



The CenterCap Group is a boutique, real estate focused investment bank providing strategic advisory, capital raising, and consulting related services to public and private sector companies and fund managers across the real estate industry.

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## CCG PERSPECTIVES

# Make Your Annual Meeting Count

**By Jen Hutter**

Do you like to attend meetings where a quarterly report is read back to you verbatim? Investors don't either. Annual meetings are one of the most critical communication points you have with your investors each year. Done well, they are a great forum to strengthen your relationships with both investors and prospects.

The average investor attends 15 to 20 annual meetings per year. Our experience shows that investors genuinely appreciate this time and want to utilize it to better get to know your team and your portfolio, and to engage with the LPs alongside whom they have invested. How do you make your annual meeting one that will remain a top priority for investors (even if all is going according to plan)?

### Start Planning Early

Annual meetings are not exams that you can cram for in the last month. A successful annual meeting takes thoughtful planning at least **three to four months in advance**. Once you have the workplan down, this flow should get easier each year as you figure out what works and what doesn't. When deciding on location and venue, consider not only the location of your assets (if a property tour is warranted), but also where most of your investors are located (*i.e.*, it is tricky to get from California to New York in time for an early dinner or property tour) and plan accordingly. Remember, annual meetings do not have to be limited to your current investors; they are also a great forum for prospects to get to know you both as an investor and a fiduciary (**consider**

**inviting prospects too**). At this stage, three to four months in advance, you should start to formulate high level messaging for your presentation.

### Setting An Agenda

The most impactful annual meetings deliver the information that the audience wants to hear, in a concise and thorough format. First things first, set the goal of this year's annual meeting. Take the time to review your previous annual meeting with your team and learn from what worked and what didn't (including feedback from investors as further discussed below). Assess all communication that you have had with investors since the last annual meeting including quarterly reports, annual letters, acquisition/disposition announcements, and any other points of communication. Think about what they have heard from you and what else could be helpful for them. Have any issues or concerns come up consistently? Consider whether this is the appropriate forum to address them. Also, be sure to allocate time for investors to get to mingle with one another. Most managers shy away from letting this happen, but investors will appreciate you making this time for them. Lastly, be mindful of investors' time. Gone are the days of the three-day annual meeting. A good rule of thumb is to spend one hour on your firm and the market and one hour for each active fund (depending on how many assets are in each vehicle).

### Delivering Bad News

It's a fact that real estate is a cyclical business and, on top of that, there will always be uncontrollable variables that affect portfolio performance. Investors don't expect managers to be perfect, but they do expect them to communicate when things have not gone as planned. Put yourself in the shoes of an investor when deciding whether the bad news warrants a call in advance or if it is trivial enough to be delivered at the annual meeting. Examples include changes in senior management, changes in performance that will affect the overall portfolio, etc. We suggest calling your investors – yes, the old-fashioned way, with a telephone – or, if it's really bad, getting on a plane to deliver the news in person. Typically, annual meetings are not the forum to deliver surprises that investors are not already expecting.

### Building A Replicable Template

Spend the time to create a content layout that works and is reusable each year. At a high level, you should focus on three main sections – **your firm, the market, and your portfolio**. The firm overview is your firm's state of the union and the place to showcase your platform. In the year ahead do you plan to expand your team or open a new office? Are you implementing technology changes that will impact your asset management or reporting capabilities? Articulate these updates here. It also a great way to showcase your culture. Above all, your "why you" as a platform should come through loud and clear here. As always, it's important to play to your team's style and strengths.

“We all know what’s going on at a macro level, so I don’t need to spend an hour hearing about that... What I really want to know is, ‘Where do you see the market and how will that affect the performance of the portfolio?’,” one investor told us. Use the market overview section to tell investors why you are doing what you are doing. This is not the place to read last month’s economic report to the audience. It’s the place to articulate what you are seeing in the trenches and how that is translating into your investment strategy. Consider sharing why you didn’t do certain deals and paint a picture that investors wouldn’t otherwise get from your quarterly reports.

The most important section is the portfolio review. One investor commented, “It’s very simple. I want to see underwritten returns and current projections by asset and by portfolio.” Managers often get very skittish about sharing their original underwriting, but it is the baseline for why you made the investment and should be addressed. This isn’t the forum to take a deep dive into each asset; rather, provide in-depth summaries of the needle-movers in the portfolio and keep all others to a high-level summary. Invite investors to call you for a more detailed analysis. Remember, this is a great place for investors to get to know your broader team. Consider whether some of the key junior members of your team can deliver the update on one of the assets they are monitoring. This is also the place to talk about pipeline and how that translates into your current vehicle or your next. Investors expect that successful managers will continue raising funds. Don’t be bashful about laying out your fundraising plans for the year ahead. It’s important for investors to know where you are so they can reserve space for your next fund in their portfolio.

### **End On A High Note (Literally)**

Following the meeting, thank the attendees for coming with an email or a handwritten note. It’s a small gesture to recognize the effort that your investors and prospects put forth to attend. We also strongly recommend soliciting feedback (within the next 30 days) from your attendees via a brief e-survey. Include a few open-ended questions asking your investor for tips on best practices from other meetings they attend. This is an easy way to solicit feedback that you can incorporate into next year’s planning.

Annual meetings are a key element of your responsibility as an investment manager. Plan early and use them to strengthen ties with your existing relationships and prospects.