



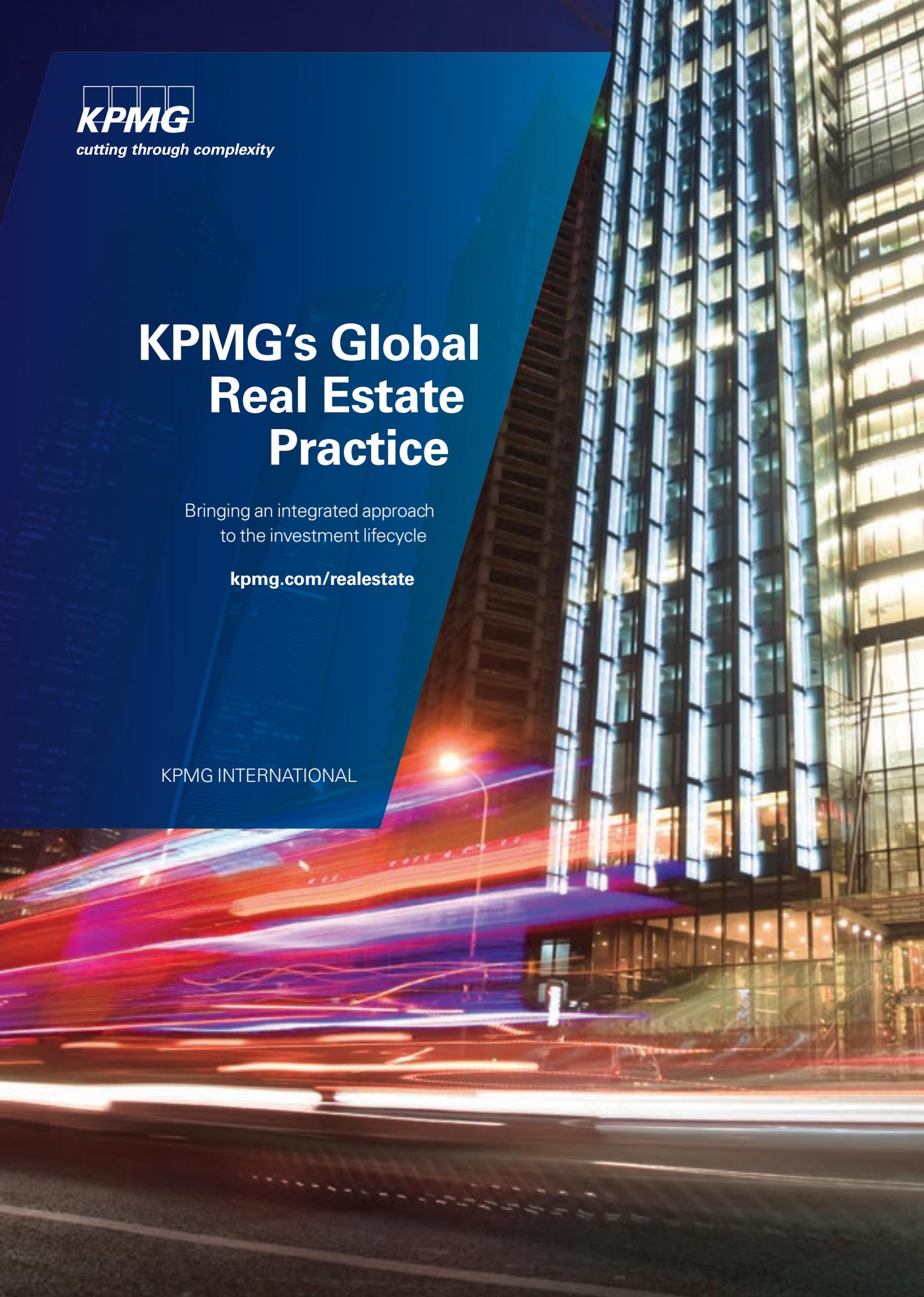
*cutting through complexity*

# KPMG's Global Real Estate Practice

Bringing an integrated approach  
to the investment lifecycle

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KPMG INTERNATIONAL



## Global Outlook

With the International Monetary Fund's concerns over global economic growth as a result of the euro area crisis and the US fiscal situation, both institutional and retail property investors are exercising caution both in property investments and leasing transactions.

Despite this, the US and European real estate markets continue to attract greater capital flows from the rapidly growing pension funds and sovereign wealth funds domiciled in the Middle East and Asia. Meanwhile, Asia Pacific has also emerged as an investment hotspot for global investors. Investors are particularly optimistic of the region's potential growth opportunities, rising income levels and a stable property market.

