



Spain: Time For Investors To Come Back? Why?

A Special Program for Investment Funds
At the Barcelona Meeting Point's Symposium

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Spain: Time For Investors To Come Back? Why?

What's going on in Spain?

After several major deals having taken place since June, it looks like Spain is back on the investment radar of international funds and that in 2014 we should see plenty more of activity in a market that marveled the world a decade ago but also frightened it when it plummeted with international financial crisis of 2008, drawing with it the whole Spanish economy. Nevertheless, when, according to some leading economic institutions and respected banks and economists, Spain is predicted to get out of the recession by the end of this year, some world-class funds have already made their move back in. So, why? And...

What should we expect for 2014? Is your firm ready for it?

That's what you will have the opportunity to find out by attending on October 23rd and 24th the Special Program for Investment Funds that Barcelona Meeting Point is putting together with the Urban land Institute and Spain's top two business schools, IESE and ESADE.

By attending this Program you will get accurate information on the state of the overall Spanish economy and financial system and also you will get the insights of the property and banking industries through a series of panels with leading experts but mainly through your participation, if you register for them, at these **three exclusive workshops on:**

- Banks and Investment Funds: What's Next for Them in Spain?
- Residential and Land Development.
- Liquidity on The Rise in Spain's Commercial Real Estate.

Each one of these workshops is limited to a maximum of 30 attendees, plus 5 leaders or moderators that will initiate and foster a most intense debate with no speeches nor presentations but with open, frank and direct Q&As between all the leading and knowledgeable Spanish and foreign specialists gathered in each workshop ready to share information..

If interested in these special sessions, **hurry to register as attendance is limited.**

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14:00 - 16:00

Luncheon

The Spanish and European Economies
and their Impact on the Real Estate Industry

16:00 - 16:45

Real Estate Investment: Can Availability of Different Investment Vehicles Foster Corporate Activity in the Sector?

A Session by



Join this ULI Session and find out what's going on in Spain regarding new investment vehicles:

1. SOCIMIs (Publicly Traded Property Investment Corporations): Why haven't they taken off yet in Spain compared with their success abroad? Is it a timing or a market issue? Aren't there enough quality assets to be "packed" within a SOCIMI or the vehicles haven't been properly designed?
2. FABs (Bank Assets Funds): Is it an attractive structure to foster the selling of the Bad Bank's assets? How does it compare with similar vehicles in other countries?
3. SIIs (Property Investment Companies): Why is it the most successful vehicle in Spain?

MODERATOR



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16:45 - 17:30

Private Equity: The New Starring Players in Spain's Real Estate

A Session by



1. Finally private equity is taking a prominent role in the real estate industry. Why now? What are the reasons for this change?
2. Is it the beginning of a new era?
3. Is there availability of bank financing for private equity investing in real estate?
4. The yields requested by the private equity players: how can they be achieved in the Spanish market? Through the acquisition of very-distressed property or through the creation of value?

MODERATOR



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y García
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RAMÍ BADR
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Orion Capital Managers
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17:30 - 19:00

Banks and Investment Funds: What's Next for Them in Spain?

A Workshop Organized by



The banking industry in Spain plays three main roles, at least, in regard to the property sector:

1 - On one hand, it owns most of the real estate assets for sale and, of course, it also decides on the financing of the buyer, something key for completing a transaction... therefore, what about these issues:

- What will happen from now on regarding the volume of assets held by banks?
Will it increase, will it decrease ...?
- Regarding the management of assets held by banks, what will be the dominant priority: “the property approach” (add and/or protect the asset’s value) or “the financial approach” (quick sale)? Which of the two approaches is more beneficial for the banking industry?
- Alliances between banks and developers, be domestic or foreign, are they foreseen? What sort of schemes will be implemented for such alliances?
- Is it possible to sell large “packages” of assets to institutional investors, national or foreign? How? Under what terms?
- What is the estimated volume and price of the Spanish residential and commercial markets (in the immediate future)?
- At the end of this recessionary cycle, will we see the birth of new property development companies belonging to banks as it happened, for instance, with Urbis or Colonial in the previous crisis of the 1990s?

