CROSSWATER
REALTY ADVISORS

Ted Leary's Top Ten Lessons Learned

(in no particular order)

1. Co-investment by a manager does NOT necessarily produce better performance.

2. When you underwrite an Allocator, you need to understand their ability to underwrite & manage Operators.

3. Alignments of interest structures often dissolve and even reverse when markets go bad.

4. Bigger is often "Badder" when AUM reaches the tipping point where AUM revenue is more important to the Manager than performance based revenue.

5. Investors need to keep a close and continual watch on their investments – even in discretionary funds. "Trust, but Verify!"

6. Investors need to have a "Voice and even a Vote" in higher yield/risk strategies

7. If a Manager can't readily & easily describe its "risk management" process, it doesn't have one.

8. Beware of Managers who want to go "outside their box".

9. Leverage doesn't make an investment a better investment – it simply increases the potential rewards and risks of that investment.

10. "In the end, like politics, all real estate is local".

Bonus Lesson:

If you want to discover whether a Manager is a "fiduciary" you need to look into their corporate "soul", not just their numbers.