Debt financing and commercial mortgage-backed securities activity is expected to remain subdued, in turn opening new investment opportunities for large institutional equity players in the form of REITs, pension funds, sovereign funds, private equity funds, hedge funds and a buoyant shadow banking market. These players are also looking to grab a potential real estate loan portfolio as banks await appropriate timing to accelerate their de-leveraging drive in Europe.

The real estate funds industry, particularly in the mature markets, has been subjected to heavy regulatory interventions posed by the Dodd-Frank Act and Alternative Investment Fund Managers Directive. In addition, the financing market is impacted by the Basel III and Solvency II directives. The regulatory tightening, coupled with the increased investor vigilance of management fees and governance practices, will add to the challenges of raising money from the market and will spur additional operational costs. This financing challenge is only partly offset by an increased interest of local institutional and private players. Going forward, the real estate investment management industry might look to address the tougher operating environment through greater consolidation and prudent operations optimization.

Despite its share of challenges, the real estate market holds the key to diversification and risk-adjusted returns for financiers and investors. Market players will need an expedited mechanism to identify and tap opportunities through a combination of international wisdom and local knowledge.

Local market players are further developing their business models to fit the needs of international investors. Such investors are increasingly considering an increased involvement in the management of the investments by setting up their own (local) asset management platforms. Local players are increasing their service menu with asset management and day-to-day operational services next to traditional fund management services.

Players with an integrated, stable, international network and who are locally seamlessly represented will be best placed to gain real competitive advantage and provide the best results on their investments.



## Our Value

Through our Global Real Estate Practice, KPMG is involved in every stage of the asset and investment lifecycle, and offers experience in working with all levels of stakeholders throughout the real estate industry. Whether your focus is local, national, regional or global, we can provide you with the right mix of experience to support and enhance your needs and ambitions. Our knowledgeable real estate professionals focus on providing informed perspectives and clear solutions, drawing experience from a variety of backgrounds including accounting, tax, advisory, banking, regulation and corporate finance.

Our client focus, our commitment to excellence, our global mindset and consistent delivery build trusted relationships that are at the core of our business and reputation.

## Who We Serve

In addition to providing Audit, Tax or Advisory services to almost half of the real estate companies within the Global 1200<sup>1</sup>, our extensive experience serving all segments of the real estate industry includes assisting:

- Real estate investment and private equity fund management
- Real estate investment trusts
- Institutional investors and advisers, including pension and sovereign wealth funds
- Real estate operating companies
- Real estate service companies
- Lenders and intermediaries
- Developers
- Construction companies and engineering firms
- Hospitality companies
- Homebuilders

<sup>1</sup> Source: The Global 1200 2012 audit market share information is based on the 1200 largest companies in the world. The Global 1200 is a combination of the Financial Times Global 500, the Forbes 1000 and the Fortune Global 500 company lists published annually. (The revenues threshold to determine services provided is USD 250,000.)

# An Integrated Approach

If you are in the business of real estate investing, our integrated approach to the investment lifecycle helps to deliver results. How? Our professionals have an in-depth understanding of the industry and a global network to draw localized knowledge. This means our professionals are well placed to advise you through the investment lifecycle.

# to the Investment Lifecycle

## 1. Set-up and raising money

- Advising on investing in new markets
- Helping to build and assess business plans and strategies
- Identifying business or joint venture partners
- Conducting feasibility studies and economic assessments
- Advising on effective staff remuneration
- Fund structuring options to help mitigate exposure to tax on investments in multiple jurisdictions
- Assessing fund managers' regulatory and compliance requirements

## 2. Acquisition and disposition of investments

- Advising on corporate mergers and acquisitions
- Performing detailed financial, tax and purchaser or vendor due diligence
- Advising on project financing
- Executing forensic background checks on new investments
- Providing valuations on complex assets or portfolio structures

## 3. Reporting on performance and plan delivery

- Driving value from the audit and delivering efficient, effective communications with stakeholders
- Performing governance reviews, including internal audit process, defining or redeveloping the finance function and reporting systems and pre-IPO review
- Advising on leasehold liability transfers

- Assessing performance management (and MIS systems) and recommending improvements
- Providing objective and strategic advice around distressed assets
- Advising on process improvement, organizational transformation and cost optimization
- Improving back-office functions
- Performing tax compliance services
- Conducting regulatory compliance reviews

## 4. Restructuring, refinancing and divesting

- Providing restructuring advice
- Advising on cost-cutting and cost management

- Helping with tax structuring to provide optimal positioning
- Helping to determine debt capacity
- Providing financial modeling or the audit of current models

## 5. Realization and exit

- Advising on extracting capital from existing property assets and limiting tax liabilities
- Helping to ensure the reliability of the financial and commercial information that underpins a transaction
- Providing support before and during the IPO process
- Advising on the feasibility, structuring and raising of funds for a REIT conversion or international listing



