

## Key Takeaways

- Access to broad U.S. private commercial real estate market
- 2x Long OR Short exposure to NCREIF NPI Market Value Index
- Liquid securities linked to illiquid assets
- Low cost alternative and complement to physical real estate
- Built in 2x multiplier for efficient portfolio management and tactical positioning
- Fully collateralized securities with minimal counterparty risk
- Next generation real estate tool to manage cyclicity in the real estate market
- Tax efficient roll-over of exposures over time
- FIRPTA friendly - foreign non-pension investors are not subject to withholding requirements

Next generation tool in real estate risk management with unique investment and hedging exposure to the NCREIF NPI Market Value Index

### Fully Collateralized Synthetic Securities

- Access to Broad U.S. Commercial Private Real Estate Market
- Securities Linked to Percentage Returns of the NCREIF NPI MVI
- Down Securities: 2x Price Protection to Falling Market Prices
- Up Securities: 2x Long Exposure to Real Estate Price Movement
- No Physical Holdings enable Low Transaction and Holding Costs

duETS offer distinctive investment opportunities to Qualified Institutional Buyers and Non-U.S. Investors to participate in the price movement of Commercial Real Estate

- Hedge real estate fund positions, commercial mortgages or physical property against potential declines in market prices by stripping out the systematic market risk (beta) and isolating idiosyncratic returns (alpha)
- Faster and more cost-effective ways to gain long exposure to the private commercial real estate asset class without property or fund specific risk
- Fully collateralized instruments with gains or losses in *Down* securities being mirrored in *Up* securities and vice versa (collateral held in U.S. Treasuries – minimal counterparty risk)
- Designed by **Global Index Group**, led by industry veterans with over 60 years of combined index investing experience
- Distributed and marketed by **CBRE Capital Advisors (CBRE)**, a FINRA registered broker/dealer and the investment banking business of CBRE Inc., the world’s largest commercial real estate services company.

The duETS products employ a **2X multiplier** when issued at par value. Up securities provide double long (positive) exposure and Down Securities provide double short (negative) exposure to the percentage change in the MVI.

Securities linked to consecutive two calendar year returns of the index, allowing investors to:

- Gain upward or downward exposure to the real estate market over a 2-year period and cash settle vs. the realized index returns at the end of each period (at *Valuation Date*); **Or**
- Roll-over the exposures to the next 2-year period for tax efficient investing

duETS U.S. Commercial Property	
Underlying Reference Index	National Council of Real Estate Investment Fiduciaries NPI Market Value Index (MVI)
Index Measure	National change in the market value of U.S. commercial real estate (CRE)
Index <i>Publication Frequency</i>	Quarterly
Index Inception	1977
Index Components	35,000 Properties, \$500MM+ valuation
Index Methodology	Appraisals + Transactions
duETS Valuation Date	Every Two Years

*“The ability to initiate downside protection, linked to the benchmark index, enables hedging strategies previously difficult to construct. These synthetic securities represent a significant step forward for the U.S. Capital Markets.”*

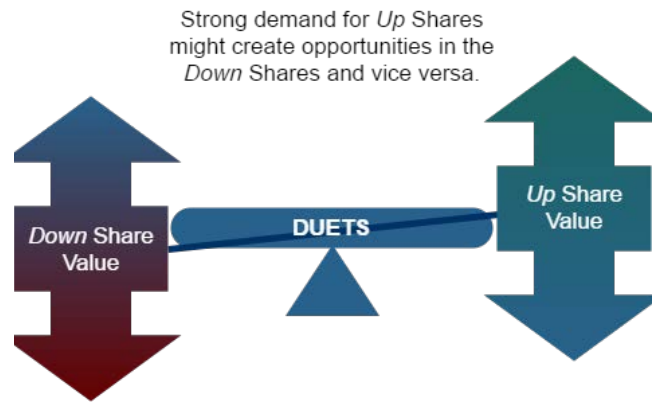
*-Robert Shiller-* Sterling Professor of Economics, Yale University

# duETS™ NCREIF MVI Case Study

**Example: Using market pricing of 4.0% cumulative growth in the index equates to *Up* share trading at \$21.60, *Down* share at \$18.40**

*(Par = \$20 for each security; total always = \$40 NAV at creation)*

NCREIF MVI Case Study	
Current Trust NAV	\$40.00
Down Shares Purchase Price	\$18.40
Up Shares Purchase Price	\$21.60
Implied Growth in MVI	4.0%
Implied Ann. Growth in MVI	2.0%
Measurement Period	Cal 2017-2018
Valuation Date	1/25/2019

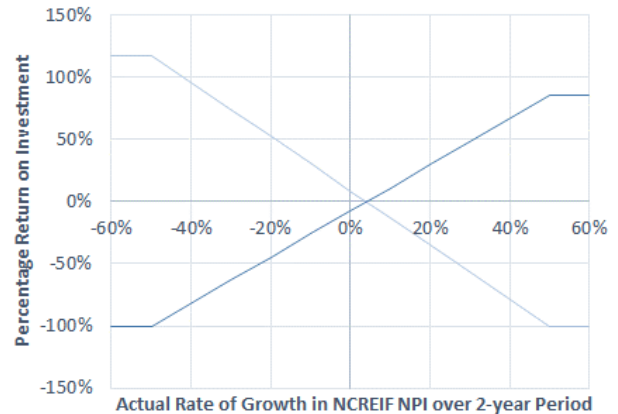


- Market pricing will cause the risk and return characteristics of the two securities to be different
- If realized Reference Index growth rate is 4.0% investors will “breakeven” on their investments
- Like all securities, entry pricing will determine risk and return profile of shares at Valuation Date

Realized Growth Rates	Index Value of Securities		\$ Profit/Loss		% Profit /Loss	
	Down Securities	Up Securities	Down Securities	Up Securities	Down Securities	Up Securities
-15.00%	\$32.00	\$8.00	\$13.60	(\$13.60)	73.91%	-62.96%
-10.00%	\$28.00	\$12.00	\$9.60	(\$9.60)	52.17%	-44.44%
0.00%	\$20.00	\$20.00	\$1.60	(\$1.60)	8.70%	-7.41%
4.00%	\$18.40	\$21.60	Breakeven	Breakeven	Breakeven	Breakeven
5.00%	\$16.00	\$24.00	(\$2.40)	\$2.40	-13.04%	11.11%
10.00%	\$12.00	\$28.00	(\$6.40)	\$6.40	-34.78%	29.63%

- Downside hedge allows investors to protect on price movements below 4.0% growth in the *Reference Index*
- *Up* Share return potential from -\$21.60 to +\$18.40, *Down* share return potential from -\$18.40 to +\$21.60.
- High *Implied Growth Rate pricing* will make downside hedging more attractive, allowing investors to “lock in” positive MVI values
- Low or negative *Implied Growth Rate pricing* will make upside hedging more attractive, creating opportunities to gain long exposure cheaply

duETS™ Share % Returns at Valuation Date



For More Information:

CBRE Capital Advisors  
 Phil Barker  
 (212) 656 0558  
[philip.barker@cbre.com](mailto:philip.barker@cbre.com)

Global Index Group, Inc.  
 Rui Moura  
 (253) 514 6524  
[info@globalindexgroup.com](mailto:info@globalindexgroup.com)

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