



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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RE Think™
Relationships | Capital | Growth

CCG PERSPECTIVES

Time to REThink™ Your Investor Relations Strategy?

By Jen Hutter

Investor relations is one of the most critical components of an investment management business, yet it is often the most overlooked role and the last position filled in an organization. Investors are not just capital commitments, they are the key relationships you need to continually raise capital in the marketplace. Therefore, in a world where **relationships raise capital**, setting up a proper investor relations infrastructure is key to building longer lasting relationships with your investors.

Outlined below are four cornerstones that are paramount in building a best-in-class investor relations program.

Check-in with your Investors

It seems so simple, but the majority of fund managers do not solicit feedback from their investors on an ongoing basis. And, those that do, often do not create forums where investors can provide candid feedback. Most of us think we know our investors, but our experience conducting investor surveys shows that investors typically do not give candid feedback to their managers directly. Over time, this could result in a lower commitment size or worse, being caught off guard by an investor choosing not to re-up with you in your next vehicle. There are three key approaches to soliciting quality feedback in an organized manner – outsourcing an

anonymized verbal investor survey every two to three years, sending a brief e-survey once a year, and/or meeting with investors annually, especially when you are not raising money. In our experience, outsourced investor surveys produce two key results: (i) investors are very comfortable providing candid feedback that they know will be anonymized back to the manager (our average response rate is over 70%!), and (ii) it demonstrates the fund manager's commitment to continually improve the relationships with its investor base. Managers can use e-surveys to solicit more direct feedback on content and frequency of annual meetings, webinars, and reporting. Lastly, as you continue to nurture your existing relationships, remember that the non-marketing period or the "golden period" as we like to call it, serves as a great time to visit with your investors, not only to give them an update on your fund and firm, but also to get an update on their portfolio and views on the market, without having to ask for capital.

Communicate Regularly

Communication is critical, not only for existing partners, but also for prospects. While existing investors will receive quarterly reports and more detailed information, include prospects on your ongoing communications. Seeing regular updates from you will keep you top of mind. In addition, including your prospects in your ongoing communications will allow them to get to know you as an investor and as a fiduciary. First, set up a well thought out communication plan with relevant touchpoints at least quarterly. These milestones may include acquisition and disposition announcements and/or quarterly market updates, bi-annual or annual webinars, and an annual letter. Take the time to create one-page overviews that an investor or prospect can easily open and read (hint: investment committee memos do not get read unless the investor is in due diligence). Hosting 30 to 45-minute webinars once or twice a year will allow you to give your investors and prospects a quick snapshot of what you are seeing in the marketplace and high-level detail on any recent acquisitions or dispositions (keep deep dives into deals on a one-on-one basis and at the investor's request). An annual letter is a great medium to share your market perspectives. Investors have seen the market data, what they really want is your perspective on how your team will use that data to invest wisely.

Keep Collateral Up To Date

Most investors receive 200+ inquiries per year. Keep your firm's image and collateral sharp and updated at least bi-annually. Aim to stand out to stay relevant. Remember, your job is to make it easy for an investor to invest with you. This means you have done all the heavy lifting and created content that allows them to easily understand your value proposition and champion it within their organization. The most important marketing material includes your presentation, one-page overview, and track record. You should always be prepared to pitch whether you are fundraising or not. Remember, the best time for investors to get to know you is when you are not marketing, during the golden period. Equally as important, and often overlooked, is your firm's online image. Ensure that your website is up to date and properly reflects any organizational changes. Aim for less is more over stale content. Don't forget that google and LinkedIn are

commonly checked by prospects during due diligence. Keep your firm's value proposition consistent across all mediums.

Host an Annual Meeting or Dinner

Annual meetings are a great forum to visit with your investors and to have them meet your broader team. As always, it's important to play to your team's style and strengths. If an annual meeting is not for you or you don't have the budget, consider hosting a few small dinners in different cities where your investors are located. The key is ensuring in person interaction outside of your fundraising cycles. Spend the time to create a content layout that works and is reusable each year. Ask your investors for advice and/or input on best practices. Consider where the majority 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. Use the meeting to showcase capabilities that an investor can't get from a report. All too often managers squander time with their investors by reciting data from their quarterly reports. Instead, use the time to talk about things that they haven't heard about – on-the-ground market research that guided a particular investment decision, a deal that you underwrote but didn't ultimately execute, a proprietary internal system that you believe provides your team with a competitive investment advantage. Lastly, be mindful of investors time. A typical investor attends 15 to 20 annual meetings a year. Investors should be in and out in 24 hours – focus on impactful content and property tours (again, something that investors can't get by reading your quarterly report).

Now What?

Setting up a quality, high-caliber investor relations program takes time, resources, and effort. Successful investment managers understand the importance of investor relations and make it a key part of their platforms. Remember, **relationships raise capital**. Take the time to set up a proper investor relations infrastructure. Your next capital commitment just may depend on it.