2 - Also, banks are the ones financing property companies... therefore, what about these issues:

- What is expected regarding the debt outstanding from real estate companies, both gross and net accrued? How will it decrease? Through more provisions, more payments by the borrowers, asset swaps, or simply through final defaults?
- How much of these “bad loans” can be bought by institutional investors? What is the market’s opinion regarding the transactions made so far? What may the future bring along regarding the acquisition of nonperforming loans?
- So far, there have not been too many of such transactions, so... how can they be triggered?
- Can new formulas of collaboration be implemented between the banking industry and more innovative players?
- After this period of crisis, how will be the relationship between banks and residential developers? How is foreseen the future of the residential sector?
- Why, traditionally, the Spanish banks showed little interest in the financing of commercial projects? May it change right after this crisis?

3 - And finally, banks finance the final buyer, mainly citizens acquiring their home... so, what about these questions:

- How will this segment evolve in the future, measured as total outstanding credit and/or as a percentage of the total bank loans?
- What will happen with the non-performing in the remainder of 2013 and in 2014?
- Is it easier or more difficult to reach agreements with investment funds in this field (household mortgages) rather than on corporate debt?
- What type of deals between banks and investment funds can be expected in this field? And for what volume?
- How will it be “the mortgage of the future”?

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WORKSHOP LEADERS



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17:30 - 19:00

Residential and Land Development

A Workshop Organized by



After an important price correction, after higher allowances on the banks' balance sheets and after an increasingly more active marketing by SAREB, international funds are already not just analyzing but also buying housing "packages" through direct purchases or through the acquisition of discounted loans. Therefore...

- Are these only initial and feeble signs of international capital in-flows or the start of an unstoppable trend?
- Will the Spanish Public Administrations join SAREB's strategy in order to empty their stock of social housing?
- Do real bargains for funds exist? In collateral or in foreclosed?
- Who are the sellers of packages: SAREB only? Will banks eventually sell packages in parallel with their retail sales?
- What consequences will these policies have on the price correction curve?
- Will we see funds investing in new vehicles for land developing?
- What will be the role of servicers in the management of the portfolios acquired by funds?

On top of the above, all these other issues will also be addressed in this workshop:

DEMAND FOR NEW HOMES

Demographics and per capita income expected in the next 5-10 years.

Foreign demand.

Second hand: a different market? Versus the new homes segment, is the gap increasing or decreasing?

Expected demand for second hand and new homes versus current and future stock of both products.

SUPPLY SIDE

Over-built areas: Mediterranean coast-line and central Spain.

How much of the current stock can be really sold at all?

"Shadow inventory" held by banks, SAREB and Public Administrations.

New supply of land for development: Where? For what sort of product? Social housing or else?

Supply from latest foreclosures: from ownership to rental.

RESIDENTIAL PRICES

Further falls, are they expected? Where's the bottom? And then, will recovery be in V-shape or L-shape?

Role of banks and SAREB in the correction quickness.

Absolute price limit for the current buyer profile.

What's the prices curve on the funds' mind?

FINANCING

Current spreads and scorings: properties on the balance sheet versus others.

Alternative formulas for 1-LTV.

Private equities?

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RENTAL HOUSING MARKET

A real alternative to the lack of funding?

Price evolution and future yields.

New players: landlords with a very large number of homes on rent.

Social housing on rent: packages held by Public Administrations and some banks. The role of funds.

Capital markets: is it the moment to invest in this segment?

LAND

Current supply.

Who is actually bidding for land now? Solvent domestic developers? Family Offices? International developers?

Is it the moment to buy land in areas with scarce new homes supply?

Equity versus financing? The role of investment vehicles. Amounts required.

Land held by Public Administrations.

New and quick urban policies required to avoid scarcity of new homes in some selected municipalities.

MODERATOR



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17:30 - 19:00

Liquidity on The Rise in Spain's Commercial Real Estate

A Workshop Organized by



Since 2007 the property investment market in Spain, and in particular in the tertiary segment, or “Commercial Property”, has been significantly affected by the global crisis. Investment volumes have been extremely low, and 2012 was a perfect example of a much damaged and almost fully illiquid market.

The large macro uncertainties set the point for the greatest depression of the property market, where investors chose to keep Spain out of the investment opportunities radar.