# KPMG's Global Real Estate Practice is a Network of Experienced Professionals Based in Member Firms Around the World

## Americas region

### Brazil

#### Ederson Carvalho

+55 11 2183 3282  
ecarvalho@kpmg.com.br

### Canada

#### Lorne Burns

+1 604 691 3144  
lburns@kpmg.ca

### Mexico

#### Guillermo Ochoa

+52 55 5246 8519  
gochoa@kpmg.com.mx

### Panama

#### Luis Laguerre

+507 208 0700  
llaguerre@kpmg.com

### US and any other Americas countries not listed

#### Gregory L Williams

+1 214 840 2425  
gregorylwilliams@kpmg.com

## Asia Pacific region

### Australia

#### Steven Gatt

+61 2 9335 7303  
sgatt@kpmg.com.au

### China

#### Nelson Lai

+86 21 2212 2701  
nelson.lai@kpmg.com

### Japan

#### David Lewis

+81 3 6229 8210  
david.b.lewis@jp.kpmg.com

### Korea

#### Marcus Joon Seok Kwon

+82 2 2112 0735  
joonseokkwon@kr.kpmg.com

### Indonesia

#### Iwan Atmawidjaja

+62 21 574 0877  
iwan.atmawidjaja@kpmg.co.id

### India

#### Jayesh Kariya

+91 22 3090 2080  
jayesh@kpmg.com

### Malaysia

#### Lamsang Hewlee

+60 3 7721 3388  
lhewlee@kpmg.com.my

### New Zealand

#### Ross McKinley

+64 9 367 5904  
rdmckinley@kpmg.co.nz

### Singapore

#### Philip Lee

+65 6 213 2532  
philiplee@kpmg.com.sg

### Taiwan

#### Judy Chien

+886 281 016 666  
judychien@kpmg.com.tw

### Thailand

#### Vannaporn Jongperadechanon

+66 2 677 2106  
vannaporn@kpmg.co.th

### Vietnam

#### Van Hien Ninh

+84 8 3821 9266 Ext: 8202  
ninhvanhien@kpmg.com.vn

## Europe, Middle East and Africa region

### EMA Head of Real Estate

#### Stefan Pfister

+41 58 249 54 16  
stefanpfister@kpmg.com

### Austria

#### Dr. Klaus Mittermair

+43 732 69 38 2151  
kmittermair@kpmg.at

### Bahrain & Qatar

#### Ernst Weber

+973 172 24807  
eweber@kpmg.com

### Belgium

#### Filip De Bock

+32 3 821 18 28  
filipdebock@kpmg.com

### Balkans

#### Juliana Mateeva

+359 2 9697 600  
jmateeva@kpmg.com

### Croatia

#### Paul Suchar

+385 1 5390 032  
psuchar@kpmg.com

### Czech Republic

#### Pavel Kliment

+420 222 123 573  
pkliment@kpmg.cz

### Denmark

#### Kenneth Hofman

+45 73 23 30 22  
kennethhofman@kpmg.dk

