**

*Paul Kennedy, Director of Research, INVESCO Real Estate, London*

**11:50 AM – 12:10 PM**

**A comparison of European Markets – vehicles, managers and mandates**

**Speaker:**

*Andrew Baum, Managing Director, Oxford Property Consultants, Reading*

**12:10 PM – 12:30 PM**

**Panel discussion with all speakers, plus questions from audience**

**12:30 PM**

**Conference Concludes**

*Ian Cullen, Co-founder, IPD*

Joseph Stecher



Graham Hill



# DAY THREE

Eric Chaney



Ian Cullen



Nick Tyrrell



Jeff Jacobson



Will McIntosh



Richard Plummer



Paul Kennedy



Andrew Baum



## TABLE LEADERS

Mark Albertson Morgan Stanley	Todd Johnson National Electrical Benefit Fund	Richmond McCoy Urban America
Jeff Barclay ING Clarion	Mark Jason Baynorth Capital	Mike Oliver Alaska State Pension Investment Board
Jon M. Braeutigam Michigan Department of Treasury	Pat Kendall Cornerstone Real Estate Advisers	Devon Olson Utah Retirement Systems
Eileen Byrne SSR Realty Advisors	Peter Katseff Tennessee Consolidated Retirement System	Randy Parker Beacon Capital Partners
Lou Canlas Ohio Police & Fire Pension Fund	Rick Kleeman Starwood Capital Group Global, LLC	Sol Raso RREEF
Michael Casey Cliffwood Partners LLC	Jim Lavan Colorado PERA	John Roberts AMB Capital Partners, LLC
Maurice Coleman Delta Air Lines	David Lawrence Hines	Mark Roberts INVESCO
Alice Connell TIAA-CREF	Ted Leary Lowe Enterprises Investment Management	Ron Roberts Kennedy Associates Real Estate Counsel, Inc
Amy Cummings JPMorgan Fleming Asset Management	Cordell Lietz CoastWood Capital Group LLC	Bob Schau Kansas Public Employees Retirement System
Larry Davis Emmes Group of Companies	Lester Lockwood Prudential Real Estate Investors	Gary Schwandt Great Point Investors LLC
Mia Dennis Callan Associates	Glenn Lowenstein The Lionstone Group	Vicki Shiff Wetherly Capital
Jeff Fisher Indiana University Center for Real Estate	Fred McIntosh KBS Realty Advisors	Edward Shugrue III Guggenheim Structured Real Estate Advisors, LLC
David Glickman Apollo Real Estate Advisors	Vance Maddocks CB Richard Ellis Investors	Steve Spook Florida State Board of Administration
Doug Herzbrun CB Richard Ellis Investors	Tuba Malinowski Principal Real Estate Investors	Joseph Stecher General Motors Asset Management
Tim Hoepfner The MacArthur Foundation	Dennis Martin Lucent Asset Management	Sara Stratton Qwest Asset Management
Donald R. Holcher City and County of San Francisco Employees' Retirement	Mary McCarthy Koza & Partners	Van Stults Orion Capital Managers
George Jahn New York State Teachers Retirement System	John McClelland Chadwick Saylor & Company	Charles Wurtzebach Henderson Global Investors