From that moment on, and derived from the ECB's actions at a macro level, there is a change in the “investor sentiment” and thus it is clearly identifiable a different approach from international investors since early 2013. Spain returns to the international circuit as an investment destination... with the following characteristics:

- 1 - Not a “rushing” recovery but quite an increase in the number of investors analyzing the market.
- 2 - Liquidity appears and a few significant deals are closed (mainly offices).
- 3 - Investors are still very polarized: on one hand there are the “Core Investors” searching for prime products, and on the opposite end of the “Return versus Risk” positioning there are the “Opportunistic” looking for distressed portfolios.
- 4 - Investment profiles as the “Value Added” and the “Secondary Product” ones are still inactive due to even higher risks related to fundamentals such as the GDP and private consumption, which still generate significant uncertainty when it comes to income generation.

As a consequence of this all, these will be the issues addressed in this Workshop:

1 - CREATION OF AN ADEQUATE INVESTMENT OFFER

SAREB (Spain's Bad Bank), banks, and investment vehicles, all of them have accepted their assets' loss of value, and therefore this means that exists an offer, an invitation, for investment. But, are these the right products? Will these products yield the expected returns? Which are the strategies of the different players on the supply side?

2 - INTENSIVE MANAGEMENT

Asset management will be especially relevant. Any divestment program must take into account the maximization of the value of the assets under management as well as their segmentation and the timing for their offering.

Optimization of NOI assets through active management: many assets are “undermanaged” and that makes them very vulnerable whenever a tentative buyer appears.

Importance of Capex programs + quality management teams + defensive management of the assets value.

3 - FINANCING

State of the market: international versus domestic banks.

Debt funds with great prominence in the market.

Polarization in parallel to the investment market: increased activity in the prime segment.

Importance of equity buyers.

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4 - INVESTMENT PROFILES

Competitive advantage in the Return / Risk analysis related to other markets.

Real estate venture capital as a catalyst for other types of capital to follow: is it a needed capital in order to later draw a more stable capital? Should venture capital be very welcomed, despite its higher cost, as in return it will bring in the positive liquidity factor? Why it has been so difficult in Spain to accept this sort of investor, when wherever else this was the usual pattern?

Opinions from invited investors, both opportunistic and others more stable and with lower costs of capital.

Partnerships: joint ventures between equity and debt suppliers and also between equity and managers in order to minimize risks, something typical of markets with new and bold players moving in.

Type of deals: corporate, portfolio, sale and lease-back.

New money for new vehicles: taxation and diversification.

MODERATOR



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**Urban Land
Institute**


09:00 - 10:00 BREAKFAST

10:15 - 11:30

With Banks and Investment Funds in The Starring Roles, What Is The Future of The Spanish Real Estate Sector?

A Session by



Financial institutions have traditionally been very important players in the Spanish real estate sector since they have had the necessary external financing in most of the projects. At the same time, real estate has also always had an influence on Spain's finance industry, in its business and its crisis. This ongoing relationship has been accentuated in the current crisis: financial institutions have become the leading real estate operator, much to their regret.

In the short run, the property sector will very much depend on the divestment strategy of the financing entities (i.e. the agreements with real estate companies arising thereof), the collaboration of private management entities with SAREB (Spain's Bad Bank) and the agreements with international investment funds. Not to mention on how much it will also depend on the availability of credit.

Also, the activity of banks will affect on the shape and size of the real estate industry of the future, in its companies and on the way they will do business.

The session will address short and long term issues and the relationship between the Spanish property industry and international investors, with the goal of finding formulas which may help to shorten the required time to restore normality to a key industry for the Spanish economy as it is the real estate one.

MODERATOR



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11:45 - 12:45 A Plenary Session on Residential + Conclusions on The Previous Day's Workshop

Opportunities in The Residential Market

A Session by



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- What will be the role of servicers in the management of the portfolios acquired by funds?

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12:45 - 13:45 A Plenary Session on Commercial Property + Conclusions on The Previous Day's Workshop

Liquidity on The Rise in Spain's Commercial Real Estate

A Session by



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SPEAKER



RAMÓN ROGER
President of Barcelona
The Urban Land Institute
Barcelona

Registration Form

«Spain: Time For Investors To Come Back? Why?»

Jointly Organized by:



23 - 24 October 2013

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