### Finland

#### Teemu Haataja

+358 20 760 3644  
teemu.haataja@kpmg.fi

### France

#### Regis Chemouny

+33 1 5568 6818  
rchemouny@kpmg.fr

### Germany

#### Sven Andersen

+49 69 9587 4973  
sandersen@kpmg.com

### Hungary and any other CEE countries not listed

#### Andrea Sartori

+36 1 887 7215  
andrea.sartori@kpmg.hu

### Iceland

#### Anna Thordardottir

+354 545 6048  
athordardottir@kpmg.is

### Ireland

#### Jim Clery

+353 1 410 1172  
jim.clery@kpmg.ie

### Italy

#### Maurizio Nitrati

+39 06 80971 1  
mnitrati@kpmg.it

### Luxembourg

#### Pierre Kreemer

+352 22 51 51 5502  
pierre.kreemer@kpmg.lu

### Morocco

#### Jamal Saad el Idrissi

+212 537 633 702  
jsaadelidrissi@kpmg.com

**Netherlands**

**Hans Grönloh**

+31 20 656 77 92  
gronloh.hans@kpmg.nl

**Norway**

**Ole Christian Fongaard**

+47 40 63 90 86  
ole.fongaard@kpmg.no

**Poland**

**Steven Baxted**

+48 22 528 10 46  
sbaxted@kpmg.com

**Portugal**

**Joao Augusto**

+351 210 110 068  
jaugusto@kpmg.com

**Romania & Moldova**

**Ori Efraim**

+40 372 377 790  
oefraim@kpmg.com

**Russia & CIS**

**Sven Osmers**

+7 495 663 8497  
svenosmers@kpmg.com

**South Africa**

**David Read**

+27 11 647 6507  
david.read@kpmg.co.za

**Serbia Montenegro**

**Branko Vojnovic**

+381 11 20 50 540  
bvojinovic@kpmg.com

**Slovakia**

**Marc Leubner**

+421 2 59984 614  
mleubner@kpmg.sk

**Slovenia**

**Sonja Znidarcic**

+386 1 236 4320  
sonja.znidarcic@kpmg.si

**Spain**

**Candido Perez Serrano**

+34 91 451 30 91  
candidoperez@kpmg.es

**Sweden**

**Björn Flink**

+46 8 723 94 82  
bjorn.flink@kpmg.se

**Switzerland**

**Ulrich Prien**

+41 58 249 62 72  
uprien@kpmg.com

**Turkey**

**Özgür Sivaci**

+90 216 681 9000  
osivaci@kpmg.com

**United Arab Emirates**

**Rohit Rajvanshi**

+971 4 356 9500  
rohitrajvanshi@kpmg.com

**UK**

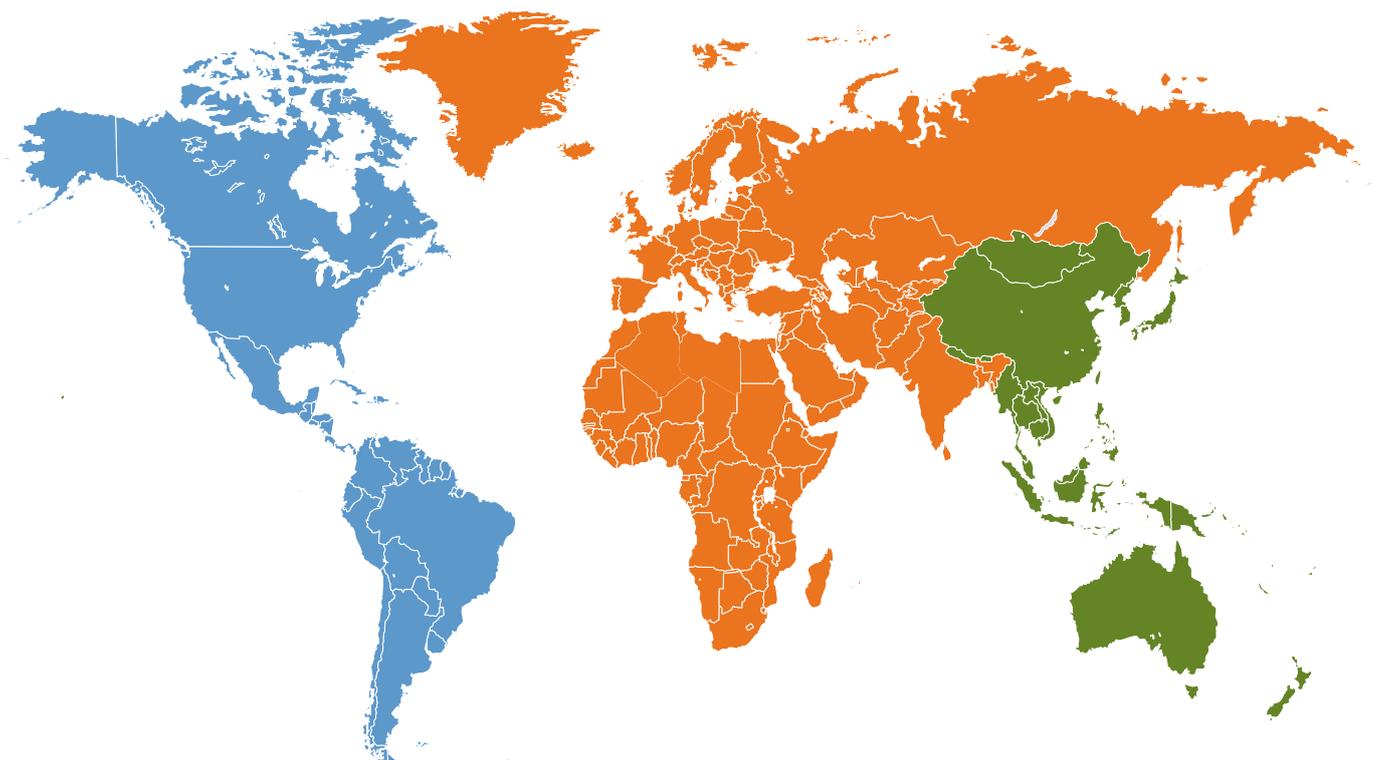
**Richard White**

+44 20 7311 4010  
richard.white@kpmg.co.uk

**For any countries not listed please contact:**

**Andrew Weir**

Global Chair  
Real Estate and Construction  
+852 2826 7243  
andrew.weir@kpmg.com



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